

To NASDAQ OMX Copenhagen  
and the press

6 November 2008

## Q1-Q3 INTERIM REPORT – THE NYKREDIT REALKREDIT GROUP 1 JANUARY 2008 – 30 SEPTEMBER 2008

- Core income:
  - Core income from customer-oriented activities grew by 8.7% to DKK 5,022m against DKK 4,618m in Q1-Q3/2007.
  - Own trading activities generated a loss of DKK 347m compared with core income of DKK 51m in Q1-Q3/2007.
  - Core income from securities amounted to DKK 1,523m against DKK 1,449m in Q1-Q3/2007.
  - Operating costs, depreciation and amortisation rose by DKK 552m to DKK 3,619m compared with Q1-Q3/2007. DKK 130m of this increase mainly stemmed from value adjustment of Nykredit's pension settlement funds.
  - Impairment losses on loans and advances were DKK 71m against a net income of DKK 118m in Q1-Q3/2007.
- Core earnings after loan impairment amounted to DKK 2,508m against DKK 3,169m in Q1-Q3/2007.
- The investment portfolio generated a loss of DKK 2,737m compared with an income of DKK 362m in Q1-Q3/2007.
- The Group posted a loss before tax of DKK 229m against a profit of DKK 3,531m in Q1-Q3/2007.
- After tax, the Group posted a loss of DKK 134m against a profit of DKK 2,771m in Q1-Q3/2007.

### OTHER FINANCIAL HIGHLIGHTS

- The Group's gross new mortgage lending totalled DKK 131bn and was in line with the level recorded for the same period in 2007.
- Bank lending went up by DKK 11bn to just below DKK 51bn.
- Value adjustment of strategic equities against equity resulted in a loss of DKK 1,404m.
- Inclusive of results for the period, the Group's equity was DKK 52.4bn.
- The Group's capital adequacy ratio was 17.0%, inclusive of results for the period, against a minimum capital adequacy ratio of 13.7% under the Basel II transitional rules.
- The Group has not reclassified securities, which is now allowed under IAS 39.
- Nykredit Bank participates in the guarantee scheme set up by the Danish government covering deposits with and unsecured claims against Danish banks.
- Standard & Poor's have assigned a AAA rating to Nykredit's covered bonds.

### FORSTÆDERNES BANK

Nykredit acquired Forstædernes Bank on 13 October 2008.

### 2008 – OUTLOOK

The forecast of core earnings after loan impairment has been reduced by DKK 200m to DKK 3,300m-3,500m. The main reasons are the negative development in own trading positions in Markets & Asset Management and the Bank's expenses relating to the government's guarantee scheme in the region of DKK 70m for 2008.

### INFORMATION ABOUT THE NYKREDIT GROUP

More information about the Nykredit Group is available at [nykredit.com](http://nykredit.com).

Peter Engberg Jensen, Group Chief Executive, says:

"The development in customer-oriented business is satisfactory. Income has grown, losses and arrears remain low, and the balance principle of Danish mortgage lending ensures liquidity. However, the financial crisis has a significant effect on our trading positions in Markets & Asset Management and the return on Nykredit's equity especially due to lower mortgage bond pricing."

#### Contacts

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

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

CVR no 12 71 92 80

# Financial highlights

DKK million	The Nykredit Realkredit Group		
	Q1-Q3/ 2008	Q1-Q3/ 2007	FY 2007
<b>CORE EARNINGS AND PROFIT FOR THE PERIOD</b>			
<b>Core income from</b>			
Business operations	5,022	4,618	6,428
Own trading positions within banking <sup>1)</sup>	(347)	51	106
<b>Total</b>	<b>4,675</b>	<b>4,669</b>	<b>6,534</b>
Securities	1,523	1,449	1,988
<b>Total</b>	<b>6,198</b>	<b>6,118</b>	<b>8,522</b>
Operating costs, depreciation and amortisation	3,619	3,067	4,352
<b>Core earnings before impairment losses</b>	<b>2,579</b>	<b>3,051</b>	<b>4,170</b>
Impairment losses on loans and advances	71	(118)	(67)
<b>Core earnings after impairment losses</b>	<b>2,508</b>	<b>3,169</b>	<b>4,237</b>
Investment portfolio income	(2,737)	362	150
<b>Profit/loss before tax</b>	<b>(229)</b>	<b>3,531</b>	<b>4,387</b>
Tax	(95)	760	1,024
<b>Profit/loss for the period</b>	<b>(134)</b>	<b>2,771</b>	<b>3,363</b>
Profit/loss for the period excludes value adjustment of strategic equities against equity	(1,404)	(367)	(465)
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>			
	30.09.2008	30.09.2007	31.12.2007
<b>Assets</b>			
Receivables from credit institutions and central banks	66,192	61,754	82,645
Mortgage loans	860,399	800,558	823,228
Bank loans – excluding reverse transactions	50,502	35,619	39,660
Bonds and equities	79,136	70,262	98,589
Other assets	47,424	37,822	30,937
<b>Total assets</b>	<b>1,103,653</b>	<b>1,006,015</b>	<b>1,075,058</b>
<b>Liabilities and equity</b>			
Payables to credit institutions and central banks	112,341	106,922	115,875
Deposits and other payables	34,026	29,001	31,581
Issued bonds at fair value	813,185	746,097	796,403
Subordinate loan capital			
– Hybrid core capital	3,642	3,627	3,622
– Supplementary capital	3,725	4,987	3,722
Other liabilities	84,321	60,981	69,410
Equity	52,413	54,400	54,447
<b>Total liabilities and equity</b>	<b>1,103,653</b>	<b>1,006,015</b>	<b>1,075,058</b>
<b>FINANCIAL RATIOS</b>			
Core earnings before impairment losses as % of average equity (pa)	6.4	7.6	7.8
Core earnings after impairment losses as % of average equity (pa)	6.3	7.9	8.0
Profit/loss as % of average equity (pa)	(0.3)	6.9	6.3
Costs as % of core income	58.4	50.4	51.1
Total provisions for loan impairment and guarantees	415	264	349
Impairment losses for the period, %	0.0	(0.0)	(0.0)
Capital adequacy ratio, % *	17.0	11.0	10.3
Core capital ratio, % *	16.1	10.1	9.7
Capital need (%) during a mild recession	10.6	-	-
Average number of full-time staff	3,888	3,633	3,672

<sup>1)</sup> Includes net income from Proprietary Trading and value adjustment of the portfolio of subordinate loan capital in Danish banks.

\*) As from H1/2007, the capital adequacy and core capital ratios include the profit/loss for the period, and as from 1 January 2008, the ratios are determined in accordance with Basel II.

# Q1-Q3 Interim Report 2008

## DEVELOPMENTS IN Q1-Q3/2008

The Group's core activity is mortgage finance in Denmark, which is match funded by way of Danish covered bonds in accordance with the so-called balance principle. Thanks to match funding and the balance principle, the Group's funding has emerged almost unscathed from the international financial crisis. Nykredit's bonds have been sold on a daily basis as usual, and the higher coupons of newly issued bonds are matched precisely by corresponding interest payments on new and refinanced loans.

Group core income from business operations was up by 8.7% on the same period in 2007 and was thus only marginally affected by the financial crisis.

Impairment losses on loans and advances continued to be low in Q3/2008. The Group's impairment losses on loans and advances totalled DKK 71m in Q1-Q3/2008, which should be seen in the context of mortgage lending of DKK 860bn and bank lending excluding repo transactions of DKK 51bn. Also the arrears level was very low.

The low impairment losses on loans and advances are a consequence of statutory LTV limits, the Group's credit policy, an unemployment rate of only 1.6% in Denmark and sound financial behaviour among borrowers.

The Q1-Q3 Interim Report 2008 contains a breakdown of mortgage lending relative to current property prices, ie after a decline in housing prices of 14-19% in the Copenhagen area in the past two years. The figures show that the Group's loss risk remains very low.

The financial crisis is mirrored in the Group's results in the form of a loss on the investment portfolio, a loss on Nykredit Bank's own positions and negative value adjustment of strategic equities against equity.

The investment portfolio generated a loss of DKK 2,737m chiefly due to the widening of yield spreads between Danish and other European mortgage bonds and government bonds. The main reason was the Group's substantial holding of Aaa-rated Danish and other European mortgage bonds in respect of which the general interest rate risk has been neutralised via the sale of government bonds and swaps.

The Group posted a loss before tax of DKK 229m for Q1-Q3/2008 against a profit of DKK 3,531m for Q1-Q3/2007. After tax, the loss amounted to DKK 134m compared with a profit of DKK 2,771m.

### Core earnings

Group core income from business operations totalled DKK 5,022m against DKK 4,618m, corresponding to a rise of 8.7% on Q1-Q3/2007.

Mortgage bank core income from business operations improved by DKK 247m to DKK 3,220m relative to Q1-Q3/2007. Core income reflects gross new lending totalling DKK 131bn and growth in the mortgage loan portfolio to a nominal value of DKK 101bn compared with end-Q3/2007.

Core income from banking operations climbed by 15% to DKK 1,373m.

The international credit crisis caused core income from Nykredit Bank's own trading positions, etc, to decline from DKK 51m in Q1-Q3/2007 to a loss of DKK 347m in the same period this year. Nykredit recognised only a limited amount of losses relating to the crisis in the financial sector. Apart from a loss of DKK 90m on subordinate loan capital in Roskilde Bank, other financial restructuring has hardly caused any losses for the Group.

Core income from insurance operations went up by DKK 26m to DKK 232m.

Core income from securities increased to DKK 1,523m from DKK 1,449m in the same period the year before. Core income from securities is calculated on the basis of short-term money market rates, which averaged 4.20% in Q1-Q3/2008.

Core income from securities was adversely affected by a net interest expense of DKK 55m relating to junior covered bonds. These bonds are issued to finance the purchase of government bonds, etc which serve as supplementary security behind covered bonds in connection with a decrease in the values of the mortgaged properties.

Operating costs, depreciation and amortisation rose from DKK 3,067m in Q1-Q3/2007 to DKK 3,619m. DKK 130m of the increase

mainly stemmed from value adjustment of Nykredit's pension settlement funds. Adjusted for this figure, the rise in costs was DKK 422m, equal to 13.8%. The rise was chiefly due to staff growth in Commercial Customers, Markets & Asset Management and IT.

The Group's impairment losses on loans and advances were DKK 71m against a net income of DKK 118m in the same period the year before. Recognised losses contributed DKK 43m to impairment losses compared with DKK 54m in the same period the year before.

Group loan impairments continue to be very low relative to total loans and guarantees of DKK 911bn.

At the June settlement date, the Group's 75-day mortgage loan arrears as a percentage of total mortgage payments due was 0.22 against 0.16 at the June settlement date in 2007. Arrears were at the same level as in mid-2005, ie before the significant price hikes in 2006 and 2007.

For further details on the development in loan arrears and impairments, see "Lending" on page 6.

### Investment portfolio income

The Group's investment portfolio generated a loss of DKK 2,737m against an income of DKK 362m for the same period the year before.

Most of Nykredit's securities portfolio is invested in Danish and other European mortgage bonds. Nykredit has also invested DKK 4.8bn in high-rated bank bonds. The interest rate risk pertaining to the portfolio has been hedged by selling government bonds or by entering into interest rate swaps. Nykredit is thus exposed to the development in yield spreads between government bonds and primarily mortgage bonds. By maintaining the positions, Nykredit retains the earnings potential on market normalisation.

Of the total bond portfolio, 89% is Aaa-rated, 4% is Aa-rated, 4% is A-rated, while 2% of the bonds are not rated.

The international financial crisis widened yield spreads between mortgage bonds and government bonds by some 0.75 percentage point

in Q3/2008. In general, the price of bank issues has declined heavily.

Owing to this trend, the investment portfolio of bonds, liquidity and interest rate instruments produced a loss of DKK 2,283m, of which mortgage bonds accounted for DKK 1,568m and high-rated bank issues accounted for DKK 647m.

Nykredit has a relatively large portfolio of bank equities of which the majority are strategic investments that are value adjusted against equity. Therefore, Nykredit's equity portfolio has been significantly affected by the financial crisis. In Q3/2008, equities and equity instruments were value adjusted against profit or loss by a negative figure of DKK 454m, while value adjustment of equities against equity totalled a negative amount of DKK 1,404m.

#### **Tax**

Tax on the results for the period was calculated at DKK 95m for the entire Group.

#### **Financial risk**

At 30 September 2008, group Value-at-Risk stood at DKK 358m in terms of a 99% confidence interval over one day.

The Group's interest rate exposure in the event of a general interest rate change of 1 percentage point was DKK 578m. The equity price exposure in case of a general price decline of 10% was DKK 480m.

#### **Subsidiaries**

Totalkredit recorded a profit before tax of DKK 711m compared with DKK 709m in the same period the year before. Reference is made to the Q1-Q3 Interim Report 2008 for Totalkredit.

The Nykredit Bank Group realised a profit before tax of DKK 302m against DKK 792m in the same period the year before. The low profit should be seen in the context of the international credit crisis, which had an adverse effect on own trading positions of DKK 347m. Reference is made to the Q1-Q3 Interim Report 2008 for the Nykredit Bank Group.

Nykredit Forsikring (insurer) generated a profit before tax of DKK 77m against DKK 118m in the same period the year before.

#### **OUTLOOK FOR 2008**

The forecast of core earnings after impairment losses on loans and advances has been reduced by DKK 200m to DKK 3,300m-3,500m.

The main reasons are the negative development in own trading positions in Markets & Asset Management and the Bank's expenses relating to the government's guarantee scheme in the region of DKK 70m for 2008.

The acquisition of Forstædernes Bank has not affected our forecast of core earnings after impairment losses on loans and advances.

**BUSINESS AREAS**

The Group is organised into four business areas – Retail Customers, Business Partners, Commercial Customers and Markets & Asset Management. The activities of the business areas are coordinated across group entities.

Measured at nominal value, group mortgage lending rose by DKK 57bn to DKK 906bn in Q1-Q3/2008.

Bank lending (excluding reverse transactions) went up by DKK 11bn to DKK 51bn in the first nine months of the year. Retail bank lending accounted for DKK 2bn of this rise. Corporate bank lending was up by DKK 9bn.

In terms of gross new lending, the Nykredit Group held a market share of 41.5% for the first nine months of 2008.

**Retail Customers** covers activities aimed at retail customers through Nykredit's own distribution channels. Retail Customers realised core earnings before impairment losses of DKK 469m against DKK 569m in 2007. The figure reflects gross new lending of DKK 17bn against DKK 23bn in 2007. Bank lending went up by DKK 2.0bn to DKK 9.8bn, while deposits of some DKK 10bn were largely unchanged.

The number of customers with wage accounts grew by 22,000 to approximately 112,000.

**Business Partners** is primarily responsible for the sale by business partners of mortgage loans to retail customers of Totalkredit arranged by Danish local and regional banks. Business Partners realised core earnings before impairment losses of DKK 257m against DKK 186m in 2007. This figure reflects gross new lending of DKK 65bn and growth in the loan portfolio of DKK 42bn from end-Q3/2007. The figure includes amortisation of DKK 304m concerning capitalised distributions rights in connection with the acquisition of Totalkredit.

**Commercial Customers** serves the agricultural, business and rental housing segments, including housing society dwellings and non-profit housing. Commercial Customers realised core earnings before impairment losses of DKK 1,164m against DKK 1,126m in 2007. Gross new mortgage lending totalled just below DKK 49bn against DKK 40bn in 2007. Bank lending went up by just below DKK 9bn to DKK 40bn.

The financial market turmoil had an adverse impact on Commercial Customers of DKK 90m relating to value adjustment of corporate bonds.

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

On balance, the activities of Nykredit Markets met expectations, and they exceeded 2007 levels in a number of respects.

But if core earnings of Markets & Asset Management was a negative figure of DKK 101m against an income of DKK 301m in 2007, it was due to financial market turmoil leading to adverse value adjustment of own positions corresponding to DKK 347m compared with a positive figure of DKK 51m in Q1-Q3/2007.

Asset Management and Portefølje Administration were below the 2007 level on account of the difficult market conditions, which have decreased customer intake and put earnings in asset administration and management under pressure.

**Group items** include income and expenses not directly attributable to the business areas.

**Q1-Q3/2008 results by business area**

DKK million	Retail Customers		Business Partners		Commercial Customers		Markets & Asset Management		Group items and eliminations		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
<b>Core income from</b>												
Business operations	1,471	1,499	892	766	1,733	1,569	730	630	196 <sup>3</sup>	154 <sup>3</sup>	5,022	4,618
Own trading positions, banking <sup>4</sup>	-	-	-	-	-	-	(347)	51	-	-	(347)	51
<b>Total</b>	<b>1,471</b>	<b>1,499</b>	<b>892</b>	<b>766</b>	<b>1,733</b>	<b>1,569</b>	<b>383</b>	<b>681</b>	<b>196</b>	<b>154</b>	<b>4,675</b>	<b>4,669</b>
Core income from securities	-	-	-	-	-	-	-	-	1,523	1,449	1,523	1,449
Direct operating costs	990	917	330	279	567	442	483	380	797	669	3,167	2,687
Depreciation on property, plant and equipment and amortisation of intangible assets	12	13	305	301	2	1	1	-	132	65	452	380
<b>Core earnings before impairment losses</b>	<b>469</b>	<b>569</b>	<b>257</b>	<b>186</b>	<b>1,164</b>	<b>1,126</b>	<b>(101)</b>	<b>301</b>	<b>790</b>	<b>869</b>	<b>2,579</b>	<b>3,051</b>
Impairment losses on loans and advances	(16)	(51)	10	1	77	(68)	-	-	-	-	71	(118)
<b>Core earnings after impairment losses</b>	<b>485</b>	<b>620</b>	<b>247</b>	<b>185</b>	<b>1,087</b>	<b>1,194</b>	<b>(101)</b>	<b>301</b>	<b>790</b>	<b>869</b>	<b>2,508</b>	<b>3,169</b>
Investment portfolio income <sup>1</sup>	-	-	-	-	-	-	-	-	(2,737)	362	(2,737)	362
<b>Profit before tax</b>	<b>485</b>	<b>620</b>	<b>247</b>	<b>185</b>	<b>1,087</b>	<b>1,194</b>	<b>(101)</b>	<b>301</b>	<b>(1,947)</b>	<b>1,231</b>	<b>(229)</b>	<b>3,531</b>
<b>Return</b>												
Avg business capital, DKKm <sup>2</sup>	3,659	3,758	6,489	4,964	13,320	10,682	2,124	1,955	-	-	28,411	25,276
Core earnings after impairment losses as % of average business capital	17.7	22.1	5.1	5.0	10.9	14.9	(6.4)	20.4	-	-	11.8	16.8

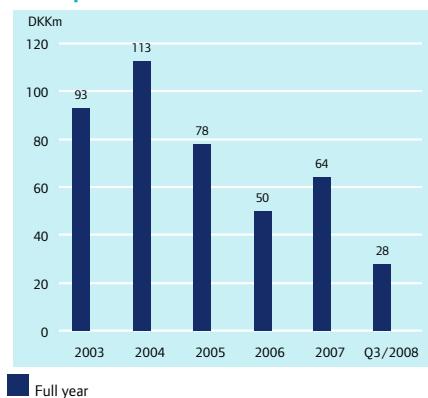
<sup>1</sup> Investment portfolio income includes profit from investments in associates of DKK 125m in 2008 against DKK 25m in 2007.

<sup>2</sup> The business capital has been determined in accordance with the Basel II principles and the method applied to determine the required capital base.

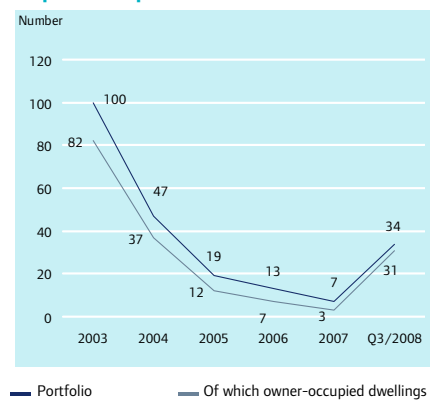
<sup>3</sup> Of which DKK 135m relates to the proportionate consolidation of JN Data (DKK 128m in 2007).

<sup>4</sup> Includes net income from Proprietary Trading and value adjustment of the portfolio of subordinate loan capital in Danish banks.

**The Nykredit Realkredit Group**  
**Recognised mortgage loan losses,**  
**end of period**



**The Nykredit Realkredit Group**  
**Properties in possession**



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

**Balance sheet**

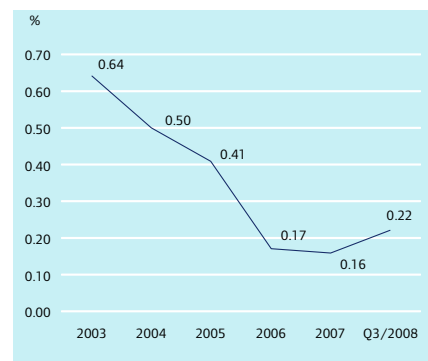
The Group's balance sheet totalled DKK 1,104bn against DKK 1,075bn at the beginning of the year.

**LENDING**

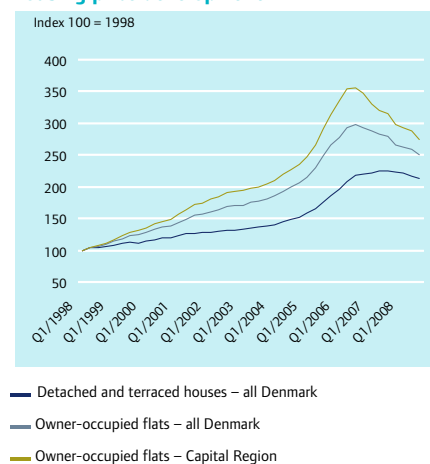
**Mortgage lending**

Group mortgage lending at fair value totalled DKK 860bn against DKK 823bn at the beginning of the year. Measured at nominal value, mortgage lending rose by DKK 57bn to DKK 906bn.

**The Nykredit Realkredit Group**  
**Arrears ratio, mortgage loans – 75 days**  
**after June settlement date**



**The Nykredit Realkredit Group**  
**Housing price development**



The security behind the mortgage loan portfolio remains substantial. Furthermore, mortgage loans granted via Totalkredit are covered by set-off agreements, which means that Totalkredit may offset mortgage loan losses against future commission payments to a bank.

The LTV ratios of mortgage loans are shown in the table below with individual loans relative to estimated values of the individual properties at end-Q2/2008.

For the first time, Nykredit has published corresponding figures for loans granted in 2006 and 2007 when property prices peaked (nykredit.dk).

Group loan impairments and arrears were still very low.

At end-Q3/2008, impairment provisions for mortgage loans totalled DKK 277m against DKK 254m at the beginning of the year, of which individual impairment provisions for mortgage loans amounted to DKK 91m at end-Q3/2008. No provisions have been made for balances with credit institutions.

Recognised net losses for the period amounted to DKK 28m against DKK 42m in the same period the year before.

At the June settlement date, the Group's mortgage loan arrears as a percentage of total mortgage payments due was 0.22 against 0.16 at the settlement date in June 2007. Arrears were at the same level as in mid-2005.

**The Nykredit Realkredit Group**  
**Mortgage debt outstanding relative to estimated property value**  
**Debt outstanding distributed continuously by LTV range up to the top LTV bracket**

%	LTV (loan-to-value)					Total	LTV average
	0-40	40-60	60-80	Over 80			
Owner-occupied dwellings	72	21	6	0	100	57	
Private rental housing	69	22	9	1	100	58	
Industry and trades	83	16	1	0	100	43	
Office and retail	83	15	1	0	100	43	
Agriculture	85	13	2	0	100	42	
Other	79	15	5	1	100	44	

During the first nine months of the year, the Group's portfolio of properties in possession increased slightly. The Group repossessed 44 and sold 16 properties. At end-Q3/2008, the property portfolio stood at 34 against 7 at the beginning of the year. Of the 34 properties, 31 were owner-occupied dwellings at end-Q3/2008.

### Bank lending

Bank exposures (excluding reverse transactions) rose by DKK 11bn to DKK 51bn in the first nine months of the year.

Relative to end-2007, provisions for loan impairment and guarantees increased by DKK 44m to DKK 139m. The rise was attributable to Corporate Banking. No provisions have been made for balances with credit institutions.

The Bank's loan impairments for Q1-Q3/2008 were generally not affected by the declining property prices, and there was no evidence of a significant deterioration of customers' ability to pay.

As in previous years, impairment provisions as a percentage of total loans, advances and guarantees remained low at 0.19 against 0.16 at the beginning of the year.

The breakdown of loans and guarantees by sector and industry is unchanged compared with previous years. The Nykredit Bank Group's exposure to the property market was 23% of total loans, advances and guarantees at end-Q3/2008. A significant part of the exposure consisted of land registration guarantees and bridge financing preceding mortgage financing.

For further information, please refer to the Nykredit Bank Group's Q1-Q3 Interim Report 2008.

### LIQUIDITY

As the major part of Nykredit's activities consist of match-funded mortgage loans in accordance with the balance principle, the Group has a sound level of liquidity.

The Group's overall liquidity risk is monitored closely and assessed by the Asset/Liability Committee (ALCO). The committee lays down liquidity policies for the Group's companies. The day-to-day management of liquidity risk is performed by the individual companies based on these policies.

### Mortgage banking

Most of the Group's lending consists of mortgage loans funded through covered bonds, which are subject to the statutory balance principle. The balance principle defines tight limits to all types of market risk as well as liquidity risk.

Nykredit's mortgage lending risk is far lower than the limits provided by legislation.

Nykredit funds its mortgage lending according to the match-funding principle. Therefore, Nykredit incurs no liquidity, interest rate or refinancing risk in connection with its mortgage lending activities.

### Match funding means:

- Nykredit issues bonds on a daily basis to fund new mortgage loans.
- Payments on the issued bonds match those on the underlying mortgage loans.
- Mortgage loan rates equal the yields-to-maturity of the bonds sold.
- The majority of loans have fixed funding throughout the loan term. However, adjustable-rate mortgage loans are funded by bonds with maturities between 1 and 11 years. On refinancing, loan rates are adjusted to the yields-to-maturity of the bonds sold for the purpose of refinancing.
- In principle, borrowers may prepay loans by delivering the issued bonds underlying a specific loan. This ensures full pricing transparency and reduces financial risk for both the borrower and Nykredit.
- The due dates of payment of interest and principal on the loans are fixed so that Nykredit receives the funds on or before the date when the payments to bondholders fall due, provided payments from borrowers are made on a timely basis.
- Nykredit's earnings margin consists of a separate administration margin which is calculated on the basis of the debt outstanding and may be changed if Nykredit's market conditions change, for instance in periods with rising losses.

Nykredit has had access to issuing bonds on a daily basis throughout 2008, but prices have reflected the financial crisis.

In its "Bank Financial Strength Ratings: Global Methodology" from February 2007, Moody's Investors Service has laid down a number of principles and requirements relating to the liquidity management of banks. In order to achieve the rating "Very Good Liquidity Management" the liquidity curve must be positive

12 months ahead. The liquidity of Nykredit Realkredit and Totalkredit is always positive due to eg match funding and the investment rules governing the statutory capital requirements.

### Commercial banking

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

The liquidity buffer has averaged DKK 10bn in 2008. At end-Q3/2008, the liquidity buffer amounted to DKK 7.4bn compared with DKK 20.2bn at end-2007.

At end-Q3/2008, the Bank had issued notes worth DKK 10.5bn under its EUR 5bn EMTN programme. The notes were issued at satisfactory spreads against swaps, reflecting the Nykredit Group's low risk profile and strong capital structure.

To further strengthen the Bank's access to funding through international capital markets, the Bank established a EUR 3bn Euro Commercial Paper programme in October 2008.

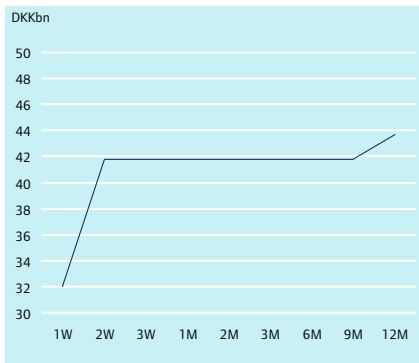
The management of the Bank's structural liquidity risk is based on an internal model.

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

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

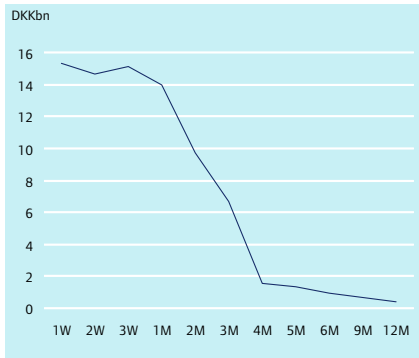
According to the Danish Financial Business Act, a bank's liquidity must total at least 10% of total reduced debt and guarantee obligations. Nykredit Bank uses an internal liquidity requirement of at least 15%. At 30 September 2008, the financial ratio "Excess cover:statutory liquidity requirements" was 79.6%, corresponding to a cash ratio of 18%.

**Nykredit Realkredit A/S and Totalkredit A/S**  
**12-month liquidity calculated according to**  
**Moody's principles, end-Q3/2008**



Liquidity graphs for Nykredit Realkredit and Nykredit Bank give a good indication of the Group's liquidity management. They show that the Nykredit Group's liquidity is very strong, which is mainly due to the balance principle.

**Nykredit Bank A/S**  
**12-month liquidity calculated according to**  
**Moody's principles, end-Q3/2008**





## Equity

Group equity, including recognition of the loss for the period etc, stood at DKK 52.4bn at end-Q3/2008 compared with DKK 54.4bn at the beginning of the year.

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

The strategic equity investments include equities in a number of Danish local and regional banks. These equities are value adjusted against equity on a continuous basis. At end-Q3/2008, the value adjustment against equity in the Consolidated Financial Statements came to a loss of DKK 1,404m. The value of equities

classified as available for sale totalled DKK 3,556m.

## Capital adequacy

The capital charge for credit risk is calculated on the basis of the most advanced IRB approaches for the bulk of the loan portfolio.

Under the transitional rules, risk-weighted items and the capital charge may not decrease by more than 10% and 20% in 2008 and 2009, respectively, compared with the former rules.

According to the transitional rules, the capital requirement amounts to DKK 42.7bn equal to a capital adequacy ratio of at least 13.7%.

## Required capital base and capital need

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

Nykredit's calculation of the required capital base is based on the model calculations used in the determination of the capital charge. However, a statistical level of security of 99.97% is applied, equal to a Aa2-Aa3 rating.

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

**Pillar I** capital covers credit risk, market risk, operational risk, insurance risk and risk relating to own properties. Pillar I is calculated based on a statistical level of security, etc in accordance with the rules of the Danish Executive Order on Capital Adequacy.

**Pillar II** comprises capital to cover other risk as well as an increased statutory capital charge for credit and market risk during a mild recession. Under the capital adequacy rules, the capital requirement increases with rising losses and arrears. Pillar II allows for this effect, just as it allows for any operating losses following a rise in impairments, etc. The capital charge relating to credit exposures is calculated on the basis of a thorough stress test of the loan portfolio. Pillar II is calculated based on a statistical level of security matching Nykredit's rating.

At end-Q3/2008, the required capital base was DKK 32.9bn, of which DKK 24.8bn concerned Pillar I and DKK 8.1bn Pillar II.

The capital need was 10.6%. The capital need is the required capital base as a percentage of weighted assets when the Group's exposures are stress tested based on an assumption of a mild recession, ie a situation with considerably higher unemployment than expected for 2008 and 2009.

## The Nykredit Realkredit Group

### Changes in equity

DKK million	30.09.2008	30.09.2007	31.12.2007
<b>Equity, beginning of period</b>	<b>54,447</b>	<b>51,987</b>	<b>51,987</b>
Extraordinary dividend	-	-	(500)
Profit/loss for the period	(134)	2,771	3,363
Fair value adjustment of equities – available for sale	(1,404)	(367)	(465)
Dividends distributed	(500)		
Other adjustments	4	9	62
<b>Equity, end of period</b>	<b>52,413</b>	<b>54,400</b>	<b>54,447</b>
Extraordinary dividend	-	(500)	-
Dividends proposed	-	-	(500)
<b>Equity after dividend distribution</b>	<b>52,413</b>	<b>53,900</b>	<b>53,947</b>

## The Nykredit Realkredit Group

### Capital base and capital need

DKK million	Basel II 30.09.2008	Basel I 30.09.2007	Basel I 31.12.2007
Credit risk	21,068		41,098
Market risk	2,451		2,014
Operational risk	1,283	-	-
<b>Pillar I capital requirement</b>	<b>24,802</b>		<b>43,112</b>
<b>Pillar II capital requirement</b>	<b>8,093</b>		
<b>Required capital base – capital need</b>	<b>32,895</b>		
<b>Weighted items</b>	<b>310,031</b>	<b>518,987</b>	<b>538,898</b>
Core capital	50,120	52,673	52,313
Capital base	52,931	57,067	55,340
<b>Core capital ratio, %</b>	<b>16.1</b>	<b>10.1</b>	<b>9.7</b>
<b>Capital adequacy ratio, %</b>	<b>17.0</b>	<b>11.0</b>	<b>10.3</b>
Capital need (%) during a mild recession	10.6		
<b>Basel II transitional rules</b>			
Capital requirement under the transitional rules <sup>1</sup>	42,680		
Minimum capital adequacy ratio under the transitional rules <sup>2</sup>	13.7		

<sup>1</sup> In accordance with the Danish Executive Order on Capital Adequacy, the capital requirement under the transitional rules has been determined as 90% of the capital requirement under Basel I.

<sup>2</sup> The minimum capital adequacy ratio under the transitional rules has been determined as the capital requirement under the transitional rules as % of risk-weighted items under Basel II. Therefore, the minimum capital adequacy ratio expresses the capital adequacy ratio required under the transitional rules.

## CAPITAL POLICY

Nykredit's objective is to be able to maintain its lending activities at an unchanged level regardless of economic trends.

Against this backdrop, Nykredit divides its equity of DKK 52.4bn into four elements:

- *Business capital* of DKK 32.9bn equal to the required Pillar I and Pillar II capital base.
- *Cyclical buffer* of DKK 10.1bn covering the expected rise in the capital adequacy requirement should the economic climate change from mild to severe recession. The calculation of the cyclical buffer is based on the same thorough stress test as under Pillar II
- *Statutory capital deductions* relating to intangible assets of DKK 4.5bn
- *Strategic capital* of DKK 4.9bn, the long-term capital maintained for strategic initiatives.

The purchase of Forstædernes Bank is expected to reduce strategic capital by around DKK 3.0bn to DKK 1.9bn.

## OTHER

### Nykredit buys Forstædernes Bank

On 15 September 2008, Nykredit made a conditional tender offer to buy Forstædernes Bank after the board of directors and the executive board of Forstædernes Bank had enquired whether Nykredit might be interested in acquiring Forstædernes Bank.

Shareholders of Forstædernes Bank representing 97.2% of the share capital accepted Nykredit's offer to buy the bank. The purchase price was DKK 1,871m.

Forstædernes Bank will be integrated into Nykredit as an independent brand with the existing branch structure and staff and with the present management. Forstædernes Bank will be a wholly-owned subsidiary of Nykredit Realkredit on a par with Totalkredit A/S and Nykredit Bank A/S.

### Enlargement of Forstædernes Bank's Executive Board

Bjørn Damgaard Mortensen will join the Executive Board of Forstædernes Bank A/S.

Forstædernes Bank's Executive Board will then consist of Kjeld Mosebo Christensen, CEO, and Niels Fessel, Gunnar Kobberup and Bjørn Damgaard Mortensen, Managing Directors.

### Nykredit Bank and Forstædernes Bank participate in new government guarantee scheme

In October, the Danish government and the Danish banking sector (the Private Contingency Association) introduced a guarantee scheme for deposits with and unsecured claims against Danish banks. Nykredit Bank and Forstædernes Bank participate in the scheme, and the total share of the guarantee commission is expected to be approximately DKK 375m-450m annually.

The scheme, which will run until 30 September 2010, ensures that solvent Danish banks may obtain the necessary liquidity during the current international financial crisis.

### Nykredit Realkredit first to issue EUR bond through VP Lux

On 16 September 2008, Nykredit Realkredit became the first SDO issuer to issue an EUR ISIN (LU-ISIN) through VP Lux, a subsidiary in Luxembourg of VP Securities Services.

Being issued through VP Lux, the bonds are expected to be repo-eligible with the ECB. This will make the bonds more attractive to investors, to the benefit of the Group's customers.

Nykredit Realkredit intends to issue more EUR-denominated bonds through VP Lux in future, while DKK-denominated bonds will continue to be issued through VP Securities Services in Denmark.

The bonds will be admitted for trading on the NASDAQ OMX Copenhagen and may be kept in custody by VP Securities Services in Denmark.

### Tax case

Nykredit Realkredit is party to a pending tax case which the Danish tax authorities have appealed to the Danish High Court. If the High Court finds for Nykredit, deferred tax of DKK 189m will be recognised as income.

### Uncertainty about 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 mention in the Annual Report for 2007.

In Management's opinion, the uncertainty relating to the above-mentioned matters is insignificant to the Q1-Q3 Interim Report 2008.

## EVENTS OCCURRED AFTER THE END OF THE FINANCIAL PERIOD

### Discontinuation of activities in Poland

The Nykredit Group has decided to discontinue its mortgage activities in Poland, but will retain administration of the existing loan portfolio. The organisation will be adjusted concurrently with the reduction of this portfolio.

The reason for this decision is that market conditions have changed over time to the detriment of Nykredit's strategy. For instance, CHF-denominated loans have become standard in the Polish housing market, and Nykredit is not interested in offering this type of loan.

### Amendments to IAS 39

IASB's amendments to IAS 39 permit reclassification of securities in the trading book in rare circumstances.

At 30 September 2008, the Nykredit Group had made no reclassification of securities.

No other significant events have occurred in the period up to the presentation of the Q1-Q3 Interim Report 2008.

### Nykredit bonds rated AAA by Standard & Poor's

In early November, rating agency Standard & Poor's announced that Nykredit Realkredit A/S's covered bonds ("realkreditobligationer, ROs" and "særligt dækkede obligationer, SDOs") issued out of Capital Centres C, D, E and Nykredit In General as well as covered bonds ("realkreditobligationer") issued out of Totalkredit A/S's capital centre C had been rated AAA.

Standard & Poor's also stated that Nykredit Realkredit A/S had been assigned a long-term counterparty credit rating of A+ and that Nykredit Bank A/S had been assigned a short-term counterparty credit rating of A-1 and a long-term counterparty credit rating of A+.

The AAA rating by Standard & Poor's emphasises Nykredit's substantial credit strength despite the global financial crisis, and the rating confirms, as expected, that Nykredit's covered bonds are of gilt-edged quality.

## 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 September 2008 of Nykredit Realkredit A/S and the Nykredit Realkredit Group.

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

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

In our opinion, the Q1-Q3 Interim Report gives a fair review of the development in the activities and financial circumstances of the Group and the Parent Company as well as a satisfactory description of the material risk and uncertainty factors affecting the Group and the Parent Company.

We are furthermore of the opinion that the Interim Report gives a fair presentation of the Group's and the Parent Company's assets, liabilities, equity and financial position at 30 September 2008 and the results of the Group's and the Parent Company's activities as well as the Group's cash flows for the financial period 1 January – 30 September 2008.

Copenhagen, 6 November 2008

### Executive Board

Peter Engberg Jensen  
Group Chief Executive

Søren Holm  
Group Managing Director

Karsten Knudsen  
Group Managing Director

Per Ladegaard  
Group Managing Director

Bente Overgaard  
Group Managing Director

Niels Tørslev  
Group Managing Director

### Board of Directors

Steen E. Christensen  
Chairman

Hans Bang-Hansen  
Deputy Chairman

K.E. Borup  
Deputy Chairman

Kristian Bengaard

Michael Demsitz

John Finderup

Anette R. Fischer

Lisbeth Grimm

Steffen Kragh

Allan Kristiansen

Nina Smith

Jens Thomsen

Jens Erik Udsen

Leif Vinther

## Income statements for 1 January – 30 September

DKK million

Nykredit Realkredit A/S			Note	The Nykredit Realkredit Group	
Q3/2007	Q3/2008			Q3/2008	Q3/2007
23,686	30,639	Interest income	2	40,071	32,472
21,156	27,885	Interest expenses	3	34,491	27,661
<b>2,530</b>	<b>2,754</b>	<b>NET INTEREST INCOME</b>		<b>5,580</b>	<b>4,811</b>
139	94	Dividend on equities		101	146
570	557	Fee and commission income		969	1,001
152	154	Fee and commission expenses		951	897
<b>3,087</b>	<b>3,251</b>	<b>NET INTEREST AND FEE INCOME</b>		<b>5,699</b>	<b>5,061</b>
-	-	Net premiums earned		958	926
70	(3,963)	Value adjustments	4	(2,852)	897
3	48	Other operating income		254	293
-	-	Claims incurred, net of reinsurance		722	721
1,553	1,824	Staff and administrative expenses	5	3,164	2,686
341	387	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	6	452	380
0	4	Other operating expenses		6	1
(78)	6	Impairment losses on loans, advances and receivables	7	71	(118)
1,345	969	Profit from investments in associates and group enterprises	8	125	25
<b>2,689</b>	<b>(1,915)</b>	<b>PROFIT/LOSS BEFORE TAX</b>		<b>(229)</b>	<b>3,531</b>
285	(377)	Tax	9	(95)	760
<b>2,404</b>	<b>(1,538)</b>	<b>PROFIT/LOSS FOR THE PERIOD</b>		<b>(134)</b>	<b>2,771</b>

# Balance sheets at 30 September

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group			
31.12.2007	30.09.2008		Note	30.09.2008	31.12.2007
		<b>ASSETS</b>			
32	32	Cash balance and demand deposits with central banks		1,354	135
79,937	55,620	Receivables from credit institutions and central banks	10	64,838	82,510
474,062	492,756	Loans, advances and other receivables at fair value	11	874,077	828,954
242,622	248,781	Totalkredit mortgage loan funding	12	-	-
649	840	Loans, advances and other receivables at amortised cost	13	51,642	40,608
62,548	46,674	Bonds at fair value	14	74,138	90,935
		<b>Equities</b>			
7,344	4,710	Equities measured at fair value through profit or loss		1,441	2,694
-	-	Equities available for sale		3,556	4,960
<b>7,344</b>	<b>4,710</b>	<b>Total</b>		<b>4,998</b>	<b>7,653</b>
188	147	Investments in associates		99	137
18,774	19,621	Investments in group enterprises		-	-
3,957	4,394	Intangible assets	15	4,465	3,999
		<b>Land and buildings</b>			
-	-	Investment properties		70	71
360	363	Owner-occupied properties		1,785	1,617
<b>360</b>	<b>363</b>	<b>Total</b>		<b>1,855</b>	<b>1,688</b>
156	192	Other property, plant and equipment		299	276
59	434	Current tax assets		461	95
258	353	Deferred tax assets		438	313
5	24	Assets in temporary possession		26	5
10,942	13,093	Other assets	16	24,755	17,596
121	187	Prepayments		208	152
<b>902,014</b>	<b>888,221</b>	<b>TOTAL ASSETS</b>		<b>1,103,653</b>	<b>1,075,058</b>

# Balance sheets at 30 September

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group			
31.12.2007	30.09.2008		Note	30.09.2008	31.12.2007
		<b>LIABILITIES AND EQUITY</b>			
63,210	52,105	Payables to credit institutions and central banks	17	112,341	115,875
-	-	Deposits and other payables	18	34,026	31,581
724,746	724,553	Issued bonds at fair value	19	813,185	796,403
27	42	Issued bonds at amortised cost	20	10,399	1,589
30,560	29,238	Other non-derivative financial liabilities at fair value		32,023	33,444
-	-	Current tax liabilities		233	15
19,876	19,988	Other liabilities	21	37,285	30,775
-	-	Deferred income		8	11
<b>838,420</b>	<b>825,926</b>	<b>Total payables</b>		<b>1,039,501</b>	<b>1,009,693</b>
		<b>Provisions</b>			
179	198	Provisions for pensions and similar obligations		220	197
748	515	Provisions for deferred tax		564	797
-	-	Insurance liabilities		1,743	1,702
110	112	Repayable reserves funded by pre-1972 series		112	110
767	1,691	Other provisions		1,733	769
<b>1,804</b>	<b>2,516</b>	<b>Total provisions</b>		<b>4,373</b>	<b>3,575</b>
<b>7,343</b>	<b>7,366</b>	<b>Subordinate loan capital</b>	22	<b>7,366</b>	<b>7,343</b>
		<b>Equity</b>			
1,182	1,182	Share capital		1,182	1,182
		<b>Accumulated changes in value</b>			
89	89	- Revaluation reserves		247	247
15	23	- Accumulated foreign currency translation adjustment of foreign entities		23	15
-	-	- Value adjustment of equities available for sale		769	2,173
		<b>Other reserves</b>			
3,435	4,291	- Statutory reserves		-	-
24,258	24,258	- Series reserves		24,258	24,258
24,969	22,570	Retained earnings		25,934	26,072
500	-	Proposed dividend		-	500
<b>54,447</b>	<b>52,413</b>	<b>Total equity</b>		<b>52,413</b>	<b>54,447</b>
<b>902,014</b>	<b>888,221</b>	<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,103,653</b>	<b>1,075,058</b>
		<b>OFF-BALANCE SHEET ITEMS</b>	23		
-	-	Guarantees		4,712	4,242
1,641	1,610	Other contingent liabilities		9,623	9,427
<b>1,641</b>	<b>1,610</b>	<b>TOTAL</b>		<b>14,335</b>	<b>13,670</b>
		<b>Related party transactions and balances</b>	24		
		<b>Financial highlights – five years</b>	25		
		<b>Financial highlights – six quarters</b>	26		
		<b>Group structure</b>	27		

## Statement of changes in equity 1 January – 30 September

DKK million

Nykredit Realkredit A/S

	Share capital	Revaluation reserves	Accumulated foreign currency translation adjustment of foreign entities	Statutory reserves *	Series reserves	Retained earnings	Proposed dividend	Total
<b>2008</b>								
<b>Balance, beginning of period</b>	1,182	89	15	3,435	24,258	24,969	500	54,447
Adjustment relating to foreign entities	-	-	8	-	-	-	-	8
Profit/loss for the period	-	-	-	861	-	(2,399)	-	(1,538)
<b>Total comprehensive income</b>	-	-	8	861	-	(2,399)	-	(1,530)
Dividend paid	-	-	-	-	-	-	(500)	(500)
Adjustment relating to subsidiaries	-	-	-	(5)	-	1	-	(4)
<b>Total other adjustments</b>	-	-	-	(5)	-	1	(500)	(504)
<b>Balance, end of period</b>	1,182	89	23	4,291	24,258	22,570	-	52,413
<b>2007</b>								
<b>Balance, beginning of year</b>	1,182	91	7	2,439	23,336	24,932	-	51,987
Reclassification	-	(5)	-	-	-	5	-	-
Adjustment relating to owner-occupied properties	-	4	-	-	-	-	-	4
Adjustment relating to foreign entities	-	-	8	-	-	-	-	8
Profit for the year	-	-	-	1,785	-	612	500	2,897
<b>Total comprehensive income</b>	-	(2)	8	1,785	-	617	500	2,909
Extraordinary dividend paid	-	-	-	-	-	(500)	-	(500)
Dividend from subsidiaries	-	-	-	(820)	-	820	-	-
Adjustment pursuant to capital adequacy rules	-	-	-	-	922	(922)	-	-
Transferred from provisions, pre-1972 series	-	-	-	-	-	16	-	16
Adjustment relating to associates	-	-	-	(4)	-	4	-	-
Adjustment relating to subsidiaries	-	-	-	35	-	1	-	36
<b>Total other adjustments</b>	-	-	-	(789)	922	(581)	-	(449)
<b>Balance, year-end</b>	1,182	89	15	3,435	24,258	24,969	500	54,447

\* The item relates to a 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 100.00 and multiples thereof. Nykredit Realkredit A/S has only one class of shares, and all shares confer the same rights on shareholders.

On 1 April 2008, Nykredit Realkredit A/S distributed an ordinary dividend of DKK 500m to the shareholder Nykredit Holding A/S, equivalent to a dividend per share of DKK 42.3.

The distribution of dividend to Nykredit Realkredit A/S's shareholder has no tax implication for Nykredit Realkredit A/S.

## Statement of changes in equity 1 January – 30 September

DKK million

The Nykredit Realkredit Group

	Share capital	Revaluation reserves	Accumulated foreign currency translation adjustment of foreign entities	Value adjustment of equities available for sale	Series reserves	Retained earnings	Proposed dividend	Total
<b>2008</b>								
<b>Balance, beginning of period</b>	1,182	247	15	2,173	24,258	26,072	500	54,447
Adjustment of equities available for sale	-	-	-	(1,404)	-	-	-	(1,404)
Adjustment relating to foreign entities	-	-	8	-	-	-	-	8
Profit/loss for the period	-	-	-	-	-	(134)	-	(134)
<b>Total comprehensive income</b>	-	-	8	(1,404)	-	(134)	-	(1,530)
Dividend paid	-	-	-	-	-	-	(500)	(500)
Other adjustments	-	-	-	-	-	(4)	-	(4)
<b>Total other adjustments</b>	-	-	-	-	-	(4)	(500)	(504)
<b>Balance, end of period</b>	1,182	247	23	769	24,258	25,934	-	52,413
<b>2007</b>								
<b>Balance, beginning of year</b>	1,182	202	7	2,636	23,336	24,624	-	51,987
Reclassification	-	5	-	3	-	(8)	-	-
Adjustment of equities available for sale	-	-	-	(465)	-	-	-	(465)
Adjustment relating to owner-occupied properties	-	39	-	-	-	-	-	39
Adjustment relating to foreign entities	-	-	8	-	-	-	-	8
Profit for the year	-	-	-	-	-	2,863	500	3,363
<b>Total comprehensive income</b>	-	45	8	(462)	-	2,854	500	2,945
Extraordinary dividend paid	-	-	-	-	-	(500)	-	(500)
Adjustment pursuant to capital adequacy rules	-	-	-	-	922	(922)	-	-
Transferred from provisions – pre-1972 series	-	-	-	-	-	16	-	16
<b>Total other adjustments</b>	-	-	-	-	922	(1,406)	-	(484)
<b>Balance, year-end</b>	1,182	247	15	2,173	24,258	26,072	500	54,447



## Cash flow statement 1 January – 30 September

DKK million

	The Nykredit Realkredit Group	
	Q3/2008	Q3/2007
<b>Profit/loss after tax for the period</b>	(134)	2,771
Amortisation and impairment losses for intangible assets	358	321
Depreciation and impairment losses for property, plant and equipment	94	59
Value adjustment of investments	(125)	(25)
Impairment losses on loans, advances and receivables	71	(118)
Prepayments/deferred income, net	(60)	6
Tax calculated on profit/loss for the period	(95)	760
Other adjustments	(1,900)	(358)
<b>Total</b>	<b>(1,657)</b>	<b>645</b>
<b>Profit/loss for the period adjusted for non-cash operating items</b>	<b>(1,791)</b>	<b>3,416</b>
<b>Change in working capital</b>		
Loans and advances	(56,227)	(54,935)
Deposits and payables to credit institutions	(1,089)	29,246
Issued bonds	25,592	(5,646)
Other working capital	(1,256)	13,849
<b>Total</b>	<b>(32,980)</b>	<b>(17,486)</b>
<b>Corporation tax paid, net</b>	<b>(213)</b>	<b>(99)</b>
<b>Cash flows from operating activities</b>	<b>(34,985)</b>	<b>(14,169)</b>
<b>Cash flows from investing activities</b>		
Investments	19,616	18,731
Intangible assets	(823)	(94)
Property, plant and equipment	(284)	(127)
<b>Total</b>	<b>18,508</b>	<b>18,510</b>
<b>Cash flows from financing activities</b>		
Subordinate loan capital	23	(101)
<b>Total</b>	<b>23</b>	<b>(101)</b>
<b>Total cash flows</b>	<b>(16,453)</b>	<b>4,239</b>
<b>Cash and cash equivalents, beginning of period</b>		
Cash balance and demand deposits with central banks	135	200
Receivables from credit institutions and central banks	82,510	57,316
<b>Total</b>	<b>82,645</b>	<b>57,516</b>
<b>Cash and cash equivalents, end of period</b>		
Cash balance and demand deposits with central banks	1,354	50
Receivables from credit institutions and central banks	64,838	61,704
<b>Total</b>	<b>66,192</b>	<b>61,754</b>

# Core earnings and investment portfolio income 1 January – 30 September DKK million

The Nykredit Realkredit Group

	Q3/2008			Q3/2007		
	Core earnings	Investment portfolio income	Total	Core earnings	Investment portfolio income	Total
Net interest income	5,532	48	5,580	4,977	(166)	4,811
Dividend on equities	4	97	101	4	142	146
Net fee and commission income	43	(25)	18	137	(33)	104
<b>Net interest and fee income</b>	<b>5,579</b>	<b>120</b>	<b>5,699</b>	<b>5,118</b>	<b>(57)</b>	<b>5,061</b>
Net premiums earned	958	-	958	926	-	926
Value adjustments	128	(2,980)	(2,851)	548	349	897
Other operating income	254	-	254	248	45	293
Claims incurred, net of reinsurance	722	-	722	721	-	721
Staff and administrative expenses	3,164	-	3,164	2,686	-	2,686
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	452	-	452	380	-	380
Other operating expenses	3	3	6	1	-	1
Impairment losses on loans and advances	71	-	71	(118)	-	(118)
Profit from equity investments	-	125	125	-	25	25
<b>Profit/loss before tax</b>	<b>2,509</b>	<b>(2,738)</b>	<b>(229)</b>	<b>3,170</b>	<b>362</b>	<b>3,531</b>

# Notes

## 1. ACCOUNTING POLICIES

### General

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

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

Compared with the Annual Report for 2007, the "Business capital" included in the business area reporting has been calculated according to the new principles. As from 1 January 2008, the business capital is based on the Basel II rules and meets the statutory capital adequacy requirement. The required capital base is the statutory capital requirement with the addition of a projected capital charge for periods with mild recession. The business return has been calculated as profit/loss relative to the business capital. Comparative figures have been restated.

From Q3/2008, profit/loss from group enterprises, etc has been recognised under "Profit/loss from investments in associates and group enterprises" at profit/loss after tax. Previously, the tax of these companies was stated together with the tax of the Parent Company. The change does not affect profit/loss after tax, the balance sheet or equity.

In all other respects, the accounting policies of both the Nykredit Realkredit Group and Nykredit Realkredit A/S are unchanged compared with the Annual Report for 2007. A description of the Group's and the Parent Company's accounting policies in the Annual Report for 2007 is available at [nykredit.com](http://nykredit.com).

All figures in the Q1-Q3 Interim Report have been presented in DKK million. The totals stated are calculated on the basis of actual figures. Due to rounding to the nearest whole million DKK, minor differences between the sum of individual figures and the stated totals may occur.

In Management's opinion, no new IAS/IFRS standards have been adopted that will substantially influence the financial reporting of the Company compared with the Annual Report for 2007.

The Q1-Q3 Interim Report 2008 has not been audited or reviewed.

## Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group		
Q3/2007	Q3/2008		Q3/2008	Q3/2007
		<b>2. INTEREST INCOME</b>		
6,515	10,664	Receivables from credit institutions and central banks	1,512	856
14,656	17,469	Loans, advances and other receivables	33,479	27,284
1,594	1,683	Administration margin (income)	3,033	2,776
		<b>Bonds</b>		
-	416	- Own SDOs (særligt dækkede obligationer)	551	-
769	621	- Own mortgage bonds	1,769	1,923
525	1,198	- Other mortgage bonds	1,949	1,066
164	(631)	- Government bonds	(603)	106
86	220	- Other bonds	532	181
		<b>Derivative financial instruments</b>		
13	(111)	- Foreign exchange contracts	(15)	(156)
65	128	- Interest rate contracts	202	332
69	67	Other interest income	44	30
<b>24,459</b>	<b>31,724</b>	<b>Total</b>	<b>42,453</b>	<b>34,398</b>
-	(416)	Interest from own SDOs has been offset against interest expenses – note 3	(551)	-
(769)	(621)	Interest from own mortgage bonds has been offset against interest expenses – note 3	(1,769)	(1,923)
(3)	(47)	Interest from own other securities and bonds has been offset against interest expenses – note 3	(62)	(3)
<b>23,686</b>	<b>30,639</b>	<b>Total</b>	<b>40,071</b>	<b>32,472</b>
		<b>Of which interest income from genuine purchase and resale transactions entered as:</b>		
195	842	Receivables from credit institutions and central banks	1,157	545
-	-	Loans, advances and other receivables	297	166
		<b>3. INTEREST EXPENSES</b>		
1,140	1,636	Credit institutions and central banks	3,928	2,720
-	-	Deposits and other payables	1,100	773
20,430	26,964	Issued bonds	31,460	25,674
257	283	Subordinate loan capital	283	307
102	87	Other interest expenses	102	113
<b>21,928</b>	<b>28,970</b>	<b>Total</b>	<b>36,872</b>	<b>29,588</b>
-	(416)	Set-off of interest from own SDOs – note 2	(551)	-
(769)	(621)	Set-off of interest from own mortgage bonds – note 2	(1,769)	(1,923)
(3)	(47)	Set-off of interest from own other securities and bonds – note 2	(62)	(3)
<b>21,156</b>	<b>27,885</b>	<b>Total</b>	<b>34,491</b>	<b>27,661</b>
		<b>Of which interest expenses from genuine sale and repurchase transactions entered as:</b>		
399	861	Payables to credit institutions and central banks	1,239	820
-	-	Deposits and other payables	31	35

## Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
Q3/2007	Q3/2008	Q3/2008	Q3/2007
<b>4. VALUE ADJUSTMENTS</b>			
<b>Financial assets measured at fair value through profit or loss</b>			
(10,635)	(8,288)	(18,835)	(17,648)
(4,170)	(6,782)	-	-
2	(8)	(8)	40
(320)	(1,765)	(2,554)	(743)
139	(2,051)	(634)	620
-	-	(1)	-
(1)	(130)	(87)	78
250	(48)	387	892
-	-	7	9
<b>Financial liabilities measured at fair value through profit or loss</b>			
10,636	8,326	18,873	17,649
4,170	6,782	-	-
<b>70</b>	<b>(3,963)</b>	<b>(2,852)</b>	<b>897</b>
<b>5. STAFF AND ADMINISTRATIVE EXPENSES</b>			
25	26	26	25
888	1,088	1,852	1,545
640	710	1,361	1,182
<b>1,553</b>	<b>1,824</b>	<b>3,240</b>	<b>2,752</b>
-	-	(76)	(65)
<b>1,553</b>	<b>1,824</b>	<b>3,164</b>	<b>2,686</b>
<b>Remuneration of Board of Directors and Executive Board</b>			
<b>Board of Directors</b>			
1	1	1	1
<b>Executive Board</b>			
21	23	23	21
2	2	2	2
<b>25</b>	<b>26</b>	<b>26</b>	<b>25</b>
The terms and conditions governing the pension and retirement of the Executive Board are unchanged relative to the mention in the Annual Report for 2007.			

## Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
Q3/2007	Q3/2008	Q3/2008	Q3/2007
		<b>5. STAFF AND ADMINISTRATIVE EXPENSES (continued)</b>	
		<b>Staff expenses</b>	
710	902	1,485	1,258
94	98	162	151
84	87	205	135
<b>888</b>	<b>1,088</b>	<b>1,852</b>	<b>1,545</b>
		<b>Number of staff</b>	
2,380	2,493	3,888	3,633
		<b>6. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES FOR PROPERTY, PLANT AND EQUIPMENT AS WELL AS INTANGIBLE ASSETS</b>	
		<b>Intangible assets</b>	
312	347	357	321
		<b>Property, plant and equipment</b>	
29	40	93	81
-	-	0	-
-	-	-	(22)
<b>341</b>	<b>387</b>	<b>452</b>	<b>380</b>
		<b>7. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES</b>	
		<b>7.a. Effect on profit/loss</b>	
(80)	(6)	40	(85)
(14)	19	26	(58)
41	28	43	54
(29)	(33)	(36)	(33)
<b>(82)</b>	<b>7</b>	<b>73</b>	<b>(122)</b>
		<b>7.b. Specification of provisions for loan impairment and guarantee debtors</b>	
1	0	0	1
2	(2)	(2)	2
<b>(78)</b>	<b>6</b>	<b>71</b>	<b>(118)</b>
		<b>7.b. Specification of provisions for loan impairment and guarantee debtors</b>	
115	85	216	138
107	181	199	125
<b>223</b>	<b>265</b>	<b>415</b>	<b>264</b>

## Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
Q3/2007	Q3/2008	Q3/2008	Q3/2007
<b>7. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES (continued)</b>			
<b>7.c. Individual provisions for loan impairment and guarantee debtors</b>			
195	91	176	222
24	24	100	31
(69)	(17)	(41)	(73)
(35)	(13)	(19)	(42)
<b>115</b>	<b>85</b>	<b>216</b>	<b>138</b>
-	-	40	-
<b>7.d. Collective impairment provisions for loan impairment and guarantee debtors</b>			
122	162	173	185
-	19	26	-
(14)	-	-	(58)
<b>107</b>	<b>181</b>	<b>199</b>	<b>125</b>
<b>7.e. Specification of loans and advances subject to objective evidence of impairment</b>			
233	172	484	278
115	85	176	138
<b>118</b>	<b>87</b>	<b>308</b>	<b>140</b>
6,806	24,727	25,124	7,070
107	181	199	125
<b>6,698</b>	<b>24,546</b>	<b>24,925</b>	<b>6,944</b>
<b>8. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES</b>			
25	126	125	25
1,320	843	-	-
<b>1,345</b>	<b>969</b>	<b>125</b>	<b>25</b>
<b>9. TAX</b>			
10.6	-	-	21.5

## Notes

DKK million

Nykredit Realkredit A/S				
31.12.2007	30.09.2008		30.09.2008	31.12.2007
<b>10. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS</b>				
10,764	5,931	Receivables at call with central banks	7,115	12,160
69,173	49,689	Receivables from credit institutions	57,723	70,350
<b>79,937</b>	<b>55,620</b>	<b>Total</b>	<b>64,838</b>	<b>82,510</b>
9,652	5,488	Of which prepaid funds, including prepayments at par and proceeds from the issue of fixed-price agreements	5,724	13,792
<b>11. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE</b>				
473,950	492,633	Mortgage loans	860,399	823,228
112	124	Arrears and outlays	234	176
-	-	Other loans and advances	13,444	5,550
<b>474,062</b>	<b>492,756</b>	<b>Total</b>	<b>874,077</b>	<b>828,954</b>
<b>Mortgage loans</b>				
<b>453,813</b>	<b>486,036</b>	<b>Balance, beginning of period, nominal value</b>	<b>849,211</b>	<b>766,011</b>
111,352	68,581	New loans	134,029	211,681
687	770	Indexation	770	687
(297)	(344)	Foreign currency translation adjustment	(344)	(297)
(12,578)	(8,284)	Ordinary principal payments	(11,999)	(17,318)
(66,942)	(33,758)	Prepayments and extraordinary principal payments	(65,282)	(111,554)
<b>486,036</b>	<b>513,001</b>	<b>Balance, end of period, nominal value</b>	<b>906,385</b>	<b>849,211</b>
-	(10)	Loans transferred relating to properties in temporary possession	(10)	-
273	278	Loans assumed by the Danish Agency for Governmental Management	278	273
<b>486,309</b>	<b>513,268</b>	<b>Total nominal value</b>	<b>906,652</b>	<b>849,484</b>
<b>(12,268)</b>	<b>(20,573)</b>	<b>Adjustment for interest rate risk</b>	<b>(46,184)</b>	<b>(26,164)</b>
<b>Adjustment for credit risk</b>				
(52)	(30)	Individual impairment provisions	(37)	(53)
(39)	(33)	Collective impairment provisions	(33)	(39)
<b>473,950</b>	<b>492,633</b>	<b>Balance, end of period, fair value</b>	<b>860,399</b>	<b>823,228</b>
22,741	23,100	Other than mortgages on real property, supplementary guarantees for loans received total	27,790	65,107
2,670	3,074	Total interim loan guarantees received	22,580	26,325
<b>Arrears and outlays</b>				
270	321	Arrears before impairment provisions	436	336
3	6	Outlays before impairment provisions	5	2
(161)	(203)	Impairment provisions for arrears and outlays	(207)	(162)
<b>112</b>	<b>124</b>	<b>Total</b>	<b>234</b>	<b>176</b>



## Notes

DKK million

Nykredit Realkredit A/S			30.09.2008	31.12.2007
31.12.2007	30.09.2008			
<b>11. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE (continued)</b>				
<b>Loan impairment by property category</b>				
73	68	Owner-occupied dwellings	79	75
24	37	Private rental housing	37	24
54	50	Trades and industry	50	54
37	35	Industry and trades	35	37
43	39	Agriculture	39	43
8	7	Non-profit housing	7	8
13	29	Other	29	13
<b>252</b>	<b>265</b>	<b>Total</b>	<b>276</b>	<b>254</b>
<b>12. TOTALKREDIT MORTGAGE LOAN FUNDING</b>				
<b>168,889</b>	<b>250,569</b>	<b>Balance, beginning of period, nominal value</b>	-	-
138,787	65,499	New loans	-	-
(1,209)	(1,280)	Ordinary principal payments	-	-
(55,899)	(50,336)	Prepayments and extraordinary principal payments	-	-
<b>250,569</b>	<b>264,453</b>	<b>Balance, end of period, nominal value</b>	-	-
(7,947)	(15,672)	Adjustment for interest rate risk	-	-
<b>242,622</b>	<b>248,781</b>	<b>Balance, end of period, fair value</b>	-	-
<b>13. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST</b>				
-	-	Bank loans and advances	50,602	39,753
739	917	Other loans and advances	1,217	1,039
<b>739</b>	<b>917</b>	<b>Balance, end of period</b>	<b>51,819</b>	<b>40,792</b>
<b>Adjustment for credit risk</b>				
-	-	Individual impairment provisions	(86)	(82)
-	-	Collective impairment provisions	(14)	(11)
<b>739</b>	<b>917</b>	<b>Balance after impairment, end of period</b>	<b>51,718</b>	<b>40,699</b>
(91)	(76)	Own securities for set-off transferred from "Issued bonds at amortised cost" - note 20	(76)	(91)
<b>649</b>	<b>840</b>	<b>Total</b>	<b>51,642</b>	<b>40,608</b>

At end-Q3/2008, DKK 24m of the total impairment provisions of DKK 100m was attributable to Retail Customers and DKK 76m to Commercial Customers.

## Notes

DKK million

Nykredit Realkredit A/S			30.09.2008	31.12.2007
31.12.2007	30.09.2008			
<b>14. BONDS AT FAIR VALUE</b>				
16,489	17,199	Own SDOs	22,529	46,432
140,845	17,703	Own mortgage bonds	45,244	186,503
39,503	34,130	Other mortgage bonds	52,046	61,393
11,147	7,203	Government bonds	8,539	11,859
11,899	8,331	Other bonds	17,491	18,025
<b>219,882</b>	<b>84,566</b>	<b>Total</b>	<b>145,849</b>	<b>324,213</b>
(140,845)	(17,703)	Set-off of own mortgage bonds against "Issued bonds at fair value" – note 19	(45,244)	(186,503)
(16,489)	(17,199)	Set-off of own SDOs against "Issued bonds at fair value" – note 19	(22,529)	(46,432)
-	(2,989)	Set-off of own junior covered bonds against "Issued bonds at fair value" – note 19	(2,989)	-
-	-	Set-off of own other bonds against "Issued bonds at amortised cost" – note 20	(949)	(342)
<b>62,548</b>	<b>46,674</b>	<b>Total</b>	<b>74,138</b>	<b>90,935</b>
552	223	Of which drawn bonds	354	829
71,086	-	Pre-issue of mortgage bonds	-	71,086
47,756	644	Bond holdings stemming from prepaid funds, including prepayments at par, and proceeds from the issue of fixed-price agreements	644	47,756
39,814	28,236	As collateral security for the Danish central bank (Danmarks Nationalbank) the Danish FUTOP clearing centre and foreign clearing centres, bonds have been deposited of a total market value of Collateral security was provided on an arm's length basis.	61,437	67,175
<b>15. INTANGIBLE ASSETS</b>				
With effect from 1 April 2008, Nykredit/Totalkredit and Danish local and regional banks entered into a new partnership agreement. The agreement determines the final price of the Totalkredit shares which was originally scheduled to be determined in 2010.				
The back payment amounts to DKK 1,460m after tax payable on 1 October 2012. Nykredit Realkredit provided DKK 750m for such liability in the Annual Report for 2007. The additional excess payment has been included in Q2/2008.				
The excess payment reflects the fact that during the term of the agreement Nykredit will obtain a higher value of the distribution right, and it has therefore been classified as a fixed-term right. At end-Q3/2008, the fixed-term right totalled DKK 2,278m.				
The fixed-term right will be amortised on a straight-line basis up to 31 December 2013. For the current financial year, total amortisation of the distribution right will amount to DKK 413m.				
<b>16. OTHER ASSETS</b>				
7,832	9,759	Interest and commission receivable	12,810	7,123
693	845	Receivables from group enterprises	-	-
2,035	2,225	Positive market value of derivative financial instruments	11,164	9,710
170	140	Defined benefit plans	140	170
-	-	Receivable relating to reinsurance	87	106
212	125	Other assets	553	488
<b>10,942</b>	<b>13,093</b>	<b>Total</b>	<b>24,755</b>	<b>17,596</b>

## Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group		
31.12.2007	30.09.2008		30.09.2008	31.12.2007
<b>17. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS</b>				
37,683	27,599	Payables to credit institutions	61,781	66,348
25,527	24,506	Payables to central banks	50,560	49,527
<b>63,210</b>	<b>52,105</b>	<b>Total</b>	<b>112,341</b>	<b>115,875</b>
<b>18. DEPOSITS AND OTHER PAYABLES</b>				
-	-	On demand	13,403	13,198
-	-	At notice	1,773	1,211
-	-	Time deposits	17,778	16,213
-	-	Special deposits	1,072	959
-	-	<b>Total</b>	<b>34,026</b>	<b>31,581</b>
<b>19. ISSUED BONDS AT FAIR VALUE</b>				
789,937	559,093	Mortgage bonds	680,595	937,195
87,143	190,367	SDOs	190,367	87,143
5,000	12,985	Junior covered bonds	12,985	5,000
<b>882,081</b>	<b>762,445</b>	<b>Total</b>	<b>883,946</b>	<b>1,029,338</b>
(140,845)	(17,703)	Own mortgage bonds transferred from "Bonds at fair value" – note 14	(45,244)	(186,503)
(16,489)	(17,199)	Own SDOs transferred from "Bonds at fair value" – note 14	(22,529)	(46,432)
-	(2,989)	Own junior covered bonds transferred from "Bonds at fair value" – note 14	(2,989)	-
<b>724,746</b>	<b>724,553</b>	<b>Total</b>	<b>813,185</b>	<b>796,403</b>
73,436	75	Of which pre-issuance	75	73,436
119,132	4,684	Drawn for redemption at the next creditor settlement date	5,379	125,765
-	195,121	Issued SDOs at nominal value	195,121	-
-	13,000	Issued junior covered bonds at nominal value	13,000	-
<b>Mortgage bonds</b>				
<b>712,340</b>	<b>789,113</b>	<b>Balance, beginning of period, nominal value</b>	<b>942,319</b>	<b>902,957</b>
299,725	418	Additions	418	299,749
6	52	Foreign currency translation adjustment	52	6
(161,105)	(128,660)	Bonds drawn and cancelled	(136,887)	(174,095)
(61,854)	(89,723)	Prepayments and extraordinary principal payments	(103,262)	(86,298)
<b>789,113</b>	<b>571,199</b>	<b>Total</b>	<b>702,640</b>	<b>942,319</b>
20,414	19,299	Indexation	19,299	20,414
<b>809,527</b>	<b>590,498</b>	<b>Balance, end of period, nominal value</b>	<b>721,939</b>	<b>962,734</b>
(4,988)	(19,590)	Fair value adjustment, beginning of period	(25,539)	(8,118)
(14,602)	(11,815)	Fair value adjustment	(15,806)	(17,421)
<b>789,937</b>	<b>559,093</b>	<b>Balance, end of period, fair value</b>	<b>680,595</b>	<b>937,195</b>

## Notes

DKK million

Nykredit Realkredit A/S				The Nykredit Realkredit Group	
31.12.2007	30.09.2008			30.09.2008	31.12.2007
<b>20. ISSUED BONDS AT AMORTISED COST</b>					
-	-	Corporate bonds		11,307	1,904
27	42	Employee bonds		42	27
91	76	Other securities		76	91
<b>118</b>	<b>119</b>	<b>Total</b>		<b>11,425</b>	<b>2,022</b>
-	-	Own other bonds transferred from "Bonds at fair value" – note 14		(949)	(342)
(91)	(76)	Own other bonds transferred from "Loans, advances and other receivables at amortised cost" – note 13		(76)	(91)
<b>27</b>	<b>42</b>	<b>Total</b>		<b>10,399</b>	<b>1,589</b>
<b>21. OTHER LIABILITIES</b>					
16,270	13,017	Interest and commission payable		22,806	21,025
853	748	Negative market value of derivative financial instruments		7,425	6,445
2,128	2,180	Payables relating to the purchase of Totalkredit shares		2,180	2,128
625	4,043	Other payables		4,874	1,178
<b>19,876</b>	<b>19,988</b>	<b>Total</b>		<b>37,285</b>	<b>30,775</b>
<b>22. SUBORDINATE LOAN CAPITAL</b>					
Subordinate loan capital consists of financial liabilities which, in case of voluntary or compulsory liquidation, will not be repaid until the claims of ordinary creditors have been met.					
EUR 500m (nominal) of hybrid core capital in accordance with section 137 of the Danish Financial Business Act. 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% up to 22 September 2014 after which date it will carry a floating interest rate.					
3,622	3,642			3,642	3,622
EUR 500m (nominal) of subordinate loan capital in accordance with section 136 of the Danish Financial Business Act. The loan falls due at par (100) on 20 September 2013 and carries a floating interest rate.					
3,722	3,725			3,725	3,722
<b>7,343</b>	<b>7,366</b>	<b>Total</b>		<b>7,366</b>	<b>7,343</b>
7,343	7,366	Subordinate loan capital to be included in the capital base		7,366	7,343
-	-	Extraordinary principal payments and repayment of subordinate loan capital during the financial period		-	1,485

## Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
31.12.2007	30.09.2008	30.09.2008	31.12.2007
<b>23. OFF-BALANCE SHEET ITEMS</b>			
Due to its size and business volume, the Nykredit Realkredit Group is continuously involved in legal proceedings. For a description of significant cases, please refer to the Management's Review. Other pending cases are not expected to have a significant effect on the Nykredit Realkredit Group's financial position.			
Nykredit Realkredit A/S is jointly taxed with all the Danish group enterprises of the Foreningen Nykredit Group. Nykredit Realkredit A/S is solely liable for the part of tax which is attributable to Nykredit Realkredit A/S and which is not settled with Foreningen Nykredit via the scheme for payment of tax on account.			
The companies Nykredit Realkredit A/S, Totalkredit A/S, Nykredit Bank A/S, LeasIT A/S, LeasIT Finans A/S, Nykredit Forsikring A/S and Nykredit Portefølje Adm. A/S are registered jointly for payroll tax and VAT purposes and are jointly and severally liable for the settlement thereof.			
Nykredit Forsikring A/S and the other owners of FDC K/S are liable for obligations entered into by FDC K/S. The obligation has a maximum limit of DKK 70m.			
Nykredit Realkredit A/S is liable for the obligations of the pension funds Jyllands Kreditforenings Afviklingspensionskasse (SE no 24256219) and Den Under Afvikling Værende Pensionskasse i Forenede Kreditforeninger (SE no 71977714).			
Guarantees and warranties provided, irrevocable credit commitments and similar obligations not recognised in the balance sheet are presented below.			
-	-	4,712	4,242
1,641	1,610	9,623	9,427
<b>1,641</b>	<b>1,610</b>	<b>14,335</b>	<b>13,670</b>
<b>Guarantees</b>			
-	-	2,772	2,651
-	-	1,940	1,591
-	-	<b>4,712</b>	<b>4,242</b>
<b>Other contingent liabilities</b>			
111	79	7,998	8,014
1,529	1,531	1,625	1,413
<b>1,641</b>	<b>1,610</b>	<b>9,623</b>	<b>9,427</b>

# Notes

## 24. RELATED PARTY TRANSACTIONS AND BALANCES

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

No unusual related party transactions occurred in Q3/2008.

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

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

Significant related party transactions prevailing/entered into in Q3/2008 include:

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

Master agreement on the terms for financial transactions relating to loans and deposits in the securities and money market areas. Nykredit Realkredit A/S has provided Nykredit Bank A/S with subordinate loan capital.

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

Master agreement on the terms applicable to transactions in the securities area.  
Agreement on joint funding of mortgage loans.  
Nykredit Realkredit A/S has provided Totalkredit A/S with subordinate loan capital.

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

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

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

Agreement on the employment of insurance agents at Nykredit Realkredit A/S centres, sales commission to Nykredit centres and agreement on the management of certain investments.

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

Agreements on joint IT support, etc.

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

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

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

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

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

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

## Notes

DKK million

The Nykredit Realkredit Group	Q1-Q3/ 2008	Q1-Q3/ 2007	Q1-Q3/ 2006	Q1-Q3/ 2005	Q1-Q3/ 2004
<b>25. FIVE-YEAR FINANCIAL HIGHLIGHTS</b>					
Net interest income	5,580	4,811	4,214	4,342	3,823
Net fee income	119	250	438	834	323
<b>Net interest and fee income</b>	<b>5,699</b>	<b>5,061</b>	<b>4,652</b>	<b>5,176</b>	<b>4,146</b>
Net premiums earned	958	926	888	849	901
Value adjustments	(2,852)	897	503	645	742
Other operating income	254	293	132	114	124
Claims incurred, net of reinsurance	722	721	701	736	731
Staff and administrative expenses	3,164	2,686	2,554	2,277	2,146
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	452	380	381	377	376
Other operating expenses	6	1	1	2	1
Impairment losses on loans, advances and receivables	71	(118)	(276)	(203)	(144)
Profit from investments in associates and group enterprises	125	25	0	8	25
<b>Profit/loss before tax</b>	<b>(229)</b>	<b>3,531</b>	<b>2,814</b>	<b>3,603</b>	<b>2,828</b>
Tax	(95)	760	734	984	721
<b>Profit/loss for the period</b>	<b>(134)</b>	<b>2,771</b>	<b>2,080</b>	<b>2,619</b>	<b>2,107</b>
	<b>30.09.2008</b>	<b>30.09.2007</b>	<b>30.09.2006</b>	<b>30.09.2005</b>	<b>30.09.2004</b>
<b>SELECTED KEY FIGURES FROM THE BALANCE SHEET</b>					
<b>Assets</b>					
Cash balance and receivables from credit institutions and central banks	66,192	61,754	37,545	61,997	47,255
Mortgage loans	860,399	800,558	741,198	690,601	618,890
Bank loans - excl reverse transactions	50,502	35,619	25,852	18,028	18,041
Bonds and equities	79,136	70,262	64,331	55,060	100,125
Other assets	47,425	37,822	26,393	29,567	27,395
<b>Total assets</b>	<b>1,103,653</b>	<b>1,006,015</b>	<b>895,319</b>	<b>855,253</b>	<b>811,706</b>
<b>Liabilities and equity</b>					
Payables to credit institutions and central banks	112,341	106,922	81,018	46,796	59,240
Deposits	34,026	29,001	20,593	24,984	20,554
Issued bonds at fair value	813,185	746,097	689,861	686,275	642,655
Subordinate loan capital					
- Hybrid core capital	3,642	3,626	3,794	4,007	3,696
- Supplementary capital	3,725	4,987	4,986	6,065	2,600
Other liabilities	84,322	60,980	45,151	39,150	39,222
Equity	52,413	54,400	49,916	47,976	43,739
<b>Total liabilities and equity</b>	<b>1,103,653</b>	<b>1,006,015</b>	<b>895,319</b>	<b>855,253</b>	<b>811,706</b>
<b>FINANCIAL RATIOS<sup>1</sup></b>					
Capital adequacy ratio, %*	17.0	11.0	11.1	11.7	11.0
Core capital ratio, %*	16.1	10.1	10.2	10.4	10.6
Return on equity before tax	(3.6)	5.8	7.2	10.3	6.8
Return on equity after tax	(2.9)	4.5	5.6	8.1	5.1
Income:cost ratio, DKK	0.57	1.85	2.05	2.48	1.91
Foreign exchange position, %	0.8	0.9	1.5	0.9	1.6
Loans and advances:equity (loan gearing)	17.7	15.6	15.0	14.6	14.8
Growth in loans and advances for the period, %	8.5	9.0	7.8	9.2	5.9
Accumulated impairment losses, %	0.0	0.0	0.0	0.0	0.0
Impairment losses for the period, %	0.0	(0.0)	(0.0)	(0.0)	(0.0)

<sup>1</sup> Financial ratios are based on the definitions and guidelines of the Danish Financial Supervisory Authority, and financial ratios have therefore been estimated on the basis of profit/loss for the period including value adjustment of strategic equities.

\* As from H1/2007, the capital adequacy and core capital ratios include profit/loss for the period, and as from 1 January 2008 the ratios are determined in accordance with Basel II.

## Notes

DKK million

## The Nykredit Realkredit Group

	Q3/2008	Q2/2008	Q1/2008	Q4/2007	Q3/2007	Q2/2007	Q1/2007
<b>26. SEVEN-QUARTER FINANCIAL HIGHLIGHTS</b>							
<b>Core income from</b>							
Business operations	1,551	1,667	1,457	1,865	1,526	1,614	1,529
Securities	525	492	506	539	520	493	436
<b>Total</b>	<b>2,076</b>	<b>2,159</b>	<b>1,963</b>	<b>2,404</b>	<b>2,046</b>	<b>2,107</b>	<b>1,965</b>
Operating costs, depreciation and amortisation	1,197	1,281	1,141	1,284	944	1,070	1,053
<b>Core earnings before impairment losses</b>	<b>879</b>	<b>877</b>	<b>822</b>	<b>1,119</b>	<b>1,102</b>	<b>1,037</b>	<b>912</b>
Impairment losses on loans and advances	40	46	(15)	51	(46)	-	(72)
<b>Core earnings after impairment losses</b>	<b>839</b>	<b>832</b>	<b>837</b>	<b>1,068</b>	<b>1,148</b>	<b>1,037</b>	<b>984</b>
Investment portfolio income	(1,511)	(477)	(750)	(210)	114	89	164
<b>Profit before tax</b>	<b>(671)</b>	<b>355</b>	<b>87</b>	<b>859</b>	<b>1,262</b>	<b>1,126</b>	<b>1,148</b>
Tax	(150)	17	38	267	293	173	299
<b>Profit for the period</b>	<b>(521)</b>	<b>338</b>	<b>49</b>	<b>592</b>	<b>969</b>	<b>953</b>	<b>849</b>
<b>Profit for the period excludes value adjustment of strategic equities against equity</b>	<b>(446)</b>	<b>(263)</b>	<b>(695)</b>	<b>(98)</b>	<b>(280)</b>	<b>(387)</b>	<b>300</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>							
<b>Assets</b>							
Cash balance and receivables from credit institutions and central banks	66,192	63,912	74,002	82,645	61,754	37,767	32,884
Mortgage loans	860,399	843,957	847,002	823,228	800,558	775,098	772,781
Bank lending – excl reverse transactions	50,502	49,092	43,539	39,660	35,618	34,827	34,085
Bonds and equities	79,136	81,050	89,460	98,589	70,262	61,001	62,376
Other assets	47,425	45,572	34,055	30,937	37,822	29,015	24,710
<b>Total assets</b>	<b>1,103,653</b>	<b>1,083,583</b>	<b>1,088,059</b>	<b>1,075,058</b>	<b>1,006,015</b>	<b>937,707</b>	<b>926,837</b>
<b>Liabilities and equity</b>							
Payables to credit institutions and central banks	112,341	118,274	130,219	115,875	106,922	90,873	90,108
Deposits and other payables	34,026	32,471	31,572	31,581	29,001	23,136	21,318
Issued bonds at fair value	813,185	795,142	791,289	796,403	746,097	721,377	719,076
Subordinate loan capital							
- Hybrid core capital	3,642	3,548	3,709	3,622	3,626	3,577	3,699
- Supplementary capital	3,725	3,723	3,722	3,722	4,987	4,978	4,983
Other liabilities	84,322	77,042	74,243	69,410	60,980	40,054	34,519
Equity	52,413	53,382	53,304	54,447	54,400	53,711	53,135
<b>Total liabilities and equity</b>	<b>1,103,653</b>	<b>1,083,583</b>	<b>1,088,059</b>	<b>1,075,058</b>	<b>1,006,015</b>	<b>937,707</b>	<b>926,837</b>
<b>FINANCIAL RATIOS</b>							
Profit for the period as % of average equity (pa)	(3.9)	2.5	0.4	4.4	7.2	7.1	6.5
Core earnings before impairment losses as % of average equity (pa)	6.6	6.6	6.1	8.2	8.2	7.8	6.9
Core earnings after impairment losses as % of average equity (pa)	6.3	6.2	6.2	7.8	8.5	7.8	7.5
Costs as % of core income	57.7	59.3	58.1	53.4	46.1	50.8	53.6
Total impairment provisions	415	386	349	349	264	333	338
Impairment losses as % for the period	0.0	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Capital adequacy ratio, %*	17.0	17.2	18.0	10.3	11.0	11.9	11.6
Core capital ratio, %*	16.1	16.4	17.2	9.7	10.1	10.9	10.9
Average number of full-time staff	3,888	3,837	3,794	3,672	3,633	3,608	3,564

\* As from H1/2007, the capital adequacy and core capital ratios include profit for the period, and as from 1 January 2008, the ratios are determined in accordance with Basel II.



## Notes

DKK million

## The Nykredit Realkredit Group

	Income statement at 30.09.08	Profit/loss for the period	Equity at 30.09.08	Profit/loss for the year 2007	Equity at 31.12.07
<b>27. GROUP STRUCTURE</b>					
<b>Name and registered office</b>					
Nykredit Realkredit A/S, Copenhagen a)					
<b>Consolidated subsidiaries</b>					
Totalkredit A/S, Taastrup, a)	100	532	11,261	754	10,729
Nykredit Bank A/S, Copenhagen, b)	100	226	6,320	758	6,099
Nykredit Finance plc, Plymouth, i)	100	1	29	-	28
Pantebrevsselskabet af 8/8 1995 A/S, Copenhagen, i)	100	1	28	-	27
Nykredit Pantebrevsinvestering A/S, Copenhagen, e)	100	-	11	-	11
Nykredit Portefølje Administration A/S, Copenhagen, k)	100	13	102	17	89
Nykredit Leasing A/S (formerly LeasIT A/S), Lyngby-Taarbæk, h) 1)	100	24	129	(20)	105
Nykredit Fixed Income Opportunities Fund Ltd, the Cayman Islands, d)	100	(21)	97	5	118
Nykredit Forsikring A/S, Copenhagen, c)	100	58	1,208	149	1,150
Nykredit Mægler A/S, Århus, f)	100	20	136	35	116
Nykredit Ejendomme A/S, Copenhagen, g)	100	1	540	54	540
Nykredit Adm. V A/S, Copenhagen, i)	100	0	1	-	1
Dene Finanse S.A., under liquidation, Warsaw, j)	100	7	154	6	139
1) Effective for accounting purposes as at 1 January 2008, LeasIT A/S has merged with Nykredit Leasing A/S					
a) Mortgage bank					
b) Bank					
c) Insurance company					
d) Financial enterprise					
e) Mortgage trading company					
f) Estate agency business					
g) Property company					
h) Leasing business					
i) No activity					
j) Under liquidation					
k) Investment management company					
Nykredit Realkredit A/S is consolidated with the Parent Company Nykredit Holding A/S which is consolidated with Foreningen Nykredit.					
The financial statements of Foreningen Nykredit and Nykredit Holding A/S are available in Danish from:					
Nykredit Realkredit A/S Kalvebod Brygge 1-3 DK-1780 Copenhagen V					