



To the Copenhagen Stock Exchange  
and the press

17 August 2006

H1 Interim Report  
Nykredit Bank and the Nykredit Bank Group  
1 January 2006 – 30 June 2006

#### **H1 – IN BRIEF**

- Profit before tax of DKK 361m
- Profit before tax generated a return on equity of 19.2%
- Significant growth in Markets & Asset Management's activities
- Core income in the business areas went up by DKK 95m to a total of DKK 650m
- The increased level of activity led to a cost rise of DKK 60m to DKK 341m
- Provisions affected results positively by DKK 12m
- Earnings expectations for 2006 adjusted upwards by DKK 100m to DKK 575-625m

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From today the H1 Interim Report of the Nykredit Bank Group can be downloaded as a pdf file from [www.nykredit.com](http://www.nykredit.com).

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DKK million	H1/ 2006	FY 2005	H1 2005	H1/ 2004*)	H1/ 2003*)	H/1 2002*)
<b>SUMMARY INCOME STATEMENT</b>						
Net interest and fee income	477	1,007	544	374	458	309
Value adjustments	201	177	52	109	17	(56)
Other operating income	13	20	10	16	65	9
Staff and administrative expenses and other operating expenses	341	593	281	241	207	205
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	1	3	1	3	3	5
Provisions for loan and receivable impairment	(12)	7	(3)	26	83	27
<b>Profit before tax</b>	<b>361</b>	<b>601</b>	<b>327</b>	<b>229</b>	<b>247</b>	<b>25</b>
Tax	107	162	91	68	74	8
<b>Profit for the period</b>	<b>254</b>	<b>439</b>	<b>236</b>	<b>161</b>	<b>173</b>	<b>17</b>
<b>BALANCE SHEET, END OF PERIOD</b>						
	30 June 2006	End- 2005	30 June 2005	30 June 2004*)	30 June 2003*)	30 June 2002*)
<b>Assets</b>						
Cash balance and receivables from central banks and credit institutions	16,700	15,031	15,493	20,508	20,052	13,435
Loans, advances and other receivables at fair value	9,698	6,688	7,807	5,724	3,247	6,506
Loans, advances and other receivables at amortised cost	25,020	19,731	18,353	18,784	19,655	19,792
Bonds at fair value and equities	43,670	36,152	36,596	30,808	27,687	27,045
Other assets and prepayments	8,333	6,860	7,542	5,412	6,782	4,401
<b>Total assets</b>	<b>103,421</b>	<b>84,462</b>	<b>85,791</b>	<b>81,236</b>	<b>77,423</b>	<b>71,179</b>
<b>Liabilities and equity</b>						
Payables to credit institutions and central banks	59,271	44,654	43,977	41,210	44,843	42,140
Deposits and other payables	22,181	22,103	22,326	20,762	14,257	10,471
Issued bonds at amortised cost	1,750	654	669	267	-	-
Other non-derivative financial liabilities at fair value	8,410	6,484	7,386	10,322	7,741	10,179
Other liabilities and deferred income	7,085	6,094	7,183	4,829	6,771	4,843
<b>Total payables</b>	<b>98,697</b>	<b>79,989</b>	<b>81,541</b>	<b>77,390</b>	<b>73,612</b>	<b>67,633</b>
Provisions	56	59	39	27	20	21
Subordinate loan capital	800	800	800	800	800	800
Equity	3,868	3,614	3,411	3,019	2,991	2,725
<b>Total liabilities and equity</b>	<b>103,421</b>	<b>84,462</b>	<b>85,791</b>	<b>81,236</b>	<b>77,423</b>	<b>71,179</b>
(*) Incl reclassifications as a result of new accounting policies at 1 January 2005						
<b>OFF-BALANCE SHEET ITEMS</b>						
Guarantees	7,963	10,399	11,917	7,788	7,887	5,208
Other contingent liabilities	4,131	3,058	2,377	3,051	3,927	3,946
<b>Total off-balance sheet items</b>	<b>12,094</b>	<b>13,457</b>	<b>14,294</b>	<b>10,839</b>	<b>11,814</b>	<b>9,154</b>
<b>FINANCIAL RATIOS</b>						
Capital adequacy ratio, %	9.4	10.3	9.7	9.6	9.1	9.4
Core capital ratio, %	7.9	8.8	8.1	7.4	7.1	7.2
Return on equity before tax (pa), %	19.2	17.8	19.9	15.6	17.0	1.8
Return on equity after tax (pa), %	13.6	13.0	14.4	11.0	12.0	1.2
Income/cost ratio, DKK	2.09	2.00	2.17	1.85	1.84	1.11
Interest rate exposure, %	3.7	3.3	3.4	1.9	2.5	1.4
Foreign exchange position, %	11.6	4.2	13.6	14.2	11.1	10.6
Foreign exchange exposure, %	0.2	0.1	0.1	0.2	0.3	0.3
Loans and advances relative to deposits	1.6	1.2	1.1	1.1	1.5	2.0
Loans and advances relative to equity	9.0	7.3	7.7	8.2	7.7	9.7
Growth in loans and advances for the period, %	31.4	16.1	14.9	11.0	(5.3)	18.5
Excess cover relative to statutory liquidity requirement, %	123.6	207.1	164.7	161.0	88.9	190.1
Total major exposures, %	497.9	349.5	364.4	281.5	335.0	405.2
Impairment provisions for the period, %	0.0	0.0	0.0	0.1	0.3	0.1
Number of staff (average)	476	426	420	345	318	313

# H1/2006

For H1/2006 the Nykredit Bank Group recorded a profit before tax of DKK 361m compared with DKK 327m for H1/2005, equal to a return on equity of 19.2% against 17.8% for 2005 and 19.9% for H1/2005.

Profit after tax increased from DKK 236m to DKK 254m which is considered satisfactory.

Core income from the business areas increased by DKK 95m to a total of DKK 650m relative to H1/2005.

Income from interest, fees and value adjustments increased by DKK 82m to DKK 678m against DKK 596m in H1/2005.

Compared with H1/2005, net interest income decreased from DKK 448m to DKK 346m, while value adjustments rose from DKK 52m to DKK 201m. Net interest income increased in the business areas Retail Banking and Corporate Banking, while Markets & Asset Management reported lower net interest income. However, interest income in the Markets & Asset Management area should be seen in conjunction with the value adjustment of securities and derivative financial instruments, from which earnings more than compensated for the fall in net interest income.

Fees and commissions netted DKK 131m against DKK 96m in H1/2005. The improvement was particularly attributable to increased income from the Bank's asset management activities.

Staff and administrative expenses rose by DKK 60m from DKK 281m in H1/2005 to DKK 341m. The increased activity level meant an increase in the average number of staff from 420 in H1/2005 to 476 which, together with increased provisions for bonuses, is the main reason for the rise in staff expenses of DKK 45m to DKK 201m. Furthermore, the increased activity led to higher transaction-based IT costs.

Provisions equalled an income of DKK 12m against DKK 3m in H1/2005. The Bank's provisioning need continues to reflect the stability of the Danish economy. H1/2006 levels were also affected by a review of the retail loan portfolio, including an adjustment of the principles applied so far as the basis of individual provisioning for loan impairment within Retail Customers.

Equity was DKK 3,868m at 30 June 2006 against DKK 3,614m at 31 December 2005. The increase equals profit after tax for the period. At 30 June 2006 the Group's capital adequacy ratio was 9.4% against 10.3% at 31 December 2005.

## BUSINESS AREAS

The Nykredit Group is organised in three intercompany business areas: Retail Customers, Commercial Customers and Markets & Asset Management.

Total core earnings after losses amounted to DKK 366m, up DKK 56m on H1/2005.

### Retail Banking

For H1 the Retail Banking area recorded a profit of DKK 89m against DKK 68m for H1/2005. Income was largely unchanged at DKK 143m.

The development in the number of customers opening wage accounts entailed higher transaction-based IT costs and a need for more staff.

Provisions equalled an income of DKK 24m against an expense of DKK 6m in H1/2005. The considerable reversals in 2006 were primarily an effect of the changes in the Bank's methods of determining individual provisions for loan impairment within Retail Customers.

Retail lending came to DKK 5.6bn against DKK 5bn at end-2005. Deposits amounted to approx DKK 9.7bn, up just over DKK 0.5bn on end-2005.

### Corporate Banking

For H1 the Corporate Banking area recorded a profit of DKK 56m against DKK 68m for H1/2005. The lower profit was mainly a result of increased provisions for loan impairment.

Income rose by DKK 12m to DKK 125m partly following increased value adjustment of corporate bonds and higher net interest and fee income from an increased business volume.

Costs rose by DKK 3m to DKK 57m, mainly as a consequence of higher staff expenses.

Provisions affected results by a negative DKK 12m against a positive DKK 9m in H1/2005.

Compared with 31 December 2005 loans and advances increased by DKK 5bn to DKK 19bn, while deposits were unchanged at approx DKK 11bn.

### Markets & Asset Management

For H1 Markets & Asset Management recorded a profit of DKK 176m against DKK 140m for H1/2005.

Income increased by DKK 79m to DKK 382m. H1 showed satisfactory growth in the business areas trading, debt capital markets and asset management activities, while income from own trading was lower than in H1/2005.

Relative to H1/2005 the increased activity levels resulted in a rise in staff and administrative costs of DKK 43m to a total of DKK 206m, of which the rise in staff costs accounted for just under DKK 30m.

## Nykredit Bank Group – results by business area

DKKm	Retail Banking		Corporate Banking		Markets & Asset Management		Group items <sup>1</sup>		Total	
	H1/2006	H1/2005	H1/2006	H1/2005	H1/2006	H1/05	H1/06	H1/05	H1/06	H1/05
Core income	143	139	125	113	382	303	46	34	696	589
Operating costs	78	65	57	54	206	163	1	-	342	282
<b>Core earnings before losses</b>	<b>65</b>	<b>74</b>	<b>68</b>	<b>59</b>	<b>176</b>	<b>140</b>	<b>45</b>	<b>34</b>	<b>354</b>	<b>307</b>
Provisions for loan impairment	(24)	6	12	(9)	0	0	-	-	(12)	(3)
<b>Core earnings after losses</b>	<b>89</b>	<b>68</b>	<b>56</b>	<b>68</b>	<b>176</b>	<b>140</b>	<b>45</b>	<b>34</b>	<b>366</b>	<b>310</b>
Investment portfolio income <sup>2</sup>	-	-	-	-	-	-	(5)	17	(5)	17
<b>Profit before tax for the period</b>	<b>89</b>	<b>68</b>	<b>56</b>	<b>68</b>	<b>176</b>	<b>140</b>	<b>40</b>	<b>51</b>	<b>361</b>	<b>327</b>
Income/costs	2.6	2.0	1.8	2.5	1.9	1.9	-	-	2.1	2.2
Average allocated business capital <sup>3</sup>	777	815	1,656	1,538	786	656	21	32	3,241	3,041
Core earnings after losses as a % of allocated business capital (pa)	22.9	16.7	6.8	8.8	44.5	42.7	-	-	22.6	20.4

<sup>1</sup> Comprises 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 own portfolio exceeding risk-free interest.  
<sup>3</sup> 8% of risk-weighted average assets allocated to the business areas.

## The Nykredit Bank Group – equity

DKKm	30 June 2006	30 June 2005	31 December 2005
<b>Equity, beginning of period</b>	<b>3,614</b>	<b>3,148</b>	<b>3,148</b>
Effects of changed accounting policies	-	27	27
<b>Adjusted equity, 1 January</b>	<b>3,614</b>	<b>3,175</b>	<b>3,175</b>
Profit for the period	254	236	439
<b>Equity, end of period</b>	<b>3,868</b>	<b>3,411</b>	<b>3,614</b>

## The Nykredit Bank Group – Capital base and capital adequacy

DKKm/%	30 June 2006	30 June 2005	31 December 2005
Core capital	3,614	3,175	3,614
Supplementary capital	800	800	800
Statutory deductions from core capital and supplementary capital	135	185	194
<b>Total, end of period</b>	<b>4,279</b>	<b>3,790</b>	<b>4,220</b>
Weighted items not included in the trading portfolio	34,998	30,887	30,932
Weighted items incurring market risk	10,479	8,121	9,829
<b>Total weighted items</b>	<b>45,477</b>	<b>39,008</b>	<b>40,761</b>
<b>Core capital ratio, %</b>	<b>7.9</b>	<b>8.1</b>	<b>8.8</b>
<b>Capital adequacy ratio, %</b>	<b>9.4</b>	<b>9.7</b>	<b>10.3</b>

## BALANCE SHEET, EQUITY AND CAPITAL ADEQUACY

The balance sheet amounted to DKK 103.4bn against DKK 84.5bn at end-2005, up DKK 18.9bn.

Loans, advances and receivables increased by DKK 8.3bn to DKK 34.7bn. Of the increase, repo activities accounted for just over DKK 3bn, while lending to corporate and Markets customers increased by approx DKK 5bn.

The portfolio of bonds and equities rose by DKK 7.5bn to DKK 43.7bn. The size and development of the portfolio relative to 31 December 2005 should be seen in the context of the high level of repo activity of the Bank.

Payables to credit institutions and central banks increased by DKK 14.6bn to DKK 59.3bn, of which repo transactions accounted for DKK 14.1bn against 8.7bn at 31 December 2005.

Relative to end-2005 deposits were unchanged at DKK 22.2bn.

Issued bonds increased from DKK 0.7bn at 31 December 2005 to DKK 1.7bn at 30 June 2006. The increase is attributable to the new issues "Nykredit High-Yield I" and "Nykredit High-Yield II", both listed on the Copenhagen Stock Exchange.

Equity was DKK 3,868m at 30 June 2006, up DKK 254m on equity at 31 December 2005. The increase equals profit after tax for the period.

### OTHER

At the Bank's general meeting on 14 March 2006, Peter Engberg Jensen, Group Managing Director, was not re-elected to the Bank's Board of Directors at his own request. Nykredit Bank's Board of Directors will subsequently consist of five members.

In H1 Nykredit Bank made two bond issues: Nykredit High-Yield I and Nykredit High-Yield II, totalling EUR 164m (DKK 1.2bn). The issues generate a variable return based on a specific exchange rate development. Of the issues, EUR 77m matures for redemption on 31 January 2008, while EUR 86m matures on 28 March 2008. Both issues are listed on the Copenhagen Stock Exchange.

To sustain the positive development in the Bank's business areas and enhance the Bank's possibilities of serving more and larger corporate customers, Nykredit Realkredit A/S plans to contribute subordinate loan

capital of a nominal value of DKK 500m in Q3/2006. The subordinate loan capital will be fully included in the Bank's capital base.

### OUTLOOK FOR 2006

H1 was generally characterised by a positive development in all business areas, and the Bank now expects a higher profit before tax than forecast in both the Annual Report for 2005 and the Q1 Interim Report 2006.

Profit before tax for 2006 is expected to land around DKK 575-625m. Relative to the forecast made in the Annual Report for 2005, this represents an upward adjustment of DKK 100m.

### EVENTS OCCURRED AFTER 30 JUNE 2006

In the period up to the publication of the H1 Interim Report 2006, no significant events have occurred.

### ACCOUNTING POLICIES

The Consolidated Financial Statements for H1/2006 of the Nykredit Bank Group have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and further Danish disclosure requirements for interim reports. Compliance with IAS 34 implies compliance with the principles of recognition and measurement of the international financial reporting standards (IFRS) and a more limited presentation relative to a complete annual report.

The financial statements of the Parent Company Nykredit Bank A/S for H1/2006 have been prepared in accordance with the Executive Order on the presentation of financial reports of credit institutions and investment companies, etc issued by the Danish Financial Supervisory Authority and the Executive Order on the application of IFRS of financial companies.

The accounting policies are unchanged relative to the Annual Report for 2005. A description of the Group's and the Parent Company's accounting policies applied in the Annual Report for 2005 is available at [www.nykredit.com](http://www.nykredit.com).

The H1 Interim Report 2006 has not been audited.

## The Nykredit Bank Group - financial highlights - six quarters

DKK MILLION

	Q2/ 2006	Q1/ 2006	FY 2005	Q4/ 2005	Q3/ 2005	Q2/ 2005	Q1/ 2005
<b>SUMMARY INCOME STATEMENT</b>							
Net interest income	229	117	794	162	184	212	236
Dividends, fees and commissions, net	65	66	213	54	63	49	47
<b>Net interest and fee income</b>	<b>294</b>	<b>183</b>	<b>1,007</b>	<b>216</b>	<b>247</b>	<b>261</b>	<b>283</b>
Value adjustments	81	120	177	46	79	47	5
Other operating income	5	8	20	5	5	5	5
Staff, administrative and other operating expenses	187	154	590	172	138	148	132
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	0	1	6	2	2	2	0
Provisions for loan and receivable impairment	(6)	(6)	7	10	0	(6)	3
<b>Profit before tax for the period</b>	<b>199</b>	<b>162</b>	<b>601</b>	<b>83</b>	<b>191</b>	<b>169</b>	<b>158</b>
Tax	62	45	162	16	55	44	47
<b>Profit for the period</b>	<b>137</b>	<b>117</b>	<b>439</b>	<b>67</b>	<b>136</b>	<b>125</b>	<b>111</b>
<b>BALANCE SHEET, END OF PERIOD</b>							
<b>Assets</b>							
Cash balance and receivables from central banks and credit institutions	16,700	15,365	15,031	15,031	16,495	15,493	15,106
Loans, advances and other receivables at fair value	9,698	5,014	6,688	6,688	8,652	7,807	6,709
Loans, advances and other receivables at amortised cost	25,020	21,950	19,731	19,731	18,028	18,353	18,495
Bonds at fair value	43,340	45,946	35,885	35,885	36,591	36,364	34,412
Equities	330	280	267	267	241	232	246
Investment and owner-occupied properties	247	247	248	248	249	250	250
Other assets and prepayments	8,086	7,384	6,612	6,612	6,982	7,292	5,924
<b>Total assets</b>	<b>103,421</b>	<b>96,186</b>	<b>84,462</b>	<b>84,462</b>	<b>87,238</b>	<b>85,791</b>	<b>81,142</b>
<b>Liabilities and equity</b>							
Payables to credit institutions and central banks	59,271	49,402	44,654	44,654	43,339	43,977	46,647
Deposits and other payables	22,181	24,329	22,103	22,103	25,288	22,326	20,240
Issued bonds at amortised cost	1,750	1,741	654	654	629	669	576
Other non-derivative financial liabilities at fair value	8,410	9,954	6,484	6,484	6,724	7,386	3,580
Other liabilities and deferred income	7,085	6,173	6,094	6,094	6,879	7,183	5,981
<b>Total payables</b>	<b>98,697</b>	<b>91,599</b>	<b>79,989</b>	<b>79,989</b>	<b>82,859</b>	<b>81,541</b>	<b>77,024</b>
Provisions	56	56	59	59	32	39	32
Subordinate loan capital	800	800	800	800	800	800	800
Equity	3,868	3,731	3,614	3,614	3,547	3,411	3,286
<b>Total liabilities and equity</b>	<b>103,421</b>	<b>96,186</b>	<b>84,462</b>	<b>84,462</b>	<b>87,238</b>	<b>85,791</b>	<b>81,142</b>
<b>OFF-BALANCE SHEET ITEMS</b>							
Guarantees	7,963	8,493	10,399	10,399	11,048	11,917	11,320
Other liabilities	4,131	3,600	3,058	3,058	2,995	2,377	2,307
<b>Total off-balance sheet items</b>	<b>12,094</b>	<b>12,093</b>	<b>13,457</b>	<b>13,457</b>	<b>14,043</b>	<b>14,294</b>	<b>13,627</b>

## The Nykredit Bank Group - financial ratios - six quarters

	Q2/ 2006	Q1/ 2006	FY 2005	Q4/ 2005	Q3/ 2005	Q2/ 2005	Q1/ 2005
<b>FINANCIAL RATIOS</b>							
Capital adequacy ratio, %	9.4	9.8	10.3	10.3	9.8	9.7	9.4
Core capital ratio, %	7.9	8.4	8.8	8.8	8.3	8.1	7.9
Return on equity before tax (pa), %	21.0	17.7	17.8	9.3	22.0	20.2	19.6
Return on equity after tax (pa), %	14.4	12.7	13.0	7.5	15.7	15.0	13.7
Income/cost ratio, DKK	2.09	2.09	2.00	1.45	2.36	2.18	2.17
Interest rate exposure, %	3.7	3.0	3.3	3.3	2.9	3.4	2.6
Impairment provisions for the period, %	0.0	0.0	0.0	0.0	0.0	0.0	0.0

## Income statements H1/2006

DKK MILLION

NYKREDIT BANK A/S				THE NYKREDIT BANK GROUP	
2005 H1	2006 H1		Note	2006 H1	2005 H1
1,126	1,266	Interest income	1	1,281	1,139
690	931	Interest expense	2	935	691
<b>436</b>	<b>335</b>	<b>NET INTEREST INCOME</b>		<b>346</b>	<b>448</b>
2	4	Dividend on equities		4	2
152	221	Fee and commission income		278	190
102	159	Fee and commission expense		151	96
<b>488</b>	<b>401</b>	<b>NET INTEREST AND FEE INCOME</b>		<b>477</b>	<b>544</b>
43	184	Value adjustments	3	201	52
9	12	Other operating income		13	10
239	290	Staff and administrative expenses	4	341	280
0	1	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets		1	1
1	0	Other operating expenses		0	1
(5)	(16)	Provisions for loan and receivable impairment	5,9	(12)	(3)
22	39	Profit from investments in associates and group enterprises	6	-	-
<b>327</b>	<b>361</b>	<b>PROFIT BEFORE TAX FOR THE PERIOD</b>		<b>361</b>	<b>327</b>
91	107	Tax for the period	7	107	91
<b>236</b>	<b>254</b>	<b>PROFIT FOR THE PERIOD</b>		<b>254</b>	<b>236</b>



## Balance sheets at 30 June 2006

DKK MILLION

NYKREDIT BANK A/S				THE NYKREDIT BANK GROUP	
2005 31.12.	2006 30.06.		Note	2006 30.06.	2005 31.12.
<b>ASSETS</b>					
26	31	Cash balance and demand deposits with central banks		31	26
15,009	16,692	Receivables from credit institutions and central banks	8	16,669	15,005
6,688	9,698	Loans, advances and other receivables at fair value	9	9,698	6,688
19,484	24,851	Loans, advances and other receivables at amortised cost	9	25,020	19,731
35,626	43,061	Bonds at fair value	10	43,340	35,885
267	330	Equities at fair value		330	267
37	36	Investments in associates		-	-
206	208	Investments in group enterprises		-	-
246	245	Land and buildings			
-	-	– Investment properties	11	245	246
		– Owner-occupied properties		2	2
<b>246</b>	<b>245</b>	<b>Total land and buildings</b>		<b>247</b>	<b>248</b>
5	4	Other property, plant and equipment		7	8
33	0	Current tax assets		0	32
0	0	Deferred tax assets		0	0
-	-	Assets temporarily acquired		-	-
6,534	8,014	Other assets	12	8,078	6,569
1	1	Prepayments		1	3
<b>84,162</b>	<b>103,171</b>	<b>TOTAL ASSETS</b>		<b>103,421</b>	<b>84,462</b>

## Balance sheets at 30 June 2006 - continued

DKK MILLION

NYKREDIT BANK A/S		THE NYKREDIT BANK GROUP			
2005 31.12.	2006 30.06.		Note	2006 30.06.	2005 31.12.
<b>LIABILITIES AND EQUITY</b>					
<b>Payables</b>					
44,326	59,009	Payables to credit institutions and central banks	13	59,271	44,654
22,192	22,271	Deposits and other payables	14	22,181	22,103
654	1,750	Issued bonds at amortised cost	15	1,750	654
6,484	8,410	Other non-derivative financial liabilities at fair value	16	8,410	6,484
0	42	Other tax liabilities		54	0
6,033	6,966	Other liabilities	17	7,026	6,085
6	5	Deferred income		5	9
<b>79,695</b>	<b>98,453</b>	<b>Total payables</b>		<b>98,697</b>	<b>79,989</b>
<b>Provisions</b>					
0	-	Provisions for pensions and similar obligations		-	0
43	43	Provisions for deferred tax		49	49
-	-	Provisions for losses and guarantees		-	-
10	7	Other provisions		7	10
<b>53</b>	<b>50</b>	<b>Total provisions</b>		<b>56</b>	<b>59</b>
<b>800</b>	<b>800</b>	<b>Subordinate loan capital</b>	18	<b>800</b>	<b>800</b>
<b>Equity</b>					
1,400	1,400	Share capital	19	1,400	1,400
131	158	Other reserves (reserve for revaluation according to the equity method)		-	-
2,083	2,310	Retained earnings		2,468	2,214
<b>3,614</b>	<b>3,868</b>	<b>Total equity</b>		<b>3,868</b>	<b>3,614</b>
<b>84,162</b>	<b>103,171</b>	<b>TOTAL LIABILITIES AND EQUITY</b>		<b>103,421</b>	<b>84,462</b>
<b>OFF-BALANCE SHEET ITEMS</b>					
10,269	7,863	Guarantees	20	7,963	10,399
3,030	4,122	Other contingent liabilities		4,131	3,058
<b>13,299</b>	<b>11,985</b>	<b>Total off-balance sheet items</b>		<b>12,094</b>	<b>13,457</b>
		Foreign exchange and interest rate risk	21		
		Contingent liabilities	22		
		Hedge accounting	23		
		Related parties	24		

## Equity H1/2006

DKK MILLION

NYKREDIT BANK A/S

	Share capital *)	Reserve for net revaluation according to the equity method	Retained earnings	Total
1 January 2006	1,400	131	2,083	3,614
Profit for the period		27	227	254
<b>Equity, 30 June 2006</b>	<b>1,400</b>	<b>158</b>	<b>2,310</b>	<b>3,868</b>
<b>FY 2005</b>				
Equity, 31 December 2004	1,400	89	1,659	3,148
Changed accounting policies			27	27
<b>Adjusted equity, 1 January 2005</b>	<b>1,400</b>	<b>89</b>	<b>1,686</b>	<b>3,175</b>
<b>H1/2005</b>				
Profit for the period			236	236
<b>Equity, 30 June 2005</b>	<b>1,400</b>	<b>89</b>	<b>1,922</b>	<b>3,411</b>
<b>H2/2005</b>				
Profit for the period		42	161	203
<b>Equity, 31 December 2005</b>	<b>1,400</b>	<b>131</b>	<b>2,083</b>	<b>3,614</b>

\*) The share capital breaks down into 11 shares in multiples of DKK 1m.

The share capital is wholly owned by Nykredit Realkredit A/S, Copenhagen.

Nykredit Bank has been included in this company's Consolidated Financial Statements and in the consolidated financial statements of Foreningen Nykredit, Copenhagen, which owns 86.71% of Nykredit Realkredit A/S.

## Cash flow statement H1/2006

DKK MILLION

THE NYKREDIT BANK  
GROUP

	2006 H1	2005 H1
Profit after tax for the period	254	236
<b>Adjustment for non-cash operating items, depreciation, amortisation and provisions</b>		
Depreciation and impairment losses for property, plant and equipment	1	1
Provisions for loan and receivable impairment	(9)	(1)
Tax calculated on profit for the period	107	91
<b>Total</b>	<b>99</b>	<b>91</b>
<b>Profit for the period adjusted for non-cash operating items</b>	<b>353</b>	<b>327</b>
<b>Change in working capital</b>		
Loans, advances and other receivables	(8,324)	(3,471)
Deposits and other payables	97	3,230
Payables to credit institutions and central banks	14,579	4,030
Bonds at fair value	(7,414)	(4,906)
Equities	(63)	(158)
Other working capital	1,352	2,827
<b>Total</b>	<b>227</b>	<b>1,552</b>
Corporation tax paid, net	(21)	(108)
<b>Cash flows from operating activities</b>	<b>559</b>	<b>1,771</b>
<b>Cash flows from investing activities</b>		
Property, plant and equipment	2	5
<b>Total</b>	<b>2</b>	<b>5</b>
<b>Cash flows from financing activities</b>		
Issued bonds	1,096	354
<b>Total</b>	<b>1,096</b>	<b>354</b>
<b>Total cash flows</b>	<b>1,657</b>	<b>2,130</b>
Cash and cash equivalents, beginning of period	15,031	13,093
Foreign currency translation adjustment of cash	12	270
<b>Cash and cash equivalents, end of period</b>	<b>16,700</b>	<b>15,493</b>
Cash and cash equivalents, end of period, specified as:		
Cash balance and demand deposits with central banks	31	2,660
Receivables from credit institutions and central banks	16,669	12,833
<b>Cash and cash equivalents, end of period</b>	<b>16,700</b>	<b>15,493</b>

## Core earnings and investment portfolio income

DKK MILLION

THE NYKREDIT BANK  
GROUP

	H1/2006			H1/2005		
	Core earnings	Investment portfolio income	Total	Core earnings	Investment portfolio income	Total
Net interest income	340	6	346	422	26	448
Dividend on equities	3	1	4	2	0	2
Fee and commission income, net	127	0	127	93	1	94
<b>Net interest and fee income</b>	<b>470</b>	<b>7</b>	<b>477</b>	<b>517</b>	<b>27</b>	<b>544</b>
Value adjustments	213	(12)	201	62	(10)	52
Other operating income	13	0	13	10	0	10
<b>Total income</b>	<b>696</b>	<b>(5)</b>	<b>691</b>	<b>589</b>	<b>17</b>	<b>606</b>
Staff and administrative expenses	341	0	341	280	0	280
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	1	0	1	1	0	1
Other operating expenses	-	0	0	1	0	1
Provisions for loan and receivable impairment	(12)	0	(12)	(3)	0	(3)
<b>Profit before tax for the period</b>	<b>366</b>	<b>(5)</b>	<b>361</b>	<b>310</b>	<b>17</b>	<b>327</b>

## Notes

DKK MILLION

NYKREDIT BANK A/S			THE NYKREDIT BANK GROUP	
2005	2006		2006	2005
		<b>1. INTEREST INCOME</b>		
120	158	Receivables from credit institutions and central banks	158	120
456	551	Loans, advances and other receivables	560	468
611	679	Bonds	686	613
(62)	(123)	Total derivative financial instruments	(123)	(62)
		Of which		
3	19	- Foreign exchange contracts	19	3
(65)	(142)	- Interest rate contracts	(142)	(65)
1	1	Other interest income	0	0
<b>1,126</b>	<b>1,266</b>	<b>Total</b>	<b>1,281</b>	<b>1,139</b>
		<b>Of which interest income from genuine purchase and resale transactions entered as:</b>		
65	95	Receivables from credit institutions and central banks	95	65
57	69	Loans, advances and other receivables at fair value	69	57
		<b>Of total interest income:</b>		
399	482	Interest income accrued on financial assets measured at amortised cost	491	411
4	4	Interest income from finance leases	17	17
0	2	Reduction in interest income related to interest from impaired loans and advances (offset against impairment provisions for the period)	2	0
		<b>2. INTEREST EXPENSE</b>		
421	618	Credit institutions and central banks	623	424
243	295	Deposits and other payables as well as non-derivative financial liabilities at fair value	294	241
15	5	Issued bonds	5	15
11	13	Subordinate loan capital	13	11
0	0	Other interest expense	0	0
<b>690</b>	<b>931</b>	<b>Total</b>	<b>935</b>	<b>691</b>
		<b>Of which interest expense for genuine sale and repurchase transactions entered as:</b>		
112	151	Payables to credit institutions and central banks	151	112
9	12	Non-derivative financial liabilities at fair value	12	9
-	3	<b>Interest expense related to the Bank's own portfolio of issued bonds</b>	3	-
		The amount has been offset against total interest expense		
		<b>Of total interest expense:</b>		
681	919	Interest expense related to financial liabilities at amortised cost	923	682

## Notes

DKK MILLION

NYKREDIT BANK A/S			THE NYKREDIT BANK GROUP	
2005	2006		2006	2005
		<b>3. VALUE ADJUSTMENTS</b>		
0	0	Other loans, advances and receivables at fair value	17	9
144	(609)	Bonds	(609)	144
12	27	Equities	27	12
(1)	(1)	Investment properties	(1)	(1)
0	27	Foreign exchange	27	0
(112)	740	Foreign exchange, interest rate, equity, commodity and other contracts as well as derivative financial instruments	740	(112)
<b>43</b>	<b>184</b>	<b>Total</b>	<b>201</b>	<b>52</b>
		<b>Of which value adjustment of hedge accounting instruments</b>		
(124)	(32)	Fair value hedge	(32)	(125)
		<b>4. STAFF AND ADMINISTRATIVE EXPENSES</b>		
		<b>Remuneration of Board of Directors and Executive Board:</b>		
0	0	Board of Directors	0	0
4	3	Executive Board	3	4
<b>4</b>	<b>3</b>	<b>Total</b>	<b>3</b>	<b>4</b>
		Members of the Executive Board receive a fixed salary. No bonus plans have been established. Executive Board members do not receive remuneration as directors of group enterprises and associates. The pensionable age for members of the Executive Board is 65 years. No agreements have been made on pension benefits for Executive Board members. The term of notice is 12 months. Upon resignation at Nykredit Bank A/S's request, Executive Board members are entitled to receive termination benefits equal to six months' gross salary.		
		<b>Staff expenses</b>		
102	137	Wages and salaries	169	127
10	13	Pensions (defined contribution plans)	15	12
11	12	Social security costs	14	13
<b>123</b>	<b>162</b>	<b>Total</b>	<b>198</b>	<b>152</b>
<b>112</b>	<b>125</b>	<b>Other administrative expenses</b>	<b>140</b>	<b>124</b>
<b>239</b>	<b>290</b>	<b>Total</b>	<b>341</b>	<b>280</b>
337	390	Average number of staff for the period, full-time equivalents	476	420

## Notes

DKK MILLION

NYKREDIT BANK A/S			THE NYKREDIT BANK GROUP	
2005	2006		2006	2005
		<b>5. PROVISIONS FOR LOAN AND RECEIVABLE IMPAIRMENT</b>		
(4)	(13)	Provisions for the period, net	(9)	(4)
(2)	(4)	Received on claims previously written off as impairment losses	(4)	(2)
1	1	Lost (not previously provided for individually)	1	3
<b>(5)</b>	<b>(16)</b>	<b>Total</b>	<b>(12)</b>	<b>(3)</b>
		Of which		
(6)	(25)	- individual provisions	(21)	(4)
1	9	- group-based provisions	9	1
0	2	Interest income from impaired loans and advances for the period	2	0
		<b>6. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES</b>		
7	10	Profit from investments in associates	-	-
15	29	Profit from investments in group enterprises	-	-
<b>22</b>	<b>39</b>	<b>Total</b>	<b>-</b>	<b>-</b>
		<b>7. TAX FOR THE PERIOD</b>		
<b>28</b>	<b>30</b>	<b>Tax as a % of profit for the period</b>	<b>30</b>	<b>28</b>
		For the full year the tax expense is expected to be 29% of profit for the year. Taxes have been estimated based on a tax rate of 28.		
		<b>8. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS</b>		
3,105	1,578	Receivables at call with central banks	1,578	3,105
11,904	15,114	Receivables from credit institutions	15,091	11,900
<b>15,009</b>	<b>16,692</b>	<b>Total</b>	<b>16,669</b>	<b>15,005</b>
5,814	6,782	Of which genuine purchase and resale transactions	6,782	5,814
		<b>9. LOANS AND ADVANCES AT FAIR VALUE AND AMORTISED COST</b>		
6,688	9,698	Loans, advances and other receivables at fair value (1)	9,698	6,688
19,484	24,851	Loans, advances and other receivables at amortised cost	25,020	19,731
<b>26,172</b>	<b>34,549</b>	<b>Total</b>	<b>34,718</b>	<b>26,419</b>
6,688	9,698	(1) Of which genuine purchase and resale transactions	9,698	6,688
77	48	Non-performing loans and advances at amortised cost	48	77
3,110	3,655	Of total loans and advances, fixed-rate loans and advances represent	3,655	3,110
3,235	3,687	Market value of fixed-rate loans and advances	3,687	3,235
		The market value adjustment has been made through profit or loss		
128	125	Of total loans and advances at amortised cost, finance leases represent	626	671



## Notes

DKK MILLION

NYKREDIT BANK A/S			THE NYKREDIT BANK GROUP	
2005	2006		2006	2005
<b>9. LOANS AND ADVANCES AT FAIR VALUE AND AMORTISED COST - CONTINUED</b>				
<b>Provisions for loan and receivable impairment at amortised cost:</b>				
<b>Individual provisions:</b>				
178	130	1 January	132	182
0	0	Exchange rate and other value adjustments	0	0
(5)	(23)	Provisions for the period, net	(18)	(5)
(17)	(20)	Finally lost, now deducted from total provisions	(20)	(17)
0	0	Other movements	0	(1)
<b>156</b>	<b>87</b>	<b>Total</b>	<b>94</b>	<b>159</b>
<b>Group-based provisions:</b>				
30	50	1 January	50	31
0	0	Exchange rate and other value adjustments	0	0
1	9	Provisions for the period, net	9	1
0	0	Other movements	0	(1)
<b>31</b>	<b>59</b>	<b>Total</b>	<b>59</b>	<b>31</b>
208	180	Total provisions, 1 January	182	213
<b>187</b>	<b>146</b>	<b>Total provisions, 30 June</b>	<b>153</b>	<b>190</b>
0	0	Provisions for credit institutions and guarantees	0	0
<b>10. BONDS AT FAIR VALUE</b>				
133	198	Own bonds	198	133
23,168	26,446	Mortgage bonds	26,446	23,168
3,705	7,537	Government bonds	7,635	3,964
8,753	9,078	Other bonds and claims priced in active markets	9,259	8,753
<b>35,759</b>	<b>43,259</b>	<b>Total</b>	<b>43,538</b>	<b>36,018</b>
133	198	Own bonds offset against issued bonds, cf note 15	198	133
<b>35,626</b>	<b>43,061</b>	<b>Total</b>	<b>43,340</b>	<b>35,885</b>
9,093	15,981	Assets sold as part of genuine sale and repurchase transactions	15,981	9,093
19,417	22,648	As collateral security for the Danish central bank and foreign clearing centres, etc, bonds have been deposited of a total market value of	22,648	19,417

## Notes

DKK MILLION

NYKREDIT BANK A/S		THE NYKREDIT BANK GROUP		
2005	2006		2006	2005
<b>11. INVESTMENT PROPERTIES</b>				
255	255	Acquisition cost, beginning of period	255	255
255	255	Acquisition cost, end of period	255	255
(6)	(9)	Fair value adjustment, beginning of period	(9)	(6)
(3)	(1)	Value adjustment for the period through profit or loss	(1)	(3)
<b>(9)</b>	<b>(10)</b>	<b>Fair value adjustment, end of period</b>	<b>(10)</b>	<b>(9)</b>
<b>246</b>	<b>245</b>	<b>Balance, end of period</b>	<b>245</b>	<b>246</b>
246	245	Of which assets held under operating leases	245	246
210	220	Latest public land assessment	220	210
9	8	Lease payments for the period (included in "Other operating income")	8	9
The leases expire in 2020 and 2021 at the latest at which time the residual risk exposure has been determined at DKK 44m (discounted value).				
The fair value has been determined based on an internal model which includes future cash flows as well as the pricing of similar properties. The determination has been made by an internal expert with the required professional skills.				
The lessees have options to purchase the properties according to specifically agreed guidelines. In case of a potential disposal, the price will essentially reflect the market value carried.				
<b>12. OTHER ASSETS</b>				
2,557	2,911	Interest and commission receivable	2,942	2,582
3,939	5,024	Positive market value of derivative financial instruments	5,024	3,939
38	79	Other assets	112	48
<b>6,534</b>	<b>8,014</b>	<b>Total</b>	<b>8,078</b>	<b>6,569</b>
<b>13. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS</b>				
12,696	20,673	Payables to central banks	20,673	12,696
31,630	38,336	Payables to credit institutions	38,598	31,958
<b>44,326</b>	<b>59,009</b>	<b>Total</b>	<b>59,271</b>	<b>44,654</b>
8,681	14,144	Of which genuine sale and repurchase transactions	14,144	8,681
<b>14. DEPOSITS AND OTHER PAYABLES</b>				
13,082	12,775	On demand	12,685	12,994
5	12	At notice	12	5
8,429	8,834	Time deposits	8,834	8,429
676	650	Special deposits	650	675
<b>22,192</b>	<b>22,271</b>	<b>Total</b>	<b>22,181</b>	<b>22,103</b>

## Notes

DKK MILLION

NYKREDIT BANK A/S			THE NYKREDIT BANK GROUP	
2005	2006		2006	2005
		<b>15. ISSUED BONDS AT AMORTISED COST</b>		
787 (133)	1,948 (198)	Value of issues Own portfolio transferred from "Bonds at fair value"	1,948 (198)	787 (133)
<b>654</b>	<b>1,750</b>	<b>Total</b>	<b>1,750</b>	<b>654</b>
		<b>By time-to-maturity:</b>		
415	1,411	Over 1 year and up to 5 years	1,411	415
239	339	Over 5 years	339	239
<b>654</b>	<b>1,750</b>	<b>Total</b>	<b>1,750</b>	<b>654</b>
		<b>Issues</b>		
325	325	2003 to 2008 Bond loan*	325	325
239	239	2005 to 2016 Curve steepener*	239	239
100	100	2005 to 2017 Range accrual note*	100	100
100	100	2005 to 2010 Basket barrier*	100	100
23	23	2005 to 2010 Index-linked	23	23
-	574	2006 to 2008 Nykredit High-Yield I*	574	-
-	649	2006 to 2008 Nykredit High-Yield II*	649	-
<b>787</b> 0 (133)	<b>2,010</b> (62) (198)	<b>Total nominal value</b> Amortisation of transaction costs, etc and other adjustments Own portfolio	<b>2,010</b> (62) (198)	<b>787</b> 0 (133)
<b>654</b>	<b>1,750</b>	<b>Total</b>	<b>1,750</b>	<b>654</b>
764	1,987	*Listed on the Copenhagen Stock Exchange The issues carry floating interest rates	1,987	764
		<b>16. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE</b>		
568	2,085	Deposits at fair value	2,085	568
5,916	6,325	Negative securities portfolios	6,325	5,916
<b>6,484</b>	<b>8,410</b>	<b>Total</b>	<b>8,410</b>	<b>6,484</b>
568	2,085	Of which genuine sale and repurchase transactions	2,085	568
		<b>17. OTHER LIABILITIES</b>		
2,457	2,949	Interest and commission payable	2,949	2,457
3,405	3,520	Negative market value of derivative financial instruments	3,520	3,405
171	497	Other payables	557	223
<b>6,033</b>	<b>6,966</b>	<b>Total</b>	<b>7,026</b>	<b>6,085</b>

## Notes

DKK MILLION

NYKREDIT BANK A/S			THE NYKREDIT BANK GROUP	
2005	2006		2006	2005
		<b>18. SUBORDINATE LOAN CAPITAL</b>		
		Subordinate loan capital consists of liabilities which, in case of voluntary or compulsory liquidation, will not be repaid until after the claims of ordinary creditors have been met.		
		The loan capital below has been granted by Nykredit Realkredit A/S. The loan capital forms part of the supplementary capital and has been included in full in the capital base.		
500	500	The loan was granted in 2003 and falls due on 1 December 2011. No principal payments will be made on the loan during its maturity. The loan carries a floating interest rate.	500	500
300	300	The loan was granted in 2005 and falls due on 22 April 2013. No principal payments will be made on the loan during its maturity. The loan carries a floating interest rate.	300	300
<b>800</b>	<b>800</b>	<b>Total</b>	<b>800</b>	<b>800</b>
		<b>19. EQUITY AND CAPITAL ADEQUACY</b>		
		<b>Equity:</b>		
1,400	1,400	Share capital, beginning of period	1,400	1,400
1,400	1,400	Share capital, end of period	1,400	1,400
89	131	Other reserves, beginning of period	-	-
42	27	Movements in the period	-	-
<b>131</b>	<b>158</b>	<b>Other reserves, end of period</b>	<b>-</b>	<b>-</b>
1,686	2,083	Retained earnings, beginning of period	2,214	1,775
397	227	Transfers for the period	254	439
<b>2,083</b>	<b>2,310</b>	<b>Retained earnings, end of period</b>	<b>2,468</b>	<b>2,214</b>
<b>3,175</b>	<b>3,614</b>	<b>Equity, beginning of period</b>	<b>3,614</b>	<b>3,175</b>
<b>3,614</b>	<b>3,868</b>	<b>Equity, end of period</b>	<b>3,868</b>	<b>3,614</b>
		<b>Capital adequacy:</b>		
3,614	3,614	Core capital	3,614	3,614
800	800	Supplementary capital	800	800
194	135	Statutory deductions from core capital and supplementary capital	135	194
<b>4,220</b>	<b>4,279</b>	<b>Total</b>	<b>4,279</b>	<b>4,220</b>
		<b>Weighted items</b>		
30,544	34,716	Not included in the trading portfolio	34,998	30,932
9,826	10,476	Incurring market risk	10,479	9,829
<b>40,370</b>	<b>45,192</b>	<b>Total</b>	<b>45,477</b>	<b>40,761</b>
8.9	7.9	Core capital after statutory deductions as a % of weighted items	7.9	8.8
10.4	9.4	Capital adequacy ratio, %	9.4	10.3

## Notes

DKK MILLION

NYKREDIT BANK A/S			THE NYKREDIT BANK GROUP	
2005	2006		2006	2005
<b>20. OFF-BALANCE SHEET ITEMS</b>				
7,344	5,690	Financial guarantees	5,690	7,344
367	35	Registration and refinancing guarantees	35	367
2,558	2,138	Other guarantees	2,238	2,688
<b>10,269</b>	<b>7,863</b>	<b>Total guarantees</b>	<b>7,963</b>	<b>10,399</b>
3,007	4,014	Irrevocable credit commitments	4,014	3,007
23	108	Other liabilities	117	51
<b>3,030</b>	<b>4,122</b>	<b>Total other contingent liabilities</b>	<b>4,131</b>	<b>3,058</b>
<b>21. FOREIGN EXCHANGE AND INTEREST RATE RISK</b>				
<b>Foreign exchange risk</b>				
18,369	28,461	Total foreign exchange assets	28,463	18,320
16,971	29,962	Total foreign exchange liabilities	29,962	16,962
151	418	Exchange Rate Indicator 1	418	151
4.2	11.6	Exchange Rate Indicator 1 as a % of core capital after statutory deductions	11.6	4.2
2	6	Exchange Rate Indicator 2	6	2
0.1	0.2	Exchange Rate Indicator 2 as a % of core capital after statutory deductions	0.2	0.1
<b>Interest rate risk by currency incurring the highest interest rate risk</b>				
331	224	DKK	224	331
(211)	(105)	EUR	(105)	(211)
(12)	25	SEK	25	(12)
0	(17)	NOK	(17)	0
6	5	PLN	5	6
2	1	USD	1	2
2	0	GBP	0	2
0	1	Other currencies	1	0
<b>118</b>	<b>134</b>	<b>Total interest rate risk</b>	<b>134</b>	<b>118</b>
<b>22. CONTINGENT LIABILITIES</b>				
Through its operating activities, the Bank is involved in legal proceedings and disputes. The Bank is of the opinion that the outcome hereof will have no material effect on its financial position.				

## Notes

DKK MILLION

NYKREDIT BANK A/S			THE NYKREDIT BANK GROUP	
2005	2006		2006	2005
		<b>23. HEDGE ACCOUNTING</b>		
		According to the accounting provisions, certain loans and advances as well as deposits must, in principle, be measured at amortised cost, while derivative financial instruments have been measured at fair value. To obtain accounting symmetry between hedging and hedged transactions, fair value adjustment of the financial assets and liabilities that form part of effective hedge accounting has been allowed. The fair value adjustment exclusively concerns the hedged part (the interest rate exposure).		
		<b>Hedged fixed-rate assets</b>		
3,110	3,655	Loans, advances and other receivables at amortised cost	3,655	3,110
<b>3,110</b>	<b>3,655</b>	<b>Total</b>	<b>3,655</b>	<b>3,110</b>
		<b>Market value of hedged fixed-rate assets</b>		
3,235	3,687	Loans, advances and other receivables at amortised cost	3,687	3,235
<b>3,235</b>	<b>3,687</b>	<b>Total carrying amount, end of period</b>	<b>3,687</b>	<b>3,235</b>
		<b>Fair value adjustment</b>		
125	32	Loans, advances and other receivables at amortised cost	32	125
<b>125</b>	<b>32</b>	<b>Total fair value adjustment</b>	<b>32</b>	<b>125</b>
		<b>Hedged derivative financial instruments</b>		
3,885	4,447	Nominal value (synthetic principal)	4,447	3,885
(124)	(32)	Market value adjustment (negative market value)	(32)	(124)
<b>1</b>	<b>0</b>	<b>Total fair value adjustment difference</b>	<b>0</b>	<b>1</b>
		<b>24. RELATED PARTIES</b>		
		The Parent Company Nykredit Realkredit A/S, its group enterprises and associates as well as group enterprises and associates of the Nykredit Bank Group are regarded as related parties.		
		No unusual related party transactions occurred in H1/2006.		
		The companies have entered into different agreements as a natural part of the Group's day-to-day operations. The agreements typically involve finance, insurance, sales commission, tasks relating to IT support and IT development projects as well as other joint tasks.		
		Intercompany trade and services took place on an arm's length or a cost recovery basis.		
		Significant related party transactions prevailing/entered into in H1/2006 include:		
		<b>Agreement between Nykredit Bank A/S and Nykredit Holding A/S</b>		
		On specific occasions, Nykredit Holding A/S has issued guarantees or letters of comfort to third parties. Nykredit Holding A/S has issued guarantees to Nykredit Bank A/S covering pre-fixed loss amounts with respect to some of the Bank's exposures.		

# Group structure

THE NYKREDIT BANK  
GROUP

	Share capital 31.12.2005	Equity 31.12.2005 DKK m	Ownership 31.12.2005 %	Ownership 30.06.2006 %	Profit/loss after tax H1/2006	Equity 30.06.2006
Nykredit Bank A/S, Copenhagen a)	DKK 1,400	3,614	-	-	254	3,868
<b>Consolidated subsidiaries</b>						
Nykredit Portefølje Bank A/S, Copenhagen a)	DKK 40	110	100	100	19	129
Nykredit Portefølje Administration A/S, Copenhagen e)	DKK 15	42	100	100	8	60
Pantebrevsselskabet af 8/8 1995 A/S, Copenhagen b) and d)	DKK 5	26	100	100	-	26
Nykredit Pantebrevsinvestering A/S, Copenhagen b) and d)	DKK 5	19	100	100	-	19
Nykredit Leasing A/S, Copenhagen c)	DKK 1	4	100	100	1	5
Norswood Properties Limited, Plymouth d)	GBP -	3	100	100	-	-
Nykredit Finance plc, Plymouth d)	GBP 3	44	100	100	1	29
<b>Associates subject to proportionate consolidation</b>						
Dansk Pantebrevsbørs A/S, Copenhagen b) <sup>1</sup>	DKK 5	38	50	50	18	39
LeasIT A/S, Lyngby-Taarbæk c) <sup>1</sup>	DKK 14	68	26	23	(6)	73
1) Subject to proportionate consolidation as a result of shareholders' agreements entitling the Bank to appoint a director in the companies.						
a) Banking						
b) Mortgage trading						
c) Leasing						
d) No activity						
e) Financial business (wholly-owned by Nykredit Portefølje Bank A/S)						

DKK million	H1/ 2006	FY 2005	H1/ 2005	H1/ 2004*)	H1/ 2003*)	H1/ 2002*)
<b>SUMMARY INCOME STATEMENT</b>						
Net interest and fee income	401	883	488	335	423	280
Value adjustments	184	153	43	100	8	(63)
Other operating income	12	19	9	11	65	9
Staff, administrative and other operating expenses	290	504	240	208	181	182
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	1	2	0	2	2	3
Provisions for loan and receivable impairment	(16)	5	(5)	24	80	25
Profit from investments in associates and group enterprises	39	57	22	17	14	9
<b>Profit before tax</b>	<b>361</b>	<b>601</b>	<b>327</b>	<b>229</b>	<b>247</b>	<b>25</b>
Tax	107	162	91	68	74	8
<b>Profit for the period</b>	<b>254</b>	<b>439</b>	<b>236</b>	<b>161</b>	<b>173</b>	<b>17</b>
<b>BALANCE SHEET, END OF PERIOD</b>						
	30 June 2006	End- 2005	30 June 2005	30 June 2004*)	30 June 2003*)	30 June 2002*)
<b>Assets</b>						
Cash balance and receivables from central banks and credit institutions	16,723	15,035	15,490	20,495	20,038	13,427
Loans, advances and other receivables at fair value	9,698	6,688	7,807	5,724	3,247	6,505
Loans, advances and other receivables at amortised cost	24,851	19,484	18,335	18,904	19,846	19,843
Bonds at fair value and equities	43,391	35,893	36,317	30,605	27,372	26,853
Investments in associates and group enterprises	244	243	217	188	160	171
Other assets and prepayments	8,264	6,819	7,490	5,370	6,753	4,324
<b>Total assets</b>	<b>103,171</b>	<b>84,162</b>	<b>85,656</b>	<b>81,286</b>	<b>77,416</b>	<b>71,123</b>
<b>Liabilities and equity</b>						
Payables to credit institutions and central banks	59,009	44,326	43,789	41,152	44,823	42,063
Deposits and other payables	22,271	22,192	22,427	20,850	14,300	10,528
Issued bonds at amortised cost	1,750	654	669	325	-	-
Other non-derivative financial liabilities at fair value	8,410	6,484	7,386	10,322	7,741	10,179
Other liabilities and deferred income	7,013	6,039	7,142	4,793	6,741	4,807
<b>Total payables</b>	<b>98,453</b>	<b>79,695</b>	<b>81,413</b>	<b>77,442</b>	<b>73,605</b>	<b>67,577</b>
Provisions	50	53	32	25	20	21
Subordinate loan capital	800	800	800	800	800	800
Equity	3,868	3,614	3,411	3,019	2,991	2,725
<b>Total liabilities and equity</b>	<b>103,171</b>	<b>84,162</b>	<b>85,656</b>	<b>81,286</b>	<b>77,416</b>	<b>71,123</b>
(*) Incl reclassifications as a result of new accounting policies at 1 January 2005						
<b>OFF-BALANCE SHEET ITEMS</b>						
Guarantees	7,863	10,269	11,887	7,768	7,887	5,208
Other contingent liabilities	4,122	3,030	2,344	3,037	3,909	3,901
<b>Total off-balance sheet items</b>	<b>11,985</b>	<b>13,299</b>	<b>14,231</b>	<b>10,805</b>	<b>11,796</b>	<b>9,109</b>
<b>FINANCIAL RATIOS</b>						
Capital adequacy ratio, %	9.4	10.4	9.8	9.6	9.1	9.4
Core capital ratio, %	7.9	8.9	8.2	7.5	7.1	7.3
Return on equity before tax (pa), %	19.2	17.8	19.9	15.6	17.0	1.8
Return on equity after tax (pa), %	13.6	13.0	14.4	11.0	12.0	1.2
Income/cost ratio, DKK	2.31	2.18	2.39	1.98	1.94	1.12
Interest rate exposure, %	3.7	3.3	3.4	1.9	2.5	1.4
Foreign exchange position, %	11.6	4.2	13.6	14.2	11.1	10.6
Foreign exchange exposure, %	0.2	0.1	0.1	0.2	0.3	0.3
Loans and advances relative to deposits	155.8	118.7	117.4	109.4	146.1	201.0
Loans and advances relative to equity	8.9	7.2	7.7	8.1	7.7	9.7
Growth in loans and advances for the period, %	32.0	15.7	15.6	10.9	(5.1)	18.6
Excess cover relative to statutory liquidity requirement, %	121.0	207.8	164.7	160.3	88.2	189.5
Total major exposures, %	497.9	349.5	364.4	282.0	335.0	405.2
Impairment provisions for the period, %	0.0	0.0	0.0	0.1	0.3	0.1
Number of staff (average)	390	346	337	272	257	258