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## Q1-Q3 INTERIM REPORT – THE NYKREDIT BANK GROUP 1 JANUARY 2010 – 30 SEPTEMBER 2010

### RESULTS

- Core income from business operations rose by a satisfactory 14% from DKK 2,485m in Q1-Q3/2009 to DKK 2,834m.
- Administrative expenses declined by 3.6% to DKK 1,402m against DKK 1,455m in Q1-Q3/2009. This development was due to fewer staff members, including the effect of a keen focus on cost containment and synergies from organisational changes.
- The Group recorded a profit before tax of DKK 318m against a loss before tax of DKK 4,422m in Q1-Q3/2009. Excluding the Bank's payments and provisions under Bank Rescue Package I of a total of DKK 649m, profit was DKK 967m for Q1-Q3/2010.
- The change in profit before tax is mainly attributable to the rise in core income and a pronounced decline in impairment losses of DKK 4,196m from DKK 5,249m in Q1-Q3/2009 to DKK 1,053m.
- The Bank's costs relating to Bank Rescue Package I totalled DKK 1,647m up to 30 September 2010, of which DKK 988m represented commission and DKK 659m provisions.
- The balance sheet stood at DKK 219.5bn, up DKK 4.3bn on end-2009.
- Liquidity remained sound with excess liquidity cover relative to statutory requirements of 169% against 324% at end-2009.
- Profit before tax generated a return on equity of 3.3% pa against a negative return of 54.1% in Q1-Q3/2009.

### CAPITAL

- The capital adequacy and core capital ratios came to 15.0% and 14.0%, respectively, compared with 12.3% at end-2009.
- The individual capital need was 9.4%.
- Equity was at DKK 13,584m against DKK 12,374m at the beginning of 2010, incl Forstædernes Bank. The increase equalled profit for the period and a capital increase of DKK 1bn.

### OUTLOOK FOR 2010

2010 has seen satisfactory growth in core income and lower provisioning need than expected at the beginning of the year. This development is expected to continue into Q4 and result in a profit for the full year.

### INFORMATION ABOUT THE NYKREDIT BANK GROUP

The Nykredit Bank Group's Q1-Q3 Interim Report 2010 and further information about the Nykredit Bank Group are available at [nykredit.com](http://nykredit.com).

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# Financial highlights – the Nykredit Bank Group

The Nykredit Bank Group

DKK million

Comparative figures have been restated to reflect the changes resulting from the merger with Forstædernes Bank A/S

	Q1-Q3/2010	FY 2009	Q1-Q3/2009	Q1-Q3/2008	Q1-Q3/2007	Q1-Q3/2006
<b>SUMMARY INCOME STATEMENT</b>						
Net interest and fee income	2,713	3,675	2,794	1,989	1,684	1,419
Value adjustments	403	313	22	(209)	465	417
Other operating income	27	36	25	25	10	17
Staff and administrative expenses	1,385	1,914	1,411	1,289	1,055	896
Other operating expenses, depreciation and amortisation	387	603	465	39	35	27
Impairment losses on loans, advances and receivables	1,053	6,571	5,249	280	(24)	23
Loss from investments in associates and group enterprises	-	(138)	(138)	-	-	-
<b>Profit (loss) before tax</b>	<b>318</b>	<b>(5,202)</b>	<b>(4,422)</b>	<b>197</b>	<b>1,093</b>	<b>907</b>
Tax	108	(1,264)	(1,051)	51	270	227
<b>Profit (loss) for the period</b>	<b>210</b>	<b>(3,938)</b>	<b>(3,371)</b>	<b>146</b>	<b>823</b>	<b>680</b>
<b>BALANCE SHEET, END OF PERIOD</b>						
<b>Assets</b>						
Cash balance and receivables from central banks and credit institutions	26,635	46,361	25,520	17,465	28,629	26,138
Loans, advances and other receivables at fair value	13,958	11,963	24,904	13,444	10,128	4,477
Loans, advances and other receivables at amortised cost	59,942	60,921	62,356	74,292	60,794	44,860
Bonds at fair value and equities	70,133	65,670	59,423	52,335	54,458	51,803
Other asset items	48,867	30,294	33,133	19,791	13,881	8,846
<b>Total assets</b>	<b>219,535</b>	<b>215,209</b>	<b>205,336</b>	<b>177,327</b>	<b>167,890</b>	<b>136,124</b>
<b>Liabilities and equity</b>						
Payables to credit institutions and central banks	49,851	56,843	46,532	79,601	85,640	70,505
Deposits and other payables	54,745	65,117	63,897	47,669	43,980	34,956
Issued bonds at amortised cost	25,830	44,059	43,308	12,393	3,024	3,104
Other non-derivative financial liabilities at fair value	26,891	6,798	6,502	6,773	10,717	11,025
Other payables	46,693	28,084	31,584	18,652	13,619	8,025
<b>Total payables</b>	<b>204,010</b>	<b>200,901</b>	<b>191,823</b>	<b>165,088</b>	<b>156,980</b>	<b>127,615</b>
Provisions	1,055	765	554	65	9	62
Subordinated debt	886	1,169	1,318	3,799	3,307	2,862
Equity	13,584	12,374	11,641	8,375	7,594	5,585
<b>Total liabilities and equity</b>	<b>219,535</b>	<b>215,209</b>	<b>205,336</b>	<b>177,327</b>	<b>167,890</b>	<b>136,124</b>
<b>OFF-BALANCE SHEET ITEMS</b>						
Contingent liabilities	16,436	23,386	16,797	15,578	20,141	15,662
Other commitments	7,349	9,387	8,220	8,059	7,482	5,086
<b>FINANCIAL RATIOS</b>						
Capital adequacy ratio, %	15.0	12.3	13.6	10.3	11.5	10.9
Core capital ratio, %	14.0	12.3	13.6	7.6	8.6	8.0
Return on equity before tax, % *)	2.5	(46.2)	(40.6)	2.4	16.1	17.1
Return on equity after tax, % *)	1.6	(35.0)	(30.9)	1.8	12.1	12.8
Income:cost ratio, DKK *)	1.11	0.43	0.38	1.12	2.03	1.96
Interest rate exposure, %	0.6	0.1	0.3	1.2	2.1	1.1
Foreign exchange position, %	0.2	0.7	0.7	0.6	7.2	10.2
Foreign exchange exposure, %	0.0	0.0	0.0	0.0	0.0	0.1
Loans and advances:deposits *)	1.5	1.2	1.5	1.9	1.6	1.4
Loans and advances:equity *)	5.4	5.9	7.5	10.5	9.3	8.8
Growth in loans and advances for the period, % *)	1.4	(25.4)	(10.7)	24.3	34.6	14.4
Excess cover:statutory liquidity requirements, %	168.6	323.9	279.9	79.6	85.2	111.5
Total large exposures, %	22.9	62.1	79.7	95.0	251.2	312.7
Impairment losses for the period, % *)	1.1	6.3	4.7	0.3	0.0	0.0
Average number of staff, full-time equivalents *)	871	1,228	1,282	1,272	1,129	1,024

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

\*) The financial ratios have been restated to reflect the changes resulting from the merger with Forstædernes Bank.

**Q1-Q3/2010 IN BRIEF**

Comparative figures have been restated to reflect the changes resulting from the merger with Forstædernes Bank. The effect on financial highlights appears from page 38.

The Group recorded a profit before tax of DKK 318m against a loss of DKK 4,422m in Q1-Q3/2009. The results reflect a positive trend in core income from business operations and significantly lower impairment losses on loans and advances.

Net interest dropped by DKK 80m primarily as a result of lower interest rate levels. Net fee income was DKK 548m, which was largely unchanged from Q1-Q3/2009, while value adjustments went up by DKK 381m to DKK 403m. The change in value adjustments and net interest income should be considered in context, as the Bank widely uses combinations of interest-bearing financial assets and liabilities as well as derivatives, including swaps for

interest rate hedging purposes, in its day-to-day operations.

**Core earnings***Core income from business operations*

Core income from business operations rose by DKK 349m (14%) to DKK 2,834m compared with Q1-Q3/2009. The rise was attributable to Markets & Asset Management and Corporate Banking.

*Core income from Kalvebod issues*

Positions in Kalvebod issues generated an income of DKK 53m in Q1-Q3/2010, equal to the level in 2009.

In 2009 DKK 47m came from Proprietary Trading activities, which were transferred to Nykredit Realkredit A/S in 2009.

*Core income from securities*

Core income from group items was DKK 90m compared with DKK 109m in Q1-Q3/2009.

This development should be seen in the light of the drop in short-term interest rates from about 2.03% (avg) in Q1-Q3/2009 to 1.06% in Q1-Q3/2010 combined with higher equity.

*Operating expenses, depreciation and amortisation*

Staff and administrative expenses fell by DKK 26m to DKK 1,385m. The lower expenses were a result of synergies from organisational changes, including the merger with Forstædernes Bank and a keen focus on cost containment.

Staff expenses were reduced by DKK 206m (-26%), down from DKK 805m to DKK 599m in Q1-Q3/2010. This should be seen in the context of a reduction in the average staff number from 1,282 to 871 (-32%) in Q1-Q3/2010. The reduction was partly due to the transfer of a number of staff members to the Parent Company, as more joint activities are performed by the Parent Company.

**The Nykredit Bank Group – results before tax for 1 January to 30 September by business area**

DKK million	Retail Banking	Corporate Banking	Markets & Asset Management	Other Activities	Group items <sup>1</sup> and eliminations	Total Q1-Q3
<b>RESULTS BEFORE TAX FOR Q1-Q3 2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>
Core income from business operations	615	911	1,236	72	-	2,834
Core income from Kalvebod issues	-	-	53	-	-	53
Core income from securities	-	-	-	-	90	90
<b>Total core income</b>	<b>615</b>	<b>911</b>	<b>1,289</b>	<b>72</b>	<b>90</b>	<b>2,977</b>
Operating costs	358	405	613	26	-	1,402
Commission payable under Bank Rescue Package I	55	187	91	37	-	370
<b>Core earnings before impairment losses</b>	<b>202</b>	<b>319</b>	<b>585</b>	<b>9</b>	<b>90</b>	<b>1,205</b>
Impairment losses on loans and advances	213	192	6	363	-	774
Provisions under Bank Rescue Package I	38	124	62	55	-	279
<b>Core earnings after impairment losses</b>	<b>(49)</b>	<b>3</b>	<b>517</b>	<b>(409)</b>	<b>90</b>	<b>152</b>
Investment portfolio income <sup>2</sup>	-	-	-	-	166	166
<b>Profit (loss) before tax for the period</b>	<b>(49)</b>	<b>3</b>	<b>517</b>	<b>(409)</b>	<b>256</b>	<b>318</b>
<b>RESULTS BEFORE TAX FOR Q1-Q3 2009</b>	<b>2009</b>	<b>2009</b>	<b>2009</b>	<b>2009</b>	<b>2009</b>	<b>2009</b>
Core income from business operations	638	792	976	79	-	2,485
Core income from Kalvebod issues	-	-	53	-	-	53
Core income from Proprietary Trading activities	-	-	47	-	-	47
Core income from securities	-	-	-	-	109	109
<b>Total core income</b>	<b>638</b>	<b>792</b>	<b>1,076</b>	<b>79</b>	<b>109</b>	<b>2,694</b>
Operating costs	455	458	512	30	-	1,455
Dansk Pantebrevsbørs A/S under konkurs (in bankruptcy)	-	(183)	-	-	-	(183)
Commission under Bank Rescue Package I	45	167	89	75	-	376
<b>Core earnings before impairment losses</b>	<b>138</b>	<b>(16)</b>	<b>475</b>	<b>(26)</b>	<b>109</b>	<b>680</b>
Impairment losses on loans and advances	143	1,896	3	2,971	-	5,013
Provisions under Bank Rescue Package I	24	126	39	47	-	236
<b>Core earnings after impairment losses</b>	<b>(29)</b>	<b>(2,038)</b>	<b>433</b>	<b>(3,044)</b>	<b>109</b>	<b>(4,569)</b>
Investment portfolio income	-	-	-	-	147	147
<b>Profit (loss) before tax</b>	<b>(29)</b>	<b>(2,038)</b>	<b>433</b>	<b>(3,044)</b>	<b>256</b>	<b>(4,422)</b>

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

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

2009 comprises income from Proprietary Trading in Q1-Q3. In Q4/2009 this activity was transferred to the Parent Company, Nykredit Realkredit A/S.

Comparative figures have been restated to reflect the changes resulting from the merger with Forstædernes Bank. Further specifications and financial ratios appear from note 2.

Administrative expenses went up by DKK 180m to DKK 786m. The development was partly attributable to an increase in IT costs, including costs relating to the merger, and payments to the Parent Company for the performance of intercompany activities.

*Commission under Bank Rescue Package I*  
Commission under Bank Rescue Package I amounted to DKK 370m, which was on a level with Q1-Q3/2009.

#### *Impairment losses and provisions*

Impairment losses on loans and advances and provisions for guarantees came to DKK 774m compared with DKK 5,013m in Q1-Q3/2009. Add to this provisions under Bank Rescue Package I of DKK 279m against DKK 236m in Q1-Q3/2009.

The decline in impairment losses and provisions was chiefly attributable to Other Activities, which includes a portfolio of terminated exposures relating to corporate customers of the former Forstædernes Bank of DKK 2.6bn and Corporate Banking of DKK 1.7bn.

#### **Investment portfolio income**

Investment portfolio income was DKK 166m against DKK 147m in Q1-Q3/2009. This was in part attributable to higher capital gains as a result of lower interest rate levels and a rise in the principal.

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

#### **Tax**

Calculated tax was DKK 108m, or about 34% of pre-tax profit. Relative to the current tax rate of 25%, tax calculated for the period was particularly affected by an adjustment of deferred tax in the former Forstædernes Bank for previous years.

Profit after tax totalled DKK 210m against a loss after tax of DKK 3,371m in Q1-Q3/2009.

#### **OUTLOOK FOR 2010**

Core income from business operations is expected to remain at the level of the preceding quarters for the rest of the year. However, as part of the Bank's income derives from bond portfolio returns etc, the level is dependent on the development in fixed income markets.

Wages, salaries and administrative expenses are expected to remain on a par with the development so far in 2010. Conversely, other operating expenses are expected to decrease in Q4, as commission expenses relating to Bank Rescue Package I will no longer be payable. Impairment losses and provisions in Q4 are not expected to exceed the Q3 level, as no further provisions relating to the guarantee provided under Bank Rescue Package I will be required. Trends in housing prices, unemployment and the Danish economy in general still imply an elevated risk of credit losses.

Overall, profit before impairment losses and tax is expected to be above the level in 2009 of DKK 1,369m (including the merger with Forstædernes Bank).

Against this backdrop, Management expects that Nykredit Bank will generate a profit for the full year compared with a loss of DKK 3.9bn in 2009.

#### **Q3/2010**

The pre-tax profit for Q3/2010 alone came to DKK 161m compared with DKK 83m in Q2/2010 and a loss of DKK 3,238m in Q3/2009.

Generally, the trends in Q3 did not differ from the full year development as described under Management's Review. The Bank Group's income statement and balance sheet by quarter can be found on page 37.

Compared with Q2/2010, pre-tax profit improved by DKK 78m.

Total income was down by about DKK 50m in Q3 relative to Q2/2010. This primarily reflects ordinary fluctuations. Administrative and other operating expenses dropped by DKK 64m, and impairment losses were reduced by DKK 64m.

Profit before tax picked up by DKK 3.4bn on Q3/2009 mainly due to a decline in impairment losses by about DKK 3.1bn. Furthermore, income increased by about DKK 100m, and Dansk Pantebrevsbørs prompted a number of extraordinary expenses in Q3/2009.

#### **BUSINESS AREAS**

The segment financial statements have in 2010 been affected by the merger with Forstædernes Bank and a general reorganisation. Comparative figures have been restated to the widest extent possible. However, certain income statement and balance sheet items have been allocated among the business areas based on a number of estimates.

The structural basis of the Nykredit Bank Group is a unified organisation offering all customers one single point of access to Nykredit.

The group unit Customers comprises all Nykredit's distribution channels, and customers may be served personally at the centres, online or by telephone according to their preferences. The competence centres Nykredit Markets and Nykredit Asset Management handle the activities of the Nykredit Group relating to trading in securities and derivatives, asset and investment management, pension products, etc.

The financial reporting of the Nykredit Bank Group includes the following segments: Retail Banking, Corporate Banking, Markets & Asset Management and Other Activities.

#### **Retail Banking**

The business area serves households and small agricultural customers, who typically require the same product range as retail customers.

Retail Banking recorded an unsatisfactory loss of DKK 49m for the period against a loss of DKK 29m for Q1-Q3/2009.

Core income decreased by DKK 23m to DKK 615m.

Lending for housing purposes, including equity release credits, displayed a stable trend in the period, while other lending showed a downward trend.

Deposits were largely unchanged at DKK 19.2bn compared with end-2009.

Costs declined by DKK 97m to DKK 358m, while commission under Bank Rescue Package I amounted to DKK 55m against DKK 45m in Q1-Q3/2009. The development in costs generally matched expectations.

Impairment losses and provisions generated an expense of DKK 213m against DKK 143m in Q1-Q3/2009, equal to impairment losses as a percentage of 1.0%. Notably collective impairment provisions rose on account of slightly weaker financial positions of a number of retail customers, which have not yet resulted in specific individual impairment provisions. Provisions relating to Bank Rescue Package I rose from DKK 24m to DKK 38m.

The income:cost ratio remained largely unchanged at DKK 0.9 compared with 30 September 2009.

Loans and advances amounted to DKK 15.3bn at 30 September 2010 against DKK 16.6bn at end-2009, while deposits were fairly unchanged at DKK 19.2bn. The development in loans and advances was partly attributable to the changed allocation between business areas as a result of the reorganisation.

### Corporate Banking

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

Despite a rise in core income of DKK 119m, the business area recorded a profit before tax of just below DKK 3m for Q1-Q3/2010. Compared with the same period in 2009 when Corporate Banking recorded a loss of DKK 2,038m, the business area has, however, improved considerably due to lower impairment losses.

Core income went up from DKK 792m to DKK 911m compared with Q1-Q3/2009. Notably Group Customers, which serves the Group's corporate customers, performed well. The rise in income was partly an effect of price adjustments of business with corporate customers, which resulted in higher margins and fees.

Lending showed a minor rise relative to end-2009. The development in construction finance was positive, while other lending showed an overall decline.

The share of fixed-term deposits rose, while other deposits declined. The transition to Bank Rescue Package III and the consequent expiry of the unlimited government guarantee have generally not significantly affected the deposit balance within Corporate Banking.

Value adjustments of corporate bonds and derivatives came to a loss of DKK 11m against a loss of DKK 102m in Q1-Q3/2009, which was affected by considerable negative value adjustments of derivatives.

Operating costs decreased from DKK 458m in Q1-Q3/2009 to DKK 405m as anticipated, while commission under Bank Rescue Package I rose from DKK 167m to DKK 187m.

2010 results from the group enterprises of the business area mainly consisted of a pre-tax loss of DKK 2m of Nykredit Leasing against a loss of DKK 3m in Q1-Q3/2009. In Q1-Q3/2009, results were furthermore affected by extraordinary expenses (totalling about

DKK 180m) relating to Dansk Pantebrevsbørs A/S. The company is still subject to bankruptcy proceedings.

Impairment losses and provisions dropped by DKK 1.7bn from DKK 1,896m to DKK 192m, while provisions under Bank Rescue Package I declined to DKK 124m from DKK 126m in Q1-Q3/2009, equal to impairment losses as a percentage of 0.6%.

The income:cost ratio stood at DKK 1.0 against DKK 0.3 in Q1-Q3/2009.

Loans and advances amounted to DKK 40.6bn against DKK 39.2bn at end-2009, while deposits amounted to DKK 27.8bn against DKK 33.4bn at end-2009.

### Markets & Asset Management

The business area handles the activities of the Nykredit Group within trading in securities and derivatives, debt capital, asset management and pension products. The business area also includes the Bank's Treasury activities. Proprietary Trading was included in Q1-Q3/2009.

Markets & Asset Management recorded a satisfactory profit before tax of DKK 517m, up by DKK 84m from DKK 433m in Q1-Q3/2009.

Core income from business operations rose by a gratifying DKK 260m (26%) to DKK 1,236m.

Income from Kalvebod issues remained unchanged at DKK 53m, partly due to the development in the credit standing of the underlying credit institutions. DKK 47m came from Proprietary Trading activities in Q1-Q3/2009.

Nykredit Markets saw a positive trend in most business areas compared with the same period in 2009. Fixed Income again recorded a high activity level in a period marked by financial turmoil and euro crisis, although earnings were slightly lower than last year. Equities delivered a highly satisfactory performance, and derivatives activities proved stable year to date. The other areas, including the currency desk, corporate bonds and Debt Capital Markets, maintained or strengthened their activity and earnings levels.

Asset Management recorded substantial growth in the first three quarters of 2010. Assets under management rose by 32.5% to DKK 93.2bn, and assets under administration went up by 11.0% to DKK 253.6bn.

In September Nykredit Bank launched a new product Nykredit AIDA – investment in gold,

oil, equities and bonds – aimed at retail customers.

Operating costs of Markets & Asset Management went up by DKK 101m to DKK 613m. Overall, the development matched expectations. Commission payable under Bank Rescue Package I amounted to DKK 91m compared with DKK 89m in Q1-Q3/2009.

The income:cost ratio remained unchanged at DKK 1.7.

Loans and advances (reverse lending) came to DKK 14.0bn against DKK 12.0bn at end-2009 and were issued to eg pension funds, investment funds and investment companies.

Deposits amounted to DKK 7.2bn at 30 September 2010 against DKK 11.1bn at end-2009. Repo transactions included in "Non-derivative financial liabilities at fair value" were DKK 23.3bn. At end-2009 the item came to DKK 0.5bn.

### Other Activities

This business area comprises a portfolio of terminated exposures relating to corporate customers of Forstædernes Bank.

The business area recorded a loss of DKK 409m against a loss of DKK 3,044m in Q1-Q3/2009.

As the activity concerned a loan portfolio of terminated exposures, the vast majority of results for the year were impairment losses of DKK 363m compared with DKK 2,971m in Q1-Q3/2009. Further, provisions for Bank Rescue Package I of DKK 47m in Q1-Q3/2009 generated an expense of DKK 55m. Impairment losses as a percentage totalled 4.6%.

The loans amounted to about DKK 4bn after impairments of about DKK 4bn. The impairment rate was thus almost 50%.

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

### Balance sheet

The balance sheet stood at DKK 219.5bn against DKK 215.2bn at end-2009, up DKK 4.3bn (2%).

Compared with end-2009, loans and advances at fair value and amortised cost together rose by DKK 1.0bn to DKK 73.9bn of which reverse lending accounted for a rise of almost DKK 2.0bn, while other loans and advances declined by about DKK 1.0bn.

Bonds went up from DKK 65.0bn at end-2009 to DKK 69.7bn. The size of the portfolio should be viewed against the Bank's repo activities, trading positions and high liquidity, part of which had been placed in securities. The portfolio mainly contained high-rated government and mortgage bonds. The portfolio included bonds with cover assets consisting of subordinate loan capital in Danish banks (Kalvebod issues). The item amounted to about DKK 1.3bn, equal to the level at 31 December 2009.

Other assets totalled DKK 47.2bn against DKK 28.5bn at end-2009. This amount included positive market values of derivative financial instruments in the amount of DKK 39.2bn (at 31 December 2009: DKK 20.7bn), which related to the Bank's trading in derivatives and own positions for hedge accounting purposes, etc. These transactions were widely hedged and related to "Other liabilities", which included negative market values of derivative financial instruments in the amount of DKK 37.6bn (at 31 December 2009: DKK 19.6bn).

Deposits came to DKK 54.7bn against DKK 65.1bn at end-2009. Deposits mainly derived from Retail Banking with DKK 19.2bn (at 31 December 2009: DKK 19.6bn), Corporate Banking with DKK 27.8bn (at 31 December 2009: DKK 33.4bn) and Markets & Asset Management with DKK 7.2bn (at 31 December 2009: DKK 11.1bn). Furthermore, deposits from repo transactions increased from DKK 0.5bn at end-2009 to DKK 23.3bn at 30 September 2010.

Issued bonds declined from DKK 44.1bn at end-2009 to DKK 25.8bn. The item was reduced in accordance with the Bank's expected liquidity requirement, and the change included current redemptions and new issues made at satisfactory margins without invoking the

individual government guarantee. See also Liquidity Management on page 10.

Other non-derivative financial liabilities at fair value increased from DKK 6.8bn to DKK 26.9bn. The item included deposits as well as negative securities portfolios relating to repo transactions.

Other liabilities totalled DKK 46.7bn against DKK 28.1bn at end-2009. The amount mainly included negative market values of derivative financial instruments of DKK 37.6bn and interest payable of DKK 8.4bn.

In 2010 the Bank prematurely redeemed two subordinate loans. Subordinated debt totalled DKK 886m at 30 September 2010.

### Equity

Equity stood at DKK 13,584m at 30 September 2010. As equity was DKK 10,227m at end-2009, this constitutes an increase of DKK 3,357m stemming from a rise of DKK 2,147m in connection with the merger, a capital increase of DKK 1,000m and profit after tax of DKK 210m for the period.

Equity was identical in Nykredit Bank A/S and the Nykredit Bank Group, as the same recognition and measurement principles were applied.

## The Nykredit Bank Group

### Changes in equity

DKK million	30.09.2010	30.09.2009	31.12.2009
Equity, beginning of period, incl Forstædernes Bank	12,374	10,159	10,159
Capital increase and share premium, incl Forstædernes Bank	1,000	4,854	6,154
Other additions and disposals	-	(1)	(1)
Profit (loss) for the period, incl Forstædernes Bank	210	(3,371)	(3,938)
<b>Equity, end of period</b>	<b>13,584</b>	<b>11,641</b>	<b>12,374</b>

For more information on equity, see pages 16 and 17.

## The Nykredit Bank Group

### Capital base and capital adequacy

DKK million	30.09.2010	30.09.2009	31.12.2009
Share capital	6,045	4,175	4,175
Retained earnings	7,539	5,878	6,052
<b>Core capital</b>	<b>13,584</b>	<b>10,053</b>	<b>10,227</b>
Hybrid core capital	239	-	-
Primary and other statutory deductions from core capital	335	190	675
<b>Total</b>	<b>13,488</b>	<b>9,863</b>	<b>9,552</b>
Supplementary capital and additions to supplementary capital	1,108	-	-
Primary and other statutory deductions	86	-	-
<b>Capital base after statutory deductions</b>	<b>14,510</b>	<b>9,863</b>	<b>9,552</b>
<b>Total weighted items</b>	<b>96,412</b>	<b>72,452</b>	<b>77,452</b>
Capital adequacy ratio, %	15.0	13.6	12.3
Core capital ratio, %	14.0	13.6	12.3

The capital adequacy and core capital ratios at 30 September 2009 and for FY 2009 are unchanged relative to previously published information on the Nykredit Bank Group. Reference is made to the statement on page 18 of the Q1-Q3 Interim Report.

## Nykredit Bank A/S

### Ratings

	Moody's Investors Service	Standard & Poor's
Short-term rating	P-1	A-1
Long-term rating	A1	A+
Bank Financial Strength Rating	C-	

## Capital resources and capital adequacy

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

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

Nykredit Bank's capital resources and capital adequacy are described in the report Risk and Capital Management 2009, which is available at [nykredit.com/reports](http://nykredit.com/reports).

Nykredit Bank is authorised by the Danish Financial Supervisory Authority to use the advanced IRB approaches to determine the capital requirement for retail lending and the foundation IRB approaches to determine the capital requirement for corporate lending. In respect of sovereign and credit institution exposures, the Bank applies the standardised approach.

After statutory deductions, the capital base rose by DKK 4,958m relative to end-2009, which may chiefly be attributed to the increased equity, hybrid core capital and supplementary capital in connection with the merger with Forstædernes Bank.

Compared with end-2009, weighted assets rose by DKK 18,960m of which the majority also resulted from the merger.

The capital adequacy ratio of the Nykredit Bank Group landed at 15.0% at 30 September 2010 against 12.3% at end-2009 and 13.6% at 30 September 2009.

The core capital ratio came to 14.0% against 12.3% at end-2009 and 13.6% at 30 September 2009.

The capital need of Nykredit Bank was determined at 9.4%, and the required capital base amounted to DKK 9.1bn. The change relative to end-2009 when the ratio stood at 8.8% must in part be seen as a result of the merger with Forstædernes Bank.

## Ratings

The Bank's ratings are unchanged compared with end-2009.

**Impairment losses and provisions****Earnings impact for the period**

Impairment losses on loans and advances came to DKK 1,053m against DKK 5,249m in Q1-Q3/2009. Of this amount, Bank Rescue Package I accounted for DKK 279m compared with DKK 236m in Q1-Q3/2009. Thus, the Bank has made provisions equal to its expected share of a maximum of DKK 10bn for the sector as a whole.

The charge included individual provisions of DKK 872m and collective impairment provisions of DKK 181m. In Q1-Q3/2009 the charge amounted to DKK 4,432m and DKK 817m, respectively.

Other Activities accounted for DKK 418m, or 40% of the total charge for the period. The figure is still relatively high, but compared with Q1-Q3/2009 when the charge was DKK 3,018m, the improvement is significant. Of the remaining part of the charge, DKK 251m was attributable to Retail Banking, DKK 316m to Corporate Banking and DKK 68m to Markets & Asset Management.

The charge amounted to 1.1% of total loans, advances and guarantees against 6.3% for the full year 2009 and 4.7% for Q1-Q3/2009.

**Impairment losses for the period**

%	Q1-Q3/2010
Retail Banking	1.0
Corporate Banking	0.6
Markets & Asset Management	0.4
Other Activities	4.6
<b>Total</b>	<b>1.1</b>



**Provisions, end of period**

Provisions totalled DKK 8,090m against DKK 8,421m at end-2009 and DKK 7,145m at 30 September 2009.

This constituted a decline of DKK 331m on end-2009. The figure resulted from a net increase of DKK 464m in new impairment provisions and the recognition as lost of provisions previously made of DKK 1,105m, as a number of non-performing loans were recognised as losses in Q1-Q3/2010. Conversely, provisions for guarantees rose by DKK 311m of which Bank Rescue Package I accounted for a rise of DKK 279m.

The most significant change was attributable to Other Activities where impairment provisions were reduced from DKK 4,575m at the beginning of the year to DKK 3,989m at 30

September 2010. Impairment provisions for this part of the Bank's loan portfolio totalled almost 50%.

Provisions for guarantees amounted to DKK 920m against DKK 403m at 30 September 2009 and DKK 609m at end-2009. The change on end-2009 was chiefly attributed to Bank Rescue Package I.

Provisions for Bank Rescue Package I consequently totalled DKK 659m against DKK 380m at end-2009.

Relative to total loans, advances and guarantees, provisions were 8.2% against 8.0% at end-2009.

About 54% of total provisions concerned the portfolio of terminated exposures relating to

Other Activities, which was largely unchanged compared with end-2009.

**The Nykredit Bank Group – provisions for Q1-Q3/2010**

DKK million	Provisions for loan impairment		Provisions for guarantees		Total provisions		Earnings impact for the period	
	30 Sept 2010	Beginning of 2010	30 Sept 2010	Beginning of 2010	30 Sept 2010	Beginning of 2010	Q1-Q3/2010	Q1-Q3/2009
Retail Banking	620	467	97	59	717	526	251	167
Corporate Banking	2,498	2,702	333	181	2,831	2,883	316	2,022
Markets & Asset Management	63	68	152	87	215	155	68	42
Other Activities	3,989	4,575	338	282	4,327	4,857	418	3,018
<b>Total</b>	<b>7,710</b>	<b>7,812</b>	<b>920</b>	<b>609</b>	<b>8,090</b>	<b>8,421</b>	<b>1,053</b>	<b>5,249</b>
Of which Forstædernes Bank		6,232		336		6,568		4,257
Of which Nykredit Bank		1,580		273		1,853		992
Provisions:								
- individual	6,732	7,554	920	609	7,652	8,163	872	4,432
- collective	438	258	-	-	438	258	181	817
<b>Of which provided for Bank Rescue Package I</b>	<b>-</b>	<b>-</b>	<b>659</b>	<b>380</b>	<b>659</b>	<b>380</b>	<b>279</b>	<b>236</b>

For a detailed specification of provisions, please see notes 7, 29 and 30.

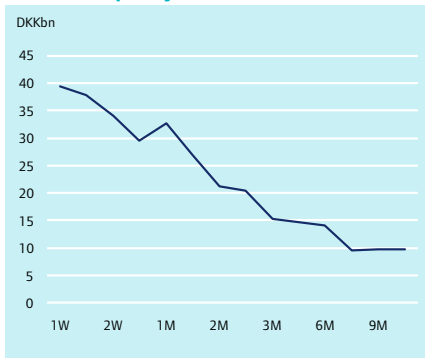
**Loans, advances, guarantees and provisions by sector**

DKK million	Loans, advances and guarantees		Provisions	
	30.09.2010	Beginning of 2010	30.09.2010	Beginning of 2010
<b>Public sector</b>	<b>498</b>	<b>498</b>	<b>-</b>	<b>113</b>
Agriculture, hunting, forestry and fisheries	2,509	3,089	77	87
Manufacturing	9,057	8,502	403	365
Building and construction	1,576	2,019	252	219
Trade, restaurants and hotels	3,247	4,154	424	410
Transport, mail and telephone	2,102	2,655	20	21
Credit, finance and insurance	16,902	14,105	1,291	1,662
Property management and trade, business services	20,270	23,514	2,943	3,129
Other corporate	10,878	12,136	1,665	1,654
<b>Total corporate</b>	<b>66,541</b>	<b>70,174</b>	<b>7,075</b>	<b>7,547</b>
Retail	23,296	25,598	1,015	762
<b>Total</b>	<b>90,335</b>	<b>96,270</b>	<b>8,090</b>	<b>8,422</b>
Of which reverse lending	13,958	11,963		
Of which guarantees	16,436	23,386	920	609

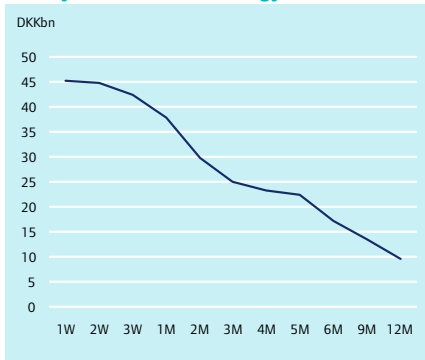
The distribution is based on public sector statistics and is therefore not directly comparable with the Bank's business areas.

Loans, advances and guarantees are stated less impairment provisions and correspond to the carrying amounts.

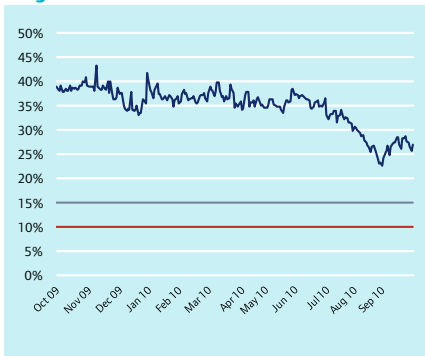
**Nykredit Bank A/S**  
**12-month liquidity**



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



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



At 30 September 2010, the carrying amount of loans, advances and guarantees totalled DKK 90.3bn against DKK 96.3bn at end-2009. On balance, this equalled a DKK 6bn decline, of which DKK 3.2bn can be attributed to "Property management and trade etc". On the whole, the relative sector distribution was fairly unchanged.

Loans, advances and guarantees granted to the property management and trade etc sector amounted to 22.4% of total loans, advances and guarantees against 24.4% at end-2009. In nominal terms, however, this was a decline from DKK 23.5bn at end-2009 to DKK 20.3bn at 30 September 2010. Management still finds the exposure to the property market reasonable considering the Bank's business model, size and capital resources. At 30 September 2010, provisions accounted for about 13% of loans, advances and guarantees relating to property management and trade etc against 12% at the beginning of 2010.

Around 18.7% of total loans, advances and guarantees have been granted to the credit and finance sector, including pension funds, investment funds and investment companies. A considerable part of this lending was based on reverse transactions with bonds serving as collateral. At end-2009 the relative share amounted to 14.6%.

**Guarantees**

The Bank issues guarantees on a current basis, including guarantees to mortgage banks. According to the accounting rules, guarantees must be reviewed on a current basis and losses under guarantees provided for if deemed necessary.

At 30 September 2010, provisions for losses under guarantees totalled DKK 920m relative to DKK 609m at end-2009. Of total provisions at 30 September 2010, DKK 659m was attributable to Bank Rescue Package I, up DKK 279m on end-2009.

**LIQUIDITY MANAGEMENT**

Liquidity risk is the risk of loss as a result of insufficient liquidity to cover current payment obligations. Please refer to the Annual Report for 2009 of the Nykredit Bank Group, Risk and capital management, page 15, for a detailed review of and information on the Nykredit Bank Group's risk management.

Nykredit Bank monitors its balance sheet and liquidity on a day-to-day basis.

The management of the Bank's structural liquidity risk is based on an internal model relating to the liquidity of assets and liabilities. Securities not serving as collateral in the trading book constitute a short-term liquidity buffer that may be applied in the case of unforeseen drains on the Bank's liquidity.

The model assumptions are stress tested daily. This includes calculating the effect of a liquidity crisis that would increase the Bank's funding costs and lower the liquidity of assets.

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

At 30 September 2010, the excess cover was 169% against 324% at end-2009.

At 30 September 2010, the liquidity buffer, equivalent to the above excess cover, amounted to DKK 38.6bn compared with DKK 66.8bn at end-2009. In Q1-Q3/2010 the liquidity buffer averaged DKK 53.1bn compared with an average of DKK 39.2bn for Q1-Q3/2009.

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

The Bank's long-term funding activities progressed according to plan, with EMTN issues of DKK 10.8bn at 30 September 2010.

Further, the Bank has continued its current refinancing of short-term ECP issues, which totalled DKK 14.2bn at 30 September 2010.

The aggregate amount issued through the ECP and EMTN programmes was DKK 25.8bn at 30 September 2010 against DKK 44.1bn at end-2009.

As an additional liquidity buffer, the Bank has a guarantee facility for issues subject to an individual government guarantee under Bank Rescue Package II of DKK 15bn up to 31 December 2010. The guarantee facility had not been utilised at 30 September 2010, and the Bank does not expect to make use of it in Q4/2010.

### Net interest rate exposure



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



■ Value-at-Risk at 99%

### Financial risk

For details on methods of determination and a description of financial risk, please refer to the Annual Report for 2009, p 20ff.

Value-at-Risk for 2009 has been determined exclusively based on Nykredit Bank's key figures and does not include Forstædernes Bank's positions. At any rate, the impact from these positions was modest.

Value-at-Risk came to DKK 21.8m at 30 September 2010 against DKK 27.6m at 30 September 2009. For Q3/2010 the average was DKK 26.9m against DKK 30.2m in Q3/2009.

Value-at-Risk was down on the same period in 2009 due to a reduction in the Bank's positions and a tighter yield spread between the portfolios of interest rate swaps and mortgage bonds relative to the determination at 30 September 2009.

The interest rate exposure amounted to DKK 78m at 30 September 2010 against DKK 92m at 30 September 2009. Considering the limited and otherwise relatively stable position-taking, the development in interest rate exposure generally reflects the periodic interest rate fixings in respect of floating-rate bonds and interest rate swaps.

Exchange Rate Indicator 1 was DKK 319m against DKK 66m at 30 September 2009 and DKK 83m at end-2009.

### OTHER

#### Merger with Forstædernes Bank A/S

As previously announced, the merger with Forstædernes Bank took place as at 1 April, effective as at 1 January 2010 for accounting purposes. Comparative figures have been restated to reflect the merger.

#### Liquidity

Since 30 September 2010, the Bank has issued a 5-year bond in the amount of EUR 500m, which has further strengthened the Bank's liquidity.

### Early redemption of subordinated debt

In August and September, the Bank redeemed supplementary capital of DKK 150m and DKK 100m, respectively. Furthermore, the Bank obtained permission from the Danish Financial Supervisory Authority for the early redemption of additional subordinate loan capital of EUR 10m in October 2010.

### Capital increase

Due to expectations of continued growth in customer-oriented business, to which should be added redemption of supplementary capital and the Bank's general aim to maintain adequate capital resources, the Bank increased its capital by DKK 1bn in September. The capital increase was fully subscribed by Nykredit Realkredit.

### Bank rescue packages

The Danish Bank Rescue Package I expired on 30 September 2010. Since 2008 the Bank has incurred expenses in the form of commission and provisions of DKK 988m and DKK 659m, respectively.

Under Bank Rescue Package II, the Bank has a guarantee facility of DKK 15bn for issues subject to individual government guarantee. The Bank does not expect to make use of the guarantee facility.

### UNCERTAINTY AS TO RECOGNITION AND MEASUREMENT

The measurement of certain assets and liabilities is based on accounting estimates made by Group Management.

The areas in which assumptions and estimates significant to the financial statements have been made include provisions for loan and receivable impairment, unlisted financial instruments and listed financial instruments which are traded in markets characterised by low turnover and provisions, the determination of which involves a number of estimates.

Uncertainty as to recognition and measurement is described in detail in the Bank's accounting policies (note 1 of the Annual Report for 2009, page 41), to which reference is made.

### EVENTS AFTER 30 SEPTEMBER

No material events have occurred in the period up to the presentation of the Q1-Q3 Interim Report 2010.

**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 2010 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 Financial Statements of the Parent Company, Nykredit Bank A/S, have 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.

We are of the opinion that the Q1-Q3 Financial Statements give a fair presentation of the Group's and the Parent Company's assets, liabilities, equity and financial position at 30 September 2010 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 2010.

We are furthermore of the opinion that the Management's Review 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 which may affect the Group and the Parent Company.

Copenhagen, 11 November 2010

**Board of Directors**

Karsten Knudsen, Chairman

Søren Holm, Deputy Chairman

Henrik K. Asmussen, staff-elected member

Kim Duus

Allan Kristiansen, staff-elected member

Per Ladegaard

Bente Overgaard

**Executive Board**

Bjørn Mortensen

Georg Andersen

Lars Bo Bertram

## Income statements for 1 January – 30 September

DKK million

Nykredit Bank A/S				The Nykredit Bank Group	
Q1-Q3/2009	Q1-Q3/2010		note	Q1-Q3/2010	Q1-Q3/2009
5,201	3,369	Interest income	3	3,409	5,252
3,007	1,245	Interest expenses	4	1,244	3,007
<b>2,194</b>	<b>2,124</b>	<b>NET INTEREST INCOME</b>		<b>2,165</b>	<b>2,245</b>
17	3	Dividend on equities		3	17
765	823	Fee and commission income		954	883
295	355	Fee and commission expenses		409	351
<b>2,681</b>	<b>2,595</b>	<b>NET INTEREST AND FEE INCOME</b>		<b>2,713</b>	<b>2,794</b>
31	403	Value adjustments	5	403	22
8	8	Other operating income		27	25
1,327	1,305	Staff and administrative expenses	6	1,385	1,411
40	12	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets		12	41
423	372	Other operating expenses		375	424
5,218	1,027	Impairment losses on loans, advances and receivables	7	1,053	5,249
(137)	21	Profit (loss) from investments in associates and group enterprises	8	-	(138)
<b>(4,425)</b>	<b>311</b>	<b>PROFIT (LOSS) BEFORE TAX</b>		<b>318</b>	<b>(4,422)</b>
(1,054)	101	Tax	9	108	(1,051)
<b>(3,371)</b>	<b>210</b>	<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>210</b>	<b>(3,371)</b>

## Statements of comprehensive income 1 January – 30 September

<b>(3,371)</b>	<b>210</b>	<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>210</b>	<b>(3,371)</b>
(1)	0	Other additions and disposals		0	(1)
<b>(1)</b>	<b>0</b>	<b>OTHER COMPREHENSIVE INCOME</b>		<b>0</b>	<b>(1)</b>
<b>(3,372)</b>	<b>210</b>	<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>210</b>	<b>(3,372)</b>

## Balance sheets

DKK million

Nykredit Bank A/S				The Nykredit Bank Group	
31.12.2009	30.09.2010		note	30.09.2010	31.12.2009
<b>ASSETS</b>					
137	129	Cash balance and demand deposits with central banks		129	137
46,220	26,506	Receivables from credit institutions and central banks	10	26,506	46,224
11,963	13,958	Loans, advances and other receivables at fair value	11	13,958	11,963
60,722	59,719	Loans, advances and other receivables at amortised cost	12	59,942	60,921
64,952	69,566	Bonds at fair value	13	69,667	64,952
716	464	Equities	14	466	718
0	0	Investments in associates		-	-
339	358	Investments in group enterprises		-	4
10	9	Intangible assets		9	10
<b>69</b>	<b>68</b>	<b>Total land and buildings</b>		<b>68</b>	<b>69</b>
69	68	- Investment properties		68	69
58	5	Other property, plant and equipment		7	60
1,314	1,273	Current tax assets		1,282	1,327
287	265	Deferred tax assets		239	262
13	27	Assets in temporary possession		27	13
28,409	47,224	Other assets	15	47,229	28,487
59	2	Prepayments		6	62
<b>215,268</b>	<b>219,573</b>	<b>TOTAL ASSETS</b>		<b>219,535</b>	<b>215,209</b>

## Balance sheets

DKK million

Nykredit Bank A/S				The Nykredit Bank Group	
31.12.2009	30.09.2010		note	30.09.2010	31.12.2009
<b>LIABILITIES AND EQUITY</b>					
56,843	49,851	Payables to credit institutions and central banks	16	49,851	56,843
65,334	54,893	Deposits and other payables	17	54,745	65,117
44,059	25,830	Issued bonds at amortised cost	18	25,830	44,059
6,798	26,891	Other non-derivative financial liabilities at fair value	19	26,891	6,798
27,918	46,578	Other liabilities	20	46,684	28,071
8	5	Deferred income		9	13
<b>200,960</b>	<b>204,048</b>	<b>TOTAL PAYABLES</b>		<b>204,010</b>	<b>200,901</b>
<b>Provisions</b>					
609	920	Provisions for losses under guarantees	23	920	609
156	135	Other provisions	23	135	156
<b>765</b>	<b>1,055</b>	<b>TOTAL PROVISIONS</b>		<b>1,055</b>	<b>765</b>
1,169	886	Subordinated debt	24	886	1,169
<b>Equity</b>					
5,545	6,045	Share capital		6,045	5,545
		Other reserves			
0	0	- Statutory reserves		-	-
6,829	7,539	Retained earnings		7,539	6,829
<b>12,374</b>	<b>13,584</b>	<b>TOTAL EQUITY</b>		<b>13,584</b>	<b>12,374</b>
<b>215,268</b>	<b>219,573</b>	<b>TOTAL LIABILITIES AND EQUITY</b>		<b>219,535</b>	<b>215,209</b>
<b>Off-balance sheet items</b>					
23,385	16,436	Contingent liabilities	21	16,436	23,386
9,343	7,280	Other commitments	22	7,349	9,387
<b>32,728</b>	<b>23,716</b>	<b>TOTAL OFF-BALANCE SHEET ITEMS</b>		<b>23,785</b>	<b>32,773</b>
		Accounting policies	1		
		Results by business area	2		
		Other contingent liabilities	25		
		Related party transactions	26		
		Foreign exchange and interest rate risk	27		
		Hedging interest rate risk	28		
		Loans, advances and guarantees by sector	29		
		Provisions for loan impairment and guarantees by business area	30		
		Group structure	31		

# Statement of changes in equity and comprehensive income

DKK million

Nykredit Bank A/S

	Share capital (restated to reflect the merger with Forstædernes Bank)	Statutory reserves and revaluation reserves: Revaluation of property	Retained earnings (restated to reflect the merger with Forstædernes Bank)	Total
<b>EQUITY, 30 SEPTEMBER 2010</b>				
End of previous financial year, Nykredit Bank	4,175		6,052	10,227
End of previous financial year, Forstædernes Bank (Forstædernes Bank including share premium)	1,370	1	776	2,147
<b>Total, beginning of financial year</b>	<b>5,545</b>	<b>1</b>	<b>6,828</b>	<b>12,374</b>
Cancellation of shares in Forstædernes Bank	(1,370)		0	(1,370)
New issue of share capital in Nykredit Bank	1,370			1,370
Transferred to "Retained earnings"		(1)	1	0
<b>TOTAL</b>	<b>5,545</b>	<b>0</b>	<b>6,829</b>	<b>12,374</b>
<b>Comprehensive income:</b>				
Profit for the period			210	210
<b>Total comprehensive income</b>			<b>210</b>	<b>210</b>
Capital increase	500		500	1,000
Total changes in equity for the period	500		710	1,210
<b>Equity, 30 September 2010</b>	<b>6,045</b>	<b>0</b>	<b>7,539</b>	<b>13,584</b>
<b>EQUITY, 30 SEPTEMBER 2009</b>				
End of previous financial year, Nykredit Bank	2,575	0	4,529	7,104
End of previous financial year, Forstædernes Bank (Forstædernes Bank including share premium)	944	1	2,110	3,055
<b>Total, beginning of financial year</b>	<b>3,519</b>	<b>1</b>	<b>6,639</b>	<b>10,159</b>
Transferred to "Retained earnings"		(1)	1	0
<b>TOTAL</b>	<b>3,519</b>	<b>0</b>	<b>6,640</b>	<b>10,159</b>
<b>Comprehensive income:</b>				
Loss for the period			(3,371)	(3,371)
<b>Total</b>			<b>(3,371)</b>	<b>(3,371)</b>
<b>Other comprehensive income:</b>				
Other additions and disposals			(1)	(1)
<b>Total comprehensive income</b>			<b>(3,372)</b>	<b>(3,372)</b>
Capital increase	1,864		2,990	4,854
Total changes in equity for the period	1,864		(382)	1,482
<b>Equity, 30 September 2009</b>	<b>5,383</b>	<b>0</b>	<b>6,258</b>	<b>11,641</b>



# Statement of changes in equity and comprehensive income

DKK million

## The Nykredit Bank Group

	Share capital* (restated to reflect the merger with Forstædernes Bank)	Statutory reserves and revaluation reserves: Revaluation of property	Retained earnings (restated to reflect the merger with Forstædernes Bank)	Total
<b>EQUITY, 30 SEPTEMBER 2010</b>				
End of previous financial year, Nykredit Bank	4,175		6,052	10,227
End of previous financial year, Forstædernes Bank (Forstædernes Bank including share premium)	1,370	1	776	2,147
<b>Total, beginning of financial year</b>	<b>5,545</b>	<b>1</b>	<b>6,828</b>	<b>12,374</b>
Cancellation of shares in Forstædernes Bank	(1,370)			(1,370)
New issue of share capital in Nykredit Bank	1,370			1,370
Transferred to "Retained earnings"		(1)	1	0
<b>TOTAL</b>	<b>5,545</b>	<b>0</b>	<b>6,829</b>	<b>12,374</b>
<b>Comprehensive income:</b>				
Profit for the period			210	210
<b>Total comprehensive income</b>			<b>210</b>	<b>210</b>
Capital increase	500		500	1,000
Total changes in equity for the period	500		710	1,210
<b>Equity, 30 September 2010</b>	<b>6,045</b>	<b>0</b>	<b>7,539</b>	<b>13,584</b>
<b>EQUITY, 30 SEPTEMBER 2009</b>				
End of previous financial year, Nykredit Bank	2,575		4,529	7,104
End of previous financial year, Forstædernes Bank (Forstædernes Bank including share premium)	944	1	2,110	3,055
<b>Total, beginning of financial year</b>	<b>3,519</b>	<b>1</b>	<b>6,639</b>	<b>10,159</b>
Transferred to "Retained earnings"		(1)	1	0
<b>TOTAL</b>	<b>3,519</b>	<b>0</b>	<b>6,640</b>	<b>10,159</b>
<b>Comprehensive income:</b>				
Loss for the period			(3,371)	(3,371)
<b>Total</b>			<b>(3,371)</b>	<b>(3,371)</b>
<b>Other comprehensive income:</b>				
Other additions and disposals			(1)	(1)
<b>Total comprehensive income</b>			<b>(3,372)</b>	<b>(3,372)</b>
Capital increase	1,864		2,990	4,854
Total changes in equity for the period	1,864	0	(382)	1,482
<b>Equity, 30 September 2009</b>	<b>5,383</b>	<b>0</b>	<b>6,258</b>	<b>11,641</b>

\* The share capital breaks down into 16 shares in multiples of DKK 1m. The share capital is wholly owned by Nykredit Realkredit A/S, Copenhagen.

Nykredit Bank is included in the consolidated financial statements of this company and the consolidated financial statements of Foreningen Nykredit, Kalvebod Brygge 1-3, Copenhagen, which owns 88.18% of Nykredit Realkredit A/S. The financial statements of Foreningen Nykredit may be obtained from the company.

# Capital adequacy and core capital ratios

DKK million

<b>Nykredit Bank A/S</b>			
	<b>30.09.2010</b>	<b>31.12.2009</b>	<b>30.09.2009</b>
<b>Capital adequacy and core capital</b>			
Share capital	6,045	4,175	4,175
Reserves			7
Retained earnings	7,539	6,052	5,871
<b>Total core capital</b>	<b>13,584</b>	<b>10,227</b>	<b>10,053</b>
Hybrid core capital	239		
Primary and other statutory deductions from core capital	365	708	213
<b>Core capital including hybrid core capital after statutory deductions</b>	<b>13,458</b>	<b>9,519</b>	<b>9,840</b>
Supplementary capital, subordinate loan capital	647		
Difference between expected impairment losses and impairments for accounting purposes etc (additions to supplementary capital)	468		
Primary and other statutory deductions	90		
<b>Capital base after statutory deductions</b>	<b>14,483</b>	<b>9,519</b>	<b>9,840</b>
Weighted items involving credit, counterparty and delivery risk	85,075	67,035	62,329
Weighted items involving market risk	7,984	8,051	8,005
Weighted items involving operational risk	3,902	2,965	2,964
<b>Total weighted items</b>	<b>96,961</b>	<b>78,051</b>	<b>73,298</b>
Capital adequacy ratio, % (30.09.2009 and 31.12.2009 correspond to those of Nykredit Bank)	14.9	12.2	13.4
Core capital ratio, % (30.09.2009 and 31.12.2009 correspond to those of Nykredit Bank)	13.9	12.2	13.4
<b>The Nykredit Bank Group</b>			
	<b>30.09.2010</b>	<b>31.12.2009</b>	<b>30.09.2009</b>
<b>Capital adequacy and core capital</b>			
Share capital	6,045	4,175	4,175
Retained earnings	7,539	6,052	5,878
<b>Total core capital</b>	<b>13,584</b>	<b>10,227</b>	<b>10,053</b>
Hybrid core capital	239		
Primary and other statutory deductions from core capital	335	675	190
<b>Core capital including hybrid core capital after statutory deductions</b>	<b>13,488</b>	<b>9,552</b>	<b>9,863</b>
Supplementary capital, subordinate loan capital	647		
Difference between expected impairment losses and impairments for accounting purposes etc (additions to supplementary capital)	461		
Primary and other statutory deductions	86		
<b>Capital base after statutory deductions</b>	<b>14,510</b>	<b>9,552</b>	<b>9,863</b>
Weighted items involving credit, counterparty and delivery risk	84,301	66,185	61,231
Weighted items involving market risk	7,984	8,050	8,006
Weighted items involving operational risk	4,127	3,217	3,215
<b>Total weighted items</b>	<b>96,412</b>	<b>77,452</b>	<b>72,452</b>
Capital adequacy ratio, % (30.09.2009 and 31.12.2009 correspond to those of Nykredit Bank)	15.0	12.3	13.6
Core capital ratio, % (30.09.2009 and 31.12.2009 correspond to those of Nykredit Bank)	14.0	12.3	13.6

## Cash flow statement 1 January – 30 September

DKK million

	The Nykredit Bank Group	
	Q1-Q3/2010	Q1-Q3/2009
Profit (loss) after tax	210	(3,371)
<b>Adjustment for non-cash operating items, depreciation, amortisation, impairment losses and provisions</b>		
Depreciation and impairment losses for property, plant and equipment	12	41
Impairment losses on loans, advances and receivables	1,059	5,253
Tax calculated on profit (loss) for the year	108	(1,051)
<b>Total</b>	<b>1,179</b>	<b>4,243</b>
<b>Profit (loss) adjusted for non-cash operating items</b>	<b>1,389</b>	<b>872</b>
<b>Change in working capital</b>		
Loans, advances and other receivables	(1,828)	5,612
Deposits and other payables	(10,451)	2,655
Payables to credit institutions and central banks	(5,851)	(45,128)
Bonds at fair value	(3,976)	(2,620)
Equities	252	81
Other working capital	19,992	3,958
<b>Total</b>	<b>(1,862)</b>	<b>(35,442)</b>
Corporation tax paid, net	(39)	(58)
<b>Cash flows from operating activities</b>	<b>(512)</b>	<b>(34,628)</b>
<b>Cash flows from investing activities</b>		
Property, plant and equipment	43	6
<b>Total</b>	<b>43</b>	<b>6</b>
<b>Cash flows from financing activities</b>		
Capital contribution	1,000	4,853
Subordinated debt	(288)	(2,827)
Issued bonds	(19,280)	23,245
<b>Total</b>	<b>(18,568)</b>	<b>25,271</b>
<b>Total cash flows</b>	<b>(19,037)</b>	<b>(9,351)</b>
Cash and cash equivalents, beginning of period	46,361	35,317
Foreign currency translation adjustment of cash	(689)	(446)
<b>Cash and cash equivalents, end of period</b>	<b>26,635</b>	<b>25,520</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	129	4,006
Receivables from credit institutions and central banks	26,506	21,514
<b>Cash and cash equivalents, end of period</b>	<b>26,635</b>	<b>25,520</b>

## Core earnings and investment portfolio income

DKK million

The Nykredit Bank Group

	Q1-Q3/2010			Q1-Q3/2009		
	Core earnings	Investment portfolio income	Total	Core earnings	Investment portfolio income	Total
Net interest income	2,116	49	2,165	2,052	193	2,245
Dividend on equities	2	1	3	3	14	17
Fee and commission income	954		954	883		883
Fee and commission expenses	411	(2)	409	351		351
<b>Net interest and fee income</b>	<b>2,661</b>	<b>51</b>	<b>2,713</b>	<b>2,587</b>	<b>207</b>	<b>2,794</b>
Value adjustments	288	115	403	82	(60)	22
Other operating income	27		27	25		25
Staff and administrative expenses	1,385		1,385	1,411		1,411
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	12		12	41		41
Other operating expenses	375		375	424		424
Impairment losses on loans and advances	1,053		1,053	5,249		5,249
Profit (loss) from investments in associates and group enterprises				(138)		(138)
<b>Profit (loss) before tax</b>	<b>151</b>	<b>166</b>	<b>318</b>	<b>(4,569)</b>	<b>147</b>	<b>(4,422)</b>
Of which Nykredit Bank A/S	-	-	-	(344)	71	(273)
Of which Forstædernes Bank A/S	-	-	-	(4,225)	76	(4,149)
<b>Capacity costs</b>						
Costs relating to Dansk Pantebrevsbørs A/S				45		45
Commission payable under Bank Rescue Package I				376		376
Other capacity costs				1,455		1,455
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,876</b>		<b>1,876</b>
<b>Dansk Pantebrevsbørs A/S</b>						
Loss from ownership interest				(138)		(138)
Costs included in capacity costs				45		45
<b>Total earnings impact</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(183)</b>		<b>(183)</b>

# Notes

## 1. ACCOUNTING POLICIES

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

With respect to recognition and measurement, the 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.

The accounting policies of both the Group and Nykredit Bank A/S are unchanged compared with the Annual Report for 2009. A description of the Bank's and the Bank Group's accounting policies applied in the Annual Report for 2009 is available at [nykredit.com](http://nykredit.com).

The presentation of the segment financial statements has been changed, and certain activities formerly presented under Corporate Banking and Markets & Asset Management are now presented under Retail Banking. The change does not affect the Group's results, balance sheet or equity. In addition, the segment financial statements have been expanded to include a new segment: Other Activities.

Comparative figures have been restated.

As mentioned in the Management's Review, Nykredit Bank A/S and Forstædernes Bank A/S merged at 1 April 2010 – effective at 1 January 2010 for accounting purposes. The merger has been accounted for using the uniting-of-interests method of accounting, as both companies reported to the same parent company, Nykredit Realkredit. In accordance with the uniting-of-interests method of accounting, the financial statements have been prepared as if the companies were merged from the earliest period included in the financial statements. Comparative figures in the Q1-Q3 Interim Report have been restated accordingly.

Comparative figures in the segment financial statements, including allocation of income statement and balance sheet items, are to a certain extent based on an estimate, as the two banks have not previously used the same segmentation.

Relative to the information in the accounting policies in the Annual Report for 2009 (note 1), no new financial reporting standards or interpretations have been issued or approved which may impact the Q1-Q3 Interim Report 2010 of Nykredit Bank and the Bank Group.

The Q1-Q3 Interim Report 2010 has not been audited or reviewed.

## Notes

DKK million

The Nykredit Bank Group

2. BUSINESS AREAS	Retail Banking	Corporate Banking	Markets & Asset Management	Other Activities	Group items <sup>1</sup> and eliminations	Total
Q1-Q3/2010						
Core income from business operations	615	911	1,236	72		2,834
Core income from Kalvebod issues			53			53
Core income from group items					90	90
<b>Total core income</b>	<b>615</b>	<b>911</b>	<b>1,289</b>	<b>72</b>	<b>90</b>	<b>2,977</b>
Operating costs	358	403	603	26		1,390
Amortisation, depreciation and impairment losses for property, plant and equipment as well as intangible assets		2	10			12
Commission payable under the government guarantee scheme (Bank Rescue Package I)	55	187	91	37		370
<b>Core earnings before impairment losses</b>	<b>202</b>	<b>319</b>	<b>585</b>	<b>9</b>	<b>90</b>	<b>1,205</b>
Impairment losses on loans and advances	213	192	6	363		774
Provisions under Bank Rescue Package I	38	124	62	55		279
<b>Core earnings after impairment losses</b>	<b>(49)</b>	<b>3</b>	<b>517</b>	<b>(409)</b>	<b>90</b>	<b>152</b>
Investment portfolio income <sup>2</sup>					166	166
<b>Profit (loss) before tax for the period</b>	<b>(49)</b>	<b>3</b>	<b>517</b>	<b>(409)</b>	<b>256</b>	<b>318</b>
Income:costs	0.9	1.0	1.7	0.1	-	1.1
Average allocated business capital <sup>3</sup>	1,385	6,044	1,493	692	153	9,767
Core earnings after impairment losses as % of allocated capital (pa)	(4.7)	0.1	46.2	(78.8)	-	2.1
Total assets, 30 September 2010	15,334	42,231	152,432	4,009	5,529	219,535
Q1-Q3/2009						
Core income from business operations	638	792	976	79		2,485
Core income from Kalvebod issues and Proprietary Trading			100			100
Core income from group items					109	109
<b>Total core income</b>	<b>638</b>	<b>792</b>	<b>1,076</b>	<b>79</b>	<b>109</b>	<b>2,694</b>
Operating costs	433	442	511	28		1,414
Amortisation, depreciation and impairment losses for property, plant and equipment as well as intangible assets	22	16	1	2		41
Dansk Pantebrevsbørs A/S under konkurs (in bankruptcy)		183				183
Commission payable under the government guarantee scheme (Bank Rescue Package I)	45	167	89	75		376
<b>Core earnings before impairment losses</b>	<b>138</b>	<b>(16)</b>	<b>475</b>	<b>(26)</b>	<b>109</b>	<b>680</b>
Impairment losses on loans and advances	143	1,896	3	2,971		5,013
Provisions under Bank Rescue Package I	24	126	39	47		236
<b>Core earnings after impairment losses</b>	<b>(29)</b>	<b>(2,038)</b>	<b>433</b>	<b>(3,044)</b>	<b>109</b>	<b>(4,569)</b>
Investment portfolio income <sup>2</sup>					147	147
<b>Profit (loss) before tax for the period</b>	<b>(29)</b>	<b>(2,038)</b>	<b>433</b>	<b>(3,044)</b>	<b>256</b>	<b>(4,422)</b>
Income:costs	1.0	0.3	1.7	0.0	-	0.4
Total assets, 31 December 2009	16,666	40,817	142,979	5,121	9,626	215,209
Average capital for Q1-Q3/2009 has not been determined as it has not been possible to produce comparative figures for Forstædernes Bank according to the same principles applied by Nykredit Bank in 2009. For comparative figures 2009, this also means that income statement items and asset items have in part been allocated among the business areas based on an estimate.						
<sup>1</sup> Include income from securities not allocated to the individual business areas, but included in the Bank's own portfolio.						
<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 applied to determine the "required capital base". In 2009 Proprietary Trading activities were transferred to the Parent Company, Nykredit Realkredit A/S.						

## Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
Q1-Q3/2009	Q1/Q3-2010		Q1/Q3-2010	Q1-Q3/2009
		<b>3. INTEREST INCOME</b>		
203	180	Receivables from credit institutions and central banks	180	204
2,916	1,937	Loans, advances and other receivables	1,974	2,960
2,157	1,469	Bonds	1,470	2,161
(80)	(218)	Total derivative financial instruments	(218)	(80)
		Of which		
(48)	(46)	- Foreign exchange contracts	(46)	(48)
(31)	(169)	- Interest rate contracts	(169)	(31)
(1)	(3)	- Equity contracts	(3)	(1)
5	1	Other interest income	3	7
<b>5,201</b>	<b>3,369</b>	<b>Total</b>	<b>3,409</b>	<b>5,252</b>
1,140	-	Of which Forstædernes Bank and eliminations	-	1,140
		<b>Of which interest income from genuine purchase and resale transactions entered as</b>		
59	70	Receivables from credit institutions and central banks	70	59
396	62	Loans, advances and other receivables at fair value	62	396
		<b>4. INTEREST EXPENSES</b>		
521	227	Credit institutions and central banks	228	521
1,659	579	Deposits and other payables	577	1,659
668	395	Issued bonds	395	668
159	44	Subordinated debt	44	159
<b>3,007</b>	<b>1,245</b>	<b>Total</b>	<b>1,244</b>	<b>3,007</b>
534	-	Of which Forstædernes Bank and eliminations	-	534
		<b>Of which interest expenses for genuine sale and repurchase transactions entered as</b>		
80	59	Payables to credit institutions and central banks	59	82
24	36	Deposits and other payables (non-derivative financial liabilities at fair value)	36	24
		<b>5. VALUE ADJUSTMENTS</b>		
5	0	Other loans, advances and receivables at fair value	0	5
175	(156)	Bonds	(156)	173
44	69	Equities	69	44
(1)	(1)	Investment properties	(1)	(1)
237	194	Foreign exchange	194	237
(425)	298	Foreign exchange, interest rate and other contracts as well as derivative financial instruments	298	(432)
(4)	(1)	Other	(1)	(4)
<b>31</b>	<b>403</b>	<b>Total</b>	<b>403</b>	<b>22</b>
(60)	-	Of which Forstædernes Bank and eliminations	-	(60)
		Value adjustments mainly relate to financial assets, financial liabilities and derivative financial instruments included in the Bank's/Group's trading activities as well as value adjustments of investment properties.		
		No value adjustments have been made that can be attributed to changes in the credit risk on the Bank's own issues/financial liabilities.		
		Value adjustment relating to fair value hedging for accounting purposes appears from note 28.		

## Notes

DKK million

Nykredit Bank A/S				The Nykredit Bank Group	
Q1-Q3/2009	Q1/Q3-2010			Q1/Q3-2010	Q1-Q3/2009
		<b>6. STAFF AND ADMINISTRATIVE EXPENSES</b>			
5	8	Remuneration of Board of Directors/Executive Board		8	5
749	541	Staff expenses		591	800
573	756	Administrative expenses		786	606
<b>1,327</b>	<b>1,305</b>	<b>Total</b>		<b>1,385</b>	<b>1,411</b>
461	-	Of which Forstædernes Bank and eliminations		-	461
		<b>Remuneration of Board of Directors and Executive Board</b>			
		<b>Board of Directors</b>			
		Each staff-elected board representative receives annual remuneration of DKK 60,000.			
		<b>Executive Board</b>			
5	8	Salaries		8	5
<b>5</b>	<b>8</b>	<b>Total</b>		<b>8</b>	<b>5</b>
		<b>Remuneration of Executive Board</b>			
		The terms and conditions governing the remuneration and pensions of the Executive Board have not changed since the Annual Report for 2009, to which reference is made. Remuneration of the Executive Board and the Board of Directors of Forstædernes Bank in Q1-Q3/2009 has been recognised under "Staff expenses".			
		<b>Staff expenses</b>			
626	454	Wages and salaries		498	669
58	41	Pensions (defined contribution plans)		45	63
65	46	Social security expenses		48	68
<b>749</b>	<b>541</b>	<b>Total</b>		<b>591</b>	<b>800</b>
<b>1,164</b>	<b>634</b>	<b>Average number of staff, full-time equivalents</b>		<b>871</b>	<b>1,282</b>
517		Of which Forstædernes Bank			517
		<b>7. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES</b>			
		<b>Specification of impairment provisions</b>			
5,712	6,695	Total individual impairment provisions		6,732	5,738
1,004	438	Total collective impairment provisions		438	1,004
<b>6,716</b>	<b>7,133</b>	<b>Total impairment provisions, 30 September</b>		<b>7,170</b>	<b>6,742</b>
5,303		Of which Forstædernes Bank A/S			5,303
7,766	-	Total impairment provisions, 31 December 2009		-	7,812
		<b>Individual impairment provisions</b>			
578	1,424	Nykredit Bank, end-2009 and end-2008		1,469	592
1,607	6,085	Forstædernes Bank, end-2009 and end-2008		6,085	1,607
<b>2,185</b>	<b>7,509</b>	<b>Impairment provisions, beginning of period</b>		<b>7,554</b>	<b>2,199</b>
4,180	853	Impairment provisions for the period		853	4,202
172	562	Reversed impairment provisions		570	176
0	0	Foreign currency translation adjustment		0	0
481	1,105	Impairment provisions recognised as lost		1,105	487
<b>5,712</b>	<b>6,695</b>	<b>Impairment provisions, 30 September</b>		<b>6,732</b>	<b>5,738</b>
		<b>Collective impairment provisions</b>			
123	110	Nykredit Bank, end-2009 and end-2008		110	123
64	147	Forstædernes Bank, end-2009 and end-2008		147	64
<b>187</b>	<b>257</b>	<b>Impairment provisions, beginning of period</b>		<b>257</b>	<b>187</b>
817	181	Impairment provisions for the year, net		181	817
<b>1,004</b>	<b>438</b>	<b>Impairment provisions, 30 September</b>		<b>438</b>	<b>1,004</b>



## Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
Q1-Q3/2009	Q1/Q3-2010		Q1/Q3-2010	Q1-Q3/2009
<b>7. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES (continued)</b>				
<b>Earnings impact</b>				
4,825	471	Change in provisions for loan and receivable impairment	462	4,842
100	259	Losses recognised for the period, net	294	114
4	6	Received on claims previously written off	6	4
297	303	Provisions for guarantees, cf note 23	303	297
<b>5,218</b>	<b>1,027</b>	<b>Total</b>	<b>1,053</b>	<b>5,249</b>
4,401	846	Of which individual	872	4,432
817	181	Of which collective	181	817
<b>8. PROFIT (LOSS) FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES</b>				
(138)	0	Profit (loss) from investments in associates	-	(138)
1	21	Profit from investments in group enterprises	-	-
<b>(137)</b>	<b>21</b>	<b>Total</b>	<b>-</b>	<b>(138)</b>
<b>9. TAX</b>				
(1,054)	101	Tax on profit (loss) for the period	108	(1,051)
<b>(1,054)</b>	<b>101</b>	<b>Total</b>	<b>108</b>	<b>(1,051)</b>
(1,029)	-	Of which Forstædernes Bank and eliminations	-	(1,029)
<b>23,8</b>	<b>32,4</b>	<b>Tax as % of profit for the period</b>	<b>33,9</b>	<b>23,8</b>

Tax is calculated on the basis of a tax rate of 25%. Tax for the period was chiefly affected by an adjustment of deferred tax in the former Forstædernes Bank relating to previous financial years, after which the rate for the period came to 33.9%.

Tax for the full year is expected to be affected by the same factors.

## Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
31.12.2009	30.09.2010		30.09.2010	31.12.2009
<b>10. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS</b>				
893	186	Receivables at call from central banks	186	893
45,327	26,320	Receivables from credit institutions	26,320	45,331
<b>46,220</b>	<b>26,506</b>	<b>Total</b>	<b>26,506</b>	<b>46,224</b>
(1,147)	-	Of which Forstædernes Bank and eliminations	-	(1,147)
10,755	7,014	Of which genuine purchase and resale transactions	7,014	10,755
<b>11. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE</b>				
11,963	13,958	Loans and advances at fair value	13,958	11,963
<b>11,963</b>	<b>13,958</b>	<b>Total</b>	<b>13,958</b>	<b>11,963</b>
80	-	Of which Forstædernes Bank and eliminations	-	80
11,963	13,958	Of which genuine purchase and resale transactions	13,958	11,963
<b>12. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST</b>				
60,722	59,719	Loans and advances	59,942	60,921
<b>60,722</b>	<b>59,719</b>	<b>Total</b>	<b>59,942</b>	<b>60,921</b>
15,493	-	Of which Forstædernes Bank and eliminations	-	15,493
<b>Impairment provisions made, end of period (31 December 2009/30 September 2010)</b>				
7,509	6,695	Individual impairment provisions	6,732	7,554
257	438	Collective impairment provisions	438	258
<b>Fixed-rate loans</b>				
2,640	2,168	Of total loans and advances, fixed-rate loans represent	2,168	2,640
2,706	2,247	Market value of fixed-rate loans	2,247	2,706
Market value adjustments have been recognised through profit or loss.				
<b>13. BONDS AT FAIR VALUE</b>				
51,315	58,494	Mortgage bonds	58,544	51,315
9,042	7,104	Government bonds	7,155	9,042
4,843	4,815	Other bonds	4,815	4,843
<b>65,200</b>	<b>70,413</b>	<b>Total</b>	<b>70,514</b>	<b>65,200</b>
248	847	Self-issued bonds offset against issued bonds/subordinated debt	847	248
<b>64,952</b>	<b>69,566</b>	<b>Total</b>	<b>69,667</b>	<b>64,952</b>
10,949	-	Of which Forstædernes Bank and eliminations	-	10,949
The effect of fair value adjustment has been recognised through profit or loss.				
7,980	4,861	Of which drawn bonds	4,861	7,980
7,636	30,121	Assets sold as part of genuine sale and repurchase transactions	30,121	7,636
25,027	10,570	As collateral for the Danish central bank, Danmarks Nationalbank, foreign clearing centres and collateral agreements, bonds have been deposited of a total market value of	10,570	25,027
The collateral was provided on an arm's length basis.				

## Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
31.12.2009	30.09.2010		30.09.2010	31.12.2009
		<b>14. EQUITIES</b>		
716	464	Equities at fair value	466	718
<b>716</b>	<b>464</b>	<b>Total</b>	<b>466</b>	<b>718</b>
487	-	Of which Forstædernes Bank and eliminations	-	487
		<b>Specification of equity portfolios</b>		
49	150	Listed on NASDAQ OMX Copenhagen A/S	150	49
5	5	Listed on other stock exchanges	5	5
662	309	Unlisted equities carried at fair value	311	664
<b>716</b>	<b>464</b>	<b>Total equities</b>	<b>466</b>	<b>718</b>
		<b>15. OTHER ASSETS</b>		
7,614	7,893	Interest and commission receivable	7,898	7,645
20,689	39,196	Positive market value of derivative financial instruments	39,196	20,735
106	135	Other assets	135	107
<b>28,409</b>	<b>47,224</b>	<b>Total</b>	<b>47,229</b>	<b>28,487</b>
287	-	Of which Forstædernes Bank and eliminations	-	287
		<b>16. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS</b>		
63	159	Payables to central banks	159	63
56,780	49,692	Payables to credit institutions	49,692	56,780
<b>56,843</b>	<b>49,851</b>	<b>Total</b>	<b>49,851</b>	<b>56,843</b>
3,234	-	Of which Forstædernes Bank and eliminations	-	3,234
7,258	7,333	Of which genuine sale and repurchase transactions	7,333	7,258
		<b>17. DEPOSITS AND OTHER PAYABLES</b>		
36,236	33,188	On demand	33,080	36,129
4,704	4,764	At notice	4,764	4,704
21,145	14,142	Time deposits	14,102	21,035
3,249	2,799	Special deposits	2,799	3,249
<b>65,334</b>	<b>54,893</b>	<b>Total</b>	<b>54,745</b>	<b>65,117</b>
18,152	-	Of which Forstædernes Bank and eliminations	-	18,152
		<b>18. ISSUED BONDS AT AMORTISED COST</b>		
		<b>Issues</b>		
22,319	10,843	EMTN issues	10,843	22,319
18,900	14,195	ECP issues	14,195	18,900
3,088	1,630	Other issues	1,630	3,088
<b>44,307</b>	<b>26,668</b>	<b>Total amortised cost</b>	<b>26,668</b>	<b>44,307</b>
248	838	Own portfolio	838	248
<b>44,059</b>	<b>25,830</b>	<b>Total</b>	<b>25,830</b>	<b>44,059</b>
2,520	-	Of which Forstædernes Bank and eliminations	-	2,520
		No value adjustments have been made that can be ascribed to credit risk changes. All issues carry floating interest rates.		

## Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
31.12.2009	30.09.2010		30.09.2010	31.12.2009
		<b>19. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE</b>		
451	23,284	Deposits at fair value	23,284	451
6,347	3,607	Negative securities portfolios	3,607	6,347
<b>6,798</b>	<b>26,891</b>	<b>Total liabilities at fair value</b>	<b>26,891</b>	<b>6,798</b>
451	23,284	Of which genuine sale and repurchase transactions	23,284	451
		<b>20. OTHER LIABILITIES</b>		
7,883	8,428	Interest and commission payable	8,424	7,883
19,574	37,638	Negative market value of derivative financial instruments	37,638	19,620
461	512	Other payables	622	568
<b>27,918</b>	<b>46,578</b>	<b>Total</b>	<b>46,684</b>	<b>28,071</b>
209	-	Of which Forstædernes Bank and eliminations	-	209
		The items "Interest and commission payable" and "Other payables" fall due within one year.		
		<b>21. CONTINGENT LIABILITIES</b>		
18,951	12,205	Financial guarantees	12,205	18,951
1,279	5	Registration and refinancing guarantees	5	1,279
3,155	4,226	Other contingent liabilities	4,226	3,156
<b>23,385</b>	<b>16,436</b>	<b>Total</b>	<b>16,436</b>	<b>23,386</b>
3,760	-	Of which Forstædernes Bank	-	3,760
		<b>22. OTHER COMMITMENTS</b>		
9,235	7,123	Irrevocable credit commitments	7,123	9,235
108	157	Other	226	152
<b>9,343</b>	<b>7,280</b>	<b>Total</b>	<b>7,349</b>	<b>9,387</b>

## Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group	
31.12.2009	30.09.2010	30.09.2010	31.12.2009
<b>23. PROVISIONS</b>			
<b>Provisions for pensions and similar obligations</b>			
6	-	-	6
0	-	-	0
6	-	-	6
<b>0</b>	<b>-</b>	<b>-</b>	<b>0</b>
<b>Provisions for losses under guarantees</b>			
56	273	273	56
50	336	336	50
<b>106</b>	<b>609</b>	<b>609</b>	<b>106</b>
514	391	391	514
11	80	80	11
<b>609</b>	<b>920</b>	<b>920</b>	<b>609</b>
<b>Other provisions</b>			
6	156	156	7
158	0	0	158
8	21	21	9
<b>156</b>	<b>135</b>	<b>135</b>	<b>156</b>
<b>Total provisions for losses under guarantees and other provisions</b>			
118	765	765	119
672	391	391	672
25	101	101	26
<b>765</b>	<b>1,055</b>	<b>1,055</b>	<b>765</b>
360	-	-	360
Of which Forstædernes Bank and eliminations			
As a result of its operations, the Bank continuously enters into contracts where it is probable that the settlement of the obligations will lead to an outflow of the Bank's financial resources, and where a reliable estimate may be made of the size of the obligations.			
The balance sheet items in the financial statements represent the Bank's best estimates of the expected costs relating to provisions.			
The provisions typically concern contractual obligations relating to loans and advances and other banking activities. The item also includes the provisions found necessary in connection with the Bank's participation in Bank Rescue Package I.			
It is estimated that the majority of provisions will be settled within 1-2 years.			

## Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
31.12.2009	30.09.2010		30.09.2010	31.12.2009
<b>24. SUBORDINATED DEBT</b>				
<b>Subordinate loan capital</b>				
74	75	Nom EUR 10m. The loan falls due at par (100) on 31 October 2010 and carries a floating interest rate.	75	74
75	75	Nom DKK 75m. The loan falls due at par (100) on 29 March 2014 and carries a floating interest rate.	75	75
100	-	Nom DKK 100m. The loan has been prematurely redeemed.	-	100
111	117	Nom NOK 125m. The loan falls due at par (100) on 29 September 2014 and carries a floating interest rate.	117	111
151	-	Nom DKK 150m. The loan has been prematurely redeemed.	-	151
200	200	Nom DKK 200m. The loan falls due at par (100) on 30 September 2014 and carries a floating interest rate.	200	200
200	180	Nom DKK 200m. The loan falls due at par (100) on 1 November 2014 and carries a floating interest rate.	180	200
<b>911</b>	<b>647</b>	<b>Total</b>	<b>647</b>	<b>911</b>
<b>Hybrid core capital</b>				
100	89	Nom DKK 100m. The loan is perpetual and carries a floating interest rate.	89	100
158	150	Nom DKK 150m. The loan is perpetual and carries a fixed interest rate.	150	158
<b>258</b>	<b>239</b>	<b>Total</b>	<b>239</b>	<b>258</b>
<b>1,169</b>	<b>886</b>	<b>Total subordinated debt</b>	<b>886</b>	<b>1,169</b>
Included in the determination of the capital base after statutory deductions				
	647	Subordinate loan capital	647	
	239	Hybrid core capital	239	
-	-	Costs related to raising and redeeming subordinated debt	-	-
-	-	Extraordinary principal repayments and redemptions in the financial period	-	-
No value adjustments have been made that can be attributed to changes in own credit risk.				
Subordinated debt fully relates to capital raised in the former Forstædernes Bank.				

# Notes

## 25. OTHER 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.

### *"Government guarantee scheme" (Bank Rescue Package I)*

Under the scheme, which was discontinued at end-September 2010, the Danish government issued a two-year guarantee that covered the Danish banks participating in the scheme.

Nykredit Bank's share of the total guarantee commission amounted to DKK 988m up to 30 September 2010. For Q1-Q3/2010, DKK 370m was charged to the income statement (under "Other operating expenses").

Nykredit Bank also participated in a sector guarantee totalling DKK 20bn with a share of up to DKK 1,318m.

At 30 September 2010, DKK 659m had been provided for the obligation.

In Management's opinion, the provision at 30 September 2010 reflects the Bank's share of the expected obligation.

### *Bank Rescue Package II*

The Bank has been granted an individual government guarantee facility of DKK 15bn, which covers the Bank's issues of senior debt and junior covered bonds. The guarantee scheme may remain in force until 2013. As at 30 September 2010, the Bank had not made use of the guarantee in connection with bond issues.

## 26. RELATED PARTY TRANSACTIONS AND BALANCES

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

No unusual related party transactions occurred in Q1-Q3/2010.

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

Intercompany trade and services took place on an arm's length basis.

Important related party transactions prevailing/entered into in 2010 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.

## Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
30.09.2009	30.09.2010		30.09.2010	30.09.2009
<b>27. FOREIGN EXCHANGE AND INTEREST RATE EXPOSURES</b>				
<b>Foreign exchange risk</b>				
66	32	Exchange rate indicator 1 (DKKm *)	32	66
0.7	0.1	Exchange rate indicator 1 as % of core capital after statutory deductions *)	0.1	0.7
1	1	Exchange rate indicator 2 (DKKm *)	1	1
0.0	0.0	Exchange rate indicator 2 as % of core capital after statutory deductions *)	0.0	0.0
*) 30 September 2009 corresponds to Nykredit Bank's indicators.				
<b>Interest rate risk by the currency involving the highest interest rate exposure</b>				
202	142	DKK	142	202
(111)	(78)	EUR	(78)	(111)
(2)	10	SEK	10	(2)
6	3	CHF	3	6
(5)	0	USD	0	(5)
1	0	GBP	0	1
1	1	Other currencies	1	1
<b>92</b>	<b>78</b>	<b>Total interest rate exposure of debt instruments</b>	<b>78</b>	<b>92</b>
<b>28. HEDGING INTEREST RATE RISK</b>				
The Nykredit Bank Group continuously hedges the interest rate risk of fixed-rate assets and liabilities using derivative financial instruments etc. This enables the Group to manage the level of its aggregate interest rate sensitivity taking into consideration the expected interest rate development.				
According to the accounting provisions, loans, advances and deposits must generally be measured at amortised cost, while derivative financial instruments are measured at fair value. To obtain accounting symmetry between hedging and hedged transactions, adjustment of the carrying amounts of the financial assets and liabilities that form part of the effective hedge accounting has been allowed. The fair value adjustment exclusively concerns the hedged part (the interest rate exposure).				
<b>HEDGED FIXED-RATE ASSETS</b>				
2,568	2,168	Loans, advances and other receivables at amortised cost	2,168	2,568
<b>2,568</b>	<b>2,168</b>	<b>Total</b>	<b>2,168</b>	<b>2,568</b>
<b>Market value of hedged fixed-rate assets</b>				
2,639	2,247	Loans, advances and other receivables at amortised cost	2,247	2,639
<b>2,639</b>	<b>2,247</b>	<b>Total carrying amount, end of period</b>	<b>2,247</b>	<b>2,639</b>
<b>Fair value adjustment</b>				
71	79	Loans, advances and other receivables at amortised cost	79	71
<b>71</b>	<b>79</b>	<b>Total fair value adjustment</b>	<b>79</b>	<b>71</b>
<b>HEDGING DERIVATIVE FINANCIAL INSTRUMENTS</b>				
1,664	1,367	Nominal value (synthetic principal)	1,367	1,664
(72)	(80)	Market value adjustment	(80)	(72)
<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

DKK million

## 29. LOANS, ADVANCES AND GUARANTEES BY SECTOR

## Loans, advances, guarantees and provisions by sector and industry

At 30 September 2010

The Nykredit Bank Group	Carrying amount			Provisions		
	Loans and advances	Guarantees	Total	Individual provisions for loan impairment and guarantees	Collective impairment provisions	Total
<b>Public sector</b>	<b>162</b>	<b>336</b>	<b>498</b>			
<b>Corporate customers</b>						
Agriculture, hunting and forestry	2,138	371	2,509	72	5	77
Manufacturing industries, extraction of raw materials, utilities	8,842	215	9,057	329	74	403
Building and construction	1,164	412	1,576	245	7	252
Trade, restaurants and hotels	2,876	371	3,247	408	16	424
Transport, mail and telephone	1,851	251	2,102	14	6	20
Credit, finance and insurance	15,600	1,302	16,902	1,270	21	1,291
Property management and trade, business services	16,684	3,586	20,270	2,842	101	2,943
Other trade and industry	9,072	1,807	10,878	1,621	44	1,665
<b>Total corporate customers</b>	<b>58,227</b>	<b>8,315</b>	<b>66,541</b>	<b>6,801</b>	<b>274</b>	<b>7,075</b>
Retail customers	15,511	7,785	23,296	851	164	1,015
<b>Total carrying amount</b>	<b>73,900</b>	<b>16,436</b>	<b>90,335</b>	<b>7,652</b>	<b>438</b>	<b>8,090</b>
Of which reverse lending	13,958	-	13,958	-	-	-

At 31 December 2009

The Nykredit Bank Group	Carrying amount			Provisions		
	Loans and advances	Guarantees	Total	Individual provisions for loan impairment and guarantees	Collective impairment provisions	Total
<b>Public sector</b>	<b>133</b>	<b>365</b>	<b>498</b>	<b>113</b>	<b>0</b>	<b>113</b>
<b>Corporate customers</b>						
Agriculture, hunting and forestry	2,084	1,005	3,089	84	3	87
Manufacturing industries, extraction of raw materials, utilities	8,087	415	8,502	327	38	365
Building and construction	1,320	699	2,019	205	14	219
Trade, restaurants and hotels	3,521	633	4,154	397	13	410
Transport, mail and telephone	2,251	404	2,655	17	4	21
Credit, finance and insurance	12,427	1,678	14,105	1,637	25	1,662
Property management and trade, business services	16,199	7,315	23,514	3,059	70	3,129
Other trade and industry	10,498	1,638	12,136	1,614	40	1,654
<b>Total corporate customers</b>	<b>56,387</b>	<b>13,787</b>	<b>70,174</b>	<b>7,340</b>	<b>207</b>	<b>7,547</b>
Retail customers	16,364	9,234	25,598	711	51	762
<b>Total carrying amount</b>	<b>72,884</b>	<b>23,386</b>	<b>96,270</b>	<b>8,164</b>	<b>258</b>	<b>8,422</b>
Of which reverse lending	11,963	-	11,963	-	-	-

## Notes

DKK million

## 29. LOANS, ADVANCES AND GUARANTEES BY SECTOR (continued)

Provisioning rate, %							
The Nykredit Bank Group	Q3/ 2010	Q2/ 2010	Q1/ 2010	FY 2009	Q3/ 2009	Q2/ 2009	Q1/ 2009
Total loans and advances	73,900	75,254	73,185	72,884	87,260	89,145	93,710
Total guarantees	16,436	17,549	20,131	23,386	16,797	16,015	15,860
Provisions for loan impairment	7,170	7,020	8,009	7,813	6,742	4,020	3,246
Provisions for guarantees	920	823	791	609	403	252	137
<b>Loans, advances, guarantees and loan impairment</b>	<b>98,426</b>	<b>100,646</b>	<b>102,116</b>	<b>104,692</b>	<b>111,202</b>	<b>109,432</b>	<b>112,953</b>
Provisioning rate, %	8.2	7.8	8.6	8.0	6.4	3.9	3.0
Provisioning rate excluding guarantees, %	8.8	8.5	9.9	9.7	7.2	4.3	3.3

Impaired loans and advances	Nykredit Bank A/S		The Nykredit Bank Group	
	30.09. 2009	30.09. 2010	30.09. 2010	30.09. 2009
<b>Loans and advances at amortised cost subject to individual impairment provisioning</b>				
Loans and advances subject to individual provisioning	7,093	8,818	8,918	7,168
Individual impairment provisions	5,712	6,695	6,732	5,738
<b>Loans and advances after impairment</b>	<b>1,381</b>	<b>2,123</b>	<b>2,186</b>	<b>1,430</b>
Loans and advances subject to collective provisioning	60,345	58,034	58,194	60,495
Collective impairment provisions	1,004	438	438	1,004
<b>Loans and advances after impairment</b>	<b>59,341</b>	<b>57,596</b>	<b>57,756</b>	<b>59,491</b>
<b>Total loans and advances after impairment</b>	<b>60,722</b>	<b>59,719</b>	<b>59,942</b>	<b>60,921</b>

Loans and advances subject to collective provisioning correspond to total loans and advances excluding loans and advances subject to individual provisioning.

## Notes

DKK million

The Nykredit Bank Group

## 30. PROVISIONS FOR LOAN IMPAIRMENT AND GUARANTEES BY BUSINESS AREA

	Retail Banking	Corporate Banking	Markets & Asset Management	Other Activities	Total
<b>Q1-Q3/2010</b>					
Impairment provisions, end-2009 (the Nykredit Bank Group)	72	1,440	68		1,580
Impairment provisions, end-2009 (Forstædernes Bank A/S)	395	1,262		4,575	6,232
<b>Total, beginning of 2010</b>	<b>467</b>	<b>2,702</b>	<b>68</b>	<b>4,575</b>	<b>7,812</b>
Impairment provisions and reversals	205	125	3	129	462
Claims previously provided for, lost	22	373	0	709	1,104
Distribution by business area	(30)	44	(8)	(6)	0
<b>Impairment provisions, 30 September 2010</b>	<b>620</b>	<b>2,498</b>	<b>63</b>	<b>3,989</b>	<b>7,170</b>
Of which individual	481	2,250	55	3,946	6,732
Of which collective	139	248	8	43	438
Provisions for guarantees, beginning of year (Nykredit Bank)	27	181	65		273
Provisions for guarantees, beginning of year (Forstædernes Bank)	16	53		267	336
Correction of provisions, beginning of year	16	(53)	22	15	0
<b>Total</b>	<b>59</b>	<b>181</b>	<b>87</b>	<b>282</b>	<b>609</b>
Movements	38	152	65	56	311
<b>Provisions for guarantees, 30 September 2010</b>	<b>97</b>	<b>333</b>	<b>152</b>	<b>338</b>	<b>920</b>
Of which provisions relating to Bank Rescue Package I	89	293	147	130	659
<b>Total provisions for loan impairment and guarantees</b>	<b>717</b>	<b>2,831</b>	<b>215</b>	<b>4,327</b>	<b>8,090</b>
<b>Earnings impact</b>					
New impairment provisions for the period, net	205	125	3	129	462
Impairment losses not provided for	7	55	0	232	294
Received on loans and advances previously provided for	1	1	0	4	6
<b>Total</b>	<b>211</b>	<b>179</b>	<b>3</b>	<b>357</b>	<b>750</b>
Provisions for guarantees	40	137	65	61	303
<b>Total, 1 January – 30 September</b>	<b>251</b>	<b>316</b>	<b>68</b>	<b>418</b>	<b>1,053</b>
Of which provisions relating to Bank Rescue Package I	38	124	62	55	279
<b>Q1-Q3/2009</b>					
Impairment provisions, end-2008 (the Nykredit Bank Group)	30	674	10	0	714
Impairment provisions, end-2008 (Forstædernes Bank A/S)	106	310	0	1,255	1,671
<b>Total, beginning of 2009</b>	<b>136</b>	<b>984</b>	<b>10</b>	<b>1,255</b>	<b>2,385</b>
Provisions and reversals, net	105	1,786	3	2,463	4,357
<b>Impairment provisions, 30 September 2009</b>	<b>241</b>	<b>2,770</b>	<b>13</b>	<b>3,718</b>	<b>6,742</b>
Of which individual	233	1,777	10	3,718	5,738
Of which collective	8	993	3	0	1,004
Provisions for guarantees, beginning of year (Nykredit Bank)	5	41	10	0	56
Provisions for guarantees, beginning of year (Forstædernes Bank)	32	6	0	12	50
<b>Total</b>	<b>37</b>	<b>47</b>	<b>10</b>	<b>12</b>	<b>106</b>
Additions, net	(7)	123	41	140	297
<b>Provisions for guarantees, 30 September 2009</b>	<b>30</b>	<b>170</b>	<b>51</b>	<b>152</b>	<b>403</b>
Of which relating to Bank Rescue Package I	30	159	51	59	299
<b>Total provisions for loan impairment and guarantees</b>	<b>271</b>	<b>2,940</b>	<b>64</b>	<b>3,870</b>	<b>7,145</b>
<b>Earnings impact</b>					
Nykredit Bank	55	895	42	0	992
Forstædernes Bank	112	1,127	0	3,018	4,257
<b>Total, 1 January – 30 September</b>	<b>167</b>	<b>2,022</b>	<b>42</b>	<b>3,018</b>	<b>5,249</b>
Of which provisions relating to Bank Rescue Package I	24	126	39	47	236

## Notes

DKK million

## 31. GROUP STRUCTURE

Name and registered office	Revenue *	Assets	Liabilities	Share capital 30.09.2010	Equity 31.12.2009	Ownership interest, % 30.09.2010	Profit (loss) for the period	Nykredit Bank's share of profit (loss) for the period	Equity 30.09.2010	Carrying amount
<b>Nykredit Bank A/S (Parent Company) a)</b>	<b>3,006</b>	<b>219,573</b>	<b>205,989</b>	<b>6,045</b>	<b>12,374</b>	<b>-</b>	<b>210</b>	<b>-</b>	<b>13,584</b>	<b>-</b>
<b>Consolidated subsidiaries</b>										
Nykredit Portefølje Administration A/S, Copenhagen f)	84	230	88	25	120	100	22	22	142	142
Pantebrevsselskabet af 8/8 1995 A/S, Copenhagen d)	0	28	0	5	28	100	0	0	28	28
Nykredit Pantebrevsinvestering A/S, Copenhagen b)	0	12	0	5	11	100	0	0	12	12
Nykredit Sirius Ltd., Cayman Islands e)	-	-	-	-	3	-	-	-	-	-
Nykredit Finance plc, Plymouth d)	0	26	0	22	25	100	0	0	26	26
Nykredit Leasing A/S (formerly LeasIT A/S), Gladsaxe c)	37	2,073	1,927	46	148	100	(2)	(2)	146	146

**Associates**

Dansk Pantebrevsbørs A/S, Copenhagen b) <sup>1)</sup>	-	-	-	-	-	50	-	-	-	-
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\*) For companies preparing financial statements in accordance with the Danish Financial Business Act, revenue is defined as net interest and fees, value adjustments and other operating income.

<sup>1)</sup> The company used to be subject to proportionate consolidation based on shareholders' agreements entitling the Bank to appoint a director. As the company is subject to insolvency proceedings, the requirement of controlling influence is no longer considered satisfied. Therefore the company has not been proportionately consolidated in the financial statements for 2009 or in the Q1-Q3/2010 financial statements.

Nykredit Sirius Ltd. has been liquidated in 2010 and Pantebrevsselskabet af 8/8 1995 A/S and Nykredit Pantebrevsinvestering has had few activities in 2010. Nykredit Finance Plc is in liquidation.

- 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.

The property company "Ryvang Invest A/S", which was acquired in H1/2010, was sold in Q3/2010. At 30 June 2010, the company was included in "Assets in temporary possession".

# The Nykredit Bank Group – 7 quarters

DKK million

	Q3/ 2010	Q2/ 2010	Q1/ 2010	Q4/ 2009	Q3/ 2009	Q2/ 2009	Q1/ 2009
<b>SUMMARY INCOME STATEMENT</b>							
Net interest income	747	747	671	690	773	730	742
Dividends, fees and commission income, net	139	189	220	192	169	202	178
<b>Net interest and fee income</b>	<b>886</b>	<b>936</b>	<b>891</b>	<b>882</b>	<b>942</b>	<b>932</b>	<b>920</b>
Value adjustments	103	107	193	291	(48)	109	(39)
<b>Net interest, fees and value adjustments</b>	<b>989</b>	<b>1,043</b>	<b>1,084</b>	<b>1,173</b>	<b>894</b>	<b>1,041</b>	<b>881</b>
Other operating income	9	5	13	10	7	7	12
Staff and administrative expenses	408	467	510	503	430	510	471
Other operating expenses, depreciation and amortisation	125	130	132	138	178	140	147
Impairment losses on loans, advances and receivables	304	368	381	1,322	3,393	964	892
Profit (loss) from investments in associates and group enterprises	0	0	0	0	(138)	0	0
<b>Profit (loss) before tax</b>	<b>161</b>	<b>83</b>	<b>74</b>	<b>(780)</b>	<b>(3,238)</b>	<b>(566)</b>	<b>(617)</b>
Tax	41	14	53	(214)	(769)	(134)	(147)
<b>Profit (loss)</b>	<b>120</b>	<b>69</b>	<b>21</b>	<b>(566)</b>	<b>(2,469)</b>	<b>(432)</b>	<b>(470)</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>							
<b>Assets</b>							
Cash balance and receivables from central banks and credit institutions	26,635	35,201	45,103	46,361	25,520	25,567	28,297
Loans, advances and other receivables at fair value	13,958	13,899	13,314	11,963	24,904	23,320	25,749
Loans, advances and other receivables at amortised cost	59,942	61,355	59,871	60,921	62,356	65,825	67,961
Bonds at fair value	69,667	72,516	74,197	64,951	58,819	80,687	74,857
Equities	466	530	198	719	604	611	616
Land and buildings	68	69	69	69	70	70	70
Other asset items	48,799	44,362	36,066	30,225	33,063	28,669	34,979
<b>Total assets</b>	<b>219,535</b>	<b>227,932</b>	<b>228,818</b>	<b>215,209</b>	<b>205,336</b>	<b>224,749</b>	<b>232,529</b>
<b>Liabilities and equity</b>							
Payables to credit institutions and central banks	49,851	65,922	66,382	56,843	46,532	77,074	77,336
Deposits and other payables	54,745	57,481	59,762	65,117	63,897	60,890	59,270
Issued bonds	25,830	38,114	40,365	44,059	43,308	39,692	42,207
Other non-derivative financial liabilities at fair value	26,891	9,785	14,327	6,798	6,502	5,083	4,728
Other payables	46,693	42,072	33,490	28,084	31,584	27,914	34,485
<b>Total payables</b>	<b>204,010</b>	<b>213,374</b>	<b>214,326</b>	<b>200,901</b>	<b>191,823</b>	<b>210,653</b>	<b>218,026</b>
Provisions	1,055	958	948	765	554	278	150
Subordinated debt	886	1,136	1,144	1,169	1,318	4,058	4,161
Equity	13,584	12,464	12,400	12,374	11,641	9,760	10,192
<b>Total liabilities and equity</b>	<b>219,535</b>	<b>227,932</b>	<b>228,818</b>	<b>215,209</b>	<b>205,336</b>	<b>224,749</b>	<b>232,529</b>
<b>OFF-BALANCE SHEET ITEMS</b>							
Contingent liabilities	16,436	17,549	20,131	23,386	16,797	16,015	15,860
Other commitments	7,349	7,531	8,476	9,387	8,220	9,258	8,570
<b>FINANCIAL RATIOS</b>							
Capital adequacy ratio, % *)	15.0	12.7	12.4	12.3	13.6	12.5	11.6
Core capital ratio, % *)	14.0	12.0	12.4	12.3	13.7	9.4	8.7
Return on equity before tax (pa), %	4.9	5.4	2.4	(26.0)	(121.0)	(22.7)	(24.3)
Return on equity after tax (pa), %	3.7	4.5	0.7	(18.9)	(92.3)	(17.3)	(18.5)
Income:cost ratio, DKK	1.19	1.09	1.07	0.60	0.19	0.65	0.59
Interest rate exposure, % *)	0.6	0.8	0.7	0.1	0.3	1.1	0.9

\*) Equals the financial ratios of the Nykredit Bank Group for the period up to and including end-2009

The financial ratios have been restated to reflect the merger with Forstædernes Bank A/S.

# Pro forma statement of comparative figures for Nykredit Bank and Forstædernes Bank A/S

DKK million

	The Nykredit Bank Group	Forstæd- ernes Bank	Total	Eliminations	Pro forma Q1-Q3/2009
Recognised at group level					
<b>INCOME STATEMENTS, Q1-Q3/2009</b>					
Net interest income	1,639	606	2,245	0	2,245
Dividends, fees and commission income, net	379	170	549		549
Value adjustments	82	(60)	22	0	22
Other operating income	21	4	25		25
Staff and administrative expenses	950	461	1,411		1,411
Other operating expenses, depreciation and amortisation	314	151	465		465
Impairment losses on loans, advances and receivables	992	4,257	5,249		5,249
Profit (loss) from investments in associates and group enterprises	(138)	0	(138)		(138)
<b>Profit (loss) before tax</b>	<b>(273)</b>	<b>(4,149)</b>	<b>(4,422)</b>	<b>0</b>	<b>(4,422)</b>
Tax	(22)	(1,029)	(1,051)		(1,051)
<b>Profit (loss)</b>	<b>(251)</b>	<b>(3,120)</b>	<b>(3,371)</b>	<b>0</b>	<b>(3,371)</b>
<b>BALANCE SHEETS, 30 SEPTEMBER 2009</b>					
<b>Assets</b>					
Cash balance and receivables from central banks and credit institutions	31,164	890	32,054	(6,534)	25,520
Loans, advances and other receivables at fair value	24,823	81	24,904		24,904
Loans, advances and other receivables at amortised cost	45,279	17,077	62,356		62,356
Bonds at fair value and equities	47,096	12,327	59,423		59,423
Investments in associates and group enterprises	0	4	4		4
Other asset items	31,324	2,061	33,385	(256)	33,129
<b>Total assets</b>	<b>179,686</b>	<b>32,440</b>	<b>212,126</b>	<b>(6,790)</b>	<b>205,336</b>
<b>Liabilities and equity</b>					
Payables to credit institutions and central banks	44,278	8,788	53,066	(6,534)	46,532
Deposits and other payables	46,493	17,404	63,897		63,897
Issued bonds at amortised costs	40,806	2,502	43,308		43,308
Other non-derivative financial liabilities at fair value	6,502	0	6,502		6,502
Other payables	31,211	629	31,840	(256)	31,584
<b>Total payables</b>	<b>169,290</b>	<b>29,323</b>	<b>198,613</b>	<b>(6,790)</b>	<b>191,823</b>
Provisions	343	211	554		554
Subordinated debt	0	1,318	1,318		1,318
Equity	10,053	1,588	11,641		11,641
<b>Total liabilities and equity</b>	<b>179,686</b>	<b>32,440</b>	<b>212,126</b>	<b>(6,790)</b>	<b>205,336</b>
The statement is based on a summary of the merged companies' income statements and balance sheets for Q1-Q3/2009.					
Eliminations have been made for important intercompany transactions. Eliminations in the income statements have been set off against the individual summary items.					
<b>EQUITY</b>					
Beginning of period	7,104	3,055	10,159		10,159
Loss for the period	(251)	(3,120)	(3,371)		(3,371)
Paid-up new capital	3,200	1,654	4,854		4,854
Other adjustments	0	(1)	(1)		(1)
<b>Total, end of period</b>	<b>10,053</b>	<b>1,588</b>	<b>11,641</b>		<b>11,641</b>

# Pro forma statement of comparative figures for Nykredit Bank and Forstædernes Bank A/S

DKK million

	The Nykredit Bank Group	Forstæd- ernes Bank	Total
<b>IMPAIRMENT PROVISIONS, Q1-Q3/2009</b>			
Total individual impairment provisions	1,308	4,430	5,738
Total collective impairment provisions	131	873	1,004
<b>Total impairment provisions, 30 September 2009</b>	<b>1,439</b>	<b>5,303</b>	<b>6,742</b>
<b>Individual impairment provisions</b>			
At the beginning of 2009	592	1,607	2,199
Impairment provisions for the period	855	3,347	4,202
Reversed impairment provisions	129	47	176
Other additions and disposals	0	0	0
Impairment provisions recognised as lost	10	477	487
<b>Total</b>	<b>1,308</b>	<b>4,430</b>	<b>5,738</b>
Of which credit institutions	0	0	0
<b>Collective impairment provisions</b>			
At the beginning of 2009	123	64	187
Impairment provisions for the period, net	8	809	817
<b>Total</b>	<b>131</b>	<b>873</b>	<b>1,004</b>
<b>Earnings impact, Q1-Q3/2009</b>			
Change in provisions for loan and receivable impairment	734	4,108	4,842
Losses recognised for the period	104	10	114
Received on claims previously written off	1	3	4
<b>Total</b>	<b>837</b>	<b>4,115</b>	<b>4,952</b>
Provisions for guarantees	155	142	297
<b>Total earnings impact</b>	<b>992</b>	<b>4,257</b>	<b>5,249</b>