

To NASDAQ OMX Copenhagen A/S
and the press

12 May 2011

Q1 INTERIM REPORT – THE NYKREDIT BANK GROUP 1 JANUARY 2011 – 31 MARCH 2011

- The Group recorded a profit before tax of DKK 215m against DKK 74m in Q1/2010, up DKK 141m.
- Impairment losses on loans and advances declined from DKK 278m in Q1/2010 to DKK 26m in Q1/2011, excluding provisions for Bank Rescue Package I.
- Core income from business operations amounted to DKK 823m in Q1/2011 against DKK 956m in Q1/2010. One reason for the development was a subdued level of activity in Nykredit Markets compared with Q1/2010.
- Operating costs were reduced from DKK 519m to DKK 437m as a result of general synergies from organisational changes, including the merger with Forstædernes Bank. Also, DKK 70m relating to an expected payment to the Danish Deposit Guarantee Fund related to the collapse of Amagerbanken was charged to the income statement in Q1/2011.
- Investment portfolio income dropped from DKK 116m in Q1/2010 to a loss of DKK 111m in Q1/2011. The decline was attributable to eg capital losses on subordinated debt instruments in Amagerbanken (Kalvebod issues).
- The income:cost ratio was 1.4 against 1.1 for the full year 2010 and 1.1 for Q1/2010.
- The balance sheet stood at DKK 198.6bn against DKK 210.4bn at end-2010.
- Profit before tax generated a return on equity of 6.2% pa against 2.4% pa for Q1/2010 and 4.0% for the full year 2010.

LIQUIDITY

- Excess cover relative to statutory liquidity requirements was 212.8% against 251.1% at end-2010. The level is considered adequate considering the Bank's liquidity risks and requirements.

CAPITAL

- The capital adequacy and core capital ratios came to 16.4% and 15.9%, respectively, compared with 15.9% and 15.2% at end-2010. The internal capital adequacy requirement (ICAAP) was 10.2% compared with 8.9% at end-2010.
- Equity was DKK 13.9bn against DKK 13.8bn at end-2010.

OUTLOOK FOR 2011

Nykredit Bank still expects a profit before impairment losses and tax of DKK 2.4bn, ie unchanged relative to the outlook presented in the Annual Report 2010.

INFORMATION ABOUT THE NYKREDIT BANK GROUP

The Nykredit Bank Group's Q1 Interim Report 2011 and further information about the Nykredit Bank Group are available at nykredit.com.

Contact

Karsten Knudsen, Chairman – tel +45 44 55 19 04

Bjørn Mortensen, Managing Director – tel +45 44 55 18 95

Nykredit Bank A/S
Kalvebod Brygge 1-3
DK-1780 Copenhagen V
Tel +45 44 55 10 00

FINANCIAL HIGHLIGHTS – THE NYKREDIT BANK GROUP

The Nykredit Bank Group

DKK million

Comparative figures have been restated to reflect the merger with Forstædernes Bank

	Q1/2011	FY 2010	Q1/2010	Q1/2009	Q1/2008	Q1/2007
SUMMARY INCOME STATEMENT						
Net interest and fee income	815	3,624	891	920	640	556
Value adjustments	(74)	473	193	(39)	(6)	223
Other operating income	7	35	11	12	8	2
Staff and administrative expenses	433	1,759	510	471	393	338
Other operating expenses, depreciation and amortisation	74	392	130	147	13	23
Impairment losses on loans, advances and receivables	26	1,494	381	892	24	(6)
Profit from investments in associates and group enterprises	-	30	0	0	0	0
Profit (loss) before tax	215	517	74	(617)	212	437
Tax	54	122	53	(147)	54	117
Profit (loss) for the period	161	395	21	(470)	158	320
BALANCE SHEET, END OF PERIOD						
Assets						
Cash balance and receivables from central banks and credit institutions	28,515	29,480	45,103	28,297	25,548	23,018
Loans, advances and other receivables at fair value	13,451	12,920	13,314	25,749	8,171	3,451
Loans, advances and other receivables at amortised cost	60,517	59,072	59,871	67,961	67,831	55,420
Bonds at fair value and equities	68,298	75,266	74,394	74,857	66,248	57,598
Other asset items	27,802	33,684	36,136	35,665	14,734	9,409
Total assets	198,583	210,422	228,818	232,529	182,532	148,896
Liabilities and equity						
Payables to credit institutions and central banks	40,888	48,351	66,382	77,336	96,366	83,683
Deposits and other payables	53,648	55,699	59,762	59,270	48,486	36,595
Issued bonds at amortised cost	33,886	32,848	40,365	42,207	5,970	3,051
Other non-derivative financial liabilities at fair value	28,030	25,679	14,327	4,728	7,041	8,020
Other payables	27,184	32,416	33,490	34,485	12,411	8,450
Total payables	183,636	194,993	214,326	218,026	170,274	139,799
Provisions	282	847	948	150	27	24
Subordinated debt	735	813	1,149	4,161	3,808	2,805
Equity	13,930	13,769	12,395	10,192	8,423	6,268
Total liabilities and equity	198,583	210,422	228,818	232,529	182,532	148,896
OFF-BALANCE SHEET ITEMS						
Contingent liabilities	12,175	15,225	20,131	15,860	17,804	17,701
Other commitments	7,378	7,012	8,476	8,570	8,365	6,163
FINANCIAL RATIOS						
Capital adequacy ratio, %	16.4	15.9	12.4	11.6	9.8	9.8
Core capital ratio, %	15.9	15.2	12.4	8.7	7.2	7.7
Return on equity before tax, % *	1.6	4.0	0.6	(6.1)	2.5	7.1
Return on equity after tax, % *	1.2	3.0	0.2	(4.6)	1.9	5.2
Income:cost ratio *	1.40	1.14	1.07	0.59	1.49	2.27
Interest rate exposure, %	1.0	0.5	0.7	0.9	2.4	4.3
Foreign exchange position, %	0.9	1.5	2.5	1.5	11.7	12.3
Foreign exchange exposure, %	0.0	0.0	0.0	0.0	0.1	0.1
Loans and advances:deposits *	1.5	1.4	1.4	1.6	1.6	1.6
Loans and advances:equity *	5.3	5.2	5.9	9.2	9.0	9.4
Growth in loans and advances for the period, % *	2.7	(1.2)	0.4	(4.3)	7.1	10.5
Excess cover:statutory liquidity requirements, %	212.8	251.1	243.8	165.0	64.9	65.4
Total large exposures, %	11.7	41.7	70.7	75.9	130.2	289.4
Impairment losses for the period, % *	0.0	1.6	0.4	0.8	0.0	0.0
Average number of staff, full-time equivalents *	791	847	1,082	1,331	1,215	1,103

The financial ratios have been calculated in accordance with the definitions of the Executive Order on the Presentation of Financial Statements.

* The financial ratios have been restated to reflect the merger with Forstædernes Bank.

Financial ratios such as the capital adequacy and core capital ratios etc are not affected by the merger with Forstædernes Bank. Comparative figures therefore correspond to the original figures disclosed by Nykredit Bank.

RESULTS FOR THE PERIOD

Q1/2011 IN BRIEF

The Nykredit Bank Group recorded a profit before tax of DKK 215m against DKK 74m in Q1/2010.

Results were positively affected by a lower level of impairment losses and the absence of costs relating to Bank Rescue Package I in particular. By contrast, Q1/2011 saw a decline in core income from business operations and lower investment portfolio income.

Core earnings

Core income from business operations

Core income dropped from DKK 956m in Q1/2010 to DKK 823m in Q1/2011, mainly due to lower income from Treasury and Markets activities, which were affected by a generally subdued market compared with Q1/2010. Conversely, progress was seen in Corporate Banking.

Core income from securities

Core income from securities grew from DKK 25m in Q1/2010 to DKK 36m in Q1/2011 as a result of a larger portfolio combined with almost unchanged interest rate levels.

Operating expenses, depreciation and amortisation

Staff and administrative expenses fell from DKK 510m to DKK 433m. The DKK 77m reduction comprised a decline in staff expenses of DKK 38m (down 16.7%) and a drop in other administrative expenses of DKK 39m (down 13.9%). The development should be seen in the light

of synergies from organisational changes and the merger with Forstædernes Bank in 2010.

Bank Rescue Package I etc

Other operating expenses and depreciation on equipment dropped from DKK 130m in Q1/2010 to DKK 74m in Q1/2011. The development comprised a reduction of DKK 123m in expenses relating to Bank Rescue Package I and an increase of DKK 70m equivalent to the expected payment to the Danish Deposit Guarantee Fund related to the collapse of Amagerbanken.

Impairment losses and provisions

Impairment losses and provisions showed a positive development from a level of DKK 278m in Q1/2010 to DKK 26m in Q1/2011. Impairment losses generally decreased in all business areas, with Other Activities in particular generating an income of DKK 75m as a result of reversals against a charge of DKK 77m in Q1/2010. Also, Q1/2011 was not affected by expenses relating to Bank Rescue Package I compared with expenses of DKK 103m in Q1/2010.

Investment portfolio income

Investment portfolio income dropped from DKK 116m in Q1/2010 to a loss of DKK 111m in Q1/2011.

The development was mainly due to negative value adjustments of Kalvebod issues in the amount of DKK 113m, which were attributable to losses relating to Amagerbanken and a generally negative develop-

The Nykredit Bank Group

Results before tax for 1 January to 31 March by business area

DKK million	Retail Banking		Corporate Banking		Markets & Asset Management		Other Activities		Group items ¹		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Core income from business operations	185	227	368	294	256	421	14	14	-	-	823	956
Core income from securities	-	-	-	-	-	-	-	-	36	25	36	25
Total core income	185	227	368	294	256	421	14	14	36	25	859	981
Operating costs	96	132	129	158	204	186	8	43	-	-	437	519
Commission payable under the government guarantee scheme (Bank Rescue Package I)	-	16	-	56	-	27	-	24	-	-	-	123
Payment to Danish Deposit Guarantee Fund ⁴	-	-	-	-	-	-	-	-	70	-	70	-
Core earnings before impairment losses	89	79	239	80	52	208	6	(53)	(34)	25	352	339
Impairment losses on loans and advances	42	75	67	118	(8)	8	(75)	77	-	-	26	278
Provisions for Bank Rescue Package I	-	13	-	46	-	23	-	21	-	-	-	103
Core earnings after impairment losses	47	(9)	172	(84)	60	177	81	(151)	(34)	25	326	(42)
Investment portfolio income ²	-	-	-	-	-	-	-	-	(111)	116	(111)	116
Profit (loss) before tax for the period	47	(9)	172	(84)	60	177	81	(151)	(145)	141	215	74
Income:costs	1.3	1.0	1.9	0.8	1.3	1.7	-	0.1	-	-	1.4	1.1
Average allocated business capital ³	1,476	-	3,467	-	1,628	-	191	-	2,222	-	8,984	-
Core earnings after losses as % of allocated business capital (pa)	12.7	-	19.8	-	14.7	-	169.6	-	-	-	14.5	-

¹ Include 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 Investment portfolio income equals the return on the Bank's own portfolio exceeding risk-free interest. As from Q1/2011, non-traded Kalvebod issues have been transferred from the trading activities of Markets & Asset Management to the Bank's own portfolio under Group items.

³ The business capital has been determined according to the Basel II principles based on the method applied to determine the required capital base.

⁴ Estimated payment to the Danish Deposit Guarantee Fund related to the collapse of Amagerbanken.

Comparative figures have been restated to reflect the merger with Forstædernes Bank A/S.

Average capital for Q1/2010 has not been determined, as comparative figures could not be generated for Forstædernes Bank according to the principles applied by Nykredit Bank in Q1/2010. For the Q1/2010 comparative figures, this also means that some income statement and asset items have been allocated to the business areas based on estimates.

ment in the underlying issues of subordinate loan capital in a number of Danish banks.

In Q1/2010 value adjustments were positive at DKK 44m.

Investment portfolio income is the excess income obtained from the portfolios not allocated to the business areas in addition to risk-free interest. The return on financial instruments of the business areas is included in core income from such instruments.

Tax

Tax for the period has been estimated at DKK 54m, corresponding to 25.1% of profit before tax for the period.

Results after tax

The Group recorded a profit after tax of DKK 161m against DKK 21m in Q1/2010. Return on equity was 4.6% pa.

OUTLOOK FOR 2011

Nykredit Bank still expects a profit for the full year 2011 of some DKK 2.4bn before impairment losses and tax, which corresponds to the outlook presented in the Annual Report 2010.

Q1/2011 earnings were somewhat below expectations. At present, Management is of the opinion that the lower earnings level in respect of certain Markets activities does not reflect a general change in the Bank's structural earnings pattern. It believes that the volatility may be of a temporary nature and that the earnings of the next few quarters will compensate for the lower Q1 level.

OTHER

Merger with Forstædernes Bank

At 1 April 2010, Nykredit Bank merged with Forstædernes Bank, effective from 1 January 2010 for accounting purposes. Comparative figures for Q1/2010 have been restated to reflect the merger.

Liquidity

The Bank has continued issuing through its EMTN and ECP programmes in 2011, and issues have increased by DKK 1.2bn compared with end-2010.

Early redemption of subordinated debt

In 2010 the Bank redeemed supplementary capital of DKK 75m. No new supplementary or hybrid core capital was raised in 2011.

The collapse of Amagerbanken

The Annual Report 2010 stated that the Bank expected expenses of DKK 100m-200m due to losses on business with Amagerbanken. It also stated that Nykredit Bank expected expenses of about DKK 70m relating to the Danish Deposit Guarantee Fund's obligations to the customers of Amagerbanken.

In Q1/2011 DKK 70m relating to the Danish Deposit Guarantee Fund's obligations and an additional approximately DKK 128m from capital losses on transactions and issues to which Amagerbanken was a counterparty were charged to the income statement.

The total charge cannot be calculated until the final dividend ratio has been established and the Bank's general claims, including conditions for set-off, have been acknowledged.

Bank rescue packages

Bank Rescue Package I expired on 30 September 2010. The Q1/2010 charge came to DKK 226m.

Ratings

Moody's Investors Service has placed Nykredit Bank's short-term and long-term ratings on review for downgrade.

EVENTS OCCURRED AFTER 31 MARCH 2011

Nykredit Markets opens Stockholm branch

Nykredit Markets sets up a Swedish fixed income operation (covered and government bonds) as part of the Nykredit Group's banking strategy. Nykredit Bank will be the first new participant in the Swedish market for 20 years.

The branch will be focusing on the Swedish fixed income market where Nykredit already has a considerable business volume.

Acquisition of Amber

Nykredit Asset Management has entered into an agreement for the acquisition of Amber Fondsmæglerselskab A/S and will thus be taking over the activities of Amber Asset Management. Amber Asset Management is focusing on active asset management within the areas of global equities, Nordic equities, climate and environment, and energy and had assets of more than DKK 900m under management at end-Q1/2011.

The acquisition should be seen as part of the Nykredit Group's strategy of stronger positioning and increased growth in the banking area.

The acquisition is subject to regulatory approval.

Capitalisation

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

At the same time, the Board of Directors of Nykredit Holding A/S authorised the Executive Board to establish a loss guarantee for the part of the Bank's impairment losses and provisions (earnings impact for the year) that exceeds 2% of loans, advances and guarantees subject to a maximum of DKK 2bn for the term of the guarantee. In Management's opinion, such a guarantee will only be invoked in case of a severe deterioration of the economic climate.

At its board meeting, the Board of Directors of Nykredit Bank A/S authorised receipt of the declaration of intent and the loss guarantee.

No other material events have occurred in the period up to the presentation of the Q1 Interim Report 2011.

BUSINESS AREAS

BUSINESS AREAS

The Nykredit Bank Group's business areas are focused on: Retail Banking, Corporate Banking and Markets & Asset Management as well as Other Activities, which includes a portfolio of terminated exposures relating to corporate customers of the former Forstædernes Bank.

Comparative figures for Q1/2010 have been restated to reflect the merger with Forstædernes Bank. As from Q1/2011, Kalvebod issues have been transferred from the trading activities of Markets & Asset Management to the Bank's own portfolio (investment portfolio income).

Retail Banking

The business area serves households and small agricultural customers, who typically require the same product range as retail customers.

Retail Banking recorded a profit before tax of DKK 47m, up DKK 56m on a loss of DKK 9m in Q1/2010.

Generally, Q1/2011 was characterised by a sluggish property market with limited demand for financing combined with a moderate reduction of total deposits as a result of keener competition for deposits.

Core income declined from DKK 227m in Q1/2010 to DKK 185m in Q1/2011 as a result of lower levels of interest rates and net fees and a subdued activity level.

Operating costs amounted to DKK 96m in Q1/2011 against DKK 132m in Q1/2010. The level is largely as expected. The development reflected mainly the effect of reorganisation in 2010.

Impairment losses etc amounted to DKK 42m in Q1/2011 against DKK 88m in Q1/2010, equivalent to 0.2% of lending. For the full year 2010, impairment losses accounted for 1.1% of lending. Collective impairment provisions rose by DKK 50m to DKK 100m compared with Q1/2010, while individual impairment provisions and other provisions declined moderately. Unlike Q1/2010, the period under review was not affected by expenses relating to Bank Rescue Package I.

The income:cost ratio was 1.3 compared with 1.0 in Q1/2010.

Compared with end-2010, lending was largely unchanged at DKK 15.3bn, while deposits of DKK 18.0bn were about DKK 0.8bn below the end-2010 level.

Corporate Banking

The business area serves business, agricultural, public sector and rental housing customers, including housing cooperative and non-profit housing customers.

Corporate Banking recorded a profit of DKK 172m in Q1/2011 against a loss of DKK 84m in Q1/2010.

The period was affected by a continued moderate demand for loans, with signs of increasing demand for financing among large businesses, however, while activity among small businesses remained limited. Deposits declined compared with end-2010, partly as a result of gen-

eral competition and partly because businesses have to some extent converted their liquidity into bond investments etc.

The development in the results of Corporate Banking was attributable to growth of DKK 74m in core income, a reduction of DKK 29m in operating costs and a decline in impairment losses of DKK 51m to DKK 67m. Finally, the expiry of Bank Rescue Package I meant a reduction in expenses of DKK 102m.

Core income growth was in part due to the price adjustments implemented in 2010. Also, earnings from corporate bonds and derivatives improved, as value adjustments generated an income of DKK 35m in Q1/2011 against a loss of DKK 24m in Q1/2010.

Profit before tax of the subsidiary Nykredit Leasing came to DKK 0.2m against a loss of DKK 1.8m in Q1/2010.

Operating costs dropped from DKK 158m to DKK 129m, while commission payable under Bank Rescue Package I dropped by the Q1/2010 amount of DKK 56m.

Impairment losses on loans and advances decreased from DKK 118m to DKK 67m, with a decline in both individual and collective impairment provisions. Impairment losses amounted to 0.1% of lending against 0.7% for the full year 2010.

The income:cost ratio was 1.9 compared with 0.8 in Q1/2010.

Lending grew from DKK 40.8bn at end-2010 to DKK 42.7bn at 31 March 2011, while deposits amounted to DKK 29.5bn against DKK 32.3bn at end-2010.

Markets & Asset Management

This business area handles the activities of the Nykredit Group within trading in securities and derivatives, asset management and portfolio administration. The area also includes the Bank's Treasury activities.

The trading and capital market activities are handled by Nykredit Markets and Debt Capital Markets, while asset management, portfolio administration and long-term saving products are the responsibility of Nykredit Asset Management and Nykredit Portefølje Administration A/S.

Profit was DKK 60m against DKK 177m in Q1/2010.

Core income from business operations dropped by DKK 165m (down 39.2%) from DKK 421m in Q1/2010 to DKK 256m.

An important reason for the decline in core income was lower income from Treasury activities due to the relatively high level in 2010 and the turmoil in the banking market in Q1/2011, including the impact of the collapse of Amagerbanken.

Earnings from Markets activities were somewhat below the Q1/2010 level due to a crisis-gripped market where for instance the Middle East unrest had a dampening effect on a number of market activities with foreign counterparties.

In Q1/2011 Nykredit Asset Management recorded satisfactory earnings exceeding the Q1/2010 level. Assets under management and administration came to DKK 95.2bn and DKK 306.1bn, respectively, ie largely unchanged on end-2010.

Operating costs grew from DKK 186m to DKK 204m, in line with Q4/2010 as well as expectations.

Owing to reversals, impairment losses for Q1/2011 generated an income of DKK 8m against a charge of DKK 8m in Q1/2010.

The income:cost ratio was 1.3 compared with 1.7 in Q1/2010.

THE NYKREDIT BANK GROUP

BALANCE SHEET, EQUITY AND CAPITAL ADEQUACY

Balance sheet

The balance sheet stood at DKK 198.6bn against DKK 210.4bn at end-2010, down DKK 11.8bn, or 5.6%.

Loans and advances at fair value and amortised cost together rose by DKK 2.0bn to DKK 74.0bn compared with end-2010. DKK 0.5bn of the rise was attributable to reverse lending and DKK 1.5bn to other loans and advances.

Bonds decreased from DKK 74.9bn at end-2010 to DKK 67.9bn. The size and development of the portfolio should be viewed particularly against the Bank's repo activities and trading positions and its significant liquidity, part of which had been placed in securities. The portfolio mainly contains high-rated government and mortgage bonds. The portfolio includes bonds with cover assets consisting of subordinated debt instruments in Danish banks (Kalvebod issues). The item amounted to approximately DKK 1.1bn against approximately DKK 1.3bn at end-2010. Main reasons for the change were capital losses resulting from the collapse of Amagerbanken and the refinancing of underlying issues in the form of loans and advances.

Other assets totalled DKK 27.5bn against DKK 33.3bn at end-2010. At 31 March 2011, DKK 20.3bn was attributable to positive market values of derivative financial instruments which related to the Bank's

trading in derivatives and own positions for hedge accounting purposes, etc. These transactions were widely hedged, as reflected in the item Other liabilities, which included negative market values of derivative financial instruments in the amount of DKK 19.0bn.

Deposits came to DKK 53.6bn against DKK 55.7bn at end-2010. The development was mainly due to the lower level of corporate deposits.

Issued bonds went up by DKK 1.0bn to DKK 33.9bn compared with end-2010.

Other non-derivative financial liabilities at fair value increased from DKK 25.7bn to DKK 28.0bn. The item includes deposits as well as negative securities portfolios relating to repo transactions.

Other liabilities totalled DKK 27.2bn against DKK 34.4bn at end-2010. The development was chiefly attributable to negative market values of financial instruments, which declined from DKK 24.1bn at end-2010 to DKK 19.0bn. The item also included interest and commission payable of DKK 7.5bn and was unchanged from end-2010.

Equity

Equity stood at DKK 13,930m at 31 March 2011. As equity was DKK 13,769m at end-2010, this constituted an increase of DKK 161m, equal to profit after tax for the period.

Equity was identical in Nykredit Bank A/S and the Nykredit Bank Group, as the same recognition and measurement principles were applied.

Capital base and capital adequacy

The capital base amounted to DKK 14.5bn at 31 March 2011, which was largely unchanged compared with end-2010. Compared with Q1/2010, this constituted a rise of DKK 1.5bn stemming from a capital increase of DKK 1.0bn in 2010 and retained earnings.

Nykredit Bank's capital requirement amounted to DKK 7.1bn against DKK 7.3bn at end-2010. The capital adequacy ratio was 16.4% against 15.9% at end-2010. The internal capital adequacy requirement (ICAAP) came to 10.2% against 8.9% at end-2010.

Nykredit Bank has decided to include a capital charge ensuring that the internal capital adequacy requirement of Nykredit Bank is at least 10%. The ICAAP buffer is to counter any future fluctuations in customers' creditworthiness. The buffer is added in Nykredit Bank's assessment of its internal capital adequacy requirement.

Weighted assets declined by DKK 3.1bn compared with end-2010. The development comprised a drop of DKK 4.3bn in items involving credit risk, a rise of DKK 1.4bn in items involving operational risk and a small decline of DKK 0.2bn in items involving market risk.

The Nykredit Bank Group Equity

DKK million	31.03.11	31.03.10	31.12.10
Equity, beginning of period (incl merger with Forstædernes Bank)	13,769	12,374	12,374
Profit after tax for the period	161	21	395
Other additions and disposals	-	-	-
Capital increase and share premium	-	-	1,000
Equity, end of period (incl Forstædernes Bank)	13,930	12,395	13,769

The Nykredit Bank Group Capital base and capital adequacy

DKK million	31.03.11	31.03.10	31.12.10
Share capital	6,045	4,175	6,045
Retained earnings	7,885	6,171	7,724
Core capital	13,930	10,346	13,769
Primary and other statutory deductions from core capital	119	514	118
Supplementary capital and hybrid core capital	735	-	813
Other capital charges and deductions, capital base	(40)	-	69
Capital base after statutory deductions	14,506	9,832	14,533
Weighted items	88,370	79,541	91,582
Capital adequacy ratio, %	16.4	12.4	15.9
Core capital ratio, %	15.9	12.4	15.2
Internal capital adequacy requirement (ICAAP), %	10.2	8.8	8.9

The Q1/2010 capital adequacy and core capital ratios correspond to those of Nykredit Bank excluding Forstædernes Bank A/S.

Ratings

Nykredit Bank is rated by Moody's Investors Service and Standard & Poor's. Moody's Investors Service has placed Nykredit Bank's short-term and long-term ratings on review for downgrade.

IMPAIRMENT LOSSES AND PROVISIONS**Earnings impact for the period**

Impairment losses on loans and advances came to DKK 2m against DKK 201m in Q1/2010, while provisions for guarantees were DKK 24m against DKK 180m in Q1/2010. The fall in provisions for guarantees mainly derived from the expiry of Bank Rescue Package I in 2010.

**Nykredit Bank A/S
Ratings**

	Moody's Investors Service	Standard & Poor's
Short-term rating	P-1	A-1
Long-term rating	A1	A+
Bank Financial Strength Rating	C-	

The Nykredit Bank Group – provisions

DKK million	Retail Banking		Corporate Banking		Markets & Asset Management		Other Activities		Total	
	Q1/2011	Q1/2010	Q1/2011	Q1/2010	Q1/2011	Q1/2010	Q1/2011	Q1/2010	Q1/2011	Q1/2010
Impairment provisions, beginning of year	497	467	2,600	2,702	71	68	2,975	4,575	6,143	7,812
Impairment provisions and reversals for the period	12	(5)	(8)	184	(9)	8	(88)	10	(93)	197
Impairment provisions, end of period	509	462	2,592	2,886	62	76	2,887	4,585	6,050	8,009
Of which individual	409	412	2,331	2,603	57	64	2,850	4,585	5,647	7,664
Of which collective	100	50	261	283	5	12	37	0	403	345
Provisions for guarantees										
Provisions for guarantees, beginning of year	93	59	337	181	147	87	168	282	745	609
Provisions for guarantees, end of period	4	69	58	256	-	108	47	359	109	792
Of which relating to Bank Rescue Package I	-	65	-	215	-	108	-	95	-	483
Total provisions	513	531	2,650	3,142	62	184	2,934	4,944	6,159	8,801
Earnings impact										
New provisions and losses for the period, net	38	78	44	103	(9)	8	(82)	6	(9)	195
Losses not individually provided for	4	-	8	7	-	-	-	-	12	7
Received on loans and advances previously provided for	-	1	1	-	-	-	-	-	1	1
Total	42	77	51	110	(9)	8	(82)	6	2	201
Provisions for guarantees	0	11	16	54	1	23	7	92	24	180
Total earnings impact	42	88	67	164	(8)	31	(75)	98	26	381

As Forstædernes Bank did not have the same business areas as Nykredit Bank before the merger at 1 April 2010, the distribution by business area for Q1/2010 is to some extent based on estimates.

Loans, advances and guarantees by sector at 31 March 2011 and 31 December 2010

DKK million	Loans, advances and guarantees		Provisions	
	31.03.2011	31.12.2010	31.03.2011	31.12.2010
Public sector	770	806	3	0
Agriculture, hunting, forestry and fishing	2,316	2,556	86	82
Manufacturing, mining and quarrying	7,566	6,627	258	256
Energy supply	3,503	2,418	48	18
Construction	1,580	1,482	282	285
Trade	2,031	2,235	313	375
Transport, accommodation and food service activities	1,533	1,634	72	61
Information and communication	1,129	1,443	37	54
Financial and insurance activities	21,098	18,616	1,480	1,705
Real property	15,660	16,739	1,819	1,664
Other trade and industry	8,397	10,350	809	1,481
Total corporate	64,813	64,100	5,204	5,981
Retail	20,560	22,311	952	907
Total	86,143	87,217	6,159	6,888

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

The relatively low charge of DKK 2m in Q1/2011 was a result of reversed impairment provisions for the portfolio of terminated exposures in the Other Activities segment, but also the other business areas showed clear signs of improvement in Q1/2011 compared with Q1/2010.

The charge was close to 0% of total loans, advances and guarantees against 0.4% for Q1/2010 and 1.6% for the full year 2010. In Retail Banking, the ratio was 0.2% and in Corporate Banking 0.1%. Markets & Asset Management and Other Activities generated an income due to reversals of previous impairment provisions.

Provisions at 31 March 2011

Provisions totalled DKK 6,050m against DKK 8,009m at 31 March 2010, equal to a reduction of DKK 1,959m.

Compared with end-2010 when provisions totalled DKK 6,143m, they declined by DKK 93m, of which individual impairment provisions accounted for DKK 74m and collective impairment provisions for DKK 19m. The drop mainly derived from lending relating to Other Activities, which declined by DKK 87m (down 2.9%). At 31 March 2011 provisions had been made for around 53% of non-performing loans relating to Other Activities, which was unchanged on end-2010.

Provisions for retail exposures went up by DKK 12m to DKK 509m compared with end-2010, while provisions for commercial exposures dropped by DKK 8m to DKK 2,592m.

Provisions for guarantees amounted to DKK 109m against DKK 792m at 31 March 2010 and DKK 745m at end-2010. The development was due to the fact that amounts payable under Bank Rescue Package I were paid to the Financial Stability Company (Finansiel Stabilitet A/S) in Q1/2011.

Relative to total loans, advances and guarantees, provisions were 6.7% against 7.3% at end-2010.

Loans, advances and guarantees by sector

At 31 March 2011, the carrying amount of loans, advances and guarantees was DKK 86,143m against DKK 87,217m at end-2010.

The percentage distribution by sector was largely unchanged compared with end-2010. The financial and insurance activities sector still accounted for the largest exposure of DKK 21.1bn, equal to 24.5% of total loans, advances and guarantees, compared with 21.3% at end-2010. A considerable part of lending was based on reverse transactions with bonds serving as collateral.

Loans and advances for the real property sector accounted for DKK 15.7bn, or 18.2% of total loans, advances and guarantees, against DKK 16.7m (19.2%) at end-2010. DKK 13.8bn of the DKK 15.7bn lending concerned loans and advances for the property letting sector.

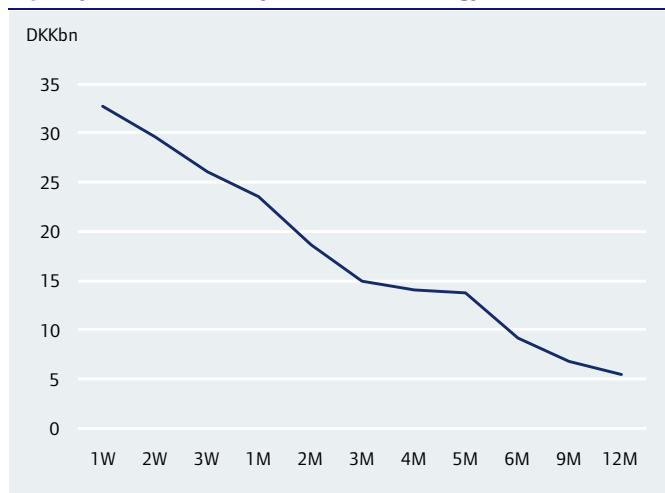
Loans and advances to the construction sector came to DKK 1.6bn against DKK 1.5bn at end-2010.

Lending for real property and construction is still monitored closely and assessed on an ongoing basis relative to the Bank's size and capital resources. In Management's assessment, lending is at an adequate level considering the Bank's capital strength etc.

LIQUIDITY

Nykredit Bank A/S

Liquidity stress test (Moody's Global Methodology)



Nykredit Bank A/S

Liquidity as % of debt and guarantee obligations



— Liquidity relative to statutory requirement — Statutory requirement
— Nykredit Bank's internal requirement

Note: The graph shows Nykredit Bank's liquidity as % of total debt and guarantee obligations after statutory deductions, cf s 152 of the Danish Financial Business Act.

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

The Bank has adjusted its liquidity risk management according to its business developments and the commencement on 1 January 2011 of a new Danish Executive Order on the management and control of banks (section 71). The new regulation lays down detailed requirements as regards the Bank's liquidity policy. A liquidity profile must be adopted, and the Board of Directors must issue liquidity instructions requiring liquidity stress testing and a liquidity buffer.

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

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

Stress testing is performed on a continuous basis in the form of eg a bank-specific, a sector-specific and a combination scenario etc as stated in section 71 of the Danish Executive Order on the management and control of banks.

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

At 31 March 2011, the excess cover amounted to 212.8% against 251.1% at end-2010, equal to a liquidity buffer of DKK 43.1bn against DKK 54.7bn at end-2010. In Q1/2011 the liquidity buffer averaged DKK 36.9bn compared with an average of DKK 49.8bn for 2010.

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

The Bank's long-term funding activities progressed as planned, with EMTN issues totalling DKK 16.6bn at 31 March 2011.

Further, the Bank has continued its current refinancing of short-term ECP issues, which totalled DKK 16.7bn at 31 March 2011.

The aggregate amount issued under the ECP and EMTN programmes was DKK 33.4bn at 31 March 2011 against DKK 32.2bn at end-2010.

Financial risk

For details on methods of determination and a description of financial risk, please refer to the Annual Report for 2010, p 25ff.

Value-at-Risk came to DKK 19.7m at 31 March 2011 against DKK 23.7m at 31 March 2010. Average Value-at-Risk came to DKK 23.0m in Q1/2011 against DKK 23.1m in Q1/2010.

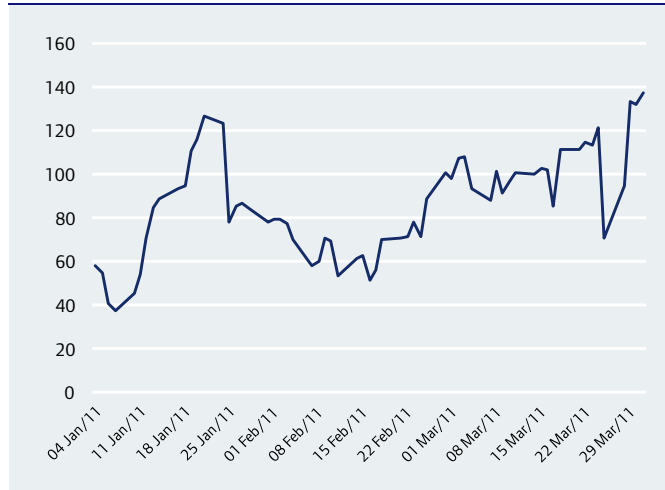
The Bank's Value-at-Risk, including average Value-at-Risk, was affected by the credit crisis over the summer of 2010, but at end-Q1/2011 it had recovered to the level of end-Q1/2010. Since the beginning of the year, the Bank's Value-at-Risk has declined due to reduced volatility of the spreads between the Bank's interest rate swap holding and its holding of mainly non-callable and floating-rate covered bonds.

The interest rate exposure amounted to DKK 137m at 31 March 2011 against DKK 72m at 31 March 2010. The rise was attributable to high activity in connection with the refinancing auctions at the end of March. Another factor increasing the exposure is the investment of the Bank's liquidity portfolio, as it is invested in short-term fixed mortgage bullets, the maturity of which is extended in connection with interest rate resets.

The Bank's EUR foreign exchange exposures came to DKK 114.5m at 31 March 2011 against DKK 245m at 31 March 2010. Its foreign exchange exposures in currencies other than EUR and DKK totalled DKK 12.1m at 31 March 2011 against DKK 13m at 31 March 2010.

Nykredit Bank A/S

Net interest rate exposure



UNCERTAINTY AS TO RECOGNITION AND MEASUREMENT

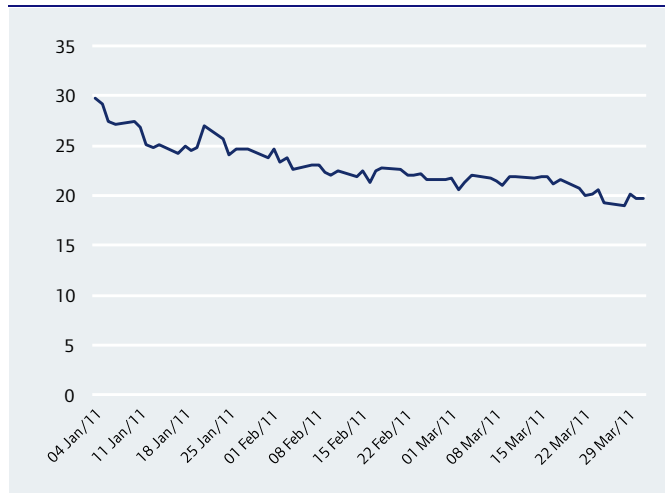
The measurement of certain assets and liabilities is based on accounting estimates made by Group Management.

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 listed financial instruments which in the light of the financial turmoil are priced in markets characterised by low turnover and provisions, the determination of which involves a number of estimates.

Uncertainty as to recognition and measurement is described in detail in the Bank's accounting policies (note 1 of the Annual Report for 2010, p 42ff), to which reference is made.

Nykredit Bank A/S

Value-at-Risk (incl equities)



— Value-at-Risk at 99%

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 – 31 March 2011 of Nykredit Bank A/S and the Nykredit Bank 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, Nykredit Bank A/S, have

been prepared in accordance with the Danish Financial Business Act.

Furthermore, the Q1 Interim Report 2011 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 Group's and the Parent Company's assets, liabilities, equity and financial position at 31 March 2011 and of the results of the Group's and the Parent Company's operations as well as the

Group's cash flows for the financial period 1 January – 31 March 2011.

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

Copenhagen, 12 May 2011

Executive Board

Bjørn Mortensen

Georg Andersen

Lars Bo Bertram

Board of Directors

Karsten Knudsen, Chairman

Søren Holm, Deputy Chairman

Henrik K. Asmussen, staff-elected member

Olav Brusen Barsøe, staff-elected member

Kim Duus

Allan Kristiansen, staff-elected member

Per Ladegaard

Bente Overgaard

Income statements for 1 January – 31 March

DKK million

Nykredit Bank A/S				The Nykredit Bank Group	
Q1/2010	Q1/2011		note	Q1/2011	Q1/2010
1,098	1,017	Interest income	3	1,034	1,111
441	406	Interest expenses	4	405	440
657	611	NET INTEREST INCOME		629	671
1	0	Dividend on equities		0	1
293	262	Fee and commission income		312	332
101	108	Fee and commission expenses		126	113
850	765	NET INTEREST AND FEE INCOME		815	891
193	(73)	Value adjustments	5	(74)	193
5	2	Other operating income		7	11
481	401	Staff and administrative expenses	6	433	510
7	1	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets		1	7
123	71	Other operating expenses		73	123
371	18	Impairment losses on loans, advances and receivables	7	26	381
6	9	Profit from investments in associates and group enterprises	8	-	-
72	212	PROFIT BEFORE TAX		215	74
51	51	Tax	9	54	53
21	161	PROFIT FOR THE PERIOD		161	21
		STATEMENTS OF COMPREHENSIVE INCOME			
21	161	PROFIT FOR THE PERIOD		161	21
-	-	Other additions and disposals		-	-
-	-	OTHER COMPREHENSIVE INCOME		-	-
21	161	COMPREHENSIVE INCOME FOR THE PERIOD		161	21

Balance sheets at 31 March

DKK million

Nykredit Bank A/S				The Nykredit Bank Group	
31.12.2010	31.03.2011		note	31.03.2011	31.12.2010
ASSETS					
113	95	Cash balance and demand deposits with central banks		95	113
29,367	28,420	Receivables from credit institutions and central banks	10	28,420	29,367
12,920	13,451	Loans, advances and other receivables at fair value	11	13,451	12,920
58,808	60,260	Loans, advances and other receivables at amortised cost	12	60,517	59,072
74,826	67,814	Bonds at fair value	13	67,921	74,934
331	376	Equities	14	377	332
0	0	Investments in associates		-	-
346	355	Investments in group enterprises		-	-
9	9	Intangible assets		9	9
68	68	Total land and buildings		68	68
68	68	- Investment properties		68	68
4	5	Other property, plant and equipment		6	6
185	143	Current tax assets		143	187
64	65	Deferred tax assets		29	27
91	76	Assets in temporary possession	15	76	91
33,277	27,433	Other assets	16	27,463	33,286
4	3	Prepayments		8	10
210,413	198,573	TOTAL ASSETS		198,583	210,422

Balance sheets at 31 March

DKK million

Nykredit Bank A/S				The Nykredit Bank Group	
31.12.2010	31.03.2011		note	31.03.2011	31.12.2010
LIABILITIES AND EQUITY					
48,351	40,888	Payables to credit institutions and central banks	17	40,888	48,351
55,822	53,773	Deposits and other payables	18	53,648	55,699
32,848	33,886	Issued bonds at amortised cost	19	33,886	32,848
25,679	28,030	Other non-derivative financial liabilities at fair value	20	28,030	25,679
32,283	27,047	Other liabilities	21	27,179	32,411
1	2	Deferred income		5	5
194,984	183,626	TOTAL PAYABLES		183,636	194,993
Provisions					
745	109	Provisions for losses under guarantees	22	109	745
102	173	Other provisions	22	173	102
847	282	TOTAL PROVISIONS		282	847
813	735	Subordinated debt	23	735	813
Equity					
6,045	6,045	Share capital		6,045	6,045
-	-	Revaluation reserves		-	-
Other reserves					
34	34	Statutory reserves		-	-
7,690	7,851	Retained earnings		7,885	7,724
13,769	13,930	TOTAL EQUITY		13,930	13,769
210,413	198,573	TOTAL LIABILITIES AND EQUITY		198,583	210,422
Off-balance sheet items					
15,224	12,175	Contingent liabilities	24	12,175	15,225
6,937	7,294	Other commitments	25	7,378	7,012
22,161	19,469	TOTAL OFF-BALANCE SHEET ITEMS		19,553	22,237
		Accounting policies	1		
		Business areas	2		
		Related parties	26		
		Loans, advances and guarantees	27		
		Foreign exchange and interest rate exposures	28		
		Hedging interest rate risk	29		
		Group structure	30		
		The Nykredit Bank Group – five quarters	31		

Statement of changes in equity

DKK million

Nykredit Bank A/S

	Share capital	Statutory reserves	Revaluation reserves	Retained earnings	Total
EQUITY, 31 MARCH 2011					
End of previous financial year	6,045	34	0	7,690	13,769
TOTAL	6,045	34	0	7,690	13,769
Comprehensive income:					
Profit for the period	-	-	-	161	161
Total comprehensive income	0	0	0	161	161
Total changes in equity	0	0	0	161	161
Equity, 31 March 2011	6,045	34	0	7,851	13,930
EQUITY, 31 MARCH 2010					
End of previous financial year, Nykredit Bank	4,175		0	6,052	10,227
End of previous financial year, Forstædernes Bank	1,370		1	776	2,147
Total, beginning of financial year	5,545		1	6,828	12,374
Comprehensive income:					
Profit for the period				21	21
Total comprehensive income	0		0	21	21
Total changes in equity	0		0	21	21
Equity, 31 March 2010	5,545		1	6,849	12,395

Statement of changes in equity

DKK million

The Nykredit Bank Group

	Share capital	Statutory reserves and revaluation reserves	Retained earnings	Total
EQUITY, 31 MARCH 2011				
End of previous financial year	6,045	0	7,724	13,769
TOTAL	6,045	0	7,724	13,769
Comprehensive income:				
Profit for the period			161	161
Total comprehensive income			161	161
Total changes in equity	0	0	161	161
Equity, 31 March 2011	6,045	0	7,885	13,930
EQUITY, 31 MARCH 2010				
End of previous financial year, Nykredit Bank	4,175	0	6,052	10,227
End of previous financial year, Forstædernes Bank	1,370	1	776	2,147
TOTAL	5,545	1	6,828	12,374
Comprehensive income:				
Profit for the period			21	21
Total comprehensive income	0	0	21	21
Total changes in equity	0	0	21	21
Equity, 31 March 2010	5,545	1	6,849	12,395

* The share capital breaks down into 18 shares in multiples of DKK 1m. The share capital is wholly owned by Nykredit Realkredit A/S, Copenhagen. Nykredit Bank is included in the consolidated financial statements of this company and the consolidated financial statements of Foreningen Nykredit, Kalvebod Brygge 1-3, Copenhagen, which owns 88.18% of Nykredit Realkredit A/S. The financial statements of Foreningen Nykredit may be obtained from the company.

Capital adequacy and core capital ratios

DKK million

Nykredit Bank A/S

	31.03.2011	31.12.2010	31.03.2010
Capital adequacy and core capital			
Share capital	6,045	6,045	4,175
Reserves	34	34	-
Retained earnings	7,851	7,690	6,171
Total core capital	13,930	13,769	10,346
Hybrid core capital	239	239	-
Primary and other statutory deductions from core capital	159	158	548
Core capital including hybrid core capital after statutory deductions	14,010	13,850	9,798
Supplementary capital, subordinate loan capital	496	574	-
Difference between expected losses and impairments for accounting purposes etc (charge added to supplementary capital)	40	149	-
Primary and other statutory deductions	85	85	-
Capital base after statutory deductions	14,461	14,488	9,798
Weighted items involving credit, counterparty and delivery risk	75,752	80,102	68,117
Weighted items involving market risk	7,856	8,050	8,275
Weighted items involving operational risk	5,263	3,902	3,927
Total weighted items	88,871	92,054	80,319
Capital adequacy ratio at 31 March 2010 corresponds to that of Nykredit Bank, excl Forstædernes Bank, %	16.3	15.9	12.2
Core capital ratio at 31 March 2010 corresponds to that of Nykredit Bank, excl Forstædernes Bank, %	15.8	15.2	12.2
The Nykredit Bank Group			
Capital adequacy and core capital			
	31.03.2011	31.12.2010	31.03.2010
Share capital	6,045	6,045	4,175
Retained earnings	7,885	7,724	6,171
Total core capital	13,930	13,769	10,346
Hybrid core capital	239	239	-
Primary and other statutory deductions from core capital	119	118	514
Core capital including hybrid core capital after statutory deductions	14,050	13,890	9,832
Supplementary capital, subordinate loan capital	496	574	-
Difference between expected losses and impairments for accounting purposes etc (charge added to supplementary capital)	40	149	-
Primary and other statutory deductions	80	80	-
Capital base after statutory deductions	14,506	14,533	9,832
Weighted items involving credit, counterparty and delivery risk	74,978	79,406	67,115
Weighted items involving market risk	7,858	8,050	8,275
Weighted items involving operational risk	5,534	4,126	4,151
Total weighted items	88,370	91,582	79,541
Capital adequacy ratio at 31 March 2010 corresponds to that of Nykredit Bank, excl Forstædernes Bank, %	16.4	15.9	12.4
Core capital ratio at 31 March 2010 corresponds to that of Nykredit Bank, excl Forstædernes Bank, %	15.9	15.2	12.4

Cash flow statement 1 January – 31 March

DKK million

	The Nykredit Bank Group	
	2011	2010
Profit after tax for the period	161	21
Adjustment for non-cash operating items, depreciation, amortisation, impairment losses and provisions		
Depreciation and impairment losses for property, plant and equipment	1	7
Impairment losses on loans, advances and receivables	27	382
Tax calculated on profit for the period	54	53
Total	82	442
Profit for the period adjusted for non-cash operating items	243	463
Change in working capital		
Loans, advances and other receivables	(2,166)	(404)
Deposits and other payables	(1,862)	(5,400)
Payables to credit institutions and central banks	(6,695)	9,315
Bonds at fair value	6,750	(8,153)
Equities	(45)	38
Other working capital	2,370	7,125
Total	(1,648)	2,521
Corporation tax paid, net	(12)	(44)
Cash flows from operating activities	(1,417)	2,940
Cash flows from investing activities		
Property, plant and equipment	(1)	66
Total	(1)	66
Cash flows from financing activities		
Subordinated debt	(78)	(24)
Issued bonds	1,544	(4,359)
Total	1,466	(4,383)
Total cash flows	48	(1,377)
Cash and cash equivalents, beginning of period	29,480	46,361
Foreign currency translation adjustment of cash	(1,013)	119
Cash and cash equivalents, end of period	28,515	45,103
Cash and cash equivalents, end of period		
Specification of cash and cash equivalents, end of period:		
Cash balance and demand deposits with central banks	95	207
Receivables from credit institutions and central banks	28,420	44,896
Cash and cash equivalents, end of period	28,515	45,103

Core earnings and investment portfolio income

DKK million

The Nykredit Bank Group

1 January – 31 March	2011			2010		
	Core earnings	Investment portfolio income	Total	Core earnings	Investment portfolio income	Total
Net interest income	574	55	629	651	20	671
Dividend on equities	0		0	1		1
Fee and commission income, net	187	(1)	186	217	2	219
Net interest and fee income	761	54	815	869	22	891
Value adjustments	91	(165)	(74)	99	94	193
Other operating income	7		7	11		11
Staff and administrative expenses	433		433	510		510
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	1		1	7		7
Other operating expenses	73		73	123		123
Impairment losses on loans and advances	26		26	381		381
Profit (loss) before tax	326	(111)	215	(42)	116	74
Of which:						
Nykredit Bank	-	-	-	82	78	160
Forstædernes Bank	-	-	-	(124)	38	(86)

Notes

1. ACCOUNTING POLICIES

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

With respect to recognition and measurement, the Q1 Interim Report 2011 of the Parent Company has been prepared in accordance with the Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc. issued by the Danish Financial Supervisory Authority.

In 2010 Nykredit Bank A/S merged with Forstædernes Bank, effective from 1 January 2010 for accounting purposes. Figures for Q1/2010 have been restated.

The accounting policies of both the Group and Nykredit Bank A/S are unchanged compared with the Annual Report for 2010. A description of the Bank's and the Bank Group's accounting policies applied in the Annual Report for 2010 is available at nykredit.com.

Compared with the Q1 Interim Report 2010 and the Annual Report for 2010, the segment financial statements for Q1/2011 have been revised to reflect that earnings related to the portfolio of Kalvebod issues has been transferred from the business area Markets & Asset Management to group items. In Q1/2011 the portfolio generated a loss of DKK 113m, whereas earnings of DKK 44m were recognised in Q1/2010. Comparative figures have been restated. The revision does not affect Nykredit Bank's results, balance sheet or equity.

Relative to the information in the accounting policies in the Annual Report for 2010 (note 1), no new financial reporting standards or interpretations have been issued or approved which may impact the Q1 Interim Report 2011 of Nykredit Bank and the Bank Group. The IASB is currently working on a project which, in time, will replace the IAS 39 rules. The revised standard – IFRS 9 – will at a number of stages include classification and measurement of financial assets, measurement and recognition of financial liabilities, impairments, discontinuation of recognition and hedge accounting, etc.

The EU has opted not to adopt the IFRS 9 until the results of all the phases are available. The new standard is scheduled to be implemented in January 2015. Because the IFRS 9 changes the rules on recognition and measurement of the Bank's financial assets and liabilities, the final standard may influence the Bank's financial reporting. However, the standard is not currently available in a form that allows for an overall assessment of the effect on the Bank's financial statements.

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

The Nykredit Bank Group

2. BUSINESS AREAS

Q1/2011

	Retail Banking	Corporate Banking	Markets & Asset Management	Other Activities	Group items ¹ and eliminations	Total
Core income from business operations	185	368	256	14		823
Core income from securities					36	36
Total core income *	185	368	256	14	36	859
Operating costs	96	129	204	8		437
Payment to the Danish Deposit Guarantee Fund ⁴					70	70
Core earnings before impairment losses	89	239	52	6	(34)	352
Impairment losses on loans and advances	42	67	(8)	(75)		26
Core earnings after impairment losses	47	172	60	81	(34)	326
Investment portfolio income ²					(111)	(111)
Profit (loss) before tax for the period	47	172	60	81	(145)	215
* Of which transactions between business areas	35	(5)	(22)	(8)		0
Income:costs	1.3	1.9	1.3	-	-	1.4
Average allocated business capital ³	1,476	3,467	1,628	191	2,222	8,984
Core earnings after impairment losses as % of allocated capital (pa)	12.7	19.8	14.7	169.6	-	14.5

Q1/2010

	Retail Banking	Corporate Banking	Markets & Asset Management	Other Activities	Group items ¹ and eliminations	Total
Core income from business operations	227	294	421	14		956
Core income from group items					25	25
Total core income *	227	294	421	14	25	981
Operating costs	132	158	186	43		519
Commission payable under the government guarantee scheme (Bank Rescue Package I)	16	56	27	24		123
Core earnings before impairment losses	79	80	208	(53)	25	339
Impairment losses on loans and advances	75	118	8	77		278
Provisions under Bank Rescue Package I	13	46	23	21		103
Core earnings after impairment losses	(9)	(84)	177	(151)	25	(42)
Investment portfolio income ²					116	116
Profit (loss) before tax for the period	(9)	(84)	177	(151)	141	74
Income:costs	1.0	0.8	1.7	0.1	-	1.1

Comparative figures have been restated to reflect the merger with Forstædernes Bank A/S.

Average capital for Q1/2010 has not been determined, as comparative figures could not be generated for Forstædernes Bank according to the principles applied by Nykredit Bank in Q1/2010. For the Q1/2010 comparative figures, this also means that some income statement and asset items have been allocated to the business areas based on estimates.

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

² Investment portfolio income equals the return on the Bank's own portfolio exceeding risk-free interest. As from Q1/2011, Kalvebod issues have been transferred from the trading activities of Markets & Asset Management to the Bank's own portfolio under Group items. For Q1/2010 the change entails a transfer of income of DKK 44m from Markets & Asset Management to Group items. For Q1/2011 the item comprises a loss of DKK 113m. The change does not affect total profit.

³ The business capital has been determined according to the Basel II principles based on the method applied to determine the required capital base.

⁴ Payment to the Danish Deposit Guarantee Fund related to the collapse of Amagerbanken have been estimated at DKK 70m.

Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group	
Q1/2010	Q1/2011	Q1/2011	Q1/2010
		3. INTEREST INCOME	
74	26	26	75
602	638	653	614
483	417	418	483
(61)	(64)	(64)	(61)
(30)	(11)	(11)	(30)
(31)	(52)	(52)	(31)
0	(1)	(1)	0
0	0	1	0
1,098	1,017	1,034	1,111
		Of which interest income from genuine purchase and resale transactions entered as	
45	12	12	45
13	32	32	13
		4. INTEREST EXPENSES	
71	43	43	71
215	220	219	214
144	135	135	144
11	8	8	11
441	406	405	440
		Of which interest expenses for genuine sale and repurchase transactions entered as	
26	13	13	26
1	43	43	1
		5. VALUE ADJUSTMENTS	
0	0	0	0
77	(278)	(279)	77
21	19	19	21
0	0	0	0
136	12	12	136
(37)	174	174	(37)
(4)	-	-	(4)
193	(73)	(74)	193
		Value adjustments mainly relate to financial assets, financial liabilities and derivative financial instruments included in the Bank's/Group's trading activities as well as value adjustments of investment properties. No value adjustments have been made for own credit risk on issued bonds or other liabilities.	
		Of which value adjustment relating to fair value hedging for accounting purposes	
(16)	(77)	(77)	(16)

Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group	
Q1/2010	Q1/2011	Q1/2011	Q1/2010
6. STAFF AND ADMINISTRATIVE EXPENSES			
2	2	2	2
212	171	190	228
267	228	241	280
481	401	433	510
Remuneration of Board of Directors and Executive Board			
Board of Directors			
Remuneration			
Each staff-elected board representative receives annual remuneration of DKK 60,000. No additional remuneration is paid to the Board of Directors.			
Executive Board			
2	2	2	2
2	2	2	2
The terms and conditions governing the remuneration and pensions of the Executive Board have not changed since the Annual Report for 2010, to which reference is made.			
Staff expenses			
179	142	158	193
17	12	14	18
16	17	18	17
212	171	190	228
980	678	791	1,082
Average number of staff, full-time equivalents			

Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group		
Q1/2010	Q1/2011		Q1/2011	Q1/2010
7. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES				
Specification of impairment provisions				
7,619	5,615	Total individual impairment provisions	5,647	7,664
345	402	Total collective impairment provisions	403	345
7,964	6,017	Total impairment provisions, 31 March	6,050	8,009
Individual impairment provisions				
7,509	5,694	Impairment provisions, beginning of period	5,721	7,554
289	208	Impairment provisions for the period	217	297
186	203	Reversed impairment provisions	207	189
7	0	Foreign currency translation adjustment	0	7
0	84	Impairment provisions recognised as lost	84	5
7,619	5,615	Impairment provisions, end of period	5,647	7,664
Collective impairment provisions				
257	421	Impairment provisions, beginning of period	422	258
88	(19)	Impairment provisions for the period, net	(19)	87
345	402	Impairment provisions, end of period	403	345
Earnings impact				
192	(14)	Change in provisions for loan and receivable impairment	(9)	195
0	9	Losses recognised for the period, net	12	7
1	1	Received on claims previously written off	1	1
191	(6)	Total impairment provisions	2	201
180	24	Provisions for losses under guarantees	24	180
371	18	Total	26	381
Specification of loans and advances with objective evidence of impairment				
11,087	8,029	Loans and advances subject to individual provisioning	8,112	11,298
7,619	5,615	Impairment provisions	5,647	7,664
3,468	2,414	Carrying amount of non-performing loans	2,465	3,634
55,685	58,249	Loans and advances subject to collective provisioning	58,454	55,783
345	402	Impairment provisions	403	345
55,340	57,847	Loans and advances after impairment provisions	58,051	55,438
8. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES				
6	9	Profit from investments in group enterprises	-	-
6	9	Total	-	-
9. TAX				
51	51	Tax on profit for the period	54	53
51	51	Total	54	53
71	24	Tax as % of profit for the period	25	72
Tax is calculated on the basis of a tax rate of 25%. Tax for the period was not affected by any special circumstances, and tax for the full year is expected to come to just over 25%.				

Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
31.12.2010	31.03.2011		31.03.2011	31.12.2010
10. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS				
791	10,904	Receivables at call from central banks	10,904	791
28,576	17,516	Receivables from credit institutions	17,516	28,576
29,367	28,420	Total	28,420	29,367
3,279	8,971	Of which genuine purchase and resale transactions	8,971	3,279
11. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE				
12,920	13,451	Loans and advances at fair value	13,451	12,920
12,920	13,451	Total	13,451	12,920
12,920	13,451	Of which genuine purchase and resale transactions	13,451	12,920
12. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST				
58,808	60,260	Loans and advances	60,517	59,072
58,808	60,260	Total	60,517	59,072
Impairment provisions made, end of period (31 December 2010 and 31 March 2011)				
5,694	5,615	Individual impairment provisions	5,647	5,721
421	402	Collective impairment provisions	403	422
13. BONDS AT FAIR VALUE				
67,545	60,600	Mortgage bonds	60,707	67,653
2,761	3,541	Government bonds	3,541	2,761
5,469	4,663	Other bonds	4,663	5,469
75,775	68,804	Total	68,911	75,883
949	990	Self-issued bonds offset against issued bonds	990	949
74,826	67,814	Total	67,921	74,934
The effect of fair value adjustment has been recognised in the income statement.				
10,379	4,962	Of which drawn bonds	4,962	10,379
25,290	30,899	Assets sold as part of genuine sale and repurchase transactions	30,899	25,290
16,061	11,148	As collateral for the Danish central bank, Danmarks Nationalbank, and foreign clearing centres, etc, bonds have been deposited of a total market value of	11,148	16,061
The collateral was provided on an arm's length basis.				

Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
31.12.2010	31.03.2011		31.03.2011	31.12.2010
		14. EQUITIES		
331	376	Equities measured at fair value through profit or loss	377	332
331	376	Total	377	332
		Specification of equity portfolios		
39	135	Listed on NASDAQ OMX Copenhagen A/S	135	39
4	10	Listed on other stock exchanges	10	4
288	231	Unlisted equities carried at fair value	232	289
331	376	Total	377	332
		15. ASSETS IN TEMPORARY POSSESSION		
13	91	Assets, beginning of year	91	13
116	5	Additions	5	116
38	20	Disposals	20	38
91	76	Total	76	91
		The Nykredit Bank Group accepts mortgages on real property as security for loans. If the Bank repossesses a property by way of a forced sale to reduce its losses on a non-performing exposure, the Bank will attempt to realise the mortgage in the best possible way within 12 months.		
		At 31 December 2010 and 31 March 2011, this item solely comprised properties repossessed.		
		16. OTHER ASSETS		
7,217	6,498	Interest and commission receivable	6,518	7,218
25,857	20,338	Positive market value of derivative financial instruments	20,338	25,857
203	597	Other	607	211
33,277	27,433	Total	27,463	33,286
		17. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS		
1,171	2	Payables to central banks	2	1,171
47,180	40,886	Payables to credit institutions	40,886	47,180
48,351	40,888	Total	40,888	48,351
4,792	7,758	Of which genuine sale and repurchase transactions	7,758	4,792
		18. DEPOSITS AND OTHER PAYABLES		
32,054	30,876	On demand	30,792	31,971
4,977	5,237	At notice	5,237	4,977
16,031	15,212	Time deposits	15,171	15,991
2,760	2,448	Special deposits	2,448	2,760
55,822	53,773	Total	53,648	55,699

Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
31.12.2010	31.03.2011		31.03.2011	31.12.2010
19. ISSUED BONDS AT AMORTISED COST				
33,797	34,876	Issued bonds	34,876	33,797
(949)	(990)	Own portfolio	(990)	(949)
32,848	33,886	Total	33,886	32,848
Issues				
15,351	16,642	EMTN issues *	16,642	15,351
16,840	16,741	ECP issues *	16,741	16,840
29	29	Employee bonds (former Forstædernes Bank)	29	29
1,577	1,464	Other issues *	1,464	1,577
33,797	34,876	Total	34,876	33,797
949	990	Own portfolio	990	949
32,848	33,886	Total	33,886	32,848
No value adjustments have been made that can be ascribed to own credit risk changes.				
* Listed on NASDAQ OMX Copenhagen A/S or on the Luxembourg Stock Exchange				
20. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE				
20,967	23,421	Deposits at fair value	23,421	20,967
4,712	4,609	Negative securities portfolios	4,609	4,712
25,679	28,030	Total	28,030	25,679
By time-to-maturity				
25,679	28,030	Up to 3 months	28,030	25,679
20,967	23,421	Of which genuine sale and repurchase transactions	23,421	20,967
21. OTHER LIABILITIES				
7,562	7,438	Interest and commission payable	7,463	7,518
24,118	18,956	Negative market value of derivative financial instruments	18,956	24,118
603	653	Other payables	760	775
32,283	27,047	Total	27,179	32,411
The items "Interest and commission payable" and "Other payables" fall due within one year.				

Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group	
31.12.2010	31.03.2011	31.03.2011	31.12.2010
22. PROVISIONS			
Provisions for losses under guarantees			
609	745	745	609
344	64	64	344
208	700	700	208
745	109	109	745
Other provisions			
156	102	102	156
1	71	71	1
55	0	0	55
102	173	173	102
Total provisions for losses under guarantees and other provisions			
765	847	847	765
345	135	135	345
263	700	700	263
847	282	282	847
<p>As a result of its operations, the Bank continuously enters into contracts where it is probable that the settlement of the liability will lead to an outflow of the Bank's financial resources, and where a reliable estimate may be made of the size of the liability.</p> <p>The balance sheet items in the financial statements represent the Bank's best estimates of the expected costs relating to provisions.</p> <p>The provisions typically concern contractual obligations relating to loans and advances and other banking activities, including provisions under Bank Rescue Package I in 2010.</p> <p>DKK 70m was allocated to "Other provisions" in Q1/2011 due to the Bank's expected payment to the Danish Deposit Guarantee Fund related to the collapse of Amagerbanken.</p> <p>It is estimated that the majority of provisions will be settled within 1-2 years.</p>			

Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group	
31.12.2010	31.03.2011	31.03.2011	31.12.2010
23. SUBORDINATED DEBT			
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.			
Subordinated debt forms part of the supplementary capital and is included in full in the capital base.			
75	-	-	75
Nom DKK 75m. The loan falls due at par (100) on 29 March 2014 and carries a floating interest rate of 2.5% pa over 6M Cibur. The loan was prematurely redeemed in March 2011.			
119	116	116	119
Nom NOK 125m. The loan falls due at par (100) on 29 September 2014 and carries a floating interest rate of 0.75% pa over 3M Nibor			
200	200	200	200
Nom DKK 200m. The loan falls due at par (100) on 30 September 2014 and carries a floating interest rate of 1.0% over 6M Cibur			
180	180	180	180
Nom DKK 200m. The loan falls due at par (100) on 1 November 2014 and carries a floating interest rate of 1.0% pa over 3M Euribor			
574	496	496	574
Total			
Hybrid core capital			
89	89	89	89
Nom DKK 100m. The loan is perpetual and carries a floating interest rate of 1.7% pa over 3M Cibur			
150	150	150	150
Nom DKK 150m. The loan is perpetual and carries a fixed interest rate of 6.3% pa			
239	239	239	239
Total			
813	735	735	813
Total subordinated debt			
574	496	496	574
Included in the determination of the capital base after statutory deductions			
239	239	239	239
Subordinate loan capital			
Hybrid core capital			
-	-	-	-
Costs related to raising and redeeming subordinated debt			
-	-	-	-
Except for the above early redemptions, no extraordinary principal repayments were recorded.			
No value adjustments have been made that can be attributed to changes in own credit risk.			
Subordinated debt fully relates to capital raised by the former Forstædernes Bank.			

Notes

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
31.12.2010	31.03.2011		31.03.2011	31.12.2010
		24. CONTINGENT LIABILITIES		
11,739	8,785	Financial guarantees	8,785	11,739
568	508	Registration and refinancing guarantees	508	568
2,917	2,882	Other contingent liabilities	2,882	2,918
15,224	12,175	Total	12,175	15,225
		Legal proceedings and litigation		
		The Bank's operations involve the Bank in legal proceedings and litigation. The Bank is of the opinion that the outcome thereof will have no material effect on its financial position.		
		"Government guarantee scheme"		
		Under the scheme, which expired at end-September 2010, the Danish government issued a two-year guarantee that covered the Danish banks participating in the scheme. Nykredit Bank participated in a sector guarantee totalling DKK 20bn with a share of up to DKK 1,318m.		
		At 31 December 2010, DKK 659m had been provided for the obligation. In Q1/2011 the Bank paid any amounts due under the obligation to Finansiel Stabilitet A/S.		
		Amagerbanken's collapse		
		In Q1/2011 the Bank charged almost DKK 200m to the income statement, including DKK 70m to cover the Bank's expected payment to the Danish Deposit Guarantee Fund related to the collapse of Amagerbanken.		
		The actual charge still depends on the final dividend, including acknowledgement of the Bank's net claim against Amagerbanken.		
		25. OTHER COMMITMENTS		
6,780	7,137	Irrevocable credit commitments	7,137	6,780
157	157	Other	241	232
6,937	7,294	Total	7,378	7,012
		26. RELATED PARTY TRANSACTIONS AND BALANCES		
		The Parent Company Nykredit Realkredit, its parent company as well as group enterprises and associates are regarded as related parties. In addition, Nykredit Bank's group enterprises and associates are included as stated in the group structure as well as the Bank's Board of Directors, the Executive Board and related parties thereof.		
		No unusual related party transactions occurred in 2011.		
		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, insurance, sales commission, tasks relating to IT support and IT development projects, payroll and staff administration as well as other administrative tasks.		
		Intercompany trade and services took place on an arm's length basis or on a cost reimbursement basis.		
		Important related party transactions prevailing/entered into in 2010 or 2011 include:		
		Agreements between Nykredit Realkredit A/S and Nykredit Bank A/S		
		Master agreement on the terms for financial transactions relating to loans and deposits in the securities and money market areas.		

Notes

DKK million

The Nykredit Bank Group

27. LOANS, ADVANCES AND GUARANTEES**Loans, advances, guarantees and provisions, by sector and industry**

31 March 2011	Carrying amount		Total loans, advances and guarantees	Individual and other provisions	Provisions		Total
	Loans and advances	Guarantees			Collective impairment provisions		
Public sector	203	567	770	0	3	3	
Corporate							
Agriculture, hunting, forestry and fishing	2,007	309	2,316	82	4	86	
Manufacturing, mining and quarrying	6,981	585	7,566	203	55	258	
Energy supply	3,054	449	3,503	35	13	48	
Construction	1,075	505	1,580	276	6	282	
Trade	1,702	329	2,031	304	9	313	
Transport, accommodation and food service activities	1,257	276	1,533	56	16	72	
Information and communication	1,065	64	1,129	34	3	37	
Financial and insurance activities	20,586	512	21,098	1,441	39	1,480	
Real property	12,681	2,979	15,660	1,729	90	1,819	
Other trade and industry	7,338	1,059	8,397	754	55	809	
Total corporate	57,746	7,067	64,813	4,914	290	5,204	
Retail	16,019	4,541	20,560	842	110	952	
Total	73,968	12,175	86,143	5,756	403	6,159	
Of which reverse lending	13,451	-	13,451	-	-	-	
31 December 2010	Carrying amount		Total loans, advances and guarantees	Individual and other provisions	Provisions		Total
	Loans and advances	Guarantees			Collective impairment provisions		
Public sector	253	553	806	0	0	0	
Corporate							
Agriculture, hunting, forestry and fishing	2,019	537	2,556	77	5	82	
Manufacturing, mining and quarrying	5,908	719	6,627	221	35	256	
Energy supply	2,339	79	2,418	7	11	18	
Construction	1,121	361	1,482	279	6	285	
Trade	1,785	450	2,235	368	7	375	
Transport, accommodation and food service activities	1,309	325	1,634	55	6	61	
Information and communication	1,360	83	1,443	49	5	54	
Financial and insurance activities	17,812	804	18,616	1,675	30	1,705	
Real property	13,018	3,721	16,739	1,589	75	1,664	
Other trade and industry	8,940	1,410	10,350	1,356	125	1,481	
Total corporate	55,611	8,489	64,100	5,676	305	5,981	
Retail	16,128	6,183	22,311	790	117	907	
Total	71,992	15,225	87,217	6,466	422	6,888	
Of which reverse lending	12,920	-	12,920	-	-	-	

The distribution is based on public sector statistics and therefore not directly comparable with the Bank's business areas.

Provisioning rate, %	Q1/ 2011	Q4/ 2010	Q3/ 2010	Q2/ 2010	Q1/ 2010
Total loans and advances	73,968	71,992	73,900	75,254	73,185
Total guarantees	12,175	15,225	16,436	17,549	20,131
Provisions for loan impairment	6,050	6,143	7,170	7,020	8,009
Provisions for guarantees	109	745	920	823	791
Loans, advances, guarantees and loan impairment	92,302	94,105	98,426	100,646	102,116
Provisioning rate, %	6.7	7.3	8.2	7.8	8.6
Provisioning rate excluding guarantees, %	7.6	7.9	8.8	8.5	9.9

Notes

DKK million

Nykredit Bank A/S		The Nykredit Bank Group	
31.03.2010	31.03.2011	31.03.2011	31.03.2010
28. FOREIGN EXCHANGE AND INTEREST RATE EXPOSURES			
Foreign exchange risk			
249	121	121	249
	Exchange rate indicator 1 (DKKm)		
2.5	0.9	0.9	2.5
	Exchange rate indicator 1 as % of core capital after statutory deductions		
0	0	0	0
	Exchange rate indicator 2 (DKKm)		
0	0	0	0
	Exchange rate indicator 2 as % of core capital after statutory deductions		
Interest rate risk by the currency involving the highest interest rate exposure			
(7)	187	188	(7)
	DKK		
88	(55)	(55)	88
	EUR		
4	1	1	4
	SEK		
4	5	5	4
	CHF		
(15)	(3)	(3)	(15)
	USD		
(4)	1	1	(4)
	GBP		
2	0	0	2
	Other currencies		
72	136	137	72
Total interest rate exposure of debt instruments			
29. HEDGING INTEREST RATE RISK			
Market risk is the risk of loss of market value as a result of movements in financial markets (interest rate, foreign exchange, equity price risk, etc).			
The Nykredit Bank Group continuously hedges the interest rate risk of fixed-rate assets and liabilities using derivative financial instruments etc.			
This enables the Group to manage the level of its aggregate interest rate sensitivity taking into consideration the expected interest rate development.			
According to the accounting provisions, loans, advances and deposits must generally be measured at amortised cost, while derivative financial instruments are measured at fair value. To obtain accounting symmetry between hedging and hedged transactions, adjustment of the carrying amounts of the financial assets and liabilities that form part of the effective hedge accounting has been allowed. The fair value adjustment exclusively concerns the hedged part (the interest rate exposure).			

Notes

DKK million

Nykredit Bank A/S				The Nykredit Bank Group	
31.03.2010	31.03.2011			31.03.2011	31.03.2010
29. HEDGING INTEREST RATE RISK (continued)					
HEDGED FIXED-RATE ASSETS					
2,567	1,555	Loans, advances and other receivables at amortised cost		1,555	2,567
2,567	1,555	Total nominal value		1,555	2,567
Market value of hedged fixed-rate assets					
2,627	1,585	Loans, advances and other receivables at amortised cost		1,585	2,627
2,627	1,585	Total carrying amount, end of period		1,585	2,627
Fair value adjustment					
60	30	Loans, advances and other receivables at amortised cost		30	60
60	30	Total fair value adjustment		30	60
HEDGED FIXED-RATE FINANCIAL LIABILITIES					
-	4,303	Issued bonds at amortised cost		4,303	-
-	4,303	Total nominal value		4,303	-
Market value of hedged fixed-rate financial liabilities					
-	4,303	Issued bonds at amortised cost		4,303	-
-	4,303	Total carrying amount, end of period		4,303	-
Fair value adjustment					
-	186	Issued bonds at amortised cost		186	-
-	186	Total fair value adjustment		186	-
HEDGING DERIVATIVE FINANCIAL INSTRUMENTS					
1,404	6,099	Nominal value (synthetic principal)		6,099	1,404
(60)	(217)	Market value adjustment (negative market value)		(217)	(60)
FAIR VALUE ADJUSTMENT DIFFERENCE					
0	(1)	Total		(1)	0
Hedged and hedging financial instruments have been fair value adjusted through profit or loss.					
Amounts recognised through profit or loss for the financial year					
16	77	Hedged transactions		77	16
(16)	(77)	Hedging transactions		(77)	(16)

Notes

DKK million

30. GROUP STRUCTURE

Name and registered office	Revenue *)	Assets	Liabilities	Share capital 31.03.11	Equity 31.12.10	Ownership interest, % 31.03.11	Profit for the period	Nykredit Bank's share of profit for the period	Equity 31.03.11	Carrying amount
Nykredit Bank A/S (Parent Company) a)	694	198,573	184,643	6,045	13,769	-	161	-	13,930	-
Consolidated subsidiaries										
Nykredit Portefølje Administration A/S, Copenhagen f)	32	254	101	25	153	100	8	8	161	161
Pantebrevsselskabet af 8/8 1995 A/S, Copenhagen d)	0	28	0	5	28	100	0	0	28	28
Nykredit Pantebrevsinvestering A/S, Copenhagen b)	0	12	0	5	12	100	0	0	12	12
Nykredit Leasing A/S, Gladsaxe c)	21	2,271	2,122	46	149	100	0	0	149	149
FB Ejendomme A/S, Copenhagen e)	0	5	1	1	4	100	0	0	4	4
Associates										
Dansk Pantebrevsbørs A/S, Copenhagen b) 1)	-	-	-	-	-	50	-	-	-	-
The company is subject to insolvency proceedings.										

*) For companies preparing financial statements in accordance with the Danish Financial Business Act, revenue is defined as net interest and fees, value adjustments and other operating income.

1) The company used to be subject to proportionate consolidation based on shareholders' agreements entitling the Bank to appoint a director. As the company is subject to insolvency proceedings, the requirement of controlling influence is no longer considered satisfied. Therefore the company has not been proportionately consolidated.

Pantebrevsselskabet af 8/8 -1995 A/S has entered into liquidation. Nykredit Pantebrevsinvestering A/S had few activities.

- a) Bank
- b) Mortgage trading company
- c) Leasing company
- d) No activity
- e) Property management company
- f) Management activities

Notes

DKK million

	Q1/ 2011	Q4/ 2010	Q3/ 2010	Q2/ 2010	Q1/ 2010
31. THE NYKREDIT BANK GROUP – FIVE QUARTERS					
SUMMARY INCOME STATEMENT					
Net interest income	629	733	747	747	671
Dividends, fees and commission income (net)	186	178	139	189	220
Net interest and fee income	815	911	886	936	891
Value adjustments	(74)	70	103	107	193
Net interest, fees and value adjustments	741	981	989	1,043	1,084
Other operating income	7	8	9	5	11
Staff and administrative expenses	433	374	408	467	510
Other operating costs, depreciation and amortisation	74	5	125	130	130
Impairment losses on loans, advances and receivables	26	441	304	368	381
Profit from investments in associates and group enterprises	-	30	0	0	0
Profit before tax	215	199	161	83	74
Tax	54	14	41	14	53
Profit	161	185	120	69	21
SUMMARY BALANCE SHEET, END OF PERIOD					
Assets					
Cash balance and receivables from central banks and credit institutions	28,515	29,480	26,635	35,201	45,103
Loans, advances and other receivables at fair value	13,451	12,920	13,958	13,899	13,314
Loans, advances and other receivables at amortised cost	60,517	59,072	59,942	61,355	59,871
Bonds at fair value	67,921	74,934	69,667	72,516	73,714
Equities	377	332	466	530	680
Land and buildings	68	68	68	69	69
Other asset items	27,734	33,616	48,799	44,362	36,067
Total assets	198,583	210,422	219,535	227,932	228,818
Liabilities and equity					
Payables to credit institutions and central banks	40,888	48,351	49,851	65,922	66,382
Deposits and other payables	53,648	55,699	54,745	57,481	59,762
Issued bonds at amortised cost	33,886	32,848	25,830	38,114	40,365
Other non-derivative financial liabilities at fair value	28,030	25,679	26,891	9,785	14,327
Other payables	27,184	32,416	46,693	42,072	33,490
Total payables	183,636	194,993	204,010	213,374	214,326
Provisions	282	847	1,055	958	948
Subordinated debt	735	813	886	1,136	1,149
Equity	13,930	13,769	13,584	12,464	12,395
Total liabilities and equity	198,583	210,422	219,535	227,932	228,818
OFF-BALANCE SHEET ITEMS					
Contingent liabilities	12,175	15,225	16,436	17,549	20,131
Other commitments	7,378	7,012	7,349	7,531	8,476
FINANCIAL RATIOS					
Capital adequacy ratio, %	16.4	15.9	15.0	12.7	12.4
Core capital ratio, %	15.9	15.2	14.0	12.0	12.4
Return on equity before tax (pa), %	1.6	5.8	4.9	2.7	2.4
Return on equity after tax (pa), %	1.2	5.4	3.7	2.2	0.7
Income:cost ratio	1.40	1.24	1.19	1.09	1.07
Interest rate exposure, %	1.0	0.5	0.6	0.8	0.7

Merger between Nykredit Bank and Forstædernes Bank A/S

Summary statement of comparative figures for Q1/2010

Summary of the merged banks' financial statements for Q1/2010, DKK million	Nykredit Bank A/S	The Nykredit Bank Group	Forstædernes Bank A/S	Eliminations	Pro forma total Parent Company	Pro forma total Group
Interest income	830	843	289	(21)	1,098	1,111
Interest expenses	341	340	121	(21)	441	440
NET INTEREST INCOME	489	503	168	0	657	671
Dividend on equities	1	1	0		1	1
Fee and commission income	238	277	55		293	332
Fee and commission expenses	95	107	6		101	113
NET INTEREST AND FEE INCOME	633	674	217	0	850	891
Value adjustments	196	196	(3)		193	193
Other operating income	4	10	3	(2)	5	11
Staff and administrative expenses	349	378	132		481	510
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	1	1	6		7	7
Other operating expenses	88	88	37	(2)	123	123
Impairment losses on loans, advances and receivables	243	253	128		371	381
Profit from investments in associates and group enterprises	6	-	0		6	-
PROFIT (LOSS) BEFORE TAX	158	160	(86)	0	72	74
Tax	39	41	12		51	53
PROFIT (LOSS) FOR THE YEAR	119	119	(98)	0	21	21
ASSETS						
Cash balance and demand deposits with central banks	185	185	22		207	207
Receivables from credit institutions and central banks	48,304	48,309	2,095	(5,508)	44,891	44,896
Loans, advances and other receivables at fair value	13,241	13,241	73		13,314	13,314
Loans, advances and other receivables at amortised cost	45,557	45,739	14,132		59,689	59,871
Bonds at fair value	61,773	61,773	11,965	(24)	73,714	73,714
Equities	196	198	482		678	680
Investments in associates and group enterprises	341	0	4		345	4
Intangible assets	9	9	1		10	10
Land and buildings	69	69	0		69	69
Other assets	34,129	34,167	493	(311)	34,311	34,349
Other	170	164	1,540		1,710	1,704
TOTAL ASSETS	203,974	203,854	30,807	(5,843)	228,938	228,818
LIABILITIES AND EQUITY						
Payables to credit institutions and central banks	65,787	65,787	6,103	(5,508)	66,382	66,382
Deposits and other payables	41,985	41,735	18,027		60,012	59,762
Issued bonds at amortised cost	37,804	37,804	2,561		40,365	40,365
Other non-derivative financial liabilities at fair value	14,327	14,327	0		14,327	14,327
Other liabilities and deferred income	33,246	33,376	423	(309)	33,360	33,490
TOTAL PAYABLES	193,149	193,029	27,114	(5,817)	214,446	214,326
TOTAL PROVISIONS	479	479	469	0	948	948
Subordinated debt *)	0	0	1,175	(26)	1,149	1,149
Equity						
Share capital	4,175	4,175	1,370		5,545	5,545
Statutory reserves	0	0	1		1	1
Retained earnings *)	6,171	6,171	678		6,849	6,849
TOTAL EQUITY	10,346	10,346	2,049	0	12,395	12,395
TOTAL LIABILITIES AND EQUITY	203,974	203,854	30,807	(5,843)	228,938	228,818

*) Adjusted for DKK 5m relative to the pro forma statements, cf the financial statements for Q1/2010.

Financial ratios, definitions

Capital adequacy ratio, %	Capital base divided by risk-weighted assets
Core capital ratio, %	Core capital after statutory deductions divided by risk-weighted assets
Return on equity before tax, %	Profit (loss) before tax as a percentage of average equity
Return on equity after tax, %	Profit (loss) after tax as a percentage of average equity
Income:cost ratio	Income incl profit (loss) from associates and group enterprises divided by costs less tax
Interest rate exposure, %	Interest rate exposure divided by core capital after statutory deductions
Foreign exchange position, %	Foreign exchange indicator 1 divided by core capital less statutory deductions
Foreign exchange exposure, %	Foreign exchange indicator 2 divided by core capital less statutory deductions
Loans and advances:deposits	Loans and advances + impairment provisions divided by deposits Loans and advances: Include loans and advances at fair value and loans and advances at amortised cost
Loans and advances:equity	Loans and advances divided by equity (end of year/period) Loans and advances: Include loans and advances at fair value and loans and advances at amortised cost
Growth in loans and advances for the year/period, %	Growth in loans and advances from the beginning to the end of the year/period (loans and advances at the beginning of the year/period divided by loans and advances at the end of the year/period) Loans and advances: Include loans and advances at fair value and loans and advances at amortised cost
Excess cover:statutory liquidity requirements, %	Excess cover relative to the 10% requirement of § 152 of the Danish Financial Business Act. (Available excess liquidity relative to 10% of reduced payables) (Reduced payables: Balance sheet total + guarantees - equity - subordinated debt, included in the determination of the capital base)
Total large exposures, %	Total large exposures divided by the capital base
Impairment losses for the year/period, %	Impairment losses for the year/period divided by loans and advances + guarantees + impairment provisions

The financial ratios have been calculated in accordance with the Danish FSA's guidelines thereon.