

NYKREDIT BANK A/S – A SUBSIDIARY OF NYKREDIT REALKREDIT A/S CONSOLIDATED IN THE NYKREDIT GROUP FINANCIAL STATEMENTS

H1 INTERIM REPORT – NYKREDIT BANK GROUP

1 JANUARY – 30 JUNE 2014

- Profit before tax was DKK 194m against DKK 577m in H1/2013. Excluding value adjustment of interest rate swaps resulting from movements in market rates, profit was up DKK 260m.
- Core income from customer activities, excl Nykredit Markets, was DKK 1,355m, up 5% on H1/2013, while core income from business operations totalled DKK 1,665m against DKK 1,702m in H1/2013.
- The development in core income from business operations was notably an effect of increased earnings in Retail, while earnings from bond trading were still affected by low trading activity.
- Value adjustment of interest rate swaps totalled a charge of DKK 435m, of which DKK 362m was an effect of interest rate falls. Value adjustment came to a credit of DKK 50m in H1/2013.
- Operating costs amounted to DKK 1,057m against DKK 1,019m in H1/2013. Costs as a percentage of core income from business operations were 63.5% compared with 59.9% in H1/2013.
- Impairment losses reduced by DKK 127m to DKK 39m compared with DKK 166m in H1/2013, equal to almost 0% of loans and advances for the period compared with 0.1% in H1/2013.
- The balance sheet stood at DKK 237bn compared with DKK 224bn at end-2013.

LIQUIDITY

- Excess coverage relative to statutory liquidity requirements was 220.0%, and the Bank had a deposit surplus of DKK 15.0bn.
- The Bank's liquidity coverage ratio (LCR) came to 128% according to the future LCR rules.

OWN FUNDS

- Equity stood at DKK 14.5bn at 30 June 2014.
- The total capital ratio and the Tier 1 capital ratio came to 16.0% and 15.6%, respectively. The Common Equity Tier 1 (CET1) capital ratio (core Tier 1 capital ratio) was 15.4%.
- The internal capital adequacy requirement (ICAAP) was 11.5%.

ABOUT NYKREDIT BANK GROUP

The H1 Interim Reports 2014 of the Nykredit Bank Group and the Nykredit Group and further information about Nykredit are available at nykredit.com.

Contact:

Corporate Communications, tel +45 44 55 14 72 or +45 20 46 16 65

Nykredit Bank A/S
Kalvebod Brygge 1-3
DK-1780 Copenhagen V
Tel +45 44 55 18 00
CVR no 10 51 96 08

FINANCIAL HIGHLIGHTS – NYKREDIT BANK GROUP

DKK million	H1/2014	H1/2013	FY 2013
CORE EARNINGS AND RESULTS FOR THE PERIOD			
Core income from			
- business operations	1,665	1,702	3,261
- value adjustment of derivatives due to interest rate changes	(362)	281	467
- other value adjustment of derivatives	(73)	(231)	(1,242)
- securities	14	18	33
Total	1,244	1,770	2,519
Operating costs and depreciation of equipment	1,057	1,019	2,073
Provisions for costs relating to reorganisation	-	-	50
Profit from investments in associates and group enterprises	-	30	78
Core earnings before impairment losses	187	781	474
Impairment losses on loans and advances and provisions for guarantees	39	166	349
Core earnings after impairment losses	148	615	125
Investment portfolio income	46	(38)	(40)
Profit before tax	194	577	85
Tax	42	146	8
Profit for the period	152	431	77
SUMMARY BALANCE SHEET, END OF PERIOD			
Assets			
Cash balance and receivables from central banks			
	and credit institutions		
	27,790	27,853	23,173
Loans, advances and other receivables at fair value	45,328	48,797	56,814
Loans, advances and other receivables at amortised cost	46,908	50,424	47,024
Bonds at fair value and equities	79,968	80,313	64,219
Remaining assets	36,906	44,638	32,904
Total assets	236,900	252,025	224,134
Liabilities and equity			
Payables to credit institutions and central banks	63,306	61,393	57,732
Deposits and other payables	61,918	63,407	65,405
Issued bonds at amortised cost	22,565	26,754	26,689
Other non-derivative financial liabilities at fair value	40,857	43,258	29,248
Remaining payables	33,268	41,987	30,216
Provisions	236	275	247
Subordinated debt	250	250	250
Equity	14,500	14,701	14,347
Total liabilities and equity	236,900	252,025	224,134
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	12,028	10,706	11,620
Other commitments	6,536	6,990	6,906
FINANCIAL RATIOS			
Profit for the period as % of average equity pa	2.1	6.0	0.5
Profit before tax for the period as % of average equity pa	2.7	8.0	0.6
Core earnings before impairment losses as % of average equity pa	2.6	10.8	3.3
Core earnings after impairment losses as % of average equity pa	2.1	8.5	0.9
Costs excl impairment losses as % of core income from business operations	63.5	59.9	65.1
Provisions for loan impairment, DKKm	3,742	3,999	3,994
Impairment losses for the period, %	0.0	0.1	0.3
Total capital ratio, %	16.0	21.9	16.8
Tier 1 capital ratio, %	15.6	21.9	16.4
CET1 capital ratio, %	15.4	21.5	16.1
Average number of full-time staff	852	858	859

NYKREDIT BANK GROUP

NYKREDIT BANK GROUP RESULTS

The Group recorded a profit before tax of DKK 194m compared with DKK 577m in H1/2013, down DKK 383m.

The Group's performance was principally an effect of lower interest rate levels, which resulted in negative value adjustment of interest rate swaps of DKK 362m. Compared with H1/2013, when the effect was positive, our performance was affected by negative DKK 643m. Excluding this interest rate effect, profit improved by DKK 260m.

Core income from business operations decreased by DKK 37m to DKK 1,665m. This development was a result of an earnings decline of DKK 94m in Nykredit Markets due to lower fixed income trading activity, while other business units and Group Items combined saw growth of DKK 57m compared with H1/2013.

Impairment losses saw a satisfactory development and reduced by DKK 127m to DKK 39m compared with H1/2013, nearing 0% of loans and advances for the period under review compared with 0.1% in H1/2013.

Core income from business operations

Core income fell by 2% from DKK 1,702m in H1/2013 to DKK 1,665m. Retail contributed a DKK 47m rise in core income compared with H1/2013. By contrast, core income from Wholesale declined by DKK 126m, mainly as an effect of lower trading activity in Nykredit Markets and lower income from Wholesale Clients.

Results from Group Items were a loss of DKK 1m, up DKK 42m on H1/2013.

The period continued to be affected by subdued loan demand, and the Group's lending at amortised cost was broadly unchanged compared with end-2013. Deposits decreased by DKK 3.5bn in H1/2014 from DKK 65.4bn at end-2013 to DKK 61.9bn.

Value adjustment of derivatives

As a result of falling interest rate levels, value adjustment of derivatives was a charge of DKK 362m against a credit of DKK 281m in H1/2013, which was impacted by rising interest rate levels.

The greater part of the value adjustment derived from non-terminated interest rate swaps where a 0.1 percentage point increase in interest rates will result in positive value adjustment of about DKK 100m.

Other value adjustments of derivatives attributable to a net increase in swap transactions came to a charge of DKK 73m against a charge of DKK 231m in H1/2013.

Core income from securities

Core income from securities fell back from DKK 18m in H1/2013 to DKK 14m, which mirrored a change in the risk-free interest rate, which dropped from an average of 0.25% in H1/2013 to 0.20%. The risk-free interest rate equals the Danish central bank's lending rate.

Operating expenses, depreciation and amortisation

Staff and administrative expenses rose by DKK 41m, or 4%, to DKK 1,019m. Payroll costs accounted for a rise of DKK 17m, or 4%, while other administrative expenses grew by DKK 24m, or 4%.

Payroll costs and other administrative expenses were in line with expectations. Compared with H1/2013, other administrative expenses were affected by rising IT costs and settlement of balances with the Parent Company relating to administrative tasks. The cost level was not affected by "Nykredit 2015", as provisions for costs relating to the organisational changes were made in 2013.

The average number of full-time staff totalled 852 compared with 858 in H1/2013 and an average of 859 for 2013.

Nykredit Bank Group Results before tax for 1 January – 30 June by business area

	Retail		Wholesale		Group Items			Total
	2014	2013	2014	2013	2014	2013	2014	2013
DKK million								
Core income from:								
customer activities, gross	595	540	1,071	1,205	(1)	(43)	1,665	1,702
payment for distribution	285	293	(285)	(293)	-	-	-	-
Core income from business operations	880	833	786	912	(1)	(43)	1,665	1,702
Value adjustment of derivatives	(538)	85	103	(35)	-	-	(435)	50
Core income from securities	-	-	-	-	14	18	14	18
Total core income	342	918	889	877	13	(25)	1,244	1,770
Operating costs	490	411	409	416	158	192	1,057	1,019
Profit from investments in associates	-	30	-	-	-	-	-	30
Core earnings before impairment losses	(148)	537	480	461	(145)	(217)	187	781
Impairment losses on loans and advances	139	112	(103)	65	3	(11)	39	166
Core earnings after impairment losses	(287)	425	583	396	(148)	(206)	148	615
Investment portfolio income	-	-	-	-	46	(38)	46	(38)
Profit (loss) before tax for the period	(287)	425	583	396	(102)	(244)	194	577
Costs excl impairment losses as % of core income from business operations	55.7	49.3	52.0	45.6	-	-	63.5	59.9

Comparative figures for H1/2013 have been restated to reflect the new organisation, which was implemented in H1/2014.

Danish Guarantee Fund for Depositors and Investors

The payment amounted to DKK 33m compared with DKK 37m in H1/2013. The payments in H1/2014 were ordinary contributions to the Fund.

Impairment losses and provisions

Impairment losses and provisions fell from DKK 166m in H1/2013 to DKK 39m in H1/2014, equal to a positive development of DKK 127m.

The development comprised fewer individual impairment provisions and incurred losses, which reduced by DKK 189m from DKK 246m in H1/2013 to DKK 57m. Collective impairment provisions were an income of DKK 25m compared with an income of DKK 112m in H1/2013, while provisions were DKK 25m below the level in H1/2013.

Impairment losses in Retail grew by DKK 27m to DKK 139m, while impairment losses in Wholesale dropped by DKK 168m compared with H1/2013. Impairment losses in Group Items were DKK 3m compared with an income of DKK 11m in H1/2013, which was characterised by reversals.

Impairment losses for the period under review were close to 0% of loans, advances and guarantees compared with 0.1% in H1/2013.

Investment portfolio income

Investment portfolio income came to DKK 46m compared with a loss of DKK 38m in H1/2013.

Investment portfolio income equals the excess income obtained from the portfolios not allocated to the business areas in addition to risk-free interest.

The development since H1/2013 should especially be viewed in light of the fact that H1/2014 was affected by positive value adjustment of unlisted equities in the portfolio. In H1/2013 investment portfolio income also included commission to Nykredit Holding A/S for a loss guarantee provided to strengthen the Bank's total capital ratio and Tier 1 capital ratio. The loss guarantee was terminated by the Bank's Management at end-2013 and has thus not resulted in any expenses in 2014.

Tax

Tax calculated on profit for the period was DKK 42m, equal to 22% of profit before tax.

RESULTS FOR Q2/2014

Profit before tax was DKK 195m in Q2/2014, an improvement of DKK 196m compared with Q1/2014.

This development comprised a rise in core income of DKK 130m, of which core income from business operations contributed an upturn of DKK 105m, while interest rate swaps made a positive contribution of DKK 25m compared with Q1/2014.

In all material respects, capacity costs remained unchanged relative to Q1/2014 and in line with expectations. Impairments had a favourable impact of DKK 41m from losses of DKK 40m in Q1/2014 to income of DKK 1m in Q2/2014.

Finally, investment portfolio income was DKK 28m higher in Q2/2014 than in Q1/2014, thanks in part to income from unlisted equities.

By contrast, profit before tax decreased by DKK 283m from DKK 478m in Q2/2013 to DKK 195m in Q2/2014.

The change in results was chiefly attributable to value adjustment of interest rate swaps, which declined by DKK 241m from a credit of DKK 36m in Q2/2013 to a charge of DKK 205m in Q2/2014.

Operating costs were generally unchanged, while impairment losses on loans and advances caused an additional expense of DKK 50m compared with Q2/2013, which was affected by large reversals.

Investment portfolio income improved by DKK 62m, partly as a result of positive value adjustment of equities in Q2/2014. Further, Q2/2014 was no longer affected by commission for an intercompany guarantee.

Finally, 2013 was favourably affected by DKK 30m stemming from a partial reversal of provisions for costs relating to Dansk Pantebrevsbørs A/S under konkurs (in bankruptcy). No similar income was recorded in Q2/2014.

OUTLOOK FOR 2014

The Group recorded a profit before tax of DKK 194m for H1/2014.

Profit before tax was broadly in line with expectations, while core earnings before impairment losses were lower than expected, primarily due to expenses for value adjustment of interest rate swaps.

Conversely, the first six months saw a favourable development in impairment losses on loans and advances, which were considerably below the level in H1/2013 and the Group's expectations, whereas capacity costs were broadly as budgeted.

As recent years have seen considerable volatility in the quarterly determination of value adjustment of interest rate swaps – resulting from both interest rate fluctuations and the development in the credit quality of loan exposures – for now, the six months under review do not give rise to a revision of the profit guidance for the full year. Value adjustments are still expected to be lower than the charge of DKK 775m for the financial year 2013.

The Bank therefore still expects core earnings after impairment losses in the region of DKK 400m, but net results remain subject to uncertainty about the interest rate development, including the effect from the value adjustment of interest rate swaps.

Nykredit Bank Group
Lending and deposits

DKK million	30.06.2014	31.12.2013	30.06.2013
Loans and advances			
Retail	23,645	23,348	23,900
Personal	13,210	13,802	14,119
Commercial	10,435	9,546	9,781
Wholesale	23,207	23,612	26,515
Loans and advances at fair value (reverse lending)	45,328	56,814	48,797
Group Items and other lending	56	64	9
Deposits			
Retail	39,225	36,427	37,376
Personal	23,086	21,588	21,878
Commercial	16,139	14,839	15,498
Wholesale	22,105	27,256	23,926
Deposits at fair value (repo)	27,236	18,513	27,808
Group Items and other deposits	588	1,722	2,105

Comparative figures have been restated to reflect the reorganisation. Lending and deposits were principally affected by transfers from Retail to Wholesale. Total deposits and lending are unchanged.

Nykredit Bank Group
Equity

DKK million	30.06.2014	31.12.2013	30.06.2013
Equity, beginning of period	14,347	14,270	14,270
Profit after tax for the period	152	77	431
Equity, end of period	14,500	14,347	14,701

Nykredit Bank Group
Common Equity Tier 1 capital, own funds and capital adequacy

DKK million	30.06.2014	31.12.2013	30.06.2013
Share capital	6,045	6,045	6,045
Retained earnings	8,455	8,303	8,656
Prudent valuation adjustment	(377)	-	-
Intangible assets	(21)	(23)	(23)
Common Equity Tier 1 (CET1) capital	14,102	14,325	14,678
Additional Tier 1 capital	250	250	250
Transitional adjustment of Additional Tier 1 capital	(50)	-	-
Other deductions	-	(18)	(27)
Tier 1 capital	14,302	14,557	14,901
Provisions relative to expected losses in accordance with IRB approach	369	374	-
Deductions from own funds	-	(18)	-
Own funds	14,671	14,913	14,901
Total risk exposure amount	91,156	88,709	68,198
Total capital ratio, %	16.0	16.8	21.9
Tier 1 capital ratio, %	15.6	16.4	21.9
CET1 capital ratio, %	15.4	16.1	21.5
Internal capital adequacy requirement (ICAAP), %	11.5	12.0	11.0

BALANCE SHEET, EQUITY AND CAPITAL ADEQUACY
Balance sheet

The balance sheet stood at DKK 236.9bn compared with DKK 224.1bn at end-2013.

Balances with credit institutions and cash balances grew by DKK 4.6bn to DKK 27.8bn, whereas loans and advances at fair value (reverse lending) decreased by DKK 11.5bn to DKK 45.3bn.

Loans and advances at amortised cost were DKK 46.9bn, on a level with end-2013. This level continued to reflect moderate loan demand, and compared with end-2013, Wholesale lending edged down by DKK 0.4bn, while Retail lending rose correspondingly.

The bond portfolio expanded from DKK 63.9bn at end-2013 to DKK 79.6bn. The portfolio may fluctuate significantly from one reporting period to another which should be seen in continuation of the Bank's repo activities, trading positions and general liquidity investments. The portfolio mainly consisted of high-rated government and covered bonds.

Other assets totalled DKK 36.7bn against DKK 32.6bn at end-2013. At 30 June 2014, DKK 31.7bn was attributable to positive market values of derivatives compared with DKK 25.9bn at end-2013. The positive market values related to the Bank's customer activities in derivatives and own positions for hedge accounting purposes. The interest rate risk was widely hedged through offsetting interest rate swaps, and the market value should therefore be viewed in the context of "Other liabilities", which included negative market values in the amount of DKK 28.3bn.

Moreover, "Other assets" included interest and commission receivable.

Payables to credit institutions and central banks rose from DKK 57.7bn at end-2013 to DKK 63.3bn.

Deposits and other payables came to DKK 61.9bn, down DKK 3.5bn from end-2013, when deposits were DKK 65.4bn. Retail deposits grew by DKK 2.8bn, while Wholesale deposits dropped by DKK 5.2bn. Group Items and other deposits went down by DKK 1.1bn.

Relative to lending at amortised cost, the Bank's deposit surplus was DKK 15.0bn.

Issued bonds fell from DKK 26.7bn at end-2013 to DKK 22.6bn. The level is continuously adapted to the Bank's liquidity needs.

Other non-derivative financial liabilities at fair value, which include deposits relating to repo transactions, came to DKK 40.9bn against DKK 29.2bn at end-2013.

"Other liabilities" totalled DKK 33.2bn against DKK 30.1bn at end-2013. The item mainly consisted of negative market values of financial instruments in the amount of DKK 28.3bn as well as interest and commission payable.

Equity

Equity stood at DKK 14.5bn at 30 June 2014. Compared with end-2013, equity has increased by profit for the period.

Own funds and total capital ratio

Own funds totalled DKK 14.7bn at 30 June 2014 compared with DKK 14.9bn at end-2013, and the total capital ratio stood at 16.0% against 16.8% at end-2013. The internal capital adequacy requirement (ICAAP) was 11.5% at 30 June 2014 against 12.0% at end-2013.

Nykredit Bank aims to have a Tier 1 capital ratio of at least 13%. At 30 June 2014, the Tier 1 capital ratio was 15.6% against 16.4% at end-2013. The Common Equity Tier 1 (CET1) capital ratio came to 15.4% at 30 June 2014 compared with 16.1% at end-2013.

The total risk exposure amount (previously referred to as risk-weighted assets) rose by DKK 2.4bn compared with end-2013. This development comprised a rise of DKK 2.7bn in items involving credit risk, a drop of DKK 1.0bn in items involving operational risk and a rise of DKK 0.8bn in items involving market risk.

The increase in credit and market risk is mainly an effect of the implementation of CRD IV at 1 January 2014.

CREDIT RATINGS

Nykredit Bank is rated by Standard & Poor's and Fitch Ratings.

Standard & Poor's has assigned Nykredit Bank a short-term rating of A-1 and a long-term rating of A+. The long-term rating has been assigned a negative outlook.

Fitch has assigned Nykredit Bank a long-term unsecured rating of A and a short-term unsecured rating of F1 with stable outlooks.

Nykredit Bank's ratings are unchanged compared with end-2013.

Nykredit Bank A/S Credit ratings

	Fitch	Standard & Poor's
Short-term ratings	F1	A-1
Long-term ratings	A	A+

BUSINESS AREAS

BUSINESS AREAS

The Nykredit Bank Group's business areas are:

- Retail, which serves personal customers as well as small and medium-sized enterprises (SMEs)
- Wholesale, which comprises the business units Corporate & Institutional Banking, Nykredit Leasing, Private Banking, Nykredit Markets and Nykredit Asset Management.
- Group Items, which comprises the Bank's Treasury area and other income and costs, including IT development costs, not allocated to the business areas as well as core income from securities and investment portfolio income.

The business areas were adjusted during H1/2014 to reflect Nykredit's new organisation that was implemented in H1/2014. Compared with the presentation in H1/2013, the most significant changes are that Private Banking and the subsidiary Nykredit Leasing A/S are now included in Wholesale instead of Retail (SMEs). The Bank's results, equity and balance sheet are not affected by the change.

Gross income from customer business is generally allocated to the business areas which have supplied the individual products, which includes Corporate & Institutional Banking, Nykredit Leasing A/S, Nykredit Markets and Nykredit Asset Management. Gross income attributable to the sales activities of Retail is subsequently reallocated in full. Correspondingly, Retail pays a proportion of the capacity costs of Nykredit Markets and Nykredit Asset Management attributable to the sales activities.

Retail

Retail posted a loss before tax of DKK 287m compared with a profit of DKK 425m in H1/2013.

The development was chiefly due to value adjustment of interest rate swaps, which came to a charge of DKK 538m in H1/2014 against a credit of DKK 85m in H1/2013, equal to a negative earnings impact of DKK 623m.

Wholesale: Income and income allocation

DKK million	H1/2014	H1/2013
Customer activities, gross		
Nykredit Markets	310	412
Nykredit Asset Management	392	394
Wholesale Clients	369	399
Total	1,071	1,205
Income allocation		
Nykredit Markets	(132)	(140)
Nykredit Asset Management	(235)	(232)
Wholesale Clients	82	79
Total allocation to Retail	(285)	(293)
Core income		
Nykredit Markets	178	272
Nykredit Asset Management	157	162
Wholesale Clients	451	478
Total	786	912

Core income from business operations amounted to DKK 880m, up DKK 47m compared with H1/2013. The rise generally comprised an increase in fees of about DKK 70m, whereas net interest income fell by DKK 24m.

Operating costs amounted to DKK 490m against DKK 411m in H1/2013. The development was largely as expected and was attributable to an increase in intercompany settlement of administrative services rendered by the Parent Company.

Impairment losses were DKK 139m compared with DKK 112m in H1/2013, chiefly relating to loans and advances to personal customers. This development resulted from a DKK 118m reduction in impairment losses on SMEs and a DKK 145m rise in impairment losses on personal customers relative to H1/2013.

Impairment losses were 0.4% of loans and advances against 0.3% in H1/2013.

Costs (excluding impairment losses) as a percentage of core income from business operations totalled 55.7% compared with 49.3% in H1/2013.

Lending and deposits

The business area's lending activities went up from DKK 23.3bn to DKK 23.6bn, while deposits increased by DKK 2.8bn from DKK 36.4bn at end-2013 to DKK 39.2bn.

Wholesale

Wholesale comprises banking activities with the Bank's corporate and institutional clients, Nykredit Markets and Nykredit Asset Management activities as well as Other Activities, which includes a special loan portfolio of non-continuing exposures.

The business area posted a profit of DKK 583m in H1/2014, an improvement of DKK 187m, compared with a profit of DKK 396m in H1/2013. Value adjustment of derivatives and impairment losses developed favourably by a total of DKK 305m, while core income from business operations declined by DKK 125m.

Gross income

The area's gross income totalled DKK 1,071m against DKK 1,205m in H1/2013.

Of this amount, gross income from Nykredit Markets was DKK 310m, down DKK 102m compared with H1/2013, while income from Nykredit Asset Management was on a level with H1/2013.

Wholesale Clients recorded a DKK 30m decline in gross income from customer activities, which totalled DKK 369m.

Earnings in the Nykredit Markets business area, which includes trading with institutional clients, were adversely affected in H1/2014 by the low activity levels in the fixed income market, which accounts for a significant proportion of Nykredit Markets's business activities and earnings. The historically low interest rates put a damper on the investment appetite of investors and reduced fixed income trading.

The market share of fixed income activities grew in H1/2014, but due to generally lower market activity, including a drop of almost 12% in the bond volumes traded on NASDAQ OMX Copenhagen compared with H1/2013, the higher market share did not fully compensate for the reduced activity-related earnings.

Gross income from Nykredit Asset Management was DKK 392m, which was on a level with H1/2013. Assets under management amounted to DKK 119bn, corresponding to a rise of DKK 6bn compared with end-H1/2013. Assets under administration totalled DKK 620bn against DKK 550bn at end-H1/2013.

Core earnings

The business area's core income from business operations totalled DKK 786m, down DKK 126m from H1/2013. This was mainly a result of the lower activity levels in financial markets, which reduced Nykredit Markets's earnings by DKK 94m. Core income from Wholesale Clients fell back DKK 27m, while Nykredit Asset Management was DKK 5m below the level in H1/2013.

H1/2014 saw positive value adjustment of derivatives of DKK 103m, an improvement of DKK 138m compared with H1/2013.

Operating costs were DKK 409m, broadly the same as in H1/2013.

Impairment losses on loans and advances equalled an income of DKK 103m against losses of DKK 65m in H1/2013. Income generated in H1/2014 included DKK 56m relating to corporate clients and DKK 45m relating to the business unit Other Activities. Nykredit Markets contributed an income of DKK 2m.

Impairment losses exclusive of reverse lending represented an income of 0.4% of loans and advances against losses of 0.2% in H1/2013.

Operating costs as a percentage of core income from business operations were 52.0% compared with 45.6% in H1/2013.

The subsidiary Nykredit Portefølje Administration recorded a profit before tax of DKK 44m against DKK 41m in H1/2013.

The subsidiary Nykredit Leasing contributed a profit before tax of DKK 24m against DKK 15m in H1/2013.

Lending and deposits

Lending declined from DKK 23.6bn at end-2013 to DKK 23.2bn at 30 June 2014. This included the portfolio of non-continuing exposures, which remained unchanged at DKK 0.8bn.

Deposits came to DKK 22.1bn against DKK 27.3bn at end-2013.

Group Items

Group Items includes the results of the Bank's Treasury area, core earnings and investment portfolio income from securities as well as other income and expenses not allocated to the business areas. Significant unallocated costs include IT development costs.

Results for the period were a loss of DKK 102m against a loss of DKK 244m in H1/2013. Treasury activities accounted for 12m of the loss incurred in H1/2014.

Core income was DKK 13m compared with a loss of DKK 25m in H1/2013, while operating costs dropped by DKK 34m to DKK 158m.

Core earnings and investment portfolio income from securities produced a profit of DKK 60m against a loss of DKK 20m in H1/2013. This development should especially be viewed in light of the fact that investment portfolio income in H1/2014 was no longer affected by commission payable to Nykredit Holding for a loss guarantee, which was terminated in Q4/2013, and value adjustment of unlisted equities in the portfolio in H1/2014.

Unallocated costs were DKK 148m compared with DKK 165m in H1/2013. In H1/2014, the item mainly consisted of IT development expenses of DKK 146m. In H1/2013 these expenses chiefly resulted from unallocated IT costs of DKK 156m and payment of DKK 9m to the Guarantee Fund for Depositors and Investors.

IMPAIRMENT LOSSES AND LENDING

Earnings impact for the period

Impairment losses on loans and advances dropped by DKK 127m from DKK 166m in H1/2013 to DKK 39m in H1/2014.

Impairment losses in Retail rose by DKK 27m to DKK 139m. Of this rise, personal customers accounted for an increase of DKK 145m and SMEs for a reduction of DKK 118m.

Wholesale impairments were an income of DKK 102m against losses of DKK 65m in H1/2013, equivalent to a positive earnings impact of DKK 167m. This development was attributable to the business unit Other Activities, which contributed income of DKK 45m compared with income of DKK 13m in H1/2013 as well as corporate clients with an income of DKK 56m compared with losses of DKK 80m in H1/2013.

Of the total charge of DKK 39m, a net amount of DKK 57m related to individual impairment provisions, while collective impairment provisions were a credit of DKK 25m. Provisions for guarantees were a charge of DKK 7m.

Provisions – Nykredit Bank Group

	Retail		Wholesale		Group Items		Total	
	H1/2014	H1/2013	H1/2014	H1/2013	H1/2014	H1/2013	H1/2014	H1/2013
DKK million								
Impairment provisions, beginning of year	2,277	2,094	1,634	1,857	83	106	3,994	4,057
Impairment provisions and reversals for the period	(27)	8	(202)	(36)	0	(11)	(229)	(39)
Impairment provisions, end of period	2,250	2,102	1,432	1,821	83	95	3,765	4,018
Of which individual	2,045	2,021	1,292	1,778	61	76	3,398	3,875
Of which individual, banks	-	-	-	-	22	19	22	19
Of which collective	205	81	140	43	-	0	345	124
Provisions for guarantees								
Provisions, beginning of year	48	74	55	8	0	0	103	82
Provisions, end of period	52	51	58	63	0	0	110	114
Total provisions, end of period	2,302	2,153	1,490	1,884	83	95	3,875	4,132
Earnings impact								
New impairment provisions and losses for the period, net	143	140	(97)	20	2	(11)	48	149
Recoveries on loans and advances previously written off	8	6	8	9	0	0	16	15
Total	135	134	(105)	11	2	(11)	32	134
Provisions for guarantees	4	(22)	3	54	0	0	7	32
Total earnings impact	139	112	(102)	65	2	(11)	39	166

Loans, advances and guarantees by sector at 30 June 2014 and 31 December 2013

	Loans, advances and guarantees		Provisions	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013
DKK million				
Public sector	700	493	6	8
Agriculture, hunting, forestry and fishing	1,949	2,026	149	177
Manufacturing, mining and quarrying	4,844	5,026	240	261
Energy supply	1,010	1,743	7	8
Construction	1,885	1,796	254	262
Trade	2,469	2,557	192	195
Transport, accommodation and food service activities	2,930	3,025	108	126
Information and communication	822	948	72	68
Finance and insurance	50,421	61,568	382	445
Real estate	10,973	10,676	1,352	1,465
Other	8,191	7,811	383	422
Total commercial customers	85,494	97,176	3,139	3,429
Personal customers	18,070	17,789	707	641
Total public sector and commercial and personal customers	104,264	115,458	3,852	4,078
Total impairment provisions, incl banks	-	-	3,875	4,097

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

Provisions at 30 June 2014

Total impairment provisions decreased moderately from DKK 3,994m at end-2013 to DKK 3,765m at 30 June 2014. Individual impairment provisions decreased by DKK 204m, and collective impairment provisions decreased by DKK 25m.

Of the DKK 204m decline in individual impairment provisions, DKK 251m was write-offs, while new impairment provisions for the period amounted to DKK 47m net.

Impairment provisions for Retail reduced from DKK 2,277m at end-2013 to DKK 2,250m due to a rise of DKK 135m in provisions for personal customers and a decline of DKK 162m in provisions for SMEs.

Wholesale impairment provisions fell by DKK 202m to DKK 1,432m from DKK 1,634m at end-2013, of which the portfolio of non-continuing exposures accounted for a decline of DKK 150m from DKK 814m to DKK 664m. Other business units fell by around DKK 50m compared with end-2013.

Total non-continuing exposures remained unchanged at DKK 0.8bn at 30 June 2014 (carrying amounts).

Provisions for guarantees went up from DKK 103m at end-2013 to DKK 110m at 30 June 2014.

Relative to total loans, advances and guarantees, provisions were 3.6% against 3.4% at end-2013. Excluding guarantees, the percentage was 3.9% against 3.7% at end-2013.

Loans, advances and guarantees by sector

Loans, advances and guarantees totalled DKK 104.3bn at 30 June 2014 against DKK 115.5bn at end-2013. The decline of DKK 11.2bn was mainly attributable to reverse lending, which reduced from DKK 56.8bn at end-2013 to DKK 45.3bn.

Finance and insurance still accounted for the largest single sector exposure at DKK 50.4bn against DKK 61.6bn at end-2013. The exposure widely comprised reverse lending with bonds serving as security.

Finance and insurance accounted for 48.4% (end-2013: 53.3%), the real estate sector 10.5% (end-2013: 9.2%) and personal customers 17.3% (end-2013: 15.4%).

Nykredit Bank recorded negative lending growth of 0.5%, excluding reverse lending, determined pursuant to the rules of the Danish FSA, including rules relating to the FSA Supervisory Diamond model. The Danish FSA's lending limit value indicates that growth of 20% or more may imply increased risk-taking.

Inclusive of reverse lending, the Bank's lending decreased by 11.4% relative to end-2013.

Lending to the real estate and construction sectors totalled DKK 12.8bn at end-June 2014 compared with DKK 12.5bn at end-2013. Of total loans, advances and guarantees at 30 June 2014, DKK 9.3bn derived from the category "Renting of real estate" compared with DKK 8.5bn at end-2013.

At 30 June 2014, loan impairment provisions for the real estate sector totalled DKK 1.6bn, or 11.1% of total loans and advances to the sector, compared with DKK 1.7bn, or 12.2%, at end-2013.

Determined pursuant to the FSA Supervisory Diamond model, the Bank's real estate exposure was 11.7% compared with 10.4% at end-2013. In Management's opinion, this exposure is at an appropriate level.

The FSA Supervisory Diamond

Nykredit Bank's key ratios were below the maximum limit values of the Danish FSA throughout H1/2014.

Supervisory Diamond for banks (parent company level)

DKK million	H1/2014	2013	H1/2013
Lending growth (limit value <20%)*	(0.5)	(7.6)	1.2
Large exposures (limit value <125%)	14.0	0.0	12.5
Property exposure (limit value <25%)	11.7	10.4	11.5
Funding ratio (limit value <1.0%)	0.5	0.5	0.6
Excess liquidity coverage (limit value 50%)	220.4	276.0	201.8

* Determined exclusive of reverse lending

LIQUIDITY AND FINANCIAL RISK

LIQUIDITY

Nykredit Bank monitors its balance sheet and liquidity on a daily basis as part of its liquidity risk management. The Bank's liquidity risk management is based on external requirements laid down by law or from rating agencies as well as on internal factors such as the run-off profile and concentration risk of its assets and liabilities.

As a result of new liquidity regulations and rating requirements, the Bank strives to maintain a large liquidity buffer. Unencumbered securities 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 other European government and covered bonds eligible as collateral with the Danish central bank or other European central banks.

Stress testing is performed regularly using bank-specific, sector-specific and combination scenarios as prescribed by the Danish Executive Order on 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 coverage of at least 50% relative to the statutory requirement.

At 30 June 2014, the excess coverage was 220% against 202% at 30 June 2013, corresponding to a liquidity buffer of DKK 52.8bn compared with DKK 51.3bn at 30 June 2013. In H1/2014 the liquidity buffer averaged DKK 48.6bn compared with an average of DKK 41.3bn for H1/2013.

At 30 June 2014, the Bank had issued DKK 16.5bn of medium-term bonds under the EMTN programme and DKK 8.8bn of short-term ECP issues.

The aggregate amount of bonds issued under the ECP and EMTN programmes was DKK 25.3bn at 30 June 2014 against DKK 29.3bn at end-2013. Excluding the Bank's portfolio of self-issued bonds, the issues totalled DKK 22.6bn at 30 June 2014 and DKK 26.7bn at end-2013.

Total run-off under Nykredit Bank's EMTN programme in 2014 will be DKK 6.4bn. The refinancing thereof commenced in the autumn of 2013 with a benchmark issue of EUR 500m.

The total EMTN and ECP issuance requirement depends on the development in the Bank's deposits and lending and other business activities.

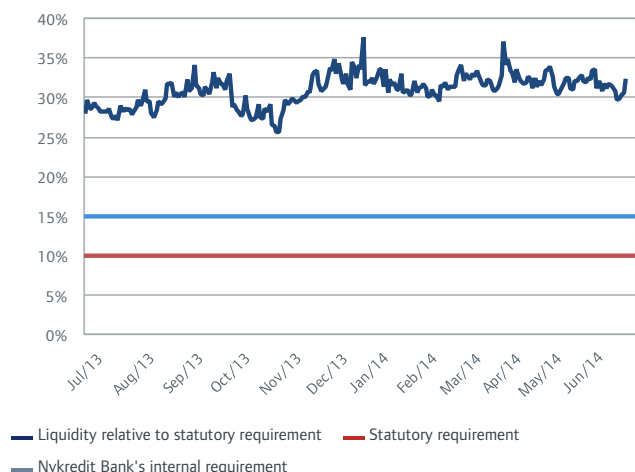
Liquidity Coverage Ratio

Nykredit will be subject to the new international regulatory framework regarding the Liquidity Coverage Ratio (LCR) with effect from 2015. The LCR requirement is to ensure that the stock of liquid assets is sufficient for meeting all payment obligations 30 days ahead without access to market funding.

It is Nykredit's expectation that covered bonds (SDOs and ROs), except for self-issued bonds, will be eligible for inclusion in the stock of liquid assets.

Under the proposed rules, the LCR of group companies, excluding holdings of self-issued bonds from the stock of liquid assets, was 128% at 30 June 2014.

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 deductions, cf s 152 of the Danish Financial Business Act.

Nykredit Bank Group
Risk key figures

DKK million	H1/2014	H1/2013	FY 2013
Value-at-Risk			
End of period	15	24	17
Average	18	22	17
Interest rate risk exposure			
End of period	(3)	144	86
Foreign exchange position			
EUR	11	(144)	465
Excl EUR and DKK	41	16	25

Financial risk

Value-at-Risk (VaR) came to DKK 15m at 30 June 2014 against DKK 24m at 30 June 2013. Value-at-Risk averaged DKK 18m in H1/2014 against DKK 22m in H1/2013.

Stressed VaR was DKK 55m at end-June 2014 and averaged DKK 52m in H1/2014. At end-H1/2013, stressed VaR was DKK 60m and averaged DKK 56m.

The interest rate risk exposure was negative DKK 3m against DKK 144m at 30 June 2013.

The Bank's foreign exchange position in EUR was DKK 11m at 30 June 2014 against negative DKK 144m at 30 June 2013. Its foreign exchange position in currencies other than EUR and DKK totalled DKK 41m at 30 June 2014 against DKK 16m at 30 June 2013.

Nykredit Bank A/S
Net interest rate risk exposure



Nykredit Bank A/S
Value-at-Risk (incl equities)



— Value-at-Risk (99%)

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 other provisions, see the Annual Report 2013.

Uncertainty as to recognition and measurement is described in detail in the Bank's accounting policies (note 1 of the Annual Report 2013), to which reference is made.

EVENTS OCCURRED AFTER THE END OF THE FINANCIAL PERIOD

No significant events have occurred in the period up to the presentation of the H1 Interim Report 2014 which affect the Nykredit Bank Group's financial position.

OTHER

Management change

At 1 April 2014, Michael Rasmussen, Group Chief Executive, joined the Board of Directors of the Bank as Chairman.

At 19 March 2014, the Bank's Executive Board was expanded to include Jesper Berg, Managing Director and head of Regulatory Affairs & Rating of the Nykredit Group. The Bank's Executive Board subsequently consists of four members.

Karsten Knudsen and Per Ladegaard, Group Managing Directors, retired from the Bank's Board of Directors at 1 April 2014. As of 1 April 2014, the Board of Directors of the Bank consists of seven members, of which three are staff-elected.

As at 1 October 2014, Anders Jensen has been appointed Group Managing Director with responsibility for Retail and joins the Board of Directors of Nykredit Bank. Anders Jensen was formerly the CEO of Nordea Bank Danmark.

Nykredit Bank acquires corporate loan portfolio from FIH Erhvervsbank

Nykredit Bank and FIH Erhvervsbank concluded an agreement in June for Nykredit Bank's takeover of 24 large corporate accounts with credit exposures totalling approximately DKK 4bn. These accounts comprise loan facilities of approximately DKK 1.9bn, guarantees and credit commitments of approximately DKK 1.6bn and financial instruments of DKK 0.5bn.

The agreement adds a number of large corporate customers to Nykredit Bank's customer base and underpins Nykredit's strategy to strengthen its position as a corporate bank.

The portfolio, which is expected to be taken over in September 2014, will have a favourable earnings impact in 2014, but not to an extent that will lead to changes to our full-year earnings guidance.

Stronger customer focus after Nykredit reorganisation

As part of the "Nykredit 2015" plan, we changed our management and organisational structure in the spring of 2014. The purpose was to strengthen the business strategic focus and raise profitability by leveraging a strong customer focus with new customer concepts, increased earnings, efficiencies and a less complex organisation, which will bring us closer to our customers and strengthen our dialogue with them.

Another important focus area is to strengthen and reinvigorate the business relationship with the 65 Danish local and regional banks of the Totalkredit partnership.

The Nykredit Group must grow income by DKK 1bn, and costs must reduce by DKK 0.5bn with full effect from 2016.

As part of the cost reductions and to raise the efficiency of decision-making processes, it was necessary to reduce the number of management and staff positions by up to 300, mainly in non-customer facing functions.

Nykredit Realkredit A/S designated as a systemically important financial institution

In line with expectations, the Danish FSA designated the Parent Company, Nykredit Realkredit A/S and consequently Nykredit Bank A/S, as a systemically important financial institution (SIFI) in June.

As a SIFI, Nykredit will be more closely monitored by the Danish FSA and the capital requirement (SIFI buffer) will be increased to an expected 2%. The SIFI buffer requirement will be announced by the Danish Ministry of Business and Growth during the autumn of 2014.

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 1 January – 30 June 2014 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 presented in accordance with the Danish Financial Business Act and the Danish Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc.

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

Copenhagen, 19 August 2014

Executive Board

Bjørn Mortensen

Georg Andersen

Jesper Berg

Lars Bo Bertram

We are of the opinion that 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 2014 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 2014.

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.

The Interim Report has not been audited or reviewed.

Board of Directors

Michael Rasmussen, Chairman

Søren Holm, Deputy Chairman

Henrik K. Asmussen, staff-elected

Olav Brusen Barsøe, staff-elected

Kim Duus

Allan Kristiansen, staff-elected

Bente Overgaard

Statements of income and comprehensive income for 1 January – 30 June

DKK million

Nykredit Bank A/S				Nykredit Bank Group	
H1/2013	H1/2014		Note	H1/2014	H1/2013
1,674	1,709	Interest income	5	1,762	1,717
544	500	Interest expenses	6	501	544
1,130	1,209	NET INTEREST INCOME		1,261	1,173
18	16	Dividend on equities		16	18
598	575	Fee and commission income		693	711
342	206	Fee and commission expenses		210	342
1,404	1,594	NET INTEREST AND FEE INCOME		1,760	1,560
158	(481)	Value adjustments	7	(483)	156
0	0	Other operating income		13	16
881	921	Staff and administrative expenses	8	1,019	978
4	4	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets		4	4
34	33	Other operating expenses		34	37
153	29	Impairment losses on loans, advances and receivables	9	39	166
75	52	Profit from investments in associates and group enterprises	10	-	30
565	178	PROFIT BEFORE TAX		194	577
134	26	Tax	11	42	146
431	152	PROFIT FOR THE PERIOD		152	431
STATEMENTS OF COMPREHENSIVE INCOME					
431	152	PROFIT FOR THE PERIOD		152	431
-	-	- Other additions and disposals		-	-
-	-	OTHER COMPREHENSIVE INCOME		-	-
431	152	COMPREHENSIVE INCOME FOR THE PERIOD		152	431

Balance sheets, end of period

DKK million

Nykredit Bank A/S				Nykredit Bank Group	
31.12.2013	30.06.2014		Note	30.06.2014	31.12.2013
ASSETS					
3,049	1,493	Cash balances and demand deposits with central banks		1,493	3,049
20,123	26,296	Receivables from credit institutions and central banks	12	26,297	20,124
56,814	45,328	Loans, advances and other receivables at fair value	13	45,328	56,814
45,906	45,694	Loans, advances and other receivables at amortised cost	14	46,908	47,024
63,648	79,342	Bonds at fair value	15	79,635	63,863
356	333	Equities	16	333	356
545	596	Investments in group enterprises		-	-
23	23	Intangible assets		23	23
21	18	Other property, plant and equipment		18	21
47	4	Current tax assets		8	65
9	27	Deferred tax assets		0	0
79	62	Assets in temporary possession	17	62	212
32,493	36,681	Other assets	18	36,749	32,555
21	38	Prepayments		46	28
223,134	235,935	TOTAL ASSETS		236,900	224,134

Balance sheets, end of period

DKK million

Nykredit Bank A/S				Nykredit Bank Group	
31.12.2013	30.06.2014		Note	30.06.2014	31.12.2013
LIABILITIES AND EQUITY					
56,987	62,561	Payables to credit institutions and central banks	19	63,306	57,732
65,543	62,006	Deposits and other payables	20	61,918	65,405
26,689	22,565	Issued bonds at amortised cost	21	22,565	26,689
29,248	40,857	Other non-derivative financial liabilities at fair value	22	40,857	29,248
29	29	Liabilities temporarily assumed		29	136
29,868	32,988	Other liabilities	23	33,237	30,075
1	0	Deferred income		2	5
208,365	221,006	TOTAL PAYABLES		221,914	209,290
Provisions					
-	-	Provisions for deferred tax		57	75
103	110	Provisions for losses under guarantees	24	110	103
69	69	Other provisions	24	69	69
172	179	TOTAL PROVISIONS		236	247
250	250	Subordinated debt	25	250	250
Equity					
6,045	6,045	Share capital		6,045	6,045
Other reserves					
261	261	Statutory reserves		-	-
8,041	8,194	Retained earnings		8,455	8,302
14,347	14,500	TOTAL EQUITY		14,500	14,347
223,134	235,935	TOTAL LIABILITIES AND EQUITY		236,900	224,134
OFF-BALANCE SHEET ITEMS					
11,719	12,128	Contingent liabilities	26	12,028	11,620
6,707	6,341	Other commitments	27	6,536	6,906
		Accounting policies	1		
		Capital and capital adequacy	2		
		Core earnings and investment portfolio income	3		
		Business areas	4		
		Related party transactions and balances	28		
		Loans, advances, guarantees and provisions	29		
		Financial assets and liabilities at fair value (IFRS hierarchy)	30		
		Foreign exchange and interest rate exposures	31		
		Hedging interest rate risk	32		
		Group structure	33		
		Nykredit Bank Group – six quarters	34		
		Nykredit Bank Group – financial highlights	35		
		Nykredit Bank A/S – financial highlights	36		

Statement of changes in equity for 1 January – 30 June

DKK million

Nykredit Bank A/S

	Share capital*	Statutory reserves	Retained earnings	Total
EQUITY, 30 JUNE 2014				
End of previous financial year	6,045	261	8,042	14,348
Total	6,045	261	8,042	14,348
Comprehensive income				
Profit for the period	-	-	152	152
Total comprehensive income	-	-	152	152
Total changes in equity	-	-	152	152
Equity, 30 June 2014	6,045	261	8,194	14,500
EQUITY, 30 JUNE 2013				
End of previous financial year	6,045	151	8,074	14,270
Total	6,045	151	8,074	14,270
Comprehensive income				
Profit for the period	-	-	431	431
Total comprehensive income	-	-	431	431
Total changes in equity	-	-	431	431
Equity, 30 June 2013	6,045	151	8,505	14,701

Statement of changes in equity for 1 January – 30 June

DKK million

Nykredit Bank Group			
	Share capital*	Retained earnings	Total
EQUITY, 30 JUNE 2014			
End of previous financial year	6,045	8,303	14,348
Total	6,045	8,303	14,348
Comprehensive income			
Profit for the period		152	152
Total comprehensive income	-	152	152
Total changes in equity	-	152	152
Equity, 30 June 2014	6,045	8,455	14,500
EQUITY, 30 JUNE 2013			
End of previous financial year	6,045	8,225	14,270
Total	6,045	8,225	14,270
Comprehensive income			
Profit for the period	-	431	431
Total comprehensive income	-	431	431
Total changes in equity	-	431	431
Equity, 30 June 2013	6,045	8,656	14,701

* 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, Denmark.

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, Denmark, which owns 89.80% of Nykredit Realkredit A/S. The financial statements [in Danish] of Foreningen Nykredit may be obtained from the company.

Cash flow statement 1 January – 30 June

DKK million

	Nykredit Bank Group	
	Q2/2014	Q2/2013
Profit after tax for the period	152	431
Adjustment for non-cash operating items, depreciation, amortisation, impairment losses and provisions		
Depreciation and impairment losses for property, plant and equipment	4	4
Other non-cash changes	(8)	(1)
Impairment losses on loans, advances and receivables	55	181
Tax calculated on profit for the period	42	146
Total	93	330
Profit for the period adjusted for non-cash operating items	245	761
Change in working capital		
Loans, advances and other receivables	11,492	(14,438)
Deposits and other payables	(3,720)	8,823
Payables to credit institutions and central banks	7,351	6,069
Bonds at fair value	(17,406)	(22,130)
Equities	23	37
Other working capital	10,601	5,357
Total	8,341	(16,282)
Corporation tax paid, net	(5)	(3)
Cash flows from operating activities	8,581	(15,524)
Cash flows from investing activities		
Property, plant and equipment	(1)	23
Total	(1)	23
Cash flows from financing activities		
Issued bonds	(4,126)	(1,577)
Total	(4,126)	(1,577)
Total cash flows	4,454	(17,078)
Cash and cash equivalents, beginning of period	23,173	44,812
Foreign currency translation adjustment of cash	163	119
Cash and cash equivalents, end of period	27,790	27,853
Cash and cash equivalents, end of period		
Specification of cash and cash equivalents, end of period:		
Cash balances and demand deposits with central banks	1,493	1,147
Receivables from credit institutions and central banks	26,297	26,706
Cash and cash equivalents, end of period	27,790	27,853

Notes

1. ACCOUNTING POLICIES

GENERAL

The Consolidated Financial Statements for H1/2014 are 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 but also a less detailed presentation relative to the annual report.

The Interim Financial Statements for H1/2014 of the Parent Company are prepared in accordance with the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc. (the Danish Executive Order on the Presentation of Financial Statements) issued by the Danish Financial Supervisory Authority.

New and amended standards, interpretations and reporting provisions

Reporting standards and interpretations in force as at 1 January 2014 have been implemented with no effect on results, comprehensive income, balance sheet or equity for the period.

Compared with the information disclosed in the accounting policies of the Annual Report 2013 (note 1), no new reporting standards or interpretations have been issued or approved which influence the H1 Interim Report 2014 of Nykredit Bank A/S and the Nykredit Bank Group.

The IASB is still working on a project which, in time, will replace the IAS 39 rules. The revised standard – IFRS 9 – is divided into three main phases comprising classification and measurement of financial assets and liabilities, impairments and hedge accounting. The impact of the implementation of IFRS 9 on the Consolidated Financial Statements has not yet been analysed.

Due to the new provisions of the Danish Executive Order on Presentation of Financial Statements, the Interim Report includes information about the revenue and staff numbers of Nykredit Bank's branches and subsidiaries abroad.

Change in the presentation of business areas

The presentation of the Bank's business areas has been adjusted to reflect the organisational changes implemented in H1/2014.

The primary change was the transfer of the subsidiary Nykredit Leasing A/S and the business unit Private Banking from Retail to Wholesale. Also, business activities with partner banks carried out by the business unit Bank Distribution have been transferred from Group Items, Treasury, to Wholesale.

Going forward, the Bank's Treasury function will be undertaken by Nykredit's Group Treasury. Costs related to the function will subsequently be allocated to Nykredit Bank based on an intercompany agreement.

Income and costs relating to Nykredit Leasing A/S that can be attributed to Retail activities are allocated to Retail.

In H1/2014 the most significant effect of the organisational changes was the allocation of profit before tax of around DKK 45m from Retail to Wholesale.

The changes do not affect the Bank's or the Bank Group's results, comprehensive income, balance sheet or equity.

Comparative figures have been restated. Please refer to note 4 of this report.

The accounting policies are otherwise unchanged compared with the Annual Report 2013. For a full description of the Group's and the Parent Company's accounting policies, please refer to note 1 of the Annual Report 2013, which is available at nykredit.com/reports.

All figures in the Interim Report are rounded to the nearest million kroner (DKK). The totals stated are calculated on the basis of actual figures. Due to the rounding-off, the sum of individual figures and the stated totals may differ slightly.

Notes

DKK million

	30.06.2014	31.12.2013	30.06.2013
2. CAPITAL AND CAPITAL ADEQUACY			
Nykredit Bank A/S			
Equity	14,500	14,347	14,701
Prudent valuation adjustment	(377)	-	-
Intangible assets	(21)	(23)	(23)
Common Equity Tier 1 (CET1) capital deductions	(398)	(23)	(23)
CET1 capital	14,102	14,324	14,678
Additional Tier 1 capital	250	250	250
Transitional adjustment of Additional Tier 1 capital	(50)	(17)	(45)
Additional Tier 1 capital	200	233	205
Tier 1 capital	14,302	14,557	14,883
Provisions relative to expected losses in accordance with IRB approach	382	385	-
Transitional adjustment of Tier 2 capital	0	(27)	-
Own funds	14,684	14,915	14,883
Credit risk	72,994	70,098	46,822
Market risk	14,075	13,291	15,683
Operational risk	4,361	5,483	5,483
Total risk exposure amount	91,430	88,872	67,988
Tier 1 capital ratio, %	15.6	16.4	21.9
Total capital ratio, %	16.0	16.8	21.9

Notes

DKK million

	30.06.2014	31.12.2013	30.06.2013
2. CAPITAL AND CAPITAL ADEQUACY (continued)			
Nykredit Bank Group			
Equity	14,500	14,347	14,701
Prudent valuation adjustment	(377)	-	-
Intangible assets	(21)	(23)	(23)
Common Equity Tier 1 (CET1) capital deductions	(398)	(23)	(23)
CET1 capital	14,102	14,324	14,678
Additional Tier 1 capital	250	250	250
Transitional adjustment of Additional Tier 1 capital	(50)	(17)	(26)
Additional Tier 1 capital	200	233	224
Tier 1 capital	14,302	14,557	14,902
Provisions relative to expected losses in accordance with IRB approach	369	374	-
Transitional adjustment of Tier 2 capital	0	(17)	-
Own funds	14,671	14,915	14,902
Credit risk	72,177	69,481	46,578
Market risk	14,075	13,291	15,683
Operational risk	4,904	5,937	5,937
Total risk exposure amount	91,156	88,709	68,198
Tier 1 capital ratio, %	15.6	16.4	21.9
Total capital ratio, %	16.0	16.8	21.9

Capital and capital adequacy have been determined in accordance with the Capital Requirements Regulation (EU) No 575/2013 of the European Parliament and the Council of 26 June 2013 as well as the Danish transitional rules laid down by the Danish FSA.

The European Banking Authority (EBA) publishes technical standards for the determination of capital and the risk exposure amount. However, several technical standards have not been finally adopted. The final standards may contain provisions that will result in changes to the statements.

The statements as at 31 December 2013 and 30 June 2013 are based on the then applicable rules of the Danish Financial Business Act. The layout has been adjusted to reflect the new presentation format.

Notes

DKK million

Nykredit Bank Group

3. CORE EARNINGS AND INVESTMENT PORTFOLIO INCOME	H1/2014			H1/2013		
	Core earnings	Investment portfolio income	Total	Core earnings	Investment portfolio income	Total
1 January – 30 June						
Net interest income	1,204	57	1,261	1,127	46	1,173
Dividend on equities	9	7	16	7	11	18
Fee and commission income, net	485	(2)	483	411	(42)	369
Net interest and fee income	1,698	62	1,760	1,545	15	1,560
Value adjustments	(467)	(16)	(483)	209	(53)	156
Other operating income	13	-	13	16	-	16
Staff and administrative expenses	1,019	-	1,019	978	-	978
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	4	-	4	4	-	4
Other operating expenses	34	-	34	37	-	37
Impairment losses on loans and advances	39	-	39	166	-	166
Profit from investments in associates and group enterprises		-	0	30	-	30
Profit (loss) before tax	148	46	194	615	(38)	577

Notes

DKK million

Nykredit Bank Group

4. BUSINESS AREAS

H1/2014	Retail	Wholesale	Group Items	Total
Core income from				
- customer activities, gross	595	1,071	(1)	1,665
- payment for distribution	285	(285)	0	-
Total business operations	880	786	(1)	1,665
- value adjustment of derivatives	(538)	103	-	(435)
- core income from securities	-	-	14	14
Total*	342	889	13	1,244
Operating costs	490	409	158	1,057
Core earnings before impairment losses	(148)	480	(145)	187
Impairment losses on loans and advances	139	(103)	3	39
Core earnings after impairment losses	(287)	583	(148)	148
Investment portfolio income ¹	-	-	46	46
Profit (loss) before tax for the period	(287)	583	(102)	194
* Of which transactions between business areas.	280	(470)	190	0
Costs excl impairment losses as % of core income from business operations	55.7	52.0	-	63.5
Average equity requirement ²	5,533	7,850	1,130	14,513
Core earnings after impairment losses as % of allocated capital (pa)	(10.4)	14.9	-	2.0

The most significant change resulting from the reorganisation was a negative earnings impact of DKK 45m in Retail and a positive earnings impact of DKK 45m in Wholesale.

H1/2013	Retail	Wholesale	Group Items	Total
Core income from				
- customer activities, gross	540	1,205	(43)	1,702
- payment for distribution	293	(293)	0	-
Total business operations	833	912	(43)	1,702
- value adjustment of derivatives	85	(35)	-	50
- core income from securities	-	-	18	18
Total*	918	877	(25)	1,770
Operating costs	411	416	192	1,019
Profit from investments in associates and group enterprises	30	-	-	30
Core earnings before impairment losses	537	461	(217)	781
Impairment losses on loans and advances	112	65	(11)	166
Core earnings after impairment losses	425	396	(206)	615
Investment portfolio income ¹	-	-	(38)	(38)
Profit (loss) before tax for the period	425	396	(244)	577
* Of which transactions between business areas.	266	(469)	203	0
Costs excl impairment losses as % of core income from business operations	49.3	45.6	-	59.9
Average equity requirement ²	5,128	6,631	853	12,612
Core earnings after impairment losses as % of allocated capital (pa)	16.6	11.9	-	9.8

As a result of the reorganisation, comparative figures have been restated, thus reducing Retail profit by DKK 58m and increasing Wholesale and Group Items profit/loss by DKK 49m and DKK 9m, respectively. Core income was particularly affected by a transfer of about DKK 113m from Retail to Wholesale. Operating costs relating to Retail were down DKK 49m, whereas Wholesale saw an increase of DKK 59m. Impairment losses in Retail dropped DKK 6m, which was allocated to Wholesale.

¹ Investment portfolio income equals the return on the Bank's own portfolio exceeding risk-free interest. In H1/2013, investment portfolio income also included expenses in connection with an intercompany guarantee. The loss guarantee was terminated by the Bank's Management at end-2013.

² The equity requirement has been determined as Nykredit's ICAAP result.

Notes

DKK million

Nykredit Bank A/S		Nykredit Bank Group	
H1/2013	H1/2014	H1/2014	H1/2013
5. INTEREST INCOME			
16	21	21	16
1,251	1,175	1,225	1,291
451	567	569	453
(46)	(64)	(64)	(46)
Of which			
(18)	7	7	(18)
0	(62)	(62)	0
(23)	(27)	(27)	(23)
(5)	18	18	(5)
2	10	11	3
1,674	1,709	1,762	1,717
Of which interest income from genuine purchase and resale transactions entered as			
9	16	16	9
99	96	96	99
6. INTEREST EXPENSES			
83	115	116	83
227	199	199	227
228	180	180	228
6	5	5	6
0	1	1	0
544	500	501	544
Of which interest expenses for genuine sale and repurchase transactions entered as			
14	70	70	14
35	31	31	35
7. VALUE ADJUSTMENTS			
7	0	0	7
26	(131)	(133)	24
31	69	69	31
31	62	62	31
63	(481)	(481)	63
158	(481)	(483)	156

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 adjustment of investment properties.

No value adjustments have been made for own credit risk on issued bonds or other financial liabilities.

Notes

DKK million

Nykredit Bank A/S		Nykredit Bank Group	
H1/2013	H1/2014	H1/2014	H1/2013
8. STAFF AND ADMINISTRATIVE EXPENSES			
5	5	5	5
362	376	427	410
514	540	587	563
881	921	1,019	978
Remuneration of Board of Directors and Executive Board			
Board of Directors			
0	0	0	0
Staff-elected board representatives each receive annual remuneration of DKK 60,000. No additional remuneration is paid to the Board of Directors.			
Executive Board			
5	5	5	5
5	5	5	5
The terms and conditions governing the remuneration and pensions of the Executive Board have not changed since the Annual Report 2013, to which reference is made.			
Staff expenses			
286	302	344	327
29	29	33	33
47	45	50	50
362	376	427	410
717	712	852	858
9. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES			
Specification of impairment provisions			
3,828	3,352	3,398	3,875
19	23	23	19
123	344	344	124
3,970	3,719	3,765	4,018
Individual impairment provisions for loans, advances and receivables			
3,775	3,563	3,605	3,821
449	297	314	464
245	260	271	253
151	248	250	157
3,828	3,352	3,398	3,875
Individual impairment provisions for receivables from credit institutions			
-	19	19	-
19	4	4	19
19	23	23	19
Collective impairment provisions			
235	369	369	236
(112)	(25)	(25)	(112)
123	344	344	124

Notes

DKK million

Nykredit Bank A/S				Nykredit Bank Group	
H1/2013	H1/2014			H1/2014	H1/2013
9. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES (continued)					
Earnings impact					
111	16	Change in provisions for loan and receivable impairment		22	118
25	22	Write-offs for the period, net		26	31
15	16	Recoveries of claims previously written off		16	15
121	22	Total impairment losses		32	134
32	7	Provisions for guarantees		7	32
153	29	Total		39	166
265	54	Of which individual impairment provisions		64	278
(112)	(25)	Of which collective impairment provisions		(25)	(112)
19	4	Of which credit institutions		4	19
Receivables from credit institutions with objective evidence of impairment					
25	25	Receivables subject to individual impairment provisioning		25	25
19	23	Impairment provisions		23	19
6	2	Carrying amount		2	6
Loans and advances with objective evidence of impairment					
5,957	5,401	Loans and advances at amortised cost subject to individual impairment provisioning		5,537	6,068
3,828	3,352	Impairment provisions		3,398	3,875
2,129	2,049	Carrying amount		2,139	2,193
48,230	43,990	Loans and advances at amortised cost subject to collective impairment provisioning		45,114	48,355
123	344	Impairment provisions		344	124
48,107	43,646	Carrying amount		44,770	48,231
10. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES					
45	52	Profit from investments in group enterprises		-	-
30	-	Profit from investments in associates		-	30
75	52	Total		-	30
11. TAX					
134	26	Tax for the period		42	146
134	26	Total		42	146
(1)	(2)	Of which effect due to change in future tax level (deferred tax)		(2)	2
23.7	14.6	Tax on profit for the period		21.6	25.3
Tax is calculated on the basis of a tax rate of 24.5% for 2014. Due to a change in the tax rate from 25% in 2013 to 22% in 2016, the calculation of the Bank's deferred tax is based on an estimate of when the deferred tax will become current tax/the deferred tax assets will be realised.					
Tax for the period was also affected by non-taxable profit on sector equities and adjustment of previous years' tax.					
The full-year tax rate is expected to be around 20-25%.					

Notes

DKK million

Nykredit Bank A/S			Nykredit Bank Group	
31.12.2013	30.06.2014		30.06.2014	31.12.2013
12. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS				
2,069	713	Receivables at call from central banks	713	2,069
18,054	25,583	Receivables from credit institutions	25,584	18,055
20,123	26,296	Total	26,297	20,124
10,437	18,210	Of which genuine purchase and resale transactions	18,210	10,437
13. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE				
56,814	45,328	Genuine purchase and resale transactions	45,328	56,814
56,814	45,328	Total	45,328	56,814
14. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST				
45,906	45,694	Loans and advances at amortised cost	46,908	47,024
45,906	45,694	Total	46,908	47,024
15. BONDS AT FAIR VALUE				
56,225	66,125	Covered bonds (realkreditobligationer, ROs)	66,418	56,440
4,505	4,661	Government bonds	4,661	4,505
5,560	11,309	Other bonds	11,309	5,560
66,290	82,095	Total	82,388	66,505
2,642	2,753	Self-issued bonds offset against issued bonds	2,753	2,642
63,648	79,342	Total	79,635	63,863
The effect of fair value adjustment was recognised in the income statement.				
12,065	1,840	Of which redeemed bonds	1,840	12,065
38,659	49,294	Assets sold as part of genuine sale and repurchase transactions	49,294	38,659
14,917	14,322	As collateral for the Danish central bank, Danmarks Nationalbank, and foreign clearing centres, etc, bonds have been deposited of a total market value of	14,322	14,917
The collateral was provided on an arm's length basis.				

Notes

DKK million

Nykredit Bank A/S			Nykredit Bank Group	
31.12.2013	30.06.2014		30.06.2014	31.12.2013
16. EQUITIES				
192	118	Listed on NASDAQ OMX Copenhagen A/S	118	192
15	6	Listed on other stock exchanges	6	15
149	209	Unlisted equities carried at fair value	209	149
356	333	Total	333	356
17. ASSETS IN TEMPORARY POSSESSION				
49	79	Assets, beginning of year	212	904
45	5	Additions	5	45
15	22	Disposals	155	737
79	62	Total	62	212
<p>At 31 December 2013 and 30 June 2014, assets in temporary possession comprised repossessed properties and shares in a property company.</p> <p>Nykredit Bank accepts mortgages over real estate as security for loans, and in a number of instances the Bank repossesses the properties in the event of borrowers' non-performance of loan agreements etc.</p> <p>The valuation of assets in temporary possession is based on the expected sales values in case of disposal within a period of 12 months.</p>				
18. OTHER ASSETS				
5,160	3,404	Interest and commission receivable	3,453	5,206
25,896	31,696	Positive market value of derivative financial instruments	31,696	25,896
1,437	1,581	Other	1,600	1,453
32,493	36,681	Total	36,749	32,555
19. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS				
407	4,766	Payables to central banks	4,766	407
56,580	57,795	Payables to credit institutions	58,540	57,325
56,987	62,561	Total	63,306	57,732
20,447	21,658	Of which genuine sale and repurchase transactions	21,658	20,447
20. DEPOSITS AND OTHER PAYABLES				
43,012	40,323	On demand	40,235	42,924
6,271	6,138	At notice	6,138	6,271
13,179	12,531	Time deposits	12,531	13,129
3,081	3,014	Special deposits	3,014	3,081
65,543	62,006	Total	61,918	65,405
Deposit surplus				
65,543	62,006	Deposits and other payables at amortised cost	61,918	65,405
45,906	45,694	Loans, advances and other receivables at amortised cost	46,908	47,024
19,637	16,312	Total	15,010	18,381
18,513	27,236	Deposits attributable to genuine sale and repurchase transactions in "Other non-derivative financial liabilities at fair value"	27,236	18,513

Notes

DKK million

Nykredit Bank A/S			Nykredit Bank Group	
31.12.2013	30.06.2014		30.06.2014	31.12.2013
21. ISSUED BONDS AT AMORTISED COST				
Issues				
20,592	16,556	EMTN issues*	16,556	20,592
8,718	8,755	ECP issues*	8,755	8,718
21	7	Employee bonds	7	21
29,331	25,318	Total	25,318	29,331
2,642	2,753	Own portfolio	2,753	2,642
26,689	22,565	Total	22,565	26,689
No value adjustments have been made that can be attributed to changes in own credit risk.				
* Listed on NASDAQ OMX Copenhagen A/S or the Luxembourg Stock Exchange.				
22. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE				
18,513	27,236	Deposits at fair value	27,236	18,513
10,735	13,621	Negative securities portfolios	13,621	10,735
29,248	40,857	Total	40,857	29,248
18,513	27,236	Deposits at fair value: Of which genuine sale and repurchase transactions	27,236	18,513
23. OTHER LIABILITIES				
5,760	4,141	Interest and commission payable	4,142	5,759
23,444	28,322	Negative market value of derivative financial instruments	28,322	23,444
664	525	Other payables	773	872
29,868	32,988	Total	33,237	30,075

Notes

DKK million

Nykredit Bank A/S		Nykredit Bank Group	
31.12.2013	30.06.2014	30.06.2014	31.12.2013
24. PROVISIONS			
Provisions for losses under guarantees			
82	103	103	82
77	24	24	77
56	17	17	56
0	0	0	0
103	110	110	103
Other provisions			
124	69	69	124
54	4	4	54
0	0	0	0
109	4	4	109
69	69	69	69
Total provisions for losses under guarantees and other provisions			
206	172	172	206
131	28	28	131
56	17	17	56
109	4	4	109
172	179	179	172
<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.</p> <p>It is estimated that the majority of provisions will be settled within 1-2 years.</p>			
25. SUBORDINATED DEBT			
Subordinated debt consists of financial liabilities in the form of Additional Tier 1 capital which, in case of voluntary or compulsory liquidation, will not be repaid until the claims of ordinary creditors have been met.			
Additional Tier 1 capital			
100	100	100	100
150	150	150	150
250	250	250	250
Included in the determination of own funds			
250	200	200	250
-	-	-	-
No value adjustments have been made that can be attributed to changes in own credit risk.			

Notes

DKK million

Nykredit Bank A/S			Nykredit Bank Group	
31.12.2013	30.06.2014		30.06.2014	31.12.2013
26. CONTINGENT LIABILITIES				
7,972	7,585	Financial guarantees	7,585	7,972
846	890	Registration and refinancing guarantees	890	846
2,901	3,653	Other contingent liabilities	3,553	2,802
11,719	12,128	Total	12,028	11,620

OTHER CONTINGENT LIABILITIES**Legal proceedings**

The Bank's operations involve the Bank in legal proceedings and litigation, including tax disputes. The cases are reviewed regularly, and necessary provisions are made based on an assessment of the risk of loss. Pending cases are not expected to have a significant effect on the Nykredit Bank Group's financial position.

Guarantee Fund for Depositors and Investors

Nykredit Bank participates in the mandatory Danish Guarantee Fund for Depositors and Investors. Participating banks must pay a fixed annual amount of 2.5% of the covered net deposits. Payment to the Fund's bank department is mandatory until the assets of the scheme exceed 1% of the covered net deposits of the sector. The bank department bears any direct losses on the winding-up of Danish banks to the extent the loss is attributable to the covered net deposits.

Any losses arising from the final winding-up are covered by the Guarantee Fund for Depositors and Investors through its winding-up and restructuring department. Nykredit Bank's share of the expense will amount to about 3%.

Joint taxation

The Company is jointly taxed in Denmark with Foreningen Nykredit as the administration company. Pursuant to the Danish Corporation Tax Act, the Company is liable for income taxes etc payable by the jointly taxed companies as of the financial year 2013 and for any obligations to withhold tax at source on the interest, royalties or dividends of these companies as of 1 July 2012.

Notes

DKK million

Nykredit Bank A/S			Nykredit Bank Group	
31.12.2013	30.06.2014		30.06.2014	31.12.2013
27. OTHER COMMITMENTS				
6,527	6,164	Irrevocable credit commitments	6,164	6,527
180	177	Other	372	379
6,707	6,341	Total	6,536	6,906

28. 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, its Executive Board and related parties thereof.

No unusual related party transactions occurred in 2013 or in H1/2014.

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

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

Significant related party transactions prevailing/entered into in 2013 or 2014 include:

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

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

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

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

Notes

DKK million

Nykkredit Bank Group

29. LOANS, ADVANCES, GUARANTEES AND PROVISIONS

Loans, advances, guarantees and provisions by sector

30 June 2014

	Loans and advances	Carrying amount		Proportion, %	Individual impairment and other provisions	Provisions		Total
		Guarantees	Total loans, advances and guarantees			Collective impairment provisions		
Public sector	222	478	700	0.7	0	6	6	
Commercial customers								
Agriculture, hunting, forestry and fishing	1,608	341	1,949	1.9	137	12	149	
Manufacturing, mining and quarrying	4,707	137	4,844	4.6	216	24	240	
Energy supply	1,000	10	1,010	1.0	6	1	7	
Construction	1,350	535	1,885	1.8	249	5	254	
Trade	2,216	253	2,469	2.4	185	7	192	
Transport, accommodation and food service activities	2,562	368	2,930	2.8	103	5	108	
Information and communication	711	111	822	0.8	69	3	72	
Finance and insurance	48,566	1,855	50,421	48.4	375	7	382	
Real estate	9,371	1,602	10,973	10.5	1,216	136	1,352	
Other	7,429	762	8,191	7.9	365	18	383	
Total commercial customers	79,520	5,974	85,494	82.0	2,921	218	3,139	
Personal customers	12,494	5,576	18,070	17.3	587	120	707	
Total	92,236	12,028	104,264	100.0	3,508	344	3,852	
Of which reverse lending (loans and advances at fair value)	45,328	-	45,328	43.5	-	-	-	

31 December 2013

	Loans and advances	Carrying amount		Proportion, %	Individual impairment and other provisions	Provisions		Total
		Guarantees	Total loans, advances and guarantees			Collective impairment provisions		
Public sector	259	234	493	0.4	0	8	8	
Commercial customers								
Agriculture, hunting, forestry and fishing	1,640	386	2,026	1.8	168	9	177	
Manufacturing, mining and quarrying	4,763	263	5,026	4.4	219	42	261	
Energy supply	1,733	10	1,743	1.5	6	2	8	
Construction	1,392	404	1,796	1.6	258	4	262	
Trade	2,301	256	2,557	2.2	189	6	195	
Transport, accommodation and food service activities	2,411	614	3,025	2.6	120	6	126	
Information and communication	788	160	948	0.8	65	3	68	
Finance and insurance	59,924	1,644	61,568	53.3	435	10	445	
Real estate	8,872	1,804	10,676	9.2	1,317	148	1,465	
Other	6,969	842	7,811	6.8	393	29	422	
Total commercial customers	90,793	6,383	97,176	84.2	3,170	259	3,429	
Personal customers	12,786	5,003	17,789	15.4	538	103	641	
Total	103,838	11,620	115,458	100.0	3,708	370	4,078	
Of which reverse lending (loans and advances at fair value)	56,814	-	56,814	49.2	-	-	-	

Provisioning rate, %

Group	Q2/2014	Q1/2014	Q4/2013	Q3/2013	Q2/2013	Q1/2013	Q4/2012
Total loans and advances	92,236	83,909	103,838	99,345	99,221	93,368	85,208
Total guarantees	12,028	12,306	11,620	10,709	10,706	10,084	12,169
Impairment provisions for loans and advances at amortised cost	3,742	3,820	3,975	4,099	3,999	4,067	4,057
Provisions for guarantees	110	113	103	143	114	142	82
Total loans, advances, guarantees and provisions	108,116	100,148	119,536	114,296	114,040	107,661	101,516
Provisioning rate, %	3.6	3.9	3.4	3.7	3.6	3.9	4.1
Provisioning rate excluding guarantees, %	3.9	4.4	3.7	4.0	3.9	4.2	4.5

Notes

DKK million

Nykredit Bank Group

30. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE (IFRS HIERARCHY)

30 June 2014

	Listed prices	Observable inputs	Un-observable inputs	Total (carrying amounts)
Financial instruments in the form of assets:				
Trading book:				
Balances with credit institutions (reverse lending measured at fair value)		18,210		18,210
Loans and advances at fair value		45,328		45,328
Bonds at fair value	75,175	4,460		79,635
Equities	194		139	333
Positive market value of derivative financial instruments	742	29,532	1,422	31,696
Fair value, 30 June 2014, assets	76,111	97,530	1,561	175,202
Percentage	43.4	55.7	0.9	100.0

Financial instruments in the form of liabilities:

Trading book:

Payables to credit institutions and central banks (repo deposits measured at fair value)		21,658		21,658
Other non-derivative financial liabilities at fair value	13,621	27,236		40,857
Negative market value of derivative financial instruments	661	27,331	330	28,322
Fair value, 30 June 2014, liabilities	14,282	76,225	330	90,837
Percentage	15.7	83.9	0.4	100.0

Financial instruments measured on the basis of unobservable inputs

	Bonds	Equities	Derivatives	Total
Fair value, beginning of period, assets		118	1,294	1,412
Transferred from "Observable inputs"		0	385	385
Transferred to "Observable inputs"		0	(138)	(138)
Capital gains and losses recognised in the income statement		35	(119)	(84)
Additions		2	0	2
Disposals		(16)	0	(16)
Fair value, 30 June 2014, assets		139	1,422	1,561
Fair value, beginning of period, liabilities			242	242
Capital gains and losses recognised in the income statement			88	88
Additions			0	0
Disposals			0	0
Fair value, 30 June 2014, liabilities			330	330

Value adjustments related to assets or liabilities at fair value have been recognised in "Value adjustments" in the income statement.

In H1/2014 no significant reclassifications were made between the categories Listed prices and Observable inputs.

For 2014 unrealised negative value adjustments of DKK 171m relating to the portfolio of financial instruments measured on the basis of unobservable inputs were recognised in the income statement at 30 June 2014.

Notes

DKK million

Nycredit Bank Group

30. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE (IFRS HIERARCHY) (continued)

31 December 2013

	Listed prices	Observable inputs	Unobservable inputs	Total (carrying amounts)
Financial instruments in the form of assets:				
Trading book:				
Balances with credit institutions (reverse lending measured at fair value)		10,437		10,437
Loans and advances at fair value		56,814		56,814
Bonds at fair value	53,384	10,479		63,863
Equities	238		118	356
Positive market value of derivative financial instruments	491	24,111	1,294	25,896
Fair value, 31 December 2013, assets	54,113	101,841	1,412	157,366
Percentage	34.4	64.7	0.9	100.0

Financial instruments in the form of liabilities:

Trading book:				
Payables to credit institutions and central banks (repo deposits measured at fair value)		20,447		20,447
Other non-derivative financial liabilities at fair value	10,735	18,513		29,248
Negative market value of derivative financial instruments	540	22,662	242	23,444
Fair value, 31 December 2013, liabilities	11,275	61,622	242	73,139
Percentage	15.4	84.3	0.3	100.0

Financial instruments measured on the basis of unobservable inputs

	Bonds	Equities	Derivatives	Total
Fair value, beginning of period, assets		162	651	813
Transferred from "Observable inputs"			1,823	1,823
Transferred to "Observable inputs"			(113)	(113)
Capital gains and losses recognised in the income statement		(10)	(1,067)	(1,077)
Additions		2		2
Disposals		(36)		(36)
Fair value, 31 December 2013, assets		118	1,294	1,412
Fair value, beginning of period, liabilities			166	166
Capital gains and losses recognised in the income statement			76	76
Additions			0	0
Disposals			0	0
Fair value, 31 December 2013, liabilities			242	242

Value adjustments related to assets or liabilities at fair value have been recognised in "Value adjustments" in the income statement.

For 2013 unrealised negative value adjustments of DKK 1,085m relating to the portfolio of financial instruments measured on the basis of unobservable inputs were recognised in the income statement at 31 December 2013.

Notes

Nykredit Bank Group

30. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE (IFRS HIERARCHY) (continued)

Listed prices

The Bank's assets and liabilities at fair value are to the widest extent possible recognised at listed prices or prices quoted in an active market or authorised market place.

Observable inputs

When an instrument is not traded in an active market, measurement is based on observable inputs and generally accepted calculation methods, valuation and estimation techniques such as discounted cash flows and option models.

Observable inputs are typically yield curves, volatility and market prices of similar instruments which are usually obtained through ordinary providers such as Reuters, Bloomberg and market makers. If the fair value is based on transactions in similar instruments, measurement is exclusively based on transactions at arm's length.

Measurement techniques are generally applied to measure derivatives and unlisted assets and liabilities.

Reverse lending, repo deposits and unlisted derivatives generally belong in this category.

In some cases, markets may gradually become inactive and illiquid, such as the bond market in 2008 and 2009. When assessing market transactions, it may therefore be difficult to conclude whether the transactions were executed at arm's length or were forced sales. If measurement is based on recent transactions, the transaction price is compared with a price based on relevant yield curves and discount techniques.

Unobservable inputs

When it is not possible to measure financial instruments at fair value based on prices in active markets or observable inputs, measurement is based on own assumptions and extrapolations etc. Where possible and appropriate, measurement is based on actual transactions adjusted for differences in eg the liquidity, credit spreads and maturities of the instruments.

To some extent the Bank's unlisted equities belong in this category.

Reclassifications between the categories Listed prices, Observable inputs and Unobservable inputs are made when an instrument is classified differently on the balance sheet date than at the beginning of the financial year. In 2014 reclassifications between the categories Observable inputs and Unobservable inputs resulted from changes to the rating categories of counterparties (credit risk) in all material respects.

Positive market values of a number of interest rate swaps with customers in the Bank's lowest rating categories have been adjusted for increased credit risk using a so-called Credit Value Adjustment model. The model uses for instance the statistical data applied by the Bank to calculate collective impairment provisions for loans and advances at amortised cost.

This category also comprises interest rate swaps which have been value adjusted to DKK 0 (after deduction for collateral) due to the creditworthiness of the counterparty.

Following the above value adjustments, the fair value of these swaps came to DKK 1,159m at 30 June 2014 and they thus represent the majority of the derivatives with positive market values in this category. Credit value adjustments came to DKK 2,484m at 30 June 2014.

As the interest rate risk on these derivatives is hedged in all material respects, only rating category changes/credit risk may influence the earnings impact.

However, financial assets measured on the basis of unobservable inputs account for a very limited part of total financial assets at fair value.

At 30 June 2014, the proportion was 0.9%, which is unchanged relative to 31 December 2013. The share of financial liabilities was 0.4% against 0.3% at 31 December 2013.

Measurement, notably of instruments the measurement of which is based on "Unobservable inputs", is inherently subject to some uncertainty. Of total assets and liabilities, DKK 1.4bn (end-2013: DKK 1.4bn) and DKK 0.3bn (end-2013: DKK 0.2bn), respectively, were attributable to this category. Assuming that an actual market price will deviate by +/- 10% from the calculated fair value, the earnings impact will be approximately DKK 175m in 2014 (1.21% of equity at 30 June 2014). The earnings impact for 2013 has been calculated at DKK 165m (1.15% of equity at 31 December 2013).

Notes

DKK million

Nykredit Bank A/S		Nykredit Bank Group	
30.06.2013	30.06.2014	30.06.2014	30.06.2013
31. FOREIGN EXCHANGE AND INTEREST RATE EXPOSURES			
Foreign exchange risk			
151	41	41	151
1.0	0.3	0.3	1.0
0	0	0	0
0.0	0.0	0.0	0.0
Interest rate risk by the currency involving the highest interest rate exposure			
288	423	424	289
(188)	(395)	(395)	(188)
51	(26)	(26)	51
(4)	(3)	(3)	(4)
(13)	(17)	(17)	(13)
7	13	13	7
2	2	2	2
143	(3)	(2)	144
32. HEDGING INTEREST RATE RISK			
<p>The Nykredit Bank Group continuously hedges the interest rate risk of fixed-rate assets and liabilities using derivative financial instruments etc.</p> <p>This enables the Group to manage the level of its aggregate interest rate sensitivity taking into consideration the expected interest rate development.</p> <p>According to reporting 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).</p>			

Notes

DKK million

Nykredit Bank A/S				Nykredit Bank Group	
30.06.2013	30.06.2014			30.06.2014	30.06.2013
32. HEDGING INTEREST RATE RISK (continued)					
HEDGED FIXED-RATE ASSETS					
1,262	3,235	Loans, advances and other receivables at amortised cost		3,235	1,262
1,262	3,235	Total nominal value		3,235	1,262
Market value of hedged fixed-rate assets					
1,306	3,269	Loans, advances and other receivables at amortised cost		3,269	1,306
1,306	3,269	Total carrying amount, end of period		3,269	1,306
Fair value adjustment for accounting purposes					
44	34	Loans, advances and other receivables at amortised cost		34	44
44	34	Total fair value adjustment for accounting purposes		34	44
HEDGED FIXED-RATE LIABILITIES					
-	4,406	Deposits and other payables at amortised cost		4,406	-
-	4,406	Total nominal value		4,406	-
Market value of hedged fixed-rate liabilities					
-	4,658	Deposits and other payables at amortised cost		4,658	-
-	4,658	Total carrying amount, end of period		4,658	-
Fair value adjustment for accounting purposes					
-	(252)	Deposits and other payables at amortised cost		(252)	-
-	(252)	Total fair value adjustment for accounting purposes		(252)	-
ISSUED BONDS					
6,618	7,412	Issued bonds at amortised cost		7,412	6,618
6,618	7,412	Total nominal value		7,412	6,618
Market value of hedged fixed-rate financial liabilities					
6,717	7,572	Issued bonds at amortised cost		7,572	6,717
6,717	7,572	Total carrying amount, end of period		7,572	6,717
Fair value adjustment for accounting purposes					
(99)	(160)	Issued bonds at amortised cost		(160)	(99)
(99)	(160)	Total fair value adjustment for accounting purposes		(160)	(99)
HEDGING DERIVATIVE FINANCIAL INSTRUMENTS					
7,229	11,660	Nominal value (synthetic principal)		11,660	7,229
50	376	Market value adjustment (negative market value)		376	50
FAIR VALUE ADJUSTMENT DIFFERENCE					
(5)	(2)	Total		(2)	(5)
Hedged and hedging financial instruments have been fair value adjusted for accounting purposes through profit or loss.					
Amounts recognised through profit or loss for the financial period					
111	(128)	Hedged transactions		(128)	111
(116)	141	Hedging transactions		141	(116)

Notes

DKK million

33. GROUP STRUCTURE

	Ownership interest as %, 30 June 2014	Profit for the period	Equity, 30 June 2014	Profit for 2013	Equity, 31 December 2013	Number of staff
Name and registered office						
Nykredit Bank A/S (Parent Company), Copenhagen, a)	-	152	14,500	77	14,347	712
Consolidated subsidiaries						
Nykredit Portefølje Administration A/S, Copenhagen, e)	100	33	356	64	323	86
Nykredit Pantebrevsinvestering A/S, Copenhagen, b)	100	0	12	0	12	0
Nykredit Leasing A/S, Gladsaxe, c)	100	18	224	46	206	54
FB Ejendomme A/S, Copenhagen, d)	100	0	4	0	4	0
Associates						
Dansk Pantebrevsbørs A/S, Copenhagen, b)	50	-	-	0	-	-
The company is subject to bankruptcy proceedings.						
		Revenue*	Profit (loss) before tax	Tax	Government aid received	Number of staff
Geographical distribution of activities						
Denmark, names and activities appear from the group structure		838	2,465	196	42	-
Sweden, Nykredit Bank A/S, branch a)		14	3	(2)	0	-

* For companies preparing financial statements in accordance with the Danish Financial Business Act, revenue is defined as: Interest income, fee and commission income and other operating income.

- a) Banking
- b) Mortgage trading
- c) Leasing
- d) Property management
- e) Investment management, including asset management and investment advisory services

Nykredit Pantebrevsinvestering A/S and FB Ejendomme A/S only had few activities.

Subsidiaries in temporary possession

The property group Kalvebod III has been included in the balance sheet items "Assets in temporary possession" and "Other liabilities".

At 30 June 2014, the property group comprised a number of subsidiaries without activities.

A subsidiary owning one property was divested in 2014. The divestment did not generate income for accounting purposes.

Notes

DKK million

	Q2/2014	Q1/2014	Q4/2013	Q3/2013	Q2/2013	Q1/2013
34. NYKREDIT BANK GROUP – SIX QUARTERS						
SUMMARY INCOME STATEMENT						
Net interest income	631	630	629	679	595	578
Dividend on equities and fee and commission income, net	272	227	225	172	206	181
Net interest and fee income	903	857	854	851	801	759
Value adjustments	(185)	(298)	(247)	(724)	110	46
Other operating income	6	7	6	7	9	7
Staff and administrative expenses	511	508	522	492	509	469
Other operating expenses, depreciation and amortisation	19	19	71	19	14	27
Impairment losses on loans, advances and receivables	(1)	40	20	163	(51)	217
Profit from investments in associates and group enterprises	-	-	-	48	30	-
Profit (loss) before tax	195	(1)	0	(492)	478	99
Tax	33	9	5	(143)	121	25
Profit (loss) for the period	162	(10)	(5)	(349)	357	74
Comprehensive income						
Other comprehensive income	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income	162	(10)	(5)	(349)	357	74
SUMMARY BALANCE SHEET, END OF PERIOD						
Assets						
Cash balances and receivables from central banks and credit institutions	27,790	29,389	23,173	21,471	27,853	29,287
Loans, advances and other receivables at fair value	45,328	35,831	56,814	50,149	48,797	43,097
Loans, advances and other receivables at amortised cost	46,908	48,078	47,024	49,196	50,424	50,271
Bonds at fair value	79,635	82,114	63,863	85,896	79,997	63,823
Equities	333	357	356	347	316	427
Remaining assets	36,906	33,102	32,904	41,347	44,638	52,427
Total assets	236,900	228,871	224,134	248,406	252,025	239,332
Liabilities and equity						
Payables to credit institutions and central banks	63,306	58,492	57,732	72,378	61,393	56,264
Deposits and other payables	61,918	68,694	65,405	59,356	63,407	65,183
Issued bonds	22,565	23,849	26,689	26,188	26,754	27,362
Other non-derivative financial liabilities at fair value	40,857	33,108	29,248	37,466	43,258	26,702
Remaining payables	33,268	29,894	30,216	38,103	41,987	48,910
Total payables	221,914	214,037	209,290	233,491	236,799	224,421
Provisions	236	247	247	313	275	317
Subordinated debt	250	250	250	250	250	250
Equity	14,500	14,337	14,347	14,352	14,701	14,344
Total liabilities and equity	236,900	228,871	224,134	248,406	252,025	239,332
OFF-BALANCE SHEET ITEMS						
Contingent liabilities	12,028	12,306	11,620	10,709	10,706	10,084
Other commitments	6,536	6,734	6,906	6,655	6,990	8,591
FINANCIAL RATIOS						
Total capital ratio, %	16.0	16.1	16.8	21.0	21.9	20.6
Tier 1 capital ratio, %	15.6	15.7	16.4	21.0	21.9	20.6
Return on equity before tax (pa), %	2.7	0.0	0.0	(13.5)	13.2	2.8
Return on equity after tax (pa), %	2.2	(0.3)	(0.1)	(9.6)	9.8	2.1

Notes

DKK million

	Q2/2014	Q1/2014	Q4/2013	Q3/2013	Q2/2013	Q1/2013
34. NYKREDIT BANK GROUP – SIX QUARTERS (continued)						
Summary core earnings and investment portfolio income						
Core income from business operations	885	780	809	750	901	801
Value adjustment of derivatives	(205)	(230)	(205)	(620)	36	14
Core income from securities	7	7	7	8	8	10
Total core income	687	557	611	138	945	825
Operating costs and depreciation of equipment	513	511	525	495	510	472
Payment to the Guarantee Fund for Depositors and Investors	17	16	18	16	13	24
Provisions for costs relating to reorganisation			50			
Profit from investments in associates and group enterprises				48	30	
Core earnings before impairment losses	157	30	18	(325)	452	329
Impairment losses on loans and advances	(1)	40	20	163	(51)	217
Core earnings after impairment losses	158	(10)	(2)	(488)	503	112
Investment portfolio income	37	9	2	(4)	(25)	(13)
Profit (loss) before tax	195	(1)	0	(492)	478	99
Tax	33	9	5	(143)	121	25
Profit (loss) for the period	162	(10)	(5)	(349)	357	74
Profit (loss) before tax, year-to-date	194	(1)	85	85	577	99

Notes

DKK million

	H1/2014	FY 2013	H1/2013	H1/2012	H1/2011	H1/2010
35. NYKREDIT BANK GROUP – FINANCIAL HIGHLIGHTS						
SUMMARY INCOME STATEMENT AND COMPREHENSIVE INCOME						
Net interest and fee income	1,760	3,265	1,560	1,473	1,660	1,827
Value adjustments	(483)	(815)	156	(16)	(56)	300
Other operating income	13	29	16	14	14	18
Staff and administrative expenses	1,019	1,992	978	911	880	977
Other operating expenses, depreciation and amortisation	38	131	41	10	92	262
Impairment losses on loans, advances and receivables	39	349	166	248	201	749
Profit from investments in associates and group enterprises	-	78	30	-	-	0
Profit before tax	194	85	577	302	445	157
Tax	42	8	146	72	115	67
Profit for the period	152	77	431	230	330	90
Comprehensive income						
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	152	77	431	230	330	90
SUMMARY BALANCE SHEET, END OF PERIOD						
Assets						
Cash balances and receivables from central banks and credit institutions	27,790	23,173	27,853	44,545	25,418	35,201
Loans, advances and other receivables at fair value	45,328	56,814	48,797	32,106	16,409	13,899
Loans, advances and other receivables at amortised cost	46,908	47,024	50,424	55,318	57,541	61,355
Bonds at fair value and equities	79,968	64,219	80,313	72,839	56,836	73,046
Remaining assets	36,906	32,904	44,638	48,531	25,885	44,431
Total assets	236,900	224,134	252,025	253,339	182,089	227,932
Liabilities and equity						
Payables to credit institutions and central banks	63,306	57,732	61,393	66,191	37,647	65,922
Deposits and other payables	61,918	65,405	63,407	55,446	52,107	57,481
Issued bonds at amortised cost	22,565	26,689	26,754	27,385	26,113	38,114
Other non-derivative financial liabilities at fair value	40,857	29,248	43,258	39,656	25,336	9,785
Remaining payables	33,268	30,216	41,987	49,778	25,766	42,072
Total payables	221,914	209,290	236,799	238,456	166,969	213,374
Provisions	236	247	275	201	255	958
Subordinated debt	250	250	250	250	766	1,136
Equity	14,500	14,347	14,701	14,432	14,099	12,464
Total liabilities and equity	236,900	224,134	252,025	253,339	182,089	227,932
OFF-BALANCE SHEET ITEMS						
Contingent liabilities	12,028	11,620	10,706	12,366	9,229	17,549
Other commitments	6,536	6,906	6,990	7,766	6,617	7,531

Notes

DKK million

	H1/2014	FY 2013	H1/2013	H1/2012	H1/2011	H1/2010
35. NYKREDIT BANK GROUP – FINANCIAL HIGHLIGHTS (continued)						
FINANCIAL RATIOS						
Total capital ratio, %	16.0	16.8	21.9	19.8	18.5	12.7
Tier 1 capital ratio, %	15.6	16.4	21.9	19.8	17.9	12.0
Return on equity before tax, %	1.3	0.6	4.0	2.1	3.2	1.3
Return on equity after tax, %	1.1	0.5	3.0	1.6	2.4	0.8
Income:cost ratio	1.18	1.03	1.49	1.26	1.40	1.08
Interest rate exposure, %	0.0	0.6	1.0	0.6	1.38	0.8
Foreign exchange position, %	0.3	2.7	1.0	2.3	0.5	2.6
Foreign exchange exposure, %	0.0	0.0	0.0	0.0	0.2	0.0
Loans and advances:deposits	1.6	1.6	1.6	1.6	1.5	1.4
Loans and advances:equity	6.4	7.2	6.7	6.1	5.2	6.0
Growth in loans and advances excl repos for the period, %	(0.2)	(5.6)	1.2	(1.0)	(2.6)	0.7
Excess coverage:statutory liquidity requirements, %	219.3	275.5	201.6	152.9	198.7	265.8
Total large exposures, %	14.0	0.0	12.5	0.0	10.8	33.0
Impairment losses for the period, %	0.0	0.3	0.1	0.2	0.2	0.7
Average number of staff, full-time equivalents	852	859	858	850	801	923
Return on capital employed, %	0.0	0.0	0.0	0.0	0.0	0.0

Notes

DKK million

	H1/2014	FY 2013	H1/2013	H1/2012	H1/2011	H1/2010
36. NYKREDIT BANK – FINANCIAL HIGHLIGHTS						
SUMMARY INCOME STATEMENT AND COMPREHENSIVE INCOME						
Net interest and fee income	1,594	2,949	1,404	1,344	1,561	1,746
Value adjustments	(481)	(812)	158	(15)	(54)	300
Other operating income	0	0	0	1	4	6
Staff and administrative expenses	921	1,800	881	842	812	919
Other operating expenses, depreciation and amortisation	37	126	38	6	88	260
Impairment losses on loans, advances and receivables	29	327	153	234	186	731
Profit from investments in associates and group enterprises	52	188	75	41	15	11
Profit before tax	178	72	565	289	440	153
Tax	26	(5)	134	59	110	63
Profit for the period	152	77	431	230	330	90
Comprehensive income						
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	152	77	431	230	330	90
SUMMARY BALANCE SHEET, END OF PERIOD						
Assets						
Cash balances and receivables from central banks and credit institutions	27,789	23,172	27,853	44,545	25,418	35,198
Loans, advances and other receivables at fair value	45,328	56,814	48,797	32,106	16,409	13,899
Loans, advances and other receivables at amortised cost	45,694	45,906	50,236	54,965	57,286	61,144
Bonds at fair value and equities	79,675	64,004	80,112	72,670	56,676	73,044
Remaining assets	37,449	33,238	44,214	48,947	26,294	44,753
Total assets	235,935	223,134	251,212	253,233	182,083	228,038
Liabilities and equity						
Payables to credit institutions and central banks	62,561	56,987	61,393	66,151	37,647	65,922
Deposits and other payables	62,006	65,543	63,502	55,534	52,213	57,716
Issued bonds at amortised cost	22,565	26,689	26,754	27,385	26,113	38,114
Other non-derivative financial liabilities at fair value	40,857	29,248	43,258	39,656	25,336	9,785
Remaining payables	33,017	29,898	41,143	49,624	25,654	41,943
Total payables	221,006	208,365	236,050	238,350	166,963	213,480
Provisions	179	172	211	201	255	958
Subordinated debt	250	250	250	250	766	1,136
Equity	14,500	14,347	14,701	14,432	14,099	12,464
Total liabilities and equity	235,935	223,134	251,212	253,233	182,083	228,038
OFF-BALANCE SHEET ITEMS						
Contingent liabilities	12,128	11,719	10,706	12,366	9,229	17,548
Other commitments	6,641	6,707	6,762	7,676	6,516	7,458

Notes

DKK million

	H1/2014	FY 2013	H1/2013	H1/2012	H1/2011	H1/2010
36. NYKREDIT BANK A/S – FINANCIAL HIGHLIGHTS (continued)						
FINANCIAL RATIOS						
Total capital ratio, %	16.0	16.8	21.9	19.6	18.4	12.6
Tier 1 capital ratio, %	15.6	16.4	21.9	19.6	17.7	11.9
Return on equity before tax, %	1.2	0.5	3.9	2.0	3.2	1.3
Return on equity after tax, %	1.1	0.5	3.0	1.6	2.4	0.8
Income:cost ratio	1.18	1.03	1.53	1.27	1.41	1.08
Interest rate exposure, %	0.0	0.6	1.0	0.6	0.5	0.8
Foreign exchange position, %	0.3	2.7	0.0	2.4	0.0	2.6
Foreign exchange exposure, %	0.0	0.0	0.0	0.0	0.0	0.0
Loans and advances:deposits	1.5	1.6	1.6	1.6	1.5	1.4
Loans and advances:equity	6.3	7.2	6.7	6.0	5.2	6.0
Growth in loans and advances excl repos for the period, %	(0.5)	(7.6)	1.2	(1.2)	(2.6)	0.7
Excess coverage:statutory liquidity requirements, %	220.4	276.0	201.8	152.3	197.7	265.7
Total large exposures, %	14.0	0.0	12.5	0.0	10.8	33.1
Impairment losses for the period, %	0.0	0.3	0.1	0.2	0.2	0.7
Average number of staff, full-time equivalents	712	714	717	723	687	824
Return on capital employed, %	0.0	0.0	0.0	0.0	0.0	0.0

Financial ratios, definitions

Total capital ratio, %	Own funds divided by the total risk exposure amount
Tier 1 capital ratio, %	Tier 1 capital divided by the total risk exposure amount
Core Tier 1 capital ratio, %	Calculated as the financial ratio "Tier 1 capital ratio, %", but less Additional Tier 1 capital
Return on equity before tax, %	Profit (loss) before tax as a percentage of average equity
Return on equity after tax, %	Profit (loss) after tax as a percentage of average equity
Income:cost ratio	Income incl profit (loss) from associates and group enterprises divided by costs excl tax
Interest rate exposure, %	Interest rate exposure divided by Tier 1 capital
Foreign exchange position, %	Exchange rate indicator 1 divided by Tier 1 capital
Foreign exchange exposure, %	Exchange rate indicator 2 divided by Tier 1 capital
Loans and advances:deposits	Loans and advances plus impairment provisions divided by deposits Loans and advances include loans and advances at fair value and loans and advances at amortised cost
Loans and advances:equity	Loans and advances divided by equity (end of period) Loans and advances include loans and advances at fair value and loans and advances at amortised cost
Growth in loans and advances excl repos for the period, %	Growth in loans and advances from the beginning to the end of the year/period (loans and advances at the beginning of the year divided by loans and advances at the end of the year/period) Loans and advances include loans and advances at amortised cost
Growth in loans and advances incl repos for the period, %	Growth in loans and advances from the beginning to the end of the year/period (loans and advances at the beginning of the year 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
Excess coverage:statutory liquidity requirements, %	Excess coverage 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 plus guarantees less equity less subordinated debt)
Total large exposures, %	Total large exposures divided by adjusted own funds
Impairment losses for the year/period, %	Impairment losses for the year/period divided by loans and advances + guarantees + impairment provisions
Return on capital employed, %	Profit (loss) for the period divided by total assets

The financial ratios, excl the total capital ratio and the Tier 1 capital ratio (cf note 2 of the Interim Report), have been calculated in accordance with the Danish FSA's guidelines for reporting purposes. The financial ratios "Core Tier 1 capital ratio" and "Growth in loans and advances incl repos for the period" are, however, not included in the guidelines.

This document is an English translation of the original Danish text. In the event of discrepancies between the original Danish text and the English translation, the Danish text shall prevail.