

INTERIM REPORT – NYKREDIT REALKREDIT GROUP 1 JANUARY – 30 SEPTEMBER 2014

Michael Rasmussen, Group Chief Executive, comments on Nykredit's Q1-Q3 Interim Report 2014

Our core business is developing well and better than expected. We have recorded top-line growth of 11%, costs have declined more than planned, and impairment losses are lower than forecast. The overall effect is that profit before tax, excluding investment portfolio income and swaps, is more than DKK 1bn higher than initially forecast and about DKK 0.6bn higher than our guidance as raised in the Q1 Interim Report 2014.

As the current low interest rate scenario is forecast to be protracted, we have assessed Nykredit's swap contracts more conservatively. This affects the adjustment of interest rate swaps and thus our profit. Accordingly, profit before tax for Q1-Q3/2014 totalled DKK 1,550m against DKK 2,058m for the same period last year.

We have substantial progress on our new strategy. Totalkredit's current mortgage rates are the lowest in the market in almost all product categories, the Totalkredit business continues to grow and so does the number of customers using Nykredit as their everyday bank. And we have only just started. We have a wide variety of initiatives in the pipeline, including new products and services, which we will launch in the coming months.

The Nykredit Realkredit Group recorded a pre-tax profit of DKK 1,550m

- The Nykredit Realkredit Group recorded a pre-tax profit of DKK 1,550m against DKK 1,361m, excluding reclassification of profit from the sale of strategic equities of DKK 697m, in Q1-Q3/2013.
- Core income from business operations rose by 11% to DKK 8,488m relative to Q1-Q3/2013.
- Operating costs were down 13% to DKK 3,740m on Q1-Q3/2013.
- The cost:income ratio, excluding amortisation of distribution rights in Q1-Q3/2013, was reduced from 50.7% to 44.1%.
- Value adjustment of interest rate swaps totalled a charge of DKK 1,993m, of which DKK 632m was an effect of interest rate falls. Other value adjustment of just below DKK 1.4bn derived from a more conservative assessment of our customers' financial outlook. This should be seen in the context of expectations of continued low growth, inflation and interest rates in Europe.
- Impairment losses on loans and advances dropped by 9% to DKK 1,457m, or 0.12%.
- Profit before tax for 2014, excluding value adjustment of swaps and investment portfolio income, is expected to be DKK 3,250m-3,750m. This level should be seen in the context of a positive development in our core business. This is a rise of approximately DKK 1bn compared with our guidance from the beginning of the year and some DKK 0.6bn compared with our guidance for the full year as raised in our Q1 Interim Report 2014.

Nykredit Realkredit Group Financial highlights

DKK million	Q1-Q3/2014	Q1-Q3/2013	Change, %	FY 2013
Core income from business operations	8,488	7,678	11	10,439
Total core income	6,276	6,843	-8	9,298
Operating costs, depreciation and amortisation, excluding special value adjustments	3,740	4,286	-13	5,829
Core earnings before impairment losses	2,511	2,611	-4	3,251
Impairment losses on mortgage lending	1,338	1,275	5	2,415
Impairment losses on bank lending	119	329	-64	349
Investment portfolio income excluding reclassification of profit from the sale of strategic equities	878	697	26	1,190
Profit before tax excluding reclassification of profit from the sale of strategic equities	1,550	1,361	14	1,217
Profit before tax	1,550	2,058	-25	1,914
Common Equity Tier 1 (CET1) capital ratio (previously core Tier 1 capital ratio)	15.6	17.0		15.8

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FINANCIAL HIGHLIGHTS

Nykredit Realkredit Group

DKK million	Q1-Q3/2014	Q1-Q3/2013	FY 2013
CORE EARNINGS AND RESULTS FOR THE PERIOD			
Core income from			
- business operations	8,488	7,678	10,439
- value adjustment of derivatives due to interest rate changes	(632)	380	467
- other value adjustment of derivatives	(1,361)	(949)	(1,242)
- junior covered bonds	(313)	(356)	(484)
- securities	93	89	118
Total	6,276	6,843	9,298
Operating costs, depreciation and amortisation, excl special value adjustments	3,740	4,286	5,829
Operating costs, depreciation and amortisation – special value adjustments ¹	25	(54)	218
Core earnings before impairment losses	2,511	2,611	3,251
Impairment losses on mortgage loans and advances	1,338	1,275	2,415
Impairment losses on bank loans and advances	119	329	349
Core earnings after impairment losses	1,053	1,007	487
Investment portfolio income	878	697	1,190
Reclassification of value adjustment following the sale of strategic equities	-	697	697
Profit before cost of capital	1,931	2,401	2,374
Net interest on subordinated debt	(382)	(343)	(460)
Profit before tax	1,550	2,058	1,914
Tax	327	269	240
Profit for the period	1,222	1,789	1,674
Total value adjustment and reclassification of strategic equities against equity	224	(408)	(343)
SUMMARY BALANCE SHEET, END OF PERIOD			
	30.09.2014	30.09.2013	31.12.2013
Assets			
Receivables from credit institutions and central banks	37,335	31,983	35,758
Mortgage loans at fair value	1,144,160	1,136,059	1,136,644
Bank loans – excluding reverse transactions	48,301	49,130	46,963
Bonds and equities	120,066	75,521	92,961
Remaining assets	98,029	108,118	105,088
Total assets	1,447,891	1,400,811	1,417,414
Liabilities and equity			
Payables to credit institutions and central banks	44,217	55,974	44,393
Deposits	60,373	59,160	65,172
Issued bonds at fair value	1,150,270	1,088,084	1,130,020
Subordinated debt	11,387	11,028	10,964
Remaining liabilities	121,492	127,780	108,149
Equity	60,152	58,784	58,716
Total liabilities and equity	1,447,891	1,400,811	1,417,414
FINANCIAL RATIOS			
Profit for the period as % of average equity, pa	2.7	4.1	2.9
Core earnings before impairment losses as % of average equity, pa	5.6	6.0	5.6
Core earnings after impairment losses as % of average equity, pa	2.4	2.3	0.8
Costs as % of core income from business operations (cost:income ratio)	44.1	55.8	55.8
Total provisions for loan impairment – mortgage lending	4,946	3,500	4,378
Total provisions for loan impairment and guarantees – banking	3,823	4,242	4,078
Impairment losses for the period, % – mortgage lending	0.12	0.11	0.21
Impairment losses for the period, % – banking	0.12	0.29	0.31
Total capital ratio, %	19.0	20.4	18.9
CET1 capital ratio, %	15.6	17.0	15.8
Internal capital adequacy ratio, %	11.2	10.3	10.4
Average number of full-time staff	3,988	4,042	4,052

¹ Special value adjustments include value adjustment of certain staff benefits and owner-occupied properties, adjustment of provisions relating to Dansk Pantebrevsbørs A/S under konkurs (in bankruptcy) and the impact of "Nykredit 2015".

Q1-Q3 INTERIM REPORT 2014

NYKREDIT REALKREDIT GROUP RESULTS RELATIVE TO Q1-Q3/2013

Nykredit recorded a profit before tax of DKK 1,550m against DKK 1,361m excluding reclassification of profit from the sale of strategic equities of DKK 697m in Q1-Q3/2013.

Nykredit's results reflect a positive development in core income from business operations of 10.6%. Costs declined by 13%, which together with higher core income from business operations helped reduce the cost:income ratio from 55.8% to 44.1%, of which lower amortisation of rights represented a decline of 5.1 percentage points.

Value adjustment of interest rate swaps resulted in a charge of DKK 1,993m against a charge of DKK 569m in 2013. This development was chiefly due to a more conservative valuation of active interest rate swaps.

Investment portfolio income rose from DKK 697m excluding reclassification of profit from the sale of strategic equities to DKK 878m.

Loan impairment losses came to DKK 1,457m compared with DKK 1,604m the year before. The trend reflected lower impairment losses in the banking area.

Nykredit recorded a profit after tax of DKK 1,222m. Equity was DKK 60,152m at end-Q3/2014 after value adjustment of strategic equities.

Core earnings

Core income from business operations

Core income from business operations increased by DKK 810m to DKK 8,488m.

Core income from mortgage lending rose by DKK 781m, or 15.3%, to DKK 5,881m. One of the factors behind the development in core income was administration margin increases implemented in 2013.

Nominal mortgage lending declined by DKK 5.2bn to DKK 1,115bn compared with the beginning of the year. The decline was attributable to the personal customers segment, which saw a fall of DKK 10.4bn, whereas lending to commercial customers rose by DKK 5.2bn.

Core income from banking increased by DKK 35m, or 1.4%, to DKK 2,480m. The increase resulted from Retail and Group Items. Income was adversely affected by lower trading activity in Nykredit Markets.

Bank lending rose by DKK 1.3bn to DKK 48.3bn compared with the beginning of the year. One of the factors prompting the rise was the loan portfolio acquired from FIH. Deposits fell by DKK 4.8bn to DKK 60.4bn compared with the beginning of the year. The fall was attributable to lower deposits with Nykredit Asset Management. Nykredit Bank recorded a deposit surplus of DKK 12.1bn at end-Q3/2014 compared with DKK 18.2bn at the beginning of the year.

Value adjustment of derivatives

Value adjustments totalled a charge of DKK 1,993m against a charge of DKK 569m in Q1-Q3/2013. Of the charge for the period, losses incurred (terminated contracts) amounted to DKK 64m.

These provisions are made for potential losses. The higher provisions in Q3/2014 reflect a more conservative assessment of our customers' future income and costs. This should be seen in the context of expectations of continued low growth, inflation and interest rates in Europe

as emphasised by the economic indicators seen in the past few months.

Losses incurred on interest rate swaps since 2012 amount to some DKK 275m and are expected to remain at a low level compared with the total provisions for the area of DKK 4.1bn. The relatively large provisions are mainly due to the fact that the market values of swap contracts with customers having the lowest ratings have been adjusted to DKK 0. The provisions are thus higher than the expected losses based on probability-weighted loss scenarios.

Value adjustments resulting from interest rate changes had a negative earnings impact of DKK 632m compared with a positive impact of DKK 380m in Q1-Q3/2013. The contracts continue to be active, and higher interest rate levels will result in positive value adjustments. The interest rate exposure comes to about DKK 130m upon a change in long-term swap rates of 0.1 percentage point.

Other value adjustment of interest rate swaps was a charge of DKK 1,361m against a charge of DKK 949m in Q1-Q3/2013. Active contracts are subject to value adjustment if a customer's general financial position implies elevated risk.

Junior covered bonds

Nykredit's junior covered bond issues totalled DKK 32.5bn at end-Q3/2014 against DKK 44.3bn at the beginning of the year, leading to net interest expenses of DKK 313m against DKK 356m in Q1-Q3/2013. We use junior covered bonds to fund supplementary collateral for covered bonds (SDOs).

Core income from securities

The risk-free interest rate, which corresponds to the Danish central bank's average lending rate, fell from 0.24% to 0.20%. Core income from securities increased from DKK 89m to DKK 93m due to lower net interest expenses relating to the acquisition of Totalkredit.

Operating costs, depreciation and amortisation, excluding special value adjustments

Nykredit's costs, excluding special value adjustments, were down by 13% to DKK 3,740m, of which DKK 389m resulted from lower amortisation because the distribution right obtained in connection with Nykredit's acquisition of Totalkredit was fully amortised at end-2013. Costs as a percentage of core income from business operations were down from 55.8% at the beginning of the year to 44.1%.

Impairment losses on loans and advances

Impairment losses on loans and advances declined by DKK 147m to DKK 1,457m, equal to 0.12% of total mortgage and bank lending.

Nykredit's impairment losses on mortgage lending grew by DKK 63m to DKK 1,338m, equal to 0.12% of lending.

Impairment losses on mortgage lending to personal customers decreased by DKK 205m to DKK 436m, equal to 0.06% of lending.

Group impairment losses on bank lending declined by DKK 210m to DKK 119m. Of impairment losses for the period, DKK 172m, or 1.05% of lending, stemmed from personal customers. Impairment losses on bank lending to commercial customers were a net income of DKK 53m against losses of DKK 314m in the same period the year before.

Nykredit's impairment provisions for potential losses on mortgage and bank lending totalled DKK 8,769m against DKK 8,456m at the begin-

ning of the year. In addition, total provisions for value adjustment of interest rate swaps amounted to DKK 4,130m against DKK 2,229m at the beginning of year.

Losses incurred on mortgage and bank lending for the period were DKK 569m against DKK 459m in 2013. Losses incurred on interest rate swaps came to DKK 64m compared with DKK 122m in the same period the year before.

Investment portfolio income

Nykredit's investment portfolio income totalled DKK 878m against DKK 697m, excluding reclassification of profit from the sale of strategic equities, in Q1-Q3/2013.

Investment portfolio income from bonds, liquidity and interest rate instruments amounted to DKK 611m. Investment portfolio income from equities and equity instruments value adjusted through profit or loss was DKK 267m.

Value adjustment of strategic equities against equity was a credit of DKK 239m.

Nykredit's securities portfolio mainly consists of short-term, high-rated Danish and other European covered bonds and credit bonds.

The interest rate risk associated with the bond portfolio was largely eliminated through offsetting government bond sales or the use of interest rate derivatives.

Net interest on subordinated debt

Nykredit has raised subordinated debt totalling DKK 11.4bn. Net interest expenses came to DKK 327m.

Tax

Tax calculated on profit for the period was DKK 327m, equal to a tax rate of 21.1%.

RESULTS FOR Q3/2014

The Group recorded a loss before tax of DKK 169m against a profit of DKK 841m in Q2/2014 and a profit of DKK 878m in Q1/2014.

Compared with Q2/2014, results before tax were down by DKK 1,010m, which can be ascribed to a DKK 1,351m rise in value adjustment of interest rate swaps in Q3/2014.

Compared with Q2/2014, operating costs declined by DKK 115m in line with expectations. Impairment losses on loans and advances dropped by DKK 125m to DKK 408m in Q3/2014 due to a DKK 207m decrease in impairment losses on mortgage lending, whereas impairment losses on bank lending grew by DKK 82m.

Net interest on subordinated debt increased by DKK 22m to DKK 145m in Q3/2014.

OUTLOOK FOR 2014

Growth in core income from business operations, excluding value adjustment of interest rate swaps, surpassed expectations.

Costs, depreciation and amortisation were lower than expected, and loan impairment was also lower than forecast.

The changed valuation of interest rate swaps and interest rate trends have resulted in substantial negative value adjustments.

Accordingly, we have revised our guidance for 2014. We expect that profit before tax for 2014, excluding value adjustment of swaps and investment portfolio income, will be DKK 3,250m-3,750m. This reflects a positive development in our core business, which is expected to grow by approximately DKK 1.0bn compared with our full-year guidance from the beginning of the year and by more than DKK 0.6bn compared with the upward adjustment in the Q1 Interim Report 2014.

BUSINESS AREAS

As at 1 May 2014, Nykredit established a new management and organisational structure with the following business areas:

- Retail, which serves Nykredit's personal customers and SMEs. The business area includes mortgage lending to Nykredit's personal customers arranged via Totalkredit.
- Wholesale, which comprises Totalkredit Partners and Wholesale Clients. Totalkredit Partners arranges the Group's mortgage loans to personal customers via local and regional banks. Wholesale Clients comprises Corporate & Institutional Banking and the business units Nykredit Markets and Nykredit Asset Management.

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

Gross income from customer business is allocated to the business areas which have supplied the underlying products (Nykredit Markets and Nykredit Asset Management). Gross income attributable to the sales activities of Retail and Corporate & Institutional Banking is subsequently reallocated in full. Correspondingly, Retail and Corporate & Institutional Banking pay a proportion of the operating costs of Nykredit Markets and Nykredit Asset Management that may be attributed to the sales activities.

Nykredit's core earnings after impairment losses totalled DKK 1,053m against DKK 1,007m in Q1-Q3/2013. The development reflected higher core earnings in Totalkredit Partners due to growing business income and declining amortisation. Higher negative value adjustment of interest rate swaps and higher impairment losses on loans and advances resulted in a downturn in Retail and Wholesale.

Results before tax in Group Items were reduced by declining investment portfolio income.

Nykredit's share of total Danish mortgage lending was 42.5% against 43.0% at the beginning of the year. Nykredit's market share in the private residential segment was 46.5% and in the commercial segment 37.0% against 47.2% and 37.2%, respectively, at the beginning of the year. Totalkredit's market share of private residential lending, exclusive of lending by Jyske Bank, was up from 41.2% at the beginning of the year to 41.6%.

Results by business area¹

DKK million	Wholesale			Group Items	Total
	Retail	Totalkredit Partners	Wholesale Clients		
Q1-Q3/2014					
Core income from					
- customer activities, gross	4,187	1,947	2,334	21	8,488
- payment for distribution	418	-	(418)	-	-
Total business operations	4,605	1,947	1,916	21	8,488
- value adjustment of derivatives	(1,168)	-	(825)	-	(1,993)
- junior covered bonds	(99)	(163)	(13)	(39)	(313)
- securities	-	-	-	93	93
Total	3,338	1,784	1,078	75	6,276
Operating costs	2,218	267	642	637	3,765
Core earnings before impairment losses	1,119	1,517	436	(562)	2,511
Impairment losses on loans and advances	1,053	237	153	15	1,457
Core earnings after impairment losses	67	1,280	283	(577)	1,053
Investment portfolio income ²	-	-	-	878	878
Profit before cost of capital	67	1,280	283	301	1,932
Net interest on subordinated debt	-	-	-	(382)	(382)
Profit (loss) before tax	67	1,280	283	(80)	1,550
Return					
Average equity requirement, DKKm ³	23,212	13,478	14,415	8,181	59,287
Core earnings after impairment losses as % of average equity requirement ³	0.4	12.7	2.6	-	2.4

¹ Please refer to note 4 of this report for complete segment financial statements with comparative figures.

² Investment portfolio income includes profit for the period from investments in associates and profit from their sale of DKK 6m (2013: DKK 22m).

³ The equity requirement is based on Nykredit's internal determination and allocation of capital.

Results – Retail

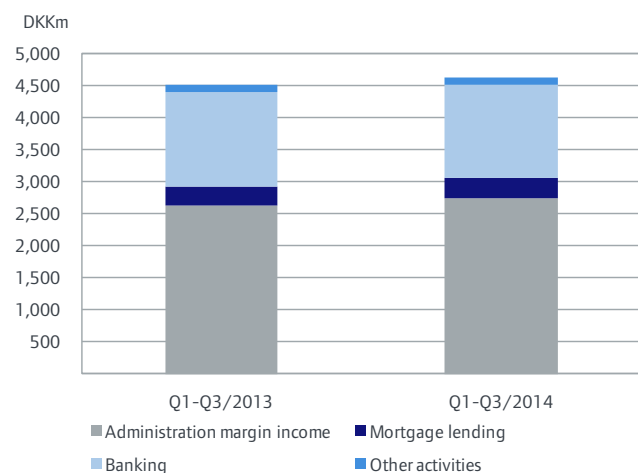
DKK million	Q1-Q3/ 2014	Q1-Q3/ 2013
Core income from		
- business operations	4,605	4,501
- value adjustment of derivatives	(1,168)	(118)
- junior covered bonds	(99)	(89)
Total	3,338	4,294
Operating costs	2,211	2,280
Depreciation of property, plant and equipment and amortisation of intangible assets	7	7
Core earnings before impairment losses	1,119	2,008
Impairment losses on mortgage loans and advances	942	830
Impairment losses on bank loans and advances	111	196
Core earnings after impairment losses	67	982

Activities

DKK million	30.09.2014	2013
Mortgage lending		
Gross new lending*	32,795	29,067
Portfolio at nominal value, end of period	441,719	445,490
Impairment losses for the period as % of loans and advances*	0.21	0.19
Total impairment provisions, end of period		
Total impairment provisions	3,277	2,831
Total impairment provisions as % of loans and advances	0.74	0.64
Banking		
Loans and advances, end of period	24,705	23,304
Deposits, end of period	38,339	36,798
Impairment losses for the period as % of loans and advances	0.39	0.94
Total impairment provisions, end of period		
Total impairment provisions	2,210	2,279
Total impairment provisions as % of loans and advances	8.21	8.91
Guarantees, end of period	3,713	3,244
Provisions for guarantees, end of period	55	48

* For Q1-Q3/2014 and Q1-Q3/2013.

Other data from end-Q3/2014 and end-2013.

Core income from business operations**RETAIL**

The business area Retail serves personal customers and SMEs, including agricultural customers, small housing cooperatives and private residential rental customers. Retail also includes mortgage lending to Nykredit's personal customers arranged via Totalkredit as well as the activities of Nykredit Mægler A/S.

Nykredit serves its customers through 55 local 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 partnership with Gjensidige Forsikring.

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

Activities

Nominal mortgage lending declined by DKK 3.8bn to DKK 442bn compared with the beginning of the year, of which decline DKK 3.2bn stemmed from personal customers. Lending to personal customers and commercial customers was DKK 198bn and DKK 244bn, respectively.

Gross new mortgage lending rose by DKK 3.7bn to DKK 32.8bn compared with the same period the year before, of which DKK 15.5bn to personal customers and DKK 17.3bn to commercial customers.

Bank lending rose by DKK 1.4bn to DKK 24.7bn compared with the beginning of the year. The rise derived from commercial customers. Deposits went up by DKK 1.5bn to DKK 38.3bn. The upturn was attributable to personal customers.

Results

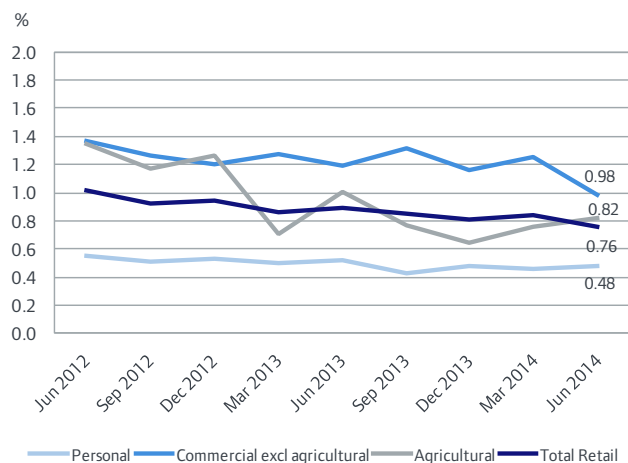
Core earnings after impairment losses came to DKK 67m against DKK 982m in the same period last year. The cause of the adverse development was a larger charge from the value adjustment of interest rate swaps.

Core income from business operations grew by 2.3% on the same period last year to DKK 4,605m in Q1-Q3/2014. Core income from mortgage business improved by DKK 138m due to increased administration margin income, whereas core income from banking activities was down by DKK 21m.

Value adjustment of interest rate swaps was a charge of DKK 1,168m against DKK 118m in Q1-Q3/2013.

Operating costs declined by DKK 69m, or 3%, to DKK 2,211m in Q1-Q3/2014.

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



Impairment losses on mortgage lending rose by DKK 112m to DKK 942m, whereas impairment losses on bank lending decreased by DKK 85m. Impairment losses totalled 0.21% of mortgage lending and 0.39% of bank lending.

Impairment losses on mortgage lending to commercial customers increased by a total of DKK 228m relative to the same period last year, whereas impairment losses on bank lending to commercial customers reduced by DKK 242m.

Impairment losses on lending to personal customers were up by DKK 40m as a result of higher impairment losses on bank lending coupled with lower impairment losses on mortgage lending.

At end-Q3/2014, impairment provisions totalled DKK 5,487m against DKK 5,110m at the beginning of the year. The upturn was chiefly prompted by a rise in individual impairment provisions for mortgage lending to commercial customers.

At the June due date, 75-day mortgage loan arrears as a percentage of total mortgage payments due came to 0.76% for Retail against 0.89% at the same time in 2013.

Results – Wholesale

DKK million	Q1-Q3/ 2014	Q1-Q3/ 2013
Core income from		
- business operations	3,863	3,203
- value adjustment of derivatives	(825)	(451)
- junior covered bonds	(176)	(235)
Total	2,862	2,517
Operating costs	905	983
Depreciation of property, plant and equipment and amortisation of intangible assets	4	394
Core earnings before impairment losses	1,953	1,139
Impairment losses on mortgage loans and advances	385	435
Impairment losses on bank loans and advances	4	144
Core earnings after impairment losses	1,564	560

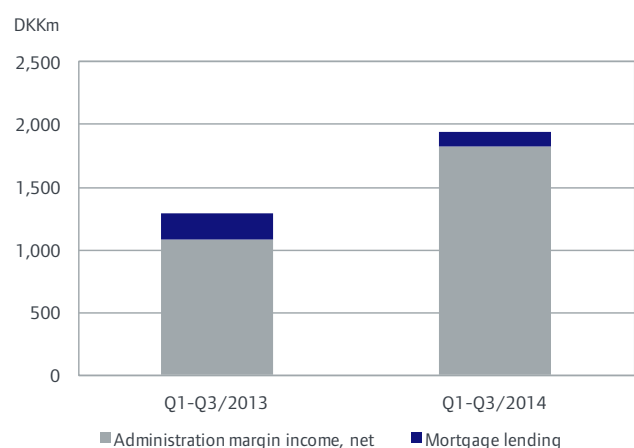
Results – Totalkredit Partners

DKK million	Q1-Q3/ 2014	Q1-Q3/ 2013
Core income from		
- business operations	1,947	1,289
- junior covered bonds	(163)	(221)
Total	1,784	1,069
Operating costs	267	305
Depreciation of property, plant and equipment and amortisation of intangible assets	-	390
Core earnings before impairment losses	1,517	374
Impairment losses on loans and advances	237	326
Core earnings after impairment losses	1,280	49

Activities – Totalkredit Partners

DKK million	30.09.2014	2013
Mortgage lending		
Gross new lending*	50,929	43,384
Portfolio at nominal value, end of period	487,492	494,677
Impairment losses for the period as % of loans and advances	0.05	0.07
Total impairment provisions, end of period		
Total impairment provisions	1,113	1,139
Total impairment provisions as % of loans and advances	0.23	0.23

* For Q1-Q3/2014 and Q1-Q3/2013.
Other data from end-Q3/2014 and end-2013.

Core income from business operations – Totalkredit Partners**WHOLESALE**

Wholesale comprises the business units Totalkredit Partners and Wholesale Clients. The latter consists of Corporate & Institutional Banking, Nykredit Markets and Nykredit Asset Management.

Totalkredit Partners

Under the Totalkredit brand, Totalkredit Partners provides mortgage loans to personal customers distributed through 65 Danish local and regional banks.

Totalkredit continuously develops its product range in association with the local and regional partner banks, which includes a new secured homeowner loan. The loan allows partner banks to transfer bank loans secured on real estate to Totalkredit, thus funding these loans.

Under the partnership, the local and regional banks receive part of the administration margin income relating to the loans in question as payment for loan distribution. In return, Totalkredit may offset part of any loss incurred on a loan against the distribution commission payable to the partner banks.

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

Activities

Nominal mortgage lending went down by DKK 7.2bn to DKK 487bn compared with the beginning of the year. Loans offered through Jyske Bank amounted to DKK 70bn at end-Q3/2014 against DKK 79bn as at 30 June 2014.

Results

Core earnings after impairment losses came to DKK 1,280m against DKK 49m in Q1-Q3/2013.

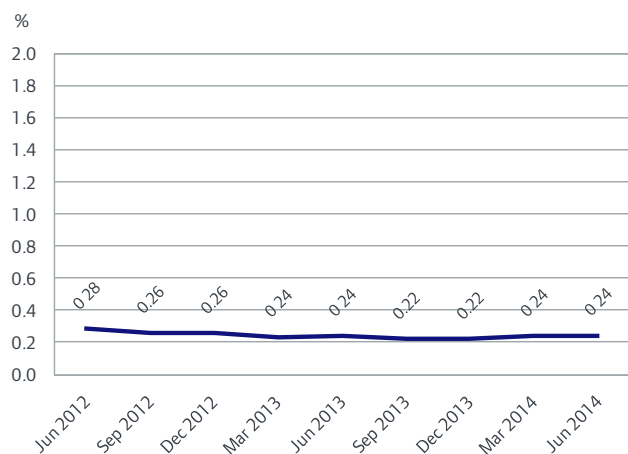
Results mirrored growth in core income from business operations coupled with a decline in impairment losses on loans and advances as well as in depreciation of property, plant and equipment and amortisation of intangible assets.

Core income from business operations rose by 51% to DKK 1,947m in Q1-Q3/2014. This was spurred by higher administration margin income as well as a reduction in distribution commission as a result of Jyske Bank's exit from the Totalkredit partnership. Activity-specific income declined due to lower lending activity.

Net expenses relating to junior covered bonds came to DKK 163m against DKK 221m in Q1-Q3/2013. The reduction was attributable to a lower amount of junior covered bonds as well as slightly declining net interest.

Operating costs declined by DKK 38m, or 12%, to DKK 267m in Q1-Q3/2014.

**Arrears ratio, mortgage lending – Totalkredit Partners
75 days past due**



As the distribution right was fully amortised at the beginning of the year, nothing has been recorded under depreciation of property, plant and equipment and amortisation of intangible assets.

Loan impairment losses reduced by DKK 89m to a net charge of DKK 237m compared with the same period in 2013, after set-off against commission payable to partner banks. Loan impairment losses in the period under review were affected by a reversal of collective impairment provisions, while the amount offset against commission payable to partner banks declined from DKK 246m in Q1-Q3/2013 to DKK 194m.

At end-Q3/2014, impairment provisions totalled DKK 1,113m against DKK 1,139m at the beginning of the year. The change in total impairment provisions stemmed from a decline in collective impairment provisions.

At the June due date, 75-day mortgage loan arrears as a percentage of total mortgage payments due were unchanged at 0.24% relative to the same date in 2013.

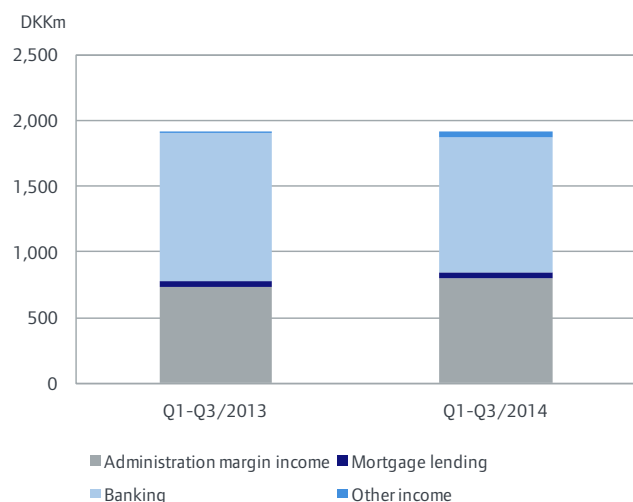
Results – Wholesale Clients

DKK million	Q1-Q3/2014	Q1-Q3/2013
Core income from		
- business operations	1,916	1,914
- value adjustment of derivatives	(825)	(451)
- junior covered bonds	(13)	(14)
Total	1,078	1,448
Operating costs	638	679
Depreciation of property, plant and equipment and amortisation of intangible assets	4	5
Core earnings before impairment losses	436	765
Impairment losses on mortgage loans and advances	148	109
Impairment losses on bank loans and advances	4	144
Core earnings after impairment losses	283	511

Income from customer activities

DKK million	Q1-Q3/2014	Q1-Q3/2013
Customer activities, gross		
Nykredit Markets	458	517
Nykredit Asset Management	596	588
Corporate & Institutional Banking	1,280	1,228
Total	2,334	2,333
Payment for distribution		
Nykredit Markets	(209)	(192)
Nykredit Asset Management	(355)	(343)
Corporate & Institutional Banking	146	116
Total	(418)	(419)
Core income		
Nykredit Markets	249	325
Nykredit Asset Management	241	245
Corporate & Institutional Banking	1,426	1,344
Total	1,916	1,914

Core income from business operations



Wholesale Clients

The business area Wholesale Clients comprises activities with Nykredit's corporate and institutional clients, the non-profit housing segment, large housing cooperatives and mortgage lending to commercial customers for properties abroad. Wholesale Clients also handles Nykredit's activities within securities and financial derivatives trading, and asset and wealth management. Wholesale Clients consists of Corporate & Institutional Banking, Nykredit Markets and Nykredit Asset Management as well as the activities of Nykredit Leasing A/S.

Results

Core earnings after impairment losses came to DKK 283m against DKK 511m in Q1-Q3/2013.

The development mirrored growth in business operations in Corporate & Institutional Banking, somewhat lower activity in Nykredit Markets and higher negative value adjustment of derivatives (interest rate swaps).

Gross income from customer activities was DKK 2,334m compared with DKK 2,333m in Q1-Q3/2013.

Nykredit Markets posted gross income of DKK 458m, a DKK 59m decrease on Q1-Q3/2013. Earnings reflected a low activity level in the fixed income market in particular in Q1-Q3/2014. Nykredit Asset Management's gross income grew by DKK 8m to DKK 596m. Corporate & Institutional Banking recorded a DKK 52m income rise to DKK 1,280m.

Nykredit Markets' income after payment for distribution dropped by DKK 76m to DKK 249m in Q1-Q3/2014. Nykredit Asset Management's income after payment for distribution amounted to DKK 241m, the same level as last year. Corporate & Institutional Banking recorded a DKK 82m income rise to DKK 1,426m.

Value adjustment of derivatives, chiefly interest rate swaps, was a charge of DKK 825m against DKK 451m in Q1-Q3/2013.

Operating costs declined by DKK 41m, or 6%, to DKK 638m in Q1-Q3/2014.

Impairment losses on mortgage lending rose by DKK 39m to DKK 148m relative to Q1-Q3/2013.

Impairment losses on bank lending decreased to DKK 4m, down DKK 140m. Impairment losses included provisions for guarantees amounting to DKK 6m against DKK 80m in Q1-Q3/2013.

Impairment losses represented 0.08% of mortgage lending and an income of 0.01% of bank lending.

At end-Q3/2014, impairment provisions totalled DKK 1,992m against DKK 2,044m at the beginning of the year. The DKK 52m decline in total impairment provisions stemmed from a drop in individual impairment provisions.

Activities – Wholesale Clients

DKK million	30.09.2014	2013
Mortgage lending		
Gross new lending*	20,830	20,183
Portfolio at nominal value, end of period	185,599	179,803
Impairment losses for the period as % of loans and advances*	0.08	0.06
Total impairment provisions, end of period		
Total impairment provisions	556	408
Total impairment provisions as % of loans and advances	0.30	0.23
Banking		
Loans and advances, end of period	23,579	23,484
Deposits, end of period	21,599	27,235
Impairment losses for the period as % of loans and advances*	(0.01)	0.24
Total impairment provisions, end of period		
Total impairment provisions	1,436	1,636
Total impairment provisions as % of loans and advances	5.74	6.51
Guarantees, end of period	1,285	1,806
Provisions for guarantees, end of period	61	55
Assets under management	121,792	116,269
Assets under administration		
Nykredit Portefølje Administration A/S	642,782	598,434
– of which the investment funds of the Nykredit Group	57,792	51,808

* For Q1-Q3/2014 and Q1-Q3/2013.
Other data from end-Q3/2014 and end-2013.

Activities

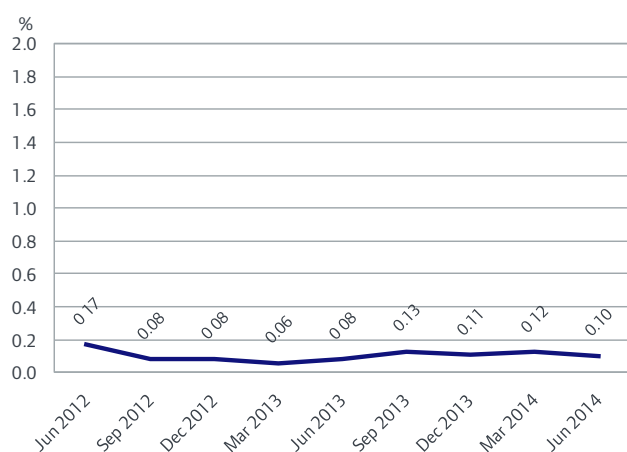
Total nominal mortgage lending went up by DKK 5.8bn to DKK 186bn relative to the beginning of the year. Gross new mortgage lending was DKK 20.8bn, in line with the same period last year.

Bank lending of DKK 23.6bn was unchanged on the beginning of the year. Bank deposits dropped by DKK 5.6bn to DKK 21.6bn.

At end-Q3/2014, Nykredit Asset Management had assets under management totalling DKK 122bn, up DKK 5.5bn on the beginning of the year. Total assets under administration went up by DKK 44.3bn to DKK 643bn at end-Q3/2014.

Arrears

At the June due date, 75-day mortgage loan arrears as a percentage of total mortgage payments due came to 0.10% and thus remained at a low level.

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

GROUP ITEMS

A number of income statement and balance sheet items are not allocated to the business areas. Such items are carried under Group Items and include costs of some staff functions and IT development costs. Group Items also includes Nykredit's total return on the securities portfolio, which is the sum of "Core income from securities" and "Investment portfolio income". The activities of the companies Nykredit Ejendomme A/S and Ejendomsselskabet Kalvebod A/S are also part of Group Items.

Results

A loss before tax of DKK 80m was recorded against a profit of DKK 516m in the same period the year before. This development was prompted by profit from the sale of strategic equities of DKK 697m recognised as income in Q1-Q3/2013 relative to acquisition cost in accordance with Nykredit's accounting policies.

Core income from securities

Nykredit's core income from securities was DKK 93m against DKK 89m in Q1-Q3/2013. This development resulted from a larger investment portfolio and lower net interest expenses relating to the acquisition of Totalkredit, whereas the development in the risk-free interest rate had a negative impact on core income from securities.

Results – Group Items

DKK million	Q1-Q3/ 2014	Q1-Q3/ 2013
Core income from		
- business operations	21	(26)
- junior covered bonds	(39)	(31)
- securities	93	89
Total	75	32
Operating costs	467	445
Operating costs – special value adjustments	25	(54)
Depreciation of property, plant and equipment and amortisation of intangible assets	145	176
Core earnings before impairment losses	(562)	(536)
Impairment losses on mortgage loans and advances	11	10
Impairment losses on bank loans and advances	4	(11)
Core earnings after impairment losses	(577)	(535)
Investment portfolio income	878	1,394
- of which reclassification of value adjustment following the sale of strategic equities	-	697
Profit before cost of capital	301	859
Net interest on subordinated debt	(382)	(343)
Profit (loss) before tax	(80)	516

Activities

DKK million	30.09.2014	2013
Banking		
Loans and advances, end of period	17	175
Deposits, end of period	435	1,139
Total impairment provisions, end of period		
Total impairment provisions	61	60
Total impairment provisions as % of loans and advances	78.00	25.43
Guarantees, end of period	1,513	1,260
Provisions for guarantees, end of period	-	-

The risk-free interest rate, which corresponds to the Danish central bank's average lending rate, fell from 0.24% to 0.20%.

Core income from securities equals the return the Group could have obtained by placing its investment portfolios at the risk-free interest rate. Core income from securities also includes net interest expenses relating to Tier 2 capital and the acquisition of Totalkredit.

Operating costs

Unallocated costs were DKK 467m against DKK 445m in Q1-Q3/2013. By far the largest cost component was IT development costs.

Special value adjustments came to a net charge of DKK 25m, principally due to adjustment of the provisions for restructuring costs as a result of "Nykredit 2015".

Impairment losses

Impairment losses on loans and advances amounted to DKK 15m.

Investment portfolio income

Investment portfolio income came to DKK 878m against DKK 697m excluding reclassification of value adjustment following the sale of strategic equities in Q1-Q3/2013.

Investment portfolio income from bonds, liquidity and interest rate instruments came to DKK 611m. Investment portfolio income from equities and equity instruments value adjusted through profit or loss was DKK 267m.

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. Price spreads and interest margins 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.

OWN FUNDS, LIQUIDITY AND FUNDING

EQUITY AND OWN FUNDS OF NYKREDIT REALKREDIT GROUP

Equity

Nykredit's equity was DKK 60.2bn at end-Q3/2014, equal to a rise of nearly DKK 1.4bn relative to the beginning of the year. The rise consisted of profit for the period of DKK 1.2bn and a credit from the value adjustment of strategic equities of DKK 0.2bn.

In accordance with IAS 39, Nykredit has classified the Group's strategic equity investments as "available for sale" in its Consolidated Financial Statements. Current value adjustment of these equities is recognised in equity, whereas value adjustments following a sale will be reclassified from equity to the income statement. The value of equities classified as available for sale totalled DKK 2,016m at end-Q3/2014.

Nykredit Realkredit Group Equity

DKK million	30.09.2014	31.12.2013
Equity, beginning of period	58,716	57,556
Profit for the period	1,222	1,674
Fair value adjustment of equities available for sale	224	366
Realised value adjustment of equities available for sale reclassified to the income statement	-	(709)
Distributed dividend	-	(150)
Other adjustments	(10)	(21)
Equity, end of period	60,152	58,716

Nykredit Realkredit Group Capital and capital adequacy

DKK million	30.09.2014	31.12.2013	01.01.2014
Credit risk	305,818	298,575	300,931
Market risk	36,207	28,571	28,571
Operational risk	17,933	18,818	18,818
Total risk exposure amount (REA)¹	359,959	345,963	348,320
Equity	60,152	58,716	58,511
CET1 capital deductions	(3,906)	(4,050)	(3,283)
Common Equity Tier 1 (CET1) capital	56,245	54,666	55,228
Additional Tier 1 (AT1) capital	6,790	10,678	8,542
AT1 capital deductions	(15)	-	-
Tier 1 capital	63,020	65,344	63,770
Tier 2 capital	4,466	237	237
Tier 2 capital deductions	1,094	(237)	(98)
Own funds	68,580	65,344	63,909
CET1 capital ratio, %	15.6	15.8	15.9
Tier 1 capital ratio, %	17.5	18.9	18.3
Total capital ratio, %	19.0	18.9	18.3
Capital adequacy requirement (Pillar I and Pillar II), %	11.2	10.4	-

Own funds and capital adequacy are specified further in note 2.

¹ Capital adequacy is determined subject to a transitional rule in accordance with the transitional provisions of the CRR. REA must constitute at least 80% of the risk-weighted assets determined under Basel I. At end-Q3/2014, REA subject to the transitional rules amounted to DKK 50.0bn, equal to a total capital ratio of 13.9%.

Note: "01.01.2014" shows pro forma figures on capital and capital adequacy taking into account the new capital adequacy rules effective from 1 January 2014.

Capital and capital adequacy

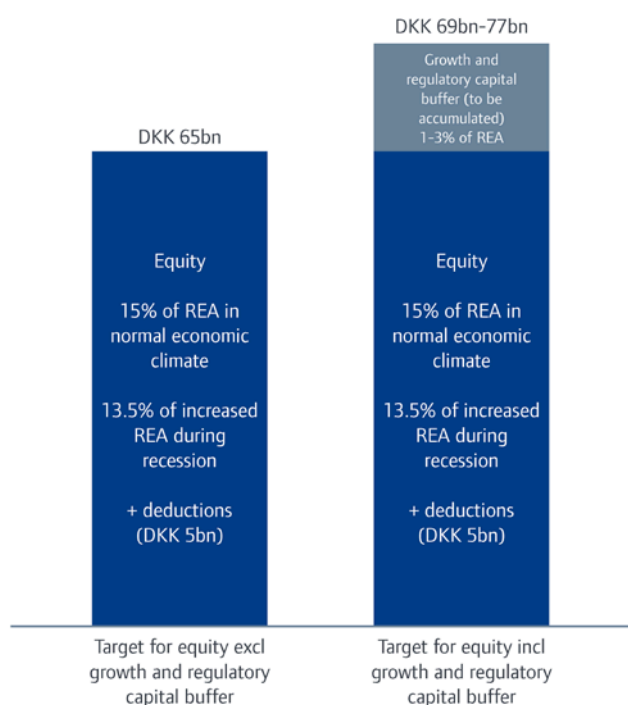
Nykredit's own funds include Common Equity Tier 1 (CET1) capital, Additional Tier 1 capital and Tier 2 capital after deductions. In Q2/2014, Nykredit raised Tier 2 capital totalling EUR 600m to comfortably meet the new capital requirements.

Own funds came to DKK 68.6bn, and the risk exposure amount (REA) (previously risk-weighted assets (RWA)) was up DKK 14bn to DKK 360bn at end-Q3/2014, corresponding to a total capital ratio of 19.0%. In September 2014, Nykredit redeemed Additional Tier 1 capital of DKK 500m. The Additional Tier 1 capital included in the determination of capital amounted to DKK 6.8bn at end-Q3/2014. The Tier 1 capital ratio was 17.5%, and the CET1 capital ratio was 15.6% at end-Q3/2014.

Nykredit's internal capital adequacy requirement was determined at 11.2%. The determination takes into account approximately DKK 35bn resulting from the changed calculation method for REA following the statutory implementation of advanced IRB models for the lending of Nykredit Bank.

In June 2014 Nykredit was designated as a systemically important financial institution (SIFI) by the Danish FSA. As a result, Nykredit will have to meet a specific SIFI buffer requirement for CET1 capital. The requirement will be introduced gradually in 2015-2019. The requirement is expected to be 2% and will be announced in the autumn of 2014.

Nykredit Realkredit Group
Capital targets for 2019



NYKREDIT'S CAPITAL TARGETS FOR 2019

Nykredit's capital targets for 2019 are an equity level of DKK 65bn at the current business volumes and, in the longer term, a growth and regulatory capital buffer of 1-3% of the risk exposure amount (REA). In addition, Nykredit has a total capital ratio target of up to 20% of REA in a normal economic climate.

New legislation on non-voting shares

The Danish parliament passed new legislation in April 2014 under which Nykredit may issue non-voting shares. Nykredit has no current plans to exercise this option.

FUNDING AND LIQUIDITY

Nykredit's mortgage lending is funded through the issuance of covered bonds (SDOs and ROs). In addition, the Group may provide statutory supplementary collateral by issuing junior covered bonds.

Bank lending is chiefly funded by deposits. As at 30 September 2014, Nykredit Bank had a deposit surplus of DKK 12.1bn measured as the difference between deposits and lending at amortised cost. At end-2013, the deposit surplus came to DKK 18.2bn.

Nykredit's liquidity is determined as the portfolios of highly liquid bonds and cash and is funded by deposits, junior covered bonds, senior debt (EMTNs and ECP), subordinated debt and equity.

Liquidity

The balance sheet structure of the mortgage banks ensures a high level of liquidity as mortgage borrowers make their payments on or before the date on which Nykredit pays bondholders.

The liquidity position is to ensure that Nykredit has a sizeable buffer for cash flows driven by customer flows, loan arrears, current costs and

maturing capital market funding. In addition, the liquidity position ensures the Group's compliance with regulatory liquidity requirements.

Nykredit's liquid assets are mainly liquid Danish and other European government and covered bonds. In a liquid repo market, these securities are eligible as collateral with other banks and with the Danish or other European central banks and are directly exchangeable into liquidity. To this should be added a small portfolio of money market deposits, equities, credit bonds and similar assets.

The unencumbered proportion of the liquid assets of the Group's mortgage banks, including proceeds from issued junior covered bonds, totalled DKK 93.0bn at end-Q3/2014 against DKK 98bn at the beginning of the year.

At end-Q3/2014, Nykredit Bank's liquid assets totalled DKK 79.7bn against DKK 85.3bn at end-2013, determined in accordance with section 152 of the Danish Financial Business Act.

Liquidity Coverage Ratio (LCR)

As of 2015 Nykredit will be subject to the new international regulatory framework regarding the Liquidity Coverage Ratio (LCR). The LCR requirement is to ensure that the stock of liquid assets is sufficient for meeting all payment obligations 30 days ahead without access to market funding.

It is Nykredit's expectation that covered bonds, except for self-issued bonds, will be eligible for inclusion in the stock of liquid assets. Nykredit also expects that some payment obligations relating to match-funded mortgage lending will be exempted from the LCR rules.

The LCRs of the Group's companies (excluding self-issued bonds) were as follows at end-Q3/2014:

Nykredit Realkredit Group	176%
Nykredit's mortgage banks	1,094%
Nykredit Bank A/S	105%

The Group and the individual group companies all comply with the requirement of an LCR above 100%.

Issuance in 2014

The Nykredit Realkredit Group has not made any changes to its schedule for issuance of SDOs, ROs and junior covered bonds or Nykredit Bank's EMTN and ECP programmes for 2014 compared with the information provided in the Annual Report 2013.

In Q2/2014, Nykredit raised subordinate loan capital of EUR 600m (DKK 4.5bn) in the form of Tier 2 capital.

CREDIT RATINGS

Nykredit's ratings have not changed since the 2013 Annual Report.

Nykredit Realkredit A/S and Nykredit Bank A/S each have a long-term unsecured rating of A+ and a short-term unsecured rating of A-1 with Standard & Poor's. The rating outlooks are negative. In rated capital centres, SDOs and ROs are all rated AAA by S&P. The rating outlooks are stable. All issued junior covered bonds are rated A+.

Nykredit Realkredit A/S and Nykredit Bank A/S each have a long-term unsecured rating of A and a short-term unsecured rating of F1 with Fitch Ratings. The rating outlooks are stable.

Moody's is still publishing a number of ratings of companies of the Nykredit Group on an unsolicited basis.

OTHER

Nykredit and Totalkredit launched a new product, and a new price structure at end-August

The Danish mortgage system is founded on investors having confidence in the system in any situation. This makes for the lowest possible loan rates for Danish homeowners in the long term. In recent years, credit rating agencies and regulators in Denmark and the EU have pointed out that the large annual bond sales should be reduced so as best to secure the sale of bonds. Remortgaging from ARMs with 1-year or 2-year interest rate reset (F1-F2 loans) to other loan types will contribute to meeting the requirements of credit rating agencies and regulators, including the coming supervisory diamond.

At the end of August, Nykredit and Totalkredit launched a new, variable-rate loan, "F-kort", with interest rate reset every six months. F-kort is linked to the Cita rate, but is funded by bonds with longer maturities. The new product is expected to be more attractive to our customers than the F1-F2 loans, which are also based on a short-term variable interest rate.

As at 1 January 2015, Totalkredit will introduce a new price structure, which implies higher administration margin rates on interest-only loans as well as on F1-F2 loans.

There are no changes to the administration margins on fixed-rate loans, ARMs with 3- to 10-year interest rate reset (F3-F10 loans) or capped floating-rate repayment loans (RenteMax). The administration margin on the new, variable-rate loan will be fixed in line with those of F3-F10 loans.

Furthermore, Totalkredit and Nykredit will increase the price spreads on F1-F2 loans to 0.30 point. The price spread on F3-F10 loans and other variable-rate loans will be raised to 0.20 point. The new price spreads will apply to loans subject to refinancing and interest rate reset as at 1 January 2015 or later.

Following these adjustments, Totalkredit and Nykredit will remain highly competitive in the market. Currently, Totalkredit's administration margins on new loans are the least expensive in the market where most loan types are concerned.

Totalkredit and Nykredit offer personal customers who are affected by these price rises a discount of up to DKK 5,000 if they want to switch loan types, thereby avoiding the price rise partially or completely. The discount is offered until 31 December 2015 inclusive.

Nykredit designated a systemically important financial institution

In line with expectations, the Danish FSA designated Nykredit Realkredit as a systemically important financial institution (SIFI) in

June. As a SIFI, Nykredit will be more closely monitored by the Danish FSA, and the capital requirement (SIFI buffer) will be increased to an expected 2%. The SIFI buffer requirement will be announced by the Danish Ministry of Business and Growth during the autumn of 2014.

Nykredit accepts Danish Supreme Court decision

The Danish Supreme Court made a decision in the case about Nykredit's administration margins in June. In its decision, the Court established that Nykredit Realkredit A/S continues to be bound by the administration margin undertaking imposed by the Danish competition authorities on Nykredit Realkredit A/S in connection with Nykredit's acquisition of Totalkredit in 2003. As a result, Nykredit Realkredit A/S may only raise its administration margins for personal customers to market level subject to prior approval by the Danish competition authorities. The administration margins on mortgage loans raised with Nykredit Realkredit A/S before 1 April 2012 therefore remain unchanged.

Since 1 April 2012, all new lending to personal customers with the Nykredit Group has been granted via Totalkredit. This practice will continue unchanged.

Corporate loan portfolio from FIH Erhvervsbank A/S strengthens Nykredit Bank's position

Nykredit Bank and FIH Erhvervsbank agreed in June that Nykredit Bank would take over 24 large corporate accounts with credit exposures totalling approximately DKK 4bn, comprising lending of around DKK 1.9bn, guarantees and credit commitments of around DKK 1.6bn and financial instruments of DKK 0.5bn.

The agreement adds a number of large corporate customers to Nykredit Bank's customer base and underpins Nykredit's strategy to strengthen its position as a corporate bank.

The portfolio was taken over in September 2014.

Jyske Bank's exit from Totalkredit partnership

Jyske Bank is considered to have exited the partnership as from mid-March 2014.

In June Jyske Bank instituted arbitration proceedings to determine the final terms for its exit from the Totalkredit partnership. In March Jyske Bank had referred customers to Totalkredit corresponding to lending of DKK 82bn. As at 30 September 2014, the amount was DKK 70bn.

Customers' loans or terms and conditions will not be affected by the changed relationship. Going forward, Totalkredit will offer advisory services to these customers and handle any loan losses as well as loss risk. As from mid-March, no distribution commission has been paid to Jyske Bank in accordance with existing agreements.

Totalkredit still expects that Jyske Bank will encourage the refinancing of the majority of the loans into loans granted directly by Jyske Bank or one of the group's companies, and it is expected that about 10% of the loans will be prepaid per quarter to this end.

For the full year 2014, the net impact of revised contractual terms, including an estimated additional decline in the loan portfolio and loan prepayments, is estimated to increase the results of Totalkredit and Nykredit by a total of some DKK 200m, which is more than initially expected.

Stronger customer focus after Nykredit reorganisation

As part of the "Nykredit 2015" plan, we changed our management and organisational structure in spring to sharpen our business strategic focus and raise profitability through a strong customer focus with new

customer concepts, increased earnings, efficiencies and a less complex organisation. Another important focus area is to strengthen and rein-vigorate the business relationship with the 65 Danish local and regional banks of the Totalkredit partnership.

Income is to grow by DKK 1bn, and costs are to be reduced by DKK 0.5bn with full effect from 2016. As part of the cost reductions and to raise the efficiency of decision-making processes, it was necessary to reduce the number of management and staff positions by up to 300, mainly in non-customer facing functions. The new organisation was implemented on 1 May 2014.

Nykredit Group part of EU-wide AQR and stress test

In Q1-Q3/2014, the Nykredit Group participated in the EU-wide Asset Quality Review and stress test.

As stated in a report from the Danish FSA and Nykredit's press release dated 26 October 2014, the review prompted a few accounting adjustments. The most significant adjustments, totalling DKK 330m, were already recognised in the financial statements for H1/2014. The adjustments partially reflect a change in methodology from probability-weighted impairment to 100% impairment of the unsecured part of asset finance exposures.

Further, the Danish FSA has ordered Nykredit to make a DKK 45m impairment charge on an owner-occupied property included in the financial statements for Q1-Q3/2014. In addition, the impairment level has increased, and most of this increase has also been charged to the income statement in Q3/2014.

Reference is made to the press releases, which are available at nykredit.com.

Changes to the Group Executive Board

As at 1 October 2014, Anders Jensen was appointed Group Managing Director with responsibility for Retail. Anders Jensen was formerly CEO of Nordea Bank Danmark.

Nykredit's Group Executive Board now consists of Michael Rasmussen, Group Chief Executive, Kim Duus, Group Managing Director (Wholesale), Søren Holm, Group Managing Director (CFO/CRO), Anders Jensen, Group Managing Director (Retail), and Bente Overgaard, Group Managing Director (COO).

Karsten Knudsen, Group Managing Director, and Per Ladegaard, Group Managing Director, withdrew from the Group Executive Board when they retired at end-August.

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 2013.

Uncertainty as to recognition and measurement is described in detail in the Group's accounting policies (note 1 of the Annual Report 2013), to which reference is made.

EVENTS OCCURRED AFTER THE END OF THE FINANCIAL PERIOD

Nykredit joins BEC

Nykredit and BEC – Bankernes EDB Central – agreed on 9 October that Nykredit Bank would become a member of BEC.

Nykredit Bank has been BEC's largest customer for quite some time and will increasingly use BEC's banking platform to offer core bank services to its personal and commercial customers, which will reduce Nykredit's development costs.

As a BEC member, Nykredit will actively participate in and contribute to the joint development of BEC solutions.

BEC membership also enables Nykredit to focus more on IT development within mortgage lending and housing advisory services.

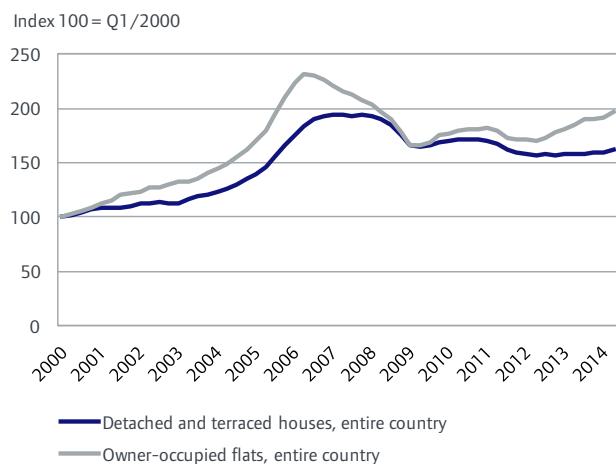
Therefore the membership is a natural extension of Nykredit's strategic objective of strengthening and developing the alliance with Totalkredit's many partner banks.

As a BEC member, Nykredit will work to ensure that BEC takes part in the consolidation of the sector infrastructure to the advantage of both banks and their customers.

No other significant events have occurred in the period up to the presentation of the Q1-Q3 Interim Report 2014 which affect the financial position of the Nykredit Group.

LENDING

Nykredit Realkredit Group Housing prices in Denmark



Source: Association of Danish Mortgage Banks

The Group reported total mortgage and bank lending, excluding reverse lending, of DKK 1,163bn against DKK 1,167bn at the beginning of the year.

Mortgage lending at fair value was DKK 1,144bn against DKK 1,137bn at the beginning of the year. Nominal mortgage lending amounted to DKK 1,115bn.

Bank lending totalled DKK 48.3bn against DKK 47.0bn at the beginning of the year, up DKK 1.3bn. The level mirrored the takeover of the FIH portfolio as well as modest loan demand. Reverse lending amounted to DKK 40.1bn against DKK 56.8bn at the beginning of the year.

Impairment provisions for mortgage and bank lending totalled DKK 8.7bn compared with DKK 8.4bn at the beginning of the year. At end-Q3/2014, Nykredit had made impairment provisions for receivables from credit institutions of DKK 44m.

At end-Q3/2014, guarantees came to DKK 6.5bn against DKK 6.3bn at the beginning of the year.

Losses incurred totalled DKK 1,129m in Q1-Q3/2014, of which DKK 738m represented mortgage lending and DKK 391m bank lending.

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	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013	Q1-Q3/2014	FY 2013
Mortgage lending						
Nykredit Realkredit	578,460	587,483	3,756	3,204	1,057	1,826
Totalkredit	536,350	532,487	1,190	1,174	270	578
Total	1,114,810	1,119,970	4,946	4,378	1,327	2,404
Bank lending						
Nykredit Bank	48,301	46,963	3,707	3,974	102	309
Total	48,301	46,963	3,707	3,974	102	309
Receivables from credit institutions						
Total	-	-	44	29	15	29
Reverse lending	40,137	56,814	-	-	-	-
Guarantees	6,511	6,311	116	103	13	21
Loan impairment, %¹						
Nykredit Realkredit	-	-	0.65	0.55	0.18	0.31
Totalkredit	-	-	0.22	0.22	0.05	0.11
Total	-	-	0.44	0.39	0.12	0.21
Nykredit Bank	-	-	7.13	7.80	0.20	0.61
Total	-	-	7.13	7.80	0.20	0.61

¹ Loan impairment excluding receivables from credit institutions, reverse transactions and guarantees.
 Note: Nominal mortgage lending. Adjusted for intercompany lending and intercompany set-off.

MORTGAGE LENDING

Credit exposures in terms of nominal mortgage lending amounted to DKK 1,115bn at end-Q3/2014 against DKK 1,120bn at the beginning of the year.

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 losses incurred on mortgage loans against future commission payments to the partner 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-Q3/2014.

Total provisions for mortgage loan impairment

Total impairment provisions for mortgage lending rose by DKK 568m from the beginning of the year to DKK 4,946m at end-Q3/2014. Of this increase, DKK 494m was related to private residential rental property, including housing cooperatives, and DKK 108m to agricultural property.

Private residential property accounted for DKK 2,185m and commercial property DKK 2,761m of impairment provisions at end-Q3/2014.

Total impairment provisions amounted to 0.44% of total mortgage lending against 0.39% at the beginning of the year.

Earnings impact

Impairment losses on mortgage lending for the period were DKK 1,327m against DKK 1,266m in Q1-Q3/2013. Of total impairment losses on loans and advances for the period, DKK 588m, or 44%, was attributable to the private residential rental segment (including housing cooperatives) and DKK 422m, or 32%, to the private residential segment.

To this should be added impairment losses on credit institutions totalling DKK 11m in Q1-Q3/2014 compared with DKK 10m in Q1-Q3/2013.

Nykredit Realkredit Group Mortgage debt outstanding relative to estimated property values

DKKm/%	LTV (loan-to-value)						Total	LTV average, %
	0-40	40-60	60-80	80-90	90-100	>100		
Private residential	395,094	157,541	104,604	20,268	8,982	8,163	694,652	75
Private residential rental	73,399	27,267	16,412	2,526	1,228	1,380	122,212	71
Industry and trades	19,507	4,484	1,098	220	85	88	25,483	53
Office and retail	80,879	26,026	6,047	917	516	665	115,050	59
Agricultural property	71,474	18,913	7,296	1,203	576	667	100,128	59
Non-profit housing	-	-	-	-	-	-	69,592	-
Other	13,337	3,096	1,289	79	39	166	18,006	56
Total, end-Q3/2014	653,689	237,329	136,747	25,212	11,426	11,128	1,145,123	69
Total, end-2013	656,393	234,719	132,155	25,063	11,416	10,536	1,137,843	68

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

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.

In the table, debt outstanding is distributed continuously by LTV category. Loans with security covering for example between 0% and 60% of the mortgageable value are distributed with two thirds of the debt outstanding in the LTV range 0-40% and one third in the LTV range 40-60%.

Nykredit Realkredit Group Provisions for mortgage loan impairment by property type¹

DKK million	30.09.2014		31.12.2013	
	Total impairment provisions	Total earnings impact	Total impairment provisions	Total earnings impact
Private residential	2,185	422	2,166	1,210
Private residential rental	1,262	588	768	440
Industry and trades	205	39	218	114
Office and retail	507	62	556	399
Agricultural property	602	177	494	150
Non-profit housing	69	31	44	16
Other	116	8	132	75
Total	4,946	1,327	4,378	2,404

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

Nykredit Realkredit Group
Arrears ratio – 75 days past due

Due dates	Arrears relative to total mortgage payments %	Debt outstanding affected by arrears of total debt outstanding %	Debt outstanding affected by arrears DKKbn
2014			
- June	0.41	0.43	4.8
- March	0.46	0.47	5.2
2013			
- December	0.43	0.50	5.6
- September	0.47	0.46	5.2
- June	0.46	0.50	5.6
- March	0.47	0.46	5.1

Arrears

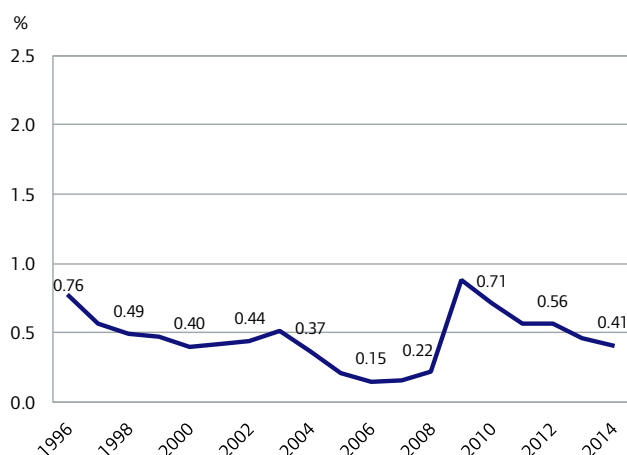
At the June due date, mortgage loan arrears as a percentage of total mortgage payments due was 0.41% against 0.46% at the same date in 2013.

Correspondingly, the Group's bond debt outstanding affected by arrears as a percentage of the total bond debt outstanding decreased from 0.50% to 0.43% compared with the same date the year before.

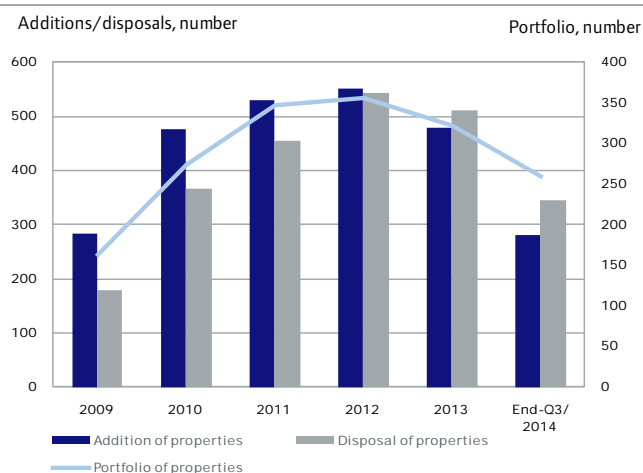
Acquired properties

In Q1-Q3/2014, the Group acquired 281 properties and sold 344. At end-Q3/2014, the property portfolio stood at 259 against 322 at the beginning of the year, of which 147 were private residential properties.

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



Nykredit Realkredit Group
Acquired properties



BANK LENDING

Loans, advances and guarantees were DKK 94.9bn against DKK 110.1bn at the beginning of the year, down DKK 15.2bn. The decline chiefly stemmed from reverse lending, which fell back by DKK 16.7bn to DKK 40.1bn.

Bank lending amounted to DKK 48.3bn against DKK 47.0bn at the beginning of the year. The level mirrored the takeover of the portfolio from FIH as well as modest loan demand. Bank lending before provisions for loan impairment was DKK 52.0bn against DKK 50.9bn at the beginning of the year.

Nykredit Bank recorded lending growth of 2.6%, excluding reverse lending, determined pursuant to the rules of the Danish FSA, including rules relating to the FSA Supervisory Diamond model.

Total provisions for bank loan impairment

Provisions for bank loan impairment totalled DKK 3,707m against DKK 3,974m at the beginning of the year.

Impairment provisions for receivables from credit institutions came to DKK 23m at end-Q3/2014 compared with DKK 19m at end-Q3/2013.

Guarantees

The Bank issues guarantees on a current basis. Guarantees issued were DKK 6.5bn, which was unchanged on the beginning of the year.

At end-Q3/2014, provisions for guarantees amounted to DKK 116m against DKK 103m at the beginning of the year.

Earnings impact

For the period under review, loan impairment losses came to DKK 102m and provisions for guarantees DKK 13m – a total charge of DKK 115m. By comparison, loan impairment losses and provisions for guarantees were DKK 310m in Q1-Q3/2013.

To this should be added impairment losses on credit institutions totaling DKK 4m in Q1-Q3/2014 compared with DKK 19m in Q1-Q3/2013.

Nykredit Realkredit Group

Provisions for bank loan impairment and guarantees by sector¹

DKK million	30.09.2014		31.12.2013	
	Total impairment provisions	Total earnings impact	Total impairment provisions	Total earnings impact
Public sector	7	0	8	8
Agriculture, hunting, forestry and fishing	141	(3)	177	28
Manufacturing, mining and quarrying	244	(15)	261	129
Energy supply	10	1	8	3
Construction	255	3	262	47
Trade	148	(16)	195	(27)
Transport, accommodation and food service activities	103	(7)	126	16
Information and communication	72	4	68	4
Finance and insurance	386	(17)	445	(207)
Real estate	1,397	88	1,465	98
Other	355	(27)	422	143
Total commercial customers	3,111	11	3,429	234
Personal customers	705	105	641	88
Total	3,823	115	4,078	330
- Of which provisions for losses on guarantees	116	13	103	21
Impairment provisions for credit institutions	22	4	19	19
Total incl impairment provisions for credit institutions	3,845	119	4,097	349

¹ The breakdown is based on public sector statistics and is therefore not directly comparable with Nykredit Bank's business areas.

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 2014 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.

Copenhagen, 6 November 2014

Executive Board

Michael Rasmussen
Group Chief Executive

Kim Duus
Group Managing Director

Søren Holm
Group Managing Director

Anders Jensen
Group Managing Director

Bente Overgaard
Group Managing Director

Furthermore, 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 2014 and of the results of the Group's and the Parent Company's activities as well as the Group's cash flows for the financial period 1 January – 30 September 2014.

We are furthermore of the opinion that the Management's Review gives a fair review of the development in the operations and financial circumstances of the Group and the Parent Company as well as a description of the mate-

rial risk and uncertainty factors which may affect the Group and the Parent Company.

The Interim Report has not been audited or reviewed.

Board of Directors

Steen E. Christensen
Chairman

Hans Bang-Hansen
Deputy Chairman

Steffen Kragh
Deputy Chairman

Kristian Bengaard

Michael Demsitz

Merete Eldrup

Marlene Holm

Allan Kristiansen

Bent Naur

Anders C. Obel

Erling Bech Poulsen

Lars Peter Skaarup

Nina Smith

Jens Erik Udsen

Leif Vinther

Statements of income and other comprehensive income for 1 January – 30 September

DKK million

Nykredit Realkredit A/S				Nykredit Realkredit Group	
Q1-Q3/2013	Q1-Q3/2014		Note	Q1-Q3/2014	Q1-Q3/2013
21,947	21,536	Interest income	5	27,577	27,142
18,653	18,251	Interest expenses	6	19,149	19,617
3,293	3,285	NET INTEREST INCOME		8,427	7,526
194	50	Dividend on equities		75	212
637	538	Fee and commission income		1,467	1,384
220	114	Fee and commission expenses		1,534	1,533
3,904	3,759	NET INTEREST AND FEE INCOME		8,435	7,588
408	568	Value adjustments	7	(1,812)	120
14	7	Other operating income		143	163
1,887	1,728	Staff and administrative expenses	8	3,499	3,676
551	130	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	9	156	577
3	53	Other operating expenses		110	56
932	1,067	Impairment losses on loans, advances and receivables	10	1,457	1,604
580	345	Profit from investments in associates and group enterprises	11	6	101
1,534	1,700	PROFIT BEFORE TAX		1,550	2,058
153	254	Tax	12	327	269
1,381	1,446	PROFIT FOR THE PERIOD		1,222	1,789
		OTHER COMPREHENSIVE INCOME			
		ITEMS NOT ELIGIBLE FOR RECLASSIFICATION TO THE INCOME STATEMENT:			
(10)	17	Actuarial gains/losses on defined benefit plans		17	(10)
-	-	- Fair value adjustment of owner-occupied properties		(38)	-
-	-	- Tax on fair value adjustment of owner-occupied properties		9	-
-	-	- Change in deferred tax on fair value adjustment of owner-occupied properties due to a reduction in the corporation tax rate		-	7
7	(28)	Share of comprehensive income in associates and group enterprises		-	-
(3)	(11)	Total items not eligible for reclassification to the income statement		(11)	(3)
		ITEMS ELIGIBLE FOR RECLASSIFICATION TO THE INCOME STATEMENT:			
-	-	- Fair value adjustment of equities available for sale		239	330
-	-	- Tax on fair value adjustment of equities available for sale		(15)	(29)
-	-	- Realised value adjustment of equities available for sale reclassified to the income statement		-	(697)
-	-	- Tax on realised value adjustment of equities available for sale reclassified to the income statement		-	(13)
-	-	Total items eligible for reclassification to the income statement		224	(408)
(3)	(11)	OTHER COMPREHENSIVE INCOME		213	(411)
1,378	1,435	COMPREHENSIVE INCOME FOR THE PERIOD		1,435	1,378

Balance sheets, end of period

DKK million

Nykredit Realkredit A/S				Nykredit Realkredit Group	
31.12.2013	30.09.2014		Note	30.09.2014	31.12.2013
		ASSETS			
1,761	971	Cash balances and demand deposits with central banks		1,230	4,810
23,736	29,155	Receivables from credit institutions and central banks	13	36,105	30,948
1,163,115	1,206,848	Loans, advances and other receivables at fair value	14	1,184,859	1,193,813
420	446	Loans, advances and other receivables at amortised cost	15	48,757	47,393
26,925	34,543	Bonds at fair value	16	116,596	90,091
		Equities			
2,514	3,131	Equities measured at fair value through profit or loss		1,454	1,410
-	-	Equities available for sale		2,016	1,460
2,514	3,131	Total		3,471	2,870
117	119	Investments in associates		123	120
30,866	31,051	Investments in group enterprises		-	-
3,005	3,020	Intangible assets		3,102	3,054
		Land and buildings			
-	-	Investment properties		296	554
18	20	Owner-occupied properties		1,556	1,626
18	20	Total		1,852	2,180
310	244	Other property, plant and equipment		284	355
46	0	Current tax assets		328	152
154	143	Deferred tax assets		145	159
436	484	Assets in temporary possession		571	676
14,105	15,663	Other assets	17	50,182	40,559
190	245	Prepayments		286	234
1,267,720	1,326,083	TOTAL ASSETS		1,447,891	1,417,414

Balance sheets, end of period

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group			
31.12.2013	30.09.2014		Note	30.09.2014	31.12.2013
LIABILITIES AND EQUITY					
12,668	16,007	Payables to credit institutions and central banks	18	44,217	44,393
-	-	Deposits and other payables	19	60,373	65,172
1,160,447	1,210,197	Issued bonds at fair value	20	1,150,270	1,130,020
3,772	3,825	Issued bonds at amortised cost	21	27,958	30,273
862	2,940	Other non-derivative financial liabilities at fair value	22	33,875	27,258
-	173	Current tax liabilities		446	-
-	-	Liabilities temporarily assumed		29	136
19,963	20,928	Other liabilities	23	58,393	49,629
-	-	Deferred income		2	4
1,197,713	1,254,070	Total payables		1,375,564	1,346,886
Provisions					
201	200	Provisions for pensions and similar obligations		206	207
151	145	Provisions for deferred tax		223	263
80	73	Repayable reserves in pre-1972 series		73	80
-	-	Provisions for losses under guarantees		116	103
126	110	Other provisions		171	194
557	527	Total provisions		789	847
10,734	11,335	Subordinated debt	24	11,387	10,964
Equity					
1,182	1,182	Share capital		1,182	1,182
Accumulated changes in value					
2	2	- revaluation reserves		176	205
-	-	- value adjustment of equities available for sale		626	403
Other reserves					
3,554	3,742	- statutory reserves		-	-
32,402	32,402	- series reserves		32,402	32,402
21,576	22,824	Retained earnings		25,765	24,525
58,716	60,152	Total equity		60,152	58,716
1,267,720	1,326,083	TOTAL LIABILITIES AND EQUITY		1,447,891	1,417,414
OFF-BALANCE SHEET ITEMS					
-	-	Contingent liabilities	25	6,511	6,311
1,356	1,187	Other commitments		6,520	8,073
1,356	1,187	TOTAL		13,031	14,384

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
2014							
Equity, 1 January	1,182	2	3,554	32,402	21,576	-	58,716
Profit for the period	-	-	345	-	1,102	-	1,446
Total other comprehensive income	-	-	-28	-	17	-	(11)
Total comprehensive income for the period	-	-	316	-	1,119	-	1,435
Dividend from associates	-	-	(4)	-	4	-	-
Dividend from group enterprises	-	-	(125)	-	125	-	-
Equity, 30 September	1,182	2	3,742	32,402	22,824	-	60,152
2013							
Equity, 1 January	1,182	2	2,896	44,054	9,272	150	57,556
Profit for the period	-	-	545	-	837	-	1,381
Total other comprehensive income	-	-	7	-	(10)	-	(3)
Total comprehensive income for the period	-	-	551	-	827	-	1,378
Dividend from associates	-	-	(7)	-	7	-	-
Dividend from group enterprises	-	-	(40)	-	40	-	-
Distributed dividend	-	-	-	-	-	(150)	(150)
Equity, 30 September	1,182	2	3,401	44,054	10,146	-	58,784

* 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

Nykredit Realkredit Group

	Share capital	Revaluation reserves	Accumulated value adjustment of equities available for sale	Series reserves	Retained earnings	Proposed dividend	Total
2014							
Equity, 1 January	1,182	205	403	32,402	24,525	-	58,716
Profit for the period	-	-	-	-	1,222	-	1,222
Total other comprehensive income	-	(28)	224	-	17	-	213
Total comprehensive income for the period	-	(28)	224	-	1,240	-	1,435
Other adjustments	-	(1)	-	-	1	-	-
Equity, 30 September	1,182	176	626	32,402	25,765	-	60,152
2013							
Equity, 1 January	1,182	202	745	44,054	11,223	150	57,556
Profit for the period	-	-	-	-	1,789	-	1,789
Total other comprehensive income	-	7	(408)	-	(10)	-	(411)
Total comprehensive income for the period	-	7	(408)	-	1,779	-	1,378
Distributed dividend	-	-	-	-	-	(150)	(150)
Equity, 30 September	1,182	209	337	44,054	13,002	-	58,784

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								
2013								
Equity, 1 January	1,182	2	2,896	-	44,054	9,272	150	57,556
Profit for the year	-	-	703	-	-	629	-	1,331
Total other comprehensive income	-	-	2	-	-	(24)	-	(22)
Total comprehensive income for the year	-	-	705	-	-	605	-	1,310
Dividend from associates	-	-	(7)	-	-	7	-	-
Dividend from group enterprises	-	-	(40)	-	-	40	-	-
Distributed dividend	-	-	-	-	-	-	(150)	(150)
Adjustment pursuant to capital adequacy rules	-	-	-	-	(11,652)	11,652	-	-
Transferred from provisions – pre-1972 series	-	-	-	-	(0)	1	-	0
Equity, 31 December	1,182	2	3,554	-	32,402	21,576	-	58,716
Nykredit Realkredit Group								
2013								
Equity, 1 January	1,182	202	-	745	44,054	11,223	150	57,556
Profit for the year	-	-	-	-	-	1,674	-	1,674
Total other comprehensive income	-	2	-	(343)	-	(24)	-	(364)
Total comprehensive income for the year	-	2	-	(343)	-	1,650	-	1,310
Distributed dividend	-	-	-	-	-	-	(150)	(150)
Adjustment pursuant to capital adequacy rules	-	-	-	-	(11,652)	11,652	-	-
Transferred from provisions – pre-1972 series	-	-	-	-	(0)	1	-	0
Equity, 31 December	1,182	205	-	403	32,402	24,525	-	58,716

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

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

Cash flow statement for 1 January – 30 September

DKK million

	Nykredit Realkredit Group	
	Q1-Q3/2014	Q1-Q3/2013
Profit for the period	1,222	1,789
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	156	577
Loss from investments in associates	(6)	(101)
Impairment losses on loans, advances and receivables	1,457	1,604
Prepayments/deferred income, net	(54)	(30)
Tax calculated on profit for the period	327	269
Other adjustments	254	(328)
Total	2,135	1,992
Profit for the period adjusted for non-cash operating items	3,358	3,781
Change in working capital		
Loans, advances and other receivables	6,132	(15,373)
Deposits and payables to credit institutions	(4,975)	(6,914)
Issued bonds	17,935	(13,572)
Other working capital	5,637	(2,776)
Total	24,727	(38,635)
Corporation tax paid, net	(87)	(72)
Cash flows from operating activities	27,998	(34,926)
Cash flows from investing activities		
Divestment of associates	-	63
Dividend received	4	7
Purchase and sale of bonds and equities, net	(27,105)	6,892
Purchase of intangible assets	(107)	(16)
Purchase of property, plant and equipment	(17)	(87)
Sale of property, plant and equipment	263	42
Total	(26,963)	6,900
Cash flows from financing activities		
Subordinated debt raised	4,442	-
Redemption of subordinated debt	(3,872)	-
Purchase and sale of self-issued subordinated debt instruments	(28)	(15)
Distributed dividend	-	(150)
Total	541	(165)
Total cash flows	1,577	(28,190)
Cash and cash equivalents, beginning of period		
Cash balances and demand deposits with central banks	4,810	9,497
Receivables from credit institutions and central banks	30,948	50,677
Total	35,758	60,174
Cash and cash equivalents, end of period		
Cash balances and demand deposits with central banks	1,230	3,910
Receivables from credit institutions and central banks	36,105	28,073
Total	37,335	31,983

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1. ACCOUNTING POLICIES

GENERAL

The Consolidated Financial Statements for Q1-Q3/2014 are prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and further Danish financial reporting and disclosure requirements for interim reports. Compliance with IAS 34 implies observance of the principles of recognition and measurement of the IFRS but also a less detailed presentation relative to the annual report.

The Interim Financial Statements for Q1-Q3/2014 of the Parent Company are prepared in accordance with the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc. (the Danish Executive Order on the Presentation of Financial Statements) issued by the Danish Financial Supervisory Authority (FSA).

New and amended standards, interpretations and reporting provisions

Reporting standards and interpretations in force as at 1 January 2014 have been implemented with no effect on results, comprehensive income, balance sheet or equity for the period.

Compared with the information disclosed in the accounting policies of the Annual Report 2013 (note 1), no new reporting standards or interpretations have been issued or approved which influence the Q1-Q3 Interim Report 2014 of Nykredit Realkredit A/S and the Nykredit Realkredit Group.

The revised standard – IFRS 9 – which will replace the current IAS 39 rules on classification and measurement of financial assets and liabilities as well as impairment, was issued in July 2014 but the standard has not yet been approved by the EU. The new rules are expected to enter into force on 1 January 2018. We are assessing the impact on the Financial Statements of the Parent Company and the Consolidated Financial Statements, but as the standard has recently been issued, a thorough analysis of the impact is not yet available.

Due to the new provisions of the Danish Executive Order on Presentation of Financial Statements, the Interim Report includes information about the revenue and staff numbers of Nykredit Realkredit's branches and subsidiaries abroad.

Change in the presentation of business areas

The presentation of the Group's business areas has been adjusted to reflect the organisational changes implemented in Q1-Q3/2014.

The primary change was the transfer of Nykredit Leasing A/S and the business unit Private Banking from Retail to Wholesale. Also, business activities with partner banks carried out by the business unit Bank Distribution have been transferred from Group Items, Treasury, to Wholesale Clients.

Income and costs relating to Nykredit Leasing A/S that can be attributed to Retail activities are allocated to Retail.

In Q1-Q3/2014 the most significant effect of the organisational changes was the allocation of profit before tax of around DKK 64m from Retail to Wholesale Clients.

The changes do not affect Nykredit Realkredit's or the Nykredit Realkredit Group's results, comprehensive income, balance sheet or equity.

Comparative figures have been restated. Please refer to note 4 of this report.

The accounting policies are otherwise unchanged compared with the Annual Report 2013. For a full description of the Group's and the Parent Company's accounting policies, please refer to note 1 of the Annual Report 2013, which is available at nykredit.com/reports.

All figures in the Interim Report are rounded to the nearest million kroner (DKK). The totals stated are calculated on the basis of actual figures. Due to the rounding-off, the sum of individual figures and the stated totals may differ slightly.

Notes

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group	
31.12.2013	30.09.2014		30.09.2014	31.12.2013
2. CAPITAL AND CAPITAL ADEQUACY				
58,716	60,152	Equity	60,152	58,716
-	(390)	Deduction for average dividend payments	(390)	-
-	(153)	Prudent valuation adjustment	(548)	-
(3,005)	(2,963)	Intangible assets excluding deferred tax liabilities	(3,037)	(3,054)
(960)	(2,338)	Provisions relative to expected losses in accordance with IRB approach	-	(90)
(2,485)	358	Other additions/deductions	358	(907)
-	1,582	Transitional adjustment of deductions	(289)	-
(6,451)	(3,904)	Common Equity Tier 1 (CET1) capital deductions	(3,906)	(4,050)
52,266	56,248	CET1 capital	56,245	54,666
10,444	6,699	Additional Tier 1 capital (incl transitional adjustment)	6,790	10,678
-	(75)	Additional Tier 1 capital deductions	(75)	-
-	(875)	Transitional adjustment of deductions	60	-
-	-	Set-off of excess deductions	-	-
10,444	5,748	Total Additional Tier 1 capital after deductions	6,775	10,678
62,710	61,996	Tier 1 capital	63,020	65,344
34	4,466	Tier 2 capital (incl transitional adjustments)	4,428	237
(1,737)	(24)	Tier 2 additions/deductions	1,113	(514)
-	(916)	Transitional adjustment of deductions	19	-
1,703	-	Set-off of excess deductions	-	277
62,710	65,522	Own funds	68,580	65,344
342,562	353,311	Credit risk	305,818	298,574
15,744	23,418	Market risk	36,207	28,571
9,599	9,705	Operational risk	17,933	18,818
367,905	386,434	Total risk exposure amount	359,959	345,963
Financial ratios				
14.2	14.5	CET1 capital ratio, %	15.6	15.8
17.0	16.0	Tier 1 capital ratio, %	17.5	18.9
17.0	16.9	Total capital ratio, %	19.0	18.9

Capital and capital adequacy have been determined in accordance with the Capital Requirements Regulation (EU) No 575/2013 of 26 June 2013 of the European Parliament and the Council as well as the Danish transitional rules laid down by the Danish FSA.

The statements as at 31 December 2013 are based on the then applicable rules of the Danish Financial Business Act. The layout has been adjusted to reflect the new presentation format.

Notes

DKK million

Nykredit Realkredit Group

3. CORE EARNINGS AND INVESTMENT PORTFOLIO INCOME

	Q1-Q3/2014				Q1-Q3/2013			
	Core earnings	Investment portfolio income	Cost of capital	Total	Core earnings	Investment portfolio income	Cost of capital	Total
Net interest income	8,026	781	(380)	8,427	6,911	957	(342)	7,526
Dividend on equities	18	57	-	75	7	205	-	212
Fee and commission income, net	(44)	(23)	-	(67)	(64)	(85)	-	(149)
Net interest and fee income	8,000	815	(380)	8,435	6,853	1,078	(342)	7,589
Value adjustments	(1,868)	57	(2)	(1,812)	(166)	286	(0)	120
Other operating income	143	-	-	143	155	8	-	163
Staff and administrative expenses	3,499	-	-	3,499	3,677	-	-	3,677
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	156	-	-	156	577	-	-	577
Other operating expenses	110	-	-	110	56	-	-	56
Impairment losses on loans and advances	1,457	-	-	1,457	1,604	-	-	1,604
Profit from investments in associates	-	6	-	6	78	22	-	101
Profit (loss) before tax	1,053	878	(382)	1,550	1,007	1,394	(343)	2,058

Notes

DKK million

Nykredit Realkredit Group

4. RESULTS BY BUSINESS AREA

Q1-Q3/2014	Retail	Totalkredit Partners	Wholesale Clients	Group Items	Total
Core income from					
- customer activities, gross	4,187	1,947	2,334	21	8,488
- allocation of income for distribution	418	-	(418)	-	-
Total business operations	4,605	1,947	1,916	21	8,488
- value adjustment of derivatives	(1,168)	-	(825)	-	(1,993)
- junior covered bonds	(99)	(163)	(13)	(39)	(313)
- securities	-	-	-	93	93
Total core income	3,338	1,784	1,078	75	6,276
Operating costs	2,211	267	638	493	3,609
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	7	0	4	145	156
Core earnings before impairment losses	1,119	1,517	436	(562)	2,511
Impairment losses on loans and advances	1,053	237	153	15	1,457
Core earnings after impairment losses	67	1,280	283	(577)	1,053
Investment portfolio income ¹	-	-	-	878	878
Profit before cost of capital	67	1,280	283	301	1,931
Net interest on subordinated debt	-	-	-	(382)	(382)
Profit (loss) before tax	67	1,280	283	(80)	1,550

The most significant change resulting from the reorganisation was a negative earnings impact of DKK 64m in Retail and a positive earnings impact of DKK 64m in Wholesale Clients.

Q1-Q3/2013	Retail	Totalkredit Partners	Wholesale Clients	Group Items	Total
Core income from					
- customer activities, gross	4,012	1,289	2,403	(26)	7,678
- allocation of income for distribution	489	-	(489)	-	-
Total business operations	4,501	1,289	1,914	(26)	7,678
- value adjustment of derivatives	(118)	-	(451)	-	(569)
- junior covered bonds	(89)	(221)	(14)	(31)	(356)
- securities	-	-	-	89	89
Total core income	4,294	1,069	1,448	32	6,843
Operating costs	2,280	305	679	391	3,654
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	7	390	5	176	577
Core earnings before impairment losses	2,008	374	765	(536)	2,611
Impairment losses on loans and advances	1,026	326	253	(1)	1,604
Core earnings after impairment losses	982	49	511	(535)	1,007
Investment portfolio income ¹	-	-	-	1,394	1,394
Profit before cost of capital	982	49	511	859	2,401
Net interest on subordinated debt	-	-	-	(343)	(343)
Profit before tax	982	49	511	516	2,058

As a result of the reorganisation, comparative figures have been restated, thus increasing Retail and Wholesale Clients profit by DKK 7m and DKK 26m, respectively, while reducing Totalkredit Partners and Group Items profit/loss by DKK 8m and DKK 25m, respectively. Core income was particularly affected by a transfer of about DKK 123m from Retail to Wholesale Clients.

Operating costs were down DKK 79m in Retail and DKK 10m in Group Items, whereas Wholesale Clients recorded an increase of DKK 89m. Impairment losses in Retail dropped DKK 12m, which was allocated to Wholesale Clients.

¹ Investment portfolio income includes a profit from investments in associates of DKK 6m against DKK 22m in Q1-Q3/2013.

Notes

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
Q1-Q3/2013	Q1-Q3/2014	Q1-Q3/2014	Q1-Q3/2013
5. INTEREST INCOME			
9,161	9,155	37	49
9,147	8,457	19,713	20,552
3,066	3,186	6,278	5,369
Bonds			
508	343	774	1,142
257	388	1,156	780
(15)	7	37	(8)
96	76	224	197
Derivative financial instruments			
(35)	(6)	7	(54)
228	221	131	282
-	-	(42)	(35)
-	-	22	(4)
45	58	73	68
22,457	21,886	28,410	28,338
(508)	(343)	(774)	(1,142)
(3)	(6)	(59)	(53)
21,947	21,536	27,577	27,142
Of which interest income from reverse lending entered as:			
10	2	20	29
-	-	120	131
6. INTEREST EXPENSES			
42	37	181	106
-	-	281	345
18,480	17,835	18,839	19,750
602	657	666	610
40	71	15	1
19,163	18,601	19,983	20,812
(508)	(343)	(774)	(1,142)
(3)	(6)	(59)	(53)
18,653	18,251	19,149	19,617
Of which interest expenses from repo transactions entered as:			
36	35	126	55
-	-	36	56

Notes

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
Q1-Q3/2013	Q1-Q3/2014	Q1-Q3/2014	Q1-Q3/2013
7. VALUE ADJUSTMENTS			
Financial assets measured at fair value through profit or loss			
(5,325)	5,380	Mortgage loans	13,066 (10,244)
(4,581)	7,846	Totalkredit mortgage loan funding	-
103	176	Other loans, advances and receivables at fair value	0 7
(180)	821	Bonds	559 (450)
389	433	Equities	270 106
-	-	Investment properties	8 (0)
25	25	Foreign exchange	(10) 69
(6)	(673)	Foreign exchange, interest rate and other contracts as well as derivative financial instruments	(2,426) (386)
Financial assets measured at fair value and recognised in "Other comprehensive income"			
-	-	Realised value adjustment of equities available for sale reclassified to the income statement	- 697
Financial liabilities measured at fair value through profit or loss			
5,402	(5,594)	Issued bonds	(13,279) 10,320
4,581	(7,846)	Totalkredit mortgage loan funding	-
408	568	Total	(1,812) 120
8. STAFF AND ADMINISTRATIVE EXPENSES			
65	42	Remuneration of Board of Directors and Executive Board	42 65
1,527	1,461	Staff expenses	2,162 2,242
294	225	Other administrative expenses	1,295 1,369
1,887	1,728	Total	3,499 3,676
Remuneration of Board of Directors and Executive Board			
Board of Directors			
2	2	Remuneration	2 2
Executive Board			
39	30	Fixed salaries	30 39
24	10	Provisions for pension benefits	10 24
65	42	Total	42 65
Provisions for pension benefits in Q1-Q3/2013 were affected by provisions for pension obligations in connection with Peter Engberg Jensen's impending resignation.			
Changes to the Executive Board			
Karsten Knudsen and Per Ladegaard retired from the Group Executive Board on 1 March 2014, but have performed selected tasks up until their retirement at end-August 2014.			
Staff expenses			
1,197	1,148	Salaries	1,719 1,774
142	141	Pensions	199 201
178	160	Payroll tax	228 250
10	11	Other social security expenses	15 17
1,527	1,461	Total	2,162 2,242
Number of staff			
3,002	2,982	Average number of staff for the financial period, full-time equivalents	3,988 4,042

Notes

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
Q1-Q3/2013	Q1-Q3/2014	Q1-Q3/2014	Q1-Q3/2013
9. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES FOR PROPERTY, PLANT AND EQUIPMENT AS WELL AS INTANGIBLE ASSETS			
Intangible assets			
473	56	- Amortisation	58 475
Property, plant and equipment			
78	74	- Depreciation	98 103
551	130	Total	156 577
10. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES			
10 a. Earnings impact			
571	915	Change in individual impairment provisions for loans and advances	1,250 1,082
10	11	Change in individual impairment provisions for receivables from credit institutions	15 29
191	(5)	Change in collective impairment provisions for loans and advances	39 421
91	99	Write-offs for the period, net	280 322
(27)	(30)	Recoveries on claims previously written off	(56) (194)
-	-	Provisions for guarantees	13 61
836	990	Total impairment losses on loans, advances and receivables, and provisions for guarantees	1,540 1,720
96	82	Value adjustment of assets in temporary possession	116 130
(1)	(5)	Value adjustment of claims previously written off	(5) (1)
-	-	Losses offset against commission payments to banks	(194) (246)
932	1,067	Total	1,457 1,604
10 b. Specification of impairment provisions for loans, advances and receivables			
1,655	2,617	Individual impairment provisions	6,421 5,868
848	1,160	Collective impairment provisions	2,275 1,760
2,504	3,777	Total impairment provisions	8,697 7,628
Impairment provisions have been offset against the following items:			
2,364	3,645	Mortgage loans – note 14	4,710 3,272
130	111	Arrears and outlays – note 14	236 228
-	-	Bank loans and advances – note 15	3,707 4,099
10	21	Receivables from credit institutions – note 13	44 29
2,504	3,777	Total impairment provisions	8,697 7,628
10 c. Individual impairment provisions for loans and advances			
1,394	2,039	Impairment provisions, beginning of period	6,116 5,673
776	1,186	Impairment provisions for the period	2,025 1,833
(205)	(271)	Impairment provisions reversed	(775) (750)
(99)	(98)	Transferred to acquired properties	(138) (135)
(221)	(260)	Impairment provisions written off	(849) (781)
1,645	2,596	Impairment provisions, end of period	6,378 5,839

Notes

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
Q1-Q3/2013	Q1-Q3/2014	Q1-Q3/2014	Q1-Q3/2013
10. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES (continued)			
10 d. Collective impairment provisions for loans and advances			
657	1,165	2,237	1,339
191	(5)	39	421
848	1,160	2,275	1,760
10 e. Individual impairment provisions for receivables from credit institutions			
-	10	29	-
10	11	15	29
10	21	44	29
10 f. Specification of loans, advances and receivables from credit institutions with objective evidence of impairment			
8,057	12,841	20,069	16,035
1,645	2,596	6,378	5,839
6,412	10,245	13,691	10,196
43,972	39,400	117,380	118,685
848	1,160	2,275	1,760
43,124	38,240	115,105	116,925
29	29	54	54
10	21	44	29
19	8	10	25
10 g. Impairment provisions for acquired properties			
320	365	469	448
99	98	138	135
114	87	125	165
(18)	(6)	(9)	(35)
(161)	(208)	(280)	(236)
354	337	444	477
Impairment provisions for acquired properties have been offset against "Assets in temporary possession".			
11. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES			
22	6	6	101
558	339	-	-
580	345	6	101
12. TAX			
10.0	14.9	21.1	13.1
In Q1-Q3/2013, the Group's effective tax rate was affected by tax-exempt gains on equities. Adjusted for such gains, the Nykredit Group's effective tax rate was 24.5%.			

Notes

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group	
31.12.2013	30.09.2014		30.09.2014	31.12.2013
13. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS				
21,627	25,029	Receivables from credit institutions	20,636	18,401
-	-	Reverse lending to central banks	-	2,069
2,110	4,126	Reverse lending to credit institutions	15,469	10,477
23,736	29,155	Total	36,105	30,948
14. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE				
597,200	592,810	Mortgage loans	1,144,160	1,136,644
246	378	Arrears and outlays	562	354
-	-	Reverse lending to undertakings other than credit institutions and central banks	40,137	56,814
27,129	20,271	Loans to Totalkredit serving as collateral in capital centres	-	-
538,541	593,388	Totalkredit mortgage loan funding	-	-
1,163,115	1,206,848	Total	1,184,859	1,193,813
14 a. Mortgage loans				
600,042	588,670	Balance, beginning of period, nominal value	1,119,970	1,108,796
50,499	37,750	New loans	102,563	122,167
467	182	Indexation	182	467
(981)	(596)	Foreign currency translation adjustment	(596)	(981)
(11,939)	(8,899)	Ordinary principal payments	(13,619)	(18,051)
(49,418)	(37,610)	Prepayments and extraordinary principal payments	(93,616)	(92,427)
588,670	579,497	Balance, end of period, nominal value	1,114,884	1,119,970
(316)	(408)	Loans transferred relating to properties in temporary possession	(444)	(365)
255	250	Loans assumed by the Danish Agency for Governmental Management	250	255
588,609	579,339	Total	1,114,690	1,119,859
11,668	17,116	Adjustment for interest rate risk	34,180	20,942
Adjustment for credit risk				
(1,912)	(2,485)	Individual impairment provisions	(2,866)	(2,290)
(1,165)	(1,160)	Collective impairment provisions	(1,844)	(1,867)
597,200	592,810	Balance, end of period, fair value	1,144,160	1,136,644
For total loans and advances, Nykredit has received mortgages over real estate and:				
27,540	27,652	Supplementary guarantees totalling	47,756	37,532
853	952	Interim loan guarantees totalling	9,343	9,731
2,028	1,528	Registration guarantees totalling	3,746	7,177
14 b. Arrears and outlays				
331	302	Arrears before impairment provisions	432	441
43	187	Outlays before impairment provisions	366	134
(127)	(111)	Individual impairment provisions for arrears and outlays	(236)	(221)
246	378	Total	562	354

Notes

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
31.12.2013	30.09.2014	30.09.2014	31.12.2013
14. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE (continued)			
14 c. Totalkredit mortgage loan funding			
509,107	531,206		
Balance, beginning of period, nominal value		-	-
218,461	175,590	-	-
New loans		-	-
(3,602)	(3,159)	-	-
Ordinary principal payments		-	-
(192,760)	(125,545)	-	-
Prepayments and extraordinary principal payments		-	-
531,206	578,093	-	-
Balance, end of period, nominal value			
7,335	15,295	-	-
Adjustment for interest rate risk		-	-
538,541	593,388	-	-
Balance, end of period, fair value			
15. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST			
-	-	52,008	50,938
Bank loans and advances			
26	26	-	-
Totalkredit mortgage loan funding			
-	-	27	27
Mortgage loans			
426	452	461	435
Other loans and advances			
452	478	52,496	51,400
Balance, end of period			
Adjustment for credit risk			
-	-	(3,276)	(3,605)
Individual impairment provisions			
-	-	(431)	(370)
Collective impairment provisions			
452	478	48,789	47,426
Balance after impairment, end of period			
(32)	(32)	(32)	(32)
Set-off of self-issued "Other loans and advances" against "Issued bonds at amortised cost" – note 21			
420	446	48,757	47,393
Total			
16. BONDS AT FAIR VALUE			
47,467	65,834	148,369	105,984
Self-issued covered bonds (særligt dækkede obligationer, SDOs)			
52,831	17,914	37,006	73,017
Self-issued ROs			
-	-	2,572	2,830
Self-issued corporate bonds			
750	-	1,093	1,335
Self-issued junior covered bonds			
24,372	28,432	100,420	80,337
Other ROs			
147	3,356	7,523	4,653
Government bonds			
2,406	2,755	8,652	5,101
Other bonds			
127,973	118,292	305,636	273,257
Total			
(47,440)	(65,808)	(148,342)	(105,958)
Set-off of self-issued SDOs against "Issued bonds at fair value" – note 20			
(26)	(26)	(26)	(26)
Set-off of self-issued SDOs against "Issued bonds at amortised cost" – note 21			
(52,831)	(17,914)	(37,006)	(73,017)
Set-off of self-issued ROs against "Issued bonds at fair value" – note 20			
-	-	(2,572)	(2,830)
Set-off of self-issued corporate bonds against "Issued bonds at amortised cost" – note 21			
(750)	-	(1,093)	(1,335)
Set-off of self-issued junior covered bonds against "Issued bonds at fair value" – note 20			
26,925	34,543	116,596	90,091
Total			
2,409	3,592	13,297	17,327
As collateral security for the Danish central bank and foreign clearing centres, bonds have been deposited of a total market value of			
Collateral security was provided on an arm's length basis.			

Notes

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group	
31.12.2013	30.09.2014		30.09.2014	31.12.2013
17. OTHER ASSETS				
10,324	11,467	Interest and commission receivable	10,365	10,878
270	207	Receivables from group enterprises	-	-
3,179	3,623	Positive market value of derivative financial instruments	37,944	27,796
188	203	Defined benefit plans	203	188
144	162	Other assets	1,670	1,698
14,105	15,663	Total	50,182	40,559
18. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS				
1,315	1,289	Payables to credit institutions	13,082	12,593
-	-	Payables to central banks	2,532	-
11,353	14,718	Repo transactions with credit institutions	28,603	31,392
-	-	Repo transactions with central banks	-	407
12,668	16,007	Total	44,217	44,393
19. DEPOSITS AND OTHER PAYABLES				
-	-	On demand	40,498	23,087
-	-	At notice	5,948	12,012
-	-	Time deposits	10,883	16,209
-	-	Special deposits	3,044	13,865
-	-	Total	60,373	65,172
20. ISSUED BONDS AT FAIR VALUE				
294,560	281,730	ROs	324,523	343,421
925,324	978,674	SDOs	978,674	925,324
41,585	29,794	Junior covered bonds	29,794	41,585
-	3,721	Senior unsecured bonds	3,721	-
1,261,469	1,293,919	Total	1,336,712	1,310,330
(101,022)	(83,722)	Self-issued bonds transferred from "Bonds at fair value" – note 16	(186,441)	(180,310)
1,160,447	1,210,197	Total	1,150,270	1,130,020
20 a. ROs				
285,706	270,239	ROs at nominal value	311,262	332,616
8,854	11,492	Fair value adjustment	13,261	10,806
294,560	281,730	ROs at fair value	324,523	343,421
(52,831)	(17,914)	Self-issued ROs transferred from "Bonds at fair value" – note 16	(37,006)	(73,017)
241,728	263,817	Total	287,516	270,404
125	58	Of which pre-issuance	58	125
10,314	6,762	ROs redeemed at next creditor payment date	9,425	11,568

Notes

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group	
31.12.2013	30.09.2014		30.09.2014	31.12.2013
20. ISSUED BONDS AT FAIR VALUE (continued)				
20 b. SDOs				
915,154	957,746	SDOs at nominal value	957,746	915,154
10,170	20,928	Fair value adjustment	20,928	10,170
925,324	978,674	SDOs at fair value	978,674	925,324
(47,440)	(65,808)	Self-issued SDOs transferred from "Bonds at fair value" – note 16	(148,342)	(105,958)
877,884	912,866	Total	830,332	819,367
630	785	Of which pre-issuance	785	630
105,692	124,767	SDOs redeemed at next creditor payment date	124,767	105,692
20 c. Junior covered bonds				
40,652	28,713	Junior covered bonds at nominal value	28,713	40,652
933	1,081	Fair value adjustment	1,081	933
41,585	29,794	Junior covered bonds at fair value	29,794	41,585
(750)	-	Self-issued junior covered bonds transferred from "Bonds at fair value" – note 16	(1,093)	(1,335)
40,835	29,794	Total	28,701	40,250
-	2,665	Junior covered bonds redeemed at next creditor payment date	2,665	-
20 d. Senior unsecured bonds				
-	3,722	Senior unsecured bonds at nominal value	3,722	-
-	(1)	Fair value adjustment	(1)	-
-	3,721	Senior unsecured bonds at fair value	3,721	-
21. ISSUED BONDS AT AMORTISED COST				
-	-	Corporate bonds	26,699	29,309
26	26	SDOs	26	26
3,664	3,770	Junior covered bonds	3,770	3,664
105	48	Employee bonds	55	127
35	38	Other securities	38	35
3,831	3,883	Total	30,588	33,162
-	-	Self-issued corporate bonds transferred from "Bonds at fair value" – note 16	(2,572)	(2,830)
(26)	(26)	Self-issued SDOs transferred from "Bonds at fair value" – note 16	(26)	(26)
(32)	(32)	Other self-issued securities transferred from "Loans, advances and other receivables at amortised cost" – note 15	(32)	(32)
3,772	3,825	Total	27,958	30,273

Notes

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group	
31.12.2013	30.09.2014		30.09.2014	31.12.2013
22. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE				
-	-	Repo transactions with undertakings other than credit institutions and central banks	22,753	18,513
862	2,940	Negative securities portfolios	11,122	8,745
862	2,940	Total	33,875	27,258
23. OTHER LIABILITIES				
13,944	14,110	Interest and commission payable	17,167	19,022
3,924	4,559	Negative market value of derivative financial instruments	36,501	26,118
222	227	Payables relating to the purchase of Totalkredit shares	203	198
1,873	2,031	Other liabilities	4,522	4,291
19,963	20,928	Total	58,393	49,629
24. SUBORDINATED DEBT				
Subordinated debt consists of financial liabilities in the form of subordinate loan capital and Additional Tier 1 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 Nykredit's own funds in accordance with the EU's Capital Requirements Regulation.				
Subordinate loan capital				
Nom EUR 600m. The loan falls due on 3 June 2036, but may be redeemed at par (100) from 3 June 2021. The loan carries a fixed interest rate of 4.0% pa up to 3 June 2021, after which date the interest rate will be fixed every 5 years. If the CET1 capital ratio of Nykredit Realkredit, the Nykredit Realkredit Group or the Nykredit Holding Group falls below 7%, the loan will be subject to impairment provisioning.				
-	4,552		4,552	-
-	4,552	Total subordinate loan capital	4,552	-
Additional Tier 1 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
3,831	-	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	-	3,831
6,903	6,782	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 5 years	6,782	6,903
10,734	6,782	Total Additional Tier 1 capital	6,882	10,984
-	-	Portfolio of self-issued bonds	(48)	(19)
10,734	11,335	Total subordinated debt	11,387	10,964
10,444	11,165	Subordinated debt that may be included in own funds	11,217	10,678
-	36	Costs related to raising and redeeming subordinated debt	36	-
-	3,722	Extraordinary principal payments and redemption of subordinated debt in the financial period	3,872	-

Notes

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
31.12.2013	30.09.2014	30.09.2014	31.12.2013
25. OFF-BALANCE SHEET ITEMS			
Guarantees and warranties provided, irrevocable credit commitments and similar obligations not recognised in the balance sheets are presented below.			
-	-	6,511	6,311
1,356	1,187	6,520	8,073
1,356	1,187	13,031	14,384
25 a. Contingent liabilities			
-	-	2,393	3,173
-	-	296	336
-	-	3,822	2,801
-	-	6,511	6,311
"Other contingent liabilities" chiefly comprises purchase price and payment guarantees.			
25 b. Other commitments			
2	1	5,136	6,529
1,354	1,187	1,383	1,544
1,356	1,187	6,520	8,073

"Other liabilities" under "Other commitments" comprises obligations to and charges in favour of securities depositaries, investment commitments to private equity funds and non-callable lease payments.

Other contingent liabilities

Owing to its size and business scope, the Nykredit Realkredit Group is continuously involved in legal proceedings and litigation. The cases are reviewed regularly, and necessary provisions are made based on an assessment of the risk of loss. Pending cases are not expected to have a significant effect on the Nykredit Realkredit Group's financial position.

Nykredit Bank A/S 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 of the sector. The bank department bears any direct losses from 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.

Any losses arising from the final winding-up are covered by the Guarantee Fund for Depositors and Investors through its winding-up and restructuring department. Nykredit Bank's share of the expense will amount to about 3%.

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%.

As mentioned in the Management's Review, Jyske Bank has instituted arbitration proceedings against Totalkredit. The background being that Jyske Bank disagrees with Totalkredit's stance that Jyske Bank exited the Totalkredit partnership when it acquired BRFKredit.

At 30 September 2014, Jyske Bank had referred customers to Totalkredit corresponding to lending of DKK 70bn. In compliance with the partnership agreement, Totalkredit has paid commission to Jyske Bank and offset losses incurred on the customer portfolio on a current basis.

As from mid-March, Totalkredit considered Jyske Bank to have exited the partnership and consequently ceased its current payments to the bank. Net payments would have come to DKK 147m had Jyske Bank not exited the partnership.

Totalkredit still expects that the arbitration tribunal will find in its favour.

The Company is jointly taxed in Denmark with Foreningen Nykredit as the administration company. Pursuant to the Danish Corporation Tax Act, the Company is liable for income taxes etc payable by the jointly taxed companies as of the financial year 2013 and for any obligations to withhold tax at source on the interest, royalties or dividends of these companies as of 1 July 2012.

Notes

26. RELATED PARTY TRANSACTIONS AND BALANCES

Foreningen Nykredit, the Parent Company Nykredit Holding A/S, group enterprises and associates of Nykredit Realkredit A/S as stated in the 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-Q3/2014.

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

Significant related party transactions prevailing/entered into in Q1-Q3/2014 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 2014, the loan amounted to DKK 20.3bn.

An agreement has been made to hedge market risk relating to collateral, including investments, in Totalkredit's capital centres.

An agreement has been made 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.

Notes

DKK million

Nykredit Realkredit Group

27. FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS

Financial instruments at fair value by measurement category (IFRS hierarchy)

30 September 2014

Financial instruments in the form of assets:

Recognised as trading book:

	Listed prices	Observable inputs	Unobservable inputs	Total fair value
- reverse lending to credit institutions and central banks	-	15,469	-	15,469
- other reserve lending	-	40,137	-	40,137
- bonds at fair value	105,836	10,498	262	116,596
- equities measured at fair value through profit or loss	375	-	1,080	1,454
- positive fair value of derivative financial instruments	1,727	34,664	1,553	37,944

Recognised through the fair value option:

- mortgage loans, arrears and outlays	-	1,144,722	-	1,144,722
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Recognised as available for sale:

- equities available for sale	1,134	-	882	2,016
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Total	109,071	1,245,490	3,778	1,358,339
Percentage	8.0	91.7	0.3	100

Financial instruments in the form of liabilities:

Recognised as trading book:

- repo transactions with credit institutions and central banks	-	28,603	-	28,603
- other non-derivative financial liabilities at fair value	11,122	22,753	-	33,875
- negative fair value of derivative financial instruments	1,404	34,753	345	36,501

Recognised through the fair value option:

- issued bonds at fair value	1,144,556	5,714	-	1,150,270
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Total	1,157,082	91,823	345	1,249,250
Percentage	92.6	7.4	0.0	100

Financial instruments measured on the basis of unobservable inputs

Fair value, beginning of period, financial assets

Unrealised capital gains and losses recognised in "Value adjustments" in the income statement	3,643
Realised capital gains and losses recognised in "Value adjustments" in the income statement	37
Unrealised capital gains and losses recognised in "Fair value adjustment of equities available for sale" in "Other comprehensive income"	115
Purchases for the period	40
Sales for the period	109
Redemptions for the period	(209)
Transferred to Listed prices and Observable inputs	(211)
Transferred from Listed prices and Observable inputs	(212)
Fair value, end of period, financial assets	3,778

Fair value, beginning of period, financial liabilities

Unrealised capital gains and losses recognised in "Value adjustments" in the income statement	242
Fair value, end of period, financial liabilities	345

Transfers from Observable inputs to Unobservable inputs consist of interest rate swaps adjusted for increased credit risk based on a credit value adjustment (CVA) model.

Notes

DKK million

Nykredit Realkredit Group

27. FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS (continued)

Financial instruments at fair value by measurement category (IFRS hierarchy)

31 December 2013

Financial instruments in the form of assets:

Recognised as trading book:

	Listed prices	Observable inputs	Unobservable inputs	Total fair value
- reverse lending to credit institutions and central banks	-	12,547	-	12,547
- other reserve lending	-	56,814	-	56,814
- bonds at fair value	78,059	11,535	496	90,091
- equities measured at fair value through profit or loss	399	-	1,011	1,410
- positive fair value of derivative financial instruments	509	25,993	1,294	27,796

Recognised through the fair value option:

- mortgage loans, arrears and outlays	-	1,136,999	-	1,136,999
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Recognised as available for sale:

- equities available for sale	618	-	842	1,460
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Total	79,586	1,243,887	3,643	1,327,116
Percentage	6.0	93.7	0.3	100

Financial instruments in the form of liabilities:

Recognised as trading book:

- repo transactions with credit institutions and central banks	-	31,800	-	31,800
- other non-derivative financial liabilities at fair value	8,745	18,513	-	27,258
- negative fair value of derivative financial instruments	545	25,331	242	26,118

Recognised through the fair value option:

- issued bonds at fair value	1,107,501	22,519	-	1,130,020
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Total	1,116,791	98,162	242	1,215,195
Percentage	91.9	8.1	0.0	100

Financial instruments measured on the basis of unobservable inputs

Fair value, beginning of period, financial assets

	2,751
Unrealised capital gains and losses recognised in "Value adjustments" in the income statement	(1,154)
Realised capital gains and losses recognised in "Value adjustments" in the income statement	89
Unrealised capital gains and losses recognised in "Fair value adjustment of equities available for sale" in "Other comprehensive income"	(6)
Purchases for the period	828
Sales for the period	(603)
Redemptions for the period	(156)
Transferred to Listed prices and Observable inputs	(113)
Transferred from Listed prices and Observable inputs	2,006
Fair value, end of period, financial assets	3,643

Fair value, beginning of period, financial liabilities

	166
Unrealised capital gains and losses recognised in "Value adjustments" in the income statement	76
Fair value, end of period, financial liabilities	242

Transfers from Observable inputs to Unobservable inputs consist of interest rate swaps adjusted for increased credit risk based on a CVA model (DKK 1,823m) and of four untraded bonds (DKK 183m) for which measurement is subject to significant elements of unobservable inputs.

Notes

Nykredit Realkredit Group

27. FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS (continued)

Listed prices

The Group's assets and liabilities at fair value are to the widest extent possible recognised at listed prices or prices quoted in an active market or authorised market place.

Observable inputs

When an instrument is not traded in an active market, measurement is based on observable inputs and the use of generally accepted calculation methods as well as valuation and estimation techniques such as discounted cash flows and option models.

Observable inputs are typically yield curves, volatilities and market prices of similar instruments which are usually obtained through ordinary providers such as Reuters, Bloomberg and market makers. If the fair value is based on transactions in similar instruments, measurement is exclusively based on transactions at arm's length. Reverse lending and repo transactions as well as unlisted derivatives generally belong in this category.

Measurement techniques are generally applied to measure derivatives and unlisted assets and liabilities.

In some cases, the markets, eg the bond market, have become inactive and illiquid. When assessing market transactions, it may therefore be difficult to conclude whether the transactions were executed at arm's length or were forced sales. If measurement is based on recent transactions, the transaction price is compared with a price based on relevant yield curves and discounting techniques.

Unobservable inputs

When it is not possible to measure financial instruments at fair value based on prices in active markets or observable inputs, measurement is based on own assumptions and extrapolations etc. Where possible and appropriate, measurement is based on actual transactions adjusted for differences in eg the liquidity, credit spreads and maturities of the instruments. The Group's unlisted equities are generally classified under this heading although measurement is based on the IPEV Valuation Guidelines.

Positive market values of a number of interest rate swaps with customers in Nykredit Bank's lowest rating categories have been adjusted for increased credit risk based on a CVA model. The model uses the statistical data applied by Nykredit Bank to calculate collective impairment provisions for loans and advances at amortised cost.

Measurement, notably of instruments classified as unobservable inputs, is subject to some uncertainty. Of total assets and liabilities, DKK 3,643m and DKK 242m, respectively, can be ascribed to this category. Assuming that actual transaction prices will deviate by +/- 10% from the calculated fair value, the earnings impact will be approximately DKK 389m.

Notes

DKK million

Nykredit Realkredit Group	Q3/2014	Q2/2014	Q1/2014	Q4/2013	Q3/2013	Q2/2013	Q1/2013
28. SEVEN-QUARTER FINANCIAL HIGHLIGHTS							
Core income from							
Business operations	1,261	2,518	2,403	2,426	1,780	2,499	2,475
Securities	33	30	30	29	26	28	35
Total	1,295	2,548	2,433	2,455	1,806	2,527	2,510
Operating costs, depreciation and amortisation	1,187	1,304	1,274	1,816	1,356	1,422	1,454
Core earnings before impairment losses	108	1,244	1,158	639	449	1,105	1,056
Impairment losses on loans and advances	409	534	515	1,159	675	242	687
Core earnings after impairment losses	(301)	710	643	(520)	(226)	863	370
Investment portfolio income	276	253	349	493	394	331	669
Profit (loss) before cost of capital	(24)	963	992	(27)	168	1,194	1,039
Net interest on subordinated debt	(145)	(123)	(114)	(117)	(116)	(111)	(115)
Profit (loss) before tax	(169)	841	878	(144)	52	1,083	923
Tax	(54)	181	200	(29)	(48)	284	32
Profit (loss) for the period	(115)	660	678	(115)	99	798	891
Other comprehensive income							
Actuarial gains/losses on defined benefit plans	13	2	2	(14)	(8)	(3)	1
Value adjustment of strategic equities	51	16	157	65	66	89	146
Other adjustment of strategic equities	-	-	-	-	-	(89)	(620)
Fair value adjustment of owner-occupied properties	(28)	-	-	(4)	-	7	-
Total other comprehensive income	35	18	159	47	58	4	(472)
Comprehensive income for the period	(80)	678	837	(69)	157	802	419
SUMMARY BALANCE SHEET, END OF PERIOD							
	30.09.2014	30.06.2014	31.03.2014	31.12.2013	30.09.2013	30.06.2013	31.03.2013
Assets							
Cash balances and receivables from credit institutions and central banks	37,335	36,133	38,690	35,758	31,983	38,859	39,997
Mortgage loans at fair value	1,144,160	1,143,883	1,142,380	1,136,644	1,136,059	1,133,557	1,136,605
Bank loans – excluding reverse lending	48,301	46,908	48,078	46,963	49,130	50,354	50,192
Bonds and equities	120,066	118,624	110,300	92,961	75,521	70,579	73,391
Remaining assets	98,029	98,799	88,302	105,087	108,117	111,028	111,827
Total assets	1,447,891	1,444,348	1,427,750	1,417,414	1,400,811	1,404,378	1,412,012
Liabilities and equity							
Payables to credit institutions and central banks	44,217	49,656	49,174	44,393	55,974	49,319	49,486
Deposits and other payables	60,373	61,764	68,598	65,172	59,160	63,245	64,994
Issued bonds at fair value	1,150,270	1,138,266	1,130,708	1,130,020	1,088,084	1,086,408	1,101,262
Subordinated debt	11,387	15,243	10,913	10,964	11,028	11,085	11,184
Remaining liabilities	121,492	119,188	108,805	108,148	127,780	135,694	127,260
Equity	60,152	60,231	59,553	58,716	58,784	58,627	57,825
Total liabilities and equity	1,447,891	1,444,348	1,427,750	1,417,414	1,400,811	1,404,378	1,412,012
FINANCIAL RATIOS							
Profit (loss) for the period as % of average equity, pa	(0.8)	4.4	4.6	(0.8)	0.7	5.5	6.2
Core earnings before impairment losses as % of average equity, pa	0.7	8.3	7.8	4.4	3.1	7.6	7.3
Core earnings after impairment losses as % of average equity, pa	(2.0)	4.7	4.4	(3.5)	(1.5)	5.9	2.6
Total provisions for loan impairment and guarantees	8,769	8,771	8,535	8,456	7,741	7,325	7,380
Impairment losses for the period, %	0.03	0.04	0.04	0.09	0.05	0.02	0.06
Total capital ratio, %	17.5	19.3	18.3	18.9	20.4	20.0	19.1
Tier 1 capital ratio, %	19.0	18.1	18.3	18.9	20.4	20.0	19.1
Average number of full-time staff	3,988	4,001	4,027	4,052	4,042	4,049	4,059

Notes

DKK million

Nykredit Realkredit Group	Q3/2014	Q2/2014	Q1/2014	Q4/2013	Q3/2013	Q2/2013	Q1/2013
28. SEVEN-QUARTER FINANCIAL HIGHLIGHTS (continued)							
Net interest income	2,916	2,652	2,859	2,800	2,656	2,382	2,487
Net fee income	29	60	(84)	(48)	90	14	(41)
Net interest and fee income	2,945	2,712	2,778	2,752	2,746	2,396	2,446
Value adjustments	(1,575)	(81)	(153)	30	(717)	294	543
Other operating income	54	46	43	47	52	55	56
Staff and administrative expenses	1,114	1,191	1,195	1,328	1,194	1,249	1,233
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	51	53	53	319	194	190	193
Other operating expenses	22	60	27	169	17	13	27
Impairment losses on loans, advances and receivables	409	534	515	1,159	675	242	687
Profit (loss) from investments in associates	2	4	(0)	2	52	31	18
Profit (loss) before tax	(169)	841	878	(144)	52	1,083	923
Tax	(54)	181	200	(29)	(48)	284	32
Profit (loss) for the period	(115)	660	678	(115)	99	798	891
Other comprehensive income							
Actuarial gains/losses on defined benefit plans	13	2	2	(14)	(8)	(3)	1
Value adjustment of strategic equities	51	16	157	65	66	89	146
Other adjustment of strategic equities	-	-	-	-	-	(89)	(620)
Fair value adjustment of owner-occupied properties	(28)	-	-	(4)	-	7	-
Total other comprehensive income	35	18	159	47	58	4	(472)
Comprehensive income for the period	(80)	678	837	(69)	157	802	419
FINANCIAL RATIOS¹							
Total capital ratio, %	17.5	19.3	18.3	18.9	20.4	20.0	19.1
Tier 1 capital ratio, %	19.0	18.1	18.3	18.9	20.4	20.0	19.1
Return on equity before tax, %	(0.2)	1.4	1.7	(0.1)	0.2	1.8	0.9
Return on equity after tax, %	(0.1)	1.1	1.4	(0.1)	0.3	1.4	0.7
Income:cost ratio	0.94	1.47	1.58	0.97	1.06	1.63	1.23
Foreign exchange position, %	1.2	1.2	1.8	1.6	1.0	0.4	0.8
Loans and advances:equity (loan gearing)	20.5	20.5	20.7	21.1	21.0	21.0	21.3
Growth in loans and advances for the period, %	(0.5)	0.1	(1.3)	0.4	0.5	0.9	0.7
Total impairment provisions, %	0.70	0.70	0.68	0.67	0.62	0.59	0.59
Impairment losses for the period, %	0.03	0.04	0.04	0.09	0.05	0.02	0.06

¹ Financial ratios are based on the Danish FSA's definitions and guidelines. As a result, the calculation of financial ratios is based on profit (loss) for the period including value and other adjustment of strategic equities. Definitions appear from note 51 in the Annual Report 2013.

Notes

DKK million

Nykredit Realkredit A/S	Q1-Q3/2014	Q1-Q3/2013	Q1-Q3/2012	Q1-Q3/2011	Q1-Q3/2010
29. FIVE-YEAR FINANCIAL HIGHLIGHTS					
SUMMARY INCOME STATEMENT					
Net interest income	3,285	3,293	4,068	3,442	4,074
Net fee income	474	610	670	468	534
Net interest and fee income	3,759	3,904	4,738	3,909	4,608
Value adjustments	568	408	527	(1,930)	(327)
Other operating income	7	14	8	21	70
Staff and administrative expenses	1,728	1,887	1,821	1,987	1,773
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	130	551	534	501	490
Other operating expenses	53	3	0	1	2
Impairment losses on loans, advances and receivables	1,067	932	681	487	555
Profit from investments in associates and group enterprises	345	580	757	943	2,396
Profit (loss) before tax	1,700	1,534	2,994	(33)	3,926
Tax	254	153	522	(373)	376
Profit for the period	1,446	1,381	2,473	340	3,551
SUMMARY BALANCE SHEET, END OF PERIOD					
	30.09.2014	30.09.2013	30.09.2012	30.09.2011	30.09.2010
Assets					
Cash balances and receivables from credit institutions and central banks	30,127	29,742	38,063	27,508	37,497
Mortgage loans at fair value	592,810	601,545	617,343	598,084	578,640
Totalkredit mortgage loan funding	593,388	557,976	540,514	441,982	420,882
Bonds and equities	37,674	17,839	47,952	60,093	61,454
Remaining assets	72,084	84,111	82,113	75,485	61,902
Total assets	1,326,083	1,291,212	1,325,986	1,203,152	1,160,376
Liabilities and equity					
Payables to credit institutions and central banks	16,007	17,548	55,194	71,914	95,374
Issued bonds	1,210,197	1,175,943	1,168,968	1,027,972	963,319
Subordinated debt	11,335	10,797	11,083	10,931	11,000
Remaining liabilities	28,392	28,139	33,172	36,976	35,865
Equity	60,152	58,784	57,569	55,359	54,817
Total liabilities and equity	1,326,083	1,291,212	1,325,986	1,203,152	1,160,376
OFF-BALANCE SHEET ITEMS					
Other commitments	1,187	1,417	1,605	2,272	1,199
FINANCIAL RATIOS¹					
Total capital ratio, %	16.0	17.1	16.1	16.2	17.2
Tier 1 capital ratio, %	16.9	17.1	16.1	16.2	17.2
Return on equity before tax, %	2.9	2.6	5.3	(0.1)	7.4
Return on equity after tax, %	2.4	2.4	4.4	0.6	6.7
Income:cost ratio	1.57	1.45	1.99	0.99	2.39
Loans and advances:equity (loan gearing)	9.9	10.2	10.7	10.8	10.6
Growth in loans and advances for the period, %	(1.5)	(1.2)	1.3	2.9	3.3
Total impairment provisions, %	0.63	0.41	0.32	0.31	0.29
Impairment losses for the period, %	0.18	0.15	0.11	0.08	0.10
Return on capital employed, %	0.11	0.11	0.19	0.03	0.31

¹ Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 51 in the Annual Report 2013.

Notes

DKK million

Nykredit Realkredit Group	Q1-Q3/2014	Q1-Q3/2013	Q1-Q3/2012	Q1-Q3/2011	Q1-Q3/2010
29. FIVE-YEAR FINANCIAL HIGHLIGHTS (continued)					
SUMMARY INCOME STATEMENT					
Net interest income	8,427	7,526	8,140	7,415	8,421
Net fee income	8	63	261	189	437
Net interest and fee income	8,435	7,588	8,401	7,604	8,858
Value adjustments	(1,812)	120	249	(1,323)	(165)
Other operating income	143	163	163	167	160
Staff and administrative expenses	3,499	3,676	3,506	3,594	3,480
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	156	577	560	571	596
Other operating expenses	110	56	23	109	377
Impairment losses on loans, advances and receivables	1,457	1,604	1,533	898	1,706
Profit from investments in associates	6	101	30	11	4
Profit before tax	1,550	2,058	3,221	1,288	2,698
Tax	327	269	681	175	701
Profit from discontinued insurance operations	-	-	-	-	1,511
Profit for the period	1,222	1,789	2,540	1,113	3,509
Total value adjustment and reclassification of strategic equities against equity	224	(408)	(68)	(772)	42
SUMMARY BALANCE SHEET, END OF PERIOD					
Assets	30.09.2014	30.09.2013	30.09.2012	30.09.2011	30.09.2010
Cash balances and receivables from credit institutions and central banks	37,335	31,983	50,620	33,619	52,164
Mortgage loans at fair value	1,144,160	1,136,059	1,128,680	1,070,144	1,036,167
Bank loans – excluding reverse lending	48,301	49,130	53,980	55,621	59,729
Bonds and equities	120,066	75,521	92,371	84,456	91,864
Remaining assets	98,029	108,117	109,936	77,863	84,058
Total assets	1,447,891	1,400,811	1,435,587	1,321,703	1,323,984
Liabilities and equity					
Payables to credit institutions and central banks	44,217	55,974	80,506	85,897	120,134
Deposits and other payables	60,373	59,160	53,498	53,498	54,483
Issued bonds at fair value	1,150,270	1,088,084	1,082,066	993,566	948,439
Subordinated debt	11,387	11,028	11,322	11,581	11,886
Remaining liabilities	121,492	127,780	150,625	121,802	134,225
Equity	60,152	58,784	57,569	55,359	54,817
Total liabilities and equity	1,447,891	1,400,811	1,435,587	1,321,703	1,323,984
OFF-BALANCE SHEET ITEMS					
Contingent liabilities	6,511	5,333	5,547	6,271	6,878
Other commitments	6,520	7,872	9,089	8,809	8,339
FINANCIAL RATIOS¹					
Total capital ratio, %	17.5	20.4	18.6	18.4	18.2
Tier 1 capital ratio, %	19.0	20.4	18.6	18.4	18.2
Return on equity before tax, %	3.0	2.9	5.7	0.6	8.0
Return on equity after tax, %	2.4	2.4	4.4	0.6	6.7
Income:cost ratio	1.34	1.29	1.57	1.06	1.45
Foreign exchange position, %	1.2	1.0	0.3	2.1	0.9
Loans and advances:equity (loan gearing)	20.5	21.0	21.2	20.6	20.3
Growth in loans and advances for the period, %	(1.7)	2.1	4.1	2.4	3.5
Total impairment provisions, %	0.70	0.62	0.59	0.67	0.91
Impairment losses for the period, %	0.12	0.13	0.12	0.08	0.15
Return on capital employed, %	0.08	0.13	0.18	0.08	0.27

¹ Financial ratios are based on the Danish FSA's definitions and guidelines. As a result, the calculation of financial ratios is based on profit (loss) for the period including value and other adjustment of strategic equities. Definitions appear from note 51 in the Annual Report 2013.

Notes

DKK million

Nykredit Realkredit A/S

30. GROUP STRUCTURE

Name and registered office	Ownership interest as %, 30 September 2014	Profit (loss) for the period	Equity, 30 September 2014	Profit for 2013	Equity, 31 December 2013
Nykredit Realkredit A/S (Parent Company), Copenhagen, a)	-	1,446	60,152	1,331	58,716
Totalkredit A/S, Taastrup, a)	100	1,076	16,730	565	15,655
Nykredit Bank A/S, Copenhagen, b)	100	(826)	13,522	77	14,347
Nykredit Pantebrevsinvestering A/S, Copenhagen, c)	100	0	12	0	12
Nykredit Portefølje Administration A/S, Copenhagen, h)	100	52	375	64	323
Nykredit Leasing A/S, Gladsaxe, f)	100	29	235	46	206
FB Ejendomme A/S, Copenhagen, e)	100	0	4	0	4
Nykredit Mægler A/S, Århus, d)	100	25	124	28	129
Nykredit Ejendomme A/S, Copenhagen, e)	100	43	490	3	475
Ejendomsselskabet Kalvebod A/S, Copenhagen, i)	100	20	184	41	259
Kalvebod Ejendomme I A/S, Copenhagen, e)	100	13	103	33	91
Kalvebod Ejendomme II A/S, Copenhagen, e)	100	8	77	8	69
Nykredit Adm. V A/S, Copenhagen, g)	100	0	1	0	1

The group structure only includes significant subsidiaries. Financial information is provided in such order as the companies are recognised in the Consolidated Financial Statements.

Geographical distribution of activities	Number of staff	Revenue	Profit before tax	Tax	Government aid received
Denmark, names and activities appear from the group structure	3,975	29,173	1,546	326	-
Poland, Nykredit Realkredit A/S S.A. Oddział w Polsce, branch, a)	12	10	2	1	-
Sweden, Nykredit Bank A/S, branch, b)	12	4	2	0	-

* For companies preparing financial statements in accordance with the Danish Financial Business Act, revenue is defined as: interest income, fee and commission income and other operating income.

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

Nykredit Realkredit A/S
Kalvebod Brygge 1-3
DK-1780 Copenhagen V

Capital adequacy

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group	
31.12.2013	30.09.2014		30.09.2014	31.12.2013
52,266	56,248	Common Equity Tier 1 (CET1) capital	56,245	54,666
10,444	5,748	Total Additional Tier 1 capital after deductions	6,775	10,678
62,710	61,996	Tier 1 capital	63,020	65,344
62,710	65,522	Own funds	68,580	65,344
367,905	386,434	Total risk exposure amount	359,959	345,963
14.2	14.5	CET1 capital ratio, %	15.6	15.8
17.0	16.0	Tier 1 capital ratio, %	17.5	18.9
17.0	16.9	Total capital ratio, %	19.0	18.9
Nykredit Bank Group			Nykredit Holding Group	
31.12.2013	30.09.2014		30.09.2014	31.12.2013
14,307	13,075	Common Equity Tier 1 (CET1) capital	56,236	54,695
250	100	Total Additional Tier 1 capital after deductions	6,775	10,678
14,557	13,175	Tier 1 capital	63,010	65,372
14,912	13,560	Own funds	66,002	65,372
88,709	93,178	Total risk exposure amount	360,053	346,316
16.1	14.0	CET1 capital ratio, %	15.6	15.8
16.4	14.1	Tier 1 capital ratio, %	17.5	18.9
16.8	14.5	Total capital ratio, %	18.3	18.9

Capital and capital adequacy have been determined in accordance with Capital Requirements Regulation (EU) No 575/2013 of 26 June 2013 of the European Parliament and the Council as well as the Danish transitional rules laid down by the Danish FSA.

The statements as at 31 December 2013 are based on the then applicable rules of the Danish Financial Business Act. The layout has been adjusted to reflect the new presentation format.

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.