

To Nasdaq Copenhagen

12 May 2016

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 2016

Q1 – in brief

- Profit before tax came to DKK 530m against DKK 574m in Q1/2015, down 8%.
- Core income decreased by 5% from DKK 741m to DKK 703m. The decline should be seen in light of the high refinancing activity in Q1/2015, which increased earnings.
- Operating costs amounted to DKK 155m against DKK 127m in Q1/2015. Costs as a percentage of core income were 22.1% compared with 17.1% in Q1/2015.
- Impairment losses on loans and advances came to DKK 43m against DKK 156m in Q1/2015. Individual as well as collective provisions reduced compared with Q1/2015.
- At nominal value, the loan portfolio totalled DKK 575bn compared with DKK 571bn at the beginning of the year. Totalkredit's share of Danish mortgage lending was 38.9% against 38.7% at the beginning of the year.

Own funds

- Equity stood at DKK 19.0bn at 31 March 2016 against DKK 18.6bn at end-2015.
- The total capital ratio and the Common Equity Tier 1 (CET1) capital ratio were 23.9% and 21.6%, respectively, against 23.5% and 21.1% at end-2015.
- The internal capital adequacy requirement was 11.2% against 11.3% at end-2015.

About Totalkredit A/S

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

Contact

For further comments, please contact Jens Theil, Head of Press Relations, Corporate Communications, tel +45 30 44 00 54.

Totalkredit A/S
Kalvebod Brygge 1-3
DK-1780 Copenhagen V
Tel +45 44 55 54 00
www.totalkredit.dk
CVR no 21 83 22 78



Financial highlights

DKK million

	Q1/2016	Q1/2015	FY 2015
Results from core business and profit for the period			
Core income from			
- business operations	741	793	2,993
- senior secured debt	(30)	(44)	(156)
- interest expenses from subordinated debt	(10)	(12)	(41)
- securities	2	3	11
Income from core business	703	741	2,807
Operating costs and depreciation	140	127	547
Contribution to resolution scheme	15	-	1
Profit from core business before impairment losses	548	614	2,259
Impairment losses on loans and advances	43	156	446
Profit from core business	505	459	1,813
Investment portfolio income	25	115	148
Profit before tax	530	574	1,961
Tax	117	135	461
Profit for the period	413	439	1,500
Summary balance sheet, end of period			
	31.03.2016	31.03.2015	31.12.2015
Assets			
Receivables from credit institutions	14,829	28,160	15,850
Mortgage loans at fair value	580,088	563,628	570,443
Bonds at fair value	67,509	113,770	62,843
Remaining assets	1,903	3,285	2,381
Total assets	664,330	708,842	651,517
Liabilities and equity			
Payables to credit institutions	623,614	653,649	606,415
Bonds in issue at fair value	13,606	25,880	18,368
Subordinated debt – Tier 2 capital	2,000	3,100	2,000
Remaining liabilities	6,083	8,661	6,121
Equity	19,026	17,552	18,613
Total liabilities and equity	664,330	708,842	651,517
Financial ratios			
Profit for the period as % pa of average equity	9.1	10.1	8.4
Profit from core business before impairment losses as % pa of average equity	12.1	10.6	12.6
Costs as % of core income	22.1	17.1	19.4
Impairment losses for the period, %	0.01	0.03	0.10
Total capital ratio, %	23.9	19.4	23.5
Common Equity Tier 1 capital ratio, %	21.6	17.2	21.1
Internal capital adequacy requirement, %	11.2	11.2	11.3
Average number of full-time staff	127	113	120



Q1 Interim Report 2016

Totalcredit recorded profit from core business of DKK 505m against DKK 459m in the same period last year. Profit after tax was DKK 413m against DKK 439m in Q1/2015.

Activity levels in Q1/2016 were largely in line with expectations, albeit lower than in the same quarter in 2015 when earnings were affected by high activity due in part to loan refinancing. Costs rose as a consequence of expenses for the Danish Resolution Fund, whereas impairment losses reduced by DKK 113m.

Profit from core business before impairment losses

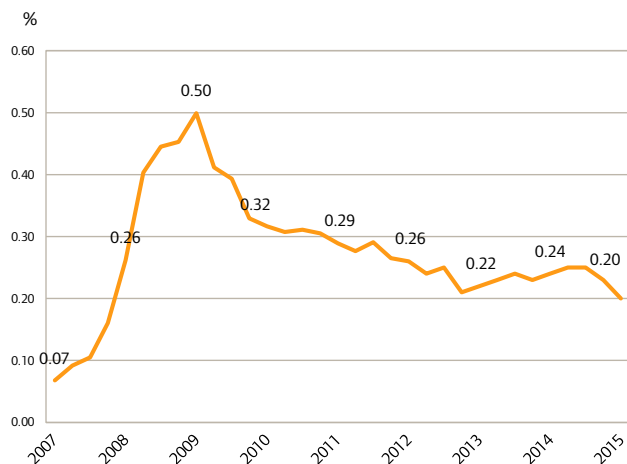
Core income from business operations amounted to DKK 741m against DKK 793m in Q1/2015. This should be seen in light of lower activity levels causing activity income to drop by DKK 47m to DKK 92m. Administration margin income rose by DKK 19m to DKK 1,159m, while other interest expenses grew by DKK 24m.

Net interest expenses for senior secured debt came to DKK 30m against DKK 44m in Q1/2015.

Interest expenses relating to subordinated debt came to DKK 10m, while core income from securities was DKK 2m. This was largely unchanged on the same period last year, when DKK 12m and DKK 3m, respectively, were recorded.

Operating costs and depreciation came to DKK 140m, up 10% on the same period last year. The rise was in part attributable to wage increases due to an increase in the average number of staff from 113 to 127. The increasing staff numbers were in part due to higher advisory activity following Jyske Bank's exit from the Totalcredit partnership. Add to this, changes in intercompany settlements as Totalcredit accounts for an increasing proportion of the Group's overall activities, including higher IT development costs in relation to new products etc.

Arrears ratio, mortgage lending 75 days past due



Totalcredit's Q1/2016 contribution to the Danish resolution scheme is estimated at almost DKK 15m, of which DKK 14.5m is an intercompany settlement corresponding to the part of the Group payment relating to Totalcredit's share of the joint funding.

Profit from core business before impairment losses came to DKK 548m against DKK 614m in Q1/2015.

Impairment losses on loans and advances

Impairment losses on loans and advances totalled DKK 43m against DKK 156m in the same period last year. Individual as well as collective provisions reduced compared with Q1/2015.

Individual impairment provisions and collective impairment provisions were DKK 47m and a negative DKK 4m, respectively, against DKK 121m and DKK 35m in the same period last year. This equals a total reduction of DKK 113m, comprising a decline in individual and collective impairment provisions of DKK 74m and DKK 39m, respectively.

In Q1/2016, the expense equalled 0.01% of lending compared with 0.03% in the same period last year.

Write-offs for the period totalled DKK 133m, of which DKK 57m was covered by the partner banks by set-off against commission payable or by guarantees. In Q1/2015 write-offs came to DKK 142m, of which DKK 53m was set off against commission payable.

Impairment provisions totalled DKK 1,313m against DKK 1,342m at the beginning of the year. Total impairment provisions equalled 0.23% of lending. At end-2015, this ratio was still 0.23%.

Individual impairment provisions stood at DKK 528m and collective impairment provisions at DKK 785m.

The arrears ratio measured as at the December due date, 75 days past due, was 0.20% against 0.24% at the same time in 2015.

In Q1/2016, 259 properties mortgaged by Totalcredit were sold by public auction. 16 of these were acquired by Totalcredit. 14 properties were sold. At end-Q1/2016, the portfolio of acquired properties stood at 36 against 34 at the beginning of the year.

Investment portfolio income

Investment portfolio income was DKK 25m against DKK 115m in the same period last year.

Loans and advances

Totalcredit is Denmark's largest private residential mortgage provider.

Measured at fair value, the loan portfolio was DKK 580bn against DKK 570bn at the beginning of the year. At nominal value, the loan portfolio totalled DKK 575bn at 31 March 2016 compared with DKK 571bn at the same time last year.

Measured by the loan portfolio, Totalcredit's market share was 38.9% at end-Q1/2016 against 38.7% at the beginning of the year.



Measured by loan type, the share of interest-only loans in the loan portfolio grew from 54.3% at end-2015 to 54.5% at end-Q1/2016. The share of variable-rate loans fell from 58.7% to 58.5%.

Loan-to-value ratios (LTVs)

At end-Q1/2016, the average LTV ratio of the loan portfolio, determined as the top part of the loan amount for each property, was unchanged at 71% compared with end-2015.

For the part of the loan portfolio which is 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 to bondholders. The supplementary collateral requirement averaged DKK 17.5bn in Q1/2016.

Totalcredit raises supplementary collateral by investing part of its own funds or borrowed funds, primarily proceeds from issued secured senior debt, in particularly secure assets.

Balance sheet

At end-Q1/2016, the balance sheet stood at DKK 664.3bn against DKK 651.5bn at the beginning of the year.

Assets essentially consisted of three items: receivables from credit institutions of DKK 14.8bn, mortgage lending of DKK 580.1bn and a bond portfolio of DKK 67.5bn.

Liabilities essentially consisted of payables to the Parent Company, Nykredit Realkredit A/S, totalling DKK 623.4bn, of which DKK 612.2bn related to the funding of mortgage loans and DKK 11.2bn related to supplementary collateral for SDO-funded lending. At end-2015, payables amounted to DKK 606.3bn.

At end-Q1/2016, Totalcredit's self-issued covered bonds totalled DKK 13.6bn compared with DKK 18.4bn at end-2015.

Totalcredit Capital and capital adequacy

	31.03. 2016	31.03. 2015	Year-end 2015
DKK million			
Credit risk	79,038	94,140	80,761
Market risk	3,014	3,273	3,331
Operational risk	4,624	3,775	3,775
Total risk exposure amount¹	86,676	101,187	87,867
Equity	19,026	17,552	18,613
Common Equity Tier 1 capital deductions	250	93	21
Common Equity Tier 1 capital	18,776	17,459	18,591
Tier 2 capital	2,000	2,170	2,000
Tier 2 capital deductions	(17)	82	120
Own funds	20,760	19,711	20,711
Common Equity Tier 1 capital ratio, %	21.6	17.2	21.1
Total capital ratio, %	23.9	19.4	23.5
Internal capital adequacy requirement (Pillar I and Pillar II),%	11.2	11.2	11.3

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. The total risk exposure amount subject to transitional rules was DKK 225.1bn at end-Q1/2016, equal to a total capital ratio of 20.4%.

Equity including profit for the period totalled DKK 19.0bn at end-Q1/2016 compared with DKK 18.6bn at end-2015.

CAPITAL AND CAPITAL ADEQUACY

Own funds stood at DKK 20.8bn, and the risk exposure amount (REA) totalled DKK 86.7bn, corresponding to a total capital ratio of 23.9% against 23.5% at end-2015.

The Common Equity Tier 1 (CET1) capital came to DKK 18.8bn and the CET1 capital ratio was 21.6% at end-Q1/2016 compared with 21.1% at end-2015.

Under the Basel I transitional rules, the capital requirement was DKK 18.3bn, equal to a minimum total capital ratio of 21.2%, up from 20.5% at end-2015. The Basel I transitional rules have been extended to 2017 inclusive. By then, the European Commission must submit its proposed future minimum requirements.

Required own funds are the minimum capital required, in Management's judgement, to cover all significant risks. At 31 March 2016, own funds stood at DKK 9.7bn compared with DKK 9.9bn at end-2015.

The internal capital adequacy requirement is calculated as the required own funds as a percentage of REA. At 31 March 2016, the internal capital adequacy requirement was 11.2% against 11.3% at end-2015.

OUTLOOK FOR 2016

In the Annual Report 2015, Totalcredit forecast profit from core business in the range of DKK 1.5bn-1.7bn. Considering the performance in Q1/2016, Totalcredit maintains its full-year guidance.

CREDIT RATINGS

The lending activities of Totalcredit and Nykredit Realkredit, Totalcredit's Parent Company, are jointly funded. Due to the joint funding, Totalcredit 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. The covered bonds issued by Totalcredit through Capital Centre C are also rated AAA by Standard & Poor's. This capital centre is not open for new lending.

OTHER

Nykredit's stock exchange listing and KundeKroner

In Q1/2016 the Nykredit Group decided to pursue a stock exchange listing of Nykredit Holding A/S. The decision was made in light of the expected increase in capital requirements from international authorities, which will affect the Nykredit Group. On account of the stricter capital requirements Nykredit must expand its access to capital markets in order to be able to strengthen and enhance its market position as lender to the Danish housing market going forward.

As of 1 July 2016, the administration margins for all existing and new loans will be raised. This rise is the result of the capital requirements already adopted and also aims to ensure a limited use of interest-only loans, highly interest rate sensitive loans and loans with frequent refinancing.



In this connection, it was also decided to introduce a new customer benefits programme, KundeKroner, under which a part of the Nykredit Group's earnings will be repaid to its customers in the form of eg cash discounts. In this connection, the Committee of Representatives of Foreningen Nykredit (the Nykredit Association) decided to make a capital contribution of DKK 600m to Totalkredit.

The Board of Directors of Totalkredit subsequently decided to redistribute DKK 600m to the Company's customers. This corresponds to a cash benefit of DKK 1,000 for each million kroner borrowed to those of Totalkredit's customers that will be affected by price rises from 1 July 2016. The customers will receive four cash discounts of DKK 250 that will be deducted from their administration margin payments, beginning from 30 September 2017.

Totalkredit partnership extended to business customers

Having offered mortgage loans to homeowners for more than 25 years, the Totalkredit partnership has now entered the business mortgage market.

The first business customers were offered loans in December 2015 and the initiative has been well received by the partner banks. From April 2016, all partner banks can offer Totalkredit business mortgages.

Totalkredit business mortgages are offered to the segments office and retail, rental housing as well as industry and trades.

BUSINESS CONCEPT

Totalkredit is a wholly-owned subsidiary of Nykredit Realkredit A/S.

Totalkredit provides private residential mortgage loans through its partner banks – Danish local and regional banks – as well as through Nykredit Realkredit A/S.

Lending is funded through the issuance of bonds by means of inter-company funding between Totalkredit A/S and Nykredit Realkredit A/S.

Totalkredit's business concept is based on partner banks being responsible for customer services and covering a share of the risk of loss relating to the loan portfolio.

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

The partner banks receive fees for sales and risk management.

EVENTS SINCE THE BALANCE SHEET DATE

No 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.

UNCERTAINTY AS TO RECOGNITION AND MEASUREMENT

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

The areas in which assumptions and estimates significant 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 2015.

Uncertainty as to recognition and measurement is described in detail in the Company's accounting policies (note 1 of the Annual Report 2015), to which reference is made.



ACCOUNTING POLICIES

The Q1 Interim Report 2016 has been prepared in accordance with the Danish Financial Business Act and the Danish Financial Supervisory Authority's 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 2015. For a description, please refer to the Annual Report 2015.



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 2016 of Totalkredit A/S.

The Interim Report has 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.

Copenhagen, 12 May 2016

Executive Board

Troels Bülow-Olsen

Camilla Holm

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 2016 and of the results of the Company's operations and cash flows for the financial period 1 January – 31 March 2016.

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.

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

* Staff-elected member



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

DKK million

	Note	Q1/2016	Q1/2015
INCOME STATEMENT			
Interest income	1	3,826	4,504
Interest expenses	2	2,646	3,233
Net interest income		1,180	1,270
Fee and commission income	3	94	267
Fee and commission expenses	4	599	757
Net interest and fee income		676	781
Value adjustments	5	54	76
Other operating expenses		0	0
Staff and administrative expenses	6	155	127
Impairment losses on loans, advances and receivables	7	43	156
Profit before tax		530	574
Tax		117	135
Profit for the period		413	439
STATEMENT OF COMPREHENSIVE INCOME			
Comprehensive income			
Profit for the period		413	439
Other comprehensive income		-	-
Comprehensive income for the period		413	439



Balance sheet, end of period

DKK million

	Note	31.03.2016	31.12.2015
ASSETS			
Receivables from credit institutions and central banks	8	14,829	15,850
Loans, advances and other receivables at fair value	9	580,088	570,443
Loans, advances and other receivables at amortised cost	9	48	45
Bonds at fair value	10	67,509	62,843
Current tax assets		0	0
Deferred tax assets		2	2
Assets in temporary possession	11	11	25
Other assets	12	1,829	2,302
Prepayments		14	7
Total assets		664,330	651,517
LIABILITIES AND EQUITY			
Payables to credit institutions	13	623,614	606,415
Bonds in issue at fair value	14	13,606	18,368
Current tax liabilities		110	26
Other liabilities	15	5,968	6,089
Total payables		643,299	630,898
Provisions		6	6
Subordinated debt – Tier 2 capital	16	2,000	2,000
Equity			
Share capital		848	848
Reserves			
Series reserves		1,646	1,646
Other reserves		16,118	16,118
Retained earnings for the period		413	-
Total equity		19,026	18,613
Total liabilities and equity		664,330	651,517
OFF-BALANCE SHEET ITEMS			
Guarantees	17	0	0
Other commitments		8	8
Total		8	8



Statement of changes in equity

DKK million

	Share capital	Series reserves	Other reserves	Total
Equity, 1 January 2016	848	1,646	16,119	18,613
Profit for the period	-	-	413	413
Total comprehensive income for the period	-	-	413	413
Equity, 31 March 2016	848	1,646	16,532	19,026
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

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

Totalkredit is included in the consolidated financial statements of this company and the consolidated financial statements of Foreningen Nykredit (the Nykredit Association), Kalvebod Brygge 1-3, Copenhagen, which owns 89.8% of Nykredit Realkredit A/S. The financial statements [in Danish] of Foreningen Nykredit may be obtained from Foreningen Nykredit.

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.



Notes

DKK million

	Q1/2016	Q1/2015
1. INTEREST INCOME		
Receivables from credit institutions	(6)	(3)
Loans, advances and other receivables	2,647	3,153
Administration margin (income)	1,159	1,140
Bonds:		
- Self-issued covered bonds	54	5
- Other covered bonds	29	189
Derivative financial instruments:		
- Interest rate contracts	(4)	24
Total	3,880	4,509
Interest from self-issued covered bonds has been offset against interest expenses – note 2	(54)	(5)
Total	3,826	4,504
2. INTEREST EXPENSES		
Mortgage loan funding through Nykredit Realkredit A/S	2,563	2,989
Bonds in issue	67	148
Other payables to Nykredit Realkredit A/S	59	89
Subordinated debt	10	12
Other interest expenses	0	0
Total	2,700	3,238
Set-off of interest from self-issued covered bonds – note 1	(54)	(5)
Total	2,646	3,233
3. FEE AND COMMISSION INCOME		
Loan fees, new lending	51	180
Trading commission and other fees	43	87
Total	94	267
4. FEE AND COMMISSION EXPENSES		
Loan arrangement fees	45	204
Commission to loan arrangers	514	488
Trading commission and other fees	40	65
Total	599	757
5. VALUE ADJUSTMENTS		
Mortgage loans	5,836	740
Bonds	97	163
Foreign exchange, interest rate and other contracts as well as derivative financial instruments	(56)	(61)
Other liabilities	12	(26)
Bonds in issue, including payables to Nykredit Realkredit A/S relating to bonds issued by Nykredit Realkredit A/S in connection with the funding of mortgage loans granted by Totalkredit A/S	(5,836)	(740)
Total	54	76



Notes

DKK million

	Q1/2016	Q1/2015
6. STAFF AND ADMINISTRATIVE EXPENSES		
Remuneration of Board of Directors and Executive Board	1	1
Staff expenses	19	17
Administrative expenses	135	109
Total	155	127
Remuneration of Board of Directors and Executive Board		
Board of Directors:		
Fees	0	0
Executive Board:		
Salaries	1	1
Pensions	0	0
Total	1	1
Staff expenses:		
Salaries	15	13
Pensions	2	2
Other social security expenses and charges	2	2
Total	19	17
Number of staff		
Average number of staff, full-time equivalents	127	113
7. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES		
Change in individual impairment provisions for loans and advances	126	163
Change in collective impairment provisions for loans and advances	(4)	35
Write-offs for the period	6	11
Recoveries on claims previously written off	(7)	(3)
Total impairment losses on loans, advances and receivables	121	207
Value adjustment of assets in temporary possession	(22)	2
Losses covered by security from partner banks	(57)	(53)
Total	43	156
Specification of provisions for loan impairment		
Individual impairment provisions	528	584
Collective impairment provisions	785	726
Total impairment provisions	1,313	1,310
Individual impairment provisions		
Impairment provisions, beginning of period	553	545
Impairment provisions for the period	235	257
Impairment provisions reversed	(123)	(94)
Value adjustment of acquired properties	20	17
Impairment provisions written off	(119)	(108)
Impairment provisions, end of period	528	584
Collective impairment provisions		
Impairment provisions, beginning of period	789	691
Impairment provisions for the period, net	(4)	35
Impairment provisions, end of period	785	726



Notes

DKK million

	Q1/2016	Q1/2015
7. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES (continued)		
Individual impairment provisions for acquired properties		
Impairment provisions, beginning of period	70	99
Transfer from non-acquired properties	20	17
Impairment provisions for the period	1	4
Impairment provisions reversed	(6)	(3)
Impairment provisions written off	(9)	(23)
Impairment provisions, end of period	75	94
Specification of loans and advances		
Loans and advances subject to individual provisioning	2,821	2,339
Impairment provisions	(528)	(584)
Loans and advances after impairment	2,294	1,755
Loans and advances subject to collective provisioning	38,709	33,450
Impairment provisions	(783)	(726)
Loans and advances after impairment	37,926	32,723



Notes

DKK million

	31.03.2016	31.12.2015
8. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS		
Receivables from credit institutions	14,829	15,850
Total	14,829	15,850
9. LOANS AND ADVANCES		
Loans, advances and other receivables at fair value	580,088	570,443
Loans, advances and other receivables at amortised cost	48	45
Total	580,136	570,488
Loans, advances and other receivables at fair value		
Mortgage loans	579,871	570,321
Receivables from lending secured on non-acquired properties	217	123
Total	580,088	570,443
Mortgage loans		
Balance, beginning of period, nominal value	570,806	541,715
New loans	21,198	170,286
Ordinary principal payments	(1,893)	(7,159)
Prepayments and extraordinary principal payments	(15,514)	(134,036)
Balance, end of period, nominal value	574,597	570,806
Loans transferred relating to properties in temporary possession	(59)	(48)
Fair value adjustment	6,530	746
Adjustment for credit risk		
Individual impairment provisions	(412)	(394)
Collective impairment provisions	(785)	(789)
Balance, end of period, fair value	579,871	570,321
Receivables from lending secured on non-acquired properties		
Arrears before impairment provisions	105	105
Outlays before impairment provisions	229	177
Impairment provisions for arrears and outlays	(117)	(159)
Total	217	123
Mortgage arrears up to and including the December 2015 due date, for which no provisions have been made, amounted to DKK 0.		
Loans, advances and other receivables at amortised cost		
Mortgage loans	19	19
Other loans and advances	29	26
Total	48	45
Measured at fair value, the item amounted to DKK 48m at end-Q1/2016 and DKK 45m at end-2015.		
For mortgage loans, the following bank guarantees have been provided:		
Supplementary guarantees in addition to mortgages on real estate	20,218	18,767
Statutory guarantees for interim loans	13,471	14,117
Guarantees for loans disbursed before obtaining a registered mortgage	12,272	17,488
Total	45,961	50,372



Notes

DKK million

	31.03.2016	31.12.2015
10. BONDS AT FAIR VALUE		
- Self-issued covered bonds	323	2,084
- Other covered bonds	67,509	62,843
- Government bonds	0	0
Total	67,831	64,928
Set-off against "Bonds in issue at fair value" – note 14	(323)	(2,084)
Total bonds	67,509	62,843
11. PROPERTY, PLANT AND EQUIPMENT (assets in temporary possession)		
Debt outstanding, end of period	39	39
Outlays	22	22
Impairment provisions, end of period	(36)	(36)
Total	25	25
12. OTHER ASSETS		
Positive market value of derivative financial instruments	38	31
Interest and commission receivable on loans and advances	1,257	1,642
Interest receivable from bonds and credit institutions	490	596
Other	21	33
Total	1,805	2,302
13. PAYABLES TO CREDIT INSTITUTIONS		
Payables to credit institutions, other payables	174	128
Payables to Nykredit Realkredit A/S concerning supplementary collateral for SDO-funded mortgage lending	11,231	12,891
Payables to Nykredit Realkredit A/S concerning the funding of mortgage loans	612,209	593,396
Total	623,614	606,415
Of which payables to Nykredit Realkredit A/S concerning the funding of mortgage loans		
Balance, beginning of period, nominal value	593,450	576,935
Additions	45,998	271,457
Redemptions and prepayments	(30,628)	(243,139)
Prepayments and extraordinary principal payments	(2,370)	(11,823)
Balance, end of period, nominal value	606,450	593,430
Fair value adjustment	5,741	(54)
Total	612,191	593,376
Bonds in issue at amortised cost	18	19
Total	612,209	593,396
14. BONDS IN ISSUE AT FAIR VALUE		
Covered bonds issued against mortgages on real estate		
Balance, beginning of period, nominal value	19,651	37,776
Additions	0	0
Redemptions and prepayments	(6,440)	(16,123)
Prepayments and extraordinary principal payments	(72)	(2,002)
Balance, end of period	13,139	19,651
Set-off of self-issued bonds	(323)	(2,084)
Fair value adjustment	789	801
Total	13,606	18,368
Bonds redeemed at next creditor payment date	646	860



Notes

DKK million

	31.03.2016	31.12.2015
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	5,146	5,171
Negative market value of derivative financial instruments	84	63
Other	738	855
Total	5,968	6,089
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 that may be included in own funds totalled DKK 2,000m against DKK 3,100m at 31 March 2015.		
Subordinate loan capital		
Nom DKK 2,000m raised on 21 December 2015. The loan falls due at par (100) on 1 January 2026 and carries an interest rate of 2.1% above 3M Cibar.		
No costs were incurred in connection with the redemption or raising of subordinate loan capital.		
Total	2,000	2,000
Measured at fair value, subordinated debt amounted to DKK 2,000m.		
17. OFF-BALANCE SHEET ITEMS		
Guarantees		
Financial guarantees	0	0
Total	0	0
Other commitments		
Other liabilities	8	8
Total off-balance sheet items	8	8
Additional contingent liabilities		
Totalkredit participates in the Danish resolution scheme, implying that a resolution fund must be built up at sector level (banks and mortgage lenders etc), 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 was established on 1 July 2015 and must amount to at least 1% of the sector's covered deposits. The Resolution Fund will be based on annual contributions from the participating businesses and must be in place by end-2024. Totalkredit's contribution for the Danish Resolution Fund came to around DKK 0.4m in Q1/2016 and DKK 1m in H2/2015. Totalkredit further pays Nykredit Realkredit an amount corresponding to the part of the Group's contribution attributable to joint funding. In Q1/2016 the amount totalled DKK 14m.		



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 and 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 2016.

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 include mortgage loans granted on the terms stated in Totalkredit's price list.

Significant related party transactions prevailing/entered into in 2016 include:

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

Totalkredit's mortgage lending is funded through an agreement concerning joint funding with Nykredit Realkredit A/S, specified in note 13.

Totalkredit A/S raised loans with Nykredit Realkredit A/S serving as collateral in Totalkredit's capital centres. On 31 March 2016, these loans totalled DKK 11.2bn against DKK 12.9bn on 31 December 2015.

Totalkredit A/S has raised loans with Nykredit Realkredit A/S in the form of subordinated debt. At end-March 2016 and end-December 2015, Totalkredit had raised loans totalling DKK 2.0bn with Nykredit Realkredit A/S in the form of subordinated debt.

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.



Notes

DKK million

	31.03.2016	31.03.2015	31.12.2015
19. CAPITAL AND CAPITAL ADEQUACY			
Own funds			
Equity, end of period	19,026	17,552	18,613
Difference between expected losses and impairment losses	(305)	(27)	(21)
Other deductions	(56)	(82)	(13)
Transitional adjustment of deductions	112	16	13
Common Equity Tier 1 capital	18,776	17,459	18,591
Tier 2 capital (incl transitional adjustments)	2,000	2,170	2,000
Tier 2 capital deductions	39	90	126
Transitional adjustment of deductions	(56)	(8)	(6)
Set-off of excess deduction	-	-	-
Own funds	20,760	19,711	20,711
Capital requirement			
Credit risk	6,323	7,531	6,461
Market risk	241	262	266
Operational risk	370	302	302
Total capital requirement	6,934	8,095	7,029
Total capital requirement subject to transitional rule¹	18,332	18,237	17,998
Total risk exposure amount	86,676	101,187	87,867
Financial ratios			
Common Equity Tier 1 capital ratio, %	21.6	17.2	21.1
Total capital ratio, %	23.9	19.4	23.5
¹ The capital requirement is determined subject to a transitional rule in accordance with the transitional provisions of the EU's Capital Requirements Regulation. 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	6,323	7,531	6,461
Market risk	241	262	266
Operational risk	370	302	302
Total Pillar I	6,934	8,095	7,029
Pillar II – other risks			
Weaker economic climate	1,385	1,437	1,416
Other factors	1,351	1,754	1,464
Total Pillar II	2,736	3,191	2,880
Total required own funds	9,670	11,286	9,909
Total risk exposure amount	86,676	101,187	87,867
Internal capital adequacy requirement, %	11.2	11.2	11.3
Capital and capital adequacy have been determined in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 (the Capital Requirements Regulation) as well as the Danish transitional rules laid down by the Danish FSA.			



Five-year financial highlights

DKK million

	Q1/2016	Q1/2015	Q1/2014	Q1/2013	Q1/2012
INCOME STATEMENTS					
Net interest income	1,180	1,270	1,080	798	717
Net fee income	(504)	(489)	(464)	(384)	(266)
Net interest and fee income	676	781	616	414	451
Value adjustments	54	76	(15)	(18)	(23)
Other operating expenses	0	0	0	0	0
Staff and administrative expenses	155	127	95	95	102
Depreciation and impairment losses for property, plant and equipment	0	0	0	0	0
Impairment losses on loans, advances and receivables	43	156	18	123	152
Profit before tax	530	574	487	178	175
Tax	117	135	119	45	44
Profit for the period	413	438	368	133	131
SUMMARY BALANCE SHEET, END OF PERIOD					
	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
ASSETS					
Receivables from credit institutions	14,829	28,160	17,672	16,718	26,000
Mortgage loans	580,088	563,453	544,361	528,658	486,676
Bonds at fair value	67,509	113,770	92,539	99,557	89,315
Remaining assets	1,903	3,459	2,971	3,045	3,666
Total assets	664,330	708,842	657,543	647,978	605,657
LIABILITIES AND EQUITY					
Payables to credit institutions	623,614	653,649	585,452	566,943	505,019
Bonds in issue	13,606	25,880	44,993	54,799	74,150
Subordinated debt – Tier 2 capital	2,000	3,100	3,100	3,100	3,100
Remaining liabilities	6,084	8,661	7,976	7,913	9,439
Equity	19,026	17,552	16,022	15,223	13,949
Total liabilities and equity	664,330	708,842	657,543	647,978	605,657
FINANCIAL RATIOS					
Profit for the period as % of average equity	2.3	2.5	2.3	0.9	0.9
Profit before tax for the period as % of average equity	2.9	3.3	3.1	1.2	1.3
Loans and advances:equity	30.5	32.1	34.0	34.7	34.9
Growth in loans and advances for the period, %	6.1	1.4	(0.2)	1.1	1.2
Impairment losses for the period, %	0.01	0.03	0.00	0.02	0.03
Total capital ratio, %	23.9	19.4	19.3	21.1	17.9
Common Equity Tier 1 capital ratio, %	21.6	17.2	16.8	17.6	14.8
Average number of full-time staff	127	113	128	132	115



Six-quarter financial highlights

DKK million

	Q1/2016	Q4/2015	Q3/2015	Q2/2015	Q1/2015	Q4/2014
RESULTS FOR THE PERIOD						
Core income from						
- business operations	741	648	802	750	793	775
- senior secured debt	(30)	(30)	(39)	(43)	(44)	(47)
- securities	(8)	(8)	(7)	(7)	(8)	(1)
Income from core business	703	610	756	700	741	727
Operating costs, depreciation and amortisation	155	120	159	142	127	110
Profit from core business before impairment losses	548	490	597	558	614	617
Impairment losses on loans and advances	43	41	96	153	156	136
Profit from core business	505	449	501	405	459	481
Investment portfolio income	25	31	11	(9)	115	26
Profit before tax	530	480	511	396	574	507
Tax	117	113	120	93	135	125
Profit for the period	413	367	391	303	439	382
SUMMARY BALANCE SHEET, END OF PERIOD						
	31.03.2016	31.12.2015	30.09.2015	30.06.2015	31.03.2015	31.12.2014
ASSETS						
Receivables from credit institutions	14,829	15,850	18,384	22,048	28,160	23,607
Mortgage loans	580,088	570,443	564,680	559,804	563,453	555,593
Bonds at fair value	67,509	62,843	87,523	79,278	113,770	91,795
Remaining assets	1,903	2,381	2,724	2,915	3,459	3,758
Total assets	664,330	651,517	673,311	664,045	708,842	674,753
LIABILITIES AND EQUITY						
Payables to credit institutions	623,614	606,415	624,869	613,545	653,649	609,964
Bonds in issue	13,606	18,368	19,603	22,018	25,880	36,229
Subordinated debt – Tier 2 capital	2,000	2,000	3,100	3,100	3,100	3,100
Remaining liabilities	6,084	6,121	7,494	7,528	8,661	8,347
Equity	19,026	18,613	18,245	17,854	17,552	17,113
Total liabilities and equity	664,330	651,517	673,311	664,045	708,842	674,753
FINANCIAL RATIOS						
Profit for the period as % pa of average equity	9.1	8.4	8.7	6.8	10.1	9.0
Profit from core business as % pa of average equity	11.2	12.6	11.2	9.2	10.6	11.4
Costs as % of core income	22.1	19.4	20.8	20.3	17.1	15.1
Impairment losses for the period, %	0.01	0.10	0.02	0.03	0.03	0.02
Total capital ratio, %	23.9	23.5	23.2	21.4	19.4	20.9
Common Equity Tier 1 capital ratio, %	21.6	21.1	20.6	19.0	17.2	18.2

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.