

To NASDAQ OMX Copenhagen A/S  
and the press

7 November 2013

**Q1-Q3 INTERIM REPORT 2013**  
**Totalkredit A/S**  
**(1 January – 30 September 2013)**

**Q1-Q3 – IN BRIEF**

- Profit before tax was DKK 545m against DKK 552m in the same period in 2012
- Core income from business operations amounted to DKK 1,340m against DKK 1,307m in Q1-Q3/2012
- Net cost of supplementary collateral for SDO-funded lending was up DKK 72m to DKK 235m
- Core income from securities dropped to DKK 0m in Q1-Q3/2013 from DKK 24m in the same period last year
- Operating costs were DKK 293m against DKK 287m in Q1-Q3/2012
- Impairment losses on loans and advances amounted to DKK 335m in Q1-Q3/2013, or 0.06% of the loan portfolio
- Investment portfolio income was DKK 68m against DKK 115m in the same period last year
- Gross new lending of DKK 55bn was recorded in Q1-Q3/2013 against DKK 108bn in the same period last year
- In Q1-Q3/2013, the loan portfolio at nominal value grew by DKK 18bn to DKK 528bn

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# Financial highlights

DKK MILLION

	Q1-Q3/2013	Q1-Q3/2012	FY 2012
<b>CORE EARNINGS AND PROFIT FOR THE PERIOD</b>			
<b>Core income from</b>			
- business operations	1,340	1,307	1,753
- junior covered bonds	(235)	(163)	(234)
- securities	0	24	21
<b>Total</b>	<b>1,105</b>	<b>1,168</b>	<b>1,540</b>
Operating costs, depreciation and amortisation	293	287	371
<b>Core earnings before impairment losses</b>	<b>812</b>	<b>881</b>	<b>1,169</b>
Impairment losses on loans and advances	335	444	528
<b>Core earnings after impairment losses</b>	<b>477</b>	<b>437</b>	<b>641</b>
Investment portfolio income	68	115	56
<b>Profit before tax</b>	<b>545</b>	<b>552</b>	<b>697</b>
Tax	136	138	175
<b>Profit for the period</b>	<b>409</b>	<b>414</b>	<b>522</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>			
	30.09.2013	30.09.2012	31.12.2012
<b>ASSETS</b>			
Receivables from credit institutions	17,913	22,460	20,942
Mortgage loans at fair value	535,768	512,613	522,980
Bonds at fair value	109,151	119,687	85,235
Remaining assets	4,246	4,931	3,240
<b>Total assets</b>	<b>667,078</b>	<b>659,691</b>	<b>632,397</b>
<b>LIABILITIES AND EQUITY</b>			
Payables to credit institutions	590,041	566,757	547,012
Issued bonds at fair value	48,603	62,989	58,516
Subordinated debt – supplementary capital	3,100	3,100	3,100
Remaining liabilities	9,836	11,863	8,679
Equity	15,498	14,982	15,090
<b>Total liabilities and equity</b>	<b>667,078</b>	<b>659,691</b>	<b>632,397</b>
<b>FINANCIAL RATIOS</b>			
Profit for the period as % of average equity pa	3.6	3.8	3.6
Core earnings before impairment losses as % of average equity pa	7.1	8.2	8.1
Costs as % of core income from business operations	26.5	24.6	24.1
Impairment losses for the period, %	0.06	0.09	0.10
Total capital ratio, %	21.9	20.7	22.2
Tier 1 capital ratio, %	18.3	17.3	18.4
Internal capital adequacy requirement (ICAAP), %	10.2	10.1	10.6



## Q1-Q3 Interim Report 2013

Totalkredit recorded a profit before tax of DKK 545m against DKK 552m for the same period last year. Profit after tax amounted to DKK 409m.

Q1-Q3/2013 results included increased income from business operations, growing expenses for supplementary collateral for SDO-funded lending, a decline in investment income and a continued loan loss provisioning need.

### Core earnings before impairment losses

Core income from business operations amounted to DKK 1,340m against DKK 1,307m in Q1-Q3/2012. Growth in core income from business operations was primarily attributable to the administration margin increases introduced in April 2012.

Administration margin income was up DKK 298m on the same period last year, whereas activity-driven income decreased DKK 76m due to reduced lending activity. Commission expenses grew by DKK 189m.

Net interest expenses relating to junior covered bonds totalled DKK 235m against DKK 163m in Q1-Q3/2012. The increase stemmed from a higher requirement for supplementary collateral prompted by lower property prices.

Core income from securities was DKK 0m against DKK 24m in the same period last year. Core income from securities also includes interest expenses relating to supplementary capital. The reduced earnings were a result of a drop in short-term market rates.

Operating costs were DKK 293m against DKK 287m in Q1-Q3/2012.

Core earnings before impairment losses came to DKK 812m against DKK 881m in Q1-Q3/2012.

### Impairment losses on loans and advances

In Q1-Q3/2013 impairment losses on loans and advances came to DKK 335m against DKK 444m in the same period last year. Impairment losses for Q1-Q3/2013 equalled 0.06% of lending compared with 0.09% for Q1-Q3/2012.

Recognised losses for the period totalled DKK 495m, of which DKK 255m was covered by the partner banks by set-off against commission payable or by guarantee.

Impairment provisions totalled DKK 1,006m against DKK 904m at the beginning of the year. Total impairment provisions equalled 0.19% of lending.

Individual impairment provisions stood at DKK 420m and collective impairment provisions at DKK 586m.

The arrears ratio measured as at the June due date, 105 days after the last due date, was 0.18%, which was also the level at the two previous due dates.

In Q1-Q3/2013, 99 properties were acquired at forced sales and 117 properties were sold. The number of repossessed properties was 61 at end-Q3/2013 against 79 at the beginning of the year.

### Investment portfolio income

Investment portfolio income was DKK 68m against DKK 115m in Q1-Q3/2012.

### Loans and advances

Gross new lending came to DKK 55bn against DKK 108bn in Q1-Q3/2012 when lending activity was exceptionally high as many homeowners remortgaged.

At nominal value, the loan portfolio totalled DKK 528bn at end-Q3/2013 against DKK 510bn at the beginning of the year. Of the total DKK 18bn increase, approximately 53% were originated by Nykredit Realkredit A/S.

Measured by loan portfolio, Totalkredit's market share was 36.9% at end-Q3/2013, of which 34.5% was attributable to loans originated by local and regional partner banks.

### Loan-to-value ratios (LTVs)

The average LTV ratio of the loan portfolio came to 76% at end-Q3/2013, a decline of 2 percentage points on the beginning of the 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. In the first three quarters of the year, the LTV-based supplementary collateral requirement averaged DKK 27.7bn.

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-Q3/2013, the balance sheet stood at DKK 667bn against DKK 632bn at the beginning of the year.



Assets essentially consist of three items: receivables from credit institutions of DKK 18bn, mortgage lending of DKK 536bn, and a bond portfolio of DKK 109bn.

Liabilities essentially consist of payables to the Parent Company, Nykredit Realkredit A/S, totalling DKK 590bn, of which DKK 558bn related to the funding of mortgage loans and DKK 32bn stemmed from supplementary collateral for SDO-funded lending.

At end-Q3/2013, Totalkredit had issued bonds of DKK 49bn.

Equity including profit for the period totalled DKK 15.5bn at end-Q3/2013.

### **CAPITAL AND CAPITAL ADEQUACY**

Totalkredit's capital base stood at DKK 18.5bn, and risk-weighted assets totalled DKK 84.4bn, corresponding to a total capital ratio of 21.9%.

The capital requirement amounted to DKK 6.7bn, and the Tier 1 capital ratio stood at 18.3% at end-Q3/2013.

Under the transitional rules, the capital requirement amounted to DKK 17.0bn, equal to a total capital ratio of at least 20.2%. The transitional rules of Basel I have been extended to end-2015 but are expected to be further extended to 2019, when the new capital requirements come into force.

Totalkredit applies Nykredit's advanced internal models (IRB) for determination of risk-weighted assets relating to credit risk. The standardised approach is used to determine the capital requirement for market risk, and the capital requirement for operational risk is determined using the basic indicator approach.

The internal capital adequacy requirement (ICAAP) is calculated on the basis of the required capital base, which is the minimum capital required, in Management's judgement, to cover all significant risks. At end-Q3/2013 the required capital base was DKK 8.6bn, equal to an internal capital adequacy requirement of 10.2%.

### **NEW REGULATION**

The Nykredit Realkredit Group – and consequently Totalkredit – has been designated as a systemically important financial institution (SIFI). Based on the announcement by the political parties that formulated the SIFI agreement, Totalkredit's equity requirement will increase by 2% of risk-weighted assets.

The new requirements will gradually be implemented up to 2019. Totalkredit estimates that the total future regulatory requirement will be in the region of 18% of risk-weighted assets compared with a capital adequacy requirement of 10.2% today. Further, it is expected that risk-weighted assets will in-

crease due to changes to calculation rules. The new rules will largely double the capital need.

Totalkredit's policy will be to maintain equity of at least 15% of risk-weighted assets in the current economic climate. Totalkredit expects to fulfil the rest of the capital requirement through a combination of equity and subordinate loan capital.

### **RATINGS**

#### **Ratings with Standard & Poor's**

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

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



## OTHER

### **PARTNERSHIP ON NEW SECURED HOMEOWNER LOANS**

Totalcredit will expand its business activities with the banks forming part of the Totalcredit partnership. From Q1/2014, these banks will launch a new competitive homeowner loan, when Denmark's leading mortgage bank for private homeowners, Totalcredit, which is owned by Nykredit, broadens its product range to include a new type of secured homeowner loan funded by covered bonds in the form of SDOs.

The homeowner loan, which has a term of up to 30 years and is subject to a LTV limit of 60%, has been developed in association with the local banks of the Totalcredit partnership.

### **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 2012.

In Management's opinion, the uncertainty related to the above-mentioned matters is insignificant to the Q1-Q3 Interim Report 2013.

### **OUTLOOK FOR 2013**

In accordance with its spring 2013 announcement, Totalcredit has introduced new prices for new and existing loans, effective as of 1 October 2013. Factoring in the new prices, we expect profit before tax to be at least on a level with that of 2012; however, results depend on housing market trends and the development in financial markets in Q4/2013.

### **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 2013 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 2013 Q1-Q3 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 2012. For a description, please refer to the Annual Report 2012.

## 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 2013 of Totalkredit A/S.

The Interim Report and the Management's Review have 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 2013 and of the results of the Company's operations as well as cash flows for the financial period 1 January – 30 September 2013.

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

The Q1-Q3 Interim Report has not been audited or reviewed.

Taastrup, 7 November 2013

### **EXECUTIVE BOARD**

Troels Bülow-Olsen

Allan Rømer

### **BOARD OF DIRECTORS**

Søren Holm,  
Chairman

Claus E. Petersen,  
Deputy Chairman

Petter Blondeau

Jette Alsig Bargholz

Kim Duus

Karen Frøsig

Lars Holst

Michael Holm Jensen

Jari Loch Jensen

Gert Jonassen

Merete Nilausen



# Income statement for 1 January – 30 September

DKK MILLION

	Note	Q1-Q3/ 2013	Q1-Q3/ 2012
Interest income	1	12,434	13,964
Interest expenses	2	10,034	11,570
<b>Net interest income</b>		<b>2,400</b>	<b>2,394</b>
Fee and commission income	3	265	509
Fee and commission expenses	4	1,437	1,431
<b>Net interest and fee income</b>		<b>1,228</b>	<b>1,472</b>
Value adjustments	5	(55)	(190)
Other operating income		0	1
Staff and administrative expenses	6	293	287
Depreciation and impairment losses for property, plant and equipment		0	0
Impairment losses on loans, advances and receivables	7	335	444
<b>Profit before tax</b>		<b>545</b>	<b>552</b>
Tax		136	138
<b>Profit for the period</b>		<b>409</b>	<b>414</b>
<b>Comprehensive income</b>			
<b>Profit for the period</b>		<b>409</b>	<b>414</b>
Other comprehensive income		-	-
<b>Comprehensive income for the period</b>		<b>409</b>	<b>414</b>



## Balance sheet, end of period

DKK MILLION

	Note	30.09.2013	31.12.2012
<b>ASSETS</b>			
Cash balance and demand deposits with central banks		0	0
Receivables from credit institutions and central banks	8	17,913	20,942
Loans, advances and other receivables at fair value	9	535,871	523,069
Loans, advances and other receivables at amortised cost	9	32	35
Bonds at fair value	10	109,151	85,235
Other property, plant and equipment		0	0
Deferred tax assets		2	1
Assets in temporary possession	11	24	44
Other assets	12	4,075	3,064
Prepayments		10	7
<b>Total assets</b>		<b>667,078</b>	<b>632,397</b>
<b>LIABILITIES AND EQUITY</b>			
Payables to credit institutions	13	590,041	547,012
Issued bonds at fair value	14	48,603	58,516
Current tax liabilities		111	0
Other liabilities	15	9,718	8,672
<b>Total payables</b>		<b>648,473</b>	<b>614,200</b>
Provisions		7	7
Subordinated debt – supplementary capital	16	3,100	3,100
<b>Equity</b>			
Share capital		848	848
<b>Reserves</b>			
Series reserves		1,646	1,646
Other reserves		12,596	12,596
Retained earnings for the period		409	-
<b>Total equity</b>		<b>15,498</b>	<b>15,090</b>
<b>Total liabilities and equity</b>		<b>667,078</b>	<b>632,397</b>
<b>OFF-BALANCE SHEET ITEMS</b>			
	17		
Guarantees		0	0
Other commitments		10	11
<b>Total</b>		<b>10</b>	<b>11</b>



## Statement of changes in equity

DKK MILLION

	Share capital	Series reserves	Other reserves	Total
<b>Equity, 1 January 2013</b>	<b>848</b>	<b>1,646</b>	<b>12,596</b>	<b>15,090</b>
Profit for the period	-	-	409	409
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>409</b>	<b>409</b>
<b>Equity, 30 September 2013</b>	<b>848</b>	<b>1,646</b>	<b>13,004</b>	<b>15,498</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>-</b>	<b>-</b>	<b>414</b>	<b>414</b>
<b>Capital contribution on new share issue</b>	<b>49</b>	<b>-</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>

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 regulatory 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.



# Cash flow statement

DKK MILLION

	30.09.2013	30.09.2012
<b>Profit after tax for the period</b>	<b>409</b>	<b>414</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	335	444
Prepayments/deferred income, net	(4)	5
Tax calculated on profit for the period	136	138
Other adjustments	20	78
<b>Total</b>	<b>487</b>	<b>665</b>
<b>Profit for the period adjusted for non-cash operating items</b>	<b>896</b>	<b>1,079</b>
<b>Change in working capital</b>		
Loans and advances	(13,133)	(32,099)
Deposits and payables to credit institutions	43,029	86,213
Issued covered bonds	(9,913)	(15,339)
Other working capital	34	467
<b>Total</b>	<b>20,017</b>	<b>39,242</b>
<b>Corporation tax paid, net</b>	<b>(26)</b>	<b>-</b>
<b>Cash flows from operating activities</b>	<b>20,887</b>	<b>40,321</b>
<b>Cash flows from investing and financing activities</b>		
Investments	(23,916)	(33,176)
Capital increase through share issue	0	750
<b>Total</b>	<b>(23,916)</b>	<b>(32,426)</b>
<b>Total cash flows</b>	<b>(3,029)</b>	<b>7,895</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>20,942</b>	<b>14,565</b>
<b>Cash and cash equivalents, end of period</b>	<b>17,913</b>	<b>22,460</b>



# Notes

DKK MILLION

	Q1-Q3/ 2013	Q1-Q3/ 2012
<b>1. INTEREST INCOME</b>		
Receivables from credit institutions	25	67
Loans, advances and other receivables	9,528	11,107
Administration margin (income)	2,309	2,011
Bonds:		
- Self-issued covered bonds	7	2
- Other covered bonds	532	735
Derivative financial instruments:		
- Interest rate contracts	40	44
<b>Total</b>	<b>12,441</b>	<b>13,966</b>
Interest from self-issued covered bonds has been offset against interest expenses – note 2	(7)	(2)
<b>Total</b>	<b>12,434</b>	<b>13,964</b>
<b>2. INTEREST EXPENSES</b>		
Mortgage loan funding through Nykredit Realkredit A/S	8,577	9,623
Issued bonds	929	1,481
Other payables to Nykredit Realkredit A/S	497	416
Subordinated debt	38	52
Other interest expenses	0	0
<b>Total</b>	<b>10,041</b>	<b>11,572</b>
Set-off of interest from self-issued covered bonds – note 1	(7)	(2)
<b>Total</b>	<b>10,034</b>	<b>11,570</b>
<b>3. FEE AND COMMISSION INCOME</b>		
Loan fees, new lending	170	331
Commission and other fees	95	178
<b>Total</b>	<b>265</b>	<b>509</b>
<b>4. FEE AND COMMISSION EXPENSES</b>		
Loan arrangement fees	137	239
Commission to loan arrangers	1,185	977
Commission and other fees	115	215
<b>Total</b>	<b>1,437</b>	<b>1,431</b>



# Notes

DKK MILLION

	Q1-Q3/ 2013	Q1-Q3/ 2012
<b>5. VALUE ADJUSTMENTS</b>		
Mortgage loans	(4,918)	3,261
Bonds	(182)	(65)
Foreign exchange, interest rate and other contracts as well as derivative financial instruments	230	140
Remaining liabilities	(102)	(266)
Issued bonds, including bonds issued by Nykredit Realkredit A/S in connection with the funding of mortgage loans granted by Totalkredit A/S	4,917	(3,260)
<b>Total</b>	<b>(55)</b>	<b>(190)</b>
<b>6. STAFF AND ADMINISTRATIVE EXPENSES</b>		
Remuneration of Board of Directors and Executive Board	4	4
Staff expenses	60	56
Administrative expenses	229	227
<b>Total</b>	<b>293</b>	<b>287</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>
<b>Staff expenses:</b>		
Salaries	48	46
Pensions	5	5
Other social security expenses and charges	7	5
<b>Total</b>	<b>60</b>	<b>56</b>
<b>Number of staff</b>		
Average number of staff, full-time equivalents	129	121

# Notes

DKK MILLION

	Q1-Q3/ 2013	Q1-Q3/ 2012
<b>7. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES</b>		
Change in individual impairment provisions for loans and advances	237	255
Change in collective impairment provisions for loans and advances	140	165
Losses recognised for the period, net	182	169
Received on claims previously written off as impairment losses	(3)	(1)
<b>Total impairment losses on loans, advances and receivables</b>	<b>556</b>	<b>588</b>
Value adjustment of assets in temporary possession	34	41
Losses covered by security from partner banks	(255)	(185)
<b>Total</b>	<b>335</b>	<b>444</b>
<b>Specification of provisions for loan impairment</b>		
Individual impairment provisions	420	415
Collective impairment provisions	586	476
<b>Total impairment provisions</b>	<b>1,006</b>	<b>891</b>
<b>Individual impairment provisions</b>		
Impairment provisions, beginning of period	458	393
Impairment provisions for the period	335	331
Impairment provisions reversed	(98)	(76)
Value adjustment of repossessed properties	(36)	(43)
Impairment provisions recognised as lost	(239)	(190)
<b>Impairment provisions, end of period</b>	<b>420</b>	<b>415</b>
<b>Collective impairment provisions</b>		
Impairment provisions, beginning of period	446	311
Net impairment provisions for the period	140	165
<b>Impairment provisions, end of period</b>	<b>586</b>	<b>476</b>
<b>Individual impairment provisions for repossessed properties</b>		
Impairment provisions, beginning of period	128	96
Transferred from non-repossessed properties	36	43
Impairment provisions for the period	52	47
Impairment provisions reversed	(17)	(6)
Impairment provisions recognised as lost	(75)	(56)
<b>Impairment provisions, end of period</b>	<b>124</b>	<b>124</b>



## Notes

DKK MILLION

	Q1-Q3/ 2013	Q1-Q3/ 2012
<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	2,059	2,126
Impairment provisions	(420)	(415)
<b>Loans and advances after impairment provisions</b>	<b>1,639</b>	<b>1,711</b>
Loans and advances subject to collective impairment	27,402	31,444
Impairment provisions	(586)	(476)
<b>Loans and advances after impairment provisions</b>	<b>27,816</b>	<b>30,968</b>
	30.09.2013	31.12.2012
<b>8. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS</b>		
Receivables from credit institutions	17,913	20,942



## Notes

	30.09.2013	31.12.2012
<b>9. LOANS AND ADVANCES</b>		
Loans, advances and other receivables at fair value	535,871	523,069
Loans, advances and other receivables at amortised cost	32	35
<b>Total</b>	<b>535,903</b>	<b>523,104</b>
<b>Loans, advances and other receivables at fair value</b>		
Mortgage loans	535,737	522,949
Receivables from loans secured on non-repossessed properties	134	120
<b>Total</b>	<b>535,871</b>	<b>523,069</b>
<b>Mortgage loans</b>		
Balance, beginning of period, nominal value	509,915	473,566
New loans	55,030	130,686
Ordinary principal payments	(4,544)	(4,692)
Prepayments and extraordinary principal payments	(32,247)	(89,645)
<b>Balance, end of period, nominal value</b>	<b>528,154</b>	<b>509,915</b>
Loans transferred relating to properties in temporary possession	(19)	(39)
Fair value adjustment	8,510	13,860
<b>Adjustment for credit risk</b>		
Individual impairment provisions	(322)	(341)
Collective impairment provisions	(586)	(446)
<b>Balance, end of period, fair value</b>	<b>535,737</b>	<b>522,949</b>
<b>Receivables from loans secured on non-repossessed properties</b>		
Arrears before impairment provisions	105	115
Outlays before impairment provisions	127	122
Provisions for arrears and outlays	(98)	(117)
<b>Total</b>	<b>134</b>	<b>120</b>
<b>Loans, advances and other receivables at amortised cost</b>		
Mortgage loans	27	31
Other loans	5	4
<b>Total</b>	<b>32</b>	<b>35</b>
Measured at fair value, the item amounted to DKK 32m at end-Q3/2013 and DKK 35m at end-2012.		
<b>Mortgage loan guarantees provided by banks:</b>		
Supplementary guarantees in addition to mortgages on real estate	8,036	7,987
Statutory guarantees for interim loans	10,538	10,050
Guarantees for loans disbursed before obtaining a registered mortgage	11,632	18,457
<b>Total</b>	<b>30,206</b>	<b>36,494</b>



# Notes

DKK MILLION

	30.09.2013	31.12.2012
<b>10. BONDS AT FAIR VALUE</b>		
- Self-issued covered bonds	2,369	159
- Other covered bonds	109,151	85,235
<b>Total</b>	<b>111,520</b>	<b>85,394</b>
Set-off against "Issued bonds at fair value" – note 14	(2,369)	(159)
<b>Total bonds</b>	<b>109,151</b>	<b>85,235</b>
<b>Of which:</b>		
Redeemed bonds	132	150
<b>11. ASSETS IN TEMPORARY POSSESSION</b>		
Debt outstanding, end of period	10	8
Outlays	63	99
Impairment provisions, end of period	(49)	(63)
<b>Total</b>	<b>24</b>	<b>44</b>
<b>12. OTHER ASSETS</b>		
Positive market value of derivative financial instruments	149	1
Interest and commission receivable on loans and advances	2,258	1,764
Interest receivable from bonds and credit institutions	1,628	1,245
Other	41	54
<b>Total</b>	<b>4,076</b>	<b>3,064</b>
<b>13. PAYABLES TO CREDIT INSTITUTIONS</b>		
Payables to credit institutions, other payables	48	19
Payables to Nykredit Realkredit A/S concerning supplementary collateral for SDO-funded mortgage lending	31,991	26,305
Mortgage loan funding through Nykredit Realkredit A/S	558,002	520,688
<b>Total</b>	<b>590,041</b>	<b>547,012</b>
<b>Of which mortgage loan funding through Nykredit Realkredit A/S</b>		
Balance, beginning of period, nominal value	509,138	455,100
Additions	162,962	272,897
Redemptions and prepayments	(116,622)	(204,700)
Prepayments and extraordinary principal payments	(4,044)	(14,159)
<b>Balance, end of period, nominal value</b>	<b>551,434</b>	<b>509,138</b>
Fair value adjustment	6,568	11,550
<b>Total</b>	<b>558,002</b>	<b>520,688</b>



# Notes

DKK MILLION

	30.09.2013	31.12.2012
<b>14. ISSUED BONDS AT FAIR VALUE</b>		
Covered bonds issued against mortgages on real estate		
Balance, beginning of period, nominal value	56,366	77,128
Redemptions and prepayments	(5,761)	(14,052)
Prepayments and extraordinary principal payments	(1,575)	(6,710)
<b>Balance, end of period</b>	<b>49,030</b>	<b>56,366</b>
Set-off of self-issued bonds	(2,369)	(159)
Fair value adjustment	1,942	2,309
<b>Total</b>	<b>48,603</b>	<b>58,516</b>
Bonds for redemption at next creditor payment date	1,716	2,269
<b>15. OTHER LIABILITIES</b>		
Interest payable on issued covered bonds, including bonds issued by Nykredit Realkredit A/S for the funding of mortgage lending by Totalkredit A/S	7,362	6,460
Negative market value of derivative financial instruments	86	5
Other	2,270	2,207
<b>Total</b>	<b>9,718</b>	<b>8,672</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. Subordinated debt is included in the capital base in accordance with the Executive Order on capital base determination.		
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.		
Measured at fair value, the two loans total DKK 3.100m.		
<b>17. OFF-BALANCE SHEET ITEMS</b>		
<b>Guarantees</b>		
Financial guarantees	0	0
Total guarantees	0	0
<b>Other commitments</b>		
Other	10	11
Total other commitments	10	11
<b>Total off-balance sheet items</b>	<b>10</b>	<b>11</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 2013.

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 2013 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 lending.

#### **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.



# CAPITAL BASE AND CAPITAL ADEQUACY

DKK MILLION

	30.09.2013	31.12.2012
<b>Capital base</b>		
Tier 1 capital		
- Equity, end of period	15,498	15,090
- Capitalised tax assets	(2)	(2)
- Difference between expected losses and impairment losses	(69)	(35)
<b>Tier 1 capital after statutory deductions</b>	<b>15,427</b>	<b>15,052</b>
<b>Total supplementary capital</b>	<b>3,100</b>	<b>3,100</b>
- Difference between expected losses and impairment losses	(69)	(35)
<b>Total capital base after statutory deductions</b>	<b>18,458</b>	<b>18,117</b>
<b>Capital requirements</b>		
Credit risk	6,334	5,844
Market risk	173	420
Operational risk	246	265
<b>Total capital requirement<sup>1</sup></b>	<b>6,753</b>	<b>6,529</b>
<b>Total risk-weighted assets</b>	<b>84,411</b>	<b>81,614</b>
<b>Financial ratios</b>		
Tier 1 capital ratio, %	18.3	18.4
Total capital ratio, %	21.9	22.2
<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-Q3/2013 the capital requirement under the transitional rules was DKK 17.0bn.		
<b>Required capital base and internal capital adequacy requirement</b>		
<b>Pillar I – primary risk</b>		
Credit risk	6,511	6,533
Market risk	248	378
Operational risk	183	214
<b>Total Pillar I</b>	<b>6,942</b>	<b>7,125</b>
<b>Pillar II – other risk</b>		
Weaker economic climate	885	738
Other	783	786
<b>Total Pillar II</b>	<b>1,668</b>	<b>1,524</b>
<b>Total required capital base</b>	<b>8,610</b>	<b>8,649</b>
Total risk-weighted assets	84,411	81,614
<b>Internal capital adequacy requirement (ICAAP), %</b>	<b>10.2</b>	<b>10.6</b>



## Five-year financial highlights

DKK MILLION

	Q1-Q3/ 2013	Q1-Q3/ 2012	Q1-Q3/ 2011	Q1-Q3/ 2010	Q1-Q3/ 2009
<b>INCOME STATEMENT</b>					
Net interest income	2,400	2,394	2,066	2,177	1,956
Net fee income	(1,172)	(922)	(858)	(714)	(649)
<b>Net interest and fee income</b>	<b>1,228</b>	<b>1,472</b>	<b>1,208</b>	<b>1,463</b>	<b>1,307</b>
Value adjustments	(55)	(190)	(67)	(128)	201
Other operating income	0	1	0	2	0
Staff and administrative expenses	293	287	278	327	279
Depreciation and impairment losses for property, plant and equipment	0	0	0	1	1
Impairment losses on loans, advances and receivables	335	444	267	78	425
<b>Profit before tax</b>	<b>545</b>	<b>552</b>	<b>596</b>	<b>931</b>	<b>803</b>
Tax	136	138	149	233	201
<b>Profit for the period</b>	<b>409</b>	<b>414</b>	<b>447</b>	<b>698</b>	<b>602</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>					
	30.09.2013	30.09.2012	30.09.2011	30.09.2010	30.09.2009
<b>ASSETS</b>					
Receivables from credit institutions	17,913	22,460	18,979	16,003	14,056
Mortgage loans	535,768	512,613	473,184	458,179	424,056
Bonds at fair value	109,151	119,687	72,727	73,079	42,162
Remaining assets	4,246	4,931	5,346	5,571	3,880
<b>Total assets</b>	<b>667,078</b>	<b>659,691</b>	<b>570,236</b>	<b>552,832</b>	<b>484,154</b>
<b>LIABILITIES AND EQUITY</b>					
Payables to credit institutions	590,041	566,757	460,636	428,458	348,079
Issued bonds	48,603	62,989	80,699	96,122	109,662
Subordinated debt – supplementary capital	3,100	3,100	2,600	2,600	2,600
Remaining liabilities	9,836	11,863	12,598	12,585	11,659
Equity	15,498	14,982	13,703	13,067	12,154
<b>Total liabilities and equity</b>	<b>667,078</b>	<b>659,691</b>	<b>570,236</b>	<b>552,832</b>	<b>484,154</b>
<b>FINANCIAL RATIOS</b>					
Profit for the period as % of average equity	2.7	2.9	3.3	5.5	5.1
Profit before tax for the period as % of average equity	3.6	3.8	4.4	7.3	6.8
Loans and advances:equity	34.6	34.2	34.5	35.1	34.9
Growth in loans and advances for the period, %	3.6	6.1	2.7	6.4	8.6
Impairment losses for the period, %	0.06	0.09	0.06	0.00	0.10
Total capital ratio, %	21.9	20.7	21.4	23.5	21.9
Core Tier 1 capital ratio, %	18.3	17.3	18.2	19.7	18.1
Average number of staff, full-time equivalents	129	121	120	124	117



## Six-quarter financial highlights

DKK MILLION

	Q3/2013	Q2/2013	Q1/2013	Q4/2012	Q3/2012	Q2/2012
<b>CORE EARNINGS AND PROFIT FOR THE PERIOD</b>						
<b>Core income from</b>						
- business operations	470	406	463	446	469	436
- junior covered bonds	(83)	(78)	(73)	(71)	(71)	(47)
- securities	(3)	0	3	(3)	(2)	10
<b>Total</b>	<b>384</b>	<b>328</b>	<b>393</b>	<b>372</b>	<b>396</b>	<b>399</b>
Operating costs, depreciation and amortisation	92	106	95	84	91	94
<b>Core earnings before impairment losses</b>	<b>292</b>	<b>222</b>	<b>298</b>	<b>288</b>	<b>305</b>	<b>305</b>
Impairment losses on loans and advances	90	122	123	84	113	179
<b>Core earnings after impairment losses</b>	<b>202</b>	<b>100</b>	<b>175</b>	<b>203</b>	<b>192</b>	<b>126</b>
Investment portfolio income	48	18	3	(59)	16	44
<b>Profit before tax</b>	<b>250</b>	<b>118</b>	<b>178</b>	<b>145</b>	<b>208</b>	<b>169</b>
Tax	63	29	45	37	52	42
<b>Profit for the period</b>	<b>187</b>	<b>89</b>	<b>133</b>	<b>108</b>	<b>156</b>	<b>127</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>						
	30.09.2013	30.06.2013	31.03.2013	31.12.2012	30.09.2012	30.06.2012
<b>ASSETS</b>						
Receivables from credit institutions	17,913	14,559	16,718	20,942	22,460	23,288
Mortgage loans	535,768	531,185	528,658	522,980	512,613	503,733
Bonds at fair value	109,151	50,393	99,557	85,235	119,687	45,890
Remaining assets	4,246	3,577	3,045	3,240	4,931	4,217
<b>Total assets</b>	<b>667,078</b>	<b>599,714</b>	<b>647,978</b>	<b>632,397</b>	<b>659,691</b>	<b>577,128</b>
<b>LIABILITIES AND EQUITY</b>						
Payables to credit institutions	590,041	521,723	566,943	547,012	566,757	482,187
Issued bonds	48,603	52,371	54,799	58,516	62,989	67,368
Subordinated debt – supplementary capital	3,100	3,100	3,100	3,100	3,100	3,100
Remaining liabilities	9,836	7,209	7,913	8,679	11,863	9,647
Equity	15,498	15,311	15,223	15,090	14,982	14,826
<b>Total liabilities and equity</b>	<b>667,078</b>	<b>599,714</b>	<b>647,978</b>	<b>632,397</b>	<b>659,691</b>	<b>577,128</b>
<b>FINANCIAL RATIOS</b>						
Profit for the period as % of average equity pa	4.8	2.3	3.5	2.9	4.2	3.5
Core earnings after impairment losses as % of average equity pa	5.3	2.6	4.6	5.4	8.2	8.5
Costs as % of core income	24.0	32.4	24.2	22.6	23.0	23.6
Impairment losses for the period, %	0.02	0.02	0.02	0.02	0.02	0.04
Total capital ratio, %	21.9	21.9	21.1	22.2	20.7	19.7
Core Tier 1 capital ratio, %	18.3	18.3	17.6	18.4	17.3	16.4