

To NASDAQ OMX Copenhagen A/S  
and the press

19 May 2010

## Q1 INTERIM REPORT – THE NYKREDIT REALKREDIT GROUP 1 JANUARY 2010 – 31 MARCH 2010

### RESULTS

- The Group, excluding Nykredit Forsikring, recorded a profit before tax of DKK 1,131m against DKK 716m in Q1/2009
- Growth in customer-oriented business
  - Core income from customer-oriented business improved by 19.5% to DKK 2,347m relative to Q1/2009
  - In Q1/2010 mortgage lending in nominal terms and bank lending grew by almost DKK 12bn to DKK 1,058bn
- Operating costs, depreciation and amortisation excluding special value adjustments were unchanged at DKK 1,351m
  - Costs as a percentage of core income from business operations declined from 69.2% in Q1/2009 to 58.1% in Q1/2010
  - Special value adjustments came to DKK 142m, of which commission under the government guarantee scheme was DKK 124m
- Impairment losses on loans and advances were DKK 596m in Q1/2010
  - Impairment losses on mortgage lending amounted to DKK 318m, equal to 0.03% of lending
  - Impairment losses on bank lending came to DKK 278m, equal to 0.28% of lending
  - Provisions under the government guarantee scheme were DKK 103m
- Core income from securities amounted to DKK 109m compared with DKK 331m in Q1/2009
  - Money market rates averaged 1.07% against 2.93% in Q1/2009
- Investment portfolio income rose to DKK 958m from DKK 611m in Q1/2009
- Cost of capital in the form of net interest on hybrid core capital amounted to DKK 115m.

### CAPITAL STRUCTURE

- Core capital and capital adequacy ratios were 17.3% and 18.4%, respectively, at end-Q1/2010
- The individual capital need stood at 9.8%
- The Group's equity amounted to DKK 52.1bn.

### 2010 – OUTLOOK

In Q1/2010 Nykredit's earnings and business volumes exceeded expectations. As we will continue our keen focus on cost containment, we expect core earnings before impairment losses of about DKK 3,500m-4,000m for the full year 2010 following the sale of Nykredit Forsikring. Profit before tax will depend on impairment losses on loans and advances as well as financial market trends in general. Profit before tax for the full year is forecast to be in the region of DKK 1.0bn-2.0bn excluding profit from the sale of Nykredit Forsikring of about DKK 1.5bn. At the beginning of 2010, our forecast of profit before tax was DKK 0bn-1.5bn.

Peter Engberg Jensen, Group Chief Executive:

Nykredit has got off to a good start in 2010. Total lending has increased by DKK 12bn. Other activities have also been on the rise, leading to a total increase in core income from customer-oriented business of almost 20%. This is satisfactory not least because costs have remained unchanged and the implementation of the strategy we adopted last year is well underway, both as regards the merger of Forstædernes Bank and Nykredit Bank and the sale of Nykredit Forsikring to Gjensidige.

Total impairment losses on bank and mortgage lending have declined slightly – albeit with an upward trend in the mortgage area.

The positive development will make for a profit before tax of DKK 1.0bn-2.0bn, excluding profit from the sale of Nykredit Forsikring, compared with our forecast of DKK 0bn-1.5bn at the beginning of 2010.

### Contacts

*Peter Engberg Jensen, Group Chief Executive, or Nels Petersen, Head of Corporate Communications*  
Tel +45 44 55 14 70 or +45 20 22 22 72

Nykredit Realkredit A/S  
Kalvebod Brygge 1-3  
DK-1780 Copenhagen V  
Tel +45 44 55 10 00

CVR no 12 71 92 80

# Financial highlights

	The Nykredit Realkredit Group		
DKK million	Q1/2010	Q1/2009	FY 2009
<b>CORE EARNINGS AND RESULTS FOR THE PERIOD</b>			
<b>Core income from</b>			
- Business operations	2,347	1,964	8,640
- Junior covered bonds	(20)	(10)	(67)
- Kalvebod issues <sup>1</sup>	44	30	139
Securities	109	331	829
<b>Total</b>	<b>2,480</b>	<b>2,315</b>	<b>9,541</b>
Operating costs, depreciation and amortisation, excl special value adjustments	1,351	1,352	5,395
Operating costs, depreciation and amortisation – special value adjustments <sup>2</sup>	18	62	396
Commission – the government guarantee scheme	124	122	500
<b>Core earnings before impairment losses</b>	<b>987</b>	<b>779</b>	<b>3,250</b>
Impairment losses on loans and advances – mortgage lending	318	182	1,755
Impairment losses on loans and advances – banking	278	454	5,847
Impairment losses on loans and advances – the government guarantee scheme	103	32	318
<b>Core earnings after impairment losses</b>	<b>288</b>	<b>111</b>	<b>(4,670)</b>
Investment portfolio income	958	611	4,620
<b>Profit (loss) before cost of capital</b>	<b>1,246</b>	<b>722</b>	<b>(50)</b>
Net interest on hybrid core capital	(115)	(6)	(95)
<b>Profit (loss) from continuing business operations</b>	<b>1,131</b>	<b>716</b>	<b>(145)</b>
Tax	331	191	(29)
Profit (loss) from discontinuing insurance operations	(58)	51	245
<b>Profit for the period</b>	<b>742</b>	<b>574</b>	<b>129</b>
Profit for the period excludes value adjustment of strategic equities against equity totalling	103	(6)	751
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>			
	31.03.2010	31.03.2009	31.12.2009
<b>Assets</b>			
Receivables from credit institutions and central banks	51,639	52,688	62,909
Mortgage loans at fair value	1,001,492	921,397	981,227
Bank loans – excluding reverse transactions	59,859	67,937	60,908
Bonds and equities	94,442	97,960	86,620
Other assets	67,691	78,984	55,521
<b>Total assets</b>	<b>1,275,123</b>	<b>1,218,966</b>	<b>1,247,185</b>
<b>Liabilities and equity</b>			
Payables to credit institutions and central banks	148,457	152,961	119,313
Deposits and other payables	59,450	59,231	64,483
Issued bonds at fair value	882,997	834,419	889,899
Subordinate loan capital – hybrid core capital	11,076	4,233	10,805
Subordinate loan capital – supplementary capital	4,572	4,873	4,568
Other liabilities	116,486	112,319	106,876
Equity	52,085	50,930	51,241
<b>Total liabilities and equity</b>	<b>1,275,123</b>	<b>1,218,966</b>	<b>1,247,185</b>
<b>FINANCIAL HIGHLIGHTS</b>			
Profit for the period as % of average equity pa	5.7	4.5	0.3
Core earnings before impairment losses as % of average equity pa	7.6	6.1	6.4
Core earnings after impairment losses as % of average equity pa	2.2	0.9	(9.2)
Costs as % of core income from business operations	58.1	69.2	62.9
Provisions for loan impairment – mortgage lending	2,130	599	1,942
Provisions for loan impairment and guarantees – banking	8,800	3,365	8,422
Impairment losses for the period, % – mortgage lending	0.03	0.02	0.18
Impairment losses for the period, % – banking <sup>3</sup>	0.28	0.78	6.07
Capital adequacy ratio, %	18.4	15.8	17.8
Core capital ratio, %	17.3	14.6	16.7
Average number of full-time staff	4,051	4,174	4,135
<sup>1</sup> Including value adjustment of the portfolio of subordinate loan capital in Danish banks.			
<sup>2</sup> Special value adjustments include value adjustment of certain staff benefits and owner-occupied properties as well as costs of winding up Dansk Pantebrevsbørs in bankruptcy.			
<sup>3</sup> Excluding the government guarantee scheme.			

# Q1 Interim Report 2010

## NYKREDIT REALKREDIT GROUP RESULTS

The Group, excluding Nykredit Forsikring, recorded a profit before tax of DKK 1,131m against DKK 716m in Q1/2009.

Profit before tax reflects growth in core income from customer-oriented business, lower core income from securities due to the continuing decline in short-term interest rates, a more normalised loan impairment level and high investment portfolio income.

The Group's impairment losses on loans and advances amounted to DKK 596m in Q1/2010, and provisions under the government guarantee scheme came to DKK 103m. Impairment losses on retail and commercial lending came to DKK 97m and DKK 499m, respectively.

More than DKK 62m of impairment losses on commercial lending mainly derived from mortgage lending to agricultural customers. Of this amount DKK 30m represents collective impairment provisions.

In March Nykredit entered into an agreement with Gjensidige Forsikring concerning a sale of the shares in Nykredit Forsikring A/S. The transfer was completed at end-April 2010. In the interim report, results after tax for the insurance business are presented as the results of discontinuing operations. Comparative figures have been restated.

The Group recorded a loss before tax of DKK 58m on the discontinuing insurance operations against a profit of DKK 51m in Q1/2009.

Profit after tax inclusive of Nykredit Forsikring was DKK 742m against DKK 574m for the same period in 2009.

Strategic equities, chiefly in banks, which are value adjusted against equity, generated a capital gain of DKK 103m against a capital loss of DKK 6m in Q1/2009.

### Core earnings

#### Core income from business operations

The Group's core income from customer-oriented business improved to DKK 2,347m from DKK 1,964m in the same period the year before – up DKK 383m or 19.5%.

Core income from mortgage operations grew by DKK 247m to DKK 1,344m. Gross new lending amounted to DKK 51bn in Q1/2010 against DKK 46bn in the same period the year before. In nominal terms, group mortgage lending went up by DKK 13bn to DKK 998bn at end-Q1/2010.

Core income from banking operations rose by 12.8% or DKK 113m to DKK 997m in Q1/2010.

Nykredit Markets & Asset Management recorded an upturn in core income from customer-oriented business of 8.7% to DKK 418m.

Other banking operations, excluding Kalvebod issues, improved by 14.1% to DKK 535m in Q1/2010.

The Group's bank lending totalled DKK 59.9bn against DKK 60.9bn at the beginning of the year. Deposits decreased by DKK 5.0bn to DKK 59.5bn in the same period.

#### Junior covered bonds

The Group has issued DKK 15.4bn of junior covered bonds for supplementary collateral in respect of covered bonds. Net interest expenses relating to junior covered bonds came to DKK 20m against DKK 10m in Q1/2009.

#### Core income from Kalvebod issues

Group income from the portfolio of Kalvebod issues in the form of subordinate loan capital in Danish banks amounted to DKK 44m against DKK 30m in Q1/2009.

#### Core income from securities

Core income from securities declined to DKK 109m from DKK 331m in Q1/2009. This was mainly due to lower average money market rates of 1.07% against 2.93% in the same period the year before.

Core income from securities equals the return which the Group could have obtained by placing its investment portfolios at risk-free interest rates. In addition, core income from securities includes net interest expenses relating to supplementary capital and the acquisition of Totalkredit – determined in relation to risk-free interest rates.

#### Operating costs, depreciation and amortisation, excl special value adjustments

Group operating costs, depreciation and amortisation, excluding special value adjustments and commission under the government guarantee scheme, were unchanged at DKK 1,351m. Costs as a percentage of core income from business operations were trimmed to DKK 58.1% from 69.2% in Q1/2009.

#### Operating costs, depreciation and amortisation – special value adjustments

Special value adjustments, which comprise net value adjustment of assets and liabilities relating to Nykredit's pension schemes (run-off), certain staff schemes and value adjustment of owner-occupied properties, came to DKK 18m against DKK 62m in Q1/2009.

#### Impairment losses on loans and advances

The Group's impairment losses on loans and advances decreased to DKK 596m from DKK 636m in Q1/2009. Further, provisions under the government guarantee scheme amounted to DKK 103m compared with DKK 32m in the same period the year before.

The Group's recognised losses on mortgage and bank lending rose to DKK 177m and DKK 4m, respectively, in Q1/2010 against a total recognised loss of DKK 52m in Q1/2009.

Group impairment losses on mortgage lending amounted to DKK 316m, corresponding to 0.03% of lending. Retail customers accounted for DKK 22m of impairment losses and commercial customers DKK 294m.

Group impairment losses on bank lending came to DKK 278m, equal to 0.28% of lending. Retail customers represented DKK 75m of impairment losses and commercial customers DKK 203m.

Impairment losses in Nykredit Mægler (estate agency business) amounted to DKK 2m.

### Investment portfolio income

Group investment portfolio income improved to DKK 958m from DKK 611m in Q1/2009. Further, value adjustment of strategic equities against equity came to DKK 103m after tax compared with negative value adjustment of DKK 6m in Q1/2009.

Investment portfolio income was positively affected by declining interest rates and tighter

spreads between mortgage and corporate bonds on the one hand and government bonds on the other.

Investment portfolio income is the excess income obtained from investing in equities, bonds and derivative financial instruments in addition to the risk-free interest. Price spreads and interest margins relating to the mortgage lending of Nykredit Realkredit and Totalkredit as well as the trading activities of Nykredit Markets have been included not as investment portfolio income, but as core income from business operations.

Nykredit's securities portfolio consists mainly of Danish and European mortgage bonds.

The interest rate risk of the portfolio has been widely reduced by offsetting sales of government bonds or through interest rate derivatives.

Investment portfolio income from bonds, liquidity and interest rate instruments stood at DKK 917m.

The Nykredit Group has invested DKK 5,093m in equities, of which strategic equities value adjusted against equity account for DKK 3,142m. In Q1/2010, investment portfolio income from equities and equity instruments value adjusted through profit or loss amounted to DKK 41m.

#### **Net interest on hybrid core capital**

The Group raised hybrid core capital totalling DKK 11,076m against DKK 4,233m at end-Q1/2009. The results were affected by net interest expenses of DKK 115m against DKK 6m in Q1/2009.

#### **Tax**

Tax on profit for the period is estimated at DKK 331m exclusive of Nykredit Forsikring A/S.

#### **Financial risk**

At 31 March 2010, group Value-at-Risk stood at DKK 108m in terms of a 99% confidence interval over one day.

The Group's interest rate exposure in the event of a general interest rate change of 1 percentage point was DKK 744m. The equity price exposure in case of a general price decline of 10% was DKK 512m.

#### **Subsidiaries**

##### *Totalkredit*

Totalkredit posted a profit before tax of DKK 388m compared with DKK 270m in the same period the year before. Reference is made to Totalkredit's Q1 Interim Report 2010.

##### *Nykredit Bank*

The Nykredit Bank Group recorded a profit before tax of DKK 160m compared with DKK 165m in Q1/2009. Reference is made to the Nykredit Bank Group's Q1 Interim Report 2010.

##### *Forstædernes Bank*

Forstædernes Bank posted a loss before tax of DKK 85m compared with a loss of DKK 371m in the same period the year before. Results were adversely affected by impairment losses of DKK 128m against DKK 806m in Q1/2009, including loan impairment provisions in the opening balance sheet of DKK 406m following Nykredit's acquisition of the bank.

The company was merged with Nykredit Bank at 1 April 2010. Reference is made to the Nykredit Bank Group's Q1 Interim Report 2010.

##### *Nykredit Forsikring*

Nykredit has entered into an agreement with Gjensidige Forsikring on the sale of the shares in Nykredit Forsikring A/S. The transfer was implemented at end-April 2010.

Nykredit Forsikring recorded a loss before tax of DKK 77m against a profit of DKK 67m in Q1/2009.

#### **OUTLOOK FOR 2010**

Nykredit's earnings and business volumes exceeded expectations in Q1/2010. As we will continue our keen focus on cost containment, we expect core earnings before impairment losses of about DKK 3,500m-4,000m for the full year 2010 after the sale of Nykredit Forsikring.

Profit before tax will depend on impairment losses on loans and advances as well as financial market trends in general.

Profit before tax for the full year is forecast to be in the region of DKK 1.0bn-2.0bn excluding profit from the sale of Nykredit Forsikring of about DKK 1.5bn.

At the beginning of the year, our forecast of profit before tax was DKK 0bn-1.5bn.

**BUSINESS AREAS**

On 1 January 2010, the Nykredit Group was organised into the business areas Retail Customers, Totalkredit, Commercial Customers, Markets & Asset Management, Other Activities and Group Items.

Group core earnings before impairment losses totalled DKK 987m against DKK 779m in Q1/2009.

In nominal terms, mortgage lending rose from DKK 985bn at the beginning of the year to DKK 998bn at end-Q1/2010. The Nykredit Group's gross new lending totalled DKK 51bn against DKK 46bn in Q1/2009.

The Group's market share of gross and net new mortgage lending was 45.1% and 57.5%, respectively, compared with 47.6% and 53.0% in Q1/2009.

Gross new lending for owner-occupied housing amounted to DKK 36.0bn against DKK 32.1bn in the same period the year before.

Gross new lending to Commercial Customers amounted to DKK 15.4bn against DKK 14.3bn in the same period the year before.

Group bank lending was DKK 59.9bn, which was largely unchanged compared with the beginning of 2010. Deposits decreased from DKK 64.5bn to DKK 59.5bn in the same period.

Nykredit Mægler saw 29% turnover growth from 2,278 sold properties in Q1/2009 to 2,944.

**Results by business area <sup>1)</sup>**

DKK million	Retail Customers	Totalkredit	Commercial Customers	Markets & Asset Management	Other Activities	Group Items and eliminations	Total
<b>Q1/2010</b>							
<b>Core income from</b>							
- Business operations	603	364	888	418	46	8	2,327
- Kalvebod issues				44			44
<b>Total</b>	<b>603</b>	<b>364</b>	<b>888</b>	<b>462</b>	<b>46</b>	<b>8</b>	<b>2,371</b>
Core income from securities	-	-	-	-	-	109	109
Operating costs	422	114	289	184	32	130	1,171
Commission under the government guarantee scheme	18	-	54	27	25	-	124
Depreciation of property, plant and equipment and amortisation of intangible assets	2	115	3		33	45	198
<b>Core earnings before impairment losses</b>	<b>161</b>	<b>135</b>	<b>542</b>	<b>251</b>	<b>(44)</b>	<b>(58)</b>	<b>987</b>
Impairment losses on loans and advances	117	(20)	412	8	79	103 <sup>4</sup>	699
<b>Core earnings after impairment losses</b>	<b>44</b>	<b>155</b>	<b>130</b>	<b>243</b>	<b>(123)</b>	<b>(161)</b>	<b>288</b>
Investment portfolio income <sup>2</sup>						958	958
<b>Profit (loss) before cost of capital</b>	<b>44</b>	<b>155</b>	<b>130</b>	<b>243</b>	<b>(123)</b>	<b>797</b>	<b>1,246</b>
Net interest on hybrid core capital						(115)	(115)
<b>Profit (loss) from continuing business operations before tax</b>	<b>44</b>	<b>155</b>	<b>130</b>	<b>243</b>	<b>(123)</b>	<b>682</b>	<b>1,131</b>
<b>Return</b>							
Average business capital, DKKm <sup>3</sup>	4,423	6,852	11,996	2,223	1,328	4,694	31,516
Core earnings after impairment losses as % of average business capital pa	4.0	9.2	4.4	44.3	-	-	3.7
<b>Q1/2009</b>							
<b>Core earnings after impairment losses</b>	<b>39</b>	<b>(45)</b>	<b>210</b>	<b>201</b>	<b>(334)</b>	<b>40</b>	<b>111</b>
<b>Return</b>							
Average business capital, DKKm <sup>3</sup>	4,130	6,799	13,066	2,274	1,023	5,218	32,510
Core earnings after impairment losses as % of average business capital pa	3.8	(2.7)	6.5	35.8	-	-	1.4

<sup>1</sup> Reference is made to note 2 of the Q1/2010 financial statements for complete segment financial statements including comparative figures.

<sup>2</sup> Investment portfolio income includes a profit from investments in associates of DKK 1m in 2010 against a loss of DKK 2m in 2009.

<sup>3</sup> Business capital is determined as required capital base, equal to Pillar I and Pillar II.

<sup>4</sup> Provisions for guarantees relating to the government guarantee scheme.

## Results – Retail Customers

DKK million	Q1/2010	Q1/2009
Core income from business operations	603	551
Operating costs	422	391
Commission under the government guarantee scheme	18	12
Depreciation of property, plant and equipment and amortisation of intangible assets	2	10
<b>Core earnings before impairment losses</b>	<b>161</b>	<b>138</b>
Impairment losses on loans and advances – mortgage lending	42	39
Impairment losses on loans and advances – banking	75	60
<b>Core earnings after impairment losses</b>	<b>44</b>	<b>39</b>

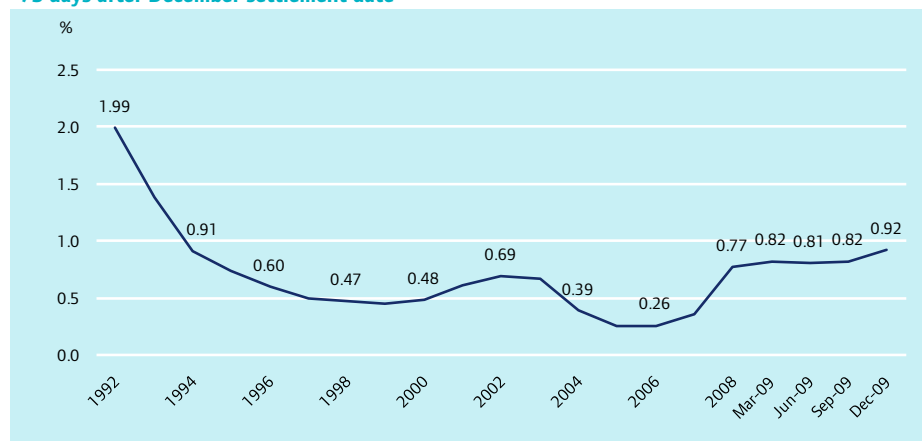
## Business activities

DKK million	2010	2009
<b>Mortgage lending</b>		
Gross new lending, Q1/2010 *	8,121	9,878
Net new lending, Q1/2010 *	1,394	2,507
Portfolio at nominal value, end of period	186,450	185,669
Impairment losses as % of loans and advances	0.02	0.02
<b>Total impairment provisions, end of period</b>		
- Individual impairment provisions	142	151
- Collective impairment provisions	57	56
Total impairment provisions as % of loans and advances	0.11	0.11
Portfolio of properties repossessed, end of period (properties)	123	99
<b>Banking</b>		
Loans and advances, end of period	16,304	16,647
Deposits, end of period	19,458	19,465
Impairment losses as % of loans and advances	0.45	0.42
<b>Total impairment provisions, end of period</b>		
- Individual impairment provisions	413	378
- Collective impairment provisions	49	29
Total impairment provisions as % of loans and advances	2.76	2.39
Guarantees, end of period <sup>1</sup>	8,869	8,801
Provisions for guarantees, end of period <sup>1</sup>	4	4

<sup>1</sup> Excluding the government guarantee scheme.  
\* For Q1/2010 and Q1/2009.  
Other data determined at end-Q1/2010 and end-2009.

## Arrears ratio, mortgage lending

## – 75 days after December settlement date



## Retail Customers

The business area Retail Customers covers activities aimed at retail customers through Nykredit's own distribution channels. Retail Customers also serves the Group's customers with part-time farming businesses and retail customers owning properties in France, Spain and Germany financed by Danish mortgage loans.

## Activities

Total mortgage lending at nominal value rose by DKK 0.8bn to DKK 186bn at end-Q1/2010. Gross new lending was DKK 8.1bn against DKK 9.9bn in Q1/2009.

Bank lending went down by DKK 0.3bn to DKK 16.3bn at end-Q1/2010. Bank deposits were DKK 19.5bn in Q1/2010 and remained unchanged compared with the beginning of the year.

## Results

Core earnings before impairment losses increased to DKK 161m from DKK 138m in Q1/2009. Core income from business operations rose to DKK 603m from DKK 551m in Q1/2009. Operating costs were DKK 422m against DKK 391m in Q1/2009. In addition, commission under the government guarantee scheme came to DKK 18m against DKK 12m in Q1/2009.

Impairment losses on loans and advances amounted to DKK 42m and DKK 75m for mortgage and bank lending, respectively, against a total of DKK 99m in Q1/2009. Impairment losses as a percentage of loans and advances amounted to 0.02% and 0.45% of mortgage and bank lending, respectively. Recognised losses on mortgage lending were DKK 47m compared with DKK 17m in Q1/2009.

At end-Q1/2010, impairment provisions totalled DKK 661m against DKK 614m at the beginning of the year. Distributed between mortgage and bank loans, impairment provisions stood at DKK 199m and DKK 462m, respectively.

At the December 2009 settlement date, the 75-day mortgage loan arrears as a percentage of total mortgage payments due came to 0.92% against 0.77% the year before.

Since the beginning of the year, the Group has repossessed 60 properties and sold 36. The number of properties repossessed was 123 at end-Q1/2010 against 99 at the beginning of 2010.

**Results – Totalkredit**

DKK million	Q1/2010	Q1/2009
Core income from business operations	364	302
Operating costs	114	111
Depreciation of property, plant and equipment and amortisation of intangible assets	115	111
<b>Core earnings before impairment losses</b>	<b>135</b>	<b>80</b>
Impairment losses on loans and advances	(20)	125
<b>Core earnings after impairment losses</b>	<b>155</b>	<b>(45)</b>

**Business activities**

DKK million	2010	2009
<b>Mortgage lending</b>		
Gross new lending, Q1/2010*	27,930	22,321
Net new lending, Q1/2010*	6,244	10,660
Portfolio at nominal value, end of period	436,111	431,303
Impairment losses as % of loans and advances	(0.00)	0.03
<b>Total impairment provisions, end of period</b>		
- Individual impairment provisions	358	336
- Collective impairment provisions	145	199
Total impairment provisions as % of loans and advances	0.12	0.12
Portfolio of properties repossessed, end of period (properties)	27	22

\* For Q1/2010 and Q1/2009.

Other data from end-Q1/2010 and end-2009.

**Totalkredit**

Totalkredit is responsible for the sale of mortgage loans to retail customers under the Totalkredit brand through nearly 100 Danish local and regional banks having more than 1,000 branches.

*Activities*

Mortgage lending in nominal terms rose by DKK 4.8bn to DKK 436bn at end-Q1/2010. Gross new lending was DKK 27.9bn against DKK 22.3bn in Q1/2009.

*Results*

Core earnings before impairment losses were DKK 135m against DKK 80m in Q1/2009. Core income from business operations was DKK 364m against DKK 302m in Q1/2009.

Operating costs stood at DKK 114m against DKK 111m in Q1/2009. Depreciation of property, plant and equipment and amortisation of intangible assets amounted to DKK 115m, which mainly related to amortisation of distribution rights obtained in connection with Nykredit's acquisition of Totalkredit.

Impairment losses on loans and advances were recognised as net income of DKK 20m, chiefly due to a reduction of collective impairment provisions. Recognised losses for the period netted DKK 12m after set-off against commission payable to partner banks totalling DKK 11m.

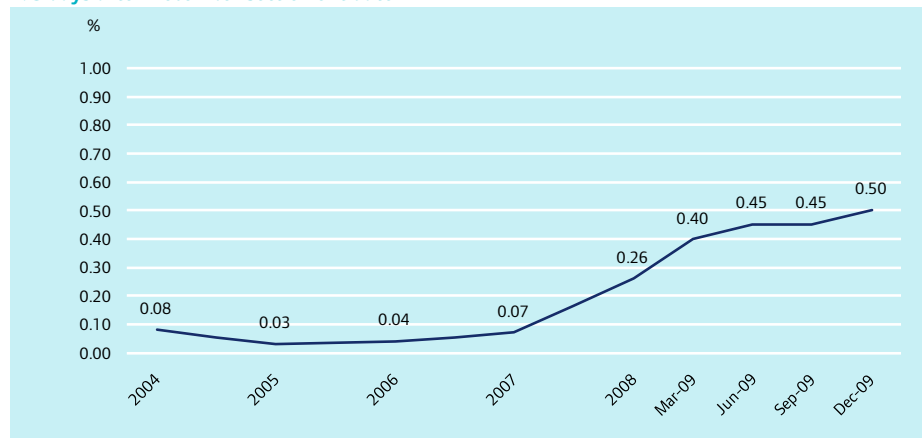
At end-Q1/2010, impairment provisions totalled DKK 503m against DKK 535m at the beginning of the year.

At the December 2009 settlement date, 75-day mortgage loan arrears as a percentage of total mortgage payments due were 0.50% against 0.26% the year before.

In recent years, a rising number of loans have fallen into arrears for the first time on settlement dates. In order to handle these cases locally, Nykredit has entered into an agreement with the loan-arranging banks under which arrears collection is handled by the banks in direct contact with the customers.

The reduction in collective impairment provisions should be seen in the light of this agreement, which ensures early and more effective follow-up and customer servicing.

The number of repossessed properties was 27 at end-Q1/2010 against 22 at the beginning of the year.

**Arrears ratio, mortgage lending – 75 days after December settlement date**

## Results – Commercial Customers

DKK million	Q1/2010	Q1/2009
Core income from business operations	888	669
Operating costs	289	279
Commission under the government guarantee scheme	54	57
Depreciation of property, plant and equipment and amortisation of intangible assets	3	10
<b>Core earnings before impairment losses</b>	<b>542</b>	<b>323</b>
Impairment losses on loans and advances – mortgage lending	294	13
Impairment losses on loans and advances – banking	118	100
<b>Core earnings after impairment losses</b>	<b>130</b>	<b>210</b>

## Business activities

DKK million	2010	2009
<b>Mortgage lending</b>		
Gross new lending, Q1/2010 *	15,428	14,255
Net new lending, Q1/2010 *	9,759	10,728
Portfolio at nominal value, end of period	373,635	366,700
Impairment losses as % of loans and advances	0.08	0.00
<b>Total impairment provisions, end of period</b>		
- Individual impairment provisions	1,057	902
- Collective impairment provisions	371	298
Total impairment provisions as % of loans and advances	0.38	0.33
Portfolio of properties repossessed, end of period (properties)	56	42
<b>Banking</b>		
Loans and advances, end of period	38,922	39,181
Deposits, end of period	31,404	33,619
Impairment losses as % of loans and advances	0.26	0.21
<b>Total impairment provisions, end of period</b>		
- Individual impairment provisions	2,602	2,532
- Collective impairment provisions	284	225
Total impairment provisions as % of loans and advances	6.90	6.57
Guarantees, end of period <sup>1</sup>	7,636	11,281
Provisions for guarantees, end of period <sup>1</sup>	41	33

<sup>1</sup> Guarantees excluding the government guarantee scheme.

\* For Q1/2010 and Q1/2009.

Other data from end-Q1/2010 and end-2009.

## Commercial Customers

Commercial Customers comprises banking and mortgage services aimed at all types of businesses, including the agricultural, leasing and rental housing segments. The rental housing segment includes non-profit housing, housing society dwellings and private rental housing.

## Activities

Total mortgage lending at nominal value rose by DKK 6.9bn to DKK 374bn at end-Q1/2010. Gross new lending was DKK 15.4bn against DKK 14.3bn in Q1/2009.

Bank lending totalled DKK 38.9bn against DKK 39.1bn at the beginning of the year. Bank deposits declined by DKK 2.2bn to DKK 31.4bn at end-Q1/2010.

## Results

Core earnings before impairment losses increased to DKK 542m from DKK 323m in Q1/2009.

Core income from business operations rose to DKK 888m from DKK 669m in Q1/2009.

Operating costs were DKK 289m against DKK 279m in Q1/2009. Commission under the government guarantee scheme came to DKK 54m against DKK 57m in Q1/2009.

Impairment losses on loans and advances amounted to DKK 294m and DKK 118m for mortgage and bank lending, respectively, against a total of DKK 113m in Q1/2009. Impairment losses as a percentage of loans and advances amounted to 0.08% and 0.26% of mortgage and bank lending, respectively. Recognised losses on mortgage lending were DKK 57m compared with DKK 17m in Q1/2009.

Total impairment provisions stood at DKK 4,314m against DKK 3,957m at the beginning of the year. For mortgage and bank loans, impairment provisions came to DKK 1,428m and DKK 2,886m, respectively.

Of total provisions, DKK 206m derived from the agricultural sector, of which DKK 119m related to mortgage operations. This figure remained low relative to the mortgage loan portfolio of DKK 100bn.

Considering the difficult situation of the agricultural sector, we expect higher losses despite the government rescue package.

At the December 2009 settlement date, the 75-day mortgage loan arrears as a percentage of total mortgage payments due were 1.28%

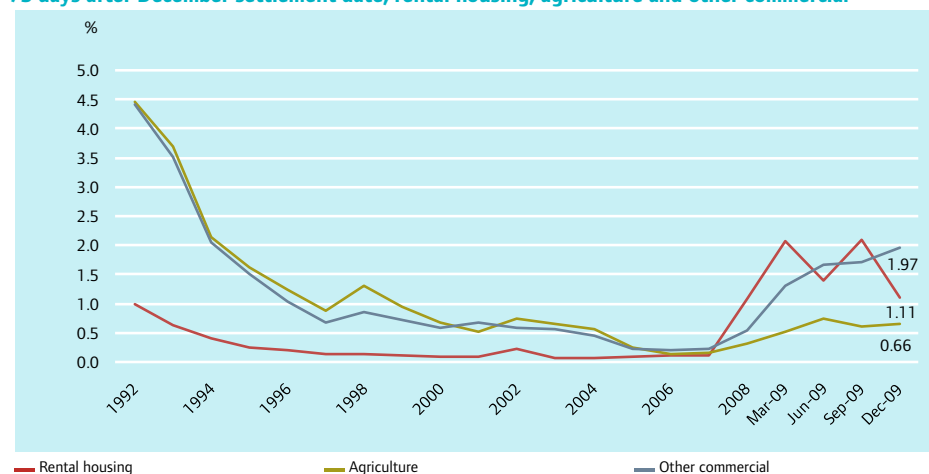


against 0.75% the year before. Arrears as a percentage of loans to the agricultural sector were 0.66% against 0.60% at the September 2009 settlement date.

Since the beginning of the year, the Group has repossessed 32 properties and sold 18. The number of properties repossessed was 56 at end-Q1/2010 against 42 at the beginning of 2010.

**Arrears ratio, mortgage lending**

75 days after December settlement date, rental housing, agriculture and other commercial



**Results – Markets & Asset Management**

DKK million	Q1/2010	Q1/2009
Core income from		
- Business operations	418	366
- Kalvebod issues	44	30
<b>Total</b>	<b>462</b>	<b>396</b>
Operating costs	184	163
Commission under the government guarantee scheme	27	31
<b>Core earnings before impairment losses</b>	<b>251</b>	<b>202</b>
Impairment losses on loans and advances	8	1
<b>Core earnings after impairment losses</b>	<b>243</b>	<b>201</b>

**Summary balance sheet, end of period**

DKK million	31.03.2010	31.12. 2009
<b>Assets</b>		
Receivables from credit institutions	48,491	47,440
Other lending at fair value	13,241	11,883
Bonds and equities	60,363	52,662
<b>Liabilities and equity</b>		
Payables to credit institutions and central banks	65,787	53,609
Deposits and other payables	7,614	10,451
Issued bonds	37,804	41,539

**Markets & Asset Management**

Markets & Asset Management handles the activities of the Group within trading in securities and other financial instruments, debt capital, asset management and pension products.

*Results*

Core earnings before impairment losses increased to DKK 251m from DKK 202m in Q1/2009.

Core income from business operations was DKK 418m against DKK 366m in Q1/2009. Growth was broad-based across all business areas.

Core income from the portfolio of subordinate loan capital in Danish banks in the form of Kalvebod issues amounted to DKK 44m compared with DKK 30m in Q1/2009.

Nykredit Markets made steady progress within the areas of Credit Trading and Equity Products in particular, and the activity levels of the other business areas were also good.

Core income in Asset Management increased by DKK 46m on the same period in 2009. Total assets under management amounted to DKK 70bn against DKK 66bn at end-2009, while assets under administration in Nykredit Portefølje went up from DKK 228bn at end-2009 to DKK 245bn.

Operating costs were DKK 184m against DKK 163m in Q1/2009. Commission under the government guarantee scheme came to DKK 27m against DKK 31m in Q1/2009.

**Results – Other Activities**

DKK million	Q1/2010	Q1/2009
Core income from business operations	46	48
Operating costs	32	35
Commission under the government guarantee scheme	25	22
Depreciation of property, plant and equipment and amortisation of intangible assets	33	27
<b>Core earnings before impairment losses</b>	<b>(44)</b>	<b>(36)</b>
Impairment losses on loans and advances – banking	77	294
Impairment losses on loans and advances – other	2	4
<b>Core earnings after impairment losses</b>	<b>(123)</b>	<b>(334)</b>

**Business activities**

DKK million	2010	2009
<b>Mortgage lending</b>		
Portfolio at nominal value, end of period	1,645	1,544
<b>Banking</b>		
Loans and advances, end of period	4,633	5,081
Deposits, end of period	974	948
Impairment losses as % of loans and advances	0.07	6.96 <sup>2</sup>
<b>Total impairment provisions, end of period</b>		
- Individual impairment provisions	4,585	4,580
- Collective impairment provisions	-	-
Total impairment provisions as % of loans and advances	49.74	47.40
Guarantees, end of period <sup>1</sup>	503	876
Provisions for guarantees, end of period <sup>1</sup>	263	193

<sup>1</sup> Excluding the government guarantee scheme.

For end-Q1/2010 and end-2009.

<sup>2</sup> Before adjustment for impairment provisions made in the opening balance sheet (2009: DKK 406m).

**Other Activities**

Other Activities mainly comprises administration of loans to commercial customers granted by the former Forstædernes Bank and mortgage loans granted via our Polish branch. The area also includes the activities of Nykredit Mægler A/S, Nykredit Ejendomme A/S and Ejendomsselskabet Kalvebod A/S.

*Results*

Core earnings before impairment losses were a loss of DKK 44m against a loss of DKK 36m in Q1/2009.

Core income from business operations amounted to DKK 46m against DKK 48m in Q1/2009.

Operating costs came to DKK 32m compared with DKK 35m in Q1/2009. In addition, commission under the government guarantee scheme was DKK 25m against DKK 22m in Q1/2009.

Impairment losses on bank lending and provisions for guarantees amounted to DKK 77m and DKK 2m, respectively, compared with a total of DKK 298m in Q1/2009.

The winding up of the mortgage activities in Poland did not give rise to impairment losses in Q1/2010.

There are still no activities in Ejendomsselskabet Kalvebod A/S.

## Results – Group Items

DKK million	Q1/2010	Q1/2009
Core income from		
- Business operations	8	18
- Securities	109	331
<b>Total</b>	<b>117</b>	<b>349</b>
Operating costs	130	242
Depreciation of property, plant and equipment and amortisation of intangible assets	45	35
<b>Core earnings before impairment losses</b>	<b>(58)</b>	<b>72</b>
Impairment losses on loans and advances – government guarantee scheme	103	32
<b>Core earnings after impairment losses</b>	<b>(161)</b>	<b>40</b>
Investment portfolio income	958	611
<b>Profit before cost of capital</b>	<b>797</b>	<b>651</b>

## Group Items

The segment financial statements contain a number of income statement items that cannot be allocated to the business areas. Such items are included under "Group Items", which heading also comprises the Group's total return on the securities portfolio, which is the sum of "Core income from securities" and "Investment portfolio income".

This heading also includes staff function costs and provisions for guarantees under the government guarantee scheme, which represent Nykredit's proportion of provisions to cover distressed banks under the government guarantee scheme.

*Core income from securities*

Group core income from securities was DKK 109m against DKK 331m in Q1/2009. The decline was mainly due to lower average money market rates of 1.07% against 2.93% in the same period the year before.

*Investment portfolio income*

The Group's investment portfolio income rose to DKK 958m from DKK 611m in Q1/2009. The rise was prompted by declining interest rates and tightening of spreads between mortgage and corporate bonds on the one hand and government bonds on the other.

*Impairment losses on loans and advances – government guarantee scheme*

The Group made further provisions of DKK 103m in Q1/2010, equal to the Bank's expected loss on bank rescue package I. The provisions subsequently totalled DKK 483m.

## Lending

Group lending totalled DKK 1,058bn against DKK 1,046bn at the beginning of the year.

Total lending includes mortgage lending at nominal value and bank lending excluding reverse transactions and guarantees.

Group mortgage lending at fair value increased to DKK 1,001bn from DKK 981bn at the beginning of the year. Group mortgage lending at nominal value, excluding arrears, grew by DKK 13bn to DKK 998bn.

Group bank lending totalled DKK 59.9bn against DKK 60.9bn at the beginning of the year.

Group reverse transactions amounted to DKK 13.3bn against DKK 12.0bn at the beginning of the year.

Impairment provisions for bank and mortgage lending totalled DKK 10,139m against DKK 9,754m at the beginning of the year. The Group has made no impairment provisions for receivables from credit institutions and central banks or reverse transactions.

The Group's guarantees totalled DKK 19.0bn against DKK 23.0bn at the beginning of the year. At end-Q1/2010, provisions for guarantees stood at DKK 791m. Of this amount, provisions relating to the government guarantee scheme made up DKK 483m against DKK 380m at the beginning of the year.

### The Nykredit Realkredit Group

#### Loans, advances and guarantees and impairment losses on loans and advances

DKK million

	Loans, advances and guarantees		Provisions for loans, advances and guarantees		Impairment losses on loans and advances	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009	Q1/2010	FY 2009
<b>Mortgage lending <sup>1</sup></b>						
Nykredit Realkredit	562,263	554,471	1,627	1,407	338	1,240
Totalkredit	436,269	431,511	503	535	(20)	515
<b>Total</b>	<b>998,532</b>	<b>985,982</b>	<b>2,130</b>	<b>1,942</b>	<b>318</b>	<b>1,755</b>
Of which arrears	691	766	-	-	-	-
<b>Bank lending</b>						
Bank lending	55,226	55,828	3,424	3,232	194	2,374
FB commercial customers	4,633	5,081	4,585	4,580	6	3,287
<b>Total</b>	<b>59,859</b>	<b>60,909</b>	<b>8,009</b>	<b>7,812</b>	<b>200</b>	<b>5,661</b>
Reverse transactions	13,314	11,962	-	-	-	-
Guarantees	18,958	23,036	791	610	181	504
Of which government guarantee scheme	835	938	483	380	103	318
<b>Impairment losses as a percentage of loans and advances <sup>2</sup></b>						
Nykredit Realkredit	-	-	0.29	0.25	0.06	0.22
Totalkredit	-	-	0.12	0.12	(0.00)	0.12
<b>Total</b>			<b>0.21</b>	<b>0.20</b>	<b>0.03</b>	<b>0.18</b>
Bank lending	-	-	5.84	5.47	0.33	4.02
FB commercial customers	-	-	49.74	47.41	0.07	38.23 <sup>3</sup>
<b>Total</b>			<b>11.80</b>	<b>11.37</b>	<b>0.29</b>	<b>8.83<sup>3</sup></b>

<sup>1</sup> Mortgage lending at nominal value including arrears.

<sup>2</sup> Impairment losses as a percentage of loans and advances exclude reverse transactions and guarantees.

<sup>3</sup> Before adjustment for impairment provisions in the opening balance sheet (2009: DKK 406m).

## MORTGAGE LENDING

### Loan portfolio

The security behind the mortgage loan portfolio remains substantial. Also, mortgage loans granted via Totalkredit are covered by set-off agreements, which means that Totalkredit may offset a significant part of recognised mortgage loan losses against future commission payments to the partner banks.

Guarantees issued by public authorities contribute to reducing the credit risk of mortgage loans mainly for subsidised housing. Public authority guarantees are guarantees whereby the guarantor assumes primary liability. This means that Nykredit may enforce the guarantee if a loan falls into arrears.

The LTV ratios of mortgage loans are shown in the table below with individual loans relative to estimated values of the individual properties at end-Q1/2010.

### Provisions for mortgage loan impairment

Group credit exposures in terms of mortgage lending at nominal value, including arrears, totalled DKK 999bn against DKK 986bn at the beginning of the year.

Provisions for mortgage loan impairment totalled DKK 2,130m at end-Q1/2010, equal to a rise of DKK 188m since the beginning of the year. Of this figure, DKK 169m was individual impairment provisions.

Private residential property accounted for DKK 723m at end-Q1/2010, while other commercial represented DKK 1,407m.

The Group's total impairment provisions amounted to 0.21% of total mortgage lending.

## The Nykredit Realkredit Group

### Mortgage debt outstanding relative to estimated property values

DKK million	LTV (loan-to-value)				Total	LTV median
	0-40	40-60	60-80	Over 80		
Owner-occupied housing	392,847	134,489	72,435	15,981	615,751	30
Private rental housing	60,549	18,538	9,732	1,454	90,273	27
Industry and trades	19,571	4,902	1,359	132	25,965	24
Office and retail	68,143	18,329	3,913	520	90,906	24
Agriculture	80,133	14,443	3,401	1,028	99,005	21
Other	16,655	1,947	496	55	13,154	20

Note: Debt outstanding has been determined at fair value at 31 March 2010, and the projection of property values is based on data at 31 March 2010 supplied by the Association of Danish Mortgage Banks. The table allows for any financed costs. For example, a fully financed owner-occupied dwelling with financed costs of 2% will be placed in the "Over 80" category.

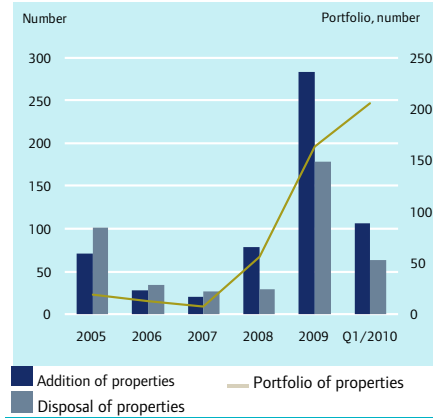
## The Nykredit Realkredit Group

### Breakdown of impairment provisions for mortgage lending by property type <sup>1</sup>

DKK million	31.03.2010				31.12.2009			
	Lending end of period	Individual impairment provisions	Collective impairment provisions	Total impairment provisions	Lending end of period	Individual impairment provisions	Collective impairment provisions	Total impairment provisions
Owner-occupied housing	613,519	522	201	723	607,671	512	256	768
Private rental housing	96,681	758	119	877	93,284	687	110	797
Industry and trades	26,523	86	44	130	26,665	72	36	108
Office and retail	85,411	123	112	235	81,836	81	67	148
Agriculture	99,934	51	68	119	99,186	20	38	58
Non-profit housing	63,261	1	14	15	64,404	1	21	22
Other	13,203	16	15	31	12,936	15	26	41
<b>Total</b>	<b>998,532</b>	<b>1,557</b>	<b>573</b>	<b>2,130</b>	<b>985,982</b>	<b>1,388</b>	<b>554</b>	<b>1,942</b>

<sup>1</sup> The breakdown by property type is not directly comparable with the Group's business areas.

**The Nykredit Realkredit Group**  
**Repossessed/sold properties**



*Earnings impact*

Impairment losses on loans and advances came to DKK 318m against DKK 182m in Q1/2009.

Recognised losses are on the rise, but are still moderate. Recognised losses on mortgage lending amounted to DKK 115m in Q1/2010 against DKK 36m the year before.

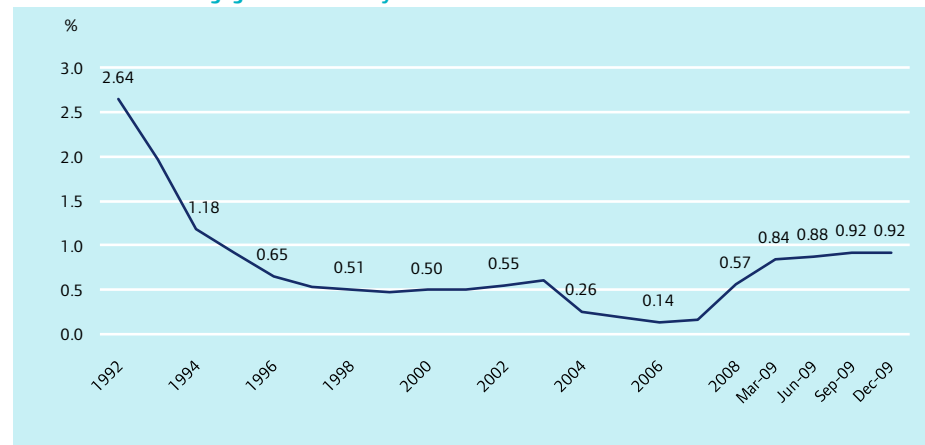
*Repossessed properties*

In the first three months of the year, the Group repossessed 107 properties and sold 64. At end-Q1/2010, the property portfolio stood at 206 properties, of which 150 were owner-occupied, against 163 at the beginning of the year.

*Arrears*

At the December 2009 settlement date, group mortgage arrears as a percentage of total mortgage payments due came to 0.92%. By comparison, the arrears ratio was 0.57% at the same time the year before and 0.92% at the September 2009 settlement date.

**The Nykredit Realkredit Group**  
**Arrears ratio for mortgage loans – 75 days after December settlement date**



**The Nykredit Realkredit Group****Loans, advances and guarantees**

DKK million	31.03.2010	31.12.2009
Bank lending	55,226	55,828
Bank lending, FB commercial customers	4,633	5,081
Reverse transactions	13,314	11,962
Guarantees	18,958	23,036
<b>Total</b>	<b>92,131</b>	<b>95,907</b>

**The Nykredit Bank Group****Provisions for bank loan impairment and guarantees**

DKK million	31.03.2010			31.12.2009	
	Provisions for guarantees	Individual impairment provisions	Collective impairment provisions	Total impairment provisions	Total impairment provisions
Retail	4	413	49	466	412
Other	524	2,666	296	3,486	3,238
FB commercial customers	263	4,585	-	4,848	4,772
<b>Total</b>	<b>791</b>	<b>7,664</b>	<b>345</b>	<b>8,800</b>	<b>8,422</b>

**BANK LENDING**

Group credit exposures in terms of mortgage lending amounted to DKK 92.1bn at end-Q1/2010 compared with DKK 95.9bn at the beginning of the year.

Bank lending accounted for DKK 59.9bn of total credit exposures against DKK 60.9bn at the beginning of the year. Bank lending before impairment provisions totalled DKK 67.9bn against DKK 68.7bn at the beginning of 2010.

Provisions for loan impairment totalled DKK 8,009m against DKK 7,812m at the beginning of the year, up DKK 197m.

Individual impairment provisions rose to DKK 7,664m against DKK 7,554m at the beginning of the year, and collective impairment provisions increased to DKK 345m from DKK 258m.

**Guarantees**

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

At end-Q1/2010, provisions for guarantees amounted to DKK 791m against DKK 610m at the beginning of the year. Of this amount, provisions relating to the government guarantee scheme accounted for DKK 483m against DKK 380m at the beginning of the year.

**Earnings impact**

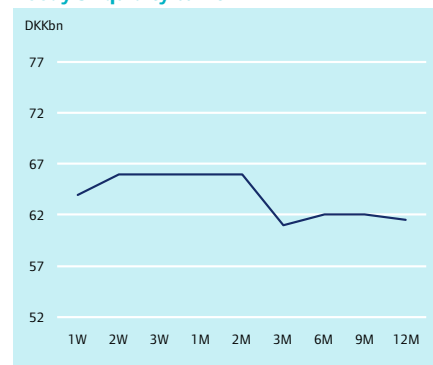
Impairment losses on loans and advances for the period under review totalled DKK 381m, of which DKK 103m concerned provisions under the government guarantee scheme.



# Liquidity

## Mortgage lending

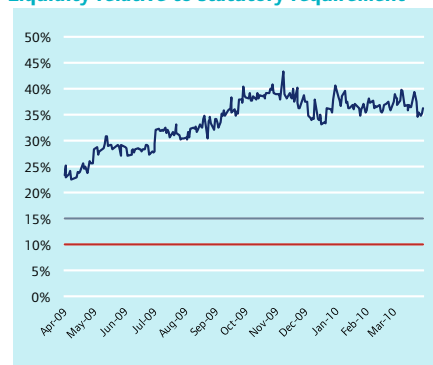
### Moody's liquidity curve



Note: Liquidity provided through issuance of junior covered bonds is included until their maturity.

## Banking

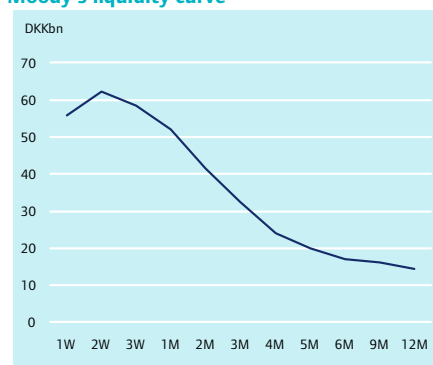
### Liquidity relative to statutory requirement



— Liquidity  
— Nykredit Bank's internal liquidity requirement  
— Statutory requirement

## Banking

### Moody's liquidity curve



## LIQUIDITY RISK

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

### Mortgage lending

Most of the Group's lending consists of mortgage loans funded by covered bonds in accordance with the match-funding principle. Mortgage lending and the funding thereof are therefore by and large liquidity neutral. Nykredit's capital resources are placed mainly in a portfolio of listed bonds in addition to portfolio equities, strategic equities and subsidiary equities. By virtue of their large bond portfolios, mortgage banks have plenty of liquidity.

In its "Bank Financial Strength Ratings: Global Methodology" from February 2007, Moody's Investors Service has laid down a number of principles for requirements relating to the liquidity management of banks. In order to achieve the rating "Very Good Liquidity Management", the liquidity curve must be positive for a projected time span of 12 months. The liquidity of Nykredit Realkredit and Totalkredit is always positive, in part due to match funding and the investment rules applying to the capital requirement.

The liquidity curves for mortgage lending and banking illustrate that the Nykredit Group is extremely liquid.

In February 2009 a scheme was set up under which Danish mortgage banks may obtain an individual government guarantee for issues of unsubordinated unsecured debt and junior covered bonds. Mortgage banks may apply for guarantees of up to three years until end-2010.

In H2/2009 the Danish central bank expanded the range of assets eligible as permanent collateral for loans of commercial and mortgage banks with the Danish central bank (monetary policy loans and intraday credits) to include junior covered bonds issued by mortgage banks.

Nykredit Realkredit expects to launch a Global Medium Term Note (GMTN) programme in Q2/2010 in order to

- increase the sale of bonds to international investors
- increase awareness of Danish mortgage lending

- facilitate the funding of loans in currencies other than DKK and EUR.

### Banking

Nykredit Bank monitors its balance sheet and liquidity on a day-to-day basis. The Bank manages its balance sheet based on the liquidity of assets and liabilities. Securities not serving as collateral in the trading book constitute a short-term liquidity buffer that may be applied in the case of unforeseen claims on the Bank's liquidity.

The liquidity buffer averaged DKK 59.0bn in Q1/2010 against an average of DKK 52.3bn for the last four quarters and DKK 55.8bn at 31 March 2010. At end-2009 the liquidity buffer stood at DKK 61.9bn.

To maintain a strong liquidity level, the Bank has started refinancing issued bonds through a public 3-year DKK 3.7bn EMTN issue. Further, the Bank has initiated the refinancing of short-term ECP issues in order that EUR 132m of commercial paper will mature after 1 October 2010 when bank rescue package I expires. Total issues in Q1/2010 maturing after 1 October 2010 now amount to DKK 4.7bn.

According to the Danish Financial Business Act, a bank's liquidity must be at least 10% of total reduced debt and guarantee obligations. Nykredit Bank uses an internal liquidity requirement of 15%. At 31 March 2010, the financial ratio "Excess cover:statutory liquidity requirements" was 261.7% against 306.9% at end-2009 and 134.4% at 31 March 2009.

The management of the Bank's structural liquidity risk is based on an internal model.

The model assumptions are stress tested daily. This includes the effect of a liquidity crisis in the market which would increase the Bank's funding costs and reduce the liquidity of its assets.

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

## EQUITY AND CAPITAL ADEQUACY OF THE NYKREDIT REALKREDIT GROUP

### Equity

Group equity, including recognition of profit for the period, stood at DKK 52.1bn at end-Q1/2010 compared with DKK 51.2bn 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 include equities in a number of Danish local and regional banks. The continuous value adjustment of these equities is recognised in equity. The value adjustment against equity in the Consolidated Financial Statements was DKK 103m in Q1/2010. The value of equities classified as available for sale totalled DKK 3,142m.

### Capital base and capital adequacy

#### The Nykredit Realkredit Group

The Group's capital base amounted to DKK 60.4bn. The capital requirement was DKK 26.3bn, corresponding to a capital adequacy ratio of 18.4%. The core capital ratio stood at 17.3%. This ratio compared with a capital requirement of 9.8%.

For the greater part of lending, the capital charge for credit risk is calculated using the most advanced IRB approaches. The capital charge for market risk is determined mainly on the basis of a Value-at-Risk model, and the capital charge for operational risk is determined using the basic indicator approach.

In 2008 and 2009, the capital requirement was subject to a minimum limit under transitional rules. These rules remain in force in 2010 so that the capital requirement must not decline by more than 20% relative to the former rules.

According to the transitional rules, the capital requirement amounted to DKK 42.4bn, equal to a capital adequacy ratio of at least 12.9%.

#### Nykredit Realkredit A/S

Nykredit Realkredit A/S's core capital ratio was 17.1%, while the capital adequacy ratio came to 17.9%. In comparison, the capital need was 9.0%.

According to the transitional rules, the capital requirement amounted to DKK 29.0bn, equal to a capital adequacy ratio of at least 8.7%.

### Changes in equity

DKK million	The Nykredit Realkredit Group		
	31.03.2010	31.03.2009	FY 2009
<b>Equity, beginning of period</b>	<b>51,241</b>	<b>50,377</b>	<b>50,377</b>
Profit for the period	742	574	129
Fair value adjustment of equities – available for sale	103	(6)	751
Other adjustments	0	(15)	(16)
<b>Equity, end of period</b>	<b>52,085</b>	<b>50,930</b>	<b>51,241</b>

### Capital base and capital adequacy

DKK million	The Nykredit Realkredit Group			Nykredit Realkredit A/S		
	31.03.2010	31.03.2009	2009	31.03.2010	31.03.2009	2009
Credit risk	23,290	22,074	23,728	24,413	22,175	24,251
Market risk	1,753	3,645	1,846	1,154	2,623	1,201
Operational risk	1,272	978	978	970	787	787
<b>Total capital requirement before transitional rules</b>	<b>26,315</b>	<b>26,696</b>	<b>26,551</b>	<b>26,537</b>	<b>25,585</b>	<b>26,238</b>
<b>Total capital requirement after transitional rules <sup>1</sup></b>	<b>42,408</b>	<b>42,506</b>	<b>42,000</b>	<b>28,980</b>	<b>28,427</b>	<b>29,561</b>
<b>Capital base</b>	<b>60,395</b>	<b>52,734</b>	<b>58,958</b>	<b>59,347</b>	<b>51,473</b>	<b>58,127</b>
<b>Core capital ratio, % <sup>3</sup></b>	<b>17.3</b>	<b>14.6</b>	<b>16.7</b>	<b>17.1</b>	<b>15.2</b>	<b>17.0</b>
<b>Capital adequacy ratio, %</b>	<b>18.4</b>	<b>15.8</b>	<b>17.8</b>	<b>17.9</b>	<b>16.1</b>	<b>17.7</b>
Minimum capital adequacy ratio before transitional rules, %	8.0	8.0	8.0	8.0	8.0	8.0
Minimum capital adequacy ratio after transitional rules, % <sup>2</sup>	12.9	12.7	12.7	8.7	8.9	9.0
Individual capital need (Pillar I and Pillar II), %	9.8	10.1	9.8	9.0	8.0	9.0
<b>Total weighted items</b>	<b>328,938</b>	<b>333,705</b>	<b>331,891</b>	<b>331,715</b>	<b>319,816</b>	<b>327,980</b>

<sup>1</sup> The capital requirement after transitional rules has been determined pursuant to the transitional rules of the Danish Executive Order on Capital Adequacy. As a minimum, the capital requirement for 2009/2010 must not decline by more than 20% relative to the former rules (Basel I).

<sup>2</sup> The minimum capital adequacy ratio after transitional rules has been determined as the capital requirement after transitional rules as % of risk-weighted items under Basel II. Accordingly, the minimum capital adequacy ratio reflects the capital adequacy requirement as a result of the transitional rules.

<sup>3</sup> The core capital ratio has been determined on the basis of risk-weighted items of DKK 328,938m for the Nykredit Realkredit Group and DKK 331,715m for Nykredit Realkredit A/S, ie without applying the transitional rules.

## REQUIRED CAPITAL BASE AND SOLVENCY REQUIREMENT

Pursuant to the Danish Financial Business Act, it is the responsibility of the Board of Directors and the Executive Board to ensure that Nykredit has the required capital base (capital adequacy). The required capital base is the minimum capital required in Management's opinion to cover all significant risks.

The report Risk and Capital Management 2009, available at [nykredit.com/reports](http://nykredit.com/reports), contains a detailed description of the determination of the required capital base and the capital need of the Nykredit Group as well as all group companies.

The capital need is calculated as the required capital base as a percentage of risk-weighted items. The Group's individual capital need was 9.8%.

In determining the required capital base, Nykredit applies statistical confidence levels higher than the statutory 99.9%. The Group's required capital base is determined using a confidence level of 99.97% for all exposures out of consideration for Nykredit's commitment to maintain a competitive rating of the issued bonds.

The required capital base consists of Pillar I and Pillar II capital.

### Pillar I

Pillar I capital covers credit, market, operational and insurance risk as well as risk relating to own properties. In the determination of credit risk, weak exposures are assigned a higher risk weight as calculated by the credit models.

### Pillar II

Pillar II comprises capital to cover other risks as well as an increased capital requirement during an economic downturn. The capital requirement during an economic downturn is determined by means of stress tests and scenario analyses.

#### *Weaker economic climate*

Nykredit's Pillar II assessment is based on a number of forecasts of the economic climate.

In a weaker economic climate, the need for capital will grow concurrently with increasing arrears and falling property prices. The calculations also factor in any operating losses due to higher impairment losses, etc.

#### *Other factors*

The determination of other factors includes any additional risk relating to own properties and reputation risk, which is determined using internal estimates as well as assessments of control risk, strategic risk, external risk and concentration risk, etc.

#### *Model and calculation uncertainty*

Nykredit applies various models to calculate the capital requirements under both Pillar I and Pillar II.

The calculated capital requirement depends on the choice of model, model design, level of detail, etc. Under Pillar II, a charge is included that reflects the uncertainty of the models used. Generally, the charge applied corresponds to 10% of the risks calculated.

## CYCLICAL BUFFER

In addition to the required capital base, Nykredit provides capital to cover the expected rise in the required capital base if the economic climate deteriorates to a severe recession, corresponding to an increase in unemployment to around 10%.

The calculations are based on the assumption that the existing lending volume is maintained in spite of a weaker economic climate.

The cyclical buffer was DKK 13.4bn.

## The Nykredit Realkredit Group

### Required capital base and capital need

DKK million	31.03.2010	FY 2009
Credit risk	19,207	20,780
Market risk	3,025	3,226
Operational risk	1,306	989
Insurance risk	576	574
Risk relating to own properties	158	154
<b>Total Pillar I</b>	<b>24,272</b>	<b>25,723</b>
Charge for a weaker economic climate	2,066	2,840
Other factors <sup>1</sup>	3,168	1,191
Charge for model and calculation uncertainty	2,636	2,856
<b>Total Pillar II</b>	<b>7,870</b>	<b>6,888</b>
<b>Total required capital base</b>	<b>32,143</b>	<b>32,611</b>
Total risk-weighted items	328,938	331,891
<b>Individual capital need, %</b>	<b>9.8</b>	<b>9.8</b>

<sup>1</sup> Other factors include assessment of control risk, strategic risk, external risk, concentration risk and liquidity risk, etc.

**CAPITAL POLICY**

Nykredit's objective is to be able to maintain its lending activities at an unchanged level regardless of economic trends, while retaining a competitive rating. For this reason, Nykredit requires sufficient capital resources to cover an increase in statutory capital requirements during a severe recession.

Against this backdrop, Nykredit divides its equity of DKK 52.1bn into four elements:

- *Business capital* of DKK 32.2bn equal to the statutory required capital base. Nykredit's assessment of the required capital base is based on the consequences of a modest weakening of the economic climate for the rest of 2010.
- *Cyclical buffer* of DKK 13.4bn covering the expected rise in the statutory required capital base should the economic climate change from the current recession to a severe recession with unemployment rates rising to the high levels of the early 1990s. The cyclical buffer is determined by means of stress tests.
- *Statutory capital deductions (goodwill etc)* relating to intangible assets of DKK 5.0bn.
- *Strategic capital* of DKK 1.5bn, the long-term capital maintained for strategic initiatives.

In addition to equity, the Nykredit Realkredit Group has raised hybrid core capital of DKK 11.1bn.

**NEW REGULATION**

The financial crisis has prompted political initiatives aimed at supporting the financial sector. The past six months have seen new draft legislation to strengthen financial sector regulation.

The EU Commission's consultation paper from February 2010 proposing measures to strengthen the capital reserves and liquidity of credit institutions is most important to Nykredit. The proposals relating to liquidity are intended to ensure liquidity in institutions under financial stress, while those relating to capital aim to increase capital requirements, not least as regards equity.

The liquidity proposals may have very serious, adverse consequences for the financial sector in Denmark.

First, mortgage bonds may not be fully included as very liquid assets, as at least 50% of the liquidity reserves of a credit institution must be placed in government bonds. Mortgage bonds make up more than 70% of the Danish bond market.

Further, adjustable-rate mortgages (ARMs) may not be continued in their current form. The reason is that mortgage bonds with a time-to-maturity of less than one year are not seen as stable funding according to the consultation paper. This does not seem fair, as the fact that mortgage banks issue bonds on a continuous basis contributes to maintaining a stable and liquid bond market. The refinancing of ARMs is already being distributed over the entire year – and an equal distribution of refinancing over the year with daily issuance will increase bond market stability further.

Prior to the adoption of the final rules, a thorough analysis is needed to determine the socio-economic implications of the proposals.

The EU Commission is expected to present a final directive for adoption on this subject at end-2010, and the rules are expected to take effect in Denmark at end-2011.

**OTHER**

**Strategic alliance with Gjensidige Forsikring**

In March Nykredit entered into a long-term strategic insurance alliance with Gjensidige Forsikring, which acquired Nykredit Forsikring A/S at a price of DKK 2.5bn, of which goodwill amounted to about DKK 1.5bn.

A core element of the alliance is a distribution agreement according to which Nykredit continues to supply and sell insurance products and services to its customers with Gjensidige as supplier. Retail customers will continue to be served under the Nykredit brand, whereas commercial – including agricultural – customers will be served under the Gjensidige brand.

The change of ownership of Nykredit Forsikring A/S will not influence the current insurance business with customers, which will continue unchanged.

The new insurance alliance underpins Nykredit's growth ambition as a broad-based financial services provider with banking and mortgage lending as core business activities.

The transaction was completed on 29 April 2010.

In April Nykredit sold its office property at Otto Mønsted's Plads 11 in Copenhagen to Gjensidige with effect from 1 July 2010.

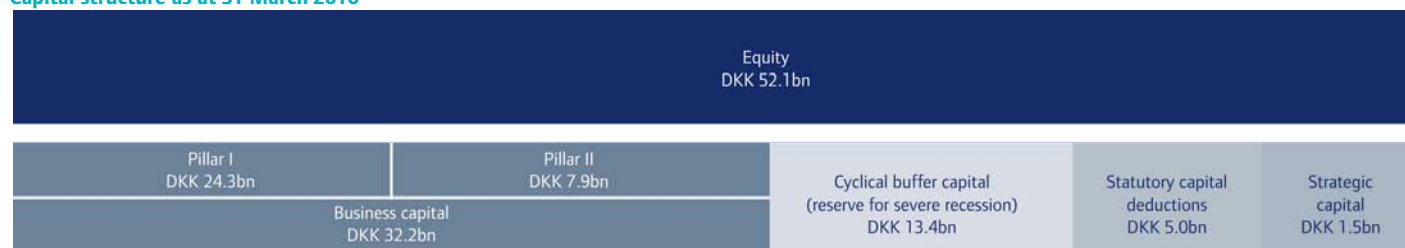
**Higher administration margins and new price structure of mortgage loans**

In February 2010, Nykredit announced that it would increase the margins on both new and existing mortgage loans to retail customers. The competition authorities are currently considering the announced price increase.

**Tax case**

Nykredit Realkredit is party to a pending tax case which the Danish tax authorities have appealed to the Danish High Court. If the High Court finds for Nykredit, deferred tax of DKK 97m will be recognised as income.

**The Nykredit Realkredit Group  
Capital structure as at 31 March 2010**



**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 for 2009.

In Management's opinion, the uncertainty relating to the above-mentioned matters is insignificant to the Q1 Interim Report 2010.

**EVENTS OCCURRED AFTER THE END OF THE FINANCIAL PERIOD**

In the period up to the presentation of the Q1 Interim Report 2010, no material events have occurred.

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

The Board of Directors and the Executive Board have today reviewed and approved the Interim Report for the period 1 January – 31 March 2010 of Nykredit Realkredit A/S and the Nykredit Realkredit Group.

The Consolidated Financial Statements have been presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. The Interim Report of the Parent Company has been prepared in accordance with the Danish Financial Business Act.

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 Q1 Interim Report gives a fair presentation of the Group's and the Parent Company's assets, liabilities, equity and financial position at 31 March 2010 and of the results of the Group's and the Parent Company's activities as well as the Group's cash flows for the financial period 1 January – 31 March 2010.

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

Copenhagen, 19 May 2010

### Executive Board

Peter Engberg Jensen  
Group Chief Executive

Kim Duus  
Group Managing Director

Søren Holm  
Group Managing Director

Karsten Knudsen  
Group Managing Director

Per Ladegaard  
Group Managing Director

Bente Overgaard  
Group Managing Director

### Board of Directors

Steen E. Christensen  
Chairman

Hans Bang-Hansen  
Deputy Chairman

Steffen Kragh  
Deputy Chairman

Kristian Bengaard

Michael Demsitz

Merete Eldrup

Lisbeth Grimm

Allan Kristiansen

Susanne Møller Nielsen

Anders C. Obel

Erling Beck Poulsen

Nina Smith

Jens Erik Udsen

Leif Vinther

## Income statements for 1 January – 31 March

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group			
Q1/2009	Q1/2010		Note	Q1/2010	Q1/2009
10,928	9,451	Interest income	3	11,121	14,544
9,686	8,050	Interest expenses	4	8,343	11,949
1,242	1,401	<b>NET INTEREST INCOME</b>		<b>2,779</b>	<b>2,595</b>
1	1	Dividend on equities		1	1
183	230	Fee and commission income		542	429
63	64	Fee and commission expenses		372	335
1,363	1,568	<b>NET INTEREST AND FEE INCOME</b>		<b>2,951</b>	<b>2,691</b>
142	256	Value adjustments	5	335	195
20	20	Other operating income		37	35
656	555	Staff and administrative expenses	6	1,171	1,220
144	160	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	7	198	193
0	0	Other operating expenses		125	123
53	336	Impairment losses on loans, advances and receivables	8	699	668
61	233	Profit (loss) from investments in associates and group enterprises	9	1	(2)
733	1,025	<b>PROFIT BEFORE TAX</b>		<b>1,131</b>	<b>716</b>
165	181	Tax	10	331	191
568	845	<b>PROFIT FROM CONTINUING OPERATIONS FOR THE PERIOD</b>		<b>800</b>	<b>524</b>
-	-	Profit (loss) from discontinuing insurance operations		(58)	51
568	845	<b>PROFIT FOR THE PERIOD</b>		<b>742</b>	<b>574</b>

# Statements of comprehensive income for 1 January – 31 March

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group		
Q1/2009	Q1/2010	Note	Q1/2010	Q1/2009
568	845		742	574
(15)	-	- Foreign currency translation adjustment of foreign entities	-	(15)
-	-	- Fair value adjustment of equities available for sale	103	-10
-	-	- Tax on fair value adjustment of equities available for sale	-	4
(1)	-	- Share of comprehensive income in associates and group enterprises	-	(1)
(16)	-	- OTHER COMPREHENSIVE INCOME	103	(22)
552	845		845	552



## Balance sheets at 31 March

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group			
31.12.2009	31.03.2010		Note	31.03.2010	31.12.2009
		<b>ASSETS</b>			
1,691	3,684	Cash balance and demand deposits with central banks		3,892	1,828
36,301	17,581	Receivables from credit institutions and central banks	11	47,748	61,081
957,350	946,084	Loans, advances and other receivables at fair value	12	1,014,415	992,992
1,103	976	Loans, advances and other receivables at amortised cost	13	60,836	62,011
51,070	56,902	Bonds at fair value	14	89,349	81,871
		<b>Equities</b>			
4,025	4,412	Equities measured at fair value through profit or loss		1,951	1,809
-	-	Equities available for sale		3,142	2,941
<b>4,025</b>	<b>4,412</b>	<b>Total</b>		<b>5,093</b>	<b>4,750</b>
151	147	Investments in associates		149	175
27,240	26,027	Investments in group enterprises		-	-
4,882	4,835	Intangible assets		4,886	4,933
		<b>Land and buildings</b>			
-	-	Investment properties		69	69
25	24	Owner-occupied properties		1,810	1,767
<b>25</b>	<b>24</b>	<b>Total</b>		<b>1,879</b>	<b>1,836</b>
239	253	Other property, plant and equipment		340	334
-	-	Current tax assets		1,354	1,327
790	804	Deferred tax assets		1,040	1,065
159	1,191	Assets in temporary possession	15	3,139	191
16,306	13,868	Other assets	16	40,729	32,605
112	210	Prepayments		275	186
<b>1,101,443</b>	<b>1,077,000</b>	<b>TOTAL ASSETS</b>		<b>1,275,123</b>	<b>1,247,185</b>

## Balance sheets at 31 March

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group			
31.12.2009	31.03.2010		Note	31.03.2010	31.12.2009
		<b>LIABILITIES AND EQUITY</b>			
97,339	110,575	Payables to credit institutions and central banks	17	148,457	119,313
-	-	Deposits and other payables	18	59,450	64,483
907,439	872,101	Issued bonds at fair value	19	882,997	889,899
194	197	Issued bonds at amortised cost	20	40,563	44,253
3,812	5,802	Other non-derivative financial liabilities at fair value		18,508	8,902
720	752	Current tax liabilities		1,008	1,008
-	-	Liabilities temporarily assumed	15	1,904	-
25,304	19,746	Other liabilities	21	52,201	49,224
-	-	Deferred income		13	14
<b>1,034,809</b>	<b>1,009,173</b>	<b>Total payables</b>		<b>1,205,101</b>	<b>1,177,096</b>
		<b>Provisions</b>			
276	285	Provisions for pensions and similar obligations		289	280
781	851	Provisions for deferred tax		918	849
-	-	Insurance liabilities		-	1,448
107	107	Repayable reserves funded by pre-1972 series		107	107
-	-	Provisions for losses under guarantees		791	610
25	26	Other provisions		183	182
<b>1,190</b>	<b>1,269</b>	<b>Total provisions</b>		<b>2,289</b>	<b>3,476</b>
<b>14,203</b>	<b>14,472</b>	<b>Subordinate loan capital</b>	22	<b>15,648</b>	<b>15,372</b>
		<b>Equity</b>			
1,182	1,182	Share capital		1,182	1,182
		<b>Accumulated changes in value</b>			
5	5	- Revaluation reserves		132	132
-	-	- Value adjustment of equities available for sale		1,678	1,575
		<b>Other reserves</b>			
26,760	26,760	- Series reserves		26,760	26,760
23,294	24,139	Retained earnings		22,334	21,592
<b>51,241</b>	<b>52,085</b>	<b>Total equity</b>		<b>52,085</b>	<b>51,241</b>
<b>1,101,443</b>	<b>1,077,000</b>	<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,275,123</b>	<b>1,247,185</b>
		<b>OFF-BALANCE SHEET ITEMS</b>	23		
-	-	Contingent liabilities		6,610	8,336
1,468	1,400	Other commitments		10,124	10,852
<b>1,468</b>	<b>1,400</b>	<b>TOTAL</b>		<b>16,734</b>	<b>19,189</b>
		<b>Accounting policies</b>	1		
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# Statement of changes in equity

DKK million

Nycredit Realkredit A/S

	Share capital	Revaluation reserves	Accumulated foreign currency translation adjustment of foreign entities	Statutory reserves *	Series reserves	Retained earnings	Total
<b>2010</b>							
<b>Equity, 1 January</b>	<b>1,182</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>26,760</b>	<b>23,294</b>	<b>51,241</b>
Comprehensive income	-	-	-	-	-	845	845
<b>Equity, 31 March</b>	<b>1,182</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>26,760</b>	<b>24,139</b>	<b>52,085</b>
<b>2009</b>							
<b>Equity, 1 January</b>	<b>1,182</b>	<b>5</b>	<b>(3)</b>	<b>2,844</b>	<b>25,778</b>	<b>20,572</b>	<b>50,377</b>
Dividend from associates	-	-	-	(13)	-	13	-
Adjustment pursuant to capital adequacy rules	-	-	-	-	982	(982)	-
Transferred from provisions – pre-1972 series	-	-	-	-	(0)	9	9
Adjustment relating to associates	-	-	18	-	-	(18)	-
Adjustment relating to subsidiaries	-	-	-	(25)	-	25	-
Comprehensive income	-	-	(15)	(2,805)	-	3,675	855
<b>Equity, 31 December</b>	<b>1,182</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>26,760</b>	<b>23,294</b>	<b>51,241</b>

\* The item relates to transfer to reserves for net revaluation according to the equity method. The reserves are non-distributable.

The share capital is divided into shares of DKK 100 and multiples thereof. Nycredit Realkredit A/S has only one class of shares, and all the shares confer the same rights on shareholders.

## Statement of changes in equity

DKK million

The Nykredit Realkredit Group

	Share capital	Revaluation reserves	Accumulated foreign currency translation adjustment of foreign entities	Statutory reserves	Series reserves	Retained earnings	Total
<b>2010</b>							
<b>Equity, 1 January</b>	1,182	132	-	1,575	26,760	21,592	51,241
Comprehensive income	-	-	-	103	-	742	845
<b>Equity, 31 March</b>	1,182	132	-	1,678	26,760	22,334	52,085
<b>2009</b>							
<b>Equity, 1 January</b>	1,182	141	(3)	(674)	25,778	23,954	50,377
Reclassification of value adjustment of equities available for sale <sup>1</sup>	-	-	-	1,498	-	(1,498)	-
Adjustment pursuant to capital adequacy rules	-	-	-	-	982	(982)	-
Transferred from provisions – pre-1972 series	-	-	-	-	(0)	9	9
Adjustment relating to foreign entities	-	-	18	-	-	(18)	-
Comprehensive income	-	(9)	(15)	751	-	128	855
<b>Equity, 31 December</b>	1,182	132	-	1,575	26,760	21,592	51,241

<sup>1</sup> Reclassification includes accumulated value adjustment of strategic equities prior to 1 January 2005.

# Core earnings and investment portfolio income 1 January – 31 March

DKK million

The Nykredit Realkredit Group

	Q1/2010				Q1/2009			
	Core earnings	Investment portfolio income	Costs of capital	Total	Core earnings	Investment portfolio income	Costs of capital	Total
Net interest income	2,010	884	(115)	2,779	2,215	387	(7)	2,595
Dividend on equities	1	1	-	1	0	1	-	1
Net fee and commission income	184	(14)	-	170	108	(13)	-	94
<b>Net interest and fee income</b>	<b>2,195</b>	<b>871</b>	<b>(115)</b>	<b>2,951</b>	<b>2,322</b>	<b>375</b>	<b>(7)</b>	<b>2,691</b>
Value adjustments	249	87	0	335	(43)	237	1	195
Other operating income	37	-	-	37	35	-	-	35
Staff and administrative expenses	1,171	-	-	1,171	1,220	-	-	1,220
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	198	-	-	198	193	-	-	193
Other operating expenses	125	-	-	125	123	-	-	123
Impairment losses on loans, advances and other receivables	699	-	-	699	668	-	-	668
Profit (loss) from investments in associates	-	1	-	1	-	(2)	-	(2)
<b>Profit (loss) before tax</b>	<b>288</b>	<b>958</b>	<b>(115)</b>	<b>1,131</b>	<b>111</b>	<b>611</b>	<b>(6)</b>	<b>716</b>

## Cash flow statement 1 January – 31 March

DKK million

	The Nykredit Realkredit Group	
	Q1/2010	Q1/2009
<b>Profit for the period</b>	742	574
Amortisation and impairment losses for intangible assets	143	140
Depreciation and impairment losses for property, plant and equipment	55	53
Profit (loss) from investments in associates	(1)	2
Profit from discontinuing insurance operations	58	-
Impairment losses on loans, advances and receivables	699	668
Prepayments/deferred income, net	(91)	(123)
Tax calculated on profit for the period	331	191
Other adjustments	103	(22)
<b>Total</b>	<b>1,296</b>	<b>909</b>
<b>Profit for the period adjusted for non-cash operating items</b>	<b>2,038</b>	<b>1,483</b>
<b>Change in working capital</b>		
Loans, advances and other receivables	(20,946)	(24,552)
Deposits and payables to credit institutions	24,111	(11,534)
Issued bonds	(10,592)	20,021
Other working capital	2,349	(11,248)
<b>Total</b>	<b>(5,078)</b>	<b>(27,314)</b>
<b>Corporation tax paid, net</b>	<b>(199)</b>	<b>(320)</b>
<b>Cash flows from operating activities</b>	<b>(3,238)</b>	<b>(26,151)</b>
<b>Cash flows from investing activities</b>		
Investments	(7,795)	5,474
Intangible assets	(96)	(79)
Property, plant and equipment	(104)	(71)
<b>Total</b>	<b>(7,995)</b>	<b>5,324</b>
<b>Cash flows from financing activities</b>		
Subordinate loan capital	276	127
<b>Total</b>	<b>276</b>	<b>127</b>
<b>Cash flows from continuing operations</b>	<b>(10,957)</b>	<b>(20,700)</b>
Cash flows from discontinuing insurance operations	(311)	-
<b>Total cash flows</b>	<b>(11,269)</b>	<b>(20,700)</b>
<b>Cash and cash equivalents, beginning of period</b>		
Cash balance and demand deposits with central banks	1,828	323
Receivables from credit institutions and central banks	61,081	73,065
<b>Total</b>	<b>62,908</b>	<b>73,388</b>
<b>Cash and cash equivalents, end of period</b>		
Cash balance and demand deposits with central banks	3,892	3,552
Receivables from credit institutions and central banks	47,748	49,136
<b>Total</b>	<b>51,639</b>	<b>52,688</b>

# Notes

## 1. ACCOUNTING POLICIES

### General

The Consolidated Financial Statements for Q1/2010 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and further Danish financial reporting and disclosure requirements for interim reports. Compliance with IAS 34 implies observance of the principles of recognition and measurement of the IFRS and a less detailed presentation relative to the presentation of annual reports.

With respect to recognition and measurement, the interim financial statements of the Parent Company have been prepared in accordance with the Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc. issued by the Danish Financial Supervisory Authority.

Compared with the Annual Report for 2009, the accounting policies of the Nykredit Realkredit Group are unchanged, except for the below circumstances:

- Investments in joint ventures have been recognised and measured according to the equity method. Previously, investments in joint ventures have been consolidated proportionately. Comparative figures have been restated. The change has no effect on results or equity but on a few key Group figures and the balance sheet total.
- Nykredit Forsikring is presented as discontinuing operations. Results from discontinuing insurance operations are presented in the income statement as one item, and assets and liabilities relating to Nykredit Forsikring have been reclassified to "Assets in temporary possession" and "Liabilities temporarily assumed", respectively. Pursuant to IFRS 5 comparative figures for the income statement have been restated, whereas comparative figures in the balance sheet and the cash flow statement have not been restated. The restatement has no effect on results or equity but on a few of the Group's financial ratios.
- Presentation of the business areas has been adjusted to the Group's Strategy 2013. Comparative figures have been restated.

Compared with the Annual Report for 2009 (note 1), no new reporting standards or inter-

pretations have been issued or approved which would influence the Q1 Interim Report 2010 of the Nykredit Realkredit A/S and the Nykredit Realkredit Group.

The accounting policies of the Group and the Parent Company are available in the Annual Report for 2009 at [nykredit.com](http://nykredit.com).

All figures in the Q1 Interim Report 2010 are presented in DKK million. The totals stated are calculated on the basis of actual figures. Due to the rounding-off to DKK million, the sum of individual figures and the stated totals may differ slightly.

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

## Notes

DKK million

## 2. RESULTS BY BUSINESS AREA

	Retail Customers	Totalkredit	Commercial Customers	Markets & Asset Man- agement	Other activities	Group items and elimina- tions	Total
<b>2010</b>							
<b>Core income from</b>							
- Business operations	603	364	888	418	46	8	2,327
- Kalvebod issues	-	-	-	44	-	-	44
<b>Total</b>	<b>603</b>	<b>364</b>	<b>888</b>	<b>462</b>	<b>46</b>	<b>8</b>	<b>2,371</b>
Core income from securities	-	-	-	-	-	109	109
Operating costs	440	114	343	211	57	130	1,295
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	2	115	3	-	33	45	198
<b>Core earnings before impairment losses</b>	<b>161</b>	<b>135</b>	<b>542</b>	<b>251</b>	<b>(44)</b>	<b>(58)</b>	<b>987</b>
Impairment losses on loans and advances	117	(20)	412	8	79	103	699
<b>Core earnings after impairment losses</b>	<b>44</b>	<b>155</b>	<b>130</b>	<b>243</b>	<b>(123)</b>	<b>(161)</b>	<b>288</b>
Investment portfolio income <sup>1</sup>	-	-	-	-	-	958	958
<b>Profit (loss) before costs of capital</b>	<b>44</b>	<b>155</b>	<b>130</b>	<b>243</b>	<b>(123)</b>	<b>797</b>	<b>1,246</b>
Net interest on hybrid core capital	-	-	-	-	-	(115)	(115)
<b>Profit (loss) before tax</b>	<b>44</b>	<b>155</b>	<b>130</b>	<b>243</b>	<b>(123)</b>	<b>682</b>	<b>1,131</b>
<b>Total assets at 31.03.2010</b>	<b>202,992</b>	<b>439,459</b>	<b>413,292</b>	<b>148,868</b>	<b>8,083</b>	<b>62,429</b>	<b>1,275,123</b>
	Retail Customers	Totalkredit	Commercial Customers	Markets & Asset Man- agement	Other activities	Group items and elimina- tions	Total
<b>2009</b>							
<b>Core income from</b>							
- Business operations	551	302	669	366	48	18	1,954
- Kalvebod issues	-	-	-	30	-	-	30
<b>Total</b>	<b>551</b>	<b>302</b>	<b>669</b>	<b>396</b>	<b>48</b>	<b>18</b>	<b>1,984</b>
Core income from securities	-	-	-	-	-	331	331
Operating costs	403	111	336	194	57	242	1,343
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	10	111	10	-	27	35	193
<b>Core earnings before impairment losses</b>	<b>138</b>	<b>80</b>	<b>323</b>	<b>202</b>	<b>(36)</b>	<b>72</b>	<b>779</b>
Impairment losses on loans and advances	99	125	113	1	298	32	668
<b>Core earnings after impairment losses</b>	<b>39</b>	<b>(45)</b>	<b>210</b>	<b>201</b>	<b>(334)</b>	<b>40</b>	<b>111</b>
Investment portfolio income <sup>1</sup>	-	-	-	-	-	611	611
<b>Profit (loss) before costs of capital</b>	<b>39</b>	<b>(45)</b>	<b>210</b>	<b>201</b>	<b>(334)</b>	<b>651</b>	<b>722</b>
Net interest on hybrid core capital	-	-	-	-	-	(6)	(6)
<b>Profit (loss) before tax</b>	<b>39</b>	<b>(45)</b>	<b>210</b>	<b>201</b>	<b>(334)</b>	<b>645</b>	<b>716</b>
<b>Total assets at 31.12.2009</b>	<b>202,792</b>	<b>434,264</b>	<b>406,962</b>	<b>132,577</b>	<b>8,565</b>	<b>62,025</b>	<b>1,247,185</b>

<sup>1</sup> Investment portfolio income includes a profit of DKK 1m from investments in associates (2009: a loss of DKK 2m).



## Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
Q1/2009	Q1/2010	Q1/2010	Q1/2009
<b>3. INTEREST INCOME</b>			
3,685	3,330	45	220
6,124	4,950	9,709	12,258
588	730	1,254	1,068
<b>Bonds</b>			
520	489	956	658
143	131	627	438
406	318	(26)	742
(100)	84	124	(74)
124	52	107	200
<b>Derivative financial instruments</b>			
69	39	15	91
52	(72)	(110)	75
-	-	(0)	-
34	20	17	23
<b>11,647</b>	<b>10,072</b>	<b>12,717</b>	<b>15,699</b>
(520)	(489)	(956)	(658)
(143)	(131)	(627)	(438)
(55)	(1)	(13)	(59)
<b>10,928</b>	<b>9,451</b>	<b>11,121</b>	<b>14,544</b>
<b>Of which interest income from genuine purchase and resale transactions entered as:</b>			
86	8	43	119
3	0	13	205
<b>4. INTEREST EXPENSES</b>			
534	179	217	750
-	0	213	752
9,772	8,353	9,363	11,485
75	123	134	98
23	17	11	19
<b>10,405</b>	<b>8,671</b>	<b>9,938</b>	<b>13,104</b>
(520)	(489)	(956)	(658)
(143)	(131)	(627)	(438)
(55)	(1)	(13)	(59)
<b>9,686</b>	<b>8,050</b>	<b>8,343</b>	<b>11,949</b>
<b>Of which interest expenses from genuine sale and repurchase transactions entered as:</b>			
108	150	165	140
-	0	1	14

## Notes

DKK million

Nykkredit Realkredit A/S		The Nykkredit Realkredit Group	
Q1/2009	Q1/2010	Q1/2010	Q1/2009
<b>5. VALUE ADJUSTMENTS</b>			
<b>Financial assets measured at fair value through profit or loss</b>			
2,696	4,143	7,637	6,080
3,022	2,478	-	-
0	3	(0)	(23)
271	642	773	897
(148)	164	83	(146)
-	-	(0)	(0)
181	(89)	46	366
10	(385)	(483)	(720)
-	-	0	2
<b>Financial liabilities measured at fair value through profit or loss</b>			
(2,868)	(4,223)	(7,717)	(6,252)
(3,022)	(2,478)	-	-
-	-	(4)	(9)
<b>142</b>	<b>256</b>	<b>335</b>	<b>195</b>
<b>6. STAFF AND ADMINISTRATIVE EXPENSES</b>			
10	12	12	10
415	404	663	716
231	139	496	494
<b>656</b>	<b>555</b>	<b>1,171</b>	<b>1,220</b>
<b>Remuneration of Board of Directors and Executive Board</b>			
<b>Board of Directors</b>			
1	1	1	1
<b>Executive Board</b>			
8	8	8	8
-	2	2	-
1	1	1	1
<b>10</b>	<b>12</b>	<b>12</b>	<b>10</b>
The terms and conditions governing the pensions and retirement of the Executive Board are unchanged relative to the mention in the Annual Report for 2009.			
<b>Staff expenses</b>			
349	329	549	602
35	42	63	59
31	33	51	54
<b>415</b>	<b>404</b>	<b>663</b>	<b>716</b>
<b>Number of staff</b>			
2,587	2,729	4,051	4,174
<b>7. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES FOR PROPERTY, PLANT AND EQUIPMENT AS WELL AS INTANGIBLE ASSETS</b>			
<b>Intangible assets</b>			
132	142	142	128
-	-	1	12
<b>Property, plant and equipment</b>			
13	18	32	31
-	-	23	23
<b>144</b>	<b>160</b>	<b>198</b>	<b>193</b>

## Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group		
Q1/2009	Q1/2010	Q1/2010	Q1/2009	
<b>8. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES</b>				
<b>8. a. Effect on income statements</b>				
3	146	Change in individual provisions for loan impairment and guarantees	459	531
9	74	Change in collective provisions for loan impairment	106	80
34	103	Losses recognised for the period, net	131	52
(9)	(8)	Received on claims previously written off as impairment losses	(9)	(11)
<b>37</b>	<b>315</b>	<b>Total provisions for loan impairment and guarantees</b>	<b>687</b>	<b>652</b>
7	21	Value adjustment of assets in temporary possession	22	7
9	1	Value adjustment of claims previously written off as impairment losses	1	9
-	-	Losses offset, cf cooperation agreement	(11)	-
<b>53</b>	<b>336</b>	<b>Total</b>	<b>699</b>	<b>668</b>
<b>8. b. Specification of provisions for loan impairment and guarantee debtors</b>				
183	1,199	Individual impairment provisions	10,012	3,435
239	428	Collective impairment provisions	918	529
<b>422</b>	<b>1,627</b>	<b>Total provisions</b>	<b>10,930</b>	<b>3,964</b>
<b>Total provisions are offset against the following items</b>				
294	866	Mortgage loans – note 12	1,011	392
129	761	Arrears and outlays – note 12	1,119	207
-	-	Bank loans and advances – note 13	8,009	3,228
-	-	Provisions for guarantees	791	137
<b>422</b>	<b>1,627</b>	<b>Total provisions</b>	<b>10,930</b>	<b>3,964</b>
<b>8. c. Individual provisions for loan impairment and guarantee debtors</b>				
180	1,053	Impairment provisions, beginning of period	9,553	2,904
-	-	Foreign currency translation adjustment	7	-
38	281	Provisions for the period	882	610
(17)	(41)	Provisions reversed	(312)	(52)
(18)	(93)	Provisions recognised as lost	(119)	(27)
<b>183</b>	<b>1,199</b>	<b>Impairment provisions, end of period</b>	<b>10,012</b>	<b>3,435</b>
-	-	Of which provisions for guarantee debtors	791	137
<b>8. d. Collective impairment provisions</b>				
230	354	Impairment provisions, beginning of period	812	449
48	90	Provisions for the period	200	127
(39)	(17)	Provisions reversed	(94)	(47)
<b>239</b>	<b>428</b>	<b>Impairment provisions, end of period</b>	<b>918</b>	<b>529</b>
<b>8. e. Specification of loans and advances subject to objective evidence of impairment</b>				
495	4,900	Loans and advances subject to individual impairment	18,094	5,049
183	1,199	Impairments	9,221	3,298
<b>312</b>	<b>3,701</b>	<b>Loans and advances after impairment</b>	<b>8,874</b>	<b>1,750</b>
426,649	498,329	Loans and advances subject to collective impairment	989,909	866,650
239	428	Impairments	918	529
<b>426,409</b>	<b>497,901</b>	<b>Loans and advances after impairment</b>	<b>988,992</b>	<b>866,121</b>



## Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
31.12.2009	31.03.2010	31.03.2010	31.12.2009
<b>11. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS</b>			
11,636	-	114	12,529
24,665	17,581	47,633	48,552
<b>36,301</b>	<b>17,581</b>	<b>47,748</b>	<b>61,081</b>
2,414	0	4,134	5,414
Of which prepaid funds, including immediate prepayments at par and proceeds from the issue of fixed-price agreements			
<b>12. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE</b>			
550,598	562,466	1,001,492	981,227
(91)	(210)	(391)	(236)
39	-	13,314	12,001
7,496	7,500	-	-
399,307	376,329	-	-
<b>957,350</b>	<b>946,084</b>	<b>1,014,415</b>	<b>992,992</b>
<b>Mortgage loans</b>			
<b>515,906</b>	<b>553,913</b>	<b>985,216</b>	<b>916,582</b>
102,790	22,325	50,174	227,000
926	286	286	926
822	866	866	822
(12,226)	(2,141)	(3,342)	(18,005)
(54,306)	(13,519)	(35,359)	(142,110)
<b>553,913</b>	<b>561,730</b>	<b>997,841</b>	<b>985,216</b>
(129)	(164)	(214)	(129)
273	278	278	273
<b>554,058</b>	<b>561,845</b>	<b>997,905</b>	<b>985,361</b>
<b>(2,728)</b>	<b>1,487</b>	<b>4,598</b>	<b>(3,204)</b>
<b>Adjustment for interest rate risk</b>			
<b>Adjustment for credit risk</b>			
(377)	(438)	(438)	(377)
(354)	(428)	(573)	(554)
<b>550,598</b>	<b>562,466</b>	<b>1,001,492</b>	<b>981,227</b>
22,687	23,063	28,392	28,049
2,694	2,308	12,240	13,281
<b>Arrears and outlays</b>			
558	532	691	766
27	19	37	9
(676)	(761)	(1,119)	(1,011)
<b>(91)</b>	<b>(210)</b>	<b>(391)</b>	<b>(236)</b>

## Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
31.12.2009	31.03.2010	31.03.2010	31.12.2009
<b>12. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE (continued)</b>			
<b>Totalkredit mortgage loan funding</b>			
321,411	397,876		
200,218	49,753	-	-
(2,213)	(515)	-	-
(121,540)	(74,751)	-	-
<b>397,876</b>	<b>372,363</b>	<b>-</b>	<b>-</b>
1,431	3,966	-	-
<b>399,307</b>	<b>376,329</b>	<b>-</b>	<b>-</b>
<b>13. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST</b>			
-	-	67,868	68,721
82	66	-	-
-	-	67	82
1,077	967	967	1,077
<b>1,159</b>	<b>1,034</b>	<b>68,903</b>	<b>69,879</b>
<b>Adjustment for credit risk</b>			
-	-	(7,664)	(7,554)
-	-	(345)	(258)
<b>1,159</b>	<b>1,034</b>	<b>60,894</b>	<b>62,067</b>
(55)	(58)	(58)	(55)
<b>1,103</b>	<b>976</b>	<b>60,836</b>	<b>62,011</b>
<b>14. BONDS AT FAIR VALUE</b>			
99,401	76,511	136,280	195,665
91,320	54,596	84,076	117,784
35,418	38,551	59,957	56,427
11,181	12,867	18,428	17,050
4,515	5,530	14,463	10,301
<b>241,835</b>	<b>188,054</b>	<b>313,205</b>	<b>397,227</b>
(91,320)	(54,596)	(84,076)	(117,784)
(99,373)	(76,485)	(136,253)	(195,638)
(45)	(45)	(1,424)	(1,658)
(28)	(26)	(26)	(28)
-	-	(2,075)	(248)
<b>51,070</b>	<b>56,902</b>	<b>89,349</b>	<b>81,871</b>
Of bonds at fair value before set-off of own bonds::			
935	313	12,792	7,201
62,109	11,522	11,522	70,364
37,609	15,383	26,784	62,636
As collateral security for the Danish central bank (Danmarks Nationalbank), the Danish FUTOP clearing centre and foreign clearing centres, bonds have been deposited of a total market value of			
Collateral security was provided on an arm's length basis.			

## Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
31.12.2009	31.03.2010	31.03.2010	31.12.2009
<b>15. ASSETS IN TEMPORARY POSSESSION/LIABILITIES TEMPORARILY ASSUMED</b>			
<b>Assets in temporary possession</b>			
159	246	289	191
-	945	-	-
-	-	2,850	-
<b>159</b>	<b>1,191</b>	<b>3,139</b>	<b>191</b>
<b>Liabilities temporarily assumed</b>			
-	-	1,904	-
<b>-</b>	<b>-</b>	<b>1,904</b>	<b>-</b>
<b>16. OTHER ASSETS</b>			
11,808	9,778	12,648	10,522
1,068	1,127	-	-
2,981	2,627	27,424	21,310
142	151	151	142
-	-	-	22
306	186	505	608
<b>16,306</b>	<b>13,868</b>	<b>40,729</b>	<b>32,605</b>
<b>17. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS</b>			
59,813	96,993	134,875	81,724
37,526	13,582	13,582	37,589
<b>97,339</b>	<b>110,575</b>	<b>148,457</b>	<b>119,313</b>
<b>18. DEPOSITS AND OTHER PAYABLES</b>			
-	-	33,847	35,495
-	-	3,959	4,705
-	-	18,714	21,035
-	-	2,930	3,249
<b>-</b>	<b>-</b>	<b>59,450</b>	<b>64,483</b>

## Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group		
31.12.2009	31.03.2010		31.03.2010	31.12.2009
<b>19. ISSUED BONDS AT FAIR VALUE</b>				
484,020	459,344	ROs (realkreditobligationer)	560,869	590,822
598,715	528,390	SDOs (særligt dækkede obligationer)	528,390	598,715
15,443	15,493	Junior covered bonds	15,493	15,443
<b>1,098,178</b>	<b>1,003,227</b>	<b>Total</b>	<b>1,104,751</b>	<b>1,204,979</b>
(190,738)	(131,125)	Own bonds transferred from "Bonds at fair value" – note 14	(221,754)	(315,080)
<b>907,439</b>	<b>872,101</b>	<b>Total</b>	<b>882,997</b>	<b>889,899</b>
<b>19.a. ROs (realkreditobligationer)</b>				
488,785	459,965	ROs bonds at nominal value	562,345	597,493
(4,764)	(621)	Fair value adjustment	(1,476)	(6,672)
<b>484,020</b>	<b>459,344</b>	<b>ROs at fair value</b>	<b>560,869</b>	<b>590,822</b>
(91,320)	(54,596)	Own ROs transferred from "Bonds at fair value" – note 14	(84,076)	(117,784)
<b>392,700</b>	<b>404,748</b>	<b>Total</b>	<b>476,793</b>	<b>473,038</b>
308	256	Of which pre-issuance	256	308
29,620	16,818	Drawn for redemption at next creditor settlement date	18,750	31,049
<b>19.b. SDOs (særligt dækkede obligationer)</b>				
595,149	522,192	SDOs at nominal value	522,192	595,149
3,566	6,197	Fair value adjustment	6,197	3,566
<b>598,715</b>	<b>528,390</b>	<b>SDOs at fair value</b>	<b>528,390</b>	<b>598,715</b>
(99,373)	(76,485)	Own SDOs transferred from "Bonds at fair value" – note 14	(136,253)	(195,638)
<b>499,341</b>	<b>451,905</b>	<b>Total</b>	<b>392,136</b>	<b>403,077</b>
850	248	Of which pre-issuance	248	850
166,028	59,329	Drawn for redemption at next creditor settlement date	59,329	166,028
<b>19.c. Junior covered bonds</b>				
15,384	15,384	Junior covered bonds at nominal value	15,384	15,384
59	109	Fair value adjustment	109	59
<b>15,443</b>	<b>15,493</b>	<b>Junior covered bonds at fair value</b>	<b>15,493</b>	<b>15,443</b>
(45)	(45)	Own junior covered bonds transferred from "Bonds at fair value" – note 14	(1,424)	(1,658)
<b>15,397</b>	<b>15,448</b>	<b>Total</b>	<b>14,068</b>	<b>13,784</b>
-	5,014	Drawn for redemption at next creditor settlement date	5,014	-



## Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
31.12.2009	31.03.2010	31.03.2010	31.12.2009
<b>20. ISSUED BONDS AT AMORTISED COST</b>			
-	-	42,412	44,278
88	89	89	88
134	134	163	163
55	58	58	55
<b>277</b>	<b>282</b>	<b>42,723</b>	<b>44,585</b>
<b>21. OTHER LIABILITIES</b>			
-	-	(2,075)	(248)
(28)	(26)	(26)	(28)
(55)	(58)	(58)	(55)
<b>194</b>	<b>197</b>	<b>40,563</b>	<b>44,253</b>
<b>20. ISSUED BONDS AT AMORTISED COST</b>			
-	-	42,412	44,278
88	89	89	88
134	134	163	163
55	58	58	55
<b>277</b>	<b>282</b>	<b>42,723</b>	<b>44,585</b>
<b>21. OTHER LIABILITIES</b>			
18,626	12,257	19,899	24,081
2,107	2,617	25,656	19,303
3,208	3,293	3,223	3,140
1,363	1,580	3,423	2,700
<b>25,304</b>	<b>19,746</b>	<b>52,201</b>	<b>49,224</b>

## Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
31.12.2009	31.03.2010	31.03.2010	31.12.2009
<b>22. SUBORDINATE LOAN CAPITAL AND HYBRID CORE CAPITAL</b>			
Subordinate loan capital consists of financial liabilities including hybrid core capital which, in case of voluntary or compulsory liquidation, will not be repaid until after the claims of ordinary creditors have been met.			
Subordinate loan capital is included in the capital base in accordance with sections 129, 132 and 136 of the Danish Financial Business Act.			
<b>Subordinate loan capital</b>			
-	-	-	-
-	-	74	74
-	-	75	75
-	-	100	100
-	-	116	111
-	-	150	151
-	-	200	200
-	-	200	200
3,656	3,656	3,656	3,656
<b>3,656</b>	<b>3,656</b>	<b>4,572</b>	<b>4,568</b>
<b>Hybrid core capital</b>			
-	-	-	-
-	-	100	100
-	-	160	158
3,955	4,023	4,023	3,955
6,592	6,793	6,793	6,592
<b>10,547</b>	<b>10,816</b>	<b>11,076</b>	<b>10,805</b>
<b>14,203</b>	<b>14,472</b>	<b>15,648</b>	<b>15,372</b>
14,202	14,472	15,648	15,370
82	3	3	82
-	-	-	250

## Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
31.12.2009	31.03.2010	31.03.2010	31.12.2009
<b>23. OFF-BALANCE SHEET ITEMS</b>			
<p>The size and business scope of the Nykredit Realkredit Group continuously involve the Group in legal proceedings. For a description of significant cases, please refer to the Management's Review. Other pending cases are not expected to have a significant effect on the Nykredit Realkredit Group's financial position.</p> <p>Nykredit Realkredit A/S is jointly taxed with all the Danish group enterprises of the Foreningen Nykredit Group. Nykredit Realkredit A/S is solely liable for the part of tax which is attributable to Nykredit Realkredit A/S and which is not settled with Foreningen Nykredit via the scheme for payment of tax on account.</p> <p>The companies Nykredit Realkredit A/S, Totalkredit A/S, Nykredit Bank A/S, Forstædernes Bank A/S, Nykredit Leasing A/S, Nykredit Forsikring A/S and Nykredit Portefølje Adm. A/S are registered jointly where payroll tax and VAT are concerned and are jointly and severally liable for the settlement thereof.</p> <p>Nykredit Realkredit A/S is liable for the obligations of the pension funds Jyllands Kreditforenings Afviklingspensionskasse (CVR no 24256219) and Den Under Afvikling Værende Pensionskasse i Forenede Kreditforeninger (CVR no 71977714).</p> <p>Guarantees and warranties provided, irrevocable credit commitments and similar obligations not recognised in the balance sheets are presented below.</p>			
-	-		
		-	-
1,468	1,400	6,610	8,336
		10,124	10,852
<b>1,468</b>	<b>1,400</b>	<b>16,734</b>	<b>19,189</b>
<b>Contingent liabilities</b>			
-	-		
		-	-
-	-	3,188	4,394
-	-	-	7
-	-	3,422	3,935
-	-	<b>6,610</b>	<b>8,336</b>
<b>"Government guarantee scheme"</b>			
<p>Nykredit Bank A/S and Forstædernes Bank A/S participate in the "government guarantee scheme", under which the Danish government has issued a two-year guarantee that covers the Danish banks enrolled on the scheme. The guarantee will remain in force until 30 September 2010.</p> <p>For Q1/2010, DKK 124m has been charged to the income statement under "Other operating expenses".</p> <p>The companies also participate in a sector guarantee totalling DKK 20bn with a share estimated at DKK 1.3bn, which has been recognised under "Contingent liabilities" (off-balance sheet items). Provisions for guarantees of DKK 483m have been included under "Provisions for losses under guarantees".</p>			
<b>Other commitments</b>			
48	48		
		8,363	9,283
1,421	1,352	1,761	1,570
<b>1,468</b>	<b>1,400</b>	<b>10,124</b>	<b>10,852</b>

# Notes

## 24. RELATED PARTY TRANSACTIONS AND BALANCES

Foreningen Nykredit, the Parent Company Nykredit Holding A/S, group enterprises and associates of Nykredit Realkredit A/S as stated under "Group structure" as well as Nykredit Realkredit A/S's Board of Directors, Executive Board and related parties thereof are regarded as related parties.

In Q1/2010 no unusual related party transactions occurred.

The companies have entered into agreements as a natural part of the Group's day-to-day operations. The agreements typically involve finance, 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 basis.

Significant related party transactions prevailing/entered into in 2010 include:

### Agreements between Nykredit Realkredit A/S and Totalkredit A/S

Master agreements on facility, credit and risk management, management and organisational development and allocation of staff-related costs.

Master agreement on the terms applicable to transactions in the securities area.

Agreement on joint funding of mortgage loans.

Nykredit Realkredit A/S has granted loans to Totalkredit A/S serving as security in Capital Centre E.

Nykredit Realkredit A/S has provided Totalkredit A/S with subordinate loan capital.

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

Master agreements on facility, credit and risk management, management and organisational development and allocation of staff-related costs.

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

### Agreements between Nykredit Realkredit A/S and Forstædernes Bank A/S

Master agreements on facility, credit and risk management, management and organisational development and allocation of staff-related costs.

Agreement on bond trading in connection with settlement of mortgage loans granted by Forstædernes Bank A/S.

Agreement on portfolio management.

### Agreements between Nykredit Realkredit A/S and Nykredit Mægler A/S

Master agreements on facility management, management and organisational development and allocation of staff-related costs.

Agreements on commission payable in connection with referral of lending business.

### Agreements between Nykredit Realkredit A/S and Nykredit Forsikring A/S

Master agreements on facility and risk management, management and organisational development and allocation of staff-related costs.

Agreement on the employment of insurance agents at Nykredit Realkredit A/S centres, sales commission to Nykredit centres and agreement on the management of certain investments. Nykredit Forsikring A/S has distributed a dividend of DKK 500m to Nykredit Realkredit A/S.

### Agreements between Nykredit Realkredit A/S and JN Data A/S

Agreements on joint IT support etc.

### Agreements between Nykredit Realkredit A/S and Nykredit Ejendomme A/S

Nykredit Realkredit A/S has granted a credit line to Nykredit Ejendomme A/S.

### Agreements between Totalkredit A/S and Forstædernes Bank A/S

Agreements on commission payable in connection with referral of lending business.

### Agreements between Totalkredit A/S and Nykredit Mægler A/S

Agreements on commission payable in connection with referral of lending business.

### Agreements between Nykredit Bank A/S and Forstædernes 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 Holding A/S and Nykredit Bank A/S

On specific occasions, Nykredit Holding A/S has issued guarantees or letters of comfort to third parties.

## Notes

DKK million

The Nykredit Realkredit Group	Q1/ 2010	Q4/ 2009	Q3/ 2009	Q2/ 2009	Q1/ 2009
<b>25. FIVE-QUARTER FINANCIAL HIGHLIGHTS</b>					
<b>Core income from</b>					
Business operations	2,371	2,488	2,060	2,181	1,984
Securities	109	150	152	196	331
<b>Total</b>	<b>2,480</b>	<b>2,637</b>	<b>2,212</b>	<b>2,377</b>	<b>2,315</b>
Operating costs, depreciation and amortisation	1,494	1,589	1,582	1,586	1,536
<b>Core earnings before impairment losses</b>	<b>986</b>	<b>1,049</b>	<b>630</b>	<b>791</b>	<b>779</b>
Impairment losses on loans and advances	699	1,999	4,089	1,163	668
<b>Core earnings after impairment losses</b>	<b>288</b>	<b>(951)</b>	<b>(3,459)</b>	<b>(372)</b>	<b>111</b>
Investment portfolio income	958	626	1,669	1,715	611
<b>Profit (loss) before costs of capital</b>	<b>1,246</b>	<b>(325)</b>	<b>(1,790)</b>	<b>1,343</b>	<b>721</b>
Net interest on hybrid core capital	(115)	(77)	(6)	(6)	(6)
<b>Profit (loss) before tax</b>	<b>1,131</b>	<b>(402)</b>	<b>(1,795)</b>	<b>1,337</b>	<b>716</b>
Tax	331	(162)	(396)	339	191
Profit from discontinuing insurance operations	(58)	83	52	61	50
<b>Profit (loss) for the period</b>	<b>742</b>	<b>(157)</b>	<b>(1,348)</b>	<b>1,059</b>	<b>574</b>
Profit (loss) for the period excluding value adjustment of strategic equities against equity	103	(87)	382	462	(6)
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>					
<b>Assets</b>					
Cash balance and receivables from credit institutions and central banks	51,639	62,909	38,029	47,999	52,688
Mortgage loans at fair value	1,001,492	981,227	972,080	942,634	921,397
Bank loans – excluding reverse transactions	59,859	60,908	62,333	65,802	67,937
Bonds and equities	94,442	86,620	88,736	112,219	97,960
Other assets	67,691	55,520	81,010	72,811	78,983
<b>Total assets</b>	<b>1,275,123</b>	<b>1,247,185</b>	<b>1,242,188</b>	<b>1,241,465</b>	<b>1,218,966</b>
<b>Liabilities and equity</b>					
Payables to credit institutions and central banks	148,457	119,313	115,755	132,244	152,961
Deposits and other payables	59,450	64,483	63,486	60,557	59,231
Issued bonds at fair value	882,997	889,899	888,380	883,736	834,419
Hybrid core capital	11,076	10,805	4,224	4,183	4,233
Supplementary capital	4,572	4,568	4,777	4,771	4,873
Other liabilities	116,485	106,877	114,063	103,505	112,319
Equity	52,085	51,241	51,503	52,469	50,930
<b>Total liabilities and equity</b>	<b>1,275,123</b>	<b>1,247,185</b>	<b>1,242,188</b>	<b>1,241,465</b>	<b>1,218,966</b>
<b>FINANCIAL RATIOS</b>					
Profit for the period as % of average equity pa	5.7	(1.2)	(10.4)	8.2	4.5
Core earnings before impairment losses as % of average equity pa	7.6	8.2	4.9	6.1	6.1
Core earnings after impairment losses as % of average equity pa	2.2	(7.4)	(26.6)	(2.9)	0.9
Provisions for loan impairment and guarantees	10,930	10,364	8,542	5,022	3,964
Impairment losses for the period, %	0.1	0.2	0.4	0.1	0.1
Capital adequacy ratio, %*	18.4	17.8	16.8	16.7	15.8
Core capital ratio, %*	17.3	16.7	15.5	15.5	14.6
Average number of full-time staff	4,051	4,135	4,136	4,141	4,174

## Notes

DKK million

The Nykredit Realkredit Group	Q1/ 2010	Q1/ 2009	Q1/ 2008	Q1/ 2007	Q1/ 2006
<b>26. FIVE-YEAR FINANCIAL HIGHLIGHTS</b>					
Net interest and fee income	2,951	2,691	1,786	1,556	1,488
Value adjustments	335	195	(749)	345	78
Other operating income	37	35	40	72	42
Staff and administrative expenses	1,171	1,220	932	824	839
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	198	193	119	121	124
Other operating expenses	125	123	1	1	-
Impairment losses on loans, advances and receivables	699	668	(15)	(72)	(37)
Profit (loss) from investments in associates	1	(2)	16	3	(2)
<b>Profit before tax</b>	<b>1,131</b>	<b>716</b>	<b>56</b>	<b>1,104</b>	<b>680</b>
Tax	331	191	29	286	178
<b>Profit from continuing operations for the period</b>	<b>800</b>	<b>524</b>	<b>26</b>	<b>818</b>	<b>502</b>
Profit (loss) from discontinuing insurance operations	(58)	50	22	31	39
<b>Profit for the period</b>	<b>742</b>	<b>574</b>	<b>49</b>	<b>849</b>	<b>542</b>
Profit (loss) for the period excluding value adjustment of strategic equities against equity	103	(6)	(695)	300	987
<b>BALANCE SHEET SUMMARY</b>					
	<b>31.03.2010</b>	<b>31.03.2009</b>	<b>31.03.2008</b>	<b>31.03.2007</b>	<b>31.03.2006</b>
<b>Assets</b>					
Cash balance and receivables from credit institutions and central banks	51,639	52,688	74,002	32,878	46,312
Mortgage lending at fair value	1,001,492	921,397	847,002	772,781	701,399
Bank lending – excl reverse transactions	59,859	67,937	43,539	34,085	21,950
Bonds and equities	94,442	97,960	89,460	62,376	58,425
Other assets	67,691	78,983	33,998	24,653	23,535
<b>Total assets</b>	<b>1,275,123</b>	<b>1,218,966</b>	<b>1,088,001</b>	<b>926,773</b>	<b>851,621</b>
<b>Liabilities and equity</b>					
Payables to credit institutions and central banks	148,457	152,961	130,215	90,099	74,281
Deposits and other payables	59,450	59,231	31,572	21,318	23,992
Issued bonds at fair value	882,997	834,419	791,289	719,076	656,340
Subordinate loan capital	15,648	9,106	7,430	8,682	9,895
Other liabilities	116,485	112,319	74,190	34,463	36,982
Equity	52,085	50,930	53,304	53,135	50,131
<b>Total liabilities and equity</b>	<b>1,275,123</b>	<b>1,218,966</b>	<b>1,088,001</b>	<b>926,773</b>	<b>851,621</b>
<b>OFF-BALANCE SHEET ITEMS</b>					
Contingent liabilities	6,610	7,531	4,457	3,012	3,902
Other commitments	10,124	11,922	10,060	7,444	4,367
<b>FINANCIAL RATIOS <sup>1</sup></b>					
Capital adequacy ratio, %*	18.4	15.8	18.0	11.6	12.3
Core capital ratio, %*	17.3	14.6	17.2	10.9	11.2
Individual capital need	9.8	10.1	9.7	-	-
Return on equity before tax	2.3	1.5	(1.1)	2.7	3.4
Return on equity after tax	1.4	1.1	(1.2)	2.2	3.1
Income:cost ratio, DKK	1.56	1.32	0.38	2.61	2.76
Foreign exchange position, %	0.8	1.5	3.0	1.8	1.1
Loans and advances:equity (loan gearing)	20.6	20.0	16.9	15.3	14.6
Growth in loans and advances for the period, %	1.2	1.7	2.7	2.5	2.1
Accumulated impairment provisions, %	1.0	0.4	0.0	0.0	0.1
Impairment losses for the period, %	0.1	0.1	(0.0)	(0.0)	(0.0)

<sup>1</sup> Financial ratios are based on the definitions and guidelines of the Danish Financial Supervisory Authority, and financial ratios have therefore been calculated based on results for the year including value adjustment of strategic equities. When calculating the financial ratio "Return on equity before tax", results from discontinuing insurance operations are included in results for the period before tax.

\* As from 1 January 2008, the capital adequacy and core capital ratios are determined in accordance with Basel II.

# Group structure

DKK million

## The Nykredit Realkredit Group

	Ownership as % at 31.03.2010	Profit (loss) for the period	Equity at 31.03.2010	Profit (loss) for 2009	Equity at 31.12.2009
<b>27. GROUP STRUCTURE</b>					
<b>Name and registered office</b>					
<b>The Nykredit Realkredit Group</b>					
Nykredit Realkredit A/S, Copenhagen a)					
<b>Consolidated subsidiaries</b>					
Totalkredit A/S, Taastrup, a)	100	291	12,660	817	12,369
Nykredit Bank A/S, Copenhagen, b)	100	119	10,345	(77)	10,227
Nykredit Finance plc, Plymouth, i)	100	0	25	2	25
Pantebrevsselskabet af 8/8 1995 A/S, Copenhagen, i)	100	0	28	-	28
Nykredit Pantebrevsinvestering A/S, Copenhagen, e)	100	0	11	-	11
Nykredit Portefølje Administration A/S, Copenhagen, j)	100	7	127	17	120
Nykredit Sirius Ltd., Cayman Islands, d)	100	0	3	(10)	3
Nykredit Leasing A/S, Gladsaxe, h)	100	(1)	147	(29)	148
Forstædernes Bank A/S, Copenhagen, b)	100	(98)	2,049	(3,861)	2,147
Nykredit Forsikring A/S, Copenhagen, c)	100	(58)	945	245	1,503
Nykredit Mægler A/S, Århus, f)	100	0	113	(5)	113
Nykredit Ejendomme A/S, Copenhagen, g)	100	(22)	609	(56)	631
Ejendomsselskabet Kalvebod A/S, Copenhagen, g)	100	0	251	1	251
Nykredit Adm, V A/S, Copenhagen, i)	100	-	1	-	1
Dene Finanse S.A., Warsaw, k)	-	-	-	2	-

a) Mortgage bank

b) Bank

c) Insurance company

d) Financial enterprise

e) Mortgage trading company

f) Estate agency business

g) Property company

h) Leasing business

i) No activity

j) Investment management company

k) The company has been liquidated

Nykredit Realkredit A/S is consolidated with the Parent Company, Nykredit Holding A/S, which is consolidated with Foreningen Nykredit.

The financial statements of Foreningen Nykredit (in Danish) and Nykredit Holding A/S (in Danish) are available from:

Nykredit Realkredit A/S

Kalvebod Brygge 1-3

DK-1780 Copenhagen V