

To NASDAQ OMX Copenhagen A/S
and the press

23 August 2012

H1 INTERIM REPORT 2012
Totalkredit A/S
(1 January 2012 – 30 June 2012)

H1 – IN BRIEF

- H1/2012 lending activity soared as many borrowers took advantage of the low interest rate environment to refinance their loans. Gross new lending came to DKK 79.2bn, or almost three times the amount in H1/2011
- Core income from business operations rose 31.4% to DKK 838m relative to H1/2011
- Net expenses for supplementary collateral (junior covered bonds) were up DKK 58m to DKK 92m on H1/2011
- Core income from securities came to DKK 26m against DKK 71m in H1/2011
- Operating costs rose by DKK 10m to DKK 196m
- Costs as a percentage of core income from business operations declined to 23.4% against 29.2% in H1/2011
- In H1/2012, impairment losses on loans and advances came to DKK 331m, equivalent to 0.07% of lending
 - The need for impairment provisions had increased as a consequence of declining property prices. For the full year 2011 impairment losses on loans and advances came to DKK 447m, for H1/2011 the amount was DKK 308m. At the last six due dates, the arrears ratio, measured 105 days after the last due date, ranged from 0.22% to 0.25% – most recently 0.23%
- Investment portfolio income was DKK 99m against DKK 21m in the same period the year before
- Profit before tax was DKK 344m against DKK 371m for the same period in 2011.

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Financial highlights

DKK MILLION

	H1/2012	H1/2011	FY 2011
CORE EARNINGS AND PROFIT FOR THE PERIOD			
Core income from			
- business operations	838	638	1,316
- junior covered bonds	(92)	(34)	(91)
- securities	26	71	156
Total	772	675	1,381
Operating costs, depreciation and amortisation	196	186	367
Core earnings before impairment losses	576	489	1,014
Impairment losses on loans and advances	331	139	447
Core earnings after impairment losses	245	350	567
Investment portfolio income	99	21	182
Profit before tax	344	371	749
Tax	86	93	187
Profit for the period	258	278	562
SUMMARY BALANCE SHEET, END OF PERIOD			
	30.06.2012	30.06.2011	31.12.2011
ASSETS			
Receivables from credit institutions	23,288	8,871	14,565
Mortgage loans at fair value	503,733	459,243	480,928
Bonds at fair value	45,890	26,220	86,512
Remaining assets	4,217	4,060	4,392
Total assets	577,128	498,394	586,397
LIABILITIES AND EQUITY			
Payables to credit institutions	482,187	392,783	480,544
Issued bonds at fair value	67,368	80,735	78,328
Supplementary capital	3,100	2,600	3,100
Remaining liabilities	9,647	8,742	10,607
Equity	14,826	13,534	13,818
Total liabilities and equity	577,128	498,394	586,397
FINANCIAL RATIOS			
Profit for the period as % of average equity pa	3.6	4.1	4.1
Core earnings after impairment losses as % of average equity pa	3.4	5.2	4.2
Costs as % of core income from business operations	23.4	29.2	27.9
Impairment losses for the period, %	0.07	0.03	0.09
Total capital ratio, %	19.7	22.8	18.8
Tier 1 capital ratio, %	16.4	19.3	15.6
Internal capital adequacy requirement (ICAAP), %	9.9	10.9	10.3



H1 Interim Report 2012

Totalkredit recorded a profit before tax of DKK 344m against DKK 371m for the same period last year. Profit after tax came to DKK 258m.

Results were positively affected by high lending activity, increased investment portfolio income and price rises as at 1 April 2012. By contrast, increased impairment losses and need for supplementary collateral in connection with SDO-funded lending had an adverse effect on profit.

Core earnings before impairment losses

Core income from business operations rose by 31.4%, or DKK 200m, to DKK 838m. The rise was attributable to growth of DKK 125m in activity-driven income and higher administration margin income of DKK 164m. Commission expenses recognised as core income from business operations rose by DKK 89m.

Total net expenses relating to junior covered bonds were up by DKK 58m to DKK 92m on H1/2011.

Core income from securities was DKK 26m against DKK 71m in the same period last year. The reduced earnings were a result of a drop in short-term market rates.

Operating costs were DKK 196m against DKK 186m in H1/2011.

Core earnings before impairment losses came to DKK 576m against DKK 489m in H1/2011.

Impairment losses on loans and advances

Impairment losses on loans and advances rose to DKK 331m in H1/2012, equivalent to 0.07% of the loan portfolio, against DKK 139m in the same period in 2011. The increase reflects that a homeowner's inability to pay now implies higher impairment losses than previously due to a pronounced decline in property prices.

Recognised losses totalled DKK 265m, of which DKK 124m was offset against guarantees or commission payable to partner banks.

Individual impairment provisions totalled DKK 424m at end-H1/2012 against DKK 393m at the beginning of the year.

Collective impairment provisions amounted to DKK 442m against DKK 311m at the beginning of the year.

The arrears ratio measured as at the March due date, 105 days after the last due date, was 0.23%, which was also the level at the two previous due dates.

In H1/2012, 97 properties were acquired by forced sale while 91 properties were sold. The number of repossessed properties was 91 at end-H1/2012 against 85 at the beginning of the year.

Investment portfolio income

Investment portfolio income amounted to DKK 99m against DKK 21m in H1/2011.

Loans and advances

Refinancing activity increased considerably in H1/2012 as many borrowers took advantage of the low interest rate environment to refinance their loans. In H1/2012 approximately 50% of gross new lending carried fixed interest rates against a mere 28% in 2011 as a whole. The number of new adjustable-rate mortgage loans (ARMs) with an interest period of more than one year increased. Gross new lending came to DKK 79bn against DKK 27bn in H1/2011.

At nominal value, the loan portfolio totalled DKK 496bn at end-H1/2012 against DKK 474bn at the beginning of the year.

Totalkredit's market share of Danish private residential mortgage lending was 34.9% at end-H1/2012 against 33.8% at the beginning of the year.

Loan-to-value ratios (LTVs)

The average LTV ratio of the loan portfolio, determined as the top part of a mortgage, came to 77% at end-June 2012 against 69% one year ago.

For the part of the loan portfolio funded by SDOs (Danish covered bonds) and for which LTV ratios exceed statutory LTV limits of 80% for private residential property and 60% for holiday homes, supplementary collateral must be provided to bondholders. Over the past year, the need for supplementary collateral has risen by around DKK 16bn to around DKK 24bn at end-H1/2012.

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-H1/2012, the balance sheet stood at DKK 577bn against DKK 586bn at the beginning of the year.

Mortgage lending at fair value totalled DKK 504bn against DKK 481bn at the beginning of the year.

The bond portfolio totalled DKK 46bn against DKK 87bn at the beginning of the year. Of the portfolio at the beginning of the



year, around DKK 33bn stemmed from pre-issuance for the re-financing of ARMs.

Payables to the Parent Company in connection with the funding of mortgage lending came to DKK 460bn, and payables to the Parent Company in connection with collateral provided for SDO-funded lending amounted to DKK 22bn.

TotalTalk had issued bonds of DKK 67bn.

Equity including profit for the period totalled DKK 14.8bn at end-H1/2012.

CAPITAL BASE AND CAPITAL ADEQUACY

The capital base stood at DKK 17.6bn, and risk-weighted items totalled DKK 89bn, corresponding to a total capital ratio of 19.7%. The Tier 1 capital ratio stood at 16.4%.

The internal capital adequacy requirement (ICAAP) was 9.9% at end-H1/2012.

The determination of capital base, capital adequacy and capital requirement is specified on page 9 of this Report.

RATINGS

Ratings with Standard & Poor's

The lending activities of TotalTalk and Nykredit Realkredit, TotalTalk's parent company, are jointly funded. Due to the joint funding, TotalTalk 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 TotalTalk out of Capital Centre C are also rated AAA by Standard & Poor's. The Capital Centre is not open for new lending.

OTHER

NEW ISSUE OF SHARE CAPITAL

TotalTalk A/S strengthened its capital structure by a total of DKK 750m at end-June through a share capital increase.

FUTURE BUSINESS CONDITIONS

The Annual Report 2011 described the measures to be implemented by Nykredit and TotalTalk in order to ensure continued financial sustainability. At end-June the last element, two-tier mortgaging, was introduced. Two-tier mortgaging reduces the requirement of supplementary collateral in connection with declining housing prices as the interval from 60% to 80% of a mortgage loan is not funded by SDOs but by 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 related to the above-mentioned matters is insignificant to the H1 Interim Report 2012.

OUTLOOK FOR 2012

In the Annual Report 2011, lending on a level with that of 2011 was included in the outlook for 2012. Due to high re-financing activity, gross new lending is now expected to exceed 2011 levels by DKK 30bn-40bn.

Impairment losses on loans and advances were expected to remain on a level with 2011. However, the need for impairment provisions has risen more than expected, and impairment losses are now estimated to exceed those of 2011.

Overall results will depend on the development in the housing and financial markets.

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 H1 Interim Report.

ACCOUNTING POLICIES

The H1 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 Firms, etc.

Further, 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 H1 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.



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 – 30 June 2012 of Totalkredit A/S.

The H1 Interim Report has been prepared in accordance with the Danish Financial Business Act and the Danish Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc.

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

Taastrup, 23 August 2012

EXECUTIVE BOARD

Troels Bülow-Olsen

Hans Henrik Andersen

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 30 June 2012 and of the results of the Company's operations as well as cash flows for the financial period 1 January – 30 June 2012.

In our opinion, the Management's Review provides a fair review of the matters dealt with and describes the material risk and uncertainty factors which may affect the Company.

The H1 Interim Report has not been audited or reviewed.

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 – 30 June

DKK MILLION

	Note	H1/ 2012	H1/ 2011
Interest income	1	9,238	9,453
Interest expenses	2	7,750	8,107
Net interest income		1,488	1,346
Fee and commission income	3	370	135
Fee and commission expenses	4	948	688
Net interest and fee income		910	793
Value adjustments	5	(40)	(97)
Other operating income		1	0
Staff and administrative expenses	6	196	186
Depreciation and impairment losses for property, plant and equipment		0	0
Impairment losses on loans, advances and receivables	7	331	139
Profit before tax		344	371
Tax		86	93
Profit for the period		258	278
Comprehensive income			
Profit for the period		258	278
Other comprehensive income		-	-
Comprehensive income for the period		258	278

Balance sheet, end of period

DKK MILLION

	Note	30.06.2012	31.12.2011
ASSETS			
Cash balance and demand deposits with central banks		0	0
Receivables from credit institutions and central banks	8	23,288	14,565
Loans, advances and other receivables at fair value	9	503,833	481,046
Loans, advances and other receivables at amortised cost	9	33	47
Bonds at fair value	10	45,890	86,512
Other property, plant and equipment		0	0
Deferred tax assets		1	1
Assets in temporary possession	11	51	115
Other assets	12	4,019	4,100
Prepayments		13	11
Total assets		577,128	586,397
LIABILITIES AND EQUITY			
Payables to credit institutions	13	482,187	480,544
Issued bonds at fair value	14	67,368	78,328
Current tax liabilities		210	124
Other liabilities	15	9,432	10,478
Total payables		559,197	569,474
Provisions		5	5
Subordinated debt	16	3,100	3,100
Equity			
Share capital		848	799
Reserves			
Series reserves		1,646	1,646
Other reserves		12,074	11,373
Retained earnings for the period		258	-
Total equity		14,826	13,818
Total liabilities and equity		577,128	586,397
OFF-BALANCE SHEET ITEMS			
	17		
Guarantees		0	0
Other commitments		11	12
Total		11	12



Statement of changes in equity

DKK MILLION

	Share capital	Series reserves	Other reserves	Total
Equity, 1 January 2012	799	1,646	11,373	13,818
Profit for the period			258	258
Total comprehensive income for the period			258	258
Capital contribution on new share issue	49		701	750
Equity, 30 June 2012	848	1,646	12,332	14,826
Equity, 1 January 2011	799	1,634	10,823	13,256
Profit for the period			278	278
Total comprehensive income for the period			278	278
Equity, 30 June 2011	799	1,634	11,101	13,534

The share capital consists of 8,480,442 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

	30.06.2012	31.12.2011
Capital base		
Core Tier 1 capital		
- Equity, end of period	14,826	13,818
- Capitalised tax assets	(2)	(2)
- Difference between expected losses and impairment losses	(157)	(279)
Tier 1 capital after statutory deductions	14,667	13,537
Total supplementary capital	3,100	3,100
- Difference between expected losses and impairment losses	(157)	(279)
Total capital base after statutory deductions	17,610	16,358
Capital requirement		
Credit risk	6,403	6,209
Market risk	465	475
Operational risk	265	264
Total capital requirement ¹	7,133	6,948
Total risk-weighted assets	89,168	86,849
Financial ratios		
Tier 1 capital ratio, %	16.4	15.6
Total capital ratio, %	19.7	18.8
¹ The capital requirement has been determined in accordance with the transitional provisions of 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-H1/2012 the capital requirement subject to the transitional rules came to DKK 16.0bn.		
Required capital base and internal capital adequacy requirement		
Pillar I – primary risk		
Credit risk	6,648	6,479
Market risk	449	812
Operational risk	214	180
Total Pillar I	7,311	7,471
Pillar II – other risk		
Weaker economic climate	728	662
Other	804	813
Total Pillar II	1,532	1,475
Total required capital base	8,843	8,946
Total risk-weighted items	89,168	86,849
Internal capital adequacy requirement (ICAAP), %	9.9	10.3



Cash flow statement

DKK MILLION

	30.06.2012	30.06.2011
Profit after tax for the period	258	278
Adjustment for non-cash operating items, depreciation and impairment losses		
Depreciation and impairment losses for property, plant and equipment	0	0
Impairment losses on loans and advances	331	139
Prepayments/deferred income, net	(2)	(2)
Tax calculated on profit for the period	86	93
Other adjustments	64	(1)
Total	479	229
Profit for the period adjusted for non-cash operating items	737	507
Change in working capital		
Loans and advances	(23,104)	(3,312)
Deposits and payables to credit institutions	1,643	(50,847)
Issued mortgage bonds	(10,960)	(9,458)
Other working capital	(964)	(1,419)
Total	(33,385)	(65,036)
Corporation tax paid, net	-	(32)
Cash flows from operating activities	(32,648)	(64,561)
Cash flows from investing and financing activities		
Investments	40,622	55,320
Capital increase through share issue	750	0
Total	41,372	55,320
Total cash flows	8,724	(9,241)
Cash and cash equivalents, beginning of period	14,565	18,111
Cash and cash equivalents, end of period	23,288	8,870

Notes

DKK MILLION

	H1/ 2012	H1/ 2011
1. INTEREST INCOME		
Receivables from credit institutions	43	22
Loans, advances and other receivables	7,464	7,959
Administration margin (income)	1,280	1,115
Bonds:		
- Self-issued mortgage bonds	2	2
- Other mortgage bonds	441	368
Derivative financial instruments:		
- Interest rate contracts	10	(11)
Total	9,240	9,455
Interest from self-issued mortgage bonds has been offset against interest expenses – note 2	(2)	(2)
Total	9,238	9,453
2. INTEREST EXPENSES		
Mortgage loan funding through Nykredit Realkredit A/S	6,403	6,606
Issued bonds	1,059	1,347
Other payables to Nykredit Realkredit A/S	253	133
Subordinated debt	37	23
Other interest expenses	0	0
Total	7,752	8,109
Set-off of interest from self-issued mortgage bonds – note 1	2	2
Total	7,750	8,107
3. FEE AND COMMISSION INCOME		
Loan fees, new lending	242	83
Commission and other fees	128	52
Total	370	135
4. FEE AND COMMISSION EXPENSES		
Loan arrangement fees	180	66
Commission to loan arrangers	634	551
Commission and other fees	134	71
Total	948	688



Notes

DKK MILLION

	H1/ 2012	H1/ 2011
5. VALUE ADJUSTMENTS		
Mortgage loans	728	(4,613)
Bonds	81	(111)
Foreign exchange, interest rate and other contracts as well as derivative financial instruments	7	(6)
Remaining liabilities	(128)	20
Issued bonds, including bonds issued by Nykredit Realkredit A/S in connection with the funding of mortgage loans granted by Totalkredit A/S	(728)	4,613
Total	(40)	(97)
6. STAFF AND ADMINISTRATIVE EXPENSES		
Remuneration of Board of Directors and Executive Board	3	3
Staff expenses	36	39
Administrative expenses	157	144
Total	196	186
Remuneration of Board of Directors and Executive Board		
Board of Directors:		
Remuneration	0	0
Executive Board:		
Salaries	2	2
Pensions	0	0
Other social security expenses and charges	0	0
Total	3	3
The terms and conditions governing pensions and retirement in relation to the Executive Board have not changed since the Annual Report 2011.		
Staff expenses:		
Salaries	30	33
Pensions	3	3
Other social security expenses and charges	3	3
Total	36	39
Number of staff		
Average number of staff, full-time equivalents	118	121

Notes

DKK MILLION

	H1/ 2012	H1/ 2011
7. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES		
Change in individual impairment provisions for loans and advances	223	115
Change in collective impairment provisions for loans and advances	131	25
Losses recognised for the period, net	81	64
Received on claims previously written off as impairment losses	(2)	(1)
Total impairment losses on loans, advances and receivables	433	203
Value adjustment of assets in temporary possession	22	18
Losses offset against security from partner banks	(124)	(82)
Total	331	139
Specification of provisions for loan impairment		
Individual impairment provisions	424	275
Collective impairment provisions	442	270
Total impairment provisions	866	545
Individual impairment provisions		
Impairment provisions, beginning of period	393	278
Impairment provisions for the period	287	179
Impairment provisions reversed	(64)	(63)
Value adjustment of repossessed properties	(39)	(16)
Impairment provisions recognised as lost	(153)	(103)
Impairment provisions, end of period	424	275
Collective impairment provisions		
Impairment provisions, beginning of period	311	245
Impairment provisions for the period	131	25
Impairment provisions, end of period	442	270
Individual impairment provisions for repossessed properties		
Impairment provisions, beginning of period	96	60
Transfer from non-repossessed properties	39	16
Impairment provisions for the period	34	25
Impairment provisions reversed	(12)	(7)
Impairment provisions recognised as lost	(31)	(23)
Impairment provisions, end of period	126	71



Notes

DKK MILLION

	H1/ 2012	H1/ 2011
7. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES (continued)		
Specification of loans and advances		
Loans and advances subject to individual impairment	2,178	1,679
Impairment provisions	(424)	(275)
Loans and advances after impairment provisions	1,754	1,404
Loans and advances subject to collective impairment	30,233	22,721
Impairment provisions	(442)	(270)
Loans and advances after impairment provisions	29,791	22,451

Notes

DKK MILLION

	30.06.2012	31.12.2011
8. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS		
Receivables from credit institutions	23,288	14,565
9. LOANS AND ADVANCES		
Loans, advances and other receivables at fair value	503,833	481,046
Loans, advances and other receivables at amortised cost	33	47
Total	503,866	481,093
Loans, advances and other receivables at fair value		
Mortgage loans	503,700	480,881
Receivables from loans secured on non-reposessed properties	133	166
Total	503,833	481,046
Mortgage loans		
Balance, beginning of period, nominal value	473,566	455,104
New loans	79,166	70,173
Ordinary principal payments	(2,744)	(3,734)
Prepayments and extraordinary principal payments	(54,219)	(47,977)
Balance, end of period, nominal value	495,769	473,566
Loans transferred relating to properties in temporary possession	(49)	(134)
Fair value adjustment	8,738	8,086
Adjustment for credit risk		
Individual impairment provisions	(316)	(326)
Collective impairment provisions	(442)	(311)
Balance, end of period, fair value	503,700	480,881
Receivables from loans secured on non-reposessed properties		
Arrears before impairment provisions	136	138
Outlays before impairment provisions	105	95
Provisions for arrears and outlays	(108)	(67)
Total	133	166
Loans, advances and other receivables at amortised cost		
Mortgage loans	33	47
Total	33	47
Measured at fair value, the item amounted to DKK 33m at end-H1/2012 against DKK 47m at end-2011.		
Mortgage loan guarantees provided by banks:		
Supplementary guarantees in addition to mortgages on property	7,743	8,091
Statutory guarantees for interim loans	10,583	9,195
Guarantees for loans disbursed before obtaining a registered mortgage	35,986	16,857
Total	54,312	34,143



Notes

DKK MILLION

	30.06.2012	31.12.2011
10. BONDS AT FAIR VALUE		
- Self-issued mortgage bonds	113	91
- Other mortgage bonds	45,890	86,512
Total	46,003	86,603
Set-off against "Issued bonds at fair value" – note 14	(113)	(91)
Total bonds	45,890	86,512
Of which:		
Drawn bonds	193	59
Bonds stemming from the placement of cash amounts in connection with immediate pre-payments at par as well as proceeds from the hedging of fixed-price agreements	2,845	17,420
Bonds pre-issued for the refinancing of adjustable-rate mortgage loans	-	32,536
11. ASSETS IN TEMPORARY POSSESSION		
Debt outstanding, end of period	18	74
Outlays	105	106
Impairment provisions, end of period	(72)	(65)
Total	51	115
12. OTHER ASSETS		
Positive market value of derivative financial instruments	4	4
Interest and commission receivable on loans and advances	3,496	2,310
Interest receivable from bonds and credit institutions	462	1,710
Remaining assets	57	76
Total	4,019	4,100
13. PAYABLES TO CREDIT INSTITUTIONS		
Payables to credit institutions, other payables	18	27
Payables to Nykredit Realkredit A/S concerning supplementary collateral for SDO-funded mortgage lending	22,340	18,623
Mortgage loan funding through Nykredit Realkredit A/S	459,829	461,894
Total	482,187	480,544
Of which mortgage loan funding through Nykredit Realkredit A/S		
Balance, beginning of period, nominal value	455,100	432,093
Additions	122,094	187,517
Drawings and prepayments	(116,987)	(146,071)
Prepayments and extraordinary principal payments	(7,487)	(18,439)
Balance, end of period, nominal value	452,720	455,100
Fair value adjustment	7,109	6,794
Total	459,829	461,894

Notes

DKK MILLION

	30.06.2012	31.12.2011
14. ISSUED BONDS AT FAIR VALUE		
Mortgage bonds issued against mortgages on property		
Balance, beginning of period, nominal value	77,128	90,663
Drawings and prepayments	(7,255)	(7,992)
Prepayments and extraordinary principal payments	(4,021)	(5,543)
Balance, end of period	65,852	77,128
Set-off, self-issued bonds	(113)	(91)
Fair value adjustment	1,629	1,291
Total	67,368	78,328
Bonds drawn for redemption at the next creditor payment date	2,898	2,408
15. OTHER LIABILITIES		
Interest payable on issued mortgage bonds, including bonds issued by Nykredit Realkredit A/S for the funding of mortgage lending by Totalkredit A/S	5,957	8,284
Negative market value of derivative financial instruments	21	109
Remaining liabilities	3,454	2,085
Total	9,432	10,478
16. SUBORDINATED DEBT		
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 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.		
17. OFF-BALANCE SHEET ITEMS		
Guarantees		
Financial guarantees	0	0
Total guarantees	0	0
Other commitments		
Other	11	12
Total other commitments	11	12
Total off-balance sheet items	11	12



Notes

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 with Nykredit 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 trade and services took place on an arm's length basis or on a cost reimbursement basis.

Transactions with Totalkredit's Board of Directors, its Executive Board and related parties thereof exclusively include mortgage loans granted on the terms stated on Totalkredit's price list.

Significant related party transactions prevailing/entered into in 2012 include:

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

Agreement on the distribution of mortgage loans to personal customers via Totalkredit A/S (this agreement was concluded on the same terms as apply to other partners, including commission payments).

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

	H1/ 2012	H1/ 2011	H1/ 2010	H1/ 2009	H1/ 2008
INCOME STATEMENT					
Net interest income	1,488	1,346	1,406	1,277	1,139
Net fee income	(578)	(553)	(470)	(422)	(384)
Net interest and fee income	910	793	936	855	755
Value adjustments	(40)	(97)	(18)	141	(73)
Other operating income	1	0	1	0	1
Staff and administrative expenses	196	186	223	195	200
Depreciation and impairment losses for property, plant and equipment	0	0	0	1	1
Impairment losses on loans, advances and receivables	331	139	56	144	3
Profit before tax	344	371	640	655	479
Tax	86	93	160	164	120
Profit for the period	258	278	480	491	359
SUMMARY BALANCE SHEET, END OF PERIOD					
	30.06.2012	30.06.2011	30.06.2010	30.06.2009	30.06.2008
ASSETS					
Receivables from credit institutions	23,288	8,871	14,201	18,301	9,401
Mortgage loans	503,733	459,243	450,279	411,909	358,446
Bonds and equities	45,890	26,220	29,740	20,095	12,544
Remaining assets	4,217	4,060	3,677	2,306	578
Total assets	577,128	498,394	497,897	452,611	380,969
LIABILITIES AND EQUITY					
Payables to credit institutions	482,187	392,783	373,845	317,509	233,883
Issued bonds	67,368	80,735	99,296	111,398	126,404
Supplementary capital	3,100	2,600	2,600	2,600	3,600
Remaining liabilities	9,647	8,742	9,307	9,060	5,994
Equity	14,826	13,534	12,849	12,044	11,088
Total liabilities and equity	577,128	498,394	497,897	452,611	380,969
FINANCIAL RATIOS					
Profit for the period as % of average equity	1.8	2.1	3.8	4.2	3.3
Profit before tax for the period as % of average equity	2.4	2.8	5.1	5.6	4.4
Loans and advances:equity	34.0	33.9	35.0	34.2	32.3
Growth in loans and advances for the period, %	4.7	1.8	4.6	5.5	2.6
Impairment losses for the period, %	0.07	0.03	0.01	0.03	0.00
Total capital ratio, %	19.7	22.8	25.5	22.9	28.4
Tier 1 capital ratio, %	16.4	19.3	21.3	19.0	21.5
Average number of staff, full-time equivalents	118	121	122	119	104



Six-quarter financial highlights

DKK MILLION

	Q2/ 2012	Q1/ 2012	Q4/ 2011	Q3/ 2011	Q2/ 2011	Q1/ 2011
CORE EARNINGS AND PROFIT FOR THE PERIOD						
Core income from						
- business operations	436	402	351	326	311	327
- junior covered bonds	(47)	(45)	(39)	(17)	(17)	(17)
- securities	10	16	37	48	39	32
Total	399	373	349	357	333	342
Operating costs, depreciation and amortisation	94	102	89	92	89	97
Core earnings before impairment losses	305	271	260	265	244	245
Impairment losses on loans and advances	179	152	180	128	89	50
Core earnings after impairment losses	126	120	80	137	155	195
Investment portfolio income	44	55	73	88	13	8
Profit before tax	169	175	153	225	168	203
Tax	42	44	38	56	42	51
Profit for the period	127	131	115	169	126	152
SUMMARY BALANCE SHEET, END OF PERIOD						
	30.06.2012	31.03.2012	31.12.2011	30.09.2011	30.06.2011	31.03.2011
ASSETS						
Receivables from credit institutions	23,288	26,000	14,565	18,979	8,871	11,239
Mortgage loans	503,733	486,676	480,928	473,184	459,246	454,276
Bonds and equities	45,890	89,315	86,512	72,727	26,220	61,965
Remaining assets	4,217	3,666	4,392	5,346	4,057	3,602
Total assets	577,128	605,657	586,397	570,236	498,394	531,082
LIABILITIES AND EQUITY						
Payables to credit institutions	482,187	505,019	480,544	460,636	392,783	422,776
Issued bonds	67,368	74,150	78,328	80,699	80,735	83,109
Supplementary capital	3,100	3,100	3,100	2,600	2,600	2,600
Remaining liabilities	9,647	9,439	10,607	12,598	8,742	9,189
Equity	14,826	13,949	13,818	13,703	13,534	13,408
Total liabilities and equity	577,128	605,657	586,397	570,236	498,394	531,082
FINANCIAL RATIOS						
Profit for the period as % of average equity pa	3.5	3.8	3.3	5.0	3.7	4.6
Core earnings after impairment losses as % of average equity pa	3.5	3.5	22.3	4.1	4.6	5.9
Costs as % of core income	23.6	27.4	25.5	25.5	26.7	28.4
Impairment losses for the period, %	0.04	0.03	0.04	0.03	0.02	0.01
Total capital ratio, %	19.7	17.9	18.8	21.4	22.8	24.0
Tier 1 capital ratio, %	16.4	14.8	15.6	18.2	19.3	20.2