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and the press

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Q1-Q3 INTERIM REPORT – THE NYKREDIT REALKREDIT GROUP

1 JANUARY 2012 – 30 SEPTEMBER 2012

- The Nykredit Realkredit Group recorded a profit before tax of DKK 3,207m against DKK 1,286m for Q1-Q3/2011
- Core income from business operations increased by 11.8%
 - Gross new mortgage lending rose by 73% to DKK 173bn against DKK 100bn in Q1-Q3/2011
 - In Q1-Q3/2012 nominal mortgage lending and bank lending grew by a total of DKK 35bn to DKK 1,159bn
- Operating costs, depreciation and amortisation, excluding special value adjustments, rose by 1.5%
 - Costs as a percentage of core income from business operations declined to 56.4% against 62.1% in Q1-Q3/2011
- Impairment losses on loans and advances stood at DKK 1,533m, equal to 0.13%
 - Impairment losses on mortgage lending amounted to 0.10% against 0.07% in Q1-Q3/2011
 - 75-day mortgage arrears were 0.56%, which was unchanged on the same period in 2011
 - Impairment losses on bank lending increased from 0.16% to 0.40%, but they remained at a relatively low level
- Investment portfolio income grew from DKK 53m to DKK 2,289m
 - Investment portfolio income notably derived from spread tightening relating to high-rated covered bonds

Ratings

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

The Nykredit Realkredit Group Financial highlights

DKK million	Q1-Q3/ 2012	Q1-Q3/ 2011	Change %	FY 2011
Core income from business operations	7,543	6,746	12	9,188
Operating costs, depreciation and amortisation	4,254	4,191	2	5,709
Core earnings before impairment losses	2,799	2,477	13	3,035
Impairment losses on loans and advances	1,533	898	71	1,414
Core earnings after impairment losses	1,266	1,579	-20	1,621
Investment portfolio income	2,289	53	-	179
Profit before tax	3,207	1,286	149	1,338
Core Tier 1 capital ratio, %	15.4	15.0	-	13.9

Peter Engberg Jensen, Group Chief Executive, commented, "In Q3/2012, Nykredit continued the trend seen in H1, with growing income, a declining cost:income ratio and a modest loss level. Coupled with good investment portfolio results, this generated total earnings of DKK 3.2bn before tax against DKK 1.3bn in the first three quarters of 2011.

Nykredit's robust financial position was a precondition for the rise in total lending of DKK 35bn in 2012 – or DKK 170bn since the onset of the financial crisis in 2008.

However, new international capital requirements will double Nykredit's equity requirements to about DKK 70bn at an unchanged activity level in the period up until 2019. As Nykredit's equity is currently DKK 57.6bn, significant earnings are required in coming years to maintain lending activity."

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FINANCIAL HIGHLIGHTS

DKK million	The Nykredit Realkredit Group		
	Q1-Q3/2012	Q1-Q3/2011	FY 2011
CORE EARNINGS AND RESULTS FOR THE PERIOD			
Core income from			
- business operations	7,543	6,746	9,188
- value adjustment of derivatives and corporate bonds	(514)	(345)	(632)
- junior covered bonds	(318)	(132)	(190)
- securities	191	484	644
Total	6,902	6,753	9,010
Operating costs, depreciation and amortisation, excl special value adjustments	4,254	4,191	5,709
Operating costs, depreciation and amortisation – special value adjustments ¹	(169)	(15)	166
Payment to the Guarantee Fund for Depositors and Investors	18	100	100
Core earnings before impairment losses	2,799	2,477	3,035
Impairment losses on loans and advances – mortgage lending	1,118	760	1,026
Impairment losses on loans and advances – banking	415	138	388
Core earnings after impairment losses	1,266	1,579	1,621
Investment portfolio income	2,289	53	179
Profit before cost of capital	3,555	1,632	1,800
Net interest on hybrid capital	(348)	(346)	(462)
Profit before tax	3,207	1,286	1,338
Tax	681	175	223
Profit for the period	2,526	1,111	1,115
Total value adjustment and reclassification of strategic equities against equity	(68)	(772)	(854)
SUMMARY BALANCE SHEET, END OF PERIOD	30.09.2012	30.09.2011	31.12.2011
Assets			
Receivables from credit institutions and central banks	50,620	33,619	66,258
Mortgage loans at fair value	1,128,680	1,070,144	1,084,317
Bank loans – excluding reverse transactions	53,980	55,621	55,776
Bonds and equities	92,371	84,456	100,794
Remaining assets	109,936	77,863	85,760
Total assets	1,435,587	1,321,703	1,392,905
Liabilities and equity			
Payables to credit institutions and central banks	80,506	85,897	117,626
Deposits	53,498	53,498	57,404
Issued bonds at fair value	1,082,066	993,566	1,021,942
Subordinated debt – hybrid capital	11,322	11,181	11,204
Subordinated debt – supplementary capital	-	400	-
Remaining liabilities	150,626	121,802	129,419
Equity	57,569	55,359	55,310
Total liabilities and equity	1,435,587	1,321,703	1,392,905
FINANCIAL RATIOS			
Profit for the period as % of average equity pa	6.0	2.7	2.0
Core earnings before impairment losses as % of average equity pa	6.6	6.0	5.5
Core earnings after impairment losses as % of average equity pa	3.0	3.8	2.9
Costs as % of core income from business operations (cost:income ratio)	56.4	62.1	62.1
Total provisions for loan impairment – mortgage lending	2,846	2,465	2,485
Total provisions for loan impairment and guarantees – banking	4,416	5,281	4,407
Impairment losses for the period, % – mortgage lending	0.10	0.07	0.10
Impairment losses for the period, % – banking	0.40	0.16	0.42
Total capital ratio, %	18.6	18.4	17.1
Core Tier 1 capital ratio, %	15.4	15.0	13.9
Average number of full-time staff	4,088	4,115	4,139

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

Q1-Q3 INTERIM REPORT 2012

NYKREDIT REALKREDIT GROUP RESULTS

The Group reported a 149% upturn in profit before tax to DKK 3,207m from DKK 1,286m in Q1-Q3/2011.

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

Group profit after tax of DKK 2.5bn and value adjustments against equity increased equity by DKK 2.3bn. Equity subsequently amounted to DKK 57.6bn at end-Q3/2012.

Core earnings

Core income from business operations

Core income from business operations improved by DKK 11.8% or DKK 797m to DKK 7,543m relative to Q1-Q3/2011.

Core income from mortgage operations grew to DKK 4,816m against DKK 4,035m in Q1-Q3/2011, up 19.4%. Most of the upturn in core income was spurred by a higher activity level. Earnings growth was also due to higher administration margins.

The Group's gross new mortgage lending rose by DKK 73bn to DKK 173bn in Q1-Q3/2012, an upturn of 73% on the same period the year before. The upturn mainly stemmed from Totalkredit Partners (DKK 54.6bn) and Retail (DKK 17.2bn), reflecting higher refinancing activity prompted by historically low interest rates.

Group nominal mortgage lending climbed by 3.5%, or DKK 37bn, to DKK 1,105bn compared with the beginning of 2011. Of the uplift, 70% derived from the business areas Retail and Totalkredit Partners, while 30% stemmed from the business area Wholesale.

Nykredit Bank's core income from business operations declined by DKK 42m, or 1.6%, to DKK 2,568m relative to the same period the year before. The decline reflected growth in business volumes with personal customers and higher activity in both Nykredit Markets and Nykredit Asset Management, but a downturn in core earnings from the other segments.

Customer demand for bank lending remained soft, down by DKK 1.8bn relative to the beginning of the year. Bank lending totalled DKK 54.0bn at end-Q3/2012, while bank deposits came to DKK 53.5bn, which resulted in a modest deposit deficit of DKK 0.5bn at end-Q3/2012.

Value adjustment of derivatives and corporate bonds

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

As a consequence, market value adjustment of derivatives came to a charge of DKK 534m compared with a charge of DKK 350m in Q1-Q3/2011.

Further, market value adjustment of corporate bonds was DKK 20m compared with DKK 5m in Q1-Q3/2011.

Junior covered bonds

The Group has issued junior covered bonds of a nominal value of DKK 49.2bn compared with DKK 31.4bn at end-2011 as supplementary collateral for SDOs ("særligt dækkede obligationer"). Net interest expenses relating to junior covered bonds came to DKK 318m against DKK 132m in the same period the year before.

Core income from securities

Core income from securities amounted to DKK 191m against DKK 484m in Q1-Q3/2011. The development mirrored the decline in the risk-free interest rate from 1.29% in Q1-Q3/2011 to 0.51%. The risk-free interest rate equals the Danish central bank's lending rate.

Operating costs, depreciation and amortisation, excl special value adjustments

Group costs excluding special value adjustments amounted to DKK 4,254m, corresponding to 1.5% growth on Q1-Q3/2011. Costs as a percentage of core income, the cost:income ratio, were trimmed from 62.1% in Q1-Q3/2011 to 56.4%.

Operating costs, depreciation and amortisation – special value adjustments

Special value adjustments netted a credit of DKK 151m compared with a charge of DKK 85m in Q1-Q3/2011.

Special value adjustment of certain staff benefits relating to the Group's senior benefit plan, which was terminated in early 2012, generated a credit of DKK 232m in Q1-Q3/2012. The item was adversely affected by a provision of DKK 63m concerning staff reduction costs.

Payment to the Danish Guarantee Fund for Depositors and Investors amounted to DKK 18m in Q1-Q3/2012.

Impairment losses on loans and advances

The Group's impairment losses on loans and advances were DKK 542m in Q3/2012, which was in line with the previous quarters. Impairment losses totalled DKK 1,533m in Q1-Q3/2012, or 0.13% of total mortgage and bank lending.

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

The Group's impairment losses on mortgage lending amounted to DKK 375m in Q3/2012, of which DKK 200m stemmed from personal customers and DKK 175m from commercial customers.

The Group's impairment losses on mortgage lending totalled DKK 1,118m in Q1-Q3/2012, corresponding to 0.1%. Of this figure, DKK 822m, or 0.12%, stemmed from personal customers, while commercial customers accounted for DKK 296m, corresponding to 0.07% in Q1-Q3/2012.

The Group's impairment losses on bank lending amounted to DKK 167m in Q3/2012, of which DKK 28m derived from personal customers and DKK 139m from commercial customers.

Impairment losses on bank lending totalled DKK 415m in Q1-Q3/2012, equal to 0.4%. Of impairment losses for the period DKK 105m, or 0.51%, stemmed from the personal segment. Impairment losses on lending to commercial customers came to DKK 310m, corresponding to 0.37%, and they mainly derived from small and medium-sized enterprises (SMEs).

Investment portfolio income

The Group's investment portfolio generated income of DKK 2,289m against DKK 53m in Q1-Q3/2011.

Investment portfolio income from bonds, liquidity and interest rate instruments was DKK 1,858m. Investment portfolio income from equities and equity instruments value adjusted through profit or loss amounted to DKK 89m. Further, investment portfolio income included realised pre-tax profit of DKK 342m from the sale of strategic equities.

In Q3/2012, financial markets were affected by the European Central Bank's interest rate cut and announcement that it would buy short-term southern European government bonds on certain conditions.

This initiative had a general, positive impact on financial markets, not least short-term European covered and corporate bonds with high ratings, which account for a large part of Nykredit's exposure.

Nykredit's securities portfolio consists mainly of high-rated, short-term Danish and other European covered bonds and corporate bonds. The interest rate risk of the bond portfolio was largely eliminated through offsetting sales of government bonds or interest rate derivatives. The securities portfolio saw a general decline in its risk profile in 2012.

Nykredit has no exposures to the capital markets in Southern Europe.

Net interest on hybrid capital

Net interest expenses amounted to DKK 348m in Q1-Q3/2012, which was unchanged on the same period in 2011.

Tax

Tax calculated on profit for the year was DKK 681m, equal to an effective tax rate of 21.2%.

Subsidiaries

Nykredit Bank

The Nykredit Bank Group posted a profit before tax of DKK 337m against a profit of DKK 748m in Q1-Q3/2011. Reference is made to the Nykredit Bank Group's Q1-Q3 Interim Report 2012.

Totalkredit

Totalkredit recorded a profit before tax of DKK 552m compared with DKK 596m in the same period the year before. Reference is made to the Q1-Q3 Interim Report 2012 of Totalkredit A/S.

Q3/2012 results

Group profit before tax was DKK 966m against DKK 453m in Q2/2012 and DKK 1,788m in Q1/2012.

Compared with Q2/2012, profit before tax improved by DKK 513m, mainly due to investment portfolio income of DKK 756m against DKK 183m in Q2/2012.

OUTLOOK FOR 2012

The Group's results for the full year are expected to be in line with the development recorded in the first three quarters; however, investment portfolio income was exceptionally high in Q1-Q3/2012.

BUSINESS AREAS

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

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

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

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

Gross income from customer trades is recognised in the product supplier units (Nykredit Markets and Nykredit Asset Management). In-

come is subsequently allocated 100% to the customer areas which have handled the respective sales and distribution tasks. Correspondingly, the costs of the product supplier units are allocated to the customer areas.

Group core earnings after impairment losses totalled DKK 1,266m in Q1-Q3/2012 against DKK 1,579m in the same period the year before.

Nominal mortgage lending rose by DKK 37bn to DKK 1,105bn in the period. The Nykredit Group's gross new lending totalled DKK 173bn against DKK 100bn in Q1-Q3/2011.

The Group's share of the Danish mortgage market was 43.1% for total lending and 46.0% for gross new lending against 42.4% and 49.5% in Q1-Q3/2011.

The market share of private residential mortgage lending improved from 46.4% to 47.3% at end-Q3/2012.

The market share of commercial mortgage lending was unchanged at 36.8% at end-Q3/2012.

Results by business area¹

DKK million	Retail	Totalkredit Partners	Wholesale	Group Items	Total
Q1-Q3/2012					
Core income from					
- customer activity, gross	3,995	1,307	2,303	(62)	7,543
- allocation of income to distribution services	546	-	(546)	-	-
Total business operations	4,541	1,307	1,757	(62)	7,543
- value adjustment of derivatives and corporate bonds	(479)	-	(35)	-	(514)
- junior covered bonds	(110)	(189)	(19)	-	(318)
- securities	-	-	-	191	191
Total	3,952	1,118	1,703	129	6,902
Operating costs	2,291	325	634	293	3,543
Depreciation of property, plant and equipment and amortisation of intangible assets	9	390	3	158	560
Core earnings before impairment losses	1,652	403	1,066	(322)	2,799
Impairment losses on loans and advances	1,077	426	32	(2)	1,533
Core earnings after impairment losses	575	(23)	1,034	(320)	1,266
Investment portfolio income ²	-	-	-	2,289	2,289
Profit before cost of capital	575	(23)	1,034	1,969	3,555
Net interest on hybrid capital	-	-	-	(348)	(348)
Profit (loss) before tax	575	(23)	1,034	1,621	3,207
Return					
Average business capital, DKKm ³	11,637	7,861	6,376	7,330	33,205
Core earnings after impairment losses as % of average business capital ³	6.6	(0.4)	21.7	-	5.1
Q1-Q3/2011					
Core earnings after impairment losses	834	6	985	(246)	1,579
Return					
Average business capital, DKKm ³	10,866	7,425	6,352	5,166	29,809
Core earnings after impairment losses as % of average business capital ³	10.3	0.1	20.7	-	7.1

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

² Investment portfolio income of DKK 30m includes profit from investments in associates (2011: DKK 11m).

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

Results – Retail

DKK million	Q1-Q3/ 2012	Q1-Q3/ 2011
Core income from		
- business operations	4,541	4,049
- value adjustment of derivatives	(479)	(188)
- junior covered bonds	(110)	(65)
Total	3,952	3,796
Operating costs	2,282	2,333
Payment to the Guarantee Fund for Depositors and Investors	9	-
Depreciation of property, plant and equipment and amortisation of intangible assets	9	11
Core earnings before impairment losses	1,652	1,452
Impairment losses on loans and advances – mortgage lending	624	494
Impairment losses on loans and advances – banking	453	124
Core earnings after impairment losses	575	834

Activity

DKK million	30.09.2012	2011
Mortgage lending		
Gross new lending, Q1-Q3*	50,900	33,686
Portfolio at nominal value, end of period	450,295	445,029
Impairment losses for the period as % of loans and advances*	0.14	0.11
Total impairment provisions, end of period		
- Individual impairment provisions	963	826
- Collective impairment provisions	770	734
Total impairment provisions as % of loans and advances	0.38	0.35
Portfolio of repossessed properties, end of period (properties)	251	255
Banking		
Loans and advances, end of period	27,297	29,005
Deposits, end of period	36,494	35,013
Impairment losses for the period as % of loans and advances*	1.48	0.36
Total impairment provisions, end of period		
- Individual impairment provisions	2,000	1,935
- Collective impairment provisions	214	179
Total impairment provisions as % of loans and advances	7.50	6.79
Guarantees, end of period	8,661	7,220
Provisions for guarantees, end of period	80	63

* For Q1-Q3/2012 and Q1-Q3/2011.
Other data are from end-Q3/2012 and end-2011.

RETAIL

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

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

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

Activity

In nominal terms, total mortgage lending improved by DKK 5.3bn to DKK 450bn at end-Q3/2012, mainly due to higher lending to commercial customers. Nominal lending was DKK 207bn to personal customers and DKK 243bn to commercial customers.

Gross new mortgage lending expanded by DKK 17.2bn to DKK 50.9bn on the same period the year before. Gross new lending was DKK 26.5bn to personal customers and DKK 24.4bn to commercial customers.

At end-Q3/2012, bank lending had gone down to DKK 27.3bn from DKK 29.0bn at the beginning of the year. Personal customers accounted for DKK 0.7bn and commercial customers for DKK 1.0bn of the decline. At end-Q3/2012, bank deposits amounted to DKK 36.5bn, up from DKK 35.0bn at the beginning of the year. The rise in deposits related to personal customers.

Results

Core earnings after impairment losses came to DKK 575m against DKK 834m in Q1-Q3/2011.

The results mirrored a relatively high activity level within mortgage lending and Nykredit Markets products. Further, the results reflected negative value adjustment of interest rate swaps resulting from the low interest rates.

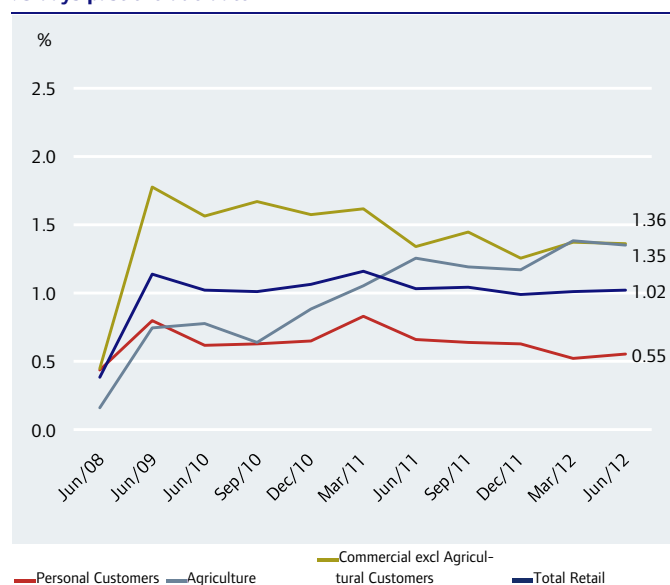
Core income from business operations amounted to DKK 4,541m against DKK 4,049m in Q1-Q3/2011. The upturn derived from 17.1% growth in mortgage lending and 5.7% growth in banking.

Value adjustment of derivatives, mainly interest rate swaps, was a charge of DKK 479m against a charge of DKK 188m in Q1-Q3/2011.

Operating costs declined by DKK 51m to DKK 2,282m in Q1-Q3/2012.

Impairment losses on loans and advances amounted to DKK 624m and DKK 453m for mortgage and bank lending, respectively, against a total of DKK 618m in Q1-Q3/2011. Impairment losses represented 0.14% of mortgage lending and 1.48% of bank lending, respectively.

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



At end-Q3/2012, loan impairment provisions totalled DKK 3,947m against DKK 3,674m at the beginning of the year. Impairment provisions for mortgage and bank lending totalled DKK 1,733m and DKK 2,214m, respectively. The rise of DKK 273m derived from growth in individual impairment provisions of DKK 202m and in collective impairment provisions of DKK 71m. The rise compared with the beginning of the year was due to personal customers.

At the June due date, 75-day mortgage loan arrears as a percentage of total mortgage payments due came to 1.02% for Retail against 1.03% at the same time in 2011.

At end-Q3/2012, the number of repossessed properties was 251. In the period under review, 258 properties have been repossessed and 262 sold.

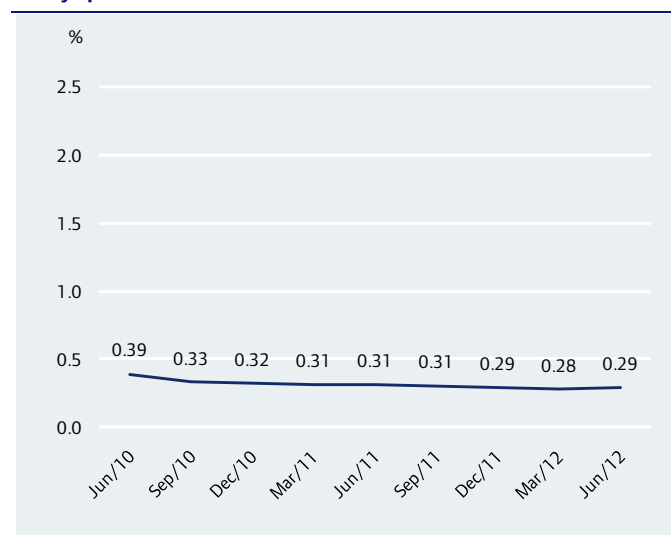
Results – Totalkredit Partners

DKK million	Q1-Q3/ 2012	Q1-Q3/ 2011
Core income from		
- business operations	1,307	996
- junior covered bonds	(189)	(55)
Total	1,118	941
Operating costs	325	300
Depreciation of property, plant and equipment and amortisation of intangible assets	390	368
Core earnings before impairment losses	403	273
Impairment losses on loans and advances	426	267
Core earnings after impairment losses	(23)	6

Activity

DKK million	30.09.2012	2011
Mortgage lending		
Gross new lending, Q1-Q3*	97,951	43,366
Portfolio at nominal value, end of period	481,907	461,151
Impairment losses for the period as % of loans and advances*	0.09	0.06
Total impairment provisions, end of period		
- Individual impairment provisions	403	393
- Collective impairment provisions	476	311
Total impairment provisions as % of loans and advances	0.18	0.15
Portfolio of repossessed properties, end of period (properties)	75	85

* For Q1-Q3/2012 and Q1-Q3/2011.
Other data are from end-Q3/2012 and end-2011.

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

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

Activity

Nominal mortgage lending went up by DKK 20.8bn to DKK 482bn at end-Q3/2012. Gross new lending increased by DKK 54.6bn to DKK 98.0bn on Q1-Q3/2011.

Results

Core earnings after impairment losses were a loss of DKK 23m against a profit of DKK 6m in Q1-Q3/2011.

The period saw high lending activity, but also steep growth in interest expenses for junior covered bonds and higher loan impairments.

Core income from business operations grew 31% to DKK 1,307m from DKK 996m in Q1-Q3/2011. The improvement reflected high remortgaging levels due to historically low interest rates.

Net interest expenses for junior covered bonds came to DKK 189m against DKK 55m in Q1-Q3/2011.

Operating costs rose by DKK 25m to DKK 325m in Q1-Q3/2012.

Depreciation of property, plant and equipment and amortisation of intangible assets amounted to DKK 390m, which mainly related to amortisation of distribution rights obtained in connection with Nykredit's acquisition of Totalkredit.

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

Loan impairment losses netted DKK 426m after set-off against commission payable to the banks of DKK 185m against a net expense of DKK 267m in Q1-Q3/2011. Impairment losses totalled 0.09% against 0.06% in Q1-Q3/2011.

Despite unchanged arrears ratios, impairment losses on mortgage lending rose. This was in particular the result of low marketability and declining prices of some property types.

At end-Q3/2012, loan impairment provisions totalled DKK 879m against DKK 704m at the beginning of the year. The change in total impairment provisions of DKK 175m stemmed from a DKK 165m rise in collective provisions and a DKK 10m rise in individual provisions.

At the June due date, 75-day mortgage loan arrears as a percentage of total mortgage payments due were 0.29% against 0.31% at the same time in 2011.

Since the beginning of the year, 132 properties have been repossessed and 142 sold. At end-Q3/2012, the portfolio of repossessed properties stood at 75.

Results – Wholesale

DKK million	Q1-Q3/ 2012	Q1-Q3/ 2011
Core income from		
- business operations	1,757	1,681
- value adjustment of derivatives and corporate bonds	(35)	(157)
- junior covered bonds	(19)	(12)
Total	1,703	1,512
Operating costs	632	521
Payment to the Guarantee Fund for Depositors and Investors	2	-
Depreciation of property, plant and equipment and amortisation of intangible assets	3	2
Core earnings before impairment losses	1,066	988
Impairment losses on loans and advances		
- mortgage lending	68	(1)
Impairment losses on loans and advances - banking	(36)	4
Core earnings after impairment losses	1,034	985

Income from customer activity

DKK million	Q1-Q3/ 2012	Q1-Q3/ 2011
Gross income before remuneration for distribution		
- Markets	731	628
- Asset Management	575	539
- Corporate & Institutional Banking	997	1,007
Total	2,203	2,174
Remuneration for distribution		
- Markets	(308)	(234)
- Asset Management	(330)	(302)
- Corporate & Institutional Banking	92	42
Total	(546)	(494)
Gross income after remuneration for distribution		
- Markets	423	394
- Asset Management	245	237
- Corporate & Institutional Banking	1,089	1,049
Total	1,757	1,680

WHOLESALE

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

Results

Core earnings after impairment losses came to DKK 1,034m against DKK 985m in Q1-Q3/2011.

Results reflected a robust activity level and loan impairment losses which continued to be very low.

Core income from business operations amounted to DKK 1,757m against DKK 1,681m in Q1-Q3/2011. All business units recorded growth in the period under review.

Nykredit Markets's and Nykredit Asset Management's gross income from customer activities came to DKK 1,306m of which DKK 731m in Nykredit Markets and DKK 575m in Nykredit Asset Management, corresponding to a total uplift of DKK 139m relative to Q1-Q3/2011. Results mirrored higher activity and customer numbers in Nykredit Markets and growth in Nykredit Asset Management's assets under management and administration.

Nykredit Markets's and Nykredit Asset Management's income after remuneration for distribution amounted to DKK 668m against DKK 631m in Q1-Q3/2011.

Operating costs grew by DKK 111m to DKK 632m in Q1-Q3/2012 compared with the same period the year before.

Impairment losses amounted to DKK 68m on mortgage lending and DKK 7m on bank lending compared with a total net credit of DKK 45m in Q1-Q3/2011. Impairment losses amounted to 0.04% and 0.03% of mortgage and bank lending, respectively.

Under provisions for bank guarantees, reversals resulted in a credit of DKK 43m compared with a charge of DKK 48m in Q1-Q3/2011.

At end-Q3/2012, impairment provisions totalled DKK 2,257m against DKK 2,308m at the beginning of the year. The decline of DKK 51m in total impairment provisions stemmed from a DKK 65m drop in collective impairment provisions and a DKK 14m rise in individual impairment provisions.

Results – Wholesale

	30.09.2012	2011
Mortgage lending		
Gross new lending, Q1-Q3*	23,962	22,600
Portfolio at nominal value, end of period	172,485	161,426
Impairment losses for the period as % of loans and advances*	0.04	0.00
Total impairment provisions, end of period		
- Individual impairment provisions	140	140
- Collective impairment provisions	94	80
Total impairment provisions as % of loans and advances	0.14	0.14
Portfolio of repossessed properties, end of period (properties)	8	7
Banking		
Loans and advances, end of period	23,788	24,105
Deposits, end of period	15,907	19,401
Impairment losses for the period as % of loans and advances*	0.03	(0.17)
Total impairment provisions, end of period		
- Individual impairment provisions	1,973	1,959
- Collective impairment provisions	50	129
Total impairment provisions as % of loans and advances	7.84	7.97
Guarantees, end of period	2,378	2,510
Provisions for guarantees, end of period	8	51
Assets under management	119,381	101,331
Assets under administration		
Nykredit Portefølje Administration A/S	487,346	334,796
- of which the Nykredit Group's investment funds	44,245	35,417

* For Q1-Q3/2012 and Q1-Q3/2011.

Other data are from end-Q3/2012 and end-2011.

Activity

Total mortgage lending at nominal value went up by DKK 11.1bn to DKK 172bn at end-Q3/2012. Gross new mortgage lending rose by DKK 1.4bn to DKK 24.0bn compared with the same period the year before.

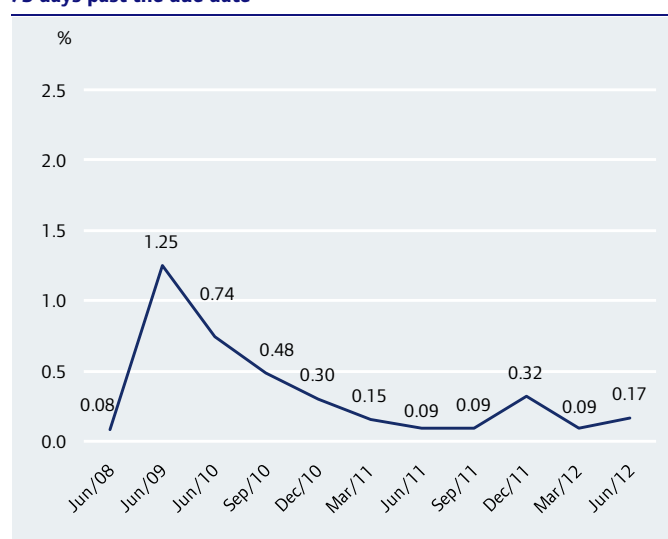
At end-Q3/2012, bank lending was DKK 23.8bn, down DKK 0.3bn on the beginning of the year.

Bank deposits decreased by DKK 3.5bn to DKK 15.9bn at end-Q3/2012.

At end-Q3/2012, assets under management stood at DKK 119bn, up by DKK 18bn on the beginning of the year. Total assets under administration went up by DKK 153bn to DKK 487bn at end-Q3/2012.

Arrears

At the June due date, 75-day mortgage loan arrears as a percentage of total mortgage payments due were 0.17% against 0.09% at the same time in 2011.

Arrears ratio, mortgage lending
75 days past the due date


Results – Group Items

DKK million	Q1-Q3/ 2012	Q1-Q3/ 2011
Core income from		
- business operations	(62)	20
- securities	191	484
Total	129	504
Operating costs	455	466
Operating costs – special value adjustments	(169)	(15)
Payment to the Guarantee Fund for Depositors and Investors	7	100
Depreciation of property, plant and equipment and amortisation of intangible assets	158	189
Core earnings before impairment losses	(322)	(236)
Impairment losses on loans and advances – banking	(2)	10
Core earnings after impairment losses	(320)	(246)
Investment portfolio income	2,289	53
Profit (loss) before cost of capital	1,969	(193)
Net interest on hybrid capital	(348)	(346)
Profit (loss) before tax	1,621	(539)

Activity

DKK million	30.09.2012	2011
Banking		
Loans and advances, end of period	2,895	2,666
Deposits, end of period	1,097	2,989
Total impairment provisions, end of period		
- Individual impairment provisions	91	91
- Collective impairment provisions	-	-
Total impairment provisions as % of loans and advances	3.05	3.32
Guarantees, end of period	513	412
Provisions for guarantees, end of period	-	-

Data are from end-Q3/2012 and end-2011.

GROUP ITEMS

The segment financial statements contain a number of income statement and balance sheet items that are not allocated to the business areas. Such items are carried under Group Items and include costs of some staff functions, IT development costs and payment to the Guarantee Fund for Depositors and Investors. Group Items also includes the Group's total return on the securities portfolio, which is the sum of "Core income from securities" and "Investment portfolio income". Activities in the group unit Treasury and the companies Nykredit Ejendomme A/S and Ejendomsselskabet Kalvebod A/S are also part of Group Items.

Results

The Group recorded a profit before tax of DKK 1,621m against a loss of DKK 539m in the same period the year before.

Core income from securities

The Group's core income from securities amounted to DKK 191m against DKK 484m in Q1-Q3/2011. The downturn resulted from a decrease in the Danish central bank's average lending rate from 1.29% in Q1-Q3/2011 to 0.51%.

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

Operating costs

Operating costs were DKK 455m against DKK 466m in Q1-Q3/2011.

Special value adjustments including value adjustment of certain staff benefits and owner-occupied properties resulted in a net credit of DKK 169m in Q1-Q3/2012 compared with a net credit of DKK 15m in the same period the year before. The net credit was affected by a value adjustment of DKK 232m relating to the Group's senior benefit plan, which was terminated in early 2012. The item was adversely affected by a provision of DKK 63m concerning staff reduction costs.

Investment portfolio income

The Group's investment portfolio generated income of DKK 2,289m against DKK 53m in Q1-Q3/2011.

Investment portfolio income from bonds, liquidity and interest rate instruments came to DKK 1,858m after set-off of net expenses of DKK 60m for Nykredit Holding's loss guarantee in favour of Nykredit Bank. Investment portfolio income from equities and equity instruments value adjusted through profit or loss was DKK 89m. Further, investment portfolio income included a realised profit of DKK 342m from the sale of strategic equities.

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

EQUITY AND CAPITAL ADEQUACY OF THE NYKREDIT REALKREDIT GROUP

Equity

Group equity after recognition of profit for the period rose by DKK 2.3bn to DKK 57.6bn at end-Q3/2012.

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

Strategic equity investments include shares in regional banks. Current value adjustment of these equities is recognised in equity. Value adjustment against equity in the Consolidated Financial Statements came to DKK 284m after tax in Q1-Q3/2012. The value of equities classified as available for sale totalled DKK 2,064m at end-Q3/2012.

In compliance with the International Financial Reporting Standards (IFRS), realised capital gains from the sale of strategic equities were reclassified from equity to the income statement, which increased profit after tax for the period by a net amount of DKK 351m.

The Nykredit Realkredit Group Equity

DKK million	30.09.2012	2011
Equity, beginning of year	55,310	55,320
Distributed dividend	(200)	(300)
Profit for the period	2,526	1,115
Fair value adjustment of equities available for sale	284	(683)
Unrealised capital loss on equities available for sale reclassified to the income statement	-	34
Realised net value adjustment of equities available for sale	(351)	(205)
Other adjustments	-	28
Equity, end of period	57,569	55,310

The Nykredit Realkredit Group Capital and capital adequacy

DKK million	30.09.2012	2011
Credit risk	22,537	23,293
Market risk	2,500	3,086
Operational risk	1,722	1,474
Total capital requirement¹	26,759	27,852
Core Tier 1 capital	51,567	48,283
Tier 1 capital	62,243	59,487
Capital base after statutory deductions	62,243	59,487
Core Tier 1 capital ratio, %	15.4	13.9
Tier 1 capital ratio, %	18.6	17.1
Total capital ratio, %	18.6	17.1
Internal capital adequacy requirement (Pillar I and Pillar II), %	9.6	9.6
Total risk-weighted assets	334,485	348,155

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

¹ The capital requirement is determined subject to transitional rules in accordance with the transitional provisions of the Danish Executive Order on Capital Adequacy. The capital requirement must constitute at least 80% of the capital requirement determined under Basel I.

Capital and capital adequacy

The Nykredit Realkredit Group

The Group's capital base stood at DKK 62.2bn, and risk-weighted items totalled DKK 334.5bn, corresponding to a total capital ratio of 18.6%.

The Group's capital requirement was DKK 26.8bn, and the core Tier 1 capital ratio was 15.4% at end-Q3/2012.

Under the transitional rules, the capital requirement amounted to DKK 49.7bn, equal to a total capital ratio of at least 14.8%. The transitional rules of Basel I have been extended to 2015 inclusive. They are expected to be extended to 2019 when new capital requirements come into force.

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

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

Required capital base and internal capital adequacy requirement

The required capital base is the minimum capital required, in Management's judgement, to cover all significant risks. The Group's required capital base amounted to DKK 32.0bn at end-Q3/2012, corresponding to an internal capital adequacy requirement of 9.6%.

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

Pillar I capital, covering credit, market and operational risks as well as risk relating to own properties, was determined at DKK 24.5bn at end-Q3/2012.

Pillar II comprises capital to cover other risks as well as an increased capital requirement during an economic downturn. The Pillar II capital requirement was determined at DKK 7.5bn at end-Q3/2012.

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

New regulation

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

The future capital requirements inclusive of Pillar II (internal capital adequacy requirement) are likely to rise from above 9% of risk-weighted items to above 16%. The increase consists in new statutory capital buffers of 5% of risk-weighted items as well as additional requirements for systemically important financial institutions.

OTHER**Capital increase in Totalkredit**

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

Tax

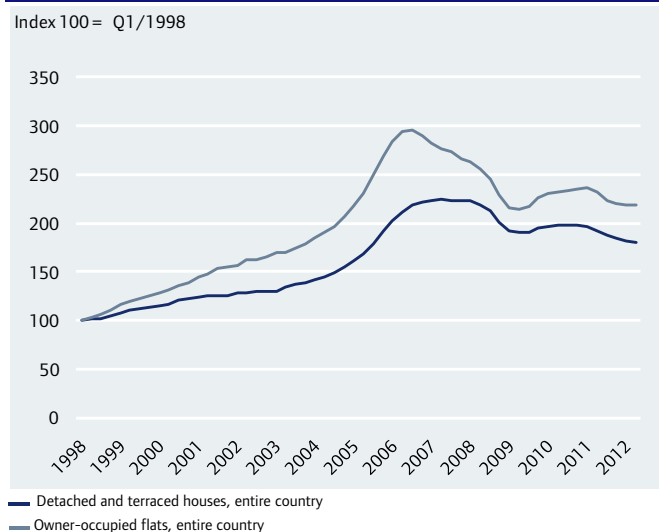
The Danish tax authorities have proposed that the taxable income of Nykredit Bank declared for 2008 be changed. The change relates to a tax deduction for loan impairment losses made by Forstædernes Bank. Reference is made to note 23.

EVENTS OCCURRED AFTER THE END OF THE FINANCIAL PERIOD

No significant events have occurred in the period up to the presentation of the Q1-Q3 Interim Report 2012.

LENDING

The Nykredit Realkredit Group Housing prices in Denmark



Source: Association of Danish Mortgage Banks

The Group reported total lending of DKK 1,159bn against DKK 1,123bn at the beginning of the year. Total lending included mortgage lending at nominal value and bank lending excluding reverse transactions.

Group mortgage lending at fair value was DKK 1,129bn against DKK 1,084bn at the beginning of the year. The Group's nominal mortgage lending improved by DKK 37bn to DKK 1,105bn.

Group bank lending stood at DKK 54.0bn against DKK 55.8bn at the beginning of the year, down DKK 1.8bn. The Group's reverse transactions amounted to DKK 34.5bn against DKK 22.0bn at the beginning of the year. Part of the increase derived from the activities of the Stockholm branch.

Impairment provisions for mortgage and bank lending totalled DKK 7.2bn compared with DKK 6.8bn at the beginning of the year. At end-Q3/2012, the Group had made no impairment provisions for receivables from credit institutions and central banks or reverse transactions.

The Group's guarantees came to DKK 11.6bn against DKK 10.1bn at the beginning of the year. The rise should be seen in the context of higher mortgage activity.

The Nykredit Realkredit Group

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

DKK million	Loans, advances and guarantees		Total provisions for loan impairment and guarantees		Impairment losses on loans and advances, earnings impact	
	30.09.2012	31.12.2011	30.09.2012	31.12.2011	Q1-Q3/2012	FY 2011
Mortgage lending¹						
Nykredit Realkredit ²	602,410	594,040	1,955	1,781	674	579
Totalkredit	502,276	473,566	891	704	444	447
Total	1,104,686	1,067,606	2,846	2,485	1,118	1,026
Bank lending³						
Nykredit Bank ⁴	52,263	53,494	2,940	2,885	397	453
Terminated exposures ⁵	1,717	2,282	1,388	1,409	44	(93)
Total	53,980	55,776	4,328	4,294	441	360
Reverse transactions	34,470	22,007	-	-	-	-
Guarantees	11,552	10,142	88	114	(26)	28
Impairment losses, %⁶						
Nykredit Realkredit	-	-	0.32	0.30	0.11	0.10
Totalkredit	-	-	0.18	0.15	0.09	0.09
Total	-	-	0.26	0.23	0.10	0.10
Nykredit Bank	-	-	5.33	5.12	0.72	0.80
Terminated exposures ⁵	-	-	44.70	38.17	1.42	(2.52)
Total	-	-	7.42	7.15	0.76	0.60

¹ Nominal mortgage lending.

² Excluding intercompany lending of DKK 1,235m (2011: DKK 1,233m).

³ Bank lending after total loan impairment provisions.

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

⁵ From the former Forstædernes Bank.

⁶ Impairment losses exclude reverse transactions and guarantees.

MORTGAGE LENDING

The Group's credit exposure to nominal mortgage lending amounted to DKK 1,105bn at end-Q3/2012 against DKK 1,068bn at the beginning of the year, a rise of DKK 37bn. Lending for private residential property accounted for DKK 20bn of the rise.

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

The LTV ratios of the mortgage loan portfolio are shown in the table below with individual loans relative to estimated values of the individual properties at end-Q3/2012.

Total provisions for mortgage loan impairment

The Group's total impairment provisions for mortgage lending rose by DKK 361m from the beginning of the year to DKK 2,846m at end-Q3/2012.

The Group's individual impairment provisions for mortgage lending totalled DKK 1,507m against DKK 1,360m at the beginning of the year, and collective impairment provisions for mortgage lending were DKK 1,339m against DKK 1,125m at the beginning of the year.

Growth in impairment provisions of DKK 384m mainly related to private residential property. Individual impairment provisions made up DKK 68m and collective impairment provisions DKK 316m.

Despite decreasing arrears ratios, mortgage impairment provisions rose. This was in particular the result of low marketability and declining prices of some property types.

Private residential property accounted for DKK 1,444m and commercial property DKK 1,402m of impairment provisions.

The Group's total impairment provisions amounted to 0.26% of total mortgage lending against 0.23% at the beginning of the year.

Earnings impact

The Group's impairment losses on mortgage lending were DKK 1,118m against DKK 760m in Q1-Q3/2011. Of total impairment losses on loans and advances for the period, DKK 810m, or just above 72%, 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	391,870	156,279	107,617	34,428	690,194	35	75
Private residential rental	72,807	23,750	12,815	2,837	112,209	29	65
Industry and trades	19,566	4,094	601	137	24,399	21	48
Office and retail	83,145	24,379	5,288	1,121	113,933	26	56
Agriculture	73,774	19,733	7,009	1,813	102,328	25	57
Non-profit housing	-	-	-	-	69,129	-	-
Other	13,982	2,641	954	157	17,734	21	50
Total, end-Q3/2012	655,145	230,876	134,283	40,492	1,129,926	30	67
Total, end-2011	639,976	218,468	124,416	35,227	1,085,890	30	66

Note: The figures are actual LTV ratios including any financed costs. Public authority guarantees reduce the credit risk relating to subsidised housing that forms part of lending to the non-profit housing segment. For this reason, LTVs of non-profit housing offer no relevant risk data.

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

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

The Nykredit Realkredit Group

Provisions for mortgage loan impairment by property type¹

DKK million	30.09.2012				31.12.2011			
	Individual impairment provisions	Collective impairment provisions	Total impairment provisions	Total earnings impact	Individual impairment provisions	Collective impairment provisions	Total impairment provisions	Total earnings impact
Private residential property	711	733	1,444	810	643	417	1,060	735
Private residential rental	328	142	470	111	336	126	462	(163)
Industry and trades	76	30	106	1	96	71	167	78
Office and retail	171	113	284	139	131	98	229	70
Agriculture	153	276	429	20	114	366	480	288
Non-profit housing	14	15	29	21	7	3	10	(10)
Other	54	30	84	16	33	44	77	28
Total	1,507	1,339	2,846	1,118	1,360	1,125	2,485	1,026

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

The Nykredit Realkredit Group
Arrears ratio 75 days past the due date

Due dates	Arrears relative to total mortgage payments %	Bond debt outstanding affected by arrears of total bond debt outstanding %	Bond debt outstanding affected by arrears DKKbn
2012			
- June	0.56	0.84	9.2
- March	0.57	0.56	6.2
2011			
- December	0.58	0.71	7.7
- September	0.60	0.67	7.1
- June	0.56	0.66	7.0
- March	0.66	0.66	6.9

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



The Nykredit Realkredit Group
Bank loans, advances and guarantees

DKK million	30.09.2012	31.12.2011
Bank loans and advances	52,263	53,494
Terminated exposures ¹	1,717	2,282
Reverse transactions	34,470	22,007
Guarantees	11,552	10,142
Total	100,002	87,925

¹ From the former Forstædernes Bank.

The Nykredit Realkredit Group
Earnings impact of bank loan impairment losses and provisions for guarantees

DKK million	Q1-Q3/2012	FY 2011
Retail	436	391
Wholesale excluding terminated exposures	(37)	41
Terminated exposures ¹	44	(93)
Group Items	(2)	21
Loan impairment losses	441	360
Provisions for guarantees	(26)	28
Total	415	388

¹ From the former Forstædernes Bank.

Arrears

At the June due date, group mortgage arrears as a percentage of total mortgage payments due came to 0.56%, which was unchanged relative to the same time the year before.

Reposessed properties

In Q1-Q3/2012, the Group reposessed 396 properties and sold 409. At end-Q3/2012, the property portfolio stood at 334 compared with 347 at the beginning of the year. There were 221 private residential properties in the portfolio.

BANK LENDING

The Group's credit exposure to bank lending totalled DKK 100.0bn against DKK 87.9bn at the beginning of the year, up DKK 12.1bn. The increase primarily stemmed from higher reverse lending, which grew by DKK 12.5bn to DKK 34.5bn. Part of the expansion derived from the activities of the Stockholm branch.

Bank lending accounted for DKK 54.0bn of the total credit exposure against DKK 55.8bn at the beginning of the year. Bank lending before impairment provisions was DKK 58.3bn against DKK 60.0bn at the beginning of 2012.

Total provisions for bank loan impairment

Total provisions for loan impairment amounted to DKK 4,328m against DKK 4,294m at the beginning of the year.

The Group's individual impairment provisions for bank lending totalled DKK 4,064m against DKK 3,985m at the beginning of the year, a rise of DKK 79m. Collective impairment provisions for bank lending were DKK 264m against DKK 308m at the beginning of the year, a fall of DKK 44m.

Impairment provisions for Retail were up by DKK 100m to DKK 2,214m, while impairment provisions for Wholesale excluding terminated exposures came to DKK 635m compared with DKK 679m at end-2011. Impairment provisions for terminated exposures contracted to DKK 1,388m, down by DKK 21m on the beginning of the year, and Group Items amounted to DKK 91m.

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 11.6bn against DKK 10.1bn at the beginning of the year.

At end-Q3/2012, provisions for guarantees amounted to DKK 88m against DKK 114m at the beginning of the year.

Earnings impact

For the period under review, loan impairment losses of DKK 441m and a reversal of provisions for guarantees of DKK 26m produced a total net charge of DKK 415m. By comparison, loan impairment losses and provisions for guarantees came to DKK 138m in Q1-Q3/2011.

The Nykredit Realkredit Group

Total provisions for bank loan impairment and guarantees

DKK million	Provisions for guarantees	Individual impairment provisions	Collective impairment provisions	Total 30.09.2012	Provisions for guarantees	Individual impairment provisions	Collective impairment provisions	Total 31.12.2011
Retail	80	2,000	214	2,294	62	1,935	179	2,176
Wholesale excl terminated exposures	-	599	36	635	-	577	102	679
Terminated exposures ¹	8	1,374	14	1,396	52	1,382	27	1,461
Group Items	-	91	-	91	-	91	-	91
Total	88	4,064	264	4,416	114	3,985	308	4,407

¹ From the former Forstædernes Bank.

Bank loans, advances and guarantees by industry

DKK million	Loans, advances and guarantees		Provisions	
	30.09.2012	31.12.2011	30.09.2012	31.12.2011
Public sector	477	542	4	0
Agriculture, hunting, forestry and fishing	2,274	2,448	172	120
Manufacturing, mining and quarrying	6,941	5,652	85	105
Energy supply	525	1,306	10	33
Construction	1,817	1,687	295	254
Trade	2,483	2,472	255	287
Transport, accommodation and food service activities	1,822	2,308	112	90
Information and communication	955	964	89	65
Financial and insurance activities	40,979	28,656	879	935
Property	15,343	14,488	1,361	1,312
Other commercial	6,246	7,767	512	530
Total commercial	79,385	67,747	3,770	3,731
Personal	20,140	19,636	642	677
Total	100,002	87,925	4,416	4,408

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

LIQUIDITY AND FUNDING

LIQUIDITY

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

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

Nykredit's stock of liquid assets constitutes a sizeable buffer against liquidity movements driven by customer flows, loan arrears, current costs and maturing capital market funding. In addition, the Group applies its stock of liquid assets to ensure compliance with statutory liquidity requirements, including the requirement of Danish mortgage legislation for supplementary collateral in case of falling property prices in connection with SDOs, the liquidity requirements of section 152 of the Danish Financial Business Act and credit rating agencies' requirements for maintaining the current high ratings.

The stock of liquid assets of the Group's mortgage banks totalled DKK 92bn at end-Q3/2012 against DKK 76bn at end-2011. Growth in the stock of liquid assets was chiefly funded by issuance of junior covered bonds.

At end-Q3/2012, Nykredit Bank's liquidity reserve stood at DKK 48.3bn against DKK 41bn at end-2011, determined in accordance with section 152 of the Danish Financial Business Act.

FUNDING

Bond issuance

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

The Group's bond issuance mainly consists of SDOs and ROs issued by Nykredit Realkredit A/S and Totalkredit A/S.

In addition, Nykredit Realkredit A/S has issued junior covered bonds to fund supplementary collateral in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, and Nykredit Bank A/S has issued unsecured senior debt under its EMTN and ECP programmes.

Finally, Nykredit Realkredit A/S issued subordinated debt to meet capital adequacy requirements.

In 2012 the Nykredit Realkredit Group opened a number of new fixed-rate callable bond issues, some of which are interest-only. Thanks to low interest rates, borrowers could raise loans funded by 30-year fixed-rate bonds, some of which with coupon rates as low as 3%. The

exceptionally low interest rate level in Q1-Q3/2012 led to higher refinancing activity.

The Nykredit Realkredit Group introduced two-tier mortgaging for personal customers at end-Q2/2012. Two-tier mortgaging applies when the total loan amount exceeds 60% of the property value. Loans of up to 60% of the property value (base loans) are granted in accordance with the rules governing SDOs, whereas loans for the 60-80% bracket (top loans) are funded by ROs. In the long term, this will reduce the Nykredit Group's supplementary collateral requirement if property prices decline.

The Nykredit Realkredit Group opened a new capital centre (I) for the issuance of ROs to fund personal and commercial customers' top loans not subject to refinancing, whereas top loans subject to refinancing are issued out of Capital Centre G.

In Q3/2012 Nykredit launched its first syndicated issue of SDOs. The syndicate placed SEK 5bn of 1-year SDOs mainly with a Swedish group of investors. The issue was three times oversubscribed.

Nykredit was also active in the market for junior covered bonds and unsecured senior debt in Q1-Q3/2012. In a market characterised by turbulence prompted by the debt crisis in Southern Europe, Nykredit Realkredit issued DKK 20bn in junior covered bonds, and Nykredit Bank issued DKK 8.9bn in EMTN notes. Nykredit continues to have good access to capital market funding, which is increasingly based on foreign investor demand. Nykredit's issuance costs have grown in the past year due to general market trends.

Nykredit provides bonds as collateral for loans with the Danish central bank as part of the Group's ordinary liquidity management and bond settlement, but not as part of its business model for refinancing ARMs.

The Group had not provided bonds or credit claims as collateral with Danmarks Nationalbank at end-Q3/2012.

Bond portfolio

The Group's portfolio of bonds totalled DKK 358bn at end-Q3/2012. The Group's portfolio of self-issued bonds amounted to DKK 269bn of which DKK 115bn related to issues and buybacks in connection with refinancing auctions and placement of funds prepaid by borrowers. Further, DKK 44bn related to market making and holdings for pre-payments.

In addition, Nykredit pursues a policy of holding bonds for the purpose of providing supplementary collateral for SDOs if property prices decline. At end-Q3/2012, this policy required a holding of DKK 61bn, which mainly consisted of self-issued bonds. Nykredit's reserves and Nykredit Bank's liquidity buffer may also include self-issued bonds.

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

RATINGS

In Q2/2012 Standard & Poor's assigned the rating AAA to ROs issued out of Capital Centres G and I and in Q3/2012 it assigned AAA ratings to all rated SDO and RO capital centres.

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

Moody's

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

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

Moody's publishes unsolicited ratings for some group companies.

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

Fitch Ratings

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

UNCERTAINTY AS TO RECOGNITION AND MEASUREMENT

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

The areas in which assumptions and estimates significant to the financial statements have been made include provisions for loan and receivable impairment, unlisted financial instruments and other provisions, see the Annual Report 2011.

In Management's opinion, the uncertainty relating to the above-mentioned matters is insignificant to the Q1-Q3 Interim Report 2012.

MANAGEMENT STATEMENT

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

The Board of Directors and the Executive Board have today reviewed and approved the Interim Report for the period 1 January – 30 September 2012 of Nykredit Realkredit A/S and the Nykredit Realkredit Group.

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

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

We are of the opinion that the Interim Financial Statements give a fair presentation of the Group's and the Parent Company's assets, liabilities, equity and financial position at 30 September 2012 and of the results of the Group's and the Parent Company's operations as well as the Group's cash flows for the financial period 1 January – 30 September 2012.

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

The Interim Report has not been audited or reviewed.

Copenhagen, 8 November 2012

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 Benggaard

Michael Demsitz

Merete Eldrup

Marlene Holm

Allan Kristiansen

Anders C. Obel

Erling Bech Poulsen

Lars Peter Skaarup

Nina Smith

Jens Erik Udsen

Leif Vinther

Income statements for 1 January – 30 September

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group			
Q1-Q3/2011	Q1-Q3/2012		Note	Q1-Q3/2012	Q1-Q3/2011
27,052	26,019	Interest income	3	31,609	32,915
23,610	21,952	Interest expenses	4	23,468	25,501
3,442	4,068	NET INTEREST INCOME		8,140	7,415
58	78	Dividend on equities		81	61
605	795	Fee and commission income		1,766	1,317
195	203	Fee and commission expenses		1,587	1,189
3,909	4,738	NET INTEREST AND FEE INCOME		8,401	7,604
(1,930)	527	Value adjustments	5	249	(1,323)
21	8	Other operating income		163	167
1,989	1,835	Staff and administrative expenses	6	3,520	3,596
501	534	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	7	560	571
1	0	Other operating expenses		23	109
487	681	Impairment losses on loans, advances and receivables	8	1,533	898
943	757	Profit from investments in associates and group enterprises	9	30	11
(35)	2,980	PROFIT (LOSS) BEFORE TAX		3,207	1,286
(373)	522	Tax	10	681	175
338	2,459	PROFIT FOR THE PERIOD		2,526	1,111

Nykredit Realkredit A/S		The Nykredit Realkredit Group		
Q1-Q3/2011	Q1-Q3/2012	Note	Q1-Q3/2012	Q1-Q3/2011
338	2,459	PROFIT FOR THE PERIOD	2,526	1,111
		OTHER COMPREHENSIVE INCOME		
-	-	- Fair value adjustment of equities available for sale	340	(812)
-	-	- Tax on fair value adjustment of equities available for sale	(57)	212
-	-	Realised value adjustment of equities available for sale reclassified to the income statement	(342)	(205)
-	-	Tax on realised value adjustment of equities available for sale reclassified to the income statement	(9)	(0)
-	-	Unrealised capital loss on equities available for sale reclassified to the income statement due to objective evidence of impairment	-	45
-	-	Tax on unrealised capital loss on equities available for sale reclassified to the income statement due to objective evidence of impairment	-	(11)
-	-	OTHER COMPREHENSIVE INCOME	(68)	(772)
338	2,459	COMPREHENSIVE INCOME FOR THE PERIOD	2,459	338

Balance sheets, end of period

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group			
31.12.2011	30.09.2012		Note	30.09.2012	31.12.2011
		ASSETS			
4,540	1,490	Cash balance and demand deposits with central banks		4,048	7,084
34,631	36,573	Receivables from credit institutions and central banks	11	46,572	59,175
1,085,179	1,184,120	Loans, advances and other receivables at fair value	12	1,163,372	1,106,516
940	376	Loans, advances and other receivables at amortised cost	13	54,356	56,716
68,621	44,694	Bonds at fair value	14	88,738	97,115
		Equities			
3,264	3,259	Equities measured at fair value through profit or loss		1,569	1,615
-	-	Equities available for sale		2,064	2,064
3,264	3,259	Total		3,633	3,679
149	178	Investments in associates		180	151
28,714	30,191	Investments in group enterprises		-	-
4,137	3,801	Intangible assets		3,856	4,199
		Land and buildings			
-	-	Investment properties		756	753
20	18	Owner-occupied properties		1,595	1,598
20	18	Total		2,351	2,351
309	317	Other property, plant and equipment		368	356
344	0	Current tax assets		0	344
662	652	Deferred tax assets		740	741
451	454	Assets in temporary possession		543	621
18,913	19,680	Other assets	15	66,600	53,619
201	184	Prepayments		231	239
1,251,073	1,325,986	TOTAL ASSETS		1,435,587	1,392,905

Balance sheets, end of period

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group			
31.12.2011	30.09.2012		Note	30.09.2012	31.12.2011
		LIABILITIES AND EQUITY			
89,065	55,194	Payables to credit institutions and central banks	16	80,506	117,626
-	-	Deposits and other payables	17	53,498	57,404
1,060,979	1,168,968	Issued bonds at fair value	18	1,082,066	1,021,942
195	183	Issued bonds at amortised cost	19	30,495	25,864
4,421	3,036	Other non-derivative financial liabilities at fair value	20	34,046	30,908
-	197	Current tax liabilities		641	201
-	-	Liabilities temporarily assumed		2	22
29,172	29,024	Other liabilities	21	84,467	71,180
-	-	Deferred income		3	4
1,183,832	1,256,602	Total payables		1,365,725	1,325,152
		Provisions			
351	164	Provisions for pensions and similar obligations		169	356
492	452	Provisions for deferred tax		475	526
94	89	Repayable reserves in pre-1972 series		89	94
-	-	Provisions for losses under guarantees		88	114
30	28	Other provisions		151	149
967	732	Total provisions		971	1,239
10,965	11,083	Subordinated debt	22	11,322	11,204
		Equity			
1,182	1,182	Share capital		1,182	1,182
		Accumulated changes in value			
2	2	- Revaluation reserves		151	151
-	-	- Value adjustment of equities available for sale		915	982
		Other reserves			
2,155	2,910	- Statutory reserves		-	-
47,720	47,720	- Series reserves		47,720	47,720
4,051	5,755	Retained earnings		7,601	5,075
200	-	Proposed dividend		-	200
55,310	57,569	Total equity		57,569	55,310
1,251,073	1,325,986	TOTAL LIABILITIES AND EQUITY		1,435,587	1,392,905
		OFF-BALANCE SHEET ITEMS	23		
-	-	Contingent liabilities		11,552	10,142
1,981	1,605	Other commitments		9,089	8,389
1,981	1,605	TOTAL		20,642	18,531

Statement of changes in equity for 1 January – 30 September

DKK million

Nykredit Realkredit A/S

	Share capital	Revaluation reserves	Statutory reserves*	Series reserves	Retained earnings	Proposed dividend	Total
2012							
Equity, 1 January	1,182	2	2,155	47,720	4,051	200	55,310
Profit for the period	-	-	757	-	1,702	-	2,459
Total comprehensive income for the period	-	-	757	-	1,702	-	2,459
Dividend from associates	-	-	(2)	-	2	-	-
Distributed dividend	-	-	-	-	-	(200)	(200)
Equity, 30 September	1,182	2	2,910	47,720	5,755	-	57,569
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	-	-
Distributed dividend	-	-	-	-	-	(300)	(300)
Other adjustments	-	(1)	-	-	1	-	-
Equity, 30 September	1,182	3	2,290	35,490	16,394	-	55,359

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

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

Statement of changes in equity for 1 January – 30 September

DKK million

The Nykredit Realkredit Group

	Share capital	Revaluation reserves	Accumulated value adjustment of equities available for sale	Series reserves	Retained earnings	Proposed dividend	Total
2012							
Equity, 1 January	1,182	151	982	47,720	5,075	200	55,310
Profit for the period	-	-	-	-	2,526	-	2,526
Other comprehensive income							
Fair value adjustment of equities available for sale	-	-	284	-	-	-	284
Realised value adjustment of equities available for sale reclassified to the income statement	-	-	(351)	-	-	-	(351)
Total other comprehensive income	-	-	(68)	-	-	-	(68)
Total comprehensive income for the period	-	-	(68)	-	2,526	-	2,459
Distributed dividend	-	-	-	-	-	(200)	(200)
Equity, 30 September	1,182	151	915	47,720	7,601	-	57,569
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
Distributed dividend	-	-	-	-	-	(300)	(300)
Other adjustments	-	(1)	1	-	0	-	-
Equity, 30 September	1,182	131	1,064	35,490	17,491	-	55,359

Statement of changes in equity for 1 January – 31 December

DKK million

	Share capital	Revaluation reserves	Statutory reserves *	Accumulated value adjustment of equities available for sale	Series reserves	Retained earnings	Proposed dividend	Total
Nykredit Realkredit A/S								
2011								
Equity, 1 January	1,182	4	1,357	-	35,490	16,987	300	55,320
Profit (loss) for the year	-	-	786	-	-	(724)	200	261
Other comprehensive income								
Share of comprehensive income in associates and group enterprises	-	-	21	-	-	-	-	21
Total other comprehensive income	-	-	21	-	-	-	-	21
Total comprehensive income for the year	-	-	806	-	-	(724)	200	282
Dividend from associates	-	-	(8)	-	-	8	-	-
Distributed dividend	-	-	-	-	-	-	(300)	(300)
Adjustment pursuant to capital adequacy rules	-	-	-	-	12,230	(12,230)	-	-
Transferred from provisions – pre-1972 series	-	-	-	-	-	8	-	8
Other adjustments	-	(2)	-	-	0	2	-	0
Equity, 31 December	1,182	2	2,155	-	47,720	4,051	200	55,310
The Nykredit Realkredit Group								
2011								
Equity, 1 January	1,182	132	-	1,836	35,490	16,380	300	55,320
Profit for the year	-	-	-	-	-	915	200	1,115
Other comprehensive income								
Fair value adjustment of equities available for sale	-	-	-	(682)	-	-	-	(682)
Unrealised capital loss on equities available for sale reclassified to the income statement due to objective evidence of impairment	-	-	-	34	-	-	-	34
Realised value adjustment of equities available for sale reclassified to the income statement	-	-	-	(205)	-	-	-	(205)
Fair value adjustment of owner-occupied properties	-	21	-	-	-	-	-	21
Total other comprehensive income	-	21	-	(854)	-	-	-	(833)
Total comprehensive income for the year	-	21	-	(854)	-	915	200	282
Distributed dividend	-	-	-	-	-	-	(300)	(300)
Adjustment pursuant to capital adequacy rules	-	-	-	-	12,230	(12,230)	-	-
Transferred from provisions – pre-1972 series	-	-	-	-	-	8	-	8
Other adjustments	-	(2)	-	1	0	1	-	0
Equity, 31 December	1,182	151	-	982	47,720	5,075	200	55,310

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

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

Capital base and capital adequacy, end of period

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group		
31.12.2011	30.09.2012		30.09.2012	31.12.2011
		Capital base and capital adequacy		
55,310	57,569	Equity, end of period	57,569	55,310
(2)	(2)	Revaluation reserves transferred to supplementary capital	(151)	(151)
55,308	57,567	Tier 1 capital	57,418	55,159
(200)	-	Proposed dividend	-	(200)
(4,137)	(3,801)	Intangible assets	(3,856)	(4,199)
(170)	(201)	Capitalised tax assets	(264)	(214)
50,801	53,565	Core Tier 1 capital after primary statutory deductions	53,297	50,546
10,965	10,438	Hybrid capital included	10,677	11,204
(773)	(755)	Difference between expected losses and impairments for accounting purposes	(865)	(1,050)
(1,616)	(1,607)	Other statutory deductions	(865)	(1,212)
59,376	61,641	Tier 1 capital after statutory deductions	62,243	59,487
51	47	Revaluation reserves and series reserves	196	200
59,428	61,688	Capital base before statutory deductions	62,439	59,687
(773)	(755)	Difference between expected losses and impairments for accounting purposes	(865)	(1,050)
(447)	(449)	Other statutory deductions	(98)	(181)
1,169	1,157	Set-off of excess capital deduction	767	1,031
59,376	61,641	Capital base after statutory deductions	62,243	59,487
		Capital requirement		
27,419	28,143	Credit risk (incl settlement risk, statutory deduction for collective impairment provisions under the standardised approach and a charge for exceeding large exposure limits)	22,537	23,293
2,276	1,580	Market risk	2,500	3,086
1,097	886	Operational risk	1,722	1,474
30,792	30,608	Total capital requirement	26,759	27,852
384,897	382,604	Total risk-weighted items	334,485	348,155
		Financial ratios		
12.6	13.4	Core Tier 1 capital ratio, %	15.4	13.9
15.4	16.1	Tier 1 capital ratio, %	18.6	17.1
15.4	16.1	Total capital ratio, %	18.6	17.1
		Required capital base and internal capital adequacy requirement		
27,419	28,143	Credit risk	18,482	17,962
4,109	2,947	Market risk	4,214	5,821
1,844	1,817	- of which stressed VaR	2,504	2,797
752	898	Operational risk	1,662	1,373
-	-	Risk relating to own properties	128	128
32,281	31,988	Total Pillar I	24,486	25,284
1,572	1,150	Weaker economic climate (stress test, etc)	2,296	2,463
1,462	1,427	Other factors and uncertainties	5,214	5,659
3,034	2,576	Total Pillar II	7,509	8,122
35,315	34,564	Total required capital base	31,995	33,405
384,897	382,604	Total risk-weighted items	334,485	348,155
9.2	9.0	Internal capital adequacy requirement (ICAAP), %	9.6	9.6

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

DKK million

The Nykredit Realkredit Group

	Q1-Q3/2012				Q1-Q3/2011			
	Core earnings	Investment portfolio income	Cost of capital	Total	Core earnings	Investment portfolio income	Cost of capital	Total
Net interest income	6,387	2,100	(347)	8,140	6,301	1,456	(343)	7,415
Dividend on equities	3	79	-	81	3	58	-	61
Fee and commission income, net	269	(89)	-	180	158	(30)	-	128
Net interest and fee income	6,658	2,090	(347)	8,401	6,462	1,485	(343)	7,604
Value adjustments	81	169	(1)	249	128	(1,447)	(4)	(1,323)
Other operating income	163	-	-	163	162	5	-	167
Staff and administrative expenses	3,520	-	-	3,520	3,596	-	-	3,596
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	560	-	-	560	571	-	-	571
Other operating expenses	23	-	-	23	109	-	-	109
Impairment losses on loans, advances and other receivables	1,533	-	-	1,533	898	-	-	898
Profit from investments in associates	-	30	-	30	-	11	-	11
Profit (loss) before tax	1,266	2,289	(348)	3,207	1,579	53	(347)	1,286

Cash flow statement for 1 January – 30 September

DKK million

The Nykredit Realkredit Group		
Note	Q1-Q3/2012	Q1-Q3/2011
Profit for the period	2,526	1,111
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	560	571
Profit from investments in associates	(30)	(11)
Impairment losses on loans, advances and receivables	1,533	898
Prepayments/deferred income, net	6	(3)
Tax calculated on profit for the period	681	175
Other adjustments	(24)	(766)
Total	2,726	864
Profit for the period adjusted for non-cash operating items	5,252	1,974
Change in working capital		
Loans, advances and other receivables	(56,029)	(38,578)
Deposits and payables to credit institutions	(41,026)	(11,951)
Issued bonds	64,755	13,610
Other working capital	3,425	(3,911)
Total	(28,875)	(40,830)
Corporation tax paid, net	(11)	(104)
Cash flows from operating activities	(23,634)	(38,960)
Cash flows from investing activities		
Acquisition of group enterprises	-	(28)
Acquisition of associates	(0)	(2)
Divestment of associates	-	7
Dividend received	2	8
Purchase and sale of bonds and equities	8,423	14,700
Purchase of intangible assets	(119)	(155)
Purchase of property, plant and equipment	(112)	(148)
Sale of property, plant and equipment	2	3
Total	8,196	14,386
Cash flows from financing activities		
Redemption of subordinated debt	-	(194)
Purchase and sale of self-issued subordinated debt instruments	(0)	31
Distributed dividend	(200)	(300)
Total	(200)	(463)
Total cash flows	(15,638)	(25,038)
Cash and cash equivalents, beginning of period		
Cash balance and demand deposits with central banks	7,084	507
Receivables from credit institutions and central banks	59,175	58,149
Total	66,258	58,657
Cash and cash equivalents, end of period		
Cash balance and demand deposits with central banks	4,048	281
Receivables from credit institutions and central banks	46,572	33,338
Total	50,620	33,619

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Notes

ACCOUNTING POLICIES

General

The Consolidated Financial Statements for Q1-Q3/2012 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and further Danish financial reporting and disclosure requirements for interim reports. Compliance with IAS 34 implies observance of the principles of recognition and measurement of the IFRS and a less detailed presentation relative to the presentation of annual reports.

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

Changes to accounting presentation

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

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

Mortgage loans to personal customers provided by Totalkredit A/S through the former Forstædernes Bank have been transferred from Totalkredit Partners to Retail.

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

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

Compared with the information disclosed in the accounting policies of the Annual Report 2011 (note 1), no new reporting standards or interpretations have been issued or approved which influence the Q1-Q3 Interim Report 2012 of Nykredit Realkredit A/S and the

Nykredit Realkredit Group. The IASB is currently working on a project which, in time, will replace the IAS 39 rules. The revised standard – IFRS 9 – is divided into three main phases comprising classification and measurement of financial assets and liabilities, impairments and hedge accounting.

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

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

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

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

All figures in the Q1-Q3 Interim Report 2012 are presented in DKK million. The totals stated are calculated on the basis of actual figures. Due to the rounding-off to DKK million, the sum of individual figures and the stated totals may differ slightly.

Notes

DKK million

The Nykredit Realkredit Group

2. RESULTS BY BUSINESS AREA

Q1-Q3/2012

Core income from

- customer activity, gross

- allocation of income to distribution services

Total business operations

- value adjustment of derivatives and corporate bonds

- junior covered bonds

- securities

Total core income

Operating costs

Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets

Core earnings before impairment losses

Impairment losses on loans and advances

Core earnings after impairment losses

Investment portfolio income¹

Profit (loss) before cost of capital

Net interest on hybrid capital

Profit (loss) before tax

Q1-Q3/2011

Core income from

- customer activity, gross

- allocation of income to distribution services

Total business operations

- value adjustment of derivatives and corporate bonds

- junior covered bonds

- securities

Total core income

Operating costs

Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets

Core earnings before impairment losses

Impairment losses on loans and advances

Core earnings after impairment losses

Investment portfolio income¹

Profit (loss) before cost of capital

Net interest on hybrid capital

Profit (loss) before tax

¹ Investment portfolio income includes profit from investments in associates of DKK 30m against DKK 11m in 2011.

Nykredit Realkredit A/S		The Nykredit Realkredit Group		
Q1-Q3/2011	Q1-Q3/2012		Q1-Q3/2012	Q1-Q3/2011
		3. INTEREST INCOME		
10,402	10,220	Receivables from credit institutions and central banks	199	137
12,688	11,773	Loans, advances and other receivables	25,075	26,838
2,464	2,777	Administration margin (income)	4,784	4,142
		Bonds		
432	589	- Self-issued SDOs (særligt dækkede obligationer)	1,351	1,374
476	601	- Self-issued ROs (realkreditobligationer)	933	795
1,136	1,092	- Other ROs	1,359	1,445
105	12	- Government bonds	(19)	127
146	146	- Other bonds	414	268
		Derivative financial instruments		
(5)	(75)	- Foreign exchange contracts	(119)	(54)
79	28	- Interest rate contracts	(66)	(1)
-	-	- Equity contracts	(21)	(3)
-	-	- Other contracts	(4)	-
40	51	Other interest income	53	43
27,962	27,213	Total	33,938	35,112
(432)	(589)	Interest from self-issued SDOs has been offset against interest expenses – note 4	(1,351)	(1,374)
(476)	(601)	Interest from self-issued ROs has been offset against interest expenses – note 4	(933)	(795)
(3)	(4)	Interest from other self-issued securities and bonds has been offset against interest expenses – note 4	(45)	(27)
27,052	26,019	Total	31,609	32,915
		Of which interest income from genuine purchase and resale transactions entered as:		
53	6	Receivables from credit institutions and central banks	108	78
-	-	Loans, advances and other receivables	245	125
		4. INTEREST EXPENSES		
649	349	Credit institutions and central banks	515	711
-	-	Deposits and other payables	598	714
23,210	22,083	Issued bonds	24,010	25,595
601	603	Subordinated debt	612	641
60	110	Other interest expenses	62	35
24,520	23,146	Total	25,797	27,697
(432)	(589)	Set-off of interest from self-issued SDOs – note 3	(1,351)	(1,374)
(476)	(601)	Set-off of interest from self-issued ROs – note 3	(933)	(795)
(3)	(4)	Set-off of interest from self-issued other securities and bonds – note 3	(45)	(27)
23,610	21,952	Total	23,468	25,501
		Of which interest expenses from genuine sale and repurchase transactions entered as:		
634	337	Credit institutions and central banks	481	682
-	-	Deposits and other payables	165	140

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
Q1-Q3/2011	Q1-Q3/2012	Q1-Q3/2012	Q1-Q3/2011
5. VALUE ADJUSTMENTS			
Financial assets measured at fair value through profit or loss			
6,593	4,461	7,722	11,693
3,930	2,436	-	-
124	266	1	2
(52)	915	973	(221)
(642)	348	54	264
-	-	(2)	(15)
127	(65)	(35)	155
(1,404)	(329)	(477)	(1,578)
Financial assets measured at fair value and recognised in "Other comprehensive income"			
-	-	-	(45)
-	-	342	205
Financial liabilities measured at fair value through profit or loss			
(6,676)	(5,069)	(8,331)	(11,781)
(3,930)	(2,436)	-	-
-	-	(0)	(3)
(1,930)	527	249	(1,323)
6. STAFF AND ADMINISTRATIVE EXPENSES			
36	38	38	36
1,499	1,346	2,032	2,117
454	451	1,450	1,442
1,989	1,835	3,520	3,596
Remuneration of Board of Directors and Executive Board			
Board of Directors			
2	2	2	2
Executive Board			
26	28	28	26
7	8	8	7
36	38	38	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 2011.			
Staff expenses			
1,228	1,053	1,624	1,752
142	142	199	193
129	150	209	173
1,499	1,346	2,032	2,117
Number of staff			
3,132	3,076	4,088	4,115

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
Q1-Q3/2011	Q1-Q3/2012	Q1-Q3/2012	Q1-Q3/2011
		7. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES FOR PROPERTY, PLANT AND EQUIPMENT AS WELL AS INTANGIBLE ASSETS	
		Intangible assets	
432	460	- Amortisation	462 435
		Property, plant and equipment	
68	74	- Depreciation	98 90
-	-	- Impairment losses	- 46
501	534	Total	560 571
		8. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES	
		8 a. Earnings impact	
258	403	Change in individual impairment provisions for loans and advances	1,070 506
78	49	Change in collective impairment provisions for loans and advances	170 98
102	162	Losses recognised for the period, net	409 301
(22)	(25)	Received on claims previously written off as impairment losses	(40) (33)
-	-	Provisions for guarantees	(26) 58
416	589	Total impairment losses on loans and advances and provisions for guarantees	1,584 930
		8 b. Specification of provisions for loan impairment	
83	95	Value adjustment of assets in temporary possession	136 115
(12)	(3)	Value adjustment of claims previously written off as impairment losses	(3) (12)
-	-	Losses offset against commission payments to banks	(185) (136)
487	681	Total	1,533 898
		8 c. Individual impairment provisions	
1,064	1,092	Individual impairment provisions	5,570 6,116
800	864	Collective impairment provisions	1,604 1,487
1,864	1,955	Total impairment provisions	7,174 7,603
		Impairment provisions have been offset against the following items:	
1,556	1,531	Mortgage loans – note 12	2,306 1,857
308	424	Arrears and outlays – note 12	540 608
-	-	Bank loans and advances – note 13	4,328 5,138
1,864	1,955	Total impairment provisions	7,174 7,603
		8 d. Collective impairment provisions	
981	967	Impairment provisions, beginning of period	5,345 6,980
327	583	Impairment provisions for the period	1,662 1,087
(68)	(180)	Impairment provisions reversed	(592) (581)
(85)	(80)	Value adjustment of repossessed properties	(122) (105)
(89)	(198)	Impairment provisions recognised as lost	(722) (1,266)
1,064	1,092	Impairment provisions, end of period	5,570 6,116
		8 e. Impairment provisions for mortgage loans	
722	815	Impairment provisions, beginning of period	1,434 1,389
78	49	Impairment provisions for the period	170 98
800	864	Impairment provisions, end of period	1,604 1,487

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group		
Q1-Q3/2011	Q1-Q3/2012		Q1-Q3/2012	Q1-Q3/2011
8. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES (continued)				
8 e. Specification of loans and advances subject to objective evidence of impairment				
5,838	5,394	Loans and advances before individual impairment provisions	13,951	14,807
1,064	1,092	Impairment provisions	5,570	6,116
4,773	4,302	Loans and advances after impairment provisions	8,381	8,691
41,631	42,524	Loans and advances before collective impairment provisions	125,845	145,363
800	864	Impairment provisions	1,604	1,487
40,831	41,660	Loans and advances after impairment provisions	124,241	143,876
8 f. Impairment losses on repossessed properties				
173	262	Impairment provisions, beginning of period	358	233
85	80	Transfer from non-repossessed properties	122	105
86	103	Impairment provisions for the period	150	125
(3)	(8)	Impairment provisions reversed	(14)	(10)
(119)	(159)	Impairment provisions recognised as lost	(216)	(147)
222	278	Impairment provisions, end of period	401	306
Impairment losses on repossessed properties have been offset against "Assets in temporary possession".				
9. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES				
11	30	Profit from investments in associates	30	11
932	727	Profit from investments in group enterprises	-	-
943	757	Total	30	11
10. TAX				
1,066.4	17.5	Effective tax rate, %	21.2	13.6
In 2011 the effective tax rate was influenced by the recognition of income of approximately DKK 133m relating to tax provided for in previous years. Nykredit was able to recognise the amount as income after the courts found for Nykredit in a tax case.				
Adjusted for tax relating to previous years recognised as income, the effective tax rate in Q1-Q3/2011 was 23.9% for the Nykredit Realkredit Group.				

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group		
31.12.2011	30.09.2012		30.09.2012	31.12.2011
		11. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS		
3,000	-	Receivables from central banks	835	19,788
31,631	36,573	Receivables from credit institutions	45,737	39,387
34,631	36,573	Total	46,572	59,175
5,877	3,744	Of which genuine purchase and resale transactions	15,920	19,121
		12. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE		
604,684	617,343	Mortgage loans	1,128,680	1,084,317
26	85	Arrears and outlays	221	191
-	-	Other loans and advances	34,470	22,007
18,623	26,177	Loans to Totalkredit serving as collateral in capital centres	-	-
461,846	540,514	Totalkredit mortgage loan funding	-	-
1,085,179	1,184,120	Total	1,163,372	1,106,516
-	-	Of which genuine purchase and resale transactions	34,470	22,007
		12 a. Mortgage loans		
575,112	595,273	Balance, beginning of period, nominal value	1,067,606	1,029,636
87,062	64,579	New loans	172,906	156,583
571	649	Indexation	649	571
(320)	1,388	Foreign currency translation adjustment	1,388	(320)
(11,608)	(8,157)	Ordinary principal payments	(11,211)	(15,342)
(55,544)	(50,087)	Prepayments and extraordinary principal payments	(126,651)	(103,522)
595,273	603,646	Balance, end of period, nominal value	1,104,686	1,067,606
(366)	(335)	Loans transferred relating to properties in temporary possession	(373)	(500)
271	268	Loans assumed by the Danish Agency for Governmental Management	268	271
595,177	603,579	Total nominal value	1,104,582	1,067,376
10,794	15,296	Adjustment for interest rate risk	26,404	18,865
		Adjustment for credit risk		
(473)	(668)	Individual impairment provisions	(966)	(798)
(815)	(864)	Collective impairment provisions	(1,340)	(1,125)
604,684	617,343	Balance, end of period, fair value	1,128,680	1,084,317
		For total loans and advances, Nykredit has received mortgages on property and:		
23,581	24,654	Supplementary guarantees totalling	32,372	31,673
1,346	1,003	Interim loan guarantees totalling	12,240	9,739
6,333	3,934	Registration guarantees totalling	25,596	17,634
		12 b. Arrears and outlays		
431	423	Arrears before impairment provisions	555	569
89	87	Outlays before impairment provisions	206	184
(494)	(424)	Individual impairment provisions for arrears and outlays	(540)	(562)
26	85	Total	221	191

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
31.12.2011	30.09.2012	30.09.2012	31.12.2011
12. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE (continued)			
12 c. Totalkredit mortgage loan funding			
432,038	455,052	Balance, beginning of period, nominal value	-
187,927	218,639	New loans	-
(6,934)	(2,007)	Ordinary principal payments	-
(157,979)	(140,233)	Prepayments and extraordinary principal payments	-
455,052	531,451	Balance, end of period, nominal value	-
6,794	9,063	Adjustment for interest rate risk	-
461,846	540,514	Balance, end of period, fair value	-
13. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST			
-	-	Bank loans and advances	58,308
47	31	Totalkredit mortgage loan funding	-
-	-	Mortgage loans	31
933	388	Other loans and advances	388
980	419	Balance, end of period	58,726
Adjustment for credit risk			
-	-	Individual impairment provisions	(4,064)
-	-	Collective impairment provisions	(264)
980	419	Balance after impairment, end of period	54,399
(40)	(43)	Set-off of self-issued "Other loans and advances" against "Issued bonds at amortised cost" – note 19	(43)
940	376	Total	54,356
14. BONDS AT FAIR VALUE			
39,683	39,086	Self-issued SDOs	161,257
114,725	78,426	Self-issued ROs	104,276
58,225	36,547	Other ROs	68,704
4,414	3,314	Government bonds	8,449
5,981	4,833	Other bonds	15,201
223,029	162,206	Total	357,888
(114,725)	(78,426)	Set-off of self-issued ROs against "Issued bonds at fair value" – note 18	(104,276)
(39,682)	(39,085)	Set-off of self-issued SDOs against "Issued bonds at fair value" – note 18	(161,256)
-	-	Set-off of self-issued junior covered bonds against "Issued bonds at fair value" – note 18	(1,932)
(1)	(1)	Set-off of self-issued SDOs against "Issued bonds at amortised cost" – note 19	(1)
-	-	Set-off of self-issued other bonds against "Issued bonds at amortised cost" – note 19	(1,686)
68,621	44,694	Total	88,738
12,312	3,516	Of bonds at fair value before set-off of self-issued bonds: Drawn bonds	16,498
6,631	2,874	As collateral for the Danish central bank and foreign clearing centres, bonds have been deposited of a total market value of	13,871
Collateral security was provided on an arm's length basis.			

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group		
31.12.2011	30.09.2012		30.09.2012	31.12.2011
		15. OTHER ASSETS		
14,189	14,372	Interest and commission receivable	16,116	13,086
414	392	Receivables from group enterprises	-	-
3,996	4,641	Positive market value of derivative financial instruments	49,556	39,752
123	122	Defined benefit plans	122	123
192	153	Remaining assets	806	658
18,913	19,680	Total	66,600	53,619
		16. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS		
86,065	55,194	Payables to credit institutions	79,803	109,481
3,000	-	Payables to central banks	703	8,144
89,065	55,194	Total	80,506	117,626
82,632	52,524	Of which genuine sale and repurchase transactions	66,642	96,263
		17. DEPOSITS AND OTHER PAYABLES		
-	-	- On demand	36,069	30,343
-	-	- At notice	5,583	5,498
-	-	- Time deposits	11,821	18,709
-	-	- Special deposits	26	2,854
-	-	Total	53,498	57,404
		18. ISSUED BONDS AT FAIR VALUE		
383,423	317,617	ROs	380,668	461,842
800,522	918,973	SDOs	918,973	800,522
31,441	49,889	Junior covered bonds	49,889	31,441
1,215,387	1,286,479	Total	1,349,530	1,293,805
(154,407)	(117,511)	Self-issued bonds transferred from "Bonds at fair value" – note 14	(267,463)	(271,863)
1,060,979	1,168,968	Total	1,082,066	1,021,942
		18 a. ROs		
375,075	305,770	ROs at nominal value	366,765	452,202
8,348	11,847	Fair value adjustment	13,903	9,640
383,423	317,617	ROs at fair value	380,668	461,842
(114,725)	(78,426)	Self-issued ROs transferred from "Bonds at fair value" – note 14	(104,276)	(138,736)
268,698	239,191	Total	276,392	323,106
1	97	Of which pre-issuance	97	1
44,574	13,811	ROs drawn for redemption at next creditor payment date	17,709	46,982

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
31.12.2011	30.09.2012	30.09.2012	31.12.2011
18. ISSUED BONDS AT FAIR VALUE (continued)			
18 b. SDOs			
791,152	906,386	SDOs at nominal value	906,386 791,152
9,370	12,587	Fair value adjustment	12,587 9,370
800,522	918,973	SDOs at fair value	918,973 800,522
(39,682)	(39,085)	Self-issued SDOs transferred from "Bonds at fair value" – note 14	(161,256) (132,854)
760,840	879,888	Total	757,717 667,668
497	828	Of which pre-issuance	828 497
118,443	134,419	SDOs drawn for redemption at next creditor payment date	134,419 118,443
18 c. Junior covered bonds			
31,354	49,148	Junior covered bonds at nominal value	49,148 31,354
87	741	Fair value adjustment	741 87
31,441	49,889	Junior covered bonds at fair value	49,889 31,441
-	-	Self-issued junior covered bonds transferred from "Bonds at fair value" – note 14	(1,932) (273)
31,441	49,889	Total	49,957 31,168
-	4,500	Junior covered bonds drawn for redemption at next creditor payment date	4,500 -
19. ISSUED BONDS AT AMORTISED COST			
-	-	Corporate bonds	31,969 26,789
61	61	SDOs	61 61
135	120	Employee bonds	149 164
40	45	Other securities	45 40
237	226	Total	32,224 27,055
-	-	Self-issued corporate bonds transferred from "Bonds at fair value" – note 14	(1,686) (1,150)
(1)	(1)	Self-issued SDOs transferred from "Bonds at fair value" – note 14	(1) (1)
(40)	(43)	Other self-issued securities transferred from "Loans, advances and other receivables at amortised cost" – note 13	(43) (40)
195	183	Total	30,495 25,864
20. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE			
-	-	Deposits at fair value	12,155 15,872
4,421	3,036	Negative securities portfolios	21,891 15,036
4,421	3,036	Total	34,046 30,908
-	-	Of which genuine sale and repurchase transactions	12,155 15,872
21. OTHER LIABILITIES			
18,459	17,110	Interest and commission payable	25,113 23,113
5,825	6,342	Negative market value of derivative financial instruments	51,128 40,967
2,591	2,646	Payables relating to the purchase of Totalkredit shares	2,586 2,532
2,296	2,926	Remaining liabilities	5,640 4,569
29,172	29,024	Total	84,467 71,180

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
31.12.2011	30.09.2012	30.09.2012	31.12.2011
		22. SUBORDINATED DEBT	
		Subordinated debt consists of financial liabilities in the form of hybrid capital which, in case of voluntary or compulsory liquidation, will not be repaid until the claims of ordinary creditors have been met.	
		Subordinated debt is included in the capital base in accordance with the Danish Executive Order on capital base determination.	
		Hybrid capital	
-	-	Nom DKK 100m. The loan is perpetual and carries an interest rate of 1.7% pa above 3M Cibur	100 100
-	-	Nom DKK 150m. The loan is perpetual and carries a fixed interest rate of 6.3% pa	150 150
3,989	3,999	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	3,999 3,989
6,975	7,085	Nom EUR 900m. The loan is perpetual, but may be redeemed at par (100) from 1 April 2015. The loan carries a fixed interest rate of 9.0% pa up to 1 April 2015, after which date the interest rate will be fixed every five years	7,085 6,975
10,965	11,083	Total hybrid capital	11,333 11,215
-	-	Portfolio of self-issued bonds	(11) (11)
10,965	11,083	Total subordinated debt	11,322 11,204
10,965	10,438	Subordinated debt that may be included in the capital base	10,688 11,204
-	-	Costs related to raising and redeeming subordinated debt	- -
-	-	Extraordinary principal payments and redemption of subordinated debt in the financial period	- 594

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
31.12.2011	30.09.2012	30.09.2012	31.12.2011
23. OFF-BALANCE SHEET ITEMS			
Guarantees and warranties provided, irrevocable credit commitments and similar obligations not recognised in the balance sheets are presented below.			
-	-	11,552	10,142
1,981	1,605	9,089	8,389
1,981	1,605	20,642	18,531
Contingent liabilities			
-	-	8,414	6,860
-	-	491	501
-	-	2,647	2,780
-	-	11,552	10,142
Other commitments			
23	10	7,413	6,517
1,958	1,595	1,676	1,873
1,981	1,605	9,089	8,389
<p>"Other contingent liabilities" chiefly comprises purchase price and payment guarantees.</p> <p>Other contingent liabilities</p> <p>Owing to the size and business scope of the Nykredit Realkredit Group, the Group is continuously involved in legal proceedings and litigation. The cases are subject to ongoing review, and necessary provisions are made based on an assessment of the risk of loss. Pending cases are not expected to have a significant effect on the Nykredit Realkredit Group's financial position.</p> <p>Nykredit Bank A/S participates in the mandatory Danish deposit guarantee scheme, the Danish Guarantee Fund for Depositors and Investors. Participating banks must pay a fixed annual amount of 2.5% of the covered net deposits. Payment to the Fund's bank department is mandatory until the assets of the scheme exceed 1% of the covered net deposits. The bank department bears any direct losses on the winding-up of Danish banks, cf Bank Rescue Packages III and IV, to the extent the loss is attributable to the covered net deposits.</p> <p>Any losses arising from the final winding-up are covered by the Fund through its winding-up and restructuring department. Nykredit Bank's share of the expense will amount to about 3%.</p> <p>Nykredit Realkredit A/S has issued a letter of comfort stating that Nykredit Realkredit A/S will contribute capital to Nykredit Bank A/S to ensure that Nykredit Bank A/S's Tier 1 capital calculated according to the Basel II rules does not fall below 12-13%. However, Nykredit Realkredit A/S will not contribute capital to Nykredit Bank A/S if that will bring Nykredit Realkredit A/S's total capital ratio below the statutory capital requirement plus 0.5% or the internal capital adequacy requirement (ICAAP) plus 0.5%.</p> <p>Nykredit Realkredit A/S is liable for the obligations of the pension fund in run-off Nykredits Afviklingspensionskasse (CVR no 24 25 62 19).</p>			

Notes

23. OFF-BALANCE SHEET ITEMS (continued)

Tax

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

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

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

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

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

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

24. RELATED PARTY TRANSACTIONS AND BALANCES

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

No unusual related party transactions occurred in Q1-Q3/2012.

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

Significant related party transactions prevailing/entered into in Q1-Q3/2012 include:

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

Nykredit Realkredit A/S has granted a loan to Totalkredit A/S serving as collateral in Totalkredit's capital centres. At 30 September 2012, the loan amounted to DKK 26.2bn.

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

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

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

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

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

Notes

DKK million

The Nykredit Realkredit Group	Q3/ 2012	Q2/ 2012	Q1/ 2012	Q4/ 2011	Q3/ 2011	Q2/ 2011	Q1/ 2011
25. SEVEN-QUARTER FINANCIAL HIGHLIGHTS							
Core income from							
Business operations	2,233	2,255	2,223	2,098	1,936	2,151	2,181
Securities	26	76	89	159	192	162	131
Total	2,259	2,331	2,311	2,257	2,128	2,313	2,312
Operating costs, depreciation and amortisation	1,389	1,448	1,265	1,700	1,245	1,521	1,510
Core earnings before impairment losses	870	883	1,047	558	883	792	802
Impairment losses on loans and advances	542	497	494	516	153	466	279
Core earnings after impairment losses	328	386	553	41	730	325	524
Investment portfolio income	756	183	1,350	126	(716)	175	594
Profit before cost of capital	1,084	569	1,903	167	14	500	1,118
Net interest on hybrid capital	(117)	(116)	(115)	(115)	(117)	(115)	(114)
Profit (loss) before tax	967	453	1,788	52	(103)	385	1,004
Tax	144	95	442	48	(19)	90	104
Profit (loss) for the period	823	357	1,346	4	(84)	295	899
Other comprehensive income							
Value adjustment of strategic equities	148	(78)	213	(82)	(272)	(213)	(115)
Other adjustment of strategic equities	(286)	-	(65)	-	-	(25)	(147)
Fair value adjustment of owner-occupied properties	-	-	-	21	-	-	-
Total other comprehensive income	(137)	(78)	148	(62)	(272)	(238)	(261)
Comprehensive income for the period	685	279	1,494	(57)	(356)	57	638
SUMMARY BALANCE SHEET, END OF PERIOD	30.09.2012	30.06.2012	31.03.2012	31.12.2011	30.09.2011	30.06.2011	31.03.2011
Assets							
Cash balance and receivables from credit institutions and central banks	50,620	61,440	63,900	66,258	33,619	36,779	37,624
Mortgage loans at fair value	1,128,680	1,120,214	1,097,992	1,084,317	1,070,144	1,040,134	1,030,008
Bank loans – excluding reverse transactions	53,980	55,203	55,935	55,776	55,621	57,281	60,250
Bonds and equities	92,371	95,773	94,919	100,794	84,456	79,005	103,974
Remaining assets	109,936	101,002	94,790	85,759	77,863	62,665	59,568
Total assets	1,435,587	1,433,632	1,407,537	1,392,905	1,321,703	1,275,864	1,291,424
Liabilities and equity							
Payables to credit institutions and central banks	80,506	100,888	108,335	117,626	85,897	79,120	94,266
Deposits and other payables	53,498	55,281	56,673	57,404	53,498	51,875	53,416
Issued bonds at fair value	1,082,066	1,066,902	1,041,153	1,021,942	993,566	971,772	960,768
Subordinated debt	11,322	11,254	11,246	11,204	11,581	11,444	11,286
Remaining liabilities	150,625	142,423	133,526	129,419	121,802	105,938	116,030
Equity	57,569	56,884	56,604	55,310	55,359	55,716	55,659
Total liabilities and equity	1,435,587	1,433,632	1,407,537	1,392,905	1,321,703	1,275,864	1,291,424
FINANCIAL RATIOS							
Profit (loss) for the period as % of average equity pa	5.7	2.5	9.6	0.0	(0.6)	2.1	6.5
Core earnings before impairment losses as % of average equity pa	6.1	6.2	7.5	4.0	6.4	5.7	5.8
Core earnings after impairment losses as % of average equity, pa	2.3	2.7	4.0	0.3	5.3	2.3	3.8
Provisions for loan impairment and guarantees	7,262	7,111	7,040	6,892	7,747	7,939	8,497
Impairment losses for the period, %	0.04	0.04	0.04	0.04	0.01	0.04	0.02
Total capital ratio, %	18.6	17.5	17.3	17.1	18.4	19.5	18.6
Tier 1 capital ratio, %	18.6	17.5	17.3	17.1	18.4	19.5	18.6
Average number of full-time staff	4,088	4,088	4,125	4,139	4,115	4,095	4,057

Notes

DKK million

The Nykredit Realkredit Group	Q3/ 2012	Q2/ 2012	Q1/ 2012	Q4/ 2011	Q3/ 2011	Q2/ 2011	Q1/ 2011
25. SEVEN-QUARTER FINANCIAL HIGHLIGHTS (continued)							
Net interest income	2,793	2,629	2,718	2,689	2,471	2,353	2,590
Net fee income	(5)	102	164	133	22	86	81
Net interest and fee income	2,787	2,732	2,882	2,821	2,494	2,439	2,671
Value adjustments	33	(389)	605	(612)	(1,256)	(126)	58
Other operating income	57	53	53	59	56	57	54
Staff and administrative expenses	1,181	1,268	1,071	1,336	1,048	1,307	1,240
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	191	184	184	359	178	196	196
Other operating expenses	17	(4)	10	4	19	18	73
Impairment losses on loans, advances and receivables	542	497	494	516	153	466	279
Profit (loss) from investments in associates	21	3	7	(1)	1	2	8
Profit (loss) before tax	967	453	1,788	52	(103)	385	1,004
Tax	144	95	442	48	(19)	90	104
Profit (loss) for the period	823	357	1,346	4	(84)	295	899
Other comprehensive income							
Value adjustment of strategic equities	148	(78)	213	(82)	(272)	(213)	(115)
Other adjustment of strategic equities	(286)	-	(65)	-	-	(25)	(147)
Fair value adjustment of owner-occupied properties	-	-	-	21	-	-	-
Total other comprehensive income	(137)	(78)	148	(62)	(272)	(238)	(261)
Comprehensive income for the period	685	279	1,494	(57)	(356)	57	638
FINANCIAL RATIOS¹							
Total capital ratio, %	18.6	17.5	17.3	17.1	18.4	19.5	18.6
Tier 1 capital ratio, %	18.6	17.5	17.3	17.1	18.4	19.5	18.6
Return on equity before tax	1.5	0.6	3.5	(0.1)	(0.8)	0.2	1.2
Return on equity after tax	1.2	0.5	2.7	(0.1)	(0.6)	0.1	1.2
Income:cost ratio	1.5	1.18	2.13	0.97	0.69	1.04	1.37
Foreign exchange position, %	0.3	0.6	0.8	0.8	2.1	0.3	1.0
Loans and advances:equity (loan gearing)	21.2	21.2	21.0	21.0	20.6	20.0	19.9
Growth in loans and advances for the period, %	0.4	1.5	2.2	1.5	0.6	0.7	1.1
Total impairment provisions, %	0.59	0.58	0.58	0.58	0.67	0.70	0.76
Impairment losses for the period, %	0.04	0.04	0.04	0.04	0.01	0.04	0.02

¹ Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 50 of the Annual Report 2011.

Notes

DKK million

Nykredit Realkredit A/S

	Q1-Q3/ 2012	Q1-Q3/ 2011	Q1-Q3/ 2010	Q1-Q3/ 2009	Q1-Q3/ 2008
26. FIVE-YEAR FINANCIAL HIGHLIGHTS					
SUMMARY INCOME STATEMENT					
Net interest income	4,068	3,442	4,074	3,969	2,754
Net fee income	670	468	534	509	497
Net interest and fee income	4,738	3,909	4,608	4,477	3,251
Value adjustments	527	(1,930)	(327)	2,840	(3,963)
Other operating income	8	21	70	59	48
Staff and administrative expenses	1,835	1,989	1,748	1,922	1,824
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	534	501	490	438	387
Other operating expenses	0	1	2	0	4
Impairment losses on loans, advances and receivables	681	487	555	638	6
Profit (loss) from investments in associates and group enterprises	757	943	2,396	(2,381)	930
Profit (loss) before tax	2,980	(35)	3,952	1,995	(1,954)
Tax	522	(373)	376	872	(377)
Profit (loss) for the period	2,459	338	3,576	1,124	(1,577)
SUMMARY BALANCE SHEET, END OF PERIOD					
	30.09.2012	30.09.2011	30.09.2010	30.09.2009	30.09.2008
Assets					
Cash balance and receivables from credit institutions and central banks	38,063	27,508	37,497	16,172	55,652
Mortgage loans at fair value	617,343	598,084	578,640	548,103	492,633
Totalkredit mortgage loan funding	540,514	441,982	420,882	347,758	248,781
Bonds and equities	47,952	60,093	61,454	56,500	51,384
Remaining assets	82,113	75,485	61,902	55,805	39,732
Total assets	1,325,986	1,203,152	1,160,376	1,024,339	888,182
Liabilities and equity					
Payables to credit institutions and central banks	55,194	71,914	95,374	84,041	52,105
Issued bonds	1,168,968	1,027,972	963,319	846,564	724,553
Subordinated debt	11,083	10,931	11,000	7,683	7,366
Remaining liabilities	33,172	36,976	35,865	34,547	51,784
Equity	57,569	55,359	54,817	51,503	52,374
Total liabilities and equity	1,325,986	1,203,152	1,160,376	1,024,339	888,182
OFF-BALANCE SHEET ITEMS					
Other commitments	1,605	2,272	1,199	1,560	1,610
FINANCIAL RATIOS¹					
Total capital ratio, %	16.1	16.2	17.2	16.4	17.8
Tier 1 capital ratio, %	16.1	16.2	17.2	15.6	16.8
Return on equity before tax	5.3	(0.1)	7.5	3.9	(3.7)
Return on equity after tax	4.4	0.6	6.7	2.2	(3.0)
Income:cost ratio	1.98	0.99	2.41	1.67	0.12
Foreign exchange position, %	0.3	2.0	0.9	0.9	0.4
Loans and advances:equity (loan gearing)	10.7	10.8	10.6	10.7	9.4
Growth in loans and advances for the period, %	1.3	2.9	3.3	7.1	5.6
Total impairment provisions, %	0.32	0.31	0.29	0.17	0.05
Impairment losses for the period, %	0.11	0.08	0.10	0.12	0.00

¹ Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 50 of the Annual Report 2011.

Notes

DKK million

The Nykredit Realkredit Group	Q1-Q3/ 2012	Q1-Q3/ 2011	Q1-Q3/ 2010	Q1-Q3/ 2009	Q1-Q3/ 2008
26. FIVE-YEAR FINANCIAL HIGHLIGHTS (continued)					
SUMMARY INCOME STATEMENT					
Net interest and fee income	8,401	7,604	8,858	8,591	5,647
Value adjustments	249	(1,323)	(165)	2,180	(2,791)
Other operating income	163	167	160	114	119
Staff and administrative expenses	3,520	3,596	3,455	3,572	2,915
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	560	571	596	568	415
Other operating expenses	23	109	377	425	6
Impairment losses on loans, advances and receivables	1,533	898	1,706	5,920	123
Profit (loss) from investments in associates	30	11	4	(142)	126
Profit (loss) before tax	3,207	1,286	2,724	257	(358)
Tax	681	175	701	134	(127)
Profit from discontinued insurance operations	-	-	1,511	163	58
Profit (loss) for the period	2,526	1,111	3,534	286	(173)
Profit (loss) for the period excludes value adjustment of strategic equities against equity of	284	(600)	(58)	838	(1,404)
SUMMARY BALANCE SHEET, END OF PERIOD					
	30.09.2012	30.09.2011	30.09.2010	30.09.2009	30.09.2008
Assets					
Cash balance and receivables from credit institutions and central banks	50,620	33,619	52,164	38,029	66,192
Mortgage loans at fair value	1,128,680	1,070,144	1,036,167	972,080	860,399
Bank loans – excluding reverse transactions	53,980	55,621	59,729	62,333	50,450
Bonds and equities	92,371	84,456	91,864	88,736	79,136
Remaining assets	109,936	77,863	84,058	81,010	47,343
Total assets	1,435,587	1,321,703	1,323,984	1,242,188	1,103,520
Liabilities and equity					
Payables to credit institutions and central banks	80,506	85,897	120,134	115,755	112,311
Deposits and other payables	53,498	53,498	54,483	63,486	34,026
Issued bonds at fair value	1,082,066	993,566	948,439	888,380	813,185
Subordinated debt	11,322	11,581	11,886	9,001	7,366
Remaining liabilities	150,625	121,802	134,225	114,063	84,257
Equity	57,569	55,359	54,817	51,503	52,374
Total liabilities and equity	1,435,587	1,321,703	1,323,984	1,242,188	1,103,520
OFF-BALANCE SHEET ITEMS					
Contingent liabilities	11,552	6,387	6,878	8,298	4,712
Other commitments	9,089	8,809	8,339	10,320	9,545
FINANCIAL RATIOS¹					
Total capital ratio, %	18.6	18.4	18.2	16.8	17.0
Tier 1 capital ratio, %	18.6	18.4	18.1	15.5	16.1
Return on equity before tax	5.7	0.6	7.9	2.5	(3.2)
Return on equity after tax	4.4	0.6	6.6	2.2	(3.0)
Income:cost ratio	1.57	1.06	1.45	1.10	0.49
Foreign exchange position, %	0.3	2.1	0.9	0.7	0.8
Loans and advances:equity (loan gearing)	21.2	20.6	20.3	20.6	17.7
Growth in loans and advances for the period, %	4.1	2.4	3.5	4.9	8.5
Total impairment provisions, %	0.59	0.67	0.91	0.79	0.05
Impairment losses for the period, %	0.12	0.08	0.15	0.55	0.01

¹ Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 50 of the Annual Report 2011.

Notes

DKK million

The Nykredit Realkredit Group

27. GROUP STRUCTURE

	Ownership interest as % at 30.09.2012	Profit (loss) for Q1 - Q3/2012	Equity at 30.09.2012	Profit (loss) for 2011	Equity at 31.12.2011
Name and registered office					
The Nykredit Realkredit Group					
Nykredit Realkredit A/S, Copenhagen, a)					
Consolidated subsidiaries					
Totalkredit A/S, Taastrup, a)	100	414	14,982	562	13,818
Nykredit Bank A/S, Copenhagen, b)	100	256	14,458	433	14,202
Nykredit Pantebrevsinvestering A/S, Copenhagen, c)	100	0	12	0	12
Nykredit Portefølje Administration A/S, Copenhagen, h)	100	52	246	40	194
Nykredit Leasing A/S, Gladsaxe, f)	100	10	154	(4)	144
FB Ejendomme A/S, Copenhagen, e)	100	0	4	0	4
Nykredit Mægler A/S, Århus, d)	100	21	139	5	118
Nykredit Ejendomme A/S, Copenhagen, e)	100	37	403	(195)	367
Ejendomsselskabet Kalvebod A/S, Copenhagen, i)	100	(0)	208	(41)	209
Kalvebod Ejendomme I A/S, Copenhagen, e)	100	(3)	52	(34)	55
Kalvebod Ejendomme II A/S, Copenhagen, e)	100	2	57	(8)	55
Nykredit Adm. V A/S, Copenhagen, g)	100	0	1	0	1

a) Mortgage bank

b) Bank

c) Mortgage trading company

d) Estate agency business

e) Property company

f) Leasing business

g) No activity

h) Investment management company

i) Holding company, no independent activities

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

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

Nykredit Realkredit A/S

Kalvebod Brygge 1-3

DK-1780 Copenhagen V

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