

NYKREDIT BANK A/S – A SUBSIDIARY OF NYKREDIT REALKREDIT A/S CONSOLIDATED IN THE NYKREDIT GROUP FINANCIAL STATEMENTS

INTERIM REPORT FOR THE PERIOD 1 JANUARY – 31 MARCH 2016

- Profit before tax, excluding value adjustment of interest rate swaps, decreased by DKK 230m from DKK 573m in Q1/2015 to DKK 343m.
- Core income from business operations totalled DKK 803m, which represented a 20% decline from DKK 1,004m in Q1/2015.

Core income from business operations was partly affected by an earnings decline in Nykredit Markets.

- Operating costs and depreciation of equipment totalled DKK 468m against DKK 485m in Q1/2015, down 4%. As a percentage of core income from business operations, operating costs grew to 58.2% from 48.3% in Q1/2015, which reflected the decreasing income level.
- Impairment losses on loans and advances changed by DKK 3m from a gain of DKK 19m in Q1/2015 to a gain of DKK 16m. Impairment losses were 0.0% of loans and advances – the same as in Q1/2015.
- Profit from core business accordingly came to DKK 347m against DKK 524m in Q1/2015.
- Value adjustment of interest rate swaps came to a loss of DKK 802m against a loss of DKK 1,061m in Q1/2015. The loss in Q1/2016 was primarily related to a fall in swap rates.
- The investment portfolio generated a loss of DKK 5m compared with an income of DKK 49m in Q1/2015.
- Profit before tax generated a return on equity of negative 11.5% against negative 14.6% in Q1/2015.
- The balance sheet stood at DKK 185bn compared with DKK 174bn at end-2015.

LIQUIDITY

- The Bank's liquidity coverage ratio (LCR), determined according to the LCR rules, came to 135% against 122% in Q1/2015. Deposits exceeded lending by DKK 10.8bn compared with DKK 18.4bn in Q1/2015.

CAPITAL

- Equity stood at DKK 15.8bn compared with DKK 16.1bn at end-2015.
- The Common Equity Tier 1 (CET1) capital ratio was 19.2% against 20.6% at end-2015. The total capital ratio was 19.6% against 21.1% at end-2015, and the internal capital adequacy requirement came to 12.1% compared with 12.0% at end-2015.

ABOUT NYKREDIT BANK GROUP

The Q1 Interim Reports 2016 of the Nykredit Bank Group and the Nykredit Group and further information about Nykredit are available at nykredit.com.

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FINANCIAL HIGHLIGHTS

Nykredit Bank Group

DKK million	Q1/2016	Q1/2015	FY 2015
RESULTS FROM CORE BUSINESS AND RESULTS FOR THE PERIOD¹			
Core income from			
- business operations	803	1,004	3,360
- securities	3	3	8
Income from core business	806	1,007	3,368
Operating costs and depreciation of equipment	468	485	1,852
Expenses for guarantee and resolution schemes	6	17	63
Profit from core business before impairment losses	331	505	1,444
Impairment losses on loans and advances and provisions for guarantees	(16)	(19)	(121)
Profit from core business	347	524	1,565
Value adjustment of interest rate swaps due to interest rate changes	(858)	(992)	685
Other value adjustment of interest rate swaps	56	(69)	(275)
Goodwill impairment	-	-	9
Investment portfolio income	(5)	49	35
Profit (loss) before tax	(459)	(488)	2,010
Tax	(102)	(113)	468
Profit (loss) for the period	(357)	(375)	1,542
SUMMARY BALANCE SHEET, END OF PERIOD			
Assets			
Cash balances and receivables from central banks and credit institutions	20,305	42,699	13,425
Loans, advances and other receivables at fair value	34,963	29,569	39,467
Loans, advances and other receivables at amortised cost	48,972	49,404	46,747
Bonds at fair value and equities	42,688	44,014	40,412
Remaining assets	37,849	53,365	34,288
Total assets	184,777	219,051	174,339
Liabilities and equity			
Payables to credit institutions and central banks	41,552	61,649	34,957
Deposits and other payables	59,747	67,832	62,758
Bonds in issue at amortised cost	18,031	24,427	20,150
Other non-derivative financial liabilities at fair value	17,537	4,930	11,776
Remaining payables	31,869	45,687	28,267
Provisions	181	226	214
Subordinated debt	100	100	100
Equity	15,760	14,200	16,117
Total liabilities and equity	184,777	219,051	174,339
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	13,615	20,320	15,180
Other commitments	5,721	4,632	5,566
FINANCIAL RATIOS			
Profit (loss) for the period as % pa of average equity	(9.0)	(11.2)	10.7
Profit (loss) before tax for the period as % pa of average equity	(11.5)	(14.6)	14.0
Profit from core business before impairment losses as % pa of average equity	8.3	15.1	10.1
Profit from core business as % pa of average equity	8.7	15.7	10.9
Costs excl impairment losses as % of core income from business operations	59.0	50.0	55.1
Impairment losses on loans and advances	2,753	3,482	2,852
Impairment losses for the period, %	0.0	0.0	(0.1)
Total capital ratio, %	19.6	15.6	21.1
Tier 1 capital ratio, %	19.2	15.1	20.7
CET1 capital ratio, %	19.2	15.0	20.6
Average number of full-time staff	792	769	761

¹ 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.

NYKREDIT BANK GROUP RESULTS

Profit from core business was DKK 347m compared with DKK 524m in Q1/2015. The Group recorded a loss before tax of DKK 459m against a loss of DKK 488m in Q1/2015.

The underlying performance resulted in lower earnings, and core income was 20% down on the level in Q1/2015, totalling DKK 803m. Operating costs fell by DKK 17m, while impairment losses on loans and advances were a DKK 3m lower gain. Together, these items caused a reduction in earnings of DKK 187m compared with Q1/2015.

Core income from business operations was affected by an earnings decline in Wholesale Clients, where Nykredit Markets's activities saw an adverse development. Earnings from Retail also dropped, whereas Group Items rose compared with Q1/2015.

Impairment losses on loans and advances were low and contributed an income of DKK 16m against an income of DKK 19m in Q1/2015. Impairment losses were 0.0% of loans and advances, which was unchanged compared with Q1/2015.

Value adjustment of interest rate swaps was a loss of DKK 802m in Q1/2016 against a loss of DKK 1,061m in Q1/2015, down DKK 259m.

Results from core business

Core income from business operations

Core income totalled DKK 803m. This represented a decline of DKK 201m, or 20%, compared with DKK 1,004m in Q1/2015.

The decline was notably attributable to income from Wholesale Clients, which reduced from DKK 449m to DKK 265m, of which Nykredit Markets's activities accounted for a decline of DKK 133m to DKK 92m and Corporate & Institutional Banking for a decline of DKK 51m.

Income from Retail reduced by DKK 40m to DKK 357m.

Core income from Wealth Management totalled DKK 150m, up DKK 9m on Q1/2015, of which DKK 9m was attributable to Nykredit Asset Management.

Group Items grew by DKK 15m to DKK 31m.

Lending at amortised cost went up DKK 2.3bn on end-2015 to DKK 49.0bn as at 31 March 2016, reflecting continued subdued demand.

Deposits fell back by DKK 3.1bn from DKK 62.8bn at end-2015 to DKK 59.7bn. Wholesale Clients accounted for DKK 3.2bn of the fall, and Wealth Management for DKK 1.0bn, whereas Retail and Group Items contributed a rise of DKK 0.5bn and DKK 0.7bn, respectively.

Core income from securities

Income was unchanged at around DKK 3m in Q1/2016, and the short-term risk-free interest rate dropped from an average of 0.08% in Q1/2015 to 0.05% in Q1/2016. The risk-free interest rate is based on the Danish central bank's lending rate.

Operating costs, depreciation and amortisation

Staff and administrative expenses generally developed as expected and reduced by DKK 16m, or 3.1%, compared with Q1/2015 to DKK 463m.

Payroll costs accounted for a rise of DKK 4m, or 2.2%. The average number of full-time staff totalled 792 compared with 769 in Q1/2015. The rise in payroll costs and staff numbers partly resulted from a reorganisation of certain entities between Nykredit Realkredit and Nykredit Bank.

Other administrative expenses dropped 6.4% from DKK 297m in Q1/2015 to DKK 278m in Q1/2016.

Other operating expenses fell from DKK 19m to DKK 6m. The item includes the Bank's contribution of DKK 6m to Danish guarantee and resolution schemes.

Impairment losses on loans and advances and provisions for guarantees

Impairment losses and provisions were a gain of DKK 16m against a gain of DKK 19m in Q1/2015 and were principally attributable to Wholesale Clients, which contributed income of DKK 40m. Retail contributed a gain of DKK 3m and Wealth Management losses of DKK 26m.

Individual impairment provisions dropped by DKK 243m to a gain of DKK 34m, particularly due to a downturn in new impairment provisions combined with an increase in reversals compared with Q1/2015. Incurred losses and recoveries on claims previously written off were a net charge of DKK 10m compared with a gain of DKK 7m in Q1/2015.

Provisions for guarantees came to an income of DKK 2m compared with DKK 0m in Q1/2015, while collective impairment provisions accounted for a loss of DKK 10m against an income of DKK 221m in Q1/2015.

Impairment losses were 0.0% of loans and advances for Q1/2016 – the same as in Q1/2015.

Value adjustment of interest rate swaps

Value adjustment for Q1/2016 equalled a loss of DKK 802m against a loss of DKK 1,061m in Q1/2015. Losses incurred on terminated contracts totalled DKK 19m in Q1/2016 against DKK 48m in Q1/2015.

Long-term swap rates fell in Q1/2016, which together with credit spread changes resulted in a loss of DKK 858m. In total, other provisions reduced by DKK 56m.

Nykredit Bank has no direct interest rate exposure from its portfolios of interest rate swaps due to interest rate hedging arrangements with major domestic and foreign banks. Therefore, value adjustments should in part be seen in the context of the uncertainty about the legal set-up of cooperative housing and customers' financial outlooks. Valuations are based on a conservative assessment. Thus, the entire market value of swap contracts with customers having the lowest ratings has been adjusted to DKK 0.

Provisions for these interest rate swaps totalled DKK 5.7bn compared with DKK 5.0bn at end-2015.

Long-term swap rates were 1.4% at end-Q1/2016. If the interest rate level changes by 1 percentage point, the value adjustment will increase or decrease, as the case may be, by about DKK 2.0bn.

Investment portfolio income

The investment portfolio generated a loss of DKK 5m compared with an income of DKK 49m in Q1/2015.

Investment portfolio income equals excess income obtained from portfolios not allocated to the business areas in addition to risk-free interest.

Tax

Tax calculated was an income of DKK 102m, corresponding to 22.2% of the loss before tax compared with 23.2% in Q1/2015.

Results after tax

The Group recorded a loss after tax of DKK 357m, equivalent to a return on equity of negative 2.2% in Q1/2016 compared with a loss of DKK 375m and a return on equity of negative 2.8% in Q1/2015.

OUTLOOK FOR 2016

In the Annual Report 2015, Nykredit Bank forecast profit from core business at DKK 0.8bn-1.0bn.

Based on the performance in Q1/2016, including particularly the positive trend in loan impairments, the Bank raises its full-year profit guidance by DKK 100m to DKK 0.9bn-1.1bn.

OTHER

EU rules on the recovery and resolution of banks

The implementation of new EU rules in 2015 implied that a resolution fund must be built up at sector level the purpose of which is to issue guarantees and provide loans etc to credit institutions in connection with restructuring and resolution measures.

The resolution fund, which will be based on contributions from the participating businesses, must not be less than 1% of the covered deposits of the businesses. The fund is scheduled to be in place by end-2024. The Bank's contribution for 2016 was calculated at DKK 24m.

Business areas

The Nykredit Group's business area structure was changed in Q1/2016. The most significant change is the launch of Wealth Management, a new business area, which comprises the units Nykredit Asset Management, Nykredit Portefølje Administration A/S and Private Banking for the wealthiest clients. At the same time, the inter-company settlements between Retail and Wealth Management have been adjusted.

Nykredit Asset Management and Private Banking were previously included in Wholesale Clients, which now comprises Corporate & Institutional Banking and Nykredit Markets.

Deposit customers from FIH

Nykredit Bank and FIH have entered into an agreement regarding the transfer of more than 5,000 personal customers and about 400 business customers, all having deposit accounts with FIH Direct Bank. The customer increase has grown Nykredit Bank's deposits by about DKK 1.7bn as at 31 March 2016.

UNCERTAINTY AS TO RECOGNITION AND MEASUREMENT

The 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.

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

EVENTS SINCE THE BALANCE SHEET DATE

Supreme Court ruling in case involving A/B Duegården in liquidation

On 11 May 2016, the Danish Supreme Court found for A/B Duegården in liquidation, ruling that the cooperative in the specific circumstances may be adjudicated bankrupt. The case was an appeal case following a decision from July 2015 when the Danish High Court ruled that the housing cooperative could not be adjudicated bankrupt. The decision does not affect Nykredit's provisions relating to interest rate swaps or other exposures in the housing cooperative area.

No other events have occurred in the period up to the presentation of the Q1 Interim Report 2016 which affect the Nykredit Bank's financial position.

CREDIT RATINGS

Nykredit Realkredit A/S and Nykredit Bank A/S have a rating relationship with the international credit rating agencies Standard & Poor's and Fitch Ratings regarding the rating of the companies and their funding.

Standard & Poor's

Nykredit Realkredit A/S and Nykredit Bank A/S both have a long-term unsecured rating of A and a short-term unsecured rating of A-1 with Standard & Poor's. The rating outlooks are negative.

Fitch Ratings

Nykredit Realkredit A/S and Nykredit Bank A/S both have a long-term unsecured rating of A and a short-term unsecured rating of F1 with Fitch Ratings. The rating outlooks are stable.

Moody's Investors Service

Moody's Investors Service continues to publish unsolicited ratings for some companies of the Nykredit Group.

Nykredit Bank Group
Summary balance sheet

DKK million	31.03.2016	31.12.2015
Assets		
Receivables from credit institutions	20,305	13,425
Loans and advances at fair value (reverse repurchase lending)	34,963	39,467
Loans and advances at amortised cost	48,972	46,747
Retail	27,590	27,054
- Personal Banking	11,945	12,077
- Business Banking	15,646	14,977
Wholesale Clients	18,762	17,762
Wealth Management	2,063	1,922
Other loans and advances	557	8
Bonds and equities	42,688	40,412
Remaining assets	37,849	34,288
Liabilities and equity		
Payables to credit institutions and central banks	41,552	34,957
Deposits and other payables	59,747	62,758
Retail	41,360	40,799
- Personal Banking	24,591	23,781
- Business Banking	16,769	17,018
Wholesale Clients	10,475	13,700
Wealth Management	6,787	7,827
Other deposits	1,125	432
Bonds in issue	18,031	20,150
Other non-derivative financial liabilities at fair value	17,537	11,776
- of which deposits at fair value (repo transactions)	11,923	7,438
Remaining payables and provisions	32,050	28,480
Subordinated debt	100	100
Equity	15,760	16,117
Balance sheet total	184,777	174,339

Nykredit Bank Group
Equity

DKK million	31.03.2016	31.12.2015
Equity, beginning of period	16,117	12,575
Paid-up capital	0	2,000
Profit (loss) after tax	(357)	1,542
Total equity	15,760	16,117

BALANCE SHEET, EQUITY AND CAPITAL ADEQUACY
Balance sheet

The balance sheet stood at DKK 184.8bn compared with DKK 174.3bn at end-2015.

The balance sheet rise should be seen in the light of, for instance, increasing balances with credit institutions, a larger securities portfolio and higher market values of derivatives.

Balances with credit institutions and cash balances grew by DKK 6.9bn to DKK 20.3bn, while loans and advances at fair value (reverse repurchase lending) decreased by DKK 4.5bn to DKK 35.0bn. The increase in balances with credit institutions widely reflected the Bank's need to raise and place liquidity, including the net development in the Bank's deposit, lending and securities activities.

Loans and advances at amortised cost were DKK 49.0bn, a rise of DKK 2.3bn on end-2015, of which Wholesale Clients accounted for DKK 1.0bn, Wealth Management for DKK 0.1bn and Retail for DKK 0.5bn.

The bond portfolio expanded from DKK 40.1bn at end-2015 to DKK 42.4bn. The portfolio may fluctuate significantly from one reporting period to another, which should be seen in the context of the Bank's repo activities, trading positions and general liquidity management. The portfolio mainly consists of high-rated government and covered bonds.

Other assets totalled DKK 37.7bn against DKK 34.2bn at end-2015. At 31 March 2016, DKK 33.0bn was attributable to positive market values of derivatives compared with DKK 29.3bn at end-2015. The positive market values related to the Bank's customer activities in derivatives and own positions for hedge accounting purposes. The interest rate risk is widely hedged through offsetting interest rate swaps, and the market value should therefore be viewed in relation to "Other liabilities", which included negative market values of DKK 27.9bn.

Moreover, "Other assets" includes interest and commission receivable.

Payables to credit institutions and central banks were up by DKK 6.6bn to DKK 41.6bn, partly due to an increased securities portfolio.

Deposits and other payables totalled DKK 59.7bn, which represented a decline on end-2015. Retail deposits grew by DKK 0.5bn, Wholesale Clients fell by DKK 3.2bn and Wealth Management fell by DKK 1.0bn. Group Items and other deposits increased by DKK 0.7bn.

As at 31 March 2016, the Bank's deposits exceeded lending at amortised cost by DKK 10.8bn. At end-2015, deposits exceeded lending by DKK 16.0bn. This reflected increasing lending and declining deposits from the business areas Wholesale Clients and Wealth Management. The decline in deposits primarily resulted from the expiry of the fixed-term deposits of a few major professional participants.

Nykredit Bank Group Capital and capital adequacy

DKK million	31.03.2016	31.12.2015
Credit risk	63,364	61,961
Market risk	8,597	8,666
Operational risk	5,898	4,641
Credit value adjustments (CVA)	2,000	1,043
Total risk exposure amount	79,860	76,311
Share capital	8,045	8,045
Retained earnings	7,715	8,072
Equity, end of period	15,760	16,117
Prudent valuation adjustment	(365)	(300)
Intangible assets and deferred tax assets	(31)	(34)
Deduction for difference between IRB losses and impairments	(10)	(40)
Other deductions	(2)	0
Transitional adjustment of deductions	4	0
Common Equity Tier 1 capital	15,356	15,743
Hybrid capital	0	100
Other deductions	0	(13)
Tier 1 capital	15,356	15,830
Add-on for difference between IRB losses and impairments	348	327
Transitional Tier 2 capital adjustment	(2)	(13)
Own funds	15,702	16,144
Total capital ratio, %	19.6	21.1
Tier 1 capital ratio, %	19.2	20.7
CET1 capital ratio, %	19.2	20.6

Capital and capital adequacy are specified further in note 2.

Nykredit Bank Group Required own funds and internal capital adequacy requirement

DKK million	31.03.2016	31.12.2015
Credit risk (incl CVA)	5,229	5,040
Market risk	688	693
Operational risk	472	371
Total Pillar I	6,389	6,105
Slightly weaker economic climate (stress tests, etc)	778	820
Other risks	2,016	1,800
Model and calculation uncertainties	459	436
Total Pillar II	3,253	3,056
Total required own funds	9,641	9,161
Internal capital adequacy requirement (Pillar I and Pillar II),%	12.1	12.0

Bonds in issue totalled DKK 18.0bn against DKK 20.2bn at end-2015. The Bank's issues under the ECP and EMTN programmes continued to obtain satisfactory pricing and interest rate levels. The level is continuously adapted to the Bank's liquidity needs.

Other non-derivative financial liabilities at fair value, which include deposits relating to repo transactions, came to DKK 17.5bn against DKK 11.8bn at end-2015.

Other payables and deferred income totalled DKK 31.9bn against DKK 28.3bn at end-2015. The item mainly consisted of interest and commission payable and negative market values of derivative financial instruments. The rise of DKK 3.6bn on end-2015 partly reflected an increase in negative market values of derivative financial instruments from DKK 24.7bn at end-2015 to DKK 27.9bn.

The Bank has called in its hybrid capital of DKK 100m. Therefore, it no longer counts towards the Bank's own funds.

Capital and capital adequacy

Equity stood at DKK 15.8bn at 31 March 2016. In 2016, equity decreased by the loss for the period of DKK 357m. Equity is identical in Nykredit Bank A/S and the Nykredit Bank Group, as the same recognition and measurement principles are applied.

At 31 March 2016, Nykredit Bank's own funds totalled DKK 15.7bn. The Common Equity Tier (CET) 1 capital is the most important capital concept in the determination of capital, as this is the type of capital required to comply with most of the regulatory capital requirements in future. The Bank's CET1 capital was DKK 15.3bn at 31 March 2016 against DKK 15.7bn at end-2015.

The risk exposure amount (REA) totalled DKK 79.9bn at 31 March 2016 compared with DKK 76.3bn at end-2015.

At 31 March 2016, the total capital ratio was 19.6%, while the CET1 capital ratio was 19.2%. Nykredit Bank aims to have a CET1 capital ratio of at least 13%.

The determination of required own funds takes into account the business objectives by allocating capital for all relevant risks, including any model uncertainties. Nykredit Bank's required own funds totalled DKK 9.6bn at 31 March 2016.

Nykredit Bank's internal capital adequacy requirement is calculated as the required own funds as a percentage of REA. The internal capital adequacy requirement was 12.1% at 31 March 2016 against 12.0% at end-2015. To this must be added the SIFI requirement of 0.8 percentage point and the permanent buffer requirement of 0.63%.

BUSINESS AREAS

The Nykredit Bank Group's business areas are:

- Retail, which serves personal customers and SMEs and also comprises the subsidiary Nykredit Leasing A/S.
- Wholesale Clients (previously Wholesale), which comprises the business units Corporate & Institutional Banking and Nykredit Markets.
- Wealth Management, which comprises Private Banking for clients with investable assets in excess of DKK 7m and Nykredit Asset Management as well as the subsidiary Nykredit Portefølje Administration A/S.
- Group Items, which comprises the Treasury area and other income and costs not allocated to the business areas as well as core income from securities and investment portfolio income.

Earnings

Gross income from customer business is generally allocated to the business areas which have supplied the individual products, which include Corporate & Institutional Banking, Nykredit Leasing A/S, Nykredit Markets, Nykredit Asset Management and Private Banking. With the exception of Private Banking for the wealthiest clients, gross income attributable to the sales activities of Retail is subsequently reallocated to Retail in full. Correspondingly, Retail pays a proportion of the capacity costs of Nykredit Markets and Nykredit Asset Management attributable to the sales activities.

Adjustment of business areas in 2016

Compared with the presentation in Q1/2015, the business unit Wholesale has changed its name to Wholesale Clients. Also, a number of expenses, including IT-related costs, have been allocated to the business areas Retail and Wholesale Clients in 2016. These expenses were stated under Group Items in previous financial years.

Further, the activities of the company Nykredit Leasing A/S were transferred from Wholesale Clients to Retail in 2015, while Nykredit Portefølje Administration A/S's activities, Nykredit Asset Management and the client segment Private Banking for the wealthiest clients have been transferred from Wholesale Clients to the new business area Wealth Management.

Comparative figures have been restated accordingly.

Nykredit Bank Group Results by business area

DKK million	Retail		Wholesale Clients		Wealth Management		Group Items		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Core income from										
- customer activities, gross	231	242	313	524	228	221	31	16	803	1,004
- payment for distribution	126	155	(48)	(75)	(78)	(80)	-	-	-	-
Total business operations	357	397	265	449	150	141	31	16	803	1,004
Core income from securities	-	-	-	-	-	-	3	3	3	3
Income from core business	357	397	265	449	150	141	34	19	806	1,007
Operating costs and depreciation of equipment	236	272	133	134	92	76	6	2	468	485
Expenses for guarantee and resolution schemes	6	16	0	1	0	-	0	-	6	17
Profit (loss) from core business before impairment losses	115	109	132	314	58	65	28	17	332	505
Impairment losses on loans and advances	(3)	17	(40)	(35)	26	-	0	-	(16)	(19)
Profit from core business	118	92	172	349	32	65	28	17	347	524
Value adjustment of interest rate swaps	(397)	(568)	(405)	(491)	0	(1)	-	-	(802)	(1,061)
Investment portfolio income	0	-	0	-	0	-	(5)	49	(5)	49
Profit (loss) before tax	(279)	(476)	(234)	(142)	32	64	23	66	(459)	(488)
Profit (loss) excl value adjustment of interest rate swaps	118	92	171	349	32	65	23	16	343	573
Operating costs and depreciation of equipment as % of core income from business operations	66.1	68.5	50.2	29.8	61.3	53.9			58.2	48.3

RETAIL

The business area provides banking services to personal customers and SMEs, including agricultural customers, residential rental customers and personal wealth clients. Further, the subsidiary Nykredit Leasing A/S has formed part of Retail since end-November 2015.

Nykredit serves its customers through local customer centres and the nationwide sales and advisory centre Nykredit Direkte®. Nykredit offers insurance in partnership with Gjensidige Forsikring.

Retail customers are offered banking, mortgage lending, insurance, pension, investment and debt management products.

Strategy

In 2015 Nykredit reorganised its regional structure to create fewer, but stronger regions with greater empowerment and focus on full-service customers. Therefore, we are in the process of developing and customising our product propositions, strengthening our advisory services and improving processes as part of our Winning the Double strategy.

We aim to offer our customers an enduring relationship based on trust. Thus, we want to achieve higher satisfaction among our full-service homeowner customers and SMEs as well as to grow the number and proportion of full-service customers.

Q1/2016 in brief

Personal Banking

Activity levels in Retail Personal Banking were somewhat lower than in the same period last year. Retail Personal Banking continued the development of Nykredit's homeowner banking programme, BoligBank, in Q1/2016. More competitive prices were introduced for home loans (cooperative housing and secured homeowner loans) in the period, and a number of services targeting homeowners were implemented (BoligEftersyn, BoligPlan and MinBolig).

According to customer satisfaction surveys, our customers have embraced the new Private Banking concept that was launched at the end of 2015.

Business Banking

In Retail Business Banking, activity levels in Q1/2016 were affected by rising lending and almost unchanged interest rate levels.

Retail Business Banking continued to improve Nykredit's business banking programme, ErhvervsBank, in Q1/2016. At the beginning of the period under review, we launched tailored banking service propositions to business customers. The increase in business customers taking their daily banking to Nykredit has been satisfactory.

The area has moreover focused on raising profitability and reducing risk exposures in line with Nykredit's capital targets.

Results from core business

Retail posted a profit from core business of DKK 118m against DKK 92m in Q1/2015, but saw a loss before tax of DKK 279m compared with a loss of DKK 476m in Q1/2015.

Gross income

The area's gross income totalled DKK 231m against DKK 242m in Q1/2015.

Results for the period

Core income from business operations decreased from DKK 397m in Q1/2015 to DKK 357m in 2016.

Operating costs and depreciation of equipment decreased by DKK 36m to DKK 236m.

Costs as a percentage of core income from business operations totalled 66.1% against 68.5% in Q1/2015.

Impairments were a gain of DKK 3m against a loss of DKK 17m in Q1/2015. SME impairments were a gain of DKK 31m against a gain of DKK 11m in Q1/2015, while impairment losses relating to personal customers rose by DKK 1m to a loss of DKK 28m.

Impairment losses were 0.0% of loans and advances – the same as in Q1/2015.

Value adjustment of interest rate swaps had a positive earnings impact of DKK 171m, down from a loss of DKK 568m in Q1/2015 to a loss of DKK 397m. In both years, the value adjustment mainly resulted from SMEs, including housing cooperatives.

Lending and deposits

Retail's lending activities increased to DKK 27.6bn from DKK 27.1bn at end-2015, whereas deposits increased to DKK 41.4bn from DKK 40.8bn at end-2015.

Subsidiaries

Nykredit Leasing A/S

The company handles the leasing activities of the Nykredit Group.

Nykredit Leasing recorded a profit before tax of DKK 22m compared with DKK 18m in Q1/2015.

WHOLESALE CLIENTS

Wholesale Clients comprises activities with Nykredit's corporate and institutional clients, the public housing segment and large housing cooperatives. Wholesale Clients also handles Nykredit's activities within securities and financial derivatives trading. Wholesale Clients consists of the business units Corporate & Institutional Banking and Nykredit Markets. Corporate & Institutional Banking comprises a portfolio of large non-continuing exposures.

Strategy

Nykredit's business strategy in this area is to provide clients with added value in the form of broad financial advisory services and deep client insight.

Based on our strong competency profile in Corporate & Institutional Banking and Nykredit Markets, which is the Group's trading platform and one of the leading Danish market participants within bond issuance and bond trading, we strive to ensure a better and more unified experience whenever our clients are in contact with us.

Q1/2016 in brief

Corporate & Institutional Banking

Corporate & Institutional Banking saw a lower activity level in Q1/2016 than in the same period last year, but also participated in a number of large transactions. Moreover, the recent initiatives regarding strategic financial advisory services have attracted new clients.

The market is still affected by fierce price competition.

Nykredit Markets

Nykredit Markets's activity levels were characterised by high volatility in Q1/2016 with equity price falls at the beginning of the year, but a positive development in the last part of the quarter.

Earnings in Q1 were thus affected by general investor caution over the heightened volatility. Nykredit Markets recorded client growth in Q1.

In Q1/2016, Nykredit Markets enhanced its activities with Wealth Management. Nykredit Markets provides comprehensive advisory services and offers clients tailored solutions using a mix of products from Nykredit Markets and Nykredit Asset Management in close liaison with Private Banking and Retail Business Banking.

Results from core business

The business area recorded a profit from core business of DKK 172m compared with DKK 349m in Q1/2015 and a loss before tax of DKK 234m against a loss of DKK 142m in Q1/2015, corresponding to a DKK 92m decline that was primarily attributable to a downturn of DKK 184m in core income from business operations. This partly reflected the high earnings level of Nykredit Markets in Q1/2015.

Gross income

The unit's gross income totalled DKK 313m against DKK 524m in Q1/2015.

Of this amount, gross income from Nykredit Markets was DKK 160m, down DKK 166m on Q1/2015, and gross income from Corporate & Institutional Banking accounted for a decline of DKK 45m from DKK 198m to DKK 153m.

Results for the period

The business area's core income from business operations totalled DKK 265m, equal to a drop of DKK 184m on Q1/2015. This was mainly a result of an earnings decline of DKK 133m in Nykredit Markets and DKK 51m in Corporate & Institutional Banking compared with Q1/2015.

Operating costs excluding expenses for guarantee and resolution schemes were DKK 133m, down DKK 1m relative to Q1/2015.

Operating costs and depreciation of equipment as a percentage of core income from business operations were 50.3% compared with 29.8% in Q1/2015. The rise in the cost:income ratio was prompted by declining income.

Impairment losses on loans and advances equalled a gain of DKK 40m against a gain of DKK 35m in Q1/2015. The gain in Q1/2016 comprised DKK 24m relating to Corporate & Institutional Banking and DKK 16m relating to non-continuing exposures in the unit Other Activities.

Impairment losses exclusive of reverse repurchase lending represented negative 0.2% of loans and advances against negative 0.1% in Q1/2015.

Value adjustment of interest rate swaps were a loss of DKK 405m in Q1/2016, down DKK 86m from a loss of DKK 491m in Q1/2015.

Lending and deposits

Lending amounted to DKK 18.8bn compared with DKK 17.8bn at end-2015.

Deposits came to DKK 10.5bn against DKK 13.7bn at end-2015.

WEALTH MANAGEMENT

The business area Wealth Management handles Nykredit's activities within asset and wealth management. Wealth Management comprises the business units Nykredit Asset Management, Nykredit Portefølje Administration A/S and Private Banking for clients with investable assets in excess of DKK 7m. Nykredit's asset management and portfolio administration services are undertaken by Nykredit Asset Management and Nykredit Portefølje Administration A/S, and their products and solutions range from Nykredit Invest, Private Portfolio, Savings Invest and Pension Invest to discretionary asset management and administration agreements with institutional clients, foundations, businesses, public institutions and personal wealth clients.

Q1/2016 in brief

Assets under management

Total assets under management and administration by Nykredit Asset Management and Nykredit Portefølje Administration A/S decreased from DKK 844bn to DKK 839bn, as a total net increase in the client base was offset by price falls.

Assets under management decreased by DKK 1bn to DKK 143bn at end-Q1/2016. The downturn mainly stemmed from negative net sales, while net value adjustment for the period was close to zero.

Assets under administration dropped by DKK 4bn to DKK 696bn at end-Q1/2016. The decline comprised net growth of DKK 7bn and price falls of DKK 11bn.

Nykredit Asset Management

In Q1/2016, Nykredit Asset Management was affected by adjustments of the pricing structure of Nykredit's investment funds. As at 4 January 2016, almost all the funds became exempt from subscription fees, which resulted in an average decline in clients' costs, equivalent to an annual expense ratio of 0.12 percentage point.

In Q1/2016, Nykredit Asset Management launched the subfund Nykredit Global Equities within the remit of its international investment fund Investin SICAV. The subfund's net asset value was approximately DKK 0.6bn at the end of the quarter.

Private Banking

In Q1/2016, Private Banking increased focus on customising offers to its clients and achieved significant client growth.

Results from core business

Profit from core business was DKK 32m compared with DKK 65m in Q1/2015, while profit before tax stood at DKK 32m against DKK 64m in Q1/2015, corresponding to a DKK 32m decline that was primarily attributable to a rise in impairment losses.

Gross income

The unit's gross income totalled DKK 228m against DKK 221m in Q1/2015.

Results for the period

Wealth Management's core income from business operations totalled DKK 150m, up DKK 9m on Q1/2015, which was mainly a result of an income increase of DKK 9m in Nykredit Asset Management.

Operating costs amounted to DKK 92m, up DKK 16m on Q1/2015.

Operating costs and depreciation of equipment as a percentage of core income from business operations totalled 61.3% compared with 53.9% in Q1/2015. The cost:income ratio increased due to higher costs.

Impairment losses on loans and advances amounted to DKK 26m and were attributable to Private Banking.

Lending and deposits

Lending amounted to DKK 2.1bn compared with DKK 1.9bn at end-2015.

Deposits came to DKK 6.8bn against DKK 7.8bn at end-2015.

Subsidiaries

Nykredit Portefølje Administration A/S

Nykredit Portefølje Administration A/S handles the Nykredit Group's fund administration activities. The company is a licensed investment management company and alternative investment fund manager.

Business areas comprise administration of Danish UCITS funds and management of alternative investment funds. Moreover, the company may perform discretionary portfolio management or related tasks in Denmark and offer services as a management company in Luxembourg.

Income statement

The company recorded a profit before tax of DKK 27m compared with DKK 24m in Q1/2015.

GROUP ITEMS

Group Items includes the results of the Bank's Treasury area, which forms part of Nykredit's Group Treasury, core income from securities and investment portfolio income as well as other income and expenses not allocated to the business units.

The unit previously comprised a number of IT costs, but the allocation of these costs was changed in 2015, which means that they are now allocated to Retail, Wholesale Clients and Wealth Management. Accordingly, the comparative figures for Q1/2015 have been restated, and results improved by DKK 79m from a loss before tax of DKK 13m to a profit before tax of DKK 66m due to the reduced operating costs.

Profit from core business grew to DKK 28m from DKK 17m in Q1/2015, while profit before tax came to DKK 23m against DKK 66m in Q1/2015, of which Treasury activities contributed a profit of DKK 51m compared with DKK 13m in Q1/2015.

Core income was DKK 31m in Q1/2016, while operating costs and depreciation of equipment amounted to DKK 6m compared with DKK 2m in Q1/2015.

Core income from securities and investment portfolio income came to a total loss of DKK 3m against income of DKK 52m in Q1/2015.

IMPAIRMENT AND LENDING

Earnings impact

In response to events in the cooperative housing market as well as the Danish FSA's guidelines in this area, Nykredit Bank uses a conservative assessment of cooperative housing exposures. 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 value is adjusted to zero if the unsecured part of the loan is written off.

Impairments were unchanged at gain of DKK 16m in Q1/2016 compared with a gain of DKK 19m in Q1/2015.

Of the total gain of DKK 16m, individual impairment provisions came to a gain of DKK 34m, while collective impairment provisions were DKK 10m. Recoveries on loans and advances previously written off totalled DKK 10m, while write-offs of loans, advances and guarantees not previously impaired came to DKK 20m.

Provisions for guarantees came to a gain of DKK 2m in Q1/2016 against DKK 0m in Q1/2015.

Retail impairment losses reduced by DKK 19m to a gain of DKK 3m. The improvement was attributable to impairment losses on lending to SMEs, which reduced by DKK 21m from a gain of DKK 10m in Q1/2015 to a gain of DKK 31m, and on lending to personal customers, which rose by DKK 1m.

Impairments in Wholesale Clients were a gain of DKK 40m against a gain of DKK 35m in Q1/2015. The impairment charge for Corporate & Institutional Banking decreased by DKK 12m to a gain of DKK 24m, while the business unit Other Activities contributed a gain of DKK 16m compared with a gain of DKK 25m in Q1/2015.

Impairments in Wealth Management were DKK 26m in Q1/2016.

Provisions for loan impairment and guarantees at 31 March 2016

Total impairment provisions decreased by 21% from DKK 3,505m in Q1/2015 to DKK 2,776m at 31 March 2016. Individual impairment provisions reduced by DKK 592m and collective impairment provisions by DKK 137m.

Compared with end-2015, impairment provisions fell from DKK 2,875m to DKK 2,776m. Of the DKK 34m decline in individual impairment provisions, DKK 75m was write-offs.

Impairment provisions for Retail fell back from DKK 1,784m at end-2015 to DKK 1,716m due to an increase of DKK 14m in impairment provisions for personal customers and a decline of DKK 82m in impairment provisions for SMEs.

Impairment provisions for Wholesale Clients and Wealth Management reduced by DKK 31m from DKK 1,015m at end-2015 to DKK 984m, of which the portfolio of non-continuing exposures accounted for a decline of DKK 31m from DKK 332m to DKK 301m. Other business units remained unchanged compared with end-2015.

Total non-continuing exposures were fairly unchanged at DKK 0.4bn at 31 March 2016 (carrying amounts after impairments).

Provisions for guarantees amounted to DKK 97m against DKK 99m at end-2015.

Relative to total loans, advances and guarantees, provisions were 2.8% against 2.8% at end-2015. Excluding guarantees, the percentage was 3.2% against 3.2% at end-2015.

Provisions for loan impairment and guarantees – Nykredit Bank Group

DKK million	Retail		Wholesale Clients		Wealth Management		Group Items		Total	
	Q1/2016	Q1/2015	Q1/2016	Q1/2015	Q1/2016	Q1/2015	Q1/2016	Q1/2015	Q1/2016	Q1/2015
Impairment provisions, beginning of year	1,784	1,978	1,011	1,526	4	-	76	77	2,875	3,581
Impairment provisions and reversals	(68)	(33)	(56)	(42)	25	-	0	(1)	(99)	(76)
Impairment provisions, end of period	1,716	1,945	955	1,484	29	-	76	76	2,776	3,505
Of which individual	1,631	1,826	889	1,315	29	-	53	54	2,602	3,195
Of which individual, banks					-	-	23	22	23	22
Of which collective	85	119	66	169	-	-	0	-	151	288
Provisions for guarantees										
Provisions, beginning of period	44	51	55	55	-	-	-	-	100	106
Provisions, end of period	47	50	49	56	1	-	-	-	97	106
Total provisions for loan impairment and guarantees	1,763	1,995	1,004	1,540	30	-	76	76	2,873	3,611
Earnings impact										
New impairment provisions and losses for the period, net	3	24	(31)	(31)	25	-	0	0	(3)	(7)
Recoveries on loans and advances previously written off	5	7	5	5	-	-	0	0	10	12
Total	(2)	17	(36)	(36)	25	-	0	0	(13)	(19)
Provisions for guarantees	(1)	(1)	(3)	1	1	-	0	0	(3)	0
Total earnings impact	(3)	16	(39)	(35)	26	-	0	0	(16)	(19)

Loans, advances and guarantees by sector

DKK million	Loans, advances and guarantees		Provisions	
	31.12.2015	31.12.2016	31.12.2015	31.03.2016
Public sector	253	296	0	0
Agriculture, hunting, forestry and fishing	2,413	2,384	91	102
Manufacturing, mining and quarrying	5,635	4,733	231	225
Energy supply	1,348	936	3	3
Construction	2,487	2,234	233	232
Trade	3,103	2,946	63	88
Transport, accommodation and food service activities	3,417	3,444	101	104
Information and communication	1,229	999	16	17
Finance and insurance	40,536	45,416	180	224
Real estate	10,438	10,431	1,104	1,140
Other	8,054	7,481	212	231
Total business customers	78,660	81,004	2,234	2,366
Personal customers	18,638	20,094	616	586
Total	97,551	101,394	2,850	2,952
Total, incl impairment provisions for banks	-	-	2,873	2,975

As the breakdown is based on public sector statistics, it is not directly comparable with the Bank's business areas.

FSA Supervisory Diamond

(%)	Q1/2016	Q1/2015
Lending growth (limit value <20%)	4.9	(2.3)
Large exposures (limit value <125%)	11.1	11.2
Property exposure (limit value <25%)	11.9	14.9
Funding ratio (limit value <1.0%)	0.6	0.5
Excess liquidity coverage (limit value 50%)	213.2	309.2

Loans, advances and guarantees by sector

The carrying amount of loans, advances and guarantees totalled DKK 97.6bn against DKK 101.4bn at end-2015, down DKK 3.8bn.

This figure comprised a decline in reverse repurchase lending of DKK 4.5bn, a rise in other loans and advances of DKK 2.2bn and a decline in guarantees of DKK 1.6bn. Reverse repurchase lending totalled DKK 35.0bn at 31 March 2016 compared with DKK 39.5bn at end-2015.

Finance and insurance still accounted for the largest single sector exposure at DKK 40.5bn against DKK 45.4bn at end-2015. The exposure widely comprised reverse repurchase lending with bonds serving as security, and the DKK 4.9bn fall should partly be seen in light of a general decrease in reverse repurchase lending of DKK 4.5bn.

Finance and insurance accounted for 41.6% against 44.8% at end-2015, the real estate sector 10.7% against 10.3% at end-2015 and personal customers 19.1% against 19.8% at end-2015.

Nykredit Bank recorded lending growth of 4.9%, excluding reverse repurchase lending, determined pursuant to the rules of the Danish FSA, including rules relating to the FSA Supervisory Diamond model. The Danish FSA's lending limit value indicates that growth of 20% or more may imply increased risk-taking.

Inclusive of reverse repurchase lending, the Bank's lending dropped by 2.7% on end-2015.

Lending to the real estate and construction sectors totalled DKK 12.9bn at end-March 2016 against DKK 12.7bn at end-2015. Of total loans, advances and guarantees, DKK 8.7bn derived from the category renting of real estate compared with DKK 8.8bn at end-2015.

At 31 March 2016, loan impairment provisions for the real estate sector totalled DKK 1.3bn compared with DKK 1.4bn at end-2015, or 9.4% of total loans and advances to the sector compared with 9.8% at end-2015.

Determined pursuant to the FSA Supervisory Diamond model, the Bank's real estate exposure was 11.9% compared with 11.4% at end-2015.

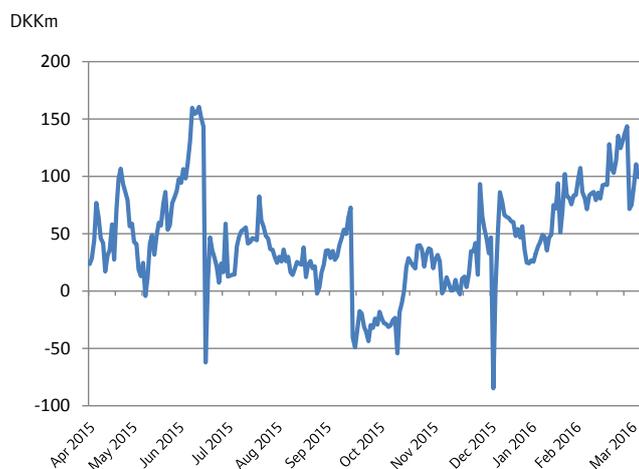
FSA Supervisory Diamond for banks

The Supervisory Diamond sets out benchmarks for five key ratios that indicate when a bank is operating at an elevated risk.

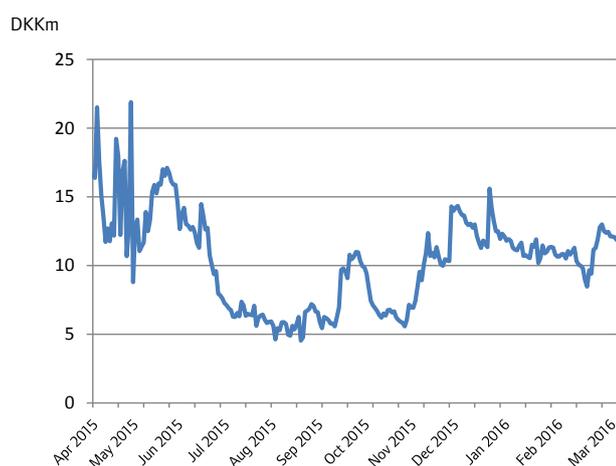
Nykredit Bank's key ratios were below the maximum limit values of the Danish FSA throughout 2015 and at 31 March 2016.

MARKET RISK

Nykredit Bank Group Net interest rate risk



Nykredit Bank Group Value-at-risk



Internal market risk management

Nykredit Bank's internal determination, management and reporting of market risk take place by combining statistical models, stress tests and key figures with various subjective assessments.

The traditional risk measures, such as interest rate, equity price, foreign exchange and volatility risks, constitute sensitivity tests. They are used to calculate the effect on the value of a portfolio in case of changing market conditions, for example a rise or fall in interest rates, equity prices or volatilities. Calculations are only made for one type of risk at a time. The traditional risk measures do not indicate how likely a particular event is to occur, but rather how much it would affect the value of a portfolio.

Value-at-Risk (VaR) models are applied to calculate the maximum value decrease of a portfolio over a given period and at a given probability. VaR models measure the effect and probability of several risks occurring at the same time.

Interest rate risk

Interest rate risk is the risk of loss as a result of interest rate changes. Nykredit Bank's interest rate risk is measured as the change in market value caused by a general interest rate increase of 1 percentage point in respect of bonds and other financial instruments. The Bank's interest rate exposure ranged between DKK 24m and 144m in Q1/2016 compared with a gain of DKK 85m and a loss of DKK 161m during 2015. At end-Q1/2016, the interest rate exposure totalled DKK 100m against DKK 78m at end-2015.

Furthermore, Nykredit Bank incurs interest rate risk on interest rate swaps with customers with the lowest ratings, typically customers showing objective evidence of impairment (OEI). If the interest rate level changes by 1 percentage point, the value adjustment will increase or decrease, as the case may be, by about DKK 2.0bn.

Spread risk

Spread risk is the risk of spread widening between covered bond yields and swap rates. The spread risk of Nykredit Bank's portfolio of covered bonds amounted to DKK 0.5bn at end-Q1/2016. This means that the Bank would lose DKK 0.5bn on its investments in covered bonds if the spread between covered bond yields and swap rates widened by 1 percentage point.

Equity price risk

Equity price risk is the risk of loss as a result of changes in equity prices, and it is calculated as the loss in case of an equity market decrease of 10%. Nykredit Bank's equity price exposure totalled DKK 19m at end-Q1/2016 against DKK 22m at end-2015.

Foreign exchange risk

In Q1/2016 the Bank's most significant foreign exchange positions were mainly in EUR. The exposure in EUR ranged between negative DKK 163m and positive DKK 199m in Q1/2016. In 2015 it ranged between negative DKK 595m and positive DKK 325m. The Bank's other foreign exchange positions (excl DKK and EUR) in Q1/2016 ranged between negative DKK 28m and positive DKK 50m compared with negative DKK 634m and positive DKK 38m in 2015.

Internal Value-at-Risk

Nykredit's internal VaR model applied in the day-to-day risk management uses a confidence level of 99% and a time horizon of 1 day.

In general, risk factors are calculated for interest rate, foreign exchange, volatility and spread risks. For the daily internal determination of VaR, an add-on for the Bank's position in equities is also calculated.

Nykredit Bank's internal VaR was DKK 12m at end-Q1/2016 against DKK 16m at end-2015. This means that, according to the internal VaR model, Nykredit Bank would, at a 99% probability, lose a maximum of DKK 12m in one day in consequence of market fluctuations.

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 1 January – 31 March 2016 of Nykredit Bank A/S and the Nykredit Bank Group.

The Consolidated Financial Statements have been presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. The Interim Financial Statements of the Parent Company, Nykredit Bank A/S, have 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.

Further, the Interim Report has been prepared in accordance with additional Danish disclosure requirements for interim reports of issuers of listed bonds.

Copenhagen, 12 May 2016

Executive Board

Henrik Rasmussen

Dan Sørensen

We are of the opinion that the Interim Financial Statements give a fair presentation of the Group's and the Parent Company's assets, liabilities, equity and financial position at 31 March 2016 and of the results of the Group's and the Parent Company's operations as well as the Group's cash flows for the financial period 1 January – 31 March 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 Parent 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 audited or reviewed.

Board of Directors

Michael Rasmussen, Chairman

Søren Holm, Deputy Chairman

Kent Ankersen*

Kim Duus

Flemming Ellegaard*

Anders Jensen

Allan Kristiansen*

Bente Overgaard

* Staff-elected member

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

DKK million

Nykredit Bank A/S				Nykredit Bank Group	
Q1/2015	Q1/2016		Note	Q1/2016	Q1/2015
583	476	Interest income	5	509	613
4	13	Negative interest, net	5a	13	4
165	94	Interest expenses	6	94	165
422	395	NET INTEREST INCOME		428	452
0	0	Dividend on equities		0	0
318	277	Fee and commission income		353	384
124	125	Fee and commission expenses		129	128
616	547	NET INTEREST AND FEE INCOME		652	708
(718)	(660)	Value adjustments	7	(660)	(720)
0	0	Other operating income		6	7
429	404	Staff and administrative expenses	8	463	479
4	4	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets		4	4
18	6	Other operating expenses		6	19
(23)	(19)	Impairment losses on loans, advances and receivables	9	(16)	(19)
33	39	Profit from investments in associates and Group enterprises	10	-	-
(497)	(469)	LOSS BEFORE TAX		(459)	(488)
(122)	(112)	Tax	11	(102)	(113)
(375)	(357)	LOSS FOR THE PERIOD		(357)	(375)
STATEMENTS OF COMPREHENSIVE INCOME					
(375)	(357)	LOSS FOR THE PERIOD		(357)	(375)
-	-	Other additions and disposals		-	-
-	-	OTHER COMPREHENSIVE INCOME		-	-
(375)	(357)	COMPREHENSIVE INCOME FOR THE PERIOD		(357)	(375)

Balance sheets, end of period

DKK million

Nykredit Bank A/S			Nykredit Bank Group		
31.12.2015	31.03.2016		Note	31.03.2016	31.12.2015
ASSETS					
2,744	3,244	Cash balances and demand deposits with central banks		3,244	2,744
10,681	17,060	Receivables from credit institutions and central banks	12	17,061	10,681
39,467	34,963	Loans, advances and other receivables at fair value	13	34,963	39,467
45,345	47,567	Loans, advances and other receivables at amortised cost	14	48,972	46,747
39,624	41,878	Bonds at fair value	15	42,353	40,051
360	334	Equities	16	335	361
1,004	1,043	Investments in Group enterprises		-	-
34	31	Intangible assets		31	34
7	6	Other property, plant and equipment		6	7
-	104	Current tax assets		87	-
70	81	Deferred tax assets			-
31	31	Assets in temporary possession	17	31	31
34,159	37,632	Other assets	18	37,672	34,198
6	14	Prepayments		22	18
173,532	183,988	TOTAL ASSETS		184,777	174,339

Balance sheets, end of period

DKK million

Nykredit Bank A/S		Nykredit Bank Group			
31.12.2015	31.03.2016		Note	31.03.2016	31.12.2015
LIABILITIES AND EQUITY					
34,417	41,012	Payables to credit institutions and central banks	19	41,552	34,957
62,834	59,806	Deposits and other payables	20	59,747	62,758
20,150	18,031	Bonds in issue at amortised cost	21	18,031	20,150
11,776	17,537	Other non-derivative financial liabilities at fair value	22	17,537	11,776
98		Current tax liabilities			98
29	29	Liabilities temporarily assumed		29	29
27,825	31,537	Other liabilities	23	31,831	28,133
4	5	Deferred income		9	7
157,133	167,957	TOTAL PAYABLES		168,736	157,908
Provisions					
-	-	Provisions for deferred tax		10	32
100	97	Provisions for losses under guarantees	24	97	100
82	74	Other provisions	24	74	82
182	171	TOTAL PROVISIONS		181	214
100	100	Subordinated debt	25	100	100
Equity					
8,045	8,045	Share capital		8,045	8,045
		Other reserves			
536	536	Statutory reserves		-	-
7,536	7,179	Retained earnings		7,715	8,072
16,117	15,760	TOTAL EQUITY		15,760	16,117
173,532	183,988	TOTAL LIABILITIES AND EQUITY		184,777	174,339
OFF-BALANCE SHEET ITEMS					
20,420	13,715	Contingent liabilities	26	13,615	20,320
4,535	5,620	Other commitments	27	5,721	4,632
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Statement of changes in equity 1 January – 31 March

DKK million

Nykredit Bank A/S

	Share capital*	Statutory reserves	Retained earnings	Total
EQUITY, 31 MARCH 2016				
End of previous financial year	8,045	536	7,536	16,117
Total	8,045	536	7,536	16,117
Comprehensive income				
Loss for the period			(357)	(357)
Total comprehensive income			(357)	(357)
Capital increase				
Total changes in equity		-	(357)	(357)
Equity, 31 March 2016	8,045	536	7,179	15,760
EQUITY, 31 MARCH 2015				
End of previous financial year	6,045	385	6,145	12,575
Total	6,045	385	6,145	12,575
Comprehensive income				
Loss for the period			(375)	(375)
Total comprehensive income			(375)	(375)
Capital increase	2,000			2,000
Total changes in equity	2,000	-	(375)	(1,625)
Equity, 31 March 2015	8,045	385	5,770	14,200

Statement of changes in equity

DKK million

Nykredit Bank Group

	Share capital*	Retained earnings	Total
EQUITY, 31 MARCH 2016			
End of previous financial year	8,045	8,072	16,117
Total	8,045	8,072	16,117
Comprehensive income			
Loss for the period		(357)	(357)
Total comprehensive income	-	(357)	(357)
Capital increase			
Total changes in equity		(357)	(357)
Equity, 31 March 2016	8,045	7,715	15,760
EQUITY, 31 MARCH 2015			
End of previous financial year	6,045	6,530	12,575
Total	6,045	6,530	12,575
Comprehensive income			
Loss for the period		(375)	(375)
Total comprehensive income	-	(375)	(375)
Capital increase	2,000		2,000
Total changes in equity	2,000	(375)	1,625
Equity, 31 March 2015	8,045	6,155	14,200

* The share capital breaks down into 19 shares in multiples of DKK 1m. The share capital is wholly owned by Nykredit Realkredit A/S, Copenhagen, Denmark. Nykredit Bank is included in the consolidated financial statements of this company and the consolidated financial statements of Foreningen Nykredit, Kalvebod Brygge 1-3, Copenhagen, Denmark, which owns 89.80% of Nykredit Realkredit A/S. The financial statements [in Danish] of Foreningen Nykredit may be obtained from the company.

Cash flow statement 1 January – 31 March

DKK million

	Nykredit Bank Group	
	Q1/2016	Q1/2015
Loss after tax for the period	(357)	(375)
Adjustment for non-cash operating items, depreciation, amortisation, impairment losses and provisions		
Depreciation and impairment losses for property, plant and equipment	4	4
Other non-cash changes	7	(1)
Impairment losses on loans, advances and receivables	(6)	(7)
Tax calculated on loss for the period	0	(113)
Total	5	(117)
Loss for the period adjusted for non-cash operating items	(352)	(492)
Change in working capital		
Loans, advances and other receivables	2,216	7,144
Deposits and other payables	(2,481)	1,642
Payables to credit institutions and central banks	6,643	(2,301)
Bonds at fair value	(2,940)	23,061
Equities	26	(69)
Other working capital	5,975	(19,544)
Total	9,439	9,933
Corporation tax paid, net	(207)	(10)
Cash flows from operating activities	8,880	9,431
Cash flows from investing activities		
Property, plant and equipment	0	3
Total	0	3
Cash flows from financing activities		
Capital increase		2,000
Subordinated debt		0
Bonds in issue	(1,921)	(2,710)
Total	(1,921)	(710)
Total cash flows	6,959	8,724
Cash and cash equivalents, beginning of period	13,425	33,885
Foreign currency translation adjustment of cash	(79)	90
Cash and cash equivalents, end of period	20,305	42,699
Cash and cash equivalents, end of period		
Specification of cash and cash equivalents, end of period:		
Cash balances and demand deposits with central banks	3,244	17,466
Receivables from credit institutions and central banks	17,061	25,233
Cash and cash equivalents, end of period	20,305	42,699

Notes

1. ACCOUNTING POLICIES

GENERAL

The Consolidated Financial Statements for Q1/2016 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and further Danish financial reporting and disclosure requirements for interim reports. Compliance with IAS 34 implies observance of the principles of recognition and measurement of the IFRS but also a less detailed presentation relative to the annual report.

The Interim Financial Statements for Q1/2016 of the Parent Company are prepared in accordance with 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).

New and amended standards, interpretations and reporting provisions

Reporting standards and interpretations in force as at 1 January 2016 have been implemented with no effect on results, comprehensive income, balance sheets or equity for the period.

Compared with the information disclosed in the accounting policies of the Annual Report 2015 (note 1), no new reporting standards or interpretations have been issued or approved which influence the Q1 Interim Report 2016 of Nykredit Bank A/S and the Nykredit Bank Group.

Change in the presentation of business areas

Effective from Q1/2016, the Group has set up a new business area, Wealth Management, comprising Private Banking for clients with investable assets in excess of DKK 7m and Nykredit Asset Management, 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 Bank's or the Nykredit Bank Group's results, comprehensive income, balance sheets 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.

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.

Notes

DKK million

	31.03.2016	31.12.2015	31.03.2015
2. CAPITAL AND CAPITAL ADEQUACY			
Nykredit Bank A/S			
Equity	15,760	16,117	14,200
Prudent valuation adjustment	(365)	(300)	(509)
Intangible assets	(27)	(34)	(52)
Deduction for difference between IRB losses and impairments	(55)	(86)	
Other deductions	(11)	0	
Transitional adjustment of deductions	22	52	
Common Equity Tier 1 capital deductions	(436)	(368)	(561)
Common Equity Tier 1 capital	15,324	15,749	13,639
Hybrid capital		100	100
Transitional hybrid capital adjustment		(26)	
Hybrid capital		74	100
Tier 1 capital	15,324	15,823	13,739
Provisions for expected losses in accordance with IRB approach	371	349	420
Transitional Tier 2 capital adjustment	(11)	(26)	
Own funds	15,684	16,146	14,159
Credit risk (incl credit value adjustments)	69,188	67,409	78,043
Market risk	8,597	8,666	10,880
Operational risk	5,202	4,046	4,046
Total risk exposure amount	82,987	80,121	92,969
Common Equity Tier 1 capital ratio, %	18.4	19.6	14.6
Tier 1 capital ratio, %	18.4	19.7	14.7
Total capital ratio, %	18.8	20.1	15.2

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.

Notes

DKK million

	31.03.2016	31.12.2015	31.03.2015
2. CAPITAL AND CAPITAL ADEQUACY (continued)			
Nykredit Bank Group			
Equity	15,760	16,117	14,200
Prudent valuation adjustment	(365)	(300)	(509)
Intangible assets	(31)	(34)	(52)
Deduction for difference between IRB losses and impairments	(10)	(40)	
Other deductions	(2)	0	
Transitional adjustment of deductions	4	52	
Common Equity Tier 1 capital deductions	(404)	(374)	(561)
Common Equity Tier 1 capital	15,356	15,743	13,639
Hybrid capital		100	100
Transitional hybrid capital adjustment		(13)	-
Hybrid capital		87	100
Tier 1 capital	15,356	15,830	13,739
Provisions for expected losses in accordance with IRB approach	348	327	400
Transitional Tier 2 capital adjustment	(2)	(13)	0
Own funds	15,702	16,144	14,139
Credit risk	65,364	63,004	74,883
Market risk	8,597	8,666	10,880
Operational risk	5,898	4,641	4,640
Total risk exposure amount	79,860	76,311	90,403
Common Equity Tier 1 capital ratio, %	19.2	20.6	15.0
Tier 1 capital ratio, %	19.2	20.7	15.1
Total capital ratio, %	19.6	21.1	15.6

Notes

DKK million

Nycredit Bank Group

	Q1/2016			Q1/2015		
	Core business	Other Activities	Total	Core business	Other Activities	Total
1 January – 31 March						
Net interest income	417	11	428	425	27	452
Dividend on equities	0	0	0	0	0	0
Fee and commission income, net	224	0	224	256	0	256
Net interest and fee income	641	11	652	681	27	708
Value adjustments	142	(802)	(660)	341	(1,061)	(720)
Other operating income	6	-	6	7	-	7
Staff and administrative expenses	463	-	464	479	-	479
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	4	-	4	4	-	4
Other operating expenses	6	-	5	19	-	19
Impairment losses on loans and advances	(16)	-	(16)	(19)	-	(19)
Profit (loss) before tax	332	(791)	(459)	546	(1,034)	(488)

Other Activities comprises negative value adjustment of interest rate swaps of DKK 802m (2015: negative DKK 1,061m) and investment portfolio income of DKK 11m (2015: DKK 27m).

Notes

DKK million

Nykredit Bank Group

4. BUSINESS AREAS

Q1/2016	Personal Banking	Business Banking	Total Retail	CIB	Markets	Total Wholesale Clients	Wealth Management	Group Items	Total
Core income from									
- customer activities, gross	133	99	231	153	160	313	228	31	803
- payment for distribution	76	50	126	20	(68)	(48)	(78)	-	-
Total business operations	209	149	357	173	92	265	150	31	803
- core income from securities								3	3
Income from core business*	209	149	357	173	92	265	150	34	806
Operating costs and depreciation of equipment ¹			236	61	72	133	92	6	468
Expenses for guarantee and resolution schemes ¹			6						6
Profit from core business before impairment losses			115	112	20	132	58	28	333
Impairment losses on loans and advances	28	(31)	(3)	(40)		(40)	26		(16)
Profit from core business			118	152	20	172	32	28	348
Value adjustment of interest rate swaps	(2)	(395)	(397)	(403)	(2)	(405)			(802)
Investment portfolio income ¹								(5)	(5)
Profit (loss) before tax for the period			(279)	(251)	18	(234)	32	23	(459)
* Of which transactions between business areas.	72	19	91	(10)	(65)	(76)	(76)	61	0
Operating costs as well as depreciation of property, plant and equipment and amortisation of intangible assets as % of core income from business operations			66.1	35.3	78.3	50.2	61.3		58.2
Average allocated business capital	2,437	4,114	6,551	3,842	1,746	5,588	423	1,100	13,662
Profit from core business as % pa of allocated capital			1.8	4.0	1.1	3.1	7.5		2.6

In 2016 the effect of the organisational changes is the reallocation of profit before tax of DKK 41m from Retail to Wealth Management and DKK 9m from Wealth Management to Wholesale Clients (previously Wholesale).

¹ Operating costs and depreciation of equipment of Personal Banking and Business Banking are presented and assessed jointly for internal reporting purposes.

Q1/2015	Personal Banking	Business Banking	Total Retail	CIB	Markets	Total Wholesale Clients	Wealth Management	Group Items	Total
Core income from									
- customer activities, gross	128	114	242	198	326	524	221	16	1,004
- payment for distribution	87	68	155	26	(101)	(75)	(80)		-
Total business operations	238	159	397	224	225	449	141	16	1,004
- core income from securities								3	3
Income from core business*	238	159	397	224	225	449	141	19	1,007
Operating costs and depreciation of equipment			272	60	74	134	76	2	485
Expenses for guarantee and resolution schemes ¹			16	1		1			17
Profit from core business before impairment losses			109	163	151	314	65	17	505
Impairment losses on loans and advances	27	(10)	17	(35)		(35)			(19)
Profit from core business			92	198	151	349	65	17	524
Value adjustment of interest rate swaps	(2)	(566)	(568)	(491)		(491)	(1)		(1,061)
Investment portfolio income ¹								49	49
Profit (loss) before tax for the period			(476)	(293)	151	(142)	64	66	(488)
* Of which transactions between business areas.	86	27	113	(14)	(14)	(28)	(78)	(7)	0
Operating costs and depreciation of equipment as % of core income from business operations			68.5	26.8	32.9	29.8	53.9		48.3
Average allocated business capital ¹	2,324	5,041	7,365	4,922	2,814	7,736	371	787	16,488
Profit from core business as % pa of allocated capital			1.6	4.0	5.4	4.5	11.3		3.2

As a result of the organisational changes, comparative figures have been restated, thus reallocating profit before tax of DKK 23m from Retail to Wealth Management and DKK 41m from Wholesale Clients (previously Wholesale) to Wealth Management, while DKK 18m has been transferred from Wholesale Clients to Retail.

IT costs, previously allocated to Group Items, are now allocated to the individual entities. As a result, operating costs and profit before tax were negatively affected by DKK 39m in Retail and by DKK 40m in Wholesale Clients.

¹ Investment portfolio income equals the return on the Bank's own portfolio exceeding risk-free interest.

Notes

DKK million

Nykredit Bank A/S		Nykredit Bank Group	
Q1/2015	Q1/2016	Q1/2016	Q1/2015
5. INTEREST INCOME			
1	3	3	1
519	455	487	547
195	71	72	196
(131)	(55)	(55)	(131)
Of which			
46	83	83	46
(166)	(134)	(134)	(166)
(11)	(7)	(7)	(11)
-	3	3	-
(1)	2	2	0
583	476	509	613
Of which interest income from genuine purchase and resale transactions entered as			
4	0	0	4
10	5	5	10
5a. NEGATIVE INTEREST			
Interest income			
(11)	(4)	(4)	(11)
(10)	(29)	(29)	(10)
(21)	(33)	(33)	(21)
Of which interest income from genuine purchase and resale transactions entered as			
(4)	(3)	(3)	(4)
(10)	(29)	(29)	(10)
Interest expenses			
(21)	(23)	(23)	(21)
(4)	(23)	(23)	(4)
(25)	(46)	(46)	(25)
Of which interest expenses for genuine purchase and resale transactions entered as			
(12)	(9)	(9)	(12)
(1)	(16)	(16)	(1)
4	13	13	4
6. INTEREST EXPENSES			
20	22	22	20
64	24	24	64
79	39	39	79
1	0	0	1
1	9	9	1
165	94	94	165
Of which interest expenses for genuine sale and repurchase transactions entered as			
18	6	6	18
1	4	4	1

Notes

DKK million

Nykredit Bank A/S		Nykredit Bank Group	
Q1/2015	Q1/2016	Q1/2016	Q1/2015
7. VALUE ADJUSTMENTS			
(3)	2	2	(3)
	Other loans, advances and receivables at fair value		
124	48	48	123
	Bonds		
66	0	0	66
	Equities		
70	(14)	(14)	69
	Foreign exchange		
(975)	(696)	(696)	(975)
	Foreign exchange, interest rate and other contracts as well as derivative financial instruments		
(718)	(660)	(660)	(720)
	Total		
Value adjustments mainly relate to financial assets, financial liabilities and derivative financial instruments included in the Bank's/Group's trading activities.			
No value adjustments have been made for own credit risk on bonds in issue or other financial liabilities.			
8. STAFF AND ADMINISTRATIVE EXPENSES			
2	1	1	2
	Remuneration of Board of Directors and Executive Board		
152	156	185	180
	Staff expenses		
275	247	277	297
	Administrative expenses		
429	404	463	479
	Total		
Remuneration of Board of Directors and Executive Board			
Board of Directors			
0	0	0	0
	Fees		
Staff-elected board representatives each receive an annual fee of DKK 60,000. No additional fees are paid to the Board of Directors.			
Executive Board			
2	1	1	2
	Salaries		
2	1	1	2
	Total		
The terms and conditions governing the salaries and pensions of the Executive Board have not changed since the Annual Report 2015, to which reference is made.			
Staff expenses			
122	123	147	145
	Salaries		
12	12	15	15
	Pensions (defined contribution plans)		
18	21	23	20
	Social security expenses		
152	156	185	180
	Total		
619	635	792	769
	Average number of staff, full-time equivalents		

Notes

DKK million

Nykredit Bank A/S			Nykredit Bank Group	
Q1/2015	Q1/2016		Q1/2016	Q1/2015
9. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES				
Specification of impairment provisions				
3,147	2,553	Individual impairment provisions for loans, advances and receivables	2,602	3,194
23	23	Individual impairment provisions for receivables from credit institutions	23	23
285	146	Collective impairment provisions	151	288
3,455	2,722	Total, 31 March	2,776	3,505
Individual impairment provisions for loans, advances and receivables				
3,006	2,660	Impairment provisions, beginning of period	2,711	3,051
324	166	Impairment provisions for the period	173	335
118	198	Impairment provisions reversed	207	126
65	75	Impairment provisions written off	75	66
3,147	2,553	Total, 31 March	2,602	3,194
Individual impairment provisions for receivables from credit institutions				
23	23	Impairment provisions, beginning of period	23	23
0	0	Impairment provisions for the period	0	0
23	23	Total, 31 March	23	23
Collective impairment provisions				
507	136	Impairment provisions, beginning of period	141	509
(222)	10	Impairment provisions for the period, net	10	(221)
285	146	Total, 31 March	151	288
Earnings impact				
(16)	(22)	Change in provisions for loan and receivable impairment	(24)	(12)
5	15	Write-offs for the period, net	20	5
12	10	Recoveries on claims previously written off	10	12
(23)	(17)	Total impairment losses	(14)	(19)
0	(2)	Provisions for guarantees	(2)	0
(23)	(19)	Total	(16)	(19)
199	(29)	Of which individual impairment provisions	(26)	202
(222)	10	Of which collective impairment provisions	10	(221)
0	0	Of which credit institutions	0	0
Receivables from credit institutions with objective evidence of impairment				
25	25	Receivables subject to individual impairment provisioning	25	25
23	23	Impairment provisions	23	23
2	2	Carrying amount	2	2
Loans and advances with objective evidence of impairment				
4,830	3,715	Loans and advances at amortised cost subject to individual impairment provisioning	3,849	4,957
3,147	2,553	Impairment provisions	2,602	3,194
1,683	1,162	Carrying amount	1,247	1,763
46,516	46,551	Loans and advances at amortised cost subject to collective impairment provisioning	47,876	47,929
285	146	Impairment provisions	151	288
46,231	46,405	Carrying amount	47,725	47,641

Notes

DKK million

Nykredit Bank A/S		Nykredit Bank Group	
Q1/2015	Q1/2016	Q1/2016	Q1/2015
10. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES			
33	39	-	-
-	-	-	-
33	39	-	-
11. TAX			
(122)	(112)	(102)	(113)
(122)	(112)	(102)	(113)
24.5	23.9	22.2	23.2

Tax is calculated on the basis of a tax rate of 22% for 2016. The full-year tax rate is expected to be around 22-24%.

Notes

DKK million

Nykredit Bank A/S			Nykredit Bank Group	
31.12.2015	31.03.2016		31.03.2016	31.12.2015
12. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS				
0	3,035	Receivables at call from central banks	3,035	0
10,681	14,025	Receivables from credit institutions	14,026	10,681
10,681	17,060	Total	17,061	10,681
669	6,015	Of which genuine purchase and resale transactions	6,015	669
13. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE				
39,467	34,963	Genuine purchase and resale transactions	34,963	39,467
39,467	34,963	Total	34,963	39,467
14. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST				
45,345	47,567	Loans and advances at amortised cost	48,972	46,747
45,345	47,567	Total	48,972	46,747
15. BONDS AT FAIR VALUE				
35,571	37,007	Covered bonds	37,482	35,998
572	1,345	Government bonds	1,345	572
5,509	5,500	Other bonds	5,500	5,509
41,652	43,852	Total	44,327	42,079
2,028	1,974	Self-issued bonds offset against bonds in issue	1,974	2,028
39,624	41,878	Total	42,353	40,051
The effect of fair value adjustment is recognised in the income statement.				
430	1,211	Of which redeemed bonds	1,211	430
13,855	26,802	Assets sold as part of genuine sale and repurchase transactions	26,802	13,855
4,871	4,220	As collateral for the Danish central bank, Danmarks Nationalbank, and foreign clearing centres, etc, bonds have been deposited of a total market value of	4,220	4,871
The deposits were made on an arm's length basis in connection with clearing and settlement of securities and foreign exchange trades. The deposits are adjusted on a daily basis and generally have a repayment period of very few value dates.				

Notes

DKK million

Nykredit Bank A/S			Nykredit Bank Group	
31.12.2015	31.03.2016		31.03.2016	31.12.2015
		16. EQUITIES		
177	165	Listed on Nasdaq Copenhagen A/S	166	178
6	6	Listed on other stock exchanges	6	6
177	163	Unlisted equities carried at fair value	163	177
360	334	Total	335	361
		17. ASSETS IN TEMPORARY POSSESSION		
47	31	Assets, beginning of year	31	47
2	-	Additions	-	2
18	0	Disposals	0	18
31	31	Total	31	31
		Assets in temporary possession comprises acquired properties.		
		Nykredit Bank accepts mortgages over real estate as security for loans. In a number of instances, the Bank acquires the properties in the event of borrowers' non-performance of loan agreements etc.		
		The valuation of assets in temporary possession is based on the expected sales values in case of disposal within a period of 12 months.		
		18. OTHER ASSETS		
2,339	1,910	Interest and commission receivable	1,937	2,369
29,250	32,951	Positive market value of derivative financial instruments	32,951	29,250
2,570	2,771	Other	2,784	2,579
34,159	37,632	Total	37,672	34,198
		19. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS		
1,762	2,602	Payables to central banks	2,602	1,762
32,655	38,410	Payables to credit institutions	38,950	33,195
34,417	41,012	Total	41,552	34,957
5,294	12,255	Of which genuine sale and repurchase transactions	12,255	5,294
		20. DEPOSITS AND OTHER PAYABLES		
50,197	49,014	On demand	48,955	50,121
2,334	3,737	At notice	3,737	2,334
7,536	4,385	Time deposits	4,385	7,536
2,767	2,670	Special deposits	2,670	2,767
62,834	59,806	Total	59,747	62,758
		Deposit surplus		
62,834	59,806	Deposits and other payables at amortised cost	59,747	62,758
45,345	47,567	Loans, advances and other receivables at amortised cost	48,972	46,747
17,489	12,239	Total	10,775	16,011
7,438	11,923	Deposits attributable to genuine sale and repurchase transactions in "Other non-derivative financial liabilities at fair value"	11,923	7,438

Notes

DKK million

Nykredit Bank A/S			Nykredit Bank Group	
31.12.2015	31.03.2016		31.03.2016	31.12.2015
21. BONDS IN ISSUE AT AMORTISED COST				
Issues				
13,708	13,201	EMTN issues*	13,201	13,708
8,227	6,599	ECP issues*	6,599	8,227
243	205	Other issues	205	243
22,178	20,005	Total	20,005	22,178
(2,028)	1,974	Own portfolio	1,974	(2,028)
20,150	18,031	Total	18,031	20,150
No value adjustments have been made that can be attributed to changes in own credit risk.				
* Listed on Nasdaq Copenhagen A/S or the Luxembourg Stock Exchange.				
22. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE				
7,438	11,923	Deposits at fair value	11,923	7,438
4,338	5,614	Negative securities portfolios	5,614	4,338
11,776	17,537	Total	17,537	11,776
7,438	11,923	Of "Deposits at fair value", genuine sale and repurchase transactions total	11,923	7,438
23. OTHER LIABILITIES				
2,483	2,331	Interest and commission payable	2,332	2,483
24,732	27,943	Negative market value of derivative financial instruments	27,943	24,732
610	1,263	Other payables	1,556	918
27,825	31,537	Total	31,831	28,133

Notes

DKK million

Nykredit Bank A/S		Nykredit Bank Group	
31.12.2015	31.03.2016	31.03.2016	31.12.2015
24. PROVISIONS			
Provisions for losses under guarantees			
106	100	100	106
17	5	5	17
23	8	8	23
0	0	0	0
100	97	97	100
Other provisions			
83	82	82	83
88	0	0	88
43	0	0	43
46	8	8	46
82	74	74	82
Total provisions for losses under guarantees and other provisions			
189	182	182	189
105	5	5	105
66	8	8	66
46	8	8	46
182	171	171	182
<p>As a result of its operations, the Bank continuously enters into contracts where it is probable that the settlement of the liability will lead to an outflow of the Bank's financial resources, and where a reliable estimate may be made of the size of the liability.</p> <p>The balance sheet items in the Financial Statements represent the Bank's best estimates of the expected costs relating to provisions.</p> <p>The provisions typically concern contractual obligations relating to loans and advances and other banking activities.</p> <p>It is estimated that the majority of provisions will be settled within 1-2 years.</p>			
25. SUBORDINATED DEBT			
Subordinated debt consists of financial liabilities in the form of hybrid capital which, in case of voluntary or compulsory liquidation, will not be repaid until the claims of ordinary creditors have been met.			
Hybrid capital			
100	100	100	100
100	100	100	100
100	0	0	100
-	-	-	-
The loan will be prepaid in May 2016.			

Notes

DKK million

Nykredit Bank A/S			Nykredit Bank Group	
31.12.2015	31.03.2016		31.03.2016	31.12.2015
26. CONTINGENT LIABILITIES				
13,800	7,828	Financial guarantees	7,828	13,800
1,288	1,405	Registration and refinancing guarantees	1,405	1,288
5,332	4,482	Other contingent liabilities	4,382	5,232
20,420	13,715	Total	13,615	20,320

OTHER CONTINGENT LIABILITIES*Legal proceedings*

The Bank's operations involve the Bank in legal proceedings and litigation, including tax disputes. 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 Bank Group's financial position.

Bankernes EDB Central (BEC)

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 but a transitional scheme may apply.

Guarantee and resolution schemes

Nykredit Bank A/S participates in the mandatory Danish depositor 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 in 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.

The Resolution Fund, which is a finance scheme, was also established on 1 June 2015. The 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 Resolution Fund in connection with the resolution of failing institutions.

Joint taxation

The Company is jointly taxed in Denmark with Foreningen Nykredit 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 2014 and for any obligations to withhold tax at source on interest, royalties and dividends of these companies as of 1 July 2012.

Notes

DKK million

Nykredit Bank A/S			Nykredit Bank Group	
31.12.2015	31.03.2016		31.03.2016	31.12.2015
27. OTHER COMMITMENTS				
4,358	5,438	Irrevocable credit commitments	5,438	4,358
177	182	Other	283	274
4,535	5,620	Total	5,721	4,632

28. RELATED PARTY TRANSACTIONS AND BALANCES

The Parent Company Nykredit Realkredit, its parent company as well as Group enterprises and associates are regarded as related parties. In addition, Nykredit Bank's Group enterprises and associates are included as stated in the Group structure as well as the Bank's Board of Directors, its Executive Board and related parties thereof.

No unusual related party transactions occurred in 2015 or in Q1/2016.

The companies have entered into various intercompany agreements as a natural part of the Group's day-to-day operations. The agreements typically involve financing, provision of guarantees, insurance, 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 2015 or 2016 include:

Nykredit Bank received additional equity of DKK 2bn from Nykredit Realkredit A/S in February 2015.

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 Bank Group

29. LOANS, ADVANCES, GUARANTEES AND PROVISIONS

Loans, advances, guarantees and provisions by sector

31 March 2016

	Carrying amount			Proportion, %	Provisions		Total
	Loans and advances	Guarantees	Total loans, advances and guar- antees		Individual and other provisions	Collective impairment provisions	
Public sector	236	17	253	0.3	0	0	0
Business customers							
Agriculture, hunting, forestry and fishing	1,880	533	2,413	2.5	77	14	91
Manufacturing, mining and quarrying	5,389	246	5,635	5.8	216	15	231
Energy supply	1,329	19	1,348	1.4	3	0	3
Construction	1,755	732	2,487	2.5	231	2	233
Trade	2,735	368	3,103	3.2	60	3	63
Transport, accommodation and food service activities	2,937	480	3,417	3.5	99	2	101
Information and communication	1,128	101	1,229	1.3	15	1	16
Finance and insurance	38,881	1,655	40,536	41.6	171	9	180
Real estate	9,055	1,383	10,438	10.7	1,051	53	1,104
Other	7,068	986	8,054	8.3	207	5	212
Total business customers	72,157	6,503	78,660	80.6	2,130	104	2,234
Personal customers	11,543	7,095	18,638	19.1	569	47	616
Total	83,936	13,615	97,551	100.0	2,699	151	2,850
Of which reverse repurchase lending (loans and advances at fair value)	34,963	-	34,963	35.8	-	-	-

31 December 2015

	Carrying amount			Proportion, %	Provisions		Total
	Loans and advances	Guarantees	Total loans, advances and guar- antees		Individual and other provisions	Collective impairment provisions	
Public sector	240	56	296	0.3	0	0	0
Business customers							
Agriculture, hunting, forestry and fishing	1,785	599	2,384	2.4	89	13	102
Manufacturing, mining and quarrying	4,459	274	4,733	4.7	222	3	225
Energy supply	919	17	936	0.9	3	0	3
Construction	1,631	603	2,234	2.2	230	2	232
Trade	2,561	385	2,946	2.9	85	3	88
Transport, accommodation and food service activities	2,920	524	3,444	3.4	102	2	104
Information and communication	885	114	999	1.0	16	1	17
Finance and insurance	43,734	1,682	45,416	44.8	223	1	224
Real estate	9,077	1,354	10,431	10.3	1,083	57	1,140
Other	6,379	1,102	7,481	7.4	225	6	231
Total business customers	74,350	6,654	81,004	79.9	2,278	88	2,366
Personal customers	11,624	8,470	20,094	19.8	533	53	586
Total	86,214	15,180	101,394	100.0	2,811	141	2,952
Of which reverse repurchase lending (loans and advances at fair value)	39,467	-	39,467	38.9	-	-	-

Provisioning rate, %

Group	Q1/2016	Q4/2015	Q3/2015	Q2/2015	Q1/2015	Q4/2014	Q3/2014
Total loans and advances	83,935	86,214	82,040	79,206	78,973	85,722	88,438
Total guarantees	13,615	15,180	15,182	21,156	20,320	20,893	13,801
Impairment provisions for loans and advances at amortised cost	2,753	2,852	3,118	3,297	3,482	3,560	3,706
Provisions for guarantees	97	99	110	106	106	106	116
Total loans, advances, guarantees and provisions	100,400	104,345	100,450	103,765	102,881	110,281	106,061
Provisioning rate, %	2.8	2.8	3.2	3.3	3.5	3.3	3.6
Provisioning rate excluding guarantees, %	3.2	3.2	3.7	4.0	4.2	4.0	4.0

Notes

DKK million

Nykredit Bank Group

30. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE (IFRS HIERARCHY)

31 March 2016

Assets:

Recognised as trading book:

	Listed prices	Observable inputs	Unobservable inputs	Total fair value
- reverse repurchase lending to credit institutions and central banks		6,015		6,015
- other reverse repurchase lending		34,963		34,963
- bonds at fair value	38,688	3,665		42,353
- equities measured at fair value through profit or loss	197		138	335
- positive fair value of derivative financial instruments	20	32,245	686	32,951
Fair value, 31 March 2016, assets	38,905	76,888	824	116,617
Percentage	33.4	65.9	0.7	100.0

Liabilities:

Recognised as trading book:

- repo transactions with credit institutions and central banks		12,255		12,255
- other non-derivative financial liabilities at fair value	5,614	11,923		17,537
- negative fair value of derivative financial instruments	47	27,896	0	27,943
Fair value, 31 March 2016, liabilities	5,661	52,074	0	57,735
Percentage	9.8	90.2	0.0	100.0

Assets and liabilities measured on the basis of unobservable inputs

	Equities	Derivatives	Total
Fair value, beginning of period, assets	138	621	759
Transferred from Listed prices and Observable inputs	-	18	18
Transferred to Listed prices and Observable inputs	-	(136)	(136)
Unrealised capital gains and losses recognised in "Value adjustments" in the income statement	0	183	183
Realised capital gains and losses recognised in "Value adjustments" in the income statement	-	-	-
Purchases for the period	0	-	0
Sales for the period	-	-	-
Redemptions for the period	-	-	-
Fair value, 31 March 2016, assets	138	686	824
Fair value, beginning of period, liabilities			
Unrealised capital gains and losses recognised in "Value adjustments" in the income statement	-	-	-
Realised capital gains and losses recognised in "Value adjustments" in the income statement	-	-	-
Redemptions for the period	-	-	-
Fair value, 31 March 2016, liabilities	-	-	-

For 2016 unrealised value adjustments of DKK 132m relating to the portfolio of financial instruments measured on the basis of unobservable inputs were recognised in the income statement at 31 March 2016.

Notes

DKK million

Nykredit Bank Group

30. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE (IFRS HIERARCHY) (continued)

31 December 2015	Listed prices	Observable inputs	Unobservable inputs	Total fair value
Assets:				
Recognised as trading book:				
- reverse repurchase lending to credit institutions and central banks		669		669
- other reverse repurchase lending		39,467		39,467
- bonds at fair value	37,135	2,916		40,051
- equities measured at fair value through profit or loss	223		138	361
- positive fair value of derivative financial instruments	41	28,588	621	29,250
Fair value, 31 December 2015, assets	37,399	71,640	759	109,798
Percentage	34.1	65.2	0.7	100.0
Liabilities:				
Recognised as trading book:				
- repo transactions with credit institutions and central banks		5,294		5,294
- other non-derivative financial liabilities at fair value	4,338	7,438		11,776
- negative fair value of derivative financial instruments	69	24,663		24,732
Fair value, 31 December 2015, liabilities	4,407	37,395	-	41,802
Percentage	10.5	89.5	-	100.0
Financial instruments measured on the basis of unobservable inputs				
	Bonds	Equities	Derivatives	Total
Fair value, beginning of period, assets		169	1,312	1,481
Transferred from Listed prices and Observable inputs			183	183
Transferred to Listed prices and Observable inputs			(465)	(465)
Unrealised capital gains and losses recognised in "Value adjustments" in the income statement		7	(409)	(402)
Realised capital gains and losses recognised in "Value adjustments" in the income statement		7		7
Purchases for the period				
Sales for the period		(45)		(45)
Redemptions for the period				
Fair value, 31 December 2015, assets		138	621	759
Fair value, beginning of period, liabilities			297	297
Unrealised capital gains and losses recognised in "Value adjustments" in the income statement				
Realised capital gains and losses recognised in "Value adjustments" in the income statement				
Transferred to Listed prices and Observable inputs			(297)	(297)
Redemptions for the period				
Fair value, 31 December 2015, liabilities			-	-

For 2015 unrealised negative value adjustments of DKK 515m relating to the portfolio of financial instruments measured on the basis of unobservable inputs were recognised in the income statement at 31 December 2015.

Notes

30. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE (IFRS HIERARCHY) (continued)

Listed prices

The Group's assets and liabilities at fair value are to the widest extent possible recognised at listed prices or prices quoted in an active market or authorised market place.

Observable inputs

When an instrument is not traded in an active market, measurement is based on observable inputs and generally accepted calculation methods, valuation and estimation techniques such as discounted cash flows and option models.

Observable inputs are typically yield curves, volatilities and market prices of similar instruments which are usually obtained through ordinary providers such as Reuters, Bloomberg and market makers. If the fair value is based on transactions in similar instruments, measurement is exclusively based on transactions at arm's length. Reverse repurchase lending and repo transactions as well as unlisted derivatives generally belong in this category.

Valuation techniques are generally applied to measure derivatives and unlisted assets and liabilities.

Further, the valuation of derivatives implies the use of so-called Credit Value Adjustment (CVA), thus including counterparty credit risk in the valuation. The CVA of derivatives with positive market values is primarily based on external credit curves such as Itraxx Main, but also on own data as regards customers without OEI in the lowest rating categories, as there are no available external curves suitable for the calculation of credit risk on these customers. Finally, calculations are made to simulate potential future exposures to interest rate swaps. Calculations involving increased CVA are included in the value adjustment.

The valuation of derivatives further includes so-called Debt Value Adjustment (DVA) of transactions with customers with negative market values. The determination of DVA resembles that of CVA, but DVA is based on a curve of A ratings, which corresponds to Nykredit's rating. Net value adjustment due to DVA and CVA comprised DKK 270m at 31 March 2016.

Upon entering into financial derivatives contracts, further provisions are made in the form of a so-called minimum margin for liquidity and credit risk and return on capital. The minimum margin is amortised at the valuation of derivatives over the time-to maturity. At 31 March 2016, the non-amortised minimum margin amounted to DKK 422m compared with DKK 430m at end-2015. Finally, in some instances further value adjustment based on management judgement is made if the models are not deemed to take into account all known risks, including eg legal risks.

In some cases, markets, eg the bond market, become inactive and illiquid. When assessing market transactions, it may therefore be difficult to conclude whether the transactions were executed at arm's length or were forced sales. If measurement is based on recent transactions, the transaction price is compared with a price based on relevant yield curves and discounting techniques.

Unobservable inputs

When it is not possible to measure financial instruments at fair value based on prices in active markets or observable inputs, measurement is based on own assumptions and extrapolations etc. Where possible and appropriate, measurement is based on actual transactions adjusted for differences in eg the liquidity, credit spreads and maturities of the instruments. The Group's unlisted equities are generally classified under this heading.

The positive market values of a number of interest rate swaps with customers in the Bank's lowest rating categories have been adjusted for increased credit risk based on additional CVA. The adjustment uses for instance the statistical data applied by the Bank to calculate collective impairment provisions for loans and advances at amortised cost. Interest rate swaps which have been fair value adjusted to DKK 0 (after deduction for collateral) due to the creditworthiness of the counterparty are also included in the category Unobservable inputs. These counterparties are all rated 0, and OEI has thus been identified for these customers. Following value adjustment, the fair value came to DKK 686m at 31 March 2016. Credit value adjustments came to DKK 5,541m at 31 March 2016 (2015: DKK 4,845m).

The interest rate risk on these interest rate swaps is hedged in all material respects. However, interest rate fluctuations may impact results to the extent that the market value must be adjusted due to increased counterparty credit risk. A 0.1 percentage point change in interest rate levels will impact the fair value by around +/- DKK 199m.

However, financial assets measured on the basis of unobservable inputs account for a very limited part of total financial assets at fair value. At 31 March 2016, the proportion was 0.7% against 0.7% at end-2015. The proportion of financial liabilities was 0.0% against 0.0% at end-2015.

Valuation, notably of instruments classified as unobservable inputs, is subject to some uncertainty. Of total assets and liabilities, DKK 0.8bn (2015: DKK 0.8bn) was attributable to this category. Assuming that an actual market price will deviate by +/- 10% from the calculated fair value, the earnings impact will be DKK 82m at 31 March 2016 (0.5% of equity at 31 March 2016). The earnings impact for 2015 was DKK 76m (0.5% of equity at 31 December 2015).

Notes

Nykredit Bank Group

30. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE (IFRS HIERARCHY) (continued)

Transfers between categories

Transfers between the categories Listed prices, Observable inputs and Unobservable inputs are made when an instrument is classified differently on the balance sheet date than at the beginning of the financial year. The value transferred to another category corresponds to the fair value at the beginning of the year. With respect to interest rate swaps that have been fair value adjusted to DKK 0 due to credit risk adjustment, separate calculations are made at the end of each month.

In 2016 and 2015, transfers between the categories Observable inputs and Unobservable inputs mainly resulted from changes to the ratings (credit risk) of counterparties and in all material respects concerned interest rate swaps, as regards financial instruments with positive market values.

Transfers between the categories Listed prices and Observable inputs mainly resulted from redeemed bonds that were reclassified on redemption. Redeemed bonds (usually comprised by Listed prices) are transferred to Observable inputs on the last day before the coupon date, as there is no access to official prices in active markets. At 31 March 2016, the amount was DKK 1.2bn against DKK 0.5bn at end-2015.

No transfers were made between the categories Listed prices and Unobservable inputs.

Notes

DKK million

Nykredit Bank A/S		Nykredit Bank Group	
31.03.2015	31.03.2016	31.03.2016	31.03.2015
31. FOREIGN EXCHANGE AND INTEREST RATE EXPOSURES			
Foreign exchange risk			
134	23	23	134
0.9	0.2	0.2	0.9
0	0	0	0
0.0	0.0	0.0	0.0
Interest rate risk by the currency involving the highest interest rate exposure			
216	109	111	218
(150)	(9)	(9)	(150)
3	3	3	3
(1)	1	1	(1)
(24)	(7)	(7)	(24)
6	6	6	6
(7)	(3)	(3)	(7)
43	100	102	45
Total interest rate exposure of debt instruments			

Notes

DKK million

32. GROUP STRUCTURE

	Ownership interest as % 31 March 2016	Profit (loss) for the period	Equity, 31 March 2016	Profit (loss) for 2015	Equity, 31 December 2015	Number of staff
Name and registered office						
Nykredit Bank A/S (Parent Company), Copenhagen, a)	-	(357)	15,760	(1,542)	16,117	635
Consolidated subsidiaries						
Nykredit Portefølje Administration A/S, Copenhagen, b)	100	21	503	85	482	108
Nykredit Leasing A/S, Gladsaxe, c)	100	18	540	66	522	49
Geographical distribution of activities	Number of staff	Revenue**	Loss before tax	Tax	Government aid received	
Denmark: Companies and activities appear from the Group structure above	792	868	(459)	(102)	-	
Sweden: Nykredit Bank A/S, branch*					-	

* 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 income, fee and commission income and other operating income.

- a) Banking
- b) Investment management, including asset management and investment advisory services
- c) Leasing

Subsidiaries in temporary possession

The property group Kalvebod III is included in the balance sheet items "Assets in temporary possession" and "Other liabilities". At 31 March 2016, the property group comprised a number of subsidiaries without activities.

Notes

DKK million

	Q1/2016	Q4/2015	Q3/2015	Q2/2015	Q1/2015
33. NYKREDIT BANK GROUP – FIVE QUARTERS					
SUMMARY INCOME STATEMENT					
Net interest income	428	418	605	413	452
Dividend on equities and fee and commission income, net	224	235	209	254	256
Net interest and fee income	652	653	814	667	708
Value adjustments	(660)	365	(374)	1,674	(720)
Other operating income	6	4	6	8	7
Staff and administrative expenses	464	426	474	453	479
Other operating expenses, depreciation and amortisation	9	30	20	18	23
Impairment losses on loans, advances and receivables	(16)	(34)	2	(70)	(19)
Profit from investments in associates and Group enterprises	-	-	-	-	-
Profit (loss) before tax	(459)	600	(50)	1,948	(488)
Tax	(102)	137	(11)	455	(113)
Profit (loss) for the period	(357)	463	(39)	1,493	(375)
Comprehensive income					
Other comprehensive income	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income	(357)	463	(39)	1,493	(375)
SUMMARY BALANCE SHEET, END OF PERIOD					
Assets					
Cash balances and receivables from central banks and credit institutions	20,305	13,425	25,280	31,954	42,699
Loans, advances and other receivables at fair value	34,963	39,467	34,534	29,765	29,569
Loans, advances and other receivables at amortised cost	48,972	46,747	47,506	49,441	49,404
Bonds at fair value	42,353	40,051	42,672	43,721	43,603
Equities	335	361	317	388	411
Remaining assets	37,849	34,288	37,316	37,688	53,365
Total assets	184,777	174,339	187,625	192,957	219,051
Liabilities and equity					
Payables to credit institutions and central banks	41,552	34,957	41,714	45,693	61,649
Deposits and other payables	59,747	62,758	61,725	66,056	67,832
Bonds in issue	18,031	20,160	24,662	25,763	24,427
Other non-derivative financial liabilities at fair value	17,537	11,776	12,205	8,171	4,930
Remaining payables	31,869	28,267	31,368	31,286	45,687
Total payables	168,736	157,908	171,674	176,969	204,525
Provisions	181	214	197	195	226
Subordinated debt	100	100	100	100	100
Equity	15,760	16,117	15,654	15,693	14,200
Total liabilities and equity	184,777	174,339	187,625	192,957	219,051
OFF-BALANCE SHEET ITEMS					
Contingent liabilities	13,615	15,180	15,182	21,156	20,320
Other commitments	5,721	5,566	5,016	4,671	4,632
FINANCIAL RATIOS					
Total capital ratio, %	19.6	21.1	21.1	18.9	15.6
Tier 1 capital ratio, %	19.2	20.7	20.7	18.5	15.1
Return on equity before tax pa, %	(11.5)	14.0	(0.4)	52.1	(14.6)
Return on equity after tax pa, %	(9.0)	10.7	(0.3)	40.0	(11.2)

Notes

DKK million

	Q1/2016	Q4/2015	Q3/2015	Q2/2015	Q1/2015
33. NYKREDIT BANK GROUP – FIVE QUARTERS (continued)					
Results from core business and results for the period					
Core income from business operations	803	812	707	837	1,004
Core income from securities	3	2	2	1	3
Income from core business	806	814	709	838	1,007
Operating costs and depreciation of equipment	467	442	471	454	485
Expenses for guarantee and resolution schemes	6	6	23	17	17
Profit from investments in associates and Group enterprises	-	-	-	-	-
Profit from core business before impairment losses	333	366	215	367	505
Impairment losses on loans and advances	(16)	(34)	2	(70)	(19)
Profit from core business	348	400	213	437	524
Value adjustment of interest rate swaps due to interest rate changes	(858)	164	(343)	1,856	(992)
Other value adjustment of interest rate swaps	56	34	101	(341)	(69)
Goodwill impairment		9			
Investment portfolio income	(5)	11	(21)	(4)	49
Profit (loss) before tax	(459)	600	(50)	1,948	(488)
Tax	(102)	137	(11)	455	(113)
Profit (loss) for the period	(357)	464	(39)	1,493	(375)
Profit (loss) before tax, year-to-date	(459)	2,010	1,410	1,460	(488)

Notes

DKK million

	Q1/2016	FY 2015	Q1/2015	Q1/2014	Q1/2013	Q1/2012
34. NYKREDIT BANK GROUP – FINANCIAL HIGHLIGHTS						
SUMMARY INCOME STATEMENT AND COMPREHENSIVE INCOME						
Net interest and fee income	652	2,842	708	857	759	759
Value adjustments	(660)	945	(720)	(298)	46	(52)
Other operating income	6	25	7	7	7	7
Staff and administrative expenses	463	1,832	479	508	469	457
Other operating expenses, depreciation and amortisation	10	91	23	19	27	12
Impairment losses on loans, advances and receivables	(16)	(121)	(19)	40	217	93
Profit from investments in associates and Group enterprises	-	-	-	-	-	-
Profit (loss) before tax	(459)	2,010	(488)	(1)	99	152
Tax	(102)	468	(113)	9	25	41
Profit (loss) for the period	(357)	1,542	(375)	(10)	74	111
Comprehensive income						
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	(357)	1,542	(375)	(10)	74	111
SUMMARY BALANCE SHEET, END OF PERIOD						
Assets						
Cash balances and receivables from central banks and credit institutions	20,305	13,425	42,699	29,389	29,287	43,008
Loans, advances and other receivables at fair value	34,963	39,467	29,569	35,831	43,097	32,830
Loans, advances and other receivables at amortised cost	48,972	46,747	49,404	48,078	50,271	56,050
Bonds at fair value and equities	42,688	40,412	44,014	82,471	64,250	72,179
Remaining assets	37,849	34,288	53,349	33,102	52,427	43,161
Total assets	184,777	174,339	219,035	228,871	239,332	247,228
Liabilities and equity						
Payables to credit institutions and central banks	41,552	34,957	61,649	58,492	56,264	67,967
Deposits and other payables	59,747	62,758	67,832	68,694	65,183	56,828
Bonds in issue at amortised cost	18,031	20,150	24,427	23,849	27,362	31,576
Other non-derivative financial liabilities at fair value	17,537	11,776	4,930	33,108	26,702	32,179
Remaining payables	31,869	28,267	45,687	29,894	48,910	43,917
Total payables	168,736	157,908	204,525	214,037	224,421	232,467
Provisions	181	214	262	247	317	198
Subordinated debt	100	100	100	250	250	250
Equity	15,760	16,117	14,200	14,337	14,344	14,313
Total liabilities and equity	184,777	174,339	219,087	228,871	239,332	247,228
OFF-BALANCE SHEET ITEMS						
Contingent liabilities	13,615	20,320	20,320	12,306	10,084	11,040
Other commitments	5,721	4,632	4,632	6,734	8,591	6,601

Notes

DKK million

	Q1/2016	FY 2015	Q1/2015	Q1/2014	Q1/2013	Q1/2012
35. NYKREDIT BANK GROUP – FINANCIAL HIGHLIGHTS (continued)						
FINANCIAL RATIOS						
Total capital ratio, %	19.6	21.1	15.6	16.1	20.6	21.2
Tier 1 capital ratio, %	19.2	20.7	15.1	15.7	20.6	21.2
Return on equity before tax, %	(2.9)	14.0	(3.6)	0.0	0.7	1.1
Return on equity after tax, %	(2.2)	10.7	(2.8)	(0.1)	0.5	0.8
Income:cost ratio	0.00	2.12	(0.01)	1.00	1.14	1.27
Interest rate exposure, %	0.8	0.5	0.3	0.7	0.7	0.6
Foreign exchange position, %	0.2	1.1	0.0	4.2	0.2	0.1
Foreign exchange exposure, %	0.0	0.0	0.0	0.3	0.0	0.0
Loans and advances:deposits	1.5	1.4	1.2	1.3	1.5	1.7
Loans and advances:equity	5.3	5.3	5.6	5.9	6.5	6.2
Growth in loans and advances excluding repo transactions for the period, %	4.1	(7.4)	5.1	2.2	0.9	0.3
Excess coverage:statutory liquidity requirements, %	214.6	347.2	309.2	270.1	218.1	209.5
Total large exposures, %	11.1	11.1	11.2	0.0	15.2	0.0
Impairment losses for the period, %	0.0	(0.1)	0.0	0.0	0.2	0.1
Return on capital employed, %	(0.2)	0.9	(0.2)	0.0	0.0	0.0
Average number of staff, full-time equivalents	792	761	769	860	856	848

FINANCIAL RATIOS, DEFINITIONS

Total capital ratio, %	Own funds divided by the total risk exposure amount
Tier 1 capital ratio, %	Tier 1 capital divided by the total risk exposure amount
Common Equity Tier 1 capital ratio, %	Common Equity Tier 1 capital divided by total risk exposure amount
Return on equity before tax, %	Profit (loss) before tax as a percentage of average equity
Return on equity after tax, %	Profit (loss) after tax as a percentage of average equity
Income:cost ratio	Income including profit (loss) from associates and Group enterprises divided by costs excluding tax
Operating costs and depreciation of equipment as % of core income from business operations	Operating costs and depreciation of equipment divided by core income from business operations.
Interest rate exposure, %	Interest rate exposure divided by Tier 1 capital
Foreign exchange position, %	Exchange rate indicator 1 divided by Tier 1 capital
Foreign exchange exposure, %	Exchange rate indicator 2 divided by Tier 1 capital
Loans and advances:deposits	Loans and advances plus impairment provisions divided by deposits Loans and advances include loans and advances at fair value and loans and advances at amortised cost
Loans and advances:equity	Loans and advances divided by equity (end of period) Loans and advances include loans and advances at fair value and loans and advances at amortised cost
Growth in loans and advances excluding repo transactions for the period, %	Growth in loans and advances from the beginning to the end of the year/period (loans and advances at the beginning of the year divided by loans and advances at the end of the year/period) Loans and advances include loans and advances at amortised cost
Growth in loans and advances including repo transactions for the period, %	Growth in loans and advances from the beginning to the end of the year/period (loans and advances at the beginning of the year divided by loans and advances at the end of the year/period) Loans and advances include loans and advances at fair value and loans and advances at amortised cost
Excess liquidity coverage:statutory liquidity requirements, %	Excess liquidity coverage relative to the 10% requirement of s 152 of the Danish Financial Business Act (Available excess liquidity relative to 10% of reduced payables) (Reduced payables: Balance sheet total plus guarantees less equity less subordinated debt)
Total large exposures, %	Total large exposures divided by eligible capital
Impairment losses for the period, %	Impairment losses for the period divided by loans and advances plus guarantees plus impairment provisions
Return on capital employed, %	Profit (loss) for the period divided by total assets

The financial ratios, exclusive of "Common Equity Tier 1 capital ratio, %" (cf note 2) and "Operating costs and depreciation of equipment as % of core income from business operations" and "Growth in loans and advances including repo transactions for the period, %", have been calculated in accordance with the Danish FSA's guidelines for reporting purposes. The three financial ratios are thus not included in the reporting.

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.