

To the Copenhagen Stock Exchange
and the press

7 February 2007

**PRELIMINARY ANNOUNCEMENT OF FINANCIAL STATEMENTS – THE NYKREDIT BANK GROUP
1 JANUARY 2006-31 DECEMBER 2006**

2006 – IN BRIEF

- Financial Statements for 2006 showed a profit before tax of DKK 877m.
Compared with 2005, profit was up by DKK 276m or 46%
- Profit before tax generated a return on equity of 22.3% against 17.8% in 2005
- Significant earnings growth in Markets & Asset Management and Corporate Banking
- Impairment provisions were positive at DKK 44m
- The balance sheet stood at DKK 107bn against DKK 84.5bn at end-2005

2007 – OUTLOOK

The Nykredit Bank Group expects a profit before tax of around DKK 700-800m for 2007.

INFORMATION ABOUT THE NYKREDIT BANK GROUP

Further information about the Nykredit Bank Group is available at nykredit.com.

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The Nykredit Bank Group 2002-2006

DKK million/EUR million	2006/EUR	2006	2005	2004 *	The Nykredit Bank Group	
					2003 *	2002 *
SUMMARY INCOME STATEMENT						
Net interest and fee income	138	1,032	1,007	875	891	660
Value adjustments	70	522	177	12	2	(69)
Other operating income	3	21	20	42	94	18
Staff and administrative expenses	99	739	590	498	436	419
Other operating costs, depreciation and amortisation	0	3	6	4	4	7
Provisions for loan and receivable impairment	(6)	(44)	7	6	129	39
Profit before tax	118	877	601	421	418	144
Tax	34	250	162	131	125	46
Profit for the year	84	627	439	290	293	98
BALANCE SHEET, YEAR-END						
Assets						
Cash balance and receivables from credit institutions	2,473	18,438	15,031	13,094	14,738	13,739
Loans, advances and other receivables at fair value	460	3,432	6,688	5,242	3,012	3,872
Loans, advances and other receivables at amortised cost	3,887	28,983	19,731	17,408	19,017	20,292
Bonds and equities	6,432	47,955	36,152	31,586	29,783	20,369
Other asset items	1,105	8,237	6,860	6,629	5,869	5,470
Total assets	14,357	107,045	84,462	73,959	72,419	63,742
Liabilities and equity						
Payables to credit institutions and central banks	8,464	63,107	44,654	39,695	41,149	37,044
Deposits and other payables	3,040	22,667	22,103	19,094	13,351	11,310
Other non-derivative financial liabilities at fair value	943	7,032	6,484	5,110	8,304	5,966
Other liability items	1,165	8,680	6,748	6,044	5,930	5,794
Total payables	13,612	101,486	79,989	69,943	68,734	60,114
Provisions	2	18	59	41	24	22
Subordinate loan capital	174	1,300	800	800	800	800
Equity	569	4,241	3,614	3,175	2,861	2,806
Total liabilities and equity	14,357	107,045	84,462	73,959	72,419	63,742
* Incl reclassifications as a result of new accounting policies in 2005						
OFF-BALANCE SHEET ITEMS						
Guarantees	1,253	9,343	10,399	7,919	6,751	5,880
Other commitments	855	6,374	3,058	2,280	3,050	4,090
Total off-balance sheet items	2,108	15,717	13,457	10,199	9,801	9,970
FINANCIAL RATIOS						
Capital adequacy ratio, %		10.6	10.3	10.4	9.8	9.3
Core capital ratio, %		8.2	8.8	8.3	7.6	7.2
Return on equity before tax (pa) ¹ , %		22.3	17.8	14.0	14.7	5.2
Return on equity after tax (pa) ¹ , %		16.0	13.0	9.6	10.3	3.5
Income:cost ratio, DKK ¹		2.26	2.00	1.83	1.73	1.31
Interest rate exposure, %		4.3	3.3	3.0	2.4	3.1
Foreign exchange position, %		5.7	4.2	3.2	6.4	14.2
Foreign exchange exposure, %		0.2	0.1	0.0	0.1	0.2
Loans and advances:deposits		1.4	1.2	1.2	1.6	2.0
Loans and advances:equity		7.6	7.3	7.2	7.8	8.7
Growth in loans and advances for the year, %		22.7	16.1	2.2	(8.9)	9.6
Excess cover:statutory requirements for liquidity, %		122.7	207.1	195.3	93.7	176.3
Total major exposures, %		336.4	349.5	351.3	329.7	352.3
Impairment provisions for the year, %		(0.1)	0.0	0.0	0.4	0.1
¹ Incl effect of new accounting policies in 2004 and 2005						
EUR 1 = DKK 7.4560 at end-2006						

THE NYKREDIT BANK GROUP'S RESULTS

The Nykredit Bank Group recorded a profit before tax of DKK 877m against DKK 601m in 2005.

Results are very satisfactory and surpass expectations both at the beginning of the year and at the publication of the interim reports for 2006. In the Q1-Q3 Interim Report 2006, the Bank forecast a profit of DKK 700-750m.

Relative to expectations at the time, the Corporate and Retail Banking areas, excluding provisions for loan impairment, recorded results largely on a level with expectations, albeit with a positive tendency especially in the Corporate Banking area. By contrast, Markets & Asset Management delivered a significant earnings increase with customer trading and own trading activities outperforming all expectations. Similarly, core income from the Bank's own portfolio increased beyond expectations.

Finally, the Bank was able to reverse a number of impairment provisions in Q4 which had not been predicted at the time of the presentation of the Q1-Q3 Interim Report 2006.

Relative to 2005 the Bank's income from interest, fees and value adjustments increased by DKK 370m to DKK 1,554m as a result of increased core income, while investment portfolio income decreased by DKK 22m compared with 2005.

Net interest was down by DKK 18m to DKK 776m. Increased deposit and lending activities in the Retail and Corporate Banking areas led to increasing income, while Markets & Asset

Management saw a decrease of approximately DKK 85m. However, the latter should be seen in combination with income from the value adjustments of securities and foreign exchange made within this business area, which rose by DKK 297m to DKK 477m compared with 2005.

Fees and commissions netted an increase from DKK 213m in 2005 to DKK 256m. The rise derived mainly from higher income from asset management activities.

Value adjustments went up from DKK 177m to DKK 522m. In addition to growing business volumes in Markets & Asset Management, the development was especially affected by value adjustments of corporate bonds.

Other operating income came to DKK 21m of which DKK 13m could be ascribed to the Bank's leasing activities.

The Bank's core income from the business areas totalled DKK 1,578m against DKK 1,185m in 2005. Markets & Asset Management contributed DKK 882m of total core income compared with DKK 600m in 2005. The advance was based on a general activity lift in the customer-oriented entities of the business area and very satisfactory growth in earnings from the area's trading, capital market and portfolio activities. Further, income from own trading was also highly satisfactory.

Core income from Corporate Banking was DKK 295m against DKK 239m in 2005. Especially increased income from rising lending activities and positive value adjustments of corporate bonds were behind this positive tendency.

Core income from Retail Banking was DKK 288m – largely unchanged compared with DKK

276m in 2005. In 2006 the business area recorded increasing income from mortgage trading activities as well as deposit and lending business, while the lower level of mortgage refinancing led to falling guarantee fees.

Finally, income from securities not allocated to the business areas rose by DKK 43m to DKK 113m, while investment portfolio income, ie returns from own portfolios exceeding risk-free interest, was a negative DKK 3m against a positive DKK 19m in 2005.

Staff and administrative expenses amounted to DKK 739m, up DKK 149m (25%) on 2005.

The significant activity lift led to a higher number of staff from an average of 426 in 2005 to 492 (up 15.5%). Along with a rise in performance-related pay, this led to higher expenses for salaries from DKK 331m in 2005 to DKK 438m.

Administrative expenses increased by DKK 43m to DKK 295m. The item is generally affected by increased activity levels, including IT related costs which have been significantly affected by the increased transaction volume, just as product development has increased demands on management, administration and control.

Provisions for loan and receivable impairment generated an income of DKK 44m against an expense of DKK 7m in 2005. The development can be attributed to a number of factors. A review of the Bank's individual impairment provisions led to a lower individual provisioning need for loan impairment, especially within retail exposures, while a review of the Bank's models for the determination of group-based impairment provisions gave rise to certain model adjustments. Lastly, the low provisioning need reflects the continued favourable economic climate in Denmark.

Tax on profit for the year amounted to DKK 250m equal to 28.5% of profit before tax. For 2005 tax equalled 27% or DKK 162m.

In total, profit after tax was DKK 627m against DKK 439m in 2005.

It will be recommended for adoption by the Annual General Meeting that no dividends be distributed for 2006.

The Nykredit Bank Group Results

DKKm	2006	2005
Net interest and fee income	1,032	1,007
Value adjustments	522	177
Other operating income	21	20
Total income from interest, fees and value adjustments ¹	1,575	1,204
Staff and administrative expenses	742	596
Provisions for loan and receivable impairment	(44)	7
Profit before tax	877	601
Tax	250	162
Profit for the year	627	439
¹ Of which		
– Core income	1,578	1,185
– Investment portfolio income	(3)	19

BALANCE SHEET, EQUITY AND CAPITAL ADEQUACY

Balance sheet

In 2006 the Bank's balance sheet total rose by DKK 22.5bn to DKK 107bn.

The balance sheet growth mirrors the positive development recorded by the Bank in all business areas. The Bank's customer lending increased by DKK 9.3bn. Retail lending increased by DKK 1.3bn, while corporate lending went up by DKK 8bn. Reverse transactions with customers fell by DKK 3.3bn. Loans and advances subsequently totalled DKK 32.4bn at end-2006.

The cash balance and receivables from credit institutions and central banks totalled DKK 18.4bn, up DKK 3.4bn on end-2005. Reverse

transactions accounted for DKK 8.9bn of receivables against DKK 5.8bn at end-2005.

Bonds and equities went up to DKK 48bn. The Bank's bond portfolio grew by DKK 11.8bn. The bond portfolio mainly consists of Danish government and mortgage bonds. The size of the portfolio and the increase for the year should be seen in the light of Nykredit Markets's trading operations and the Bank's substantial activities in the repo market. The Bank's equity portfolio remained unchanged at DKK 0.3bn.

Other assets amounted to DKK 8.2bn against DKK 6.9bn at end-2005. The item mainly consists of interest receivable and positive market values of derivative financial instruments.

Payables to credit institutions were up DKK 18.5bn to DKK 63.1bn compared with end-

2005. Repo transactions accounted for DKK 13.7bn of total payables against DKK 8.7bn at end-2005.

Deposits went up by DKK 0.6bn from DKK 22.1bn to DKK 22.7bn. Retail deposits accounted for DKK 0.5bn of total deposit growth. Corporate deposits went up by DKK 1.6bn, while deposits from Markets & Asset Management fell by DKK 1.6bn. The rise in retail deposits primarily relates to the addition of new customers opening wage accounts.

Issued bonds increased from DKK 654m at end-2005 to DKK 1.7bn. In 2006 the Bank issued three bond series totalling a nominal DKK 1.3bn of which Nykredit Højrente I and Nykredit Højrente II represented DKK 1.2bn (EUR 164m) and NB Credit Pick DKK 56m (EUR 7.5m). Nykredit Højrente I & II are both listed on the Copenhagen Stock Exchange. At 31 December the Bank's own portfolio amounted to DKK 279m against DKK 133m at end-2005. The Bank's own portfolio has been deducted from the item.

Other non-derivative financial instruments at fair value totalled DKK 7bn against DKK 6.5bn at end-2005. The item includes repo transactions (deposits) and negative securities portfolios measured at fair value as these transactions form part of a portfolio of financial instruments in which a pattern of short-term gain realisation has prevailed within a short period.

Other liabilities totalled DKK 6.9bn against DKK 6.1bn at end-2005. The item mainly consisted of interest and commissions payable as well as negative market values of derivative financial instruments.

Subordinate loan capital grew from DKK 800m to DKK 1.3bn. Subordinate loan capital was contributed by the Parent Company Nykredit Realkredit A/S and has been fully included in the capital base.

Equity

Equity of Nykredit Bank and the Nykredit Bank Group stood at DKK 4,241m at end-2006 against DKK 3,614m at the beginning of 2006. The increase stemmed from a transfer of profit after tax for the year of DKK 627m. In 2005 retained earnings amounted to DKK 439m.

The Nykredit Bank Group Balance sheet

DKKm	2006	2005
Receivables from credit institutions	18,405	15,005
Loans and advances at amortised cost and fair value	32,415	26,419
Bonds and equities	47,955	36,152
Payables to credit institutions	63,107	44,654
Deposits and other payables at amortised cost	22,667	22,103
Issued bonds	1,741	654
Subordinate loan capital	1,300	800
Equity	4,241	3,614
Balance sheet total	107,045	84,462

The Nykredit Bank Group Equity

DKKm	2006	2005
Equity, beginning of financial year	3,614	3,175
Profit after tax for the year	627	439
Equity, end of financial year	4,241	3,614

The Nykredit Bank Group Capital base and capital adequacy

DKKm	2006	2005
Equity	4,241	3,614
Supplementary capital	1,300	800
Statutory deductions from core capital and supplementary capital	113	194
Total	5,428	4,220
Weighted items not included in the trading portfolio	40,502	30,932
Weighted items incurring market risk	10,631	9,829
Total weighted items	51,133	40,761
Capital adequacy ratio, %	10.6	10.3
Core capital after statutory deductions as a % of weighted items	8.2	8.8

Capital adequacy

The capital adequacy ratio of the Nykredit Bank Group landed at 10.6% against 10.3% at end-2005, and the core capital ratio was 8.2% against 8.8% at end-2005.

The capital base after statutory deductions amounted to DKK 5.4bn at end-2006, equal to the carrying amount of equity with the addition of supplementary capital of DKK 1.3bn and with the deduction of parts of the Bank's holding of investment units of DKK 0.1bn.

Weighted items amounted to DKK 51.1bn at end-2006 against DKK 40.8bn at end-2005.

OUTLOOK FOR 2007

In 2007 the Bank expects continued low interest rates and a stable economic climate in Denmark.

Deposit and lending activities within the Retail and Corporate Banking areas are expected to see growth, and Markets & Asset Management is expected to continue expanding its business volumes. Considering the high earnings recorded by Markets & Asset Management in 2006, 2007 is expected to see somewhat lower results.

In 2007 the Bank will launch a number of initiatives that will cause a certain increase in staff and IT costs - one example being the continued development of the Bank's risk management and administrative systems for the handling of new products. Equally, the higher

activity levels will lead to increasing transaction-based expenses.

In 2007 impairment provisions are expected to be low, but without the same positive effect as in 2006.

All in all, core income is expected to be largely unchanged compared with 2006. With prospects of higher costs and a normalisation in impairment provisions, overall results before tax are expected to be lower than in 2006. The Bank therefore expects a profit before tax of around DKK 700-800m.

BUSINESS AREAS

The Nykredit Bank Group is organised into three intercompany business areas: Retail Banking, Corporate Banking and Markets & Asset Management.

Retail Banking serves retail customers and small agricultural customers who typically require the same product range as retail customers.

Commercial Banking serves business, agricultural and rental housing customers including housing society and non-profit housing customers.

Markets & Asset Management handles the Nykredit Group's activities within securities trading, asset management and pension advice.

In 2006 the Nykredit Bank Group's business areas recorded a profit of DKK 770m against DKK 515m in 2005. Including income from Group items of DKK 107m, profit came to DKK 877m against DKK 601m in 2005.

All in all, core earnings after impairment losses yielded a return on average allocated capital of 25.9% against 19.3% in 2005.

Retail Banking

The Retail Banking area supplies Nykredit Bank products to the Nykredit Group's own sales entities. The Bank's products are sold through 50 retail centres and the Sales Centre.

For 2006 the Retail Banking area recorded a profit of DKK 185m or an increase of DKK 55m compared with 2005. The improvement is attributable to a reversal of impairment provisions of DKK 62m equal to a positive development in results of DKK 75m compared with 2005.

Income increased by DKK 12m to DKK 288m. Fee income netted a decrease on 2005 because of decreased income from mortgage refinancing, etc, while income from mortgage trading activities went up.

Costs increased by DKK 32m to DKK 165m. More retail customers with multiple accounts led to growth in transactions and service tasks and, consequently, a higher cost level. The number of staff went up from 105 in 2005 to 116 at end-2006.

The Nykredit Bank Group Profit before tax by business area

DKKm	Retail Banking		Corporate Banking		Markets & Asset Management		Group items ¹		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Core income *	288	276	295	239	882	600	113	70	1,578	1,185
Operating costs	165	133	120	110	454	350	3	3	742	596
Core earnings before impairment losses	123	143	175	129	428	250	110	67	836	589
Provisions for loan impairment	(62)	13	18	(6)	0	0	0	0	(44)	7
Core earnings after impairment losses	185	130	157	135	428	250	110	67	880	582
Investment portfolio income	0	0	0	0	0	0	(3)	19	(3)	19
Profit before tax	185	130	157	135	428	250	107	86	877	601
* Of which transactions between the business areas	111	71	(77)	(49)	(34)	(22)	-	-	0	0
Income:costs	2.8	1.9	2.1	2.3	1.9	1.7	-	-	2.3	2.0
Avg allocated business capital ²	802	847	1,766	1,519	805	625	21	20	3,394	3,010
Core earnings as a % of allocated business capital	23.0	15.3	8.9	8.9	53.0	40.0	-	-	25.9	19.3

¹ Includes income from securities not allocated to the individual business areas but included in the Bank's own portfolio as well as non-allocated expenses.

² 8% of average risk-weighted assets allocated to the business areas.

In 2006 provisions for loan impairment generated an income of DKK 62m against an expense of DKK 13m in 2005. The positive trend is in particular attributable to the Bank's review of all exposures for which individual impairment provisions have been made and adjustment of the estimates of impairment provisions previously applied. At the same time, testing and review of the Bank's models and methods used in the determination of group-based impairment provisions also led to a number of adjustments which also affected impairment provisions. Finally, the Bank's provisioning need reflects the continued sound Danish economy and not least homeowners' favourable financial situation, and a large part of the Bank's lending has been secured by owner's mortgages on customers' homes.

In total, profit for the year equalled an average return on business capital of 23% before tax. The income:cost ratio was up from DKK 1.9 in 2005 to DKK 2.8 in 2006.

Balances

Deposit balances went up by DKK 0.5bn to DKK 9.7bn at end-2006, a somewhat lower growth rate than in 2005.

The number of customers opening wage accounts went up from 69,000 at the beginning of 2006 to 82,000 at end-2006.

Lending balances grew relative to 2005 by DKK 1.3bn to DKK 6.3bn. Lending is still marked by many housing loan prepayments which homeowners are able to replace with mortgage loans by virtue of the increases in property values in large parts of Denmark. The decrease in the total housing loan portfolio is, however, more than offset by the opening of equity release accounts. Loans advanced as equity release accounts represented over one third of total lending at end-2006.

Guarantees amounted to DKK 6.7bn at end-2006, the same as at end-2005.

Corporate Banking

The Corporate Banking area encompasses business activities within the agricultural, urban trades and rental housing areas, including housing society dwellings and non-profit housing construction. The Bank's products are

sold through 28 commercial centres offering the full range of Nykredit Group products.

In 2006 the Corporate Banking area recorded a profit of DKK 157m against DKK 135m in 2005. Core income went up by DKK 56m on 2005 to DKK 295m owing in particular to growing lending activity, positive value adjustments of corporate bonds and profit from the sale of an investment property.

Costs rose by DKK 10m to DKK 120m, mainly due to higher expenses for salaries and pensions, etc. At end-2006 the number of staff was 103 against 79 at end-2005.

Impairment provisions showed an expense of DKK 18m. The provisioning need reflects the continued stability of the Danish economy.

In total, profit for the year equalled an average return on business capital of 8.9% before tax or the same as in 2005. The income:cost ratio was DKK 2.1 against DKK 2.3 in 2005.

Nykredit Bank maintained its position as a competitive specialised bank for commercial and corporate customers. 2006 saw a satisfactory development in activities. Business results from the Corporate Banking area are considered satisfactory in the light of the extremely fierce competition in the financial sector.

Lending delivered a very satisfactory increase by just over 54% to DKK 22.6bn, primarily on the back of increased syndication business and fixed asset and fixed-term loans. Deposits went up from DKK 11.2bn to DKK 12.8bn.

Markets & Asset Management

The business area Markets & Asset Management handles the activities of the Nykredit Group within securities trading, asset management and pension advice. Markets & Asset Management is divided into four customer-oriented entities: Nykredit Markets, Debt Capital Markets, Financial Products (formerly Investment & Pension) and Nykredit Portefølje.

2006 showed marked progress within the trading, debt capital market and asset management activities of the area, just as Proprietary Trading obtained significant earnings from the Bank's own trading activities.

Core income increased by DKK 282m to DKK 882m. The income increase was an effect of the general advances made in all business areas where the increased activity also led to an expansion of the staff from 251 at end-2005 to 293 at end-2006. Operating costs rose by DKK 104m to DKK 454m, in part as a consequence of higher expenses for salaries, pensions and provisions for performance-related pay.

In total, profit for the year before tax equalled an average return on business capital of 53% against 40% in 2005. The income:cost ratio stood at DKK 1.9 against DKK 1.7 in 2005.

OTHER

Nykredit strengthens its organisation

One month after Peter Engberg Jensen took up the position as Group Chief Executive of Nykredit, the Group implemented a number of changes to the Executive Board's areas of responsibility and to the organisation as a whole.

An important organisational change was the establishment of the new reinforced business area Commercial Customers encompassing specialised and production farming in addition to businesses. In future, part-time farming customers will be served by the Retail Customers area. This enables Nykredit to optimise the use of its key competencies within commercial and agricultural business.

The reorganisation also led to the integration of the Retail Customers functions, and a new internet function now handles and coordinates the Group's web-based activities across mortgage banking, banking, insurance and asset management activities.

Two other new initiatives taken in connection with the reorganisation were the set-up of a compliance function and the appointment of a customer ambassador with the principal task to optimise Nykredit's dialogue with customers.

Changes to Bank Management

At his own request, Peter Engberg Jensen was not re-elected to the Bank's Board of Directors at the Bank's general meeting on 14 March

2006. For the remaining part of 2006, the Board of Directors of the Bank was made up of five members.

In connection with the reorganisation, Jes Klausby, Managing Director, was appointed as Chief Financial Officer of the Nykredit Group and therefore retired from his post at Nykredit Bank on 1 December 2006. The Executive Board subsequently consists of Kim Duus and Karsten Knudsen.

Subordinate loan capital

In Q3 the Parent Company, Nykredit Realkredit A/S, provided subordinate loan capital in the amount of DKK 500m after which the Bank's subordinate loan capital totalled DKK 1.3bn. The capital has been fully included in the Bank's capital base. The objective of the capital contribution was to support the positive development in the Bank's business areas and improve the Bank's opportunities for serving more and larger corporate customers.

EVENTS OCCURRED AFTER THE END OF THE FINANCIAL YEAR

In the period up to the presentation of the Annual Report, no material events have occurred.

ACCOUNTING POLICIES

The Consolidated Financial Statements of the Nykredit Bank Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The Consolidated Financial Statements have furthermore been prepared in accordance with Danish disclosure requirements relating to the presentation of financial statements of issuers of listed bonds.

The accounting policies are unchanged from the Annual Report for 2005.

The accounting policies also appear from the Annual Report published today.

The Nykredit Bank Group – eight quarters

	Q4/ 2006	Q3/ 2006	Q2/ 2006	Q1/ 2006	Q4/ 2005	Q3/ 2005	Q2/ 2005	Q1/ 2005
SUMMARY INCOME STATEMENT								
Net interest income	194	235	229	117	162	184	212	236
Dividends, fee and commission income (net)	67	59	65	66	54	63	49	47
Net interest and fee income	261	294	294	183	216	247	261	283
Value adjustments	228	93	81	120	46	79	47	5
Net interest, fees and value adjustments	489	387	375	303	262	326	308	288
Other operating income	5	4	5	8	5	5	5	5
Staff and administrative expenses	230	168	187	154	172	138	148	132
Depreciation, amortisation and other operating expenses	2	1	0	1	2	2	2	0
Provisions for loan impairment	(24)	(8)	(6)	(6)	10	0	(6)	3
Profit before tax	286	230	199	162	83	191	169	158
Tax	79	64	62	45	16	55	44	47
Profit	207	166	137	117	67	136	125	111
SUMMARY BALANCE SHEET, YEAR-END								
Cash balance and receivables from credit institutions	18,438	21,609	16,700	15,365	15,031	16,495	15,493	15,106
Loans, advances and other receivables at fair value	3,432	4,477	9,698	5,014	6,688	8,652	7,807	6,709
Loans, advances and other receivables at amortised cost	28,983	25,852	25,020	21,950	19,731	18,028	18,353	18,495
Bonds at fair value	47,697	45,794	43,340	45,946	35,885	36,591	36,364	34,412
Equities	258	278	330	280	267	241	232	246
Land and buildings	73	72	247	247	248	249	250	250
Other asset items	8,164	8,301	8,086	7,384	6,612	6,982	7,292	5,924
Total assets	107,045	106,383	103,421	96,186	84,462	87,238	85,791	81,142
Payables to credit institutions and central banks	63,107	59,869	59,271	49,402	44,654	43,339	43,977	46,647
Deposits and other payables	22,667	21,041	22,181	24,329	22,103	25,288	22,326	20,240
Issued bonds	1,741	1,702	1,750	1,741	654	629	669	576
Non-derivative financial liabilities at fair value	7,032	11,025	8,410	9,954	6,484	6,724	7,386	3,580
Other liability items	6,939	7,356	7,085	6,173	6,094	6,879	7,183	5,981
Total payables	101,486	100,993	98,697	91,599	79,989	82,859	81,541	77,024
Provisions	18	56	56	56	59	32	39	32
Subordinate loan capital	1,300	1,300	800	800	800	800	800	800
Equity, beginning of period	4,034	3,868	3,731	3,614	3,547	3,411	3,286	3,175
Profit for the period	207	166	137	117	67	136	125	111
Equity, end of period	4,241	4,034	3,868	3,731	3,614	3,547	3,411	3,286
Total liabilities and equity	107,045	106,383	103,421	96,186	84,462	87,238	85,791	81,142
OFF-BALANCE SHEET ITEMS								
Guarantees	9,343	7,492	7,963	8,493	10,399	11,048	11,917	11,320
Other commitments	6,374	5,086	4,131	3,600	3,058	2,995	2,377	2,307
Total	15,717	12,578	12,094	12,093	13,457	14,043	14,294	13,627
FINANCIAL RATIOS								
Capital adequacy ratio, %	10.6	10.9	9.4	9.8	10.3	9.8	9.7	9.4
Core capital ratio, %	8.2	8.0	7.9	8.4	8.8	8.3	8.1	7.9
Return on equity before tax (pa), %	27.6	23.3	21.0	17.7	9.3	22.0	20.2	19.6
Return on equity after tax (pa), %	20.0	16.8	14.4	12.7	7.5	15.7	15.0	13.7
Income:cost ratio, DKK	2.38	2.43	2.09	2.09	1.45	2.36	2.18	2.17
Interest rate exposure, %	4.3	1.1	3.7	3.0	3.3	2.9	3.4	2.6
Impairment provisions for the year, %	(0.1)	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0

Income statements for the financial year 2006

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
2005	2006		2006	2005
2,178	2,994	Interest income	3,029	2,204
1,409	2,243	Interest expense	2,253	1,410
769	751	NET INTEREST INCOME	776	794
4	6	Dividend on equities	6	4
329	422	Fee and commission income	556	419
219	302	Fee and commission expense	306	210
883	877	NET INTEREST AND FEE INCOME	1,032	1,007
153	486	Value adjustments	522	177
19	19	Other operating income	21	20
503	627	Staff and administrative expenses	739	590
2	2	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	2	3
1	1	Other operating expenses	1	3
5	(52)	Provisions for loan and receivable impairment	(44)	7
57	73	Profit from investments in associates and group enterprises	-	-
601	877	PROFIT BEFORE TAX	877	601
162	250	Tax	250	162
439	627	PROFIT FOR THE YEAR	627	439
		DISTRIBUTION OF PROFIT FOR THE YEAR		
439	627	Profit for the year		
439	627	TOTAL		
		PROPOSAL FOR THE DISTRIBUTION OF PROFIT		
439	627	Retained earnings		
439	627	TOTAL		

Balance sheets at 31 December

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
2005	2006		2006	2005
		ASSETS		
26	33	Cash balance and demand deposits with central banks	33	26
15,009	18,238	Receivables from credit institutions and central banks	18,405	15,005
6,688	3,432	Loans, advances and other receivables at fair value	3,432	6,688
19,484	28,758	Loans, advances and other receivables at amortised cost	28,983	19,731
35,626	46,919	Bonds at fair value	47,697	35,885
267	258	Equities	258	267
37	40	Investments in associates	-	-
206	331	Investments in group enterprises	-	-
		Land and buildings		
246	72	– Investment properties	72	246
-	-	– Owner-occupied properties	1	2
246	72	Total land and buildings	73	248
5	4	Other property, plant and equipment	6	8
33	-	Current tax assets	-	32
6,534	8,079	Other assets	8,153	6,569
1	1	Prepayments	5	3
84,162	106,165	TOTAL ASSETS	107,045	84,462

Balance sheets at 31 December

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
2005	2006		2006	2005
		LIABILITIES AND EQUITY		
44,326	62,553	Payables to credit institutions and central banks	63,107	44,654
22,192	22,764	Deposits and other payables	22,667	22,103
654	1,741	Issued bonds at amortised cost	1,741	654
6,484	7,032	Other non-derivative financial liabilities at fair value	7,032	6,484
-	74	Current tax liabilities	83	-
6,033	6,443	Other liabilities	6,852	6,085
6	3	Deferred income	4	9
79,695	100,610	Total payables	101,486	79,989
		Provisions		
43	9	– Provisions for deferred tax	13	49
10	5	– Other provisions	5	10
53	14	Total provisions	18	59
800	1,300	Subordinate loan capital	1,300	800
		Equity		
1,400	1,400	Share capital	1,400	1,400
		Other reserves		
131	147	– Statutory reserves	-	-
2,083	2,694	Retained earnings	2,841	2,214
3,614	4,241	Total equity	4,241	3,614
		Note 1		
84,162	106,165	TOTAL LIABILITIES AND EQUITY	107,045	84,462
		OFF-BALANCE SHEET ITEMS		
10,269	9,323	Guarantees	9,343	10,399
3,030	6,346	Other contingent liabilities	6,374	3,058
13,299	15,669	TOTAL OFF-BALANCE SHEET ITEMS	15,717	13,457

Note 1 – Statement of changes in equity and capital adequacy

Nykredit Bank A/S

	Share capital*	Statutory reserve: Reserve for net re- valuation according to the equity method	Retained earnings	Total
2006				
Equity, 1 January 2006	1,400	131	2,083	3,614
Profit for the year	0	51	576	627
Other disposals/additions	0	(35)	35	0
Total comprehensive income	0	16	611	627
Total changes in equity	0	16	611	627
Equity, 31 December 2006	1,400	147	2,694	4,241
2005				
Equity, 1 January 2005	1,400	89	1,659	3,148
Changed accounting policies	0	0	27	27
Adjusted equity, 1 January 2005	1,400	89	1,686	3,175
Transfers	0	42	0	42
Profit for the year	0	0	397	397
Total comprehensive income	0	42	397	439
Total changes in equity	0	42	397	439
Equity, 31 December 2005	1,400	131	2,083	3,614
* The share capital breaks down into 11 shares in multiples of DKK 1m. The share capital is wholly-owned by Nykredit Realkredit A/S, Copenhagen. Nykredit Bank A/S is included in the Consolidated Financial Statements of this company and the consolidated financial statements of Foreningen Nykredit, Copenhagen, which owns 86.71% of Nykredit Realkredit A/S.				
Capital adequacy and core capital			2006	2005
Share capital			1,400	1,400
Reserves			147	131
Retained earnings			2,694	2,083
Total core capital			4,241	3,614
Supplementary capital			1,300	800
Capital base			5,541	4,414
Statutory deductions			113	194
Capital base after statutory deductions			5,428	4,220
Weighted items not included in the trading portfolio			40,262	30,544
Weighted items involving market risk			10,530	9,826
Total weighted items			50,792	40,370
Capital adequacy ratio, %			10.6	10.4
Core capital ratio, %			8.3	8.9