

To Nasdaq Copenhagen
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TOTALKREDIT A/S – A SUBSIDIARY OF NYKREDIT REALKREDIT A/S CONSOLIDATED IN THE NYKREDIT GROUP FINANCIAL STATEMENTS

INTERIM REPORT FOR THE PERIOD 1 JANUARY – 31 MARCH 2015

Q1 – in brief

- Profit before tax came to DKK 574m against DKK 487m in Q1/2014.
- Core income from business operations increased by 24% from DKK 639m to DKK 794m. This was spurred by higher administration margin income and an increase in activity income.
- Operating costs amounted to DKK 127m against DKK 95m in Q1/2014. Costs as a percentage of core income were 17.1% compared with 16.5% in Q1/2014.
- Impairment losses on loans and advances came to DKK 156m against DKK 18m in Q1/2014.
- At nominal value, the loan portfolio totalled DKK 550bn compared with DKK 542bn at the beginning of the year. Totalkredit's share of Danish mortgage lending was 38.2% against 37.9% at the beginning of the year.

Own funds

- Equity stood at DKK 17.6bn at 31 March 2015.
- The total capital ratio and the Common Equity Tier 1 capital ratio stood at 19.4% and 17.2%, respectively.
- The internal capital adequacy requirement (ICAAP) was 11.2%.

About Totalkredit A/S

Totalkredit's interim reports and further information about Totalkredit are available at totalkredit.dk.

Contact

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Financial highlights

DKK million

	Q1/2015	Q1/2014	FY 2014
Core earnings and profit for the period			
Core income from			
- business operations	794	639	2,829
- junior covered bonds	(44)	(59)	(220)
- securities	(9)	(2)	(8)
Total	741	578	2,601
Operating costs, depreciation and amortisation	127	95	388
Core earnings before impairment losses	614	483	2,213
Impairment losses on loans and advances	156	18	406
Core earnings after impairment losses	459	465	1,807
Investment portfolio income	115	23	125
Profit before tax	574	487	1,932
Tax	135	119	474
Profit for the period	439	368	1,458
Summary balance sheet, end of period			
	31.03.2015	31.03.2014	31.12.2014
Assets			
Receivables from credit institutions	28,160	17,672	23,607
Mortgage loans at fair value	563,453	544,361	555,593
Bonds at fair value	113,770	92,539	91,795
Remaining assets	3,459	2,971	3,758
Total assets	708,842	657,543	674,753
Liabilities and equity			
Payables to credit institutions	653,649	585,452	609,964
Bonds in issue at fair value	25,880	44,993	36,229
Subordinated debt – Tier 2 capital	3,100	3,100	3,100
Remaining liabilities	8,661	7,976	8,347
Equity	17,552	16,022	17,113
Total liabilities and equity	708,842	657,543	674,753
Financial ratios			
Profit for the period as % of average equity pa	10.1	9.3	8.9
Core earnings after impairment losses as % of average equity pa	10.6	12.2	11.0
Costs as % of core income	17.1	16.5	14.9
Impairment losses for the period, %	0.03	0.00	0.1
Total capital ratio, %	19.4	19.3	20.9
Common Equity Tier 1 capital ratio, %	17.2	16.8	18.2
Internal capital adequacy requirement, %	11.2	9.6	10.6



Q1 Interim Report 2015

Totalkredit posted a profit before tax of DKK 574m against DKK 487m in the same period last year. Profit after tax came to DKK 439m.

Results for Q1/2015 included growth in income from business operations, reduced net interest expenses for junior covered bonds and an increase in impairment losses on loans and advances.

Core earnings before impairment losses

Core income from business operations amounted to DKK 794m against DKK 639m in Q1/2014. This was spurred by higher administration margin income and an increase in activity income.

Administration margin income and activity income were up by DKK 105m and DKK 72m, respectively, compared with the same period last year. Commission expenses grew by DKK 23m.

Net interest expenses for junior covered bonds came to DKK 44m against DKK 59m in Q1/2014.

Core income from securities was a loss of DKK 8m against a loss of DKK 2m in the same period last year. Core income from securities further included interest expenses of DKK 12m for Tier 2 capital.

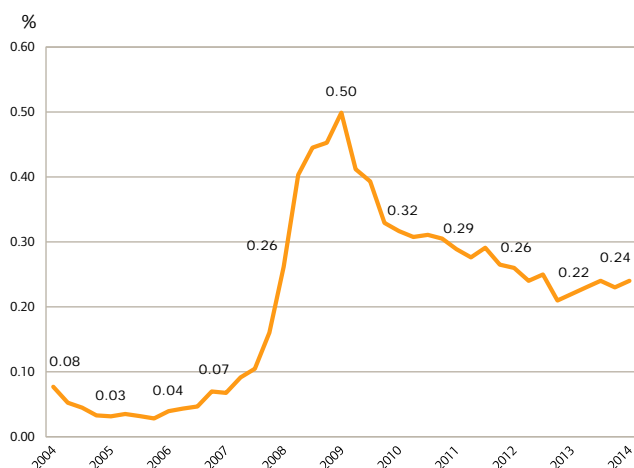
Operating costs came to DKK 127m, up 34% on the same period last year. The rise was chiefly due to an increase in IT development costs.

Core earnings before impairment losses came to DKK 614m against DKK 483m in Q1/2014.

Impairment losses on loans and advances

Impairment losses on loans and advances totalled DKK 156m against DKK 18m in the same period last year. Individual impairment provisions and collective impairment provisions were a charge of DKK 121m and DKK 35m, respectively, against a charge of DKK 63m and an income of DKK 45m, respectively, in the same period last year. In Q1/2015, impairment losses equalled 0.03% of lending compared with 0.00% in the same period last year.

Arrears ratio, mortgage lending – 75 days past due



Write-offs for the period totalled DKK 142m, of which DKK 53m was covered by the partner banks by set-off against commission payable or by guarantee.

Impairment provisions totalled DKK 1,310m against DKK 1,236m at the beginning of the year. Total impairment provisions equalled 0.23% of lending.

Individual impairment provisions stood at DKK 584m and collective impairment provisions at DKK 726m.

The arrears ratio measured as at the December due date, 75 days past due, was 0.24%, which was also the level of the previous due date.

In Q1/2015, 22 properties were acquired at forced sales by public auction and 30 properties were sold. At end-Q1/2015, the portfolio of acquired properties stood at 33 against 41 at the beginning of the year.

Investment portfolio income

Investment portfolio income was DKK 115m against DKK 23m in the same period last year.

Lending

Gross new lending came to DKK 66bn against DKK 13bn in Q1/2014.

At nominal value, the loan portfolio totalled DKK 550bn, which was an DKK 8bn increase from the beginning of the year.

Measured by the loan portfolio, Totalkredit's market share was 38.2% at end-Q1/2015 against 37.9% at the beginning of the year.

Loan-to-value ratios (LTVs)

The average LTV ratio of the loan portfolio, determined as the top part of the loan amount for each property, was 76% at end-Q1/2015.

For the part of the loan portfolio funded by SDOs (Danish covered bonds) and for which LTV ratios exceed the statutory LTV limits of 80% for private residential property and 60% for holiday homes, supplementary collateral must be provided vis-a-vis bondholders. The supplementary collateral requirement averaged DKK 23.4bn in Q1/2015.

Totalkredit raises supplementary collateral by investing part of its own funds or borrowed funds, primarily proceeds from junior covered bonds in issue, in particularly secure assets.

Balance sheet

At end-Q1/2015, the balance sheet stood at DKK 709bn against DKK 675bn at the beginning of the year.

Assets essentially consisted of three items: receivables from credit institutions of DKK 28bn, mortgage lending of DKK 564bn and a bond portfolio of DKK 114bn.

Liabilities essentially consisted of payables to the Parent Company, Nykredit Realkredit A/S, totalling DKK 654bn, of which DKK 636bn related to the funding of mortgage loans and DKK 18bn related to supplementary collateral for SDO-funded lending.



At end-Q1/2015, Totalkredit had issued own bonds of DKK 26bn.

Equity including profit for the period totalled DKK 17.6bn at end-Q1/2015.

Capital and capital adequacy

Own funds stood at DKK 19.7bn, and the risk exposure amount (REA) totalled DKK 101.2bn, corresponding to a total capital ratio of 19.4%.

Common Equity Tier 1 (CET1) capital came to DKK 17.5bn, corresponding to a CET1 capital ratio of 17.2% at end-Q1/2015.

Under the Basel I transitional rules, REA came to DKK 228.0bn, equal to a total capital ratio requirement of at least 18.0%. The Basel I transitional rules have been extended to 2015 inclusive, but are expected to be further extended to 2019, at which time the new capital requirements will be fully implemented.

Totalkredit applies Nykredit's advanced internal models (IRB) for determination of risk exposures relating to credit risk. The standardised approach is used to determine risk exposures relating to market risk, and risk exposures relating to operational risk is determined using the basic indicator approach.

The internal capital adequacy requirement (ICAAP) is calculated on the basis of the required own funds, which is the minimum capital required, in Management's judgement, to cover all significant risks. At end-Q1/2015, required own funds totalled DKK 11.3bn, equal to an internal capital adequacy requirement of 11.2%.

Credit ratings

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

Totalkredit			
Capital and capital adequacy			
DKK million	31.03.2015	2014	2013
Credit risk	94,140	87,427	82,155
Market risk	3,273	2,912	2,476
Operational risk	3,775	3,049	3,077
Total REA¹	101,187	93,388	87,708
Equity	17,552	17,113	15,655
CET1 capital deductions	(93)	(82)	(34)
CET1 capital	17,459	17,031	15,621
Tier 2 capital	2,170	2,480	3,100
Tier 2 deductions	82	29	(32)
Own funds	19,711	19,540	18,689
CET1 capital ratio, %	17.2	18.2	17.8
Total capital ratio, %	19.4	20.9	21.3
Internal capital adequacy requirement (Pillar I and Pillar II), %	11.2	10.6	10.2

¹ Capital adequacy is determined in accordance with the transitional rules 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 228.0bn at end-Q1/2015, equal to a total capital ratio of 18.0%.

The covered bonds issued by Totalkredit through Capital Centre C are also rated AAA by Standard & Poor's. This capital centre is not open for new lending.

Other

Jyske Bank and Totalkredit reach agreement in arbitration proceedings

In February Jyske Bank and Totalkredit agreed to settle the ongoing arbitration proceedings. The settlement stipulates the terms for Jyske Bank's exit from the Totalkredit partnership, and the two parties have further resolved a number of outstanding issues regarding other areas of their business relationship.

As a part of the settlement, Jyske Bank will receive a one-off commission of DKK 83.6m in 2015, corresponding to 3-4 months' commission under the now terminated partnership agreement.

Uncertainty as to recognition and measurement

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

The areas in which assumptions and estimates material to the financial statements have been made comprise provisions for loan and receivable impairment as well as other provisions, cf the mention in the Annual Report 2014.

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

Outlook for 2015

Core earnings after impairment losses for the full year are expected to be around DKK 1,350m-1,500m, which is unchanged compared with the information provided on announcement of the Annual Report 2014.

Total results will depend on trends in the housing and financial markets.

Events occurred after the end of the financial period

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

Accounting policies

The Q1 Interim Report 2015 has been prepared in accordance with the Danish Financial Business Act and the FSA Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc.

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

All figures in the 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.

The accounting policies are unchanged compared with the Annual Report 2014. For a description, please refer to the Annual Report 2014.



Management Statement

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 Totalkredit A/S.

The Interim Report and the Management's Review have been prepared in accordance with the Danish Financial Business Act and the Executive Order on Financial Reports for Credit Institutions and Investment 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 Company's assets, liabilities, equity and financial position at 31 March 2015 and of the results of the Company's operations and 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 financial circumstances of the Company as well as a description of the material risk and uncertainty factors which may affect the Company.

The Interim Report has not been audited or reviewed.

Copenhagen, 13 May 2015

Executive Board

Troels Bülow-Olsen

Board of Directors

Michael Rasmussen,
Chairman

Claus E. Petersen,
Deputy Chairman

Petter Blondeau

Anne Christiansen

Kim Duus

Karen Frøsig

Søren Holm

Anders Jensen

Michael Holm Jensen

Jari Loch Jensen

Gert Jonassen

Merete Nilausen

Bente Overgaard



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

DKK million

	Note	Q1/2015	Q1/2014
INCOME STATEMENT			
Interest income	1	4,504	4,334
Interest expenses	2	3,233	3,254
Net interest income		1,270	1,080
Fee and commission income	3	267	68
Fee and commission expenses	4	757	532
Net interest and fee income		781	616
Value adjustments	5	76	(15)
Other operating income		0	0
Staff and administrative expenses	6	127	95
Depreciation and impairment losses for property, plant and equipment		0	0
Impairment losses on loans, advances and receivables	7	156	18
Profit before tax		574	487
Tax		135	119
Profit for the period		439	368
STATEMENT OF COMPREHENSIVE INCOME			
Comprehensive income			
Profit for the period		439	368
Other comprehensive income		-	-
Comprehensive income for the period		439	368



Balance sheet, end of period

DKK million

	Note	31.03.2015	31.12.2014
ASSETS			
Cash balances and demand deposits with central banks			-
Receivables from credit institutions and central banks	8	28,160	23,607
Loans, advances and other receivables at fair value	9	563,628	555,777
Loans, advances and other receivables at amortised cost	9	41	42
Bonds at fair value	10	113,770	91,795
Other property, plant and equipment		0	0
Current tax assets		-	-
Deferred tax assets		2	2
Assets in temporary possession	11	23	29
Other assets	12	3,211	3,495
Prepayments		8	6
Total assets		708,842	674,753
LIABILITIES AND EQUITY			
Payables to credit institutions	13	653,649	609,964
Bonds in issue at fair value	14	25,880	36,229
Current tax liabilities		235	143
Other liabilities	15	8,421	8,200
Total payables		688,185	654,535
Provisions		6	6
Subordinated debt – Tier 2 capital	16	3,100	3,100
Equity			
Share capital		848	848
Reserves			
Series reserves		1,646	1,646
Other reserves		14,619	14,619
Retained earnings for the period		439	-
Total equity		17,552	17,113
Total liabilities and equity		708,842	674,753
OFF-BALANCE SHEET ITEMS			
Guarantees	17	0	0
Other commitments		10	10
Total		10	10



Statement of changes in equity

DKK million

	Share capital	Undistributable reserve fund	Other reserves	Total
Equity, 1 January 2015	848	1,646	14,619	17,113
Profit for the period	-	-	439	439
Total comprehensive income for the period	-	-	439	439
Equity, 31 March 2015	848	1,646	15,058	17,552
Equity, 1 January 2014	848	1,646	13,161	15,655
Profit for the period	-	-	368	368
Total comprehensive income for the period	-	-	368	368
Equity, 31 March 2014	848	1,646	13,529	16,022

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

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



Cash flow statement

DKK million

	31.03.2015	31.03.2014
Profit after tax for the period	439	368
Adjustment for non-cash operating items, depreciation and impairment losses		
Depreciation and impairment losses for property, plant and equipment	0	0
Impairment losses on loans and advances	156	18
Prepayments/deferred income, net	(2)	(4)
Tax calculated on profit for the period	135	119
Other adjustments	6	(10)
Total	294	124
Profit for the period adjusted for non-cash operating items	733	492
Change in working capital		
Lending	(8,007)	(3,792)
Deposits and payables to credit institutions	43,685	19,717
Covered bonds in issue	(10,349)	(1,575)
Other working capital	506	(200)
Total	25,835	14,150
Corporation tax paid, net	(42)	(51)
Cash flows from operating activities	26,526	14,591
Cash flows from investing and financing activities		
Investments	(21,973)	(13,182)
Total	(21,973)	(13,182)
Total cash flows	4,553	1,409
Cash and cash equivalents, beginning of period	23,607	16,263
Cash and cash equivalents, end of period	28,160	17,672



Notes

DKK million

	Q1/2015	Q1/2014
1. INTEREST INCOME		
Receivables from credit institutions	(3)	6
Loans, advances and other receivables	3,153	3,124
Administration margin (income)	1,140	1,034
Bonds:		
- Self-issued covered bonds	5	5
- Other covered bonds	189	140
Derivative financial instruments		
- Interest rate contracts	24	30
Total	4,509	4,339
Interest from self-issued covered bonds has been offset against interest expenses – note 2	(5)	(5)
Total	4,504	4,334
2. INTEREST EXPENSES		
Nykredit Realkredit A/S mortgage loan funding	2,989	2,856
Bonds in issue	148	262
Other payables to Nykredit Realkredit A/S	89	129
Subordinated debt	12	12
Other interest expenses	0	0
Total	3,238	3,259
Set-off of interest from self-issued covered bonds – note 1	(5)	(5)
Total	3,233	3,254
3. FEE AND COMMISSION INCOME		
Loan fees, new lending	180	40
Trading commission and other fees	87	28
Total	267	68
4. FEE AND COMMISSION EXPENSES		
Loan arrangement fees	204	32
Commission to loan arrangers	488	465
Trading commission and other fees	65	35
Total	757	532
5. VALUE ADJUSTMENTS		
Mortgage loans	740	4,642
Bonds	163	(18)
Foreign exchange, interest rate and other contracts as well as derivative financial instruments	(61)	30
Other liabilities	(26)	(27)
Bonds in issue, including bonds issued by Nykredit Realkredit A/S in connection with the funding of mortgage loans granted by Totalkredit A/S	(740)	(4,642)
Total	76	(15)



Notes

DKK million

	Q1/2015	Q1/2014
6. STAFF AND ADMINISTRATIVE EXPENSES		
Remuneration of Board of Directors and Executive Board	1	1
Staff expenses	17	19
Administrative expenses	109	75
Total	127	95
Remuneration of Board of Directors and Executive Board		
Board of Directors:		
Remuneration	0	0
Executive Board:		
Salaries	1	1
Pensions	0	0
Other social security expenses and charges	0	0
Total	1	1
Staff expenses:		
Salaries	13	16
Pensions	2	1
Other social security expenses and charges	2	2
Total	17	19
Number of staff		
Average number of staff, full-time equivalents	113	128
7. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES		
Change in individual impairment provisions for loans and advances	163	116
Change in collective impairment provisions for loans and advances	35	(46)
Write-offs for the period, net	11	18
Recoveries on claims previously written off	(3)	(3)
Total impairment losses on loans, advances and receivables	207	85
Value adjustment of assets in temporary possession	2	8
Losses covered by security from partner banks	(53)	(75)
Total	156	18
Specification of provisions for loan impairment		
Individual impairment provisions	584	442
Collective impairment provisions	726	656
Total impairment provisions	1,310	1,099
Individual impairment provisions		
Impairment provisions, beginning of period	545	472
Impairment provisions for the period	257	198
Impairment provisions reversed	(94)	(82)
Value adjustment of acquired properties	(17)	(24)
Impairment provisions written off	(108)	(121)
Impairment provisions, end of period	584	442
Collective impairment provisions		
Impairment provisions, beginning of period	691	702
Impairment provisions for the period, net	35	(46)
Impairment provisions, end of period	726	656



Notes

DKK million

	Q1/2015	Q1/2014
7. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES (continued)		
Individual impairment provisions for acquired properties		
Impairment provisions, beginning of period	99	104
Transfer from non-acquired properties	17	24
Impairment provisions for the period	4	11
Impairment provisions reversed	(3)	(3)
Impairment provisions written off	(23)	(27)
Impairment provisions, end of period	94	109
Specification of loans and advances		
Loans and advances subject to individual provisioning	2,339	1,914
Impairment provisions	(584)	(442)
Loans and advances after impairment provisions	1,755	1,472
Loans and advances subject to collective provisioning	33,450	29,901
Impairment provisions	(726)	(656)
Loans and advances after impairment provisions	32,723	29,245



Notes

DKK million

	31.03.2015	31.12.2014
8. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS		
Receivables from credit institutions	28,160	23,607
Total	28,160	23,607
9. LOANS AND ADVANCES		
Loans, advances and other receivables at fair value	563,628	555,777
Loans, advances and other receivables at amortised cost	41	42
Total	563,669	555,819
Loans, advances and other receivables at fair value		
Mortgage loans	563,428	555,566
Receivables from lending secured on non-acquired properties	200	212
Total	563,628	555,777
Mortgage loans		
Balance, beginning of period, nominal value	541,715	532,487
New loans	65,628	114,036
Ordinary principal payments	(1,412)	(6,448)
Prepayments and extraordinary principal payments	(56,343)	(98,360)
Balance, end of period, nominal value	549,588	541,715
Loans transferred relating to properties in temporary possession	(44)	(51)
Fair value adjustment	15,015	15,002
Adjustment for credit risk		
Individual impairment provisions	(405)	(409)
Collective impairment provisions	(726)	(691)
Balance, end of period, fair value	563,428	555,566
Receivables from lending secured on non-acquired properties		
Arrears before impairment provisions	116	135
Outlays before impairment provisions	263	213
Provisions for arrears and outlays	(179)	(136)
Total	200	212
Loans, advances and other receivables at amortised cost		
Mortgage loans	25	27
Other loans and advances	15	15
Total	41	42
Measured at fair value, the item amounted to DKK 41m at end-Q1/2015 and DKK 42m at end-2014.		
Mortgage loan guarantees provided by banks:		
Supplementary guarantees in addition to mortgages over real estate	7,826	7,971
Statutory guarantees for interim loans	11,079	11,584
Guarantees for loans disbursed before obtaining a registered mortgage	38,886	30,092
Total	57,791	49,647



Notes

DKK million

	31.03.2015	31.12.2014
10. BONDS AT FAIR VALUE		
- Self-issued covered bonds	2,656	2,880
- Other covered bonds	113,387	91,414
- Government bonds	383	380
Total	116,426	94,675
Set-off against "Bonds in issue at fair value" – note 14	(2,656)	(2,880)
Total bonds	113,770	91,795
11. ASSETS IN TEMPORARY POSSESSION		
Debt outstanding, end of period	29	35
Outlays	31	37
Impairment provisions, end of period	(37)	(43)
Total	23	29
12. OTHER ASSETS		
Positive market value of derivative financial instruments	83	74
Interest and commission receivable on loans and advances	1,649	2,186
Interest receivable from bonds and credit institutions	1,454	1,204
Other	25	31
Total	3,211	3,495
13. PAYABLES TO CREDIT INSTITUTIONS		
Payables to credit institutions, other payables	63	65
Payables to Nykredit Realkredit A/S concerning supplementary collateral for SDO-funded mortgage lending	17,823	19,294
Mortgage loan funding through Nykredit Realkredit A/S	635,763	590,605
Total	653,649	609,964
Of which mortgage loan funding through Nykredit Realkredit A/S		
Balance, beginning of period, nominal value	576,936	531,233
Additions	102,661	237,267
Redemptions and prepayments	(54,852)	(184,647)
Prepayments and extraordinary principal payments	(2,917)	(6,917)
Balance, end of period, nominal value	621,828	576,936
Fair value adjustment	13,935	13,669
Total	635,763	590,605
14. BONDS IN ISSUE AT FAIR VALUE		
Covered bonds issued against mortgages over real estate		
Balance, beginning of period, nominal value	37,776	46,909
Additions	-	-
Redemptions and prepayments	(9,633)	(6,963)
Prepayments and extraordinary principal payments	(687)	(2,170)
Balance, end of period	27,456	37,776
Set-off of self-issued bonds	(2,656)	(2,880)
Fair value adjustment	1,080	1,333
Total	25,880	36,229
Bonds redeemed at next creditor payment date	2,769	3,949



Notes

DKK million

	31.03.2015	31.12.2014
15. OTHER LIABILITIES		
Interest payable on covered bonds in issue, including bonds issued by Nykredit Realkredit A/S for the funding of mortgage lending by Totalkredit A/S	7,020	6,669
Negative market value of derivative financial instruments	106	58
Other	1,294	1,473
Total	8,421	8,200
16. SUBORDINATED DEBT		
Subordinated debt consists of financial liabilities in the form of subordinate loan capital which, in case of voluntary or compulsory liquidation, will not be repaid until the claims of ordinary creditors have been met. Nykredit Realkredit A/S is creditor on the loans. Subordinated debt is included in Totalkredit's own funds in accordance with the EU's Capital Requirements Regulation (CRR).		
Nom DKK 2,600m. The loan falls due at par (100) on 24 June 2018 and carries an interest rate of 0.45% pa above 3M Cibur.		
Nom DKK 500m. The loan falls due at par (100) on 1 December 2018 and carries an interest rate of 6.00% pa above 3M Cibur.		
Measured at fair value, the two loans total DKK 3,100m.		
17. OFF-BALANCE SHEET ITEMS		
Guarantees		
Financial guarantees	0	0
Total guarantees	0	0
Other commitments		
Other	10	10
Total other commitments	10	10
Total off-balance sheet items	10	10



Notes

18. RELATED PARTY TRANSACTIONS AND BALANCES

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

Transactions with Nykredit are based on agreements, and no unusual related party transactions occurred in 2015.

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

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

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

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

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

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

Agreement on joint funding of mortgage lending.

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

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

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

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



Capital and capital adequacy

DKK million

	31.03.2015	31.12.2014
Own funds		
Equity, end of period	17,552	17,113
Difference between expected losses and impairment losses	(27)	(128)
Other deductions	(82)	(56)
Transitional adjustment of deductions	16	102
Common Equity Tier 1 capital	17,459	17,031
Tier 2 capital (incl transitional adjustments)	2,170	2,480
Tier 2 deductions	90	80
Transitional adjustment of deductions	(8)	(51)
Set-off of excess deduction	-	-
Own funds	19,711	19,540
Capital requirement		
Credit risk	7,531	6,994
Market risk	262	233
Operational risk	302	244
Total capital requirement	8,095	7,471
Total capital requirement subject to transitional rule¹	18,237	17,916
Total risk exposure amount	101,187	93,388
Financial ratios		
Common Equity Tier 1 capital ratio, %	17.2	18.2
Total capital ratio, %	19.4	20.9
¹ The capital requirement is determined subject to a transitional rule in accordance with the transitional provisions of the EU's Capital Requirements Regulation (CRR). The capital requirement must constitute at least 80% of the capital requirement determined under Basel I.		
Required own funds and internal capital adequacy requirement		
Pillar I – primary risks		
Credit risk	7,531	6,994
Market risk	262	233
Operational risk	302	244
Total Pillar I	8,095	7,471
Pillar II – other risks		
Weaker economic climate	1,437	1,311
Other factors	1,754	1,071
Total Pillar II	3,191	2,382
Total required own funds	11,286	9,853
Total risk exposure amount	101,187	93,388
Internal capital adequacy requirement, %	11.2	10.6
Capital and capital adequacy have been determined in accordance with Capital Requirements Regulation (EU) No 575/2013 of 26 June 2013 of the European Parliament and the Council as well as the Danish transitional rules laid down by the Danish FSA.		



Five-year financial highlights

DKK million

	Q1/2015	Q1/2014	Q1/2013	Q1/2012	Q1/2011
INCOME STATEMENT					
Net interest income	1,270	1,080	798	717	682
Net fee income	(489)	(464)	(384)	(266)	(277)
Net interest and fee income	781	616	414	451	405
Value adjustments	76	(15)	(18)	(23)	(55)
Other operating income	0	0	0	0	0
Staff and administrative expenses	127	95	95	102	97
Depreciation and impairment losses for property, plant and equipment	0	0	0	0	0
Impairment losses on loans, advances and receivables	156	18	123	152	50
Profit before tax	574	487	178	175	203
Tax	135	119	45	44	51
Profit for the period	439	368	133	131	152
SUMMARY BALANCE SHEET, END OF PERIOD					
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
ASSETS					
Receivables from credit institutions	28,160	17,672	16,718	26,000	11,239
Mortgage loans	563,453	544,361	528,658	486,676	454,276
Bonds at fair value	113,770	92,539	99,557	89,315	61,965
Remaining assets	3,459	2,971	3,045	3,666	3,602
Total assets	708,842	657,543	647,978	605,657	531,082
LIABILITIES AND EQUITY					
Payables to credit institutions	653,649	585,452	566,943	505,019	422,776
Bonds in issue	25,880	44,993	54,799	74,150	83,109
Subordinated debt – Tier 2 capital	3,100	3,100	3,100	3,100	2,600
Remaining liabilities	8,661	7,976	7,913	9,439	9,189
Equity	17,552	16,022	15,223	13,949	13,408
Total liabilities and equity	708,842	657,543	647,978	605,657	531,082
FINANCIAL RATIOS					
Profit for the period as % of average equity	2.5	2.3	0.9	0.9	1.1
Profit before tax for the period as % of average equity	3.3	3.1	1.2	1.3	1.5
Loans and advances:equity	32.1	34.0	34.7	34.9	33.9
Growth in loans and advances for the period, %	1.4	(0.2)	1.1	1.2	0.9
Impairment losses for the period, %	0.03	0.00	0.02	0.03	0.01
Total capital ratio, %	19.4	19.3	21.1	17.9	24.0
Common Equity Tier 1 capital ratio, %	17.2	16.8	17.6	14.8	20.2
Average number of full-time staff	113	128	132	115	123



Six-quarter financial highlights

DKK million

	Q1/2015	Q4/2014	Q3/2014	Q2/2014	Q1/2014	Q4/2013
CORE EARNINGS AND PROFIT FOR THE PERIOD						
Core income from						
- business operations	793	775	746	669	639	618
- junior covered bonds	(44)	(47)	(55)	(59)	(59)	(79)
- securities	(8)	(1)	(2)	(3)	(2)	(2)
Total	741	727	689	607	578	537
Operating costs, depreciation and amortisation	127	110	79	104	95	104
Core earnings before impairment losses	614	617	610	503	483	433
Impairment losses on loans and advances	156	136	132	120	18	232
Core earnings after impairment losses	459	481	478	383	465	201
Investment portfolio income	115	26	58	18	23	7
Profit before tax	574	507	536	402	487	208
Tax	135	125	131	99	119	52
Profit for the period	439	382	405	303	368	156
SUMMARY BALANCE SHEET, END OF PERIOD						
ASSETS						
Receivables from credit institutions	28,160	23,607	20,255	15,677	17,672	16,263
Mortgage loans	563,453	555,593	552,349	548,474	544,361	540,670
Bonds at fair value	113,770	91,795	108,592	53,325	92,539	79,357
Remaining assets	3,459	3,758	3,993	3,506	2,971	3,534
Total assets	708,842	674,753	685,189	620,982	657,543	639,824
LIABILITIES AND EQUITY						
Payables to credit institutions	653,649	609,964	613,738	551,044	585,452	565,734
Bonds in issue	25,880	36,229	42,036	43,079	44,993	46,568
Subordinated debt – Tier 2 capital	3,100	3,100	3,100	3,100	3,100	3,100
Remaining liabilities	8,661	8,347	9,585	7,434	7,976	8,767
Equity	17,552	17,113	16,730	16,325	16,022	15,655
Total liabilities and equity	708,842	674,753	685,189	620,982	657,543	639,824
FINANCIAL RATIOS						
Profit for the period as % of average equity pa	10.1	9.0	9.8	7.5	9.3	4.0
Core earnings after impairment losses as % of average equity, pa	10.6	11.4	11.6	9.5	11.7	5.2
Costs as % of core income	17.1	15.1	11.5	17.1	16.5	19.4
Impairment losses for the period, %	0.03	0.02	0.02	0.02	0.00	0.05
Total capital ratio, %	19.4	20.9	20.4	20.4	19.3	21.3
Common Equity Tier 1 capital ratio, %	17.2	18.2	17.7	17.8	16.8	17.8

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.