

To NASDAQ OMX Copenhagen A/S  
and the press

7 November 2013

**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 – 30 SEPTEMBER 2013**

- Core income from customer activities, excl Nykredit Markets, was DKK 1,926m, up almost 5% on Q1-Q3/2012.
- As stated in Nykredit's press release of 11 October 2013, the Bank's results were affected by negative value adjustment of interest rate swaps in Q3/2013. This development was the outcome of a more conservative assessment in continuation of the inspection by the Danish Financial Supervisory Authority.
- Value adjustment of interest rate swaps and corporate bonds totalled a charge of DKK 561m, of which interest rate swaps accounted for a charge of DKK 569m in Q1-Q3/2013. Value adjustment was a charge of DKK 514m in Q1-Q3/2012.
- Core income from business operations amounted to DKK 2,443m against DKK 2,569m in Q1-Q3/2012. The downturn in core income should be viewed in the light of lower domestic and international trading activity, which affected Nykredit Markets's trading income, and subdued loan demand.
- Operating costs were DKK 1,477m against DKK 1,374m in Q1-Q3/2012.  
Costs as a percentage of core income from business operations totalled 62.6% against 54.2% in Q1-Q3/2012.
- Impairment losses decreased by DKK 86m to DKK 329m compared with DKK 415m in Q1-Q3/2012. Impairment losses were 0.3% of loans and advances against 0.4% in Q1-Q3/2012.
- Core earnings after impairment losses fell from DKK 302m in Q1-Q3/2012 to DKK 127m.
- Profit before tax came to DKK 85m against DKK 337m in Q1-Q3/2012.
- Profit before tax generated a return on equity of 0.8% pa against 3.1% pa for Q1-Q3/2012.
- The balance sheet stood at DKK 248bn compared with DKK 241bn at end-2012.

#### **LIQUIDITY**

- Excess cover relative to statutory liquidity requirements was 231% against 186% in Q1-Q3/2012.  
The Bank's liquidity coverage ratio (LCR) came to 116% according to the future LCR rules.
- The Nykredit Bank Group had a deposit surplus of DKK 10bn.

#### **CAPITAL**

- The total capital ratio and the Tier 1 capital ratio both came to 21.0%. The core Tier 1 capital ratio was 20.6%.
- The internal capital adequacy requirement (ICAAP) was 12.4% against 10.2% at 30 September 2012.
- Equity stood at DKK 14.4bn at 30 September 2013.

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

The Q1-Q3 Interim Reports 2013 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-Q3/2013	Q1-Q3/2012	FY 2012
<b>CORE EARNINGS AND RESULTS FOR THE PERIOD</b>			
<b>Core income from</b>			
- business operations	2,443	2,569	3,447
- value adjustment of derivatives and corporate bonds	(561)	(514)	(1,067)
- securities	26	54	61
<b>Total</b>	<b>1,908</b>	<b>2,109</b>	<b>2,441</b>
Operating costs and depreciation of equipment	1,477	1,374	1,824
Payment to the Guarantee Fund	53	18	23
Profit from investments in associates and group enterprises	78	-	-
<b>Core earnings before impairment losses</b>	<b>456</b>	<b>717</b>	<b>594</b>
Impairment losses on loans and advances and provisions for guarantees	329	415	557
<b>Core earnings after impairment losses</b>	<b>127</b>	<b>302</b>	<b>37</b>
Investment portfolio income	(42)	35	30
<b>Profit before tax</b>	<b>85</b>	<b>337</b>	<b>67</b>
Tax	3	82	(1)
<b>Profit for the period</b>	<b>82</b>	<b>255</b>	<b>68</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>			
<b>Assets</b>			
Cash balance and receivables from central banks and credit institutions	21,471	33,000	44,812
Loans, advances and other receivables at fair value	50,149	34,470	35,401
Loans, advances and other receivables at amortised cost	49,196	54,094	49,807
Bonds at fair value and equities	86,243	77,702	58,399
Remaining assets	41,347	56,593	52,099
<b>Total assets</b>	<b>248,406</b>	<b>255,859</b>	<b>240,518</b>
<b>Liabilities and equity</b>			
Payables to credit institutions and central banks	72,378	65,018	55,355
Deposits and other payables	59,356	53,684	54,701
Issued bonds at amortised cost	26,188	31,278	28,498
Other non-derivative financial liabilities at fair value	37,466	33,112	33,741
Remaining payables	38,103	57,850	53,468
Provisions	313	210	235
Subordinated debt	250	250	250
Equity	14,352	14,457	14,270
<b>Total liabilities and equity</b>	<b>248,406</b>	<b>255,859</b>	<b>240,518</b>
<b>OFF-BALANCE SHEET ITEMS</b>			
Contingent liabilities	10,709	11,552	12,169
Other commitments	6,655	7,740	7,858
<b>FINANCIAL RATIOS</b>			
Profit for the period as % of average equity, pa	0.8	2.4	0.5
Profit before tax for the period as % of average equity, pa	0.8	3.1	0.5
Core earnings before impairment losses as % of average equity, pa	4.2	6.7	4.2
Core earnings after impairment losses as % of average equity, pa	1.2	2.8	0.3
Costs excl impairment losses as % of core income from business operations	62.6	54.2	53.6
Provisions for loan impairment, DKKm	4,099	4,328	4,057
Impairment losses for the period, %	0.3	0.4	0.5
Total capital ratio, %	21.0	20.4	21.3
Tier 1 capital ratio, %	21.0	20.4	21.3
Core Tier 1 capital ratio, %	20.6	20.1	21.0
Average number of full-time staff	855	843	850

# THE NYKREDIT BANK GROUP

## NYKREDIT BANK GROUP RESULTS

The Group recorded a profit before tax of DKK 85m against DKK 337m in Q1-Q3/2012.

The Group's performance relative to Q1-Q3/2012 was very much attributable to the development in Q3/2013, which saw a loss of DKK 492m resulting in part from negative value adjustment of swaps, cf the Nykredit Group's press release dated 11 October 2013.

In addition to the higher value adjustment, the development in Q1-Q3/2013 was characterised by reduced core income from business operations related to small and medium-sized enterprises (SMEs) and Nykredit Markets due to lower market activity. Corporate & Institutional Banking and Nykredit Asset Management generally recorded income on a level with Q1-Q3/2012.

Impairment losses fell to DKK 329m from DKK 415m in Q1-Q3/2012, and impairment losses for the period came to 0.3% of loans and advances relative to 0.4% in Q1-Q3/2012. Impairment losses for the period were affected by new impairment provisions of DKK 382m net, while recoveries on claims previously written off led to income of DKK 163m.

### *Core income from business operations*

Core income decreased 4.9% from DKK 2,569m in Q1-Q3/2012 to DKK 2,443m. Income from Retail declined by DKK 40m to DKK 1,420m, while Wholesale income fell back DKK 83m to 1,084m.

Group Items recorded a loss of DKK 61m, which was on a level with Q1-Q3/2012.

The period continued to be characterised by relatively subdued loan demand and rising deposits. The Group's loans and advances at amortised cost came to DKK 49.2bn, largely the same as at end-2012, and deposits rose from DKK 54.7bn at end-2012 to DKK 59.4bn.

### *Value adjustment of derivatives and corporate bonds*

Value adjustment in Q1-Q3/2013 was a charge of DKK 561m, of which interest rate swaps represented a charge of DKK 569m. Adjustment of interest rate swaps came to a charge of DKK 534m in Q1-Q3/2012.

Value adjustment of corporate bonds equalled a credit of DKK 8m against a credit of DKK 20m in Q1-Q3/2012.

The development in Q1-Q3/2013 was notably the result of higher negative value adjustment of DKK 619m relating to interest rate swaps in Q3, whereas the Group recorded a credit of DKK 50m in H1/2013.

The Q3/2013 value adjustments should be seen in the light of an inspection of Nykredit Bank by the Danish Financial Supervisory Authority (FSA), which reviewed the Bank's exposures to housing cooperatives, including the Bank's determination of housing cooperatives' equity and identification of objective evidence of impairment (OEI).

Identification of OEI on an exposure is in part based on a housing cooperative's equity determined on the basis of a 30-year cash flow

and a conservative assessment of rent. If equity is negative after 30 years, there is OEI. This procedure also includes housing cooperatives that make timely payments.

In a number of instances, the rents used by Nykredit Bank to determine housing cooperatives' equity were too high according to the Danish FSA, and using lower rents resulted in the existence of OEI for a higher number of housing cooperatives, which affected loan impairment losses and value adjustment of interest rate swaps.

Interest rate swaps are generally not included in the determination of any negative equity and are as such not the direct cause of the increasing number of exposures with OEI.

In addition to the development in housing cooperatives' financial position and equity, value adjustment of interest rate swaps depends on the interest rate level, and higher interest rates will thus result in positive value adjustments.

### *Core income from securities*

Core income from securities fell from DKK 54m in Q1-Q3/2012 to DKK 26m in Q1-Q3/2013 following a change in the risk-free interest rate, which fell from an average 0.51% in Q1-Q3/2012 to 0.24% in Q1-Q3/2013. The risk-free interest rate equals the Danish central bank's lending rate.

### *Operating expenses, depreciation and amortisation*

Staff and administrative expenses rose by DKK 107m (8%) to DKK 1,470m, of which payroll costs accounted for a rise of DKK 23m (4%), while other administrative expenses grew by DKK 84m (11%).

Payroll costs were affected by an adjustment of previous financial years' payroll tax of almost DKK 10m, whereas other administrative expenses rose DKK 84m partly as a result of the development of a new banking platform.

The average number of full-time staff came to 855 compared with 843 for Q1-Q3/2012 and 850 for the full year 2012.

### *The Danish Guarantee Fund for Depositors and Investors*

The charge amounted to DKK 53m in Q1-Q3/2013 against DKK 18m in Q1-Q3/2012.

The charge in Q1-Q3/2013 comprised an ordinary payment of about DKK 46m and a DKK 7m adjustment of the Bank's expenses concerning the winding-up of banks in distress.

The charge in Q1-Q3/2012 consisted of an ordinary payment of DKK 14m and a subsequent DKK 4m adjustment of the Bank's expenses relating to banks in distress.

### *Investments in associates*

Q1-Q3 results were positively affected by DKK 78m stemming from a partial reversal of provisions for liabilities relating to Dansk Pantebrevsbørs A/S under konkurs (in bankruptcy). The reversal was due to the fact that the Danish Institute of Arbitration found in favour of Nykredit Bank in Q3/2013 concerning the company's debt obligations and that the expenses incurred in relation to the winding-up of the

company are expected to be lower than originally assumed in 2009 when the decision to wind up the company was made. The company has not yet been fully wound up.

#### Impairment losses and provisions

Impairment losses and provisions dropped from DKK 415m in Q1-Q3/2012 to DKK 329m in Q1-Q3/2013.

The improvement was the result of a decline of DKK 306m in individual impairment provisions and an increase of DKK 133m and DKK 87m in collective impairment provisions and provisions for guarantees, respectively. The positive development in individual impairment provisions reflects that in Q1-Q3/2013 DKK 163m was recognised as income in the form of recoveries on claims previously written off.

Compared with Q1-Q3/2012 the impairment charge for Wholesale rose by DKK 167m to DKK 131m, while Retail saw a decline of DKK 244m to DKK 209m. The increase in impairment provisions for Wholesale should be seen in the context of very low levels in 2012 combined with especially higher collective impairment provisions relating to housing cooperatives in Q1-Q3/2013.

The lower impairment charge for Retail was attributable to both personal customers and SMEs, down DKK 89m and DKK 155m, respectively, on the Q1-Q3/2012 levels.

Impairment provisions in Q1-Q3/2013 were further positively affected by recoveries on claims previously written off as a result of a satisfactory disposal of properties previously repossessed in connection with the settlement of non-performing exposures. In the course of 2013, the carrying amount of repossessed properties has been reduced by some DKK 700m to DKK 208m as at 30 September 2013.

Group Items impairment losses were a credit of DKK 11m against a credit of DKK 2m in Q1-Q3/2012.

Impairments for the period came to 0.3% of loans, advances and guarantees and remained low. For Q1-Q3/2012 the figure was 0.4%.

#### Investment portfolio income

The investment portfolio produced a loss of DKK 42m in Q1-Q3/2013 compared with a gain of DKK 35m in Q1-Q3/2012.

Investment portfolio income is the excess income in addition to risk-free interest obtained from portfolios not allocated to the business areas. Investment portfolio income also includes commission to Nykredit Holding A/S for a loss guarantee provided to strengthen the Bank's total capital ratio and Tier 1 capital ratio.

#### Tax

Tax for the period has been calculated at DKK 3m, corresponding to 3.5% of profit before tax for the period. The low tax rate is a consequence of the fact that non-taxable income constitutes a relatively large amount compared with profit before tax for the period, resulting in a fairly low taxable income for the period.

In June 2013, the Danish parliament adopted a change to the corporation tax rate. The tax rate remains unchanged at 25% for 2013 and will then gradually decrease to 22% in 2017. Compared with the current tax rate of 25%, the effect on the Nykredit Bank Group's deferred tax payments has been estimated at DKK 2m. Profit for the period includes this change.

### The Nykredit Bank Group

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

DKK million	Retail		Wholesale		Group Items		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
<b>Core income from:</b>								
customer activities, gross	931	914	1,573	1,713	(61)	(58)	2,443	2,569
payment for distribution	489	546	(489)	(546)	-	-	0	0
<b>Core income from business operations</b>	<b>1,420</b>	<b>1,460</b>	<b>1,084</b>	<b>1,167</b>	<b>(61)</b>	<b>(58)</b>	<b>2,443</b>	<b>2,569</b>
Value adjustment of derivatives and corporate bonds	(118)	(479)	(443)	(35)	-	-	(561)	(514)
Core income from securities	-	-	-	-	26	54	26	54
<b>Total core income</b>	<b>1,302</b>	<b>981</b>	<b>641</b>	<b>1,132</b>	<b>(35)</b>	<b>(4)</b>	<b>1,908</b>	<b>2,109</b>
Operating costs	667	620	528	564	282	190	1,477	1,374
Payment to the Guarantee Fund	f 35	9	7	2	11	7	53	18
Profit from investments in associates and group enterprises	78	-	-	-	-	-	78	-
<b>Core earnings before impairment losses</b>	<b>678</b>	<b>352</b>	<b>106</b>	<b>566</b>	<b>(328)</b>	<b>(201)</b>	<b>456</b>	<b>717</b>
Impairment losses on loans and advances	209	453	131	(36)	(11)	(2)	329	415
<b>Core earnings after impairment losses</b>	<b>469</b>	<b>(101)</b>	<b>(25)</b>	<b>602</b>	<b>(317)</b>	<b>(199)</b>	<b>127</b>	<b>302</b>
Investment portfolio income	-	-	-	-	(42)	35	(42)	35
<b>Profit (loss) before tax for the period</b>	<b>469</b>	<b>(101)</b>	<b>(25)</b>	<b>602</b>	<b>(359)</b>	<b>(164)</b>	<b>85</b>	<b>337</b>
Impairment losses for the period, %	0.6	1.2	0.6	0.0	-	-	0.3	0.4
Costs excl impairment losses as % of core income from business operations	49.4	43.1	49.4	48.5	-	-	62.6	54.2

**RESULTS FOR Q3/2013**

Q3 saw a loss before tax of DKK 492m compared with a profit before tax of DKK 478m in Q2/2013 and a profit of DKK 99m in Q1/2013.

Compared with the profit of DKK 35m for Q3/2012, the development in Q3/2013 reflected a decline of DKK 527m, which was mainly an affect of negative value adjustment of derivatives, equal to DKK 541m. Core income from business operations was on a level with Q3/2012, while operating costs increased.

Relative to Q2/2013, results declined by DKK 970m from a profit before tax of DKK 478m in Q2/2013 to a loss of DKK 492m.

The development was primarily prompted by value adjustment of derivatives, which accounted for a higher charge of DKK 658m, while impairment losses went up by DKK 214m. The increase in impairment losses was an effect of higher collective impairment provisions relating to housing cooperatives. As mentioned previously, this development mainly reflected a more conservative assessment in continuation of the inspection by the Danish FSA. Conversely, recoveries on claims previously written off increased, including on the disposal of properties in temporary possession.

Core income from business operations decreased by DKK 149m to DKK 747m compared with Q2/2013 as a result of lower earnings in Nykredit Markets and Corporate & Institutional Banking, while earnings in Retail and Nykredit Asset Management remained largely unchanged. This development generally reflected ordinary periodic fluctuations.

Operating costs remained largely on a level with previous quarters.

**OUTLOOK FOR 2013**

For the rest of 2013, the Bank expects to retain the level of core income from business operations and a cost level that is generally in line with Q1-Q3/2013.

Overall, core earnings after impairment losses are still expected to exceed the 2012 level.

The development in loan impairment losses and value adjustment of interest rate swaps is difficult to predict, however, and will depend on a number of factors, including the development in the housing market and interest rate levels. However, the charges in Q4/2013 are expected to be lower than in Q3/2013.

**BALANCE SHEET, EQUITY AND CAPITAL ADEQUACY****Balance sheet**

The balance sheet stood at DKK 248.4bn compared with DKK 240.5bn in Q1-Q3/2012.

Balances with credit institutions and cash balances fell by DKK 23.3bn to DKK 21.5bn, while loans and advances at fair value (reverse lending) went up by DKK 14.7bn to DKK 50.1bn.

Loans and advances at amortised cost were DKK 49.2bn, which was almost unchanged from DKK 49.8bn at end-2012. This level continued to reflect relatively subdued loan demand within both Retail and Wholesale. Compared with end-2012, Retail lending went down by about DKK 1.6bn, while Wholesale showed an increase of DKK 0.6bn.

**The Nykredit Bank Group  
Lending and deposits**

DKK million	30.09.2013	31.12.2012	30.09.2012
<b>Loans and advances</b>	<b>99,345</b>	<b>85,208</b>	<b>88,564</b>
Retail	25,553	27,185	27,411
Personal	14,062	14,342	14,620
Commercial	11,491	12,843	12,791
Wholesale	20,249	19,655	23,788
Loans and advances at fair value (reverse lending)	50,149	35,401	34,470
Group Items and other lending	3,394	2,967	2,895
<b>Deposits</b>	<b>83,005</b>	<b>72,419</b>	<b>65,839</b>
Retail	39,448	36,244	36,494
Personal	21,462	21,113	20,626
Commercial	17,986	15,131	15,868
Wholesale	18,691	16,285	15,907
Deposits at fair value (repo)	23,649	17,718	12,155
Group Items and other deposits	1,217	2,172	1,283

**The Nykredit Bank Group  
Equity**

DKK million	30.09.2013	31.12.2012	30.09.2012
Equity, beginning of period	14,270	14,202	14,202
Profit after tax for the period	82	68	255
<b>Equity, end of period</b>	<b>14,352</b>	<b>14,270</b>	<b>14,457</b>

**The Nykredit Bank Group  
Capital base and capital adequacy**

DKK million	30.09.2013	31.12.2012	30.09.2012
Share capital	6,045	6,045	6,045
Retained earnings	8,307	8,225	8,412
<b>Core Tier 1 capital</b>	<b>14,352</b>	<b>14,270</b>	<b>14,457</b>
Primary and other statutory deductions from core Tier 1 capital	42	57	111
Hybrid capital	250	250	250
<b>Capital base after statutory deductions</b>	<b>14,560</b>	<b>14,463</b>	<b>14,596</b>
Weighted items	69,398	68,019	71,420
Total capital ratio, %	21.0	21.3	20.4
Tier 1 capital ratio, %	21.0	21.3	20.4
Core Tier 1 capital ratio, %	20.6	21.0	20.1
Internal capital adequacy requirement (ICAAP), %	12.4	10.5	10.2

The bond portfolio expanded from DKK 58.0bn at end-2012 to DKK 85.9bn. The size and development of the portfolio reflected the Bank's repo activities and trading positions as well as the development in and placement of the Bank's liquidity, of which a substantial part is placed in high-rated government and covered bonds.

Other assets totalled DKK 40.8bn against DKK 50.9bn at end-2012. At 30 September 2013, DKK 29.4bn was attributable to positive market values of derivatives compared with DKK 43.9bn at end-2012. The positive market values related to the Bank's customer activities in derivatives and own positions for hedge accounting purposes. The interest rate risk has been widely hedged through offsetting interest rate swaps, and the market value should therefore be viewed in the context of the item "Other liabilities", which included negative market values in the amount of DKK 30.3bn.

The item "Other assets" also included interest and commission receivable.

Payables to credit institutions and central banks rose from DKK 55.4bn at end-2012 to DKK 72.4bn at 30 September 2013.

Deposits and other payables amounted to DKK 59.4bn, up DKK 4.7bn from DKK 54.7bn at end-2012. Retail deposits grew by DKK 3.2bn, while Wholesale improved by DKK 2.4bn. Group Items and other deposits went down by DKK 1.0bn.

Relative to lending at amortised cost, the Bank's deposit surplus was DKK 10.2bn.

Issued bonds fell from DKK 28.5bn at end-2012 to DKK 26.2bn at 30 September 2013, reflecting the Bank's general liquidity management.

Other non-derivative financial liabilities at fair value, which include deposits relating to repo transactions, came to DKK 37.5bn against DKK 33.7bn at end-2012.

"Other liabilities" totalled DKK 38.0bn against DKK 52.8bn at end-2012. The item mainly consisted of negative market values of financial instruments (DKK 30.3bn) as well as interest and commission payable.

**Equity**

Equity stood at DKK 14.4bn at 30 September 2013. Compared with 31 December 2012, equity had grown by DKK 0.1bn, which equalled 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 were applied.

**Capital base and capital adequacy**

The capital base stood at DKK 14.6bn at 30 September 2013 compared with DKK 14.5bn at end-2012.

At 30 September 2013, the capital requirement totalled DKK 5.6bn against DKK 5.4bn at end-2012.

The total capital ratio was 21.0% compared with 21.3% at end-2012. The internal capital adequacy requirement (ICAAP) was 12.4% at 30 September 2013.

Nykredit Bank has a target of maintaining a Tier 1 capital ratio of at least 12%. At 30 September 2013, the ratio was 21.0% against 21.3% at end-2012. The core Tier 1 capital ratio was 20.6% at 30 September 2013.

To underpin the Bank's rating, Nykredit Holding has issued a loss guarantee for the part of the earnings impact of the Bank's impairment losses and provisions that exceeds 2% of loans, advances and guarantees in any financial year subject to a maximum of DKK 2bn for the term of the guarantee. The guarantee resulted in a reduction of risk-weighted assets of about DKK 18.2bn as at 30 September 2013. The Bank's Management has decided to terminate the guarantee in Q4/2013 as a result of the Bank's stable capital position. Exclusive of the guarantee, the Bank's total capital ratio amounted to 16.6% and inclusive of the guarantee the ratio was 21.0%.

Weighted assets rose by DKK 1.3bn compared with end-2012. The development comprised a drop of DKK 2.9bn in items involving credit risk, a decline of DKK 0.4bn in items involving operational risk and an increase of DKK 4.6bn in items involving market risk.

### Ratings

Nykredit Bank is rated by Standard & Poor's and Fitch Ratings.

On 19 July 2013, Standard & Poor's affirmed Nykredit Bank A/S's and its Parent Company Nykredit Realkredit A/S's ratings of A+ (long-term unsecured ratings) and A-1 (short-term unsecured ratings), but also assigned a negative outlook to Nykredit's rating. The negative outlook is a consequence of Standard & Poor's changed view of the refinancing risk relating to adjustable-rate mortgages (ARMs) in the sector at large.

Nykredit Bank A/S's long-term unsecured rating of A and short-term unsecured rating of F1 with stable outlooks assigned by Fitch remain unchanged.

#### Nykredit Bank A/S Ratings

	Fitch	Standard & Poor's
Short-term ratings	F1	A-1
Long-term ratings	A	A+
Standard & Poor's long-term rating: negative outlook		

# BUSINESS AREAS

## BUSINESS AREAS

The Nykredit Bank Group's business areas are:

- Retail, which includes personal customers as well as SMEs
- Wholesale, which comprises the business units Corporate & Institutional Banking, Nykredit Markets and Nykredit Asset Management
- Group Items, which comprises the Bank's Treasury area and other income and costs, including IT development costs, not allocated to the business areas as well as core income from securities and investment portfolio income.

Gross income from customer business is generally allocated to the business areas which have supplied the individual products (including Nykredit Markets and Nykredit Asset Management).

Income which may be attributed to the sales activities of Retail and Corporate & Institutional Banking is subsequently reallocated in full. Correspondingly, Retail and Corporate & Institutional Banking incur a proportion of the capacity costs of Nykredit Markets and Nykredit Asset Management that may be attributed to the sales activities.

### Retail

The business area comprises banking services for personal customers and SMEs.

Retail posted a profit before tax of DKK 469m compared with a loss of DKK 101m in Q1-Q3/2012.

The positive development was chiefly prompted by lower value adjustment of derivatives (interest rate swaps) and impairment losses, which were down DKK 361m and DKK 244m, respectively, on Q1-Q3/2012.

Conversely, core income from business operations fell back DKK 40m to a total of DKK 1,420m.

Operating costs rose by DKK 47m to DKK 667m.

Impairment losses on loans and advances were DKK 209m in Q1-Q3/2013 against DKK 453m in Q1-Q3/2012. The charge in Q1-Q3/2013 was chiefly attributable to impairment losses on loans and advances to SMEs.

Compared with Q1-Q3/2012, impairment losses on loans and advances to personal customers and SMEs dropped by DKK 89m and DKK 155m, respectively.

Impairment losses were 0.6% of loans and advances against 1.2% in Q1-Q3/2012.

Costs (excluding impairment losses) as a percentage of core income from business operations totalled 49.4% against 43.1% in Q1-Q3/2012.

The subsidiary Nykredit Leasing contributed a profit before tax of DKK 23.9m to the business area's results against DKK 13.8m in Q1-Q3/2012.

### Lending and deposits

Retail lending dropped by DKK 1.6bn to DKK 25.6bn, while deposits went up by DKK 3.2bn from DKK 36.2bn at end-2012 to DKK 39.4bn.

The level in Q1-Q3/2013 was still characterised by a property market generating only low banking activity and generally modest demand for finance.

### Wholesale

Wholesale comprises banking activities with the Bank's corporate and institutional clients, including non-profit housing customers, Nykredit Markets and Nykredit Asset Management activities as well as Other Activities, which includes a special loan portfolio of terminated exposures.

The business area posted a loss of DKK 25m for Q1-Q3/2013. Relative to the profit of DKK 602m posted for Q1-Q3/2012, profit was down DKK 627m due to negative value adjustment of interest rate swaps and higher impairment losses on loans and advances.

### Gross income

The area's gross income totalled DKK 1,573m against DKK 1,713m in Q1-Q3/2012.

Of this amount, gross income from Nykredit Markets was DKK 517m, down DKK 214m on Q1-Q3/2012, while income of DKK 588m from Nykredit Asset Management just exceeded the Q1-Q3/2012 level.

Corporate & Institutional Banking recorded a DKK 61m upturn in gross income from customer activities, which totalled DKK 468m. However, this development should be viewed in light of the business unit's DKK 50m capital loss on equities relating to terminated exposures in Q1-Q3/2012.

### Wholesale: Income and income allocation to Retail

DKK million	Q1-Q3/2013	Q1-Q3/2012
<b>Customer activities, gross</b>		
Nykredit Markets	517	731
Nykredit Asset Management	588	575
Corporate & Institutional Banking	468	407
<b>Total</b>	<b>1,573</b>	<b>1,713</b>
<b>Income allocated to customer areas</b>		
Nykredit Markets	(192)	(308)
Nykredit Asset Management	(343)	(330)
Corporate & Institutional Banking	46	92
<b>Total allocation to Retail</b>	<b>(489)</b>	<b>(546)</b>
<b>Core income</b>		
Nykredit Markets	325	423
Nykredit Asset Management	245	245
Corporate & Institutional Banking	514	499
<b>Total</b>	<b>1,084</b>	<b>1,167</b>



Earnings in Nykredit Markets, which includes trading with institutional clients, were negatively affected by the waning activity levels in financial markets.

In Q1-Q3/2013, Nykredit Markets increased its market share, but because of generally subdued activity levels, including a 25% drop in the bond volumes traded on NASDAQ OMX Copenhagen compared with the same period last year, income decreased relative to the same period in 2012.

Gross income in Nykredit Asset Management came to DKK 588m against DKK 575m in the same period in 2012. Assets under management amounted to DKK 115bn, corresponding to a rise of DKK 11bn relative to end-2012. Assets under administration totalled DKK 577bn against DKK 514bn at end-2012.

#### *Core earnings*

The business area's core income from business operations amounted to DKK 1,084m in Q1-Q3/2013, down DKK 83m on Q1-Q3/2012. This was mainly a result of the lower activity levels in financial markets, which affected Nykredit Markets's earnings. Corporate & Institutional Banking improved by DKK 15m, while Nykredit Asset Management was on a level with Q1-Q3/2012.

Value adjustment of derivatives and corporate bonds was a charge of DKK 443m in Q1-Q3/2013, equivalent to a DKK 408m decline from Q1-Q3/2012.

Operating costs were DKK 528m, down DKK 36m on Q1-Q3/2012.

Impairment losses on loans and advances were DKK 131m against income of DKK 36m in Q1-Q3/2012. The charge in 2013 was largely attributable to higher collective impairment provisions and provisions for Wholesale exposures, including lending in the housing market.

The business unit Other Activities contributed income of DKK 133m in part from the sale of properties in temporary possession.

Impairment losses were 0.6% of loans and advances against 0% in Q1-Q3/2012.

Operating costs as a percentage of core income from business operations totalled 49.4% against 48.5% in Q1-Q3/2012.

The subsidiary Nykredit Portefølje Administration reported a profit before tax of DKK 59.6m against DKK 69.3m in Q1-Q3/2012.

#### *Lending and deposits*

Lending increased from DKK 19.7bn at end-2012 to DKK 20.2bn at 30 September 2013. This included the portfolio of terminated exposures of DKK 1.2bn against DKK 1.6bn at end-2012.

Deposits came to DKK 18.7bn against DKK 16.3bn at end-2012.

#### **Group Items**

Group Items includes the results of the Bank's Treasury area, core earnings and investment portfolio income from securities as well as other income and expenses not allocated to the business areas. Significant unallocated expenses include costs for IT development and

adjustment of payments to the Guarantee Fund for Depositors and Investors relating to distressed banks.

The business area recorded a loss of DKK 359m against a loss of DKK 164m in Q1-Q3/2012.

Core income was a loss of DKK 61m, which was largely unchanged compared with Q1-Q3/2012 when a loss of DKK 58m was recorded.

Operating costs rose by DKK 92m to DKK 282m. This development was particularly attributable to IT costs in part relating to a new banking platform, which rose by DKK 66m to DKK 238m.

Treasury posted a loss of DKK 95m against a loss of DKK 90m in Q1-Q3/2012.

Core earnings and investment portfolio income from securities were a loss of DKK 16m compared with income of DKK 89m in Q1-Q3/2012. This mirrored changes in interest rate levels and relatively high investment portfolio income in Q1/2012 and Q2/2012.

Unallocated expenses were DKK 248m against DKK 172m in Q1-Q3/2012. In Q1-Q3/2013, the item included expenses of DKK 238m for IT development and expenses of DKK 10m for the Guarantee Fund for Depositors and Investors. In Q1-Q3/2012, expenses were chiefly attributable to unallocated IT costs.

# IMPAIRMENT LOSSES AND LENDING

## Earnings impact for the period

Following the Danish FSA's inspection of the Group's credits area, Nykredit Bank has made a more conservative assessment of cooperative housing exposures. There is consequently objective evidence of impairment (OEI) if a conservatively assessed rent is not sufficient to restore positive equity in a housing cooperative based on a 30-year cash flow. Any market value of swaps is included in the calculation of equity only if the maturity of the swap exceeds 30 years. If there is OEI, loan impairment is calculated for the exposure, and negative value adjustment of any interest rate swaps is recognised.

Impairment losses dropped from DKK 415m in Q1-Q3/2012 to DKK 329m in Q1-Q3/2013.

The impairment charge for Retail declined by DKK 244m to DKK 209m. Of this reduction, DKK 89m derived from personal customers and DKK 155m from SMEs.

Wholesale impairments grew by DKK 167m to DKK 131m. Impairments in the business unit Other Activities were an income of DKK 133m in Q1-Q3/2013 compared with a charge of DKK 1m in Q1-Q3/2012, while the impairment charge for Corporate & Institutional Banking increased by DKK 293m to DKK 264m due in part to higher collective impairment provisions for exposures to housing cooperatives.

Of the total charge of DKK 329m, a net amount of DKK 179m related to individual impairment provisions, and DKK 89m to collective impairment provisions. Provisions for guarantees were a charge of DKK 61m.

## Provisions – the Nykredit Bank Group

DKK million	Retail		Wholesale		Group Items		Total	
	Q1-Q3/ 2013	Q1-Q3/ 2012	Q1-Q3/ 2013	Q1-Q3/ 2012	Q1-Q3/ 2013	Q1-Q3/ 2012	Q1-Q3/ 2013	Q1-Q3/ 2012
Impairment provisions, beginning of year	2,141	2,114	1,810	2,089	106	91	4,057	4,294
Impairment provisions and reversals for the period	21	100	51	(66)	(11)	0	61	34
<b>Impairment provisions, end of period</b>	<b>2,162</b>	<b>2,214</b>	<b>1,861</b>	<b>2,023</b>	<b>95</b>	<b>91</b>	<b>4,118</b>	<b>4,328</b>
Of which individual	2,047	2,001	1,651	1,973	76	91	3,774	4,065
Of which individual, banks	-	-	-	-	19	-	19	-
Of which collective	115	211	210	50	-	-	325	263
<b>Provisions for guarantees</b>								
Provisions, beginning of period	73	62	8	52	-	0	81	114
Provisions, end of period	54	80	88	8	-	0	143	88
<b>Total provisions, end of period</b>	<b>2,215</b>	<b>2,294</b>	<b>1,948</b>	<b>2,031</b>	<b>95</b>	<b>91</b>	<b>4,261</b>	<b>4,416</b>
<b>Earnings impact</b>								
New impairment provisions and losses for the period, net	238	438	204	15	(11)	0	431	453
Received on loans and advances previously provided for	10	2	153	8	0	2	163	12
<b>Total</b>	<b>228</b>	<b>436</b>	<b>51</b>	<b>7</b>	<b>(11)</b>	<b>(2)</b>	<b>268</b>	<b>441</b>
Provisions for guarantees	(19)	17	80	(43)	0	0	61	(26)
<b>Total earnings impact</b>	<b>209</b>	<b>453</b>	<b>131</b>	<b>(36)</b>	<b>(11)</b>	<b>(2)</b>	<b>329</b>	<b>415</b>

## Loans, advances and guarantees by sector at 30 September 2013 and 31 December 2012

DKK million	Loans, advances and guarantees		Provisions	
	30.09.2013	31.12.2012	30.09.2013	31.12.2012
<b>Public sector</b>	<b>386</b>	<b>513</b>	<b>4</b>	<b>4</b>
Agriculture, hunting, forestry and fishing	1,898	1,957	168	167
Manufacturing, mining and quarrying	6,255	6,377	174	155
Energy supply	1,266	523	7	9
Construction	1,785	1,816	294	279
Trade	2,533	2,217	222	237
Transport, accommodation and food service activities	2,788	2,135	120	101
Information and communication	742	879	64	73
Finance and insurance	54,787	39,703	528	742
Real estate	10,646	13,136	1,638	1,367
Other	7,618	8,109	419	397
<b>Total commercial customers</b>	<b>90,318</b>	<b>76,852</b>	<b>3,634</b>	<b>3,527</b>
<b>Personal customers</b>	<b>19,350</b>	<b>20,012</b>	<b>604</b>	<b>608</b>
<b>Total</b>	<b>110,054</b>	<b>97,377</b>	<b>4,242</b>	<b>4,139</b>
<b>Total, incl impairment provisions for banks</b>	<b>-</b>	<b>-</b>	<b>4,261</b>	<b>4,139</b>

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

### Provisions at 30 September 2013

Total impairment provisions rose marginally from DKK 4,057m at end-2012 to DKK 4,118m at 30 September 2013. Individual impairment provisions decreased by DKK 28m, whereas collective impairment provisions rose DKK 89m.

The DKK 28m decline was the result of a reduction in recognised impairment losses of DKK 321m and new impairment provisions for the period of DKK 293m net.

Impairment provisions for Retail went up from DKK 2,141m at end-2012 to DKK 2,162m due to a reduction of DKK 39m in provisions for personal customers and a rise of DKK 60m in provisions for SMEs.

Impairment provisions for Wholesale rose from DKK 1,810m at end-2012 to DKK 1,861m, reflecting a DKK 170m reduction in provisions for the portfolio of terminated exposures from DKK 1,220m to DKK 1,050m. Other business units saw a rise from DKK 590m at end-2012 to DKK 810m.

At 30 September 2013, terminated exposures totalled DKK 1.2bn against DKK 1.6bn at end-2012 (carrying amounts).

Total provisions for guarantees went up from DKK 81m at end-2012 to DKK 143m at 30 September 2013. The increase was primarily attributable to Other Activities under Wholesale and related to higher provisions for a small number of terminated exposures.

Relative to total loans, advances and guarantees, provisions were 3.7% against 4.1% at end-2012. Excluding guarantees, the figure was 4.0% against 4.5% at end-2012.

### Loans, advances and guarantees by sector

Loans, advances and guarantees amounted to DKK 110.1bn at 30 September 2013 against DKK 97.4bn at end-2012. The increase of DKK 12.7bn primarily stemmed from higher reverse lending, which grew by DKK 14.7bn to DKK 50.1bn.

Finance and insurance still accounted for the largest single sectoral exposure at DKK 54.8bn against DKK 39.7bn at end-2012. The exposure widely comprised reverse lending with bonds serving as collateral.

The sectoral distribution generally showed no significant changes compared with the previous periods.

Finance and insurance accounted for 49.8% (end-2012: 40.8%), the real estate sector 9.7% (end-2012: 13.5%) and personal customers 17.6% (end-2012: 20.6%).

The Bank showed negative lending growth of 1.6%, excluding reverse lending, determined pursuant to the rules of the Danish FSA, including rules relating to the FSA Supervisory Diamond model. The Danish FSA's lending limit value indicates that growth of 20% or more may imply increased risk-taking.

Inclusive of reverse lending, the Bank's lending increased by 16.4% relative to end-2012.

Lending to the real estate and construction sectors totalled approximately DKK 12.4bn against DKK 15.0bn at end-2012. Of total loans, advances and guarantees at 30 September 2013, DKK 9.2bn derived from the category "Renting of real estate" (end-2012: DKK 11.6bn). At 30 September 2013, impairment provisions for lending to the real estate sector totalled DKK 1.9bn or 13.5% of total loans and advances compared with DKK 1.6bn or 9.9% at end-2012.

Determined pursuant to the FSA Supervisory Diamond model, the Bank's property exposure was 11.0% (end-2012: 14.6%). In Management's opinion, this exposure is at a satisfactory level.

### The FSA Supervisory Diamond for banks

In Q1-Q3/2013 Nykredit Bank's Supervisory Diamond ratios remained below the prescribed limit values.

#### Supervisory Diamond for banks (Parent Company level)

DKK million	Q1-Q3/ 2013	FY 2012
Lending growth (limit value <20%)*	(1.6)	(10.7)
Large exposures (limit value <125%)	0.0	0.0
Property exposure (limit value <25%)	11.0	14.6
Funding ratio (limit value <1.0%)	0.6	0.6
Excess liquidity cover (limit value 50%)	230.5	183.1

\* Determined exclusive of reverse lending

# LIQUIDITY AND FINANCIAL RISK

## Liquidity

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

Nykredit Bank monitors its balance sheet and liquidity on a daily 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 on the trading book not serving as collateral 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 the Danish central bank or other European central banks.

Stress testing is performed on a continuous basis using bank-specific, sector-specific and combination scenarios as prescribed by the Danish Executive Order on the governance and management of banks.

Pursuant 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 minimum 50% relative to the statutory requirement.

At 30 September 2013, the excess cover was 231% against 186% at 30 September 2012, corresponding to a liquidity buffer of DKK 57.8bn compared with DKK 48.3bn at 30 September 2012. In Q1-Q3/2013, the liquidity buffer averaged DKK 43.5bn compared with an average of DKK 34.9bn in Q1-Q3/2012.

The Bank's long-term funding activities progressed according to plan, with EMTN issues totalling DKK 15.1bn at 30 September 2013, of which issuance in Q1-Q3/2013 amounted to DKK 1.9bn.

Further, the Bank continued refinancing short-term ECP issues, total-

ling DKK 12.1bn at 30 September 2013.

The aggregate bond amount issued under the ECP and EMTN programmes was DKK 27.3bn at 30 September 2013 against DKK 29.7bn at end-2012.

Total run-off under Nykredit Bank's EMTN programme in 2013 will be DKK 8bn. Refinancing takes place regularly and commenced already in the autumn of 2012. As regards short-term ECP issues, Nykredit Bank expects to maintain an outstanding amount at the current level.

The Danish central bank introduced new liquidity measures for banks in 2011 by expanding the collateral base to include credit claims of good quality. However, the Bank has no plans to make use of the facility given the Bank's liquidity position.

## LIQUIDITY COVERAGE RATIO

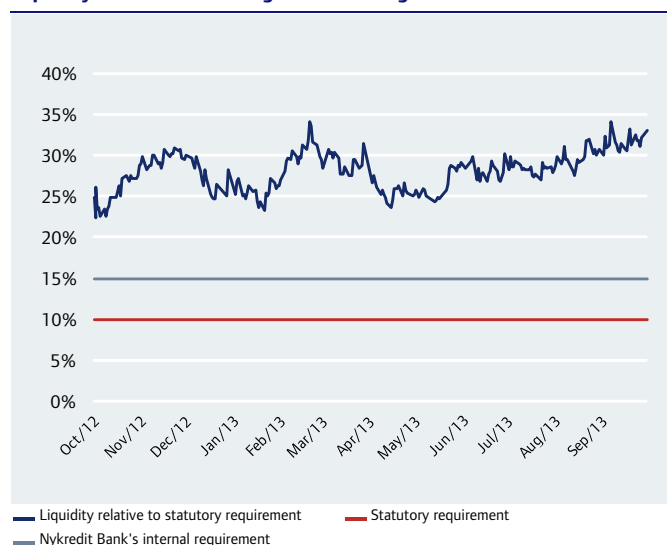
Nykredit will be subject to the new international regulatory framework regarding the liquidity coverage ratio (LCR) in early 2015. It is Nykredit's expectation that its covered bonds (SDOs and ROs) will be eligible for inclusion in the stock of liquid assets. Nykredit expects to replace its portfolio of self-issued bonds by other bonds in connection with the implementation of the rules, which is not considered to give rise to any problems.

Under these assumptions, the LCR of Nykredit Bank was 116% at 30 September 2013. Nykredit Bank thus expects to fulfil the forthcoming LCR requirements well ahead of schedule regardless of their final implementation.

On the back of its expected SIFI status, Nykredit anticipates that the LCR requirement will be at least 100% as from 1 January 2015.

## Nykredit Bank A/S

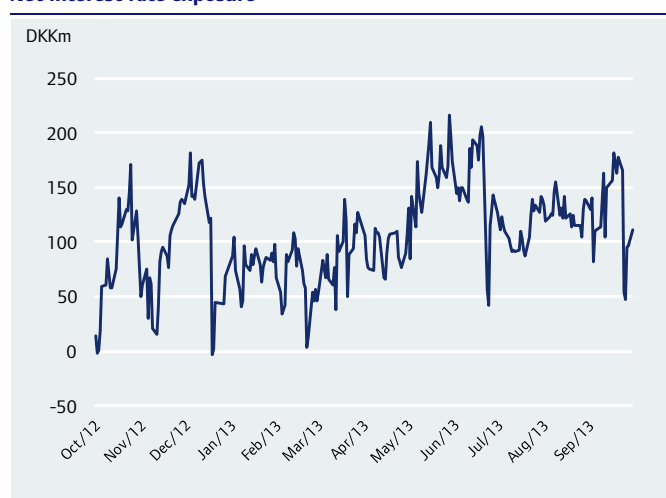
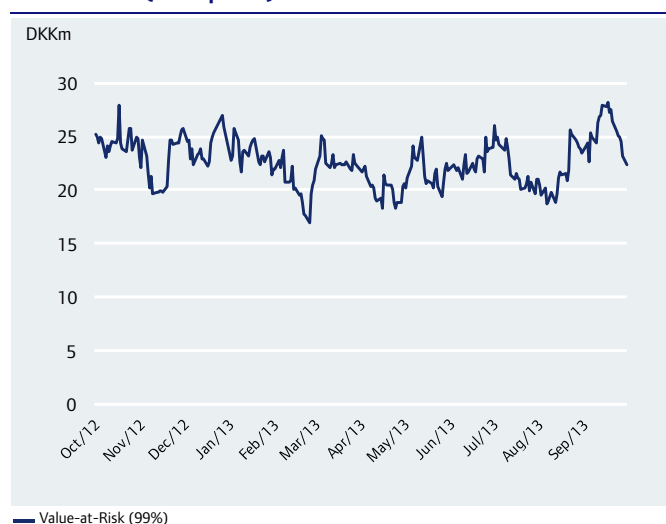
### Liquidity as % of debt and guarantee obligations



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.

**The Nykredit Bank Group****Risk key figures**

DKK million	Q1-Q3/2013	Q1-Q3/2012	2012
<b>Value-at-Risk</b>			
End of period	22	26	26
Average	22	28	27
<b>Interest rate risk</b>			
End of period	111	30	68
<b>Foreign exchange position</b>			
EUR	(65)	0	74
Excl EUR and DKK	8	14	16

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

— Value-at-Risk (99%)

**Financial risk**

Value-at-Risk (VaR) came to DKK 22m at 30 September 2013 against DKK 26m at 30 September 2012. Value-at-Risk averaged DKK 22m in Q3/2013 against DKK 28m in Q1-Q3/2012.

Stressed VaR was DKK 65m at end-September 2013 (end-September 2012: DKK 43m) and averaged DKK 45m in Q3/2012.

The interest rate exposure was DKK 111m against DKK 30m at 30 September 2012.

The Bank's foreign exchange position in EUR was negative at DKK 65m at 30 September 2013 against DKK 0m at 30 September 2012. Its foreign exchange position in currencies other than EUR and DKK totalled DKK 8m at 30 September 2013 against DKK 14m at 30 September 2012.

**EVENTS OCCURRED AFTER 30 SEPTEMBER 2013**

No significant events have occurred in the period up to the presentation of the Q1-Q3 Interim Report 2013.

**Special circumstances**

On 11 October 2013, the Nykredit Group issued a press release containing a description of the Group's expected results for the period Q1-Q3/2013, including accounting adjustments for the period of interest rate swaps and impairment provisions resulting from the inspection by the Danish FSA. Results remain unchanged relative to the information contained in the press release, to which reference is made.

**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 other provisions, see the Annual Report 2012.

Uncertainty as to recognition and measurement is described in detail in the Bank's accounting policies (note 1 of the Annual Report 2012), to which reference is made.

# MANAGEMENT STATEMENT

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## **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 1 January – 30 September 2013 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 and the Danish Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc.

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

We are of the opinion that the 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 2013 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 2013.

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.

The Interim Report has not been audited or reviewed.

Copenhagen, 7 November 2013

### **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 Brusen Barsøe, staff-elected

Kim Duus

Allan Kristiansen, staff-elected

Per Ladegaard

Bente Overgaard

# Statements of income and other comprehensive income for 1 January – 30 September

DKK million

Nykredit Bank A/S				The Nykredit Bank Group	
Q1-Q3/2012	Q1-Q3/2013		note	Q1-Q3/2013	Q1-Q3/2012
2,998	2,599	Interest income	5	2,666	3,057
1,366	814	Interest expenses	6	814	1,351
<b>1,632</b>	<b>1,785</b>	<b>NET INTEREST INCOME</b>		<b>1,852</b>	<b>1,706</b>
3	18	Dividend on equities		18	3
849	882	Fee and commission income		1,049	983
525	504	Fee and commission expenses		508	538
<b>1,959</b>	<b>2,181</b>	<b>NET INTEREST AND FEE INCOME</b>		<b>2,411</b>	<b>2,154</b>
(32)	(566)	Value adjustments	7	(568)	(34)
1	0	Other operating income		23	24
1,257	1,326	Staff and administrative expenses	8	1,470	1,363
5	7	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets		7	6
18	49	Other operating expenses		53	23
394	310	Impairment losses on loans, advances and receivables	9	329	415
62	143	Profit from investments in associates and group enterprises	10	78	-
<b>316</b>	<b>66</b>	<b>PROFIT BEFORE TAX</b>		<b>85</b>	<b>337</b>
61	(16)	Tax	11	3	82
<b>255</b>	<b>82</b>	<b>PROFIT FOR THE PERIOD</b>		<b>82</b>	<b>255</b>
		<b>STATEMENTS OF COMPREHENSIVE INCOME</b>			
<b>255</b>	<b>82</b>	<b>PROFIT FOR THE PERIOD</b>		<b>82</b>	<b>255</b>
-	-	Other additions and disposals		-	-
-	-	<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>255</b>	<b>82</b>	<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>82</b>	<b>255</b>

## Balance sheets, end of period

DKK million

Nykredit Bank A/S				The Nykredit Bank Group	
31.12.2012	30.09.2013		note	30.09.2013	31.12.2012
<b>ASSETS</b>					
7,032	3,167	Cash balance and demand deposits with central banks		3,167	7,032
37,780	18,303	Receivables from credit institutions and central banks	12	18,304	37,780
35,401	50,149	Loans, advances and other receivables at fair value	13	50,149	35,401
49,659	48,847	Loans, advances and other receivables at amortised cost	14	49,196	49,807
57,827	85,696	Bonds at fair value	15	85,896	58,023
375	347	Equities	16	347	376
435	500	Investments in group enterprises		-	-
23	23	Intangible assets		23	23
29	23	Other property, plant and equipment		23	29
193	246	Current tax assets		246	212
44	10	Deferred tax assets		0	0
49	75	Assets in temporary possession	17	208	904
50,871	40,761	Other assets	18	40,806	50,918
8	37	Prepayments		41	13
<b>239,726</b>	<b>248,184</b>	<b>TOTAL ASSETS</b>		<b>248,406</b>	<b>240,518</b>



## Balance sheets, end of period

DKK million

Nykredit Bank A/S				The Nykredit Bank Group	
31.12.2012	30.09.2013		note	30.09.2013	31.12.2012
<b>LIABILITIES AND EQUITY</b>					
55,355	72,378	Payables to credit institutions and central banks	19	72,378	55,355
54,756	59,506	Deposits and other payables	20	59,356	54,701
28,498	26,188	Issued bonds at amortised cost	21	26,188	28,498
33,741	37,466	Other non-derivative financial liabilities at fair value	22	37,466	33,741
0	29	Liabilities temporarily assumed		136	659
52,649	37,763	Other liabilities	23	37,964	52,805
1	1	Deferred income		3	4
<b>225,000</b>	<b>233,331</b>	<b>TOTAL PAYABLES</b>		<b>233,491</b>	<b>225,763</b>
<b>Provisions</b>					
-	-	Provisions for deferred tax		62	29
82	143	Provisions for losses under guarantees	24	143	82
124	108	Other provisions	24	108	124
<b>206</b>	<b>251</b>	<b>TOTAL PROVISIONS</b>		<b>313</b>	<b>235</b>
250	250	Subordinated debt	25	250	250
<b>Equity</b>					
6,045	6,045	Share capital		6,045	6,045
<b>Other reserves</b>					
151	151	Statutory reserves		-	-
8,074	8,156	Retained earnings		8,307	8,225
<b>14,270</b>	<b>14,352</b>	<b>TOTAL EQUITY</b>		<b>14,352</b>	<b>14,270</b>
<b>239,726</b>	<b>248,184</b>	<b>TOTAL LIABILITIES AND EQUITY</b>		<b>248,406</b>	<b>240,518</b>
<b>OFF-BALANCE SHEET ITEMS</b>					
12,171	10,709	Contingent liabilities	26	10,709	12,169
7,501	6,486	Other commitments	27	6,655	7,858
		Accounting policies	1		
		Capital adequacy and Tier 1 capital	2		
		Core earnings and investment portfolio income	3		
		Business areas	4		
		Related party transactions and balances	28		
		Loans, advances, guarantees and provisioning rate	29		
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## Statement of changes in equity

DKK million

Nykredit Bank A/S

	Share capital	Statutory reserves	Retained earnings	Total
<b>EQUITY, 30 SEPTEMBER 2013</b>				
End of previous financial year	6,045	151	8,074	14,270
<b>Total</b>	<b>6,045</b>	<b>151</b>	<b>8,074</b>	<b>14,270</b>
<b>Comprehensive income</b>				
Profit for the period	-	-	82	82
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>82</b>	<b>82</b>
<b>Total changes in equity</b>	<b>-</b>	<b>-</b>	<b>82</b>	<b>82</b>
<b>Equity, 30 September 2013</b>	<b>6,045</b>	<b>151</b>	<b>8,156</b>	<b>14,352</b>
<b>EQUITY, 30 SEPTEMBER 2012</b>				
End of previous financial year	6,045	70	8,087	14,202
<b>Total</b>	<b>6,045</b>	<b>70</b>	<b>8,087</b>	<b>14,202</b>
<b>Comprehensive income</b>				
Profit for the period	-	-	255	255
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>255</b>	<b>255</b>
<b>Total changes in equity</b>	<b>-</b>	<b>-</b>	<b>255</b>	<b>255</b>
<b>Equity, 30 September 2012</b>	<b>6,045</b>	<b>70</b>	<b>8,342</b>	<b>14,457</b>

# Statement of changes in equity

DKK million

The Nykredit Bank Group

	Share capital	Retained earnings	Total
<b>EQUITY, 30 SEPTEMBER 2013</b>			
End of previous financial year	6,045	8,225	14,270
<b>Total</b>	<b>6,045</b>	<b>8,225</b>	<b>14,270</b>
<b>Comprehensive income</b>			
Profit for the period	-	82	82
<b>Total comprehensive income</b>	<b>-</b>	<b>82</b>	<b>82</b>
<b>Total changes in equity</b>	<b>-</b>	<b>82</b>	<b>82</b>
<b>Equity, 30 September 2013</b>	<b>6,045</b>	<b>8,307</b>	<b>14,352</b>
<b>EQUITY, 30 SEPTEMBER 2012</b>			
End of previous financial year	6,045	8,157	14,202
<b>Total</b>	<b>6,045</b>	<b>8,157</b>	<b>14,202</b>
<b>Comprehensive income</b>			
Profit for the period	-	255	255
<b>Total comprehensive income</b>	<b>-</b>	<b>255</b>	<b>255</b>
<b>Total changes in equity</b>	<b>-</b>	<b>255</b>	<b>255</b>
<b>Equity, 30 September 2012</b>	<b>6,045</b>	<b>8,412</b>	<b>14,457</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, Denmark. 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, Denmark, which owns 89.80% of Nykredit Realkredit A/S. The published financial statements [in Danish] of Foreningen Nykredit may be obtained from Foreningen Nykredit.

## Cash flow statement for 1 January – 30 September

DKK million

	The Nykredit Bank Group	
	Q1-Q3/2013	Q1-Q3/2012
<b>Profit after tax for the period</b>	<b>82</b>	<b>255</b>
<b>Adjustment for non-cash operating items, depreciation, amortisation, impairment losses and provisions</b>		
Depreciation and impairment losses for property, plant and equipment	7	6
Other non-cash changes	3	60
Impairment losses on loans, advances and receivables	492	427
Tax calculated on profit for the period	146	82
<b>Total</b>	<b>648</b>	<b>575</b>
<b>Profit for the period adjusted for non-cash operating items</b>	<b>730</b>	<b>830</b>
<b>Change in working capital</b>		
Loans, advances and other receivables	(14,673)	(11,030)
Deposits and other payables	4,634	(3,819)
Payables to credit institutions and central banks	17,113	3,475
Bonds at fair value	(28,286)	(16,726)
Equities	6	41
Other working capital	(1,020)	6,547
<b>Total</b>	<b>(22,226)</b>	<b>(21,512)</b>
Corporation tax paid, net	(3)	0
<b>Cash flows from operating activities</b>	<b>(21,499)</b>	<b>(20,682)</b>
<b>Cash flows from investing activities</b>		
Property, plant and equipment	22	(9)
<b>Total</b>	<b>22</b>	<b>(9)</b>
<b>Cash flows from financing activities</b>		
Issued bonds	(2,014)	4,845
<b>Total</b>	<b>(2,014)</b>	<b>4,845</b>
<b>Total cash flows</b>	<b>(23,491)</b>	<b>(15,846)</b>
Cash and cash equivalents, beginning of period	44,812	50,244
Foreign currency translation adjustment of cash	150	(1,398)
<b>Cash and cash equivalents, end of period</b>	<b>21,471</b>	<b>33,000</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	3,167	2,558
Receivables from credit institutions and central banks	18,304	30,442
<b>Cash and cash equivalents, end of period</b>	<b>21,471</b>	<b>33,000</b>

# Notes

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## 1. ACCOUNTING POLICIES

### GENERAL

The Consolidated Financial Statements for Q1-Q3/2013 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and further Danish financial reporting and disclosure requirements for interim reports. Compliance with IAS 34 implies observance of the principles of recognition and measurement of the IFRS but a less detailed presentation relative to the presentation of annual reports.

The Interim Financial Statements for Q1-Q3/2013 of the Parent Company have been prepared in accordance with the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc. issued by the Danish Financial Supervisory Authority.

### New and amended standards and interpretations

Reporting standards and interpretations in force as at 1 January 2013 have been implemented with no effect on profit, comprehensive income, balance sheets or equity for the period.

The implementation of IFRS 13 "Fair Value Measurement" has resulted in additional disclosure requirements for interim reports, cf note 30.

Compared with the information disclosed in the accounting policies of the Annual Report 2012 (note 1), no new reporting standards or interpretations have been issued or approved which influence the Q1-Q3 Interim Report 2013 of Nykredit Bank A/S and the Nykredit Bank Group.

The IASB is still working on a project which, in time, will replace the IAS 39 rules. The revised standard – IFRS 9 – is divided into three main phases comprising classification and measurement of financial assets and liabilities, impairments and hedge accounting. The impact of the implementation of IFRS 9 on the Consolidated Financial Statements has not been analysed, as the standard is not currently available in a form that allows an overall assessment of the effect.

In all other respects, the accounting policies are unchanged compared with the Annual Report 2012. For a full description of the Group's and the Parent Company's accounting policies, please refer to note 1 of the Annual Report 2012, which is available at [nykredit.com](http://nykredit.com).

All figures in the Interim Financial Statements are presented in DKK million. The totals stated are calculated on the basis of actual figures. Due to the rounding-off, the sum of individual figures and the stated totals may differ slightly.

## Notes

DKK million

	30.09.2013	31.12.2012	30.09.2012
<b>2. CAPITAL ADEQUACY AND TIER 1 CAPITAL</b>			
<b>Nykredit Bank A/S</b>			
Share capital	6,045	6,045	6,045
Reserves	151	151	70
Retained earnings	8,156	8,074	8,342
<b>Total core Tier 1 capital</b>	<b>14,352</b>	<b>14,270</b>	<b>14,457</b>
Hybrid capital	250	250	250
Primary and other statutory deductions from Tier 1 capital	64	112	174
<b>Tier 1 capital after statutory deductions</b>	<b>14,538</b>	<b>14,408</b>	<b>14,533</b>
<b>Capital base after statutory deductions</b>	<b>14,538</b>	<b>14,408</b>	<b>14,533</b>
Weighted items involving credit, counterparty and delivery risk	46,927	48,885	53,448
Weighted items involving market risk	17,411	12,804	12,416
Weighted items involving operational risk	5,483	5,927	5,927
<b>Total weighted items</b>	<b>69,821</b>	<b>67,616</b>	<b>71,791</b>
Total capital ratio, %	20.8	21.3	20.2
Tier 1 capital ratio, %	20.8	21.3	20.2
<b>The Nykredit Bank Group</b>			
Share capital	6,045	6,045	6,045
Retained earnings	8,307	8,225	8,412
<b>Total core Tier 1 capital</b>	<b>14,352</b>	<b>14,270</b>	<b>14,457</b>
Hybrid capital	250	250	250
Primary and other statutory deductions from Tier 1 capital	43	57	111
<b>Tier 1 capital after statutory deductions</b>	<b>14,559</b>	<b>14,463</b>	<b>14,596</b>
<b>Capital base after statutory deductions</b>	<b>14,559</b>	<b>14,463</b>	<b>14,596</b>
Weighted items involving credit, counterparty and delivery risk	46,049	48,926	52,715
Weighted items involving market risk	17,412	12,804	12,416
Weighted items involving operational risk	5,937	6,289	6,289
<b>Total weighted items</b>	<b>69,398</b>	<b>68,019</b>	<b>71,420</b>
Total capital ratio, %	21.0	21.3	20.4
Tier 1 capital ratio, %	21.0	21.3	20.4

## Notes

DKK million

The Nykredit Bank Group  
Q1-Q3/2013

3. CORE EARNINGS AND INVESTMENT PORTFOLIO INCOME	Q1-Q3/2013			Q1-Q3/2012		
	Core earnings	Investment portfolio income	Total	Core earnings	Investment portfolio income	Total
1 January – 30 September						
Net interest income	1,783	69	1,852	1,601	105	1,706
Dividend on equities	6	12	18	2	1	3
Fee and commission income, net	604	(63)	541	508	(63)	445
<b>Net interest and fee income</b>	<b>2,393</b>	<b>18</b>	<b>2,411</b>	<b>2,111</b>	<b>43</b>	<b>2,154</b>
Value adjustments	(508)	(60)	(568)	(26)	(8)	(34)
Other operating income	23	-	23	24	-	24
Staff and administrative expenses	1,470	-	1,470	1,363	-	1,363
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	7	-	7	6	-	6
Other operating expenses	53	-	53	23	-	23
Impairment losses on loans and advances	329	-	329	415	-	415
Profit from investments in associates and group enterprises	78	-	78	-	-	-
<b>Profit (loss) before tax</b>	<b>127</b>	<b>(42)</b>	<b>85</b>	<b>302</b>	<b>35</b>	<b>337</b>

## Notes

DKK million

The Nykredit Bank Group

## 4. BUSINESS AREAS

Q1-Q3/2013	Retail	Wholesale	Group Items	Total
<b>Core income from</b>				
- customer activities, gross	931	1,573	(61)	2,443
- payment for distribution	489	(489)	0	0
<b>Total business operations</b>	<b>1,420</b>	<b>1,084</b>	<b>(61)</b>	<b>2,443</b>
- value adjustment of derivatives and corporate bonds	(118)	(443)	-	(561)
- core income from securities	-	-	26	26
<b>Total*</b>	<b>1,302</b>	<b>641</b>	<b>(35)</b>	<b>1,908</b>
Operating costs	667	528	282	1,477
Payment to the Guarantee Fund for Depositors and Investors	35	7	11	53
Profit from investments in associates and group enterprises	78	-	-	78
<b>Core earnings before impairment losses</b>	<b>678</b>	<b>106</b>	<b>(328)</b>	<b>456</b>
Impairment losses on loans and advances	209	131	(11)	329
<b>Core earnings after impairment losses</b>	<b>469</b>	<b>(25)</b>	<b>(317)</b>	<b>127</b>
Investment portfolio income <sup>1</sup>			(42)	(42)
<b>Profit (loss) before tax for the period</b>	<b>469</b>	<b>(25)</b>	<b>(359)</b>	<b>85</b>
* Of which transactions between business areas	372	(688)	316	0
Costs excl impairment losses as % of core income from business operations	49.4	49.4	-	62.6
Average business capital <sup>2</sup>	3,112	2,650	3,476	9,238
Core earnings after impairment losses as % of allocated capital (pa)	(20.1)	(1.3)	-	1.8
<b>Q1-Q3/2012</b>	<b>Retail</b>	<b>Wholesale</b>	<b>Group Items</b>	<b>Total</b>
<b>Core income from</b>				
- customer activities, gross	914	1,713	(58)	2,569
- payment for distribution	546	(546)	0	-
<b>Total business operations</b>	<b>1,460</b>	<b>1,167</b>	<b>(58)</b>	<b>2,569</b>
- value adjustment of derivatives and corporate bonds	(479)	(35)	-	(514)
- core income from securities	-	-	54	54
<b>Total*</b>	<b>981</b>	<b>1,132</b>	<b>(4)</b>	<b>2,109</b>
Operating costs	620	564	190	1,374
Payment to the Guarantee Fund for Depositors and Investors	9	2	7	18
<b>Core earnings before impairment losses</b>	<b>352</b>	<b>566</b>	<b>(201)</b>	<b>717</b>
Impairment losses on loans and advances	453	(36)	(2)	415
<b>Core earnings after impairment losses</b>	<b>(101)</b>	<b>602</b>	<b>(199)</b>	<b>302</b>
Investment portfolio income <sup>1</sup>	-	-	35	35
<b>Profit (loss) before tax for the period</b>	<b>(101)</b>	<b>602</b>	<b>(164)</b>	<b>337</b>
* Of which transactions between business areas	463	(647)	184	-
Costs excl impairment losses as % of core income from business operations	43.1	48.5	-	54.2
Average business capital <sup>2</sup>	3,377	3,484	2,183	9,044
Core earnings after impairment losses as % of allocated capital (pa)	(4.0)	23.0	-	4.5

<sup>1</sup> Investment portfolio income equals the return on the Bank's own portfolio exceeding risk-free interest. As from 2012, investment portfolio income also includes expenses in connection with an intercompany guarantee.

<sup>2</sup> The business capital has been determined according to the Basel II principles and the Bank's internal allocation.



## Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group	
Q1-Q3/2012	Q1-Q3/2013	Q1-Q3/2013	Q1-Q3/2012
<b>5. INTEREST INCOME</b>			
138	31	31	138
2,200	1,859	1,921	2,255
855	723	726	858
(197)	(34)	(34)	(197)
Of which			
(44)	(19)	(19)	(44)
(128)	24	24	(128)
(21)	(35)	(35)	(21)
(4)	(4)	(4)	(4)
2	20	22	3
<b>2,998</b>	<b>2,599</b>	<b>2,666</b>	<b>3,057</b>
<b>Of which interest income from genuine purchase and resale transactions entered as</b>			
108	22	22	108
245	131	131	245
<b>6. INTEREST EXPENSES</b>			
299	119	119	299
614	345	345	599
445	341	341	445
8	9	9	8
<b>1,366</b>	<b>814</b>	<b>814</b>	<b>1,351</b>
<b>Of which interest expenses for genuine sale and repurchase transactions entered as</b>			
150	22	22	150
166	56	56	166
<b>7. VALUE ADJUSTMENTS</b>			
1	7	7	1
174	(43)	(45)	172
46	47	47	46
30	45	45	30
(283)	(622)	(622)	(283)
<b>(32)</b>	<b>(566)</b>	<b>(568)</b>	<b>(34)</b>
Value adjustments mainly relate to financial assets, financial liabilities and derivative financial instruments included in the Bank's/Group's trading activities.			
No value adjustments have been made for own credit risk on issued bonds or other financial liabilities.			

## Notes

DKK million

Nycredit Bank A/S		The Nycredit Bank Group	
Q1-Q3/2012	Q1-Q3/2013	Q1-Q3/2013	Q1-Q3/2012
<b>8. STAFF AND ADMINISTRATIVE EXPENSES</b>			
7	7	7	7
523	537	610	587
727	782	853	769
<b>1,257</b>	<b>1,326</b>	<b>1,470</b>	<b>1,363</b>
<b>Remuneration of Board of Directors and Executive Board</b>			
<b>Board of Directors</b>			
0	0	0	0
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>			
7	7	7	7
<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>
The terms and conditions governing the remuneration and pensions of the Executive Board have not changed since the Annual Report 2012, to which reference is made.			
<b>Staff expenses</b>			
428	427	488	483
42	43	49	47
53	67	73	57
<b>523</b>	<b>537</b>	<b>610</b>	<b>587</b>
<b>717</b>	<b>714</b>	<b>855</b>	<b>843</b>
<b>Average number of staff, full-time equivalents</b>			
The comparative figures for 2012 have been adjusted by +18 persons			
<b>9. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES</b>			
<b>Specification of impairment provisions</b>			
4,019	3,722	3,774	4,064
-	19	19	-
263	324	325	264
<b>4,282</b>	<b>4,065</b>	<b>4,118</b>	<b>4,328</b>
<b>Individual impairment provisions for loans, advances and receivables</b>			
3,942	3,775	3,821	3,986
730	700	722	748
325	438	448	336
328	315	321	334
<b>4,019</b>	<b>3,722</b>	<b>3,774</b>	<b>4,064</b>
<b>Individual impairment provisions for receivables from credit institutions</b>			
-	-	-	-
-	19	19	-
<b>-</b>	<b>19</b>	<b>19</b>	<b>-</b>
<b>Collective impairment provisions</b>			
307	235	236	308
(44)	89	89	(44)
<b>263</b>	<b>324</b>	<b>325</b>	<b>264</b>

## Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group	
Q1-Q3/2012	Q1-Q3/2013	Q1-Q3/2013	Q1-Q3/2012
<b>9. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES (continued)</b>			
<b>Earnings impact</b>			
361	370	382	368
71	42	49	85
12	163	163	12
<b>420</b>	<b>249</b>	<b>268</b>	<b>441</b>
(26)	61	61	(26)
<b>394</b>	<b>310</b>	<b>329</b>	<b>415</b>
438	221	240	459
(44)	89	89	(44)
-	19	19	-
<b>Receivables from credit institutions with objective evidence of impairment</b>			
-	25	25	-
-	19	19	-
<b>-</b>	<b>6</b>	<b>6</b>	<b>-</b>
<b>Loans and advances subject to objective evidence of impairment</b>			
6,323	5,798	5,919	6,431
4,019	3,722	3,774	4,064
<b>2,304</b>	<b>2,076</b>	<b>2,145</b>	<b>2,367</b>
51,741	47,095	47,376	51,991
263	324	325	264
<b>51,478</b>	<b>46,771</b>	<b>47,051</b>	<b>51,727</b>
<b>10. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES</b>			
62	65	-	-
-	78	78	-
<b>62</b>	<b>143</b>	<b>78</b>	<b>-</b>
<b>11. TAX</b>			
61	(16)	3	82
<b>61</b>	<b>(16)</b>	<b>3</b>	<b>82</b>
-	1	(2)	-
<b>19.3</b>	<b>(24.2)</b>	<b>3.5</b>	<b>24.3</b>
Tax is calculated on the basis of a tax rate of 25% for 2013. Due to the change in the tax rate from 25% in 2013 to 22% in 2017, the calculation of the Bank's deferred tax assumes a tax rate of 23.5%. This rate is based on the Bank's estimate of when the deferred tax will become current tax/the deferred tax assets will be used.			
The full-year tax rate is expected to be around 15-20%.			

## Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
31.12.2012	30.09.2013		30.09.2013	31.12.2012
<b>12. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS</b>				
1,747	0	Receivables at call from central banks	0	1,747
36,033	18,303	Receivables from credit institutions	18,304	36,033
<b>37,780</b>	<b>18,303</b>	<b>Total</b>	<b>18,304</b>	<b>37,780</b>
17,559	11,340	Of which genuine purchase and resale transactions	11,340	17,559
<b>13. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE</b>				
35,401	50,149	Genuine purchase and resale transactions	50,149	35,401
<b>35,401</b>	<b>50,149</b>	<b>Total</b>	<b>50,149</b>	<b>35,401</b>
<b>14. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST</b>				
49,659	48,847	Loans and advances at amortised cost	49,196	49,807
<b>49,659</b>	<b>48,847</b>	<b>Total</b>	<b>49,196</b>	<b>49,807</b>
<b>15. BONDS AT FAIR VALUE</b>				
50,833	72,607	ROs (realkreditobligationer)	72,807	51,029
4,457	8,521	Government bonds	8,521	4,457
3,780	5,672	Other bonds	5,672	3,780
<b>59,070</b>	<b>86,800</b>	<b>Total</b>	<b>87,000</b>	<b>59,266</b>
1,243	1,104	Self-issued bonds offset against issued bonds	1,104	1,243
<b>57,827</b>	<b>85,696</b>	<b>Total</b>	<b>85,896</b>	<b>58,023</b>
The impact of fair value adjustment has been recognised in the income statement.				
3,328	10,575	Of which redeemed bonds	10,575	3,449
32,361	49,416	Assets sold as part of genuine sale and repurchase transactions	49,416	32,361
14,298	10,932	As collateral for the Danish central bank, Danmarks Nationalbank, and foreign clearing centres, etc, bonds have been deposited of a total market value of	10,932	14,298
The collateral was provided on an arm's length basis.				

## Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
31.12.2012	30.09.2013		30.09.2013	31.12.2012
		<b>16. EQUITIES</b>		
181	198	Listed on NASDAQ OMX Copenhagen A/S	198	182
7	10	Listed on other stock exchanges	10	7
187	139	Unlisted equities carried at fair value	139	187
<b>375</b>	<b>347</b>	<b>Total</b>	<b>347</b>	<b>376</b>
		<b>17. ASSETS IN TEMPORARY POSSESSION</b>		
55	49	Assets, beginning of year	904	55
54	42	Additions	42	909
60	16	Disposals	738	60
<b>49</b>	<b>75</b>	<b>Total</b>	<b>208</b>	<b>904</b>
		At 31 December 2012 and 30 September 2013, this item comprised repossessed properties and shareholding in a property company. In Q3/2013 the property company sold properties worth approximately DKK 870m. The company now owns one property, which has been put up for sale.		
		Nykredit Bank accepts mortgages on real estate as security for loans, and in a number of instances the Bank repossesses the properties in the event of borrowers' non-performance of loan agreements etc.		
		The valuation of assets in temporary possession is based on the expected sales values in case of disposal within a period of 12 months.		
		<b>18. OTHER ASSETS</b>		
6,340	5,840	Interest and commission receivable	5,881	6,374
43,896	29,384	Positive market value of derivative financial instruments	29,384	43,896
635	5,537	Other	5,541	648
<b>50,871</b>	<b>40,761</b>	<b>Total</b>	<b>40,806</b>	<b>50,918</b>
		<b>19. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS</b>		
246	1,726	Payables to central banks	1,726	246
55,109	70,652	Payables to credit institutions	70,652	55,109
<b>55,355</b>	<b>72,378</b>	<b>Total</b>	<b>72,378</b>	<b>55,355</b>
13,273	25,780	Of which genuine sale and repurchase transactions	25,780	13,273
		<b>20. DEPOSITS AND OTHER PAYABLES</b>		
34,418	40,360	On demand	40,260	34,403
6,614	6,144	At notice	6,144	6,614
10,818	10,120	Time deposits	10,070	10,778
2,906	2,882	Special deposits	2,882	2,906
<b>54,756</b>	<b>59,506</b>	<b>Total</b>	<b>59,356</b>	<b>54,701</b>
		<b>Deposit surplus</b>		
54,756	59,506	Deposits and other payables at amortised cost	59,356	54,701
49,659	48,847	Loans, advances and other receivables at amortised cost	49,196	49,807
<b>5,097</b>	<b>10,659</b>	<b>Total</b>	<b>10,160</b>	<b>4,894</b>
17,718	23,649	Deposits attributable to genuine sale and repurchase transactions in "Other non-derivative financial liabilities at fair value"	23,649	17,718

## Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
31.12.2012	30.09.2013		30.09.2013	31.12.2012
<b>21. ISSUED BONDS AT AMORTISED COST</b>				
<b>Issues</b>				
20,852	15,149	EMTN issues*	15,149	20,852
8,817	12,122	ECP issues*	12,122	8,817
29	21	Employee bonds	21	29
43	0	Other issues*	0	43
<b>29,741</b>	<b>27,292</b>	<b>Total</b>	<b>27,292</b>	<b>29,741</b>
1,243	1,104	Own portfolio	1,104	1,243
<b>28,498</b>	<b>26,188</b>	<b>Total</b>	<b>26,188</b>	<b>28,498</b>
No value adjustments have been made that can be attributed to changes in own credit risk.				
* Listed on NASDAQ OMX Copenhagen A/S or on the Luxembourg Stock Exchange				
<b>22. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE</b>				
17,718	23,649	Deposits at fair value	23,649	17,718
16,023	13,817	Negative securities portfolios	13,817	16,023
<b>33,741</b>	<b>37,466</b>	<b>Total</b>	<b>37,466</b>	<b>33,741</b>
17,718	23,649	Deposits at fair value: Of which genuine sale and repurchase transactions	23,649	17,718
<b>23. OTHER LIABILITIES</b>				
7,731	6,543	Interest and commission payable	6,542	7,731
44,329	30,344	Negative market value of derivative financial instruments	30,344	44,329
589	876	Other payables	1,078	745
<b>52,649</b>	<b>37,763</b>	<b>Total</b>	<b>37,964</b>	<b>52,805</b>

## Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group	
31.12.2012	30.09.2013	30.09.2013	31.12.2012
<b>24. PROVISIONS</b>			
<b>Provisions for losses under guarantees</b>			
114	82	82	114
36	102	102	36
68	41	41	68
0	0	0	0
<b>82</b>	<b>143</b>	<b>143</b>	<b>82</b>
<b>Other provisions</b>			
119	124	124	119
6	0	0	6
0	11	11	0
1	5	5	1
<b>124</b>	<b>108</b>	<b>108</b>	<b>124</b>
<b>Total provisions for losses under guarantees and other provisions</b>			
233	206	206	233
42	102	102	42
68	52	52	68
1	5	5	1
<b>206</b>	<b>251</b>	<b>251</b>	<b>206</b>
<p>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.</p> <p>The balance sheet items in the financial statements represent the Bank's best estimates of the expected costs relating to provisions.</p> <p>The provisions typically concern contractual obligations relating to loans and advances and other banking activities.</p> <p>It is estimated that the majority of provisions will be settled within 1-2 years.</p>			
<b>25. SUBORDINATED DEBT</b>			
Subordinated debt consists of financial liabilities in the form of hybrid capital which, in case of voluntary or compulsory liquidation, will not be repaid until the claims of ordinary creditors have been met.			
<b>Hybrid capital</b>			
100	100	100	100
150	150	150	150
<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>
Included in the determination of the capital base after statutory deductions:			
250	250	250	250
-	-	-	-
No value adjustments have been made that can be attributed to changes in own credit risk.			

## Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
31.12.2012	30.09.2013		30.09.2013	31.12.2012
		<b>26. CONTINGENT LIABILITIES</b>		
9,102	6,857	Financial guarantees	6,857	9,100
593	784	Registration and refinancing guarantees	784	593
2,476	3,068	Other contingent liabilities	3,068	2,476
<b>12,171</b>	<b>10,709</b>	<b>Total</b>	<b>10,709</b>	<b>12,169</b>

**OTHER CONTINGENT LIABILITIES***Legal proceedings*

The Bank's operations involve the Bank in legal proceedings and litigation, including tax disputes. The cases are reviewed regularly, and necessary provisions are made based on an assessment of the risk of loss. Pending cases are not expected to have a significant effect on the Nykredit Bank Group's financial position.

*Tax*

The Danish tax authorities (SKAT) have proposed that the taxable income declared for 2008 and 2009 be changed.

The proposal is based on a review of exposures granted by Forstædernes Bank and subsequently assumed by the Nykredit Realkredit Group in connection with its acquisition of Forstædernes Bank. In 2010 Forstædernes Bank was merged with Nykredit Bank. As a result of the financial crisis and property market trends, Forstædernes Bank recorded considerable impairment losses on these exposures in 2008 and 2009 for accounting as well as tax purposes.

SKAT's review for the tax assessment years 2008 and 2009 has not been completed yet. However, in SKAT's opinion the loans were not granted on standard business terms and failed to comply with business procedures and instructions. For this reason, SKAT finds that there was no basis for deducting the impairment losses from the taxable income.

The tax effect for the tax assessment year 2008 could amount to up to DKK 300m, but as the review has not been completed yet, the amount is provisional. In May 2013, SKAT announced a change to the tax assessment year 2009 which may result in a tax effect of around DKK 350m.

Nykredit Bank's Management disagrees with the argumentation presented by SKAT and is of the opinion that the loans were granted on standard business terms, in accordance with Forstædernes Bank's policies and business procedures. The loans were moreover granted up to five years prior to the financial crisis, at which time the adverse effects of the property market development were unforeseeable.

Should SKAT uphold that a tax deduction cannot be obtained, the Bank will appeal against SKAT's decision. In the Bank's opinion, the probability that the courts will find for SKAT in case of legal action is negligible. A judgement delivered by the Danish Supreme Court in 2012 (no SKM2012.353 of 1 June 2012) sustains the Bank's view. On this basis, the tax charge has not been adjusted.

*Guarantee Fund for Depositors and Investors*

Nykredit Bank participates in the mandatory Guarantee Fund for Depositors and Investors. Participating banks must pay a fixed annual amount of 2.5‰ of the covered net deposits. Payment to the Fund's bank department is mandatory until the assets of the scheme exceed 1% of the covered net deposits. The bank department bears any direct losses on the winding-up of Danish banks to the extent the loss is attributable to the covered net deposits.

Any losses arising in connection with the final winding-up are covered by the Guarantee Fund through its winding-up and restructuring department. Nykredit Bank's share of the expense will amount to about 3%.



## Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
31.12.2012	30.09.2013		30.09.2013	31.12.2012
<b>27. OTHER COMMITMENTS</b>				
7,328	6,306	Irrevocable credit commitments	6,306	7,328
173	180	Other	349	530
<b>7,501</b>	<b>6,486</b>	<b>Total</b>	<b>6,655</b>	<b>7,858</b>

**28. 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, its Executive Board and related parties thereof.

No unusual related party transactions occurred in 2012 or Q1-Q3/2013.

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 trading in goods and services took place on an arm's length or cost reimbursement basis.

Important related party transactions prevailing/entered into in 2012 or 2013 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.

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

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

Furthermore, Nykredit Holding A/S has issued 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 Bank's Management has decided to terminate the guarantee in Q4/2013 as a result of the Bank's stable capital position.

## Notes

DKK million

The Nykredit Bank Group

## 29. LOANS, ADVANCES, GUARANTEES AND PROVISIONING RATE

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

30 September 2013

	Carrying amount			Proportion, %	Provisions		Total
	Loans and advances	Guarantees	Total loans, advances and guarantees		Individual and other provisions	Collective impairment provisions	
<b>Public sector</b>	<b>234</b>	<b>152</b>	<b>386</b>	<b>0.4</b>	<b>0</b>	<b>4</b>	<b>4</b>
<b>Commercial customers</b>							
Agriculture, hunting, forestry and fishing	1,742	156	1,898	1.7	163	5	168
Manufacturing, mining and quarrying	6,005	250	6,255	5.7	158	16	174
Energy supply	1,261	5	1,266	1.2	6	1	7
Construction	1,342	443	1,785	1.6	288	6	294
Trade	2,322	211	2,533	2.3	219	3	222
Transport, accommodation and food service activities	2,183	605	2,788	2.5	116	4	120
Information and communication	629	113	742	0.7	63	1	64
Finance and insurance	53,885	902	54,787	49.8	523	5	528
Real estate	9,267	1,379	10,646	9.7	1,434	204	1,638
Other	6,948	670	7,618	6.9	404	15	419
<b>Total commercial customers</b>	<b>85,584</b>	<b>4,734</b>	<b>90,318</b>	<b>82.1</b>	<b>3,374</b>	<b>260</b>	<b>3,634</b>
<b>Personal customers</b>	<b>13,527</b>	<b>5,823</b>	<b>19,350</b>	<b>17.6</b>	<b>543</b>	<b>61</b>	<b>604</b>
<b>Total</b>	<b>99,345</b>	<b>10,709</b>	<b>110,054</b>	<b>100.0</b>	<b>3,917</b>	<b>325</b>	<b>4,242</b>
Of which reverse lending (loans and advances at fair value)	50,149	-	50,149	45.6	-	-	-

31 December 2012

	Carrying amount			Proportion, %	Provisions		Total
	Loans and advances	Guarantees	Total loans, advances and guarantees		Individual and other provisions	Collective impairment provisions	
<b>Public sector</b>	<b>308</b>	<b>205</b>	<b>513</b>	<b>0.5</b>	<b>4</b>	<b>0</b>	<b>4</b>
<b>Commercial customers</b>							
Agriculture, hunting, forestry and fishing	1,638	319	1,957	2.0	162	5	167
Manufacturing, mining and quarrying	5,565	812	6,377	6.5	146	9	155
Energy supply	471	52	523	0.5	9	0	9
Construction	1,339	477	1,816	1.9	273	6	279
Trade	2,024	193	2,217	2.3	232	5	237
Transport, accommodation and food service activities	2,034	101	2,135	2.2	97	4	101
Information and communication	795	84	879	0.9	71	2	73
Finance and insurance	38,846	857	39,703	40.8	705	37	742
Real estate	10,802	2,334	13,136	13.5	1,292	75	1,367
Other	7,203	906	8,109	8.3	380	17	397
<b>Total commercial customers</b>	<b>70,717</b>	<b>6,135</b>	<b>76,852</b>	<b>78.9</b>	<b>3,367</b>	<b>160</b>	<b>3,527</b>
<b>Personal customers</b>	<b>14,183</b>	<b>5,829</b>	<b>20,012</b>	<b>20.6</b>	<b>532</b>	<b>76</b>	<b>608</b>
<b>Total</b>	<b>85,208</b>	<b>12,169</b>	<b>97,377</b>	<b>100.0</b>	<b>3,903</b>	<b>236</b>	<b>4,139</b>
Of which reverse lending (loans and advances at fair value)	35,401	-	35,401	36.4	-	-	-

## Notes

DKK million

The Nykredit Bank Group

## 29. LOANS, ADVANCES, GUARANTEES AND PROVISIONING RATE (continued)

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

	Q3/2013	Q2/2013	Q1/2013	Q4/2012	Q3/2012	Q2/2012	Q1/2012
<b>Provisioning rate, %</b>							
<b>Group</b>							
Total loans and advances	99,345	99,221	93,368	85,208	88,564	87,424	88,880
Total guarantees	10,709	10,706	10,084	12,169	11,552	12,366	11,040
Provisions for loan impairment at amortised cost	4,099	3,999	4,067	4,057	4,328	4,304	4,315
Provisions for guarantees	143	114	142	82	88	82	69
<b>Total loans, advances, guarantees and provisions</b>	<b>114,296</b>	<b>114,040</b>	<b>107,661</b>	<b>101,516</b>	<b>104,532</b>	<b>104,176</b>	<b>104,304</b>
Provisioning rate, %	3.7	3.6	3.9	4.1	4.2	4.2	4.2
Provisioning rate excluding guarantees, %	4.0	3.9	4.2	4.5	4.7	4.7	4.6

## Notes

DKK million

The Nykredit Bank Group

## 30. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE (THE IFRS HIERARCHY)

	Fair value			Total (carrying amounts)
	Listed prices	Observable inputs	Unobserv- able inputs	
<b>30 September 2013</b>				
Financial instruments in the form of assets:				
Trading book:				
Balances with credit institutions (reverse lending, measured at fair value)		11,340		11,340
Loans and advances at fair value		50,149		50,149
Bonds at fair value	70,693	15,203		85,896
Equities	227		120	347
Positive market value of derivative financial instruments	465	27,698	1,221	29,384
<b>Total, 30 September 2013</b>	<b>71,385</b>	<b>104,390</b>	<b>1,341</b>	<b>177,116</b>
Financial instruments in the form of liabilities:				
Trading book:				
Payables to credit institutions and central banks (repo transactions, measured at fair value)		25,780		25,780
Other non-derivative financial liabilities at fair value	13,817	23,649		37,466
Negative market value of derivative financial instruments	530	29,620	194	30,344
<b>Total, 30 September 2013</b>	<b>14,347</b>	<b>79,049</b>	<b>194</b>	<b>93,590</b>
<b>Financial instruments measured on the basis of unobservable inputs</b>				
Fair value, beginning of period, assets			813	
Transferred to/from Observable inputs (positive market value of derivative financial instruments)			950	
Capital gains/losses on portfolio securities recognised in the income statement (unrealised)			(427)	
Additions			38	
Disposals			33	
<b>Total, 30 September 2013</b>			<b>1,341</b>	
Fair value, beginning of period, liabilities			166	
Capital gains/losses on portfolio securities recognised in the income statement (unrealised)			28	
<b>Total, 30 September 2013</b>			<b>194</b>	
<b>End-2012</b>				
Financial instruments in the form of assets:				
Trading book:				
Balances with credit institutions (reverse lending, measured at fair value)		17,559		17,559
Loans and advances at fair value		35,401		35,401
Bonds at fair value	51,785	6,238		58,023
Equities	214		162	376
Positive market value of derivative financial instruments	744	42,501	651	43,896
<b>Total, 31 December 2012</b>	<b>52,743</b>	<b>101,699</b>	<b>813</b>	<b>155,255</b>
Financial instruments in the form of liabilities:				
Trading book:				
Payables to credit institutions and central banks (repo transactions, measured at fair value)		13,273		13,273
Other non-derivative financial liabilities at fair value	16,023	17,718		33,741
Negative market value of derivative financial instruments	758	43,405	166	44,329
<b>Total, 31 December 2012</b>	<b>16,781</b>	<b>74,396</b>	<b>166</b>	<b>91,343</b>

Value adjustments related to assets or liabilities at fair value have been recognised in "Value adjustments" in the income statement.

In Q1-Q3/2013 no significant reclassifications were made between the categories Listed prices and Observable inputs.

In accordance with the commencement provisions for IFRS 13, no comparative figures have been disclosed for Q1-Q3/2012.

# Notes

## 30. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE (THE IFRS HIERARCHY) (continued)

### Listed prices

The Bank's assets and liabilities at fair value are to the widest extent possible recognised at listed prices or prices quoted in an active market or authorised market place.

### Observable inputs

When an instrument is not traded in an active market, measurement is based on observable inputs and generally accepted calculation models, valuation and estimation techniques such as discounted cash flows and option models.

Observable inputs are typically yield curves, volatility and market prices of similar instruments which are usually obtained through ordinary providers such as Reuters, Bloomberg or market makers. If fair value is based on transactions in similar instruments, measurement is based only on transactions entered into on an arm's length basis. Reverse lending and repo deposits as well as unlisted derivatives are generally attributable to this category.

In some cases, markets may gradually become inactive and illiquid, such as the bond market in 2008 and 2009. When assessing market transactions, it may therefore be difficult to conclude whether the transactions were executed at arm's length or were forced sales. If measurement is based on recent transactions, the transaction price is compared with a price based on relevant yield curves and discount techniques.

### Unobservable inputs

When it is not possible to measure financial instruments at fair value through active market prices or observable inputs, measurement is made on the basis of internal assumptions and extrapolation. Where possible and appropriate, measurement is based on actual transactions adjusted for differences in eg the liquidity, credit spreads and maturities of the instruments. To some extent the Bank's unlisted equities belong in this category.

Positive market values of a number of interest rate swaps with customers in the Bank's lowest rating categories have been adjusted for increased credit risk using a so-called Credit Value Adjustment model. Among the data used by the model are the statistical data applied by the Bank to calculate collective impairment provisions for loans and advances at amortised cost.

Measurement, notably of instruments classified as Unobservable inputs, is subject to some uncertainty. Of total assets and liabilities, DKK 1.3bn (end-2012: DKK 0.8bn) and DKK 0.2bn (end-2012: DKK 0.2bn), respectively, are attributable to this category. Assuming that actual transaction prices will deviate by +/- 10% from the calculated fair value, the earnings impact will be approximately DKK 150m in Q1-Q3/2013 (1.05% of equity at 30 September 2013). The earnings impact for the full year 2012 is estimated at DKK 100m (0.7% of equity at end-2012).

## Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group	
30.09.2012	30.09.2013	30.09.2013	30.09.2012
<b>31. FOREIGN EXCHANGE AND INTEREST RATE EXPOSURES</b>			
<b>Foreign exchange risk</b>			
7	68	68	7
0.0	0.5	0.5	0.0
0	0	0	0
0.0	0.0	0.0	0.0
<b>Interest rate risk by the currency involving the highest interest rate exposure</b>			
204	259	260	206
(230)	(169)	(169)	(230)
56	18	18	56
(2)	0	0	(2)
(4)	(7)	(7)	(4)
5	5	5	5
0	3	3	0
(1)	1	1	(1)
<b>28</b>	<b>110</b>	<b>111</b>	<b>30</b>
<b>32. HEDGING INTEREST RATE RISK</b>			
<p>The Nykredit Bank Group continuously hedges the interest rate risk of fixed-rate assets and liabilities using derivative financial instruments etc.</p> <p>This enables the Group to manage the level of its aggregate interest rate sensitivity taking into consideration the expected interest rate development.</p> <p>According to the accounting provisions, loans, advances and deposits are generally 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).</p>			

## Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group	
30.09.2012	30.09.2013	30.09.2013	30.09.2012
<b>32. HEDGING INTEREST RATE RISK (continued)</b>			
<b>HEDGED FIXED-RATE ASSETS</b>			
1,073	1,376	Loans, advances and other receivables at amortised cost	1,376 1,073
<b>1,073</b>	<b>1,376</b>	<b>Total nominal value</b>	<b>1,376 1,073</b>
<b>Market value of hedged fixed-rate assets</b>			
1,129	1,414	Loans, advances and other receivables at amortised cost	1,414 1,129
<b>1,129</b>	<b>1,414</b>	<b>Total carrying amount, end of period</b>	<b>1,414 1,129</b>
<b>Fair value adjustment</b>			
56	38	Loans, advances and other receivables at amortised cost	38 56
<b>56</b>	<b>38</b>	<b>Total fair value adjustment</b>	<b>38 56</b>
<b>HEDGED FIXED-RATE FINANCIAL LIABILITIES</b>			
4,302	7,622	Issued bonds at amortised cost	7,622 4,302
<b>4,302</b>	<b>7,622</b>	<b>Total nominal value</b>	<b>7,622 4,302</b>
<b>Market value of hedged fixed-rate financial liabilities</b>			
4,520	7,718	Issued bonds at amortised cost	7,718 4,520
<b>4,520</b>	<b>7,718</b>	<b>Total carrying amount, end of period</b>	<b>7,718 4,520</b>
<b>Fair value adjustment</b>			
(218)	(96)	Issued bonds at amortised cost	(96) (218)
<b>(218)</b>	<b>(96)</b>	<b>Total fair value adjustment</b>	<b>(96) (218)</b>
<b>HEDGING DERIVATIVE FINANCIAL INSTRUMENTS</b>			
4,757	7,540	Nominal value (synthetic principal)	7,540 4,757
160	57	Market value adjustment (negative market value)	57 160
<b>FAIR VALUE ADJUSTMENT DIFFERENCE</b>			
<b>(2)</b>	<b>(1)</b>	<b>Total</b>	<b>(1) (2)</b>
<b>Amounts recognised through profit or loss for the financial period</b>			
(125)	108	Hedged transactions	108 (125)
126	(108)	Hedging transactions	(108) 126

## Notes

DKK million

## 33. GROUP STRUCTURE

Name and registered office	Revenue*	Assets	Liabilities	Share capital, 30.09.2013	Equity, 31.12.2012	Ownership interest as %, 30.09.2013	Profit for the period	Nykredit Bank's share of profit for the period	Equity, 30.09.2013	Carrying amount
Nykredit Bank A/S (Parent Company) a)	1,615	248,184	233,832	6,045	14,270	-	82	-	14,352	-
<b>Consolidated subsidiaries</b>										
Nykredit Portefølje Administration A/S, Copenhagen e)	174	331	28	25	258	100	45	45	303	303
Nykredit Pantebrevsinvestering A/S, Copenhagen b)	0	12	0	5	12	100	0	0	12	12
Nykredit Leasing A/S, Gladsaxe c)	85	3,330	3,149	46	161	100	20	20	181	181
FB Ejendomme A/S, Copenhagen d)	0	5	1	1	4	100	0	0	4	4

**Associates**

Dansk Pantebrevsbørs A/S, Copenhagen b)

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 fee income, value adjustments and other operating income.

Nykredit Pantebrevsinvestering A/S has only had few activities in 2012 and 2013.

a) Bank

b) Mortgage trading company

c) Leasing company

d) Property management company

e) Investment management activities, including asset management and investment advisory services



## Notes

DKK million

	Q3/2013	Q2/2013	Q1/2013	Q4/2012	Q3/2012	Q2/2012	Q1/2012
<b>34. THE NYKREDIT BANK GROUP – SEVEN QUARTERS</b>							
<b>SUMMARY INCOME STATEMENT</b>							
Net interest income	679	595	578	620	544	559	603
Dividend on equities and fee and commission income, net	172	206	181	205	137	155	156
<b>Net interest and fee income</b>	<b>851</b>	<b>801</b>	<b>759</b>	<b>825</b>	<b>681</b>	<b>714</b>	<b>759</b>
Value adjustments	(724)	110	46	(521)	(18)	36	(52)
Other operating income	7	9	7	23	10	7	7
Staff and administrative expenses	492	509	469	446	452	454	457
Other operating costs, depreciation and amortisation	19	14	27	9	19	(2)	12
Impairment losses on loans, advances and receivables	163	(51)	217	142	167	155	93
Profit from investments in associates and group enterprises	48	30	-	-	-	-	-
<b>Profit (loss) before tax</b>	<b>(492)</b>	<b>478</b>	<b>99</b>	<b>(270)</b>	<b>35</b>	<b>150</b>	<b>152</b>
Tax	(143)	121	25	(83)	10	31	41
<b>Profit (loss) for the period</b>	<b>(349)</b>	<b>357</b>	<b>74</b>	<b>(187)</b>	<b>25</b>	<b>119</b>	<b>111</b>
<b>Comprehensive income</b>							
Other comprehensive income	-	-	-	-	-	-	-
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>(349)</b>	<b>357</b>	<b>74</b>	<b>(187)</b>	<b>25</b>	<b>119</b>	<b>111</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>							
<b>Assets</b>							
Cash balance and receivables from central banks and credit institutions	21,471	27,853	29,287	44,812	33,000	44,545	43,008
Loans, advances and other receivables at fair value	50,149	48,797	43,097	35,401	34,470	32,106	32,830
Loans, advances and other receivables at amortised cost	49,196	50,424	50,271	49,807	54,094	55,318	56,050
Bonds at fair value	85,896	79,997	63,823	58,023	77,328	72,499	71,787
Equities	347	316	427	376	374	340	392
Remaining assets	41,347	44,638	52,427	52,099	56,593	48,531	43,161
<b>Total assets</b>	<b>248,406</b>	<b>252,025</b>	<b>239,332</b>	<b>240,518</b>	<b>255,859</b>	<b>253,339</b>	<b>247,228</b>
<b>Liabilities and equity</b>							
Payables to credit institutions and central banks	72,378	61,393	56,264	55,355	65,018	66,191	67,967
Deposits and other payables	59,356	63,407	65,183	54,701	53,684	55,446	56,828
Issued bonds	26,188	26,754	27,362	28,498	31,278	27,385	31,576
Other non-derivative financial liabilities at fair value	37,466	43,258	26,702	33,741	33,112	39,656	32,179
Remaining payables	38,103	41,987	48,910	53,468	57,850	49,778	43,917
<b>Total payables</b>	<b>233,491</b>	<b>236,799</b>	<b>224,421</b>	<b>225,763</b>	<b>240,942</b>	<b>238,456</b>	<b>232,467</b>
Provisions	313	275	317	235	210	201	198
Subordinated debt	250	250	250	250	250	250	250
Equity	14,352	14,701	14,344	14,270	14,457	14,432	14,313
<b>Total liabilities and equity</b>	<b>248,406</b>	<b>252,025</b>	<b>239,332</b>	<b>240,518</b>	<b>255,859</b>	<b>253,339</b>	<b>247,228</b>
<b>OFF-BALANCE SHEET ITEMS</b>							
Contingent liabilities	10,709	10,706	10,084	12,169	11,552	12,366	11,040
Other commitments	6,655	6,990	8,591	7,858	7,740	7,766	6,601
<b>FINANCIAL RATIOS</b>							
Total capital ratio, %	21.0	21.9	20.6	21.3	20.4	19.8	21.2
Tier 1 capital ratio, %	21.0	21.9	20.6	21.3	20.4	19.8	21.2
Return on equity before tax (pa), %	(13.5)	13.2	2.8	(7.5)	1.0	4.2	4.2
Return on equity after tax (pa), %	(9.6)	9.8	2.1	(5.2)	0.7	3.3	3.1

## Notes

DKK million

	Q3/2013	Q2/2013	Q1/2013	Q4/2012	Q3/2012	Q2/2012	Q1/2012
<b>34. THE NYKREDIT BANK GROUP – SEVEN QUARTERS (continued)</b>							
<b>Summary core earnings and investment portfolio income</b>							
Core income from business operations	747	896	800	878	745	985	839
Value adjustment of derivatives and corporate bonds	(617)	41	15	(553)	(76)	(268)	(170)
Core income from securities	8	8	10	7	8	21	25
<b>Total core income</b>	<b>138</b>	<b>945</b>	<b>825</b>	<b>332</b>	<b>677</b>	<b>738</b>	<b>694</b>
Operating costs and depreciation of equipment	495	510	472	450	456	457	461
Payment to the Guarantee Fund for Depositors and Investors	16	13	24	5	15	(5)	8
Profit from investments in associates and group enterprises	48	30	-	-	-	-	-
<b>Core earnings before impairment losses</b>	<b>(325)</b>	<b>452</b>	<b>329</b>	<b>(123)</b>	<b>206</b>	<b>286</b>	<b>225</b>
Impairment losses on loans and advances	163	(51)	217	142	167	155	93
<b>Core earnings after impairment losses</b>	<b>(488)</b>	<b>503</b>	<b>112</b>	<b>(265)</b>	<b>39</b>	<b>131</b>	<b>132</b>
Investment portfolio income	(4)	(25)	(13)	(5)	(4)	19	20
<b>Profit (loss) before tax</b>	<b>(492)</b>	<b>478</b>	<b>99</b>	<b>(270)</b>	<b>35</b>	<b>150</b>	<b>152</b>
Tax	(143)	121	25	(83)	10	31	41
<b>Profit (loss) for the period</b>	<b>(349)</b>	<b>357</b>	<b>74</b>	<b>(187)</b>	<b>25</b>	<b>119</b>	<b>111</b>

## Notes

DKK million

	Q1-Q3/2013	FY 2012	Q1-Q3/2012	Q1-Q3/2011	Q1-Q3/2010	Q1-Q3/2009
<b>35. THE NYKREDIT BANK GROUP – FINANCIAL HIGHLIGHTS</b>						
<b>SUMMARY INCOME STATEMENT AND COMPREHENSIVE INCOME</b>						
Net interest and fee income	2,411	2,979	2,154	2,449	2,713	2,794
Value adjustments	(568)	(555)	(34)	(184)	403	22
Other operating income	23	47	24	22	27	25
Staff and administrative expenses	1,470	1,809	1,363	1,290	1,385	1,411
Other operating costs, depreciation and amortisation	60	38	29	111	387	465
Impairment losses on loans, advances and receivables	329	557	415	138	1,053	5,249
Profit (loss) from investments in associates and group enterprises	78	-	-	-	-	(138)
<b>Profit (loss) before tax</b>	<b>85</b>	<b>67</b>	<b>337</b>	<b>748</b>	<b>318</b>	<b>(4,422)</b>
Tax	3	(1)	82	191	108	(1,051)
<b>Profit (loss) for the period</b>	<b>82</b>	<b>68</b>	<b>255</b>	<b>557</b>	<b>210</b>	<b>(3,371)</b>
<b>Comprehensive income</b>						
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>82</b>	<b>68</b>	<b>255</b>	<b>557</b>	<b>210</b>	<b>(3,371)</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>						
<b>Assets</b>						
Cash balance and receivables from central banks and credit institutions	21,471	44,812	33,000	21,471	26,635	25,520
Loans, advances and other receivables at fair value	50,149	35,401	34,470	14,398	13,958	24,904
Loans, advances and other receivables at amortised cost	49,196	49,807	54,094	55,782	59,942	62,356
Bonds at fair value and equities	86,243	58,399	77,702	68,655	70,133	59,423
Remaining assets	41,347	52,099	56,593	42,439	48,867	33,133
<b>Total assets</b>	<b>248,406</b>	<b>240,518</b>	<b>255,859</b>	<b>202,745</b>	<b>219,535</b>	<b>205,336</b>
<b>Liabilities and equity</b>						
Payables to credit institutions and central banks	72,378	55,355	65,018	45,633	49,851	46,532
Deposits and other payables	59,356	54,701	53,684	53,659	54,745	63,897
Issued bonds at amortised cost	26,188	28,498	31,278	27,207	25,830	43,308
Other non-derivative financial liabilities at fair value	37,466	33,741	33,112	18,590	26,891	6,502
Remaining payables	38,103	53,468	57,850	42,419	46,693	31,584
<b>Total payables</b>	<b>233,491</b>	<b>225,763</b>	<b>240,942</b>	<b>187,508</b>	<b>204,010</b>	<b>191,823</b>
Provisions	313	235	210	261	1,055	554
Subordinated debt	250	250	250	650	886	1,318
Equity	14,352	14,270	14,457	14,326	13,584	11,641
<b>Total liabilities and equity</b>	<b>248,406</b>	<b>240,518</b>	<b>255,859</b>	<b>202,745</b>	<b>219,535</b>	<b>205,336</b>
<b>OFF-BALANCE SHEET ITEMS</b>						
Contingent liabilities	10,709	12,169	11,552	10,555	16,436	16,797
Other commitments	6,655	7,858	7,740	7,050	7,349	8,220

## Notes

DKK million

	Q1-Q3/2013	FY 2012	Q1-Q3/2012	Q1-Q3/2011	Q1-Q3/2010	Q1-Q3/2009
<b>35. THE NYKREDIT BANK GROUP – FINANCIAL HIGHLIGHTS (continued)</b>						
<b>FINANCIAL RATIOS</b>						
Total capital ratio, %	21.0	21.3	20.4	18.0	15.0	13.6
Tier 1 capital ratio, %	21.0	21.3	20.4	17.2	14.0	13.6
Return on equity before tax, %*	0.6	0.5	2.4	5.3	2.5	(40.6)
Return on equity after tax, %*	0.6	0.5	1.8	4.0	1.6	(30.9)
Income:cost ratio*	1.05	1.03	1.19	1.49	1.11	0.38
Interest rate exposure, %	0.8	0.5	0.2	0.8	0.6	0.3
Foreign exchange position, %	0.5	0.0	0.0	0.1	0.2	0.7
Foreign exchange exposure, %	0.0	0.0	0.0	0.0	0.0	0.0
Loans and advances:deposits*	1.7	1.6	1.8	1.4	1.5	1.5
Loans and advances:equity*	6.9	6.0	6.1	4.9	5.4	7.5
Growth in loans and advances excl repos for the period, %*	(1.2)	(10.9)	(3.2)	(5.6)	(1.6)	(14.8)
Growth in loans and advances incl repos for the period, %*	16.6	9.4	13.7	(2.5)	1.4	(10.7)
Excess cover:statutory liquidity requirements, %	230.7	183.2	185.8	184.6	168.6	279.9
Total large exposures, %	0.0	0.0	0.0	0.0	22.9	79.7
Impairment losses for the period, %*	0.3	0.5	0.4	0.2	1.1	4.7
Average number of staff, full-time equivalents*	855	850	843	805	871	1,282

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

\* 2009 has been restated to reflect the changes resulting from the merger with Forstædernes Bank.

Financial ratios regarding total capital and Tier 1 capital ratios etc are not affected by the merger with Forstædernes Bank.

## Financial ratios, definitions

<b>Total capital ratio, %</b>	Capital base divided by risk-weighted assets
<b>Tier 1 capital ratio, %</b>	Tier 1 capital after statutory deductions divided by risk-weighted assets
<b>Core Tier 1 capital ratio, %</b>	Calculated as the financial ratio "Tier 1 capital ratio, %", but less hybrid capital
<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 period)  Loans and advances: Include loans and advances at fair value and loans and advances at amortised cost
<b>Growth in loans and advances excl repos for the 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 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>Growth in loans and advances incl repos for the 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 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 § 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 period divided by loans and advances + guarantees + impairment provisions

The financial ratios have been calculated in accordance with the Danish FSA's guidelines for reporting purposes. The financial ratios "Core Tier 1 capital ratio" and "Growth in loans and advances incl repos for the period" are, however, not included in the guidelines.

*This document is an English translation of the original Danish text. In the event of discrepancies between the original Danish text and the English translation, the Danish text shall prevail.*