

To the Copenhagen Stock Exchange
and the press

10 May 2007

Q1 INTERIM REPORT - THE NYKREDIT BANK GROUP 1 JANUARY 2007-31 MARCH 2007

- Compared with Q1/2006 Group profit before tax was up DKK 158m (98%) to DKK 320m
- Profit before tax generated a return on equity of 29.3% pa against 17.7% in Q1/2006 and 22.3% for FY2006
- Continued marked earnings growth in Markets & Asset Management and Corporate Banking
- The balance sheet stood at DKK 118bn against DKK 107bn at end-2006. Loans and advances increased by DKK 5bn (15%) compared with end-2006
- Nykredit Bank A/S and Nykredit Portefølje Bank A/S are expected to merge as at 1 January 2007
- Moody's Investors Service has assigned a Aa3 rating to Nykredit Bank A/S
- Nykredit Bank's capital resources will be increased by DKK 1.2bn and will, including profit for the period, subsequently amount to DKK 7bn.

2007 – OUTLOOK

Based on the results recorded for Q1/2007, the Bank expects a profit before tax of around DKK 800-900m, equal to an upward adjustment of DKK 100m on expectations announced in the Annual Report for 2006.

INFORMATION ABOUT THE NYKREDIT GROUP

The Nykredit Bank Group's Q1 Interim Report 2007 and further information about the Nykredit Group are available at nykredit.com.

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DKK million

	Q1/ 2007	FY 2006	Q1/ 2006	Q1/ 2005	Q1/ 2004	Q1/ 2003
INCOME STATEMENT						
Net interest income	232	776	117	236	138	201
Dividends, fees and commissions, net	75	256	66	47	21	18
Net interest and fee income	307	1,032	183	283	159	219
Value adjustments	197	522	120	5	116	10
Other operating income	2	21	8	5	11	4
Staff, administrative and other operating expenses	198	740	154	132	117	103
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	1	2	1	0	2	1
Impairment losses on loans and receivables	(13)	(44)	(6)	3	16	12
Profit before tax	320	877	162	158	151	117
Tax	89	250	45	47	45	35
Profit for the period	231	627	117	111	106	82
BALANCE SHEET, END OF PERIOD						
Assets						
Cash balance and receivables						
from central banks and credit institutions	19,052	18,438	15,365	15,106	123,462	21,328
Loans, advances and other receivables at fair value	3,295	3,432	5,014	6,709	4,546	1,339
Loans, advances and other receivables at amortised cost	34,084	28,983	21,950	18,495	18,639	20,481
Bonds at fair value and equities	52,550	47,955	46,226	34,658	30,777	24,997
Other assets and prepayments	8,919	8,237	7,631	6,174	6,170	6,070
Total assets	117,900	107,045	96,186	81,142	83,594	74,215
Liabilities and equity						
Payables to credit institutions and central banks	72,670	63,107	49,402	46,647	47,309	46,125
Deposits and other payables	21,903	22,667	24,329	20,240	15,437	12,417
Issued bonds at amortised cost	1,630	1,741	1,741	576	305	-
Other non-derivative financial liabilities at fair value	8,020	7,032	9,954	3,580	11,119	6,147
Other payables and deferred income	7,888	6,939	6,173	5,981	5,634	5,801
Total payables	112,111	101,486	91,599	77,024	79,804	70,490
Provisions	17	18	56	32	25	24
Subordinate loan capital	1,300	1,300	800	800	800	800
Equity	4,472	4,241	3,731	3,286	2,965	2,901
Total liabilities and equity	117,900	107,045	96,186	81,142	83,594	74,215
OFF-BALANCE SHEET ITEMS						
Guarantees	9,247	9,343	8,493	11,320	6,919	7,176
Other contingent liabilities	6,163	6,374	3,600	2,307	2,697	3,904
Total	15,410	15,717	12,093	13,627	9,616	11,080
FINANCIAL RATIOS						
Capital adequacy ratio, %	9.8	10.6	9.8	9.4	10.4	9.1
Core capital ratio, %	7.7	8.2	8.4	7.9	8.1	7.1
Return on equity before tax (pa), %	29.3	22.3	17.7	19.6	20.7	16.3
Return on equity after tax (pa), %	21.2	16.0	12.7	13.7	14.6	11.4
Income:cost ratio, DKK	2.72	2.26	2.09	2.17	2.12	2.01
Interest rate exposure, %	4.3	4.3	3.0	2.6	2.6	2.2
Foreign exchange position, %	3.0	5.7	5.2	9.8	8.6	15.0
Foreign exchange exposure, %	0.1	0.2	0.2	0.1	0.2	0.4
Loans and advances:deposits	1.7	1.4	1.1	1.3	1.4	1.7
Loans and advances:equity	8.4	7.6	7.2	7.7	8.0	7.6
Growth in loans and advances for the period, %	15.3	22.7	2.1	11.3	5.21	(9.7)
Excess cover:statutory requirements for liquidity, %	65.4	122.7	103.3	239.4	108.3	85.9
Total major exposures, %	289.4	336.4	400.1	322.5	267.7	287.8
Impairment losses for the period, %	0.0	(0.1)	0.0	0.0	0.1	0.0
Average number of full-time staff	552	492	467	407	334	322

Q1/2007

THE PERIOD IN BRIEF

Nykredit Bank A/S and the Nykredit Bank Group achieved a profit before tax of DKK 320m. Compared with Q1/2006 when profit came to DKK 162m, this is an increase of DKK 158m which is considered highly satisfactory.

Compared with Q1/2006, net interest and fee income and value adjustments increased by DKK 201m to DKK 504m as a result of increased activities within the business areas Markets & Asset Management and Corporate Banking that recorded increases in core income of DKK 112m and DKK 50m, respectively. At DKK 74m, core income from the business area Retail Banking was largely unchanged.

Income from securities not allocated to the business areas rose by DKK 31m to DKK 53m. Of the rise, DKK 12m could be attributed to investment portfolio income.

Staff and administrative expenses amounted to DKK 198m, up DKK 44m (29%) on Q1/2006.

Wages and salaries increased by DKK 35m to DKK 119m in consequence of a higher average number of staff which went up from 467 in Q1/2006 to 552 in Q1/2007. Compared with end-2006, the number of staff increased by 37 to 558 (up 7%).

In addition to the higher overall activity level in the Bank, the development in wages and salaries reflects the fact that Corporate Banking saw an increase in business volumes and in the number of staff by almost 30 new staff members from Nykredit Realkredit A/S in Q1/2007 as part of the reorganisation announced in Q4/2006. Finally, expenses for wages and salaries were affected by increased provisions for performance-related pay.

Other administrative expenses increased by approximately DKK 10m to DKK 78m.

Impairment losses on loans and advances generated an income of DKK 13m against an income of DKK 6m in Q1/2006. The quarter was especially affected by a reversal of group-based provisions for retail loan impairment. Provisions for loan impairment subsequently totalled DKK 73m against DKK 88m at end-2006 – a continued very low level reflecting the favourable economic climate in Denmark.

Tax on profit for the period has been estimated at DKK 89m against DKK 45m in Q1/2006. The tax expense for the quarter equalled 28% of profit before tax.

Profit after tax was subsequently DKK 231m against DKK 117m in Q1/2006. The profit generated a return on equity of 21.2% against 12.7% in Q1/2006.

BUSINESS AREAS

The Nykredit Bank Group is organised in three intercompany business areas: Retail Banking, Corporate Banking and Markets & Asset Management. Retail Banking serves retail customers and small agricultural customers. Corporate Banking serves business, agricultural and rental housing customers, including housing society and non-profit housing customers. Markets & Asset Management handles the Nykredit Group's activities within securities trading, asset management and pension advice.

Retail Banking

Retail Banking recorded a profit for the quarter of DKK 53m, up DKK 12m on Q1/2006. The increase is attributable to the above-mentioned reversals of group-based provisions for loan impairment, as both core income and operating costs were largely unchanged compared with Q1/2006.

Loans and advances amounted to DKK 6.7bn against DKK 6.3bn at end-2006. The development was especially attributable to increased volumes within equity release accounts. At DKK 9.4bn, deposits were largely unchanged compared with end-2006.

Corporate Banking

Corporate Banking recorded a profit for the quarter of DKK 77m, up DKK 40m on Q1/2006. The significant increase can mainly be ascribed to higher core income which increased by DKK 50m (up 78%) to DKK

The Nykredit Bank Group Profit before tax by business area

DKKm	Retail Banking		Corporate Banking		Markets & Asset Management		Group items ¹		Total	
	Q1/2007	Q1/2006	Q1/2007	Q1/2006	Q1/2007	Q1/2006	Q1/2007	Q1/2006	Q1/2007	Q1/2006
Core income	74	72	114	64	264	152	40	21	492	309
Operating costs	37	37	34	27	127	90	1	1	199	155
Core earnings before impairment losses	37	35	80	37	137	62	39	20	293	154
Impairment losses on loans and advances	(16)	(6)	3	0	0	0	-	-	(13)	(6)
Core earnings after impairment losses	53	41	77	37	137	62	39	20	306	160
Investment portfolio income ²	-	-	-	-	-	-	14	2	14	2
Profit before tax for the period	53	41	77	37	137	62	53	22	320	162
Income:costs	3.51	2.29	3.04	2.36	2.10	1.69	-	-	2.72	2.08
Avg allocated business capital ³	866	757	2,232	1,566	863	755	30	19	3,991	3,097
Core earnings after impairment losses as a % of allocated business capital (pa)	24.5	21.5	13.8	9.4	63.5	32.8	-	-	30.7	20.7

¹ Includes income from securities not allocated to the individual business areas but included in the Bank's own portfolio as well as non-allocated expenses.

² Investment portfolio income equals returns from own portfolios exceeding risk-free interest.

³ 8% of average risk-weighted assets allocated to the business areas.

114m, while costs rose by DKK 7m to DKK 34m.

The entire business area generally developed in a positive direction; however, the highest earnings increase was seen within domestic and international corporate customers as a result of increased lending, increased sale of financial instruments and larger transaction volumes.

Impairment losses amounted to DKK 3m against DKK 0m in Q1/2006.

Loans and advances came to DKK 27.4bn against DKK 22.6bn at end-2006, up 21%. The quarter generally experienced growth in most of the business area's loan products, where especially syndicated loans and fixed asset and fixed-term loans delivered handsome growth. Deposits came to DKK 12.3bn equal to a reduction of DKK 0.5bn compared with end-2006.

Markets & Asset Management

Markets & Asset Management maintained the same high activity level as in the last part of 2006, and profit for the quarter increased by DKK 75m compared with Q1/2006 - from DKK 62m to DKK 137m.

Compared with Q1/2006, core income rose by DKK 112m to DKK 264m. The increase in income was founded broadly across the business area's activities, where trading, debt capital and asset management activities were satisfactory, while income from own trading showed a significant rise.

Costs rose by DKK 37m compared with Q1/2006. The development matched expectations and reflects the higher activity level in 2006 which continued in Q1/2007. A considerable part of the increase can be ascribed to IT-related projects and increased staff expenses.

BALANCE SHEET, EQUITY AND CAPITAL ADEQUACY

Relative to end-2006, the Nykredit Bank Group's balance sheet grew by DKK 10.9bn to DKK 117.9bn at 31 March 2007.

Compared with end-2006, Group loans and advances rose by DKK 5bn to some DKK 37bn, while bond positions accounted for an increase of DKK 4.6bn to DKK 52.3bn. The increase in the value and size of the bond portfolio should particularly be seen in the light of Nykredit

Markets' trading operations and the Bank's activities in repo markets.

Payables to credit institutions and central banks rose by DKK 9.6bn to DKK 72.7bn, while deposits were largely unchanged at DKK 21.9bn compared with end-2006. The increase in payables to credit institutions mainly related to an increase in repo transactions.

Group equity came to DKK 4,472m at 31 March 2007. Compared with end-2006, equity increased by profit for the period after tax. Equity was identical in the Nykredit Bank Group and in Nykredit Bank A/S.

The capital adequacy ratio of the Group subsequently landed at 9.8% against 10.6% at end-2006. The development reflects the increased activity level which led to an increase in weighted assets of approximately DKK 3.8bn. The Parent Company Nykredit Bank A/S's capital adequacy ratio landed at 9.9% against 10.6% at end-2006.

Financial risk

Please refer to the Bank's Annual Report for 2006 for the methods of determining and describing financial risk. Material financial risks include:

The Nykredit Bank Group's Value-at-Risk was DKK 11.6m at 31 March 2007 against DKK 14.8m at end-2006. VaR averaged DKK 11.6m in Q1/2007 against DKK 10.6m in 2006.

The interest rate exposure was DKK 183m at end-Q1 against DKK 182m at end-2006.

Exchange Rate Indicator 1 amounted to DKK 124m at end-Q1 against DKK 242m at end-2006.

Outlook for 2007

Q1 was characterised by a positive development which, in several areas, surpassed Management's expectations for the interim financial statements. Consequently, the Bank now expects a profit before tax of around DKK 800-900m for 2007. At the publication of the Annual Report for 2006, a profit before tax of DKK 700-800m was expected. A significant part of Bank earnings still consists of market-dependent income, which calls for a prudent assessment of the development and earnings.

The Nykredit Bank Group Changes in equity

DKKm	31 March 2007	31 March 2006	31 December 2006
Equity, beginning of period	4,241	3,614	3,614
Profit for the period	231	117	627
Equity, end of period	4,472	3,731	4,241

The Nykredit Bank Group Capital base and capital adequacy

DKKm	31 March 2007	31 March 2006	31 December 2006
Share capital	1,400	1,400	1,400
Retained earnings	2,841	2,214	2,841
Total core capital	4,241	3,614	4,241
Supplementary capital	1,300	800	1,300
Statutory deductions from core capital and supplementary capital	116	207	113
Total, end of period	5,425	4,207	5,428
Weighted items not included in the trading portfolio	43,988	32,219	40,502
Weighted items incurring market risk	10,935	10,317	10,631
Total weighted items	54,923	42,536	51,133
Capital adequacy ratio, %	9.8	9.8	10.6
Core capital ratio, %	7.7	8.4	8.2

OTHER

Events occurred after 31 March 2007

As announced in the press release dated 11 April 2007, it has been decided to merge Nykredit Bank A/S with its wholly-owned subsidiary Nykredit Portefølje Bank A/S (vertical merger). The merger is subject to approval by the Danish Financial Supervisory Authority and is expected to be finally approved at the companies' board meetings in June 2007. For accounting purposes, the merger will take place with retroactive effect as from 1 January 2007. The merger per se is not expected to affect Bank earnings in 2007.

To support the positive development of the Bank's business areas, Nykredit Realkredit A/S will in Q2/2007 increase the Bank's capital resources by a total of DKK 1.2bn in the form of equity and subordinate loan capital of DKK 600m each.

Apart from this, no material events occurred in the period leading up to the presentation of the Q1 Interim Report.

Uncertainty about recognition and measurement

The day-to-day operations of the Bank imply a number of rights and obligations, the recognition and subsequent measurement of which lead to the use of estimates and the measurement of which may be uncertain.

In accordance with IFRS, the interim and annual reports of the Bank are prepared on the basis of assumptions that require the use of accounting estimates. These estimates are made by the Bank's Management in accordance with the accounting policies and based on previous experience and, in Management's opinion, reasonable and realistic assumptions.

The accounting estimates and underlying assumptions are tested and assessed regularly. Areas implying a higher degree of complexity or areas in which assumptions and estimates are material to the interim and annual reports are:

Provisions for loan and receivable impairment, where the quantification of the risk of not receiving all future payments involves signifi-

cant estimates. Furthermore, all group-based provisions still involve some uncertainty as the Bank has only limited historical data as the basis for the computations, just as the systems supporting these have still not been fully implemented. The supporting systems and applied models are being improved and developed on a continuous basis.

Unlisted financial instruments, where the measurement of fair values involves significant estimates.

Provisions involving certain estimates at the balance sheet date.

In Management's opinion, the uncertainty related to the above-mentioned matters is insignificant to the interim and annual reports.

ACCOUNTING POLICIES

The Q1 Interim Report 2007 has been presented in accordance with the principles of recognition and measurement of the International Financial Reporting Standards (IFRS) and the Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc. issued by the Danish Financial Supervisory Authority.

The presentation in the Bank's interim reports is more limited compared with a complete annual report.

The methods of recognition and measurement applied are unchanged relative to the Annual Report for 2006. A description of the Group's and the Bank's accounting policies applied in the Annual Report for 2006 is available at nykredit.com.

Management Statement

The Board of Directors and the Executive Board have today reviewed and approved the Q1 Interim Report for 1 January-31 March 2007 of Nykredit Bank A/S and the Nykredit Bank Group.

The Consolidated Financial Statements have been prepared in accordance with IAS 34

“Interim Financial Reporting” as adopted by the EU. The Q1 Interim Report of the Parent Company has been prepared in accordance with the Danish Financial Business Act. The Q1 Interim Report has furthermore been prepared in accordance with the Danish disclosure requirements for annual reports of issuers of listed bonds.

In our opinion, the Q1 Interim Report gives a true and fair view of the Group’s and the Parent Company’s assets, liabilities, equity and financial position at 31 March 2007 and the results of the Group’s and the Parent Company’s activities as well as the Group’s cash flows for the financial period 1 January-31 March 2007.

The Q1 Interim Report has not been audited.

Copenhagen, 10 May 2007

BOARD OF DIRECTORS

Henning Kruse Petersen, Chairman

Søren Holm, Deputy Chairman

Per Ladegaard

Henrik Asmussen, staff-elected

Allan Kristiansen, staff-elected

EXECUTIVE BOARD

Kim Duus

Karsten Knudsen

Financial highlights and ratios - five quarters

DKK million

	Q1/ 2007	Q4/ 2006	Q3/ 2006	Q2/ 2006	Q1/ 2006
SUMMARY INCOME STATEMENT					
Net interest income	232	194	235	229	117
Dividend, fee and commission income, net	75	67	59	65	66
Net interest and fee income	307	261	294	294	183
Value adjustments	197	228	93	81	120
Other operating income	2	5	4	5	8
Staff, administrative and other operating expenses	198	230	168	187	154
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	1	2	1	0	1
Impairment losses on loans and receivables	(13)	(24)	(8)	(6)	(6)
Profit before tax	320	286	230	199	162
Tax	89	79	64	62	45
Profit for the period	231	207	166	137	117
BALANCE SHEET, END OF PERIOD					
Assets					
Cash balance and receivables from central banks and credit institutions	19,052	18,438	21,609	16,700	15,365
Loans, advances and other receivables at fair value	3,295	3,432	4,477	9,698	5,014
Loans, advances and other receivables at amortised cost	34,084	28,983	25,852	25,020	21,950
Bonds at fair value	52,269	47,697	45,794	43,340	45,946
Equities	281	258	278	330	280
Investment and owner-occupied properties	73	73	72	247	247
Other assets and prepayments	8,846	8,164	8,301	8,086	7,384
Total assets	117,900	107,045	106,383	103,421	96,186
Liabilities and equity					
Payables to credit institutions and central banks	72,670	63,107	59,869	59,271	49,402
Deposits and other payables	21,903	22,667	21,041	22,181	24,329
Issued bonds at amortised cost	1,630	1,741	1,702	1,750	1,741
Other non-derivative financial liabilities at fair value	8,020	7,032	11,025	8,410	9,954
Other liabilities and deferred income	7,888	6,939	7,356	7,085	6,173
Total payables	112,111	101,486	100,993	98,697	91,599
Provisions	17	18	56	56	56
Subordinate loan capital	1,300	1,300	1,300	800	800
Equity	4,472	4,241	4,034	3,868	3,731
Total liabilities and equity	117,900	107,045	106,383	103,421	96,186
OFF-BALANCE SHEET ITEMS					
Guarantees	9,247	9,343	7,492	7,963	8,493
Other contingent liabilities	6,163	6,374	5,086	4,131	3,600
Total off-balance sheet items	15,410	15,717	12,578	12,094	12,093
FINANCIAL RATIOS					
Capital adequacy ratio, %	9.8	10.6	10.9	9.4	9.8
Core capital ratio, %	7.7	8.2	8.0	7.9	8.4
Return on equity before tax (pa), %	29.3	27.6	23.3	21.0	17.7
Return on equity after tax (pa), %	21.2	20.0	16.8	14.4	12.7
Income:cost ratio, DKK	2.72	2.38	2.43	2.09	2.09
Interest rate exposure, %	4.3	4.3	1.1	3.7	3.0
Impairment losses for the period, %	0.0	(0.1)	(0.1)	0.0	0.0

Income statements for 1 January–31 March

DKK million

Nykredit Bank A/S			Note	The Nykredit Bank Group	
Q1/2006	Q1/2007			Q1/2007	Q1/2006
576	1,069	Interest income	1	1,091	584
465	847	Interest expense	2	859	467
111	222	NET INTEREST INCOME		232	117
1	0	Dividend on equities		0	1
118	117	Fee and commission income		153	145
82	75	Fee and commission expense		78	80
148	264	NET INTEREST AND FEE INCOME		307	183
111	185	Value adjustments	3	197	120
8	1	Other operating income		2	8
130	169	Staff and administrative expenses	4	198	154
0	0	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets		1	1
0	-	Other operating expenses		0	0
(5)	(13)	Impairment losses on loans and receivables	5	(13)	(6)
20	26	Profit from investments in associates and group enterprises	6	-	-
162	320	PROFIT FOR THE PERIOD BEFORE TAX		320	162
45	89	Tax for the period	7	89	45
117	231	PROFIT FOR THE PERIOD		231	117

Balance sheets, end of period

DKK million

Nykredit Bank A/S				The Nykredit Bank Group	
31.12.2006	31.03.2007		Note	31.03.2007	31.12.2006
ASSETS					
33	43	Cash balance and demand deposits with central banks		43	33
18,238	18,418	Receivables from credit institutions and central banks	8	19,009	18,405
3,432	3,295	Loans, advances and other receivables at fair value	9	3,295	3,432
28,758	33,804	Loans, advances and other receivables at amortised cost	9	34,084	28,983
46,919	50,631	Bonds at fair value	10	52,269	47,697
258	281	Equities		281	258
40	43	Investments in associates		-	-
331	346	Investments in group enterprises		-	-
Land and buildings					
72	72	– Investment properties		72	72
-	-	– Owner-occupied properties		1	1
72	72	Total		73	73
4	4	Other property, plant and equipment		7	6
8,079	8,699	Other assets	11	8,828	8,153
1	1	Prepayments		11	5
106,165	115,637	Total assets		117,900	107,045

Balance sheets, end of period

DKK million

Nykredit Bank A/S				The Nykredit Bank Group	
31.12.2006	31.03.2007		Note	31.03.2007	31.12.2006
LIABILITIES AND EQUITY					
62,553	70,972	Payables to credit institutions and central banks	12	72,670	63,107
22,764	22,043	Deposits and other payables	13	21,903	22,667
1,741	1,630	Issued bonds at amortised cost	14	1,630	1,741
7,032	8,020	Other non-derivative financial liabilities at fair value	15	8,020	7,032
74	146	Current tax liabilities		159	83
6,443	7,038	Other liabilities	16	7,713	6,852
3	3	Deferred income		16	4
100,610	109,852	Total payables		112,111	101,486
Provisions					
9	9	– Provisions for deferred tax		13	13
5	4	– Other provisions		4	5
14	13	Total		17	18
1,300	1,300	Subordinate loan capital	17	1,300	1,300
Equity					
1,400	1,400	Share capital		1,400	1,400
147	166	Other reserves		-	-
2,694	2,906	Retained earnings		3,072	2,841
4,241	4,472	Total		4,472	4,241
106,165	115,637	TOTAL LIABILITIES AND EQUITY	18	117,900	107,045
OFF-BALANCE SHEET ITEMS					
9,323	9,197	Guarantees		9,247	9,343
6,346	6,150	Other contingent liabilities		6,163	6,374
15,669	15,347	Total	19	15,410	15,717
		Foreign exchange and interest rate exposures	20		
		Contingent liabilities	21		
		Hedge accounting	22		
		Related parties	23		
		Group structure	24		

Statement of changes in equity

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
31.12.2006	31.03.2007		31.03.2007	31.12.2006
		Statement of changes in equity		
1,400	1,400	Share capital	1,400	1,400
		Statutory reserves		
		Reserve for net revaluation according to the equity method		
131	147	Beginning of period	-	-
51	19	Profit for the period	-	-
(35)	0	Other disposals/additions	-	-
16	19	Total comprehensive income	-	-
147	166	Total, end of period	-	-
		Retained earnings		
2,083	2,694	Beginning of period	2,841	2,214
576	212	Profit for the period	231	627
35	-	Other disposals/additions	-	-
611	212	Total comprehensive income	231	627
2,694	2,906	Total, end of period	3,072	2,841
		Equity		
3,614	4,241	Beginning of period	4,241	3,614
627	231	Changes for the period	231	627
4,241	4,472	Total, end of period	4,472	4,241
		Nykredit Bank A/S is wholly-owned by Nykredit Realkredit A/S, Copenhagen. Nykredit Bank A/S is included in the Consolidated Financial Statements of this company and the consolidated financial statements of Foreningen Nykredit, Copenhagen, which owns 86.71% of Nykredit Realkredit A/S.		

Core earnings and investment portfolio income

DKK million

The Nykredit Bank Group

CORE EARNINGS AND INVESTMENT PORTFOLIO INCOME	Q1/2007			Q1/2006		
	Core earnings	Investment portfolio income	Total	Core earnings	Investment portfolio income	Total
Net interest income	222	10	232	112	5	117
Dividend on equities	0	-	0	1	0	1
Fee and commission income, net	75	-	75	65	-	65
Net interest and fee income	297	10	307	178	5	183
Value adjustments	193	4	197	123	(3)	120
Other operating income	2	-	2	8	-	8
Total income	492	14	506	309	2	311
Staff and administrative expenses	198	-	198	154	-	154
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	1	-	1	1	-	1
Other operating expenses	-	-	-	0	-	0
Impairment losses on loans and receivables	(13)	-	(13)	(6)	-	(6)
Profit before tax for the period	307	14	320	160	2	162

Cash flow statement

DKK million

	The Nykredit Bank Group	
	31.03.2007	31.03.2006
Profit after tax for the period	231	117
Adjustment for non-cash operating items, depreciation, amortisation and impairment losses		
Depreciation and impairment losses for property, plant and equipment	1	1
Impairment losses on loans and receivables	(12)	5
Tax calculated on profit for the period	89	45
Total	78	51
Profit for the period adjusted for non-cash operating items	309	168
Change in working capital		
Loans, advances and other receivables	(5,024)	(589)
Deposits and other payables	(758)	2,240
Payables to credit institutions and central banks	9,956	4,786
Bonds at fair value	(4,597)	(9,985)
Equities	(23)	(13)
Other working capital	1,060	2,742
Total	314	(819)
Corporation tax paid, net	(11)	(21)
Cash flows from operating activities	612	(672)
Cash flows from investing activities		
Property, plant and equipment	(2)	8
Total	(2)	8
Cash flows from financing activities		
Issued bonds	6	1,087
Total	6	1,087
Total cash flows	616	423
Cash and cash equivalents, beginning of period	18,438	15,031
Foreign currency translation adjustment of cash	(2)	(89)
Cash and cash equivalents, end of period	19,052	15,365
Cash and cash equivalents, end of period		
Cash and cash equivalents, end of period, specified as:		
Cash balance and demand deposits with central banks	43	63
Receivables from credit institutions and central banks	19,009	15,302
Cash and cash equivalents, end of period	19,052	15,365

Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
2006	2007		2007	2006
1. INTEREST INCOME				
72	146	Receivables from credit institutions and central banks	149	72
247	448	Loans, advances and other receivables	453	253
327	448	Bonds	462	328
(70)	27	Total derivative financial instruments	27	(70)
Of which				
3	6	- Foreign exchange contracts	6	3
(73)	21	- Interest rate contracts	21	(73)
0	0	Other interest income	0	1
576	1,069	Total	1,091	584
Of which interest income from genuine purchase and resale transactions entered as:				
42	100	Receivables from credit institutions and central banks	103	42
26	40	Loans, advances and other receivables at fair value	40	26
Of total interest income:				
221	408	Interest income accrued on financial assets measured at amortised cost	413	227
0	1	Interest income from finance leases	10	6
2. INTEREST EXPENSE				
261	591	Credit institutions and central banks	604	264
151	234	Deposits and other payables as well as non-derivative financial liabilities at fair value	233	150
47	8	Issued bonds	8	47
6	14	Subordinate loan capital	14	6
0	0	Other interest expense	0	0
465	847	Total	859	467
Of which interest expense for genuine sale and repurchase transactions entered as:				
63	149	Payables to credit institutions and central banks	156	63
5	7	Non-derivative financial liabilities at fair value	7	5
Issued bonds				
-	2	Offset interest on the Bank's own portfolio of own bonds	2	-
Of total interest expense:				
199	249	Interest expense accrued on financial liabilities measured at amortised cost	248	198
3. VALUE ADJUSTMENTS				
0	0	Other loans, advances and receivables at fair value	0	9
(439)	28	Bonds	39	(439)
21	21	Equities	21	21
(1)	0	Investment properties	0	(1)
23	29	Foreign exchange	29	23
507	107	Foreign exchange, interest rate, equity, commodity and other contracts as well as derivative financial instruments	108	507
111	185	Total	197	120
Of which value adjustment relating to fair value hedging for accounting purposes:				
(16)	(6)	Fair value hedging	(6)	(16)

Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
2006	2007		2007	2006
		4. STAFF AND ADMINISTRATIVE EXPENSES		
		Remuneration of Board of Directors and Executive Board		
0	0	Board of Directors	0	0
2	1	Executive Board	1	2
2	1	Total	1	2
		Each staff-elected Board of Directors representative receives an annual remuneration of DKK 60,000.		
		Remuneration of the Executive Board consists of remuneration of Kim Duus, Managing Director. Karsten Knudsen, Managing Director of Nykredit Bank, is a member of the Parent Company Nykredit Realkredit A/S's Group Executive Board and is remunerated by the Parent Company. In addition to the remuneration mentioned above, Kim Duus, Managing Director, is remunerated in the form of a company car. In Q1/2006 the item also included remuneration of Jes Klausby, Managing Director.		
		Members of the Executive Board receive a fixed salary. No permanent bonus plans have been established. Executive Board members do not receive remuneration as directors of group enterprises and associates. The pensionable age for members of the Executive Board is 65 years. No agreements have been made for pension benefits for Executive Board members. The term of notice is 12 months. Upon resignation at Nykredit Bank A/S's request, Executive Board members are entitled to termination benefits equal to six months' gross salary.		
		Staff expenses		
56	83	Wages and salaries	100	70
6	7	Pensions (defined contribution plans)	9	7
5	9	Social security expenses	10	7
67	99	Total	119	84
61	69	Other administrative expenses	78	68
130	169	Total staff and administrative expenses	198	154
381	452	Average number of staff for the period, full-time equivalents	552	467
		5. IMPAIRMENT LOSSES ON LOANS AND RECEIVABLES		
		Effect on profit		
(4)	(14)	Impairment losses for the period, net	(14)	(4)
(2)	(1)	Received on loans and advances previously written off as impairment losses	(1)	(2)
1	2	Lost (not previously written off individually as impairment losses)	2	0
(5)	(13)	Total	(13)	(6)
(9)	1	Of which individual impairment losses	1	(10)
4	(14)	Of which group-based impairment losses	(14)	4
		Provisions for loan and receivable impairment at amortised cost		
		Individual impairment provisions		
130	17	1 January	27	132
(8)	0	Impairment provisions for the period, net	0	(7)
(18)	(1)	Lost finally, now deducted from total impairment provisions	(1)	(18)
104	16	Individual impairment provisions at 31 March	26	107
		Group-based impairment provisions		
50	61	1 January	61	50
4	(14)	Impairment provisions for the period, net	(14)	4
54	47	Total at 31 March	47	54
180	78	Total impairment provisions, 1 January	88	182
158	63	Total impairment provisions, 31 March	73	161
0	0	Impairment provisions for credit institutions and provisions for guarantees	0	0

Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
2006	2007		2007	2006
		6. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES		
7	5	Profit from investments in associates	-	-
13	21	Profit from investments in group enterprises	-	-
20	26	Total	-	-
		7. TAX FOR THE PERIOD		
28.0	28.0	Tax as a % of profit for the period	28.0	28.0
		For the full year, the tax expense is expected to land around 28% of profit for the year. Tax has been computed based on the current tax rate of 28%.		
		8. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS		
2,973	467	Receivables at call with central banks	467	2,973
15,265	17,951	Receivables from credit institutions	18,542	15,432
18,238	18,418	Total	19,009	18,405
8,734	12,209	Of which genuine purchase and resale transactions	12,797	8,887
		9. LOANS AND ADVANCES AT FAIR VALUE AND AMORTISED COST		
3,432	3,295	Loans, advances and other receivables at fair value (1)	3,295	3,432
28,758	33,804	Loans, advances and other receivables at amortised cost	34,084	28,983
32,190	37,099	Total	37,379	32,415
3,432	3,295	1) Of which genuine purchase and resale transactions	3,295	3,432
3,404	3,325	Of total loans and advances, fixed-rate loans represent	3,325	3,404
3,419	3,330	Market value of fixed-rate loans	3,330	3,419
		The market value adjustment has been recognised in the income statement.		
		10. BONDS AT FAIR VALUE		
32,485	41,681	Mortgage bonds	42,561	32,903
6,794	6,855	Government bonds	7,376	6,919
7,919	2,401	Other bonds and claims priced in active markets	2,638	8,154
47,198	50,937	Total	52,575	47,976
279	306	Own bonds offset against issued bonds, cf note 14	306	279
46,919	50,631	Total	52,269	47,697
13,148	18,986	Assets sold as part of genuine sale and repurchase transactions	20,206	13,564
25,698	24,593	As collateral security for the Danish central bank, Danmarks Nationalbank, and foreign clearing centres, etc, bonds have been deposited of a total market value of	24,593	25,698
		11. OTHER ASSETS		
3,535	3,814	Interest and commission receivable	3,875	3,609
4,467	4,794	Positive market value of derivative financial instruments	4,820	4,467
77	91	Other assets	133	77
8,079	8,699	Total	8,828	8,153

Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
2006	2007		2007	2006
12. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS				
20,868	48,372	Payables to credit institutions	50,070	20,868
41,685	22,600	Payables to central banks	22,600	42,239
62,553	70,972	Total	72,670	63,107
13,375	19,051	Of which genuine sale and repurchase transactions	20,271	8,681
13. DEPOSITS AND OTHER PAYABLES				
14,156	12,422	On demand	12,282	14,059
0	681	At notice	681	0
7,871	8,240	Time deposits	8,240	7,871
737	700	Special deposits	700	737
22,764	22,043	Total	21,903	22,667
14. ISSUED BONDS AT AMORTISED COST				
2,066	1,971	Total issues	1,971	2,066
(325)	(341)	Amortisation and own portfolio	(341)	(325)
1,741	1,630	Total	1,630	1,741
Issues				
325	325	*2003 to 2008 Bond loan (DKK)	325	325
239	239	*2005 to 2016 Curve steepener (DKK)	239	239
100	0	*2005 to 2007 Range Accrual Note (DKK)	0	100
100	100	*2005 to 2010 Basket Barrier (DKK)	100	100
22	22	2005 to 2010 Index-linked (DKK)	22	22
574	574	*2006 to 2008 Nykredit Højrente I (EUR 77m)	574	574
649	648	*2006 to 2008 Nykredit Højrente II (EUR 87m)	648	649
57	57	2006 to 2011 NB Credit Pick (EUR 7.5m)	57	57
0	6	2007 to 2009 NB Argentina	6	0
2,066	1,971	Total nominal value	1,971	2,066
(46)	(35)	Amortisation of transaction costs, etc and other adjustments	(35)	(46)
279	306	Own portfolio	306	279
1,741	1,630	Total	1,630	1,741
1,987	1,886	* Listed on the Copenhagen Stock Exchange The issues carry floating interest rates	1,886	1,987
15. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE				
28	442	Deposits at fair value	442	28
7,004	7,578	Negative securities portfolios	7,578	7,004
7,032	8,020	Total	8,020	7,032
28	442	Of which genuine sale and repurchase transactions	442	28
16. OTHER LIABILITIES				
3,185	3,409	Interest and commission payable	3,428	3,158
3,096	3,393	Negative market value of derivative financial instruments	3,960	3,245
162	236	Other payables	325	449
6,443	7,038	Total	7,713	6,852

Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
2006	2007		2007	2006
17. SUBORDINATE LOAN CAPITAL				
Subordinate loan capital consists of liabilities which, in case of voluntary or compulsory liquidation, will not be repaid until after the claims of ordinary creditors have been met.				
The loan capital below was granted by Nykredit Realkredit A/S. The loan capital forms part of the supplementary capital and has been included in full in the capital base.				
500	500	The loan was granted in 2003 and falls due on 1 December 2011. No principal payments will be made on the loan during its term. The loan carries a floating interest rate.	500	500
300	300	The loan was granted in 2005 and falls due on 22 April 2013. No principal payments will be made on the loan during its term. The loan carries a floating interest rate.	300	300
500	500	The loan was granted in 2006 and falls due on 30 September 2014. No principal payments will be made on the loan during its term. The loan carries a floating interest rate.	500	500
1,300	1,300	Total	1,300	1,300
18. EQUITY AND CAPITAL ADEQUACY				
Equity				
1,400	1,400	Share capital, beginning of period	1,400	1,400
1,400	1,400	Share capital, end of period	1,400	1,400
Statutory reserves				
131	147	Reserve for net revaluation according to the equity method, beginning of period	-	-
16	19	Movements in the period	-	-
147	166	Total, end of period	-	-
2,083	2,694	Retained earnings, beginning of period	2,841	2,214
611	212	Transfers in the period	231	627
2,694	2,906	Total, end of period	3,072	2,841
3,614	4,241	Equity, beginning of period	4,241	3,614
4,241	4,472	Equity, end of period	4,472	4,241
Capital adequacy				
4,241	4,241	Core capital	4,241	4,241
1,300	1,300	Supplementary capital	1,300	1,300
113	116	Statutory deductions from core capital and supplementary capital	116	113
5,428	5,425	Total	5,425	5,428
40,262	43,796	Weighted items not included in the trading portfolio	43,988	40,502
10,530	10,710	Weighted items incurring market risk	10,935	10,631
50,792	54,506	Total	54,923	51,133
8.3	7.7	Core capital after statutory deductions as a % of weighted items	7.7	8.2
10.6	9.9	Capital adequacy ratio, %	9.8	10.6
19. OFF-BALANCE SHEET ITEMS				
7,182	7,188	Financial guarantees	7,188	7,182
120	17	Registration and refinancing guarantees	17	120
2,021	1,992	Other guarantees	2,042	2,041
9,323	9,197	Total guarantees	9,247	9,343
6,238	6,042	Irrevocable credit commitments	6,042	6,238
108	108	Other commitments	121	136
6,346	6,150	Total other contingent liabilities	6,163	6,374

Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
2006	2007		2007	2006
20. FOREIGN EXCHANGE AND INTEREST RATE EXPOSURES				
Foreign exchange risk				
229	116	Exchange Rate Indicator 1	124	242
5.4	3.0	Exchange Rate Indicator 1 as a % of core capital after statutory deductions	3.0	5.7
6	8	Exchange Rate Indicator 2	8	6
0.2	0.1	Exchange Rate Indicator 2 as a % of core capital after statutory deductions	0.1	0.2
Interest rate risk by currency involving the highest interest rate exposure				
397	384	DKK	406	412
(225)	(176)	EUR	(192)	(236)
5	(20)	SEK	(20)	5
2	(1)	NOK	(1)	2
6	0	PLN	0	6
0	1	CHF	1	0
(8)	(12)	JPY	(12)	(8)
1	1	Other currencies	1	1
178	177	Total	183	182
21. CONTINGENT LIABILITIES				
The Bank's operations involve the Bank in legal proceedings and disputes. The Bank is of the opinion that the outcome hereof will have no material effect on its financial position.				
22. HEDGE ACCOUNTING				
According to the accounting provisions, some loans, advances and deposits must, initially, be measured at amortised cost, while derivative financial instruments have been measured at fair value. To obtain accounting symmetry between hedging and hedged transactions, fair value adjustment of the financial assets and liabilities that form part of effective hedge accounting has been allowed. The fair value adjustment exclusively concerns the hedged part (the interest rate exposure).				
Hedged fixed-rate assets				
3,404	3,325	Loans, advances and other receivables at amortised cost	3,325	3,404
3,404	3,325	Total	3,325	3,404
Market value of hedged fixed-rate assets				
3,419	3,330	Loans, advances and other receivables at amortised cost	3,330	3,419
3,419	3,330	Total carrying amount	3,330	3,419
Fair value adjustment				
15	5	Loans, advances and other receivables at amortised cost	5	15
15	5	Total fair value adjustment	5	15
Hedging derivative financial instruments				
4,056	3,121	Nominal value (synthetic principal)	3,121	4,056
(16)	(6)	Market value adjustment (negative market value)	(6)	(16)
(1)	(1)	Total fair value adjustment difference	(1)	(1)

Notes

23. RELATED PARTIES

The Parent Company Nykredit Realkredit A/S, its group enterprises and associates as well as group enterprises and associates of the Nykredit Bank Group are regarded as related parties.

No unusual related party transactions occurred in Q1/2007.

The companies have entered into various agreements as a natural part of the Group's day-to-day operations. The agreements typically involve finance, insurance, sales commission, tasks relating to IT support and IT development projects as well as other joint tasks.

Intercompany trade and services took place on an arm's length or a cost recovery basis.

Important related party transactions prevailing in Q1/2007 include:

Agreement between Nykredit Bank A/S and Nykredit Holding A/S

On specific occasions, Nykredit Holding A/S has issued guarantees or letters of comfort to third parties. Nykredit Holding A/S has issued guarantees to Nykredit Bank A/S covering pre-fixed loss amounts with respect to some of the Bank's exposures.

Notes

DKK million

The Nykredit Bank Group

24. GROUP STRUCTURE

	Profit after tax 2006	Equity 31.12.2006	Share capital 31.12.06	Carrying amount 31.12.2006	Ownership share, % 31.03.2007	Q1/2007 Profit after tax*	Nykredit Bank's share of profit for the period	Equity 31.03.2007*	Carrying amount 31.03.2007
Nykredit Bank A/S (Parent Company)	627	4,241	1,400	-	-	231	-	4,472	-
Consolidated subsidiaries									
Nykredit Portefølje Bank A/S, Copenhagen a)	37	147	40	147	100	10	10	157	157
Pantebrevsselskabet af 8/8 1995 A/S, Copenhagen d)	1	26	5	26	100	0	0	26	26
Nykredit Pantebrevsinvestering A/S, Copenhagen b)	0	10	5	10	100	0	0	10	10
Nykredit Leasing A/S, Copenhagen c)	1	6	1	6	100	0	0	6	6
Nykredit Fixed Income Opportunities Fund Limited, Cayman Islands e)	1	113	111	113	100	4	4	117	117
Norswood Properties Limited, Plymouth d)	0	0	0	0	100	0	0	0	0
Nykredit Finance plc, Plymouth d)	0	30	29	30	100	0	0	30	30
Associates subject to proportionate consolidation									
Dansk Pantebrevsbørs A/S, Copenhagen b) ¹	26	48	5	24	50.0	6	3	54	27
LeasIT A/S, Lyngby-Taarbæk c) ¹	(8)	68	16	16	22.7	3	1	71	16

Nykredit Fixed Income Opportunities Fund Limited started activities at the beginning of December 2006.

1) Subject to proportionate consolidation based on shareholders' agreements entitling the Bank to appoint a director in the companies, etc.

Nykredit Pantebrevsinvestering A/S had only limited activity in Q1/2007.

- a) Bank
- b) Mortgage trading company
- c) Leasing company
- d) No activity
- e) Financial institution

* The Q1 financial statements 2007 of the companies have not been audited.