

To NASDAQ OMX Copenhagen A/S  
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## Q1 INTERIM REPORT – THE NYKREDIT REALKREDIT GROUP 1 JANUARY 2011 – 31 MARCH 2011

### RESULTS

- The Nykredit Realkredit Group recorded a profit before tax of DKK 1,004m against DKK 1,131m in Q1/2010
  - In 2010 results were affected by exceptionally high investment portfolio income
- Profit after tax was DKK 899m against DKK 742m in Q1/2010
  - Deferred tax of DKK 125m was recognised as income following judgment delivered by the Danish High Court in a tax case
- Growth in customer-oriented lending business of 2% on Q1/2010
  - Core income from customer-oriented mortgage and banking business was DKK 1,968m against DKK 1,929m in Q1/2010
  - In Q1/2011 mortgage lending in nominal terms and bank lending grew by a total of DKK 11bn to DKK 1,100bn
- Core income from Markets & Asset Management was DKK 256m against DKK 418m in Q1/2010
  - The decline resulted from lower income from customer-oriented bond trading
- Operating costs, depreciation and amortisation excluding special value adjustments rose by DKK 55m or 4%
  - Special value adjustments came to DKK 104m of which DKK 70m was a provision under the Danish Deposit Guarantee Fund
- Impairment losses on loans and advances decreased from DKK 596m in Q1/2010 to DKK 278m
  - Impairment losses on mortgage lending came to DKK 252m, equal to 0.02% of lending
  - Impairment losses on bank lending came to DKK 26m, equal to 0.03% of lending
- Core income from securities amounted to DKK 131m against DKK 109m in Q1/2010
- Investment portfolio income came to DKK 594m against DKK 1,002m in Q1/2010
  - The collapse of Amagerbanken had an adverse effect on investment portfolio income of DKK 181m
- Cost of capital in the form of net interest on hybrid core capital was DKK 114m, which was unchanged on Q1/2010.

### CAPITAL

- The core capital and capital adequacy ratios were 18.6% and 18.6%, respectively, at end-Q1/2011
- The internal capital adequacy requirement (ICAAP) stood at 9.7%
- The Group's equity amounted to DKK 55.7bn against DKK 55.3bn at the beginning of the year.

### OUTLOOK FOR 2011

Nykredit expects a pre-tax profit in the range of DKK 3.0bn to DKK 3.5bn, which is unchanged on the previous forecast. The forecast of impairment losses on loans and advances of DKK 1.5bn is also unchanged.

*Peter Engberg Jensen, Group Chief Executive, has the following comments:*

*Nykredit recorded a satisfactory pre-tax profit of DKK 1.0bn in Q1/2011. Lending rose by DKK 11bn, while growth in total customer business was lower than forecast at the beginning of the year. The main reasons were declining mortgage activity and lower securities trading income.*

*Loan impairment losses amounted to DKK 278m in Q1/2011, a decrease of more than 50% on the same period last year.*

*We still anticipate a pre-tax profit in the range of DKK 3.0bn to DKK 3.5bn.*

#### Contacts

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## FINANCIAL HIGHLIGHTS

DKK million	Q1/2011	Q1/2010	FY 2010
The Nykredit Realkredit Group			
<b>CORE EARNINGS AND RESULTS FOR THE PERIOD</b>			
<b>Core income from</b>			
- Business operations	2,224	2,347	9,522
- Junior covered bonds	(43)	(20)	(120)
- Securities	131	109	470
<b>Total</b>	<b>2,312</b>	<b>2,436</b>	<b>9,872</b>
Operating costs, depreciation and amortisation, excluding special value adjustments	1,406	1,351	5,499
Operating costs, depreciation and amortisation – special value adjustments <sup>1</sup>	34	18	129
Commission – Danish Deposit Guarantee Fund/government guarantee scheme	70	124	371
<b>Core earnings before impairment losses</b>	<b>802</b>	<b>943</b>	<b>3,873</b>
Impairment losses on loans and advances – mortgage lending	252	318	888
Impairment losses on loans and advances – banking	26	278	1,215
Impairment losses on loans and advances – government guarantee scheme	-	103	279
<b>Core earnings after impairment losses</b>	<b>524</b>	<b>244</b>	<b>1,491</b>
Investment portfolio income <sup>2</sup>	594	1,002	2,060
<b>Profit before cost of capital</b>	<b>1,118</b>	<b>1,246</b>	<b>3,551</b>
Net interest on hybrid core capital	(114)	(115)	(461)
<b>Profit before tax from continued operations</b>	<b>1,004</b>	<b>1,131</b>	<b>3,090</b>
Tax	105	331	785
Profit (loss) from discontinued insurance operations	-	(58)	1,511
<b>Profit for the period</b>	<b>899</b>	<b>742</b>	<b>3,816</b>
<b>Value adjustment and reclassification of strategic equities</b>	<b>(261)</b>	<b>103</b>	<b>261</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>			
	31.03.2011	31.03.2010	31.12.2010
<b>Assets</b>			
Receivables from credit institutions and central banks	37,624	51,639	58,657
Mortgage loans at fair value	1,030,243	1,001,492	1,030,674
Bank loans – excluding reverse transactions	60,250	59,859	58,833
Bonds and equities	103,974	94,442	99,144
Remaining assets	59,333	67,691	63,832
<b>Total assets</b>	<b>1,291,424</b>	<b>1,275,123</b>	<b>1,311,140</b>
<b>Liabilities and equity</b>			
Payables to credit institutions and central banks	94,266	148,457	95,879
Deposits	53,416	59,450	55,467
Issued bonds at fair value	960,768	882,997	974,319
Subordinated debt – hybrid core capital	10,801	11,076	11,055
Subordinated debt – supplementary capital	485	4,572	563
Remaining liabilities	116,029	116,486	118,537
Equity	55,659	52,085	55,320
<b>Total liabilities and equity</b>	<b>1,291,424</b>	<b>1,275,123</b>	<b>1,311,140</b>
<b>FINANCIAL RATIOS</b>			
Profit for the period as % of average equity	6.5	5.7	7.2
Core earnings before impairment losses as % of average equity	5.8	7.3	7.3
Core earnings after impairment losses as % of average equity	3.8	1.9	2.8
Costs as % of core income from business operations	63.2	57.6	57.8
Total provisions for loan impairment – mortgage lending	2,338	2,130	2,226
Total provisions for loan impairment and guarantees – banking	6,159	8,800	6,888
Impairment losses for the period, % – mortgage lending	0.02	0.03	0.09
Impairment losses for the period, % – banking	0.03	0.28	1.31
Capital adequacy ratio, %	18.6	18.4	18.5
Core capital ratio, %	18.6	17.3	18.5
Average number of full-time staff <sup>3</sup>	4,057	4,051	4,026

<sup>1</sup> Special value adjustments include value adjustment of certain staff benefits and owner-occupied property as well as costs of winding up Dansk Pantebrevsbørs under konkurs (in bankruptcy).

<sup>2</sup> Value adjustment of the portfolio of subordinated debt instruments in Danish banks (Kalvebod issues) is included from 1 January 2011. Comparative figures have been restated.

<sup>3</sup> Excluding Nykredit Forsikring A/S and JN Data A/S.

# RESULTS FOR THE PERIOD

## NYKREDIT REALKREDIT GROUP RESULTS

Profit before tax was DKK 1,004m against DKK 1,131m in Q1/2010. Profit after tax was DKK 899m and included a tax income of DKK 125m following judgment in a tax case. Profit after tax was DKK 742m in Q1/2010.

The profit reflects growth in mortgage and bank lending, lower earnings in Markets & Asset Management, moderate growth in costs, low loan impairment losses and positive investment portfolio income.

Core income from customer-oriented business exclusive of Markets & Asset Management increased by DKK 39m or 2% to DKK 1,968m. Group mortgage lending at nominal value and bank lending rose by a total of DKK 11bn or 1.0% to DKK 1,100bn compared with the beginning of the year. Retail lending was up by DKK 4bn and commercial lending by DKK 7bn.

Markets & Asset Management posted earnings of DKK 256m, which was below the Q1/2010 level of DKK 418m. The decline was due to lower earnings from customer-oriented bond trading.

The Group's impairment losses on loans and advances were DKK 278m against DKK 596m in Q1/2010. Impairment losses equalled 0.02% of total mortgage and bank lending. 56% of impairment losses for the quarter were attributable to retail lending and 44% to commercial lending.

The Group posted investment portfolio income of DKK 594m compared with DKK 1,002m in Q1/2010. The collapse of Amagerbanken had an adverse effect on investment portfolio income of DKK 181m.

Strategic equities, chiefly in banks, resulted in a total negative value adjustment of DKK 261m after tax. Of this figure, DKK 115m was a negative value adjustment of strategic equities against equity, while a negative amount of DKK 146m led to reclassification from equity to the income statement in relation to profit from the sale of strategic equities and a capital loss on Nykredit's shareholding in Amagerbanken.

The Group's profit after tax and value adjustments against equity led to a rise in equity of DKK 0.6bn. Equity amounted to DKK 55.7bn after adjustment for dividends declared of DKK 0.3bn.

### Core earnings

#### *Core income from business operations*

The Group's core income from customer-oriented business was DKK 2,224m against DKK 2,347m in the same period the year before – down DKK 123m or 5.2%.

Core income from mortgage operations came to DKK 1,356m, which was on a level with Q1/2010.

Measured at nominal value, group mortgage lending rose by DKK 10bn to DKK 1,039bn in Q1/2011. Gross new lending was DKK 34bn against DKK 51bn in Q1/2010. The decrease in mortgage refinancing activity and thus in gross new lending should be seen in the context of

lower interest rates and the fact that a considerable number of borrowers have adjustable-rate mortgages (ARMs).

The Bank's core income from business operations amounted to DKK 823m against DKK 953m in Q1/2010, corresponding to a 13.7% downturn. One reason was a loss on financial business, including the effects of the collapse of Amagerbanken and subdued market activity.

The Group's bank lending totalled DKK 60.3bn against DKK 58.8bn at the beginning of the year. Bank deposits declined by DKK 2.1bn to DKK 53.4bn at end-Q1/2011.

#### *Junior covered bonds*

The Group has issued DKK 24.9bn of junior covered bonds in nominal terms as supplementary collateral for covered bonds. Net interest expenses relating to junior covered bonds came to DKK 43m against DKK 20m in Q1/2010.

#### *Core income from securities*

Core income from securities was DKK 131m against DKK 109m the year before.

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

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

The Group's costs excluding special value adjustments and commission payable under the government guarantee scheme came to DKK 1,406m, corresponding to 4% growth on Q1/2010. Costs as a percentage of core income from business operations were 63.2% compared with 57.6% in Q1/2010.

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

Special value adjustments, which comprise net adjustment of assets and liabilities relating to Nykredit's pension schemes in run-off and certain staff schemes, produced an expense of DKK 11m. Value adjustment of owner-occupied property generated an expense of DKK 23m.

To this should be added an expense of DKK 70m, equal to an expected payment to the Danish Deposit Guarantee Fund caused by the collapse of Amagerbanken.

Special value adjustments netted operating expenses of DKK 104m in Q1/2011.

#### *Impairment losses on loans and advances*

The Group's impairment losses on loans and advances decreased to DKK 278m from DKK 596m in Q1/2010.

DKK 213m of impairment losses for the quarter stemmed from an increase in individual impairment provisions and DKK 21m from a rise in collective impairment provisions.

The Group's impairment losses on mortgage lending stood at DKK 252m, equal to 0.02% of lending, against DKK 318m in Q1/2010. DKK 113m of impairment losses for the quarter, or 0.02% of lending, stemmed from retail customers against DKK 24m in Q1/2010. The commercial segment accounted for DKK 139m of impairment losses on loans and advances, equal to 0.04% of lending, against DKK 294m in Q1/2010.

The Group's impairment losses on bank lending amounted to DKK 26m, corresponding to 0.03% of lending, against DKK 278m in Q1/2010. DKK 42m of impairment losses for the period, or 0.3% of lending, was attributed to the retail segment. Impairment losses on loans and advances to commercial customers amounted to DKK 59m, or 0.1% of lending. Reversal of impairment provisions for a portfolio of terminated corporate exposures in the segment Other Activities resulted in net income of DKK 75m.

#### **Investment portfolio income**

Group investment portfolio income landed at DKK 594m compared with DKK 1,002m in the same period the year before. DKK 135m of earnings in Q1/2011 was a profit from the sale of strategic equities and a capital loss on Nykredit's strategic shareholding in Amager-banken, which must be recognised in the income statement under current accounting rules.

Value adjustment of strategic equities against equity came to a loss of DKK 115m after tax against a gain of DKK 103m for the same period in 2010.

Investment portfolio income derived from capital gains on listed and unlisted equities, realisation of equities classified as available for sale and earnings relating to Danish and foreign mortgage bonds and high-rated corporate bonds, which portfolios are hedged for interest rate risk.

Investment portfolio income is the excess income obtained from investing in equities, bonds and derivative financial instruments in addition to 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 was DKK 376m. Investment portfolio income from equities and equity instruments value adjusted through profit or loss was DKK 83m.

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

The Group has raised hybrid core capital for a total of DKK 10.8bn. Profit was affected by net interest expenses of DKK 114m, the same as in Q1/2010.

#### **Tax**

Tax calculated on profit for the year was DKK 105m, corresponding to an effective tax rate of 10.4%.

Judgment has been delivered in a tax case against Nykredit Realkredit. The Danish High Court found for Nykredit, which has therefore recognised as income deferred tax of some DKK 125m previously provided for and expensed.

#### **Subsidiaries**

##### *Totalkredit*

Totalkredit recorded a profit before tax of DKK 203m compared with DKK 388m in the same period the year before. Reference is made to Totalkredit A/S's Q1 Interim Report 2011.

##### *Nykredit Bank*

The Nykredit Bank Group recorded a profit before tax of DKK 215m compared with DKK 74m in the same period the year before. Reference is made to the Nykredit Bank Group's Q1 Interim Report 2011.

#### **OUTLOOK FOR 2011**

Nykredit maintains its forecast of a pre-tax profit of DKK 3.0bn-3.5bn. The forecast of loan impairment losses also remains unchanged at DKK 1.5bn.

## BUSINESS AREAS

The Nykredit Realkredit Group is organised into the business areas Retail Customers, Totalkredit, Commercial Customers, Markets & Asset Management and Other Activities.

As from Q1/2011 earnings related to Kalvebod issues have been transferred from Markets & Asset Management's trading activities to investment portfolio income. Comparative figures have been restated.

Group core earnings after impairment losses totalled DKK 524m against DKK 244m in Q1/2010.

Measured at nominal value, mortgage lending rose by DKK 10bn to DKK 1,039bn. The Nykredit Group's gross new lending totalled DKK 34bn against DKK 51bn in Q1/2010.

The Group's share of the Danish mortgage market was 42.2% for total lending and 49.9% for gross new lending against 41.6% and 45.1% in Q1/2010.

Gross new private residential mortgage lending amounted to DKK 20bn against DKK 36bn in the same period the year before. The mar-

ket share of Danish private residential mortgage lending was 46.1% against 45.4% in the same period the year before.

Gross new lending to commercial customers came to DKK 14bn against DKK 15bn in the same period the year before. The market share of Danish mortgage lending to commercial customers was 36.8% against 36.3% in the same period the year before.

Bank lending was up from DKK 58.8bn at the beginning of the year to DKK 60.3bn. Deposits decreased from DKK 55.5bn at the beginning of the year to DKK 53.4bn.

Growth in bank lending stemmed from corporate banking, up DKK 1.8bn on the beginning of the year. The decline in bank deposits broke down by DKK 0.7bn and DKK 2.9bn for Retail Banking and Corporate Banking, respectively, whereas bank deposits from Markets & Assets Management rose by DKK 1.5bn.

Nykredit Mægler (estate agency business) saw a 5.9% improvement in revenue from 2,944 properties sold in Q1/2010 to 3,117 properties.

### 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/ 2011</b>							
<b>Core income from</b>							
- Business operations	562	325	992	256	51	(5)	2,181
- Securities	-	-	-	-	-	131	131
<b>Total</b>	<b>562</b>	<b>325</b>	<b>992</b>	<b>256</b>	<b>51</b>	<b>126</b>	<b>2,312</b>
Operating costs	413	98	301	204	57	241	1,314
Depreciation of property, plant and equipment and amortisation of intangible assets	-	121	-	1	32	42	196
<b>Core earnings before impairment losses</b>	<b>149</b>	<b>106</b>	<b>691</b>	<b>51</b>	<b>(38)</b>	<b>(157)</b>	<b>802</b>
Impairment losses on loans and advances	104	50	206	(9)	(73)	-	278
<b>Core earnings after impairment losses</b>	<b>45</b>	<b>56</b>	<b>485</b>	<b>60</b>	<b>35</b>	<b>(157)</b>	<b>524</b>
Investment portfolio income <sup>2</sup>	-	-	-	-	-	594	594
<b>Profit before cost of capital</b>	<b>45</b>	<b>56</b>	<b>485</b>	<b>60</b>	<b>35</b>	<b>437</b>	<b>1,118</b>
Net interest on hybrid core capital	-	-	-	-	-	(114)	(114)
<b>Profit before tax</b>	<b>45</b>	<b>56</b>	<b>485</b>	<b>60</b>	<b>35</b>	<b>323</b>	<b>1,004</b>
<b>Return</b>							
Average business capital, DKKm <sup>3</sup>	3,941	7,768	10,908	1,997	926	4,694	30,234
Core earnings after impairment losses as % of average business capital <sup>3</sup>	4.6	2.9	18.0	12.2	15.3	-	7.0
<b>Q1/2010</b>							
<b>Core earnings after impairment losses</b>	<b>44</b>	<b>155</b>	<b>130</b>	<b>199</b>	<b>(149)</b>	<b>(135)</b>	<b>244</b>
<b>Return</b>							
Average business capital, DKKm <sup>3</sup>	4,202	6,852	11,872	2,223	1,636	4,009	30,794
Core earnings after impairment losses as % of average business capital <sup>3</sup>	4.2	9.2	4.4	36.3	(36.9)	-	3.2

<sup>1</sup> Reference is made to note 2 of this report for complete segment financial statements with comparative figures.

<sup>2</sup> Investment portfolio income includes a profit of DKK 8m from investments in associates (2010: DKK 1m).

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

**Results – Retail Customers**

DKK million	Q1/ 2011	Q1/ 2010
Core income from business operations	562	603
Operating costs	413	422
Commission, government guarantee scheme	-	18
Depreciation of property, plant and equipment and amortisation of intangible assets	-	2
<b>Core earnings before impairment losses</b>	<b>149</b>	<b>161</b>
Impairment losses on loans and advances – mortgage lending	62	42
Impairment losses on loans and advances – banking	42	75
<b>Core earnings after impairment losses</b>	<b>45</b>	<b>44</b>

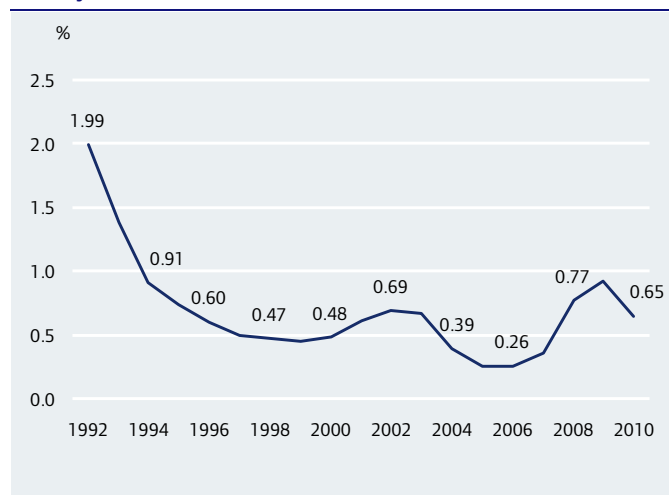
**Activity**

DKK million	31.03.2011	2010
<b>Mortgage lending</b>		
Gross new lending, Q1 *	5,113	8,121
Net new lending, Q1 *	1,312	1,394
Portfolio at nominal value, end of period	189,317	188,969
Impairment losses as % of loans and advances*	0.03	0.02
<b>Total impairment provisions, end of period</b>		
- Individual impairment provisions	154	118
- Collective impairment provisions	93	111
Total impairment provisions as % of loans and advances	0.13	0.12
Portfolio of repossessed properties, end of period (properties)	143	137
<b>Banking</b>		
Loans and advances, end of period	15,339	15,476
Deposits, end of period	18,024	18,758
Impairment losses as % of loans and advances *	0.27	0.46
<b>Total impairment provisions, end of period</b>		
- Individual impairment provisions	409	406
- Collective impairment provisions	100	91
Impairment provisions as % of loans and advances	3.21	3.11
Guarantees, end of period <sup>1</sup>	4,621	6,301
Provisions for guarantees, end of period <sup>1</sup>	4	4

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

\* For Q1/2011 and Q1/2010.

Other data determined at end-Q1/2010 and end-2010.

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

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.

Under the Nykredit brand, retail customers are offered bank, mortgage, insurance, investment and pension products through Nykredit's distribution channels, including 57 centres, 2 call centres, nykredit.dk, and a central customer services centre. Two asset management centres and the estate agencies of the Nybolig and Estate chains constitute other distribution channels.

**Activity**

Total mortgage lending in nominal terms went up by DKK 0.3bn to DKK 189bn at end-Q1/2011. Gross new lending declined by DKK 3.0bn to DKK 5.1bn in Q1/2011 due to lower loan refinancing activity.

Bank lending remained largely unchanged at DKK 15.3bn compared with the beginning of the year. Bank deposits declined from DKK 18.8bn at end-2010 to DKK 18.0bn.

**Results**

Core earnings before impairment losses were DKK 149m against DKK 161m in Q1/2010.

Core income from business operations amounted to DKK 562m against DKK 603m in Q1/2010.

Operating costs were trimmed by DKK 9m to DKK 413m in Q1/2011. Unlike Q1/2010, the period under review was not affected by commission payable under the government guarantee scheme.

Impairment losses on loans and advances amounted to DKK 62m and DKK 42m for mortgage and bank lending, respectively, against a total of DKK 117m in Q1/2010. Impairment losses as a percentage of loans and advances amounted to 0.03% and 0.27% of mortgage and bank lending, respectively.

At end-Q1/2011, total impairment provisions were DKK 756m against DKK 726m at the beginning of the year. Impairment provisions for mortgage and bank lending came to DKK 247m and DKK 509m, respectively. The change in total impairment provisions of DKK 30m derived from a DKK 39m rise in individual impairment provisions and a DKK 9m decline in collective impairment provisions.

At the December settlement date, 75-day mortgage loan arrears as a percentage of total mortgage payments due came to 0.65% against 0.92% at the same time in 2009 and 0.77% at the December settlement date in 2008. The arrears ratio is decreasing and is on a level with 2003.

Since the beginning of the year, the business area Retail Customers has repossessed 59 properties and sold 53. At end-Q1/2011, the portfolio of repossessed properties stood at 143.

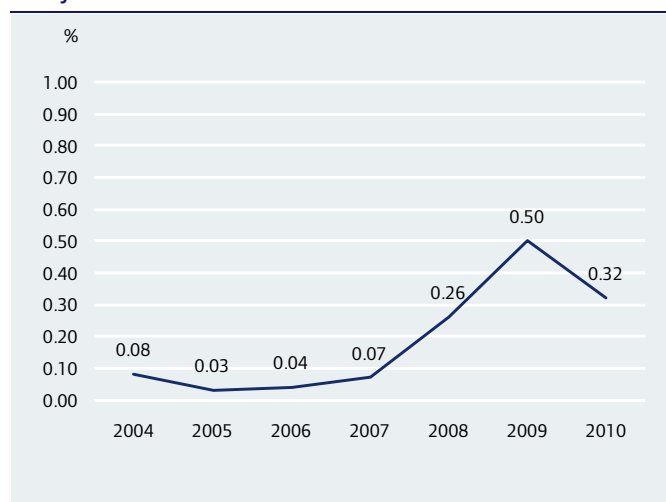
**Results – Totalkredit**

DKK million	Q1/ 2011	Q1/ 2010
Core income from business operations	325	364
Operating costs	98	114
Depreciation of property, plant and equipment and amortisation of intangible assets	121	115
<b>Core earnings before impairment losses</b>	<b>106</b>	<b>135</b>
Impairment losses on loans and advances	50	(20)
<b>Core earnings after impairment losses</b>	<b>56</b>	<b>155</b>

**Activity**

DKK million	31.03.2011	2010
<b>Mortgage lending</b>		
Gross new lending, Q1*	14,410	27,930
Net new lending, Q1*	5,296	6,224
Portfolio at nominal value, end of period	459,135	455,105
Impairment losses as % of loans and advances*	0.01	(0.00)
<b>Total impairment provisions, end of period</b>		
- Individual impairment provisions	301	278
- Collective impairment provisions	234	245
Total impairment provisions as % of loans and advances	0.12	0.11
Portfolio of repossessed properties, end of period (properties)	55	53

\*For Q1/2011 and Q1/2010.  
Other data determined at end-Q1/2010 and end-2010.

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

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

**Activity**

Mortgage lending in nominal terms rose by DKK 4.0bn to DKK 459bn at end-Q1/2011. Gross new lending declined by DKK 13.5bn to DKK 14.4bn at end-Q1/2011. The downturn in gross new lending can be ascribed to lower refinancing activity.

**Results**

Core earnings before impairment losses were DKK 106m against DKK 135m in Q1/2010.

Core income from business operations came to DKK 325m against DKK 364m in Q1/2010.

Operating costs were DKK 98m against DKK 114m in Q1/2010. Depreciation of property, plant and equipment and amortisation of intangible assets amounted to DKK 121m, which mainly related to distribution rights obtained in connection with Nykredit's acquisition of Totalkredit.

Totalkredit's business concept is lending through its partner banks – Danish local and regional banks. The partner banks are responsible for serving customers and hedging loan portfolio risk.

Risk is hedged by agreement with the partner banks. Under the agreement, recognised losses corresponding to the part of a loan exceeding 60% of the mortgageable value at the time of granting are offset against future commission payments from Totalkredit to the partner banks.

Loan impairment losses came to DKK 50m after set-off against commission payable to partner banks totalling DKK 26m compared with an income of DKK 20m in Q1/2010. Impairment losses equalled 0.01% of lending.

At end-Q1/2011, impairment provisions totalled DKK 535m against DKK 523m at the beginning of the year. The change in total impairment provisions of DKK 12m stemmed from a DKK 23m rise in individual impairment provisions and a DKK 11m decline in collective impairment provisions.

At the December settlement date in 2010, 75-day mortgage loan arrears as a percentage of total mortgage payments due came to 0.32% against 0.50% in 2009.

Since the beginning of the year, the business area Totalkredit has repossessed 20 properties and sold 18. At end-Q1/2011, the portfolio of repossessed properties stood at 55.

**Results – Commercial Customers**

DKK million	Q1/ 2011	Q1/ 2010
Core income from business operations	992	888
Operating costs	301	289
Commission, government guarantee scheme	-	54
Depreciation of property, plant and equipment and amortisation of intangible assets	-	3
<b>Core earnings before impairment losses</b>	<b>691</b>	<b>542</b>
Impairment losses on loans and advances		
– mortgage lending	139	294
Impairment losses on loans and advances		
– banking	67	118
<b>Core earnings after impairment losses</b>	<b>485</b>	<b>130</b>

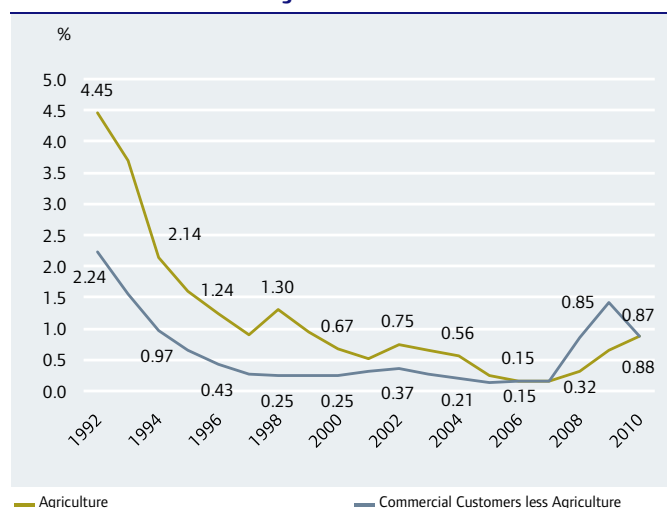
**Activity**

DKK million	31.03.2011	2010
<b>Mortgage lending</b>		
Gross new lending, Q1*	14,219	15,428
Net new lending, Q1*	5,745	9,759
Portfolio at nominal value, end of period	389,509	384,026
Impairment losses as % of loans and advances <sup>†</sup>	0.04	0.08
<b>Total impairment provisions, end of period</b>		
- Individual impairment provisions	872	860
- Collective impairment provisions	680	611
Total impairment provisions as % of loans and advances	0.40	0.38
Portfolio of repossessed properties, end of period (properties)	75	83
<b>Banking</b>		
Loans and advances, end of period	42,431	40,599
Deposits, end of period	29,463	32,320
Impairment losses as % of loans and advances*	0.11	0.26
<b>Total impairment provisions, end of period</b>		
- Individual impairment provisions	2,331	2,335
- Collective impairment provisions	261	265
Total impairment provisions as % of loans and advances	5.76	6.02
Guarantees, end of period <sup>1</sup>	6,298	6,547
Provisions for guarantees, end of period <sup>1</sup>	58	44

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

\* For Q1/2011 and Q1/2010.

Other data determined at end-Q1/2010 and end-2010.

**Arrears ratio, mortgage lending  
– 75 days after the December settlement date, Agriculture and  
Commercial Customers less Agriculture**
**COMMERCIAL CUSTOMERS**

Commercial Customers comprises activities with all types of businesses including the agricultural and residential rental segments. The residential rental segment includes non-profit housing, cooperative housing and private rental housing. Products are distributed through 34 commercial centres offering all of the Group's products within banking, mortgage lending, investment and debt management. Insurance services are provided in cooperation with Gjensidige Forsikring.

**Activity**

In nominal terms, total mortgage lending rose by DKK 5.5bn to DKK 390bn at end-Q1/2011. Gross new lending deteriorated by DKK 1.2bn to DKK 14.2bn in Q1/2011.

Bank lending improved by DKK 1.8bn to DKK 42.4bn at end-Q1/2011. The development reflected modest demand for loans from major companies, while activity related to small companies continued to be limited.

Bank deposits dropped from DKK 32.3bn at the beginning of the year to DKK 29.5bn in Q1/2011. The decline should be seen in the context of fiercer competition and the fact that a number of major customers converted their deposits into securities.

**Results**

Core earnings before impairment losses were DKK 691m against DKK 542m in Q1/2010.

Core income from business operations came to DKK 992m against DKK 888m in Q1/2010. Of the upturn, DKK 75m was attributed to bank lending.

Operating costs were DKK 301m against DKK 289m in Q1/2010. Unlike Q1/2010 the quarter under review was not affected by commission payable under the government guarantee scheme.

Impairment losses on loans and advances amounted to DKK 139m and DKK 67m for mortgage and bank lending, respectively, against a total of DKK 412m in Q1/2010. Impairment losses as a percentage of loans and advances represented 0.04% of mortgage lending and 0.11% of bank lending.

At end-Q1/2011, impairment provisions totalled DKK 4,144m against DKK 4,071m at the beginning of the year. The change in total impairment provisions of DKK 73m stemmed from a DKK 65m rise in collective impairment provisions and a DKK 8m rise in individual impairment provisions.

At the December settlement date, 75-day mortgage loan arrears as a percentage of total mortgage payments due were 0.87% for Commercial Customers less Agriculture against 1.42% at the same time in 2009 and 0.85% at the December settlement date in 2008. Arrears as a percentage of lending to Agriculture amounted to 0.88% at the December settlement date against 0.66% and 0.32% at the same time in 2009 and 2008, respectively.

Since the beginning of the year, the business area Commercial Customers has repossessed 41 properties and sold 49. At end-Q1/2011, the portfolio of repossessed properties stood at 75.



**Results – Markets & Asset Management**

DKK million	Q1/ 2011	Q1/ 2010
Core income from business operations	256	418
Operating costs	204	184
Commission, government guarantee scheme	-	27
Depreciation of property, plant and equipment and amortisation of intangible assets	1	-
<b>Core earnings before impairment losses</b>	<b>51</b>	<b>207</b>
Impairment losses on loans and advances	(9)	8
<b>Core earnings after impairment losses</b>	<b>60</b>	<b>199</b>

**Activity**

DKK million	31.03.2011	2010
<b>Assets</b>		
Receivables from credit institutions	28,516	29,480
Other loans and advances at fair value	13,451	12,920
Bonds and equities	30,057	33,967
<b>Liabilities and equity</b>		
Payables to credit institutions and central banks	40,888	48,351
Deposits and other payables	5,454	3,881
Issued bonds	33,414	32,374
<b>Assets under management</b>		
- Institutional market	76,393	76,671
- Retail market	18,802	18,549
<b>Total</b>	<b>95,195</b>	<b>95,220</b>
<b>Assets under administration</b>		
<b>Nykredit Portefølje Administration A/S</b>	<b>306,051</b>	<b>305,001</b>
- of which the Nykredit Group's investment funds	36,585	34,475
<b>Total assets under management and administration</b>	<b>401,246</b>	<b>400,221</b>

**MARKETS & ASSET MANAGEMENT**

This business area handles the activities of the Group within trading in securities and derivative financial instruments, asset management and pension products.

**Activity****Nykredit Markets**

Nykredit Markets's earnings and activity levels were somewhat lower than in Q1/2010 on account of a relatively crisis-gripped market in which eg the unrest in the Middle East put a damper on a number of market activities abroad.

**Nykredit Asset Management**

Nykredit Asset Management's total assets under management were unchanged at DKK 95.2bn relative to the beginning of the year, while assets under administration rose to DKK 306.1bn from DKK 305.0bn at the beginning of the year.

**Results**

Core earnings before impairment losses were DKK 51m against DKK 207m in Q1/2010.

Core income from business operations amounted to DKK 256m against DKK 418m in Q1/2010. The decline was due to lower earnings in Nykredit Markets whereas the earnings of Nykredit Asset Management picked up on the same period in 2010.

Operating costs were DKK 204m as expected against DKK 184m in Q1/2010. Unlike Q1/2010 the period under review was not affected by commission payable under the government guarantee scheme.

Due to reversal, impairment losses on loans and advances equalled an income of DKK 9m compared with losses of DKK 8m in Q1/2010.

**Results – Other Activities**

DKK million	Q1/ 2011	Q1/ 2010
Core income from business operations	51	46
Operating costs	57	58
Commission, government guarantee scheme	-	25
Depreciation of property, plant and equipment and amortisation of intangible assets	32	33
<b>Core earnings before impairment losses</b>	<b>(38)</b>	<b>(70)</b>
Impairment losses on loans and advances – mortgage lending	2	2
Impairment losses on loans and advances – banking	(75)	77
<b>Core earnings after impairment losses</b>	<b>35</b>	<b>(149)</b>

**Activity**

DKK million	31.03.2011	2010
<b>Mortgage lending</b>		
Portfolio at nominal value, end of period	1,483	1,536
Total impairment provisions, end of period		
- Individual impairment provisions	4	2
<b>Banking</b>		
Loans and advances, end of period	2,480	2,757
Deposits, end of period	475	507
Impairment losses as % of loans and advances *	(1.54)	0.07
<b>Total impairment provisions, end of period</b>		
- Individual impairment provisions	2,850	2,923
- Collective impairment provisions	38	52
Total impairment provisions as % of loans and advances	53.8	51.90
Guarantees, end of period <sup>1</sup>	641	577
Provisions for guarantees, end of period <sup>1</sup>	47	38

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

\* For Q1/2011 and Q1/2010.

Other data determined at end-Q1/2010 and end-2010.

**OTHER ACTIVITIES**

Other Activities mainly comprises a portfolio of terminated exposures relating to corporate customers of the former Forstædernes Bank and mortgage loans granted via a branch in Poland. 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 38m against a loss of DKK 70m in Q1/2010.

Core income from business operations amounted to DKK 51m against DKK 46m in Q1/2010.

Operating costs were DKK 57m against DKK 58m in Q1/2010. Unlike Q1/2010 the period under review was not affected by commission payable under the government guarantee scheme.

Under impairment losses on bank lending and provisions for guarantees, net income of DKK 75m and an expense of DKK 2m were reported for Other Activities compared with a total expense of DKK 79m in Q1/2010.

Total impairment provisions for bank lending stood at DKK 2,888m against DKK 2,975m at the beginning of the year. The downturn in impairment provisions reflected a reversal of impairment provisions for a portfolio of terminated corporate exposures.

At end-Q1/2011, total individual impairment provisions for mortgage lending in Poland came to DKK 4m.

The property company Ejendomsselskabet Kalvebod A/S was set up in 2009 for the purpose of limiting losses on non-performing property exposures through temporary, but active ownership of the properties.

In H2/2010, Ejendomsselskabet Kalvebod A/S acquired the shares of two property companies with a property portfolio totalling DKK 770m at end-Q1/2011 against DKK 776m at the beginning of the year. The company expects to hold the properties for 1 to 2 years until they can be sold under more favourable market conditions.

**Results – Group items**

DKK million	Q1/ 2011	Q1/ 2010
Core income from		
- Business operations	(5)	8
- Securities	131	109
<b>Total</b>	<b>126</b>	<b>117</b>
Operating costs	241	104
Depreciation of property, plant and equipment and amortisation of intangible assets	42	45
<b>Core earnings before impairment losses</b>	<b>(157)</b>	<b>(32)</b>
Impairment losses on loans and advances - government guarantee scheme	-	103
<b>Core earnings after impairment losses</b>	<b>(157)</b>	<b>(135)</b>
Investment portfolio income	594	1,002
<b>Profit before cost of capital</b>	<b>437</b>	<b>867</b>
Net interest on hybrid core capital	114	115
<b>Profit before tax</b>	<b>323</b>	<b>752</b>

**GROUP ITEMS**

The segment financial statements contain a number of income statement and balance sheet items that cannot be allocated to the business areas. Such items are carried under "Group items" and include costs of staff functions and provisions for guarantees under the government guarantee scheme in 2010 and the Danish Deposit Guarantee Fund in Q1/2011.

Group items also includes the Group's total return on the securities portfolio, which is the sum of "Core income from securities" and "Investment portfolio income".

**Core income from securities**

The Group recorded core income from securities of DKK 131m against DKK 109m in Q1/2010. The improvement chiefly related to a larger portfolio coupled with a modest decline in average money market rates from 1.07% in Q1/2010 to 1.05%.

**Operating costs**

Operating costs totalled DKK 241m against DKK 104m in Q1/2010. Costs relating to the Danish Deposit Guarantee Fund accounted for DKK 70m of the rise.

**Investment portfolio income**

The Group's investment portfolio income was DKK 594m against DKK 1,002m in Q1/2010.

Net of capital losses on Nykredit's strategic shareholding in Amagerbanken, profit from the sale of strategic equities accounted for DKK 135m of earnings in Q1/2011. The Kalvebod issues generated a capital loss of DKK 113m against a capital gain of DKK 44m in Q1/2010.

## BALANCE SHEET, EQUITY AND CAPITAL ADEQUACY OF THE NYKREDIT REALKREDIT GROUP

### Balance sheet

#### Bond portfolio

The Group's portfolio of bonds at end-Q1/2011 totalled DKK 311bn, of which self-issued bonds accounted for DKK 210bn. The corresponding portfolio at end-2010 amounted to DKK 390bn, of which DKK 289bn of self-issued bonds.

The bulk of Nykredit's portfolio of self-issued bonds are short-term bonds maturing at the next payment date. These bonds are applied to ensure payments in connection with the drawing of bonds, etc.

Of the bond portfolio at end-Q1/2011, DKK 99bn, compared with DKK 131bn at the beginning of the year, was a temporary holding from the mortgage operations, ie from the refinancing of Nykredit's fixed mortgage bullets funding ARMs as well as from the placement of prepaid funds from borrowers.

Nykredit provides bonds as collateral with Danmarks Nationalbank as part of the Group's ordinary liquidity management and bond settlement. Nykredit does not use the option offered by Danmarks Nationalbank to pledge collateral as part of the business model for refinancing ARMs.

At end-Q1/2011 Nykredit had not placed any bonds as collateral with Danmarks Nationalbank other than as collateral for day-to-day liquidity and securities settlement.

### Equity

Group equity including recognition of profit for the period stood at DKK 55.7bn at end-Q1/2011 compared with DKK 55.3bn 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. At end-Q1/2011, value adjustment against equity in the Consolidated Financial Statements came to a loss of DKK 115m. The value of equities classified as available for sale totalled DKK 2,826m at end-Q1/2011.

In accordance with the international accounting standards, realised capital gains from the sale of strategic equities and the capital losses on Nykredit's shareholding in Amagerbanken have been reclassified from equity to the income statement. The reclassification increased profit after tax for the period by a net amount of DKK 146m.

### The Nykredit Realkredit Group Changes in equity and capital base

DKK million	31.03.2011	31.03.2010	2010
<b>Equity, beginning of period</b>	55,320	51,241	51,241
Dividend declared	(300)	-	3,816
Profit for the period	899	742	-
Fair value adjustment of equities – available for sale	(115)	103	161
Unrealised capital loss on equities available for sale reclassified to the income statement	-	-	100
Realised net value adjustment of equities available for sale	(146)	-	-
Other adjustments	-	-	2
<b>Equity, end of period</b>	<b>55,659</b>	<b>52,085</b>	<b>55,320</b>
Revaluation reserves transferred to supplementary capital	(132)	(132)	(132)
Proposed dividend	-	-	(300)
Intangible assets, including goodwill	(4,492)	(4,886)	(4,545)
Capitalised tax assets	(339)	(121)	(126)
Hybrid core capital	10,801	11,076	11,055
Other deductions from core capital <sup>1</sup>	(958)	(1,194)	(776)
<b>Core capital incl hybrid core capital after deductions</b>	<b>60,539</b>	<b>56,828</b>	<b>60,496</b>
<b>Total supplementary capital</b>	<b>704</b>	<b>4,762</b>	<b>780</b>
Statutory deductions from capital base	(704)	(1,194)	(776)
<b>Total capital base after deductions</b>	<b>60,539</b>	<b>60,395</b>	<b>60,500</b>

Note: Capital base and capital adequacy are specified further on page 30.

<sup>1</sup> Pursuant to s 139 of the Danish Financial Business Act, certain investments in credit and financial institutions must be deducted by 50% from core capital and supplementary capital, respectively.

## Capital base and capital adequacy

### The Nykredit Realkredit Group

The Group's capital base stood at DKK 60.5bn, and risk-weighted items totalled DKK 324.8bn, corresponding to a capital adequacy ratio of 18.6%. The capital requirement was DKK 26.0bn, and the core capital ratio was 18.6%. By comparison, the internal capital adequacy requirement (ICAAP) was 9.7%.

The IRB advanced approaches are used to determine the capital requirement for credit risk of the greater part of the loan portfolio. The capital requirement for market risk is chiefly determined using a Value-at-Risk model, and the capital requirement 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, which means that the capital requirement in 2010 and 2011 must not decline by more than 20% relative to the Basel I rules. The transitional rule has been extended a number of times and is expected to be extended until the new EU capital adequacy rules take effect.

According to the transitional rule, the capital requirement amounted to DKK 43.9bn, equal to a capital adequacy ratio of at least 13.5%.

### Nykredit Realkredit A/S

Nykredit Realkredit A/S's core capital ratio came to 17.3%. The capital adequacy ratio also came to 17.3%. By comparison, the internal capital adequacy requirement was 8.9%.

According to the transitional rule, the capital requirement amounted to DKK 30.8bn, equal to a capital adequacy ratio of at least 9.0%.

## The Nykredit Realkredit Group Capital base and capital requirement

DKK million	31.03.2011	31.03.2010	2010
Credit risk	22,948	23,290	23,269
Market risk	1,562	1,753	1,672
Operational risk	1,474	1,272	1,272
<b>Total capital requirement before transitional rule</b>	<b>25,984</b>	<b>26,315</b>	<b>26,213</b>
<b>Total capital requirement after transitional rule <sup>1</sup></b>	<b>43,938</b>	<b>42,408</b>	<b>45,016</b>
<b>Capital base</b>	<b>60,539</b>	<b>60,395</b>	<b>60,500</b>
<b>Core capital ratio, % <sup>2</sup></b>	<b>18.6</b>	<b>17.3</b>	<b>18.5</b>
<b>Capital adequacy ratio, %</b>	<b>18.6</b>	<b>18.4</b>	<b>18.5</b>
Capital adequacy requirement (SREP), %	8.0	8.0	8.0
Required capital adequacy ratio after transitional rule <sup>3</sup>	13.5	12.9	13.7
Internal capital adequacy requirement (Pillar I and Pillar II), %	9.7	9.8	9.4
<b>Total risk-weighted items</b>	<b>324,803</b>	<b>328,938</b>	<b>327,665</b>

<sup>1</sup> The capital requirement after the transitional rule has been determined in accordance with the transitional provisions of the Danish Executive Order on Capital Adequacy. The capital requirements in 2009-2011 must constitute at least 80% of the capital requirement determined under Basel I.

<sup>2</sup> The core capital ratio has been determined relative to risk-weighted items of DKK 324,803m for the Nykredit Realkredit Group, ie without applying the transitional rule.

<sup>3</sup> The required capital adequacy ratio after transitional rule has been determined as the capital requirement after transitional rule as a percentage of risk-weighted items under Basel II, thereby expressing the capital adequacy requirement in consequence of the transitional rule.

## REQUIRED CAPITAL BASE AND INTERNAL CAPITAL ADEQUACY REQUIREMENT

Pursuant to the Danish Financial Business Act, it is the responsibility of the Board of Directors and 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 2010, available at [nykredit.com/reports](http://nykredit.com/reports), contains a detailed description of the determination of the required capital base and the internal capital adequacy requirement of the Nykredit Group as well as all group companies.

The internal capital adequacy requirement is calculated as the required capital base (ICAAP) as a percentage of risk-weighted items. The Group's internal capital adequacy requirement was 9.7%.

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 maintaining a competitive rating of the issued bonds.

Nykredit's required capital base consists of Pillar I and Pillar II capital.

### Pillar I

Pillar I capital covers credit, market, operational and insurance risks 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 for 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 are determined using internal estimates as well as assessments of control risk, strategic risk, external risk, concentration risk, etc.

### Model and calculation uncertainties

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

### ICAAP buffer of Nykredit Bank

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

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

## The Nykredit Realkredit Group

### Required capital base and internal capital adequacy requirement (ICAAP)

DKK million	31.03.2011	31.03.2010	2010
Credit risk	19,490	19,207	19,254
Market risk	2,974	3,025	3,149
Operational risk	1,372	1,306	1,209
Insurance risk <sup>1</sup>	-	576	-
Risk relating to own properties	138	158	137
<b>Total Pillar I</b>	<b>23,974</b>	<b>24,272</b>	<b>23,750</b>
Weaker economic climate (stress tests, etc)	2,360	2,066	2,781
Other <sup>2</sup>	1,355	3,168	1,441
Model and calculation uncertainties	2,769	2,636	2,797
ICAAP buffer of Nykredit Bank	1,150	-	-
<b>Total Pillar II</b>	<b>7,633</b>	<b>7,870</b>	<b>7,020</b>
<b>Total required capital base</b>	<b>31,607</b>	<b>32,143</b>	<b>30,770</b>
<b>Total risk-weighted items</b>	<b>324,803</b>	<b>328,938</b>	<b>327,665</b>
<b>Internal capital adequacy requirement, %</b>	<b>9.7</b>	<b>9.8</b>	<b>9.4</b>

<sup>1</sup> Insurance risk not included at 31.03.2011 as Nykredit Forsikring A/S was sold at 01.04.2010.

<sup>2</sup> Other includes assessment of control risk, strategic risk, external risk, concentration risk, liquidity risk, etc.

## CYCLICAL BUFFER

In addition to the required capital base, Nykredit reserves capital to cover the expected rise in the required capital base if the economic climate changes into 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. In addition, it is assumed that interest rates will increase to 8.5% in spite of the weaker economic climate.

The cyclical buffer amounted to DKK 12.8bn.

## CAPITAL POLICY AND STRUCTURE

One of Nykredit's objectives is to be able to maintain its lending activities at an unchanged level regardless of economic trends, while retaining a competitive rating. This means that Nykredit must have sufficient capital to cover an increase in statutory capital requirements during a severe recession.

Group equity stood at DKK 55.7bn at end-Q1/2011.

Nykredit divides its equity into four elements:

- *Statutory capital deductions* (goodwill etc) relating to intangible assets of DKK 4.8bn.
- *Business capital* of DKK 31.6bn equal to the statutory required capital base. Nykredit's assessment of the required capital base is partly based on the consequences of a deterioration of the current economic climate.
- *Cyclical buffer* of DKK 12.8bn covering the expected rise in the statutory required capital base should the economic climate change from the weaker economic climate to a severe recession with unemployment rates rising to the high levels seen in the early 1990s. The cyclical buffer is determined by means of stress tests. Compared with previously, the cyclical buffer has been reduced by around DKK 2bn as a result of improved credit quality. The loan impairment provisions and reservations of capital under Pillar II are deemed to be based on conservative estimates.
- *Strategic capital* of DKK 6.4bn, the long-term capital maintained for strategic initiatives.

In addition to equity, the Group has raised hybrid core capital of DKK 10.8bn.

### The Nykredit Realkredit Group Capital structure at 31 March 2011

Equity DKK 55.7bn				
Statutory capital deductions DKK 4.8bn	Pillar I DKK 24.0bn		Pillar II DKK 7.6bn	
	Business capital DKK 31.6bn			Cyclical buffer capital (reserve for severe recession) DKK 12.8bn

**OTHER****Collapse of Amagerbanken**

In its Annual Report for 2010, the Nykredit Group stated that it anticipated a loss in the range of DKK 180m to DKK 260m on exposures to Amagerbanken. Further, an expenditure of some DKK 70m was expected in relation to the obligations of the Danish Deposit Guarantee Fund to Amagerbanken's customers.

In Q1/2011 some DKK 205m was charged to the income statement, mainly due to capital losses on equities and subordinated debt instruments in Amagerbanken. Further, the obligations under the Danish Deposit Guarantee Fund prompted an expense of DKK 70m. The collapse of Amagerbanken will have a total adverse impact on group results of about DKK 278m.

The total charge cannot be calculated until the final dividend ratio has been established and the Group's general claims, including conditions for set-off, have been acknowledged.

**Inauguration of new headquarters building**

On 11 March 2011 Nykredit inaugurated a new headquarters building, the Crystal, which will also serve as a customer centre.

The Crystal is Nykredit's new customer centre where a large number of customer-oriented activities which used to be located at many different addresses in Copenhagen and more than 300 staff will be gathered.

On 6 May 2011 the square in front of the Crystal was inaugurated and named Under the Crystal following a contest launched in cooperation with the Danish newspaper Politiken.

The firm of architects Schmidt Hammer Lassen designed the new offices, while the landscape architects SLA A/S designed the square.

**Higher administration margins before Maritime and Commercial Court**

In February 2010, Nykredit announced that it would increase margins on both new and existing mortgage loans to retail customers.

In June the Danish Competition Council announced that Nykredit could not increase administration margins as intended.

As Nykredit disagreed with this assessment, it brought the matter before the Danish Competition Appeals Tribunal, which in December upheld the decision of the Danish Competition Council.

The decision of the Danish Competition Appeals Tribunal implies that Nykredit is the only mortgage lender in Denmark which must apply for the approval of the Danish Competition Authority before adjusting its administration margins on private residential mortgages.

The right to raise administration margins without prior approval by the Danish Competition Authority is of such fundamental importance to the future business development of the Nykredit Group that Nykredit has brought the case before the Maritime and Commercial Court in Copenhagen.

Concurrently with the proceedings at the Maritime and Commercial Court, Nykredit will continue the dialogue with the Danish Competi-

tion Authority about whether market and regulatory conditions have changed to an extent that warrants adjustment or discontinuation of the ceiling on Nykredit's administration margins since its acquisition of Totalkredit.

**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 2010.

In Management's opinion, the uncertainty relating to the above-mentioned matters is insignificant to the Q1 Interim Report 2011.

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

In April 2011 Moody's Investor Service placed Nykredit Realkredit A/S and Nykredit Bank A/S's unsecured ratings, including the rating of Tier 1 hybrid and junior subordinated debt, on review for possible downgrade.

As a consequence, the rating of covered bonds issued out of Nykredit Realkredit A/S's Capital Centre G, which bonds are applied for the funding of part of the Group's commercial lending, and the rating of junior covered bonds issued out of Capital Centre E were also placed on review for possible downgrade.

**Capitalisation of Nykredit Bank A/S**

At a meeting held on 12 May 2011, the Board of Directors of Nykredit Realkredit A/S authorised the Executive Board to issue a declaration of intent to provide capital as required to Nykredit Bank A/S in order that the Bank's core capital may remain at a level of at least 12-13%.

At a meeting on 12 May 2011, the Board of Directors of Nykredit Holding A/S authorised the Executive Board to establish a loss guarantee for the part of the Bank's impairment losses and provisions (earnings impact for the year) that exceeds 2% of loans, advances and guarantees subject to a maximum of DKK 2bn for the term of the guarantee.

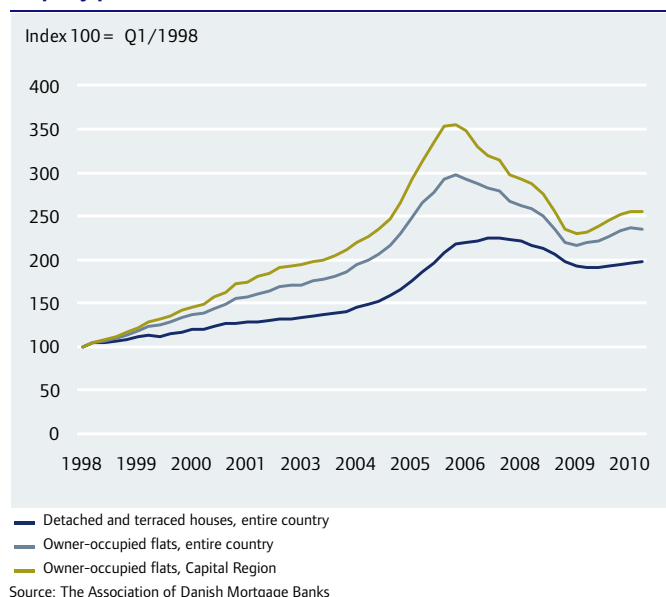
In Management's opinion, such a guarantee will only be invoked in case of a severe deterioration of the economic climate.

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



# LENDING

## The Nykredit Realkredit Group Property prices in Denmark



The Group reported total lending of DKK 1,100bn against DKK 1,088bn at the beginning of the year. Total lending includes mortgage lending in nominal terms and bank lending excluding reverse transactions and guarantees.

Group mortgage lending at fair value amounted to DKK 1,030bn against DKK 1,031bn at the beginning of the year. Group mortgage lending in nominal terms excluding arrears went up by almost DKK 10bn to DKK 1,039bn.

Group bank lending totalled DKK 60.3bn against DKK 58.8bn at the beginning of the year, up by DKK 1.5bn.

The Group's reverse transactions amounted to DKK 13.5bn against DKK 12.9bn at the beginning of the year.

Total impairment provisions for mortgage and bank lending amounted to DKK 8,388m against DKK 8,369m at the beginning of the year. The Group made no impairment provisions for receivables from credit institutions and central banks or reverse transactions.

The Group's guarantees totalled DKK 12.2bn against DKK 15.2bn at the beginning of the year. At end-Q1/2011, provisions for guarantees stood at DKK 109m. The DKK 659m provided under the government guarantee scheme at the beginning of the year was paid to the Financial Stability Company in Q1/2011.

## The Nykredit Realkredit Group Loans, advances and guarantees and impairment losses on loans and advances

DKK million	Loans, advances and guarantees		Total provisions for loan impairment and guarantees		Impairment losses on loans and advances	
	31.03.2011	31.12.2010	31.03.2011	31.12.2010	31.03.2011	FY 2010
<b>Mortgage lending <sup>1</sup></b>						
Nykredit Realkredit <sup>2</sup>	580,738	574,947	1,803	1,703	202	730
Totalkredit	459,284	455,260	535	523	50	158
<b>Total</b>	<b>1,040,022</b>	<b>1,030,207</b>	<b>2,338</b>	<b>2,226</b>	<b>252</b>	<b>888</b>
Of which arrears	578	571	-	-	-	-
<b>Bank lending <sup>3</sup></b>						
Nykredit Bank <sup>4</sup>	57,770	56,076	3,162	3,168	84	423
Terminated exposures <sup>5</sup>	2,480	2,757	2,888	2,975	(82)	937
<b>Total</b>	<b>60,250</b>	<b>58,833</b>	<b>6,050</b>	<b>6,143</b>	<b>2</b>	<b>1,360</b>
Reverse transactions	13,451	12,920	-	-	-	-
Guarantees	12,175	15,225	109	745	24	134
Of which government guarantee scheme	-	659	-	659	-	279
<b>Impairment losses for the year, % <sup>6</sup></b>						
Nykredit Realkredit	-	-	0.31	0.30	0.03	0.13
Totalkredit	-	-	0.12	0.11	0.01	0.03
<b>Total</b>			<b>0.22</b>	<b>0.22</b>	<b>0.02</b>	<b>0.09</b>
Nykredit Bank	-	-	5.19	5.35	0.14	0.71
Terminated exposures <sup>5</sup>	-	-	53.80	51.90	(1.53)	16.36
<b>Total</b>			<b>9.13</b>	<b>9.45</b>	<b>0.00</b>	<b>2.09</b>

<sup>1</sup> Mortgage lending in nominal terms, including arrears.

<sup>2</sup> Excluding intercompany lending of DKK 585m (2010: DKK 581m).

<sup>3</sup> Bank lending after total loan impairment provisions.

<sup>4</sup> Excluding intercompany lending of DKK 267m (2010: DKK 240m).

<sup>5</sup> From the former Forstædernes Bank.

<sup>6</sup> Impairment losses for the year exclude reverse transactions and guarantees.

**MORTGAGE LENDING****Loan portfolio**

The Group's credit exposure to mortgage lending in nominal terms, including arrears, amounted to DKK 1,040bn at end-Q1/2011 against DKK 1,030bn at the beginning of the year, a rise of DKK 10bn. Lending for private residential property accounted for DKK 4.4bn of the upturn.

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 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 which are included in lending for non-profit 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-Q1/2011.

**Provisions for mortgage loan impairment**

The Group's total impairment provisions for mortgage loans rose by DKK 112m in the period to DKK 2,338m at end-Q1/2011.

Private residential property accounted for DKK 788m at end-Q1/2011 and commercial property DKK 1,550m.

The Group's impairment provisions totalled 0.22% of total mortgage lending.

**Earnings impact**

Impairment losses on loans and advances came to DKK 252m against DKK 318m in Q1/2010. Of total impairment losses on loans and advances for the period, DKK 140m or almost 56% was attributable to Commercial Customers.

**The Nykredit Realkredit Group****Mortgage debt outstanding relative to estimated property values**

DKK million/%	LTV (loan-to-value)				Total	LTV, median, % <sup>2</sup>	LTV, avg, % <sup>1</sup>
	0-40	40-60	60-80	Over 80			
Private residential property	408,142	141,847	72,224	9,618	631,831	30	65
Private residential rental	64,512	20,216	10,664	1,198	96,591	28	61
Industry and trades	20,540	3,901	453	112	25,006	20	47
Office and retail	71,842	20,484	4,740	453	97,519	25	55
Agriculture	74,585	17,812	6,205	2,018	100,621	24	55
Non-profit housing	-	-	-	-	-	-	-
Other	11,980	2,106	512	73	14,670	20	47

Note: The figures are actual LTV ratios including any financed costs. Public authority guarantees reduce the credit risk relating to subsidised housing that forms part of lending to the non-profit housing segment. For this reason, LTVs of non-profit housing offer no relevant risk data.

<sup>1</sup> Determined as the top part of the debt outstanding relative to estimated property values.

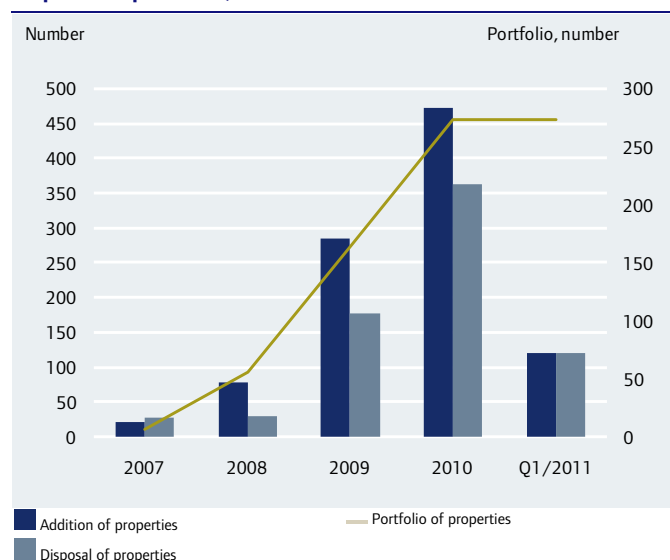
<sup>2</sup> Determined as the mid part of the debt outstanding relative to estimated property values.

**The Nykredit Realkredit Group****Provisions for mortgage loan impairment by property category<sup>1</sup>**

DKK million	31.03.2011				31.12.2010			
	Individual impairment provisions	Collective impairment provisions	Total	Total earnings impact	Individual impairment provisions	Collective impairment provisions	Total	Total earnings impact
Residential property	472	316	788	112	413	357	770	367
Private residential rental	534	167	702	15	519	181	700	(25)
Industry and trades	163	84	246	50	157	45	202	139
Office and retail	87	159	246	14	95	163	258	207
Agriculture	52	214	265	53	56	161	217	182
Non-profit housing	4	17	22	-	3	19	22	1
Other	19	50	69	8	16	41	57	17
<b>Total</b>	<b>1,331</b>	<b>1,007</b>	<b>2,338</b>	<b>252</b>	<b>1,259</b>	<b>967</b>	<b>2,226</b>	<b>888</b>

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

**The Nykredit Realkredit Group**  
**Properties repossessed/sold**



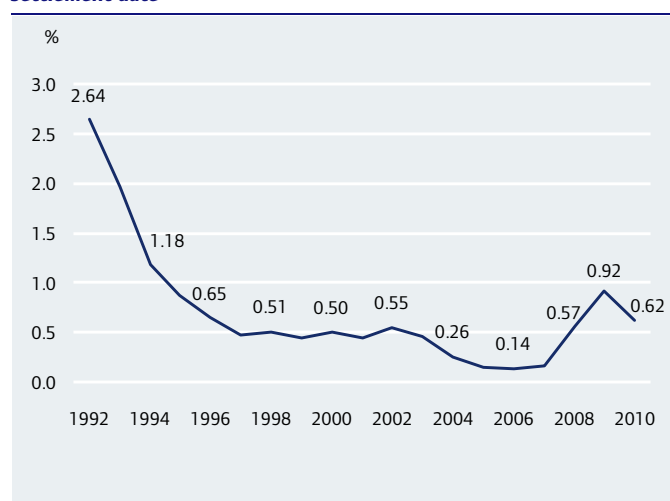
*Repossessed properties*

In Q1/2011, the Group repossessed 120 properties and sold 120. At end-Q1/2011, the property portfolio stood at 273, the same as at the beginning of the year. Of the property portfolio at end-Q1/2011, 198 were private residential property.

*Arrears*

At the December settlement date, group mortgage arrears as a percentage of total mortgage payments due came to 0.62%. By comparison, the arrears ratio was 0.92% at the same time the year before and 0.64% at the September settlement date in 2010.

**The Nykredit Realkredit Group**  
**Arrears ratio, mortgage lending – 75 days after the December settlement date**



**BANK LENDING**

The Group's credit exposure to bank lending amounted to DKK 85.9bn against DKK 87.0bn at the beginning of the year.

Bank lending accounted for DKK 60.3bn of the total credit exposure against DKK 58.8bn at the beginning of the year, a rise of DKK 1.5bn. Bank loans and advances before impairment losses were DKK 66.3bn against DKK 65.0bn at the beginning of 2011.

Total provisions for loan impairment amounted to DKK 6,050m against DKK 6,143m at the beginning of the year.

The Group's individual impairment provisions for bank lending totalled DKK 5,647m against DKK 5,721m at the beginning of the year, and collective impairment provisions for bank lending were DKK 403m against DKK 422m at the beginning of the year.

**Guarantees**

The Group issues guarantees on a current basis, including guarantees to mortgage banks. Guarantees totalled DKK 12.2bn against DKK 15.2bn at the beginning of the year.

At end-Q1/2011, provisions for guarantees amounted to DKK 109m against DKK 745m at the beginning of the year. DKK 659m of the provisions related to Bank Rescue Package I, which amount was paid to the Financial Stability Company in Q1/2011.

**Earnings impact**

Impairment losses on loans and advances came to DKK 26m against DKK 381m in the same period the year before. DKK 103m of the Q1/2010 amount stemmed from provisions under the government guarantee scheme.

**The Nykredit Realkredit Group****Bank loans, advances and guarantees**

DKK million	31.03.2011	31.12.2010
Bank loans and advances	57,770	56,076
Terminated exposures <sup>1</sup>	2,480	2,757
Reverse transactions	13,451	12,920
Guarantees	12,175	15,225
<b>Total</b>	<b>85,876</b>	<b>86,978</b>

<sup>1</sup> From the former Forstædernes Bank.

**The Nykredit Realkredit Group****Total provisions for bank loan impairment and guarantees**

DKK million	Provisions for guarantees	Individual impairment provisions	Collective impairment provisions	31.03.2011 Total provisions	31.12.2010 Total provisions
Retail	4	409	100	513	590
Other commercial	58	2,388	266	2,712	3,155
Terminated exposures <sup>1</sup>	47	2,850	38	2,935	3,143
<b>Total</b>	<b>109</b>	<b>5,647</b>	<b>403</b>	<b>6,159</b>	<b>6,888</b>

<sup>1</sup> From the former Forstædernes Bank.

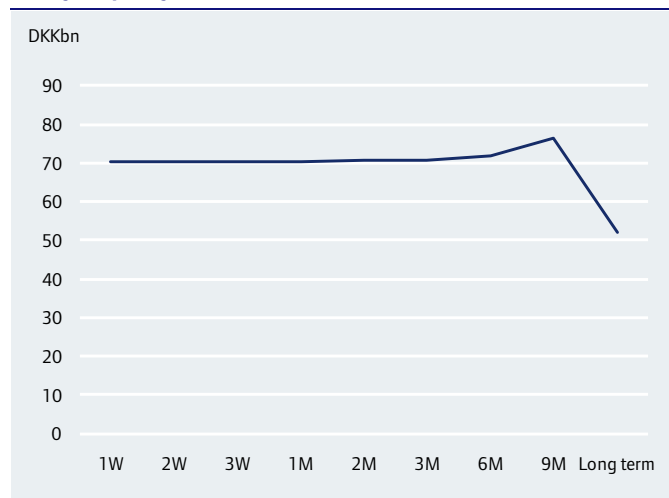
**Bank loans, advances and guarantees by industry**

DKK million	Loans, advances and guarantees		Provisions	
	31.03.2011	31.12.2010	31.03.2011	31.12.2010
<b>Public sector</b>	<b>770</b>	<b>806</b>	<b>3</b>	<b>0</b>
Agriculture, hunting, forestry and fishing	2,316	2,556	86	82
Manufacturing, mining and quarrying	7,566	6,627	258	256
Energy supply	3,503	2,418	48	18
Construction	1,580	1,482	282	285
Trade	2,031	2,235	313	375
Transport, accommodation and food service activities	1,533	1,634	72	61
Information and communication	1,129	1,443	37	54
Financial and insurance activities	21,098	18,616	1,480	1,705
Real property	15,660	16,739	1,819	1,664
Other trade and industry	8,397	10,350	809	1,481
<b>Total corporate</b>	<b>64,813</b>	<b>64,100</b>	<b>5,204</b>	<b>5,981</b>
<b>Retail</b>	<b>20,560</b>	<b>22,311</b>	<b>952</b>	<b>907</b>
<b>Total</b>	<b>86,143</b>	<b>87,217</b>	<b>6,159</b>	<b>6,888</b>

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

# LIQUIDITY

## Mortgage lending Moody's liquidity curve

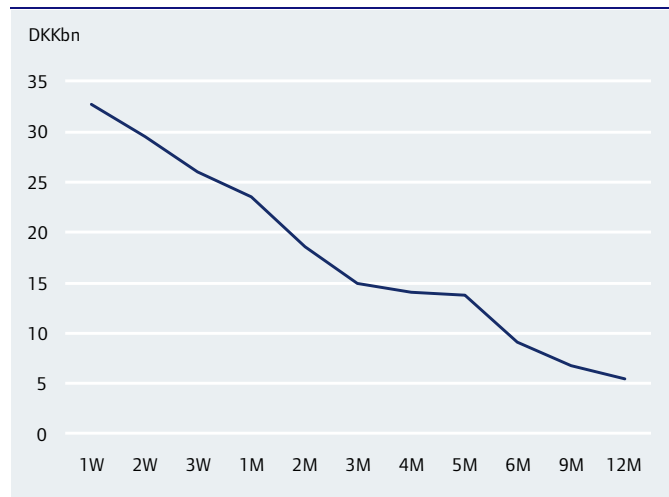


Note: Liquidity raised through issuance of junior covered bonds is included up to their maturity.

## Banking Liquidity relative to statutory requirement



## Banking Liquidity stress testing (Moody's Global Methodology)



## LIQUIDITY RISK

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

Nykredit has not issued any government-guaranteed bonds under Bank Rescue Package II.

## Mortgage lending

The greater part of group lending consists of mortgage loans funded by "realkreditobligationer" (ROs) and "særligt dækkede obligationer" (SDOs) (collectively referred to as covered bonds) according to 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 ample liquidity.

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

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

Nykredit Realkredit launched a Global Covered Securities (GCS) programme in February 2011.

The programme may be applied for the funding of SDOs and junior covered bonds issued out of Capital Centre E.

The main objectives of the programme are to:

- increase the sale of bonds to international investors
- raise awareness of Danish mortgage lending
- facilitate funding of loans in currencies other than DKK and EUR.

## Banking

Nykredit Bank has organised its liquidity risk management in accordance with its business development and section 71 of the new Danish Executive Order on the management and control of banks, which came into force on 1 January 2011. The new regulation contains detailed requirements as regards the Bank's liquidity policy. A liquidity profile must be adopted, and the Board of Directors must issue liquidity instructions requiring liquidity stress testing and a liquidity buffer.

Nykredit Bank monitors balance sheet and liquidity on a day-to-day basis as part of its liquidity risk management. The management of the Bank's structural liquidity risk is based on an internal model relating to the liquidity of assets and liabilities.

Securities not serving as collateral in the trading book constitute a short-term liquidity buffer that may be applied in the case of unforeseen drains on the Bank's liquidity. These securities consist mainly of liquid Danish and European government and mortgage bonds (covered bonds) eligible as collateral with Danmarks Nationalbank or other European central banks.

Stress testing is performed on a continuous basis in the form of eg a bank-specific, a sector-specific and a combination scenario as stated in section 71 of the Danish Executive Order on the management and control of banks.

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

At 31 March 2011, the excess cover was 212% against 251% at end-2010, corresponding to a liquidity buffer of DKK 43.1 bn compared with DKK 54.7bn at end-2010. In Q1/2011 the liquidity buffer averaged DKK 36.9bn compared with DKK 49.8bn for 2010.

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

The Bank's long-term funding activities progress according to plan, with EMTN issues of DKK 16.6bn at 31 March 2011.

Further, the Bank has continued its current refinancing of short-term ECP issues, which totalled DKK 16.7bn at 31 March 2011.

The aggregate amount issued under the ECP and EMTN programmes was DKK 33.4bn at 31 March 2011 against DKK 32.2bn at end-2010.

# MANAGEMENT STATEMENT

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

The Board of Directors and the Executive Board have today reviewed and approved the Interim Report for the period 1 January – 31 March 2011 of Nykredit Realkredit A/S and the Nykredit Realkredit Group.

The Consolidated Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. The Parent Financial Statements for Q1/2011 have been prepared in accordance with the Danish Financial Business Act.

Further, the Q1 Interim Report 2011 has been prepared in accordance with additional Danish disclosure requirements for interim reports of issuers of listed bonds.

We are of the opinion that the Interim Financial Statements give a fair presentation of the Group's and the Parent Company's assets, liabilities, equity and financial position at 31 March 2011 and of the results of the Group's and the Parent Company's operations as well as the Group's cash flows for the financial period 1 January – 31 March 2011.

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

Copenhagen, 12 May 2011

### 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 Benggaard

Michael Demsitz

Merete Eldrup

Lisbeth Grimm

Allan Kristiansen

Susanne Møller Nielsen

Anders C. Obel

Erling Bech 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		
Q1/2010	Q1/2011		Note	Q1/2011	Q1/2010
9,451	9,035	Interest income	3	10,942	11,121
8,050	7,750	Interest expenses	4	8,352	8,343
1,401	1,285	<b>NET INTEREST INCOME</b>		<b>2,590</b>	<b>2,779</b>
1	7	Dividend on equities		7	1
230	208	Fee and commission income		454	542
64	64	Fee and commission expenses		380	372
1,568	1,436	<b>NET INTEREST AND FEE INCOME</b>		<b>2,671</b>	<b>2,951</b>
256	(123)	Value adjustments	5	58	335
20	12	Other operating income		54	37
555	698	Staff and administrative expenses	6	1,240	1,171
160	165	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	7	196	198
0	0	Other operating expenses		73	125
336	202	Impairment losses on loans, advances and receivables	8	279	699
233	305	Profit from investments in associates and group enterprises	9	8	1
1,025	564	<b>PROFIT BEFORE TAX</b>		<b>1,004</b>	<b>1,131</b>
181	(74)	Tax	10	104	331
845	638	<b>PROFIT FROM CONTINUED OPERATIONS FOR THE PERIOD</b>		<b>899</b>	<b>800</b>
-	-	Loss from discontinued insurance operations		-	(58)
845	638	<b>PROFIT FOR THE PERIOD</b>		<b>899</b>	<b>742</b>



# Statements of comprehensive income for 1 January – 31 March DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group			
Q1/2010	Q1/2011		Note	Q1/2011	Q1/2010
845	638	<b>PROFIT FOR THE PERIOD</b>		<b>899</b>	<b>742</b>
-	-	- Fair value adjustment of equities available for sale		(204)	103
-	-	- Tax on fair value adjustment of equities available for sale		89	-
-	-	- Realised value adjustment of equities available for sale has been reclassified to the income statement		(180)	-
-	-	- Unrealised capital loss on equities available for sale has been reclassified to the income statement due to objective evidence of impairment		34	-
-	-	- OTHER COMPREHENSIVE INCOME		(261)	103
845	638	<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>638</b>	<b>845</b>

## Balance sheets, end of period

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group			
31.12.2010	31.03.2011		Note	31.03.2011	31.12.2010
		<b>ASSETS</b>			
394	538	Cash balance and demand deposits with central banks		633	507
45,510	24,166	Receivables from credit institutions and central banks	11	36,991	58,149
1,019,032	999,495	Loans, advances and other receivables at fair value	12	1,043,858	1,043,763
944	940	Loans, advances and other receivables at amortised cost	13	61,190	59,777
58,697	65,323	Bonds at fair value	14	98,933	94,139
		<b>Equities</b>			
4,673	4,663	Equities measured at fair value through profit or loss		2,214	1,696
-	-	Equities available for sale		2,826	3,309
4,673	4,663	<b>Total</b>		<b>5,040</b>	<b>5,005</b>
149	151	Investments in associates		153	151
27,930	28,226	Investments in group enterprises		-	-
4,499	4,445	Intangible assets		4,492	4,545
		<b>Land and buildings</b>			
-	-	Investment properties		838	845
23	23	Owner-occupied property		1,722	1,715
23	23	<b>Total</b>		<b>2,559</b>	<b>2,560</b>
306	295	Other property, plant and equipment		331	342
-	-	Current tax assets		143	188
703	828	Deferred tax assets		882	747
274	281	Assets in temporary possession		392	404
17,052	15,834	Other assets	15	35,527	40,646
199	273	Prepayments		299	218
1,180,384	1,145,481	<b>TOTAL ASSETS</b>		<b>1,291,424</b>	<b>1,311,140</b>

## Balance sheets, end of period

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group			
31.12.2010	31.03.2011		Note	31.03.2011	31.12.2010
		<b>LIABILITIES AND EQUITY</b>			
79,456	77,135	Payables to credit institutions and central banks	16	94,266	95,879
-	-	Deposits and other payables	17	53,416	55,467
1,002,524	971,683	Issued bonds at fair value	18	960,768	974,319
195	195	Issued bonds at amortised cost	19	33,609	32,569
4,394	5,413	Other non-derivative financial liabilities at fair value		31,714	28,160
129	201	Current tax liabilities		254	160
26,532	23,696	Other liabilities	20	49,174	55,721
-	-	Deferred income		4	6
<b>1,113,230</b>	<b>1,078,324</b>	<b>Total payables</b>		<b>1,223,205</b>	<b>1,242,281</b>
		<b>Provisions</b>			
322	318	Provisions for pensions and similar obligations		322	326
580	502	Provisions for deferred tax		543	621
100	100	Repayable reserves funded by pre-1972 series		100	100
-	-	Provisions for losses under guarantees		109	745
27	27	Other provisions		200	129
<b>1,029</b>	<b>948</b>	<b>Total provisions</b>		<b>1,274</b>	<b>1,921</b>
<b>10,805</b>	<b>10,551</b>	<b>Subordinated debt</b>	21	<b>11,286</b>	<b>11,618</b>
		<b>Equity</b>			
1,182	1,182	Share capital		1,182	1,182
		<b>Accumulated changes in value</b>			
4	4	- Revaluation reserves		132	132
-	-	- Value adjustment of equities available for sale		1,574	1,836
		<b>Other reserves</b>			
1,357	1,652	- Statutory reserves		-	-
35,490	35,490	- Series reserves		35,490	35,490
16,987	17,331	Retained earnings		17,280	16,380
300	-	Proposed dividend		-	300
<b>55,320</b>	<b>55,659</b>	<b>Total equity</b>		<b>55,659</b>	<b>55,320</b>
<b>1,180,384</b>	<b>1,145,481</b>	<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,291,424</b>	<b>1,311,140</b>
		<b>OFF-BALANCE SHEET ITEMS</b>			
			22		
-	-	Contingent liabilities		5,759	6,286
1,273	1,818	Other commitments		8,919	8,013
<b>1,273</b>	<b>1,818</b>	<b>TOTAL</b>		<b>14,678</b>	<b>14,298</b>

## Statement of changes in equity

DKK million

Nycredit Realkredit A/S

	Share capital	Revaluation reserves	Statutory reserves *	Series reserves	Retained earnings	Proposed dividend	Total
<b>2011</b>							
Equity, 1 January	1,182	4	1,357	35,490	16,987	300	55,320
Profit for the period	-	-	303	-	336	-	638
<b>Total comprehensive income for the period</b>	-	-	303	-	336	-	638
Dividend from associates	-	-	(8)	-	8	-	-
Dividend declared	-	-	-	-	-	(300)	(300)
<b>Equity, 31 March</b>	<b>1,182</b>	<b>4</b>	<b>1,652</b>	<b>35,490</b>	<b>17,331</b>	<b>-</b>	<b>55,659</b>
<b>2010</b>							
Equity, 1 January	1,182	5	-	26,760	23,294	-	51,241
Profit for the year	-	-	1,361	-	2,415	300	4,076
<b>Other comprehensive income</b>							
Share of comprehensive income in associates and group enterprises	-	-	2	-	-	-	2
Fair value adjustment of owner-occupied property	-	(1)	-	-	-	-	(1)
<b>Total other comprehensive income</b>	-	(1)	2	-	-	-	1
<b>Total comprehensive income for the year</b>	-	(1)	1,363	-	2,415	300	4,077
Dividend from associates	-	-	(6)	-	6	-	-
Adjustment pursuant to capital adequacy rules	-	-	-	8,731	(8,731)	-	-
Transferred from provisions – pre-1972 series	-	-	-	-	3	-	3
<b>Equity, 31 December</b>	<b>1,182</b>	<b>4</b>	<b>1,357</b>	<b>35,490</b>	<b>16,987</b>	<b>300</b>	<b>55,320</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 value adjustment of equities available for sale	Series reserves	Retained earnings	Proposed dividend	Total
<b>2011</b>							
Equity, 1 January	1,182	132	1,836	35,490	16,380	300	55,320
Profit for the period	-	-	-	-	899	-	899
<b>Other comprehensive income</b>							
Fair value adjustment of equities available for sale	-	-	(115)	-	-	-	(115)
Unrealised capital loss on equities available for sale has been reclassified to the income statement due to objective evidence of impairment	-	-	34	-	-	-	34
Realised value adjustment of equities available for sale has been reclassified to the income statement due to objective evidence of impairment	-	-	(180)	-	-	-	(180)
<b>Total other comprehensive income</b>	-	-	<b>(261)</b>	-	-	-	<b>(261)</b>
<b>Total comprehensive income for the period</b>	-	-	<b>(261)</b>	-	<b>899</b>	-	<b>638</b>
Dividend declared	-	-	-	-	-	(300)	(300)
<b>Equity, 31 March</b>	<b>1,182</b>	<b>132</b>	<b>1,574</b>	<b>35,490</b>	<b>17,280</b>	<b>-</b>	<b>55,659</b>
<b>2010</b>							
Equity, 1 January	1,182	132	1,575	26,760	21,592	-	51,241
Profit for the year	-	-	-	-	3,516	300	3,816
<b>Other comprehensive income</b>							
Fair value adjustment of owner-occupied property	-	1	-	-	-	-	1
Fair value adjustment of equities available for sale	-	-	161	-	-	-	161
Unrealised capital loss on equities available for sale has been reclassified to the income statement due to objective evidence of impairment	-	-	100	-	-	-	100
<b>Total other comprehensive income</b>	-	<b>1</b>	<b>261</b>	-	-	-	<b>261</b>
<b>Total comprehensive income for the year</b>	-	<b>1</b>	<b>261</b>	-	<b>3,516</b>	<b>300</b>	<b>4,077</b>
Adjustment pursuant to capital adequacy rules	-	-	-	8,731	(8,731)	-	-
Transferred from provisions – pre-1972 series	-	-	-	-	3	-	3
<b>Equity, 31 December</b>	<b>1,182</b>	<b>132</b>	<b>1,836</b>	<b>35,490</b>	<b>16,380</b>	<b>300</b>	<b>55,320</b>

Reference is made to page 12 of the Management's Review for a statement of the movements in equity for the period 1 January 2010 to 31 March 2010.

# Capital base and capital adequacy, end of period

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group		
31.12.2010	31.03.2011		31.03.2011	31.12.2010
<b>Capital base and capital adequacy</b>				
55,320	55,659	Equity, end of period	55,659	55,320
(4)	(4)	Revaluation reserves transferred to supplementary capital	(132)	(132)
<b>55,316</b>	<b>55,655</b>	<b>Core capital</b>	<b>55,526</b>	<b>55,188</b>
(300)	-	Proposed dividend	-	(300)
(4,499)	(4,445)	Intangible assets	(4,492)	(4,545)
(123)	(326)	Capitalised tax assets	(339)	(126)
<b>50,394</b>	<b>50,884</b>	<b>Core capital after statutory deductions excl hybrid core capital</b>	<b>50,696</b>	<b>50,217</b>
10,805	10,551	Hybrid core capital included	10,801	11,055
(587)	(527)	Difference between expected losses and impairments for accounting purposes	(652)	(599)
(1,393)	(1,345)	Other statutory deductions	(306)	(177)
<b>59,219</b>	<b>59,563</b>	<b>Core capital, incl hybrid core capital, after statutory deductions</b>	<b>60,539</b>	<b>60,496</b>
-	-	Subordinate loan capital included	519	594
57	57	Revaluation reserves and series reserves	185	185
<b>59,276</b>	<b>59,619</b>	<b>Capital base before statutory deductions</b>	<b>61,243</b>	<b>61,275</b>
(587)	(527)	Difference between expected losses and impairments for accounting purposes	(652)	(599)
530	470	Other statutory deductions	(52)	(177)
<b>59,219</b>	<b>59,563</b>	<b>Capital base after statutory deductions</b>	<b>60,539</b>	<b>60,499</b>
25,574	25,379	Credit risk (incl settlement risk, statutory deduction for collective impairment provisions under the standardised approach and a charge for exceeding large exposure limits)	22,948	23,269
1,093	1,047	Market risk	1,562	1,672
970	1,097	Operational risk	1,474	1,272
<b>27,637</b>	<b>27,523</b>	<b>Total capital requirement before transitional rule</b>	<b>25,984</b>	<b>26,213</b>
<b>31,029</b>	<b>30,834</b>	<b>Total capital requirement after transitional rule</b>	<b>43,938</b>	<b>45,016</b>
<b>345,467</b>	<b>344,034</b>	<b>Total risk-weighted assets</b>	<b>324,803</b>	<b>327,665</b>
14.0	14.2	Core capital ratio excl hybrid core capital	15.3	15.1
17.1	17.3	Core capital ratio incl hybrid core capital	18.6	18.5
17.1	17.3	Capital adequacy ratio	18.6	18.5
9.0	9.0	Minimum capital adequacy ratio (capital adequacy ratio after transitional rule)	13.5	13.7
8.9	8.9	Internal capital adequacy requirement (ICAAP), %	9.7	9.4

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

DKK million

The Nykredit Realkredit Group

	Q1/2011				Q1/2010			
	Core earnings	Investment portfolio income	Cost of capital	Total	Core earnings	Investment portfolio income	Cost of capital	Total
Net interest income	2,031	672	(113)	2,590	2,010	884	(115)	2,779
Dividend on equities	0	7	-	7	1	1	-	1
Net fee and commission income	85	(11)	-	74	184	(14)	-	171
<b>Net interest and fee income</b>	<b>2,116</b>	<b>667</b>	<b>(113)</b>	<b>2,671</b>	<b>2,195</b>	<b>871</b>	<b>(115)</b>	<b>2,951</b>
Value adjustments	142	(82)	(2)	58	205	130	-	335
Other operating income	53	1	-	54	37	-	-	37
Staff and administrative expenses	1,240	-	-	1,240	1,171	-	-	1,171
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	196	-	-	196	198	-	-	198
Other operating expenses	73	-	-	73	125	-	-	125
Impairment losses on loans, advances and other receivables	279	-	-	279	699	-	-	699
Profit from investments in associates	-	8	-	8	-	1	-	1
<b>Profit (loss) before tax</b>	<b>524</b>	<b>594</b>	<b>(114)</b>	<b>1,004</b>	<b>244</b>	<b>1,002</b>	<b>(115)</b>	<b>1,131</b>

## Cash flow statement for 1 January – 31 March

DKK million

	The Nykredit Realkredit Group	
	Q1/2011	Q1/2010
<b>Profit after tax for the period</b>	<b>899</b>	<b>742</b>
Amortisation and impairment losses for intangible assets	144	143
Depreciation and impairment losses for property, plant and equipment	52	55
Loss from investments in associates	(8)	(1)
Profit from discontinued insurance operations	-	58
Impairment losses on loans, advances and receivables	279	699
Prepayments/deferred income, net	(82)	(91)
Tax calculated on profit for the period	104	331
Other adjustments	(255)	101
<b>Total</b>	<b>234</b>	<b>1,295</b>
<b>Profit for the period adjusted for non-cash operating items</b>	<b>1,133</b>	<b>2,037</b>
<b>Change in working capital</b>		
Loans, advances and other receivables	(1,787)	(20,946)
Deposits and payables to credit institutions	(3,664)	24,111
Issued bonds	(12,512)	(11,447)
Other working capital	934	5,222
<b>Total</b>	<b>(17,028)</b>	<b>(3,060)</b>
<b>Corporation tax paid, net</b>	<b>(101)</b>	<b>(199)</b>
<b>Cash flows from operating activities</b>	<b>(15,997)</b>	<b>(1,222)</b>
<b>Cash flows from investing activities</b>		
Purchase of associates	(2)	(2)
Sale of associates	1	7
Dividend received	8	1
Purchase and sale of bonds and equities	(4,830)	(9,543)
Purchase of intangible assets	(91)	(96)
Purchase of property, plant and equipment	(49)	(105)
Sale of property, plant and equipment	1	2
<b>Total</b>	<b>(4,961)</b>	<b>(9,736)</b>
<b>Cash flows from financing activities</b>		
Redemption of subordinated debt	(75)	-
<b>Total</b>	<b>(75)</b>	<b>-</b>
<b>Cash flows from continued operations</b>	<b>(21,032)</b>	<b>(10,959)</b>
Cash flows from discontinued insurance operations	-	(311)
<b>Total cash flows</b>	<b>(21,032)</b>	<b>(11,270)</b>
<b>Cash and cash equivalents, beginning of period</b>		
Cash balance and demand deposits with central banks	507	1,828
Receivables from credit institutions and central banks	58,149	61,081
<b>Total</b>	<b>58,657</b>	<b>62,909</b>
<b>Cash and cash equivalents, end of period</b>		
Cash balance and demand deposits with central banks	633	3,892
Receivables from credit institutions and central banks	36,991	47,748
<b>Total</b>	<b>37,624</b>	<b>51,639</b>



# Notes

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# Notes

## 1. ACCOUNTING POLICIES

### General

The Consolidated Financial Statements for Q1/2011 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.

The financial statements of the Parent Company for Q1/2011 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 Q1 Interim Report 2010 and the Annual Report for 2010, the segment financial statements as well as core earnings and investment portfolio income for Q1/2011 have been revised due to a change in internal management reporting. In the segment financial statements, earnings related to the portfolio of Kalvebod issues have been transferred from the business area Markets & Asset Management to group items. In the statement of core earnings and investment portfolio income, earnings have been transferred from Core income from business operations to Investment portfolio income. In Q1/2011 the portfolio generated a loss of DKK 113m, whereas earnings of DKK 44m were recognised in Q1/2010. Comparative figures have been restated. The revision does not affect the Nykredit Group's results, balance sheet or equity.

Compared with the Annual Report for 2010, the accounting policies are otherwise unchanged.

Compared with the Annual Report for 2010 (note 1), no new reporting standards or interpretations have been issued or approved which would influence the Q1 Interim Report 2011 of Nykredit Realkredit A/S and the Nykredit Realkredit Group. The IASB is currently working on a project which, in time, will replace the IAS 39 rules. The revised standard – IFRS 9 – is divided into three main phases including classification and measurement of financial assets and liabilities as well as impairments and hedge accounting.

The EU has opted not to adopt the IFRS 9 until the results of all the phases are available. The new standard is scheduled to be implemented in January 2015.

The impact of the implementation of IFRS 9 on the Consolidated Financial Statements has not yet been analysed, as the standard is not currently available in a form that allows for an overall assessment of the effect.

For a full description of the Group's and the Parent Company's accounting policies, please refer to the Annual Report for 2010, which is available at [nykredit.com](http://nykredit.com).

All figures in the Q1 Interim Report 2011 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 2011 has not been audited or reviewed.

## Notes

DKK million

The Nykredit Realkredit Group

## 2. RESULTS BY BUSINESS AREA

	Retail		Commercial	Markets &	Other	Group items	
Q1/2011	Customers	Totalkredit	Customers	Asset Management	Activities	and eliminations	Total
<b>Core income from</b>							
- Business operations	562	325	992	255	51	(5)	2,181
- Securities	-	-	-	-	-	131	131
<b>Total</b>	<b>562</b>	<b>325</b>	<b>992</b>	<b>255</b>	<b>51</b>	<b>126</b>	<b>2,312</b>
Operating costs	413	97	301	204	57	241	1,313
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	-	121	0	1	32	42	196
<b>Core earnings before impairment losses</b>	<b>149</b>	<b>106</b>	<b>691</b>	<b>51</b>	<b>(38)</b>	<b>(157)</b>	<b>802</b>
Impairment losses on loans and advances	105	50	206	(9)	(73)	-	279
<b>Core earnings after impairment losses</b>	<b>45</b>	<b>57</b>	<b>486</b>	<b>60</b>	<b>35</b>	<b>(157)</b>	<b>524</b>
Investment portfolio income <sup>1</sup>	-	-	-	-	-	594	594
<b>Profit before cost of capital</b>	<b>45</b>	<b>57</b>	<b>486</b>	<b>60</b>	<b>35</b>	<b>437</b>	<b>1,118</b>
Net interest on hybrid core capital	-	-	-	-	-	(114)	(114)
<b>Profit before tax</b>	<b>45</b>	<b>57</b>	<b>486</b>	<b>60</b>	<b>35</b>	<b>323</b>	<b>1,004</b>
<b>Total assets at 31.03.2011</b>	<b>204,584</b>	<b>462,116</b>	<b>432,432</b>	<b>92,347</b>	<b>6,610</b>	<b>93,335</b>	<b>1,291,424</b>
Q1/2010	Retail		Commercial	Markets &	Other	Group items	
	Customers	Totalkredit	Customers	Asset Management	Activities	and eliminations	Total
<b>Core income from</b>							
- Business operations	603	364	888	418	46	8	2,328
- Securities	-	-	-	-	-	109	109
<b>Total</b>	<b>603</b>	<b>364</b>	<b>888</b>	<b>418</b>	<b>46</b>	<b>117</b>	<b>2,437</b>
Operating costs	440	114	343	211	83	104	1,296
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	2	115	2	0	33	45	198
<b>Core earnings before impairment losses</b>	<b>161</b>	<b>135</b>	<b>542</b>	<b>207</b>	<b>(70)</b>	<b>(32)</b>	<b>943</b>
Impairment losses on loans and advances	117	(20)	413	8	79	103	699
<b>Core earnings after impairment losses</b>	<b>44</b>	<b>156</b>	<b>130</b>	<b>199</b>	<b>(149)</b>	<b>(135)</b>	<b>244</b>
Investment portfolio income <sup>1</sup>	-	-	-	-	-	1,002	1,002
<b>Profit (loss) before cost of capital</b>	<b>44</b>	<b>156</b>	<b>130</b>	<b>199</b>	<b>(149)</b>	<b>867</b>	<b>1,246</b>
Net interest on hybrid core capital	-	-	-	-	-	(115)	(115)
<b>Profit (loss) before tax</b>	<b>44</b>	<b>156</b>	<b>130</b>	<b>199</b>	<b>(149)</b>	<b>752</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>

<sup>1</sup> Investment portfolio income includes a profit of DKK 8m from investments in associates (2010: DKK 1m).

## Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group		
Q1/2010	Q1/2011		Q1/2011	Q1/2010
<b>3. INTEREST INCOME</b>				
3,330	3,402	Receivables from credit institutions and central banks	36	45
4,950	4,286	Loans, advances and other receivables	8,916	9,709
730	806	Administration margin (income)	1,361	1,254
<b>Bonds</b>				
489	185	- Self-issued SDOs (særligt dækkede obligationer)	540	956
131	219	- Self-issued ROs (realkreditobligationer)	310	627
318	390	- Other ROs	524	(26)
84	48	- Government bonds	50	124
52	45	- Other bonds	75	107
<b>Derivative financial instruments</b>				
39	1	- Foreign exchange contracts	(9)	15
(72)	35	- Interest rate contracts	(24)	(110)
-	-	- Equity contracts	(1)	(0)
20	24	Other interest income	24	17
<b>10,072</b>	<b>9,440</b>	<b>Total</b>	<b>11,801</b>	<b>12,717</b>
(489)	(185)	Interest from self-issued SDOs has been offset against interest expenses – note 4	(540)	(956)
(131)	(219)	Interest from self-issued ROs has been offset against interest expenses – note 4	(310)	(627)
(1)	(1)	Interest from other self-issued securities and bonds has been offset against interest expenses – note 4	(9)	(13)
<b>9,451</b>	<b>9,035</b>	<b>Total</b>	<b>10,942</b>	<b>11,121</b>
<b>Of which interest income from genuine purchase and resale transactions entered as:</b>				
8	12	Receivables from credit institutions and central banks	18	43
0	-	- Loans, advances and other receivables	32	13
<b>4. INTEREST EXPENSES</b>				
179	199	Credit institutions and central banks	215	217
0	-	- Deposits and other payables	219	213
8,353	7,737	Issued bonds	8,558	9,363
123	199	Subordinated debt	207	134
17	20	Other interest expenses	13	11
<b>8,671</b>	<b>8,155</b>	<b>Total</b>	<b>9,211</b>	<b>9,938</b>
(489)	(185)	Set-off of interest from self-issued SDOs – note 3	(540)	(956)
(131)	(219)	Set-off of interest from self-issued ROs – note 3	(310)	(627)
(1)	(1)	Set-off of interest from other self-issued securities and bonds – note 3	(9)	(13)
<b>8,050</b>	<b>7,750</b>	<b>Total</b>	<b>8,352</b>	<b>8,343</b>
<b>Of which interest expenses from genuine sale and repurchase transactions entered as:</b>				
150	196	Credit institutions and central banks	203	165
0	-	- Deposits and other payables	43	1

## Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
Q1/2010	Q1/2011	Q1/2011	Q1/2010
<b>5. VALUE ADJUSTMENTS</b>			
<b>Financial assets measured at fair value through profit or loss</b>			
4,143	(4,229)	(9,887)	7,637
2,478	(4,409)	-	-
3	(87)	0	(0)
642	(944)	(1,391)	773
164	(130)	227	83
-	-	(7)	(0)
(89)	11	23	46
(385)	765	943	(483)
-	-	-	0
..			
<b>Financial liabilities measured at fair value through profit or loss</b>			
(4,223)	4,491	10,152	(7,717)
(2,478)	4,409	-	-
-	-	(2)	(4)
<b>256</b>	<b>(123)</b>	<b>58</b>	<b>335</b>
<b>6. STAFF AND ADMINISTRATIVE EXPENSES</b>			
12	13	13	12
404	496	718	663
139	190	510	496
<b>555</b>	<b>698</b>	<b>1,240</b>	<b>1,171</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	9	9	8
2	2	2	2
1	1	1	1
<b>12</b>	<b>13</b>	<b>13</b>	<b>12</b>
The terms and conditions governing the salaries, pensions and retirement of the Executive Board are unchanged relative to the mention in the Annual Report for 2010.			
<b>Staff expenses</b>			
329	405	592	549
42	46	63	63
33	44	63	51
<b>404</b>	<b>496</b>	<b>718</b>	<b>663</b>
<b>Number of staff</b>			
2,729	3,086	4,057	4,051

## Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
Q1/2010	Q1/2011	Q1/2011	Q1/2010
<b>7. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES FOR PROPERTY, PLANT AND EQUIPMENT AS WELL AS INTANGIBLE ASSETS</b>			
<b>Intangible assets</b>			
142	143	- Amortisation	144 142
-	-	- Impairment losses	1 1
<b>Property, plant and equipment</b>			
18	22	- Depreciation	29 32
-	-	- Impairment losses	23 23
<b>160</b>	<b>165</b>	<b>Total</b>	<b>196 198</b>
<b>8. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES</b>			
<b>8. a. Earnings impact</b>			
240	134	Change in individual impairment provisions for loans and advances	213 393
74	51	Change in collective impairment provisions for loans and advances	21 106
13	13	Losses recognised for the period, net	33 23
(8)	(8)	Received on claims previously written off as impairment losses	(9) (9)
-	-	- Provisions for guarantees	24 181
<b>318</b>	<b>190</b>	<b>Total impairment losses on loans, advances and guarantees</b>	<b>282 694</b>
18	12	Value adjustment of assets in temporary possession	23 15
1	0	Value adjustment of claims previously written off as impairment losses	0 1
-	-	- Losses offset against bank commission	(26) (11)
<b>336</b>	<b>202</b>	<b>Total</b>	<b>279 699</b>
<b>8 b. Specification of provisions for loan impairment</b>			
1,199	1,030	Individual impairment provisions	6,977 9,221
428	773	Collective impairment provisions	1,410 918
<b>1,627</b>	<b>1,803</b>	<b>Total impairment provisions</b>	<b>8,388 10,138</b>
<b>Impairment provisions have been offset against the following items:</b>			
866	1,400	Mortgage loans – note 12	1,634 1,011
761	403	Arrears and outlays – note 12	704 1,119
-	-	- Bank loans and advances – note 13	6,050 8,009
<b>1,627</b>	<b>1,803</b>	<b>Total impairment provisions</b>	<b>8,388 10,138</b>
<b>8. c. Individual impairment provisions</b>			
<b>1,053</b>	<b>981</b>	<b>Impairment provisions, beginning of period</b>	<b>6,980 8,943</b>
-	-	- Foreign currency translation adjustment	- 7
281	166	Impairment provisions for the period	501 701
(41)	(32)	Impairment provisions reversed	(288) (308)
(41)	(30)	Value adjustment of repossessed properties	(40) (44)
(52)	(55)	Impairment provisions recognised as lost	(175) (78)
<b>1,199</b>	<b>1,030</b>	<b>Impairment provisions, end of period</b>	<b>6,977 9,221</b>

## Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
Q1/2010	Q1/2011	Q1/2011	Q1/2010
<b>8. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES (continued)</b>			
<b>8. d. Collective impairment provisions</b>			
354	722	<b>Impairment provisions, beginning of period</b>	<b>1,389</b> <b>812</b>
90	51	Impairment provisions for the period	51      200
(17)	-	Impairment provisions reversed	(29)      (94)
<b>428</b>	<b>773</b>	<b>Impairment provisions, end of period</b>	<b>1,410</b> <b>918</b>
<b>8. e. Specification of loans and advances subject to objective evidence of impairment</b>			
4,900	4,814	Loans and advances before individual impairment provisions	14,707      18,094
1,199	1,030	Impairment provisions	6,977      9,221
<b>3,701</b>	<b>3,785</b>	<b>Loans and advances after impairment provisions</b>	<b>7,729</b> <b>8,874</b>
498,329	576,079	Loans and advances before collective impairment provisions	1,117,489      989,909
428	773	Impairment provisions	1,410      918
<b>497,901</b>	<b>575,306</b>	<b>Loans and advances after impairment provisions</b>	<b>1,116,078</b> <b>988,992</b>
<b>8. f. Impairment losses on repossessed properties</b>			
85	173	<b>Impairment provisions, beginning of period</b>	<b>233</b> <b>110</b>
41	30	Transferred from non-repossessed properties	40      44
21	15	Impairment provisions for the period	34      26
(4)	(3)	Impairment provisions reversed	(11)      (10)
(38)	(58)	Impairment provisions recognised as lost	(64)      (38)
<b>105</b>	<b>157</b>	<b>Impairment provisions, end of period</b>	<b>233</b> <b>131</b>
Impairment losses on repossessed properties have been offset against "Assets in temporary possession".			
<b>9. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES</b>			
1	8	Profit from investments in associates	8      1
232	297	Profit from investments in group enterprises	-      -
<b>233</b>	<b>305</b>	<b>Total</b>	<b>8</b> <b>1</b>
<b>10. TAX</b>			
17.6	(13.1)	Effective tax rate, %	10.4      29.3

## Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group		
31.12.2010	31.03.2011		31.03.2011	31.12.2010
<b>11. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS</b>				
12,788	338	Receivables at call from central banks	11,242	13,578
32,723	23,828	Receivables from credit institutions	25,750	44,571
<b>45,510</b>	<b>24,166</b>	<b>Total</b>	<b>36,991</b>	<b>58,149</b>
6,850	4,000	Of which prepaid funds, including immediate prepayments at par and proceeds from the issue of fixed-price agreements	12,450	10,303
<b>12. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE</b>				
575,278	576,609	Mortgage loans	1,030,243	1,030,674
199	180	Arrears and outlays	164	167
-	-	Other loans and advances	13,451	12,922
10,024	10,215	Loans to Totalkredit serving as security in capital centres	-	-
433,531	412,492	Totalkredit mortgage loan funding	-	-
<b>1,019,032</b>	<b>999,495</b>	<b>Total</b>	<b>1,043,858</b>	<b>1,043,763</b>
<b>Mortgage loans</b>				
<b>553,913</b>	<b>575,112</b>	<b>Balance, beginning of period, nominal value</b>	<b>1,029,636</b>	<b>985,216</b>
90,955	19,555	New loans	34,150	201,300
624	229	Indexation	229	624
1,962	78	Foreign currency translation adjustment	78	1,962
(11,770)	(1,620)	Ordinary principal payments	(2,424)	(16,187)
(60,571)	(12,462)	Prepayments and extraordinary principal payments	(22,225)	(143,280)
<b>575,112</b>	<b>580,893</b>	<b>Balance, end of period, nominal value</b>	<b>1,039,444</b>	<b>1,029,636</b>
(198)	(207)	Loans transferred relating to properties in temporary possession	(289)	(287)
279	282	Loans assumed by the Danish Agency for Governmental Management	282	279
<b>575,193</b>	<b>580,968</b>	<b>Total nominal value</b>	<b>1,039,437</b>	<b>1,029,628</b>
<b>1,378</b>	<b>(2,960)</b>	<b>Adjustment for interest rate risk</b>	<b>(7,560)</b>	<b>2,586</b>
<b>Adjustment for credit risk</b>				
(572)	(627)	Individual impairment provisions	(627)	(572)
(722)	(773)	Collective impairment provisions	(1,007)	(967)
<b>575,278</b>	<b>576,609</b>	<b>Balance, end of period, fair value</b>	<b>1,030,243</b>	<b>1,030,674</b>
22,768	23,024	For total loans and advances, Nykredit has received mortgages on real property and supplementary guarantees of a total of	30,960	30,496
1,686	1,662	Nykredit has received interim loan guarantees of a total of	11,057	12,469
13,702	7,745	Registration guarantees	15,499	40,319
<b>Arrears and outlays</b>				
416	429	Arrears before impairment provisions	578	571
192	154	Outlays before impairment provisions	290	283
(409)	(403)	Individual impairment provisions for arrears and outlays	(704)	(687)
<b>199</b>	<b>180</b>	<b>Total</b>	<b>164</b>	<b>167</b>



## Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
31.12.2010	31.03.2011	31.03.2011	31.12.2010
<b>12. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE (continued)</b>			
<b>Totalkredit mortgage loan funding</b>			
397,876	432,038		
<b>Balance, nominal value, beginning of period</b>		-	-
212,372	48,861		
New loans		-	-
(2,164)	(5,029)		
Ordinary principal payments		-	-
(176,046)	(60,286)		
Prepayments and extraordinary principal payments		-	-
<b>432,038</b>	<b>415,583</b>		
<b>Balance, nominal value, end of period</b>		-	-
1,493	(3,091)		
Adjustment for interest rate risk		-	-
<b>433,531</b>	<b>412,492</b>		
<b>Balance, fair value, end of period</b>		-	-
<b>13. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST</b>			
-	-	66,300	64,976
Bank loans and advances			
54	52		
Totalkredit mortgage loan funding		-	-
-	-	52	54
Mortgage loans			
939	937	937	939
Other loans and advances			
<b>993</b>	<b>989</b>	<b>67,289</b>	<b>65,969</b>
<b>Balance, end of period</b>			
<b>Adjustment for credit risk</b>			
-	-	(5,647)	(5,721)
Individual impairment provisions			
-	-	(403)	(422)
Collective impairment provisions			
<b>993</b>	<b>989</b>	<b>61,239</b>	<b>59,826</b>
<b>Balance after impairment, end of period</b>			
(49)	(49)	(49)	(49)
Set-off of "Other loans and advances" against "Issued bonds at amortised cost" – note 19			
<b>944</b>	<b>940</b>	<b>61,190</b>	<b>59,777</b>
<b>Total</b>			
<b>14. BONDS AT FAIR VALUE</b>			
54,611	35,675	113,085	159,188
Self-issued SDOs			
116,106	80,315	97,062	129,316
Self-issued ROs			
47,710	50,775	77,683	76,489
Other ROs			
5,557	9,581	13,094	8,285
Government bonds			
10,373	4,966	9,619	16,535
Other bonds			
<b>234,358</b>	<b>181,312</b>	<b>310,542</b>	<b>389,814</b>
<b>Total</b>			
(116,106)	(80,315)	(97,062)	(129,316)
Set-off of self-issued ROs against "Issued bonds at fair value" – note 18			
(54,610)	(35,674)	(113,084)	(159,187)
Set-off of self-issued SDOs against "Issued bonds at fair value" – note 18			
(4,944)	-	-	(5,748)
Set-off of self-issued junior covered bonds against "Issued bonds at fair value" – note 18			
(1)	(1)	(1)	(1)
Set-off of self-issued SDOs against "Issued bonds at amortised cost" – note 19			
-	-	(1,462)	(1,423)
Set-off of other self-issued bonds against "Issued bonds at amortised cost" – note 19			
<b>58,697</b>	<b>65,323</b>	<b>98,933</b>	<b>94,139</b>
<b>Total</b>			
Of bonds at fair value before set-off of self-issued bonds:			
4,832	175	5,176	15,275
Drawn bonds			
49,954	37,965	43,933	62,094
Bond holdings stemming from prepaid funds, including immediate prepayments at par, and proceeds from the issue of fixed-price agreements			
9,471	2,414	13,562	25,532
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		
31.12.2010	31.03.2011		31.03.2011	31.12.2010
<b>15. OTHER ASSETS</b>				
13,328	11,965	Interest and commission receivable	12,472	12,816
533	559	Receivables from group enterprises	-	-
2,834	3,025	Positive market value of derivative financial instruments	22,074	27,156
115	112	Defined benefit plans	112	115
242	173	Other assets	869	559
<b>17,052</b>	<b>15,834</b>	<b>Total</b>	<b>35,527</b>	<b>40,646</b>
<b>16. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS</b>				
75,456	77,135	Payables to credit institutions	94,264	90,978
4,000	-	Payables to central banks	2	4,901
<b>79,456</b>	<b>77,135</b>	<b>Total</b>	<b>94,266</b>	<b>95,879</b>
<b>17. DEPOSITS AND OTHER PAYABLES</b>				
-	-	On demand	30,691	31,739
-	-	At notice	5,237	4,977
-	-	Time deposits	15,040	15,991
-	-	Special deposits	2,448	2,760
-	-	<b>Total</b>	<b>53,416</b>	<b>55,467</b>
<b>18. ISSUED BONDS AT FAIR VALUE</b>				
444,112	386,931	ROs (realkreditobligationer)	470,173	534,499
704,143	676,038	SDOs (særligt dækkede obligationer)	676,038	704,143
29,930	24,702	Junior covered bonds	24,702	29,930
<b>1,178,184</b>	<b>1,087,671</b>	<b>Total</b>	<b>1,170,913</b>	<b>1,268,571</b>
(175,660)	(115,988)	Self-issued bonds transferred from "Bonds at fair value" – note 14	(210,145)	(294,252)
<b>1,002,524</b>	<b>971,683</b>	<b>Total</b>	<b>960,768</b>	<b>974,319</b>
<b>18 a. ROs</b>				
443,321	389,681	ROs at nominal value	474,427	533,984
791	(2,750)	Fair value adjustment	(4,254)	515
<b>444,112</b>	<b>386,931</b>	<b>ROs at fair value</b>	<b>470,173</b>	<b>534,499</b>
(116,106)	(80,315)	Self-issued ROs transferred from "Bonds at fair value" – note 14	(97,062)	(129,316)
<b>328,006</b>	<b>306,616</b>	<b>Total</b>	<b>373,111</b>	<b>405,183</b>
108	81	Of which pre-issuance	81	108
63,624	18,237	ROs drawn for redemption at next creditor settlement date	19,671	68,176

## Notes

DKK million

Nykredit Realkredit A/S				The Nykredit Realkredit Group	
31.12.2010	31.03.2011			31.03.2011	31.12.2010
<b>18. ISSUED BONDS AT FAIR VALUE (continued)</b>					
<b>18 b. SDOs</b>					
702,000	679,327	SDOs at nominal value		679,327	702,000
2,143	(3,289)	Fair value adjustment		(3,289)	2,143
<b>704,143</b>	<b>676,038</b>	<b>SDOs at fair value</b>		<b>676,038</b>	<b>704,143</b>
(54,610)	(35,674)	Self-issued SDOs transferred from "Bonds at fair value" – note 14		(113,084)	(159,187)
<b>649,532</b>	<b>640,365</b>	<b>Total</b>		<b>562,955</b>	<b>544,955</b>
487	2,469	Of which pre-issuance		2,469	487
130,425	87,576	SDOs drawn for redemption at next creditor settlement date		87,576	130,425
<b>18 c. Junior covered bonds</b>					
29,872	24,870	Junior covered bonds at nominal value		24,870	29,872
58	(168)	Fair value adjustment		(168)	58
<b>29,930</b>	<b>24,702</b>	<b>Junior covered bonds at fair value</b>		<b>24,702</b>	<b>29,930</b>
(4,944)	-	Self-issued junior covered bonds transferred from "Bonds at fair value" – note 14		-	5,748
<b>24,986</b>	<b>24,702</b>	<b>Total</b>		<b>24,702</b>	<b>24,181</b>
8,045	-	Junior covered bonds drawn for redemption at next creditor settlement date		-	8,045
<b>19. ISSUED BONDS AT AMORTISED COST</b>					
-	-	Corporate bonds		34,847	33,768
61	61	SDOs		61	61
135	135	Employee bonds		164	164
49	49	Other securities		49	49
<b>245</b>	<b>245</b>	<b>Total</b>		<b>35,121</b>	<b>34,042</b>
-	-	Self-issued bonds transferred from "Bonds at fair value" – note 14		(1,462)	(1,423)
(1)	(1)	Self-issued SDOs transferred from "Bonds at fair value" – note 14		(1)	(1)
(49)	(49)	Other self-issued securities transferred from "Loans, advances and other receivables at amortised cost" – note 13		(49)	(49)
<b>195</b>	<b>195</b>	<b>Total</b>		<b>33,609</b>	<b>32,569</b>
<b>20. OTHER LIABILITIES</b>					
18,422	15,306	Interest and commission payable		21,211	23,121
3,323	3,089	Negative market value of derivative financial instruments		20,759	25,955
2,936	2,950	Payables relating to the purchase of Totalkredit shares		2,885	2,871
1,851	2,351	Other payables		4,319	3,774
<b>26,532</b>	<b>23,696</b>	<b>Total</b>		<b>49,174</b>	<b>55,721</b>

## Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
31.12.2010	31.03.2011	31.03.2011	31.12.2010
<b>21. SUBORDINATED DEBT</b>			
Subordinated debt consists of financial liabilities in the form of subordinate loan capital and 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.			
Subordinated debt 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>			
Nom DKK 75m. The loan carried an interest rate of 2.5% pa above 6M Cibur.			
-	-	-	75
- The loan was prematurely redeemed on 29 March 2011.			
Nom NOK 125m. The loan falls due at par (100) on 29 September 2014 and carries an interest rate of 0.75% pa above 3M Nibor			
-	-	119	119
Nom DKK 200m. The loan falls due at par (100) on 30 September 2014 and carries an interest rate of 1.0% pa above 6M Cibur			
-	-	200	200
Nom DKK 200m. The loan falls due at par (100) on 1 November 2014 and carries an interest rate of 1.0% pa above 3M Cibur			
-	-	200	200
-	-	<b>519</b>	<b>594</b>
<b>Total subordinate loan capital</b>			
<b>Hybrid core capital</b>			
Nom DKK 100m. The loan is perpetual and carries an interest rate of 1.7% pa above 3M Cibur			
-	-	100	100
Nom DKK 150m. The loan is perpetual and carries a fixed interest rate of 6.3% pa			
-	-	150	150
Nom EUR 500m. The loan is perpetual, but may be redeemed at par (100) from 22 September 2014. The loan carries a fixed interest rate of 4.9% pa up to 22 September 2014, after which date it will carry a floating interest rate.			
3,991	3,900	3,900	3,991
Nom EUR 900m. The loan is perpetual, but may be redeemed at par (100) from 1 April 2015. The loan carries a fixed interest rate of 9.0% up to 1 April 2015, after which date the interest rate will be fixed every five years.			
6,814	6,651	6,651	6,814
<b>10,805</b>	<b>10,551</b>	<b>10,801</b>	<b>11,055</b>
<b>Total hybrid core capital</b>			
Portfolio of self-issued bonds			
-	-	(34)	(31)
<b>10,805</b>	<b>10,551</b>	<b>11,286</b>	<b>11,618</b>
<b>Total subordinated debt</b>			
10,805	10,551	11,286	11,618
Subordinated debt that may be included in the capital base			
3	-	-	3
Costs relating to raising and redemption of subordinated debt			
3,723	-	75	4,048
Extraordinary principal payments and redeeming subordinated debt in the financial period			

## Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
31.12.2010	31.03.2011	31.03.2011	31.12.2010
<b>22. 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, Nykredit Leasing A/S, Nykredit Portefølje Adm. A/S and Ejendomsselskabet Kalvebod 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 fund in run-off Nykredits Afviklingspensionskasse (CVR no 24256219).</p> <p>Guarantees and warranties provided, irrevocable credit commitments and similar obligations not recognised in the balance sheets are presented below.</p>			
-	-	5,759	6,286
1,273	1,818	8,919	8,013
<b>1,273</b>	<b>1,818</b>	<b>14,678</b>	<b>14,298</b>
<b>Contingent liabilities</b>			
-	-	2,877	3,369
-	-	2,882	2,917
-	-	<b>5,759</b>	<b>6,286</b>
<b>Other commitments</b>			
34	24	7,161	6,814
1,239	1,794	1,757	1,199
<b>1,273</b>	<b>1,818</b>	<b>8,919</b>	<b>8,013</b>

# Notes

## 23. RELATED PARTY TRANSACTIONS AND BALANCES

Foreningen Nykredit, the Parent Company Nykredit Holding A/S, group enterprises and associates of the Nykredit Realkredit Group 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.

No unusual related party transactions occurred in Q1/2011.

The companies have entered into agreements as a natural part of the Group's day-to-day operations. The agreements typically involve finance, guarantees, sales commission, tasks relating to IT support and IT development projects, payroll and staff administration as well as other administrative tasks.

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

Significant related party transactions prevailing/entered into in Q1/2011 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 Totalkredit's capital centres.

Nykredit Realkredit A/S has provided Totalkredit A/S with subordinated debt.

### **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 the securities and money market areas.

### **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 the companies of the Nykredit Realkredit Group 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.

Nykredit Realkredit A/S has granted a mortgage loan to Nykredit Ejendomme A/S.

Nykredit Ejendomme A/S leases office properties to Nykredit Realkredit A/S.

### **Agreements between Totalkredit A/S and Nykredit 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 Ejendomsselskabet Kalvebod A/S**

Nykredit Bank A/S has granted a bank loan to subsidiaries of Ejendomsselskabet Kalvebod A/S.

### **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/ 2011	Q4/ 2010	Q3/ 2010	Q2/ 2010	Q1/ 2010
<b>24. FIVE-QUARTER FINANCIAL HIGHLIGHTS</b>					
<b>Core income from</b>					
Business operations	2,181	2,440	2,350	2,285	2,328
Securities	131	123	121	117	109
<b>Total</b>	<b>2,312</b>	<b>2,563</b>	<b>2,471</b>	<b>2,403</b>	<b>2,437</b>
Operating costs, depreciation and amortisation	1,510	1,572	1,432	1,501	1,494
<b>Core earnings before impairment losses</b>	<b>802</b>	<b>991</b>	<b>1,038</b>	<b>901</b>	<b>943</b>
Impairment losses on loans and advances, including the government guarantee scheme	279	676	460	547	699
<b>Core earnings after impairment losses</b>	<b>524</b>	<b>314</b>	<b>579</b>	<b>354</b>	<b>244</b>
Investment portfolio income	594	169	586	303	1,002
<b>Profit before cost of capital</b>	<b>1,118</b>	<b>484</b>	<b>1,165</b>	<b>657</b>	<b>1,246</b>
Net interest on hybrid core capital	(114)	(117)	(121)	(108)	(115)
<b>Profit before tax</b>	<b>1,004</b>	<b>366</b>	<b>1,044</b>	<b>549</b>	<b>1,131</b>
Tax	104	85	262	108	331
Profit (loss) from discontinued insurance operations	-	-	(1)	1,570	(58)
<b>Profit for the period</b>	<b>899</b>	<b>281</b>	<b>781</b>	<b>2,011</b>	<b>742</b>
Profit (loss) for the period excludes value adjustment of strategic equities against equity of	(115)	219	75	(235)	103
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>					
	<b>31.03.2011</b>	<b>31.12.2010</b>	<b>30.09.2010</b>	<b>30.06.2010</b>	<b>31.03.2010</b>
<b>Assets</b>					
Cash balance and receivables from credit institutions and central banks	37,624	58,657	52,164	51,781	51,639
Mortgage loans at fair value	1,030,243	1,030,674	1,036,167	1,022,068	1,001,492
Bank loans – excluding reverse transactions	60,250	58,833	59,729	61,344	59,859
Bonds and equities	103,974	99,144	91,864	103,123	94,442
Other assets	59,333	63,833	84,058	77,407	67,691
<b>Total assets</b>	<b>1,291,424</b>	<b>1,311,140</b>	<b>1,323,984</b>	<b>1,315,723</b>	<b>1,275,123</b>
<b>Liabilities and equity</b>					
Payables to credit institutions and central banks	94,266	95,879	120,134	142,828	148,457
Deposits and other payables	53,416	55,467	54,483	57,225	59,450
Issued bonds at fair value	960,768	974,319	948,439	925,137	882,997
Hybrid core capital	10,801	11,055	11,239	11,224	11,076
Supplementary capital	485	563	647	4,556	4,572
Other liabilities	116,030	118,537	134,225	120,893	116,485
Equity	55,659	55,320	54,817	53,861	52,085
<b>Total liabilities and equity</b>	<b>1,291,424</b>	<b>1,311,140</b>	<b>1,323,984</b>	<b>1,315,723</b>	<b>1,275,123</b>
<b>FINANCIAL RATIOS <sup>1</sup></b>					
Profit for the period as % of average equity pa	6.5	2.0	5.8	15.2	5.7
Core earnings before impairment losses as % of average equity pa	5.8	7.2	7.6	6.8	7.3
Core earnings after impairment losses as % of average equity pa	3.8	2.3	4.3	2.7	1.9
Provisions for loan impairment and guarantees	8,497	9,114	10,308	10,038	10,930
Impairment losses for the period, %	0.02	0.06	0.04	0.05	0.06
Capital adequacy ratio, %	18.6	18.5	18.2	18.4	18.4
Core capital ratio, %	18.6	18.5	18.1	17.2	17.3
Average number of full-time staff	4,057	4,026	4,031	4,037	4,051

<sup>1</sup> Definitions of the applied financial ratios appear from note 52 in the Annual Report for 2010.

## Notes

DKK million

The Nykredit Realkredit Group	Q1/ 2011	Q1/ 2010	Q1/ 2009	Q1/ 2008	Q1/ 2007
<b>25. FIVE-YEAR FINANCIAL HIGHLIGHTS</b>					
Net interest and fee income	2,671	2,951	2,691	1,786	1,556
Value adjustments	58	335	195	(749)	345
Other operating income	54	37	35	40	72
Staff and administrative expenses	1,240	1,171	1,220	932	824
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	196	198	193	119	121
Other operating expenses	73	125	123	1	1
Impairment losses on loans, advances and receivables	279	699	668	(15)	(72)
Profit (loss) from investments in associates	8	1	(2)	16	3
<b>Profit before tax</b>	<b>1,004</b>	<b>1,131</b>	<b>716</b>	<b>56</b>	<b>1,104</b>
Tax	104	331	191	29	286
<b>Profit from continued operations for the period</b>	<b>899</b>	<b>800</b>	<b>524</b>	<b>26</b>	<b>818</b>
Profit (loss) from discontinued insurance operations	-	(58)	50	22	31
<b>Profit for the period</b>	<b>899</b>	<b>742</b>	<b>574</b>	<b>49</b>	<b>849</b>
Profit (loss) for the period excludes value adjustment of strategic equities against equity of	(115)	103	(6)	(695)	300
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>					
	<b>31.03.2011</b>	<b>31.03.2010</b>	<b>31.03.2009</b>	<b>31.03.2008</b>	<b>31.03.2007</b>
<b>Assets</b>					
Cash balance and receivables from credit institutions and central banks	37,624	51,639	52,688	74,002	32,878
Mortgage lending at fair value	1,030,243	1,001,492	921,397	847,002	772,781
Bank loans – excluding reverse transactions	60,250	59,859	67,937	43,539	34,085
Bonds and equities	103,974	94,442	97,960	89,460	62,376
Other assets	59,333	67,691	78,983	33,998	24,653
<b>Total assets</b>	<b>1,291,424</b>	<b>1,275,123</b>	<b>1,218,966</b>	<b>1,088,001</b>	<b>926,773</b>
<b>Liabilities and equity</b>					
Payables to credit institutions and central banks	94,266	148,457	152,961	130,215	90,099
Deposits and other payables	53,416	59,450	59,231	31,572	21,318
Issued bonds at fair value	960,768	882,997	834,419	791,289	719,076
Subordinate loan capital	11,286	15,648	9,106	7,430	8,682
Other liabilities	116,030	116,485	112,319	74,190	34,463
Equity	55,659	52,085	50,930	53,304	53,135
<b>Total liabilities and equity</b>	<b>1,291,424</b>	<b>1,275,123</b>	<b>1,218,966</b>	<b>1,088,001</b>	<b>926,773</b>
<b>OFF-BALANCE SHEET ITEMS</b>					
Contingent liabilities	5,759	6,610	7,531	4,457	3,012
Other commitments	8,919	10,124	11,922	10,060	7,403
<b>FINANCIAL RATIOS <sup>1</sup></b>					
Capital adequacy ratio, %*	18.6	18.4	15.8	18.0	11.6
Core capital ratio, %*	18.6	17.3	14.6	17.1	10.9
Internal capital adequacy requirement (ICAAP), %	9.7	9.8	10.1	9.7	-
Return on equity before tax	1.2	2.3	1.5	(1.1)	2.7
Return on equity after tax	1.2	1.6	1.1	(1.2)	2.2
Income:cost ratio	1.37	1.56	1.32	0.38	2.61
Foreign exchange position, %	1.0	0.8	1.5	3.0	1.8
Loans and advances:equity (loan gearing)	19.9	20.6	20.0	16.9	15.3
Growth in loans and advances for the period, %	1.1	1.2	1.7	2.7	2.5
Total impairment provisions, %	0.76	1.00	0.39	0.04	0.04
Impairment losses for the period, %	0.02	0.06	0.06	(0.00)	(0.01)

<sup>1</sup> Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 52 in the Annual Report for 2010.

\* 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

26. GROUP STRUCTURE	Ownership as % at 31.03.2011	Profit (loss) for the period 2011	Equity at 31.03.2011	Profit (loss) for the year 2010	Equity at 31.12.2010
<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	152	13,408	887	13,256
Nykredit Bank A/S, Copenhagen b)	100	161	13,930	395	13,769
Pantebrevsselskabet af 8/8 1995 A/S, Copenhagen h)	100	0	28	-	28
Nykredit Pantebrevsinvestering A/S, Copenhagen d)	100	0	12	-	12
Nykredit Portefølje Administration A/S, Copenhagen i)	100	8	161	33	153
Nykredit Leasing A/S, Gladsaxe g)	100	0	149	1	149
FB Ejendomme A/S, Copenhagen f)	100	0	4	-	4
Nykredit Forsikring A/S, Copenhagen c) <sup>1</sup>	-	-	-	(80)	-
Nykredit Mægler A/S, Århus e)	100	1	114	1	113
Nykredit Ejendomme A/S, Copenhagen f)	100	(18)	523	(91)	541
Ejendomsselskabet Kalvebod A/S, Copenhagen j)	100	1	250	(1)	249
Ryvang Invest A/S, Copenhagen f)	100	3	68	(2)	65
Drea Ejendomme A/S, Copenhagen f)	100	(2)	19	-	21
Nykredit Adm. V A/S, Copenhagen h)	100	-	1	-	1

<sup>1</sup> Nykredit Forsikring A/S was sold with closing on 29 April 2010.

- a) Mortgage bank
- b) Bank
- c) Insurance company
- d) Mortgage trading company
- e) Estate agency business
- f) Property company
- g) Leasing business
- h) No activity
- i) Investment management company
- j) Holding company, no independent activities

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