

To Nasdaq Copenhagen  
and the press

13 May 2015

## INTERIM REPORT – NYKREDIT REALKREDIT GROUP 1 JANUARY – 31 MARCH 2015

### Michael Rasmussen, Group Chief Executive, comments on Nykredit's Q1 Interim Report 2015

*– We have grown income, lowered costs and thus improved core operations by DKK 740m compared with the same period last year. Therefore, I am pleased to report that we are making progress towards becoming a more customer-centric, efficient and profitable company.*

*– In March, we launched a new customer concept, Nykredit BoligBank, which got off to a good start with advisory and other services especially targeted at homeowners' needs. This is the first step in our efforts to become the best bank for homeowners.*

*– In the first three months of the year, Totalkredit recorded the highest activity level ever. We are making intense efforts to further develop our alliance with more than 60 partner banks to provide them and Nykredit with competitive advantage.*

*– Despite the improvement in core operations, profit before tax is on a level with the same period last year. This is due to the negative value adjustment of interest rate swaps made for accounting purposes and prompted by the pan-European decline in interest rates in Q1/2015.*

### Financial highlights from Q1 Interim Report 2015

- Profit before tax grew by DKK 740m to DKK 1,499m from DKK 759m in Q1/2014, excluding value adjustment of interest rate swaps and investment portfolio income.
- Core income from business operations rose by 20% to DKK 3,290m relative to Q1/2014.
- Operating costs were down by 4% to DKK 1,224m on Q1/2014.
- The cost:income ratio was cut to 37.2% from 46.4% in Q1/2014.
- Impairment losses dropped by 36% to DKK 329m.
- Value adjustment of interest rate swaps was a charge of DKK 1,061m against DKK 230m in Q1/2014.
- The Nykredit Group's profit before tax totalled DKK 883m against DKK 878m in Q1/2014.

### Contact

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# FINANCIAL HIGHLIGHTS

Nykredit Realkredit Group

| DKK million   | Q1/2015          | Q1/2014          | FY 2014          |
|---|------------------|------------------|------------------|
| <b>CORE EARNINGS AND RESULTS FOR THE PERIOD</b>   |                  |                  |                  |
| <b>Core income from</b>   |                  |                  |                  |
| - business operations   | 3,290            | 2,743            | 11,509           |
| - value adjustment of derivatives due to interest rate changes                          | (992)            | (181)            | (1,229)          |
| - other value adjustment of derivatives   | (69)             | (49)             | (2,133)          |
| - senior debt   | (92)             | (110)            | (408)            |
| - securities  | 14               | 30               | 130              |
| <b>Total</b>  | <b>2,151</b>     | <b>2,433</b>     | <b>7,869</b>     |
| Operating costs, depreciation and amortisation, excluding special value adjustments     | 1,224            | 1,272            | 5,037            |
| Operating costs, depreciation and amortisation – special value adjustments <sup>1</sup> | 0                | 3                | 66               |
| <b>Core earnings before impairment losses</b>   | <b>927</b>       | <b>1,158</b>     | <b>2,766</b>     |
| Impairment losses on mortgage loans and advances  | 348              | 475              | 2,132            |
| Impairment losses on bank loans and advances  | (19)             | 40               | 219              |
| <b>Core earnings after impairment losses</b>  | <b>598</b>       | <b>643</b>       | <b>416</b>       |
| Investment portfolio income   | 445              | 349              | 779              |
| <b>Profit before cost of capital</b>  | <b>1,043</b>     | <b>992</b>       | <b>1,194</b>     |
| Net interest on subordinated debt   | (161)            | (114)            | (528)            |
| <b>Profit before tax</b>  | <b>883</b>       | <b>878</b>       | <b>666</b>       |
| Tax   | 197              | 200              | 90               |
| <b>Profit for the period</b>  | <b>686</b>       | <b>678</b>       | <b>576</b>       |
| Of which amount relating to interest payable to holders of Additional Tier 1 capital    | 22               | -                | -                |
| <b>Value adjustment and reclassification of strategic equities against equity</b>       | <b>157</b>       | <b>157</b>       | <b>238</b>       |
| <b>SUMMARY BALANCE SHEET, END OF PERIOD</b>   |                  |                  |                  |
|   | 31.03.2015       | 31.03.2014       | 31.12.2014       |
| <b>Assets</b>   |                  |                  |                  |
| Receivables from credit institutions and central banks                                  | 70,932           | 38,690           | 42,288           |
| Mortgage loans at fair value  | 1,137,834        | 1,142,380        | 1,137,099        |
| Bank loans – excluding reverse transactions   | 49,405           | 48,078           | 50,494           |
| Bonds and equities  | 104,795          | 110,300          | 131,383          |
| Remaining assets  | 98,534           | 88,302           | 96,889           |
| <b>Total assets</b>   | <b>1,461,500</b> | <b>1,427,750</b> | <b>1,458,153</b> |
| <b>Liabilities and equity</b>   |                  |                  |                  |
| Payables to credit institutions and central banks                                       | 38,860           | 49,174           | 44,863           |
| Deposits  | 67,733           | 68,598           | 65,232           |
| Bonds in issue at fair value  | 1,181,483        | 1,130,708        | 1,167,163        |
| Subordinated debt   | 11,417           | 10,913           | 11,394           |
| Remaining liabilities   | 97,952           | 108,804          | 109,998          |
| Equity  | 64,055           | 59,553           | 59,502           |
| <b>Total liabilities and equity</b>   | <b>1,461,500</b> | <b>1,427,750</b> | <b>1,458,153</b> |
| <b>FINANCIAL RATIOS</b>   |                  |                  |                  |
| Profit for the period as % of average equity, pa <sup>2</sup>                           | 4.4              | 4.6              | 1.0              |
| Core earnings before impairment losses as % of average equity, pa <sup>2</sup>          | 6.2              | 7.8              | 4.7              |
| Core earnings after impairment losses as % of average equity, pa <sup>2</sup>           | 4.0              | 4.4              | 0.7              |
| Costs as % of core income from business operations (cost:income ratio)                  | 37.2             | 46.4             | 43.8             |
| Total provisions for loan impairment – mortgage lending                                 | 5,686            | 4,602            | 5,506            |
| Total provisions for loan impairment and guarantees – banking                           | 3,590            | 3,932            | 3,666            |
| Impairment losses for the period, % – mortgage lending                                  | 0.03             | 0.04             | 0.19             |
| Impairment losses for the period, % – banking   | (0.04)           | 0.04             | 0.22             |
| Total capital ratio, %  | 18.9             | 18.3             | 18.2             |
| CET1 capital ratio, %   | 16.6             | 16.0             | 15.4             |
| Internal capital adequacy requirement, %  | 12.0             | 10.3             | 11.3             |
| Average number of full-time staff   | 3,827            | 4,027            | 3,971            |

<sup>1</sup> Special value adjustments include value adjustment of certain staff benefits and owner-occupied properties as well as the effect of "Nykredit 2015".

<sup>2</sup> For this purpose, the new AT1 capital is treated as a financial obligation for accounting purposes, and the dividends for the period for accounting purposes are included as interest expenses on subordinated debt in the profit/loss for the period.

# Q1 INTERIM REPORT 2015

## NYKREDIT REALKREDIT GROUP RESULTS RELATIVE TO Q1/2014

Nykredit recorded a profit before tax of DKK 883m against DKK 878m in Q1/2014. Excluding value adjustment of interest rate swaps, profit rose from DKK 1,108m to DKK 1,944m.

A positive development was seen in core operations. Core income from business operations increased by DKK 547m, or 20%, and operating costs were trimmed by DKK 51m. Impairment losses declined by DKK 186m, leading to total earnings growth of DKK 784m on Q1/2014.

Value adjustment of interest rate swaps had an adverse earnings impact of DKK 1,061m compared with DKK 230m in Q1/2014. The charge mainly related to provisions for potential losses and was chiefly a result of the interest rate decline in the quarter. Value adjustment of interest rate swaps mainly stemmed from financial and legal risk in the cooperative housing area.

Impairment losses on mortgage and bank lending reduced to DKK 329m from DKK 515m in Q1/2014.

Nykredit recorded a profit after tax of DKK 686m. Equity was DKK 64,055m at end-Q1/2015 including new AT1 capital of DKK 3,731m (EUR 500m), which is treated as equity for accounting purposes. Excluding new AT1 capital, equity amounted to DKK 60,324m against DKK 59,502m at end-2014.

### Core earnings

#### *Core income from business operations*

Core income from business operations rose by DKK 547m, or 20%, to DKK 3,290m.

Core income from mortgage lending increased by DKK 313m, or 16%, to DKK 2,223m, due to growth in income from administration margins and business operations. Both Nykredit Realkredit and Totalkredit recorded progress, in part due to exceptionally high remortgaging activity.

Nominal mortgage lending came to DKK 1,110bn against DKK 1,112bn at end-2014. Nominal mortgage lending rose by DKK 1.4bn in Retail and DKK 0.5bn in Totalkredit Partners, whereas Wholesale Clients saw a decline of DKK 2.5bn.

Core income from banking operations totalled DKK 1,004m, reaching a nine-quarter high. Core income was DKK 780m in Q1/2014. Growth in core income was notably driven by Wholesale, which showed a rise from DKK 373m in Q1/2014 to DKK 590m, of which Nykredit Markets's activities accounted for an increase of DKK 154m to DKK 225m. Corporate & Institutional Banking and Nykredit Asset Management saw an activity upturn of DKK 47m and DKK 16m, respectively.

Bank lending at amortised cost fell by DKK 1.1bn relative to end-2014 to DKK 49.4bn as at 31 March 2015, whereas deposits increased by DKK 2.5bn from DKK 65.2bn at end-2014 to DKK 67.7bn. The increase mainly derived from Wholesale. Nykredit Bank recorded a deposit surplus of DKK 18.3bn at end-Q1/2015 compared with DKK 14.7bn at the beginning of the year.

#### *Value adjustment of derivatives*

Value adjustment for the period under review totalled a charge of DKK 1,061m against a charge of DKK 230m in Q1/2014. Of the charge for

the period, incurred losses (terminated contracts) amounted to DKK 48m in Q1/2015.

The charge was mainly due to lower interest rate levels, corresponding to a charge of DKK 992m prompted by a marked fall in long-term swap rates – especially in January and March – from about 1.7% at end-2014 to about 1.1% as at 31 March 2015.

January was characterised by a general decline in interest rates, the effect of the ECB's announcement of asset purchases and the pressure on the Danish krone when the Swiss central bank abandoned its peg to the euro – two events that pushed Danish interest rates lower.

In March, the ECB's bond purchase programme followed, including substantial purchases of long-term German government bonds, which sent interest rates even lower both in Germany and in Denmark.

Nykredit Bank has no direct interest rate exposure from its portfolio of interest rate swaps due to interest rate hedging arrangements with major domestic and foreign banks.

Therefore, value adjustments should chiefly be seen in the context of provisions prompted by the uncertainty about the legal set-up of cooperative housing and customers' financial outlook. The level was particularly affected by the development in 30-year swap rates, which amounted to about 1.1% as at 31 March 2015 against some 1.7% at end-2014.

Nykredit Bank's earnings will change by DKK 1.5bn–2.3bn, upwards as well as downwards, if the interest rate level changes by 1 percentage point. This level included a DKK 1.5bn change relating to business with customers in the lowest rating category, while the remaining interest rate sensitivity results from business in respect of which the value adjustments highly depend on the outlook in the cooperative housing market, including the legal set-up.

Value adjustments should be considered provisions for potential losses. At the same time, valuations are based on a conservative assessment. Thus, the entire market value of swap contracts with customers having the lowest ratings has been adjusted to DKK 0.

It should be noted that to a significant extent provisions have been made to cover financial and legal risk in the cooperative housing area, including the legal risk related to housing cooperatives' right of bankruptcy and to the future rent fixing practice. The uncertainty is expected to be resolved in Nykredit's favour. In the longer term, the major part of the provisions is expected to be recognised as income.

Losses incurred on interest rate swaps since 2012 amounted to some DKK 350m and are expected to remain at a relatively low level compared with the total provisions of about DKK 6.4bn. One reason for the relatively large provisions was the fact that swap contracts with customers having the lowest ratings are valued at DKK 0. The provisions are thus higher than the expected losses based on probability-weighted loss scenarios.

In Q1/2015, no judicial decisions relating to cooperative housing affected the valuation of interest rate swaps.

#### *Senior debt*

Nykredit's senior debt came to DKK 29.8bn at end-Q1/2015 against DKK 32.2bn at the beginning of the year, and net interest expenses amounted to DKK 92m against DKK 110m in Q1/2014. Nykredit uses

senior debt to fund supplementary collateral for covered bonds (SDOs).

#### **Core income from securities**

The risk-free interest rate, which corresponds to the Danish central bank's average lending rate, dived from 0.20% to 0.08%, which reduced income from DKK 30m in Q1/2014 to DKK 14m.

#### **Operating costs, depreciation and amortisation, excluding special value adjustments**

Nykredit's costs excluding special value adjustments declined by 4% to DKK 1,224m.

Salaries and related expenses dropped by DKK 55m, or 7%, to DKK 706m. This development should in part be seen in the light of the 200 persons, or 5%, reduction in the number of average staff to 3,827 compared with Q1/2014.

Other costs of DKK 517m generally remained unchanged.

Costs as a percentage of core income from business operations were trimmed from 46.4% at end-2014 to 37.2%.

#### **Impairment losses on loans and advances**

Impairment losses on loans and advances declined by DKK 186m to DKK 329m. Impairment losses on total mortgage lending equalled 0.03%. Impairment losses on total bank lending were an income equivalent to 0.04%.

Nykredit's impairment losses on mortgage lending decreased to DKK 348m, down DKK 127m.

Impairment losses on mortgage lending to personal customers decreased by DKK 77m to DKK 149m, equal to 0.04% of lending. Impairment losses on mortgage lending to commercial customers fell back by DKK 53m to DKK 199m.

Group impairment losses on bank lending showed a positive development from DKK 40m in Q1/2014 to an income of DKK 19m in Q1/2015. Impairment losses in Retail decreased by DKK 48m to DKK 16m, while impairment losses in Wholesale Clients were an income of DKK 35m compared with an income of DKK 28m in Q1/2014.

Nykredit's impairment provisions for potential future losses on mortgage and bank lending totalled DKK 9.2bn, which was unchanged on the beginning of the year. In addition, total provisions for value adjustment of interest rate swaps amounted to DKK 6.4bn against DKK 5.5bn at the beginning of year.

Losses incurred on mortgage and bank lending for the period were DKK 267m against DKK 426m in Q1/2014. Losses incurred on interest rate swaps came to DKK 48m compared with DKK 27m in the same period the year before.

#### **Investment portfolio income**

Nykredit's investment portfolio income was DKK 445m against DKK 349m in Q1/2014.

Investment portfolio income from bonds, liquidity and interest rate instruments amounted to DKK 356m. Investment portfolio income from equities and equity instruments value adjusted through profit or loss was DKK 89m.

Value adjustment of strategic equities against equity was DKK 157m.

The market was affected by the launch of the ECB's asset purchase programmes and the pressure on the Danish krone immediately after the Swiss central bank abandoned its peg to the euro. Both events caused interest rates to decline in Denmark. In addition, the market was affected by higher prices of both equities and credit bonds and positive earnings on the yield spread risk of covered bonds and credit bonds.

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

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

#### **Net interest on subordinated debt**

Nykredit has raised subordinated debt totalling DKK 11.4bn. Net interest expenses came to DKK 161m.

#### **Tax**

Tax calculated on profit for the period was DKK 197m, equal to a tax rate of 22.3%.

#### **Additional Tier 1 capital**

Nykredit issued EUR 500m of Additional Tier 1 (AT1) capital notes in Q1/2015. The notes are perpetual, and payment of principal and interest is discretionary, for which reason the issue is treated as equity for accounting purposes. Correspondingly, interest expenses relating to the issue are recorded as dividend for accounting purposes.

Interest accrued for Q1/2015 amounted to DKK 22m.

## **OUTLOOK FOR 2015**

In our Annual Report 2014, we expected core earnings after impairment losses of DKK 3.8bn-4.3bn for 2015, excluding value adjustment of interest rate swaps.

In Q1/2015, several areas developed favourably and somewhat surpassed expectations for the period.

Management maintains its profit guidance for 2015 in the region of DKK 3.8bn-4.3bn due to the fact that the fixed income market development and loan impairment continue to be subject to some uncertainty.

## BUSINESS AREAS

Nykredit's management and organisational structure is based on the following business areas:

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

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

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

Nykredit's core earnings after impairment losses totalled DKK 598m against DKK 643m in Q1/2014. The DKK 45m reduction mainly derived from Retail, which posted a rise of DKK 218m due to higher income and lower loan impairment losses. Conversely, value adjustment of interest rate swaps resulted in an additional charge of DKK 261m.

Wholesale Clients's core earnings reduced by DKK 292m due to a DKK 235m increase in income from business operations and a DKK 570m increase in the negative value adjustment of interest rate swaps.

Totalkredit Partners saw a DKK 24m reduction, which was notably a combination of a DKK 130m increase in income and a DKK 154m increase in operating costs and impairment losses.

Profit before tax in Group Items was up by DKK 102m, mainly as a result of a reduction of DKK 37m in operating costs and of DKK 15m in impairment losses and a DKK 96m upturn in investment portfolio income.

Nykredit's share of total Danish mortgage lending was 42.4% against 42.3% at the beginning of the year. Nykredit's market share in the private residential segment was 46.7% and in the commercial segment 38.0% against 46.2% and 37.1%, respectively, at the beginning of the year. Totalkredit's market share of private residential lending, exclusive of lending by Jyske Bank, was up from 41.9% at the beginning of the year to 42.1%.

### Results by business area<sup>1</sup>

| DKK million  | Wholesale    |                      |                   | Group Items  | Total        |
|--|--------------|----------------------|-------------------|--------------|--------------|
|  | Retail       | Totalkredit Partners | Wholesale Clients |              |              |
| <b>Q1/2015</b>   |              |                      |                   |              |              |
| <b>Core income from</b>  |              |                      |                   |              |              |
| - customer activities, gross   | 1,541        | 723                  | 1,015             | 11           | 3,290        |
| - payment for distribution   | 154          | -                    | (154)             | -            | -            |
| <b>Total business operations</b>   | <b>1,695</b> | <b>723</b>           | <b>861</b>        | <b>11</b>    | <b>3,290</b> |
| - value adjustment of derivatives  | (568)        | -                    | (493)             | -            | (1,061)      |
| - senior debt  | (31)         | (45)                 | (3)               | (13)         | (92)         |
| - securities   | -            | -                    | -                 | 14           | 14           |
| <b>Total</b>   | <b>1,096</b> | <b>678</b>           | <b>365</b>        | <b>12</b>    | <b>2,151</b> |
| Operating costs  | 731          | 118                  | 196               | 179          | 1,224        |
| <b>Core earnings before impairment losses</b>                            | <b>365</b>   | <b>560</b>           | <b>169</b>        | <b>(167)</b> | <b>927</b>   |
| Impairment losses on loans and advances                                  | 197          | 146                  | (14)              | 0            | 329          |
| <b>Core earnings after impairment losses</b>                             | <b>168</b>   | <b>414</b>           | <b>183</b>        | <b>(167)</b> | <b>598</b>   |
| Investment portfolio income  | -            | -                    | -                 | 445          | 445          |
| <b>Profit before cost of capital</b>                                     | <b>168</b>   | <b>414</b>           | <b>183</b>        | <b>279</b>   | <b>1,043</b> |
| Net interest on subordinated debt  | -            | -                    | -                 | (161)        | (161)        |
| <b>Profit before tax</b>   | <b>168</b>   | <b>414</b>           | <b>183</b>        | <b>117</b>   | <b>883</b>   |
| <b>Excluding value adjustment of derivatives</b>                         | <b>736</b>   | <b>414</b>           | <b>676</b>        | <b>117</b>   | <b>1,943</b> |
| <b>Return</b>  |              |                      |                   |              |              |
| Average equity requirement, DKKm <sup>2</sup>                            | 23,672       | 11,235               | 12,790            | 6,785        | 54,481       |
| Core earnings after impairment losses as % of average equity requirement | 2.8          | 14.7                 | 5.7               | -            | 4.4          |

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

<sup>2</sup> The equity requirement is based on Nykredit's internal determination and allocation of capital.

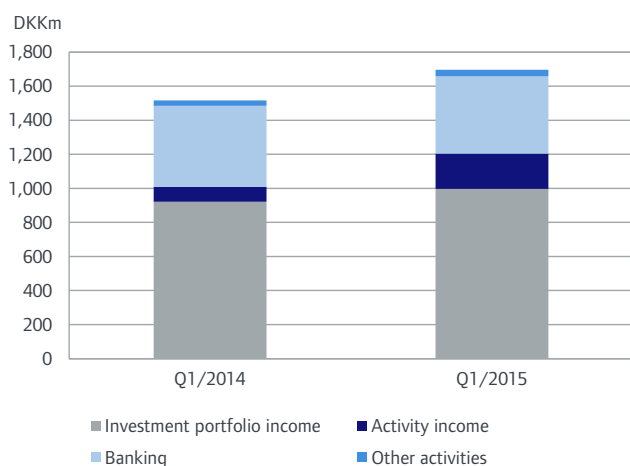
**Results – Retail**

| DKK million  | Q1/<br>2015  | Q1/<br>2014  |
|--|--------------|--------------|
| Core income from                                   |              |              |
| - business operations                              | 1,695        | 1,517        |
| - value adjustment of derivatives                  | (568)        | (307)        |
| - senior debt                                      | (31)         | (35)         |
| <b>Total</b>                                       | <b>1,096</b> | <b>1,175</b> |
| Operating costs                                    | 731          | 736          |
| <b>Core earnings before impairment losses</b>      | <b>365</b>   | <b>438</b>   |
| Impairment losses on mortgage lending              | 181          | 425          |
| Impairment losses on bank loans and advances       | 16           | 64           |
| <b>Core earnings after impairment losses</b>       | <b>168</b>   | <b>(50)</b>  |
| <b>- excluding value adjustment of derivatives</b> | <b>736</b>   | <b>257</b>   |

**Activities – Retail**

| DKK million  | 31.03.2015 | 2014    |
|--|------------|---------|
| <b>Mortgage lending</b>                                      |            |         |
| Gross new lending*   | 30,036     | 8,686   |
| Portfolio at nominal value, end of period                    | 442,852    | 442,147 |
| Impairment losses for the period as % of loans and advances* | 0.04       | 0.09    |
| <b>Total impairment provisions, end of period</b>            |            |         |
| Total impairment provisions                                  | 3,700      | 3,694   |
| Total impairment provisions as % of loans and advances       | 0.83       | 0.84    |
| <b>Banking</b>   |            |         |
| Loans and advances, end of period                            | 25,225     | 25,533  |
| Deposits, end of period                                      | 40,725     | 40,637  |
| Impairment losses for the period as % of loans and advances  | 0.04       | 0.26    |
| <b>Total impairment provisions, end of period</b>            |            |         |
| Total impairment provisions                                  | 1,945      | 1,978   |
| Total impairment provisions as % of loans and advances       | 7.16       | 7.19    |
| Guarantees, end of period                                    | 4,789      | 4,357   |
| Provisions for guarantees, end of period                     | 50         | 51      |

\* For Q1/2015 and Q1/2014.  
Other data from end-Q1/2015 and end-2014.

**Core income from business operations****RETAIL**

The business area Retail serves personal customers and SMEs, including agricultural customers, small housing cooperatives and private residential rental customers. Mortgage loans granted via Totalkredit to Nykredit's personal customers form part of the business area Retail. Retail also includes the activities of Nykredit Mægler A/S.

Nykredit serves its customers through 54 local customer centres and the nationwide sales and advisory centre Nykredit Direkte. The estate agencies of the Nybolig and Estate chains constitute other distribution channels. Nykredit offers insurance in partnership with Gjensidige Forsikring.

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

**Activities**

Retail recorded a very high activity level in Q1/2015, with gross new mortgage lending up by DKK 21.4bn to DKK 30.0bn compared with the same period the year before. Lending to personal and commercial customers was DKK 11.4bn and DKK 18.6bn, respectively.

Nominal mortgage lending rose by DKK 0.8bn to DKK 442.9bn compared with the beginning of the year. Retail's commercial customers contributed DKK 1.2bn to the rise. Nominal mortgage lending to personal customers and commercial customers was DKK 196.6bn and DKK 246.3bn, respectively.

Bank lending of DKK 25.2bn and bank deposits of DKK 40.7bn were largely unchanged relative to the beginning of the year.

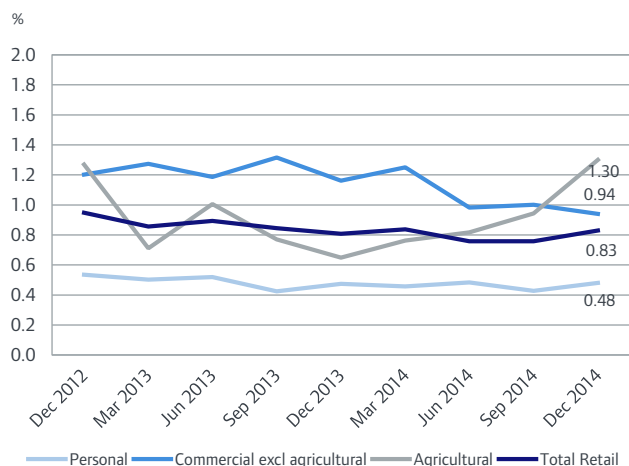
**Results**

Core earnings after impairment losses rose by DKK 218m to DKK 168m. Excluding value adjustment of interest rate swaps, core earnings came to DKK 736m, up DKK 479m on Q1/2014.

Income from business operations grew by DKK 178m, or 12%, to DKK 1,695m, whereas impairment losses reduced by DKK 292m to DKK 197m, mainly prompted by lower mortgage loan expenses. Conversely, the charge relating to value adjustment of interest rate swaps increased by DKK 261m to DKK 568m.

Operating costs were trimmed by DKK 5m to DKK 731m in Q1/2015.

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



Impairment losses on mortgage lending fell by DKK 244m to DKK 181m, while impairment losses on bank lending dropped by DKK 48m. Impairment losses as a percentage of loans and advances represented 0.04% of mortgage lending and 0.04% of bank lending for the period under review.

Impairment losses on mortgage lending to commercial customers reduced by a total of DKK 36m relative to the same period the year before, whereas impairment losses on bank lending to commercial customers rose by DKK 2m.

Total impairment losses on lending to personal customers declined by DKK 257m as a result of a DKK 207m downturn in impairment losses on mortgage lending and a DKK 50m downturn in impairment losses on bank lending.

At end-Q1/2015, impairment provisions totalled DKK 5,645m, which was unchanged from DKK 5,672m at the beginning of the year.

At the December due date, 75-day mortgage loan arrears as a percentage of total mortgage payments due came to 0.83% for Retail against 0.81% at the same time in 2014.



**Results – Wholesale**

| DKK million  | Q1/2015      | Q1/2014      |
|--|--------------|--------------|
| Core income from                                   |              |              |
| - business operations                              | 1,584        | 1,232        |
| - value adjustment of derivatives                  | (493)        | 78           |
| - senior debt                                      | (48)         | (63)         |
| <b>Total</b>                                       | <b>1,043</b> | <b>1,246</b> |
| Operating costs                                    | 314          | 323          |
| <b>Core earnings before impairment losses</b>      | <b>729</b>   | <b>923</b>   |
| Impairment losses on mortgage lending              | 167          | 38           |
| Impairment losses on bank lending                  | (35)         | (27)         |
| <b>Core earnings after impairment losses</b>       | <b>597</b>   | <b>912</b>   |
| <b>- excluding value adjustment of derivatives</b> | <b>1,090</b> | <b>835</b>   |

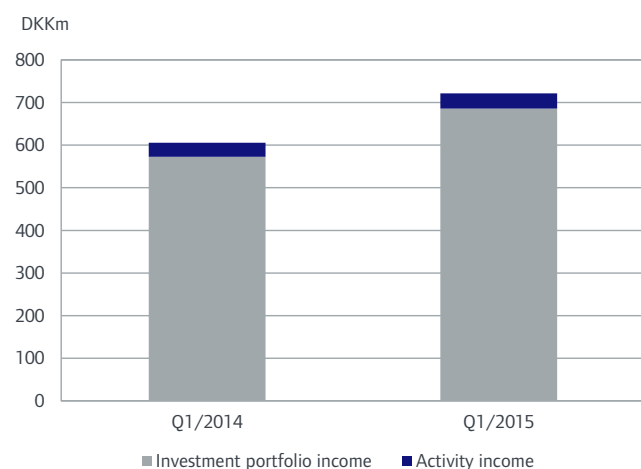
**Results – Totalkredit Partners**

| DKK million                                   | Q1/2015    | Q1/2014    |
|---|------------|------------|
| Core income from                              |            |            |
| - business operations                         | 723        | 606        |
| - senior debt                                 | (45)       | (58)       |
| <b>Total</b>                                  | <b>678</b> | <b>548</b> |
| Operating costs                               | 118        | 95         |
| <b>Core earnings before impairment losses</b> | <b>560</b> | <b>453</b> |
| Impairment losses on loans and advances       | 146        | 15         |
| <b>Core earnings after impairment losses</b>  | <b>414</b> | <b>438</b> |

**Activities – Totalkredit Partners**

| DKK million  | 31.03.2015 | 2014    |
|--|------------|---------|
| <b>Mortgage lending</b>                                      |            |         |
| Gross new lending <sup>1</sup>                               | 54,056     | 9,889   |
| Portfolio at nominal value, end of period                    | 485,136    | 484,596 |
| Impairment losses for the period as % of loans and advances* | 0.03       | 0.00    |
| <b>Total impairment provisions, end of period</b>            |            |         |
| Total impairment provisions                                  | 1,219      | 1,152   |
| Total impairment provisions as % of loans and advances       | 0.25       | 0.24    |

\* For Q1/2015 and Q1/2014.  
Other data from end-Q1/2015 and end-2014.

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

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

**TOTALKREDIT PARTNERS**

Under the Totalkredit brand, Totalkredit Partners provides mortgage loans to personal customers distributed through more than 60 Danish local and regional banks.

In association with the local and regional partner banks, Totalkredit continuously develops its product range, which includes a new secured homeowner loan. The loan allows partner banks to transfer bank loans secured by mortgage over real estate to Totalkredit and that way obtain funding for the loans.

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

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

**Activities**

The period was characterised by very high activity, and gross new lending expanded from DKK 9.9bn to DKK 54.1bn. Nominal mortgage lending was largely unchanged at DKK 485.1bn. Loans registered as offered through Jyske Bank amounted to DKK 55bn at end-Q1/2015 against about DKK 87bn at end-2013. In this period, loans in the region of DKK 32bn were thus refinanced. Loans totalling some DKK 7bn of this amount were subsequently arranged by the other banks of the Totalkredit alliance and Totalkredit, corresponding to 22% of the refinanced amount.

**Results**

Core earnings after impairment losses came to DKK 414m against DKK 438m in Q1/2014.

The results reflected growth in core income from business operations of DKK 117m, or 19%, coupled with a rise in operating costs of DKK 23m and a rise in impairment losses of DKK 131m.

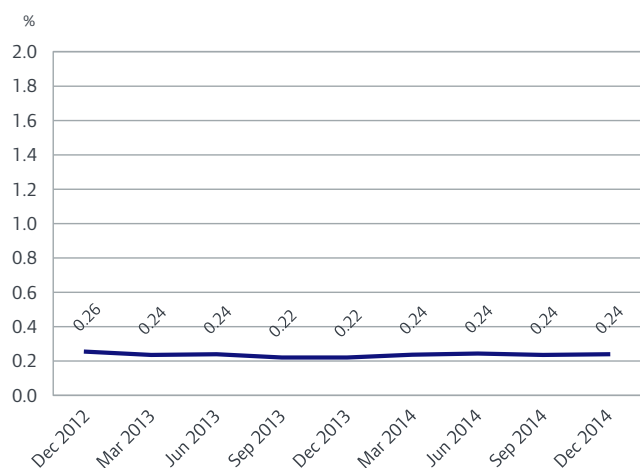
The factors underlying growth in core income from business operations were higher income from administration margins and activities.

Net expenses relating to senior secured debt came to DKK 45m against DKK 58m in Q1/2014. The reduction was attributable to a lower amount of senior secured debt as well as declining net interest rates.

As expected, costs were up by DKK 23m to DKK 118m relative to Q1/2014. The development was chiefly the result of higher IT expenses.



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



Loan impairment losses rose by DKK 131m to a net loss of DKK 146m compared with the same period in 2014, after set-off against commission payable to partner banks.

At end-Q1/2015, impairment provisions totalled DKK 1,219m against DKK 1,152m at the beginning of the year. The change in total impairment provisions stemmed from a decline in collective impairment provisions.

At the December due date, 75-day mortgage loan arrears as a percentage of total mortgage payments due came to 0.24% against 0.22% at the same date in 2014.

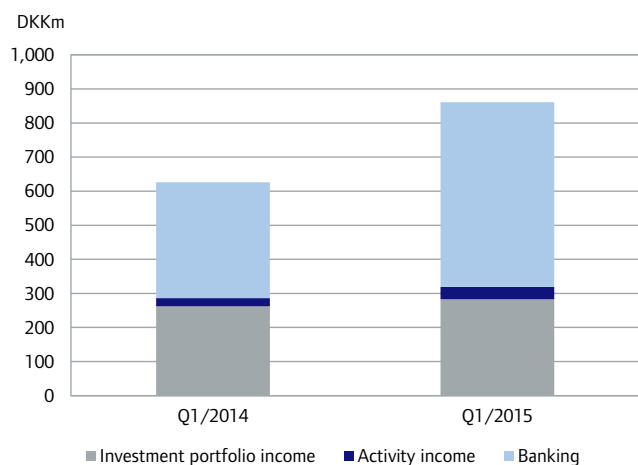
## Results – Wholesale Clients

| DKK million  | Q1/2015    | Q1/2014    |
|--|------------|------------|
| Core income from                                   |            |            |
| - business operations                              | 861        | 626        |
| - value adjustment of derivatives                  | (493)      | 78         |
| - senior debt                                      | (3)        | (5)        |
| <b>Total</b>                                       | <b>365</b> | <b>699</b> |
| Operating costs                                    | 196        | 228        |
| <b>Core earnings before impairment losses</b>      | <b>169</b> | <b>471</b> |
| Impairment losses on mortgage lending              | 21         | 23         |
| Impairment losses on bank lending                  | (35)       | (27)       |
| <b>Core earnings after impairment losses</b>       | <b>183</b> | <b>476</b> |
| <b>- excluding value adjustment of derivatives</b> | <b>676</b> | <b>397</b> |

## Income from customer activities

| DKK million                       | Q1/2015      | Q1/2014      |
|-----------------------------------|--------------|--------------|
| Customer activities, gross        |              |              |
| Nykredit Markets                  | 326          | 137          |
| Nykredit Asset Management         | 210          | 194          |
| Corporate & Institutional Banking | 479          | 468          |
| <b>Total</b>                      | <b>1,015</b> | <b>799</b>   |
| Payment for distribution          |              |              |
| Nykredit Markets                  | (101)        | (66)         |
| Nykredit Asset Management         | (120)        | (120)        |
| Corporate & Institutional Banking | 67           | 13           |
| <b>Total</b>                      | <b>(154)</b> | <b>(173)</b> |
| Core income                       |              |              |
| Nykredit Markets                  | 225          | 71           |
| Nykredit Asset Management         | 90           | 74           |
| Corporate & Institutional Banking | 546          | 481          |
| <b>Total</b>                      | <b>861</b>   | <b>626</b>   |

## Core income from business operations



## WHOLESALE CLIENTS

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

### Results

Core earnings after impairment losses came to DKK 183m against DKK 476m in Q1/2014.

The development was to a large extent due to value adjustment of interest rate swaps. Exclusive of this effect, core earnings after impairment losses rose by DKK 279m to DKK 676m.

Gross income from customer activities was DKK 1,015m compared with DKK 799m in Q1/2014.

Nykredit Markets posted gross income of DKK 326m, a DKK 189m rise on Q1/2014. Earnings in Nykredit Markets, which include securities trading for institutional clients, grew in terms of both fixed income market activity and earnings from the trading book prompted by lower interest rates. Nykredit Asset Management's gross income grew by DKK 16m to DKK 210m. Corporate & Institutional Banking recorded a DKK 11m upturn to DKK 479m.

Nykredit Markets's income after payment for distribution rose by DKK 154m to DKK 225m in Q1/2015. Nykredit Asset Management's income after payment for distribution increased by DKK 16m to DKK 90m, while Corporate & Institutional Banking recorded growth from DKK 481m to DKK 546m.

Value adjustment of interest rate swaps was a charge of DKK 493m against a credit of DKK 78m in Q1/2014.

Operating costs declined by DKK 32m, or 14%, to DKK 196m in Q1/2015.

Impairment losses on mortgage lending came to DKK 21m against DKK 23m in Q1/2014. Nykredit Bank's impairment losses equalled income of DKK 35m against income of DKK 27m in Q1/2014.

Impairment losses as a percentage of mortgage lending were a charge of 0.12%, and impairment losses as a percentage of bank lending were income of 0.12%.

At end-Q1/2015, impairment provisions totalled DKK 2,254m against DKK 2,187m at the beginning of the year.

**Activities – Wholesale Clients**

| DKK million  | 31.03.2015     | 2014           |
|--|----------------|----------------|
| <b>Mortgage lending</b>  |                |                |
| Gross new lending <sup>*</sup>   | 15,592         | 9,957          |
| Portfolio at nominal value, end of period                                | 182,462        | 185,002        |
| Impairment losses for the period as % of loans and advances <sup>*</sup> | 0.01           | 0.01           |
| <b>Total impairment provisions, end of period</b>                        |                |                |
| Total impairment provisions  | 770            | 661            |
| Total impairment provisions as % of loans and advances                   | 0.40           | 0.36           |
| <b>Banking</b>   |                |                |
| Loans and advances, end of period  | 24,157         | 24,929         |
| Deposits, end of period  | 26,645         | 23,287         |
| Impairment losses for the period as % of loans and advances <sup>*</sup> | (0.12)         | (0.18)         |
| <b>Total impairment provisions, end of period</b>                        |                |                |
| Total impairment provisions  | 1,484          | 1,526          |
| Total impairment provisions as % of loans and advances                   | 5.79           | 5.77           |
| Guarantees, end of period  | 3,079          | 1,913          |
| Provisions for guarantees, end of period                                 | 56             | 55             |
| <b>Assets under management</b>   | <b>140,470</b> | <b>133,484</b> |
| <b>Assets under administration</b>                                       |                |                |
| <b>Nykredit Portefølje Administration A/S</b>                            | <b>723,379</b> | <b>669,112</b> |
| - of which Nykredit Group investment funds                               | 66,171         | 60,165         |

\* For Q1/2015 and Q1/2014.  
Other data from end-Q1/2015 and end-2014.

**Activities**

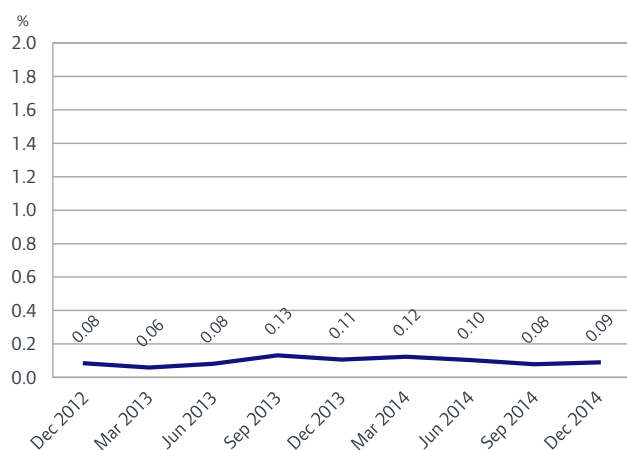
Total nominal mortgage lending went down by DKK 2.5bn to DKK 182.5bn relative to the beginning of the year. Gross new mortgage lending was up by DKK 5.6bn to DKK 15.6bn, spurred by a higher activity level.

Bank lending of DKK 24.2bn was unchanged relative to the beginning of the year, whereas bank deposits grew by DKK 3.4bn to DKK 26.6bn.

At end-Q1/2015, Nykredit Asset Management had assets under management totalling DKK 140bn, up DKK 7bn on the beginning of the year. The development was primarily an effect of capital gains. Total assets under administration rose by DKK 54bn to DKK 723bn at end-Q1/2015.

**Arrears**

At the December due date, 75-day mortgage loan arrears as a percentage of total mortgage payments due came to 0.09% and thus remained at a low level. The arrears ratio was 0.11% at the same time in 2014.

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

## GROUP ITEMS

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

### Results

Profit before tax was DKK 117m against DKK 15m in the same period the year before.

### Core income from securities

Nykredit's core income from securities was DKK 14m against DKK 30m in Q1/2014. This development chiefly stemmed from a fall from 0.20% to 0.08% in the average risk-free interest rate, which corresponds to the Danish central bank's average lending rate.

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

### Operating costs

Unallocated costs were DKK 118m against DKK 167m in Q1/2014. By far the largest cost component was IT development costs.

### Impairment losses

Impairment losses on loans and advances were DKK 0m against DKK 15m in Q1/2014.

### Investment portfolio income

Investment portfolio income was DKK 445m against DKK 349m excluding the portfolio of strategic equities, which is value adjusted against equity.

Investment portfolio income from bonds, liquidity and interest rate instruments amounted to DKK 356m. Investment portfolio income from equities and equity instruments value adjusted through profit or loss was DKK 89m.

Investment portfolio income is the income exceeding risk-free interest obtained from investing in equities, bonds and derivative financial instruments. To this should be added the realisation of equities classified as available for sale. Price spreads and interest margins relating to the mortgage lending of Nykredit Realkredit and Totalkredit and the trading activities of Nykredit Markets are included not as investment portfolio income, but as core income from business operations.

## Results – Group Items

| DKK million   | Q1/2015      | Q1/2014      |
|---|--------------|--------------|
| Core income from  |              |              |
| - business operations   | 11           | (6)          |
| - senior debt   | (13)         | (12)         |
| - securities  | 14           | 30           |
| <b>Total</b>  | <b>12</b>    | <b>12</b>    |
| Operating costs   | 118          | 167          |
| Depreciation of property, plant and equipment and amortisation of intangible assets | 61           | 49           |
| <b>Core earnings before impairment losses</b>                                       | <b>(167)</b> | <b>(204)</b> |
| Impairment losses on mortgage lending   | 0            | 11           |
| Impairment losses on bank lending   | 0            | 4            |
| <b>Core earnings after impairment losses</b>  | <b>(167)</b> | <b>(219)</b> |
| Investment portfolio income   | 445          | 349          |
| <b>Profit before cost of capital</b>  | <b>278</b>   | <b>130</b>   |
| Net interest on subordinated debt   | (161)        | (114)        |
| <b>Profit before tax</b>  | <b>117</b>   | <b>15</b>    |

## Activities – Group Items

| DKK million  | 31.03.2015 | 2014  |
|--|------------|-------|
| <b>Banking</b>   |            |       |
| Loans and advances, end of period                      | 23         | 32    |
| Deposits, end of period                                | 462        | 308   |
| <b>Total impairment provisions, end of period</b>      |            |       |
| Total impairment provisions                            | 54         | 55    |
| Total impairment provisions as % of loans and advances | 70         | 63    |
| Guarantees, end of period                              | 900        | 1,276 |
| Provisions for guarantees, end of period               | -          | -     |

# CAPITAL, LIQUIDITY AND FUNDING

## EQUITY AND OWN FUNDS OF NYKREDIT REALKREDIT GROUP

### Equity

Nykredit's equity was DKK 64.1bn at end-Q1/2015, equal to a rise of nearly DKK 4.6bn relative to the beginning of the year. Excluding new AT1 capital, equity amounted to DKK 60.3bn.

In Q1/2015, Nykredit raised new Additional Tier 1 (AT1) capital of DKK 3.7bn, which is treated as equity for accounting purposes. However, for capital adequacy purposes, the AT1 capital is included in Tier 1 capital rather than CET1 capital.

Equity has also been increased by the profit of DKK 0.7bn for the period and positive value adjustment of strategic equities of DKK 0.2bn.

In accordance with IAS 39, Nykredit has classified the Group's strategic equity investments as "available for sale" in its Consolidated Financial Statements. Current value adjustment of these equities is recog-

nised in equity, whereas value adjustments following a sale will be reclassified from equity to the income statement. The value of equities classified as available for sale totalled DKK 2,203m at end-Q1/2015.

### Capital and capital adequacy

Nykredit's own funds include Common Equity Tier 1 (CET1) capital, AT1 capital and Tier 2 capital after deductions. In order to comfortably meet the new capital requirements, Nykredit raised AT1 capital total-ling EUR 500m in Q1/2015, which is included as Tier 1 capital for capital adequacy purposes.

Own funds fell by DKK 2.0bn to DKK 63.6bn compared with end-2014. The risk exposure amount (REA) declined by DKK 22.4bn to DKK 336.2bn from 31 December 2014 to end-Q1/2015, equivalent to a total capital ratio of 18.9% against 18.2% at end-2014. The AT1 capital included in the determination of own funds amounted to DKK 3.5bn at end-Q1/2015. The Tier 1 capital ratio was 17.6%, and the CET1 capital ratio was 16.6% at end-Q1/2015.

Nykredit's internal capital adequacy requirement (ICAAP) was 12.0% at end-Q1/2015 compared with 11.3% at end-2014.

Nykredit has been designated as a systemically important financial institution (SIFI) by the Danish FSA. As a result, a special SIFI buffer requirement to be met with CET1 capital applies to Nykredit. The requirement of 2% will gradually be phased in from 2015 to 2019.

### Nykredit Realkredit Group Equity (including new AT1 capital)

| DKK million  | 31.03.2015    | 31.12.2014    |
|--|---------------|---------------|
| <b>Equity, beginning of period</b>                   | <b>59,502</b> | <b>58,716</b> |
| Profit for the period                                | 686           | 576           |
| Fair value adjustment of equities available for sale | 157           | 238           |
| New AT1 capital                                      | 3,731         | -             |
| Other adjustments                                    | (21)          | (28)          |
| <b>Equity, end of period</b>                         | <b>64,055</b> | <b>59,502</b> |

### Nykredit Realkredit Group Capital and capital adequacy

| DKK million  | 31.03.2015     | 31.12.2014     | 31.03.2014     |
|--|----------------|----------------|----------------|
| Credit risk  | 290,305        | 305,321        | 302,474        |
| Market risk  | 27,511         | 35,335         | 29,261         |
| Operational risk   | 18,397         | 17,933         | 17,933         |
| <b>Total risk exposure amount<sup>1</sup></b>                          | <b>336,211</b> | <b>358,589</b> | <b>349,668</b> |
| Equity (including new AT1 capital)                                     | 64,055         | 59,502         | 59,553         |
| AT1 capital  | 3,757          | -              | -              |
| CET1 capital deductions  | (4,346)        | (3,944)        | (3,742)        |
| <b>CET1 capital</b>  | <b>55,953</b>  | <b>55,559</b>  | <b>55,811</b>  |
| AT1 capital  | 3,735          | 6,746          | 8,556          |
| AT1 capital deductions   | (228)          | (588)          | (304)          |
| <b>Tier 1 capital</b>  | <b>59,459</b>  | <b>61,717</b>  | <b>64,063</b>  |
| Tier 2 capital   | 4,482          | 4,463          | -              |
| Tier 2 capital additions/deductions                                    | (330)          | (573)          | -              |
| <b>Own funds</b>   | <b>63,612</b>  | <b>65,606</b>  | <b>64,063</b>  |
| CET1 capital ratio, %  | 16.6           | 15.4           | 16.0           |
| Tier 1 capital ratio, %  | 17.6           | 17.2           | 18.3           |
| Total capital ratio, %   | 18.9           | 18.2           | 18.3           |
| Internal capital adequacy require-<br>ment (Pillar I and Pillar II), % | 12.0           | 11.3           | 10.3           |

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

<sup>1</sup> Capital adequacy is determined in accordance with a transitional rule pursuant to the transitional provisions of the Capital Requirements Regulation (CRR). REA must constitute at least 80% of REA determined under Basel I. Total REA subject to transitional rules was DKK 774bn at end-Q1/2015, equivalent to a total capital ratio of 14.7%.

**Nykredit Realkredit Group**  
**Capital targets for 2019**



**NYKREDIT'S CAPITAL TARGETS FOR 2019**

Nykredit's capital target towards 2019 is equity corresponding to a minimum of 15% of the Risk Exposure Amount (REA), to which should be added the statutory deductions from equity of approximately DKK 5bn. An equity level of 15% is higher than the formal requirement, but from a market perspective the level is deemed necessary for a major bond issuer such as Nykredit.

Nykredit aims to build an equity buffer of approximately DKK 10bn, or 2-3% of REA, for expected changes in capital requirements, for changes in capital coverage during periods of recession and to secure our capacity for growth. Such a buffer will help sustain a stable and active lending policy in relation to our customers.

Nykredit has a target of a total capital ratio of up to 20% of REA. Also this level is above the formal requirement, but it is deemed necessary.

In addition, Nykredit may issue non-voting shares for capitalisation purposes.

The requirement varies with economic cycles and will generally rise in periods of high unemployment and high interest rates. This will be offset by two factors. Firstly, that Nykredit continually manages the deployment of capital by the individual business entities. Secondly, that the market demand for equity measured as a percentage of REA is expected to decrease to 13-14% in such a scenario.

In both a normal economic climate and during an economic boom, Nykredit's equity requirement towards 2019 is DKK 65bn excluding a growth and regulatory capital buffer (15% of DKK 400bn plus statutory deductions of DKK 5bn). The equity requirement is in the region of DKK 75bn including the growth and regulatory capital buffer.

**FUNDING AND LIQUIDITY**

Most of Nykredit's assets consist of lending secured by mortgage over real estate. These loans are funded through issuance of mortgage covered bonds (SDOs and ROs). Mortgage covered bonds are issued by way of daily tap issuance combined with four annual refinancing auctions. Further, the Group may issue senior secured debt to provide statutory supplementary collateral.

Bank lending is chiefly funded by deposits. As at 31 March 2015, Nykredit Bank had a deposit surplus of DKK 18.4bn measured as the difference between deposits and lending at amortised cost. The deposit surplus came to DKK 14.7bn at end-2014.

**Liquidity**

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

Nykredit's liquidity is determined as the portfolios of highly liquid bonds and cash and is funded by deposits, senior secured debt (JCBs), senior unsecured debt (EMTN and ECP programmes), subordinated debt and equity.

The liquidity holdings ensure that Nykredit has a sizeable buffer for cash flows driven by customer flows, loan arrears, current costs and maturing capital market funding. In addition, the liquidity holdings ensure the Group's compliance with statutory liquidity requirements.

Nykredit's liquid assets are mainly liquid Danish and other European government and covered bonds. In a liquid repo market, these securi-

ties are eligible as collateral with other banks and with the Danish or other European central banks and are directly exchangeable into liquidity. To this should be added a small portfolio of money market deposits, equities, credit bonds and similar assets.

The unencumbered part of the liquid assets of the Group's mortgage banks, including proceeds from senior secured debt in issue, totalled DKK 85bn at end-Q1/2015 against DKK 91bn at end-2014.

At end-Q1/2015, Nykredit Bank's liquidity holdings totalled DKK 93.5bn against DKK 92.3bn at end-2014, determined in accordance with section 152 of the Danish Financial Business Act.

### Liquidity Coverage Ratio (LCR)

On 10 October 2014, the European Commission published the final regulation on LCR, which must be met as at 1 October 2015. A requirement of 100% is expected for Danish SIFIs as at 1 October 2015. The LCR denotes the amount of high quality liquid assets (HQLAs) to be held by a credit institution to be able to cover net cash outflows during short-term liquidity stress.

Nykredit expects that some payment obligations relating to match-funded mortgage lending will be exempted from the LCR rules.

At end-Q1/2015, the LCRs of the Group's companies, excluding self-issued bonds, were as follows:

|                           |         |
|---------------------------|---------|
| Nykredit Realkredit Group | 239%    |
| Nykredit's mortgage banks | >1,000% |
| Nykredit Bank A/S         | 122%    |

The high ratios of Nykredit's mortgage banks derive from their net liquidity inflows. The Group and the individual group companies all comply with the requirement of an LCR above 100%.

### Issuance in 2015

The Nykredit Realkredit Group has not made any changes to its issuance schedule for SDOs, ROs, senior debt and Nykredit Bank's EMTN and ECP programmes for 2015 compared with the guidance in our Annual Report 2014.

In Q1/2015, Nykredit Realkredit issued EUR 500m of AT1 capital as replacement for some of the EUR 900m AT1 capital outstanding which was redeemed as at 1 April 2015.

## CREDIT RATINGS

Nykredit Realkredit A/S and Nykredit Bank A/S both have a long-term unsecured rating of A+ and a short-term unsecured rating of A-1 with Standard & Poor's. As at 12 May 2015 the rating was placed on CreditWatch with negative implications.

Senior secured debt is rated A+. The rating is expected to be placed on CreditWatch with negative implications.

Nykredit expects to improve Standard & Poor's rating via issuance of a type of senior debt etc in compliance with the ALAC (Additional Loss-Absorbing Capacity) methodology.

In rated capital centres, SDOs and ROs are all rated AAA by S&P. The rating outlooks are stable.

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

Moody's has opted to publish a number of unsolicited ratings of companies of the Nykredit Group.

## OTHER

### Jyske Bank and Nykredit reach agreement in arbitration proceedings

In February, Jyske Bank and Nykredit/Totalkredit agreed to settle the ongoing arbitration proceedings. The settlement stipulates the details of Jyske Bank's exit from the Totalkredit alliance, and the two parties have further agreed on a number of unresolved issues in other areas of their business relationship.

As part of the settlement, Jyske Bank will in 2015 receive a one-off commission of DKK 83.6m, corresponding to 3-4 months' commission under the now terminated partnership agreement. Further, the Nykredit Group will buy Jyske Bank's shares in PRAS A/S, the company that was founded in connection with Nykredit's acquisition of Totalkredit and which holds 2.25% of the shares in Nykredit Holding A/S and just over 6% in DLR Kredit A/S. The shareholding represents some 22% of the share capital in PRAS and amounts to approximately DKK 420m.

The parties will continue working together in areas of mutual interest, such as JN Data.

### Nykredit supports Totalkredit Partners

In connection with the merger between Nordjyske Bank and Nørresundby Bank, which was approved on 31 March 2015, Nykredit made a commitment to take over a shareholding in the new bank from Spar Nord.

In connection with the merger, Nykredit acquired a shareholding of DKK 85m, which raised Nykredit's shareholding to about DKK 90m.

### BoligBank

In March Nykredit launched a new homeowner banking concept, BoligBank, with new competitive offers to our customers. The concept offers simple products to homeowners at fixed, attractive prices and is characterised by simplicity, transparency and freedom of choice. The objective is that it should be easy and simple to be a customer of Nykredit BoligBank.

Customers have a choice of three programmes, with an increasing scale of benefits: BoligBank, BoligBank 360 and BoligBank 365. BoligBank is for all homeowners, whereas BoligBank 360 is aimed at the customers who also have their everyday banking with us. Customers who have wealth assets in excess of DKK 500,000 are offered the BoligBank 365 programme.

BoligBank offers home finance, everyday banking, savings and pension plans as well as wealth management.

### New Head of Nykredit Markets and change in Nykredit Bank's Executive Board

Nykredit Markets is set to embark on a renewal process, and Jeanette Kiirdal Madsen, newly appointed Head of Nykredit Markets, will be in charge of this process. Nykredit Markets is to adapt to the new market conditions and work more closely with the rest of the Wholesale division. Focus will to a higher extent be on meeting the requirements of the commercial and retail segments as a supplement to the existing institutional client base.

Further, Georg Andersen, former Managing Director of Nykredit Bank and Head of Nykredit Markets, stepped down from his position. The



Executive Board of Nykredit Bank now consists of Bjørn Mortensen and Jesper Berg.

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

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

The areas in which assumptions and estimates significant to the financial statements have been made include provisions for loan and receivable impairment, unlisted financial instruments and other provisions, see the Annual Report 2014.

Uncertainty as to recognition and measurement is described in detail in the Group's accounting policies (note 1 of the Annual Report 2014), to which reference is made.

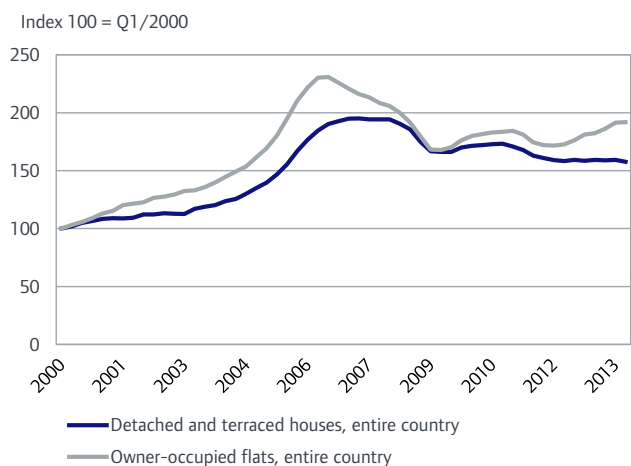
## **EVENTS OCCURRED AFTER THE END OF THE FINANCIAL PERIOD**

In April the Danish Ministry of Business and Growth submitted a report on negative mortgage rates. Nykredit agrees with the conclusions of the report, and in May Nykredit will offer loans based on floating-rate mortgage covered bonds the interest rate of which may be negative.

No other significant events have occurred in the period up to the presentation of the Q1 Interim Report 2015 which affect the financial position of the Nykredit Group.

# LENDING

## Nykredit Realkredit Group Housing prices in Denmark



Source: Association of Danish Mortgage Banks

The Group recorded total mortgage and bank lending, excluding reverse repurchase lending, of DKK 1,160bn against DKK 1,162bn at the beginning of the year.

Mortgage lending at fair value was DKK 1,138bn against DKK 1,137bn at the beginning of the year. Nominal mortgage lending amounted to DKK 1,110bn.

Bank lending totalled DKK 49.4bn against DKK 50.5bn at the beginning of the year, up DKK 1.1bn. The level in part reflected modest loan demand. Reverse repurchase lending amounted to DKK 29.6bn against DKK 35.2bn at the beginning of the year.

Impairment provisions for mortgage and bank lending totalled DKK 9.2bn compared with DKK 9.1bn at the beginning of the year. Relative to end-2014, impairment provisions for receivables from credit institutions were unchanged at DKK 44m.

At end-Q1/2015, guarantees came to DKK 8.8bn against DKK 7.5bn at the beginning of the year.

Incurred losses totalled DKK 267m in Q1/2015, of which DKK 197m represented mortgage lending and DKK 70m bank lending.

## Nykredit Realkredit Group Loans, advances, guarantees and impairment losses on loans and advances

| DKK million                                 | Loans, advances and guarantees |                  | Total provisions for loan impairment and guarantees |              | Impairment losses on loans and advances, earnings impact |              |
|---|--------------------------------|------------------|---|--------------|--|--------------|
|   | 31.03.2015                     | 31.12.2014       | 31.03.2015  | 31.12.2014   | Q1/2015  | FY 2014      |
| <b>Mortgage lending</b>                     |                                |                  |   |              |  |              |
| Nykredit Realkredit                         | 560,862                        | 570,029          | 4,375   | 4,270        | 190  | 1,712        |
| Totalkredit                                 | 549,588                        | 541,715          | 1,310   | 1,236        | 158  | 409          |
| <b>Total</b>                                | <b>1,110,450</b>               | <b>1,111,744</b> | <b>5,686</b>  | <b>5,506</b> | <b>348</b>   | <b>2,121</b> |
| <b>Bank lending</b>                         |                                |                  |   |              |  |              |
| Nykredit Bank                               | 49,404                         | 50,494           | 3,483   | 3,560        | (19)   | 211          |
| <b>Total</b>                                | <b>49,404</b>                  | <b>50,494</b>    | <b>3,483</b>  | <b>3,560</b> | <b>(19)</b>  | <b>211</b>   |
| <b>Receivables from credit institutions</b> |                                |                  |   |              |  |              |
| <b>Total</b>                                | <b>-</b>                       | <b>-</b>         | <b>44</b>   | <b>44</b>    | <b>0</b>   | <b>15</b>    |
| Reverse repurchase lending                  | 29,569                         | 35,228           | -   | -            | -  | -            |
| Guarantees                                  | 8,768                          | 7,546            | 107   | 107          | -  | 4            |
| <b>Loan impairment, %<sup>1</sup></b>       |                                |                  |   |              |  |              |
| Nykredit Realkredit                         | -                              | -                | 0.78  | 0.75         | 0.03   | 0.30         |
| Totalkredit                                 | -                              | -                | 0.24  | 0.23         | 0.03   | 0.08         |
| <b>Total</b>                                | <b>-</b>                       | <b>-</b>         | <b>0.51</b>   | <b>0.50</b>  | <b>0.03</b>  | <b>0.19</b>  |
| Nykredit Bank                               | -                              | -                | 6.58  | 6.59         | (0.04)   | 0.39         |
| <b>Total</b>                                | <b>-</b>                       | <b>-</b>         | <b>6.58</b>   | <b>6.59</b>  | <b>(0.04)</b>  | <b>0.39</b>  |

<sup>1</sup> Loan impairment excluding receivables from credit institutions, reverse repurchase lending and guarantees.

Note: Mortgage lending is stated at nominal value, adjusted for intercompany lending and intercompany set-off.

## MORTGAGE LENDING

The credit exposure in terms of nominal mortgage lending amounted to DKK 1,110bn at end-Q1/2015 against DKK 1,112bn at the beginning of the year.

The security behind the mortgage loan portfolio is robust. Also, mortgage loans granted via Totalkredit are covered by set-off agreements, which means that Totalkredit may offset part of the losses incurred on mortgage loans against future commission payments to the partner banks which have distributed the loans.

The LTV ratios of the mortgage loan portfolio are shown in the table below with individual loans relative to estimated values of the individual properties at end-Q1/2015.

### Total provisions for mortgage loan impairment

Total provisions for mortgage loan impairment increased by DKK 180m from the beginning of the year to DKK 5,686m at end-Q1/2015. Of the increase, DKK 51m was related to private rental property (including housing cooperatives), DKK 62m was attributable to office and retail and DKK 109m to agricultural property.

Private residential property accounted for DKK 2m of the increase and commercial property DKK 178m at end-Q1/2015.

Total impairment provisions amounted to 0.51% of total mortgage lending against 0.50% at the beginning of the year.

### Earnings impact

Impairment losses on mortgage lending for the period were DKK 348m against DKK 464m in Q1/2014. Of total impairment losses on loans and advances for the period, DKK 132m, or 38%, was attributable to the private residential segment, while DKK 102m, or 29%, related to agricultural property. Further, DKK 11m relating to lending to credit institutions was charged to the income statement in Q1/2014.

### Nykredit Realkredit Group Debt outstanding relative to estimated property values

| DKK million/%                | LTV (loan-to-value) |                |                |               |               |               | Total            | LTV average, % |
|------------------------------|---------------------|----------------|----------------|---------------|---------------|---------------|------------------|----------------|
|                              | 0-40                | 40-60          | 60-80          | 80-90         | 90-100        | >100          |                  |                |
| Private residential property | 392,612             | 156,611        | 103,626        | 18,767        | 8,675         | 8,353         | 688,645          | 75             |
| Private rental               | 77,008              | 28,139         | 14,891         | 2,311         | 1,166         | 1,476         | 124,992          | 69             |
| Industry and trades          | 18,796              | 3,815          | 762            | 215           | 171           | 658           | 24,417           | 54             |
| Office and retail            | 84,186              | 22,887         | 3,658          | 607           | 350           | 664           | 112,352          | 55             |
| Agriculture                  | 69,960              | 19,075         | 7,561          | 1,277         | 639           | 931           | 99,443           | 60             |
| Non-profit housing           | -                   | -              | -              | -             | -             | -             | 70,560           | -              |
| Other                        | 13,754              | 3,194          | 1,166          | 61            | 36            | 96            | 18,305           | 54             |
| <b>Total, end-Q1/2015</b>    | <b>656,316</b>      | <b>233,721</b> | <b>131,664</b> | <b>23,238</b> | <b>11,037</b> | <b>12,178</b> | <b>1,138,714</b> | <b>68</b>      |
| Total, end-2014              | 653,815             | 235,800        | 134,014        | 23,945        | 10,883        | 10,648        | 1,137,983        | 69             |

<sup>1</sup> Determined as the top part of the debt outstanding relative to estimated property values.

Note: The figures are actual LTV ratios including any financed costs. Public authority guarantees reduce the credit risk relating to subsidised housing that forms part of lending to the non-profit housing segment. For this reason, LTVs of non-profit housing offer no relevant risk data.

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

### Nykredit Realkredit Group Mortgage loan impairment by property type<sup>1</sup>

| DKK million         | 31.03.2015                  |                       | 31.12.2014                  |                       |
|---------------------|-----------------------------|-----------------------|-----------------------------|-----------------------|
|                     | Total impairment provisions | Total earnings impact | Total impairment provisions | Total earnings impact |
| Private residential | 2,166                       | 132                   | 2,164                       | 554                   |
| Private rental      | 1,551                       | 70                    | 1,500                       | 856                   |
| Industry and trades | 244                         | 5                     | 257                         | 98                    |
| Office and retail   | 568                         | 68                    | 506                         | 91                    |
| Agriculture         | 965                         | 102                   | 856                         | 441                   |
| Non-profit housing  | 70                          | (27)                  | 97                          | 55                    |
| Other               | 122                         | (2)                   | 126                         | 26                    |
| <b>Total</b>        | <b>5,686</b>                | <b>348</b>            | <b>5,506</b>                | <b>2,121</b>          |

<sup>1</sup> The breakdown by property type is not directly comparable with Nykredit's business areas.

**Nykredit Realkredit Group**  
**Arrears ratio – 75 days past due**

| Due dates   | Arrears relative to total mortgage payments % | Debt outstanding affected by arrears of total debt outstanding % | Debt outstanding affected by arrears DKK billion |
|-------------|---|--|--|
| <b>2014</b> |   |  |  |
| - December  | 0.42  | 0.50   | 5.6  |
| - September | 0.42  | 0.42   | 4.7  |
| - June      | 0.41  | 0.43   | 4.8  |
| - March     | 0.46  | 0.47   | 5.2  |
| <b>2013</b> |   |  |  |
| - December  | 0.43  | 0.50   | 5.6  |
| - September | 0.47  | 0.46   | 5.2  |

**Arrears**

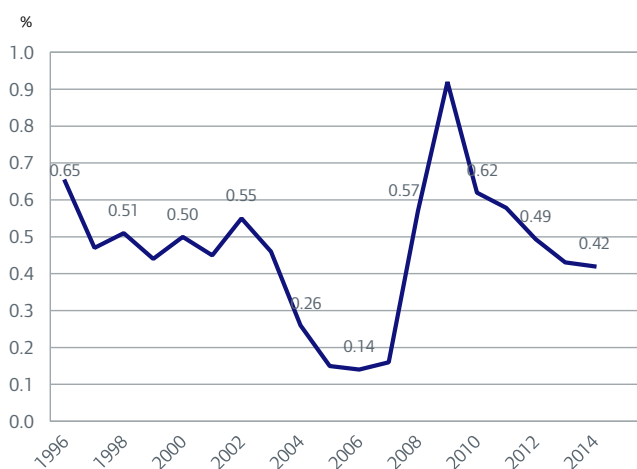
At the December due date, mortgage loan arrears represented 0.42% of total mortgage payments due against 0.43% at the same time the year before.

The Group's bond debt outstanding affected by arrears as a percentage of total bond debt outstanding was 0.50, which was unchanged year-on-year.

**Acquired properties**

In Q1/2015 the Group acquired 64 properties at forced sales and sold 85. At end-Q1/2015, the property portfolio stood at 217 against 238 at the beginning of the year. Residential property accounted for 104 against 117 at end-2014.

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



## BANK LENDING

Loans, advances and guarantees were DKK 87.7bn against DKK 93.3bn at the beginning of the year, down DKK 5.6bn. The decline chiefly stemmed from reverse repurchase lending, which fell back by DKK 5.7bn to DKK 29.6bn.

Bank lending amounted to DKK 49.4bn against DKK 50.5bn at the beginning of the year. The level in part reflected continued modest loan demand. Bank lending before provisions for loan impairment was DKK 52.9bn against DKK 54.1bn at the beginning of the year.

Nykredit Bank recorded negative lending growth of 2.3%, excluding reverse repurchase lending, determined pursuant to the rules of the Danish FSA, including rules relating to the FSA Supervisory Diamond model.

### Total provisions for bank loan impairment

Provisions for bank loan impairment totalled DKK 3,483m against DKK 3,560m at the beginning of the year.

Impairment provisions for receivables from credit institutions came to DKK 23m at end-Q1/2015, the same level as at end-2014.

### Guarantees

The Bank issues guarantees on a current basis. Guarantees issued were DKK 8.8bn against DKK 7.5bn at end-2014.

At end-Q1/2015, provisions for guarantees amounted to DKK 107m, which was unchanged on the beginning of the year.

### Earnings impact

Impairment losses on loans and advances and provisions for guarantees resulted in a reversal of DKK 19m. By comparison, loan impairment losses and provisions for guarantees were DKK 36m in Q1/2014.

To this should be added impairment losses on credit institutions total-ling DKK 0m in Q1/2015 compared with DKK 4m in Q1/2014.

## Nykredit Realkredit Group

### Bank loan impairment and provisions for guarantees by sector<sup>1</sup>

| DKK million  | 31.03.2015                  |                       | 31.12.2014                  |                       |
|--|-----------------------------|-----------------------|-----------------------------|-----------------------|
|  | Total impairment provisions | Total earnings impact | Total impairment provisions | Total earnings impact |
| <b>Public</b>  | <b>0</b>                    | <b>0</b>              | <b>0</b>                    | <b>(8)</b>            |
| Agriculture, hunting, forestry and fishing                           | 101                         | (1)                   | 138                         | (10)                  |
| Manufacturing, mining and quarrying                                  | 280                         | 15                    | 269                         | 26                    |
| Energy supply  | 9                           | 0                     | 9                           | 2                     |
| Construction   | 237                         | 0                     | 236                         | 11                    |
| Trading  | 104                         | (1)                   | 119                         | (30)                  |
| Transport, accommodation and food service activities                 | 118                         | 10                    | 91                          | (19)                  |
| Information and communication  | 61                          | (3)                   | 62                          | 1                     |
| Finance and insurance  | 288                         | (5)                   | 305                         | (85)                  |
| Real estate  | 1,494                       | (48)                  | 1,540                       | 303                   |
| Other  | 293                         | (7)                   | 305                         | (77)                  |
| <b>Total commercial customers</b>                                    | <b>2,985</b>                | <b>(42)</b>           | <b>3,074</b>                | <b>122</b>            |
| <b>Personal customers</b>  | <b>604</b>                  | <b>23</b>             | <b>592</b>                  | <b>101</b>            |
| <b>Total</b>   | <b>3,589</b>                | <b>(19)</b>           | <b>3,666</b>                | <b>215</b>            |
| - Of which provisions for losses on guarantees                       | 107                         | 0                     | 107                         | 4                     |
| Impairment provisions for credit institutions                        | 23                          | 0                     | 23                          | 4                     |
| <b>Total including impairment provisions for credit institutions</b> | <b>3,612</b>                | <b>(19)</b>           | <b>3,689</b>                | <b>219</b>            |

<sup>1</sup> As the breakdown is based on public sector statistics, it is not directly comparable with Nykredit Bank's business areas.

# MANAGEMENT STATEMENT

## STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD ON THE INTERIM REPORT

The Board of Directors and the Executive Board have today reviewed and approved the Interim Report for the period 1 January – 31 March 2015 of Nykredit Realkredit A/S and the Nykredit Realkredit Group.

The Consolidated Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. The Interim Financial Statements of the Parent Company have been prepared in accordance with the Danish Financial Business Act and the Danish Executive Order on Financial Reports for Credit Institutions and Invest-

ment Firms, etc.

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

We are of the opinion that the Interim Financial Statements give a fair presentation of the Group's and the Parent Company's assets, liabilities, equity and financial position at 31 March 2015 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 2015.

We are furthermore of the opinion that the Management's Review gives a fair review of the development in the operations and finan-

cial 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.

The Interim Report has not been audited or reviewed.

Copenhagen, 13 May 2015

### Executive Board

Michael Rasmussen  
Group Chief Executive

Kim Duus  
Group Managing Director

Søren Holm  
Group Managing Director

Anders Jensen  
Group Managing Director

Bente Overgaard  
Group Managing Director

### Board of Directors

Steen E. Christensen  
Chairman

Hans Bang-Hansen  
Deputy Chairman

Steffen Kragh  
Deputy Chairman

Kristian Benggaard

Michael Demsitz

Merete Eldrup

Marlene Holm

Allan Kristiansen

Bent Naur

Anders C. Obel

Erling Bech Poulsen

Lars Peter Skaarup

Nina Smith

Jens Erik Udsen

Leif Vinther

## Statements of income and other comprehensive income for 1 January – 31 March

DKK million

| Nykredit Realkredit A/S |         |   | Nykredit Realkredit Group |              |              |
|-------------------------|---------|---|---------------------------|--------------|--------------|
| Q1/2014                 | Q1/2015 |   | Note                      | Q1/2015      | Q1/2014      |
| 7,217                   | 7,140   | Interest income   | 5                         | 8,958        | 9,285        |
| -                       | (2)     | Negative interest rates   | 5a                        | 0            | -            |
| 6,060                   | 5,802   | Interest expenses   | 6                         | 5,904        | 6,426        |
| 1,156                   | 1,337   | <b>NET INTEREST INCOME</b>  |                           | <b>3,054</b> | <b>2,859</b> |
| 2                       | 14      | Dividend on equities  |                           | 14           | 4            |
| 173                     | 289     | Fee and commission income   |                           | 772          | 447          |
| 38                      | 40      | Fee and commission expenses   |                           | 728          | 533          |
| 1,294                   | 1,599   | <b>NET INTEREST AND FEE INCOME</b>  |                           | <b>3,111</b> | <b>2,778</b> |
| 320                     | 107     | Value adjustments   | 7                         | (724)        | (153)        |
| 2                       | 2       | Other operating income  |                           | 47           | 43           |
| 587                     | 534     | Staff and administrative expenses   | 8                         | 1,139        | 1,195        |
| 44                      | 56      | Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets | 9                         | 66           | 53           |
| 11                      | (1)     | Other operating expenses  |                           | 18           | 27           |
| 456                     | 190     | Impairment losses on loans, advances and receivables  | 10                        | 329          | 515          |
| 382                     | 94      | Profit (loss) from investments in associates and group enterprises  | 11                        | (0)          | (0)          |
| 901                     | 1,022   | <b>PROFIT BEFORE TAX</b>  |                           | <b>883</b>   | <b>878</b>   |
| 66                      | 180     | Tax   | 12                        | 197          | 200          |
| 834                     | 842     | <b>PROFIT FOR THE PERIOD</b>  |                           | <b>686</b>   | <b>678</b>   |
|                         |         | <b>DISTRIBUTION OF PROFIT FOR THE PERIOD</b>  |                           |              |              |
| 834                     | 821     | Shareholders of Nykredit Realkredit A/S   |                           | 664          | 678          |
| -                       | 22      | Holders of Additional Tier 1 capital notes  |                           | 22           | -            |
| 834                     | 842     | <b>Profit for the period</b>  |                           | <b>686</b>   | <b>678</b>   |
|                         |         | <b>OTHER COMPREHENSIVE INCOME</b>   |                           |              |              |
|                         |         | <b>ITEMS NOT ELIGIBLE FOR RECLASSIFICATION TO THE INCOME STATEMENT:</b>   |                           |              |              |
| 2                       | 8       | Actuarial gains/losses on defined benefit plans   |                           | 8            | 2            |
| 2                       | 8       | <b>Total items not eligible for reclassification to the income statement</b>                                    |                           | <b>8</b>     | <b>2</b>     |
|                         |         | <b>ITEMS ELIGIBLE FOR RECLASSIFICATION TO THE INCOME STATEMENT:</b>   |                           |              |              |
| -                       | -       | Fair value adjustment of equities available for sale  |                           | 168          | 155          |
| -                       | -       | Tax on fair value adjustment of equities available for sale   |                           | (11)         | 2            |
| -                       | -       | <b>Total items eligible for reclassification to the income statement</b>  |                           | <b>157</b>   | <b>157</b>   |
| 2                       | 8       | <b>OTHER COMPREHENSIVE INCOME</b>   |                           | <b>164</b>   | <b>159</b>   |
| 837                     | 850     | <b>COMPREHENSIVE INCOME FOR THE PERIOD</b>  |                           | <b>850</b>   | <b>837</b>   |
|                         |         | <b>DISTRIBUTION OF COMPREHENSIVE INCOME</b>   |                           |              |              |
| 837                     | 828     | Shareholders of Nykredit Realkredit A/S   |                           | 828          | 837          |
| -                       | 22      | Holders of Additional Tier 1 capital notes  |                           | 22           | -            |
| 837                     | 850     | <b>Profit for the period</b>  |                           | <b>850</b>   | <b>837</b>   |



# Balance sheets, end of period

DKK million

| Nykredit Realkredit A/S   |                  |   |      | Nykredit Realkredit Group |                  |
|---------------------------|------------------|---|------|---------------------------|------------------|
| 31.12.2014                | 31.03.2015       |   | Note | 31.03.2015                | 31.12.2014       |
| <b>ASSETS</b>             |                  |   |      |                           |                  |
| 227                       | 7,695            | Cash balances and demand deposits with central banks    |      | 25,161                    | 4,644            |
| 29,570                    | 41,726           | Receivables from credit institutions and central banks  | 13   | 45,771                    | 37,644           |
| 1,192,558                 | 1,229,134        | Loans, advances and other receivables at fair value     | 14   | 1,167,889                 | 1,172,805        |
| 448                       | 455              | Loans, advances and other receivables at amortised cost | 15   | 49,875                    | 50,958           |
| 47,745                    | 46,695           | Bonds at fair value                                     | 16   | 101,004                   | 127,972          |
| <b>Equities</b>           |                  |   |      |                           |                  |
| 3,069                     | 3,379            | Equities measured at fair value through profit or loss  |      | 1,588                     | 1,376            |
| -                         | -                | Equities available for sale                             |      | 2,203                     | 2,035            |
| <b>3,069</b>              | <b>3,379</b>     | <b>Total</b>  |      | <b>3,791</b>              | <b>3,411</b>     |
| 119                       | 118              | Investments in associates                               |      | 121                       | 123              |
| 30,456                    | 32,515           | Investments in group enterprises                        |      | -                         | -                |
| 3,027                     | 3,000            | Intangible assets                                       |      | 3,073                     | 3,104            |
| <b>Land and buildings</b> |                  |   |      |                           |                  |
| -                         | -                | Investment properties                                   |      | 283                       | 283              |
| 16                        | 17               | Owner-occupied properties                               |      | 1,482                     | 1,484            |
| <b>16</b>                 | <b>17</b>        | <b>Total</b>  |      | <b>1,765</b>              | <b>1,767</b>     |
| 235                       | 223              | Other property, plant and equipment                     |      | 257                       | 273              |
| 13                        | 0                | Current tax assets                                      |      | 741                       | 632              |
| 126                       | 108              | Deferred tax assets                                     |      | 108                       | 128              |
| 476                       | 502              | Assets in temporary possession                          |      | 570                       | 552              |
| 14,642                    | 14,544           | Other assets  | 17   | 61,029                    | 53,914           |
| 190                       | 255              | Prepayments   |      | 344                       | 226              |
| <b>1,322,918</b>          | <b>1,380,366</b> | <b>TOTAL ASSETS</b>                                     |      | <b>1,461,500</b>          | <b>1,458,153</b> |

# Balance sheets, end of period

DKK million

| Nykredit Realkredit A/S             |                  |  |      | Nykredit Realkredit Group |                  |
|-------------------------------------|------------------|--|------|---------------------------|------------------|
| 31.12.2014                          | 31.03.2015       |  | Note | 31.03.2015                | 31.12.2014       |
| <b>LIABILITIES AND EQUITY</b>       |                  |  |      |                           |                  |
| 22,811                              | 23,383           | Payables to credit institutions and central banks        | 18   | 38,860                    | 44,863           |
| -                                   | -                | Deposits and other payables                              | 19   | 67,733                    | 65,232           |
| 1,204,487                           | 1,256,513        | Bonds in issue at fair value                             | 20   | 1,181,483                 | 1,167,163        |
| 3,826                               | 3,803            | Bonds in issue at amortised cost                         | 21   | 27,979                    | 29,457           |
| 1,188                               | 1,403            | Other non-derivative financial liabilities at fair value | 22   | 4,481                     | 18,451           |
| -                                   | 79               | Current tax liabilities                                  |      | 323                       | 146              |
| -                                   | -                | Liabilities temporarily assumed                          |      | 29                        | 29               |
| 19,268                              | 19,246           | Other liabilities  | 23   | 64,376                    | 61,161           |
| -                                   | -                | Deferred income  |      | 4                         | 3                |
| <b>1,251,580</b>                    | <b>1,304,427</b> | <b>Total payables</b>                                    |      | <b>1,385,270</b>          | <b>1,386,506</b> |
| <b>Provisions</b>                   |                  |  |      |                           |                  |
| 198                                 | 200              | Provisions for pensions and similar obligations          |      | 205                       | 203              |
| 126                                 | 176              | Provisions for deferred tax                              |      | 241                       | 198              |
| 74                                  | 73               | Repayable reserves in pre-1972 series                    |      | 73                        | 74               |
| -                                   | -                | Provisions for losses under guarantees                   |      | 106                       | 107              |
| 87                                  | 65               | Other provisions   |      | 132                       | 169              |
| <b>485</b>                          | <b>515</b>       | <b>Total provisions</b>                                  |      | <b>758</b>                | <b>751</b>       |
| <b>11,350</b>                       | <b>11,369</b>    | <b>Subordinated debt</b>                                 | 24   | <b>11,417</b>             | <b>11,394</b>    |
| <b>Equity</b>                       |                  |  |      |                           |                  |
| 1,182                               | 1,182            | Share capital  |      | 1,182                     | 1,182            |
| <b>Accumulated changes in value</b> |                  |  |      |                           |                  |
| 2                                   | 1                | - revaluation reserves                                   |      | 150                       | 151              |
| -                                   | -                | - value adjustment of equities available for sale        |      | 797                       | 641              |
| <b>Other reserves</b>               |                  |  |      |                           |                  |
| 3,147                               | 3,205            | - statutory reserves                                     |      | -                         | -                |
| 30,975                              | 30,975           | - series reserves  |      | 30,975                    | 30,975           |
| 24,197                              | 24,936           | Retained earnings  |      | 27,194                    | 26,553           |
| -                                   | 3,757            | Holders of Additional Tier 1 capital                     |      | 3,757                     | -                |
| <b>59,502</b>                       | <b>64,055</b>    | <b>Total equity</b>                                      |      | <b>64,055</b>             | <b>59,502</b>    |
| <b>1,322,918</b>                    | <b>1,380,366</b> | <b>TOTAL LIABILITIES AND EQUITY</b>                      |      | <b>1,461,500</b>          | <b>1,458,153</b> |
| <b>OFF-BALANCE SHEET ITEMS</b>      |                  |  |      |                           |                  |
| -                                   | -                | Contingent liabilities                                   | 25   | 8,768                     | 7,546            |
| 1,121                               | 1,060            | Other commitments  |      | 5,580                     | 5,843            |
| <b>1,121</b>                        | <b>1,060</b>     | <b>TOTAL</b>   |      | <b>14,348</b>             | <b>13,389</b>    |

## Statement of changes in equity for 1 January – 31 March

DKK million

Nykredit Realkredit A/S

|  | Share capital | Revaluation reserves | Statutory reserves <sup>2</sup> | Series reserves | Retained earnings | Additional Tier 1 capital <sup>1</sup> | Total         |
|--|---------------|----------------------|---------------------------------|-----------------|-------------------|--|---------------|
| <b>2015</b>  |               |                      |                                 |                 |                   |  |               |
| Equity, 1 January  | 1,182         | 2                    | 3,147                           | 30,975          | 24,197            | -                                      | 59,502        |
| Profit for the period  | -             | -                    | 94                              | -               | 726               | 22                                     | 842           |
| Total other comprehensive income                                     | -             | -                    | -                               | -               | 8                 | -                                      | 8             |
| Total comprehensive income for the period                            | -             | -                    | 94                              | -               | 734               | 22                                     | 850           |
| <i>Transactions with owners</i>                                      |               |                      |                                 |                 |                   |  |               |
| Issuance of Additional Tier 1 capital                                | -             | -                    | -                               | -               | -                 | 3,731                                  | 3,731         |
| Net transaction costs  | -             | -                    | -                               | -               | (38)              | -                                      | (38)          |
| Foreign currency translation adjustment of Additional Tier 1 capital | -             | -                    | -                               | -               | (4)               | 4                                      | -             |
| Tax  | -             | -                    | -                               | -               | 10                | -                                      | 10            |
| Dividend from associates   | -             | -                    | (35)                            | -               | 35                | -                                      | -             |
| Dividend from group enterprises                                      | -             | -                    | (1)                             | -               | 1                 | -                                      | -             |
| Realised by sale of properties                                       | -             | (1)                  | -                               | -               | 1                 | -                                      | -             |
| <b>Equity, 31 March</b>  | <b>1,182</b>  | <b>1</b>             | <b>3,205</b>                    | <b>30,975</b>   | <b>24,936</b>     | <b>3,757</b>                           | <b>64,055</b> |
| <b>2014</b>  |               |                      |                                 |                 |                   |  |               |
| Equity, 1 January  | 1,182         | 2                    | 3,554                           | 32,402          | 21,576            | -                                      | 58,716        |
| Profit for the period  | -             | -                    | 382                             | -               | 453               | -                                      | 834           |
| Total other comprehensive income                                     | -             | -                    | -                               | -               | 2                 | -                                      | 2             |
| Total comprehensive income for the period                            | -             | -                    | 382                             | -               | 455               | -                                      | 837           |
| Dividend from associates   | -             | -                    | (2)                             | -               | 2                 | -                                      | -             |
| Dividend from group enterprises                                      | -             | -                    | (125)                           | -               | 125               | -                                      | -             |
| <b>Equity, 31 March</b>  | <b>1,182</b>  | <b>2</b>             | <b>3,809</b>                    | <b>32,402</b>   | <b>22,158</b>     | <b>-</b>                               | <b>59,553</b> |

<sup>1</sup> Additional Tier 1 (AT1) capital is perpetual, and payment of principal and interest is discretionary. For accounting purposes, the bonds are consequently treated as equity. On 26 February 2015, Nykredit issued EUR 500m (nominal) of AT1 capital, which may be redeemed from 26 October 2020. The AT1 capital carries an interest rate of 6.25% pa up to 26 October 2020, after which date the interest rate will be fixed every 5 years. If the Common Equity Tier 1 (CET1) capital ratio of Nykredit Realkredit A/S, the Nykredit Realkredit Group or the Nykredit Holding Group falls below 7.125%, the loan will be written down.

<sup>2</sup> The item relates to transfer to net revaluation reserves according to the equity method. The reserves are non-distributable.

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

## Statement of changes in equity for 1 January – 31 March

DKK million

Nykredit Realkredit Group

|  | Share capital | Revaluation reserves | Accumulated value adjustment of equities available for sale | Series reserves | Retained earnings | Additional Tier 1 capital <sup>1</sup> | Total         |
|--|---------------|----------------------|---|-----------------|-------------------|--|---------------|
| <b>2015</b>  |               |                      |   |                 |                   |  |               |
| Equity, 1 January  | 1,182         | 151                  | 641   | 30,975          | 26,553            | -                                      | 59,502        |
| Profit for the period  | -             | -                    | -   | -               | 664               | 22                                     | 686           |
| Total other comprehensive income                                     | -             | -                    | 157   | -               | 8                 | -                                      | 164           |
| Total comprehensive income for the period                            | -             | -                    | 157   | -               | 672               | 22                                     | 850           |
| <i>Transactions with owners</i>                                      |               |                      |   |                 |                   |  |               |
| Issuance of Additional Tier 1 capital                                | -             | -                    | -   | -               | -                 | 3,731                                  | 3,731         |
| Net transaction costs  | -             | -                    | -   | -               | (38)              | -                                      | (38)          |
| Foreign currency translation adjustment of Additional Tier 1 capital | -             | -                    | -   | -               | (4)               | 4                                      | -             |
| Tax  | -             | -                    | -   | -               | 10                | -                                      | 10            |
| Realised by sale of properties                                       | -             | (1)                  | -   | -               | 1                 | -                                      | -             |
| <b>Equity, 31 March</b>  | <b>1,182</b>  | <b>150</b>           | <b>797</b>  | <b>30,975</b>   | <b>27,194</b>     | <b>3,757</b>                           | <b>64,055</b> |
| <b>2014</b>  |               |                      |   |                 |                   |  |               |
| Equity, 1 January  | 1,182         | 205                  | 403   | 32,402          | 24,525            | -                                      | 58,716        |
| Profit for the period  | -             | -                    | -   | -               | 678               | -                                      | 678           |
| Total other comprehensive income                                     | -             | -                    | 157   | -               | 2                 | -                                      | 159           |
| Total comprehensive income for the period                            | -             | -                    | 157   | -               | 680               | -                                      | 837           |
| <b>Equity, 31 March</b>  | <b>1,182</b>  | <b>205</b>           | <b>559</b>  | <b>32,402</b>   | <b>25,205</b>     | <b>-</b>                               | <b>59,553</b> |

<sup>1</sup> Additional Tier 1 (AT1) capital is perpetual, and payment of principal and interest is discretionary. For accounting purposes, AT1 capital is consequently treated as equity. On 26 February 2015, Nykredit issued EUR 500m (nominal) of AT1 capital, which may be redeemed from 26 October 2020. The AT1 capital carries an interest rate of 6.25% pa up to 26 October 2020, after which date the interest rate will be fixed every 5 years. If the Common Equity Tier 1 (CET1) capital ratio of Nykredit Realkredit A/S, the Nykredit Realkredit Group or the Nykredit Holding Group falls below 7.125%, the loan will be written down.

## Statement of changes in equity for 1 January – 31 December

DKK million

|   | Share capital | Revaluation reserves | Statutory reserves* | Accumulated value adjustment of equities available for sale | Series reserves | Retained earnings | Total         |
|---|---------------|----------------------|---------------------|---|-----------------|-------------------|---------------|
| <b>Nykredit Realkredit A/S</b>                |               |                      |                     |   |                 |                   |               |
| 2014  |               |                      |                     |   |                 |                   |               |
| Equity, 1 January                             | 1,182         | 2                    | 3,554               | -   | 32,402          | 21,576            | 58,716        |
| Profit (loss) for the year                    | -             | -                    | (225)               | -   | -               | 1,040             | 815           |
| Total other comprehensive income              | -             | -                    | (53)                | -   | -               | 22                | (32)          |
| Total comprehensive income for the year       | -             | -                    | (279)               | -   | -               | 1,062             | 783           |
| Dividend from associates                      | -             | -                    | (4)                 | -   | -               | 4                 | -             |
| Dividend from group enterprises               | -             | -                    | (125)               | -   | -               | 125               | -             |
| Adjustment pursuant to capital adequacy rules | -             | -                    | -                   | -   | (1,427)         | 1,427             | -             |
| Transferred from provisions – pre-1972 series | -             | -                    | -                   | -   | (0)             | 3                 | 3             |
| <b>Equity, 31 December</b>                    | <b>1,182</b>  | <b>2</b>             | <b>3,147</b>        | <b>-</b>  | <b>30,975</b>   | <b>24,197</b>     | <b>59,502</b> |
| <b>Nykredit Realkredit Group</b>              |               |                      |                     |   |                 |                   |               |
| 2014  |               |                      |                     |   |                 |                   |               |
| Equity, 1 January                             | 1,182         | 205                  | -                   | 403   | 32,402          | 24,525            | 58,716        |
| Profit for the year                           | -             | -                    | -                   | -   | -               | 576               | 576           |
| Total other comprehensive income              | -             | (53)                 | -                   | 238   | -               | 22                | 207           |
| Total comprehensive income for the year       | -             | (53)                 | -                   | 238   | -               | 598               | 783           |
| Adjustment pursuant to capital adequacy rules | -             | -                    | -                   | -   | (1,427)         | 1,427             | 0             |
| Transferred from provisions – pre-1972 series | -             | -                    | -                   | -   | (0)             | 3                 | 3             |
| Other adjustments                             | -             | -                    | -                   | -   | -               | 1                 | 1             |
| <b>Equity, 31 December</b>                    | <b>1,182</b>  | <b>151</b>           | <b>-</b>            | <b>641</b>  | <b>30,975</b>   | <b>26,553</b>     | <b>59,502</b> |

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

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

## Cash flow statement for 1 January – 31 March

DKK million

|   | Nykredit Realkredit Group<br>Q1/2015 | Q1/2014         |
|---|--------------------------------------|-----------------|
| <b>Profit for the period</b>  | <b>686</b>                           | <b>678</b>      |
| <b>Non-cash operating items</b>   |                                      |                 |
| Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets | 66                                   | 53              |
| Loss from investments in associates   | 0                                    | 0               |
| Impairment losses on loans, advances and receivables  | 329                                  | 515             |
| Prepayments/deferred income, net  | (116)                                | (81)            |
| Tax calculated on profit for the period   | 197                                  | 200             |
| Other adjustments   | 78                                   | 440             |
| <b>Total</b>  | <b>533</b>                           | <b>1,127</b>    |
| <b>Profit for the period adjusted for non-cash operating items</b>  | <b>1,239</b>                         | <b>1,804</b>    |
| <b>Change in working capital</b>  |                                      |                 |
| Loans, advances and other receivables   | 5,670                                | 8,728           |
| Deposits and payables to credit institutions  | (3,502)                              | 8,207           |
| Bonds in issue  | 12,843                               | (2,163)         |
| Other working capital   | (17,925)                             | 3,875           |
| <b>Total</b>  | <b>(2,915)</b>                       | <b>18,647</b>   |
| <b>Corporation tax paid, net</b>  | <b>(65)</b>                          | <b>(84)</b>     |
| <b>Cash flows from operating activities</b>   | <b>(1,741)</b>                       | <b>20,367</b>   |
| <b>Cash flows from investing activities</b>   |                                      |                 |
| Dividend received   | 1                                    | 2               |
| Purchase and sale of bonds and equities, net  | 26,588                               | (17,339)        |
| Purchase of intangible assets   | (6)                                  | (25)            |
| Purchase of property, plant and equipment   | (13)                                 | (18)            |
| Sale of property, plant and equipment   | 3                                    | 191             |
| <b>Total</b>  | <b>26,573</b>                        | <b>(17,189)</b> |
| <b>Cash flows from financing activities</b>   |                                      |                 |
| Issuance of Additional Tier 1 capital notes   | 3,731                                | -               |
| Purchase and sale of self-issued subordinated debt instruments  | 4                                    | 12              |
| <b>Total</b>  | <b>3,735</b>                         | <b>12</b>       |
| <b>Total cash flows</b>   | <b>28,567</b>                        | <b>3,190</b>    |
| <b>Cash and cash equivalents, beginning of period</b>   | <b>42,288</b>                        | <b>35,758</b>   |
| Foreign currency translation adjustment of cash   | 77                                   | (258)           |
| <b>Cash and cash equivalents, end of period</b>   | <b>70,932</b>                        | <b>38,690</b>   |
| <b>Cash and cash equivalents, end of period</b>   |                                      |                 |
| Cash balances and demand deposits with central banks  | 25,161                               | 7,502           |
| Receivables from credit institutions and central banks  | 45,771                               | 31,188          |
| <b>Total</b>  | <b>70,932</b>                        | <b>38,690</b>   |

# Notes

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# Notes

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## 1. ACCOUNTING POLICIES

### GENERAL

The Consolidated Financial Statements for Q1/2015 are prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and further Danish financial reporting and disclosure requirements for interim reports. Compliance with IAS 34 implies observance of the principles of recognition and measurement of the IFRS, but also a less detailed presentation relative to the annual report.

The Interim Financial Statements for Q1/2015 of the Parent Company are prepared in accordance with the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc. (the Danish Executive Order on the Presentation of Financial Statements) issued by the Danish Financial Supervisory Authority (FSA).

### New and amended standards, interpretations and reporting provisions

Reporting standards and interpretations in force from 1 January 2015 have been implemented with no effect on results, comprehensive income, balance sheet or equity for the period.

Compared with the information disclosed in the accounting policies of the Annual Report 2014 (note 1), no new reporting standards or interpretations have been issued or approved which influence the Q1 Interim Report 2015 of Nykredit Realkredit A/S and the Nykredit Realkredit Group.

### Change in the presentation of business areas

The presentation of the Group's business areas has been adjusted to reflect the organisational changes implemented in H1/2014.

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

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

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

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

The accounting policies are otherwise unchanged compared with the Annual Report 2014. For a full description of the Group's and the Parent Company's accounting policies, please refer to note 1 of the Annual Report 2014, which is available at [nykredit.com/reports](http://nykredit.com/reports).

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

## Notes

DKK million

| Nykredit Realkredit A/S                |                |  | Nykredit Realkredit Group |                |
|--|----------------|--|---------------------------|----------------|
| 31.12.2014                             | 31.03.2015     |  | 31.03.2015                | 31.12.2014     |
| <b>2. CAPITAL AND CAPITAL ADEQUACY</b> |                |  |                           |                |
| <b>59,502</b>                          | <b>64,055</b>  | <b>Equity for accounting purposes</b>                                  | <b>60,299</b>             | <b>59,502</b>  |
| -                                      | (3,757)        | Additional Tier 1 capital  | (3,757)                   | -              |
| <b>59,502</b>                          | <b>60,299</b>  | <b>Equity excluding Additional Tier 1 capital</b>                      | <b>60,299</b>             | <b>59,502</b>  |
| -                                      | (18)           | Deduction for average dividend payments/dividend payments provided for | (18)                      | -              |
| (111)                                  | (193)          | Prudent valuation adjustment   | (778)                     | (551)          |
| (2,968)                                | (2,947)        | Intangible assets excluding deferred tax liabilities                   | (3,016)                   | (3,040)        |
| (1,877)                                | (1,766)        | Provisions for expected losses in accordance with IRB approach         | (1,094)                   | (1,433)        |
| (237)                                  | (231)          | Other additions/deductions   | (231)                     | (237)          |
| 1,673                                  | 1,193          | Transitional adjustment of deductions                                  | 790                       | 1,318          |
| <b>(3,521)</b>                         | <b>(3,962)</b> | <b>Common Equity Tier 1 capital deductions</b>                         | <b>(4,346)</b>            | <b>(3,944)</b> |
| <b>55,981</b>                          | <b>56,337</b>  | <b>Common Equity Tier 1 capital</b>                                    | <b>55,953</b>             | <b>55,559</b>  |
| 6,699                                  | 3,735          | Additional Tier 1 capital (including transitional adjustment)          | 3,735                     | 6,746          |
| (75)                                   | -              | Additional Tier 1 capital deductions                                   | -                         | (75)           |
| (691)                                  | (530)          | Transitional adjustment of deductions                                  | (228)                     | (513)          |
| <b>5,933</b>                           | <b>3,205</b>   | <b>Total Additional Tier 1 capital after deductions</b>                | <b>3,507</b>              | <b>6,158</b>   |
| <b>61,915</b>                          | <b>59,542</b>  | <b>Tier 1 capital</b>  | <b>59,459</b>             | <b>61,717</b>  |
| 4,466                                  | 4,482          | Tier 2 capital (including transitional adjustments)                    | 4,482                     | 4,463          |
| -                                      | -              | Tier 2 capital additions/deductions                                    | (2)                       | 0              |
| (751)                                  | (530)          | Transitional adjustment of deductions                                  | (328)                     | (573)          |
| <b>65,630</b>                          | <b>63,494</b>  | <b>Own funds</b>   | <b>63,612</b>             | <b>65,606</b>  |
| 348,765                                | 348,249        | Credit risk  | 290,305                   | 305,321        |
| 21,767                                 | 14,694         | Market risk  | 27,511                    | 35,335         |
| 9,705                                  | 11,266         | Operational risk   | 18,397                    | 17,933         |
| <b>380,237</b>                         | <b>374,208</b> | <b>Total risk exposure amount</b>                                      | <b>336,213</b>            | <b>358,589</b> |
| <b>Financial ratios</b>                |                |  |                           |                |
| 14.7                                   | 15.0           | Common Equity Tier 1 capital ratio, %                                  | 16.6                      | 15.4           |
| 16.2                                   | 15.9           | Tier 1 capital ratio, %  | 17.6                      | 17.2           |
| 17.2                                   | 16.9           | Total capital ratio, %   | 18.9                      | 18.2           |

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

## Notes

DKK million

Nykredit Realkredit Group

## 3. CORE EARNINGS AND INVESTMENT PORTFOLIO INCOME

|   | Q1/2015       |                             |                 |              | Q1/2014       |                             |                 |              |
|---|---------------|-----------------------------|-----------------|--------------|---------------|-----------------------------|-----------------|--------------|
|   | Core earnings | Investment portfolio income | Cost of capital | Total        | Core earnings | Investment portfolio income | Cost of capital | Total        |
| Net interest income   | 2,769         | 444                         | (159)           | 3,054        | 2,659         | 312                         | (113)           | 2,859        |
| Dividend on equities  | 0             | 14                          | -               | 14           | 2             | 3                           | -               | 4            |
| Fee and commission income, net  | 53            | (10)                        | -               | 43           | (78)          | (7)                         | -               | (85)         |
| <b>Net interest and fee income</b>  | <b>2,822</b>  | <b>448</b>                  | <b>(159)</b>    | <b>3,111</b> | <b>2,583</b>  | <b>308</b>                  | <b>(113)</b>    | <b>2,778</b> |
| Value adjustments   | (719)         | (4)                         | (2)             | (724)        | (193)         | 41                          | (2)             | (153)        |
| Other operating income  | 47            | -                           | -               | 47           | 43            | -                           | -               | 43           |
| Staff and administrative expenses   | 1,139         | -                           | -               | 1,139        | 1,195         | -                           | -               | 1,195        |
| Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets | 66            | -                           | -               | 66           | 53            | -                           | -               | 53           |
| Other operating expenses  | 18            | -                           | -               | 18           | 27            | -                           | -               | 27           |
| Impairment losses on loans and advances   | 329           | -                           | -               | 329          | 515           | -                           | -               | 515          |
| Loss from investments in associates   | -             | -                           | -               | -            | -             | (0)                         | -               | (0)          |
| <b>Profit (loss) before tax</b>   | <b>599</b>    | <b>445</b>                  | <b>(161)</b>    | <b>882</b>   | <b>643</b>    | <b>349</b>                  | <b>(114)</b>    | <b>878</b>   |

## Notes

DKK million

Nykredit Realkredit Group

## 4. RESULTS BY BUSINESS AREA

| Q1/2015   | Retail       | Totalkredit Partners | Wholesale Clients | Group Items  | Total        |
|---|--------------|----------------------|-------------------|--------------|--------------|
| <b>Core income from</b>   |              |                      |                   |              |              |
| - customer activities, gross  | 1,541        | 723                  | 1,015             | 11           | 3,290        |
| - allocation of income for distribution   | 154          | -                    | (154)             | -            | -            |
| <b>Total business operations</b>  | <b>1,695</b> | <b>723</b>           | <b>861</b>        | <b>11</b>    | <b>3,290</b> |
| - value adjustment of derivatives   | (568)        | -                    | (493)             | -            | (1,061)      |
| - senior debt   | (31)         | (45)                 | (3)               | (13)         | (92)         |
| - securities  | 0            | -                    | -                 | 14           | 14           |
| <b>Total core income</b>  | <b>1,097</b> | <b>678</b>           | <b>364</b>        | <b>12</b>    | <b>2,151</b> |
| Operating costs   | 729          | 118                  | 192               | 118          | 1,157        |
| Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets | 2            | 0                    | 4                 | 61           | 66           |
| <b>Core earnings before impairment losses</b>   | <b>365</b>   | <b>560</b>           | <b>169</b>        | <b>(167)</b> | <b>928</b>   |
| Impairment losses on loans and advances   | 197          | 146                  | (14)              | 0            | 329          |
| <b>Core earnings after impairment losses</b>  | <b>168</b>   | <b>414</b>           | <b>183</b>        | <b>(167)</b> | <b>599</b>   |
| Investment portfolio income   | -            | -                    | -                 | 445          | 445          |
| <b>Profit before cost of capital</b>  | <b>168</b>   | <b>414</b>           | <b>183</b>        | <b>278</b>   | <b>1,043</b> |
| Net interest on subordinated debt   | -            | -                    | -                 | (161)        | (161)        |
| <b>Profit before tax</b>  | <b>168</b>   | <b>414</b>           | <b>183</b>        | <b>117</b>   | <b>883</b>   |

| Q1/2014   | Retail       | Totalkredit Partners | Wholesale Clients | Group Items  | Total        |
|---|--------------|----------------------|-------------------|--------------|--------------|
| <b>Core income from</b>   |              |                      |                   |              |              |
| - customer activities, gross  | 1,344        | 606                  | 799               | (6)          | 2,743        |
| - allocation of income for distribution   | 173          | -                    | (173)             | -            | -            |
| <b>Total business operations</b>  | <b>1,517</b> | <b>606</b>           | <b>626</b>        | <b>(6)</b>   | <b>2,743</b> |
| - value adjustment of derivatives   | (307)        | -                    | 78                | -            | (229)        |
| - senior debt   | (35)         | (58)                 | (5)               | (12)         | (110)        |
| - securities  | -            | -                    | -                 | 30           | 30           |
| <b>Total core income</b>  | <b>1,175</b> | <b>548</b>           | <b>699</b>        | <b>12</b>    | <b>2,433</b> |
| Operating costs   | 734          | 95                   | 226               | 167          | 1,222        |
| Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets | 2            | 0                    | 2                 | 49           | 53           |
| <b>Core earnings before impairment losses</b>   | <b>438</b>   | <b>452</b>           | <b>472</b>        | <b>(204)</b> | <b>1,158</b> |
| Impairment losses on loans and advances   | 489          | 15                   | (4)               | 15           | 515          |
| <b>Core earnings after impairment losses</b>  | <b>(50)</b>  | <b>437</b>           | <b>476</b>        | <b>(219)</b> | <b>643</b>   |
| Investment portfolio income   | -            | -                    | -                 | 349          | 349          |
| <b>Profit (loss) before cost of capital</b>   | <b>(50)</b>  | <b>437</b>           | <b>476</b>        | <b>130</b>   | <b>992</b>   |
| Net interest on subordinated debt   | -            | -                    | -                 | (114)        | (114)        |
| <b>Profit (loss) before tax</b>   | <b>(50)</b>  | <b>437</b>           | <b>476</b>        | <b>15</b>    | <b>877</b>   |

As a result of the reorganisation, comparative figures have been restated, thus increasing the Retail loss by DKK 26m, the Wholesale Clients profit by DKK 15m and the Group Items profit by DKK 11m. Core income was particularly affected by a transfer of about DKK 66m from Retail to Wholesale Clients. Operating costs were reduced by DKK 30m in Retail, whereas increases of DKK 29m and DKK 1m were recorded for Wholesale Clients and Group Items, respectively. Impairment losses in Retail were reduced by DKK 9m, which was allocated to Wholesale Clients.

## Notes

DKK million

| Nykredit Realkredit A/S   |              | Nykredit Realkredit Group |              |
|---|--------------|---------------------------|--------------|
| Q1/2014   | Q1/2015      | Q1/2015                   | Q1/2014      |
| <b>5. INTEREST INCOME</b>   |              |                           |              |
| 3,009   | 3,083        | 0                         | 18           |
| 2,862   | 2,532        | 6,201                     | 6,595        |
| 1,053   | 1,053        | 2,192                     | 2,085        |
| <b>Bonds</b>  |              |                           |              |
| 120   | 103          | 265                       | 240          |
| 141   | 131          | 301                       | 364          |
| (3)   | 59           | 83                        | 14           |
| 34  | 25           | 61                        | 72           |
| <b>Derivative financial instruments</b>                                     |              |                           |              |
| (1)   | 4            | 50                        | 4            |
| 110   | 228          | 85                        | 130          |
| -   | -            | (11)                      | (13)         |
| -   | -            | (1)                       | 14           |
| 18  | 25           | 15                        | 23           |
| <b>7,244</b>  | <b>7,244</b> | <b>9,242</b>              | <b>9,547</b> |
| (120)   | (103)        | (265)                     | (240)        |
| (5)   | (0)          | (19)                      | (22)         |
| <b>7,217</b>  | <b>7,140</b> | <b>8,958</b>              | <b>9,285</b> |
| <b>Of which interest income from reverse repurchase lending entered as:</b> |              |                           |              |
| 1   | 2            | 6                         | 9            |
| -   | -            | 0                         | 67           |
| <b>5a. Negative interest rates</b>  |              |                           |              |
| Interest income   |              |                           |              |
| -   | (3)          | (10)                      | -            |
| -   | -            | (10)                      | -            |
| -   | <b>(3)</b>   | <b>(20)</b>               | <b>-</b>     |
| Interest expenses   |              |                           |              |
| -   | (1)          | (16)                      | -            |
| -   | -            | (4)                       | -            |
| -   | <b>(1)</b>   | <b>(20)</b>               | <b>-</b>     |
| -   | <b>(2)</b>   | <b>0</b>                  | <b>-</b>     |
| <b>6. INTEREST EXPENSES</b>   |              |                           |              |
| 12  | 5            | 23                        | 69           |
| -   | -            | 64                        | 102          |
| 5,957   | 5,665        | 5,893                     | 6,314        |
| 199   | 201          | 201                       | 201          |
| 17  | 35           | 6                         | 2            |
| <b>6,185</b>  | <b>5,905</b> | <b>6,187</b>              | <b>6,689</b> |
| (120)   | (103)        | (265)                     | (240)        |
| (5)   | (0)          | (19)                      | (22)         |
| <b>6,060</b>  | <b>5,802</b> | <b>5,904</b>              | <b>6,426</b> |
| <b>Of which interest expenses from repo transactions entered as:</b>        |              |                           |              |
| 11  | 1            | 12                        | 56           |
| -   | -            | 4                         | 17           |

## Notes

DKK million

| Nykredit Realkredit A/S  |            | Nykredit Realkredit Group |              |
|--|------------|---------------------------|--------------|
| Q1/2014  | Q1/2015    | Q1/2015                   | Q1/2014      |
| <b>7. VALUE ADJUSTMENTS</b>  |            |                           |              |
| <b>Assets measured at fair value through profit or loss</b>                          |            |                           |              |
| 2,494  | 2,368      | 3,107                     | 7,136        |
|  |            |                           |              |
| 4,405  | 985        | -                         | -            |
| 28   | 26         | (3)                       | (0)          |
| 194  | 352        | 618                       | 89           |
| 273  | 213        | 111                       | 141          |
| -  | -          | -                         | 7            |
| (11)   | 9          | 80                        | (159)        |
| (110)  | (458)      | (1,495)                   | (178)        |
| <b>Liabilities measured at fair value through profit or loss</b>                     |            |                           |              |
| (2,547)  | (2,402)    | (3,142)                   | (7,189)      |
| (4,405)  | (985)      | -                         | -            |
| <b>320</b>   | <b>107</b> | <b>(724)</b>              | <b>(153)</b> |
| a) Financial assets and liabilities classified at fair value on initial recognition. |            |                           |              |
| b) Financial assets and liabilities classified under the trading book.               |            |                           |              |
| <b>8. STAFF AND ADMINISTRATIVE EXPENSES</b>  |            |                           |              |
| 16   | 12         | 12                        | 16           |
| 505  | 485        | 694                       | 745          |
| 67   | 38         | 433                       | 434          |
| <b>587</b>   | <b>534</b> | <b>1,139</b>              | <b>1,195</b> |
| <b>Remuneration of Board of Directors and Executive Board</b>                        |            |                           |              |
| <b>Board of Directors</b>  |            |                           |              |
| 1  | 1          | 1                         | 1            |
| <b>Executive Board</b>   |            |                           |              |
| 10   | 9          | 9                         | 10           |
| 1  | 0          | 0                         | 1            |
| 4  | 1          | 1                         | 4            |
| <b>16</b>  | <b>12</b>  | <b>12</b>                 | <b>16</b>    |
| <b>Staff expenses</b>  |            |                           |              |
| 402  | 377        | 547                       | 596          |
| 47   | 50         | 67                        | 67           |
| 52   | 54         | 74                        | 77           |
| 4  | 4          | 5                         | 6            |
| <b>505</b>   | <b>485</b> | <b>694</b>                | <b>745</b>   |
| <b>Number of staff</b>   |            |                           |              |
| 2,984  | 2,895      | 3,827                     | 4,027        |

## Notes

DKK million

| Nykredit Realkredit A/S   |              | Nykredit Realkredit Group |              |
|---|--------------|---------------------------|--------------|
| Q1/2014   | Q1/2015      | Q1/2015                   | Q1/2014      |
| <b>9. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES FOR PROPERTY, PLANT AND EQUIPMENT AS WELL AS INTANGIBLE ASSETS</b> |              |                           |              |
| <b>Intangible assets</b>  |              |                           |              |
| 19  | 17           | 21                        | 19           |
| -   | 16           | 16                        | 0            |
| <b>Property, plant and equipment</b>  |              |                           |              |
| 25  | 22           | 29                        | 33           |
| <b>44</b>   | <b>56</b>    | <b>66</b>                 | <b>53</b>    |
| <b>10. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES</b>   |              |                           |              |
| <b>10 a. Earnings impact</b>  |              |                           |              |
| 281   | 174          | 545                       | 454          |
| 11  | -            | -                         | 15           |
| 147   | 33           | (153)                     | 73           |
| 12  | 8            | 24                        | 37           |
| (11)  | (34)         | (48)                      | (22)         |
| -   | -            | (0)                       | 9            |
| <b>440</b>  | <b>180</b>   | <b>368</b>                | <b>566</b>   |
| 17  | 17           | 18                        | 25           |
| (1)   | (6)          | (6)                       | (1)          |
| -   | -            | (51)                      | (75)         |
| <b>456</b>  | <b>190</b>   | <b>329</b>                | <b>515</b>   |
| <b>10 b. Impairment provisions for loans, advances and receivables</b>  |              |                           |              |
| 2,214   | 2,963        | 6,764                     | 6,157        |
| 1,311   | 1,434        | 2,448                     | 2,309        |
| <b>3,525</b>  | <b>4,397</b> | <b>9,212</b>              | <b>8,466</b> |
| <b>Impairment provisions have been offset against the following items:</b>  |              |                           |              |
| 3,378   | 4,262        | 5,393                     | 4,365        |
| 126   | 114          | 292                       | 238          |
| -   | -            | 3,483                     | 3,820        |
| 21  | 21           | 44                        | 44           |
| <b>3,525</b>  | <b>4,397</b> | <b>9,212</b>              | <b>8,466</b> |
| <b>10 c. Individual impairment provisions for loans and advances</b>  |              |                           |              |
| <b>2,039</b>  | <b>2,869</b> | <b>6,465</b>              | <b>6,116</b> |
| 405   | 338          | 930                       | 801          |
| (124)   | (165)        | (385)                     | (347)        |
| (43)  | (31)         | (47)                      | (67)         |
| (85)  | (70)         | (243)                     | (389)        |
| <b>2,192</b>  | <b>2,942</b> | <b>6,720</b>              | <b>6,113</b> |

## Notes

DKK million

| Nykredit Realkredit A/S   |               |   | Nykredit Realkredit Group |                |
|---|---------------|---|---------------------------|----------------|
| Q1/2014   | Q1/2015       |   | Q1/2015                   | Q1/2014        |
| <b>10. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES (continued)</b>                                 |               |   |                           |                |
| <b>10 d. Collective impairment provisions for loans and advances</b>  |               |   |                           |                |
| 1,165   | 1,401         | <b>Impairment provisions, beginning of period</b>   | 2,602                     | 2,237          |
| 147   | 33            | Impairment provisions for the period, net   | (153)                     | 73             |
| <b>1,311</b>  | <b>1,434</b>  | <b>Impairment provisions, end of period</b>   | <b>2,448</b>              | <b>2,309</b>   |
| <b>10 e. Individual impairment provisions for receivables from credit institutions</b>                      |               |   |                           |                |
| 10  | 21            | <b>Impairment provisions, beginning of period</b>   | 44                        | 29             |
| 11  | -             | Impairment provisions for the period  | -                         | 15             |
| <b>21</b>   | <b>21</b>     | <b>Impairment provisions, end of period</b>   | <b>44</b>                 | <b>44</b>      |
| <b>10 f. Loans, advances and receivables from credit institutions with objective evidence of impairment</b> |               |   |                           |                |
| 11,487  | 13,881        | Loans and advances subject to individual provisioning before impairment                   | 21,178                    | 18,773         |
| 2,192   | 2,942         | Impairment provisions   | 6,720                     | 6,113          |
| <b>9,294</b>  | <b>10,939</b> | <b>Loans and advances after impairment</b>  | <b>14,458</b>             | <b>12,660</b>  |
| 44,043  | 37,472        | Loans and advances subject to collective provisioning before impairment                   | 118,851                   | 120,435        |
| 1,311   | 1,434         | Impairment provisions   | 2,448                     | 2,309          |
| <b>42,732</b>   | <b>36,039</b> | <b>Loans and advances after impairment</b>  | <b>116,403</b>            | <b>118,126</b> |
| 29  | 29            | Receivables from credit institutions subject to individual provisioning before impairment | 54                        | 54             |
| 21  | 21            | Impairment provisions   | 44                        | 44             |
| <b>8</b>  | <b>8</b>      | <b>Receivables after impairment</b>   | <b>10</b>                 | <b>10</b>      |
| <b>10 g. Impairment provisions for acquired properties</b>  |               |   |                           |                |
| 365   | 315           | <b>Impairment provisions, beginning of period</b>   | 414                       | 469            |
| 43  | 31            | Transfer from impairment provisions for loans and advances – note 10 c.                   | 47                        | 67             |
| 25  | 21            | Impairment provisions for the period  | 26                        | 36             |
| (8)   | (5)           | Impairment provisions reversed  | (7)                       | (11)           |
| (86)  | (54)          | Impairment provisions written off   | (77)                      | (113)          |
| <b>339</b>  | <b>308</b>    | <b>Impairment provisions, end of period</b>   | <b>403</b>                | <b>449</b>     |
| Impairment provisions for acquired properties have been offset against "Assets in temporary possession".    |               |   |                           |                |
| <b>11. PROFIT (LOSS) FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES</b>                               |               |   |                           |                |
| (0)   | -             | Loss from investments in associates   | (0)                       | (0)            |
| 382   | 94            | Profit from investments in group enterprises  | -                         | -              |
| <b>382</b>  | <b>94</b>     | <b>Total</b>  | <b>(0)</b>                | <b>(0)</b>     |
| <b>12. TAX</b>  |               |   |                           |                |
| 7.4   | 17.6          | Effective tax rate, %   | 22.3                      | 22.8           |



## Notes

DKK million

| Nykredit Realkredit A/S  |                  |   | Nykredit Realkredit Group |                  |
|--|------------------|---|---------------------------|------------------|
| 31.12.2014   | 31.03.2015       |   | 31.03.2015                | 31.12.2014       |
| <b>13. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS</b>                          |                  |   |                           |                  |
| -  | 12,518           | Receivables from central banks  | 18,959                    | 8,000            |
| 28,230   | 26,591           | Receivables from credit institutions  | 17,910                    | 24,670           |
| -  | -                | Reverse repurchase lending to central banks   | 103                       | 746              |
| 1,340  | 2,617            | Reverse repurchase lending to credit institutions   | 8,800                     | 4,228            |
| <b>29,570</b>  | <b>41,726</b>    | <b>Total</b>  | <b>45,771</b>             | <b>37,644</b>    |
| <b>14. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE</b>                             |                  |   |                           |                  |
| 582,417  | 575,285          | Mortgage loans  | 1,137,834                 | 1,137,099        |
| 268  | 286              | Arrears and outlays   | 486                       | 479              |
| -  | -                | Reverse repurchase lending to undertakings other than credit institutions and central banks | 29,569                    | 35,228           |
| 19,294   | 17,823           | Loans to Totalkredit serving as collateral in capital centres                               | -                         | -                |
| 590,579  | 635,740          | Totalkredit mortgage loan funding   | -                         | -                |
| <b>1,192,558</b>   | <b>1,229,134</b> | <b>Total</b>  | <b>1,167,889</b>          | <b>1,172,805</b> |
| <b>14 a. Mortgage loans</b>  |                  |   |                           |                  |
| <b>588,670</b>   | <b>570,913</b>   | <b>Balance, beginning of period, nominal value</b>  | <b>1,111,744</b>          | <b>1,119,970</b> |
| 76,191   | 34,844           | New loans   | 100,476                   | 190,529          |
| 164  | 92               | Indexation  | 92                        | 164              |
| (1,279)  | 920              | Foreign currency translation adjustment   | 920                       | (1,279)          |
| (12,412)   | (2,187)          | Ordinary principal payments   | (3,598)                   | (18,861)         |
| (80,420)   | (42,840)         | Prepayments and extraordinary principal payments  | (99,183)                  | (178,780)        |
| <b>570,913</b>   | <b>561,742</b>   | <b>Balance, end of period, nominal value</b>  | <b>1,110,450</b>          | <b>1,111,744</b> |
| (360)  | (337)            | Loans transferred relating to properties in temporary possession                            | (381)                     | (411)            |
| 244  | 246              | Loans assumed by the Danish Agency for Governmental Management                              | 246                       | 244              |
| <b>570,797</b>   | <b>561,650</b>   | <b>Total</b>  | <b>1,110,315</b>          | <b>1,111,577</b> |
| <b>15,788</b>  | <b>17,897</b>    | <b>Adjustment for interest rate risk</b>  | <b>32,912</b>             | <b>30,789</b>    |
| <b>Adjustment for credit risk</b>  |                  |   |                           |                  |
| (2,767)  | (2,828)          | Individual impairment provisions  | (3,233)                   | (3,176)          |
| (1,401)  | (1,434)          | Collective impairment provisions  | (2,160)                   | (2,092)          |
| <b>582,417</b>   | <b>575,285</b>   | <b>Balance, end of period, fair value</b>   | <b>1,137,834</b>          | <b>1,137,099</b> |
| <b>For total loans and advances, Nykredit has received mortgages over real estate and:</b> |                  |   |                           |                  |
| 28,328   | 28,544           | Supplementary guarantees  | 29,383                    | 27,386           |
| 1,014  | 1,207            | Interim loan guarantees   | 10,108                    | 10,412           |
| 6,776  | 6,363            | Registration guarantees   | 38,820                    | 29,671           |
| <b>14 b. Arrears and outlays</b>   |                  |   |                           |                  |
| 296  | 304              | Arrears before impairment provisions  | 420                       | 431              |
| 74   | 96               | Outlays before impairment provisions  | 359                       | 287              |
| (102)  | (114)            | Individual impairment provisions for arrears and outlays                                    | (292)                     | (238)            |
| <b>268</b>   | <b>286</b>       | <b>Total</b>  | <b>486</b>                | <b>479</b>       |

## Notes

DKK million

| Nykredit Realkredit A/S  |                |  | Nykredit Realkredit Group |               |
|--|----------------|--|---------------------------|---------------|
| 31.12.2014   | 31.03.2015     |  | 31.03.2015                | 31.12.2014    |
| <b>14. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE (continued)</b> |                |  |                           |               |
| <b>14 c. Totalkredit mortgage loan funding</b>                             |                |  |                           |               |
| 531,206  | 576,910        | Balance, beginning of period, nominal value  | -                         | -             |
| 252,757  | 107,026        | New loans  | -                         | -             |
| (4,293)  | (1,232)        | Ordinary principal payments  | -                         | -             |
| (202,760)  | (60,900)       | Prepayments and extraordinary principal payments   | -                         | -             |
| <b>576,910</b>   | <b>621,804</b> | <b>Balance, end of period, nominal value</b>   | <b>-</b>                  | <b>-</b>      |
| 13,669   | 13,936         | Adjustment for interest rate risk  | -                         | -             |
| <b>590,579</b>   | <b>635,740</b> | <b>Balance, end of period, fair value</b>  | <b>-</b>                  | <b>-</b>      |
| <b>15. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST</b>         |                |  |                           |               |
| -  | -              | Bank loans and advances  | 52,887                    | 54,054        |
| 26   | 24             | Totalkredit mortgage loan funding  | -                         | -             |
| -  | -              | - Mortgage loans   | 25                        | 27            |
| 449  | 459            | Other loans and advances   | 474                       | 465           |
| <b>476</b>   | <b>484</b>     | <b>Balance, end of period</b>  | <b>53,386</b>             | <b>54,546</b> |
| <b>Adjustment for credit risk</b>  |                |  |                           |               |
| -  | -              | - Individual impairment provisions   | (3,194)                   | (3,051)       |
| -  | -              | - Collective impairment provisions   | (288)                     | (509)         |
| <b>476</b>   | <b>484</b>     | <b>Balance after impairment, end of period</b>   | <b>49,904</b>             | <b>50,986</b> |
| (28)   | (29)           | Set-off of self-issued "Other loans and advances" against "Bonds in issue at amortised cost" – note 21 | (29)                      | (28)          |
| <b>448</b>   | <b>455</b>     | <b>Total</b>   | <b>49,875</b>             | <b>50,958</b> |

## Notes

DKK million

| Nykredit Realkredit A/S |                |   | Nykredit Realkredit Group |                |
|-------------------------|----------------|---|---------------------------|----------------|
| 31.12.2014              | 31.03.2015     |   | 31.03.2015                | 31.12.2014     |
|                         |                | <b>16. BONDS AT FAIR VALUE</b>  |                           |                |
| 69,776                  | 61,205         | Self-issued covered bonds (særligt dækkede obligationer, SDOs)  | 129,566                   | 121,334        |
| 35,460                  | 25,009         | Self-issued covered bonds (realkreditobligationer, ROs)   | 60,191                    | 59,926         |
| -                       | -              | Self-issued corporate bonds   | 2,724                     | 2,342          |
| -                       | 50             | Self-issued senior debt   | 72                        | 410            |
| 34,306                  | 29,977         | Other ROs   | 79,307                    | 99,523         |
| 10,445                  | 13,497         | Government bonds  | 14,900                    | 18,556         |
| 2,994                   | 3,221          | Other bonds   | 6,797                     | 9,893          |
| <b>152,981</b>          | <b>132,959</b> | <b>Total</b>  | <b>293,558</b>            | <b>311,982</b> |
| (69,750)                | (61,179)       | Set-off of self-issued "Other loans and advances" against "Bonds in issue at fair value" – note 20                                    | (129,540)                 | (121,307)      |
| (26)                    | (26)           | Set-off of self-issued SDOs against "Bonds in issue at amortised cost" – note 21  | (26)                      | (26)           |
| (35,460)                | (25,009)       | Set-off of self-issued ROs against "Bonds in issue at fair value" – note 20   | (60,191)                  | (59,926)       |
| -                       | -              | Set-off of self-issued corporate bonds against "Bonds in issue at amortised cost" – note 21   | (2,724)                   | (2,342)        |
| -                       | (50)           | Set-off of self-issued senior debt against "Bonds in issue at fair value" – note 20   | (72)                      | (410)          |
| <b>47,745</b>           | <b>46,695</b>  | <b>Total</b>  | <b>101,004</b>            | <b>127,972</b> |
| 3,679                   | 3,252          | As collateral security for the Danish central bank and foreign clearing centres, bonds have been deposited of a total market value of | 12,664                    | 20,142         |
|                         |                | Collateral security was provided on an arm's length basis.  |                           |                |
|                         |                | <b>17. OTHER ASSETS</b>   |                           |                |
| 9,893                   | 9,707          | Interest and commission receivable  | 7,759                     | 9,503          |
| 257                     | 239            | Receivables from group enterprises  | -                         | -              |
| 3,689                   | 4,211          | Positive market value of derivative financial instruments   | 50,051                    | 41,937         |
| 214                     | 223            | Defined benefit plans   | 223                       | 214            |
| 589                     | 164            | Other   | 2,996                     | 2,260          |
| <b>14,642</b>           | <b>14,544</b>  | <b>Total</b>  | <b>61,029</b>             | <b>53,914</b>  |

## Notes

DKK million

| Nykredit Realkredit A/S                                      |                  |  | Nykredit Realkredit Group |                  |
|--|------------------|--|---------------------------|------------------|
| 31.12.2014   | 31.03.2015       |  | 31.03.2015                | 31.12.2014       |
| <b>18. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS</b> |                  |  |                           |                  |
| 1,525  | 1,701            | Payables to credit institutions                                    | 12,940                    | 14,848           |
| -  | -                | Payables to central banks  | 17                        | 34               |
| 21,286   | 21,683           | Repo transactions with credit institutions                         | 25,801                    | 29,235           |
| -  | -                | Repo transactions with central banks                               | 103                       | 746              |
| <b>22,811</b>  | <b>23,383</b>    | <b>Total</b>   | <b>38,860</b>             | <b>44,863</b>    |
| <b>19. DEPOSITS AND OTHER PAYABLES</b>                       |                  |  |                           |                  |
| -  | -                | On demand  | 48,168                    | 45,806           |
| -  | -                | At notice  | 4,822                     | 5,306            |
| -  | -                | Time deposits  | 11,885                    | 11,097           |
| -  | -                | Special deposits   | 2,857                     | 3,022            |
| <b>-</b>   | <b>-</b>         | <b>Total</b>   | <b>67,733</b>             | <b>65,232</b>    |
| <b>20. BONDS IN ISSUE AT FAIR VALUE</b>                      |                  |  |                           |                  |
| 290,664  | 274,376          | ROs  | 302,912                   | 329,773          |
| 989,633  | 1,041,349        | SDOs   | 1,041,349                 | 989,633          |
| 25,103   | 22,690           | Senior secured debt  | 22,690                    | 25,103           |
| 4,297  | 4,336            | Senior unsecured debt  | 4,336                     | 4,297            |
| <b>1,309,697</b>   | <b>1,342,751</b> | <b>Total</b>   | <b>1,371,287</b>          | <b>1,348,806</b> |
| (105,210)  | (86,238)         | Self-issued bonds transferred from "Bonds at fair value" – note 16 | (189,804)                 | (181,643)        |
| <b>1,204,487</b>   | <b>1,256,513</b> | <b>Total</b>   | <b>1,181,483</b>          | <b>1,167,163</b> |
| <b>20 a. ROs</b>   |                  |  |                           |                  |
| 280,572  | 263,453          | ROs at nominal value   | 290,908                   | 318,349          |
| 10,092   | 10,923           | Fair value adjustment  | 12,004                    | 11,424           |
| <b>290,664</b>   | <b>274,376</b>   | <b>ROs at fair value</b>   | <b>302,912</b>            | <b>329,773</b>   |
| (35,460)   | (25,009)         | Self-issued ROs transferred from "Bonds at fair value" – note 16   | (60,191)                  | (59,926)         |
| <b>255,204</b>   | <b>249,367</b>   | <b>Total</b>   | <b>242,721</b>            | <b>269,847</b>   |
| 163  | 101              | Of which pre-issuance  | 101                       | 163              |
| 31,039   | 26,504           | ROs redeemed and maturing at next creditor payment date            | 29,273                    | 34,988           |
| <b>20 b. SDOs</b>  |                  |  |                           |                  |
| 970,263  | 1,020,446        | SDOs at nominal value  | 1,020,446                 | 970,263          |
| 19,370   | 20,903           | Fair value adjustment  | 20,903                    | 19,370           |
| <b>989,633</b>   | <b>1,041,349</b> | <b>SDOs at fair value</b>  | <b>1,041,349</b>          | <b>989,633</b>   |
| (69,750)   | (61,179)         | Self-issued SDOs transferred from "Bonds at fair value" – note 16  | (129,540)                 | (121,307)        |
| <b>919,883</b>   | <b>980,170</b>   | <b>Total</b>   | <b>911,809</b>            | <b>868,325</b>   |
| 587  | 1,692            | Of which pre-issuance  | 1,692                     | 587              |
| 117,327  | 172,167          | SDOs redeemed and maturing at next creditor payment date           | 172,167                   | 117,327          |

## Notes

DKK million

| Nykredit Realkredit A/S |               |   | Nykredit Realkredit Group |               |
|-------------------------|---------------|---|---------------------------|---------------|
| 31.12.2014              | 31.03.2015    |   | 31.03.2015                | 31.12.2014    |
|                         |               | <b>20. BONDS IN ISSUE AT FAIR VALUE (continued)</b>   |                           |               |
|                         |               | <b>20 c. Senior secured debt</b>  |                           |               |
| 24,122                  | 21,702        | Senior secured debt at nominal value  | 21,702                    | 24,122        |
| 982                     | 988           | Fair value adjustment   | 988                       | 982           |
| <b>25,103</b>           | <b>22,690</b> | <b>Senior secured debt at fair value</b>  | <b>22,690</b>             | <b>25,103</b> |
| -                       | (50)          | Self-issued senior secured debt transferred from "Bonds in issue at fair value" – note 16               | (72)                      | (410)         |
| <b>25,103</b>           | <b>22,640</b> | <b>Total</b>  | <b>22,618</b>             | <b>24,694</b> |
| 1,430                   | 739           | Senior secured debt maturing at next creditor payment date  | 739                       | 1,430         |
|                         |               | <b>20 d. Senior unsecured debt</b>  |                           |               |
| 4,291                   | 4,318         | Senior unsecured debt at nominal value  | 4,318                     | 4,291         |
| 5                       | 18            | Fair value adjustment   | 18                        | 5             |
| <b>4,297</b>            | <b>4,336</b>  | <b>Senior unsecured debt at fair value</b>  | <b>4,336</b>              | <b>4,297</b>  |
|                         |               | <b>21. BONDS IN ISSUE AT AMORTISED COST</b>   |                           |               |
| -                       | -             | Corporate bonds   | 26,901                    | 27,965        |
| 26                      | 26            | SDOs  | 26                        | 26            |
| 3,774                   | 3,797         | Senior secured debt   | 3,797                     | 3,774         |
| 48                      | -             | Employee bonds  | -                         | 55            |
| 33                      | 34            | Other securities  | 34                        | 33            |
| <b>3,880</b>            | <b>3,857</b>  | <b>Total</b>  | <b>30,758</b>             | <b>31,852</b> |
| -                       | -             | Self-issued corporate bonds transferred from "Bonds at fair value" – note 16                            | (2,724)                   | (2,342)       |
| (26)                    | (26)          | Self-issued SDOs transferred from "Bonds at fair value" – note 16                                       | (26)                      | (26)          |
| (28)                    | (29)          | Other self-issued securities transferred from "Loans, advances and other receivables at amortised cost" | (29)                      | (28)          |
| <b>3,826</b>            | <b>3,803</b>  | <b>Total</b>  | <b>27,979</b>             | <b>29,457</b> |
|                         |               | <b>22. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE</b>                                     |                           |               |
| -                       | -             | Repo transactions with undertakings other than credit institutions and central banks                    | 1,325                     | 13,855        |
| 1,188                   | 1,403         | Negative securities portfolios  | 3,156                     | 4,596         |
| <b>1,188</b>            | <b>1,403</b>  | <b>Total</b>  | <b>4,481</b>              | <b>18,451</b> |
|                         |               | <b>23. OTHER LIABILITIES</b>  |                           |               |
| 13,163                  | 12,573        | Interest and commission payable   | 14,915                    | 16,218        |
| 4,324                   | 5,166         | Negative market value of derivative financial instruments   | 45,636                    | 40,958        |
| 113                     | 113           | Payables relating to the purchase of Totalkredit shares   | 101                       | 101           |
| 1,668                   | 1,393         | Other   | 3,724                     | 3,885         |
| <b>19,268</b>           | <b>19,246</b> | <b>Total</b>  | <b>64,376</b>             | <b>61,161</b> |

## Notes

DKK million

| Nykredit Realkredit A/S |               |  | Nykredit Realkredit Group |               |
|-------------------------|---------------|--|---------------------------|---------------|
| 31.12.2014              | 31.03.2015    |  | 31.03.2015                | 31.12.2014    |
|                         |               | <b>24. SUBORDINATED DEBT</b>   |                           |               |
|                         |               | Subordinated debt consists of financial liabilities in the form of subordinate loan capital and Additional Tier 1 capital which, in case of voluntary or compulsory liquidation, will not be repaid until the claims of ordinary creditors have been met.  |                           |               |
|                         |               | Subordinated debt is included in Nykredit's own funds in accordance with the EU's Capital Requirements Regulation.   |                           |               |
|                         |               | <b>Subordinate loan capital</b>  |                           |               |
|                         |               | Nom EUR 600m. The loan falls due on 3 June 2036, but may be redeemed at par (100) from 3 June 2021. The loan carries a fixed interest rate of 4.0% pa up to 3 June 2021, after which date the interest rate will be fixed every 5 years. If the Common Equity Tier 1 capital ratio of Nykredit Realkredit, the Nykredit Realkredit Group or the Nykredit Holding Group falls below 7%, the loan will be written down |                           |               |
| 4,609                   | 4,645         |  | 4,645                     | 4,609         |
| <b>4,609</b>            | <b>4,645</b>  | <b>Total subordinate loan capital</b>  | <b>4,645</b>              | <b>4,609</b>  |
|                         |               | <b>Additional Tier 1 capital</b>   |                           |               |
|                         |               | Nom DKK 100m. The loan is perpetual and carries an interest rate of 1.7% pa above 3M Cibor   |                           |               |
| -                       | -             |  | 100                       | 100           |
|                         |               | Nom EUR 900m. The loan is perpetual, but may be redeemed at par (100) from 1 April 2015. The loan carries a fixed interest rate of 9.0% pa up to 1 April 2015, after which date the interest rate will be fixed every 5 years  |                           |               |
| 6,741                   | 6,723         |  | 6,723                     | 6,741         |
| <b>6,741</b>            | <b>6,723</b>  | <b>Total Additional Tier 1 capital</b>   | <b>6,823</b>              | <b>6,841</b>  |
|                         |               | Portfolio of self-issued bonds   |                           |               |
| -                       | -             |  | (52)                      | (56)          |
| <b>11,350</b>           | <b>11,369</b> | <b>Total subordinated debt</b>   | <b>11,417</b>             | <b>11,394</b> |
| 11,165                  | 11,205        | Subordinated debt that may be included in own funds  | 11,305                    | 11,209        |
| 36                      | -             | Costs related to raising and redeeming subordinated debt   | -                         | 36            |
| 3,722                   | -             | Extraordinary principal payments and redemption of subordinated debt in the financial period   | -                         | 3,872         |

## Notes

DKK million

| Nykredit Realkredit A/S  |              | Nykredit Realkredit Group |               |
|--|--------------|---------------------------|---------------|
| 31.12.2014   | 31.03.2015   | 31.03.2015                | 31.12.2014    |
| <b>25. OFF-BALANCE SHEET ITEMS</b>   |              |                           |               |
| Guarantees and warranties provided, irrevocable credit commitments and similar obligations not recognised in the balance sheets are presented below.   |              |                           |               |
| -  | -            | 8,768                     | 7,546         |
| 1,121  | 1,060        | 5,580                     | 5,843         |
| <b>1,121</b>   | <b>1,060</b> | <b>14,348</b>             | <b>13,389</b> |
| <b>25 a. Contingent liabilities</b>  |              |                           |               |
| -  | -            | 3,235                     | 2,843         |
| -  | -            | 300                       | 295           |
| -  | -            | 5,233                     | 4,408         |
| <b>-</b>   | <b>-</b>     | <b>8,768</b>              | <b>7,546</b>  |
| "Other contingent liabilities" chiefly comprises purchase price and payment guarantees.  |              |                           |               |
| <b>25 b. Other commitments</b>   |              |                           |               |
| 1  | 1            | 4,358                     | 4,508         |
| 1,121  | 1,059        | 1,222                     | 1,334         |
| <b>1,121</b>   | <b>1,060</b> | <b>5,580</b>              | <b>5,843</b>  |
| "Other" under "Other commitments" comprises obligations to and charges in favour of securities depositaries, investment commitments to private equity funds and non-callable lease payments. |              |                           |               |

**Additional contingent liabilities**

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

Nykredit Bank participates in the mandatory Danish Guarantee Fund for Depositors and Investors. Participating banks must pay a fixed annual amount of 2.5% of the covered net deposits. Payment to the Fund's bank department is mandatory until the assets of the scheme exceed 1% of the covered net deposits of the sector, which is expected by end-2015. The bank department bears any direct losses from the winding-up of Danish banks, cf Bank Rescue Packages III and IV, to the extent the loss is attributable to the covered net deposits.

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

Nykredit Bank's IT solutions are provided by Bankernes EDB Central (BEC). According to BEC's articles of association, Nykredit Bank may terminate its membership of BEC giving 5 years' notice to the end of a financial year. Should the membership terminate for other reasons related to Nykredit Bank, withdrawal compensation must be paid to BEC as defined in BEC's articles of association. If a bank merges and ceases being an independent bank, the BEC membership terminates without notice but with a possible transition scheme.

Nykredit Realkredit has issued a letter of comfort stating that Nykredit Realkredit will contribute capital to Nykredit Bank to ensure that Nykredit Bank's Tier 1 capital calculated according to the Basel II rules does not fall below 12-13%. However, Nykredit Realkredit will not contribute capital to Nykredit Bank if that will bring Nykredit Realkredit's total capital ratio below the statutory capital requirement plus 0.5% or the internal capital adequacy requirement (ICAAP) plus 0.5%.

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

# Notes

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## 26. RELATED PARTY TRANSACTIONS AND BALANCES

Foreningen Nykredit, the Parent Company Nykredit Holding A/S, group enterprises and associates of Nykredit Realkredit A/S as stated in the group structure as well as Nykredit Realkredit A/S's Board of Directors, Executive Board and related parties thereof are regarded as related parties.

No unusual related party transactions occurred in Q1/2015.

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

Significant related party transactions prevailing/entered into in Q1/2015 include:

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

As a part of their joint funding arrangement, Nykredit Realkredit A/S has funded its subsidiary Totalkredit A/S's mortgage lending on an ongoing basis. Reference is made to note 14 for more details.

Nykredit Realkredit A/S has granted a loan to Totalkredit A/S serving as collateral in Totalkredit's capital centres. At 31 March 2015, the loan amounted to DKK 17.8bn.

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

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

Nykredit Realkredit A/S has granted loans of DKK 3.1bn to Totalkredit A/S in the form of subordinated debt.



# Notes

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Nykredit Realkredit Group

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## 27. FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS

### Listed prices

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

### Observable inputs

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

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

Valuation techniques are generally applied to measure derivatives, unlisted assets and liabilities and properties.

Further, the valuation of derivatives implies the use of so-called Credit Value Adjustment (CVA), thus including counterparty credit risk in the valuation. CVA constitutes an insignificant part of the positive market values and is primarily based on own data. Upon entering into financial derivatives contracts, further provisions are made in the form of a so-called minimum margin for liquidity, credit risk and return on capital. The minimum margin is amortised at valuation of derivatives over the time-to-maturity. At 31 March 2015, the non-amortised minimum margin amounted to DKK 456m compared with DKK 470m at end-2014. Finally, in some instances further value adjustment based on management judgement is made if the models do not take into account all known risks, including eg legal risks.

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

### Unobservable inputs

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

The positive market values of a number of interest rate swaps with customers in Nykredit Bank's lowest rating categories have been adjusted for increased credit risk based on a CVA model. The model uses the statistical data applied by Nykredit Bank to calculate collective impairment provisions for loans and advances at amortised cost. Interest rate swaps which have been fair value adjusted to DKK 0 (after deduction for collateral) due to the creditworthiness of the counterparty are also included in the category Unobservable inputs. Following value adjustment, the fair value came to DKK 1,312m at 31 March 2015 and thus represents the majority of derivatives with positive market values in this category. Credit value adjustments came to DKK 5,581m at 31 March 2015 (end-2014: DKK 4,832m).

The interest rate risk on these interest rate swaps is hedged in all material respects. However, interest rate fluctuations may impact results to the extent that the market value must be adjusted due to increased counterparty credit risk. A 0.1 percentage point change in interest rate levels will impact the fair value by +/- DKK 192m.

However, financial assets measured on the basis of unobservable inputs account for a very limited part of total financial assets at fair value. At 31 March 2015, the proportion was 0.3% against 0.3% at end-2014. The proportion of financial liabilities was 0.0% against 0.0% at 31 December 2014.

Valuation, notably of instruments classified as unobservable inputs, is subject to some uncertainty. Of total assets and liabilities, DKK 4.0bn (2014: DKK 3.5bn) and DKK 0.4bn (2014: DKK 0.3bn), respectively, derived from this category. Assuming that an actual market price will deviate by +/- 10% from the calculated fair value, the earnings impact will be approximately DKK 441m in Q1/2015 (0.7% of equity at 31 March 2015). The earnings impact for 2014 has been estimated at DKK 380m (0.6% of equity at 31 December 2014).

Reclassifications between the categories Listed prices, Observable inputs and Unobservable inputs are made when an instrument is classified differently on the balance sheet date than at the beginning of the financial year. In Q1/2015 and 2014, reclassifications between the categories Observable inputs and Unobservable inputs mainly resulted from changes to the rating categories (credit risk) of counterparties and in all material respects derived from interest rate swaps. Reclassifications between the categories Listed prices and Observable inputs in all material respects resulted from redeemed bonds that were reclassified on redemption and came to DKK 3bn at 31 March 2015.

## Notes

DKK million

Nycredit Realkredit Group

## 27. FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS (continued)

Assets and liabilities recognised at fair value by measurement category (IFRS hierarchy)

|  | Listed prices    | Observable inputs | Unobservable inputs | Total fair value |
|--|------------------|-------------------|---------------------|------------------|
| <b>31 March 2015</b>   |                  |                   |                     |                  |
| <b>Assets</b>  |                  |                   |                     |                  |
| <b>Recognised as trading book:</b>   |                  |                   |                     |                  |
| - reverse repurchase lending to credit institutions and central banks  | -                | 8,902             | -                   | 8,902            |
| - other reverse repurchase lending   | -                | 29,569            | -                   | 29,569           |
| - bonds at fair value  | 94,532           | 6,124             | 347                 | 101,004          |
| - equities measured at fair value through profit or loss   | 437              | -                 | 1,151               | 1,587            |
| - positive fair value of derivative financial instruments  | 2,651            | 45,764            | 1,636               | 50,051           |
| <b>Recognised through the fair value option:</b>   |                  |                   |                     |                  |
| - mortgage loans, arrears and outlays  | -                | 1,138,321         | -                   | 1,138,321        |
| <b>Recognised as available for sale:</b>   |                  |                   |                     |                  |
| - equities available for sale  | 1,307            | -                 | 896                 | 2,203            |
| <b>Other assets recognised at fair value:</b>  |                  |                   |                     |                  |
| - owner-occupied properties  | -                | 1,482             | -                   | 1,482            |
| - investment properties  | -                | 283               | -                   | 283              |
| - assets in temporary possession   | -                | 570               | -                   | 570              |
| <b>Total</b>   | <b>98,927</b>    | <b>1,231,015</b>  | <b>4,030</b>        | <b>1,333,973</b> |
| <b>Percentage</b>  | <b>7.4</b>       | <b>92.3</b>       | <b>0.3</b>          | <b>100</b>       |
| <b>Liabilities</b>   |                  |                   |                     |                  |
| <b>Recognised as trading book:</b>   |                  |                   |                     |                  |
| - repo transactions with credit institutions and central banks   | -                | 25,904            | -                   | 25,904           |
| - other non-derivative financial liabilities at fair value   | 3,156            | 1,325             | -                   | 4,481            |
| - negative fair value of derivative financial instruments  | 2,361            | 42,897            | 378                 | 45,636           |
| <b>Recognised through the fair value option:</b>   |                  |                   |                     |                  |
| - bonds in issue at fair value   | 1,162,194        | 19,289            | -                   | 1,181,483        |
| <b>Total</b>   | <b>1,167,711</b> | <b>89,415</b>     | <b>378</b>          | <b>1,257,504</b> |
| <b>Percentage</b>  | <b>92.9</b>      | <b>7.1</b>        | <b>0.0</b>          | <b>100</b>       |
| <b>Assets and liabilities measured on the basis of unobservable inputs</b>   |                  |                   |                     |                  |
|  | Bonds            | Equities          | Derivatives         | Total            |
| <b>Fair value, beginning of period, assets</b>   | <b>180</b>       | <b>2,015</b>      | <b>1,312</b>        | <b>3,506</b>     |
| Unrealised capital gains and losses recognised in "Value adjustments" in the income statement  | 3                | 8                 | 281                 | 292              |
| Realised capital gains and losses recognised in "Value adjustments" in the income statement  | -                | 31                | -                   | 31               |
| Unrealised capital gains and losses recognised in "Fair value adjustment of equities available for sale" in "Other comprehensive income" | -                | 4                 | -                   | 4                |
| Purchases for the period   | -                | 41                | -                   | 41               |
| Sales for the period   | -                | (50)              | -                   | (50)             |
| Transferred to Listed prices and Observable inputs   | -                | -                 | (3)                 | (3)              |
| Transferred from Listed prices and Observable inputs   | 165              | -                 | 46                  | 211              |
| <b>Fair value, end of period, assets</b>   | <b>347</b>       | <b>2,047</b>      | <b>1,636</b>        | <b>4,030</b>     |
| <b>Fair value, beginning of period, liabilities</b>  | <b>-</b>         | <b>-</b>          | <b>297</b>          | <b>297</b>       |
| Unrealised capital gains and losses recognised in "Value adjustments" in the income statement  | -                | -                 | 81                  | 81               |
| <b>Fair value, end of period, liabilities</b>  | <b>-</b>         | <b>-</b>          | <b>378</b>          | <b>378</b>       |

Reclassifications from Observable inputs to Unobservable inputs consist of interest rate swaps individually adjusted for increased credit risk.

## Notes

DKK million

Nykredit Realkredit Group

## 27. FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS (continued)

Assets and liabilities recognised at fair value by measurement category (IFRS hierarchy)

|  | Listed prices    | Observable inputs | Unobservable inputs | Total fair value |
|--|------------------|-------------------|---------------------|------------------|
| <b>31 December 2014</b>  |                  |                   |                     |                  |
| <b>Assets</b>  |                  |                   |                     |                  |
| <b>Recognised as trading book:</b>   |                  |                   |                     |                  |
| - reverse repurchase lending to credit institutions and central banks  | -                | 4,975             | -                   | 4,975            |
| - other reverse repurchase lending   | -                | 35,228            | -                   | 35,228           |
| - bonds at fair value  | 109,795          | 17,997            | 180                 | 127,972          |
| - equities measured at fair value through profit or loss   | 254              | -                 | 1,122               | 1,376            |
| - positive fair value of derivative financial instruments  | 1,182            | 39,443            | 1,312               | 41,937           |
| <b>Recognised through the fair value option:</b>   |                  |                   |                     |                  |
| - mortgage loans, arrears and outlays  | -                | 1,137,578         | -                   | 1,137,578        |
| <b>Recognised as available for sale:</b>   |                  |                   |                     |                  |
| - equities available for sale  | 1,143            | -                 | 892                 | 2,035            |
| <b>Other assets recognised at fair value:</b>  |                  |                   |                     |                  |
| - owner-occupied properties  | -                | 1,484             | -                   | 1,484            |
| - investment properties  | -                | 283               | -                   | 283              |
| - assets in temporary possession   | -                | 552               | -                   | 552              |
| <b>Total</b>   | <b>112,374</b>   | <b>1,237,540</b>  | <b>3,506</b>        | <b>1,353,420</b> |
| <b>Percentage</b>  | <b>8.3</b>       | <b>91.4</b>       | <b>0.3</b>          | <b>100</b>       |
| <b>Liabilities</b>   |                  |                   |                     |                  |
| <b>Recognised as trading book:</b>   |                  |                   |                     |                  |
| - repo transactions with credit institutions and central banks   | -                | 29,981            | -                   | 29,981           |
| - other non-derivative financial liabilities at fair value   | 4,596            | 13,855            | -                   | 18,451           |
| - negative fair value of derivative financial instruments  | 1,178            | 39,484            | 297                 | 40,958           |
| <b>Recognised through the fair value option:</b>   |                  |                   |                     |                  |
| - bonds in issue at fair value   | 1,155,269        | 11,894            | -                   | 1,167,163        |
| <b>Total</b>   | <b>1,161,043</b> | <b>95,213</b>     | <b>297</b>          | <b>1,256,553</b> |
| <b>Percentage</b>  | <b>92.4</b>      | <b>7.6</b>        | <b>0.0</b>          | <b>100</b>       |
| <b>Assets and liabilities measured on the basis of unobservable inputs</b>   |                  |                   |                     |                  |
| <b>Fair value, beginning of year, assets</b>   | <b>Bonds</b>     | <b>Equities</b>   | <b>Derivatives</b>  | <b>Total</b>     |
| Unrealised capital gains and losses recognised in "Value adjustments" in the income statement  | 496              | 1,853             | 1,294               | 3,643            |
| Realised capital gains and losses recognised in "Value adjustments" in the income statement  | (49)             | 121               | (2,276)             | (2,204)          |
| Unrealised capital gains and losses recognised in "Fair value adjustment of equities available for sale" in "Other comprehensive income" | 57               | 122               | -                   | 179              |
| Purchases for the year   | -                | 50                | -                   | 50               |
| Sales for the year   | 9                | 164               | -                   | 173              |
| Redemptions for the year   | (19)             | (295)             | -                   | (314)            |
| Transferred to Listed prices and Observable inputs   | (283)            | -                 | (2)                 | (285)            |
| Transferred from Listed prices and Observable inputs   | (32)             | -                 | (1,147)             | (1,179)          |
| Fair value, year-end, assets   | 179              | 2,015             | 1,312               | 3,506            |
| <b>Fair value, beginning of year, liabilities</b>  | <b>-</b>         | <b>-</b>          | <b>242</b>          | <b>242</b>       |
| Unrealised capital gains and losses recognised in "Value adjustments" in the income statement  | -                | -                 | 148                 | 148              |
| Redemptions for the year   | -                | -                 | (93)                | (93)             |
| Fair value, year-end, liabilities  | -                | -                 | 297                 | 297              |

Reclassifications from Observable inputs to Unobservable inputs consist of interest rate swaps individually adjusted for increased credit risk.

## Notes

DKK million

| Nykredit Realkredit Group  | Q1/<br>2015       | Q4/<br>2014       | Q3/<br>2014       | Q2/<br>2014       | Q1/<br>2014       | Q4/<br>2013       | Q3/<br>2013       |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>28. SEVEN-QUARTER FINANCIAL HIGHLIGHTS</b>                            |                   |                   |                   |                   |                   |                   |                   |
| <b>Core income from</b>  |                   |                   |                   |                   |                   |                   |                   |
| - business operations  | 2,137             | 1,557             | 1,261             | 2,518             | 2,403             | 2,426             | 1,780             |
| - securities   | 14                | 36                | 33                | 30                | 30                | 29                | 26                |
| <b>Total</b>   | <b>2,151</b>      | <b>1,594</b>      | <b>1,295</b>      | <b>2,548</b>      | <b>2,433</b>      | <b>2,455</b>      | <b>1,806</b>      |
| Operating costs, depreciation and amortisation                           | 1,223             | 1,338             | 1,187             | 1,304             | 1,274             | 1,816             | 1,356             |
| <b>Core earnings before impairment losses</b>                            | <b>928</b>        | <b>256</b>        | <b>108</b>        | <b>1,244</b>      | <b>1,158</b>      | <b>639</b>        | <b>449</b>        |
| Impairment losses on loans and advances                                  | 329               | 893               | 409               | 534               | 515               | 1,159             | 675               |
| <b>Core earnings after impairment losses</b>                             | <b>599</b>        | <b>(638)</b>      | <b>(301)</b>      | <b>710</b>        | <b>643</b>        | <b>(520)</b>      | <b>(226)</b>      |
| Investment portfolio income  | 445               | (99)              | 276               | 253               | 349               | 493               | 394               |
| <b>Profit (loss) before cost of capital</b>                              | <b>1,043</b>      | <b>(737)</b>      | <b>(24)</b>       | <b>963</b>        | <b>992</b>        | <b>(27)</b>       | <b>168</b>        |
| Net interest on subordinated debt  | (161)             | (146)             | (145)             | (123)             | (114)             | (117)             | (116)             |
| <b>Profit (loss) before tax</b>  | <b>883</b>        | <b>(883)</b>      | <b>(169)</b>      | <b>841</b>        | <b>878</b>        | <b>(144)</b>      | <b>52</b>         |
| Tax  | 197               | (237)             | (54)              | 181               | 200               | (29)              | (48)              |
| <b>Profit (loss) for the period</b>                                      | <b>686</b>        | <b>(646)</b>      | <b>(115)</b>      | <b>660</b>        | <b>678</b>        | <b>(115)</b>      | <b>99</b>         |
| <b>Other comprehensive income</b>  |                   |                   |                   |                   |                   |                   |                   |
| Actuarial gains/losses on defined benefit plans                          | 8                 | 4                 | 13                | 2                 | 2                 | (14)              | (8)               |
| Value adjustment of strategic equities                                   | 157               | 15                | 51                | 16                | 157               | 65                | 66                |
| Fair value adjustment of owner-occupied properties                       | -                 | (25)              | (28)              | -                 | -                 | (4)               | -                 |
| <b>Total other comprehensive income</b>                                  | <b>164</b>        | <b>(6)</b>        | <b>35</b>         | <b>18</b>         | <b>159</b>        | <b>47</b>         | <b>58</b>         |
| <b>Comprehensive income for the period</b>                               | <b>850</b>        | <b>(652)</b>      | <b>(80)</b>       | <b>678</b>        | <b>837</b>        | <b>(69)</b>       | <b>157</b>        |
| <b>SUMMARY BALANCE SHEET, END OF PERIOD</b>                              |                   |                   |                   |                   |                   |                   |                   |
| <b>Assets</b>  | <b>31.03.2015</b> | <b>31.12.2014</b> | <b>30.09.2014</b> | <b>30.06.2014</b> | <b>31.03.2014</b> | <b>31.12.2013</b> | <b>30.09.2013</b> |
| Cash balances and receivables from credit institutions and central banks | 70,932            | 42,288            | 37,335            | 36,133            | 38,690            | 35,758            | 31,983            |
| Mortgage loans at fair value   | 1,137,833         | 1,137,099         | 1,144,160         | 1,143,883         | 1,142,380         | 1,136,644         | 1,136,059         |
| Bank loans – excluding reverse repurchase lending                        | 49,404            | 50,494            | 48,301            | 46,908            | 48,078            | 46,963            | 49,130            |
| Bonds and equities   | 104,795           | 131,383           | 120,066           | 118,624           | 110,300           | 92,961            | 75,521            |
| Remaining assets   | 98,536            | 96,889            | 98,029            | 98,799            | 88,302            | 105,087           | 108,117           |
| <b>Total assets</b>  | <b>1,461,500</b>  | <b>1,458,153</b>  | <b>1,447,891</b>  | <b>1,444,348</b>  | <b>1,427,750</b>  | <b>1,417,414</b>  | <b>1,400,811</b>  |
| <b>Liabilities and equity</b>  |                   |                   |                   |                   |                   |                   |                   |
| Payables to credit institutions and central banks                        | 38,860            | 44,863            | 44,217            | 49,656            | 49,174            | 44,393            | 55,974            |
| Deposits and other payables  | 67,733            | 65,232            | 60,373            | 61,764            | 68,598            | 65,172            | 59,160            |
| Bonds in issue at fair value   | 1,181,483         | 1,167,163         | 1,150,270         | 1,138,266         | 1,130,708         | 1,130,020         | 1,088,084         |
| Subordinated debt  | 11,417            | 11,394            | 11,387            | 15,243            | 10,913            | 10,964            | 11,028            |
| Remaining liabilities  | 97,952            | 109,998           | 121,492           | 119,188           | 108,805           | 108,148           | 127,780           |
| Equity   | 64,055            | 59,502            | 60,152            | 60,231            | 59,553            | 58,716            | 58,784            |
| <b>Total liabilities and equity</b>                                      | <b>1,461,500</b>  | <b>1,458,153</b>  | <b>1,447,891</b>  | <b>1,444,348</b>  | <b>1,427,750</b>  | <b>1,417,414</b>  | <b>1,400,811</b>  |
| <b>FINANCIAL RATIOS</b>  |                   |                   |                   |                   |                   |                   |                   |
| Profit (loss) for the period as % of average equity pa <sup>1</sup>      | 4.4               | (4.3)             | (0.8)             | 4.4               | 4.6               | (0.8)             | 0.7               |
| Core earnings before impairment losses as % of average equity pa         | 6.2               | 1.7               | 0.7               | 8.3               | 7.8               | 4.4               | 3.1               |
| Core earnings after impairment losses as % of average equity pa          | 4.0               | (4.3)             | (2.0)             | 4.7               | 4.4               | (3.5)             | (1.5)             |
| Total provisions for loan impairment and guarantees                      | 9,274             | 9,173             | 8,769             | 8,771             | 8,535             | 8,456             | 7,741             |
| Impairment losses for the period, %                                      | 0.03              | 0.07              | 0.03              | 0.04              | 0.04              | 0.09              | 0.05              |
| Total capital ratio, %   | 18.9              | 17.2              | 17.5              | 19.3              | 18.3              | 18.9              | 20.4              |
| Tier 1 capital ratio, %  | 17.6              | 18.2              | 19.0              | 18.1              | 18.3              | 18.9              | 20.4              |
| Average number of full-time staff  | 3,827             | 3,971             | 3,988             | 4,001             | 4,027             | 4,052             | 4,042             |

<sup>1</sup> In the calculation of equity, Additional Tier 1 capital (AT1) is considered as a financial obligation for accounting purposes, and the dividends for the period are included as interest expenses in the results for the period.

## Notes

DKK million

| Nykredit Realkredit Group   | Q1/<br>2015  | Q4/<br>2014  | Q3/<br>2014  | Q2/<br>2014  | Q1/<br>2014  | Q4/<br>2013  | Q3/<br>2013  |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>28. SEVEN-QUARTER FINANCIAL HIGHLIGHTS (continued)</b>   |              |              |              |              |              |              |              |
| Net interest income   | 3,054        | 2,926        | 2,916        | 2,652        | 2,859        | 2,800        | 2,656        |
| Net fee income  | 57           | 126          | 29           | 60           | (84)         | (48)         | 90           |
| <b>Net interest and fee income</b>  | <b>3,111</b> | <b>3,051</b> | <b>2,945</b> | <b>2,712</b> | <b>2,778</b> | <b>2,752</b> | <b>2,746</b> |
| Value adjustments   | (724)        | (1,745)      | (1,575)      | (84)         | (153)        | 30           | (717)        |
| Other operating income  | 47           | 41           | 54           | 46           | 43           | 47           | 52           |
| Staff and administrative expenses   | 1,139        | 1,215        | 1,114        | 1,191        | 1,195        | 1,328        | 1,194        |
| Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets | 66           | 78           | 51           | 53           | 53           | 319          | 194          |
| Other operating expenses  | 18           | 44           | 22           | 60           | 27           | 169          | 17           |
| Impairment losses on loans, advances and receivables  | 329          | 893          | 409          | 534          | 515          | 1,159        | 675          |
| Profit (loss) from investments in associates  | (0)          | 0            | 2            | 4            | (0)          | 2            | 52           |
| <b>Profit (loss) before tax</b>   | <b>883</b>   | <b>(883)</b> | <b>(169)</b> | <b>841</b>   | <b>878</b>   | <b>(144)</b> | <b>52</b>    |
| Tax   | 197          | (237)        | (54)         | 181          | 200          | (29)         | (48)         |
| <b>Profit (loss) for the period</b>   | <b>686</b>   | <b>(646)</b> | <b>(115)</b> | <b>660</b>   | <b>678</b>   | <b>(115)</b> | <b>99</b>    |
| <b>Other comprehensive income</b>   |              |              |              |              |              |              |              |
| Actuarial gains/losses on defined benefit plans   | 8            | 4            | 13           | 2            | 2            | (14)         | (8)          |
| Value adjustment of strategic equities  | 157          | 15           | 51           | 16           | 157          | 65           | 66           |
| Fair value adjustment of owner-occupied properties  | 0            | (25)         | (28)         | -            | -            | (4)          | -            |
| <b>Total other comprehensive income</b>   | <b>164</b>   | <b>(6)</b>   | <b>35</b>    | <b>18</b>    | <b>159</b>   | <b>47</b>    | <b>58</b>    |
| <b>Comprehensive income for the period</b>  | <b>850</b>   | <b>(652)</b> | <b>(80)</b>  | <b>678</b>   | <b>837</b>   | <b>(69)</b>  | <b>157</b>   |
| <b>FINANCIAL RATIOS<sup>1</sup></b>   |              |              |              |              |              |              |              |
| Total capital ratio, %  | 18.9         | 18.2         | 17.5         | 18.1         | 18.3         | 18.9         | 20.4         |
| Tier 1 capital ratio, %   | 17.6         | 17.2         | 19.0         | 19.3         | 18.3         | 18.9         | 20.4         |
| Return on equity before tax, %  | 1.7          | (1.4)        | (0.2)        | 1.4          | 1.7          | (0.1)        | 0.2          |
| Return on equity after tax, %   | 1.4          | (1.1)        | (0.1)        | 1.1          | 1.4          | (0.1)        | 0.3          |
| Income:cost ratio   | 1.68         | 0.61         | 0.94         | 1.47         | 1.58         | 0.97         | 1.06         |
| Foreign exchange position, %  | 0.1          | 0.4          | 1.2          | 1.2          | 1.8          | 1.6          | 1.0          |
| Loans and advances:equity (loan gearing)  | 20.2         | 20.6         | 20.5         | 20.5         | 20.7         | 21.1         | 21.0         |
| Growth in loans and advances for the period, %  | (0.7)        | (0.5)        | (0.5)        | 0.1          | (1.3)        | 0.4          | 0.5          |
| Total impairment provisions, %  | 0.75         | 0.74         | 0.70         | 0.70         | 0.68         | 0.67         | 0.62         |
| Impairment losses for the period, %   | 0.03         | 0.07         | 0.03         | 0.04         | 0.04         | 0.09         | 0.05         |

<sup>1</sup> Financial ratios are based on the Danish FSA's definitions and guidelines. As a result, the calculation of financial ratios is based on profit for the period including value and other adjustment of strategic equities. Definitions appear from note 50 in the Annual Report 2014.

## Notes

DKK million

| Nykredit Realkredit A/S   | Q1/<br>2015      | Q1/<br>2014      | Q1/<br>2013      | Q1/<br>2012      | Q1/<br>2011      |
|---|------------------|------------------|------------------|------------------|------------------|
| <b>29. FIVE-YEAR FINANCIAL HIGHLIGHTS</b>   |                  |                  |                  |                  |                  |
| <b>SUMMARY INCOME STATEMENT</b>   |                  |                  |                  |                  |                  |
| Net interest income   | 1,337            | 1,156            | 1,118            | 1,408            | 1,285            |
| Net fee income  | 262              | 137              | 139              | 252              | 151              |
| <b>Net interest and fee income</b>  | <b>1,599</b>     | <b>1,294</b>     | <b>1,257</b>     | <b>1,660</b>     | <b>1,436</b>     |
| Value adjustments   | 107              | 320              | 105              | 883              | (123)            |
| Other operating income  | 2                | 2                | 7                | 2                | 12               |
| Staff and administrative expenses   | 534              | 587              | 660              | 506              | 691              |
| Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets | 56               | 44               | 184              | 176              | 165              |
| Other operating expenses  | (1)              | 11               | 2                | 0                | 0                |
| Impairment losses on loans, advances and receivables  | 190              | 456              | 344              | 257              | 202              |
| Profit from investments in associates and group enterprises   | 94               | 382              | 248              | 277              | 305              |
| <b>Profit before tax</b>  | <b>1,022</b>     | <b>901</b>       | <b>428</b>       | <b>1,883</b>     | <b>571</b>       |
| Tax   | 180              | 66               | 10               | 396              | (74)             |
| <b>Profit for the period</b>  | <b>842</b>       | <b>834</b>       | <b>418</b>       | <b>1,487</b>     | <b>645</b>       |
| <b>SUMMARY BALANCE SHEET, END OF PERIOD</b>   |                  |                  |                  |                  |                  |
|   | 31.03.2015       | 31.03.2014       | 31.03.2013       | 31.03.2012       | 31.03.2011       |
| <b>Assets</b>   |                  |                  |                  |                  |                  |
| Cash balances and receivables from credit institutions and central banks  | 49,421           | 29,220           | 32,046           | 37,136           | 24,704           |
| Mortgage loans at fair value  | 575,285          | 599,102          | 609,325          | 612,595          | 576,609          |
| Totalkredit mortgage loan funding   | 635,740          | 558,042          | 539,876          | 485,375          | 412,492          |
| Bonds and equities  | 50,074           | 33,903           | 22,826           | 59,455           | 69,986           |
| Remaining assets  | 69,846           | 81,796           | 78,326           | 72,478           | 61,691           |
| <b>Total assets</b>   | <b>1,380,366</b> | <b>1,302,063</b> | <b>1,282,399</b> | <b>1,267,039</b> | <b>1,145,481</b> |
| <b>Liabilities and equity</b>   |                  |                  |                  |                  |                  |
| Payables to credit institutions and central banks   | 23,383           | 25,097           | 28,101           | 79,427           | 77,135           |
| Bonds in issue  | 1,256,513        | 1,182,411        | 1,158,738        | 1,091,295        | 971,683          |
| Subordinated debt   | 11,369           | 10,670           | 10,934           | 11,000           | 10,551           |
| Remaining liabilities   | 25,045           | 24,331           | 26,801           | 28,713           | 30,453           |
| Equity  | 64,055           | 59,553           | 57,825           | 56,604           | 55,659           |
| <b>Total liabilities and equity</b>   | <b>1,380,366</b> | <b>1,302,063</b> | <b>1,282,399</b> | <b>1,267,039</b> | <b>1,145,481</b> |
| <b>OFF-BALANCE SHEET ITEMS</b>  |                  |                  |                  |                  |                  |
| Other commitments   | 1,060            | 1,285            | 1,519            | 2,009            | 1,818            |
| <b>FINANCIAL RATIOS<sup>1</sup></b>   |                  |                  |                  |                  |                  |
| Total capital ratio, %  | 16.9             | 16.6             | 16.6             | 15.7             | 17.3             |
| Tier 1 capital ratio, %   | 15.9             | 16.6             | 16.6             | 15.7             | 17.3             |
| Return on equity before tax, %  | 1.7              | 1.5              | 0.7              | 3.4              | 1.0              |
| Return on equity after tax, %   | 1.4              | 1.4              | 0.7              | 2.7              | 1.2              |
| Income:cost ratio   | 2.31             | 1.82             | 1.36             | 3.01             | 1.54             |
| Foreign exchange position, %  | 0.2              | 1.1              | 0.7              | 0.8              | 1.1              |
| Loans and advances:equity (loan gearing)  | 9.0              | 10.2             | 10.5             | 10.8             | 10.4             |
| Growth in loans and advances for the period, %  | (1.6)            | 0.8              | (0.9)            | 1.3              | 1.0              |
| Total impairment provisions, %  | 0.75             | 0.58             | 0.37             | 0.31             | 0.31             |
| Impairment losses for the period, %   | 0.03             | 0.07             | 0.06             | 0.04             | 0.03             |
| Return on capital employed, %   | 0.06             | 0.06             | 0.03             | 0.12             | 0.06             |

<sup>1</sup> Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 50 in the Annual Report 2014.

## Notes

DKK million

| Nykredit Realkredit Group   | Q1/<br>2015       | Q1/<br>2014       | Q1/<br>2013       | Q1/<br>2012       | Q1/<br>2011       |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>29. FIVE-YEAR FINANCIAL HIGHLIGHTS (continued)</b>   |                   |                   |                   |                   |                   |
| <b>SUMMARY INCOME STATEMENT</b>   |                   |                   |                   |                   |                   |
| Net interest income   | 3,054             | 2,859             | 2,487             | 2,718             | 2,590             |
| Net fee income  | 57                | (81)              | (41)              | 164               | 81                |
| <b>Net interest and fee income</b>  | <b>3,111</b>      | <b>2,778</b>      | <b>2,446</b>      | <b>2,882</b>      | <b>2,671</b>      |
| Value adjustments   | (724)             | (153)             | 543               | 605               | 58                |
| Other operating income  | 47                | 43                | 56                | 53                | 54                |
| Staff and administrative expenses   | 1,139             | 1,195             | 1,233             | 1,078             | 1,234             |
| Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets | 66                | 53                | 193               | 184               | 196               |
| Other operating expenses  | 18                | 27                | 27                | 10                | 73                |
| Impairment losses on loans, advances and receivables  | 329               | 515               | 687               | 494               | 279               |
| Profit (loss) from investments in associates  | -                 | (0)               | 18                | 7                 | 8                 |
| <b>Profit before tax</b>  | <b>883</b>        | <b>878</b>        | <b>923</b>        | <b>1,781</b>      | <b>1,010</b>      |
| Tax   | 197               | 200               | 32                | 442               | 104               |
| <b>Profit for the period</b>  | <b>686</b>        | <b>678</b>        | <b>891</b>        | <b>1,339</b>      | <b>906</b>        |
| Total value adjustment and reclassification of strategic equities against equity                                | 157               | 157               | (474)             | 148               | (261)             |
| <b>SUMMARY BALANCE SHEET, END OF PERIOD</b>   |                   |                   |                   |                   |                   |
|   | <b>31.03.2015</b> | <b>31.03.2014</b> | <b>31.03.2013</b> | <b>31.03.2012</b> | <b>31.03.2011</b> |
| <b>Assets</b>   |                   |                   |                   |                   |                   |
| Cash balances and receivables from credit institutions and central banks  | 70,932            | 38,690            | 39,997            | 63,900            | 37,624            |
| Mortgage loans at fair value  | 1,137,833         | 1,142,380         | 1,136,605         | 1,097,992         | 1,030,008         |
| Bank loans – excluding reverse repurchase lending   | 49,404            | 48,078            | 50,192            | 55,935            | 60,250            |
| Bonds and equities  | 104,795           | 110,300           | 73,391            | 94,919            | 103,974           |
| Remaining assets  | 98,536            | 88,302            | 111,827           | 94,790            | 59,568            |
| <b>Total assets</b>   | <b>1,461,500</b>  | <b>1,427,750</b>  | <b>1,412,012</b>  | <b>1,407,537</b>  | <b>1,291,424</b>  |
| <b>Liabilities and equity</b>   |                   |                   |                   |                   |                   |
| Payables to credit institutions and central banks   | 38,860            | 49,174            | 49,486            | 108,335           | 94,266            |
| Deposits and other payables   | 67,733            | 68,598            | 64,994            | 56,673            | 53,416            |
| Bonds in issue at fair value  | 1,181,483         | 1,130,708         | 1,101,262         | 1,041,153         | 960,768           |
| Subordinated debt   | 11,417            | 10,913            | 11,184            | 11,246            | 11,286            |
| Remaining liabilities   | 97,952            | 108,805           | 127,260           | 133,526           | 116,030           |
| Equity  | 64,055            | 59,553            | 57,825            | 56,604            | 55,659            |
| <b>Total liabilities and equity</b>   | <b>1,461,500</b>  | <b>1,427,750</b>  | <b>1,412,012</b>  | <b>1,407,537</b>  | <b>1,291,424</b>  |
| <b>OFF-BALANCE SHEET ITEMS</b>  |                   |                   |                   |                   |                   |
| Contingent liabilities  | 8,768             | 7,420             | 5,331             | 6,414             | 5,759             |
| Other commitments   | 5,580             | 7,847             | 9,888             | 8,273             | 8,919             |
| <b>FINANCIAL RATIOS<sup>1</sup></b>   |                   |                   |                   |                   |                   |
| Total capital ratio, %  | 18.9              | 18.3              | 19.1              | 17.2              | 18.6              |
| Tier 1 capital ratio, %   | 17.6              | 18.3              | 19.1              | 17.2              | 18.6              |
| Return on equity before tax, %  | 1.7               | 1.7               | 0.9               | 3.5               | 1.2               |
| Return on equity after tax, %   | 1.4               | 1.4               | 0.7               | 2.7               | 1.2               |
| Income:cost ratio   | 1.68              | 1.58              | 1.23              | 2.12              | 1.38              |
| Foreign exchange position, %  | 0.1               | 1.8               | 0.8               | 0.8               | 1.0               |
| Loans and advances:equity (loan gearing)  | 19.0              | 20.7              | 21.3              | 21.0              | 19.9              |
| Growth in loans and advances for the period, %  | (0.7)             | (1.3)             | 0.7               | 2.2               | 1.1               |
| Total impairment provisions, %  | 0.75              | 0.68              | 0.59              | 0.59              | 0.76              |
| Impairment losses for the period, %   | 0.03              | 0.04              | 0.06              | 0.04              | 0.02              |
| Return on capital employed, %   | 0.05              | 0.05              | 0.06              | 0.10              | 0.07              |

<sup>1</sup> Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 50 in the Annual Report 2014.

# Notes

DKK million

Nykredit Realkredit A/S

## 30. GROUP STRUCTURE

| Name and registered office                               | Ownership interest as %, 31 March 2015 | Profit (loss) for the period | Equity, 31 March 2015 | Profit (loss) for 2014 | Equity, 31 December 2014 |
|--|--|------------------------------|-----------------------|------------------------|--------------------------|
| Nykredit Realkredit A/S (Parent Company), Copenhagen, a) | -                                      | 842                          | 64,055                | 815                    | 59,502                   |
| Totalkredit A/S, Copenhagen, a)                          | 100                                    | 439                          | 17,522                | 1,458                  | 17,113                   |
| Nykredit Bank A/S, Copenhagen, b)                        | 100                                    | (375)                        | 14,100                | (1,772)                | 12,575                   |
| Nykredit Pantebrevsinvestering A/S, Copenhagen, c)       | 100                                    | 0                            | 12                    | 0                      | 12                       |
| Nykredit Portefølje Administration A/S, Copenhagen, h)   | 100                                    | 19                           | 417                   | 75                     | 398                      |
| Nykredit Leasing A/S, Gladsaxe, f)                       | 100                                    | 14                           | 470                   | 50                     | 456                      |
| FB Ejendomme A/S, Copenhagen, e)                         | 100                                    | -                            | 4                     | 0                      | 4                        |
| Nykredit Mægler A/S, Århus, d)                           | 100                                    | 12                           | 111                   | 35                     | 134                      |
| Nykredit Ejendomme A/S, Copenhagen, e)                   | 100                                    | 12                           | 460                   | 27                     | 449                      |
| Ejendomsselskabet Kalvebod A/S, Copenhagen, i)           | 100                                    | 6                            | 191                   | 21                     | 185                      |
| Kalvebod Ejendomme I A/S, Copenhagen, e)                 | 100                                    | 4                            | 110                   | 15                     | 106                      |
| Kalvebod Ejendomme II A/S, Copenhagen, e)                | 100                                    | 2                            | 77                    | 6                      | 75                       |
| Nykredit Administration V A/S, Copenhagen, g)            | 100                                    | 0                            | 1                     | 0                      | 1                        |

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

| Geographical distribution of activities                           | Number of staff | Revenue* | Profit before tax | Tax | Government aid received |
|---|-----------------|----------|-------------------|-----|-------------------------|
| Denmark: Companies and activities appear from the group structure | 3,804           | 9,774    | 684               | 197 | -                       |
| Poland: Nykredit Realkredit A/S S.A. Oddział w Polsce, branch, a) | 12              | 3        | 2                 | 0   | -                       |
| Sweden: Nykredit Bank A/S, branch, b) <sup>1</sup>                | 7               | 0        | 0                 | 0   | -                       |

<sup>1</sup> The branch in Sweden ceased its activities in January 2015 and is expected to be wound up entirely before the end of 2015.

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

- a) Mortgage bank
- b) Bank
- c) Mortgage trading company
- d) Estate agency business
- e) Property company
- f) Leasing business
- g) No activity
- h) Investment management company
- i) Holding company, no independent activities

Nykredit Realkredit A/S is wholly owned by and consolidated with Nykredit Holding A/S, which is consolidated with Foreningen Nykredit.



# Capital adequacy

DKK million

| Nykredit Realkredit A/S |            |  | Nykredit Realkredit Group |            |
|-------------------------|------------|--|---------------------------|------------|
| 31.12.2014              | 31.03.2015 |  | 31.03.2015                | 31.12.2014 |
| 55,981                  | 56,337     | Common Equity Tier 1 capital                     | 55,953                    | 55,559     |
| 5,933                   | 3,205      | Total Additional Tier 1 capital after deductions | 3,506                     | 6,158      |
| 61,915                  | 59,542     | Tier 1 capital                                   | 59,459                    | 61,717     |
| 66,630                  | 63,494     | Own funds  | 63,612                    | 65,606     |
| 380,237                 | 374,208    | Total risk exposure amount                       | 336,213                   | 358,589    |
| 14.7                    | 15.0       | Common Equity Tier 1 capital ratio, %            | 16.6                      | 15.4       |
| 16.2                    | 15.9       | Tier 1 capital ratio, %                          | 17.6                      | 17.2       |
| 17.2                    | 16.9       | Total capital ratio, %                           | 18.9                      | 18.2       |
| Nykredit Bank Group     |            |  | Nykredit Holding Group    |            |
| 31.12.2014              | 31.03.2015 |  | 31.03.2015                | 31.12.2014 |
| 12,044                  | 13,639     | Common Equity Tier 1 capital                     | 55,957                    | 55,584     |
| 15                      | 100        | Total Additional Tier 1 capital after deductions | 1,039                     | 6,158      |
| 12,059                  | 13,739     | Tier 1 capital                                   | 56,997                    | 61,742     |
| 12,365                  | 14,139     | Own funds  | 58,564                    | 63,121     |
| 94,051                  | 90,403     | Total risk exposure amount                       | 336,306                   | 358,684    |
| 12.8                    | 15.0       | Common Equity Tier 1 capital ratio, %            | 16.6                      | 15.4       |
| 12.8                    | 15.1       | Tier 1 capital ratio, %                          | 16.9                      | 17.2       |
| 13.1                    | 15.6       | Total capital ratio, %                           | 17.4                      | 17.5       |

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

*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.*