



Nykredit
bank

**To the Copenhagen Stock Exchange
and the press**

18 August 2005

**H1 Interim Report
The Nykredit Bank Group
1 January 2005 - 30 June 2005**

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From today the H1 Interim Report of Nykredit Bank can be downloaded as a pdf file
from Nykredit's website www.nykredit.com.

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DKK MILLION	H1/ 2005	FY 2004 **	H1/ 2004 **	H1/ 2003**	H1/ 2002**	H1/ 2001**
SUMMARY INCOME STATEMENT						
Net interest and fee income	544	875	374	458	309	233
Value adjustments	52	12	109	17	(56)	86
Other operating income	10	42	16	65	9	6
Staff costs and administrative expenses	(280)	(499)	(241)	(207)	(205)	(192)
Other operating costs, depreciation and amortisation	(2)	(3)	(3)	(3)	(5)	(3)
Provisions for loan impairment and receivables	3	(6)	(26)	(83)	(27)	(14)
Profit before tax for the period	327	421	229	247	25	116
Tax	(91)	(131)	(68)	(74)	(8)	(35)
Profit for the period	236	290	161	173	17	81
**Incl reclassification as a result of new accounting policies						
BALANCE SHEET, END OF PERIOD						
	30 June 2005	End- 2004*	30 June 2004**	30 June 2003**	30 June 2002**	30 June 2001**
Cash in hand and receivables						
from credit institutions	15,493	13,094	20,508	20,052	13,435	16,023
Loans, advances and other receivables at fair value	7,807	5,242	5,724	3,247	6,506	5,516
Loans, advances and other receivables at amortised cost	18,353	17,408	18,784	19,655	19,792	17,719
Bonds and shares	36,596	31,586	30,808	27,687	27,045	26,114
Other asset items	7,542	6,629	5,412	6,782	4,401	3,958
Total assets	85,791	73,959	81,236	77,423	71,179	69,330
Payables to credit institutions and central banks	43,977	39,695	41,210	44,843	42,140	44,443
Deposits and other payables	22,326	19,094	20,762	14,257	10,471	7,595
Non-derivative financial liabilities at fair value	7,386	5,110	10,322	7,741	10,179	9,945
Other liability items	7,852	6,043	5,096	6,771	4,843	3,824
Total payables	81,541	69,942	77,390	73,612	67,633	65,807
Provisions	39	42	27	20	21	54
Subordinate loan capital	800	800	800	800	800	800
Equity	3,411	3,175	3,019	2,991	2,725	2,669
Total liabilities and equity	85,791	73,959	81,236	77,423	71,179	69,330
* According to new accounting policies, cf opening balance sheet at 1 January 2005						
** Incl reclassification as a result of new accounting policies						
KEY RATIOS						
Capital adequacy ratio	9.7	10.4	9.6	9.1	9.4	9.8
Core capital ratio	8.1	8.3	7.4	7.1	7.2	7.4
Return on equity before tax (pa) ¹⁾	19.9%	14.0%	15.6%	17.0%	1.8%	9.4%
Return on equity after tax (pa) ¹⁾	14.4%	9.6%	11.0%	12.0%	1.2%	6.6%
Income/cost ratio DKK ¹⁾	2.17	1.83	1.85	1.84	1.11	1.55
Interest rate risk	3.4%	3.0%	1.9%	2.5%	1.4%	2.1%
Foreign exchange position	-	3.2%	14.2%	11.1%	10.6%	13.9%
Exchange rate risk	0.1%	0.0%	0.2%	0.3%	0.3%	0.2%
Loans and advances relative to deposits	1.1	1.2	1.1	1.5	2.0	2.5
Loans and advances relative to equity	7.7	7.2	8.2	7.7	9.7	8.8
Growth in loans and advances for the period	14.9%	2.2%	11.0%	(5.3%)	18.5%	36.4%
Excess cover relative to statutory requirements for liquidity	164.7%	195.3%	161.0%	88.9%	190.1%	173.2%
Total major exposures	364.4%	351.3%	281.5%	335.0%	405.2%	438.1%
Provisioning ratio for the period	0.0	0.0	0.1	0.3	0.1	0.0

¹⁾ Incl effect of new accounting policies in 2004 and 2005

Interim Report H1/2005

- Profit before tax of DKK 327m against DKK 229m in H1/2004
- Profit before tax equalled a return on equity of 19.9% pa compared with 15.6% pa in H1/2004 and 14.0% for 2004
- Significant growth in Markets & Asset Management earnings
- Continued very low provisions for loan impairment and guarantees

In H1 Nykredit Bank and the Nykredit Bank Group recorded profit before tax of DKK 327m up DKK 98m on the same period in 2004. The earnings improvement is considered to be satisfactory.

Income from interest, fees and value adjustments came to DKK 596m against DKK 483m in H1/2004. Costs and depreciation on equipment rose from DKK 244m to DKK 282m. Of the DKK 38m rise, increased wages represented DKK 36m primarily attributable to the strengthening of the activities in Markets & Asset Management and the Nykredit Group's focus on commercial customers including the set-up of a nationwide financial adviser function in H2/2004 which led to a transfer of staff from Nykredit Realkredit A/S to Nykredit Bank. The average number of staff consequently came to 420 in H1/2005 compared with 345 in H1/2004.

In H1 provisions equalled an income of DKK 3m primarily attributable to a reversal of provisions for a single corporate customer exposure. Growth in new provisions remained very low.

At 30 June equity amounted to DKK 3,411m against DKK 3,175m according to the opening balance sheet at 1 January 2005. The increase equals the transfer of profit after tax for the period. The capital adequacy ratio was 9.7 against 10.4 at end-2004.

BUSINESS AREAS

The presentation of the Bank's business areas is based on the principles applied in connection with the internal reporting to the Bank's management. The sum of "core income" and "investment portfolio income" equals income from "net interest, fees, value adjustments and other operating income" in the financial statements. Operating costs comprise directly attributable and allocated costs. The latter are based on sharing keys as well as internal agreements between the individual business areas.

The increase in the Bank's core income came to DKK 110m, while investment portfolio income was on a par with H1/2004.

Retail Customers reported a profit increase of DKK 23m to DKK 68m. Income rose by DKK 21m as a result of increased deposits and continued high income from guarantees related to mortgage refinancing activities, etc.

The Corporate Banking area maintained profit before tax on a par with H1/2004. Income fell by DKK 8m which should be seen in the light of the positive credit bonds value adjustments of approx DKK 30m in H1/2004 against DKK 3m in 2005. By contrast, income

The Nykredit Bank Group											
	Retail Customers		Corporate Banking		Markets & Asset Management		Group items *		Nykredit Bank Group, total		
	H1/05	H1/04	H1/05	H1/04	H1/05	H1/04	H1/05	H1/04	H1/05	H1/04	
DKKm											
Core income	139	118	113	121	303	209	34	31	589	479	
Operating costs	(65)	(60)	(54)	(38)	(163)	(146)	-	-	(282)	(244)	
Core earnings before losses	74	58	59	83	140	63	34	31	307	235	
Provisions for loan impairment	(6)	(13)	9	(13)	0	0	-	-	3	(26)	
Core earnings after losses	68	45	68	70	140	63	34	31	310	209	
Investment portfolio income	-	-	-	-	-	-	17	20	17	20	
Profit before tax	68	45	68	70	140	63	51	51	327	229	

* Comprises income from securities not allocated to the individual business areas but included in the Bank's own portfolio.

from interest and fees increased by DKK 19m compared with H1/2004. Costs rose by DKK 16m partly in consequence of the set-up of the financial adviser function mentioned earlier. In H1 provisions equalled an income following reversal of provisions made previously for a single exposure.

Markets & Asset Management increased profit by DKK 77m to DKK 140m. In H1 the underlying business areas developed in a favourable direction, and particularly Nykredit Markets enjoyed high customer trading activity and earnings levels within interest rate products and derivative financial instruments. Also the asset management activities of the Nykredit Portefølje Bank Group and the Investment & Pension activities showed strong growth.

H1 was generally characterised by the continued consolidation of sales and cooperation across the business areas and sales channels of the Nykredit Group.

BALANCE SHEET, EQUITY AND CAPITAL ADEQUACY

The Nykredit Bank Group's assets rose by DKK 11.8bn to DKK 85.8bn compared with end-2004 (both figures are based on new accounting policies). Loans, advances and other receivables increased by DKK 3.5bn, while bonds and shares grew by DKK 5bn. Payables also increased by just under DKK 12bn to DKK 81.5bn. The increase was primarily attributable to credit institutions at DKK 4.3bn, deposits at DKK 3.2bn and non-derivative financial liabilities (related to repo transactions) at DKK 2.3bn.

Equity

Except for the effect of the accounting policy changes (DKK 24m at 1 January 2005), equity grew by DKK 236m equal to the profit for H1.

Capital adequacy and core capital

The capital adequacy ratio was reduced by 0.7 percentage point to 9.7 relative to 31 December 2004 (9.4 at end-Q1/2005).

The change can be ascribed to an activity-based increase in weighted items as a result of increased loans, advances and guarantees as well as a larger investment unit portfolio resulting in a capital deduction at 30 June 2005. Finally, the capital adequacy ratio at 30 June 2005 was positively affected by the Bank at 30 June 2005 having obtained the Danish Financial Supervisory Authority's permission to apply an internal model (VaR) for the determination of general position risk with respect to debt instruments and currencies. The effect hereof came to approx 0.4 percentage point.

Special events in H1

In H1/2005 Nykredit Bank issued three bond series of a nominal of DKK 239m, DKK 22m and DKK 100m, respectively, of which a nominal of DKK 239m has been listed on the OMX (the Copenhagen Stock Exchange).

In April Nykredit Portefølje Bank, a subsidiary, launched fund of hedge funds products for Danish pension funds. The concept consists of six wholesale restricted funds under the name Nykredit Alpha. The funds are managed by Nykredit Portefølje.

At 1 June Karsten Knudsen, Managing Director of Nykredit Bank, was appointed Group Managing Director and joined the Nykredit Group's Executive Board where he will be responsible for the Group's activities in the Commercial Customers area. Furthermore, Karsten Knudsen will continue to undertake his responsibilities in Nykredit Bank A/S.

Equity	H1/	FY	H1/
DKKm	2005	2004	2004
Previous policy	3,151	3,151	3,022
Effects of changed accounting policies	24	24	(3)
Total	3,175	3,175	3,019
Profit for the period	236		
Equity at 30 June 2005	3,411		

The Nykredit Bank Group			
Capital and capital adequacy (excl profit for the period)			
DKKm - %	H1/	FY	H1/
	2005	2004	2004
Total core capital	3,175	3,151	2,848
Supplementary capital	800	800	800
Statutory deductions from core capital and supplementary capital	(185)	0	(13)
Total	3,790	3,951	3,635
Weighted items	38,695	37,933	37,999
Capital adequacy ratio	9.7	10.4	9.6
Core capital ratio	8.1	8.3	7.4

OUTLOOK FOR 2005

H1/2005 was generally characterised by a positive development in all business areas. As a significant part of the Bank's earnings consist of market-dependent income, future earnings may be difficult to forecast. However, the development in the Bank's results gives rise to expectations of increased earnings for 2005, and profit before tax for 2005 is now expected to be around DKK 475-500m. Relative to the forecast made in the Annual Report for 2004 of DKK 325-350m, this represents an upward adjustment of DKK 150m.

In the period after 30 June 2005, no material events have occurred.

	Q2/ 2005	Q1/ 2005	Opening bal. sheet 1/1 2005	FY 2004	Q4/ 2004	Q3/ 2004	Q2/ 2004	Q1/ 2004
SUMMARY INCOME STATEMENT								
Net interest income	212	236	-	761	244	195	184	138
Dividend, fee and commission income, net	49	47	-	114	21	41	31	21
Net interest and fee income	261	283	-	875	265	236	215	159
Value adjustments	47	5	-	12	(53)	(44)	(7)	116
Net income from interest, fees and value adjustments	308	288	-	887	212	192	208	275
Other operating income	5	5	-	42	22	4	5	11
Staff costs and administrative expenses	(148)	(132)	-	(499)	(134)	(124)	(124)	(117)
Depreciation, amortisation and other operating costs	(2)	0	-	(3)	0	0	(1)	(2)
Provisions for loan impairment	6	(3)	-	(6)	27	(7)	(10)	(16)
Profit before tax	169	158	-	421	127	65	78	151
Tax	(44)	(47)	-	(131)	(42)	(21)	(23)	(45)
Profit	125	111	-	290	85	44	55	106
SUMMARY BALANCE SHEET, END OF PERIOD								
Cash in hand and receivables from credit institutions	15,493	15,106	13,094	13,094	13,094	19,485	20,508	23,462
Loans, advances and other receivables at fair value	7,807	6,709	5,242	5,242	5,242	7,753	5,724	4,546
Loans, advances and other receivables at amortised cost	18,353	18,495	17,408	17,360	17,360	18,041	18,784	18,639
Bonds at fair value (trading portfolio)	36,364	34,412	31,512	31,518	31,518	37,173	30,762	30,717
Shares (trading portfolio and shares at fair value)	232	246	74	74	74	49	46	60
Land and buildings	250	250	251	251	251	252	252	253
Other asset items	7,292	5,924	6,378	6,215	6,215	5,778	5,160	5,917
Total assets	85,791	81,142	73,959	73,754	73,754	88,531	81,236	83,594
Payables to credit institutions and central banks	43,977	46,647	39,695	39,695	39,695	51,771	41,210	47,309
Deposits and other payables	22,326	20,240	19,094	19,094	19,094	20,596	20,762	15,437
Issued bonds	669	576	315	315	315	325	267	305
Non-derivative financial liabilities at fair value	7,386	3,580	5,110	5,110	5,110	6,646	10,322	11,119
Other liability items	7,183	5,981	5,728	5,566	5,566	5,302	4,829	5,634
Total payables	81,541	77,024	69,942	69,780	69,780	84,640	77,390	79,804
Provisions	39	32	42	26	26	27	27	25
Subordinate loan capital	800	800	800	800	800	800	800	800
Equity								
Previous policy	-	-	3,151	3,151	3,151	3,067	3,022	2,968
Effect of policy changes	-	-	24	(3)	(3)	(3)	(3)	(3)
Beginning of 2005/Total	3,286	3,175	3,175	3,148	3,148	3,064	3,019	2,965
Profit	125	111	-	-	-	-	-	-
Total equity	3,411	3,286	3,175	3,148	3,148	3,064	3,019	2,965
Total liabilities and equity	85,791	81,142	73,959	73,754	73,754	88,531	81,236	83,594
The opening balance sheet at 1 January 2005 has been stated including value adjustments as a result of the transition to new accounting policies. Balance sheet figures for previous periods have been stated excluding the effects of the new accounting policies regarding financial instruments. To enhance comparability, reclassification has been made, and the contents and format of items therefore comply with the new policies and presentation form.								
Off-balance sheet items								
Guarantees	11,917	11,320	7,919	7,917	7,917	6,585	7,788	6,919
Other commitments	2,377	2,307	2,280	2,280	2,280	1,933	3,051	2,697
Total off-balance sheet items	14,294	13,627	10,199	10,197	10,197	8,518	10,839	9,616
KEY RATIOS								
Capital adequacy ratio	9.7	9.4	10.4	10.4	10.4	10.4	9.6	10.4
Core capital ratio	8.1	7.9	8.3	8.3	8.3	8.1	7.4	8.1
Return on equity before tax (pa) ¹⁾	20.2%	19.6%	14.0%	14.0%	16.4%	8.5%	10.4%	20.7%
Return on equity after tax (pa) ¹⁾	15.0%	13.7%	9.6%	9.6%	10.9%	5.8%	7.3%	14.6%
Income/cost ratio DKK ¹⁾	2.18	2.17	1.83	1.82	2.18	1.49	1.57	2.12
Interest rate risk	3.4%	2.6%	3.0%	3.0%	3.0%	1.3%	1.9%	2.6%
Provisioning ratio for the period	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
¹⁾ Incl effect of new accounting policies in 2004 and 2005								

ACCOUNTING POLICIES

From 1 January 2005, as an issuer of listed bonds, Nykredit Bank A/S will present its Consolidated Financial Statements (Annual Report) in accordance with international accounting standards IAS/IFRS as adopted by the EU Commission.

Furthermore, from 1 January 2005, the Annual Report of Nykredit Bank A/S, the Parent Company, must be presented in accordance with the new Danish Executive Order on the Presentation of Financial Statements issued by the Danish Financial Supervisory Authority.

The Executive Order is in all essentials compatible with the IAS/IFRS. However, IAS/IFRS contain a number of accounting options which have been excluded in the Danish Executive Order. Furthermore, the Danish Executive Order prescribes that subsidiaries, etc be recognised in the financial statements of the parent company in accordance with the "equity method" contrary to the IFRS which exclusively allows recognition at "fair value" or "cost". Otherwise, recognition and measurement comply with the IAS/IFRS provisions.

The recognition and measurement principles applied by Nykredit Bank are the same in the Parent Company and in the Group after which results and equity will be identical in both reports.

The Interim Report of Nykredit Bank A/S and the Nykredit Bank Group has been presented in accordance with the principles on recognition and measurement of the above-mentioned Executive Order and the IAS/IFRS.

Significant changes to accounting policies

Financial reporting under the IAS/IFRS and the new Executive Order has led to a number of changes to the accounting policies and the presentation of items in financial statements.

The most important effect of the new accounting policies relates to the recognition and measurement of financial instruments. The effect hereof has been included from 1 January 2005. Changes in the value covering the period before 1 January 2005 exclusively relate to the successive recognition of "employee benefit obligations" and changed measurement principles (fair value) applicable to the Bank's properties included in operating leases.

To enhance comparability, the Interim Report comprises reclassifications of all significant items.

For a description of the new accounting policies and the most important consequences compared with the accounting policies applied so far, please refer to the Bank's Interim Report Q1/2005.

The H1 Interim Report has not been audited.

Income statements for H1

DKK MILLION

NYKREDIT BANK A/S

THE NYKREDIT BANK GROUP

H1/2004	H1/2005		Note	H1/2005	H1/2004
957	1,126	Interest income	1	1,139	967
646	690	Interest expense	2	691	645
311	436	NET INTEREST INCOME		448	322
5	2	Dividend from shares		2	5
91	152	Fee and commission income		190	118
72	102	Fee and commission expense		96	71
335	488	NET INTEREST AND FEE INCOME		544	374
100	43	Value adjustments	3	52	109
11	9	Other operating income		10	16
208	239	Staff costs and administrative expenses	4	280	241
2	0	Depreciation, amortisation and write-downs on property, plant and equipment and intangible assets		1	3
0	1	Other operating costs		1	0
24	(5)	Provisions for loan impairment and receivables	7	(3)	26
17	22	Profit from investments in associates and group enterprises		-	-
229	327	PROFIT BEFORE TAX		327	229
68	91	Tax	5	91	68
161	236	PROFIT FOR THE PERIOD		236	161

Balance sheets at 30 June 2005 and 31 December 2004

DKK MILLION

NYKREDIT BANK A/S

THE NYKREDIT BANK GROUP

31 Dec 2004	30 June 2005		Note	30 June 2005	31 Dec 2004
		ASSETS			
25	2,660	Cash in hand and demand deposits with central banks		2,660	25
13,072	12,830	Receivables from credit institutions and central banks	6	12,833	13,068
5,242	7,807	Loans, advances and other receivables at fair value	7	7,807	5,242
17,418	18,335	Loans, advances and other receivables at amortised cost	7	18,353	17,408
31,305	36,085	Bonds at fair value	8	36,364	31,512
74	232	Shares		232	74
24	31	Investments in associates		-	-
173	186	Investments in group enterprises		-	-
249	248	Total land and buildings		250	251
249	248	- Investment properties	9	248	249
0	0	- Domicile properties		2	2
6	1	Other property, plant and equipment		4	9
3	18	Current tax assets		13	3
0	0	Assets temporarily acquired	10	0	2
6,328	7,222	Other assets	11	7,270	6,363
1	1	Prepayments		5	2
73,920	85,656	TOTAL ASSETS		85,791	73,959
		LIABILITIES AND EQUITY			
		Payables			
39,604	43,789	Payables to credit institutions and central banks	12	43,977	39,695
19,190	22,427	Deposits and other payables	13	22,326	19,094
315	669	Issued bonds	14	669	315
5,110	7,386	Non-derivative financial liabilities at fair value	15	7,386	5,110
5,681	7,134	Other liabilities	16	7,164	5,714
12	8	Deferred income		19	14
69,912	81,413	Total payables		81,541	69,942
		Provisions:			
3	3	Provisions for pension and similar obligations		3	3
18	18	Provisions for deferred tax		26	25
12	11	Other provisions		10	14
33	32	Total provisions		39	42
800	800	Subordinate loan capital	17	800	800
		Equity	18		
1,400	1,400	Share capital		1,400	1,400
88	89	Other reserves		-	-
1,687	1,922	Retained earnings		2,011	1,775
3,175	3,411	Total equity		3,411	3,175
73,920	85,656	TOTAL LIABILITIES AND EQUITY		85,791	73,959
		OFF-BALANCE SHEET ITEMS	19		
7,849	11,887	Guarantees		11,917	7,919
2,278	2,344	Other commitments		2,377	2,280
10,127	14,231	TOTAL OFF-BALANCE SHEET ITEMS		14,294	10,199

The presentation of certain items in the income statements and balance sheets has been affected by reclassification as a result of new accounting policies.

The changes have been described in the Interim Report Q1/2005. The balance sheet at end-2004 has been presented in accordance with the Bank's opening balance sheet at 1 January 2005, cf the Interim Report Q1/2005.

Notes

DKK MILLION

NYKREDIT BANK A/S

THE NYKREDIT BANK GROUP

2004	2005		2005	2004
		1. INTEREST INCOME		
170	120	Receivables from credit institutions and central banks	120	175
465	456	Loans, advances and other receivables	468	469
401	611	Bonds	613	402
(80)	(62)	Total derivative financial instruments	(62)	(80)
		of which		
7	3	Foreign exchange contracts	3	7
(87)	(65)	Interest rate contracts	(65)	(87)
1	1	Other interest income	0	1
957	1,126	Total interest income	1,139	967
		Of which interest receivable from genuine purchase and resale transactions entered as		
136	65	Receivables from credit institutions and central banks	65	136
44	57	Loans, advances and other receivables at fair value	57	44
		2. INTEREST EXPENSE		
406	421	Credit institutions and central banks	424	407
224	243	Deposits and other payables	241	223
4	15	Issued bonds	15	4
11	11	Subordinate loan capital	11	11
1	0	Other interest expense	0	0
646	690	Total interest expense	691	645
		Of which interest payable on genuine sale and repurchase transactions entered as		
135	112	Credit institutions and central banks	112	135
22	9	Deposits and other payables included in the item "Non-derivative financial liabilities at fair value" – cf notes 13 and 15	9	22
		3. VALUE ADJUSTMENTS		
0	0	Other loans, advances and receivables at fair value	9	9
58	144	Bonds	144	58
7	12	Shares	12	7
-	(1)	Investment properties, cf note 9	(1)	0
(9)	0	Foreign exchange	0	(9)
44	(112)	Foreign exchange, interest rate, share, commodity and other contracts as well as derivative financial instruments	(112)	44
100	43	Total value adjustments	52	109

Notes

DKK MILLION

NYKREDIT BANK A/S

THE NYKREDIT BANK GROUP

2004	2005		2005	2004
4. STAFF COSTS AND ADMINISTRATIVE EXPENSES				
		Salaries and remuneration to the Executive Board		
4	4		4	4
0	0	Board of Directors	0	0
4	4	Total wages and remuneration	4	4
		Staff costs		
75	102	Wages	127	95
9	10	Pensions	12	11
8	11	Social security costs	13	10
92	123	Total staff costs	152	116
112	112	Other administrative expenses	124	121
208	239	Total staff costs and administrative expenses	280	241
		Average number of staff for the period, full-time equivalents		
272	337		420	345
5. TAX				
		Tax as a % of profit before tax		
30%	28%	Taxes have been estimated based on a tax rate of 28.	28%	30%
6. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS				
3,245	1,128	Receivables from central banks	1,128	3,245
9,827	11,702	Receivables from credit institutions	11,705	9,823
13,072	12,830	Total receivables from credit institutions and central banks	12,833	13,068
4,826	6,573	Of which genuine purchase and resale transactions	6,573	4,826
7. LOANS, ADVANCES AND OTHER RECEIVABLES				
5,242	7,807	Loans, advances and receivables at fair value ¹⁾	7,807	5,242
17,418	18,335	Loans, advances and receivables at amortised cost	18,353	17,408
22,660	26,142	Total loans, advances and receivables	26,160	22,650
5,242	7,807	(1) of which genuine purchase and resale transactions	7,807	5,242
PROVISIONS FOR LOAN IMPAIRMENT AND RECEIVABLES				
-	236	Provisions, cf Annual Report 2004 (31 December 2004)	241	-
-	28	Adjustments on transition to IAS/IFRS	28	-
Opening balance sheet at 1 January 2005				
-	208	- of which individual provisions	213	-
-	178	- of which provisions by groups	182	-
-	30		31	-

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2004	2005		2005	2004
		Individual provisions:		
-	178	Provisions made at 1 January	182	-
-	0	Exchange rate and other value adjustments	0	-
-	(5)	Provisions for the period (net new provisions)	(5)	-
-	(17)	Finally lost, now deducted from total provisions	(17)	-
-	0	Other additions and disposals/other movements	(1)	-
-	156	Provisions at 30 June	159	-
		Provisions by groups:		
-	30	Provisions made at 1 January	31	-
-	0	Exchange rate and other value adjustments	0	-
-	1	Provisions for the period (net new provisions)	1	-
-	0	Other additions and disposals/other movements	(1)	-
-	31	Provisions at 30 June	31	-
228	187	Total provisions for loan impairment and receivables at 30 June	190	234
0	0	Provisions for credit institutions and guarantees	0	0
		Effect on results:		
24	(4)	Provisions for the period, net	(4)	25
1	2	Received on loans and advances previously written off	2	1
1	1	Lost (not previously individually provided for)	3	2
24	(5)	Total provisions for loan impairment	(3)	26
-	(6)	Of which individual provisions	(4)	-
-	1	Of which provisions by groups	1	-
		The comparative figures for 2004 have been stated according to the previous accounting policies. Consequently, the figures are not directly comparable.		
		8. BONDS AT FAIR VALUE		
31,305	36,085	Mortgage, government and other bonds at fair value	36,130	31,351
0	0	Other claims priced in active markets	234	161
31,305	36,085	Total bonds at fair value	36,364	31,512
11,318	16,928	In relation to the Danish central bank and international clearing centres, bonds of the following total market value have been deposited as collateral security	16,928	11,318
		9. INVESTMENT PROPERTIES		
251	249	Total value, beginning of period	249	251
(1)	(1)	Value adjustment for the period	(1)	(1)
250	248	Total investment properties at 30 June	248	250
249	-	End-2004	-	249
		The item consists of operating leases measured at fair value		

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2004	2005		2005	2004
		10. ASSETS TEMPORARILY ACQUIRED		
-	-	Value, beginning of period	2	2
-	-	Additions for the period, net	0	-
-	-	Value adjustments for the period	(2)	-
-	-	Total assets temporarily acquired	0	2
		11. OTHER ASSETS		
3,292	5,037	Positive market values of financial instruments	5,037	3,292
2,041	2,169	Interest and fees receivable	2,169	2,041
995	16	Other	64	1,030
6,328	7,222	Total other assets	7,270	6,363
		12. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS		
39,604	43,789	Total payables to credit institutions and central banks	43,977	39,695
9,905	9,051	Of which genuine sales and repurchase transactions	9,051	9,905
		13. DEPOSITS AND OTHER PAYABLES AS WELL AS NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE		
19,190	22,427	Deposits and other payables (amortised cost)	22,326	19,094
111	772	Deposits at fair value, cf note 15	772	111
19,301	23,199	Total deposits and other payables	23,098	19,205
111	772	Of which genuine sales and repurchase transactions	772	111
		14. ISSUED BONDS		
325	325	Variable rate – maturity 2008 ¹⁾	325	325
-	239	Variable rate – maturity 2016 ¹⁾	239	-
-	22	Variable rate – maturity 2010	22	-
-	100	Variable rate – maturity 2007	100	-
325	686	Issued bonds	686	325
(10)	(17)	Offset against portfolio of own bonds	(17)	(10)
315	669	Total issued bonds	669	315
		¹⁾ Listed on the OMX (the Copenhagen Stock Exchange)		
		15. NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE		
111	772	Deposits at fair value (repo transactions)	772	111
4,999	6,614	Negative securities portfolio	6,614	4,999
5,110	7,386	Total non-derivative financial liabilities at fair value	7,386	5,110

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2004	2005		2005	2004
		16. OTHER LIABILITIES		
3,212	4,714	Negative value of financial instruments	4,714	3,212
2,119	2,182	Interest and commission due	2,204	2,119
350	238	Other liabilities	246	383
5,681	7,134	Total other liabilities	7,164	5,714
		17. SUBORDINATE LOAN CAPITAL		
500	500	2003 to 1 December 2011 – variable rate	500	500
300	300	2001 to 22 February 2008 – variable rate	300	300
800	800	Total subordinate loan capital	800	800
		The loans are instalment-free during the terms of the loans and fall due for repayment in full on their dates of maturity. The loans will be settled at par. The subordinate loan capital forms part of the supplementary capital and is recognised in the capital base. The subordinate loan capital is granted by Nykredit Realkredit A/S.		
		18. EQUITY		
1,400	1,400	Share capital	1,400	1,400
		Other reserves		
88	89	Statutory reserves	-	-
88	89	Total other reserves	-	-
1,687	1,922	Retained earnings	2,011	1,775
3,175	3,411	Total equity	3,411	3,175
		The share capital is wholly owned by Nykredit Realkredit A/S, Copenhagen		
		19. OFF-BALANCE SHEET ITEMS		
6,251	9,193	Financial guarantees	9,193	6,251
1,598	2,694	Other guarantees	2,724	1,668
7,849	11,887	Total guarantees	11,917	7,919
2,245	2,321	Irrevocable loan commitments	2,321	2,245
33	23	Other commitments	56	35
2,278	2,344	Total other commitments	2,377	2,280
10,127	14,231	Total off-balance sheet items	14,294	10,199
		20. CONTINGENT LIABILITIES		
		The operating activities involve the Bank in litigation and legal proceedings. The Bank is of the opinion that the outcome hereof will not have a material effect on its financial position.		

	H1/ 2005	FY 2004**	H1/ 2004**	H1/ 2003**	H1/ 2002**	H1/ 2001**
SUMMARY INCOME STATEMENT						
Net interest and fee income	488	790	335	423	280	207
Value adjustments	43	(8)	100	8	(63)	86
Other operating income	9	36	11	65	9	6
Staff costs and administrative expenses	(239)	(426)	(208)	(181)	(182)	(175)
Other operating costs, depreciation and amortisation	(1)	(2)	(2)	(2)	(3)	(3)
Provisions for loan impairment and receivables	5	(2)	(24)	(80)	(25)	(13)
Profit from investments in associates and group enterprises	22	33	17	14	9	8
Profit before tax for the period	327	421	229	247	25	116
Tax	(91)	(131)	(68)	(74)	(8)	(35)
Profit for the period	236	290	161	173	17	81
BALANCE SHEET, end of period						
	30 June 2005	End- 2004*	30 June 2004**	30 June 2003**	30 June 2002**	30 June 2001**
Assets						
Cash in hand and demand deposits with central banks	15,490	13,097	20,495	20,038	13,427	16,010
Loans, advances and other receivables at fair value	7,807	5,242	5,724	3,247	6,505	5,516
Loans, advances and other receivables at amortised cost	18,335	17,418	18,904	19,846	19,843	17,710
Bonds and shares	36,317	31,379	30,605	27,372	26,853	25,939
Other asset items	7,707	6,784	5,558	6,913	4,495	4,042
Total assets	85,656	73,920	81,286	77,416	71,123	69,217
Liabilities and equity						
Payables to credit institutions and central banks	43,789	39,604	41,152	44,823	42,063	44,306
Deposits and other payables	22,427	19,190	20,850	14,300	10,528	7,653
Non-derivative financial liabilities at fair value	7,386	5,110	10,322	7,741	10,179	9,945
Other liability items	7,811	6,008	5,118	6,741	4,807	3,790
Total payables	81,413	69,912	77,442	73,605	67,577	65,694
Provisions	32	33	25	20	21	54
Subordinate loan capital	800	800	800	800	800	800
Equity	3,411	3,175	3,019	2,991	2,725	2,669
Total liabilities and equity	85,656	73,920	81,286	77,416	71,123	69,217
* According to new accounting policies, cf opening balance sheet at 1/1 2005						
**Incl reclassification as a result of new accounting policies						
KEY RATIOS						
Capital adequacy ratio	9.8	10.4	9.6	9.1	9.4	9.8
Core capital ratio	8.2	8.3	7.5	7.1	7.3	7.4
Return on equity before tax pa ¹⁾	19.9%	14.0%	15.6%	17.0%	1.8%	9.4%
Return on equity after tax pa ¹⁾	14.4%	9.6%	11.0%	12.0%	1.2%	6.6%
Income/cost ratio DKK ¹⁾	2.39	1.97	1.98	1.94	1.12	1.60
Interest rate risk	3.4%	3.0%	1.9%	2.5%	1.4%	2.1%
Foreign exchange position	-	3.2%	14.2%	11.1%	10.6%	13.9%
Exchange rate risk	0.1%	0.0%	0.2%	0.3%	0.3%	0.2%
Loans and advances relative to deposits	1.1	1.2	1.1	1.5	2.0	2.5
Loans and advances relative to equity	7.7	7.2	8.1	7.7	9.7	8.7
Growth in loans and advances for the period	15.6%	1.8%	10.9%	(5.1%)	18.6%	36.3%
Excess cover relative to statutory requirements for liquidity	164.7%	195.2%	160.3%	88.2%	189.5%	171.6%
Total major exposures	364.4%	351.3%	282.0%	335.0%	405.2%	438.1%
Provisioning ratio for the period	0.0	0.0	0.1	0.3	0.1	0.0

¹⁾ Incl effect of new accounting policies in 2004 and 2005

Group structure

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Name and registered office	Share capital at 31 Dec 2004	Equity at 31 Dec 2004	Ownership at 30 June 2005	H1 profit after tax	Equity at 30 June 2005 incl profit after tax
	DKKm	DKKm	%	DKKm	DKKm
Consolidated subsidiaries					
Nykredit Portefølje Bank A/S, Copenhagen – Banking	DKK 40	81	100	10	91
Pantebrevsselskabet af 8/8 1995 A/S, Copenhagen – Mortgage trading	DKK 5	25	100	(1)	25
Nykredit Pantebrevsinvestering A/S, Copenhagen – Mortgage trading	DKK 5	19	100	1	20
Nykredit Leasing A/S, Copenhagen – Leasing	DKK 1	3	100	1	3
Norswood Properties Limited, Plymouth – No activities	GBP 0	2	100	-	2
Nykredit Finance plc, Plymouth – No activities	GBP 3	41	100	-	44
Associates					
Dansk Pantebrevsbørs A/S, Copenhagen* – Mortgage trading	DKK 5	21	50	8	29
LeasIT A/S, Lyngby-Taarbæk* – Leasing	DKK 14	61	26	3	64

*) Consolidated on a pro rata basis as a result of shareholders' agreements entitling the Bank to appoint a director in the companies.

Group information

Nykredit Bank A/S, which is wholly owned by Nykredit Realkredit A/S, Copenhagen, has been recognised in the consolidated financial statements of Nykredit Realkredit A/S and Foreningen Nykredit, Copenhagen, which owns 86.71% of Nykredit Realkredit A/S.