

To Nasdaq Copenhagen

18 August 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 – 30 JUNE 2016

H1 – in brief

- Excluding the statutory contribution to the Danish Resolution Fund, profit from core business was up by 22% to DKK 1,054m against DKK 863m in H1/2015.
- Core income decreased by 6% from DKK 1,543m to DKK 1,454m. The decline should be seen in light of the high refinancing activity in H1/2015, which increased earnings.
- Operating costs, depreciation and amortisation were DKK 288m against DKK 269m in H1/2015. Costs as a percentage of core income came to 20.8% compared with 18.7% in H1/2015.
- Impairment losses on loans and advances came to DKK 44m against DKK 309m in H1/2015. Individual as well as collective impairment provisions reduced compared with H1/2015.
- Profit before tax came to DKK 1,089m against DKK 969m in H1/2015, up 12%. Profit for the period increased from DKK 741m in H1/2015 to DKK 849m.
- At nominal value, the loan portfolio totalled DKK 580bn 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.
- Based on the performance in H1/2016, Totalkredit raises its full-year guidance for profit from core business by DKK 0.1bn to around DKK 1.6bn-1.8bn.

Own funds

- Equity stood at DKK 19.5bn at 30 June 2016 against DKK 18.6bn at end-2015.
- The total capital ratio and the Common Equity Tier 1 (CET1) capital ratio were 23.2% and 21.0%, respectively, against 23.5% and 21.1% at end-2015.
- The internal capital adequacy requirement was 10.9% 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

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Financial highlights

DKK million

	H1/2016	H1/2015	FY 2015
Results from core business and profit for the period			
Core income from			
- business operations	1,454	1,543	2,993
- senior secured debt	(53)	(87)	(156)
- interest expenses for subordinated debt	(20)	(22)	(41)
- securities	5	6	11
Income from core business	1,386	1,441	2,807
Operating costs and depreciation	288	269	547
Mandatory contribution to the Danish Resolution Fund	35	-	1
Profit from core business before impairment losses	1,063	1,172	2,259
Impairment losses on loans and advances	44	309	446
Profit from core business	1,019	863	1,813
Investment portfolio income	69	106	148
Profit before tax	1,089	969	1,961
Tax	240	228	461
Profit for the period	849	741	1,500
Summary balance sheet, end of period			
	30.06.2016	30.06.2015	31.12.2015
Assets			
Receivables from credit institutions	17,230	22,048	15,850
Mortgage loans at fair value	590,239	559,804	570,443
Bonds at fair value	53,644	79,278	62,843
Remaining assets	1,647	2,915	2,381
Total assets	662,760	664,045	651,517
Liabilities and equity			
Payables to credit institutions	622,514	613,545	606,415
Bonds in issue at fair value	12,816	22,018	18,368
Subordinated debt – Tier 2 capital	2,000	3,100	2,000
Remaining liabilities	5,968	7,528	6,121
Equity	19,462	17,854	18,613
Total liabilities and equity	662,760	664,045	651,517
Financial ratios			
Profit for the period as % pa of average equity	8.9	8.5	8.4
Profit from core business before impairment losses as % pa of average equity	11.2	13.4	12.6
Costs, excl mandatory contribution to the Danish Resolution Fund, as % of core income	20.8	18.7	19.4
Impairment losses for the period, %	0.01	0.05	0.10
Total capital ratio, %	23.2	21.4	23.5
Common Equity Tier 1 capital ratio, %	21.0	19.0	21.1
Internal capital adequacy requirement, %	10.9	11.2	11.3
Average number of full-time staff	129	115	120



H1/2016 – in brief

Totalkredit recorded a profit from core business of DKK 1,054m, excluding the mandatory contribution to the Danish Resolution Fund, against DKK 863m in the same period last year. Profit after tax was DKK 849m against DKK 741m in H1/2015.

Activity levels in H1/2016 were largely in line with expectations, albeit lower than in the same period in 2015 when earnings were affected by high activity due in part to loan refinancing.

Total costs rose partly as a consequence of expenses for the Danish Resolution Fund, whereas impairment losses reduced by DKK 265m.

Profit from core business before impairment losses

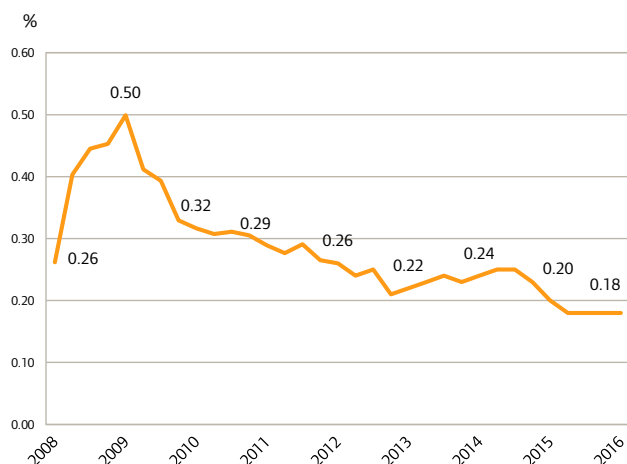
Core income from business operations amounted to DKK 1,454m against DKK 1,543m in H1/2015. This should be seen in light of lower activity levels causing activity income to drop by DKK 80m to DKK 161m. Administration margin income rose by DKK 41m to DKK 2,322m, while other interest expenses grew by DKK 50m.

Net interest expenses for senior secured debt came to DKK 53m against DKK 87m in H1/2015.

Interest expenses relating to subordinated debt came to DKK 20m, while core income from securities was DKK 5m. This was largely unchanged on the same period last year, when DKK 22m and DKK 6m, respectively, were recorded.

Operating costs and depreciation came to DKK 288m, up 7% on the same period last year. The rise was in part attributable to higher payroll costs due to an increase in the average number of staff from 115 to 129. The increasing staff numbers were in part due to higher advisory activity following Jyske Bank's exit from the Totalkredit partnership. Add to this, changes in intercompany settlements as Totalkredit accounts for an increasing proportion of the Group's overall activities, including increased use of IT resources for new products etc.

Arrears ratio, mortgage lending 75 days past due



Totalkredit's H1/2016 mandatory contribution to the Danish Resolution Fund totalled DKK 35m, of which DKK 34m is part of Totalkredit's intercompany settlements corresponding to the part of the Group charge relating to Totalkredit's share of the joint funding.

Profit from core business before impairment losses came to DKK 1,063m against DKK 1,172m in H1/2015.

Impairment losses on loans and advances

Impairment losses on loans and advances totalled DKK 44m against DKK 309m in the same period last year. Higher property prices across Denmark have a favourable effect on incurred losses as well as individual and collective impairment provisions.

Individual impairment provisions and collective impairment provisions were DKK 126m and a negative DKK 83m, respectively, against DKK 214m and DKK 95m in the same period last year. This equals a total reduction of DKK 265m, comprising a decline in individual and collective impairment provisions of DKK 88m and DKK 178m, respectively.

In H1/2016, the expense equalled 0.01% of lending compared with 0.05% in the same period last year.

Write-offs for the period totalled DKK 287m, of which DKK 124m was covered by the partner banks by set-off against commission payable or by guarantees. In H1/2015 write-offs came to DKK 343m, of which DKK 124m was set off against commission payable.

Impairment provisions totalled DKK 1,226m against DKK 1,362m at the beginning of the year. Total impairment provisions equalled 0.21% of lending. At end-2015, this ratio was 0.23%.

Individual impairment provisions stood at DKK 519m and collective impairment provisions at DKK 707m.

The arrears ratio measured as at the March due date, 75 days past due, was 0.18% against 0.25% at the same time in 2015. The graph shows the 0.18% compared with figures as at 31 December in previous years.

In H1/2016, 307 properties mortgaged by Totalkredit were sold by public auction. In the same period, Totalkredit acquired 32 properties by foreclosure and sold 29. At end-H1/2016, the portfolio of properties acquired by foreclosure stood at 37 against 34 at the beginning of the year.

Investment portfolio income

Investment portfolio income was DKK 69m against DKK 106m in the same period last year.

Loans and advances

Totalkredit is Denmark's largest private residential mortgage provider.

Measured at fair value, the loan portfolio amounted to DKK 590bn against DKK 570bn at the beginning of the year. At nominal value, the loan portfolio totalled DKK 580bn at 30 June 2016 compared with DKK 571bn at the beginning of the year.



Measured by the loan portfolio, Totalcredit's market share was 38.9% at end-H1/2016 against 38.7% at the beginning of the year, which is very satisfactory considering the portfolio mix.

Measured by loan type, the share of interest-only loans in the loan portfolio fell from 54.3% at end-2015 to 54.2% at end-H1/2016. The share of variable-rate loans fell from 58.7% to 58.5%.

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 72.1% at end-H1/2016 against 70.7% at end-H1/2015.

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 H1/2016.

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

Balance sheet

At end-H1/2016, the balance sheet stood at DKK 662.8bn against DKK 651.5bn at the beginning of the year.

Assets essentially consisted of three items: receivables from credit institutions of DKK 17.2bn, mortgage lending of DKK 590.2bn and a bond portfolio of DKK 53.6bn.

Liabilities essentially consisted of payables to the Parent Company, Nykredit Realkredit A/S, totalling DKK 622.5bn, of which DKK 611.2bn 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-H1/2016, Totalcredit's self-issued covered bonds totalled DKK 12.8bn compared with DKK 18.4bn at end-2015.

Totalcredit			
Capital and capital adequacy			
	30.06.	30.06.	Year-end
DKK million	2016	2015	2015
Credit risk	82,853	86,757	80,761
Market risk	3,355	3,334	3,331
Operational risk	4,624	3,775	3,775
Total risk exposure amount	90,832	93,865	87,867
Equity	19,461	17,854	18,613
Common Equity Tier 1 capital deductions	(319)	(14)	21
Common Equity Tier 1 capital	19,143	17,840	18,591
Tier 2 capital	2,000	2,170	2,000
Tier 2 capital deductions	62	94	120
Own funds	21,081	20,104	20,711
Common Equity Tier 1 capital ratio, %	21.0	19.0	21.1
Total capital ratio, %	23.2	21.4	23.5
Internal capital adequacy requirement (Pillar I and Pillar II),%	10.9	11.2	11.3

Equity including profit for the period totalled DKK 19.5bn at end-H1/2016 compared with DKK 18.6bn at end-2015.

CAPITAL AND CAPITAL ADEQUACY

Own funds stood at DKK 21.1bn, and the risk exposure amount (REA) totalled DKK 90.8bn, corresponding to a total capital ratio of 23.2% against 23.5% at end-2015.

The Common Equity Tier 1 (CET1) capital came to DKK 19.1bn and the CET1 capital ratio was 21.0% at end-H1/2016 compared with 21.1% at end-2015.

Under the Basel I transitional rules, the capital requirement was DKK 18.6bn, equal to a minimum total capital ratio of 20.5%, which is unchanged from 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 30 June 2016, own funds stood at DKK 9.9bn, which was unchanged on end-2015.

The internal capital adequacy requirement is calculated as the required own funds as a percentage of REA. At 30 June 2016, the internal capital adequacy requirement was 10.9% against 11.3% at end-2015.

OUTLOOK FOR 2016

In the Q1 Interim Report 2016, Totalcredit forecast profit from core business in the range of DKK 1.5bn-1.7bn. Considering the performance in H1/2016, Totalcredit raises its full-year profit guidance by DKK 0.1bn to DKK 1.6bn-1.8bn.

In connection with the full-year guidance it should be noted that especially the Danish central bank's short-term interest rates, mortgage market activity and the level of loan impairment losses may affect results from core business. Loan impairment losses were very low in H1/2016.

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 Holding's stock exchange listing

Nykredit's Board of Directors and Committee of Representatives have decided to prepare for a stock exchange listing of Nykredit Holding A/S.

Stock exchange listing is necessary in order for Nykredit to be able to raise additional share capital in coming years as capital requirements must be expected to increase significantly due to new international regulation. Add to this the already significant variations in capital requirements under the current legislation due in part to property price



and economic trends, but also to the fact that the authorities may amend the capital requirements in some areas.

Price adjustments at Totalkredit

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 aims to limit the use of interest-only loans, highly interest rate sensitive loans and loans with frequent refinancing. Customers with long-term fixed-rate repayment loans will thus experience the smallest increase.

KundeKroner

KundeKroner is a customer benefits programme, which will award discounts to Totalkredit and Nykredit customers.

The programme will initially be introduced to customers of Totalkredit as the Committee of Representatives of Foreningen Nykredit (the Nykredit Association) has decided to make a capital contribution of DKK 600m to Totalkredit.

The Board of Directors of Totalkredit subsequently decided to deduct a cash discount of around DKK 1,000 for each million kroner borrowed from the administration margin payments of Totalkredit's customers. The amount will be deducted over four quarters, beginning with the administration margin payment for Q3/2017.

Totalkredit partnership extended to business mortgages

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

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.

Change in Totalkredit's Board of Directors

Bente Overgaard resigned from the Executive Board of the Nykredit Group and the Board of Directors of Totalkredit in H1/2016.

Change in Nykredit's Group Executive Board

Effective from 1 September 2016, Nykredit will be reorganising its Group Executive Board.

In connection with the reorganisation, David Hellemann will join the Group Executive Board as Group Managing Director, responsible for Totalkredit and the CFO/COO areas of the entire Nykredit Group. At the same time, David Hellemann will also join Totalkredit's and Nykredit Bank's Boards of Directors.

BUSINESS CONCEPT

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

Totalkredit provides private residential and business 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 on private residential housing 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 material 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.

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 H1 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 Financial Statements 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 – 30 June 2016 of TotalCredit 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, 18 August 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 30 June 2016 and of the results of the Company's operations and cash flows for the financial period 1 January – 30 June 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 subject to audit or review.

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*

* Staff-elected member



Statements of income and comprehensive income for 1 January – 30 June

DKK million

	Note	H1/2016	H1/2015
INCOME STATEMENT			
Interest income	1	7,700	8,877
Interest expenses	2	5,304	6,369
Net interest income		2,396	2,508
Fee and commission income	3	202	464
Fee and commission expenses	4	1,225	1,438
Net interest and fee income		1,373	1,534
Value adjustments	5	79	13
Other income from ordinary activities		2	0
Staff and administrative expenses	6	321	269
Other operating expenses		1	0
Impairment losses on loans, advances and receivables	7	44	309
Profit before tax		1,089	969
Tax		240	228
Profit for the period		849	741
STATEMENT OF COMPREHENSIVE INCOME			
Comprehensive income			
Profit for the period		849	741
Other comprehensive income		-	-
Comprehensive income for the period		849	741



Balance sheet, end of period

DKK million

	Note	30.06.2016	31.12.2015
ASSETS			
Receivables from credit institutions and central banks	8	17,230	15,850
Loans, advances and other receivables at fair value	9	590,189	570,443
Loans, advances and other receivables at amortised cost	9	49	45
Bonds at fair value	10	53,644	62,843
Current tax assets		0	0
Deferred tax assets		3	2
Assets in temporary possession	11	11	25
Other assets	12	1,621	2,302
Prepayments		13	7
Total assets		662,760	651,517
LIABILITIES AND EQUITY			
Payables to credit institutions	13	622,514	606,415
Bonds in issue at fair value	14	12,816	18,368
Current tax liabilities		234	26
Other liabilities	15	5,727	6,089
Total payables		641,292	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	14,619
Retained earnings for the period		849	1,500
Total equity		19,462	18,613
Total liabilities and equity		662,760	651,517
OFF-BALANCE SHEET ITEMS			
Guarantees	17	0	0
Other commitments		7	8
Total		7	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	-	-	849	849
Total comprehensive income for the period	-	-	849	849
Equity, 30 June 2016	848	1,646	16,968	19,462
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

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. The 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

	H1/2016	H1/2015
1. INTEREST INCOME		
Receivables from credit institutions	(10)	(15)
Loans, advances and other receivables	5,205	6,252
Administration margin (income)	2,322	2,281
Bonds:		
- self-issued covered bonds	91	150
- other covered bonds	55	212
- government bonds	6	0
Derivative financial instruments:		
- interest rate contracts	34	7
Total	7,702	8,887
Interest from self-issued covered bonds has been offset against interest expenses – note 2	(2)	(10)
Total	7,700	8,877
2. INTEREST EXPENSES		
Mortgage loan funding through Nykredit Realkredit A/S	5,047	5,907
Bonds in issue	131	271
Other payables to Nykredit Realkredit A/S	107	179
Subordinated debt	20	21
Other interest expenses	0	1
Total	5,306	6,379
Set-off of interest from self-issued covered bonds – note 1	(2)	(10)
Total	5,304	6,369
3. FEE AND COMMISSION INCOME		
Loan fees, new lending	111	301
Trading commission and other fees	91	163
Total	202	464
4. FEE AND COMMISSION EXPENSES		
Loan arrangement fees	106	340
Commission to loan arrangers	1,036	984
Trading commission and other fees	83	114
Total	1,225	1,438
5. VALUE ADJUSTMENTS		
Mortgage loans	10,552	(11,878)
Bonds	189	(33)
Foreign exchange, interest rate and other contracts as well as derivative financial instruments	(127)	(40)
Other liabilities	18	86
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	(10,552)	11,878
Total	79	13



Notes

DKK million

	H1/2016	H1/2015
6. STAFF AND ADMINISTRATIVE EXPENSES		
Remuneration of Board of Directors and Executive Board	3	3
Staff expenses	41	36
Administrative expenses	277	230
Total	321	269
Remuneration of Board of Directors and Executive Board		
Board of Directors:		
Fees	0	0
Executive Board:		
Salaries	3	3
Pensions	0	0
Total	3	3
Staff expenses:		
Salaries	30	28
Pensions	4	4
Other social security expenses and charges	6	4
Total	41	36
Number of staff		
Average number of staff, full-time equivalents	129	115
7. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES		
Change in individual impairment provisions for loans and advances	199	260
Change in collective impairment provisions for loans and advances	(83)	95
Write-offs for the period	60	83
Recoveries on claims previously written off	12	6
Total impairment losses on loans, advances and receivables	164	432
Value adjustment of assets in temporary possession	7	14
Losses covered by security from partner banks	(124)	(137)
Value adjustment of claims previously written off	(5)	-
Total	44	309
Specification of provisions for loan impairment		
Individual impairment provisions	519	576
Collective impairment provisions	707	786
Total impairment provisions	1,226	1,362
Individual impairment provisions		
Impairment provisions, beginning of period	553	545
Impairment provisions for the period	325	391
Impairment provisions reversed	126	131
Value adjustment of properties acquired by foreclosure	(26)	(21)
Impairment provisions written off	207	208
Impairment provisions, end of period	519	576
Collective impairment provisions		
Impairment provisions, beginning of period	789	691
Impairment provisions for the period, net	(83)	95
Impairment provisions, end of period	707	786



Notes

DKK million

	H1/2016	H1/2015
7. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES (continued)		
Individual impairment provisions for properties acquired by foreclosure		
Impairment provisions, beginning of period	70	99
Transfer from non-acquired properties	26	21
Impairment provisions for the period	15	17
Impairment provisions reversed	7	4
Impairment provisions written off	20	53
Impairment provisions, end of period	84	81
Specification of loans and advances		
Loans and advances subject to individual provisioning	3,022	2,426
Impairment provisions	(519)	(576)
Loans and advances after impairment	2,503	1,850
Loans and advances subject to collective provisioning	39,533	36,101
Impairment provisions	(707)	(786)
Loans and advances after impairment	38,826	35,315



Notes

DKK million

	30.06.2016	31.12.2015
8. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS		
Receivables from credit institutions	17,230	15,850
Total	17,230	15,850
9. LOANS AND ADVANCES		
Loans, advances and other receivables at fair value	590,189	570,443
Loans, advances and other receivables at amortised cost	49	45
Total	590,239	570,488
Loans, advances and other receivables at fair value		
Mortgage loans	589,986	570,321
Receivables from lending secured on non-acquired properties	204	123
Total	590,189	570,443
Mortgage loans		
Balance, beginning of period, nominal value	570,806	541,715
New loans	52,751	170,286
Ordinary principal payments	(4,119)	(7,159)
Prepayments and extraordinary principal payments	(39,480)	(134,036)
Balance, end of period, nominal value	579,957	570,806
Loans transferred relating to properties in temporary possession	(53)	(48)
Fair value adjustment	11,195	746
Adjustment for credit risk		
Individual impairment provisions	(406)	(394)
Collective impairment provisions	(707)	(789)
Balance, end of period, fair value	589,986	570,321
Receivables from lending secured on non-acquired properties		
Arrears before impairment provisions	94	105
Outlays before impairment provisions	222	177
Impairment provisions for arrears and outlays	(112)	(159)
Total	204	123
Mortgage arrears up to and including the March 2016 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	30	26
Total	49	45
Measured at fair value, the item amounted to DKK 49m at end-H1/2016 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	21,396	18,767
Statutory guarantees for interim loans	14,391	14,117
Guarantees for loans disbursed before obtaining a registered mortgage	16,316	17,488
Total	52,103	50,372



Notes

DKK million

	30.06.2016	31.12.2015
10. BONDS AT FAIR VALUE		
- Self-issued covered bonds	344	2,084
- Other covered bonds	52,632	62,843
- Government bonds	1,011	0
Total	53,988	64,928
Set-off against "Bonds in issue at fair value" – note 14	(344)	(2,084)
Total bonds	53,644	62,843
11. PROPERTY, PLANT AND EQUIPMENT (assets in temporary possession)		
Debt outstanding, end of period	28	39
Outlays	22	22
Impairment provisions, end of period	(39)	(36)
Total	11	25
12. OTHER ASSETS		
Positive market value of derivative financial instruments	43	31
Interest and commission receivable on loans and advances	1,281	1,642
Interest receivable from bonds and credit institutions	278	596
Other	19	33
Total	1,621	2,302
13. PAYABLES TO CREDIT INSTITUTIONS		
Payables to credit institutions, other payables	100	128
Payables to Nykredit Realkredit A/S concerning supplementary collateral for SDO-funded mortgage lending	11,218	12,891
Payables to Nykredit Realkredit A/S concerning the funding of mortgage loans	611,196	593,396
Total	622,514	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	79,304	271,457
Redemptions and prepayments	(66,478)	(243,139)
Prepayments and extraordinary principal payments	(5,547)	(11,823)
Balance, end of period, nominal value	600,730	593,430
Fair value adjustment	10,446	(54)
Total	611,177	593,376
Bonds in issue at amortised cost	19	19
Total	611,196	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	(7,086)	(16,123)
Prepayments and extraordinary principal payments	(153)	(2,002)
Balance, end of period	12,412	19,651
Set-off of self-issued bonds	(344)	(2,084)
Fair value adjustment	748	801
Total	12,816	18,368
Bonds redeemed at next creditor payment date	657	860



Notes

DKK million

	30.06.2016	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	4,547	5,171
Negative market value of derivative financial instruments	63	63
Other	1,118	855
Total	5,727	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 30 June 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 Cibur.		
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	7	8
Total off-balance sheet items	7	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 to the Danish Resolution Fund came to around DKK 1m in H1/2016 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 H1/2016 the amount totalled DKK 34m.		



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 30 June 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-June 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

	30.06.2016	30.06.2015	31.12.2015
19. CAPITAL AND CAPITAL ADEQUACY			
Own funds			
Equity, end of period	19,461	17,854	18,613
Difference between expected losses and impairment losses	(394)	(12)	(21)
Other deductions	(81)	(9)	(13)
Transitional adjustment of deductions	156	7	13
Common Equity Tier 1 capital	19,143	17,840	18,591
Tier 2 capital (incl transitional adjustments)	2,000	2,170	2,000
Tier 2 capital deductions	16	97	126
Transitional adjustment of deductions	(78)	(3)	(6)
Set-off of excess deduction	-	-	-
Own funds	21,081	20,104	20,711
Capital requirement			
Credit risk	6,628	6,941	6,461
Market risk	268	267	266
Operational risk	370	302	302
Total capital requirement	7,267	7,509	7,029
Total capital requirement subject to transitional rule¹	18,623	17,858	17,998
Total risk exposure amount	90,832	93,865	87,867
Financial ratios			
Common Equity Tier 1 capital ratio, %	21.0	19.0	21.1
Total capital ratio, %	23.2	21.4	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	6,628	6,941	6,461
Market risk	268	267	266
Operational risk	370	302	302
Total Pillar I	7,267	7,509	7,029
Pillar II – other risks			
Weaker economic climate	1,413	1,342	1,416
Other factors	1,209	1,664	1,464
Total Pillar II	2,622	3,006	2,880
Total required own funds	9,888	10,515	9,909
Total risk exposure amount	90,832	93,865	87,867
Internal capital adequacy requirement, %	10.9	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 Financial Supervisory Authority.			



Five-year financial highlights

DKK million

	H1/2016	H1/2015	H1/2014	H1/2013	H1/2012
INCOME STATEMENT					
Net interest income	2,396	2,508	2,136	1,567	1,488
Net fee income	(1,023)	(974)	(856)	(768)	(578)
Net interest and fee income	1,373	1,534	1,280	799	910
Value adjustments	79	13	(54)	(58)	(40)
Other income from ordinary activities	2	0	0	0	0
Other operating expenses	35	0	0	0	1
Staff and administrative expenses	288	269	199	201	196
Depreciation and impairment losses for property, plant and equipment	0	0	0	0	0
Impairment losses on loans, advances and receivables	44	309	138	245	331
Profit before tax	1,089	969	889	296	344
Tax	240	228	218	74	86
Profit for the period	849	741	671	222	258
SUMMARY BALANCE SHEET, END OF PERIOD					
	30.06.2016	30.06.2015	30.06.2014	30.06.2013	30.06.2012
ASSETS					
Receivables from credit institutions	17,230	22,048	15,677	14,559	23,288
Mortgage loans	590,239	559,804	548,474	531,185	503,733
Bonds at fair value	53,644	79,278	53,325	50,393	45,890
Remaining assets	1,647	2,915	3,506	3,577	4,217
Total assets	662,760	664,045	620,982	599,714	577,128
LIABILITIES AND EQUITY					
Payables to credit institutions	622,514	613,545	551,044	521,723	482,187
Bonds in issue	12,816	22,018	43,079	52,371	67,368
Subordinated debt – Tier 2 capital	2,000	3,100	3,100	3,100	3,100
Remaining liabilities	5,968	7,528	7,434	7,209	9,647
Equity	19,462	17,854	16,325	15,311	14,826
Total liabilities and equity	662,760	664,045	620,982	599,714	577,128
FINANCIAL RATIOS					
Profit for the period as % of average equity	4.5	4.2	4.2	1.5	1.8
Profit before tax for the period as % of average equity	5.7	5.5	5.6	1.9	2.4
Loans and advances:equity	30.3	31.4	33.6	34.7	34.0
Growth in loans and advances for the period, %	1.59	0.72	0.12	2.4	4.7
Impairment losses for the period, %	0.01	0.05	0.03	0.05	0.07
Total capital ratio, %	23.2	21.4	20.4	21.9	19.7
Common Equity Tier 1 capital ratio, %	21.0	19.0	17.8	18.3	16.4
Average number of full-time staff	129	115	126	129	118



Six-quarter financial highlights

DKK million

	Q2/2016	Q1/2016	Q4/2015	Q3/2015	Q2/2015	Q1/2015
RESULTS FOR THE PERIOD						
Core income from						
- business operations	713	741	648	802	750	793
- senior secured debt	(23)	(30)	(20)	(30)	(33)	(32)
- interest expenses from subordinated debt	(10)	(10)	(10)	(9)	(10)	(12)
- securities	3	2	(8)	(7)	(7)	(8)
Income from core business	683	703	610	756	700	741
Operating costs and depreciation	148	140	120	159	142	127
Contribution to resolution scheme	20	15	1	-	-	-
Profit from core business before impairment losses	515	548	490	597	558	614
Impairment losses on loans and advances	1	43	41	96	153	156
Profit from core business	514	505	449	501	405	459
Investment portfolio income	44	25	31	11	(9)	115
Profit before tax	559	530	480	511	396	574
Tax	123	117	113	120	93	135
Profit for the period	436	413	367	391	303	439
SUMMARY BALANCE SHEET, END OF PERIOD						
	30.06.2016	31.03.2016	31.12.2015	30.09.2015	30.06.2015	31.03.2015
ASSETS						
Receivables from credit institutions	17,230	14,829	15,850	18,384	22,048	28,160
Mortgage loans	590,239	580,088	570,443	564,680	559,804	563,453
Bonds at fair value	53,644	67,509	62,843	87,523	79,278	113,770
Remaining assets	1,647	1,903	2,381	2,724	2,915	3,459
Total assets	662,760	664,330	651,517	673,311	664,045	708,842
LIABILITIES AND EQUITY						
Payables to credit institutions	622,514	623,614	606,415	624,869	613,545	653,649
Bonds in issue	12,816	13,606	18,368	19,603	22,018	25,880
Subordinated debt – Tier 2 capital	2,000	2,000	2,000	3,100	3,100	3,100
Remaining liabilities	5,968	6,084	6,121	7,494	7,528	8,661
Equity	19,462	19,026	18,613	18,245	17,854	17,552
Total liabilities and equity	662,760	664,330	651,517	673,311	664,045	708,842
FINANCIAL RATIOS						
Profit for the period as % pa of average equity	8.9	9.1	8.4	8.7	6.8	10.1
Profit from core business as % pa of average equity	10.7	11.2	12.6	11.2	9.2	10.6
Costs as % of core income	20.7	22.1	19.4	20.8	20.3	17.1
Impairment losses for the period, %	0.01	0.01	0.01	0.02	0.03	0.03
Total capital ratio, %	23.2	23.9	23.5	23.2	21.4	19.4
Common Equity Tier 1 capital ratio, %	21.0	21.6	21.1	20.6	19.0	17.2

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.