

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

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**Interim Report for Q1-Q3  
The Nykredit Bank Group  
1 January 2005 - 30 September 2005**

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From today the Interim Report for Q1-Q3 of Nykredit Bank can be downloaded as a pdf file from Nykredit's website [www.nykredit.com](http://www.nykredit.com).

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DKK MILLION	Q1-Q3/2005	Q1-Q3/2004 *	FY2004 *
<b>SUMMARY INCOME STATEMENT</b>			
Net interest income	632	517	761
Dividend, fee and commission income (net)	159	93	114
<b>Net interest and fee income</b>	<b>791</b>	<b>610</b>	<b>875</b>
Value adjustments	131	65	12
Other operating income	15	20	42
Staff costs and administrative expenses	(418)	(365)	(499)
Depreciation, amortisation and write-downs on property, plant, equipment and intangible assets	(2)	(3)	(3)
Other operating costs	(2)	0	0
Provisions for loan impairment	3	(33)	(6)
<b>Profit before tax for the period</b>	<b>518</b>	<b>294</b>	<b>421</b>
Tax	(146)	(89)	(131)
<b>Profit for the period</b>	<b>372</b>	<b>205</b>	<b>290</b>
* Incl reclassification, cf new accounting policies			
<b>BALANCE SHEET, END OF PERIOD</b>			
	<b>30.09.2005</b>	<b>30.09.2004 **</b>	<b>31.12.2004 *</b>
<b>Assets</b>			
Cash in hand and receivables from credit institutions	16,495	19,485	13,094
Loans, advances and other receivables at fair value	8,652	7,753	5,242
Loans, advances and other receivables at amortised cost	18,028	18,041	17,408
Bonds at fair value (trading portfolio)	36,591	37,173	31,512
Shares	241	49	74
Total investment and domicile properties	249	252	251
Other property, plant and equipment	3	13	9
Other assets and prepayments	6,979	5,765	6,369
<b>Total assets</b>	<b>87,238</b>	<b>88,531</b>	<b>73,959</b>
<b>Liabilities and equity</b>			
Payables to credit institutions and central banks	43,339	51,771	39,695
Deposits and other payables	25,288	20,596	19,094
Issued bonds	629	325	315
Non-derivative financial liabilities at fair value	6,724	6,646	5,110
Other liabilities and deferred income	6,879	5,302	5,728
<b>Total payables</b>	<b>82,859</b>	<b>84,640</b>	<b>69,942</b>
Provisions	32	27	42
Subordinate loan capital	800	800	800
<b>Equity:</b>			
– Previous policy	-	3,067	3,151
– Effect of policy changes	-	(3)	24
<b>Equity (incl profit for the period/year)</b>	<b>3,547</b>	<b>3,064</b>	<b>3,175</b>
<b>Total liabilities and equity</b>	<b>87,238</b>	<b>88,531</b>	<b>73,959</b>
<b>Off-balance sheet items</b>			
Guarantees	11,048	6,585	7,919
Other contingent liabilities	2,995	1,933	2,280
<b>Total off-balance sheet items</b>	<b>14,043</b>	<b>8,518</b>	<b>10,199</b>
* According to new accounting policies, cf opening balance sheet at 01.01.2005			
** Incl reclassification, cf new accounting policies			
<b>KEY RATIOS</b>			
Capital adequacy ratio	9.8	10.4	10.4
Core capital ratio	8.3	8.1	8.3
Return on equity before tax (pa) <sup>1)</sup>	20.5%	13.2%	14.0%
Return on equity after tax (pa) <sup>1)</sup>	14.8%	9.2%	9.6%
Income/cost ratio <sup>1)</sup>	2.24	1.73	1.83
Interest rate risk	2.9%	1.3%	3.0%
Accumulated provisioning ratio	0.7	0.7	0.8
Provisioning ratio for the period	-	0.1	0.0
<sup>1)</sup> Comparative figures include the effects of new accounting policies			

## Interim Report for Q1-Q3/2005

- Profit before tax of DKK 518m against DKK 294m in the same period of 2004.
- Profit before tax equalled a return on equity of 20.5% (pa) compared with 13.2% for Q1-Q3/2004 and 14% for 2004.
- Significant growth in Markets & Asset Management earnings and a positive development in the other business areas.
- Reversal of provisions previously made generates an income (net) for the period. New provisions remain very low.
- Significant growth in deposits relative to the beginning of the year.

In the first three quarters of the year, the Nykredit Bank Group achieved a satisfactory profit before tax of a total of DKK 518m, up DKK 224m (76%) on the same period in 2004. Each quarter has shown growth relative to the year before. Q3 saw a profit before tax of DKK 191m against DKK 65m in 2004.

Income from interest, fees and value adjustments amounted to DKK 922m, up DKK 247m on the same period in 2004. The income increase should be seen in the light of the generally increased level of activity in the Bank Group including the higher business volume in Markets & Asset Management which contributed a rise in income of around DKK 200m.

Costs, depreciation and amortisation amounted to DKK 422m against DKK 368m in the same period of 2004. Of the DKK 54m increase, wages accounted for almost DKK 50m. The increased costs are attributable to the strengthening of the Markets & Asset Management activities and the Nykredit Group's intensified focus on commercial customers.

In Q1-Q3 provisions for loan impairment posted an income of DKK 3m mainly attributable to a reversal of provisions previously made for certain corporate customer exposures. At the same time, the level of new provisions was very low.

Overall, profit after tax for the period was DKK 372m against DKK 205m in Q1-Q3/2004.

### BUSINESS AREAS

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

The Bank's core income went up by DKK 232m to DKK 909m, while investment portfolio income went up by DKK 10m to DKK 28m.

Retail Customers reported a profit of DKK 109m equal to a DKK 33m increase. Income rose by DKK 27m partly on account of high income from guarantees related to mortgage refinancing activities. The rise in operating costs of DKK 7m was a result of the increased activity level including an intake of new wage account customers.

The Corporate Banking area obtained a profit on a level with 2004. Income was unchanged at DKK 174m and

The Nykredit Bank Group										
DKKm	Retail Customers		Corporate Banking		Markets & Asset Management		Group items *		Nykredit Bank Group total	
	Q1-3/05	Q1-3/04	Q1-3/05	Q1-3/04	Q1-3/05	Q1-3/04	Q1-3/05	Q1-3/04	Q1-3/05	Q1-3/04
<b>Core income</b>	<b>213</b>	<b>186</b>	<b>174</b>	<b>174</b>	<b>470</b>	<b>270</b>	<b>52</b>	<b>47</b>	<b>909</b>	<b>677</b>
Operating costs	(98)	(91)	(79)	(58)	(245)	(219)	-	-	(422)	(368)
<b>Core earnings before losses</b>	<b>115</b>	<b>95</b>	<b>95</b>	<b>116</b>	<b>225</b>	<b>51</b>	<b>52</b>	<b>47</b>	<b>487</b>	<b>309</b>
Provisions for loan impairment	(6)	(19)	9	(14)	0	0	-	-	3	(33)
<b>Core earnings after losses</b>	<b>109</b>	<b>76</b>	<b>104</b>	<b>102</b>	<b>225</b>	<b>51</b>	<b>52</b>	<b>47</b>	<b>490</b>	<b>276</b>
Investment portfolio income	-	-	-	-	-	-	28	18	28	18
<b>Profit before tax</b>	<b>109</b>	<b>76</b>	<b>104</b>	<b>102</b>	<b>225</b>	<b>51</b>	<b>80</b>	<b>65</b>	<b>518</b>	<b>294</b>

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

consisted of increased interest and fee income of approximately DKK 35m and a decrease in value adjustments of a similar amount.

Costs rose from DKK 58m to DKK 79m, partly as an effect of the set-up of a financial adviser function which led to a transfer of staff from Nykredit Realkredit A/S to Nykredit Bank. In Q1-Q3 provisions equalled an income of DKK 9m primarily attributable to reversals of provisions previously made. Furthermore, the period only saw very limited new provisions.

Markets & Asset Management increased profit by DKK 174m from DKK 51m in Q1-Q3/2004 to DKK 225m in 2005. Relative to the H1 profit of DKK 140m, Q3 generated a profit of DKK 85m.

In Q1-Q3 the underlying business areas developed in a favourable direction. Nykredit Markets enjoyed high customer trading activity and earnings levels within fixed income products and derivative financial instruments, just as the Bank's own trading experienced significant income growth. Finally, the asset management activities of the Nykredit Portefølje Bank Group and the Investment & Pension activities enjoyed a positive development.

## BALANCE SHEET, EQUITY AND CAPITAL ADEQUACY

The Nykredit Bank Group's assets amounted to DKK 87.2bn at 30 September 2005. Compared with the balance sheet at the beginning of 2005 of DKK 74.0bn, this represents a DKK 13bn increase.

The development in the Bank's balance sheet items was mainly attributable to increases in receivables from credit institutions of DKK 3.4bn, in loans, advances and receivables of DKK 4.0bn and in bonds of DKK 5.1bn. In terms of liabilities, payables to credit institutions rose by DKK 3.6bn relative to the beginning of the year, while deposits and other payables increased by DKK 6.2bn.

The Bank's considerable portfolio of securities and balances with credit institutions should especially be seen in the light of the Bank's activities in the repo market.

From January to September 2005, the Bank has issued four bond series of a nominal of DKK 239m (listed on the Copenhagen Stock Exchange), DKK 58m, DKK 22m and DKK 100m, respectively.

### Equity

Equity amounted to DKK 3,547m. Compared with the beginning of the year, equity has increased by profit after tax for the period of DKK 372m.

### Capital adequacy and core capital

The Nykredit Bank Group's capital adequacy ratio was 9.8 against 10.4 at end-2004. The change can be ascribed in part to an activity-based increase in weighted items and a larger investment unit portfolio resulting in a capital deduction of DKK 192m at 30 September 2005.

The capital adequacy and core capital ratios of Nykredit Bank A/S were 9.9 and 8.3, respectively.

### OUTLOOK FOR 2005

In the Interim Report for H1/2005, the Bank announced an upward adjustment of profit before tax of DKK 150m to an expected DKK 475-500m for 2005 as a whole.

Based on the significant activity level in Q3/2005, profit for the year is expected to be somewhat higher than forecast in the Interim Report for H1/2005. Profit before tax is now expected to land between DKK 550-600m. Relative to the forecast from 30 June 2005, this represents a DKK 75-100m increase.

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

Equity DKKm	30 September 2005	31 December 2004	30 September 2004
Previous policy	-	3,151	3,067
Effects of changed accounting policies	-	24	(3)
<b>Total</b>	<b>3,175</b>	<b>3,175</b>	<b>3,064</b>
Profit for the period	372		
<b>Equity at 30 September 2005</b>	<b>3,547</b>		

The Nykredit Bank Group			
Capital and capital adequacy (excl profit for the period)			
DKKm - %	Q3/ 2005	FY 2004	Q3/ 2004
Total core capital	3,175	3,151	2,855
Supplementary capital	800	800	800
Statutory deductions from core capital and supplementary capital	(192)	0	0
<b>Total</b>	<b>3,783</b>	<b>3,951</b>	<b>3,655</b>
Weighted items	38,225	37,933	34,884
Capital adequacy ratio	9.8	10.4	10.4
Core capital ratio	8.3	8.3	8.1

	Q3/ 2005	Q2/ 2005	Q1/ 2005	Opening bal. sheet 1 Jan 05	Q4/ 2004	Q3/ 2004	Q2/ 2004	Q1/ 2004
<b>SUMMARY INCOME STATEMENT</b>								
Net interest income	184	212	236	-	244	195	184	138
Dividend, fee and commission income, net	63	49	47	-	21	41	31	21
<b>Net interest and fee income</b>	<b>247</b>	<b>261</b>	<b>283</b>	<b>-</b>	<b>265</b>	<b>236</b>	<b>215</b>	<b>159</b>
Value adjustments	79	47	5	-	(53)	(44)	(7)	116
<b>Net income from interest, fees and value adjustments</b>	<b>326</b>	<b>308</b>	<b>288</b>	<b>-</b>	<b>212</b>	<b>192</b>	<b>208</b>	<b>275</b>
Other operating income	5	5	5	-	22	4	5	11
Staff costs and administrative expenses	(138)	(148)	(132)	-	(134)	(124)	(124)	(117)
Depreciation, amortisation and other operating costs	(2)	(2)	0	-	0	0	(1)	(2)
Provisions for loan impairment	0	6	(3)	-	27	(7)	(10)	(16)
<b>Profit before tax</b>	<b>191</b>	<b>169</b>	<b>158</b>	<b>-</b>	<b>127</b>	<b>65</b>	<b>78</b>	<b>151</b>
Tax	(55)	(44)	(47)	-	(42)	(21)	(23)	(45)
<b>Profit</b>	<b>136</b>	<b>125</b>	<b>111</b>	<b>-</b>	<b>85</b>	<b>44</b>	<b>55</b>	<b>106</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>								
Cash in hand and receivables from credit institutions	16,495	15,493	15,106	13,094	13,094	19,485	20,508	23,462
Loans, advances and other receivables at fair value	8,652	7,807	6,709	5,242	5,242	7,753	5,724	4,546
Loans, advances and other receivables at amortised cost	18,028	18,353	18,495	17,408	17,360	18,041	18,784	18,639
Bonds at fair value (trading portfolio)	36,591	36,364	34,412	31,512	31,518	37,173	30,762	30,717
Shares (trading portfolio and shares at fair value)	241	232	246	74	74	49	46	60
Land and buildings	249	250	250	251	251	252	252	253
Other asset items	6,982	7,292	5,924	6,378	6,215	5,778	5,160	5,917
<b>Total assets</b>	<b>87,238</b>	<b>85,791</b>	<b>81,142</b>	<b>73,959</b>	<b>73,754</b>	<b>88,531</b>	<b>81,236</b>	<b>83,594</b>
Payables to credit institutions and central banks	43,339	43,977	46,647	39,695	39,695	51,771	41,210	47,309
Deposits and other payables	25,288	22,326	20,240	19,094	19,094	20,596	20,762	15,437
Issued bonds	629	669	576	315	315	325	267	305
Non-derivative financial liabilities at fair value	6,724	7,386	3,580	5,110	5,110	6,646	10,322	11,119
Other liability items	6,879	7,183	5,981	5,728	5,566	5,302	4,829	5,634
<b>Total payables</b>	<b>82,859</b>	<b>81,541</b>	<b>77,024</b>	<b>69,942</b>	<b>69,780</b>	<b>84,640</b>	<b>77,390</b>	<b>79,804</b>
Provisions	32	39	32	42	26	27	27	25
Subordinate loan capital	800	800	800	800	800	800	800	800
<b>Equity</b>								
Previous policy	-	-	-	3,151	3,151	3,067	3,022	2,968
Effect of policy changes	-	-	-	24	(3)	(3)	(3)	(3)
<b>Beginning of 2005, total</b>	<b>3,411</b>	<b>3,286</b>	<b>3,175</b>	<b>3,175</b>	<b>3,148</b>	<b>3,064</b>	<b>3,019</b>	<b>2,965</b>
Profit	136	125	111	-	-	-	-	-
<b>Total equity</b>	<b>3,547</b>	<b>3,411</b>	<b>3,286</b>	<b>3,175</b>	<b>3,148</b>	<b>3,064</b>	<b>3,019</b>	<b>2,965</b>
<b>Total liabilities and equity</b>	<b>87,238</b>	<b>85,791</b>	<b>81,142</b>	<b>73,959</b>	<b>73,754</b>	<b>88,531</b>	<b>81,236</b>	<b>83,594</b>
<b>Off-balance sheet items</b>								
Guarantees	11,048	11,917	11,320	7,919	7,917	6,585	7,788	6,919
Other commitments	2,995	2,377	2,307	2,280	2,280	1,933	3,051	2,697
<b>Total off-balance sheet items</b>	<b>14,043</b>	<b>14,294</b>	<b>13,627</b>	<b>10,199</b>	<b>10,197</b>	<b>8,518</b>	<b>10,839</b>	<b>9,616</b>
The opening balance sheet at 1 January 2005 has been stated including value adjustments as a result of the transition to new accounting policies. Balance sheet figures for previous periods have been stated excluding the effects of the new accounting policies regarding financial instruments. To enhance comparability, reclassification has been made, and the content and format of the items therefore comply with the new policies and presentation form.								
<b>KEY RATIOS</b>								
Capital adequacy ratio	9.8	9.7	9.4	10.4	10.4	10.4	9.6	10.4
Core capital ratio	8.3	8.1	7.9	8.3	8.3	8.1	7.4	8.1
Return on equity before tax pa <sup>1)</sup>	22.0%	20.2%	19.6%	14.0%	16.4%	8.5%	10.4%	20.7%
Return on equity after tax pa <sup>1)</sup>	15.7%	15.0%	13.7%	9.6%	10.9%	5.8%	7.3%	14.6%
Income/cost ratio DKK <sup>1)</sup>	2.36	2.18	2.17	1.83	2.18	1.49	1.57	2.12
Interest rate risk	2.9%	3.4%	2.6%	3.0%	3.0%	1.3%	1.9%	2.6%
Provisioning ratio for the period	-	0.0	0.0	0.0	0.0	0.0	0.1	0.1
<sup>1)</sup> Incl the effects of new accounting policies in 2004 and 2005								

**ACCOUNTING POLICIES**

From 1 January 2005, as an issuer of listed bonds, Nykredit Bank A/S will present its consolidated financial statements (annual report) in accordance with the international accounting standards IAS/IFRS as adopted by the EU Commission.

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

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

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

The Interim Report for Q1-Q3/2005 of the Nykredit Bank Group has been presented in accordance with the principles on recognition and measurement of the above-mentioned Executive Order and the IAS/IFRS which were also applicable to the interim reports for Q1/2005 and H1/2005.

The Interim Report for Q1-Q3/2005 has not been audited.

**Significant changes to accounting policies**

Compared with the Annual Report for 2004, the reporting under the IAS/IFRS and the new Executive Order has led to a number of changes to the accounting policies and the presentation of items in financial statements.

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

However, to enhance comparability, the Interim Report for Q1-Q3/2005 comprises reclassifications of all significant items.

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