



To the Copenhagen Stock Exchange
and the press

11 May 2006

Q1 Interim Report
The Nykredit Realkredit Group
(1 January 2006 – 31 March 2006)

Q1 – IN BRIEF

- Profit before tax of DKK 735m
- Profit after tax incl adjustment of strategic equities against equity came to DKK 1,445m
- Core earnings amounted to DKK 617m and investment portfolio income DKK 118m
- The Group's gross mortgage lending totalled DKK 43bn
- Market share of 38.9% of total Danish gross mortgage lending
- Nominal mortgage lending up DKK 15bn to DKK 710bn
- Bank lending increased by over DKK 2bn to DKK 22bn
- Group equity came to DKK 50.1bn
- Group capital adequacy incl profit for the period, etc stood at 12.6%.

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From today the Q1 Interim Report of the Nykredit Realkredit Group can be downloaded as a pdf file from Nykredit's website www.nykredit.com.

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DKK million	Q1/2006	Q1/2005	FY2005
CORE EARNINGS AND PROFIT FOR THE PERIOD			
Core income from:			
- Business operations	1,366	1,368	5,826
- Securities	223	171	825
Total	1,589	1,539	6,651
Operating costs, depreciation and amortisation	1,009	857	3,758
Core earnings before losses	580	682	2,893
Provisions for loan impairment	(37)	24	(245)
Core earnings after losses	617	658	3,138
Investment portfolio income	118	504	1,203
Profit before tax for the period	735	1,162	4,341
Tax	194	367	1,161
Profit for the period	541	795	3,180
Profit for the period excludes value adjustment of strategic equities against equity	904	148	1,271
SUMMARY BALANCE SHEET, END OF PERIOD			
	31.03.2006	31.03.2005	31.12.2005
Assets			
Mortgage loans	701,399	649,312	699,116
Bank loans – excl reverse transactions	21,950	18,495	19,870
Bonds and equities	58,425	44,569	79,788
Other assets	69,847	95,464	91,240
Total assets	851,621	807,840	890,014
Liabilities and equity			
Deposits	23,992	19,845	21,808
Issued bonds	656,340	657,045	718,041
Hybrid core capital	3,788	3,858	3,940
Supplementary capital	6,107	2,378	6,104
Other liabilities	111,263	79,506	91,429
Equity	50,131	45,208	48,692
Total liabilities and equity	851,621	807,840	890,014
KEY RATIOS			
	31.03.2006	31.03.2005	31.12.2005
Profit for the period as a % of average equity (pa)	4.4	7.1	6.8
Core earnings before losses as a % of average equity (pa)	4.7	6.1	6.2
Core earnings after losses as a % of average equity (pa)	5.0	5.9	6.8
Costs as a % of core income	63.5	55.7	56.5
Total impairment provisions	739	1,165	798
Impairment provisions for the period, %	0.0	0.0	0.0
Capital adequacy ratio, %	12.3	11.2	12.4
Core capital ratio, %	11.2	10.8	11.3
Average number of full-time staff	3,385	3,266	3,287

Q1 Interim Report 2006

For Q1/2006 the Nykredit Realkredit Group recorded a profit before tax of DKK 735m compared with DKK 1,162m in the same period the year before.

Profit after tax was DKK 541m against DKK 795m in Q1/2005. Including the value adjustment of strategic equities against equity, profit after tax came to DKK 1,445m against DKK 943m in Q1/2005.

Core earnings

Group core earnings after losses were DKK 617m compared with DKK 658m in the same period the year before.

Group core income from business operations totalled DKK 1,366m corresponding to the level in 2005.

Gross lending came to DKK 43bn in Q1/2006 compared with DKK 88bn in Q1/2005. The change in the level of mortgage lending activity should be seen in conjunction with the high lending activity in 2005, resulting partly from low interest rates and the introduction of loans with interest rate caps.

In terms of gross lending, the Nykredit Group held a market share of 38.9% in the first three months of 2006.

Measured by earnings, the declining mortgage lending activity is counterbalanced by increasing insurance and banking activities.

Core income from insurance operations included in total core income from business operations was DKK 62m in Q1/2006 compared with a negative DKK 9m in the same period the year before.

Core income from banking operations came to DKK 288m in Q1/2006 against DKK 271m in Q1/2005.

Core income from securities was DKK 223m against DKK 171m in the same period the year before.

Operating costs, depreciation and amortisation amounted to DKK 1,009m against DKK 857m in Q1/2005. The increase stems from higher IT and staff costs.

The rise in IT costs is a consequence of investments within the areas of Commercial Customers, Markets &

Asset Management and Treasury, including the integration of Nykredit and Totalkredit systems. As expected, the increase in staff costs derives from growth in the number of staff with customer-oriented activities within the Commercial Customers and Markets & Asset Management areas.

Group provisions for loan impairment posted an income of DKK 37m, partly resulting from a reversal of provisions within mortgage banking.

Investment portfolio income

Nykredit recorded investment portfolio income of DKK 118m for Q1/2006 against DKK 504m for Q1/2005. To this, investment portfolio income of DKK 945m should be added relating to strategic equities which are adjusted against equity in the consolidated financial statements.

At 31 March 2006 Group Value-at-Risk stood at DKK 96m in terms of a 99% confidence interval over one day.

The Group's interest rate exposure was DKK 555m based on a general interest rate change of 1 percentage point. DKK 107m will be deducted from this amount if the acquisition of Totalkredit is completed. The equities exposure in case of a general price decline of 10% was DKK 795m.

Subsidiaries

Totalkredit recorded a profit before tax of DKK 153m in Q1/2006 against DKK 180m in the same period the year before. For further information, please refer to Totalkredit's Q1 Interim Report 2006.

For Q1/2006 the Nykredit Bank Group realised a profit before tax of DKK 162m compared with DKK 158m in the same period the year before. For further information, please refer to the Q1 Interim Report 2006 of the Nykredit Bank Group.

Nykredit Forsikring (insurance company) recorded a profit before tax of DKK 54m for Q1/2006 against a loss of DKK 16m for the same period in 2005 – a loss primarily attributable to the storm in January 2005.

BUSINESS AREAS

Nykredit is a broad-based financial services provider organised into three intercompany business areas: Retail Customers, Commercial Customers and Markets & Asset Management.

Retail Customers comprises Nykredit's own distribution and Totalkredit mortgage lending arranged by Danish local and regional banks. In Q1 Retail Customers realised core earnings before losses of DKK 270m. Results include amortisation of DKK 99m relating to intangible assets derived from the acquisition of Totalkredit.

Within mortgage banking, gross lending to retail customers amounted to DKK 33.8bn compared with DKK 61.3bn in the same period the year before.

Commercial Customers comprises business activities aimed at commercial and agricultural customers, etc. Commercial Customers realised core earnings before losses of DKK 328m in Q1/2006. Within mortgage banking, gross lending to commercial customers amounted to DKK 8.5bn compared with DKK 26.4bn in the same period the year before. In the banking area, lending rose by DKK 2.1bn in Q1/2006 to DKK 16.8bn.

Markets & Asset Management realised core earnings of DKK 62m in Q1/2006. Core income amounted to DKK 152m, which reflects a positive development in the trading, debt capital markets and asset management activities of this business area. Costs increased to DKK 90m, reflecting the effect of a shift in the strategic focus towards selling Markets products to commercial and corporate customers.

Group items include income and costs not directly attributable to the business areas.

Q1 results by business area

DKKm	Retail Customers		Commercial Customers		Markets & Asset Management		Group items and eliminations		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Core income from business operations	708	740	472	458	152	149	34	21	1,366	1,368
Core income from securities	-	-	-	-	-	-	223	171	223	171
Direct operating costs	339	331	144	132	90	68	312	205	885	736
Depreciation on property, plant and equipment and amortisation of intangible assets	99	102	-	-	-	-	25	19	124	121
Core earnings before losses	270	307	328	326	62	81	(80)	(32)	580	682
Provisions for loan impairment	(19)	19	(18)	5	-	-	-	-	(37)	24
Core earnings after losses	289	288	346	321	62	81	(80)	(32)	617	658
Investment portfolio income	-	-	-	-	-	-	118	504	118	504
Profit before tax	289	288	346	321	62	81	38	472	735	1,162
Return										
Avg business capital, DKKm ¹	15,894	14,212	16,064	15,717	690	635	-	-	35,028	32,772
Core earnings after losses as a % of avg business capital (pa)	7.4	8.2	8.7	8.3	36.4	51.8	-	-	7.1	8.0
1) Statutory capital requirement										

GROUP BALANCE SHEET, EQUITY AND CAPITAL ADEQUACY

At end-Q1/2006 the Group's balance sheet totalled DKK 852bn against DKK 890bn at the beginning of the year.

Group mortgage lending measured at fair value increased by over DKK 2bn to DKK 701bn. Measured at nominal value, mortgage lending rose by DKK 15bn to DKK 710bn at the end of the quarter.

Bank lending amounted to DKK 22bn at end-Q1/2006 equal to a rise of over DKK 2bn relative to the beginning of the year.

Group equity including profit for the period was DKK 50,131m against DKK 48,692m at the beginning of the year.

In accordance with IAS 39, Nykredit has classified the Group's strategic equity investments as "available-for-sale" in its consolidated financial statements. The strategic equity investments comprise shares in Jyske Bank A/S, Sydbank A/S, Spar Nord Bank A/S, Amagerbanken A/S, Jeudan A/S, DADES A/S and Værdipapir-

centralen A/S. Equities available-for-sale are value-adjusted at fair value directly against equity up to a potential divestment. In case of a divestment, the accumulative value adjustment will be included in the operating results. The value adjustment against equity in the consolidated financial statements was DKK 904m after tax in Q1/2006. The total value of equities classified as available-for-sale amounted to DKK 5,005m at end-Q1/2006.

At end-Q1/2006 the Group's capital base stood at DKK 53,405m excluding profit for the period and value adjustment of equities against equity. Including profit for the period, etc the capital base was DKK 54,850m against DKK 53,707m at the beginning of the year.

OUTLOOK FOR 2006

In Q1/2006, the Nykredit Group's core earnings were lower than expected in the mortgage banking area, but higher in the banking and insurance areas. The development in the overall earnings level is in line with expectations.

Against this backdrop, the Nykredit Group maintains its forecast of profit before tax of around DKK 3,000-3,300m.

The Nykredit Realkredit Group Development in equity

DKKm	31 March 2006	31 March 2005	31 December 2005
Equity, beginning of period	48,692	44,265	44,235
Profit for the period	541	795	3,180
Fair value adjustment of equities - available-for-sale	904	148	1,271
Other adjustments	(6)	-	6
Equity	50,131	45,208	48,692

The Nykredit Realkredit Group Capital base (excl profit for the period)

DKKm	31 March 2006	31 March 2005	31 December 2005
Core capital	48,587	44,586	48,674
Capital base	53,405	46,201	53,707
Weighted assets	435,186	411,333	432,212
Capital requirement	34,815	32,907	34,577
Capital adequacy stated on the basis of			
- Capital base, %	12.3	11.2	12.4
- Core capital, %	11.2	10.8	11.3

OTHER**New Group Chief Executive as at 1 October 2006**

In February, the Board of Directors of the Nykredit Realkredit Group appointed Peter Engberg Jensen, Group Managing Director, to succeed Mogens Munk Rasmussen as Group Chief Executive when he retires by the end of September this year.

Peter Engberg Jensen will become Chief Executive of Nykredit Realkredit A/S, Nykredit Holding A/S and Foreningen Nykredit. Peter Engberg Jensen has since 1997 served as Group Managing Director and has been a member of the Nykredit Group Executive Board with responsibility for human resources, finance and treasury.

At 1 March 2006 Søren Holm was appointed to succeed Peter Engberg Jensen as Group Managing Director.

New member of the Board of Directors

On 28 March 2006 Steffen Kragh, CEO of Egmont, was elected for the boards of directors of Nykredit Realkredit A/S, Nykredit Holding A/S and Foreningen Nykredit.

Industriens Realkreditfond

In 2005 Industriens Realkreditfond (the Industrial Mortgage Fund of Denmark) commenced legal proceedings against Nykredit. The status of the proceedings is unchanged relative to the mention in the Annual Report for 2005.

Expectations are that the case will be decided within one or two years. Nykredit expects the Danish courts to find for Nykredit.

Tax case

The Danish National Tax Tribunal found for Nykredit Realkredit in a tax case concerning tax on profits from the disposal of shares held for trading purposes, cf the mention in the Annual Report for 2005. The Danish tax authorities have appealed against the decision to the Danish High Court. If every aspect of the case goes against Nykredit Realkredit, an additional expense of DKK 393m relative to the tax charge can be expected. Nykredit expects the Danish courts to find for Nykredit.

EVENTS OCCURRED AFTER THE CLOSING OF THE FINANCIAL PERIOD

In April, Totalkredit prepaid subordinate loan capital totalling EUR 150m. Totalkredit raised the loan in May 2001.

The prepayment followed the usual market practice as the loan was prepaid three years before the date of maturity. The reason is that the loan interest rate will be

raised three years before the date of maturity and the capital base subsequently reduced gradually.

Apart from this, no material events have occurred in the period up to the presentation of the Q1 Interim Report.

ACCOUNTING POLICIES

The Q1 Interim Report 2006 has been presented in accordance with the principles of recognition and measurement of the International Financial Reporting Standards (IFRS) and the Executive Order on the presentation of financial reports of credit institutions and investment companies, etc issued by the Danish Financial Supervisory Authority.

The methods of recognition and measurement applied are unchanged compared with the Annual Report for 2005. A description of the Group's and the Parent Company's accounting policies can be found in the Annual Report for 2005 available at www.nykredit.com.

The Q1 Interim Report has not been audited.

DKK million	Q1/ 2006	Q4/ 2005	Q3/ 2005	Q2/ 2005	Q1/ 2005
CORE EARNINGS AND PROFIT FOR THE PERIOD					
Core income from:					
Business operations	1,366	1,534	1,475	1,449	1,368
Securities	223	220	213	221	171
Total	1,589	1,754	1,688	1,670	1,539
Operating costs, depreciation and amortisation	1,009	1,103	870	928	857
Core earnings before losses	580	651	818	742	682
Provisions for loan impairment	(37)	(42)	(129)	(98)	24
Core earnings after losses	617	693	947	840	658
Investment portfolio income	118	50	337	312	504
Profit before tax for the period	735	743	1,284	1,152	1,162
Tax	194	182	323	289	367
Profit for the period	541	561	961	863	795
Profit for the period excludes value adjustment of strategic equities against equity	904	111	328	630	148
SUMMARY BALANCE SHEET, END OF PERIOD					
Assets					
Mortgage loans	701,399	699,116	690,601	674,342	649,312
Bank loans – excl reverse transactions	21,950	19,870	18,028	18,354	18,495
Bonds and equities	58,425	79,788	55,060	56,916	44,569
Other assets	69,847	91,240	91,564	102,863	95,464
Total assets	851,621	890,014	855,253	852,475	807,840
Liabilities and equity					
Deposits	23,992	21,808	24,984	21,813	19,845
Issued bonds	656,340	718,041	686,275	679,338	657,045
Hybrid core capital	3,788	3,940	4,007	4,007	3,858
Supplementary capital	6,107	6,104	6,065	2,378	2,378
Other liabilities	111,263	91,429	85,916	98,221	79,506
Equity	50,131	48,692	48,006	46,718	45,208
Total liabilities and equity	851,621	890,014	855,253	852,475	807,840
KEY FIGURES					
Profit for the period as a % of average equity (pa)	4.4	4.6	8.1	7.5	7.1
Core earnings before losses as a % of average equity (pa)	4.7	5.4	6.9	6.5	6.1
Core earnings after losses as a % of average equity (pa)	5.0	5.7	8.0	7.3	5.9
Costs as a % of core income	63.5	62.2	51.5	55.6	55.7
Total impairment provisions	739	798	900	1,061	1,165
Impairment provisions for the period, %	0.0	0.0	0.0	0.0	0.0
Capital adequacy ratio, %	12.3	12.4	11.7	11.0	11.2
Core capital ratio, %	11.2	11.3	10.4	10.6	10.8
Average number of full-time staff	3,385	3,287	3,264	3,227	3,266

Income statements

DKK MILLION

NYKREDIT REALKREDIT A/S			THE NYKREDIT REALKREDIT GROUP	
2005 Q1	2006 Q1		2006 Q1	2005 Q1
5,935	5,542	Interest income	8,082	8,862
5,111	4,765	Interest expense	6,798	7,468
824	777	NET INTEREST INCOME	1,284	1,394
41	126	Dividend on equities	128	43
258	216	Fee and commission income	357	459
39	52	Fee and commission expense	269	289
1,084	1,067	NET INTEREST AND FEE INCOME	1,500	1,607
-	-	Premium income, net of reinsurance	292	261
549	939	Value adjustments	98	396
1	1	Other operating income	42	42
-	-	Claims incurred, net of reinsurance	223	255
502	624	Staff and administrative expenses	885	736
84	86	Depreciation on property, plant and equipment and amortisation of intangible assets	124	121
-	-	Other operating expenses	-	-
20	(31)	Provisions for loan impairment	(37)	24
285	353	Profit/loss from investments in associates and group enterprises	(2)	(8)
1,313	1,681	PROFIT BEFORE TAX	735	1,162
370	236	Tax	194	367
943	1,445	PROFIT FOR THE PERIOD	541	795

Balance sheets

DKK MILLION

NYKREDIT REALKREDIT A/S			THE NYKREDIT REALKREDIT GROUP	
2005 31.12.	2006 31.03.		2006 31.03.	2005 31.12.
		ASSETS		
21	3,085	Cash balance and demand deposits with central banks	3,148	47
54,008	29,885	Receivables from credit institutions and central banks	43,164	67,559
440,023	435,091	Loans, advances and other receivables at fair value	706,541	705,999
63,453	72,754	Funding of Totalkredit mortgage loans	-	-
1,031	1,013	Loans, advances and other receivables at amortised cost	23,778	21,583
57,875	27,292	Bonds at fair value	49,167	71,639
		Equities		
7,601	8,721	Fair value option	4,253	4,089
-	-	Available-for-sale	5,005	4,060
7,601	8,721	Total	9,258	8,149
80	112	Investments in associates	187	155
9,790	10,043	Investments in group enterprises	-	-
3,163	3,096	Intangible assets	3,598	3,680
		Land and buildings		
-	-	Investment properties	246	246
315	313	Domicile properties	1,331	1,326
315	313	Total	1,577	1,572
134	131	Other property, plant and equipment	183	187
181	249	Current tax assets	255	213
151	161	Deferred tax assets	181	171
22	33	Assets temporarily acquired	33	22
4,503	5,079	Other assets	10,387	8,925
105	143	Prepayments	164	113
642,456	597,201	TOTAL ASSETS	851,621	890,014

Balance sheets

DKK MILLION

NYKREDIT REALKREDIT A/S			THE NYKREDIT REALKREDIT GROUP	
2005 31.12.	2006 31.03.		2006 31.03.	2005 31.12.
		LIABILITIES AND EQUITY		
27,859	34,125	Payables to credit institutions and central banks	74,281	55,322
-	-	Deposits and other payables	23,992	21,808
539,934	490,180	Issued bonds at fair value	656,340	718,041
-	-	Issued bonds at amortised cost	1,741	654
3,978	6,966	Other non-derivative financial liabilities at fair value	15,790	9,235
-	-	Current tax liabilities	17	8
14,142	8,059	Other liabilities	15,638	22,634
-	-	Deferred income	16	9
		Provisions		
187	194	Provisions for pensions and similar obligations	200	193
815	860	Provisions for deferred tax	1,046	1,008
-	-	Insurance liabilities	1,798	1,616
206	196	Repayable reserves funded by pre-1972 series	196	206
534	534	Other provisions	541	544
1,742	1,784	Total	3,781	3,567
7,662	7,510	Subordinate loan capital	9,894	10,044
		Equity		
1,182	1,182	Share capital	1,182	1,182
		Accumulated changes in value		
82	81	- Revaluation reserves	115	115
6	(1)	- Accumulated foreign currency translation adjustment of foreign entities	(1)	6
-	-	- Value adjustment of equities available for sale	904	1,217
		Other reserves		
1,004	1,005	- Reserve for net revaluation according to the equity method	7	6
22,597	22,597	- Reserves in series	22,597	22,597
3,632	3,632	- Other reserves	3,632	3,632
18,636	20,081	Retained earnings	20,142	18,384
-	-	Minority interests	1,553	1,553
47,139	48,577	Total equity	50,131	48,692
642,456	597,201	TOTAL LIABILITIES AND EQUITY	851,621	890,014
		Off-balance sheet items		
-	-	Guarantees	3,902	4,263
1,426	1,531	Other contingent liabilities	4,367	4,077
1,426	1,531	Total	8,269	8,340