

To Nasdaq Copenhagen

5 November 2015

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 SEPTEMBER 2015

H1 – in brief

- Profit before tax came to DKK 1,481m against DKK 1,425m in Q1-Q3/2014, up 4%.
- Core income from business operations grew by 14% from DKK 2,054m to DKK 2,345m. This was spurred by higher administration margin income and activity income.
- Operating costs amounted to DKK 407m against DKK 278m in Q1-Q3/2014. Costs as a percentage of core income were 19.2% compared with 14.8% in Q1-Q3/2014.
- Impairment losses on loans and advances came to DKK 405m against DKK 270m in Q1-Q3/2014. The increase was, in part, attributable to low marketability of property and risks on lending with expiry of interest-only periods in the coming years.
- At nominal value, the loan portfolio totalled DKK 565bn 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 18.2bn at 30 September 2015 against DKK 17.1bn at end-2014.
- The total capital ratio and the Common Equity Tier 1 (CET1) capital ratio were 23.2% and 20.6%, respectively, against 20.9% and 18.2% at end-2014.
- The internal capital adequacy requirement was 11.4% 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

	Q1-Q3/2015	Q1-Q3/2014	FY 2014
Core earnings and profit for the period			
Core income from			
- business operations	2,345	2,054	2,829
- senior secured debt	(126)	(173)	(220)
- securities	(22)	(7)	(8)
Total	2,197	1,874	2,601
Operating costs and depreciation	407	278	388
Other operating expenses	21	-	-
Core earnings before impairment losses	1,769	1,596	2,213
Impairment losses on loans and advances	405	270	406
Core earnings after impairment losses	1,364	1,326	1,807
Investment portfolio income	117	99	125
Profit before tax	1,481	1,425	1,932
Tax	348	349	474
Profit for the period	1,133	1,076	1,458
Summary balance sheet, end of period			
	30.09.2015	30.09.2014	31.12.2014
Assets			
Receivables from credit institutions	18,384	20,255	23,607
Mortgage loans at fair value	564,680	552,349	555,593
Bonds at fair value	87,523	108,592	91,795
Remaining assets	2,703	3,993	3,758
Total assets	673,311	685,189	674,753
Liabilities and equity			
Payables to credit institutions	624,869	613,738	609,964
Bonds in issue at fair value	19,603	42,036	36,229
Subordinated debt – Tier 2 capital	3,100	3,100	3,100
Remaining liabilities	7,494	9,585	8,347
Equity	18,245	16,730	17,113
Total liabilities and equity	673,311	685,189	674,753
Financial ratios			
Profit for the period as % of average equity pa	8.5	8.9	8.9
Core earnings before impairment losses as % of average equity pa	13.3	13.1	11.0
Costs as % of core income	19.2	14.8	14.9
Impairment losses for the period, %	0.07	0.05	0.07
Total capital ratio, %	23.2	20.4	20.9
Common Equity Tier 1 capital ratio, %	20.6	17.7	18.2
Internal capital adequacy requirement, %	11.4	10.7	10.6



Q1-Q3 Interim Report 2015

Totalkredit posted a profit before tax of DKK 1,481m against DKK 1,425m in the same period last year. Profit after tax came to DKK 1,133m.

Results for Q1-Q3/2015 included growth in income from business operations, reduced net interest expenses for secured senior debt and an increase in operating costs and impairment losses on loans and advances. Lastly, investment portfolio income improved.

Core earnings before impairment losses

Core income from business operations amounted to DKK 2,345m against DKK 2,054m in Q1-Q3/2014. This was spurred by higher administration margin income and activity income.

Administration margin income and activity income were up by DKK 337m and DKK 155m, respectively, on the same period last year.

Net interest expenses for senior secured debt came to DKK 126m against DKK 173m in Q1-Q3/2014.

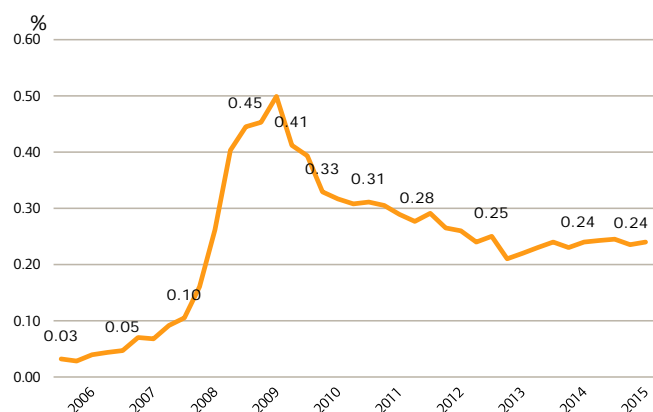
Core income from securities was a loss of DKK 22m against a loss of DKK 7m in the same period last year. Core income from securities further included interest expenses of DKK 31m for Tier 2 capital.

Operating costs came to DKK 407m, up 46% on Q1-Q3/2014. 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.

Totalkredit's contribution to the Resolution Fund scheme is estimated at DKK 21m, cf Other.

Core earnings before impairment losses came to DKK 1,769m against DKK 1,596m in Q1-Q3/2014.

Arrears ratio, mortgage lending 75 days past due



Impairment losses on loans and advances

Impairment losses on loans and advances totalled DKK 405m against DKK 270m in the same period last year. The increase was, in part, attributable to low marketability of property and risks on lending with expiry of interest-only periods in the coming years

Individual impairment provisions and collective impairment provisions were DKK 287m and DKK 118m, respectively, against DKK 287m and a negative DKK 18m in the same period last year. In Q1-Q3/2015, the expense equalled 0.07% of lending compared with 0.05% in the same period last year.

Write-offs for the period totalled DKK 507m, of which DKK 206m was covered by the partner banks by set-off against commission payable or by guarantee. In Q1-Q3/2014 write-offs came to DKK 452m, of which DKK 195m was set off against commission payable.

Impairment provisions totalled DKK 1,378m against DKK 1,236m at the beginning of the year, equal to 0.24% of lending.

Individual impairment provisions stood at DKK 569m and collective impairment provisions at DKK 809m.

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

In Q1-Q3/2015, 61 properties were acquired at forced sales, and 66 properties were sold. At end-Q3/2015, the portfolio of acquired properties stood at 36 against 41 at the beginning of the year.

Investment portfolio income

Investment portfolio income was DKK 117m against DKK 99m in the same period last year.

Lending

Gross new lending came to DKK 142bn against DKK 65bn in Q1-Q3/2014.

At nominal value, the loan portfolio totalled DKK 565bn, which was a DKK 23bn increase on the beginning of the year, when lending totalled DKK 542bn.

Measured by the loan portfolio, Totalkredit's market share was 38.5% at end-Q3/2014 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 71% at end-Q3/2015 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 21bn in Q1-Q3/2015.



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-Q3/2015, the balance sheet stood at DKK 673.3bn against DKK 674.8bn at the beginning of the year.

Assets essentially consisted of three items: receivables from credit institutions of DKK 18.4bn, mortgage lending of DKK 564.7bn and a bond portfolio of DKK 87.5bn.

Liabilities essentially consisted of payables to the Parent Company, Nykredit Realkredit A/S, totalling DKK 624.9bn, of which DKK 611.8bn related to the funding of mortgage loans and DKK 13.0bn related to supplementary collateral for SDO-funded lending. At end-Q3/2015, Totalcredit's self-issued covered bonds totalled DKK 19.6bn.

Equity including profit for the period totalled DKK 18.2bn at end-Q3/2015.

Capital and capital adequacy

Own funds stood at DKK 20.6bn, and the risk exposure amount (REA) totalled DKK 88.4bn, corresponding to a total capital ratio of 23.2%. Common Equity Tier 1 (CET1) capital came to DKK 18.2bn, corresponding to a CET1 capital ratio of 20.6% at end-Q3/2015.

Under the Basel I transitional rules, the total risk exposure amount came to DKK 225.1bn, equal to a total capital ratio requirement of at least 20.4%. The Basel I transitional rules have been extended to 2017 inclusive. Post-transitional rules are in progress.

Totalcredit 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

Totalcredit			
Capital and capital adequacy			
DKK million	30.09.2015	2014	2013
Credit risk	81,586	87,427	82,155
Market risk	2,993	2,912	2,476
Operational risk	3,775	3,049	3,077
Total risk exposure amount¹	88,354	93,388	87,708
Equity	18,245	17,113	15,655
Common Equity Tier 1 capital deductions	(14)	(82)	(34)
Common Equity Tier 1 capital	18,232	17,031	15,621
Tier 2 capital	2,170	2,480	3,100
Tier 2 capital deductions	157	29	(32)
Own funds	20,559	19,540	18,689
Common Equity Tier 1 capital ratio, %	20.6	18.2	17.8
Total capital ratio, %	23.2	20.9	21.3
Internal capital adequacy requirement (Pillar I and Pillar II), %	11.4	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 225.1bn at end-Q3/2015, equal to a total capital ratio of 20.4%.

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-Q3/2015, required own funds totalled DKK 10.1bn, equal to an internal capital adequacy requirement of 11.4%.

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

Jyske Bank and Totalcredit reach agreement in arbitration proceedings

In February Jyske Bank and Totalcredit agreed to settle the pending arbitration proceedings. The settlement stipulates the terms for Jyske Bank's exit from the Totalcredit 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.

New member of Totalcredit's Executive Board

As at 30 September 2015, Camilla Holm, Senior Vice President of Totalcredit Business Development, joined Totalcredit's Executive Board, which now comprises Troels Bülow-Olsen and Camilla Holm.

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

Totalcredit alliance also to include commercial lending

Having offered mortgage loans to homeowners for more than 25 years, the Totalcredit alliance has now entered the commercial loan market. From December 2015, the first businesses will be offered commercial loans, and from March 2016 all of the around 60 partner banks can offer Totalcredit-branded commercial loans.

Totalcredit loans are offered to businesses in the segments office and retail, residential rental property and industry and trades.

The launch of commercial loans strengthens the Totalcredit alliance, providing new growth potential for both partner banks and Totalcredit.

EU rules on the recovery and resolution of banks

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



In continuation of this, a resolution fund has been established, which must amount to at least 1% of the covered deposits of the participating businesses. The resolution fund will be constituted by contributions paid by the participating businesses, and it must be built up by end-2024.

The calculations for H2/2015, including Totalkredit's share, have not been finalised yet, but DKK 21m has been charged to the income statement in the Q1-Q3 Interim Report 2015, equal to the estimated expense for Q3.

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 1.6bn-1.7bn, an improvement of around DKK 0.2bn compared with the guidance in the Annual Report 2014 and the H1 Interim Report 2015.

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 Q1-Q3 Interim Report that may affect the assessment of the Interim Report.

Accounting policies

The Q1-Q3 Interim Report 2015 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 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 September 2015 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.

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

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

The Interim Report has not been audited or reviewed.

Copenhagen, 5 November 2015

Executive Board

Troels Bülow-Olsen

Camilla Holm

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 September

	Note	Q1-Q3/2015	Q1-Q3/2014
DKK million			
INCOME STATEMENT			
Interest income	1	12,997	13,149
Interest expenses	2	9,274	9,869
Net interest income		3,723	3,281
Fee and commission income	3	594	305
Fee and commission expenses	4	2,063	1,543
Net interest and fee income		2,255	2,044
Value adjustments	5	60	(71)
Other operating expenses		21	0
Staff and administrative expenses	6	408	278
Depreciation and impairment losses for property, plant and equipment		0	0
Impairment losses on loans, advances and receivables	7	405	270
Profit before tax		1,481	1,425
Tax		348	349
Profit for the period		1,133	1,076
STATEMENT OF COMPREHENSIVE INCOME			
Comprehensive income			
Profit for the period		1,133	1,076
Other comprehensive income		-	-
Comprehensive income for the period		1,133	1,076



Balance sheet, end of period

DKK million

	Note	30.09.2015	31.12.2014
ASSETS			
Receivables from credit institutions and central banks	8	18,384	23,607
Loans, advances and other receivables at fair value	9	564,680	555,777
Loans, advances and other receivables at amortised cost	9	38	42
Bonds at fair value	10	87,523	91,795
Deferred tax assets		2	2
Assets in temporary possession	11	37	29
Other assets	12	2,637	3,495
Prepayments		11	6
Total assets		673,311	674,753
LIABILITIES AND EQUITY			
Payables to credit institutions	13	624,869	609,964
Bonds in issue at fair value	14	19,603	36,229
Current tax liabilities		448	143
Other liabilities	15	7,040	8,200
Total payables		651,960	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		1,133	-
Total equity		18,245	17,113
Total liabilities and equity		673,311	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	-	-	1,133	1,133
Total comprehensive income for the period	-	-	1,133	1,133
Equity, 30 September 2015	848	1,646	15,752	18,245
Equity, 1 January 2014	848	1,646	13,161	15,655
Profit for the period	-	-	1,076	1,076
Total comprehensive income for the period	-	-	1,076	1,076
Equity, 30 September 2014	848	1,646	14,236	16,730

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. The financial statements [in Danish] of Foreningen Nykredit may be obtained from the company.

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

	30.09.2015	30.09.2014
Profit after tax for the period	1,133	1,076
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	405	270
Prepayments/deferred income, net	(4)	0
Tax calculated on profit for the period	348	349
Other adjustments	(193)	(3)
Total	556	616
Profit for the period adjusted for non-cash operating items	1,689	1,692
Change in working capital		
Lending	(9,303)	(12,015)
Deposits and payables to credit institutions	14,905	48,004
Covered bonds in issue	(16,626)	(4,532)
Other working capital	(118)	128
Total	(11,142)	31,585
Corporation tax paid, net	(42)	(51)
Cash flows from operating activities	(9,495)	33,226
Cash flows from investing and financing activities		
Investments	4,272	(29,234)
Total	4,272	(29,234)
Total cash flows	(5,223)	3,992
Cash and cash equivalents, beginning of period	23,607	16,263
Cash and cash equivalents, end of period	18,384	20,255



Notes

DKK million

	Q1-Q3/2015	Q1-Q3/2014
1. INTEREST INCOME		
Receivables from credit institutions	(20)	15
Loans, advances and other receivables	9,100	9,501
Administration margin (income)	3,434	3,097
Bonds:		
- Self-issued covered bonds	12	12
- Other covered bonds	489	470
Derivative financial instruments:		
- Interest rate contracts	(6)	67
Total	13,009	13,162
Interest from self-issued covered bonds offset against interest expenses – note 2	(12)	(12)
Total	12,997	13,149
2. INTEREST EXPENSES		
Nykredit Realkredit A/S mortgage loan funding	8,641	8,733
Bonds in issue	356	741
Other payables to Nykredit Realkredit A/S	258	368
Subordinated debt	31	39
Other interest expenses	0	0
Total	9,286	9,881
Set-off of interest from self-issued covered bonds – note 1	(12)	(12)
Total	9,274	9,869
3. FEE AND COMMISSION INCOME		
Loan fees, new lending	374	189
Trading commission and other fees	220	116
Total	594	305
4. FEE AND COMMISSION EXPENSES		
Loan arrangement fees	416	153
Commission to loan arrangers	1,476	1,275
Trading commission and other fees	171	115
Total	2,063	1,543
5. VALUE ADJUSTMENTS		
Mortgage loans	(11,898)	(7,686)
Bonds	(27)	34
Foreign exchange, interest rate and other contracts as well as derivative financial instruments	(77)	71
Other liabilities	163	(176)
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	11,898	7,686
Total	60	(71)



Notes

DKK million

	Q1-Q3/2015	Q1-Q3/2014
6. STAFF AND ADMINISTRATIVE EXPENSES		
Remuneration of Board of Directors and Executive Board	4	4
Staff expenses	54	61
Administrative expenses	349	213
Total	408	278
Remuneration of Board of Directors and Executive Board		
Board of Directors:		
Remuneration	1	1
Executive Board:		
Salaries	3	3
Pensions	0	0
Total	4	4
Staff expenses:		
Salaries	43	50
Pensions	5	5
Other social security expenses and charges	6	6
Total	54	61
Number of staff		
Average number of staff, full-time equivalents	118	124
7. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES		
Change in individual impairment provisions for loans and advances	297	312
Change in collective impairment provisions for loans and advances	118	(18)
Write-offs for the period	200	142
Recoveries on claims previously written off	(8)	(5)
Total impairment losses on loans, advances and receivables	607	431
Value adjustment of assets in temporary possession	4	34
Losses covered by security from partner banks	(206)	(195)
Total	405	270
Specification of provisions for loan impairment		
Individual impairment provisions	569	506
Collective impairment provisions	809	684
Total impairment provisions	1,378	1,190
Individual impairment provisions		
Impairment provisions, beginning of period	545	472
Impairment provisions for the period	450	416
Impairment provisions reversed	(152)	(104)
Value adjustment of acquired properties	(25)	(40)
Impairment provisions written off	(248)	(238)
Impairment provisions, end of period	569	506
Collective impairment provisions		
Impairment provisions, beginning of period	691	702
Impairment provisions for the period, net	118	(18)
Impairment provisions, end of period	809	684



Notes

DKK million

	Q1-Q3/2015	Q1-Q3/2014
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	25	40
Impairment provisions for the period	36	38
Impairment provisions reversed	(32)	(3)
Impairment provisions written off	(59)	(72)
Impairment provisions, end of period	70	107
Specification of loans and advances		
Loans and advances subject to individual provisioning	2,364	2,164
Impairment provisions	(569)	(506)
Loans and advances after impairment provisions	1,795	1,658
Loans and advances subject to collective provisioning	37,861	31,038
Impairment provisions	(809)	(684)
Loans and advances after impairment provisions	37,052	30,354



Notes

DKK million

	30.09.2015	31.12.2014
8. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS		
Receivables from credit institutions	18,384	23,607
Total	18,384	23,607
9. LOANS AND ADVANCES		
Loans, advances and other receivables at fair value	564,680	555,777
Loans, advances and other receivables at amortised cost	38	42
Total	564,718	555,819
Loans, advances and other receivables at fair value		
Mortgage loans	564,384	555,566
Receivables from lending secured on non-acquired properties	296	212
Total	564,680	555,777
Mortgage loans		
Balance, beginning of period, nominal value	541,715	532,487
New loans	142,028	114,036
Ordinary principal payments	(5,066)	(6,448)
Prepayments and extraordinary principal payments	(113,609)	(98,360)
Balance, end of period, nominal value	565,067	541,715
Loans transferred relating to properties in temporary possession	(57)	(51)
Fair value adjustment	807	15,002
Adjustment for credit risk		
Individual impairment provisions	(625)	(409)
Collective impairment provisions	(809)	(691)
Balance, end of period, fair value	564,384	555,566
Receivables from lending secured on non-acquired properties		
Arrears before impairment	111	135
Outlays before impairment	129	213
Impairment of arrears and outlays	56	(136)
Total	296	212
Loans, advances and other receivables at amortised cost		
Mortgage loans	23	27
Other loans and advances	15	15
Total	38	42
Measured at fair value, the item amounted to DKK 38m at end-Q1-Q3/2015 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	17,927	7,971
Statutory guarantees for interim loans	14,462	11,584
Guarantees for loans disbursed before obtaining a registered mortgage	22,131	30,092
Total	54,520	49,647



Notes

DKK million

	30.09.2015	31.12.2014
10. BONDS AT FAIR VALUE		
- Self-issued covered bonds	2,118	2,880
- Other covered bonds	87,142	91,414
- Government bonds	382	380
Total	89,642	94,675
Set-off against "Bonds in issue at fair value" – note 14	(2,118)	(2,880)
Total bonds	87,523	91,795
11. ASSETS IN TEMPORARY POSSESSION		
Debt outstanding, end of period	40	35
Outlays	32	37
Impairment provisions, end of period	(35)	(43)
Total	37	29
12. OTHER ASSETS		
Positive market value of derivative financial instruments	20	74
Interest and commission receivable on loans and advances	1,672	2,186
Interest receivable from bonds and credit institutions	883	1,204
Other	62	31
Total	2,637	3,495
13. PAYABLES TO CREDIT INSTITUTIONS		
Payables to credit institutions, other payables	69	65
Payables to Nykredit Realkredit A/S concerning supplementary collateral for SDO-funded mortgage lending	13,000	19,294
Payables to Nykredit Realkredit A/S concerning the funding of mortgage loans	611,800	590,605
Total	624,869	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	226,408	237,267
Redemptions and prepayments	(182,310)	(184,647)
Prepayments and extraordinary principal payments	(9,254)	(6,917)
Balance, end of period, nominal value	611,780	576,936
Fair value adjustment	20	13,669
Total	611,800	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	(15,072)	(6,963)
Prepayments and extraordinary principal payments	(1,882)	(2,170)
Balance, end of period	20,822	37,776
Set-off of self-issued bonds	(2,118)	(2,880)
Fair value adjustment	899	1,333
Total	19,603	36,229
Bonds redeemed at next creditor payment date	1,051	3,949



Notes

DKK million

	30.09.2015	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	5,978	6,669
Negative market value of derivative financial instruments	56	58
Other	1,006	1,473
Total	7,040	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

	30.09.2015	31.12.2014
Own funds		
Equity, end of period	18,245	17,113
Difference between expected losses and impairment losses	-	(128)
Other deductions	(14)	(56)
Transitional adjustment of deductions	-	102
Common Equity Tier 1 capital	18,232	17,031
Tier 2 capital (incl transitional adjustments)	2,170	2,480
Tier 2 capital deductions	157	80
Transitional adjustment of deductions	-	(51)
Set-off of excess deduction	-	-
Own funds	20,559	19,540
Capital requirement		
Credit risk	6,527	6,994
Market risk	239	233
Operational risk	302	244
Total capital requirement	7,068	7,471
Total capital requirement subject to transitional rule¹	18,008	17,916
Total risk exposure amount	88,354	93,388
Financial ratios		
Common Equity Tier 1 capital ratio, %	20.6	18.2
Total capital ratio, %	23.2	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	6,527	6,994
Market risk	239	233
Operational risk	302	244
Total Pillar I	7,068	7,471
Pillar II – other risks		
Weaker economic climate	1,425	1,311
Other factors	1,591	1,071
Total Pillar II	3,016	2,382
Total required own funds	10,084	9,853
Total risk exposure amount	88,354	93,388
Internal capital adequacy requirement, %	11.4	10.6
Capital and capital adequacy have been determined in accordance with Capital Requirements Regulation (EU) No 575/2013 of the European Parliament and the Council of 26 June 2013 as well as the Danish transitional rules laid down by the Danish FSA.		



Five-year financial highlights

DKK million

	Q1-Q3/2015	Q1-Q3/2014	Q1-Q3/2013	Q1-Q3/2012	Q1-Q3/2011
INCOME STATEMENT					
Net interest income	3,723	3,281	2,400	2,394	2,066
Net fee income	(1,469)	(1,238)	(1,172)	(922)	(858)
Net interest and fee income	2,255	2,043	1,228	1,472	1,208
Value adjustments	60	(71)	(55)	(190)	(67)
Other operating expenses	21	0	0	1	0
Staff and administrative expenses	408	278	293	2,187	278
Depreciation and impairment losses for property, plant and equipment	0	0	0	0	0
Impairment losses on loans, advances and receivables	405	270	335	444	267
Profit before tax	1,481	1,425	545	552	596
Tax	348	349	136	138	149
Profit for the period	1,133	1,076	409	414	447
SUMMARY BALANCE SHEET, END OF PERIOD					
	30.09.2015	30.09.2014	30.09.2013	30.09.2012	30.09.2011
ASSETS					
Receivables from credit institutions	18,384	20,255	17,913	22,460	18,979
Mortgage loans	564,680	552,349	535,768	512,613	473,184
Bonds at fair value	87,523	108,592	109,151	119,687	72,727
Remaining assets	2,724	3,993	4,246	4,931	5,346
Total assets	673,311	685,189	667,078	659,691	570,236
LIABILITIES AND EQUITY					
Payables to credit institutions	624,869	613,738	590,041	566,757	460,636
Bonds in issue	19,603	42,036	48,603	62,989	80,699
Subordinated debt – Tier 2 capital	3,100	3,100	3,100	3,100	2,600
Remaining liabilities	7,494	9,585	9,836	11,863	12,598
Equity	18,245	16,730	15,498	14,982	13,703
Total liabilities and equity	673,311	685,189	667,078	659,691	570,236
FINANCIAL RATIOS					
Profit for the period as % of average equity	6.4	6.6	2.7	2.9	3.3
Profit before tax for the period as % of average equity	8.4	8.8	3.6	3.8	4.4
Loans and advances:equity	31.0	33.0	34.6	34.2	34.5
Growth in loans and advances for the period, %	1.6	0.7	3.6	6.1	2.7
Impairment losses for the period, %	0.07	0.05	0.06	0.09	0.06
Total capital ratio, %	23.2	20.4	21.9	20.7	21.4
Common Equity Tier 1 capital ratio, %	20.6	17.7	18.3	17.3	18.2
Average number of full-time staff	118	124	129	121	120



Six-quarter financial highlights

DKK million

	Q3/2015	Q2/2015	Q1/2015	Q4/2014	Q3/2014	Q2/2014
CORE EARNINGS AND PROFIT FOR THE PERIOD						
Core income from						
- business operations	802	750	793	775	746	669
- senior secured debt	(39)	(43)	(44)	(47)	(55)	(59)
- securities	(7)	(7)	(8)	(1)	(2)	(3)
Total	756	700	741	727	689	607
Operating costs and depreciation	159	142	127	110	79	104
Core earnings before impairment losses	597	558	614	617	610	503
Impairment losses on loans and advances	96	153	156	136	132	120
Core earnings after impairment losses	501	405	459	481	478	383
Investment portfolio income	11	(9)	115	26	58	18
Profit before tax	511	396	574	507	536	402
Tax	120	93	135	125	131	99
Profit for the period	391	303	439	382	405	303
SUMMARY BALANCE SHEET, END OF PERIOD						
	30.09.2015	30.06.2015	31.03.2015	31.12.2014	30.9.14	30.06.2014
ASSETS						
Receivables from credit institutions	18,384	22,048	28,160	23,607	20,255	15,677
Mortgage loans	564,680	559,804	563,453	555,593	552,349	548,474
Bonds at fair value	87,523	79,278	113,770	91,795	108,592	53,325
Remaining assets	2,724	2,915	3,459	3,758	3,993	3,506
Total assets	673,311	664,045	708,842	674,753	685,189	620,982
LIABILITIES AND EQUITY						
Payables to credit institutions	624,869	613,545	653,649	609,964	613,738	551,044
Bonds in issue	19,603	22,018	25,880	36,229	42,036	43,079
Subordinated debt – Tier 2 capital	3,100	3,100	3,100	3,100	3,100	3,100
Remaining liabilities	7,494	7,528	8,661	8,347	9,585	7,434
Equity	18,245	17,854	17,552	17,113	16,730	16,325
Total liabilities and equity	673,311	664,045	708,842	674,753	685,189	620,982
FINANCIAL RATIOS						
Profit for the period as % of average equity pa	8.7	6.8	10.1	9.0	9.8	7.5
Core earnings after impairment losses as % of average equity, pa	11.2	9.2	10.6	11.4	11.6	9.5
Costs as % of core income	20.8	20.3	17.1	15.1	11.5	17.1
Impairment losses for the period, %	0.02	0.03	0.03	0.02	0.02	0.02
Total capital ratio, %	23.2	21.4	19.4	20.9	20.4	20.4
Common Equity Tier 1 capital ratio, %	20.6	19.0	17.2	18.2	17.7	17.8

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