

To NASDAQ OMX Copenhagen A/S  
and the press

10 November 2011

## **NYKREDIT BANK A/S – a subsidiary of Nykredit Realkredit A/S consolidated in the Nykredit Group's financial statements**

### **Q1-Q3 INTERIM REPORT – THE NYKREDIT BANK GROUP 1 JANUARY 2011 – 30 SEPTEMBER 2011**

- Profit before tax came to DKK 748m, up DKK 430m on Q1-Q3/2010.
- Impairment losses on loans and advances were DKK 138m against DKK 1,053m incl Bank Rescue Package I in Q1-Q3/2010.
- Core income from business operations amounted to DKK 2,610m in Q1-Q3/2011 against DKK 2,905m in Q1-Q3/2010. The decline of DKK 295m was mainly attributable to lower Treasury income and subdued activity in Nykredit Markets. By contrast, income from Corporate Banking rose by DKK 147m.
- Adjustment of the market value of interest rate swaps was an expense of DKK 345m against an expense of DKK 71m in Q1-Q3/2010.
- Operating costs were trimmed by DKK 101m to DKK 1,301m in Q1-Q3/2011.
- Investment portfolio results dropped from a gain of DKK 219m in Q1-Q3/2010 to a loss of DKK 111m in Q1-Q3/2011. This development was in part due to capital losses on subordinated debt instruments in Amagerbanken and Fjordbank Mors (Kalvebod issues) of a total of DKK 190m. Moreover, investment portfolio income was fairly high in Q1-Q3/2010.
- The Bank has no direct exposures in sovereign debt issued by the GIIISP countries.
- In total, Amagerbanken, Fjordbank Mors and Max Bank have generated expenses of around DKK 325m.
- The income:cost ratio was 1.5 compared with 1.1 in Q1-Q3/2010.
- The balance sheet stood at DKK 202.7bn against DKK 210.4bn at end-2010.
- Profit before tax generated a return on equity of 7.1% pa against 3.3% pa for Q1-Q3/2010.

#### **LIQUIDITY**

- Excess cover relative to statutory liquidity requirements was 184.6% against 251.1% at end-2010. The level is considered adequate considering the Bank's liquidity risk and requirements.

#### **CAPITAL**

- The total capital ratio came to 18.0% and the Tier 1 capital ratio 17.2%. The core Tier 1 capital ratio was 17.0%.
- The internal capital adequacy requirement (ICAAP) was 10.2%.
- Equity stood at DKK 14.3bn against DKK 13.8bn at end-2010.

#### **OUTLOOK FOR 2011**

Based on the development in Q1-Q3 and the expectation of a continued, subdued activity level for the rest of the year, the Bank expects a profit before tax and impairment losses of DKK 1.3bn for the full year 2011 against DKK 1.7bn forecast in the H1 Interim Report 2011.

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

The Q1-Q3 Interim Report 2011 of the Nykredit Bank Group and the Nykredit Group and further information about Nykredit are available at [nykredit.com](http://nykredit.com).

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# FINANCIAL HIGHLIGHTS – THE NYKREDIT BANK GROUP

DKK million	Q1-Q3/2011	Q1-Q3/2010	FY 2010
<b>CORE EARNINGS AND RESULTS FOR THE PERIOD</b>			
<b>Core income from</b>			
- business operations	2,610	2,905	3,830
- value adjustment of derivatives and corporate bonds	(345)	(71)	(47)
- securities	133	90	126
<b>Total</b>	<b>2,398</b>	<b>2,924</b>	<b>3,909</b>
Operating costs and depreciation of equipment	1,301	1,402	1,781
Payment to the Danish Guarantee Fund for Depositors and Investors	100	-	-
Commission payable under the government guarantee scheme (Bank Rescue Package I)	-	370	370
Value adjustment of associates (income)	-	-	30
<b>Core earnings before impairment losses</b>	<b>997</b>	<b>1,152</b>	<b>1,788</b>
Impairment losses on loans, advances and guarantees	138	774	1,215
Provisions for guarantees relating to the government guarantee scheme	-	279	279
<b>Core earnings after impairment losses</b>	<b>859</b>	<b>99</b>	<b>294</b>
Investment portfolio income <sup>1</sup>	(111)	219	223
<b>Profit before tax</b>	<b>748</b>	<b>318</b>	<b>517</b>
Tax	191	108	122
<b>Profit for the period</b>	<b>557</b>	<b>210</b>	<b>395</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>			
<b>Assets</b>			
Cash balance and receivables from central banks and credit institutions	21,471	26,635	29,480
Loans, advances and other receivables at fair value	14,398	13,958	12,920
Loans, advances and other receivables at amortised cost	55,782	59,942	59,072
Bonds at fair value and equities	68,655	70,133	75,266
Other asset items	42,439	48,867	33,684
<b>Total assets</b>	<b>202,745</b>	<b>219,535</b>	<b>210,422</b>
<b>Liabilities and equity</b>			
Payables to credit institutions and central banks	45,633	49,851	48,351
Deposits and other payables	53,659	54,745	55,699
Issued bonds at amortised cost	27,207	25,830	32,848
Other non-derivative financial liabilities at fair value	18,590	26,891	25,679
Other payables	42,419	46,693	32,416
Provisions	261	1,055	847
Subordinated debt	650	886	813
Equity	14,326	13,584	13,769
<b>Total liabilities and equity</b>	<b>202,745</b>	<b>219,535</b>	<b>210,422</b>
<b>OFF-BALANCE SHEET ITEMS</b>			
Contingent liabilities	10,555	16,436	15,225
Other commitments	7,050	7,349	7,012
<b>FINANCIAL RATIOS</b>			
Profit for the period as % of average equity, pa	5.3	2.2	3.0
Profit before tax for the period as % of average equity, pa	7.1	3.3	4.0
Core earnings before impairment losses as % of average equity, pa	9.5	11.8	13.7
Core earnings after impairment losses as % of average equity, pa	8.2	1.0	2.2
Costs excl impairment losses as % of core income from business operations	53.7	61.0	56.2
Impairment losses on loans and advances, DKKm	5,137	7,170	6,143
Impairment losses for the period	0.2	1.1	1.6
Total capital ratio, %	18.0	15.0	15.9
Tier 1 capital ratio, %	17.2	14.0	15.2
Core Tier 1 capital ratio, %	17.0	13.7	14.9
Average number of staff, full-time equivalents	805	871	847
For financial highlights based on the Group's presentation of income statement and balance sheet etc, please see note 32 to which reference is made.			

<sup>1</sup> Value adjustment of the portfolio of subordinated debt instruments in Danish banks (Kalvebod issues) has been included from 1 January 2011. Comparative figures have been restated.

# RESULTS FOR THE PERIOD

## NYKREDIT BANK GROUP RESULTS

The Group recorded a profit before tax of DKK 748m against DKK 318m in Q1-Q3/2010, up DKK 430m.

The rise was mainly attributable to a DKK 1.3bn reduction in impairment losses and expenses for Bank Rescue Package I. Conversely, Q1-Q3/2011 was adversely affected by expenses relating to the winding-up of three domestic banks of about DKK 325m and by negative market value adjustment of about DKK 275m of interest rate swaps compared with Q1-Q3/2010. Finally, investment portfolio income was lower.

### Core earnings

#### Core income from business operations

Core income from Corporate Banking and Retail Banking improved by DKK 85m, while income from activities in Treasury and Markets dropped as a result of a subdued market in 2011 compared with 2010, when earnings were fairly high.

Group lending decreased by DKK 3.3bn to DKK 55.8bn, while deposits declined by DKK 2.0bn to DKK 53.7bn compared with end-2010. This should be seen in the light of a general slowdown in the lending market and fiercer competition in the deposits market.

#### Value adjustment of derivatives and corporate bonds

The interest rate fall has led to a rise in the market value of interest rate swaps, which has consequently slightly increased the credit risk on swaps with customers in the Bank's lowest rating categories. As a result, the market value of derivatives was adjusted downwards by DKK 350m in 2011 against a downward adjustment of DKK 121m in

Q1-Q3/2010. For corporate bonds the market value was adjusted upwards by DKK 5m in 2011 compared with DKK 50m in 2010.

#### Core income from securities

Core income from securities increased from DKK 90m in Q1-Q3/2010 to DKK 133m in Q1-Q3/2011. This development was a result of a larger portfolio and a rise in risk-free interest.

#### Operating expenses, depreciation and amortisation

Staff and administrative expenses fell by DKK 101m from DKK 1,402m to DKK 1,301m, following a decline in staff expenses of DKK 71m (down 11.8%) and a drop in administrative expenses of DKK 30m (down 3.1%).

This development should be seen in the light of synergies from organisational changes, adjustment of intercompany settlement of shared functions in the Group and the merger with Forstædernes Bank in 2010. Moreover, expenses in Q1-Q3/2011 were reduced by an income of DKK 15m relating to a VAT and payroll tax refund from previous years.

The number of staff was reduced from 871 (avg) in Q1-Q3/2010 to 805 (down 7.6%) owing to the transfer of staff to shared functions in the Group.

#### Commission payable under Bank Rescue Package I and the Danish Guarantee Fund for Depositors and Investors

For Q1-Q3/2011 commission was DKK 100m, equal to the expected payment to the Danish Guarantee Fund for Depositors and Investors related to Amagerbanken, Fjordbank Mors and Max Bank.

## The Nykredit Bank Group

### Results before tax for 1 January – 30 September by business area

DKK million	Retail Banking		Corporate Banking		Markets & Asset Management		Other Activities		Group items		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Core income from business operations	553	615	1,068	921	941	1,297	46	72	2		2,610	2,905
Value adjustment of derivatives and corporate bonds			(171)	(10)	(175)	(61)	1				(345)	(71)
Core income from securities									133	90	133	90
<b>Total core income</b>	<b>553</b>	<b>615</b>	<b>897</b>	<b>911</b>	<b>766</b>	<b>1,236</b>	<b>47</b>	<b>72</b>	<b>135</b>	<b>90</b>	<b>2,398</b>	<b>2,924</b>
Operating costs	288	358	410	405	599	613	19	26	(15)	-	1,301	1,402
Commission payable under the government guarantee scheme (Bank Rescue Package I)		55		187		91		37			-	370
Payment to the Danish Guarantee Fund for Depositors and Investors									100	-	100	-
<b>Core earnings before impairment losses</b>	<b>265</b>	<b>202</b>	<b>487</b>	<b>319</b>	<b>167</b>	<b>532</b>	<b>28</b>	<b>9</b>	<b>50</b>	<b>90</b>	<b>997</b>	<b>1,152</b>
Impairment losses on loans and advances	27	213	157	192	10	6	(56)	363			138	774
Provisions for Bank Rescue Package I		38		124		62		55			-	279
<b>Core earnings after impairment losses</b>	<b>238</b>	<b>(49)</b>	<b>330</b>	<b>3</b>	<b>157</b>	<b>464</b>	<b>84</b>	<b>(409)</b>	<b>50</b>	<b>90</b>	<b>859</b>	<b>99</b>
Investment portfolio income									(111)	219	(111)	219
<b>Profit (loss) before tax for the period</b>	<b>238</b>	<b>(49)</b>	<b>330</b>	<b>3</b>	<b>157</b>	<b>464</b>	<b>84</b>	<b>(409)</b>	<b>(61)</b>	<b>309</b>	<b>748</b>	<b>318</b>
Income:costs	1.8	0.9	1.6	1.0	1.3	1.7	-	0.1	-	-	1.5	1.1
Average allocated business capital	1,274	1,385	3,324	6,044	1,901	1,493	245	692	1,808	153	8,552	9,767
Core earnings after losses as % of allocated business capital (pa)	24.9	(4.7)	13.2	0.1	11.0	46.2	45.7	(78.8)	-	-	13.4	2.1

For further information on the segment financial statements, please refer to note 2.

In Q1-Q3/2010 the expense came to DKK 370m, which equalled the Bank's commission payable under Bank Rescue Package I, which was discontinued in 2010.

#### *Impairment losses and provisions*

Impairment losses and provisions showed a positive development with a DKK 636m reduction from DKK 774m in Q1-Q3/2010 to DKK 138m in Q1-Q3/2011.

This was mainly attributable to the business area Other Activities, which generated income of DKK 56m in Q1-Q3/2011 compared with expenses of DKK 363m in Q1-Q3/2010. Furthermore, for Retail Banking the item dropped from DKK 213m in Q1-Q3/2010 to DKK 27m.

Finally, no provisions for Bank Rescue Package I were made in 2011. For Q1-Q3/2010 provisions were DKK 279m.

Impairment losses for the period stood at 0.2% against 1.1% in Q1-Q3/2010.

#### **Investment portfolio income**

Investment portfolio income dropped from DKK 219m in Q1-Q3/2010 to a loss of DKK 111m in Q1-Q3/2011.

The loss of DKK 111m in Q1-Q3/2011 mainly resulted from negative value adjustment of Kalvebod issues of DKK 190m in H1/2011, equal to a loss of DKK 243m compared with Q1-Q3/2010 when the Kalvebod issues generated an income of DKK 53m. The portfolio was sold to the Parent Company, Nykredit Realkredit, in H1/2011.

Compared with Q1-Q3/2010, this development should also be seen in the context of the high income level in 2010.

Investment portfolio income is the excess income obtained from the portfolios not allocated to the business areas in addition to risk-free interest. The return on financial instruments in the business areas has been recognised in their core income.

#### **Tax**

Tax for the period has been estimated at DKK 191m, corresponding to 25.5% of profit before tax for the period.

#### **Results after tax**

The Group recorded a profit after tax of DKK 557m against DKK 210m in Q1-Q3/2010. Return on equity was 5.3% pa.

#### **RESULTS FOR Q3/2011**

Profit before tax for Q3/2011 came to DKK 303m compared with DKK 230m in Q2/2011 and DKK 215m in Q1/2011.

Compared with Q2/2011, profit before tax improved by DKK 73m.

The change mainly reflected a positive trend in impairment losses on loans and advances of DKK 238m and investment portfolio income of DKK 50m, up DKK 100m on Q2/2011.

Conversely, value adjustment of certain interest rate swaps resulted in an expense of DKK 320m which was higher than in Q2/2011.

Exclusive of these value adjustments, core income from business operations went up by DKK 9m relative to Q2/2011. Of this amount, income from Markets & Asset Management and Retail Banking rose by DKK 50m and DKK 12m, respectively, while Corporate Banking and Other Activities saw a total decrease of DKK 53m.

Staff and administrative expenses fell by DKK 37m to DKK 410m. The lower level was in part attributable to a VAT and payroll tax refund of DKK 15m.

The development in core income from business operations and expenses reflected ordinary quarterly fluctuations and is not an indication of a structural shift in the Bank's business volume.

#### **OUTLOOK FOR 2011**

The development in results for Q1-Q3/2011, including losses incurred in connection with the winding-up of three domestic banks, has led to an earnings level considerably below expectations.

Lending activity and securities trading in Q1-Q3/2011 have also been at a relatively low level. This level is not expected to rise significantly in Q4/2011.

On the other hand, the trend in impairment losses has been particularly positive and is not expected to change significantly in Q4/2011 from the first nine months of 2011.

Against this backdrop, profit before impairment losses and tax is expected to be DKK 1.3bn. At end-H1/2011 a profit of DKK 1.7bn was expected.

# BUSINESS AREAS

## BUSINESS AREAS

The Nykredit Bank Group's business areas are focused on: Retail Banking, Corporate Banking and Markets & Asset Management as well as Other Activities, comprising a portfolio of terminated exposures relating to corporate customers of the former Forstædernes Bank.

### Retail Banking

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

Retail Banking recorded a profit before tax of DKK 238m, up DKK 287m from a loss of DKK 49m in Q1-Q3/2010.

Activity levels in Q1-Q3/2011 were characterised by a sluggish property market, limited demand for financing and fiercer competition in the retail deposits market.

Core income from business operations dropped from DKK 615m in Q1-Q3/2010 to DKK 553m in Q1-Q3/2011. Continuing the trend of the preceding quarters, net interest income rose moderately, whereas net fees were below the level of Q1-Q3/2010 due to the moderate activity level in the property market in particular.

Operating costs came to DKK 288m in Q1-Q3/2011 against DKK 358m in Q1-Q3/2010. This level was largely as expected. Commission payable under Bank Rescue Package I amounted to DKK 55m in Q1-Q3/2010.

Impairment losses on loans and advances were DKK 27m in Q1-Q3/2011 against DKK 251m in Q1-Q3/2010 including Bank Rescue Package I. In 2011 the expenditure was mainly attributable to individual impairment provisions and other provisions of DKK 76m, whereas collective impairment provisions were an income of DKK 49m.

Impairment losses amounted to 0.1% of lending against 1.1% for the full year 2010.

The income:cost ratio was 1.8 compared with 0.9 in Q1-Q3/2010.

Lending amounted to DKK 15.8bn at 30 September 2011, corresponding to a modest increase compared with end-2010 when lending was DKK 15.5bn. Deposits totalled DKK 18.8bn, which was unchanged compared with end-2010.

### Corporate Banking

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

Corporate Banking recorded a profit of DKK 330m in Q1-Q3/2011 against DKK 3m in Q1-Q3/2010, up DKK 327m.

Core income from business operations rose by DKK 147m to DKK 1,068m.

Net interest and other operating income showed a rise of approximately DKK 100m, whereas fee income remained largely unchanged

compared with Q1-Q3/2010. Interest income growth was in part attributable to the price adjustments implemented in 2010.

Adjustment of the market value of interest rate swaps was an expense of DKK 171m compared with an expense of DKK 10m in Q1-Q3/2010.

As a result of the economic downturn, the loan demand from domestic businesses was at a relatively low level, which combined with a lower investment level caused a reduction in lending to commercial and corporate customers.

The subsidiary Nykredit Leasing contributed a profit of about DKK 2m to the business area's results against a loss of DKK 2m in Q1-Q3/2010.

Operating costs remained largely unchanged at DKK 410m compared with Q1-Q3/2010. Commission payable under Bank Rescue Package I declined to DKK 187m.

Impairment losses on loans and advances fell from DKK 192m to DKK 157m. Collective impairment provisions were DKK 37m in Q1-Q3/2011, and the earnings impact of individual impairment provisions and other provisions was an expense of DKK 120m. The expiry of Bank Rescue Package I resulted in a drop in provisions of DKK 124m on Q1-Q3/2010.

Impairment losses amounted to 0.3% of lending against 0.7% for the full year 2010.

The income:cost ratio was 1.6 compared with 1.0 in Q1-Q3/2010.

Lending dropped from DKK 40.8bn at end-2010 to DKK 37.5bn at 30 September 2011, while deposits amounted to DKK 28.7bn against DKK 32.3bn at end-2010. Compared with deposits at 30 June 2011, however, Q3/2011 showed an increase of DKK 2.8bn.

### Markets & Asset Management

This business area handles the activities of the Nykredit Group within trading in securities and derivatives, asset management and portfolio administration. The area also includes the Bank's Treasury activities.

The trading and capital market activities are handled by Nykredit Markets and Debt Capital Markets, while asset management, portfolio administration and long-term saving products are the responsibility of Nykredit Asset Management and Nykredit Portefølje Administration A/S.

Profit was DKK 157m against DKK 464m in Q1-Q3/2010, equal to a decline of DKK 307m.

Core income from business operations dropped by DKK 356m from DKK 1,297m in Q1-Q3/2010 to DKK 941m.

Adjustment of the market value of interest rate swaps was an expense of DKK 175m against an expense of DKK 61m in Q1-Q3/2010.

Earnings from Nykredit Markets's activities were somewhat below the Q1-Q3/2010 level. This development reflected a market in 2011 where the debt situation in a number of EU countries dampened market activity. Nykredit Markets increased its market share of basic products on the OMX.

Core income from Treasury was significantly lower than in Q1-Q3/2010, which should be seen in the light of a high income level in 2010 and the downtrend in 2011 partly due to the turmoil in the banking market.

In Q1-Q3/2011 Nykredit Asset Management recorded earnings exceeding the Q1-Q3/2010 level.

Assets under management remained unchanged at DKK 97.2bn relative to 30 September 2010. Assets under administration came to DKK 305.0bn, also on a level with 2010.

Operating costs were DKK 599m against DKK 613m in Q1-Q3/2010. Expenses for Bank Rescue Package I totalled DKK 91m in Q1-Q3/2010.

Impairment losses for the period came to DKK 10m, comprising impairment losses on receivables from Fjordbank Mors of DKK 18m and reversal of impairment provisions of DKK 8m net. In Q1-Q3/2010 the charge amounted to DKK 68m, of which DKK 62m related to Bank Rescue Package I.

The income:cost ratio was 1.3 compared with 1.7 in Q1-Q3/2010.

#### **Other Activities**

Other Activities comprises a portfolio of terminated exposures relating to corporate customers of Forstædernes Bank. For this reason, the business area's results are mainly influenced by the development in the provisioning need relating to the underlying loans, advances and guarantees.

The business area posted a profit of DKK 84m for Q1-Q3/2011 against a loss of DKK 409m in Q1-Q3/2010.

This development mainly reflected that impairment provisions previously made of DKK 56m net were recognised as income compared with an expense of DKK 363m in Q1-Q3/2010. 2010 was also affected by expenses and provisions of DKK 55m for Bank Rescue Package I.

Gross lending stood at DKK 4.8bn at 30 September 2011. After loan impairments of DKK 2.4bn, the carrying amount was DKK 2.4bn. At end-2010, the carrying amount was just below DKK 2.8bn.

# THE NYKREDIT BANK GROUP

## BALANCE SHEET, EQUITY AND CAPITAL ADEQUACY

### Balance sheet

Compared with end-2010, the balance sheet total declined by DKK 7.7bn (3.6%) from DKK 210.4bn to DKK 202.7bn at 30 September 2011.

Lending to credit institutions dropped by DKK 8.1bn to DKK 21.2bn, while loans and advances at fair value (reverse lending) rose from DKK 12.9bn to DKK 14.4bn.

Loans and advances at amortised cost went down by DKK 3.3bn to DKK 55.8bn. This development was attributable to lower corporate lending, whereas lending relating to Retail Banking and Other Activities remained largely on a level with end-2010.

The portfolio of bonds decreased from DKK 74.9bn at end-2010 to DKK 68.2bn. The size and development of the portfolio reflected the Bank's repo activities, trading positions and the development in and investment of the Bank's liquidity, of which a substantial part is invested in securities. The portfolio mainly contains high-rated government and covered bonds.

In June 2011 the Bank sold the portfolio of subordinated debt instruments in Danish banks (Kalvebod issues) to Nykredit Realkredit at a value of approximately DKK 1.1bn.

Other assets totalled DKK 42.2bn against DKK 33.3bn at end-2010. At 30 September 2011, DKK 35.6bn was attributable to positive market values of derivative financial instruments which related to the Bank's trading in derivatives and own positions for hedge accounting

### The Nykredit Bank Group

#### Equity

DKK million	30.09.11	30.09.10	31.12.10
Equity, beginning of period	13,769	12,374	12,374
Profit after tax for the period	557	210	395
Capital increase and share premium	-	1,000	1,000
<b>Equity, end of period</b>	<b>14,326</b>	<b>13,584</b>	<b>13,769</b>

### The Nykredit Bank Group

#### Capital base and capital adequacy

DKK million	30.09.11	30.09.10	31.12.10
Share capital	6,045	6,045	6,045
Retained earnings	8,281	7,539	7,724
<b>Core Tier 1 capital</b>	<b>14,326</b>	<b>13,584</b>	<b>13,769</b>
Primary and other statutory deductions from core Tier 1 capital	60	335	118
Supplementary capital and hybrid capital	650	886	813
Other capital charges and statutory deductions from capital base	239	375	69
<b>Capital base after statutory deductions</b>	<b>15,155</b>	<b>14,510</b>	<b>14,533</b>
Weighted items	84,154	96,412	91,582
Total capital ratio, %	18.0	15.0	15.9
Tier 1 capital ratio, %	17.2	14.0	15.2
Core Tier 1 capital, %	17.0	13.7	14.9
Internal capital adequacy requirement (ICAAP), %	10.2	9.4	8.9

purposes, etc. At 31 December 2010, the amount totalled DKK 25.9bn. These transactions were widely hedged, as reflected in Other liabilities, which included negative market values of derivative financial instruments in the amount of DKK 34.7bn.

Payables to credit institutions and central banks decreased from DKK 48.4bn at end-2010 to DKK 45.6bn.

Deposits came to DKK 53.7bn against DKK 55.7bn at end-2010. The reduction of DKK 2.0bn was attributable to a decrease of DKK 3.6bn in corporate deposits. Conversely, deposits in Markets & Asset Management rose by approximately DKK 1.7bn.

Other non-derivative financial liabilities at fair value which include deposits relating to repo transactions came to DKK 18.6bn against DKK 25.7bn at end-2010.

Other liabilities stood at DKK 42.4bn against DKK 32.4bn at end-2010, up DKK 10.0bn. Negative market values of financial instruments came to DKK 34.7bn against DKK 24.1bn at end-2010.

### Equity

Equity stood at DKK 14.3bn at 30 September 2011. As equity was DKK 13.8bn at end-2010, this constituted an increase of DKK 0.5bn, equal to profit after tax for the period. Equity was identical in Nykredit Bank A/S and the Nykredit Bank Group, as the same recognition and measurement principles are applied.

### Capital base and capital adequacy

The capital base stood at DKK 15.1bn at 30 September 2011, a rise of DKK 0.6bn compared with end-2010 when the capital base was DKK 14.5bn. In 2011 the Bank has redeemed supplementary capital of DKK 75m and NOK 125m.

The capital requirement amounted to DKK 6.7bn at 30 September 2011 against DKK 7.3bn at end-2010 and DKK 6.4bn at 30 June 2011.

The total capital ratio was 18.0% against 15.9% at end-2010. The internal capital adequacy requirement (ICAAP) amounted to 10.2%, which was unchanged on H1/2011. ICAAP was 8.9% at end-2010.

Weighted assets declined by DKK 7.4bn compared with end-2010.

The development comprised a drop of DKK 6.7bn in items involving credit risk, a rise of DKK 1.4bn in items involving operational risk and a decline of DKK 2.1bn in items involving market risk. Compared with H1/2011, weighted items increased by DKK 4.7bn of which credit risk items accounted for DKK 4.6bn and operational risk items DKK 0.1bn.

**ICAAP buffer**

Nykredit Bank conducts a number of stress tests to determine its internal capital adequacy requirement. In light of the risk of cyclical fluctuations in impairment losses on unsecured bank loans and counterparty risk as well as in credit quality in general, it has been decided to set the internal capital adequacy requirement at a minimum of 10% of risk-weighted assets even if the model-based calculations indicate a lower ratio.

**Ratings**

Nykredit Bank is rated by Moody's Investors Service and Standard & Poor's. On 1 July 2011 Moody's Investors Service downgraded the Bank's long-term rating from A1 to A2. Moody's Investors Service has generally placed the Bank's ratings on negative outlook. Standard & Poor's has placed the bank's ratings on stable outlook.

**Nykredit Bank A/S Ratings**

	Moody's Investors Service	Standard & Poor's
Short-term rating	P-1	A-1
Long-term rating	A2	A+
Bank Financial Strength Rating	C-	

**The Nykredit Bank Group – provisions**

	Retail Banking		Corporate Banking		Markets & Asset Management		Other Activities		Total	
	Q1-Q3/2011	Q1-Q3/2010	Q1-Q3/2011	Q1-Q3/2010	Q1-Q3/2011	Q1-Q3/2010	Q1-Q3/2011	Q1-Q3/2010	Q1-Q3/2011	Q1-Q3/2010
DKK million										
Impairment provisions, beginning of year	497	467	2,600	2,702	71	68	2,975	4,575	6,143	7,812
Impairment provisions and reversals for the period	(83)	153	(342)	(204)	22	(5)	(603)	(586)	(1,006)	(642)
<b>Impairment provisions, end of period</b>	<b>414</b>	<b>620</b>	<b>2,258</b>	<b>2,498</b>	<b>93</b>	<b>63</b>	<b>2,372</b>	<b>3,989</b>	<b>5,137</b>	<b>7,170</b>
Of which individual	364	481	1,964	2,250	83	55	2,340	3,946	4,751	6,732
Of which collective	50	139	294	248	10	8	32	43	386	438
<b>Provisions for guarantees</b>										
Provisions for guarantees, beginning of period	93	59	337	181	147	87	168	282	745	609
Provisions for guarantees, end of period	4	97	52	333	-	152	88	338	144	920
Of which relating to Bank Rescue Package I	-	89	-	293	-	147	-	130	-	659
<b>Total provisions</b>	<b>418</b>	<b>717</b>	<b>2,310</b>	<b>2,831</b>	<b>93</b>	<b>215</b>	<b>2,460</b>	<b>4,327</b>	<b>5,281</b>	<b>8,090</b>
<b>Earnings impact</b>										
Impairment provisions and losses for the period, net	29	212	153	180	12	3	(104)	361	90	756
Received on loans and advances previously provided for	1	1	7	1	2	0	0	4	10	6
<b>Total</b>	<b>28</b>	<b>211</b>	<b>146</b>	<b>179</b>	<b>10</b>	<b>3</b>	<b>(104)</b>	<b>357</b>	<b>80</b>	<b>750</b>
Provisions for guarantees	(1)	40	11	137	-	65	48	61	58	303
<b>Total earnings impact</b>	<b>27</b>	<b>251</b>	<b>157</b>	<b>316</b>	<b>10</b>	<b>68</b>	<b>(56)</b>	<b>418</b>	<b>138</b>	<b>1,053</b>

**IMPAIRMENT LOSSES AND PROVISIONS****Earnings impact for the period**

Impairment losses on loans and advances came to DKK 80m against DKK 750m in Q1-Q3/2010, while provisions for guarantees were DKK 58m against DKK 303m in Q1-Q3/2010.

Impairment losses amounted to DKK 80m in Q1-Q3/2011, reflecting low impairment levels in all business areas. This development was particularly pronounced in the business area Other Activities in which impairments were an income of DKK 104m in Q1-Q3/2011 compared with a loss of DKK 357m in Q1-Q3/2010. Impairment losses on Retail and Corporate Banking dropped by DKK 183m and DKK 33m, respectively.

Provisions for guarantees came to DKK 58m against DKK 303m in Q1-Q3/2010. The drop of DKK 245m mainly derived from the discontinuation of Bank Rescue Package I in 2010.

The charge amounted to 0.2% of total loans, advances and guarantees against 1.1% for Q1-Q3/2010 and 1.6% for the full year 2010. In Retail Banking, the charge was 0.1% and in Corporate Banking 0.3%.

**Provisions at 30 September 2011**

Provisions for loan impairment totalled DKK 5,137m against DKK 7,170m at 30 September 2010, down DKK 2,033m.

Provisions decreased by DKK 1,006m from DKK 6,143 at end-2010 as a result of a decline in individual impairment provisions of DKK 970m net, of which DKK 1,039m had been recognised as lost, and a drop in collective impairment provisions of DKK 36m.

The lower provisioning level mainly derived from the business area Other Activities, where provisions decreased by DKK 603m due to both reversals as well as losses recognised. At 30 September 2011 provisions had been made for about 49% of the business area's loans and advances before provisions.



Provisions for corporate exposures dropped by DKK 342m to DKK 2,258m, while provisions for retail exposures declined from DKK 497m at end-2010 to DKK 414m.

Provisions for guarantees amounted to DKK 144m against DKK 920m at 30 September 2010 and DKK 745m at end-2010. The considerably lower level was mainly attributable to the final settlement of liabilities of DKK 659m relating to Bank Rescue Package I in H1/2011.

Relative to total loans, advances and guarantees, provisions were 6.1% against 7.3% at end-2010.

### Loans, advances and guarantees by sector

At 30 September 2011 loans, advances and guarantees were DKK 80.7bn against DKK 87.2bn at end-2010.

The percentage distribution by sector was largely unchanged compared with end-2010. The financial and insurance sector share rose to 26.1% at 30 September 2011 against 21.3% at end-2010. By contrast, the property sector share was reduced from 19.2% to 17.1%.

The financial and insurance sector was still the largest exposure of DKK 21.1bn against DKK 18.6bn at end-2010. A considerable part of lending was based on reverse transactions with bonds serving as collateral.

Lending relating to the property sector amounted to DKK 13.8bn compared with DKK 16.7bn at end-2010, down DKK 2.9bn. DKK 12.3bn of the DKK 13.8bn were loans and advances to the rental property sector.

Loans and advances to the construction sector came to DKK 1.9bn against DKK 1.5bn at end-2010.

### Loans, advances and guarantees by sector at 30 September 2011 and 31 December 2010

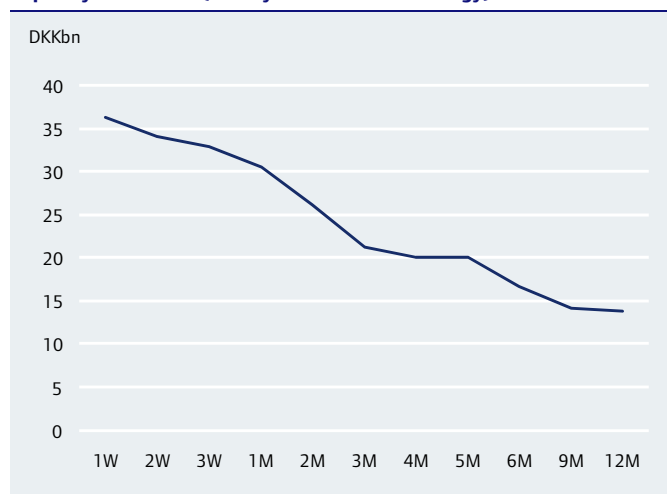
DKK million	Loans, advances and guarantees		Provisions	
	30.09.2011	31.12.2010	30.09.2011	31.12.2010
<b>Public sector</b>	<b>393</b>	<b>806</b>	<b>3</b>	<b>0</b>
Agriculture, hunting, forestry and fishing	2,427	2,556	98	82
Manufacturing, mining and quarrying	6,305	6,627	114	256
Energy supply	1,310	2,418	36	18
Construction	1,940	1,482	255	285
Trade	2,271	2,235	293	375
Transport, accommodation and food service activities	2,164	1,634	77	61
Information and communication	1,098	1,443	33	54
Financial and insurance activities	21,050	18,616	1,183	1,705
Property	13,833	16,739	1,795	1,664
Other trade and industry	8,692	10,350	706	1,481
<b>Total corporate</b>	<b>61,090</b>	<b>64,100</b>	<b>4,590</b>	<b>5,981</b>
<b>Retail</b>	<b>19,252</b>	<b>22,311</b>	<b>688</b>	<b>907</b>
<b>Total</b>	<b>80,735</b>	<b>87,217</b>	<b>5,281</b>	<b>6,888</b>

As the breakdown is based on public sector statistics, it is not directly comparable with the Bank's business areas. The breakdown for 2011 is based on the official Danish standard DB07, which means that the presentation has been changed on Q1-Q3/2010. Comparative figures at 31 December 2010 have been restated.

# LIQUIDITY

## Nykredit Bank A/S

### Liquidity stress test (Moody's Global Methodology)



## Nykredit Bank A/S

### Liquidity as % of debt and guarantee obligations



Note: The graph shows Nykredit Bank's liquidity as % of total debt and guarantee obligations after statutory deductions, cf s 152 of the Danish Financial Business Act.

Liquidity risk is the risk of loss as a result of insufficient liquidity to cover current payment obligations.

Nykredit Bank has adjusted its liquidity risk management according to its business development and a new Danish Executive Order on the governance and management of banks. The new executive order provides detailed requirements for banks' liquidity policies, profile and board instructions as well as liquidity stress testing and liquidity buffer.

Nykredit Bank monitors its balance sheet and liquidity on a day-to-day basis as part of its liquidity risk management. 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. These securities consist mainly of liquid Danish and European government and covered bonds eligible as collateral with Danmarks Nationalbank or other European central banks.

Stress testing is performed on a continuous basis in the form of eg a bank-specific, a sector-specific and a combination scenario as stated in the Danish Executive Order on the governance and management of banks.

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

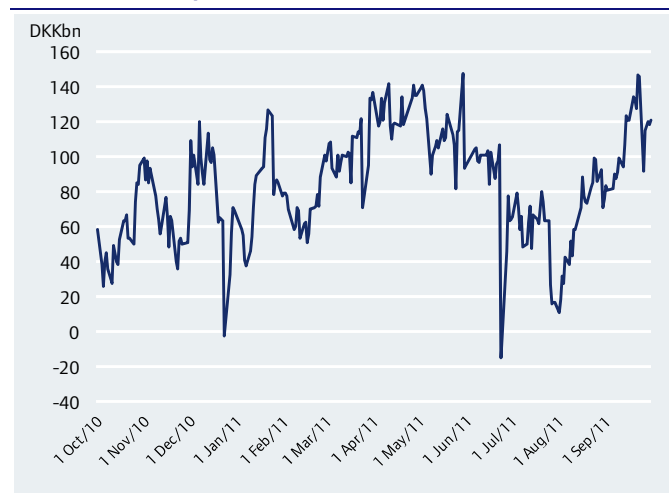
At 30 September 2011, the excess cover was 185% against 251% at end-2010, corresponding to a liquidity buffer of DKK 37.9bn compared with DKK 54.7bn at end-2010. In Q1-Q3/2011 the liquidity buffer averaged DKK 31.2bn compared with an average of DKK 49.8bn for 2010.

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

The Bank's long-term funding activities progress according to plan, with EMTN issues of DKK 14.5bn at 30 September 2011.

Further, the Bank has continued refinancing short-term ECP issues, which totalled DKK 13.0bn at 30 September 2011.

The aggregate amount issued under the ECP and EMTN programmes was DKK 27.5bn at 30 September 2011 against DKK 32.2bn at end-2010.

**Nykredit Bank A/S****Net interest rate exposure****Nykredit Bank A/S****Value-at-Risk (incl equities)****Financial risk**

For details on methods of determination and a description of financial risk, please refer to the Annual Report for 2010.

Value-at-Risk came to DKK 21.9m at 30 September 2011 against DKK 21.8m at 30 September 2010. Average Value-at-Risk stood at DKK 20.8m at 30 September 2011 against DKK 26.9m at 30 September 2010.

This development describes a stable Value-at-Risk in the past quarter, but also a somewhat lower level than in the same period in 2010. The lower level was brought about by a relatively smaller bond portfolio combined with reduced volatility of the spreads between the Bank's portfolio of interest rate swaps and the portfolio of mainly non-callable and floating-rate covered bonds.

The interest rate exposure amounted to DKK 120m at 30 September 2011 against DKK 78m at 30 September 2010. The development reflected ordinary activity fluctuations and not a general shift in the Bank's business profile.

The Bank's foreign exchange position in EUR was negative at DKK 1.6m at 30 September 2011 against a negative amount of DKK 77.8m at 30 September 2010. Its foreign exchange position in currencies other than EUR and DKK totalled DKK 10.4m at 30 September 2011 against DKK 28.7m at 30 September 2010.

**OTHER****The bankruptcies of Amagerbanken and Fjordbank Mors**

In Q1-Q3/2011 Nykredit Bank charged some DKK 170m related to the bankruptcies of Amagerbanken and an additional amount of around DKK 140m related to Fjordbank Mors to the income statement. In Q3/2011 the charge relating to Amagerbanken was adjusted for the dividend percentage increase from 58.8% to 84.4%.

Of this amount, DKK 85m was payment to the Danish Guarantee Fund for Depositors and Investors.

**Nykredit Markets opens Stockholm branch**

Nykredit Markets has set up stock broking operations (covered and government bonds) in Sweden as part of the Nykredit Group's banking strategy. Nykredit Bank is the first new participant in the Swedish market in 20 years.

The branch will be focusing on the Swedish fixed income market where Nykredit already has a considerable business volume.

**Acquisition of Amber**

Nykredit Asset Management has acquired Amber Fondsmæglerselskab A/S including the activities of Amber Asset Management. The acquisition was effective from 10 June 2011.

Amber Asset Management is focusing on active asset management within the areas of global equities, Nordic equities, climate and environment, and energy.

The acquisition should be seen as part of the Nykredit Group's strategy of consolidating and expanding its position in the banking area. The boards of directors of the two companies have decided to merge the companies during 2011.

### **Capitalisation**

The Board of Directors of Nykredit Realkredit A/S has authorised the Executive Board of Nykredit Realkredit A/S to issue a letter of comfort for the provision of capital as required by Nykredit Realkredit A/S to Nykredit Bank A/S in order that the Bank's Tier 1 capital may remain at a level of at least 12-13%.

Furthermore, the Board of Directors of Nykredit Holding A/S has authorised the Executive Board to issue a loss guarantee for the part of the Bank's impairment losses and provisions (earnings impact for the year) that exceeds 2% of loans, advances and guarantees subject to a maximum of DKK 2bn for the term of the guarantee. The guarantee is expected to be issued in Q4/2011.

In Management's opinion, the guarantee will only be invoked in case of a severe deterioration of the economic climate. The probability that the economic climate deteriorates to an extent where the guarantee is invoked is deemed to be very small.

### **Ratings**

On 1 July 2011 Moody's Investors Service downgraded the Bank's long-term rating from A1 to A2.

### **EVENTS OCCURRED AFTER 30 SEPTEMBER 2011**

#### **Max Bank A/S**

With effect from 8 October 2011 Max Bank has entered into an agreement with the Financial Stability Company to be wound up under Bank Rescue Package IV, model II, where the viable part of the bank has been sold to Sparekassen Sjælland, and the failing activities have been transferred to a company under the Financial Stability Company.

Pursuant to Bank Rescue Package IV, the banking sector is liable for any costs related to the winding-up of Max Bank. Based on the information available, Nykredit Bank's estimated share is DKK 15m. The amount was charged through profit or loss.

Otherwise, no material events have occurred in the period up to the presentation of the Q1-Q3 Interim Report 2011.

### **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 in the light of the financial turmoil are priced 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 2010, p 42ff), to which reference is made.

# MANAGEMENT STATEMENT

## STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD ON THE INTERIM REPORT

The Board of Directors and the Executive Board have today reviewed and approved the Interim Report for the period 1 January – 30 September 2011 of Nykredit Bank A/S and the Nykredit Bank Group.

The Consolidated Financial Statements have been presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. The Interim Financial Statements of the Parent Company, Nykredit Bank A/S, have

been prepared in accordance with the Danish Financial Business Act.

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

In our opinion, the Interim Financial Statements give a fair presentation of the Group's and the Parent Company's assets, liabilities, equity and financial position at 30 September 2011 and of the results of the Group's and the Parent Company's operations as well as the

Group's cash flows for the financial period 1 January – 30 September 2011.

We are furthermore of the opinion that the Management's Review gives a fair review of the development in the operations and financial circumstances of the Group and the Parent Company as well as a description of the material risk and uncertainty factors which may affect the Group and the Parent Company.

Copenhagen, 10 November 2011

### Executive Board

Bjørn Mortensen

Georg Andersen

Lars Bo Bertram

### Board of Directors

Karsten Knudsen, Chairman

Søren Holm, Deputy Chairman

Henrik K. Asmussen, staff-elected

Olav Brusén Barsøe, staff-elected

Kim Duus

Allan Kristiansen, staff-elected

Per Ladegaard

Bente Overgaard

## Income statements for 1 January – 30 September

DKK million

Nycredit Bank A/S				The Nycredit Bank Group	
Q1-Q3/2010	Q1-Q3/2011		note	Q1-Q3/2011	Q1-Q3/2010
3,369	3,165	Interest income	3	3,217	3,409
1,245	1,293	Interest expenses	4	1,287	1,244
<b>2,124</b>	<b>1,872</b>	<b>NET INTEREST INCOME</b>		<b>1,930</b>	<b>2,165</b>
3	3	Dividend on equities		3	3
823	766	Fee and commission income		916	954
355	342	Fee and commission expenses		400	409
<b>2,595</b>	<b>2,299</b>	<b>NET INTEREST AND FEE INCOME</b>		<b>2,449</b>	<b>2,713</b>
403	(183)	Value adjustments	5	(184)	403
8	7	Other operating income		22	27
1,305	1,186	Staff and administrative expenses	6	1,290	1,385
12	3	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets		3	12
372	102	Other operating expenses		108	375
1,027	114	Impairment losses on loans, advances and receivables	7	138	1,053
21	23	Profit from investments in associates and group enterprises	8	-	-
<b>311</b>	<b>741</b>	<b>PROFIT BEFORE TAX</b>		<b>748</b>	<b>318</b>
101	184	Tax	9	191	108
<b>210</b>	<b>557</b>	<b>PROFIT FOR THE PERIOD</b>		<b>557</b>	<b>210</b>
<b>STATEMENTS OF COMPREHENSIVE INCOME for 1 January - 30 September</b>					
<b>210</b>	<b>557</b>	<b>PROFIT FOR THE PERIOD</b>		<b>557</b>	<b>210</b>
-	-	Other additions and disposals		-	-
-	-	<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>210</b>	<b>557</b>	<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>557</b>	<b>210</b>

# Balance sheets at 30 September

DKK million

Nykredit Bank A/S				The Nykredit Bank Group	
31.12.2010	30.09.2011		note	30.09.2011	31.12.2010
		<b>ASSETS</b>			
113	228	Cash balance and demand deposits with central banks		229	113
29,367	21,242	Receivables from credit institutions and central banks	10	21,242	29,367
12,920	14,398	Loans, advances and other receivables at fair value	11	14,398	12,920
58,808	55,518	Loans, advances and other receivables at amortised cost	12	55,782	59,072
74,826	68,062	Bonds at fair value	13	68,219	74,934
331	435	Equities	14	436	332
346	379	Investments in group enterprises		-	-
9	27	Intangible assets		27	9
<b>68</b>	<b>67</b>	<b>Total land and buildings</b>		<b>67</b>	<b>68</b>
68	67	-Investment properties		67	68
4	9	Other property, plant and equipment		10	6
185	8	Current tax assets		2	187
64	69	Deferred tax assets		32	27
91	96	Assets in temporary possession	15	96	91
33,277	42,187	Other assets	16	42,199	33,286
4	2	Prepayments		6	10
<b>210,413</b>	<b>202,727</b>	<b>TOTAL ASSETS</b>		<b>202,745</b>	<b>210,422</b>

## Balance sheets at 30 September

DKK million

Nykredit Bank A/S				The Nykredit Bank Group	
31.12.2010	30.09.2011		note	30.09.2011	31.12.2010
<b>LIABILITIES AND EQUITY</b>					
48,351	45,633	Payables to credit institutions and central banks	17	45,633	48,351
55,822	53,772	Deposits and other payables	18	53,659	55,699
32,848	27,207	Issued bonds at amortised cost	19	27,207	32,848
25,679	18,590	Other non-derivative financial liabilities at fair value	20	18,590	25,679
32,283	42,286	Other liabilities	21	42,416	32,411
1	2	Deferred income		3	5
<b>194,984</b>	<b>187,490</b>	<b>TOTAL PAYABLES</b>		<b>187,508</b>	<b>194,993</b>
<b>Provisions</b>					
745	144	Provisions for losses under guarantees	22	144	745
102	117	Other provisions	22	117	102
<b>847</b>	<b>261</b>	<b>TOTAL PROVISIONS</b>		<b>261</b>	<b>847</b>
813	650	Subordinated debt	23	650	813
<b>Equity</b>					
6,045	6,045	Share capital		6,045	6,045
-	-	Revaluation reserves		-	-
<b>Other reserves</b>					
34	34	Statutory reserves		-	-
7,690	8,247	Retained earnings		8,281	7,724
<b>13,769</b>	<b>14,326</b>	<b>TOTAL EQUITY</b>		<b>14,326</b>	<b>13,769</b>
<b>210,413</b>	<b>202,727</b>	<b>TOTAL LIABILITIES AND EQUITY</b>		<b>202,745</b>	<b>210,422</b>
<b>Off-balance sheet items</b>					
15,224	10,555	Contingent liabilities	24	10,555	15,225
6,937	6,943	Other commitments	25	7,050	7,012
<b>22,161</b>	<b>17,498</b>	<b>TOTAL OFF-BALANCE SHEET ITEMS</b>		<b>17,605</b>	<b>22,237</b>
		Accounting policies	1		
		Business areas	2		
		Related parties	26		
		Loans, advances and guarantees	27		
		Foreign exchange and interest rate exposures	28		
		Hedging interest rate risk	29		
		Group structure	30		
		The Nykredit Bank Group – seven quarters	31		
		The Nykredit Bank Group – financial highlights	32		



## Statement of changes in equity

DKK million

Nykredit Bank A/S

	Share capital	Statutory reserves	Revaluation reserves	Retained earnings	Total
<b>EQUITY, 30 SEPTEMBER 2011</b>					
End of previous financial year	6,045	34		7,690	13,769
<b>TOTAL</b>	<b>6,045</b>	<b>34</b>	<b>-</b>	<b>7,690</b>	<b>13,769</b>
<b>Comprehensive income</b>					
Profit for the period				557	557
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>557</b>	<b>557</b>
<b>Total changes in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>557</b>	<b>557</b>
<b>Equity, 30 September 2011</b>	<b>6,045</b>	<b>34</b>	<b>-</b>	<b>8,247</b>	<b>14,326</b>
<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	1,370		1	776	2,147
<b>TOTAL</b>	<b>5,545</b>	<b>-</b>	<b>1</b>	<b>6,828</b>	<b>12,374</b>
<b>Comprehensive income</b>					
Transfer			(1)	1	0
Profit for the period				210	210
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>211</b>	<b>210</b>
Capital contribution	500			500	1,000
<b>Total changes in equity</b>	<b>500</b>	<b>-</b>	<b>(1)</b>	<b>711</b>	<b>1,210</b>
<b>Equity, 30 September 2010</b>	<b>6,045</b>	<b>-</b>	<b>-</b>	<b>7,539</b>	<b>13,584</b>

## Statement of changes in equity

DKK million

The Nykredit Bank Group

	Share capital	Statutory reserves and revaluation reserves	Retained earnings	Total
<b>EQUITY, 30 SEPTEMBER 2011</b>				
End of previous financial year	6,045	-	7,724	13,769
<b>TOTAL</b>	<b>6,045</b>	<b>-</b>	<b>7,724</b>	<b>13,769</b>
<b>Comprehensive income</b>				
Profit for the period			557	557
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>557</b>	<b>557</b>
<b>Total changes in equity</b>	<b>-</b>	<b>-</b>	<b>557</b>	<b>557</b>
<b>Equity, 30 September 2011</b>	<b>6,045</b>	<b>-</b>	<b>8,281</b>	<b>14,326</b>
<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	1,370	1	776	2,147
<b>TOTAL</b>	<b>5,545</b>	<b>1</b>	<b>6,828</b>	<b>12,374</b>
<b>Comprehensive income</b>				
Transfer		(1)	1	0
Profit for the period			210	210
<b>Total comprehensive income</b>	<b>-</b>	<b>(1)</b>	<b>211</b>	<b>210</b>
Capital contribution	500		500	1,000
<b>Total changes in equity</b>	<b>500</b>	<b>(1)</b>	<b>711</b>	<b>1,210</b>
<b>Equity, 30 September 2010</b>	<b>6,045</b>	<b>0</b>	<b>7,539</b>	<b>13,584</b>

The share capital breaks down into 18 shares in multiples of DKK 1m. The share capital is wholly owned by Nykredit Realkredit A/S, Copenhagen.

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 [in Danish] of Foreningen Nykredit may be obtained from the company.

# Total capital and Tier 1 capital ratios

DKK million

	30.09.2011	30.09.2010	31.12.2010
<b>Nykredit Bank A/S</b>			
<b>Capital adequacy and core Tier 1 capital</b>			
Share capital	6,045	6,045	6,045
Reserves	34	-	34
Retained earnings	8,247	7,539	7,690
<b>Total core Tier 1 capital</b>	<b>14,326</b>	<b>13,584</b>	<b>13,769</b>
Hybrid capital	250	239	239
Primary and other statutory deductions from core Tier 1 capital	96	365	158
<b>Tier 1 capital after statutory deductions</b>	<b>14,480</b>	<b>13,458</b>	<b>13,850</b>
Supplementary capital, subordinate loan capital	400	647	574
Difference between expected losses and impairments for accounting purposes etc (supplementary capital charge)	406	468	149
Primary and other statutory deductions	169	90	85
<b>Capital base after statutory deductions</b>	<b>15,117</b>	<b>14,483</b>	<b>14,488</b>
Weighted items involving credit, counterparty and delivery risk	73,570	85,075	80,102
Weighted items involving market risk	5,909	7,984	8,050
Weighted items involving operational risk	5,262	3,902	3,902
<b>Total weighted items</b>	<b>84,741</b>	<b>96,961</b>	<b>92,054</b>
Total capital ratio, %	17.8	14.9	15.7
Tier 1 capital ratio, %	17.0	13.9	15.0
<b>The Nykredit Bank Group</b>			
<b>Capital adequacy and core Tier 1 capital</b>			
Share capital	6,045	6,045	6,045
Retained earnings	8,281	7,539	7,724
<b>Total core Tier 1 capital</b>	<b>14,326</b>	<b>13,584</b>	<b>13,769</b>
Hybrid capital	250	239	239
Primary and other statutory deductions from core Tier 1 capital	139	335	118
<b>Tier 1 capital after statutory deductions</b>	<b>14,437</b>	<b>13,488</b>	<b>13,890</b>
Supplementary capital, subordinate loan capital	400	647	574
Difference between expected losses and impairments for accounting purposes etc (supplementary capital charge)	398	461	149
Primary and other statutory deductions	80	86	80
<b>Capital base after statutory deductions</b>	<b>15,155</b>	<b>14,510</b>	<b>14,533</b>
Weighted items involving credit, counterparty and delivery risk	72,711	84,301	79,406
Weighted items involving market risk	5,910	7,984	8,050
Weighted items involving operational risk	5,533	4,127	4,126
<b>Total weighted items</b>	<b>84,154</b>	<b>96,412</b>	<b>91,582</b>
Total capital ratio, %	18.0	15.0	15.9
Tier 1 capital ratio, %	17.2	14.0	15.2

## Cash flow statement 1 January – 30 September

DKK million

	The Nykredit Bank Group	
	Q1-Q3/2011	Q1-Q3/2010
Profit after tax for the period	557	210
<b>Adjustment for non-cash operating items, depreciation, amortisation, impairment losses and provisions</b>		
Depreciation and impairment losses for property, plant and equipment	3	12
Impairment losses on loans, advances and receivables	148	1,059
Tax calculated on profit for the year	191	108
<b>Total</b>	<b>342</b>	<b>1,179</b>
<b>Profit for the period adjusted for non-cash operating items</b>	<b>899</b>	<b>1,389</b>
<b>Change in working capital</b>		
Loans, advances and other receivables	1,705	(1,828)
Deposits and other payables	(1,878)	(10,451)
Payables to credit institutions and central banks	(2,322)	(5,851)
Bonds at fair value	6,685	(3,976)
Equities	(104)	252
Other working capital	(6,796)	19,992
<b>Total</b>	<b>(2,710)</b>	<b>(1,862)</b>
Corporation tax paid, net	(11)	(39)
<b>Cash flows from operating activities</b>	<b>(1,822)</b>	<b>(512)</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiary	(19)	-
Property, plant and equipment	(5)	43
<b>Total</b>	<b>(24)</b>	<b>43</b>
<b>Cash flows from financing activities</b>		
Capital contribution	0	1,000
Subordinated debt	(162)	(288)
Issued bonds	(5,641)	(19,280)
<b>Total</b>	<b>(5,803)</b>	<b>(18,568)</b>
<b>Total cash flows</b>	<b>(7,649)</b>	<b>(19,037)</b>
Cash and cash equivalents, beginning of period	29,480	46,361
Foreign currency translation adjustment of cash	(360)	(689)
<b>Cash and cash equivalents, end of period</b>	<b>21,471</b>	<b>26,635</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	229	129
Receivables from credit institutions and central banks	21,242	26,506
<b>Cash and cash equivalents, end of period</b>	<b>21,471</b>	<b>26,635</b>

## Core earnings and investment portfolio income

DKK million

	Q1-Q3/2011			The Nykredit Bank Group Q1-Q3/2010		
	Core earnings	Investment portfolio income	Total	Core earnings	Investment portfolio income	Total
<b>1 January – 30 September</b>						
Net interest income	1,833	97	1,930	2,116	49	2,165
Dividend on equities	3	0	3	2	1	3
Fee and commission income, net	517	(1)	516	544	1	545
<b>Net interest and fee income</b>	<b>2,353</b>	<b>96</b>	<b>2,449</b>	<b>2,662</b>	<b>51</b>	<b>2,713</b>
Value adjustments	23	(207)	(184)	235	168	403
Other operating income	22	-	22	27	-	27
Staff and administrative expenses	1,290	-	1,290	1,385	-	1,385
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	3	-	3	12	-	12
Other operating expenses	108	-	108	375	-	375
Impairment losses on loans and advances	138	-	138	1,053	-	1,053
<b>Profit (loss) before tax</b>	<b>859</b>	<b>(111)</b>	<b>748</b>	<b>99</b>	<b>219</b>	<b>318</b>

# Notes

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## 1. ACCOUNTING POLICIES

The Q1-Q3 Interim Report of the Group has 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 Q1-Q3 Interim Report of the Parent Company has 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.

In 2010 Nykredit Bank A/S merged with Forstædernes Bank, effective from 1 January 2010 for accounting purposes. Comparative figures have been restated.

The accounting policies of both the Group and Nykredit Bank A/S are unchanged compared with the Annual Report for 2010. A description of the Bank's and the Bank Group's accounting policies applied in the Annual Report for 2010 is available at [nykredit.com](http://nykredit.com).

Compared with the Q1-Q3 Interim Report 2010 and the Annual Report for 2010, the segment financial statements for 2011 have been revised to reflect that earnings related to the portfolio of Kalvebod issues have been transferred from the business area Markets & Asset Management to group items. Comparative figures have been restated. The change does not affect Nykredit Bank's results, balance sheet or equity.

Relative to the information in the accounting policies in the Annual Report for 2010 (note 1), no new financial reporting standards or interpretations have been issued or approved which may impact the Q1-Q3 Interim Report of Nykredit Bank and the Bank Group. The IASB is currently working on a project which, in time, will replace the IAS 39 rules. The revised standard – IFRS 9 – will at a number of stages include classification and measurement of financial assets, measurement and recognition of financial liabilities, impairments, discontinuation of recognition and hedge accounting, etc.

The EU has opted not to adopt the IFRS 9 until the results of all the phases are available. The new standard is expected to be implemented in January 2015. Because the IFRS 9 changes the rules on recognition and measurement of the Bank's financial assets and liabilities, the final standard may influence the Bank's financial reporting. However, the standard is not currently available in a form that allows for an overall assessment of the effect on the Bank's financial statements.

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

## Notes

DKK million

## The Nykredit Bank Group

## 2. BUSINESS AREAS

Q1-Q3/2011	Retail Banking	Corporate Banking	Markets & Asset Manage- ment	Other Activities	Group items <sup>1</sup>	Total
Core income from business operations	553	1,068	941	46	2	2,610
Value adjustment of derivatives and corporate bonds		(171)	(175)	1		(345)
Core income from securities					133	133
<b>Total core income *</b>	<b>553</b>	<b>897</b>	<b>766</b>	<b>47</b>	<b>135</b>	<b>2,398</b>
Operating costs	288	410	599	19	(15)	1,301
Payment to the Danish Guarantee Fund for Depositors and Investors <sup>4</sup>					100	100
<b>Core earnings before impairment losses</b>	<b>265</b>	<b>487</b>	<b>167</b>	<b>28</b>	<b>50</b>	<b>997</b>
Impairment losses on loans and advances	27	157	10	(56)	-	138
<b>Core earnings after impairment losses</b>	<b>238</b>	<b>330</b>	<b>157</b>	<b>84</b>	<b>50</b>	<b>859</b>
Investment portfolio income <sup>2</sup>					(111)	(111)
<b>Profit (loss) before tax for the period</b>	<b>238</b>	<b>330</b>	<b>157</b>	<b>84</b>	<b>(61)</b>	<b>748</b>
* Of which transactions between business areas	105	(17)	(63)	(25)	-	0
Income:costs	1.8	1.6	1.3	-	-	1.5
Average allocated business capital <sup>3</sup>	1,274	3,324	1,901	245	1,808	8,552
Core earnings after impairment losses as % of allocated capital (pa)	24.9	13.2	11.0	45.7	-	13.4
<b>Total assets at 30 September</b>	<b>15,819</b>	<b>38,965</b>	<b>138,832</b>	<b>2,528</b>	<b>6,601</b>	<b>202,745</b>
<b>Q1-Q3/2010</b>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Markets &amp; Asset Management</b>	<b>Other Activities</b>	<b>Group items <sup>1</sup></b>	<b>Total</b>
Core income from business operations	615	921	1,297	72		2,905
Value adjustment of derivatives and corporate bonds		(10)	(61)			(71)
Core income from securities					90	90
<b>Total core income</b>	<b>615</b>	<b>911</b>	<b>1,236</b>	<b>72</b>	<b>90</b>	<b>2,924</b>
Operating costs	358	405	613	26		1,402
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>532</b>	<b>9</b>	<b>90</b>	<b>1,152</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>464</b>	<b>(409)</b>	<b>90</b>	<b>99</b>
Investment portfolio income <sup>2</sup>					219	219
<b>Profit (loss) before tax for the period</b>	<b>(49)</b>	<b>3</b>	<b>464</b>	<b>(409)</b>	<b>309</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
<b>Total assets at 30 September</b>	<b>15,334</b>	<b>42,231</b>	<b>151,332</b>	<b>4,009</b>	<b>6,629</b>	<b>219,535</b>

Compared with previous periods, value adjustment of a number of derivatives and corporate bonds is recognised separately under core income. The adjustment does not affect the profit/loss for the individual business areas. The adjustment is an integral part of the fair value measurement for accounting purposes of the relevant instruments and is recognised in the income statement under the item "Value adjustments".

<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 costs.

<sup>2</sup> Investment portfolio income equals the return on the Bank's own portfolio exceeding risk-free interest. As from 2011, the Kalvebod issues are included under Group items.

In previous financial years, the item was included under core income of Markets & Asset Management. Comparative figures have been restated.

Of the loss on the investment portfolio of DKK 111m in Q1-Q3/2011, a loss of about DKK 190m was attributable to the Kalvebod issues compared with a profit of DKK 53m in Q1-Q3/2010. The Bank's portfolio of Kalvebod issues of about DKK 1.1bn was sold to Nykredit Realkredit A/S.

<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.

<sup>4</sup> Payment to the Danish Guarantee Fund for Depositors and Investors related to the collapses of Amagerbanken and Fjordbank Mors has been estimated at DKK 85m, including adjustment of a provision made in 2010 regarding CapiNordic. Costs related to the winding-up of Max Bank A/S are estimated at DKK 15m.





## Notes

DKK million

Nycredit Bank A/S		The Nycredit Bank Group	
Q1-Q3/2010	Q1-Q3/2011	Q1-Q3/2011	Q1-Q3/2010
<b>6. STAFF AND ADMINISTRATIVE EXPENSES</b>			
9	11	11	9
540	458	517	590
756	717	762	786
<b>1,305</b>	<b>1,186</b>	<b>1,290</b>	<b>1,385</b>
<b>Remuneration of Board of Directors and Executive Board:</b>			
<b>Board of Directors</b>			
Remuneration			
Each staff-elected board representative receives annual remuneration of DKK 60,000. No additional remuneration is paid to the Board of Directors.			
<b>Executive Board</b>			
9	11	11	9
<b>9</b>	<b>11</b>	<b>11</b>	<b>9</b>
The terms and conditions governing the remuneration and pensions of the Executive Board have not changed since the Annual Report for 2010, to which reference is made.			
<b>Staff expenses</b>			
453	383	434	497
41	37	42	45
46	38	41	48
<b>540</b>	<b>458</b>	<b>517</b>	<b>590</b>
<b>634</b>	<b>694</b>	<b>805</b>	<b>871</b>
<b>7. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES</b>			
<b>Specification of impairment provisions</b>			
6,695	4,722	4,751	6,732
438	386	386	438
<b>7,133</b>	<b>5,108</b>	<b>5,137</b>	<b>7,170</b>
<b>Individual impairment provisions for loans, advances and receivables</b>			
7,509	5,694	5,721	7,554
853	511	528	853
562	453	460	570
1,105	1,030	1,038	1,105
<b>6,695</b>	<b>4,722</b>	<b>4,751</b>	<b>6,732</b>
<b>Collective impairment provisions</b>			
257	421	422	257
181	(35)	(36)	181
<b>438</b>	<b>386</b>	<b>386</b>	<b>438</b>

## Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group	
Q1-Q3/2010	Q1-Q3/2011	Q1-Q3/2011	Q1-Q3/2010
<b>7. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES (continued)</b>			
<b>Earnings impact</b>			
471	23	32	462
259	44	58	294
6	11	10	6
<b>724</b>	<b>56</b>	<b>80</b>	<b>750</b>
303	58	58	303
<b>1,027</b>	<b>114</b>	<b>138</b>	<b>1,053</b>
846	149	174	872
181	(35)	(36)	181
<b>Specification of loans and advances with objective evidence of impairment</b>			
8,818	7,014	7,088	8,918
<b>6,695</b>	<b>4,722</b>	<b>4,751</b>	<b>6,732</b>
<b>2,123</b>	<b>2,292</b>	<b>2,337</b>	<b>2,186</b>
<b>87,735</b>	<b>78,515</b>	<b>78,735</b>	<b>87,895</b>
<b>438</b>	<b>386</b>	<b>386</b>	<b>438</b>
<b>87,297</b>	<b>78,129</b>	<b>78,349</b>	<b>87,457</b>
<b>8. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES</b>			
21	23	-	-
<b>21</b>	<b>23</b>	<b>-</b>	<b>-</b>
<b>9. TAX</b>			
101	184	191	108
<b>101</b>	<b>184</b>	<b>191</b>	<b>108</b>
<b>32.4</b>	<b>24.8</b>	<b>25.5</b>	<b>33.9</b>
Tax is calculated on the basis of a tax rate of 25%. Tax for the period was not affected by any special circumstances, and tax for the full year is expected to come to just over 25%.			
The higher tax rate in 2010 was mainly attributable to the adjustment of deferred tax in Forstædernes Bank.			

## Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
31.12.2010	30.09.2011		30.09.2011	31.12.2010
<b>10. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS</b>				
791	55	Receivables at call from central banks	55	791
28,576	21,187	Receivables from credit institutions	21,187	28,576
<b>29,367</b>	<b>21,242</b>	<b>Total</b>	<b>21,242</b>	<b>29,367</b>
3,279	9,181	Of which genuine purchase and resale transactions	9,181	3,279
<b>11. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE</b>				
12,920	14,398	Genuine purchase and resale transactions	14,398	12,920
<b>12,920</b>	<b>14,398</b>	<b>Total</b>	<b>14,398</b>	<b>12,920</b>
<b>12. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST</b>				
58,808	55,518	Loans and advances at amortised cost	55,782	59,072
<b>58,808</b>	<b>55,518</b>	<b>Total</b>	<b>55,782</b>	<b>59,072</b>
<b>Impairment provisions made, end of period (31 December 2010 and 30 September 2011)</b>				
5,694	4,722	Individual impairment provisions	4,751	5,721
421	386	Collective impairment provisions	386	422
<b>13. BONDS AT FAIR VALUE</b>				
67,545	62,706	Mortgage bonds	62,858	67,653
2,761	2,834	Government bonds	2,839	2,761
5,469	3,199	Other bonds	3,199	5,469
<b>75,775</b>	<b>68,739</b>	<b>Total</b>	<b>68,896</b>	<b>75,883</b>
949	677	Self-issued bonds offset against issued bonds	677	949
<b>74,826</b>	<b>68,062</b>	<b>Total</b>	<b>68,219</b>	<b>74,934</b>
The effect of fair value adjustment has been recognised in the income statement.				
10,379	8,145	Of which drawn bonds	8,145	10,379
25,290	22,108	Assets sold as part of genuine sale and repurchase transactions	22,108	25,290
16,061	10,200	As collateral for the Danish central bank, Danmarks Nationalbank, and foreign clearing centres, etc, bonds have been deposited of a total market value of	10,200	16,061
The collateral was provided on an arm's length basis.				
<i>Financial instruments measured on the basis of unobservable inputs</i>				
In 2011 Nykredit Bank sold the portfolio of Kalvebod issues to Nykredit Realkredit A/S. The fair value came to about DKK 1.1bn.				
The Kalvebod issues have been included in the financial statements (note 38) under the financial instruments category having a fair value based on unobservable inputs. Of the overall value of bonds (a total of DKK 1,524m at 31 December 2010), Kalvebod issues represented about DKK 1.3bn. The value at end-2010 has therefore been reduced to about DKK 0.2bn.				

## Notes

DKK million

Nycredit Bank A/S			The Nycredit Bank Group	
31.12.2010	30.09.2011		30.09.2011	31.12.2010
		<b>14. EQUITIES</b>		
39	141	Listed on NASDAQ OMX Copenhagen A/S	141	39
4	11	Listed on other stock exchanges	11	4
288	283	Unlisted equities carried at fair value	284	289
<b>331</b>	<b>435</b>	<b>Total</b>	<b>436</b>	<b>332</b>
		<b>15. ASSETS IN TEMPORARY POSSESSION</b>		
13	91	Assets, beginning of year	91	13
116	30	Additions	30	116
38	25	Disposals	25	38
<b>91</b>	<b>96</b>	<b>Total</b>	<b>96</b>	<b>91</b>
		At 31 December 2010 and 30 September 2011, this item solely comprised repossessed properties.		
		The Nycredit Bank Group accepts mortgages on property as security for loans, and in a number of instances Nycredit Bank repossesses the properties in the event of borrowers' non-performance of loan agreements etc.		
		Property valuation is based on the expected market values in case of disposal within a period of 12 months.		
		<b>16. OTHER ASSETS</b>		
7,217	6,271	Interest and commission receivable	6,271	7,218
25,857	35,643	Positive market value of derivative financial instruments	35,643	25,857
203	273	Other	285	211
<b>33,277</b>	<b>42,187</b>	<b>Total</b>	<b>42,199</b>	<b>33,286</b>
		<b>17. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS</b>		
1,171	0	Payables to central banks	0	1,171
47,180	45,633	Payables to credit institutions	45,633	47,180
<b>48,351</b>	<b>45,633</b>	<b>Total</b>	<b>45,633</b>	<b>48,351</b>
4,792	10,181	Of which genuine sale and repurchase transactions	10,181	4,792
		<b>18. DEPOSITS AND OTHER PAYABLES</b>		
32,054	28,779	On demand	28,666	31,971
4,977	5,942	At notice	5,942	4,977
16,031	16,415	Time deposits	16,415	15,991
2,760	2,636	Special deposits	2,636	2,760
<b>55,822</b>	<b>53,772</b>	<b>Total</b>	<b>53,659</b>	<b>55,699</b>

## Notes

DKK million

Nykredit Bank A/S					The Nykredit Bank Group	
31.12.2010	30.09.2011			30.09.2011	31.12.2010	
<b>19. ISSUED BONDS AT AMORTISED COST</b>						
<b>Issues</b>						
15,351	14,505	EMTN issues *		14,505	15,351	
16,840	12,993	ECP issues *		12,993	16,840	
29	29	Employee bonds		29	29	
1,577	366	Other issues *		366	1,577	
<b>33,797</b>	<b>27,893</b>	<b>Total</b>		<b>27,893</b>	<b>33,797</b>	
949	686	Own portfolio		686	949	
<b>32,848</b>	<b>27,207</b>	<b>Total</b>		<b>27,207</b>	<b>32,848</b>	
No value adjustments have been made that can be ascribed to own credit risk changes.						
* Listed on NASDAQ OMX Copenhagen A/S or on the Luxembourg Stock Exchange						
<b>20. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE</b>						
20,967	12,267	Deposits at fair value		12,267	20,967	
4,712	6,323	Negative securities portfolios		6,323	4,712	
<b>25,679</b>	<b>18,590</b>	<b>Total</b>		<b>18,590</b>	<b>25,679</b>	
<b>By time-to-maturity</b>						
25,679	18,590	Up to 3 months		18,590	25,679	
20,967	12,267	Of which genuine sale and repurchase transactions		12,267	20,967	
<b>21. OTHER LIABILITIES</b>						
7,562	6,996	Interest and commission payable		7,017	7,518	
24,118	34,724	Negative market value of derivative financial instruments		34,724	24,118	
603	566	Other payables		675	775	
<b>32,283</b>	<b>42,286</b>	<b>Total</b>		<b>42,416</b>	<b>32,411</b>	
The items "Interest and commission payable" and "Other payables" fall due within one year.						

## Notes

DKK million

Nycredit Bank A/S		The Nycredit Bank Group	
31.12.2010	30.09.2011	30.09.2011	31.12.2010
<b>22. PROVISIONS</b>			
<b>Provisions for losses under guarantees</b>			
609	745	745	609
344	113	113	344
208	714	714	208
<b>745</b>	<b>144</b>	<b>144</b>	<b>745</b>
<b>Other provisions</b>			
156	102	102	156
1	85	85	1
55	70	70	55
<b>102</b>	<b>117</b>	<b>117</b>	<b>102</b>
<b>Total provisions for losses under guarantees and other provisions</b>			
765	847	847	765
345	198	198	345
263	784	784	263
<b>847</b>	<b>261</b>	<b>261</b>	<b>847</b>

As a result of its operations, the Bank continuously enters into contracts where it is probable that the settlement of the liability will lead to an outflow of the Bank's financial resources, and where a reliable estimate may be made of the size of the liability.

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, including provisions for Bank Rescue Package I in 2010.

In Q2/2011 the Bank paid approximately DKK 70m to the Danish Guarantee Fund for Depositors and Investors related to the collapse of Amagerbanken. The paid amount essentially equalled the provision made in the financial statements for Q1/2011.

"Provisions for the period", registered under "Other provisions", of DKK 85m include DKK 15m related to the winding-up of Max Bank A/S.

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	
31.12.2010	30.09.2011	30.09.2011	31.12.2010
<b>23. SUBORDINATED DEBT</b>			
Subordinated debt consists of financial liabilities in the form of subordinate loan capital which, in case of voluntary or compulsory liquidation, will not be repaid until the claims of ordinary creditors have been met.			
Subordinated debt forms part of the supplementary capital and is included in full in the capital base.			
75	-		
Nom DKK 75m. The loan falls due at par (100) on 29 March 2014 and carries a floating interest rate of 2.5% pa over 6M Cibur. The loan was prematurely redeemed in March 2011			
		-	75
119	-		
Nom NOK 125m. The loan falls due at par (100) on 29 September 2014 and carries a floating interest rate of 0.75% pa over 3M Nibor. The loan was prematurely redeemed in September 2011			
		-	119
200	200		
Nom DKK 200m. The loan falls due at par (100) on 16 November 2014 and carries a floating interest rate of 1.0% pa over 6M Cibur			
		200	200
180	200		
Nom DKK 200m. The loan falls due at par (100) on 1 November 2014 and carries a floating interest rate of 1.0% pa over 3M Euribor			
		200	180
<b>574</b>	<b>400</b>	<b>400</b>	<b>574</b>
<b>Total</b>			
<b>Hybrid capital</b>			
89	100		
Nom DKK 100m. The loan is perpetual and carries a floating interest rate of 1.7% pa over 3M Cibur			
		100	89
150	150		
Nom DKK 150m. The loan is perpetual and carries a fixed interest rate of 6.3% pa			
		150	150
<b>239</b>	<b>250</b>	<b>250</b>	<b>239</b>
<b>Total</b>			
<b>813</b>	<b>650</b>	<b>650</b>	<b>813</b>
<b>Total subordinated debt</b>			
574	400		
Included in the determination of the capital base after statutory deductions			
Subordinate loan capital			
		400	574
239	250		
Hybrid capital			
		250	239
-	-		
Costs related to raising and redeeming subordinated debt			
		-	-
Except for the above early redemptions, no extraordinary principal repayments were recorded.			
No value adjustments have been made that can be attributed to changes in own credit risk.			
Subordinated debt fully relates to capital raised by the former Forstædernes Bank.			

## Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
31.12.2010	30.09.2011		30.09.2011	31.12.2010
		<b>24. CONTINGENT LIABILITIES</b>		
11,739	7,485	Financial guarantees	7,485	11,739
568	468	Registration and refinancing guarantees	468	568
2,917	2,602	Other contingent liabilities	2,602	2,918
<b>15,224</b>	<b>10,555</b>	<b>Total</b>	<b>10,555</b>	<b>15,225</b>

*Legal proceedings and litigation*

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*

Under the scheme, which expired at end-September 2010, the Danish government issued a two-year guarantee that covered the Danish banks participating in the scheme. Nykredit Bank participated in a sector guarantee totalling DKK 20bn with a share of up to DKK 1,318m.

At 31 December 2010, DKK 659m had been provided for the obligation. In 2011 the Bank has paid any amounts due under the obligation to the Financial Stability Company.

*The collapses of Amagerbanken and Fjordbank Mors*

In H1/2011 Nykredit Bank charged about DKK 200m related to the collapse of Amagerbanken and an additional amount of about DKK 140m related to Fjordbank Mors to the income statement, of which expected payments to the Danish Guarantee Fund for Depositors and Investors amounted to DKK 85m, including adjustment of a previous provision regarding CapiNordic. In Q3/2011 the total charge was reduced by close to DKK 30m due to Amagerbanken's dividend adjustment from approx 58.8% to 84.4%.

The majority of the Bank's losses are attributable to hybrid capital and subordinated debt.

In addition to the determination of the final dividend, the actual charge depends on the acknowledgement of the Bank's net claim against Amagerbanken and Fjordbank Mors.

*MAX Bank A/S*

In Q3/2011 Nykredit Bank made a provision of approx DKK 15m, corresponding to the Bank's estimated share of the costs covered by The Danish Guarantee Fund for Depositors and Investors in connection with the winding-up of Max Bank (note 22). Nykredit Bank had no loans, advances or other receivables in the form of securities or subordinated debt etc with Max Bank.



## Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
31.12.2010	30.09.2011		30.09.2011	31.12.2010
		<b>25. OTHER COMMITMENTS</b>		
6,780	6,764	Irrevocable credit commitments	6,764	6,780
157	179	Other	286	232
<b>6,937</b>	<b>6,943</b>	<b>Total</b>	<b>7,050</b>	<b>7,012</b>

**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 have occurred in 2011.

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 or on a cost reimbursement basis.

Important related party transactions prevailing/entered into in 2010 or 2011 include:

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

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

In H1/2011 the Bank sold the portfolio of Kalvebod issues to Nykredit Realkredit.

The fair value of the portfolio was about DKK 1.1bn at the transfer date.

Compared with the carrying amount at 31 March 2011, the transfer has only generated a modest capital gain. For further information, please refer to note 2.

**Agreements between Nykredit Realkredit A/S and Nykredit Holding A/S**

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

## Notes

DKK million

The Nykredit Bank Group

## 27. LOANS, ADVANCES AND GUARANTEES

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

30 September 2011	Carrying amount			Provisions		Total
	Loans and advances	Guarantees	Total loans, advances and guarantees	Individual and other provisions	Collective impairment provisions	
<b>Public sector</b>	<b>249</b>	<b>144</b>	<b>393</b>	<b>0</b>	<b>3</b>	<b>3</b>
<b>Corporate</b>						
Agriculture, hunting, forestry and fishing	2,203	224	2,427	89	9	98
Manufacturing, mining and quarrying	5,853	452	6,305	80	34	114
Energy supply	1,256	54	1,310	29	7	36
Construction	1,267	673	1,940	250	5	255
Trade	2,014	257	2,271	286	7	293
Transport, accommodation and food service activities	1,907	257	2,164	72	5	77
Information and communication	1,016	82	1,098	32	1	33
Financial and insurance activities	20,223	827	21,050	1,144	39	1,183
Property	11,882	1,951	13,833	1,614	181	1,795
Other trade and industry	6,827	1,865	8,692	663	43	706
<b>Total corporate</b>	<b>54,448</b>	<b>6,642</b>	<b>61,090</b>	<b>4,259</b>	<b>331</b>	<b>4,590</b>
<b>Retail</b>	<b>15,483</b>	<b>3,769</b>	<b>19,252</b>	<b>636</b>	<b>52</b>	<b>688</b>
<b>Total</b>	<b>70,180</b>	<b>10,555</b>	<b>80,735</b>	<b>4,895</b>	<b>386</b>	<b>5,281</b>
Of which reverse lending	14,398	-	14,398	-	-	-

31 December 2010	Carrying amount			Provisions		Total
	Loans and advances	Guarantees	Total loans, advances and guarantees	Individual and other provisions	Collective impairment provisions	
<b>Public sector</b>	<b>253</b>	<b>553</b>	<b>806</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Corporate</b>						
Agriculture, hunting, forestry and fishing	2,019	537	2,556	77	5	82
Manufacturing, mining and quarrying	5,908	719	6,627	221	35	256
Energy supply	2,339	79	2,418	7	11	18
Construction	1,121	361	1,482	279	6	285
Trade	1,785	450	2,235	368	7	375
Transport, accommodation and food service activities	1,309	325	1,634	55	6	61
Information and communication	1,360	83	1,443	49	5	54
Financial and insurance activities	17,812	804	18,616	1,675	30	1,705
Property	13,018	3,721	16,739	1,589	75	1,664
Other trade and industry	8,940	1,410	10,350	1,356	125	1,481
<b>Total corporate</b>	<b>55,611</b>	<b>8,489</b>	<b>64,100</b>	<b>5,676</b>	<b>305</b>	<b>5,981</b>
<b>Retail</b>	<b>16,128</b>	<b>6,183</b>	<b>22,311</b>	<b>790</b>	<b>117</b>	<b>907</b>
<b>Total</b>	<b>71,992</b>	<b>15,225</b>	<b>87,217</b>	<b>6,466</b>	<b>422</b>	<b>6,888</b>
Of which reverse lending	12,920	-	12,920	-	-	-

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

Provisioning rate, %	Q3/ 2011	Q2/ 2011	Q1/ 2011	Q4/ 2010	Q3/ 2010	Q2/ 2010	Q1/ 2010
Total loans and advances	70,180	73,950	73,968	71,992	73,900	75,254	73,185
Total guarantees	10,555	9,229	12,175	15,225	16,436	17,549	20,131
Provisions for loan impairment	5,137	5,354	6,050	6,143	7,170	7,020	8,009
Provisions for guarantees	144	153	109	745	920	823	791
<b>Loans, advances, guarantees and loan impairment</b>	<b>86,016</b>	<b>88,686</b>	<b>92,302</b>	<b>94,105</b>	<b>98,426</b>	<b>100,646</b>	<b>102,116</b>
Provisioning rate, %	6.1	6.2	6.7	7.3	8.2	7.8	8.6
Provisioning rate excluding guarantees, %	6.8	6.8	7.6	7.9	8.8	8.5	9.9

## Notes

DKK million

Nycredit Bank A/S		The Nycredit Bank Group	
30.09.2010	30.09.2011	30.09.2011	30.09.2010
<b>28. FOREIGN EXCHANGE AND INTEREST RATE EXPOSURES</b>			
<b>Foreign exchange risk</b>			
32	10	10	32
0.1	0.1	0.1	0.1
1	0	0	1
0.0	0.0	0.0	0.0
<b>Interest rate risk by the currency involving the highest interest rate exposure</b>			
142	149	149	142
(78)	(48)	(48)	(78)
10	15	15	10
3	3	3	3
0	(1)	(1)	0
0	1	1	0
1	1	1	1
<b>78</b>	<b>120</b>	<b>120</b>	<b>78</b>
<b>Total interest rate exposure of debt instruments</b>			

## Notes

DKK million

Nycredit Bank A/S				The Nycredit Bank Group	
30.09.2010	30.09.2011			30.09.2011	30.09.2010
<b>29. HEDGING INTEREST RATE RISK</b>					
Market risk is the risk of loss of market value as a result of movements in financial markets (interest rate, foreign exchange, equity price risk, etc).					
The market risk and risk management policies of the Nycredit Group are described in the section "Market risk" of the Management's review.					
The Nycredit 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>					
2,168	1,294	Loans, advances and other receivables at amortised cost		1,294	2,168
<b>2,168</b>	<b>1,294</b>	<b>Total nominal value</b>		<b>1,294</b>	<b>2,168</b>
<b>Market value of hedged fixed-rate assets</b>					
2,247	1,350	Loans, advances and other receivables at amortised cost		1,350	2,247
<b>2,247</b>	<b>1,350</b>	<b>Total carrying amount, end of period</b>		<b>1,350</b>	<b>2,247</b>
<b>Fair value adjustment</b>					
79	56	Loans, advances and other receivables at amortised cost		56	79
<b>79</b>	<b>56</b>	<b>Total fair value adjustment</b>		<b>56</b>	<b>79</b>
-	4,293	Issued bonds at amortised cost		4,293	-
<b>-</b>	<b>4,293</b>	<b>Total nominal value</b>		<b>4,293</b>	<b>-</b>
<b>Market value of hedged fixed-rate financial liabilities</b>					
-	4,240	Issued bonds at amortised cost		4,240	-
<b>-</b>	<b>4,240</b>	<b>Total carrying amount, end of period</b>		<b>4,240</b>	<b>-</b>
<b>Fair value adjustment</b>					
-	53	Issued bonds at amortised cost		53	-
<b>-</b>	<b>53</b>	<b>Total fair value adjustment</b>		<b>53</b>	<b>-</b>
<b>HEDGING DERIVATIVE FINANCIAL INSTRUMENTS</b>					
1,367	5,084	Nominal value (synthetic principal)		5,084	1,367
(80)	(115)	Market value adjustment (negative market value)		(115)	(80)
<b>FAIR VALUE ADJUSTMENT DIFFERENCE</b>					
<b>(1)</b>	<b>(6)</b>	<b>Total</b>		<b>(6)</b>	<b>(1)</b>
<b>Amounts recognised through profit or loss for the financial period</b>					
19	146	Hedged transactions		146	19
(20)	(151)	Hedging transactions		(151)	(20)

## Notes

DKK million

## 30. GROUP STRUCTURE

Name and registered office	Revenue *	Assets	Liabilities	Share capital 30.09.11	Equity 31.12.10	Ownership interest, % 30.09.11	Profit for the period	Nykredit Bank's share of profit for the period	Equity 30.09.11	Carrying amount
Nykredit Bank A/S (Parent Company) a)	2,123	202,727	188,401	6,045	13,769	-	557	-	14,326	-
<b>Consolidated subsidiaries</b>										
Nykredit Portefølje Administration A/S, Copenhagen f)	101	266	92	25	153	100	21	21	174	174
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	1	5	12	100	0	0	11	11
Nykredit Leasing A/S, Gladsaxe c)	67	2,603	2,452	46	149	100	2	2	151	151
FB Ejendomme A/S, Copenhagen e)	0	5	1	1	4	100	0	0	4	4
Amber Fondsmæglerelskab A/S, Gentofte f)	1	11	1	4	-	100	0	0	10	10

**Associates**

Dansk Pantebrevsbørs A/S, Copenhagen b)	-	-	-	-	-	50	0	-	0	-
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The company is subject to insolvency proceedings.

\* 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.

Pantebrevsselskabet af 8/8 1995 A/S and Nykredit Pantebrevsinvestering A/S had few activities.

- a) Bank
- b) Mortgage trading company
- c) Leasing company
- d) No activity
- e) Property management company
- f) Management activities, including asset management and investment advisory services

## Notes

DKK million

**30. GROUP STRUCTURE (continued)****Amber Fondsmæglerselskab A/S**

As part of the Nykredit Group's strategy of consolidating and expanding its position in the banking area, Nykredit Bank A/S acquired all shares in Amber Fondsmæglerselskab A/S on 10 June 2011.

The company's results and balance sheet have been included in the Financial Statements of Nykredit Bank and the Nykredit Bank Group as from 10 June. Nykredit Bank A/S og Amber Fondsmæglerselskab A/S are expected to merge during 2011. Amber's activities are included under the segment financial statements of Asset Management.

**Amber Fondsmæglerselskab A/S, financial highlights**

DKK million	Financial statements 2010	1 January – 10 June 2011	Total, Q1-Q3/2011	Included in the Consolidated Financial Statements of Nykredit Bank
<b>Income statement</b>				
<b>Net interest and fee income</b>	<b>9.7</b>	<b>3.0</b>	<b>4.4</b>	<b>1.4</b>
Value adjustments	0.0	(0.2)	(0.2)	0.0
Staff and administrative expenses	7.6	3.1	3.7	0.6
<b>Profit (loss) before tax</b>	<b>2.0</b>	<b>(0.3)</b>	<b>0.5</b>	<b>0.8</b>
Tax	(0.5)	(0.1)	0.1	0.2
<b>Profit (loss) after tax</b>	<b>1.5</b>	<b>(0.2)</b>	<b>0.4</b>	<b>0.6</b>
<b>Balance sheet</b>				
Assets				
Receivables from credit institutions	3.5	1.0	0.1	0.1
Bonds at fair value	6.0	11.5	9.5	9.5
Other assets	6.1	1.5	1.0	1.0
<b>Total</b>	<b>15.6</b>	<b>14.0</b>	<b>10.6</b>	<b>10.6</b>
<b>Liabilities and equity</b>				
Total payables	5.6	4.2	0.8	0.8
Equity	10.0	9.8	9.8	9.8
<b>Total</b>	<b>15.6</b>	<b>14.0</b>	<b>10.6</b>	<b>10.6</b>

An assessment of the company's assets and liabilities at the time of acquisition has not given rise to adjustment of the fair value of the acquired assets and liabilities. The difference between the acquired net assets and the payment for these has subsequently been fully recognised as goodwill in the Bank's financial statements. Goodwill has been recognised in the balance sheet under "Intangible assets".

Goodwill at end-2010	9
Additions relating to acquisition of subsidiary	18
<b>Goodwill at 30 September 2011</b>	<b>27</b>

The purchase price of the company is paid by means of two cash instalments, of which about DKK 19m was paid in H1/2011. No significant external costs were related to the acquisition.

## Notes

DKKm

	Q3/ 2011	Q2/ 2011	Q1/ 2011	Q4/ 2010	Q3/ 2010	Q2/ 2010	Q1/ 2010
<b>31. THE NYKREDIT BANK GROUP – SEVEN QUARTERS</b>							
<b>SUMMARY INCOME STATEMENT</b>							
Net interest income	639	662	629	733	747	747	671
Dividends, fees and commission income (net)	150	183	186	178	139	189	220
<b>Net interest and fee income</b>	<b>789</b>	<b>845</b>	<b>815</b>	<b>911</b>	<b>886</b>	<b>936</b>	<b>891</b>
Value adjustments	(128)	18	(74)	70	103	107	193
<b>Net interest, fees and value adjustments</b>	<b>661</b>	<b>863</b>	<b>741</b>	<b>981</b>	<b>989</b>	<b>1,043</b>	<b>1,084</b>
Other operating income	8	7	7	8	9	5	11
Staff and administrative expenses	410	447	433	374	408	467	510
Other operating costs, depreciation and amortisation	19	18	74	5	125	130	130
Impairment losses on loans, advances and receivables	(63)	175	26	441	304	368	381
Profit from investments in associates and group enterprises	-	-	-	30	-	-	-
<b>Profit before tax</b>	<b>303</b>	<b>230</b>	<b>215</b>	<b>199</b>	<b>161</b>	<b>83</b>	<b>74</b>
Tax	76	61	54	14	41	14	53
<b>Profit</b>	<b>227</b>	<b>169</b>	<b>161</b>	<b>185</b>	<b>120</b>	<b>69</b>	<b>21</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>							
<b>Assets</b>							
Cash balance and receivables from central banks and credit institutions	21,471	25,418	28,515	29,480	26,635	35,201	45,103
Loans, advances and other receivables at fair value	14,398	16,409	13,451	12,920	13,958	13,899	13,314
Loans, advances and other receivables at amortised cost	55,782	57,541	60,517	59,072	59,942	61,355	59,871
Bonds at fair value	68,219	56,388	67,921	74,934	69,667	72,516	73,714
Equities	436	448	377	332	466	530	680
Land and buildings	67	67	68	68	68	69	69
Other asset items	42,372	25,818	27,734	33,616	48,799	44,362	36,067
<b>Total assets</b>	<b>202,745</b>	<b>182,089</b>	<b>198,583</b>	<b>210,422</b>	<b>219,535</b>	<b>227,932</b>	<b>228,818</b>
<b>Liabilities and equity</b>							
Payables to credit institutions and central banks	45,633	37,647	40,888	48,351	49,851	65,922	66,382
Deposits and other payables	53,659	52,107	53,648	55,699	54,745	57,481	59,762
Issued bonds at amortised cost	27,207	26,113	33,886	32,848	25,830	38,114	40,365
Other non-derivative financial liabilities at fair value	18,590	25,336	28,030	25,679	26,891	9,785	14,327
Other payables	42,419	25,766	27,184	32,416	46,693	42,072	33,490
<b>Total payables</b>	<b>187,508</b>	<b>166,969</b>	<b>183,636</b>	<b>194,993</b>	<b>204,010</b>	<b>213,374</b>	<b>214,326</b>
Provisions	261	255	282	847	1,055	958	948
Subordinated debt	650	766	735	813	886	1,136	1,149
Equity	14,326	14,099	13,930	13,769	13,584	12,464	12,395
<b>Total liabilities and equity</b>	<b>202,745</b>	<b>182,089</b>	<b>198,583</b>	<b>210,422</b>	<b>219,535</b>	<b>227,932</b>	<b>228,818</b>
<b>OFF-BALANCE SHEET ITEMS</b>							
Contingent liabilities	10,555	9,229	12,175	15,225	16,436	17,549	20,131
Other commitments	7,050	6,617	7,378	7,012	7,349	7,531	8,476
<b>FINANCIAL RATIOS</b>							
Total capital ratio, %	18.0	18.5	16.4	15.9	15.0	12.7	12.4
Tier 1 capital ratio, %	17.2	17.9	15.9	15.2	14.0	12.0	12.4
Return on equity before tax (pa), %	8.5	6.6	6.2	5.8	4.9	2.7	2.4
Return on equity after tax (pa), %	6.4	4.8	4.6	5.4	3.7	2.2	0.7
Income:cost ratio	1.83	1.36	1.40	1.24	1.19	1.09	1.07
Interest rate exposure, %	0.8	0.5	1.0	0.5	0.6	0.8	0.7

## Notes

DKK million

	Q1-Q3/ 2011	FY 2010	Q1-Q3/ 2010	Q1-Q3/ 2009	Q1-Q3/ 2008	Q1-Q3/ 2007
<b>32. THE NYKREDIT BANK GROUP – FINANCIAL HIGHLIGHTS</b>						
<b>SUMMARY INCOME STATEMENT</b>						
Net interest and fee income	2,449	3,624	2,713	2,794	1,989	1,684
Value adjustments	(184)	473	403	22	(209)	465
Other operating income	22	35	27	25	25	10
Staff and administrative expenses	1,290	1,759	1,385	1,411	1,289	1,055
Other operating costs, depreciation and amortisation	111	392	387	465	39	35
Impairment losses on loans, advances and receivables	138	1,494	1,053	5,249	280	(24)
Profit (loss) from investments in associates and group enterprises	-	30	-	(138)	-	-
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>748</b>	<b>517</b>	<b>318</b>	<b>(4,422)</b>	<b>197</b>	<b>1,093</b>
Tax	191	122	108	(1,051)	51	270
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>557</b>	<b>395</b>	<b>210</b>	<b>(3,371)</b>	<b>146</b>	<b>823</b>
<b>SUMMARY BALANCE SHEET</b>						
<b>Assets</b>						
Cash balance and receivables from central banks and credit institutions	21,471	29,480	26,635	25,520	17,465	28,629
Loans, advances and other receivables at fair value	14,398	12,920	13,958	24,904	13,444	10,128
Loans, advances and other receivables at amortised cost	55,782	59,072	59,942	62,356	74,292	60,794
Bonds at fair value and equities	68,655	75,266	70,133	59,423	52,335	54,458
Other asset items	42,439	33,684	48,867	33,133	19,791	13,881
<b>TOTAL ASSETS</b>	<b>202,745</b>	<b>210,422</b>	<b>219,535</b>	<b>205,336</b>	<b>177,327</b>	<b>167,890</b>
<b>Liabilities and equity</b>						
Payables to credit institutions and central banks	45,633	48,351	49,851	46,532	79,601	85,640
Deposits and other payables	53,659	55,699	54,745	63,897	47,669	43,980
Issued bonds at amortised cost	27,207	32,848	25,830	43,308	12,393	3,024
Other non-derivative financial liabilities at fair value	18,590	25,679	26,891	6,502	6,773	10,717
Other payables	42,419	32,416	46,693	31,584	18,652	13,619
<b>TOTAL PAYABLES</b>	<b>187,508</b>	<b>194,993</b>	<b>204,010</b>	<b>191,823</b>	<b>165,088</b>	<b>156,980</b>
Provisions	261	847	1,055	554	65	9
Subordinated debt	650	813	886	1,318	3,799	3,307
Equity	14,326	13,769	13,584	11,641	8,375	7,594
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>202,745</b>	<b>210,422</b>	<b>219,535</b>	<b>205,336</b>	<b>177,327</b>	<b>167,890</b>
<b>OFF-BALANCE SHEET ITEMS</b>						
Contingent liabilities	10,555	15,225	16,436	16,797	15,578	20,141
Other commitments	7,050	7,012	7,349	8,220	8,059	7,482



## Notes

DKK million

	Q1-Q3/ 2011	FY 2010	Q1-Q3/ 2010	Q1-Q3/ 2009	Q1-Q3/ 2008	Q1-Q3/ 2007
<b>32. THE NYKREDIT BANK GROUP – FINANCIAL HIGHLIGHTS (continued)</b>						
<b>FINANCIAL RATIOS</b>						
Total capital ratio, %	18.0	15.9	15.0	13.6	10.3	11.5
Tier 1 capital ratio, %	17.2	15.2	14.0	13.6	7.6	8.6
Return on equity before tax (pa), % *	5.3	4.0	2.5	(40.6)	2.4	16.1
Return on equity after tax (pa), % *	4.0	3.0	1.6	(30.9)	1.8	12.1
Income:cost ratio *	1.49	1.14	1.11	0.38	1.12	2.03
Interest rate exposure, %	0.8	0.5	0.6	0.3	1.2	2.1
Foreign exchange position, %	0.1	1.5	0.2	0.7	0.6	7.2
Foreign exchange exposure, %	0.0	0.0	0.0	0.0	0.0	0.0
Loans and advances:deposits *	1.4	1.4	1.5	1.5	1.9	1.6
Loans and advances:equity *	4.9	5.2	5.4	7.5	10.5	9.3
Growth in loans and advances for the period, % *	(2.5)	(1.2)	1.4	(10.7)	24.3	34.6
Excess cover:statutory liquidity requirements, %	184.6	251.1	168.6	279.9	79.6	85.2
Total large exposures, %	0.0	41.7	22.9	79.7	95.0	251.2
Impairment losses for the period, % *	0.2	1.6	1.1	4.7	0.3	0.0
Average number of staff, full-time equivalents	805	847	871	1,282	1,272	1,129

\*Adjusted to the merger with Forstædernes Bank for the period 2007-2009.

Financial ratios regarding total capital and Tier 1 capital ratios etc are not affected by the merger with Forstædernes Bank. Comparative figures thus correspond to Nykredit Bank's original statement.

## Financial ratios, definitions

<b>Total capital ratio, %</b>	Capital base divided by risk-weighted assets
<b>Tier 1 capital ratio, %</b>	Core capital after statutory deductions divided by risk-weighted assets
<b>Return on equity before tax, %</b>	Profit (loss) before tax as a percentage of average equity
<b>Return on equity after tax, %</b>	Profit (loss) after tax as a percentage of average equity
<b>Income:cost ratio</b>	Income incl profit (loss) from associates and group enterprises divided by costs less tax
<b>Interest rate exposure, %</b>	Interest rate exposure divided by Tier 1 capital after statutory deductions
<b>Foreign exchange position, %</b>	Foreign exchange indicator 1 divided by Tier 1 capital less statutory deductions
<b>Foreign exchange exposure, %</b>	Foreign exchange indicator 2 divided by Tier 1 capital less statutory deductions
<b>Loans and advances:deposits</b>	Loans and advances + impairment provisions divided by deposits Loans and advances: Include loans and advances at fair value and loans and advances at amortised cost
<b>Loans and advances:equity</b>	Loans and advances divided by equity (end of year/period) Loans and advances: Include loans and advances at fair value and loans and advances at amortised cost
<b>Growth in loans and advances for the year/period, %</b>	Growth in loans and advances from the beginning to the end of the year/period (loans and advances at the beginning of the year/period divided by loans and advances at the end of the year/period) Loans and advances: Include loans and advances at fair value and loans and advances at amortised cost
<b>Excess cover:statutory liquidity requirements, %</b>	Excess cover relative to the 10% requirement of section 152 of the Danish Financial Business Act. (Available excess liquidity relative to 10% of reduced payables) (Reduced payables: Balance sheet total + guarantees - equity - subordinated debt, included in the determination of the capital base)
<b>Total large exposures, %</b>	Total large exposures divided by the capital base
<b>Impairment losses for the year/period, %</b>	Impairment losses for the year/period divided by loans and advances + guarantees + impairment provisions

The financial ratios have been calculated in accordance with the Danish FSA's guidelines thereon, cf note 32.