

To OMX Nordic Exchange Copenhagen
and the press

15 May 2008

Q1 INTERIM REPORT 2008
Totalkredit A/S
(1 January – 31 March 2008)

Q1 – IN BRIEF

- Core income went up by DKK 82m to DKK 373m
- Operating costs increased by DKK 23m to DKK 103m
- Investment portfolio income stood at DKK 11m against DKK 25m in 2007
- Profit before tax was DKK 280m relative to DKK 236m in Q1/2007
- Gross new lending amounted to DKK 18.3bn against DKK 20.7bn in 2007
- In nominal terms, the loan portfolio increased by DKK 9bn to DKK 372bn
- Totalkredit's share of private residential mortgages now totals 30.1%

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Financial highlights

DKK MILLION

	Q1 / 2008	Q1 / 2007	FY 2007
CORE EARNINGS AND PROFIT FOR THE PERIOD			
Core income from			
Business operations	273	224	999
Securities	100	67	322
Total	373	291	1,321
Operating costs, depreciation and amortisation	103	80	314
Core earnings before impairment losses	270	211	1,007
Impairment losses on loans and advances	1	0	1
Core earnings after impairment losses	269	211	1,006
Investment portfolio income	11	25	(2)
Profit before tax	280	236	1,004
Tax	70	65	250
Profit for the period	210	171	754
SUMMARY BALANCE SHEET, END OF PERIOD			
	31.03.2008	31.03.2007	31.12.2007
ASSETS			
Receivables from credit institutions	9,258	8,738	11,647
Mortgage loans	361,017	317,928	349,278
Bonds and equities	11,492	7,296	47,156
Other assets	379	166	1,833
Total assets	382,146	334,128	409,914
LIABILITIES AND EQUITY			
Payables to credit institutions	225,201	146,712	242,623
Issued bonds	137,348	171,425	145,401
Supplementary capital	3,600	4,089	3,600
Other liabilities	5,058	3,756	7,561
Equity	10,939	8,146	10,729
Total liabilities and equity	382,146	334,128	409,914
Financial ratios			
Profit for the period as % of average equity (pa)	7.8	8.5	8.1
Core earnings after impairment losses as % of average equity (pa)	9.9	10.5	10.8
Costs as % of core income	27.6	27.5	23.8
Impairment losses for the period, %	0.0	0.0	0.0
Capital adequacy ratio, %	27.4	9.3	9.5
Core capital ratio, %	20.7	6.1	7.1
Average number of full-time staff	104	106	109
As from 2008, the capital adequacy ratio and core capital ratio are determined in accordance with CRD			



Q1 Interim Report 2008

Totalcredit recorded a profit before tax of DKK 280m compared with DKK 236m for the same period the year before, up 19%.

In Q1/2008, Totalcredit's lending grew by DKK 9bn to DKK 372bn.

Totalcredit's market share within private residential mortgage lending today totals 30.1%.

Core earnings

Totalcredit's core earnings after impairment losses were DKK 269m against DKK 211m for the same period the year before, up 27%.

Core income from business operations came to DKK 273m compared with DKK 224m.

Core income from securities amounted to DKK 100m compared with DKK 67m. The improvement can be ascribed to the capital increase in 2007 and a rise in short-term money market rates.

Operating costs, depreciation and amortisation amounted to DKK 103m against DKK 80m for the same period last year. The cost development is in line with the budget, and the rise relates to increased IT costs incurred in connection with the launch of the business partner web portal – a newly developed advisory and production system which will be key to the banks' housing advisory services and sale of Totalcredit loans.

Investment portfolio income

Investment portfolio income was DKK 11m against DKK 25m in Q1/2007. The investment portfolio income is satisfactory considering the difficult market conditions in Q1/2008.

Impairment losses on loans and advances

Impairment losses on loans and advances are still low, amounting to DKK 1.0m.

Loans and advances

In Q1/2008, mortgage lending was generally subdued relative to the same period last year. Gross new private residential lending fell by almost 16% to DKK 48.6bn.

Totalcredit also experienced a fall in gross new lending, which came to DKK 18.4bn against DKK 20.7bn in 2007 – down by more than 11%.

Balance sheet

At end-Q1/2008, the balance sheet stood at DKK 382bn compared with DKK 410bn at end-2007.

Mortgage lending at fair value increased in Q1/2008 to DKK 361bn against DKK 349bn at the beginning of the year.

Mortgage loans are funded through the issue of bonds via the Parent Company Nykredit Realkredit A/S and bonds issued by Totalcredit A/S. At end-Q1/2008, payables to the Parent Company at fair value amounted to DKK 225bn, and Totalcredit had issued DKK 137bn-worth of own bonds.

Equity including profit for the period was DKK 10.9bn at end-Q1 against DKK 10.7bn at the beginning of the year.

CAPITAL ADEQUACY

The capital base and capital adequacy are determined using the new capital adequacy rules (Basel II).

As from 1 January 2008, the capital requirement for credit risk is calculated on the basis of the most advanced IRB approaches.

At end-March 2008, the capital base amounted to DKK 14.3bn, and the capital requirement was DKK 4.2bn corresponding to a capital adequacy ratio of 27.4%.

Under the transitional rules, the capital requirement must, however, constitute at least 90% and 80% in 2008 and 2009, respectively, of the requirement calculated according to the previous rules.

In pursuance of these transitional rules, the capital requirement amounted to DKK 12.3bn at end-Q1, equal to a capital adequacy ratio of 23.6%.



OTHER

Changes to the Board of Directors

At the extraordinary general meeting on 13 May 2008, Preben Lund Hansen, Managing Director, Sydbank, resigned from the Board of Directors and was succeeded by Karen Frøsig, Managing Director, Sydbank.

Uncertainty about recognition and measurement

The measurement of certain assets and liabilities is based on accounting estimates made by the Company Management.

The areas in which assumptions and estimates material to the financial statements have been made comprise provisions for loan and receivable impairment as well as other provisions, cf the mention in the Annual Report for 2007.

In Management's opinion, the uncertainty related to the above-mentioned matters is insignificant to the Q1 Interim Report 2008.

Business partners

As described in the Annual Report for 2007, a new partnership agreement with the banks was entered into, according to which each bank could choose between the existing guarantee structure and a set-off model under which any losses incurred on the loans arranged by the banks are offset against future commission payments from Totalkredit.

In March 2008, Nykredit/Totalkredit offered its business partners a new and broader partnership agreement which constitutes an extension of the agreement from 2003 when Nykredit acquired Totalkredit.

The business partners have adopted the new partnership agreement, and all guaranteed loans are included under the set-off model.

The transition from the former guarantee model to the set-off model increases the capital adequacy requirement of Totalkredit/Nykredit.

For further information on the agreement, please refer to the Q1 Interim Report 2008 of the Nykredit Realkredit Group.

Lån & Spar Bank is the latest member of the Totalkredit partnership offering access to the business partner web portal, Totalkredit's advisory and production system. In future, the bank will offer Totalkredit-branded mortgage loans to its customers.

OUTLOOK FOR 2008

The loan portfolio and core earnings developed satisfactorily in Q1. Earnings forecasts for 2008 are unchanged relative to the Annual Report for 2007, provided that the development in financial markets for the rest of 2008 does not have a significant, adverse effect on the investment portfolio income.

EVENTS OCCURRED AFTER THE END OF THE FINANCIAL PERIOD

In the period up to the presentation of the Q1 Interim Report 2008, no significant events have occurred.

ACCOUNTING POLICIES

The Q1 Interim Report 2008 has been prepared in accordance with the Danish Financial Business Act and the Danish Financial Supervisory Authority's Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc.

All figures in the Q1 Interim Report are presented in DKK million. The totals stated are calculated on the basis of actual figures. Due to rounding to the nearest whole million DKK, minor differences between the sum of individual figures and the stated totals may occur.

The accounting policies are unchanged relative to the Annual Report for 2007. For a description, please refer to the Annual Report for 2007 at totalkredit.dk.

The Q1 Interim Report 2008 has not been audited or reviewed.



Statement by the Executive Board and the Board of Directors on the Interim Report

The Board of Directors and the Executive Board have today reviewed and approved the Interim Report of Totalkredit A/S for the period 1 January – 31 March 2008.

The Q1 Interim Report has been prepared in accordance with the Danish Financial Business Act and the Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc. Further, the Interim Report has been prepared in accordance with additional Danish disclosure requirements for interim reports of issuers of listed bonds.

Taastrup, 15 May 2008

EXECUTIVE BOARD

Troels Bülow-Olsen

Hans Henrik Andersen

Per Nykjær

In our opinion, the Interim Report gives a fair review of the development in the activities and financial circumstances of the Company as well as a satisfactory description of the material risk and uncertainty factors affecting the Company.

In our opinion, the Interim Report also gives a fair presentation of the Company's assets, liabilities, equity and financial position at 31 March 2008 and of the result of the Company's activities and cash flows for the financial period 1 January – 31 March 2008.

BOARD OF DIRECTORS

Niels Tørslev,
Chairman

Bent Naur,
Deputy Chairman

Johnna Bechsøfft

Karen Frøsig

Søren Holm

Jari Loch Jensen

Gert R. Jonassen

Frank Kristensen

Merete Nilausen



Income statement for 1 January – 31 March

DKK MILLION

	Note	Q1/2008	Q1/2007
Interest income	1	4,975	3,951
Interest expenses	2	4,416	3,491
Net interest income		559	460
Dividend on equities		0	0
Fee and commission income	3	65	65
Fee and commission expenses	4	249	235
Net interest and fee income		375	290
Value adjustments	5	9	26
Other operating income		0	0
Staff and administrative expenses	6	103	79
Depreciation and impairment losses for property, plant and equipment		0	0
Impairment losses on loans, advances and receivables		1	0
Profit before tax		280	236
Tax		70	65
Profit for the period		210	171



Balance sheet, end of period

DKK MILLION

	Note	31.03.2008	31.12.2007
Assets			
Cash balance and demand deposits with central banks		0	0
Receivables from credit institutions and central banks	7	9,258	11,647
Loans, advances and other receivables at fair value	8	361,080	349,342
Bonds at fair value	9	11,469	47,135
Equities	10	23	21
Other property, plant and equipment		2	2
Current tax assets		20	20
Deferred tax assets		1	1
Assets in temporary possession		0	0
Other assets	11	286	1,741
Prepayments		7	5
Total assets		382,146	409,914
LIABILITIES AND EQUITY			
Payables to credit institutions	12	225,201	242,702
Issued bonds at fair value	13	137,348	145,401
Current tax liabilities		33	0
Other liabilities	14	5,019	7,476
Provisions for pensions and similar obligations		6	6
Subordinate loan capital	15	3,600	3,600
Equity:	16		
Share capital		799	799
Reserves:			
Series reserves		1,543	1,543
Other reserves		8,387	8,387
Retained earnings for the period		210	
Total equity		10,939	10,729
Total liabilities and equity		382,146	409,914
Off-balance sheet items			
Off-balance sheet items	17		
Guarantees		0	0
Other commitments		24	24
Total off-balance sheet items		24	24

Notes

DKK MILLION

	Q1/2008	Q1/2007
1. INTEREST INCOME		
Receivables from credit institutions	50	38
Loans, advances and other receivables	4,377	3,466
Administrative margin	438	378
Bonds:		
- Own mortgage bonds	7	21
- Other mortgage bonds	108	68
- Government bonds	2	1
Derivative financial instruments:		
- Interest rate contracts	0	0
Total	4,982	3,972
Interest from own mortgage bonds has been offset against interest expenses – note 2	7	21
Total	4,975	3,951
2. INTEREST EXPENSES		
Mortgage loan funding through Nykredit Realkredit A/S	2,801	1,510
Issued bonds	1,531	1,956
Subordinate loan capital	49	46
Other interest expenses	0	0
Total	4,423	3,512
Set-off of interest from own mortgage bonds – note 1	7	21
Total	4,416	3,491
3. FEE AND COMMISSION INCOME		
Loan fees, new lending	27	40
Commission and other fees	38	25
Total	65	65
4. FEE AND COMMISSION EXPENSES		
Loan arrangement fee	27	41
Commissions to loan arrangers	198	172
Commission and other fees	24	22
Total	249	235

Notes

DKK MILLION

	Q1/2008	Q1/2007
5. VALUE ADJUSTMENTS		
Mortgage loans	2,688	434
Bonds	81	17
Equities	2	5
Foreign exchange, interest rate and other contracts as well as derivative financial instruments	(74)	4
Issued bonds, including bonds issued by Nykredit Realkredit in connection with mortgage loan funding granted by Totalkredit	(2,688)	(434)
Total	9	26
6. STAFF AND ADMINISTRATIVE EXPENSES		
Remuneration of Board of Directors and Executive Board	1	2
Staff expenses	16	17
Administrative expenses	86	60
Total	103	79
Remuneration of Board of Directors and Executive Board		
Board of Directors:		
Remuneration	0	0
Executive Board:		
Salaries	1	2
Other social security expenses and charges	0	0
Total	1	2
The terms and conditions governing pensions and retirement in relation to the Executive Board have not changed since the Annual Report for 2007.		
Staff expenses:		
Wages and salaries	14	12
Pensions	1	4
Other social security expenses and charges	1	1
Total	16	17
Number of staff		
Average number of staff, full-time equivalents	104	106

Notes

DKK MILLION

	31.03.2008	31.12.2007
7. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS		
Receivables from credit institutions	9,258	11,647
Of which prepaid funds, including immediate prepayments at par	304	2,467
8. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE		
Mortgage loans at fair value	361,017	349,278
Arrears and outlays	63	64
Other loans and advances	0	0
Total	361,080	349,342
Mortgage loans		
Balance, beginning of year, nominal value	363,175	312,196
New loans	18,847	100,329
Ordinary principal payments	(1,241)	(4,739)
Prepayments and extraordinary principal payments	(8,463)	(44,611)
Balance, end of period, nominal value	372,318	363,175
Loans transferred relating to properties in temporary possession	(1)	0
Fair value adjustment	(11,299)	(13,896)
Adjustment for credit risk		
Individual impairment provisions	(1)	(1)
Group-based impairment provisions	0	0
Balance, end of period, fair value	361,017	349,278
Arrears and outlays		
Arrears before impairment provisions	66	66
Outlays before impairment provisions	(1)	(1)
Provisions for arrears and outlays	(2)	(1)
Total	63	64
Mortgage loan bank guarantees		
Supplementary guarantees in addition to mortgages on real property	-	42,366
Statutory interim loan guarantees	21,798	25,088
Guarantees for loans disbursed before obtaining a registered mortgage	21,388	32,364
Total	43,186	99,818

Notes

DKK MILLION

	31.03.2008	31.12.2007
9. BONDS AT FAIR VALUE		
- Own mortgage bonds	543	1,857
- Other mortgage bonds	11,261	46,057
- Government bonds	208	106
- Other bonds	0	972
Total	12,012	48,992
Set-off against issued bonds – note 13	(543)	(1,857)
Total bonds	11,469	47,135
10. EQUITIES AT FAIR VALUE		
Listed on the OMX	7	7
Unlisted equities	16	14
Total	23	21
11. OTHER ASSETS		
Interest and commission receivable	18	28
Positive market value of derivative financial instruments	44	49
Interest receivable from bonds and credit institutions	176	1,616
Other assets	48	48
Total	286	1,741
12. PAYABLES TO CREDIT INSTITUTIONS		
Payables to credit institutions, other payables	4	80
Mortgage loan funding through Nykredit Realkredit A/S	225,197	242,622
Total	225,201	242,702
Of which mortgage loan funding through Nykredit Realkredit A/S:		
Balance, end of period, nominal value	250,569	168,889
Additions	18,856	136,632
Drawings and prepayments	(33,306)	(38,419)
Prepayments and extraordinary principal payments	(4,103)	(16,533)
Balance, end of period, nominal value	231,728	250,569
Fair value adjustment	(6,531)	(7,947)
Total	225,197	242,622

Notes

DKK MILLION

	31.03.2008	31.12.2007
13. ISSUED BONDS		
Mortgage bonds issued against mortgages on real property		
Balance, beginning of period, nominal value	153,207	190,617
Additions	0	24
Drawings and prepayments	(6,632)	(12,990)
Prepayments and extraordinary principal payments	(3,916)	(24,444)
Balance, end of period	142,659	153,207
Set-off, own bonds	(543)	(1,857)
Fair value adjustment	(4,768)	(5,949)
Total	137,348	145,401
Of which pre-issuance	-	-
Drawn for redemption at the next creditor settlement date	815	6,632
14. OTHER LIABILITIES		
Interest and commission payable	4,811	7,413
Negative market value of derivative financial instruments	0	0
Other payables	208	63
Total	5,019	7,476

15. SUBORDINATE LOAN CAPITAL

Subordinate loan capital consists of debt pursuant to section 136 of the Danish Financial Business Act. Three loans have been raised with Nykredit Realkredit A/S as lender. The loans carry floating interest rates.

1. Loan in the amount of DKK 2,600m raised in June 2005 with a maximum term of 13 years.
2. Loan in the amount of DKK 500m raised in June 2007 with a maximum term of eight years.
3. Loan in the amount of DKK 500m raised in December 2007 with a maximum term of five years.

Notes

DKK MILLION

	31.03.2008	31.12.2007
16. EQUITY		
Share capital	799	799
Series reserves	1,543	1,543
Other reserves	8,597	8,387
Equity, end of period	10,939	10,729
<p>Series reserves consist of an undistributable reserve fund established in connection with the Company's conversion into a public limited company. The share capital consists of 7,987,391 shares of DKK 100. There is only one share class.</p>		
17. OFF-BALANCE SHEET ITEMS		
Guarantees:		
Financial guarantees	0	0
Total	0	0
Other commitments:		
Other	24	24
Total off-balance sheet items	24	24

Financial highlights – five years

	Q1/2008	Q1/2007	Q1/2006	Q1/2005	Q1/2004
INCOME STATEMENT					
Net interest income	559	460	366	318	239
Net fee income	(184)	(170)	(140)	(101)	(92)
Net interest and fee income	375	290	226	217	147
Value adjustments	9	26	(16)	17	46
Other operating income	0	0	1	-	0
Staff and administrative expenses	103	79	57	53	45
Depreciation and impairment losses for property, plant and equipment	0	0	1	1	0
Impairment losses on loans, advances and receivables	1	0	0	-	0
Profit before tax	280	236	153	180	148
Tax	70	65	42	54	44
Profit for the period	210	171	111	126	104
SUMMARY BALANCE SHEET, END OF PERIOD					
	31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004
ASSETS					
Receivables from credit institutions	9,258	8,738	10,628	23,539	11,117
Mortgage loans	361,017	317,928	266,398	212,773	170,644
Bonds and equities	11,492	7,296	5,722	2,364	5,631
Other assets	379	166	153	187	222
Total assets	382,146	334,128	282,901	238,863	187,614
LIABILITIES AND EQUITY					
Payables to credit institutions	225,201	146,712	72,755	-	-
Issued bonds	137,348	171,425	196,809	228,736	179,016
Supplementary capital	3,600	4,089	5,210	2,604	2,601
Other liabilities	5,058	3,756	2,635	2,574	2,424
Equity	10,939	8,146	5,492	4,949	3,573
Total liabilities and equity	382,146	334,128	282,901	238,863	187,614
Financial ratios					
Profit for the period as % of average equity (pa)	7.8	8.5	8.2	10.3	11.8
Profit before tax for the period as % of average equity (pa)	10.3	11.7	11.3	14.7	16.8
Loans and advances:equity	33.0	39.0	48.5	43.0	47.8
Growth in loans and advances for the period, %	3.4	3.8	2.8	8.1	5.3
Impairment losses for the period, %	0.0	0.0	0.0	0.0	0.0
Capital adequacy ratio, %	27.4	9.3	8.8	8.6	8.9
Core capital ratio, %	20.7	6.1	5.0	5.6	5.0
Average number of full-time staff	104	106	98	79	68

Financial highlights – five quarters

	Q1/2008	Q4/2007	Q3/2007	Q2/2007	Q1/2007
CORE EARNINGS AND PROFIT FOR THE PERIOD					
Core income from					
Business operations	273	276	263	236	224
Securities	100	85	97	73	67
Total	373	361	360	309	291
Operating costs, depreciation and amortisation	103	68	96	70	80
Core earnings before impairment losses	270	293	264	239	211
Impairment losses on loans and advances	1	0	0	1	0
Core earnings after impairment losses	269	293	264	238	211
Investment portfolio income	11	2	6	(35)	25
Profit before tax	280	295	270	203	236
Tax	70	74	54	57	65
Profit for the period	210	221	216	146	171
SUMMARY BALANCE SHEET, END OF PERIOD					
	31.03.2008	31.12.2007	30.09.2007	30.06.2007	31.03.2007
ASSETS					
Receivables from credit institutions	9,258	11,647	10,603	10,774	8,738
Mortgage loans	361,017	349,278	337,703	323,277	317,928
Bonds and equities	11,492	47,156	9,275	8,159	7,296
Other assets	379	1,833	279	225	166
Total assets	382,146	409,914	357,860	342,435	334,128
LIABILITIES AND EQUITY					
Payables to credit institutions	225,201	242,623	186,301	163,862	146,712
Issued bonds	137,348	145,401	151,376	159,705	171,425
Supplementary capital	3,600	3,600	4,591	4,588	4,089
Other liabilities	5,058	7,561	5,584	4,488	3,756
Equity	10,939	10,729	10,008	9,792	8,146
Total liabilities and equity	382,146	409,914	357,860	342,435	334,128
Financial ratios					
Profit for the period as % of average equity (pa)	7.8	8.5	8.7	6.5	8.5
Core earnings after impairment losses as % of average equity (pa)	9.9	11.3	10.7	10.6	10.5
Costs as % of core income	27.6	18.8	26.6	22.7	27.6
Impairment losses for the period, %	0.0	0.0	0.0	0.0	0.0
Capital adequacy ratio, %	27.4	9.5	10.1	10.6	9.3
Core capital ratio, %	20.7	7.1	6.9	7.2	6.1