

To NASDAQ OMX Copenhagen A/S  
and the press

17 May 2013

**Q1 INTERIM REPORT 2013**  
**Totalkredit A/S**  
**(1 January – 31 March 2013)**

**Q1 – IN BRIEF**

- Profit before tax came to DKK 178m against DKK 175m in Q1/2012
- Core income from business operations increased 15% to DKK 463m
- Net expenses for supplementary collateral for SDO-funded lending came to DKK 73m against DKK 45m in Q1/2012
- Core income from securities dropped to DKK 3m in Q1/2013 from DKK 16m in the same period last year
- Operating costs totalled DKK 95m against DKK 102m in the same period of 2012
- Impairment losses on loans and advances amounted to DKK 123m in Q1/2013, or 0.02% of the loan portfolio
  - The level of impairment losses equals impairment losses recorded in the preceding three quarters in 2012
- Investment portfolio income was DKK 3m against DKK 55m in Q1/2012
- Gross new lending came to DKK 18bn in Q1/2013, a reduction of some 50% on Q1/2012
- In Q1/2013, the loan portfolio at nominal value grew by DKK 5bn to DKK 515bn
- Totalkredit's market share of Danish residential mortgage lending grew to 36.2% from 35.8% at the beginning of the year.

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# Financial highlights

DKK MILLION

	Q1/2013	Q1/2012	FY 2012
<b>CORE EARNINGS AND PROFIT FOR THE PERIOD</b>			
<b>Core income from</b>			
- business operations	463	402	1,753
- junior covered bonds	(73)	(45)	(234)
- securities	3	16	21
<b>Total</b>	<b>393</b>	<b>373</b>	<b>1,540</b>
Operating costs, depreciation and amortisation	95	102	371
<b>Core earnings before impairment losses</b>	<b>298</b>	<b>271</b>	<b>1,169</b>
Impairment losses on loans and advances	123	152	528
<b>Core earnings after impairment losses</b>	<b>175</b>	<b>120</b>	<b>641</b>
Investment portfolio income	3	55	56
<b>Profit before tax</b>	<b>178</b>	<b>175</b>	<b>697</b>
Tax	45	44	175
<b>Profit for the period</b>	<b>133</b>	<b>131</b>	<b>522</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>			
	31.03.2013	31.03.2012	31.12.2012
<b>ASSETS</b>			
Receivables from credit institutions	16,718	26,000	20,942
Mortgage loans at fair value	528,658	486,676	522,980
Bonds at fair value	99,557	89,315	85,235
Remaining assets	3,045	3,666	3,240
<b>Total assets</b>	<b>647,978</b>	<b>605,657</b>	<b>632,397</b>
<b>LIABILITIES AND EQUITY</b>			
Payables to credit institutions	566,943	505,019	547,012
Issued bonds at fair value	54,799	74,150	58,516
Supplementary capital	3,100	3,100	3,100
Remaining liabilities	7,913	9,439	8,679
Equity	15,223	13,949	15,090
<b>Total liabilities and equity</b>	<b>647,978</b>	<b>605,657</b>	<b>632,397</b>
<b>FINANCIAL RATIOS</b>			
Profit for the period as % of average equity, pa	3.5	3.8	3.6
Core earnings before impairment losses as % of average equity pa	7.9	7.8	8.1
Costs as % of core income from business operations	20.5	25.3	21.2
Impairment losses for the period, %	0.02	0.03	0.10
Total capital ratio, %	21.1	17.9	22.2
Tier 1 capital ratio, %	17.6	14.8	18.4
Internal capital adequacy requirement (ICAAP), %	10.4	9.6	10.6



## Q1 Interim Report 2013

Totalkredit recorded a profit before tax of DKK 178m against DKK 175m for the same period last year. Profit after tax amounted to DKK 133m.

Q1/2013 results showed increased income from business operations, growing expenses for supplementary collateral for SDO-funded lending, and a continued loan loss provisioning need. Totalkredit's financial income was negatively affected by the low interest rate level, and Q1/2013 income was down compared with the same period last year.

### Core earnings before impairment losses

Core income from business operations amounted to DKK 463m against DKK 402m in Q1/2012. Growth in core income from business operations is attributable to the administration margin increases introduced in April 2012 as well as to a larger loan portfolio.

Net expenses for junior covered bonds came to DKK 73m against DKK 45m in Q1/2012. The increase stemmed from a higher requirement for supplementary collateral prompted by a decline in property prices.

Core income from securities was DKK 3m against DKK 16m in the same period last year.

Operating costs totalled DKK 95m against DKK 102m in Q1/2012. The reduction in costs was primarily attributable to a timing difference in the recording of marketing activities relative to Q1/2012.

Core earnings before impairment losses came to DKK 298m against DKK 271m in Q1/2012.

### Impairment losses on loans and advances

Q1/2013 impairment losses came to DKK 123m, which equals impairment losses recorded in the preceding three quarters in 2012. Total impairment losses equalled 0.02% of lending.

Recognised losses totalled DKK 158m, of which DKK 68m was offset against commission payable to partner banks or covered by guarantee.

Individual impairment provisions came to DKK 459m at end-Q1/2013 against DKK 458m at the beginning of the year.

Collective impairment provisions amounted to DKK 468m at end-Q1/2013 against DKK 446m at the beginning of the year.

The arrears ratio measured as at the December due date, 105 days after the last due date, was 0.19%, which was also the level at the two previous due dates.

In Q1/2013, 38 properties were acquired at forced sales while 32 properties were sold. The number of repossessed properties was 85 at end-Q1/2013 against 79 at the beginning of the year.

### Investment portfolio income

The investment portfolio generated income of DKK 3m against DKK 55m in Q1/2012.

### Loans and advances

Gross new lending came to DKK 18bn, a reduction of some 50% compared with the same period last year when lending activity was exceptionally high as many homeowners remortgaged.

Measured at fair value, the loan portfolio was DKK 529bn against DKK 523bn at the beginning of the year. Measured at nominal value, the loan portfolio rose by DKK 5bn to DKK 515bn.

Measured by loan type, the proportion of interest-only loans in the loan portfolio was 58%. The proportion of floating-rate loans was 70%, of which 27% were capped.

Measured by loan portfolio, Totalkredit's market share was 36.2% at end-Q1/2013 against 35.8% at the beginning of the year.

### Loan-to-value ratios (LTVs)

The average LTV ratio of the loan portfolio, determined as the top part of a mortgage, came to 79% at end-Q1/2013 against 77% at the same time last year.

For the part of the loan portfolio funded by SDOs (Danish covered bonds) and for which LTV ratios exceed statutory LTV limits of 80% for private residential property and 60% for holiday homes, supplementary collateral must be provided to bondholders. Over the past year, the need for supplementary collateral has increased by approximately DKK 10bn to approximately DKK 33bn at end-Q1/2013.

### Balance sheet

At end-Q1/2013, the balance sheet stood at DKK 648bn against DKK 632bn at the beginning of the year.

Assets essentially consist of three items; receivables from credit institutions of DKK 16bn, mortgage lending of DKK 529bn, and a bond portfolio of DKK 100bn, of which DKK 54bn stemmed from pre-issuance in connection with the refinancing of loans as at 1 April 2013 and the placement of cash amounts deriving from prepayments etc.

As regards liabilities and equity, the principal items are payables to the Parent Company, Nykredit Realkredit A/S, totalling DKK 567bn, of which DKK 527bn related to funding of mortgage loans and DKK 27bn stemmed from supplementary collateral for SDO-funded lending.

Totalkredit had issued bonds of DKK 55bn.

Equity including profit for the period totalled DKK 15bn at end-Q1/2013.

### **CAPITAL BASE AND CAPITAL ADEQUACY**

Totalkredit's capital base stood at DKK 18bn, and risk-weighted assets totalled DKK 86bn, corresponding to a total capital ratio of 21.1%. The capital requirement amounted to DKK 6.9bn. The Tier 1 capital ratio stood at 17.6%.

The internal capital adequacy requirement (ICAAP) amounted to 10.4% at end-Q1/2013. The total capital requirement is calculated on the basis of the required capital base, which is the minimum capital required, in Management's judgement, to cover all significant risks. At end-Q1/2013 the required capital base was DKK 8.9bn.

### **NEW REGULATION**

At end-March 2013, the EU adopted the final version of the new Capital Requirements Directive and Regulation (CRD IV/CRR).

The new rules applying to the capital and liquidity of credit institutions came in as expected. The capital requirements have been increased significantly. Further, requirements for short-term liquidity have been tightened for credit institutions.

Nykredit is expected to be designated as a systemically important financial institution (SIFI) in Denmark. It is assumed that the SIFI requirement will apply to subsidiaries as well, and thus will apply to Totalkredit. As a SIFI, Nykredit will be subject to stricter regulation, for instance in the form of a supplementary capital requirement of 2% of risk-weighted assets and enhanced supervision. Further, Danish SIFIs must hold a crisis management buffer of 5%. Of this buffer, 1.5% is a Danish surcharge.

The new requirements will gradually be implemented up until 2019. Totalkredit's current capital requirement is 10.4% of risk weighted assets. We estimate that the total future regulatory requirement will be in the region of 18% of risk-weighted assets compared with a capital adequacy requirement of 9.5% today. Of this figure, 14.5% must consist of equity or corresponding capital.

At an unchanged business volume, the total capital need, inclusive of an equity buffer of 1% of risk-weighted assets, is expected to be some DKK 16bn, of which approximately DKK

13bn in equity. To this should be added some DKK 3bn, which may be made up of other subordinate loan capital.

### **RATINGS**

#### **Standard & Poor's rating**

The lending activities of Totalkredit and Nykredit Realkredit, Totalkredit's Parent Company, are jointly funded. Due to the joint funding, Totalkredit and Nykredit Realkredit use the same bond series to fund identical loans. Nykredit Realkredit issues the requisite bonds out of capital centres rated AAA with Standard & Poor's.

ROs (Danish covered bonds) issued by Totalkredit out of Capital Centre C are also rated AAA with Standard & Poor's. The Capital Centre is not open for new lending.

### **OTHER**

#### **MANAGEMENT CHANGE**

In March Hans Henrik Andersen, Managing Director, turned 65 and has decided to retire with effect from end-September after almost 23 years as a member of the Executive Board.

#### **BOARD OF DIRECTORS CHANGE**

Staff representation on the Board of Directors has been increased from three to four members, and Michael Holm Jensen, Team Manager, was elected new member of the Board of Directors, effective immediately after the Company's annual general meeting on 19 March 2013.

#### **UNCERTAINTY AS TO RECOGNITION AND MEASUREMENT**

The measurement of certain assets and liabilities is based on accounting estimates made by the company management.

The areas in which assumptions and estimates material to the financial statements have been made comprise provisions for loan and receivable impairment as well as other provisions, cf the mention in the Annual Report 2012.

In Management's opinion, the uncertainty related to the above-mentioned matters is insignificant to the Q1 Interim Report 2013.

#### **OUTLOOK FOR 2013**

Totalkredit's expectations for the full year are in line with those stated in connection with the presentation of the Annual Report 2012.

#### **EVENTS OCCURRED AFTER THE END OF THE FINANCIAL PERIOD**

No material events have occurred in the period from the balance sheet date up to the presentation of the Q1 Interim Report that may affect the assessment of the Interim Report.

**ACCOUNTING POLICIES**

The Q1 Interim Report 2013 has been prepared in accordance with the Danish Financial Business Act and the Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc issued by the Danish Financial Supervisory Authority.

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

All figures in the Q1 Interim Report 2013 are presented in DKK million. The totals stated are calculated on the basis of actual figures. Due to the rounding-off to DKK million, the sum of individual figures and the stated totals may differ slightly.

The accounting policies are unchanged compared with the Annual Report 2012. For a description, please refer to the Annual Report 2012.

## 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 – 31 March 2013 of Totalcredit A/S.

The Interim Report and the Management's Review have been prepared in accordance with the Danish Financial Business Act and the Executive Order on the Presentation of Financial Reports of Credit Institutions and Investment Companies, etc. Furthermore, the Interim Report has been prepared in accordance with additional Danish disclosure requirements for interim reports of issuers of listed bonds.

In our opinion, the Interim Financial Statements give a fair presentation of the Company's assets, liabilities, equity and financial position at 31 March 2013 and of the results of the Company's operations as well as cash flows for the financial period 1 January – 31 March 2013.

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 Company as well as a description of the material risk and uncertainty factors which may affect the Company.

The Q1 Interim Report has not been audited or reviewed.

Taastrup, 17 May 2013

### **EXECUTIVE BOARD**

Troels Bülow-Olsen

Hans Henrik Andersen

### **BOARD OF DIRECTORS**

Søren Holm  
Chairman

Claus E. Petersen,  
Deputy Chairman

Petter Blondeau

Jette Alsig Bargholz

Kim Duus

Karen Frøsig

Lars Holst

Michael Holm Jensen

Jari Loch Jensen

Gert Jonassen

Merete Nilausen



## Income statement for 1 January – 31 March

DKK MILLION

	Note	Q1/2013	Q1/2012
Interest income	1	4,104	4,737
Interest expenses	2	3,306	4,020
<b>Net interest income</b>		<b>798</b>	<b>717</b>
Fee and commission income	3	86	174
Fee and commission expenses	4	470	440
<b>Net interest and fee income</b>		<b>414</b>	<b>451</b>
Value adjustments	5	(18)	(23)
Other operating income		0	0
Staff and administrative expenses	6	95	102
Depreciation and impairment losses for property, plant and equipment		0	0
Impairment losses on loans, advances and receivables	7	123	152
<b>Profit before tax</b>		<b>178</b>	<b>175</b>
Tax		45	44
<b>Profit for the period</b>		<b>133</b>	<b>131</b>
<b>Comprehensive income</b>			
<b>Profit for the period</b>		<b>133</b>	<b>131</b>
Other comprehensive income		-	-
<b>Comprehensive income for the period</b>		<b>133</b>	<b>131</b>



## Balance sheet, end of period

DKK MILLION

	Note	31.03.2013	31.12.2012
<b>ASSETS</b>			
Cash balance and demand deposits with central banks		0	0
Receivables from credit institutions and central banks	8	16,718	20,942
Loans, advances and other receivables at fair value	9	528,752	523,069
Loans, advances and other receivables at amortised cost	9	36	35
Bonds at fair value	10	99,557	85,235
Other property, plant and equipment		0	0
Deferred tax assets		1	1
Assets in temporary possession	11	47	44
Other assets	12	2,855	3,064
Prepayments		12	7
<b>Total assets</b>		<b>647,978</b>	<b>632,397</b>
<b>LIABILITIES AND EQUITY</b>			
Payables to credit institutions	13	566,943	547,012
Issued bonds at fair value	14	54,799	58,516
Current tax liabilities		19	0
Other liabilities	15	7,887	8,672
<b>Total payables</b>		<b>629,648</b>	<b>614,200</b>
Provisions		7	7
Subordinated debt	16	3,100	3,100
<b>Equity</b>			
Share capital		848	848
<b>Reserves</b>			
Series reserves		1,646	1,646
Other reserves		12,596	12,596
Retained earnings for the period		133	-
<b>Total equity</b>		<b>15,223</b>	<b>15,090</b>
<b>Total liabilities and equity</b>		<b>647,978</b>	<b>632,397</b>
<b>OFF-BALANCE SHEET ITEMS</b>			
Guarantees	17	0	0
Other commitments		11	11
<b>Total</b>		<b>11</b>	<b>11</b>



## Statement of changes in equity

DKK MILLION

	<b>Share capital</b>	<b>Series reserves</b>	<b>Other reserves</b>	<b>Total</b>
<b>Equity, 1 January 2013</b>	<b>848</b>	<b>1,646</b>	<b>12,596</b>	<b>15,090</b>
Profit for the period			133	133
<b>Total comprehensive income for the period</b>			<b>133</b>	<b>133</b>
<b>Equity, 31 March 2013</b>	<b>848</b>	<b>1,646</b>	<b>12,729</b>	<b>15,223</b>
<b>Equity, 1 January 2012</b>	<b>799</b>	<b>1,646</b>	<b>11,373</b>	<b>13,818</b>
Profit for the period			131	131
<b>Total comprehensive income for the period</b>			<b>131</b>	<b>131</b>
<b>Equity, 31 March 2012</b>	<b>799</b>	<b>1,646</b>	<b>11,504</b>	<b>13,949</b>

The share capital consists of 8,480,442 shares of DKK 100. There is only one share class. The entire share capital is owned by Nykredit Realkredit A/S.

Series reserves consist of an undistributable reserve fund established pursuant to section 220 of the Danish Financial Business Act in connection with the Totalkredit's conversion into a public limited company in 2000. Capital is used to fulfil statutory capital requirements and is otherwise only used to cover losses not covered by amounts that may be used as dividend in the public limited company.



# Cash flow statement

DKK MILLION

	31.03.2013	31.03.2012
<b>Profit after tax for the period</b>	<b>133</b>	<b>131</b>
<b>Adjustment for non-cash operating items, depreciation and impairment losses</b>		
Depreciation and impairment losses for property, plant and equipment	0	0
Impairment losses on loans and advances	123	151
Prepayments/deferred income, net	(5)	1
Tax calculated on profit for the period	45	44
Other adjustments	(3)	60
<b>Total</b>	<b>159</b>	<b>256</b>
<b>Profit for the period adjusted for non-cash operating items</b>	<b>292</b>	<b>387</b>
<b>Change in working capital</b>		
Loans and advances	(5,807)	(5,864)
Deposits and payables to credit institutions	19,931	24,475
Issued covered bonds	(3,716)	(4,178)
Other working capital	(576)	(581)
<b>Total</b>	<b>9,832</b>	<b>13,852</b>
<b>Corporation tax paid, net</b>	<b>(26)</b>	-
<b>Cash flows from operating activities</b>	<b>10,098</b>	<b>14,239</b>
<b>Cash flows from investing and financing activities</b>		
Investments	(14,323)	(2,803)
<b>Total</b>	<b>(14,323)</b>	<b>(2,803)</b>
<b>Total cash flows</b>	<b>(4,225)</b>	<b>11,436</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>20,942</b>	<b>14,564</b>
<b>Cash and cash equivalents, end of period</b>	<b>16,717</b>	<b>26,000</b>



# Notes

DKK MILLION

	Q1/2013	Q1/2012
<b>1. INTEREST INCOME</b>		
Receivables from credit institutions	9	22
Loans, advances and other receivables	3,144	3,887
Administration margin (income)	758	581
Bonds:		
- Self-issued covered bonds	1	1
- Other covered bonds	169	238
Derivative financial instruments:		
- Interest rate contracts	24	9
<b>Total</b>	<b>4,105</b>	<b>4,738</b>
Interest from self-issued mortgage bonds has been offset against interest expenses – note 2	(1)	(1)
<b>Total</b>	<b>4,104</b>	<b>4,737</b>
<b>2. INTEREST EXPENSES</b>		
Mortgage loan funding through Nykredit Realkredit A/S	2,810	3,320
Issued bonds	326	561
Other payables to Nykredit Realkredit A/S	158	121
Subordinated debt	13	19
Other interest expenses	0	0
<b>Total</b>	<b>3,307</b>	<b>4,021</b>
Set-off of interest from self-issued covered bonds – note 1	(1)	(1)
<b>Total</b>	<b>3,306</b>	<b>4,020</b>
<b>3. FEE AND COMMISSION INCOME</b>		
Loan fees, new lending	55	112
Commission and other fees	31	62
<b>Total</b>	<b>86</b>	<b>174</b>
<b>4. FEE AND COMMISSION EXPENSES</b>		
Loan arrangement fees	44	89
Commission to loan arrangers	385	294
Commission and other fees	41	57
<b>Total</b>	<b>470</b>	<b>440</b>



## Notes

DKK MILLION

	Q1/2013	Q1/2012
<b>5. VALUE ADJUSTMENTS</b>		
Mortgage loans	340	(364)
Bonds	9	(16)
Foreign exchange, interest rate and other contracts as well as derivative financial instruments	(54)	13
Remaining liabilities	27	(21)
Issued bonds, including bonds issued by Nykredit Realkredit A/S in connection with the funding of mortgage loans granted by Totalkredit A/S	(340)	365
<b>Total</b>	<b>(18)</b>	<b>(23)</b>
<b>6. STAFF AND ADMINISTRATIVE EXPENSES</b>		
Remuneration of Board of Directors and Executive Board	1	1
Staff expenses	20	17
Administrative expenses	74	84
<b>Total</b>	<b>95</b>	<b>102</b>
<b>Remuneration of Board of Directors and Executive Board</b>		
<b>Board of Directors:</b>		
Remuneration	0	0
<b>Executive Board:</b>		
Salaries	1	1
Pensions	0	0
Other social security expenses and charges	0	0
<b>Total</b>	<b>1</b>	<b>1</b>
The terms and conditions governing pensions and retirement in relation to the Executive Board have not changed since the Annual Report 2012.		
<b>Staff expenses:</b>		
Salaries	15	14
Pensions	2	2
Other social security expenses and charges	3	1
<b>Total</b>	<b>20</b>	<b>17</b>
<b>Number of staff</b>		
Average number of staff, full-time equivalents	132	115



## Notes

DKK MILLION

	Q1/2013	Q1/2012
<b>7. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES</b>		
Change in individual impairment provisions for loans and advances	124	142
Change in collective impairment provisions for loans and advances	23	40
Losses recognised for the period, net	47	13
Received on claims previously written off as impairment losses	(1)	(2)
<b>Total impairment losses on loans, advances and receivables</b>	<b>193</b>	<b>193</b>
Value adjustment of assets in temporary possession	(2)	5
Losses covered by security from partner banks	(68)	(47)
<b>Total</b>	<b>123</b>	<b>152</b>
<b>Specification of provisions for loan impairment</b>		
Individual impairment provisions	459	424
Collective impairment provisions	468	351
<b>Total impairment provisions</b>	<b>927</b>	<b>775</b>
<b>Individual impairment provisions</b>		
Impairment provisions, beginning of period	458	393
Impairment provisions for the period	189	204
Impairment provisions reversed	(65)	(62)
Value adjustment of repossessed properties	(20)	(31)
Impairment provisions recognised as lost	(103)	(80)
<b>Impairment provisions, end of period</b>	<b>459</b>	<b>424</b>
<b>Collective impairment provisions</b>		
Impairment provisions, beginning of period	446	311
Impairment provisions for the period	22	40
<b>Impairment provisions, end of period</b>	<b>468</b>	<b>351</b>
<b>Individual impairment provisions for repossessed properties</b>		
Impairment provisions, beginning of period	128	96
Transferred from non-repossessed properties	20	31
Impairment provisions for the period	16	11
Impairment provisions reversed	(18)	(6)
Impairment provisions recognised as lost	(8)	(21)
<b>Impairment provisions, end of period</b>	<b>138</b>	<b>111</b>



## Notes

DKK MILLION

	Q1/2013	Q1/2012
<b>7. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES (continued)</b>		
<b>Specification of loans and advances</b>		
Loans and advances subject to individual impairment	2,189	2,164
Impairment provisions	(459)	(424)
<b>Loans and advances after impairment provisions</b>	<b>1,730</b>	<b>1,740</b>
Loans and advances subject to collective impairment	24,739	28,416
Impairment provisions	(468)	(351)
<b>Loans and advances after impairment provisions</b>	<b>24,271</b>	<b>28,065</b>



# Notes

DKK MILLION

	31.03.2013	31.12.2012
<b>8. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS</b>		
Receivables from credit institutions	16,718	20,942
<b>9. LOANS AND ADVANCES</b>		
Loans, advances and other receivables at fair value	528,752	523,069
Loans, advances and other receivables at amortised cost	36	35
<b>Total</b>	<b>528,788</b>	<b>523,104</b>
<b>Loans, advances and other receivables at fair value</b>		
Mortgage loans	528,627	522,949
Receivables from loans secured on non-repossessed properties	125	120
<b>Total</b>	<b>528,752</b>	<b>523,069</b>
<b>Mortgage loans</b>		
Balance, beginning of period, nominal value	509,915	473,566
New loans	17,730	130,686
Ordinary principal payments	(1,398)	(4,692)
Prepayments and extraordinary principal payments	(10,903)	(89,645)
<b>Balance, end of period, nominal value</b>	<b>515,344</b>	<b>509,915</b>
Loans transferred relating to properties in temporary possession	(12)	(39)
Fair value adjustment	14,116	13,860
<b>Adjustment for credit risk</b>		
Individual impairment provisions	(353)	(341)
Collective impairment provisions	(468)	(446)
<b>Balance, end of period, fair value</b>	<b>528,627</b>	<b>522,949</b>
<b>Receivables from loans secured on non-repossessed properties</b>		
Arrears before impairment provisions	123	115
Outlays before impairment provisions	107	122
Provisions for arrears and outlays	(106)	(117)
<b>Total</b>	<b>125</b>	<b>120</b>
<b>Loans, advances and other receivables at amortised cost</b>		
Mortgage loans	31	31
Other loans	5	4
<b>Total</b>	<b>36</b>	<b>35</b>
Measured at fair value, loans and advances came to DKK 36m at end-Q1/2013 against DKK 35m at end-2012.		
<b>Mortgage loan guarantees provided by banks:</b>		
Supplementary guarantees in addition to mortgages on property	8,036	7,987
Statutory guarantees for interim loans	8,667	10,050
Guarantees for loans disbursed before obtaining a registered mortgage	12,262	18,457
<b>Total</b>	<b>28,965</b>	<b>36,494</b>



## Notes

DKK MILLION

	31.03.2013	31.12.2012
<b>10. BONDS AT FAIR VALUE</b>		
- Self-issued covered bonds	902	159
- Other covered bonds	99,557	85,235
<b>Total</b>	<b>100,459</b>	<b>85,394</b>
Set-off against "Issued bonds at fair value" – note 14	(902)	(159)
<b>Total bonds</b>	<b>99,557</b>	<b>85,235</b>
<b>Of which:</b>		
Drawn bonds	105	150
Bonds stemming from the placement of cash amounts in connection with immediate prepayments at par as well as proceeds from the hedging of fixed-price agreements	13,397	13,654
Bonds pre-issued for the refinancing of adjustable-rate mortgages (ARMs)	40,852	25,302
<b>11. ASSETS IN TEMPORARY POSSESSION</b>		
Debt outstanding, end of period	6	8
Outlays	114	99
Impairment provisions, end of period	(73)	(63)
<b>Total</b>	<b>47</b>	<b>44</b>
<b>12. OTHER ASSETS</b>		
Positive market value of derivative financial instruments	3	1
Interest and commission receivable on loans and advances	1,406	1,764
Interest receivable from bonds and credit institutions	1,419	1,245
Remaining assets	27	54
<b>Total</b>	<b>2,855</b>	<b>3,064</b>
<b>13. PAYABLES TO CREDIT INSTITUTIONS</b>		
Payables to credit institutions, other payables	35	19
Payables to Nykredit Realkredit A/S concerning supplementary collateral for SDO-funded mortgage lending	27,002	26,305
Mortgage loan funding through Nykredit Realkredit A/S	539,906	520,688
<b>Total</b>	<b>566,943</b>	<b>547,012</b>
<b>Of which mortgage loan funding through Nykredit Realkredit A/S</b>		
Balance, beginning of period, nominal value	509,138	455,100
Additions	69,531	272,897
Drawings and prepayments	(49,470)	(204,700)
Prepayments and extraordinary principal payments	(1,121)	(14,159)
<b>Balance, end of period, nominal value</b>	<b>528,078</b>	<b>509,138</b>
Fair value adjustment	11,828	11,550
<b>Total</b>	<b>539,906</b>	<b>520,688</b>





# Notes

DKK MILLION

	31.03.2013	31.12.2012
<b>14. ISSUED BONDS AT FAIR VALUE</b>		
Covered bonds issued against mortgages on real property		
Balance, beginning of period, nominal value	56,366	77,128
Drawings and prepayments	(2,325)	(14,052)
Prepayments and extraordinary principal payments	(628)	(6,710)
<b>Balance, end of period</b>	<b>53,413</b>	<b>56,366</b>
Set-off, self-issued bonds	(902)	(159)
Fair value adjustment	2,288	2,309
<b>Total</b>	<b>54,799</b>	<b>58,516</b>
Bonds drawn for redemption at the next creditor payment date	1,752	2,269
<b>15. OTHER LIABILITIES</b>		
Interest payable on issued covered bonds, including bonds issued by Nykredit Realkredit A/S for the funding of mortgage lending by Totalkredit A/S	6,314	6,460
Negative market value of derivative financial instruments	43	5
Remaining liabilities	1,530	2,207
<b>Total</b>	<b>7,887</b>	<b>8,672</b>
<b>16. SUBORDINATED DEBT</b>		
Subordinated debt consists of financial liabilities in the form of subordinate loan capital which, in case of voluntary or compulsory liquidation, will not be repaid until the claims of ordinary creditors have been met. Nykredit Bank A/S is creditor on the loans.		
Nom DKK 2,600m. The loan falls due at par (100) on 24 June 2018 and carries an interest rate of 0.45% pa above 3M Cibur.		
Nom DKK 500m. The loan falls due at par (100) on 1 December 2018 and carries an interest rate of 6.00% pa above 3M Cibur.		
Measured at fair value, the two loans total DKK 3.100m.		
<b>17. OFF-BALANCE SHEET ITEMS</b>		
<b>Guarantees</b>		
Financial guarantees	0	0
Total guarantees	0	0
<b>Other commitments</b>		
Other	11	11
Total other commitments	11	11
<b>Total off-balance sheet items</b>	<b>11</b>	<b>11</b>



## Notes

### **18. RELATED PARTY TRANSACTIONS AND BALANCES**

The Parent Company Nykredit Realkredit A/S, Copenhagen, group enterprises and associates of Nykredit Realkredit A/S as well as Totalkredit A/S's Board of Directors, Executive Board and related parties thereof are regarded as related parties.

Transactions with Nykredit are based on agreements, and no unusual transactions have been made with related parties in 2013.

Agreements include intra-group funding, loan capital and supplementary collateral, referral commission, IT support and IT development, payroll and staff administration, asset and risk management, and other administrative tasks. Intercompany trading in goods and services took place on an arm's length or cost covering basis.

Transactions with Totalkredit's Board of Directors, its Executive Board and related parties thereof exclusively include mortgage loans granted on the terms stated on Totalkredit's price list.

Significant related party transactions prevailing/entered into in 2013 include:

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

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

Master agreements on the terms applicable to transactions in the securities area, including portfolio management.

Agreement on joint funding of mortgage loans.

Agreement on IT development and operations.

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

Totalkredit A/S has raised loans with Nykredit Realkredit A/S for the purpose of providing collateral in Totalkredit's capital centres.

Totalkredit A/S has raised loans with Nykredit Realkredit A/S in the form of subordinated debt.

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

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

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

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



# Capital base and capital adequacy

DKK MILLION

	31.03.2013	31.12.2012
<b>Capital base</b>		
Tier 1 capital		
- Equity, end of period	15,223	15,090
- Capitalised tax assets	(2)	(2)
- Difference between expected losses and impairment losses	(120)	(35)
<b>Tier 1 capital after statutory deductions</b>	<b>15,101</b>	<b>15,052</b>
<b>Total supplementary capital</b>	<b>3,100</b>	<b>3,100</b>
- Difference between expected losses and impairment losses	(120)	(35)
<b>Total capital base after statutory deductions</b>	<b>18,081</b>	<b>18,117</b>
<b>Capital requirements</b>		
Credit risk	6,206	5,844
Market risk	415	420
Operational risk	246	265
<b>Total capital requirement<sup>1</sup></b>	<b>6,867</b>	<b>6,529</b>
<b>Total risk-weighted assets</b>	<b>85,837</b>	<b>81,614</b>
<b>Financial ratios</b>		
Tier 1 capital ratio	17.6	18.4
Total capital ratio, %	21.1	22.2
<sup>1</sup> The capital requirement has been determined in accordance with the transitional provisions of the Danish Executive Order on Capital Adequacy. The capital requirement must constitute at least 80% of the capital requirement determined under Basel I.		
At end-Q1/2013 the capital requirement under the transitional rules came to DKK 17.0bn.		
<b>Required capital base and internal capital adequacy requirement</b>		
<b>Pillar I – primary risk</b>		
Credit risk	6,638	6,533
Market risk	504	378
Operational risk	183	214
<b>Total Pillar I</b>	<b>7,324</b>	<b>7,125</b>
<b>Pillar II – other risk</b>		
Weaker economic climate	811	738
Other	785	786
<b>Total Pillar II</b>	<b>1,596</b>	<b>1,524</b>
<b>Total required capital base</b>	<b>8,920</b>	<b>8,649</b>
Total risk-weighted items	85,837	81,614
<b>Internal capital adequacy requirement (ICAAP), %</b>	<b>10.4</b>	<b>10.6</b>



# Five-year financial highlights

DKK MILLION

	Q1/2013	Q1/2012	Q1/2011	Q1/2010	Q1/2009
<b>INCOME STATEMENT</b>					
Net interest income	798	717	682	705	619
Net fee income	(384)	(266)	(277)	(238)	(211)
<b>Net interest and fee income</b>	<b>414</b>	<b>451</b>	<b>405</b>	<b>467</b>	<b>408</b>
Value adjustments	(18)	(23)	(55)	13	89
Other operating income	0	0	0	0	0
Staff and administrative expenses	95	102	97	112	102
Depreciation and impairment losses for property, plant and equipment	0	0	0	0	0
Impairment losses on loans, advances and receivables	123	152	50	(20)	125
<b>Profit before tax</b>	<b>178</b>	<b>175</b>	<b>203</b>	<b>388</b>	<b>270</b>
Tax	45	44	51	97	68
<b>Profit for the period</b>	<b>133</b>	<b>131</b>	<b>152</b>	<b>291</b>	<b>202</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>					
	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
<b>ASSETS</b>					
Receivables from credit institutions	16,718	26,000	11,239	16,521	9,020
Mortgage loans	528,658	486,676	454,276	439,094	402,345
Bonds and equities	99,557	89,315	61,965	50,366	14,495
Remaining assets	3,045	3,666	3,602	2,787	794
<b>Total assets</b>	<b>647,978</b>	<b>605,657</b>	<b>531,082</b>	<b>508,768</b>	<b>426,654</b>
<b>LIABILITIES AND EQUITY</b>					
Payables to credit institutions	566,943	505,019	422,776	383,918	289,329
Issued bonds	54,799	74,150	83,109	100,933	116,049
Supplementary capital	3,100	3,100	2,600	2,600	3,600
Remaining liabilities	7,913	9,439	9,189	8,657	5,921
Equity	15,223	13,949	13,408	12,660	11,755
<b>Total liabilities and equity</b>	<b>647,978</b>	<b>605,657</b>	<b>531,082</b>	<b>508,768</b>	<b>426,654</b>
<b>FINANCIAL RATIOS</b>					
Profit for the period as % of average equity	0.9	0.9	1.1	2.3	1.7
Profit before tax for the period as % of average equity	1.2	1.3	1.5	3.1	2.3
Loans and advances:equity	34.7	34.9	33.9	34.7	34.2
Growth in loans and advances for the period, %	1.1	1.2	0.9	1.1	2.2
Impairment losses for the period, %	0.02	0.03	0.01	0.00	0.03
Total capital ratio, %	21.1	17.9	24.0	26.1	26.8
Tier 1 capital ratio, %	17.6	14.8	20.2	21.7	20.7
Average number of staff, full-time equivalents	132	115	123	122	117



## Six-quarter financial highlights

DKK MILLION

	Q1/2013	Q4/2012	Q3/2012	Q2/2012	Q1/2012	Q4/2011
<b>CORE EARNINGS AND PROFIT FOR THE PERIOD</b>						
<b>Core income from</b>						
- business operations	463	446	469	436	402	351
- junior covered bonds	(73)	(71)	(71)	(47)	(45)	(39)
- securities	3	(3)	(2)	10	16	37
<b>Total</b>	<b>393</b>	<b>372</b>	<b>396</b>	<b>399</b>	<b>373</b>	<b>349</b>
Operating costs, depreciation and amortisation	95	84	91	94	102	89
<b>Core earnings before impairment losses</b>	<b>298</b>	<b>288</b>	<b>305</b>	<b>305</b>	<b>271</b>	<b>260</b>
Impairment losses on loans and advances	123	84	113	179	152	180
<b>Core earnings after impairment losses</b>	<b>175</b>	<b>203</b>	<b>192</b>	<b>126</b>	<b>120</b>	<b>80</b>
Investment portfolio income	3	(59)	16	44	55	73
<b>Profit before tax</b>	<b>178</b>	<b>145</b>	<b>208</b>	<b>169</b>	<b>175</b>	<b>153</b>
Tax	45	37	52	42	44	38
<b>Profit for the period</b>	<b>133</b>	<b>108</b>	<b>156</b>	<b>127</b>	<b>131</b>	<b>115</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>						
	31.03.2013	31.12.2012	30.09.2012	30.06.2012	31.03.2012	31.12.2011
<b>ASSETS</b>						
Receivables from credit institutions	16,718	20,942	22,460	23,288	26,000	14,565
Mortgage loans	528,658	522,980	512,613	503,733	486,676	480,928
Bonds and equities	99,557	85,235	119,687	45,890	89,315	86,512
Remaining assets	3,045	3,240	4,931	4,217	3,666	4,392
<b>Total assets</b>	<b>647,978</b>	<b>632,397</b>	<b>659,691</b>	<b>577,128</b>	<b>605,657</b>	<b>586,397</b>
<b>LIABILITIES AND EQUITY</b>						
Payables to credit institutions	566,943	547,012	566,757	482,187	505,019	480,544
Issued bonds	54,799	58,516	62,989	67,368	74,150	78,328
Supplementary capital	3,100	3,100	3,100	3,100	3,100	3,100
Remaining liabilities	7,913	8,679	11,863	9,647	9,439	10,607
Equity	15,223	15,090	14,982	14,826	13,949	13,818
<b>Total liabilities and equity</b>	<b>647,978</b>	<b>632,397</b>	<b>659,691</b>	<b>577,128</b>	<b>605,657</b>	<b>586,397</b>
<b>FINANCIAL RATIOS</b>						
Profit for the period as % of average equity, pa	3.5	2.9	4.2	3.5	3.8	3.3
Core earnings after impairment losses as % of average equity, pa	4.6	5.4	5.2	3.5	3.5	2.3
Costs as % of core income	24.2	22.6	23.0	23.6	27.4	25.5
Impairment losses for the period, %	0.02	0.02	0.02	0.04	0.03	0.04
Total capital ratio, %	21.1	22.2	20.7	19.7	17.9	18.8
Tier 1 capital ratio, %	17.6	18.4	17.3	16.4	14.8	15.6