

To Nasdaq Copenhagen
and the press

11 February 2016

Michael Rasmussen, Group Chief Executive, comments on the Financial Statements:

- We are continuing our journey to become a more customer-centric, efficient and profitable business. The areas within our control are moving in the right direction, and this means that our core business is performing favourably.
- This provides a strong setting for our preparations for Nykredit's upcoming stock exchange listing.
- Profit for 2015 was driven by factors such as exceptionally high activity at the beginning of the year and very low impairment levels. We cannot rely on these trends to continue in 2016. Nor can we expect to deliver quite the same results this year as in 2015.
- But we will maintain focus on improving all the areas within our control. Over the past two years, we have reduced costs and plan to cut them further over the next few years. We have become fewer people in 2014 and 2015, and our headcount will reduce also in 2016, 2017 and 2018. According to Nykredit's Business Plan 2018, which is implemented within the remit of Nykredit's Winning the Double strategy, we expect to reach our target of a return on equity of 11% before tax by 2018.

Results, Nykredit Realkredit Group

DKK million	2015	2014	2013	2012	2011
Income from core business	11,373	10,703	9,613	9,539	9,190
Costs of core business	5,066	5,103	6,047	5,594	5,967
Impairment losses on loans and advances	920	2,351	2,764	2,149	1,414
Profit from core business	5,387	3,249	802	1,796	1,809
Impairment of goodwill and customer relationships	1,965	852	-	-	-
Value adjustment of interest rate swaps	410	(3,362)	(775)	(1,095)	(642)
Investment portfolio income	853	779	1,887	2,444	179
Profit (loss) before tax	4,685	(186)	1,914	3,145	1,346

Income from core business: Total core income excluding value adjustment of interest rate swaps.
Costs of core business: Total costs excluding impairment of goodwill and customer relationships.

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FINANCIAL HIGHLIGHTS

Nykredit Realkredit Group						
EUR 2015						
Exchange rate:						
746.25						
DKK million	2015	2014 ³	2013	2012	2011	EUR 2015
CORE EARNINGS AND RESULTS FOR THE YEAR						
Core income from						
- business operations	11,945	11,509	10,439	10,228	9,198	1,601
- value adjustment of interest rate swaps due to interest rate changes	685	(1,229)	467	46	-	92
- other value adjustment of interest rate swaps	(275)	(2,133)	(1,242)	(1,141)	(642)	(37)
- senior and subordinated debt	(610)	(936)	(944)	(901)	(652)	(82)
- securities	38	130	118	212	644	5
Total	11,783	7,341	8,838	8,444	8,548	1,579
Operating costs, depreciation and amortisation	5,005	5,103	6,047	5,594	5,967	671
Amortisation of goodwill and customer relationships	1,965	852	-	-	-	263
Mortgage business contribution to the Danish Resolution Fund ¹	61	-	-	-	-	8
Core earnings before impairment losses	4,752	1,386	2,791	2,850	2,581	637
Impairment losses on mortgage loans and advances	1,041	2,132	2,415	1,592	1,026	139
Impairment losses on bank loans and advances	(121)	219	349	557	388	(16)
Core earnings after impairment losses	3,832	(965)	27	701	1,167	514
Investment portfolio income	750	779	1,190	1,989	19	100
Investment portfolio income, capital gains from the sale of strategic equities	103	-	697	455	160	14
Profit (loss) before tax	4,685	(186)	1,914	3,145	1,346	628
Tax	1,494	90	240	575	223	200
Profit (loss) for the year	3,191	(276)	1,674	2,569	1,123	428
Interest on Additional Tier 1 capital, charged against equity	197	-	-	-	-	26
Value adjustment of strategic equities against equity	7	238	(343)	(237)	(854)	1
SUMMARY BALANCE SHEET						
	31.12.2015	31.12.2014³	31.12.2013	31.12.2012	31.12.2011	EUR 2015
Assets						
Receivables from credit institutions and central banks	23,253	42,288	35,758	60,174	66,258	3,116
Mortgage loans at fair value	1,119,101	1,137,099	1,136,644	1,136,445	1,083,991	149,963
Bank loans – excluding reverse repurchase lending	46,747	50,494	46,963	49,728	55,776	6,264
Bonds and equities	110,294	131,383	92,961	82,413	100,794	14,780
Remaining assets	84,394	96,037	105,088	104,645	86,086	11,309
Total assets	1,383,789	1,457,301	1,417,414	1,433,405	1,392,905	185,432
Liabilities and equity						
Payables to credit institutions and central banks	30,226	44,863	44,393	67,539	117,626	4,050
Deposits	62,599	65,232	65,172	54,509	57,404	8,388
Bonds in issue at fair value	1,137,314	1,167,163	1,130,020	1,103,818	1,021,942	152,404
Subordinated debt	11,006	11,394	10,964	11,281	11,204	1,475
Remaining liabilities	77,184	109,998	108,149	138,702	129,419	10,343
Equity	65,460	58,650	58,716	57,556	55,310	8,772
Total liabilities and equity	1,383,789	1,457,301	1,417,414	1,433,405	1,392,905	185,432
FINANCIAL RATIOS						
Profit (loss) for the year as % of average equity ²	5.0	(0.5)	2.9	4.6	2.0	
Core earnings before impairment losses as % of average equity ²	7.6	2.4	4.8	5.1	4.7	
Core earnings after impairment losses as % of average equity ²	6.0	(1.6)	0.0	1.2	2.1	
Costs as % of core income from business operations (cost:income ratio)	41.9	44.3	57.9	54.7	64.9	
Total provisions for loan impairment – mortgage lending	5,694	5,506	4,378	2,954	2,485	
Total provisions for loan impairment and guarantees – banking	2,952	3,666	4,078	4,139	4,407	
Impairment losses for the year, % – mortgage lending	0.09	0.19	0.21	0.14	0.09	
Impairment losses for the year, % – banking	(0.12)	0.22	0.29	0.59	0.44	
Total capital ratio, %	23.9	18.2	18.9	19.1	17.1	
Common Equity Tier 1 capital ratio, %	19.4	15.4	15.8	15.8	13.9	
Internal capital adequacy requirement	11.8	11.3	10.4	-	-	
Average number of full-time staff	3,757	3,971	4,052	4,115	4,139	

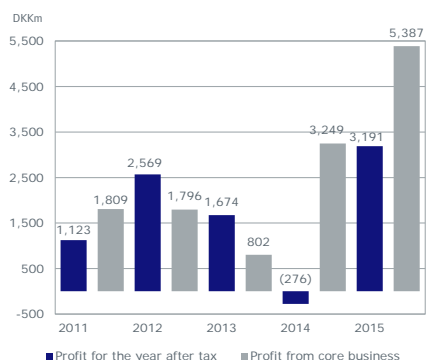
The table was restated in a number of respects in 2015. Net interest on subordinated debt is now presented in "Senior and subordinated debt". Costs which were included in "Operating costs – special value adjustments" in the Financial Statements 2014 are now presented in "Operating costs, depreciation and amortisation". Comparative figures, including financial ratios, have been restated. The restatements have not affected profit (loss) before tax, profit (loss) for the year, equity or the balance sheet.

¹ The item includes Nykredit Realkredit's and Totalkredit's contributions to the Danish Resolution Fund. The mortgage business has not made any contributions to similar schemes in previous years.

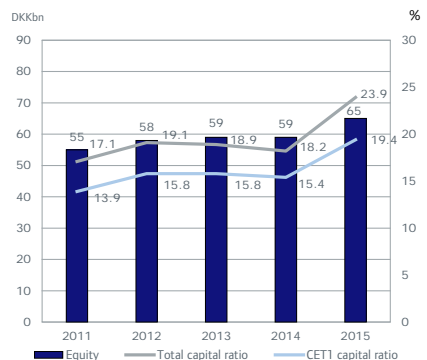
² The Additional Tier 1 (AT1) capital raised in 2015 is treated as a financial obligation for accounting purposes, and the dividends for the year for accounting purposes are included as interest expenses on subordinated debt in the profit (loss) for the year.

³ Adjusted for goodwill impairment of DKK 852m, cf the supplementary/correcting disclosure for the Annual Report 2014 released on 5 November 2015.

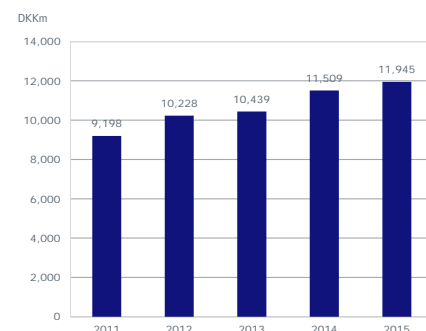
Profit for the year/profit from core business



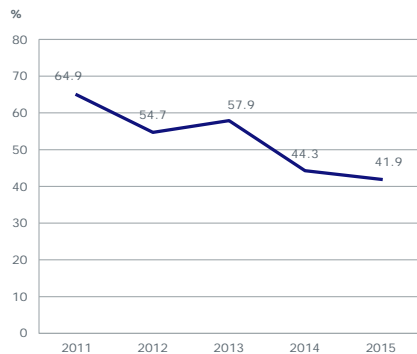
Equity and capital adequacy



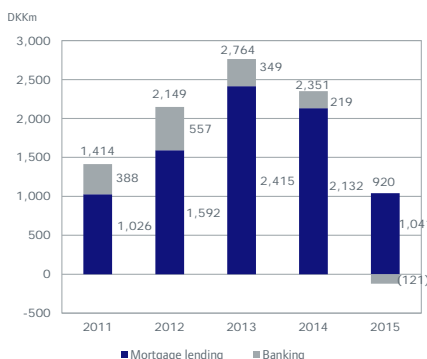
Core income from business operations



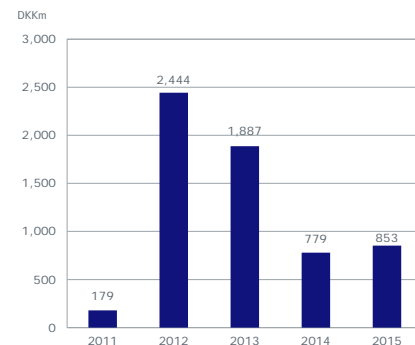
Costs as % of core income from business operations (cost:income ratio)



Impairment losses on loans and advances

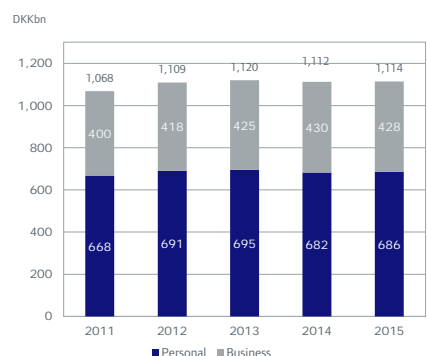


Investment portfolio income

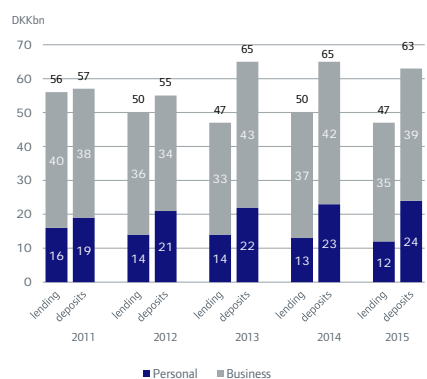


Excluding value adjustment of strategic equities against equity.

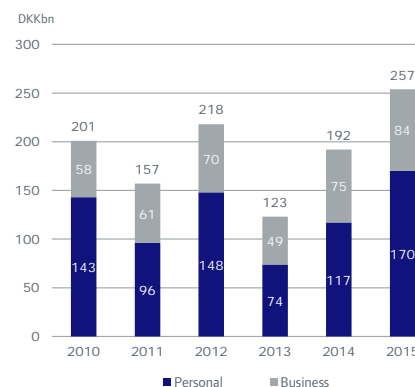
Mortgage portfolio, year-end, nominal value



Bank lending and deposits, year-end



Gross new mortgage lending



2015 – IN BRIEF

RESULTS RELATIVE TO 2014

Nykredit recorded a profit before tax of DKK 4,685m against a loss of DKK 186m in 2014.

Profit from core business improved to DKK 5,387m from DKK 3,249m in 2014, corresponding to growth of DKK 2,138m, or 66%, cf the table below.

Core income from business operations rose by DKK 436m, or 4%, while other interest income from core business improved results by DKK 234m, generally reflecting growth in income from core business. Operating costs declined by DKK 98m, or 2%, and loan impairment losses were DKK 920m against DKK 2,351m in 2014. Together, these items improved results by DKK 2,199m relative to 2014.

Net of the DKK 61m contribution by the mortgage business to the Danish Resolution Fund, Nykredit posted an increase in profit from core business of DKK 2,138m.

Value adjustment of interest rate swaps had a positive earnings impact of DKK 410m in 2015 compared with a charge of DKK 3,362m in 2014. The positive earnings impact derived from a rise in swap rates.

In Q3/2015, Nykredit wrote down goodwill for impairment by DKK 1,907m relating to the acquisition of Totalkredit A/S. Further, Nykredit wrote down customer relationships by DKK 58m in Q4/2015. The write-down resulted from the annual impairment test. Relative to the Financial Statements for 2014, the impairment test for 2015 has been changed, which means that Nykredit now applies the usual 5-year IFRS budget period. To this should be added changed costs of capital. The impairment charges affected profit and equity, but not own funds (capital adequacy) or Common Equity Tier 1 (CET1) capital.

Loan impairment losses reduced to DKK 920m, down 61%, from DKK 2,351m in 2014 due to lower impairment of both mortgage and bank lending.

The Group reported a post-tax profit of DKK 3,191m for 2015 compared with a loss of DKK 276m in 2014.

Equity was DKK 65,460m at end-2015 including Additional Tier 1 (AT1) capital of DKK 3,774m (EUR 500m raised in Q1/2015), which is

Profit from core business

DKK million	2015	2014
Income from core business ¹	11,373	10,703
Costs from core business, including contribution to the Danish Resolution Fund ²	5,066	5,103
Impairment losses on loans and advances	920	2,351
Profit from core business	5,387	3,249
Value adjustment of interest rate swaps	410	(3,362)
Impairment of goodwill and customer relationships	1,965	852
Investment portfolio income	853	779
Profit (loss) before tax	4,685	(186)

¹ Total core income excluding value adjustment of interest rate swaps.

² Total costs excluding impairment of goodwill and customer relationships.

recognised as equity for accounting purposes. Excluding AT1 capital, equity amounted to DKK 61,686m against DKK 58,650m at end-2014.

CET1 capital, the most important capital concept in relation to the capital adequacy rules, was DKK 60.5bn at end-2015 against DKK 55.6bn at end-2014.

Core earnings

Core income from business operations

Core income from business operations rose by DKK 436m, or 4%, to DKK 11,945m.

Core income from mortgage lending increased by DKK 229m, or 3%, to DKK 8,405m due to growth in administration margin and activity income. Earnings trended higher both in respect of Nykredit Realkredit and Totalkredit, in part mirroring high remortgaging activity in Q1.

Nominal mortgage lending totalled DKK 1,114.3bn against DKK 1,111.7bn at end-2014. Totalkredit Partners recorded lending growth of DKK 9.7bn, whereas Retail and Wholesale Clients lending dropped by DKK 6.2bn and DKK 0.8bn, respectively.

Core income from banking amounted to DKK 3,353m, a rise of DKK 188m, or 6%, compared with DKK 3,165m in 2014. The rise was notably attributable to Wholesale Clients, which income grew to DKK 2,691m from DKK 2,380m in 2014, with Nykredit Markets's activities accounting for an increase of DKK 233m to DKK 483m. Corporate & Institutional Banking and Nykredit Asset Management recorded activity growth of DKK 56m and DKK 22m, respectively.

Relative to end-2014, bank lending at amortised cost fell by DKK 3.7bn to DKK 46.7bn at end-2015, while deposits declined by DKK 2.6bn from DKK 65.2bn at end-2014 to DKK 62.6bn. Nykredit Bank's deposits exceeded lending by DKK 15.9bn at end-2015 compared with DKK 14.7bn at the beginning of the year.

Value adjustment of interest rate swaps

Value adjustment for the year equalled a gain of DKK 410m against a charge of DKK 3,362m in 2014. Losses incurred on terminated contracts totalled DKK 106m in 2015 compared with DKK 100m the year before.

Long-term swap rates rose in 2015, which together with credit spread changes resulted in a gain of DKK 685m. In total, other provisions increased by DKK 275m.

The Nykredit Group has no direct interest rate exposure from its portfolios of interest rate swaps due to interest rate hedging arrangements with major domestic and foreign banks. Therefore, value adjustments should in part be seen in the context of the uncertainty about the legal set-up of cooperative housing and customers' financial outlook. 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.

Losses incurred on interest rate swaps from 2012 to end-2015 amounted to DKK 417m and are expected to remain at a low level compared with the total provisions of DKK 5.0bn. One reason for the

relatively large provisions is the fact that swap contracts with customers having the lowest ratings are always valued at DKK 0.

Long-term swap rates were 1.9% at end-2015. If the interest rate level changes by 1 percentage point, the value adjustment will increase or decrease, as the case may be, by about DKK 1.9bn.

Senior and subordinated debt

Nykredit's senior debt issues amounted to DKK 25.9bn at end-2015 against DKK 32.8bn at the beginning of the year, and net interest expenses amounted to DKK 329m against DKK 408m in 2014.

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

At end-2015, Nykredit had raised subordinated debt totalling DKK 11.0bn, following loan redemption of EUR 900m (DKK 6.7bn) in Q2/2015 and new loans totalling EUR 850m (DKK 6.3bn) in Q4. Net interest expenses were DKK 281m against DKK 528m in 2014.

Core income from securities

The risk-free interest rate, which corresponds to the Danish central bank's average lending rate, dropped from 0.20% to 0.06%, which reduced income from DKK 130m in 2014 to DKK 38m.

Operating costs, depreciation and amortisation

Operating costs, depreciation and amortisation declined from DKK 5,103m in 2014 to DKK 5,005m. Costs as a percentage of core income from business operations were trimmed from 44.3% to 41.9%.

Operating costs for the year in part included a provision of DKK 70m for restructuring costs relating to Nykredit's Business Plan 2018. Net of this, operating costs were cut by DKK 168m, down 3%.

Average staff numbers declined by 214 persons, down 5%, to 3,757 from 3,971 in 2014.

Costs were also affected by a DKK 61m contribution of the mortgage business to the Danish Resolution Fund in 2015. The mortgage business has not previously made any contributions to similar schemes. Nykredit Bank's expenses relating to the new and previous schemes totalled DKK 63m in 2015 against DKK 65m in 2014.

In Q3/2015, goodwill relating to Totalkredit was written down for impairment, which increased costs by DKK 1,907m. In addition, customer relationships were written down for impairment by DKK 58m.

Impairment losses on loans and advances

Impairment losses on loans and advances decreased by DKK 1,431m, or 61%, to DKK 920m. Impairment losses equalled 0.09% of total mortgage lending and negative 0.12% of total bank lending.

Impairment losses on mortgage lending declined to DKK 1,041m, down DKK 1,091m.

Impairment losses on mortgage lending to personal customers increased by DKK 10m to DKK 592m, equal to 0.09% of lending. Impairment losses on mortgage lending to business customers dropped by DKK 1,101m to DKK 449m, equal to 0.10% of lending.

Impairment of bank lending improved from a loss of DKK 219m in 2014 to a gain of DKK 121m in 2015. Retail impairments declined by DKK 23m to a loss of DKK 55m, whereas Wholesale Clients recorded a gain of DKK 176m compared with a loss of DKK 137m in 2014.

Nykredit's impairment provisions for potential future losses on mortgage and bank lending totalled DKK 8.5bn against DKK 9.1bn at the beginning of the year. In addition, total provisions for value adjustment of interest rate swaps amounted to DKK 5.0bn against DKK 5.5bn at the beginning of year.

Losses incurred on mortgage and bank lending for the year were DKK 1,660m against DKK 1,656m in 2014.

Investment portfolio income

Investment portfolio income totalled DKK 750m against DKK 779m in 2014, excluding capital gains from the sale of strategic equities. Investment portfolio income from bonds, liquidity and interest rate instruments was DKK 557m. Investment portfolio income from equities and equity instruments, which are value adjusted through profit or loss, was DKK 193m.

In addition, capital gains recognised through profit or loss from the sale of strategic equities amounted to DKK 103m relative to acquisition cost.

Investment portfolio income equals excess income obtained from portfolios not allocated to the business areas in addition to risk-free interest. To this should be added the realised capital gains/losses on the sale of equities classified as available for sale (strategic equities).

The securities portfolio mainly consists of short-term government bonds and Danish covered bonds. Investments also included northern and central European government bonds and covered bonds and to a lesser extent high-rated credit bonds.

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

Tax

Tax calculated on profit for the year was DKK 1,494m. Excluding non-deductible goodwill impairment, tax for the year corresponded to an effective tax rate of 22.7%.

Dividend

It will be recommended for approval by the Annual General Meeting that no dividend be distributed for the financial year 2015.

Additional Tier 1 capital

Nykredit issued EUR 500m worth 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 and are recognised in equity. The calculated interest totalled DKK 197m in 2015.

RESULTS FOR Q4/2015

The Group recorded a profit before tax of DKK 1,574m in Q4/2015 against a loss of DKK 858m in Q3/2015.

The rise was mainly due to positive value adjustment of interest rate swaps and impairment of goodwill. Excluding these items, profit for Q4/2015 was DKK 1,434m against DKK 1,291m in Q3/2015, corresponding to growth of DKK 143m.

Income from business operations was DKK 71m below the level in Q3, whereas total operating costs increased by DKK 187m, in part due to provisions for restructuring of DKK 70m.

Impairment losses were down by DKK 17m relative to Q3/2015, whereas investment portfolio income was up by DKK 382m to DKK 372m. The relatively large upturn in investment portfolio income should in part be seen in the context of the DKK 10m loss on the investment portfolio in Q3/2015.

Compared with a profit of DKK 485m in Q4/2014, excluding value adjustment of interest rate swaps and impairment of goodwill, profit rose by DKK 949m to DKK 1,434m in Q4/2015.

The main contributing factors were a DKK 666m downturn in impairment losses on loans and advances and a DKK 471m upturn in investment portfolio income.

RESULTS RELATIVE TO FORECASTS

In the Annual Report 2014, Nykredit's forecast of core earnings after impairment losses, excluding value adjustment of interest rate swaps, was DKK 3.8bn-4.3bn for 2015.

In its Q1-Q3 Interim Report 2015, Nykredit revised this guidance to DKK 4.7bn-5.2bn, excluding value adjustment of interest rate swaps and goodwill impairment. Realised core earnings were DKK 5.4bn for 2015, which exceeded the high end of the guidance in the Q1-Q3 Interim Report 2015 by DKK 0.2bn.

This was in part the result of higher income from business operations and a low level of impairment losses in Q4/2015. Costs were largely as expected.

OUTLOOK FOR 2016

Profit from core business, which amounted to DKK 5.4bn in 2015, is expected to be DKK 4.1bn-4.6bn in 2016.

Our guidance for 2016 is based on the expectation that market activity will remain subdued and interest rates will be relatively low. The income level is therefore expected to be marginally lower than in 2015, while costs are expected to reduce slightly. Loan impairment losses are expected to normalise relative to the low level in 2015.

In its guidance for 2016, Management has primarily allowed for the general uncertainty about interest rate markets and uncertainty about loan impairment losses.

OTHER

Arbitration settlement between Jyske Bank and Nykredit

In February 2015, Jyske Bank and Nykredit/Totalkredit settled the pending arbitration proceedings. The settlement stipulates the details of Jyske Bank's exit from the Totalkredit alliance, and the two parties have further settled a number of unresolved issues in other areas of their business relationship.

As part of the settlement, Jyske Bank received a one-off commission of DKK 83.6m in 2015, corresponding to 3-4 months' commission under the now terminated partnership agreement. Further, Nykredit Realkredit A/S has purchased part of Jyske Bank's shares in PRAS A/S, the company that was founded when Nykredit acquired Totalkredit.

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

Impairment of goodwill and customer relationships

Following talks with the Danish FSA, Nykredit adjusted the accounting figures reported for 2014. Retrospectively, goodwill of DKK 852m relating to the acquisition of Forstædernes Bank A/S in 2008 was written down. The correction affected profit, the balance sheet and equity in the Financial Statements 2014. The restated comparative figures for 2014 have been applied in this Annual Report.

Nykredit wrote down goodwill for impairment by DKK 1,907m in relation to the acquisition of Totalkredit A/S in Q3/2015. In Q4/2015, Nykredit wrote down customer relationships by DKK 49m and a branch acquired by Nykredit Bank in 2009 by DKK 9m.

The write-downs resulted from the annual impairment test. Relative to the Financial Statements 2014, the impairment test for 2015 has been changed, which means that Nykredit has applied the usual 5-year IFRS budget period. To this should be added the impact of higher cost of capital due to growing requirements for different types of capital from regulatory authorities and credit rating agencies. The cost pertaining to the individual types of capital is calculated on the basis of current net costs, including Nykredit's ROE requirements. The combination of the above changes implied a need to write down goodwill, which was charged against income in the Financial Statements 2015.

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.

BoligBank

In March Nykredit launched a new homeowner banking concept, BoligBank, with new competitive offers to our customers. The concept is targeted at homeowners, offering simple products at attractive fixed prices. Nykredit BoligBank embodies 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 customers who also have their everyday banking with us. Customers

with a net worth of more than DKK 500,000 are offered the BoligBank 365 programme.

Change in Totalkredit's Executive Board

As at 30 September 2015, Camilla Holm joined Totalkredit's Executive Board, which now comprises Troels Bülow-Olsen and Camilla Holm.

The purpose was to increase focus on business development and earnings and to ensure strong representation of Totalkredit – in respect of the partner banks and internally across the Nykredit Group.

Totalkredit partnership now also includes business mortgages

Having offered mortgage loans to homeowners for more than 25 years, the Totalkredit partnership has now entered the business mortgage market. In December 2015, the first business customers were offered loans, and from April 2016 all partner banks can offer Totalkredit business mortgages.

Totalkredit business mortgages are offered to the segments Office and retail, Private rental as well as Industry and trades.

The launch of business mortgages strengthens the Totalkredit partnership, providing new growth potential for both partner banks and Totalkredit.

The Danish High Court finds for Nykredit

In July 2015, the Danish High Court found for Nykredit, ruling that a housing cooperative's petition for bankruptcy could not be granted under the specific circumstances. The ruling, which has been appealed to the Danish Supreme Court, did not cause any changes to the valuation of interest rate swaps or other cooperative housing exposures.

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

In March 2015, Jeannette Kiirdal Madsen was named new Head of Nykredit Markets, and in that connection Nykredit Markets's business model was redesigned. The new business model requires a closer cooperation and coordination between Nykredit Markets and the rest of the Wholesale division and will be focusing more on meeting the requirements of business and personal customers as a supplement to the existing institutional client base. At the same time, Georg Andersen, former Managing Director of Nykredit Bank and Head of Nykredit Markets, withdrew from his position.

Jesper Berg resigned from Nykredit Bank's Executive Board as at end-September to take up the position as Director General of the Danish FSA.

As at end-November, Dan Sørensen and Henrik Rasmussen joined the Executive Board, while Bjørn Mortensen, Managing Director, left the Executive Board in December 2015.

EU rules on the recovery and resolution of banks

The implementation of new EU rules implies that a resolution fund must be built up at sector level the purpose of which is to issue guarantees and provide loans etc to credit institutions in connection with restructuring and resolution measures.

The resolution fund, which will be based on contributions from the participating businesses, must not be less than 1% of the covered

deposits of the businesses. The fund is scheduled to be in place by end-2024. Specific calculation rules apply to mortgage banks.

In 2015, the contribution to the new resolution fund totalled DKK 61m for the mortgage business and DKK 10m for the banking business, corresponding to six months' contributions since the onset of the scheme as at 1 July 2015.

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.

EVENTS SINCE THE BALANCE SHEET DATE

Nykredit Group plans stock exchange listing

Nykredit has for some time been exploring the long-term strategic scope for future-proofing the Nykredit Group.

Against this backdrop, the Board of Directors has recommended to the Committee of Representatives that Nykredit Holding A/S be listed on Nasdaq Copenhagen, which the Committee of Representatives approved on 10 February 2016.

Reference is made to Nykredit's press release dated 4 February 2016.

Price adjustments

As of 1 July 2016, the administration margins for all existing and new Totalkredit loans will be raised. This rise is the result of the increased capital requirements and also aims to ensure a limited use of interest-only loans, highly interest rate sensitive loans and loans with frequent refinancing, which is in keeping with the objective of the Supervisory Diamond of the Danish FSA.

Customers with long-term fixed-rate repayment loans will thus experience the smallest increase.

The effect of the price adjustments has been factored into the guidance for 2016.

Reference is made to Nykredit's press release dated 4 February 2016.

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

BUSINESS AREAS

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

- Retail, which serves Nykredit's personal customers and SMEs, including 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.
- Group Items comprises income and costs not allocated to the business areas, core income from securities and investment portfolio income.

Gross income from customer business is allocated to the business areas supplying 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.

Adjustment of business areas in 2015

Compared with the presentation in 2014, a number of expenses, including IT costs and management-related costs, were allocated to

Retail and Wholesale in 2015. These expenses were stated under Group Items in previous financial years.

Further, the activities of the company Nykredit Leasing A/S have been transferred from Wholesale to Retail, which should be seen in the light of an organisational adjustment in 2015.

Comparative figures have been restated accordingly.

Earnings

The Group's core earnings after impairment losses were DKK 3,832m. Excluding value adjustment of interest rate swaps and impairment of goodwill, core earnings improved to DKK 6,240m from DKK 4,028m in 2014, corresponding to a rise of DKK 2,212m.

Retail posted a DKK 2,942m increase, mainly due to a DKK 2,107m increase in positive value adjustment of interest rate swaps and a DKK 791m decrease in loan impairment losses.

Totalkredit Partners saw a DKK 52m reduction, excluding goodwill impairment of DKK 1,907m. The reduction included a rise of DKK 40m in income from business operations and a DKK 42m fall in expenses relating to senior debt, offset by an increase in operating costs and loan impairment losses of DKK 84m and DKK 49m, respectively.

Core earnings in Wholesale Clients were up by DKK 1,074m to DKK

Results by business area¹

DKK million	Wholesale			Group Items	Total
	Retail	Totalkredit Partners	Wholesale Clients		
2015					
Core income from					
- customer activities, gross	5,971	2,690	3,238	46	11,945
- payment for distribution	547	-	(547)	-	-
Total business operations	6,518	2,690	2,691	46	11,945
- value adjustment of interest rate swaps	250	-	160	-	410
- senior and subordinated debt	(122)	(168)	(13)	(308)	(610)
- securities	-	-	-	38	38
Total	6,646	2,522	2,838	(224)	11,783
Operating costs	3,389	507	960	148	5,005
Operating costs, impairment of goodwill and customer relationships	9	1,907	-	49	1,965
Operating costs, mortgage business contribution to the Danish Resolution Fund	43	1	17	-	61
Core earnings before impairment losses	3,205	107	1,861	(421)	4,752
Impairment losses on loans and advances	794	411	(285)	0	920
Core earnings after impairment losses	2,411	(304)	2,146	(421)	3,832
Investment portfolio income	-	-	-	750	750
Investment portfolio income, capital gains from the sale of strategic equities	-	-	-	103	103
Profit (loss) before tax	2,411	(304)	2,146	432	4,685
Profit before tax excluding value adjustment of interest rate swaps and impairment of goodwill etc	2,170	1,603	1,986	481	6,240
Return					
Average allocated business capital, DKKm ²	27,576	12,561	13,823	8,275	62,235
Core earnings after impairment losses excluding value adjustment of interest rate swaps and impairment of goodwill etc as % of average equity requirement	7.9	12.8	14.4	-	8.7

¹ Please refer to note 4 of Nykredit Realkredit Group's Annual Report for complete segment financial statements with comparative figures.

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

1,986m, excluding value adjustment of interest rate swaps. The main underlying factors were a DKK 311m upturn in core income from business operations, a DKK 103m downturn in capacity costs and a DKK 674m improvement in results, reflecting fewer loan impairment losses.

Group Items recorded a rise in pre-tax profit of DKK 345m to DKK 481m excluding impairment of goodwill of DKK 852m in 2014 and impairment of customer relationships of DKK 49m in 2015. The rise stemmed in part from a drop of DKK 273m in expenses relating to senior and subordinated debt.

Market share of mortgage lending

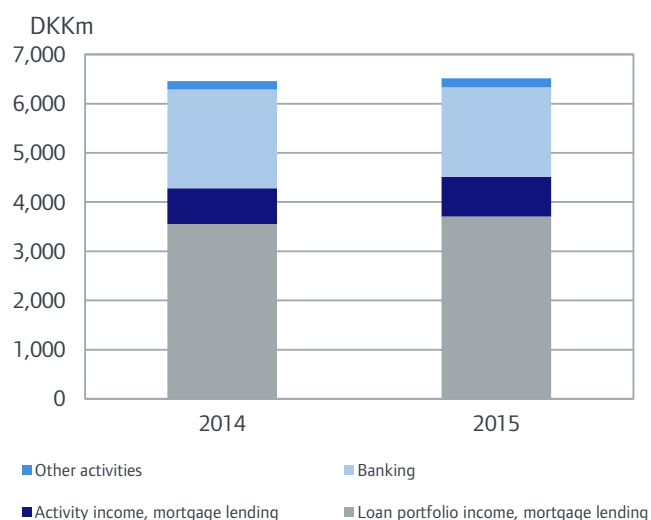
The Group's share of total Danish mortgage lending was 39.6% compared with 39.8% at the beginning of the year, excluding loans arranged by Jyske Bank and others which are no longer part of the Totalkredit alliance. Nykredit's market share was 42.2% of the private residential segment and 36.1% of the business segment, including agricultural customers, against 41.9% and 37.1%, respectively, at the beginning of the year.

Results – Retail

DKK million	2015	2014
Core income from		
- business operations	6,518	6,460
- value adjustment of interest rate swaps	250	(1,857)
- senior debt	(122)	(129)
Total	6,646	4,474
Operating costs	3,389	3,420
Goodwill impairment	9	-
Mortgage business contribution to the Danish Resolution Fund	43	-
Core earnings before impairment losses	3,205	1,054
Impairment losses on mortgage lending	739	1,506
Impairment losses on bank lending	55	79
Core earnings after impairment losses	2,411	(531)
- excluding value adjustment of interest rate swaps	2,170	1,326

Activities – Retail

DKK million	2015	2014
Mortgage lending		
Gross new lending	78,379	67,574
Portfolio at nominal value, year-end	435,916	442,147
Impairment losses for the year as % of loans and advances	0.17	0.34
Impairment losses for the year as % of loans and advances, personal customers	0.09	0.11
Impairment losses for the year as % of loans and advances, business customers	0.23	0.52
Total impairment provisions, year-end		
Total impairment provisions	3,925	3,694
Total impairment provisions as % of loans and advances	0.90	0.84
Banking		
Loans and advances, year-end	27,054	28,006
Deposits, year-end	40,799	40,637
Impairment losses for the year as % of loans and advances	0.21	0.25
Total impairment provisions, year-end		
Total impairment provisions	1,784	1,978
Total impairment provisions as % of loans and advances	6.19	6.60
Guarantees, year-end	4,342	4,357
Provisions for guarantees, year-end	44	51

Core income from business operations, Retail**RETAIL**

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

Nykredit serves its customers through 54 local customer centres and the 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 products within banking, mortgage lending, insurance, pension, investment and debt management.

Strategy

Nykredit has reorganised its regional structure to create fewer, but stronger regions with greater empowerment and focus on full-service customers. Therefore, we are in the process of developing and customising our products, strengthening our advisory services and improving processes as part of our Winning the Double strategy.

We aim to offer our customers an enduring relationship based on trust. Thus, we want higher satisfaction among full-service homeowner customers and SMEs as well as to grow the number and proportion of full-service customers.

2015 in brief

Under the name of Nykredit BoligBank, Nykredit launched a new homeowner banking concept in 2015, which has been favourably received by new and existing customers. The business area has recorded growth in the number of full-service homeowner customers, who are expected to lead to higher business volumes in the long term.

Towards end-2015, we also launched a new private banking concept aimed at customers with assets under management of DKK 2m-7m. These customers will be served by ten private banking centres.

The SME unit registered a satisfactory increase in customers taking their daily banking to Nykredit, and it focused on raising profitability and reducing the risk exposure amount in line with Nykredit's capital targets.

In 2015, both the personal and SME banking segments recorded generally low activity, which reduced lending. The market share is largely unchanged relative to 2014.

Earnings for the year were favourably affected by high refinancing activity in H1/2015.

Activities

Retail recorded a very high activity level in 2015 – especially in Q1 – and gross new mortgage lending increased by DKK 10.8bn to DKK 78.4bn year-on-year. Gross new lending to personal customers and SMEs was DKK 32.6bn and DKK 45.8bn, respectively.

Nominal mortgage lending declined by DKK 6.2bn to DKK 435.9bn compared with the beginning of the year. Of the decline, DKK 6.3bn was attributable to personal customers, whereas lending to SMEs rose by DKK 0.1bn. Lending to personal customers and SMEs was DKK 192bn and DKK 244bn, respectively.

Bank lending was down by DKK 1.0bn to DKK 27.1bn relative to the beginning of the year, whereas deposits were up by DKK 0.2bn to DKK 40.8bn.

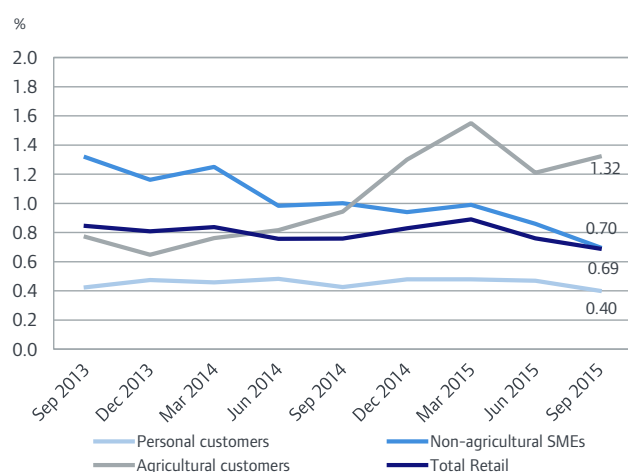
Results

Core earnings after impairment losses grew by DKK 2,942m to DKK 2,411m. Excluding value adjustment of interest rate swaps and goodwill impairment, core earnings were DKK 2,170m, up DKK 844m on 2014.

Income from business operations advanced by DKK 58m, or 1%, to DKK 6,518m, whereas impairment losses reduced by DKK 791m to DKK 794m, mainly due to fewer mortgage loan impairments. Value adjustment of interest rate swaps improved by DKK 2,107m to a gain of DKK 250m compared with a loss of DKK 1,857m in 2014.

Operating costs were trimmed down by DKK 31m to DKK 3,389m in 2015.

Arrears ratio, mortgage lending, Retail 75 days past due



Impairment losses on Retail's mortgage lending contracted by DKK 767m, or 51%, to DKK 739m, while impairment losses on bank lending dropped by DKK 24m. Impairment losses represented 0.17% of mortgage lending and 0.21% of bank lending in the year under review.

Impairment losses on loans to personal customers reduced by a total of DKK 80m, of which DKK 38m related to mortgage lending and DKK 42m to bank lending.

Impairment losses on loans to SMEs declined by a total of DKK 711m, comprising a DKK 729m fall on mortgage lending and a DKK 18m rise on bank lending.

At end-2015, loan impairment provisions totalled DKK 5,709m, which was on a level with the DKK 5,672m recorded at the beginning of the year.

Arrears

At the September due date, Retail's 75-day mortgage loan arrears as a percentage of total mortgage payments due were 0.69% against 0.76% at the same date in 2014.

Substantial security

The security underlying mortgage lending to the Retail segment remained substantial. The LTV ratios of mortgage loans are shown below with individual loans relative to the estimated values of the individual properties at year-end. Of mortgage lending to personal customers, 2% had a current LTV ratio in excess of 80% against 4% at end-2014. Of mortgage lending to SMEs, 8% had a current LTV ratio in excess of 60% against 10% at end-2014.

International activities

Nykredit offers Danish private residential mortgage loans for properties chiefly in France and Spain directly to customers or through business partners.

Core income from international mortgage lending totalled DKK 134m in 2015, up DKK 19m.

Mortgage lending at cash value was DKK 10.3bn against DKK 10.7bn at end-2014. The majority of the loans were granted in Spain and France, with DKK 5.4bn and DKK 4.7bn, respectively.

Impairment losses on international mortgage lending increased by DKK 18m to DKK 29m in 2015.

Debt outstanding relative to estimated property values – Retail

LTV/%	Personal customers		SMEs		Agricultural customers		Private residential rental customers	
	2015	2014	2015	2014	2015	2014	2015	2014
0-40	67	63	72	69	71	71	61	60
40-60	21	21	20	21	19	19	23	23
60-80	10	12	5	7	7	7	12	13
80-90	1	2	1	1	1	1	2	2
90-100	1	1	1	1	1	1	1	1
> 100	0	1	1	1	1	1	1	1
LTV average¹	63	68	58	61	59	59	69	71

¹ 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.

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%.

Results – Wholesale

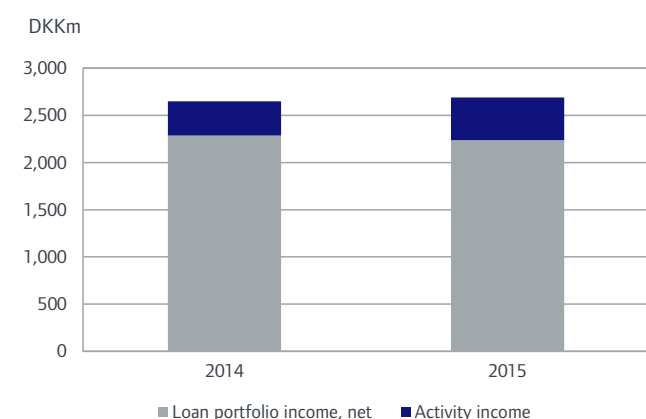
DKK million	2015	2014
Core income from		
- business operations	5,381	5,030
- value adjustment of interest rate swaps	160	(1,505)
- senior debt	(181)	(226)
Total	5,360	3,299
Operating costs	1,467	1,486
Goodwill impairment	1,907	-
Mortgage business contribution to the Danish Resolution Fund	18	-
Core earnings before impairment losses	1,968	1,813
Impairment losses on mortgage lending	302	614
Impairment losses on bank lending	(176)	137
Core earnings after impairment losses	1,842	1,062
- excluding value adjustment of interest rate swaps and goodwill impairment	3,589	2,567

Results – Totalkredit Partners

DKK million	2015	2014
Core income from		
- business operations	2,690	2,650
- senior debt	(168)	(210)
Total	2,522	2,440
Operating costs	507	423
Goodwill impairment	1,907	-
Mortgage business contribution to Resolution Fund	1	-
Core earnings before impairment losses	107	2,017
Impairment losses on mortgage lending	411	362
Core earnings after impairment losses	(304)	1,655
- excluding goodwill impairment	1,603	1,655

Activities – Totalkredit Partners

DKK million	2015	2014
Mortgage lending		
Gross new lending	137,478	89,411
Portfolio at nominal value, year-end	494,250	484,596
Impairment losses for the year as % of loans and advances	0.08	0.07
Total impairment provisions, year-end		
Total impairment provisions	1,231	1,152
Total impairment provisions as % of loans and advances	0.25	0.24

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 personal customers with mortgage loans distributed through 59 Danish local and regional banks and Nykredit Bank.

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 on real estate to Totalkredit, thus funding these loans.

Under the partnership, the local and regional banks receive part of the administration margin income relating to the loans in question 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.

Strategy

Nykredit is making targeted efforts to strengthen and further develop the Totalkredit alliance for the purpose of creating a closer relationship with local and regional banks as well as expanding the alliance beyond mortgage banking.

Nykredit aims to be the strongest and most loyal partner to the local and regional banks.

2015 in brief

The Totalkredit alliance was further strengthened and developed in 2015. An agreement was concluded under which mortgage loans may also be offered to business customers under the Totalkredit alliance. The first business customers were offered loans at end-2015.

In the first part of the year under review, earnings were favourably affected by high refinancing activity. As a result of an active strategy aimed at curtailing the volumes of adjustable-rate mortgage loans (ARMs) with 1-year interest reset, Nykredit offered customers a discount in connection with refinancing into other loans, which reduced earnings for the year by DKK 112m in 2015.

Activities

Totalkredit Partners recorded a very high activity level in 2015 – especially in Q1. Gross new lending climbed to DKK 137.5bn, up DKK 48.1bn on 2014.

Nominal mortgage lending grew by DKK 9.7bn to DKK 494.2bn in 2015. Loans arranged by Jyske Bank and others which are no longer part of the Totalkredit alliance amounted to DKK 45bn at end-2015 against DKK 88bn at end-2013. In this period, loans in the region of DKK 43bn were thus refinanced. Loans totalling some DKK 8bn of this amount were subsequently arranged by the other banks of the To-

talkredit alliance and Totalkredit, corresponding to 18% of the re-financed amount.

Results

Core earnings after impairment losses on loans, excluding goodwill impairment, dropped by DKK 52m to DKK 1,603m against DKK 1,655m in 2014. Including goodwill impairment of DKK 1,907m, earnings declined by DKK 1,959m to a loss of DKK 304m on 2014.

The results reflected growth in core income from business operations of DKK 40m, or 2%, coupled with a DKK 84m rise in operating costs and a DKK 49m increase in loan impairment losses.

A higher activity level generated growth in core income from business operations, especially in H1/2015.

Net expenses relating to senior debt amounted to DKK 168m against DKK 210m in 2014. The reduction was attributable to lower volumes of senior secured debt as well as declining interest rates.

As expected, costs excluding goodwill impairment were up by DKK 84m, or 20%, to DKK 507m relative to 2014. The upturn chiefly stemmed from higher IT costs and changed intercompany settlements, which was a consequence of Totalkredit's increasing proportion of the Nykredit Group's overall activities.

Totalkredit Partners's net loan impairment losses rose by DKK 49m, or 14% year-on-year, to DKK 411m after set-off against commission payable to partner banks.

At end-2015, impairment provisions totalled DKK 1,231m against DKK 1,152m at the beginning of the year. The increase was mainly due to collective impairment provisions.

Arrears

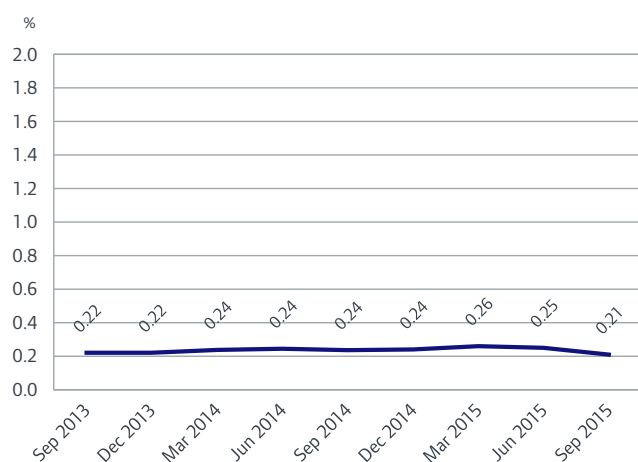
At the September due date, 75-day mortgage loan arrears as a percentage of total mortgage payments due were 0.21% against 0.24% at the same date in 2014.

Substantial security

The security underlying mortgage lending is substantial. The LTV ratios of mortgage loans are determined based on the estimated values of the individual properties at year-end. Of mortgage lending, 4% had a current LTV ratio in excess of 80% against 6% at end-2014.

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.

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



Debt outstanding relative to estimated property values Totalkredit Partners

LTV/%	2015	2014
0-40	58	55
40-60	24	23
60-80	14	16
80-90	2	3
90-100	1	2
> 100	1	1
LTV average¹	72	77

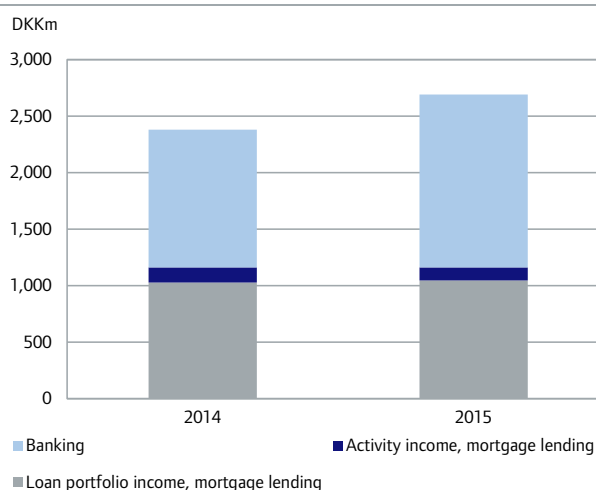
¹ Determined as the top part of the debt outstanding relative to estimated property values.

Results – Wholesale Clients

DKK million	2015	2014
Core income from		
- business operations	2,691	2,380
- value adjustment of interest rate swaps	160	(1,505)
- senior debt	(13)	(16)
Total	2,838	859
Operating costs	960	1,063
Mortgage business contribution to the Danish Resolution Fund	17	-
Core earnings before impairment losses	1,861	(204)
Impairment losses on mortgage lending	(109)	252
Impairment losses on bank lending	(176)	137
Core earnings after impairment losses	2,146	(593)
- excluding value adjustment of interest rate swaps	1,986	912

Income from customer activities – Wholesale Clients

DKK million	2015	2014
Customer activities, gross		
Nykredit Markets	781	506
Nykredit Asset Management	805	784
Corporate & Institutional Banking	1,652	1,626
Total	3,238	2,916
Payment for distribution		
Nykredit Markets	(298)	(256)
Nykredit Asset Management	(460)	(461)
Corporate & Institutional Banking	211	181
Total	(547)	(536)
Core income		
Nykredit Markets	483	250
Nykredit Asset Management	345	323
Corporate & Institutional Banking	1,863	1,807
Total	2,691	2,380

Core income from business operations, Wholesale Clients**WHOLESALE CLIENTS**

The business area Wholesale Clients comprises activities with Nykredit's corporate and institutional clients, the public housing segment, large housing cooperatives and mortgage lending to business 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. The activities of Nykredit Leasing A/S were transferred to Retail in 2015.

Strategy

The business strategy of Wholesale Clients aims to provide clients with added value in the form of broad financial advisory services and deep client insight.

Based on Nykredit's strong competency profile, we are working to ensure a better and more holistic experience whenever our clients are in contact with Nykredit.

2015 in brief

Corporate & Institutional Banking's private banking activities were strengthened throughout 2015 as a new office was opened in Aarhus.

Corporate & Institutional Banking continued to focus on growing profitability and adapting the Group's capital consumption in 2015.

Nykredit Markets's activities were affected by significant financial market volatility in 2015, but they also reflected higher activity and earnings levels than in 2014. The bond volumes traded on Nasdaq Copenhagen increased relative to 2014.

Nykredit Asset Management got off to a good start in 2015 with a buoyant market. Subsequently, prices corrected somewhat, but remained fairly higher for the year, especially in Denmark.

Nykredit Asset Management strengthened and expanded equity business in the course of 2015, as it launched alternative investment funds aimed at private investors as the first in Denmark.

79% of Nykredit Asset Management's investment strategies (GIPS composites) generated above-benchmark returns in 2015. Over the past three years, 89% of Nykredit Asset Management's investment strategies (GIPS composites) have generated above-benchmark returns.

Activities – Wholesale Clients

DKK million	2015	2014
Mortgage lending		
Gross new lending	37,814	35,430
Portfolio at nominal value, year-end	184,158	185,002
Impairment losses for the year as % of loans and advances	(0.06)	0.14
Total impairment provisions, year-end		
Total impairment provisions	539	661
Total impairment provisions as % of loans and advances	0.29	0.36
Banking		
Loans and advances, year-end	19,685	22,456
Deposits, year-end	21,368	23,287
Impairment losses for the year as % of loans and advances	(0.87)	0.57
Total impairment provisions, year-end		
Total impairment provisions	1,015	1,526
Total impairment provisions as % of loans and advances	4.90	6.36
Guarantees, year-end	1,892	1,913
Provisions for guarantees, year-end	55	55
Assets under management	143,812	133,484
Assets under administration		
Nykredit Portefølje Administration A/S	700,372	669,112
- Of which Nykredit Group investment funds	66,394	60,165

Activities

In 2015, gross new mortgage lending granted by Wholesale Clients grew by DKK 2.4bn to DKK 37.8bn year-on-year, spurred by a higher activity level.

Nominal mortgage lending decreased by DKK 0.8bn to DKK 184.2bn on the beginning of the year.

Bank lending fell by DKK 2.8bn to DKK 19.7bn on the beginning of the year, and bank deposits were down by DKK 1.9bn to DKK 21.4bn.

Nykredit Asset Management had assets under management totalling DKK 143.8bn at end-2015, up DKK 10.3bn on the beginning of the year. Total assets under administration rose by DKK 31.3bn to DKK 700.4bn at end-2015.

Results

Core earnings after impairment losses grew by DKK 2,739m to DKK 2,146m from a loss of DKK 593m in 2014. Excluding value adjustment of interest rate swaps, earnings were DKK 1,986m against DKK 912m in 2014, an improvement of DKK 1,074m. The factors contributing to the improvement were core income from business operations of DKK 311m and a DKK 674m decrease in loan impairment losses.

Gross income from customer activities was DKK 3,238m against DKK 2,916m in 2014, up DKK 322m, of which Nykredit Markets accounted for DKK 275m, and Asset Management and Corporate & Institutional Banking DKK 21m and DKK 26m, respectively.

Nykredit Markets's income after payment for distribution rose by DKK 233m to DKK 483m in 2015. Nykredit Asset Management's income after payment for distribution grew by DKK 22m to DKK 345m, and Corporate & Institutional Banking recorded an increase of DKK 56m to DKK 1,863m.

Value adjustment of interest rate swaps produced a gain of DKK 160m against a loss of DKK 1,505m in 2014.

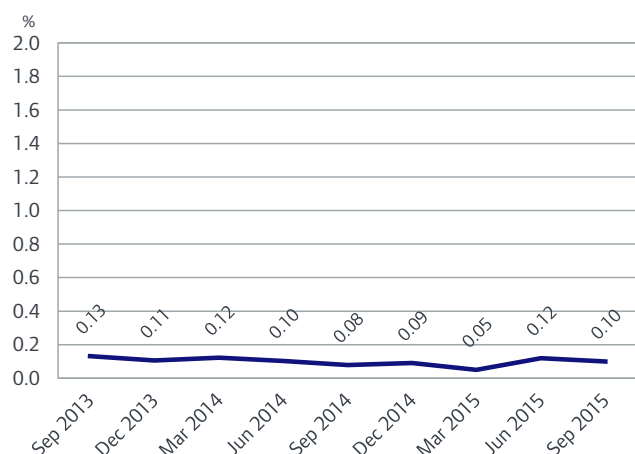
Operating costs were cut by DKK 103m, or 10%, to DKK 960m in 2015.

Impairment of mortgage lending resulted in a gain of DKK 109m compared with a loss of DKK 252m in 2014, while impairment of bank lending produced a gain of DKK 176m against a loss of DKK 137m in 2014.

Impairment losses represented negative 0.06% of mortgage lending and negative 0.87% of bank lending.

Total impairment provisions amounted to DKK 1,554m at end-2015 against DKK 2,187m at the beginning of the year.

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



**Debt outstanding relative to estimated property values
Wholesale Clients**

LTV/%	2015	2014
0-40	72	70
40-60	21	21
60-80	5	7
80-90	1	1
90-100	0	1
> 100	1	0
LTV average¹	56	59

¹ Determined as the top part of the debt outstanding relative to estimated property values.

Arrears

At the September due date, 75-day mortgage loan arrears were 0.10% and thus remained at a low level. The arrears ratio was 0.08% at the same date in 2014.

Substantial security

The security underlying mortgage lending remained substantial. The LTV ratios of mortgage loans are determined based on the estimated values of the individual properties at year-end. Of mortgage lending, 7% had a current LTV ratio in excess of 60% against 9% at end-2014.

International activities

For properties abroad, Nykredit offers Danish and certain international corporate clients mortgage loans subject to Danish legislation. Mortgage loans have been granted for properties in Finland, Germany, Norway, Sweden and the UK.

Core income from international mortgage lending reduced by DKK 6m to DKK 388m in 2015 from DKK 394m the year before.

Mortgage lending at cash value amounted to DKK 46.3bn at end-2015 against DKK 45.3bn at the beginning of the year. Lending amounted to DKK 3.2bn in Finland, DKK 16.9bn in Germany, DKK 23.6bn in Sweden and DKK 2.3bn in the UK.

Results – Group Items

DKK million	2015	2014
Core income from		
- business operations	46	20
- senior and subordinated debt	(308)	(581)
- securities	38	130
Total	(224)	(431)
Operating costs	148	197
Impairment of goodwill and customer relationships	49	852
Core earnings before impairment losses	(421)	(1,480)
Impairment losses on mortgage lending	0	11
Impairment losses on banking	0	4
Core earnings after impairment losses	(421)	(1,495)
Investment portfolio income	750	779
Investment portfolio income, strategic equities	103	-
Profit (loss) before tax	432	(716)
- excluding impairment of goodwill and customer relationships	481	136

A number of operating costs were allocated to Retail and Wholesale in 2015. Comparative figures for 2014 have been restated.

Activities – Group Items

DKK million	2015	2014
Banking		
Loans and advances, year-end	8	33
Deposits, year-end	432	1,308
Total impairment provisions, year-end		
Total impairment provisions	53	55
Total impairment provisions as % of loans and advances	86.49	62.65
Guarantees, year-end	708	1,276
Provisions for guarantees, year-end	-	-

GROUP ITEMS

A number of income statement and balance sheet items are not allocated to the business areas. Such items are included under Group Items. Compared with 2014, a number of costs, including IT costs, were allocated to Retail, Business Partners and Wholesale Clients in 2015.

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 also form part of Group Items.

Results

Group Items posted a profit before tax of DKK 432m against a loss of DKK 716m the year before. Excluding impairment of goodwill and customer relationships, profit climbed from DKK 136m to DKK 481m.

Core income from securities

Nykredit's core income from securities was DKK 38m against DKK 130m in 2014, which notably stemmed from a fall from 0.20% to 0.06% 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 amounted to DKK 148m against DKK 197m in 2014. Compared with the presentation in 2014, the costs of the business area have reduced significantly, as most are now allocated to the business areas Retail, Totalkredit Partners and Wholesale Clients.

Impairment losses

Impairment losses on loans and advances were nil against DKK 15m in 2014.

Investment portfolio income

Investment portfolio income totalled DKK 750m against DKK 779m in 2014, excluding capital gains from the sale of strategic equities. Investment portfolio income from bonds, liquidity and interest rate instruments amounted to DKK 557m. Investment portfolio income from equities and equity instruments value adjusted through profit or loss was DKK 193m.

In addition, capital gains from the sale of strategic equities recognised through profit or loss amounted to DKK 103m relative to the acquisition cost.

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 realised capital gains/losses from the sale of equities classified as available for sale (strategic equities). 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

Value adjustment of strategic equities against equity netted DKK 7m against DKK 238m in 2014.

EQUITY AND OWN FUNDS

Nykredit Realkredit Group Equity (incl new Additional Tier 1 capital)

DKK million	2015	2014
Equity, beginning of period	58,650	58,716
Profit for the year	3,191	576
Fair value adjustment of equities available for sale	7	238
New Additional Tier 1 (AT1) capital	3,731	-
Other adjustments	(119)	(28)
Equity, year-end	65,460	59,502
Goodwill impairment, end-2014	-	(852)
Equity, year-end, adjusted	65,460	58,650

Nykredit Realkredit Group Capital and capital adequacy

DKK million	2015	2014
Credit risk	264,865	305,321
Market risk	27,958	35,335
Operational risk	18,397	17,933
Total risk exposure amount (REA)¹	311,220	358,589
Equity at 31 December	65,460	59,502
Goodwill impairment in 2014 (relating to acquisition of Forstædernes Bank)	-	(852)
Adjusted equity as at 31 December (including hybrid/AT1 capital)	65,460	58,650
Hybrid/AT1 capital	(3,774)	-
CET1 capital deductions	(1,161)	(3,091)
CET1 capital	60,525	55,559
Hybrid capital/AT1	3,831	6,746
Hybrid capital/AT1 deductions	(343)	(588)
Tier 1 capital	64,013	61,717
Tier 2 capital	10,820	4,463
Tier 2 capital deductions	(335)	(573)
Own funds	74,498	65,606
CET1 capital ratio, %	19.4	15.4
Tier 1 capital ratio, %	20.5	17.2
Total capital ratio, %	23.9	18.2

¹ Capital and capital adequacy have been determined in accordance with Capital Requirements Regulation No 575/2013 of the European Parliament and of the Council of 26 June 2013 as well as the Danish transitional rules laid down by the Danish FSA. Total REA subject to transitional rules was DKK 603bn at end-2015, equal to a total capital ratio of 15.5%.

Nykredit Realkredit Group Required own funds and internal capital adequacy requirement

DKK million	2015	2014
Credit risk	21,189	24,426
Market risk	2,237	2,827
Operational risk	1,472	1,435
Total Pillar I	24,898	28,687
Slightly weaker economic climate (stress test, etc)	3,731	3,510
Other factors	5,243	4,538
Model and calculation uncertainties	2,852	3,674
Total Pillar II	11,826	11,722
Total required own funds	36,724	40,409
Internal capital adequacy requirement (Pillar I and Pillar II), %	11.8	11.3

EQUITY

Nykredit's equity was DKK 65.5bn at end-2015, equal to a rise of DKK 6.8bn relative to the beginning of the year. The rise was mainly driven by profit for the year of DKK 3.2bn and new Additional Tier 1 (AT1) capital of DKK 3.7bn.

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 recognised in equity via other comprehensive income, 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 2,115m at end-2015.

Capital, risk exposure and capital adequacy

Nykredit's own funds include Common Equity Tier 1 (CET1) capital, Additional Tier 1 (AT1) capital and Tier 2 capital after deductions. As part of its capital planning, Nykredit issued EUR 500m of AT1 capital and EUR 850m of Tier 2 capital in 2015.

Nykredit's Tier 1 capital consists mainly of CET1 capital. Tier 1 capital totalled DKK 64.0bn, CET1 capital totalled DKK 60.5bn, and AT1 capital totalled DKK 3.5bn. CET1 capital will be the most important capital concept as this is the type of capital required to comply with most of the regulatory capital requirements.

At end-2015, Nykredit's risk exposure amount (REA) totalled DKK 311bn. With own funds at DKK 74.5bn, this corresponds to a total capital ratio of 23.9% against 18.2% at end-2014. The CET1 capital ratio was 19.4% against 15.4% at end-2014. It should be noted that considerations are being made at the Basel Committee and at EU level as to changed capital adequacy rules in the coming years, cf "Risk of changed capital requirements" below.

At Group level, REA declined by DKK 47bn in 2015. The decline mainly resulted from two factors.

First, REA declined in relation to Nykredit Markets and Group Treasury, in part because of reduced bond portfolios.

Secondly, bank lending fell as a consequence of the general macroeconomic climate in Denmark with continued household deleveraging. Also, the Group's loan-to-value ratios decreased for both private residential lending and business lending.

Required own funds and internal capital adequacy requirement

Pursuant to the Danish Financial Business Act, it is the responsibility of the Board of Directors and the Executive Board to ensure that Nykredit has the required own funds. The required own funds are the minimum capital required, in Management's judgement, to cover all significant risks.

The determination of the required own funds takes into account the business objectives by allocating capital for all relevant risks, including any model uncertainties.

Required own funds consist of two components: Pillar I and Pillar II capital.

Pillar I

Pillar I capital covers credit, market and operational risks. The Pillar I requirement is identical to the statutory capital requirement, which amounted to DKK 24.9bn at end-2015.

Pillar II

Pillar II capital covers other risks as well as an increased capital requirement during an economic downturn. The Pillar II capital requirement was determined at DKK 11.8bn at end-2015.

The determination of other factors in Pillar II includes assessments of reputation risk, control risk, strategic risk, external risk, concentration risk, validation and backtest results, interest rate risk on swaps and credit value adjustments (CVA) etc. Furthermore, capital has been provided for the effects of the new models which are expected to be implemented in 2016.

Under Pillar II, a general capital charge or uncertainty buffer has been provided for uncertainties related to the models that Nykredit applies for calculating capital requirements. The uncertainty buffer amounts to 5% for Nykredit Bank, 7.5% for Nykredit Realkredit and the Nykredit Realkredit Group and 10% for Totalkredit. The buffer is calculated on the basis of the sum of all other risks.

The capital requirement during a slight economic downturn is determined by means of stress tests. Reference is made to note 2 for a more detailed description of Nykredit's stress tests.

At end-2015, Nykredit's required own funds came to DKK 36.7bn. The internal capital adequacy requirement, calculated as the required own funds as a percentage of REA, amounted to 11.8%.

As a systemically important financial institution (SIFI), Nykredit is subject to a special SIFI buffer requirement to be met with CET1 capital. The requirement of 2% will be phased in gradually from 2015 to 2019. In 2015, the SIFI buffer requirement was 0.4%.

A capital conservation buffer, applicable to all financial institutions, will be phased in from 2016. This buffer will increase the statutory CET1 capital requirement. It will be phased in by about 0.6 percentage point per year and will be fully phased in by 2019.

Nykredit's capital policy, which is described in detail under "Capital targets 2019" below, allows for the capital requirement on a fully loaded basis.

Capital targets 2019

As part of the annual review on the Group's overall capital policy and risk appetite, the Board of Directors of the Nykredit Realkredit Group has set a CET1 capital ratio target of 17.5% for 2019.

The Board's decision is based on the following:

- In 2019 the statutory requirement for the Nykredit Realkredit Group's CET1 capital ratio will be around 13%, to which should be added requirements resulting from the stress test exercises of the European Banking Authority (EBA) and the Danish FSA
- Nykredit must hold sufficient capital to ensure ratings with the credit rating agencies that are compatible with the Group's business plans
- The capital level must be market-consistent, corresponding to the level of the other large Nordic financial institutions
- In addition to this, especially three Nykredit characteristics must be allowed for in terms of capital. They are:
 - Nykredit is currently not listed and therefore has more restricted access to capital markets than listed companies
 - Nykredit is one of the largest private bond issuers in Europe
 - Nykredit has a sizeable mortgage loan portfolio. The mortgage loans typically have long loan terms and are non-callable by Nykredit.

Nykredit's capital targets include a total capital ratio of at least 20% of REA. This target is motivated by the same factors as the CET1 capital target.

The Nykredit Group's total REA amounted to DKK 311bn at end-2015.

A number of adjustments to Nykredit's models are currently awaiting the approval of the Danish FSA. Upon approval, REA will increase by an estimated DKK 35bn, resulting in total REA of DKK 345bn. The increase primarily relates to the mortgage business.

Business Plan 2018 is expected to increase REA by another DKK 30bn towards 2019. Altogether, the capital requirement, measured by REA, will amount to an estimated DKK 375bn in 2019.

To this should be added adjustments to the detailed capital requirement calculations, resulting in part from the loss experience in the wake of the financial crisis. These adjustments are expected to add another DKK 25bn to REA, leading to a total of DKK 400bn.

The target for CET1 capital in 2019, based on the known capital rules, is DKK 70bn, corresponding to 17.5% of DKK 400bn.

Risk of changed capital requirements

There is a risk that the capital requirements will change further in the coming years.

First, specific discussions are taking place at the Basel Committee and at the EBA which may result in the introduction of minimum risk weights for home loans and other loans.

Secondly, a new capital floor is in the pipeline for IRB institutions in 2017. This is likely to be based on the Basel Committee's proposal for a new standardised approach for credit risk, which was published in December 2015.

Thirdly, the EBA is working on technical standards on model calculations for IRB institutions.

Each of the said regulatory measures will lead to increased capital requirements for lending with a low risk of loss, including especially mortgage lending.

Nykredit will work to preserve the existing principle of basing capital requirements on the observed risk of loss and thus the proven resilience of the Danish mortgage system.

In overall terms, however, the capital requirements for mortgage lending are likely to increase. How much will depend on the concrete rules prepared by the Basel Committee, the European Commission and the EBA. The increased capital requirements will add an estimated DKK 15bn to the Group's CET1 capital requirement, corresponding to a CET1 capital level around DKK 85bn. This estimate is based on the assumption that Nykredit's CET1 capital ratio target of 17.5% of the risk exposure amount could be lowered to around 15% as a result of reduced cyclicity of the capital requirements.

Income statements for 1 January – 31 December

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group	
2014	2015		2015	2014
28,711	25,577	Interest income	32,722	36,655
-	(11)	Negative interest (expense)	(31)	-
24,262	20,549	Interest expenses	20,815	25,301
4,449	5,017	NET INTEREST INCOME	11,877	11,353
55	100	Dividend on equities	104	82
855	977	Fee and commission income	2,498	2,167
130	176	Fee and commission expenses	2,697	2,115
5,229	5,918	NET INTEREST AND FEE INCOME	11,783	11,486
359	(235)	Value adjustments	652	(3,557)
8	5	Other operating income	194	185
2,389	2,268	Staff and administrative expenses	4,658	4,715
1,026	2,134	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	2,185	1,087
55	122	Other operating expenses	188	154
1,723	586	Impairment losses on loans, advances and receivables	920	2,351
(225)	3,165	Profit (loss) from investments in associates and Group enterprises	8	6
177	3,744	PROFIT (LOSS) BEFORE TAX	4,685	(186)
215	547	Tax	1,494	90
(38)	3,198	PROFIT (LOSS) FOR THE YEAR	3,191	(276)
		DISTRIBUTION OF PROFIT (LOSS) FOR THE YEAR		
(38)	3,000	Shareholder of Nykredit Realkredit A/S	2,994	(276)
-	197	Holders of Additional Tier 1 capital	197	-
(38)	3,198	PROFIT (LOSS) FOR THE YEAR	3,191	(276)
		PROPOSAL FOR THE DISTRIBUTION OF PROFIT (LOSS)		
(225)	3,165	Statutory reserves		
188	(165)	Retained earnings		
-	197	Additional Tier 1 capital		

Statements of comprehensive income for 1 January – 31 December

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
2014	2015	2015	2014
(38)	3,198	PROFIT (LOSS) FOR THE YEAR	3,191 (276)
		OTHER COMPREHENSIVE INCOME	
		ITEMS THAT CANNOT BE RECLASSIFIED TO PROFIT OR LOSS:	
22	10	Actuarial gains/losses on defined benefit plans	10 22
-	-	- Fair value adjustment of owner-occupied properties	17 (67)
-	-	- Tax on fair value adjustment of owner-occupied properties	(2) 13
(53)	15	Share of comprehensive income in associates and Group enterprises	- -
(32)	25	Total items that cannot be reclassified to profit or loss	25 (32)
		ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS:	
-	-	- Fair value adjustment of equities available for sale	122 258
-	-	- Tax on fair value adjustment of equities available for sale	(13) (19)
-	-	- Realised value adjustment of equities available for sale reclassified to profit or loss	(103) -
-	-	- Total items that may be reclassified to profit or loss	7 238
(32)	25	OTHER COMPREHENSIVE INCOME	32 207
(69)	3,222	COMPREHENSIVE INCOME FOR THE YEAR	3,222 (69)
		DISTRIBUTION OF COMPREHENSIVE INCOME	
(69)	3,025	Shareholder of Nykredit Realkredit A/S	3,025 (69)
-	197	Holder of Additional Tier 1 capital notes	197 -
(69)	3,222	COMPREHENSIVE INCOME FOR THE YEAR	3,222 (69)

DKK million

Balance sheets, year-end

Nykredit Realkredit A/S		Nykredit Realkredit Group	
2014	2015	2015	2014
		ASSETS	
227	351	Cash balances and demand deposits with central banks	3,095 4,644
29,570	18,210	Receivables from credit institutions and central banks	20,158 37,644
1,192,558	1,156,122	Loans, advances and other receivables at fair value	1,158,926 1,172,805
448	263	Loans, advances and other receivables at amortised cost	47,036 50,958
47,745	56,053	Bonds at fair value	106,200 127,972
		Equities	
3,069	3,733	Equities measured at fair value through profit or loss	1,979 1,376
-	-	Equities available for sale	2,115 2,035
3,069	3,733	Total	4,094 3,411
119	122	Investments in associates	124 123
30,456	35,594	Investments in Group enterprises	- -
2,175	217	Intangible assets	271 2,252
		Land and buildings	
-	-	Investment properties	244 283
16	16	Owner-occupied properties	1,460 1,484
16	16	Total	1,704 1,767
235	204	Other property, plant and equipment	235 273
13	0	Current tax assets	0 632
126	103	Deferred tax assets	103 128
476	396	Assets in temporary possession	451 552
14,642	10,884	Other assets	41,171 53,914
190	191	Prepayments	221 226
1,322,066	1,282,458	TOTAL ASSETS	1,383,789 1,457,301

Balance sheets, year-end

Nykredit Realkredit A/S			Nykredit Realkredit Group	
2014	2015		2015	2014
		LIABILITIES AND EQUITY		
22,811	17,724	Payables to credit institutions and central banks	30,226	44,863
-	-	Deposits and other payables	62,599	65,232
1,204,487	1,169,616	Bonds in issue at fair value	1,137,314	1,167,163
3,826	3,795	Bonds in issue at amortised cost	23,945	29,457
1,188	427	Other non-derivative financial liabilities at fair value	10,126	18,451
-	16	Current tax liabilities	142	146
-	-	Liabilities temporarily assumed	29	29
19,268	14,124	Other liabilities	42,305	61,161
-	-	Deferred income	7	3
1,251,580	1,205,701	Total payables	1,306,692	1,386,506
		Provisions		
198	169	Provisions for pensions and similar obligations	175	203
126	70	Provisions for deferred tax	123	198
74	63	Repayable reserves in pre-1972 series	63	74
-	-	Provisions for losses under guarantees	100	107
87	88	Other provisions	169	169
485	390	Total provisions	630	751
11,350	10,907	Subordinated debt	11,006	11,394
		Equity		
1,182	1,182	Share capital	1,182	1,182
		Accumulated changes in value		
2	1	- revaluation reserves	160	151
-	-	- value adjustment of equities available for sale	648	641
		Other reserves		
3,147	6,288	- statutory reserves	-	-
30,975	26,787	- series reserves	26,787	30,975
23,344	27,427	Retained earnings	32,909	25,701
58,650	61,686	Shareholder of Nykredit Realkredit A/S	61,686	58,650
-	3,774	Holders of Additional Tier 1 capital	3,774	-
58,650	65,460	Total equity	65,460	58,650
1,322,066	1,282,458	TOTAL LIABILITIES AND EQUITY	1,383,789	1,457,301
		OFF-BALANCE SHEET ITEMS		
-	-	Contingent liabilities	6,942	7,546
1,121	1,197	Other commitments	6,637	5,843
1,121	1,197	TOTAL	13,579	13,389

Statement of changes in equity for 1 January – 31 December

DKK million

Nycredit Realkredit A/S

	Share capital ¹	Revaluation reserves	Statutory reserves ²	Series reserves	Retained earnings	Total, shareholder of Nycredit Realkredit A/S	Additional Tier 1 capital ³	Total
2015								
Equity, 1 January, before goodwill impairment	1,182	2	3,147	30,975	24,197	59,502	-	59,502
Impairment of goodwill relating to the acquisition of Forstædernes Bank A/S	-	-	-	-	(852)	(852)	-	(852)
Equity, 1 January, as restated	1,182	2	3,147	30,975	23,344	58,650	-	58,650
Profit (loss) for the year	-	-	3,165	-	(165)	3,000	197	3,198
Total other comprehensive income	-	-	15	-	10	25	-	25
Total comprehensive income for the year	-	-	3,180	-	(155)	3,025	197	3,222
Transactions with holders								
Issuance of Additional Tier 1 capital	-	-	-	-	-	-	3,731	3,731
Net transaction costs	-	-	-	-	(39)	(39)	-	(39)
Interest paid on Additional Tier 1 capital	-	-	-	-	-	-	(154)	(154)
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	(0)	(0)	0	-
Tax	-	-	-	-	48	48	-	48
Dividend from associates	-	-	(4)	-	4	-	-	-
Dividend from Group enterprises	-	-	(35)	-	35	-	-	-
Realised from the sale of properties	-	(1)	-	-	1	-	-	-
Adjustment pursuant to capital adequacy rules	-	-	-	(4,188)	4,188	-	-	-
Transferred from provisions – pre-1972 series	-	-	-	-	2	2	-	2
Other adjustments	-	-	-	(0)	0	-	-	-
Equity, 31 December	1,182	1	6,288	26,787	27,427	61,686	3,774	65,460

¹ The share capital is divided into shares of DKK 100 and multiples thereof. Nycredit Realkredit A/S has only one class of shares, and all the shares confer the same rights on shareholders.

² The item relates to a transfer to reserves for net revaluation according to the equity method. The item includes a non-distributable reserve fund of DKK 1,646m in Totalkredit. The reserves are non-distributable.

³ 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, Nycredit 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 five years. If the Common Equity Tier 1 (CET1) capital ratio of Nycredit Realkredit A/S, the Nycredit Realkredit Group or the Nycredit Holding Group falls below 7.125%, the AT1 capital will be written down.

Dividend policy

Nycredit Realkredit does not have a formal dividend policy, and any dividend distribution is decided based on a specific assessment. In 2007, 2010, 2011 and 2012, Nycredit Realkredit distributed total dividend of DKK 1,150m as part of an overall dividend strategy, which among other things meant that dividend distributed to Nycredit Holding was redistributed to the shareholders of this company.

It will be recommended for approval by the Annual General Meeting that no dividend be distributed for 2015.

Statement of changes in equity for 1 January – 31 December

DKK million

Nykredit Realkredit A/S

	Share capital ¹	Revaluation reserves	Statutory reserves ²	Series reserves	Retained earnings	Additional Tier 1 capital ³	Total equity
2014							
Equity, 1 January	1,182	2	3,554	32,402	21,576	-	58,716
Profit (loss) for the year before goodwill impairment	-	-	(225)	-	1,040	-	815
Impairment of goodwill relating to the acquisition of Forstædernes Bank A/S	-	-	-	-	(852)	-	(852)
Profit (loss) for the year, as restated	-	-	(225)	-	188	-	(37)
Total other comprehensive income	-	-	(53)	-	22	-	(32)
Total comprehensive income for the year	-	-	(279)	-	210	-	(69)
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
Equity, 31 December	1,182	2	3,147	30,975	23,344	-	58,650

¹ 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.

² The item relates to a transfer to reserves for net revaluation according to the equity method. The item includes a non-distributable reserve fund of DKK 1,646m in Totalkredit. The reserves are non-distributable.

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Dividend policy

Nykredit Realkredit does not have a formal dividend policy, and any dividend distribution is decided based on a specific assessment. In 2007, 2010, 2011 and 2012, Nykredit Realkredit distributed total dividend of DKK 1,150m as part of an overall dividend strategy, which among other things meant that dividend distributed to Nykredit Holding was redistributed to the shareholders of this company.

Statement of changes in equity for 1 January – 31 December

DKK million

Nykredit Realkredit Group

	Share capital ¹	Revaluation reserves	Accumulated value adjustment of equities available for sale	Series reserves	Retained earnings	Total, shareholder of Nykredit Realkredit A/S	Additional Tier 1 capital ²	Total equity
2015								
Equity, 1 January, before goodwill impairment	1,182	151	641	30,975	26,553	59,502	-	59,502
Impairment of goodwill relating to the acquisition of Forstædernes Bank A/S	-	-	-	-	(852)	(852)	-	(852)
Equity, 1 January, as restated	1,182	151	641	30,975	25,701	58,650	-	58,650
Profit for the year	-	-	-	-	2,994	2,994	197	3,191
Total other comprehensive income	-	15	7	-	10	32	-	32
Total comprehensive income for the year	-	15	7	-	3,003	3,025	197	3,222
Transactions with holders of Additional Tier 1 capital								
Issuance of Additional Tier 1 capital	-	-	-	-	-	-	3,731	3,731
Net transaction costs	-	-	-	-	(39)	(39)	-	(39)
Interest paid on Additional Tier 1 capital	-	-	-	-	-	-	(154)	(154)
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	(0)	(0)	0	-
Tax	-	-	-	-	48	48	-	48
Realised from the sale of properties	-	(6)	-	-	6	-	-	-
Adjustment pursuant to capital adequacy rules	-	-	-	(4,188)	4,188	-	-	-
Transferred from provisions – pre-1972 series	-	-	-	(0)	3	2	-	2
Equity, 31 December	1,182	160	648	26,787	32,909	61,686	3,774	65,460

¹ Additional Tier 1 (AT1) capital is perpetual, and payment of principal and interest is discretionary. For accounting purposes, the 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 five 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 AT1 capital will be written down.

Statement of changes in equity for 1 January – 31 December

DKK million

Nykredit Realkredit Group

	Share capital	Revaluation reserves	Accumulated value adjustment of equities available for sale	Series reserves	Retained earnings	Total equity
2014						
Equity, 1 January	1,182	205	403	32,402	24,525	58,716
Profit for the year before goodwill impairment	-	-	-	-	576	576
Impairment of goodwill relating to the acquisition of Forstædernes Bank A/S	-	-	-	-	(852)	(852)
Loss for the year, as restated	-	-	-	-	(276)	(276)
Total other comprehensive income	-	(53)	238	-	22	207
Total comprehensive income for the year	-	(53)	238	-	(254)	(69)
Adjustment pursuant to capital adequacy rules	-	-	-	(1,427)	1,427	-
Transferred from provisions – pre-1972 series	-	-	-	(0)	3	3
Other adjustments	-	(1)	-	-	1	-
Equity, 31 December	1,182	151	641	30,975	25,701	58,650

¹ Additional Tier 1 (AT1) capital is perpetual, and payment of principal and interest is discretionary. For accounting purposes, the 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 five 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 AT1 capital will be written down.

GROUP CHART

