

To NASDAQ OMX Copenhagen A/S  
and the press

19 May 2010

## **Q1 INTERIM REPORT – THE NYKREDIT BANK GROUP**

### **1 JANUARY 2010 – 31 MARCH 2010**

- The Group recorded a profit before tax of DKK 160m against DKK 165m in Q1/2009. Excluding the Bank's payments under bank rescue package I, profit before tax was DKK 319m against DKK 277m in Q1/2009.
- The period showed satisfactory growth in core income of DKK 223m (+36%) to DKK 846m. Compared with Q1/2009, all business areas recorded higher income.
- Impairment losses on loans and advances rose by DKK 118m to DKK 181m, of which Corporate Banking accounted for an increase of DKK 101m. Provisions relating to bank rescue package I generated a charge of DKK 72m, up DKK 49m. Impairment losses as a percentage for the period amounted to 0.3% against 1.6% for the full year 2009 and 0.1% for Q1/2009. The Bank made provisions of DKK 72m in Q1/2010, equal to the Bank's expected additional loss on bank rescue package I. The provisions subsequently totalled DKK 340m.
- Administrative expenses amounted to DKK 380m against DKK 319m in Q1/2009.
- The balance sheet stood at DKK 204bn, up DKK 16.4bn on end-2009.
- Liquidity remained sound in Q1/2010, showing excess cover relative to statutory requirements of 243.8% against 323.9% at end-2009. The Bank issued 3-year notes totalling DKK 3.7bn under its EMTN programme in Q1/2010. The issue was made without utilising the Bank's individual government guarantee facility.
- The capital adequacy and core capital ratios both came to 12.4% against 12.3% at end-2009.
- Equity stood at DKK 10,346m against DKK 10,227m at end-2009.
- Profit before tax generated a return on equity of 6.2% pa against 9.2% for Q1/2009 and a negative return of 0.5% for the full year 2009.
- As at 1 April 2010, Nykredit Bank A/S merged with Forstædernes Bank. A pro forma income statement and balance sheet of the merged companies can be found on page 33, to which reference is made.

## **OUTLOOK FOR 2010**

Q1/2010 saw satisfactory growth in core income and lower impairment losses on loans and advances than expected at the beginning of the year. If the positive trends from Q1/2010 continue, Management expects Nykredit Bank to record a profit before tax for the full year. A less favourable development could generate pre-tax results between DKK 0 and a loss of DKK 1.0bn.

## **INFORMATION ABOUT THE NYKREDIT BANK GROUP**

The Nykredit Bank Group's Q1 Interim Report 2010 and further information about the Nykredit Bank Group are available at [nykredit.com](http://nykredit.com).

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# Financial highlights – the Nykredit Bank Group

The Nykredit Bank Group

DKK million

	Q1/2010	FY 2009	Q1/2009	Q1/2008	Q1/2007	Q1/2006
<b>SUMMARY INCOME STATEMENT</b>						
Net interest and fee income	674	2,652	650	387	307	183
Value adjustments	196	354	0	(20)	197	120
Other operating income	10	31	9	6	2	8
Staff and administrative expenses	378	1,316	315	244	198	154
Other operating expenses, depreciation and amortisation	89	404	93	2	1	1
Impairment losses on loans, advances and receivables	253	1,225	86	2	(13)	(6)
Profit (loss) from investments in associates and group enterprises	-	(138)	-	-	-	-
<b>Profit (loss) before tax</b>	<b>160</b>	<b>(46)</b>	<b>165</b>	<b>125</b>	<b>320</b>	<b>162</b>
Tax	41	31	46	31	89	45
<b>Profit (loss) for the period</b>	<b>119</b>	<b>(77)</b>	<b>119</b>	<b>94</b>	<b>231</b>	<b>117</b>
<b>BALANCE SHEET, END OF PERIOD</b>						
<b>Assets</b>						
Cash balance and receivables from central banks and credit institutions	48,494	47,443	29,139	22,327	19,052	15,365
Loans, advances and other receivables at fair value	13,241	11,883	25,679	8,171	3,295	5,014
Loans, advances and other receivables at amortised cost	45,739	45,428	47,485	43,538	34,084	21,950
Bonds at fair value and equities	61,971	54,234	68,782	59,952	52,550	46,226
Other asset items	34,409	28,425	34,326	13,542	8,919	7,631
<b>Total assets</b>	<b>203,854</b>	<b>187,413</b>	<b>205,411</b>	<b>147,530</b>	<b>117,900</b>	<b>96,186</b>
<b>Liabilities and equity</b>						
Payables to credit institutions and central banks	65,787	53,609	73,401	84,330	72,670	49,402
Deposits and other payables	41,735	46,965	44,207	31,700	21,903	24,329
Issued bonds at amortised cost	37,804	41,539	39,184	4,541	1,630	1,741
Other non-derivative financial liabilities at fair value	14,327	6,798	4,728	7,041	8,020	9,954
Other payables	33,376	27,870	34,189	11,323	7,888	6,173
<b>Total payables</b>	<b>193,029</b>	<b>176,781</b>	<b>195,709</b>	<b>138,935</b>	<b>112,111</b>	<b>91,599</b>
Provisions	479	405	79	2	17	56
Subordinate loan capital	-	-	2,400	2,400	1,300	800
Equity	10,346	10,227	7,223	6,193	4,472	3,731
<b>Total liabilities and equity</b>	<b>203,854</b>	<b>187,413</b>	<b>205,411</b>	<b>147,530</b>	<b>117,900</b>	<b>96,186</b>
<b>OFF-BALANCE SHEET ITEMS</b>						
Contingent liabilities	16,371	19,626	10,080	11,277	9,247	8,493
Other commitments	8,476	9,387	8,570	8,365	6,163	3,600
<b>FINANCIAL RATIOS</b>						
Capital adequacy ratio, %	12.4	12.3	11.6	9.8	9.8	9.8
Core capital ratio, %	12.4	12.3	8.7	7.2	7.7	8.4
Return on equity before tax, %	1.6	(0.5)	2.3	2.0	7.3	4.4
Return on equity after tax, %	1.2	(0.9)	1.7	1.5	5.3	3.2
Income:cost ratio, DKK	1.22	0.98	1.33	1.50	2.72	2.09
Interest rate exposure, %	0.7	0.1	0.9	2.4	4.3	3.0
Foreign exchange position, %	2.5	0.7	1.5	11.7	12.3	5.2
Foreign exchange exposure, %	0.0	0.0	0.0	0.1	0.1	0.2
Loans and advances:deposits	1.4	1.2	1.7	1.6	1.7	1.1
Loans and advances:equity	5.7	5.6	10.1	8.3	8.4	7.2
Growth in loans and advances for the period, %	2.9	(24.0)	(2.9)	14.4	15.3	2.1
Excess cover:statutory liquidity requirements, %	243.8	323.9	165.0	64.9	65.4	103.3
Total large exposures, %	70.7	62.1	75.9	130.2	289.4	400.1
Impairment losses for the period, %	0.3	1.6	0.1	0.0	0.0	0.0
Average number of staff, full-time equivalents	674	729	779	641	552	467
Financial ratios have been calculated according to the definitions of the Danish Executive Order on the Presentation of Financial Statements.						

**Q1/2010 – IN BRIEF**

The Group recorded a profit before tax of DKK 160m against DKK 165m in Q1/2009. Although accommodating a number of positive trends, the results were not entirely satisfactory.

Compared with Q1/2009, core income rose by a satisfactory DKK 223m (36%). The rise was broad-based across all business areas. Costs increased by a total of DKK 226m, of which DKK 59m was for administrative purposes, while impairment losses on loans and advances and provisions relating to bank rescue package I were up DKK 118m and DKK 49m, respectively, on Q1/2009.

Core income from business operations rose from DKK 600m in Q1/2009 to DKK 775m. The development was characterised by higher income from all business areas.

Positions in Kalvebod issues generated income of DKK 44m, up DKK 14m on Q1/2009. In Q1/2009 the item included a loss of DKK 59m from Proprietary Trading, which was transferred to Nykredit Realkredit A/S in Q4/2009.

Net interest and fee income increased by DKK 24m (4%) to DKK 674m. Income from value adjustments was DKK 196m against DKK 0m in Q1/2009. Value adjustment of bonds, equities and foreign currency amounted to DKK 238m against DKK 752m in Q1/2009, while value adjustment of derivatives generated a

loss of DKK 42m against a loss of DKK 728m in Q1/2009. Changes in value adjustments and net interest income should be considered in context, as the Bank widely uses combinations of interest-bearing financial assets and liabilities as well as derivatives, including swaps for interest rate hedging purposes, in its day-to-day operations.

Core income from securities was DKK 27m compared with DKK 52m in Q1/2009. Including investment portfolio income of DKK 34m, income totalled DKK 61m against DKK 88m in Q1/2009. The change reflected a shift in risk-free interest, which averaged 1.1% in Q1/2010 compared with 2.9% in Q1/2009, as well as a rise in the Bank's equity.

Staff and administrative expenses rose by DKK 63m to DKK 378m.

Staff expenses declined by DKK 16m to DKK 160m, which should be seen in the light of the cut in the average number of staff from 779 in Q1/2009 to 674, mainly due to the transfer of staff to the Parent Company, Nykredit Realkredit A/S.

By contrast, other administrative expenses went up by DKK 79m to DKK 218m. The development was mainly attributable to an increase in IT-related costs and payments to the Parent Company as a result of elevated activity levels, including the fact that tasks previously carried out by the Bank are now performed by

group functions in the Parent Company.

Commission under bank rescue package I amounted to DKK 87m, which was on a level with Q1/2009.

Impairment losses on loans and advances and provisions for guarantees amounted to DKK 181m while provisions under bank rescue package I amounted to DKK 72m. Compared with Q1/2009, impairment losses etc rose by DKK 118m while provisions under bank rescue package I increased by DKK 49m. Corporate Banking accounted for DKK 124m of the total increase of DKK 167m. Impairment losses for the period consequently amounted to 0.3% against 1.6% for the full year 2009 and 0.1% for Q1/2009.

Calculated tax was DKK 41m, or about 25% of profit before tax.

Profit after tax totalled DKK 119m, which was unchanged compared with Q1/2009.

**The Nykredit Bank Group – Q1 results before tax by business area**

	Retail Banking		Corporate Banking		Markets & Asset Management		Group items <sup>1</sup>		Total	
DKK million	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Core income from business operations	143	105	211	129	421	366	-	-	775	600
Core income from own trading positions <sup>4</sup>	-	-	-	-	44	(29)	-	-	44	(29)
Core income from group items	-	-	-	-	-	-	27	52	27	52
<b>Total core income</b>	<b>143</b>	<b>105</b>	<b>211</b>	<b>129</b>	<b>465</b>	<b>337</b>	<b>27</b>	<b>52</b>	<b>846</b>	<b>623</b>
Operating costs	84	55	110	98	186	166	-	-	380	319
Commission under bank rescue package I	12	9	48	49	27	31	-	-	87	89
<b>Core earnings before impairment losses</b>	<b>47</b>	<b>41</b>	<b>53</b>	<b>(18)</b>	<b>252</b>	<b>140</b>	<b>27</b>	<b>52</b>	<b>379</b>	<b>215</b>
Impairment losses on loans and advances	30	19	143	42	8	2	-	-	181	63
Provisions under bank rescue package I	10	2	39	16	23	5	-	-	72	23
<b>Core earnings after impairment losses</b>	<b>7</b>	<b>20</b>	<b>(129)</b>	<b>(76)</b>	<b>221</b>	<b>133</b>	<b>27</b>	<b>52</b>	<b>126</b>	<b>129</b>
Investment portfolio income <sup>2</sup>	-	-	-	-	-	-	34	36	34	36
<b>Profit (loss) before tax for the period</b>	<b>7</b>	<b>20</b>	<b>(129)</b>	<b>(76)</b>	<b>221</b>	<b>133</b>	<b>61</b>	<b>88</b>	<b>160</b>	<b>165</b>
Income: costs	1.1	1.2	0.6	0.6	1.9	1.6	-	-	1.2	1.3
Assets at 31 March 2010 and end-2009	12,898	12,840	34,508	34,219	148,868	132,575	7,580	7,779	203,854	187,413
Average allocated business capital <sup>3</sup>	805	398	4,625	4,517	1,139	1,817	129	87	6,698	6,819
Core earnings after losses as % of allocated business capital (pa)	3.5	20.1	(11.5)	(6.5)	77.6	29.1	-	-	9.6	7.6

<sup>1</sup> Include income from securities not allocated to the individual business areas, but included in the Bank's own portfolio, as well as non-allocated expenses.

<sup>2</sup> Investment portfolio income equals the return on the Bank's own portfolio exceeding risk-free interest. The determination of risk-free interest has been changed compared with 2009. Comparative figures have been restated.

<sup>3</sup> The business capital has been determined according to the Basel II principles based on the method applied to determine the "required capital base".

<sup>4</sup> Comprises income from Proprietary Trading in Q1/2009 and value adjustment of the portfolio of subordinate loan capital in Danish banks (Kalvebod issues).

## OUTLOOK FOR 2010

Nykredit Bank and Forstædernes Bank merged at 1 April 2010, the merger being effective from 1 January 2010 for accounting purposes. This is reflected in the Bank's outlook for 2010, which is unchanged compared with the Annual Report for 2009.

Core income from business operations is expected to remain at the Q1 level for the rest of the year. However, as a considerable part of the Bank's income derives from bond portfolios, the level is highly dependent on the development in interest rate markets.

Wages, salaries and administrative expenses are expected to remain at largely the same level as in Q1/2010, while the current trends in the Danish economy, including housing prices and unemployment, involve a risk of continued credit losses.

Overall, profit before impairment losses and tax is expected to be slightly above the level in 2009 when profit before impairment losses and tax of Nykredit Bank was DKK 1,179m and DKK 1,370m (pro forma) of the merged bank.

If the positive trend from Q1/2010 continues, Management expects Nykredit Bank to record a profit before tax for the full year. A less favourable development could generate pre-tax results between DKK 0 and a loss of DKK 1.0bn.

## Capital adequacy

It is Management's intention to maintain Nykredit Bank's current strong capital structure and sound capital adequacy. Therefore, the core capital ratio of the merged bank is expected to be around 12.4%, equivalent to the level of the Nykredit Bank Group.

## OTHER

### Merger with Forstædernes Bank A/S

The merger between Nykredit Bank A/S and Forstædernes Bank was finally adopted at an extraordinary general meeting on 17 March 2010. The merger has subsequently been approved by the Danish Financial Supervisory Authority and the Danish Commerce and Companies Agency. A pro forma income statement and balance sheet of the merged bank can be found on page 33.

## EVENTS AFTER 31 MARCH 2010

Except for the merger with Forstædernes Bank, no material events have occurred in the period up to the presentation of the Q1 Interim Report.

## BUSINESS AREAS

The Nykredit Bank Group is structured around a unified organisation offering customers one single point of access to Nykredit.

The group unit Customers comprises all Nykredit's distribution channels, and customers are served personally at the centres, online or by telephone according to preference. The competence centres Nykredit Markets and Nykredit Asset Management handle the activities of the Nykredit Group relating to trading in securities and derivatives, asset and investment management as well as pension products, etc.

The financial reporting of the Nykredit Bank Group is based on the following segments: Retail Banking, Corporate Banking and Markets & Asset Management.

Compared with 2009, the business areas have been adjusted to the Group's Strategy 2013. As a result, part of the Bank's asset management and – to a smaller extent – corporate banking activities have been transferred to the business area Retail Banking. Comparative figures have been restated.

## Retail Banking

The business area serves households and small agricultural customers, who typically require the same product range as retail customers.

Retail Banking recorded a profit of DKK 7m for the period against DKK 20m in Q1/2009.

Core income rose by DKK 38m, from DKK 105m to DKK 143m, as a result of increased net interest income and fee income. One reason was the rise in lending from DKK 11.1bn at 31 March 2009 to DKK 12.9bn, while deposits went up from DKK 11.3bn at 31 March 2009 to DKK 12.6bn. An increase was also recorded in income from Financial & Investment Planning.

Costs rose by DKK 32m to DKK 96m, of which expenses relating to bank rescue package I amounted to DKK 12m against DKK 9m in Q1/2009. The development in costs generally matched expectations.

Impairment losses and provisions generated an expense of DKK 40m against DKK 21m in Q1/2009. The DKK 19m increase included a rise in provisions under bank rescue package I of DKK 8m. Despite the higher expense in Q1/2010, the level was still relatively modest compared with total loans, advances and guarantees of about DKK 21bn. However, the in-

crease reflects slightly higher credit risk on retail lending.

The income:cost ratio stood at DKK 1.1 against DKK 1.2 in Q1/2009.

Lending, at DKK 12.9bn, was largely unchanged compared with 31 December 2009. Deposits, at DKK 12.6bn, were also unchanged compared with 31 December 2009.

## Corporate Banking

The business area serves business, agricultural and rental housing customers, including housing society and non-profit housing customers.

Despite considerable growth in core income, Corporate Banking recorded a dissatisfactory loss of DKK 129m in Q1/2010 mainly as a result of higher impairment losses.

Compared with Q1/2009, core income rose by DKK 82m to DKK 211m. Group Customers in particular saw pronounced growth of DKK 63m to DKK 138m, while other commercial rose from DKK 66m in Q1/2009 to DKK 73m.

Value adjustment of corporate bonds and derivatives came to a loss of DKK 24m against a loss of DKK 54m in Q1/2009.

Impairment losses and provisions rose by DKK 124m from DKK 58m in Q1/2009 to DKK 182m in Q1/2010. Of this increase, provisions under bank rescue package I amounted to DKK 23m.

Operating costs went up from DKK 147m to DKK 158m, as forecast.

Group enterprises and associates of the business area generated a loss of DKK 1.4m against a loss of DKK 29m in Q1/2009.

The income:cost ratio remained unchanged at DKK 0.6.

Loans and advances amounted to DKK 32.8bn against DKK 33.0bn at end-2009, while deposits amounted to DKK 21.2bn against DKK 23.1bn at end-2009.

## Markets & Asset Management

The business area handles the activities of the Nykredit Group within trading in securities and derivatives, debt capital, asset management and pension products. Proprietary Trading was included in Q1/2009.

Markets & Asset Management recorded a profit before tax of DKK 221m against DKK 133m in Q1/2009, equivalent to a rise of DKK 88m.

Core income increased by DKK 128m to DKK 465m. The increase was broad-based across all business area activities. Income from Asset Management went up by DKK 46m, while Nykredit Markets, including Treasury and own trading positions, showed a total increase of DKK 82m.

In the Markets area, Credit Trading and Equity Products in particular delivered a good performance compared with Q1/2009, but also the other business areas had high activity levels. Total assets under management by Nykredit Asset Management amounted to DKK 70.3bn against DKK 65.8bn at end-2009, while assets under administration went up from DKK 228.4bn at end-2009 to DKK 245.1bn.

Own trading positions improved from a loss of DKK 29m in Q1/2009 to a gain of DKK 44m in 2010. The improvement was attributable to a rise in the price of Kalvebod issues from DKK 30m in Q1/2009 to DKK 44m and the fact that Proprietary Trading generated a loss of DKK 59m in 2009. In Q4/2009 Proprietary Trading was transferred to the Parent Company, Nykredit Realkredit A/S.

Operating costs went up by DKK 16m to DKK 213m. Overall, the development matched expectations.

The income:cost ratio stood at DKK 1.9 against DKK 1.6 in Q1/2009.

Loans and advances (reverse lending) came to DKK 13.2bn against DKK 11.9bn at end-2009. Loans and advances were issued to eg pension funds, investment funds and investment companies.

Deposits stood at DKK 7.9bn at 31 March 2010 against DKK 11.1bn at end-2009. Repo transactions, included in the item Non-derivative financial liabilities at fair value, amounted to DKK 9.7bn at 31 March 2010. At end-2009 they stood at DKK 0.5bn.

## THE NYKREDIT BANK GROUP BALANCE SHEET, EQUITY AND CAPITAL ADEQUACY

### Balance sheet

The balance sheet stood at DKK 203.9bn against DKK 187.4bn at end-2009, up DKK 16.4bn (8.8%).

Loans and advances at fair value and amortised cost together rose by DKK 1.7bn to DKK 59.0bn compared with end-2009. The increase was mainly attributable to reverse lending at fair value.

Bonds went up from DKK 54.0bn at end-2009 to DKK 61.8bn. The size of the portfolio should be viewed against the Bank's repo activities and trading positions as well as the Bank's significant liquidity position, part of which had been placed in securities. The portfolio mainly contained high-rated government and mortgage bonds. The portfolio includes bonds, the underlying assets of which consist of subordinate loan capital in Danish banks (Kølvæb issues). The item amounted to about DKK 1.2bn, equal to the level at 31 December 2009.

Other assets totalled DKK 34.2bn against DKK 28.2bn at end-2009. This amount included positive market values of derivative financial instruments in the amount of DKK 26.7bn, which related to the Bank's trading in derivatives and own positions for hedge accounting purposes, etc. These transactions were widely hedged, as reflected in the item Other liabilities, which included negative market values of derivative financial instruments in the amount of DKK 24.9bn.

Deposits came to DKK 41.7bn against DKK 47.0bn at end-2009. The development was chiefly due to activities in the Markets and Corporate Banking areas.

Issued bonds declined from DKK 41.5bn at end-2009 to DKK 37.8bn. The item was reduced in accordance with the Bank's expected liquidity requirement, and the change includes current redemptions and a new public 3-year EUR bond issue of DKK 3.7bn. The issue was made without the individual government guarantee and at a satisfactory margin.

Other non-derivative financial liabilities at fair value increased from DKK 6.8bn to DKK 14.3bn. The item includes deposits as well as negative securities holdings relating to repo transactions.

Other liabilities totalled DKK 33.4bn against DKK 27.9bn at end-2009. The amount mainly included negative market values of derivative financial instruments of DKK 24.9bn and interest payable of DKK 7.9bn.

### Equity

Equity was DKK 10,346m at 31 March 2010. Compared with end-2009 when it stood at DKK 10,227m, this constitutes an increase of DKK 119m, equal to profit after tax for the period.

Equity was identical in Nykredit Bank A/S and the Nykredit Bank Group, as the same recognition and measurement principles are applied.

**The Nykredit Bank Group****Changes in equity**

DKK million	31.03.2010	31.03.2009	31.12.2009
Equity, beginning of period	10,227	7,104	7,104
Capital increase and share premium	-	-	3,200
Other additions and disposals	-	-	-
Profit (loss) for the period	119	119	(77)
<b>Equity, end of period</b>	<b>10,346</b>	<b>7,223</b>	<b>10,227</b>

**The Nykredit Bank Group****Capital base and capital adequacy**

DKK million	31.03.2010	31.03.2009	31.12.2009
Share capital	4,175	2,575	4,175
Retained earnings	6,171	4,648	6,052
<b>Core capital</b>	<b>10,346</b>	<b>7,223</b>	<b>10,227</b>
Primary and other statutory deductions from core capital	514	194	675
Supplementary capital	-	2,400	-
<b>Total</b>	<b>9,832</b>	<b>9,429</b>	<b>9,552</b>
Primary and other statutory deductions	-	108	-
<b>Capital base after statutory deductions</b>	<b>9,832</b>	<b>9,321</b>	<b>9,552</b>
<b>Total weighted items</b>	<b>79,541</b>	<b>80,616</b>	<b>77,452</b>
Capital adequacy ratio, %	12.4	11.6	12.3
Core capital ratio, %	12.4	8.7	12.3

**Nykredit Bank A/S****Ratings**

	Moody's Investors Service	Standard & Poor's
Short-term rating	P-1	A-1
Long-term rating	A1	A+
Bank Financial Strength Rating	C-	

**Capital resources and capital adequacy**

Nykredit Bank must have adequate capital resources to sustain its risk profile and growth strategy.

In the Nykredit Group, reserves are to the widest extent possible concentrated in the Parent Company, Nykredit Realkredit A/S.

Nykredit Bank's capital structure and capital adequacy are described in the report "Risk and Capital Management 2009", which is available at [nykredit.com/reports](http://nykredit.com/reports).

Nykredit Bank is authorised by the Danish Financial Supervisory Authority to use the advanced IRB approaches to determine the capital requirement for retail lending and the foundation IRB approaches to determine the capital requirement for corporate lending. In respect of sovereign and credit institution exposures, the Bank applies the standardised approach.

After statutory deductions, the capital base rose by DKK 0.3bn relative to end-2009.

Weighted assets rose by DKK 2.1bn compared with end-2009. The rise is due to an increase in credit risk items and operational risk items.

The capital adequacy ratio of the Nykredit Bank Group landed at 12.4% at 31 March 2010 against 12.3% at end-2009 and 11.6% at 31 March 2009.

The core capital ratio came to 12.4% against 12.3% at end-2009 and 8.7% at end-Q1/2009. The growth in core capital compared with Q1/2009 was attributable to eg the issue of new core capital of DKK 3.2bn in 2009 and an early redemption of supplementary capital of DKK 2.4bn.

**Ratings**

The Bank's ratings are unchanged compared with end-2009.

## Impairment losses and provisions

### Earnings impact for the period

Impairment losses on loans and advances came to a charge of DKK 180m against DKK 65m in Q1/2009, while provisions and guarantees, including bank rescue package I, amounted to DKK 73m against DKK 21m. This totalled an increase of DKK 167m.

The charge included individual impairment provisions of DKK 145m and collective impairment provisions of DKK 108m against DKK 74m and DKK 12m, respectively, in Q1/2009. The development in collective impairment provisions should be seen in the light of borrowers' creditworthiness.

Provisions for guarantees form part of individual impairment provisions.

The charge amounted to 0.3% of total loans, advances and guarantees against 0.1% in Q1/2009. In Retail Banking, the ratio was 0.2%, in Corporate Banking 0.4% and in Markets & Asset Management 0.2%. In Q4/2009 the ratio was 1.6%.

Corporate Banking accounted for most of the charge for the period (DKK 182m), up DKK 124m on Q1/2009. Retail Banking recorded an increase of DKK 19m, while Markets & Asset Management rose by DKK 24m, mainly resulting from provisions under bank rescue package I.

Of the charge for the period of DKK 253m, 47% was attributable to ten large exposures, including bank rescue package I.



**Provisions, end of period**

Impairment provisions totalled DKK 1,756m against DKK 774m at 31 March 2009.

This constituted an increase of DKK 176m on end-2009 when impairment provisions amounted to DKK 1,580m. Individual impairment provisions rose by DKK 68m and collective impairment provisions by DKK 108m.

Corporate Banking saw an increase in impairment provisions of DKK 137m to DKK 1,577m, and Retail Banking recorded a rise from DKK 72m to DKK 103m. Impairment provisions in Markets & Asset Management went up from DKK 68m at end-2009 to DKK 76m as a result of increased collective impairment provisions.

Provisions for guarantees amounted to DKK 347m against DKK 77m at 31 March 2009 and DKK 273m at end-2009. Compared with end-2009, provisions have thus increased by DKK 74m, chiefly due to bank rescue package I.

Provisions under bank rescue package I totalled DKK 340m against DKK 268m at end-2009.

Relative to total loans, advances and guarantees, provisions were 2.7% against 2.4% at end-2009. Of total provisions, about 65% was attributable to ten large exposures, which was almost unchanged compared with end-2009.

The distribution of loans, advances and guarantees and of provisions by sector was largely unchanged compared with end-2009.

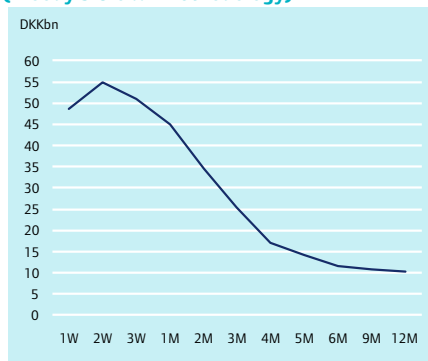
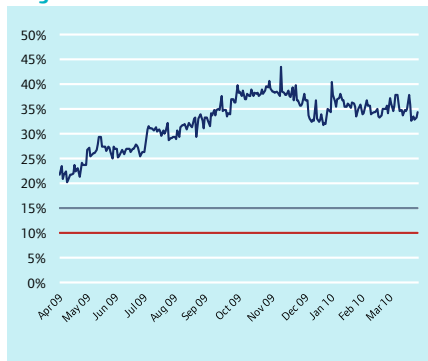
**The Nykredit Bank Group – Q1/2010**

	Retail Banking		Corporate Banking		Markets & Asset Management		Total	
DKK million	Q1/2010	Q1/ 2009	Q1/2010	Q1/ 2009	Q1/ 2010	Q1/ 2009	Q1/ 2010	Q1/ 2009
Impairment provisions, beginning of year	72	30	1,440	674	68	10	1,580	714
Brought forward, beginning of year	-	-	-	(53)	-	53	-	0
Impairment provisions and reversals	31	20	135	43	8	1	174	64
Foreign currency translation adjustments	-	-	7	-	-	-	7	-
Claims previously provided for, lost in Q1/2010	0	2	5	2	0	-	5	4
<b>Impairment provisions, at 31 March</b>	<b>103</b>	<b>48</b>	<b>1,577</b>	<b>662</b>	<b>76</b>	<b>64</b>	<b>1,756</b>	<b>774</b>
Of which individual	79	39	1,394	537	64	63	1,537	639
Of which collective	24	9	183	125	12	1	219	135
<b>Provisions</b>								
Provisions, beginning of period	27	5	181	41	65	10	273	56
Provisions, end of period	50	7	189	54	108	16	347	77
Of which relating to bank rescue package I	49	7	183	46	108	16	340	69
<b>Earnings impact</b>								
New impairment provisions for the period, net	31	19	135	43	8	1	174	63
Received on loans and advances previously provided for	1	1	-	0	-	-	1	1
Impairment losses not provided for	-	1	7	2	-	-	7	3
<b>Total impairment losses on loans and advances</b>	<b>30</b>	<b>19</b>	<b>142</b>	<b>45</b>	<b>8</b>	<b>1</b>	<b>180</b>	<b>65</b>
Provisions for guarantees	10	2	40	13	23	6	73	21
<b>Total earnings impact</b>	<b>40</b>	<b>21</b>	<b>182</b>	<b>58</b>	<b>31</b>	<b>7</b>	<b>253</b>	<b>86</b>

**Loans, advances, guarantees and provisions by sector**

	Loans, advances and guarantees		Provisions	
DKK million	31.03.2010	31.12.2009	31.03.2010	FY 2009
<b>Public sector</b>	<b>446</b>	<b>173</b>	<b>0</b>	<b>0</b>
Agriculture, hunting, forestry and fisheries	3,270	2,927	29	26
Manufacturing	8,572	8,004	309	277
Building and construction	989	1,074	10	9
Trade, restaurants and hotels	2,676	2,757	192	187
Transport, mail and telephone	2,229	2,407	14	13
Credit, finance and insurance	13,324	12,478	807	707
Property management and trade, business services	15,421	17,362	311	248
Other corporate	8,600	8,902	305	289
<b>Total corporate</b>	<b>55,081</b>	<b>55,911</b>	<b>1,977</b>	<b>1,756</b>
Retail	19,824	20,853	126	97
<b>Total</b>	<b>75,351</b>	<b>76,937</b>	<b>2,103</b>	<b>1,853</b>

The distribution is based on public sector statistics and is therefore not directly comparable with the Bank's business areas.

**Nykredit Bank A/S****12-month liquidity****Nykredit Bank A/S****Liquidity stress test****(Moody's Global Methodology)****Nykredit Bank A/S****Liquidity as % of debt and guarantee obligations**

The credit and finance sector accounted for the majority of provisions (DKK 807m), equal to 38.4% of total impairment provisions. At end-2009 the amount was DKK 707m (38.2%). At 31 March 2010, DKK 733m was attributable to ebh fonden, Dansk Pantebrevsbørs and bank rescue package I. At end-2009 the amount was DKK 646m.

Loans, advances and guarantees totalled DKK 75.4bn against DKK 76.9bn at end-2009. The distribution by sector was largely unchanged compared with end-2009.

Loans and advances to the credit and finance sector amounted to DKK 13.3bn against DKK 12.5bn at end-2009. These were mainly reverse loans to pension funds and investment and finance companies where the credit risk had been hedged by collateral in the form of listed bonds.

Loans and advances relating to property management and trade amounted to DKK 15.4bn, down DKK 1.9bn on end-2009. Management still finds the exposure to the property market reasonable considering the Bank's size and capital resources. Compared with end-2009, impairment losses went up by DKK 63bn to DKK 311bn, of which collective impairment provisions accounted for a rise of DKK 38m to DKK 68m.

**Guarantees**

The Bank issues guarantees on a current basis, including guarantees to mortgage banks. According to the accounting rules, guarantees must be reviewed on a current basis and losses under guarantees provided for if deemed necessary.

At 31 March 2010, provisions to counter losses under guarantees totalled DKK 347m relative to DKK 273m at end-2009. Of total provisions at 31 March 2010, DKK 340m was attributable to bank rescue package I, equal to a rise of DKK 72m compared with end-2009.

**LIQUIDITY MANAGEMENT**

Liquidity risk is the risk of loss as a result of insufficient liquidity to cover current payment obligations. Please refer to the Annual Report for 2009, page 15, for a detailed review of and information on the Group's risk management.

Nykredit Bank monitors its balance sheet and liquidity on a day-to-day basis. The Bank manages its balance sheet based on the liquidity of assets and liabilities and operates with a trading book and a banking book. The trading book includes a portfolio of corporate bonds and the Bank's reverse transactions. Securities not serving as collateral in the trading book constitute a short-term liquidity buffer for unforeseen drains on the Bank's liquidity. The Bank's liquidity instructions as formulated by the Board of Directors specify minimum requirements for the size of its liquidity buffer.

The liquidity buffer averaged DKK 49.5bn in Q1/2010 against an average of DKK 43.0bn for the full year 2009 and DKK 66.7bn at 31 December 2009.

At 31 March 2010, the Bank had issued notes totalling DKK 37.8bn under its ECP and EMTN programmes as part of its liquidity reserves against DKK 41.5bn at end-2009. New notes totalling DKK 3.7bn were issued under the Bank's EMTN programme in Q1/2010. The maturity of the new issue is three years. The notes were issued without the Bank's individual government guarantee and at a satisfactory margin.

According to the Danish Financial Business Act, a bank's liquidity must total at least 10% of total reduced debt and guarantee obligations. Nykredit Bank uses an internal liquidity requirement of 15%. At 31 March 2010, the financial ratio "Excess cover:statutory liquidity requirements" was 243.8% against 323.9% at end-2009 and 165.0% at 31 March 2009.

### Financial risk

For details on methods of determination and a description of financial risk, please refer to the Annual Report for 2009, p 20ff.

Value-at-Risk came to DKK 24m at 31 March 2010 against DKK 32m at 31 March 2009. For Q1/2010 the average was DKK 23m against DKK 50m for Q1/2009 and DKK 33m for the full year 2009.

The development in Value-at-Risk compared with Q1/2009 should be seen in the light of reduced risk-taking and declining volatility, particularly in the yield spread between non-callable and floating-rate mortgage bonds. Also, Value-at-Risk is to a more moderate extent affected by the fact that Proprietary Trading was transferred to Nykredit Realkredit in Q4/2009.

The interest rate exposure amounted to DKK 72m at 31 March 2010 against DKK 64m at 31 March 2009. At end-2009 the exposure was DKK 9m.

Exchange Rate Indicator 1 came to DKK 249m against DKK 105m at 31 March 2009 and DKK 64m at end-2009.

### UNCERTAINTY AS TO RECOGNITION AND MEASUREMENT

The measurement of certain assets and liabilities is based on accounting estimates made by Group Management.

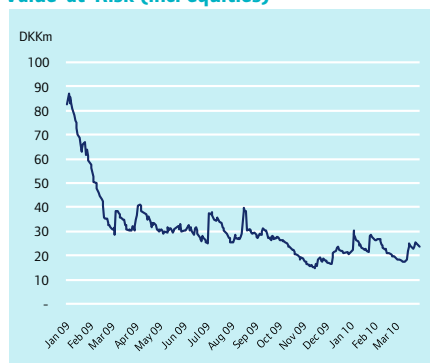
The areas in which assumptions and estimates significant to the financial statements have been made include provisions for loan and receivable impairment, unlisted financial instruments and listed financial instruments, which in the light of the financial turmoil are priced in markets characterised by low turnover and provisions, the determination of which involves a number of estimates.

Uncertainty as to recognition and measurement is described in detail in the Bank's accounting policies (note 1 of the Annual Report for 2009, page 41), to which reference is made.

### Net interest rate exposure



### Value-at-Risk (incl equities)



Value-at-Risk at 99%

## 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 – 31 March 2010 of Nykredit Bank A/S and the Nykredit Bank Group.

The Consolidated Financial Statements have been presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. The Q1 Interim Report of the Parent Company, Nykredit Bank A/S, has been prepared in accordance with the Danish Financial Business Act.

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 Q1 Interim Report gives a fair presentation of the Group's and the Parent Company's assets, liabilities, equity and financial position at 31 March 2010 and of 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 2010.

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

Copenhagen, 19 May 2010

### Board of Directors

Karsten Knudsen, Chairman

Søren Holm, Deputy Chairman

Henrik K. Asmussen, staff-elected member

Kim Duus

Allan Kristiansen, staff-elected member

Per Ladegaard

Bente Overgaard

### Executive Board

Bjørn Mortensen

Georg Andersen

Lars Bo Bertram

## Income statements for 1 January – 31 March 2010

DKK million

Nykredit Bank A/S		Note	The Nykredit Bank Group	
Q1/2009	Q1/2010		Q1/2010	Q1/2009
1,632	830	2	843	1,655
1,112	341	3	340	1,124
<b>520</b>	<b>489</b>		<b>503</b>	<b>531</b>
0	1		1	0
175	238		277	221
75	95		107	102
<b>620</b>	<b>633</b>		<b>674</b>	<b>650</b>
17	196	4	196	0
1	4		10	9
276	349	5	378	315
1	1		1	3
89	88		88	90
75	243	6	253	86
(30)	6	7	-	-
<b>167</b>	<b>158</b>		<b>160</b>	<b>165</b>
48	39	8	41	46
<b>119</b>	<b>119</b>		<b>119</b>	<b>119</b>

## Statements of comprehensive income for 1 January – 31 March

<b>119</b>	<b>119</b>	<b>PROFIT FOR THE PERIOD</b>	<b>119</b>	<b>119</b>
-	-	Other additions and disposals	-	-
<b>-</b>	<b>-</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-</b>
<b>119</b>	<b>119</b>	<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>119</b>	<b>119</b>

## Balance sheets at 31 March

DKK million

Nykredit Bank A/S				The Nykredit Bank Group	
31.12.2009	31.03.2010		Note	31.03.2010	31.12.2009
		ASSETS			
72	185	Cash balance and demand deposits with central banks		185	72
47,367	48,304	Receivables from credit institutions and central banks	9	48,309	47,371
11,883	13,241	Loans, advances and other receivables at fair value	10	13,241	11,883
45,229	45,557	Loans, advances and other receivables at amortised cost	11	45,739	45,428
54,003	61,773	Bonds at fair value	12	61,773	54,003
229	196	Equities	13	198	231
0	0	Investments in associates		-	-
335	341	Investments in group enterprises		-	-
9	9	Intangible assets		9	9
69	69	Total land and buildings		69	69
69	69	- Investment properties		69	69
6	6	Other property, plant and equipment		8	8
28	34	Current tax assets		48	41
82	79	Deferred tax assets		53	57
5	5	Assets in temporary possession		5	5
28,122	34,129	Other assets	14	34,167	28,200
32	46	Prepayments		50	36
187,471	203,974	TOTAL ASSETS		203,854	187,413



## Statement of changes in equity, comprehensive income and capital adequacy

DKK million

Nykredit Bank A/S

	Share capital *	Statutory reserve: Reserve for net revaluation according to the equity method	Retained earnings	Total, 31 March 2010	Total, 31 March 2009
<b>Equity 2010</b>					
Equity at end of previous financial year	4,175	0	6,052	10,227	7,104
<b>Comprehensive income:</b>					
Profit for the period	-	-	119	119	119
<b>Total comprehensive income</b>	-	-	119	119	119
<b>Total changes in equity</b>	0	-	119	119	119
<b>Equity, 31 March 2010</b>	4,175	0	6,171	10,346	7,223
<b>Equity 2009</b>					
Equity, 1 January 2009	2,575	7	4,522	7,104	
<b>Comprehensive income:</b>					
Profit for Q1/2009	-	-	119	119	
<b>Total comprehensive income</b>	-	-	119	119	
<b>Total changes in equity</b>	-	-	119	119	
<b>Equity, 31 March 2009</b>	2,575	7	4,641	7,223	
<b>Equity, 31 December 2009</b>	4,175	0	6,052	10,227	

\* The share capital breaks down into 16 shares in multiples of DKK 1m. The share capital is wholly owned by Nykredit Realkredit A/S, Copenhagen. Nykredit Bank is included in the consolidated financial statements of this company and the consolidated financial statements of Foreningen Nykredit, Kalvebod Brygge 1-3, Copenhagen, which owns 88.18% of Nykredit Realkredit A/S. The financial statements of Foreningen Nykredit may be obtained by contacting the company.

<b>Capital adequacy and core capital</b>	<b>Q1/2010</b>	<b>FY 2009</b>	<b>Q1/2009</b>
Share capital	4,175	4,175	2,575
Reserves	-	0	7
Retained earnings	6,171	6,052	4,641
<b>Total core capital</b>	<b>10,346</b>	<b>10,227</b>	<b>7,223</b>
Primary and other statutory deductions from core capital	548	708	207
Supplementary capital	-	-	2,400
<b>Total</b>	<b>9,798</b>	<b>9,519</b>	<b>9,416</b>
Statutory deductions from capital base	-	-	113
<b>Capital base after statutory deductions</b>	<b>9,798</b>	<b>9,519</b>	<b>9,303</b>
Weighted items involving credit, counterparty and delivery risk	68,117	67,035	62,394
Weighted items involving market risk	8,275	8,051	15,692
Weighted items involving operational risk	3,927	2,965	2,964
<b>Total weighted items</b>	<b>80,319</b>	<b>78,051</b>	<b>81,050</b>
Capital adequacy ratio, %	12.2	12.2	11.5
Core capital ratio, %	12.2	12.2	8.7



## Statement of changes in equity, comprehensive income and capital adequacy

DKK million

## The Nykredit Bank Group

	Share capital	Revaluation reserve: Revaluation of property	Retained earnings	Total, 31 March 2010	Total, 31 March 2009
<b>Equity 2010</b>					
Equity at end of previous financial year	4,175	-	6,052	10,227	7,104
<b>Comprehensive income:</b>					
Profit for the period	-	-	119	119	119
<b>Total comprehensive income</b>	-	-	119	119	119
<b>Total changes in equity</b>	0	-	119	119	119
<b>Equity, 31 March 2010</b>	4,175	-	6,171	10,346	7,223
<b>Equity 2009</b>					
Equity, 1 January 2009	2,575	-	4,529	7,104	
<b>Comprehensive income:</b>					
Profit for Q1/2009	-	-	119	119	
<b>Total comprehensive income</b>	-	-	119	119	
<b>Total changes in equity</b>	-	-	119	119	
<b>Equity, 31 March 2009</b>	2,575	-	4,648	7,223	
<b>Equity, 31 December 2009</b>	4,175	-	6,052	10,227	
<b>Capital adequacy and core capital</b>					
	<b>Q1/ 2010</b>	<b>FY 2009</b>	<b>Q1/2009</b>		
Share capital	4,175	4,175	2,575		
Retained earnings	6,171	6,052	4,648		
<b>Total core capital</b>	<b>10,346</b>	<b>10,227</b>	<b>7,223</b>		
Primary and other statutory deductions from core capital	514	675	194		
Supplementary capital	-	-	2,400		
<b>Total</b>	<b>9,832</b>	<b>9,552</b>	<b>9,429</b>		
Statutory deductions from capital base	-	-	108		
<b>Capital base after statutory deductions</b>	<b>9,832</b>	<b>9,552</b>	<b>9,321</b>		
Weighted items involving credit, counterparty and delivery risk	67,115	66,185	61,657		
Weighted items involving market risk	8,275	8,050	15,744		
Weighted items involving operational risk	4,151	3,217	3,215		
<b>Total weighted items</b>	<b>79,541</b>	<b>77,452</b>	<b>80,616</b>		
Capital adequacy ratio, %	12.4	12.3	11.6		
Core capital ratio, %	12.4	12.3	8.7		

# Cash flow statement 1 January – 31 March

DKK million

	The Nykredit Bank Group Q1/2010	Q1/2009
Profit after tax	119	119
<b>Adjustment for non-cash operating items, depreciation, amortisation, impairment losses and provisions</b>		
Depreciation and impairment losses for property, plant and equipment	1	3
Other non-cash changes	(1)	21
Impairment losses on loans, advances and receivables	254	87
Tax calculated on profit for the year	41	46
<b>Total</b>	<b>295</b>	<b>157</b>
<b>Profit adjusted for non-cash operating items</b>	<b>414</b>	<b>276</b>
<b>Change in working capital</b>		
Loans, advances and other receivables	(1,644)	2,234
Deposits and other payables	(5,275)	(2,343)
Payables to credit institutions and central banks	11,954	(11,766)
Bonds at fair value	(7,161)	(16,001)
Equities	33	(18)
Other working capital	7,055	2,538
<b>Total</b>	<b>4,962</b>	<b>(25,356)</b>
Corporation tax paid, net	(44)	(60)
<b>Cash flows from operating activities</b>	<b>5,332</b>	<b>(25,140)</b>
<b>Cash flows from investing activities</b>		
Property, plant and equipment	0	(1)
<b>Total</b>	<b>0</b>	<b>(1)</b>
<b>Cash flows from financing activities</b>		
Capital contribution	-	-
Subordinate loan capital	-	-
Issued bonds	(4,400)	21,979
<b>Total</b>	<b>(4,400)</b>	<b>21,979</b>
<b>Total cash flows</b>	<b>932</b>	<b>(3,162)</b>
Cash and cash equivalents, beginning of period	47,443	32,395
Foreign currency translation adjustment of cash	119	(94)
<b>Cash and cash equivalents, end of period</b>	<b>48,494</b>	<b>29,139</b>
<b>Cash and cash equivalents, end of period</b>		
Specification of cash and cash equivalents, end of period:		
Cash balance and demand deposits with central banks	185	2,562
Receivables from credit institutions and central banks	48,309	26,577
<b>Cash and cash equivalents, end of period</b>	<b>48,494</b>	<b>29,139</b>

# Core earnings and investment portfolio income

DKK million

## The Nykredit Bank Group

1 January – 31 March

	Q1/2010 Investment portfolio income			Q1/2009 Investment portfolio income		
	Core earnings		Total	Core earnings		Total
Net interest income	493	10	503	520	11	531
Fee and commission income, net	172	(1)	171	119	-	119
<b>Net interest and fee income</b>	<b>665</b>	<b>9</b>	<b>674</b>	<b>639</b>	<b>11</b>	<b>650</b>
Value adjustments	171	25	196	(25)	25	0
Other operating income	10	0	10	9	-	9
Staff and administrative expenses	378	0	378	315	-	315
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	1	0	1	3	-	3
Other operating expenses	88	0	88	90	-	90
Impairment losses on loans and advances	253	0	253	86	-	86
<b>Profit before tax</b>	<b>126</b>	<b>34</b>	<b>160</b>	<b>129</b>	<b>36</b>	<b>165</b>

# Notes

## 1. ACCOUNTING POLICIES

The Consolidated Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and further Danish financial reporting and disclosure requirements for interim reports. Compliance with IAS 34 implies observance of the principles of recognition and measurement of the IFRS and a less detailed presentation relative to the presentation of annual reports.

With respect to recognition and measurement, the financial statements of the Parent Company have been prepared in accordance with the Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc. issued by the Danish Financial Supervisory Authority.

The accounting policies of both the Group and Nykredit Bank A/S are unchanged compared with the Annual Report for 2009. A description of the Bank's and the Bank Group's accounting policies applied in the Annual Report for 2009 is available at [nykredit.com](http://nykredit.com).

Presentation of the segment financial statements has been changed, and certain activities formerly presented under Corporate Banking and Markets & Asset Management are now presented under Retail Banking. Comparative figures have been restated.

Relative to the information in the accounting policies in the Annual Report for 2009 (note 1), no new financial reporting standards or interpretations have been issued or approved which may impact the Q1 Interim Report 2010 of Nykredit Bank and the Bank Group.

The Q1 Interim Report 2010 has not been audited or reviewed.

Nykredit Bank A/S

## The Nykredit Bank Group

Q1 Interim Report 2010 – the Nykredit Bank Group

Nykredit Bank A/S

The Nykredit Bank Group

Q1 Interim Report 2010 – the Nykredit Bank Group

## Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group	
Q1/2009	Q1/2010	Q1/2010	Q1/2009
<b>7. PROFIT (LOSS) FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES</b>			
(17)	0	-	-
(13)	6	-	-
<b>(30)</b>	<b>6</b>	<b>-</b>	<b>-</b>
<b>8. TAX</b>			
48	39	41	46
<b>48</b>	<b>39</b>	<b>41</b>	<b>46</b>
<b>28.7</b>	<b>24.7</b>	<b>25.6</b>	<b>27.9</b>
Tax as % of profit for the period			
For the year as a whole, the tax charge is expected to amount to around 25% of profit for the year. Tax is calculated on the basis of a tax rate of 25%.			

## Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group	
31.12.2009	31.03.2010	31.03.2010	31.12.2009
<b>9. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS</b>			
893	114	114	893
46,474	48,190	48,195	46,478
<b>47,367</b>	<b>48,304</b>	<b>48,309</b>	<b>47,371</b>
10,755	13,238	13,238	10,755
<b>10. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE</b>			
11,883	13,241	13,241	11,883
<b>11,883</b>	<b>13,241</b>	<b>13,241</b>	<b>11,883</b>
11,883	13,241	13,241	11,883
<b>11. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST</b>			
45,229	45,557	45,739	45,428
<b>45,229</b>	<b>45,557</b>	<b>45,739</b>	<b>45,428</b>
<b>Impairment provisions made, end of period (31 December 2009/31 March 2010)</b>			
1,424	1,492	1,537	1,469
110	219	219	111
<b>Fixed-rate loans</b>			
2,567	2,477	2,477	2,567
2,627	2,546	2,546	2,627
<b>12. BONDS AT FAIR VALUE</b>			
40,937	47,775	47,775	40,937
8,475	7,906	7,906	8,475
4,839	8,167	8,167	4,839
<b>54,251</b>	<b>63,848</b>	<b>63,848</b>	<b>54,251</b>
248	2,075	2,075	248
<b>54,003</b>	<b>61,773</b>	<b>61,773</b>	<b>54,003</b>
The effect of fair value adjustment has been recognised through profit or loss			
6,233	10,374	10,374	6,233
7,556	28,351	28,351	7,556
22,104	8,045	8,045	22,104
As collateral for the Danish central bank, Danmarks Nationalbank, and foreign clearing centres, etc, bonds have been deposited of a total market value of			
The collateral was provided on an arm's length basis.			
<b>13. EQUITIES</b>			
229	196	198	231
<b>229</b>	<b>196</b>	<b>198</b>	<b>231</b>
<b>Specification of equity portfolios</b>			
41	16	16	41
5	27	27	5
183	153	155	185
<b>229</b>	<b>196</b>	<b>198</b>	<b>231</b>



Nykredit Bank A/S

The Nykredit Bank Group

31.12.2009 31.03.2010

31.03.2010 31.12.2009

Q1 Interim Report 2010 – the Nykredit Bank Group

## Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group	
31.12.2009	31.03.2010	31.03.2010	31.12.2009
		<b>21. OTHER COMMITMENTS</b>	
9,235	8,315		
108	108	Irrevocable credit commitments	8,315
		Other	161
<b>9,343</b>	<b>8,423</b>	<b>Total</b>	<b>8,476</b>
		<b>22. PROVISIONS</b>	
		<b>Provisions for losses under guarantees</b>	
56	273	Balance, beginning of year	273
228	74	Additions	74
11	0	Disposals	0
<b>273</b>	<b>347</b>	<b>Balance, end of period</b>	<b>347</b>
		<b>Other provisions</b>	
1	132	Balance, beginning of year	132
131	0	Provisions for the period	0
-	0	Utilised	-
<b>132</b>	<b>132</b>	<b>Balance, end of period</b>	<b>132</b>
		<b>Total provisions for losses under guarantees and other provisions</b>	
57	405	Balance, beginning of year	405
359	74	Additions	74
11	0	Utilised	0
<b>405</b>	<b>479</b>	<b>Balance, end of period</b>	<b>479</b>
		<p>As a result of its operations, the Bank continuously enters into contracts where it is probable that the settlement of the liability will lead to an outflow of the Bank's financial resources, and where a reliable estimate may be made of the size of the liability.</p> <p>The balance sheet items in the financial statements represent the Bank's best estimates of the expected costs relating to provisions.</p> <p>The provisions typically concern contractual obligations relating to loans and advances and other banking activities. The item also includes the provisions found necessary in connection with the Bank's participation in bank rescue package I.</p> <p>It is estimated that the majority of provisions will be settled within 1-2 years.</p>	

# Notes

## 23. OTHER CONTINGENT LIABILITIES

### *Legal proceedings and litigation*

The Bank's operations involve the Bank in legal proceedings and litigation. The Bank is of the opinion that the outcome thereof will have no material effect on its financial position.

### *"Government guarantee scheme"*

The Bank participates in bank rescue package I, implying that the Danish government has issued a two-year guarantee that covers the Danish banks participating in the scheme.

Nykredit Bank's share of the total guarantee commission is calculated at DKK 348m pa until 30 September 2010. For Q1/2010, approximately DKK 87m has been charged to the income statement (under "Other operating expenses").

Nykredit Bank also participates in a sector guarantee totalling DKK 20bn with a share estimated at DKK 928m, which has been recognised under "Other contingent liabilities" (note 20). Under the guarantee obligation, Nykredit Bank is liable for up to DKK 928m in case of the collapse of one or more Danish banks for reasons covered by the scheme. At 31 March 2010, DKK 340m was provided for this obligation.

## 24. RELATED PARTY TRANSACTIONS AND BALANCES

The Parent Company Nykredit Realkredit, its parent company as well as group enterprises and associates are regarded as related parties. In addition, Nykredit Bank's group enterprises and associates are included as stated in the group structure as well as the Bank's Board of Directors, the Executive Board and related parties thereof.

No unusual related party transactions occurred in Q1/2010.

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

Intercompany trade and services took place on an arm's length basis.

Important related party transactions prevailing/entered into in 2010 include:

### **Agreements between Nykredit Realkredit A/S and Nykredit Bank A/S**

Master agreement on the terms for financial transactions relating to loans and deposits in the securities and money market areas.

## Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group	
31.03.2009	31.03.2010	31.03.2010	31.03.2009
<b>25. FOREIGN EXCHANGE AND INTEREST RATE EXPOSURES</b>			
<b>Foreign exchange risk</b>			
117	249	249	105
1.7	2.5	2.5	1.5
1	0	0	1
0.0	0.0	0.0	0.0
<b>Interest rate risk by the currency involving the highest interest rate exposure</b>			
(107)	(7)	(7)	(107)
162	88	88	162
4	4	4	4
8	4	4	8
0	0	0	0
0	0	0	0
(5)	(15)	(15)	(5)
1	(4)	(4)	1
1	2	2	1
<b>64</b>	<b>72</b>	<b>72</b>	<b>64</b>
<b>26. HEDGING INTEREST RATE RISK</b>			
The Nykredit Bank Group continuously hedges the interest rate risk of fixed-rate assets and liabilities using derivative financial instruments etc. This enables the Group to manage the level of its aggregate interest rate sensitivity taking into consideration the expected interest rate development.			
According to the accounting provisions, loans, advances and deposits must generally be measured at amortised cost, while derivative financial instruments are measured at fair value. To obtain accounting symmetry between hedging and hedged transactions, adjustment of the carrying amounts of the financial assets and liabilities that form part of the effective hedge accounting has been allowed. The fair value adjustment exclusively concerns the hedged part (the interest rate exposure).			
<b>HEDGED FIXED-RATE ASSETS</b>			
2,418	2,477	2,477	2,418
<b>2,418</b>	<b>2,477</b>	<b>2,477</b>	<b>2,418</b>
<b>Market value of hedged fixed-rate assets</b>			
2,491	2,546	2,546	2,491
<b>2,491</b>	<b>2,546</b>	<b>2,546</b>	<b>2,491</b>
<b>Fair value adjustment</b>			
73	69	69	73
<b>73</b>	<b>69</b>	<b>69</b>	<b>73</b>
<b>HEDGING DERIVATIVE FINANCIAL INSTRUMENTS</b>			
2,934	1,383	1,383	2,934
(75)	(70)	(70)	(75)
(1)	(1)	(1)	(1)
<b>(2)</b>	<b>(1)</b>	<b>(1)</b>	<b>(2)</b>
Hedged and hedging financial instruments have been fair value adjusted through profit or loss.			

# Notes

DKK million

The Nykredit Bank Group

## 27. LOANS, ADVANCES AND GUARANTEES BY SECTOR AND RATING CATEGORY

### Loans, advances and guarantees and provisions by sector and industry

At 31 March 2010

	Carrying amount		Total	Provisions		
	Loans and advances	Guarantees		Individual provisions for loan impairment and guarantees	Collective impairment provisions	Total
<b>Public sector</b>	<b>27</b>	<b>419</b>	<b>446</b>			
<b>Corporate customers</b>						
Agriculture, hunting and forestry	1,939	1,331	3,270	27	2	29
Manufacturing industries, extraction of raw materials, utilities	8,227	345	8,572	250	59	309
Building and construction	765	224	989	7	3	10
Trade, restaurants and hotels	2,298	378	2,676	184	8	192
Transport, mail and telephone	1,918	311	2,229	9	5	14
Credit, finance and insurance	11,951	1,373	13,324	784	23	807
Property management and trade, business services	12,040	3,381	15,421	244	67	311
Other trade and industry	7,603	997	8,600	282	23	305
<b>Total corporate customers</b>	<b>46,741</b>	<b>8,340</b>	<b>55,081</b>	<b>1,787</b>	<b>190</b>	<b>1,977</b>
<b>Retail customers</b>	<b>12,212</b>	<b>7,612</b>	<b>19,824</b>	<b>97</b>	<b>29</b>	<b>126</b>
<b>Total carrying amount</b>	<b>58,980</b>	<b>16,371</b>	<b>75,351</b>	<b>1,884</b>	<b>219</b>	<b>2,103</b>
Of which reverse lending	13,241	-	13,241	-	-	-

### Provisioning rate, %

	Retail	Corporate	Markets etc	Total
Loans, advances and guarantees including total provisions	21,267	41,461	14,726	77,454
Total provisions for loan impairment and guarantees	153	1,766	183	2,103
<b>Provisions for loan impairment and guarantees, end of period, %</b>	<b>0.7</b>	<b>4.3</b>	<b>1.2</b>	<b>2.7</b>
Provisions for loan impairment and guarantees, end-2009, %	0.5	3.6	1.0	2.4
Provisions for loan impairment and guarantees at 30 September 2009, %	0.5	3.7	0.2	2.0
Provisions for loan impairment and guarantees at 30 June 2009, %	0.4	2.7	0.2	1.5
Provisions for loan impairment and guarantees at 31 March 2009, %	0.4	1.8	0.1	1.0

At 31 December 2009

	Carrying amount		Total	Provisions		
	Loans and advances	Guarantees		Individual provisions for loan impairment and guarantees	Collective impairment provisions	Total
<b>Public sector</b>	<b>85</b>	<b>88</b>	<b>173</b>			
<b>Corporate customers</b>						
Agriculture, hunting and forestry	1,938	989	2,927	25	1	26
Manufacturing industries, extraction of raw materials, utilities	7,637	367	8,004	242	35	277
Building and construction	696	378	1,074	7	2	9
Trade, restaurants and hotels	2,331	426	2,757	182	5	187
Transport, mail and telephone	2,031	376	2,407	10	3	13
Credit, finance and insurance	10,882	1,596	12,478	698	9	707
Property management and trade, business services	11,419	5,943	17,362	217	31	248
Other trade and industry	7,805	1,097	8,902	277	12	289
<b>Total corporate customers</b>	<b>44,739</b>	<b>11,172</b>	<b>55,911</b>	<b>1,658</b>	<b>98</b>	<b>1,756</b>
<b>Retail customers</b>	<b>12,487</b>	<b>8,366</b>	<b>20,853</b>	<b>84</b>	<b>13</b>	<b>97</b>
<b>Total carrying amount</b>	<b>57,311</b>	<b>19,626</b>	<b>76,937</b>	<b>1,742</b>	<b>111</b>	<b>1,853</b>
Of which reverse lending	11,883	-	11,883	-	-	-

## Notes

DKK million

Nykredit Bank A/S

## 27. LOANS, ADVANCES AND GUARANTEES BY SECTOR AND RATING CATEGORY (continued)

Loans and advances at amortised cost by rating category and sector (Nykredit Bank A/S)

At 31 March 2010	Manufacturing, building and construction	Credit and finance	Property management and trade etc	Transport, trade and hotels	Other trade and public	Retail	Total
Rating category							
10	350	10	142	11	283	401	1,197
9	312	15	550	208	714	582	2,381
8	1,333	805	2,049	1,230	2,236	1,379	9,032
7	1,256	258	2,921	616	1,997	1,465	8,513
6	388	1	1,813	168	399	1,543	4,312
5	597	9	1,775	55	221	1,402	4,059
4	291	29	506	38	236	1,624	2,724
3	1,449	2,540	520	711	411	1,354	6,985
2	763	421	773	81	399	1,552	3,989
1	65	3	175	19	202	754	1,218
0	26	33	99	4	11	59	232
Non-performing exposures	485	721	521	289	409	201	2,626
<b>Total</b>	<b>7,315</b>	<b>4,845</b>	<b>11,844</b>	<b>3,430</b>	<b>7,518</b>	<b>12,316</b>	<b>47,268</b>

At 31 March 2010	Manufacturing, building and construction	Credit and finance	Property management and trade etc	Transport, trade and hotels	Other trade and public	Retail	Total
Rating category							
10	745	13	83	13	219	423	1,496
9	176	11	392	59	741	510	1,889
8	1,326	572	2,611	918	1,494	776	7,697
7	733	189	3,201	557	2,196	1,173	8,049
6	615	1	1,073	189	1,031	2,386	5,295
5	612	8	1,330	85	800	2,783	5,618
4	228	19	433	128	342	2,452	3,602
3	1,764	2,527	645	902	425	1,232	7,495
2	579	410	720	99	186	513	2,507
1	18	3	142	9	138	148	458
0	20	33	105	6	15	10	189
Non-performing exposures	442	697	459	296	397	177	2,468
<b>Total</b>	<b>7,258</b>	<b>4,483</b>	<b>11,194</b>	<b>3,261</b>	<b>7,984</b>	<b>12,583</b>	<b>46,763</b>

Rating categories include Nykredit Bank A/S's loans, advances and receivables at amortised cost determined before provisions. Loans with low customer ratings are loans in rating categories 0 and 1 (not including loans to public sector customers) for which Nykredit's internal credit models show a probability of default of more than 7%, but for which provisions have not been made. In other words, these are loans that are associated with an elevated risk of future default, but not necessarily future losses, ie the loss risk also depends on any security behind the loan. Rating categories 0-1 comprise 3.1% of total loans and advances against 1.4% at 31 December 2009. The category "Non-performing exposures" includes loans subject to individual provisioning as well as exposures with an elevated risk of future default.

# Notes

DKK million

## 28. GROUP STRUCTURE

Name and registered office	Revenue *	Assets	Liabilities	Share capital 31.03.10	Equity 31.12.09	Ownership interest, % 31.03.10	Profit (loss) for the period	Nykredit Bank's share of profit (loss) for the period	Equity 31.03.10	Carrying amount
<b>Nykredit Bank A/S (Parent Company) a)</b>	833	203,974	193,628	4,175	10,227	-	119	-	10,346	-
<b>Consolidated subsidiaries</b>										
Nykredit Portefølje Administration A/S, Copenhagen f)	28	187	60	25	120	100	7	7	127	127
Pantebrevsselskabet af 8/8 1995 A/S, Copenhagen d)	0	28	0	5	28	100	0	0	28	28
Nykredit Pantebrevsinvestering A/S, Copenhagen b)	0	11	0	5	11	100	0	0	11	11
Nykredit Sirius Ltd., Cayman Islands e)	-	5	2	46	3	100	0	0	3	3
Nykredit Finance plc, Plymouth d)	0	25	0	21	25	100	0	0	25	25
Nykredit Leasing A/S (formerly LeasIT A/S), Gladsaxe c) <sup>1</sup>	19	2,156	2,009	46	148	100	(1)	(1)	147	147
<b>Associates</b>										
Dansk Pantebrevsbørs A/S, Copenhagen b) <sup>2</sup>	-	-	-	-	-	50	-	-	-	-

\* For companies preparing financial statements in accordance with the Danish Financial Business Act, revenue is defined as net interest and fees, value adjustments and other operating income.

<sup>1</sup> From 1 October 2007, Nykredit Bank's ownership interest increased from 22.65% to 100%, and LeasIT A/S subsequently merged with Nykredit Leasing A/S in 2008 with LeasIT A/S as the surviving company. After the merger, the company continued under the name of Nykredit Leasing A/S.

<sup>2</sup> The company used to be subject to proportionate consolidation based on shareholders' agreements entitling the Bank to appoint a director. As the company is subject to insolvency proceedings, the requirement of significant influence is no longer considered satisfied. Therefore the company has not been proportionately consolidated in the financial statements for 2009 or in the Q1/2010 financial statements.

Pantebrevsselskabet af 8/8 1995 A/S and Nykredit Pantebrevsinvestering had few activities in 2010. Nykredit Sirius Ltd. and Nykredit Finance Plc are in liquidation.

a) Bank

b) Mortgage trading company

c) Leasing company

d) No activity

e) Finance institution

f) Investment management company. Nykredit Portefølje Administration was previously a subsidiary of Nykredit Portefølje Bank.

# The Nykredit Bank Group – five quarters

DKK million

	Q1/ 2010	Q4/ 2009	Q3/ 2009	Q2/ 2009	Q1/ 2009
<b>SUMMARY INCOME STATEMENT</b>					
Net interest income	503	503	566	542	531
Dividends, fees and commission income (net)	171	131	119	141	119
<b>Net interest and fee income</b>	<b>674</b>	<b>634</b>	<b>685</b>	<b>683</b>	<b>650</b>
Value adjustments	196	272	(67)	149	0
<b>Net interest, fees and value adjustments</b>	<b>870</b>	<b>906</b>	<b>618</b>	<b>832</b>	<b>650</b>
Other operating income	10	10	6	6	9
Staff and administrative expenses	378	366	291	344	315
Other operating expenses, depreciation and amortisation	89	90	133	88	93
Loss from investments in associates and group enterprises	-	0	(138)	0	0
Impairment losses on loans, advances and receivables	253	233	526	380	86
<b>Profit (loss) before tax</b>	<b>160</b>	<b>227</b>	<b>(464)</b>	<b>26</b>	<b>165</b>
Tax	41	53	(75)	7	46
<b>Profit (loss)</b>	<b>119</b>	<b>174</b>	<b>(389)</b>	<b>19</b>	<b>119</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>					
<b>Assets</b>					
Cash balance and receivables from central banks and credit institutions	48,494	47,443	31,164	30,579	29,139
Loans, advances and other receivables at fair value	13,241	11,883	24,823	23,244	25,679
Loans, advances and other receivables at amortised cost	45,739	45,428	45,279	45,793	47,485
Bonds at fair value	61,773	54,003	46,929	71,409	68,580
Equities	198	231	167	191	202
Land and buildings	69	69	70	70	70
Other asset items	34,340	28,356	31,254	27,819	34,256
<b>Total assets</b>	<b>203,854</b>	<b>187,413</b>	<b>179,686</b>	<b>199,105</b>	<b>205,411</b>
<b>Liabilities and equity</b>					
Payables to credit institutions and central banks	65,787	53,609	44,278	75,381	73,401
Deposits and other payables	41,735	46,965	46,493	44,341	44,207
Issued bonds	37,804	41,539	40,806	36,920	39,184
Other non-derivative financial liabilities at fair value	14,327	6,798	6,502	5,083	4,728
Other payables	33,376	27,870	31,211	27,577	34,189
<b>Total payables</b>	<b>193,029</b>	<b>176,781</b>	<b>169,290</b>	<b>189,302</b>	<b>195,709</b>
Provisions	479	405	343	161	79
Subordinate loan capital	-	0	0	2,400	2,400
Equity	10,346	10,227	10,053	7,242	7,223
<b>Total liabilities and equity</b>	<b>203,854</b>	<b>187,413</b>	<b>179,686</b>	<b>199,105</b>	<b>205,411</b>
<b>OFF-BALANCE SHEET ITEMS</b>					
Contingent liabilities	16,371	19,626	12,683	11,336	10,080
Other commitments	8,476	9,387	8,220	9,258	8,570
<b>FINANCIAL RATIOS</b>					
Capital adequacy ratio, %	12.4	12.3	13.6	12.5	11.6
Core capital ratio, %	12.4	12.3	13.7	9.4	8.7
Return on equity before tax (pa), %	6.2	8.9	(21.5)	1.4	9.2
Return on equity after tax (pa), %	4.6	6.8	(18.0)	1.1	6.6
Income:cost ratio, DKK	1.2	1.33	0.51	1.03	1.33
Interest rate exposure, %	0.7	0.1	0.3	1.1	0.9



# Pro forma income statement and balance sheet for Nykredit Bank A/S and Forstædernes Bank A/S, Q1/2010

	Nykredit Bank A/S	Forstæ- dernes Bank	Total	Eliminations	Pro forma Q1/2010	Pro forma Q1/2009/ end-2009
<b>INCOME STATEMENTS Q1/2010</b>						
Net interest income	489	168	657		657	731
Dividends, fees and commission income, net	144	49	193		193	159
Value adjustments	196	(3)	193		193	(22)
Other operating income	4	3	7		7	4
Staff and administrative expenses	349	132	481		481	432
Other operating expenses, depreciation and amortisation	88	43	131		131	144
Impairment losses on loans, advances and receivables	244	128	372		372	881
Profit (loss) from investments in associates and group enterprises	6	0	6		6	(30)
<b>Profit (loss) before tax</b>	<b>158</b>	<b>(86)</b>	<b>72</b>		<b>72</b>	<b>(615)</b>
Tax	39	12	51		51	(145)
<b>Profit (loss)</b>	<b>119</b>	<b>(98)</b>	<b>21</b>		<b>21</b>	<b>(470)</b>
<b>BALANCE SHEETS AT 31 MARCH 2010 AND 31 DECEMBER 2009</b>						
<b>Assets</b>						
Cash balance and receivables from central banks and credit institutions	48,490	2,117	50,607	(5,508)	45,099	46,357
Loans, advances and other receivables at fair value	13,241	73	13,314		13,314	11,963
Loans, advances and other receivables at amortised cost	45,557	14,132	59,689		59,689	60,722
Bonds at fair value and equities	61,970	12,448	74,418	(24)	74,394	65,668
Investments in associates and group enterprises	341	4	345		345	339
Other asset items	34,376	2,033	36,409	(311)	36,098	30,219
<b>Total assets</b>	<b>203,974</b>	<b>30,807</b>	<b>234,781</b>	<b>(5,843)</b>	<b>228,938</b>	<b>215,268</b>
<b>Liabilities and equity</b>						
Payables to credit institutions and central banks	66,787	6,103	72,890	(5,508)	67,382	56,843
Deposits and other payables	41,985	18,027	60,012		60,012	65,334
Issued bonds at amortised costs	37,804	2,561	40,365		40,365	44,059
Other non-derivative financial liabilities at fair value	14,327	0	14,327		14,327	6,798
Other payables	32,246	423	32,669	(309)	32,360	27,926
<b>Total payables</b>	<b>193,149</b>	<b>27,114</b>	<b>220,263</b>	<b>(5,817)</b>	<b>214,446</b>	<b>200,960</b>
Provisions	479	469	948		948	765
Subordinate loan capital	0	1,175	1,175	(31)	1,144	1,169
Equity	10,346	2,049	12,395	5	12,400	12,374
<b>Total liabilities and equity</b>	<b>203,974</b>	<b>30,807</b>	<b>234,781</b>	<b>(5,843)</b>	<b>228,938</b>	<b>215,268</b>
The statement is based on a summary of the merged companies' income statements and balance sheets for Q1/2010.						
The pro forma balance sheet at 31 December 2009 appears from the Nykredit Bank Annual Report 2009.						
<b>EQUITY</b>						
Beginning of period	10,227	2,147	12,374		12,374	10,159
Profit (loss) of the year/period	119	(98)	21		21	(3,938)
Paid-up new capital					0	6,154
Other adjustments				5	5	(1)
<b>Total, end of period</b>	<b>10,346</b>	<b>2,049</b>	<b>12,395</b>	<b>5</b>	<b>12,400</b>	<b>12,374</b>
<b>FINANCIAL RATIOS</b>						
Capital adequacy ratio, %	12.2	17.0				
Core capital ratio, %	12.2	12.0				