

To NASDAQ OMX Copenhagen A/S
and the press

15 May 2014

INTERIM REPORT – THE NYKREDIT REALKREDIT GROUP 1 JANUARY – 31 MARCH 2014

Michael Rasmussen, Group Chief Executive, commented:

Nykredit's business income rose by 7% in Q1/2014. Costs continued to decline, and accordingly we have reduced the cost:income ratio significantly. Profit before tax was DKK 878m. Together with value adjustment of strategic equities of DKK 157m, this totalled an upturn in performance compared with Q1/2013.

We have raised our full-year guidance by DKK 250m, in part due to the impact of our "Nykredit 2015" plan and improvement in customers' finances.

A satisfactory performance with progress in the right items, which supports the path taken with our "Nykredit 2015" plan.

The Nykredit Realkredit Group recorded a pre-tax profit of DKK 878m

- The Nykredit Realkredit Group posted a profit before tax of DKK 878m against DKK 923m in Q1/2013
- Core income from business operations rose by 7% to DKK 2,741m
- Value adjustment of interest rate swaps and credit bonds totalled a charge of DKK 228m in Q1/2014, of which DKK 181m was an effect of interest rate falls. Value adjustment came to a credit of DKK 15m in Q1/2013
- There was a favourable trend in impairment losses on loans and advances, which were down by DKK 172m on Q1/2013
- Operating costs were DKK 148m below the level in Q1/2013. Of this decline, DKK 128m stemmed from the absence of amortisation of fixed-term rights which were fully amortised at end-2013. The cost:income ratio was 46.4% compared with 55.4% in Q1/2013, of which lower amortisation of rights represented a decline of 5.0 percentage points.

Current issues

- As at 1 May 2014 Nykredit has set up new simplified management and organisational structures with a sharp business and customer focus
- Nykredit expects to raise Tier 2 capital in the near future
- Totalkredit offers funding of secured homeowner loans to its partner banks, which are local and regional banks in Denmark, and the partnership will continue on the same terms after Jyske Bank's exit from the partnership
- In April 2014 the Danish parliament passed new legislation under which Nykredit may issue non-voting shares.

The Nykredit Realkredit Group Financial highlights

DKK million	Q1/ 2014	Q1/ 2013	Change %	FY 2013
Core income from business operations	2,741	2,565	7	10,430
Total core income	2,433	2,510	-3	9,298
Operating costs, depreciation and amortisation, excluding special value adjustments	1,272	1,420	-10	5,829
Core earnings before impairment losses	1,158	1,057	10	3,251
Impairment losses on mortgage lending	475	470	1	2,415
Impairment losses on bank lending	40	217	-82	349
Investment portfolio income	349	668	-48	1,887
Profit before tax	878	923	-5	1,914
Profit after tax including value adjustment of strategic equities	835	417	100	1,331
Common Equity Tier 1 (CET1) capital ratio (previously core Tier 1 capital ratio)	16.0	15.9	-	15.8

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FINANCIAL HIGHLIGHTS

DKK million	The Nykredit Realkredit Group		
	Q1/2014	Q1/2013	FY 2013
CORE EARNINGS AND RESULTS FOR THE PERIOD			
Core income from			
- business operations	2,741	2,565	10,430
- value adjustment of derivatives and corporate bonds	(228)	15	(766)
- junior covered bonds	(110)	(105)	(484)
- securities	30	35	118
Total	2,433	2,510	9,298
Operating costs, depreciation and amortisation, excl special value adjustments	1,272	1,420	5,829
Operating costs, depreciation and amortisation – special value adjustments ¹	3	33	218
Core earnings before impairment losses	1,158	1,057	3,251
Impairment losses on loans and advances – mortgage lending	475	470	2,415
Impairment losses on loans and advances – banking	40	217	349
Core earnings after impairment losses	643	370	487
Investment portfolio income	349	668	1,887
Profit before cost of capital	992	1,038	2,374
Net interest on Additional Tier 1 capital	(114)	(115)	(460)
Profit before tax	878	923	1,914
Tax	200	32	240
Profit for the period	678	891	1,674
Total value adjustment and reclassification of strategic equities against equity	157	(474)	(343)
SUMMARY BALANCE SHEET, END OF PERIOD			
	31.03.2014	31.03.2013	31.12.2013
Assets			
Receivables from credit institutions and central banks	38,690	39,997	35,758
Mortgage loans at fair value	1,142,380	1,136,605	1,136,644
Bank loans – excluding reverse transactions	48,078	50,192	46,963
Bonds and equities	110,300	73,391	92,961
Remaining assets	88,302	111,827	105,088
Total assets	1,427,750	1,412,012	1,417,414
Liabilities and equity			
Payables to credit institutions and central banks	49,174	49,486	44,393
Deposits	68,598	64,994	65,172
Issued bonds at fair value	1,130,708	1,101,262	1,130,020
Subordinated debt – Additional Tier 1 capital	10,913	11,184	10,964
Remaining liabilities	108,804	127,261	108,149
Equity	59,553	57,825	58,716
Total liabilities and equity	1,427,750	1,412,012	1,417,414
FINANCIAL RATIOS			
Profit for the period as % of average equity pa	4.6	6.2	2.9
Core earnings before impairment losses as % of average equity pa	7.8	7.3	5.6
Core earnings after impairment losses as % of average equity pa	4.4	2.6	0.8
Costs as % of core income from business operations (cost:income ratio)	46.4	55.4	55.9
Total provisions for loan impairment – mortgage lending	4,602	3,171	4,378
Total provisions for loan impairment and guarantees – banking	3,932	4,209	4,078
Impairment losses for the period, % – mortgage lending	0.04	0.04	0.21
Impairment losses for the period, % – banking	0.04	0.21	0.31
Total capital ratio, %	18.3	19.1	18.9
CET1 ratio, %	16.0	15.9	15.8
Average number of full-time staff	4,027	4,059	4,052

¹ Special value adjustments include value adjustment of certain staff benefits and owner-occupied properties, adjustment of a provision relating to Dansk Pantebrevsbørs A/S under konkurs (in bankruptcy) and the impact of Nykredit 2015.

Q1 INTERIM REPORT 2014

NYKREDIT REALKREDIT GROUP RESULTS

Nykredit recorded a profit before tax of DKK 878m against DKK 923m in Q1/2013.

Nykredit's results included 6.9% growth in core income from business operations. Costs declined by 10%, which together with higher core income from business operations contributed to reducing the cost:income ratio from 55.4% in Q1/2013 to 46.4%, of which lower amortisation of distribution rights represented a decline of 5.0 percentage points.

Impairment losses on loans and advances reduced to DKK 515m from DKK 687m in Q1/2013. The development reflected lower impairment losses on bank lending and higher impairment losses on mortgage lending to personal customers.

Nykredit recorded a profit after tax of DKK 678m. Equity was DKK 59,553m after value adjustment of strategic equities at end-Q1/2014.

Core earnings

Core income from business operations

Core income from business operations improved by DKK 176m to DKK 2,741m relative to Q1/2013.

Core income from mortgage lending rose 11.9% to DKK 1,925m from DKK 1,720m in Q1/2013. One of the factors behind the development in core income was the administration margin increases made in 2013.

Gross new mortgage lending was on a level with Q1/2013 and came to DKK 29bn. Lending to commercial customers was up by DKK 5bn, whereas lending to personal customers dropped correspondingly.

Nominal mortgage lending declined by DKK 1.4bn to DKK 1,119bn compared with the beginning of the year. The decline was attributable to personal customers, whereas lending to commercial customers rose by DKK 3.3bn.

Core income from banking operations reduced by DKK 23m, or 3%, to DKK 777m relative to Q1/2013. The drop was due to lower earnings in the business area Wholesale, which mainly resulted from a lower trading level in Nykredit Markets.

Bank lending increased by DKK 1.1bn to DKK 48.1bn compared with the beginning of the year. Deposits rose by DKK 3.4bn to DKK 68.6bn compared with the beginning of the year. Nykredit Bank recorded a deposit surplus of DKK 20.5bn at end-Q1/2014 compared with DKK 18.2bn at the beginning of the year.

Value adjustment of derivatives and corporate bonds

In Q1/2014 value adjustment was a charge of DKK 228m, of which interest rate swaps represented a charge of DKK 230m.

The development in Q1/2014 mirrored a charge of DKK 49m relating to a net increase in swap transactions, while the declining interest rate level resulted in a charge of DKK 181m. The greater part of the value adjustment derived from active interest rate swaps, and higher interest rates will thus result in a considerable value adjustment credit.

The development continued to be affected by value adjustment of interest rate swaps with housing cooperatives. In Q1/2013 adjustment of interest rate swaps was a credit of DKK 14m.

Junior covered bonds

Nykredit's junior covered bond issues totalled DKK 38.9bn at end-Q1/2014 against DKK 44.3bn at the beginning of the year, leading to net interest expenses of DKK 110m against DKK 105m in the same period in 2013. Junior covered bonds are used to fund supplementary collateral for covered bonds (SDOs).

Core income from securities

The risk-free interest rate, which corresponds to the Danish central bank's average lending rate, fell from 0.27% to 0.20%. Consequently, core income from securities dropped to DKK 30m from DKK 35m in Q1/2013.

Operating costs, depreciation and amortisation, excluding special value adjustments

Nykredit's costs, excluding special value adjustments, were trimmed by 10% to DKK 1,272m compared with Q1/2013, of which DKK 128m resulted from lower amortisation because the distribution rights obtained in connection with Nykredit's acquisition of Totalkredit were fully amortised at end-2013. Costs as a percentage of core income from business operations were cut from 55.9% at end-2013 to 46.4%.

Payment to the Danish Guarantee Fund for Depositors and Investors amounted to DKK 16m compared with DKK 24m in Q1/2013. The payment consisted of ordinary contributions to the fund.

Impairment losses on loans and advances

Impairment losses on loans and advances were DKK 515m against DKK 687m in Q1/2013, equal to 0.04% of total mortgage and bank lending.

Nykredit's impairment losses on mortgage lending amounted to DKK 475m, or 0.04%, against DKK 470m in Q1/2013. Of impairment losses for the period, DKK 225m, or 0.03% of loans and advances, stemmed from personal customers against DKK 203m in Q1/2013.

Impairment losses on mortgage lending to commercial customers came to DKK 249m, of which the proportion relating to SMEs remained relatively high at DKK 214m. Total impairment losses on commercial lending corresponded to 0.06%.

Group impairment losses on bank lending decreased to DKK 40m, down DKK 177m year-on-year. Of impairment losses for the period, DKK 77m, or 0.49% of loans and advances, related to personal customers, compared with a DKK 6m net reversal of impairment losses in Q1/2013.

Impairment losses on bank lending to commercial customers were a reversal of DKK 37m against losses of DKK 223m in Q1/2013.

Nykredit's impairment provisions for potential losses on mortgage and bank lending in future totalled DKK 8,534m at end-Q1/2014 against DKK 8,456m at the beginning of the year. Total provisions for value

adjustment of interest rate swaps amounted to DKK 2,432m against 2,229m at the beginning of year.

Losses incurred on mortgage and bank lending for the period totalled DKK 426m compared with DKK 369m in Q1/2013. Losses incurred included both losses for the period of DKK 37m and impairment provisions of DKK 389m written off in Q1/2014. Losses incurred on interest rate swaps came to DKK 27m against DKK 13m in Q1/2013.

Investment portfolio income

Nykredit posted investment portfolio income of DKK 349m compared with DKK 668m in Q1/2013.

Investment portfolio income from bonds, liquidity and interest rate instruments amounted to DKK 220m. Investment portfolio income from equities and equity instruments value adjusted through profit or loss came to DKK 129m.

Value adjustment of strategic equities against equity was a credit of DKK 155m.

Nykredit's securities portfolio mainly consists of short-term, high-rated Danish and other European covered bonds and credit bonds.

The interest rate risk associated with the bond portfolio was largely eliminated through offsetting government bond sales or the use of interest rate derivatives.

Net interest on Additional Tier 1 capital

Nykredit's Additional Tier 1 capital totalled DKK 11.0bn, which was unchanged from the beginning of 2014. Net interest expenses for Q1/2014 were DKK 114m.

Tax

Tax calculated on profit for the year was DKK 200m, equal to a tax rate of 22.8%.

OUTLOOK FOR 2014

Core income from business operations, excluding value adjustment of interest rate swaps, grew in line with expectations.

However, total core income was below the expected level, mainly due to a charge from value adjustment of interest rate swaps. But as recent years have seen considerable volatility in quarterly value adjustments, the charge for the full year is expected to remain below the 2013 level.

Impairment losses on loans and advances trended lower compared with expectations and impairment losses incurred for Q1/2013, whereas operating costs were in line with expectations.

Overall, Nykredit expects core earnings after impairment losses for the full year to grow by DKK 250m to DKK 2,750m-DKK 3,250m in part due to the impact of our "Nykredit 2015" plan and lower arrears levels.

BUSINESS AREAS

Nykredit is organised into the following business areas:

- Retail, which comprises Nykredit's personal customers and small and medium-sized enterprises (SMEs). The business area includes mortgage lending to Nykredit's personal customers arranged via Totalkredit
- Totalkredit Partners, which arranges the Group's mortgage loans to personal customers via local and regional banks
- Wholesale, which comprises Corporate & Institutional Banking and the business units Nykredit Markets and Nykredit Asset Management.

Further, Group Items comprises income and costs not allocated to the business areas, including core income from securities and investment portfolio income.

Gross income from customer business is allocated to the business areas which have supplied the underlying products (Nykredit Markets and Nykredit Asset Management). Gross income attributable to the sales activities of Retail and Corporate & Institutional Banking is subsequently reallocated in full. Correspondingly, Retail and Corporate & Institutional Banking pay a proportion of the operating costs of

Nykredit Markets and Nykredit Asset Management that may be attributed to the sales activities.

Nykredit's core earnings after impairment losses totalled DKK 643m against DKK 370m in Q1/2013. The development reflected growth in core earnings from Totalkredit Partners on the back of growth in business operations and a marked reduction in impairment losses on loans and advances. Core earnings from Wholesale rose following positive value adjustment of interest rate swaps and a net reversal of impairment losses on loans and advances. A higher value adjustment charge on interest rate swaps and higher impairment losses on loans and advances resulted in a downturn in Retail.

Profit before tax in Group Items declined as a result of lower investment portfolio income.

Nykredit's share of total Danish mortgage lending was 42.8% against 43.0% at the beginning of the year. Nykredit's market share in the private residential segment was 47.0% and in the commercial segment 37.1% compared with 47.2% and 37.2%, respectively, at the beginning of the year.

Results by business area¹

DKK million	Totalkredit				Total
	Retail	Partners	Wholesale	Group Items	
Q1/2014					
Core income from					
- customer activities, gross	1,410	606	740	(15)	2,741
- payment for distribution	173	-	(173)	-	-
Total business operations	1,583	606	567	(15)	2,741
- value adjustment of derivatives and corporate bonds	(307)	-	79	-	(228)
- junior covered bonds	(35)	(58)	(5)	(12)	(110)
- securities	-	-	-	30	30
Total	1,241	548	642	3	2,433
Operating costs	764	95	197	165	1,222
Depreciation of property, plant and equipment and amortisation of intangible assets	3	-	1	49	53
Core earnings before impairment losses	474	452	443	(212)	1,158
Impairment losses on loans and advances	498	15	(13)	15	515
Core earnings after impairment losses	(24)	437	457	(227)	643
Investment portfolio income ²	-	-	-	349	349
Profit (loss) before cost of capital	(24)	437	457	122	992
Net interest on Additional Tier 1 capital	-	-	-	(114)	(114)
Profit (loss) before tax	(24)	437	457	8	878
Return					
Average equity requirement, DKKm ³	23,705	11,631	12,719	6,845	54,900
Core earnings after impairment losses as % of average equity requirement ³	(0.4)	15.2	14.6	-	4.7
Q1/2013					
Core earnings after impairment losses	341	34	322	(327)	370
Return					
Average equity requirement, DKKm ³	20,233	11,084	12,607	7,189	51,112
Core earnings after impairment losses as % of average equity requirement ³	6.8	1.2	10.4	-	2.9

¹ Please refer to note 4 of this report for complete segment financial statements with comparative figures.

² Investment portfolio income includes profit for the period from investments in associates and profit from their sale of DKK -0m (2013: DKK 23m).

³ The equity requirement is based on Nykredit's internal determination and allocation of capital.

Results – Retail

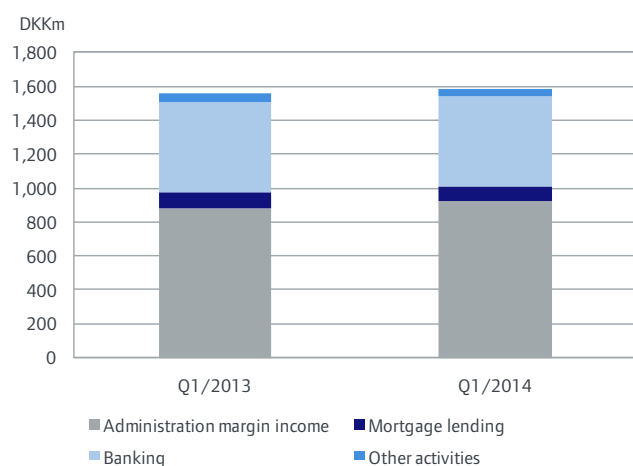
DKK million	Q1/2014	Q1/2013
Core income from		
- business operations	1,583	1,561
- value adjustment of derivatives	(307)	14
- junior covered bonds	(35)	(22)
Total	1,241	1,553
Operating costs	764	766
Depreciation of property, plant and equipment and amortisation of intangible assets	3	3
Core earnings before impairment losses	474	784
Impairment losses on loans and advances – mortgage lending	424	342
Impairment losses on loans and advances – banking	74	102
Core earnings after impairment losses	(24)	341

Activities

DKK million	31.03.2014	2013
Mortgage lending		
Gross new lending, Q1*	8,686	10,403
Portfolio at nominal value, end of period	446,340	447,736
Impairment losses for the period as % of loans and advances*	0.09	0.08
Total impairment provisions, end of period		
Total impairment provisions	3,115	2,836
Total impairment provisions as % of loans and advances	0.70	0.63
Banking		
Loans and advances, end of period	27,780	28,290
Deposits, end of period	40,792	39,506
Impairment losses for the period as % of loans and advances*	0.22	0.34
Total impairment provisions, end of period		
Total impairment provisions	2,306	2,322
Total impairment provisions as % of loans and advances	7.66	7.58
Guarantees, end of period	3,379	3,313
Provisions for guarantees, end of period	55	48

* For Q1/2014 and Q1/2013.

Other data from end-Q1/2014 and end-2013.

Core income from business operations**RETAIL**

The business area Retail comprises personal customers and SMEs, including agricultural customers and private residential rental customers. Retail also includes mortgage lending to Nykredit's personal customers arranged via Totalkredit as well as the activities of Nykredit Mægler A/S and Nykredit Leasing A/S.

Nykredit serves its customers through 55 local customer centres and the sales and advisory centre Nykredit Direkte®. The estate agencies of the Nybolig and Estate chains constitute other distribution channels. Nykredit offers insurance in partnership with Gjensidige Forsikring.

The customers of Retail are offered products within banking, mortgage lending, insurance, pension, investment and debt management.

Activities

In nominal terms, total mortgage lending went down by DKK 1.4bn to DKK 446bn at end-Q1/2014. The decline stemmed from personal customers. Lending to personal customers and commercial customers was DKK 202bn and DKK 244bn, respectively.

Gross new mortgage lending fell by DKK 1.7bn to DKK 8.7bn compared with Q1/2013, of which DKK 3.8bn to personal customers and DKK 4.9bn to commercial customers.

Bank lending reduced from DKK 28.3bn at the beginning of the year to DKK 27.8bn. The decline chiefly stemmed from reduced lending to personal customers. By contrast, deposits increased from DKK 39.5bn at the beginning of the year to DKK 40.8bn, which was attributable to commercial customers.

Results

Core earnings after impairment losses were a loss of DKK 24m against a profit of DKK 341m in Q1/2013.

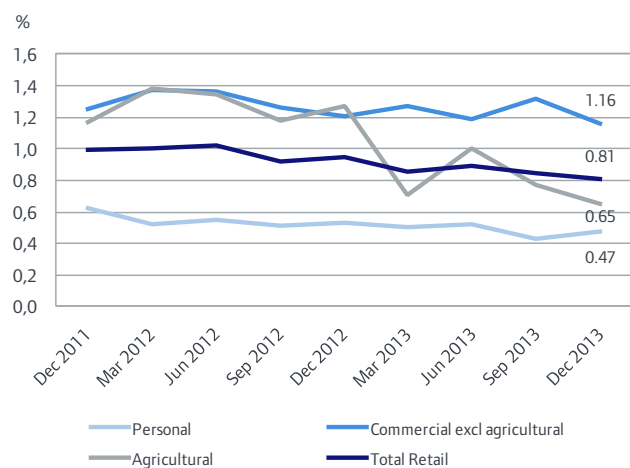
The most important factor underlying the adverse development was a larger charge from the value adjustment of interest rate swaps and higher impairment losses on mortgage lending to personal customers, whereas impairment losses on bank lending declined.

Core income from business operations rose by DKK 22m, or 1.5%, to DKK 1,583m in Q1/2014. Core income from mortgage business improved by DKK 37m, whereas banking and other activities saw a downturn.

Value adjustment of interest rate swaps was a charge of DKK 307m against a credit of DKK 14m in Q1/2013.

Operating costs of DKK 764m in Q1/2014 were in line with the same period the year before.

Arrears ratio, mortgage lending 75 days past due



Mortgage impairment losses rose by DKK 82m to DKK 424m, whereas impairment losses on bank lending dropped by DKK 28m to DKK 74m. Impairment losses totalled 0.09% of mortgage lending and 0.22% of bank lending.

Impairment losses on mortgage and bank lending to personal customers rose by DKK 212m, whereas impairment losses on lending to commercial customers dropped by DKK 158m.

Total impairment provisions amounted to DKK 5,421m at end-Q1/2014 against DKK 5,158m at the beginning of the year. The upturn was prompted by a rise in individual impairment provisions for lending to personal customers.

At the December due date, 75-day mortgage loan arrears as a percentage of total mortgage payments due came to 0.81% for Retail against 0.95% at the same time in 2013.

Results – Totalkredit Partners

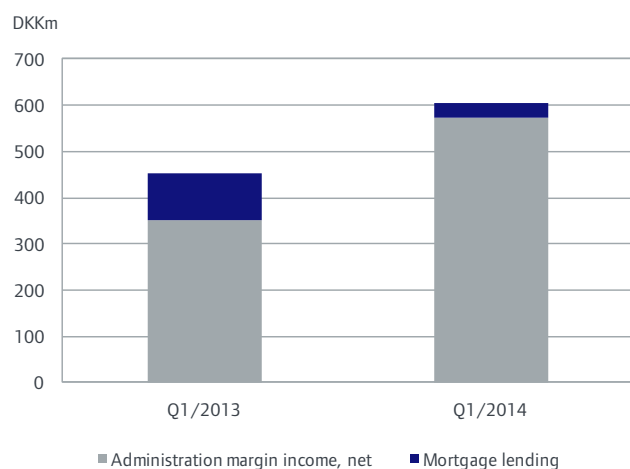
DKK million	Q1/2014	Q1/2013
Core income from		
- business operations	606	453
- junior covered bonds	(58)	(68)
Total	548	385
Operating costs	95	101
Depreciation of property, plant and equipment and amortisation of intangible assets	-	128
Core earnings before impairment losses	452	156
Impairment losses on loans and advances	15	122
Core earnings after impairment losses	437	34

Activities

DKK million	31.03.2014	2013
Mortgage lending		
Gross new lending, Q1*	9,889	13,947
Portfolio at nominal value, end of period	491,150	494,677
Impairment losses for the period as % of loans and advances*	0.00	0.03
Total impairment provisions, end of period		
Total impairment provisions	1,051	1,139
Total impairment provisions as % of loans and advances	0.21	0.23

* For Q1/2014 and Q1/2013.

Other data from end-Q1/2014 and end-2013.

Core income from business operations**TOTALKREDIT PARTNERS**

The business area Totalkredit Partners comprises mortgage loans distributed to personal customers under the Totalkredit brand through nearly 70 Danish local and regional banks.

Totalkredit develops its product range on a current basis together with the local and regional banks of the Totalkredit partnership. In mid-2014 a new secured homeowner loan funded by covered bonds (SDOs) will be introduced.

Under the partnership, the local and regional banks receive part of the administration margin income relating to the loans in question as payment for loan distribution. In return, Totalkredit may offset part of any loss incurred on a loan against the commission payable to the partner banks.

Write-offs corresponding to the cash proportion of a loan exceeding 60% of the mortgageable value at the time of granting are offset against future commission payments from Totalkredit to its partner banks.

Activities

Nominal mortgage lending went down by DKK 3.5bn to DKK 491.2bn compared with the beginning of the year. Gross new lending decreased by DKK 4.1bn to DKK 9.9bn compared with Q1/2013.

Results

Core earnings after impairment losses were DKK 437m against DKK 34m in Q1/2013.

Results mirrored growth in core income from business operations coupled with a decline in impairment losses on loans and advances as well as in depreciation of property, plant and equipment and amortisation of intangible assets.

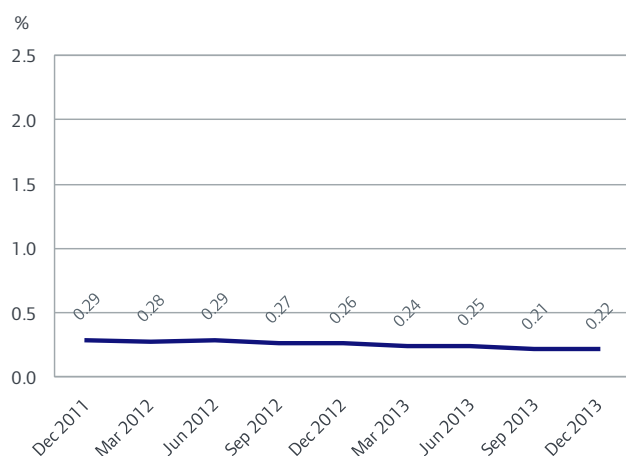
Core income from business operations rose by 34% to DKK 606m in Q1/2014. This was spurred by higher administration margin income, but also lower activity-specific income due to a downturn in lending activity.

Net expenses for junior covered bonds came to DKK 58m against DKK 68m in Q1/2013.

Operating costs decreased to DKK 95m, down DKK 6m compared with Q1/2013.

As the distribution rights were fully amortised at the beginning of the year, nothing has been recorded under depreciation of property, plant and equipment and amortisation of intangible assets.

Arrears ratio, mortgage lending 75 days past due



Loan impairment losses reduced by DKK 107m to DKK 15m compared with the same period in 2013, after set-off against commission payable to partner banks. Loan impairment losses in the period under review were affected by a reversal of collective impairment provisions and a higher set-off against commission payable to partner banks, which amounted to DKK 75m against DKK 66m in Q1/2013.

At end-Q1/2014, impairment provisions totalled DKK 1,051m against DKK 1,139m at the beginning of the year. The change in total impairment provisions stemmed from a decline in both collective and individual impairment provisions relative to the beginning of the year.

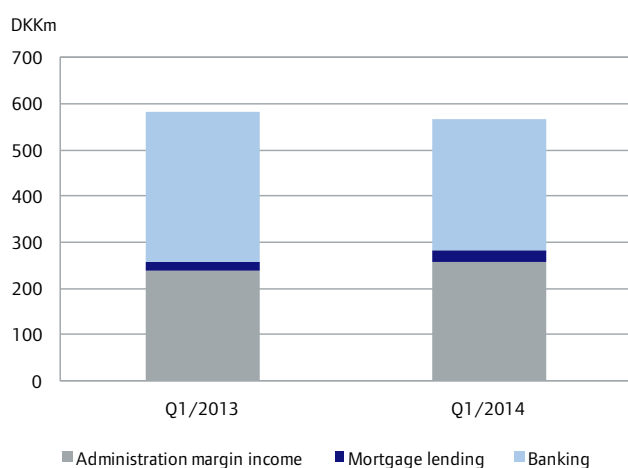
At the December due date, 75-day mortgage loan arrears as a percentage of total mortgage payments due were 0.22% against 0.26% at the same time in 2013.

Results – Wholesale

DKK million	Q1/2014	Q1/2013
Core income from		
- business operations	567	582
- value adjustment of derivatives and corporate bonds	79	1
- junior covered bonds	(5)	(4)
Total	642	579
Operating costs	197	195
Depreciation of property, plant and equipment and amortisation of intangible assets	1	2
Core earnings before impairment losses	443	382
Impairment losses on loans and advances		
- mortgage lending	24	(4)
Impairment losses on loans and advances		
- banking	(37)	64
Core earnings after impairment losses	457	322

Income from customer activities

DKK million	Q1/2014	Q1/2013
Customer activities, gross		
- Nykredit Markets	136	186
- Nykredit Asset Management	194	199
- Corporate & Institutional Banking	410	376
Total	740	761
Income allocated to Retail		
- Nykredit Markets	(66)	(70)
- Nykredit Asset Management	(120)	(121)
- Corporate & Institutional Banking	13	12
Total	(173)	(179)
Core income		
- Nykredit Markets	70	116
- Nykredit Asset Management	74	78
- Corporate & Institutional Banking	423	388
Total	567	582

Core income from business operations**WHOLESALE**

The business area Wholesale comprises activities with Nykredit's corporate and institutional clients, the non-profit housing segment, cooperative housing and mortgage lending to commercial customers for properties abroad. Wholesale also handles Nykredit's activities within securities and financial derivatives trading, and wealth and asset management. Wholesale consists of Corporate & Institutional Banking, Nykredit Markets and Nykredit Asset Management.

Results

Core earnings after impairment losses came to DKK 457m against DKK 322m in Q1/2013.

The development mirrored growth in business operations in Corporate & Institutional Banking, lower activity in Nykredit Markets, a larger credit relating to value adjustment of derivatives (interest rate swaps) and a reversal of impairment provisions for loans and advances.

Gross income from customer activities was DKK 740m compared with DKK 761m in Q1/2013.

Nykredit Markets posted gross income of DKK 136m, a DKK 50m decrease on Q1/2013. Earnings reflected a low activity level in the fixed income market in particular. Nykredit Asset Management's gross income remained unchanged at DKK 194m. Corporate & Institutional Banking recorded a DKK 34m increase to DKK 410m.

Nykredit Markets's income after payment to Retail dropped by DKK 46m to DKK 70m in Q1/2014, whereas Nykredit Asset Management's income after payment to Retail remained unchanged at DKK 74m relative to the same period the year before. Corporate & Institutional Banking recorded a DKK 35m rise in core income, which totalled DKK 423m.

Value adjustment of derivatives, mainly interest rate swaps, was a credit of DKK 79m against DKK 1m in Q1/2013. The income notably derived from a reversal of value adjustments made in 2013.

Operating costs remained unchanged at DKK 197m on Q1/2013.

Impairment losses on mortgage loans rose by DKK 28m to DKK 24m relative to Q1/2013. The rise resulted from higher collective impairment provisions.

An income of DKK 37m was recorded under impairment losses on bank lending in Q1/2014 against losses of DKK 64m in Q1/2013. Impairment losses include provisions for guarantees amounting to DKK 2m against DKK 56m in Q1/2013.

Impairment losses represented 0.01% of mortgage lending and an income of 0.18% of bank lending.

Activities – Wholesale

DKK million	31.03.2014	2013
Mortgage lending		
Gross new lending, Q1*	9,957	4,957
Portfolio at nominal value, end of period	181,105	177,557
Impairment losses for the period as % of loans and advances*	0.01	0.00
Total impairment provisions, end of period		
Impairment provisions	436	403
Total impairment provisions as % of loans and advances	0.24	0.23
Banking		
Loans and advances, end of period	20,224	18,498
Deposits, end of period	26,658	24,527
Impairment losses for the period as % of loans and advances*	(0.18)	0.04
Total impairment provisions, end of period		
Impairment provisions	1,455	1,593
Total impairment provisions as % of loans and advances	6.71	7.93
Guarantees, end of period	2,780	1,738
Provisions for guarantees, end of period	57	55
Assets under management	114,790	116,269
Assets under administration		
Nykredit Portefølje Administration A/S	612,568	598,434
- of which the investment funds of the Nykredit Group	53,253	51,808

* For Q1/2014 and Q1/2013.

Other data from end-Q1/2014 and end-2013.

At end-Q1/2014, total impairment provisions were DKK 1,891m against DKK 1,996m at the beginning of the year. The DKK 105m decline in total impairment provisions stemmed from a drop in individual impairment provisions.

Activities

Total nominal mortgage lending went up by DKK 3.5bn to DKK 181bn at end-Q1/2014. Gross new mortgage lending rose by DKK 5.0bn to DKK 10bn compared with the same period the year before.

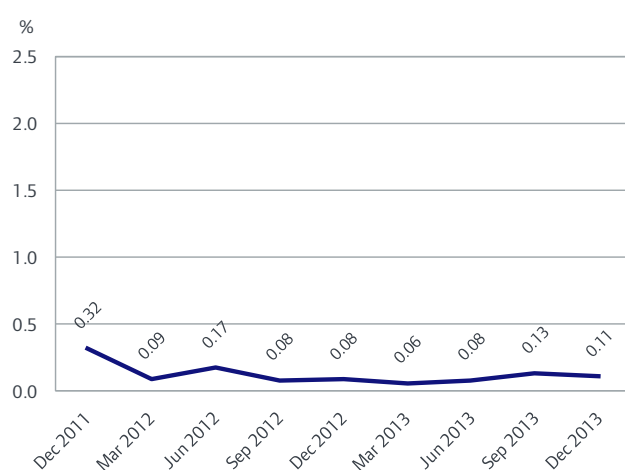
At end-Q1/2014, bank lending amounted to DKK 20.2bn, up DKK 1.7bn on the beginning of the year. The improvement stemmed from higher lending volumes in all business units.

Bank deposits increased by DKK 2.1bn to DKK 26.7bn at end-Q1/2014. The increase resulted from higher deposits with Corporate & Institutional Banking.

At end-Q1/2014, Nykredit Asset Management had assets under management totalling DKK 115bn, down DKK 1.5bn on the beginning of the year. Total assets under administration went up by DKK 14.1bn to DKK 613bn at end-Q1/2014.

Arrears

At the December due date, 75-day mortgage loan arrears as a percentage of total mortgage payments due were 0.11% against 0.08% at the same time in 2013.

Arrears ratio, mortgage lending**75 days past due**

GROUP ITEMS

A number of income statement and balance sheet items are not allocated to the business areas. Such items are carried under Group Items and include costs of some staff functions and IT development costs. Group Items also includes Nykredit's total return on the securities portfolio, which is the sum of "Core income from securities" and "Investment portfolio income". The activities of the companies Nykredit Ejendomme A/S and Ejendomsselskabet Kalvebod A/S are also part of Group Items.

Results

Profit before tax was DKK 8m against DKK 227m in the same period the year before.

Core income from securities

Nykredit's core income from securities was DKK 30m against DKK 35m in Q1/2013. The downturn resulted from a decrease in the Danish central bank's average lending rate from 0.27% in Q1/2013 to 0.20%.

Core income from securities equals the return the Group could have obtained by placing its investment portfolios at risk-free interest rates. Core income from securities also includes net interest expenses relating to Tier 2 capital and the acquisition of Totalkredit.

Results – Group Items

DKK million	Q1/2014	Q1/2013
Core income from		
- business operations	(15)	(31)
- junior covered bonds	(12)	(11)
- securities	30	35
Total	3	(8)
Operating costs	163	165
Operating costs – special value adjustments	3	33
Depreciation of property, plant and equipment and amortisation of intangible assets	49	60
Core earnings before impairment losses	(212)	(265)
Impairment losses on loans and advances – mortgage lending	11	10
Impairment losses on loans and advances – banking	4	51
Core earnings after impairment losses	(227)	(327)
Investment portfolio income	349	668
Profit before cost of capital	122	342
Net interest on Additional Tier 1 capital	(114)	(115)
Profit before tax	8	227

Activities

DKK million	31.03.2014	2013
Bank lending		
Loans and advances, end of period	74	175
Deposits, end of period	1,148	1,139
Total impairment provisions, end of period		
Total impairment provisions	60	60
Total impairment provisions as % of loans and advances	44.44	25.43
Guarantees, end of period	1,261	1,260

Operating costs

Unallocated costs remained unchanged at DKK 163m on Q1/2013. By far the largest cost component was IT development costs.

Special value adjustments were a net charge of DKK 3m against a charge of DKK 33m in Q1/2013. The net charge in Q1/2013 chiefly resulted from a revised estimate underlying the calculation of the Group's payroll tax.

Loan impairment

Impairment losses on loans and advances amounted to DKK 15m, which stemmed from an exposure to a single bank.

Investment portfolio income

Investment portfolio income was DKK 349m against DKK 668m in the same period of 2013.

Investment portfolio income from bonds, liquidity and interest rate instruments came to DKK 220m. Investment portfolio income from equities and equity instruments value adjusted through profit or loss was DKK 129m.

Investment portfolio income is the income exceeding risk-free interest obtained from investing in equities, bonds and derivative financial instruments. To this should be added the realisation of equities classified as available for sale and value adjustment of Kalvebod issues. Price spreads and interest margins relating to the mortgage lending of Nykredit Realkredit and Totalkredit and the trading activities of Nykredit Markets are included not as investment portfolio income, but as core income from business operations.

OWN FUNDS, LIQUIDITY AND FUNDING

EQUITY AND OWN FUNDS OF THE NYKREDIT REALKREDIT GROUP

Equity

Nykredit's equity went up by DKK 0.8bn to DKK 59.6bn at end-Q1/2014. The rise consisted of profit for the period of DKK 0.7bn and a credit from the value adjustment of strategic equities of DKK 0.1bn.

In accordance with IAS 39, Nykredit has classified the Group's strategic equity investments as "available for sale" in its Consolidated Financial Statements. Current value adjustment of these equities is recognised in equity, whereas value adjustments following a sale will be reclassified from equity to the income statement. The value of equities classified as available for sale totalled DKK 1,886m at end-Q1/2014.

The Nykredit Realkredit Group Equity

DKK million	31.03.2014	2013
Equity, beginning of period	58,716	57,556
Profit for the period	678	1,674
Fair value adjustment of equities available for sale	157	366
Realised value adjustment of equities available for sale reclassified to the income statement	-	(709)
Distributed dividend	-	(150)
Other adjustments	2	(21)
Equity, end of period	59,553	58,716

The Nykredit Realkredit Group Capital and capital adequacy

DKK million	31.03.2014	01.01.2014	2013
Credit risk	302,474	300,931	298,574
Market risk	29,261	28,571	28,571
Operational risk	17,933	18,818	18,818
Total risk exposure amount (REA)¹	349,668	348,320	345,963
Equity	59,533	58,511	58,511
CET1 deductions	(3,742)	(3,283)	(4,050)
Common Equity Tier 1 (CET1) capital	55,811	55,228	54,666
Additional Tier 1 (AT1) capital	8,556	8,542	10,678
AT1 deductions	(304)	-	-
Tier 1 capital	64,063	63,770	65,344
Tier 2 capital	-	237	237
Tier 2 deductions	-	(98)	(237)
Own funds	64,063	63,909	65,344
CET1 capital ratio, %	16.0	15.9	15.8
Tier 1 capital ratio, %	18.3	18.3	18.9
Total capital ratio, %	18.3	18.3	18.9
Internal capital adequacy requirement (Pillar I and Pillar II), %	10.3	-	10.4

Own funds and capital adequacy are specified further in note 2.

¹ Capital adequacy is determined subject to a transitional rule in accordance with the transitional provisions of the CRR. REA must constitute at least 80% of the capital requirement determined under Basel I. At end-2013, REA subject to the transitional rule amounted to DKK 618bn.

Note: "01.01.2014" shows pro forma figures taking into account the new capital adequacy rules effective from 1 January 2014.

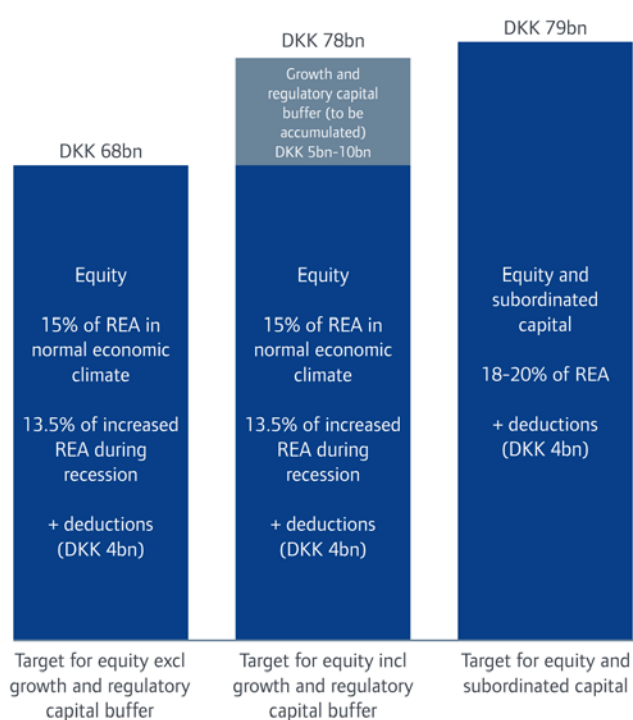
Capital and capital adequacy

Nykredit's own funds came to DKK 64.1bn and the risk exposure amount (REA) (previously risk-weighted assets (RWA)) totalled DKK 349.7bn, corresponding to a total capital ratio of 18.3%. Nykredit's internal capital adequacy requirement (ICAAP) was determined at 10.3%. The determination takes into account approximately DKK 25bn resulting from the changed calculation method for REA following the statutory implementation of advanced IRB models for the lending of Nykredit Bank. The Common Equity Tier 1 (CET1) capital ratio (previously core Tier 1 capital ratio) was 16.0% at end-Q1/2014.

Under the Basel I transitional rules, REA came to DKK 617.7bn, equal to a total capital ratio of at least 14.1%. The Basel I transitional rules have been extended to 2015 inclusive. They are expected to be extended to 2019, at which time the new capital requirements will be fully implemented.

The table includes a column with the heading "01.01.2014", which shows capital and capital adequacy for end-2013 in accordance with the new capital adequacy rules (the Capital Requirements Regulation (CRR)) applicable from 1 January 2014, including the phase-in rules applicable for 2014. The main change relative to the previous rules is that all deductions from Tier 2 capital must be deducted from CET1 capital in future. As Nykredit has not issued a significant amount of Tier 2 capital, largely all deductions are already made from CET1 capital. Accordingly, the change is only of modest importance in practice. To this should be added that only 80% of the value of the issued Additional Tier 1 capital can be included.

The Nykredit Realkredit Group Capital targets towards 2019



NYKREDIT'S CAPITAL TARGETS TOWARDS 2019

Nykredit's capital targets towards 2019, at the current business volumes, are an equity level of DKK 68bn and, in the longer term, a growth and regulatory capital buffer of DKK 5-10bn. In addition, Nykredit has a total capital ratio target of up to 20% of REA in a normal economic climate. This corresponds to total own funds of about DKK 79bn including subordinated capital.

The capital targets are unchanged relative to the Annual Report 2013. The equity target of at least DKK 68bn is expected to be reached on the basis of the current DKK 60bn of equity plus expected future earnings.

FUNDING AND LIQUIDITY

Nykredit's mortgage lending is funded through the issuance of mortgage covered bonds (SDOs and ROs). In addition, the Group may provide statutory supplementary collateral by issuing junior covered bonds (JCBs).

Bank lending is chiefly funded by deposits. As at 31 March 2014, Nykredit Bank had a deposit surplus of DKK 20.5bn measured as the balance between deposits and lending at amortised cost. At end-2013, the deposit surplus came to DKK 18.2bn.

Nykredit's liquidity is determined as the portfolios of highly liquid bonds and cash and is funded by deposits, JCBs, senior debt (EMTN and ECP), subordinated debt and equity.

Liquidity

The balance sheet structure of the mortgage banks ensures a high level of liquidity as mortgage borrowers make their payments on or before the date on which Nykredit pays bondholders.

The liquidity position is to ensure that Nykredit has a sizeable buffer for cash flows driven by customer flows, loan arrears, current costs and maturing capital market funding. In addition, the liquidity position ensures the Group's compliance with regulatory liquidity requirements.

Nykredit's liquid assets are mainly liquid Danish and other European government and covered bonds. In a liquid repo market, these securities are eligible as collateral with other banks and with the Danish or other European central banks and are directly exchangeable into liquidity. To this should be added a small portfolio of money market deposits, equities, credit bonds and similar assets.

The unencumbered proportion of the liquid assets of the Group's mortgage banks, including proceeds from issued JCBs, totalled DKK 89.5bn at end-Q1/2014 against DKK 98bn at the beginning of the year.

At end-Q1/2014, Nykredit Bank's liquid assets totalled DKK 86.2bn against DKK 85.3bn at end-2013, determined in accordance with section 152 of the Danish Financial Business Act.

Liquidity Coverage Ratio (LCR)

As of 2015 Nykredit will be subject to the new international regulatory framework regarding the Liquidity Coverage Ratio (LCR). The LCR requirement is to ensure that the stock of liquid assets is sufficient for meeting all payment obligations 30 days ahead without access to market funding.

It is Nykredit's expectation that covered bonds, except for self-issued bonds, will be eligible for inclusion in the stock of liquid assets. Nykredit also expects that some payment obligations relating to match-funded mortgage lending will be exempted from the LCR rules.

Under the expected rules, the LCRs of the Group's companies (excluding self-issued bonds held as liquid assets) were as follows at end-Q1/2014:

The Nykredit Realkredit Group	164%
Nykredit's mortgage banks	195%
Nykredit Bank A/S	133%

The Group and the individual group companies all comply with the requirement of an LCR above 100%.

Supplementary collateral – junior covered bonds

Nykredit Realkredit A/S and Totalkredit A/S may provide supplementary collateral by issuing junior covered bonds and placing the proceeds in liquid assets in SDO Capital Centres E and H. In addition, the companies may apply their other liquid assets to fulfil the supplementary collateral requirement.

At end-Q1/2014, the supplementary collateral requirement was DKK 47.0bn. If property prices were to decline by an additional 5%, the requirement would rise to a total of DKK 61.5bn.

The need for supplementary collateral should be seen in the context of the stocks of liquid assets of the Group's mortgage banks, as these are applied to fulfil the requirement. The stock of liquid assets stood at DKK 93.4bn at end-Q1/2014.

Nykredit Realkredit A/S did not issue JCBs in Q1/2014.

Nykredit Bank senior debt

As part of its liquidity management, Nykredit Bank regularly issues senior debt under its EMTN and ECP programmes.

The Bank had issued DKK 16.9bn of medium-term bonds under the EMTN programme and DKK 9.4bn of short-term ECP issues as at 31 March 2014.

The aggregate bond amount issued under the ECP and EMTN programmes was DKK 26.3bn at 31 March 2014 against DKK 29.3bn at end-2013.

Issuance in 2014

The Nykredit Realkredit Group has not made any changes to its schedule for issuance of SDOs, ROs and JCBs or Nykredit Bank's EMTN and ECP programmes for 2014 compared with the information provided in the Annual Report 2013.

CREDIT RATINGS

Nykredit's ratings have not changed since the 2013 Annual Report.

Nykredit Realkredit A/S and Nykredit Bank A/S each have a long-term unsecured rating of A+ and a short-term unsecured rating of A-1 with Standard & Poor's. The rating outlooks are negative. In rated capital centres, SDOs and ROs are all rated AAA by S&P, which is the highest possible rating. The rating outlooks are stable. All issued junior covered bonds are rated A+.

Nykredit Realkredit A/S and Nykredit Bank A/S each have a long-term unsecured rating of A and a short-term unsecured rating of F1 with Fitch Ratings. The rating outlooks are stable.

Moody's is still publishing a number of ratings of companies of the Nykredit Group on an unsolicited basis.

OTHER

Jyske Bank's exit from Totalkredit partnership

Jyske Bank is considered to have exited the partnership as from mid-March 2014.

Customers of Jyske Bank may still raise Totalkredit loans – either through Jyske Bank or directly from Totalkredit.

Jyske Bank has currently referred customers to Totalkredit corresponding to lending of some DKK 82bn. Customers' loans or terms and conditions will not be affected by the changed relationship. Going forward, Totalkredit will offer relevant customers advisory services from Totalkredit, and Totalkredit will handle any loan losses as well as the loss risk. As from mid-March, no distribution commission will be paid to Jyske Bank in accordance with existing agreements.

Totalkredit expects that Jyske Bank will encourage the refinancing of the majority of the loans into loans granted directly by Jyske Bank or one of the group's companies. For the full year 2014, the net impact of the changed contractual terms as well as the refinancing of loans is estimated to be a DKK 100m rise in Totalkredit's results.

Until a new decision has been made, Jyske Bank has full access to the advisory functionalities of Totalkredit's mortgage lending system, the Xportal, irrespective of whether these loans are offered by Totalkredit or other providers.

Stronger customer focus after Nykredit reorganisation

As part of its 2015 plan, the Nykredit Group changed its management and organisational structure in the spring, the purpose being to strengthen its business strategic focus and raise profitability.

This is to be achieved through a strong customer focus with new customer concepts, increased earnings, efficiencies and a less complex organisation, which will bring us closer to our customers and strengthen our dialogue with them. Another important focus area is to strengthen and reinvigorate the business relationship with the some 70 Danish local and regional banks of the Totalkredit partnership.

Nykredit announced new financial targets already in December last year, implying that income must increase by DKK 1bn and costs must reduce by DKK 0.5bn with full effect from 2016. As part of the cost reductions and to raise the efficiency of decision-making processes, it was necessary to reduce the number of management and staff positions by up to 300, mainly in non-customer facing functions. Therefore, Nykredit had to reduce its number of managers and staff members by 220 in March and April, and 80 vacancies were not refilled. The new organisation was implemented on 1 May 2014.

Management change

As a consequence of the new organisational structure, the Group Executive Board was changed and reduced from six to five members. As at 1 March the composition of the Group Executive Board was as follows:

Michael Rasmussen, Group Chief Executive (CEO), Kim Duus, Group Managing Director (Wholesale), NN, Group Managing Director (Retail), Bente Overgaard, Group Managing Director (COO) and Søren Holm, Group Managing Director (CFO/CRO).

Until the appointment of a Group Managing Director for Retail, Michael Rasmussen will be in charge of the business area.

Karsten Knudsen, Group Managing Director, and Per Ladegaard, Group Managing Director, who both turned 60 last year, will retire from the Group Executive Board, but will still be charged with specific assignments for Nykredit until end-August, when they retire.

New legislation on non-voting shares

The Danish parliament passed new legislation in April 2014 under which Nykredit may issue non-voting shares. Nykredit has no current plans to exercise this option.

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 2013.

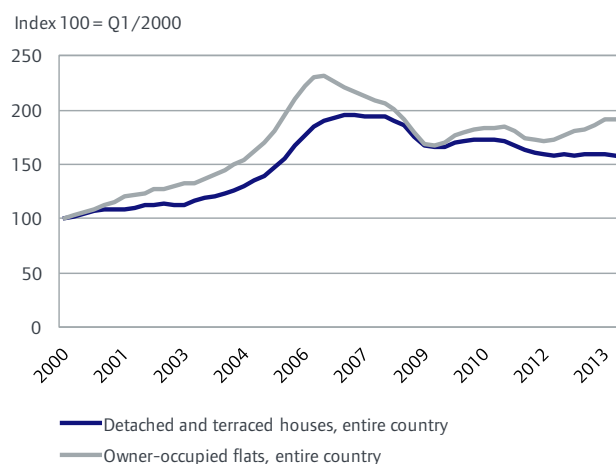
Uncertainty as to recognition and measurement is described in detail in the Group's accounting policies (note 1 of the Annual Report 2013), to which reference is made.

EVENTS OCCURRED AFTER THE END OF THE FINANCIAL PERIOD

No significant events have occurred in the period up to the presentation of the Q1 Interim Report 2014 which affect the financial position of the Nykredit Group.

LENDING

The Nykredit Realkredit Group Housing prices in Denmark



Source: Association of Danish Mortgage Banks

Nykredit's total mortgage and bank lending, excluding reverse lending, was unchanged at DKK 1,167bn compared with the beginning of the year.

Mortgage lending at fair value was DKK 1,142bn against DKK 1,137bn at the beginning of the year. Nominal mortgage lending amounted to DKK 1,119bn.

Bank lending totalled DKK 48.1bn against DKK 47.0bn at the beginning of the year, while reverse lending amounted to DKK 40.6bn against DKK 56.8bn at the beginning of the year.

Impairment provisions for mortgage and bank lending totalled DKK 8.4bn, which was unchanged from the beginning of 2014. At end-Q1/2014, Nykredit had made impairment provisions for receivables from credit institutions of DKK 44m.

At end-Q1/2014, guarantees came to DKK 7.4bn against DKK 6.3bn at the beginning of the year.

Losses incurred totalled DKK 426m in Q1/2014, with DKK 236m on mortgage lending and DKK 190m on bank lending.

The Nykredit Realkredit Group Loans, advances, 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, earnings impact	
	31.03.2014	31.12.2013	31.03.2014	31.12.2013	Q1/2014	FY 2013
Mortgage lending						
Nykredit Realkredit	587,211	587,483	3,504	3,204	445	1,826
Totalkredit	531,384	532,487	1,099	1,174	19	578
Total	1,118,595	1,119,970	4,603	4,378	464	2,404
Bank lending						
Nykredit Bank	48,078	46,963	3,819	3,974	27	309
Total	48,078	46,963	3,819	3,974	27	309
Receivables from credit institutions						
Total	-	-	44	29	15	29
Reverse lending	40,582	56,814	-	-	-	-
Guarantees	7,420	6,311	113	103	9	21
Loan impairment, %¹						
Nykredit Realkredit	-	-	0.60	0.55	0.08	0.31
Totalkredit	-	-	0.21	0.22	0.00	0.11
Total	-	-	0.41	0.39	0.04	0.21
Nykredit Bank	-	-	7.36	7.80	0.05	0.61
Total	-	-	7.36	7.80	0.05	0.61

¹ Loan impairment excluding receivables from credit institutions, reverse transactions and guarantees.

Note: Nominal mortgage lending. Adjusted for intercompany lending and intercompany set-off.

MORTGAGE LENDING

Credit exposures in terms of nominal mortgage lending amounted to DKK 1,119bn at end-Q1/2014 against DKK 1,120bn at the beginning of the year.

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

The LTV ratios of the mortgage loan portfolio are shown in the table below with individual loans relative to the estimated values of the individual properties at end-Q1/2014.

Total provisions for mortgage loan impairment

Total impairment provisions for mortgage lending rose by DKK 225m from the beginning of the year to DKK 4,603m at end-Q1/2014. Of this increase, DKK 72m was related to private residential property and DKK 92m to private residential rental property.

Private residential property accounted for DKK 2,238m and commercial property DKK 2,365m of impairment provisions at end-Q1/2014.

Total impairment provisions amounted to 0.41% of total mortgage lending against 0.39% at the beginning of the year.

Earnings impact

Impairment losses on mortgage lending were DKK 464m against DKK 460m in Q1/2013. Of total impairment losses on loans and advances for the period, DKK 210m, or 45%, was attributable to private residential property.

To this should be added impairment losses on credit institutions totaling DKK 11m in Q1/2014 compared with DKK 10m in Q1/2013.

The Nykredit Realkredit Group

Mortgage debt outstanding relative to estimated property values

DKKm/%	LTV (loan-to-value)						Total	LTV average, % ¹
	0-40	40-60	60-80	80-90	90-100	>100		
Private residential property	391,703	157,202	106,399	22,449	10,142	9,107	697,002	76
Private residential rental	72,313	26,592	16,039	2,460	1,111	830	119,344	70
Industry and trades	19,056	4,740	1,348	252	97	70	25,563	55
Office and retail	85,271	23,770	3,875	612	293	294	114,116	55
Agricultural property	71,789	19,616	7,433	1,263	609	536	101,245	59
Non-profit housing	-	-	-	-	-	-	68,328	-
Other	13,248	3,134	1,256	85	44	72	17,838	55
Total, end-Q1/2014	653,380	235,054	136,349	27,121	12,297	10,908	1,143,436	69
Total, end-2013	656,393	234,719	132,155	25,063	11,416	10,536	1,137,843	68

¹ Determined as the top part of the debt outstanding relative to estimated property values.

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.

In the table, debt outstanding is distributed continuously by LTV category. Loans with security covering for example between 0% and 60% of the mortgageable value are distributed with two thirds of the debt outstanding in the LTV category 0-40% and one third in the LTV category 40-60%.

The Nykredit Realkredit Group

Provisions for mortgage loan impairment by property type¹

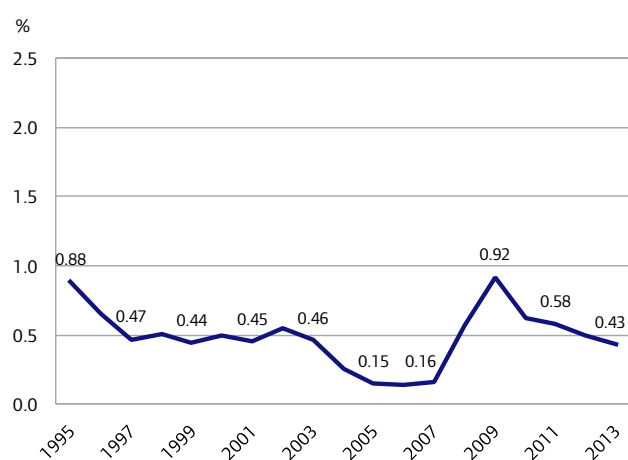
DKK million	31.03.2014		31.12.2013	
	Total impairment provisions	Total earnings impact	Total impairment provisions	Total earnings impact
Private residential property	2,238	210	2,166	1,210
Private residential rental	860	108	768	440
Industry and trades	222	11	218	114
Office and retail	538	7	556	399
Agricultural property	565	102	494	150
Non-profit housing	57	14	44	16
Other	123	12	132	75
Total	4,603	464	4,378	2,404

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

The Nykredit Realkredit Group
Arrears ratio – 75 days past due

Due dates	Arrears relative to total mortgage payments	Debt outstanding affected by arrears of total debt outstanding	Debt outstanding affected by arrears
	%	%	DKKbn
2013			
- December	0.43	0.50	5.6
- September	0.47	0.46	5.2
- June	0.46	0.50	5.6
- March	0.47	0.46	5.1
2012			
- December	0.49	0.53	5.9
- September	0.52	0.51	5.6

The Nykredit Realkredit Group
Arrears ratio, mortgage lending – 75 days past the December due date



Arrears

At the December due date, mortgage loan arrears as a percentage of total mortgage payments due were 0.43% against 0.49% at the same time in 2013.

Likewise, bond debt outstanding affected by arrears as a percentage of the total bond debt outstanding declined from 0.53% to 0.50% compared with the same time the year before.

Mortgage loan impairment rose despite decreasing arrears ratios. This was in particular the result of low marketability and declining prices of some property types.

Repossessed properties

In Q1/2014 Nykredit acquired 94 properties and sold 125. At end-Q1/2014, the property portfolio stood at 291 compared with 322 at the beginning of the year, of which 183 were private residential properties.

BANK LENDING

Loans, advances and guarantees were DKK 96.1bn against 110.1bn at the beginning of the year, down DKK 14bn. The decline chiefly stemmed from reverse lending, which fell back by DKK 16.2bn to DKK 40.6bn.

Bank lending amounted to DKK 48.1bn against DKK 47.0bn at the beginning of the year. Bank lending before provisions for loan impairment was DKK 51.9bn against DKK 50.9bn at the beginning of the year.

Nykredit Bank recorded lending growth of 2.2%, excluding reverse lending, determined pursuant to the rules of the Danish FSA, including rules relating to the FSA Supervisory Diamond model. The Danish FSA's lending limit value indicates that growth of 20% or more may imply increased risk-taking.

Including reverse lending, Nykredit Bank's lending decreased by 19.5% relative to end-2013.

Total provisions for bank loan impairment

Provisions for bank loan impairment totalled DKK 3,819m against DKK 3,974m at the beginning of the year.

Impairment provisions for receivables from credit institutions came to DKK 23m at end-Q1/2014 compared with DKK 19m at end-Q1/2013.

Guarantees

The Bank issues guarantees on a current basis. Guarantees issued were DKK 7.4bn against DKK 6.3bn at the beginning of the year.

At end-Q1/2014, provisions for guarantees amounted to DKK 113m against DKK 103m at the beginning of the year.

The Nykredit Realkredit Group

Provisions for bank loan impairment and guarantees by sector¹

DKK million	31.03.2014		31.12.2013	
	Total impairment provisions	Total earnings impact	Total impairment provisions	Total earnings impact
Public sector	5	(3)	8	8
Agriculture, hunting, forestry and fishing	148	(11)	177	28
Manufacturing, mining and quarrying	257	(1)	261	129
Energy supply	9	1	8	3
Construction	261	3	262	47
Trade	206	15	195	(27)
Transport, accommodation and food service activities	109	(12)	126	16
Information and communication	68	2	68	4
Finance and insurance	410	(19)	445	(207)
Real estate	1,367	7	1,465	98
Other	400	(7)	422	143
Total commercial customers	3,235	(22)	3,429	234
Personal customers	692	61	641	88
Total	3,932	36	4,078	330
- Of which provisions for losses on guarantees	113	9	103	21
Total incl impairment provisions for credit institutions	3,955	40	4,097	349

¹ The breakdown is based on public sector statistics and is therefore not directly comparable with Nykredit Bank's business areas.

Earnings impact

For the period under review, loan impairment losses came to DKK 27m, and provisions for guarantees amounted to DKK 9m – a total charge of DKK 36m. By comparison, loan impairment losses and provisions for guarantees were DKK 198m in Q1/2013.

To this should be added impairment losses on credit institutions totaling DKK 4m in Q1/2014 compared with DKK 19m in Q1/2013.

MANAGEMENT STATEMENT

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 2014 of Nykredit Realkredit A/S and the Nykredit Realkredit Group.

The Consolidated Financial Statements have been presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. The Interim Financial Statements of the Parent Company have been presented in accordance with the Danish Financial Business Act and the Danish Executive Order on Finan-

cial Reports for Credit Institutions and Investment Firms, etc.

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

We are of the opinion that the Interim Financial Statements give a fair presentation of the Group's and the Parent Company's assets, liabilities, equity and financial position at 31 March 2014 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 2014.

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

The Interim Report has not been audited or reviewed.

Copenhagen, 15 May 2014

Executive Board

Michael Rasmussen
Group Chief Executive

Kim Duus
Group Managing Director

Søren Holm
Group Managing Director

Bente Overgaard
Group Managing Director

Board of Directors

Steen E. Christensen
Chairman

Hans Bang-Hansen
Deputy Chairman

Steffen Kragh
Deputy Chairman

Kristian Bengaard

Michael Demsitz

Merete Eldrup

Marlene Holm

Allan Kristiansen

Bent Naur

Anders C. Obel

Erling Bech Poulsen

Lars Peter Skaarup

Nina Smith

Jens Erik Udsen

Leif Vinther

Statements of income and other comprehensive income for 1 January – 31 March

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group			
Q1/2013	Q1/2014		Note	Q1/2014	Q1/2013
7,389	7,217	Interest income	5	9,285	9,100
6,271	6,060	Interest expenses	6	6,426	6,613
1,118	1,156	NET INTEREST INCOME		2,859	2,487
1	2	Dividend on equities		4	2
219	173	Fee and commission income		447	465
82	38	Fee and commission expenses		533	507
1,257	1,294	NET INTEREST AND FEE INCOME		2,778	2,446
105	320	Value adjustments	7	(153)	543
7	2	Other operating income		43	56
660	587	Staff and administrative expenses	8	1,195	1,233
184	44	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	9	53	193
2	11	Other operating expenses		27	27
344	456	Impairment losses on loans, advances and receivables	10	515	687
248	382	Profit (loss) from investments in associates and group enterprises	11	(0)	18
428	901	PROFIT BEFORE TAX		878	923
10	66	Tax	12	200	32
418	834	PROFIT FOR THE PERIOD		678	891
		OTHER COMPREHENSIVE INCOME			
		ITEMS NOT ELIGIBLE FOR RECLASSIFICATION TO THE INCOME STATEMENT:			
1	2	Actuarial gains/losses on defined benefit plans		2	1
1	2	Total items not eligible for reclassification to the income statement		2	1
		ITEMS ELIGIBLE FOR RECLASSIFICATION TO THE INCOME STATEMENT:			
-	-	Fair value adjustment of equities available for sale		155	186
-	-	Tax on fair value adjustment of equities available for sale		2	(40)
-	-	Realised value adjustment of equities available for sale reclassified to the income statement		-	(607)
-	-	Tax on realised value adjustment of equities available for sale reclassified to the income statement		-	(13)
-	-	Total items eligible for reclassification to the income statement		157	(474)
1	2	OTHER COMPREHENSIVE INCOME		159	(472)
419	837	COMPREHENSIVE INCOME FOR THE PERIOD		837	419

Balance sheets, end of period

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group			
31.12.2013	31.03.2014		Note	31.03.2014	31.12.2013
ASSETS					
1,761	4,310	Cash balances and demand deposits with central banks		7,502	4,810
23,736	24,910	Receivables from credit institutions and central banks	13	31,188	30,948
1,163,115	1,189,520	Loans, advances and other receivables at fair value	14	1,183,442	1,193,813
420	433	Loans, advances and other receivables at amortised cost	15	48,521	47,393
26,925	30,694	Bonds at fair value	16	106,735	90,091
Equities					
2,514	3,209	Equities measured at fair value through profit or loss		1,885	1,410
-	-	Equities available for sale		1,680	1,460
2,514	3,209	Total		3,566	2,870
117	115	Investments in associates		118	120
30,866	31,122	Investments in group enterprises		-	-
3,005	3,010	Intangible assets		3,059	3,054
Land and buildings					
-	-	Investment properties		364	554
18	20	Owner-occupied properties		1,623	1,626
18	20	Total		1,986	2,180
310	288	Other property, plant and equipment		332	355
46	2	Current tax assets		57	152
154	148	Deferred tax assets		151	159
436	368	Assets in temporary possession		462	676
14,105	13,687	Other assets	17	40,317	40,559
190	225	Prepayments		314	234
1,267,720	1,302,063	TOTAL ASSETS		1,427,750	1,417,414

Balance sheets, end of period

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group			
31.12.2013	31.03.2014		Note	31.03.2014	31.12.2013
LIABILITIES AND EQUITY					
12,668	25,097	Payables to credit institutions and central banks	18	49,174	44,393
-	-	Deposits and other payables	19	68,598	65,172
1,160,447	1,182,411	Issued bonds at fair value	20	1,130,708	1,130,020
3,772	3,762	Issued bonds at amortised cost	21	27,422	30,273
862	983	Other non-derivative financial liabilities at fair value	22	32,372	27,258
-	-	Current tax liabilities		30	-
-	-	Liabilities temporarily assumed		29	136
19,963	19,029	Other liabilities	23	48,103	49,629
-	-	Deferred income		3	4
1,197,713	1,231,283	Total payables		1,356,440	1,346,886
Provisions					
201	208	Provisions for pensions and similar obligations		214	207
151	142	Provisions for deferred tax		244	263
80	80	Repayable reserves in pre-1972 series		80	80
-	-	Provisions for losses under guarantees		113	103
126	127	Other provisions		195	194
557	557	Total provisions		845	847
10,734	10,670	Subordinated debt	24	10,913	10,964
Equity					
1,182	1,182	Share capital		1,182	1,182
Accumulated changes in value					
2	2	- revaluation reserves		205	205
-	-	- value adjustment of equities available for sale		559	403
Other reserves					
3,554	3,809	- statutory reserves		-	-
32,402	32,402	- series reserves		32,402	32,402
21,576	22,158	Retained earnings		25,205	24,525
58,716	59,553	Total equity		59,553	58,716
1,267,720	1,302,063	TOTAL LIABILITIES AND EQUITY		1,427,750	1,417,414
OFF-BALANCE SHEET ITEMS					
-	-	Contingent liabilities	25	7,420	6,311
1,356	1,285	Other commitments		7,847	8,073
1,356	1,285	TOTAL		15,266	14,384

Statement of changes in equity for 1 January – 31 March

DKK million

Nycredit Realkredit A/S

	Share capital	Revaluation reserves	Statutory reserves*	Series reserves	Retained earnings	Proposed dividend	Total
2014							
Equity, 1 January	1,182	2	3,554	32,402	21,576	-	58,716
Profit for the period	-	-	382	-	453	-	834
Total other comprehensive income	-	-	-	-	2	-	2
Total comprehensive income for the period	-	-	382	-	455	-	837
Dividend from associates	-	-	(2)	-	2	-	-
Dividend from group enterprises	-	-	(125)	-	125	-	-
Equity, 31 March	1,182	2	3,809	32,402	22,158	-	59,553
2013							
Equity, 1 January	1,182	2	2,896	44,054	9,272	150	57,556
Profit for the period	-	-	212	-	205	-	418
Total other comprehensive income	-	-	-	-	1	-	1
Total comprehensive income for the period	-	-	212	-	206	-	419
Dividend from associates	-	-	(6)	-	6	-	-
Dividend from group enterprises	-	-	(40)	-	40	-	-
Distributed dividend	-	-	-	-	-	(150)	(150)
Equity, 31 March	1,182	2	3,063	44,054	9,525	-	57,825

* 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 for 1 January – 31 March

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
2014							
Equity, 1 January	1,182	205	403	32,402	24,525	-	58,716
Profit for the period	-	-	-	-	678	-	678
Total other comprehensive income	-	-	157	-	2	-	159
Total comprehensive income for the period	-	-	157	-	680	-	837
Equity, 31 March	1,182	205	559	32,402	25,205	-	59,553
2013							
Equity, 1 January	1,182	202	745	44,054	11,223	150	57,556
Profit for the period	-	-	-	-	891	-	891
Total other comprehensive income	-	-	(474)	-	1	-	(472)
Total comprehensive income for the period	-	-	(474)	-	892	-	419
Distributed dividend	-	-	-	-	-	(150)	(150)
Equity, 31 March	1,182	202	272	44,054	12,115	-	57,825

Statement of changes in equity for 1 January – 31 December

DKK million

	Share capital	Revaluation reserves	Statutory reserves*	Accumulated value adjustment of equities available for sale	Series reserves	Retained earnings	Proposed dividend	Total
Nykredit Realkredit A/S								
2013								
Equity, 1 January	1,182	2	2,896	-	44,054	9,272	150	57,556
Profit for the year	-	-	703	-	-	629	-	1,331
Total other comprehensive income	-	-	2	-	-	(24)	-	(22)
Total comprehensive income for the year	-	-	705	-	-	605	-	1,310
Dividend from associates	-	-	(7)	-	-	7	-	-
Dividend from group enterprises	-	-	(40)	-	-	40	-	-
Distributed dividend	-	-	-	-	-	-	(150)	(150)
Adjustment pursuant to capital adequacy rules	-	-	-	-	(11,652)	11,652	-	-
Transferred from provisions – pre-1972 series	-	-	-	-	(0)	1	-	0
Equity 31 December	1,182	2	3,554	-	32,402	21,576	-	58,716
The Nykredit Realkredit Group								
2013								
Equity, 1 January	1,182	202	-	745	44,054	11,223	150	57,556
Profit for the year	-	-	-	-	-	1,674	-	1,674
Total other comprehensive income	-	2	-	(343)	-	(24)	-	(364)
Total comprehensive income for the year	-	2	-	(343)	-	1,650	-	1,310
Distributed dividend	-	-	-	-	-	-	(150)	(150)
Adjustment pursuant to capital adequacy rules	-	-	-	-	(11,652)	11,652	-	-
Transferred from provisions – pre-1972 series	-	-	-	-	(0)	1	-	0
Equity 31 December	1,182	205	-	403	32,402	24,525	-	58,716

* 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. Nykredit Realkredit A/S has only one class of shares, and all the shares confer the same rights on shareholders.

Cash flow statement for 1 January – 31 March

DKK million

	The Nykredit Realkredit Group	
	Q1/2014	Q1/2013
Profit for the period	678	891
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	53	193
Profit (loss) from investments in associates	0	(18)
Impairment losses on loans, advances and receivables	515	687
Prepayments/deferred income, net	(81)	(152)
Tax calculated on profit for the period	200	32
Other adjustments	182	(482)
Total	869	260
Profit for the period adjusted for non-cash operating items	1,546	1,151
Change in working capital		
Loans, advances and other receivables	8,728	(9,029)
Deposits and payables to credit institutions	8,207	(7,568)
Issued bonds	(2,163)	(2,872)
Other working capital	3,875	(10,705)
Total	18,647	(30,173)
Corporation tax paid, net	(84)	(72)
Cash flows from operating activities	20,109	(29,094)
Cash flows from investing activities		
Divestment of associates	-	59
Dividend received	2	6
Purchase and sale of bonds and equities, net	(17,339)	9,022
Purchase of intangible assets	(25)	(10)
Purchase of property, plant and equipment	(18)	(15)
Sale of property, plant and equipment	191	-
Total	(17,189)	9,062
Cash flows from financing activities		
Purchase and sale of self-issued subordinated debt instruments	12	5
Distributed dividend	-	(150)
Total	12	(145)
Total cash flows	2,932	(20,177)
Cash and cash equivalents, beginning of period		
Cash balances and demand deposits with central banks	4,810	9,497
Receivables from credit institutions and central banks	30,948	50,677
Total	35,758	60,174
Cash and cash equivalents, end of period		
Cash balances and demand deposits with central banks	7,502	5,938
Receivables from credit institutions and central banks	31,188	34,058
Total	38,690	39,997

Notes

LIST OF NOTES

No	Note	Page
1.	Accounting policies	31
2.	Capital and capital adequacy	32
3.	Core earnings and investment portfolio income	33
4.	Results by business area	33
5.	Interest income	34
6.	Interest expenses	35
7.	Value adjustments	35
8.	Staff and administrative expenses	36
9.	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	37
10.	Impairment losses on loans, advances and receivables	37
11.	Profit from investments in associates and group enterprises	38
12.	Tax	38
13.	Receivables from credit institutions and central banks	39
14.	Loans, advances and other receivables at fair value	39
15.	Loans, advances and other receivables at amortised cost	40
16.	Bonds at fair value	40
17.	Other assets	41
18.	Payables to credit institutions and central banks	41
19.	Deposits and other payables	41
20.	Issued bonds at fair value	41
21.	Issued bonds at amortised cost	42
22.	Other non-derivative financial liabilities at fair value	42
23.	Other liabilities	43
24.	Subordinated debt	43
25.	Off-balance sheet items	44
26.	Related party transactions and balances	45
27.	Fair value hierarchy for financial instruments	46
28.	Seven-quarter financial highlights	49
29.	Five-year financial highlights	51
30.	Group structure	53

Notes

1. ACCOUNTING POLICIES

GENERAL

The Consolidated Financial Statements for Q1/2014 are prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and further Danish financial reporting and disclosure requirements for interim reports. Compliance with IAS 34 implies observance of the principles of recognition and measurement of the IFRS but also a less detailed presentation relative to the annual report.

The Interim Financial Statements for Q1/2014 of the Parent Company are prepared in accordance with the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc. issued by the Danish Financial Supervisory Authority.

New and amended standards and interpretations

Reporting standards and interpretations in force as at 1 January 2014 have been implemented with no effect on results for the period, comprehensive income, balance sheet or equity.

Compared with the information disclosed in the accounting policies of the Annual Report 2013 (note 1), no new reporting standards or interpretations have been issued or approved which influence the Q1 Interim Report 2014 of Nykredit Realkredit A/S and the Nykredit Realkredit Group.

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

The accounting policies are otherwise unchanged compared with the Annual Report 2013. For a full description of the Group's and the Parent Company's accounting policies, please refer to note 1 of the Annual Report 2013, which is available at nykredit.com.

All figures in the Interim Report are rounded to the nearest million kroner (DKK). The totals stated are calculated on the basis of actual figures. Due to the rounding-off, the sum of individual figures and the stated totals may differ slightly.

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
31.12.2013	31.03.2014	31.03.2014	31.12.2013
2. CAPITAL AND CAPITAL ADEQUACY			
58,716	59,553	Equity	58,716
-	(231)	Deduction for average dividend payments	(229)
-	(98)	Prudent valuation adjustment	(408)
(3,005)	(2,948)	Intangible assets	(2,988)
(960)	(2,280)	Provisions relative to expected losses in accordance with the IRB approach	(348)
(2,485)	(201)	Other deductions	(201)
-	1,977	Transitional adjustment of deductions	431
(6,451)	(3,780)	Common Equity Tier 1 (CET1) capital deductions	(3,742)
52,266	55,773	Common Equity Tier 1 (CET1) capital	54,666
10,444	8,356	Additional Tier 1 capital (incl transitional adjustment)	8,556
-	(76)	Additional Tier 1 capital deductions	(76)
-	(851)	Transitional adjustment of deductions	(79)
-	(922)	Set-off of excess deductions	(149)
10,444	6,507	Total Additional Tier 1 capital	8,252
62,710	62,280	Tier 1 capital	64,063
34	-	Tier 2 capital (incl transitional adjustments)	-
(1,737)	(50)	Tier 2 deductions	(50)
-	(872)	Transitional adjustment of deductions	(99)
1,703	922	Set-off of excess deductions	149
62,710	62,280	Own funds	64,063
342,562	350,469	Credit risk	302,474
15,744	15,683	Market risk	29,261
9,599	9,705	Operational risk	17,933
367,905	375,857	Total risk exposure amount	349,668
Financial ratios			
14.2	14.8	Common Equity Tier 1 (CET1) capital ratio, %	16.0
17.0	16.6	Tier 1 capital ratio, %	18.3
17.0	16.6	Total capital ratio, %	18.3

Capital and capital adequacy have been determined in accordance with Capital Requirements Regulation (EU) No 575/2013 of 26 June 2013 of the European Parliament and the Council as well as the Danish transitional rules laid down by the Danish FSA.

The European Banking Authority (EBA) publishes technical standards for the determination of capital and the risk exposure amount. However, several technical standards have not been finally adopted. The final standards may contain provisions that will result in changes to the statements.

The statements as at 31 December 2013 were based on the then applicable rules of the Danish Financial Business Act. The layout has been adjusted to reflect the new presentation format.

Notes

DKK million

The Nykredit Realkredit Group

3. CORE EARNINGS AND INVESTMENT PORTFOLIO INCOME

	Q1/2014				Q1/2013			
	Core earnings	Investment portfolio income	Cost of capital	Total	Core earnings	Investment portfolio income	Cost of capital	Total
Net interest income	2,659	312	(113)	2,859	2,268	331	(113)	2,487
Dividend on equities	2	3	-	4	0	1	-	2
Fee and commission income, net	(78)	(7)	-	(85)	(9)	(33)	-	(42)
Net interest and fee income	2,584	308	(113)	2,779	2,260	299	(113)	2,446
Value adjustments	(193)	41	(2)	(153)	199	347	(3)	543
Other operating income	43	-	-	43	51	5	-	56
Staff and administrative expenses	1,195	-	-	1,195	1,234	-	-	1,234
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	53	-	-	53	193	-	-	193
Other operating expenses	27	-	-	27	27	-	-	27
Impairment losses on loans and advances	515	-	-	515	687	-	-	687
Profit (loss) from investments in associates	-	(0)	-	(0)	-	18	-	18
Profit (loss) before tax	643	349	(114)	878	370	669	(115)	923

Notes

DKK million

The Nykredit Realkredit Group

4. RESULTS BY BUSINESS AREA

Q1/2014	Retail	Totalkredit Partners	Wholesale	Group Items	Total
Core income from					
- customer activities, gross	1,410	606	740	(15)	2,741
- allocation of income for distribution	173	-	(173)	-	-
Total business operations	1,583	606	567	(15)	2,741
- value adjustment of derivatives and corporate bonds	(307)	-	79	-	(228)
- junior covered bonds	(35)	(58)	(5)	(12)	(110)
- securities	-	-	-	30	30
Total core income	1,241	548	642	2	2,433
Operating costs	764	95	197	165	1,221
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	3	0	1	49	53
Core earnings before impairment losses	474	452	443	(212)	1,158
Impairment losses on loans and advances	498	15	(13)	15	515
Core earnings after impairment losses	(24)	437	457	(227)	643
Investment portfolio income ¹	-	-	-	349	349
Profit (loss) before cost of capital	(24)	437	457	122	992
Net interest on Additional Tier 1 capital	-	-	-	(114)	(114)
Profit (loss) before tax	(24)	437	457	8	878

Q1/2013	Retail	Totalkredit Partners	Wholesale	Group Items	Total
Core income from					
- customer activities, gross	1,382	453	763	(31)	2,566
- allocation of income for distribution	179	-	(179)	-	-
Total business operations	1,561	453	584	(31)	2,566
- value adjustment of derivatives and corporate bonds	15	-	(1)	-	15
- junior covered bonds	(22)	(68)	(4)	(11)	(105)
- securities	-	-	-	35	35
Total core income	1,553	385	579	(8)	2,510
Operating costs	766	101	196	198	1,261
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	3	128	1	60	193
Core earnings before impairment losses	784	155	382	(265)	1,056
Impairment losses on loans and advances	444	122	60	62	687
Core earnings after impairment losses	341	33	323	(327)	370
Investment portfolio income ¹	-	-	-	669	669
Profit before cost of capital	341	33	323	342	1,039
Net interest on Additional Tier 1 capital	-	-	-	(115)	(115)
Profit before tax	341	33	323	227	923

¹ Investment portfolio income includes a loss from investments in associates of DKK 0m, including divestment gains, compared with a profit of DKK 23m in Q1/2013.

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group		
Q1/2013	Q1/2014		Q1/2014	Q1/2013
5. INTEREST INCOME				
3,008	3,009	Receivables from credit institutions and central banks	18	12
3,155	2,862	Loans, advances and other receivables	6,595	6,923
1,013	1,053	Administration margin (income)	2,085	1,769
Bonds				
183	120	- Self-issued covered bonds (realkreditobligationer, ROs)	240	385
130	141	- Other ROs	364	296
(4)	(3)	- Government bonds	14	(31)
32	34	- Other bonds	72	78
Derivative financial instruments				
(18)	(1)	- Foreign exchange contracts	4	(32)
63	110	- Interest rate contracts	130	106
-	-	- Equity contracts	(13)	(11)
-	-	- Other contracts	14	(2)
13	18	Other interest income	23	14
7,574	7,342	Total	9,547	9,505
(183)	(120)	Set-off of interest from self-issued ROs – note 6	(240)	(385)
(2)	(5)	Set-off of interest from self-issued other bonds – note 6	(22)	(21)
7,389	7,217	Total	9,285	9,100
Of which interest income from reverse lending entered as:				
3	1	Receivables from credit institutions and central banks	9	0
-	-	Loans, advances and other receivables	67	40
6. INTEREST EXPENSES				
24	12	Credit institutions and central banks	69	33
-	-	Deposits and other payables	102	117
6,219	5,957	Issued bonds	6,314	6,667
198	199	Subordinated debt	201	201
15	17	Other interest expenses	2	1
6,456	6,185	Total	6,689	7,018
(183)	(120)	Set-off of interest from self-issued ROs – note 5	(240)	(385)
(2)	(5)	Set-off of interest from self-issued other bonds – note 5	(22)	(21)
6,271	6,060	Total	6,426	6,613
Of which interest expenses from repo transactions entered as:				
20	11	Credit institutions and central banks	56	11
-	-	Deposits and other payables	17	18

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
Q1/2013	Q1/2014	Q1/2014	Q1/2013
7. VALUE ADJUSTMENTS			
Financial assets measured at fair value through profit or loss			
99	2,494	Mortgage loans	7,136 441
347	4,405	Totalkredit mortgage loan funding	- -
(26)	28	Other loans, advances and receivables at fair value	(0) 1
(112)	194	Bonds	89 1
249	273	Equities	141 84
-	-	Investment properties	7 -
21	(11)	Foreign exchange	(159) 76
34	(110)	Foreign exchange, interest rate and other contracts as well as derivative financial instruments	(178) (167)
Financial assets measured at fair value and recognised in "Other comprehensive income"			
-	-	Realised value adjustment of equities available for sale reclassified to the income statement	- 607
Financial liabilities measured at fair value through profit or loss			
(159)	(2,547)	Issued bonds	(7,189) (499)
(347)	(4,405)	Totalkredit mortgage loan funding	- -
105	320	Total	(153) 543
8. STAFF AND ADMINISTRATIVE EXPENSES			
26	16	Remuneration of Board of Directors and Executive Board	16 26
511	505	Staff expenses	745 745
123	67	Other administrative expenses	434 463
660	587	Total	1,195 1,233
Remuneration of Board of Directors and Executive Board			
Board of Directors			
1	1	Remuneration	1 1
Executive Board			
9	10	Fixed salaries	10 9
16	4	Provisions for pension benefits	4 16
26	16	Total	16 26
Provisions for pension benefits in Q1/2013 were affected by provisions for pension obligations in connection with Peter Engberg Jensen's impending resignation.			
Changes to the Executive Board			
Karsten Knudsen and Per Ladegaard have announced their resignation as Group Managing Directors. They will resign at end-August 2014.			
Staff expenses			
388	402	Salaries	596 573
48	47	Pensions	67 68
71	52	Payroll tax	77 97
4	4	Other social security expenses	6 6
511	505	Total	745 745
Number of staff			
3,016	2,984	Average number of staff for the financial period, full-time equivalents	4,027 4,059

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
Q1/2013	Q1/2014	Q1/2014	Q1/2013
9. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES FOR PROPERTY, PLANT AND EQUIPMENT AS WELL AS INTANGIBLE ASSETS			
Intangible assets			
158	19	19	158
- Amortisation			
Property, plant and equipment			
26	25	33	35
- Depreciation			
184	44	53	193
Total			
10. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES			
10 a. Earnings impact			
226	281	454	567
Change in individual impairment provisions for loans and advances			
10	11	15	29
Change in individual impairment provisions for receivables from credit institutions			
88	147	73	20
Change in collective impairment provisions for loans and advances			
(8)	12	37	60
Write-offs for the period, net			
(11)	(11)	(22)	(21)
Recoveries of claims previously written off			
-	-	9	60
Provisions for guarantees			
304	440	566	715
Total impairment losses on loans, advances and receivables, and provisions for guarantees			
39	17	25	37
Value adjustment of assets in temporary possession			
1	(1)	(1)	1
Value adjustment of claims previously written off			
-	-	(75)	(66)
Losses offset against commission payments to banks			
344	456	515	687
Total			
10 b. Specification of impairment provisions for loans, advances and receivables			
1,509	2,214	6,157	5,908
Individual impairment provisions			
745	1,311	2,309	1,358
Collective impairment provisions			
2,253	3,525	8,466	7,267
Total impairment provisions			
Impairment provisions have been offset against the following items:			
2,106	3,378	4,365	2,927
Mortgage loans – note 14			
138	126	238	243
Arrears and outlays – note 14			
-	-	3,820	4,067
Bank loans and advances – note 15			
10	21	44	29
Receivables from credit institutions – note 13			
2,253	3,525	8,466	7,267
Total impairment provisions			
10 c. Individual impairment provisions for loans and advances			
1,394	2,039	6,116	5,673
Impairment provisions, beginning of period			
324	405	801	855
Impairment provisions for the period			
(99)	(124)	(347)	(288)
Impairment provisions reversed			
(32)	(43)	(67)	(52)
Transferred to repossessed properties			
(89)	(85)	(389)	(309)
Impairment provisions written off			
1,499	2,192	6,113	5,879
Impairment provisions, end of period			

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
Q1/2013	Q1/2014	Q1/2014	Q1/2013
10. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES (continued)			
10 d. Collective impairment provisions for loans and advances			
657	1,165	2,237	1,339
88	147	73	20
745	1,311	2,309	1,358
10 e. Individual impairment provisions for receivables from credit institutions			
-	10	29	-
10	11	15	29
10	21	44	29
10 f. Specification of loans, advances and receivables from credit institutions subject to objective evidence of impairment			
7,276	11,487	18,773	15,647
1,499	2,192	6,113	5,879
5,777	9,294	12,660	9,767
39,700	44,043	120,435	112,517
745	1,311	2,309	1,358
38,955	42,732	118,126	111,158
29	29	54	54
10	21	44	29
19	8	10	25
10 g. Impairment provisions on repossessed properties			
320	365	469	448
32	43	67	52
47	25	36	63
(8)	(8)	(11)	(26)
(62)	(86)	(113)	(70)
330	339	449	468
Impairment losses on repossessed properties have been offset against "Assets in temporary possession".			
11. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES			
18	(0)	(0)	18
230	382	-	-
248	382	(0)	18
12. TAX			
2.3	7.4	22.8	3.5
In Q1/2014, the Group's effective tax rate was affected by tax-exempt gains on equities. Adjusted for such gains, the Nykredit Group's effective tax rate was 23.6%.			

Notes

DKK million

Nykredit Realkredit A/S			The Nykredit Realkredit Group	
31.12.2013	31.03.2014		31.03.2014	31/12/2013
13. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS				
21,627	23,924	Receivables from credit institutions	17,534	18,401
-	-	Reverse lending to central banks	71	2,069
2,110	986	Reverse lending to credit institutions	13,583	10,477
23,736	24,910	Total	31,188	30,948
14. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE				
597,200	599,102	Mortgage loans	1,142,380	1,136,644
246	288	Arrears and outlays	479	354
-	4,752	Reverse lending to undertakings other than banks	40,582	56,814
27,129	27,335	Loans to Totalkredit serving as collateral in capital centres	-	-
538,541	558,042	Totalkredit mortgage loan funding	-	-
1,163,115	1,189,520	Total	1,183,442	1,193,813
14 a. Mortgage loans				
600,042	588,670	Balance, beginning of period, nominal value	1,119,970	1,108,796
50,499	15,438	New loans	28,458	122,167
467	99	Indexation	99	467
(981)	73	Foreign currency translation adjustment	73	(981)
(11,939)	(2,297)	Ordinary principal payments	(3,553)	(18,051)
(49,418)	(13,716)	Prepayments and extraordinary principal payments	(26,452)	(92,427)
588,670	588,266	Balance, end of period, nominal value	1,118,595	1,119,970
(316)	(261)	Loans transferred relating to properties in temporary possession	(284)	(365)
255	256	Loans assumed by the Danish Agency for Governmental Management	256	255
588,609	588,261	Total	1,118,567	1,119,859
11,668	14,219	Adjustment for interest rate risk	28,178	20,942
Adjustment for credit risk				
(1,912)	(2,067)	Individual impairment provisions	(2,397)	(2,290)
(1,165)	(1,311)	Collective impairment provisions	(1,968)	(1,867)
597,200	599,102	Balance, end of period, fair value	1,142,380	1,136,644
For total loans and advances, Nykredit has received mortgages over real estate and:				
27,540	27,448	Supplementary guarantees totalling	35,640	37,532
853	804	Interim loan guarantees totalling	8,468	9,731
2,028	2,505	Registration guarantees totalling	5,457	7,177
14 b. Arrears and outlays				
331	363	Arrears before impairment provisions	474	441
43	51	Outlays before impairment provisions	243	134
(127)	(126)	Individual impairment provisions for arrears and outlays	(238)	(221)
246	288	Total	479	354

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
31.12.2013	31.03.2014	31.03.2014	31.12.2013
14. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE (continued)			
14 c. Totalkredit mortgage loan funding			
509,107	531,206		
		Balance, beginning of period, nominal value	- -
218,461	59,805	New loans	- -
(3,602)	(1,014)	Ordinary principal payments	- -
(192,760)	(43,732)	Prepayments and extraordinary principal payments	- -
531,206	546,265	Balance, end of period, nominal value	- -
7,335	11,777	Adjustment for interest rate risk	- -
538,541	558,042	Balance, end of period, fair value	- -
15. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST			
-	-	Bank loans and advances	51,898 50,938
26	26	Totalkredit mortgage loan funding	- -
-	-	Mortgage loans	27 27
426	439	Other loans and advances	448 435
452	465	Balance, end of period	52,373 51,400
Adjustment for credit risk			
-	-	Individual impairment provisions	(3,478) (3,605)
-	-	Collective impairment provisions	(342) (370)
452	465	Balance after impairment, end of period	48,553 47,426
(32)	(32)	Set-off of self-issued "Other loans and advances" against "Issued bonds at amortised cost" – note 21	(32) (32)
420	433	Total	48,521 47,393
16. BONDS AT FAIR VALUE			
47,467	81,317	Self-issued covered bonds (særligt dækkede obligationer, SDOs)	125,079 105,984
52,831	34,185	Self-issued ROs	88,469 73,017
-	-	Self-issued corporate bonds	2,611 2,830
750	1,006	Self-issued junior covered bonds	1,930 1,335
24,372	27,371	Other ROs	87,678 80,337
147	1,095	Government bonds	9,723 4,653
2,406	2,228	Other bonds	9,333 5,101
127,973	147,203	Total	324,824 273,257
(47,440)	(81,291)	Set-off of self-issued SDOs against "Issued bonds at fair value" – note 20	(125,053) (105,958)
(26)	(26)	Set-off of self-issued SDOs against "Issued bonds at amortised cost" – note 21	(26) (26)
(52,831)	(34,185)	Set-off of self-issued ROs against "Issued bonds at fair value" – note 20	(88,469) (73,017)
-	-	Set-off of self-issued corporate bonds against "Issued bonds at amortised cost" – note 21	(2,611) (2,830)
(750)	(1,006)	Set-off of self-issued junior covered bonds against "Issued bonds at fair value" – note 20	(1,930) (1,335)
26,925	30,694	Total	106,735 90,091
2,409	2,403	As collateral security for the Danish central bank and foreign clearing centres, bonds have been deposited of a total market value of	16,711 17,327
		Collateral security was provided on an arm's length basis.	

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group		
31.12.2013	31.03.2014		31.03.2014	31.12.2013
17. OTHER ASSETS				
10,324	10,084	Interest and commission receivable	9,352	10,878
270	263	Receivables from group enterprises	-	-
3,179	2,953	Positive market value of derivative financial instruments	29,757	27,796
188	191	Defined benefit plans	191	188
144	197	Other assets	1,017	1,698
14,105	13,687	Total	40,317	40,559
18. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS				
1,315	1,738	Payables to credit institutions	13,704	12,593
11,353	23,360	Repo transactions with credit institutions	35,160	31,392
-	-	Repo transactions with central banks	310	407
12,668	25,097	Total	49,174	44,393
19. DEPOSITS AND OTHER PAYABLES				
-	-	On demand	42,834	23,087
-	-	At notice	5,973	12,012
-	-	Time deposits	16,897	16,209
-	-	Special deposits	2,895	13,865
-	-	Total	68,598	65,172
20. ISSUED BONDS AT FAIR VALUE				
294,560	307,027	ROs	354,292	343,421
925,324	955,747	SDOs	955,747	925,324
41,585	36,120	Junior covered bonds	36,120	41,585
1,261,469	1,298,894	Total	1,346,159	1,310,330
(101,022)	(116,483)	Self-issued bonds transferred from "Bonds at fair value" – note 16	(215,451)	(180,310)
1,160,447	1,182,411	Total	1,130,708	1,130,020
20 a. ROs				
285,706	297,172	ROs at nominal value	342,254	332,616
8,854	9,856	Fair value adjustment	12,039	10,806
294,560	307,027	ROs at fair value	354,292	343,421
(52,831)	(34,185)	Self-issued ROs transferred from "Bonds at fair value" – note 16	(88,469)	(73,017)
241,728	272,842	Total	265,823	270,404
125	503	Of which pre-issuance	503	125
10,314	22,743	ROs redeemed at next creditor payment date	24,140	11,568

Notes

DKK million

Nykredit Realkredit A/S			The Nykredit Realkredit Group	
31.12.2013	31.03.2014		31.03.2014	31.12.2013
		20. ISSUED BONDS AT FAIR VALUE (continued)		
		20 b. SDOs		
915,154	939,593	SDOs at nominal value	939,593	915,154
10,170	16,153	Fair value adjustment	16,153	10,170
925,324	955,747	SDOs at fair value	955,747	925,324
(47,440)	(81,291)	Self-issued SDOs transferred from "Bonds at fair value" – note 16	(125,053)	(105,958)
877,884	874,455	Total	830,694	819,367
630	9,902	Of which pre-issuance	9,902	630
105,692	120,243	SDOs redeemed at next creditor payment date	120,243	105,692
		20 c. Junior covered bonds		
40,652	35,178	Junior covered bonds at nominal value	35,178	40,652
933	943	Fair value adjustment	943	933
41,585	36,120	Junior covered bonds at fair value	36,120	41,585
(750)	(1,006)	Self-issued junior covered bonds transferred from "Bonds at fair value" – note 16	(1,930)	(1,335)
40,835	35,114	Total	34,191	40,250
-	3,733	Junior covered bonds redeemed at next creditor payment date	3,733	-
		21. ISSUED BONDS AT AMORTISED COST		
-	-	Corporate bonds	26,265	29,309
26	26	SDOs	26	26
3,664	3,710	Junior covered bonds	3,710	3,664
105	48	Employee bonds	55	127
35	35	Other securities	35	35
3,831	3,820	Total	30,092	33,162
-	-	Self-issued corporate bonds transferred from "Bonds at fair value" – note 16	(2,611)	(2,830)
(26)	(26)	Self-issued SDOs transferred from "Bonds at fair value" – note 16	(26)	(26)
(32)	(32)	Other self-issued securities transferred from "Loans, advances and other receivables at amortised cost" – note 15	(32)	(32)
3,772	3,762	Total	27,422	30,273
		22. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE		
-	-	Repo transactions with undertakings other than credit institutions and central banks	23,339	18,513
862	983	Negative securities portfolios	9,033	8,745
862	983	Total	32,372	27,258

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
31.12.2013	31.03.2014	31.03.2014	31.12.2013
23. OTHER LIABILITIES			
13,944	13,389	17,263	19,022
3,924	3,929	27,403	26,118
222	223	199	198
1,873	1,488	3,239	4,291
19,963	19,029	48,103	49,629
24. SUBORDINATED DEBT			
Subordinated debt consists of financial liabilities in the form of Additional Tier 1 capital which, in case of voluntary or compulsory liquidation, will not be repaid until the claims of ordinary creditors have been met.			
Subordinated debt is included in Nykredit's own funds in accordance with the EU's Capital Requirements Regulation.			
Additional Tier 1 capital			
-	-	100	100
-	-	150	150
3,831	3,799	3,799	3,831
6,903	6,872	6,872	6,903
10,734	10,670	10,920	10,984
-	-	(7)	(19)
10,734	10,670	10,913	10,964
10,444	8,356	8,556	10,678

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
31.12.2013	31.03.2014	31.03.2014	31.12.2013
25. OFF-BALANCE SHEET ITEMS			
Guarantees and warranties provided, irrevocable credit commitments and similar obligations not recognised in the balance sheets are presented below.			
-	-		
-	-	7,420	6,311
1,356	1,285	7,847	8,073
1,356	1,285	15,266	14,384
25 a. Contingent liabilities			
-	-		
-	-	4,173	3,173
-	-	306	336
-	-	2,941	2,801
-	-	7,420	6,311
"Other contingent liabilities" chiefly comprises purchase price and payment guarantees.			
25 b. Other commitments			
2	1		
		6,392	6,529
1,354	1,284	1,455	1,544
1,356	1,285	7,847	8,073
"Other liabilities" under "Other commitments" comprises obligations to and charges in favour of securities depositories, investment commitments to private equity funds and non-callable lease payments.			
Other contingent liabilities			
Owing to the size and business scope of the Nykredit Realkredit Group, the Group is continuously involved in legal proceedings and litigation. The cases are subject to ongoing review, and necessary provisions are made based on an assessment of the risk of loss. Pending cases are not expected to have a significant effect on the Nykredit Realkredit Group's financial position.			
Nykredit Bank A/S participates in the mandatory Danish deposit guarantee scheme, the Danish Guarantee Fund for Depositors and Investors. Participating banks must pay a fixed annual amount of 2.5% of the covered net deposits. Payment to the Fund's bank department is mandatory until the assets of the scheme exceed 1% of the covered net deposits of the sector. The bank department bears any direct losses from the winding-up of Danish banks, cf Bank Rescue Packages III and IV, to the extent the loss is attributable to the covered net deposits.			
Any losses arising from the final winding-up are covered by the Guarantee Fund for Depositors and Investors through its winding-up and restructuring department. Nykredit Bank's share of the expense will amount to about 3%.			
Nykredit Realkredit A/S has issued a letter of comfort stating that Nykredit Realkredit A/S will contribute capital to Nykredit Bank A/S to ensure that Nykredit Bank A/S's Tier 1 capital calculated according to the Capital Requirements Regulation of the European Parliament and the Council as well as the Danish transitional rules laid down by the Danish FSA does not fall below 13%. However, Nykredit Realkredit A/S will not contribute capital to Nykredit Bank A/S if that will bring Nykredit Realkredit A/S's total capital ratio below the statutory capital requirement plus 0.5% or the internal capital adequacy requirement (ICAAP) plus 0.5%.			
The Company is jointly taxed in Denmark with Foreningen Nykredit as the administration company. Pursuant to the Danish Corporation Tax Act, the Company is liable for income taxes etc payable by the jointly taxed companies as of the financial year 2013 and for any obligations to withhold tax at source on interest, royalties and dividends of these companies as of 1 July 2012.			
Nykredit Realkredit A/S is liable for the obligations of the pension fund in run-off Nykredits Afviklingspensionskasse (CVR no 24 25 62 19).			

Notes

26. RELATED PARTY TRANSACTIONS AND BALANCES

Foreningen Nykredit, the Parent Company Nykredit Holding A/S, group enterprises and associates of Nykredit Realkredit A/S as stated in 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 Q1/2014.

The companies have entered into various agreements as a natural part of the Group's day-to-day operations. The agreements typically involve finance, guarantees, referral commission, tasks relating to IT support and IT development projects, payroll and staff administration as well as other administrative tasks. Intercompany trading in goods and services took place on an arm's length or cost reimbursement basis.

Significant related party transactions prevailing/entered into in Q1/2014 include:

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

Nykredit Realkredit A/S has granted a loan to Totalkredit A/S serving as collateral in Totalkredit's capital centres. At 31 March 2014, the loan amounted to DKK 27.3bn.

An agreement has been made to hedge market risk relating to collateral, including investments, in Totalkredit's capital centres.

Agreement on the distribution of mortgage loans to personal customers via Totalkredit A/S (this agreement was concluded on the same terms as apply to other partners, including commission payments).

Nykredit Realkredit A/S has granted loans of DKK 3,100m to Totalkredit A/S in the form of subordinated debt.

Notes

DKK million

The Nykredit Realkredit Group

27. FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS

Financial instruments at fair value by measurement category (IFRS hierarchy)

31 March 2014

Financial instruments in the form of assets:	Listed prices	Observable inputs	Unobservable inputs	Total fair value
Recognised as trading book:				
- reverse lending to credit institutions and central banks	-	13,654	-	13,654
- other reverse lending	-	40,582	-	40,582
- bonds at fair value	96,263	10,089	383	106,735
- equities measured at fair value through profit or loss	847	-	1,038	1,885
- positive fair value of derivative financial instruments	615	27,770	1,373	29,757
Recognised through the fair value option:				
- mortgage loans, arrears and outlays	-	1,142,859	-	1,142,859
Recognised as available for sale:				
- equities available for sale	826	-	855	1,680
Total	98,551	1,234,954	3,649	1,337,152
Percentage	7.4	92.4	0.3	100
Financial instruments in the form of liabilities:				
Recognised as trading book:				
- repo transactions with credit institutions and central banks	-	35,470	-	35,470
- other non-derivative financial liabilities at fair value	9,033	23,339	-	32,372
- negative fair value of derivative financial instruments	615	26,515	273	27,403
Recognised through the fair value option:				
- issued bonds at fair value	1,107,711	22,997	-	1,130,708
Total	1,117,359	108,320	273	1,225,952
Percentage	91.1	8.8	0.0	100
Financial instruments measured on the basis of unobservable inputs				
Fair value, beginning of period, financial assets			3,643	
Unrealised capital gains and losses recognised in "Value adjustments" in the income statement			(70)	
Realised capital gains and losses recognised in "Value adjustments" in the income statement			52	
Unrealised capital gains and losses recognised in "Fair value adjustment of equities available for sale" in "Other comprehensive income"			12	
Purchases for the period			29	
Sales for the period			(104)	
Redemptions for the period			(100)	
Transferred to Listed prices and Observable inputs			(35)	
Transferred from Listed prices and Observable inputs			222	
Fair value, end of period, financial assets			3,649	
Fair value, beginning of period, financial liabilities			242	
Unrealised capital gains and losses recognised in "Value adjustments" in the income statement			31	
Fair value, end of period, financial liabilities			273	

Transfers from Observable inputs to Unobservable inputs consist of interest rate swaps adjusted for increased credit risk based on a credit value adjustment (CVA) model.

Notes

DKK million

The Nykredit Realkredit Group

27. FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS (continued)

Financial instruments at fair value by measurement category (IFRS hierarchy)

31 December 2013

Financial instruments in the form of assets:	Listed prices	Observable inputs	Unobservable inputs	Total fair value
Recognised as trading book:				
- reverse lending to credit institutions and central banks	-	12,547	-	12,547
- other reverse lending	-	56,814	-	56,814
- bonds at fair value	78,059	11,535	496	90,091
- equities measured at fair value through profit or loss	399	-	1,011	1,410
- positive fair value of derivative financial instruments	509	25,993	1,294	27,796
Recognised through the fair value option:				
- mortgage loans, arrears and outlays	-	1,136,999	-	1,136,999
Recognised as available for sale:				
- equities available for sale	618	-	842	1,460
Total	79,586	1,243,887	3,643	1,327,116
Percentage	6.0	93.7	0.3	100

Financial instruments in the form of liabilities:

Recognised as trading book:

- repo transactions with credit institutions and central banks	-	31,800	-	31,800
- other non-derivative financial liabilities at fair value	8,745	18,513	-	27,258
- negative fair value of derivative financial instruments	545	25,331	242	26,118

Recognised through the fair value option:

- issued bonds at fair value	1,107,501	22,519	-	1,130,020
Total	1,116,791	98,162	242	1,215,195
Percentage	91.9	8.1	0.0	100

Financial instruments measured on the basis of unobservable inputs

Fair value, beginning of period, financial assets

Unrealised capital gains and losses recognised in "Value adjustments" in the income statement	(1,154)
Realised capital gains and losses recognised in "Value adjustments" in the income statement	89
Unrealised capital gains and losses recognised in "Fair value adjustment of equities available for sale" in "Other comprehensive income"	(6)
Purchases for the period	828
Sales for the period	(603)
Redemptions for the period	(156)
Transferred to Listed prices and Observable inputs	(113)
Transferred from Listed prices and Observable inputs	2,006
Fair value, end of period, financial assets	3,643

Fair value, beginning of period, financial liabilities

Unrealised capital gains and losses recognised in "Value adjustments" in the income statement	76
Fair value, end of period, financial liabilities	242

Transfers from Observable inputs to Unobservable inputs consist of interest rate swaps adjusted for increased credit risk based on a credit value adjustment (CVA) model (DKK 1,823m) and of four untraded bonds (DKK 183m) for which measurement is subject to significant elements of unobservable inputs.

Notes

The Nykredit Realkredit Group

27. FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS (continued)

Listed prices

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

Observable inputs

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

Observable inputs are typically yield curves, volatilities and market prices of similar instruments which are usually obtained through ordinary providers such as Reuters, Bloomberg and market makers. If the fair value is based on transactions in similar instruments, measurement is exclusively based on transactions at arm's length. Reverse lending and repo transactions as well as unlisted derivatives generally belong in this category.

Measurement techniques are generally applied to measure derivatives and unlisted assets and liabilities.

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

Unobservable inputs

When it is not possible to measure financial instruments at fair value through active market prices or observable inputs, measurement is made on the basis of internal assumptions and extrapolation. Where possible and appropriate, measurement is based on actual transactions adjusted for differences in eg the liquidity, credit spreads and maturities of the instruments. The Group's unlisted equities are generally classified under this heading although measurement is based on the IPEV Valuation Guidelines.

Positive market values of a number of interest rate swaps with customers in Nykredit Bank's lowest rating categories have been adjusted for increased credit risk based on a CVA model. The model uses the statistical data applied by Nykredit Bank to calculate collective impairment provisions for loans and advances at amortised cost.

Measurement, notably of instruments classified as unobservable inputs, is subject to some uncertainty. Of total assets and liabilities, DKK 3,649m and DKK 273m, respectively, can be ascribed to this category. Assuming that actual transaction prices will deviate by +/- 10% from the calculated fair value, the earnings impact will be approximately DKK 392m.

Notes

DKK million

The Nykredit Realkredit Group

	Q1/2014	Q4/2013	Q3/2013	Q2/2013	Q1/2013	Q4/2012	Q3/2012
28. SEVEN-QUARTER FINANCIAL HIGHLIGHTS							
Core income from							
Business operations	2,403	2,426	1,780	2,499	2,475	1,986	2,233
Securities	30	29	26	28	35	21	26
Total	2,433	2,455	1,806	2,527	2,510	2,007	2,259
Operating costs, depreciation and amortisation	1,274	1,816	1,356	1,422	1,454	1,507	1,373
Core earnings before impairment losses	1,158	639	449	1,105	1,056	500	886
Impairment losses on loans and advances	515	1,159	675	242	687	616	542
Core earnings after impairment losses	643	(520)	(226)	863	370	(115)	344
Investment portfolio income	349	493	394	331	669	155	756
Profit (loss) before cost of capital	992	(27)	168	1,194	1,039	40	1,100
Net interest on Additional Tier 1 capital	(114)	(117)	(116)	(111)	(115)	(117)	(117)
Profit (loss) before tax	878	(144)	52	1,083	923	(77)	984
Tax	200	(29)	(48)	284	32	(106)	144
Profit (loss) for the period	678	(115)	99	798	891	29	839
Other comprehensive income							
Actuarial gains/losses on defined benefit plans	2	(14)	(8)	(3)	1	74	(16)
Value adjustment of strategic equities	157	65	66	89	146	(48)	148
Other adjustment of strategic equities	-	-	-	(89)	(620)	(122)	(286)
Fair value adjustment of owner-occupied properties	-	(4)	-	7	-	53	-
Total other comprehensive income	159	47	58	4	(472)	(42)	(154)
Comprehensive income for the period	837	(69)	157	802	419	(13)	685
SUMMARY BALANCE SHEET, END OF PERIOD							
	31.03.2014	31.12.2013	30.09.2013	30.06.2013	31.03.2013	31.12.2012	30.09.2012
Assets							
Cash balances and receivables from credit institutions and central banks	38,690	35,758	31,983	38,859	39,997	60,174	50,620
Mortgage loans at fair value	1,142,380	1,136,644	1,136,059	1,133,557	1,136,605	1,136,445	1,128,680
Bank loans – excluding reverse lending	48,078	46,963	49,130	50,354	50,192	49,728	53,980
Bonds and equities	110,300	92,961	75,521	70,579	73,391	82,413	92,371
Other assets	88,302	105,087	108,117	111,028	111,827	104,645	109,936
Total assets	1,427,750	1,417,414	1,400,811	1,404,378	1,412,012	1,433,405	1,435,587
Liabilities and equity							
Payables to credit institutions and central banks	49,174	44,393	55,974	49,319	49,486	67,539	80,506
Deposits and other payables	68,598	65,172	59,160	63,245	64,994	54,509	53,498
Issued bonds at fair value	1,130,708	1,130,020	1,088,084	1,086,408	1,101,262	1,103,818	1,082,066
Subordinated debt	10,913	10,964	11,028	11,085	11,184	11,281	11,322
Remaining liabilities	108,805	108,148	127,780	135,694	127,260	138,701	150,625
Equity	59,553	58,716	58,784	58,627	57,825	57,556	57,569
Total liabilities and equity	1,427,750	1,417,414	1,400,811	1,404,378	1,412,012	1,433,405	1,435,587
FINANCIAL RATIOS							
Profit (loss) for the period as % of average equity pa	4.6	(0.8)	0.7	5.5	6.2	0.2	5.9
Core earnings before impairment losses as % of average equity pa	7.8	4.4	3.1	7.6	7.3	3.5	6.2
Core earnings after impairment losses as % of average equity pa	4.4	(3.5)	(1.5)	5.9	2.6	(0.8)	2.4
Total provisions for loan impairment and guarantees	8,535	8,456	7,741	7,325	7,380	7,094	7,262
Impairment losses for the period, %	0.04	0.09	0.05	0.02	0.06	0.05	0.04
Total capital ratio, %	18.3	18.9	20.4	20.0	19.1	19.1	18.6
Tier 1 capital ratio, %	18.3	18.9	20.4	20.0	19.1	19.1	18.6
Average number of full-time staff	4,027	4,052	4,042	4,049	4,059	4,115	4,118

Notes

DKK million

The Nykredit Realkredit Group

	Q1/2014	Q4/2013	Q3/2013	Q2/2013	Q1/2013	Q4/2012	Q3/2012
28. SEVEN-QUARTER FINANCIAL HIGHLIGHTS (continued)							
Net interest income	2,859	2,800	2,656	2,382	2,487	2,697	2,793
Net fee income	(81)	(48)	90	14	(41)	60	(5)
Net interest and fee income	2,778	2,752	2,746	2,396	2,446	2,758	2,787
Value adjustments	(153)	30	(717)	294	543	(796)	33
Other operating income	43	47	52	55	56	67	57
Staff and administrative expenses	1,195	1,328	1,194	1,249	1,233	1,294	1,165
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	53	319	194	190	193	206	191
Other operating expenses	27	169	17	13	27	7	17
Impairment losses on loans, advances and receivables	515	1,159	675	242	687	616	542
Profit (loss) from investments in associates	(0)	2	52	31	18	17	21
Profit (loss) before tax	878	(144)	52	1,083	923	(77)	983
Tax	200	(29)	(48)	284	32	(106)	144
Profit (loss) for the period	678	(115)	99	798	891	29	839
Other comprehensive income							
Actuarial gains/losses on defined benefit plans	2	(14)	(8)	(3)	1	74	(16)
Value adjustment of strategic equities	157	65	66	89	146	(48)	148
Other adjustment of strategic equities	-	-	-	(89)	(620)	(122)	(286)
Fair value adjustment of owner-occupied properties	-	2	(7)	7	-	53	-
Total other comprehensive income	159	53	51	4	(472)	(42)	(154)
Comprehensive income for the period	837	(62)	150	802	419	(13)	685
FINANCIAL RATIOS¹							
Total capital ratio, %	18.3	18.9	20.4	20.0	19.1	19.1	18.6
Tier 1 capital ratio, %	18.3	18.9	20.4	20.0	19.1	19.1	18.6
Return on equity before tax, %	1.7	(0.1)	0.2	1.8	0.9	(0.4)	1.6
Return on equity after tax, %	1.4	(0.1)	0.3	1.4	0.7	(0.2)	1.2
Income:cost ratio	1.58	0.97	1.06	1.63	1.23	0.88	1.47
Foreign exchange position, %	0.0	1.6	1.0	0.4	0.8	0.6	0.3
Loans and advances:equity (loan gearing)	20.7	21.1	21.0	21.0	21.3	21.2	21.2
Growth in loans and advances for the period, %	(1.3)	0.4	0.5	0.9	0.7	0.1	0.4
Total impairment provisions, %	0.68	0.67	0.62	0.59	0.59	0.57	0.59
Impairment losses for the period, %	0.04	0.09	0.05	0.02	0.06	0.05	0.04

¹ Financial ratios are based on the Danish FSA's definitions and guidelines. As a result, the calculation of financial ratios is based on profit for the period including value and other adjustment of strategic equities. Definitions appear from note 51 in the Annual Report 2013.

Notes

DKK million

Nykredit Realkredit A/S

	Q1/2014	Q1/2013	Q1/2012	Q1/2011	Q1/2010
29. FIVE-YEAR FINANCIAL HIGHLIGHTS					
SUMMARY INCOME STATEMENT					
Net interest income	1,156	1,118	1,408	1,285	1,401
Net fee income	137	139	252	151	167
Net interest and fee income	1,294	1,257	1,660	1,436	1,568
Value adjustments	320	105	883	(123)	256
Other operating income	2	7	2	12	20
Staff and administrative expenses	587	660	506	691	562
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	44	184	176	165	160
Other operating expenses	11	2	0	0	0
Impairment losses on loans, advances and receivables	456	344	257	202	336
Profit from investments in associates and group enterprises	382	248	277	305	233
Profit before tax	901	428	1,883	571	1,019
Tax	66	10	396	(74)	181
Profit for the period	834	418	1,487	645	838
SUMMARY BALANCE SHEET, END OF PERIOD					
Assets					
Cash balances and receivables from credit institutions and central banks	29,220	32,046	37,136	24,704	21,265
Mortgage loans at fair value	599,102	609,325	612,595	576,609	562,466
Totalkredit mortgage loan funding	558,042	539,876	485,375	412,492	376,329
Bonds and equities	33,903	22,826	59,455	69,986	61,314
Remaining assets	81,796	78,326	72,478	61,691	55,626
Total assets	1,302,063	1,282,399	1,267,039	1,145,481	1,077,000
Liabilities and equity					
Payables to credit institutions and central banks	25,097	28,101	79,427	77,135	110,575
Issued bonds	1,182,411	1,158,738	1,091,295	971,683	872,101
Subordinated debt	10,670	10,934	11,000	10,551	14,472
Remaining liabilities	24,331	26,801	28,713	30,453	27,766
Equity	59,553	57,825	56,604	55,659	52,085
Total liabilities and equity	1,302,063	1,282,399	1,267,039	1,145,481	1,077,000
OFF-BALANCE SHEET ITEMS					
Other commitments	1,285	1,519	2,009	1,818	1,400
FINANCIAL RATIOS¹					
Total capital ratio, %	16.6	16.6	15.7	17.3	17.9
Tier 1 capital ratio, %	16.6	16.6	15.7	17.3	17.1
Return on equity before tax, %	1.5	0.7	3.4	1.0	2.0
Return on equity after tax, %	1.4	0.7	2.7	1.2	1.6
Income:cost ratio	1.8	1.4	3.0	1.5	2.0
Loans and advances:equity (loan gearing)	10.2	10.5	10.8	10.4	10.8
Growth in loans and advances for the period, %	0.8	-0.9	1.3	1.0	1.4
Total impairment provisions, %	0.58	0.37	0.31	0.31	0.29
Impairment losses for the period, %	0.07	0.06	0.04	0.03	0.06
Return on capital employed, %	0.06	0.03	0.12	0.06	0.08

¹ Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 51 in the Annual Report 2013.

Notes

DKK million

The Nykredit Realkredit Group

	Q1/2014	Q1/2013	Q1/2012	Q1/2011	Q1/2010
29. FIVE-YEAR FINANCIAL HIGHLIGHTS (continued)					
SUMMARY INCOME STATEMENT					
Net interest income	2,859	2,487	2,718	2,590	2,779
Net fee income	(81)	(41)	164	81	172
Net interest and fee income	2,778	2,446	2,882	2,671	2,951
Value adjustments	(153)	543	605	58	335
Other operating income	43	56	53	54	37
Staff and administrative expenses	1,195	1,233	1,078	1,234	1,178
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	53	193	184	196	198
Other operating expenses	27	27	10	73	125
Impairment losses on loans, advances and receivables	515	687	494	279	699
Profit (loss) from investments in associates	(0)	18	7	8	1
Profit before tax	878	923	1,781	1,010	1,124
Tax	200	32	442	104	331
Profit (loss) from discontinued insurance operations	-	-	-	-	(58)
Profit for the period	678	891	1,339	906	736
Total value adjustment and reclassification of strategic equities against equity	157	(474)	148	(261)	103
SUMMARY BALANCE SHEET, END OF PERIOD					
	31.03.2014	31.03.2013	31.03.2012	31.03.2011	31.03.2010
Assets					
Cash balances and receivables from credit institutions and central banks	38,690	39,997	63,900	37,624	51,639
Mortgage loans at fair value	1,142,380	1,136,605	1,097,992	1,030,008	1,001,492
Bank loans – excluding reverse lending	48,078	50,192	55,935	60,250	59,859
Bonds and equities	110,300	73,391	94,919	103,974	104,454
Remaining assets	88,302	111,827	94,790	59,568	67,918
Total assets	1,427,750	1,412,012	1,407,537	1,291,424	1,285,363
Liabilities and equity					
Payables to credit institutions and central banks	49,174	49,486	108,335	94,266	148,457
Deposits and other payables	68,598	64,994	56,673	53,416	59,450
Issued bonds at fair value	1,130,708	1,101,262	1,041,153	960,768	893,010
Subordinated debt	10,913	11,184	11,246	11,286	15,648
Remaining liabilities	108,805	127,260	133,526	116,030	116,713
Equity	59,553	57,825	56,604	55,659	52,085
Total liabilities and equity	1,427,750	1,412,012	1,407,537	1,291,424	1,285,363
OFF-BALANCE SHEET ITEMS					
Contingent liabilities	7,420	5,331	6,414	5,759	6,610
Other commitments	7,847	9,888	8,273	8,919	10,124
FINANCIAL RATIOS					
Total capital ratio, %	18.3	19.1	17.2	18.6	18.4
Tier 1 capital ratio, %	18.3	19.1	17.2	18.6	17.3
Return on equity before tax, %	1.7	0.9	3.5	1.2	2.3
Return on equity after tax, %	1.4	0.7	2.7	1.2	1.6
Income:cost ratio	1.58	1.23	2.12	1.38	1.56
Foreign exchange position, %	1.8	0.8	0.8	1.0	0.8
Loans and advances:equity (loan gearing)	20.7	21.3	21.0	19.9	20.6
Growth in loans and advances for the period, %	(1.3)	0.7	2.2	1.1	1.2
Total impairment provisions, %	0.68	0.59	0.59	0.76	1.00
Impairment losses for the period, %	0.04	0.06	0.04	0.02	0.06
Return on capital employed, %	0.05	0.06	0.10	0.07	0.06

Notes

DKK million

The Nykredit Realkredit Group

30. GROUP STRUCTURE

Name and registered office	Ownership interest as % at 31.03.2014	Profit (loss) for Q1/2014	Equity at 31.03.2014	Profit for 2013	Equity at 31.12.2013
Totalkredit A/S, Taastrup, a)	100	368	16,022	565	15,655
Nykredit Bank A/S, Copenhagen, b)	100	(10)	14,337	77	14,347
Nykredit Pantebrevsinvestering A/S, Copenhagen, c)	100	0	12	0	12
Nykredit Portefølje Administration A/S, Copenhagen, h)	100	15	338	64	323
Nykredit Leasing A/S, Gladsaxe, f)	100	9	215	46	206
FB Ejendomme A/S, Copenhagen, e)	100	0	4	0	4
Nykredit Mægler A/S, Århus, d)	100	4	103	28	129
Nykredit Ejendomme A/S, Copenhagen, e)	100	9	483	3	475
Ejendomsselskabet Kalvebod A/S, Copenhagen, i)	100	11	175	41	259
Kalvebod Ejendomme I A/S, Copenhagen, e)	100	8	99	33	91
Kalvebod Ejendomme II A/S, Copenhagen, e)	100	2	71	8	69
Nykredit Adm. V A/S, Copenhagen, g)	100	0	1	0	1

The group structure only includes significant subsidiaries. Financial information is provided in such order as the companies are recognised in the Consolidated Financial Statements.

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

Nykredit Realkredit A/S is wholly owned by and consolidated with Nykredit Holding A/S, which is consolidated with Foreningen Nykredit.

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

Nykredit Realkredit A/S
Kalvebod Brygge 1-3
DK-1780 Copenhagen V

Capital adequacy key figures

DKK million

Nykredit Realkredit A/S			The Nykredit Realkredit Group	
31.12.2013	31.03.2014		31.03.2014	31.12.2013
52,266	55,773	Common Equity Tier 1 (CET1) capital	55,811	54,666
10,444	6,507	Total Additional Tier 1 capital after deductions	8,252	10,678
62,710	62,280	Tier 1 capital	64,063	65,344
62,710	62,280	Own funds	64,063	65,344
367,905	375,857	Total risk exposure amount	349,668	345,963
14.2	14.8	Common Equity Tier 1 (CET1) capital ratio, %	16.0	15.8
17.0	16.6	Tier 1 capital ratio, %	18.3	18.9
17.0	16.6	Total capital ratio, %	18.3	18.9

The Nykredit Bank Group			The Nykredit Holding Group	
31.12.2013	31.03.2014		31.03.2014	31.12.2013
14,307	14,013	Common Equity Tier 1 (CET1) capital	55,812	54,695
250	200	Total Additional Tier 1 capital after deductions	8,252	10,678
14,557	14,213	Tier 1 capital	64,064	65,372
14,912	14,572	Own funds	64,064	65,372
88,709	90,661	Total risk exposure amount	349,945	346,316
16.1	15.5	Common Equity Tier 1 (CET1) capital ratio, %	15.9	15.8
16.4	15.7	Tier 1 capital ratio, %	18.3	18.9
16.8	16.1	Total capital ratio, %	18.3	18.9

Capital and capital adequacy have been determined in accordance with Capital Requirements Regulation (EU) No 575/2013 of 26 June 2013 of the European Parliament and the Council as well as the Danish transitional rules laid down by the Danish FSA.

The European Banking Authority (EBA) publishes technical standards for the determination of capital and the risk exposure amount. However, several technical standards have not been finally adopted. The final standards may contain provisions that will result in changes to the statements.

The statements as at 31 December 2013 were based on the then applicable rules of the Danish Financial Business Act. The layout has been adjusted to reflect the new presentation format.

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