

To NASDAQ OMX Copenhagen A/S  
and the press

10 November 2011

**Q1-Q3 INTERIM REPORT 2011**  
**Totalkredit A/S**  
**(1 January 2011 – 30 September 2011)**

**Q1-Q3 – IN BRIEF**

- Core earnings before impairment losses came to DKK 754m against DKK 798m in Q1-Q3/2010
- Core income from business operations declined by DKK 121m to DKK 913m relative to Q1-Q3/2010
- Core income from securities improved by DKK 27m to DKK 119m relative to Q1-Q3/2010
- Operating costs were reduced by DKK 50m to DKK 278m relative to Q1-Q3/2010
- Impairment losses on loans and advances increased by DKK 189m to DKK 267m, equivalent to 0.06% of lending
- Investment portfolio income was DKK 109m against DKK 211m in the same period in 2010
- Profit before tax was DKK 596m against DKK 931m in the same period the year before
- Totalkredit's market share of Danish private residential mortgage lending strengthened to 33.6% in Q1-Q3/2011
- In Q1-Q3/2011, nominal lending grew by DKK 12bn to DKK 468bn.

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# Financial highlights

DKK MILLION

	Q1-Q3/2011	Q1-Q3/2010	FY 2010
<b>CORE EARNINGS AND PROFIT FOR THE PERIOD</b>			
<b>Core income from</b>			
Business operations	913	1,034	1,403
Securities	119	92	123
<b>Total</b>	<b>1,032</b>	<b>1,126</b>	<b>1,526</b>
Operating costs, depreciation and amortisation	278	328	420
<b>Core earnings before impairment losses</b>	<b>754</b>	<b>798</b>	<b>1,106</b>
Impairment losses on loans and advances	267	78	158
<b>Core earnings after impairment losses</b>	<b>487</b>	<b>720</b>	<b>948</b>
Investment portfolio income	109	211	237
<b>Profit before tax</b>	<b>596</b>	<b>931</b>	<b>1,185</b>
Tax	149	233	298
<b>Profit for the period</b>	<b>447</b>	<b>698</b>	<b>887</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>			
	30.09.2011	30.09.2010	31.12.2010
<b>ASSETS</b>			
Receivables from credit institutions	18,979	16,003	18,111
Mortgage loans at fair value	473,184	458,179	456,043
Bonds and equities	72,727	73,079	81,540
Other assets	5,346	5,571	4,697
<b>Total assets</b>	<b>570,236</b>	<b>552,832</b>	<b>560,391</b>
<b>LIABILITIES AND EQUITY</b>			
Payables to credit institutions	460,636	428,458	443,630
Issued bonds at fair value	80,699	96,122	90,193
Supplementary capital	2,600	2,600	2,600
Other liabilities	12,598	12,585	10,712
Equity	13,703	13,067	13,256
<b>Total liabilities and equity</b>	<b>570,236</b>	<b>552,832</b>	<b>560,391</b>
<b>FINANCIAL RATIOS</b>			
Profit for the period as % of average equity, pa	4.4	9.3	6.9
Core earnings after impairment losses as % of average equity, pa	4.8	7.3	7.4
Costs as % of core income	26.9	29.1	27.5
Impairment losses for the period, %	0.06	0.02	0.03
Total capital ratio, %	21.4	23.5	22.9
Core Tier 1 capital ratio, %	18.2	19.7	19.3
Internal capital adequacy requirement (ICAAP), %	10.3	11.1	12.1



## Q1-Q3 Interim Report 2011

Totalkredit recorded a profit before tax of DKK 596m against DKK 931m for the same period the year before.

Profit for Q1-Q3/2011 was adversely affected by generally low lending activity and rising loan losses.

Totalkredit's market position was strengthened in Q1-Q3/2011. In consequence, Totalkredit increased its share of the Danish mortgage sector's gross and net new private residential lending, and its market share of Danish residential mortgage lending went up to 33.6% against 33.1% at the beginning of the year.

### Core earnings before impairment losses

Core income from business operations was DKK 913m against DKK 1,034m in the same period in 2010. The decline should be seen in the context of the low activity level which has caused a drop in activity-driven income of approximately DKK 73m relative to the same period in 2010.

Core income from securities amounted to DKK 119m compared with DKK 92m in Q1-Q3/2010.

Operating costs decreased by DKK 50m to DKK 278m.

Core earnings before impairment losses came to DKK 754m against DKK 798m in Q1-Q3/2010.

### Impairment losses on loans and advances

Impairment losses on loans and advances amounted to DKK 267m, or 0.06% of the loan portfolio. Impairment losses reflect large losses on forced sales of properties mortgaged in the period 2005-2008 due to a fall in property prices and a housing market characterised by a substantial supply, but few transactions.

The partner banks cover part of the recognised losses by way of set-off against the commission payable by Totalkredit to the banks. The amount offset came to DKK 136m in Q1-Q3/2011, equal to 45% of recognised losses.

At end-Q3/2011, impairment provisions totalled DKK 601m against DKK 523m at the beginning of the year. Total impairment provisions equalled approximately 0.13% of the loan portfolio.

The arrears ratio measured as at the June due date 105 days after the last due date was 0.25%, which was unchanged on the two previous due dates and lower than the corresponding arrears ratio of the mortgage sector of 0.41%.

The number of repossessed properties stood at 71 at end-Q3/2011 against 53 at the beginning of the year. In the period under review, 70 properties were acquired through forced sale by public auction, and 52 properties were sold.

### Investment portfolio income

Investment portfolio income amounted to DKK 109m against DKK 211m in Q1-Q3/2010.

### Loans and advances

Housing market activity remained very low. The Danish mortgage sector's gross private residential lending declined by 53% relative to Q1-Q3/2010, and Totalkredit recorded a decrease of 49%.

Part of the reason for the low activity level was homeowners' uncertainty about their future financial situation and a decline in refinancing activity, as many loans had already been refinanced into loans with lower interest rates.

Gross lending amounted to DKK 43bn compared with DKK 85bn in Q1-Q3/2010. Net new lending amounted to DKK 16bn against DKK 23bn in Q1-Q3/2010.

Measured at nominal value, Totalkredit's loan portfolio rose to DKK 468bn from DKK 455bn at the beginning of the year.

Totalkredit's market share of Danish residential mortgage lending grew to 33.6% from 33.1% at the beginning of the year.

### Balance sheet

At end-Q3/2011, the balance sheet stood at DKK 570bn against DKK 560bn at the beginning of the year.

Mortgage lending at fair value totalled DKK 473bn against DKK 456bn at the beginning of the year.

Payables to the parent company in connection with the funding of mortgage lending came to DKK 442bn, and payables to the parent company in connection with collateral provided for rating purposes and SDO-funded lending amounted to DKK 19bn against DKK 10bn at the beginning of the year.

Totalkredit had issued bonds of DKK 81bn.

Equity including profit for the period totalled DKK 13.7bn at end-Q3/2011.

## **CAPITAL BASE AND CAPITAL ADEQUACY**

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

At end-Q3/2011, the capital base was DKK 15.8bn, corresponding to a total capital ratio of 21.4%. The core Tier 1 capital ratio stood at 18.2%.

The capital requirement subject to the transitional rules related to the implementation of Basel II may not decrease by more than 20% in 2011 compared with the former capital adequacy rules.

The capital requirement not subject to the transitional rules amounted to DKK 5.9bn. Subject to the transitional rules, the capital requirement was DKK 15.3bn, corresponding to a total capital ratio of 20.7%.

The internal capital adequacy requirement (ICAAP) amounted to 10.3% at end-Q3/2011.

The capital adequacy requirement is calculated as the required capital base as a percentage of risk-weighted assets.

Totalkredit's required capital base consists of Pillar I and Pillar II capital.

### **Pillar I**

Pillar I capital covers credit, market and operational risk as well as risk relating to own properties.

### **Pillar II**

Pillar II comprises capital to cover other risks as well as an increased capital requirement during an economic downturn. The capital requirement during an economic downturn is determined by means of stress tests.

Totalkredit applies various models to calculate the capital requirements under both Pillar I and Pillar II.

Under Pillar II, a capital charge is included that reflects the uncertainty of the models used. Generally, the charge applied corresponds to 10% of the risks calculated.

## **RATINGS**

Covered bonds issued out of Totalkredit's Capital Centre C are rated AAA by Standard & Poor's and Aaa by Moody's. The Capital Centre is not open for new lending. New lending is based on joint funding with Nykredit Realkredit A/S out of Capital Centre E and Capital Centre H. Covered bonds in the form of SDOs (særligt dækkede obligationer) are issued out of Capital Centre E, which is rated AAA by Standard & Poor's and Aaa by Moody's. Covered bonds in the form of SDOs for the funding of adjustable-rate mortgage loans are issued out of Capital Centre H, which is rated AAA by Standard & Poor's and Aa1 by Moody's. Totalkredit and Nykredit Realkredit A/S also have joint

funding activities in Capital Centre D, which issues conventional covered bonds (ROs). Capital Centre D is rated AAA by Standard & Poor's and Aa1 by Moody's.

**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 provisions for loan and receivable impairment as well as other provisions, cf. the mention in the Annual Report for 2010.

In Management's opinion, the uncertainty related to the above-mentioned matters is insignificant to the Q1-Q3 Interim Report 2011.

**OUTLOOK FOR 2011**

In the Annual Report for 2010, it was announced that core earnings before impairment losses for 2011 were expected to be in the region of DKK 1,000m-1,100m.

In the H1 Interim Report 2011, forecast core earnings before impairment losses were revised downwards by DKK 100m to DKK 900m-1,000m due to low lending activity. This forecast remained unchanged at the end of Q3/2011.

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

No material events have occurred in the period up to the presentation of the Q1-Q3 Interim Report 2011.

**ACCOUNTING POLICIES**

The Q1-Q3 Interim Report 2011 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.

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-Q3 Interim Report 2011 are presented in DKK million. The totals stated are 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 2010. For a description, please refer to the Annual Report for 2010.

The Q1-Q3 Interim Report 2011 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 – 30 September 2011 of Totalkredit A/S.

The 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.

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

Taastrup, 10 November 2011

## EXECUTIVE BOARD

Troels Bülow-Olsen

Hans Henrik Andersen

In our opinion, the Interim Financial Statements give a fair presentation of the Company's assets, liabilities, equity and financial position at 30 September 2011 and of the results of the Company's operations as well as cash flows for the financial period 1 January – 30 September 2011.

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 material risk and uncertainty factors which may affect the Company.

## 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



## Income statement for 1 January – 30 September

DKK MILLION

	Note	Q1-Q3/ 2011	Q1-Q3/ 2010
Interest income	1	14,368	14,712
Interest expenses	2	12,302	12,535
<b>Net interest income</b>		<b>2,066</b>	<b>2,177</b>
Fee and commission income	3	212	359
Fee and commission expenses	4	1,070	1,073
<b>Net interest and fee income</b>		<b>1,208</b>	<b>1,463</b>
Value adjustments	5	(67)	(128)
Other operating income		0	2
Staff and administrative expenses	6	278	327
Depreciation and impairment losses for property, plant and equipment		0	1
Impairment losses on loans, advances and receivables	7	267	78
<b>Profit before tax</b>		<b>596</b>	<b>931</b>
Tax		149	233
<b>Profit for the period</b>		<b>447</b>	<b>698</b>
Comprehensive income			
Profit for the period		<b>447</b>	<b>698</b>
Other comprehensive income		-	-
<b>Comprehensive income for the period</b>		<b>447</b>	<b>698</b>



## Balance sheet, end of period

DKK MILLION

	Note	30.09.2011	31.12.2010
<b>ASSETS</b>			
Cash balance and demand deposits with central banks		0	0
Receivables from credit institutions and central banks	8	18,979	18,112
Loans, advances and other receivables at fair value	9	473,041	455,957
Loans, advances and other receivables at amortised cost	9	49	54
Bonds at fair value	10	72,727	81,540
Other property, plant and equipment		0	1
Deferred tax assets		1	1
Assets in temporary possession	11	45	39
Other assets	12	5,387	4,682
Deferred income		7	6
<b>Total assets</b>		<b>570,236</b>	<b>560,391</b>
<b>LIABILITIES AND EQUITY</b>			
Payables to credit institutions	13	460,636	443,630
Issued bonds at fair value	14	80,699	90,193
Current tax liabilities		127	10
Other liabilities	15	12,467	10,698
<b>Total payables</b>		<b>553,929</b>	<b>544,531</b>
Provisions		4	4
Subordinated debt	16	2,600	2,600
<b>Equity</b>			
Share capital		799	799
<b>Reserves</b>			
Series reserves		1,634	1,634
Other reserves		10,823	10,823
Retained earnings for the period		447	-
<b>Total equity</b>		<b>13,703</b>	<b>13,256</b>
<b>Total liabilities and equity</b>		<b>570,236</b>	<b>560,391</b>
<b>OFF-BALANCE SHEET ITEMS</b>			
Guarantees	17	0	0
Other commitments		12	12
<b>Total</b>		<b>12</b>	<b>12</b>





## Statement of changes in equity

DKK MILLION

	<b>Share capital</b>	<b>Series reserves</b>	<b>Other reserves</b>	<b>Total</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			447	447
<b>Comprehensive income for the period</b>			<b>447</b>	<b>447</b>
<b>Equity at 30 September 2011</b>	<b>799</b>	<b>1,634</b>	<b>11,270</b>	<b>13,703</b>
<b>Equity at 01 January 2010</b>	<b>799</b>	<b>1,616</b>	<b>9,954</b>	<b>12,369</b>
Profit for the period		18	869	887
<b>Comprehensive income for the year</b>		<b>18</b>	<b>869</b>	<b>887</b>
<b>Equity at 31 December 2010</b>	<b>799</b>	<b>1,634</b>	<b>10,823</b>	<b>13,256</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 the Company'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 distributable as dividend in the public limited company.



# Capital base and capital adequacy

DKK MILLION

	30.09.2011	31.12.2010
<b>Capital base</b>		
Core Tier 1 capital		
- Equity, end of period	13,703	13,256
- Capitalised tax assets	(1)	(1)
- The difference between expected losses and impairment losses	(256)	(87)
<b>Core Tier 1 capital after statutory deductions</b>	<b>13,446</b>	<b>13,168</b>
<b>Total supplementary capital</b>	<b>2,600</b>	<b>2,600</b>
- The difference between expected losses and impairment losses	(256)	(87)
<b>Total capital base after statutory deductions</b>	<b>15,790</b>	<b>15,681</b>
<b>Capital adequacy</b>		
Credit risk	5,245	4,853
Market risk	389	375
Operational risk	263	241
<b>Total capital requirement not subject to transitional rules</b>	<b>5,897</b>	<b>5,469</b>
<b>Total capital requirement subject to transitional rules</b>	<b>15,268</b>	<b>14,390</b>
<b>Capital base</b>	<b>15,790</b>	<b>15,681</b>
<b>Total risk-weighted items</b>	<b>73,712</b>	<b>68,367</b>
<b>Core Tier 1 capital ratio, %</b>	<b>18.2</b>	<b>19.3</b>
<b>Total capital ratio, %</b>	<b>21.4</b>	<b>22.9</b>
Minimum total capital ratio not subject to transitional rules	8.0	8.0
Minimum total capital ratio subject to transitional rules	20.7	21.0
<b>Required capital base and capital requirement</b>		
<b>Pillar I – Primary risk</b>		
Credit risk	5,614	5,814
Market risk	280	218
Operational risk	180	155
<b>Total Pillar I</b>	<b>6,074</b>	<b>6,187</b>
<b>Pillar II – Other risk</b>		
Weaker economic climate	831	1,362
Other factors	691	755
<b>Total Pillar II</b>	<b>1,522</b>	<b>2,117</b>
<b>Total required capital base</b>	<b>7,596</b>	<b>8,305</b>
Total risk-weighted items	73,712	68,367
<b>Internal capital adequacy requirement (ICAAP), %</b>	<b>10.3</b>	<b>12.1</b>



# Cash flow statement

DKK MILLION

	30.09.2011	30.09.2010
<b>Profit after tax for the period</b>	<b>447</b>	<b>698</b>
<b>Adjustment for non-cash operating items, depreciation and impairment losses</b>		
Depreciation and impairment losses for property, plant and equipment	0	1
Impairment losses on loans and advances	267	78
Prepayments/deferred income, net	(1)	0
Tax calculated on profit for the period	150	233
Other adjustments	(7)	(25)
<b>Total</b>	<b>409</b>	<b>287</b>
<b>Profit for the period adjusted for non-cash operating items</b>	<b>856</b>	<b>985</b>
<b>Change in working capital</b>		
Loans and advances	(17,347)	(27,564)
Deposits and payables to credit institutions	17,006	21,559
Issued mortgage bonds	(9,494)	(8,667)
Other working capital	1,066	(543)
<b>Total</b>	<b>(8,769)</b>	<b>(15,268)</b>
<b>Corporation tax paid, net</b>	<b>(32)</b>	<b>(58)</b>
<b>Cash flows from operating activities</b>	<b>(7,945)</b>	<b>(14,341)</b>
<b>Cash flows from investing and financing activities</b>		
Investments	8,813	14,232
Property, plant and equipment	-	-
Subordinated debt	-	-
<b>Total</b>	<b>8,813</b>	<b>14,232</b>
<b>Total cash flows</b>	<b>868</b>	<b>(109)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>18,111</b>	<b>16,112</b>
<b>Cash and cash equivalents, end of period</b>	<b>18,979</b>	<b>16,003</b>



# Notes

DKK MILLION

	Q1-Q3/ 2011	Q1-Q3/ 2010
<b>1. INTEREST INCOME</b>		
Receivables from credit institutions	50	36
Loans, advances and other receivables	12,071	12,375
Administration margin income	1,681	1,595
Bonds:		
- Self-issued mortgage bonds	4	15
- Other mortgage bonds	557	685
- Government bonds	0	40
Derivative financial instruments:		
- Interest rate contracts	9	(19)
<b>Total</b>	<b>14,372</b>	<b>14,727</b>
Interest from self-issued mortgage bonds has been offset against interest expenses – note 2	(4)	(15)
<b>Total</b>	<b>14,368</b>	<b>14,712</b>
<b>2. INTEREST EXPENSES</b>		
Mortgage loan funding through Nykredit Realkredit A/S	10,040	9,908
Issued bonds	2,019	2,495
Other payables to Nykredit Realkredit A/S	211	112
Subordinated debt	36	35
Other interest expenses	0	0
<b>Total</b>	<b>12,306</b>	<b>12,550</b>
Set-off of interest from self-issued mortgage bonds – note 1	(4)	(15)
<b>Total</b>	<b>12,302</b>	<b>12,535</b>
<b>3. FEE AND COMMISSION INCOME</b>		
Loan fees, new lending	132	206
Commission and other fees	80	153
<b>Total</b>	<b>212</b>	<b>359</b>
<b>4. FEE AND COMMISSION EXPENSES</b>		
Loan arrangement fees	104	154
Commission to loan arrangers	846	745
Commission and other fees	120	173
<b>Total</b>	<b>1,070</b>	<b>1,073</b>



# Notes

DKK MILLION

	Q1-Q3/ 2011	Q1-Q3/ 2010
<b>5. VALUE ADJUSTMENTS</b>		
Mortgage loans	5,105	8,991
Bonds	56	(106)
Foreign exchange, interest rate and other contracts as well as derivative financial instruments	(2)	(18)
Other liabilities	(121)	(4)
Issued bonds, including bonds issued by Nykredit Realkredit A/S in connection with the funding of mortgage loans granted by Totalkredit A/S	(5,105)	(8,991)
<b>Total</b>	<b>(67)</b>	<b>(128)</b>
<b>6. STAFF AND ADMINISTRATIVE EXPENSES</b>		
Remuneration of Board of Directors and Executive Board	4	4
Staff expenses	55	58
Administrative expenses	219	265
<b>Total</b>	<b>278</b>	<b>327</b>
<b>Remuneration of Board of Directors and Executive Board</b>		
<b>Board of Directors:</b>		
Remuneration	1	1
<b>Executive Board:</b>		
Salaries	3	3
Pensions	0	0
Other social security expenses and charges	0	0
<b>Total</b>	<b>4</b>	<b>4</b>
The terms and conditions governing pensions and retirement in relation to the Executive Board have not changed since the Annual Report for 2010.		
<b>Staff expenses:</b>		
Salaries	45	49
Pensions	5	5
Other social security expenses and charges	5	4
<b>Total</b>	<b>55</b>	<b>58</b>
<b>Number of staff</b>		
Average number of staff, full-time equivalents	120	124



## Notes

DKK MILLION

	Q1-Q3/ 2011	Q1-Q3/ 2010
<b>7. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES</b>		
Changes in provisions for loan impairment, individual	184	112
Changes in provisions for loan impairment, collective	56	12
Recognised losses for the period, net	136	2
Received on claims previously written off	(1)	0
<b>Total impairment losses on loans, advances and receivables</b>	<b>375</b>	<b>126</b>
Value adjustment of assets in temporary possession	28	4
Losses offset against commission payments to partner banks	(136)	(52)
<b>Total</b>	<b>267</b>	<b>78</b>
<b>Specification of provisions for loan impairment</b>		
Individual impairment provisions	300	336
Collective impairment provisions	301	211
<b>Total impairment provisions</b>	<b>601</b>	<b>547</b>
<b>Individual provisions for loan impairment</b>		
Impairment provisions, beginning of period	278	336
Impairment provisions for the period	376	358
Impairment provisions reversed	(192)	(246)
Value adjustment of properties repossessed	(24)	(21)
Impairment provisions recognised as lost	(138)	(91)
<b>Impairment provisions, end of period</b>	<b>300</b>	<b>336</b>
<b>Collective provisions for loan impairment</b>		
Impairment provisions, beginning of period	245	199
Impairment provisions for the period	56	12
<b>Impairment provisions, end of period</b>	<b>301</b>	<b>211</b>
<b>Individual impairment provisions for properties repossessed</b>		
Impairment provisions, beginning of period	60	25
Transfer from properties not repossessed	24	21
Impairment provisions for the period	72	18
Impairment provisions reversed	(44)	(13)
Impairment provisions recognised as lost	(28)	(12)
<b>Impairment provisions, end of period</b>	<b>84</b>	<b>39</b>



## Notes

DKK MILLION

	Q1-Q3/ 2011	Q1-Q3/ 2010
<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	1,881	1,701
Impairment provisions	(300)	(336)
<b>Loans and advances after impairment provisions</b>	<b>1,581</b>	<b>1,365</b>
Loans and advances subject to collective impairment	465,648	448,749
Impairment provisions	(301)	(211)
<b>Loans and advances after impairment provisions</b>	<b>465,347</b>	<b>448,538</b>



## Notes

DKK MILLION

	30.09.2011	31.12.2010
<b>8. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS</b>		
Receivables from credit institutions	18,879	18,111
<b>9. LOANS AND ADVANCES</b>		
Loans, advances and other receivables at fair value	473,041	455,957
Loans, advances and other receivables at amortised cost	49	54
<b>Total</b>	<b>473,090</b>	<b>456,011</b>
<b>Loans, advances and other receivables at fair value</b>		
Mortgage loans	473,135	455,989
Receivables from loans secured on properties not repossessed	(94)	(32)
<b>Total</b>	<b>473,041</b>	<b>455,957</b>
<b>Mortgage loans</b>		
Balance, beginning of period, nominal value	455,104	431,357
New loans	43,742	110,927
Ordinary principal payments	(2,892)	(4,417)
Prepayments and extraordinary principal payments	(28,474)	(82,763)
<b>Balance, end of period, nominal value</b>	<b>467,480</b>	<b>455,104</b>
Loans transferred relating to properties in temporary possession	(35)	(89)
Fair value adjustment	5,991	1,218
<b>Adjustment for credit risk</b>		
Individual impairment provisions	-	-
Collective provisions for loan impairment	(301)	(245)
<b>Balance, end of period, fair value</b>	<b>473,135</b>	<b>455,988</b>
<b>Receivables from loans secured on properties not repossessed</b>		
Arrears before impairment provisions	144	155
Outlays before impairment provisions	62	91
Provisions for arrears and outlays	(300)	(278)
<b>Total</b>	<b>(94)</b>	<b>(32)</b>
<b>Loans, advances and other receivables at amortised cost</b>		
Mortgage loans	49	54
<b>Total</b>	<b>49</b>	<b>54</b>
Measured at fair value, the item amounted to DKK 49m at end-Q3/2011 against DKK 54m at end-2010.		
<b>Mortgage loan guarantees provided by banks:</b>		
Supplementary guarantees in addition to mortgages on property	8,067	7,721
Statutory guarantees for interim loans	9,777	11,669
Guarantees for loans disbursed before obtaining a registered mortgage	10,559	36,810
<b>Total</b>	<b>28,403</b>	<b>56,200</b>





## Notes

DKK MILLION

	30.09.2011	31.12.2010
<b>10. BONDS AT FAIR VALUE</b>		
- Self-issued mortgage bonds	128	194
- Other mortgage bonds	72,727	81,540
- Government bonds	0	0
<b>Total</b>	<b>72,855</b>	<b>81,734</b>
Set-off against "Issued bonds at fair value" – note 14	(128)	(194)
<b>Total bonds</b>	<b>72,727</b>	<b>81,540</b>
<b>11. ASSETS IN TEMPORARY POSSESSION</b>		
Debt outstanding, end of period	4	64
Outlays	92	11
Impairment provisions, end of period	(51)	(36)
<b>Total</b>	<b>45</b>	<b>39</b>
<b>12. OTHER ASSETS</b>		
Interest and commission receivable on loans and advances	3,116	1,991
Positive market value of derivative financial instruments	10	1
Interest receivable from bonds and credit institutions	2,203	2,651
Other	58	39
<b>Total</b>	<b>5,387</b>	<b>4,682</b>
<b>13. PAYABLES TO CREDIT INSTITUTIONS</b>		
Payables to credit institutions, other payables	20	20
Payables to Nykredit Realkredit A/S concerning supplementary security for SDO-funded mortgage lending	18,585	10,024
Mortgage loan funding through Nykredit Realkredit A/S	442,031	433,586
<b>Total</b>	<b>460,636</b>	<b>443,630</b>
<b>Of which mortgage loan funding through Nykredit Realkredit A/S:</b>		
Balance, beginning of period, nominal value	432,093	397,958
Additions	119,866	211,778
Drawings and prepayments	(101,118)	(159,079)
Prepayments and extraordinary principal payments	(13,843)	(18,564)
<b>Balance, end of period, nominal value</b>	<b>436,998</b>	<b>432,093</b>
Fair value adjustment	5,033	1,493
<b>Total</b>	<b>422,031</b>	<b>433,586</b>



## Notes

DKK MILLION

	30.09.2011	31.12.2010
<b>14. ISSUED BONDS AT FAIR VALUE</b>		
Mortgage bonds issued against mortgages on property		
Balance, beginning of period, nominal value	90,663	108,708
Additions	-	-
Drawings and prepayments	(6,963)	(10,946)
Prepayments and extraordinary principal payments	(3,830)	(7,099)
<b>Balance, end of period</b>	<b>79,870</b>	<b>90,663</b>
Set-off, self-issued bonds	(128)	(194)
Fair value adjustment	957	(276)
<b>Total</b>	<b>80,699</b>	<b>90,193</b>
Bonds drawn for redemption at the next creditor settlement date	1,029	4,552
<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	9,722	9,204
Negative market value of derivative financial instruments	23	50
Other liabilities	2,722	1,444
<b>Total</b>	<b>12,467</b>	<b>10,698</b>
<b>16. SUBORDINATED DEBT</b>		
Subordinated debt of a total of DKK 2,600m consists of subordinate loan capital 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. At redemption, the loan must be repaid at par (100) with the addition of accrued interest. There are no costs in relation to redemption.		
<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, as well as its group enterprises and associates are regarded as related parties.

As a natural part of Totalkredit's day-to-day operations, agreements have been concluded between Totalkredit and the Parent Company, Nykredit Realkredit A/S, as well as its group enterprises and associates.

The agreements mainly concern financing, guarantees, referral commission, IT support and IT development projects, wage and staff administration as well as other administrative tasks. Intercompany trading in goods and services took place on an arm's length or cost covering basis.

No unusual transactions were made with related parties in 2011.

Major related party transactions in existence/entered into in 2011:

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

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

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.

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

Totalkredit A/S has raised loans with Nykredit Realkredit A/S in the form of subordinated debt, cf section 136 of the Danish Financial Business Act.

**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.



# Financial highlights – five years

DKK MILLION

	Q1-Q3/ 2011	Q1-Q3/ 2010	Q1-Q3/ 2009	Q1-Q3/ 2008	Q1-Q3/ 2007
<b>INCOME STATEMENT</b>					
Net interest income	2,066	2,177	1,956	1,746	1,471
Net fee income	(858)	(714)	(649)	(590)	(528)
<b>Net interest and fee income</b>	<b>1,208</b>	<b>1,463</b>	<b>1,307</b>	<b>1,156</b>	<b>943</b>
Value adjustments	(67)	(128)	201	(145)	12
Other operating income	0	2	0	1	1
Staff and administrative expenses	278	327	279	290	245
Depreciation and impairment losses for property, plant and equipment	0	1	1	1	1
Impairment losses on loans, advances and receivables	267	78	425	10	1
<b>Profit before tax</b>	<b>596</b>	<b>931</b>	<b>803</b>	<b>711</b>	<b>709</b>
Tax	149	233	201	179	176
<b>Profit for the period</b>	<b>447</b>	<b>698</b>	<b>602</b>	<b>532</b>	<b>533</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>					
	30.09.2011	30.09.2010	30.09.2009	30.09.2008	30.09.2007
<b>ASSETS</b>					
Receivables from credit institutions	18,979	16,003	14,056	9,306	10,603
Mortgage loans	473,184	458,179	424,056	367,766	337,703
Bonds and equities	72,727	73,079	42,162	13,721	9,275
Other	5,346	5,571	3,880	726	279
<b>Total assets</b>	<b>570,236</b>	<b>552,832</b>	<b>484,154</b>	<b>391,519</b>	<b>357,860</b>
<b>LIABILITIES AND EQUITY</b>					
Payables to credit institutions	460,636	428,458	348,079	248,785	186,301
Issued bonds	80,699	96,122	109,662	120,982	151,376
Supplementary capital	2,600	2,600	2,600	3,600	4,591
Other liabilities	12,598	12,585	11,659	6,891	5,584
Equity	13,703	13,067	12,154	11,261	10,008
<b>Total liabilities and equity</b>	<b>570,236</b>	<b>552,832</b>	<b>484,154</b>	<b>391,519</b>	<b>357,860</b>
<b>FINANCIAL RATIOS</b>					
Profit for the period as % of average equity	3.3	5.5	5.1	4.8	5.9
Profit before tax for the period as % of average equity	4.4	7.3	6.8	6.5	7.9
Loans and advances:equity	34.5	35.1	34.9	32.7	33.7
Growth in loans and advances for the period, %	2.7	6.4	8.6	5.3	10.3
Impairment losses for the period, %	0.1	0.0	0.1	0.0	0.0
Total capital ratio, %*	21.4	23.5	21.9	27.1	10.1
Core Tier 1 capital ratio, %*	18.2	19.7	18.1	20.7	6.9
Average number of full-time staff	120	124	117	107	108

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



## Financial highlights – six quarters

DKK MILLION

	Q3/ 2011	Q2/ 2011	Q1/ 2011	Q4/ 2010	Q3/ 2010	Q2/ 2010
<b>CORE EARNINGS AND PROFIT FOR THE PERIOD</b>						
<b>Core income from</b>						
Business operations	309	294	310	369	353	335
Securities	48	39	32	30	32	30
<b>Total</b>	<b>357</b>	<b>333</b>	<b>342</b>	<b>399</b>	<b>385</b>	<b>365</b>
Operating costs, depreciation and amortisation	92	89	97	92	105	111
<b>Core earnings before impairment losses</b>	<b>265</b>	<b>244</b>	<b>245</b>	<b>307</b>	<b>280</b>	<b>254</b>
Impairment losses on loans and advances	128	89	50	80	22	76
<b>Core earnings after impairment losses</b>	<b>137</b>	<b>155</b>	<b>195</b>	<b>227</b>	<b>258</b>	<b>178</b>
Investment portfolio income	88	13	8	27	33	74
<b>Profit before tax</b>	<b>225</b>	<b>168</b>	<b>203</b>	<b>254</b>	<b>291</b>	<b>252</b>
Tax	56	42	51	65	73	63
<b>Profit for the period</b>	<b>169</b>	<b>126</b>	<b>152</b>	<b>189</b>	<b>218</b>	<b>189</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>						
	30.09.2011	30.06.2011	31.03.2011	31.12.2010	30.09.2010	30.06.2010
<b>ASSETS</b>						
Receivables from credit institutions	18,979	8,871	11,239	18,111	16,003	14,201
Mortgage loans	473,184	459,246	454,276	456,043	458,179	450,279
Bonds and equities	72,727	26,220	61,965	81,540	73,079	29,740
Other	5,346	4,060	3,602	4,697	5,571	3,677
<b>Total assets</b>	<b>570,236</b>	<b>498,394</b>	<b>531,082</b>	<b>560,391</b>	<b>552,832</b>	<b>497,897</b>
<b>LIABILITIES AND EQUITY</b>						
Payables to credit institutions	460,636	392,783	422,776	443,630	428,458	373,845
Issued bonds	80,699	80,735	83,109	90,193	96,122	99,296
Supplementary capital	2,600	2,600	2,600	2,600	2,600	2,600
Other liabilities	12,598	8,742	9,189	10,712	12,585	9,307
Equity	13,703	13,534	13,408	13,256	13,067	12,849
<b>Total liabilities and equity</b>	<b>570,236</b>	<b>498,394</b>	<b>531,082</b>	<b>560,391</b>	<b>552,832</b>	<b>497,897</b>
<b>FINANCIAL RATIOS</b>						
Profit for the period as % of average equity, pa	5.0	3.7	4.6	5.7	6.7	5.9
Core earnings after impairment losses as % of average equity, pa	4.1	4.6	5.9	6.9	8.0	5.6
Costs as % of core income	25.5	26.7	28.4	27.5	27.3	30.4
Impairment losses for the period, %	0.0	0.0	0.0	0.0	0.0	0.0
Total capital ratio, %	21.4	22.8	24.0	22.9	23.5	25.5
Core Tier 1 capital ratio, %	18.2	19.3	20.2	19.3	19.7	21.3