

**To the Copenhagen Stock Exchange
and the press**

18 May 2004

**Quarterly Report
The Nykredit Realkredit Group
(1 January 2004 – 31 March 2004)**

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From today the Quarterly Report of the Nykredit Realkredit Group can be downloaded as a pdf file at Nykredit's website, www.nykredit.com.

Quarterly Report - Q1/2004

- Profit before tax of DKK 1,166m
- Core earnings posted DKK 662m and investment portfolio income DKK 504m
- Capital and reserves including quarterly results subsequently amounted to DKK 39.9bn
- The capital adequacy ratio including quarterly results stood at 10.7
- Bank and mortgage lending went up by DKK 14bn to DKK 623bn.

The results of the Nykredit Realkredit Group reflect a prosperous and active quarter and landed at DKK 1,166m before tax in Q1/2004 compared with DKK 874m in the same period of 2003. Profit after tax was DKK 833m against DKK 623m.

Results were affected by Nykredit's acquisition of Totalkredit. In Q1/2004 Totalkredit recorded a profit before tax of DKK 148m. Furthermore, the acquisition of Totalkredit resulted in goodwill amortisation of DKK 87m.

CORE EARNINGS

Group core earnings after write-offs and insurance operations amounted to DKK 662m in Q1/2004 compared with DKK 643m in Q1/2003.

Core earnings vary from quarter to quarter as a consequence of refinancing activity in the mortgage finance market and the general economic climate. In 2003 average quarterly core earnings were DKK 535m. In this context, activity and earnings levels were high in Q1/2004.

Group core income from mortgage bank and bank lending amounted to DKK 1,191m of which Totalkredit contributed DKK 143m. In Q1/2003 core income from lending posted DKK 1,046m.

Core income from securities totalled DKK 178m in Q1/2004 against DKK 219m in the same period last year. The change can be ascribed to decline in money market rates.

Operating costs, depreciation and amortisation were DKK 690m against 618m in Q1 last year. On top comes goodwill amortisation of DKK 48m in Q1/2004.

Group write-offs and provisions remained low. Total

write-offs and provisions in the Mortgage Bank posted income of DKK 9m. In the Bank write-offs and provisions charged DKK 16m.

In Q1 Group mortgage lending went up by just over DKK 13bn to DKK 600bn. At end-Q1 Bank lending amounted to DKK 23bn, up DKK 1bn compared with the beginning of the year.

In the mortgage credit market, the Nykredit Group consolidated its solid position and accounted for 44% of total gross and net lending. In the retail area, the equivalent market shares were 45% and 53%. However, lending and refinancing activities decreased compared with Q1/2003 when the Danish mortgage credit market saw extraordinary and record-high activity.

INVESTMENT PORTFOLIO INCOME

Nykredit's investment portfolio income was DKK 504m in Q1/2004 against DKK 231m in Q1/2003.

Total Group investment portfolio income including Nykredit Insurance and excluding transactions related to the acquisition of Totalkredit amounted to DKK 564m in Q1/2004.

Investment portfolio income represents Nykredit's excess income generated by investments in equities and bonds relative to risk-free money market rates. Investment portfolio income excludes price and interest margins related to all types of banking and mortgage banking transactions.

At 31 March 2004 the Group's interest rate exposure was DKK 462m given a general change in interest rates of 1 percentage point from which DKK 178m will be deducted if the acquisition of Totalkredit is completed. The equity exposure given a general price decline of 10% was DKK 493m. Value-at-Risk amounted to DKK 97m in terms of a 99% confidence interval measured over one day.

SUBSIDIARIES

Totalkredit recorded a profit before tax of DKK 148m against DKK 136m in Q1/2003. Results mirror a high level of activity and consequent growth in mortgage lending to DKK 171bn. For further information, please refer to Totalkredit's Quarterly Report – Q1/2004.

In Q1 the Nykredit Bank Group realised a profit before tax of DKK 151m against DKK 117m in the same period of 2003. Results generally reflect a satisfactory development in all business areas. For further information, please refer to the Nykredit Bank Group's Quarterly Report – Q1/2004.

The results of Nykredit Insurance in Q1/2004 demonstrate continued growth in business volumes as well as a favourable development in claims, and the Insurer recorded a profit before tax of DKK 38m against a loss of DKK 5m in the same quarter last year. In Q1 the combined ratio stood at 102.0 relative to 109.8 in Q1 the year before. Profit before tax of Nykredit Insurance has been recognised as a separate item under core earnings.

In Q1/2004 Nykredit Mægler (estate agencies) realised a profit of DKK 13m against DKK 6m in the same period last year.

BALANCE SHEET, EQUITY AND CAPITAL ADEQUACY

The Group's balance sheet stood at DKK 777bn at end-Q1/2004 against DKK 829bn at the beginning of the year.

The refinancing of adjustable-rate mortgages at end-2003 created a temporary increase in the balance sheet

of some DKK 70bn. Adjusted for this, the Group's balance sheet showed an increase of DKK 18bn at end-Q1 relative to the beginning of the year.

In the asset side, Group lending increased by DKK 14bn during Q1/2004. Mortgage lending went up by just over DKK 13bn to DKK 600bn. Bank lending went up by DKK 1bn to DKK 23bn.

Group capital and reserves including quarterly results and adjustments totalled DKK 39,918m against DKK 39,061m at the beginning of the year.

At end-Q1/2004 the Group's capital base amounted to DKK 40,289m excluding quarterly results and DKK 41,122m including quarterly results against DKK 40,068m at the beginning of the year.

OTHER

Totalcredit successfully integrated

Totalcredit has now been successfully integrated in the Nykredit Group. In future, the Group can concentrate its efforts on taking advantage of the opportunities that arise from the cooperation with the 106 local and regional banks behind Totalcredit.

In a period when the organisations of the two companies have been allocating resources for the integration process, the Nykredit Group was able to record very satisfactory market share levels in Q1.

In Q1 the Group supplied 44% of total Danish mortgage lending – in terms of both gross and net market share. Within private residential lending, the Group had a market share of 45% of gross lending and 53% of net lending.

Interest-only mortgages

In Autumn last year Nykredit launched an array of interest-only mortgages marketed under the Danish brand Pauselån®. From the outset, there was massive customer interest – both from retail and agricultural customers.

Interest is still significant which is evidenced by the fact that interest-only mortgages accounted for 45% of the private residential mortgages granted by the Nykredit Group in Q1. In comparison, interest-only mortgages constituted 54% of Group lending in Q4/2003. Interest-only mortgages are expected to continue to be some of the Group's most popular products in the future.

The Nykredit Realkredit Group			
Development in capital and reserves			
DKKm	Q1 2004	Q1 2003	2003
Capital and reserves, beginning of period	39,061	34,479	34,479
Adjustment relating to changed accounting policies	20	114	154
Adjusted capital and reserves, beginning of period	39,081	34,593	34,633
Capital increase	-	-	1,150
Net profit for the period	833	623	3,275
Other adjustments	4	9	3
Capital and reserves, end of period	39,918	35,225	39,061

The Nykredit Realkredit Group			
Capital resources (excl net profit for the period)			
DKKm end of period	Q1 2004	Q1 2003	2003
Weighted assets	385,788	313,101	382,541
Capital requirement	30,863	25,048	30,603
Core capital after deductions	38,765	34,240	38,727
Supplementary capital	2,590	197	2,588
Deduction for equity investments	(1,066)	(952)	(1,247)
Capital base	40,289	33,485	40,068
Excess cover	9,426	8,437	9,465
Capital adequacy ratio stated on the basis of			
- Capital base	10.4	10.7	10.5
- Core capital	10.0	10.9	10.1

International activities

Early in the year, Nykredit opened a representative office in Cannes in the South of France in order to be able to serve and advise the many Danes who have or plan to buy property in the Côte d'Azur area.

The same lending concept is being used for the South of Spain where Nykredit will be opening offices in Marbella in the near future.

Outlook for 2004

Group results before tax were influenced in particular by increased investment portfolio income and lower write-offs. As a consequence of uncertainty related to investment portfolio income and write-offs, the expectations for results for the year before tax of DKK 2,350-2,650m are maintained.

Events occurred after Q1/2004

On 1 April 2004 Totalkredit A/S realised a capital increase of DKK 1bn equal to a nominal DKK 65,739,700 at a price of 1,521.15 per share of a nominal DKK 100. The nominal share capital subsequently amounted to DKK 535,780,100.

The entire capital increase was subscribed for by Nykredit Realkredit A/S which consequently holds 57.71% of the shares in Totalkredit A/S compared with the previous 51.8%.

Financial calendar 2004

18 August

Interim Report of Nykredit Realkredit A/S, Totalkredit A/S and Nykredit Bank A/S.

18 November

Quarterly Report for Q1-Q3 of Nykredit Realkredit A/S, Totalkredit A/S and Nykredit Bank A/S.

DKKm	Q1 2004	Q4 2003	Q3 2003	Q2 2003	Q1 2003	2003
CORE EARNINGS AND NET PROFIT FOR THE PERIOD						
Core income from:						
Lending	1,191	1,104	923	1,045	1,046	4,118
Securities	178	185	182	212	219	798
Total	1,369	1,289	1,105	1,257	1,265	4,916
Operating costs, depreciation and amortisation	690	782	604	662	618	2,666
Goodwill relating to Totalkredit	48	28	-	-	-	28
Core earnings before write-offs	631	479	501	595	647	2,222
Write-offs and provisions for bad and doubtful debts	7	106	1	78	(1)	184
Profit/loss from insurance activities before tax	38	47	26	33	(5)	101
Core earnings after write-offs and insurance operations	662	420	526	550	643	2,139
Investment portfolio income	504	815	228	1,008	231	2,282
Profit on ordinary activities before tax	1,166	1,235	754	1,558	874	4,421
Tax	333	230	186	479	251	1,146
Minority interests	0	0	0	0	0	0
Net profit for the period	833	1,005	568	1,079	623	3,275
SUMMARY BALANCE SHEET, END OF PERIOD						
Mortgage loans:						
- Nykredit Realkredit	429,244	424,619	423,927	421,045	418,134	424,619
- Totalkredit	170,645	162,045	0	0	0	162,045
Total	599,889	586,664	423,927	421,045	418,134	586,664
Loans and advances – Nykredit Bank	23,432	22,276	24,036	23,168	21,820	22,276
Bonds and shares	75,799	142,381	72,705	73,926	75,527	142,381
Deposits – Nykredit Bank	16,493	14,139	19,457	15,910	12,672	14,139
Issued bonds	636,599	698,067	454,155	460,133	467,649	698,067
Capital and reserves	39,918	39,061	36,874	36,299	35,225	39,061
Total assets	776,925	829,044	580,950	587,879	589,533	829,044
KEY RATIOS						
Profit for the period as a percentage of average capital and reserves	2.1	2.6	1.6	3.0	1.8	8.9
Core earnings before write-offs as a percentage of average capital and reserves	1.5	1.3	1.4	1.7	1.9	6.0
Core earnings after write-offs as a percentage of average capital and reserves	1.6	1.1	1.4	1.5	1.8	5.8
Costs as a percentage of core income	53.9	62.8	54.7	52.7	48.9	54.8
Total provisions	2,136	2,139	2,064	2,074	2,018	2,139
Write-offs and provisions as a percentage for the period	0.0	0.0	0.0	0.0	0.0	0.0
Capital adequacy ratio	10.4	10.5	10.9	10.9	10.7	10.5
Core capital ratio	10.0	10.1	11.2	11.2	10.9	10.1
Average number of full-time staff:						
- Nykredit Realkredit and consolidated subsidiaries	2,814	2,808	2,738	2,693	2,659	2,808
- Insurance (non-consolidated)	394	400	399	399	398	400

The accounting policies are unchanged. The Quarterly Accounts have not been audited.