

To NASDAQ OMX Copenhagen A/S
and the press

10 November 2011

Q1-Q3 INTERIM REPORT – THE NYKREDIT REALKREDIT GROUP 1 JANUARY 2011 – 30 SEPTEMBER 2011

RESULTS

- The Nykredit Realkredit Group recorded a profit before tax of DKK 1,286m against DKK 2,724m for Q1-Q3/2010
 - Group core earnings after impairment losses rose by DKK 402m (34%) to DKK 1,579m compared with Q1-Q3/2010. Of this amount, the Nykredit Bank Group posted core earnings after impairment losses of DKK 859m against DKK 99m in Q1-Q3/2010.
 - Investment portfolio income was DKK 53m against DKK 1,891m in Q1-Q3/2010
- Core income from customer-oriented mortgage and bank lending was unchanged at DKK 5,805m in Q1-Q3/2011
 - In Q1-Q3/2011 nominal mortgage lending and bank lending grew by a total of DKK 26bn to DKK 1,114bn
 - Gross new mortgage lending declined by 32% to DKK 100bn compared with Q1-Q3/2010
- Core income from Markets & Asset Management was DKK 941m against DKK 1,298m in Q1-Q3/2010
- Operating costs, depreciation and amortisation excluding special value adjustments rose to DKK 4,191m, or 4.6%
- Impairment losses on loans and advances decreased by DKK 37% to DKK 898m in Q1-Q3/2011
 - Impairment losses on mortgage lending were DKK 760m, equal to 0.07% of lending, against DKK 653m in Q1-Q3/2010
 - Impairment losses on bank lending came to DKK 138m, equal to 0.16% of lending, against DKK 774m in Q1-Q3/2010
- Core income from securities stood at DKK 484m compared with DKK 347m in Q1-Q3/2010
- Investment portfolio income was DKK 53m against DKK 1,891m in Q1-Q3/2010
 - Investment portfolio income was adversely affected by rising risk premiums on the portfolios of AAA rated European covered bonds and high-rated corporate bonds. To this should be added negative value adjustment of subordinated debt instruments, primarily in Amagerbanken, Fjordbank Mors and Max Bank
 - The Group has hardly any exposure to the GIIISP countries
- Cost of capital in the form of net interest on hybrid capital was DKK 346m, which was unchanged on Q1-Q3/2010.

CAPITAL

- The total capital ratio not subject to transitional rules was 18.4% at end-Q3/2011 against an internal capital adequacy requirement of 9.2%
- The Tier 1 capital ratio not subject to transitional rules stood at 18.4% and the core Tier 1 capital ratio at 15.0%
- Group equity was unchanged compared with the beginning of the year and stood at DKK 55.3bn.

OUTLOOK FOR 2011

Core earnings and impairment losses on loans and advances in Q4/2011 are expected to continue the trend of the three preceding quarters. Nykredit expects continued growth in its market share in a lending market characterised by low activity. Group core earnings after impairment losses are expected to be around DKK 2bn.

Investment portfolio income is expected to be positive, but as a consequence of the extent of the turmoil in financial markets in 2011, it is not possible to present a pre-tax profit forecast.

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

Results are robust, and losses continue to decrease. Core earnings from business operations came to DKK 1.6bn. Overall results have been affected by the financial market turmoil in recent months. Total activity was lower than in 2010, however, and somewhat lower than expected. Nykredit will therefore continue to cut costs to the level of 2010 as announced after H1.

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FINANCIAL HIGHLIGHTS

DKK million	The Nykredit Realkredit Group		
	Q1-Q3/2011	Q1-Q3/2010	FY 2010
CORE EARNINGS AND RESULTS FOR THE PERIOD			
Core income from:			
- business operations	6,746	7,101	9,569
- value adjustment of derivatives and corporate bonds	(345)	(71)	(47)
- junior covered bonds	(132)	(66)	(120)
- securities	484	347	470
Total	6,753	7,311	9,872
Operating costs, depreciation and amortisation, excl special value adjustments	4,191	4,005	5,499
Operating costs, depreciation and amortisation – special value adjustments ¹	(15)	52	129
Commission – Guarantee Fund for Depositors and Investors/government guarantee scheme	100	371	371
Core earnings before impairment losses	2,477	2,883	3,873
Impairment losses on loans and advances – mortgage lending	760	653	888
Impairment losses on loans and advances – banking	138	774	1,215
Impairment losses on loans and advances – government guarantee scheme	-	279	279
Core earnings after impairment losses	1,579	1,177	1,491
Investment portfolio income ²	53	1,891	2,060
Profit before cost of capital	1,632	3,068	3,551
Net interest on hybrid capital	(346)	(344)	(461)
Profit before tax	1,286	2,724	3,090
Tax	175	701	785
Profit from discontinued insurance operations	-	1,511	1,511
Profit for the period	1,111	3,534	3,816
Value adjustment and reclassification of strategic equities	(772)	(58)	261
SUMMARY BALANCE SHEET, END OF PERIOD			
	30.09.2011	30.09.2010	31.12.2010
Assets			
Receivables from credit institutions and central banks	33,619	52,164	58,657
Mortgage loans at fair value	1,070,144	1,036,167	1,030,674
Bank loans – excl reverse transactions	55,621	59,729	58,833
Bonds and equities	84,456	91,865	99,144
Remaining assets	77,867	84,059	63,832
Total assets	1,321,707	1,323,984	1,311,140
Liabilities and equity			
Payables to credit institutions and central banks	85,897	120,134	95,879
Deposits	53,498	54,483	55,467
Issued bonds at fair value	993,566	948,439	974,319
Subordinated debt – hybrid core capital	11,181	11,239	11,055
Subordinated debt – supplementary capital	400	647	563
Remaining liabilities	121,806	134,225	118,537
Equity	55,359	54,817	55,320
Total liabilities and equity	1,321,707	1,323,984	1,311,140
FINANCIAL RATIOS			
Profit for the period as % of average equity pa	2.7	8.9	7.2
Core earnings before impairment losses as % of average equity pa	6.0	7.2	7.3
Core earnings after impairment losses as % of average equity pa	3.8	3.0	2.8
Costs as % of core income from business operations	62.1	56.4	57.5
Total provisions for loan impairment – mortgage lending	2,465	2,218	2,226
Total provisions for loan impairment and guarantees – banking	5,281	8,090	6,888
Impairment losses for the period, % – mortgage lending	0.07	0.06	0.09
Impairment losses for the period, % – banking	0.16	0.74	1.31
Total capital ratio, %	18.4	18.2	18.5
Tier 1 capital ratio, %	18.4	18.1	18.5
Core Tier 1 capital ratio, %	15.0	14.8	15.1
Average number of full-time staff ³	4,115	4,031	4,026

¹ Special value adjustments include value adjustment of certain staff benefits and owner-occupied properties, VAT and payroll tax refund from previous years as well as costs of winding up Dansk Pantebrevsbørs under konkurs (in bankruptcy).

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

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

Q1-Q3 INTERIM REPORT 2011

NYKREDIT REALKREDIT GROUP RESULTS

Profit before tax was DKK 1,286m against DKK 2,724m in Q1-Q3/2010.

Profit after tax came to DKK 1,111m and included a tax income of DKK 133m following judgment in a tax case. By comparison, profit after tax amounted to DKK 2,023m excluding a gain of DKK 1,511m from the sale of Nykredit Forsikring in Q1-Q3/2010.

The Group's performance reflects an increase in core earnings after impairment losses of 34% in spite of low business activity. Impairment losses on loans and advances have decreased, not least within banking. Against this backdrop, the Nykredit Bank Group generated distinct growth in core earnings to DKK 859m against DKK 99m in Q1-Q3/2010. Investment portfolio income came to DKK 53m against extraordinarily high earnings of DKK 1,891m in the same period last year.

Lending-related core income excluding Markets & Asset Management was unchanged relative to the same period last year and came to DKK 5,805m. Group mortgage lending at nominal value and bank lending rose by a net amount of DKK 26bn, or 2.4%, to DKK 1,114bn compared with the beginning of the year. Retail lending was up by DKK 15bn and commercial lending by DKK 11bn.

Earnings in Markets & Asset Management saw a decline to DKK 941m against DKK 1,298m in Q1-Q3/2010. The decline was due to a subdued level of activity in Markets and lower Treasury income in the Bank.

The Group's impairment losses on loans and advances were DKK 898m against DKK 1,427m in Q1-Q3/2010. Impairment losses equalled 0.08% of total mortgage and bank lending. 53% of impairment losses for the period were attributable to retail lending and 47% to commercial lending.

The Group's investment portfolio generated income of DKK 53m against DKK 1,891m in Q1-Q3/2010. Earnings reflect the unrest in financial markets with increasing risk premiums on Nykredit's portfolio of AAA rated European covered bonds and high-rated corporate bonds. To this should be added earnings from equities of DKK 302m and negative value adjustment of subordinated debt instruments and equities in Danish banks of DKK 225m.

The Group's profit after tax and value adjustments against equity led to a rise in equity of DKK 0.3bn. Equity was unchanged and amounted to DKK 55.3bn after adjustment for distributed dividend of DKK 0.3bn.

Core earnings

Core income from business operations

The Group's core income from business operations was DKK 6,746m against DKK 7,101m in the same period the year before – down DKK 355m or 5.0%.

Core income from mortgage operations was DKK 4,035m against DKK 4,061m in Q1-Q3/2010, corresponding to a drop of 0.6%.

The Group's gross new mortgage lending activity remained low; gross new lending came to DKK 100bn against DKK 148bn in Q1-Q3/2010. Activity reflected a low refinancing level and low turnover in the housing market.

In nominal terms, group mortgage lending went up by DKK 28.8bn to DKK 1,058bn at end-Q3/2011.

Core income from banking operations totalled DKK 2,611m against DKK 2,905m in Q1-Q3/2010, corresponding to a fall of 10.1%, which was chiefly due to earnings in Markets & Asset Management, which saw a DKK 357m downturn to DKK 941m in Q1-Q3/2011.

The drop in core income derived from the Bank's Treasury and Markets activities and reflected a market in 2011 where the debt situation in a number of EU countries dampened market activity compared with 2010 when earnings were relatively high.

Nykredit Asset Management's earnings exceeded the level of Q1-Q3/2010.

Group bank lending declined by DKK 3.2bn to DKK 55.6bn as a result of decreased lending to corporate customers. Bank deposits dropped by DKK 2.0bn to DKK 53.5bn at end-Q3/2011.

Value adjustment of derivatives and corporate bonds

The interest rate fall has led to a rise in the market value of interest rate swaps and an ensuing increase in credit risk on swaps with low-rated customers. As a result, the market value of derivatives was adjusted downwards by DKK 350m in 2011 against DKK 121m in Q1-Q3/2010. For corporate bonds, the adjustment was a gain of DKK 5m compared with a gain of DKK 50m in the same period the year before.

Junior covered bonds

The Group had issued DKK 29.3bn of junior covered bonds in nominal terms as supplementary collateral for covered bonds compared with DKK 20.5bn at end-Q3/2010. Net interest expenses relating to junior covered bonds came to DKK 132m against DKK 66m in the same period the year before.

Core income from securities

Core income from securities was DKK 484m against DKK 347m the year before. The increase was spurred by a larger securities portfolio and a higher repo rate (risk-free interest rate).

Operating costs, depreciation and amortisation, excl special value adjustments

The Group's costs excluding special value adjustments and commission payable under the Guarantee Fund for Depositors and Investors came to DKK 4,191m, corresponding to 4.6% growth on Q1-Q3/2010. Costs as a percentage of core income from business operations totalled 62.1% against 56.4% in Q1-Q3/2010.

Operating costs, depreciation and amortisation – special value adjustments

Special value adjustments were a charge of DKK 15m against a gain of DKK 52m in Q1-Q3/2010.

Value adjustment of assets and liabilities relating to Nykredit's pension schemes in run-off, certain staff schemes and owner-occupied properties came to a net amount of DKK 56m in Q1-Q3/2011. The item includes income of DKK 71m in the form of a refund for the period 2004-2010 following judgment in a case concerning VAT and payroll tax.

To this should be added an expense of DKK 100m, equal to an expected payment to the Guarantee Fund for Depositors and Investors caused by the bankruptcy of Amagerbanken, Fjordbank Mors and Max Bank.

Impairment losses on loans and advances

The Group's impairment losses on loans and advances were DKK 898m against DKK 1,427m in Q1-Q3/2010.

Impairment losses on mortgage lending were DKK 760m, equal to 0.07% of lending, against DKK 653m in Q1-Q3/2010. DKK 446m of impairment losses for the period, or 0.07% of lending, stemmed from retail customers against DKK 175m in Q1-Q3/2010.

The commercial segment accounted for DKK 306m of impairment losses on loans and advances, equal to 0.08% of lending, against DKK 468m in Q1-Q3/2010. The Group's impairment losses on Other Activities were DKK 8m against DKK 10m in Q1-Q3/2010.

Impairment losses on bank lending trended in a positive direction and came to DKK 138m, equal to 0.16% of lending, against DKK 774m in Q1-Q3/2010. DKK 27m of impairment losses for the period, or 0.14% of lending, was attributable to the retail segment. Impairment losses on loans and advances to commercial customers amounted to DKK 167m, or 0.36% of lending. Further, impairment losses were affected by a net reversal of provisions for terminated exposures of DKK 56m.

Investment portfolio income

Group investment portfolio income landed at DKK 53m compared with DKK 1,891m in the same period the year before.

The investment portfolio of bonds, liquidity and interest rate instruments generated a loss of DKK 24m in Q1-Q3/2011. Investment portfolio income from equities and equity instruments value adjusted through profit or loss was DKK 302m.

Further, investment portfolio income included profit from the sale of strategic equities and capital losses on Nykredit's strategic shareholding in Amagerbanken (DKK 160m) as well as negative value adjustment of the Kalvebod issues (DKK 385m), which chiefly stemmed from Nykredit's subordinated debt instruments in Amagerbanken, Fjordbank Mors and Max Bank. The overall adverse effect on investment portfolio income came to DKK 225m.

Investment portfolio income saw a distinct reduction in Q3 due to the strong turbulence in financial markets in connection with the European debt crisis. The risk premiums on even highly secure assets surged during the quarter, resulting in falling prices. Risk premiums on a number of bonds are currently higher than during the financial crisis in 2008-2009.

For example, the yield spread between 10-year French and German government bonds rose from 0.4% in Q2 to 0.8% in Q3, compared

with the peak at 0.6% in 2008-2009. This trend has also affected the market for European AAA rated covered bonds.

Similarly, risk premiums on corporate bonds have surged. The risk premium on the leading index of corporate bonds issued by major European banks had risen to 2.8% by end-Q3, compared with 1.5% at end-Q2 and 2.0% as the highest level in 2008-2009.

Viewed separately, the increasing risk premiums on Nykredit's portfolios of AAA rated European covered bonds and high-rated corporate bonds affected investment portfolio income negatively by DKK 470m in Q3/2011.

The direct impact on investment portfolio income of the development in bond markets in southern Europe is negligible.

Nykredit's securities portfolio consists mainly of Danish and European covered bonds and high-rated corporate bonds, the interest rate risk of which has been largely eliminated by offsetting sales of government bonds or through interest rate derivatives.

Net interest on hybrid capital

The Group has raised hybrid capital of a total amount of DKK 11.2bn, which is unchanged relative to last year. Profit was affected by net interest expenses of DKK 346m in Q1-Q3/2011.

Tax

Tax calculated on profit for the year was DKK 175m, corresponding to an effective tax rate of 13.6%.

Judgment has been delivered in a tax case against Nykredit Realkredit. The Danish High Court found for Nykredit, which has therefore recognised as income deferred tax of DKK 133m previously provided for and expensed. Adjusted for this, the Group's effective tax rate was 23.9%.

Strategic equities adjusted through equity

Strategic equities, chiefly in banks, resulted in a total negative value adjustment of DKK 722m after tax. Of this figure, DKK 601m was a negative value adjustment of strategic equities against equity, while a negative amount of DKK 171m concerned reclassification from equity to the income statement of profit from the sale of strategic equities and a capital loss on Nykredit's shareholding in Amagerbanken.

Subsidiaries

Totalkredit

Totalkredit recorded a profit before tax of DKK 596m compared with DKK 931m in the same period the year before. Reference is made to the Q1-Q3 Interim Report 2011 of Totalkredit A/S.

Nykredit Bank

The Nykredit Bank Group recorded a profit before tax of DKK 748m compared with DKK 318m in the same period the year before. Reference is made to the Q1-Q3 Interim Report 2011 of the Nykredit Bank Group.

Q3/2011 results

The Group recorded a loss before tax of DKK 103m against a profit before tax of DKK 385m in Q2/2011 and DKK 1,004m in Q1/2011.

Compared with Q2/2011, results were down by DKK 488m.

Results for Q3/2011 reflect an investment portfolio loss of DKK 716m compared with income of DKK 175m in the preceding quarter.

Impairment losses on loans and advances were DKK 153m against DKK 466m in Q2/2011, which should be seen in the context of significant reversals (income) within banking.

Core income from business operations declined by DKK 215m to DKK 1,936m, partly attributable to negative value adjustment of interest rate swaps, etc of DKK 319m relative to Q2/2011.

The other items matched the levels of both Q2 and Q1/2011.

OUTLOOK FOR 2011

Core earnings and impairment losses on loans and advances in Q4/2011 are expected to continue the trend of the three preceding quarters. Nykredit expects continued growth in its market share in a lending market characterised by low activity. Group core earnings after impairment losses are expected to be around DKK 2bn.

Investment portfolio income is expected to be positive, but as a consequence of the extent of the turmoil in financial markets in 2011, it is not possible to present a pre-tax profit forecast.

BUSINESS AREAS

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

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

Group core earnings after impairment losses totalled DKK 1,579m against DKK 1,177m in Q1-Q3/2010.

Measured at nominal value, mortgage lending rose by DKK 28.8bn to DKK 1,058bn. The Nykredit Group's gross new lending totalled DKK 100bn against DKK 148bn in Q1-Q3/2010.

The Group's share of the Danish mortgage market was 42.4% for total lending and 49.5% for gross new lending against 41.9% and 45.7% in Q1-Q3/2010.

Gross new private residential mortgage lending amounted to DKK 59bn against DKK 110bn in the same period the year before.

The market share of private residential mortgage lending was 46.4% against 45.9% in the same period the year before.

Gross new lending to commercial customers came to DKK 41bn against DKK 39bn in the same period the year before. The market share of mortgage lending to commercial customers was 36.9% against 36.5% in the same period the year before.

Bank lending was down from DKK 58.8bn at the beginning of the year to DKK 55.6bn. Deposits decreased from DKK 55.5bn at the beginning of the year to DKK 53.5bn.

The downturn in bank lending stemmed from the Corporate Banking area, which was down by DKK 3.2bn on the beginning of the year. The decrease in bank deposits was attributable to an increase of DKK 1.8bn in Markets & Asset Management and a DKK 3.7bn drop in the Corporate Banking area.

Nykredit Mægler (estate agency business) saw a 6.6% fall in turnover from 10,542 properties sold in Q1-Q3/2010 to 9,841 properties.

Results by business area ¹

DKK million	Retail Customers	Totalkredit	Commercial Customers	Markets & Asset Management	Other Activities	Group items and eliminations	Total
Q1-Q3/2011							
Core income from							
- business operations	1,651	964	2,912	941	119	27	6,614
- value adjustment of derivatives and corporate bonds	-	-	(171)	(175)	1	-	(345)
- securities	-	-	-	-	-	484	484
Total	1,651	964	2,741	766	120	511	6,753
Operating costs	1,260	283	937	598	158	469	3,705
Depreciation of property, plant and equipment and amortisation of intangible assets	-	368	1	2	73	127	571
Core earnings before impairment losses	391	313	1,803	166	(111)	(85)	2,477
Impairment losses on loans and advances	206	267	463	10	(48)	-	898
Core earnings after impairment losses	185	46	1,340	156	(63)	(85)	1,579
Investment portfolio income ²	-	-	-	-	-	53	53
Profit before cost of capital	185	46	1,340	156	(63)	(32)	1,632
Net interest on hybrid capital	-	-	-	-	-	(346)	(346)
Profit (loss) before tax	185	46	1,340	156	(63)	(378)	1,286
Return							
Average business capital, DKKm ³	3,838	7,425	11,007	2,090	974	4,475	29,809
Core earnings after impairment losses as % of average business capital ³	6.4	0.8	16.3	10.0	(8.6)	-	7.1
Q1-Q3/2010							
Core earnings after impairment losses	150	313	1,005	526	(467)	(350)	1,177
Return							
Average business capital, DKKm ³	4,010	6,827	11,466	2,269	1,771	4,027	30,370
Core earnings after impairment losses as % of average business capital ³	5.0	6.1	11.7	31.0	(35.3)	-	5.2

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 11m from investments in associates. (2010: DKK 4m).

³ Business capital has been determined as the required capital base, corresponding to Pillar I and Pillar II.

Results – Retail Customers

DKK million	Q1- Q3/2011	Q1- Q3/2010
Core income from business operations	1,651	1,766
Operating costs	1,260	1,261
Commission, government guarantee scheme	-	55
Core earnings before impairment losses	391	450
Impairment losses on loans and advances – mortgage lending	179	87
Impairment losses on loans and advances – banking	27	213
Core earnings after impairment losses	185	150

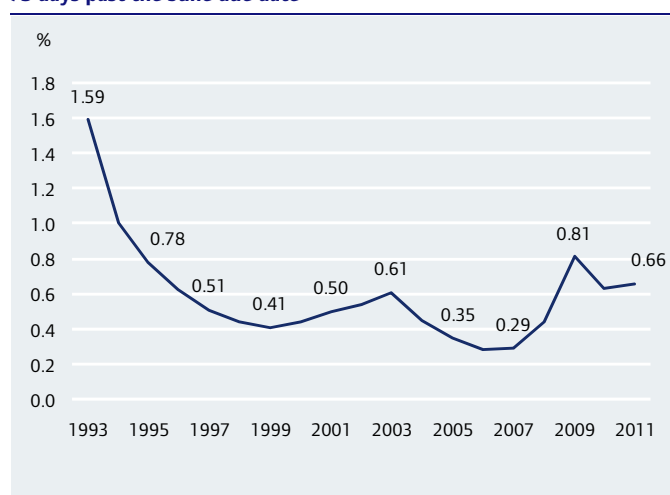
Activity

DKK million	30.09.2011	2010
Mortgage lending		
Gross new lending, Q1-Q3 [*]	15,619	25,022
Net new lending, Q1-Q3 [*]	4,397	5,065
Portfolio at nominal value, end of period	190,714	188,969
Impairment losses as % of loans and advances*	0.09	0.05
Total impairment provisions, end of period		
- Individual impairment provisions	187	118
- Collective impairment provisions	115	111
Total impairment provisions as % of loans and advances	0.16	0.12
Portfolio of repossessed properties, end of period (properties)	142	137
Banking		
Loans and advances, end of period	15,810	15,476
Deposits, end of period	18,782	18,758
Impairment losses as % of loans and advances*	0.17	1.32
Total impairment provisions, end of period		
- Individual impairment provisions	364	406
- Collective impairment provisions	50	91
Total impairment provisions as % of loans and advances	2.55	3.11
Guarantees, end of period ¹	3,880	6,301
Provisions for guarantees, end of period ¹	4	4

¹ Excluding the government guarantee scheme.

* For Q1-Q3/2011 and Q1-Q3/2010.

Other data determined at end-Q3/2011 and end-2010.

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

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

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

Activity

Total mortgage lending in nominal terms went up by DKK 1.7bn to DKK 191bn at end-Q3/2011. Gross new lending fell by DKK 9.4bn to DKK 15.6bn in Q1-Q3/2011.

At end-Q3/2011, bank lending of DKK 15.8bn and deposits of DKK 18.8bn were largely unchanged relative to the beginning of the year.

Results

Core earnings after impairment losses came to DKK 185m against DKK 150m in Q1-Q3/2010.

Core income from business operations stood at DKK 1,651m compared with DKK 1,766m in Q1-Q3/2010. Lower mortgage activity and guarantee commission caused this drop.

Operating costs matched the level of the same period last year and amounted to DKK 1,260m in Q1-Q3/2011.

Impairment losses on loans and advances amounted to DKK 179m and DKK 27m for mortgage and bank lending, respectively, against a total of DKK 300m in Q1-Q3/2010. Impairment losses as a percentage of loans and advances amounted to 0.09% and 0.17% of mortgage and bank lending, respectively.

At end-Q3/2011, total impairment provisions were DKK 716m against DKK 726m at the beginning of the year. Impairment provisions for mortgage and bank lending came to DKK 302m and DKK 414m, respectively. The reduction in total impairment provisions of DKK 10m stemmed from a DKK 27m rise in individual impairment provisions and a DKK 37m fall in collective impairment provisions.

At the June due date, 75-day mortgage loan arrears as a percentage of total mortgage payments due came to 0.66% against 0.63% at the same time in 2010 and 0.81% at the June due date in 2009.

At the September due date in 2011, 15-day mortgage loan arrears as a percentage of total mortgage payments due came to 1.64% against 1.52% and 1.80% at the June and March due dates in 2011, respectively, and thus matched the level of the March due date in 2010.

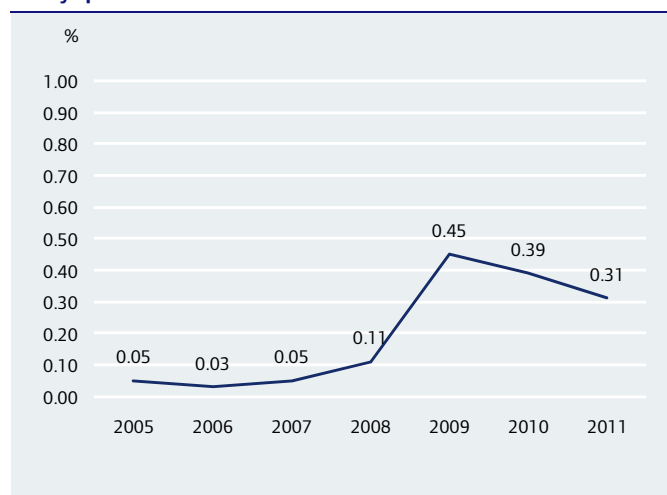
Since the beginning of the year, 142 properties have been repossessed and 137 have been sold. At end-Q3/2011, the portfolio of repossessed properties stood at 142.

Results – Totalkredit

DKK million	Q1- Q3/2011	Q1- Q3/2010
Core income from business operations	964	1,077
Operating costs	283	327
Depreciation of property, plant and equipment and amortisation of intangible assets	368	349
Core earnings before impairment losses	313	401
Impairment losses on loans and advances	267	88
Core earnings after impairment losses	46	313

Activity

DKK million	30.09.2011	2010
Mortgage lending		
Gross new lending, Q1-Q3*	43,366	84,695
Net new lending, Q1-Q3*	16,375	23,347
Portfolio at nominal value, end of period	467,479	455,105
Impairment losses as % of loans and advances*	0.06	0.02
Total impairment provisions, end of period		
- Individual impairment provisions	301	278
- Collective impairment provisions	300	245
Total impairment provisions as % of loans and advances	0.13	0.11
Portfolio of repossessed properties, end of period (properties)	71	53
* For Q1-Q3/2011 and Q1-Q3/2010. Other data determined at end-Q3/2011 and end-2010.		

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

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

Activity

Nominal mortgage lending rose by DKK 12.4bn to DKK 467bn at end-Q3/2011. Gross new lending fell by DKK 41.3bn to DKK 43.4bn in Q1-Q3/2011.

Results

Core earnings after impairment losses came to DKK 46m against DKK 313m in Q1-Q3/2010.

Core income from business operations was DKK 964m against DKK 1,077m in Q1-Q3/2010. The decline should be seen in the context of lower mortgage activity.

Operating costs decreased by DKK 44m relative to the same period last year and amounted to DKK 283m in Q1-Q3/2011. Depreciation of property, plant and equipment and amortisation of intangible assets amounted to DKK 368m, which mainly related to distribution rights obtained in connection with Nykredit's acquisition of Totalkredit.

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

Risk is hedged by agreement with the partner banks. Under the agreement, recognised losses corresponding to the 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 the partner banks.

Loan impairment losses came to DKK 267m after set-off against commission payable to partner banks totalling DKK 136m compared with a net expense of DKK 88m in Q1-Q3/2010. Impairment losses equalled 0.06% of lending.

At end-Q3/2011, impairment provisions totalled DKK 601m against DKK 523m at the beginning of the year. The change in total impairment provisions of DKK 78m stemmed from a DKK 23m rise in individual impairment provisions and a DKK 55m rise in collective impairment provisions.

At the June due date, 75-day mortgage loan arrears as a percentage of total mortgage payments due came to 0.31% against 0.39% at the same date in 2010.

Since the beginning of the year, 70 properties have been repossessed and 52 have been sold. At end-Q3/2011, the portfolio of repossessed properties stood at 71.

Results – Commercial Customers

DKK million	Q1-Q3/ 2011	Q1-Q3/ 2010
Core income from business operations	2,912	2,708
Value adjustment of derivatives and corporate bonds	(171)	(10)
Total	2,741	2,698
Operating costs	937	845
Commission, government guarantee scheme	-	187
Depreciation of property, plant and equipment and amortisation of intangible assets	1	2
Core earnings before impairment losses	1,803	1,664
Impairment losses on loans and advances – mortgage lending	306	468
Impairment losses on loans and advances – banking	157	191
Core earnings after impairment losses	1,340	1,005

Activity

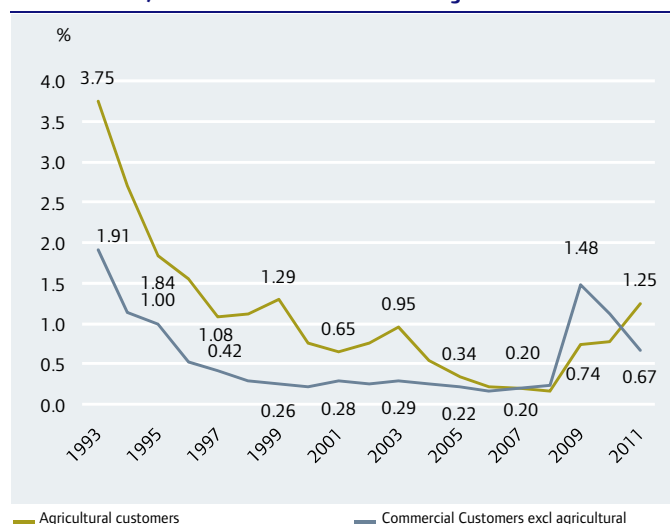
DKK million	30.09.2011	2010
Mortgage lending		
Gross new lending, Q1-Q3*	40,667	38,641
Net new lending, Q1-Q3*	20,979	21,751
Portfolio at nominal value, end of period	398,965	384,026
Impairment losses as % of loans and advances*	0.08	0.12
Total impairment provisions, end of period		
- Individual impairment provisions	873	860
- Collective impairment provisions	685	611
Total impairment provisions as % of loans and advances	0.39	0.38
Portfolio of repossessed properties, end of period (properties)	82	83
Banking		
Loans and advances, end of period	37,361	40,599
Deposits, end of period	28,669	32,320
Impairment losses as % of loans and advances*	0.37	0.42
Total impairment provisions, end of period		
- Individual impairment provisions	1,964	2,335
- Collective impairment provisions	294	265
Total impairment provisions as % of loans and advances	5.70	6.02
Guarantees, end of period ¹	5,728	6,547
Provisions for guarantees, end of period ¹	52	44

¹ Excluding the government guarantee scheme.

* For Q1-Q3/2011 and Q1-Q3/2010.

Other data determined at end-Q3/2011 and end-2010.

Arrears ratio, mortgage lending – 75 days past the June due date, agricultural customers, and Commercial Customers excl agricultural customers



COMMERCIAL CUSTOMERS

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

Activity

Total nominal mortgage lending rose by DKK 14.9bn to DKK 399bn at end-Q3/2011. Gross new lending increased by DKK 2.0bn to DKK 40.7bn in Q1-Q3/2011.

Bank lending declined by DKK 3.2bn to DKK 37.4bn at end-Q3/2011. The decline should be seen in the light of the cyclical downturn in the Danish economy, which left loan demand at a modest level in Q1-Q3/2011.

Bank deposits dropped from DKK 32.3bn at the beginning of the year to DKK 28.7bn at end-Q3/2011. The decline should be seen in the context of fiercer competition and the fact that a number of corporate customers converted their deposits into securities.

Results

Core earnings after impairment losses came to DKK 1,340m against DKK 1,005m in Q1-Q3/2010.

Core income from business operations was DKK 2,912m against DKK 2,708m in Q1-Q3/2010.

Operating costs were DKK 937m against DKK 845m in Q1-Q3/2010.

Impairment losses on loans and advances amounted to DKK 306m and DKK 157m for mortgage and bank lending, respectively, against a total of DKK 659m in Q1-Q3/2010. Impairment losses as a percentage of loans and advances amounted to 0.08% and 0.37% of mortgage and bank lending, respectively.

At end-Q3/2011, impairment provisions totalled DKK 3,816m against DKK 4,071m at the beginning of the year. The change in total impairment provisions of DKK 255m stemmed from a DKK 103m rise in collective impairment provisions and a DKK 358m fall in individual impairment provisions.

At the June due date, 75-day mortgage loan arrears as a percentage of total mortgage payments due were 0.67% for Commercial Customers excluding agricultural customers against 1.11% at the same time in 2010. Arrears as a percentage of lending to agricultural customers amounted to 1.25% at the June due date against 0.78% at the same date in 2010. The arrears ratio for Commercial Customers totalled 0.76% against 1.05% at the June due date in 2010.

Since the beginning of the year, 127 properties have been repossessed and 128 have been sold. At end-Q3/2011, the portfolio of repossessed properties stood at 82.

Results – Markets & Asset Management

DKK million	Q1-Q3/ 2011	Q1-Q3/ 2010
Core income from business operations	941	1,298
Value adjustment of derivatives and corporate bonds	(175)	(61)
Total	766	1,237
Operating costs	598	603
Commission, government guarantee scheme	-	92
Depreciation of property, plant and equipment and amortisation of intangible assets	2	10
Core earnings before impairment losses	166	532
Impairment losses on loans and advances	10	6
Core earnings after impairment losses	156	526

Activity

DKK million	30.09.2011	2010
Assets		
Receivables from credit institutions	18,887	29,480
Other loans and advances at fair value	14,398	12,920
Bonds and equities	19,771	33,967
Liabilities and equity		
Payables to credit institutions and central banks	20,272	48,351
Deposits and other payables	5,689	3,881
Issued bonds	26,737	32,374
Total assets under management	97,246	92,800
Assets under administration		
Nykredit Portefølje Administration A/S	304,972	305,001
- of which the Nykredit Group's investment funds	32,443	34,475
Total assets under management and administration	402,218	397,801

MARKETS & ASSET MANAGEMENT

This business area handles the activities of the Group within trading in securities and derivative financial instruments, asset management and pension products. The area also includes the Bank's Treasury activities.

Activity**Nykredit Markets**

Nykredit Markets's earnings and activity levels were somewhat lower than in Q1-Q3/2010.

The downturn in core earnings should be seen in the context of a relatively high activity level in 2010 coupled with a market in 2011 characterised by uncertainty over EU banks and the sovereign debt of a number of countries.

Nykredit Asset Management

Nykredit Asset Management had assets under management and administration of a total of DKK 97.2bn and DKK 305.0bn, respectively, which was a modest upturn compared with end-2010.

Results

Core earnings after impairment losses came to DKK 156m against DKK 526m in Q1-Q3/2010.

Core income from business operations was DKK 941m against DKK 1,298m in Q1-Q3/2010. The decline was due to lower earnings in Nykredit Markets whereas the earnings of Nykredit Asset Management exceeded those of the same period in 2010.

Operating costs came to DKK 598m, which was on a level with Q1-Q3/2010.

Impairment losses on loans and advances totalled DKK 10m in Q1-Q3/2011 following from losses on receivables from credit institutions of DKK 18m concerning the bankruptcy of Fjordbank Mors and reversal of impairment provisions.

Results – Other Activities

DKK million	Q1-Q3/ 2011	Q1-Q3/ 2010
Core income from business operations	119	213
Value adjustment of derivatives and corporate bonds	1	-
Total	120	213
Operating costs	158	163
Commission, government guarantee scheme	-	37
Depreciation of property, plant and equipment and amortisation of intangible assets	73	106
Core earnings before impairment losses	(111)	(93)
Impairment losses on loans and advances – mortgage lending	8	10
Impairment losses on loans and advances – banking	(56)	364
Core earnings after impairment losses	(63)	(467)

Activity

DKK million	30.09.2011	2010
Mortgage lending		
Portfolio at nominal value, end of period	1,292	1,536
Total impairment provisions, end of period		
- Individual impairment provisions	4	2
- Collective impairment provisions	-	-
Banking		
Loans and advances, end of period	2,450	2,757
Deposits, end of period	357	507
Impairment losses as % of loans and advances*	(2.16)	4.48
Total impairment provisions, end of period		
- Individual impairment provisions	2,340	2,923
- Collective impairment provisions	33	52
Total impairment provisions as % of loans and advances	49.2	51.90
Guarantees, end of period ¹	441	577
Provisions for guarantees, end of period ¹	88	38

¹ Excluding the government guarantee scheme.
* For Q1-Q3/2011 and Q1-Q3/2010.
Other data determined at end-Q3/2011 and end-2010.

OTHER ACTIVITIES

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

Results

Core earnings after impairment losses were a loss of DKK 63m against a loss of DKK 467m in Q1-Q3/2010.

Core income from business operations amounted to DKK 119m against DKK 213m in Q1-Q3/2010.

Operating costs were DKK 158m against DKK 163m in Q1-Q3/2010.

Under impairment losses on bank lending and provisions for guarantees, net income of DKK 56m was reported compared with an expense of DKK 364m in Q1-Q3/2010.

Total impairment provisions for bank lending stood at DKK 2,373m against DKK 2,975m at the beginning of the year. The decline was the result of reversals as well as recognised losses.

At end-Q3/2011, total individual impairment provisions for mortgage lending in Poland came to DKK 4m.

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

In H2/2010 Ejendomsselskabet Kalvebod A/S acquired the shares in two property companies. The total property portfolio amounted to DKK 758m at end-Q3/2011 against DKK 776m at the beginning of the year.

Results – Group items

DKK million	Q1-Q3/ 2011	Q1-Q3/ 2010
Core income from		
- business operations	27	(27)
- securities	484	347
Total	511	320
Operating costs	369	263
Payment to the Guarantee Fund for Depositors and Investors	100	-
Depreciation of property, plant and equipment and amortisation of intangible assets	127	128
Core earnings before impairment losses	(85)	(71)
Impairment losses on loans and advances - government guarantee scheme	-	279
Core earnings after impairment losses	(85)	(350)
Investment portfolio income	53	1,891
Profit before cost of capital	(32)	1,541
Net interest on hybrid capital	(346)	(344)
Profit before tax	(378)	1,197

GROUP ITEMS

The segment financial statements contain a number of income statement and balance sheet items that cannot be allocated to the business areas. Such items are carried under "Group items" and include costs of staff functions and provisions for guarantees under the government guarantee scheme in 2010 and the Guarantee Fund for Depositors and Investors in Q1-Q3/2011.

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

Core income from securities

The Group recorded core income from securities of DKK 484m against DKK 347m in Q1-Q3/2010. The improvement chiefly related to a larger securities portfolio coupled with a modest upturn in the average repo rate from 1.06% in Q1-Q3/2010 to 1.29%.

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

Operating costs

Operating costs were DKK 369m against DKK 263m in Q1-Q3/2010.

In Q3/2011 a tax case concerning VAT and payroll tax for the period 2004-2010 was determined. The Group received a total refund of DKK 90m, of which DKK 71m was a refund of overpaid VAT and payroll tax. The amount has been offset against operating costs. The remaining DKK 19m concerned interest booked as income and has been included under core income from business operations.

Investment portfolio income

The Group's investment portfolio generated income of DKK 53m against DKK 1,891m in Q1-Q3/2010.

The investment portfolio of bonds, liquidity and interest rate instruments generated a loss of DKK 24m in Q1-Q3/2011. Investment portfolio income from equities and equity instruments value adjusted through profit or loss was DKK 302m.

Further, investment portfolio income included profit from the sale of strategic equities and capital losses on Nykredit's strategic shareholding in Amagerbanken (DKK 160m) as well as negative value adjustment of the Kalvebod issues (DKK 385m), which chiefly stemmed from Nykredit's subordinated debt instruments in Amagerbanken, Fjordbank Mors and Max Bank. The overall adverse effect on investment portfolio income was DKK 225m.

Investment portfolio income is the excess income from investing in equities, bonds and derivative financial instruments in addition to risk-free interest as well as realisation of equities classified as available for sale and value adjustment of Kalvebod issues. Price spreads and interest margins relating to the mortgage lending of Nykredit Realkredit and Totalkredit and the trading activities of Nykredit Markets have been included not as investment portfolio income, but as core income from business operations.

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

Balance sheet

Bond portfolio

The Group's portfolio of bonds at end-Q3/2011 totalled DKK 300bn, of which self-issued bonds accounted for DKK 219bn. The corresponding portfolio at end-2010 amounted to DKK 390bn, of which DKK 289bn of self-issued bonds.

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

Of the bond portfolio at end-Q3/2011, DKK 99bn was a temporary holding from the mortgage operations, ie from the refinancing of Nykredit's fixed mortgage bullets funding ARMs (RTLs) as well as from the placement of prepaid funds from borrowers.

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

At end-Q3/2011 Nykredit had not placed any bonds as collateral with Danmarks Nationalbank other than as collateral for day-to-day liquidity and securities settlement.

Equity

Group equity including recognition of profit for the period was unchanged compared with the beginning of the year and stood at DKK 55.3bn at end-Q3/2011.

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

The strategic equity investments include equities in a number of Danish local and regional banks. The continuous value adjustment of these equities is recognised in equity. Value adjustment against equity in the Consolidated Financial Statements came to a loss of DKK 601m in Q1-Q3/2011. The value of equities classified as available for sale totalled DKK 2,179m at end-Q3/2011.

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

The Nykredit Realkredit Group Changes in equity and capital base

DKK million	30.09.2011	30.09.2010	2010
Equity, beginning of period	55,320	51,241	51,241
Distributed dividend	(300)	-	-
Profit for the period	1,111	3,534	3,816
Fair value adjustment of equities available for sale	(601)	(58)	161
Unrealised capital loss on equities available for sale reclassified to the income statement	34	100	100
Realised net value adjustment of equities available for sale	(205)	-	-
Other adjustments	-	-	2
Equity, end of period	55,359	54,817	55,320
Revaluation reserves transferred to supplementary capital	(131)	(132)	(132)
Proposed dividend	-	-	(300)
Intangible assets, including goodwill	(4,283)	4,639	(4,545)
Capitalised tax assets	(193)	(257)	(126)
Hybrid capital	11,170	11,239	11,055
Other deductions from core Tier 1 capital ¹	(987)	(638)	(776)
Tier 1 capital after statutory deductions	60,935	60,390	60,496
Total supplementary capital	585	836	780
Statutory deductions from capital base	(585)	(638)	(776)
Total capital base after statutory deductions	60,935	60,588	60,500

Note: Capital base and capital adequacy are specified further on page 32.

¹ Pursuant to § 28 of the Danish executive order on capital base determination, certain investments in credit and financial institutions must be deducted by 50% from core Tier 1 capital and supplementary capital, respectively.

Capital base and capital adequacy

The Nykredit Realkredit Group

The Group's capital base stood at DKK 60.9bn, and risk-weighted items totalled DKK 331.1bn, corresponding to a total capital ratio of 18.4%. The capital requirement was DKK 26.5bn, the Tier 1 capital ratio was 18.4% and the core Tier 1 capital ratio 15.0%. By comparison, the internal capital adequacy requirement (ICAAP) was 9.2%.

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.

In 2008 and 2009 transitional rules laid down maximum limits to the decrease in the capital requirement relative to the former capital adequacy rules (Basel I). These rules have been extended, which means that the capital requirement in 2011 and 2012 must not decline by more than 20% relative to the Basel I rules.

Under the transitional rules, the capital requirement amounted to DKK 46.9bn, equal to a total capital ratio of at least 14.2%.

The transitional rules may also be presented in a different way. They may be applied to the determination of risk-weighted assets. This is the method chosen by the European Banking Authority, EBA, in connection with the capital stress tests.

Using this method, the capital requirement subject to the transitional rules is still DKK 46.9bn, but corresponds to a total capital ratio of 10.4% against the statutory 8%. Similarly, the core Tier 1 ratio was 8.5% at end-Q3/2011 compared with a statutory requirement of 2% and a benchmark figure of 9% according to the EBA's stress test. Note that Nykredit's hybrid capital is not included in core Tier 1, whereas the same type of capital raised through Bank Rescue Package II would have increased the capital ratio from 8.5% to 9.6% at end-Q3/2011.

Nykredit Realkredit A/S

Nykredit Realkredit A/S's Tier 1 capital ratio was 16.2% and the core Tier 1 capital ratio 13.3%. The total capital ratio amounted to 16.2%. By comparison, the internal capital adequacy requirement (ICAAP) was 8.8%.

Under the transitional rules, the capital requirement amounted to DKK 33.5bn, equal to a total capital ratio of at least 9.1%.

The Nykredit Realkredit Group Capital base and capital adequacy

DKK million	30.09.2011	30.09.2010	2010
Credit risk	23,411	23,458	23,269
Market risk	1,603	1,893	1,672
Operational risk	1,474	1,272	1,272
Total capital requirement not subject to transitional rule	26,488	26,623	26,213
Total capital requirement subject to transitional rule ¹	46,908	44,202	45,016
Capital base	60,935	60,588	60,500
Tier 1 capital ratio, % ²	18.4	18.1	18.5
Core Tier 1 capital ratio, % ²	15.0	14.8	15.1
Total capital ratio, %	18.4	18.2	18.5
Capital adequacy requirement (SREP), %	8.0	8.0	8.0
Required total capital ratio subject to transitional rule, % ³	14.2	13.3	13.7
Internal capital adequacy requirement (Pillar I and Pillar II), %	9.2	9.4	9.4
Total risk-weighted items	331,096	332,784	327,665

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

² The Tier 1 capital ratio has been determined relative to risk-weighted items of DKK 331.1m for the Nykredit Realkredit Group, ie without applying the transitional rule.

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

REQUIRED CAPITAL BASE AND INTERNAL CAPITAL ADEQUACY REQUIREMENT

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

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

As part of the Internal Capital Adequacy Assessment Process (ICAAP), the internal capital adequacy requirement is calculated as the required capital base as a percentage of risk-weighted items. The Group's internal capital adequacy requirement was 9.2%.

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

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

Pillar I

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

Pillar II

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

Weaker economic climate

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

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

Other factors

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

Model and calculation uncertainties

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

ICAAP buffer of Nykredit Bank

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

The Nykredit Realkredit Group Required capital base and internal capital adequacy requirement (ICAAP)

DKK million	30.09.2011	30.09.2010	2010
Credit risk	18,217	18,974	19,254
Market risk	2,872	3,440	3,149
Operational risk	1,373	1,209	1,209
Risk relating to own properties	138	139	137
Total Pillar I	22,600	23,762	23,750
Weaker economic climate (stress tests, etc)	2,758	3,276	2,781
Other factors ¹	1,565	1,337	1,441
Model and calculation uncertainties	2,692	2,838	2,797
ICAAP buffer of Nykredit Bank	925	-	-
Total Pillar II	7,940	7,451	7,020
Total required capital base	30,539	31,214	30,770
Total risk-weighted items	331,096	332,784	327,665
Internal capital adequacy requirement, %	9.2	9.4	9.4

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

CYCLICAL BUFFER

In addition to the required capital base, Nykredit reserves capital to cover the expected rise in the required capital base if the economic climate changes into a severe recession, corresponding to an increase in unemployment to around 10% and a decrease in house prices of up to 15%.

The calculations are based on the assumption that the existing lending volume is maintained in spite of a weaker economic climate. In addition, it is assumed that interest rates will increase to 8% in spite of the weaker economic climate.

The cyclical buffer amounted to DKK 13.1bn.

CAPITAL POLICY AND STRUCTURE

Group equity stood at DKK 55.3bn at end-Q3/2011.

Nykredit divides its equity into four elements:

- *Business capital* of DKK 30.5bn equal to the statutory required capital base. Nykredit's assessment of the required capital base is partly based on the consequences of deterioration of the current economic climate.
- *Cyclical buffer* of DKK 13.1bn covering the expected rise in the statutory required capital base should the economic climate change from the weaker economic climate to a severe recession with unemployment rates rising to the high levels seen in the early 1990s. The cyclical buffer is determined by means of stress tests. The loan impairment provisions and reservations of capital under Pillar II are deemed to be based on conservative estimates.
- *Statutory capital deductions (goodwill etc)* relating to intangible assets of DKK 4.5bn.
- *Strategic capital* of DKK 7.2bn, the long-term capital maintained for strategic initiatives.

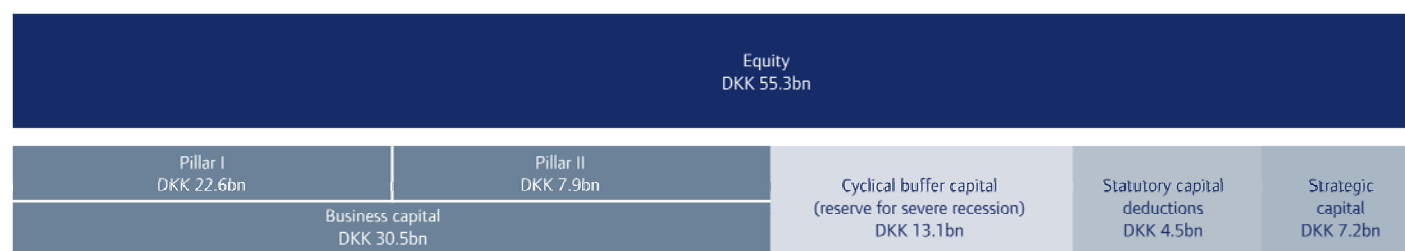
In addition to equity, the Group has raised hybrid capital of DKK 11.2bn.

NEW REGULATION**Bank Rescue Package IV**

As part of the Danish Bank Rescue Package IV, an expert committee will be set up under the Ministry of Economic and Business Affairs charged with examining systemically important financial institutions in Denmark, including mortgage banks.

The expert committee is to issue its recommendations in 2012 on the criteria for being systemically important, the requirements of systemically important institutions (higher capital requirements, regulatory supervision, etc) and on what can be done if a systemically important institution is in distress.

Nykredit expects to be classified as being systemically important in Denmark considering its market share of some 30% of total lending and the fact that Nykredit issues more than half of Danish mortgage bonds. As one of few institutions in Denmark, Nykredit was able to maintain its lending activity throughout the financial crisis.



OTHER

New Capital Centre H for loans subject to refinancing

Nykredit opened a new SDO capital centre (H) in August for the issuance of bonds funding loans subject to refinancing. At the 1 October refinancing, existing loans in Capital Centre E as well as private residential mortgage loans in Capital Centre D were refinanced in Capital Centre H.

The joint funding of loans granted by Totalkredit is expanded to also include Capital Centre H according to the same principle as applies to the joint funding of Capital Centre E. Going forward, Capital Centre E will contain mortgage loans that are not subject to refinancing as existing loans are refinanced through bonds issued out of Capital Centre H.

The new capital centre has been assigned the highest rating by Standard & Poor's and Aa1 by Moody's.

Higher margins before Maritime and Commercial Court

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

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

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

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

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

Capitalisation of Nykredit Bank A/S

At a meeting held in May 2011, the Board of Directors of Nykredit Realkredit A/S authorised the Executive Board to issue a declaration of intent to provide capital as required to Nykredit Bank A/S in order that the Bank's Tier 1 capital may remain at a level of at least 12-13%.

At a meeting in May 2011, the Board of Directors of Nykredit Holding A/S authorised the Executive Board to establish a loss guarantee for the part of the Bank's impairment losses and provisions (earnings impact for the year) that exceeds 2% of loans, advances and guarantees subject to a maximum of DKK 2bn for the term of the guarantee. The guarantee is expected to be established in Q4/2011.

In Management's opinion, the guarantee will only be invoked in case of severe deterioration of the economic climate. The probability that the economic climate deteriorates to an extent where the guarantee is invoked is deemed to be very small.

Bankruptcy of Fjordbank Mors

In Q1-Q3/2011 Nykredit Bank A/S charged DKK 119m to the income statement, which amount stemmed primarily from subordinated debt instruments in Fjordbank Mors. Further, the obligations under the Guarantee Fund for Depositors and Investors prompted an expense of DKK 15m. The bankruptcy of Fjordbank Mors had a total adverse impact on group results of about DKK 134m.

Bankruptcy of Amagerbanken

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

In Q1/2011 some DKK 205m was charged to the income statement, mainly due to capital losses on equities and subordinated debt instruments in Amagerbanken. Further, the obligations under the Guarantee Fund prompted an expense of DKK 70m. The dividend percentage was adjusted upwards in Q3/2011, resulting in a downward revision of expected losses. As the Group's losses relating to Amagerbanken mainly derive from subordinated debt instruments, the earnings impact of the increased dividend percentage is modest.

At end-Q3/2011, the total negative impact on group results of Amagerbanken's bankruptcy was approximately DKK 254m, which is DKK 24m less than forecast in the H1 Interim Report 2011.

Uncertainty remains as regards the final dividend percentage and acceptance of the Group's general conditions, including in respect of set-off.

Ratings

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

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

All other bond ratings have been affirmed at their present levels, including also the Aaa rating of SDO bonds issued out of Capital Centre E.

The new capital centre, Capital Centre H, has been assigned the highest rating by Standard & Poor's and Aa1 by Moody's.

Uncertainty as to recognition and measurement

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

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

In Management's opinion, the uncertainty relating to the above-mentioned matters is insignificant to the Q1-Q3 Interim Report 2011.

Nykredit expects that normalisation of the financial markets will automatically bring both of Nykredit's ratios over 9% by 30 June 2012.

Otherwise, no significant events have occurred in the period up to the presentation of the Q1-Q3 Interim Report 2011.

EVENTS OCCURRED AFTER THE END OF THE FINANCIAL PERIOD**Max Bank A/S**

With effect from 8 October 2011, Max Bank has entered into an agreement with the Financial Stability Company under Bank Rescue Package IV, model I, according to which the viable part of the bank has been sold to Sparekassen Sjælland, and the failing activities have been transferred to a company under the Financial Stability Company.

Pursuant to Bank Rescue Package IV, the banking sector is liable for any costs related to the winding-up of Max Bank. Based on the information available, Nykredit Bank's estimated share is DKK 15m.

Nykredit's holding of some DKK 112m of subordinated debt instruments in Max Bank is lost. Payments to the Guarantee Fund for Depositors and Investors and the loss on subordinated debt instruments have been charged to the income statement.

EU-wide stress test with capital benchmark at 9%

The European Banking Authority, EBA, conducted an EU-wide stress test in connection with the EU summit on the Greek sovereign debt crisis and capitalisation of banks.

According to the test, large international banks (including Nykredit) must have a core Tier 1 capital ratio after deductions of 9%. The benchmark is temporary, as the statutory requirement of core Tier 1 capital is currently only 2% and increasing to 4.5% plus special buffers pursuant to the European Commission's draft directive for new capital adequacy rules.

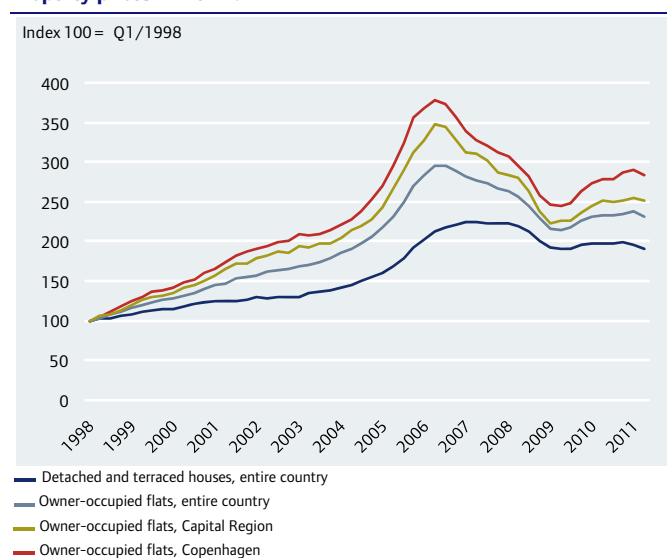
The calculation of capital must be made on the basis of both the future rules (Basel II) and the transitional rules (80% of Basel I).

In Nykredit's opinion, the calculation gives a misleading view of a bank's capital position for two reasons. Low-risk mortgage loans require very high capital adequacy subject to the transitional rules in spite of the low risk which is reflected in the future rules. Furthermore, hybrid capital which banks have raised in the market is not included in the stress test calculations, while government-guaranteed hybrid capital is included in the stress test.

At 30 September 2011, the Nykredit Realkredit Group's core Tier 1 capital ratio was 15.0% according to the future Basel II method compared with a benchmark of 9%. Calculated according to the transitional rules and excluding hybrid capital raised on market terms in 2008, the core Tier 1 capital ratio was 8.5%.

LENDING

The Nykredit Realkredit Group Property prices in Denmark



Source: The Association of Danish Mortgage Banks

The Group reported total lending of DKK 1,114bn against DKK 1,088bn at the beginning of the year. Total lending includes mortgage lending at nominal value and bank lending excluding reverse transactions.

Group mortgage lending at fair value amounted to DKK 1,070bn against DKK 1,031bn at the beginning of the year. Group mortgage lending in nominal terms excluding arrears went up by DKK 29bn to DKK 1,058bn.

Group bank lending totalled DKK 55.6bn against DKK 58.8bn at the beginning of the year, down by DKK 3.2bn. The Group's reverse transactions amounted to DKK 14.4bn against DKK 12.9bn at the beginning of the year.

Total impairment provisions for mortgage and bank lending amounted to DKK 7,603m against DKK 8,369m at the beginning of the year. At end-Q3/2011, the Group had made no impairment provisions for receivables from credit institutions and central banks or reverse transactions.

The Group's guarantees totalled DKK 10.6bn against DKK 15.2bn at the beginning of the year. The decline was attributable to lower mortgage activity and extraordinarily high guarantees at end-2010 due to start-up problems with the new public land registration system.

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

DKK million	Loans, advances and guarantees		Total provisions for loan impairment and guarantees		Impairment losses on loans and advances, earnings impact	
	30.09.2011	31.12.2010	30.09.2011	31.12.2010	Q1-Q3/2011	FY 2010
Mortgage lending ¹						
Nykredit Realkredit ²	591,380	574,947	1,864	1,703	493	730
Totalkredit	467,623	455,260	601	523	267	158
Total	1,059,003	1,030,207	2,465	2,226	760	888
Of which arrears	553	571	-	-	-	-
Bank lending ³						
Nykredit Bank ⁴	53,171	56,076	2,764	3,168	184	423
Terminated exposures ⁵	2,450	2,757	2,374	2,975	(104)	937
Total	55,621	58,833	5,138	6,143	80	1,360
Reverse transactions	14,398	12,920	-	-	-	-
Guarantees	10,555	15,225	144	745	58	134
Of which government guarantee scheme	-	-	-	659	-	279
Impairment provisions/losses, % ⁶						
Nykredit Realkredit	-	-	0.32	0.30	0.08	0.13
Totalkredit	-	-	0.13	0.11	0.06	0.03
Total			0.23	0.22	0.07	0.09
Nykredit Bank	-	-	4.94	5.35	0.33	0.71
Terminated exposures ⁵	-	-	49.21	51.90	(2.16)	16.36
Total			8.46	9.45	0.13	2.09

¹ Mortgage lending at nominal value, including arrears.

² Excluding intercompany lending of DKK 1,062m (2010: DKK 581m).

³ Bank lending after total loan impairment provisions.

⁴ Excluding intercompany lending of DKK 161m (2010: DKK 240m).

⁵ From the former Forstædernes Bank.

⁶ Impairment provisions/losses exclude reverse transactions and guarantees.

Loan portfolio

The Group's nominal mortgage credit exposure, including arrears, amounted to DKK 1,059bn at end-Q3/2011 against DKK 1,030bn at the beginning of the year, a rise of DKK 29bn. Lending for private residential property accounted for DKK 15bn of the upturn.

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

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

The LTV ratios of the mortgage loan portfolio are shown in the table below with individual loans relative to estimated values of the individual properties at end-Q3/2011.

Total provisions for mortgage loan impairment

The Group's total impairment provisions for mortgage loans rose by DKK 239m in the period to DKK 2,465m at end-Q3/2011.

The Group's individual impairment provisions for bank lending totalled DKK 1,364m against DKK 1,259m at the beginning of the year, and collective impairment provisions for bank lending were DKK 1,101m

against DKK 967m at the beginning of the year.

The increase in provisions mainly derived from private residential and agricultural property. In Q1-Q3/2011, total impairment provisions relating to private residential property rose by DKK 135m, of which individual impairment provisions represented DKK 88m and collective impairment provisions DKK 47m.

The DKK 136m rise in provisions for the agricultural segment derived exclusively from higher collective impairment provisions, whereas individual impairment provisions remained unchanged relative to the beginning of the year.

Private residential property accounted for DKK 905m and commercial property DKK 1,560m.

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

Earnings impact

Impairment losses on mortgage lending came to DKK 760m against DKK 653m in Q1-Q3/2010. Of total impairment losses on loans and advances for the period, DKK 444m or just above 58% 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	397,640	149,895	90,684	17,586	655,805	32	70
Private residential rental	67,895	21,605	11,802	2,110	103,412	28	63
Industry and trades	20,190	4,127	524	129	24,970	21	48
Office and retail	76,842	20,810	4,186	759	102,597	24	54
Agriculture	72,636	19,607	7,101	2,145	101,489	26	58
Non-profit housing	-	-	-	-	-	-	-
Other	12,529	2,401	473	147	15,550	21	48

Note: The figures are actual LTV ratios including any financed costs. Guarantees issued by public authorities reduce the credit risk related to subsidised housing, which is included in lending for non-profit housing. For this reason, LTV figures for non-profit housing offer no relevant risk information.

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.

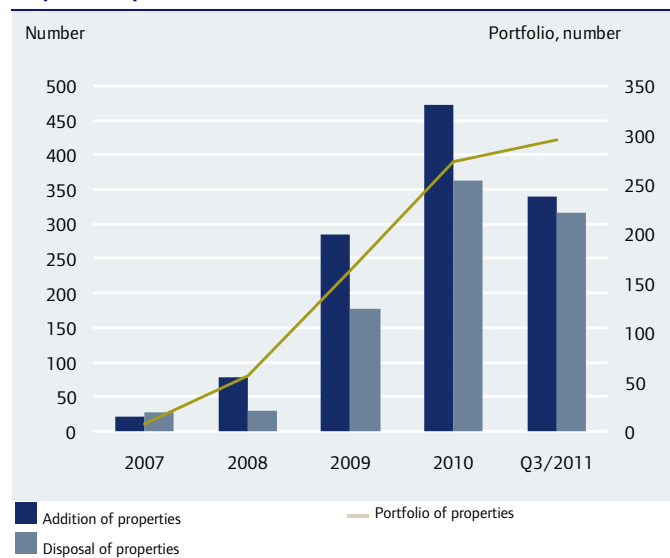
The Nykredit Realkredit Group

Provisions for mortgage loan impairment by property category¹

DKK million	30.09.2011				31.12.2010			
	Individual impairment provisions	Collective impairment provisions	Total	Total earn- ings impact	Individual impairment provisions	Collective impairment provisions	Total	Total earn- ings impact
Private residential property	501	404	905	444	413	357	770	367
Private residential rental	567	150	717	59	519	181	700	(25)
Industry and trades	112	61	173	42	157	45	202	139
Office and retail	95	138	233	48	95	163	258	207
Agriculture	62	291	353	157	56	161	217	182
Non-profit housing	5	17	22	0	3	19	22	1
Other	22	40	62	10	16	41	57	17
Total	1,364	1,101	2,465	760	1,259	967	2,226	888

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

The Nykredit Realkredit Group
Properties repossessed/sold



Repossessed properties

In Q1-Q3/2011, the Group repossessed 339 properties and sold 317. At end-Q3/2011, the property portfolio stood at 295 compared with 273 at the beginning of the year. Of the property portfolio at end-Q3/2011, 213 were private residential properties.

Arrears

At the June due date, group mortgage arrears as a percentage of total mortgage payments due came to 0.56%. By comparison, the arrears ratio was 0.71% at the same time the year before and 0.62% at the December due date in 2010.

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



BANK LENDING

The Group's credit exposure to bank lending amounted to DKK 80.6bn against DKK 87.0bn at the beginning of the year.

Bank lending accounted for DKK 55.6bn of the total credit exposure against DKK 58.8bn at the beginning of the year, a decline of DKK 3.2bn. Bank lending before impairment losses was DKK 60.7bn against DKK 65.0bn at the beginning of 2011.

Provisions for bank loan impairment

Total provisions for loan impairment amounted to DKK 5,137m against DKK 6,143m at the beginning of the year.

The Group's individual impairment provisions for bank lending totalled DKK 4,751m against DKK 5,721m at the beginning of the year – a fall of DKK 970m – and collective impairment provisions for bank lending were DKK 386m against DKK 422m at the beginning of the year – a fall of DKK 36m.

The drop in impairment provisions chiefly related to a DKK 603m decline in provisions for Other Activities (terminated exposures)

The Nykredit Realkredit Group
Bank loans, advances and guarantees

DKK million	30.09.2011	31.12.2010
Bank lending	53,171	56,076
Terminated exposures ¹	2,450	2,757
Reverse transactions	14,398	12,920
Guarantees	10,555	15,225
Total	80,574	86,978

¹ From the former Forstædernes Bank.

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

DKK million	Provisions for guarantees	Individual impairment provisions	Collective impairment provisions	Total provisions 30.09.2011	Provisions for guarantees	Individual impairment provisions	Collective impairment provisions	Total provisions 30.12.2011
Retail	4	365	49	418	93	406	91	590
Commercial ¹	52	2,047	304	2,403	484	2,392	279	3,155
Terminated exposures ²	88	2,339	33	2,460	168	2,923	52	3,143
Total	144	4,751	386	5,281	745	5,721	422	6,888

¹ Commercial incl Markets & Asset Management.

² From the former Forstædernes Bank.

Bank loans, advances and guarantees by industry

DKK million	Loans, advances and guarantees		Provisions	
	30.09.2011	31.12.2010	30.09.2011	31.12.2010
Public sector	393	806	3	-
Agriculture, hunting, forestry and fishing	2,427	2,556	98	82
Manufacturing, mining and quarrying	6,305	6,627	114	256
Energy supply	1,310	2,418	36	18
Construction	1,940	1,482	255	285
Trade	2,271	2,235	293	375
Transport, accommodation and food service activities	2,164	1,634	77	61
Information and communication	1,098	1,443	33	54
Financial and insurance activities	21,050	18,616	1,183	1,705
Property	13,672	16,500	1,795	1,664
Other trade and industry	8,692	10,350	706	1,481
Total	60,929	64,100	4,590	5,981
Retail	19,252	22,311	688	907
Total	80,574	86,978	5,281	6,888

As the breakdown is based on public sector statistics, it is not directly comparable with the Bank's business areas. The breakdown for 2011 is based on the official Danish standard DB07, which means that the presentation has been changed on Q1-Q3/2010. Comparative figures at 31 December 2010 have been restated.

prompted by reversals and recognised losses. As at 30 September 2011, impairment provisions totalled about 49% of loans and advances before impairment provisions for Other Activities.

Provisions for Commercial Customers were reduced by DKK 320m to DKK 2,351m, whereas provisions for Retail Customers came to DKK 414m compared with DKK 497m at end-2010.

Guarantees

The Group issues guarantees on a current basis, including guarantees to mortgage banks in connection with the granting of mortgage loans. Guarantees totalled DKK 10.6bn against DKK 15.2bn at the beginning of the year.

At end-Q3/2011, provisions for guarantees amounted to DKK 144m against DKK 745m at the beginning of the year. DKK 659m of the provisions related to Bank Rescue Package I, which amount was paid to the Financial Stability Company in Q1/2011.

Earnings impact

Impairment losses on loans and advances for the period stood at DKK 80m against DKK 750m in Q1-Q3/2010, and provisions for guarantees amounted to DKK 58m in Q1-Q3/2011. This compared with provisions for guarantees of DKK 303m in Q1-Q3/2010, of which DKK 279m related to Bank Rescue Package I.

Impairment losses on loans and advances recorded in Q1-Q3/2011 were affected by a reversal, net of impairment provisions for terminated exposures in Other Activities, which came to an income of DKK 104m against an expense of DKK 357m in Q1-Q3/2010.

LIQUIDITY

Mortgage lending

Moody's liquidity curve



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

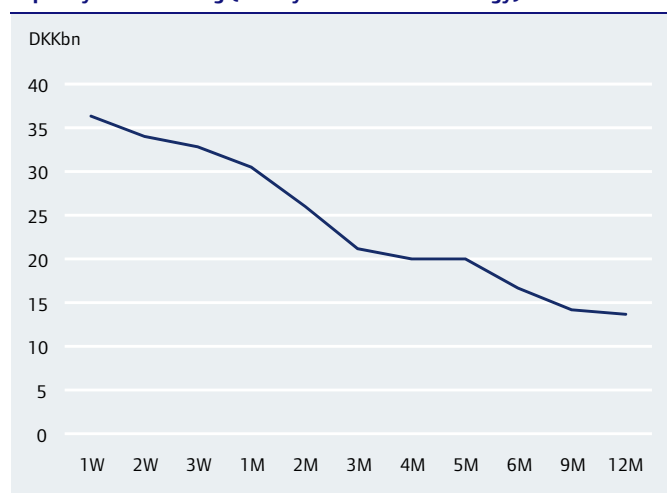
Banking

Liquidity relative to statutory requirements



Banking

Liquidity stress testing (Moody's Global Methodology)



LIQUIDITY RISK

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

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

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

Mortgage lending

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

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

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

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

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

Banking

The Bank has adapted its liquidity risk management due to its business development and the new Danish Executive Order on the governance and management of banks (section 71). A liquidity profile must be adopted, and the Board of Directors must issue liquidity instructions requiring liquidity stress testing and a liquidity buffer.

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

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

Stress testing is performed on a continuous basis using bank-specific, sector-specific and combination scenarios as laid down in the Danish Executive Order on the governance and management of banks.

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

At 30 September 2011, the excess cover was 185% against 251% at end-2010, corresponding to a liquidity buffer of DKK 37.9bn compared with DKK 54.7bn at end-2010. In Q1-Q3/2011 the liquidity buffer averaged DKK 31.2bn compared with DKK 49.8bn for 2010.

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

The Bank's long-term funding activities progress according to plan, with EMTN issues of DKK 14.5bn at 30 September 2011.

Further, the Bank has continued its current refinancing of short-term ECP issues, which totalled DKK 13.0bn at 30 September 2011.

The aggregate amount issued under the ECP and EMTN programmes was DKK 27.5bn at 30 September 2011 against DKK 32.2bn at end-2010.

MANAGEMENT STATEMENT

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

The Board of Directors and the Executive Board have today reviewed and approved the Interim Report for the period 1 January – 30 September 2011 of Nykredit Realkredit A/S and the Nykredit Realkredit Group.

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

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

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

Copenhagen, 10 November 2011

Executive Board

Peter Engberg Jensen
Group Chief Executive

Kim Duus
Group Managing Director

Søren Holm
Group Managing Director

Karsten Knudsen
Group Managing Director

Per Ladegaard
Group Managing Director

Bente Overgaard
Group Managing Director

Board of Directors

Steen E. Christensen
Chairman

Hans Bang-Hansen
Deputy Chairman

Steffen Kragh
Deputy Chairman

Kristian Bengaard

Michael Demsitz

Merete Eldrup

Lisbeth Grimm

Allan Kristiansen

Susanne Møller Nielsen

Anders C. Obel

Erling Bech Poulsen

Nina Smith

Jens Erik Udsen

Leif Vinther

Income statements for 1 January – 30 September

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group			
Q1-Q3/2010	Q1-Q3/2011		Note	Q1-Q3/2011	Q1-Q3/2010
27,135	27,052	Interest income	3	32,915	33,587
23,061	23,610	Interest expenses	4	25,501	25,167
4,074	3,442	NET INTEREST INCOME		7,415	8,421
39	58	Dividend on equities		61	41
691	605	Fee and commission income		1,317	1,602
196	195	Fee and commission expenses		1,189	1,206
4,608	3,909	NET INTEREST AND FEE INCOME		7,604	8,858
(327)	(1,930)	Value adjustments	5	(1,323)	(165)
70	21	Other operating income		167	160
1,748	1,989	Staff and administrative expenses	6	3,596	3,455
490	501	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	7	571	596
2	1	Other operating expenses		109	377
555	487	Impairment losses on loans, advances and receivables	8	898	1,706
2,396	943	Profit from investments in associates and group enterprises	9	11	4
3,952	(35)	PROFIT (LOSS) BEFORE TAX		1,286	2,724
376	(373)	Tax	10	175	701
3,576	338	PROFIT FROM CONTINUED OPERATIONS FOR THE PERIOD		1,111	2,023
-	-	Profit from discontinued insurance operations	11	-	1,511
3,576	338	PROFIT FOR THE PERIOD		1,111	3,534

Statements of comprehensive income for 1 January – 30 September

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group		
Q1-Q3/2010	Q1-Q3/2011	Note	Q1-Q3/2011	Q1-Q3/2010
3,576	338		1,111	3,534
-	-		(812)	(62)
-	-		212	4
-	-		(205)	-
-	-		(0)	-
-	-		45	117
-	-		(11)	(17)
-	-		(772)	42
3,576	338		338	3,576

Balance sheets, end of period

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group			
31.12.2010	30.09.2011		Note	30.09.2011	31.12.2010
		ASSETS			
394	52	Cash balance and demand deposits with central banks		281	507
45,510	27,455	Receivables from credit institutions and central banks	12	33,338	58,149
1,019,032	1,058,852	Loans, advances and other receivables at fair value	13	1,084,650	1,043,763
944	949	Loans, advances and other receivables at amortised cost	14	56,571	59,777
58,697	56,667	Bonds at fair value	15	80,593	94,139
		Equities			
4,673	3,426	Equities measured at fair value through profit or loss		1,684	1,696
-	-	Equities available for sale		2,179	3,309
4,673	3,426	Total		3,863	5,005
149	152	Investments in associates		154	151
27,930	28,861	Investments in group enterprises		-	-
4,499	4,220	Intangible assets		4,283	4,545
		Land and buildings			
-	-	Investment properties		825	845
23	21	Owner-occupied properties		1,724	1,715
23	21	Total		2,548	2,560
306	309	Other property, plant and equipment		347	342
-	250	Current tax assets		253	188
703	706	Deferred tax assets		764	747
274	381	Assets in temporary possession		522	404
17,052	20,647	Other assets	16	53,319	40,646
199	201	Prepayments		219	218
1,180,384	1,203,152	TOTAL ASSETS		1,321,703	1,311,140

Balance sheets, end of period

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group			
31.12.2010	30.09.2011		Note	30.09.2011	31.12.2010
LIABILITIES AND EQUITY					
79,456	71,914	Payables to credit institutions and central banks	17	85,897	95,879
-	-	Deposits and other payables	18	53,498	55,467
1,002,524	1,027,972	Issued bonds at fair value	19	993,566	974,319
195	195	Issued bonds at amortised cost	20	26,932	32,569
4,394	4,978	Other non-derivative financial liabilities at fair value	21	22,123	28,160
129	-	Current tax liabilities		163	160
26,532	30,793	Other liabilities	22	71,265	55,721
-	-	Deferred income		4	6
1,113,230	1,135,853	Total payables		1,253,448	1,242,281
Provisions					
322	351	Provisions for pensions and similar obligations		356	326
580	530	Provisions for deferred tax		570	621
100	97	Repayable reserves funded by pre-1972 series		97	100
-	-	Provisions for losses under guarantees		144	745
27	31	Other provisions		148	129
1,029	1,009	Total provisions		1,315	1,921
10,805	10,931	Subordinated debt	23	11,581	11,618
Equity					
1,182	1,182	Share capital		1,182	1,182
Accumulated changes in value					
4	3	- Revaluation reserves		131	132
-	-	- Value adjustment of equities available for sale		1,064	1,836
Other reserves					
1,357	2,290	- Statutory reserves		-	-
35,490	35,490	- Series reserves		35,490	35,490
16,987	16,394	Retained earnings		17,491	16,380
300	-	Proposed dividend		-	300
55,320	55,359	Total equity		55,359	55,320
1,180,384	1,203,152	TOTAL LIABILITIES AND EQUITY		1,321,703	1,311,140
OFF-BALANCE SHEET ITEMS					
-	-	Contingent liabilities	24	6,387	6,286
1,273	2,272	Other commitments		8,809	8,013
1,273	2,272	TOTAL		15,196	14,298

Statement of changes in equity

DKK million

Nykredit Realkredit A/S

	Share capital	Revaluation reserves	Statutory reserves *	Series reserves	Retained earnings	Proposed dividend	Total
2011							
Equity, 1 January	1,182	4	1,357	35,490	16,987	300	55,320
Profit (loss) for the period	-	-	941	-	(602)	-	338
Total comprehensive income for the period	-	-	941	-	(602)	-	338
Dividend from associates	-	-	(8)	-	8	-	-
Dividend paid	-	-	-	-	-	(300)	(300)
Other adjustments	-	(1)	-	-	1	-	-
Equity, 30 September	1,182	3	2,290	35,490	16,394	-	55,359
2010							
Equity, 1 January	1,182	5	-	26,760	23,294	-	51,241
Profit for the year	-	-	1,361	-	2,415	300	4,076
Other comprehensive income							
Share of comprehensive income in associates and group enterprises	-	-	2	-	-	-	2
Fair value adjustment of owner-occupied property	-	(1)	-	-	-	-	(1)
Total other comprehensive income	-	(1)	2	-	-	-	1
Total comprehensive income for the year	-	(1)	1,363	-	2,415	300	4,077
Dividend from associates	-	-	(6)	-	6	-	-
Adjustment pursuant to capital adequacy rules	-	-	-	8,731	(8,731)	-	-
Transferred from provisions – pre-1972 series	-	-	-	-	3	-	3
Equity, 31 December	1,182	4	1,357	35,490	16,987	300	55,320

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

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

Statement of changes in equity

DKK million

The Nykredit Realkredit Group

	Share capital	Revaluation reserves	Accumulated value adjustment of equities available for sale *	Series reserves	Retained earnings	Proposed dividend	Total
2011							
Equity, 1 January	1,182	132	1,836	35,490	16,380	300	55,320
Profit for the period	-	-	-	-	1,111	-	1,111
Other comprehensive income							
Fair value adjustment of equities available for sale	-	-	(601)	-	-	-	(601)
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	-	-	(772)	-	-	-	(772)
Total comprehensive income for the period	-	-	(772)	-	1,111	-	338
Other adjustments	-	(1)	1	-	0	-	-
Dividend paid	-	-	-	-	-	(300)	(300)
Equity, 30 September	1,182	131	1,064	35,490	17,491	-	55,359
2010							
Equity, 1 January	1,182	132	1,575	26,760	21,592	-	51,241
Profit for the year	-	-	-	-	3,516	300	3,816
Other comprehensive income							
Fair value adjustment of owner-occupied property	-	1	-	-	-	-	1
Fair value adjustment of equities available for sale	-	-	161	-	-	-	161
Unrealised capital loss on equities available for sale reclassified to the income statement due to objective evidence of impairment	-	-	100	-	-	-	100
Total other comprehensive income	-	1	261	-	-	-	261
Total comprehensive income for the year	-	1	261	-	3,516	300	4,077
Adjustment pursuant to capital adequacy rules	-	-	-	8,731	(8,731)	-	-
Transferred from provisions – pre-1972 series	-	-	-	-	3	-	3
Equity, 31 December	1,182	132	1,836	35,490	16,380	300	55,320

Reference is made to page 13 of the Management's Review for a statement of the movements in equity for the period 1 January 2010 to 30 September 2010.

Capital base and capital adequacy, end of period

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group		
31.12.2010	30.09.2011		30.09.2011	31.12.2010
Capital base and capital adequacy				
55,320	55,359	Equity, end of period	55,359	55,320
(4)	(3)	Revaluation reserves transferred to supplementary capital	(131)	(132)
55,316	55,356	Core Tier 1 capital	55,228	55,188
(300)	-	Proposed dividend	-	(300)
(4,499)	(4,220)	Intangible assets	(4,283)	(4,545)
(123)	(177)	Capitalised tax assets	(193)	(126)
50,394	50,960	Core Tier 1 capital after primary statutory deductions	50,752	50,217
10,805	10,931	Hybrid capital included	11,170	11,055
(587)	(586)	Difference between expected losses and impairments for accounting purposes	(602)	(599)
(1,393)	(1,431)	Other statutory deductions	(385)	(177)
59,219	59,874	Tier 1 capital after statutory deductions	60,935	60,496
-	-	Subordinate loan capital included	400	594
57	56	Revaluation reserves and series reserves	185	185
59,276	59,930	Capital base before statutory deductions	61,519	61,275
(587)	(586)	Difference between expected losses and impairments for accounting purposes	(602)	(599)
(431)	(450)	Other statutory deductions	(184)	(177)
961	980	Set-off of excess capital deduction	201	-
59,219	59,874	Capital base after statutory deductions	60,935	60,499
Capital requirement				
25,574	27,042	Credit risk (incl settlement risk, statutory deduction for collective impairment provisions under the standardised approach and a capital charge for exceeding large exposure limits)	23,411	23,269
1,093	1,420	Market risk	1,603	1,672
970	1,097	Operational risk	1,474	1,272
27,637	29,558	Total capital requirement not subject to transitional rules	26,488	26,213
31,029	33,513	Total capital requirement subject to transitional rules	46,908	45,016
Risk-weighted assets				
345,467	369,478	Total risk-weighted assets	331,096	327,665
Financial ratios				
14.0	13.2	Core Tier 1 capital ratio, %	15.0	15.1
17.1	16.2	Tier 1 capital ratio, %	18.4	18.5
17.1	16.2	Total capital ratio, %	18.4	18.5
9.0	9.1	Minimum total capital ratio (total capital ratio subject to transitional rules), %	14.2	13.7
8.9	8.8	Internal capital adequacy requirement (ICAAP), %	9.2	9.4

Cash flow statement for 1 January – 30 September

DKK million

	The Nykredit Realkredit Group		
	Note	Q1-Q3/2011	Q1-Q3/2010
Profit after tax for the period		1,111	3,534
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets		571	596
Profit from investments in associates		(11)	(4)
Profit from discontinued insurance operations		-	(1,511)
Impairment losses on loans, advances and receivables		898	1,706
Prepayments/deferred income, net		(3)	(21)
Tax calculated on profit for the period		175	701
Other adjustments		(766)	9
Total		864	1,475
Profit for the period adjusted for non-cash operating items		1,974	5,009
Change in working capital			
Loans, advances and other receivables		(38,578)	(57,548)
Deposits and payables to credit institutions		(11,951)	(9,360)
Issued bonds		13,610	39,457
Other working capital		(3,911)	20,387
Total		(40,830)	(7,065)
Corporation tax paid, net		(104)	(201)
Cash flows from operating activities		(38,960)	(2,257)
Cash flows from investing activities			
Acquisition of group enterprises		(28)	(17)
Divestment of Nykredit Forsikring A/S		-	2,514
Acquisition of associates		(2)	(0)
Divestment of associates		7	13
Dividend received		8	501
Purchase and sale of bonds and equities		14,700	(6,971)
Purchase of intangible assets		(155)	(140)
Purchase of property, plant and equipment		(148)	(341)
Sale of property, plant and equipment		3	236
Total		14,386	(4,204)
Cash flows from financing activities			
Redemption of subordinated debt as well as buyback and sale of self-issued bonds		(163)	(3,913)
Dividend paid		(300)	-
Total		(463)	(3,913)
Cash flows from continued operations		(25,038)	(10,374)
Cash flows from discontinued insurance operations	11	-	(371)
Total cash flows		(25,038)	(10,745)
Cash and cash equivalents, beginning of period			
Cash balance and demand deposits with central banks		507	1,828
Receivables from credit institutions and central banks		58,149	61,081
Total		58,657	62,909
Cash and cash equivalents, end of period			
Cash balance and demand deposits with central banks		281	202
Receivables from credit institutions and central banks		33,338	51,962
Total		33,619	52,164

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

DKK million

The Nykredit Realkredit Group

	Q1-Q3/2011				Q1-Q3/2010			
	Core earnings	Investment portfolio income	Cost of capital	Total	Core earnings	Investment portfolio income	Cost of capital	Total
Net interest income	6,301	1,456	(343)	7,415	6,405	2,358	(342)	8,421
Dividend on equities	3	58	-	61	2	39	-	41
Net fee and commission income	158	(30)	-	128	445	(49)	-	396
Net interest and fee income	6,462	1,485	(343)	7,604	6,851	2,349	(342)	8,858
Value adjustments	128	(1,447)	(4)	(1,323)	305	(469)	(2)	(165)
Other operating income	162	5	-	167	153	7	-	160
Staff and administrative expenses	3,596	-	-	3,596	3,455	-	-	3,455
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	571	-	-	571	596	-	-	596
Other operating expenses	109	-	-	109	377	-	-	377
Impairment losses on loans, advances and other receivables	898	-	-	898	1,706	-	-	1,706
Profit from investments in associates	-	11	-	11	-	4	-	4
Profit (loss) before tax	1,579	53	(347)	1,286	1,177	1,891	(344)	2,724

Notes

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1. ACCOUNTING POLICIES

General

The Consolidated Financial Statements for Q1-Q3/2011 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and further Danish financial reporting and disclosure requirements for interim reports. Compliance with IAS 34 implies observance of the principles of recognition and measurement of the IFRS but a less detailed presentation relative to the presentation of annual reports.

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

Compared with the Q1-Q3 Interim Report 2010 and the Annual Report for 2010, the segment financial statements as well as the statement of core earnings and investment portfolio income for Q1-Q3/2011 have been modified due to a change made to internal management reporting. In the segment financial statements, earnings related to the portfolio of Kalvebod issues have been transferred from the business area Markets & Asset Management to Group items. In the statement of core earnings and investment portfolio income, earnings related to the portfolio of Kalvebod issues have been transferred from "Core income from business operations" to "Investment portfolio income". In Q1-Q3/2011 a loss of DKK 385m was recognised against a gain of DKK 53m in Q1-Q3/2010. Comparative figures have been restated. The modification does not affect the Nykredit Group's results, balance sheet or equity.

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

Compared with the information disclosed in the accounting policies of the Annual Report for 2010 (note 1), no new reporting standards or interpretations have been issued or approved which would influence the Q1-Q3 Interim Report 2011 of Nykredit Realkredit A/S and the Nykredit Realkredit Group. The IASB is currently working on a project which, in time, will replace the IAS 39 rules. The revised standard – IFRS 9 – is divided into three main phases comprising classification and measurement of financial assets and liabilities, impairments and hedge accounting.

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

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

All figures in the Q1-Q3 Interim Report 2011 are presented in DKK million. The totals stated are calculated on the basis of actual figures. Due to the rounding-off to DKK million, the sum of individual figures and the stated totals may differ slightly.

The Q1-Q3 Interim Report 2011 has not been audited or reviewed.

Notes

DKK million

2. RESULTS BY BUSINESS AREA							
Q1-Q3/2011	Retail Customers	Totalkredit	Commercial Customers	Markets & Asset Management	Other Activities	Group items and eliminations	Total
Core income from							
- business operations	1,651	964	2,741	766	119	27	6,268
- securities	-	-	-	-	-	484	484
Total	1,651	964	2,741	766	119	511	6,753
Operating costs	1,260	283	937	598	157	469	3,705
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	-	368	1	2	73	127	571
Core earnings before impairment losses	391	313	1,803	166	(112)	(85)	2,477
Impairment losses on loans and advances	206	267	463	10	(48)	-	898
Core earnings after impairment losses	185	46	1,341	155	(64)	(85)	1,579
Investment portfolio income ¹	-	-	-	-	-	53	53
Profit (loss) before cost of capital	185	46	1,341	155	(64)	(32)	1,632
Net interest on hybrid capital	-	-	-	-	-	(347)	(347)
Profit (loss) before tax	185	46	1,341	155	(64)	(378)	1,286
Total assets at 30.09.2011	206,385	470,114	436,531	87,586	6,425	114,663	1,321,703
Q1-Q3/2010	Retail Customers	Totalkredit	Commercial Customers	Markets & Asset Management	Other Activities	Group items and eliminations	Total
Core income from							
- business operations	1,766	1,078	2,698	1,236	212	(27)	6,963
- securities	-	-	-	-	-	347	347
Total	1,766	1,078	2,698	1,236	212	320	7,310
Operating costs	1,316	327	1,032	695	199	263	3,832
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	-	349	2	10	107	128	596
Core earnings before impairment losses	450	401	1,664	532	(94)	(71)	2,882
Impairment losses on loans and advances	300	88	659	6	374	279	1,706
Core earnings after impairment losses	150	313	1,005	526	(467)	(350)	1,177
Investment portfolio income ¹	-	-	-	-	-	1,891	1,891
Profit (loss) before cost of capital	150	313	1,005	526	(467)	1,541	3,068
Net interest on hybrid capital	-	-	-	-	-	(344)	(344)
Profit (loss) before tax	150	313	1,005	526	(467)	1,197	2,724
Total assets at 30.09.2010	197,796	453,503	428,868	152,432	7,803	83,581	1,323,984

¹ Investment portfolio income includes a profit of DKK 11m from investments in associates (2010: DKK 4m).

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group		
Q1-Q3/2010	Q1-Q3/2011		Q1-Q3/2011	Q1-Q3/2010
		3. INTEREST INCOME		
10,064	10,402	Receivables from credit institutions and central banks	137	127
13,294	12,688	Loans, advances and other receivables	26,838	27,648
2,259	2,464	Administration margin (income)	4,142	3,854
		Bonds		
1,040	432	- Self-issued SDOs (særligt dækkede obligationer)	1,374	2,300
542	476	- Self-issued ROs (realkreditobligationer)	795	788
1,018	1,136	- Other ROs	1,445	1,479
326	105	- Government bonds	127	454
163	146	- Other bonds	268	275
		Derivative financial instruments		
95	(5)	- Foreign exchange contracts	(54)	52
(117)	79	- Interest rate contracts	(1)	(307)
-	-	- Equity contracts	(3)	0
41	40	Other interest income	43	33
28,727	27,962	Total	35,112	36,702
(1,040)	(432)	Interest from self-issued SDOs offset against interest expenses – note 4	(1,374)	(2,300)
(542)	(476)	Interest from self-issued ROs offset against interest expenses – note 4	(795)	(788)
(9)	(3)	Interest from other self-issued securities and bonds offset against interest expenses – note 4	(27)	(27)
27,135	27,052	Total	32,915	33,587
		Of which interest income from genuine purchase and resale transactions entered as:		
30	53	Receivables from credit institutions and central banks	78	78
-	-	Loans, advances and other receivables	125	62
		4. INTEREST EXPENSES		
475	649	Credit institutions and central banks	711	607
-	-	Deposits and other payables	714	575
23,558	23,210	Issued bonds	25,595	26,448
567	601	Subordinated debt	641	611
53	60	Other interest expenses	35	40
24,653	24,520	Total	27,697	28,281
(1,040)	(432)	Set-off of interest from self-issued SDOs – note 3	(1,374)	(2,300)
(542)	(476)	Set-off of interest from self-issued ROs – note 3	(795)	(788)
(9)	(3)	Set-off of interest from other self-issued securities and bonds – note 3	(27)	(27)
23,061	23,610	Total	25,501	25,167
		Of which interest expenses from genuine sale and repurchase transactions entered as:		
436	634	Credit institutions and central banks	682	473
-	-	Deposits and other payables	140	36

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
Q1-Q3/2010	Q1-Q3/2011	Q1-Q3/2011	Q1-Q3/2010
5. VALUE ADJUSTMENTS			
Financial assets measured at fair value through profit or loss			
10,099	6,593	Mortgage loans	11,693 19,090
5,457	3,930	Totalkredit mortgage loan funding	- -
2	124	Other loans, advances and receivables at fair value	2 (3)
803	(52)	Bonds	(221) 481
46	(642)	Equities	264 177
-	-	Investment properties	(15) (1)
(67)	127	Foreign exchange	155 127
(899)	(1,404)	Foreign exchange, interest rate and other contracts as well as derivative financial instruments	(1,578) (619)
Financial assets measured at fair value against equity			
Unrealised capital loss on equities available for sale reclassified to the income statement due to objective evidence of impairment			
-	-	- statement due to objective evidence of impairment	(45) (117)
-	-	Realised value adjustment of equities available for sale reclassified to the income statement	205 -
Financial liabilities measured at fair value through profit or loss			
(10,310)	(6,676)	Issued bonds	(11,781) (19,301)
(5,457)	(3,930)	Totalkredit mortgage loan funding	- -
-	-	Other liabilities	(3) -
(327)	(1,930)	Total	(1,323) (165)
6. STAFF AND ADMINISTRATIVE EXPENSES			
36	39	Remuneration of Board of Directors and Executive Board	39 36
1,389	1,496	Staff expenses	2,115 2,081
322	454	Other administrative expenses	1,442 1,338
1,748	1,989	Total	3,596 3,455
Remuneration of Board of Directors and Executive Board			
Board of Directors			
2	2	Remuneration	2 2
Executive Board			
25	26	Fixed salaries	26 25
7	7	Provisions for pension plans	7 7
2	3	Other social security expenses	3 2
36	39	Total	39 36
The terms and conditions governing the salaries, pensions and retirement of the Executive Board are unchanged relative to the mention in the Annual Report for 2010.			
Staff expenses			
1,133	1,228	Salaries	1,752 1,720
132	142	Pensions	193 186
124	127	Other social security expenses	170 175
1,389	1,496	Total	2,115 2,081
Number of staff			
2,977	3,132	Average number of staff for the financial period, full-time equivalents	4,115 4,031

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
Q1-Q3/2010	Q1-Q3/2011	Q1-Q3/2011	Q1-Q3/2010
7. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES FOR PROPERTY, PLANT AND EQUIPMENT AS WELL AS INTANGIBLE ASSETS			
Intangible assets			
430	432	- Amortisation	435 434
Property, plant and equipment			
60	68	- Depreciation	90 93
-	-	- Impairment losses	46 68
490	501	Total	571 596
8. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES			
8. a. Earnings impact			
297	258	Change in individual impairment provisions for loans and advances	511 692
144	78	Change in collective impairment provisions for loans and advances	98 336
79	102	Losses recognised for the period, net	301 385
(21)	(22)	Received on claims previously written off as impairment losses	(33) (28)
-	-	Provisions for guarantees	58 303
499	416	Total impairment losses on loans, advances and guarantees	935 1,688
60	83	Value adjustment of assets in temporary possession	111 65
(4)	(12)	Value adjustment of claims previously written off as impairment losses	(12) (4)
-	-	Losses offset against commission payments to banks	(136) (43)
555	487	Total	898 1,706
8 b. Specification of provisions for loan impairment			
1,173	1,064	Individual impairment provisions	6,116 8,240
498	800	Collective impairment provisions	1,487 1,148
1,671	1,864	Total impairment provisions	7,603 9,388
Impairment provisions have been offset against the following items:			
1,036	1,556	Mortgage loans – note 13	1,857 1,248
635	308	Arrears and outlays – note 13	608 970
-	-	Bank loans and advances – note 14	5,138 7,170
1,671	1,864	Total impairment provisions	7,603 9,388
8. c. Individual impairment provisions for loan impairment			
1,053	981	Impairment provisions, beginning of period	6,980 8,943
454	327	Impairment provisions for the period	1,231 1,665
(157)	(68)	Impairment provisions reversed	(720) (973)
(73)	(85)	Value adjustment of repossessed properties	(109) (94)
(104)	(89)	Impairment provisions recognised as lost	(1,266) (1,300)
1,173	1,064	Impairment provisions, end of period	6,116 8,240
8. d. Collective impairment provisions			
354	722	Impairment provisions, beginning of period	1,389 812
144	78	Impairment provisions for the period	185 337
-	-	Impairment provisions reversed	(87) (1)
498	800	Impairment provisions, end of period	1,487 1,148

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group		
Q1-Q3/2010	Q1-Q3/2011		Q1-Q3/2011	Q1-Q3/2010
8. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES (continued)				
8. e. Specification of loans and advances subject to objective evidence of impairment				
4,699	5,838	Loans and advances before individual impairment provisions	14,807	15,318
1,173	1,064	Impairment provisions	6,116	8,240
3,526	4,773	Loans and advances after impairment provisions	8,691	7,078
498,981	586,196	Loans and advances before collective impairment provisions	1,130,579	1,039,000
498	800	Impairment provisions	1,487	1,148
498,482	585,396	Loans and advances after impairment provisions	1,129,092	1,037,853
8. f. Impairment losses on repossessed properties				
85	173	Impairments, beginning of period	233	110
73	85	Transferred from non-repossessed properties	109	94
63	86	Impairments for the period	158	81
(2)	(3)	Impairments reversed	(47)	(16)
(83)	(119)	Impairments recognised as lost	(147)	(95)
135	222	Impairment losses, end of period	306	174
Impairment losses on repossessed properties have been offset against "Assets in temporary possession".				
9. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES				
4	11	Profit from investments in associates	11	4
802	932	Profit from investments in group enterprises	-	-
1,591	-	Profit from divestment of group enterprise	-	-
2,396	943	Total	11	4
10. TAX				
9.5	1,066.4	Effective tax rate, %	13.6	25.7
In Q1-Q3/2011, the effective tax rate was influenced by the recognition of income of approximately DKK 133m relating to previous years' tax provided for. Nykredit Realkredit was able to recognise the amount as income after the courts found for Nykredit in a tax case.				
Adjusted for recognised tax relating to previous years, the effective tax rate was 686.6% for Nykredit Realkredit and 23.9% for the Nykredit Realkredit Group.				

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
Q1-Q3/2010	Q1-Q3/2011	Q1-Q3/2011	Q1-Q3/2010
11. PROFIT FROM DISCONTINUED INSURANCE OPERATIONS			
-	- Profit (loss) from discontinued insurance operations for the period	-	(80)
-	- Profit from the divestment of Nykredit Forsikring A/S	-	1,591
-	- Profit from discontinued insurance operations	-	1,511
11 a. Profit (loss) from discontinued insurance operations for the period			
-	- Net interest and fee income	-	13
-	- Value adjustments and other operating income	-	9
-	- Premium income	-	341
-	- Claims incurred, net of reinsurance	-	383
-	- Staff and administrative expenses as well as depreciation of property, plant and equipment	-	87
-	- Profit (loss) before tax	-	(107)
-	- Tax	-	(27)
-	- Profit (loss) from discontinued insurance operations for the period	-	(80)
Nykredit Forsikring A/S was sold to Gjensidige Forsikring AB subject to closing on 29 April 2010. Profit (loss) from discontinued insurance operations for the period covered four months in 2010.			
11 b. Profit from the divestment of Nykredit Forsikring A/S			
-	- Sales price	-	2,546
-	- Selling costs	-	31
-	- Net assets	-	923
-	- Profit from the divestment of Nykredit Forsikring A/S	-	1,591
11 c. Cash flows from discontinued insurance operations			
-	- Cash flows from operating activities	-	353
-	- Cash flows from investing activities	-	(142)
-	- Cash flows from financing activities	-	(500)
-	- Cash surrendered	-	(82)
-	- Cash flows from discontinued insurance operations	-	(371)

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group		
31.12.2010	30.09.2011		30.09.2011	31.12.2010
12. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS				
12,788	930	Receivables from central banks	985	13,578
32,723	26,526	Receivables from credit institutions	32,353	44,571
45,510	27,455	Total	33,338	58,149
7,799	8,466	Of which genuine purchase and resale transactions	16,572	9,528
13. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE				
575,278	598,084	Mortgage loans	1,070,144	1,030,674
199	201	Arrears and outlays	107	167
-	-	Other loans and advances	14,398	12,922
10,024	18,585	Loans to Totalkredit serving as security in capital centres	-	-
433,531	441,982	Totalkredit mortgage loan funding	-	-
1,019,032	1,058,852	Total	1,084,650	1,043,763
-	-	Of which genuine purchase and resale transactions	14,398	12,922
Mortgage loans				
553,913	575,112	Balance, beginning of period, nominal value	1,029,636	985,216
90,955	56,750	New loans	100,010	201,300
624	515	Indexation	515	624
1,962	(679)	Foreign currency translation adjustment	(679)	1,962
(11,770)	(7,444)	Ordinary principal payments	(10,336)	(16,187)
(60,571)	(32,221)	Prepayments and extraordinary principal payments	(60,695)	(143,280)
575,112	592,033	Balance, end of period, nominal value	1,058,451	1,029,636
(198)	(311)	Loans transferred relating to properties in temporary possession	(346)	(287)
279	276	Loans assumed by the Danish Agency for Governmental Management	276	279
575,193	591,999	Total nominal value	1,058,381	1,029,628
1,378	7,641	Adjustment for interest rate risk	13,620	2,586
Adjustment for credit risk				
(572)	(756)	Individual impairment provisions	(756)	(572)
(722)	(800)	Collective impairment provisions	(1,101)	(967)
575,278	598,084	Balance, end of period, fair value	1,070,144	1,030,674
In Q1-Q3/2011, the method of accounting for measuring mortgage lending at fair value was specified. The specification related to the estimated value of the credit risk of the non-distressed part of the loan portfolio. The specification has had no significant impact on reported amounts.				
For total loans and advances, Nykredit has received mortgages on property and:				
22,768	23,619	Supplementary guarantees totalling	31,686	30,496
1,686	1,327	Interim loan guarantees totalling	10,306	12,469
13,702	4,848	Registration guarantees totalling	11,288	40,319
Arrears and outlays				
416	409	Arrears before impairment provisions	553	571
192	100	Outlays before impairment provisions	163	283
(409)	(308)	Individual impairment provisions for arrears and outlays	(608)	(687)
199	201	Total	107	167

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
31.12.2010	30.09.2011	30.09.2011	31.12.2010
13. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE (continued)			
Totalkredit mortgage loan funding			
397,876	432,038	Balance, nominal value, beginning of period	- -
212,372	119,898	New loans	- -
(2,164)	(6,290)	Ordinary principal payments	- -
(176,046)	(108,698)	Prepayments and extraordinary principal payments	- -
432,038	436,949	Balance, nominal value, end of period	- -
1,493	5,034	Adjustment for interest rate risk	- -
433,531	441,982	Balance, fair value, end of period	- -
14. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST			
-	-	Bank loans and advances	60,759 64,976
54	49	Totalkredit mortgage loan funding	- -
-	-	Mortgage loans	49 54
939	941	Other loans and advances	941 939
993	990	Balance, end of period	61,749 65,969
Adjustment for credit risk			
-	-	Individual impairment provisions	(4,751) (5,721)
-	-	Collective impairment provisions	(386) (422)
993	990	Balance after impairment, end of period	56,611 59,826
(49)	(41)	Set-off of "Other loans and advances" against "Issued bonds at amortised cost" – note 20	(41) (49)
944	949	Total	56,571 59,777
15. BONDS AT FAIR VALUE			
54,611	47,384	Self-issued SDOs (særligt dækkede obligationer)	140,336 159,188
116,106	56,080	Self-issued ROs (realkreditobligationer)	78,298 129,316
47,710	44,916	Other ROs	63,642 76,489
5,557	5,935	Government bonds	8,409 8,285
10,373	5,816	Other bonds	9,752 16,535
234,358	160,131	Total	300,436 389,814
(116,106)	(56,080)	Set-off of self-issued ROs against "Issued bonds at fair value" – note 19	(78,298) (129,316)
(54,610)	(47,383)	Set-off of self-issued SDOs against "Issued bonds at fair value" – note 19	(140,335) (159,187)
(4,944)	-	Set-off of self-issued junior covered bonds against "Issued bonds at fair value" – note 19	(62) (5,748)
(1)	(1)	Set-off of self-issued SDOs against "Issued bonds at amortised cost" – note 20	(1) (1)
-	-	Set-off of other self-issued bonds against "Issued bonds at amortised cost" – note 20	(1,147) (1,423)
58,697	56,667	Total	80,593 94,139
Of bonds at fair value before set-off of self-issued bonds:			
4,832	10,642	Drawn bonds	19,022 15,275
9,471	1,576	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	11,777 25,532
Collateral security was provided on an arm's length basis.			

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group		
31.12.2010	30.09.2011		30.09.2011	31.12.2010
16. OTHER ASSETS				
13,328	16,047	Interest and commission receivable	14,955	12,816
533	564	Receivables from group enterprises	-	-
2,834	3,592	Positive market value of derivative financial instruments	37,515	27,156
115	123	Defined benefit plans	123	115
242	321	Other assets	727	559
17,052	20,647	Total	53,319	40,646
17. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS				
75,456	71,914	Payables to credit institutions	85,897	90,708
4,000	-	Payables to central banks	-	5,171
79,456	71,914	Total	85,897	95,879
72,667	65,764	Of which genuine purchase and resale transactions	74,870	75,662
18. DEPOSITS AND OTHER PAYABLES				
-	-	- On demand	29,836	31,739
-	-	- At notice	4,743	4,977
-	-	- Time deposits	16,283	15,991
-	-	- Special deposits	2,636	2,760
-	-	Total	53,498	55,467
19. ISSUED BONDS AT FAIR VALUE				
444,112	370,459	ROs	451,286	534,499
704,143	731,522	SDOs	731,522	704,143
29,930	29,453	Junior covered bonds	29,453	29,930
1,178,184	1,131,434	Total	1,212,261	1,268,571
(175,660)	(103,462)	Self-issued bonds transferred from "Bonds at fair value" – note 15	(218,695)	(294,252)
1,002,524	1,027,972	Total	993,566	974,319
19 a. ROs				
443,321	364,041	ROs at nominal value	443,911	533,984
791	6,419	Fair value adjustment	7,376	515
444,112	370,459	ROs at fair value	451,286	534,499
(116,106)	(56,080)	Self-issued ROs transferred from "Bonds at fair value" – note 15	(78,298)	(129,316)
328,006	314,380	Total	372,989	405,183
108	0	Of which pre-issuance	0	108
63,624	6,222	ROs drawn for redemption at next creditor settlement date	7,252	68,176

Notes

DKK million

Nykredit Realkredit A/S				The Nykredit Realkredit Group	
31.12.2010	30.09.2011			30.09.2011	31.12.2010
19. ISSUED BONDS AT FAIR VALUE (continued)					
19 b. SDOs					
702,000	725,217	SDOs at nominal value		725,217	702,000
2,143	6,305	Fair value adjustment		6,305	2,143
704,143	731,522	SDOs at fair value		731,522	704,143
(54,610)	(47,383)	Self-issued SDOs transferred from "Bonds at fair value" – note 15		(140,335)	(159,187)
649,532	684,139	Total		591,187	544,955
487	321	Of which pre-issuance		321	487
130,425	91,938	SDOs drawn for redemption at next creditor settlement date		91,938	130,425
19 c. Junior covered bonds					
29,872	29,348	Junior covered bonds at nominal value		29,348	29,872
58	105	Fair value adjustment		105	58
29,930	29,453	Junior covered bonds at fair value		29,453	29,930
(4,944)	-	Self-issued junior covered bonds transferred from "Bonds at fair value" – note 15		(62)	(5,748)
24,986	29,453	Total		29,391	24,181
8,045	-	Junior covered bonds drawn for redemption at next creditor settlement date		-	8,045
20. ISSUED BONDS AT AMORTISED COST					
-	-	Corporate bonds		27,855	33,768
61	61	SDOs		61	61
135	135	Employee bonds		164	164
49	41	Other securities		41	49
245	237	Total		28,121	34,042
-	-	Self-issued corporate bonds transferred from "Bonds at fair value" – note 15		(1,147)	(1,423)
(1)	(1)	Self-issued SDOs transferred from "Bonds at fair value" – note 15		(1)	(1)
(49)	(41)	Other self-issued securities transferred from "Loans, advances and other receivables at amortised cost" – note 14		(41)	(49)
195	195	Total		26,932	32,569
21. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE					
-	-	Deposits at fair value		12,267	20,967
4,394	4,978	Negative securities portfolios		9,856	7,193
4,394	4,978	Total		22,123	28,160
-	-	Of which genuine sale and repurchase transactions		12,267	20,967
22. OTHER LIABILITIES					
18,422	19,347	Interest and commission payable		23,885	23,121
3,323	5,083	Negative market value of derivative financial instruments		38,137	25,955
2,936	2,964	Payables relating to the purchase of Totalkredit shares		2,898	2,871
1,851	3,399	Other payables		6,344	3,774
26,532	30,793	Total		71,265	55,721

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
31.12.2010	30.09.2011	30.09.2011	31.12.2010
23. SUBORDINATED DEBT			
Subordinated debt consists of financial liabilities in the form of subordinate loan capital and hybrid capital which, in case of voluntary or compulsory liquidation, will not be repaid until after the claims of ordinary creditors have been met.			
Subordinated debt is included in the capital base in accordance with the Danish Executive Order on capital base determination.			
Subordinate loan capital			
Nom DKK 75m. The loan carried an interest rate of 2.5% pa above 6M Cibur.			
-	-	-	75
- The loan was prematurely redeemed on 29 March 2011			
Nom NOK 125m. The loan carried an interest rate of 0.75% pa above 3M Nibor.			
-	-	-	119
- The loan was prematurely redeemed on 29 September 2011			
Nom DKK 200m. The loan falls due at par (100) on 16 November 2014 and carries an interest rate of 1.0% pa above 6M Cibur			
-	-	200	200
Nom DKK 200m. The loan falls due at par (100) on 1 November 2014 and carries an interest rate of 1.0% pa above 3M Cibur			
-	-	200	200
-	-	400	594
Total subordinate loan capital			
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
Nom EUR 500m. The loan is perpetual, but may be redeemed at par (100) from 22 September 2014. The loan carries a fixed interest rate of 4.9% pa up to 22 September 2014, after which date it will carry a floating interest rate.			
3,991	3,996	3,996	3,991
Nom EUR 900m. The loan is perpetual, but may be redeemed at par (100) from 1 April 2015. The loan carries a fixed interest rate of 9.0% up to 1 April 2015, after which date the interest rate will be fixed every five years.			
6,814	6,935	6,935	6,814
10,805	10,931	11,181	11,055
Total hybrid capital			
Portfolio of self-issued bonds			
-	-	-	(31)
10,805	10,931	11,581	11,618
Total subordinated debt			
10,805	10,931	11,570	11,618
Subordinated debt that may be included in the capital base			
3	-	-	3
Costs relating to raising and redeeming subordinated debt			
3,723	-	194	4,048
Extraordinary principal payments and redemption of subordinated debt in the financial period			

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
31.12.2010	30.09.2011	30.09.2011	31.12.2010
24. OFF-BALANCE SHEET ITEMS			
<p>Owing to the size and business scope of the Nykredit Realkredit Group, the 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.</p> <p>Nykredit Realkredit A/S is jointly taxed with all the Danish group enterprises of the Foreningen Nykredit Group. Nykredit Realkredit A/S is solely liable for the part of tax which is attributable to Nykredit Realkredit A/S and which is not settled with Foreningen Nykredit via the scheme for payment of tax on account.</p> <p>The companies Nykredit Realkredit A/S, Totalkredit A/S, Nykredit Bank A/S, Nykredit Leasing A/S, Nykredit Portefølje Administration A/S and Ejendomsselskabet Kalvebod A/S are registered jointly where payroll tax and VAT are concerned and are jointly and severally liable for the settlement thereof.</p> <p>Nykredit Realkredit A/S is liable for the obligations of the pension fund in run-off Nykredits Afviklingspensionskasse (CVR no 24256219).</p> <p>Guarantees and warranties provided, irrevocable credit commitments and similar obligations not recognised in the balance sheets are presented below.</p>			
-	-	6,387	6,286
1,273	2,272	8,809	8,013
1,273	2,272	15,196	14,298
Contingent liabilities			
-	-	3,785	3,369
-	-	2,602	2,917
-	-	6,387	6,286
Other commitments			
34	23	6,787	6,814
1,239	2,249	2,022	1,199
1,273	2,272	8,809	8,013

Notes

25. RELATED PARTY TRANSACTIONS AND BALANCES

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

No unusual related party transactions occurred in Q1-Q3/2011.

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

Significant related party transactions prevailing/entered into in Q1-Q3/2011 include:

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

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

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

Agreement on joint funding of mortgage loans.

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

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

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

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

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

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

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

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

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

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

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

Agreements on joint IT support etc.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes

DKK million

The Nykredit Realkredit Group	Q3/2011	Q2/2011	Q1/2011	Q4/2010	Q3/2010	Q2/2010	Q1/2010
26. SEVEN-QUARTER FINANCIAL HIGHLIGHTS							
Core income from							
Business operations	1,936	2,151	2,181	2,440	2,350	2,285	2,328
Securities	192	162	131	123	121	117	109
Total	2,128	2,313	2,312	2,563	2,471	2,403	2,437
Operating costs, depreciation and amortisation	1,245	1,521	1,510	1,572	1,432	1,501	1,494
Core earnings before impairment losses	883	792	802	991	1,038	901	943
Impairment losses on loans and advances, including the government guarantee scheme	153	466	279	676	460	547	699
Core earnings after impairment losses	730	325	524	314	579	354	244
Investment portfolio income	(716)	175	594	169	586	303	1,002
Profit before cost of capital	14	500	1,118	484	1,165	657	1,246
Net interest on hybrid capital	(117)	(115)	(114)	(117)	(121)	(108)	(115)
Profit (loss) before tax	(103)	385	1,004	366	1,044	549	1,131
Tax	(19)	90	104	85	262	108	331
Profit (loss) from discontinued insurance operations	-	-	-	-	(1)	1,570	(58)
Profit (loss) for the period	(84)	295	899	281	781	2,011	742
Other comprehensive income							
Value adjustment of strategic equities	(272)	(213)	(115)	219	75	(235)	103
Other adjustments of strategic equities	-	(25)	(147)	-	100	-	-
Fair value adjustment of owner-occupied properties	-	-	-	1	-	-	-
Total other comprehensive income	(272)	(238)	(261)	219	175	(235)	103
Total comprehensive income for the period	(356)	57	638	501	956	1,776	845
SUMMARY BALANCE SHEET, END OF PERIOD							
	30.09.2011	30.06.2011	31.03.2011	31.12.2010	30.09.2010	30.06.2010	31.03.2010
Assets							
Cash balance and receivables from credit institutions and central banks	33,619	36,779	37,624	58,657	52,164	51,781	51,639
Mortgage loans at fair value	1,070,144	1,040,134	1,030,243	1,030,674	1,036,167	1,022,068	1,001,492
Bank loans – excluding reverse transactions	55,621	57,281	60,250	58,833	59,729	61,344	59,859
Bonds and equities	84,456	79,005	103,974	99,144	91,864	103,123	94,442
Other assets	77,863	62,665	59,333	63,833	84,058	77,407	67,691
Total assets	1,321,703	1,275,864	1,291,424	1,311,140	1,323,984	1,315,723	1,275,123
Liabilities and equity							
Payables to credit institutions and central banks	85,897	79,120	94,266	95,879	120,134	142,828	148,457
Deposits and other payables	53,498	51,875	53,416	55,467	54,483	57,225	59,450
Issued bonds at fair value	993,566	971,772	960,768	974,319	948,439	925,137	882,997
Subordinated debt	11,581	11,444	11,286	11,618	11,886	15,779	15,648
Other liabilities	121,802	105,938	116,030	118,537	134,225	120,893	116,485
Equity	55,359	55,716	55,659	55,320	54,817	53,861	52,085
Total liabilities and equity	1,321,703	1,275,864	1,291,424	1,311,140	1,323,984	1,315,723	1,275,123
FINANCIAL RATIOS ¹							
Profit (loss) for the period as % of average equity pa	(0.6)	2.1	6.5	2.0	5.8	15.2	5.7
Core earnings before impairment losses as % of average equity pa	6.4	5.7	5.8	7.2	7.6	6.8	7.3
Core earnings after impairment losses as % of average equity pa	5.3	2.3	3.8	2.3	4.3	2.7	1.9
Provisions for loan impairment and guarantees	7,747	7,939	8,497	9,114	10,308	10,038	10,930
Impairment losses for the period, %	0.01	0.04	0.02	0.06	0.04	0.05	0.06
Total capital ratio, %	18.4	19.5	18.6	18.5	18.2	18.4	18.4
Tier 1 capital ratio, %	18.4	19.5	18.6	18.5	18.1	17.2	17.3
Average number of full-time staff	4,115	4,095	4,057	4,026	4,031	4,037	4,051

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

Notes

DKK million

The Nykredit Realkredit Group	Q1-Q3/ 2011	Q1-Q3/ 2010	Q1-Q3/ 2009	Q1-Q3/ 2008	Q1-Q3/ 2007
27. FIVE-YEAR FINANCIAL HIGHLIGHTS					
Net interest and fee income	7,604	8,858	8,591	5,647	4,999
Value adjustments	(1,323)	(165)	2,180	(2,791)	897
Other operating income	167	160	114	119	136
Staff and administrative expenses	3,596	3,455	3,572	2,915	2,414
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	571	596	568	415	348
Other operating expenses	109	377	425	6	1
Impairment losses on loans, advances and receivables	898	1,706	5,920	123	(118)
Profit (loss) from investments in associates	11	4	(142)	126	25
Profit (loss) before tax	1,286	2,724	257	(358)	3,413
Tax	175	701	134	(127)	730
Profit (loss) from continued operations for the period	1,111	2,023	123	(231)	2,682
Profit from discontinued insurance operations	-	1,511	163	58	89
Profit (loss) for the period	1,111	3,534	286	(173)	2,771
Profit (loss) for the period excludes value adjustment of strategic equities against equity of	(600)	(58)	838	(1,404)	(367)
SUMMARY BALANCE SHEET, END OF PERIOD					
	30.09.2011	30.09.2010	30.09.2009	30.09.2008	30.09.2007
Assets					
Cash balance and receivables from credit institutions and central banks	33,619	52,164	38,029	66,192	61,737
Mortgage loans at fair value	1,070,144	1,036,167	972,080	860,399	800,558
Bank loans – excluding reverse transactions	55,621	59,729	62,333	50,450	35,618
Bonds and equities	84,456	91,864	88,736	79,136	70,262
Other assets	77,863	84,058	81,010	47,343	37,781
Total assets	1,321,703	1,323,984	1,242,188	1,103,520	1,005,956
Liabilities and equity					
Payables to credit institutions and central banks	85,897	120,134	115,755	112,311	106,920
Deposits and other payables	53,498	54,483	63,486	34,026	29,001
Issued bonds at fair value	993,566	948,439	888,380	813,185	746,097
Subordinated debt	11,581	11,886	9,001	7,366	8,614
Other liabilities	121,802	134,225	114,063	84,257	60,923
Equity	55,359	54,817	51,503	52,374	54,400
Total liabilities and equity	1,321,703	1,323,984	1,242,188	1,103,520	1,005,956
OFF-BALANCE SHEET ITEMS					
Contingent liabilities	6,387	6,878	8,298	4,712	5,299
Other commitments	8,809	8,339	10,320	9,545	8,421
FINANCIAL RATIOS ¹					
Total capital ratio, %*	18.4	18.2	16.8	17.0	11.0
Tier 1 capital ratio, %*	18.4	18.1	15.5	16.1	10.1
Internal capital adequacy requirement (ICAAP), %	9.2	9.4	10.3	10.6	-
Return on equity before tax	0.6	7.9	2.5	(3.2)	5.8
Return on equity after tax	0.6	6.6	2.2	(3.0)	4.5
Income:cost ratio	1.06	1.43	1.10	0.49	2.13
Foreign exchange position, %	2.1	0.9	0.7	0.8	0.9
Loans and advances:equity (loan gearing)	20.6	20.3	20.6	17.7	15.6
Growth in loans and advances for the period, %	2.4	3.5	4.9	8.5	9.0
Total impairment provisions, %	0.67	0.91	0.79	0.05	0.03
Impairment losses for the period, %	0.08	0.15	0.55	0.01	(0.01)

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

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

Group structure

DKK million

The Nykredit Realkredit Group

28. GROUP STRUCTURE

Name and registered office	Ownership as % at 30.09.2011	Profit (loss) for the period 2011	Equity at 30.09.2011	Profit (loss) for the year 2010	Equity at 31.12.2010
The Nykredit Realkredit Group					
Nykredit Realkredit A/S, Copenhagen, a)					
Consolidated subsidiaries					
Totalkredit A/S, Taastrup, a)	100	447	13,703	887	13,256
Nykredit Bank A/S, Copenhagen, b)	100	557	14,326	395	13,769
Amber Fondsmæglerselskab A/S, Gentofte, i) ¹	100	0	10	2	10
Pantebrevsselskabet af 8/8 1995 A/S, Copenhagen, h)	100	0	28	0	28
Nykredit Pantebrevsinvestering A/S, Copenhagen, d)	100	0	11	0	12
Nykredit Portefølje Administration A/S, Copenhagen, i)	100	21	174	33	153
Nykredit Leasing A/S, Gladsaxe, g)	100	2	151	1	149
FB Ejendomme A/S, Copenhagen, f)	100	0	4	0	4
Nykredit Forsikring A/S, Copenhagen, c) ²	-	-	-	(80)	-
Nykredit Mægler A/S, Århus, e)	100	1	114	1	113
Nykredit Ejendomme A/S, Copenhagen, f)	100	(36)	505	(91)	541
Ejendomsselskabet Kalvebod A/S, Copenhagen, j)	100	(38)	212	(1)	249
Kalvebod Ejendomme I A/S, Copenhagen, f)	100	(29)	36	(2)	65
Kalvebod Ejendomme II A/S, Copenhagen, f)	100	(9)	42	(9)	21
Nykredit Adm. V A/S, Copenhagen, h)	100	0	1	0	1

¹ Amber Fondsmæglerselskab A/S was acquired at 10 June 2011.

² Nykredit Forsikring A/S was divested with closing on 29 April 2010.

a) Mortgage bank

b) Bank

c) Insurance company

d) Mortgage trading company

e) Estate agency business

f) Property company

g) Leasing business

h) No activity

i) Investment management company

j) Holding company, no independent activities

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

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

Nykredit Realkredit A/S

Kalvebod Brygge 1-3

DK-1780 Copenhagen V