

To NASDAQ OMX Copenhagen  
and the press

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## **Q1-Q3 INTERIM REPORT – THE NYKREDIT BANK GROUP 1 JANUARY 2008 – 30 SEPTEMBER 2008**

- The Group recorded a profit before tax of DKK 302m against DKK 792m in Q1-Q3/2007.
- Profit before tax generated a return on equity of 6.5% pa against 21.8% in Q1-Q3/2007 and 19.6% in FY 2007.
- Profit was especially affected by negative value adjustment of mortgage and corporate bonds.
- The Bank's customer-oriented activities generally performed satisfactorily leading to a 15% rise in core income
- Impairment losses came to DKK 53m compared with an income of DKK 41m in the same period of 2007. Impairments mainly relate to provisions for guarantee debtors in connection with mortgage trading activities and were generally not affected by property market trends.
- The Bank has a sound level of liquidity which strengthened in the period chiefly on the back of the issue of notes for a nominal amount of DKK 10.5bn under the Bank's EMTN programme. Excess cover relative to statutory liquidity requirements was 79.6% at 30 September 2008 against 85.2 at 30 September 2007.
- The capital adequacy ratio amounted to 10.4% against 11.7% at end-2007 and 11.5% at 30 September 2007.
- Nykredit Bank has not reclassified securities, which is now allowed under IAS 39.
- Nykredit Bank participates in the guarantee scheme set up by the Danish government covering deposits with and unsecured claims against Danish banks.
- Standard & Poor's have assigned Nykredit Bank A/S a short-term counterparty credit rating of A-1 and a long-term counterparty credit rating of A+.

### **2008 – OUTLOOK**

Due to the financial turmoil in both Q3/2008 and in the past period of Q4, expectations for the Bank's market-dependent earnings are subject to greater uncertainty than usual. In Management's opinion, it is therefore not meaningful to forecast profit for the year within a reasonable range.

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

The Nykredit Bank Group's Q1-Q3 Interim Report 2008 and further information about the Nykredit Bank Group are available at [nykredit.com](http://nykredit.com).

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# Financial highlights – the Nykredit Bank Group

| DKK million                                                                                                                                  | Q1-Q3/2008     | FY 2007        | Q1-Q3/2007     | Q1-Q3/2006     | Q1-Q3/2005    | Q1-Q3/2004    |
|----------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|---------------|---------------|
| <b>SUMMARY INCOME STATEMENT</b>                                                                                                              |                |                |                |                |               |               |
| Net interest and fee income                                                                                                                  | 1,220          | 1,323          | 952            | 771            | 791           | 610           |
| Value adjustments                                                                                                                            | (70)           | 542            | 409            | 294            | 131           | 65            |
| Other operating income                                                                                                                       | 21             | 17             | 10             | 17             | 15            | 20            |
| Staff and administrative expenses                                                                                                            | 810            | 871            | 618            | 509            | 420           | 365           |
| Other operating costs, depreciation and amortisation                                                                                         | 6              | 12             | 2              | 2              | 2             | 3             |
| Impairment losses on loans, advances and receivables                                                                                         | 53             | (14)           | (41)           | (20)           | (3)           | 33            |
| <b>Profit before tax</b>                                                                                                                     | <b>302</b>     | <b>1,013</b>   | <b>792</b>     | <b>591</b>     | <b>518</b>    | <b>294</b>    |
| Tax                                                                                                                                          | 76             | 255            | 199            | 171            | 146           | 89            |
| <b>Profit for the period</b>                                                                                                                 | <b>226</b>     | <b>758</b>     | <b>593</b>     | <b>420</b>     | <b>372</b>    | <b>205</b>    |
| <b>BALANCE SHEET, END OF PERIOD</b>                                                                                                          |                |                |                |                |               |               |
| <b>Assets</b>                                                                                                                                |                |                |                |                |               |               |
| Cash balance and receivables from central banks and credit institutions                                                                      | 16,542         | 21,123         | 26,654         | 21,609         | 16,495        | 19,485        |
| Loans, advances and other receivables at fair value                                                                                          | 13,444         | 5,550          | 10,128         | 4,477          | 8,652         | 7,753         |
| Loans, advances and other receivables at amortised cost                                                                                      | 50,501         | 39,659         | 35,617         | 25,852         | 18,028        | 18,041        |
| Bonds at fair value and equities                                                                                                             | 47,915         | 55,483         | 49,497         | 46,072         | 36,832        | 37,222        |
| Other asset items                                                                                                                            | 18,400         | 13,584         | 13,199         | 8,373          | 7,231         | 6,030         |
| <b>Total assets</b>                                                                                                                          | <b>146,802</b> | <b>135,399</b> | <b>135,095</b> | <b>106,383</b> | <b>87,238</b> | <b>88,531</b> |
| <b>Liabilities and equity</b>                                                                                                                |                |                |                |                |               |               |
| Payables to credit institutions and central banks                                                                                            | 69,680         | 76,825         | 73,619         | 59,869         | 43,339        | 51,771        |
| Deposits and other payables                                                                                                                  | 34,126         | 31,717         | 29,067         | 21,041         | 25,288        | 20,596        |
| Other non-derivative financial liabilities at fair value                                                                                     | 6,773          | 5,403          | 10,717         | 11,025         | 6,724         | 6,646         |
| Other payables                                                                                                                               | 27,460         | 12,953         | 14,356         | 9,058          | 7,508         | 5,627         |
| <b>Total payables</b>                                                                                                                        | <b>138,039</b> | <b>126,898</b> | <b>127,759</b> | <b>100,993</b> | <b>82,859</b> | <b>84,640</b> |
| Provisions                                                                                                                                   | 42             | 2              | 2              | 56             | 32            | 27            |
| Subordinate loan capital                                                                                                                     | 2,400          | 2,400          | 1,900          | 1,300          | 800           | 800           |
| Equity                                                                                                                                       | 6,321          | 6,099          | 5,434          | 4,034          | 3,547         | 3,064         |
| <b>Total liabilities and equity</b>                                                                                                          | <b>146,802</b> | <b>135,399</b> | <b>135,095</b> | <b>106,383</b> | <b>87,238</b> | <b>88,531</b> |
| <b>OFF-BALANCE SHEET ITEMS</b>                                                                                                               |                |                |                |                |               |               |
| Guarantees                                                                                                                                   | 9,887          | 14,435         | 13,002         | 7,492          | 11,048        | 6,585         |
| Other contingent liabilities                                                                                                                 | 8,059          | 8,041          | 7,482          | 5,086          | 2,995         | 1,933         |
| <b>FINANCIAL RATIOS</b>                                                                                                                      |                |                |                |                |               |               |
| Capital adequacy ratio, %                                                                                                                    | 10.4           | 11.7           | 11.5           | 10.9           | 9.8           | 10.4          |
| Core capital ratio, %                                                                                                                        | 7.7            | 8.4            | 8.6            | 8.0            | 8.3           | 8.1           |
| Return on equity before tax, %, Q1-Q3                                                                                                        | 4.9            | 19.6           | 16.7           | 15.6           | 15.7          | 9.7           |
| Return on equity after tax, %, Q1-Q3                                                                                                         | 3.6            | 14.7           | 12.5           | 11.1           | 11.3          | 6.7           |
| Income:cost ratio, DKK                                                                                                                       | 1.35           | 2.17           | 2.37           | 2.21           | 2.24          | 1.73          |
| Interest rate exposure, %                                                                                                                    | 1.2            | 3.3            | 2.1            | 1.1            | 2.9           | 1.3           |
| Foreign exchange position, %                                                                                                                 | 0.6            | 5.7            | 7.2            | 10.2           | 6.1           | 3.1           |
| Foreign exchange exposure, %                                                                                                                 | 0.0            | 0.1            | 0.0            | 0.1            | 0.0           | 0.1           |
| Loans and advances:deposits                                                                                                                  | 1.9            | 1.4            | 1.6            | 1.4            | 1.1           | 1.3           |
| Loans and advances:equity                                                                                                                    | 10.1           | 7.4            | 8.4            | 7.5            | 7.5           | 8.4           |
| Growth in loans and advances for the period, %                                                                                               | 41.4           | 39.5           | 41.1           | 14.8           | 17.8          | 17.1          |
| Excess cover:statutory liquidity requirements, %                                                                                             | 79.6           | 150.7          | 85.2           | 111.5          | 231.7         | 207.6         |
| Total large exposures, %                                                                                                                     | 94.6           | 134.9          | 251.2          | 312.7          | 344.0         | 339.9         |
| Impairment losses for the period, %                                                                                                          | 0.1            | 0.0            | 0.0            | (0.1)          | 0.7           | 0.0           |
| Average number of staff, full-time equivalents                                                                                               | 699            | 588            | 577            | 484            | 422           | 352           |
| Financial ratios have been calculated according to the definitions of the Danish Executive Order on the Presentation of Financial Statements |                |                |                |                |               |               |

**Q1-Q3/2008 IN BRIEF**

For Q1-Q3/2008, the Bank and the Nykredit Bank Group recorded a profit before tax of DKK 302m compared with DKK 792m for Q1-Q3/2007.

The lower profit should be seen in the context of the international credit crisis, which had an adverse effect on income from Proprietary Trading activities.

In Q3, the crisis in the Danish banking sector also forced the Bank to make significant negative value adjustment of subordinate loan capital issued by Danish banks, including Roskilde Bank. Value adjustments totalled a negative amount of around DKK 130m.

An opposite trend was recorded for customer-oriented activities. Core income from business operations, excluding group items, amounted to DKK 1,373m, up 15% compared with Q1-Q3/2007.

The investment portfolios relating to group items yielded a loss of DKK 47m against a loss of DKK 13m in Q1-Q3/2007. The decrease was partly caused by a capital loss on the Bank's bond portfolio.

Net interest and fee income rose to DKK 1,220m from DKK 952m in Q1-Q3/2007. Conversely, income from value adjustments declined from DKK 409m in Q1-Q3/2007 to a loss of DKK 70m chiefly due to the development in bonds and derivatives.

Other operating income grew from DKK 10m to DKK 21m in part due to the sale of fixed assets in the subsidiary Nykredit Leasing A/S (formerly LeasIT A/S).

Staff and administrative expenses rose from DKK 617m in Q1-Q3/2007 to DKK 810m (+31%).

Salaries, etc, increased by 23% to DKK 452m, which should be seen in the light of a rise of 122 in the average headcount to 699 persons (+21.1%). Corporate Banking and Markets & Asset Management were the main contributors to the increase. At 30 September 2008, the Bank Group had 747 staff (full-time equivalents), against 627 staff at end-2007.

Other administrative expenses were up DKK 107m to DKK 358m (+43%). The uplift was triggered by higher IT costs and Parent Company (Nykredit Realkredit A/S) settlements following growth in joint activities and new settlement agreements. The increase in costs was also attributable to the fact that Nykredit Leasing A/S is fully recognised in 2008 (against 23% in 2007).

Impairment losses on loans and advances amounted to an expense of DKK 53m against an income of DKK 41m in Q1-Q3/2007. The level continued to be very low compared with total loans and guarantees of around DKK 73.9bn. The increase was the result of notably two individual exposures, provisions for guarantee debtors of DKK 40m in connection with

mortgage trading activities and a minor increase in collective impairment provisions. The Bank has not experienced any significant changes in customers' payment behaviour prompted by property market trends. Accordingly, the Bank's loan impairments for Q1-Q3/2008 were generally not affected by the weakened property market.

Calculated tax was DKK 76m, or 25.2% of pre-tax profit. For the full year, we expect the tax rate to be at the level of 25%-26%.

The Group posted a profit of DKK 226m for the period under review, down DKK 367m compared with Q1-Q3/2007.

**Q3/2008**

Profit before tax for Q3/2008 came to DKK 35m, equal to a fall of DKK 107m relative to Q2 and of DKK 90m relative to Q1/2008. In the same period in 2007, profit before tax amounted to DKK 247m.

In line with the first two quarters, customer-oriented activities performed satisfactorily.

Compared with Q3/2007, the rise in core income from business operations totalled DKK 86m to DKK 471m. Retail Banking increased by DKK 12m to DKK 79m, Corporate Banking rose by DKK 8m to DKK 128m, and Markets & Asset Management showed an increase of DKK 66m to DKK 278m.

**The Nykredit Bank Group****Profit before tax by business area**

| DKK million                                                        | Retail Banking |            | Corporate Banking |            | Markets & Asset Management |            | Group items <sup>1</sup> |            | Total        |              |
|--------------------------------------------------------------------|----------------|------------|-------------------|------------|----------------------------|------------|--------------------------|------------|--------------|--------------|
|                                                                    | Q1-Q3/2008     | Q1-Q3/2007 | Q1-Q3/2008        | Q1-Q3/2007 | Q1-Q3/2008                 | Q1-Q3/2007 | Q1-Q3/2008               | Q1-Q3/2007 | Q1-Q3/2008   | Q1-Q3/2007   |
| Core income from business operations                               | 222            | 191        | 422               | 374        | 729                        | 629        | -                        | -          | 1,373        | 1,194        |
| Income from own trading positions <sup>4</sup>                     | -              | -          | -                 | -          | (347)                      | 51         | -                        | -          | (347)        | 51           |
| Core income from group items                                       | -              | -          | -                 | -          | -                          | -          | 192                      | 139        | 192          | 139          |
| <b>Total core income</b>                                           | <b>222</b>     | <b>191</b> | <b>422</b>        | <b>374</b> | <b>382</b>                 | <b>680</b> | <b>192</b>               | <b>139</b> | <b>1,218</b> | <b>1,384</b> |
| Operating costs                                                    | 131            | 104        | 201               | 132        | 484                        | 380        | -                        | 4          | 816          | 620          |
| <b>Core earnings before impairment losses</b>                      | <b>91</b>      | <b>87</b>  | <b>221</b>        | <b>242</b> | <b>(102)</b>               | <b>300</b> | <b>192</b>               | <b>135</b> | <b>402</b>   | <b>764</b>   |
| Impairment losses on loans and advances                            | 6              | (19)       | 47                | (22)       | 0                          | 0          | -                        | -          | 53           | (41)         |
| <b>Core earnings after impairment losses</b>                       | <b>85</b>      | <b>106</b> | <b>174</b>        | <b>264</b> | <b>(102)</b>               | <b>300</b> | <b>192</b>               | <b>135</b> | <b>349</b>   | <b>805</b>   |
| Investment portfolio income <sup>2</sup>                           | -              | -          | -                 | -          | -                          | -          | (47)                     | (13)       | (47)         | (13)         |
| <b>Profit before tax for the period</b>                            | <b>85</b>      | <b>106</b> | <b>174</b>        | <b>264</b> | <b>(102)</b>               | <b>300</b> | <b>145</b>               | <b>122</b> | <b>302</b>   | <b>792</b>   |
| Income:costs                                                       | 1.6            | 2.2        | 1.7               | 3.4        | neg                        | 1.8        | -                        | -          | 1.4          | 2.4          |
| Average allocated business capital <sup>3</sup>                    | 434            | 1,067      | 4,550             | 2,747      | 1,057                      | 864        | 80                       | 69         | 6,121        | 4,747        |
| Core earnings after losses as % of allocated business capital (pa) | 26.1           | 13.3       | 5.1               | 12.8       | (12.9)                     | 46.3       | -                        | -          | 7.6          | 22.6         |

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

<sup>2</sup> Investment portfolio income equals the return on the Bank's own portfolio exceeding risk-free interest.

<sup>3</sup> The business capital has been determined according to the Basel II principles based on the method applying to the determination of the required capital base.

<sup>4</sup> Comprises net income from Proprietary Trading and value adjustments from the portfolio of subordinate loan capital in Danish banks.

By contrast, losses from Proprietary Trading activities and the Bank's investments in subordinate loan capital in Danish banks increased by a total of DKK 157m from a loss of DKK 37m in Q3/2007 to a loss of DKK 194m in Q3/2008.

Capacity costs went up by DKK 97m (32%) to DKK 294m in Q3/2008. The reasons for the rise are that Nykredit Leasing was fully recognised in the Bank's income statement at 1 October 2007 and that increased business volumes resulted in higher wages and salaries and additional capacity costs.

Impairment losses amounted to DKK 20m in Q3/2008 against an income of DKK 44m in Q3/2007.

## OUTLOOK FOR 2008

The Bank expects a continued sound level of customer-oriented activity for the period as a whole within Retail Banking, Corporate Banking and Markets & Asset Management. By contrast, the market turmoil means that earnings in Q4/2008 are also expected to be adversely affected by losses on securities and derivatives, and the Bank's forecast of earnings is still subject to significant uncertainty.

The Bank's earnings expectations also include commission expenses of DKK 70m as a result of Nykredit Bank's participation in the government guarantee scheme.

On this basis, the Bank expects that core income from customer-oriented activities will develop satisfactorily in Q4. By contrast, the financial turmoil and uncertainty about Danish and international economic trends imply that market-related income is more difficult to forecast than usual.

This uncertainty has the effect that the Bank is not able to reasonably forecast its profit before tax for the year within a fair range.

However, profit before tax is expected to be significantly below the H1/2008 forecast, which was DKK 800m-900m.

## BUSINESS AREAS

The Nykredit Bank Group is organised into three intercompany business areas: Retail Banking, Corporate Banking and Markets & Asset Management.

Dansk Pantebrevsbørs A/S was previously part of the business area Retail Banking, but is now part of Corporate Banking. The business areas' results for 1 January to 30 September 2008 and comparative figures have been restated to reflect this change.

*Retail Banking* serves retail customers and small agricultural customers, who typically require the same product range as retail customers.

*Corporate Banking* serves business, agricultural and rental housing customers, including housing society and non-profit housing customers.

*Markets & Asset Management* handles the activities of the Nykredit Group within trading in securities and derivatives, debt capital, asset management and pension products. In addition, the business area conducts own trading activities.

### Retail Banking

Retail Banking recorded a profit of DKK 85m against DKK 106m in Q1-Q3/2007.

Core income rose from DKK 191m to DKK 222m as a result of increased net interest income, which mirrors the increased loan and deposit levels.

Costs were up by DKK 27m to DKK 131m due to higher costs relating to IT and a rise in joint activities with Nykredit Realkredit A/S as well as new intercompany settlement agreements.

Impairment losses amounted to DKK 6m against an income of DKK 19m in Q1-Q3/2007. The level remained very low thanks to low unemployment and the generally sound finances of retail customers in particular.

Loans and advances amounted to DKK 9.8bn against DKK 7.8bn at end-2007, while deposits at about DKK 10bn were largely unchanged.

### Corporate Banking

Corporate Banking includes Dansk Pantebrevsbørs A/S, which recorded a loss before tax of DKK 25m for the period 1 January to 30 September 2008. For FY 2007, profit before tax was just under DKK 10m.

Corporate Banking posted a profit for the period of DKK 174m against DKK 264m in Q1-Q3/2007.

Core income totalled DKK 422m, up DKK 48m on Q1-Q3/2007.

Customer-oriented activities delivered a satisfactory performance with growth in core income excluding value adjustments from corporate bonds of DKK 126m to DKK 512m. This includes income from Nykredit Leasing A/S of DKK 50m against DKK 10m in Q1-Q3/2007, while Dansk Pantebrevsbørs contributed a loss of DKK 7m as a consequence of negative value adjustment of the mortgage portfolio.

Core income from corporate bonds was adversely affected by the financial market turmoil, which resulted in negative value adjustments of DKK 90m, or a decline of DKK 78m compared with Q1-Q3/2007.

Costs rose by DKK 69m to DKK 201m, one contributory factor being the full recognition of Nykredit Leasing A/S (previously LeasIT A/S), a subsidiary, in 2008. To this should be added higher Parent Company settlements and increasing IT costs, as mentioned under Retail Banking. The number of staff increased by some 90 persons (+59%) on end-September 2007.

Impairment losses amounted to DKK 47m against an income of DKK 22m in Q1-Q3/2007. The level continued to be low, which can be ascribed to a few individual exposures, provisions for guarantee debtors concerning mortgage activities and reversal of impairment provisions previously made by Nykredit Leasing A/S.

Loans and advances were DKK 40.4bn against DKK 31.8bn at end-2007, up 27%, while deposits rose from DKK 21.4bn at end-2007 to DKK 23.9bn.

### Markets & Asset Management

Markets & Asset Management recorded a loss before tax of DKK 102m for Q1-Q3/2008 against a profit of DKK 300m for Q1-Q3/2007. The main reason for this development was the financial market turmoil, which produced a net loss on own positions of DKK 347m against an income of DKK 51m in Q1-Q3/2007.

Excluding these items, profit before tax was DKK 245m against DKK 249m in Q1-Q3/2007.

Nykredit Markets's activities as a whole met expectations and exceeded the 2007 level in a number of areas, which is considered satisfactory in view of market conditions. For instance, earnings from credit trading, interest rate transactions, currency and derivatives were high.

By contrast, income from Asset Management and Portefølje Administration was below 2007 levels as a result of the difficult market conditions, which put pressure on earnings from customer intake as well as portfolio administration and management. A similar trend was seen in the Bank's Treasury activities where interest rate developments prompted negative value adjustment of Treasury positions.

Operating costs went up by DKK 104m to DKK 484m. Wages and salaries accounted for DKK 33m (+17%) of the rise, which was attributable to the higher number of staff. The number of staff rose by just over 60 (+18%) relative to end-September 2007. Further, IT costs have increased in 2008 due to measures supporting future earnings and the Bank's risk management. In addition, Markets & Asset Management has also seen a rise in joint costs settled with the Parent Company.

## THE NYKREDIT BANK GROUP BALANCE SHEET, EQUITY AND CAPITAL ADEQUACY

### Balance sheet

The balance sheet stood at DKK 146.8bn against DKK 135.4bn at end-2007, up DKK 11.4bn (+8.4%).

Loans and advances at fair value and amortised cost together rose by DKK 18.7bn to DKK 63.9bn (+41%). Retail lending accounted for DKK 2.0bn of the rise, corporate lending for DKK 8.7bn, and lending related to repo activities for just under DKK 8bn.

Relative to end-2007, provisions for loan impairment and guarantee debtors increased by DKK 44m to DKK 139m. Of this increase, DKK 2m was attributable to Retail Banking and DKK 42m to Corporate Banking. No provisions have been made for balances with credit institutions.

Loan impairments in Corporate Banking relate to provisions for guarantee debtors totalling DKK 40m, an increase in collective impairment provisions of DKK 3m, new provisions of DKK 22m and reversals of about DKK 23m, of which DKK 21m relate to impairment provisions made previously. The new provisions of DKK 22m relate to relatively few exposures.

The Bank's loan impairments for Q1-Q3/2008 were generally not affected by the declining property prices, and there was no evidence of a significant deterioration of customers' payment behaviour.

Impairment provisions as a percentage of loans, advances and guarantees of 0.19 was largely unchanged compared with the past few years.

The breakdown of loans, advances and guarantees by sector and industry was largely unchanged compared with previous years.

The Bank monitors property market trends and its own exposures closely, and Management considers the current exposures to be appropriate. Part of the Bank's exposures consist of land registration guarantees relating to mortgage loans and bridge financing preceding mortgage financing. Historically, the credit risk of these exposures is very low.

The rise in "Credit, finance and insurance" is mainly attributable to balances with investment funds and investment companies, many of which are based on reverse transactions.

Bonds and equities went down by DKK 7.6bn (-14%) to DKK 47.9bn. The size of the portfolio should chiefly be seen in the context of Nykredit Markets's trading operations and the Bank's repo market activities.

Intangible assets increased by DKK 12m to DKK 14m. The rise was prompted by the acquisition of SEB's branch in Hellerup, cf the Bank's H1 Interim Report.

Payables to credit institutions and central banks declined by DKK 7.1bn (-9%) to DKK 69.7bn. A rise of DKK 2.4bn to DKK 34.1bn was recorded in deposits compared with end-2007, mainly attributable to the Corporate Banking area.

Issued bonds went up by DKK 8.8bn to DKK 10.4bn. The Bank issued notes for a nominal amount of DKK 10.7bn in Q1-Q3/2008 via international capital markets. DKK 10.5bn-worth of the new notes were issued under the Bank's EMTN programme. Notes issued under the EMTN programme are listed on the Luxembourg Stock Exchange, Société Anonyme de la Bourse de Luxembourg. Bonds totalling a nominal value of DKK 1.2bn matured in the same period.

### The Nykredit Bank Group

#### Loan impairment and loans, advances and guarantees by sector

| DKK million                                                                             | 30.09.2008  | 31.12.2007  |
|-----------------------------------------------------------------------------------------|-------------|-------------|
| <b>Impairment provisions</b>                                                            |             |             |
| Individual impairment provisions, end of period                                         | 125         | 84          |
| Collective impairment provisions, end of period                                         | 14          | 11          |
| <b>Total impairment provisions</b>                                                      | <b>139</b>  | <b>95</b>   |
| - of which Retail Banking                                                               | 24          | 22          |
| - of which Corporate Banking                                                            | 115         | 73          |
| - of which provisions for guarantee debtors                                             | 40          | -           |
| Total loans, advances, guarantees and loan impairment                                   | 73,971      | 59,739      |
| <b>Impairment provisions as % of loans, advances and guarantees</b>                     | <b>0.19</b> | <b>0.16</b> |
| <b>Impairment losses for Q1-Q3/2008/FY</b>                                              | <b>53</b>   | <b>(14)</b> |
| <b>Loans, advances and guarantee debtors by sector and industry as %, end of period</b> |             |             |
| <b>Public sector</b>                                                                    | <b>1</b>    | <b>0</b>    |
| Corporate customers                                                                     |             |             |
| Agriculture, hunting and forestry                                                       | 4           | 5           |
| Fisheries                                                                               | 0           | 0           |
| Manufacturing, extraction of raw materials, utilities                                   | 12          | 11          |
| Building and construction                                                               | 1           | 1           |
| Trade, restaurants and hotels                                                           | 4           | 5           |
| Transport, mail and telephone                                                           | 3           | 3           |
| Credit, finance and insurance                                                           | 24          | 10          |
| Property management and trade, business services                                        | 23          | 26          |
| Of which                                                                                |             |             |
| - residential properties                                                                | 11          | 7           |
| - letting of commercial properties                                                      | 6           | 10          |
| - trade and business services                                                           | 6           | 9           |
| Other sectors                                                                           | 6           | 9           |
| <b>Total corporate customers</b>                                                        | <b>77</b>   | <b>70</b>   |
| Retail customers                                                                        | 22          | 30          |
| <b>Total</b>                                                                            | <b>100</b>  | <b>100</b>  |

## Equity

Equity was DKK 6,321m at 30 September 2008. Compared with end-2007, equity was up DKK 222m, corresponding to profit after tax for the period of DKK 226m and a DKK 4m reduction relating to the divestment of an owner-occupied property. Equity came to the same amount in Nykredit Bank A/S and the Nykredit Bank Group.

## Capital resources and capital adequacy

Nykredit Bank must have adequate capital resources to sustain its risk profile and growth strategy.

In the Nykredit Group, reserves are to the widest extent possible concentrated in the Parent Company, Nykredit Realkredit A/S.

As from 1 January 2008, the capital base and capital adequacy are determined using the new capital adequacy rules (Basel II). For a detailed description, please refer to the Annual Report for 2007. Nykredit Bank's implementation of the new capital adequacy rules is also described in the report "Risk and Capital Management 2007", which is available at [nykredit.com/reports](http://nykredit.com/reports).

Nykredit Bank has been authorised by the Danish Financial Supervisory Authority to apply the advanced models with respect to the retail loan portfolio and to implement the advanced models for the corporate portfolio under the new capital adequacy rules. In respect of sovereign and credit institution exposures, the Bank applies the standardised approach.

After statutory deductions, the capital base declined by DKK 416m relative to end-2007. This was mainly due to the deduction required as from 1 January 2008 for the difference between expected losses and impairments for accounting purposes. Further, the capital base increased by the profit for the period.

Risk-weighted assets rose by DKK 4.9bn compared with end-2007. The rise was attributable to the development in the Bank's activities as well as the new determination under Basel II.

The capital adequacy ratio of the Nykredit Bank Group came to 10.4% at 30 September 2008 against 11.7% at end-2007, and the core capital ratio was 7.7% against 8.4% at end-2007.

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

## The Nykredit Bank Group

### Changes in equity

| DKK million                   | 30.09.2008   | 30.09.2007   | 31.12.2007   |
|-------------------------------|--------------|--------------|--------------|
| Equity, beginning of period   | 6,099        | 4,241        | 4,241        |
| New, paid-up capital          | -            | 600          | 1,100        |
| Other additions and disposals | (4)          | -            | -            |
| Profit for the period         | 226          | 593          | 758          |
| <b>Equity, end of period</b>  | <b>6,321</b> | <b>5,434</b> | <b>6,099</b> |

## The Nykredit Bank Group

### Capital base and capital adequacy

| DKK million                                                     | 30.09.2008    | 30.09.2007    | 31.12.2007    |
|-----------------------------------------------------------------|---------------|---------------|---------------|
| Share capital                                                   | 1,950         | 1,700         | 1,950         |
| Retained earnings                                               | 4,371         | 3,734         | 4,149         |
| <b>Core capital (2008: excl revaluation reserves)</b>           | <b>6,321</b>  | <b>5,434</b>  | <b>6,099</b>  |
| Primary and other deductions from core capital                  | 428           | 140           | 107           |
| Supplementary capital (2008: incl revaluation reserves)         | 2,400         | 1,900         | 2,400         |
| <b>Total</b>                                                    | <b>8,293</b>  | <b>7,194</b>  | <b>8,392</b>  |
| Statutory deductions from capital base                          | 341           | -             | 54            |
| <b>Capital base after statutory deductions</b>                  | <b>7,952</b>  | <b>7,194</b>  | <b>8,338</b>  |
| Weighted items involving credit, counterparty and delivery risk | 63,768        | 54,379        | 61,029        |
| Weighted items involving market risk                            | 9,685         | 8,183         | 10,389        |
| Weighted items involving operational risk                       | 2,913         | -             | -             |
| <b>Total weighted items</b>                                     | <b>76,366</b> | <b>62,562</b> | <b>71,418</b> |
| Capital adequacy ratio, %                                       | 10.4          | 11.5          | 11.7          |
| Core capital ratio, %                                           | 7.7           | 8.6           | 8.4           |

**LIQUIDITY MANAGEMENT**

Liquidity risk is the risk of loss as a result of insufficient cash to cover current payment obligations. Please refer to the Annual Report for 2007, page 20, for a detailed description of the Group's risk management.

Nykredit Bank monitors its balance sheet and liquidity on a day-to-day basis. The Bank manages its balance sheet based on the liquidity of assets and liabilities and operates in that connection with a trading book and a banking book. The trading book includes a portfolio of corporate bonds and the Bank's repo/reverse transactions. Securities not serving as collateral in the trading book constitute a short-term liquidity buffer that may be applied in the case of unforeseen claims on the Bank's liquidity. The Bank's liquidity instructions as formulated by the Board of Directors specify minimum requirements for the size of its liquidity buffer.

The liquidity buffer has averaged DKK 10bn in 2008. At 30 September 2008, the liquidity buffer amounted to DKK 7.4bn compared with DKK 20.2bn at end-2007.

To strengthen funding through international capital markets, the Bank established a EUR 5bn European Medium Term Note (EMTN) programme in Q4/2007. At end-Q3/2008, DKK 10.5bn had been issued under the EMTN programme. Despite difficult market conditions, the notes were issued at satisfactory spreads relative to swaps, reflecting the Nykredit Group's low-risk profile and sound capital structure.

To further strengthen the Bank's access to funding through international capital markets, the Bank established a EUR 3bn Euro Commercial Paper programme in October 2008.

The management of the Bank's structural liquidity risk is based on an internal liquidity model quantifying the Bank's expected liquidity position at any future time, in other words, the most likely development in liquidity if no steps are taken to raise new liquidity. The liquidity model shows the sum of deterministic payments and the expected value of market-related and random payments for each point over time.

The liquidity model is a management tool, which serves to show the level of liquidity Nykredit Bank needs to raise or place.

The Bank's Board of Directors formulates the liquidity policy, liquidity model principles and

requirements as well as targets for the Bank's structural liquidity risk.

The model assumptions are stress tested daily. This includes the effect of a liquidity crisis in the market, which would increase the Bank's funding costs and reduce the liquidity of its assets.

According to the Danish Financial Business Act, a bank's liquidity must total at least 10% of total reduced debt and guarantee obligations. Nykredit Bank uses an internal liquidity requirement of at least 15%. At 30 September 2008, the financial ratio "Excess cover:statutory liquidity requirements" was 79.6% corresponding to a cash ratio of 18%.

**FINANCIAL RISK**

For details on methods of determination and a description of financial risk, please refer to the Annual Report for 2007. Significant financial risks include:

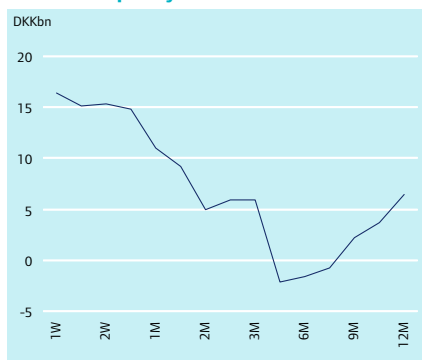
Value-at-Risk came to DKK 34.2m at 30 September 2008 against DKK 14.9m at 30 September 2007. The average for the nine months was DKK 29.8m against DKK 15m for the same period in 2007 and DKK 12.5m for the full year 2007.

The main reasons for the rise were significantly increased volatility in interest rate markets and a marked OAS widening in mortgage bonds. In addition, the Bank has obtained the Danish Financial Supervisory Authority's approval for a model change to include more of the Bank's mortgage bond positions in the OAS model, which results in a higher VaR.

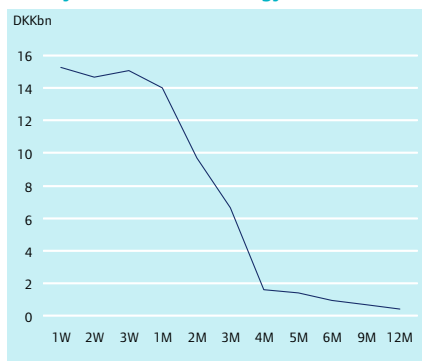
The interest rate exposure amounted to DKK 68m at 30 September 2008 against DKK 113m at 30 September 2007. At end-2007, the figure totalled DKK 197m. The decline is attributable to a reduction of the Bank's balance sheet and risk as a result of the financial market situation.

Exchange Rate Indicator 1 was DKK 38m against DKK 386m at 30 September 2007. At end-2007, Exchange Rate Indicator 1 totalled DKK 339m. The closing of positions and limited risk-taking led to falling foreign exchange exposure, notably in EUR.

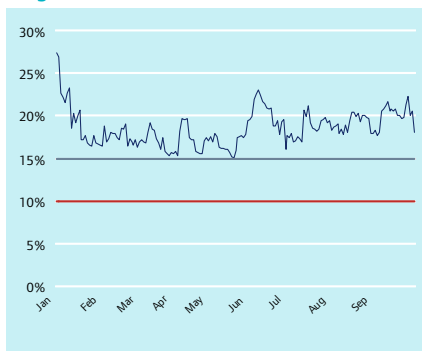
**Nykredit Bank A/S**  
**12-month liquidity curve**



**Nykredit Bank A/S**  
**Liquidity stress test –**  
**(Moody's Global Methodology)**



**Nykredit Bank A/S**  
**Liquidity as % of debt and guarantee obligations**



— Liquidity as % of debt and guarantee obligations (Section 152)  
— Nykredit's internal requirement — Statutory requirement



## 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 and unlisted financial instruments. For a detailed description, please refer to the Annual Report for 2007, page 21. In Management's opinion, the uncertainty relating to the above-mentioned matters is insignificant to the Q1-Q3 Interim Report 2008.

## OTHER

### Nykredit Leasing A/S

As described in the H1 Interim Report, it was decided to merge LeasIT A/S and Nykredit Leasing A/S with LeasIT A/S as the continuing company.

Final approval of the merger was obtained in Q3/2008.

For further information on the merger, please refer to the H1 Interim Report.

In connection with the merger, LeasIT A/S changed its name to Nykredit Leasing A/S.

## EVENTS OCCURRED AFTER 30 SEPTEMBER 2008

### Guarantee scheme

The Danish government has issued a two-year guarantee covering all deposits with and unsecured claims against Danish banks. Nykredit Bank A/S participates in the scheme, which runs for two years starting from 6 October 2008. If deemed necessary for the sake of financial stability, the scheme may be extended.

Nykredit Bank's annual expense is expected to be in the range of about DKK 280m-290m, which will affect the Bank's commission payable up to the expected termination of the scheme at 30 September 2010. The commission payable may rise if the guarantee commission increases or if losses under the guarantee exceed the commission paid.

### ECP Programme

The Bank launched a EUR 3bn ECP Programme in October 2008.

### Enlargement of the Executive Board of Forstædernes Bank A/S

Managing Director Bjørn Damgaard Mortensen will join the Executive Board of Forstædernes Bank.

### Amendments to IAS 39

IASB's amendments to IAS permit reclassification of certain securities out of the trading category in rare circumstances. In some cases, reclassification will imply that the securities are measured at amortised cost instead of fair value.

Nykredit Bank has not applied the new reclassification option.

### Rating

In early November, rating agency Standard & Poor's assigned the Bank a short-term counterparty credit rating of A-1 and a long-term counterparty credit rating of A+.

No other significant events have occurred in the period up to the presentation of the Q1-Q3 Interim Report 2008. Please also refer to the section "Outlook for 2008".

**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 2008 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 Q1-Q3 Interim Report of the

Parent Company, Nykredit Bank A/S, has been prepared in accordance with the Danish Financial Business Act.

Further, the Q1-Q3 Interim Report has been prepared in accordance with additional Danish disclosure requirements for interim reports of issuers of listed bonds.

In our opinion, the Q1-Q3 Interim Report gives a fair review of the development in the activities and financial circumstances of the Group and the Parent Company as well as a

satisfactory description of the material risk and uncertainty factors affecting the Group and the Parent Company.

We are furthermore of the opinion that the Q1-Q3 Interim Report gives a fair presentation of the Group's and the Parent Company's assets, liabilities, equity and financial position at 30 September 2008 and of the results of the Group's and the Parent Company's activities as well as the Group's cash flows for the financial period 1 January – 30 September 2008.

Copenhagen, 6 November 2008

**Board of Directors**

Karsten Knudsen, Chairman

Søren Holm, Deputy Chairman

Per Ladegaard

Henrik K. Asmussen, staff-elected

Allan Kristiansen, staff-elected

**Executive Board**

Kim Duus

Bjørn Damgaard Mortensen

# The Nykredit Bank Group – seven quarters

DKK million

|                                                         | Q3/2008        | Q2/2008        | Q1/2008        | Q4/2007        | Q3/2007        | Q2/2007        | Q1/2007        |
|---------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>SUMMARY INCOME STATEMENT</b>                         |                |                |                |                |                |                |                |
| Net interest income                                     | 344            | 336            | 319            | 297            | 274            | 215            | 232            |
| Dividends, fees and commission income (net)             | 68             | 85             | 68             | 74             | 75             | 81             | 75             |
| <b>Net interest and fee income</b>                      | <b>412</b>     | <b>421</b>     | <b>387</b>     | <b>371</b>     | <b>349</b>     | <b>296</b>     | <b>307</b>     |
| Value adjustments                                       | (69)           | 19             | (20)           | 133            | 49             | 163            | 197            |
| <b>Net interest, fees and value adjustments</b>         | <b>343</b>     | <b>440</b>     | <b>367</b>     | <b>504</b>     | <b>398</b>     | <b>459</b>     | <b>504</b>     |
| Other operating income                                  | 6              | 9              | 6              | 7              | 2              | 6              | 2              |
| Staff and administrative expenses                       | 291            | 275            | 244            | 253            | 196            | 224            | 198            |
| Depreciation, amortisation and other operating expenses | 3              | 1              | 2              | 10             | 1              | 0              | 1              |
| Impairment losses on loans and advances                 | 20             | 31             | 2              | 27             | (44)           | 16             | (13)           |
| <b>Profit before tax</b>                                | <b>35</b>      | <b>142</b>     | <b>125</b>     | <b>221</b>     | <b>247</b>     | <b>225</b>     | <b>320</b>     |
| Tax                                                     | 8              | 37             | 31             | 56             | 62             | 48             | 89             |
| <b>Profit</b>                                           | <b>27</b>      | <b>105</b>     | <b>94</b>      | <b>165</b>     | <b>185</b>     | <b>177</b>     | <b>231</b>     |
| <b>SUMMARY BALANCE SHEET, END OF PERIOD</b>             |                |                |                |                |                |                |                |
| <b>Assets</b>                                           |                |                |                |                |                |                |                |
| Cash balance and receivables from credit institutions   | 16,542         | 15,326         | 22,327         | 21,123         | 26,654         | 26,151         | 19,052         |
| Loans, advances and other receivables at fair value     | 13,444         | 11,515         | 8,171          | 5,550          | 10,128         | 4,006          | 3,295          |
| Loans, advances and other receivables at amortised cost | 50,501         | 49,091         | 43,538         | 39,659         | 35,617         | 34,826         | 34,084         |
| Bonds at fair value                                     | 47,650         | 52,253         | 59,662         | 55,201         | 49,210         | 52,828         | 52,269         |
| Equities                                                | 265            | 254            | 290            | 282            | 287            | 301            | 281            |
| Land and buildings                                      | 70             | 71             | 82             | 82             | 73             | 73             | 73             |
| Other asset items                                       | 18,330         | 19,567         | 13,460         | 13,502         | 13,126         | 11,940         | 8,846          |
| <b>Total assets</b>                                     | <b>146,802</b> | <b>148,077</b> | <b>147,530</b> | <b>135,399</b> | <b>135,095</b> | <b>130,125</b> | <b>117,900</b> |
| <b>Liabilities and equity</b>                           |                |                |                |                |                |                |                |
| Payables to credit institutions and central banks       | 69,680         | 75,760         | 84,330         | 76,825         | 73,619         | 77,269         | 72,670         |
| Deposits and other payables                             | 34,126         | 32,595         | 31,700         | 31,717         | 29,067         | 23,312         | 21,903         |
| Issued bonds                                            | 10,357         | 6,802          | 4,541          | 1,562          | 1,544          | 1,612          | 1,630          |
| Non-derivative financial liabilities at fair value      | 6,773          | 6,932          | 7,041          | 5,403          | 10,717         | 10,252         | 8,020          |
| Other payables                                          | 17,103         | 17,292         | 11,323         | 11,391         | 12,812         | 10,526         | 7,888          |
| <b>Total payables</b>                                   | <b>138,039</b> | <b>139,381</b> | <b>138,935</b> | <b>126,898</b> | <b>127,759</b> | <b>122,971</b> | <b>112,111</b> |
| Provisions                                              | 42             | 2              | 2              | 2              | 2              | 5              | 17             |
| Subordinate loan capital                                | 2,400          | 2,400          | 2,400          | 2,400          | 1,900          | 1,900          | 1,300          |
| Equity                                                  | 6,321          | 6,294          | 6,193          | 6,099          | 5,434          | 5,249          | 4,472          |
| <b>Total liabilities and equity</b>                     | <b>146,802</b> | <b>148,077</b> | <b>147,530</b> | <b>135,399</b> | <b>135,095</b> | <b>130,125</b> | <b>117,900</b> |
| <b>OFF-BALANCE SHEET ITEMS</b>                          |                |                |                |                |                |                |                |
| Guarantees                                              | 9,887          | 12,513         | 11,277         | 14,435         | 13,002         | 11,573         | 9,247          |
| Other contingent liabilities                            | 8,059          | 8,761          | 8,365          | 8,041          | 7,482          | 7,702          | 6,163          |
| <b>FINANCIAL RATIOS</b>                                 |                |                |                |                |                |                |                |
| Capital adequacy ratio, %                               | 10.4           | 9.3            | 9.8            | 11.7           | 11.5           | 11.7           | 9.8            |
| Core capital ratio, %                                   | 7.7            | 6.9            | 7.2            | 8.4            | 8.6            | 8.6            | 7.7            |
| Return on equity before tax (pa), %                     | 2.2            | 9.1            | 8.1            | 15.4           | 18.5           | 18.5           | 29.3           |
| Return on equity after tax (pa), %                      | 1.7            | 6.7            | 6.1            | 11.4           | 13.9           | 14.6           | 21.2           |
| Income:cost ratio, DKK                                  | 1.11           | 1.46           | 1.50           | 1.76           | 2.61           | 1.94           | 2.72           |
| Interest rate exposure, %                               | 1.2            | 1.3            | 2.4            | 3.3            | 2.1            | 3.0            | 4.3            |

## Income statements Q1-Q3

DKK million

| Nykredit Bank A/S |              |                                                                                                                 | Note | The Nykredit Bank Group |            |
|-------------------|--------------|-----------------------------------------------------------------------------------------------------------------|------|-------------------------|------------|
| Q1-Q3             | Q1-Q3        |                                                                                                                 |      | Q1-Q3                   | Q1-Q3      |
| 2007              | 2008         |                                                                                                                 |      | 2008                    | 2007       |
| 3,489             | 4,788        | Interest income                                                                                                 | 2    | 4,911                   | 3,556      |
| 2,795             | 3,838        | Interest expenses                                                                                               | 3    | 3,912                   | 2,835      |
| <b>694</b>        | <b>950</b>   | <b>NET INTEREST INCOME</b>                                                                                      |      | <b>999</b>              | <b>721</b> |
| 5                 | 5            | Dividend on equities                                                                                            |      | 5                       | 5          |
| 427               | 445          | Fee and commission income                                                                                       |      | 547                     | 495        |
| 250               | 287          | Fee and commission expenses                                                                                     |      | 331                     | 269        |
| <b>876</b>        | <b>1,113</b> | <b>NET INTEREST AND FEE INCOME</b>                                                                              |      | <b>1,220</b>            | <b>952</b> |
| 384               | (38)         | Value adjustments                                                                                               | 4    | (70)                    | 409        |
| 6                 | 4            | Other operating income                                                                                          |      | 21                      | 10         |
| 555               | 715          | Staff and administrative expenses                                                                               | 5    | 810                     | 617        |
| 1                 | 2            | Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets |      | 4                       | 2          |
| -                 | 0            | Other operating expenses                                                                                        |      | 2                       | 1          |
| (42)              | 66           | Impairment losses on loans, advances and receivables                                                            | 6    | 53                      | (41)       |
| 31                | 0            | Profit from investments in associates and group enterprises                                                     | 7    | -                       | -          |
| <b>783</b>        | <b>296</b>   | <b>PROFIT BEFORE TAX</b>                                                                                        |      | <b>302</b>              | <b>792</b> |
| 190               | 70           | Tax                                                                                                             | 8    | 76                      | 199        |
| <b>593</b>        | <b>226</b>   | <b>PROFIT FOR THE PERIOD</b>                                                                                    |      | <b>226</b>              | <b>593</b> |

# Balance sheets, end of period

DKK million

| Nykredit Bank A/S |                |                                                         |      | The Nykredit Bank Group |                |
|-------------------|----------------|---------------------------------------------------------|------|-------------------------|----------------|
| 31.12.2007        | 30.09.2008     |                                                         | Note | 30.09.2008              | 31.12.2007     |
| <b>ASSETS</b>     |                |                                                         |      |                         |                |
| 103               | 1,321          | Cash balance and demand deposits with central banks     |      | 1,321                   | 103            |
| 20,084            | 15,046         | Receivables from credit institutions and central banks  | 9    | 15,221                  | 21,020         |
| 5,737             | 13,693         | Loans, advances and other receivables at fair value     | 10   | 13,444                  | 5,550          |
| 38,314            | 49,695         | Loans, advances and other receivables at amortised cost | 11   | 50,501                  | 39,659         |
| 53,028            | 46,003         | Bonds at fair value                                     | 12   | 47,650                  | 55,201         |
| 282               | 265            | Equities                                                |      | 265                     | 282            |
| 22                | 4              | Investments in associates                               |      | -                       | -              |
| 383               | 396            | Investments in group enterprises                        |      | -                       | -              |
| 0                 | 12             | Intangible assets                                       |      | 14                      | 2              |
| <b>71</b>         | <b>70</b>      | <b>Total land and buildings</b>                         |      | <b>70</b>               | <b>82</b>      |
| 71                | 70             | Investment properties                                   |      | 70                      | 71             |
| -                 | -              | Owner-occupied properties                               |      | -                       | 11             |
| 6                 | 6              | Other property, plant and equipment                     |      | 10                      | 10             |
| 15                | -              | Current tax assets                                      |      | -                       | 11             |
| 34                | 62             | Deferred tax assets                                     |      | 73                      | 42             |
| 13,302            | 18,063         | Other assets                                            | 13   | 18,225                  | 13,429         |
| 2                 | 1              | Prepayments                                             |      | 8                       | 8              |
| <b>131,383</b>    | <b>144,637</b> | <b>TOTAL ASSETS</b>                                     |      | <b>146,802</b>          | <b>135,399</b> |

# Balance sheets, end of period

DKK million

| Nykredit Bank A/S                            |                |                                                          |      | The Nykredit Bank Group |                |
|----------------------------------------------|----------------|----------------------------------------------------------|------|-------------------------|----------------|
| 31.12.2007                                   | 30.09.2008     |                                                          | Note | 30.09.2008              | 31.12.2007     |
| <b>LIABILITIES AND EQUITY</b>                |                |                                                          |      |                         |                |
| 73,296                                       | 67,370         | Payables to credit institutions and central banks        | 14   | 69,680                  | 76,825         |
| 32,034                                       | 34,454         | Deposits and other payables                              | 15   | 34,126                  | 31,717         |
| 1,562                                        | 10,357         | Issued bonds at amortised cost                           | 16   | 10,357                  | 1,562          |
| 4,776                                        | 6,773          | Other non-derivative financial liabilities at fair value | 17   | 6,773                   | 5,403          |
| -                                            | 50             | Current tax liabilities                                  |      | 60                      | -              |
| 11,213                                       | 16,869         | Other liabilities                                        | 18   | 17,035                  | 11,379         |
| 2                                            | 2              | Deferred income                                          |      | 8                       | 12             |
| <b>122,883</b>                               | <b>135,875</b> | <b>TOTAL PAYABLES</b>                                    |      | <b>138,039</b>          | <b>126,898</b> |
| <b>Provisions</b>                            |                |                                                          |      |                         |                |
| -                                            | 40             | Provisions for losses under guarantees                   |      | 40                      | -              |
| 1                                            | 1              | Other provisions                                         |      | 2                       | 2              |
| <b>1</b>                                     | <b>41</b>      | <b>TOTAL PROVISIONS</b>                                  |      | <b>42</b>               | <b>2</b>       |
| 2,400                                        | 2,400          | Subordinate loan capital                                 | 19   | 2,400                   | 2,400          |
| <b>Equity</b>                                |                |                                                          |      |                         |                |
| 1,950                                        | 1,950          | Share capital                                            |      | 1,950                   | 1,950          |
|                                              |                | Revaluation reserves                                     |      | -                       | 4              |
| <b>Other reserves</b>                        |                |                                                          |      |                         |                |
| 69                                           | 65             | Statutory reserves                                       |      | -                       | -              |
| 4,080                                        | 4,306          | Retained earnings                                        |      | 4,371                   | 4,145          |
| <b>6,099</b>                                 | <b>6,321</b>   | <b>TOTAL EQUITY</b>                                      |      | <b>6,321</b>            | <b>6,099</b>   |
| <b>131,383</b>                               | <b>144,637</b> | <b>TOTAL LIABILITIES AND EQUITY</b>                      |      | <b>146,802</b>          | <b>135,399</b> |
| <b>OFF-BALANCE SHEET ITEMS</b>               |                |                                                          |      |                         |                |
| 14,435                                       | 9,887          | Guarantees                                               | 20   | 9,887                   | 14,435         |
| 8,011                                        | 8,028          | Other contingent liabilities                             | 21   | 8,059                   | 8,041          |
| <b>22,446</b>                                | <b>17,915</b>  | <b>TOTAL OFF-BALANCE SHEET ITEMS</b>                     |      | <b>17,946</b>           | <b>22,476</b>  |
| Accounting policies                          |                |                                                          |      |                         |                |
| Foreign exchange and interest rate exposures |                |                                                          |      |                         |                |
| Hedging of interest rate risk                |                |                                                          |      |                         |                |
| Contingent liabilities                       |                |                                                          |      |                         |                |
| Related parties                              |                |                                                          |      |                         |                |
| Group structure                              |                |                                                          |      |                         |                |

# Statement of changes in equity and capital adequacy

DKK million

Nykredit Bank A/S

|                                                                                                                                                                                                                                                                                                                                                                     | Share capital*          | Statutory reserve:<br>Reserve for net<br>revaluation according to<br>the equity method | Retained earnings | Total        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|----------------------------------------------------------------------------------------|-------------------|--------------|
| <b>Equity 2008</b>                                                                                                                                                                                                                                                                                                                                                  |                         |                                                                                        |                   |              |
| Equity, 1 January 2008, cf the table below                                                                                                                                                                                                                                                                                                                          | 1,950                   | 69                                                                                     | 4,080             | 6,099        |
| Profit for the period                                                                                                                                                                                                                                                                                                                                               | -                       | -                                                                                      | 226               | 226          |
| Other disposals/additions                                                                                                                                                                                                                                                                                                                                           | -                       | (4)                                                                                    | -                 | (4)          |
| <b>Total comprehensive income, Q1-Q3/2008</b>                                                                                                                                                                                                                                                                                                                       | <b>-</b>                | <b>(4)</b>                                                                             | <b>226</b>        | <b>222</b>   |
| <b>Total changes in equity, Q1-Q3/2008</b>                                                                                                                                                                                                                                                                                                                          | <b>-</b>                | <b>(4)</b>                                                                             | <b>226</b>        | <b>222</b>   |
| <b>Equity, 30 September 2008</b>                                                                                                                                                                                                                                                                                                                                    | <b>1,950</b>            | <b>65</b>                                                                              | <b>4,306</b>      | <b>6,321</b> |
| <b>Equity 2007</b>                                                                                                                                                                                                                                                                                                                                                  |                         |                                                                                        |                   |              |
| 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            |
| <b>Total changes in equity, Q1-Q3/2007</b>                                                                                                                                                                                                                                                                                                                          | <b>300</b>              | <b>(77)</b>                                                                            | <b>970</b>        | <b>1,193</b> |
| <b>Equity, 30 September 2007</b>                                                                                                                                                                                                                                                                                                                                    | <b>1,700</b>            | <b>70</b>                                                                              | <b>3,664</b>      | <b>5,434</b> |
| Profit/loss, Q4/2007                                                                                                                                                                                                                                                                                                                                                | -                       | (5)                                                                                    | 170               | 165          |
| Other disposals/additions as well as additions related to merger, Q4/2007                                                                                                                                                                                                                                                                                           | -                       | 4                                                                                      | (4)               | 0            |
| <b>Total comprehensive income, FY 2007</b>                                                                                                                                                                                                                                                                                                                          | <b>-</b>                | <b>(78)</b>                                                                            | <b>836</b>        | <b>758</b>   |
| New paid-up capital                                                                                                                                                                                                                                                                                                                                                 | 250                     | -                                                                                      | 250               | 500          |
| <b>Total changes in equity, FY 2007</b>                                                                                                                                                                                                                                                                                                                             | <b>550</b>              | <b>(78)</b>                                                                            | <b>1,386</b>      | <b>1,858</b> |
| <b>Equity, 31 December 2007</b>                                                                                                                                                                                                                                                                                                                                     | <b>1,950</b>            | <b>69</b>                                                                              | <b>4,080</b>      | <b>6,099</b> |
| * The share capital breaks down into 13 shares in multiples of DKK 1m. The share capital is wholly owned by Nykredit Realkredit A/S, Copenhagen.<br>Nykredit Bank is included in the consolidated financial statements of this company and the consolidated financial statements of Foreningen Nykredit, Copenhagen, which holds 88.18% of Nykredit Realkredit A/S. |                         |                                                                                        |                   |              |
| <b>Capital adequacy and core capital</b>                                                                                                                                                                                                                                                                                                                            |                         |                                                                                        |                   |              |
|                                                                                                                                                                                                                                                                                                                                                                     | <b>30 Sept<br/>2008</b> | <b>FY 2007</b>                                                                         |                   |              |
| Share capital                                                                                                                                                                                                                                                                                                                                                       | 1,950                   | 1,950                                                                                  |                   |              |
| Reserves                                                                                                                                                                                                                                                                                                                                                            | 65                      | 69                                                                                     |                   |              |
| Retained earnings                                                                                                                                                                                                                                                                                                                                                   | 4,306                   | 4,080                                                                                  |                   |              |
| <b>Total core capital</b>                                                                                                                                                                                                                                                                                                                                           | <b>6,321</b>            | <b>6,099</b>                                                                           |                   |              |
| Primary and other statutory deductions from core capital                                                                                                                                                                                                                                                                                                            | 420                     | 92                                                                                     |                   |              |
| Supplementary capital                                                                                                                                                                                                                                                                                                                                               | 2,400                   | 2,400                                                                                  |                   |              |
| <b>Retained earnings</b>                                                                                                                                                                                                                                                                                                                                            | <b>8,301</b>            | <b>8,407</b>                                                                           |                   |              |
| Statutory deductions from capital base                                                                                                                                                                                                                                                                                                                              | 346                     | 58                                                                                     |                   |              |
| <b>Capital base after statutory deductions</b>                                                                                                                                                                                                                                                                                                                      | <b>7,955</b>            | <b>8,349</b>                                                                           |                   |              |
| Weighted items involving credit, counterparty and delivery risk                                                                                                                                                                                                                                                                                                     | 64,471                  | 59,902                                                                                 |                   |              |
| Weighted items involving market risk                                                                                                                                                                                                                                                                                                                                | 9,355                   | 9,724                                                                                  |                   |              |
| Weighted items involving operational risk                                                                                                                                                                                                                                                                                                                           | 2,625                   | -                                                                                      |                   |              |
| <b>Total weighted items</b>                                                                                                                                                                                                                                                                                                                                         | <b>76,451</b>           | <b>69,626</b>                                                                          |                   |              |
| Capital adequacy ratio, %                                                                                                                                                                                                                                                                                                                                           | 10.4                    | 12.0                                                                                   |                   |              |
| Core capital ratio, %                                                                                                                                                                                                                                                                                                                                               | 7.7                     | 8.6                                                                                    |                   |              |

# Statement of changes in equity and capital adequacy

DKK million

## The Nykredit Bank Group

|                                                                           | Share capital           | Revaluation reserves:<br>Revaluation of property | Retained earnings | Total        |
|---------------------------------------------------------------------------|-------------------------|--------------------------------------------------|-------------------|--------------|
| <b>Equity 2008</b>                                                        |                         |                                                  |                   |              |
| Equity, 1 January 2008, cf the table below                                | 1,950                   | 4                                                | 4,145             | 6,099        |
| Profit for the period                                                     | -                       | -                                                | 226               | 226          |
| Other disposals/additions                                                 | -                       | (4)                                              | 0                 | (4)          |
| <b>Total comprehensive income</b>                                         | -                       | <b>(4)</b>                                       | <b>226</b>        | <b>222</b>   |
| <b>Total changes in equity</b>                                            | -                       | <b>(4)</b>                                       | <b>226</b>        | <b>222</b>   |
| <b>Equity, 30 September 2008</b>                                          | <b>1,950</b>            | -                                                | <b>4,371</b>      | <b>6,321</b> |
| <b>Equity 2007</b>                                                        |                         |                                                  |                   |              |
| 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          |
| <b>Total changes in equity, Q1-Q3/2007</b>                                | <b>300</b>              | -                                                | <b>893</b>        | <b>1,193</b> |
| <b>Equity, 30 September 2007</b>                                          | <b>1,700</b>            | -                                                | <b>3,734</b>      | <b>5,434</b> |
| Profit/loss, Q4/2007                                                      | -                       | -                                                | 165               | 165          |
| Other disposals/additions as well as additions related to merger, Q4/2007 | -                       | 4                                                | (4)               | 0            |
| <b>Total comprehensive income, FY 2007</b>                                | -                       | <b>4</b>                                         | <b>754</b>        | <b>758</b>   |
| New paid-up capital                                                       | 250                     | -                                                | 250               | 500          |
| <b>Total changes in equity, FY 2007</b>                                   | <b>550</b>              | <b>4</b>                                         | <b>1,304</b>      | <b>1,858</b> |
| <b>Equity, 31 December 2007</b>                                           | <b>1,950</b>            | <b>4</b>                                         | <b>4,145</b>      | <b>6,099</b> |
| <b>Capital adequacy and core capital</b>                                  |                         |                                                  |                   |              |
|                                                                           | <b>30 Sept<br/>2008</b> | <b>FY 2007</b>                                   |                   |              |
| Share capital                                                             | 1,950                   | 1,950                                            |                   |              |
| Retained earnings                                                         | 4,371                   | 4,149                                            |                   |              |
| <b>Total core capital</b>                                                 | <b>6,321</b>            | <b>6,099</b>                                     |                   |              |
| Primary and other statutory deductions from core capital                  | 428                     | 107                                              |                   |              |
| Supplementary capital (2008: incl revaluation reserves)                   | 2,400                   | 2,400                                            |                   |              |
| <b>Total</b>                                                              | <b>8,293</b>            | <b>8,392</b>                                     |                   |              |
| Statutory deductions from capital base                                    | 341                     | 54                                               |                   |              |
| <b>Capital base after statutory deductions</b>                            | <b>7,952</b>            | <b>8,338</b>                                     |                   |              |
| Weighted items involving credit, counterparty and delivery risk           | 63,768                  | 61,029                                           |                   |              |
| Weighted items involving market risk                                      | 9,685                   | 10,389                                           |                   |              |
| Weighted items involving operational risk                                 | 2,913                   | -                                                |                   |              |
| <b>Total weighted items</b>                                               | <b>76,366</b>           | <b>71,418</b>                                    |                   |              |
| Capital adequacy ratio, %                                                 | 10.4                    | 11.7                                             |                   |              |
| Core capital ratio, %                                                     | 7.7                     | 8.4                                              |                   |              |



## Cash flow statement, Q1-Q3/2008

DKK million

|                                                                                                                 | The Nykredit Bank Group |               |
|-----------------------------------------------------------------------------------------------------------------|-------------------------|---------------|
|                                                                                                                 | 30.09.2008              | 30.09.2007    |
| <b>Profit after tax for the period</b>                                                                          | <b>226</b>              | <b>593</b>    |
| <b>Adjustment for non-cash operating items, depreciation, amortisation, impairment losses and provisions</b>    |                         |               |
| Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets | 4                       | 2             |
| Other non-cash changes                                                                                          | (34)                    | -             |
| Impairment losses on loans, advances and receivables                                                            | 56                      | (38)          |
| Tax calculated on profit for the period                                                                         | 76                      | 199           |
| <b>Total</b>                                                                                                    | <b>102</b>              | <b>163</b>    |
| <b>Profit for the period adjusted for non-cash operating items</b>                                              | <b>328</b>              | <b>756</b>    |
| <b>Change in working capital</b>                                                                                |                         |               |
| Loans, advances and other receivables                                                                           | (18,731)                | (13,367)      |
| Deposits and other payables                                                                                     | 2,407                   | 6,428         |
| Payables to credit institutions and central banks                                                               | (7,394)                 | 10,550        |
| Bonds at fair value                                                                                             | 8,006                   | (1,536)       |
| Equities                                                                                                        | 17                      | (29)          |
| Other working capital                                                                                           | 2,225                   | 4,394         |
| <b>Total</b>                                                                                                    | <b>(13,470)</b>         | <b>6,440</b>  |
| Corporation tax paid, net                                                                                       | (35)                    | (11)          |
| <b>Cash flows from operating activities</b>                                                                     | <b>(13,177)</b>         | <b>7,185</b>  |
| <b>Cash flows from investing activities</b>                                                                     |                         |               |
| Property, plant and equipment                                                                                   | (4)                     | (2)           |
| <b>Total</b>                                                                                                    | <b>(4)</b>              | <b>(2)</b>    |
| <b>Cash flows from financing activities</b>                                                                     |                         |               |
| Capital contributions                                                                                           | -                       | 600           |
| Subordinate loan capital                                                                                        | -                       | 600           |
| Issued bonds                                                                                                    | 8,743                   | (197)         |
| <b>Total</b>                                                                                                    | <b>8,743</b>            | <b>1,003</b>  |
| <b>Total cash flows</b>                                                                                         | <b>(4,438)</b>          | <b>8,186</b>  |
| Cash and cash equivalents, beginning of period                                                                  | 21,123                  | 18,438        |
| Foreign currency translation adjustment of cash                                                                 | (143)                   | 31            |
| <b>Cash and cash equivalents, end of period</b>                                                                 | <b>16,542</b>           | <b>26,655</b> |
| <b>Cash and cash equivalents, end of period</b>                                                                 |                         |               |
| Specification of cash and cash equivalents, end of period:                                                      |                         |               |
| Cash balance and demand deposits with central banks                                                             | 1,321                   | 31            |
| Receivables from credit institutions and central banks                                                          | 15,221                  | 26,624        |
| <b>Cash and cash equivalents, end of period</b>                                                                 | <b>16,542</b>           | <b>26,655</b> |

## Core earnings and investment portfolio income, Q1-Q3/2008

DKK million

| The Nykredit Bank Group                                                                                         | 2008          |                             |              | 2007          |                             |            |
|-----------------------------------------------------------------------------------------------------------------|---------------|-----------------------------|--------------|---------------|-----------------------------|------------|
|                                                                                                                 | Core earnings | Investment portfolio income | Total        | Core earnings | Investment portfolio income | Total      |
| Net interest income                                                                                             | 989           | 10                          | 999          | 701           | 20                          | 721        |
| Dividend on equities                                                                                            | 3             | 2                           | 5            | 4             | 1                           | 5          |
| Fee and commission income, net                                                                                  | 216           | 0                           | 216          | 227           | (1)                         | 226        |
| <b>Net interest and fee income</b>                                                                              | <b>1,208</b>  | <b>12</b>                   | <b>1,220</b> | <b>932</b>    | <b>20</b>                   | <b>952</b> |
| Value adjustments                                                                                               | (11)          | (59)                        | (70)         | 439           | (30)                        | 409        |
| Other operating income                                                                                          | 21            | 0                           | 21           | 10            | 0                           | 10         |
| Staff and administrative expenses                                                                               | 810           | 0                           | 810          | 614           | 3                           | 617        |
| Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets | 4             | 0                           | 4            | 2             | 0                           | 2          |
| Other operating expenses                                                                                        | 2             | 0                           | 2            | 1             | 0                           | 1          |
| Impairment losses on loans and advances                                                                         | 53            | 0                           | 53           | (41)          | 0                           | (41)       |
| <b>Profit/loss before tax</b>                                                                                   | <b>349</b>    | <b>(47)</b>                 | <b>302</b>   | <b>805</b>    | <b>(13)</b>                 | <b>792</b> |

## Notes

DKK million

| Nykredit Bank A/S                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |              |                                                        | The Nykredit Bank Group |              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------------------------------------------------|-------------------------|--------------|
| 2007                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 2008         |                                                        | 2008                    | 2007         |
| <b>1. ACCOUNTING POLICIES</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |              |                                                        |                         |              |
| <p>The Consolidated Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and further Danish financial reporting and disclosure requirements for interim reports. Compliance with IAS 34 implies observance of the principles of recognition and measurement of the IFRS and a less detailed presentation relative to the presentation of annual reports.</p> <p>With respect to recognition and measurement, the financial statements of the Parent Company have been prepared in accordance with the Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc. issued by the Danish Financial Supervisory Authority, including the Executive Order on the application of IFRS by financial companies.</p> <p>Compared with the Annual Report for 2007, the "Business capital" included in the business area reporting has been calculated according to the new principles. As from 1 January 2008, the business capital is determined in accordance with the Basel II rules based on the method applied to determine the required capital base. The required capital base is the statutory capital requirement with the addition of a projected capital charge for periods with mild recession. The business return has been calculated as the business area profit/loss relative to the business capital. In addition, the profit/loss of Dansk Pantebrevsbørs A/S has been recognised under Corporate Banking. Dansk Pantebrevsbørs A/S used to be part of the activities of Retail Banking. Comparative figures have been restated.</p> <p>From Q3/2008, profit/loss from group enterprises, etc has been recognised under "Profit/loss from investments in associates and group enterprises" at profit/loss after tax. Previously, the tax of these companies was stated together with the tax of the Parent Company. The change does not affect profit/loss after tax, the balance sheet or equity. The Consolidated Financial Statements are unchanged.</p> <p>In all other respects, the accounting policies of both the Group and Nykredit Bank A/S are unchanged compared with the Annual Report for 2007. A description of the accounting policies of Nykredit Bank and the Nykredit Bank Group in the Annual Report for 2007 is available at nykredit.com.</p> <p>In Management's opinion, no new IAS/IFRS standards have been issued/adopted that will substantially influence the financial reporting of the Bank compared with the Annual Report for 2007.</p> <p>The Q1-Q3 Interim Report has not been audited or reviewed.</p> |              |                                                        |                         |              |
| <b>2. INTEREST INCOME</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |              |                                                        |                         |              |
| 532                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 481          | Receivables from credit institutions and central banks | 480                     | 553          |
| 1,539                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 2,321        | Loans, advances and other receivables                  | 2,381                   | 1,552        |
| 1,321                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 1,817        | Bonds                                                  | 1,880                   | 1,354        |
| 97                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 169          | Total derivative financial instruments                 | 169                     | 97           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |              | Of which                                               |                         |              |
| (170)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 96           | - Foreign exchange contracts                           | 96                      | (170)        |
| 267                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 73           | - Interest rate contracts                              | 73                      | 267          |
| 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 0            | Other interest income                                  | 1                       | 0            |
| <b>3,489</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>4,788</b> | <b>Total</b>                                           | <b>4,911</b>            | <b>3,556</b> |
| <b>Of which interest income from genuine purchase and resale transactions entered as</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |              |                                                        |                         |              |
| 391                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 331          | Receivables from credit institutions and central banks | 332                     | 412          |
| 143                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 287          | Loans, advances and other receivables at fair value    | 277                     | 139          |

## Notes

DKK million

| Nykredit Bank A/S |              |                                                                                                                                                                                                                          | The Nykredit Bank Group |              |
|-------------------|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------|
| 2007              | 2008         |                                                                                                                                                                                                                          | 2008                    | 2007         |
|                   |              | <b>3. INTEREST EXPENSES</b>                                                                                                                                                                                              |                         |              |
| 1,926             | 2,432        | Credit institutions and central banks                                                                                                                                                                                    | 2,525                   | 1,974        |
| 793               | 1,126        | Deposits and other payables                                                                                                                                                                                              | 1,107                   | 785          |
| 21                | 176          | Issued bonds                                                                                                                                                                                                             | 176                     | 21           |
| 54                | 104          | Subordinate loan capital                                                                                                                                                                                                 | 104                     | 54           |
| 1                 | 0            | Other interest expenses                                                                                                                                                                                                  | 0                       | 1            |
| <b>2,795</b>      | <b>3,838</b> | <b>Total</b>                                                                                                                                                                                                             | <b>3,912</b>            | <b>2,835</b> |
|                   |              | <b>Of which interest expenses for genuine sale and repurchase transactions entered as</b>                                                                                                                                |                         |              |
| 457               | 354          | Payables to credit institutions and central banks                                                                                                                                                                        | 396                     | 486          |
| 38                | 35           | Deposits and other payables (non-derivative financial liabilities at fair value)                                                                                                                                         | 31                      | 35           |
|                   |              | <b>Issued bonds</b>                                                                                                                                                                                                      |                         |              |
| 8                 | 14           | Offset interest from the Bank's own portfolio of own bonds                                                                                                                                                               | 14                      | 8            |
|                   |              | <b>4. VALUE ADJUSTMENTS</b>                                                                                                                                                                                              |                         |              |
| 38                | (1)          | Other loans, advances and receivables at fair value                                                                                                                                                                      | (1)                     | 38           |
| (411)             | (578)        | Bonds                                                                                                                                                                                                                    | (615)                   | (407)        |
| 55                | 18           | Equities                                                                                                                                                                                                                 | 18                      | 55           |
| (1)               | (1)          | Investment properties                                                                                                                                                                                                    | (1)                     | (1)          |
| 80                | 44           | Foreign exchange                                                                                                                                                                                                         | 44                      | 80           |
| 623               | 479          | Foreign exchange, interest rate and other contracts as well as derivative financial instruments                                                                                                                          | 485                     | 644          |
| <b>384</b>        | <b>(38)</b>  | <b>Total</b>                                                                                                                                                                                                             | <b>(70)</b>             | <b>409</b>   |
| <b>21</b>         | <b>30</b>    | <b>Of which fair value hedging (value adjustment of hedging instruments for accounting purposes)</b>                                                                                                                     | <b>30</b>               | <b>21</b>    |
|                   |              | Value adjustments mainly relate to financial assets, financial liabilities and derivative financial instruments included in the Bank's/Group's trading activities as well as value adjustments of investment properties. |                         |              |
|                   |              | <b>5. STAFF AND ADMINISTRATIVE EXPENSES</b>                                                                                                                                                                              |                         |              |
| 3                 | 5            | Remuneration of Board of Directors/Executive Board                                                                                                                                                                       | 5                       | 3            |
| 325               | 391          | Staff expenses                                                                                                                                                                                                           | 447                     | 363          |
| 227               | 319          | Other administrative expenses                                                                                                                                                                                            | 358                     | 251          |
| <b>555</b>        | <b>715</b>   | <b>Total</b>                                                                                                                                                                                                             | <b>810</b>              | <b>617</b>   |
|                   |              | <b>Remuneration of Board of Directors and Executive Board:</b>                                                                                                                                                           |                         |              |
|                   |              | <b>Board of Directors</b>                                                                                                                                                                                                |                         |              |
|                   |              | Remuneration                                                                                                                                                                                                             |                         |              |
|                   |              | Each staff-elected Board representative receives annual remuneration of DKK 60,000.                                                                                                                                      |                         |              |
|                   |              | <b>Executive Board</b>                                                                                                                                                                                                   |                         |              |
| 3                 | 5            | Salaries                                                                                                                                                                                                                 | 5                       | 3            |
| <b>3</b>          | <b>5</b>     | <b>Total</b>                                                                                                                                                                                                             | <b>5</b>                | <b>3</b>     |
|                   |              | <b>Remuneration of Executive Board:</b>                                                                                                                                                                                  |                         |              |
|                   |              | The terms and conditions governing the remuneration and pension of the Executive Board have not changed since the Annual Report for 2007, to which reference is made.                                                    |                         |              |
|                   |              | <b>Staff expenses</b>                                                                                                                                                                                                    |                         |              |
| 272               | 328          | Wages and salaries                                                                                                                                                                                                       | 376                     | 305          |
| 25                | 29           | Pensions (defined contribution plans)                                                                                                                                                                                    | 34                      | 27           |
| 28                | 34           | Social security expenses                                                                                                                                                                                                 | 37                      | 31           |
| <b>325</b>        | <b>391</b>   | <b>Total</b>                                                                                                                                                                                                             | <b>447</b>              | <b>363</b>   |
| <b>507</b>        | <b>578</b>   | <b>Average number of staff, full-time equivalents</b>                                                                                                                                                                    | <b>699</b>              | <b>577</b>   |

## Notes

DKK million

| Nykredit Bank A/S                                                          |             |                                                                      | The Nykredit Bank Group |             |
|----------------------------------------------------------------------------|-------------|----------------------------------------------------------------------|-------------------------|-------------|
| 2007                                                                       | 2008        |                                                                      | 2008                    | 2007        |
| <b>6. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES</b>             |             |                                                                      |                         |             |
| <b>Specification of provisions</b>                                         |             |                                                                      |                         |             |
| 14                                                                         | 76          | Total individual provisions                                          | 125                     | 22          |
| 17                                                                         | 14          | Total collective provisions                                          | 14                      | 17          |
| <b>31</b>                                                                  | <b>90</b>   | <b>Total provisions, 30 September *)</b>                             | <b>139</b>              | <b>39</b>   |
| <b>29</b>                                                                  | -           | Total provisions, 31 December 2007                                   | -                       | <b>95</b>   |
| <b>Individual provisions for loan impairment and guarantee debtors</b>     |             |                                                                      |                         |             |
| 17                                                                         | 18          | Provisions, beginning of period                                      | 84                      | 27          |
| 1                                                                          | 62          | Provisions for the period, net *)                                    | 47                      | 1           |
| 4                                                                          | 4           | Provisions recognised as lost                                        | 6                       | 6           |
| <b>14</b>                                                                  | <b>76</b>   | <b>Total provisions, 30 September *)</b>                             | <b>125</b>              | <b>22</b>   |
| -                                                                          | 40          | *) of which provisions for guarantee debtors                         | 40                      | -           |
| <b>Collective provisions for loan impairment and guarantee debtors</b>     |             |                                                                      |                         |             |
| 61                                                                         | 11          | Provisions, beginning of period                                      | 11                      | 61          |
| 0                                                                          | 3           | Provisions for the period                                            | 3                       | 0           |
| 44                                                                         | 0           | Provisions reversed                                                  | 0                       | 44          |
| <b>17</b>                                                                  | <b>14</b>   | <b>Total provisions, 30 September</b>                                | <b>14</b>               | <b>17</b>   |
| <b>Effect on profit/loss</b>                                               |             |                                                                      |                         |             |
| (43)                                                                       | 65          | Change in provisions for loan and receivable impairment              | 50                      | (43)        |
| 4                                                                          | 4           | Losses recognised for the period, net                                | 7                       | 5           |
| 3                                                                          | 3           | Received on claims previously written off                            | 4                       | 3           |
| <b>(42)</b>                                                                | <b>66</b>   | <b>Total provisions for loan impairment and guarantee debtors</b>    | <b>53</b>               | <b>(41)</b> |
| 2                                                                          | 63          | Of which individual                                                  | 50                      | 3           |
| (44)                                                                       | 3           | Of which collective                                                  | 3                       | (44)        |
| <b>7. PROFIT/LOSS FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES</b> |             |                                                                      |                         |             |
| 10                                                                         | (18)        | Profit/loss from investments in associates (profit/loss after tax)   | -                       | -           |
| 21                                                                         | 18          | Profit from investments in group enterprises (profit/loss after tax) | -                       | -           |
| <b>31</b>                                                                  | <b>0</b>    | <b>Total</b>                                                         | <b>-</b>                | <b>-</b>    |
| <b>8. TAX</b>                                                              |             |                                                                      |                         |             |
| 190                                                                        | 70          | Nykredit Bank A/S                                                    | 70                      | 190         |
| -                                                                          | -           | Associates and group enterprises                                     | 6                       | 9           |
| <b>190</b>                                                                 | <b>70</b>   | <b>Total</b>                                                         | <b>76</b>               | <b>199</b>  |
| <b>24.0</b>                                                                | <b>23.7</b> | <b>Tax as % of profit for the period</b>                             | <b>25.2</b>             | <b>25.1</b> |

For the year as a whole, the tax charge is expected to amount to around 25% of profit for the year. Tax is calculated on the basis of the current tax rate of 25%.

## Notes

DKK million

| Nykredit Bank A/S                                                                     |               |                                                                                                                                                                                                                   | The Nykredit Bank Group |               |
|---------------------------------------------------------------------------------------|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|---------------|
| 2007                                                                                  | 2008          |                                                                                                                                                                                                                   | 2008                    | 2007          |
| <b>9. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS</b>                      |               |                                                                                                                                                                                                                   |                         |               |
| 1,396                                                                                 | 1,184         | Receivables at call from central banks                                                                                                                                                                            | 1,184                   | 1,396         |
| 18,688                                                                                | 13,862        | Receivables from credit institutions                                                                                                                                                                              | 14,037                  | 19,624        |
| <b>20,084</b>                                                                         | <b>15,046</b> | <b>Total</b>                                                                                                                                                                                                      | <b>15,221</b>           | <b>21,020</b> |
| 9,610                                                                                 | 7,466         | Of which genuine purchase and resale transactions                                                                                                                                                                 | 7,466                   | 10,251        |
| <b>10. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE</b>                        |               |                                                                                                                                                                                                                   |                         |               |
| 5,737                                                                                 | 13,693        | Loans and advances at fair value                                                                                                                                                                                  | 13,444                  | 5,550         |
| <b>5,737</b>                                                                          | <b>13,693</b> | <b>Total</b>                                                                                                                                                                                                      | <b>13,444</b>           | <b>5,550</b>  |
| 5,737                                                                                 | 13,693        | Of which genuine purchase and resale transactions                                                                                                                                                                 | 13,444                  | 5,550         |
| <b>11. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST</b>                    |               |                                                                                                                                                                                                                   |                         |               |
| 38,314                                                                                | 49,695        | Loans and advances                                                                                                                                                                                                | 50,501                  | 39,659        |
| <b>38,314</b>                                                                         | <b>49,695</b> | <b>Total</b>                                                                                                                                                                                                      | <b>50,501</b>           | <b>39,659</b> |
| <b>Impairment provisions made, end of period (31 December 2007/30 September 2008)</b> |               |                                                                                                                                                                                                                   |                         |               |
| 18                                                                                    | 76            | Individual provisions                                                                                                                                                                                             | 125                     | 84            |
| 11                                                                                    | 14            | Collective provisions                                                                                                                                                                                             | 14                      | 11            |
| <b>Fixed-rate loans</b>                                                               |               |                                                                                                                                                                                                                   |                         |               |
| 3,132                                                                                 | 2,333         | Of total loans and advances, fixed-rate loans represent                                                                                                                                                           | 2,333                   | 3,132         |
| 3,112                                                                                 | 2,302         | Market value of fixed-rate loans                                                                                                                                                                                  | 2,302                   | 3,112         |
| Market value adjustments have been recognised through profit or loss                  |               |                                                                                                                                                                                                                   |                         |               |
| <b>12. BONDS AT FAIR VALUE</b>                                                        |               |                                                                                                                                                                                                                   |                         |               |
| 47,796                                                                                | 32,856        | Mortgage bonds                                                                                                                                                                                                    | 34,320                  | 49,447        |
| 1,457                                                                                 | 5,701         | Government bonds                                                                                                                                                                                                  | 5,780                   | 1,796         |
| 4,115                                                                                 | 8,395         | Other bonds                                                                                                                                                                                                       | 8,499                   | 4,298         |
| <b>53,368</b>                                                                         | <b>46,952</b> | <b>Total</b>                                                                                                                                                                                                      | <b>48,599</b>           | <b>55,541</b> |
| 340                                                                                   | 949           | Own bonds offset against issued bonds                                                                                                                                                                             | 949                     | 340           |
| <b>53,028</b>                                                                         | <b>46,003</b> | <b>Total</b>                                                                                                                                                                                                      | <b>47,650</b>           | <b>55,201</b> |
| The effect of fair value adjustment has been recognised through profit or loss        |               |                                                                                                                                                                                                                   |                         |               |
| 12,759                                                                                | 8,884         | Assets sold as part of genuine sale and repurchase transactions                                                                                                                                                   | 10,453                  | 12,759        |
| 27,361                                                                                | 33,201        | As collateral for the Danish central bank, Danmarks Nationalbank, and foreign clearing centres, etc, bonds have been deposited of a total market value of<br>The collateral was provided on an arm's length basis | 33,201                  | 27,361        |
| <b>13. OTHER ASSETS</b>                                                               |               |                                                                                                                                                                                                                   |                         |               |
| 5,058                                                                                 | 8,139         | Interest and commission receivable                                                                                                                                                                                | 8,206                   | 5,114         |
| 8,184                                                                                 | 9,836         | Positive market value of derivative financial instruments                                                                                                                                                         | 9,897                   | 8,244         |
| 60                                                                                    | 88            | Other assets                                                                                                                                                                                                      | 122                     | 71            |
| <b>13,302</b>                                                                         | <b>18,063</b> | <b>Total</b>                                                                                                                                                                                                      | <b>18,225</b>           | <b>13,429</b> |

## Notes

DKK million

| Nykredit Bank A/S                                                                |               |                                                                                 | The Nykredit Bank Group |               |
|----------------------------------------------------------------------------------|---------------|---------------------------------------------------------------------------------|-------------------------|---------------|
| 2007                                                                             | 2008          |                                                                                 | 2008                    | 2007          |
| <b>14. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS</b>                     |               |                                                                                 |                         |               |
| 24,358                                                                           | 26,806        | Payables to central banks                                                       | 26,806                  | 24,357        |
| 48,938                                                                           | 40,564        | Payables to credit institutions                                                 | 42,874                  | 52,468        |
| <b>73,296</b>                                                                    | <b>67,370</b> | <b>Total</b>                                                                    | <b>69,680</b>           | <b>76,825</b> |
| 11,929                                                                           | 8,406         | Of which genuine sale and repurchase transactions                               | 9,722                   | 13,866        |
| <b>15. DEPOSITS AND OTHER PAYABLES</b>                                           |               |                                                                                 |                         |               |
| 13,649                                                                           | 13,830        | On demand                                                                       | 13,502                  | 13,332        |
| 1,211                                                                            | 1,773         | At notice                                                                       | 1,773                   | 1,211         |
| 16,214                                                                           | 17,779        | Time deposits                                                                   | 17,779                  | 16,214        |
| 960                                                                              | 1,072         | Special deposits                                                                | 1,072                   | 960           |
| <b>32,034</b>                                                                    | <b>34,454</b> | <b>Total</b>                                                                    | <b>34,126</b>           | <b>31,717</b> |
| <b>16. ISSUED BONDS AT AMORTISED COST</b>                                        |               |                                                                                 |                         |               |
| 1,911                                                                            | 11,345        | Value of issues                                                                 | 11,345                  | 1,911         |
| (349)                                                                            | (988)         | Amortisation and own portfolio                                                  | (988)                   | (349)         |
| <b>1,562</b>                                                                     | <b>10,357</b> | <b>Total</b>                                                                    | <b>10,357</b>           | <b>1,562</b>  |
| <b>Issues</b>                                                                    |               |                                                                                 |                         |               |
| 18                                                                               | 18            | 2007 to 2010 NB Trend (DKK) *                                                   | 18                      | 18            |
| 325                                                                              | 325           | 2003 to 2008 Bond loan (DKK) *                                                  | 325                     | 325           |
| 239                                                                              | 239           | 2005 to 2016 Curve steepener (DKK) *                                            | 239                     | 239           |
| 100                                                                              | 100           | 2005 to 2010 Basket Barrier (DKK) *                                             | 100                     | 100           |
| 574                                                                              | -             | 2006 to 2008 Nykredit Højrente I (EUR 77m) *                                    | -                       | 574           |
| 649                                                                              | -             | 2006 to 2008 Nykredit Højrente II (EUR 87m) *                                   | -                       | 649           |
| 6                                                                                | 6             | 2007 to 2009 NB Argentina (DKK)                                                 | 6                       | 6             |
| -                                                                                | 992           | 2008 to 2009 Nykredit Bank Private Placement EMTN (JPY 20bn) **                 | 992                     | -             |
| -                                                                                | 50            | 2008 to 2009 Nykredit Bank Private Placement EMTN (JPY 1bn) **                  | 50                      | -             |
| -                                                                                | 297           | 2008 to 2009 Nykredit Bank Private Placement EMTN (JPY 6bn) **                  | 297                     | -             |
| -                                                                                | 381           | 2008 to 2010 Nykredit Bank Private Placement EMTN (SEK 500m) **                 | 381                     | -             |
| -                                                                                | 187           | 2008 to 2009 Nykredit Bank EMTN (EUR 25m)                                       | 187                     | -             |
| -                                                                                | 3,357         | 2008 to 2010 Nykredit Bank EMTN (EUR 450m) **                                   | 3,357                   | -             |
| -                                                                                | 373           | 2008 to 2010 Nykredit Bank EMTN (EUR 50m) **                                    | 373                     | -             |
| -                                                                                | 75            | 2008 to 2010 Nykredit Bank EMTN (EUR 10m) **                                    | 75                      | -             |
| -                                                                                | 1,104         | 2008 to 2011 Nykredit Bank EMTN (EUR 148m) **                                   | 1,104                   | -             |
| -                                                                                | 2,238         | 2008 to 2011 Nykredit Bank EMTN (EUR 300m) **                                   | 2,238                   | -             |
| -                                                                                | 209           | 2008 to 2011 Nykredit Bank EMTN (USD 40m) **                                    | 209                     | -             |
| -                                                                                | 337           | 2008 to 2010 Nykredit Bank EMTN (DKK)                                           | 337                     | -             |
| -                                                                                | 900           | 2008 to 2011 Nykredit Bank EMTN (DKK) **                                        | 900                     | -             |
| -                                                                                | 45            | 2008 to 2010 NB Guld-Olie-Dollar (DKK) *                                        | 45                      | -             |
| -                                                                                | 112           | 2008 to 2011 NB Aktier (DKK) *                                                  | 112                     | -             |
| <b>1,911</b>                                                                     | <b>11,345</b> | <b>Total nominal value</b>                                                      | <b>11,345</b>           | <b>1,911</b>  |
| (9)                                                                              | (39)          | Amortisation                                                                    | (39)                    | (9)           |
| 340                                                                              | 949           | Own portfolio                                                                   | 949                     | 340           |
| <b>1,562</b>                                                                     | <b>10,357</b> | <b>Total</b>                                                                    | <b>10,357</b>           | <b>1,562</b>  |
| 1,905                                                                            | 10,815        | * Listed on NASDAQ OMX Copenhagen or ** the Luxembourg Stock Exchange (nominal) | 10,815                  | 1,905         |
| No value adjustments have been made that can be ascribed to credit risk changes. |               |                                                                                 |                         |               |

## Notes

DKK million

| Nykredit Bank A/S                                                                                                                                                                          |               |                                                                                                                                                                             | The Nykredit Bank Group |               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|---------------|
| 2007                                                                                                                                                                                       | 2008          |                                                                                                                                                                             | 2008                    | 2007          |
| <b>17. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE</b>                                                                                                                        |               |                                                                                                                                                                             |                         |               |
| 1,100                                                                                                                                                                                      | 586           | Deposits at fair value                                                                                                                                                      | 586                     | 1,100         |
| 3,676                                                                                                                                                                                      | 6,187         | Negative securities portfolios                                                                                                                                              | 6,187                   | 4,303         |
| <b>4,776</b>                                                                                                                                                                               | <b>6,773</b>  | <b>Total</b>                                                                                                                                                                | <b>6,773</b>            | <b>5,403</b>  |
| 1,100                                                                                                                                                                                      | 586           | Of which genuine sale and repurchase transactions                                                                                                                           | 586                     | 1,100         |
| <b>18. OTHER LIABILITIES</b>                                                                                                                                                               |               |                                                                                                                                                                             |                         |               |
| 4,820                                                                                                                                                                                      | 9,124         | Interest and commission payable                                                                                                                                             | 9,131                   | 4,845         |
| 6,201                                                                                                                                                                                      | 7,533         | Negative market value of derivative financial instruments                                                                                                                   | 7,598                   | 6,217         |
| 192                                                                                                                                                                                        | 212           | Other payables                                                                                                                                                              | 306                     | 317           |
| <b>11,213</b>                                                                                                                                                                              | <b>16,869</b> | <b>Total</b>                                                                                                                                                                | <b>17,035</b>           | <b>11,379</b> |
| <b>19. SUBORDINATE LOAN CAPITAL</b>                                                                                                                                                        |               |                                                                                                                                                                             |                         |               |
| Subordinate loan capital consists of financial 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. The loans are denominated in DKK and repayable at par (100).                   |               |                                                                                                                                                                             |                         |               |
| 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                                                                                                                                                                                        | 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                     | 600           |
| 500                                                                                                                                                                                        | 500           | The loan was granted in 2007 and falls due on 18 March 2016. No principal payments will be made on the loan during its term. The loan carries a floating interest rate.     | 500                     | 500           |
| <b>2,400</b>                                                                                                                                                                               | <b>2,400</b>  | <b>Total</b>                                                                                                                                                                | <b>2,400</b>            | <b>2,400</b>  |
| No costs were incurred when the loans were raised, and no extraordinary repayments were made in 2007 or in Q1-Q3/2008.                                                                     |               |                                                                                                                                                                             |                         |               |
| <b>20. GUARANTEES</b>                                                                                                                                                                      |               |                                                                                                                                                                             |                         |               |
| 12,739                                                                                                                                                                                     | 7,932         | Financial guarantees                                                                                                                                                        | 7,932                   | 12,739        |
| 105                                                                                                                                                                                        | 15            | Land registration and refinancing guarantees                                                                                                                                | 15                      | 105           |
| 1,591                                                                                                                                                                                      | 1,940         | Other guarantees                                                                                                                                                            | 1,940                   | 1,591         |
| <b>14,435</b>                                                                                                                                                                              | <b>9,887</b>  | <b>Total</b>                                                                                                                                                                | <b>9,887</b>            | <b>14,435</b> |
| <b>21. OTHER CONTINGENT LIABILITIES</b>                                                                                                                                                    |               |                                                                                                                                                                             |                         |               |
| 7,903                                                                                                                                                                                      | 7,920         | Irrevocable credit commitments                                                                                                                                              | 7,920                   | 7,903         |
| 108                                                                                                                                                                                        | 108           | Other commitments                                                                                                                                                           | 139                     | 138           |
| <b>8,011</b>                                                                                                                                                                               | <b>8,028</b>  | <b>Total</b>                                                                                                                                                                | <b>8,059</b>            | <b>8,041</b>  |



## Notes

DKK million

| Nykredit Bank A/S                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |              |                                                                           |  | The Nykredit Bank Group |              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|---------------------------------------------------------------------------|--|-------------------------|--------------|
| 30.09.2007                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 30.09.2008   |                                                                           |  | 30.09.2008              | 30.09.2007   |
| <b>22. FOREIGN EXCHANGE AND INTEREST RATE EXPOSURES</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                 |              |                                                                           |  |                         |              |
| <b>Foreign exchange risk</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |              |                                                                           |  |                         |              |
| 406                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 51           | Exchange rate indicator 1 (DKKm)                                          |  | 38                      | 386          |
| 7.6                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 0.8          | Exchange rate indicator 1 as % of core capital after statutory deductions |  | 0.6                     | 7.2          |
| 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 1            | Exchange rate indicator 2 (DKKm)                                          |  | 1                       | 2            |
| 0.0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 0            | Exchange rate indicator 2 as % of core capital after statutory deductions |  | 0                       | 0.0          |
| <b>Interest rate risk by the currency involving the highest interest rate exposure</b>                                                                                                                                                                                                                                                                                                                                                                                                                  |              |                                                                           |  |                         |              |
| 221                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | (18)         | DKK                                                                       |  | (11)                    | 231          |
| (103)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 79           | EUR                                                                       |  | 75                      | (118)        |
| 10                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | (2)          | SEK                                                                       |  | (2)                     | 10           |
| (3)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 2            | CHF                                                                       |  | 2                       | (3)          |
| 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 2            | USD                                                                       |  | 2                       | 1            |
| (18)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 1            | NOK                                                                       |  | 1                       | (10)         |
| 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 1            | Other currencies                                                          |  | 1                       | 2            |
| <b>109</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>65</b>    | <b>Total interest rate exposure of debt instruments</b>                   |  | <b>68</b>               | <b>113</b>   |
| <b>23. HEDGING INTEREST RATE RISK</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |              |                                                                           |  |                         |              |
| According to the accounting provisions, loans, advances and deposits must generally be measured at amortised cost, while derivative financial instruments are measured at fair value. To obtain accounting symmetry between hedging and hedged transactions, adjustment of the carrying amounts of the financial assets and liabilities that form part of the effective hedge accounting has been allowed. The fair value adjustment exclusively concerns the hedged part (the interest rate exposure). |              |                                                                           |  |                         |              |
| <b>HEDGED FIXED-RATE ASSETS:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |              |                                                                           |  |                         |              |
| 3,212                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 2,333        | Loans, advances and other receivables at amortised cost                   |  | 2,333                   | 3,212        |
| <b>3,212</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>2,333</b> | <b>Total nominal value</b>                                                |  | <b>2,333</b>            | <b>3,212</b> |
| <b>Market value of hedged fixed-rate assets</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                         |              |                                                                           |  |                         |              |
| 3,190                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 2,302        | Loans, advances and other receivables at amortised cost                   |  | 2,302                   | 3,190        |
| <b>3,190</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>2,302</b> | <b>Total carrying amount, end of period</b>                               |  | <b>2,302</b>            | <b>3,190</b> |
| <b>Fair value adjustment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |              |                                                                           |  |                         |              |
| (22)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | (31)         | Loans, advances and other receivables at amortised cost                   |  | (31)                    | (22)         |
| <b>(22)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>(31)</b>  | <b>Total fair value adjustment</b>                                        |  | <b>(31)</b>             | <b>(22)</b>  |
| <b>HEDGING DERIVATIVE FINANCIAL INSTRUMENTS:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                        |              |                                                                           |  |                         |              |
| 2,908                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 2,364        | Nominal value (synthetic principal)                                       |  | 2,364                   | 2,908        |
| 21                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 30           | Market value adjustment (negative market value)                           |  | 30                      | 21           |
| <b>FAIR VALUE ADJUSTMENT DIFFERENCE</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |              |                                                                           |  |                         |              |
| <b>(1)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>(1)</b>   | <b>Total</b>                                                              |  | <b>(1)</b>              | <b>(1)</b>   |
| Hedged and hedging financial instruments have been fair value adjusted through profit or loss.                                                                                                                                                                                                                                                                                                                                                                                                          |              |                                                                           |  |                         |              |

# Notes

## 24. CONTINGENT LIABILITIES

The Bank's operations involve the Bank in legal proceedings and litigation. The Bank is of the opinion that the outcome thereof will have no material effect on its financial position.

## 25. RELATED PARTY TRANSACTIONS AND BALANCES

The Parent Company Nykredit Realkredit, its parent company as well as its group enterprises and associates are regarded as related parties. In addition, Nykredit Bank's group enterprises and associates, as stated under Group structure, are included as well as the Bank's Board of Directors, Executive Board and parties related thereto.

No unusual related party transactions occurred in Q1-Q3/2008.

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 sale of goods and services took place on an arm's length basis.

Important related party transactions prevailing/entered into in 2008 include:

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

Master agreement on the terms for financial transactions relating to loans and deposits in the securities and money market areas. In addition, Nykredit Realkredit has provided Nykredit Bank with subordinate loan capital.

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

On specific occasions, Nykredit Holding has issued guarantees or letters of comfort to third parties. Nykredit Holding has issued a guarantee to Nykredit Bank covering pre-fixed loss amounts with respect to some of the Bank's exposures. The guarantee expired on 30 June 2008.

## Notes

DKK million

| 26. GROUP STRUCTURE                                                                                                                                                                                                                   | Revenue * | Assets  | Payables and liabilities | Share capital 31.12.07 | Equity 31.12.07 | Ownership interest, %<br>31.12.07 and<br>30.09.08 | Profit/loss for the period | Nykredit Bank's share of<br>profit/loss for the period | Equity 30.09.08 | Carrying amount 30.09.08 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|---------|--------------------------|------------------------|-----------------|---------------------------------------------------|----------------------------|--------------------------------------------------------|-----------------|--------------------------|
| Name and registered office                                                                                                                                                                                                            |           |         |                          |                        |                 |                                                   |                            |                                                        |                 |                          |
| <b>Nykredit Bank A/S (Parent Company) a)</b>                                                                                                                                                                                          | 1,079     | 144,637 | 138,316                  | 1,950                  | 6,099           | -                                                 | 226                        | -                                                      | 6,321           | -                        |
| <b>Consolidated subsidiaries:</b>                                                                                                                                                                                                     |           |         |                          |                        |                 |                                                   |                            |                                                        |                 |                          |
| Nykredit Portefølje Administration A/S, Copenhagen f)                                                                                                                                                                                 | 66        | 133     | 31                       | 25                     | 89              | 100                                               | 13                         | 13                                                     | 102             | 102                      |
| Pantebrevsselskabet af 8/8 1995 A/S, Copenhagen d)                                                                                                                                                                                    | 1         | 28      | 0                        | 5                      | 27              | 100                                               | 1                          | 1                                                      | 28              | 28                       |
| Nykredit Pantebrevsinvestering A/S, Copenhagen b)                                                                                                                                                                                     | 0         | 11      | 0                        | 5                      | 11              | 100                                               | 0                          | 0                                                      | 11              | 11                       |
| Nykredit Sirius Ltd., Cayman Islands e)                                                                                                                                                                                               | (19)      | 1,732   | 1,635                    | 111                    | 118             | 100                                               | (21)                       | (21)                                                   | 97              | 97                       |
| Nykredit Finance plc, Plymouth d)                                                                                                                                                                                                     | 1         | 29      | 0                        | 29                     | 28              | 100                                               | 1                          | 1                                                      | 29              | 29                       |
| Nykredit Leasing A/S (formerly LeasIT A/S), Lyngby-Taarbæk c) 1)                                                                                                                                                                      | 51        | 2,317   | 2,188                    | 20                     | 105             | 100                                               | 24                         | 24                                                     | 129             | 129                      |
| <b>Associates subject to proportionate consolidation:</b>                                                                                                                                                                             |           |         |                          |                        |                 |                                                   |                            |                                                        |                 |                          |
| Dansk Pantebrevsbørs A/S, Copenhagen b) 2)                                                                                                                                                                                            | (13)      | 147     | 139                      | 5                      | 44              | 50                                                | (37)                       | (19)                                                   | 8               | 4                        |
| The Q1-Q3/2008 financial statements of the subsidiaries have not been audited or reviewed.                                                                                                                                            |           |         |                          |                        |                 |                                                   |                            |                                                        |                 |                          |
| * For companies preparing financial statements in accordance with the Danish Financial Business Act, revenue is defined as: Net interest and fee income, value adjustments and other operating income.                                |           |         |                          |                        |                 |                                                   |                            |                                                        |                 |                          |
| 1) At 1 October 2007, Nykredit Bank's ownership interest increased from 22.65% to 100%, and LeasIT A/S subsequently merged with Nykredit Leasing A/S. After the merger, the company continued under the name of Nykredit Leasing A/S. |           |         |                          |                        |                 |                                                   |                            |                                                        |                 |                          |
| 2) Subject to proportionate consolidation based on shareholders' agreements entitling the Bank to appoint a director.                                                                                                                 |           |         |                          |                        |                 |                                                   |                            |                                                        |                 |                          |
| Pantebrevsselskabet af 8/8 1995 A/S and Nykredit Pantebrevsinvestering A/S have been completely or partly without activity in 2008.                                                                                                   |           |         |                          |                        |                 |                                                   |                            |                                                        |                 |                          |
| a) Bank                                                                                                                                                                                                                               |           |         |                          |                        |                 |                                                   |                            |                                                        |                 |                          |
| b) Mortgage trading company                                                                                                                                                                                                           |           |         |                          |                        |                 |                                                   |                            |                                                        |                 |                          |
| c) Leasing company                                                                                                                                                                                                                    |           |         |                          |                        |                 |                                                   |                            |                                                        |                 |                          |
| d) No activity                                                                                                                                                                                                                        |           |         |                          |                        |                 |                                                   |                            |                                                        |                 |                          |
| e) Finance institution                                                                                                                                                                                                                |           |         |                          |                        |                 |                                                   |                            |                                                        |                 |                          |
| f) Investment management company. Nykredit Portefølje Administration was previously a subsidiary of Nykredit Portefølje Bank, which merged with Nykredit Bank, effective for accounting purposes from 1 January 2007.                 |           |         |                          |                        |                 |                                                   |                            |                                                        |                 |                          |