
Interim Report – First Half 2010

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Financial highlights – Realkredit Danmark Group

NET PROFIT FOR THE PERIOD (DKr m)	First half 2010	First half 2009	Index 10/09	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Full year 2009
Administration margin	1,687	1,542	109	845	842	833	825	793	3,200
Net interest income	260	701	37	113	147	642	375	306	1,718
Net fee income	-240	-202	119	-120	-120	-107	-106	-105	-415
Net trading income	444	1,064	42	210	234	-218	267	175	1,113
Other income	107	58	184	49	58	28	16	30	102
Total income	2,258	3,163	71	1,097	1,161	1,178	1,377	1,199	5,718
Expenses	446	495	90	233	213	239	250	258	984
Profit before loan impairment charges	1,812	2,668	68	864	948	939	1,127	941	4,734
Loan impairment charges	587	644	91	268	319	323	300	311	1,267
Profit before tax	1,225	2,024	61	596	629	616	827	630	3,467
Tax	304	510	60	147	157	155	208	161	873
Net profit for the period	921	1,514	61	449	472	461	619	469	2,594

BALANCE SHEET (END OF PERIOD)

(DKr m)

Due from credit institutions etc.	53,456	47,681	112	53,456	41,006	48,966	27,234	47,681	48,966
Mortgage loans	706,659	686,277	103	706,659	697,938	691,301	694,966	686,277	691,301
Bonds and shares	1,806	2,067	87	1,806	1,703	3,332	6,025	2,067	3,332
Other assets	2,745	2,180	126	2,745	2,258	2,744	2,705	2,180	2,744
Total assets	764,666	738,205	104	764,666	742,905	746,343	730,930	738,205	746,343
Due to credit institutions etc.	35,786	35,135	102	35,786	24,121	26,855	11,367	35,135	26,855
Issued mortgage bonds	675,195	649,481	104	675,195	668,154	660,685	663,099	649,481	660,685
Other liabilities	9,528	11,494	83	9,528	6,934	15,604	13,730	11,494	15,604
Subordinated debt	2,074	2,013	103	2,074	2,062	2,037	2,033	2,013	2,037
Shareholders' equity	42,083	40,082	105	42,083	41,634	41,162	40,701	40,082	41,162
Total liabilities and equity	764,666	738,205	104	764,666	742,905	746,343	730,930	738,205	746,343

RATIOS AND KEY FIGURES

Net profit for the period as % p.a. of avg. sharehold equity (%)	4.4	7.7		4.3	4.6	4.5	6.1	4.8	6.5
Cost/income ratio (%)	19.8	15.6		21.2	18.3	20.3	18.2	21.5	17.2
Solvency ratio (%)	45.5	48.3		45.5	45.8	44.6	48.8	48.3	44.6
Tier 1 capital ratio (%)	44.9	48.2		44.9	45.2	44.2	48.6	48.2	44.2
Full-time-equivalent staff (end of period)*)	311	515		311	302	300	332	515	300

*) In connection with an organisational change in the second half of 2010, 175 employees transferred to Danske Bank.

Overview

- The Realkredit Danmark Group recorded a net profit of DKr921m in the first half of 2010, against DKr1,514m in the first half of 2009. The financial performance is satisfactory.
- Loan impairment charges amounted to DKr587m, against DKr644m in the first half of 2009.
- Gross lending amounted to DKr53bn, against DKr58bn in the first half of 2009.
- At June 30, 2010, the solvency ratio was 45.5%, with a capital buffer of DKr20bn over the statutory requirement.
- The financial performance for 2010 as a whole will still depend on macroeconomic trends and developments in the capital markets. The level of loan impairment charges is likely to remain high in 2010, although lower than in 2009.

Financial results for the first half of 2010

For the first half of 2010, the Realkredit Danmark Group's net profit was DKr921m, against DKr1,514m for the same period of 2009. The lower profit in the first half of 2010 was caused by lower income from the investment portfolio triggered by developments in interest rates. Realkredit Danmark recorded a positive trend in administration margins, expenses and loan impairment charges.

As a result of the larger loan portfolio and wider administration margins on corporate loans, the administration margin increased by DKr145m. Net interest income fell DKr441m, primarily on account of the lower level of interest rates and expenses for subordinated loan capital.

Net fee expenses climbed DKr38m to DKr240m. The increase was anticipated because a larger proportion of corporate loans has been handled by Danske Bank since the autumn of 2009.

Income from the investment portfolio amounted to DKr444m, against DKr1,064m in the same period of last year. Income from the investment portfolio includes value adjustments of securities and the yield on the proprietary investment portfolio after deduction of funding costs – calculated on the basis of short-term money market rates. The decline should be viewed in light of the sharp fall in interest rates in the first half of 2009, which triggered extraordinarily large value adjustments.

Other income was up DKr49m owing primarily to a refund of excess financial services employer tax paid in the years 2001-06.

Total income thus fell 29% relative to the first half of 2009.

Expenses declined DKr49m to DKr446m, reflecting tight cost control and the fact that a number of employees transferred to Danske Bank in connection with

the organisational change in the autumn of 2009. The lower expenses should be viewed in the context of the increase in net fee expenses triggered by higher fees to Danske Bank.

Loan impairment charges amounted to DKr268m in the second quarter of 2010, bringing total charges to DKr587m for the first half of 2010. The charges in the first half corresponded to 0.17% p.a. of total mortgage lending.

The increase in delinquencies as a percentage of payments recorded in recent quarters was replaced by a small decline in the second quarter of 2010. However, the level of delinquencies remains relatively high and indicates that the high level of loan impairment charges may continue for some time yet. The 3-month delinquency rate stood at 0.73% after the second quarter of 2010, against 0.84% after the first quarter.

The total tax charge for the first half of 2010 amounted to DKr304m, corresponding to an effective tax rate of 25%.

Balance sheet

Mortgage lending at fair value rose DKr16bn from the level at the end of 2009 and amounted to DKr707bn. During the same period, the nominal outstanding bond debt rose DKr4bn to DKr696bn at the end of June 2010 after gross lending of DKr53bn in the first half of 2010.

The increase in the number of forced sales was to a limited extent discernible in the number of foreclosures. In the second quarter of 2010, Realkredit Danmark had 54 foreclosures, against 10 in the year-earlier period. The number of foreclosures at the end of June 2010 was 114 against 28 at the end of June 2009. The value of the foreclosures was DKr242m.

A small increase in property prices meant that Realkredit Danmark's average loan-to-value (LTV) ratio – calculated on the basis of the last krone lent for

every property – has fallen by a small margin since the turn of the year. The average LTV was 68% at the end of June 2010, against 69% at the end of the first quarter. 5% of the portfolio had an LTV above 80% at June 30, 2010.

The market value of bonds issued to fund mortgage loans rose DKr15bn to DKr675bn in the first half of 2010. The nominal value of issued bonds rose DKr2bn to DKr663bn. The amounts are exclusive of holdings of own mortgage bonds.

Realkredit Danmark is subject to the specific principle of balance and therefore has very limited exposure to market risks. At the end of the first half of 2010, Realkredit Danmark's interest rate risk and exchange rate risk amounted to DKr294m and DKr1m, respectively. In addition, the fact that Realkredit Danmark finances lending by issuing bonds means that its liquidity risk is very limited.

Capital and solvency

At June 30, 2010, shareholders' equity stood at DKr42.1bn, and the solvency ratio calculated according to the Capital Requirements Directive (CRD) was 45.5%. At December 31, 2009, the corresponding amounts were DKr41.2bn and 44.6%.

The Realkredit Danmark Group uses the advanced internal ratings-based (IRB) approach to calculate risk-weighted assets for credit risks. In accordance with transitional rules of the CRD, the capital in 2010 must as a minimum amount to 80% of the requirement calculated under the previous rules, corresponding to DKr24.1bn and a solvency ratio of 24.6%.

Under Danish law, the Group must publish its ICAAP result on a quarterly basis (www.rd.dk provides further information).

At the end of June 2010, the requirement for supplementary collateral for mortgage-covered bonds was DKr27.0bn, which is covered by shareholders' equity and guarantees. At the end of 2009, the requirement was DKr21.3bn.

Mortgage credit market

The Danish economy is still recovering from the worst economic crisis since the 1930s. The growth trend that started in mid-2009 thus continued into 2010. The positive trend has been driven primarily by an increase in consumer and public spending.

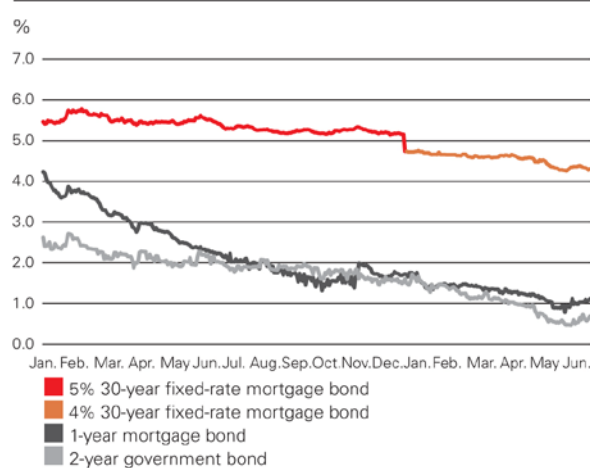
In 2010, consumer spending has been underpinned by a consistently high rate of pay increase, additional labour tax cuts, a very low rate of inflation and historically low interest rates. As a result of the fall in long-term yields, the 30-year fixed-rate 4% bond has become the benchmark, and the rate of interest paid on

FlexLån® has reached its lowest level ever during the loan product's 13-year lifetime.

The positive trend has rubbed off on the housing market. Recent second quarter figures from the Danish Mortgage Banks' Federation show that the small improvement in house prices that started in the second and third quarters of 2009 continued into 2010. The Danish housing market is starting to find a new balance in which prices are expected to be driven by real-term economic conditions.

Hurt by falling property values, the agricultural sector benefitted from lower interest rates and higher settlement prices. Realkredit Danmark's credit exposure to agricultural customers was DKr50.9bn at June 30, 2010. The LTV ratio for agricultural properties stood at 72%, against 64% at the end of 2009.

Movements in interest rates in 2009-2010



Conditions for the commercial property market are still difficult and market participants are hesitant, resulting in low property sales.

The segment for cooperative housing had a difficult year as falling prices of owner-occupied flats and residential rental property rubbed off on the prices of cooperative housing units. Some housing cooperatives, especially newly established, became technically insolvent because of declining property values and a higher value of debts. The LTV ratio for housing cooperatives was 76% at the end of the first half, against 71% at the end of 2009.

Outlook for 2010

Realkredit Danmark continues to expect 2010 to be a challenging year for the financial sector. GDP growth in Denmark is expected to be around 1.5%. The Group expects short-term interest rates in Denmark to remain largely unchanged.

Unemployment in Denmark rose throughout 2009 but showed signs of stabilisation during the first half of 2010. Realkredit Danmark expects this trend to continue and that unemployment will be largely unchanged throughout the second half of 2010. In spite of low interest rates, a small increase in house prices and a tax reform, some households will continue to have financial difficulties.

The level of loan impairment charges is likely to remain high in 2010, although lower than in 2009.

The expected profit for 2010 will to a large extent depend on developments in the capital markets and macroeconomic trends in Denmark.

Income statement – Realkredit Danmark Group

Note	(DKr m)	First half	First half	Q2	Q2
		2010	2009	2010	2009
	Interest income	14,364	18,108	7,130	9,060
	Interest expense	12,121	15,571	6,012	7,761
	Net interest income	2,243	2,537	1,118	1,299
	Dividends from shares	8	12	8	12
	Fee and commission income	247	247	118	144
	Fee and commission expense	487	449	238	249
	Net fee and commission income	2,011	2,347	1,006	1,206
	Value adjustments	136	761	39	-36
	Other operating income	107	58	49	30
	Staff costs and administrative expenses	444	492	232	256
	Impairment, depreciation and amortisation charges	2	3	1	2
3	Loan impairment charges	587	644	268	311
	Income from associated undertakings	4	-3	3	-1
	Profit before tax	1,225	2,024	596	630
	Tax	304	510	147	161
	Net profit for the period	921	1,514	449	469
	Comprehensive income				
	Net profit for the period	921	1,514	449	469
	Other comprehensive income	-	-	-	-
	Total comprehensive income	921	1,514	449	469

Balance sheet – Realkredit Danmark Group

Note	(DKr m)	June 30, 2010	Dec. 31, 2009
	ASSETS		
	Cash in hand and demand deposits with central banks	3	9
	Due from credit institutions and central banks	53,453	48,957
	Bonds at fair value	1,743	3,261
4	Mortgage loans at fair value	706,659	691,301
4	Loans and other amounts due at amortised cost	893	794
	Shares	55	62
	Holdings in associated undertakings	8	9
	Land and buildings	94	94
	Domicile property	94	94
	Other tangible assets	11	11
	Other assets	1,598	1,580
	Prepayments	149	265
	Total assets	764,666	746,343
	LIABILITIES AND EQUITY		
	AMOUNTS DUE		
	Due to credit institutions and central banks	35,786	26,855
	Issued mortgage bonds at fair value	675,195	660,685
	Current tax liabilities	164	124
	Deferred tax liabilities	9	28
	Other liabilities	9,355	15,452
	Total amounts due	720,509	703,144
	SUBORDINATED DEBT		
	Subordinated debt	2,074	2,037
	Total liabilities	722,583	705,181
	SHAREHOLDERS' EQUITY		
	Share capital	630	630
	Other reserves		
	Reserves in series	15,587	15,587
	Other reserves	25,866	24,945
	Total shareholders' equity	42,083	41,162
	Total liabilities and equity	764,666	746,343

Statement of capital – Realkredit Danmark Group

CHANGES IN SHAREHOLDERS' EQUITY (DKr m)	Share capital	Reserves in series	Other reserves	Total
Shareholders' equity at January 1, 2010	630	15,587	24,945	41,162
Comprehensive income for the period	-	-	921	921
Shareholders' equity at June 30, 2010	630	15,587	25,866	42,083
Shareholders' equity at January 1, 2009	630	9,770	28,168	38,568
Comprehensive income for the period	-	-	1,514	1,514
Shareholders' equity at June 30, 2009	630	9,770	29,682	40,082

The share capital is made up of 6,300,000 shares of DKr100 each. The company is wholly-owned by Danske Bank A/S, Copenhagen.

Realkredit Danmark A/S raised hybrid capital from the Danish state, and the Group is prohibited from distributing dividends or carrying out share buybacks until September 30, 2010. From October 1, 2010, and for as long as the Danish state holds hybrid capital, the Group may distribute dividends if such dividends can be paid in full out of the profit for the year.

SOLVENCY (DKr m)	June 30, 2010	Dec. 31, 2009
Shareholders' equity	42,083	41,162
Expected dividends	-	-
Revaluation of domicile property	60	61
Pension obligations at fair value	-218	-249
Tax effect	39	46
Shareholders' equity calculated in accordance with the rules of the Danish FSA	41,964	41,020
Revaluation reserve	-47	-47
Deferred tax assets	-30	-19
Core tier 1 capital	41,887	40,954
Hybrid capital	2,074	2,037
Difference between expected losses and value adjustments	-	-
Total tier 1 capital	43,961	42,991
Reserves in series subject to a reimbursement obligation	58	68
Revaluation reserve	47	47
Difference between expected losses and value adjustments	513	221
Capital base	44,579	43,327
Total risk-weighted assets	97,966	97,199
Tier 1 capital ratio (%)	44.9	44.2
Solvency ratio (%)	45.5	44.6

In accordance with transitional rules, the minimum requirement for the solvency ratio at June 30, 2010 is 24.6%.

Cash flow statement – Realkredit Danmark Group

(DKr m)	First half 2010	First half 2009
Cash flow from operating activities		
Net profit for the period	921	1,514
Adjustment for non-cash operating items	-5,921	-4,315
Cash flow from operating capital	9,490	23,379
Total	4,490	20,578
Cash flow from investing activities		
Acquisition/sale of tangible assets	-	-
Total	-	-
Cash flow from financing activities		
Change in hybrid capital	-	2,034
Total	-	2,034
Cash and cash equivalents, beginning of period	48,966	25,069
Change during the period	4,490	22,612
Cash and cash equivalents, end of period	53,456	47,681

Notes - Realkredit Danmark Group

Note

1 Significant accounting policies

The Group's interim report for the first half of 2010 has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, and additional Danish disclosure requirements for interim financial reports of issuers of listed bonds.

The Group has not changed its significant accounting policies from those followed in Annual Report 2009, which provides a full description of the Group's significant accounting policies.

Critical accounting policies

Management's estimates and assumptions of future events that will significantly affect the carrying amounts of assets and liabilities underlie the preparation of the consolidated financial statements. The estimates and assumptions that are deemed critical to the consolidated financial statements are

- fair value measurement of mortgage loans
- fair value measurement of financial instruments

The estimates and assumptions are based on premises that management finds reasonable but that are inherently uncertain and unpredictable. The premises may be incomplete, unexpected future events or situations may occur, and other people may make other estimates.

Fair value measurement of mortgage loans

If objective evidence of impairment of a loan exists, and the effect of the impairment event or events on the expected future cash flow from the loan is reliably measurable, the Group determines the impairment charge individually. The impairment charge equals the difference between the carrying amount of the loan and the present value of the expected future cash flow from the loan, including the net realisable value of mortgages on properties and other security provided.

Fair value measurement of financial instruments

Measurements of financial instruments for which prices are quoted in an active market or which are based on generally accepted models employing observable market data are not subject to critical estimates.

Measurements of financial instruments that are only to a limited extent based on observable market data, such as unlisted shares and certain bonds for which there is not an active market, are subject to estimates.

Annual Report 2009 provides a detailed description of the Group's significant risks and the external factors that may affect the Group.

The interim report has not been reviewed or audited.

Standards and interpretations not yet in force

The International Accounting Standards Board (IASB) has issued a number of international accounting standards that have not yet come into force. Similarly, the International Financial Interpretations Committee (IFRIC) has issued a number of interpretations that have not yet come into force.

None of these is expected to materially affect the Group's future financial reporting.

In November 2009, IASB published IFRS 9, Financial Instruments. This version of the standard is the first step to replace the requirements of IAS 39 by the end of 2010. The first phase of IFRS 9 addresses only the classification and measurement of financial assets, while the next phases will include requirements for the measurement and recognition of financial liabilities, impairment methodology and guidelines for hedge accounting and derecognition.

The EU has decided to postpone adoption of the standard until the details of the next phases are known.

The standard is scheduled for implementation on January 1, 2013 at the latest.

Under IFRS 9, financial assets are classified on the basis of the business model adopted for managing the assets and their contractual cash flow characteristics. Assets held with the objective of collecting contractual cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortised cost. Other assets are measured at fair value through profit or loss. The fair value of equities may always be adjusted through other comprehensive income, however, and, satisfying certain requirements, a business may opt for fair value adjustment of its loans, advances, etc.

The Group does not expect IFRS 9 to materially affect the measurement of its financial assets. In accordance with IFRS 9, bond portfolios are recognised at amortised cost or fair value through profit or loss. Meaningful classification and measurement of financial assets is not possible without information about the future content of IFRS 9 to clarify overall accounting effects of the standard and the time of implementation.

Notes - Realkredit Danmark Group

Note (DKr m)

2 Profit broken down by activity - Realkredit Danmark Group

FIRST HALF 2010	Mortgage finance	Own holdings	Total	Reclassi- fication	Highlights
Administration margin	1,687	-	1,687	-	1,687
Net interest income	260	296	556	-296	260
Dividends from shares	-	8	8	-8	-
Net fee income	-240	-	-240	-	-240
Income from investment portfolios	-	-	-	444	444
Value adjustments	-57	193	136	-136	-
Other income	107	-	107	-	107
Total income	1,757	497	2,254	4	2,258
Expenses	444	2	446	-	446
Profit before loan impairment charges	1,313	495	1,808	4	1,812
Loan impairment charges	587	-	587	-	587
Income from associated undertakings	-	4	4	-4	-
Profit before tax	726	499	1,225	-	1,225
FIRST HALF 2009	Mortgage finance	Own holdings	Total	Reclassi- fication	Highlights
Administration margin	1,542	-	1,542	-	1,542
Net interest income	701	294	995	-294	701
Dividends from shares	-	12	12	-12	-
Net fee income	-202	-	-202	-	-202
Income from investment portfolios	-	-	-	1,064	1,064
Value adjustments	115	646	761	-761	-
Other income	58	-	58	-	58
Total income	2,214	952	3,166	-3	3,163
Expenses	493	2	495	-	495
Profit before loan impairment charges	1,721	950	2,671	-3	2,668
Loan impairment charges	644	-	644	-	644
Income from associated undertakings	-	-3	-3	3	-
Profit before tax	1,077	947	2,024	-	2,024

In addition to the mortgage finance business itself, mortgage finance also includes purchases and sales of real property through the "home" franchise. Under the Danish Financial Business Act, at least 60% of the capital base of a mortgage credit institution must be invested in bonds etc. Own holdings comprise the net return of the part of the securities portfolio not relating to the mortgage finance business. Income from own holdings and trading activities is recognised in the income statement under net interest income, value adjustments, etc. In the consolidated highlights, this income is reclassified to income from investment portfolios.

Notes - Realkredit Danmark Group

Note	(DKr m)	First half 2010	First half 2009
3	Loan impairment charges		
	Impairment charges etc.	729	730
	Reversals of impairment charges etc. for previous years	328	152
	Losses incurred	230	78
	Received on claims previously written off	44	12
	Total	587	644

- 4 **Loans etc.**
 At June 30, 2010, total impairment of mortgage loans stood at DKr1,664m, against DKr1,462m, at the beginning of the year.
 At 30 June, 2010, impairment of loans at amortised cost stood at DKr347m, against DKr148m at the beginning of the year.

	Loans etc., individual impairment	Loans etc., collective impairment	Total
Impairment charges etc. at January 1, 2010	1,544	66	1,610
Impairment charges etc. during the period	628	101	729
Reversals of impairment charges etc. for previous years	327	1	328
Impairment charges etc. at June 30, 2010	1,845	166	2,011
Impairment charges etc. at January 1, 2009	433	66	499
Impairment charges etc. during the year	1,361	61	1,422
Reversals of impairment charges etc. for previous years	250	61	311
Impairment charges etc. at December 31, 2009	1,544	66	1,610

- 5 **Assets deposited as collateral**
 At June 30, 2010, the Group had deposited securities worth DKr13,276m as collateral with the Danish central bank (December 31, 2009: DKr24,200m).

In repo transactions, which involve selling securities to be repurchased at a later date, the securities remain on the balance sheet, and the amounts received are recognised as due to credit institutions and central banks. Repo transaction securities are treated as assets provided as collateral for liabilities. At June 30, 2010, the carrying amount of such securities totalled DKr32,960m (December 31, 2009: DKr21,839m). Counterparties are entitled to sell the securities or deposit them as collateral for other loans.

At June 30, 2010, the Group had registered mortgage loans worth DKr706,659m as collateral for issued mortgage bonds, including mortgage-covered bonds (December 31, 2009: DKr691,301m).

- 6 **Contingent liabilities**
 Owing to its business volume, the Realkredit Danmark Group is continually a party to various lawsuits. However, the Group does not expect the outcome of the cases pending to have any material effect on its financial position.

Realkredit Danmark guarantees the pension obligations of Kreditforeningen Danmarks Pensionsafvklingskasse.

The company is registered jointly with all major Danish subsidiaries of the Danske Bank Group for financial services employer tax and VAT, for which it is jointly and severally liable.

The table below shows guarantees and indemnities issued by the Group, irrevocable loan commitments regarding reverse mortgages and similar commitments not recognised on the balance sheet.

Guarantees and other contingent liabilities (DKr m)	June 30, 2010	Dec. 31, 2009
Guarantees etc.	4	4
Other commitments	543	639
Total	547	643

Interim financial statements - Realkredit Danmark A/S

DKr m

The financial statements of the Parent Company, Realkredit Danmark A/S, are prepared in accordance with the Danish Financial Business Act and the Danish FSA's executive order on financial reports of credit institutions, investment companies, etc. The rules are identical to the Group's valuation principles under International Financial Reporting Standards (IFRSs) with the following exceptions: domicile property is measured (revalued) at its estimated fair value and the corridor method is not applied to pension obligations.

The estimated fair value of domicile property is determined in accordance with schedule 8 of the Danish FSA's executive order on financial reports of credit institutions, investment companies, etc. Available-for-sale financial assets are measured at fair value through profit or loss.

Holdings in subsidiary undertakings are measured on the basis of the equity method, and tax payable by these undertakings is expensed under Income from associated and group undertakings.

The table below shows the differences in net profit and shareholders' equity between the IFRS consolidated financial statements and the Parent Company's financial statements presented in accordance with Danish FSA rules.

	Net profit first half 2010	Net profit first half 2009	Shareholders' equity June 30, 2010	Shareholders' equity Dec. 31, 2009
Consolidated financial statements (IFRSs)	921	1,514	42,083	41,162
Domicile property	-	-	60	61
Pension obligations	31	-69	-218	-249
Tax effect	-8	17	39	46
Consolidated financial statements (Danish FSA rules)	944	1,462	41,964	41,020

Income statement - Realkredit Danmark A/S

Note	DKr m	First half 2010	First half 2009
	Interest income	14,362	18,106
	Interest expense	12,121	15,571
	Net interest income	2,241	2,535
	Dividends from shares	8	12
	Fee and commission income	247	247
	Fee and commission expense	487	449
	Net fee and commission income	2,009	2,345
1	Value adjustments	136	761
	Other operating income	45	5
	Staff costs and administrative expenses	355	503
	Impairment, depreciation and amortisation charges	2	2
	Loan impairment charges	586	632
	Income from associated and group undertakings	7	-15
	Profit before tax	1,254	1,959
	Tax	310	497
	Net profit for the period	944	1,462

Balance sheet - Realkredit Danmark A/S

Note	DKr m	June 30, 2010	Dec 31, 2009
	ASSETS		
	Cash in hand and demand deposits with central banks	3	9
	Due from credit institutions and central banks	53,370	48,875
	Bonds at fair value	1,743	3,261
2	Mortgage loans at fair value	706,659	691,301
2	Loans and other amounts due at amortised cost	838	739
	Shares	53	61
	Holdings in associated undertakings	8	9
	Holdings in group undertakings	192	189
	Land and buildings	153	155
	Domicile property	153	155
	Other tangible assets	8	9
	Current tax assets	2	-
	Deferred tax assets	21	8
	Other assets	1,333	1,291
	Prepayments	147	263
	Total assets	764,530	746,170
	LIABILITIES AND EQUITY		
	AMOUNTS DUE		
	Due to credit institutions and central banks	35,786	26,855
	Issued mortgage bonds at fair value	675,195	660,685
	Current tax liabilities	172	131
	Other liabilities	9,131	15,222
	Total amounts due	720,284	702,893
	PROVISIONS		
	Reserves in early series subject to a reimbursement obligation	208	220
	Total provisions	208	220
	SUBORDINATED DEBT		
	Subordinated debt	2,074	2,037
	SHAREHOLDERS' EQUITY		
	Share capital	630	630
	Revaluation reserve	47	47
	Reserves in series	15,627	15,627
	Other reserves	25,660	24,716
	Total shareholders' equity	41,964	41,020
	Total liabilities and equity	764,530	746,170

Statement of capital – Realkredit Danmark A/S

CHANGES IN SHAREHOLDERS' EQUITY (DKr m)	Share capital	Revaluation reserve	Reserve equity met.	Reserves in series	Other reserves	Total
Shareholders' equity at January 1, 2010	630	47	-	15,627	24,716	41,020
Net profit for the period	-	-	-	-	944	944
Shareholders' equity at June 30, 2010	630	47	-	15,627	25,660	41,964
Shareholders' equity at January 1, 2009	630	45	49	9,754	28,050	38,528
Net profit for the period	-	-	-49	-	1,511	1,462
Shareholders' equity at June 30, 2009	630	45	-	9,754	29,561	39,990

The share capital is made up of 6,300,000 shares of DKr100 each. The company is wholly-owned by Danske Bank A/S, Copenhagen.

Realkredit Danmark A/S raised hybrid capital from the Danish state, and the Group is prohibited from distributing dividends or carrying out share buybacks until September 30, 2010. From October 1, 2010, and for as long as the Danish state holds hybrid capital, the Group may distribute dividends if such dividends can be paid in full out of the profit for the year.

Notes - Realkredit Danmark A/S

Note	DKr m	First half 2010	First half 2009
1	Value adjustments		
	Mortgage loans	12,723	7,683
	Bonds	37	101
	Shares	-8	-1
	Currency	6	8
	Derivatives	-297	-204
	Issued mortgage bonds	-12,289	-6,841
	Subordinated debt	-36	15
	Total	136	761

2 Loans etc.

At June 30, 2010, total impairment of mortgage loans stood at DKr1,664m, against DKr1,462m at the beginning of the year. At June 30, 2010, impairment of loans at amortised cost amounted to DKr347m, against DKr 147m at the beginning of the year.

	Loans etc., individual impairment	Loans etc., collective impairment	Total
Impairment charges etc. at January 1, 2010	1,543	66	1,609
Impairment charges etc. during the period	629	101	730
Reversals of impairment charges etc. for previous years	327	1	328
Impairment charges etc. at June 30, 2010	1,845	166	2,011
Impairment charges etc. at January 1, 2009	432	66	498
Impairment charges etc. during the year	1,361	61	1,422
Reversals of impairment charges etc. for previous years	250	61	311
Impairment charges etc. at December 31, 2009	1,543	66	1,609

Value adjustment of assets taken over amounted to DKr-23m at June 30, 2010.

3 Developments in lending activities in Denmark in the first half of 2010

In May 2009, Realkredit Danmark raised subordinated loan capital in the form of hybrid capital of DKr2bn from the Danish state. Under Danish law, institutions that raise state-funded capital must publish semi-annual statements on developments in their Danish lending activities.

Realkredit Danmark grants loans against mortgages on all types of real property on the basis of the property value and an assessment of the borrower's ability and intention to repay the loan. In compliance with applicable law, mortgaged properties are valued at current market value with due consideration to price forecasts. Only in the event of default and the other causes for termination as stipulated in the mortgage document can Realkredit Danmark terminate a loan for repayment.

As a general rule, Realkredit Danmark provides loans up to statutory limits. However, Realkredit Danmark only provides loans to urban commercial and agricultural properties up to 60% of the valuation.

Retail customers must be able to demonstrate their ability to pay by documenting income sufficient to provide a reasonable amount available for consumption after deduction of loan payments. The calculations are based on a 30-year fixed-rate annuity loan. Priority customers (Prioritetskunder), that is, customers who have made payments over the past two years on time, can obtain loans without submitting such documentation on condition that they receive advisory services from Realkredit Danmark as required by the rules of the Executive Order on Good Business Practice for Financial Undertakings. For loans for new houses, all customers must generally have sold their previous home, unless the customer can substantiate his ability to pay at a sale significantly below the offer price and with a long period of time on the market.

Corporate customers must demonstrate ability to pay by documenting sufficient positive cash flows from operations. With respect to loans for property types prone to large losses, Realkredit Danmark's requirements to customer creditworthiness are stricter. Such property types include properties with limited alternative uses and properties used by customers in weak or cyclical industries. The credit assessment focuses on customer liquidity, including the risk of vacancy.

Realkredit Danmark charges an administration margin as a percentage of the debt outstanding. In the private market, this margin is based on the ranking of the collateral, while the customer's creditworthiness is the key parameter in the corporate market

Notes - Realkredit Danmark A/S

Note DKr m

In the first half of 2010, Realkredit Danmark did not make any significant changes to its lending policy, neither to its guidelines for credit assessments or to prices and conditions. This applies to both the private and the corporate market.

Danish retail customers' demand for credit, measured in terms of the loan amount sought, rose 2%, with most of the rise taking place in the second quarter. For existing customers, demand for credit, including remortgaging, climbed slightly. The average loan amount sought rose in the first half of 2010. New customers' demand for credit also rose. The share of approved applications was unchanged from the second half of 2009 and was 97% at June 30, 2010. For existing customers, the share of approved applications was 97%. The share of approved applications for new customers was unchanged.

Danish corporate customers' demand for credit rose 44% from the level in the second half of 2009, with most of the rise generated by new customers. For existing customers, the increase was 25%. The share of approved applications from existing customers fell from 86% in the second half of 2009 to 85% in the first half of 2010. The share of approved applications from new customers also saw a declining trend. The table below breaks down loans etc. on customer segments.

The table shows the development in loans and advances, irrevocable loan commitments and guarantees for customers of Realkredit Danmark A/S secured on properties situated in Denmark. In the first half of 2010, exposure to corporate customers rose DKr6.9bn, and exposure to retail customers rose DKr9.0bn

Mortgage loans (DKr m)	June 30, 2010			Dec. 31, 2009
	*New customers	Existing customers	Total	Total
Corporate customers				
Commercial property	3,163	98,551	101,714	97,393
Agriculture	389	50,285	50,674	50,333
Other	1,057	130,331	131,388	129,140
Total corporate customers	4,609	279,167	283,776	276,866
Retail customers				
Mortgages	9,321	407,172	416,493	407,507
Total	13,930	686,339	700,269	684,373

* New customers are customers to whom Realkredit Danmark has not granted loans within the past 12 months.

In compliance with statutory requirements, this lending statement is available as a separate document at www.rd.dk/Omrd.

Statement by the management

The Board of Directors and the Executive Board (the management) have considered and approved Interim Report – First half 2010 of the Realkredit Danmark Group.

The consolidated interim financial statements for the first half of 2010 have been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, and the Parent Company's interim financial statements have been prepared in accordance with the Danish Financial Business Act. Furthermore, the interim report has been prepared in accordance with additional Danish disclosure requirements for issuers of listed bonds.

In our opinion, the interim financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities, shareholders' equity and financial position at June 30, 2010 and of the results of the Group's and Parent Company's operations and the consolidated cash flows for the period starting on January 1, 2010, and ending on June 30, 2010. Moreover, in our opinion, the management's report includes a fair review of developments in the Group's and the Parent Company's operations and financial position and describes the significant risks and uncertainty factors that may affect the Group and the Parent Company.

Kgs. Lyngby, August 10, 2010

Executive Board

Carsten Nøddebo Rasmussen
Chairman of the Executive Board

Jens-Erik Corvinus
Member of the Executive Board

Board of Directors

Henrik Normann
Chairman

Sven Lystbæk
Vice Chairman

Tonny Thierry Andersen

Per Skovhus

Max Jeppesen

Klaus Pedersen

Supplementary information

Financial calendar

Realkredit Danmark plans to release its financial reports in 2010 and 2011 on the following dates:

- Interim Report – First Nine Months 2010:
November 2, 2010
- Annual Report 2010:
February 4, 2011
- Interim Report – First Quarter 2011:
May 10, 2011
- Interim Report – First Half 2011:
August 9, 2011
- Interim Report – First Nine Months 2011:
November 1, 2011

Contact

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Useful links

www.rd.dk
www.danskebank.com
www.home.dk