



Fact Book Q3/2016

The Nykredit Realkredit Group

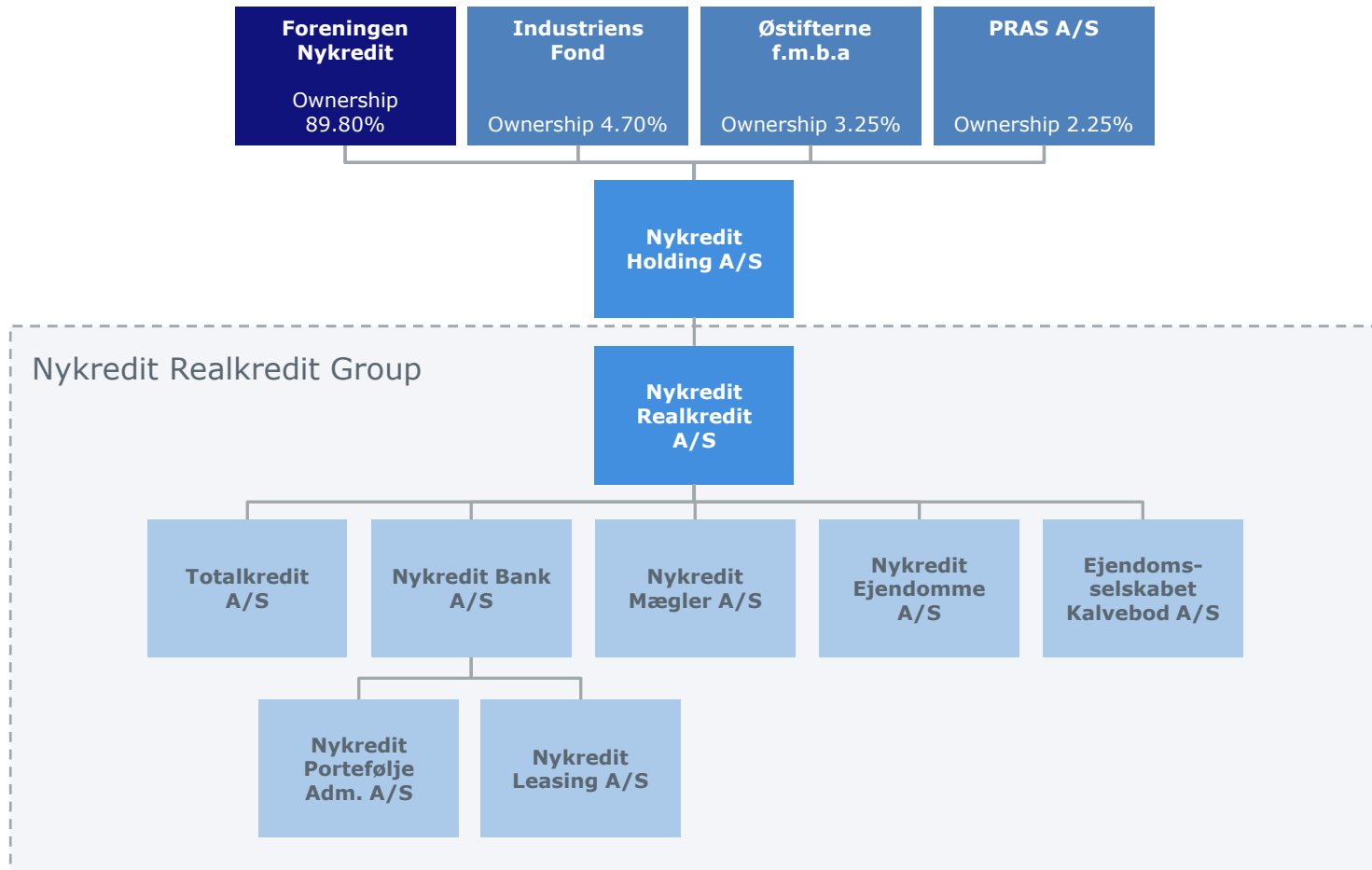
Unaudited

Nykredit

Table of contents

Group chart	3	Expiry of interest-only period – mortgage lending	29
Contacts and other information	4	Interest-only loans prevalent where LTVs are low	30
The Nykredit Realkredit Group history	5	Impairment provisions and write-offs – mortgage lending	31
Rating	6	Impairment provisions and losses – mortgage lending	32
Market share – lending	7	Geographical distribution of write-offs – mortgage lending	33
Results – the Nykredit Realkredit Group	8	Write-offs – mortgage lending	34
Balance sheet summary – the Nykredit Realkredit Group	9	Loans, advances and guarantees – bank lending	35
Lending and deposits	11	Provisions – bank lending	36
Breakdown of core earnings – the Nykredit Realkredit Group	12	Weak customers and non-performing loans (NPL) – mortgage lending	37
Breakdown of costs	13	Non-performing loans (NPL) – bank lending	38
Results – the Nykredit Bank Group	14	Business areas	39
Balance sheet summary – the Nykredit Bank Group	15	Core income – business areas	40
Income from securities	16	Retail	41
Ratios and keyfigures – the Nykredit Realkredit Group	17	Totalkredit Partners	42
Capital ratios and keyfigures	18	Wholesale clients	43
Mortgage lending	19	Wealth Management	44
Arrears – mortgage lending	23	Group items	45
Geographical distribution of arrears – mortgage lending	24	The Danish economy	46
Reposessed properties and forced sales	25	Regional housing prices	46
Risk relating to mortgage lending	26	Key figures	47
LTV	28	Definitions	48

Group chart



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Our investor website www.nykredit.com/ir contains:

- General information
- Press releases
- Financial and CSR reports
- Risk and capital reports
- Bond data
- Prospectuses
- Publications on markets
- Cover pool data

The Nykredit Realkredit Group history

Foreningen Nykredit

Foreningen Nykredit (the Nykredit Association) owns just below 90% of Nykredit and is thus the largest shareholder.

Members

1. Mortgage customers of Nykredit Realkredit
2. Customers with facilities with Nykredit Bank of at least DKK 50,000
3. Mortgage customers of Totalkredit (optional)

Committee of Representatives

The ultimate authority of Foreningen Nykredit is the Committee of Representatives, which has 104 representatives elected by and among the members (mortgage customers of Nykredit Realkredit) and bondholders.

The Committee of Representatives elects the Board of Directors of Foreningen Nykredit and approves annual reports and amendments to the Articles of Associations.



Development in activities

1989 Set-up of estate agency business

1994 Set-up of Nykredit Bank

1998 Set-up of Markets and Asset Management

1998 Set-up of Nykredit Forsikring

2000 Merger with Østifterne Forsikring

2003 Acquisition of Totalkredit

2008 Acquisition of Forstædernes Bank

2010 Sale of Nykredit Forsikring

Rating

Nykredit Realkredit A/S

	S&P	Fitch
Covered bonds		
Capital Centre H (covered bonds, SDO)	AAA	
Capital Centre E (covered bonds, SDO)	AAA	
Capital Centre G (covered bonds, RO)	AAA	
Capital Centre I (covered bonds, RO)	AAA	
Capital Centre D (covered bonds, RO)	AAA	
Capital Centre C (covered bonds, RO)	AAA	
Nykredit in General (covered bonds, RO)	AAA	
Senior secured bonds (junior covered bonds)		
Capital Centre D (senior secured debt JCB)	AA-	
Capital Centre E (senior secured debt, JCB)	AA-	
Capital Centre H (senior secured debt, JCB)	AA-	
Unsecured debt		
Short-term senior unsecured debt	A-1	F1
Long-term senior unsecured debt	A	A
Senior Resolution Notes	BBB+	A
Capital instruments		
Additional Tier 1	BB+	BB+
Contingent Capital Notes (Tier 2)	BBB	BBB
Tier 2	BBB	A-

Totalkredit A/S

	S&P	Fitch
Capital Centre C (covered bonds, RO)	AAA	

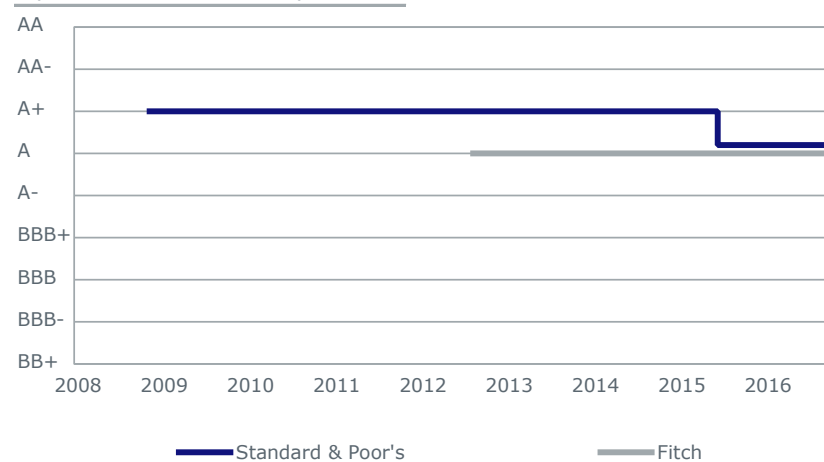
Nykredit Bank A/S

	S&P	Fitch
Short-term deposit	A-1	F1
Long-term deposit	A	A
Euro MTN Program		
- Short-term senior unsecured debt	A-1	F1
- Long-term senior unsecured debt	A	A
Euro Commercial Paper and Certificate of Deposit Program		
- Short-term senior debt	A-1	F1

Ratings history

Long term senior unsecured debt

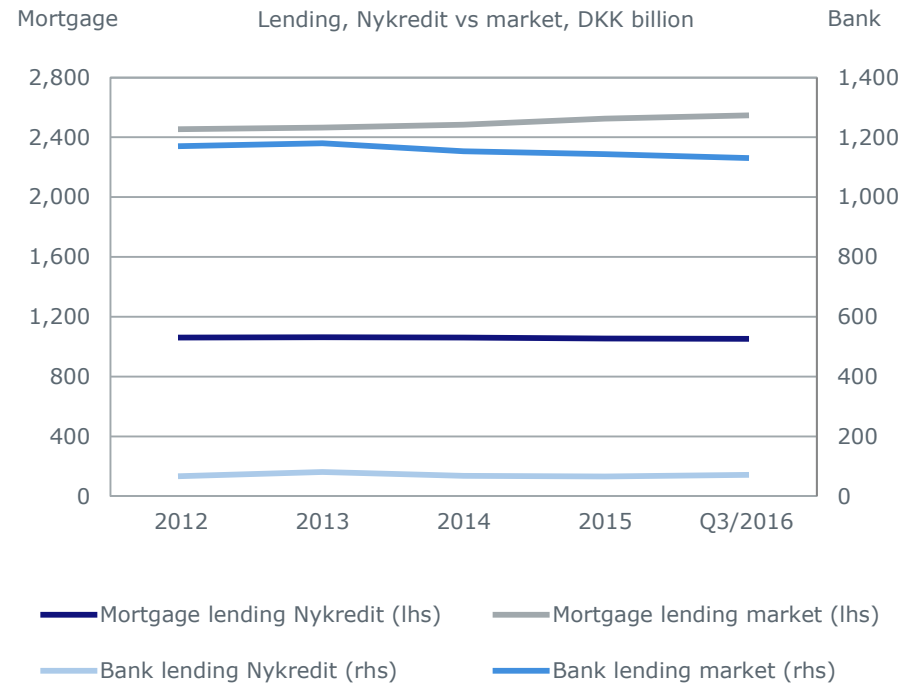
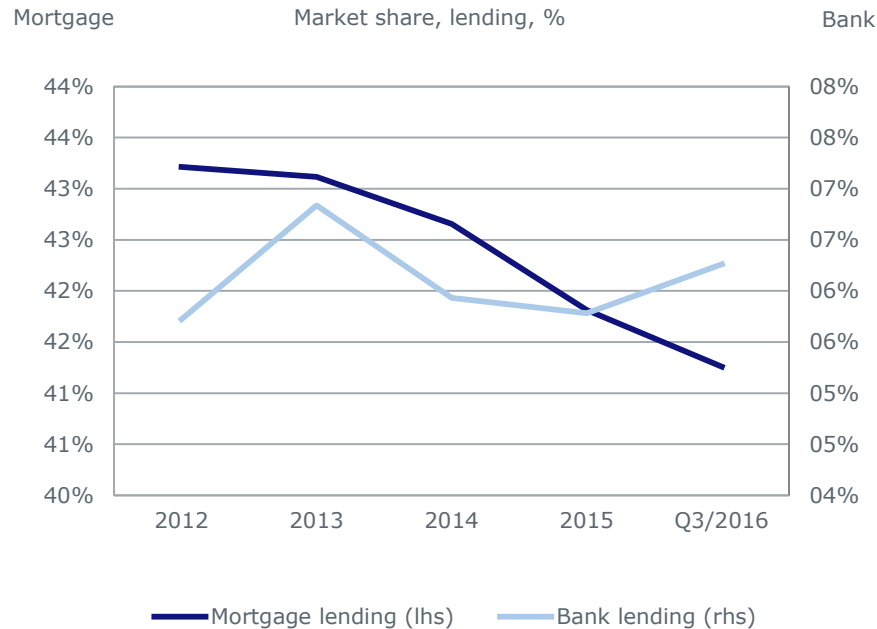
Nykredit Realkredit and Nykredit



Market share – lending

Market share*

DKK billion	2012	2013	2014	2015	Q3/2016
Bank lending	67	81	68	66	71
Mortgage lending	1,060	1,063	1,060	1,055	1,051
Total	1,127	1,144	1,128	1,121	1,122
Market share					
Bank lending	5.7%	6.8%	5.9%	5.8%	6.3%
Mortgage lending	43.2%	43.1%	42.7%	41.8%	41.3%
Total	31.1%	31.4%	31.0%	30.6%	30.5%



*Note: MFI statistics – lending and distribution of market share in Denmark
Bank lending includes reverse transactions. Mortgage lending at fair value excl monetary and financial institutions.

Results – the Nykredit Realkredit Group

The Nykredit Realkredit Group

DKK million	Avg. 3 quarters 2012	Avg. 3 quarters 2013	Avg. 3 quarters 2014	Avg. 3 quarters 2015	Q1-Q3/2016
Core income from					
Business operations	7,671	7,829	8,632	8,959	8,962
Senior and subordinated debt	(676)	(708)	(702)	(457)	(396)
Securities	159	89	98	29	33
Income from core business	7,154	7,210	8,027	8,530	8,599
Operating costs, depreciation and amortisation	4,195	4,535	3,827	3,754	3,580
Mortgage business contribution to Resolution Fund	-	-	-	46	104
Profit from core business before impairment losses	2,959	2,675	4,200	4,731	4,915
Impairment losses on mortgage lending	1,194	1,811	1,599	781	443
Impairment losses on bank lending	418	262	164	(91)	(58)
Profit from core business	1,347	602	2,437	4,041	4,530
Value adjustments of interest rate swaps	35	350	(922)	514	(1,334)
Other value adjustment of interest rate swaps	(856)	(932)	(1,600)	(206)	61
Impairment of goodwill and customer relationships	-	-	(639)	(1,474)	-
Investment portfolio income	1,492	892	584	563	1,113
Investment portfolio income, capital gains from the sale of strategic equities	341	523	-	77	0
Profit (loss) before tax	2,359	1,435	(140)	3,514	4,370
Tax	431	180	68	1,121	907
Profit (loss) for the period	1,927	1,255	(207)	2,393	3,463
Minority interests	-	-	-	-	2
Profit for the period excluding minority interests	1,927	1,255	207	2,393	3,461

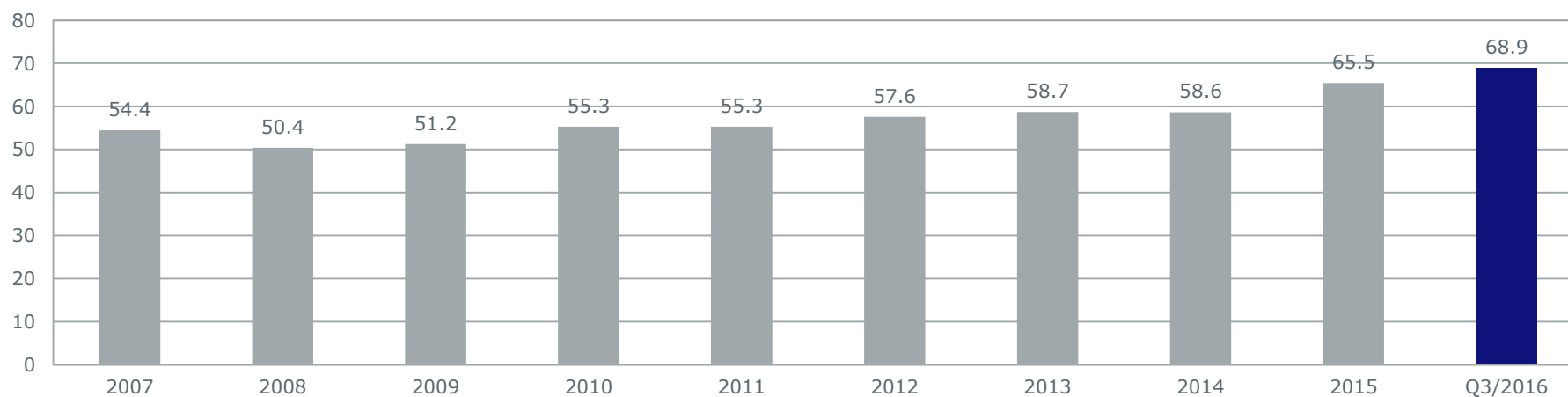
Note: Largely all the Group's investment activities are marked to market, for which reason group earnings exhibit a certain degree of volatility.

Balance sheet summary – the Nykredit Realkredit Group

The Nykredit Realkredit Group

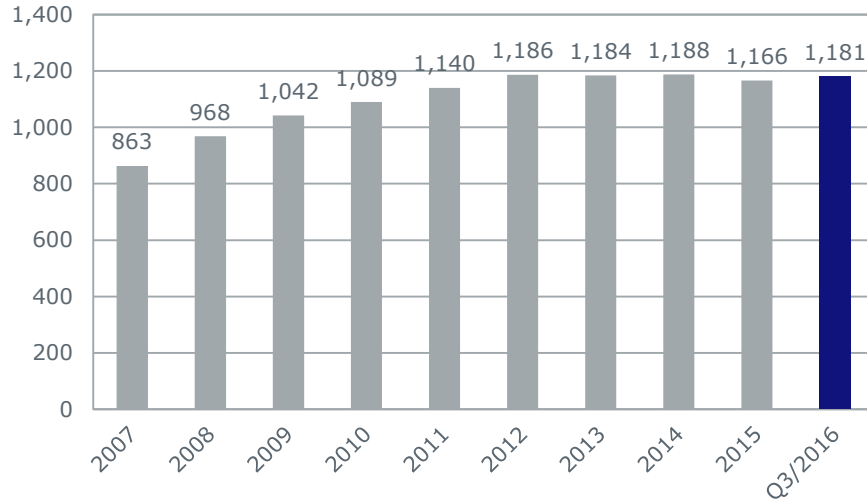
DKK million	2012	2013	2014	2015	Q3/2016
Assets					
Receivables from credit institutions and central banks	60,174	35,758	42,288	23,253	41,685
Mortgage loans at fair value	1,136,445	1,136,644	1,137,099	1,119,101	1,127,516
Bank lending - excl reverse transactions	49,728	46,963	50,495	46,747	53,115
Bonds and equities	82,413	92,961	131,383	110,294	108,574
Remaining assets	104,645	105,087	96,036	84,394	74,910
Total assets	1,433,405	1,417,414	1,457,301	1,383,789	1,405,800
Liabilities and equity					
Payables to credit institutions and central banks	67,539	44,393	44,863	30,226	19,362
Deposits	54,509	65,172	65,232	62,599	64,897
Bonds in issue at fair value	1,103,818	1,130,020	1,167,163	1,137,314	1,151,669
Subordinated debt	11,281	10,964	11,394	11,006	11,276
Remaining liabilities	138,701	108,148	109,998	77,184	89,719
Equity	57,556	58,716	58,650	65,460	68,877
Total liabilities and equity	1,433,405	1,417,414	1,457,301	1,383,789	1,405,800

Equity, DKKbn

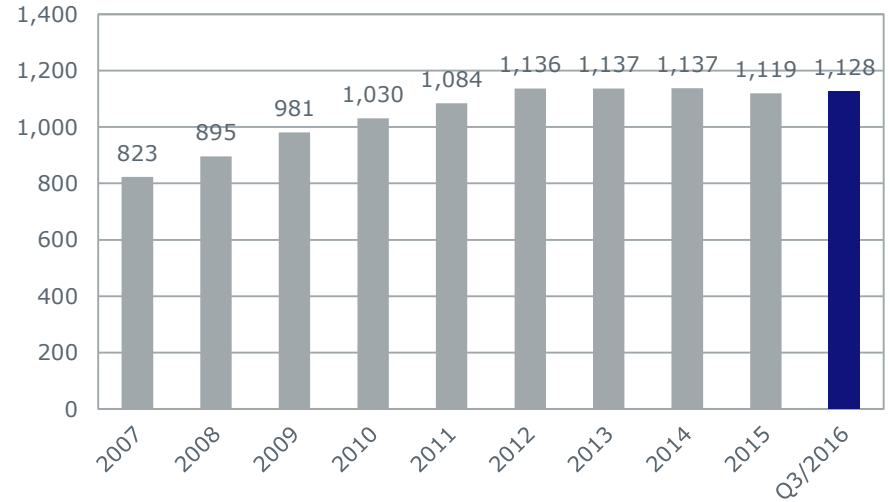


Balance sheet summary – the Nykredit Realkredit Group

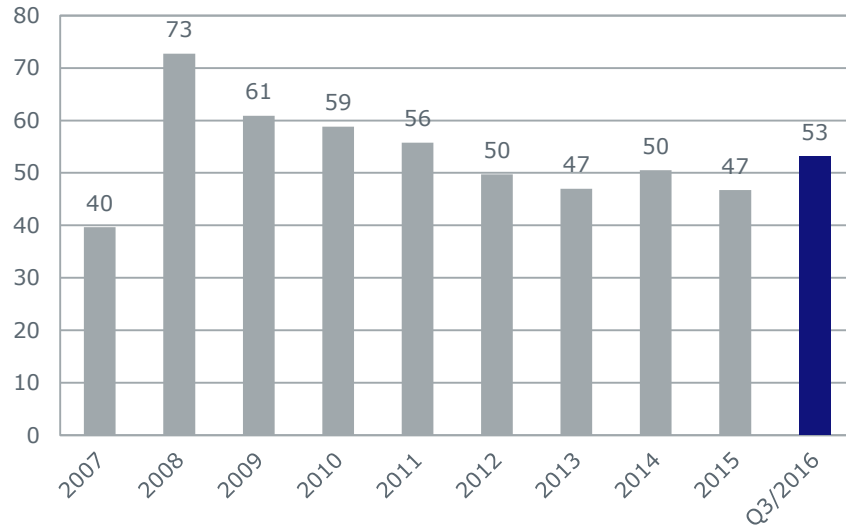
Total fair lending, DKKbn



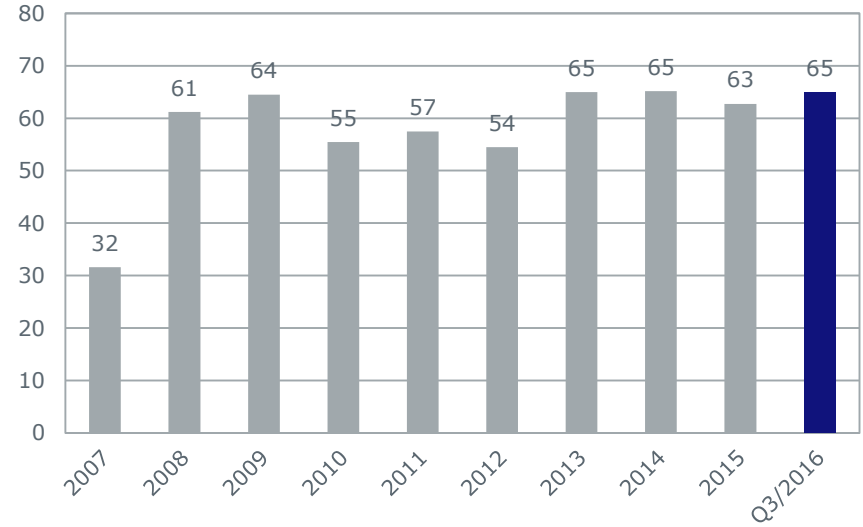
Total fair mortgage lending, DKKbn



Total fair bank lending, DKKbn



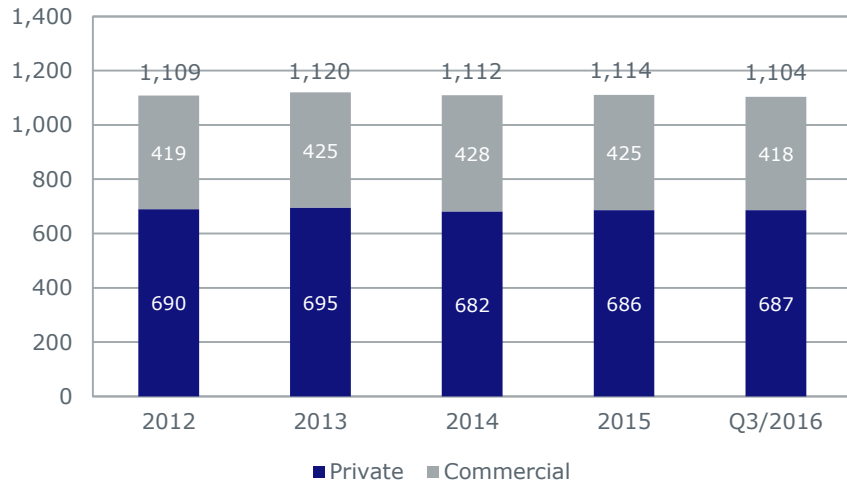
Total bank deposits, DKKbn



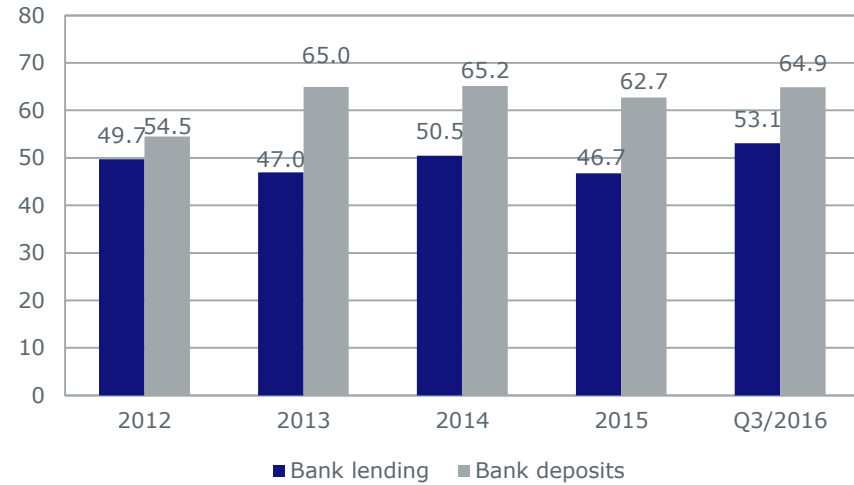
Note: Mortgage lending based on fair value. Bank lending excludes reverse transactions.

Lending and deposits

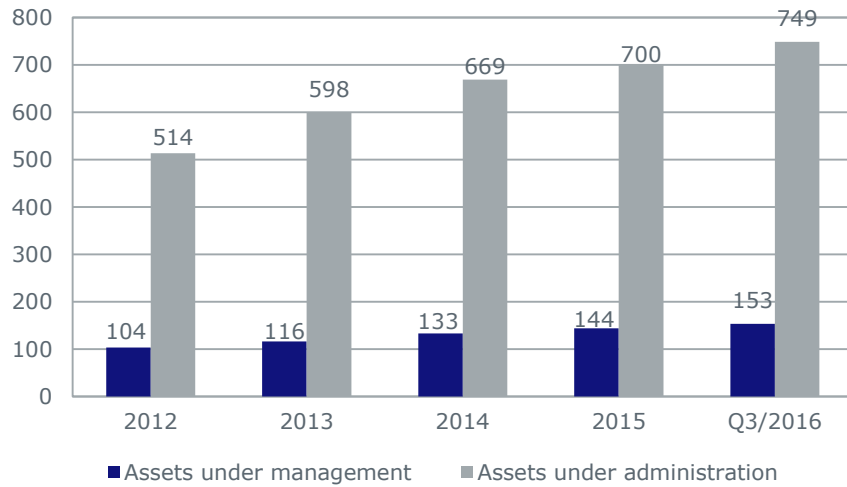
Nominal mortgage lending, DKKbn



Bank lending and bank deposits, DKKbn

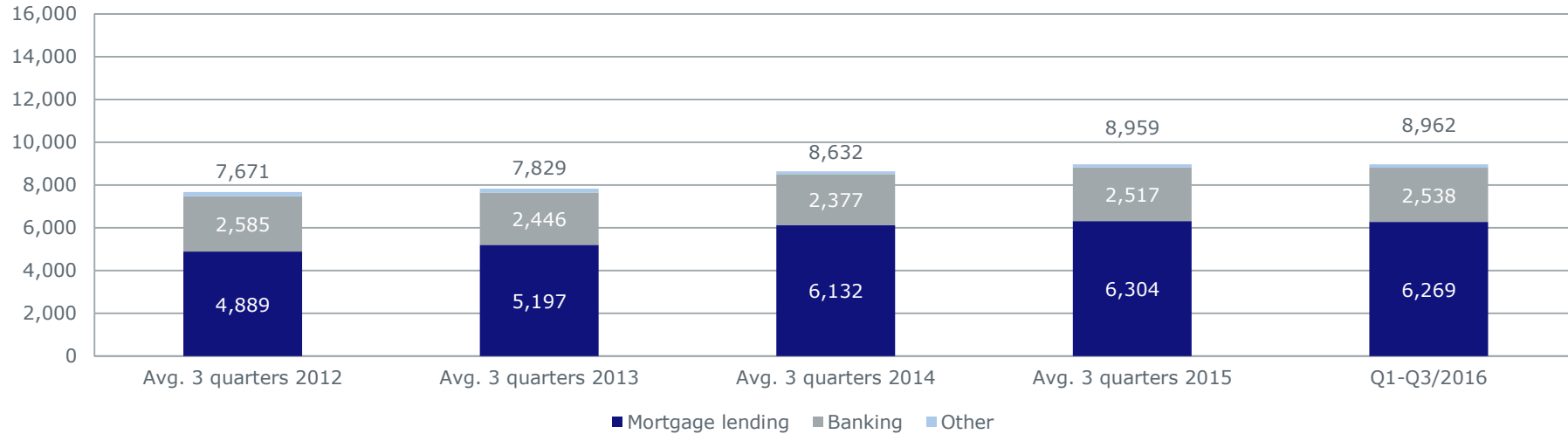


Assets under administration, DKKbn

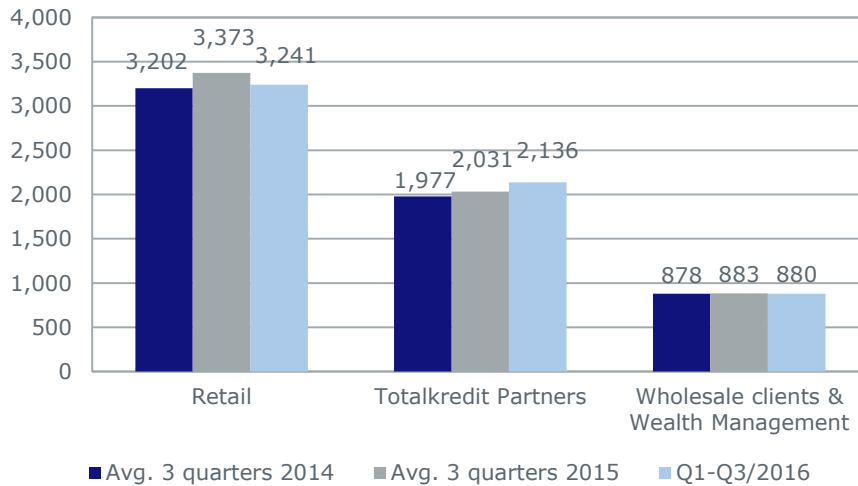


Breakdown of core income – the Nykredit Realkredit Group

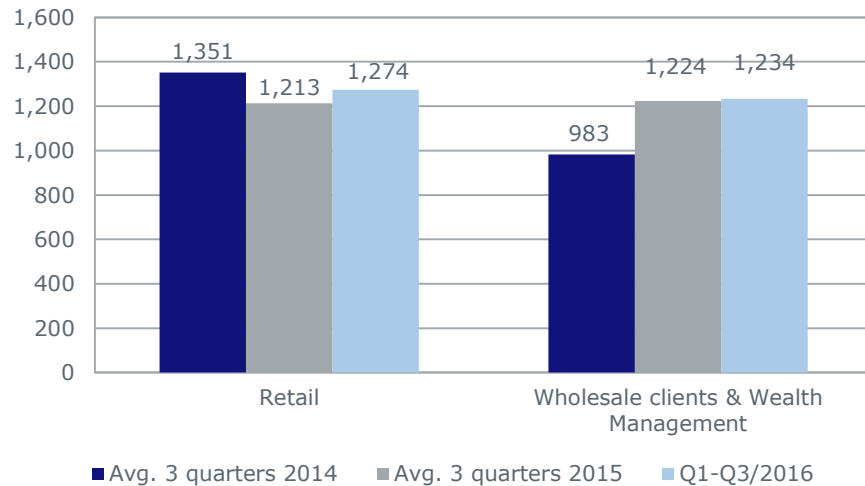
Core income from business operations, actual Q1-Q3/2016 and average 3 quarters previous years, DKKm.



Mortgage - Core income from business operations by business area excl Group items, actual Q1-Q3/2016 and average 3 quarters previous years, DKKm.



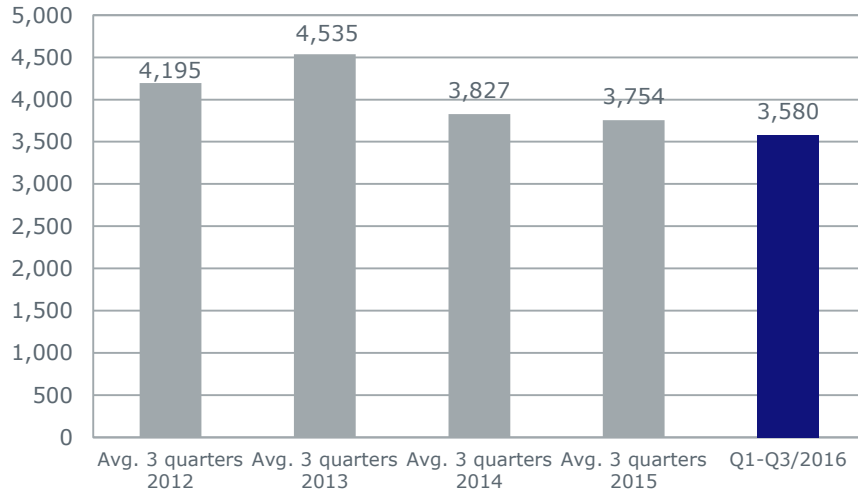
Banking - Core income from business operations by business area excl Group items, actual Q1-Q3/2016 and average 3 quarters previous years, DKKm.



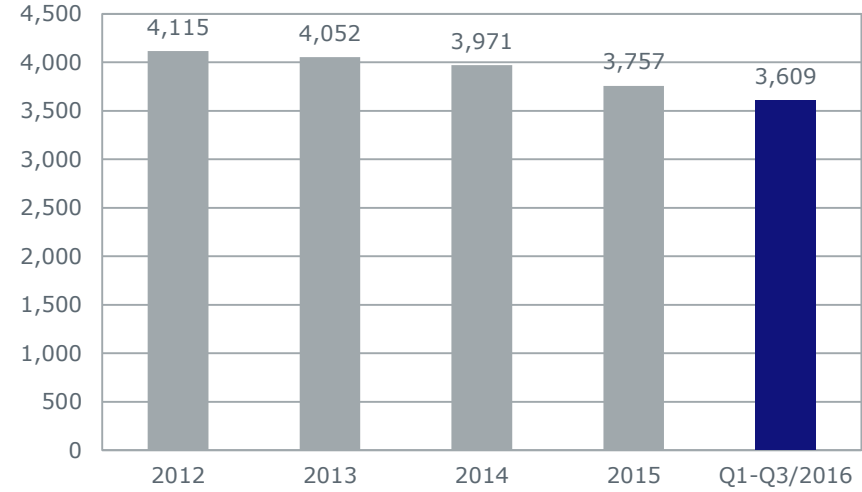
Note: Wealth Management is included in Wholesale Clients in earlier periods.

Breakdown of costs

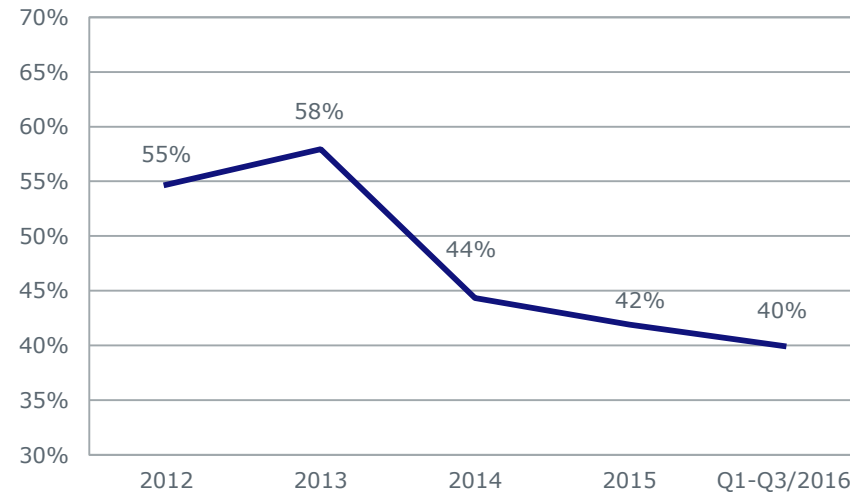
Operating costs, the Nykredit Realkredit Group, DKKm



Average number of full-time employees



Cost:income ratio, %



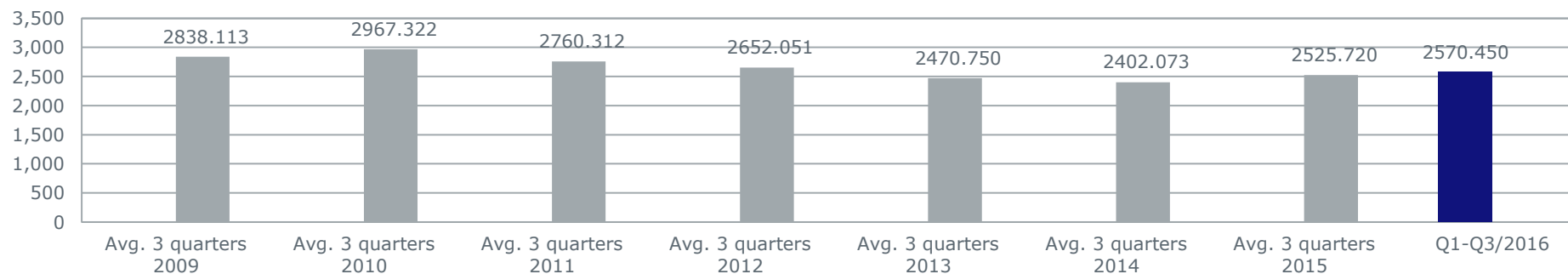
Note: Operating costs, depreciation and amortisation, excl mortgage business contribution to Resolution Fund and impairment of goodwill as % of core earnings from business operations

Results – the Nykredit Bank Group

The Nykredit Bank Group

DKK million	Avg. 3 quarters 2012	Avg. 3 quarters 2013	Avg. 3 quarters 2014	Avg. 3 quarters 2015	Q1-Q3/2016
Core income from					
Business operations	2,606	2,446	2,380	2,520	2,564
Securities	46	25	22	6	6
Income from core business	2,652	2,471	2,402	2,526	2,570
Operating costs, depreciation and amortisation	1,385	1,592	1,526	1,436	1,474
Value adjustment of associate	-	59	-	-	-
Profit from core business before impairment losses	1,267	938	876	1,090	1,096
Impairment losses on bank lending	418	262	164	(91)	(58)
Profit from core business	849	676	712	1,181	1,154
Value adjustments of interest rate swaps	(821)	(581)	(2,522)	308	(1,273)
Impairment of goodwill	-	-	-	7	-
Investment portfolio income	23	(30)	32	26	35
Profit (loss) before tax	50	65	(1,778)	1,508	(85)
Tax	(1)	6	(449)	351	(33)
Profit (loss) for the period	51	59	(1,329)	1,157	(52)

Income from core business Q1-Q3/2016, DKKm



Note: Forstædernes Bank was included in the Consolidated Financial Statements as from 17 October 2008. Value adjustment of the portfolio of subordinated debt instruments in Danish banks (Kalvebod issues) has been included from 1 January 2011. Comparative figures have been restated. Largely all the Group's investment activities are marked to market, for which reason group earnings exhibit a certain degree of volatility.

Balance sheet summary – the Nykredit Bank Group

The Nykredit Bank Group

DKK million	2012	2013	2014	2015	Q3/2016
Assets					
Cash balance and receivables from credit institutions and central banks	44,812	23,173	33,885	13,425	35,409
Loans, advances and other receivables at fair value	35,401	56,814	35,228	39,467	24,871
Loans, advances and other receivables at amortised cost	49,807	47,024	50,494	46,747	53,115
Bonds at fair value and equities	58,399	64,219	65,314	40,412	41,168
Remaining assets	52,099	32,904	44,962	34,288	38,893
Total assets	240,518	224,134	229,883	174,339	193,456
Liabilities and equity					
Payables to credit institutions and central banks	55,355	57,732	63,876	34,957	47,668
Deposits and other payables	54,701	65,405	65,350	62,758	65,031
Bonds in issue at amortised cost	28,498	26,689	25,881	20,150	12,071
Other non-derivative financial liabilities at fair value	33,741	29,248	19,943	11,776	19,598
Remaining payables	53,468	30,214	41,913	28,267	32,806
Provisions	235	247	246	214	217
Subordinated debt	250	250	100	100	-
Equity	14,270	14,347	12,575	16,117	16,065
Total liabilities and equity	240,518	224,134	229,883	174,339	193,456

Nykredit Bank A/S

Supervisory diamond (calculated at parent level)

	2012	2013	2014	2015	Q3/2016
Lending growth (limit value <20%)	(10.7)	(7.6)	6.8	(7.5)	14.0
Large exposures (limit value <125%)	0.0	0.0	34.5	11.1	0.0
Property exposure (limit value <25%)	14.6	10.4	13.6	11.4	13.4
Funding ratio (limit value < 1.0%)	0.6	0.5	0.6	0.5	0.6
Excess liquidity coverage (limit value >50%)	183.1	276.0	281.6	346.5	241.4

Income from securities - the Nykredit Realkredit Group

Net income from securities

DKK million	Avg. 3 quarters 2013	Avg. 3 quarters 2014	Avg. 3 quarters 2015	Q1-Q3/2016
Core income from securities	88	97	29	33
Investment portfolio income	1,415	585	640	1,113
Total investment portfolio income through profit or loss	1,503	682	668	1,146
Investment portfolio income through equity	(226)	193	14	30
Total investment portfolio income	1,278	875	683	1,176
- of which bonds	614	400	375	934
- of which equity	239	155	101	96
- of which strategic equities	303	211	144	90
- of which others	121	109	62	55

Ten year Danish government bond yield, %



Note: Largely all of the Group's investment activities is marked to market, for which reason group earnings exhibit a certain degree of volatility.

Ratios and keyfigures – the Nykredit Realkredit Group

Keyfigures

DKK million	2012	2013	2014	2015	Q3/2016
Net interest margin, %					
The Nykredit Realkredit Group	0.80%	0.75%	0.82%	0.86%	0.82%
Impairment losses for the period as % of lending					
Mortgage lending	0.14%	0.22%	0.19%	0.09%	0.04%
Banking	0.55%	0.29%	0.20%	(0.12%)	(0.06%)
Write-offs*					
Mortgage lending	1,058	1,016	997	1,011	682
Banking	847	616	659	649	266
Swaps	63	148	100	106	392
Total provisions for loan impairment					
Mortgage lending	2,954	4,378	5,507	5,694	5,605
Banking (including guarantees excluding financial institu	4,139	4,078	3,665	2,952	2,661
Swaps	1,496	2,229	5,421	5,088	5,978
Total provisions for loan impairment/write-offs					
Mortgage lending	2.8	4.3	5.5	5.6	8.2
Banking	4.9	6.6	5.6	4.5	10.0
Swaps	-	15.1	54.2	48.0	15.2

*Write-offs for Q1-Q3 2016 has not been annualized.

Ratios

%	2012	2013	2014	2015	Q1-Q3/2016
Return on average equity, before tax, p.a., %	5.6%	3.3%	-0.3%	7.5%	8.8%
Return from core business on average equity, p.a., %	3.2%	1.4%	5.5%	8.6%	9.2%
Return on assets, %	1.06%	1.04%	1.05%	0.97%	0.33%
Return on REA, %	4.56%	4.27%	4.20%	4.43%	1.30%

Note: Nykredit's earnings should be seen relative to the balance sheet structure. A prevailing part of the assets consists of mortgage loans with low risk and low margins. Price adjustments on mortgage products may be implemented at four months' notice and at a shorter notice for banking products.

Capital ratios and keyfigures

Capital ratios - The Nykredit Realkredit Group

%	2012	2013	2014	2015	Q3/2016
Tier 1 capital ratio, %	19.1%	18.9%	17.2%	20.5%	18.9%
Common Equity Tier 1 (CET1) capital ratio, %	15.8%	15.8%	15.4%	19.4%	17.9%
Leverage ratio, %*	-	-	-	4.4%	4.6%

* Previous years not computed.

Exposure - weighted average risk weights (A-IRB method)

%	2012	2013	2014	2015	Q3/2016
Retail - Mortgage	12,9%	14,1%	13,4%	12,6%	12,9%
Commercial - Mortgage	28,7%	28,4%	27,5%	24,1%	28,6%
Total Mortgage	-	-	-	-	17,6%
Retail - Banking	32,2%	52,4%	53,1%	53,3%	42%
Business - Banking	40,2%	32,2%	36,7%	34,4%	70,1%
Retail - Group	13,8%	15,6%	15,3%	14,3%	14,1%
Commercial - Group	31,1%	29,4%	29,4%	26,1%	38,8%

Note: These risk weights only relates to credit risk. Pillar II and operational risk is therefore not included.

Ratios

DKK million	2012	2013	2014	2015	Q3/2016
The Nykredit Realkredit Group					
CET1, fully loaded ¹	-	-	54,241	60,257	63,926
Distance to MDA, not fully loaded ²	-	-	-	38,351	37,886
Distance to MDA, fully loaded ^{1, 2}	-	-	26,198	35,589	37,826
Available Distributable Items (ADI)	-	-	-	26,230	30,138 ³
Asset encumbrance	-	-	-	84%	84%
Nykredit Realkredit A/S					
Internal capital adequacy requirement, %	-	-	-	-	9.4%
CET1, fully loaded ¹	-	-	54,308	60,249	64,520
Distance to MDA, not fully loaded ²	-	-	-	34,465	36,090
Distance to MDA, fully loaded ^{1, 2}	-	-	25,791	32,453	36,034
Available Distributable Items (ADI)	-	-	-	27,427	29,375 ⁴

Note: Previous years not computed.

¹ In the above table CET1 CRR fully loaded is calculated under the assumption that all deductions are taken in CET1.

² Maximum Distributable Amount (MDA): Estimated MDA buffers calculated under the assumption that AT1 and T2 requirements are covered by relevant capital instruments.

³ According to Danish legislation, capital cannot be distributed if dividend payments impair any regulatory capital requirements. Nykredit Realkredit Group's total capital amounts to DKK 78.4bn. Maximum capital requirement is the transitional floor of DKK 48.3bn. Hence at least DKK 30.1bn is available for distribution in line with the CRR definition.

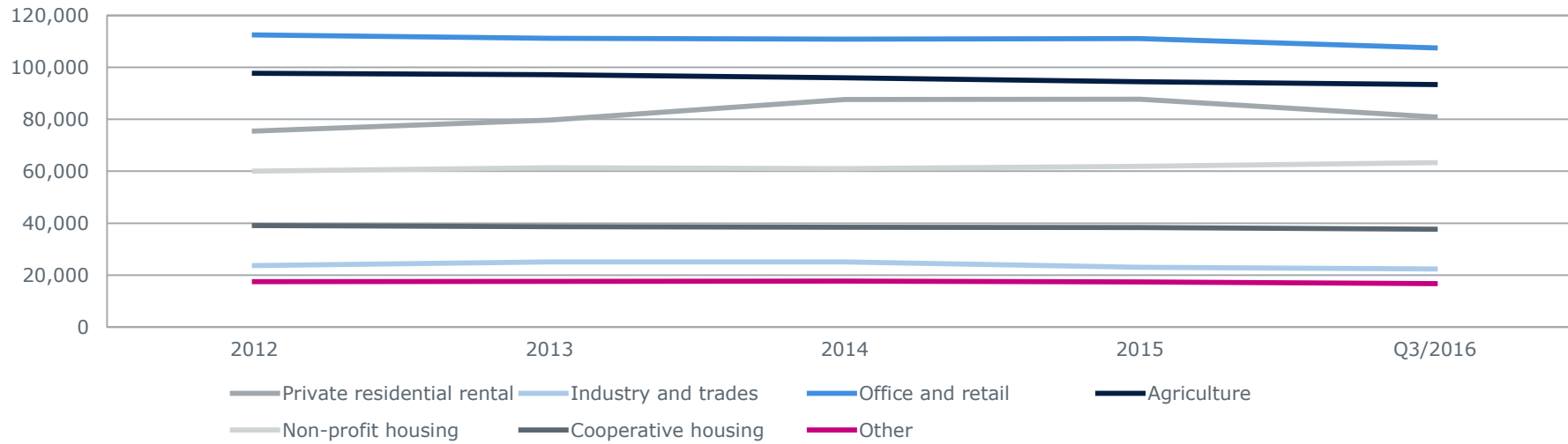
⁴ According to Danish legislation, capital cannot be distributed if dividend payments impair any regulatory capital requirements. Nykredit Realkredit A/S total capital amounts to DKK 79.0bn. Maximum capital requirement is the internal capital adequacy requirement (Pillar I and Pillar II) of DKK 36.6bn. However retained earnings amount to DKK 29.4bn and that is the

Mortgage lending

Mortgage lending, nominal value, DKKm



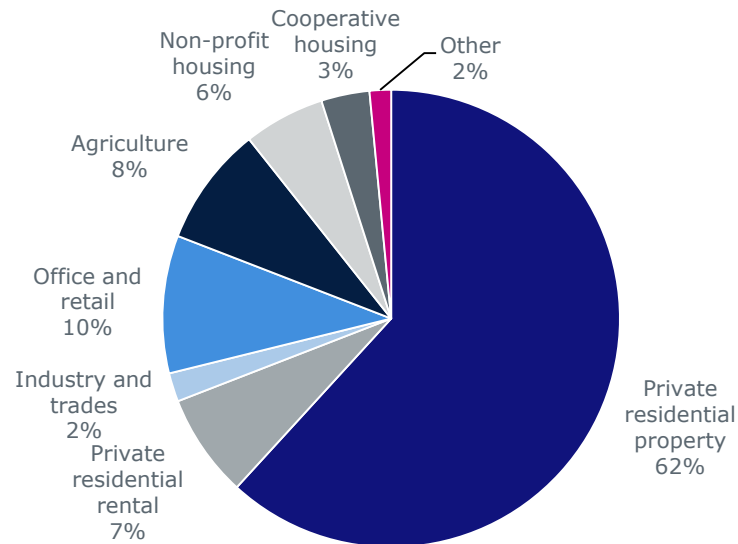
Mortgage lending by property type (excl.private residential property), nominal value,DKKm



Mortgage lending

Mortgage lending – by property type

DKK million, nominal value	2012	2013	2014	2015	Q3/2016	Average impairment losses 2013 - Q3/2016	Average write-offs 2013 - Q3/2016
Private residential property	682,969	689,057	674,974	680,401	682,357	0.13%	0.11%
Private residential rental	75,489	79,692	87,575	87,757	80,847	0.00%	0.12%
Industry and trades	23,635	25,119	25,058	22,999	22,398	0.08%	0.20%
Office and retail	112,444	111,215	110,874	111,093	107,466	0.13%	0.15%
Agriculture	97,688	97,217	95,982	94,438	93,414	0.59%	0.20%
Non-profit housing	60,060	61,385	61,050	61,941	63,294	0.01%	0.00%
Cooperative housing	39,066	38,649	38,481	38,318	37,708	0.36%	0.00%
Other	17,444	17,636	17,750	17,377	16,759	0.15%	0.15%
Total	1,108,797	1,119,970	1,111,744	1,114,324	1,104,242	0.16%	0.12%



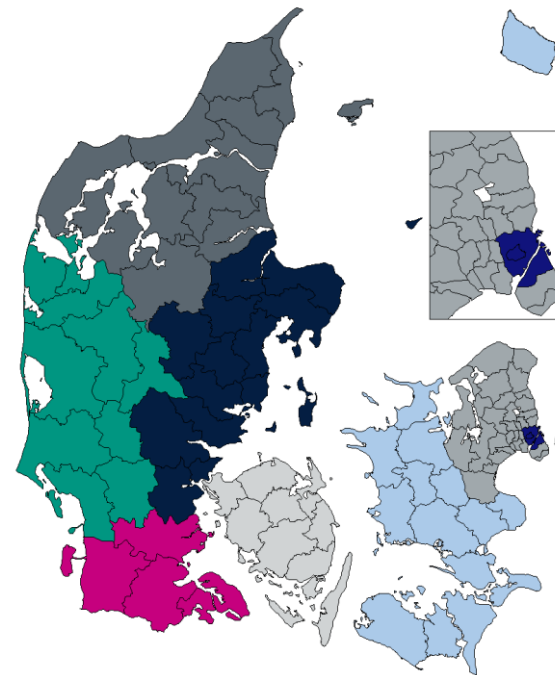
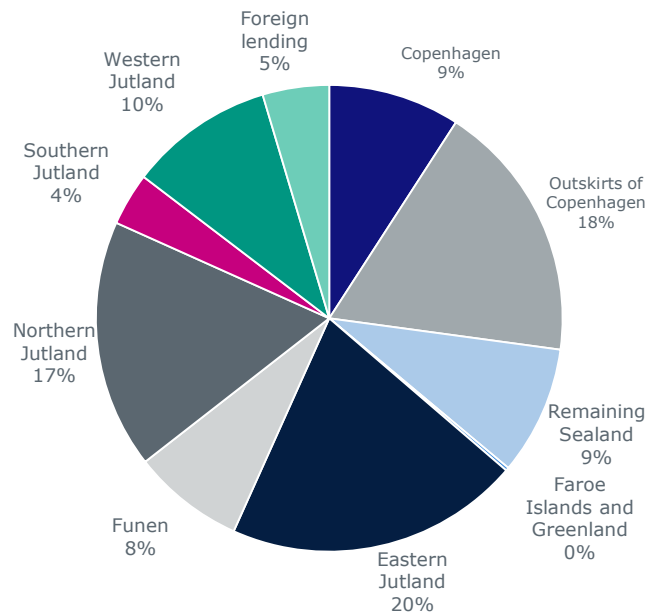
Note: The breakdown by property type is not directly comparable with the Group's business areas. Impairment losses and write-offs has been annualized for the calculation of average impairment losses and average write-offs.

Mortgage lending

Mortgage lending at nominal value by geography

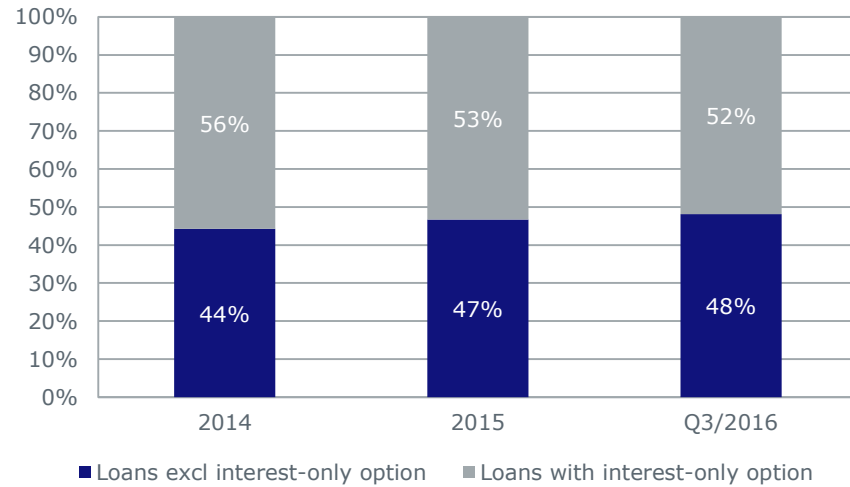
DKK billion	2012	2013	2014	2015	Q3/2016
Copenhagen	96	98	99	101	101
Outskirts of Copenhagen	198	199	197	199	199
Remaining Sealand	102	102	102	100	99
Faroe Islands and Greenland	3	3	3	2	2
Eastern Jutland	226	229	225	225	225
Funen	88	87	86	86	86
Northern Jutland	186	189	189	190	190
Southern Jutland	43	42	42	41	40
Western Jutland	115	116	114	112	111
Foreign lending	55	56	56	58	51

Q3/2016 (DKK billion)

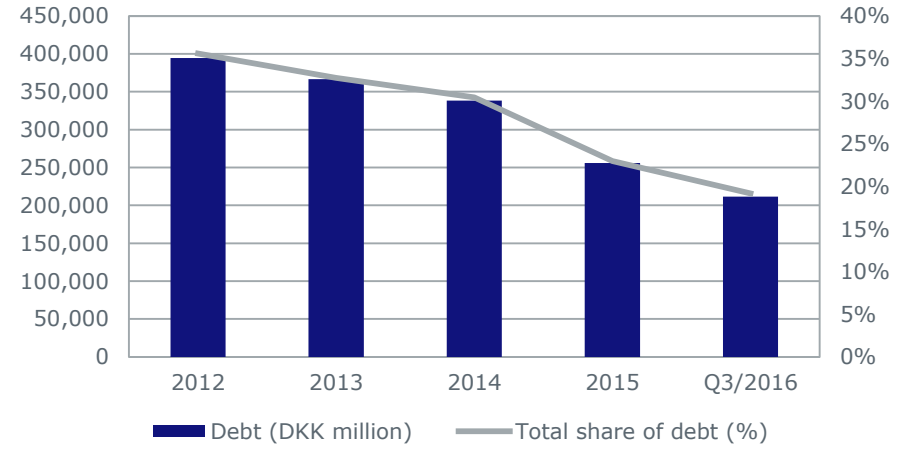


Mortgage lending

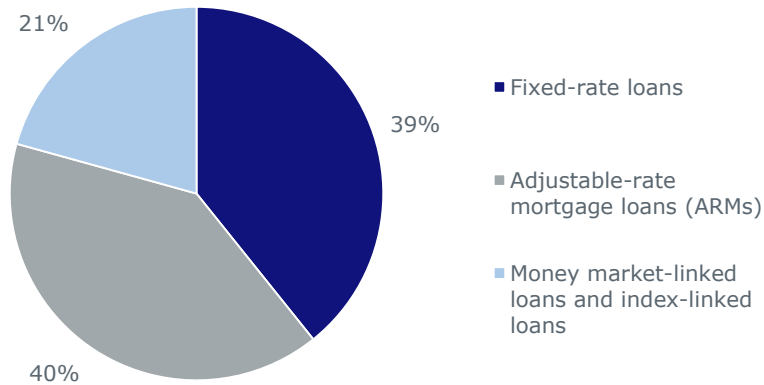
Bond dept outstanding by loan and interest type, all segments



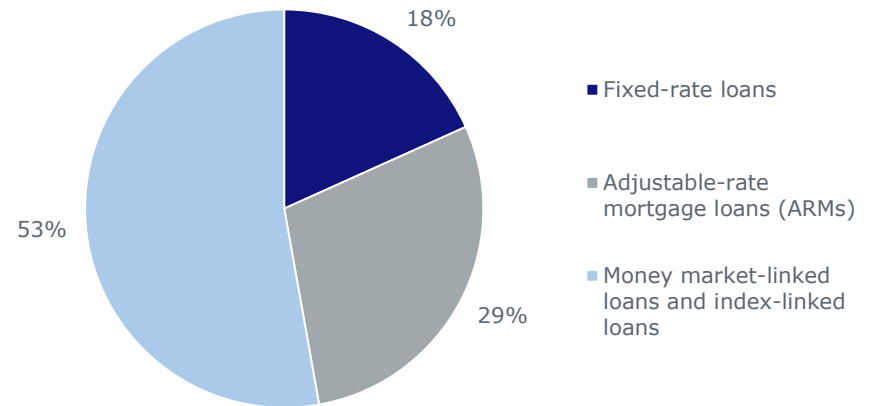
Variable-rate loans with refinancing within one year (ARMs, money market-linked and index-linked), debt outstanding with maturity less than 1 year, all segments, variable-rate loans.



Mortgage lending by loan type, private residential properties, Q3/2016

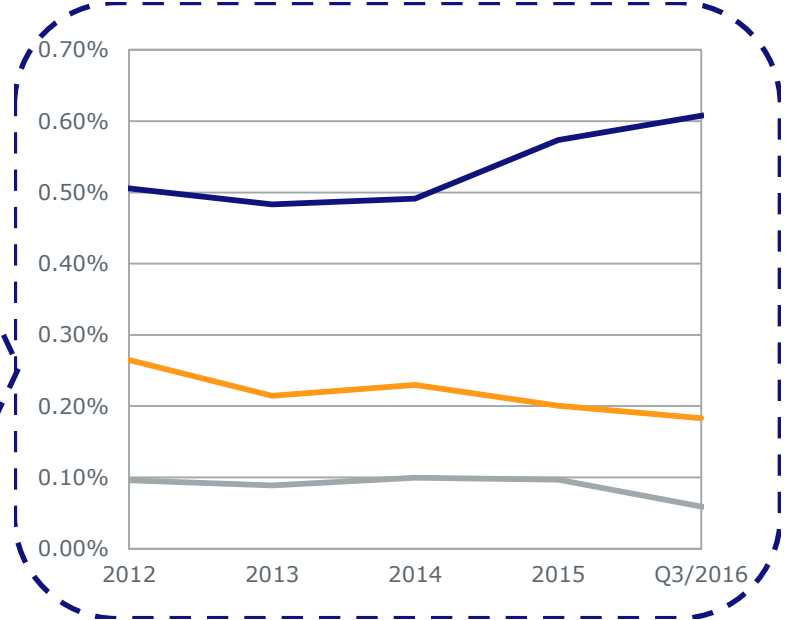
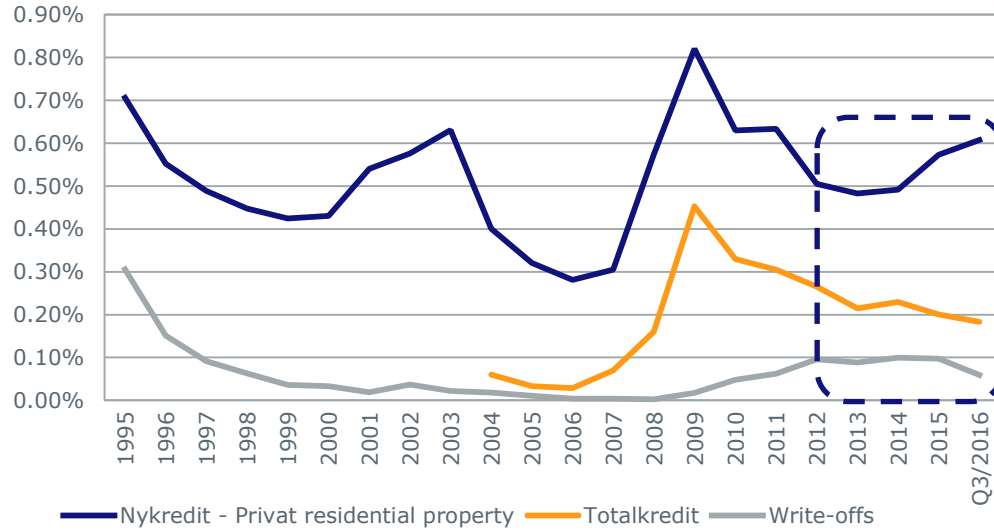


Mortgage lending by loan type, commercial, Q3/2016



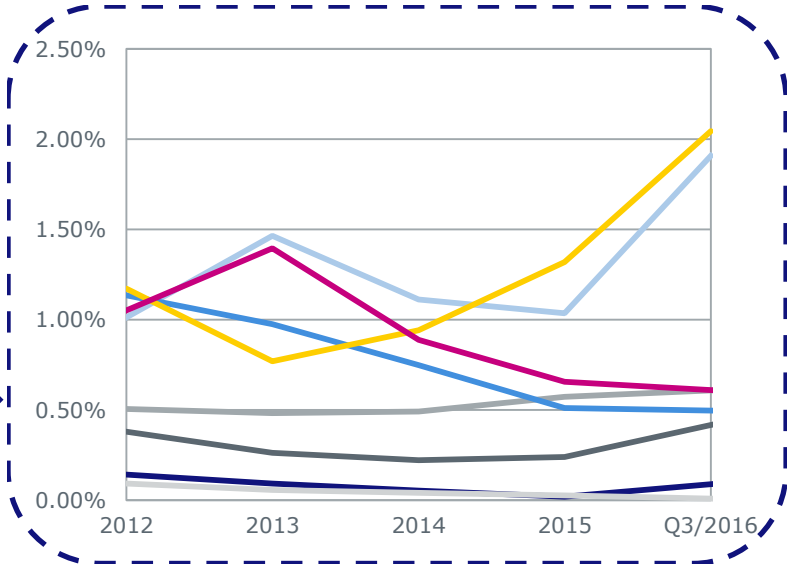
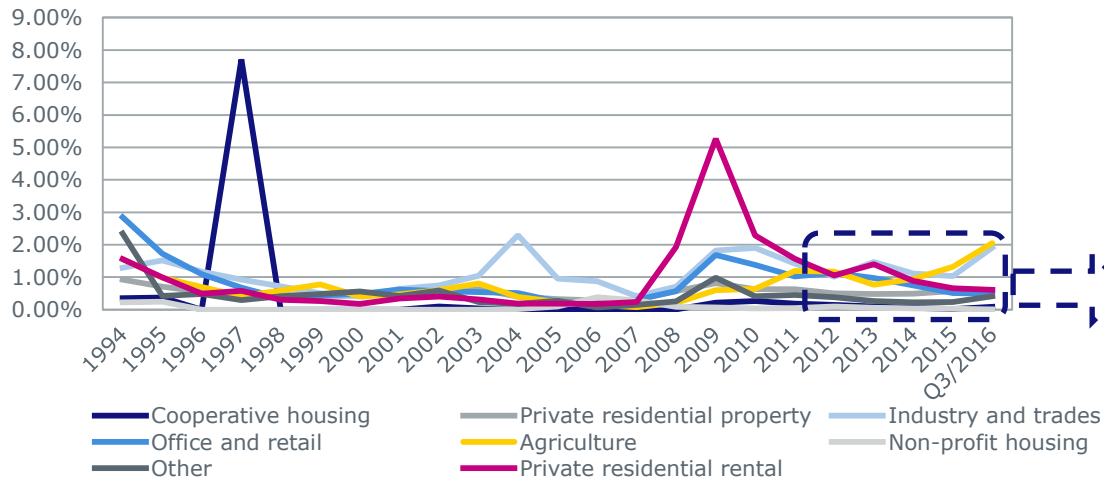
Arrears – mortgage lending

Arrears - 75 days past due, %



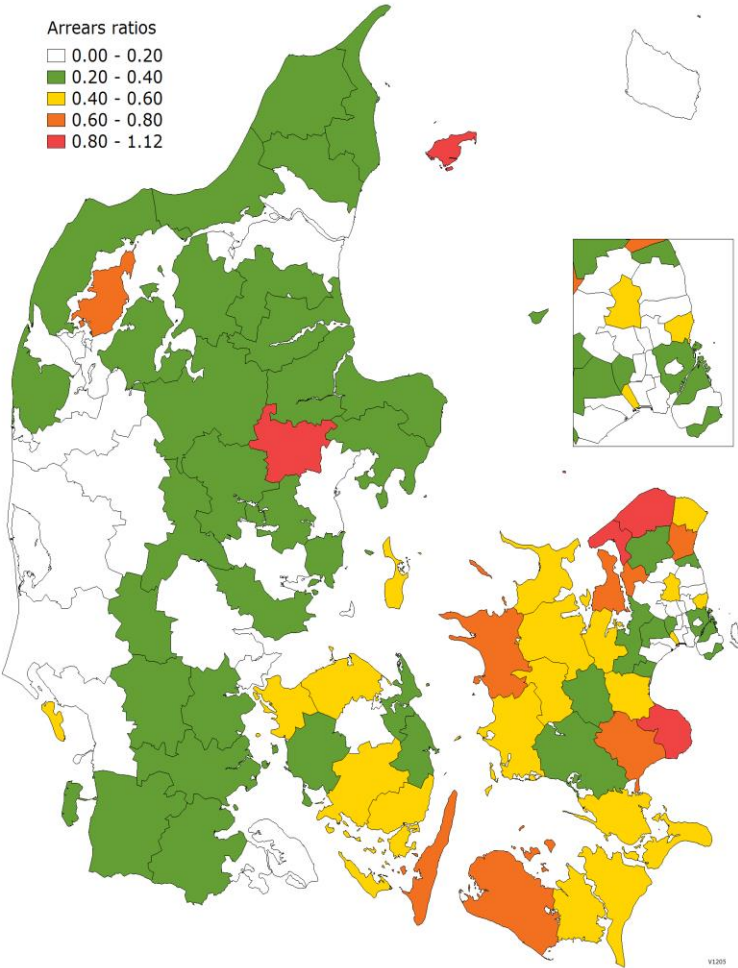
Note: Totalkredit has been consolidated with Nykredit Realkredit from 10 November 2003.
Q3/2016 write-offs has not been annualized.

Arrears, 75 days past due, %

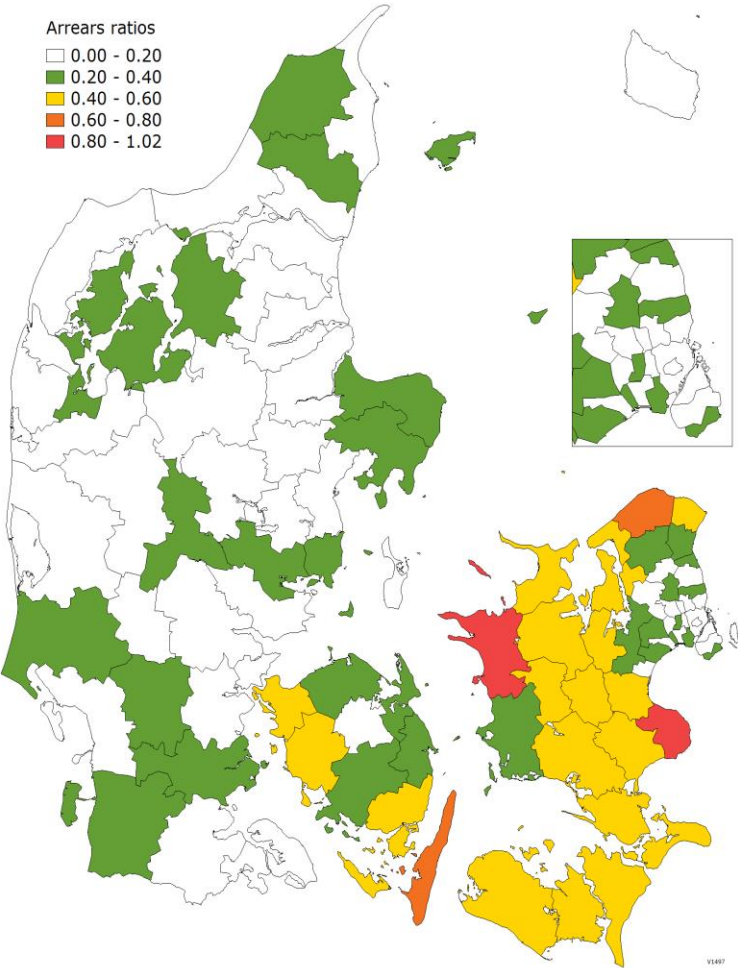


Geographical distribution of arrears/total mortgage lending – private residential property, mortgage lending

75 day-arrears, Q3/2015

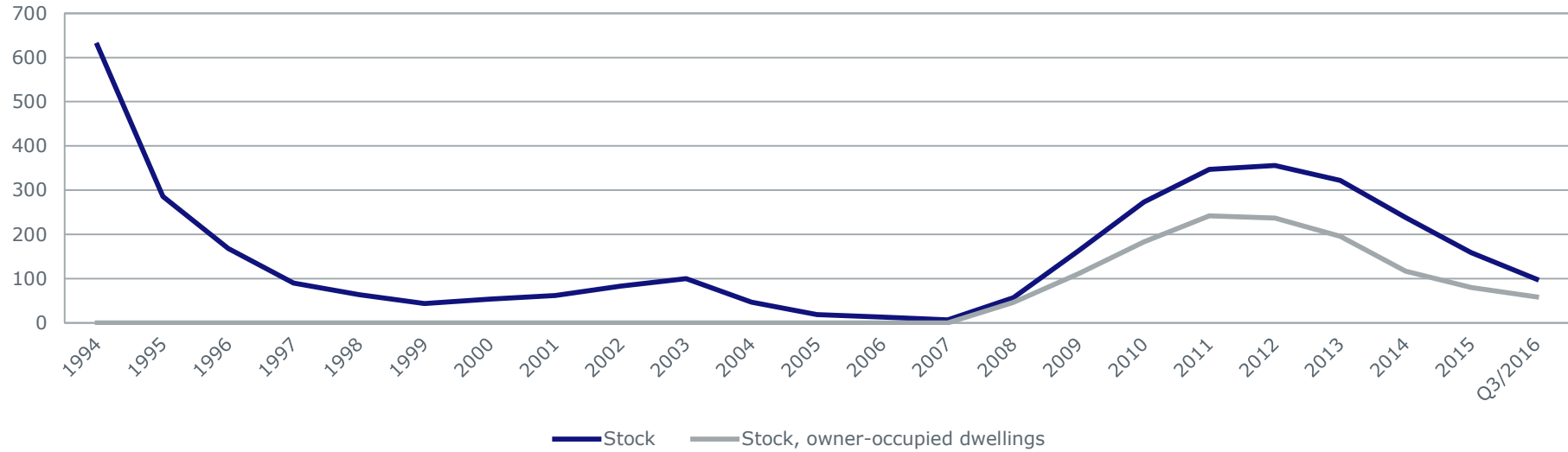


75 day-arrears, Q3/2016

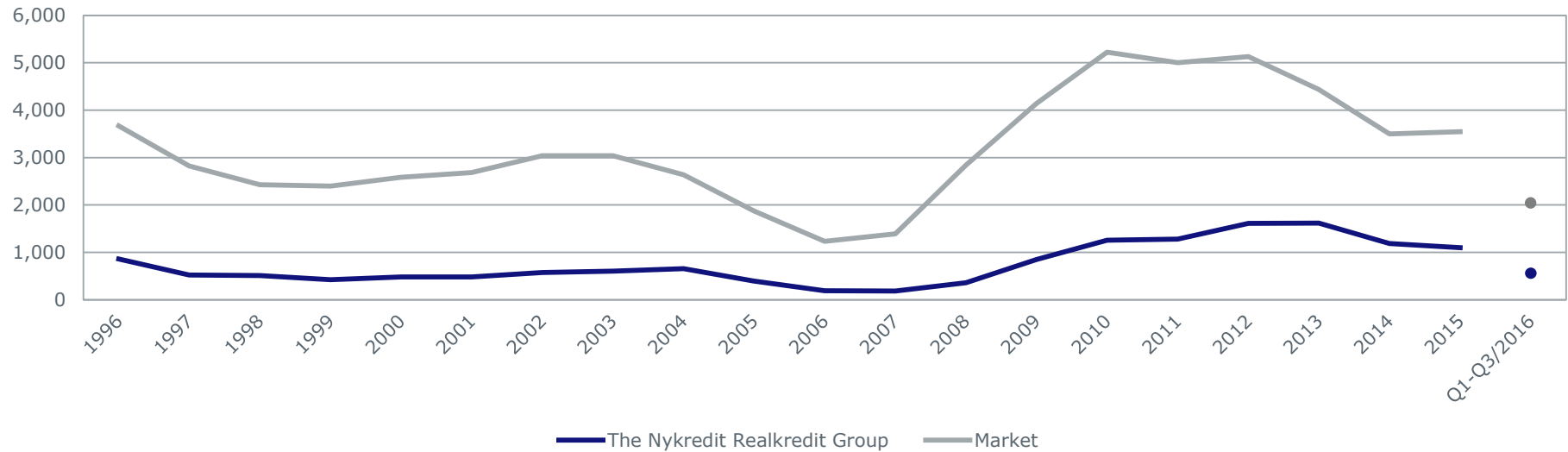


Repossessed properties and forced sales

Repossessions, The Nykredit Realkredit Group



Forced sales in Denmark



Risk relating to mortgage lending

Debt outstanding relative to estimated property values, continuous distribution Q3/2016 Fair value 2016 LTV (loan-to-value), The Nykredit Realkredit Group

DKK million	0-40	40-60	60-80	80-100	Over 100	Non-profit housing	Total	LTV-median	Average LTV
								%	%
Private residential property	414,900	160,245	97,186	18,127	4,328	-	694,786	33	71
Private residential rental	75,959	26,019	12,328	2,712	1,067	-	118,085	30	66
Industry and trades	18,742	2,913	381	173	193	-	22,401	21	48
Office and retail	82,323	21,131	3,310	936	505	-	108,205	25	54
Agriculture	68,563	18,518	7,030	1,702	530	-	96,343	26	59
Other	13,325	2,648	779	101	79	-	16,932	23	51
Total Q3 2016	673,811	231,474	121,014	23,751	6,701	70,764	1,127,516	30	65
Total Q3 2015	668,462	233,418	117,058	23,528	7,580	68,859	1,118,905	30	65

3,72% of total lending is outside statutory LTV limits

Debt outstanding relative to estimated property values, Q3/2016 continuous distribution, The Nykredit Realkredit Group

%	0-40	40-60	60-80	80-100	Over 100
Private residential property	60	23	14	3	1
Private residential rental	64	22	10	2	1
Industry and trades	84	13	2	1	1
Office and retail	76	20	3	1	0
Agriculture	71	19	7	2	1
Other	79	16	5	1	0
Total Q3 2016	64	22	11	2	1

Note: The average LTV is determined as the top part of the debt outstanding relative to estimated property values. The figures are actual LTV ratios including any financed costs. Public authority guarantees reduce the credit risk relating to subsidised housing that forms part of lending to the non-profit housing segment. For this reason, LTVs of non-profit housing offer no relevant risk data. In the table, debt outstanding is distributed continuously by LTV category. Loans with security covering for example between 0% and 60% of the mortgageable value are distributed with two thirds of the debt outstanding in the LTV range 0-40% and one third in the LTV range 40-60%.

(*) Some loan types offered for residential properties are subject to a lower LTV limit than 80%, but no supplementary collateral is required unless the LTV ratio subsequently exceeds 80%.

(**) The LTV limit may be extended up to 70% against supplementary collateral for the part in excess in 60%.

Statutory LTV limits by property category

Private residential property for all-year habitation	80%*
Private cooperative housing	80%
Private residential rental properties	80%
Non-profit housing	80%
Youth housing	80%
Senior housing	80%
Properties used for social, cultural or educational purposes	60%
Holiday homes	60%
Agricultural and forestry properties, market gardens etc**	60%
Office and retail properties**	60%
Industry and trades properties**	60%
Utilities	60%
Other properties - including undeveloped land	40%

Risk relating to mortgage lending

Debt outstanding distributed by the top part relative to estimated property values, Q3/2016 Fair value 2016 LTV (loan-to-value), The Nykredit Realkredit Group

DKK million	0-40	40-60	60-80	80-100	Over 100	Non-profit housing	Total	LTV-median	Average LTV
								%	%
Private residential property	70,387	150,728	271,142	167,450	35,078	-	694,786	33	71
Private residential rental	29,728	41,944	29,899	10,711	5,804	-	118,085	30	66
Industry and trades	10,064	10,222	1,118	546	450	-	22,401	21	48
Office and retail	41,613	49,293	11,722	3,284	2,294	-	108,205	25	54
Agriculture	41,975	31,704	15,519	5,100	2,046	-	96,343	26	59
Other	9,275	5,078	1,851	501	227	-	16,932	23	51
Total Q3/2016	203,041	288,969	331,250	187,592	45,900	70,764	1,127,516	30	65
Total Q3/2015	199,118	306,250	353,329	142,326	49,023	68,859	1,118,905	30	65

23,39% of total lending is outside statutory LTV limits

Debt outstanding distributed by the top part relative to estimated property values, Q3/2016, The Nykredit Realkredit Group

%	0-40	40-60	60-80	80-100	Over 100
Private residential property	10	22	39	24	5
Private residential rental	25	36	25	9	5
Industry and trades	45	46	5	2	2
Office and retail	38	46	11	3	2
Agriculture	44	33	16	5	2
Other	55	30	11	3	1
Total Q3/2016	19	27	31	18	4

Note: The average LTV is determined as the top part of the debt outstanding relative to estimated property values. The figures are actual LTV ratios including any financed costs. Public authority guarantees reduce the credit risk relating to subsidised housing that forms part of lending to the non-profit housing segment. For this reason, LTVs of non-profit housing offer no relevant risk data.

(*) Some loan types offered for residential properties are subject to a lower LTV limit than 80%, but no supplementary collateral is required unless the LTV ratio subsequently exceeds 80%.

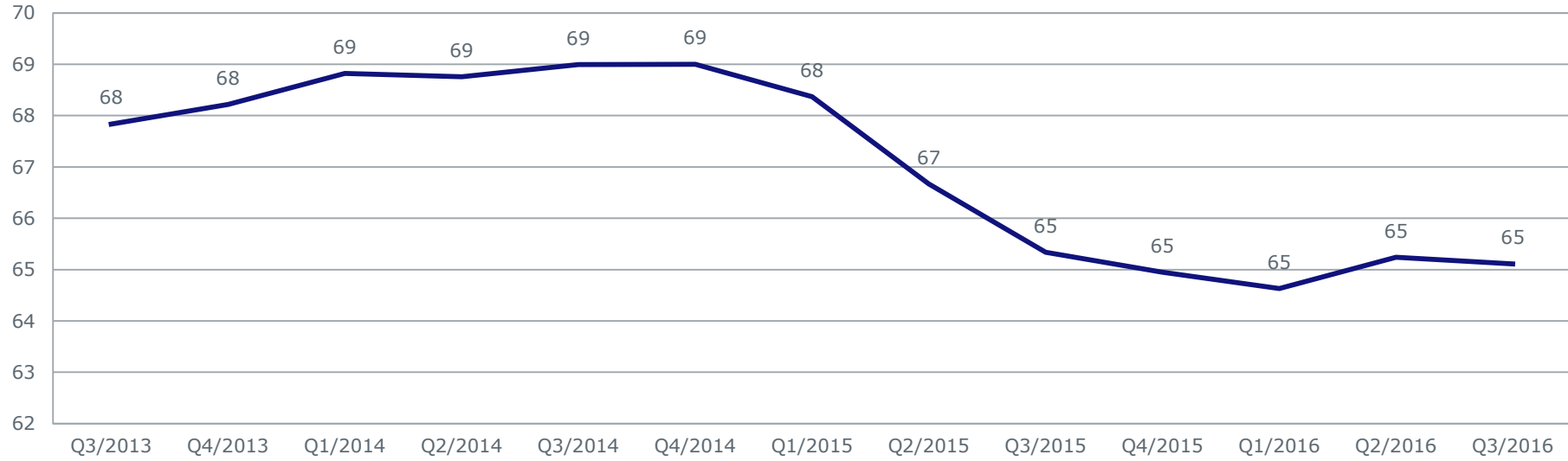
(**) The LTV limit may be extended up to 70% against supplementary collateral for the part in excess in 60%.

Statutory LTV limits by property category

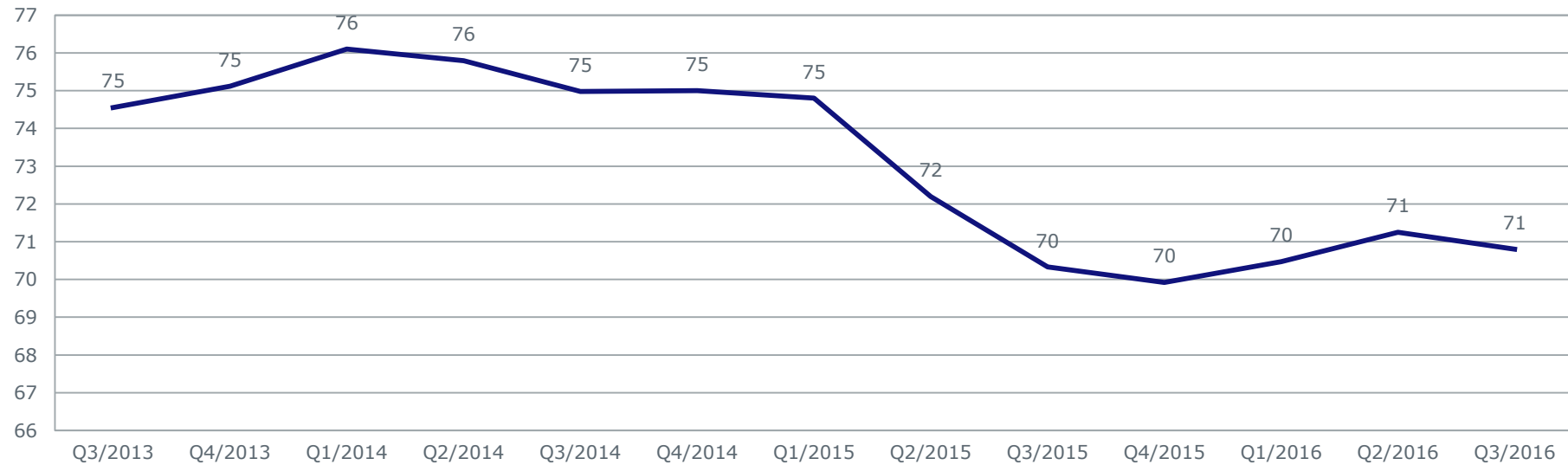
Private residential property for all-year habitation	80%*
Private cooperative housing	80%
Private residential rental properties	80%
Non-profit housing	80%
Youth housing	80%
Senior housing	80%
Properties used for social, cultural or educational purposes	60%
Holiday homes	60%
Agricultural and forestry properties, market gardens etc**	60%
Office and retail properties**	60%
Industry and trades properties**	60%
Utilites	60%
Other properties - including undeveloped land	40%

LTV

Average LTV - all segments, %

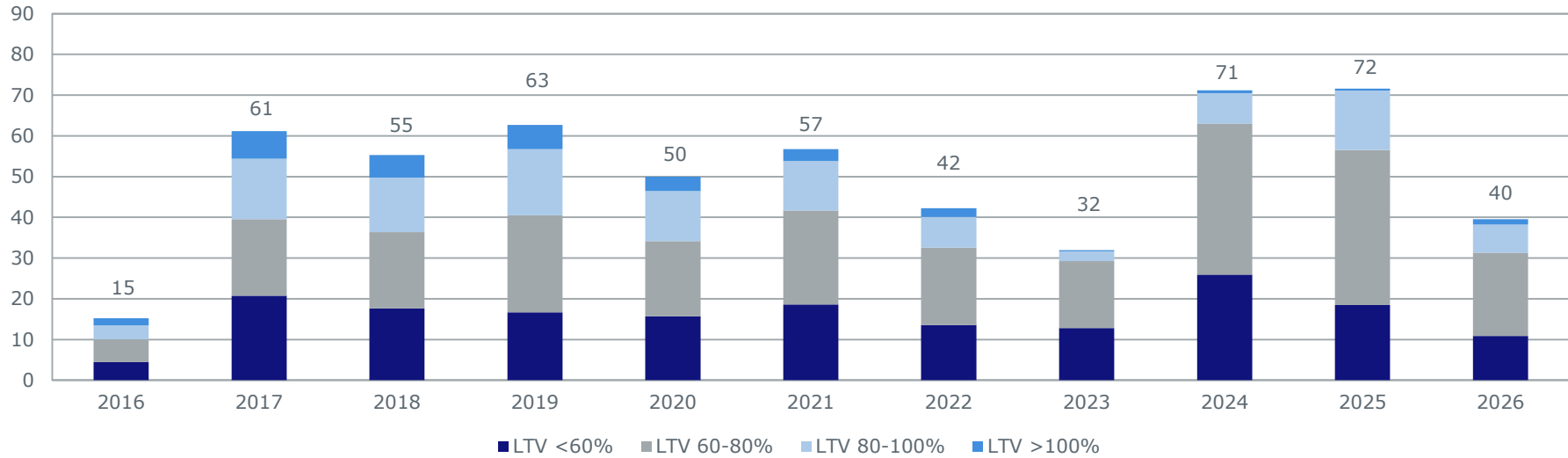


Average LTV - private residential properties, %

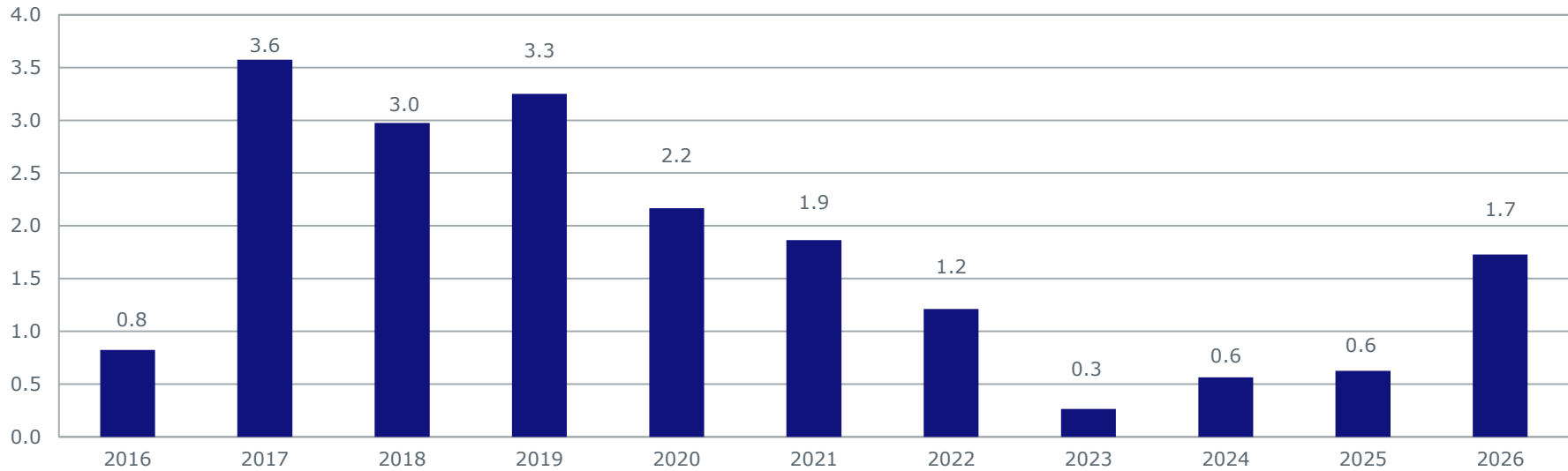


Expiry of interest-only period – mortgage lending

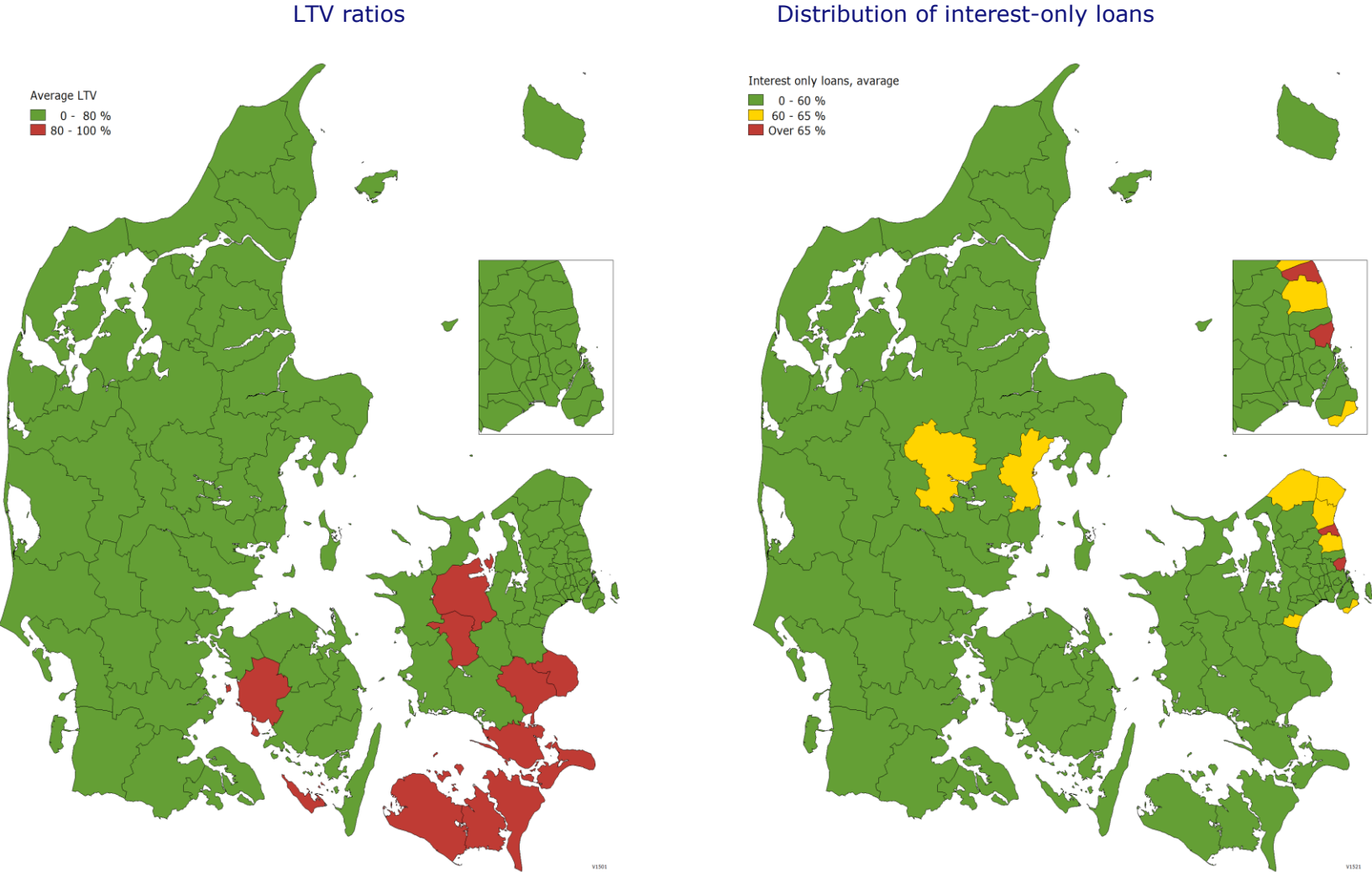
LTV distribution - size of loans by interest-only expiry, DKKbn



Debt outstanding over 80% LTV with expiry of interest-only period, by year, DKKbn (Only the amount of the loan that excess 80%)



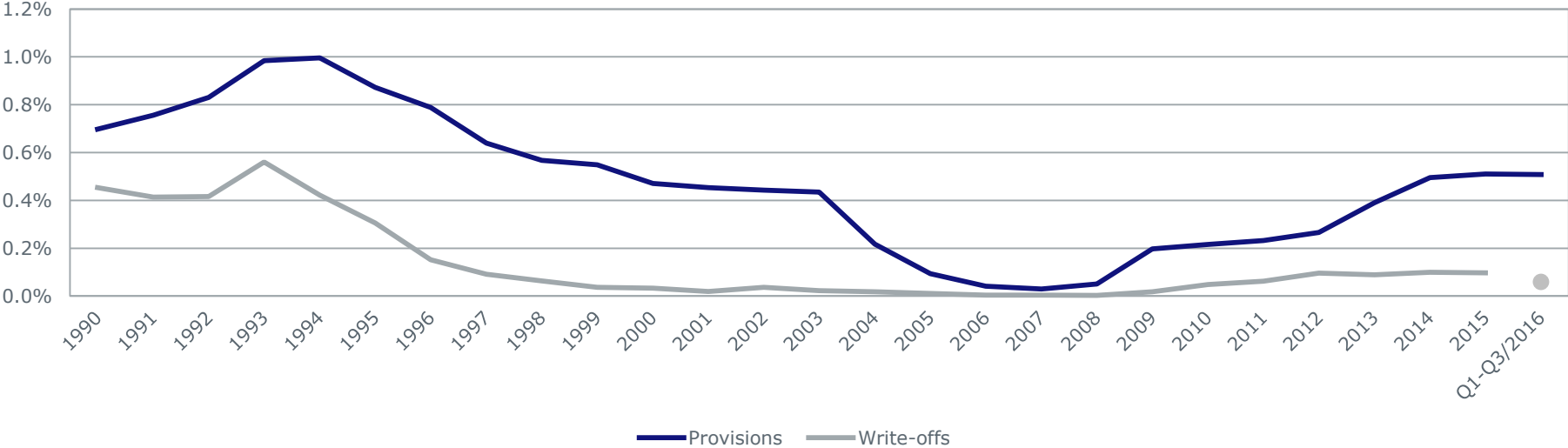
Interest-only loans prevalent where LTVs are low



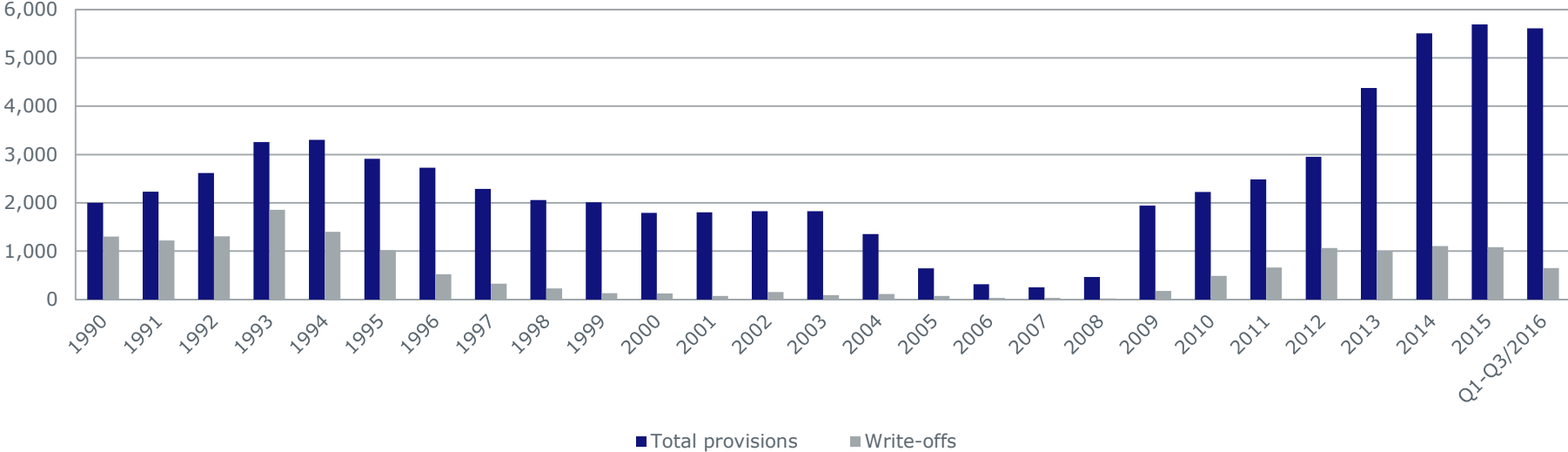
Note: Private residential lending in municipalities with above 80% LTVs and low marketability (above national average of 200 days on market) amounts to 6,2% of total private residential mortgage lending at end-H1 2016

Impairment provisions and write-offs – mortgage lending

Provisions and write-offs as % of loans and advances



Impairment provisions and write-offs, DKKm



Note: Write-offs for Q1-Q3 2016 has not been annualized

Impairment provisions and losses – mortgage lending

Total impairment provisions – by property type

DKK million	2013	2014	2015	Q3/2016
Private residential property	993	927	888	1,028
Private residential rental	465	495	586	453
Industry and trades	218	257	242	211
Office and retail	555	506	517	449
Agriculture	494	856	1,096	1,306
Non-profit housing	40	90	40	40
Cooperative housing	307	1,012	886	815
Other	131	126	96	104
Total Nykredit Realkredit	3,204	4,270	4,351	4,405
Totalkredit	1,174	1,236	1,343	1,200
Total impairment provisions from mortgage lending	4,378	5,506	5,694	5,611

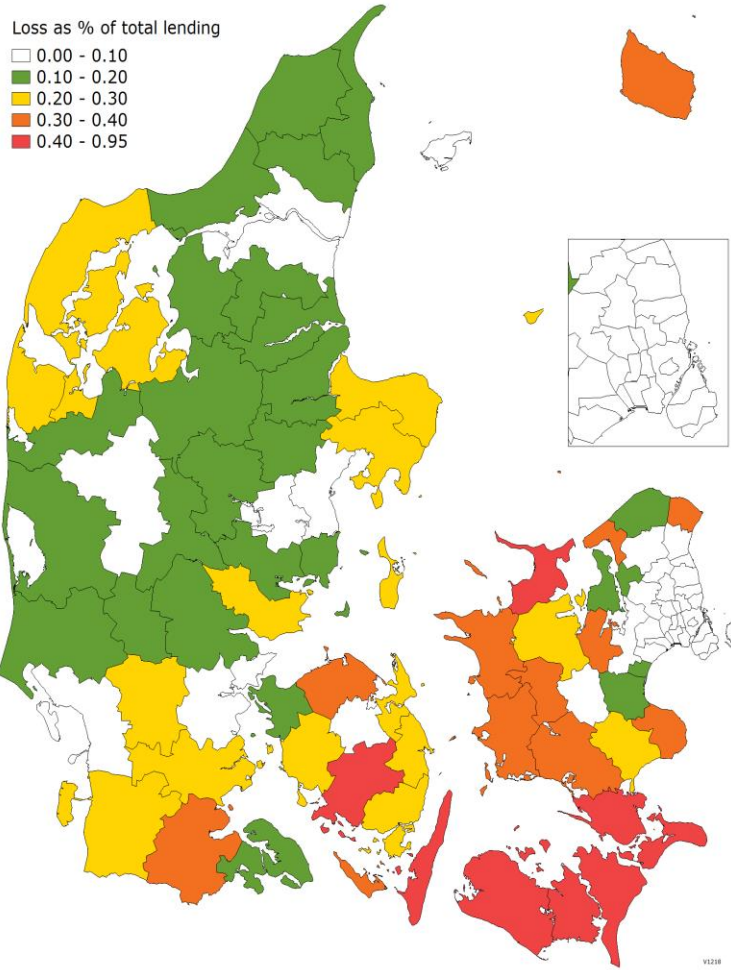
Note: Provisions include individual and collective provisions (including provisions from management judgement)

Impairment losses – by property type

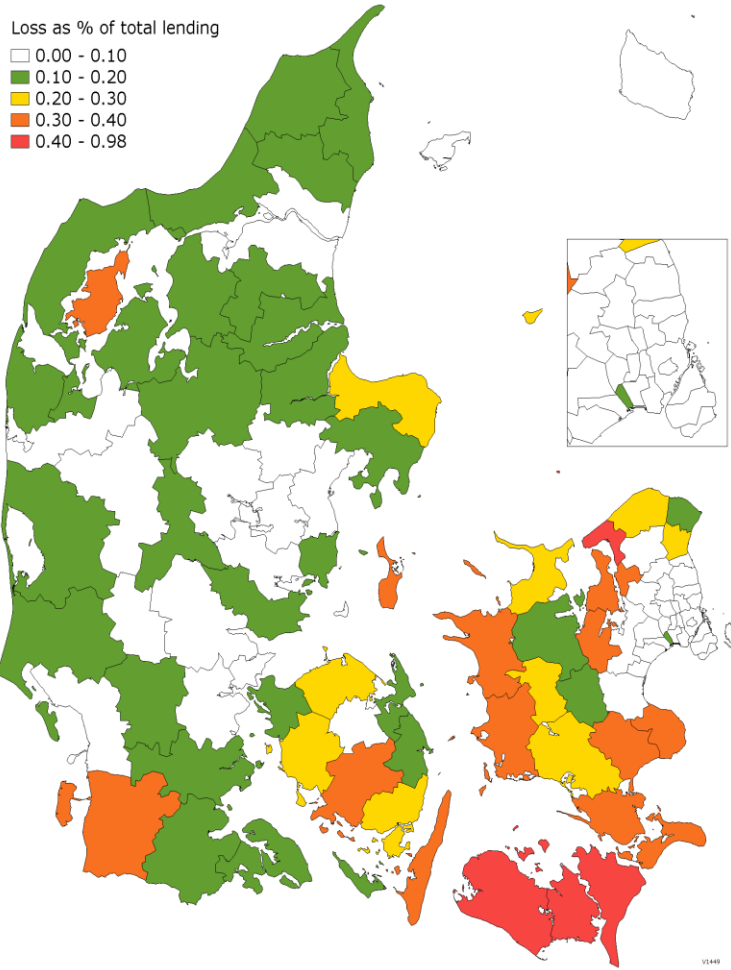
DKK million	2013	2014	2015	Q1-Q3/2016
Private residential property	629	145	108	250
Private residential rental	189	153	174	(128)
Industry and trades	114	98	43	(45)
Office and retail	399	91	106	(3)
Agriculture	150	441	342	325
Non-profit housing	22	51	(57)	2
Cooperative housing	248	706	(126)	(71)
Other	75	26	(2)	2
Total Nykredit Realkredit	1,837	1,723	586	378
Totalkredit	901	676	884	211
Total impairment losses from mortgage lending	2,727	2,388	1,470	589
Set-offs, Totalkredit	(333)	(270)	(349)	(179)
Total impairment losses from mortgage lending after set-offs	2,394	2,117	1,121	410

Geographical distribution of write-offs/total mortgage lending before set-offs – private residential property, mortgage lending

Loss as % of total mortgage lending last 4 quarters, Q3/2015



Loss as % of total mortgage lending last 4 quarters, Q3/2016



Write-offs – mortgage lending

Write-offs after set-offs – by property type

DKK million	2013	2014	2015	Q1-Q3/2016
Private residential property	281	262	152	107
Private residential rental	92	117	94	28
Industry and trades	41	67	136	(14)
Office and retail	89	142	136	71
Agriculture	110	69	67	133
Non-profit housing	2	1	(8)	2
Cooperative housing	5	1	-	-
Other	9	35	25	10
Total Nykredit Realkredit	628	694	602	383
Totalkredit	654	618	807	350
Total write-offs from mortgage lending	1,282	1,312	1,409	733
Set-offs, Totalkredit	(333)	(270)	(349)	(179)
Total write-offs from mortgage lending after set-offs	949	1,042	1,060	554

Note: Write-offs for the year regardless whether the loan has been recognised through profit or loss for the same year. Q3 2016 has not been annualized.

Note: Due to intercompany balancing, set-offs may differ from Nykredit Realkredit Q3 Interim Report 2016.

Loans, advances and guarantees – bank lending

Loans and advances

DKK million	2012	2013	2014	2015	Q3/2016
Public sector	308	259	219	240	379
Agriculture, hunting and forestry	1,638	1,640	1,810	1,785	2,016
Other corporate	69,079	89,153	70,970	72,565	64,361
Total commercial	70,717	90,793	72,781	74,350	66,377
Personal customers	14,183	12,786	12,723	11,624	11,230
Total	85,208	103,838	85,722	86,214	77,986

Guarantees

DKK million	2012	2013	2014	2015	Q3/2016
Public sector	205	234	377	56	-
Agriculture, hunting and forestry	319	386	1,420	599	775
Other corporate	5,816	5,997	8,098	6,055	5,980
Total commercial	6,135	6,383	9,518	6,654	6,755
Personal customers	5,829	5,003	10,998	8,470	8,773
Total	12,169	11,620	20,893	15,180	15,528



Provisions – bank lending

Provisions for individual loan impairments and guarantees

DKK million	2012	2013	2014	2015	Q3/2016
Public sector	4	-	-	-	-
Agriculture, hunting and forestry	162	168	130	89	84
Other corporate	3,205	3,002	2,507	2,189	1,833
Total commercial	3,367	3,170	2,637	2,278	1,917
Personal customers	532	538	520	533	588
Total	3,903	3,708	3,157	2,811	2,505

Collective impairment provisions

DKK million	2012	2013	2014	2015	Q3/2016
Public sector	-	8	-	-	-
Agriculture, hunting and forestry	5	9	8	13	37
Other corporate	155	250	429	75	81
Total commercial	160	259	437	88	118
Personal customers	76	103	72	53	38
Total	236	370	509	141	156

Total impairment provisions

DKK million	2012	2013	2014	2015	Q3/2016
Public sector	4	8	-	-	-
Agriculture, hunting and forestry	167	177	138	102	121
Other corporate	3,360	3,252	2,936	2,264	1,914
Total commercial	3,527	3,429	3,074	2,366	2,035
Personal customers	608	641	592	586	626
Total	4,139	4,078	3,666	2,952	2,661

Note: Following the Danish FSA's inspection of the Group's credits area, Nykredit Bank has made a more conservative assessment of cooperative housing exposures. There is objective evidence of impairment (OEI) when a conservatively assessed rent is not sufficient to restore positive equity in a housing cooperative over a 30-year cash flow. In some cases, this results in negative value adjustment of interest rate swaps and impairment of loans and advances. Individual value adjustment of interest rate swaps generally follows the principles applying to impairment of loans and advances in respect of the same customer, and the swaps are value adjusted to zero if the unsecured part of the loan is written off.

Weak customers and non-performing loans (NPL) – mortgage lending

Exposure to weak customers (rating 0)

DKK million	2012	2013	2014	2015	Q3/2016
Total impairment provisions, rating 0 (DKK million)	215	373	484	42	32
Bond debt outstanding with OEI (DKK million)	10,404	12,734	15,985	14,732	12,774
Total bond debt outstanding (DKK million)	1,108,797	1,119,970	1,111,744	1,114,324	1,104,242
Bond debt outstanding with OEI/total bond debt	0.9%	1.1%	1.4%	1.3%	1.2%

Non-performing loans (rating -1)

DKK million	2012	2013	2014	2015	Q3/2016
Total impairment provisions, NPL (DKK million)	1,967	2,741	609	3,173	3,115
Bond debt outstanding, NPL (DKK million)	18,377	22,412	23,795	25,474	25,715
Total bond debt outstanding (DKK million)	1,108,797	1,119,970	1,111,744	1,114,324	1,104,242
Bond debt outstanding, NPL/total bond debt	1.7%	2.0%	2.1%	2.3%	2.3%



Non-performing loans (NPL) – bank lending

Non performing bank loans (rating NPL)

DKK million	2013	2014	2015	Q3/2016
Individual impairment provisions	3,605	3,051	2,711	2,455
Non-performing loans of which loans and advances subject to individual impairment provisioning	5,697	4,708	4,092	3,462
Individual impairment provisions as % of loans and advances subject to individual impairment provisioning	63.3%	64.8%	66.3%	70.9%

Note: Exposures in default includes loans and advances provided for individually and loans and advances to customers with an elevated risk of future default, but not necessarily a high risk of future losses, as the loss risk also depends on any security provided for a loan

Nykredit Bank

Market Value, Fixed-rate swaps and step-up interest rate instruments

Q3/2016

DKK billion / %	Negative market value	Total impairment provisions*	Total impairment provision as %
Housing cooperatives	8.7	4.6	53%
Agriculture	1.5	0.4	28%
Other	9.2	1.0	10%
Total	19.4	6.0	31%

* Individual value adjustments, management judgement and CVA

Business areas

Retail	Private and Commercial
Totalkredit Partners	Responsible for the Group's mortgage lending to personal and business customers arranged by local and regional banks.
Wholesale clients	Comprises Corporate & Institutional Banking (CIB) and Nykredit Markets.
Wealth Management	Comprises Private Banking for clients with investable assets and Nykredit Asset Management.
Group Items	Comprises income and costs not allocated to the business areas as well as core income from securities and investment portfolio income.

In the overview of business areas below, costs in 2012 and 2013 are not directly comparable with costs from 2014-2016, as a number of expenses, including IT expenses and management-related costs, have been reallocated from Group Items to other business areas from and including 2014. The cost allocation from before 2014 has not been restated.

Core income – business areas

Core income – business areas

DKK million	Avg. 3 quarters 2012	Avg. 3 quarters 2013	Avg. 3 quarters 2014	Avg. 3 quarters 2015	Q1-Q3/2016
Core income					
Retail	3,833	4,346	4,647	4,679	4,589
Totalkredit Partners	1,111	1,186	1,830	1,892	2,024
Wholesale clients	1,824	1,913	1,874	2,128	1,598
*Wealth Management	-	-	-	-	510
Group items	(267)	(304)	(323)	(168)	(122)
Income from core business	7,154	7,210	8,027	8,530	8,599

*Wealth Management is included in Wholesale Clients from 2012-2015

Lending and deposits – business areas

DKK million	2012	2013	2014	2015	Q3/2016
Mortgage lending (nominal)					
Retail	448,337	445,490	442,147	435,916	425,225
-of which Nykredit Realkredit	423,701	408,432	386,093	361,462	343,903
-of which Totalkredit	24,635	37,057	56,054	74,454	81,322
Totalkredit Partners	484,980	494,677	484,596	494,250	500,320
Wholesale clients	175,480	179,803	182,538	177,534	174,278
Wealth Management	-	-	2,464	3,312	4,419
Total mortgage lending	1,108,797	1,119,970	1,111,744	1,114,324	1,104,242
Bank lending					
Retail	25,529	26,740	28,006	27,054	28,741
Wholesale clients	21,114	20,048	20,703	15,841	20,582
Wealth Management	-	-	1,753	1,922	2,341
Group items	2,968	175	33	8	1,452
Total bank lending	49,727	46,963	50,494	46,747	53,115
Deposits					
Retail	33,690	36,798	40,637	40,799	42,983
Wholesale clients	18,296	27,235	16,066	13,700	11,678
Wealth Management	-	-	7,222	7,828	7,646
Group items	2,523	1,139	1,308	272	2,591
Total deposits	54,509	65,172	65,232	62,599	64,897

Note: In the overview of business areas, income in 2013 and 2014 are not directly comparable with income in 2015 and 2016 as income from customers in private banking and asset management has been reallocated. Furthermore Wealth Management is included in Wholesale Clients for 2012-2013.

Business areas – Retail

Result – Retail

DKK million	Avg. 3 quarters 2012	Avg. 3 quarters 2013	Avg. 3 quarters 2014	Avg. 3 quarters 2015	Q1-Q3/2016
Core income from					
Business operations	3,943	4,535	4,845	4,889	4,667
Senior debt	(110)	(123)	(97)	(92)	(78)
Income from core business	3,833	4,411	4,748	4,797	4,589
Total costs*	2,272	2,287	2,565	2,581	2,440
Profit from core business before impairment losses	1,561	2,124	2,183	2,216	2,149
Impairment losses on mortgage lending	792	1,209	1,130	554	481
Impairment losses on bank lending	395	302	60	42	69
Profit from core business	375	613	994	1,620	1,599

*In the overview of business areas below, costs in 2012 and 2013 are not directly comparable with costs in 2014 and 2015, as a number of expenses, including IT expenses and management-related costs, have been reallocated from Group Items to other business areas from and including 2014. The cost allocation from before 2014 has not been restated.

Activity – Retail

DKK million	2012	2013	2014	2015	Q1-Q3/2016
Mortgage lending					
Gross new lending	66,070	40,189	67,574	78,379	38,396
Portfolio at nominal value, end of period	448,337	445,490	442,147	435,916	425,225
Impairment losses for the period as % of lending	0.24%	0.36%	0.34%	0.17%	0.11%
Total impairment provisions, end of period					
Individual impairment provisions	1,304	1,787	2,413	2,556	2,736
Collective impairment provisions	608	1,044	1,281	1,369	1,344
Total impairment provisions as % of lending	0.43%	0.64%	0.84%	0.90%	0.96%
Banking					
Lending, end of period	25,529	26,740	28,006	27,054	28,741
Deposits, end of period	33,690	36,798	40,637	40,799	42,983
Impairment losses for the period as % of lending*	1.95%	1.42%	0.25%	0.36%	0.24%
Total impairment provisions, end of period					
Individual impairment provisions	2,003	2,126	1,864	1,696	1,632
Collective impairment provisions	140	196	114	88	103
Total impairment provisions as % of lending	7.72%	7.99%	6.60%	6.19%	5.69%
Guarantees, end of period	9,080	3,247	4,357	4,342	4,567
Provisions for guarantees, end of period	73	48	51	44	43

*Including impairment losses from guarantees

Business areas – Totalkredit Partners

Result – Totalkredit partners

DKK million	Avg. 3 quarters 2012	Avg. 3 quarters 2013	Avg. 3 quarters 2014	Avg. 3 quarters 2015	Q1-Q3/2016
Core income from					
Business operations	1,308	1,406	1,987	2,017	2,136
Senior debt	(198)	(220)	(158)	(126)	(112)
Income from core business	1,110	1,186	1,829	1,891	2,024
Total costs*	699	698	317	1,812	416
Profit from core business before impairment losses	411	489	1,512	80	1,608
Impairment losses on mortgage lending	381	415	272	308	24
Profit from core business	30	73	1,240	(229)	1,584

*In the overview of business areas below, costs in 2012 and 2013 are not directly comparable with costs in 2014 and 2015, as a number of expenses, including IT expenses and management-related costs, have been reallocated from Group Items to other business areas from and including 2014. The cost allocation from before 2014 has not been restated.

Activity – Totalkredit partners

DKK million	2012	2013	2014	2015	Q1-Q3/2016
Mortgage lending					
Gross new lending	115,392	56,238	89,411	137,478	79,791
Portfolio at nominal value, end of period	484,980	494,677	484,596	494,250	500,320
Impairment losses for the period as % of lending	0.10%	0.11%	0.07%	0.08%	0.00%
Total impairment provisions, end of period					
Individual impairment provisions	441	458	494	502	491
Collective impairment provisions	429	681	657	729	562
Total impairment provisions as % of lending	0.18%	0.23%	0.24%	0.25%	0.21%

Business areas – Wholesale clients

Result – Wholesale clients

DKK million	Avg. 3 quarters 2013	Avg. 3 quarters 2014	Avg. 3 quarters 2015	Q1-Q3/2016
Core income from				
Business operations	1,868	1,785	2,018	1,604
Senior debt	(20)	(12)	(10)	(6)
Income from core business	1,848	1,773	2,009	1,598
Total costs*	682	797	733	492
Profit from core business before impairment losses	1,166	976	1,276	1,106
Impairment losses on mortgage lending	187	189	(82)	(60)
Impairment losses on bank lending	(21)	103	(132)	(142)
Profit from core business	1,000	684	1,490	1,308

*In the overview of business areas below, costs in 2012 and 2013 are not directly comparable with costs in 2014 and 2015, as a number of expenses, including IT expenses and management-related costs, have been reallocated from Group Items to other business areas from and including 2014. The cost allocation from before 2014 has not been restated. Wealth Management is included in numbers from 2013-2015.

Activity – Wholesale clients

DKK million	2013	2014	2015	Q1-Q3/2016
Mortgage lending				
Gross new lending	26,739	35,430	37,814	17,287
Portfolio at nominal value, end of period	179,803	182,538	180,846	174,278
Impairment losses for the period as % of lending	0.10%	0.10%	(0.05%)	(0.03%)
Total impairment provisions, end of period				
Individual impairment provisions	266	507	451	381
Collective impairment provisions	142	154	85	89
Total impairment provisions as % of lending	0.23%	0.36%	0.29%	0.27%
Banking				
Lending, end of period	20,048	20,703	17,763	20,582
Deposits, end of period	27,235	16,066	13,700	11,678
Impairment losses for the period as % of lending*	(0.13%)	0.61%	(0.98%)	(0.46%)
Total impairment provisions, end of period				
Individual impairment provisions	1,419	1,131	962	799
Collective impairment provisions	174	395	50	53
Total impairment provisions as % of lending	7.36%	6.86%	5.39%	3.97%
Guarantees, end of period	1,804	1,913	1,565	1,465
Provisions for guarantees, end of period	55	55	55	7

*Including impairment losses from guarantees

*Asset management is included in the following years: 2013, 2014 and 2015.

Business areas – Wealth Management

Result – Wealth Management

DKK million	2013	2014	2015	Q1-Q3/2016
Core income from				
Business operations	-	-	-	510
Senior debt	-	-	-	0
Income from core business	-	-	-	510
Total costs*	-	-	-	292
Profit from core business before impairment losses	-	-	-	218
Impairment losses on mortgage lending	-	-	-	(2)
Impairment losses on bank lending	-	-	-	21
Profit from core business	-	-	-	199

Activity – Wealth Management

DKK million	2013	2014	2015	Q1-Q3/2016
Assets under management	116,269	133,484	143,812	154,407
Assets under administration				
Nykredit Portefølje Administration A/S	598,434	669,112	700,372	748,695
of which the investment funds of the Nykredit Group	51,808	60,165	66,394	72,816

*Wealth Management is included in Wholesale Clients prior to 2016

Business areas – Group items

Result – Group items

DKK million	Avg. 3 quarters 2013	Avg. 3 quarters 2014	Avg. 3 quarters 2015	Q1-Q3/2016
Core income from				
Business operations	(48)	15	34	45
Senior and subordinated debt	(345)	(436)	(231)	(200)
Securities	88	97	29	33
Income from core business	(304)	(323)	(168)	(122)
Total costs*	870	295	148	44
Profit from core business before impairment losses	(1,174)	(618)	(315)	(166)
Impairment losses on mortgage lending	8	8	-	-
Impairment losses on bank lending	(19)	3	-	(6)
Profit from core business	(1,162)	(629)	(315)	(160)

Activity – Group items

DKK million	2013	2014	2015	Q1-Q3/2016
Banking				
Lending, end of period	175	33	8	1,452
Deposits, end of period	1,139	1,308	272	2,591
Total impairment provisions, end of period				
Individual impairment provisions	60	55	53	-
Collective impairment provisions	-	-	-	-
Total impairment provisions as % of lending	20.16%	62.65%	86.49%	-
Guarantees, end of period	1,260	1,276	708	216

The Danish economy

Nykredit's regional housing price forecasts

%	2013	2014	2015	2016F	2017F
Houses – Denmark	0.6	1.8	6.5	3.4	2.5
Copenhagen	7.5	8.1	10.1	4.9	3.1
North Sealand	0.4	3.6	7.6	4.8	3.6
East Sealand	2.7	3.1	8.1	4.9	4.0
West and South Sealand	(2.7)	(2.0)	7.7	3.0	2.6
Bornholm	(4.4)	1.4	2.9	6.7	1.5
Funen	(0.5)	(0.5)	4.8	1.6	1.5
South Jutland	(2.2)	(0.0)	4.2	2.5	1.5
East Jutland	(0.1)	(0.3)	6.9	2.1	2.6
West Jutland	(1.2)	(0.2)	1.1	2.4	1.4
North Jutland	0.1	0.9	4.3	2.2	2.3
Owner-occupied flats – Denmark	7.8	5.3	10.6	7.8	4.6
Copenhagen	13.0	7.5	12.9	9.0	6.5
Municipality of Aarhus	3.9	4.9	10.4	8.2	4.3
Holiday homes - Denmark	(0.7)	(2.5)	1.6	(0.4)	1.7

Note: F indicates forecast

Price growth is stated as annual averages. Selected regions.

The Danish economy

Danish economy - key figures

%	2011	2012	2013	2014	2015
Real GDP growth (2010 chained values)	1.2%	(0.1%)	(0.2%)	1.3%	1.0%
Inflation	2.8%	2.4%	0.8%	0.6%	0.5%
Public deficit as % of nominal GDP	(2.1%)	(3.5%)	(1.1%)	1.5%	(1.7%)
Balance of payment as % of nominal GDP	6.6%	6.3%	7.9%	6.3%	9.3%
Net unemployment	4.0%	4.5%	4.4%	4.0%	3.8%
Government net foreign assets (DKKm)	512,523	685,518	719,851	945,505	799,509

Note: Actual 2015 data is not yet available



Source: www.statistikbanken.dk

The above key figures present a general overview of the Danish economy. For household financial indicators, please refer to the economic statement and budget report, December 2015 (Økonomisk Redegørelse, december 2015), pp 69-92, 105-134 (in Danish), of the Danish Ministry of Finance (<http://www.fm.dk/publikationer/2015/oer-dec-15>).

Definitions

Ratio	Definitions
Return on average equity, %	Profit (loss) for the year/period divided by average equity.
Tier 1 capital ratio, %	Tier 1 capital after deductions divided by risk exposure amount (REA).
Common Equity Tier 1 (CET1) capital ratio, %	Capital excl tier 1 after deductions divided by risk exposure amount (REA).
Leverage ratio, %	Tier 1 capital after deductions divided by leverage ratio exposures.
Net interest margin, %	Net interest income divided by the difference between average interest-bearing assets and average interest-bearing liabilities for the period.
Return on assets, %	Result for the period divided by average total assets.
Return on REA, %	Profit (loss) for the year/period after tax divided by average risk exposure amount.
Average number of full-time employees	The average number of full-time staff, determined on the basis of the Danish ATP method, excluding Nykredit Forsikring A/S and JN Data A/S.
Core income from business operations	Including value adjustment of derivatives, corporate bonds and junior covered bonds.
Total impairment provisions	The group's aggregate provisions for loan losses.
Impairment losses	Impairment losses equal the earnings impact of loan losses and loan loss provisions for the period concerned.
Total provisions for loan impairment and guarantees	Total individual and collective impairment provisions as well as provisions for guarantees at year-end/end of period.
Write-offs	Realized loan losses.
Average impairment losses	Average impairment losses divided by average amount of mortgage lending at nominal value.
Average write-offs	Average write-offs after set-offs divided by average amount of mortgage lending at nominal value.
Arrears 75 days past due	75-day mortgage loan arrears as % of total mortgage payments. Due date at the beginning of the period.
Total impairment provisions as % of loans and advances	Total provisions for loan impairment and guarantees at year-end/end of period divided by the sum of loans and advances at fair value, arrears and outlays, loans and advances at amortised cost, guarantees and total provisions for loan impairment and guarantees at year-end/end of period.
Return on equity before tax	Annualized profit (loss) before tax including interest on AT1 divided by average equity for the period
Asset encumbrance	Encumbered assets, collateral received and self-issued debt Instruments divided by total assets and collateral.
Average 3 quarters	FY divided by 4/3

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