

To NASDAQ OMX Copenhagen A/S  
and the press

18 August 2011

## **H1 INTERIM REPORT – THE NYKREDIT BANK GROUP 1 JANUARY 2011 – 30 JUNE 2011**

- Profit before tax came to DKK 445m, up DKK 288m on H1/2010.
- Impairment losses on loans and advances came to DKK 201m, down DKK 548m on H1/2010.
- Core income from business operations amounted to DKK 1,699m in H1/2011, equal to a reduction of DKK 236m compared with H1/2010. The decline was in part due to subdued Markets activity and lower Treasury income.
- Operating costs dropped from DKK 992m in H1/2010 to DKK 887m in H1/2011.
- Investment portfolio income declined from a gain of DKK 153m in H1/2010 to a loss of DKK 161m in H1/2011. The decline was mainly attributable to capital losses on subordinated debt instruments in Amagerbanken and Fjordbank Mors (Kalvebod issues) of a total DKK 190m.
- In total, Amagerbanken and Fjordbank Mors have generated expenses of around DKK 340m.
- The income:cost ratio was 1.4 compared with 1.1 in H1/2010.
- The balance sheet stood at DKK 182.1bn against DKK 210.4bn at end-2010.
- Profit before tax generated a return on equity of 6.4% pa against 2.6% pa for H1/2010.

### **LIQUIDITY**

- Excess cover relative to statutory liquidity requirements was 198.7% against 251.1% at end-2010. The level is considered adequate considering the Bank's liquidity risk and requirements.

### **CAPITAL**

- The capital adequacy and core capital ratios came to 18.5% and 17.9%. The core capital ratio excluding hybrid core capital was 17.6%.
- The internal capital adequacy requirement (ICAAP) was 10.2%.
- Equity was DKK 14.1bn against DKK 13.8bn at end-2010.

### **OUTLOOK FOR 2011**

Based on developments in H1/2011 and the expectation of a continued subdued level of activity for the rest of the year, the Bank expects a profit before tax and impairment losses of DKK 1.7bn for the full year 2011 against previously DKK 2.4bn.

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

The Nykredit Bank Group's H1 Interim Report 2011 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

Comparative figures for 2007-2009 have been restated to reflect the merger with Forstædernes Bank

	H1/2011	FY 2010	H1/2010	H1/2009	H1/2008	H1/2007
<b>SUMMARY INCOME STATEMENT</b>						
Net interest and fee income	1,660	3,624	1,827	1,852	1,345	1,105
Value adjustments	(56)	473	300	70	(67)	412
Other operating income	14	35	18	19	18	8
Staff and administrative expenses	880	1,759	977	981	832	722
Other operating expenses, depreciation and amortisation	92	392	262	288	25	23
Impairment losses on loans, advances and receivables	201	1,494	749	1,856	180	12
Profit (loss) from investments in associates and group enterprises	-	30	-	-	-	-
<b>Profit (loss) before tax</b>	<b>445</b>	<b>517</b>	<b>157</b>	<b>(1,184)</b>	<b>259</b>	<b>768</b>
Tax	115	122	67	(281)	68	188
<b>Profit (loss) for the period</b>	<b>330</b>	<b>395</b>	<b>90</b>	<b>(903)</b>	<b>191</b>	<b>580</b>
<b>BALANCE SHEET, END OF PERIOD</b>						
<b>Assets</b>						
Cash balance and receivables from central banks and credit institutions	25,418	29,480	35,201	25,567	18,714	28,791
Loans, advances and other receivables at fair value	16,409	12,920	13,899	23,320	11,515	4,006
Loans, advances and other receivables at amortised cost	57,541	59,072	61,355	65,825	73,054	58,874
Bonds at fair value and equities	56,836	75,266	73,046	81,298	60,128	57,920
Other asset items	25,885	33,684	44,431	28,739	20,604	12,540
<b>Total assets</b>	<b>182,089</b>	<b>210,422</b>	<b>227,932</b>	<b>224,749</b>	<b>184,015</b>	<b>162,131</b>
<b>Liabilities and equity</b>						
Payables to credit institutions and central banks	37,647	48,351	65,922	77,074	89,172	87,722
Deposits and other payables	52,107	55,699	57,481	60,890	49,216	39,085
Issued bonds at amortised cost	26,113	32,848	38,114	39,692	8,239	3,039
Other non-derivative financial liabilities at fair value	25,336	25,679	9,785	5,083	6,932	10,252
Other payables	25,766	32,416	42,072	27,914	18,215	11,216
<b>Total payables</b>	<b>166,969</b>	<b>194,993</b>	<b>213,374</b>	<b>210,653</b>	<b>171,774</b>	<b>151,314</b>
Provisions	255	847	958	278	27	12
Subordinated debt	766	813	1,136	4,058	3,798	3,399
Equity	14,099	13,769	12,464	9,760	8,416	7,406
<b>Total liabilities and equity</b>	<b>182,089</b>	<b>210,422</b>	<b>227,932</b>	<b>224,749</b>	<b>184,015</b>	<b>162,131</b>
<b>OFF-BALANCE SHEET ITEMS</b>						
Contingent liabilities	9,229	15,225	17,549	16,015	19,676	20,511
Other commitments	6,617	7,012	7,531	9,258	8,761	7,702
<b>FINANCIAL RATIOS</b>						
Capital adequacy ratio, %	18.5	15.9	12.7	12.5	9.3	11.7
Core capital ratio, %	17.9	15.2	12.0	9.4	6.9	8.6
Core capital ratio excluding hybrid core capital, %	17.6	14.9	11.7	9.4	6.9	8.6
Return on equity before tax, % *	3.2	4.0	1.3	(11.9)	3.1	11.5
Return on equity after tax, % *	2.4	3.0	0.8	(9.1)	2.3	8.7
Income:cost ratio *	1.38	1.14	1.08	0.62	1.25	2.01
Interest rate exposure, %	0.5	0.5	0.8	1.1	1.3	3.0
Foreign exchange position, %	0.2	1.5	2.6	0.0	2.2	13.4
Foreign exchange exposure, %	0.0	0.0	0.0	0.1	0.0	0.0
Loans and advances:deposits *	1.5	1.4	1.4	1.5	1.7	1.6
Loans and advances:equity *	5.2	5.2	6.0	9.1	10.0	8.5
Growth in loans and advances for the period, % *	2.7	(1.2)	3.3	(8.8)	19.8	19.3
Excess cover:statutory liquidity requirements, %	198.7	251.1	265.8	200.3	57.7	116.4
Total large exposures, %	10.8	41.7	33.0	97.6	134.9	183.8
Impairment losses for the period *	0.2	1.6	0.7	1.7	0.2	0.0
Average number of staff, full-time equivalents *	801	847	923	1,317	1,249	1,115

Financial ratios have been calculated in accordance with the definitions of the Executive Order on the Presentation of Financial Statements.

\* Financial ratios for 2007-2009 have been restated to reflect the merger with Forstædernes Bank.

Financial ratios such as the capital adequacy and core capital ratios etc are not affected by the merger with Forstædernes Bank. Comparative figures therefore correspond to the original figures disclosed by Nykredit Bank.

# RESULTS FOR THE PERIOD

## H1/2011 IN BRIEF

The Group recorded a profit before tax of DKK 445m against DKK 157m for H1/2010.

Results were positively affected by a lower level of impairment losses and the lapse of costs relating to Bank Rescue Package I in particular. By contrast, H1/2011 was adversely affected by expenses relating to the collapses of Amagerbanken and Fjordbank Mors as well as lower core income from business operations.

### Core earnings

#### Core income from business operations

Core income fell from DKK 1,935m in H1/2010 to DKK 1,699m in H1/2011. Lower income from Treasury and Markets activities accounted for most of the decline due to a generally subdued market compared with the same period in 2010. Conversely, progress was recorded in Corporate Banking.

#### Core income from securities

Core income from securities rose from DKK 57m in H1/2010 to DKK 80m in H1/2011. This development was mainly a result of larger portfolios.

#### Operating expenses, depreciation and amortisation

Staff and administrative expenses fell from DKK 977m to DKK 880m. The DKK 97m reduction comprised a decline in staff expenses of DKK 45m (down 10.6%) and a drop in other administrative expenses of DKK 52m (down 9.4%). This development should be seen in the light

of synergies from organisational changes, adjustment of intercompany settlement of common functions in the Group and the merger with Forstædernes Bank in 2010. The number of staff was reduced from an average 923 in H1/2010 to 801 (down 13.2%).

#### Bank Rescue Package I and the Danish Guarantee Fund for Depositors and Investors

Expenses were reduced from DKK 247m in H1/2010 to DKK 85m. The development comprised the lapse of expenses relating to Bank Rescue Package I (DKK 247m) and an increase of DKK 85m equivalent to the expected payment to the Danish Guarantee Fund for Depositors and Investors related to Amagerbanken and Fjordbank Mors.

#### Impairment losses and provisions

Impairment losses and provisions showed a positive development with a DKK 434m reduction from DKK 635m in H1/2010 to DKK 201m in H1/2011. This development was mainly attributable to the business area Other Activities, which generated income of DKK 60m in H1/2011 due to reversals compared with expenses of DKK 385m in H1/2010.

Furthermore, impairment losses were positively affected by the absence of expenses relating to Bank Rescue Package I in H1/2011. The H1/2010 expenses came to DKK 114m.

Impairment losses for the period stood at 0.2% against 0.7% in H1/2010.

## The Nykredit Bank Group

### Results before tax for 1 January to 30 June by business area

DKK million	Retail Banking		Corporate Banking		Markets & Asset Management		Other Activities		Group items <sup>1</sup>		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Core income from business operations	364	414	738	568	557	913	40	40	-	-	1,699	1,935
Core income from securities	-	-	-	-	-	-	-	-	80	57	80	57
<b>Total core income</b>	<b>364</b>	<b>414</b>	<b>738</b>	<b>568</b>	<b>557</b>	<b>913</b>	<b>40</b>	<b>40</b>	<b>80</b>	<b>57</b>	<b>1,779</b>	<b>1,992</b>
Operating costs	189	261	271	293	414	421	13	17	-	-	887	992
Commission payable under the government guarantee scheme (Bank Rescue Package I)	-	35	-	120	-	61	-	31	-	-	-	247
Payment to the Danish Guarantee Fund for Depositors and Investors <sup>4</sup>	-	-	-	-	-	-	-	-	85	-	85	-
<b>Core earnings before impairment losses</b>	<b>175</b>	<b>118</b>	<b>467</b>	<b>155</b>	<b>143</b>	<b>431</b>	<b>27</b>	<b>(8)</b>	<b>(5)</b>	<b>57</b>	<b>807</b>	<b>753</b>
Impairment losses on loans and advances	62	148	190	101	9	1	(60)	385	-	-	201	635
Provisions for Bank Rescue Package I	-	15	-	51	-	25	-	23	-	-	-	114
<b>Core earnings after impairment losses</b>	<b>113</b>	<b>(45)</b>	<b>277</b>	<b>3</b>	<b>134</b>	<b>405</b>	<b>87</b>	<b>(416)</b>	<b>(5)</b>	<b>57</b>	<b>606</b>	<b>4</b>
Investment portfolio income <sup>2</sup>	-	-	-	-	-	-	-	-	(161)	153	(161)	153
<b>Profit (loss) before tax for the period</b>	<b>113</b>	<b>(45)</b>	<b>277</b>	<b>3</b>	<b>134</b>	<b>405</b>	<b>87</b>	<b>(416)</b>	<b>(166)</b>	<b>210</b>	<b>445</b>	<b>157</b>
Income:costs	1.5	0.9	1.6	1.0	1.3	1.8	-	0.1	-	-	1.4	1.1
Average allocated business capital <sup>3</sup>	1,336	1,525	3,273	6,380	1,817	1,385	217	730	1,995	140	8,638	10,160
Core earnings after losses as % of allocated business capital (pa)	16.9	(5.9)	16.9	0.1	14.7	58.5	80.2	(114.0)	-	-	14.0	0.1

<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. As from 2011, the Kalvebod issues have been transferred to the Bank's own portfolio under Group items. For further information, please refer to note 2.

<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> Estimated payment to the Danish Guarantee Fund for Depositors and Investors related to the collapse of Amagerbanken and Fjordbank Mors.

**Investment portfolio income**

Investment portfolio income dropped from DKK 153m in H1/2010 to a loss of DKK 161m in H1/2011.

H1/2011 results were mainly attributable to negative value adjustments of Kalvebod issues of DKK 190m against negative value adjustments of DKK 7m in the corresponding period of 2010. Especially losses on issues involving Amagerbanken and Fjordbank Mors contributed to this development together with a generally adverse trend in other subordinated loan capital issues in a number of Danish banks.

The development compared with H1/2010 should also be seen in the context of the high income level in 2010.

Investment portfolio income is the excess income obtained from the portfolios not allocated to the business areas in addition to risk-free interest. The return on financial instruments of the business areas is included in their core income.

**Tax**

Tax for the period has been estimated at DKK 115m, corresponding to 26% of profit before tax for the period.

**Results after tax**

The Group recorded a profit after tax of DKK 330m against DKK 90m in H1/2010. Return on equity was 4.7% pa.

**RESULTS FOR Q2/2011**

Profit before tax for Q2/2011 came to DKK 230m, which was on a level with the profit for Q1/2011 of DKK 215m. The change reflected normal quarterly fluctuations and is not an indication of a structural shift in the Bank's business volume.

In Q2/2011 income totalled DKK 870m, up DKK 122m on Q1/2011. The income uplift was mainly attributable to a rise in investment portfolio income of DKK 61m and in Markets & Asset Management's core income from business operations of DKK 45m.

Operating costs decreased by a total of DKK 42m net. DKK 55m was attributable to lower expenses relating to the Danish Guarantee Fund for Depositors and Investors compared with Q1/2011.

Finally, impairment losses on loans and advances rose by DKK 149m to DKK 175m in Q2/2011. The increase was chiefly attributable to significant reversals (income) relating to the area Other Activities in Q1/2011 and a DKK 56m rise in impairment losses on Corporate Banking to DKK 123m in Q2/2011.

**OUTLOOK FOR 2011**

Based on developments in H1 – including losses on Amagerbanken and Fjordbank Mors – the Bank now expects a profit before impairment losses and tax of around DKK 1.7bn against previously DKK 2.4bn.

Because of the current market conditions, the forecast profit for the year involves great uncertainty.

**OTHER****Early redemption of subordinated debt**

In 2011 the Bank redeemed supplementary capital of DKK 75m. No new supplementary or hybrid core capital had been raised in 2011.

**The bankruptcies of Amagerbanken and Fjordbank Mors**

In H1/2011 Nykredit Bank charged some DKK 200m related to the bankruptcy of Amagerbanken and an additional around DKK 140m related to Fjordbank Mors to the income statement.

Of this amount, DKK 85m was payment to the Danish Guarantee Fund for Depositors and Investors. In Q2/2011 the Bank paid approximately DKK 70m to the Danish Guarantee Fund for Depositors and Investors in relation to Amagerbanken. The amount corresponded to the provision made in Q1/2011.

The Financial Stability Company has adjusted the expected dividend ratio in Amagerbanken from 59 to around 66. As the Bank's losses on Amagerbanken mainly derive from subordinated debt, the earnings impact of the higher dividend ratio is modest.

Due to continued uncertainty about the total amount payable as well as acceptance of the Bank's claims and conditions for set-off, the original dividend regarding Amagerbanken has not been adjusted.

**Bank rescue packages**

Bank Rescue Package I expired on 30 September 2010. The H1/2010 charge came to DKK 361m.

**Nykredit Markets opens Stockholm branch**

Nykredit Markets has set up a fixed income operation (covered and government bonds) in Sweden as part of the Nykredit Group's banking strategy. Nykredit Bank is the first new participant in the Swedish market for 20 years.

The branch will be focusing on the Swedish fixed income market where Nykredit already has a considerable business volume.

**Acquisition of Amber**

Nykredit Asset Management has acquired Amber Fondsmæglerselskab A/S including the activities of Amber Asset Management. The acquisition was effective from 10 June 2011.

Amber Asset Management is focusing on active asset management within the areas of global equities, Nordic equities, climate and environment, and energy and had assets of more than DKK 900m under management at 30 June 2011.

The acquisition should be seen as part of the Nykredit Group's strategy of consolidating and expanding its position in the banking area. The boards of directors of the two companies have decided to merge the companies during 2011.

**Capitalisation**

The Board of Directors of Nykredit Realkredit A/S has authorised the Executive Board of Nykredit Realkredit A/S to issue a letter of comfort for the provision of capital as required by Nykredit Realkredit A/S to Nykredit Bank A/S in order that the Bank's core capital may remain at a level of at least 12-13%.

Furthermore, the Board of Directors of Nykredit Holding A/S has authorised the Executive Board to issue a loss guarantee for the part of the Bank's impairment losses and provisions (earnings impact for the year) that exceeds 2% of loans, advances and guarantees subject to a maximum of DKK 2bn for the term of the guarantee. The guarantee is expected to be issued in Q3/2011.

In Management's opinion, the guarantee will only be invoked in case of a severe deterioration of the economic climate.

#### **EVENTS OCCURRED AFTER 30 JUNE 2011**

##### **Ratings**

On 1 July 2011 Moody's Investors Service downgraded the Bank's long-term rating from A1 to A2. Moody's Investors Service has generally placed the Bank's ratings on negative outlook.

##### **The Nykredit Realkredit Group passes EU-wide bank stress test**

The Nykredit Realkredit Group has participated in the EBA's EU-wide stress testing of the financial sector, and the Group passed the stress test satisfactorily. In the stress scenario, the Nykredit Realkredit Group's Core Tier 1 capital ratio (as defined by the EBA) was 9.4% at end-2012, by far exceeding the stress test benchmark of 5%.

Relative to future legislation, the Nykredit Realkredit Group's Core Tier 1 capital ratio was 13.2% in the stress test, by far exceeding future equity requirements (Core Tier 1).

Otherwise, no material events have occurred in the period up to the presentation of the H1 Interim Report.

# BUSINESS AREAS

## BUSINESS AREAS

The Nykredit Bank Group's business areas are focused on: Retail Banking, Corporate Banking and Markets & Asset Management as well as Other Activities, comprising a portfolio of terminated exposures relating to corporate customers of the former Forstædernes Bank.

### 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 before tax of DKK 113m, up DKK 158m on a loss of DKK 45m in H1/2010.

Activity levels in H1/2011 were characterised by a somewhat sluggish property market and limited demand for financing. At the same time, fiercer competition led to a small decline in deposits in H1/2011.

Core income declined from DKK 414m in H1/2010 to DKK 364m in H1/2011. Net interest income rose moderately, whereas net fees were below the level of H1/2010 due to the subdued level of activity.

Operating costs amounted to DKK 189m in H1/2011 against DKK 261m in H1/2010. The level is largely as expected.

Impairment losses on loans and advances came to DKK 62m in H1/2011 against DKK 163m in H1/2010 including Bank Rescue Package I. In 2011 the expenditure was mainly attributable to individual impairment provisions and other provisions of DKK 65m, whereas collective impairment provisions were an income of DKK 3m.

Impairment losses amounted to 0.3% of lending against 1.1% for the full year 2010.

The income:cost ratio was 1.5 against 0.9 in H1/2010.

Compared with end-2010, lending was largely unchanged at DKK 15.5bn, while deposits of DKK 18.5bn were about DKK 0.3bn below the end-2010 level.

### Corporate Banking

The business area serves business, agricultural, public sector and rental housing customers, including housing cooperative and non-profit housing customers.

Corporate Banking recorded a profit of DKK 277m in H1/2011 against DKK 3m in H1/2010.

Compared with H1/2010, the period was characterised by increased net interest income and value adjustments, whereas net fees showed a decline.

The downturn in the Danish economy caused a decline in lending relative to end-2010. Especially the investment levels and loan demands of domestically oriented companies were low.

At the same time, the trend in deposits was affected by fiercer competition, including the increasing tendency of businesses to place their liquidity in bonds.

The positive performance was a result of a rise in core income of DKK 170m to DKK 738m, a drop in costs of DKK 142m and an increase in impairment losses on loans and advances of around DKK 38m.

The rise in core income was attributable to both price adjustments in 2010 and improved earnings from securities and derivatives.

The subsidiary Nykredit Leasing contributed to the business area's results with a loss of DKK 0.1m against a loss of DKK 3.7m in H1/2010.

Operating costs dropped from DKK 293m to DKK 271m, while commission payable under Bank Rescue Package I declined by DKK 120m.

Impairment losses on loans and advances rose from DKK 101m to DKK 190m. Collective impairment provisions generated an expense of DKK 76m in H1/2011, and the earnings impact of individual impairment provisions and other provisions was an expense of DKK 114m. The expiry of Bank Rescue Package I resulted in a drop in provisions of DKK 51m on H1/2010.

Impairment losses amounted to 0.4% of lending against 0.7% for the full year 2010.

The income:cost ratio was 1.6 against 1.0 in H1/2010.

Lending dropped from DKK 40.8bn at end-2010 to DKK 39.2bn at 30 June 2011, while deposits amounted to DKK 25.9bn against DKK 32.3bn at end-2010.

### Markets & Asset Management

This business area handles the activities of the Nykredit Group within trading in securities and derivatives, asset management and portfolio administration. The area also includes the Bank's Treasury activities.

The trading and capital market activities are handled by Nykredit Markets and Debt Capital Markets, while asset management, portfolio administration and long-term saving products are the responsibility of Nykredit Asset Management and Nykredit Portefølje Administration A/S.

Profit was DKK 134m against DKK 405m in H1/2010, equal to a decline of DKK 271m.

Core income from business operations dropped by DKK 356m from DKK 913m in H1/2010 to DKK 557m.

Earnings from Nykredit Markets's activities were somewhat below the H1/2010 level. This development reflected a subdued market where the debt situation in a number of EU countries and not least the uncertainty related to ratings and risk in the Danish banking and mortgage sectors dampened market activity.

Core income from Treasury was also lower than in H1/2010, which should be seen in the light of a relatively high income level in 2010 and a downtrend in H1/2011 due to the turmoil in the banking market, including the effects of the collapses of Amagerbanken and Fjordbank Mors implying additional costs of about DKK 25m.

In H1/2011 Nykredit Asset Management recorded earnings exceeding the H1/2010 level.

Assets under management and administration came to DKK 96.8bn and DKK 309.1bn, respectively, ie largely unchanged on end-2010.

Operating costs were DKK 414m against DKK 421m in H1/2010, while the costs of Bank Rescue Package I were reduced by DKK 61m.

Impairment losses for H1/2011 came to DKK 9m, comprising impairment losses on receivables from Fjordbank Mors of DKK 18m and reversals of impairment provisions of about DKK 9m net. In H1/2010 the charge amounted to DKK 26m, of which DKK 25m related to Bank Rescue Package I.

The income:cost ratio was 1.3 compared with 1.8 in H1/2010.

### **Other Activities**

Other Activities comprises a portfolio of terminated exposures relating to corporate customers of Forstædernes Bank. For this reason, the business area's results are mainly influenced by the development in the provisioning need relating to the underlying loans, advances and guarantees.

The business area posted a profit of DKK 87m for H1/2011 against a loss of DKK 416m in H1/2010.

This development mainly reflected the fact that previous impairment provisions of DKK 60m net were recognised as income compared with an expense of DKK 385m in H1/2010. 2010 was also affected by expenses and provisions of DKK 54m for Bank Rescue Package I.

Gross lending stood at DKK 5.1bn at 30 June 2011. After impairment losses of DKK 2.4bn, the carrying amount was DKK 2.7bn. At end-2010, the carrying amount was just below DKK 2.8bn.

# THE NYKREDIT BANK GROUP

## BALANCE SHEET, EQUITY AND CAPITAL ADEQUACY

### Balance sheet

Compared with end-2010, the balance sheet declined by DKK 28.3bn (13.5%) from DKK 210.4bn to DKK 182.1bn at 30 June 2011.

Lending to credit institutions dropped by DKK 4.1bn to DKK 25.4bn, while loans and advances at fair value (reverse lending) rose from DKK 12.9bn to DKK 16.4bn.

Loans and advances at amortised cost went down by DKK 1.5bn to DKK 57.5bn, of which Corporate Banking accounted for a reduction of DKK 1.6bn, while the lending of other business areas was largely unchanged.

The portfolio of bonds decreased from DKK 74.9bn at end-2010 to DKK 56.4bn. Reasons are the Bank's repo activities, trading positions and the development in and investment of the Bank's liquidity, of which a substantial part is invested in securities. The portfolio mainly contains high-rated government and mortgage bonds.

In June 2011 the Bank sold the portfolio of subordinated debt instruments in Danish banks (Kalvebod issues) to Nykredit Realkredit at a value of approximately DKK 1.1bn.

Other assets totalled DKK 25.6bn against DKK 33.3bn at end-2010. At 30 June 2011, DKK 20.4bn was attributable to positive market values of derivative financial instruments 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 18.8bn.

Deposits came to DKK 52.1bn against DKK 55.7bn at end-2010. The reduction of DKK 3.6bn was attributable to the lower level of corporate deposits by DKK 6.4bn due to tighter competition and corporate customers increasingly placing their liquidity in securities. Conversely, deposits in Markets & Asset Management rose by approximately DKK 3bn.

Other non-derivative financial liabilities at fair value, which include deposits etc relating to repo transactions, came to DKK 25.3bn against DKK 25.7bn at end-2010.

Other liabilities stood at DKK 25.8bn against DKK 32.4bn at end-2010, down DKK 6.6bn. Of this amount, negative market values of financial instruments accounted for a decline of DKK 5.3bn to DKK 18.8bn from DKK 24.1bn at end-2010.

### Equity

Equity stood at DKK 14.1bn at 30 June 2011. As equity was DKK 13.8bn at end-2010, this constituted an increase of DKK 0.3bn, 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 were applied.

### Capital base and capital adequacy

The capital base amounted to DKK 14.7bn at 30 June 2011, which was largely unchanged compared with end-2010 when the capital base stood at DKK 14.5bn.

Nykredit Bank's capital requirement amounted to DKK 6.4bn against DKK 7.3bn at end-2010 and DKK 7.1bn at end-Q1/2011.

The capital adequacy ratio was 18.5% against 15.9% at end-2010. The internal capital adequacy requirement (ICAAP) came to 10.2%, which is unchanged relative to Q1/2011, against 8.9% at end-2010.

Nykredit Bank has decided to include a capital charge ensuring that the internal capital adequacy requirement of Nykredit Bank is at least 10%. The ICAAP buffer is to counter any future fluctuations in customers' credit quality.

Weighted assets declined by DKK 12.1bn compared with end-2010. The development comprised a drop of DKK 11.3bn in items involving credit risk, a rise of DKK 1.4bn in items involving operational risk and a decline of DKK 2.2bn in items involving market risk. Compared with Q1, weighted items were reduced by DKK 8.9bn, of which credit risk items accounted for DKK 6.9bn and market risk items DKK 2.0bn.

### The Nykredit Bank Group Equity

DKK million	30.06.11	30.06.10	31.12.10
Equity, beginning of period	13,769	12,374	12,374
Profit after tax for the period	330	90	395
Other additions and disposals	-	-	-
Capital increase and share premium	-	-	1,000
<b>Equity, end of period</b>	<b>14,099</b>	<b>12,464</b>	<b>13,769</b>

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

DKK million	30.06.11	30.06.10	31.12.10
Share capital	6,045	5,545	6,045
Retained earnings	8,054	6,919	7,724
<b>Core capital</b>	<b>14,099</b>	<b>12,464</b>	<b>13,769</b>
Primary and other statutory deductions from core capital	148	337	118
Supplementary capital and hybrid core capital	766	1,098	813
Other capital charges and statutory deductions from capital base	13	(92)	69
<b>Capital base after statutory deductions</b>	<b>14,730</b>	<b>13,133</b>	<b>14,533</b>
Weighted items	79,460	103,451	91,582
Capital adequacy ratio, %	18.5	12.7	15.9
Core capital ratio, %	17.9	12.0	15.2
Core capital excl hybrid core capital	17.6	11.7	14.9
Internal capital adequacy requirement (ICAAP), %	10.2	9.8	8.9



### Nykredit Bank A/S Ratings

	Moody's Investors Service	Standard & Poor's
Short-term rating	P-1	A-1
Long-term rating	A2	A+
Bank Financial Strength Rating	C-	

### Ratings

Nykredit Bank is rated by Moody's Investors Service and Standard & Poor's. On 1 July 2011 Moody's Investors Service downgraded the Bank's long-term rating from A1 to A2. Moody's Investors Service has generally placed the Bank's ratings on negative outlook.

### IMPAIRMENT LOSSES AND PROVISIONS

#### Earnings impact for the period

Impairment losses on loans and advances came to DKK 135m against DKK 535m in H1/2010, while provisions for guarantees were DKK 66m against DKK 214m in H1/2010. The downturn in provisions for guarantees could be attributed to the discontinuation of Bank Rescue Package I in 2010 etc.

### The Nykredit Bank Group – provisions

DKK million	Retail Banking		Corporate Banking		Markets & Asset Management		Other Activities		Total	
	H1/2011	H1/2010	H1/2011	H1/2010	H1/2011	H1/2010	H1/2011	H1/2010	H1/2011	H1/2010
Impairment provisions, beginning of year	497	467	2,600	2,702	71	68	2,975	4,575	6,143	7,812
Impairment provisions and reversals for the period	(7)	132	(200)	(305)	(8)	(3)	(574)	(616)	(789)	(792)
<b>Impairment provisions, end of period</b>	<b>490</b>	<b>599</b>	<b>2,400</b>	<b>2,397</b>	<b>63</b>	<b>65</b>	<b>2,401</b>	<b>3,959</b>	<b>5,354</b>	<b>7,020</b>
Of which individual	394	544	2,067	2,194	56	60	2,364	3,924	4,881	6,722
Of which collective	96	55	333	203	7	5	37	35	473	298
<b>Provisions for guarantees</b>										
Provisions for guarantees, beginning of period	93	59	337	181	147	87	168	282	745	609
Provisions for guarantees, end of period	5	78	57	251	-	115	91	379	153	823
Of which relating to Bank Rescue Package I	-	67	-	220	-	110	-	97	-	494
<b>Total provisions</b>	<b>495</b>	<b>677</b>	<b>2,457</b>	<b>2,648</b>	<b>63</b>	<b>180</b>	<b>2,492</b>	<b>4,338</b>	<b>5,507</b>	<b>7,843</b>
<b>Earnings impact</b>										
Impairment provisions and losses for the period, net	62	145	174	87	11	(1)	(109)	310	138	541
Received on loans and advances previously provided for	-	1	1	5	2	-	-	-	3	6
<b>Total</b>	<b>62</b>	<b>144</b>	<b>173</b>	<b>82</b>	<b>9</b>	<b>(1)</b>	<b>(109)</b>	<b>310</b>	<b>135</b>	<b>535</b>
Provisions for guarantees	0	19	17	70	0	27	49	98	66	214
<b>Total earnings impact</b>	<b>62</b>	<b>163</b>	<b>190</b>	<b>152</b>	<b>9</b>	<b>26</b>	<b>(60)</b>	<b>408</b>	<b>201</b>	<b>749</b>

### Loans, advances and guarantees by sector at 30 June 2011 and 31 December 2010

DKK million	Loans, advances and guarantees		Provisions	
	30.06.2011	31.12.2010	30.06.2011	31.12.2010
<b>Public sector</b>	<b>275</b>	<b>806</b>	<b>2</b>	<b>0</b>
Agriculture, hunting, forestry and fishing	2,271	2,556	98	82
Manufacturing, mining and quarrying	6,340	6,627	138	256
Energy supply	2,120	2,418	39	18
Construction	1,803	1,482	244	285
Trade	2,178	2,235	305	375
Transport, accommodation and food service activities	2,467	1,634	99	61
Information and communication	1,173	1,443	32	54
Financial and insurance activities	23,103	18,616	1,129	1,705
Property	14,478	16,739	1,781	1,664
Other trade and industry	7,622	10,350	823	1,481
<b>Total corporate</b>	<b>63,555</b>	<b>64,100</b>	<b>4,688</b>	<b>5,981</b>
<b>Retail</b>	<b>19,349</b>	<b>22,311</b>	<b>817</b>	<b>907</b>
<b>Total</b>	<b>83,179</b>	<b>87,217</b>	<b>5,507</b>	<b>6,888</b>

As the breakdown is based on public sector statistics, it is not directly comparable with the Bank's business areas. The breakdown for 2011 is based on the official Danish standard DB07, which means that the presentation has been changed on H1/2010. Comparative figures at 31 December 2010 have been restated.

The relatively low charge of DKK 135m in H1/2011 was chiefly a result of reversals of impairment provisions for the portfolio of terminated exposures (net) in the business area Other Activities, which generated an income of DKK 109m against a charge of DKK 310m in H1/2010.

Provisions for guarantees came to DKK 66m against DKK 214m in H1/2010. The drop of DKK 148m mainly derived from the discontinuation of Bank Rescue Package I in 2010.

The charge amounted to 0.2% of total loans, advances and guarantees against 0.7% for H1/2010 and 1.6% for the full year 2010. In Retail Banking, the ratio was 0.3% and in Corporate Banking 0.4%.

#### **Provisions at 30 June 2011**

Provisions for loan impairment were DKK 5,354m against DKK 7,020m at 30 June 2010, down DKK 1,666m.

Compared with end-2010 when provisions totalled DKK 6,143m, they declined by DKK 789m as a result of a decline in individual impairment provisions of DKK 840m net, of which DKK 886m had been recognised as lost, and a rise in collective impairment provisions of DKK 51m.

The lower provisioning level mainly derived from the business area Other Activities, where provisions decreased by DKK 574m due to both reversals and losses recognised. At 30 June 2011 provisions had been made for about 47% of the business area's loans and advances before provisions.

Provisions for commercial exposures dropped by DKK 200m to DKK 2,400m, while provisions for retail exposures declined from DKK 497m at end-2010 to DKK 490m.

Provisions for guarantees amounted to DKK 153m against DKK 823m at 30 June 2010 and DKK 745m at end-2010. The considerably lower level was mainly attributable to the final settlement of liabilities relating to Bank Rescue Package I in H1/2011.

Relative to total loans, advances and guarantees, provisions were 6.2% against 7.3% at end-2010.

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

At 30 June 2011 loans, advances and guarantees were DKK 83.2bn against DKK 87.2bn at end-2010.

The percentage distribution by sector was largely unchanged compared with end-2010. The share of the financial and insurance sector rose to 27.8% at 30 June 2011 against 21.3% at end-2010. By contrast, the share of the property sector was reduced from 19.2% to 17.4%.

The financial and insurance sector still accounted for the largest exposure of DKK 23.1bn against DKK 18.6bn at end-2010. A considerable part of lending was based on reverse transactions with bonds serving as collateral.

Lending relating to the property sector amounted to DKK 14.5bn compared with DKK 16.7bn at end-2010, down DKK 2.2bn. DKK

12.8bn of the DKK 14.5bn related to loans and advances to the property letting sector.

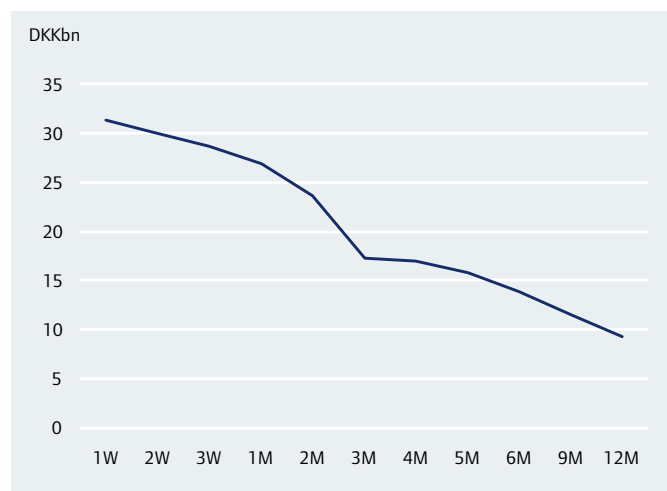
Loans and advances to the construction sector came to DKK 1.8bn against DKK 1.5bn at end-2010.

Lending for property and construction is still monitored closely and assessed on an ongoing basis relative to the Bank's size and capital resources. In Management's opinion, lending levels are appropriate considering the Bank's capital strength.

# LIQUIDITY

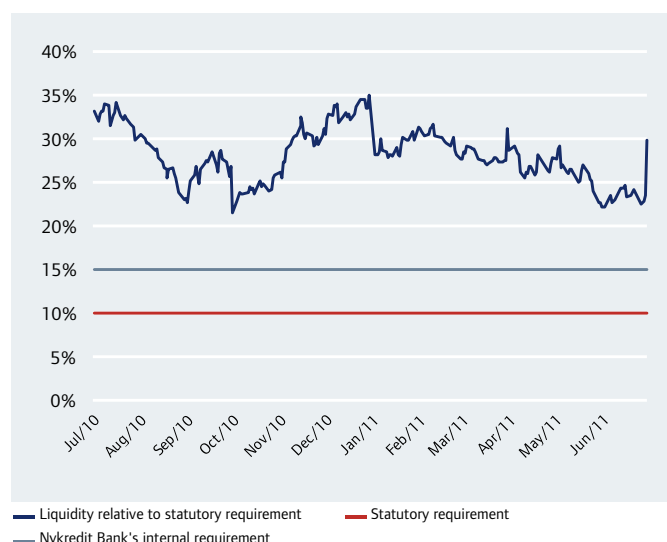
## Nykredit Bank A/S

### Liquidity stress test (Moody's Global Methodology)



## Nykredit Bank A/S

### Liquidity as % of debt and guarantee obligations



Note: The graph shows Nykredit Bank's liquidity as % of total debt and guarantee obligations after statutory deductions, cf s 152 of the Danish Financial Business Act.

Liquidity risk is the risk of loss as a result of insufficient liquidity to cover current payment obligations.

The Bank has adjusted its liquidity risk management according to its business development and the commencement on 1 January 2011 of a new Danish Executive Order on the governance and management of banks (section 71). The new executive order provides detailed requirements for banks' liquidity policies, profile and board instructions as well as liquidity stress testing and liquidity buffer.

Nykredit Bank monitors its balance sheet and liquidity on a day-to-day basis as part of its liquidity risk management. The management of the Bank's structural liquidity risk is based on an internal model relating to the liquidity of assets and liabilities.

Securities not serving as collateral in the trading book constitute a short-term liquidity buffer that may be applied in the case of unforeseen drains on the Bank's liquidity. These securities consist mainly of liquid Danish and European government and mortgage bonds (covered bonds) eligible as collateral with Danmarks Nationalbank or other European central banks.

Stress testing is performed on a continuous basis in the form of eg a bank-specific, a sector-specific and a combination scenario as stated in section 71 of the Danish Executive Order on the governance and management of banks.

According to the Danish Financial Business Act, a bank's liquidity must be at least 10% of total reduced debt and guarantee obligations. Nykredit Bank operates with an internal excess liquidity cover of at least 50% relative to the statutory requirement.

At 30 June 2011, the excess cover was 198.7% against 251.1% at end-2010, corresponding to a liquidity buffer of DKK 36.1bn compared with DKK 54.7bn at end-2010. In H1/2011 the liquidity buffer averaged DKK 32.4bn compared with DKK 49.8bn for 2010.

Stress tests according to the principles of Moody's Investors Service's "Bank Financial Strength Ratings: Global Methodology" show that the Bank has positive liquidity to withstand a 12-month lack of access to the funding markets.

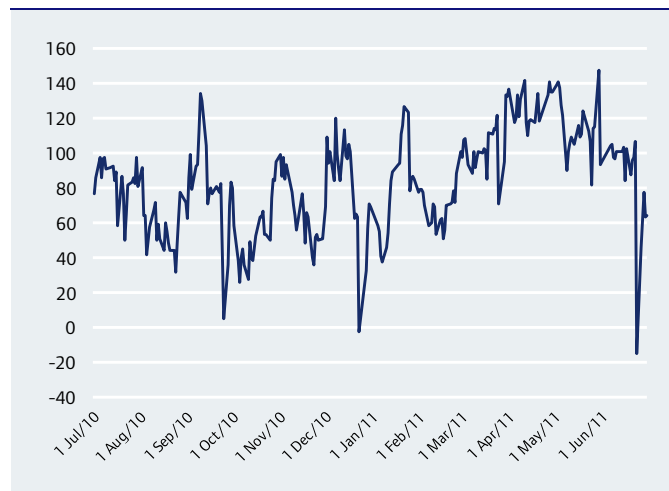
The Bank's long-term funding activities progress according to plan, with EMTN issues of DKK 15.3bn at 30 June 2011.

Further, the Bank has continued its current refinancing of short-term ECP issues, which totalled DKK 11.0bn at 30 June 2011.

The aggregate amount issued under the ECP and EMTN programmes was DKK 26.3bn at 30 June 2011 against DKK 32.2bn at end-2010.

**Nykredit Bank A/S**

**Net interest rate exposure**



**Nykredit Bank A/S**

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



— Value-at-Risk at 99%

**Financial risk**

For details on methods of determination and a description of financial risk, please refer to the Annual Report for 2010.

Value-at-Risk came to DKK 19.1m at 30 June 2011 against DKK 36.4m at 30 June 2010. Average Value-at-Risk came to DKK 19.8m in H1/2011 against DKK 35.2m in H1/2010.

The main reason for the reduction of both average Value-at-Risk and the end-H1 level was that the Bank's Value-at-Risk was more stable in Q2 this year compared with the same period last year. The development was mainly an outcome of reduced volatility of the spreads between the Bank's interest rate swap holding and its holding of mainly non-callable and floating-rate mortgage bonds.

The interest rate exposure amounted to DKK 64.0m at 30 June 2011 against DKK 104.0m at 30 June 2010. The development reflected ordinary activity fluctuations and not a general shift in the Bank's business profile.

The Bank's foreign exchange exposure in EUR was negative at DKK 2.7m at 30 June 2011 against a negative amount of DKK 307.0m at 30 June 2010. Its foreign exchange exposures in currencies other than EUR and DKK totalled DKK 32.3m at 30 June 2011 against DKK 16m at 30 June 2010.

**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 2010, p 42ff), to which reference is made.

# MANAGEMENT STATEMENT

## STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD ON THE INTERIM REPORT

The Board of Directors and the Executive Board have today reviewed and approved the Interim Report for the period 1 January – 30 June 2011 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 Interim Financial Statements of the Parent Company, Nykredit Bank A/S, have

been prepared in accordance with the Danish Financial Business Act.

Furthermore, the H1 Interim Report has been prepared in accordance with additional Danish disclosure requirements for interim reports of issuers of listed bonds.

In our opinion, the Interim Financial Statements give a fair presentation of the Group's and the Parent Company's assets, liabilities, equity and financial position at 30 June 2011 and of the results of the Group's and the Parent Company's operations as well as the

Group's cash flows for the financial period 1 January – 30 June 2011.

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

Copenhagen, 18 August 2011

### Executive Board

Bjørn Mortensen

Georg Andersen

Lars Bo Bertram

### Board of Directors

Karsten Knudsen, Chairman

Søren Holm, Deputy Chairman

Henrik K. Asmussen, staff-elected

Olav Brusen Barsøe, staff-elected

Kim Duus

Allan Kristiansen, staff-elected

Per Ladegaard

Bente Overgaard

## Income statements for 1 January – 30 June

DKK million

Nykredit Bank A/S				The Nykredit Bank Group	
H1/2010	H1/2011		note	H1/2011	H1/2010
2,242	2,066	Interest income	3	2,099	2,269
851	811	Interest expenses	4	808	851
<b>1,391</b>	<b>1,255</b>	<b>NET INTEREST INCOME</b>		<b>1,291</b>	<b>1,418</b>
1	2	Dividend on equities		2	1
563	532	Fee and commission income		619	658
209	228	Fee and commission expenses		252	250
<b>1,746</b>	<b>1,561</b>	<b>NET INTEREST AND FEE INCOME</b>		<b>1,660</b>	<b>1,827</b>
300	(54)	Value adjustments	5	(56)	300
6	4	Other operating income		14	18
919	812	Staff and administrative expenses	6	880	977
11	1	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets		2	12
249	87	Other operating expenses		90	250
731	186	Impairment losses on loans, advances and receivables	7	201	749
11	15	Profit from investments in associates and group enterprises	8	-	-
<b>153</b>	<b>440</b>	<b>PROFIT BEFORE TAX</b>		<b>445</b>	<b>157</b>
63	110	Tax	9	115	67
<b>90</b>	<b>330</b>	<b>PROFIT FOR THE PERIOD</b>		<b>330</b>	<b>90</b>
<b>STATEMENTS OF COMPREHENSIVE INCOME</b>					
<b>90</b>	<b>330</b>	<b>PROFIT FOR THE PERIOD</b>		<b>330</b>	<b>90</b>
-	-	Other additions and disposals		-	-
-	-	<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>90</b>	<b>330</b>	<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>330</b>	<b>90</b>

## Balance sheets at 30 June

DKK million

Nykredit Bank A/S				The Nykredit Bank Group	
31.12.2010	30.06.2011		note	30.06.2011	31.12.2010
		<b>ASSETS</b>			
113	229	Cash balance and demand deposits with central banks		229	113
29,367	25,189	Receivables from credit institutions and central banks	10	25,189	29,367
12,920	16,409	Loans, advances and other receivables at fair value	11	16,409	12,920
58,808	57,286	Loans, advances and other receivables at amortised cost	12	57,541	59,072
74,826	56,229	Bonds at fair value	13	56,388	74,934
331	447	Equities	14	448	332
346	371	Investments in group enterprises		-	-
9	27	Intangible assets		27	9
<b>68</b>	<b>67</b>	<b>Total land and buildings</b>		<b>67</b>	<b>68</b>
68	67	Investment properties		67	68
4	9	Other property, plant and equipment		10	6
185	73	Current tax assets		70	187
64	76	Deferred tax assets		40	27
91	92	Assets in temporary possession	15	92	91
33,277	25,577	Other assets	16	25,575	33,286
4	2	Prepayments		4	10
<b>210,413</b>	<b>182,083</b>	<b>TOTAL ASSETS</b>		<b>182,089</b>	<b>210,422</b>

## Balance sheets at 30 June

DKK million

Nykredit Bank A/S				The Nykredit Bank Group	
31.12.2010	30.06.2011		note	30.06.2011	31.12.2010
<b>LIABILITIES AND EQUITY</b>					
48,351	37,647	Payables to credit institutions and central banks	17	37,647	48,351
55,822	52,213	Deposits and other payables	18	52,107	55,699
32,848	26,113	Issued bonds at amortised cost	19	26,113	32,848
25,679	25,336	Other non-derivative financial liabilities at fair value	20	25,336	25,679
32,283	25,653	Other liabilities	21	25,761	32,411
1	1	Deferred income		5	5
<b>194,984</b>	<b>166,963</b>	<b>TOTAL PAYABLES</b>		<b>166,969</b>	<b>194,993</b>
<b>Provisions</b>					
745	153	Provisions for losses under guarantees	22	153	745
102	102	Other provisions	22	102	102
<b>847</b>	<b>255</b>	<b>TOTAL PROVISIONS</b>		<b>255</b>	<b>847</b>
813	766	Subordinated debt	23	766	813
<b>Equity</b>					
6,045	6,045	Share capital		6,045	6,045
-	-	Revaluation reserves		-	-
<b>Other reserves</b>					
34	34	Statutory reserves		-	-
7,690	8,020	Retained earnings		8,054	7,724
<b>13,769</b>	<b>14,099</b>	<b>TOTAL EQUITY</b>		<b>14,099</b>	<b>13,769</b>
<b>210,413</b>	<b>182,083</b>	<b>TOTAL LIABILITIES AND EQUITY</b>		<b>182,089</b>	<b>210,422</b>
<b>Off-balance sheet items</b>					
15,224	9,229	Contingent liabilities	24	9,229	15,225
6,937	6,516	Other commitments	25	6,617	7,012
<b>22,161</b>	<b>15,745</b>	<b>TOTAL OFF-BALANCE SHEET ITEMS</b>		<b>15,846</b>	<b>22,237</b>
		Accounting policies	1		
		Business areas	2		
		Related parties	26		
		Loans, advances and guarantees	27		
		Foreign exchange and interest rate exposures	28		
		Hedging interest rate risk	29		
		Group structure	30		
		The Nykredit Bank Group – six quarters	31		



## Statement of changes in equity

DKK million

Nykredit Bank A/S

	Share capital	Statutory reserves	Revaluation reserves	Retained earnings	Total
<b>EQUITY, 30 JUNE 2011</b>					
End of previous financial year	6,045	34		7,690	13,769
<b>Total</b>	<b>6,045</b>	<b>34</b>	<b>-</b>	<b>7,690</b>	<b>13,769</b>
<b>Comprehensive income</b>					
Profit for the period				330	330
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>330</b>	<b>330</b>
<b>Total changes in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>330</b>	<b>330</b>
<b>Equity, 30 June 2011</b>	<b>6,045</b>	<b>34</b>	<b>-</b>	<b>8,020</b>	<b>14,099</b>
<b>EQUITY, 30 JUNE 2010</b>					
End of previous financial year, Nykredit Bank	4,175			6,052	10,227
End of previous financial year, Forstædernes Bank	1,370		1	776	2,147
<b>Total</b>	<b>5,545</b>	<b>-</b>	<b>1</b>	<b>6,828</b>	<b>12,374</b>
<b>Comprehensive income</b>					
Transfer			(1)	1	0
Profit for the period				90	90
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>91</b>	<b>90</b>
<b>Total changes in equity</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>91</b>	<b>90</b>
<b>Equity, 30 June 2010</b>	<b>5,545</b>	<b>-</b>	<b>-</b>	<b>6,919</b>	<b>12,464</b>

## Statement of changes in equity

DKK million

The Nykredit Bank Group

	Share capital	Statutory reserves and revaluation reserves	Retained earnings	Total
<b>EQUITY, 30 JUNE 2011</b>				
End of previous financial year	6,045	-	7,724	13,769
<b>TOTAL</b>	<b>6,045</b>	<b>-</b>	<b>7,724</b>	<b>13,769</b>
<b>Comprehensive income</b>				
Profit for the period			330	330
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>330</b>	<b>330</b>
<b>Total changes in equity</b>	<b>-</b>	<b>-</b>	<b>330</b>	<b>330</b>
<b>Equity, 30 June 2011</b>	<b>6,045</b>	<b>-</b>	<b>8,054</b>	<b>14,099</b>
<b>EQUITY, 30 JUNE 2010</b>				
End of previous financial year, Nykredit Bank	4,175		6,052	10,227
End of previous financial year, Forstædernes Bank	1,370	1	776	2,147
<b>TOTAL</b>	<b>5,545</b>	<b>1</b>	<b>6,828</b>	<b>12,374</b>
<b>Comprehensive income</b>				
Transfer		(1)	1	0
Profit for the period			90	90
<b>Total comprehensive income</b>	<b>-</b>	<b>(1)</b>	<b>91</b>	<b>90</b>
<b>Total changes in equity</b>	<b>-</b>	<b>(1)</b>	<b>91</b>	<b>90</b>
<b>Equity, 30 June 2010</b>	<b>5,545</b>	<b>-</b>	<b>6,919</b>	<b>12,464</b>

\* The share capital breaks down into 18 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 [in Danish ] of Foreningen Nykredit may be obtained from the company.

# Capital adequacy and core capital ratios

DKK million

	30.06.2011	31.12.2010	30.06.2010
<b>Nykredit Bank A/S</b>			
<b>CAPITAL ADEQUACY AND CORE CAPITAL</b>			
Share capital	6,045	6,045	5,545
Reserves	34	34	-
Retained earnings	8,020	7,690	6,919
<b>Total core capital</b>	<b>14,099</b>	<b>13,769</b>	<b>12,464</b>
Hybrid core capital	250	239	239
Primary and other statutory deductions from core capital	189	158	370
<b>Core capital including hybrid core capital after statutory deductions</b>	<b>14,160</b>	<b>13,850</b>	<b>12,333</b>
Supplementary capital, subordinate loan capital	516	574	859
Difference between expected losses and impairments for accounting purposes (supplementary capital charge)	93	149	-
Primary and other statutory deductions	84	85	100
<b>Capital base after statutory deductions</b>	<b>14,685</b>	<b>14,488</b>	<b>13,092</b>
Weighted items involving credit, counterparty and delivery risk	68,894	80,102	89,903
Weighted items involving market risk	5,852	8,050	9,695
Weighted items involving operational risk	5,262	3,902	3,902
<b>Total weighted items</b>	<b>80,008</b>	<b>92,054</b>	<b>103,500</b>
Capital adequacy ratio, %	18.4	15.7	12.6
Core capital ratio, %	17.7	15.0	11.9
<b>The Nykredit Bank Group</b>			
<b>CAPITAL ADEQUACY AND CORE CAPITAL</b>			
Share capital	6,045	6,045	5,545
Retained earnings	8,054	7,724	6,919
<b>Total core capital</b>	<b>14,099</b>	<b>13,769</b>	<b>12,464</b>
Hybrid core capital	250	239	239
Primary and other statutory deductions from core capital	148	118	337
<b>Core capital including hybrid core capital after statutory deductions</b>	<b>14,201</b>	<b>13,890</b>	<b>12,366</b>
Supplementary capital, subordinate loan capital	516	574	859
Difference between expected losses and impairments for accounting purposes (supplementary capital charge)	93	149	-
Primary and other statutory deductions	80	80	92
<b>Capital base after statutory deductions</b>	<b>14,730</b>	<b>14,533</b>	<b>13,133</b>
Weighted items involving credit, counterparty and delivery risk	68,074	79,406	89,630
Weighted items involving market risk	5,853	8,050	9,695
Weighted items involving operational risk	5,533	4,126	4,126
<b>Total weighted items</b>	<b>79,460</b>	<b>91,582</b>	<b>103,451</b>
Capital adequacy ratio, %	18.5	15.9	12.7
Core capital ratio, %	17.9	15.2	12.0

## Cash flow statement 1 January – 30 June

DKK million

	The Nykredit Bank Group	
	2011	2010
Profit after tax for the period	330	90
<b>Adjustment for non-cash operating items, depreciation, amortisation, impairment losses and provisions</b>		
Depreciation and impairment losses for property, plant and equipment	2	12
Other non-cash changes	0	0
Impairment losses on loans, advances and receivables	204	755
Tax calculated on profit for the period	115	67
<b>Total</b>	<b>321</b>	<b>834</b>
<b>Profit for the period adjusted for non-cash operating items</b>	<b>651</b>	<b>924</b>
<b>Change in working capital</b>		
Loans, advances and other receivables	(1,987)	(2,738)
Deposits and other payables	(3,510)	(7,749)
Payables to credit institutions and central banks	(10,424)	9,498
Bonds at fair value	18,487	(6,549)
Equities	(116)	188
Other working capital	66	2,736
<b>Total</b>	<b>2,516</b>	<b>(4,614)</b>
Corporation tax paid, net	(11)	(39)
<b>Cash flows from operating activities</b>	<b>3,156</b>	<b>(3,729)</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiary	(18)	-
Property, plant and equipment	(6)	41
<b>Total</b>	<b>(24)</b>	<b>41</b>
<b>Cash flows from financing activities</b>		
Subordinated debt	(47)	(38)
Issued bonds	(6,419)	(7,679)
<b>Total</b>	<b>(6,466)</b>	<b>(7,717)</b>
<b>Total cash flows</b>	<b>(3,334)</b>	<b>(11,405)</b>
Cash and cash equivalents, beginning of period	29,480	46,361
Foreign currency translation adjustment of cash	(728)	245
<b>Cash and cash equivalents, end of period</b>	<b>25,418</b>	<b>35,201</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	229	512
Receivables from credit institutions and central banks	25,189	34,689
<b>Cash and cash equivalents, end of period</b>	<b>25,418</b>	<b>35,201</b>

# Core earnings and investment portfolio income

DKK million

The Nykredit Bank Group

	2011			2010		
	Core earnings	Investment portfolio income	Total	Core earnings	Investment portfolio income	Total
1 January – 30 June						
Net interest income	1,184	107	1,291	1,360	58	1,418
Dividend on equities	2	0	2	1	-	1
Fee and commission income, net	368	(1)	367	409	(1)	408
<b>Net interest and fee income</b>	<b>1,554</b>	<b>106</b>	<b>1,660</b>	<b>1,770</b>	<b>57</b>	<b>1,827</b>
Value adjustments	211	(267)	(56)	204	96	300
Other operating income	14	-	14	18	-	18
Staff and administrative expenses	880	-	880	977	-	977
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	2	-	2	12	-	12
Other operating expenses	90	-	90	250	-	250
Impairment losses on loans and advances	201	-	201	749	-	749
<b>Profit (loss) before tax</b>	<b>606</b>	<b>(161)</b>	<b>445</b>	<b>4</b>	<b>153</b>	<b>157</b>

# Notes

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## 1. ACCOUNTING POLICIES

The H1 Interim Report of the Group has 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 H1 Interim Report of the Parent Company has 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.

In 2010 Nykredit Bank A/S merged with Forstædernes Bank, effective from 1 January 2010 for accounting purposes. Comparative figures have been restated.

The accounting policies of both the Group and Nykredit Bank A/S are unchanged compared with the Annual Report for 2010. A description of the Bank's and the Bank Group's accounting policies applied in the Annual Report for 2010 is available at [nykredit.com](http://nykredit.com).

Compared with the H1 Interim Report 2010 and the Annual Report for 2010, the segment financial statements for 2011 have been revised to reflect that earnings related to the portfolio of Kalvebod issues have been transferred from the business area Markets & Asset Management to group items. Comparative figures have been restated. The change does not affect Nykredit Bank's results, balance sheet or equity.

Relative to the information in the accounting policies in the Annual Report for 2010 (note 1), no new financial reporting standards or interpretations have been issued or approved which may impact the H1 Interim Report of Nykredit Bank and the Bank Group. The IASB is currently working on a project which, in time, will replace the IAS 39 rules. The revised standard – IFRS 9 – will at a number of stages include classification and measurement of financial assets, measurement and recognition of financial liabilities, impairments, discontinuation of recognition and hedge accounting, etc.

The EU has opted not to adopt the IFRS 9 until the results of all the phases are available. The new standard is scheduled to be implemented in January 2015. Because the IFRS 9 changes the rules on recognition and measurement of the Bank's financial assets and liabilities, the final standard may influence the Bank's financial reporting. However, the standard is not currently available in a form that allows for an overall assessment of the effect on the Bank's financial statements.

The H1 Interim Report has not been audited or reviewed.

## Notes

DKK million

## The Nykredit Bank Group

## 2. BUSINESS AREAS

H1/2011	Retail Banking	Corporate Banking	Markets & Asset Manage- ment	Other Activities	Group items <sup>1</sup>	Total
Core income from business operations	364	738	557	40		1,699
Core income from securities					80	80
<b>Total core income *</b>	<b>364</b>	<b>738</b>	<b>557</b>	<b>40</b>	<b>80</b>	<b>1,779</b>
Operating costs	189	271	414	13		887
Payment to the Danish Guarantee Fund for Depositors and Investors <sup>4</sup>					85	85
<b>Core earnings before impairment losses</b>	<b>175</b>	<b>467</b>	<b>143</b>	<b>27</b>	<b>(5)</b>	<b>807</b>
Impairment losses on loans and advances	62	190	9	(60)	-	201
<b>Core earnings after impairment losses</b>	<b>113</b>	<b>277</b>	<b>134</b>	<b>87</b>	<b>(5)</b>	<b>606</b>
Investment portfolio income <sup>2</sup>					(161)	(161)
<b>Profit (loss) before tax for the period</b>	<b>113</b>	<b>277</b>	<b>134</b>	<b>87</b>	<b>(166)</b>	<b>445</b>
* Of which transactions between business areas	74	(10)	(48)	(16)	-	0
Income:costs	1.5	1.6	1.3	-	-	1.4
Average allocated business capital <sup>3</sup>	1,336	3,273	1,817	217	1,995	8,638
Core earnings after impairment losses as % of allocated capital (pa)	16.9	16.9	14.7	80.2	-	14.0
<b>Total assets at 30 June</b>	<b>15,519</b>	<b>40,803</b>	<b>118,734</b>	<b>2,773</b>	<b>4,260</b>	<b>182,089</b>
H1/2010	Retail Banking	Corporate Banking	Markets & Asset Manage- ment	Other Activities	Group items <sup>1</sup>	Total
Core income from business operations	414	568	913	40		1,935
Core income from group items					57	57
<b>Total core income</b>	<b>414</b>	<b>568</b>	<b>913</b>	<b>40</b>	<b>57</b>	<b>1,992</b>
Operating costs	261	293	421	17		992
Commission payable under the government guarantee scheme (Bank Rescue Package I)	35	120	61	31		247
<b>Core earnings before impairment losses</b>	<b>118</b>	<b>155</b>	<b>431</b>	<b>(8)</b>	<b>57</b>	<b>753</b>
Impairment losses on loans and advances	148	101	1	385		635
Provisions under Bank Rescue Package I	15	51	25	23		114
<b>Core earnings after impairment losses</b>	<b>(45)</b>	<b>3</b>	<b>405</b>	<b>(416)</b>	<b>57</b>	<b>4</b>
Investment portfolio income <sup>2</sup>					153	153
<b>Profit (loss) before tax for the period</b>	<b>(45)</b>	<b>3</b>	<b>405</b>	<b>(416)</b>	<b>210</b>	<b>157</b>
Income:costs	0.9	1.0	1.8	0.1	-	1.1
Average allocated business capital <sup>3</sup>	1,525	6,380	1,385	730	140	10,160
Core earnings after impairment losses as % of allocated capital (pa)	(5.9)	0.1	58.5	(114.0)	-	0.0
<b>Total assets at 30 June</b>	<b>15,254</b>	<b>43,559</b>	<b>162,513</b>	<b>4,217</b>	<b>2,389</b>	<b>227,932</b>

<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 costs.

<sup>2</sup> Investment portfolio income equals the return on the Bank's own portfolio exceeding risk-free interest. As from 2011, the Kalvebod issues are included under group items. In previous financial years, the item was included under core income of Markets & Asset Management. Comparative figures have been restated.

Of the loss on the investment portfolio of DKK 161m in H1/2011, a loss of about DKK 190m was attributable to the Kalvebod issues compared with a loss of DKK 7m in H1/2010. The Bank's portfolio of Kalvebod issues of about DKK 1.1bn was sold to Nykredit Realkredit A/S in June 2011. A minor holding has, however, not been transferred until July 2011.

<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> Payment to the Danish Guarantee Fund for Depositors and Investors related to the collapse of Amagerbanken and Fjordbank Mors has been estimated at DKK 85m, including adjustment of a provision made in 2010 regarding CapiNordic.

## Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group	
H1/2010	H1/2011	H1/2011	H1/2010
<b>3. INTEREST INCOME</b>			
133	61	61	134
1,273	1,324	1,354	1,298
967	777	778	967
(132)	(96)	(96)	(132)
Of which			
(47)	(24)	(24)	(47)
(85)	(69)	(69)	(85)
0	(3)	(3)	0
1	0	2	2
<b>2,242</b>	<b>2,066</b>	<b>2,099</b>	<b>2,269</b>
<b>Of which interest income from genuine purchase and resale transactions entered as</b>			
47	25	25	47
38	74	74	38
<b>4. INTEREST EXPENSES</b>			
159	80	80	160
389	462	459	388
288	249	249	288
15	20	20	15
<b>851</b>	<b>811</b>	<b>808</b>	<b>851</b>
<b>Of which interest expenses for genuine sale and repurchase transactions entered as</b>			
45	35	35	45
1	88	88	1
<b>5. VALUE ADJUSTMENTS</b>			
(40)	(302)	(303)	(40)
36	91	90	36
(1)	(1)	(1)	(1)
175	23	23	175
130	135	135	130
0	0	0	0
<b>300</b>	<b>(54)</b>	<b>(56)</b>	<b>300</b>
Value adjustments mainly relate to financial assets, financial liabilities and derivative financial instruments included in the Bank's/Group's trading activities as well as value adjustments of investment properties. No value adjustments have been made for own credit risk on issued bonds or other liabilities.			



## Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group	
H1/2010	H1/2011	H1/2011	H1/2010
<b>6. STAFF AND ADMINISTRATIVE EXPENSES</b>			
5	8	8	5
384	330	370	418
530	474	502	554
<b>919</b>	<b>812</b>	<b>880</b>	<b>977</b>
<b>Remuneration of Board of Directors and Executive Board</b>			
<b>Board of Directors</b>			
Remuneration			
Each staff-elected board representative receives annual remuneration of DKK 60,000. No additional remuneration is paid to the Board of Directors.			
<b>Executive Board</b>			
5	8	8	5
<b>5</b>	<b>8</b>	<b>8</b>	<b>5</b>
The terms and conditions governing the remuneration and pensions of the Executive Board have not changed since the Annual Report for 2010, to which reference is made.			
<b>Staff expenses</b>			
324	271	306	354
29	26	29	32
31	33	35	32
<b>384</b>	<b>330</b>	<b>370</b>	<b>418</b>
<b>824</b>	<b>687</b>	<b>801</b>	<b>923</b>
<b>7. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES</b>			
<b>Specification of impairment provisions</b>			
6,682	4,850	4,881	6,722
298	473	473	298
<b>6,980</b>	<b>5,323</b>	<b>5,354</b>	<b>7,020</b>
<b>Individual impairment provisions for loans, advances and receivables</b>			
7,509	5,694	5,721	7,554
636	396	409	647
459	357	363	468
1,004	883	886	1,011
<b>6,682</b>	<b>4,850</b>	<b>4,881</b>	<b>6,722</b>
<b>Collective impairment provisions</b>			
257	421	422	258
41	52	51	40
<b>298</b>	<b>473</b>	<b>473</b>	<b>298</b>

## Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group	
H1/2010	H1/2011	H1/2011	H1/2010
<b>7. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES (continued)</b>			
<b>Earnings impact</b>			
218	91	97	220
305	32	41	321
6	3	3	6
<b>517</b>	<b>120</b>	<b>135</b>	<b>535</b>
214	66	66	214
<b>731</b>	<b>186</b>	<b>201</b>	<b>749</b>
41	52	51	40
<b>Specification of loans and advances with objective evidence of impairment</b>			
12,206	7,209	7,287	12,337
6,682	4,850	4,881	6,722
<b>5,524</b>	<b>2,359</b>	<b>2,406</b>	<b>5,615</b>
55,918	55,400	55,608	56,038
298	473	473	298
<b>55,620</b>	<b>54,927</b>	<b>55,135</b>	<b>55,740</b>
<b>8. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES</b>			
11	15	-	-
<b>11</b>	<b>15</b>	<b>-</b>	<b>-</b>
<b>9. TAX</b>			
63	110	115	67
<b>63</b>	<b>110</b>	<b>115</b>	<b>67</b>
<b>41</b>	<b>25</b>	<b>26</b>	<b>43</b>
Tax is calculated on the basis of a tax rate of 25%. Tax for the period was not affected by any special circumstances, and tax for the full year is expected to come to just over 25%.			
The higher tax rate in 2010 was mainly attributable to the adjustment of deferred tax in Forstædernes Bank.			

## Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
31.12.2010	30.06.2011		30.06.2011	31.12.2010
<b>10. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS</b>				
791	8,046	Receivables at call from central banks	8,046	791
28,576	17,143	Receivables from credit institutions	17,143	28,576
<b>29,367</b>	<b>25,189</b>	<b>Total</b>	<b>25,189</b>	<b>29,367</b>
3,279	6,449	Of which genuine purchase and resale transactions	6,449	3,279
<b>11. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE</b>				
12,920	16,409	Genuine purchase and resale transactions	16,409	12,920
<b>12,920</b>	<b>16,409</b>	<b>Total</b>	<b>16,409</b>	<b>12,920</b>
<b>12. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST</b>				
58,808	57,286	Loans and advances at amortised cost	57,541	59,072
<b>58,808</b>	<b>57,286</b>	<b>Total</b>	<b>57,541</b>	<b>59,072</b>
<b>Impairment provisions made, end of period (31 December 2010 and 30 June 2011)</b>				
5,694	4,850	Individual impairment provisions	4,881	5,721
421	473	Collective impairment provisions	473	422
<b>13. BONDS AT FAIR VALUE</b>				
67,545	50,487	Mortgage bonds	50,639	67,653
2,761	2,986	Government bonds	2,993	2,761
5,469	3,358	Other bonds	3,358	5,469
<b>75,775</b>	<b>56,831</b>	<b>Total</b>	<b>56,990</b>	<b>75,883</b>
949	602	Self-issued bonds offset against issued bonds	602	949
<b>74,826</b>	<b>56,229</b>	<b>Total</b>	<b>56,388</b>	<b>74,934</b>
The effect of fair value adjustment has been recognised in the income statement.				
10,379	1,989	Of which drawn bonds	1,989	10,379
25,290	26,228	Assets sold as part of genuine sale and repurchase transactions	26,228	25,290
16,061	12,767	As collateral for the Danish central bank, Danmarks Nationalbank, and foreign clearing centres, etc, bonds have been deposited of a total market value of	12,767	16,061
The collateral was provided on an arm's length basis.				
<i>Financial instruments measured on the basis of unobservable inputs</i>				
In June Nykredit Bank sold the portfolio of Kalvebod issues to Nykredit Realkredit A/S at a price of about DKK 1.1bn.				
The Kalvebod issues have been included in the financial statements (note 38) under the financial instruments category having a fair value based on unobservable inputs. Of the overall value of bonds (a total of DKK 1,524m) at 31 December 2010, Kalvebod issues represented about DKK 1.3bn. The value at end-2010 has therefore been reduced from about DKK 1.5bn to about DKK 0.2bn.				

## Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
31.12.2010	30.06.2011		30.06.2011	31.12.2010
<b>14. EQUITIES</b>				
39	183	Listed on NASDAQ OMX Copenhagen A/S	183	39
4	9	Listed on other stock exchanges	9	4
288	255	Unlisted equities carried at fair value	256	289
<b>331</b>	<b>447</b>	<b>Total</b>	<b>448</b>	<b>332</b>
<b>15. ASSETS IN TEMPORARY POSSESSION</b>				
13	91	Assets, beginning of year	91	13
116	24	Additions	24	116
38	23	Disposals	23	38
<b>91</b>	<b>92</b>	<b>Total</b>	<b>92</b>	<b>91</b>
At 31 December 2010 and 30 June 2011, this item solely comprised properties repossessed.				
The Nykredit Bank Group accepts mortgages on property as security for loans, and in a number of instances Nykredit Bank repossesses the properties in the event of borrowers' non-performance of loan agreements etc.				
Property valuation is based on the expected market values in case of disposal within a period of 12 months.				
<b>16. OTHER ASSETS</b>				
7,217	4,945	Interest and commission receivable	4,932	7,218
25,857	20,380	Positive market value of derivative financial instruments	20,380	25,857
203	252	Other	263	211
<b>33,277</b>	<b>25,577</b>	<b>Total</b>	<b>25,575</b>	<b>33,286</b>
<b>17. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS</b>				
1,171	190	Payables to central banks	190	1,171
47,180	37,457	Payables to credit institutions	37,457	47,180
<b>48,351</b>	<b>37,647</b>	<b>Total</b>	<b>37,647</b>	<b>48,351</b>
4,792	7,323	Of which genuine sale and repurchase transactions	7,323	4,792
<b>18. DEPOSITS AND OTHER PAYABLES</b>				
32,054	29,566	On demand	29,460	31,971
4,977	5,588	At notice	5,588	4,977
16,031	14,476	Time deposits	14,476	15,991
2,760	2,583	Special deposits	2,583	2,760
<b>55,822</b>	<b>52,213</b>	<b>Total</b>	<b>52,107</b>	<b>55,699</b>

## Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
31.12.2010	30.06.2011		30.06.2011	31.12.2010
<b>19. ISSUED BONDS AT AMORTISED COST</b>				
<b>Issues</b>				
15,351	15,328	EMTN issues *	15,328	15,351
16,840	10,985	ECP issues *	10,985	16,840
29	29	Employee bonds	29	29
1,577	369	Other issues *	369	1,577
<b>33,797</b>	<b>26,711</b>	<b>Total</b>	<b>26,711</b>	<b>33,797</b>
949	598	Own portfolio	598	949
<b>32,848</b>	<b>26,113</b>	<b>Total</b>	<b>26,113</b>	<b>32,848</b>
No value adjustments have been made that can be ascribed to own credit risk changes.				
* Listed on NASDAQ OMX Copenhagen A/S or on the Luxembourg Stock Exchange				
<b>20. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE</b>				
20,967	19,127	Deposits at fair value	19,127	20,967
4,712	6,209	Negative securities portfolios	6,209	4,712
<b>25,679</b>	<b>25,336</b>	<b>Total</b>	<b>25,336</b>	<b>25,679</b>
<b>By time-to-maturity</b>				
25,679	25,336	Up to 3 months	25,336	25,679
20,967	19,127	Of which genuine sale and repurchase transactions	19,127	20,967
<b>21. OTHER LIABILITIES</b>				
7,562	6,233	Interest and commission payable	6,241	7,518
24,118	18,819	Negative market value of derivative financial instruments	18,819	24,118
603	601	Other payables	701	775
<b>32,283</b>	<b>25,653</b>	<b>Total</b>	<b>25,761</b>	<b>32,411</b>
The items "Interest and commission payable" and "Other payables" fall due within one year.				

## Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group	
31.12.2010	30.06.2011	30.06.2011	31.12.2010
<b>22. PROVISIONS</b>			
<b>Provisions for losses under guarantees</b>			
609	745	745	609
344	112	112	344
208	704	704	208
<b>745</b>	<b>153</b>	<b>153</b>	<b>745</b>
<b>Other provisions</b>			
156	102	102	156
1	70	70	1
55	70	70	55
<b>102</b>	<b>102</b>	<b>102</b>	<b>102</b>
<b>Total provisions for losses under guarantees and other provisions</b>			
765	847	847	765
345	182	182	345
263	774	774	263
<b>847</b>	<b>255</b>	<b>255</b>	<b>847</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, including provisions for Bank Rescue Package I in 2010.</p> <p>In Q2/2011 the Bank paid approximately DKK 70m to the Danish Guarantee Fund for Depositors and Investors related to the collapse of Amagerbanken. The paid amount essentially equalled the provision made in the financial statements for Q1/2011.</p> <p>It is estimated that the majority of provisions will be settled within 1-2 years.</p>			

## Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group	
31.12.2010	30.06.2011	30.06.2011	31.12.2010
<b>23. SUBORDINATED DEBT</b>			
Subordinated debt consists of financial liabilities in the form of subordinate loan capital which, in case of voluntary or compulsory liquidation, will not be repaid until the claims of ordinary creditors have been met.			
Subordinated debt forms part of the supplementary capital and is included in full in the capital base.			
75	-		
Nom DKK 75m. The loan falls due at par (100) on 29 March 2014 and carries a floating interest rate of 2.5% pa over 6M Cibur. The loan was prematurely redeemed in March 2011			
		-	75
119	116		
Nom NOK 125m. The loan falls due at par (100) on 29 September 2014 and carries a floating interest rate of 0.75% pa over 3M Nibor			
		116	119
200	200		
Nom DKK 200m. The loan falls due at par (100) on 30 September 2014 and carries a floating interest rate of 1.0% over 6M Cibur			
		200	200
180	200		
Nom DKK 200m. The loan falls due at par (100) on 1 November 2014 and carries a floating interest rate of 1.0% pa over 3M Euribor			
		200	180
<b>574</b>	<b>516</b>	<b>516</b>	<b>574</b>
<b>Total</b>			
<b>Hybrid core capital</b>			
89	100		
Nom DKK 100m. The loan is perpetual and carries a floating interest rate of 1.7% pa over 3M Cibur			
		100	89
150	150		
Nom DKK 150m. The loan is perpetual and carries a fixed interest rate of 6.3% pa			
		150	150
<b>239</b>	<b>250</b>	<b>250</b>	<b>239</b>
<b>Total</b>			
<b>813</b>	<b>766</b>	<b>766</b>	<b>813</b>
<b>Total subordinated debt</b>			
Included in the determination of the capital base after statutory deductions			
574	516		
Subordinate loan capital			
		516	574
239	250		
Hybrid core capital			
		250	239
-	-		
Costs related to raising and redeeming subordinated debt			
		-	-
-	-		
Except for the above early redemptions, no extraordinary principal repayments were recorded.			
		-	-
No value adjustments have been made that can be attributed to changes in own credit risk.			
Subordinated debt fully relates to capital raised by the former Forstædernes Bank.			

## Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
31.12.2010	30.06.2011		30.06.2011	31.12.2010
<b>24. CONTINGENT LIABILITIES</b>				
11,739	6,090	Financial guarantees	6,090	11,739
568	505	Registration and refinancing guarantees	505	568
2,917	2,634	Other contingent liabilities	2,634	2,918
<b>15,224</b>	<b>9,229</b>	<b>Total</b>	<b>9,229</b>	<b>15,225</b>
<i>Legal proceedings and litigation</i>				
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.				
<i>"Government guarantee scheme"</i>				
Under the scheme, which expired at end-September 2010, the Danish government issued a two-year guarantee that covered the Danish banks participating in the scheme. Nykredit Bank participated in a sector guarantee totalling DKK 20bn with a share of up to DKK 1,318m.				
At 31 December 2010, DKK 659m had been provided for the obligation. In H1/2011 the Bank paid any amounts due under the obligation to the Financial Stability Company.				
<i>The collapses of Amagerbanken and Fjordbank Mors</i>				
In H1/2011 Nykredit Bank charged about DKK 200m related to the collapse of Amagerbanken and an additional amount of about DKK 140m related to Fjordbank Mors to the income statement, of which expected payments to the Danish Guarantee Fund for Depositors and Investors amount to DKK 85m, including adjustment of a previous provision regarding CapiNordic.				
The majority of the Bank's losses are attributable to hybrid core capital and subordinated debt.				
The Financial Stability Company has adjusted the expected dividend in Amagerbanken from around 59% to around 66%. As the dividend level is still surrounded by uncertainty, including that any additional dividend will be considered insignificant relative to Nykredit Bank's results and equity, the claim determined at 31 March 2011 has not been adjusted.				
In addition to the determination of the final dividend, the actual charge depends on the acknowledgement of the Bank's net claim against Amagerbanken and Fjordbank Mors.				
<b>25. OTHER COMMITMENTS</b>				
6,780	6,337	Irrevocable credit commitments	6,337	6,780
157	179	Other	280	232
<b>6,937</b>	<b>6,516</b>	<b>Total</b>	<b>6,617</b>	<b>7,012</b>



# Notes

## 26. 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 have occurred in 2011.

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, 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 or on a cost reimbursement basis.

Important related party transactions prevailing/entered into in 2010 or 2011 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.

In H1/2011 the Bank has sold the portfolio of Kalvebod issues to Nykredit Realkredit.

The fair value of the portfolio was about DKK 1.1bn at the transfer date.

Compared with the carrying amount at 31 March 2011, the transfer has only generated a modest capital gain.

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

Nykredit Holding A/S has issued guarantees or letters of comfort to third parties in specific cases.

## Notes

DKK million

The Nykredit Bank Group

**27. LOANS, ADVANCES AND GUARANTEES****Loans, advances, guarantees and provisions, by sector and industry**

30 June 2011	Carrying amount		Total loans, advances and guarantees	Individual and other provisions	Provisions		Total
	Loans and advances	Guarantees			Collective impairment provisions		
<b>Public sector</b>	<b>175</b>	<b>100</b>	<b>275</b>	<b>0</b>	<b>2</b>	<b>2</b>	
<b>Corporate</b>							
Agriculture, hunting, forestry and fishing	2,089	182	2,271	86	12	98	
Manufacturing, mining and quarrying	5,896	444	6,340	109	29	138	
Energy supply	2,050	70	2,120	30	9	39	
Construction	1,149	654	1,803	237	7	244	
Trade	1,899	279	2,178	297	8	305	
Transport, accommodation and food service activities	2,215	252	2,467	81	18	99	
Information and communication	1,090	83	1,173	30	2	32	
Financial and insurance activities	22,333	770	23,103	1,088	41	1,129	
Property	12,417	2,061	14,478	1,592	189	1,781	
Other trade and industry	6,914	708	7,622	766	57	823	
<b>Total corporate</b>	<b>58,052</b>	<b>5,503</b>	<b>63,555</b>	<b>4,316</b>	<b>372</b>	<b>4,688</b>	
<b>Retail</b>	<b>15,723</b>	<b>3,626</b>	<b>19,349</b>	<b>718</b>	<b>99</b>	<b>817</b>	
<b>Total</b>	<b>73,950</b>	<b>9,229</b>	<b>83,179</b>	<b>5,034</b>	<b>473</b>	<b>5,507</b>	
Of which reverse lending	16,409	-	16,409	-	-	-	

31 December 2010	Carrying amount		Total loans, advances and guarantees	Individual and other provisions	Provisions		Total
	Loans and advances	Guarantees			Collective impairment provisions		
<b>Public sector</b>	<b>253</b>	<b>553</b>	<b>806</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Corporate</b>							
Agriculture, hunting, forestry and fishing	2,019	537	2,556	77	5	82	
Manufacturing, mining and quarrying	5,908	719	6,627	221	35	256	
Energy supply	2,339	79	2,418	7	11	18	
Construction	1,121	361	1,482	279	6	285	
Trade	1,785	450	2,235	368	7	375	
Transport, accommodation and food service activities	1,309	325	1,634	55	6	61	
Information and communication	1,360	83	1,443	49	5	54	
Financial and insurance activities	17,812	804	18,616	1,675	30	1,705	
Property	13,018	3,721	16,739	1,589	75	1,664	
Other trade and industry	8,940	1,410	10,350	1,356	125	1,481	
<b>Total corporate</b>	<b>55,611</b>	<b>8,489</b>	<b>64,100</b>	<b>5,676</b>	<b>305</b>	<b>5,981</b>	
<b>Retail</b>	<b>16,128</b>	<b>6,183</b>	<b>22,311</b>	<b>790</b>	<b>117</b>	<b>907</b>	
<b>Total</b>	<b>71,992</b>	<b>15,225</b>	<b>87,217</b>	<b>6,466</b>	<b>422</b>	<b>6,888</b>	
Of which reverse lending	12,920	-	12,920	-	-	-	

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

Provisioning rate, %	Q2/ 2011	Q1/ 2011	Q4/ 2010	Q3/ 2010	Q2/ 2010	Q1/ 2010
Total loans and advances	73,950	73,968	71,992	73,900	75,254	73,185
Total guarantees	9,229	12,175	15,225	16,436	17,549	20,131
Provisions for loan impairment	5,354	6,050	6,143	7,170	7,020	8,009
Provisions for guarantees	153	109	745	920	823	791
<b>Loans, advances, guarantees and loan impairment</b>	<b>88,686</b>	<b>92,302</b>	<b>94,105</b>	<b>98,426</b>	<b>100,646</b>	<b>102,116</b>
Provisioning rate, %	6.2	6.7	7.3	8.2	7.8	8.6
Provisioning rate excluding guarantees, %	6.8	7.6	7.9	8.8	8.5	9.9

## Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group	
30.06.2010	30.06.2011	30.06.2011	30.06.2010
<b>28. FOREIGN EXCHANGE AND INTEREST RATE EXPOSURES</b>			
<b>Foreign exchange risk</b>			
319	25	25	319
	Exchange rate indicator 1 (DKKm)		
2.6	0.2	0.2	2.6
	Exchange rate indicator 1 as % of core capital after statutory deductions		
5	1	1	5
	Exchange rate indicator 2 (DKKm)		
0.0	0.0	0.0	0.0
	Exchange rate indicator 2 as % of core capital after statutory deductions		
<b>Interest rate risk by the currency involving the highest interest rate exposure</b>			
39	35	35	39
	DKK		
70	33	33	70
	EUR		
4	5	5	4
	SEK		
(8)	(10)	(10)	(8)
	CHF		
0	1	1	0
	USD		
(1)	0	0	(1)
	GBP		
0	0	0	0
	Other currencies		
<b>104</b>	<b>64</b>	<b>64</b>	<b>104</b>
	<b>Total interest rate exposure of debt instruments</b>		

## Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group	
30.06.2010	30.06.2011	30.06.2010	30.06.2011
<b>29. HEDGING INTEREST RATE RISK</b>			
Market risk is the risk of loss of market value as a result of movements in financial markets (interest rate, foreign exchange, equity price risk, etc).			
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>			
2,277	1,544	Loans, advances and other receivables at amortised cost	1,544 2,277
<b>2,277</b>	<b>1,544</b>	<b>Total nominal value</b>	<b>1,544 2,277</b>
<b>Market value of hedged fixed-rate assets</b>			
2,360	1,579	Loans, advances and other receivables at amortised cost	1,579 2,360
<b>2,360</b>	<b>1,579</b>	<b>Total carrying amount, end of period</b>	<b>1,579 2,360</b>
<b>Fair value adjustment</b>			
83	35	Loans, advances and other receivables at amortised cost	35 83
<b>83</b>	<b>35</b>	<b>Total fair value adjustment</b>	<b>35 83</b>
-	4,304	Issued bonds at amortised cost	4,304 -
-	<b>4,304</b>	<b>Total nominal value</b>	<b>4,304 -</b>
<b>Market value of hedged fixed-rate financial liabilities</b>			
-	4,418	Issued bonds at amortised cost	4,418 -
-	<b>4,418</b>	<b>Total carrying amount, end of period</b>	<b>4,418 -</b>
<b>Fair value adjustment</b>			
-	(114)	Issued bonds at amortised cost	(114) -
-	<b>(114)</b>	<b>Total fair value adjustment</b>	<b>(114) -</b>
<b>HEDGING DERIVATIVE FINANCIAL INSTRUMENTS</b>			
1,232	4,919	Nominal value (synthetic principal)	4,919 1,232
(84)	78	Market value adjustment (negative market value)	78 (84)
<b>FAIR VALUE ADJUSTMENT DIFFERENCE</b>			
<b>(1)</b>	<b>(1)</b>	<b>Total</b>	<b>(1) (1)</b>
<b>Amounts recognised through profit or loss for the financial period</b>			
0	186	Hedged transactions	186 0
0	(186)	Hedging transactions	(186) 0

## Notes

DKK million

## 30. GROUP STRUCTURE

Name and registered office	Revenue *)	Assets	Liabilities	Share capital 30.06.11	Equity 31.12.10	Ownership interest, % 30.06.11	Profit for the period	Nykredit Bank's share of profit for the period	Equity 30.06.11	Carrying amount
Nykredit Bank A/S (Parent Company) a)	1,511	182,083	167,984	6,045	13,769	-	330	-	14,099	-
<b>Consolidated subsidiaries</b>										
Nykredit Portefølje Administration A/S, Copenhagen f)	67	248	80	25	153	100	15	15	168	168
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	12	0	5	12	100	0	0	12	12
Nykredit Leasing A/S, Gladsaxe c)	43	2,399	2,250	46	149	100	0	0	149	149
FB Ejendomme A/S, Copenhagen e)	0	5	1	1	4	100	0	0	4	4
Amber Fondsmæglerselskab A/S, Gentofte f)	3	13	3	4	10	100	0	0	10	10
<b>Associates</b>										
Dansk Pantebrevsbørs A/S, Copenhagen b)	-	-	-	-	-	50	-	-	-	-
The company is subject to insolvency proceedings.										

\*) 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.

Pantebrevsselskabet af 8/8 1995 A/S and Nykredit Pantebrevsinvestering A/S had few activities.

- a) Bank
- b) Mortgage trading company
- c) Leasing company
- d) No activity
- e) Property management company
- f) Management activities, including asset management and investment advisory services

## Notes

DKK million

**30. GROUP STRUCTURE (continued)**

As part of the Nykredit Group's strategy of consolidating and expanding its position in the banking area, Nykredit Bank A/S acquired all shares in Amber Fondsmæglerselskab A/S on 10 June 2011.

The company's results and balance sheet have been included in the financial statements of Nykredit Bank and the Nykredit Bank Group as from 10 June. The boards of directors of the two companies have decided to merge the companies during 2011.

Amber's activities are included under the segment financial statements of Asset Management.

	Financial statements 2010	1 January – 10 June 2011	Total, H1/2011	Included in the Consolidated Financial Statements of Nykredit Bank
<b>Amber Fondsmæglerselskab A/S: financial highlights</b>				
<b>Income statement</b>				
<b>Net interest and fee income</b>	<b>9.7</b>	<b>3.0</b>	<b>3.3</b>	<b>0.3</b>
Value adjustments	0.0	(0.2)	(0.2)	0.0
Staff and administrative expenses	7.6	3.1	3.4	0.3
<b>Profit (loss) before tax</b>	<b>2.0</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>0.0</b>
Tax	(0.5)	(0.1)	(0.1)	0.0
<b>Profit (loss) after tax</b>	<b>1.5</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>0.0</b>
<b>Balance sheet</b>				
Assets				
Receivables from credit institutions	3.5	1.0	0.5	0.5
Bonds at fair value	6.0	11.5	11.4	11.4
Other assets	6.1	1.5	1.9	1.9
<b>Total</b>	<b>15.6</b>	<b>14.0</b>	<b>13.8</b>	<b>13.8</b>
<b>Liabilities and equity</b>				
Total payables	5.6	4.2	4.0	4.0
Equity	10.0	9.8	9.8	9.8
<b>Total</b>	<b>15.6</b>	<b>14.0</b>	<b>13.8</b>	<b>13.8</b>
An assessment of the company's assets and liabilities at the time of acquisition has not given rise to adjustment of the fair value of the acquired assets and liabilities. The difference between the acquired net assets and the payment for these has subsequently been fully recognised as goodwill in the Bank's financial statements. Goodwill has been recognised in the balance sheet under "Intangible assets".				
Goodwill at end-2010				9
Additions relating to acquisition of subsidiary				18
<b>Goodwill at 30 June 2011</b>				<b>27</b>

The purchase price of the company is paid by means of two cash instalments, of which about DKK 19m was paid in H1/2011. No significant external costs were related to the acquisition.

## Notes

DKK million

	Q2/ 2011	Q1/ 2011	Q4/ 2010	Q3/ 2010	Q2/ 2010	Q1/ 2010
<b>31. THE NYKREDIT BANK GROUP – SIX QUARTERS</b>						
<b>SUMMARY INCOME STATEMENT</b>						
Net interest income	662	629	733	747	747	671
Dividends, fees and commission income (net)	183	186	178	139	189	220
<b>Net interest and fee income</b>	<b>845</b>	<b>815</b>	<b>911</b>	<b>886</b>	<b>936</b>	<b>891</b>
Value adjustments	18	(74)	70	103	107	193
<b>Net interest, fees and value adjustments</b>	<b>863</b>	<b>741</b>	<b>981</b>	<b>989</b>	<b>1,043</b>	<b>1,084</b>
Other operating income	7	7	8	9	5	11
Staff and administrative expenses	447	433	374	408	467	510
Other operating costs, depreciation and amortisation	18	74	5	125	130	130
Impairment losses on loans, advances and receivables	175	26	441	304	368	381
Profit from investments in associates and group enterprises	-	-	30	0	0	0
<b>Profit before tax</b>	<b>230</b>	<b>215</b>	<b>199</b>	<b>161</b>	<b>83</b>	<b>74</b>
Tax	61	54	14	41	14	53
<b>Profit</b>	<b>169</b>	<b>161</b>	<b>185</b>	<b>120</b>	<b>69</b>	<b>21</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>						
<b>Assets</b>						
Cash balance and receivables from central banks and credit institutions	25,418	28,515	29,480	26,635	35,201	45,103
Loans, advances and other receivables at fair value	16,409	13,451	12,920	13,958	13,899	13,314
Loans, advances and other receivables at amortised cost	57,541	60,517	59,072	59,942	61,355	59,871
Bonds at fair value	56,388	67,921	74,934	69,667	72,516	73,714
Equities	448	377	332	466	530	680
Land and buildings	67	68	68	68	69	69
Other asset items	25,818	27,734	33,616	48,799	44,362	36,067
<b>Total assets</b>	<b>182,089</b>	<b>198,583</b>	<b>210,422</b>	<b>219,535</b>	<b>227,932</b>	<b>228,818</b>
<b>Liabilities and equity</b>						
Payables to credit institutions and central banks	37,647	40,888	48,351	49,851	65,922	66,382
Deposits and other payables	52,107	53,648	55,699	54,745	57,481	59,762
Issued bonds at amortised cost	26,113	33,886	32,848	25,830	38,114	40,365
Other non-derivative financial liabilities at fair value	25,336	28,030	25,679	26,891	9,785	14,327
Other payables	25,766	27,184	32,416	46,693	42,072	33,490
<b>Total payables</b>	<b>166,969</b>	<b>183,636</b>	<b>194,993</b>	<b>204,010</b>	<b>213,374</b>	<b>214,326</b>
Provisions	255	282	847	1,055	958	948
Subordinated debt	766	735	813	886	1,136	1,149
Equity	14,099	13,930	13,769	13,584	12,464	12,395
<b>Total liabilities and equity</b>	<b>182,089</b>	<b>198,583</b>	<b>210,422</b>	<b>219,535</b>	<b>227,932</b>	<b>228,818</b>
<b>OFF-BALANCE SHEET ITEMS</b>						
Contingent liabilities	9,229	12,175	15,225	16,436	17,549	20,131
Other commitments	6,617	7,378	7,012	7,349	7,531	8,476
<b>FINANCIAL RATIOS</b>						
Capital adequacy ratio, %	18.5	16.4	15.9	15.0	12.7	12.4
Core capital ratio, %	17.9	15.9	15.2	14.0	12.0	12.4
Return on equity before tax (pa), %	6.6	6.2	5.8	4.9	2.7	2.4
Return on equity after tax (pa), %	4.8	4.6	5.4	3.7	2.2	0.7
Income:cost ratio	1.36	1.40	1.24	1.19	1.09	1.07
Interest rate exposure, %	0.5	1.0	0.5	0.6	0.8	0.7

## Financial ratios, definitions

<b>Capital adequacy ratio, %</b>	Capital base divided by risk-weighted assets
<b>Core capital ratio, %</b>	Core capital after statutory deductions divided by risk-weighted assets
<b>Return on equity before tax, %</b>	Profit (loss) before tax as a percentage of average equity
<b>Return on equity after tax, %</b>	Profit (loss) after tax as a percentage of average equity
<b>Income:cost ratio</b>	Income incl profit (loss) from associates and group enterprises divided by costs less tax
<b>Interest rate exposure, %</b>	Interest rate exposure divided by core capital after statutory deductions
<b>Foreign exchange position, %</b>	Foreign exchange indicator 1 divided by core capital less statutory deductions
<b>Foreign exchange exposure, %</b>	Foreign exchange indicator 2 divided by core capital less statutory deductions
<b>Loans and advances:deposits</b>	Loans and advances + impairment provisions divided by deposits Loans and advances: Include loans and advances at fair value and loans and advances at amortised cost
<b>Loans and advances:equity</b>	Loans and advances divided by equity (end of year/period) Loans and advances: Include loans and advances at fair value and loans and advances at amortised cost
<b>Growth in loans and advances for the year/period, %</b>	Growth in loans and advances from the beginning to the end of the year/period (loans and advances at the beginning of the year/period divided by loans and advances at the end of the year/period) Loans and advances: Include loans and advances at fair value and loans and advances at amortised cost
<b>Excess cover:statutory liquidity requirements, %</b>	Excess cover relative to the 10% requirement of § 152 of the Danish Financial Business Act. (Available excess liquidity relative to 10% of reduced payables) (Reduced payables: Balance sheet total + guarantees - equity - subordinated debt, included in the determination of the capital base)
<b>Total large exposures, %</b>	Total large exposures divided by the capital base
<b>Impairment losses for the year/period, %</b>	Impairment losses for the year/period divided by loans and advances + guarantees + impairment provisions

The financial ratios have been calculated in accordance with the Danish FSA's guidelines thereon.