

19 May 2010

To NASDAQ OMX Copenhagen A/S
and the press

Q1 INTERIM REPORT 2010
Totalkredit A/S
(1 January – 31 March 2010)

Q1 – IN BRIEF

- Profit before tax was DKK 388m against DKK 270m in Q1/2009.
- Core income from business operations rose DKK 50m to DKK 346m.
- Core earnings before impairment losses amounted to DKK 265m against DKK 257m in Q1/2009.
- Provisions for loan impairment provided a net income of DKK 20m against an expense of DKK 125m in Q1/2009.
- Investment portfolio income was recorded at DKK 103m against DKK 138m the year before.
- Gross new lending came to DKK 28bn compared with DKK 22bn in Q1/2009.
- The loan portfolio rose by DKK 5bn to DKK 436bn, equal to a market share of 32.4%.

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Financial highlights

DKK MILLION

	Q1/2009	Q1/2008	FY2009
CORE EARNINGS AND PROFIT FOR THE PERIOD			
Core income from			
Business operations	346	296	1,378
Securities	31	64	181
Total	377	360	1,559
Operating costs, depreciation and amortisation	112	103	374
Core earnings before impairment losses	265	257	1,185
Impairment losses on loans and advances	(20)	125	515
Core earnings after impairment losses	285	132	670
Investment portfolio income	103	138	420
Profit before tax	388	270	1,090
Tax	97	68	273
Profit for the period	291	202	817
SUMMARY BALANCE SHEET, END OF PERIOD			
	31.03.2010	31.03.2009	31.12.2009
ASSETS			
Receivables from credit institutions	16,521	9,020	16,112
Mortgage loans	439,094	402,450	430,710
Bonds and equities	50,366	14,495	87,311
Other assets	2,787	689	3,762
Total assets	508,768	426,654	537,895
LIABILITIES AND EQUITY			
Payables to credit institutions	383,918	289,329	406,899
Issued bonds	100,933	116,049	104,789
Supplementary capital	2,600	3,600	2,600
Other liabilities	8,657	5,921	11,238
Equity	12,660	11,755	12,369
Total liabilities and equity	508,768	426,654	537,895
FINANCIAL RATIOS			
Profit for the period as % of average equity (pa)	9.3	6.9	6.8
Core earnings after impairment losses as % of average equity (pa)	9.1	4.6	5.6
Costs as % of core income from business operations	32.4	34.8	24.0
Impairment losses for the period, %	0.0	0.0	0.1
Capital adequacy ratio, %	26.1	26.8	20.2
Core capital ratio, %	21.7	20.7	16.7
Capital need	11.1	14.2	11.1



Q1 Interim Report 2010

Totalkredit recorded a profit before tax of DKK 388m against DKK 270m for the same period the year before.

Compared with Q1/2009, core income from customer-oriented business rose by DKK 50m to DKK 346m. Provisions for loan impairment posted a net income of DKK 20m against an expense of DKK 125m in Q1/2009. Financial income decreased by DKK 68m to a total of DKK 134m.

In Q1/2010 Totalkredit's lending grew by a nominal DKK 5bn to DKK 436bn.

Core earnings before impairment losses

Totalkredit's core earnings before impairment losses were DKK 265m against DKK 257m for the same period the year before.

Core income from business operations rose by DKK 50m to DKK 346m and was affected positively by high refinancing activity and a continued rise in the loan portfolio.

Core income from securities amounted to DKK 31m compared with DKK 64m in Q1/2009. This decline is due to the average money market rate being approx 2 percentage points lower than in the same period in 2009.

Operating costs were DKK 112m against DKK 100m in Q1/2009 – a 12% increase, primarily owing to improved marketing efforts and costs related to the handling of arrears.

Impairment losses on loans and advances

In Q1/2010 impairment losses on loans and advances were an income of DKK 20m, mainly as a result of a reduction in collective impairment provisions of DKK 54m. Individual impairment provisions came to DKK 23m and recognised losses were DKK 22m. Losses were offset against commission payments to partner banks by a total amount of DKK 11m.

At end-Q1/2010, individual impairment provisions came to DKK 357m, and collective impairment provisions totalled DKK 145m.

The arrears ratio calculated 75 days after the

December due date was 0.50% against 0.45% relative to the September due date.

The portfolio of repossessed properties at end-Q1/2010 included 27 properties against 22 at the beginning of the period. Q1/2010 saw repossession of 15 properties, while 10 properties were sold.

For the past year, a rising number of loans have been in arrears for the first time at the settlement date. In order to handle these cases locally, Totalkredit has entered into an agreement with the loan-arranging banks under which arrears collection is handled by the banks which are in direct contact with the customers.

The reduction of collective impairment provisions should be seen in the light of this agreement, which ensures early and more efficient response to arrears.

Lending

Gross new lending came to DKK 28bn against DKK 22bn in Q1/2009. Net new lending was DKK 6bn compared with DKK 11bn in the same period last year.

At end-Q1/2009, the loan portfolio totalled DKK 436bn against DKK 431bn in nominal terms at the beginning of the year.

Balance sheets

The balance sheet totalled DKK 509bn at end-Q1/2010 against DKK 426bn at end-Q1/2009.

Mortgage loans at fair value increased in Q1/2010 to DKK 439bn against DKK 431bn at the beginning of the financial year.

Payables to the parent company in connection with the funding of mortgage lending came to DKK 384bn, and Totalkredit had issued DKK 101bn-worth of own bonds.

Equity including profit for the period totalled DKK 12.7bn against DKK 12.4bn at the beginning of the year.

CAPITAL ADEQUACY

The capital base and capital adequacy are determined using the new capital adequacy rules (Basel II). The capital base after statutory deductions amounted to DKK 15.1bn, and the capital adequacy ratio was 26.1%, of which the core capital ratio is 21.7%.

The capital requirement amounted to DKK 13.1bn, equal to a required capital adequacy ratio of at least 22.6%.

RATING

Mortgage bonds issued out of Totalkredit's Capital Centre C are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. Today, all new lending by Totalkredit A/S is based on joint funding with Nykredit Realkredit A/S. This funding has been assigned the rating AAA by Standard & Poor's and the rating Aaa by Moody's Investors Service.

OTHER**Uncertainty as to 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 impairment losses on loans, advances and receivables as well as other provisions, cf the mention in the Annual Report for 2009.

In Management's opinion, the uncertainty related to the above-mentioned matters is insignificant to the Q1 Interim Report 2010.

OUTLOOK FOR 2010

Earnings expectations for 2010 are unchanged relative to the Annual Report 2009.

Accordingly, Totalkredit's loan portfolio will continue to grow, but at a slower rate than in 2009.

Operating costs are expected to increase due to improved marketing efforts and higher IT expenses as well as rising expenses in connection with the administration of loans in arrears.

Impairment losses are expected to be lower than in 2009.

Core earnings before impairment losses are projected to range between DKK 900m and DKK 1,000m.

ACCOUNTING POLICIES

The Q1 Interim Report 2010 has been prepared in accordance with the Danish Financial Business Act and the FSA Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc.

All figures in the Q1 Interim Report 2010 are presented in DKK million. The totals stated have been calculated on the basis of actual figures. Due to the rounding-off, the sum of individual figures and the stated totals may differ slightly.

The accounting policies are unchanged compared with the Annual Report for 2009. For a description, please refer to the Annual Report for 2009 at totalkredit.dk.

The Q1 Interim Report 2010 has not been audited or reviewed.



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

The Board of Directors and the Executive Board have today reviewed and approved the Interim Report for the period 1 January – 31 March 2010 of Totalkredit A/S.

The Q1 Interim Report 2010 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.

In our opinion, the Q1 Interim Report gives a fair presentation of the Company's assets, liabilities, equity and financial position at 31 March 2010 and of the results of the Company's activities and cash flows for the financial period 1 January – 31 March 2010.

In our opinion, the Q1 Interim Report also 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.

Taastrup, 19 May 2010

EXECUTIVE BOARD

Troels Bülow-Olsen

Hans Henrik Andersen

BOARD OF DIRECTORS

Søren Holm,
Chairman

Bent Naur,
Deputy Chairman

Jette Alsig Bargholz

Kim Duus

Karen Frøsig

Lars Holst

Jari Loch Jensen

Gert Jonassen

Frank Kristensen

Merete Nilausen



	Note	Q1/ 2010	Q1/ 2009
Interest income	1	4,908	5,574
Interest expenses	2	4,203	4,955
Net interest income		705	619
Dividend on equities		-	-
Fee and commission income	3	121	85
Fee and commission expenses	4	359	296
Net interest and fee income		467	408
Value adjustments	5	13	89
Other operating income		0	0
Staff and administrative expenses	6	112	102
Depreciation and impairment losses for property, plant and equipment		0	0
Impairment losses on loans, advances and receivables	7	(20)	125
Profit before tax		388	270
Tax		97	68
Profit for the period		291	202

Balance sheet, end of period

DKK MILLION

	Note	31.03.2010	31.12.2009
ASSETS			
Cash balance and demand deposits with central banks		0	0
Receivables from credit institutions and central banks	8	16,521	16,112
Loans, advances and other receivables at fair value	9	438,846	430,483
Loans, advances and other receivables at amortised cost	9	67	82
Bonds at fair value	10	50,366	87,311
Other property, plant and equipment		1	1
Deferred tax assets		1	1
Assets in temporary possession		23	19
Other assets	11	2,932	3,879
Prepayments		11	7
Total assets		508,768	537,895
LIABILITIES AND EQUITY			
Payables to credit institutions	12	383,918	406,899
Issued bonds at fair value	13	100,933	104,789
Current tax liabilities		254	215
Other liabilities	14	8,399	11,019
Provisions for pensions and similar obligations		4	4
Subordinate loan capital	15	2,600	2,600
Equity:	16		
Share capital		799	799
Reserves:			
Series reserves		1,616	1,616
Other reserves		9,954	9,954
Retained earnings for the period		291	
Total equity		12,660	12,369
Total liabilities and equity		508,768	537,895
OFF-BALANCE SHEET ITEMS			
	17		
Guarantees		0	0
Other commitments		15	15
Total off-balance sheet items		16	15



Notes

DKK MILLION

	Q1/ 2010	Q1/ 2009
1. INTEREST INCOME		
Receivables from credit institutions	13	29
Loans, advances and other receivables	4,143	4,908
Administrative margin	524	480
Bonds:		
- Own mortgage bonds	7	0
- Other mortgage bonds	217	147
- Government bonds	15	2
Derivative financial instruments:		
- Interest rate contracts	(4)	8
Total	4,915	5,574
Interest from own mortgage bonds has been offset against interest expenses – note 2	7	0
Total	4,908	5,574
2. INTEREST EXPENSES		
Mortgage loan funding through Nykredit Realkredit A/S	3,323	3,459
Issued bonds	874	1,447
Subordinate loan capital	13	48
Other interest expenses	0	1
Total	4,210	4,955
Set-off of interest from own mortgage bonds – note 1	7	0
Total	4,203	4,955
3. FEE AND COMMISSION INCOME		
Loan fees, new lending	64	40
Commission and other fees	57	45
Total	121	85
4. FEE AND COMMISSION EXPENSES		
Loan arrangement fees	46	29
Commission to loan arrangers	244	228
Trading commission and other fees	69	39
Total	359	296

Notes

DKK MILLION

	Q1/ 2010	Q1/ 2009
5. VALUE ADJUSTMENTS		
Mortgage loans	3,494	3,384
Bonds	78	111
Equities	-	(1)
Foreign exchange, interest rate and other contracts as well as derivative financial instruments	(61)	(21)
Other liabilities	(4)	
Issued bonds, including bonds issued by Nykredit Realkredit A/S in connection with the funding of mortgage loans granted by Totalkredit A/S	(3,494)	(3,384)
Total	13	89
6. STAFF AND ADMINISTRATIVE EXPENSES		
Remuneration of Board of Directors and Executive Board	1	1
Staff expenses	19	17
Administrative expenses	92	84
Total	112	102
Remuneration of Board of Directors and Executive Board		
Board of Directors:		
Remuneration	0	0
Executive Board:		
Salaries	1	1
Pensions	0	0
Other social security expenses and charges	0	0
Total	1	1
The terms and conditions governing pensions and retirement in relation to the Executive Board have not changed since the Annual Report for 2009		
Staff expenses:		
Wages and salaries	16	14
Pensions	2	2
Other social security expenses and charges	1	2
Total	19	18
Number of staff		
Average number of staff, full-time equivalents	122	117



Notes

DKK MILLION

	Q1/ 2010	Q1/ 2009
7. PROVISIONS FOR LOAN AND RECEIVABLE IMPAIRMENT		
Changes in provisions for loan impairment, individual	22	56
Changes in provisions for loan impairment, collective	(54)	67
Recognised losses for the year, gross	22	2
Offset against commission payments to partner banks	(11)	0
Received on claims previously written off	0	0
Total provisions for loan and receivable impairment	(21)	125
Value adjustment of assets in temporary possession	1	0
Total	(20)	125
Specification of provisions for loan impairment		
Individual impairments	358	78
Collective impairments	145	99
Total provisions for loan impairment	503	177
Individual provisions for loan impairment		
Impairment provisions, beginning of period	336	22
Impairment provisions for the period	121	61
Impairment provisions reversed	(79)	(4)
Impairment provisions recognised as lost	(20)	(1)
Individual provisions for loan impairment, end of period	358	78
Collective impairment provisions		
Impairment provisions, beginning of period	199	32
Impairment provisions for the period	(54)	67
Collective provisions for loan impairment, end of period	145	99
	31.03.2010	31.12.2009
8. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS		
Receivables from credit institutions	16,521	16,112

Notes

DKK MILLION

	31.03.2010	31.12.2009
9. LOANS AND ADVANCES		
Loans, advances and other receivables at fair value	438,846	430,483
Loans, advances and other receivables at amortised cost	67	82
Total	438,913	430,565
Loans, advances and other receivables at fair value		
Mortgage loans	439,027	430,628
Receivables from loans secured on non-reposessed properties	(181)	(145)
Total	438,846	430,483
Mortgage loans		
Balance, beginning of period, nominal value	431,357	400,679
New loans	27,849	124,210
Ordinary principal payments	(1,201)	(5,778)
Prepayments and extraordinary principal payments	(21,894)	(87,754)
Balance, end of period, nominal value	436,111	431,357
Loans transferred relating to properties in temporary possession	(50)	(54)
Fair value adjustment	3,111	(476)
Adjustment for credit risk		
Individual impairment provisions	-	-
Collective impairment provisions	(145)	(199)
Balance, end of period, fair value	439,027	430,628
Receivables from loans secured on non-reposessed properties		
Arrears before impairment provisions	159	209
Outlays before impairment provisions	18	(18)
Provisions for arrears and outlays	(357)	(336)
Total	(181)	(145)
Loans, advances and other receivables at amortised cost		
Mortgage loans	67	82
Total	67	82
Mortgage loan guarantees provided by banks:		
Supplementary guarantees in addition to mortgages on real property	5,329	5,362
Statutory guarantees for interim loans	11,121	11,894
Guarantees for loans disbursed before obtaining a registered mortgage	52,518	48,116
Total	68,968	65,372



Notes

DKK MILLION

	31.03.2010	31.12.2009
10. BONDS AT FAIR VALUE		
- Own mortgage bonds	592	2,012
- Other mortgage bonds	48,810	85,779
- Government bonds	1,556	1,532
Total	50,958	89,323
Transferred to set-off against Issued bonds – note 13	(592)	(2,012)
Total bonds	50,366	87,311
11. OTHER ASSETS		
Interest and commission receivable from loans	1,518	969
Positive market value of derivative financial instruments	37	36
Interest receivable from bonds and credit institutions	1,325	2,803
Other assets	52	71
Total	2,932	3,879
12. PAYABLES TO CREDIT INSTITUTIONS		
Payables to credit institutions, other payables	23	14
Payables to Nykredit Realkredit A/S concerning supplementary security for SDO funded mortgage lending	7,500	7,496
Mortgage loan funding through Nykredit Realkredit A/S	376,395	399,389
Total	383,918	406,899
Of which mortgage loan funding through Nykredit Realkredit A/S:		
Balance, beginning of period, nominal value	397,958	321,514
Additions	49,379	196,364
Drawings and prepayments	(68,286)	(88,286)
Prepayments and extraordinary principal payments	(6,622)	(31,634)
Balance, end of period, nominal value	372,429	397,958
Fair value adjustment	3,966	1,431
Total	376,395	399,389

Notes

DKK MILLION

	31.03.2010	31.12.2009
13. ISSUED BONDS		
Mortgage bonds issued against mortgages on real property		
Balance, beginning of period, nominal value	108,708	125,951
Additions	0	0
Drawings and prepayments	(4,427)	(4,658)
Prepayments and extraordinary principal payments	(1,901)	(12,585)
Balance, end of period	102,380	108,708
Set-off, own bonds	(592)	(2,012)
Fair value adjustment	(855)	(1,907)
Total	100,933	104,789
Of which pre-issuance	-	-
Bonds drawn for redemption at the next creditor settlement date	1,932	1,429
14. OTHER LIABILITIES		
Interest payable on issued mortgage bonds, including bonds issued by Nykredit Realkredit A/ for the funding of mortgage lending by Totalkredit A/S	6,901	9,966
Negative market value of derivative financial instruments	93	15
Other liabilities	1,405	1,038
Total	8,399	11,019
15. SUBORDINATE LOAN CAPITAL		
Subordinate loan capital consists of debt pursuant to section 136 of the Danish Financial Business Act. The loan was raised in June 2005 with Nykredit Realkredit A/S as lender. The loan carries a floating rate and has a maximum maturity of 13 years.		



Notes

DKK MILLION

	31.03.2010	31.12.2009
16. EQUITY		
Share capital	799	799
Series reserves	1,616	1,616
Other reserves	10,245	9,954
Equity, end of period	12,660	12,369
<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		
Contingent liabilities:		
Financial guarantees	0	0
Other commitments	15	15
Total off-balance sheet items	15	15

Financial highlights – five years

	Q1/ 2010	Q1/ 2009	Q1/ 2008	Q1/ 2007	Q1/ 2006
INCOME STATEMENT					
Net interest income	705	619	559	460	366
Net fee income	(238)	(211)	(184)	(170)	(140)
Net interest and fee income	467	408	375	290	226
Value adjustments	13	89	9	26	(16)
Other operating income	0	0	0	0	1
Staff and administrative expenses	112	102	103	79	57
Depreciation and impairment losses for property, plant and equipment	0	0	0	0	1
Impairment losses on loans, advances and receivables	(20)	125	1	0	0
Profit before tax	388	270	280	236	153
Tax	97	68	70	65	42
Profit for the period	291	202	210	171	111
SUMMARY BALANCE SHEET, END OF PERIOD					
	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
ASSETS					
Receivables from credit institutions	16,521	9,020	9,258	8,738	10,628
Mortgage loans	439,094	402,345	361,017	317,928	266,398
Bonds and equities	50,366	14,495	11,492	7,296	5,722
Other assets	2,787	794	379	166	153
Total assets	508,768	426,654	382,146	334,128	282,901
LIABILITIES AND EQUITY					
Payables to credit institutions	383,918	289,329	225,201	146,712	72,755
Issued bonds	100,933	116,049	137,348	171,425	196,809
Supplementary capital	2,600	3,600	3,600	4,089	5,210
Other liabilities	8,657	5,921	5,058	3,756	2,635
Equity	12,660	11,755	10,939	8,146	5,492
Total liabilities and equity	508,768	426,654	382,146	334,128	282,901
FINANCIAL RATIOS					
Profit for the period as % of average equity	9.3	6.9	7.8	8.5	8.2
Profit before tax for the period as % of average equity	12.4	9.3	10.3	11.7	11.3
Loans and advances:equity	34.7	34.2	33.0	39.0	48.5
Growth in loans and advances for the period, %	1.9	3.1	3.4	3.8	2.8
Impairment losses for the period, %	0.0	0.0	0.0	0.0	0.0
Capital adequacy ratio, %*	26.1	26.8	27.4	9.3	8.8
Core capital ratio, %*	21.7	20.7	20.7	6.1	5.0
Average number of full-time staff	122	117	104	106	98
*) Capital adequacy and core capital ratios are from 2008, calculated in accordance with the CRD					



Financial highlights – six quarters

	Q1 / 2010	Q4 / 2009	Q3 / 2009	Q2 / 2009	Q1 / 2009	Q4 / 2008
CORE EARNINGS AND PROFIT FOR THE PERIOD						
Core income from						
Business operations	346	381	356	345	296	309
Securities	31	37	33	46	64	125
Total	377	418	389	391	360	434
Operating costs, depreciation and amortisation	112	94	84	93	103	84
Core earnings before impairment losses	265	324	305	298	257	350
Impairment losses on loans and advances	(20)	90	281	19	125	45
Core earnings after impairment losses	285	234	24	279	132	305
Investment portfolio income	103	53	124	106	138	84
Profit before tax	388	287	148	385	270	389
Tax	97	72	37	96	68	98
Profit for the period	291	215	111	289	202	291
SUMMARY BALANCE SHEET, END OF PERIOD						
	31.03.2010	31.12.2009	30.09.2009	30.06.2009	31.03.2009	31.12.2008
ASSETS						
Receivables from credit institutions	16,521	16,112	14,056	18,301	9,020	16,283
Mortgage loans	439,094	430,710	424,056	411,909	402,345	390,351
Bonds and equities	50,366	87,311	42,162	20,095	14,495	52,437
Other assets	2,787	3,762	3,880	2,306	794	2,267
Total assets	508,768	537,895	484,154	452,611	426,654	461,338
LIABILITIES AND EQUITY						
Payables to credit institutions	383,918	406,899	348,079	317,509	289,329	315,349
Issued bonds	100,933	104,789	109,662	111,398	116,049	121,243
Supplementary capital	2,600	2,600	2,600	2,600	3,600	3,600
Other liabilities	8,657	11,238	11,659	9,040	5,921	9,594
Equity	12,660	12,369	12,154	12,044	11,755	11,552
Total liabilities and equity	508,768	537,895	484,154	452,611	426,654	461,338
FINANCIAL RATIOS						
Profit for the period as % of average equity (pa)	9.3	6.8	3.7	9.8	6.9	10.2
Core earnings after impairment losses as % of average equity (pa)	9.1	5.6	0.8	9.5	4.6	10.7
Costs as % of core income	29.7	24.0	21.6	23.8	28.5	19.4
Impairment losses for the period, %	0.0	0.0	0.1	0.0	0.0	0.0
Capital adequacy ratio, %	26.1	20.2	21.9	22.9	26.8	26.7
Core capital ratio, %	21.7	16.7	18.1	19.0	20.7	20.5