

To NASDAQ OMX Copenhagen A/S
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H1 INTERIM REPORT – THE NYKREDIT REALKREDIT GROUP

1 JANUARY 2012 – 30 JUNE 2012

- The Nykredit Realkredit Group recorded a profit before tax of DKK 2,241m against DKK 1,389m in H1/2011
- Core income from business operations increased by 15.8%
 - In H1/2012 nominal mortgage lending and bank lending grew by DKK 33bn to DKK 1,156bn
- Operating costs, depreciation and amortisation, excluding special value adjustments, rose by 0.3%
 - Costs as a percentage of core income from business operations declined to 56.6% from 65.4% in H1/2011
- Impairment losses on loans and advances stood at DKK 991m, equal to 0.08%
 - Impairment losses on mortgage lending went up from 0.05% to 0.07%, as expected
 - 75-day mortgage arrears were 0.57% against 0.66%
 - Impairment losses on bank lending increased from 0.23% to 0.24%, and they remain low
- Investment portfolio income grew from DKK 769m to DKK 1,533m
 - Investment portfolio income notably derived from spread tightening relating to high-rated covered bonds

Fitch Ratings has assigned Nykredit Realkredit and Nykredit Bank issuer ratings of A/F1.

The Nykredit Realkredit Group

Financial highlights

DKK million	H1/ 2012	H1/ 2011	Change %	FY 2011
Core income from business operations	5,102	4,406	16	9,188
Operating costs, depreciation and amortisation	2,890	2,881	0	5,709
Core earnings before impairment losses	1,930	1,594	21	3,035
Impairment losses on loans and advances	991	745	33	1,414
Core earnings after impairment losses	939	849	11	1,621
Investment portfolio income	1,533	769	99	179
Profit before tax	2,241	1,389	61	1,338
Core Tier 1 capital ratio, %	14.5	16.0	-	13.9

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

– Nykredit has reported a profit of DKK 2.2bn for H1/2012 compared with DKK 1.4bn in H1/2011, corresponding to a rise of 61%.

– The robust profit is the result of a good investment portfolio performance coupled with cost and income initiatives implemented to prepare Nykredit for future international regulation.

– In H1/2012 Nykredit's income improved, the cost:income ratio declined and loss levels were moderate. This trend must be sustained in coming years in order to meet the sizeable capital requirements faced by financial companies going forward. Nykredit is one of the best capitalised financial companies in Europe, but the new capital requirements oblige us to hold much more equity.

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FINANCIAL HIGHLIGHTS

DKK million	H1/2012	The Nykredit Realkredit Group	
		H1/2011	FY 2011
CORE EARNINGS AND RESULTS FOR THE PERIOD			
Core income from			
- business operations	5,102	4,406	9,188
- value adjustment of derivatives and corporate bonds	(438)	11	(632)
- junior covered bonds	(186)	(85)	(190)
- securities	165	293	644
Total	4,643	4,625	9,010
Operating costs, depreciation and amortisation, excl special value adjustments	2,890	2,881	5,709
Operating costs, depreciation and amortisation – special value adjustments ¹	(180)	65	166
Commission – Guarantee Fund for Depositors and Investors/government guarantee scheme	3	85	100
Core earnings before impairment losses	1,930	1,594	3,035
Impairment losses on loans and advances – mortgage lending	743	544	1,026
Impairment losses on loans and advances – banking	248	201	388
Core earnings after impairment losses	939	849	1,621
Investment portfolio income	1,533	769	179
Profit before cost of capital	2,472	1,618	1,800
Net interest on hybrid capital	(231)	(229)	(462)
Profit before tax	2,241	1,389	1,338
Tax	537	194	223
Profit for the period	1,704	1,195	1,115
Total value adjustment and reclassification of strategic equities against equity	70	(499)	(854)
SUMMARY BALANCE SHEET, END OF PERIOD	30.06.2012	30.06.2011	31.12.2011
Assets			
Receivables from credit institutions and central banks	61,440	36,779	66,258
Mortgage loans at fair value	1,120,214	1,040,134	1,084,317
Bank loans – excluding reverse transactions	55,203	57,281	55,776
Bonds and equities	95,773	79,005	100,794
Remaining assets	101,002	62,665	85,760
Total assets	1,433,632	1,275,864	1,392,905
Liabilities and equity			
Payables to credit institutions and central banks	100,888	79,120	117,626
Deposits	55,281	51,875	57,404
Issued bonds at fair value	1,066,902	971,772	1,021,942
Subordinated debt – hybrid capital	11,253	10,928	11,204
Subordinated debt – supplementary capital	-	516	-
Remaining liabilities	142,424	105,937	129,419
Equity	56,884	55,716	55,310
Total liabilities and equity	1,433,632	1,275,864	1,392,905
FINANCIAL RATIOS			
Profit for the period as % of average equity pa	6.1	4.3	2.0
Core earnings before impairment losses as % of average equity pa	6.9	5.7	5.5
Core earnings after impairment losses as % of average equity pa	3.3	3.1	2.9
Costs as % of core income from business operations (cost:income ratio)	56.6	65.4	62.1
Total provisions for loan impairment – mortgage lending	2,726	2,431	2,485
Total provisions for loan impairment and guarantees – banking	4,385	5,507	4,407
Impairment losses for the period, % – mortgage lending	0.07	0.05	0.10
Impairment losses for the period, % – banking	0.24	0.23	0.42
Total capital ratio, %	17.5	19.5	17.1
Core Tier 1 capital ratio, %	14.5	16.0	13.9
Average number of full-time staff	4,088	4,095	4,139

¹ Special value adjustments include value adjustment of certain staff benefits and owner-occupied properties, refund of VAT and payroll tax from 2004 to 2010.

H1 INTERIM REPORT 2012

NYKREDIT REALKREDIT GROUP RESULTS

The Group reported a 61% rise in profit before tax to DKK 2,241m from DKK 1,389m in H1/2011.

The Group's profit reflected growth in core income from customer activity, a markedly declining cost:income ratio and high investment portfolio income. Conversely, profit was adversely affected by a rise in impairment losses on mortgage lending to personal customers and small commercial customers as well as negative value adjustment of interest rate hedging contracts with customers.

Group profit after tax of DKK 1.7bn and value adjustments against equity increased equity by DKK 1.6bn. Equity subsequently amounted to DKK 56.9bn at end-H1/2012.

Core earnings

Core income from business operations

Core income from business operations improved by DKK 15.8% or DKK 696m to DKK 5,102m relative to H1/2011.

Core income from mortgage operations grew to DKK 3,171m from DKK 2,641m in H1/2011, up 20.0%.

The Group's gross new mortgage lending rose by DKK 65bn to DKK 129bn in H1/2012, twice the level of the same period the year before. The upturn mainly stemmed from Retail (DKK 15.9bn) and Totalkredit Partners (DKK 47.1bn), reflecting higher refinancing activity spurred by historically low interest rates, whereas turnover in the Danish housing market remained subdued.

Group nominal mortgage lending rose by 3%, or DKK 33bn, to DKK 1,101bn compared with end-2011. Of the uplift in group nominal lending, 70% resulted from the business areas Retail and Totalkredit Partners, while 30% stemmed from the business area Wholesale.

Core income from banking operations rose by DKK 137m, or 8.1%, to DKK 1,824m in H1/2012. Growth was in part prompted by higher activity in both Markets and Asset Management.

Customer demand for bank lending remained weak and was unchanged on the beginning of the year. Bank lending totalled DKK 55.2bn at end-H1/2012.

Value adjustment of derivatives and corporate bonds

The decline in interest rates raised Nykredit's credit exposure to interest rate hedging contracts with commercial customers.

As a consequence, market value adjustment of derivatives came to a charge of DKK 454m against a credit of DKK 33m in H1/2011.

Further, market value adjustment of corporate bonds was a credit of DKK 16m in H1/2012 compared with a charge of DKK 22m in H1/2011.

Junior covered bonds

The Group has issued junior covered bonds at a nominal value of DKK 45.2bn compared with DKK 31.4bn at end-2011 as supplementary collateral for SDOs ("særligt dækkede obligationer"). Net interest

expenses relating to junior covered bonds came to DKK 186m against DKK 85m in the same period the year before.

Core income from securities

Core income from securities was DKK 165m against DKK 293m the year before. The development mirrored the decline in the risk-free interest rate from 1.17% in H1/2011 to 0.65%. The risk-free interest rate equals the Danish central bank's lending rate.

Operating costs, depreciation and amortisation, excl special value adjustments

Group costs excluding special value adjustments amounted to DKK 2,890m, corresponding to 0.3% growth on H1/2011. The cost:income ratio was trimmed from 65.4% in H1/2011 to 56.6%.

Operating costs, depreciation and amortisation – special value adjustments

Under special value adjustments, a net credit of DKK 180m was reported compared with a charge of DKK 65m in H1/2011.

Special value adjustment of certain staff benefits relating to the Group's senior benefit plan, which was terminated in early 2012, generated a credit of DKK 243m in H1/2012. Results were adversely affected by a provision of DKK 63m concerning staff reduction costs.

Impairment losses on loans and advances

The Group's impairment losses on loans and advances came to DKK 991m against DKK 745m for H1/2011. Impairment losses for the period equalled 0.08% of total mortgage and bank lending.

The Danish Financial Supervisory Authority's specification of the rules governing impairment of bank loans has not had a significant effect on impairment losses for the period.

The Group's impairment losses on mortgage lending amounted to DKK 743m, corresponding to 0.07%, against DKK 544m in H1/2011. Of impairment losses for the period DKK 622m, or 0.09%, stemmed from personal customers against DKK 331m in H1/2011.

The commercial segment accounted for DKK 121m of impairment losses on mortgage lending, equal to 0.03%, against DKK 213m in H1/2011.

Impairment losses on bank lending remained low at DKK 248m, equal to 0.24%, against DKK 201m in H1/2011. Of impairment losses for the period DKK 77m, or 0.37%, stemmed from the personal segment. Impairment losses on lending to commercial customers came to DKK 171m, equal to 0.21%.

Investment portfolio income

Group investment portfolio income stood at DKK 1,533m against DKK 769m in the same period the year before.

Investment portfolio income from bonds, liquidity and interest rate instruments was DKK 1,350m. Investment portfolio income from equities and equity instruments value adjusted through profit or loss amounted to DKK 93m. Further, investment portfolio income included

dividends and a pre-tax profit of DKK 90m from the sale of strategic equities.

H1/2012 was sometimes characterised by turmoil prompted by the euro crisis. This turmoil did not affect the Scandinavian covered bond markets significantly. The change in Moody's Investors Service's ratings had no effect on Danish covered bonds.

Nykredit has not been exposed to the capital markets in Southern Europe. Exposure to corporate bonds and equities was cut sharply at the beginning of Q2/2012.

Nykredit's securities portfolio consists mainly of short-term Danish and European covered bonds the interest rate risk of which is largely eliminated through offsetting sales of government bonds or interest rate derivatives. The maturity of investment portfolio bonds averages two years, and more than half the portfolio matures within one year.

As the time-to-maturity of the portfolio is very short, Nykredit's price risk is low if covered or corporate bond yields rebound.

Net interest on hybrid capital

Net interest expenses amounted to DKK 231m in H1/2012, which was unchanged on the same period in 2011.

Tax

Tax calculated on profit for the year was DKK 537m, equal to an effective tax rate of 24.0%.

Subsidiaries

Nykredit Bank

The Nykredit Bank Group posted a profit before tax of DKK 302m compared with DKK 445m in the same period in 2011. Reference is made to the Nykredit Bank Group's H1 Interim Report 2012.

Totalkredit

Totalkredit recorded a profit before tax of DKK 344m compared with DKK 371m in the same period the year before. Reference is made to the H1 Interim Report 2012 of Totalkredit A/S.

Q2/2012 results

Group profit before tax was DKK 453m against DKK 1,788m in Q1/2012.

Compared with Q1/2012, pre-tax profit dropped by DKK 1,335m chiefly due to investment portfolio income of DKK 183m, which was down from DKK 1,350m in Q1/2012.

In Q1/2012 group costs were affected by a net credit of DKK 175m relating to special staff benefits.

Other items were on a level with the preceding quarter.

OUTLOOK FOR 2012

The Group's expectations for the full year are in line with those stated in connection with the presentation of the Annual Report for 2011.

BUSINESS AREAS

Nykredit changed its organisation as at 1 January 2012. The new organisation comprises the following main business areas:

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

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

The segment financial statements and comparative figures for 2011 have been restated to reflect the new organisation.

Gross income from customer trades is recognised in the product supplier units (Markets and Asset Management). Income is subsequently allocated 100% to the customer areas which have handled the respec-

tive sales and distribution tasks. Correspondingly, the costs of the product supplier units are allocated to the customer areas.

Group core earnings after impairment losses totalled DKK 939m in H1/2012 against DKK 849m in the same period the year before.

Nominal mortgage lending rose by DKK 33.3bn to DKK 1,101bn. The Nykredit Group recorded gross new lending of DKK 129bn against DKK 64bn in H1/2011.

The Group's share of the Danish mortgage market was 43.1% for total lending and 49.2% for gross new lending against 42.3% and 48.6% in H1/2011.

The market share of private residential mortgage lending amounted to 47.4% against 46.3% in the same period the year before.

The market share of commercial mortgage lending was 37.2% against 36.8% in the same period the year before.

Results by business area ¹

DKK million	Retail	Totalkredit Partners	Wholesale	Group Items	Total
H1/2012					
Core income from					
- customer activity, gross	2,659	847	1,657	(61)	5,102
- distribution	406	-	(406)	-	-
Total business operations	3,065	847	1,251	(61)	5,102
- value adjustment of derivatives and corporate bonds	(408)	-	(30)	-	(438)
- junior covered bonds	(67)	(109)	(10)	-	(186)
- securities	-	-	-	165	165
Total	2,590	738	1,211	104	4,643
Operating costs	1,542	221	417	165	2,345
Depreciation of property, plant and equipment and amortisation of intangible assets	6	258	2	102	368
Core earnings before impairment losses	1,042	259	792	(163)	1,930
Impairment losses on loans and advances	606	331	54	-	991
Core earnings after impairment losses	436	(72)	738	(163)	939
Investment portfolio income ²	-	-	-	1,533	1,533
Profit (loss) before cost of capital	436	(72)	738	1,370	2,472
Net interest on hybrid capital	-	-	-	(231)	(231)
Profit (loss) before tax	436	(72)	738	1,139	2,241
Return					
Average business capital, DKKm ³	11,520	7,906	6,464	7,626	33,516
Core earnings after impairment losses as % of average business capital ³	7.6	(1.8)	23.0	-	5.6
H1/2011					
Core earnings after impairment losses	576	40	699	(466)	849
Return					
Average business capital, DKKm ³	10,879	7,538	6,295	5,171	29,883
Core earnings after impairment losses as % of average business capital ³	10.7	1.1	22.4	-	5.7

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 9m from investments in associates (2011: DKK 10m).

³ Business capital has been determined as Nykredit's ICAAP result.

Results – Retail

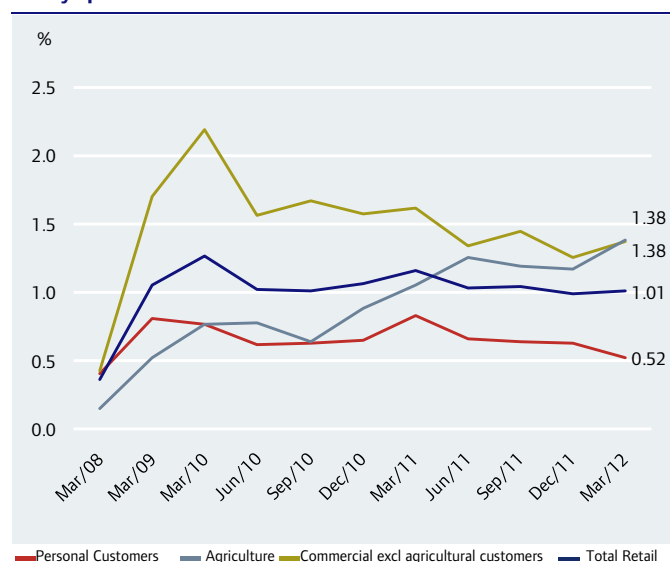
DKK million	H1/2012	H1/2011
Core income from		
- business operations	3,065	2,694
- value adjustment of derivatives	(408)	(5)
- junior covered bonds	(67)	(47)
Total	2,590	2,642
Operating costs	1,542	1,547
Depreciation of property, plant and equipment and amortisation of intangible assets	6	7
Core earnings before impairment losses	1,042	1,088
Impairment losses on loans and advances		
- mortgage lending	369	394
Impairment losses on loans and advances		
- banking	237	118
Core earnings after impairment losses	436	576

Activity

DKK million	30.06.2012	2011
Mortgage lending		
Gross new lending, H1 *	36,865	20,981
Portfolio at nominal value, end of period	450,570	445,029
Impairment losses for the period as % of loans and advances *	0.08	0.09
Total impairment provisions, end of period		
- Individual impairment provisions	880	826
- Collective impairment provisions	787	734
Total impairment provisions as % of loans and advances	0.37	0.35
Portfolio of repossessed properties, end of period (properties)	280	255
Banking		
Loans and advances, end of period	27,668	29,005
Deposits, end of period	36,872	35,013
Impairment losses as % of loans and advances *	0.76	0.32
Total impairment provisions, end of period		
- Individual impairment provisions	1,933	1,935
- Collective impairment provisions	165	179
Total impairment provisions as % of loans and advances	7.05	6.79
Guarantees, end of period	9,185	7,220
Provisions for guarantees, end of period	74	63

* Determined for H1/2012 and H1/2011.

Other data are determined as at end-H1/2012 and end-2011.

**Arrears ratio, mortgage lending
75 days past the due date****RETAIL**

The business area Retail comprises personal customers and SMEs, including agricultural customers, residential rental customers, wealthy personal customers and personal customers owning property in France or Spain financed by Danish mortgage loans. Further, the business area includes mortgage lending to Nykredit's personal customers arranged via Totalkredit. Retail also comprises the activities of Nykredit Mægler A/S and Nykredit Leasing A/S.

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

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

Activity

In nominal terms, total mortgage lending improved by DKK 5.5bn to DKK 450.6bn at end-H1/2012. Nominal lending was DKK 209.3bn to personal customers and DKK 241.3bn to commercial customers.

Gross new mortgage lending expanded by DKK 15.9bn to DKK 36.9bn on the same period the year before. Gross new lending was DKK 19.9bn to personal customers and DKK 17.0bn to commercial customers.

Bank lending went down to DKK 27.7bn at end-H1/2012, from DKK 29.0bn at the beginning of 2012. Personal customers accounted for DKK 0.6bn and commercial customers DKK 0.7bn of the decline. At end-H1/2012, bank deposits amounted to DKK 36.9bn, up from DKK 35.0bn at the beginning of the year. The rise was due to personal customers.

Results

Core earnings after impairment losses came to DKK 436m against DKK 576m in H1/2011.

The results mirrored a relatively high activity level for mortgage lending and products from Markets, but also negative value adjustment of derivatives resulting from low interest rates.

Retail reported core income from business operations at DKK 3,065m against DKK 2,694m in H1/2011. This upturn derived from 17% growth in mortgage lending and 9% growth in banking.

Value adjustment of derivatives was a charge of DKK 408m against a charge of DKK 5m in H1/2011.

Operating costs at DKK 1,542m in H1/2012 were unchanged on the same period the year before.

Impairment losses on mortgage and bank lending amounted to DKK 369m and DKK 237m, respectively, against a total of DKK 512m in H1/2011. Impairment losses came to 0.08% and 0.76% of mortgage and bank lending, respectively.

At end-H1/2012, total impairment provisions stood at DKK 3,765m against DKK 3,674m at the beginning of the year. Impairment provi-

sions for mortgage and bank lending totalled DKK 1,667m and DKK 2,098m, respectively. The overall rise of DKK 91m derived from growth in individual impairment provisions of DKK 52m and in collective impairment provisions of DKK 39m. The increase on the beginning of the year resulted from growth in provisions for personal customers whereas provisions for commercial customers trended lower.

At the March due date, 75-day mortgage loan arrears as a percentage of total mortgage payments due came to 1.01% for Retail against 1.16% at the same time in 2011.

At end-H1/2012, repossessed properties amounted to 280. In the period 200 properties were repossessed and 175 sold.

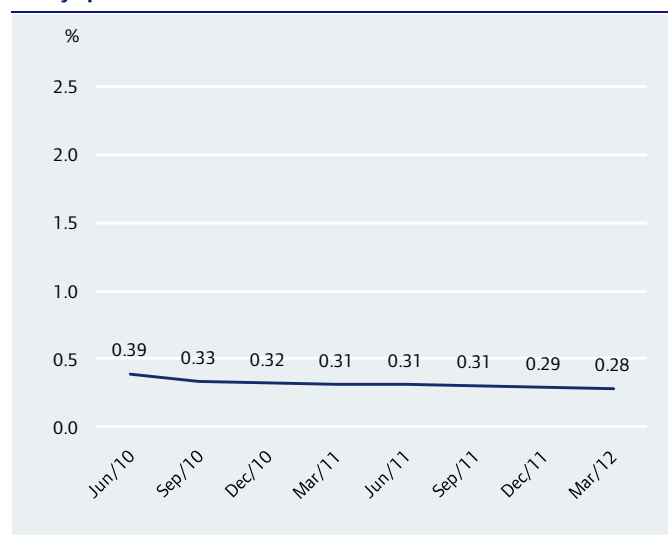
Results – Totalkredit Partners

DKK million	H1/2012	H1/2011
Core income from		
- business operations	847	649
- junior covered bonds	(109)	(29)
Total	738	620
Operating costs	221	197
Depreciation of property, plant and equipment and amortisation of intangible assets	258	244
Core earnings before impairment losses	259	179
Impairment losses on loans and advances	331	139
Core earnings after impairment losses	(72)	40

Activity

DKK million	30.06.2012	2011
Mortgage lending		
Gross new lending, H1*	74,421	27,337
Portfolio at nominal value, end of period	479,038	461,151
Impairment losses for the period as % of loans and advances*	0.07	0.03
Total impairment provisions, end of period		
- Individual impairment provisions	424	393
- Collective impairment provisions	442	311
Total impairment provisions as % of loans and advances	0.18	0.15
Portfolio of repossessed properties, end of period (properties)	91	85

* Determined for H1/2012 and H1/2011.
Other data are determined as at end-H1/2012 and end-2011.

**Arrears ratio, mortgage lending
75 days past the due date****TOTALKREDIT PARTNERS**

The business area Totalkredit Partners comprises mortgage loans distributed to personal customers under the Totalkredit brand through nearly 100 Danish local and regional banks having more than 1,000 branches.

Activity

Nominal mortgage lending went up by DKK 17.9bn to DKK 479bn at end-H1/2012. Gross new lending grew by DKK 47.1bn to DKK 74.4bn on the same period the year before.

Results

Core earnings after impairment losses were a loss of DKK 72m against earnings of DKK 40m in H1/2011.

The period saw high activity as well as a steep rise in interest expenses for junior covered bonds and higher loan impairments.

Core income from business operations climbed 30% to DKK 847m from DKK 649m in H1/2011. The rise reflected high remortgaging activity levels due to historically low interest rates.

Net expenses for junior covered bonds came to DKK 109m against DKK 29m in the same period the year before.

Operating costs rose by DKK 24m to DKK 221m in H1/2012.

Depreciation of property, plant and equipment and amortisation of intangible assets amounted to DKK 258m, which mainly related to amortisation of distribution rights obtained in connection with Nykredit's acquisition of Totalkredit.

Realised losses, corresponding to the cash part of a loan exceeding 60% of the mortgageable value at the time of granting, are offset against future commission payments from Totalkredit to its partner banks.

Loan impairment losses netted DKK 331m after set-off against commission payable to the banks totalling DKK 124m compared with net impairment losses of DKK 139m in H1/2011. Impairment losses equalled 0.07%.

Despite declining arrears ratios, mortgage impairment losses grew due to low turnover and slipping prices as regards some property types.

At end-H1/2012 total impairment provisions stood at DKK 866m against DKK 704m at the beginning of the year. The change of DKK 162m in total impairment provisions stemmed from a rise of DKK 31m in individual impairment provisions and of DKK 131m in collective impairment provisions.

At the March due date, 75-day mortgage arrears as a percentage of total mortgage payments due were 0.28% against 0.31% at the same time in 2011.

Since the beginning of the year, 97 properties have been repossessed and 91 sold. At end-H1/2012, the portfolio of repossessed properties stood at 91.

Results – Wholesale

DKK million	H1/2012	H1/2011
Core income from		
- business operations	1,251	1,144
- value adjustment of derivatives and corporate bonds	(30)	15
- junior covered bonds	(10)	(9)
Total	1,211	1,150
Operating costs	417	371
Depreciation of property, plant and equipment and amortisation of intangible assets	2	1
Core earnings before impairment losses	792	778
Impairment losses on loans and advances		
- mortgage lending	42	11
Impairment losses on loans and advances		
- banking	12	68
Core earnings after impairment losses	738	699

Income from customer activity

DKK million	H1/2012	H1/2011
Gross income before remuneration for distribution		
- Markets	604	437
- Asset Management	397	373
- Corporate & Institutional Banking	656	681
Total	1,657	1,491
Remuneration for distribution		
- Markets	(231)	(157)
- Asset Management	(219)	(213)
- Corporate & Institutional Banking	44	23
Total	(406)	(347)
Gross income after remuneration for distribution		
- Markets	373	280
- Asset Management	178	160
- Corporate & Institutional Banking	700	704
Total	1,251	1,144

WHOLESALE

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

Results

Core earnings after impairment losses came to DKK 738m against DKK 699m in H1/2011.

Results reflected a robust activity level and loan impairment losses which remain very low.

Core income from business operations was DKK 1,251m against DKK 1,144m in H1/2011. The improvement stemmed from the business units Markets and Asset Management, while the income of Corporate & Institutional Banking was unchanged.

Markets's and Asset Management's gross income from customer activity came to DKK 1,001m, of which DKK 604m in Markets and DKK 397m in Asset Management, corresponding to a total uplift of DKK 191m relative to H1/2011. Results mirrored higher activity and customer numbers in Markets and growth in Asset Management's assets under management and administration.

Markets's and Asset Management's income after remuneration for distribution amounted to DKK 551m against DKK 440m in H1/2011.

Operating costs climbed DKK 46m to DKK 417m in H1/2012 from the same period the year before.

Impairment losses stood at DKK 42m and DKK 12m for mortgage and bank lending, respectively, against a total of DKK 79m in H1/2011. Impairment losses amounted to 0.02% and 0.20% of mortgage and bank lending, respectively.

At end-H1/2012, total impairment provisions stood at DKK 2,306m against DKK 2,308m at the beginning of the year. The change of DKK 2m in total impairment provisions stemmed from a DKK 46m drop in individual impairment provisions and a DKK 44m rise in collective impairment provisions.

Results – Wholesale

	30.06.2012	2011
Mortgage lending		
Gross new lending, H1*	17,291	15,628
Portfolio at nominal value, end of period	171,324	161,426
Impairment losses for the period as % of loans and advances*	0.02	0.01
Total impairment provisions, end of period		
- Individual impairment provisions	90	140
- Collective impairment provisions	103	80
Total impairment provisions as % of loans and advances	0.11	0.14
Portfolio of repossessed properties, end of period (properties)	10	7
Banking		
Loans and advances, end of period	24,595	24,105
Deposits, end of period	15,539	19,401
Impairment losses for the period as % of loans and advances*	0.20	0.06
Total impairment provisions, end of period		
- Individual impairment provisions	1,963	1,959
- Collective impairment provisions	150	129
Total impairment provisions as % of loans and advances	7.91	7.97
Guarantees, end of period	2,670	2,510
Provisions for guarantees, end of period	8	51
Assets under management	115,249	101,331
Assets under administration		
Nykredit Portefølje Administration A/S	446,486	334,796
- of which the Nykredit Group's investment funds	41,277	35,417

* Determined for H1/2012 and H1/2011.

Other data are determined as at end-H1/2012 and end-2011.

Activity

Total mortgage lending at nominal value rose by DKK 9.9bn to DKK 171.3bn at end-H1/2012. Compared with H1/2011, gross new mortgage lending rose by DKK 1.7bn to DKK 17.3bn.

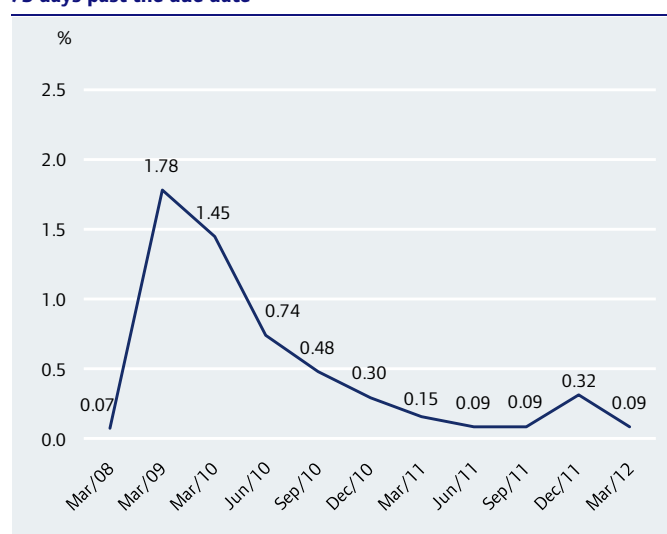
At end-H1/2012, bank lending was DKK 24.6bn, up DKK 0.5bn on the beginning of the year.

Bank deposits were DKK 15.5bn at end-H1/2012, down DKK 3.9bn.

Assets under management totalled DKK 115bn at end-H1/2012, corresponding to a DKK 14bn rise relative to the beginning of the year. Assets under administration went up by DKK 112bn to DKK 446bn at end-H1/2012.

Arrears

At the March due date, 75-day mortgage loan arrears as a percentage of total mortgage payments due were 0.09% against 0.15% at the same time in 2011.

Arrears ratio, mortgage lending
75 days past the due date


Results – Group Items

DKK million	H1/2012	H1/2011
Core income from		
- business operations	(61)	(81)
- securities	165	293
Total	104	212
Operating costs	342	373
Operating costs – special value adjustments	(180)	65
Commission to the Guarantee Fund for Depositors and Investors	3	85
Depreciation of property, plant and equipment and amortisation of intangible assets	102	140
Core earnings before impairment losses	(163)	(451)
Impairment losses on loans and advances – banking	-	15
Core earnings after impairment losses	(163)	(466)
Investment portfolio income	1,533	769
Profit before cost of capital	1,370	302
Net interest on hybrid capital	(231)	(229)
Profit before tax	1,139	73

Activity

DKK million	30.06.2012	2011
Banking		
Loans and advances, end of period	2,940	2,666
Deposits, end of period	2,870	2,989
Total impairment provisions, end of period		
- Individual impairment provisions	91	91
- Collective impairment provisions	1	-
Total impairment provisions as % of loans and advances	3.05	3.32
Guarantees, end of period	512	412
Provisions for guarantees, end of period	-	-

Determined as at end-H1/2012 and end-2011.

GROUP ITEMS

The segment financial statements contain a number of income statement and balance sheet items that are not allocated to the business areas. Such items are carried under Group Items and include costs of some staff functions, IT development costs and contributions to the Danish Guarantee Fund for Depositors and Investors. 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". Activities in the group unit Treasury and the companies Nykredit Ejendomme A/S and Ejendomsselskabet Kalvebod A/S are also part of Group Items.

Results

Profit before tax was DKK 1,139m against DKK 73m in the same period the year before.

Core income from securities

Group core income from securities was DKK 165m against DKK 293m in H1/2011. The downturn resulted from a decrease in the Danish central bank's average lending rate from 1.17% in H1/2011 to 0.65%.

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

Operating costs

Operating costs were DKK 342m against DKK 373m in H1/2011.

Special value adjustments including value adjustment of certain staff benefits and owner-occupied properties resulted in a net credit of DKK 180m in H1/2012 compared with a charge of DKK 65m in the same period the year before. The net credit stemmed from value adjustment of DKK 243m relating to the Group's senior benefit plan, terminated in early 2012, and a provision of DKK 63m concerning staff reduction costs.

Investment portfolio income

The Group recorded investment portfolio income of DKK 1,533m against DKK 769m in H1/2011.

Investment portfolio income from bonds, liquidity and interest rate instruments came to DKK 1,350m after set-off of DKK 40m for Nykredit Holding's loss guarantee in favour of Nykredit Bank. Investment portfolio income from equities and equity instruments value adjusted through profit or loss was DKK 93m. In addition, investment portfolio income included dividends and a profit of DKK 90m from the sale of strategic equities.

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

EQUITY AND CAPITAL ADEQUACY OF THE NYKREDIT REALKREDIT GROUP

Equity

Group equity after recognition of profit for the period rose by DKK 1.6bn to DKK 56.9bn at end-H1/2012.

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

Strategic equity investments include shares in regional banks. Current value adjustment of these equities is recognised in equity. For H1/2012, value adjustment against equity in the Consolidated Financial Statements came to DKK 135m. The value of equities classified as available for sale totalled DKK 2,256m at end-H1/2012.

The Nykredit Realkredit Group Equity

DKK million	30.06.2012	2011
Equity, beginning of period	55,310	55,320
Distributed dividend	(200)	(300)
Profit for the period	1,704	1,115
Fair value adjustment of equities available for sale	135	(683)
Unrealised capital loss on equities available for sale reclassified to the income statement	(65)	34
Realised net value adjustment of equities available for sale	-	(205)
Other adjustments	-	28
Equity, end of period	56,884	55,310

The Nykredit Realkredit Group Capital base and capital adequacy

DKK million	30.06.2012	2011
Credit risk	23,108	23,293
Market risk	3,091	3,086
Operational risk	1,722	1,474
Total capital requirement¹	27,921	27,852
Core Tier 1 capital	50,479	48,283
Tier 1 capital	61,124	59,487
Capital base after statutory deductions	61,124	59,487
Core Tier 1 capital ratio, %	14.5	13.9
Tier 1 capital ratio, %	17.5	17.1
Total capital ratio, %	17.5	17.1
Internal capital adequacy requirement (Pillar I and Pillar II)	9.7	9.6
Total risk-weighted items	349,007	348,155

Capital base and capital adequacy are specified further on page 28.

¹ The capital requirement is determined subject to transitional rules in accordance with the transitional provisions of the Danish Executive Order on Capital Adequacy. The capital requirement must constitute at least 80% of the capital requirement determined under Basel I. The capital requirement subject to the transitional rules was DKK 49.2bn at end-H1/2012.

In compliance with the International Financial Reporting Standards (IFRS), realised capital gains from the sale of strategic equities were reclassified from equity to the income statement. The reclassification increased profit after tax for the period by a net amount of DKK 65m.

Capital base and capital adequacy

The Nykredit Realkredit Group

The Group's capital base stood at DKK 61.1bn, and risk-weighted items totalled DKK 349bn, corresponding to a total capital ratio of 17.5%.

The Group's capital requirement was DKK 27.9bn, and the core Tier 1 capital ratio was 14.5% at end-H1/2012.

The IRB advanced approaches are used to determine the capital requirement for credit risk for 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.

Nykredit's use of models to determine capital requirements is described under "Group risk management" in the Group's Annual Report 2011 and in the report Risk and Capital Management 2011 available at nykredit.com/reports.

Nykredit Realkredit A/S

Nykredit Realkredit A/S's Tier 1 capital ratio was 16.0% and the core Tier 1 capital ratio 13.2%. The total capital ratio amounted to 16.0%. By comparison, the internal capital adequacy requirement was 9.3%.

Under the transitional rules, the capital requirement amounted to DKK 33.6bn, equal to a total capital ratio of at least 8.9%. The transitional rules of Basel I are expected to be extended to end-2017.

Required capital base and internal capital adequacy requirement

The required capital base is the minimum capital required, in Management's judgement, to cover all significant risks. The Group's required capital base amounted to DKK 33.9bn at end-H1/2012, corresponding to an internal capital adequacy requirement of 9.7% against 9.6% at end-2011.

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

Pillar I capital, covering credit, market and operational risks as well as risk relating to own properties, was determined at DKK 25.8bn at end-H1/2012.

Pillar II comprises capital to cover other risks as well as an increased capital requirement during an economic downturn. The Pillar II capital requirement was determined at DKK 8.1bn at end-H1/2012.

The report Risk and Capital Management 2011, available at nykredit.com/reports, contains a detailed description of the determination of the required capital base and internal capital adequacy requirement of the Nykredit Group as well as all group companies.

New regulation

The EU is expected to finalise new capital and liquidity rules applying to credit institutions in coming months. The purpose of the new rules is to make the financial sector more resilient in times of crisis.

The future capital requirements are likely to lead to a rise in the minimum capital base requirement from currently 8% of risk-weighted items to about 15% in future. The increase consists in new statutory capital buffers of 5% of risk-weighted items as well as additional requirements for systemically important financial institutions.

Part of the future capital requirements have been designed in such a way that the required capital ratio is high in expansionary periods and low in recessionary periods. Conversely, risk-weighted items are low in expansionary periods and high in recessionary periods. The two effects cancel each other out as regards Nykredit, and therefore the capital requirement in DKKbn will remain largely unchanged in both expansionary and recessionary periods.

The new capital requirements are scheduled to be introduced gradually in 2013–2019. A minimum capital base requirement of 80% of the capital requirement calculated according to the Basel I principles, which were applicable until end-2007, is expected in the phase-in period. For Nykredit this currently equals 14% of risk-weighted items at the half-year, calculated according to the IRB approach.

OTHER

Two-tier mortgaging

Since 25 June 2012 personal customers seeking a mortgage from Nykredit and the banks behind Totalkredit have been offered two-tier mortgages through Totalkredit.

Two-tier mortgaging applies when the total loan amount exceeds 60% of the property value. Existing loans continue unchanged.

Loans of up to 60% of the property value (base loans) will still be granted in accordance with the rules governing SDOs ("særligt dækkede obligationer"), whereas loans in the 60–80% range (top loans) will be funded by ROs ("realkreditobligationer"). In the long term, this will reduce the Nykredit Group's supplementary collateral requirement if property prices decline.

Capital increase in Totalkredit

In June 2012 Totalkredit A/S bolstered its capital structure by a total of DKK 750m by increasing its nominal share capital by DKK 49,305,000. The shares were subscribed for by Nykredit Realkredit A/S at a price of DKK 1,521.15 per share of DKK 100 nominal value. This raised the company's share capital to DKK 848m.

Tax

The Danish tax authorities have proposed that the taxable income of Nykredit Bank declared for 2008 be changed. The change relates to a tax deduction for loan impairment losses made by Forstædernes Bank. Reference is made to note 23 of this report.

EVENTS OCCURRED AFTER THE END OF THE FINANCIAL PERIOD

Fitch has rated Nykredit Realkredit and Nykredit Bank

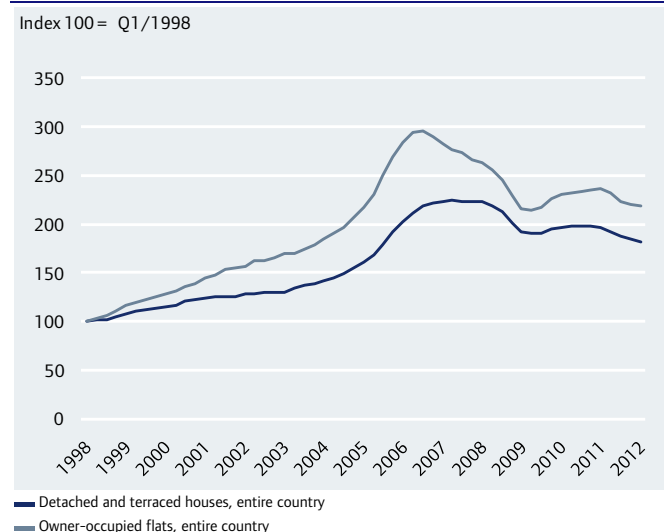
Nykredit has commenced cooperation with the international credit rating agency Fitch Ratings. The agency announced on 20 August 2012 that Nykredit Realkredit A/S and Nykredit Bank A/S had been assigned a long-term Issuer Default Rating (IDR) of A and a short-term IDR of F1. Both ratings have stable outlooks.

Reference is made to Nykredit's press release dated 20 August 2012.

Otherwise, no significant events have occurred in the period up to the presentation of the H1 Interim Report 2012.

LOANS AND ADVANCES

The Nykredit Realkredit Group Housing prices in Denmark



Source: Association of Danish Mortgage Banks

The Group reported total lending of DKK 1,156bn against DKK 1,123bn at the beginning of the year. Total lending included mortgage lending at nominal value and bank lending excluding reverse transactions.

Group mortgage lending at fair value was DKK 1,120bn against DKK 1,084bn at the beginning of the year. The Group's nominal mortgage lending improved by DKK 33bn to DKK 1,101bn.

Group bank lending stood at DKK 55.2bn against DKK 55.8bn at the beginning of the year, down DKK 0.6bn. The Group's reverse transactions amounted to DKK 32.1bn against DKK 22.0bn at the beginning of the year. Part of the upturn derived from activity in the Stockholm branch.

Impairment provisions for mortgage and bank lending totalled DKK 7.0bn compared with DKK 6.8bn at the beginning of the year. At end-H1/2012, the Group had made no impairment provisions for receivables from credit institutions and central banks or reverse transactions.

The Group's guarantees came to DKK 12.4bn against DKK 10.1bn at the beginning of the year. The rise should be seen in the context of higher mortgage activity.

The Nykredit Realkredit Group

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

DKK million	Loans, advances and guarantees		Total provisions for loan impairment and guarantees		Impairment losses on loans and advances, earnings impact	
	30.06.2012	31.12.2011	30.06.2012	31.12.2011	H1/2012	FY 2011
Mortgage lending ¹						
Nykredit Realkredit ²	605,164	594,040	1,861	1,781	412	579
Totalkredit	495,769	473,566	865	704	331	447
Total	1,100,933	1,067,606	2,726	2,485	743	1,026
Bank lending ³						
Nykredit Bank ⁴	53,366	53,494	2,898	2,885	257	453
Terminated exposures ⁵	1,837	2,282	1,406	1,409	23	(93)
Total	55,203	55,776	4,304	4,294	280	360
Reverse transactions	32,106	22,007	-	-	-	-
Guarantees	12,366	10,142	82	114	(32)	28
Impairment losses, % ⁶						
Nykredit Realkredit	-	-	0.31	0.30	0.07	0.10
Totalkredit	-	-	0.17	0.15	0.07	0.09
Total	-	-	0.25	0.23	0.07	0.10
Nykredit Bank	-	-	5.15	5.12	0.46	0.80
Terminated exposures ⁵	-	-	43.35	38.17	0.71	(2.52)
Total	-	-	7.23	7.15	0.47	0.60

¹ Nominal mortgage lending.

² Excluding intercompany lending of DKK 1,231m (2011: DKK 1,233m).

³ Bank lending after total loan impairment provisions.

⁴ Excluding intercompany lending of DKK 114m (2011: DKK 125m).

⁵ From the former Forstædernes Bank.

⁶ Impairment losses exclude reverse transactions and guarantees.

MORTGAGE LENDING

The Group's credit exposure to nominal mortgage lending amounted to DKK 1,101bn at end-H1/2012 against DKK 1,068bn at the beginning of the year, a rise of DKK 33bn. Lending for private residential property accounted for DKK 19bn of the rise.

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

The LTV ratios of the mortgage loan portfolio are shown in the table below with individual loans relative to the estimated values of the individual properties at end-H1/2012.

Total provisions for mortgage loan impairment

The Group's total impairment provisions for mortgage lending rose by DKK 241m from the beginning of the year to DKK 2,726m at end-H1/2012.

The Group's individual impairment provisions for mortgage lending totalled DKK 1,394m against DKK 1,360m at the beginning of the year, and collective impairment provisions for mortgage lending were DKK 1,332m against DKK 1,125m at the beginning of the year.

Growth in impairment provisions mainly related to private residential property. In H1/2012, total impairment provisions relating to private residential property climbed by DKK 315m, of which individual impairment provisions represented DKK 44m and collective impairment provisions DKK 271m.

Despite declining arrears ratios, mortgage impairment provisions grew due to low turnover and slipping prices as regards some property types.

Private residential property accounted for DKK 1,375m and commercial property DKK 1,351m of impairment provisions.

The Group's total impairment provisions amounted to 0.25% of total mortgage lending against 0.23% at the beginning of the year.

Earnings impact

Impairment losses on mortgage lending for the period came to DKK 743m against DKK 544m in H1/2011. Of total impairment losses on loans and advances for the period, DKK 601m, or just above 81%, 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, % ¹	LTV, avg, % ²
	0-40	40-60	60-80	Over 80			
Private residential property	387,323	155,674	107,639	35,915	686,551	35	75
Private residential rental	73,054	22,455	12,186	2,432	110,127	28	63
Industry and trades	19,660	3,859	481	136	24,136	20	47
Office and retail	82,098	23,814	4,963	1,165	112,040	25	56
Agriculture	73,762	19,551	6,975	1,844	102,132	25	57
Non-profit housing	-	-	-	-	68,986	-	-
Other	13,957	2,539	853	133	17,481	21	49
Total, end-H1/2012	649,854	227,891	133,097	41,625	1,121,453	30	67
Total, end-2011	639,976	218,468	124,416	35,227	1,085,890	30	66

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

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

The Nykredit Realkredit Group

Provisions for mortgage loan impairment by property type ¹

DKK million	30.06.2012				31.12.2011			
	Individual impairment provisions	Collective impairment provisions	Total impairment provisions	Total earnings impact	Individual impairment provisions	Collective impairment provisions	Total impairment provisions	Total earnings impact
Private residential property	687	688	1,375	601	643	417	1,060	735
Private residential rental	267	172	439	63	336	126	462	(163)
Industry and trades	94	38	132	(5)	96	71	167	78
Office and retail	150	128	278	106	131	98	229	70
Agriculture	150	265	415	(30)	114	366	480	288
Non-profit housing	11	12	23	15	7	3	10	(10)
Other	35	29	64	(7)	33	44	77	28
Total	1,394	1,332	2,726	743	1,360	1,125	2,485	1,026

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

The Nykredit Realkredit Group

Arrears ratio 75 days past the due date

Due dates	Arrears relative to total mortgage payments %	Bond debt outstanding affected by arrears of total bond debt outstanding %	Bond debt outstanding affected by arrears DKKbn
2012			
- March	0.57	0.56	6.2
2011			
- December	0.58	0.71	7.7
- September	0.60	0.67	7.1
- June	0.56	0.66	7.0
- March	0.66	0.66	6.9

The Nykredit Realkredit Group

Arrears ratio, mortgage lending – 75 days past the March due date



The Nykredit Realkredit Group

Bank loans, advances and guarantees

DKK million	30.06.2012	31.12.2011
Bank lending	53,366	53,494
Terminated exposures ¹	1,837	2,282
Reverse transactions	32,106	22,007
Guarantees	12,366	10,142
Total	99,675	87,925

¹ From the former Forstædernes Bank.

The Nykredit Realkredit Group

Earnings impact of bank loan impairment losses and provisions for guarantees

DKK million	H1/2012	FY 2011
Retail	226	391
Wholesale excluding terminated exposures	32	41
Terminated exposures ¹	23	(93)
Group Items	(1)	21
Loan impairment losses	280	360
Provisions for guarantees	(32)	28
Total impairment losses	248	388

¹ From the former Forstædernes Bank.

Arrears

At the March due date, group mortgage arrears as a percentage of total mortgage payments due came to 0.57%. By comparison, the arrears ratio was 0.66% at the same time the year before.

Reposessed properties

In H1/2012, the Group reposessed 301 properties and sold 267. At end-H1/2012, the property portfolio stood at 381 compared with 347 at the beginning of the year. There were 258 private residential properties in the portfolio at end-H1/2012.

BANK LENDING

The Group's credit exposure to bank lending totalled DKK 99.7bn against DKK 87.9bn at the beginning of the year, up DKK 11.8bn. The increase primarily stemmed from higher reverse lending, which grew by DKK 10.1bn to DKK 32.1bn. Part of the expansion derived from the activities of the Stockholm branch.

Bank lending accounted for DKK 55.2bn of the total credit exposure against DKK 55.8bn at the beginning of the year. Bank lending before impairment provisions was DKK 59.5bn against DKK 60.0bn at the beginning of 2012.

Total provisions for bank loan impairment

Total provisions for loan impairment amounted to DKK 4,304m against DKK 4,294m at the beginning of the year.

The Group's individual and collective impairment provisions for bank lending were DKK 3,988m and DKK 316m, respectively, which was unchanged on the beginning of the year.

Impairment provisions for Retail reduced by DKK 15m to DKK 2,099m, while impairment provisions for Wholesale excluding terminated exposures came to DKK 707m compared with DKK 679m at end-2011. Impairment provisions for terminated exposures at DKK 1,406m were unchanged on the beginning of the year, while impairment provisions for Group Items amounted to DKK 92m.

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 12.4bn against DKK 10.1bn at the beginning of the year.

At end-H1/2012, provisions for guarantees amounted to DKK 82m against DKK 114m at the beginning of the year.

Earnings impact

For the period under review, loan impairment losses of DKK 280m and a reversal of provisions for guarantees of DKK 32m produced a net charge of DKK 248m. By comparison, loan impairment losses and provisions for guarantees came to DKK 201m in H1/2011.

The Nykredit Realkredit Group

Total provisions for bank loan impairment and guarantees

DKK million	Provisions for guarantees	Individual impairment provisions	Collective impairment provisions	Total 30.06.2012	Provisions for guarantees	Individual impairment provisions	Collective impairment provisions	Total 31.12.2011
Retail	74	1,934	165	2,173	62	1,935	179	2,176
Wholesale excl terminated exposures	-	592	115	707	-	577	102	679
Terminated exposures ¹	8	1,371	35	1,414	52	1,382	27	1,461
Group Items	-	91	1	92	-	91	-	91
Total	82	3,988	316	4,386	114	3,985	308	4,407

¹ From the former Forstædernes Bank.

Bank loans, advances and guarantees by industry

DKK million	Loans, advances and guarantees		Provisions	
	30.06.2012	31.12.2011	30.06.2012	31.12.2011
Public sector	484	542	0	0
Agriculture, hunting, forestry and fishing	2,308	2,448	127	120
Manufacturing, mining and quarrying	6,761	5,652	102	105
Energy supply	626	1,306	16	33
Construction	1,835	1,687	279	254
Trading	2,594	2,472	247	287
Transport, accommodation and food service activities	1,823	2,308	119	90
Information and communication	970	964	90	65
Financial and insurance activities	39,321	28,656	904	935
Property	15,808	14,488	1,370	1,312
Other commercial	6,773	7,767	475	530
Total commercial	78,819	67,747	3,729	3,731
Personal	20,373	19,636	656	677
Total	99,676	87,925	4,385	4,408

As the breakdown is based on public sector statistics, it is not directly comparable with the Bank's business areas.

LIQUIDITY AND FUNDING

LIQUIDITY

Nykredit has structured its business activities in a manner that ensures a high level of liquidity. The greater part of group lending is mortgage loans funded by covered bonds in the form of ROs and SDOs according to the match-funding principle. Nykredit's mortgage borrowers make their payments on or before the date on which Nykredit pays the bondholders. Accordingly, mortgage lending and the funding thereof produce positive liquidity. Furthermore, lending by Nykredit Bank is funded by deposits.

The Group's equity and capital market funding, excluding covered bonds, are placed in liquid Danish and European government and covered bonds. These securities are eligible as collateral with the Danish or other European central banks and thus directly exchangeable into cash. To this should be added a small portfolio of money market deposits, equities, corporate bonds and similar assets.

The stock of liquid assets of the Group's mortgage banks totalled DKK 94bn at end-H1/2012 against DKK 76bn at end-2011. Growth in liquid assets was mainly financed through the issuance of junior covered bonds and positive earnings in the period.

As at 30 June 2012, Nykredit Bank's liquidity reserve was DKK 39bn compared with DKK 41bn at end-2011, determined in relation to the minimum requirement of 10% for a bank's liquidity relative to total reduced debt and guarantee obligations set out in the Danish Financial Business Act.

Nykredit's stock of liquid assets constitutes a sizeable buffer against liquidity movements driven by customer flows, loan arrears, current costs and maturing capital market funding. In addition, the Group applies its stock of liquid assets to ensure compliance with statutory liquidity requirements, including the requirement of Danish mortgage legislation for supplementary collateral in case of falling property prices in connection with SDOs, and credit rating agencies' requirements for maintaining the current high ratings. Nykredit aims to comply with all the above-mentioned requirements with a comfortable margin.

FUNDING

Bond issuance

The Nykredit Realkredit Group is one of the largest private bond issuers in Europe.

The Nykredit Realkredit Group's bond issuance mainly consists of SDOs and ROs.

In addition, the Group has issued hybrid capital and bonds to fund supplementary collateral in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act (junior covered bonds) in Nykredit Realkredit.

Nykredit Bank has launched issues under the EMTN and ECP programmes as part of its funding programme.

In H1/2012 the Nykredit Realkredit Group issued a number of new fixed-rate callable bonds of which some with an interest-only option. Thanks to low interest rates, borrowers could raise loans funded by 30-year fixed-rate bonds of which some with a coupon as low as 3%. The steep rise in refinancing activity was fuelled by the exceptionally low interest rate level in H1/2012.

The Nykredit Realkredit Group introduced two-tier mortgaging for personal customers in Q2/2012. The first tier, ie 75% of a loan, is funded by SDOs, and the second tier, ie the remaining 25%, is funded by ROs. The Nykredit Realkredit Group opened a new Capital Centre I for the purpose of funding top loans not subject to refinancing for both personal and commercial customers. By contrast, top loans subject to refinancing for both personal and commercial customers are issued out of Capital Centre G.

Nykredit was also active in the market for unsecured debt in H1/2012. In a market characterised by turbulence prompted by the debt crisis in Southern Europe, Nykredit Realkredit issued DKK 16.4bn in junior covered bonds, and Nykredit Bank issued DKK 4.8bn in EMTN notes. The proportion of foreign investors has been on the rise for this type of issue. Nykredit's funding costs have grown in the past year in line with general market trends. However, Nykredit continues to have good access to capital market funding.

Nykredit provides bonds as collateral for loans with the Danish central bank as part of the Group's ordinary liquidity management and bond settlement. The Group had not placed bonds as collateral with the Danish central bank at end-H1/2012.

Nykredit does not make use of the Danish central bank's lending facilities as part of its business model for refinancing ARMs.

In autumn 2011 the Danish central bank expanded the collateral basis to include credit claims of good quality. The central bank also introduced loans with a term of three years. The Group has so far not made use of any of these options.

Bond portfolio

The Group's portfolio of bonds totalled DKK 239bn at end-H1/2012, of which self-issued bonds accounted for DKK 145bn. Of the portfolio of self-issued bonds, DKK 2bn related to customers' refinancing and prepayment, and DKK 29bn related to issuance of junior covered bonds. Further, DKK 52bn stemmed from market making or timing differences.

The bond portfolio amounted to DKK 370bn at end-2011, of which DKK 272bn was self-issued bonds.

Ratings

In H1/2012 Standard & Poor's assigned the rating AAA to ROs issued out of Capital Centres G and I. The capital centres currently comprise commercial loans with LTV ratios above 45%, but going forward they will also include private residential mortgage loans with LTV ratios above 60%. Capital Centre G includes loans subject to refinancing, whereas Capital Centre I includes loans funded to maturity.

S&P subsequently assigned AAA ratings to all rated SDO and RO capital centres.

S&P also assigned a A+ rating to the junior covered bonds issued out of Capital Centres E and H. Junior covered bonds are applied to fund supplementary collateral in the capital centres issuing SDOs.

Moody's

In April 2012 Nykredit requested Moody's Investors Service to cease rating the Nykredit Group.

The request applied to Moody's rating of Nykredit Realkredit A/S, Nykredit Bank A/S and Totalkredit A/S as well as their respective issues. Reference is made to the press release previously issued.

Moody's continues to publish ratings for some group companies.

Moody's most recent announcement regarding Danish banks and mortgage lenders has not affected the market for Danish covered bonds, including Nykredit's issues.

Fitch Ratings

After the end of the financial period, the Nykredit Group has commenced cooperation with Fitch Ratings, cf page 13.

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 2011.

In Management's opinion, the uncertainty relating to the above-mentioned matters is insignificant to the H1 Interim Report 2012.

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 2012 of Nykredit Realkredit A/S and the Nykredit Realkredit Group.

The Consolidated Financial Statements have been presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. The Interim Financial Statements of the Parent Company have been prepared in accordance with the Danish Financial Business Act and the Danish Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc.

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

We are of the opinion that the Interim Financial Statements give a fair presentation of the Group's and the Parent Company's assets, liabilities, equity and financial position at 30 June 2012 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 2012.

In our opinion, the Management's Review provides a fair review of the matters dealt with and describes the material risk and uncertainty factors which may affect the Group and the Parent Company.

The H1 Interim Report has not been audited or reviewed.

Copenhagen, 23 August 2012

Executive Board

Peter Engberg Jensen
Group Chief Executive

Kim Duus
Managing Director

Søren Holm
Managing Director

Karsten Knudsen
Managing Director

Per Ladegaard
Managing Director

Bente Overgaard
Managing Director

Board of Directors

Steen E. Christensen
Chairman

Hans Bang-Hansen
Deputy Chairman

Steffen Kragh
Deputy Chairman

Kristian Bengaard

Michael Demsitz

Merete Eldrup

Marlene Holm

Allan Kristiansen

Anders C. Obel

Erling Bech Poulsen

Lars Peter Skaarup

Nina Smith

Jens Erik Udsen

Leif Vinther

Income statements for 1 January – 30 June

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group			
H1/2011	H1/2012		Note	H1/2012	H1/2011
17,923	17,797	Interest income	3	21,507	21,800
15,605	15,082	Interest expenses	4	16,160	16,856
2,318	2,715	NET INTEREST INCOME		5,348	4,944
58	71	Dividend on equities		74	60
396	560	Fee and commission income		1,261	869
130	136	Fee and commission expenses		1,068	762
2,642	3,209	NET INTEREST AND FEE INCOME		5,614	5,111
(507)	383	Value adjustments	5	215	(67)
18	5	Other operating income		106	111
1,455	1,209	Staff and administrative expenses	6	2,338	2,548
330	351	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	7	368	393
0	0	Other operating expenses		6	91
403	419	Impairment losses on loans, advances and receivables	8	991	745
575	544	Profit from investments in associates and group enterprises	9	9	10
538	2,162	PROFIT BEFORE TAX		2,241	1,389
(157)	389	Tax	10	537	194
696	1,774	PROFIT FOR THE PERIOD		1,704	1,195

H1 Interim Report 2012 – the Nykredit Realkredit Group

Balance sheets, end of period

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group			
31.12.2011	30.06.2012		Note	30.06.2012	31.12.2011
		ASSETS			
4,540	220	Cash balance and demand deposits with central banks		693	7,084
34,631	29,854	Receivables from credit institutions and central banks	11	60,747	59,175
1,085,179	1,100,055	Loans, advances and other receivables at fair value	12	1,152,621	1,106,516
940	381	Loans, advances and other receivables at amortised cost	13	55,584	56,716
68,621	50,055	Bonds at fair value	14	91,963	97,115
		Equities			
3,264	3,469	Equities measured at fair value through profit or loss		1,553	1,615
-	-	Equities available for sale		2,256	2,064
3,264	3,469	Total		3,809	3,679
149	158	Investments in associates		160	151
28,714	29,999	Investments in group enterprises		-	-
4,137	3,939	Intangible assets		4,003	4,199
		Land and buildings			
-	-	Investment properties		753	753
20	20	Owner-occupied properties		1,597	1,598
20	20	Total		2,350	2,351
309	312	Other property, plant and equipment		358	356
344	0	Current tax assets		0	344
662	647	Deferred tax assets		736	741
451	509	Assets in temporary possession		611	621
18,913	16,081	Other assets	15	59,721	53,619
201	197	Prepayments		275	239
1,251,073	1,235,895	TOTAL ASSETS		1,433,632	1,392,905

Balance sheets, end of period

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group			
31.12.2011	30.06.2012		Note	30.06.2012	31.12.2011
		LIABILITIES AND EQUITY			
89,065	67,983	Payables to credit institutions and central banks	16	100,888	117,626
-	-	Deposits and other payables	17	55,281	57,404
1,060,979	1,073,781	Issued bonds at fair value	18	1,066,902	1,021,942
195	183	Issued bonds at amortised cost	19	26,945	25,864
4,421	1,232	Other non-derivative financial liabilities at fair value	20	39,289	30,908
-	50	Current tax liabilities		434	201
-	-	Liabilities temporarily assumed		6	22
29,172	24,021	Other liabilities	21	74,772	71,180
-	-	Deferred income		4	4
1,183,832	1,167,250	Total payables		1,364,520	1,325,152
		Provisions			
351	166	Provisions for pensions and similar obligations		171	356
492	460	Provisions for deferred tax		483	526
94	92	Repayable reserves in pre-1972 series		92	94
-	-	Provisions for losses under guarantees		82	114
30	27	Other provisions		146	149
967	746	Total provisions		974	1,239
10,965	11,015	Subordinated debt	22	11,254	11,204
		Equity			
1,182	1,182	Share capital		1,182	1,182
		Accumulated changes in value			
2	2	- Revaluation reserves		151	151
-	-	- Value adjustment of equities available for sale		1,052	982
		Other reserves			
2,155	2,699	- Statutory reserves		-	-
47,720	47,720	- Series reserves		47,720	47,720
4,051	5,281	Retained earnings		6,778	5,075
200	-	Proposed dividend		-	200
55,310	56,884	Total equity		56,884	55,310
1,251,073	1,235,895	TOTAL LIABILITIES AND EQUITY		1,433,632	1,392,905
		OFF-BALANCE SHEET ITEMS	23		
-	-	Contingent liabilities		12,366	10,142
1,981	1,805	Other commitments		9,278	8,389
1,981	1,805	TOTAL		21,644	18,531

Statement of changes in equity for 1 January – 30 June

DKK million

Nykredit Realkredit A/S

	Share capital	Revaluation reserves	Statutory reserves *	Series reserves	Retained earnings	Proposed dividend	Total
2012							
Equity, 1 January	1,182	2	2,155	47,720	4,051	200	55,310
Profit for the period	-	-	544	-	1,229	-	1,774
Total comprehensive income for the period	-	-	544	-	1,229	-	1,774
Dividend from associates	-	-	(1)	-	1	-	-
Distributed dividend	-	-	-	-	-	(200)	(200)
Equity, 30 June	1,182	2	2,699	47,720	5,281	-	56,884
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	-	-
Distributed dividend	-	-	-	-	-	(300)	(300)
Equity, 30 June	1,182	4	1,924	35,490	17,116	-	55,716

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

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

Statement of changes in equity for 1 January – 30 June

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
2012							
Equity, 1 January	1,182	151	982	47,720	5,075	200	55,310
Profit for the period	-	-	-	-	1,704	-	1,704
Other comprehensive income							
Fair value adjustment of equities available for sale	-	-	135	-	-	-	135
Realised value adjustment of equities available for sale reclassified to the income statement	-	-	(65)	-	-	-	(65)
Total other comprehensive income	-	-	70	-	-	-	70
Total comprehensive income for the period	-	-	70	-	1,704	-	1,774
Distributed dividend	-	-	-	-	-	(200)	(200)
Equity, 30 June	1,182	151	1,052	47,720	6,778	-	56,884
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
Distributed dividend	-	-	-	-	-	(300)	(300)
Other adjustments	-	-	1	-	(1)	-	-
Equity, 30 June	1,182	132	1,337	35,490	17,574	-	55,716

Statement of changes in equity for 1 January – 31 December

DKK million

	Share capital	Revaluation reserves	Statutory reserves *	Accumulated value adjustment of equities available for sale	Series reserves	Retained earnings	Proposed dividend	Total
Nykredit Realkredit A/S								
2011								
Equity, 1 January	1,182	4	1,357	-	35,490	16,987	300	55,320
Profit (loss) for the year	-	-	786	-	-	(724)	200	261
Other comprehensive income								
Share of comprehensive income in associates and group enterprises	-	-	21	-	-	-	-	21
Total other comprehensive income	-	-	21	-	-	-	-	21
Total comprehensive income for the year	-	-	806	-	-	(724)	200	282
Dividend from associates	-	-	(8)	-	-	8	-	-
Distributed dividend	-	-	-	-	-	-	(300)	(300)
Adjustment pursuant to capital adequacy rules	-	-	-	-	12,230	(12,230)	-	-
Transferred from provisions – pre-1972 series	-	-	-	-	-	8	-	8
Other adjustments	-	(2)	-	-	0	2	-	0
Equity, 31 December	1,182	2	2,155	-	47,720	4,051	200	55,310
The Nykredit Realkredit Group								
2011								
Equity, 1 January	1,182	132	-	1,836	35,490	16,380	300	55,320
Profit for the year	-	-	-	-	-	915	200	1,115
Other comprehensive income								
Fair value adjustment of equities available for sale	-	-	-	(682)	-	-	-	(682)
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)
Fair value adjustment of owner-occupied properties	-	21	-	-	-	-	-	21
Total other comprehensive income	-	21	-	(854)	-	-	-	(833)
Total comprehensive income for the year	-	21	-	(854)	-	915	200	282
Distributed dividend	-	-	-	-	-	-	(300)	(300)
Adjustment pursuant to capital adequacy rules	-	-	-	-	12,230	(12,230)	-	-
Transferred from provisions – pre-1972 series	-	-	-	-	-	8	-	8
Other adjustments	-	(2)	-	1	0	1	-	0
Equity, 31 December	1,182	151	-	982	47,720	5,075	200	55,310

* 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.

Capital base and capital adequacy, end of period

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group		
31.12.2011	30.06.2012		30.06.2012	31.12.2011
		Capital base and capital adequacy		
55,310	56,884	Equity, end of period	56,884	55,310
(2)	(2)	Revaluation reserves transferred to supplementary capital	(151)	(151)
55,308	56,882	Tier 1 capital	56,733	55,159
(200)	-	Proposed dividend	-	(200)
(4,137)	(3,939)	Intangible assets	(4,003)	(4,199)
(170)	(186)	Capitalised tax assets	(253)	(214)
50,801	52,757	Core Tier 1 capital after primary statutory deductions	52,477	50,546
10,965	10,407	Hybrid capital included	10,645	11,204
(773)	(843)	Difference between expected losses and impairments for accounting purposes	(1,003)	(1,050)
(1,616)	(1,683)	Other statutory deductions	(995)	(1,212)
59,376	60,637	Tier 1 capital after statutory deductions	61,124	59,487
51	46	Revaluation reserves and series reserves	195	200
59,428	60,683	Capital base before statutory deductions	61,319	59,687
(773)	(843)	Difference between expected losses and impairments for accounting purposes	(1,003)	(1,050)
(447)	(443)	Other statutory deductions	(93)	(181)
1,169	1,240	Set-off of excess capital deduction	901	1,031
59,376	60,637	Capital base after statutory deductions	61,124	59,487
		Capital requirement		
27,419	27,440	Credit risk (incl settlement risk, statutory deduction for collective impairment provisions under the standardised approach and a charge for exceeding large exposure limits)	23,108	23,293
2,276	2,020	Market risk	3,091	3,086
1,097	886	Operational risk	1,722	1,474
30,792	30,346	Total capital requirement	27,921	27,852
384,897	379,325	Total risk-weighted items	349,007	348,155
		Financial ratios		
12.6	13.2	Core Tier 1 capital ratio, %	14.5	13.9
15.4	16.0	Tier 1 capital ratio, %	17.5	17.1
15.4	16.0	Total capital ratio, %	17.5	17.1
		Required capital base and internal capital adequacy requirement		
27,419	27,440	Credit risk	18,603	17,962
4,109	4,027	Market risk	5,424	5,821
1,844	2,477	- of which stressed VaR	3,240	2,797
752	898	Operational risk	1,662	1,373
-	-	Risk relating to own properties	128	128
32,281	32,365	Total Pillar I	25,818	25,284
1,572	1,378	Weaker economic climate (stress test, etc)	2,427	2,463
1,462	1,567	Other factors and uncertainties	5,705	5,659
3,034	2,945	Total Pillar II	8,132	8,122
35,315	35,310	Total required capital base	33,949	33,405
384,897	379,325	Total risk-weighted items	349,007	348,155
9.2	9.3	Internal capital adequacy requirement (ICAAP), %	9.7	9.6

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

DKK million

The Nykredit Realkredit Group

	H1/2012				H1/2011			
	Core earnings	Investment portfolio income	Cost of capital	Total	Core earnings	Investment portfolio income	Cost of capital	Total
Net interest income	4,212	1,366	(230)	5,348	4,123	1,047	(227)	4,944
Dividend on equities	2	71	-	74	2	59	-	60
Fee and commission income, net	247	(55)	-	193	128	(21)	-	107
Net interest and fee income	4,461	1,382	(230)	5,614	4,253	1,085	(227)	5,111
Value adjustments	75	141	(1)	215	266	(331)	(3)	(67)
Other operating income	106	-	-	106	106	5	-	111
Staff and administrative expenses	2,339	-	-	2,339	2,548	-	-	2,548
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	368	-	-	368	393	-	-	393
Other operating expenses	6	-	-	6	91	-	-	91
Impairment losses on loans, advances and other receivables	991	-	-	991	745	-	-	745
Profit from investments in associates	-	9	-	9	-	10	-	10
Profit (loss) before tax	939	1,533	(231)	2,241	849	769	(230)	1,389

Cash flow statement for 1 January – 30 June

DKK million

	The Nykredit Realkredit Group	
Note	H1/2012	H1/2011
Profit for the period	1,704	1,195
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	368	393
Profit from investments in associates	(9)	(10)
Impairment losses on loans, advances and receivables	991	745
Prepayments/deferred income, net	(37)	11
Tax calculated on profit for the period	537	194
Other adjustments	79	(482)
Total	1,929	850
Profit for the period adjusted for non-cash operating items	3,633	2,045
Change in working capital		
Loans, advances and other receivables	(45,964)	(12,156)
Deposits and payables to credit institutions	(18,861)	(20,351)
Issued bonds	46,042	(9,282)
Other working capital	5,697	(1,605)
Total	(13,086)	(43,394)
Corporation tax paid, net	(11)	(104)
Cash flows from operating activities	(9,464)	(41,454)
Cash flows from investing activities		
Acquisition of group enterprises	-	(28)
Acquisition of associates	-	(2)
Divestment of associates	-	7
Dividend received	1	6
Purchase and sale of bonds and equities	5,021	20,150
Purchase of intangible assets	(108)	(107)
Purchase of property, plant and equipment	(70)	(105)
Sale of property, plant and equipment	2	2
Total	4,847	19,923
Cash flows from financing activities		
Redemption of subordinated debt	-	(75)
Purchase and sale of self-issued subordinated debt instruments	(1)	28
Distributed dividend	(200)	(300)
Total	(201)	(347)
Total cash flows	(4,818)	(21,878)
Cash and cash equivalents, beginning of period		
Cash balance and demand deposits with central banks	7,084	507
Receivables from credit institutions and central banks	59,175	58,149
Total	66,258	58,657
Cash and cash equivalents, end of period		
Cash balance and demand deposits with central banks	693	530
Receivables from credit institutions and central banks	60,747	36,249
Total	61,440	36,779

Notes

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1. ACCOUNTING POLICIES

General

The Consolidated Financial Statements for H1/2012 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and further Danish financial reporting and disclosure requirements for interim reports. Compliance with IAS 34 implies observance of the principles of recognition and measurement of the IFRS and a less detailed presentation relative to the annual report.

The interim financial statements of the Parent Company have been prepared in accordance with the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc. issued by the Danish Financial Supervisory Authority.

Changes to accounting presentation

The segment reporting has been changed as part of the Group's organisational changes at the beginning of 2012. The new organisation is based on three key business areas: Retail, Totalkredit Partners and Wholesale. In addition, a number of income statement and balance sheet items are not allocated to any of the above business areas. Those items are carried under Group Items.

The major changes relative to previous segment reporting are that the activities of personal and commercial customers, the activities of Nykredit Mægler A/S and mortgage loans granted via Nykredit's branch in Poland have merged into the business area Retail. The Group's corporate and institutional clients have been separated from commercial customers and merged with Markets and Asset Management into the business area Wholesale. The portfolio of terminated corporate exposures of the former Forstædernes Bank is also included in the business area Wholesale. The activities of Ejendomsselskabet Kalvebod A/S, Nykredit Ejendomme A/S and Group Treasury are included in Group Items. The business area Totalkredit has changed its name to Totalkredit Partners.

In Q2/2012, mortgage loans to personal customers provided by Totalkredit A/S through the former Forstædernes Bank were transferred from Totalkredit Partners to Retail.

Comparative figures have been restated and the adjustment does not affect the results, comprehensive income, balance sheets or equity of the Nykredit Group.

In all other respects, the accounting policies are unchanged compared with the Annual Report 2011.

Compared with the information disclosed in the accounting policies of the Annual Report 2011 (note 1), no new reporting standards or interpretations have been issued or approved which would influence the H1 Interim Report 2012 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 expected to be implemented in January 2015. The impact of the implementation of IFRS 9 on the Consolidated Financial Statements has not been analysed, as the standard is not currently available in a form that allows for an overall assessment of the effect.

In 2012 the Danish Financial Supervisory Authority issued a new Executive Order on the presentation of financial reports for credit institutions and investment firms with effect from the H1 Financial Statements 2012.

The changes primarily include various specifications in connection with the determination of the provisioning need, including objective evidence of impairment, valuation of security and provisioning calculations etc. The implementation of the amended Executive Order has not had any material effect on the results, comprehensive income, balance sheet or equity of the Parent Company or the Group.

For a full description of the Group's and the Parent Company's accounting policies, please refer to the Annual Report 2011, which is available at nykredit.com.

All figures in the H1 Interim Report 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.

Notes

DKK million

The Nykredit Realkredit Group

2. RESULTS BY BUSINESS AREA

H1/2012

Core income from

- customer activity, gross	2,659	847	1,657	(62)	5,102
- allocation of income to distribution services	406	-	(406)	-	-

Total business operations

- value adjustment of derivatives and corporate bonds	(408)	-	(30)	-	(438)
- junior covered bonds	(67)	(109)	(10)	-	(186)
- securities	-	-	-	165	165

Total core income	2,590	738	1,211	104	4,643
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Operating costs	1,542	221	418	164	2,345
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Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	6	258	2	102	368
-----------------------------------------------------------------------------------------------------------------	---	-----	---	-----	-----

Core earnings before impairment losses	1,042	259	792	(163)	1,930
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Impairment losses on loans and advances	606	331	54	0	991
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Core earnings after impairment losses	436	(72)	738	(163)	939
----------------------------------------------	------------	-------------	------------	--------------	------------

Investment portfolio income ¹	-	-	-	1,533	1,533
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Profit (loss) before cost of capital	436	(72)	738	1,370	2,471
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Net interest on hybrid capital	-	-	-	(231)	(231)
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Profit (loss) before tax	436	(72)	738	1,139	2,241
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	Retail	Totalkredit Partners	Wholesale	Group Items	Total
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H1/2011

Core income from

- customer activity, gross	2,347	649	1,491	(80)	4,406
- allocation of income to distribution services	347	-	(347)	-	-

Total business operations	2,694	649	1,144	(80)	4,406
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- value adjustment of derivatives and corporate bonds	(5)	-	15	-	11
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- junior covered bonds	(47)	(29)	(9)	-	(85)
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- securities	-	-	-	293	293
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Total core income	2,642	620	1,150	213	4,625
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Operating costs	1,546	197	371	523	2,638
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Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	7	244	1	140	393
-----------------------------------------------------------------------------------------------------------------	---	-----	---	-----	-----

Core earnings before impairment losses	1,088	179	778	(451)	1,594
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Impairment losses on loans and advances	512	139	79	15	745
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Core earnings after impairment losses	576	39	699	(465)	849
----------------------------------------------	------------	-----------	------------	--------------	------------

Investment portfolio income ¹	-	-	-	769	769
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Profit before cost of capital	576	39	699	304	1,618
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Net interest on hybrid capital	-	-	-	(229)	(229)
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Profit before tax	576	39	699	74	1,389
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¹ Investment portfolio income includes profit from investments in associates of DKK 9m against DKK 10m in 2011.

The Nykredit Realkredit Group

	H1/2011	H1/2012
1. <i>Chlamydia trachomatis</i>	100	100
2. <i>Neisseria meningitidis</i>	100	100
3. <i>Neisseria gonorrhoeae</i>	100	100
4. <i>Streptococcus pneumoniae</i>	100	100
5. <i>Haemophilus influenzae</i>	100	100
6. <i>Legionella pneumophila</i>	100	100
7. <i>Salmonella enteritidis</i>	100	100
8. <i>Escherichia coli</i>	100	100
9. <i>Staphylococcus aureus</i>	100	100
10. <i>Pseudomonas aeruginosa</i>	100	100
11. <i>Mycobacterium tuberculosis</i>	100	100
12. <i>Candida albicans</i>	100	100
13. <i>Aspergillus fumigatus</i>	100	100
14. <i>Cryptosporidium parvum</i>	100	100
15. <i>Toxoplasma gondii</i>	100	100
16. <i>Giardia lamblia</i>	100	100
17. <i>Naegleria fowleri</i>	100	100
18. <i>Acanthamoeba castellanii</i>	100	100
19. <i>Plasmodium falciparum</i>	100	100
20. <i>Leishmania donovani</i>	100	100
21. <i>Trypanosoma brucei</i>	100	100
22. <i>Helicobacter pylori</i>	100	100
23. <i>Campylobacter jejuni</i>	100	100
24. <i>Shigella flexneri</i>	100	100
25. <i>Yersinia enterocolitica</i>	100	100
26. <i>Brucella abortus</i>	100	100
27. <i>Coxiella burnetii</i>	100	100
28. <i>Bordetella pertussis</i>	100	100
29. <i>Diphtheria</i>	100	100
30. <i>Tetanus</i>	100	100
31. <i>Polio</i>	100	100
32. <i>Measles</i>	100	100
33. <i>Mumps</i>	100	100
34. <i>Scarlet fever</i>	100	100
35. <i>Epidemic typhus</i>	100	100
36. <i>Rocky Mountain spotted fever</i>	100	100
37. <i>Q fever</i>	100	100
38. <i>Brucellosis</i>	100	100
39. <i>Leptospirosis</i>	100	100
40. <i>Cholera</i>	100	100
41. <i>Typhoid</i>	100	100
42. <i>Shigellosis</i>	100	100
43. <i>Yersinia enterocolitica</i>	100	100
44. <i>Brucella abortus</i>	100	100
45. <i>Coxiella burnetii</i>	100	100
46. <i>Bordetella pertussis</i>	100	100
47. <i>Diphtheria</i>	100	100
48. <i>Tetanus</i>	100	100
49. <i>Polio</i>	100	100
50. <i>Measles</i>	100	100
51. <i>Mumps</i>	100	100
52. <i>Scarlet fever</i>	100	100
53. <i>Epidemic typhus</i>	100	100
54. <i>Rocky Mountain spotted fever</i>	100	100
55. <i>Q fever</i>	100	100
56. <i>Brucellosis</i>	100	100
57. <i>Leptospirosis</i>	100	100
58. <i>Cholera</i>	100	100
59. <i>Typhoid</i>	100	100
60. <i>Shigellosis</i>	100	100
61. <i>Yersinia enterocolitica</i>	100	100
62. <i>Brucella abortus</i>	100	100
63. <i>Coxiella burnetii</i>	100	100
64. <i>Bordetella pertussis</i>	100	100
65. <i>Diphtheria</i>	100	100
66. <i>Tetanus</i>	100	100
67. <i>Polio</i>	100	100
68. <i>Measles</i>	100	100
69. <i>Mumps</i>	100	100
70. <i>Scarlet fever</i>	100	100
71. <i>Epidemic typhus</i>	100	100
72. <i>Rocky Mountain spotted fever</i>	100	100
73. <i>Q fever</i>	100	100
74. <i>Brucellosis</i>	100	100
75. <i>Leptospirosis</i>	100	100
76. <i>Cholera</i>	100	100
77. <i>Typhoid</i>	100	100
78. <i>Shigellosis</i>	100	100
79. <i>Yersinia enterocolitica</i>	100	100
80. <i>Brucella abortus</i>	100	100
81. <i>Coxiella burnetii</i>	100	100
82. <i>Bordetella pertussis</i>	100	100
83. <i>Diphtheria</i>	100	100
84. <i>Tetanus</i>	100	100
85. <i>Polio</i>	100	100
86. <i>Measles</i>	100	100
87. <i>Mumps</i>	100	100
88. <i>Scarlet fever</i>	100	100
89. <i>Epidemic typhus</i>	100	100
90. <i>Rocky Mountain spotted fever</i>	100	100
91. <i>Q fever</i>	100	100
92. <i>Brucellosis</i>	100	100
93. <i>Leptospirosis</i>	100	100
94. <i>Cholera</</i>		

	H1/2012	H1/2011
1. Revenue	100.0	100.0
2. Operating expenses	75.0	75.0
3. Operating income	25.0	25.0
4. Non-operating income	5.0	5.0
5. Income before taxes	30.0	30.0
6. Income taxes	7.5	7.5
7. Net income	22.5	22.5
8. Other comprehensive income	0.0	0.0
9. Comprehensive income	22.5	22.5
10. Dividends	5.0	5.0
11. Retained earnings	17.5	17.5
12. Other equity	0.0	0.0
13. Total equity	17.5	17.5
14. Debt	82.5	82.5
15. Total assets	100.0	100.0

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Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
H1/2011	H1/2012	H1/2012	H1/2011
5. VALUE ADJUSTMENTS			
Financial assets measured at fair value through profit or loss			
(3,028)	2,078	2,815	(7,636)
(3,687)	366	-	-
(17)	128	0	3
(465)	681	907	(907)
(390)	128	(1)	177
-	-	(3)	(7)
17	(50)	(39)	39
184	(171)	(388)	299
Financial assets measured at fair value and recognised in "Other comprehensive income"			
-	-	-	(45)
-	-	63	205
Financial liabilities measured at fair value through profit or loss			
3,192	(2,410)	(3,138)	7,805
3,687	(366)	-	-
-	-	(0)	1
(507)	383	215	(67)
6. STAFF AND ADMINISTRATIVE EXPENSES			
24	25	25	24
1,052	837	1,293	1,493
379	347	1,020	1,030
1,455	1,209	2,338	2,548
Remuneration of Board of Directors and Executive Board			
Board of Directors			
2	2	2	2
Executive Board			
18	18	18	18
5	6	6	5
24	25	25	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 2011.			
Staff expenses			
854	644	1,026	1,223
93	94	131	128
104	100	136	143
1,052	837	1,293	1,493
Number of staff			
3,115	3,076	4,088	4,095

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
H1/2011	H1/2012	H1/2012	H1/2011
7. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES FOR PROPERTY, PLANT AND EQUIPMENT AS WELL AS INTANGIBLE ASSETS			
Intangible assets			
286	302	- Amortisation	303 288
Property, plant and equipment			
45	49	- Depreciation	65 59
-	-	- Impairment losses	- 46
330	351	Total	368 393
8. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES			
8. a. Earnings impact			
224	213	Change in individual impairment provisions for loans and advances	668 431
98	76	Change in collective impairment provisions for loans and advances	215 174
56	85	Losses recognised for the period, net	207 109
(15)	(19)	Received on claims previously written off as impairment losses	(29) (19)
-	-	Provisions for guarantees	(32) 67
362	355	Total impairment losses on loans and advances and provisions for guarantees	1,029 761
52	72	Value adjustment of assets in temporary possession	94 78
(11)	(8)	Value adjustment of claims previously written off as impairment losses	(8) (11)
-	-	Losses offset against commission payments to banks	(124) (82)
403	419	Total	991 745
8 b. Specification of provisions for loan impairment			
1,067	970	Individual impairment provisions	5,381 6,223
820	891	Collective impairment provisions	1,649 1,563
1,887	1,861	Total impairment provisions	7,030 7,786
Impairment provisions have been offset against the following items:			
1,535	1,477	Mortgage loans – note 12	2,234 1,805
352	384	Arrears and outlays – note 12	492 627
-	-	Bank loans and advances – note 13	4,304 5,355
1,887	1,861	Total impairment provisions	7,030 7,786
8. c. Individual impairment provisions			
981	967	Impairment provisions, beginning of period	5,345 6,980
272	376	Impairment provisions for the period	1,164 922
(47)	(163)	Impairment provisions reversed	(496) (492)
(68)	(69)	Value adjustment of repossessed properties	(108) (84)
(70)	(141)	Impairment provisions recognised as lost	(524) (1,104)
1,067	970	Impairment provisions, end of period	5,381 6,223

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group		
H1/2011	H1/2012		H1/2012	H1/2011
		8. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES (continued)		
		8. d. Collective impairment provisions		
722	815	Impairment provisions, beginning of period	1,434	1,389
98	76	Impairment provisions for the period	215	174
820	891	Impairment provisions, end of period	1,649	1,563
		8. e. Specification of loans and advances subject to objective evidence of impairment		
5,364	4,804	Loans and advances before individual impairment provisions	13,177	14,330
1,067	970	Impairment provisions	5,381	6,223
4,297	3,835	Loans and advances after impairment provisions	7,796	8,107
40,777	46,003	Loans and advances before collective impairment provisions	131,663	119,106
820	891	Impairment provisions	1,649	1,563
39,957	45,112	Loans and advances after impairment provisions	130,015	117,543
		8. f. Impairment losses on repossessed properties		
173	262	Impairment provisions, beginning of period	358	233
68	69	Transfer from non-repossessed properties	108	84
55	82	Impairment provisions for the period	116	102
(4)	(10)	Impairment provisions reversed	(22)	(24)
(83)	(108)	Impairment provisions recognised as lost	(138)	(114)
210	295	Impairment provisions, end of period	422	280
		Impairment losses on repossessed properties have been offset against "Assets in temporary possession".		
		9. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES		
10	9	Profit from investments in associates	9	10
565	535	Profit from investments in group enterprises	-	-
575	544	Total	9	10
		10. TAX		
(29.2)	18.0	Effective tax rate, %	24.0	14.0
		In 2011 the effective tax rate was influenced by the recognition of income of approximately DKK 133m relating to tax provided for in previous years. Nykredit was able to recognise the amount as income after the courts found for Nykredit in a tax case.		
		Adjusted for tax relating to previous years recognised as income, the effective tax rate in H1/2011 was 23.6% for the Nykredit Realkredit Group.		

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group		
31.12.2011	30.06.2012		30.06.2012	31.12.2011
		11. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS		
3,000	1,718	Receivables from central banks	11,996	19,788
31,631	28,136	Receivables from credit institutions	48,751	39,387
34,631	29,854	Total	60,747	59,175
5,877	1,256	Of which genuine purchase and resale transactions	19,271	19,121
		12. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE		
604,684	617,753	Mortgage loans	1,120,214	1,084,317
26	166	Arrears and outlays	300	191
-	-	Other loans and advances	32,106	22,007
18,623	22,340	Loans to Totalkredit serving as collateral in capital centres	-	-
461,846	459,795	Totalkredit mortgage loan funding	-	-
1,085,179	1,100,055	Total	1,152,621	1,106,516
-	-	Of which genuine purchase and resale transactions	32,106	22,007
		Mortgage loans		
575,112	595,273	Balance, beginning of period, nominal value	1,067,606	1,029,636
87,062	49,277	New loans	128,444	156,583
571	679	Indexation	679	571
(320)	363	Foreign currency translation adjustment	363	(320)
(11,608)	(6,081)	Ordinary principal payments	(8,825)	(15,342)
(55,544)	(33,115)	Prepayments and extraordinary principal payments	(87,334)	(103,522)
595,273	606,396	Balance, end of period, nominal value	1,100,933	1,067,606
(366)	(432)	Loans transferred relating to properties in temporary possession	(480)	(500)
271	270	Loans assumed by the Danish Agency for Governmental Management	270	271
595,177	606,234	Total nominal value	1,100,722	1,067,376
10,794	12,996	Adjustment for interest rate risk	21,726	18,865
		Adjustment for credit risk		
(473)	(586)	Individual impairment provisions	(902)	(798)
(815)	(891)	Collective impairment provisions	(1,332)	(1,125)
604,684	617,753	Balance, end of period, fair value	1,120,214	1,084,317
		For total loans and advances, Nykredit has received mortgages on property and:		
23,581	24,376	Supplementary guarantees totalling	32,119	31,673
1,346	1,160	Interim loan guarantees totalling	10,742	9,739
6,333	6,168	Registration guarantees totalling	33,948	17,634
		Arrears and outlays		
431	450	Arrears before impairment provisions	586	569
89	100	Outlays before impairment provisions	206	184
(494)	(384)	Individual impairment provisions for arrears and outlays	(492)	(562)
26	166	Total	300	191

Notes

DKK million

Nykkredit Realkredit A/S		The Nykkredit Realkredit Group	
31.12.2011	30.06.2012	30.06.2012	31.12.2011
		12. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE (continued)	
		Totalkredit mortgage loan funding	
432,038	455,052	Balance, beginning of period, nominal value	-
187,927	126,794	New loans	-
(6,934)	(1,306)	Ordinary principal payments	-
(157,979)	(127,854)	Prepayments and extraordinary principal payments	-
455,052	452,687	Balance, end of period, nominal value	-
6,794	7,108	Adjustment for interest rate risk	-
461,846	459,795	Balance, end of period, fair value	-
		13. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST	
-	-	Bank loans and advances	59,507
47	33	Totalkredit mortgage loan funding	-
-	-	Mortgage loans	33
933	390	Other loans and advances	390
980	423	Balance, end of period	59,930
		Adjustment for credit risk	
-	-	Individual impairment provisions	(3,987)
-	-	Collective impairment provisions	(316)
980	423	Balance after impairment, end of period	55,626
(40)	(42)	Set-off of self-issued "Other loans and advances" against "Issued bonds at amortised cost" – note 19	(42)
940	381	Total	55,584
		14. BONDS AT FAIR VALUE	
39,683	29,463	Self-issued SDOs	75,007
114,725	41,415	Self-issued ROs	68,823
58,225	41,959	Other ROs	65,605
4,414	2,696	Government bonds	12,294
5,981	5,501	Other bonds	17,012
223,029	121,034	Total	238,742
(114,725)	(41,415)	Set-off of self-issued ROs against "Issued bonds at fair value" – note 18	(68,823)
(39,682)	(29,462)	Set-off of self-issued SDOs against "Issued bonds at fair value" – note 18	(75,006)
-	(101)	Set-off of self-issued junior covered bonds against "Issued bonds at fair value" – note 18	(1,507)
(1)	(1)	Set-off of self-issued SDOs against "Issued bonds at amortised cost" – note 19	(1)
-	-	Set-off of self-issued other bonds against "Issued bonds at amortised cost" – note 19	(1,441)
68,621	50,055	Total	91,963
12,312	1,254	Of bonds at fair value before set-off of self-issued bonds: Drawn bonds	2,961
6,631	4,869	As collateral for the Danish central bank and foreign clearing centres, bonds have been deposited of a total market value of	16,739
		Collateral security was provided on an arm's length basis.	

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group		
31.12.2011	30.06.2012		30.06.2012	31.12.2011
		15. OTHER ASSETS		
14,189	11,364	Interest and commission receivable	15,492	13,086
414	401	Receivables from group enterprises	-	-
3,996	3,958	Positive market value of derivative financial instruments	43,484	39,752
123	135	Defined benefit plans	135	123
192	224	Remaining assets	610	658
18,913	16,081	Total	59,721	53,619
		16. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS		
86,065	67,983	Payables to credit institutions	99,745	109,481
3,000	-	Payables to central banks	1,144	8,144
89,065	67,983	Total	100,888	117,626
82,632	66,426	Of which genuine sale and repurchase transactions	88,768	96,263
		17. DEPOSITS AND OTHER PAYABLES		
-	-	On demand	34,009	30,343
-	-	At notice	6,589	5,498
-	-	Time deposits	11,923	18,709
-	-	Special deposits	2,761	2,854
-	-	Total	55,281	57,404
		18. ISSUED BONDS AT FAIR VALUE		
383,423	321,751	ROs	389,231	461,842
800,522	777,361	SDOs	777,361	800,522
31,441	45,647	Junior covered bonds	45,647	31,441
1,215,387	1,144,759	Total	1,212,239	1,293,805
(154,407)	(70,978)	Self-issued bonds transferred from "Bonds at fair value" – note 14	(145,337)	(271,863)
1,060,979	1,073,781	Total	1,066,902	1,021,942
		18 a. ROs		
375,075	311,755	ROs at nominal value	377,606	452,202
8,348	9,996	Fair value adjustment	11,625	9,640
383,423	321,751	ROs at fair value	389,231	461,842
(114,725)	(41,415)	Self-issued ROs transferred from "Bonds at fair value" – note 14	(68,823)	(138,736)
268,698	280,336	Total	320,408	323,106
1	6	Of which pre-issuance	6	1
44,574	10,544	ROs drawn for redemption at next creditor payment date	13,442	46,982

Nykredit Realkredit A/S
31.12.2011 30.06.2012

The Nykredit Realkredit Group
30.06.2012 31.12.2011

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Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
31.12.2011	30.06.2012	30.06.2012	31.12.2011
		22. SUBORDINATED DEBT	
		Subordinated debt consists of financial liabilities in the form of hybrid capital which, in case of voluntary or compulsory liquidation, will not be repaid until the claims of ordinary creditors have been met.	
		Subordinated debt is included in the capital base in accordance with the Danish Executive Order on capital base determination.	
		Hybrid 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
3,989	3,980	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	3,980 3,989
6,975	7,036	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% pa up to 1 April 2015, after which date the interest rate will be fixed every five years.	7,036 6,975
10,965	11,015	Total hybrid capital	11,265 11,215
-	-	Portfolio of self-issued bonds	(12) (11)
10,965	11,015	Total subordinated debt	11,254 11,204
10,965	10,407	Subordinated debt that may be included in the capital base	10,645 11,204
-	-	Costs related to raising and redeeming subordinated debt	- -
-	-	Extraordinary principal payments and redemption of subordinated debt in the financial period	- 594

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
31.12.2011	30.06.2012	30.06.2012	31.12.2011
23. OFF-BALANCE SHEET ITEMS			
Guarantees and warranties provided, irrevocable credit commitments and similar obligations not recognised in the balance sheets are presented below.			
-	-	12,366	10,142
1,981	1,805	9,278	8,389
1,981	1,805	21,644	18,531
Contingent liabilities			
-	-	9,475	6,860
-	-	8	501
-	-	2,883	2,780
-	-	12,366	10,142
Other commitments			
23	11	7,484	6,517
1,958	1,794	1,793	1,873
1,981	1,805	9,278	8,389
"Other contingent liabilities" chiefly comprises purchase price and payment guarantees.			
Other contingent liabilities			
Owing to the size and business scope of the Nykredit Realkredit Group, the Group is continuously involved in legal proceedings and litigation. The cases are subject to ongoing review, and necessary provisions are made based on an assessment of the risk of loss. Pending cases are not expected to have a significant effect on the Nykredit Realkredit Group's financial position.			
Nykredit Bank A/S is liable for roughly 3% of any losses incurred by the Guarantee Fund for Depositors and Investors in the event of bankruptcy or winding-up of a bank.			
Nykredit Realkredit A/S has issued a letter of comfort stating that Nykredit Realkredit A/S will contribute capital to Nykredit Bank A/S to ensure that Nykredit Bank A/S's Tier 1 capital calculated according to the Basel II rules does not fall below 12-13%. However, Nykredit Realkredit A/S will not contribute capital to Nykredit Bank A/S if that will bring Nykredit Realkredit A/S's total capital ratio below the statutory capital requirement plus 0.5% or the internal capital adequacy requirement (ICAAP) plus 0.5%.			
Nykredit Realkredit A/S is liable for the obligations of the pension fund in run-off Nykredits Afviklingspensionskasse (CVR no 24 25 62 19).			

Notes

23. OFF-BALANCE SHEET ITEMS (continued)

Tax

The Danish tax authorities (SKAT) have proposed that Nykredit Bank's taxable income declared for 2008 be changed.

The proposal is based on a review of eight exposures that were granted by Forstædernes Bank and subsequently assumed by the Nykredit Realkredit Group in connection with the acquisition of Forstædernes Bank. In 2010 Forstædernes Bank was merged with Nykredit Bank. As a result of the financial crisis and the property market trends, Forstædernes Bank recorded considerable impairment losses on these exposures in 2008 and 2009 for accounting as well as tax purposes.

SKAT's review for the accounting year 2008 has not been completed yet. However, in SKAT's opinion the loans were not granted on standard business terms and failed to comply with the business procedures and instructions. For this reason, SKAT finds that there was no basis for deducting the impairment losses from the taxable income.

The tax effect for the accounting year 2008 could amount to up to DKK 300m, but as the review has not been completed yet, the amount is provisional. SKAT has not yet taken a position on possible changes to the accounting year 2009, but the amount is estimated to correspond to the 2008 level.

Nykredit disagrees with the reasoning presented by SKAT, and Management is of the opinion that the loans were granted on standard business terms, in accordance with Forstædernes Bank's policies and business procedures. The loans were moreover granted up to five years prior to the financial crisis, at which time the adverse effects of the property market development were unforeseeable.

Should SKAT uphold that a tax deduction cannot be obtained, Nykredit will appeal against SKAT's decision. In Nykredit's opinion, the probability that the courts will find for SKAT in case of legal action is negligible. A judgement recently delivered by the Danish Supreme Court (no SKM2012.353 of 1 June 2012) sustains Nykredit's view. On this basis, the tax charge has not been adjusted.

24. RELATED PARTY TRANSACTIONS AND BALANCES

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

No unusual related party transactions occurred in H1/2012.

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 a cost covering basis.

Significant related party transactions prevailing/entered into in H1/2012 include:

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

Nykredit Realkredit A/S has granted loans to Totalkredit A/S serving as collateral in Totalkredit's capital centres. At 30 June 2012, the loans totalled DKK 22.4bn. Agreement on the distribution of mortgage loans to personal customers via Totalkredit A/S (this agreement was concluded on the same terms as apply to other partners, including commission payments).

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

Nykredit Realkredit A/S has subscribed for further share capital in Totalkredit A/S.

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

Nykredit Holding A/S has issued a loss guarantee for the part of Nykredit Bank A/S's impairment losses and provisions (earnings impact for the year) that exceeds 2% of Nykredit Bank A/S's loans, advances and guarantees subject to a maximum of DKK 2bn for the term of the guarantee.

Notes

DKK million

The Nykredit Realkredit Group	Q2/ 2012	Q1/ 2012	Q4/ 2011	Q3/ 2011	Q2/ 2011	Q1/ 2011	Q4/ 2010
25. SEVEN-QUARTER FINANCIAL HIGHLIGHTS							
Core income from							
Business operations	2,255	2,223	2,098	1,936	2,151	2,181	2,440
Securities	76	89	159	192	162	131	123
Total	2,331	2,311	2,257	2,128	2,313	2,312	2,563
Operating costs, depreciation and amortisation	1,448	1,265	1,700	1,245	1,521	1,510	1,572
Core earnings before impairment losses	883	1,047	558	883	792	802	991
Impairment losses on loans and advances, including the government guarantee scheme	497	494	516	153	466	279	676
Core earnings after impairment losses	386	553	41	730	325	524	314
Investment portfolio income	183	1,350	126	(716)	175	594	169
Profit before cost of capital	569	1,903	167	14	500	1,118	484
Net interest on hybrid capital	(116)	(115)	(115)	(117)	(115)	(114)	(117)
Profit (loss) before tax	453	1,788	52	(103)	385	1,004	366
Tax	95	442	48	(19)	90	104	85
Profit (loss) for the period	357	1,346	4	(84)	295	899	281
Other comprehensive income							
Value adjustment of strategic equities	(78)	213	(82)	(272)	(213)	(115)	219
Other adjustment of strategic equities	-	(65)	-	-	(25)	(147)	-
Fair value adjustment of owner-occupied properties	-	-	21	-	-	-	1
Total other comprehensive income	(78)	148	(62)	(272)	(238)	(261)	219
Comprehensive income for the period	279	1,494	(57)	(356)	57	638	501
SUMMARY BALANCE SHEET, END OF PERIOD	30.06.2012	31.03.2012	31.12.2011	30.09.2011	30.06.2011	31.03.2011	31.12.2010
Assets							
Cash balance and receivables from credit institutions and central banks	61,440	63,900	66,258	33,619	36,779	37,624	58,657
Mortgage loans at fair value	1,120,214	1,097,992	1,084,317	1,070,144	1,040,134	1,030,008	1,030,478
Bank loans – excluding reverse transactions	55,203	55,935	55,776	55,621	57,281	60,250	58,833
Bonds and equities	95,773	94,919	100,794	84,456	79,005	103,974	99,144
Remaining assets	101,002	94,790	85,759	77,863	62,665	59,568	64,029
Total assets	1,433,632	1,407,537	1,392,905	1,321,703	1,275,864	1,291,424	1,311,140
Liabilities and equity							
Payables to credit institutions and central banks	100,888	108,335	117,626	85,897	79,120	94,266	95,879
Deposits and other payables	55,281	56,673	57,404	53,498	51,875	53,416	55,467
Issued bonds at fair value	1,066,902	1,041,153	1,021,942	993,566	971,772	960,768	974,319
Subordinated debt	11,254	11,246	11,204	11,581	11,444	11,286	11,618
Remaining liabilities	142,423	133,526	129,419	121,802	105,938	116,030	118,537
Equity	56,884	56,604	55,310	55,359	55,716	55,659	55,320
Total liabilities and equity	1,433,632	1,407,537	1,392,905	1,321,703	1,275,864	1,291,424	1,311,140
FINANCIAL RATIOS							
Profit (loss) for the period as % of average equity pa	2.5	9.6	0.0	(0.6)	2.1	6.5	2.0
Core earnings before impairment losses as % of average equity pa	6.2	7.5	4.0	6.4	5.7	5.8	7.2
Core earnings after impairment losses as % of average equity pa	2.7	4.0	0.3	5.3	2.3	3.8	2.3
Provisions for loan impairment and guarantees	7,111	7,040	6,892	7,747	7,939	8,497	9,114
Impairment losses for the period, %	0.04	0.04	0.04	0.01	0.04	0.02	0.06
Total capital ratio, %	17.5	17.3	17.1	18.4	19.5	18.6	18.5
Tier 1 capital ratio, %	17.5	17.3	17.1	18.4	19.5	18.6	18.5
Average number of full-time staff	4,088	4,125	4,139	4,115	4,095	4,057	4,026

Notes

DKK million

Nykredit Realkredit A/S

	H1/ 2012	H1/ 2011	H1/ 2010	H1/ 2009	H1/ 2008
26. FIVE-YEAR FINANCIAL HIGHLIGHTS					
SUMMARY INCOME STATEMENT					
Net interest income	2,715	2,318	2,705	2,589	1,803
Net fee income	494	324	348	344	368
Net interest and fee income	3,209	2,642	3,053	2,933	2,171
Value adjustments	383	(507)	(439)	1,567	(2,182)
Other operating income	5	18	49	39	32
Staff and administrative expenses	1,209	1,455	1,144	1,333	1,249
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	351	330	324	290	249
Other operating expenses	0	0	2	0	4
Impairment losses on loans, advances and receivables	419	403	434	227	(5)
Profit (loss) from investments in associates and group enterprises	544	575	2,037	(59)	710
Profit (loss) before tax	2,162	538	2,795	2,629	(766)
Tax	389	(157)	175	540	(156)
Profit (loss) for the period	1,774	696	2,620	2,089	(610)
SUMMARY BALANCE SHEET, END OF PERIOD					
	30.06.2012	30.06.2011	30.06.2010	30.06.2009	30.06.2008
Assets					
Cash balance and receivables from credit institutions and central banks	30,074	26,634	30,297	25,052	55,131
Mortgage loans at fair value	617,753	581,530	572,456	530,809	485,511
Totalkredit mortgage loan funding	459,795	382,442	366,284	317,425	233,880
Bonds and equities	53,524	57,751	67,488	50,448	51,039
Remaining assets	74,748	60,685	55,484	48,955	36,830
Total assets	1,235,895	1,109,042	1,092,008	972,688	862,390
Liabilities and equity					
Payables to credit institutions and central banks	67,983	62,512	102,156	70,660	52,514
Issued bonds	1,073,781	949,479	891,684	812,162	702,809
Subordinated debt	11,015	10,678	14,644	7,645	7,271
Remaining liabilities	26,232	30,658	29,663	29,753	46,453
Equity	56,884	55,716	53,861	52,469	53,343
Total liabilities and equity	1,235,895	1,109,042	1,092,008	972,688	862,390
OFF-BALANCE SHEET ITEMS					
Other commitments	1,805	1,585	1,261	1,629	1,615
FINANCIAL RATIOS					
Total capital ratio, %	16.0	17.9	18.5	17.1	18.4
Tier 1 capital ratio, %	16.0	17.9	17.7	16.2	17.5
Return on equity before tax	3.9	1.0	5.3	5.1	(1.4)
Return on equity after tax	3.2	1.3	5.0	4.1	(1.1)
Income:cost ratio	2.09	1.25	2.47	2.42	0.49
Loans and advances:equity (loan gearing)	10.9	10.5	10.6	10.2	9.1
Growth in loans and advances for the period, %	1.8	1.7	2.5	4.6	4.2
Total impairment provisions, %	0.30	0.32	0.28	0.10	0.05
Impairment losses for the period, %	0.07	0.07	0.08	0.04	(0.00)

Notes

DKK million

The Nykredit Realkredit Group	H1/ 2012	H1/ 2011	H1/ 2010	H1/ 2009	H1/ 2008
26. FIVE-YEAR FINANCIAL HIGHLIGHTS (continued)					
SUMMARY INCOME STATEMENT					
Net interest and fee income	5,614	5,111	5,851	5,652	3,747
Value adjustments	215	(67)	(21)	1,284	(1,309)
Other operating income	106	111	89	70	83
Staff and administrative expenses	2,338	2,548	2,345	2,486	1,960
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	368	393	398	381	268
Other operating expenses	6	91	252	255	5
Impairment losses on loans, advances and receivables	991	745	1,246	1,831	82
Profit (loss) from investments in associates	9	10	3	(2)	122
Profit before tax	2,241	1,389	1,680	2,052	327
Tax	537	194	439	530	26
Profit from discontinued insurance operations	-	-	1,512	111	46
Profit for the period	1,704	1,195	2,753	1,634	348
Profit for the period excludes value adjustment of strategic equities against equity of	135	(328)	(133)	455	(958)
SUMMARY BALANCE SHEET, END OF PERIOD					
	30.06.2012	30.06.2011	30.06.2010	30.06.2009	30.06.2008
Assets					
Cash balance and receivables from credit institutions and central banks	61,440	36,779	51,781	47,999	63,912
Mortgage loans at fair value	1,120,214	1,040,134	1,022,068	942,634	843,957
Bank loans – excluding reverse transactions	55,203	57,281	61,344	65,802	49,040
Bonds and equities	95,773	79,005	103,123	111,531	81,050
Remaining assets	101,002	62,665	77,407	72,811	45,411
Total assets	1,433,632	1,275,864	1,315,723	1,240,777	1,083,370
Liabilities and equity					
Payables to credit institutions and central banks	100,888	79,120	142,828	132,244	118,167
Deposits and other payables	55,281	51,875	57,225	60,557	32,471
Issued bonds at fair value	1,066,902	971,772	925,137	884,926	795,142
Subordinated debt	11,254	11,444	15,779	8,954	7,271
Remaining liabilities	142,423	105,938	120,893	101,627	76,976
Equity	56,884	55,716	53,861	52,469	53,343
Total liabilities and equity	1,433,632	1,275,864	1,315,723	1,240,777	1,083,370
OFF-BALANCE SHEET ITEMS					
Contingent liabilities	12,366	5,664	6,896	8,927	4,599
Other commitments	9,278	7,899	8,619	11,523	10,343
FINANCIAL RATIOS					
Total capital ratio, %	17.5	19.5	18.4	16.7	17.2
Tier 1 capital ratio, %	17.5	19.5	17.2	15.5	16.4
Return on equity before tax	4.1	1.4	5.7	5.1	(1.1)
Return on equity after tax	3.2	1.3	5.0	4.1	(1.1)
Income:cost ratio	1.63	1.20	1.36	1.51	0.73
Foreign exchange position, %	0.6	0.3	1.0	1.8	0.1
Loans and advances:equity (loan gearing)	21.2	20.0	20.4	19.7	17.0
Growth in loans and advances for the period, %	3.7	1.8	2.6	3.1	6.4
Total impairment provisions, %	0.58	0.70	0.90	0.48	0.05
Impairment losses for the period, %	0.08	0.07	0.11	0.17	0.01

Notes

DKK million

The Nykredit Realkredit Group

27. GROUP STRUCTURE

Name and registered office	Ownership interest as % at 30.06.2012	Profit (loss) for H1/2012	Equity at 30.06.2012	Profit (loss) for 2011	Equity at 31.12.2011
The Nykredit Realkredit Group					
Nykredit Realkredit A/S, Copenhagen, a)					
Consolidated subsidiaries					
Totalkredit A/S, Taastrup, a)	100	258	14,826	562	13,818
Nykredit Bank A/S, Copenhagen, b)	100	230	14,433	433	14,202
Nykredit Pantebrevsinvestering A/S, Copenhagen, c)	100	0	12	0	12
Nykredit Portefølje Administration A/S, Copenhagen, h)	100	35	228	40	194
Nykredit Leasing A/S, Gladsaxe f)	100	6	150	(4)	144
FB Ejendomme A/S, Copenhagen e)	100	0	4	0	4
Nykredit Mægler A/S, Århus, d)	100	13	131	5	118
Nykredit Ejendomme A/S, Copenhagen, e)	100	39	405	(195)	367
Ejendomsselskabet Kalvebod A/S, Copenhagen, i)	100	(5)	203	(41)	209
Kalvebod Ejendomme I A/S, Copenhagen, e)	100	(1)	54	(34)	55
Kalvebod Ejendomme II A/S, Copenhagen, e)	100	(5)	50	(8)	55
Nykredit Adm. V A/S, Copenhagen, g)	100	0	1	0	1

a) Mortgage bank

b) Bank

c) Mortgage trading company

d) Estate agency business

e) Property company

f) Leasing business

g) No activity

h) Investment management company

i) Holding company, no independent activities

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

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

Nykredit Realkredit A/S

Kalvebod Brygge 1-3

DK-1780 Copenhagen V

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