

18 August 2016

**H1 INTERIM REPORT – NYKREDIT HOLDING GROUP  
1 JANUARY – 30 JUNE 2016**

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# FINANCIAL HIGHLIGHTS

Nykredit Holding Group			
DKK million	H1/2016	H1/2015	FY 2015
<b>RESULTS FROM CORE BUSINESS AND RESULTS FOR THE PERIOD</b>			
<b>Core income from</b>			
- business operations	5,825	6,236	11,945
- senior and subordinated debt	(232)	(364)	(610)
- securities	21	21	38
<b>Income from core business</b>	<b>5,614</b>	<b>5,893</b>	<b>11,373</b>
Operating costs, depreciation and amortisation	2,380	2,422	5,010
Mandatory mortgage business contribution to the Danish Resolution Fund <sup>1</sup>	69	-	61
<b>Profit from core business before impairment losses</b>	<b>3,165</b>	<b>3,471</b>	<b>6,302</b>
Impairment losses on mortgage loans and advances	211	538	1,041
Impairment losses on bank loans and advances	(86)	(89)	(121)
<b>Profit from core business</b>	<b>3,040</b>	<b>3,022</b>	<b>5,382</b>
Value adjustment of interest rate swaps due to interest rate changes	(1,388)	864	685
Other value adjustment of interest rate swaps	76	(410)	(275)
Amortisation of goodwill and customer relationships	-	-	1,965
Investment portfolio income	355	823	873
<b>Profit before tax</b>	<b>2,083</b>	<b>4,299</b>	<b>4,700</b>
Tax	449	913	1,506
<b>Profit for the period</b>	<b>1,634</b>	<b>3,386</b>	<b>3,194</b>
Minority interests	1	-	-
<b>Profit for the period excluding minority interests</b>	<b>1,633</b>	<b>3,386</b>	<b>3,194</b>
Interest on Additional Tier 1 capital, charged against equity	116	80	197
<b>SUMMARY BALANCE SHEET</b>			
	<b>30.06.2016</b>	<b>30.06.2015<sup>3</sup></b>	<b>31.12.2015</b>
<b>Assets</b>			
Receivables from credit institutions and central banks	43,706	47,410	23,253
Mortgage loans at fair value	1,127,725	1,119,080	1,119,101
Bank loans – excluding reverse repurchase lending	49,554	49,441	46,747
Bonds and equities	106,387	109,404	110,294
Remaining assets	79,934	81,781	84,402
<b>Total assets</b>	<b>1,407,306</b>	<b>1,407,116</b>	<b>1,383,796</b>
<b>Liabilities and equity</b>			
Payables to credit institutions and central banks	28,131	39,322	30,226
Deposits	69,537	65,919	62,584
Bonds in issue at fair value	1,142,561	1,146,975	1,137,314
Subordinated debt	11,260	4,646	11,006
Remaining liabilities	88,790	84,509	77,184
Equity	67,027	65,745	65,482
<b>Total liabilities and equity</b>	<b>1,407,306</b>	<b>1,407,116</b>	<b>1,383,796</b>
<b>FINANCIAL RATIOS</b>			
Profit for the period as % of average equity <sup>2</sup>	4.9	11.0	5.0
Profit from core business before impairment losses as % pa of average equity <sup>2</sup>	9.8	11.2	10.1
Profit from core business as % pa of average equity <sup>2</sup>	9.4	9.7	8.6
Costs as % of core income from business operations	40.9	38.8	41.9
Total provisions for loan impairment and guarantees	8,143	9,032	8,646
Impairment losses for the period, %	0.01	0.04	0.08
Total capital ratio, %	21.5	18.6	20.7
Common Equity Tier 1 capital ratio, %	20.2	17.9	19.4
Average number of full-time staff	3,648	3,785	3,757

<sup>1</sup> The item includes Nykredit Realkredit's and Totalkredit's mandatory contributions to the Danish Resolution Fund. The mortgage business had not made any contributions to similar schemes prior to Q3/2015.

<sup>2</sup> For the purpose of return on equity, the Additional Tier 1 (AT1) capital raised in 2015 is treated as a financial obligation for accounting purposes, and the dividends for the period thereon for accounting purposes are included as interest expenses on subordinated debt in profit for the year.

<sup>3</sup> Adjusted for goodwill impairment of DKK 852m in Q4/2014, cf the supplementary, correcting disclosure for the Annual Report 2014 released on 5 November 2015.

The income statement format has been adjusted compared with 2015, now stating profit from core business, as this does not include value adjustment of interest rate swaps and goodwill impairment.

# H1/2016 – IN BRIEF

## MAIN ACTIVITY

Nykredit Holding A/S is the Parent Company of Nykredit Realkredit A/S. The Company's main activity is the ownership of Nykredit Realkredit A/S.

## RESULTS FOR H1/2016

The Group recorded a profit before tax for H1/2016 of DKK 2,083m against DKK 4,299m in H1/2015.

Profit from core business was DKK 3,040m, up DKK 18m on H1/2015.

Income from core business declined by DKK 279m to DKK 5,614m compared with H1/2015. The decline should be seen in light of the impact from the high mortgage activity level in H1/2015 due to a high refinancing level, whereas the level in 2016 was relatively low. Income in H1/2016 was also affected by lower income from the activities of Corporate & Institutional Banking and Nykredit Markets in Nykredit Bank.

Operating costs, depreciation and amortisation excluding the mandatory mortgage business contribution to the Danish Resolution Fund reduced by DKK 42m (2%).

The contribution to the Danish Resolution Fund was DKK 69m.

Impairment losses on loans and advances improved from a loss of DKK 449m in H1/2015 to a gain of DKK 125m in H1/2016. The positive trend derived entirely from mortgage lending.

Value adjustment of interest rate swaps was a loss of DKK 1,312m in H1/2016 against a gain of DKK 454m in H1/2015, equal to a negative earnings impact of DKK 1,766m. Of the negative value adjustment in H1/2016, DKK 1,388m was attributable to the swap rate development, which declined in H1/2016 partly due to the EU referendum in the UK.

Investment portfolio income fell by DKK 468m to DKK 355m.

The Group reported a post-tax profit of DKK 1,634m compared with DKK 3,386m for H1/2015.

## RESULTS FROM CORE BUSINESS

DKK million	H1/2016	H1/2015
Income from core business	5,614	5,893
Operating costs, depreciation and amortisation	2,380	2,422
Mandatory mortgage business contribution to the Danish Resolution Fund	69	-
Impairment losses on loans and advances	125	449
<b>Profit from core business</b>	<b>3,040</b>	<b>3,022</b>
Value adjustment of interest rate swaps	(1,312)	454
Investment portfolio income	355	823
<b>Profit before tax</b>	<b>2,083</b>	<b>4,299</b>

For further information on the results, activities and financial circumstances of the Group, reference is made to the H1 Interim Report 2016 of Nykredit Realkredit A/S.

As Parent Company, Nykredit Holding A/S recorded a loss of DKK 11m after tax, excluding the results of the subsidiary Nykredit Realkredit A/S. The Parent Company's results included costs of DKK 14m compared with DKK 2m last year, mainly related to preparations for the planned stock exchange listing of the Company.

## EQUITY

Group equity was DKK 67,027m at end-H1/2016 against DKK 65,482m at end-2015, including minority interests of DKK 4m and Additional Tier 1 (AT1) capital of DKK 3,762m, which is recognised in equity for accounting purposes.

Equity in the Parent Company Nykredit Holding A/S was DKK 63,262m at end-H1/2016 against DKK 61,708m at end-2015.

## CAPITAL AND CAPITAL ADEQUACY

At end-H1/2016, own funds of the Nykredit Holding Group amounted to DKK 65.3bn, corresponding to a total capital ratio of 21.5%.

Common Equity Tier 1 (CET1) capital, which is the most important capital concept in relation to the capital adequacy rules, came to DKK 61.3bn against DKK 60.3bn at end-2015. The CET1 capital ratio was 20.2% against 19.4% at end-2015.

## GENERAL RISK

The credit, market, liquidity and operational risks of Nykredit Holding depend on the Nykredit Realkredit Group. Reference is consequently made to the H1 Interim Report 2016 of that Group.

## UNCERTAINTY AS TO RECOGNITION AND MEASUREMENT

Measurement of certain assets and liabilities is based on accounting estimates made by Group Management.

The areas in which assumptions and estimates significant to the financial statements have been made include provisions for loan and receivable impairment, unlisted financial instruments and other provisions, cf the Annual Report 2015.

Uncertainty as to recognition and measurement is described in detail in the accounting policies (note 1 of the Annual Report 2015), to which reference is made.

## OUTLOOK FOR 2016

In the Annual Report 2015, Management forecast Group profit from core business for 2016 in the range of DKK 4.1bn-4.6bn.

Based on the performance in Q1/2016 and Q2/2016, the full-year profit guidance is raised by DKK 0.9bn to around DKK 5.0bn-5.5bn.

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

## OTHER

### Nykredit Group plans stock exchange listing

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

Stock exchange listing is necessary in order for Nykredit to be able to raise additional share capital in coming years as capital requirements must be expected to increase significantly due to new international regulation. Add to this the already significant variations in capital requirements under the current legislation due in part to property price and economic trends, but also to the fact that the authorities may amend the capital requirements in some areas.

### Price adjustments at Totalkredit

As of 1 July 2016, the administration margins for all existing and new Totalkredit loans will be raised. This administration margin rise is the result of capital requirements already adopted and also aims to ensure a more limited use of interest-only loans, highly interest rate sensitive loans and loans with frequent refinancing.

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

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

### 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.

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.

### KundeKroner

KundeKroner is the Nykredit Group's customer benefits programme. The programme will initially be introduced to customers of Totalkredit.

Under the programme, customers will receive cash discounts that will be deducted from, for instance, the administration margins and fees paid by the customers to Nykredit. The Danish National Tax Board has affirmed that this will entail a reduction in their tax deduction on those administration margins and fees equal to the amount of the discount.

The customers will have a cash discount of around DKK 1,000 for each million kroner borrowed deducted from their administration margin payments. The amount will be deducted over four quarters, beginning with the administration margin payment for Q3/2017.

### Issuance of bail-inable senior notes

Nykredit has launched its first bail-inable senior notes. At end-H1/2016, issues totalled DKK 3.7bn and an additional DKK 3.7bn was issued in early July 2016. Issuance of the remaining requirement of DKK 5bn-10bn is scheduled for 2016-2017. Going forward, the new funding type will replace most of the issuance of senior secured and senior unsecured debt to meet the existing supplementary collateral requirement.

### New centre organisation strengthens customer focus

In mid-2016 Retail changed its organisation, focusing on customer proximity and creating a specialist environment, to attract more full-service customers. To accommodate the different needs of our customers, Nykredit has set up a team of advisers for SME owners, and Nykredit's advisory propositions for agricultural and other business customers are now concentrated at fewer locations with specialist skills across the country.

### Supreme Court ruling in case involving A/B Duegård in liquidation

On 11 May 2016, the Danish Supreme Court found for A/B Duegård in liquidation, ruling that the cooperative in the specific circumstances may be adjudicated bankrupt. The decision has not affected Nykredit's provisions relating to interest rate swaps or other exposures in the housing cooperative area.

### Change in Nykredit Holding's Board of Directors

At Nykredit Holding's annual general meeting held on 16 March 2016, Helge Leiro Baastad and Per W. Hallgren were elected new members of the Board of Directors, replacing Steen E. Christensen and Jens Erik Udsen. Olav Bredgaard Brusen and Inge Sand joined the Board of Directors as staff-elected members, replacing Gert Kryger and Ina Nielsen.

The Board of Directors subsequently elected Steffen Kragh as Chairman and Merete Eldrup and Nina Smith as Deputy Chairmen.

### Change in Nykredit's Group Executive Board

Effective from 1 September 2016, Nykredit Realkredit will be reorganising its Group Executive Board. In connection with the reorganisation, David Hellemann will be joining the Group Executive Board as Group Managing Director, responsible for the CFO/COO areas, which now also include the Totalkredit

partnership. At the same time, David Hellemann will also join the Boards of Directors of Nykredit Bank A/S and Totalkredit A/S.

Bente Overgaard resigned from the Executive Board of Nykredit Holding, the Group Executive Board of Nykredit and the Boards of Directors of Nykredit Bank and Totalkredit as at 30 June 2016.

## EVENTS SINCE THE BALANCE SHEET DATE

### Credit ratings

S&P Global Ratings announced in July 2016 that it revised its outlook on Nykredit Realkredit's and Nykredit Bank's unsecured ratings from negative to stable. The rating outlook of senior secured debt was also changed from negative to stable.

According to S&P, the outlook was changed due to Nykredit's progress in the build-up of ALAC (Additional Loss-Absorbing Capacity). ALAC is a buffer of bail-inable debt serving to protect unsecured creditors in case of company bankruptcy. Most recently in June and July 2016, as the first financial business, Nykredit Realkredit issued so-called senior resolution notes, which count towards ALAC. Both issues amounted to EUR 500m.

### Other events

No other events have occurred in the period up to the presentation of the H1 Interim Report 2016 which affect the Nykredit Holding Group's financial position.

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<b>Nykredit Holding A/S</b>		
<b>Shareholders as at 30 June 2016</b>		
	Share capital, DKK	Share capital, %
Foreningen Nykredit	1,191,622,100	89.80
Østifterne f.m.b.a.	43,179,700	3.25
PRAS A/S	29,852,600	2.25
Industriens Fond	62,326,300	4.70
<b>Total</b>	<b>1,326,980,700</b>	<b>100.00</b>

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# MANAGEMENT STATEMENT

## STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD ON THE INTERIM REPORT

The Board of Directors and the Executive Board have today reviewed and approved the Interim Report for the period 1 January – 30 June 2016 of Nykredit Holding A/S and the Nykredit Holding Group.

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

We are of the opinion that the Interim Financial Statements give a fair presentation of the Group's and the Parent Com-

pany's assets, liabilities, equity and financial position at 30 June 2016 and of the results of the Group's and the Parent Company's operations for the financial period 1 January – 30 June 2016.

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

The Interim Report has not been subject to audit or review.

Copenhagen, 18 August 2016

### Executive Board

Michael Rasmussen  
Chief Executive Officer

Kim Duus  
Group Managing Director

Søren Holm  
Group Managing Director

Anders Jensen  
Group Managing Director

### Board of Directors

Steffen Kragh  
Chairman

Merete Eldrup  
Deputy Chairman

Nina Smith  
Deputy Chairman

Helge Leiro Baastad

Hans Bang-Hansen

Olav Bredgaard Bruzen\*

Michael Demsitz

Per W. Hallgren

Marlene Holm \*

Allan Kristiansen\*

Bent Naur

Lasse Nyby

Anders C. Obel

Claus E. Petersen

Erling Bech Poulsen

Inge Sand\*

Lars Peter Skaarup\*

Leif Vinther\*

\* Staff-elected member

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

DKK million

Nykredit Holding A/S		Nykredit Holding Group		
H1/2015	H1/2016	Note	H1/2016	H1/2015
<b>INCOME STATEMENT</b>				
-	-	5	14,482	17,242
-	-	6	9,000	11,283
-	-		<b>5,483</b>	<b>5,959</b>
-	-		92	87
-	-		1,087	1,419
-	-		1,197	1,381
-	-		<b>5,464</b>	<b>6,084</b>
-	-	7	(918)	990
-	-		105	92
2	14	8	2,264	2,270
-	-	9	103	119
-	-		82	34
-	-	10	125	449
3,308	1,529	11	6	4
<b>3,305</b>	<b>1,515</b>		<b>2,083</b>	<b>4,299</b>
(1)	(3)	12	449	913
<b>3,306</b>	<b>1,518</b>		<b>1,634</b>	<b>3,386</b>
<b>Distribution of profit for the period</b>				
3,306	1,518		1,518	3,306
-	-		1	-
-	-		116	80
<b>3,306</b>	<b>1,518</b>		<b>1,634</b>	<b>3,386</b>
<b>COMPREHENSIVE INCOME</b>				
<b>3,306</b>	<b>1,518</b>		<b>1,634</b>	<b>3,386</b>
<b>Other comprehensive income</b>				
<b>Items that cannot be reclassified to profit or loss:</b>				
-	-		0	12
12	0		-	-
<b>12</b>	<b>0</b>		<b>0</b>	<b>12</b>
<b>12</b>	<b>0</b>		<b>0</b>	<b>12</b>
<b>3,318</b>	<b>1,518</b>		<b>1,635</b>	<b>3,398</b>
<b>Distribution of comprehensive income</b>				
3,318	1,518		1,518	3,318
-	-		1	-
-	-		116	80
<b>3,318</b>	<b>1,518</b>		<b>1,635</b>	<b>3,398</b>



## Balance sheets, end of period

DKK million

Nykredit Holding A/S		Nykredit Holding Group		
31.12.2015	30.06.2016	Note	30.06.2016	31.12.2015
<b>ASSETS</b>				
-	-		4,931	3,095
15	11	13	38,775	20,158
-	-	14	1,158,473	1,158,926
-	-	15	49,857	47,036
-	-	16	102,605	106,200
-	-		3,782	4,094
-	-		129	124
61,686	63,251		-	-
-	-	17	253	271
<b>Land and buildings</b>				
-	-		234	244
-	-		1,454	1,460
-	-		<b>1,688</b>	<b>1,704</b>
-	-		202	235
6	11		141	6
-	-		-	103
-	-		302	451
-	-	18	45,806	41,171
1	1		362	222
<b>61,708</b>	<b>63,274</b>		<b>1,407,306</b>	<b>1,383,796</b>

# Balance sheets, end of period

DKK million

Nykredit Holding A/S		Nykredit Holding Group		
31.12.2015	30.06.2016	Note	30.06.2016	31.12.2015
<b>LIABILITIES AND EQUITY</b>				
-	-	19	28,131	30,226
-	-	20	69,537	62,584
-	-	21	1,142,561	1,137,314
-	-	22	22,498	23,945
-	-	23	19,118	10,126
-	-		556	142
-	-		29	29
1	12	24	46,146	42,305
-	-		8	7
<b>1</b>	<b>12</b>		<b>1,328,585</b>	<b>1,306,678</b>
<b>Provisions</b>				
-	-		170	175
-	-		-	123
-	-		61	63
-	-		65	100
-	-		137	169
-	-		<b>434</b>	<b>630</b>
-	-	25	11,260	11,006
<b>Equity</b>				
1,327	1,327		1,327	1,327
<b>Accumulated value adjustments</b>				
-	-		156	160
<b>Other reserves</b>				
43,505	45,070		-	-
-	-		26,787	26,787
16,876	16,864		34,991	33,434
<b>61,708</b>	<b>63,262</b>		<b>63,262</b>	<b>61,708</b>
-	-		4	-
-	-		3,762	3,774
<b>61,708</b>	<b>63,262</b>		<b>67,027</b>	<b>65,482</b>
<b>61,708</b>	<b>63,274</b>		<b>1,407,306</b>	<b>1,383,796</b>
<b>OFF-BALANCE SHEET ITEMS</b>				
-	-	26	6,245	6,942
-	-		7,203	6,637
-	-		<b>13,448</b>	<b>13,579</b>

# Statement of changes in equity for 1 January – 30 June

DKK million

Nykredit Holding A/S

	Share capital <sup>1</sup>	Statutory reserves <sup>2</sup>	Retained earnings	Total equity
<b>2016</b>				
<b>Equity, 1 January</b>	<b>1,327</b>	<b>43,505</b>	<b>16,876</b>	<b>61,708</b>
Profit (loss) for the period	-	1,529	(11)	1,518
Other comprehensive income	-	0	-	0
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>1,530</b>	<b>(11)</b>	<b>1,518</b>
Adjustment relating to subsidiary	-	35	-	35
<b>Equity, 30 June</b>	<b>1,327</b>	<b>45,070</b>	<b>16,864</b>	<b>63,262</b>
<b>2015</b>				
<b>Equity, 1 January</b>	<b>1,327</b>	<b>41,322</b>	<b>16,879</b>	<b>59,527</b>
Impairment of goodwill relating to the acquisition of Forstædernes Bank A/S	-	(852)	-	(852)
<b>Equity, 1 January, as restated</b>	<b>1,327</b>	<b>40,469</b>	<b>16,879</b>	<b>58,675</b>
Profit (loss) for the period	-	3,308	(2)	3,306
Other comprehensive income	-	12	-	12
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>3,320</b>	<b>(2)</b>	<b>3,318</b>
Adjustment relating to subsidiary	-	(20)	-	(20)
<b>Equity, 30 June</b>	<b>1,327</b>	<b>43,768</b>	<b>16,877</b>	<b>61,972</b>

<sup>1</sup> The share capital is divided into shares of DKK 100 and multiples thereof. Nykredit Holding A/S has only one class of shares, and all the shares confer the same rights on shareholders.

<sup>2</sup> The item relates to transfer to reserves for net revaluation according to the equity method. The item includes a non-distributable reserve fund of DKK 1,646m in Totalkredit. The reserves are non-distributable.

# Statement of changes in equity for 1 January – 30 June

DKK million

Nykredit Holding Group

	Share capital <sup>1</sup>	Revaluation reserves	Series reserves	Retained earnings	Shareholders of Nykredit Holding A/S	Minority interests	Additional Tier 1 capital <sup>2</sup>	Total equity
<b>2016</b>								
<b>Equity, 1 January</b>	<b>1,327</b>	<b>160</b>	<b>26,787</b>	<b>33,434</b>	<b>61,708</b>	<b>-</b>	<b>3,774</b>	<b>65,482</b>
Profit for the period	-	-	-	1,518	1,518	1	116	1,634
Other comprehensive income	-	-	-	0	0	-	-	0
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,518</b>	<b>1,518</b>	<b>1</b>	<b>116</b>	<b>1,635</b>
<b>Transactions with holders</b>								
Interest paid on Additional Tier 1 capital	-	-	-	-	-	-	(116)	(116)
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	12	12	-	(12)	-
Tax	-	-	-	24	24	-	-	24
Additions relating to acquisition of associate	-	-	-	-	-	3	-	3
Realised from the sale of properties	-	(4)	-	4	-	-	-	-
<b>Equity, 30 June</b>	<b>1,327</b>	<b>156</b>	<b>26,787</b>	<b>34,991</b>	<b>63,262</b>	<b>4</b>	<b>3,762</b>	<b>67,027</b>
<b>2015</b>								
<b>Equity, 1 January</b>	<b>1,327</b>	<b>151</b>	<b>30,975</b>	<b>27,074</b>	<b>59,527</b>	<b>-</b>	<b>-</b>	<b>59,527</b>
Impairment of goodwill relating to the acquisition of Forstædernes Bank A/S	-	-	-	(852)	(852)	-	-	(852)
<b>Equity, 1 January, as restated</b>	<b>1,327</b>	<b>151</b>	<b>30,975</b>	<b>26,222</b>	<b>58,675</b>	<b>-</b>	<b>-</b>	<b>58,675</b>
Profit for the period	-	-	-	3,306	3,306	-	80	3,386
Other comprehensive income	-	-	-	12	12	-	-	12
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,318</b>	<b>3,318</b>	<b>-</b>	<b>80</b>	<b>3,398</b>
<b>Transactions with holders</b>								
Issuance of Additional Tier 1 capital	-	-	-	-	-	-	3,731	3,731
Net transaction costs	-	-	-	(39)	(39)	-	-	(39)
Interest paid on Additional Tier 1 capital	-	-	-	-	-	-	(38)	(38)
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	1	1	-	(1)	-
Tax	-	-	-	18	18	-	-	18
Realised from the sale of properties	-	(6)	-	6	-	-	-	-
<b>Equity, 30 June</b>	<b>1,327</b>	<b>145</b>	<b>30,975</b>	<b>29,526</b>	<b>61,972</b>	<b>-</b>	<b>3,772</b>	<b>65,745</b>

<sup>1</sup> The share capital is divided into shares of DKK 100 and multiples thereof. Nykredit Holding A/S has only one class of shares, and all the shares confer the same rights on shareholders.

<sup>2</sup> Additional Tier 1 (AT1) capital is perpetual, and payment of principal and interest is discretionary. For accounting purposes, the AT1 capital is consequently treated as equity. On 26 February 2015, Nykredit issued EUR 500m (nominal) of AT1 capital, which may be redeemed from 26 October 2020. The AT1 capital carries an interest rate of 6.25% pa up to 26 October 2020, after which date the interest rate will be fixed every five years. If the Common Equity Tier 1 (CET1) capital ratio of Nykredit Realkredit A/S, the Nykredit Realkredit Group or the Nykredit Holding Group falls below 7.125%, the loan will be written down.

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# Notes

## 1. ACCOUNTING POLICIES

### General

The H1 Interim Report 2016 for Nykredit Holding A/S and the Nykredit Holding Group has been prepared in accordance with the Danish Financial Business Act and the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc. (the Danish Executive Order on the Presentation of Financial Statements) issued by the Danish Financial Supervisory Authority (FSA).

In all material respects, these rules are in accordance with the International Financial Reporting Standards (IFRS).

### Goodwill impairment – correction to the H1 Interim Financial Statements 2015

In 2015 the Danish FSA performed a partial review of the subsidiary Nykredit Realkredit's Financial Statements 2014, with special focus on the carrying amount of goodwill. According to the FSA, their review showed that goodwill related to the acquisition of Forstædernes Bank A/S was overvalued by DKK 852m in Nykredit Realkredit's Financial Statements 2014. As a result, a few items were adjusted retrospectively by DKK 852m for the financial year 2014 and for already presented interim reports for 2015.

Accordingly, comparative figures for H1/2015 have been restated, cf the table below. The corrections have been included in the comparative figures for H1/2015 in this H1 Interim Report 2016. It should be noted that the corrections for 2015 only affect the balance sheet and not the income statement or the capital ratios.

### Changes to the Executive Order on the presentation of financial reports

The Danish FSA has not made any amendments to the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc for 2016 that has affected the H1 Interim Report 2016.

### Change in the presentation of business areas

Effective from Q1/2016, the Group has launched a new business area, Wealth Management, comprising Private Banking for clients with investable assets in excess of DKK 7m and Nykredit Asset Management, including Nykredit Portefølje Administration A/S, which were previously included in Wholesale Clients. In this connection, the distribution of income between Private Banking for clients with investable assets in excess of DKK 7m and Retail has been adjusted.

Effective from Q4/2015, Nykredit Leasing A/S's activities have been transferred from Wholesale Clients to Retail and a number of expenses, including IT expenses and management-related costs, previously allocated to Group Items have been reallocated to the business areas.

Comparative figures for the business areas have been restated accordingly. Please refer to note 4 of this report.

The changes did not affect Nykredit Holding's or the Nykredit Holding Group's results, comprehensive income, balance sheet or equity.

The accounting policies are otherwise unchanged compared with the Annual Report 2015. For a full description of the Group's and the Parent Company's accounting policies, please refer to note 1 of the Annual Report 2015, which is available at [nykredit.com/reports](http://nykredit.com/reports).

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

### Restatement of goodwill impairment in the Financial Statements 2014 Effect on the H1 Interim Financial Statements 2015

DKK million	Nykredit Holding A/S		Nykredit Holding Group	
	Initial 30.06.2015	Restated 30.06.2015	Initial 30.06.2015	Restated 30.06.2015
<b>Balance sheets</b>				
Investments in Group enterprises	62,802	61,949	-	-
Intangible assets	-	-	3,075	2,222
Balance sheet total	62,825	61,973	1,407,968	1,407,116
<b>Equity</b>	<b>62,825</b>	<b>61,972</b>	<b>66,597</b>	<b>65,745</b>

# Notes

DKK million

Nykredit Holding A/S		Nykredit Holding Group	
31.12.2015	30.06.2016	30.06.2016	31.12.2015
<b>2. CAPITAL AND CAPITAL ADEQUACY</b>			
61,708	63,262	67,027	65,482
-	-	(4)	-
-	-	(3,762)	(3,774)
<b>61,708</b>	<b>63,262</b>	<b>63,262</b>	<b>61,708</b>
-	-	(503)	(359)
-	-	(210)	(223)
-	-	(1,331)	(1,116)
-	-	(543)	(544)
-	-	624	806
-	-	<b>(1,962)</b>	<b>(1,436)</b>
<b>61,708</b>	<b>63,262</b>	<b>61,299</b>	<b>60,272</b>
-	-	1,044	1,188
-	-	(24)	(22)
-	-	(257)	(322)
-	-	<b>764</b>	<b>845</b>
<b>61,708</b>	<b>63,262</b>	<b>62,063</b>	<b>61,117</b>
-	-	3,475	3,616
-	-	(266)	(335)
<b>61,708</b>	<b>63,262</b>	<b>65,272</b>	<b>64,398</b>
228,240	230,593	257,444	263,847
-	-	26,038	27,958
93	-	19,678	18,489
<b>228,333</b>	<b>230,593</b>	<b>303,160</b>	<b>310,294</b>
<b>Financial ratios</b>			
27.0	27.0	20.2	19.4
27.0	27.0	20.4	19.6
27.0	27.0	21.5	20.7

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.

Nykredit Holding Group

	H1/2016			H1/2015		
3. RESULTS FROM CORE BUSINESS AND OTHER ACTIVITIES	Core business	Other Activities <sup>1</sup>	Total	Core business	Other Activities <sup>1</sup>	Total
Net interest income	4,978	505	5,483	5,232	727	5,959
Dividend on equities	9	83	92	4	83	87
Fee and commission income, net	(101)	(10)	(111)	49	(11)	38
<b>Net interest and fee income</b>	<b>4,886</b>	<b>578</b>	<b>5,464</b>	<b>5,285</b>	<b>799</b>	<b>6,084</b>
Value adjustments	623	(1,541)	(918)	517	474	991
Other operating income	105	-	105	92	-	92
Staff and administrative expenses	2,264	-	2,264	2,270	-	2,270
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	103	-	103	119	-	119
Other operating expenses	82	-	82	34	-	34
Impairment losses on loans and advances	125	-	125	449	-	449
Profit from investments	-	6	6	-	4	4
<b>Profit (loss) before tax</b>	<b>3,040</b>	<b>(958)</b>	<b>2,083</b>	<b>3,022</b>	<b>1,277</b>	<b>4,299</b>

<sup>1</sup> Results from Other Activities comprise negative value adjustment of interest rate swaps of DKK 1,312m (2015: positive value adjustment of DKK 454m) and investment portfolio income of DKK 355m (2015: DKK 823m).



Nykredit Holding Group

## 4. BUSINESS AREAS

RESULTS H1/2016	Retail	Totalcredit Partners	Wholesale Clients	Wealth Management	Group Items	Total
<b>Core income from</b>						
- customer activities, gross	2,790	1,300	1,182	503	50	5,825
- payment for distribution	273	-	(108)	(165)	-	-
<b>Total business operations</b>	<b>3,063</b>	<b>1,300</b>	<b>1,074</b>	<b>338</b>	<b>50</b>	<b>5,825</b>
- senior and subordinated debt	(48)	(72)	(4)	-	(108)	(232)
- core income from securities	-	-	-	-	21	21
<b>Income from core business</b>	<b>3,015</b>	<b>1,228</b>	<b>1,070</b>	<b>338</b>	<b>(37)</b>	<b>5,614</b>
Operating costs and depreciation of equipment <sup>1</sup>	1,563	281	317	194	25	2,380
Mortgage business contribution to the Danish Resolution Fund <sup>1</sup>	49	1	19	-	-	69
<b>Profit (loss) from core business before impairment losses</b>	<b>1,403</b>	<b>946</b>	<b>734</b>	<b>144</b>	<b>(62)</b>	<b>3,165</b>
Impairment losses on loans and advances	267	8	(167)	23	(6)	125
<b>Profit (loss) from core business</b>	<b>1,136</b>	<b>938</b>	<b>901</b>	<b>121</b>	<b>(56)</b>	<b>3,040</b>
Value adjustment of interest rate swaps	(622)	-	(690)	-	-	(1,312)
Investment portfolio income <sup>2</sup>	-	-	-	-	355	355
<b>Profit before tax</b>	<b>514</b>	<b>938</b>	<b>211</b>	<b>121</b>	<b>299</b>	<b>2,083</b>

<sup>1</sup> Operating costs and depreciation of equipment for Retail Personal Banking and Retail Business Banking are presented and assessed jointly for internal reporting purposes.

<sup>2</sup> Investment portfolio income includes profit from equity investments and the sale of equity investments in associates of DKK 6m.

The business areas reflect the Nykredit Group's overall business areas. Retail serves personal customers as well as small and medium-sized enterprises (SMEs). Wholesale Clients comprises activities with corporate and institutional clients, securities trading and derivatives trading. Wealth Management comprises wealth and asset management activities. Group Items comprises Nykredit Bank's Treasury area as well as unallocated costs.

Effective from Q1/2016, the Group has launched a new business area, Wealth Management, comprising Private Banking for clients with investable assets in excess of DKK 7m and Nykredit Asset Management, including Nykredit Portefølje Administration A/S, which were previously included in Wholesale Clients. In this connection, the distribution of income between Private Banking for clients with investable assets in excess of DKK 7m and Retail has been adjusted.

As a result of the above changes, profit before tax for H1/2016 was reduced by DKK 85m in Retail, remained unchanged in Totalcredit Partners, decreased by DKK 36m in Wholesale Clients, increased by DKK 121m in Wealth Management and remained unchanged in Group Items.

Nykredit Holding Group

## 4. BUSINESS AREAS (CONTINUED)

RESULTS H1/2015	Retail	Totalkredit Partners	Wholesale Clients	Wealth Management	Group Items	Total
<b>Core income from</b>						
- customer activities, gross	2,980	1,384	1,414	442	16	6,236
- payment for distribution	295	-	(138)	(157)	-	-
<b>Total business operations</b>	<b>3,275</b>	<b>1,384</b>	<b>1,276</b>	<b>285</b>	<b>16</b>	<b>6,236</b>
- senior and subordinated debt	(62)	(90)	(7)	-	(205)	(364)
- core income from securities	-	-	-	-	21	21
<b>Income from core business</b>	<b>3,213</b>	<b>1,294</b>	<b>1,269</b>	<b>285</b>	<b>(168)</b>	<b>5,893</b>
Operating costs and depreciation of equipment <sup>1</sup>	1,670	247	346	150	9	2,422
Mortgage business contribution to the Danish Resolution Fund <sup>1</sup>	-	-	-	-	-	-
<b>Profit (loss) from core business before impairment losses</b>	<b>1,543</b>	<b>1,047</b>	<b>923</b>	<b>135</b>	<b>(177)</b>	<b>3,471</b>
Impairment losses on loans and advances	270	291	(111)	(1)	-	449
<b>Profit (loss) from core business</b>	<b>1,273</b>	<b>756</b>	<b>1,034</b>	<b>136</b>	<b>(177)</b>	<b>3,022</b>
Value adjustment of interest rate swaps	250	-	205	(1)	-	454
Investment portfolio income <sup>2</sup>	-	-	-	-	823	823
<b>Profit before tax</b>	<b>1,523</b>	<b>756</b>	<b>1,239</b>	<b>135</b>	<b>646</b>	<b>4,299</b>

<sup>1</sup> Operating costs and depreciation of equipment for Retail Personal Banking and Retail Business Banking are presented and assessed jointly for internal reporting purposes.

<sup>2</sup> Investment portfolio income includes profit from equity investments and the sale of equity investments in associates of DKK 4m.

Effective from Q4/2015, Nykredit Leasing A/S's activities have been transferred from Wholesale Clients to Retail, and a number of expenses including IT expenses and Group management-related costs previously carried under Group Items have been reallocated to the business areas.

As a result of these changes and the changes introduced as from Q1/2016, profit before tax for H1/2015 reduced by a total of DKK 227m in Retail, remained unchanged in Totalkredit Partners, reduced by DKK 235m in Wholesale Clients, increased by DKK 135m in Wealth Management and increased by DKK 327m in Group Items.

# Notes

DKK million

Nykredit Holding A/S		Nykredit Holding Group	
H1/2015	H1/2016	H1/2016	H1/2015
	<b>5. INTEREST INCOME</b>		
-	- Receivables from credit institutions and central banks	(3)	(17)
-	- Loans, advances and other receivables	9,639	12,043
-	- Administration margin income	4,384	4,380
	<b>Bonds</b>		
-	- self-issued covered bonds (SDOs, ROs)	225	440
-	- other covered bonds	458	602
-	- government bonds	127	158
-	- other bonds	94	113
	<b>Derivative financial instruments</b>		
-	- foreign exchange contracts	78	98
-	- interest rate contracts	(314)	(139)
-	- equity contracts	(14)	(21)
-	- other contracts	3	2
-	- other interest income	41	57
-	- <b>Total</b>	<b>14,718</b>	<b>17,716</b>
-	- Set-off of interest from self-issued covered bonds – note 6	(225)	(440)
-	- Set-off of interest from self-issued other bonds – note 6	(11)	(34)
-	- <b>Total</b>	<b>14,482</b>	<b>17,242</b>
	<b>Of which interest income from reverse repurchase lending entered as:</b>		
-	- Receivables from credit institutions and central banks	(8)	0
-	- Loans, advances and other receivables	(55)	(39)
	<b>6. INTEREST EXPENSES</b>		
-	- Credit institutions and central banks	(9)	(2)
-	- Deposits and other payables	(15)	86
-	- Bonds in issue	9,047	11,418
-	- Subordinated debt	183	247
-	- Other interest expenses	31	8
-	- <b>Total</b>	<b>9,236</b>	<b>11,758</b>
-	- Set-off of interest from self-issued covered bonds – note 5	(225)	(440)
-	- Set-off of interest from self-issued other bonds – note 5	(11)	(34)
-	- <b>Total</b>	<b>9,000</b>	<b>11,283</b>
	<b>Of which interest expenses from repo transactions entered as:</b>		
-	- Credit institutions and central banks	(29)	3
-	- Deposits and other payables	(38)	(4)

# Notes

DKK million

Nykredit Holding A/S		Nykredit Holding Group	
H1/2015	H1/2016	H1/2016	H1/2015
<b>7. VALUE ADJUSTMENTS</b>			
<b>Assets measured at fair value through profit or loss</b>			
-	- Mortgage loans, a)	14,743	(15,962)
-	- Other loans, advances and receivables at fair value, b)	1	(4)
-	- Bonds, b)	1,360	(599)
-	- Equities, b)	(161)	510
-	- Investment properties	(11)	-
-	- Foreign exchange	(4)	188
-	- Foreign exchange, interest rate and other contracts as well as derivative financial instruments, b)	(2,114)	739
<b>Liabilities measured at fair value through profit or loss</b>			
-	- Bonds in issue, a)	(14,732)	16,118
-	- <b>Total</b>	<b>(918)</b>	<b>990</b>
a) Financial assets and liabilities classified at fair value on initial recognition. b) Financial assets and liabilities classified under the trading book.			
<b>8. STAFF AND ADMINISTRATIVE EXPENSES</b>			
2	2 Remuneration of Board of Directors and Executive Board	40	26
-	- Staff expenses	1,427	1,400
0	12 Other administrative expenses	797	844
<b>2</b>	<b>14 Total</b>	<b>2,264</b>	<b>2,270</b>
<b>Remuneration of Board of Directors and Executive Board</b>			
<b>Board of Directors</b>			
2	2 Fees	4	4
<b>Executive Board</b>			
-	- Base salaries	18	18
-	- Pensions	3	4
-	- Post-employment salary and termination benefits for one Group Managing Director	15	-
<b>2</b>	<b>2 Total</b>	<b>40</b>	<b>26</b>
Bente Overgaard stepped down from the Group Executive Board on 30 June 2016 and will receive salary and termination benefits totalling DKK 12m in accordance with her contract. She will further receive special termination benefits equal to six months' salary. Bente Overgaard will remain available to Nykredit for a period of time.			
<b>Staff expenses</b>			
-	- Salaries	1,121	1,111
-	- Pensions	124	130
-	- Payroll tax	171	149
-	- Other social security expenses	12	10
-	- <b>Total</b>	<b>1,427</b>	<b>1,400</b>
<b>Number of staff</b>			
-	- Average number of staff for the financial period, full-time equivalents	3,648	3,785

# Notes

DKK million

Nykredit Holding A/S		Nykredit Holding Group	
H1/2015	H1/2016	H1/2016	H1/2015
<b>9. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES FOR PROPERTY, PLANT AND EQUIPMENT AS WELL AS INTANGIBLE ASSETS</b>			
<b>Intangible assets</b>			
-	- amortisation	46	45
-	- impairment losses	-	16
<b>Property, plant and equipment</b>			
-	- depreciation	57	58
-	- <b>Total</b>	<b>103</b>	<b>119</b>
<b>10. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES</b>			
<b>10 a. Earnings impact</b>			
-	- Change in individual impairment provisions for loans and advances	280	769
-	- Change in collective impairment provisions for loans and advances	(98)	(323)
-	- Write-offs for the period, not previously written down for impairment	126	157
-	- Recoveries on claims previously written off	(67)	(67)
-	- Provisions for guarantees, net	(35)	(0)
-	- <b>Total impairment losses on loans, advances and receivables, and provisions for guarantees</b>	<b>207</b>	<b>536</b>
-	- Value adjustment of assets in temporary possession	38	59
-	- Value adjustment of claims previously written off	3	(14)
-	- Write-offs offset against commission payments to partner banks	(123)	(132)
-	- <b>Total</b>	<b>125</b>	<b>449</b>
<b>10 b. Specification of impairment provisions for loans, advances and receivables</b>			
-	- Individual impairment provisions	5,896	6,690
-	- Collective impairment provisions	2,226	2,279
-	- <b>Total impairment provisions</b>	<b>8,122</b>	<b>8,970</b>
<b>Impairment provisions have been offset against the following items:</b>			
-	- Mortgage loans – note 14	5,221	5,335
-	- Arrears and outlays – note 14	273	293
-	- Bank loans and advances – note 15	2,584	3,298
-	- Receivables from credit institutions	44	44
-	- <b>Total impairment provisions</b>	<b>8,122</b>	<b>8,970</b>
<b>10 c. Individual impairment provisions for loans and advances</b>			
-	- <b>Impairment provisions, beginning of period</b>	<b>6,223</b>	<b>6,465</b>
-	- Impairment provisions for the period	1,032	1,408
-	- Impairment provisions reversed	(752)	(639)
-	- Transferred to properties acquired by foreclosure – note 10 g.	(45)	(66)
-	- Impairment provisions written off	(606)	(520)
-	- <b>Impairment provisions, end of period</b>	<b>5,852</b>	<b>6,647</b>

# Notes

DKK million

Nykredit Holding A/S		Nykredit Holding Group		
H1/2015	H1/2016	H1/2016	H1/2015	
<b>10. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES (CONTINUED)</b>				
<b>10 d. Collective impairment provisions for loans and advances</b>				
-	-	<b>Impairment provisions, beginning of period</b>	<b>2,324</b>	<b>2,602</b>
-	-	Impairment provisions for the period, net	(98)	(323)
-	-	<b>Impairment provisions, end of period</b>	<b>2,226</b>	<b>2,279</b>
<b>10 e. Individual impairment provisions for receivables from credit institutions</b>				
-	-	<b>Impairment provisions, beginning of period</b>	<b>44</b>	<b>44</b>
-	-	<b>Impairment provisions, end of period</b>	<b>44</b>	<b>44</b>
<b>10 f. Specification of loans, advances and receivables from credit institutions with objective evidence of impairment</b>				
-	-	Loans and advances subject to collective provisioning before impairment	20,248	21,240
-	-	Impairment	5,852	6,647
-	-	<b>Loans and advances after impairment</b>	<b>14,395</b>	<b>14,593</b>
-	-	Loans and advances subject to individual provisioning before impairment	117,425	120,135
-	-	Impairment	2,226	2,279
-	-	<b>Loans and advances after impairment</b>	<b>115,199</b>	<b>117,856</b>
-	-	Receivables from credit institutions subject to individual provisioning before impairment	54	54
-	-	Impairment	44	44
-	-	<b>Receivables after impairment</b>	<b>10</b>	<b>10</b>
<b>10 g. Impairment provisions for properties acquired by foreclosure</b>				
-	-	<b>Impairment provisions, beginning of period</b>	<b>287</b>	<b>414</b>
-	-	Transfer from impairment provisions for loans and advances – note 10 c.	45	66
-	-	Impairment provisions for the period	51	71
-	-	Impairment provisions reversed	(13)	(12)
-	-	Impairment provisions written off	(130)	(159)
-	-	<b>Impairment provisions, end of period</b>	<b>239</b>	<b>380</b>
Impairment provisions for properties acquired by foreclosure have been offset against "Assets in temporary possession".				
<b>11. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES</b>				
-	-	Profit from investments in associates	6	4
3,308	1,529	Profit from investments in Group enterprises	-	-
<b>3,308</b>	<b>1,529</b>	<b>Total</b>	<b>6</b>	<b>4</b>
<b>12. TAX</b>				
23.5	22.0	Current tax rates, %	22.0	23.5
23.5	22.0	Permanent deviations	0.5	2.3
<b>0.0</b>	<b>0.0</b>	<b>Effective tax rate, %</b>	<b>21.5</b>	<b>21.2</b>
Permanent deviations are attributable to Group enterprises and associates as well as equities available for sale.				

# Notes

DKK million

Nykredit Holding A/S		Nykredit Holding Group	
31.12.2015	30.06.2016	30.06.2016	31.12.2015
<b>13. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS</b>			
-	-	18,915	6,772
15	11	12,345	12,284
-	-	7,516	1,102
<b>15</b>	<b>11</b>	<b>38,775</b>	<b>20,158</b>
<b>14. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE</b>			
-	-	1,127,725	1,119,101
-	-	397	358
-	-	30,350	39,467
-	-	<b>1,158,473</b>	<b>1,158,926</b>
-	-	30,350	39,467
<b>14 a. Mortgage loans</b>			
-	-	<b>1,114,324</b>	<b>1,111,744</b>
-	-	81,152	257,128
-	-	204	152
-	-	(871)	926
-	-	(10,373)	(18,974)
-	-	(76,051)	(236,652)
-	-	<b>1,108,385</b>	<b>1,114,324</b>
-	-	(138)	(255)
-	-	229	231
-	-	<b>1,108,475</b>	<b>1,114,300</b>
-	-	24,472	10,198
<b>Adjustment for credit risk</b>			
-	-	(3,129)	(3,215)
-	-	(2,093)	(2,182)
-	-	<b>1,127,725</b>	<b>1,119,101</b>
<b>As collateral for loans and advances, Nykredit has received mortgages over real estate and:</b>			
-	-	47,905	44,772
-	-	13,176	12,913
-	-	13,301	13,302
<b>14 b. Arrears and outlays</b>			
-	-	354	385
-	-	316	269
-	-	(273)	(297)
-	-	<b>397</b>	<b>358</b>

## Notes

DKK million

Nykredit Holding A/S		Nykredit Holding Group	
31.12.2015	30.06.2016	30.06.2016	31.12.2015
<b>15. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST</b>			
-	- Bank loans and advances	52,138	49,599
-	- Mortgage loans	19	19
-	- Other loans and advances	309	295
-	- <b>Balance, end of period</b>	<b>52,466</b>	<b>49,914</b>
<b>Adjustment for credit risk</b>			
-	- Individual impairment provisions	(2,451)	(2,711)
-	- Collective impairment provisions	(133)	(141)
-	- <b>Balance after impairment, end of period</b>	<b>49,881</b>	<b>47,061</b>
-	- Set-off of self-issued "Other loans and advances" against "Bonds in issue at amortised cost" – note 22	(24)	(25)
-	- <b>Total</b>	<b>49,857</b>	<b>47,036</b>
<b>16. BONDS AT FAIR VALUE</b>			
-	- Self-issued covered bonds (særligt dækkede obligationer, SDOs)	54,056	72,801
-	- Self-issued covered bonds (realkreditobligationer, ROs)	30,760	34,506
-	- Self-issued corporate bonds	856	2,028
-	- Self-issued senior debt	260	370
-	- Other ROs	81,331	85,747
-	- Government bonds	16,696	12,969
-	- Other bonds	4,578	7,485
-	- <b>Total</b>	<b>188,537</b>	<b>215,905</b>
-	- Set-off of self-issued SDOs against "Bonds in issue at fair value" – note 21	(54,038)	(72,774)
-	- Set-off of self-issued SDOs against "Bonds in issue at amortised cost" – note 22	(18)	(26)
-	- Set-off of self-issued ROs against "Bonds in issue at fair value" – note 21	(30,760)	(34,506)
-	- Set-off of self-issued corporate bonds against "Bonds in issue at amortised cost" – note 22	(856)	(2,028)
-	- Set-off of self-issued senior debt against "Bonds in issue at fair value" – note 21	(260)	(370)
-	- <b>Total</b>	<b>102,605</b>	<b>106,200</b>
-	- As collateral security for the Danish central bank and foreign clearing centres, bonds have been deposited of a total market value of	12,355	13,092
Collateral security was provided on an arm's length basis.			



# Notes

DKK million

Nykredit Holding A/S		Nykredit Holding Group	
31.12.2015	30.06.2016	30.06.2016	31.12.2015
<b>17. INTANGIBLE ASSETS</b>			
-	-	14	14
-	-	18	20
-	-	166	117
-	-	41	100
-	-	15	20
-	-	<b>253</b>	<b>271</b>
<b>17 a. Goodwill</b>			
-	-	<b>2,782</b>	<b>2,782</b>
-	-	<b>2,782</b>	<b>2,782</b>
-	-	<b>2,768</b>	-
-	-	-	852
-	-	<b>2,768</b>	<b>852</b>
-	-	-	1,916
-	-	<b>2,768</b>	<b>2,768</b>
-	-	<b>14</b>	<b>14</b>
<p>The Danish Financial Supervisory Authority (FSA) has performed a partial review of Nykredit Realkredit's Financial Statements 2014, with special focus on the carrying amount of goodwill. According to the FSA, their review showed that goodwill was overvalued by DKK 852m in Nykredit Realkredit's Financial Statements 2014. As a result, goodwill has been adjusted by DKK 852m at end-2014.</p> <p>The budget period related to the impairment test for 2014 of Nykredit Bank A/S has been changed from 10 years to 5 years, as talks with the Danish FSA have established that the 10-year period was not adequately motivated, including that it is not documented by experience that the longer period provides a better basis of calculation. Furthermore, the FSA does not find that the applied business growth has been adequately documented. As a result of this correction, goodwill of DKK 852m has been written down for impairment in full. Goodwill has been attributed to the business area Group Items, and the impairment test is based on the expected cash flows of Nykredit Bank A/S.</p> <p>For further information, reference is made to note 1, Accounting policies, under General.</p>			
<b>17 b. Fixed-term rights</b>			
-	-	<b>4,575</b>	<b>4,575</b>
-	-	-	1
-	-	-	(1)
-	-	<b>4,575</b>	<b>4,575</b>
-	-	<b>4,555</b>	<b>4,553</b>
-	-	2	2
-	-	<b>4,557</b>	<b>4,555</b>
-	-	<b>18</b>	<b>20</b>

# Notes

DKK million

Nykredit Holding A/S		Nykredit Holding Group		
31.12.2015	30.06.2016	30.06.2016	31.12.2015	
<b>17. INTANGIBLE ASSETS (CONTINUED)</b>				
<b>17 c. Software</b>				
-	-	<b>Cost, beginning of period</b>	<b>1,002</b>	<b>931</b>
-	-	- Transferred from development projects in progress	84	71
-	-	<b>Cost, end of period</b>	<b>1,085</b>	<b>1,002</b>
<b>Amortisation and impairment losses, beginning of period</b>				
-	-	<b>Amortisation and impairment losses, beginning of period</b>	<b>884</b>	<b>807</b>
-	-	- Transferred from development projects in progress	-	3
-	-	- Amortisation for the period	39	63
-	-	- Impairment losses for the period	-	11
-	-	<b>Amortisation and impairment losses, end of period</b>	<b>923</b>	<b>884</b>
-	-	<b>Balance, end of period</b>	<b>166</b>	<b>117</b>
<b>17 d. Development projects in progress</b>				
-	-	<b>Cost, beginning of period</b>	<b>100</b>	<b>87</b>
-	-	- Additions	27	86
-	-	- Transferred to software	(84)	(71)
-	-	- Disposals	(2)	(2)
-	-	<b>Cost, end of period</b>	<b>41</b>	<b>100</b>
<b>Amortisation and impairment losses, beginning of period</b>				
-	-	<b>Amortisation and impairment losses, beginning of period</b>	-	-
-	-	- Impairment losses for the year	-	5
-	-	- Transferred to software	-	(3)
-	-	- Disposals	-	(2)
-	-	<b>Amortisation and impairment losses, end of period</b>	-	-
-	-	<b>Balance, end of period</b>	<b>41</b>	<b>100</b>
<b>17 e. Customer relationships</b>				
-	-	<b>Cost, beginning of period</b>	<b>145</b>	<b>145</b>
-	-	<b>Cost, end of period</b>	<b>145</b>	<b>145</b>
<b>Amortisation and impairment losses, beginning of period</b>				
-	-	<b>Amortisation and impairment losses, beginning of period</b>	<b>125</b>	<b>55</b>
-	-	- Amortisation for the period	6	20
-	-	- Impairment losses for the period	-	49
-	-	<b>Amortisation and impairment losses, end of period</b>	<b>130</b>	<b>125</b>
-	-	<b>Balance, end of period</b>	<b>15</b>	<b>20</b>
<b>18. OTHER ASSETS</b>				
-	-	- Interest and commission receivable	5,047	6,388
-	-	- Positive market value of derivative financial instruments	37,191	31,579
-	-	- Defined benefit plans	229	227
-	-	- Other	3,338	2,977
-	-	<b>Total</b>	<b>45,806</b>	<b>41,171</b>

# Notes

DKK million

Nykredit Holding A/S		Nykredit Holding Group	
31.12.2015	30.06.2016	30.06.2016	31.12.2015
<b>19. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS</b>			
-	- Payables to credit institutions	12,086	8,543
-	- Payables to central banks	57	-
-	- Repo transactions with credit institutions	15,988	21,683
-	- <b>Total</b>	<b>28,131</b>	<b>30,226</b>
<b>20. DEPOSITS AND OTHER PAYABLES</b>			
-	- On demand	54,200	49,947
-	- At notice	2,889	2,334
-	- Time deposits	9,406	7,536
-	- Special deposits	3,042	2,767
-	- <b>Total</b>	<b>69,537</b>	<b>62,584</b>
<b>21. BONDS IN ISSUE AT FAIR VALUE</b>			
-	- ROs	232,628	251,040
-	- SDOs	977,864	971,449
-	- Senior secured debt	12,820	18,155
-	- Senior unsecured debt	4,306	4,320
-	- <b>Total</b>	<b>1,227,619</b>	<b>1,244,964</b>
-	- Self-issued bonds transferred from "Bonds at fair value" – note 16	(85,058)	(107,650)
-	- <b>Total</b>	<b>1,142,561</b>	<b>1,137,314</b>
<b>21 a. ROs</b>			
-	- ROs at nominal value	223,637	242,206
-	- Fair value adjustment	8,991	8,834
-	- <b>ROs at fair value</b>	<b>232,628</b>	<b>251,040</b>
-	- Self-issued ROs transferred from "Bonds at fair value" – note 16	(30,760)	(34,506)
-	- <b>Total</b>	<b>201,868</b>	<b>216,534</b>
-	- Of which pre-issuance	25	24
-	- ROs redeemed and maturing at next creditor payment date	16,348	16,191
<b>21 b. SDOs</b>			
-	- SDOs at nominal value	962,380	970,081
-	- Fair value adjustment	15,485	1,368
-	- <b>SDOs at fair value</b>	<b>977,864</b>	<b>971,449</b>
-	- Self-issued SDOs transferred from "Bonds at fair value" – note 16	(54,038)	(72,774)
-	- <b>Total</b>	<b>923,827</b>	<b>898,675</b>
-	- Of which pre-issuance	3,076	2,408
-	- SDOs redeemed and maturing at next creditor payment date	37,364	57,889
<b>21 c. Senior secured debt</b>			
-	- Senior secured debt at nominal value	12,197	17,503
-	- Fair value adjustment	623	652
-	- <b>Senior secured debt at fair value</b>	<b>12,820</b>	<b>18,155</b>
-	- Self-issued senior secured debt transferred from "Bonds at fair value" – note 16	(260)	(370)
-	- <b>Total</b>	<b>12,560</b>	<b>17,784</b>
-	- Senior secured debt maturing at next creditor payment date	-	118

# Notes

DKK million

Nykredit Holding A/S		Nykredit Holding Group	
31.12.2015	30.06.2016	30.06.2016	31.12.2015
<b>21. BONDS IN ISSUE AT FAIR VALUE (CONTINUED)</b>			
<b>21 d. Senior unsecured debt</b>			
-	-	4,292	4,320
-	-	14	(0)
-	-	<b>4,306</b>	<b>4,320</b>
<b>22. BONDS IN ISSUE AT AMORTISED COST</b>			
-	-	15,846	22,179
-	-	18	26
-	-	3,779	3,789
-	-	3,716	-
-	-	37	30
-	-	<b>23,397</b>	<b>26,024</b>
-	-	(856)	(2,028)
-	-	(18)	(26)
-	-	(24)	(25)
-	-	<b>22,498</b>	<b>23,945</b>
<b>23. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE</b>			
-	-	14,792	7,438
-	-	4,326	2,689
-	-	<b>19,118</b>	<b>10,126</b>
<b>24. OTHER LIABILITIES</b>			
-	-	9,321	11,776
-	-	32,701	27,287
1	12	4,123	3,242
<b>1</b>	<b>12</b>	<b>46,146</b>	<b>42,305</b>

# Notes

DKK million

Nykredit Holding A/S		Nykredit Holding Group	
31.12.2015	30.06.2016	30.06.2016	31.12.2015
<b>25. SUBORDINATED DEBT</b>			
Subordinated debt consists of financial liabilities in the form of subordinate loan capital, Additional Tier 1 capital and hybrid capital which, in case of voluntary or compulsory liquidation, will not be repaid until the claims of ordinary creditors have been met.			
Subordinated debt is included in Nykredit's own funds in accordance with the EU's Capital Requirements Regulation.			
<b>Subordinate loan capital</b>			
Nom EUR 600m. The loan matures on 3 June 2036, but may be redeemed at par (100) from 3 June 2021. The loan carries a fixed interest rate of 4.0% pa up to 3 June 2021, after which date the interest rate will be fixed every 5 years. If the Common Equity Tier 1 capital ratio of Nykredit Realkredit, the Nykredit Realkredit Group or the Nykredit Holding Group falls below 7%, the loan will be written down.			
-	-	4,713	4,602
Nom EUR 800m. The loan matures on 17 November 2027, but may be redeemed at par (100) from 17 November 2022. The loan carries a fixed interest rate of 2.75% pa up to 17 November 2022, after which date the interest rate will be fixed for the next 5 years.			
-	-	6,175	5,932
Nom EUR 50m. The loan matures on 28 October 2030. The loan carries a fixed interest rate of 4% pa for the first 2 years after issuance. In the remaining loan term, the interest rate will be fixed every 6 months.			
-	-	373	373
-	-	<b>11,260</b>	<b>10,907</b>
<b>Additional Tier 1 capital/hybrid capital</b>			
Nom DKK 100m. The loan is perpetual and carries an interest rate of 1.7% pa above 3M Cibur <sup>1</sup>			
-	-	-	100
-	-	<b>-</b>	<b>100</b>
Portfolio of self-issued bonds			
-	-	-	(1)
-	-	<b>11,260</b>	<b>11,006</b>
Subordinated debt that may be included in own funds			
-	-	10,804	10,921
Costs related to raising and redeeming subordinated debt			
-	-	-	29
Extraordinary principal payments and redemption of subordinated debt in the financial period			
-	-	100	6,699

<sup>1</sup> Following approval by the Danish FSA, Nykredit Bank's hybrid loan of DKK 100m was redeemed in May 2016.

## Notes

DKK million

Nykredit Holding A/S		Nykredit Holding Group	
31.12.2015	30.06.2016	30.06.2016	31.12.2015
<b>26. OFF-BALANCE SHEET ITEMS</b>			
Guarantees and warranties provided, irrevocable credit commitments and similar obligations not recognised in the balance sheets are presented below.			
-	-	6,245	6,942
-	-	7,203	6,637
-	-	<b>13,448</b>	<b>13,579</b>
<b>26 a. Contingent liabilities</b>			
-	-	1,143	1,706
-	-	234	284
-	-	4,868	4,952
-	-	<b>6,245</b>	<b>6,942</b>
"Other contingent liabilities" chiefly comprises purchase price and payment guarantees.			
<b>26 b. Other commitments</b>			
-	-	5,828	5,299
-	-	1,375	1,338
-	-	<b>7,203</b>	<b>6,637</b>

"Other" under "Other commitments" comprises obligations to and charges in favour of securities depositaries, investment commitments to private equity funds and non-callable lease payments.

## 26. OFF-BALANCE SHEET ITEMS (CONTINUED)

### Additional contingent liabilities

Owing to its size and business scope, the Nykredit Group is continuously involved in legal proceedings and litigation. The cases are subject to ongoing review, and necessary provisions are made based on an assessment of the risk of loss. Pending cases are not expected to have a significant effect on the Nykredit Group's financial position.

Nykredit participates in the mandatory Danish deposit guarantee scheme. A new scheme was introduced in 2015, as the Danish Guarantee Fund took over the activities and assets of the Danish Guarantee Fund for Depositors and Investors on 1 June 2015. The purpose of the Danish Guarantee Fund is to provide cover for depositors and investors of failing institutions included in the Fund's scheme. The scheme includes both natural and legal persons, and deposits are covered by an amount equivalent to EUR 100,000 per depositor and EUR 20,000 per investor.

Nykredit also participates in the Danish Resolution Fund scheme, which is a resolution finance scheme that was also established on 1 June 2015. The Danish Resolution Fund is financed by annual contributions from participating banks, mortgage lenders and investment companies and, as from 31 December 2024, the assets of the scheme must make up 1% of the sector's covered deposits. Participating institutions pay an annual amount to cover any losses incurred by the Danish Resolution Fund in connection with the resolution of failing institutions.

BEC is an IT provider of Nykredit Bank. According to BEC's articles of association, Nykredit Bank may terminate its membership of BEC giving five years' notice to expire at the end of a financial year. Should the membership terminate for other reasons related to Nykredit Bank, compensation will be payable to BEC as defined in BEC's articles of association. If a bank merges and ceases being an independent bank, the BEC membership terminates without notice or subject to a transitional scheme.

Nykredit Holding is jointly taxed in Denmark with Foreningen Nykredit (the Nykredit Association) as the administration company. Pursuant to the Danish Corporation Tax Act, the Company is liable for income taxes etc payable by the jointly taxed companies as of the financial year 2013 and for any obligations to withhold tax at source on interest, royalties and dividends of these companies as of 1 July 2012.

Nykredit Holding is liable for the obligations of the pension fund in run-off Nykredits Afviklingspensionskasse (CVR no 24 25 62 19).

## 27. RELATED PARTY TRANSACTIONS AND BALANCES

Foreningen Nykredit, Group enterprises and associates of Nykredit Holding A/S as stated in the Group structure as well as Nykredit Holding A/S's Board of Directors, Executive Board and related parties thereof are regarded as related parties.

No unusual related party transactions occurred in H1/2016.

The companies have entered into various agreements as a natural part of the Group's day-to-day operations. The agreements typically involve financing, provision of guarantees, sales commission, tasks relating to IT support and IT development projects, payroll and staff administration as well as other administrative tasks.

Intercompany trading in goods and services took place on an arm's length, cost reimbursement or profit split basis.

Significant related party transactions prevailing/entered into in H1/2016 include:

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

As a part of the Group's joint funding activities, Nykredit Realkredit A/S has funded mortgage loans granted by its subsidiary Totalkredit A/S on an ongoing basis.

Totalkredit A/S funds its lending by issuing a master bond for each capital centre with Nykredit Realkredit A/S as the only creditor. The master bond constitutes security for Nykredit Realkredit A/S's issuance of covered bonds (ROs and SDOs) and serves to ensure that Totalkredit A/S transfers all payments to bondholders under the loans and advances granted by Totalkredit A/S to Nykredit Realkredit A/S, no later than at the same time as Nykredit Realkredit A/S makes payments to bondholders. The bondholders therefore enjoy the same security as if the Totalkredit loans had been granted directly from Nykredit Realkredit A/S's own balance sheet.

Nykredit Realkredit A/S has granted loans, cf section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, to Totalkredit A/S serving as supplementary collateral in Totalkredit A/S's capital centres. The loans amounted to DKK 11.2bn at 30 June 2016. The loans constitute secondary preferential claims and rank after the master bond in respect of the assets in Totalkredit A/S's capital centres.

An agreement has been made to hedge market risk relating to collateral, including investments, in Totalkredit's capital centres.

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

Nykredit Realkredit A/S has granted loans of DKK 2.0bn to Totalkredit A/S in the form of subordinated debt.

### Agreements between Nykredit Realkredit A/S and Nykredit Bank A/S

Framework agreement on the terms for financial transactions relating to loans and deposits in the securities and money market areas.

# Notes

DKK million

Nykredit Holding A/S	H1/ 2016	H1/ 2015	H1/ 2014	H1/ 2013	H1/ 2012
<b>28. FIVE-YEAR FINANCIAL HIGHLIGHTS</b>					
<b>SUMMARY INCOME STATEMENT</b>					
Net interest income	-	-	-	0	0
Net fee income	-	-	-	40	40
<b>Net interest and fee income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40</b>	<b>40</b>
Staff and administrative expenses	14	2	2	2	2
Profit from investments in associates and Group enterprises	1,529	3,308	1,511	1,216	1,771
<b>Profit before tax</b>	<b>1,515</b>	<b>3,305</b>	<b>1,508</b>	<b>1,254</b>	<b>1,809</b>
Tax	(3)	(1)	(1)	10	10
<b>Profit for the period</b>	<b>1,518</b>	<b>3,306</b>	<b>1,509</b>	<b>1,245</b>	<b>1,800</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>					
	30.06.2016	30.06.2015	30.06.2014	30.06.2013	30.06.2012
<b>Assets</b>					
Receivables from credit institutions and central banks	11	16	22	77	175
Remaining assets	63,263	61,957	60,236	58,628	56,885
<b>Total assets</b>	<b>63,274</b>	<b>61,973</b>	<b>60,258</b>	<b>58,706</b>	<b>57,060</b>
<b>Liabilities and equity</b>					
Remaining liabilities	12	1	1	69	49
Equity	63,262	61,972	60,258	58,636	57,011
<b>Total liabilities and equity</b>	<b>63,274</b>	<b>61,973</b>	<b>60,258</b>	<b>58,706</b>	<b>57,060</b>
<b>Off-balance sheet items</b>					
Contingent liabilities	-	-	-	2,300	2,300
<b>Financial ratios<sup>1</sup></b>					
Total capital ratio, %	27.0	26.9	26.7	23.6	23.6
Tier 1 capital ratio, %	27.0	26.9	26.7	23.6	23.6
Return on equity before tax, %	2.4	5.5	2.5	2.2	3.2
Return on equity after tax, %	2.4	5.5	2.5	2.1	3.2
Income:cost ratio	106	1,422	721	617	908
Return on capital employed, %	2.40	5.33	2.50	2.12	3.15

<sup>1</sup> Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 47 in the Annual Report 2015.



# Notes

DKK million

Nykredit Holding Group	H1/ 2016	H1/ 2015	H1/ 2014	H1/ 2013	H1/ 2012
<b>28. FIVE-YEAR FINANCIAL HIGHLIGHTS (CONTINUED)</b>					
<b>SUMMARY INCOME STATEMENT</b>					
Net interest income	5,483	5,959	5,511	4,869	5,348
Net fee income	(18)	125	(21)	13	306
<b>Net interest and fee income</b>	<b>5,464</b>	<b>6,084</b>	<b>5,490</b>	<b>4,882</b>	<b>5,654</b>
Value adjustments	(918)	990	(64)	406	299
Other operating income	105	92	89	111	106
Staff and administrative expenses	2,264	2,270	2,387	2,484	2,343
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	103	119	106	383	368
Other operating expenses	82	34	87	40	6
Impairment losses on loans, advances and receivables	125	449	1,049	929	991
Profit from investments in associates and Group enterprises	6	4	4	49	9
<b>Profit before tax</b>	<b>2,083</b>	<b>4,299</b>	<b>1,890</b>	<b>1,612</b>	<b>2,360</b>
Tax	449	913	381	367	560
<b>Profit for the period</b>	<b>1,634</b>	<b>3,386</b>	<b>1,509</b>	<b>1,245</b>	<b>1,800</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>					
	30.06.2016	30.06.2015	30.06.2014	30.06.2013	30.06.2012
<b>Assets</b>					
Receivables from credit institutions and central banks	43,707	47,410	36,133	38,859	61,440
Mortgage loans at fair value	1,127,725	1,119,080	1,143,883	1,133,557	1,120,214
Bank loans, excluding reverse repurchase lending	49,554	49,441	46,908	50,354	55,203
Bonds and equities	106,387	109,404	118,624	70,579	95,773
Remaining assets	79,934	81,781	98,804	111,029	101,003
<b>Total assets</b>	<b>1,407,306</b>	<b>1,407,116</b>	<b>1,444,353</b>	<b>1,404,379</b>	<b>1,433,633</b>
<b>Liabilities and equity</b>					
Payables to credit institutions and central banks	28,131	39,322	49,656	49,319	100,888
Deposits and other payables	69,537	65,919	61,742	63,167	55,106
Bonds in issue at fair value	1,142,561	1,146,975	1,138,266	1,086,408	1,066,902
Subordinated debt	11,260	4,646	15,243	11,085	11,254
Remaining liabilities	88,790	84,509	119,188	135,763	142,473
Equity	67,027	65,745	60,258	58,636	57,011
<b>Total liabilities and equity</b>	<b>1,407,306</b>	<b>1,407,116</b>	<b>1,444,353</b>	<b>1,404,379</b>	<b>1,433,633</b>
<b>OFF-BALANCE SHEET ITEMS</b>					
Contingent liabilities	6,245	8,394	6,351	6,079	6,491
Other commitments	7,203	5,593	7,488	8,094	9,278
<b>FINANCIAL RATIOS<sup>1</sup></b>					
Total capital ratio, %	21.5	18.6	19.3	19.4	16.7
Tier 1 capital ratio, %	20.4	18.2	18.1	19.4	16.7
Return on equity before tax, %	3.2	7.0	3.2	2.8	4.2
Return on equity after tax, %	2.5	5.5	2.5	2.1	3.2
Income: cost ratio	1.81	2.50	1.52	1.42	1.64
Foreign exchange position, %	0.7	0.4	1.2	0.4	0.6
Loans and advances: equity (loan gearing)	18.0	18.2	20.5	21.0	21.2
Growth in loans and advances for the period, %	(1.0)	(0.5)	(1.2)	1.6	3.7
Total impairment provisions, %	0.67	0.74	0.70	0.59	0.58
Impairment losses for the period, %	0.01	0.04	0.08	0.07	0.08
Return on capital employed, %	0.12	0.24	0.10	0.09	0.13

<sup>1</sup> Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 47 in the Annual Report 2015.

Nykredit Holding A/S

## 29. GROUP STRUCTURE

Name and registered office	Ownership interest as %, 30 June 2016	Profit (loss) for H1/2016	Equity, 30 June 2016	Profit for 2015	Equity, 31 December 2015
Nykredit Holding A/S (Parent Company), Copenhagen, h)	-	1,518	63,262	2,997	61,708
Nykredit Realkredit A/S Copenhagen, a)	100	1,645	67,013	3,198	65,460
Totalkredit A/S, Copenhagen, a)	100	849	19,461	1,500	18,613
Nykredit Bank A/S, Copenhagen, b)	100	(317)	15,800	1,542	16,117
Nykredit Portefølje Administration A/S, Copenhagen, g)	100	49	531	85	482
Nykredit Leasing A/S, Gladsaxe, e)	100	37	559	66	522
Nykredit Mægler A/S, Copenhagen, c)	100	35	109	45	144
Nykredit Ejendomme A/S, Copenhagen, d)	100	15	525	47	510
Ejendomsselskabet Kalvebod A/S, Copenhagen, h)	100	(2)	207	24	209
Kalvebod Ejendomme I A/S, Copenhagen, d)	100	(8)	110	12	118
Kalvebod Ejendomme II A/S, Copenhagen, d)	100	7	93	12	87
Nykredit Adm. V A/S, Copenhagen, f)	100	0	1	0	1
Bolighed A/S, c)	50	1	8	1	7
	<b>Number of staff</b>	<b>Revenue*</b>	<b>Profit (loss) before tax</b>	<b>Tax</b>	<b>Government aid received</b>
Denmark: Companies and activities appear from the Group structure above	3,636	15,669	2,084	449	-
Poland: Nykredit Realkredit A/S S.A. Oddział w Polsce, branch, a)	12	5	(1)	0	-
Sweden: Nykredit Bank A/S, branch, b) <sup>1</sup>	-	-	-	-	-

<sup>1</sup> The branch in Sweden ceased its activities in January 2015 and is expected to be wound up entirely by the end of 2017.

\* For companies preparing financial statements in accordance with the Danish Financial Business Act, revenue is defined as interest, fee and commission income and other operating income.

a) Mortgage bank

b) Bank

c) Estate agency business

d) Property company

e) Leasing business

f) No activity

g) Investment management company

h) Holding company, no independent activities

Nykredit Holding A/S is consolidated with Foreningen Nykredit. The financial statements of Nykredit Realkredit A/S and Foreningen Nykredit are available from:

Nykredit Realkredit A/S

Kalvebod Brygge 1-3

DK-1780 Copenhagen V

# Seven-quarter financial highlights

DKK million

Nykredit Holding Group	Q2/ 2016	Q1/ 2016	Q4/ 2015	Q3/ 2015	Q2/ 2015	Q1/ 2015	Q4/ 2014
<b>Core income from</b>							
Business operations	2,933	2,892	2,823	2,885	2,946	3,290	3,021
Senior and subordinated debt	(115)	(118)	(127)	(120)	(111)	(253)	(241)
Securities	11	11	10	7	7	14	36
<b>Income from core business</b>	<b>2,829</b>	<b>2,785</b>	<b>2,706</b>	<b>2,773</b>	<b>2,842</b>	<b>3,051</b>	<b>2,816</b>
Operating costs, depreciation and amortisation	1,179	1,167	1,366	1,221	1,198	1,224	1,343
Mortgage business contribution to the Danish Resolution Fund	69	34	61	-	-	-	-
<b>Profit from core business before impairment losses</b>	<b>1,581</b>	<b>1,584</b>	<b>1,279</b>	<b>1,552</b>	<b>1,644</b>	<b>1,827</b>	<b>1,473</b>
Impairment losses on loans and advances	176	(51)	227	244	120	329	893
<b>Profit from core business</b>	<b>1,404</b>	<b>1,635</b>	<b>1,052</b>	<b>1,308</b>	<b>1,524</b>	<b>1,498</b>	<b>580</b>
Value adjustment of interest rate swaps	(510)	(802)	198	(242)	1,515	(1,061)	(1,369)
Amortisation of goodwill and customer relationships <sup>2</sup>	-	-	49	1,916	-	-	852
Investment portfolio income	324	32	111	(61)	211	612	158
<b>Profit (loss) before tax</b>	<b>1,218</b>	<b>865</b>	<b>1,312</b>	<b>(911)</b>	<b>3,250</b>	<b>1,049</b>	<b>(1,482)</b>
Tax	270	179	360	233	705	208	(233)
<b>Profit (loss) for the period</b>	<b>948</b>	<b>686</b>	<b>952</b>	<b>(1,143)</b>	<b>2,544</b>	<b>841</b>	<b>(1,250)</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>	<b>30.06.2016</b>	<b>31.03.2016</b>	<b>31.12.2015</b>	<b>30.09.2015</b>	<b>30.06.2015<sup>2</sup></b>	<b>31.03.2015<sup>2</sup></b>	<b>31.12.2014<sup>2</sup></b>
<b>Assets</b>							
Cash balances and receivables from credit institutions and central banks	43,707	28,798	23,253	36,732	47,410	70,932	42,288
Mortgage loans at fair value	1,127,725	1,122,218	1,119,101	1,118,029	1,119,080	1,137,833	1,137,099
Bank loans, excluding reverse repurchase lending	49,554	48,972	46,747	47,506	49,441	49,404	50,494
Bonds and equities	106,387	116,892	110,294	102,786	109,404	104,795	131,383
Remaining assets	79,934	83,287	84,402	83,379	81,781	97,691	96,042
<b>Total assets</b>	<b>1,407,306</b>	<b>1,400,166</b>	<b>1,383,796</b>	<b>1,388,433</b>	<b>1,407,116</b>	<b>1,460,655</b>	<b>1,457,306</b>
<b>Liabilities and equity</b>							
Payables to credit institutions and central banks	28,131	44,015	30,226	35,117	39,322	38,860	44,863
Deposits and other payables	69,537	59,571	62,584	61,566	65,919	67,716	65,211
Bonds in issue at fair value	1,142,561	1,135,251	1,137,314	1,134,618	1,146,975	1,181,483	1,167,163
Subordinated debt	11,260	11,240	11,006	4,684	4,646	11,417	11,394
Remaining liabilities	88,790	83,932	77,185	87,847	84,509	97,953	109,999
Equity	67,027	66,157	65,482	64,599	65,745	63,227	58,675
<b>Total liabilities and equity</b>	<b>1,407,306</b>	<b>1,400,166</b>	<b>1,383,796</b>	<b>1,388,433</b>	<b>1,407,116</b>	<b>1,460,655</b>	<b>1,457,306</b>
<b>FINANCIAL RATIOS</b>							
Profit (loss) for the period as % pa of average equity <sup>1</sup>	5.7	4.1	5.8	(7.8)	16.4	5.5	(8.4)
Profit from core business before impairment losses as % pa of average equity <sup>1</sup>	9.7	9.8	8.0	9.7	10.4	12.2	9.9
Profit from core business as % pa of average equity <sup>1</sup>	8.6	10.2	6.5	8.1	9.7	10.0	3.9
Total provisions for loan impairment and guarantees	8,144	8,322	8,646	8,911	9,032	9,274	9,173
Impairment losses for the period, %	0.01	(0.00)	0.02	0.02	0.01	0.03	0.07
Total capital ratio, %	21.5	20.8	20.7	19.5	18.6	17.4	17.5
Tier 1 capital ratio, %	20.4	19.8	19.6	19.5	18.2	16.9	17.2
Average number of full-time staff	3,648	3,660	3,757	3,763	3,785	3,827	3,971

<sup>1</sup> In the calculation of equity, Additional Tier 1 capital is considered as a financial obligation for accounting purposes, and dividends for the period are included as interest expenses in profit/loss for the period.

<sup>2</sup> Q4/2014 has been adjusted for goodwill impairment of DKK 852m relating to Nykredit's acquisition of Forstædernes Bank in 2008. The adjustment affects Q4/2014, Q1/2015 and Q2/2015. For further information, reference is made to note 1, Accounting policies, under General.

*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.*