

To NASDAQ OMX Copenhagen A/S
and the press

9 February 2012

PRELIMINARY ANNOUNCEMENT OF FINANCIAL STATEMENTS FOR 2011

The Nykredit Realkredit Group recorded a profit before tax of DKK 1,338m against DKK 3,090m in 2010

2011 compared with 2010

- Core earnings after impairment losses up by 9% to DKK 1,621m
- Investment portfolio income of DKK 179m against DKK 2,060m in 2010

Core earnings

- Income from bank and mortgage lending was unchanged at DKK 7.9bn
 - Lending grew by DKK 35bn to DKK 1,123bn (up 3%)
 - But mortgage refinancing activity declined (down 22%)
- Total core income subsided by 9% to DKK 9,010m
 - Reduced income from customer-driven securities trading and negative value adjustments, but mounting core income from securities
- Loan impairment losses were down by 33% to DKK 1,414m
- Operating costs excluding special value adjustments increased by 3.8%.

Investment portfolio income

- Decline primarily owing to rising yield spreads of high-rated bonds, derived from the euro crisis
- Negative value adjustment (DKK 375m) of subordinated debt instruments, primarily in Amagerbanken, Fjordbank Mors and Max Bank.

Peter Engberg Jensen, Group Chief Executive, has the following comments on the results:

– We have recorded a robust profit in a year in which activities and costs were affected by the crisis in international markets. In spite of that, Nykredit's total lending increased by 3% to DKK 1,123bn. Reduced loan impairment losses resulted in a 9% uplift in core earnings after impairment losses to just over DKK 1.6bn. In 2011 resolutions were made on combined mortgaging, a new organisational structure, cost reductions, a new mortgage lending price structure, and the set-up of Nykredit Direkte® to ensure stability in our lending and other business activities in the coming years.

Contacts

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Selected financial information

DKK million	FY 2011	FY 2010	Index 11/10	Q4/ 2011	Q3/ 2011	Index Q4/Q3
Core income from customer-oriented business, exclusive of Markets & Asset Management	7,940	7,930	100	2,135	1,956	109
Total core income	9,010	9,872	91	2,257	2,128	106
Operating costs, depreciation and amortisation	5,709	5,499	104	1,518	1,310	116
Loan impairment losses	1,414	2,103	67	516	153	-
Core earnings after impairment losses	1,621	1,491	109	42	730	-
Investment portfolio income	179	2,060	-	126	(716)	-
Net interest on hybrid capital	(462)	(461)	100	(115)	(117)	98
Profit (loss) before tax	1,338	3,090	43	52	(103)	-
Total nominal mortgage lending and bank lending (DKKbn)	1,123	1,088	103	-	-	-
Gross new mortgage lending (DKKbn)	157	201	78	-	-	-
Total impairment losses as % of loans and advances	0.12	0.21	-	-	-	-

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FINANCIAL HIGHLIGHTS

DKKm	The Nykredit Realkredit Group					
	2011	2010	2009	2008 ³	2007	EUR 2011
						Exchange rate 743.42
CORE EARNINGS AND RESULTS FOR THE YEAR						
Core income from						
- business operations	9,188	9,569	8,816	7,053	5,970	1,236
- value adjustment of derivatives and corporate bonds	(632)	(47)	(176)	(133)	(29)	(85)
- junior covered bonds	(190)	(120)	(67)	(40)	-	(26)
- securities	644	470	829	2,212	2,040	87
Total	9,010	9,872	9,402	9,092	7,981	1,212
Operating costs, depreciation and amortisation, excl special value adjustments	5,709	5,499	5,395	4,678	4,031	768
Operating costs, depreciation and amortisation – special value adjustments ¹	166	129	396	225	(57)	22
Commission – Guarantee Fund for Depositors and Investors/government guarantee scheme	100	371	500	112	-	14
Core earnings before impairment losses	3,035	3,873	3,111	4,077	4,007	408
Impairment losses on loans and advances – mortgage lending	1,026	888	1,755	416	(53)	138
Impairment losses on loans and advances – banking	388	1,215	5,847	964	(14)	52
Impairment losses on loans and advances – government guarantee scheme	-	279	318	63	-	-
Core earnings after impairment losses	1,621	1,491	(4,809)	2,634	4,074	218
Investment portfolio income ²	179	2,060	4,759	(3,633)	137	24
Profit (loss) before cost of capital	1,800	3,551	(50)	(999)	4,211	242
Net interest on hybrid capital	(462)	(461)	(95)	(25)	(28)	(62)
Profit (loss) before tax	1,338	3,090	(145)	(1,024)	4,183	180
Tax	223	785	(29)	(222)	969	30
Profit from discontinued insurance operations	-	1,511	245	107	149	-
Profit (loss) for the year	1,115	3,816	129	(695)	3,363	150
Profit (loss) for the year excludes value adjustment and reclassification of strategic equities against equity totalling	(854)	261	751	(2,847)	(465)	(115)
SUMMARY BALANCE SHEET, YEAR-END						
Assets						
Receivables from credit institutions and central banks	66,258	58,657	62,909	73,388	82,636	8,913
Mortgage loans at fair value	1,084,317	1,030,478	981,227	895,463	823,228	145,855
Bank loans – excluding reverse transactions	55,776	58,833	60,908	72,733	39,660	7,503
Bonds and equities	100,794	99,144	86,620	103,434	98,589	13,558
Remaining assets	85,760	64,028	55,521	73,037	30,854	11,536
Total assets	1,392,905	1,311,140	1,247,185	1,218,055	1,074,967	187,365
Liabilities and equity						
Payables to credit institutions and central banks	117,626	95,879	119,313	162,549	115,875	15,820
Deposits	57,404	55,467	64,483	61,177	31,581	7,722
Issued bonds at fair value	1,021,942	974,319	889,899	836,081	796,403	137,465
Subordinated debt – hybrid capital	11,204	11,055	10,805	4,119	3,622	1,507
Subordinated debt – supplementary capital	-	563	4,628	4,860	3,722	-
Remaining liabilities	129,419	118,537	106,816	98,892	69,317	17,409
Equity	55,310	55,320	51,241	50,377	54,447	7,440
Total liabilities and equity	1,392,905	1,311,140	1,247,185	1,218,055	1,074,967	187,363
FINANCIAL RATIOS						
Profit (loss) for the year as % of average equity	2.0	7.2	0.3	(1.3)	6.3	
Core earnings before impairment losses as % of average equity	5.5	7.3	6.1	7.8	7.5	
Core earnings after impairment losses as % of average equity	2.9	2.8	(9.5)	5.0	7.7	
Costs as % of core income from business operations	62.1	57.5	61.2	66.3	67.5	
Total provisions for loan impairment – mortgage lending	2,485	2,226	1,942	465	254	
Total provisions for loan impairment and guarantees – banking	4,407	6,888	8,422	2,482	95	
Impairment losses for the year, % – mortgage lending	0.10	0.09	0.18	0.05	(0.01)	
Impairment losses for the year, % – banking ⁴	0.42	1.31	6.07	1.80	(0.03)	
Total capital ratio, %	17.1	18.5	17.8	14.7	10.3	
Core Tier 1 capital ratio, %	13.9	15.1	13.5	13.5	9.0	
Average number of full-time staff ⁵	4,139	4,026	4,135	4,037	3,217	

¹ Special value adjustments include value adjustment of certain staff benefits and owner-occupied properties, refund of VAT and payroll tax from previous years as well as costs of winding up Dansk Pantebrevsbørs under konkurs A/S (in bankruptcy).

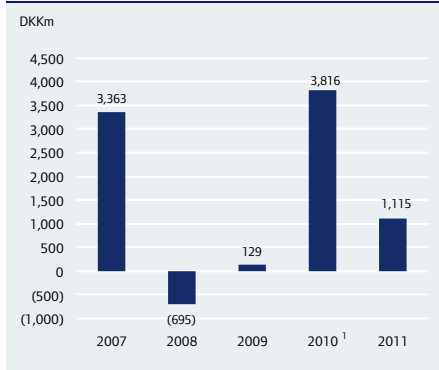
² Value adjustment of the portfolio of subordinated debt instruments in Danish banks (Kalvebod issues) is included from 1 January 2011. Comparative figures have been restated.

³ Forstædernes Bank was included in the Consolidated Financial Statements as from 17 October 2008.

⁴ Excluding provisions under the government guarantee scheme.

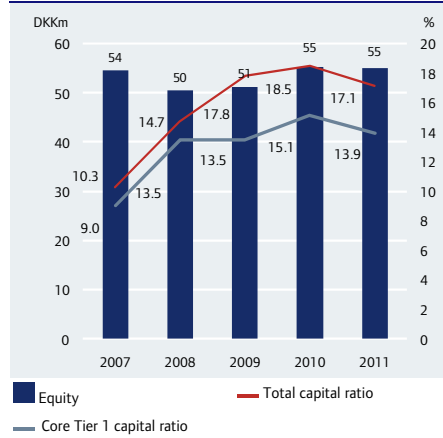
⁵ Excluding Nykredit Forsikring A/S and JN Data A/S.

Results for the year

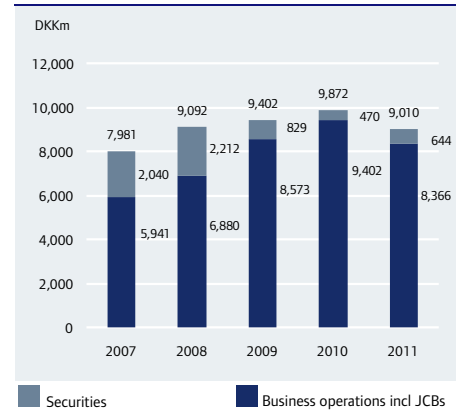


¹ Including a gain from the divestment of Nykredit Forsikring A/S. Excluding value adjustment of strategic equities against equity. Nykredit Forsikring A/S is included until 29 April 2010.

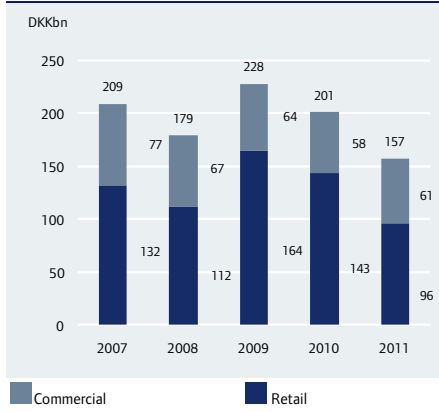
Equity and capital adequacy



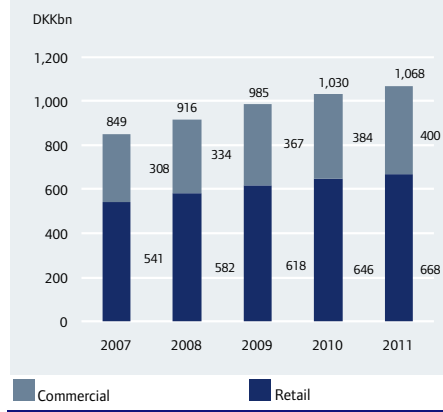
Core income from business operations and securities



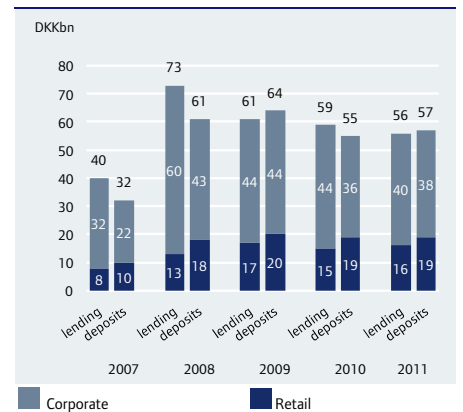
Gross new mortgage lending



Mortgage lending, year-end, nominal value



Bank lending and deposits, year-end



Forstædernes Bank is included in the Consolidated Financial Statements as from 17 October 2008.

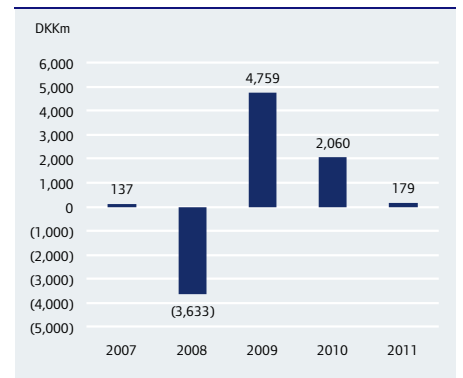
Costs as % of core income from business operations



Impairment losses on loans and advances excluding government guarantee scheme



Investment portfolio income



Excluding value adjustment of strategic equities against equity.

NYKREDIT REALKREDIT GROUP RESULTS

The Group recorded a profit before tax of DKK 1,338m against DKK 3,090m in 2010.

Profit after tax came to DKK 1,115m and included a tax income of DKK 133m following judgment in a tax case. In 2010, profit after tax amounted to DKK 2,305m excluding a profit of DKK 1,511m from the divestment of Nykredit Forsikring.

A decline in investment portfolio income, markedly lower earnings on customer-oriented securities trading and subdued mortgage lending activity had an adverse impact on the Group's results. By contrast, a rise in earnings on other banking activities and mortgage loan balances as well as markedly lower loan impairment losses had a positive effect on the Group's results.

Core income from business operations excluding Markets & Asset Management was unchanged at DKK 7,940m against DKK 7,930m in 2010. Lending-related core income included a 22% reduction in gross new mortgage lending to DKK 157bn, whereas the Group's nominal mortgage lending and bank lending improved by DKK 35bn net, or 3.1%, to DKK 1,123bn compared with the beginning of 2011. Retail customers accounted for DKK 22bn and commercial customers DKK 13bn.

Markets & Asset Management saw earnings drop 24% to DKK 1,248m against DKK 1,639m in 2010 partly due to lower activity and earnings levels for customer-oriented securities trading. Earnings related to asset management improved by 2% to DKK 471m in 2011.

The Group's impairment losses on loans and advances were DKK 1,414m against DKK 2,103m in 2010. Impairment losses equalled 0.12% of total mortgage and bank lending. Of impairment losses for the year, 60% was attributable to retail lending and 40% to commercial lending.

Impairment losses on retail mortgages grew by DKK 391m to DKK 751m, which notably stemmed from a higher level in Totalkredit.

Impairment losses on commercial mortgages shed 48% to DKK 275m, which was mainly related to small and medium-sized enterprises (SMEs). A number of large exposures developed favourably, resulting in reversal of impairment provisions previously made.

Impairment losses on bank lending improved by DKK 827m, down to DKK 388m. The decline was notably prompted by a markedly lower provisioning need for Other Activities, which included terminated exposures.

Impairment losses on Corporate Banking went up from DKK 231m in 2010 to DKK 373m, chiefly spurred by a large number of exposures relating to SMEs. Impairment losses on Retail Banking remained moderate at DKK 98m.

The Group's investment portfolio income slumped to DKK 179m against DKK 2,060m in 2010. The income reflected the unrest in financial markets with increasing risk premiums on Nykredit's portfolio of AAA rated European covered bonds and high-rated corporate bonds.

Net income on bonds and interest rate instruments amounted to DKK 130m. To this should be added income from equities of DKK 264m, whereas market value adjustment of subordinated debt instruments and shares in Danish banks affected investment portfolio income adversely by DKK 215m.

The Group's profit after tax and adjustments against equity resulted in an unchanged equity of DKK 55.3bn at end-2011. Equity was DKK 55.1bn after proposed dividend of DKK 200m.

The bankruptcies of Amagerbanken, Fjordbank Mors and Max Bank affected results adversely by DKK 511m, of which DKK 393m was charged to investment portfolio income. Payment to the Guarantee Fund for Depositors and Investors totalled DKK 100m, while loan impairment losses increased by DKK 18m.

Core earnings*Core income from business operations*

The Group's core income from business operations was DKK 9,188m against DKK 9,569m in 2010 – down DKK 381m or 4.0%.

Core income from mortgage operations came to DKK 5,533m against DKK 5,569m in 2010, down 0.6%. Mortgage lending activity was exceptionally subdued in 2011; gross new lending amounted to DKK 157bn relative to DKK 201bn in 2010. The activity reflected a low refinancing level and a low turnover in the housing market.

The Group's nominal mortgage lending improved by DKK 38bn to DKK 1,068bn at end-2011.

Core income from banking operations totalled DKK 3,506m against DKK 3,830m in 2010 due to a dive in the Bank's earnings on customer-oriented securities trading.

The Group's bank lending declined by DKK 3.0bn to DKK 55.8bn on the back of a decrease in lending to commercial and corporate customers. Bank deposits gained DKK 1.9bn to DKK 57.4bn at end-2011.

Value adjustment of derivatives and corporate bonds

A number of commercial customers with floating-rate mortgages have hedged their interest rate risk through swaps with a fixed interest rate of typically 4–5%. Nykredit's interest rate risk on these swaps is highly limited, as risk is hedged on an ongoing basis through offsetting swap transactions with major international banks.

Interest rate falls in recent years have required Nykredit to provide collateral to international banks – generally in the form of government bonds. Commercial customers must in principle provide Nykredit with corresponding collateral. However, according to agreement a number of customers have been exempt from providing such collateral in full, which has increased Nykredit's credit risk (counterparty risk) in relation to these customers.

Market value adjustment came to a charge of DKK 642m in 2011 compared with a charge of DKK 121m in 2010.

Interest rate rises will reduce Nykredit's receivables, causing market value adjustments to decrease.

The market value of corporate bonds was adjusted by DKK 10m in 2011 compared with DKK 74m in 2010.

Junior covered bonds

At end-2011, the Group had issued junior covered bonds totalling a nominal value of DKK 31.4bn as supplementary collateral for covered bonds. Net interest expenses for junior covered bonds came to DKK 190m against DKK 120m in 2010.

Core income from securities

Core income from securities improved to DKK 644m from DKK 470m in 2010. The increase was the result of a rise in the securities portfolio and the lending rate of the Danish central bank.

Operating costs, depreciation and amortisation, excl special value adjustments

The Group's costs excluding special value adjustments and commission payable to the Guarantee Fund for Depositors and Investors came to DKK 5,709m, or 3.8% on 2010. Costs as a percentage of core income from business operations came to 62.1% against 57.5% in 2010.

Operating costs, depreciation and amortisation – special value adjustments

Special value adjustments amounted to DKK 166m against DKK 129m in 2010.

Value adjustment of assets and liabilities relating to Nykredit's pension fund in run-off and certain staff schemes as well as owner-occupied properties came to a net amount of DKK 237m, which was partly offset by a credit of DKK 71m for the period 2004-2010 following judgment in a case concerning VAT and payroll tax.

Commission – the Guarantee Fund for Depositors and Investors

The Group charged DKK 100m against income in 2011, equal to Nykredit Bank's expected payment to the Guarantee Fund for Depositors and Investors caused by the bankruptcies of Amagerbanken, Fjordbank Mors and Max Bank.

Impairment losses on loans and advances

The Group's impairment losses on loans and advances were DKK 1,414m compared with DKK 2,103m in 2010.

The Group's impairment losses on mortgage lending amounted to DKK 1,026m, corresponding to 0.10% of lending, against DKK 888m in 2010. Of impairment losses for the year, DKK 736m, or 0.11% of retail lending, was attributed to the retail segment against DKK 340m in 2010. The commercial segment accounted for DKK 275m of impairment losses, equal to 0.07% of lending, against DKK 528m in 2010. The Group's impairment losses on Other Activities stood at DKK 15m against DKK 20m in 2010.

The Group's impairment losses on bank lending trended in a positive direction and came to DKK 388m, equal to 0.42% of lending, against DKK 1,215m in 2010. Of impairment losses for the year, DKK 98m, or 0.48% of lending, was attributed to the retail segment. Impairment losses relating to the corporate segment amounted to DKK 373m, or 0.55% of lending. Further, impairment losses were affected by a net reversal of provisions for terminated exposures of DKK 83m.

Investment portfolio income

The Group recorded investment portfolio income of DKK 179m against DKK 2,060m in 2010.

Investment portfolio income from bonds, liquidity and interest rate instruments stood at DKK 130m in 2011. Investment portfolio income from equities and equity instruments value adjusted through profit or loss came to DKK 264m.

To this should be added a negative net value adjustment of subordinated debt instruments and shares in Danish banks of DKK 215m before tax. Further, the value adjustment included a gain from the sale of strategic equities of DKK 205m, capital losses on Nykredit's strategic shareholding in Amagerbanken of DKK 45m, and a charge of DKK 375m from value adjustment of Kalvebod issues, which chiefly stemmed from Nykredit's subordinated debt instruments in Amagerbanken, Fjordbank Mors and Max Bank.

Investment portfolio income saw a distinct reduction in the second half of 2011 due to the strong turbulence in financial markets caused by the European debt crisis. The risk premiums on even highly secure assets surged, resulting in falling prices. Risk premiums on a number of bonds were higher at end-2011 than during the financial crisis in 2008-2009. For example, the yield spread between 10-year French and German government bonds expanded from 0.4% in Q2/2011 to 1.4% in Q4/2011, compared with a peak of 0.6% in 2008-2009. This trend has also affected the market for European AAA rated covered bonds.

Similarly, risk premiums on corporate bonds have increased. The risk premium on the leading index of corporate bonds issued by major European banks had risen to 2.8% at end-Q4/2011, compared with 1.5% at end-Q2/2011 and the peak of 2.0% in 2008-2009.

Viewed separately, the increasing risk premiums on Nykredit's portfolios of AAA rated European covered bonds and high-rated corporate bonds had an adverse effect of DKK 320m on investment portfolio income in H2/2011.

Nykredit's securities portfolio consists mainly of Danish and European covered bonds and high-rated corporate bonds, the interest rate risk of which is largely eliminated through offsetting sales of government bonds or interest rate derivatives. Exposure to bond markets in southern Europe was a negligible part of the total bond portfolio.

Net interest on hybrid capital

The Group raised hybrid capital of a total amount of DKK 11.2bn, which was unchanged on 2010. Results included net interest expenses of DKK 462m in 2011.

Tax

Tax calculated on profit for the year was DKK 223m, corresponding to an effective tax rate of 16.6%.

Judgment has been delivered in a tax case against Nykredit Realkredit. The Danish High Court found for Nykredit, which therefore recognised as income deferred tax of DKK 133m previously provided for and expensed. Adjusted for this, the Group's effective tax rate was 26.6%.

Strategic equities adjusted against equity

Strategic equities, chiefly in banks, resulted in a total negative value adjustment of DKK 854m after tax. Of this figure, DKK 683m was a negative value adjustment of strategic equities against equity, while another DKK 171m concerned reclassification from equity to the income statement of profit from the sale of strategic equities and a capital loss on Nykredit's shareholding in Amagerbanken.

The euro crisis will affect investment portfolio income also in 2012, as high-rated Danish and European covered bonds and corporate bonds account for the majority of Nykredit's market risk.

Total results will depend on the above circumstances.

Results for Q4/2011

The consolidated profit before tax was DKK 52m against a loss of DKK 103m in Q3/2011. This was an improvement of DKK 155m compared with Q3/2011.

Results for Q4/2011 reflected investment portfolio income of DKK 126m against a charge of DKK 716m in the preceding quarter.

Impairment losses on loans and advances were DKK 516m against DKK 153m in Q3/2011. Retail customers and SMEs accounted for most of the upturn, while loan impairment losses on large commercial customers and customers in the business area Other Activities remained relatively low.

Costs, excluding commission payable under the government guarantee scheme, totalled DKK 1,699m in Q4/2011, partly due to a negative value adjustment of owner-occupied properties of DKK 181m.

Dividend

It will be recommended for approval by the General Meeting that a dividend of DKK 200m be distributed for 2011.

RESULTS RELATIVE TO FORECASTS

When the Group's Q1-Q3 Interim Report 2011 was presented, core earnings after impairment losses were forecast to be in the region of DKK 2bn.

Core earnings after impairment losses for 2011 amounted to DKK 1,621m. The change in core earnings relative to the forecast derived from negative market value adjustment of derivatives and corporate bonds of DKK 300m and higher impairment losses on owner-occupied properties.

OUTLOOK FOR 2012

In 2011 the euro crisis was decisive to activity levels in Denmark, customer-oriented securities trading and investment portfolio income.

The euro crisis will continue to have a decisive impact on these financial items in 2012. Nykredit expects that the euro crisis will be reduced or perhaps resolved in 2012, which together with continued lending growth and higher administration margins on mortgages will improve core income from customers.

Nykredit forecasts that group costs in 2012 will be on a level with 2011.

The trend in loan impairment losses in 2012 is expected to be unchanged compared with 2011. Property market trends are difficult to forecast, as property prices primarily hinge on behavioural factors rather than economic trends. Loan impairment losses are expected to be concentrated in the retail customer and SME segments as in 2011.

EQUITY AND CAPITAL ADEQUACY OF THE NYKREDIT REALKREDIT GROUP

Equity

In 2007 the Nykredit Group launched a dividend plan involving an expected total dividend distribution of DKK 1,500m for a limited number of years to the four shareholders of Nykredit Holding A/S: Foreningen Nykredit, Industriens Fond, Foreningen Østifterne and PRAS A/S.

So far, Nykredit has distributed dividend of DKK 1,300m under this dividend plan.

The Nykredit Realkredit Group Changes in equity and capital base

DKK million	2011	2010
Equity, beginning of year	55,320	51,241
Profit for the year	1,115	3,816
Fair value adjustment of equities – available for sale	(683)	161
Unrealised capital loss on equities available for sale reclassified to the income statement	34	100
Realised net value adjustment of equities available for sale	(205)	-
Dividend paid	(300)	-
Other adjustments	28	2
Equity, year-end	55,310	55,320
Revaluation reserves transferred to supplementary capital	(151)	(132)
Proposed dividend	(200)	(300)
Intangible assets, including goodwill	(4,199)	(4,545)
Capitalised tax assets	(214)	(126)
Hybrid capital	11,204	11,055
Other statutory deductions from Tier 1 capital ¹	(2,263)	(776)
Tier 1 capital after statutory deductions	59,487	60,496
Total supplementary capital	200	780
Statutory deductions from capital base	(200)	(776)
Total capital base after statutory deductions	59,487	60,500

¹ Pursuant to the Danish Executive Order on Capital Adequacy, 50% of certain investments in credit and financial institutions must be deducted from Tier 1 capital and supplementary capital, respectively.

The Nykredit Realkredit Group Capital adequacy

DKK million	2011	2010
Credit risk	23,293	23,269
Market risk	3,086	1,672
Operational risk	1,474	1,272
Total capital requirement ¹	27,852	26,213
Capital base	59,487	60,500
Core Tier 1 capital ratio, %	13.9	15.1
Tier 1 capital ratio, % ²	17.1	18.5
Total capital ratio, %	17.1	18.5
Capital adequacy requirement (SREP), %	8.0	8.0
Internal capital adequacy requirement (Pillar I and Pillar II)	9.6	9.4
Total risk-weighted items	348,155	327,665

¹ The capital requirement has been determined in accordance with the transitional provisions of the Danish Executive Order on Capital Adequacy. The capital requirement must constitute at least 80% of the capital requirement determined under Basel I. The capital requirement subject to the transitional rule was DKK 48,077m at end-2011.

² The Tier 1 capital ratio has been determined relative to risk-weighted items without applying the transitional rule.

As part of the dividend plan, an ordinary dividend of DKK 200m for 2011 is recommended for approval by Nykredit Realkredit A/S's General Meeting.

Group equity including recognition of profit for the year was unchanged at DKK 55.3bn compared with the beginning of the year. After payment of proposed dividend, equity will amount to DKK 55.1bn.

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

Strategic equity investments include shares in a number of Danish local and regional banks. The continuous value adjustment of these equities is recognised in equity. Value adjustment against equity in the Consolidated Financial Statements came to a charge of DKK 683m in 2011. The value of equities classified as available for sale totalled DKK 2,064m at end-2011.

In compliance with the international financial reporting standards, realised capital gains from the sale of strategic equities and capital losses on Nykredit's shareholding in Amagerbanken have been reclassified from equity to the income statement. The reclassification increased profit after tax for the period by a net amount of DKK 171m.

Capital base and capital adequacy

The Group's capital base stood at DKK 59.5bn at end-2011, corresponding to a total capital ratio of 17.1%. The Group's capital requirement totalled DKK 27.9bn at end-2011. The Tier 1 capital ratio stood at 17.1% and the core Tier 1 capital ratio at 13.9% at end-2011 compared with a statutory requirement of 2% and an EBA requirement of 9%.

The Group's internal capital adequacy requirement (ICAAP) was 9.6% at year-end.

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

BUSINESS AREAS

The Nykredit Realkredit Group is organised into the business areas Retail Customers, Totalkredit, Commercial Customers, Markets & Asset Management and Other Activities.

As from Q1/2011 income related to Kalvebod issues have been transferred from Markets & Asset Management's trading activities to investment portfolio income. Comparative figures have been restated.

Group core earnings after impairment losses totalled DKK 1,621m against DKK 1,491m in 2010.

In 2011 mortgage lending rose from DKK 1,030bn to DKK 1,068bn in nominal terms. The Nykredit Group recorded gross new lending of DKK 157bn against DKK 201bn in 2010.

In the year under review, the Group's share of the Danish mortgage market was 42.6% for total lending and 48.4% for gross new lending against 42.0% and 44.3%, respectively, in 2010.

Gross new residential mortgages totalled DKK 96bn against DKK 143bn the year before. The market share of Danish residential mortgage lending amounted to 46.6% in 2011 compared with 45.9% in 2010. Gross new lending to commercial customers came to DKK 61bn against DKK 58bn the year before. The market share of Danish mortgage lending to commercial customers was 36.9% in 2011 compared with 36.6% in 2010.

Bank lending was down from DKK 58.8bn at the beginning of the year to DKK 55.8bn. Deposits rose from DKK 55.5bn at the beginning of 2011 to DKK 57.4bn, resulting in a deposit surplus of DKK 1.6bn.

The setback in bank lending stemmed from Corporate Banking, down by DKK 2.9bn compared with the beginning of the year. Growth in bank deposits was attributed to the business areas Markets & Asset Management and Retail Banking, which recorded a DKK 2.6bn rise, whereas Corporate Banking deposits dropped by DKK 0.5bn.

Nykredit Mægler saw a 10% decrease in turnover from 14,215 properties sold in 2010 to 12,852.

Results by business area ¹

DKK million	Retail Customers	Totalkredit	Commercial Customers	Markets & Asset Management	Other Activities	Group items and eliminations	Total
2011							
Core income from							
- business operations ²	2,309	1,304	3,965	1,248	176	(4)	8,998
- value adjustment of derivatives and corporate bonds	-	-	(312)	(320)	-	-	(632)
- securities	-	-	-	-	-	644	644
Total	2,309	1,304	3,653	928	176	640	9,010
Operating costs	1,656	372	1,260	847	208	602	4,945
Payment to the Guarantee Fund for Depositors and Investors	-	-	-	-	-	100	100
Depreciation of property, plant and equipment and amortisation of intangible assets	-	492	2	2	262	172	930
Core earnings before impairment losses	653	440	2,391	79	(294)	(234)	3,035
Impairment losses on loans and advances	387	447	629	19	(68)	-	1,414
Core earnings after impairment losses	266	(7)	1,762	60	(226)	(234)	1,621
Investment portfolio income ³	-	-	-	-	-	179	179
Profit (loss) before cost of capital	266	(7)	1,762	60	(226)	(55)	1,800
Net interest on hybrid capital	-	-	-	-	-	(462)	(462)
Profit (loss) before tax	266	(7)	1,762	60	(226)	(517)	1,338
Return							
Average business capital, DKKm ⁴	3,786	7,489	10,984	2,166	968	4,984	30,378
Core earnings after impairment losses as % of average business capital ⁴	7.0	(0.1)	16.0	2.8	(23.3)	-	5.3
2010							
Core earnings after impairment losses	278	416	1,714	669	(939)	(647)	1,491
Return							
Average business capital, DKKm ⁴	3,984	7,035	11,283	2,262	1,610	4,082	30,256
Core earnings after impairment losses as % of average business capital ⁴	7.0	5.9	15.2	29.6	(58.3)	-	4.9

¹ Please refer to note 2 in the Annual Report for complete segment financial statements with comparative figures.

² Inclusive of core income from junior covered bonds.

³ Investment portfolio income includes a profit of DKK 10m from investments in associates. (2010: DKK 6m).

⁴ Business capital has been determined as Nykredit's ICAAP result.

Retail Customers

Retail Customers covers activities aimed at the retail segment through Nykredit's own distribution channels. Retail Customers also serves the Group's customers who have part-time farming businesses and retail customers who have properties in France, Spain or Germany financed by Danish mortgage loans.

Under the Nykredit brand, retail customers are offered bank, mortgage, insurance, investment and pension products through Nykredit's distribution channels, including 57 centres, two call centres, nykredit.dk, and a central customer services centre. Two asset management centres and the estate agencies of the Nybolig and Estate chains constitute other distribution channels.

Activity

Total nominal mortgage lending increased by DKK 3.5bn to DKK 193bn at year-end. Gross new lending fell by DKK 7.2bn to DKK 25.9bn in 2011. The downturn reflected a housing market character-

Results – Retail Customers

DKK million	2011	2010
Core income from business operations	2,309	2,366
Operating costs	1,656	1,644
Commission, government guarantee scheme	-	55
Depreciation of property, plant and equipment and amortisation of intangible assets	-	-
Core earnings before impairment losses	653	667
Impairment losses on loans and advances – mortgage lending	289	182
Impairment losses on loans and advances – banking	98	207
Core earnings after impairment losses	266	278

Activity

DKK million	2011	2010
Mortgage lending		
Gross new lending	25,909	33,083
Portfolio at nominal value, year-end	192,511	188,969
Impairment losses as % of loans and advances	0.15	0.10
Total impairment provisions, year-end		
- Individual impairment provisions	238	118
- Collective impairment provisions	122	111
Total impairment provisions as % of loans and advances	0.19	0.12
Portfolio of repossessed properties, year-end (properties)	160	137
Banking		
Loans and advances, year-end	15,773	15,476
Deposits, year-end	19,190	18,758
Impairment losses as % of loans and advances	0.62	1.31
Total impairment provisions, year-end		
- Individual impairment provisions	378	406
- Collective impairment provisions	70	91
Total impairment provisions as % of loans and advances	2.76	3.11
Guarantees, year-end ¹	4,125	6,301
Provisions for guarantees, year-end ¹	2	4

¹ Excluding the government guarantee scheme.

ised by low activity and economic uncertainty, which caused a decline in the rate of turnover and refinancing levels.

Bank lending of DKK 15.8bn and bank deposits of DKK 19.2bn were largely unchanged relative to the beginning of the year.

Results

Core earnings after impairment losses were DKK 266m against DKK 278m in 2010.

Core income from business operations was DKK 2,309m against DKK 2,366m in 2010.

Operating costs rose by 0.7% to DKK 1,656m in 2011.

Impairment losses were DKK 289m and DKK 98m for mortgage and bank lending, respectively, against a total of DKK 389m in 2010. Impairment losses as a percentage of loans and advances amounted to 0.15% and 0.62% of mortgage and bank lending, respectively.

Impairment provisions totalled DKK 808m at end-2011 against DKK 726m at the beginning of the year. Total impairment provisions for mortgage and bank lending came to DKK 360m and DKK 448m, respectively. The change in impairment provisions of DKK 82m stemmed from a DKK 92m rise in individual impairment provisions, while collective impairment provisions descended by DKK 10m.

At the September due date, 75-day mortgage loan arrears as a percentage of total mortgage payments due came to 0.63%, which was unchanged on the same date in 2010.

Since the beginning of the year, 213 properties have been repossessed and 190 have been sold. At end-2011, the portfolio of repossessed properties stood at 160 against 137 at the beginning of the year.

International operations

Nykredit offers Danish private residential mortgages for properties in France, Spain and Germany directly to customers and through business partners.

Core income from international retail activities totalled DKK 69.8m against DKK 56.0m in 2010.

The retail loan portfolio amounted to DKK 7.4bn against DKK 6.2bn at end-2010.

Impairment losses on international retail loans came to DKK 12.8m compared with DKK 2.6m the year before. In 2011 impairment provisions of DKK 2.2m for a number of loans were reversed against DKK 12m in 2010.

TOTALKREDIT

Totalkredit is responsible for the distribution of mortgage loans to retail customers under the Totalkredit brand through nearly 100 Danish local and regional banks having more than 1,000 branches.

Activity

Nominal mortgage lending rose by DKK 18.5bn to DKK 474bn at end-2011. Gross new lending fell by DKK 40.1bn to DKK 70bn in 2011. The reason was low activity in the private residential property market and a low demand for refinancing.

Results

Core earnings after impairment losses were a loss of DKK 7m against earnings of DKK 416m in 2010.

Core income from business operations was DKK 1,304m against DKK 1,460m in 2010.

Operating costs decreased to DKK 372m from DKK 419m in 2010, mainly reflecting lower IT development costs.

Depreciation of property, plant and equipment and amortisation of intangible assets amounted to DKK 492m, which mainly related to amortisation of distribution rights obtained in connection with Nykredit's acquisition of Totalkredit.

Totalkredit's business concept is lending through its partner banks – Danish local and regional banks. The partner banks are responsible for serving customers and hedging loan portfolio risk.

Risk is hedged by agreement with the partner banks. Under the agreement, realised losses corresponding to the cash part of a loan exceeding 60% of the mortgageable value at the time of granting are offset against future commission payments from Totalkredit to the partner banks.

Results – Totalkredit

DKK million	2011	2010
Core income from business operations	1,304	1,460
Operating costs	372	419
Depreciation of property, plant and equipment and amortisation of intangible assets	492	467
Core earnings before impairment losses	440	574
Impairment losses on loans and advances	447	158
Core earnings after impairment losses	(7)	416

Activity

DKK million	2011	2010
Mortgage lending		
Gross new lending	69,952	110,079
Portfolio at nominal value, year-end	473,566	455,105
Impairment losses as % of loans and advances	0.09	0.03
Total impairment provisions, year-end		
- Individual impairment provisions	393	278
- Collective impairment provisions	311	245
Total impairment provisions as % of loans and advances	0.15	0.11
Portfolio of repossessed properties, year-end (properties)	85	53

Loan impairment losses came to DKK 447m after set-off against commission payable to partner banks totalling DKK 177m compared with DKK 158m after a set-off of DKK 107m in 2010. Impairment losses equalled 0.09% of loans and advances.

At end-2011, loan impairment provisions totalled DKK 704m against DKK 523m at the beginning of the year. Growth in individual and collective impairment provisions of DKK 115m and DKK 66m, respectively, resulted in a total rise of DKK 181m.

At the September due date, 75-day mortgage loan arrears as a percentage of total mortgage payments due were 0.31% against 0.33% at the same date in 2010.

Since the beginning of the year, 130 properties have been repossessed and 98 have been sold. At end-2011, the portfolio of repossessed properties stood at 85 against 53 at the beginning of the year.

COMMERCIAL CUSTOMERS

Commercial Customers comprises activities with all types of businesses including the agricultural and residential rental segments. The residential rental segment includes non-profit housing, cooperative housing and private rental housing. Products are distributed through 34 commercial centres offering all of the Group's products within banking, mortgage lending, investment and debt management. Insurance services are provided in cooperation with Gjensidige Forsikring.

Activity

Total nominal mortgage lending increased by DKK 16.3bn to DKK 400bn at year-end. Gross new lending was up by DKK 2.8bn to DKK 60.8bn in 2011.

Bank lending saw a decline of DKK 2.9bn to DKK 37.7bn at end-2011. This should be seen on the back of the economic downturn in Denmark in 2011, which left demand for finance weak especially among SMEs, while activity with large companies remained satisfactory.

Results – Commercial Customers

DKK million	2011	2010
Core income from business operations	3,965	3,704
Value adjustment of derivatives and corporate bonds	(312)	15
Operating costs	1,260	1,061
Commission, government guarantee scheme	-	187
Depreciation of property, plant and equipment and amortisation of intangible assets	2	2
Core earnings before impairment losses	2,391	2,469
Impairment losses on loans and advances – mortgage lending	275	528
Impairment losses on loans and advances – banking	354	227
Core earnings after impairment losses	1,762	1,714

Activity

DKK million	2011	2010
Mortgage lending		
Gross new lending	60,810	57,987
Portfolio at nominal value, year-end	400,289	384,026
Impairment losses as % of loans and advances	0.07	0.14
Total impairment provisions, year-end		
- Individual impairment provisions	724	860
- Collective impairment provisions	692	611
Total impairment provisions as % of loans and advances	0.35	0.38
Portfolio of repossessed properties, year-end (properties)	102	83
Banking		
Loans and advances, year-end	37,721	40,599
Deposits, year-end	31,818	32,320
Impairment losses as % of loans and advances	0.83	0.48
Total impairment provisions, year-end		
- Individual impairment provisions	2,134	2,335
- Collective impairment provisions	204	265
Total impairment provisions as % of loans and advances	5.83	6.02
Guarantees, year-end ¹	4,742	6,547
Provisions for guarantees, year-end ¹	61	44

¹ Excluding the government guarantee scheme.

Bank deposits declined from DKK 32.3bn at the beginning of the year to DKK 31.8bn at end-2011. The decline should be seen in the context of fiercer competition and the fact that a number of corporate customers converted their deposits into securities.

Results

Core earnings after impairment losses came to DKK 1,762m against DKK 1,714m in 2010.

Core income from business operations was DKK 3,965m against DKK 3,704m in 2010. Of the increase, DKK 166m stemmed from banking business and DKK 95m from mortgage business.

Value adjustment of financial derivatives and corporate bonds was a charge of DKK 312m in 2011 against a credit of DKK 15m in 2010.

Operating costs totalled DKK 1,260m compared with DKK 1,061m in 2010.

Impairment losses were DKK 275m and DKK 354m on mortgage and bank lending, respectively, against a total of DKK 755m in 2010. Impairment losses as a percentage of loans and advances amounted to 0.07% and 0.83% of mortgage and bank lending, respectively.

Impairment provisions totalled DKK 3,754m at end-2011 against DKK 4,071m at the beginning of the year. The drop in impairment provisions of DKK 317m stemmed from a DKK 20m rise in collective impairment provisions and a DKK 337m decline in individual impairment provisions.

At the September due date, 75-day mortgage loan arrears as a percentage of total mortgage payments due were 0.88% for Commercial Customers less Agricultural Customers against 1.18% at the same date in 2010. The percentage for Agricultural Customers was 1.19% at the September due date against 0.64% at the same date in 2010. The arrears ratio for Commercial Customers totalled 0.95% against 1.06% at the September due date in 2010.

Nykredit expects impairment losses on Agricultural Customers to remain low as LTVs range between 50% and 60% based on current land prices.

Since the beginning of the year, 186 properties have been repossessed and 167 sold. At end-2011, the portfolio of repossessed properties stood at 102 against 83 at the beginning of the year.

International operations

For properties abroad, Nykredit offers Danish and selected international commercial customers mortgages subject to Danish legislation. Mortgages have been granted for properties in Finland, Germany, Norway, Sweden and the UK.

Core income from international commercial customers totalled DKK 192.1m against DKK 145.4m in 2010.

International commercial lending amounted to DKK 36.6bn at end-2011 against DKK 30.2bn at end-2010.

International mortgage lending did not give rise to any impairment losses in 2011 or 2010.

MARKETS & ASSET MANAGEMENT

This business area handles the activities of the Group within trading in securities and derivative financial instruments, asset management and pension products. The area also includes the Bank's Treasury activities.

Activity*Nykredit Markets*

Earnings in Nykredit Markets were somewhat lower in 2011 than in 2010. The euro crisis in particular left its mark in the form of generally higher risk aversion and lower activity within client-based securities trading. Despite the deteriorating market conditions, Nykredit Markets gained a higher market share of basic fixed income products during 2011.

On 1 December 2011 Nykredit Markets opened a branch in Stockholm focusing on fixed income. The branch strengthens Nykredit Markets's Nordic profile and distribution capacity.

Nykredit Asset Management

Nykredit Asset Management's assets under management and administration totalled DKK 436.1bn against DKK 397.8bn at end-2010.

Assets under management grew by DKK 8.5bn to DKK 101.3bn on the beginning of the year. Most of the improvement derived from new clients.

Nykredit Portefølje Administration administered DKK 334.8bn at end-2011, up DKK 29.8bn on the beginning of the year.

The Nykredit Group's investment funds increased members' capital by DKK 0.9bn to DKK 35.4bn at end-2011.

Results

Core earnings after impairment losses came to DKK 60m against DKK 669m in 2010.

Core income from business operations was DKK 1,248m against DKK 1,639m in 2010. The decline was due to lower earnings on Nykredit Markets's customer-oriented securities trading, whereas Nykredit Asset Management's earnings exceeded those of the same period in 2010.

Value adjustment of financial derivatives and corporate bonds was a charge of DKK 320m in 2011 against a charge of DKK 62m in 2010.

Operating costs including depreciation and amortisation rose by DKK 37m to DKK 849m.

Impairment losses on loans and advances totalled DKK 19m, of which Fjordbank Mors represented DKK 18m.

Results – Markets & Asset Management

DKK million	2011	2010
Core income from business operations	1,248	1,639
Value adjustment of derivatives and corporate bonds	(320)	(62)
Total	928	1,577
Operating costs	847	801
Commission, government guarantee scheme	-	92
Depreciation of property, plant and equipment and amortisation of intangible assets	2	11
Core earnings before impairment losses	79	673
Impairment losses on loans and advances	19	4
Core earnings after impairment losses	60	669

Activity

DKK million	2011	2010
Assets		
Receivables from credit institutions	50,244	29,480
Other loans and advances at fair value	20,007	12,920
Bonds and equities	23,437	33,967
Liabilities and equity		
Payables to credit institutions and central banks	63,093	48,351
Deposits and other payables	6,082	3,881
Issued bonds	25,668	32,374
Total assets under management	101,331	92,800
Assets under administration		
Nykredit Portefølje Administration A/S	334,796	305,001
- of which the Nykredit Group's investment funds	35,417	34,475
Total assets under management and administration	436,127	397,801

Results – Other Activities

DKK million	2011	2010
Core income from business operations	176	298
Operating costs	208	238
Commission, government guarantee scheme	-	37
Depreciation of property, plant and equipment and amortisation of intangible assets	262	165
Core earnings before impairment losses	(294)	(142)
Impairment losses on loans and advances – mortgage lending	15	20
Impairment losses on loans and advances – banking	(83)	777
Core earnings after impairment losses	(226)	(939)

Activity

DKK million	2011	2010
Mortgage lending		
Portfolio at nominal value, year-end	1,240	1,536
Total impairment provisions, year-end		
- Individual impairment provisions	4	2
- Collective impairment provisions	-	-
Banking		
Loans and advances, year-end	2,282	2,757
Deposits, year-end	315	507
Impairment losses as % of loans and advances	(2.54)	16.36
Total impairment provisions, year-end		
- Individual impairment provisions	1,382	2,923
- Collective impairment provisions	27	52
Total impairment provisions as % of loans and advances	38.17	51.90
Guarantees, year-end ¹	476	577
Provisions for guarantees, year-end ¹	51	38

¹ Excluding the government guarantee scheme.

OTHER ACTIVITIES

Other Activities mainly comprises a portfolio of terminated exposures relating to corporate customers of the former Forstædernes Bank and mortgage loans granted via a branch in Poland. The area also includes the activities of Nykredit Mægler A/S, Nykredit Ejendomme A/S and Ejendomsselskabet Kalvebod A/S.

Results

Core earnings after impairment losses came to a loss of DKK 266m against a loss of DKK 939m in 2010.

Core income from business operations amounted to DKK 176m against DKK 298m in 2010.

Operating costs were recorded at DKK 208m against DKK 238m in 2010.

A credit of DKK 83m was recognised in impairment losses on bank lending and provisions for guarantees compared with a charge of DKK 777m in 2010.

Total impairment provisions for bank lending stood at DKK 1,409m against DKK 2,975m at the beginning of the year. The decline was the result of reversals as well as recognised losses.

At end-2011, total individual impairment provisions for mortgage lending in Poland came to DKK 4m compared with DKK 2m at the beginning of the year.

The property company Ejendomsselskabet Kalvebod A/S was set up in 2009 for the purpose of limiting losses on non-performing property exposures through temporary, but active ownership of the properties.

In H2/2010 Ejendomsselskabet Kalvebod A/S acquired the shares in two property companies. The company did not settle or acquire any additional property exposures in 2011. The total property portfolio amounted to DKK 753m against DKK 776m at the beginning of the year.

GROUP ITEMS

The segment financial statements contain a number of income statement and balance sheet items that cannot be allocated to the business areas. Such items are carried under "Group items" and include costs of staff functions, provisions for guarantees under the government guarantee scheme in 2010 and payment to the Guarantee Fund for Depositors and Investors.

Group items also include the Group's total return on the securities portfolio, which is the sum of "Core income from securities" and "Investment portfolio income".

Core income from securities

Core income from securities was DKK 644m against DKK 470m in 2010. The improvement related to a larger securities portfolio coupled with a modest upturn in the Danish central bank's average lending rate from 1.05% in 2010 to 1.27%.

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

Operating costs

Operating costs declined to DKK 602m from DKK 654m in 2010.

In Q3/2011 a tax case concerning VAT and payroll tax for the period 2004-2010 was decided. The Group received a total refund of DKK 90m, of which DKK 71m was a refund of overpaid VAT and payroll tax. The amount has been offset against operating costs. The remaining DKK 19m concerned interest booked as income and has been included in core income from business operations.

Investment portfolio income

The Group's investment portfolio generated income of DKK 179m against DKK 2,060m in 2010.

Investment portfolio income from bonds, liquidity and interest rate instruments came to DKK 130m in 2011. Investment portfolio income

from equities and equity instruments value adjusted through profit or loss was DKK 264m.

To this should be added a charge of DKK 215m before tax from value adjustment of subordinated debt instruments and shares in Danish banks. The value adjustment included a profit of DKK 205m from the sale of strategic equities, capital losses of DKK 45m on Nykredit's strategic shareholding in Amagerbanken, and a charge of DKK 375m from value adjustment of Kalvebod issues, which chiefly stemmed from Nykredit's subordinated debt instruments in Amagerbanken, Fjordbank Mors and Max Bank.

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

EVENTS OCCURRED AFTER THE END OF THE FINANCIAL YEAR

Nykredit implements operational and organisational adjustments

The Nykredit Group announced in January 2012 that it would take additional steps to adapt to future financial markets. These steps include organisational and operational changes aimed at providing customers with new opportunities, growing earnings, strengthening the capital structure and future-proofing the Danish mortgage model.

The new steps simplify the customer organisation by amalgamating retail and commercial centres. A new central advisory centre, Nykredit Direkte®, will be set up, offering customers the services of a personal adviser.

Part of Nykredit's strategy is to focus on digital solutions, and Nykredit is currently setting specific digitalisation targets. Nykredit expects that digital solutions will cover at least 90% of Nykredit's communication with customers in 2015.

As a result of the low activity, total staff was reduced by 75 staff in January 2012.

In the period up to the presentation of the Annual Report 2011, no other material events have occurred.

Results – Group items

DKK million	2011	2010
Core income from		
- business operations	(4)	(18)
- securities	644	470
Total	640	452
Operating costs	602	654
Payment to the Guarantee Fund for Depositors and Investors	100	-
Depreciation of property, plant and equipment and amortisation of intangible assets	172	166
Core earnings before impairment losses	(234)	(368)
Impairment losses on loans and advances – government guarantee scheme	-	279
Core earnings after impairment losses	(234)	(647)
Investment portfolio income	179	2,060
Profit (loss) before cost of capital	(55)	1,413
Net interest on hybrid capital	(462)	(461)
Profit (loss) before tax	(517)	952

Income statements for 1 January – 31 December

DKK million

Nykredit Realkredit A/S			The Nykredit Realkredit Group	
2010	2011		2011	2010
36,082	36,446	Interest income	44,237	44,496
30,750	31,682	Interest expenses	34,134	33,286
5,332	4,764	NET INTEREST INCOME	10,103	11,210
49	61	Dividend on equities	65	52
949	897	Fee and commission income	1,904	2,149
253	250	Fee and commission expenses	1,647	1,595
6,077	5,472	NET INTEREST AND FEE INCOME	10,425	11,816
(333)	(2,399)	Value adjustments	(1,935)	(559)
92	26	Other operating income	226	209
2,642	2,711	Staff and administrative expenses	4,931	4,837
649	672	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	930	811
2	3	Other operating expenses	114	382
712	570	Impairment losses on loans, advances and receivables	1,414	2,382
2,708	774	Profit from investments in associates and group enterprises	10	36
4,538	(83)	PROFIT (LOSS) BEFORE TAX	1,338	3,090
461	(345)	Tax	223	786
4,076	261	PROFIT FROM CONTINUED OPERATIONS FOR THE YEAR	1,115	2,304
-	-	Profit from discontinued insurance operations	-	1,511
4,076	261	PROFIT FOR THE YEAR	1,115	3,816
-	-	DISTRIBUTION OF PROFIT FOR THE YEAR		
-	-	- Shareholders of Nykredit Realkredit A/S	1,115	3,816
		PROPOSAL FOR THE DISTRIBUTION OF PROFIT		
1,361	786	Statutory reserves		
2,415	(724)	Retained earnings		
300	200	Proposed dividend		

Balance sheets, end of year

DKK million

Nycredit Realkredit A/S		The Nycredit Realkredit Group		
2010	2011		2011	2010
		ASSETS		
394	4,540	Cash balance and demand deposits with central banks	7,084	507
45,510	34,631	Receivables from credit institutions and central banks	59,175	58,149
1,019,032	1,085,179	Loans, advances and other receivables at fair value	1,106,516	1,043,763
944	940	Loans, advances and other receivables at amortised cost	56,716	59,777
58,697	68,621	Bonds at fair value	97,115	94,139
		Equities		
4,673	3,264	Equities measured at fair value through profit or loss	1,615	1,696
-	-	Equities available for sale	2,064	3,309
4,673	3,264	Total	3,679	5,005
149	149	Investments in associates	151	151
27,930	28,714	Investments in group enterprises	-	-
4,499	4,137	Intangible assets	4,199	4,545
		Land and buildings		
-	-	- Investment properties	753	845
23	20	Owner-occupied properties	1,598	1,715
23	20	Total	2,351	2,560
306	309	Other property, plant and equipment	356	342
-	344	Current tax assets	344	188
703	662	Deferred tax assets	741	747
274	451	Assets in temporary possession	621	404
17,052	18,913	Other assets	53,619	40,646
199	201	Prepayments	239	218
1,180,384	1,251,073	TOTAL ASSETS	1,392,905	1,311,140

Balance sheets, end of year

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group		
2010	2011		2011	2010
LIABILITIES AND EQUITY				
79,456	89,065	Payables to credit institutions and central banks	117,626	95,879
-	-	Deposits and other payables	57,404	55,467
1,002,524	1,060,979	Issued bonds at fair value	1,021,942	974,319
195	195	Issued bonds at amortised cost	25,864	32,569
4,394	4,421	Other non-derivative financial liabilities at fair value	30,908	28,160
129	-	Current tax liabilities	201	160
-	-	Liabilities temporarily assumed	22	-
26,532	29,172	Other liabilities	71,180	55,721
-	-	Deferred income	4	6
1,113,230	1,183,832	Total payables	1,325,152	1,242,281
Provisions				
322	351	Provisions for pensions and similar obligations	356	326
580	492	Provisions for deferred tax	526	621
100	94	Repayable reserves in pre-1972 series	94	100
-	-	Provisions for losses under guarantees	114	745
27	30	Other provisions	149	129
1,029	967	Total provisions	1,239	1,921
10,805	10,965	Subordinated debt	11,204	11,618
Equity				
1,182	1,182	Share capital	1,182	1,182
Accumulated changes in value				
4	2	- Revaluation reserves	151	132
-	-	- Value adjustment of equities available for sale	982	1,836
Other reserves				
1,357	2,155	- Statutory reserves	-	-
35,490	47,720	- Series reserves	47,720	35,490
16,987	4,051	Retained earnings	5,075	16,380
300	200	Proposed dividend	200	300
55,320	55,310	Total equity	55,310	55,320
1,180,384	1,251,073	TOTAL LIABILITIES AND EQUITY	1,392,905	1,311,140
OFF-BALANCE SHEET ITEMS				
-	-	Contingent liabilities	10,142	15,225
1,273	1,981	Other commitments	8,389	8,342
1,273	1,981	TOTAL	18,531	23,567

Statement of changes in equity

DKK million

Nycredit Realkredit A/S

	Share capital	Revaluation reserves	Statutory reserves*	Series reserves	Retained earnings	Proposed dividend	Total
2011							
Equity, 1 January	1,182	4	1,357	35,490	16,987	300	55,320
Profit (loss) for the year	-	-	786	-	(724)	200	261
Other comprehensive income							
Share of comprehensive income in associates and group enterprises	-	-	21	-	-	-	21
Total other comprehensive income	-	-	21	-	-	-	21
Total comprehensive income for the year	-	-	806	-	(724)	200	282
Dividend from associates	-	-	(8)	-	8	-	-
Dividend paid	-	-	-	-	-	(300)	(300)
Adjustment pursuant to capital adequacy rules	-	-	-	12,230	(12,230)	-	-
Transferred from provisions – pre-1972 series	-	-	-	-	8	-	8
Other adjustments	-	(2)	-	0	2	-	0
Equity, 31 December	1,182	2	2,155	47,720	4,051	200	55,310
2010							
Equity, 1 January	1,182	5	-	26,760	23,294	-	51,241
Profit for the year	-	-	1,361	-	2,415	300	4,076
Other comprehensive income							
Share of comprehensive income in associates and group enterprises	-	-	2	-	-	-	2
Fair value adjustment of owner-occupied properties	-	(1)	-	-	-	-	(1)
Total other comprehensive income	-	(1)	2	-	-	-	1
Total comprehensive income for the year	-	(1)	1,363	-	2,415	300	4,077
Dividend from associates	-	-	(6)	-	6	-	-
Adjustment pursuant to capital adequacy rules	-	-	-	8,731	(8,731)	-	-
Transferred from provisions – pre-1972 series	-	-	-	-	3	-	3
Equity, 31 December	1,182	4	1,357	35,490	16,987	300	55,320

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

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

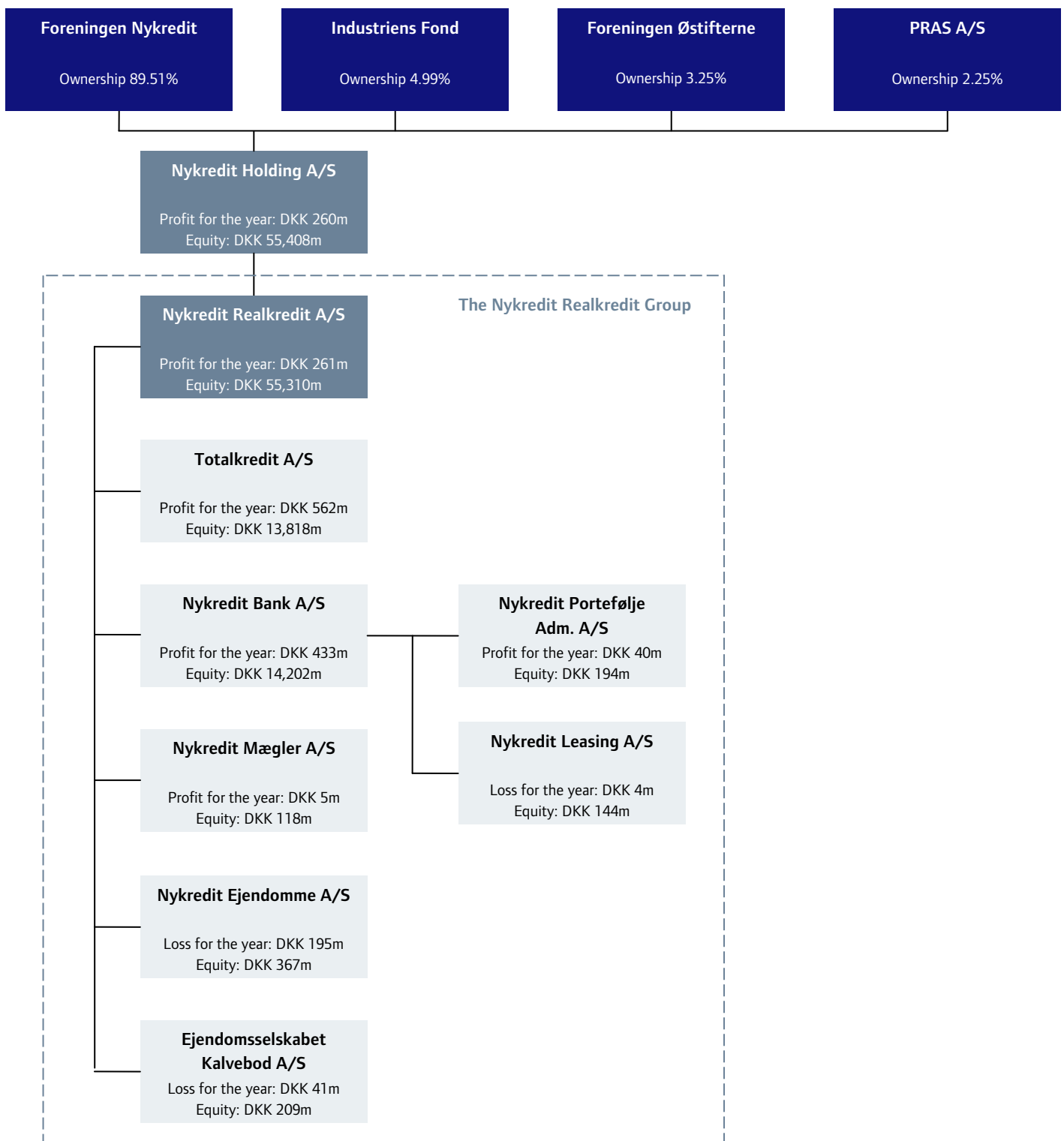
Statement of changes in equity

DKK million

The Nykredit Realkredit Group

	Share capital	Revaluation reserves	Accumulated value adjustment of equities available for sale	Series reserves	Retained earnings	Proposed dividend	Total
2011							
Equity, 1 January	1,182	132	1,836	35,490	16,380	300	55,320
Profit for the year	-	-	-	-	915	200	1,115
Other comprehensive income							
Fair value adjustment of equities available for sale	-	-	(682)	-	-	-	(682)
Unrealised capital loss on equities available for sale reclassified to the income statement due to objective evidence of impairment	-	-	34	-	-	-	34
Realised value adjustment of equities available for sale reclassified to the income statement	-	-	(205)	-	-	-	(205)
Fair value adjustment of owner-occupied properties	-	21	-	-	-	-	21
Total other comprehensive income	-	21	(854)	-	-	-	(833)
Total comprehensive income for the year	-	21	(854)	-	915	200	282
Dividend paid	-	-	-	-	-	(300)	(300)
Adjustment pursuant to capital adequacy rules	-	-	-	12,230	(12,230)	-	-
Transferred from provisions – pre-1972 series	-	-	-	-	8	-	8
Other adjustments	-	(2)	1	0	1	-	0
Equity, 31 December	1,182	151	982	47,720	5,075	200	55,310
2010							
Equity, 1 January	1,182	132	1,575	26,760	21,592	-	51,241
Profit for the year	-	-	-	-	3,516	300	3,816
Other comprehensive income							
Fair value adjustment of equities available for sale	-	-	161	-	-	-	161
Unrealised capital loss on equities available for sale reclassified to the income statement due to objective evidence of impairment	-	-	100	-	-	-	100
Fair value adjustment of owner-occupied properties	-	1	-	-	-	-	1
Total other comprehensive income	-	1	261	-	-	-	261
Total comprehensive income for the year	-	1	261	-	3,516	300	4,077
Adjustment pursuant to capital adequacy rules	-	-	-	8,731	(8,731)	-	-
Transferred from provisions – pre-1972 series	-	-	-	-	3	-	3
Equity, 31 December	1,182	132	1,836	35,490	16,380	300	55,320

GROUP CHART



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