

To NASDAQ OMX Copenhagen A/S  
and the press

10 May 2012

## **Q1 INTERIM REPORT 2012**

**Totalkredit A/S**

**1 January 2012 – 31 March 2012**

### **Q1 – IN BRIEF**

- Core earnings before impairment losses were DKK 271m against DKK 245m in Q1/2011
- Core income from business operations rose 23% to DKK 402m relative to Q1/2011
- Net expenses for supplementary collateral (junior covered bonds) were up DKK 28m to DKK 45m on Q1/2011
- Core income from securities came to DKK 16m against DKK 32m in Q1/2011
- Operating costs were DKK 102m against DKK 97m in Q1/2011
- Impairment losses on loans and advances amounted to DKK 152m, or 0.03% of the loan portfolio
- Investment portfolio income was DKK 55m against DKK 8m in the same period the year before
- Profit before tax was DKK 175m against DKK 203m in the same period in 2011
- Totalkredit's market share of Danish private residential mortgage lending strengthened in Q1/2012 and came to 34.2%
- In Q1/2012, the loan portfolio grew by DKK 6bn to DKK 480bn in nominal terms.

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# Financial highlights

DKK MILLION

	Q1 / 2012	Q1 / 2011	FY 2011
<b>CORE EARNINGS AND PROFIT FOR THE PERIOD</b>			
<b>Core income from</b>			
- business operations	402	327	1,316
- junior covered bonds	(45)	(17)	(91)
- securities	16	32	156
<b>Total</b>	<b>373</b>	<b>342</b>	<b>1,381</b>
Operating costs, depreciation and amortisation	102	97	367
<b>Core earnings before impairment losses</b>	<b>271</b>	<b>245</b>	<b>1,014</b>
Impairment losses on loans and advances	152	50	447
<b>Core earnings after impairment losses</b>	<b>120</b>	<b>195</b>	<b>567</b>
Investment portfolio income	55	8	182
<b>Profit before tax</b>	<b>175</b>	<b>203</b>	<b>749</b>
Tax	44	51	187
<b>Profit for the period</b>	<b>131</b>	<b>152</b>	<b>562</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>			
	31.03.2012	31.03.2011	31.12.2011
<b>ASSETS</b>			
Receivables from credit institutions	26,000	11,239	14,565
Mortgage loans at fair value	486,676	454,276	480,928
Bonds and equities	89,315	61,965	86,512
Other assets	3,666	3,602	4,392
<b>Total assets</b>	<b>605,657</b>	<b>531,082</b>	<b>586,397</b>
<b>LIABILITIES AND EQUITY</b>			
Payables to credit institutions	505,019	422,776	480,544
Issued bonds at fair value	74,150	83,109	78,328
Supplementary capital	3,100	2,600	3,100
Other liabilities	9,439	9,189	10,607
Equity	13,949	13,408	13,818
<b>Total liabilities and equity</b>	<b>605,657</b>	<b>531,082</b>	<b>586,397</b>
<b>FINANCIAL RATIOS</b>			
Profit for the period as % of average equity, pa	3.8	4.6	4.1
Core earnings after impairment losses as % of average equity, pa	3.5	5.9	4.2
Costs as % of core income	27.4	28.4	26.6
Impairment losses for the period, %	0.03	0.01	0.09
Total capital ratio, %	17.9	24.0	18.8
Tier 1 capital ratio, %	14.8	20.2	15.6
Internal capital adequacy requirement (ICAAP), %	9.6	12.6	10.3



# Q1 Interim Report 2012

Totalkredit recorded a profit before tax of DKK 175m against DKK 203m for the same period last year.

Profit for Q1/2012 was positively affected by high lending activity and increased investment portfolio income. By contrast, increased impairment losses and need for supplementary collateral in connection with SDO-funded lending had an adverse effect on profit.

Totalkredit's market position was strengthened in Q1/2012. Totalkredit increased its share of the Danish mortgage sector's net new private residential lending, and its market share of Danish residential mortgage lending rose to 34.2% against 33.8% at the beginning of the year.

## Core earnings before impairment losses

Core income from business operations was DKK 402m against DKK 327m in the same period in 2011. The increase is the result of higher activity-driven income by DKK 74m compared with the same period in 2011.

Total net expenses relating to junior covered bonds were up by DKK 28m to DKK 45m on Q1/2011.

Core income from securities amounted to DKK 16m against DKK 32m in Q1/2011. The decline is due to interest rate levels being lower in Q1/2012 than in the same period last year and to the fact that Totalkredit raised new supplementary capital of a total of DKK 500m in Q4/2011.

Operating costs totalled DKK 102m against DKK 97m in Q1/2011.

Core earnings before impairment losses came to DKK 271m against DKK 245m in Q1/2011.

## Impairment losses on loans and advances

Impairment losses on loans and advances amounted to DKK 152m, or 0.03% of the loan portfolio. Impairment losses reflect a housing market with a vast supply and few transactions as well as a considerable drop in housing prices for property mortgaged in the period 2005-2008.

Recognised losses totalled DKK 114m, of which DKK 47m was offset against commission payable to partners.

Individual impairment provisions totalled DKK 424m at end-Q1/2012 against DKK 393m at the beginning of the year.

Collective impairment provisions amounted to DKK 351m against DKK 311m at the beginning of the year.

The arrears ratio measured as at the December due date, 105 days after the last due date, was 0.22%, which is a slight drop compared with the two previous due dates and lower than the corresponding arrears ratio of the mortgage sector of 0.34%.

In Q1/2012, 49 properties were acquired at forced sales while 40 properties were sold. The number of repossessed properties was 94 at end-Q1/2012 against 85 at the beginning of the year.

## Investment portfolio income

Investment portfolio income amounted to DKK 55m against DKK 8m in Q1/2011.

## Loans and advances

At nominal value, the loan portfolio totalled DKK 480bn at end-Q1/2012 against DKK 474bn at the beginning of the year.

Housing market activity has remained low, but as a result of low interest rate levels, refinancing activity increased considerably in Q1/2012 compared with the previous quarters.

Thus gross new lending came to DKK 36bn following an average of DKK 17bn in the previous four quarters.

## Loan-to-value ratios (LTVs)

The average LTV ratio of the loan portfolio, determined as the top part of the loan amount for each property, came to 77% at end-Q1/2012 against 67% one year ago.

For the part of the loan portfolio funded by SDOs (Danish covered bonds) and for which LTV ratios exceeded the LTV limits of 80% for private residential property and 60% for holiday homes, supplementary collateral totalling DKK 22.7bn was provided.

Totalkredit raises supplementary collateral by investing part of its capital base or any borrowed funds, primarily proceeds from junior covered bonds, in particularly secure assets.

## Balance sheet

At end-Q1/2012, the balance sheet stood at DKK 606bn against DKK 586bn at the beginning of the year.

Mortgage lending at fair value totalled DKK 487bn against DKK 481bn at the beginning of the year.

The bond portfolio totalled DKK 89bn against DKK 87bn at the beginning of the year. At end-Q1/2012 approx 57% of the bond portfolio stemmed from pre-issuance in connection with the refinancing of adjustable-rate mortgage loans (ARMs) as at



1 April 2012, the placing of funds deriving from prepayments in cash, and proceeds from fixed-price agreements.

Payables to the Parent Company in connection with the funding of mortgage lending came to DKK 485bn, and payables to the Parent Company in connection with collateral provided for rating purposes and SDO-funded lending amounted to DKK 20bn.

Totalkredit had issued bonds of DKK 74bn.

Equity including profit for the period totalled DKK 13.9bn at end-Q1/2012.

### **CAPITAL BASE AND CAPITAL ADEQUACY**

At end-Q1/2012, the capital base was DKK 16.5bn, corresponding to a total capital ratio of 17.9%. The Tier 1 capital ratio stood at 14.8%.

The internal capital adequacy requirement (ICAAP) amounted to 9.6% at end-Q1/2012.

The capital adequacy requirement is calculated as the required capital base as a percentage of risk-weighted assets. The determination of capital base, capital adequacy and capital requirement is specified on page 9 of this Report.

### **RATINGS**

#### **Rating with Standard and Poor's**

The lending activities of Totalkredit and Nykredit Realkredit, Totalkredit's parent company, are jointly funded. Due to the joint funding, Totalkredit and Nykredit Realkredit use the same bond series to fund identical loans. Nykredit Realkredit issues the requisite bonds out of capital centres which are rated AAA by Standard & Poor's.

ROs (Danish covered bonds) issued by Totalkredit out of Capital Centre C are also rated AAA by Standard & Poor's. The Capital Centre is not open for new lending.

#### **Termination of cooperation contract with Moody's**

Bonds under joint funding activities and Totalkredit's Capital Centre C are also rated by Moody's. However, the Nykredit Group has requested Moody's Investors Service to cease rating the Nykredit Group, cf press release dated 13 April 2012.

### **OTHER**

#### **Future business conditions**

The Annual Report 2011 described the measures to be implemented by Nykredit and Totalkredit in order to ensure continued financial sustainability in an environment in which the conditions for mortgage lending are undergoing significant changes.

The beginning of April saw the introduction of the following measures:

- The opening of a separate capital centre for the funding of ARMs
- The introduction of price increases on existing and new loans
- Nykredit Realkredit now grants retail mortgages through Totalkredit in line with Totalkredit's partner banks.

The last element, two-tier mortgaging, is expected to be introduced during Q2/2012, by which 60% of a private residential mortgage loan is still granted in compliance with the rules governing SDOs while the top part of the mortgage loan up to 80% will be granted according to the rules governing the traditional covered bonds, ROs.

### **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 provisions for loan and receivable impairment as well as other provisions, cf the mention in the Annual Report 2011.

In Management's opinion, the uncertainty relating to the above-mentioned matters is insignificant to the Q1 Interim Report 2012.

### **OUTLOOK FOR 2012**

The outlook expressed in the Annual Report 2011 remains unchanged.

### **EVENTS OCCURRED AFTER THE END OF THE FINANCIAL PERIOD**

No material events have occurred in the period from the balance sheet date up to the presentation of the Q1 Interim Report.

### **ACCOUNTING POLICIES**

The Q1 Interim Report 2012 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.

Furthermore, the Interim Report has been prepared in accordance with additional Danish disclosure requirements for interim reports of issuers of listed bonds.

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 the rounding-off to DKK million, the sum of individual figures and the stated totals may differ slightly.

The accounting policies are unchanged compared with the Annual Report 2011. For a description, please refer to the Annual Report 2011.

The Q1 Interim Report 2012 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 2012 of Totalkredit A/S.

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

Further, the Q1 Interim Report has been prepared in accordance with additional Danish disclosure requirements for interim reports of issuers of listed bonds.

We are of the opinion that the Interim Financial Statements give a fair presentation of the Company's assets, liabilities, equity and financial position at 31 March 2012 and of the results of the Company's operations as well as cash flows for the financial period 1 January – 31 March 2012.

We are furthermore of the opinion that the Management's Review gives a fair review of the development in the operations and financial circumstances of the Company as well as a description of the material risk and uncertainty factors which may affect the Company.

Taastrup, 10 May 2012

## **EXECUTIVE BOARD**

Troels Bülow-Olsen

Hans Henrik Andersen

## **BOARD OF DIRECTORS**

Søren Holm  
Chairman

Claus E. Petersen,  
Deputy Chairman

Jette Alsig Bargholz

Kim Duus

Karen Frøsig

Lars Holst

Jari Loch Jensen

Gert Jonassen

Frank Kristensen

Merete Nilausen



# Income statement for 1 January – 31 March

DKK MILLION

	Note	Q1/ 2012	Q1/ 2011
Interest income	1	4,737	4,736
Interest expenses	2	4,020	4,054
<b>Net interest income</b>		<b>717</b>	<b>682</b>
Fee and commission income	3	174	71
Fee and commission expenses	4	440	348
<b>Net interest and fee income</b>		<b>451</b>	<b>405</b>
Value adjustments	5	(23)	(55)
Other operating income		0	0
Staff and administrative expenses	6	102	97
Depreciation and impairment losses for property, plant and equipment		0	0
Impairment losses on loans, advances and receivables	7	152	50
<b>Profit before tax</b>		<b>175</b>	<b>203</b>
Tax		44	51
<b>Profit for the period</b>		<b>131</b>	<b>152</b>
<b>Comprehensive income</b>			
<b>Profit for the period</b>		<b>131</b>	<b>152</b>
Other comprehensive income		-	-
<b>Comprehensive income for the period</b>		<b>131</b>	<b>152</b>

# Balance sheet, end of period

DKK MILLION

	Note	31.03.2012	31.12.2011
<b>ASSETS</b>			
Cash balance and demand deposits with central banks		0	0
Receivables from credit institutions and central banks	8	26,000	14,565
Loans, advances and other receivables at fair value	9	486,769	481,046
Loans, advances and other receivables at amortised cost	9	37	47
Bonds at fair value	10	89,315	86,512
Other property, plant and equipment		0	0
Deferred tax assets		1	1
Assets in temporary possession	11	56	115
Other assets	12	3,469	4,100
Prepayments		10	11
<b>Total assets</b>		<b>605,657</b>	<b>586,397</b>
<b>LIABILITIES AND EQUITY</b>			
Payables to credit institutions	13	505,019	480,544
Issued bonds at fair value	14	74,150	78,328
Current tax liabilities		168	124
Other liabilities	15	9,266	10,478
<b>Total payables</b>		<b>588,603</b>	<b>569,474</b>
Provisions		5	5
Subordinated debt	16	3,100	3,100
<b>Equity</b>			
Share capital		799	799
<b>Reserves</b>			
Series reserves		1,646	1,646
Other reserves		11,373	11,373
Retained earnings for the period		131	-
<b>Total equity</b>		<b>13,949</b>	<b>13,818</b>
<b>Total liabilities and equity</b>		<b>605,657</b>	<b>586,397</b>
<b>OFF-BALANCE SHEET ITEMS</b>			
	17		
Guarantees		0	0
Other commitments		12	12
<b>Total</b>		<b>12</b>	<b>12</b>



## Statement of changes in equity

DKK MILLION

	Share capital	Series reserves	Other reserves	Total
<b>Equity at 1 January 2012</b>	<b>799</b>	<b>1,646</b>	<b>11,373</b>	<b>13,818</b>
Profit for the period			131	131
<b>Comprehensive income for the period</b>			<b>131</b>	<b>131</b>
<b>Equity at 31 March 2012</b>	<b>799</b>	<b>1,646</b>	<b>11,504</b>	<b>13,949</b>
<b>Equity at 1 January 2011</b>	<b>799</b>	<b>1,634</b>	<b>10,823</b>	<b>13,256</b>
Profit for the period			152	152
<b>Comprehensive income for the period</b>			<b>152</b>	<b>152</b>
<b>Equity at 31 March 2011</b>	<b>799</b>	<b>1,634</b>	<b>10,975</b>	<b>13,408</b>

The share capital consists of 7,987,391 shares of DKK 100. There is only one share class. Nykredit Realkredit A/S owns the total share capital.

Series reserves consist of an undistributable reserve fund established pursuant to section 220 of the Danish Financial Business Act in connection with Totalkredit's conversion into a public limited company in 2000. Capital is used to cover statutory capital requirements and is otherwise only used to cover losses not covered by amounts that may be used as dividend in the public limited company.



# Capital base and capital adequacy

DKK MILLION

	31.03.2012	31.12.2011
<b>Capital base</b>		
Tier 1 capital		
- Equity, end of period	13,949	13,818
- Capitalised tax assets	(1)	(2)
- The difference between expected losses and impairment losses	(261)	(279)
<b>Tier 1 capital after statutory deductions</b>	<b>13,687</b>	<b>13,537</b>
<b>Total supplementary capital</b>	<b>3,100</b>	<b>3,100</b>
- The difference between expected losses and impairment losses	(261)	(279)
<b>Total capital base after statutory deductions</b>	<b>16,526</b>	<b>16,358</b>
<b>Capital requirements</b>		
Credit risk	6,509	6,209
Market risk	618	475
Operational risk	265	264
<b>Total capital requirement <sup>1</sup></b>	<b>7,392</b>	<b>6,948</b>
<b>Total risk-weighted assets</b>	<b>92,404</b>	<b>86,849</b>
<b>Financial ratios</b>		
Tier 1 capital ratio, %	14.8	15.6
Total capital ratio, %	17.9	18.8
<sup>1</sup> The capital requirement is subject to a transitional rule under the Danish Executive Order on Capital Adequacy. The capital requirement must constitute at least 80% of the capital requirement determined under Basel I. At end-Q1/2012 the capital requirement under the transitional rules came to DKK 15.9bn.		
<b>Required capital base and capital adequacy requirement</b>		
<b>Pillar I – primary risk</b>		
Credit risk	6,619	6,479
Market risk	520	812
Operational risk	214	180
<b>Total Pillar I</b>	<b>7,352</b>	<b>7,471</b>
<b>Pillar II – other risk</b>		
Weaker economic climate	743	662
Other	810	813
<b>Total Pillar II</b>	<b>1,552</b>	<b>1,475</b>
<b>Total required capital base</b>	<b>8,905</b>	<b>8,946</b>
Total risk-weighted assets	92,404	86,849
<b>Internal capital adequacy requirement (ICAAP), %</b>	<b>9.6</b>	<b>10.3</b>



# Cash flow statement

DKK MILLION

	31.03.2012	31.03.2011
<b>Profit after tax for the period</b>	<b>131</b>	<b>152</b>
<b>Adjustment for non-cash operating items, depreciation and impairment losses</b>		
Depreciation and impairment losses for property, plant and equipment	0	0
Impairment losses on loans and advances	151	50
Prepayments/deferred income, net	1	(6)
Tax calculated on profit for the period	44	51
Other adjustments	60	3
<b>Total</b>	<b>256</b>	<b>98</b>
<b>Profit for the period adjusted for non-cash operating items</b>	<b>387</b>	<b>250</b>
<b>Change in working capital</b>		
Loans and advances	(5,864)	1,701
Deposits and payables to credit institutions	24,475	(20,854)
Issued ROs	(4,178)	(7,084)
Other working capital	(581)	(428)
<b>Total</b>	<b>13,852</b>	<b>(26,665)</b>
<b>Corporation tax paid, net</b>	<b>-</b>	<b>(32)</b>
<b>Cash flows from operating activities</b>	<b>14,239</b>	<b>(26,447)</b>
<b>Cash flows from investing and financing activities</b>		
Investments	(2,803)	19,575
Property, plant and equipment	0	0
<b>Total</b>	<b>(2,803)</b>	<b>19,575</b>
<b>Total cash flows</b>	<b>11,436</b>	<b>(6,872)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>14,564</b>	<b>18,111</b>
<b>Cash and cash equivalents, end of period</b>	<b>26,000</b>	<b>11,239</b>

## Notes

DKK MILLION

	Q1/ 2012	Q1/ 2011
<b>1. INTEREST INCOME</b>		
Receivables from credit institutions	22	11
Loans, advances and other receivables	3,887	3,983
Administrative margin income	581	555
Bonds:		
- Self-issued mortgage bonds	1	1
- Other mortgage bonds	238	193
- Government bonds	0	0
Derivative financial instruments:		
- Interest rate contracts	9	(6)
<b>Total</b>	<b>4,738</b>	<b>4,737</b>
Interest from self-issued mortgage bonds has been offset against interest expenses – note 2	(1)	(1)
<b>Total</b>	<b>4,737</b>	<b>4,736</b>
<b>2. INTEREST EXPENSES</b>		
Mortgage loan funding through Nykredit Realkredit A/S	3,320	3,294
Issued bonds	561	685
Other payables to Nykredit Realkredit A/S	121	65
Subordinated debt	19	11
Other interest expenses	0	0
<b>Total</b>	<b>4,021</b>	<b>4,055</b>
Set-off of interest from self-issued mortgage bonds – note 1	(1)	(1)
<b>Total</b>	<b>4,020</b>	<b>4,054</b>
<b>3. FEE AND COMMISSION INCOME</b>		
Loan fees, new lending	112	43
Commission and other fees	62	28
<b>Total</b>	<b>174</b>	<b>71</b>
<b>4. FEE AND COMMISSION EXPENSES</b>		
Loan arrangement fees	89	34
Commission to loan arrangers	294	269
Commission and other fees	57	45
<b>Total</b>	<b>440</b>	<b>348</b>



# Notes

DKK MILLION

	Q1/ 2012	Q1/ 2011
<b>5. VALUE ADJUSTMENTS</b>		
Mortgage loans	(364)	(5,661)
Bonds	(16)	(144)
Foreign exchange, interest rate and other contracts as well as derivative financial instruments	13	3
Other liabilities	(21)	87
Issued bonds, including bonds issued by Nykredit Realkredit A/S in connection with the funding of mortgage loans granted by Totalkredit A/S	365	5,660
<b>Total</b>	<b>(23)</b>	<b>(55)</b>
<b>6. STAFF AND ADMINISTRATIVE EXPENSES</b>		
Remuneration of Board of Directors and Executive Board	1	1
Staff expenses	17	19
Administrative expenses	84	77
<b>Total</b>	<b>102</b>	<b>97</b>
<b>Remuneration of Board of Directors and Executive Board</b>		
<b>Board of Directors:</b>		
Remuneration	0	0
<b>Executive Board:</b>		
Salaries	1	1
Pensions	0	0
Other social security expenses and charges	0	0
<b>Total</b>	<b>1</b>	<b>1</b>
The terms and conditions governing pensions and retirement in relation to the Executive Board have not changed since the Annual Report for 2011.		
<b>Staff expenses:</b>		
Salaries	15	16
Pensions	1	2
Other social security expenses and charges	1	1
<b>Total</b>	<b>17</b>	<b>19</b>
<b>Number of staff</b>		
Average number of staff, full-time equivalents	115	123

## Notes

DKK MILLION

	Q1/ 2012	Q1/ 2011
<b>7. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES</b>		
Change in individual impairment provisions for loans and advances	142	61
Change in collective impairment provisions for loans and advances	40	(11)
Losses recognised for the period, net	13	18
Received on claims previously written off as impairment losses	(2)	0
<b>Total impairment losses on loans, advances and receivables</b>	<b>193</b>	<b>68</b>
Value adjustment of assets in temporary possession	5	8
Losses offset against commission payments to partner banks	(47)	(26)
<b>Total</b>	<b>152</b>	<b>50</b>
<b>Specification of provisions for loan impairment</b>		
Individual impairment provisions	424	301
Collective impairment provisions	351	234
<b>Total impairment provisions</b>	<b>775</b>	<b>535</b>
<b>Individual impairment provisions</b>		
Impairment provisions, beginning of period	393	278
Impairment provisions for the period	204	119
Impairment provisions reversed	(62)	(58)
Value adjustment of repossessed properties	(31)	(10)
Impairment provisions recognised as lost	(80)	(289)
<b>Impairment provisions, end of period</b>	<b>424</b>	<b>301</b>
<b>Collective impairment provisions</b>		
Impairment provisions, beginning of period	311	245
Impairment provisions for the period	40	-
Impairment provisions reversed	-	(11)
<b>Impairment provisions, end of period</b>	<b>351</b>	<b>234</b>
<b>Individual impairment provisions for properties repossessed</b>		
Impairment provisions, beginning of period	96	60
Transfer from non-repossessed properties	31	10
Impairment provisions for the period	11	14
Impairment provisions reversed	(6)	(6)
Impairment provisions recognised as lost	(21)	(4)
<b>Impairment provisions, end of period</b>	<b>111</b>	<b>74</b>



## Notes

DKK MILLION

	Q1/ 2012	Q1/ 2011
<b>7. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES (continued)</b>		
<b>Specification of loans and advances</b>		
Loans and advances subject to individual impairment	2,164	1,780
Impairment provisions	(424)	(301)
<b>Loans and advances after impairment provisions</b>	<b>1,740</b>	<b>1,479</b>
Loans and advances subject to collective impairment	28,416	22,476
Impairment provisions	(351)	(234)
<b>Loans and advances after impairment provisions</b>	<b>28,065</b>	<b>22,242</b>

# Notes

DKK MILLION

	31.03.2012	31.12.2011
<b>8. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS</b>		
Receivables from credit institutions	26,000	14,565
<b>9. LOANS AND ADVANCES</b>		
Loans, advances and other receivables at fair value	486,769	481,046
Loans, advances and other receivables at amortised cost	37	47
<b>Total</b>	<b>486,806</b>	<b>481,093</b>
<b>Loans, advances and other receivables at fair value</b>		
Mortgage loans	486,639	480,881
Receivables from loans secured on properties not repossessed	130	166
<b>Total</b>	<b>486,769</b>	<b>481,046</b>
<b>Mortgage loans</b>		
Balance, beginning of period, nominal value	473,566	455,104
New loans	36,248	70,173
Ordinary principal payments	(990)	(3,734)
Prepayments and extraordinary principal payments	(29,142)	(47,977)
<b>Balance, end of period, nominal value</b>	<b>479,682</b>	<b>473,566</b>
Loans transferred relating to properties in temporary possession	(39)	(134)
Fair value adjustment	7,671	8,086
<b>Adjustment for credit risk</b>		
Individual impairment provisions	(324)	(326)
Collective impairment provisions	(351)	(311)
<b>Balance, end of period, fair value</b>	<b>486,639</b>	<b>480,881</b>
<b>Receivables from loans secured on properties not repossessed</b>		
Arrears before impairment provisions	152	138
Outlays before impairment provisions	78	95
Provisions for arrears and outlays	(100)	(67)
<b>Total</b>	<b>130</b>	<b>166</b>
<b>Loans, advances and other receivables at amortised cost</b>		
Mortgage loans	37	47
<b>Total</b>	<b>37</b>	<b>47</b>
Measured at fair value, the item amounted to DKK 37m at end-Q1/2012 against DKK 47m at end-2011.		
<b>Mortgage loan guarantees provided by banks:</b>		
Supplementary guarantees in addition to mortgages on property	7,995	8,091
Statutory guarantees for interim loans	8,605	9,195
Guarantees for loans disbursed before obtaining a registered mortgage	19,084	16,857
<b>Total</b>	<b>35,684</b>	<b>34,143</b>



# Notes

DKK MILLION

	31.03.2012	31.12.2011
<b>10. BONDS AT FAIR VALUE</b>		
- Self-issued mortgage bonds	84	91
- Other mortgage bonds	89,315	86,512
- Government bonds	0	0
<b>Total</b>	<b>89,399</b>	<b>86,603</b>
Set-off against "Issued bonds at fair value" – note 14	(84)	(91)
<b>Total bonds</b>	<b>89,315</b>	<b>86,512</b>
<b>11. ASSETS IN TEMPORARY POSSESSION</b>		
Debt outstanding, end of period	23	74
Outlays	105	106
Impairment provisions, end of period	(72)	(65)
<b>Total</b>	<b>56</b>	<b>115</b>
<b>12. OTHER ASSETS</b>		
Positive market value of derivative financial instruments	2	4
Interest and commission receivable on loans and advances	1,912	2,310
Interest receivable from bonds and credit institutions	1,516	1,710
Other	39	76
<b>Total</b>	<b>3,469</b>	<b>4,100</b>
<b>13. PAYABLES TO CREDIT INSTITUTIONS</b>		
Payables to credit institutions, other payables	26	27
Payables to Nykredit Realkredit A/S concerning supplementary collateral for SDO-funded mortgage lending	19,581	18,623
Mortgage loan funding through Nykredit Realkredit A/S	485,412	461,894
<b>Total</b>	<b>505,019</b>	<b>480,544</b>
<b>Of which mortgage loan funding through Nykredit Realkredit A/S:</b>		
Balance, beginning of period, nominal value	455,100	432,093
Additions	81,025	187,517
Drawings and prepayments	(52,487)	(146,071)
Prepayments and extraordinary principal payments	(4,591)	(18,439)
<b>Balance, end of period, nominal value</b>	<b>479,047</b>	<b>455,100</b>
Fair value adjustment	6,365	6,794
<b>Total</b>	<b>485,412</b>	<b>461,894</b>



## Notes

DKK MILLION

	31.03.2012	31.12.2011
<b>14. ISSUED BONDS AT FAIR VALUE</b>		
Mortgage bonds issued against mortgages on property		
Balance, beginning of period, nominal value	77,128	90,663
Additions	0	0
Drawings and prepayments	(2,426)	(7,992)
Prepayments and extraordinary principal payments	(1,774)	(5,543)
<b>Balance, end of period</b>	<b>72,928</b>	<b>77,128</b>
Set-off, self-issued bonds	(84)	(91)
Fair value adjustment	1,306	1,291
<b>Total</b>	<b>74,150</b>	<b>78,328</b>
Bonds drawn for redemption at the next creditor payment date	4,829	2,408
<b>15. OTHER LIABILITIES</b>		
Interest payable on issued mortgage bonds, including bonds issued by Nykredit Realkredit A/S for the funding of mortgage lending by Totalkredit A/S	7,581	8,284
Negative market value of derivative financial instruments	19	109
Other	1,666	2,085
<b>Total</b>	<b>9,266</b>	<b>10,478</b>
<b>16. SUBORDINATED DEBT</b>		
Subordinated debt consists of financial liabilities in the form of subordinate loan capital which, in case of voluntary or compulsory liquidation, will not be repaid until after the claims of ordinary creditors have been met. Nykredit Realkredit A/S is creditor on the loans.		
Nom DKK 2,600m. The loan falls due at par (100) on 24 June 2018 and carries an interest rate of 0.45% pa above 3M Cibur.		
Nom DKK 500m. The loan falls due at par (100) on 1 December 2018 and carries an interest rate of 6.00% pa above 3M Cibur.		
<b>17. OFF-BALANCE SHEET ITEMS</b>		
<b>Guarantees</b>		
Financial guarantees	0	0
Total guarantees	0	0
<b>Other commitments</b>		
Other	12	12
Total other commitments	12	12
<b>Total off-balance sheet items</b>	<b>12</b>	<b>12</b>



## 18. RELATED PARTY TRANSACTIONS AND BALANCES

The Parent Company Nykredit Realkredit A/S, Copenhagen, group enterprises and associates of Nykredit Realkredit A/S as well as Totalkredit A/S's Board of Directors, Executive Board and related parties thereof are regarded as related parties.

Transactions are based on agreements, and no unusual transactions have been made with related parties in 2012.

Agreements include intra-group funding, loan capital and supplementary collateral, referral commission, IT support and IT development, wage and staff administration, fund management and risk management, and other administrative tasks. Intercompany trading in goods and services took place on an arm's length or cost covering basis.

Major related party transactions in existence/entered into in 2012:

### **Agreements between Totalkredit A/S and Nykredit Realkredit A/S**

Effective from 1 April 2012, Nykredit Realkredit A/S offers retail loans through Totalkredit A/S. In this connection, Totalkredit A/S and Nykredit Realkredit A/S have entered into a cooperation agreement on the same terms as apply to other partners, including agreements concerning commission payable in connection with referral of lending business.

Master agreements on the terms applicable to transactions in the securities area, including portfolio management.

Agreement on joint funding of mortgage loans.

Agreement on IT development and operations.

Master agreements on facility, credit and risk management, management and organisational development and allocation of staff-related costs.

Totalkredit A/S has raised loans with Nykredit Realkredit A/S for the purpose of providing collateral in Totalkredit's capital centres.

Totalkredit A/S has raised loans with Nykredit Realkredit A/S in the form of subordinated debt.

### **Agreements between Totalkredit A/S and Nykredit Mægler A/S**

Agreement on commission payable in connection with referral of lending business.

### **Agreements between Totalkredit A/S and Nykredit Bank A/S**

Agreement on commission payable in connection with referral of lending business.

# Five-year financial highlights

DKK MILLION

	Q1/2012	Q1/2011	Q1/2010	Q1/2009	Q1/2008
<b>INCOME STATEMENT</b>					
Net interest income	717	682	705	619	559
Net fee income	(266)	(277)	(238)	(211)	(184)
<b>Net interest and fee income</b>	<b>451</b>	<b>405</b>	<b>467</b>	<b>408</b>	<b>375</b>
Value adjustments	(23)	(55)	13	89	9
Other operating income	0	0	0	0	0
Staff and administrative expenses	102	97	112	102	103
Depreciation and impairment losses for property, plant and equipment	0	0	0	0	0
Impairment losses on loans, advances and receivables	152	50	(20)	125	1
<b>Profit before tax</b>	<b>175</b>	<b>203</b>	<b>388</b>	<b>270</b>	<b>280</b>
Tax	44	51	97	68	70
<b>Profit for the period</b>	<b>131</b>	<b>152</b>	<b>291</b>	<b>202</b>	<b>210</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>					
	31.03.2012	31.03.2011	31.03.2010	31.03.2009	31.03.2008
<b>ASSETS</b>					
Receivables from credit institutions	26,000	11,239	16,521	9,020	9,258
Mortgage loans	486,676	454,276	439,094	402,345	361,017
Bonds and equities	89,315	61,965	50,366	14,495	11,492
Other	3,666	3,602	2,787	794	379
<b>Total assets</b>	<b>605,657</b>	<b>531,082</b>	<b>508,768</b>	<b>426,654</b>	<b>382,146</b>
<b>LIABILITIES AND EQUITY</b>					
Payables to credit institutions	505,019	422,776	383,918	289,329	225,201
Issued bonds	74,150	83,109	100,933	116,049	137,348
Supplementary capital	3,100	2,600	2,600	3,600	3,600
Other liabilities	9,439	9,189	8,657	5,921	5,058
Equity	13,949	13,408	12,660	11,755	10,939
<b>Total liabilities and equity</b>	<b>605,657</b>	<b>531,082</b>	<b>508,768</b>	<b>426,654</b>	<b>382,146</b>
<b>FINANCIAL RATIOS</b>					
Profit for the period as % of average equity	0.9	1.1	2.3	1.7	1.9
Profit before tax for the period as % of average equity	1.3	1.5	3.1	2.3	2.6
Loans and advances:equity	34.9	33.9	34.7	34.2	33.0
Growth in loans and advances for the period, %	1.2	0.9	1.1	2.2	2.5
Impairment losses for the period, %	0.0	0.0	0.0	0.0	0.0
Total capital ratio, %*	17.9	24.0	26.1	26.8	27.4
Tier 1 capital ratio, %*	14.8	20.2	21.7	20.7	20.7
Average number of full-time staff	115	123	122	117	104

\* As from 2008, the total capital and Tier 1 capital ratios are determined in accordance with the CRD.



## Six-quarter financial highlights

DKK MILLION

	Q1/2012	Q4/2011	Q3/2011	Q2/2011	Q1/2011	Q4/2010
<b>CORE EARNINGS AND PROFIT FOR THE PERIOD</b>						
<b>Core income from</b>						
- business operations	402	351	326	311	327	369
- junior covered bonds	(45)	(39)	(17)	(17)	(17)	
- securities	16	37	48	39	32	30
<b>Total</b>	<b>373</b>	<b>349</b>	<b>357</b>	<b>333</b>	<b>342</b>	<b>399</b>
Operating costs, depreciation and amortisation	102	89	92	89	97	92
<b>Core earnings before impairment losses</b>	<b>271</b>	<b>260</b>	<b>265</b>	<b>244</b>	<b>245</b>	<b>307</b>
Impairment losses on loans and advances	152	180	128	89	50	80
<b>Core earnings after impairment losses</b>	<b>120</b>	<b>80</b>	<b>121</b>	<b>155</b>	<b>195</b>	<b>227</b>
Investment portfolio income	55	73	88	13	8	27
<b>Profit before tax</b>	<b>175</b>	<b>153</b>	<b>225</b>	<b>168</b>	<b>203</b>	<b>254</b>
Tax	44	38	56	42	51	65
<b>Profit for the period</b>	<b>131</b>	<b>115</b>	<b>169</b>	<b>126</b>	<b>152</b>	<b>189</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>						
	31.03.2012	31.12.2011	30.09.2011	30.06.2011	31.03.2011	31.12.2010
<b>ASSETS</b>						
Receivables from credit institutions	26,000	14,565	18,979	8,871	11,239	18,111
Mortgage loans	486,676	480,928	473,184	459,246	454,276	456,043
Bonds and equities	89,315	86,512	72,727	26,220	61,965	81,540
Other assets	3,666	4,392	5,346	4,057	3,602	4,697
<b>Total assets</b>	<b>605,657</b>	<b>586,397</b>	<b>570,236</b>	<b>498,394</b>	<b>531,082</b>	<b>560,391</b>
<b>LIABILITIES AND EQUITY</b>						
Payables to credit institutions	505,019	480,544	460,636	392,783	422,776	443,630
Issued bonds	74,150	78,328	80,699	80,735	83,109	90,193
Supplementary capital	3,100	3,100	2,600	2,600	2,600	2,600
Other liabilities	9,439	10,607	12,598	8,742	9,189	10,712
Equity	13,949	13,818	13,703	13,534	13,408	13,256
<b>Total liabilities and equity</b>	<b>605,657</b>	<b>586,397</b>	<b>570,236</b>	<b>498,394</b>	<b>531,082</b>	<b>560,391</b>
<b>FINANCIAL RATIOS</b>						
Profit for the period as % of average equity, pa	3.8	3.3	5.0	3.7	4.6	5.7
Core earnings after impairment losses as % of average equity, pa	3.5	22.3	4.1	4.6	5.9	6.9
Costs as % of core income	27.4	25.5	25.5	26.7	28.4	27.5
Impairment losses for the period, %	0.0	0.0	0.0	0.0	0.0	0.0
Total capital ratio, %	17.9	18.8	21.4	22.8	24.0	22.9
Tier 1 capital ratio, %	14.8	15.6	18.2	19.3	20.2	19.3