

To Nasdaq Copenhagen
and the press

20 August 2015

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

INTERIM REPORT 2015 FOR THE PERIOD 1 JANUARY – 30 JUNE 2015

H1 – in brief

- Profit before tax came to DKK 969m against DKK 889m in H1/2014, up 9%.
- Core income from business operations grew by 18% from DKK 1,308m to DKK 1,543m. This was spurred by higher administration margin income and activity income.
- Operating costs amounted to DKK 269m against DKK 199m in H1/2014. Costs as a percentage of core income were 18.7% compared with 16.8% in H1/2014.
- Impairment losses on loans and advances came to DKK 309m against DKK 138m in H1/2014. The increase was chiefly attributable to higher collective impairment provisions, in part due to low marketability and stagnating prices of some property types.
- At nominal value, the loan portfolio totalled DKK 560bn compared with DKK 542bn at the beginning of the year. Totalkredit's share of Danish mortgage lending was 38.5% against 37.9% at the beginning of the year.

Own funds

- Equity stood at DKK 17.9bn at 30 June 2015 against DKK 17.1bn at end-2014.
- The total capital ratio and the Common Equity Tier 1 (CET1) capital ratio were 21.4% and 19.0%, respectively, against 20.9% and 18.2% at end-2014.
- The internal capital adequacy requirement was 11.2% against 10.6% at end-2014.

About Totalkredit A/S

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

Contact

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Financial highlights

DKK million

	H1/2015	H1/2014	FY 2014
Core earnings and profit for the period			
Core income from			
- business operations	1,543	1,308	2,829
- junior covered bonds	(87)	(118)	(220)
- securities	(15)	(5)	(8)
Total	1,441	1,185	2,601
Operating costs and depreciation	269	199	388
Core earnings before impairment losses	1,172	986	2,213
Impairment losses on loans and advances	309	138	406
Core earnings after impairment losses	863	848	1,807
Investment portfolio income	106	41	125
Profit before tax	969	889	1,932
Tax	228	218	474
Profit for the period	741	671	1,458
Summary balance sheet, end of period			
	30.06.2015	30.06.2014	31.12.2014
Assets			
Receivables from credit institutions	22,048	15,677	23,607
Mortgage loans at fair value	559,804	548,474	555,593
Bonds at fair value	79,278	53,325	91,795
Remaining assets	2,915	3,506	3,758
Total assets	664,045	620,982	674,753
Liabilities and equity			
Payables to credit institutions	613,545	551,044	609,964
Bonds in issue at fair value	22,018	43,079	36,229
Subordinated debt – Tier 2 capital	3,100	3,100	3,100
Remaining liabilities	7,528	7,434	8,347
Equity	17,854	16,325	17,113
Total liabilities and equity	664,045	620,982	674,753
Financial ratios			
Profit for the period as % of average equity pa	8.5	8.4	8.9
Core earnings before impairment losses as % of average equity pa	13.4	12.3	11.0
Costs as % of core income	18.7	16.8	14.9
Impairment losses for the period, %	0.05	0.03	0.1
Total capital ratio, %	21.4	20.4	20.9
Common Equity Tier 1 capital ratio, %	19.0	17.8	18.2
Internal capital adequacy requirement, %	11.2	10.2	10.6



H1 Interim Report 2015

Totalkredit posted a profit before tax of DKK 969m against DKK 889m in the same period last year. Profit after tax came to DKK 741m.

Results for H1/2015 included growth in income from business operations, reduced net interest expenses for junior covered bonds and an increase in impairment losses on loans and advances. Lastly, investment portfolio income improved.

Core earnings before impairment losses

Core income from business operations amounted to DKK 1,543m against DKK 1,308m in H1/2014. This was spurred by higher administration margin income and activity income.

Administration margin income and activity income were up by DKK 219m and DKK 130m, respectively, on the same period last year.

Net interest expenses for junior covered bonds came to DKK 87m against DKK 118m in H1/2014.

Core income from securities was a loss of DKK 15m against a loss of DKK 5m in the same period last year. Core income from securities further included interest expenses of DKK 22m for Tier 2 capital.

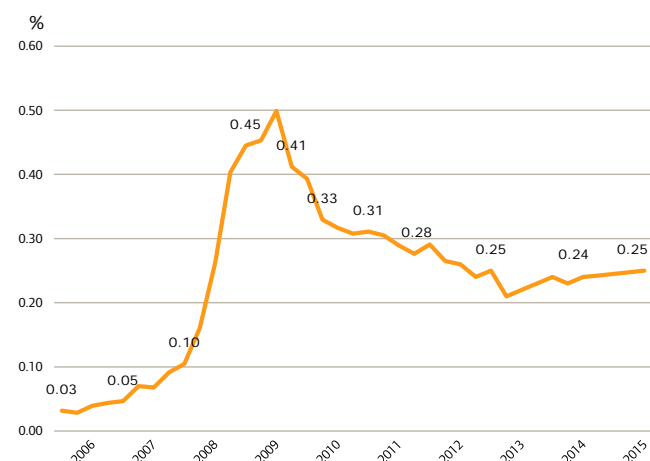
Operating costs came to DKK 269m, up 35% on H1/2014. The rise, which had been projected, was chiefly the result of higher IT expenses as well as changed intercompany settlements, as Totalkredit accounts for an increasing proportion of the Group's overall activities.

Core earnings before impairment losses came to DKK 1,172m against DKK 986m in H1/2014.

Impairment losses on loans and advances

Impairment losses on loans and advances totalled DKK 309m against DKK 138m in the same period last year. Individual impairment provisions and collective impairment provisions were DKK 214m and DKK 95m, respectively, against DKK 172m and a negative DKK 34m in the same period last year. For H1/2015 impairment losses equalled 0.05% of lending compared with 0.03% in the same period last year.

Arrears ratio, mortgage lending 75 days past due



Write-offs for the period totalled DKK 343m, of which DKK 137m was covered by the partner banks by set-off against commission payable or by guarantee. In H1/2014 write-offs came to DKK 276m, of which DKK 124m was set off against commission payable.

Impairment provisions totalled DKK 1,362m against DKK 1,236m at the beginning of the year, equal to 0.24% of lending.

Individual impairment provisions stood at DKK 576m and collective impairment provisions at DKK 786m.

The arrears ratio measured as at the March due date, 75 days past due, was 0.25% compared with 0.24% at the previous due date.

In H1/2015, 48 properties were acquired at forced sales, and 50 properties were sold. At end-H1/2015, the portfolio of acquired properties stood at 39 against 41 at the beginning of the year.

Investment portfolio income

Investment portfolio income was DKK 106m against DKK 41m in the same period last year.

Lending

Gross new lending came to DKK 112bn against DKK 29bn in H1/2014.

At nominal value, the loan portfolio totalled DKK 559.7bn, which was an DKK 18.0bn increase on the beginning of the year.

Measured by the loan portfolio, Totalkredit's market share was 38.5% at end-H1/2015 against 37.9% at the beginning of the year.

Loan-to-value ratios (LTVs)

The average LTV ratio of the loan portfolio, determined as the top part of the loan amount for each property, was 73% at end-H1/2015 compared with 76% at end-2014.

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 22.3bn in H1/2015.

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

Balance sheet

At end-H1/2015, the balance sheet stood at DKK 664.0bn against DKK 674.8bn at the beginning of the year.

Assets essentially consisted of three items: receivables from credit institutions of DKK 22.0bn, mortgage lending of DKK 559.8bn and a bond portfolio of DKK 79.3bn.

Liabilities essentially consisted of payables to the Parent Company, Nykredit Realkredit A/S, totalling DKK 613.5bn, of which DKK



596.2bn related to the funding of mortgage loans and DKK 17.3bn related to supplementary collateral for SDO-funded lending. At end-H1/2015, Totalkredit had issued DKK 22.0bn worth of bonds.

Equity including profit for the period totalled DKK 17.9bn at end-H1/2015.

Capital and capital adequacy

Own funds stood at DKK 20.1bn, and the risk exposure amount (REA) totalled DKK 93.9bn, corresponding to a total capital ratio of 21.4%.

Common Equity Tier 1 (CET1) capital came to DKK 17.8bn, corresponding to a CET1 capital ratio of 19.0% at end-Q2/2015.

Under the Basel I transitional rules, the total risk exposure amount came to DKK 223.0bn, equal to a total capital ratio requirement of at least 19.0%. The Basel I transitional rules have been extended to 2015 inclusive, but are expected to be further extended to 2019, at which time the new capital requirements will be fully implemented.

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

The internal capital adequacy requirement is calculated on the basis of the required own funds, which is the minimum capital required, in Management's judgement, to cover all significant risks. At end-Q2/2015, required own funds totalled DKK 20.1bn, equal to an internal capital adequacy requirement of 11.2%.

Credit ratings

The lending activities of Totalkredit and Nykredit Realkredit, Totalkredit's Parent Company, are jointly funded. Due to the joint funding, Totalkredit and Nykredit Realkredit use the same bond series

Totalkredit			
Capital and capital adequacy			
DKK million	30.06.2015	2014	2013
Credit risk	86,757	87,427	82,155
Market risk	3,334	2,912	2,476
Operational risk	3,775	3,049	3,077
Total risk exposure amount¹	93,865	93,388	87,708
Equity	17,854	17,113	15,655
Common Equity Tier 1 capital deductions	(14)	(82)	(34)
Common Equity Tier 1 capital	17,840	17,031	15,621
Tier 2 capital	2,170	2,480	3,100
Tier 2 deductions	94	29	(32)
Own funds	20,104	19,540	18,689
Common Equity Tier 1 capital ratio, %	19.0	18.2	17.8
Total capital ratio, %	21.4	20.9	21.3
Internal capital adequacy requirement (Pillar I and Pillar II), %	11.2	10.6	10.2

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. The total risk exposure amount subject to transitional rules was DKK 223.0bn at end-Q2/2015, equal to a total capital ratio of 19.0%.

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

Other

Jyske Bank and Totalkredit reach agreement in arbitration proceedings

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

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

Uncertainty as to recognition and measurement

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

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

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

Outlook for 2015

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

Results will generally depend on trends in the housing and financial markets.

Events occurred after the end of the financial period

No events have occurred in the period from the balance sheet date up to the presentation of the H1 Interim Report that may affect the assessment of the Interim Report.

Accounting policies

The H1 Interim Report 2015 has been prepared in accordance with the Danish Financial Business Act and the FSA Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc.

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

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

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



Management Statement

The Board of Directors and the Executive Board have today reviewed and approved the Interim Report for the period 1 January – 30 June 2015 of Totalkredit A/S.

The Interim Report and the Management's Review have been prepared in accordance with the Danish Financial Business Act and the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc.

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

Copenhagen, 20 August 2015

Executive Board

Troels Bülow-Olsen

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 30 June 2015 and of the results of the Company's operations and cash flows for the financial period 1 January – 30 June 2015.

We are furthermore of the opinion that the Management's Review gives a fair review of the development in the operations and financial circumstances of the Company as well as a description of the material risk and uncertainty factors which may affect the Company.

The Interim Report has not been audited or reviewed.

Board of Directors

Michael Rasmussen
Chairman

Claus E. Petersen
Deputy Chairman

Petter Blondeau

Anne Christiansen

Kim Duus

Karen Frøsig

Søren Holm

Anders Jensen

Michael Holm Jensen

Jari Loch Jensen

Gert Jonassen

Merete Nilausen

Bente Overgaard

**Statements of income and comprehensive income for 1 January – 30 June** DKK million

	Note	H1/2015	H1/2014
INCOME STATEMENT			
Interest income	1	8,877	8,637
Interest expenses	2	6,369	6,501
Net interest income		2,508	2,136
Fee and commission income	3	464	146
Fee and commission expenses	4	1,438	1,001
Net interest and fee income		1,534	1,280
Value adjustments	5	13	(54)
Other operating income		0	0
Staff and administrative expenses	6	269	199
Depreciation and impairment losses for property, plant and equipment		0	0
Impairment losses on loans, advances and receivables	7	309	138
Profit before tax		969	889
Tax		228	218
Profit for the period		741	671
STATEMENT OF COMPREHENSIVE INCOME			
Comprehensive income			
Profit for the period		741	671
Other comprehensive income		-	-
Comprehensive income for the period		741	671



Balance sheet, end of period

DKK million

	Note	30.06.2015	31.12.2014
ASSETS			
Receivables from credit institutions and central banks	8	22,048	23,607
Loans, advances and other receivables at fair value	9	559,804	555,777
Loans, advances and other receivables at amortised cost	9	40	42
Bonds at fair value	10	79,278	91,795
Deferred tax assets		2	2
Assets in temporary possession	11	34	29
Other assets	12	2,826	3,495
Prepayments		13	6
Total assets		664,045	674,753
LIABILITIES AND EQUITY			
Payables to credit institutions	13	613,545	609,964
Bonds in issue at fair value	14	22,018	36,229
Current tax liabilities		328	143
Other liabilities	15	7,194	8,200
Total payables		643,085	654,535
Provisions		6	6
Subordinated debt – Tier 2 capital	16	3,100	3,100
Equity			
Share capital		848	848
Reserves			
Series reserves		1,646	1,646
Other reserves		14,619	14,619
Retained earnings for the period		741	-
Total equity		17,854	17,113
Total liabilities and equity		664,045	674,753
OFF-BALANCE SHEET ITEMS			
Guarantees	17	0	0
Other commitments		8	10
Total		8	10



Statement of changes in equity

DKK million

	Share capital	Series reserves	Other reserves	Total
Equity, 1 January 2015	848	1,646	14,619	17,113
Profit for the period	-	-	741	741
Total comprehensive income for the period	-	-	741	741
Equity, 30 June 2015	848	1,646	15,360	17,854
Equity, 1 January 2014	848	1,646	13,161	15,655
Profit for the period	-	-	671	671
Total comprehensive income for the period	-	-	671	671
Equity, 30 June 2014	848	1,646	13,831	16,325

The share capital consists of 8,480,442 shares of DKK 100. There is only one share class. The entire share capital is held by Nykredit Realkredit A/S. 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. Published financial statements of the Nykredit Association may be obtained by contacting the Association.

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



Cash flow statement

DKK million

	30.06.2015	30.06.2014
Profit after tax for the period	741	671
Adjustment for non-cash operating items, depreciation and impairment losses		
Depreciation and impairment losses for property, plant and equipment	0	0
Impairment losses on loans and advances	309	138
Prepayments/deferred income, net	(6)	(2)
Tax calculated on profit for the period	228	218
Other adjustments	(191)	(13)
Total	340	341
Profit for the period adjusted for non-cash operating items	1,081	1,012
Change in working capital		
Lending	(4,333)	(8,006)
Deposits and payables to credit institutions	3,581	(14,691)
Covered bonds in issue	(14,211)	(3,489)
Other working capital	(151)	(1,393)
Total	(15,114)	(27,579)
Corporation tax paid, net	(42)	(51)
Cash flows from operating activities	(14,075)	(26,618)
Cash flows from investing and financing activities		
Investments	12,516	26,033
Total	12,516	26,033
Total cash flows	(1,559)	(585)
Cash and cash equivalents, beginning of period	23,607	16,263
Cash and cash equivalents, end of period	22,048	15,677



Notes

DKK million

	H1/2015	H1/2014
1. INTEREST INCOME		
Receivables from credit institutions	(15)	10
Loans, advances and other receivables	6,252	6,246
Administration margin (income)	2,281	2,062
Bonds:		
- Self-issued covered bonds	150	10
- Other covered bonds	212	294
Derivative financial instruments		
- Interest rate contracts	7	25
Total	8,887	8,647
Interest from self-issued covered bonds offset against interest expenses – note 2	(10)	(10)
Total	8,877	8,637
2. INTEREST EXPENSES		
Nykredit Realkredit A/S mortgage loan funding	5,907	5,728
Bonds in issue	271	506
Other payables to Nykredit Realkredit A/S	179	251
Subordinated debt	21	25
Other interest expenses	1	0
Total	6,379	6,510
Set-off of interest from self-issued covered bonds – note 1	(10)	(10)
Total	6,369	6,501
3. FEE AND COMMISSION INCOME		
Loan fees, new lending	301	87
Trading commission and other fees	163	59
Total	464	146
4. FEE AND COMMISSION EXPENSES		
Loan arrangement fees	340	70
Commission to loan arrangers	984	872
Trading commission and other fees	114	59
Total	1,438	1,001
5. VALUE ADJUSTMENTS		
Mortgage loans	(11,878)	7,090
Bonds	(33)	(19)
Foreign exchange, interest rate and other contracts as well as derivative financial instruments	(40)	63
Other liabilities	86	(99)
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	11,878	(7,089)
Total	13	(54)



Notes

DKK million

	H1/2015	H1/2014
6. STAFF AND ADMINISTRATIVE EXPENSES		
Remuneration of Board of Directors and Executive Board	3	3
Staff expenses	36	41
Administrative expenses	230	155
Total	269	199
Remuneration of Board of Directors and Executive Board		
Board of Directors:		
Remuneration	0	0
Executive Board:		
Salaries	3	3
Pensions	0	0
Total	3	3
Staff expenses:		
Salaries	28	33
Pensions	4	4
Other social security expenses and charges	4	4
Total	36	41
Number of staff		
Average number of staff, full-time equivalents	115	126
7. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES		
Change in individual impairment provisions for loans and advances	260	232
Change in collective impairment provisions for loans and advances	95	(34)
Write-offs for the period	83	47
Recoveries on claims previously written off	6	4
Total impairment losses on loans, advances and receivables	432	241
Value adjustment of assets in temporary possession	14	21
Losses covered by security from partner banks	(137)	(124)
Total	309	138
Specification of provisions for loan impairment		
Individual impairment provisions	576	480
Collective impairment provisions	786	669
Total impairment provisions	1,362	1,149
Individual impairment provisions		
Impairment provisions, beginning of period	545	472
Impairment provisions for the period	391	327
Impairment provisions reversed	131	95
Value adjustment of acquired properties	(21)	(35)
Impairment provisions written off	208	189
Impairment provisions, end of period	576	480
Collective impairment provisions		
Impairment provisions, beginning of period	691	702
Impairment provisions for the period, net	95	(33)
Impairment provisions, end of period	786	669



Notes

DKK million

	H1/2015	H1/2014
7. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES (continued)		
Individual impairment provisions for acquired properties		
Impairment provisions, beginning of period	99	104
Transfer from non-acquired properties	21	35
Impairment provisions for the period	17	24
Impairment provisions reversed	4	3
Impairment provisions written off	53	40
Impairment provisions, end of period	81	120
Specification of loans and advances		
Loans and advances subject to individual provisioning	2,426	2,156
Impairment provisions	(576)	(480)
Loans and advances after impairment provisions	1,850	1,676
Loans and advances subject to collective provisioning	36,101	30,213
Impairment provisions	(786)	(669)
Loans and advances after impairment provisions	35,315	29,544



Notes

DKK million

	30.06.2015	31.12.2014
8. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS		
Receivables from credit institutions	22,048	23,607
Total	22,048	23,607
9. LOANS AND ADVANCES		
Loans, advances and other receivables at fair value	559,804	555,777
Loans, advances and other receivables at amortised cost	40	42
Total	559,844	555,819
Loans, advances and other receivables at fair value		
Mortgage loans	559,610	555,566
Receivables from lending secured on non-acquired properties	194	212
Total	559,804	555,777
Mortgage loans		
Balance, beginning of period, nominal value	541,715	532,487
New loans	112,177	114,036
Ordinary principal payments	(3,398)	(6,448)
Prepayments and extraordinary principal payments	(90,785)	(98,360)
Balance, end of period, nominal value	559,709	541,715
Loans transferred relating to properties in temporary possession	(53)	(51)
Fair value adjustment	1,163	15,002
Adjustment for credit risk		
Individual impairment provisions	(423)	(409)
Collective impairment provisions	(786)	(691)
Balance, end of period, fair value	559,610	555,566
Receivables from lending secured on non-acquired properties		
Arrears before impairment	114	135
Outlays before impairment	234	213
Impairment of arrears and outlays	(153)	(136)
Total	194	212
Loans, advances and other receivables at amortised cost		
Mortgage loans	25	27
Other loans and advances	15	15
Total	40	42
Measured at fair value, the item amounted to DKK 40m at end-H1/2015 and DKK 42m at end-2014.		
For mortgage loans, the following bank guarantees have been provided:		
Supplementary guarantees in addition to mortgages over real estate	7,723	7,971
Statutory guarantees for interim loans	14,396	11,584
Guarantees for loans disbursed before obtaining a registered mortgage	36,746	30,092
Total	58,856	49,647



Notes

DKK million

	30.06.2015	31.12.2014
10. BONDS AT FAIR VALUE		
- Self-issued covered bonds	3,024	2,880
- Other covered bonds	78,896	91,414
- Government bonds	382	380
Total	82,302	94,675
Set-off against "Bonds in issue at fair value" – note 14	(3,024)	(2,880)
Total bonds	79,278	91,795
11. ASSETS IN TEMPORARY POSSESSION		
Debt outstanding, end of period	29	35
Outlays	32	37
Impairment provisions, end of period	(27)	(43)
Total	34	29
12. OTHER ASSETS		
Positive market value of derivative financial instruments	103	74
Interest and commission receivable on loans and advances	2,077	2,186
Interest receivable from bonds and credit institutions	613	1,204
Other	33	31
Total	2,826	3,495
13. PAYABLES TO CREDIT INSTITUTIONS		
Payables to credit institutions, other payables	64	65
Payables to Nykredit Realkredit A/S concerning supplementary collateral for SDO-funded mortgage lending	17,313	19,294
Payables to Nykredit Realkredit A/S concerning the funding of mortgage loans	596,168	590,605
Total	613,545	609,964
Of which payables to Nykredit Realkredit A/S concerning the funding of mortgage loans		
Balance, beginning of period, nominal value	576,936	531,233
Additions	160,639	237,267
Redemptions and prepayments	(136,383)	(184,647)
Prepayments and extraordinary principal payments	(5,212)	(6,917)
Balance, end of period, nominal value	595,980	576,936
Fair value adjustment	188	13,669
Total	596,168	590,605
14. BONDS IN ISSUE AT FAIR VALUE		
Covered bonds issued against mortgages over real estate		
Balance, beginning of period, nominal value	37,776	46,909
Additions	-	-
Redemptions and prepayments	(12,401)	(6,963)
Prepayments and extraordinary principal payments	(1,306)	(2,170)
Balance, end of period	24,069	37,776
Set-off of self-issued bonds	(3,024)	(2,880)
Fair value adjustment	973	1,333
Total	22,018	36,229
Bonds redeemed at next creditor payment date	2,670	3,949



Notes

DKK million

	30.06.2015	31.12.2014
15. OTHER LIABILITIES		
Interest payable on covered bonds in issue, including bonds issued by Nykredit Realkredit A/S for the funding of mortgage lending by Totalkredit A/S	5,772	6,669
Negative market value of derivative financial instruments	100	58
Other	1,321	1,473
Total	7,194	8,200
16. SUBORDINATED DEBT		
Subordinated debt consists of financial liabilities in the form of subordinate loan capital which, in case of voluntary or compulsory liquidation, will not be repaid until the claims of ordinary creditors have been met. Nykredit Realkredit A/S is creditor on the loans. Subordinated debt is included in Totalkredit's own funds in accordance with the EU's Capital Requirements Regulation.		
Nom DKK 2,600m. The loan falls due at par (100) on 24 June 2018 and carries an interest rate of 0.45% pa above 3M Cibur.		
Nom DKK 500m. The loan falls due at par (100) on 1 December 2018 and carries an interest rate of 6.00% pa above 3M Cibur.		
Measured at fair value, the two loans total DKK 3,100m.		
17. OFF-BALANCE SHEET ITEMS		
Guarantees		
Financial guarantees	0	0
Total guarantees	0	0
Other commitments		
Other	8	10
Total other commitments	8	10
Total off-balance sheet items	8	10



Notes

18. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

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

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

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

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

Agreement on joint funding of mortgage lending.

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

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

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

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

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

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



Capital and capital adequacy

DKK million

	30.06.2015	31.12.2014
Own funds		
Equity, end of period	17,854	17,113
Difference between expected losses and impairment losses	(12)	(128)
Other deductions	(9)	(56)
Transitional adjustment of deductions	7	102
Common Equity Tier 1 capital	17,840	17,031
Tier 2 capital (incl transitional adjustments)	2,170	2,480
Tier 2 deductions	97	80
Transitional adjustment of deductions	(3)	(51)
Set-off of excess deduction	-	-
Own funds	20,104	19,540
Capital requirement		
Credit risk	6,941	6,994
Market risk	267	233
Operational risk	302	244
Total capital requirement	7,509	7,471
Total capital requirement subject to transitional rule¹	17,858	17,916
Total risk exposure amount	93,865	93,388
Financial ratios		
Common Equity Tier 1 capital ratio, %	19.0	18.2
Total capital ratio, %	21.4	20.9
¹ The capital requirement is 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	6,941	6,994
Market risk	267	233
Operational risk	302	244
Total Pillar I	7,509	7,471
Pillar II – other risks		
Weaker economic climate	1,342	1,311
Other factors	1,664	1,071
Total Pillar II	3,006	2,382
Total required own funds	10,515	9,853
Total risk exposure amount	93,865	93,388
Internal capital adequacy requirement, %	11.2	10.6
Capital and capital adequacy have been determined in accordance with Capital Requirements Regulation (EU) No 575/2013 of 26 June 2013 of the European Parliament and the Council as well as the Danish transitional rules laid down by the Danish FSA.		



Five-year financial highlights

DKK million

	H1/2015	H1/2014	H1/2013	H1/2012	H1/2011
INCOME STATEMENT					
Net interest income	2,508	2,136	1,567	1,488	1,346
Net fee income	(974)	(856)	(768)	(578)	(553)
Net interest and fee income	1,534	1,280	799	910	793
Value adjustments	13	(54)	(58)	(40)	(97)
Other operating income	0	0	0	1	0
Staff and administrative expenses	269	199	201	196	186
Depreciation and impairment losses for property, plant and equipment	0	0	0	0	0
Impairment losses on loans, advances and receivables	309	138	245	331	139
Profit before tax	969	889	296	344	371
Tax	228	218	74	86	93
Profit for the period	741	671	222	258	278
SUMMARY BALANCE SHEET, END OF PERIOD					
	30.06.2015	30.06.2014	30.06.2013	30.06.2012	30.06.2011
ASSETS					
Receivables from credit institutions	22,048	15,677	14,559	23,288	8,871
Mortgage loans	559,804	548,474	531,185	503,733	459,243
Bonds at fair value	79,278	53,325	50,393	45,890	26,220
Remaining assets	2,915	3,506	3,577	4,217	4,060
Total assets	664,045	620,982	599,714	577,128	498,394
LIABILITIES AND EQUITY					
Payables to credit institutions	613,545	551,044	521,723	482,187	392,783
Bonds in issue	22,018	43,079	52,371	67,368	80,735
Subordinated debt – Tier 2 capital	3,100	3,100	3,100	3,100	2,600
Remaining liabilities	7,528	7,434	7,209	9,647	8,742
Equity	17,854	16,325	15,311	14,826	13,534
Total liabilities and equity	664,045	620,982	599,714	577,128	498,394
FINANCIAL RATIOS					
Profit for the period as % of average equity	4.2	4.2	1.5	1.8	2.1
Profit before tax for the period as % of average equity	5.5	5.6	1.9	2.4	2.8
Loans and advances:equity	31.4	33.6	34.7	34.0	33.9
Growth in loans and advances for the period, %	0.72	0.12	2.4	4.7	1.8
Impairment losses for the period, %	0.05	0.03	0.05	0.07	0.03
Total capital ratio, %	21.4	20.4	21.9	19.7	22.8
Common Equity Tier 1 capital ratio, %	19.0	17.8	18.3	16.4	19.3
Average number of full-time staff	115	126	129	118	121



Six-quarter financial highlights

DKK million

	Q2/2015	Q1/2015	Q4/2014	Q3/2014	Q2/2014	Q1/2014
CORE EARNINGS AND PROFIT FOR THE PERIOD						
Core income from						
- business operations	750	793	775	746	669	639
- junior covered bonds	(43)	(44)	(47)	(55)	(59)	(59)
- securities	(7)	(8)	(1)	(2)	(3)	(2)
Total	700	741	727	689	607	578
Operating costs and depreciation	142	127	110	79	104	95
Core earnings before impairment losses	558	614	617	610	503	483
Impairment losses on loans and advances	153	156	136	132	120	18
Core earnings after impairment losses	405	459	481	478	383	465
Investment portfolio income	(9)	115	26	58	18	23
Profit before tax	396	574	507	536	402	487
Tax	93	135	125	131	99	119
Profit for the period	303	439	382	405	303	368
SUMMARY BALANCE SHEET, END OF PERIOD						
	30.06.2015	31.03.2015	31.12.2014	30.09.2014	30.06.2014	31.03.2014
ASSETS						
Receivables from credit institutions	22,048	28,160	23,607	20,255	15,677	17,672
Mortgage loans	559,804	563,453	555,593	552,349	548,474	544,361
Bonds at fair value	79,278	113,770	91,795	108,592	53,325	92,539
Remaining assets	2,915	3,459	3,758	3,993	3,506	2,971
Total assets	664,045	708,842	674,753	685,189	620,982	657,543
LIABILITIES AND EQUITY						
Payables to credit institutions	613,545	653,649	609,964	613,738	551,044	585,452
Bonds in issue	22,018	25,880	36,229	42,036	43,079	44,993
Subordinated debt – Tier 2 capital	3,100	3,100	3,100	3,100	3,100	3,100
Remaining liabilities	7,528	8,661	8,347	9,585	7,434	7,976
Equity	17,854	17,552	17,113	16,730	16,325	16,022
Total liabilities and equity	664,045	708,842	674,753	685,189	620,982	657,543
FINANCIAL RATIOS						
Profit for the period as % of average equity pa	6.8	10.1	9.0	9.8	7.5	9.3
Core earnings after impairment losses as % of average equity, pa	9.2	10.6	11.4	11.6	9.5	11.7
Costs as % of core income	20.3	17.1	15.1	11.5	17.1	16.5
Impairment losses for the period, %	0.03	0.03	0.02	0.02	0.02	0.00
Total capital ratio, %	21.4	19.4	20.9	20.4	20.4	19.3
Common Equity Tier 1 capital ratio, %	19.0	17.2	18.2	17.7	17.8	16.8

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