

To NASDAQ OMX Copenhagen A/S
and the press

18 August 2011

H1 INTERIM REPORT – THE NYKREDIT REALKREDIT GROUP 1 JANUARY 2011 – 30 JUNE 2011

RESULTS

- The Nykredit Realkredit Group recorded a profit before tax of DKK 1,389m against DKK 1,680m in H1/2010
 - In H1/2010 results were affected by exceptionally high investment portfolio income
- Profit after tax was DKK 1,195m against DKK 1,241m, excluding profit from the divestment of Nykredit Forsikring of DKK 1,512m, in H1/2010
 - In Q1/2011 deferred tax of DKK 133m was recognised as income following a final judgment in a tax case
- Growth in customer-oriented lending business of 3% on H1/2010
 - Core income from customer-oriented mortgage and bank lending was DKK 3,860m against DKK 3,738m in H1/2010
 - In H1/2011 mortgage lending in nominal terms and bank lending grew by a total of DKK 16bn to DKK 1,105bn
 - Rising share of the mortgage market, but low gross new lending of DKK 64bn in H1/2011
- Core income from Markets & Asset Management amounted to DKK 557m against DKK 912m in H1/2010
 - The level of income from customer-oriented securities trading was low due to the general market climate in 2011
- Operating costs, depreciation and amortisation excluding special value adjustments rose to DKK 2,881m or by 5.8%
 - Special value adjustments came to DKK 150m of which DKK 85m was a payment to the Danish Guarantee Fund for Depositors and Investors
- Impairment losses on loans and advances decreased by 34% to DKK 745m in H1/2011
 - Impairment losses on mortgage lending were DKK 544m, or 0.05% of lending, against DKK 498m in H1/2010
 - Impairment losses on bank lending were DKK 201m, or 0.23% of lending, against DKK 634m in H1/2010
- Core income from securities was DKK 293m compared with DKK 226m in H1/2010
- Investment portfolio income came to DKK 769m against DKK 1,305m in H1/2010
- Cost of capital in the form of net interest on hybrid core capital was DKK 229m, which was unchanged on H1/2010.

CAPITAL

- The capital adequacy ratio was 19.5% at end-H1/2011 compared with an internal capital adequacy requirement of 9.6%
- The core capital ratio stood at 19.5%. Excluding hybrid core capital, the ratio was 16.0%
- The Group's equity amounted to DKK 55.7bn against DKK 55.3bn at the beginning of the year.

OUTLOOK FOR 2011

Lending activity and securities trading in the Danish market were at a low level in H1/2011. This affected Nykredit's earnings despite a growing market share. The forecast of impairment losses on loans and advances remains around DKK 1.5bn for the full year.

Against this background, the forecast of profit before tax for the full year has been reduced to DKK 2.5bn-3.0bn.

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

Nykredit recorded a robust profit before tax of DKK 1.4bn in H1/2011.

The development has been satisfactory in a number of respects. Total lending rose by DKK 16bn to DKK 1,105bn, and the Group's lending accounted for 29.3% of total lending in Denmark. Total loan impairments were DKK 745m or 34% lower than in the same period in 2010. Further, Nykredit's own investments generated an income of DKK 769m.

Activity in the financial sector has been lower than expected at the start of the year, which has affected total income and thus Nykredit's profit and forecasts. The development in recent months suggests that activity will remain at a low level. The development in Nykredit's costs will be adjusted accordingly.

Contacts

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

Nykredit Realkredit A/S
Kalvebod Brygge 1-3
DK-1780 Copenhagen V
Tel +45 44 55 10 00
www.nykredit.com
CVR no 12 71 92 80

FINANCIAL HIGHLIGHTS

DKK million	H1/2011	The Nykredit Realkredit Group H1/2010	FY 2010
CORE EARNINGS AND RESULTS FOR THE PERIOD			
Core income from			
- business operations	4,417	4,650	9,522
- junior covered bonds	(85)	(37)	(120)
- securities	293	226	470
Total	4,625	4,839	9,872
Operating costs, depreciation and amortisation, excl special value adjustments	2,881	2,722	5,499
Operating costs, depreciation and amortisation – special value adjustments ¹	65	26	129
Commission – the Danish Guarantee Fund for Depositors and Investors/government guarantee scheme	85	247	371
Core earnings before impairment losses	1,594	1,844	3,873
Impairment losses on loans and advances – mortgage lending	544	498	888
Impairment losses on loans and advances – banking	201	634	1,215
Impairment losses on loans and advances – government guarantee scheme	-	114	279
Core earnings after impairment losses	849	598	1,491
Investment portfolio income ²	769	1,305	2,060
Profit before cost of capital	1,618	1,903	3,551
Net interest on hybrid core capital	(229)	(223)	(461)
Profit before tax	1,389	1,680	3,090
Tax	194	439	785
Profit from discontinued insurance operations	-	1,512	1,511
Profit for the period	1,195	2,753	3,816
Value adjustment and reclassification of strategic equities	(499)	(133)	261
SUMMARY BALANCE SHEET, END OF PERIOD			
	30.06.2011	30.06.2010	31.12.2010
Assets			
Receivables from credit institutions and central banks	36,779	51,781	58,657
Mortgage loans at fair value	1,040,134	1,022,068	1,030,674
Bank loans – excl reverse transactions	57,281	61,344	58,833
Bonds and equities	79,005	103,123	99,144
Remaining assets	62,665	77,407	63,832
Total assets	1,275,864	1,315,723	1,311,140
Liabilities and equity			
Payables to credit institutions and central banks	79,120	142,828	95,879
Deposits	51,875	57,225	55,467
Issued bonds at fair value	971,772	925,137	974,319
Subordinated debt – hybrid core capital	10,928	11,224	11,055
Subordinated debt – supplementary capital	516	4,556	563
Remaining liabilities	105,937	120,892	118,537
Equity	55,716	53,861	55,320
Total liabilities and equity	1,275,864	1,315,723	1,311,140
FINANCIAL RATIOS			
Profit for the period as % of average equity pa	4.3	10.5	7.2
Core earnings before impairment losses as % of average equity pa	5.7	7.0	7.3
Core earnings after impairment losses as % of average equity pa	3.1	2.3	2.8
Costs as % of core income from business operations	65.2	58.5	57.8
Total provisions for loan impairment – mortgage lending	2,431	2,194	2,226
Total provisions for loan impairment and guarantees – banking	5,507	7,843	6,888
Impairment losses for the period, % – mortgage lending	0.05	0.05	0.09
Impairment losses for the period, % – banking	0.23	0.64	1.31
Capital adequacy ratio	19.5	18.4	18.5
Core capital ratio, %	19.5	17.2	18.5
Core capital ratio excluding hybrid core capital	16.0	14.0	15.1
Average number of full-time staff ³	4,095	4,037	4,026

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

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

³ Excluding Nykredit Forsikring A/S and JN Data A/S.

H1 INTERIM REPORT 2011

NYKREDIT REALKREDIT GROUP RESULTS

Profit before tax was DKK 1,389m against DKK 1,680m in H1/2010.

Profit after tax came to DKK 1,195m and included a tax income of DKK 133m following judgment in a tax case. This compared with profit after tax of DKK 1,241m, excluding profit from the divestment of Nykredit Forsikring of DKK 1,512m, in H1/2010. Profit after tax including profit from the divestment of Nykredit Forsikring came to DKK 2,753m.

Results reflected growth in core income from mortgage and bank operations. Conversely, earnings in Nykredit Markets and the Bank's Treasury were markedly below the H1/2010 level, when they were exceptionally high. Other components were growth in costs, low loan impairment losses and positive investment portfolio income.

Core income from business operations exclusive of Markets & Asset Management increased by DKK 122m or 3% to DKK 3,860m. Group mortgage lending at nominal value and bank lending rose by a total of DKK 16bn or 1.5% net to DKK 1,105bn compared with the beginning of the year. Retail lending was up by DKK 9bn and commercial lending by DKK 7bn.

Markets & Asset Management posted earnings of DKK 557m in H1/2011, which was below the H1/2010 level of DKK 912m. The decline was due to subdued activity in Nykredit Markets and lower Treasury income in the Bank.

The Group's impairment losses on loans and advances were DKK 745m against DKK 1,132m in H1/2010. Impairment losses equalled 0.07% of total mortgage and bank lending. Retail lending accounted for 53% of impairment losses for H1/2011 and commercial lending 47%.

The Group's investment portfolio income came to DKK 769m against DKK 1,305m in H1/2010.

Strategic equities, chiefly in banks, resulted in a total negative value adjustment of DKK 499m after tax. Of this figure, DKK 328m was a negative value adjustment of strategic equities against equity, while the remainder, DKK 171m, derived from reclassification from equity to the income statement of profit from the sale of strategic equities and a capital loss on Nykredit's shareholding in Amagerbanken.

The Group's profit after tax and value adjustments against equity led to a rise in equity of DKK 0.4bn. Equity amounted to DKK 55.7bn after adjustment for declared dividends of DKK 0.3bn.

Results for Q2/2011

The Group's profit before tax was DKK 385m in Q2/2011 against DKK 1,004m in Q1/2011.

Results for Q2/2011 mirror investment portfolio income of DKK 175m compared with the high level of DKK 594m in the preceding quarter.

Impairment losses on loans and advances were DKK 466m against DKK 279m in Q1/2011, which should be seen in the context of significant reversals (income) within banking in Q1/2011.

Other items were largely on a level with Q1/2011.

Core earnings

Core income from business operations

The Group's core income from business operations was DKK 4,417m against DKK 4,650m in the same period the year before – down DKK 233m or 5.0%.

Core income from mortgage operations was DKK 2,641m against DKK 2,663m in Q1/2010, corresponding to a drop of 0.8%.

The Group's mortgage lending activity remained at a low level; gross new lending came to DKK 64bn against DKK 96bn in H1/2010. Activity reflected a low refinancing level and low property turnover in the housing market.

In nominal terms, group mortgage lending went up by DKK 18bn to DKK 1,048bn at end-H1/2011.

Core income from banking operations totalled DKK 1,698m against DKK 1,934m in H1/2010, corresponding to a fall of 12.2%, which was chiefly due to earnings in Markets & Asset Management, which saw a DKK 355m downturn to DKK 557m in H1/2011.

The drop in core income was in part attributed to lower Treasury income, which should be seen in the light of a relatively high income level in 2010 and market unrest in H1/2011.

Earnings from Nykredit Markets's activities were also below the level recorded for H1/2010, reflecting a market where eg the debt situation of a number of EU countries and not least the uncertainty relating to ratings and risk in the Danish banking and mortgage sectors dampened market activity.

Nykredit Asset Management's earnings exceeded the level of H1/2010.

Group bank lending declined by DKK 1.5bn to DKK 57.3bn from DKK 58.8bn at the beginning of the year, which downturn mainly related to corporate customers. Bank deposits dropped by DKK 3.6bn to DKK 51.9bn at end-H1/2011. Nykredit's market share was unchanged in H1/2011.

Junior covered bonds

The Group has issued DKK 25.4bn of junior covered bonds in nominal terms as supplementary collateral for covered bonds (SDOs) compared with DKK 17.3bn in H1/2010. Net interest expenses relating to junior covered bonds came to DKK 85m against DKK 37m in the same period the year before.

Core income from securities

Core income from securities was DKK 293m against DKK 226m the year before. The increase was spurred by a larger securities portfolio and a higher repo rate.

Operating costs, depreciation and amortisation, excl special value adjustments

The Group's costs excluding special value adjustments and commission payable to the Danish Guarantee Fund for Depositors and Investors came to DKK 2,881m, corresponding to 5.8% growth on H1/2010. Costs as a percentage of core income from business operations were DKK 65.2% compared with 58.5% in H1/2010.

Operating costs, depreciation and amortisation – special value adjustments

Special value adjustments, which comprise net value adjustment of assets and liabilities relating to Nykredit's pension schemes (in run-off), certain staff schemes and value adjustment of owner-occupied properties, came to DKK 65m.

To this should be added an expense of DKK 85m, equal to an expected payment to the Danish Guarantee Fund for Depositors and Investors related to the bankruptcies of Amagerbanken and Fjordbank Mors.

Special value adjustments netted operating expenses of DKK 150m in H1/2011.

Impairment losses on loans and advances

The Group's impairment losses on loans and advances came to DKK 745m against DKK 1,132m for H1/2010.

DKK 431m of impairment losses for the period stemmed from an increase in individual impairment provisions and DKK 174m from an increase in collective impairment provisions.

The Group's impairment losses on mortgage lending amounted to DKK 554m, corresponding to 0.05% of lending, against DKK 498m in H1/2010. DKK 326m of impairment losses for the period, or 0.05% of lending, stemmed from retail customers against DKK 131m in H1/2010.

The commercial segment accounted for DKK 214m of impairment losses on loans and advances, equal to 0.05% of lending, against DKK 360m in H1/2010. Other activities represented DKK 4m against DKK 7m in H1/2010.

The Group's impairment losses on bank lending amounted to DKK 201m, equal to 0.21% of lending, against DKK 634m in H1/2010. DKK 62m of impairment losses for the period, or 0.4% of lending, can be attributed to the retail segment. Impairment losses on loans and advances to commercial customers amounted to DKK 199m, or 0.4% of lending. Further, impairment losses were affected by a reversal of provisions for terminated exposures totalling a net amount of DKK 60m.

Investment portfolio income

Group investment portfolio income landed at DKK 769m compared with DKK 1,305m in the same period the year before.

Of the investment portfolio income for the period, DKK 812m was the Group's income on investments in addition to the risk-free interest, which was markedly higher than expected at the beginning of the year, but slightly lower than the level for the same period last year, when it was extraordinarily high at DKK 1,312m.

Further, investment portfolio income included profit from the sale of strategic equities and capital losses on Nykredit's strategic shareholding in Amagerbanken (DKK 160m) and negative value adjustment of the Kalvebod issues (DKK 203m), which chiefly stemmed from Nykredit's subordinated debt instruments in Amagerbanken and Fjordbank Mors. The overall adverse effect on investment portfolio income was DKK 43m.

Nykredit's securities portfolio consists mainly of Danish and European covered bonds and high-rated corporate bonds.

The interest rate risk of the portfolio was largely eliminated by offsetting sales of government bonds or through interest rate derivatives.

Investment portfolio income is unaffected by the development in fixed income markets in Southern Europe. Nykredit's exposures to Greek, Italian and Spanish government bonds do not exceed DKK 100m. Further, exposures to Italian and Portuguese covered bonds of just over DKK 700m are considered to be secure.

Net interest on hybrid core capital

The Group raised hybrid core capital for a total of DKK 10.9bn against DKK 11.2bn in the same period the year before. Results were affected by net interest expenses of DKK 229m against DKK 223m in H1/2010.

Tax

Tax calculated on profit for the year was DKK 194m, corresponding to an effective tax rate of 14.0%.

Judgment has been delivered in a tax case against Nykredit Realkredit. The Danish High Court found for Nykredit, which has therefore recognised as income deferred tax of DKK 133m previously provided for and expensed. Adjusted for this, the Group's effective tax rate was 23.6%.

Subsidiaries

Totalkredit

Totalkredit recorded a profit before tax of DKK 371m compared with DKK 640m in the same period the year before. Reference is made to the H1 Interim Report 2011 for Totalkredit A/S.

Nykredit Bank

The Nykredit Bank Group recorded a profit before tax of DKK 445m compared with DKK 157m in the same period the year before. Reference is made to the H1 Interim Report 2011 for the Nykredit Bank Group.

OUTLOOK FOR 2011

Lending activity and securities trading in the Danish market were at a low level in H1/2011. Nykredit's earnings were affected despite a growing market share. Nykredit's forecast of impairment losses on loans and advances remains around DKK 1.5bn for the full year.

Against this background, the forecast of profit before tax for the full year has been reduced to DKK 2.5bn-3.0bn.

BUSINESS AREAS

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

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

Group core earnings after impairment losses totalled DKK 849m against DKK 598m in H1/2010.

Measured at nominal value, mortgage lending rose by DKK 18bn to DKK 1,048bn. The Nykredit Group recorded gross new lending of DKK 64bn against DKK 96bn in H1/2010.

The Group's share of the Danish mortgage market was 42.3% for total lending and 48.6% for gross new lending against 41.8% and 46.1% in H1/2010.

Gross new private residential mortgage lending amounted to DKK 37bn against DKK 68bn in the same period the year before. The mar-

ket share of Danish residential mortgage lending was 46.3% against 45.6% in the same period the year before.

Gross new lending to commercial customers came to DKK 27bn, which was unchanged on the same period the year before. The market share of Danish mortgage lending to commercial customers was 36.8% against 36.3% in the same period the year before.

Bank lending decreased from DKK 58.8bn at the beginning of the year to DKK 57.3bn. Deposits fell from DKK 55.5bn at the beginning of the year to DKK 51.9bn.

The downturn in bank lending stemmed from corporate banking, which was down by DKK 1.5bn on the beginning of the year. The decline in bank deposits resulted from a rise of DKK 3bn in Markets & Asset Management and a decline of DKK 6.4bn in Corporate Banking.

Nykredit Mægler (estate agency business) saw a 5.9% fall in turnover from 6,821 properties sold in H1/2010 to 6,420 properties.

Results by business areas ¹

DKK million	Retail Customers	Totalkredit	Commercial Customers	Markets & Asset Management	Other Activities	Group items and eliminations	Total
H1/2011							
Core income from							
- business operations	1,085	636	1,967	557	113	(26)	4,332
- securities	-	-	-	-	-	293	293
Total	1,085	636	1,967	557	113	267	4,625
Operating costs	838	186	627	413	104	470	2,638
Depreciation of property, plant and equipment and amortisation of intangible assets	-	244	-	1	60	88	393
Core earnings before impairment losses	247	206	1,340	143	(51)	(291)	1,594
Impairment losses on loans and advances	249	139	404	9	(56)	-	745
Core earnings after impairment losses	(2)	67	936	134	5	(291)	849
Investment portfolio income ²	-	-	-	-	-	769	769
Profit before cost of capital	(2)	67	936	134	5	478	1,618
Net interest on hybrid core capital	-	-	-	-	-	(229)	(229)
Profit before tax	(2)	67	936	134	5	249	1,389
Return							
Average business capital, DKKm ³	3,893	7,538	10,986	2,050	942	4,474	29,883
Core earnings after impairment losses as % of average business capital ³	(0.1)	1.8	17.2	13.2	1.1	-	5.7
H1/2010							
Core earnings after impairment losses	53	189	590	419	(489)	(171)	591
Return							
Average business capital, DKKm ³	4,082	6,844	11,769	2,214	1,879	3,721	30,509
Core earnings after impairment losses as % of average business capital ³	2.6	5.6	10.1	38.2	(52.5)	-	3.9

¹ Please refer to note 2 in this report for complete segment financial statements with comparative figures

² Investment portfolio income includes a profit of DKK 10m from investments in associates. (2010: DKK 3m)

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

Results – Retail Customers

	H1/ 2011	H1/ 2010
DKK million		
Core income from business operations	1,085	1,160
Operating costs	838	850
Commission, government guarantee scheme	-	35
Core earnings before impairment losses	247	275
Impairment losses on loans and advances – mortgage lending	188	75
Impairment losses on loans and advances – banking	61	147
Core earnings after impairment losses	(2)	53

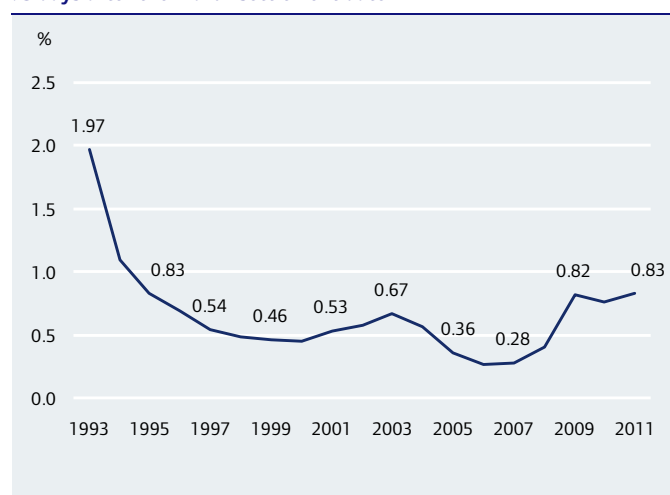
Activity

DKK million	30.06.2011	2010
Mortgage lending		
Gross new lending, H1 *	9,278	15,694
Net new lending, H1 *	2,567	3,278
Portfolio at nominal value, end of period	190,007	188,969
Impairment losses as % of loans and advances*	0.10	0.04
Total impairment provisions, end of period		
- Individual impairment provisions	188	118
- Collective impairment provisions	159	111
Total impairment provisions as % of loans and advances	0.18	0.12
Portfolio of repossessed properties, end of period (properties)	144	137
Banking		
Loans and advances, end of period	15,510	15,476
Deposits, end of period	18,546	18,758
Impairment losses as % of loans and advances*	0.39	0.90
Total impairment provisions, end of period		
- Individual impairment provisions	394	406
- Collective impairment provisions	96	91
Total impairment provisions as % of loans and advances	3.06	3.11
Guarantees, end of period ¹	3,697	6,301
Provisions for guarantees, end of period ¹	5	4

¹ Excluding the government guarantee scheme.

* For H1/2011 and H1/2010.

Other data determined at end-H1/2011 and end-2010.

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

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

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

Activity

Total mortgage lending in nominal terms went up by DKK 1.0bn to DKK 190bn at end-H1/2011. Gross new lending fell by DKK 6.4bn to DKK 9.3bn in H1/2011.

At end-H1/2011, bank lending of DKK 15.5bn and deposits of DKK 18.5bn were largely unchanged relative to the beginning of the year.

Results

Core earnings before impairment losses came to DKK 247m against DKK 275m in H1/2010.

Core income from business operations was DKK 1,085m against DKK 1,160m in H1/2010. Lower mortgage activity and guarantee commission caused this drop.

Operating costs were trimmed by DKK 12m to DKK 838m in H1/2011.

Impairment losses on loans and advances amounted to DKK 188m and DKK 61m for mortgage and bank lending, respectively, against a total of DKK 222m in H1/2010. Impairment losses as a percentage of loans and advances represented 0.10% of mortgage lending and 0.39% of bank lending.

At end-H1/2011 total impairment provisions stood at DKK 837m against DKK 726m at the beginning of the year. Impairment provisions for mortgage and bank lending came to DKK 347m and DKK 490m, respectively. The change in total impairment provisions of DKK 111m stemmed from a DKK 58m rise in individual impairment provisions and a DKK 53m rise in collective impairment provisions.

At the March settlement date, 75-day mortgage loan arrears as a percentage of total mortgage payments due came to 0.83% against 0.76% at the same time in 2010 and 0.82% at the March settlement date in 2009.

At the June settlement date in 2011, 15-day mortgage loan arrears as a percentage of total mortgage payments due came to 1.52% against 1.80% at the March settlement date in 2011, which was in line with the level at the June settlement date in 2010 (1.59%).

Since the beginning of the year, the business area Commercial Customers has repossessed 100 properties and sold 93. At end-H1/2011, the portfolio of repossessed properties stood at 144.

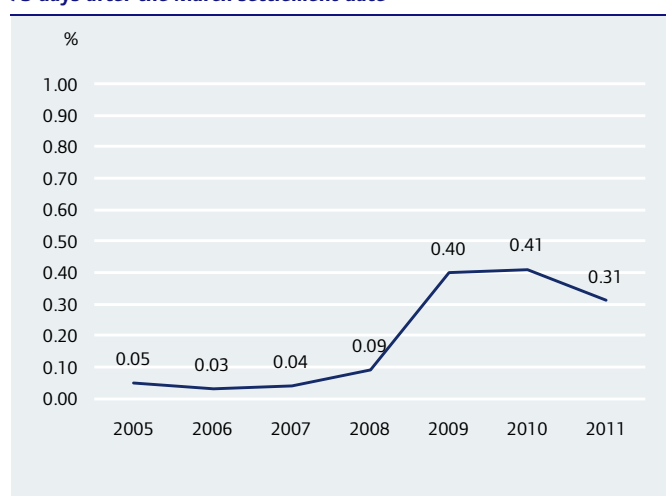
Results – Totalkredit

DKK million	H1/ 2011	H1/ 2010
Core income from business operations	636	698
Operating costs	186	222
Depreciation of property, plant and equipment and amortisation of intangible assets	244	231
Core earnings before impairment losses	206	245
Impairment losses on loans and advances	139	56
Core earnings after impairment losses	67	189

Activity

DKK million	30.06.2011	2010
Mortgage lending		
Gross new lending, H1 *	27,337	52,412
Net new lending, H1 *	10,868	14,798
Portfolio at nominal value, end of period	463,207	455,105
Impairment losses as % of loans and advances*	0.03	0.01
Total impairment provisions, end of period		
- Individual impairment provisions	275	278
- Collective impairment provisions	270	245
Total impairment provisions as % of loans and advances	0.12	0.11
Portfolio of repossessed properties, end of period (properties)	65	53

* For H1/2011 and H1/2010.
Other data determined at end-H1/2011 and end-2010.

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

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

Activity

Mortgage lending in nominal terms rose by DKK 8.1bn to DKK 463bn at end-H1/2011. Gross new lending fell by DKK 25.1bn to DKK 27.3bn at end-H1/2011.

Results

Core earnings before impairment losses were DKK 206m against DKK 245m in H1/2010.

Core income from business operations was DKK 636m against DKK 698m in H1/2010. The decline should be seen in the context of lower mortgage activity.

Operating costs were DKK 186m against DKK 222m in H1/2010. Depreciation of property, plant and equipment and amortisation of intangible assets amounted to DKK 244m, which mainly related to distribution rights obtained in connection with Nykredit's acquisition of Totalkredit.

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

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

Loan impairment losses came to DKK 139m after set-off against commission payable to partner banks totalling DKK 82m compared with a net expense of DKK 56m in H1/2010. Impairment losses equalled 0.03% of lending.

At end-H1/2011 total impairment provisions stood at DKK 545m against DKK 523m at the beginning of the year. The DKK 22m change in total impairment provisions stemmed from a DKK 3m drop in individual impairment provisions and a DKK 25m rise in collective impairment provisions.

At the March settlement date in 2010, 75-day mortgage loan arrears as a percentage of total mortgage payments due came to 0.31% against 0.41% in 2010.

Since the beginning of the year, the business area Totalkredit has repossessed 47 properties and sold 35. At end-H1/2011, the portfolio of repossessed properties stood at 65.

Results – Commercial Customers

	H1/ 2011	H1/ 2010
DKK million		
Core income from business operations	1,967	1,743
Operating costs	627	570
Commission, government guarantee scheme	-	120
Depreciation of property, plant and equipment and amortisation of intangible assets	-	2
Core earnings before impairment losses	1,340	1,051
Impairment losses on loans and advances – mortgage lending	214	360
Impairment losses on loans and advances – banking	190	101
Core earnings after impairment losses	936	590

Activity

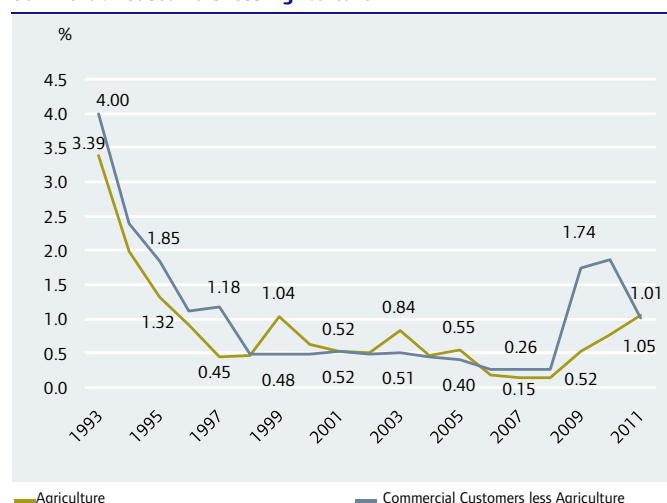
	30.06.2011	2010
DKK million		
Mortgage lending		
Gross new lending, H1 *	27,332	27,663
Net new lending, H1 *	12,775	16,941
Portfolio at nominal value, end of period	393,000	384,026
Impairment losses as % of loans and advances*	0.05	0.09
Total impairment provisions, end of period		
- Individual impairment provisions	875	860
- Collective impairment provisions	660	611
Total impairment provisions as % of loans and advances	0.39	0.38
Portfolio of repossessed properties, end of period (properties)	83	83
Banking		
Loans and advances, end of period	39,069	40,599
Deposits, end of period	25,895	32,320
Impairment losses as % of loans and advances*	0.42	0.19
Total impairment provisions, end of period		
- Individual impairment provisions	2,067	2,335
- Collective impairment provisions	333	265
Total impairment provisions as % of loans and advances	5.79	6.02
Guarantees, end of period ¹	4,462	6,547
Provisions for guarantees, end of period ¹	58	44

¹ Excluding the government guarantee scheme.

* For H1/2011 and H1/2010.

Other data determined at end-H1/2011 and end-2010.

**Arrears ratio, mortgage lending
75 days after the March settlement date, Agriculture and
Commercial Customers less Agriculture**

**COMMERCIAL CUSTOMERS**

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

Activity

Total mortgage lending at nominal value rose by DKK 8.9bn to DKK 393bn at end-H1/2011. Gross new lending remained unchanged at DKK 27.3bn in H1/2011 relative to H1/2010.

Bank deposits declined by DKK 1.5bn to DKK 39.1bn at end-H1/2011. This trend should be seen in the light of the cyclical downturn in the Danish economy, which left loan demand at a modest level in H1/2011.

Bank deposits dropped from DKK 32.3bn at the beginning of the year to DKK 25.9bn at end-H1/2011. The decline should be seen in the context of fiercer competition and the fact that a number of major customers converted their deposits into securities.

Results

Core earnings before impairment losses came to DKK 1,340m against DKK 1,051m in H1/2010.

Core income from business operations was DKK 1,967m against DKK 1,743m in H1/2010. Banking operations represented DKK 760m of business operations in the period under review.

Operating costs amounted to DKK 627m against DKK 570m in H1/2010.

Impairment losses on loans and advances amounted to DKK 214m and DKK 190m for mortgage and bank lending, respectively, against a total of DKK 461m in H1/2010. Impairment losses as a percentage of loans and advances represented 0.05% of mortgage lending and 0.42% of bank lending.

At end-H1/2011 total impairment provisions stood at DKK 3,935m against DKK 4,071m at the beginning of the year. The DKK 136m change in total impairment provisions stemmed from a DKK 117m rise in collective impairment provisions and a DKK 253m fall in individual impairment provisions.

At the March settlement date, 75-day mortgage loan arrears as a percentage of total mortgage payments due were 1.01% for Commercial Customers less agricultural customers against 1.87% at the same time in 2010. Arrears as a percentage of lending to agricultural customers amounted to 1.05% at the March settlement date against 0.77% at the same time in 2010. The arrears ratio for Commercial Customers totalled 1.02% against 1.63% at the March settlement date in 2010.

Since the beginning of the year, the business area Commercial Customers repossessed 85 properties and sold 85. At end-H1/2011, the portfolio of repossessed properties stood at 83.

Results – Markets & Asset Management

	H1/ 2011	H1/ 2010
DKK million		
Core income from business operations	557	912
Operating costs	413	415
Commission, government guarantee scheme	-	61
Depreciation of property, plant and equipment and amortisation of intangible assets	1	9
Core earnings before impairment losses	143	427
Impairment losses on loans and advances	9	1
Core earnings after impairment losses	134	426

Activity

	30.06.2011	2010
DKK million		
Assets		
Receivables from credit institutions	25,418	29,480
Other loans and advances at fair value	16,409	12,920
Bonds and equities	24,710	33,967
Liabilities and equity		
Payables to credit institutions and central banks	37,647	48,351
Deposits and other payables	6,900	3,881
Issued bonds	25,629	32,374
Assets under management	97,100	92,800
Assets under administration		
Nykredit Portefølje Administration A/S	309,100	305,001
- of which the Nykredit Group's investment funds	34,100	34,475
Total assets under management and administration	406,200	397,801

MARKETS & ASSET MANAGEMENT

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

Activity**Nykredit Markets**

Nykredit Markets's earnings and activity levels were somewhat lower than in H1/2010.

The downturn in core earnings should be seen in the context of a relatively high activity level in 2010 coupled with a crisis-gripped banking market in H1/2011 and the effects of the collapse of Amagerbanken and Fjordbank Mors. The debt situation in a number of EU countries and not least the uncertainty relating to ratings and risk within Danish banking and mortgage lending also put a damper on market activity.

Nykredit Asset Management

Nykredit Asset Management's total assets under management and administration were DKK 97bn and DKK 309bn, respectively, which was a modest upturn compared with end-2010.

Results

Core earnings before impairment losses came to DKK 143m against DKK 427m in H1/2010.

Core income from business operations amounted to DKK 557m against DKK 912m in H1/2010. The decline was due to lower earnings in Nykredit Markets whereas the earnings of Nykredit Asset Management improved on the same period in 2010.

Operating costs came to DKK 413m, which was on a level with H1/2010.

Impairment losses on loans and advances totalled DKK 9m in H1/2011 following from losses on receivables from credit institutions of DKK 18m concerning Fjordbank Mors's collapse and reversal of impairment provisions.

Results – Other Activities

DKK million	H1/ 2011	H1/ 2010
Core income from business operations	113	111
Operating costs	104	115
Commission, government guarantee scheme	-	31
Depreciation of property, plant and equipment and amortisation of intangible assets	60	62
Core earnings before impairment losses	(51)	(97)
Impairment losses on loans and advances – mortgage lending	4	7
Impairment losses on loans and advances – banking	(60)	385
Core earnings after impairment losses	5	(489)

Activity

DKK million	30.06.2011	2010
Mortgage lending		
Portfolio at nominal value, end of period	1,445	1,536
Impairment provisions, end of period		
- Individual impairment provisions	4	2
- Collective impairment provisions	1	-
Banking		
Loans and advances, end of period	2,702	2,757
Deposits, end of period	535	507
Impairment losses as % of loans and advances*	-2.13	3.79
Total impairment provisions, end of period		
- Individual impairment provisions	2,363	2,923
- Collective impairment provisions	38	52
Total impairment provisions as % of loans and advances	47.05	51.90
Guarantees, end of period ¹	499	577
Provisions for guarantees, end of period ¹	90	38

¹ Excluding the government guarantee scheme.

* For H1/2011 and H1/2010.

Other data determined at end-H1/2011 and end-2010.

OTHER ACTIVITIES

Other Activities mainly comprises a portfolio of terminated exposures relating to corporate customers of the former Forstædernes Bank and mortgage loans granted via a branch in Poland. The area also includes the activities of Nykredit Mægler A/S, Nykredit Ejendomme A/S and Ejendomsselskabet Kalvebod A/S.

Results

Core earnings before impairment losses were a loss of DKK 51m against a loss of DKK 97m in H1/2010.

Core income from business operations amounted to DKK 113m against DKK 111m in H1/2010.

Operating costs were DKK 104m against DKK 115m in H1/2010.

Under impairment losses on bank lending and provisions for guarantees, net income of DKK 60m was reported compared with an expense of DKK 385m in H1/2010.

Total impairment provisions for bank lending stood at DKK 2,401m against DKK 2,975m at the beginning of the year. The decline was the result of reversals as well as recognised losses.

At end-H1/2011, total individual impairment provisions for mortgage lending in Poland came to DKK 4m.

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

In H2/2010, Ejendomsselskabet Kalvebod A/S acquired the shares of two property companies with a total property portfolio of DKK 770m at end-H1/2011 against DKK 776m at the beginning of the year.

Results – Group items

	H1/ 2011	H1/ 2010
DKK million		
Core income from		
– business operations	(26)	(11)
– securities	293	226
Total	267	215
Operating costs	385	178
Payment to the Danish Guarantee Fund for Depositors and Investors	85	-
Depreciation of property, plant and equipment and amortisation of intangible assets	88	94
Core earnings before impairment losses	(291)	(57)
Impairment losses on loans and advances – government guarantee scheme	-	114
Core earnings after impairment losses	(291)	(171)
Investment portfolio income	769	1,305
Profit before cost of capital	478	1,134
Net interest on hybrid core capital	(229)	(223)
Profit before tax	249	911

GROUP ITEMS

The segment financial statements contain a number of income statement and balance sheet items that cannot be allocated to the business areas. Such items are carried under "Group items" and include costs of staff functions and provisions for guarantees under the government guarantee scheme in 2010 and the Danish Guarantee Fund for Depositors and Investors in H1/2011.

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

Core income from securities

Group core income from securities was DKK 293m against DKK 226m in H1/2010. The improvement chiefly related to a larger securities portfolio coupled with a modest upturn in average repo rates from 1.06% in H1/2010 to 1.17%.

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

Operating costs

Operating costs were DKK 385m against DKK 178m in H1/2010.

Investment portfolio income

The Group's investment portfolio income was DKK 769m against DKK 1,305m in H1/2010.

Of the investment portfolio income for the period, DKK 812m was the Group's excess income on investments in addition to the risk-free interest, which was markedly higher than expected at the beginning of the year, but slightly lower than the level for the same period last year, when it was exceptionally high, ie DKK 1,312m.

Further, investment portfolio income included profit from the sale of strategic equities and capital losses on Nykredit's strategic shareholding in Amagerbanken (DKK 160m) and negative value adjustment of the Kalvebod issues (DKK 203m). The negative value adjustment chiefly stemmed from Nykredit's subordinated debt instruments in Amagerbanken and Fjordbank Mors. The overall adverse effect on investment portfolio income was DKK 43m.

Investment portfolio income is unaffected by the development in fixed income markets in Southern Europe. Nykredit's exposures to Greek, Italian and Spanish government bonds do not exceed DKK 100m. Further, exposures to Italian and Portuguese covered bonds of just above DKK 700m are considered to be secure.

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

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

Balance sheet

Bond portfolio

The Group's portfolio of bonds at end-H1/2011 totalled DKK 187bn, of which self-issued bonds accounted for DKK 111bn. The corresponding portfolio at end-2010 amounted to DKK 390bn, of which DKK 289bn of self-issued bonds.

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

The bond portfolio includes eg temporary holdings from the refinancing of Nykredit's fixed mortgage bullets funding ARMs (RTLs) as well as from the placement of prepaid funds from borrowers. Nykredit has not issued any ARMs to be refinanced at 1 July. Of the bond portfolio at end-H1/2011, DKK 4bn was prepaid funds from borrowers compared with DKK 131bn at the beginning of the year.

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

At end-H1/2011 Nykredit had not placed any bonds as collateral with Danmarks Nationalbank other than as collateral for day-to-day liquidity and securities settlement.

Equity

Group equity including recognition of profit for the period stood at DKK 55.7bn at end-H1/2011 compared with DKK 55.3bn at the beginning of the year.

In accordance with IAS 39, Nykredit has classified the Group's strategic equity investments as "available for sale" in its Consolidated Financial Statements.

The strategic equity investments include equities in a number of Danish local and regional banks. The continuous value adjustment of these equities is recognised in equity. For H1/2011, value adjustment against equity in the Consolidated Financial Statements came to a loss of DKK 328m. The value of equities classified as available for sale totalled DKK 2,515m at end-H1/2011.

In accordance with the international accounting standards, realised capital gains from the sale of strategic equities and the capital losses on Nykredit's shareholding in Amagerbanken have been reclassified from equity to the income statement. The reclassification increased profit after tax for the period by a net amount of DKK 171m.

The Nykredit Realkredit Group Changes in equity and capital base

DKK million	30.06.2011	30.06.2010	2010
Equity, beginning of year	55,320	51,241	51,241
Distributed dividend	(300)	-	-
Profit for the period	1,195	2,753	3,816
Fair value adjustment of equities available for sale	(328)	-133	161
Unrealised capital loss on equities available for sale reclassified to the income statement	34	-	100
Realised net value adjustment of equities available for sale	(205)	-	-
Other adjustments	-	-	2
Equity, end of period	55,716	53,861	55,320
Revaluation reserves transferred to supplementary capital	(132)	(132)	(132)
Proposed dividend	-	-	(300)
Intangible assets, including goodwill	(4,382)	(4,747)	(4,545)
Capitalised tax assets	(290)	(177)	(126)
Hybrid core capital	10,928	11,224	11,055
Other deductions from core capital ¹	(1,038)	(883)	(776)
Core capital incl hybrid core capital after statutory deductions	60,801	59,146	60,496
Total supplementary capital	703	4,706	780
Statutory deductions from capital base	(703)	(883)	(776)
Total capital base after statutory deductions	60,801	62,968	60,500

Note: Capital base and capital adequacy are specified further on page 31.

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

Capital base and capital adequacy

The Nykredit Realkredit Group

The Group's capital base stood at DKK 60.8bn, and risk-weighted items totalled DKK 311.9bn, corresponding to a capital adequacy ratio of 19.5%. The capital requirement was DKK 24.9bn, and the core capital ratio was 19.5% including hybrid core capital and 16.0% excluding hybrid core capital. By comparison, the internal capital adequacy requirement (ICAAP) was 9.6%.

The IRB advanced approaches are used to determine the capital requirement for credit risk of the greater part of the loan portfolio. The capital requirement for market risk is chiefly determined using a Value-at-Risk model, and the capital requirement for operational risk is determined using the basic indicator approach.

In 2008 and 2009, the capital requirement was subject to a minimum limit under transitional rules. These rules remain in force, which means that the capital requirement in 2010 and 2011 must not decline by more than 20% relative to the Basel I rules. The transitional rule is expected to be extended until the new EU capital adequacy rules have been phased in.

According to the transitional rule, the capital requirement amounted to DKK 44.6bn, equal to a capital adequacy ratio of at least 14.3%.

Nykredit Realkredit A/S

Nykredit Realkredit A/S's core capital ratio was 17.9% including hybrid core capital and 14.7% excluding hybrid core capital. The capital adequacy ratio amounted to 17.9%. By comparison, the internal capital adequacy requirement (ICAAP) was 9.0%.

Under the transitional rule, the capital requirement amounted to DKK 30.9bn, equal to a capital adequacy ratio of at least 9.2%.

The Nykredit Realkredit Group

Capital base and capital adequacy

DKK million	30.06.2011	30.06.2010	2010
Credit risk	22,204	24,206	23,269
Market risk	1,271	1,972	1,672
Operational risk	1,474	1,272	1,272
Total capital requirement not subject to transitional rule	24,949	27,450	26,213
Total capital requirement subject to transitional rule ¹	44,576	43,590	45,016
Capital base	60,801	62,968	60,500
Core capital ratio including hybrid core capital, % ²	19.5	17.2	18.5
Core capital ratio excluding hybrid core capital, % ²	16.0	14.0	15.1
Capital adequacy ratio, %	19.5	18.4	18.5
Capital adequacy requirement (SREP), %	8.0	8.0	8.0
Required capital adequacy ratio subject to transitional rule ³	14.3	12.7	13.7
Internal capital adequacy requirement (Pillar I and Pillar II), %	9.6	9.6	9.4
Total risk-weighted items	311,868	343,121	327,665

¹ The capital requirement subject to the transitional rule has been determined in accordance with the transitional provisions of the Danish Executive Order on Capital Adequacy. The capital requirements in 2010-2011 must constitute at least 80% of the capital requirement determined under Basel I.

² The core capital ratio has been determined relative to risk-weighted items of DKK 311,868m for the Nykredit Realkredit Group, ie without applying the transitional rule.

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

REQUIRED CAPITAL BASE AND CAPITAL ADEQUACY REQUIREMENT

The required capital base is the minimum capital required in Management's opinion to cover all significant risks.

The report Risk and Capital Management 2010, available at nykredit.com/reports, contains a detailed description of the determination of the required capital base and the capital adequacy requirement of the Nykredit Group as well as all group companies.

The capital adequacy requirement is calculated as the required capital base as a percentage of risk-weighted items. The Group's internal capital adequacy requirement (ICAAP) was 9.6%.

The Group's required capital base is determined using a confidence level of 99.97% for all exposures out of consideration for Nykredit's commitment to maintaining a competitive rating of the issued bonds.

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

Pillar I

Pillar I capital covers credit, market and operational risks as well as risk relating to own properties.

Pillar II

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

Weaker economic climate

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

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

Other factors

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

Model and calculation uncertainties

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

ICAAP buffer of Nykredit Bank

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

The Nykredit Realkredit Group Required capital base and internal capital adequacy requirement

DKK million	30.06.2011	30.06.2010	2010
Credit risk	18,307	19,543	19,254
Market risk	2,679	3,637	3,149
Operational risk	1,373	1,209	1,209
Risk relating to own properties	138	149	137
Total Pillar I	22,497	24,538	23,750
Weaker economic climate (stress tests, etc)	3,054	3,546	2,781
Other factors ¹	1,337	1,710	1,441
Model and calculation uncertainties	2,689	2,979	2,797
ICAAP buffer of Nykredit Bank	400	-	-
Total Pillar II	7,479	8,236	7,020
Total required capital base	29,976	32,774	30,770
Total risk-weighted items	311,868	343,121	327,665
Internal capital adequacy requirement (ICAAP), %	9.6	9.6	9.4

¹ Other factors include assessment of control risk, strategic risk, external risk, concentration risk, liquidity risk, etc.

CYCLICAL BUFFER

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

The calculations assume that the existing lending volume is maintained in spite of a weaker economic climate. In addition, it is assumed that interest rates will increase to 8.5% in spite of the weaker economic climate.

The cyclical buffer amounted to DKK 13.0bn.

CAPITAL POLICY AND STRUCTURE

Group equity stood at DKK 55.7bn at end-Q2/2011.

Nykredit divides its equity into four elements:

- *Business capital* of DKK 30.0bn equal to the statutory required capital base. Nykredit's assessment of the required capital base is partly based on the consequences of a deterioration of the current economic climate.
- *Cyclical buffer* of DKK 13.0bn covering the expected rise in the statutory required capital base should the economic climate change from the weaker economic climate to a severe recession with unemployment rates rising to the high levels seen in the early 1990s. The cyclical buffer is determined by means of stress tests. The loan impairment provisions and capital reserves under Pillar II are deemed to be based on conservative estimates.
- *Statutory capital deductions (goodwill etc)* relating to intangible assets of DKK 4.7bn.
- *Strategic capital* of DKK 8.0bn, the long-term capital maintained for strategic initiatives.

In addition to equity, the Group has raised hybrid core capital of DKK 10.9bn.

NEW REGULATION

In July 2011 the EU Commission published a proposal for new regulation of the capital and liquidity of credit institutions.

The proposal is very comprehensive and will change the general market conditions for financial operations in many respects. Capital and liquidity requirements will be raised significantly, which will render the banking system more secure in general, but it will also become more expensive and less risk-tolerant.

The requirements relating to equity and total subordinate loan capital will be much stricter. The proposal largely resembles that of the Basel Committee. It implies that the capital requirement as a percentage of risk-weighted assets will rise from the current 8% to 13%. The tightening will actually be larger than that, as the calculation rules applying to risk-weighted assets, statutory deductions from capital, etc will also be changed.

Nykredit fulfils the future capital requirements already today.

Where mortgage banks are concerned, the wording of the liquidity regulations is of most importance. The proposal contains two new liquidity rules based on the Liquidity Coverage Ratio (LCR), which regulates short-term liquidity, and the Net Stable Funding Ratio (NSFR), which regulates long-term liquidity.

A precise implementation plan applies to the LCR with an observation period until the introduction of the rules in 2015.

The observation period for NSFR is longer, and it is currently not clear whether the implementation of the rules will be proposed.

It is positive that the EU Commission has designed the proposal in a manner which takes into consideration the difference in banking systems in the European countries, not least the use of covered bonds. The new European banking authority, EBA, is to assess whether Danish covered bonds may be considered liquid securities in line with government bonds in the context of liquidity in DKK. We anticipate that the outcome of this assessment will be favourable to Danish covered bonds.

The Nykredit Realkredit Group Capital structure at 30 June 2011

Equity DKK 55.7bn				
Pillar I DKK 22.5bn	Pillar II DKK 7.5bn			
Business capital DKK 30.0bn		Cyclical buffer capital (reserve for severe recession) DKK 13.0bn	Statutory capital deductions DKK 4.7bn	Strategic capital DKK 8.0bn

OTHER

Preparation of operational changes

The general conditions for financial business are undergoing significant change.

The Nykredit Group plays a major role in the Danish financial market having contact with more than 1.1m retail and commercial customers. The Group accounts for 29% of total lending in Denmark.

However, to maintain a continued stability of operations to the benefit of our customers, the Group must duly adapt operations to the future business conditions, which are already taking shape.

With a view to adapting Nykredit's business already now in the light of this development and continuing Nykredit's financial sustainability, thereby ensuring lending opportunities for the Group's customers on a current basis, Nykredit's management in June decided to prepare the implementation of the following initiatives:

- Funding of ARMs out of a special capital centre to obtain a separate, and possibly lower, rating leading to a lower capital requirement following Moody's announcement, cf the section on rating below.
- Introducing two-tier mortgaging also in respect of retail customers in the first half of 2012 in order that part of a mortgage – probably up to 60% – will continue to be granted according to the rules applying to SDOs (særligt dækkede obligationer), whereas the top part of a mortgage, up to 80%, will be granted according to the rules applying to ROs (realkreditobligationer) – ie the former conventional mortgage bonds. This will reduce the overcollateralisation requirement in case of declining property prices. Nykredit implemented two-tier mortgaging for commercial loans in 2009.
- Nykredit will from H1/2012 grant retail mortgages through Totalkredit in line with Totalkredit's partner banks.
- The price of existing and new Totalkredit loans will be raised to generally ensure the best rating for Nykredit. Prices are expected to be raised as at 1 April 2012, reflecting the higher cost of carrying on mortgage banking. The future price structure will mirror the risk relating to the loan type in question.

Collapse of Fjordbank Mors

In H1/2011 Nykredit Bank A/S charged DKK 119m to the income statement, which amount stemmed from subordinated debt instruments in Fjordbank Mors. Further, the obligations under the Danish Guarantee Fund for Depositors and Investors prompted an expense of DKK 15m. The collapse of Fjordbank Mors had a total negative impact on group results of DKK 134m.

Collapse of Amagerbanken

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

In Q1/2011 some DKK 205m was charged to the income statement, mainly due to capital losses on equities and subordinated debt instruments in Amagerbanken. Further, the obligations under the Danish Guarantee Fund for Depositors and Investors prompted an expense of DKK 70m. The collapse of Amagerbanken had a total negative impact on group results of about DKK 278m, ie unchanged in H1/2011.

The Financial Stability Company has adjusted the expected dividend ratio in Amagerbanken from 59% to around 66%. As the Group's losses relating to Amagerbanken mainly derive from subordinated debt instruments, the earnings impact of the increased dividend ratio is modest.

Due to continued uncertainty about the final dividend ratio and acceptance of the Group's general claims, including conditions for set-off, the initially computed dividend ratio has not been adjusted.

Inauguration of new headquarters building

On 11 March 2011 Nykredit inaugurated a new headquarters building, the Crystal, which is Nykredit's new customer centre. A large number of customer-oriented activities which used to be located at many different addresses in Copenhagen and more than 300 staff have been housed in the Crystal.

Higher administration margins before Maritime and Commercial Court

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

In June 2010 the Danish Competition Council announced that Nykredit could not increase administration margins as intended.

As Nykredit disagreed with this assessment, it brought the matter before the Danish Competition Appeals Tribunal, which in December 2010 upheld the decision of the Danish Competition Council.

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

Concurrently with the proceedings at the Maritime and Commercial Court, Nykredit will continue the dialogue with the Danish Competition Authority about whether market and regulatory conditions have changed to an extent that warrants adjustment or discontinuation of the ceiling on Nykredit's administration margins since its acquisition of Totalkredit.

Capitalisation of Nykredit Bank A/S

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

At a meeting on 12 May 2011, the Board of Directors of Nykredit Holding A/S authorised the Executive Board to establish a loss guarantee for the part of the Bank's impairment losses and provisions (earnings impact for the year) that exceeds 2% of loans, advances and guarantees subject to a maximum of DKK 2bn for the term of the guarantee. The guarantee is expected to take effect from Q3/2011.

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

Uncertainty as to recognition and measurement

The measurement of certain assets and liabilities is based on accounting estimates made by Group Management.

The areas in which assumptions and estimates significant to the financial statements have been made include provisions for loan and receivable impairment, unlisted financial instruments and other provisions, see the Annual Report for 2010.

In Management's opinion, the uncertainty relating to the above-mentioned matters is insignificant to the H1 Interim Report 2011.

EVENTS OCCURRED AFTER THE END OF THE FINANCIAL PERIOD

Nykredit has passed EU-wide bank stress tests

The Nykredit Realkredit Group has participated in the EBA's EU-wide stress tests of the financial sector, and the Group passed the stress tests most satisfactorily. In the stress scenario, Nykredit's Core Tier 1 capital ratio (as defined by the EBA) will be 9.4% at end-2012, by far exceeding the stress test benchmark of 5%.

The stress test results should in no way be interpreted as Nykredit's forecast of the development in impairment losses, results, balance sheet, etc, but as an impact assessment given the scenarios, assumptions and calculation rules defined by the EBA.

When stress tested in relation to future legislation, Nykredit's Core Tier I capital ratio is 13.2%, which is far higher than the future capital requirement (Core Tier 1).

Ratings

In July 2011 Moody's Investors Service downgraded Nykredit Realkredit A/S's and Nykredit Bank A/S's long-term unsecured ratings by one notch to A2 with a negative outlook.

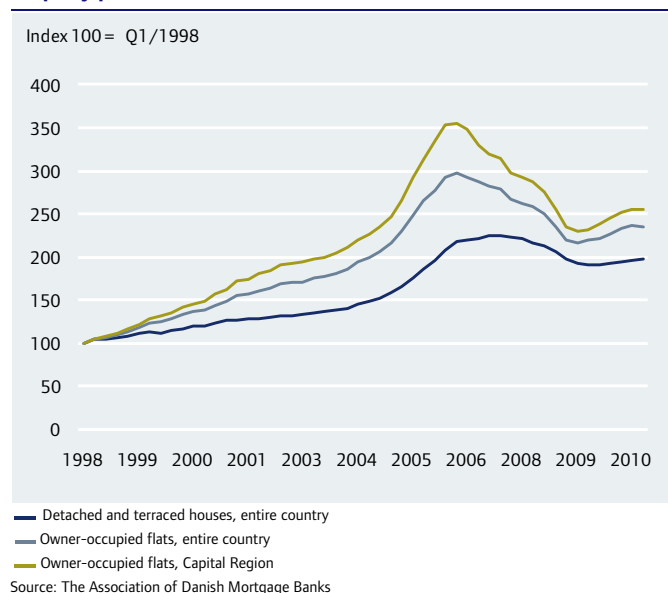
The rating of subordinated debt issues was also downgraded by one notch. Further, the rating of covered bonds issued out of Capital Centre D was downgraded by one notch to Aa1, while the rating of junior covered bonds issued out of Capital Centre E was downgraded on two occasions by a total of two notches to A2.

All other bond ratings have been affirmed at their current levels, including the Aaa rating of SDOs in Capital Centre E.

In the period up to the presentation of the H1 Interim Report 2011, no other material events have occurred.

LENDING

The Nykredit Realkredit Group Property prices in Denmark



The Group reported total lending of DKK 1,106bn against DKK 1,088bn at the beginning of the year. Total lending includes mortgage lending in nominal terms and bank lending excluding reverse transactions.

Group mortgage lending at fair value amounted to DKK 1,040bn against DKK 1,031bn at the beginning of the year. Group mortgage lending in nominal terms excluding arrears went up by almost DKK 18bn to DKK 1,048bn.

Group bank lending totalled DKK 57.3bn against DKK 58.8bn at the beginning of the year, down by DKK 1.5bn. The Group's reverse transactions amounted to DKK 16.4bn against DKK 12.9bn at the beginning of the year.

Total impairment provisions for mortgage and bank lending were DKK 7,786m against DKK 8,369m at the beginning of the year. At end-H1/2011, the Group had not made any impairment provisions for receivables from credit institutions and central banks or reverse transactions.

The Group's guarantees totalled DKK 9.2bn against DKK 15.2bn at the beginning of the year. The decline can be attributed to lower mortgage activity and an exceptionally high number of guarantees at end-2010 due to start-up problems with a new land registration system.

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

DKK million	Loans, advances and guarantees		Total provisions for loan impairment and guarantees		Impairment losses on loans and advances	
	30.06.2011	31.12.2010	30.06.2011	31.12.2010	H1/2011	FY 2010
Mortgage lending ¹						
Nykredit Realkredit ²	584,890	574,947	1,887	1,703	405	730
Totalkredit	463,339	455,260	545	523	139	158
Total	1,048,229	1,030,207	2,432	2,226	544	888
Of which arrears	569	571	-	-	-	-
Bank lending ³						
Nykredit Bank ⁴	54,579	56,076	2,953	3,168	244	423
Terminated exposures ⁵	2,702	2,757	2,401	2,975	(109)	937
Total	57,281	58,833	5,354	6,143	135	1,360
Reverse transactions	16,409	12,920	-	-	-	-
Guarantees	9,229	15,225	153	745	66	134
Of which government guarantee scheme	-	659	-	659	-	279
Impairment losses, % ⁶						
Nykredit Realkredit	-	-	0.32	0.30	0.07	0.13
Totalkredit	-	-	0.12	0.11	0.03	0.03
Total			0.23	0.22	0.05	0.09
Nykredit Bank	-	-	5.13	5.35	0.42	0.71
Terminated exposures ⁵	-	-	47.05	51.90	(2.14)	16.36
Total			8.55	9.45	0.22	2.09

¹ Mortgage lending in nominal terms, including arrears.

² Excluding intercompany lending of DKK 585m (2010: DKK 581m).

³ Bank lending after total loan impairment provisions.

⁴ Excluding intercompany lending of DKK 260m (2010: DKK 240m).

⁵ From the former Forstædernes Bank.

⁶ Impairment losses exclude reverse transactions and guarantees.

Loan portfolio

The Group's credit exposure to mortgage lending in nominal terms, including arrears, amounted to DKK 1,048bn at end-H1/2011 against DKK 1,030bn at the beginning of the year, a rise of DKK 18bn. Private residential mortgages accounted for DKK 9bn of the upturn.

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

Guarantees issued by public authorities mitigate the credit risk of mortgage loans mainly for subsidised housing, which are included in lending for non-profit housing. Public authority guarantees are guarantees whereby the guarantor assumes primary liability.

The LTV ratios of mortgage loans are shown in the table below with individual loans relative to estimated values of the individual properties at end-H1/2011.

Provisions for mortgage loan impairment

The Group's total impairment provisions for mortgage lending rose by DKK 206m in the period to DKK 2,432m at end-H1/2011.

The Group's individual impairment provisions for mortgage lending totalled DKK 1,342m against DKK 1,259m at the beginning of the year, and collective impairment provisions for mortgage lending were DKK 1,090m against DKK 967m at the beginning of the year.

The increase in provisions mainly derived from private residential property and agriculture. In H1/2011, total impairment provisions relating to private residential property rose by DKK 119m, of which individual impairment provisions represented DKK 65m and collective impairment provisions DKK 54m.

The DKK 132m rise in provisions relating to agriculture derived from higher collective impairment provisions, whereas individual impairment provisions remained unchanged relative to the beginning of the year.

Private residential property accounted for DKK 889m and commercial property DKK 1,543m.

The Group's impairment provisions totalled 0.23% of total mortgage lending against 0.22% at the beginning of the year.

Earnings impact

Impairment losses on mortgage lending came to DKK 544m against DKK 498m in H1/2010. Of total impairment losses on loans and advances for the period, DKK 312m or just above 57% was attributable to private residential property.

The Nykredit Realkredit Group

Mortgage debt outstanding relative to estimated property values

DKK million/%	LTV (loan-to-value)				Total	LTV, median, % ²	LTV, avg, % ¹
	0-40	40-60	60-80	Over 80			
Private residential property	400,919	143,696	80,898	12,017	637,531	31	67
Private residential rental	65,108	20,764	10,902	1,259	98,034	28	62
Industry and trades	20,144	3,999	476	124	24,742	21	47
Office and retail	75,565	20,286	4,239	629	100,719	24	53
Agriculture	72,416	19,333	6,950	1,996	100,695	25	57
Non-profit housing	-	-	-	-	-	-	-
Other	11,921	2,307	439	120	14,786	21	48

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.

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

² Determined as the mid part of the debt outstanding relative to estimated property values.

The Nykredit Realkredit Group

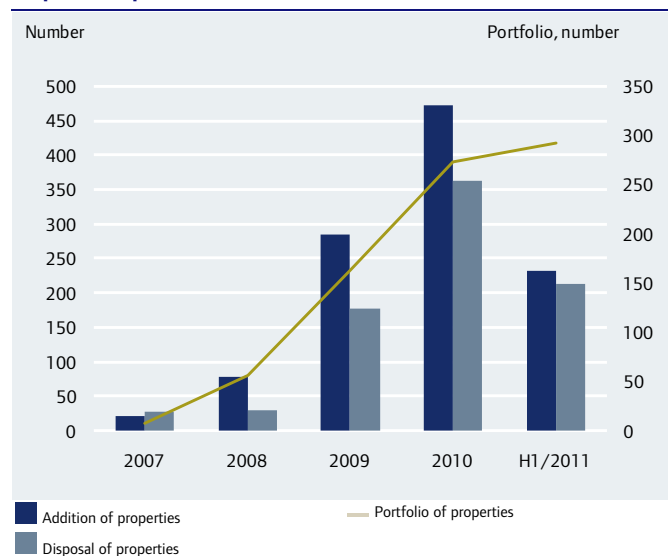
Provisions for mortgage loan impairment by property category¹

DKK million	30.06.2011				31.12.2010			
	Individual impairment provisions	Collective impairment provisions	Total	Total earnings impact	Individual impairment provisions	Collective impairment provisions	Total	Total earnings impact
Private residential property	478	411	889	312	413	357	770	367
Private residential rental	561	168	729	58	519	181	700	(25)
Industry and trades	132	59	191	53	157	45	202	139
Office and retail	83	121	204	(15)	95	163	258	207
Agriculture	57	293	350	142	56	161	217	182
Non-profit housing	7	7	14	(8)	3	19	22	1
Other	24	31	55	2	16	41	57	17
Total	1,342	1,090	2,432	544	1,259	967	2,226	888

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

The Nykredit Realkredit Group

Properties repossessed/sold



Reposessed properties

In H1/2011, the Group reposessed 232 properties and sold 213. At end-H1/2011, the property portfolio stood at 292 compared with 273 at the beginning of the year. Of the portfolio at end-H1/2011, 208 were private residential properties.

Arrears

At the March settlement date, group mortgage arrears as a percentage of total mortgage payments due came to 0.66%. By comparison, the arrears ratio was 0.89% at the same time the year before and 0.62% at the December settlement date in 2010.

The Nykredit Realkredit Group

Arrears ratio, mortgage lending – 75 days after the March settlement date



BANK LENDING

The Group's credit exposure to bank lending amounted to DKK 82.9bn against DKK 87.0bn at the beginning of the year.

Bank lending accounted for DKK 57.3bn of the total credit exposure against DKK 58.8bn at the beginning of the year, a decline of DKK 1.5bn. Bank lending before impairment losses was DKK 62.6bn against DKK 65.0bn at the beginning of 2011.

Provisions for bank loan impairment

Total provisions for loan impairment amounted to DKK 5,354m against DKK 6,143m at the beginning of the year.

The Group's individual impairment provisions for bank lending totalled DKK 4,881m against DKK 5,721m at the beginning of the year, a fall of DKK 840m. Collective impairment provisions for bank lending were DKK 473m against DKK 422m at the beginning of the year – a rise of DKK 51m.

The drop in impairment provisions was chiefly related to a DKK 574m decline in provisions for Other Activities (terminated exposures)

The Nykredit Realkredit Group Bank loans, advances and guarantees

DKK million	30.06.2011	31.12.2010
Bank lending	54,579	56,076
Terminated exposures ¹	2,702	2,757
Reverse transactions	16,409	12,920
Guarantees	9,229	15,225
Total	82,919	86,978

¹ From the former Forstædernes Bank.

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

DKK million	Provisions for guarantees	Individual impairment provisions	Collective impairment provisions	Total provisions 30.06.2011	Total provisions 31.12.2010
Retail	5	394	96	495	501
Commercial ¹	58	2,123	340	2,521	3,374
Terminated exposures ²	90	2,364	37	2,491	3,013
Total	153	4,881	473	5,507	6,888

¹ Commercial incl Markets & Asset Management.

² From the former Forstædernes Bank.

Bank loans, advances and guarantees by industry

DKK million	Loans, advances and guarantees		Provisions	Provisions
	30.06.2011	31.12.2010	30.06.2011	31.12.2010
Public sector	275	806	2	0
Agriculture, hunting, forestry and fishing	2,271	2,556	98	82
Manufacturing, mining and quarrying	6,340	6,627	138	256
Energy supply	2,120	2,418	39	18
Construction	1,803	1,482	244	285
Trade	2,178	2,235	305	375
Transport, accommodation and food service activities	2,467	1,634	99	61
Information and communication	1,173	1,443	32	54
Financial and insurance activities	23,103	18,616	1,129	1,705
Property	14,218	16,739	1,781	1,664
Other trade and industry	7,622	10,350	823	1,481
Total	63,295	64,100	4,688	5,981
Retail	19,349	22,311	817	907
Total corporate	82,919	87,217	5,507	6,888

As the breakdown is based on public sector statistics, it is not directly comparable with the Bank's business areas. The breakdown for 2011 is based on the official Danish standard DB07, which means that the presentation has been changed on H1/2010. Comparative figures at 31 December 2010 have been restated.

prompted by reversals and recognised losses. As at 30 June impairment provisions totalled about 47% of loans and advances before impairment provisions of Other Activities.

Provisions for Commercial Customers were reduced by DKK 208m to DKK 2,463m, whereas provisions for Retail Customers were largely unchanged at DKK 490m compared with end-2010.

Guarantees

The Group issues guarantees on a current basis, including guarantees to mortgage banks in connection with the granting of mortgage loans. Guarantees totalled DKK 9.2bn against DKK 15.2bn at the beginning of the year.

At end-H1/2011, provisions for guarantees amounted to DKK 153m against DKK 745m at the beginning of the year. DKK 659m of the provisions related to Bank Rescue Package I, which amount was paid to the Financial Stability Company in Q1/2011.

Earnings impact

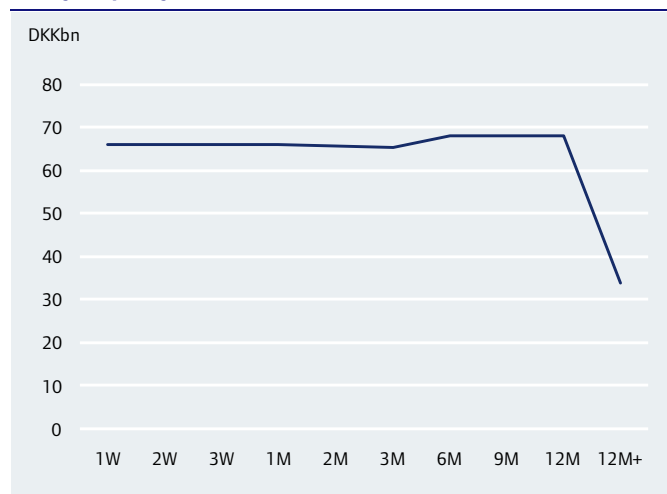
Impairment losses on loans and advances for the period stood at DKK 135m against DKK 535m in H1/2010, and provisions for guarantees amounted to DKK 66m in H1/2011. This compared with provisions for guarantees of DKK 214m in H1/2010 of which DKK 114m concerned Bank Rescue Package I.

Impairment losses on loans and advances recorded in H1/2011 notably mirrored reversal of impairment provisions for terminated exposures net in Other Activities, which came to an income of DKK 109m against an expense of DKK 310m in H1/2010.

LIQUIDITY

Mortgage lending

Moody's liquidity curve



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

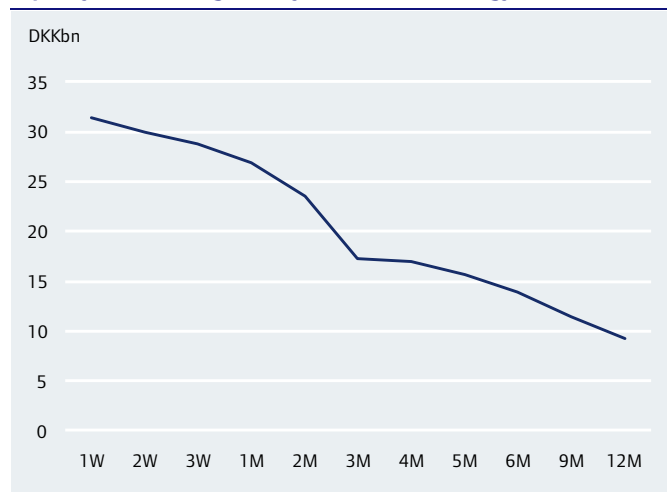
Banking

Liquidity relative to statutory requirements



Banking

Liquidity stress testing (Moody's Global Methodology)



LIQUIDITY RISK

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

In its "Bank Financial Strength Ratings: Global Methodology", Moody's Investors Service has laid down a number of principles for requirements relating to the liquidity management of banks. In order to obtain the rating "Very Good Liquidity Management", the liquidity curve must be positive 12 months ahead.

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

Mortgage lending

The greater part of group lending consists of mortgage loans funded by covered bonds in the form of ROs and SDOs according to the match-funding principle.

Mortgage lending and its funding are therefore liquidity neutral.

Nykredit's capital resources are placed mainly in a portfolio of listed bonds in addition to portfolio equities, strategic equities and subsidiary equities. By virtue of their large bond portfolios, mortgage banks have ample liquidity, which is seen from the liquidity curve.

The liquidity of Nykredit Realkredit and Totalkredit is always positive due to match funding and the investment rules applying to the capital requirement.

Nykredit Realkredit launched a Global Covered Securities (GCS) programme in February 2011. The programme may be applied for the funding of SDOs and junior covered bonds issued out of Capital Centre E. The objectives are to:

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

Banking

The Bank has adapted its liquidity risk management due to its business development and the new Danish Executive Order on the governance and management of banks (section 71). The new executive order provides detailed requirements for banks' liquidity policies, profile and board instructions as well as liquidity stress testing and liquidity buffer.

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

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

Stress testing is performed on a continuous basis in the form of eg a bank-specific, a sector-specific and a combination scenario as stated

in section 71 of the Danish Executive Order on the governance and management of banks.

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

At 30 June 2011, the excess cover was 198.7% against 251% at end-2010, corresponding to a liquidity buffer of DKK 36.1bn compared with DKK 54.7bn at end-2010. In H1/2011 the liquidity buffer averaged DKK 32.4bn compared with DKK 49.8bn for 2010.

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

The Bank's long-term funding activities progress according to plan, with EMTN issues of DKK 15.3bn at 30 June 2011.

Further, the Bank has continued its current refinancing of short-term ECP issues, which totalled DKK 11.0bn at 30 June 2011.

The aggregate amount issued under the ECP and EMTN programmes was DKK 26.3bn at 30 June 2011 against DKK 32.2bn at end-2010.

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 – 30 June 2011 of Nykredit Realkredit A/S and the Nykredit Realkredit Group.

The Consolidated Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. The H1 Financial Statements of the Parent Company have been prepared in accordance with the Danish Financial Business Act.

Further, the H1 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 30 June 2011 and of the results of the Group's and the Parent Company's operations as well as the Group's cash flows for the financial period 1 January – 30 June 2011.

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

Copenhagen, 18 August 2011

Executive Board

Peter Engberg Jensen
Group Chief Executive

Kim Duus
Group Managing Director

Søren Holm
Group Managing Director

Karsten Knudsen
Group Managing Director

Per Ladegaard
Group Managing Director

Bente Overgaard
Group Managing Director

Board of Directors

Steen E. Christensen
Chairman

Hans Bang-Hansen
Deputy Chairman

Steffen Kragh
Deputy Chairman

Kristian Bengaard

Michael Demsitz

Merete Eldrup

Lisbeth Grimm

Allan Kristiansen

Susanne Møller Nielsen

Anders C. Obel

Erling Bech Poulsen

Nina Smith

Jens Erik Udsen

Leif Vinther

Income statements for 1 January – 30 June

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group			
H1/2010	H1/2011		Note	H1/2011	H1/2010
18,347	17,923	Interest income	3	21,800	22,016
15,642	15,605	Interest expenses	4	16,856	16,484
2,705	2,318	NET INTEREST INCOME		4,944	5,532
37	58	Dividend on equities		60	39
446	396	Fee and commission income		869	1,033
135	130	Fee and commission expenses		762	752
3,053	2,642	NET INTEREST AND FEE INCOME		5,111	5,851
(439)	(507)	Value adjustments	5	(67)	(21)
49	18	Other operating income		111	89
1,144	1,455	Staff and administrative expenses	6	2,548	2,345
324	330	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	7	393	398
2	0	Other operating expenses		91	252
434	403	Impairment losses on loans, advances and receivables	8	745	1,246
2,037	575	Profit from investments in associates and group enterprises	9	10	3
2,795	538	PROFIT BEFORE TAX		1,389	1,680
175	(157)	Tax	10	194	439
2,620	696	PROFIT FROM CONTINUED OPERATIONS FOR THE PERIOD		1,195	1,241
-	-	Profit from discontinued insurance operations	11	-	1,512
2,620	696	PROFIT FOR THE PERIOD		1,195	2,753

Statements of comprehensive income for 1 January – 30 June

DKK million

Nykredit Realkredit A/S			The Nykredit Realkredit Group	
H1/2010	H1/2011		Note	H1/2010
2,620	696	PROFIT FOR THE PERIOD		1,195
-	-	Fair value adjustment of equities available for sale	(476)	(171)
-	-	Tax on fair value adjustment of equities available for sale	148	38
-	-	Realised value adjustment of equities available for sale reclassified to the income statement	(205)	-
-	-	Tax on realised value adjustment of equities available for sale reclassified to the income statement	(0)	-
-	-	Unrealised capital loss on equities available for sale reclassified to the income statement due to objective evidence of impairment	45	-
-	-	Tax on unrealised capital loss on equities available for sale reclassified to the income statement due to objective evidence of impairment	(11)	-
-	-	OTHER COMPREHENSIVE INCOME	(499)	(133)
2,620	696	COMPREHENSIVE INCOME FOR THE PERIOD		696

Balance sheets, end of period

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group			
31.12.2010	30.06.2011		Note	30.06.2011	31.12.2010
		ASSETS			
394	301	Cash balance and demand deposits with central banks		530	507
45,510	26,333	Receivables from credit institutions and central banks	12	36,249	58,149
1,019,032	974,490	Loans, advances and other receivables at fair value	13	1,056,720	1,043,763
944	950	Loans, advances and other receivables at amortised cost	14	58,231	59,777
58,697	53,893	Bonds at fair value	15	74,698	94,139
		Equities			
4,673	3,859	Equities measured at fair value through profit or loss		1,792	1,696
-	-	Equities available for sale		2,515	3,309
4,673	3,859	Total		4,307	5,005
149	153	Investments in associates		155	151
27,930	28,494	Investments in group enterprises		-	-
4,499	4,319	Intangible assets		4,382	4,545
		Land and buildings			
-	-	Investment properties		837	845
23	23	Owner-occupied properties		1,726	1,715
23	23	Total		2,563	2,560
306	291	Other property, plant and equipment		330	342
-	-	Current tax assets		70	188
703	750	Deferred tax assets		815	747
274	380	Assets in temporary possession		511	404
17,052	14,618	Other assets	16	36,097	40,646
199	189	Prepayments		206	218
1,180,384	1,109,042	TOTAL ASSETS		1,275,864	1,311,140

Balance sheets, end of period

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group			
31.12.2010	30.06.2011		Note	30.06.2011	31.12.2010
		LIABILITIES AND EQUITY			
79,456	62,512	Payables to credit institutions and central banks	17	79,120	95,879
-	-	Deposits and other payables	18	51,875	55,467
1,002,524	949,479	Issued bonds at fair value	19	971,772	974,319
195	195	Issued bonds at amortised cost	20	25,834	32,569
4,394	7,642	Other non-derivative financial liabilities at fair value	21	30,092	28,160
129	54	Current tax liabilities		160	160
26,532	21,826	Other liabilities	22	48,606	55,721
-	-	Deferred income		5	6
1,113,230	1,041,708	Total payables		1,207,463	1,242,281
		Provisions			
322	328	Provisions for pensions and similar obligations		332	326
580	484	Provisions for deferred tax		525	621
100	98	Repayable reserves funded by pre-1972 series		98	100
-	-	Provisions for losses under guarantees		153	745
27	31	Other provisions		133	129
1,029	941	Total provisions		1,241	1,921
10,805	10,678	Subordinated debt	23	11,444	11,618
		Equity			
1,182	1,182	Share capital		1,182	1,182
		Accumulated changes in value			
4	4	- Revaluation reserves		132	132
-	-	- Value adjustment of equities available for sale		1,337	1,836
		Other reserves			
1,357	1,924	- Statutory reserves		-	-
35,490	35,490	- Series reserves		35,490	35,490
16,987	17,116	Retained earnings		17,574	16,380
300	-	Proposed dividend		-	300
55,320	55,716	Total equity		55,716	55,320
1,180,384	1,109,042	TOTAL LIABILITIES AND EQUITY		1,275,864	1,311,140
		OFF-BALANCE SHEET ITEMS	24		
-	-	Contingent liabilities		5,664	6,286
1,273	1,585	Other commitments		7,899	8,013
1,273	1,585	TOTAL		13,563	14,298

Statement of changes in equity

DKK million

Nykredit Realkredit A/S

	Share capital	Revaluation reserves	Statutory reserves *	Series reserves	Retained earnings	Proposed dividend	Total
2011							
Equity, 1 January	1,182	4	1,357	35,490	16,987	300	55,320
Profit for the period	-	-	573	-	123	-	696
Total comprehensive income for the period	-	-	573	-	123	-	696
Dividend from associates	-	-	(6)	-	6	-	-
Dividend paid	-	-	-	-	-	(300)	(300)
Equity, 30 June	1,182	4	1,924	35,490	17,116	-	55,716
2010							
Equity, 1 January	1,182	5	-	26,760	23,294	-	51,241
Profit for the year	-	-	1,361	-	2,415	300	4,076
Other comprehensive income							
Share of comprehensive income in associates and group enterprises	-	-	2	-	-	-	2
Fair value adjustment of owner-occupied property	-	(1)	-	-	-	-	(1)
Total other comprehensive income	-	(1)	2	-	-	-	1
Total comprehensive income for the year	-	(1)	1,363	-	2,415	300	4,077
Dividend from associates	-	-	(6)	-	6	-	-
Adjustment pursuant to capital adequacy rules	-	-	-	8,731	(8,731)	-	-
Transferred from provisions – pre-1972 series	-	-	-	-	3	-	3
Equity, 31 December	1,182	4	1,357	35,490	16,987	300	55,320

* 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.

Statement of changes in equity

DKK million

The Nykredit Realkredit Group

	Share capital	Revaluation reserves	Accumulated value adjustment of equities available for sale	Series reserves	Retained earnings	Proposed dividend	Total
2011							
Equity, 1 January	1,182	132	1,836	35,490	16,380	300	55,320
Profit for the period	-	-	-	-	1,195	-	1,195
Other comprehensive income							
Fair value adjustment of equities available for sale	-	-	(328)	-	-	-	(328)
Unrealised capital loss on equities available for sale reclassified to the income statement due to objective evidence of impairment	-	-	34	-	-	-	34
Realised value adjustment of equities available for sale reclassified to the income statement	-	-	(205)	-	-	-	(205)
Total other comprehensive income	-	-	(499)	-	-	-	(499)
Total comprehensive income for the period	-	-	(499)	-	1,195	-	696
Other adjustments	-	-	1	-	(1)	-	-
Dividend paid	-	-	-	-	-	(300)	(300)
Equity, 30 June	1,182	132	1,337	35,490	17,574	-	55,716
2010							
Equity, 1 January	1,182	132	1,575	26,760	21,592	-	51,241
Profit for the year	-	-	-	-	3,516	300	3,816
Other comprehensive income							
Fair value adjustment of owner-occupied property	-	1	-	-	-	-	1
Fair value adjustment of equities available for sale	-	-	161	-	-	-	161
Unrealised capital loss on equities available for sale reclassified to the income statement due to objective evidence of impairment	-	-	100	-	-	-	100
Total other comprehensive income	-	1	261	-	-	-	261
Total comprehensive income for the year	-	1	261	-	3,516	300	4,077
Adjustment pursuant to capital adequacy rules	-	-	-	8,731	(8,731)	-	-
Transferred from provisions – pre-1972 series	-	-	-	-	3	-	3
Equity, 31 December	1,182	132	1,836	35,490	16,380	300	55,320

Reference is made to page 12 of the Management's Review for a statement of the movements in equity for the period 1 January 2010 to 30 June 2010.

Capital base and capital adequacy, end of period

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group		
31.12.2010	30.06.2011		30.06.2011	31.12.2010
Capital base and capital adequacy				
55,320	55,716	Equity, end of period	55,716	55,320
(4)	(4)	Revaluation reserves transferred to supplementary capital	(132)	(132)
55,316	55,712	Core capital	55,584	55,188
(300)	-	Proposed dividend	-	(300)
(4,499)	(4,319)	Intangible assets	(4,382)	(4,545)
(123)	(265)	Capitalised tax assets	(290)	(126)
50,394	51,128	Core capital after statutory deductions excl hybrid core capital	50,912	50,217
10,805	10,678	Hybrid core capital included	10,928	11,055
(587)	(502)	Difference between expected losses and impairments for accounting purposes	(693)	(599)
(1,393)	(1,327)	Other statutory deductions	(345)	(177)
59,219	59,977	Core capital, incl hybrid core capital, after statutory deductions	60,801	60,496
-	-	Subordinate loan capital included	520	594
57	54	Revaluation reserves and series reserves	183	185
59,276	60,031	Capital base before statutory deductions	61,504	61,275
(587)	(502)	Difference between expected losses and impairments for accounting purposes	(693)	(599)
(431)	(439)	Other statutory deductions	(178)	(177)
961	887	Set-off of excess capital deduction	168	-
59,219	59,977	Capital base after statutory deductions	60,801	60,499
Capital requirement				
25,574	24,670	Credit risk (incl settlement risk, statutory deduction for collective impairment provisions under the standardised approach and a capital charge for exceeding large exposure limits)	22,204	23,269
1,093	1,088	Market risk	1,271	1,672
970	1,097	Operational risk	1,474	1,272
27,637	26,855	Total capital requirement not subject to transitional rule	24,949	26,213
31,029	30,899	Total capital requirement subject to transitional rule	44,576	45,016
Risk-weighted assets				
345,467	335,688	Total risk-weighted assets	311,868	327,665
Financial ratios				
14.0	14.7	Core capital ratio excl hybrid core capital	16.0	15.1
17.1	17.9	Core capital ratio incl hybrid core capital	19.5	18.5
17.1	17.9	Capital adequacy ratio	19.5	18.5
9.0	9.2	Minimum capital adequacy ratio (capital adequacy ratio subject to transitional rule)	14.3	13.7
8.9	9.0	Internal capital adequacy requirement (ICAAP), %	9.6	9.4

Core earnings and investment portfolio income for 1 January – 30 June

DKK million

The Nykredit Realkredit Group

	H1/2011				H1/2010			
	Core earnings	Investment portfolio income	Cost of capital	Total	Core earnings	Investment portfolio income	Cost of capital	Total
Net interest income	4,123	1,047	(227)	4,944	4,131	1,628	(227)	5,532
Dividend on equities	2	59	-	60	1	37	-	39
Net fee and commission income	128	(21)	-	107	316	(35)	-	281
Net interest and fee income	4,253	1,085	(227)	5,111	4,448	1,630	(227)	5,851
Value adjustments	266	(331)	(3)	(67)	310	(334)	4	(21)
Other operating income	106	5	-	111	82	7	-	89
Staff and administrative expenses	2,548	-	-	2,548	2,345	-	-	2,345
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	393	-	-	393	398	-	-	398
Other operating expenses	91	-	-	91	252	-	-	252
Impairment losses on loans, advances and other receivables	745	-	-	745	1,246	-	-	1,246
Profit from investments in associates	-	10	-	10	-	3	-	3
Profit (loss) before tax	849	769	(230)	1,389	598	1,305	(223)	1,680

Cash flow statement for 1 January – 30 June

DKK million

The Nykredit Realkredit Group			
	Note	H1/2011	H1/2010
Profit after tax for the period		1,195	2,753
Amortisation and impairment losses for intangible assets		288	290
Depreciation and impairment losses for property, plant and equipment		105	109
Profit from investments in associates		(10)	(3)
Profit from discontinued insurance operations		-	(1,512)
Impairment losses on loans, advances and receivables		745	1,246
Prepayments/deferred income, net		11	(65)
Tax calculated on profit for the period		194	439
Other adjustments		(482)	(139)
Total		850	366
Profit for the period adjusted for non-cash operating items		2,045	3,119
Change in working capital			
Loans, advances and other receivables		(12,156)	(44,215)
Deposits and payables to credit institutions		(20,351)	16,257
Issued bonds		(9,282)	28,438
Other working capital		(1,605)	1,417
Total		(43,394)	1,897
Corporation tax paid, net		(104)	(202)
Cash flows from operating activities		(41,454)	4,813
Cash flows from investing activities			
Acquisition of group enterprises		(28)	-
Divestment of Nykredit Forsikring A/S		-	2,515
Acquisition of associates		(2)	(0)
Divestment of associates		7	13
Dividend received		6	501
Purchase and sale of bonds and equities		20,150	(18,230)
Purchase of intangible assets		(107)	(103)
Purchase of property, plant and equipment		(105)	(203)
Sale of property, plant and equipment		2	1
Total		19,923	(15,505)
Cash flows from financing activities			
Redemption of subordinated debt as well as buyback and sale of self-issued bonds		(47)	(65)
Dividend paid		(300)	-
Total		(347)	(65)
Cash flows from continued operations		(21,878)	(10,757)
Cash flows from discontinued insurance operations	11	-	(371)
Total cash flows		(21,878)	(11,128)
Cash and cash equivalents, beginning of period			
Cash balance and demand deposits with central banks		507	1,828
Receivables from credit institutions and central banks		58,149	61,081
Total		58,657	62,909
Cash and cash equivalents, end of period			
Cash balance and demand deposits with central banks		530	589
Receivables from credit institutions and central banks		36,249	51,192
Total		36,779	51,781

Notes

LIST OF NOTES

No	Note	Page
1.	Accounting policies	35
2.	Results by business area	36
3.	Interest income	37
4.	Interest expenses	37
5.	Value adjustments	38
6.	Staff and administrative expenses	38
7.	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	39
8.	Impairment losses on loans, advances and receivables	39
9.	Profit from investments in associates and group enterprises	40
10.	Tax	40
11.	Profit from discontinued insurance operations	41
12.	Receivables from credit institutions and central banks	41
13.	Loans, advances and other receivables at fair value	42
14.	Loans, advances and other receivables at amortised cost	43
15.	Bonds at fair value	43
16.	Other assets	44
17.	Payables to credit institutions and central banks	44
18.	Deposits and other payables	44
19.	Issued bonds at fair value	44
20.	Issued bonds at amortised cost	45
21.	Other non-derivative financial liabilities at fair value	45
22.	Other liabilities	45
23.	Subordinated debt	46
24.	Off-balance sheet items	47
25.	Related party transactions and balances	48
26.	Six-quarter financial highlights	49
27.	Five-year financial highlights	50
28.	Group structure	52

Notes

1. ACCOUNTING POLICIES

General

The Consolidated Financial Statements for H1/2011 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and further Danish financial reporting and disclosure requirements for interim reports. Compliance with IAS 34 implies observance of the principles of recognition and measurement of the IFRS but a less detailed presentation relative to the presentation of annual reports.

Interim financial statements of the Parent Company are prepared in accordance with the Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc. issued by the Danish Financial Supervisory Authority.

Compared with the H1 Interim Report 2010 and the Annual Report for 2010, the segment financial statements as well as the statement of core earnings and investment portfolio income for H1/2011 have been modified due to a change made to internal management reporting. In the segment financial statements, earnings related to the portfolio of Kalvebod issues have been transferred from the business area Markets & Asset Management to group items. In the statement of core earnings and investment portfolio income, earnings have been transferred from Core income from business operations to Investment portfolio income. In H1/2011 the portfolio generated a loss of DKK 203m against a loss of DKK 7m in H1/2010. Comparative figures have been restated. The modification does not affect the Nykredit Realkredit Group's results, balance sheet or equity.

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

Compared with the information disclosed in the accounting policies of the Annual Report for 2010 (note 1), no new reporting standards or interpretations have been issued or approved which would influence the H1 Interim Report 2011 of Nykredit Realkredit A/S and the Nykredit Realkredit Group. The IASB is currently working on a project which, in time, will replace the IAS 39 rules. The revised standard – IFRS 9 – is divided into three main phases comprising classification and measurement of financial assets and liabilities, impairments and hedge accounting.

The EU has opted not to adopt the IFRS 9 until the results of all three phases are available. The new standard is scheduled to be implemented in January 2015. The impact of the implementation of IFRS 9 on the Consolidated Financial Statements has not yet been analysed, as the standard is not currently available in a form that allows for an overall assessment of the effect.

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

All figures in the H1 Interim Report 2011 are presented in DKK million. The totals stated are calculated on the basis of actual figures. Due to the rounding-off to DKK million, the sum of individual figures and the stated totals may differ slightly.

The H1 Interim Report 2011 has not been audited or reviewed.

Notes

DKK million

2. RESULTS BY BUSINESS AREA

	Retail Customers	Totalkredit	Commercial Customers	Markets & Asset Management	Other Activities	Group items and eliminations	Total
H1/2011							
Core income from							
- business operations	1,085	636	1,967	557	113	(26)	4,332
- securities	-	-	-	-	-	293	293
Total	1,085	636	1,967	557	113	267	4,625
Operating costs	838	186	627	413	104	470	2,638
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	(0)	244	(0)	1	60	88	393
Core earnings before impairment losses	247	206	1,340	143	(51)	(291)	1,594
Impairment losses on loans and advances	249	139	404	9	(56)	-	745
Core earnings after impairment losses	(2)	67	936	134	5	(291)	849
Investment portfolio income ¹	-	-	-	-	-	769	769
Profit (loss) before cost of capital	(2)	67	936	134	5	478	1,618
Net interest on hybrid core capital	-	-	-	-	-	(229)	(229)
Profit (loss) before tax	(2)	67	936	134	5	249	1,389
Total assets at 30 June 2011	205,368	466,019	432,377	82,094	6,840	83,167	1,275,864
	Retail Customers	Totalkredit	Commercial Customers	Markets & Asset Management	Other Activities	Group items and eliminations	Total
H1/2010							
Core income from							
- business operations	1,160	699	1,743	912	111	(12)	4,613
- securities	-	-	-	-	-	226	226
Total	1,160	699	1,743	912	111	215	4,839
Operating costs	885	222	690	476	145	178	2,597
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	-	231	2	10	62	93	398
Core earnings before impairment losses	275	245	1,051	426	(96)	(57)	1,844
Impairment losses on loans and advances	221	56	461	1	393	114	1,246
Core earnings after impairment losses	53	188	590	426	(489)	(171)	598
Investment portfolio income ¹	-	-	-	-	-	1,305	1,305
Profit (loss) before cost of capital	53	188	590	426	(489)	1,134	1,903
Net interest on hybrid core capital	-	-	-	-	-	(223)	(223)
Profit (loss) before tax	53	188	590	426	(489)	911	1,680
Total assets at 30 June 2010	196,729	446,443	426,814	163,813	7,733	74,190	1,315,723

¹ Investment portfolio income includes a profit of DKK 10m from investments in associates (2010: DKK 3m).

Nykredit Realkredit A/S
H1/2010 H1/2011

The Nykredit Realkredit Group

37/52

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
H1/2010	H1/2011	H1/2011	H1/2010
5. VALUE ADJUSTMENTS			
Financial assets measured at fair value through profit or loss			
8,050	(3,028)	Mortgage loans	(7,636) 15,852
4,974	(3,687)	Totalcredit mortgage loan funding	- -
4	(17)	Other loans, advances and receivables at fair value	3 (0)
736	(465)	Bonds	(907) 755
(141)	(390)	Equities	177 66
-	-	Investment properties	(7) (1)
14	17	Foreign exchange	39 189
(872)	184	Foreign exchange, interest rate and other contracts as well as derivative financial instruments	299 (851)
Financial assets measured at fair value against equity			
-	-	Unrealised capital loss on equities available for sale reclassified to the income statement due to objective evidence of impairment	(45) -
-	-	Realised value adjustment of equities available for sale reclassified to the income statement	205 -
Financial liabilities measured at fair value through profit or loss			
(8,231)	3,192	Issued bonds	7,805 (16,031)
(4,973)	3,687	Totalcredit mortgage loan funding	- -
-	-	Other liabilities	1 (0)
(439)	(507)	Total	(67) (21)
6. STAFF AND ADMINISTRATIVE EXPENSES			
24	26	Remuneration of Board of Directors and Executive Board	26 24
893	1,050	Staff expenses	1,491 1,379
227	379	Other administrative expenses	1,030 942
1,144	1,455	Total	2,548 2,345
Remuneration of Board of Directors and Executive Board			
Board of Directors			
1	2	Remuneration	2 1
Executive Board			
17	18	Fixed salaries	18 17
5	5	Provisions for pension plans	5 5
2	2	Other social security expenses	2 2
24	26	Total	26 24
The terms and conditions governing the salaries, pensions and retirement of the Executive Board are unchanged relative to the mention in the Annual Report for 2010.			
Staff expenses			
728	854	Salaries	1,223 1,141
86	93	Pensions	128 123
80	103	Other social security expenses	141 115
893	1,050	Total	1,491 1,379
Number of staff			
2,933	3,115	Average number of staff for the financial period, full-time equivalents	4,095 4,037

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
H1/2010	H1/2011	H1/2011	H1/2010
7. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES FOR PROPERTY, PLANT AND EQUIPMENT AS WELL AS INTANGIBLE ASSETS			
Intangible assets			
285	286	- Amortisation	288 290
Property, plant and equipment			
39	45	- Depreciation	59 63
-	-	- Impairment losses	46 45
324	330	Total	393 398
8. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES			
8. a. Earnings impact			
303	224	Change in individual impairment provisions for loans and advances	431 557
74	98	Change in collective impairment provisions for loans and advances	174 99
41	56	Losses recognised for the period, net	109 372
(15)	(15)	Received on claims previously written off as impairment losses	(19) (22)
-	-	Provisions for guarantees	67 214
402	362	Total impairment losses on loans, advances and guarantees	761 1,219
37	52	Value adjustment of assets in temporary possession	78 44
(5)	(11)	Value adjustment of claims previously written off as impairment losses	(11) (5)
-	-	Losses offset against commission payments to banks	(82) (12)
434	403	Total	745 1,246
8 b. Specification of provisions for loan impairment			
1,204	1,067	Individual impairment provisions	6,223 8,304
428	820	Collective impairment provisions	1,563 910
1,632	1,887	Total impairment provisions	7,786 9,214
Impairment provisions have been offset against the following items:			
924	1,535	Mortgage loans – note 13	1,805 1,108
708	352	Arrears and outlays – note 13	627 1,086
-	-	Bank loans and advances – note 14	5,355 7,020
1,632	1,887	Total impairment provisions	7,786 9,214
8. c. Individual impairment provisions for loan impairment			
1,053	981	Impairment provisions, beginning of period	6,980 8,943
375	272	Impairment provisions for the period	922 1,261
(73)	(47)	Impairment provisions reversed	(492) (705)
(60)	(68)	Value adjustment of repossessed properties	(84) (71)
(92)	(70)	Impairment provisions recognised as lost	(1,104) (1,125)
1,204	1,067	Impairment provisions, end of period	6,223 8,304
8. d. Collective impairment provisions			
354	722	Impairment provisions, beginning of period	1,389 812
74	98	Impairment provisions for the period	174 99
428	820	Impairment provisions, end of period	1,563 910

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group		
H1/2010	H1/2011		H1/2011	H1/2010
		8. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES (continued)		
		8. e. Specification of loans and advances subject to objective evidence of impairment		
5,110	5,364	Loans and advances before individual impairment provisions	8,967	19,547
1,204	1,067	Impairment provisions	(7,439)	8,304
3,907	4,297	Loans and advances after impairment provisions	16,406	11,243
492,434	579,370	Loans and advances before collective impairment provisions	1,096,558	1,022,195
428	820	Impairment provisions	1,024	910
492,006	578,550	Loans and advances after impairment provisions	1,095,534	1,021,285
		8. f. Impairment losses on repossessed properties		
85	173	Impairment provisions, beginning of period	233	110
60	68	Transferred from non-repossessed properties	84	71
41	55	Impairment provisions for the period	102	61
(3)	(4)	Impairment provisions reversed	(24)	(17)
(69)	(83)	Impairment provisions recognised as lost	(114)	(69)
112	210	Impairment provisions, end of period	280	155
		Impairment losses on repossessed properties have been offset against "Assets in temporary possession".		
		9. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES		
3	10	Profit from investments in associates	10	3
443	565	Profit from investments in group enterprises	-	-
1,592	-	Profit from divestment of group enterprise	-	-
2,037	575	Total	10	3
		10. TAX		
6.2	(29.2)	Effective tax rate, %	14.0	26.1
		In H1/2011 the effective tax rate was influenced by the recognition of income of approximately DKK 133m relating to previous years' tax provided for. Nykredit Realkredit was able to recognise the amount as income after the courts found for Nykredit in a tax case.		
		Adjusted for recognised tax relating to previous years, the effective tax rate was negative at 4.5% for Nykredit Realkredit and positive at 23.6% for the Nykredit Realkredit Group.		

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
H1/2010	H1/2011	H1/2011	H1/2010
11. PROFIT FROM DISCONTINUED INSURANCE OPERATIONS			
-	-	-	(80)
-	-	-	1,592
-	-	-	1,512
11 a. Profit (loss) from discontinued insurance operations for the period			
-	-	-	13
-	-	-	9
-	-	-	341
-	-	-	383
-	-	-	87
-	-	-	(107)
-	-	-	(27)
-	-	-	(80)
Nykredit Forsikring A/S was divested to Gjensidige Forsikring AB subject to closing on 29 April 2010. Loss from discontinued insurance operations for the year comprises four months in 2010.			
11 b. Profit from the divestment of Nykredit Forsikring A/S			
-	-	-	2,546
-	-	-	31
-	-	-	923
-	-	-	1,592
11 c. Cash flows from discontinued insurance operations			
-	-	-	353
-	-	-	(142)
-	-	-	(500)
-	-	-	(82)
-	-	-	(371)
12. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS			
12,788	-	8,046	13,578
32,723	26,333	28,202	44,571
45,510	26,333	36,249	58,149
7,799	12,489	17,148	9,528
6,850	750	7,800	10,303

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
31.12.2010	30.06.2011	30.06.2011	31.12.2010
13. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE			
575,278	581,530		
199	235	1,040,134	1,030,674
-	-	176	167
10,024	10,283	16,409	12,922
433,531	382,442	-	-
		-	-
1,019,032	974,490	1,056,720	1,043,763
-	-		
		16,409	12,922
Mortgage loans			
553,913	575,112	1,029,636	985,216
90,955	37,055	64,724	201,300
624	460	460	624
1,962	(196)	(196)	1,962
(11,770)	(5,344)	(7,793)	(16,187)
(60,571)	(22,050)	(39,172)	(143,280)
575,112	585,037	1,047,660	1,029,636
(198)	(304)	(390)	(287)
279	276	276	279
575,193	585,010	1,047,546	1,029,628
1,378	(1,944)	(5,607)	2,586
Adjustment for credit risk			
(572)	(715)	(715)	(572)
(722)	(820)	(1,090)	(967)
575,278	581,530	1,040,134	1,030,674
The methods for measuring mortgage lending at fair value were refined in H1/2011. Refinement was required to determine the estimated value of credit risk on the performing part of the portfolio. The refinement had no significant impact on reported amounts.			
For total loans and advances, Nykredit has received mortgages on property and:			
22,768	24,137	32,171	30,496
1,686	1,292	10,792	12,469
13,702	3,988	10,781	40,319
Arrears and outlays			
416	438	569	571
192	149	234	283
(409)	(352)	(627)	(687)
199	235	176	167

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
31.12.2010	30.06.2011	30.06.2011	31.12.2010
13. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE (continued)			
Totalkredit mortgage loan funding			
397,876	432,038	Balance, nominal value, beginning of period	-
212,372	61,942	New loans	-
(2,164)	(5,657)	Ordinary principal payments	-
(176,046)	(103,374)	Prepayments and extraordinary principal payments	-
432,038	384,949	Balance, nominal value, end of period	-
1,493	(2,507)	Adjustment for interest rate risk	-
433,531	382,442	Balance, fair value, end of period	-
14. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST			
-	-	Bank loans and advances	62,635
54	52	Totalkredit mortgage loan funding	-
-	-	Mortgage loans	52
939	947	Other loans and advances	947
993	999	Balance, end of period	63,634
Adjustment for credit risk			
-	-	Individual impairment provisions	(4,881)
-	-	Collective impairment provisions	(473)
993	999	Balance after impairment, end of period	58,280
(49)	(49)	Set-off of "Other loans and advances" against "Issued bonds at amortised cost" – note 20	(49)
944	950	Total	58,231
15. BONDS AT FAIR VALUE			
54,611	16,471	Self-issued SDOs	54,130
116,106	35,744	Self-issued ROs	56,565
47,710	40,908	Other ROs	57,310
5,557	7,034	Government bonds	9,318
10,373	5,951	Other bonds	9,238
234,358	106,107	Total	186,561
(116,106)	(35,744)	Set-off of self-issued ROs against "Issued bonds at fair value" – note 19	(56,565)
(54,610)	(16,470)	Set-off of self-issued SDOs against "Issued bonds at fair value" – note 19	(54,129)
(4,944)	-	Set-off of self-issued junior covered bonds against "Issued bonds at fair value" – note 19	(96)
(1)	(1)	Set-off of self-issued SDOs against "Issued bonds at amortised cost" – note 20	(1)
-	-	Set-off of other self-issued bonds against "Issued bonds at amortised cost" – note 20	(1,072)
58,697	53,893	Total	74,698
4,832	2,141	Of bonds at fair value before set-off of self-issued bonds: Drawn bonds	4,171
9,471	1,608	As collateral security for the Danish central bank (Danmarks Nationalbank), the Danish FUTOP clearing centre and foreign clearing centres, bonds have been deposited of a total market value of	14,375
		Collateral security was provided on an arm's length basis.	25,532

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group		
31.12.2010	30.06.2011		30.06.2011	31.12.2010
		16. OTHER ASSETS		
13,328	11,136	Interest and commission receivable	13,697	12,816
533	585	Receivables from group enterprises	-	-
2,834	2,559	Positive market value of derivative financial instruments	21,706	27,156
115	110	Defined benefit plans	110	115
242	228	Other assets	583	559
17,052	14,618	Total	36,097	40,646
		17. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS		
75,456	62,512	Payables to credit institutions	78,930	90,708
4,000	-	Payables to central banks	190	5,171
79,456	62,512	Total	79,120	95,879
72,667	60,617	Of which genuine purchase and resale transactions	66,150	75,662
		18. DEPOSITS AND OTHER PAYABLES		
-	-	On demand	30,272	31,739
-	-	At notice	4,674	4,977
-	-	Time deposits	14,346	15,991
-	-	Special deposits	2,583	2,760
-	-	Total	51,875	55,467
		19. ISSUED BONDS AT FAIR VALUE		
444,112	366,996	ROs (realkreditobligationer)	447,866	534,499
704,143	609,412	SDOs (særligt dækkede obligationer)	609,412	704,143
29,930	25,284	Junior covered bonds	25,284	29,930
1,178,184	1,001,693	Total	1,082,562	1,268,571
(175,660)	(52,214)	Self-issued bonds transferred from "Bonds at fair value" – note 15	(110,791)	(294,252)
1,002,524	949,479	Total	971,772	974,319
		19 a. ROs		
443,321	368,448	ROs at nominal value	450,471	533,984
791	(1,452)	Fair value adjustment	(2,605)	515
444,112	366,996	ROs at fair value	447,866	534,499
(116,106)	(35,744)	Self-issued ROs transferred from "Bonds at fair value" – note 15	(56,565)	(129,316)
328,006	331,253	Total	391,300	405,183
108	20	Of which pre-issuance	20	108
63,624	5,035	ROs drawn for redemption at next creditor settlement date	5,933	68,176

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
31.12.2010	30.06.2011	30.06.2011	31.12.2010
19. ISSUED BONDS AT FAIR VALUE (continued)			
19 b. SDOs			
702,000	612,397	SDOs at nominal value	612,397 702,000
2,143	(2,985)	Fair value adjustment	(2,985) 2,143
704,143	609,412	SDOs at fair value	609,412 704,143
(54,610)	(16,470)	Self-issued SDOs transferred from "Bonds at fair value" – note 15	(54,129) (159,187)
649,532	592,942	Total	555,283 544,955
487	1,145	Of which pre-issuance	1,145 487
130,425	1,102	SDOs drawn for redemption at next creditor settlement date	1,102 130,425
19 c. Junior covered bonds			
29,872	25,371	Junior covered bonds at nominal value	25,371 29,872
58	(87)	Fair value adjustment	(87) 58
29,930	25,284	Junior covered bonds at fair value	25,284 29,930
(4,944)	-	Self-issued junior covered bonds transferred from "Bonds at fair value" – note 15	(96) (5,748)
24,986	25,284	Total	25,188 24,181
8,045	-	Junior covered bonds drawn for redemption at next creditor settlement date	- 8,045
20. ISSUED BONDS AT AMORTISED COST			
-	-	Corporate bonds	26,682 33,768
61	61	SDOs	61 61
135	135	Employee bonds	164 164
49	49	Other securities	49 49
245	245	Total	26,956 34,042
-	-	Self-issued corporate bonds transferred from "Bonds at fair value" – note 15	(1,072) (1,423)
(1)	(1)	Self-issued SDOs transferred from "Bonds at fair value" – note 15	(1) (1)
(49)	(49)	Other self-issued securities transferred from "Loans, advances and other receivables at amortised cost" – note 14	(49) (49)
195	195	Total	25,834 32,569
21. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE			
-	-	Deposits at fair value	19,121 20,967
4,394	7,642	Negative securities portfolios	10,971 7,193
4,394	7,642	Total	30,092 28,160
-	-	Of which genuine sale and repurchase transactions	19,121 20,967

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group		
31.12.2010	30.06.2011		30.06.2011	31.12.2010
		22. OTHER LIABILITIES		
18,422	13,032	Interest and commission payable	19,236	23,121
3,323	2,982	Negative market value of derivative financial instruments	20,588	25,955
2,936	2,955	Payables relating to the purchase of Totalkredit shares	2,889	2,871
1,851	2,856	Other payables	5,893	3,774
26,532	21,826	Total	48,606	55,721
		23. SUBORDINATED DEBT		
		Subordinated debt consists of financial liabilities in the form of subordinate loan capital and hybrid core capital which, in case of voluntary or compulsory liquidation, will not be repaid until after the claims of ordinary creditors have been met.		
		Subordinated debt is included in the capital base in accordance with sections 129, 132 and 136 of the Danish Financial Business Act.		
		Subordinate loan capital		
-	-	Nom DKK 75m. The loan carried an interest rate of 2.5% pa above 6M Cibur.		
-	-	The loan was prematurely redeemed on 29 March 2011.	-	75
-	-	Nom NOK 125m. The loan falls due at par (100) on 29 September 2014 and carries an interest rate of 0.75% pa above 3M Nibor	120	119
-	-	Nom DKK 200m. The loan falls due at par (100) on 30 September 2014 and carries an interest rate of 1.0% pa above 6M Cibur	200	200
-	-	Nom DKK 200m. The loan falls due at par (100) on 1 November 2014 and carries an interest rate of 1.0% pa above 3M Cibur	200	200
-	-	Total subordinate loan capital	520	594
		Hybrid core capital		
-	-	Nom DKK 100m. The loan is perpetual and carries an interest rate of 1.7% pa above 3M Cibur	100	100
-	-	Nom DKK 150m. The loan is perpetual and carries a fixed interest rate of 6.3% pa	150	150
3,991	3,932	Nom EUR 500m. The loan is perpetual, but may be redeemed at par (100) from 22 September 2014. The loan carries a fixed interest rate of 4.9% pa up to 22 September 2014, after which date it will carry a floating interest rate.	3,932	3,991
6,814	6,746	Nom EUR 900m. The loan is perpetual, but may be redeemed at par (100) from 1 April 2015. The loan carries a fixed interest rate of 9.0% up to 1 April 2015, after which date the interest rate will be fixed every five years.	6,746	6,814
10,805	10,678	Total hybrid core capital	10,928	11,055
-	-	Portfolio of self-issued bonds	(3)	(31)
10,805	10,678	Total subordinated debt	11,444	11,618
10,805	10,678	Subordinated debt that may be included in the capital base	11,444	11,618
3	-	Costs relating to raising and redeeming subordinated debt	-	3
3,723	-	Extraordinary principal payments and redemption of subordinated debt in the financial period	75	4,048

Nykredit Realkredit A/S
31.12.2010 30.06.2011

The Nykredit Realkredit Group
30.06.2011 31.12.2010

H1 Interim Report 2011 – the Nykredit Realkredit Group

Notes

25. RELATED PARTY TRANSACTIONS AND BALANCES

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

No unusual related party transactions occurred in H1/2011.

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, sales commission, tasks relating to IT support and IT development projects, payroll and staff administration as well as other administrative tasks. Intercompany trading in goods and services took place on an arm's length or cost covering basis.

Significant related party transactions prevailing/entered into in H1/2011 include:

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

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

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

Agreement on joint funding of mortgage loans.

Nykredit Realkredit A/S has granted loans to Totalkredit A/S serving as security in Totalkredit's capital centres.

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

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

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

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

Nykredit Realkredit A/S has acquired Nykredit Bank A/S's portfolio of Kalvebod issues, consisting of subordinated debt instruments in Danish banks, for DKK 1.1bn. The purchase price corresponds to the market value at the time of acquisition.

Nykredit Bank A/S has assumed Nykredit Realkredit A/S's debt of a total of DKK 75m in respect of Amagerbanken A/S and Fjordbank Mors A/S.

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

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

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

Agreements between the companies of the Nykredit Realkredit Group and JN Data A/S

Agreements on joint IT support etc.

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

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

Nykredit Realkredit A/S has granted mortgage loans to Nykredit Ejendomme A/S.

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

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

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

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

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

Agreements between Nykredit Bank A/S and Ejendomsselskabet Kalvebod A/S

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

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

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

Notes

DKK million

The Nykredit Realkredit Group	Q2/ 2011	Q1/ 2011	Q4/ 2010	Q3/ 2010	Q2/ 2010	Q1/ 2010
26. SIX-QUARTER FINANCIAL HIGHLIGHTS						
Core income from						
Business operations	2,151	2,181	2,440	2,350	2,285	2,328
Securities	162	131	123	121	117	109
Total	2,313	2,312	2,563	2,471	2,403	2,437
Operating costs, depreciation and amortisation	1,521	1,510	1,572	1,432	1,501	1,494
Core earnings before impairment losses	792	802	991	1,038	901	943
Impairment losses on loans and advances, including the government guarantee scheme	466	279	676	460	547	699
Core earnings after impairment losses	325	524	314	579	354	244
Investment portfolio income	175	594	169	586	303	1,002
Profit before cost of capital	500	1,118	484	1,165	657	1,246
Net interest on hybrid core capital	(115)	(114)	(117)	(121)	(108)	(115)
Profit before tax	385	1,004	366	1,044	549	1,131
Tax	90	104	85	262	108	331
Profit (loss) from discontinued insurance operations	-	-	-	(1)	1,570	(58)
Profit for the period	295	899	281	781	2,011	742
Other comprehensive income						
Value adjustment of strategic equities	(213)	(115)	219	75	(235)	103
Other adjustments of strategic equities	(25)	(147)	-	100	-	-
Fair value adjustment of owner-occupied properties	-	-	1	-	-	-
Total other comprehensive income	(238)	(261)	219	175	(235)	103
Total comprehensive income for the period	57	638	501	956	1,776	845
SUMMARY BALANCE SHEET, END OF PERIOD	30.06.2011	31.03.2011	31.12.2010	30.09.2010	30.06.2010	31.03.2010
Assets						
Cash balance and receivables from credit institutions and central banks	36,779	37,624	58,657	52,164	51,781	51,639
Mortgage loans at fair value	1,040,134	1,030,243	1,030,674	1,036,167	1,022,068	1,001,492
Bank loans – excluding reverse transactions	57,281	60,250	58,833	59,729	61,344	59,859
Bonds and equities	79,005	103,974	99,144	91,864	103,123	94,442
Other assets	62,665	59,333	63,833	84,058	77,407	67,691
Total assets	1,275,864	1,291,424	1,311,140	1,323,984	1,315,723	1,275,123
Liabilities and equity						
Payables to credit institutions and central banks	79,120	94,266	95,879	120,134	142,828	148,457
Deposits and other payables	51,875	53,416	55,467	54,483	57,225	59,450
Issued bonds at fair value	971,772	960,768	974,319	948,439	925,137	882,997
Subordinated debt	11,444	11,286	11,618	11,886	15,779	15,648
Other liabilities	105,938	116,030	118,537	134,225	120,893	116,485
Equity	55,716	55,659	55,320	54,817	53,861	52,085
Total liabilities and equity	1,275,864	1,291,424	1,311,140	1,323,984	1,315,723	1,275,123
FINANCIAL RATIOS ¹						
Profit for the period as % of average equity pa	2.1	6.5	2.0	5.8	15.2	5.7
Core earnings before impairment losses as % of average equity pa	5.7	5.8	7.2	7.6	6.8	7.3
Core earnings after impairment losses as % of average equity pa	2.3	3.8	2.3	4.3	2.7	1.9
Provisions for loan impairment and guarantees	7,939	8,497	9,114	10,308	10,038	10,930
Impairment losses for the period, %	0.04	0.02	0.06	0.04	0.05	0.06
Capital adequacy ratio, %	19.5	18.6	18.5	18.2	18.4	18.4
Core capital ratio, %	19.5	18.6	18.5	18.1	17.2	17.3
Average number of full-time staff	4,095	4,057	4,026	4,031	4,037	4,051

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

Notes

DKK million

Nykredit Realkredit A/S	H1/ 2011	H1/ 2010	H1/ 2009	H1/ 2008	H1/ 2007
27. FIVE-YEAR FINANCIAL HIGHLIGHTS					
Net interest income	2,318	2,705	2,589	1,803	1,645
Net fee income	324	348	344	368	399
Net interest and fee income	2,642	3,053	2,933	2,171	2,044
Value adjustments	(507)	(439)	1,567	(2,182)	158
Other operating income	18	49	39	32	2
Staff and administrative expenses	1,455	1,144	1,333	1,249	1,106
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	330	324	290	249	225
Other operating expenses	0	2	0	4	0
Impairment losses on loans, advances and receivables	403	434	227	(5)	(77)
Profit (loss) from investments in associates and group enterprises	575	2,037	(59)	710	892
Profit (loss) before tax	538	2,795	2,629	(766)	1,842
Tax	(157)	175	540	(156)	127
Profit (loss) for the period	696	2,620	2,089	(610)	1,715
SUMMARY BALANCE SHEET, END OF PERIOD					
	30.06.2011	30.06.2010	30.06.2009	30.06.2008	30.06.2007
Assets					
Cash balance and receivables from credit institutions and central banks	26,634	30,297	25,052	55,131	27,352
Mortgage lending at fair value	581,530	572,456	530,809	485,511	451,821
Totalkredit mortgage loan funding	382,442	366,284	317,425	233,880	163,862
Bonds and equities	57,751	67,488	50,448	51,039	36,321
Other assets	60,685	55,484	48,955	36,830	32,523
Total assets	1,109,042	1,092,008	972,688	862,390	711,879
Liabilities and equity					
Payables to credit institutions and central banks	62,512	102,156	70,660	52,514	35,257
Issued bonds	949,479	891,684	812,162	702,809	595,923
Subordinated debt	10,678	14,644	7,645	7,271	7,291
Other liabilities	30,658	29,663	29,753	46,453	19,698
Equity	55,716	53,861	52,469	53,343	53,711
Total liabilities and equity	1,109,042	1,092,008	972,688	862,390	711,879
OFF-BALANCE SHEET ITEMS					
Other commitments	1,585	1,261	1,629	1,615	1,649
FINANCIAL RATIOS ¹					
Capital adequacy ratio, %*	17.9	18.5	17.1	18.4	16.0
Core capital ratio, %*	17.9	17.7	16.2	17.5	14.9
Return on equity before tax	1.0	5.3	5.1	(1.4)	3.5
Return on equity after tax	1.3	5.0	4.1	(1.1)	3.2
Income:cost ratio	1.25	2.47	2.42	0.49	2.47
Foreign exchange position, %	0.3	1.4	0.9	0.4	0.3
Loans and advances:equity (loan gearing)	10.5	10.6	10.2	9.1	8.4
Growth in loans and advances for the period, %	1.7	2.5	4.6	4.2	2.5
Total impairment provisions, %	0.32	0.28	0.10	0.05	0.05
Impairment losses for the period, %	0.07	0.08	0.04	(0.00)	(0.02)

¹ Financial ratios are based on the Danish Financial Supervisory Authority's definitions and guidelines. Definitions appear from note 52 in the Annual Report for 2010.

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

Notes

DKK million

The Nykredit Realkredit Group	H1/ 2011	H1/ 2010	H1/ 2009	H1/ 2008	H1/ 2007
27. FIVE-YEAR FINANCIAL HIGHLIGHTS (continued)					
Net interest and fee income	5,111	5,851	5,652	3,747	3,248
Value adjustments	(67)	(21)	1,284	(1,309)	644
Other operating income	111	89	70	83	104
Staff and administrative expenses	2,548	2,345	2,486	1,960	1,669
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	393	398	381	268	244
Other operating expenses	91	252	255	5	1
Impairment losses on loans, advances and receivables	745	1,246	1,831	82	(72)
Profit (loss) from investments in associates	10	3	(2)	122	16
Profit before tax	1,389	1,680	2,052	327	2,171
Tax	194	439	530	26	446
Profit from continued operations for the period	1,195	1,241	1,522	302	1,725
Profit from discontinued insurance operations	-	1,512	111	46	76
Profit for the period	1,195	2,753	1,634	348	1,802
Profit (loss) for the period excludes value adjustment of strategic equities against equity of	(328)	(133)	455	(958)	(86)
SUMMARY BALANCE SHEET, END OF PERIOD	30.06.2011	30.06.2010	30.06.2009	30.06.2008	30.06.2007
Assets					
Cash balance and receivables from credit institutions and central banks	36,779	51,781	47,999	63,912	37,761
Mortgage lending at fair value	1,040,134	1,022,068	942,634	843,957	775,098
Bank loans – excluding reverse transactions	57,281	61,344	65,802	49,040	34,827
Bonds and equities	79,005	103,123	111,531	81,050	61,001
Other assets	62,665	77,407	72,811	45,411	28,960
Total assets	1,275,864	1,315,723	1,240,777	1,083,370	937,647
Liabilities and equity					
Payables to credit institutions and central banks	79,120	142,828	132,244	118,167	90,873
Deposits and other payables	51,875	57,225	60,557	32,471	23,136
Issued bonds at fair value	971,772	925,137	884,926	795,142	721,377
Subordinate loan capital	11,444	15,779	8,954	7,271	8,555
Other liabilities	105,938	120,893	101,627	76,976	39,995
Equity	55,716	53,861	52,469	53,343	53,711
Total liabilities and equity	1,275,864	1,315,723	1,240,777	1,083,370	937,647
OFF-BALANCE SHEET ITEMS					
Contingent liabilities	5,664	6,896	8,927	4,599	3,635
Other commitments	7,899	8,619	11,523	10,343	8,862
FINANCIAL RATIOS ¹					
Capital adequacy ratio, %*	19.5	18.4	16.7	17.2	11.9
Core capital ratio, %*	19.5	17.2	15.5	16.4	10.9
Internal capital adequacy requirement (ICAAP), %	9.6	9.6	10.5	9.9	-
Return on equity before tax	1.4	5.7	5.1	(1.1)	4.0
Return on equity after tax	1.3	5.0	4.1	(1.1)	3.2
Income:cost ratio	1.20	1.36	1.51	0.73	2.10
Foreign exchange position, %	0.3	1.0	1.8	0.1	1.6
Loans and advances:equity (loan gearing)	20.0	20.4	19.7	17.0	15.2
Growth in loans and advances for the period, %	1.8	2.6	3.1	6.4	5.4
Total impairment provisions, %	0.70	0.90	0.48	0.05	0.04
Impairment losses for the period, %	0.07	0.11	0.17	0.01	(0.01)

¹ Financial ratios are based on the Danish Financial Supervisory Authority's definitions and guidelines. Definitions appear from note 52 in the Annual Report for 2010.

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

GROUP STRUCTURE

DKK million

The Nykredit Realkredit Group

28. GROUP STRUCTURE

	Ownership as % at 30.06.2011	Profit (loss) for the period 2011	Equity at 30.06.2011	Nykredit Realkredit's share of profit for the year 2010	Equity at 31.12.2010
Name and registered office					
The Nykredit Realkredit Group					
Nykredit Realkredit A/S, Copenhagen, a)					
Consolidated subsidiaries					
Totalkredit A/S, Taastrup, a)	100	278	13,534	887	13.256
Nykredit Bank A/S, Copenhagen, b)	100	330	14,099	395	13.769
Amber Fondsmæglerselskab A/S, Gentofte, i) ¹	100	0	10	-	10
Pantebrevsselskabet af 8/8 1995 A/S, Copenhagen, h)	100	0	28	-	28
Nykredit Pantebrevsinvestering A/S, Copenhagen, d)	100	0	12	-	12
Nykredit Portefølje Administration A/S, Copenhagen, i)	100	15	168	33	153
Nykredit Leasing A/S, Gladsaxe, g)	100	0	149	1	149
FB Ejendomme A/S, Copenhagen, f)	100	0	4	-	4
Nykredit Forsikring A/S, Copenhagen, c) ²	-	-	-	(80)	-
Nykredit Mægler A/S, Århus, e)	100	2	115	1	113
Nykredit Ejendomme A/S, Copenhagen, f)	100	(40)	501	(91)	541
Ejendomsselskabet Kalvebod A/S, Copenhagen, j)	100	(5)	245	(1)	249
Kalvebod Ejendomme I A/S, Copenhagen, f)	100	0	65	(2)	65
Kalvebod Ejendomme II A/S, Copenhagen, f)	100	(5)	46	-	21
Nykredit Adm. V A/S, Copenhagen, h)	100	0	1	-	1

¹ Amber Fondsmæglerselskab A/S was acquired at 10 June 2011.² Nykredit Forsikring A/S was divested with closing on 29 April 2010.

a) Mortgage bank

b) Bank

c) Insurance company

d) Mortgage trading company

e) Estate agency business

f) Property company

g) Leasing business

h) No activity

i) Investment management company

j) Holding company, no independent activities

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

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

Nykredit Realkredit A/S

Kalvebod Brygge 1-3

DK-1780 Copenhagen V