

Annual Report 2015





MANAGEMENT AND COMPANY DETAILS	1
Directorships and executive positions	1
Company details	2
FINANCIAL HIGHLIGHTS	3
MANAGEMENT'S REVIEW	4
Results	4
Outlook for 2016	6
Credit ratings	7
Other	7
Business concept	7
Events since the balance sheet date	7
Organisation and delegation of responsibilities	8
Capital and risk management	9
Uncertainty as to recognition and measurement	11
Internal control and risk management systems	12
MANAGEMENT STATEMENT AND AUDIT REPORTS	13
Management Statement	13
Internal Auditors' Report	14
Independent Auditors' Report	15
FINANCIAL STATEMENTS 2015	16
Statements of income and comprehensive income	16
Balance sheet	17
Statement of changes in equity	18
Notes	19
SERIES FINANCIAL STATEMENTS	40
LOAN ARRANGING CREDIT INSTITUTIONS	41



Management and company details

DIRECTORSHIPS AND EXECUTIVE POSITIONS

BOARD OF DIRECTORS

Michael Rasmussen, Chairman

Group Chief Executive, Nykredit Realkredit A/S

Year of birth: 1964

Joined the Board on 18 March 2014

Chief Executive Officer of:

Foreningen Nykredit

Nykredit Holding A/S

Nykredit Realkredit A/S

Chairman of:

Nykredit Bank A/S

Investeringsfonden for Udviklingslande (IFU)

Association of Danish Mortgage Banks

Director of:

Nykredits Fond

Creditkassens Jubilæumsfond

Claus E. Petersen, Deputy Chairman

Chief Executive Officer, Den Jyske Sparekasse

Year of birth: 1961

Joined the Board on 20 March 2012

Chairman of:

DJS Leasing A/S

Finanshuset Farsø Pantebrevsselskab A/S

Foreningen Lokale Pengeinstitutter

PRAS A/S

Director of:

Den Jyske Sparekasses Støttefond

Det Private Beredskab

Danish Bankers Association

HN Invest Tyskland 1 A/S

Nykredit Holding A/S

Spar Pantebrevsinvest A/S

Værdiansættelsesrådet

FR I af 16. September 2015 A/S**

Petter Blondeau

Chief Executive Officer, Fynske Bank

Year of birth: 1959

Joined the Board on 5 November 2012

Director of:

Danish Bankers Association

Finanssektorens Uddannelsescenter

Leasing Fyn Bank A/S

Leasing Fyn Svendborg A/S

Foreningen Lokale Pengeinstitutter

FR I af 16. September 2015

PRAS A/S

Regional Invest Fyn A/S

Sparekassekollegiet A/S

Kim Duus

Group Managing Director, Nykredit Realkredit A/S

Year of birth: 1956

Joined the Board on 19 August 2009

Managing Director of:

Nykredit Holding A/S

Nykredit Realkredit A/S

Chairman of:

Nykredit Portefølje Administration A/S

Director of:

Nykredit Bank A/S

Karen Frøsig

Chief Executive Officer, Sydbank A/S

Year of birth: 1958

Joined the Board on 13 May 2008

Chairman of:

Bogføringsforeningen Bankdata

Ejendomsselskabet af 1. juni 1986 A/S

Deputy Chairman of:

PRAS A/S

Director of:

BI Holding A/S

DLR Kredit A/S

Regionale Bankers Forening

Danish Bankers Association

Musikhuset Esbjerg Fond

FR I af 16. September 2015 A/S**

Sydbank Sønderjyllands Fond

Sydbank Fonden

Committee on Corporate Governance

Søren Holm

Group Managing Director, Nykredit Realkredit A/S

Year of birth: 1956

Joined the Board on 19 August 2009

Managing Director of:

Nykredit Holding A/S

Nykredit Realkredit A/S

Chairman of:

Ejendomsselskabet Kalvebod A/S

Deputy Chairman of:

Nykredit Bank A/S

Director of:

JN Data A/S**

Association of Danish Mortgage Banks

VP Securities A/S

**Anders Jensen**

Group Managing Director, Nykredit Realkredit A/S

Year of birth: 1965

Joined the Board on 1 October 2014

Managing Director of:

Nykredit Holding A/S

Nykredit Realkredit A/S

Chairman of:

Nykredit Leasing A/S**

Nykredit Mægler A/S**

Bolighed A/S**

Swipp Aps

Swipp Holding ApS

Director of:

Nykredit Bank A/S

DSEB (Danish Society for Education and Business)***

Niels Brock (Copenhagen Business College)

Grænsefonden**

Danish Bankers Association**

Gert Jonassen

Chief Executive Officer, Arbejdernes Landsbank A/S

Year of birth: 1959

Joined the Board on 27 March 2007

Chairman of:

AL Finans A/S

Foreningen Bankernes EDB Central

Deputy Chairman of:

Finanssektorens Uddannelsescenter

LR Realkredit A/S

Director of:

Kooperationen

PensionDanmark Holding A/S

PensionDanmark A/S

PRAS A/S

Regionale Bankers Forening

Member of the Executive Board of:

Handels ApS Panoptikon

Member of the council of:

AE (Arbejderbevægelsens Erhvervsråd)

Special adviser – Østre Landsret

Bente Overgaard

Group Managing Director, Nykredit Realkredit A/S

Year of birth: 1964

Joined the Board on 18 March 2014

Managing Director of:

Nykredit Holding A/S

Nykredit Realkredit A/S

Chairman of:

Nykredits Afviklingspensionskasse

Nykredit Ejendomme A/S

Deputy Chairman of:

JN Data A/S

Director of:

Nykredit Bank A/S

Bankernes EDB Central a.m.b.a.

E-nettet A/S

Finanssektorens Arbejdsgiverforening (FA)

Finanssektorens Uddannelsescenter

Øresundsinstittet

Bolighed A/S**

Den Danske Naturfond**

Member of the committee of representatives of:

Ejendomsforeningen Danmark

Anne Christiansen*

Project Consultant

Merete Nilausen*

Senior Project Consultant

Michael Holm Jensen*

Function Manager

Jari Loch Jensen*

Senior Adviser

* Staff-elected member

** Joined in 2015

*** Resigned in 2015

EXECUTIVE BOARD**Troels Bülow-Olsen, Managing Director**

Joined the Executive Board on 1 October 2007

Director of:

Nykredit Mægler A/S

Camilla Holm, Managing Director

Joined the Executive Board on 1 October 2015

Allan Rømer, Managing Director

Resigned from the Executive Board on 1 March 2015

COMPANY DETAILS

Totalkredit A/S

Kalvebod Brygge 1-3

DK-1780 Copenhagen V

Telephone: (+45) 44 55 54 00

CVR no 21 83 22 78

Reporting period: 1 January – 31 December

Municipality of registered office: Copenhagen

Website: totalkredit.dk

Stock exchange announcements etc are available at totalkredit.dk and at nykredit.com/press.

INDEPENDENT AUDITORS

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

DK-2300 Copenhagen S



Financial highlights

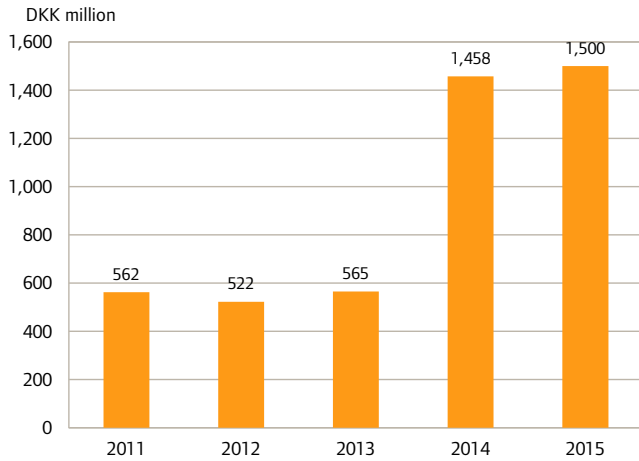
DKK million

	2015	2014	2013	2012	2011
CORE EARNINGS AND RESULTS FOR THE YEAR					
Core income from					
- business operations	2,993	2,829	1,957	1,753	1,316
- senior secured debt	(156)	(220)	(313)	(234)	(91)
- securities and Tier 2 capital	(30)	(8)	(2)	21	156
Total	2,807	2,601	1,642	1,540	1,381
Operating costs and depreciation	547	388	397	371	367
Contribution to resolution scheme	1	-	-	-	-
Core earnings before impairment losses	2,259	2,213	1,245	1,169	1,014
Impairment losses on loans and advances	446	406	567	528	447
Core earnings after impairment losses	1,813	1,807	678	641	567
Investment portfolio income	148	125	76	56	182
Profit before tax	1,961	1,932	754	697	749
Tax	461	474	189	175	187
Profit for the year	1,500	1,458	565	522	562
SUMMARY BALANCE SHEET, YEAR-END					
Assets					
Receivables from credit institutions	15,850	23,607	16,263	20,942	14,565
Mortgage loans at fair value	570,443	555,777	540,670	522,980	480,993
Bonds at fair value	62,843	91,795	79,357	85,235	86,512
Remaining assets	2,381	3,574	3,534	3,240	4,327
Total assets	651,517	674,753	639,824	632,397	586,397
Liabilities and equity					
Payables to credit institutions	606,415	609,964	565,734	547,012	480,544
Bonds in issue at fair value	18,368	36,229	46,568	58,516	78,328
Subordinated debt – Tier 2 capital	2,000	3,100	3,100	3,100	3,100
Remaining liabilities	6,121	8,347	8,767	8,679	10,607
Equity	18,613	17,113	15,655	15,090	13,818
Total liabilities and equity	651,517	674,753	639,824	632,397	586,397
FINANCIAL RATIOS					
Profit for the year as % of average equity	8.4	8.9	3.7	3.6	4.1
Core earnings before impairment losses as % of average equity	12.6	13.5	8.1	8.1	7.5
Costs as % of core income	19.4	14.9	24.2	24.1	26.6
Impairment losses for the year, %	0.1	0.1	0.1	0.1	0.1
Total capital ratio, %	23.5	20.9	21.3	22.2	18.8
Common Equity Tier 1 capital ratio, %	21.1	18.2	17.8	18.4	15.6
Internal capital adequacy requirement, %	11.3	10.6	10.2	10.6	10.3
Average number of full-time staff	120	118	129	123	120

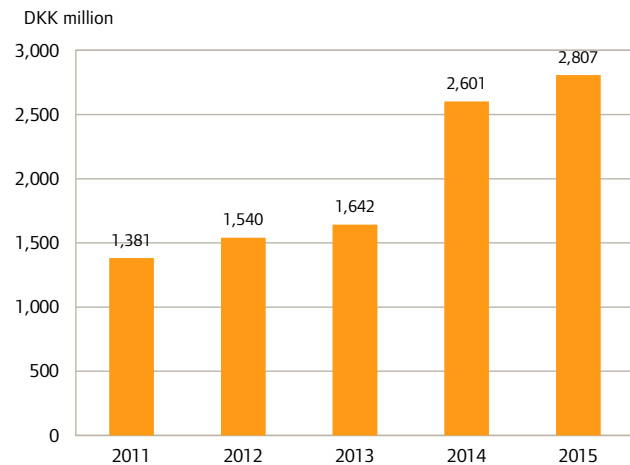


Management's Review

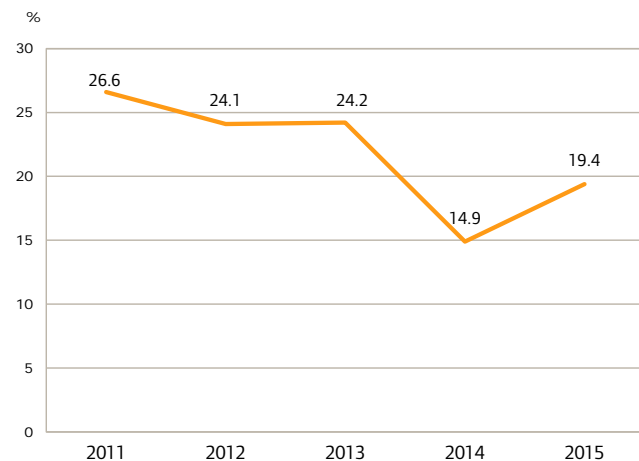
Profit for the year



Total core income



Costs as % of core income



RESULTS

Totalkredit recorded a profit before tax of DKK 1,961m against DKK 1,932m in 2014. Profit after tax came to DKK 1,500m against DKK 1,458m in 2014.

Results included a DKK 164m rise (6%) in core income from business operations, a DKK 64m decline in expenses relating to senior secured debt (junior covered bonds), a DKK 159m increase in operating costs and a DKK 40m rise in impairment losses on loans and advances.

Investment portfolio income grew by DKK 23m to DKK 148m.

Core earnings before impairment losses

Core income from business operations amounted to DKK 2,993m against DKK 2,829m in 2014.

The year saw an increase of DKK 451m in administration margin income, a rise of DKK 96m in activity income and a net increase of DKK 383m in other expenses. The rise in core income from business operations was mainly due to high lending activity and loan portfolio growth. In addition, 2015 saw the introduction of a new guarantee model, which has led to an increase in the commission payable.

Net interest expenses relating to senior secured debt (junior covered bonds) issued as supplementary collateral for SDO-funded lending came to DKK 156m against DKK 220m the year before. The fall should be seen against a reduction in senior debt from DKK 19.3bn at end-2014 to DKK 12.9bn.

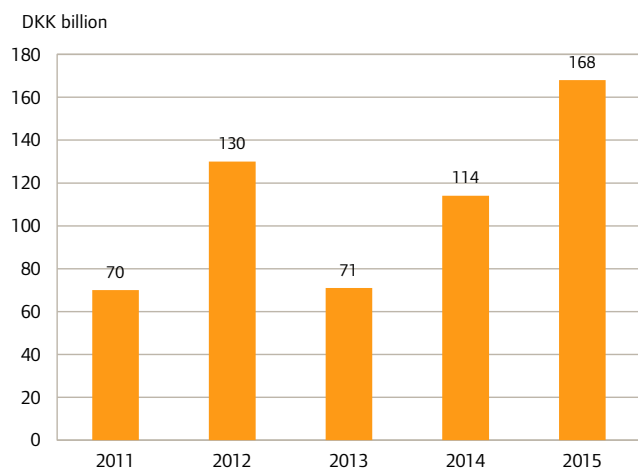
Core income from securities and expenses relating to subordinated debt was a loss of DKK 30m compared with a loss of DKK 8m in 2014. The return on the investment portfolio calculated on the basis of the Danish central bank's lending rate declined from DKK 44m to DKK 11m in 2015, as the average lending rate changed from 0.20% in 2014 to 0.06% in 2015. The item also includes interest payable on subordinated debt, which came to DKK 41m against DKK 52m in 2014.

Operating costs and depreciation were DKK 547m against DKK 388m in 2014. The rise, which had been projected, was chiefly the result of higher IT expenses as well as increased intercompany settlements, as Totalkredit accounts for an increasing proportion of the Group's over-all activities, which are increasingly undertaken by the Parent Company, Nykredit Realkredit A/S.

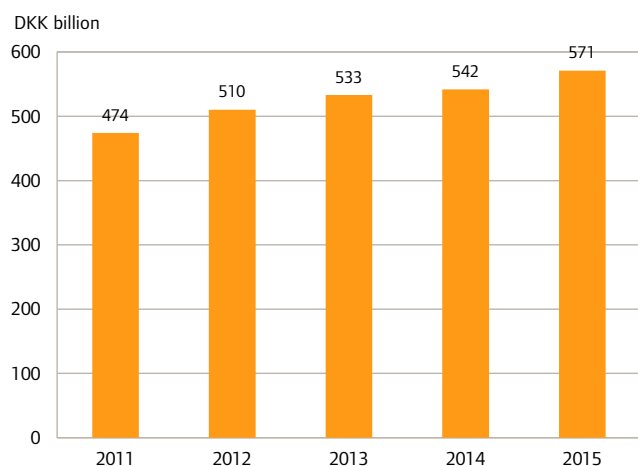
Totalkredit's core earnings before impairment losses were DKK 2,259m against DKK 2,213m in 2014.



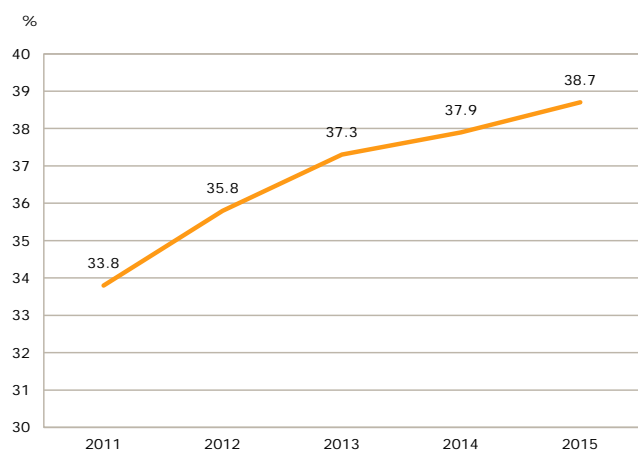
Gross new lending



Mortgage lending, year-end, nominal value



Totalcredit's share of Danish mortgage lending



Impairment losses on loans and advances

2015 saw a rise in prices of private residential property in many Danish municipalities. However, impairment losses were still affected by low marketability and stagnant prices in certain challenged geographic areas.

Impairment losses on loans and advances amounted to DKK 446m against DKK 406m in 2014.

Individual impairment provisions declined by DKK 69m from DKK 416m in 2014 to DKK 347m in 2015.

Conversely, collective impairment provisions grew by DKK 109m, but from a gain of DKK 11m in 2014 to a loss of DKK 98m in 2015.

An important reason for the increase in collective impairment provisions is higher provisions relating to the expiring interest-only periods in the years to come when higher mortgage payments will adversely affect the financial situations of some customers. Also, provisions were made in 2015 to cover higher losses on properties with low marketability.

Write-offs totalled DKK 667m in 2015 against DKK 631m the year before, up DKK 36m. Of this amount DKK 277m, or 41.5%, in 2015 and DKK 270m, or 42.8%, in 2014 were covered by the partner banks.

Total impairment provisions amounted to DKK 1,342m, equal to 0.23% of loans and advances. At end-2014, this ratio was 0.22%.

Total individual impairment provisions stood at DKK 553m at end-2015 against DKK 545m at the beginning of the year. Total collective impairment provisions were DKK 789m against DKK 691m at the beginning of the year.

The arrears ratio measured as at the September due date, 75 days past due, was 0.20% against 0.23% at the same time in 2014.

In 2015 1,061 properties mortgaged by Totalcredit were sold by public auction. 75 of these were acquired by Totalcredit. 82 properties were sold in 2015, and at year-end the portfolio of acquired properties stood at 34 against 41 at the beginning of the year.

Investment portfolio income

Investment portfolio income was DKK 148m against DKK 125m the year before.

Tax

Tax calculated on profit for the year was DKK 461m, corresponding to an effective tax rate of 23.5%.

Loans and advances

Loan portfolio

Totalcredit is Denmark's largest private residential mortgage provider.

Measured at fair value, the loan portfolio was DKK 570bn against DKK 556bn at the beginning of the year. In 2015 Totalcredit's loan portfolio measured at nominal value grew by DKK 29bn to DKK 571bn.

Totalcredit's market share of Danish residential mortgage lending rose to 38.7% from 37.9% at the beginning of the year.



A breakdown by loan type shows that the share of interest-only loans in the loan portfolio dropped from 58.4% to 54.3%. The share of variable-rate loans fell from 65.6% to 58.7%. Of these loans, 20.6% had interest rate caps against 23.5% at end-2014.

Geographically, approximately 64% of the loan portfolio is in Jutland and on Funen and other Danish islands, 23% is in the capital region and Northern Sealand and the remaining 13% is on the rest of Sealand.

The average LTV ratio of the loan portfolio, determined as the top part of the loan amount for each property, came to 71% against 76% at the beginning of the year.

Lending activity

In 2015 Danish mortgage banks' gross new lending for private residential property rose about 47% compared with 2014. The higher activity level was primarily due to increased refinancing activity into fixed-rate loans.

Totalkredit's gross new lending was approximately DKK 168bn, of which around DKK 31bn was loans offered through Nykredit Realkredit A/S.

Parent company loans

At end-2015 loans raised with Nykredit Realkredit A/S for the purpose of providing supplementary collateral totalled DKK 12.9bn against DKK 19.3bn at the beginning of the year.

Further, Totalkredit has raised loans in the form of subordinated capital totalling DKK 2.0bn. In 2015 new subordinate loan capital of DKK 2.0bn was raised, and subordinate loan capital of DKK 3.1bn was redeemed.

CAPITAL AND CAPITAL ADEQUACY

At end-2015, own funds totalled DKK 20.7bn, and the risk exposure amount (REA) was DKK 87.9bn, corresponding to a total capital ratio of 23.5%.

The Common Equity Tier 1 (CET1) capital came to DKK 18.6bn, corresponding to a CET1 capital ratio of 21.1% at end-2015.

Under the Basel I transitional rules, the capital requirement was DKK 18.0bn, equal to a minimum total capital ratio of 20.5%. 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 end-2015, required own funds totalled DKK 9.9bn. The internal capital adequacy requirement is calculated as the required own funds as a percentage of REA. At end-2015, Totalkredit's internal capital adequacy requirement was 11.3%.

RESULTS RELATIVE TO FORECASTS

When the Annual Report for 2014 was published, core earnings after impairment losses in 2015 were forecast in the range of about DKK 1,350m-1,500m. In the Q1-Q3 Interim Report 2015, the level was raised to DKK 1,600m-1,700m.

Core earnings after impairment losses amounted to DKK 1,813m, equal to a DKK 100m-200m rise relative to forecasts. The rise derived from a number of factors, including lower impairment losses in Q4/2015.

OUTLOOK FOR 2016

In 2016 Totalkredit expects core income at the 2015 level, including the effect of price adjustments introduced at 1 July 2016. At the same time, operating costs and impairment losses on loans and advances are expected to exceed the 2015 levels.

All in all, this leads to a forecast profit after impairment losses in the range of DKK 1.5bn-1.7bn.

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



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 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

Arbitration settlement between Jyske Bank and Nykredit

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

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

Expansion of Totalkredit's Executive Board

As at 1 October 2015, Camilla Holm joined Totalkredit's Executive Board, which now counts Troels Bülow-Olsen and Camilla Holm.

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

Totalkredit partnership now also includes business mortgages

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

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

Totalkredit Capital and capital adequacy		
DKK million	2015	2014
Credit risk	80,761	87,427
Market risk	3,331	2,912
Operational risk	3,775	3,049
Total risk exposure amount	87,867	93,388
Equity	18,613	17,113
Common Equity Tier 1 capital deductions	(21)	(82)
Common Equity Tier 1 capital	18,591	17,031
Tier 2 capital	2,000	2,480
Tier 2 capital deductions	120	29
Own funds	20,711	19,540
Common Equity Tier 1 capital ratio, %	21.1	18.2
Total capital ratio, %	23.5	20.9
Internal capital adequacy requirement (Pillar I and Pillar II), %	11.3	10.6

The launch of business mortgages strengthens the Totalkredit alliance, providing business potential for both partner banks and Totalkredit. The new Totalkredit Business concept will be phased in over 2016.

EU rules on the recovery and resolution of banks

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

The resolution fund, which will be based on contributions from the participating businesses, must not be less than 1% of the covered deposits of the businesses. The fund is scheduled to be in place by end-2024.

The contribution for 2015, covering six months (as the scheme was launched on 1 July 2015), was DKK 1m.

BUSINESS CONCEPT

Totalkredit is a wholly-owned subsidiary of Nykredit Realkredit A/S. Totalkredit provides private residential mortgage loans through its partner banks – Danish local and regional banks – as well as through Nykredit Realkredit A/S.

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

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

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

The partner banks receive fees for sales and risk management. In 2015 the fees totalled DKK 2,546m against DKK 2,039m in 2014.

EVENTS SINCE THE BALANCE SHEET DATE

Nykredit Group plans stock exchange listing

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

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

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

Price adjustments

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



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

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

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

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

ORGANISATION AND DELEGATION OF RESPONSIBILITIES

The Board of Directors of Totalkredit is responsible for defining limits to and monitoring Totalkredit's risks as well as for approving the delegation of responsibilities and overall instructions. The Board of Directors has laid down guidelines and specific limits for the types of risk the Company may assume. These risk limits have been delegated within the organisation.

Totalkredit is subject to the Nykredit Group's coordinated risk management, and the Chief Risk Officer of Nykredit Realkredit A/S has been appointed Chief Risk Officer of Totalkredit A/S by the Board of Directors of Totalkredit A/S. Nykredit has appointed a number of Group committees which are to perform specific tasks within selected fields. All the committees include one or more members of the Group Executive Board.

The most important committees relative to Totalkredit are:

The Asset/Liability Committee is charged with monitoring and coordinating the use of Nykredit's limited resources in the form of capital and liquidity, monitoring profitability at the business level and laying down internal limits.

The Risk Committee, which is charged with overseeing the overall risk profile and capital requirements of the Nykredit Group in order to (1) assist the managements of Foreningen Nykredit (the Nykredit Association) and Nykredit Holding A/S in overseeing – and (2) assist the managements of Nykredit Realkredit, Totalkredit and Nykredit Bank in ensuring – compliance with current legislation and practice in the area in question.

Corporate social responsibility

Nykredit Bank follows the corporate social responsibility policy of the Nykredit Group. For information on the Nykredit Group's corporate social responsibility and Nykredit's statutory disclosure, please refer to our CR Fact Book 2015 at nykredit.com/CRfactbook.

For more information on Nykredit, please see our CSR publication 2015 "Nykredit – Engaging with Society" and our website. Information on corporate governance is available at nykredit.com/corporategovernanceuk.

The under-represented gender

Totalkredit has worked actively to increase the proportion of women in management, with particular focus on recruiting female managers to top-level management. Totalkredit's Board of Directors has also adopted a policy for Board diversity.

Female representation on Totalkredit's Board of Directors is 22%. The defined target for end-2017 is 25%.

Totalkredit has an equal distribution of gender at other managerial levels.

Board committees

The Board of Directors of Nykredit Realkredit A/S has appointed an Audit Board, a Remuneration Board, a Nomination Board and a Risk Board. Each of these Board committees monitors selected areas and prepares cases for review by the entire Board of Directors, each within their field of responsibility.

The boards serve the companies of Nykredit that are required to appoint such boards. In addition to Nykredit Realkredit A/S, this concerns Totalkredit A/S and Nykredit Bank A/S.

Audit Board

The principal tasks of the Audit Board are to monitor the financial reporting process, the effectiveness of Nykredit's internal control systems, internal audit and risk management as well as the statutory audit of the financial statements, and to monitor and verify the independence of the auditors.

The Audit Board consists of Steffen Kragh (Chairman), CEO, Anders C. Obel, CEO, Nina Smith, Professor, and Jens Erik Udsen, Managing Director, who are all members of the Board of Directors of Nykredit Realkredit A/S elected by the General Meeting. The Board of Directors of Nykredit Realkredit A/S has appointed Steffen Kragh, CEO, as the independent, proficient member of the Audit Board.

The Audit Board held four meetings in 2015.

Remuneration Board

One of the principal tasks of the Remuneration Board is to make recommendations in respect of Nykredit's remuneration policy, including guidelines on incentive pay, for the approval of the Board of Directors. Moreover, the Remuneration Board makes proposals for remuneration of the Committee of Representatives, the Board of Directors and the Executive Board. It also reviews and considers draft resolutions concerning staff bonus budgets and ensures that the information in the Annual Report about remuneration of the Board of Directors and the Executive Board is correct, fair and satisfactory.

The Remuneration Board consists of Steen E. Christensen (Chairman), Attorney, Hans Bang-Hansen, Farmer, and Steffen Kragh, CEO, who are all members of the Board of Directors of Nykredit Realkredit A/S elected by the General Meeting, and of Leif Vinther, Chairman of Staff Association and staff-elected member of the Board of Directors of Nykredit Realkredit A/S.

The Remuneration Board held three meetings in 2015.

Nomination Board

The Nomination Board is tasked with drawing up recommendations for the Board of Directors on the nomination of candidates for the Committee of Representatives, the Board of Directors and the Executive Board. The Nomination Board is further tasked with setting targets for the under-represented gender on the Board of Directors and laying down a diversity policy for the Board of Directors. In addition, the Nomination Board, which is accountable to the Board of Directors, is



overall responsible for the competency profiles and continuous evaluation of the work and results of the Board of Directors and the Executive Board.

The Nomination Board consists of Steen E. Christensen (Chairman), Attorney, Hans Bang-Hansen, Farmer, Steffen Kragh, CEO, and Nina Smith, Professor, who are all members of the Board of Directors of Nykredit Realkredit A/S elected by the General Meeting.

The Nomination Board held three meetings in 2015.

Risk Board

The Risk Board is tasked with providing advice to the Board of Directors on the Nykredit Group's risk profile and risk management activities.

The Risk Board consists of Nina Smith (Chairman), Professor, Steffen Kragh, CEO, Merete Eldrup, Managing Director, Bent Naur, former CEO, and Michael Demsitz, Managing Director, who are all members of the Board of Directors of Nykredit Realkredit A/S elected by the General Meeting.

The Risk Board held four meetings in 2015.

CAPITAL AND RISK MANAGEMENT

Capital management

As a subsidiary of Nykredit Realkredit A/S, Totalkredit is subject to the Group's capital policy and management. To ensure flexibility and leeway in the Group, capital is to the widest extent possible concentrated in the Parent Company, Nykredit Realkredit A/S. Contributing capital to the subsidiaries as required is a central element of the Group's capital policy.

Totalkredit's own funds include Common Equity Tier 1 (CET1) capital and Tier 2 capital. At end-2015, CET1 capital was DKK 18.6bn after deductions and Tier 2 capital was DKK 2.1bn. Own funds thus amounted to DKK 20.7bn after deductions. With a total REA of DKK 87.9bn, the corresponding total capital ratio was 23.5% and the CET1 capital ratio 21.1%. Totalkredit aims to have a CET1 capital ratio of at least 15%.

At end-2015, Totalkredit redeemed Tier 2 capital of DKK 3.1bn and raised new Tier 2 capital of DKK 2bn. The new capital was issued by Nykredit Realkredit A/S and qualifies for full inclusion in Totalkredit's own funds, as opposed to the redeemed capital. The aim of this exercise was to meet the target of fulfilling the binding statutory capital requirement (capital floor) by an appropriate margin going forward.

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

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

Pillar I capital covers credit risk, market risk and operational risk. The Pillar I capital is identical to the statutory capital requirement.

Pillar II capital covers other risk, including a capital charge reflecting the uncertainty of the models used by Totalkredit to determine the capital requirement. Generally, the charge applied equals 10% of the risks calculated.

Besides capital to cover other risk, Pillar II also comprises a capital charge to provide for an increased capital requirement during an economic downturn. The capital requirement during an economic downturn is determined by means of stress tests.

At end-2015, required own funds came to DKK 9.9bn. Of this amount, Pillar I accounted for DKK 7.0bn and Pillar II accounted for DKK 2.9bn.

The internal capital adequacy requirement is calculated as the required own funds as a percentage of REA. At end-2015, the internal capital adequacy requirement was 11.3%. To this must be added the SIFI requirement, which was 0.4 percentage point in 2015.

Risk management

Totalkredit's risk management is the responsibility of the Board of Directors and the Executive Board and is a key element of day-to-day operations. Focus is on risk management balanced according to risk type and a strong capital structure. The internal controls and risk management are designed to ensure efficient management of relevant exposures.

The Danish mortgage system is regulated by the Danish Financial Business Act, the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, and the Danish Executive Order on bonds. Danish legislation provides limits to the mortgaging of properties. Combined with the principle of mortgages on real estate, the result is a substantial level of security and consequently limited losses.

Mortgage lending and the matching funding are also regulated by the balance principle. The balance principle limits the financial risk Totalkredit may assume in relation to lending and funding.

Danish mortgage banks may apply either the specific balance principle or the general balance principle. Totalkredit applies the general balance principle, but operates internally according to a set of rules that is considerably stricter than the specific balance principle.

Applying the general balance principle allows Totalkredit to sustain a smooth prepayment process for its customers, even in the rare situations where specific bonds may be less liquid.

In practice, the balance principle means that Totalkredit incurs negligible interest rate, foreign exchange and liquidity risk on its mortgage lending and the underlying funding. Liquidity and market risk is further reduced by the Danish act regulating refinancing risk, which ensures mortgage loan refinancing in special situations. As a result, Totalkredit's lending mainly involves credit risk.

Types of risk

Totalkredit generally distinguishes between four types of risk, each with its own features, and risk management is structured accordingly.

- Credit risk reflects the risk of loss following the non-performance of parties with whom Nykredit has contracted.



- Market risk reflects the risk of loss as a result of movements in financial markets (interest rate, foreign exchange, equity price, volatility risks, etc).
- Operational risk reflects the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk also includes legal and model risks.
- Liquidity risk reflects the risk of loss as a result of insufficient liquidity to cover current payment obligations.

Credit, market and operational risks are mitigated by the holding of adequate capital. Liquidity risk is mitigated through a sufficient stock of liquid assets.

The determination of REA is to ensure that adequate capital is held to withstand potential losses resulting from credit, market and operational risks. New liquidity measures are to ensure that credit institutions hold sufficient liquid assets to fulfil future payment obligations.

Credit risk

Credit risk denotes the risk of loss following the non-performance of payment obligations by counterparties.

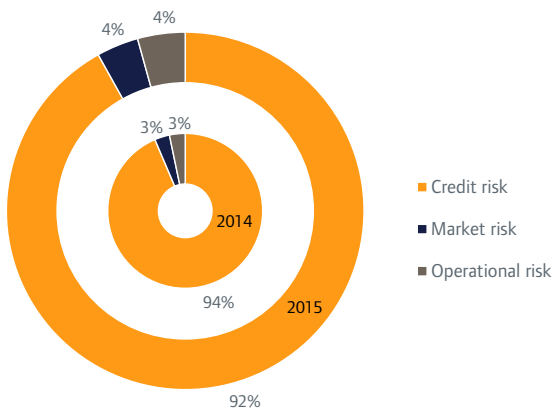
The Board of Directors lays down the overall framework of credit approval and is presented with the Company's largest credit applications for approval or briefing on a current basis.

Loans secured by mortgages on real estate with a mortgageable value of more than DKK 15m are subject to approval by the Board of Directors.

Group Credits is responsible for managing and monitoring credit risk in accordance with the guidelines laid down by the Board of Directors and the Executive Board. Group Credits undertakes all reporting on individual credit exposures and the portfolio targets set out in the credit policy. Group Risk reports credit risk at portfolio level.

Under the Totalcredit concept, the partner banks conduct a preliminary assessment of the individual customer's financial position etc and rate the customer on the basis of the Group's credit models. The partner banks usually also perform the statutory property valuations. Properties with a mortgageable value of more than DKK 6m are always valued by Totalcredit A/S.

Risk exposure amount by risk type



Totalcredit and its partner banks have agreed that any loss realised within the LTV range of 60-80% based on the cash value of the property at the time a loan is issued is covered by supplementary security provided by the partner banks. This security is mainly in the form of Totalcredit's right to offset any losses in the above LTV range against the commission payable to the partner banks. Since June 2014 a minor part of this right of set-off has been replaced by a loss guarantee provided by the partner bank. Part of the loan portfolio – the so-called high-risk properties – is secured by loss guarantees covering the LTV range of 40-80% based on the cash value of the property.

Credit risk models

Totalcredit applies Nykredit's internal ratings-based (IRB) models in the determination of credit risk using three key parameters:

- PD: Probability of Default is the probability of a customer defaulting on an obligation to Totalcredit.
- LGD: Loss Given Default is the loss rate of an exposure in case of a customer's default.
- EAD: Exposure at Default is the estimated value of an exposure at the time of default, including any drawn part of a credit commitment.

The models used to determine PD and LGD are built on historical data allowing for periods of low as well as high business activity.

PDs are calibrated by weighting current data against data dating back to the early 1990s at a 40:60 ratio. The PD is determined for each individual customer on the basis of the customer's credit score and payment behaviour. Credit scoring is a statistical calculation of a customer's creditworthiness.

The PDs of individual customers are converted into ratings from 0 to 10, 10 being the highest rating. Exposures in default fall outside the rating scale and constitute a separate category. Customer ratings are used actively as part of the credit policy and customer assessment. Loans by rating category are shown in note 20.

LGDs are calibrated so that the parameters reflect an economic downturn period equal to the beginning of the 1990s. LGDs are calculated for each of a customer's exposures using internal approaches based on loss and default data. The calculations factor in any security, including the type of security (such as mortgages on real estate or bank guarantees), its quality, and its ranking in the order of priority.

Mortgage banking is characterised by low LGDs as the security provided by way of mortgages on real estate offers good protection against losses.

Risk exposure amount for credit risk

Risk exposures for credit risk came to DKK 80.8bn at end-2015. Of this figure retail exposures amounted to DKK 67.7bn and credit institution exposures to DKK 13.0bn.

Since Totalcredit solely granted mortgage loans to personal customers in 2015, and the loans are evenly distributed throughout the country, no geographic concentration risk is found in the loan portfolio.

Totalcredit has no single credit exposures exceeding 0.5% of own funds. The ten largest mortgage exposures totalled DKK 267m at end-2015, equal to 1.3% of own funds.



Loan-to-value ratios (LTVs)

At the time of granting, a mortgage loan must not exceed a certain proportion of the value of the mortgaged property pursuant to Danish legislation. The LTV ratio may not exceed 80% of the property value for private residential properties for all-year habitation and 60% for holiday homes.

After disbursement of a loan, the LTV ratio will change with the amortisation of the loan and/or as a result of changes in the market value of the property or mortgage loan.

The average LTV ratio of the loan portfolio was 70.7% at end-2015 against 75.9% at end-2014.

If an LTV ratio of a loan exceeds the statutory maximum, supplementary collateral must be posted for loans funded through the issuance of covered bonds (SDOs).

At end-2015, Totalkredit required total supplementary collateral of DKK 17.0bn for the part of SDO-funded lending that exceeded LTV limits. At the beginning of the year, the requirement was DKK 23.2bn.

Totalkredit closely monitors the development in LTV ratios. To ensure sustainable capital and credit policies in the long term, scenario analyses and stress tests are used to assess the effects of significant price decreases in the housing market.

Market risk

Market risk is the risk of loss of market value as a result of movements in financial markets (interest rate, foreign exchange, equity price, volatility risks, etc).

Totalkredit's market risk primarily derives from its investment portfolio. Totalkredit mainly invests in Danish government and covered bonds issued in DKK and to a lesser extent covered bonds issued in EUR.

The traditional measures for market risk are so-called portfolio sensitivity tests. They are used to calculate the effect on the value of a portfolio in case of changing market conditions.

Totalkredit's interest rate risk is measured as the change in market value caused by a general interest rate increase of 1 percentage point in respect of bonds and financial instruments.

Interest rate risk is managed by investing in bonds with different interest rate risks.

The interest rate exposure limits have been set at a gain of DKK 100m and a loss of DKK 300m. The average exposure was DKK 108m. The maximum interest rate exposure was a loss of DKK 166m, and the minimum exposure was DKK 50m. Totalkredit's interest rate exposure was DKK 156m at end-2015.

Totalkredit's sensitivity to foreign exchange risk determined as the maximum loss at a change of +/-2.25% in EUR/DKK came to DKK 3.6m at end-2015 against DKK 1.3m at the beginning of the year. On refinancing, the borrower obtains a loan rate reflecting the yield of the bonds sold. Refinancing risk is the risk of having to refinance debt in a period of high interest rates or unfavourable loan terms. With a view to reducing customers' refinancing risk, Totalkredit has spread its

refinancing auctions over the year. The Danish refinancing act, which ensures continued refinancing of mortgage loans under special circumstances, also aims to mitigate the refinancing risk.

Totalkredit applies the standardised approach to determine market risk exposures. Market risk exposures came to DKK 3.3bn at end-2015 and were thus very limited.

Operational risk

Operational risk reflects the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk also includes legal and model risks.

Due to the legislative framework of mortgage banking, the highly standardised mortgage products and extensive system support, Totalkredit's operational risk is considered limited.

To obtain a comprehensive view of sources of loss and to gain experience that may help prevent future events, Totalkredit systematically records, categorises and reports any operational events.

In addition to the recording of actual events, Totalkredit is continuously working on identifying significant operational risks. Operational risk mapping provides a valuable overview of particularly risky processes and systems and therefore constitutes an excellent management tool.

Totalkredit determines the capital requirement for operational risk using the basic indicator approach. This means that the capital requirement is calculated as 15% of average gross earnings for the past three years. To calculate REA, the capital requirement is divided by 8%. REA for operational risk amounted to DKK 3.8bn in 2015.

Liquidity risk

Liquidity risk is the risk of loss as a result of insufficient liquidity to cover current payment obligations.

Totalkredit's mortgage lending is funded by covered bonds (ROs and SDOs) according to the match-funding principle. This means that mortgage borrowers make their payments on or before the date on which bondholders receive their interest payments. Therefore, mortgage lending and the funding thereof produce positive liquidity.

As a result of Totalkredit's large bond portfolio, the Company's liquidity is very high. The liquidity portfolio ensures that Totalkredit has a sizeable buffer for cash flows driven by customer flows, loan arrears and regulatory liquidity requirements.

UNCERTAINTY AS TO RECOGNITION AND MEASUREMENT

The measurement of certain assets and liabilities is based on accounting estimates made by the company management.

The areas in which assumptions and estimates significant to the financial statements have been made include determination of the fair value of certain financial instruments, valuation of loans and advances as well as provisions.

Uncertainty as to recognition and measurement is described in detail in accounting policies (note 1), to which reference is made.



INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

The Board of Directors and the Executive Board of Totalkredit A/S are responsible for the Company's control and risk management systems. The delegation of the responsibilities of the Board of Directors and the Executive Board is prescribed by rules of procedure.

Totalkredit's internal control and risk management relating to the financial reporting process is designed to efficiently manage rather than eliminate the risk of errors and omissions in connection with financial reporting.

Financial reporting process

The financial reporting process is based on internal control and risk management systems, which together ensure that all relevant financial transactions are correctly reflected for accounting purposes and in financial statements. Totalkredit's Management regularly reviews items in respect of which estimates may have a material impact on the value of assets and liabilities.

Group Finance and the Business Partner area undertake the Company's total financial reporting. Group Finance is responsible for ensuring that financial reporting complies with current legislation.

Group Finance prepares monthly internal reports and performs budget control, which includes explaining the monthly, quarterly and annual results. Group Finance is responsible for the Company's external annual and interim financial reporting.

Control environment

Business procedures have been laid down and controls implemented for all material risk areas, including areas of significance to the financial reporting process.

The Executive Board is responsible for risk delineation, management and monitoring. The Executive Board's powers and duties are provided in:

- The Board of Directors' rules of procedure
- The Executive Board's rules of procedure
- Instructions for the approval of loans and other credit facilities
- Instructions for the approval of market risk limits.

Furthermore, the Parent Company has provided a number of policies and instructions, which have been implemented through Totalkredit's business management.

Risk assessment

The risk management of the Board of Directors and the Executive Board relating to the financial reporting process may generally be summarised as follows:

- Periodical review of risk and financial reporting, including IT systems, general procedures and business procedures
- Review of the areas which include assumptions and estimates material to the financial statements
- Review of business and financial development
- Review and approval of budgets and forecasts
- Review of annual and interim reports and other financial data
- Review of reports from the Chief Risk Officer
- Annual assessment of the risk of fraud.

Controls

The purpose of Totalkredit's controls is to ensure that policies and guidelines laid down by the Executive Board are observed and to ensure timely prevention, detection and correction of any errors, deviations or omissions.

The controls comprise manual and physical controls as well as general IT controls and automatic application controls in the IT systems applied.

In connection with the preparation of financial statements, a number of fixed procedures and internal controls are performed to ensure that the financial statements provide a fair presentation in accordance with current legislation.

The controls are supported by central areas of the Parent Company, eg Risk, Compliance and IT Security.



Management statement and audit reports

STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD ON THE ANNUAL REPORT

The Board of Directors and the Executive Board have today reviewed and approved the Annual Report 2015 of Totalkredit A/S.

The Financial Statements 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 Financial Statements have been prepared in accordance with additional Danish disclosure requirements for issuers of listed bonds.

Copenhagen, 11 February 2016

Executive Board

Troels Bülow-Olsen

Camilla Holm

We are of the opinion that the Financial Statements give a fair presentation of the Company's assets, liabilities, equity and financial position at 31 December 2015 and of the results of the Company's operations for the financial year 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 Annual Report is recommended for approval by the General Meeting.

Board of Directors

Michael Rasmussen
Chairman

Claus E. Petersen
Deputy Chairman

Petter Blondeau

Anne Christiansen*

Kim Duus

Karen Frøsig

Søren Holm

Anders Jensen

Michael Holm Jensen*

Jari Loch Jensen*

Gert Jonassen

Merete Nilausen*

Bente Overgaard

* Staff-elected member



INTERNAL AUDITORS' REPORT

Report on the Financial Statements

We have audited the Financial Statements of Totalkredit A/S for the financial year 1 January – 31 December 2015. The Financial Statements have been prepared in accordance with the Danish Financial Business Act and Danish disclosure requirements for issuers of listed bonds.

Basis of opinion

We conducted our audit in accordance with the Executive Order of the Danish Financial Supervisory Authority on Auditing Financial Undertakings etc. as well as Financial Groups and the International Standards on Auditing. This requires us to plan and perform the audit to obtain reasonable assurance that the Financial Statements are free from material misstatement.

The audit has been performed in accordance with the division of work agreed with the external auditors and has included an assessment of business procedures and internal control established, including the risk management organised by Management relevant to the Company's reporting processes and significant business risks. Based on materiality and risk, we have examined, on a test basis, the basis of amounts and other disclosures in the Financial Statements. Furthermore, the audit has included assessing the appropriateness of the accounting policies applied by Management, the reasonableness of the accounting estimates made by Management and the overall presentation of the Financial Statements.

We have participated in the audit of risk and other material areas and believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the business procedures and internal control established, including the risk management organised by Management relevant to the Company's reporting processes and significant business risks, are working satisfactorily.

Furthermore, in our opinion, the Financial Statements give a fair presentation of the Company's assets, liabilities, equity and financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Business Act and Danish disclosure requirements for issuers of listed bonds.

Statement on the Management's Review

We have read the Management's Review pursuant to the Danish Financial Business Act. We have performed no further procedures in addition to the audit of the Financial Statements.

On this basis, it is our opinion that the information in the Management's Review is consistent with the Financial Statements.

Copenhagen, 11 February 2016

Claus Okholm
Chief Audit Executive

Kim Stormly Hansen
Deputy Chief Audit Executive



INDEPENDENT AUDITORS' REPORT

To the shareholder of Totalkredit A/S

Report on the Financial Statements

We have audited the Financial Statements of Totalkredit A/S for the financial year 1 January – 31 December 2015, comprising income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including accounting policies. The Financial Statements have been prepared in accordance with the Danish Financial Business Act and Danish disclosure requirements for issuers of listed bonds.

Management's responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of Financial Statements in accordance with the Danish Financial Business Act and Danish disclosure requirements for issuers of listed bonds. Management is also responsible for such internal control as Management determines necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibilities

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements in Danish audit legislation. This requires us to comply with ethical requirements and to plan and perform the audit to obtain reasonable assurance that the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence for the amounts and disclosures in the Financial Statements. The audit procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes assessing the appropriateness of the accounting policies adopted by Management, the reasonableness of the accounting estimates made by Management and the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Financial Statements give a fair presentation of the Company's assets, liabilities, equity and financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Business Act and Danish disclosure requirements for issuers of listed bonds.

Statement on the Management's Review

We have read the Management's Review pursuant to the Danish Financial Business Act. We have performed no further procedures in addition to the audit of the Financial Statements.

On this basis, it is our opinion that the information in the Management's Review is consistent with the Financial Statements.

Copenhagen, 11 February 2016

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR no 33 96 35 56

Anders O. Gjelstrup
State-Authorised Public Accountant

Thomas Hjortkjær Petersen
State-Authorised Public Accountant



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

DKK million

	Note	2015	2014
INCOME STATEMENT			
Interest income	2	17,019	17,693
Interest expenses	3	12,025	13,239
Net interest income		4,994	4,454
Fee and commission income	4	719	528
Fee and commission expenses	5	2,774	2,160
Net interest and fee income		2,939	2,822
Value adjustments	6	15	(96)
Other income from ordinary activities		0	0
Staff and administrative expenses	7	547	388
Impairment losses on loans, advances and receivables	8	446	406
Profit before tax		1,961	1,932
Tax	9	461	474
Profit for the year		1,500	1,458
PROPOSAL FOR THE DISTRIBUTION OF PROFIT			
Profit for the year		1,500	1,458
Total amount available for distribution		1,500	1,458
Transferred to equity		1,500	1,458
Total distribution		1,500	1,458
STATEMENT OF COMPREHENSIVE INCOME			
Profit for the year		1,500	1,458
Other comprehensive income		0	0
Comprehensive income for the year		1,500	1,458



Balance sheet at 31 December

DKK million

	Note	2015	2014
ASSETS			
Cash balances and demand deposits with central banks		-	-
Receivables from credit institutions and central banks	10	15,850	23,607
Loans, advances and other receivables at fair value	11	570,443	555,777
Loans, advances and other receivables at amortised cost	11	45	42
Bonds at fair value	12	62,843	91,795
Current tax assets		0	-
Deferred tax assets		2	2
Assets in temporary possession	13	25	29
Other assets	14	2,302	3,495
Prepayments		7	6
Total assets		651,517	674,753
LIABILITIES AND EQUITY			
Payables to credit institutions	15	606,415	609,964
Bonds in issue at fair value	15	18,368	36,229
Current tax liabilities		26	143
Other liabilities	16	6,089	8,200
Total payables		630,898	654,536
Provisions		6	6
Subordinated debt – Tier 2 capital	17	2,000	3,100
Equity			
Share capital		848	848
Reserves			
Series reserves		1,646	1,646
Other reserves		16,118	14,619
Total equity		18,613	17,113
Total liabilities and equity		651,517	674,753
OFF-BALANCE SHEET ITEMS			
Other commitments	18	8	10
Total		8	10
Other notes			
1. Accounting policies			
19. Related party transactions and balances			
20. Credit risk			
21. Market risk			
22. Liquidity risk			
23. Derivative financial instruments			
24. Financial highlights			
25. Capital and capital adequacy			
26. Financial ratios, definitions			



Statement of changes in equity for 1 January – 31 December

DKK million

	Share capital	Series reserves	Other reserves	Total
Equity, 1 January 2015	848	1,646	14,619	17,113
Profit for the year	-	-	1,500	1,500
Comprehensive income for the year	-	-	1,500	1,500
Equity, 31 December 2015	848	1,646	16,119	18,613
Equity, 1 January 2014	848	1,646	13,161	15,655
Profit for the year	-	-	1,458	1,458
Comprehensive income for the year	-	-	1,458	1,458
Equity, 31 December 2014	848	1,646	14,619	17,113

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, Kalvebod Brygge 1-3, DK-1780 Copenhagen V. 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 89.80% of Nykredit Realkredit A/S. The financial statements [in Danish] of Foreningen Nykredit may be obtained from Foreningen Nykredit.

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



Notes

1. Accounting policies

General

The Annual Report 2015 are prepared in accordance with the Danish Financial Business Act and the FSA Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc. Furthermore, the Financial Statements are prepared in accordance with additional Danish disclosure requirements for issuers of listed bonds.

All figures in the Annual 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.

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSESSMENTS

The preparation of the Financial Statements involves the use of informed accounting estimates. These estimates and assessments are made by Totalkredit's Management in accordance with accounting policies based on past experience and an assessment of future conditions.

Accounting estimates and assumptions are tested and assessed regularly. The estimates and assessments applied are based on assumptions which Management considers reasonable and realistic, but which are inherently uncertain and unpredictable.

Areas implying a high degree of assessment or complexity or areas in which assumptions and estimates are material to the financial statements are:

Measurement of loans and advances – impairments

Impairment of loans and advances involves significant estimates and assessments in the quantification of the risk of not receiving all future payments. If it can be established that not all future payments will be received, the determination of the time and amount of the expected payments is subject to significant estimates and assessments.

Furthermore, realisable values of security received and expected dividend payments from bankrupt estates are subject to a number of estimates. Reference is made to "Provisions for loan and receivable impairment" below for a detailed description. Loans and advances made up some 87% of the Company's assets at end-2015.

FINANCIAL INSTRUMENTS

Recognition and classification of financial instruments

Financial instruments, including derivative financial instruments, represented more than 99% of Totalkredit's assets.

Recognition

Financial instruments are recognised on the settlement date. Changes in the fair value of instruments purchased or sold in the period between the trade date and the settlement date are recognised as financial assets or liabilities in "Other assets"/"Other liabilities" in the balance sheet and set off against "Value adjustments" in the income statement.

Assets measured at amortised cost following initial recognition are not value adjusted between the trade date and the settlement date.

Financial assets or financial liabilities are derecognised when the right to receive or pay related cash flows has lapsed or been transferred, and Totalkredit has transferred all risks and returns related to ownership in all material respects.

Initially, financial instruments are recognised at fair value. Subsequent measurement particularly depends on whether the instrument is measured at amortised cost or at fair value.

Valuation and classification

Financial instruments are classified as follows:

- Loans, advances and receivables and other financial liabilities at amortised cost
- Financial assets and liabilities at fair value.

Loans, advances and receivables and other financial liabilities at amortised cost

Receivables from credit institutions and central banks, some loans, advances and other receivables as well as subordinated debt are included in this category.

Loans, advances and receivables as well as liabilities are measured at amortised cost after initial recognition. For loans, advances and receivables, amortised cost equals cost less principal payments, provisions for losses and other accounting adjustments, including any fees and transaction costs that form part of the effective interest of the instruments. For liabilities, amortised cost equals the capitalised value using the effective interest method, whereby the transaction costs are distributed over the life of the liability.

Value adjustments due to credit risk are recognised in "Impairment losses on loans, advances and receivables".

Financial assets and liabilities at fair value

Totalkredit's bond portfolio, mortgage lending, derivative financial instruments, payables relating to intercompany funding via Nykredit Realkredit A/S, senior secured debt (previously referred to as junior covered bonds or JCBs), bonds in issue, etc, are included in this category.



After initial recognition, bonds are measured at fair value based on listed prices in an active market, generally accepted valuation methods based on market information or other generally accepted valuation methods.

It is assessed on an ongoing basis whether a market is considered active or inactive.

Totalkredit's portfolio of self-issued bonds is offset against bonds in issue (the liability), and interest receivable relating to self-issued bonds is offset against interest payable.

The fair values of derivative financial instruments are determined using generally accepted valuation methods based on market information and other generally accepted valuation methods. Positive and negative fair values of derivative financial instruments are recognised in "Other assets" or "Other liabilities".

Mortgage loans granted in accordance with Danish mortgage legislation are funded by issuing listed covered bonds (ROs and SDOs) of uniform terms. Such mortgage loans may be prepaid by delivery of the underlying bonds.

Totalkredit buys and sells self-issued covered bonds on a continuing basis as they constitute a significant part of the Danish money market.

If mortgage loans and covered bonds in issue were measured at amortised cost, the purchase and sale of self-issued covered bonds would lead to a timing difference between the recognition of gains and losses in the financial statements. The purchase price of the portfolio would not equal the amortised cost of the bonds in issue, and the elimination would lead to the recognition of a random earnings impact. If the portfolio of self-issued covered bonds was subsequently sold, the new amortised cost of the "new issue" would not equal the amortised cost of the matching mortgage loans, and the difference would be amortised over the remaining term-to-maturity.

Mortgage loans are therefore measured at fair value involving an adjustment for the market risk based on the value of the underlying bonds and an adjustment for credit risk based on the impairment need.

Nykredit Realkredit A/S issues covered bonds for the funding of loans granted by Nykredit Realkredit A/S as well as Totalkredit A/S. Totalkredit A/S is therefore under an obligation to pay interest, redemption and prepayment amounts to Nykredit Realkredit A/S, which will transfer such payments to bond investors.

Mortgage loans funded with bonds issued by Nykredit Realkredit A/S are measured at fair value adjusted via the fair value option for market risk based on the value of the underlying bonds and any impairment provisions for credit risk. Totalkredit A/S applies the fair value option as such classification eliminates the accounting mismatch that would arise on using the general measurement provisions. Payables relating to inter-company funding via Nykredit Realkredit A/S are correspondingly measured at fair value, eliminating the accounting mismatch that would arise on using the general measurement provisions.

After initial recognition, covered bonds (ROs) and senior secured debt in issue are measured at fair value based on listed prices or other generally accepted valuation methods based on observable inputs.

Realised and unrealised gains and losses arising from changes in the fair value are recognised in "Value adjustments" through profit or loss for the period in which they arose. Value adjustments due to credit risk are recognised in "Impairment losses on loans, advances and receivables".

Provisions for loan and receivable impairment

Provisions for loan and receivable impairment are divided into individual and collective provisions.

If there is objective evidence of impairment (OEI) and the event/s concerned is/are believed to have a reliably measurable effect on the size of expected future payments from the loan, individual impairment provisions are made for the loan.

Individual impairment provisions

Totalkredit performs continuous individual reviews and risk assessments of all significant loans, advances and receivables to determine whether there is any OEI.

There is OEI in respect of a loan if one or more of the following events have occurred:

- The borrower has serious financial difficulties
- The borrower fails to honour its payment obligations
- It is probable that the borrower will go bankrupt or be subject to other financial restructuring.

The loan is impaired by the difference between the carrying amount before impairment and the present value of the expected future cash flows from the individual loan or exposure.

Strategy and action plans are prepared for all loans subject to individual impairment. The loans/exposures are reviewed quarterly. Similar individual impairment provisions are made for non-significant loans, advances and receivables if there is OEI and the event/s concerned is/are believed to have a reliably measurable effect on the size of expected future cash flows from the exposure/loan.

If there is OEI in respect of loans at fair value, Totalkredit assesses the probability of losses, and the assessment is included in the calculation of individual impairment provisions.

For lending where OEI is identified, individual impairment provisions are calculated using a statistical model. The statistical model is partly based on experience of losses on similar loans.

Collective impairment provisions

Every quarter collective assessments are made of loans and advances for which no individual provisions have been made, and collective provisions for loan impairment are made where OEI is identified in one or more groups.

The provisioning need is calculated based on the change in expected losses relative to the time the loans were granted. For each loan in a group of loans, the contribution to the impairment of that group is calculated as the difference between the present value of the loss flow at the balance sheet date and the present value of the expected loss when the loan was granted.

Collective impairment provisions are the sum of contributions from a rating model and management judgement.



The rating model determines credit quality impairment based on the development in parameters from the internal ratings-based (IRB) models. Having been adjusted to the current economic climate and accounting rules, the parameters are based on cash flows until expiry of loan terms and the discounted present value of loss flows. The parameters are moreover adjusted for events resulting from changes in the economic climate not yet reflected in the rating model. Management judgement supplements the models by including up-to-date expert opinions and expectations for the credit risk development of specific segments.

Impairment provisions in general

Provisions for loan impairment are taken to an allowance account and deducted from the relevant asset items. Write-offs and changes in loan impairment provisions for the year are charged to the income statement in "Impairment losses on loans, advances and receivables".

Where events occur showing a partial or complete impairment reduction following individual or collective impairment provisioning, impairment provisions are reversed accordingly.

Impairment losses deemed to be conclusive are recorded as written off.

RECOGNITION, MEASUREMENT AND PRESENTATION IN GENERAL

Recognition and measurement

Assets are recognised in the balance sheet if it is probable as a result of a previous event that future economic benefits will flow to Totalcredit, and if the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet if it is probable as a result of a previous event that future economic benefits will flow from Totalcredit, and if the value of the liability can be measured reliably.

Income is recognised in the income statement as earned. Furthermore, value adjustment of financial assets and liabilities measured at fair value or amortised cost is recognised in the income statement or in other comprehensive income for the period in which it arose.

All costs incurred by the Company are recognised in the income statement, including depreciation, amortisation, impairment losses, provisions and reversals as a result of changed accounting estimates of amounts previously recognised in the income statement.

Core earnings and investment portfolio income

Totalcredit's financial highlights in the Management's Review are presented as core earnings and investment portfolio income, as Management finds that this presentation best reflects the activities and earnings of the Company.

Core earnings mirror income from business with customers and core income from securities less operating costs, depreciation and impairment losses on loans and advances. Net costs relating to senior secured debt are recognised as a separate item. Net costs relating to senior secured debt consist of the difference between the interest payable on the senior debt in issue and the interest receivable on assets in which the proceeds are invested at the time of issuance. Value adjustment of the senior secured debt in issue and the assets in which proceeds are invested is included in investment portfolio income.

Core income from securities includes the return Totalcredit would have obtained by placing its investment portfolios at a risk-free interest rate corresponding to the Danish central bank's average lending rate. Core income from securities also includes interest expenses relating to Tier 2 capital.

Investment portfolio income is the income exceeding risk-free interest obtained from investing in bonds and derivative financial instruments. Price spreads and interest margins relating to mortgage lending are included not as investment portfolio income, but as core income from business operations.

Segment information

According to the Danish Executive Order on the presentation of financial statements, net interest and fee income and value adjustments must be disclosed by activity and geographical market where these differ. Totalcredit has one single activity in one single geographical market, for which reason such information has been omitted.

Currency

The Financial Statements are presented in Danish kroner (DKK), which is the functional as well as the presentation currency of the Company. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing on the transaction date. Exchange gains and losses arising on the settlement of these transactions are recognised in the income statement.

At the balance sheet date, monetary assets and liabilities in foreign currencies are translated at the exchange rates prevailing on the balance sheet date. Foreign currency translation adjustments are recognised in the income statement.

INCOME STATEMENT

Interest income and expenses

Interest comprises interest due and accrued up to the balance sheet date.

Interest income comprises interest and similar income, including commission similar to interest received and other income that form an integral part of the effective interest of the underlying instruments.

Interest expenses comprise interest and similar expenses.

Fees and commissions

Fees and commissions comprise income and costs relating to services. Fees and commissions are fully recognised in the income statement at the date of transaction.

Other operating income

"Other operating income" comprises operating income not attributable to other income statement items.

Staff and administrative expenses

Staff expenses comprise wages and salaries as well as social security costs, pensions etc.

**Tax**

Tax for the year, consisting of current tax for the year and changes to deferred tax, is recognised in the income statement.

Current tax liabilities and current tax assets are recognised in the balance sheet as tax calculated on taxable income for the year adjusted for tax paid on account. The current tax for the year is calculated on the basis of the tax rates and rules prevailing on the balance sheet date.

Interest payable or deductible relating to voluntary payment of tax on account and interest payable or receivable on over-/underpaid tax is recognised in "Other interest income" or "Other interest expenses", as appropriate.

Based on the balance sheet liability method, deferred tax on all temporary differences between the carrying amounts and the tax base of an asset or liability is recognised.

Totalkredit is jointly taxed with Foreningen Nykredit. The Parent Company settles the total tax payable on the Nykredit Group's taxable income assessed for the year.

Current Danish corporation tax payable is distributed among the jointly taxed Danish companies relative to their taxable income (full distribution subject to refund for tax losses).

ASSETS**Other property, plant and equipment**

Equipment is measured at cost less accumulated depreciation and impairment losses. Cost includes the purchase price and costs directly related to the acquisition up to the time when the assets are ready for entry into service.

Depreciation is made on a straight-line basis over the expected useful lives of:

- Computer equipment and machinery, 4 years
- Equipment and motor vehicles, 4 years.

The residual values and useful lives of the assets are revalued at each balance sheet date. The carrying amount of an asset is written down to the recoverable amount if the carrying amount of the asset exceeds the estimated recoverable amount.

Gains and losses on the current replacement of property, plant and equipment are recognised in "Other operating income" or "Other operating expenses".

Assets in temporary possession

Assets in temporary possession include property, plant and equipment or groups thereof in respect of which:

- the Company's possession is temporary only
- a sale is intended in the short term, and
- a sale is highly likely.

The item includes Totalkredit's mortgages outstanding secured on such properties transferred from "Mortgage loans". Furthermore, mortgage payments due and expenses defrayed at the time of a forced sale as well as income and expenses arisen after the date of repossession are included.

Assets in temporary possession are measured at the lower of the carrying amount at the time of classification as assets in temporary possession and the fair value less selling costs.

LIABILITIES AND EQUITY**Provisions**

Provisions are recognised where, as a result of an event occurred on or before the balance sheet date, the Company has a legal or constructive obligation which can be measured reliably and where it is probable that economic benefits must be given up to settle the obligation. Provisions are measured at Management's best estimate of the amount considered necessary to honour the obligation.

Provisions include pension benefits for the Executive Board, cf note 7 in the Financial Statements. The value in use of the pension obligation is based on an actuarial calculation and recognised successively up to the time of pension.

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.



Notes

DKK million

	2015	2014
2. INTEREST INCOME		
Receivables from credit institutions	(25)	18
Loans and advances	11,800	12,787
Administration margin (income)	4,588	4,137
Bonds:		
- Self-issued covered bonds	13	15
- Other covered bonds	600	653
Derivative financial instruments:		
- Interest rate contracts	56	98
Other interest income	0	0
Total	17,032	17,708
Set-off of interest from self-issued covered bonds – note 3	(13)	(15)
Total	17,019	17,693
3. INTEREST EXPENSES		
Mortgage loan funding through Nykredit Realkredit A/S	11,564	12,254
Bonds in issue	433	948
Other payables to Nykredit Realkredit A/S		0
Subordinated debt	41	52
Other interest expenses	1	1
Total	12,038	13,255
Set-off of interest from self-issued covered bonds – note 2	(13)	(15)
Total	12,025	13,239
4. FEE AND COMMISSION INCOME		
Loan fees, new lending	443	329
Trading commission and other fees	276	199
Total	719	528
5. FEE AND COMMISSION EXPENSES		
Loan arrangement fees	484	301
Commission to loan arrangers	2,065	1,682
Trading commission and other fees	225	177
Total	2,774	2,160
6. VALUE ADJUSTMENTS		
Mortgage loans	11,793	5,751
Bonds	6	(39)
Foreign exchange	1	0
Foreign exchange, interest rate and other contracts as well as derivative financial instruments	(188)	53
Other liabilities	196	(110)
Bonds in issue, including bonds issued by Nykredit Realkredit A/S in connection with the funding of mortgage loans granted by Totalkredit A/S	(11,793)	(5,751)
Total	15	(96)

Notes

DKK million

	2015	2014
7. STAFF AND ADMINISTRATIVE EXPENSES		
Remuneration of Board of Directors and Executive Board	6	7
Staff expenses	81	77
Other administrative expenses	460	304
Total	547	388
Remuneration of Board of Directors and Executive Board		
Board of Directors:		
Fees	1	1
Executive Board:		
Salaries	5	5
Pensions	0	1
Other social security expenses and charges	0	0
Total	5	6
Staff expenses:		
Salaries	66	63
Pensions	7	6
Other social security expenses and charges	8	8
Total	81	77

Terms and conditions applying to the Board of Directors

The eight members of the Board of Directors receive fixed fees and a refund of any costs incurred in connection with Board meetings. No agreements have been made for pension plans, bonus schemes or special termination benefits for members of the Board of Directors elected by the General Meeting. At end-2015, annual remuneration amounted to DKK 200,000 for the Chairman, DKK 150,000 for the Deputy Chairman and DKK 100,000 for other Board members. The members of the Board of Directors are listed on pages 1-2 of the Annual Report. The members of the Board of Directors employed with Nykredit Realkredit A/S receive no remuneration but as Group Chief Executive and Group Managing Directors they receive salaries from Nykredit Realkredit A/S. Reference is made to the Annual Report 2015 of Nykredit Realkredit A/S for the terms and conditions applying to its Executive Board.

2015	Michael Rasmussen	Kim Duus	Søren Holm	Anders Jensen	Bente Overgaard	Total
Members of the Board of Directors employed as Group Chief Executive or Group Managing Director of Nykredit Realkredit, received the following remuneration from Nykredit Realkredit (DKK 1,000)						
Contractual salary	9,805	6,070	6,070	6,070	6,070	34,085
Pension contributions ¹	2,270	-	-	1,396	1,396	5,062
Anniversary bonus	-	-	-	-	150	150
Compensation for waiving defined benefit pension plan	-	-	-	-	4,000	4,000
Total	12,075	6,070	6,070	7,466	11,616	43,297
Defined benefit plans	-	2,447	2,443	-	(8,705)	(3,815)
Total expenses for accounting purposes/total earnings	12,075	8,517	8,513	7,466	2,911	39,482
2014: Total expenses for accounting purposes/total earnings	11,837	8,153	8,192	1,830	7,256	37,268

¹ In addition to their contractual salaries, Michael Rasmussen, Anders Jensen and Bente Overgaard receive a pension contribution of 23% for a pension plan of their own choice. Kim Duus and Søren Holm will be covered by defined benefit pension plans from the age of 60.

With the exception of Michael Rasmussen, Executive Board members receive the same contractual salary, but are covered by different pension plans. The pension plans impact expenses for accounting purposes at varying degrees. Members of the Executive Board entitled to pension contributions receive 23% of their contractual salary, whereas expenses for accounting purposes are provisions for expected pension contributions for the persons concerned. Defined benefit pension plans are determined based on, among other factors, a calculated retirement age of 60.

Members of the Executive Board receive fixed salaries covering all directorships and executive positions in Foreningen Nykredit as well as Group enterprises and associates.

Neither bonus schemes nor other variable remuneration plans have been established for the members of the Executive Board.

In accordance with the Group's HR policy, Bente Overgaard has received anniversary bonus of DKK 150,000. Bente Overgaard further received DKK 4,000,000 as compensation for waiving a defined benefit pension plan and for a reduction of her termination benefits period from 22 to 12 months. Further, the provisions made for Bente Overgaard's defined benefit pension plan have been reversed.



Notes

DKK million

	2015	2014
7. STAFF AND ADMINISTRATIVE EXPENSES (continued)		
Terms and conditions applying to the Executive Board (continued)		
Members of the Executive Board receive a fixed salary. The Executive Board further participates in Nykredit's general bonus schemes for subsidiary management executives. The programme is discretionary, which means that bonuses are not guaranteed. The bonus awarded to subsidiary management executives is based on a bonus potential and distributed on a year-by-year basis. In 2015 fixed annual salaries and bonuses came to the following totals:		
Troels Bülow-Olsen received a fixed annual salary of DKK 2.5m (2014: DKK 2.5m) and an extraordinary DKK 0.8m (2014: DKK 0.6m). Bonus provision amounted to DKK 0.6m (2014: DKK 1.0m). In total DKK 3.9m (2014: DKK 4.1m).		
Camilla Holm received a fixed salary of DKK 0.4m for Q4/2015. Bonus provision amounted to DKK 0.5m. In total DKK 0.9m.		
Allan Rømer, former Managing Director, received a fixed salary of DKK 0.2m for January and February.		
Troels Bülow-Olsen and Camilla Holm have not received remuneration for serving as members of the Board of Directors or the Executive Board of other companies of the Nykredit Group.		
The pensionable age for members of the Executive Board is 70 years. For Troels Bülow-Olsen, retirement at the age of 65 years is possible, after which he is entitled to pension benefits for 10 years equal to 20% of his gross salary. The pension benefits period will be reduced by one year for each year his employment contract continues after the age of 65 years. A provision of DKK 5.0m had been made at end-2015 against DKK 5.4m at end-2014 to cover pension obligations in respect of Troels Bülow-Olsen.		
Executive Board members' employment contract is terminable by Totalkredit giving 12 months' notice and by the Executive Board members giving three months' notice. Upon resignation at Totalkredit A/S's request, Executive Board members are entitled to termination benefits equal to nine months' gross salary.		
Loans to the Executive Board and Board of Directors		
Mortgage loans, debt outstanding at the end of the financial year:		
Executive Board	0	3
Board of Directors	29	28
Management and related parties of Totalkredit's Parent Company	1	-
The loans were granted on the same loan and interest terms as applied to other borrowers with Totalkredit A/S at the time of offering and disbursement of the loans.		
Salaries for risk takers		
The number of risk takers was an average 6.8 persons in 2015. Remuneration of risk takers amounted to DKK 13.0m in 2015, of which base salaries of DKK 8.0m, an extraordinary DKK 4.5m, and variable remuneration of DKK 0.5m. The expense is included in "Staff expenses".		
Number of staff		
Average number of staff, full-time equivalents	120	118
Fees to Deloitte, auditors appointed by the General Meeting	1	1
Total fees include:		
Statutory audit of the Financial Statements	1	1



Notes

	2015	2014
8. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES		
Change in individual impairment provisions for loans and advances	327	376
Change in collective impairment provisions for loans and advances	98	(11)
Write-offs for the year, net	291	278
Recoveries on claims previously written off	(10)	(7)
Total impairment losses on loans, advances and receivables	705	636
Value adjustment of assets in temporary possession	29	46
Value adjustment of claims previously written off	(10)	(6)
Write-offs offset against commission payments to partner banks	(277)	(270)
Total	446	406
Specification of provisions for loan impairment		
Individual impairment provisions	553	545
Collective impairment provisions	789	691
Total impairment provisions	1,342	1,236
Individual impairment provisions		
Impairment provisions, beginning of year	546	472
Impairment provisions for the year	464	480
Impairment provisions reversed	(138)	(104)
Value adjustment of acquired properties	(33)	(41)
Impairment provisions written off	(286)	(261)
Impairment provisions, year-end	553	546
Collective impairment provisions		
Impairment provisions, beginning of year	691	702
Impairment provisions for the year, net	98	(11)
Impairment provisions, year-end	789	691
Individual impairment provisions for acquired properties		
Impairment provisions, beginning of year	99	104
Transfer from non-acquired properties	33	41
Impairment provisions for the year	32	50
Impairment provisions reversed	(3)	(4)
Impairment provisions written off	(91)	(92)
Impairment provisions, year-end	70	99
Of total individual impairment provisions for mortgage loans, about 24% was attributable to loans in arrears but not referred to collection and about 48% to loans in arrears referred to collection. The remaining 28% was attributable to estates in bankruptcy or estates of deceased persons.		
Specification of loans and advances		
Loans and advances subject to individual provisioning	2,943	2,300
Total impairment provisions	553	545
Loans and advances after impairment	2,390	1,755
Loans and advances subject to collective provisioning	38,709	31,975
Total impairment provisions	789	691
Loans and advances after impairment	37,920	31,284
9. TAX		
Tax calculated on profit for the year	461	474
Change in deferred tax	0	0
Adjustment of tax assessed for previous years	0	0
Total	461	474
Current tax rate, %	23.5%	24.5%
Non-deductible costs, %	0.0%	0.0%
Effective tax rate, %	23.5%	24.5%



Notes

	2015	2014
10. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS		
Receivables from credit institutions	15,850	23,607
Total	15,850	23,607
11. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE AND AMORTISED COST		
Loans, advances and other receivables at fair value	570,443	555,777
Loans, advances and other receivables at amortised cost	45	42
Total	570,488	555,819
Loans, advances and other receivables at fair value		
Mortgage loans	570,321	555,566
Arrears and outlays	123	212
Total	570,443	555,777
Mortgage loans		
Balance, beginning of year, nominal value	541,715	532,487
New loans	170,286	114,036
Ordinary principal payments	(7,159)	(6,448)
Prepayments and extraordinary principal payments	(134,036)	(98,360)
Balance, year-end, nominal value	570,806	541,715
Loans transferred relating to properties in temporary possession	(48)	(51)
Fair value adjustment	746	15,002
Adjustment for credit risk		
Individual impairment provisions	(394)	(409)
Collective impairment provisions	(789)	(691)
Balance, year-end, fair value	570,321	555,566
Arrears and outlays		
Arrears before impairment provisions	105	135
Outlays before impairment provisions	177	213
Impairment provisions for of arrears and outlays	(159)	(136)
Total	123	212
Mortgage arrears up to and including the September 2015 due date, for which no provisions have been made, amounted to DKK 0m.		
Loans, advances and other receivables at amortised cost		
Mortgage loans	19	27
Other loans and advances	26	15
Total	45	42
Measured at fair value, the item amounted to DKK 45m at end-2015 and DKK 42m at end-2014.		
Mortgage loans		
Balance, beginning of year, nominal value	27	27
Ordinary principal payments	0	0
Prepayments and extraordinary principal payments	7	0
Balance, year-end, nominal value	19	27



Notes

DKK million

	2015	2014
11. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE AND AMORTISED COST (continued)		
Mortgage loans by property category		
Loans and advances as % at nominal value, year-end		
Private residential properties	95%	95%
Holiday homes	5%	5%
Total	100%	100%
Number of loans, end of financial year	561,492	568,748
For mortgage loans, the following bank guarantees have been provided:		
Supplementary guarantees in addition to mortgages on real estate	18,767	7,971
Statutory guarantees for interim loans	14,117	11,584
Guarantees for loans disbursed before obtaining a registered mortgage	17,488	30,092
Total	50,372	49,647
12. BONDS AT FAIR VALUE		
- Self-issued covered bonds	2,084	2,880
- Other covered bonds	62,843	91,414
- Government bonds	0	380
Total	64,928	94,674
Set-off against "Bonds in issue at fair value" – note 15	(2,084)	(2,880)
Total bonds	62,843	91,795
13. PROPERTY, PLANT AND EQUIPMENT AND ASSETS IN TEMPORARY POSSESSION		
Property, plant and equipment		
Total cost, beginning of year	0	1
Additions	0	0
Disposals	0	1
Total cost, year-end	0	0
Depreciation, beginning of year	0	1
Depreciation for the year	0	0
Reversal of depreciation	0	1
Depreciation, year-end	0	0
Carrying amount, year-end	0	0
Assets in temporary possession		
Debt outstanding, year-end	39	35
Outlays	22	37
Impairment provisions, year-end	(36)	(43)
Total	25	29
14. OTHER ASSETS		
Positive market value of derivative financial instruments	31	74
Interest and commission receivable on loans and advances	1,642	2,186
Interest receivable from bonds and credit institutions	596	1,204
Other	33	31
Total	2,302	3,495



Notes

DKK million

	2015	2014
15. PAYABLES TO CREDIT INSTITUTIONS AND BONDS IN ISSUE		
Payables to credit institutions		
Payables to credit institutions, other payables	128	65
Payables to Nykredit Realkredit A/S concerning supplementary collateral for SDO-funded mortgage lending	12,891	19,294
Mortgage loan funding through Nykredit Realkredit A/S	593,396	590,605
Total	606,415	609,964
Of which mortgage loan funding through Nykredit Realkredit A/S		
Balance, beginning of year, nominal value	576,935	531,232
Additions	271,457	237,267
Redemptions and prepayments	(243,139)	(184,647)
Prepayments and extraordinary principal payments	(11,804)	(6,917)
Balance, year-end, nominal value	593,450	576,935
Fair value adjustment	(54)	13,669
Total	593,396	590,605
Bonds in issue at fair value		
Covered bonds issued against mortgages on real estate		
Balance, beginning of year, nominal value	37,776	46,909
Additions	0	-
Redemptions and prepayments	(16,123)	(6,963)
Prepayments and extraordinary principal payments	(2,002)	(2,170)
Balance, year-end, nominal value	19,651	37,776
Set-off of self-issued covered bonds – note 12	(2,084)	(2,880)
Fair value adjustment	801	1,333
Total	18,368	36,229
Bonds redeemed at next creditor payment date	860	3,949
Changes to the fair values of covered bonds (ROs and SDOs) attributable to Totalkredit's own credit risk can be determined based on changes in option-adjusted yield spreads (OAS) versus government bonds or based on changes in yield spreads versus equivalent covered bonds from other Danish mortgage lenders.		
Determined relative to other Danish mortgage lenders, the fair value has not been subject to changes attributable to Totalkredit's own credit risk in 2015 or since the issuance date, as there are no measurable price differences between bonds with identical properties from different mortgage lenders.		
The yield spread between government bonds and covered bonds widened in 2015 causing a decline in the fair value of bonds in issue of about DKK 7bn attributable to Totalkredit's own credit risk. Since 2008 spread widenings between government bonds and covered bonds have resulted in a fair value decline of approximately DKK 3bn attributable to Totalkredit's own credit risk. Equity and profit/loss have, however, not been affected by the changes in fair value, as the value of mortgage loans has changed correspondingly. The determination allows for both maturity and nominal holding, but is to some extent based on estimates.		
16. 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	5,171	6,669
Negative market value of derivative financial instruments	63	58
Other	855	1,473
Total	6,089	8,200

Notes

17. 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 end-2014.

Subordinate loan capital

Loans redeemed in 2015:

Nom DKK 2,600m. The loan was redeemed at par (100) on 21 December 2015.

Nom DKK 500m. The loan was redeemed at par (100) on 21 December 2015.

Loans raised in 2015:

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.

Measured at fair value, the loan amounts to DKK 2,000m.

No costs were incurred in connection with the redemption or raising of subordinate loan capital.

18. OFF-BALANCE SHEET ITEMS

Other commitments

Other liabilities

Total other commitments

Total off-balance sheet items

2015

2014

8

10

8
10
8
10

Additional contingent liabilities

Totalcredit 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. Totalcredit's contribution for 2015, covering six months, was DKK 1m.



Notes

19. 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 in Totalkredit's price list.

Significant related party transactions prevailing/entered into in 2015 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 15.

Totalkredit A/S raised loans with Nykredit Realkredit A/S serving as collateral in Totalkredit's capital centres.

On 31 December 2015, these loans totalled DKK 12.9bn against DKK 19.3bn on 31 December 2014.

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

Transactions with the Parent Company Nykredit Realkredit A/S and its Group enterprises:

	2015	2014
Income statement		
Interest income	382	418
Interest expenses	11,605	12,289
Fee and commission expenses	416	306
Value adjustments	11,448	(6,365)
Costs	329	187
Assets		
Receivables from credit institutions and central banks	15,676	22,704
Bonds at fair value	42,014	66,907
Other assets	16,168	974
Liabilities and equity		
Payables to credit institutions	606,373	609,970
Other liabilities	4,774	6,097
Tier 2 capital	2,000	3,100

Transactions with Totalkredit's Board of Directors, Executive Board etc:

Reference is made to note 7 for information on transactions with the Board of Directors and the Executive Board.



Notes

DKK million

	2015	2014
20. CREDIT RISK		
Credit risk denotes the risk of loss following the non-performance of payment obligations by counterparties.		
The Board of Directors lays down the overall framework of credit granting and is presented with the Company's largest credit applications for approval or briefing on a current basis. Loans secured by mortgages on real estate with a mortgageable value of more than DKK 15m are subject to approval by the Board of Directors.		
At the time of granting, a mortgage loan must not exceed a certain proportion of the value of the mortgaged property pursuant to Danish legislation. The LTV ratio may not exceed 80% of the property value for private residential properties for all-year habitation and 60% for holiday homes.		
Totalcredit and its partner banks have agreed that any losses realised within the LTV range of 60-80% based on the cash value of the property at the time a loan is issued may be offset against future commission payments to the partner banks. A small part of the loan portfolio is not subject to the right of set-off, but is in all material respects secured by guarantees covering losses incurred within the LTV range of 60-80% based on the cash value of the property. Since June 2014 a minor part of the right of set-off has been replaced by a loss guarantee provided by the partner bank.		
Totalcredit's credit risks are further described on page 9 of the Management's Review.		
Totalcredit's maximum credit exposure comprises selected balance sheet and off-balance sheet items.		
Total credit exposure		
Receivables from credit institutions and central banks	15,850	23,607
Loans, advances and other receivables at fair value	570,443	555,777
Loans, advances and other receivables at amortised cost	45	42
Bonds at fair value	62,843	91,795
Other assets	2,302	3,495
Off-balance sheet items	8	10
Total	651,491	674,726
Private residential mortgage lending		
Mortgage loans		
- Bond debt outstanding	570,825	541,742
- Number of loans	561,791	568,748
Bond debt outstanding by loans involving:		
- bank guarantees	49,156	60,463
- set-off agreement with partner banks	372,634	334,782
- no security	149,035	146,497
Total	570,825	541,742
Bond debt outstanding by loan type		
Fixed-rate loans		
- repayment loans	154,250	116,362
- interest-only loans	81,387	70,026
Adjustable-rate mortgage loans (ARMs)		
- repayment loans	68,245	75,288
- interest-only loans	171,549	194,761
Money market-linked loans		
Loans with interest rate caps		
- repayment loans	29,766	33,109
- interest-only loans	39,139	50,538
Loans without interest rate caps		
- repayment loans	8,560	758
- interest-only loans	17,930	900
Total	570,825	541,742
Bond debt outstanding by region		
- Capital Region of Denmark	131,867	118,302
- Sealand Region	73,792	71,043
- North Denmark Region	85,194	80,923
- Central Denmark Region	150,320	145,920
- South Denmark Region	129,459	125,325
- Greenland	193	229
Total	570,825	541,742



Notes

DKK million

20. CREDIT RISK (continued)

Concentration risk

Pursuant to the Danish Financial Business Act, an exposure to any one customer or group of interconnected customers must not, after deduction for highly secure claims, exceed 25% of eligible capital. Totalkredit had no exposures in 2015 or 2014 which exceeded this limit.

Collateral security received

Loans, advances and collateral security provided are subject to regular valuation and assessment. On loan disbursement, the partner banks will provide a guarantee for a loan until a mortgage free from any adverse endorsements has been registered and Totalkredit has approved the mortgage loan. Reference is made to note 11 for further information on guarantees received for loans. Subsequent to the mortgage loan approval, loans are hedged for risk purposes, cf the mention on page 32.

Mortgage debt outstanding relative to estimated property values

DKK million	LTV (loan-to-value), %						Total	LTV average
	0-40	40-60	60-80	80-90	90-100	Over 100		
2015	340,416	135,105	78,271	9,386	4,006	3,137	570,321	71%
2014	310,668	128,545	87,371	16,050	6,928	6,004	555,566	76%

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

Mortgage debt outstanding relative to estimated property values, %

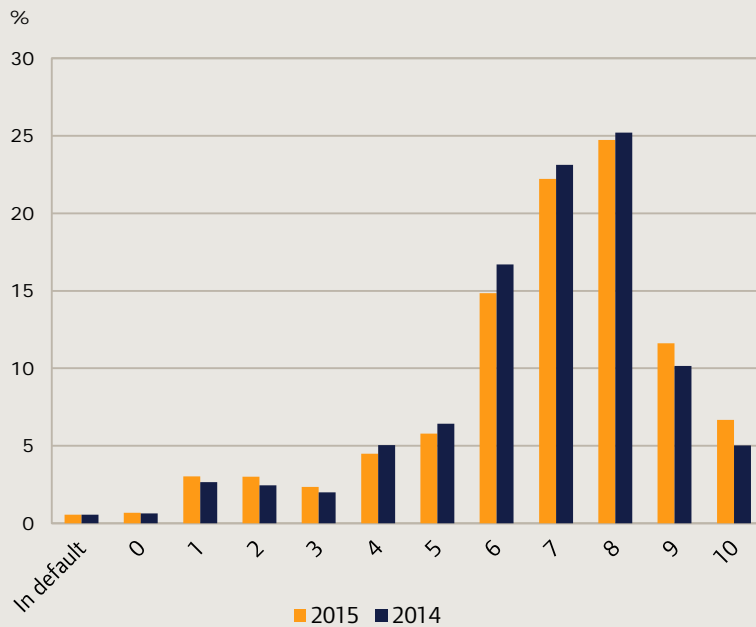
Relative distribution, %	LTV (loan-to-value), %						Total
	0-40	40-60	60-80	80-90	90-100	Over 100	
2015	60	24	13	1	1	1	100
2014	56	23	16	3	1	1	100

Notes

DKK million

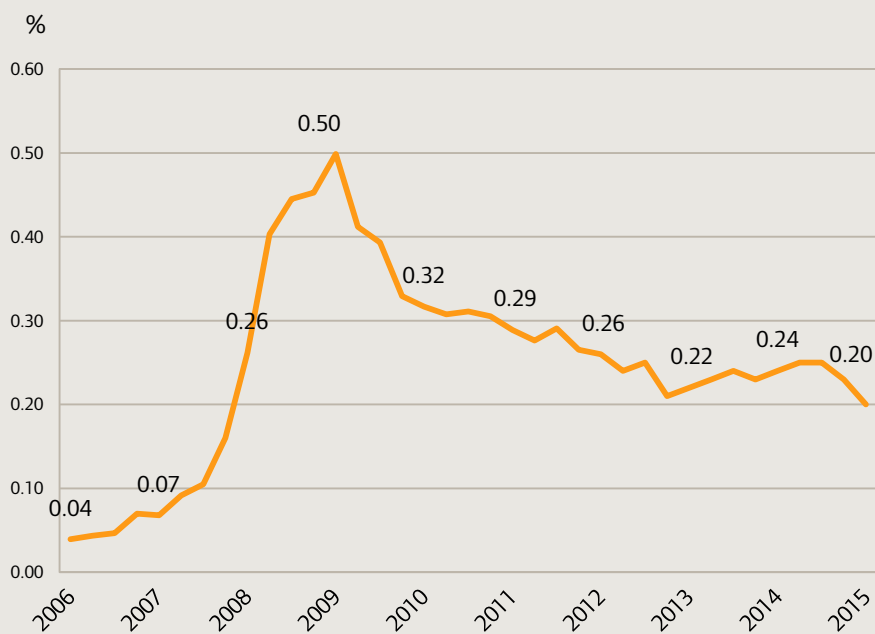
20. CREDIT RISK (continued)

Outstanding amounts by rating category



OEI (objective evidence of impairment) has been identified for loans and advances totalling DKK 665m, but impairment provisions amounted to DKK 0.

Arrears ratio, mortgage lending – 75 days past due date





Notes

DKK million

	2015	2014
21. MARKET RISK		
Market risk reflects the risk of loss of market value as a result of movements in financial markets (interest rate, foreign exchange, equity price and volatility risks, etc). Totalkredit's market risk primarily derives from its investment portfolio. Totalkredit mainly invests in Danish government and covered bonds issued in DKK and to a lesser extent covered bonds issued in EUR.		
Interest rate risk is the risk of loss as a result of interest rate changes, and Totalkredit's interest rate risk is measured as the change in market value caused by a general interest rate increase of 1 percentage point in respect of bonds and financial instruments. Interest rate risk is managed by investing in bonds with different interest rate risks and by using German government bond futures and DKK- and EUR-denominated interest rate swaps. In 2015 the interest rate exposure target ranged from a gain of DKK 100m to a loss of DKK 300m.		
The average interest rate exposure was DKK 108m in 2015. The maximum interest rate exposure was DKK 166m, and the minimum exposure was DKK 50m. Totalkredit's interest rate exposure was DKK 156m at end-2015.		
The foreign exchange exposure determined as the greatest loss at a change of +/-2.25% in EUR/DKK amounted to DKK 3.6m at end-2015 against DKK 1.3m at the beginning of the year.		
Totalkredit's market risks are further described on page 10 of the Management's Review.		
22. LIQUIDITY RISK		
Liquidity risk reflects the risk of loss as a result of insufficient liquidity to cover current payment obligations.		
Mortgage lending is funded by covered bonds (ROs and SDOs) according to the match-funding principle. This means that mortgage borrowers make their payments on or before the date on which bondholders receive their interest payments. Therefore, mortgage lending and the funding thereof produce positive liquidity.		
As a result of Totalkredit's large bond portfolio, the Company's liquidity is very high. The liquidity position ensures that Totalkredit has a sizeable buffer for cash flows driven by customer flows, loan arrears and regulatory liquidity requirements.		
Maturity breakdown		
Receivables from credit institutions		
Demand deposits	3,750	7,357
Up to 3 months	10,800	13,600
Over 3 months and up to 1 year	1,300	2,650
Total, cf note 10	15,850	23,607
Mortgage loans and arrears		
Up to 3 months	3,137	3,072
Over 3 months and up to 1 year	8,950	5,735
Over 1 year and up to 5 years	55,100	40,665
Over 5 years	503,256	506,305
Total, cf note 11	570,443	555,777
Payables to credit institutions		
Demand deposits	128	65
Up to 3 months	26,644	56,346
Over 3 months and up to 1 year	97,657	142,965
Over 1 year and up to 5 years	244,383	217,031
Over 5 years	237,603	193,558
Total, cf note 15	606,415	609,964
Bonds in issue at fair value		
Up to 3 months	6,440	9,633
Over 3 months and up to 1 year	589	824
Over 1 year and up to 5 years	3,155	11,998
Over 5 years	10,268	16,654
Total	20,452	39,109
Set-off of self-issued bonds	(2,084)	(2,880)
Total, cf note 15	18,368	36,229

Notes

DKK million

23. DERIVATIVE FINANCIAL INSTRUMENTS

By time-to-maturity	Up to 3 months		Over 3 months and up to 1 year		Over 1 year and up to 5 years		Total 2015	
	Nominal value	Net market value	Nominal value	Net market value	Nominal value	Net market value	Nominal value	Net market value
Interest rate contracts								
Forward contracts/futures, purchased	30,773	14	91	1			30,864	15
Forward contracts/futures, sold	21,854	(47)	23	0			21,877	(47)
Unsettled spot transactions	2,932	(1)					2,932	(1)
					Market value of non-guaranteed contracts		Market value	
					Positive	Negative	Positive	Negative
Interest rate contracts								
Forward contracts/futures, purchased					23	8	23	8
Forward contracts/futures, sold					7	53	7	53
Unsettled spot transactions					0	1	0	1



Notes

DKK million

	2015	2014	2013	2012	2011
24. FINANCIAL HIGHLIGHTS					
Net interest and fee income	2,939	2,822	1,815	1,900	1,636
Value adjustments	15	(96)	(97)	(304)	(73)
Other operating income	0	0	0	1	0
Staff and administrative expenses	547	388	397	371	366
Depreciation and impairment losses for property, plant and equipment	0	0	0	0	1
Impairment losses on loans, advances and receivables	446	406	567	528	447
Tax	461	474	189	175	187
Profit for the year	1,500	1,458	565	522	562
SUMMARY BALANCE SHEET, YEAR-END					
ASSETS					
Receivables from credit institutions	15,850	23,607	16,263	20,942	14,565
Mortgage loans	570,443	555,777	540,670	522,980	480,993
Bonds at fair value	62,843	91,795	79,357	85,235	86,512
Remaining assets	2,381	3,574	3,534	3,240	4,327
Total assets	651,517	674,753	639,824	632,397	586,397
LIABILITIES AND EQUITY					
Payables to credit institutions	606,415	609,964	565,734	547,012	480,544
Bonds in issue	18,368	36,229	46,568	58,516	78,328
Tier 2 capital	2,000	3,100	3,100	3,100	3,100
Remaining liabilities	6,121	8,347	8,767	8,679	10,607
Equity	18,613	17,113	15,655	15,090	13,818
Total liabilities and equity	651,517	674,753	639,824	632,397	586,397
FINANCIAL RATIOS					
Total capital ratio, %	23.5	20.9	21.3	22.2	18.8
Common Equity Tier 1 capital ratio, %	21.1	18.2	17.8	18.4	15.6
Return on equity before tax, %	11.0	11.8	4.9	4.8	5.5
Return on equity after tax, %	8.4	8.9	3.7	3.6	4.1
Income:cost ratio	3.0	3.4	1.78	1.78	1.92
Foreign exchange position, %	0.2	0.3	0.7	0.0	0.1
Total impairment provisions, %	0.2	0.2	0.2	0.2	0.1
Impairment losses for the year, %	0.1	0.1	0.1	0.1	0.1
Growth in loans and advances for the year, %	5.4	1.7	4.4	7.7	3.9
Loans and advances:equity (loan gearing)	30.7	32.5	34.5	34.7	34.8
Return on capital employed, %	0.2	0.2	0.1	0.1	0.1

Totalkredit has no branches or subsidiaries and only Danish activities. Totalkredit's revenue (interest, fee and commission income as well as other income from ordinary activities) came to DKK 17,761m in 2015 (2014: DKK 18,221m). Totalkredit has not received any government aid.

Notes

	2015	2014
25. CAPITAL AND CAPITAL ADEQUACY		
Own funds		
Equity, year-end	18,613	17,113
Difference between expected losses and impairment losses	(21)	(128)
Other deductions	(13)	(56)
Transitional adjustment of deductions	13	102
Common Equity Tier 1 capital	18,591	17,031
Tier 2 capital (incl transitional adjustments)	2,000	2,480
Tier 2 capital deductions	126	80
Transitional adjustment of deductions	(6)	(51)
Set-off of excess deduction	-	-
Own funds	20,711	19,540
Capital requirement		
Credit risk	6,461	6,994
Market risk	266	233
Operational risk	302	244
Total capital requirement	7,029	7,471
Total capital requirement subject to transitional rule¹	17,998	17,916
Total risk exposure amount	87,867	93,388
Financial ratios		
Common Equity Tier 1 capital ratio, %	21.1	18.2
Total capital ratio, %	23.5	20.9
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	6,461	6,994
Market risk	266	233
Operational risk	302	244
Total Pillar I	7,029	7,471
Pillar II – other risks		
Weaker economic climate	1,416	1,311
Other factors	1,464	1,071
Total Pillar II	2,880	2,382
Total required own funds	9,909	9,853
Total risk exposure amount	87,867	93,388
Internal capital adequacy requirement, % – not audited	11.3	10.6
Capital and capital adequacy have been determined in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 (the Capital Requirements Regulation) as well as the Danish transitional rules laid down by the Danish FSA.		
For a more detailed description of the determination of the capital base and the internal capital adequacy requirement, reference is made to the report Risk and Capital Management 2015, available at nykredit.com/reports .		



Notes

26. FINANCIAL RATIOS, DEFINITIONS

Total capital ratio, %	Own funds divided by the total risk exposure amount
Tier 1 capital ratio, %	Tier 1 capital divided by the total risk exposure amount
Return on equity before tax, %	Profit (loss) before tax as a percentage of average equity
Return on equity after tax, %	Profit (loss) after tax as a percentage of average equity
Income:cost ratio	Income including profit (loss) from associates and Group enterprises divided by costs excluding tax
Foreign exchange position, %	Exchange rate indicator 1 divided by Tier 1 capital
Loans and advances:equity	Loans and advances divided by equity (year-end) Loans and advances include loans and advances at fair value and loans and advances at amortised cost
Total impairment provisions, %	Total impairment provisions at year-end divided by loans and advances
Impairment losses for the year, %	Impairment losses for the year divided by loans and advances plus guarantees plus impairment provisions
Growth in loans and advances for the year, %	Change in loans and advances divided by loans and advances at the beginning of the year
Return on capital employed, %	Profit (loss) for the year divided by total assets

The financial ratios have been calculated in accordance with the Danish FSA's guidelines for reporting purposes.



Series financial statements

DKK million

2015	Totalkredit in General	Capital Centre PRL	Capital Centre C	Capital Centre D	Capital Centre E	Capital Centre F	Capital Centre G	Capital Centre H	Capital Centre I	Capital Centre 1	Total
Income statement											
Income from lending	0	0	164	177	1,516	98	128	2,386	59	59	4,588
Interest, net	2	0	45	62	63	17	52	114	29	18	401
Administrative expenses	1	0	(78)	(77)	(887)	(51)	(53)	(1,388)	(22)	(27)	(2,582)
Impairment losses on loans and advances	0	0	(48)	(70)	(119)	0	(11)	(195)	(3)	0	(446)
Tax	(1)	0	(19)	(21)	(135)	(15)	(27)	(215)	(15)	(12)	(461)
Profit for the year	2	0	63	70	439	48	89	701	48	39	1,500
Balance sheet – assets											
Mortgage loans	10	0	13,772	18,520	228,156	11,245	9,377	277,146	4,765	7,496	570,488
Remaining assets	105	1	9,228	4,417	22,449	937	3,012	39,865	1,821	1,279	83,113
Total assets	115	1	23,000	22,937	250,605	12,182	12,388	317,012	6,587	8,775	653,601
Balance sheet – liabilities and equity											
Payables to credit institutions	-	-	-	19,565	244,628	11,250	9,734	308,183	5,152	7,775	606,287
Covered bonds in issue	10	0	20,442	-	-	-	-	-	-	-	20,452
Remaining liabilities	0	0	132	146	2,193	104	153	3,386	45	89	6,249
Subordinated debt	9	0	280	260	1,019	32	-	380	-	21	2,000
Equity	96	1	2,146	2,966	2,765	795	2,501	5,063	1,390	890	18,613
Total liabilities and equity	115	1	23,000	22,937	250,605	12,182	12,388	317,012	6,587	8,775	653,601
Inflow and outflow of funds, net	2	0	63	70	439	48	89	701	48	39	1,500
The difference between total assets at end-2015 of the Financial Statements of Totalkredit A/S and the series financial statements may be specified as follows:											
Assets, Financial Statements											651,517
Assets, series financial statements											653,601
Difference											(2,084)
Specified as follows:											
Self-issued bonds have been offset against the liability item "Bonds in issue"											(2,084)
Interest receivable from self-issued bonds has been offset against "Other liabilities"											0
Total											(2,084)

The series financial statements have been presented in accordance with the Danish FSA's Executive Order no 872 of 20 November 1995 on series financial statements of mortgage lenders.

Complete series financial statements at individual series level may be obtained from Totalkredit A/S.



Loan arranging credit institutions

Alm. Brand Bank	Saxo Privatbank
Arbejdernes Landsbank	Skjern Bank
BankNordik	Spar Nord Bank
Borbjerg Sparekasse	Sparekassen Balling
Broager Sparekasse	Sparekassen Bredebro
Danske Andelskassers Bank	Sparekassen Den lille Bikube
Den Jyske Sparekasse	Sparekassen Djursland
Djurslands Bank	Sparekassen for Nørre Nebel og Omegn
Dragsholm Sparekasse	Sparekassen Fyn
Dronninglund Sparekasse	Sparekassen Kronjylland
Fanø Sparekasse	Sparekassen Sjælland
Faster Andelskasse	Sparekassen Thy
Flemløse Sparekasse	Sparekassen Vendsyssel
Folkesparekassen	Sydbank
Frørup Andelskasse	Søby Sparekasse
Frøs Herreds Sparekasse	Sønderhå-Hørsted Sparekasse
Frøslev-Møllerup Sparekasse	Totalbanken
Fynske Bank	vestjyskBANK
Fælleskassen	Østjysk Bank
Handelsbanken	
Hvidbjerg Bank Aktieselskab	
Jutlander Bank	
Klim Sparekasse	
Kreditbanken	
Københavns Andelskasse	
Langå Sparekasse	
Lollands Bank	
Lægernes Pensions Bank	
Lån og Spar Bank	
MERKUR, Den Almennyttige Andelskasse	
Middelfart Sparekasse	
Møns Bank	
Nordfyns Bank	
Nordjyske Bank	
Nykredit Realkredit	
Pensam Bank	
Refsnæs Sparekasse	
Ringkjøbing Landbobank	
Rise Sparekasse	
Rønde Sparekasse	
Salling Bank	

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.