

To NASDAQ OMX Copenhagen A/S  
and the press

8 November 2012

**Q1-Q3 INTERIM REPORT 2012**  
**Totalkredit A/S**  
**(1 January 2012 – 30 September 2012)**

**Q1-Q3 – IN BRIEF**

- Totalkredit recorded gross new lending of DKK 108bn in Q1-Q3/2012, against DKK 43bn in the same period in 2011
- Measured at nominal value, the loan portfolio grew by DKK 29bn to DKK 502bn in Q1-Q3/2012
- Core income from business operations went up 36% to DKK 1,307m on Q1-Q3/2011
- Net expenses for supplementary collateral for SDO-funded loans came to DKK 163m against DKK 50m in Q1-Q3/2011
- Financial income was DKK 139m against DKK 228m in Q1-Q3/2011
- Operating costs totalled DKK 287m against DKK 278m in the same period in 2011
- Impairment losses on loans and advances amounted to DKK 444m in Q1-Q3/2012, or 0.09% of the loan portfolio
  - For the full year 2011, impairment losses totalled DKK 447m, DKK 267m of which was recorded in the first three quarters. The greater provisioning need reflects the declining property prices
- Profit before tax was DKK 552m against DKK 596m in the same period in 2011.

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# Financial highlights

DKK MILLION

	Q1-Q3/2012	Q1-Q3/2011	FY 2011
<b>CORE EARNINGS AND PROFIT FOR THE PERIOD</b>			
<b>Core income from</b>			
- business operations	1,307	963	1,316
- junior covered bonds	(163)	(50)	(91)
- securities	24	119	156
<b>Total</b>	<b>1,168</b>	<b>1,032</b>	<b>1,381</b>
Operating costs, depreciation and amortisation	287	278	367
<b>Core earnings before impairment losses</b>	<b>881</b>	<b>754</b>	<b>1,014</b>
Impairment losses on loans and advances	444	267	447
<b>Core earnings after impairment losses</b>	<b>437</b>	<b>487</b>	<b>567</b>
Investment portfolio income	115	109	182
<b>Profit before tax</b>	<b>552</b>	<b>596</b>	<b>749</b>
Tax	138	149	187
<b>Profit for the period</b>	<b>414</b>	<b>447</b>	<b>562</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>			
	30.09.2012	30.09.2011	31.12.2011
<b>ASSETS</b>			
Receivables from credit institutions	22,460	18,979	14,565
Mortgage loans at fair value	512,613	473,184	480,928
Bonds at fair value	119,687	72,727	86,512
Remaining assets	4,931	5,346	4,392
<b>Total assets</b>	<b>659,691</b>	<b>570,236</b>	<b>586,397</b>
<b>LIABILITIES AND EQUITY</b>			
Payables to credit institutions	566,757	460,636	480,544
Issued bonds at fair value	62,989	80,699	78,328
Supplementary capital	3,100	2,600	3,100
Remaining liabilities	11,863	12,598	10,607
Equity	14,982	13,703	13,818
<b>Total liabilities and equity</b>	<b>659,691</b>	<b>570,236</b>	<b>586,397</b>
<b>FINANCIAL RATIOS</b>			
Profit for the period as % of average equity pa	3.8	4.4	4.1
Core earnings before impairment losses as % of average equity pa	8.2	7.5	7.5
Costs as % of core income from business operations	24.6	26.9	27.9
Impairment losses for the period, %	0.09	0.06	0.09
Total capital ratio, %	20.7	21.4	18.8
Tier 1 capital ratio, %	17.3	18.2	15.6
Internal capital adequacy requirement (ICAAP), %	10.1	10.3	10.3



## Q1-Q3 Interim Report 2012

Totalcredit recorded a profit before tax of DKK 552m against DKK 596m for the same period last year. Profit after tax amounted to DKK 414m.

Results were positively affected by high lending activity and the price rises introduced on 1 April 2012. By contrast, declining financial income, growing expenses for supplementary collateral for SDO-funded lending, and increasing impairment losses on loans and advances had an adverse effect on profit.

### Core earnings before impairment losses

Core income from business operations was up DKK 344m on the same period in 2011, totalling DKK 1,307m. The rise is attributable to growth in activity-driven income and administration margin income of DKK 168m and DKK 330m, respectively. Commission expenses recognised as core income from business operations rose by DKK 154m.

Net expenses relating to junior covered bonds totalled DKK 163m against DKK 50m in Q1-Q3/2011.

Core income from securities was DKK 24m against DKK 119m in the same period last year. The reduced earnings were a result of a drop in market rates.

Operating costs were DKK 287m against DKK 278m in Q1-Q3/2011.

The cost increase derives from expenses for loan activities and administration, including increased expenses for the handling of non-performing exposures, etc.

Core earnings before impairment losses came to DKK 881m against DKK 754m in Q1-Q3/2011.

### Impairment losses on loans and advances

In Q1-Q3/2012 impairment losses on loans and advances rose to DKK 444m against DKK 267m in the same period in 2011. Total impairment losses equalled 0.09% of the loan portfolio. 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. Moreover, impairments often relate to properties situated in geographical areas where demand is subdued, which further increases loan impairments.

Recognised losses totalled DKK 416m, of which DKK 185m was offset against commission payable to partner banks or covered by guarantee.

Individual impairment provisions came to DKK 415m at end-Q3/2012 against DKK 393m at the beginning of the year.

Collective impairment provisions amounted to DKK 476m against DKK 311m at the beginning of the year.

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

132 properties were acquired at forced sales in Q1-Q3/2012, while 142 properties were sold. The number of repossessed properties was 75 at end-Q3/2012 against 85 at the beginning of the year.

### Investment portfolio income

Investment portfolio income was DKK 115m against DKK 109m in Q1-Q3/2011.

### Loans and advances

Gross new lending came to DKK 108bn against DKK 43bn in Q1-Q3/2011. The high level of gross new lending is largely attributable to the refinancing of fixed-rate loans with high nominal interest rates to fixed-rate loans with low nominal interest rates.

At end-Q3/2012 adjustable-rate loans accounted for approx 50% of the loan portfolio against 47% at the beginning of the year. Fixed-rate loans accounted for approx 29% and loans with interest-rate caps approx 20% of the portfolio.

At nominal value, the loan portfolio totalled DKK 502bn at end-Q3/2012 against DKK 474bn at the beginning of the year.

Measured by loan portfolio, Totalcredit's market share was 35.4% at end-Q3 against 33.6% 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-Q3/2012 against 72% at the same time last year.

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 increased from approx DKK 12bn to approx DKK 24bn at end-Q3/2012.

### Balance sheet

At end-Q3/2012, the balance sheet stood at DKK 660bn against DKK 586bn at the beginning of the year.



Mortgage lending at fair value totalled DKK 513bn against DKK 481bn at the beginning of the year.

The bond portfolio totalled DKK 120bn of which approx DKK 75bn stemmed from pre-issuance in connection with the refinancing of adjustable-rate mortgage loans (ARMs) and the placing of funds deriving from prepayments, etc.

Payables to the Parent Company in connection with the funding of mortgage lending came to DKK 541bn, and payables to the Parent Company in connection with collateral provided for SDO-funded lending amounted to DKK 26bn.

Totalkredit had issued bonds of DKK 63bn.

Equity including profit for the period totalled DKK 15bn at end-Q1-Q3/2012.

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

Totalkredit's capital base stood at DKK 17.9bn, and risk-weighted items totalled DKK 86.1bn, corresponding to a total capital ratio of 20.7%. The Tier 1 capital ratio stood at 17.3%.

The internal capital adequacy requirement (ICAAP) amounted to 10.1% at end-Q3/2012.

#### **RATINGS**

##### **Standard & Poor's rating**

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 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.

#### **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 2011.

In Management's opinion, the uncertainty related to the above-mentioned matters is insignificant to the Q1-Q3 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 the high refinancing activity, gross new lending is now expected to exceed 2011 levels by DKK 40bn-50bn.

Impairment losses on loans and advances were expected to remain on a level with 2011. However, the provisioning need grew more than expected, and impairment losses for 2012 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 Q1-Q3 Interim Report that may affect the assessment of the Interim Report.

##### **ACCOUNTING POLICIES**

The Q1-Q3 Interim Report 2012 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 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 Q1-Q3 Interim Report 2012 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 September 2012 of Totalkredit A/S.

The Q1-Q3 Interim Report has been prepared in accordance with the Danish Financial Business Act and the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc.

Further, the 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 30 September 2012 and of the results of the Company's operations as well as cash flows for the financial period 1 January – 30 September 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 Q1-Q3 Interim Report has not been audited or reviewed.

Taastrup, 8 November 2012

## **EXECUTIVE BOARD**

Troels Bülow-Olsen

Hans Henrik Andersen

## **BOARD OF DIRECTORS**

Søren Holm  
Chairman

Claus E. Petersen,  
Deputy Chairman

Petter Blondeau

Jette Alsig Bargholz

Kim Duus

Karen Frøsig

Lars Holst

Jari Loch Jensen

Gert Jonassen

Merete Nilausen



# Income statement for 1 January – 30 September

DKK MILLION

	Note	Q1-Q3/ 2012	Q1-Q3/ 2011
Interest income	1	13,964	14,368
Interest expenses	2	11,570	12,302
<b>Net interest income</b>		<b>2,394</b>	<b>2,066</b>
Fee and commission income	3	509	212
Fee and commission expenses	4	1,431	1,070
<b>Net interest and fee income</b>		<b>1,472</b>	<b>1,208</b>
Value adjustments	5	(190)	(67)
Other operating income		1	0
Staff and administrative expenses	6	287	278
Depreciation and impairment losses for property, plant and equipment		0	0
Impairment losses on loans, advances and receivables	7	444	267
<b>Profit before tax</b>		<b>552</b>	<b>596</b>
Tax		138	149
<b>Profit for the period</b>		<b>414</b>	<b>447</b>
<b>Comprehensive income</b>			
<b>Profit for the period</b>		<b>414</b>	<b>447</b>
Other comprehensive income		-	-
<b>Comprehensive income for the period</b>		<b>414</b>	<b>447</b>



## Balance sheet, end of period

DKK MILLION

	Note	30.09.2012	31.12.2011
<b>ASSETS</b>			
Cash balance and demand deposits with central banks		0	0
Receivables from credit institutions and central banks	8	22,460	14,565
Loans, advances and other receivables at fair value	9	512,718	481,046
Loans, advances and other receivables at amortised cost	9	31	47
Bonds at fair value	10	119,687	86,512
Other property, plant and equipment		0	0
Deferred tax assets		1	1
Assets in temporary possession	11	37	115
Other assets	12	4,751	4,100
Prepayments		6	11
<b>Total assets</b>		<b>659,691</b>	<b>586,397</b>
<b>LIABILITIES AND EQUITY</b>			
Payables to credit institutions	13	566,757	480,544
Issued bonds at fair value	14	62,989	78,328
Current tax liabilities		262	124
Other liabilities	15	11,596	10,478
<b>Total payables</b>		<b>641,604</b>	<b>569,474</b>
Provisions		5	5
Subordinated debt	16	3,100	3,100
<b>Equity</b>			
Share capital		848	799
<b>Reserves</b>			
Series reserves		1,646	1,646
Other reserves		12,074	11,373
Retained earnings for the period		414	-
<b>Total equity</b>		<b>14,982</b>	<b>13,818</b>
<b>Total liabilities and equity</b>		<b>659,691</b>	<b>586,397</b>
<b>OFF-BALANCE SHEET ITEMS</b>			
Guarantees	17	0	0
Other commitments		11	12
<b>Total</b>		<b>11</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, 1 January 2012</b>	<b>799</b>	<b>1,646</b>	<b>11,373</b>	<b>13,818</b>
Profit for the period			414	414
<b>Total comprehensive income for the period</b>			<b>414</b>	<b>414</b>
<b>Capital contribution on new share issue</b>	<b>49</b>		<b>701</b>	<b>750</b>
<b>Equity, 30 September 2012</b>	<b>848</b>	<b>1,646</b>	<b>12,488</b>	<b>14,982</b>
<b>Equity, 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>Total comprehensive income for the period</b>			<b>447</b>	<b>447</b>
<b>Equity, 30 September 2011</b>	<b>799</b>	<b>1,634</b>	<b>11,270</b>	<b>13,703</b>

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

	30.09.2012	31.12.2011
<b>Capital base</b>		
Tier 1 capital		
- Equity, end of period	14,982	13,818
- Capitalised tax assets	(2)	(2)
- Difference between expected losses and impairment losses	(111)	(279)
<b>Tier 1 capital after statutory deductions</b>	<b>14,869</b>	<b>13,537</b>
<b>Total supplementary capital</b>	<b>3,100</b>	<b>3,100</b>
- Difference between expected losses and impairment losses	(111)	(279)
<b>Total capital base after statutory deductions</b>	<b>17,858</b>	<b>16,358</b>
<b>Capital requirements</b>		
Credit risk	6,303	6,209
Market risk	322	475
Operational risk	265	264
Total capital requirement <sup>1</sup>	<b>6,890</b>	<b>6,948</b>
<b>Total risk-weighted assets</b>	<b>86,131</b>	<b>86,849</b>
<b>Financial ratios</b>		
Tier 1 capital ratio, %	17.3	15.6
Total capital ratio, %	20.7	18.8
<sup>1</sup> 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-Q1-Q3/2012 the capital requirement subject to the transitional rules came to DKK 16.3bn.		
<b>Required capital base and internal capital adequacy requirement</b>		
<b>Pillar I – primary risk</b>		
Credit risk	6,578	6,479
Market risk	411	812
Operational risk	214	180
<b>Total Pillar I</b>	<b>7,203</b>	<b>7,471</b>
<b>Pillar II – other risk</b>		
Weaker economic climate	684	662
Other	789	813
<b>Total Pillar II</b>	<b>1,473</b>	<b>1,475</b>
<b>Total required capital base</b>	<b>8,676</b>	<b>8,946</b>
Total risk-weighted items	86,131	86,849
<b>Internal capital adequacy requirement (ICAAP), %</b>	<b>10.1</b>	<b>10.3</b>



# Cash flow statement

DKK MILLION

	30.09.2012	30.09.2011
<b>Profit after tax for the period</b>	<b>414</b>	<b>447</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	444	267
Prepayments/deferred income, net	5	(1)
Tax calculated on profit for the period	138	149
Other adjustments	78	(7)
<b>Total</b>	<b>665</b>	<b>408</b>
<b>Profit for the period adjusted for non-cash operating items</b>	<b>1,079</b>	<b>855</b>
<b>Change in working capital</b>		
Loans and advances	(32,099)	(17,346)
Deposits and payables to credit institutions	86,213	17,006
Issued mortgage bonds	(15,339)	(9,494)
Other working capital	467	1,066
<b>Total</b>	<b>39,242</b>	<b>(8,768)</b>
<b>Corporation tax paid, net</b>	<b>-</b>	<b>(32)</b>
<b>Cash flows from operating activities</b>	<b>40,321</b>	<b>(7,945)</b>
<b>Cash flows from investing and financing activities</b>		
Investments	(33,176)	8,813
Capital increase through share issue	750	-
<b>Total</b>	<b>(32,426)</b>	<b>8,813</b>
<b>Total cash flows</b>	<b>7,895</b>	<b>868</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>14,565</b>	<b>18,111</b>
<b>Cash and cash equivalents, end of period</b>	<b>22,460</b>	<b>18,979</b>

# Notes

DKK MILLION

	Q1-Q3/ 2012	Q1-Q3/ 2011
<b>1. INTEREST INCOME</b>		
Receivables from credit institutions	67	50
Loans, advances and other receivables	11,107	12,071
Administration margin (income)	2,011	1,681
Bonds:		
- Self-issued mortgage bonds	2	4
- Other mortgage bonds	735	557
Derivative financial instruments:		
- Interest rate contracts	44	9
<b>Total</b>	<b>13,966</b>	<b>14,372</b>
Interest from self-issued mortgage bonds has been offset against interest expenses – note 2	(2)	(4)
<b>Total</b>	<b>13,964</b>	<b>14,368</b>
<b>2. INTEREST EXPENSES</b>		
Mortgage loan funding through Nykredit Realkredit A/S	9,623	10,040
Issued bonds	1,481	2,019
Other payables to Nykredit Realkredit A/S	416	211
Subordinated debt	52	36
Other interest expenses	0	0
<b>Total</b>	<b>11,572</b>	<b>12,306</b>
Set-off of interest from self-issued mortgage bonds – note 1	(2)	(4)
<b>Total</b>	<b>11,570</b>	<b>12,302</b>
<b>3. FEE AND COMMISSION INCOME</b>		
Loan fees, new lending	331	132
Commission and other fees	178	80
<b>Total</b>	<b>509</b>	<b>212</b>
<b>4. FEE AND COMMISSION EXPENSES</b>		
Loan arrangement fees	239	104
Commission to loan arrangers	977	846
Commission and other fees	215	120
<b>Total</b>	<b>1,431</b>	<b>1,070</b>



# Notes

DKK MILLION

	Q1-Q3/ 2012	Q1-Q3/ 2011
<b>5. VALUE ADJUSTMENTS</b>		
Mortgage loans	3,261	5,105
Bonds	(65)	56
Foreign exchange, interest rate and other contracts as well as derivative financial instruments	140	(2)
Remaining liabilities	(266)	(121)
Issued bonds, including bonds issued by Nykredit Realkredit A/S in connection with the funding of mortgage loans granted by Totalkredit A/S	(3,260)	(5,105)
<b>Total</b>	<b>(190)</b>	<b>(67)</b>
<b>6. STAFF AND ADMINISTRATIVE EXPENSES</b>		
Remuneration of Board of Directors and Executive Board	4	4
Staff expenses	56	55
Administrative expenses	227	219
<b>Total</b>	<b>287</b>	<b>278</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 2011.		
<b>Staff expenses:</b>		
Salaries	46	45
Pensions	5	5
Other social security expenses and charges	5	5
<b>Total</b>	<b>56</b>	<b>55</b>
<b>Number of staff</b>		
Average number of staff, full-time equivalents	121	120



# Notes

DKK MILLION

	Q1-Q3/ 2012	Q1-Q3/ 2011
<b>7. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES</b>		
Change in individual impairment provisions for loans and advances	255	179
Change in collective impairment provisions for loans and advances	165	56
Losses recognised for the period, net	169	136
Received on claims previously written off as impairment losses	(1)	(1)
<b>Total impairment losses on loans, advances and receivables</b>	<b>588</b>	<b>370</b>
Value adjustment of assets in temporary possession	41	33
Losses offset against security from partner banks	(185)	(136)
<b>Total</b>	<b>444</b>	<b>267</b>
<b>Specification of provisions for loan impairment</b>		
Individual impairment provisions	415	300
Collective impairment provisions	476	301
<b>Total impairment provisions</b>	<b>891</b>	<b>601</b>
<b>Individual impairment provisions</b>		
Impairment provisions, beginning of period	393	278
Impairment provisions for the period	331	232
Impairment provisions reversed	(76)	(53)
Value adjustment of repossessed properties	(43)	(19)
Impairment provisions recognised as lost	(190)	(138)
<b>Impairment provisions, end of period</b>	<b>415</b>	<b>300</b>
<b>Collective impairment provisions</b>		
Impairment provisions, beginning of period	311	245
Impairment provisions for the period	165	56
<b>Impairment provisions, end of period</b>	<b>476</b>	<b>301</b>
<b>Individual impairment provisions for repossessed properties</b>		
Impairment provisions, beginning of period	96	60
Transfer from non-repossessed properties	43	19
Impairment provisions for the period	47	39
Impairment provisions reversed	(6)	(6)
Impairment provisions recognised as lost	(56)	(28)
<b>Impairment provisions, end of period</b>	<b>124</b>	<b>84</b>



## Notes

DKK MILLION

	Q1-Q3/ 2012	Q1-Q3/ 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	2,126	1,881
Impairment provisions	(415)	(300)
<b>Loans and advances after impairment provisions</b>	<b>1,711</b>	<b>1,581</b>
Loans and advances subject to collective impairment	31,444	25,157
Impairment provisions	(476)	(301)
<b>Loans and advances after impairment provisions</b>	<b>30,968</b>	<b>24,856</b>



## Notes

DKK MILLION

	30.09.2012	31.12.2011
<b>8. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS</b>		
Receivables from credit institutions	22,460	14,565
<b>9. LOANS AND ADVANCES</b>		
Loans, advances and other receivables at fair value	512,718	481,046
Loans, advances and other receivables at amortised cost	31	47
<b>Total</b>	<b>512,749</b>	<b>481,093</b>
<b>Loans, advances and other receivables at fair value</b>		
Mortgage loans	512,582	480,881
Receivables from loans secured on non-repossessed properties	136	166
<b>Total</b>	<b>512,718</b>	<b>481,046</b>
<b>Mortgage loans</b>		
Balance, beginning of period, nominal value	473,566	455,104
New loans	108,328	70,173
Ordinary principal payments	(3,054)	(3,734)
Prepayments and extraordinary principal payments	(76,565)	(47,977)
<b>Balance, end of period, nominal value</b>	<b>502,275</b>	<b>473,566</b>
Loans transferred relating to properties in temporary possession	(37)	(134)
Fair value adjustment	11,119	8,086
<b>Adjustment for credit risk</b>		
Individual impairment provisions	(299)	(326)
Collective impairment provisions	(476)	(311)
<b>Balance, end of period, fair value</b>	<b>512,582</b>	<b>480,881</b>
<b>Receivables from loans secured on non-repossessed properties</b>		
Arrears before impairment provisions	133	138
Outlays before impairment provisions	120	95
Provisions for arrears and outlays	(116)	(67)
<b>Total</b>	<b>136</b>	<b>166</b>
<b>Loans, advances and other receivables at amortised cost</b>		
Mortgage loans	31	47
<b>Total</b>	<b>31</b>	<b>47</b>
Measured at fair value, the item amounted to DKK 31m at end-Q1-Q3/2012 against DKK 47m at end-2011.		
<b>Mortgage loan guarantees provided by banks:</b>		
Supplementary guarantees in addition to mortgages on property	7,717	8,091
Statutory guarantees for interim loans	11,837	9,195
Guarantees for loans disbursed before obtaining a registered mortgage	28,955	16,857
<b>Total</b>	<b>48,509</b>	<b>34,143</b>



# Notes

DKK MILLION

	30.09.2012	31.12.2011
<b>10. BONDS AT FAIR VALUE</b>		
- Self-issued mortgage bonds	62	91
- Other mortgage bonds	119,687	86,512
<b>Total</b>	<b>119,749</b>	<b>86,603</b>
Set-off against "Issued bonds at fair value" – note 14	(62)	(91)
<b>Total bonds</b>	<b>119,687</b>	<b>86,512</b>
<b>Of which:</b>		
Drawn bonds	254	59
Bonds stemming from the placement of cash amounts in connection with immediate prepayments at par as well as proceeds from the hedging of fixed-price agreements	26,951	17,420
Bonds pre-issued for the refinancing of adjustable-rate mortgage loans	47,604	32,536
<b>11. ASSETS IN TEMPORARY POSSESSION</b>		
Debt outstanding, end of period	9	74
Outlays	85	106
Impairment provisions, end of period	(58)	(65)
<b>Total</b>	<b>36</b>	<b>115</b>
<b>12. OTHER ASSETS</b>		
Positive market value of derivative financial instruments	93	4
Interest and commission receivable on loans and advances	2,122	2,310
Interest receivable from bonds and credit institutions	2,478	1,710
Remaining assets	58	76
<b>Total</b>	<b>4,751</b>	<b>4,100</b>
<b>13. PAYABLES TO CREDIT INSTITUTIONS</b>		
Payables to credit institutions, other payables	35	27
Payables to Nykredit Realkredit A/S concerning supplementary collateral for SDO-funded mortgage lending	26,177	18,623
Mortgage loan funding through Nykredit Realkredit A/S	540,545	461,894
<b>Total</b>	<b>566,757</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	213,877	187,517
Drawings and prepayments	(125,048)	(146,071)
Prepayments and extraordinary principal payments	(12,447)	(18,439)
<b>Balance, end of period, nominal value</b>	<b>531,482</b>	<b>455,100</b>
Fair value adjustment	9,063	6,794
<b>Total</b>	<b>540,545</b>	<b>461,894</b>



# Notes

DKK MILLION

	30.09.2012	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
Drawings and prepayments	(10,155)	(7,992)
Prepayments and extraordinary principal payments	(5,979)	(5,543)
<b>Balance, end of period</b>	<b>60,994</b>	<b>77,128</b>
Set-off, self-issued bonds	(62)	(91)
Fair value adjustment	2,057	1,291
<b>Total</b>	<b>62,989</b>	<b>78,328</b>
Bonds drawn for redemption at the next creditor payment date	3,898	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	8,941	8,284
Negative market value of derivative financial instruments	9	109
Remaining liabilities	2,646	2,085
<b>Total</b>	<b>11,596</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 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	11	12
Total other commitments	11	12
<b>Total off-balance sheet items</b>	<b>11</b>	<b>12</b>



## 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, payroll and staff administration, asset 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

	Q1-Q3/ 2012	Q1-Q3/ 2011	Q1-Q3/ 2010	Q1-Q3/ 2009	Q1-Q3/ 2008
<b>INCOME STATEMENT</b>					
Net interest income	2,394	2,066	2,177	1,956	1,746
Net fee income	(922)	(858)	(714)	(649)	(590)
<b>Net interest and fee income</b>	<b>1,472</b>	<b>1,208</b>	<b>1,463</b>	<b>1,307</b>	<b>1,156</b>
Value adjustments	(190)	(67)	(128)	201	(145)
Other operating income	1	0	2	0	1
Staff and administrative expenses	287	278	327	279	290
Depreciation and impairment losses for property, plant and equipment	0	0	1	1	1
Impairment losses on loans, advances and receivables	444	267	78	425	10
<b>Profit before tax</b>	<b>552</b>	<b>596</b>	<b>931</b>	<b>803</b>	<b>711</b>
Tax	138	149	233	201	179
<b>Profit for the period</b>	<b>414</b>	<b>447</b>	<b>698</b>	<b>602</b>	<b>532</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>					
	30.09.2012	30.09.2011	30.09.2010	30.09.2009	30.09.2008
<b>ASSETS</b>					
Receivables from credit institutions	22,460	18,979	16,003	14,056	9,306
Mortgage loans	512,613	473,184	458,179	424,056	367,766
Bonds and equities	119,687	72,727	73,079	42,162	13,721
Remaining assets	4,931	5,346	5,571	3,880	726
<b>Total assets</b>	<b>659,691</b>	<b>570,236</b>	<b>552,832</b>	<b>484,154</b>	<b>391,519</b>
<b>LIABILITIES AND EQUITY</b>					
Payables to credit institutions	566,757	460,636	428,458	348,079	248,785
Issued bonds	62,989	80,699	96,122	109,662	120,982
Supplementary capital	3,100	2,600	2,600	2,600	3,600
Remaining liabilities	11,863	12,598	12,585	11,659	6,891
Equity	14,982	13,703	13,067	12,154	11,261
<b>Total liabilities and equity</b>	<b>659,691</b>	<b>570,236</b>	<b>552,832</b>	<b>484,154</b>	<b>391,519</b>
<b>FINANCIAL RATIOS</b>					
Profit for the period as % of average equity	2.9	3.3	5.5	5.1	4.8
Profit before tax for the period as % of average equity	3.8	4.4	7.3	6.8	6.5
Loans and advances:equity	34.2	34.5	35.1	34.9	32.7
Growth in loans and advances for the period, %	6.1	2.7	6.4	8.6	5.3
Impairment losses for the period, %	0.09	0.06	0.00	0.10	0.00
Total capital ratio, %	20.7	21.4	23.5	21.9	27.1
Tier 1 capital ratio, %	17.3	18.2	19.7	18.1	20.7
Average number of staff, full-time equivalents	121	120	124	117	107



## Six-quarter financial highlights

DKK MILLION

	Q3/ 2012	Q2/ 2012	Q1/ 2012	Q4/ 2011	Q3/ 2011	Q2/ 2011
<b>CORE EARNINGS AND PROFIT FOR THE PERIOD</b>						
<b>Core income from</b>						
- business operations	469	436	402	351	326	311
- junior covered bonds	(71)	(47)	(45)	(39)	(17)	(17)
- securities	(2)	10	16	37	48	39
<b>Total</b>	<b>396</b>	<b>399</b>	<b>373</b>	<b>349</b>	<b>357</b>	<b>333</b>
Operating costs, depreciation and amortisation	91	94	102	89	92	89
<b>Core earnings before impairment losses</b>	<b>305</b>	<b>305</b>	<b>271</b>	<b>260</b>	<b>265</b>	<b>244</b>
Impairment losses on loans and advances	113	179	152	180	128	89
<b>Core earnings after impairment losses</b>	<b>192</b>	<b>126</b>	<b>120</b>	<b>80</b>	<b>137</b>	<b>155</b>
Investment portfolio income	16	44	55	73	88	13
<b>Profit before tax</b>	<b>208</b>	<b>169</b>	<b>175</b>	<b>153</b>	<b>225</b>	<b>168</b>
Tax	52	42	44	38	56	42
<b>Profit for the period</b>	<b>156</b>	<b>127</b>	<b>131</b>	<b>115</b>	<b>169</b>	<b>126</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>						
	30.09.2012	30.06.2012	31.03.2012	31.12.2011	30.09.2011	30.06.2011
<b>ASSETS</b>						
Receivables from credit institutions	22,460	23,288	26,000	14,565	18,979	8,871
Mortgage loans	512,613	503,733	486,676	480,928	473,184	459,246
Bonds and equities	119,687	45,890	89,315	86,512	72,727	26,220
Remaining assets	4,931	4,217	3,666	4,392	5,346	4,057
<b>Total assets</b>	<b>659,691</b>	<b>577,128</b>	<b>605,657</b>	<b>586,397</b>	<b>570,236</b>	<b>498,394</b>
<b>LIABILITIES AND EQUITY</b>						
Payables to credit institutions	566,757	482,187	505,019	480,544	460,636	392,783
Issued bonds	62,989	67,368	74,150	78,328	80,699	80,735
Supplementary capital	3,100	3,100	3,100	3,100	2,600	2,600
Remaining liabilities	11,863	9,647	9,439	10,607	12,598	8,742
Equity	14,982	14,826	13,949	13,818	13,703	13,534
<b>Total liabilities and equity</b>	<b>659,691</b>	<b>577,128</b>	<b>605,657</b>	<b>586,397</b>	<b>570,236</b>	<b>498,394</b>
<b>FINANCIAL RATIOS</b>						
Profit for the period as % of average equity pa	4.2	3.5	3.8	3.3	5.0	3.7
Core earnings before impairment losses as % of average equity pa	8.2	8.5	7.8	7.6	7.9	9.8
Costs as % of core income	23.0	23.6	27.4	25.5	25.5	26.7
Impairment losses for the period, %	0.02	0.04	0.03	0.04	0.03	0.02
Total capital ratio, %	20.7	19.7	17.9	18.8	21.4	22.8
Tier 1 capital ratio, %	17.3	16.4	14.8	15.6	18.2	19.3