

To OMX Nordic Exchange Copenhagen
and the press

8 November 2007

Q1-Q3 INTERIM REPORT – THE NYKREDIT BANK GROUP 1 JANUARY 2007 – 30 SEPTEMBER 2007

- Group profit before tax came to DKK 792m, up DKK 201m on Q1-Q3/2006.
- Profit before tax generated a return on equity of 21.8% pa against 20.6% for Q1-Q3/2006 and 22.3% for 2006 as a whole.
- Significant growth in Corporate Banking earnings and satisfactory development in Markets & Asset Management.
- Excluding impairment losses, Retail Banking was largely on a level with Q1-Q3/2006.
- Impairment losses equalled an income of DKK 41m against an income of DKK 20m in Q1-Q3/2006.
- The balance sheet stood at DKK 135bn at 30 September 2007 against DKK 107bn at end-2006. Lending increased by 23% to DKK 35bn.
- To strengthen activities in the leasing market, Nykredit Bank A/S acquired 77.35% of the share capital in LeasIT A/S on 1 October 2007, after which date the company is a wholly-owned subsidiary.
- Karsten Knudsen, Group Managing Director, succeeded Henning Kruse Petersen as Chairman of the Board of Directors at the end of September. At the same time, Bjørn Damgaard Mortensen joined the Executive Board.

2007 – OUTLOOK

The Bank maintains its profit forecast of DKK 0.9bn – DKK 1.0bn as announced in the H1 Interim Report 2007.

INFORMATION ABOUT THE NYKREDIT GROUP

The Nykredit Bank Group's Q1-Q3 Interim Report 2007 and further information about the Nykredit Group are available at nykredit.com.

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Financial highlights – the Nykredit Bank Group

DKK million

	Q1-Q3/ 2007	FY 2006	Q1-Q3/ 2006	Q1-Q3/ 2005	Q1-Q3/ 2004	Q1-Q3/ 2003
INCOME STATEMENT						
Net interest income	721	776	581	632	517	623
Dividends, fees and commissions, net	231	256	190	159	93	59
Net interest and fee income	952	1,032	771	791	610	682
Value adjustments	409	522	294	131	65	(18)
Other operating income	10	21	17	15	20	70
Staff, administrative and other operating costs	618	740	509	420	365	311
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	2	2	2	2	3	4
Impairment losses on loans and receivables	(41)	(44)	(20)	(3)	33	100
Profit before tax	792	877	591	518	294	319
Tax	199	250	171	146	89	97
Profit for the period	593	627	420	372	205	222
BALANCE SHEET, END OF PERIOD						
Assets						
Cash balance and receivables						
from central banks and credit institutions	26,654	18,438	21,609	16,495	19,485	20,159
Loans, advances and other receivables at fair value	10,128	3,432	4,477	8,652	7,753	4,965
Loans, advances and other receivables at amortised cost	35,617	28,983	25,852	18,028	18,041	19,071
Bonds at fair value and equities	49,497	47,955	46,072	36,832	37,222	27,326
Other assets and prepayments	13,199	8,237	8,373	7,231	6,030	7,992
Total assets	135,095	107,045	106,383	87,238	88,531	79,513
Liabilities and equity						
Payables to credit institutions and central banks	73,619	63,107	59,869	43,339	51,771	42,297
Deposits and other payables	29,067	22,667	21,041	25,288	20,596	19,492
Issued bonds at amortised cost	1,544	1,741	1,702	629	325	-
Other non-derivative financial liabilities at fair value	10,717	7,032	11,025	6,724	6,646	7,385
Other payables and deferred income	12,812	6,939	7,356	6,879	5,302	6,478
Total payables	127,759	101,486	100,993	82,859	84,640	75,652
Provisions	2	18	56	32	27	20
Subordinate loan capital	1,900	1,300	1,300	800	800	800
Equity	5,434	4,241	4,034	3,547	3,064	3,041
Total liabilities and equity	135,095	107,045	106,383	87,238	88,531	79,513
OFF-BALANCE SHEET ITEMS						
Guarantees	13,002	9,343	7,492	11,048	6,585	6,831
Other contingent liabilities	7,482	6,374	5,086	2,995	1,933	3,874
Total off-balance sheet items	20,484	15,717	12,578	14,043	8,518	10,705
FINANCIAL RATIOS						
Capital adequacy ratio, %	11.5	10.6	10.9	9.8	10.4	10.2
Core capital ratio, %	8.6	8.2	8.0	8.3	8.1	7.9
Return on equity before tax (pa), %	21.8	22.3	20.6	20.5	13.2	14.5
Return on equity after tax (pa), %	16.4	16.0	14.7	14.8	9.2	10.1
Income:cost ratio, DKK	2.37	2.26	2.21	2.24	1.73	1.77
Interest rate exposure, %	2.1	4.3	1.1	2.9	1.3	0.9
Foreign exchange position, %	7.2	5.7	10.2	6.1	3.1	3.3
Foreign exchange exposure, %	0.0	0.2	0.1	0.0	0.1	0.0
Loans and advances:deposits	1.6	1.4	1.4	1.1	1.3	1.2
Loans and advances:equity	8.4	7.6	7.5	7.5	8.4	7.9
Growth in loans and advances for the period, %	41.1	22.7	14.8	17.8	17.1	(0.5)
Excess cover:statutory requirements for liquidity, %	85.2	122.7	111.5	231.7	207.6	167.1
Total major exposures, %	251.2	336.4	312.7	344.0	339.9	326.6
Impairment losses for the period, %	0.0	(0.1)	(0.1)	0.7	0.0	0.3
Average number of full-time staff	577	492	484	422	352	323

Q1-Q3/2007

THE PERIOD IN BRIEF

Nykredit Bank A/S and the Nykredit Bank Group recorded a profit before tax of DKK 792m against DKK 591m in Q1-Q3/2006, equal to a 34% increase. Profit equalled a return on equity of 21.8% against 20.6% for Q1-Q3/2006.

The results are considered satisfactory.

Compared with Q1-Q3/2006, the Bank's core income from the business areas rose by DKK 242m, from DKK 1,003m to DKK 1,245m. Especially Corporate Banking and Markets & Asset Management saw growth, while Retail Banking was largely unchanged compared with Q1-Q3/2006.

Income from securities not allocated to the business areas was DKK 122m, equal to an increase of DKK 45m, compared with DKK 77m for Q1-Q3/2006.

Staff, administrative and other operating costs came to DKK 618m, up 21% (DKK 109m) on Q1-Q3/2006.

Staff expenses amounted to DKK 366m against DKK 300m in Q1-Q3/2006. The 22% rise was attributable to an increase in the number of staff resulting from the enhanced business volume in general, including the increased business volume and nearly 30 staff transferred from Nykredit Realkredit A/S to Corporate Banking in Q1/2007. Finally,

expenses are affected by higher provisions for performance pay. The number of staff increased by 19% from an average of 484 in Q1-Q3/2006 to 577 in Q1-Q3/2007.

Other expenses were up DKK 43m to DKK 251m. This rise related to a wide range of the Bank's cost items, particularly within IT and transaction-dependent expenses.

Impairment losses equalled an income of DKK 41m against an income of DKK 20m in Q1-Q3/2006. As in the preceding periods, the amount mainly reflected changes in group-based impairment provisions as a result of current testing and adjustment of the underlying models. At end-Q3/2007, the criteria for determining "impairment" changed considerably, which means that much fewer customers/types of account fall within the impairment criteria than previously. Also, because of the favourable economic climate, new individual impairment provisions were at a very low level.

The Bank's total impairment provisions amounted to DKK 39m at end-Q3, or roughly 0.1% of total loans and advances. Relative to the beginning of the year, impairment provisions were reduced by DKK 49m.

Tax for the period has been calculated at DKK 199m, or 25.1% of profit before tax. The tax rate for the full financial year is expected to be at the same level.

Profit after tax came to DKK 593m, up DKK 173m (41%) on Q1-Q3/2006.

Q3/2007

Profit before tax totalled DKK 247m for Q3/2007, exceeding both Q2/2007 and Q3/2006 when profit was DKK 230m. Compared with Q1/2007, however, profit decreased by DKK 73m.

Compared with Q3/2006, income rose DKK 9m to DKK 400m. Corporate Banking contributed around DKK 26m, Retail Banking DKK 3m, while income from securities and Markets & Asset Management contributed DKK 14m and a loss of DKK 34m, respectively.

The lower income in Markets & Asset Management derives from the turmoil in the financial markets in the past quarter, which had a negative effect on the Bank's income from own trading. Other activities of Markets & Asset Management developed as expected and remained unaffected by the market turmoil.

The rise recorded by Corporate Banking reflected the satisfactory increase in activities in general year to date.

Costs rose from DKK 169m in Q3/2006 to DKK 197m in 2007. The rise of DKK 28m derives from the same factors as those described for the year as a whole.

The Nykredit Bank Group Profit before tax by business area

	Retail Banking		Corporate Banking		Markets & Asset Management		Group items ¹		Total	
DKKm	Q1-Q3/ 2007	Q1-Q3/ 2006	Q1-Q3/ 2007	Q1-Q3/ 2006	Q1-Q3/ 2007	Q1-Q3/ 2006	Q1-Q3/ 2007	Q1-Q3/ 2006	Q1-Q3/ 2007	Q1-Q3/ 2006
Core income	217	216	348	210	680	577	139	77	1,384	1,080
Operating costs	120	117	116	84	380	308	4	2	620	511
Core earnings before impairment losses	97	99	232	126	300	269	135	75	764	569
Impairment losses on loans and advances	(19)	(34)	(22)	14	0	0	-	-	(41)	(20)
Core earnings after impairment losses	116	133	254	112	300	269	135	75	805	589
Investment portfolio income ²	-	-	-	-	-	-	(13)	2	(13)	2
Profit before tax for the period	116	133	254	112	300	269	122	77	792	591
Income:costs	2.1	2.6	3.7	2.1	1.8	1.9	-	-	-	2.2
Average allocated business capital ³	951	786	2,472	1,709	894	783	26	23	4,343	3,301
Core earnings after impairment losses as a % of allocated business capital (pa)	16.3	22.6	13.7	8.7	44.7	45.8	-	-	24.7	3.8

¹ Include income from securities not allocated to the individual business areas, but included in the Bank's own portfolio as well as non-allocated expenses.

² Investment portfolio income equals returns from own portfolios exceeding the risk-free interest.

³ 8% of average risk-weighted assets allocated to the business areas.

Impairment losses generated an income of DKK 44m in Q3/2007 against DKK 8m in 2006. This development was mainly a result of the adjustment of the Bank's models for calculation of group-based impairment provisions in 2007, while the quarter in 2006 was characterised by a reversal of individual provisions.

BUSINESS AREAS

The Nykredit Bank Group is organised in three intercompany business areas: Retail Banking, Corporate Banking and Markets & Asset Management. Retail Banking serves retail customers and small agricultural customers. Corporate Banking serves business, agricultural and rental housing customers, including housing society and non-profit housing customers. Markets & Asset Management handles the business of the Nykredit Group within securities trading, asset management and pension advice.

Retail Banking

For Q1-Q3/2007, the Retail Banking area recorded a profit of DKK 116m against DKK 133m in 2006. Both core income and operating costs were largely on a level with 2006, while income from reversal of impairment losses was DKK 15m lower than in 2006.

Retail lending came to around DKK 7.4bn against DKK 6.3bn at the beginning of 2007. The year has seen relatively moderate growth in lending as well as deposits. Deposits totalled around DKK 10bn against DKK 9.7bn at the beginning of 2007.

Corporate Banking

Corporate Banking generated a profit of DKK 254m for Q1-Q3/2007, up DKK 142m on Q1-Q3/2006 from DKK 112m.

In line with preceding quarters, Corporate Banking maintained the satisfactory growth in income, and income for the first three quarters of the year came to an aggregate DKK 348m against DKK 210m in 2006.

The business area has generally developed favourably with increased lending and a generally high level of activity. Growth in earnings from domestic and international corporate customers was substantial, just as sales through the commercial centres of the Nykredit Group increased.

Costs rose by DKK 32m to DKK 116m, primarily as a result of higher expenses for wages and salaries.

Impairment losses on loans and advances amounted to an income of DKK 22m against an expense of DKK 14m in Q1-Q3/2006.

Corporate lending amounted to DKK 28.1bn compared with DKK 22.6bn at end-2006, up 24.3%. Syndicated, fixed-asset and fixed-term loans accounted for most of this growth.

Deposits came to DKK 18.9bn against DKK 12.8bn at end-2006. The rise derived mainly from fixed-term deposits.

Markets & Asset Management

Markets & Asset Management recorded a profit for the period of DKK 300m against DKK 269m for Q1-Q3/2006.

Income rose from DKK 577m in Q1-Q3/2006 to DKK 680m – a rise of DKK 103m. Compared with the H1 Interim Report, Q3/2007 saw relatively lower growth because the trading activities of the Bank were adversely affected by the turmoil in the interest rate and credit markets. The customer-oriented activities of the business area generally developed satisfactorily.

Compared with Q1-Q3/2006, costs rose by DKK 72m to DKK 380m. This was in line with expectations and should be seen in the context of the increased level of activity.

The Nykredit Bank Group Changes in equity

DKKm	30 September 2007	30 September 2006	31 December 2006
Equity, beginning of period	4,241	3,614	3,614
Paid-up capital	600	-	-
Profit for the period	593	420	627
Equity, end of period	5,434	4,034	4,241

The Nykredit Bank Group Capital base and capital adequacy

DKKm	30 September 2007	30 September 2006	31 December 2006
Share capital, beginning of period	1,400	1,400	1,400
Capital increase and premium	600	-	-
Profit for the period	593	-	-
Retained earnings	2,841	2,214	2,841
Total core capital	5,434	3,614	4,241
Supplementary capital	1,900	1,300	1,300
Statutory deductions from core capital and supplementary capital	140	0	113
Total, end of period	7,194	4,914	5,428
Weighted items not included in the trading portfolio	54,379	35,308	40,502
Weighted items incurring market risk	8,183	9,715	10,631
Total weighted items	62,562	45,023	51,133
Capital adequacy ratio, %	11.5	10.9	10.6
Core capital ratio, %	8.6	8.0	8.2

BALANCE SHEET, EQUITY AND CAPITAL ADEQUACY

Balance sheet

The balance sheet total was DKK 135.1bn at 30 September 2007 against DKK 107.0bn at end-2006, up nearly DKK 28bn.

The improvement mainly related to an increase in repo transactions, loans and advances of an aggregate DKK 13.3bn and increased lending to credit institutions of DKK 8bn.

Loans and advances totalled DKK 45.7bn, up DKK 13.3bn on end-2006. Repo transactions accounted for nearly DKK 7bn of the rise, retail lending increased by around DKK 1bn, while corporate lending increased by around DKK 5.5bn.

Bonds and equities totalled DKK 49.5bn, or 3% above the level at end-2006. The size of the portfolio should be seen in the context of the Bank's substantial repo activities.

Other assets and prepayments totalled DKK 13.2bn against DKK 8.2bn at end-2006. The item mainly consisted of interest and commissions receivable, including "positive market value of derivative financial instruments".

Payables to credit institutions rose from DKK 63.1bn to DKK 73.6bn, of which repo transactions contributed a rise of DKK 4.0bn to DKK 17.7bn.

Deposits increased by DKK 6.4bn to DKK 29.1bn, primarily driven by corporate banking activities.

Issued bonds totalled DKK 1.5bn against DKK 1.7bn at end-2006. One new bond issue was made in 2007, while bonds worth around DKK 180m matured or were redeemed. The majority of the bonds are listed on the OMX Nordic Exchange Copenhagen.

Other non-derivative financial liabilities at fair value came to DKK 10.7bn against DKK 7.0bn at end-2006. The item consisted mainly of liabilities relating to repo activities, including "negative securities portfolios".

Other payables and deferred income amounted to DKK 12.8bn against DKK 6.9bn at end-2006. The item consisted mainly of interest

and commissions payable, including "negative market value of financial instruments". Subordinate loan capital grew by DKK 600m to DKK 1,900m in 2007. The capital was provided by Nykredit Realkredit A/S to further the favourable development in the Bank's business areas.

Equity

Equity stood at DKK 5,434m at 30 September 2007 equal to an increase of DKK 1,193m. The increase breaks down into profit for the period of DKK 593m and new paid-up capital of DKK 600m. DKK 300m of the paid-up capital was premium.

Capital adequacy

The Bank has included profit for the period in the determination of capital adequacy as from Q2/2007. Combined with the injection of new core and supplementary capital of an aggregate DKK 1.2bn, this leads to higher capital adequacy and core capital ratios.

The Nykredit Bank Group's capital adequacy ratio came to 11.5%, while the core capital ratio was 8.6%. Exclusive of profit for the period, the ratios were 10.5% and 7.7%, respectively.

Nykredit Bank A/S's capital adequacy ratio was 11.5% and the core capital ratio 8.7%. Exclusive of profit for the period, the ratios were 10.6% and 7.8%, respectively.

Liquidity management

The management of liquidity risk is based on a liquidity model developed in-house which quantifies the Bank's expected liquidity position at any future time. The instructions laid down by the Board of Directors on liquidity contain the Bank's liquidity policy, limits, principles of and requirements for the liquidity model.

Nykredit Bank monitors its balance sheet and liquidity on a day-to-day basis. The Bank manages the balance sheet based on the liquidity of assets and liabilities and operates a trading book and a banking book.

The trading book consists mainly of Danish and European government and mortgage bonds (covered bonds) eligible as collateral with Danmarks Nationalbank or other European central banks. The trading portfolio also

includes a minor portfolio of corporate bonds and the Bank's reverse transactions. The Bank's trading book is funded through the repo and money markets.

The Bank's banking book consists of loans and advances and is funded through deposits and structured funding defined as issued bonds, long-term deposits from financial counterparties, subordinate loan capital, equity and credit commitments. The ratio of loans and advances to deposits plus structured funding was 85% at end-September 2007 against 80% at end-2006. The Bank aims to retain the level between loans and advances and deposits plus structured funding.

To strengthen the access to funding through international capital markets, the Bank expects to establish a European Medium Term Note (EMTN) programme in Q4/2007. The intention is that issues under the EMTN programme should gradually replace the Bank's long-term deposits from financial counterparties as the EMTN programme offers faster and easier access to long-term funding.

The Nykredit Bank Group's "Excess cover: statutory requirements for liquidity" amounted to 85% at end-September.

Capital resources and capital requirements

Nykredit Bank must have sufficient capital resources to support its risk profile and growth strategy. In the Nykredit Group, capital resources are as far as possible concentrated in the Parent Company Nykredit Realkredit A/S.

Nykredit Bank has an internal target of maintaining a buffer of at least 1 percentage point at all times in relation to the statutory capital adequacy requirements.

Nykredit Bank has submitted an application to the Danish Financial Supervisory Authority (FSA) for permission to apply advanced models with respect to the retail loan portfolio and to implement advanced models for the corporate loan portfolio under the new capital adequacy rules. In respect of government and credit institution exposures, the Bank has applied for permission to use the standardised approach. The Danish FSA is expected to decide on the Bank's application in Q4/2007.

The Bank's capital adequacy and solvency requirements are determined on the basis of its economic business capital. The economic business capital is based on models for credit and market risk developed in-house.

Financial risk

For details on methods for determination and description of financial risk, please refer to the Annual Report 2006. Significant financial risks include:

The Nykredit Bank Group's Value-at-Risk (VaR) came to DKK 14.9m at 30 September 2007 against DKK 14.8m at end-2006. On average, VaR amounted to DKK 15m in Q3/2007 against DKK 10.6m for FY2006.

The interest rate exposure totalled DKK 113m at end-Q3/2007 against DKK 182m at end-2006.

Exchange Rate Indicator 1 came to DKK 386m against DKK 242m at end-2006.

Outlook for 2007

2007 has generally been characterised by a positive development in the Bank's activities, and Management maintains its forecast pre-tax profit ranging from DKK 0.9bn to DKK 1.0bn as announced in the H1 Interim Report 2007.

OTHER

With effect from 1 January 2007, Nykredit Bank A/S merged with its subsidiary Nykredit Portefølje Bank A/S. For further information on the merger, please refer to the Bank's H1 Interim Report 2007.

In connection with the scheduled retirement of Henning Kruse Petersen as Chairman of the Board of Directors at the end of September, Karsten Knudsen, Group Managing Director, was appointed Chairman of Nykredit Bank A/S. On the same occasion, Karsten Knudsen resigned from the Executive Board of the Bank and was succeeded by Bjørn Damgaard Mortensen. The composition of the Board of Directors and the Executive Board is otherwise unchanged.

LeasIT A/S

As at 1 October 2007, Nykredit Bank A/S acquired 77.35% of the shares in LeasIT A/S, which is now a wholly-owned subsidiary.

Nykredit Bank acquired the leasing company as the Bank expects leasing finance to be a growing market in Denmark, just as it sees an increased business potential as a result of the new legislation on Danish covered bonds (SDOs).

LeasIT A/S has around 40 staff. The leasing portfolio amounted to around DKK 2bn, the balance sheet total stood at around DKK 2.1bn and equity came to just over DKK 80m. Profit for the period from January to September totalled around DKK 11m after tax.

The purchase price for the acquired stake was approximately DKK 79m, or approximately DKK 16m more than the relative share of the stake of 77.65% of the company's equity.

Under IFRS 3, the cost must be distributed on the acquired identifiable assets, liabilities and contingent liabilities at the date of acquisition by recognition thereof at fair value in the acquisition balance sheet. At the date of this Interim Report, no assets or liabilities have been identified the fair values of which substantially exceed or deviate from the book values. Accordingly, the difference between the acquisition price and the share of the company's equity value made up by the shares is expected to be recognised as goodwill in the financial statements of Nykredit Bank.

The acquisition is not expected to have any significant effect on the Q4 results of the Nykredit Bank Group.

Events occurred after 30 September 2007

No material events have occurred in the period up to the presentation of the Q1-Q3 Interim Report.

Uncertainty about 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. For a detailed description, please refer to page 14 of the Annual Report for 2006.

In Management's opinion, the uncertainty related to the above-mentioned items is insignificant to the Q1-Q3 Interim Report 2007.

ACCOUNTING POLICIES

The Consolidated Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and further Danish disclosure requirements for interim reports. Compliance with IAS 34 implies compliance with the principles of recognition and measurement of the IFRS and a less detailed presentation relative to the presentation of annual reports.

The accounting policies of both the Group and Nykredit Bank A/S are unchanged compared with the Annual Report for 2006. Please refer to the description of the accounting policies of Nykredit Bank and the Nykredit Bank Group contained in the Annual Report for 2006 at nykredit.com.

With respect to the Q1-Q3 Interim Report 2007, note in particular that the merger with Nykredit Portefølje Bank A/S was effective from 1 January 2007. For a detailed description of the accounting aspects of the merger, please refer to the Accounting Policies of the H1 Interim Report 2007.

Furthermore, please note that the Bank acquired all the shares in LeasIT A/S as at 1 October 2007, cf the mention under "Other". The financial statements for the period 1 January – 30 September 2007 have been prepared in accordance with the accounting policies applied so far, which means that the company has been subject to proportionate consolidation at the Bank's ownership share prior to 1 October 2007 (22.65%). In the financial statements for FY2007, the company's Q4 profit/loss and balance sheet total at 31 December 2007 will be recognised at 100%.

Statement by the Board of Directors and the Executive Board on the Interim Report

The Board of Directors and the Executive Board have today reviewed and approved the Interim Report for the period 1 January – 30 September 2007 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

Copenhagen, 8 November 2007

the EU. The Interim Report of the Parent Company has been prepared in accordance with the Danish Financial Business Act. Further, the Interim Report has been prepared in accordance with additional Danish disclosure requirements for interim reports of issuers of listed bonds.

In our opinion, the Interim Report gives a true

and fair view of the Group's and the Parent Company's assets, liabilities, equity and financial position at 30 September 2007 and of the results of the Group's and the Parent Company's activities as well as the Group's cash flows for the period 1 January – 30 September 2007.

The Q1-Q3 Interim Report has not been audited.

BOARD OF DIRECTORS

Karsten Knudsen, Chairman

Søren Holm, Deputy Chairman

Per Ladegaard

Henrik Asmussen, staff-elected

Allan Kristiansen, staff-elected

EXECUTIVE BOARD

Kim Duus

Bjørn Damgaard Mortensen

Financial highlights – seven quarters

DKK million

The Nykredit Bank Group	Q3/ 2007	Q2/ 2007	Q1/ 2007	Q4/ 2006	Q3/ 2006	Q2/ 2006	Q1/ 2006
SUMMARY INCOME STATEMENT							
Net interest income	274	215	232	194	235	229	117
Dividends, fees and commissions, net	75	81	75	67	59	65	66
Net interest and fee income	349	296	307	261	294	294	183
Value adjustments	49	163	197	228	93	81	120
Other operating income	2	6	2	5	4	5	8
Staff, administrative and other operating costs	196	224	198	230	168	187	154
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	1	0	1	2	1	0	1
Impairment losses on loans and receivables	(44)	16	(13)	(24)	(8)	(6)	(6)
Profit before tax	247	225	320	286	230	199	162
Tax	62	48	89	79	64	62	45
Profit for the period	185	177	231	207	166	137	117
BALANCE SHEET, END OF PERIOD							
Assets							
Cash balance and receivables from central banks and credit institutions	26,654	26,151	19,052	18,438	21,609	16,700	15,365
Loans, advances and other receivables at fair value	10,128	4,006	3,295	3,432	4,477	9,698	5,014
Loans, advances and other receivables at amortised cost	35,617	34,826	34,084	28,983	25,852	25,020	21,950
Bonds at fair value	49,210	52,828	52,269	47,697	45,794	43,340	45,946
Equities	287	301	281	258	278	330	280
Investment and owner-occupied properties	73	73	73	73	72	247	247
Other assets and prepayments	13,126	11,940	8,846	8,164	8,301	8,086	7,384
Total assets	135,095	130,125	117,900	107,045	106,383	103,421	96,186
Liabilities and equity							
Payables to credit institutions and central banks	73,619	77,269	72,670	63,107	59,869	59,271	49,402
Deposits and other payables	29,067	23,312	21,903	22,667	21,041	22,181	24,329
Issued bonds at amortised cost	1,544	1,612	1,630	1,741	1,702	1,750	1,741
Other non-derivative financial liabilities at fair value	10,717	10,252	8,020	7,032	11,025	8,410	9,954
Other liabilities and deferred income	12,812	10,526	7,888	6,939	7,356	7,085	6,173
Total payables	127,759	122,971	112,111	101,486	100,993	98,697	91,599
Provisions	2	5	17	18	56	56	56
Subordinate loan capital	1,900	1,900	1,300	1,300	1,300	800	800
Equity	5,434	5,249	4,472	4,241	4,034	3,868	3,731
Total liabilities and equity	135,095	130,125	117,900	107,045	106,383	103,421	96,186
OFF-BALANCE SHEET ITEMS							
Guarantees	13,002	11,573	9,247	9,343	7,492	7,963	8,493
Other contingent liabilities	7,482	7,702	6,163	6,374	5,086	4,131	3,600
Total off-balance sheet items	20,484	19,275	15,410	15,717	12,578	12,094	12,093
FINANCIAL RATIOS							
Capital adequacy ratio, %	11.5	11.7	9.8	10.6	10.9	9.4	9.8
Core capital ratio, %	8.6	8.6	7.7	8.2	8.0	7.9	8.4
Return on equity before tax (pa), %	18.5	18.5	29.3	27.6	23.3	21.0	17.7
Return on equity after tax (pa), %	13.9	14.6	21.2	20.0	16.8	14.4	12.7
Income:cost ratio, DKK	1.94	1.94	2.72	2.38	2.43	2.09	2.09
Interest rate exposure, %	0.0	3.0	4.3	4.3	1.1	3.7	3.0

Income statements Q1-Q3/2007

DKK million

Nykredit Bank A/S		Note	The Nykredit Bank Group	
Q1-Q3/ 2006*	Q1-Q3/ 2007		Q1-Q3/ 2007	Q1-Q3/ 2006
2,084	3,489	1	3,556	2,107
1,520	2,795	2	2,835	1,526
564	694		721	581
6	5		5	6
352	427		495	401
211	250		269	217
711	876		952	771
270	384	3	409	294
16	6		10	17
464	555	4	617	508
1	1		2	2
1	0		1	1
(26)	(42)	5	(41)	(20)
34	40	6	-	-
591	792		792	591
171	199	7	199	171
420	593		593	420

* Income statements, balance sheets and notes have been restated following the merger between Nykredit Bank A/S and Nykredit Portefølje Bank A/S.

* Income statements, balance sheets and notes have been restated following the merger between Nykredit Bank A/S and Nykredit Portefølje Bank A/S.

Balance sheets, end of period

DKK million

Nykredit Bank A/S				The Nykredit Bank Group	
31.12.2006*	30.09.2007		Note	30.09.2007	31.12.2006
		LIABILITIES AND EQUITY			
62,548	71,592	Payables to credit institutions and central banks	12	73,619	63,107
22,764	29,215	Deposits and other payables	13	29,067	22,667
1,741	1,544	Issued bonds at amortised cost	14	1,544	1,741
7,032	10,927	Other non-derivative financial liabilities at fair value	15	10,717	7,032
74	291	Current tax liabilities		307	83
6,462	10,900	Other liabilities	16	12,497	6,852
3	2	Deferred income		8	4
100,624	124,471	Total payables		127,759	101,486
		Provisions			
9	0	– Provisions for deferred tax		0	13
5	2	– Other provisions		2	5
14	2	Total		2	18
1,300	1,900	Subordinate loan capital	17	1,900	1,300
		Equity			
1,400	1,700	Share capital	18	1,700	1,400
147	70	Other reserves		-	-
2,694	3,664	Retained earnings		3,734	2,841
4,241	5,434	Total		5,434	4,241
106,179	131,807	TOTAL LIABILITIES AND EQUITY		135,095	107,045
		OFF-BALANCE SHEET ITEMS			
9,343	13,002	Guarantees		13,002	9,343
6,346	7,466	Other contingent liabilities		7,482	6,374
15,689	20,468	Total	19	20,484	15,717
		Foreign exchange and interest rate exposures	20		
		Contingent liabilities	21		
		Hedge accounting	22		
		Related parties	23		
		Group structure	24		
* Income statements, balance sheets and notes have been restated following the merger between Nykredit Bank A/S and Nykredit Portefølje Bank A/S.					

* Income statements, balance sheets and notes have been restated following the merger between Nykredit Bank A/S and Nykredit Portefølie Bank A/S.

Statement of changes in equity

DKK million

Nykredit Bank A/S

	Share capital *	Other reserves Revaluation reserve under the equity method	Retained earnings	Total
2007				
Equity, 1 January 2007	1,400	147	2,694	4,241
Paid-up share capital	300			300
Paid-up premium			300	300
Profit for the period			593	593
Other disposals/additions		(77)	77	0
Total comprehensive income	300	(77)	970	1,193
Equity, 30 September 2007	1,700	70	3,664	5,434
2006				
Equity, 1 January 2006	1,400	131	2,083	3,614
Profit for the period, Q1-Q3		27	393	420
Other disposals/additions, Q1-Q3		(35)	35	0
Total comprehensive income, Q1-Q3	0	(8)	428	420
Equity, 30 September 2006	1,400	123	2,511	4,034
Profit for the period, Q4		24	183	207
Total comprehensive income, Q4	0	24	183	207
Equity, 31 December 2006	1,400	147	2,694	4,241
<p>* The share capital consists of 12 shares in multiples of DKK 1m. Nykredit Bank A/S is wholly-owned by Nykredit Realkredit A/S, Copenhagen. Nykredit Bank A/S is included in the Consolidated Financial Statements of that company and those of Foreningen Nykredit, Copenhagen, which owns 86.71% of Nykredit Realkredit A/S.</p>				

Statement of changes in equity

DKK million

The Nykredit Bank Group

	Share capital *	Other reserves	Retained earnings	Total
2007				
Equity, 1 January 2007	1,400	-	2,841	4,241
Paid-up share capital	300			300
Paid-up premium			300	300
Profit for the period			593	593
Total comprehensive income	300	-	893	1,193
Equity, 30 September 2007	1,700	-	3,734	5,434
2006				
Equity, 1 January 2006	1,400	-	2,214	3,614
Profit for the period, Q1-Q3			420	420
Total comprehensive income, Q1-Q3	0	-	420	420
Equity, 30 September 2006	1,400	-	2,634	4,034
Profit for the period, Q4		-	207	207
Total comprehensive income, Q4		-	207	207
Equity, 31 December 2006	1,400	-	2,841	4,241
<p>* The share capital consists of 12 shares in multiples of DKK 1m.</p> <p>Nykredit Bank A/S is wholly-owned by Nykredit Realkredit A/S, Copenhagen. Nykredit Bank A/S is included in the Consolidated Financial Statements of that company and those of Foreningen Nykredit, Copenhagen, which owns 86.71% of Nykredit Realkredit A/S.</p>				

Core earnings and investment portfolio income

DKK million

The Nykredit Bank Group

Q1-Q3/2007

Q1-Q3/2006

	Core earnings	Investment portfolio income	Total	Core earnings	Investment portfolio income	Total
Net interest income	701	20	721	573	8	581
Dividend on equities	4	1	5	0	1	1
Fee and commission income, net	227	(1)	226	189	0	189
Net interest and fee income	932	20	952	762	9	771
Value adjustments	439	(30)	409	301	(7)	294
Other operating income	10	0	10	17	0	17
Total income	1,381	(10)	1,371	1,080	2	1,082
Staff and administrative expenses	614	3	617	509	0	509
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	2	0	2	2	0	2
Other operating costs	1	0	1	-	0	0
Impairment losses on loans and receivables	(41)	0	(41)	(20)	0	(20)
Profit before tax for the period	805	(13)	792	589	2	591

Cash flow statement

DKK million

	The Nykredit Bank Group	
	Q1-Q3/2007	Q1-Q3/2006
Profit after tax for the period	593	420
Adjustment for non-cash operating items, depreciation, amortisation and impairment losses		
Depreciation and impairment losses for property, plant and equipment	2	2
Impairment losses on loans and receivables	(38)	(15)
Tax calculated on profit for the period	199	171
Total	163	158
Profit for the period adjusted for non-cash operating items	756	578
Change in working capital		
Loans, advances and other receivables	(13,367)	(3,925)
Deposits and other payables	6,428	(1,040)
Payables to credit institutions and central banks	10,550	15,138
Bonds at fair value	(1,536)	(9,765)
Equities	(29)	(11)
Other working capital	4,394	3,961
Total	6,440	4,358
Corporation tax paid, net	(11)	(21)
Cash flows from operating activities	7,185	4,915
Cash flows from investing activities		
Property, plant and equipment	(2)	174
Total	(2)	174
Cash flows from financing activities		
Capital contribution	600	0
Subordinate loan capital	600	500
Issued bonds	(197)	1,048
Total	1,003	1,548
Total cash flows	8,186	6,637
Cash and cash equivalents, beginning of period	18,438	15,031
Foreign currency translation adjustment of cash	31	(59)
Cash and cash equivalents, end of period	26,655	21,609
Cash and cash equivalents, end of period		
Specification of cash and cash equivalents, end of period:		
Cash balance and demand deposits with central banks	31	27
Receivables from credit institutions and central banks	26,624	21,582
Cash and cash equivalents, end of period	26,655	21,609

Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group		
2006	2007	2007	2006	
1. INTEREST INCOME				
265	532	Receivables from credit institutions and central banks	553	265
890	1,539	Loans, advances and other receivables	1,552	903
1,033	1,321	Bonds	1,354	1,043
(105)	97	Total derivative financial instruments	97	(106)
		Of which		
32	(170)	- Foreign exchange contracts	(170)	31
(137)	267	- Interest rate contracts	267	(137)
1	0	Other interest income	0	2
2,084	3,489	Total	3,556	2,107
Of which interest income from genuine purchase and resale transactions entered as:				
170	391	Receivables from credit institutions and central banks	412	170
104	143	Loans, advances and other receivables at fair value	139	104
Of total interest income:				
881	1,537	Interest income accrued on financial assets measured at amortised cost	1,554	894
-	-	Interest income from finance leases	-	-
2. INTEREST EXPENSE				
1,018	1,926	Credit institutions and central banks	1,974	1,027
465	793	Deposits and other payables as well as non-derivative financial liabilities at fair value	785	462
17	21	Issued bonds	21	17
20	54	Subordinate loan capital	54	20
0	1	Other interest expense	1	0
1,520	2,795	Total	2,835	1,526
Of which interest expense for genuine sale and repurchase transactions entered as:				
244	457	Payables to credit institutions and central banks	486	244
16	38	Non-derivative financial liabilities at fair value	35	16
Issued bonds				
5	8	Offset interest on the Bank's own portfolio of own bonds	8	5
Of total interest expense:				
1,240	2,245	Interest expense accrued on financial liabilities measured at amortised cost	2,259	1,246
3. VALUE ADJUSTMENTS				
0	38	Other loans, advances and receivables at fair value	38	25
(66)	(411)	Bonds	(407)	(66)
41	55	Equities	55	41
6	(1)	Investment properties	(1)	6
35	80	Foreign exchange	80	35
		Foreign exchange, interest rate, equity, commodity and other contracts as well as other derivative financial instruments		
254	623		644	253
270	384	Total	409	294
Of which value adjustment of hedge accounting instruments:				
(44)	21	Fair value hedging	21	(44)

Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
2006	2007		2007	2006
		4. STAFF AND ADMINISTRATIVE EXPENSES		
		Remuneration of Board of Directors and Executive Board		
0	0	Board of Directors	0	0
5	3	Executive Board	3	5
5	3	Total	3	5
		Each employee board member receives an annual remuneration of DKK 60,000. Remuneration of the Executive Board consists of remuneration of Kim Duus, Managing Director, who is also remunerated in the form of a company car. In 2006 the item also included remuneration of Jes Klausby, Managing Director.		
		Members of the Executive Board receive a fixed salary. No bonus plans have been established. Executive Board members do not receive remuneration as directors of group enterprises and associates. The pensionable age for members of the Executive Board is 65 years. No agreements have been made for pension benefits for Executive Board members. The term of notice is 12 months. Upon resignation at Nykredit Bank A/S's request, Executive Board members are entitled to termination benefits equal to six months' gross salary.		
		Staff expenses		
224	272	Wages and salaries	305	250
21	25	Pensions (defined contribution plans)	27	23
20	28	Social security expenses	31	22
265	325	Total	363	295
194	227	Other administrative expenses	251	208
464	555	Total staff and administrative expenses	617	508
426	507	Average number of staff for the period, full-time equivalents	577	484
		5. IMPAIRMENT LOSSES ON LOANS AND RECEIVABLES		
		Effect on profit		
13	4	Impairment losses for the period, net	5	19
(38)	(47)	Reversed impairment losses	(48)	(38)
(3)	(3)	Received on loans and advances previously written off as impairment losses	(3)	(3)
2	4	Losses (no previous individual impairment provisions)	5	2
(26)	(42)	Total	(41)	(20)
(30)	2	Of which individual impairment provisions	3	(24)
4	(44)	Of which group-based impairment provisions	(44)	4
		Provisions for loan and receivable impairment at amortised cost		
		Individual impairment provisions		
130	17	1 January	27	132
9	4	Impairment provisions for the period	5	15
(38)	(3)	Reversed impairment provisions	(4)	(38)
(47)	(4)	Final losses, now deducted from total impairment provisions	(6)	(47)
54	14	Individual impairment provisions at 30 September	22	62
		Group-based impairment provisions		
50	61	1 January	61	50
4	0	Impairment provisions for the period	0	4
0	(44)	Reversed impairment provisions	(44)	0
54	17	Total at 30 September	17	54
180	78	Total impairment provisions, 1 January	88	182
108	31	Total impairment provisions, 30 September	39	116
0	0	Impairment provisions for credit institutions and provisions for guarantees	0	0

Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group		
2006	2007		2007	2006
		6. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES		
15	13	Profit before tax from investments in associates	-	-
19	27	Profit before tax from investments in group enterprises	-	-
34	40	Total	-	-
		7. TAX FOR THE PERIOD		
29	25	Tax as a % of profit for the period	25	29
		For the full year, the tax expense is expected to be around 25% of profit for the year. Tax has been computed based on the current tax rate of 25%.		
		8. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS		
2,973	1,539	Receivables at call with central banks	1,539	2,973
15,265	23,480	Receivables from credit institutions	25,085	15,432
18,238	25,019	Total	26,624	18,405
8,734	17,874	Of which genuine purchase and resale transactions	19,400	8,887
		9. LOANS AND ADVANCES AT FAIR VALUE AND AMORTISED COST		
3,432	10,342	Loans, advances and other receivables at fair value 1)	10,128	3,432
28,758	35,280	Loans, advances and other receivables at amortised cost	35,618	28,983
32,190	45,622	Total	45,746	32,415
3,432	10,342	1) of which genuine purchase and resale transactions	10,128	3,432
3,404	3,212	Of total loans and advances, fixed-rate loans represent	3,212	3,404
3,419	3,190	Market value of fixed-rate loans	3,190	3,419
		The market value adjustment has been recognised in the income statement.		
		10. BONDS AT FAIR VALUE		
32,485	36,292	Mortgage bonds	37,461	32,903
6,855	4,783	Government bonds	5,166	6,919
7,919	6,739	Other bonds and claims priced in active markets	6,917	8,154
47,259	47,814	Total	49,544	47,976
279	334	Own bonds offset against issued bonds, cf note 14	334	279
46,980	47,480	Total	49,210	47,697
13,148	17,943	Assets sold as part of genuine sale and repurchase transactions	18,143	13,564
25,698	29,741	As collateral for the Danish central bank, Danmarks Nationalbank, and clearing centres, etc, bonds have been deposited of a total market value of	29,741	25,698
		11. OTHER ASSETS		
3,560	5,616	Interest and commission receivable	5,674	3,609
4,467	7,251	Positive market value of derivative financial instruments	7,293	4,467
78	70	Other assets	123	77
8,105	12,937	Total	13,090	8,153

Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
2006	2007		2007	2006
12. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS				
20,868	27,500	Payables to credit institutions	27,500	20,868
41,680	44,092	Payables to central banks	46,119	42,239
62,548	71,592	Total	73,619	63,107
13,375	16,180	Of which genuine sale and repurchase transactions	17,661	13,701
13. DEPOSITS AND OTHER PAYABLES				
14,156	13,061	On demand	12,913	14,059
0	973	At notice	973	0
7,871	14,398	Time deposits	14,398	7,871
737	783	Special deposits	783	737
22,764	29,215	Total	29,067	22,667
14. ISSUED BONDS AT AMORTISED COST				
2,066	1,893	Total issues	1,893	2,066
(325)	(349)	Amortisation and own portfolio	(349)	(325)
1,741	1,544	Total	1,544	1,741
Issues				
325	325	*2003 to 2008 Bond loan (DKK)	325	325
239	239	*2005 to 2016 Curve steepener (DKK)	239	239
100	0	*2005 to 2007 Range Accrual Note (DKK)	0	100
100	100	*2005 to 2010 Basket Barrier (DKK)	100	100
23	0	2005 to 2010 Index-linked (DKK)	0	23
574	574	*2006 to 2008 Nykredit Højrente I (EUR 77m)	574	574
649	649	*2006 to 2008 Nykredit Højrente II (EUR 87m)	649	649
56	0	2006 to 2011 NB Credit Pick (EUR 7.5m)	0	56
0	6	2007 to 2009 NB Argentina	6	0
2,066	1,893	Total nominal value	1,893	2,066
(46)	(15)	Amortisation of transaction costs and other adjustments	(15)	(46)
279	334	Own portfolio	334	279
1,741	1,544	Total	1,544	1,741
1,987	1,887	* Listed on the OMX Nordic Exchange Copenhagen The issues carry floating interest rates	1,887	1,987
15. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE				
28	2,091	Deposits at fair value	1,881	28
7,004	8,836	Negative securities portfolios	8,836	7,004
7,032	10,927	Total	10,717	7,032
28	2,091	Of which genuine sale and repurchase transactions	1,881	28
16. OTHER LIABILITIES				
3,185	5,478	Interest and commission payable	5,531	3,158
3,096	5,282	Negative market value of derivative financial instruments	6,759	3,245
181	140	Other payables	207	449
6,462	10,900	Total	12,497	6,852

Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
2006	2007		2007	2006
17. SUBORDINATE LOAN CAPITAL				
Subordinate loan capital consists of liabilities which, in case of voluntary or compulsory liquidation, will not be repaid until the claims of ordinary creditors have been met. The loan capital below was granted by Nykredit Realkredit A/S. The loan capital forms part of the supplementary capital and has been included in full in the capital base.				
500	500	The loan was granted in 2003 and falls due on 1 December 2011. No principal payments will be made on the loan during its term. The loan carries a floating interest rate.	500	500
300	300	The loan was granted in 2005 and falls due on 22 April 2013. No principal payments will be made on the loan during its term. The loan carries a floating interest rate.	300	300
500	500	The loan was granted in 2006 and falls due on 30 September 2014. No principal payments will be made on the loan during its term. The loan carries a floating interest rate.	500	500
-	600	The loan was granted in 2007 and falls due on 30 June 2015. No principal payments will be made on the loan during its term. The loan carries a floating interest rate.	600	-
1,300	1,900	Total	1,900	1,300
18. EQUITY AND CAPITAL ADEQUACY				
Equity				
1,400	1,400	Share capital, beginning of period	1,400	1,400
-	300	Paid-up share capital	300	-
1,400	1,700	Share capital, end of period	1,700	1,400
Statutory reserves				
131	147	Reserve for net revaluation according to the equity method, beginning of period	-	-
-	(77)	Merger-related disposals	-	-
16	0	Other movements in the period	-	-
147	70	Total, end of period	-	-
2,083	2,694	Retained earnings, beginning of period	2,841	2,214
-	300	Paid-up premium on capital increase	300	-
611	670	Transfers in the period	593	627
2,694	3,664	Total, end of period	3,734	2,841
3,614	4,241	Equity, beginning of period	4,241	3,614
4,241	5,434	Equity, end of period	5,434	4,241
Capital adequacy				
4,241	5,434	Core capital	5,434	4,241
1,300	1,900	Supplementary capital	1,900	1,300
113	143	Statutory deductions from core capital and supplementary capital	140	113
5,428	7,191	Total	7,194	5,428
40,262	54,243	Weighted items not included in the trading portfolio	54,379	40,502
10,530	7,794	Weighted items incurring market risk	8,183	10,631
50,792	62,037	Total	62,562	51,133
8.3	8.7	Core capital after statutory deductions as a % of weighted items	8.6	8.2
10.6	11.5	Capital adequacy ratio, %	11.5	10.6

Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
2006	2007		2007	2006
		19. OFF-BALANCE SHEET ITEMS		
7,182	10,847	Financial guarantees	10,847	7,182
120	29	Registration and refinancing guarantees	29	120
2,041	2,126	Other guarantees	2,126	2,041
9,343	13,002	Total guarantees	13,002	9,343
6,238	7,358	Irrevocable credit commitments	7,358	6,238
108	108	Other commitments	124	136
6,346	7,466	Total other contingent liabilities	7,482	6,374
		20. FOREIGN EXCHANGE AND INTEREST RATE EXPOSURES		
		Foreign exchange exposure		
229	406	Exchange Rate Indicator 1	386	242
5.4	7.6	Exchange Rate Indicator 1 as a % of core capital after statutory deductions	7.2	5.7
6	2	Exchange Rate Indicator 2	2	6
0.2	0.0	Exchange Rate Indicator 2 as a % of core capital after statutory deductions	0.0	0.2
		Interest rate exposure by currency involving the highest interest rate exposure		
397	221	DKK	231	412
(225)	(103)	EUR	(118)	(236)
5	10	SEK	10	5
2	(18)	NOK	(10)	2
6	0	PLN	0	6
0	1	USD	1	0
0	(3)	CHF	(3)	0
(8)	0	JPY	0	(8)
1	1	Other currencies	2	1
178	109	Total	113	182
		21. CONTINGENT LIABILITIES		
		As part of its day-to-day operations, the Bank is involved in legal proceedings and disputes.		
		The Bank is of the opinion that the outcome thereof will have no material effect on its financial position.		

Notes

22. HEDGE ACCOUNTING

According to the accounting provisions, some loans, advances and deposits must, initially, be measured at amortised cost, whereas derivative financial instruments have been measured at fair value. To obtain accounting symmetry between hedging and hedged transactions, fair value adjustment of the financial assets and liabilities that form part of effective hedge accounting has been allowed. The fair value adjustment exclusively concerns the hedged part (the interest rate exposure).

Hedged fixed-rate assets

3,404	3,212	Loans, advances and other receivables at amortised cost	3,212	3,404
3,404	3,212	Total	3,212	3,404
Market value of hedged fixed-rate assets				
3,419	3,190	Loans, advances and other receivables at amortised cost	3,190	3,419
3,419	3,190	Total carrying amount	3,190	3,419
Fair value adjustment				
15	(22)	Loans, advances and other receivables at amortised cost	(22)	15
15	(22)	Total fair value adjustment	(22)	15
Hedging derivative financial instruments				
4,056	2,908	Nominal value (synthetic principal)	2,908	4,056
(16)	21	Market value adjustment (negative/positive market value)	21	(16)
(1)	(1)	Total fair value adjustment difference	(1)	(1)

23. RELATED PARTIES

The Parent Company Nykredit Realkredit A/S, its group enterprises and associates as well as the group enterprises and associates of the Nykredit Bank Group are regarded as related parties.

No unusual related party transactions occurred in the period 1 January - 30 September 2007.

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

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

Important related party transactions prevailing in the period 1 January - 30 September 2007 include:

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

On specific occasions, Nykredit Holding A/S has issued guarantees or letters of comfort to third parties. Nykredit Holding A/S has issued guarantees to Nykredit Bank A/S subject to loss limits with respect to some of the Bank's exposures.

Notes

DKK million

The Nykredit Bank Group

24. GROUP STRUCTURE	Profit after tax 2006	Equity 31.12.2006	Share capital 31.12.06	Carrying amount 31.12.2006	Ownership share, % 30.09.2007	Q1-Q3/2007 Profit after tax**	Nykredit Bank's share of profit for the period	Equity 30.09.2007**	Carrying amount 30.09.2007
Nykredit Bank A/S (Parent Company)	627	4,241	* 1,400	-	-	593	-	5,434	-
Consolidated subsidiaries									
Nykredit Portefølje Administration A/S, Copenhagen a)	11	72	25	72	100	13	13	85	85
Pantebrevsselskabet af 8/8 1995 A/S, Copenhagen d)	1	26	5	26	100	0	0	27	27
Nykredit Pantebrevsinvestering A/S, Copenhagen b)	0	10	5	10	100	0	0	11	11
Nykredit Leasing A/S, Copenhagen c)	1	6	1	6	100	1	1	6	6
Nykredit Fixed Income Opportunities Fund Limited, Cayman Islands e)	1	113	111	113	100	5	5	118	118
Norswood Properties Limited, Plymouth d)	0	0	0	0	100	0	0	0	0
Nykredit Finance plc, Plymouth d)	0	30	29	30	100	1	1	30	30
Associates subject to proportionate consolidation									
Dansk Pantebrevsbørs A/S, Copenhagen b) ***	26	48	5	24	50.0	15	7	62	31
LeasIT A/S, Lyngby-Taarbæk c) ***	(8)	68	16	16	22.7	11	2	81	18
Nykredit Pantebrevsinvestering A/S had only limited activity in 2007.									
Nykredit Fixed Income Opportunities Fund Limited started activities at the beginning of December 2006.									
a) Investment management company									
b) Mortgage trading company									
c) Leasing company									
d) No activity									
e) Financial institution									
* Following the H1/2007 capital increase, the share capital of Nykredit Bank A/S amounts to DKK 1,700m as at 30 September 2007.									
** The Q1-Q3 financial statements 2007 of the companies have not been audited.									
*** The companies are subject to proportionate consolidation on the basis of the shareholders' agreements, which provide the Bank with the right to appoint one member of the Board of Directors in the companies.									