

**To the Copenhagen Stock Exchange
and the press**

18 August 2005

**H1 INTERIM REPORT
Totalkredit A/S
(1 January – 30 June 2005)**

THE PERIOD - IN SUMMARY

- Gross lending of DKK 78bn against DKK 44bn in H1/2004 – up 77%
- Net new lending of DKK 34bn against DKK 20bn in H1/2004 – up 70%
- The loan portfolio grew from DKK 197bn at the beginning of the year to DKK 231bn
- Profit before tax of DKK 376m against DKK 248m in H1/2004 – up 52%
- Profit before tax as a % of average equity was 15.2% against 12.3% in H1/2004
- Totalkredit has adjusted upwards expectations for profit before tax for the year to DKK 675–700m

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Financial highlights

DKK MILLION

	H1/ 2005	H1/ 2004	FY 2004
CORE EARNINGS AND PROFIT			
Core income from:			
- Business operations	414	284	564
- Securities	31	30	64
Total	445	314	628
Operating costs, depreciation and amortisation	106	97	189
Core earnings before provisions	339	217	439
Provisions for credit risk related to lending	1	0	0
Core earnings after provisions	338	217	439
Investment portfolio income	38	31	64
Profit before tax	376	248	503
Tax	105	74	149
Profit for the period	271	174	354
SUMMARY BALANCE SHEET	30.06.2005	30.06.2004	31.12.2004*)
Assets			
Mortgage loans	231,080	180,378	196,856
Bonds and shares	3,400	6,099	9,563
Other assets	16,455	13,392	11,625
Total assets	250,935	199,869	218,044
Liabilities and equity			
Issued mortgage bonds	237,550	190,016	206,637
Subordinate loan capital	5,205	2,597	2,600
Other liabilities	3,086	2,613	3,984
Equity	5,094	4,643	4,823
Total liabilities and equity	250,935	199,869	218,044
Key ratios			
Profit for the period as a % of average equity (pa)	10.9	8.6	8.5
Core earnings after losses as a % of average equity (pa)	13.6	10.7	10.6
Costs as a % of core income	23.8	30.9	30.1
Capital adequacy ratio	10.6	9.8	9.4
Core capital ratio	5.3	6.2	6.1
Average number of full-time staff	90	73	74

*) Restated in accordance with the new accounting policies, cf opening balance sheet at 1 January 2005.

Interim Report H1/2005

In H1/2005 Totalkredit recorded the most positive six months in terms of lending and earnings in the history of the Company.

CORE EARNINGS

Totalkredit's core earnings after provisions were DKK 338m against DKK 217m in the same period the year before – up 56%.

Core income from business operations went up by DKK 130m to DKK 414m reflecting the extremely high lending and refinancing activity as well as strong growth in the loan portfolio.

Core income from securities went up by DKK 1m to DKK 31m.

Operating costs, depreciation and amortisation were DKK 106m in H1/2005 against DKK 97m in 2004. The cost rise is attributable to increased marketing efforts and costs derived from the high lending activity.

INVESTMENT PORTFOLIO INCOME

Totalkredit recorded investment portfolio income of DKK 38m compared with DKK 31m in the same period the year before.

PROVISIONS FOR LOAN IMPAIRMENT

Provisions for loan impairment have been recognised at DKK 1m.

LOANS AND ADVANCES

In H1/2005 Totalkredit recorded gross lending of DKK 78bn against DKK 44bn in the same period the year before.

Net new lending amounted to DKK 34bn against DKK 20bn in the same period the year before.

BALANCE SHEET

Totalkredit's balance sheet stood at DKK 251bn at end-H1/2005 against an adjusted opening balance sheet at 1 January 2005 of DKK 218bn.

The loan portfolio grew in H1/2005 by just over

DKK 34bn to DKK 231bn.

CAPITAL AND CAPITAL ADEQUACY

Totalkredit's equity excluding profit for the period was DKK 4,823m, and including subordinate loan capital of DKK 5,205m, the capital base was DKK 10,028m.

At end-H1 the capital adequacy ratio was 10.6 and the core capital ratio 5.3.

OUTLOOK FOR 2005

Based on the level of activity in H1 and continued strong demand from customers, Totalkredit now forecasts gross lending in the region of DKK 130bn and net new lending around DKK 60bn.

At end-2005 the loan portfolio will have topped DKK 250bn.

Costs relative to the loan portfolio are expected to be stable, and only modest losses are expected.

Based on the increased lending activity, profit before tax is expected to amount to around DKK 675-700m against the forecast made in the Q1/2005 Interim Report of DKK 575-600m.

ACCOUNTING POLICIES

The H1 Interim Report has been prepared in accordance with the new Danish Executive Order on the Presentation of Financial Statements issued by the Danish Financial Supervisory Authority. The Executive Order on the Presentation of Financial Statements issued by the Danish Financial Supervisory Authority has been drafted to the effect that the accounting rules governing financial companies essentially comply with the IFRS. Significant changes relative to previous practices with respect to Totalkredit A/S concern the measurement of loans and issued bonds as well as the classification of securities portfolios. The changes have been included in the opening balance sheet at 1 January 2005.

Mortgage loans and issued bonds have been measured at fair value in contrast to the previous nominal value.

In accordance with the new accounting policies, the

portfolio of own issued bonds and interest receivable hereof have been offset against issued bonds and interest payable, respectively, under liabilities and equity. Under previous accounting policies, the items were recognised under assets.

The H1 Interim Report has not been audited.

EFFECTS OF CHANGED ACCOUNTING POLICIES

The transition to new accounting policies has the following effect on Totalkredit's comparative figures for 2004:

At 31 December 2004 the balance sheet total was reduced by DKK 24.5bn to DKK 218bn.

The change is a result of the revaluation of mortgage loans and issued bonds by approximately DKK 2.2bn.

The portfolio of own issued bonds of DKK 25.9bn has been offset against outstanding bonds, and interest receivable of DKK 0.8bn has been offset against interest due.

The transition to the new accounting policies has not affected Totalkredit's equity.

Taastrup, 18 August 2005
The Board of Directors of Totalkredit A/S

Income statement

DKK MILLION

	Note	H1/ 2005	H1/ 2004
Interest income	1	5,109	4,484
Interest expense	2	4,465	3,981
Net interest income		644	503
Dividend from equity investments		1	2
Fee and commission income		283	170
Fee and commission expense		479	360
Net interest and fee income		449	315
Value adjustments	3	34	30
Other operating income		0	0
Staff costs and administrative expenses	4	105	96
Depreciation and write-downs on property, plant and equipment		1	1
Losses and provisions for loan impairment		1	0
Profit before tax		376	248
Tax	5	105	74
Profit for the period		271	174

Balance sheet

DKK MILLION

	Note	2005 30.06	2005 Beginning
ASSETS			
Cash in hand and demand deposits with central banks		0	0
Receivables from credit institutions and central banks	6	16,205	11,315
Loans, advances and other receivables at fair value	7	231,120	196,886
Bonds at fair value	8	3,389	9,548
Shares		11	15
Other property, plant and equipment		3	3
Current tax assets		0	0
Assets temporarily acquired		0	0
Other assets	9	206	275
Prepayments		1	2
Total assets		250,935	218,044
LIABILITIES AND EQUITY			
Issued bonds	10	237,550	206,637
Current tax liabilities		81	
Other liabilities	11	3,001	3,980
Provisions for pensions and similar liabilities		4	4
Subordinate loan capital	12	5,205	2,600
Equity	13		
Share capital		536	536
Other reserves		4,287	4,287
Profit year-to-date after tax		271	
Total equity		5,094	4,823
Total liabilities and equity		250,935	218,044
Off-balance sheet items			
Guarantees	14	0	0
Other commitments		37	34
Total off-balance sheet items		37	34

Notes

DKK MILLION

	2005 H1	2004 H1
1. INTEREST INCOME		
Receivables from credit institutions	75	54
Loans, advances and other receivables	4,484	3,923
Administration margin (income)	514	415
Bonds	35	92
Derivative financial instruments		
– interest rate contracts	1	0
Total	5,109	4,484
2. INTEREST EXPENSE		
Credit institutions	0	0
Issued bonds	4,423	3,940
Subordinate loan capital	42	41
Other interest expense	0	0
Total	4,465	3,981
3. VALUE ADJUSTMENTS		
Mortgage loans	2,904	
Bonds	30	27
Shares	1	0
Foreign exchange, interest rate and other contracts as well as financial instruments	2	3
Issued bonds	(2,903)	
Total	34	30

	2005 H1	2004 H1
4. STAFF COSTS AND ADMINISTRATIVE EXPENSES		
Salaries and remuneration to the Board of Directors and Executive Board		
Executive Board	3	3
Board of Directors	0	0
Total	3	3
Staff costs		
Wages	19	15
Pensions	2	1
Social security costs	2	2
Total	23	18
Other administrative expenses	79	75
Total	105	96
5. TAX		
From 2005 Totalkredit A/S has, through Nykredit Realkredit A/S's ownership of 74.1% of the shares, been jointly taxed with Foreningen Nykredit. In Totalkredit's Interim Report H1/2005, corporation tax has been estimated at 28%.		
6. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS		
Receivables from credit institutions	16,205	11,315
Of which prepaid funds including prepayments at par	9,455	8,993

Notes

DKK MILLION

	2005 30.06	2005 Beginning
7. LOANS AND ADVANCES		
Mortgage loans at fair value	231,080	196,856
Arrears, loans and advances	38	28
Other loans and advances	2	2
Total	231,120	196,886
Mortgage loans		
Balance, beginning of period, nominal value	194,675	162,047
New loans	78,503	78,931
Ordinary principal payments	1,831	3,509
Prepayments and extraordinary principal payments	43,170	42,794
Balance, end of period, nominal value	228,177	194,675
Loans transferred relating to properties temporarily foreclosed	0	0
Mortgage loans, nominal value	228,177	194,675
Value adjustment at fair value	2,904	2,181
Adjustment for credit risk, individual adjustments	(1)	0
Balance, end of period, fair value	231,080	196,856
8. BONDS		
Own mortgage bonds	7,953	25,855
Other mortgage bonds	3,195	9,355
Government bonds	194	193
Total	11,342	35,403
Own mortgage bonds offset against issued bonds	(7,953)	(25,855)
Total	3,389	9,548
9. OTHER ASSETS		
Interest and commission receivable	89	270
Positive market value of derivative financial instruments	2	2
Other assets	115	3
Total	206	275

Notes

DKK MILLION

	2005 30.06.	2005 Beginning
10. ISSUED BONDS		
Balance, beginning of period, nominal value	230,311	168,043
Additions	78,569	105,007
Bonds drawn and cancelled	56,563	24,571
Prepayments and extraordinary principal payments	9,718	18,168
Balance, end of period, nominal value	242,599	230,311
Value adjustment at fair value	2,904	2,181
Balance, end of period, fair value	245,503	232,492
Own bonds transferred from bonds	7,953	25,855
Total	237,550	206,637
11. OTHER LIABILITIES		
Negative market value of derivative financial instruments	5	11
Interest and commission payable	2,950	3,900
Other liabilities	46	69
Total	3,001	3,980
12. SUBORDINATE LOAN CAPITAL		
Subordinate loan capital consists of liabilities which, in case of the Company's voluntary or compulsory liquidation will not be repaid until after the claims of ordinary creditors have been met.		
EUR 150m of subordinate loan capital in accordance with the Danish Financial Business Act, Section 136. The loan was raised in 2001 and has a maximum loan term of 8 years. The loan carries a floating interest rate.		
EUR 200m of subordinate loan capital in accordance with the Danish Financial Business Act, Section 136. The loan was raised in 2002 and has a maximum loan term of 8 years. The loan carries a floating interest rate.		
The exchange rate risk has been hedged through currency swaps.		
DKK 2,600m of subordinate loan capital in accordance with the Danish Financial Business Act, Section 136. The loan was raised in 2005 and matures at par in June 2018. The loan carries a floating rate.		
13. EQUITY		
Totalcredit's share capital consists of 5,357,801 shares of DKK 100. There is only one class of shares. Other reserves of a total of DKK 4,287m consist of an undistributable reserve fund of a total of DKK 1,450m established in connection with the Company's conversion into a limited company and other reserves of DKK 2,837m.		

Notes

DKK MILLION

	2005 30.06.	2005 Beginning
14. OFF-BALANCE SHEET ITEMS		
Guarantees		
Financial guarantees	0	0
Total	0	0
Other commitments		
Other commitments	37	34
Total	37	34

Key figures by quarter

DKK MILLION

	Q2/ 2005	Q1/ 2005	Opening balance sheet 1 January 05	Q4/ 2004	Q3/ 2004	Q2/ 2004
CORE EARNINGS AND PROFIT FOR THE PERIOD						
Core income from:						
- Business operations	206	208	–	150	130	147
- Securities	16	15	–	16	18	18
Total	222	223	–	166	148	165
Operation costs, depreciation and amortisation	52	54	–	47	45	52
Core earnings before provisions	170	169	–	119	103	113
Provisions for credit risk related to lending	1	0	–	0	0	0
Core earnings after provisions	169	169	–	119	103	113
Investment portfolio income	27	11	–	14	19	-13
Profit before tax	196	180	–	133	122	100
Tax	51	54	–	38	37	30
Profit for the period	145	126	–	95	85	70
SUMMARY BALANCE SHEET						
Assets						
Mortgage loans	231,080	212,773	196,856	194,675	188,281	180,378
Bonds and shares	3,400	2,364	9,563	35,418	6,031	6,099
Other assets	16,455	23,726	11,625	12,439	9,111	13,392
Total assets	250,935	238,863	218,044	242,532	203,423	199,869
Liabilities and equity						
Issued bonds	237,550	228,736	206,637	230,310	193,027	190,016
Subordinate loan capital	5,205	2,604	2,600	2,600	2,601	2,597
Other liabilities	3,086	2,574	3,984	4,799	3,067	2,613
Equity incl profit for the period	5,094	4,949	4,823	4,823	4,728	4,643
Total liabilities and equity	250,935	238,863	218,044	242,532	203,423	199,869

The opening balance sheet at 1 January 2005 has been stated incl value adjustments as a result of the transition to new accounting policies.

Balance sheet figures for previous periods have not been restated.

Financial highlights, DFSA format

	2005 30.06.	2004 30.06.	2003 30.06.	2002 30.06.	2001 30.06.
Net interest income	645	505	441	337	277
Net fee income	(196)	(190)	(134)	(150)	(151)
Net interest and fee income	449	315	307	187	126
Value adjustments	34	30	41	34	38
Other operating income	0	0	0	0	0
Staff costs and administrative expenses	105	96	69	61	53
Depreciation and write-downs on property, plant and equipment	1	1	2	1	1
Provisions for loan impairment and receivables	1	0	0		
Profit from investments in associates and group enterprises				1	1
H1 profit before tax	376	248	277	160	111
Tax	105	74	77	46	27
H1 profit after tax	271	174	200	114	84
SUMMARY BALANCE SHEET					
Assets					
Mortgage loans	231,080	180,378	150,221	116,198	93,250
Bonds and shares	3,400	6,099	6,000	3,843	3,952
Other assets	16,455	13,392	11,663	4,515	3,857
Total assets	250,935	199,869	167,884	124,556	101,059
Liabilities and equity					
Issued mortgage bonds	237,550	190,016	159,730	118,722	95,498
Subordinate loan capital	5,205	2,597	2,595	1,113	1,367
Other liabilities	3,086	2,613	2,230	1,753	1,686
Equity	5,094	4,643	3,329	2,968	2,508
Total liabilities and equity	250,935	199,869	167,884	124,556	101,059
KEY RATIOS					
Capital adequacy ratio	10.6	9.8	9.7	9.1	11.3
Core capital ratio	5.3	6.2	5.3	6.5	7.2
Return on equity before tax (pa)	15.2	12.3	17.2	11.5	9.5
Return on equity after tax (pa)	10.9	8.6	12.4	8.2	3.6
Income/cost ratio DKK	4.5	3.6	4.9	3.6	3.1
Growth in loans and advances for the period as a %	17.4	11.3	15.0	10.7	9.7
Loans and advances relative to equity	45.4	38.9	45.1	39.1	37.2
Provisioning ratio for the period	0	0	0	0	0