

To Nasdaq Copenhagen
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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 – 30 June 2016

- Profit from core business was DKK 863m compared with DKK 961m in H1/2015.
- Based on the performance in H1/2016, we have raised our guidance for profit from core business by DKK 0.3bn to DKK 1.2bn-1.4bn.
- Core income from business operations totalled DKK 1,747m, which represented a 5% decline from DKK 1,841m in H1/2015. This was primarily attributable to Wholesale Clients and was partly an effect of normalised earnings levels in Nykredit Markets compared with the high level in H1/2015.
- Operating costs and depreciation of equipment totalled DKK 963m against DKK 939m in H1/2015, up 3%. As a percentage of core income from business operations, operating costs grew to 55.1% from 51.0% in H1/2015, which reflected the decreasing income level.
- Compared with end-2015, lending increased by DKK 2.8bn despite low macroeconomic growth. Deposits rose by DKK 6.8bn.
- Impairment losses on loans and advances were a gain of DKK 86m. Impairment losses were negative 0.1% of loans and advances – the same as in H1/2015.
- Value adjustment of interest rate swaps was a loss of DKK 1,312m against a gain of DKK 454m in H1/2015. The loss in H1/2016 was primarily related to a fall in swap rates.
- Investment portfolio income came to DKK 25m compared with DKK 45m in H1/2015.
- Profit before tax, excluding value adjustment of interest rate swaps, accordingly decreased by DKK 118m from DKK 1,006m in H1/2015 to DKK 888m. The period saw a loss before tax of DKK 317m against a profit before tax of DKK 1,118m in H1/2015.
- Results before tax generated a return on equity of negative 5.3% against positive 20.7% in H1/2015.

LIQUIDITY

- The Bank's liquidity coverage ratio (LCR), determined according to the LCR rules, came to 143% against 157% at end-H1/2015. Deposits exceeded lending by DKK 20.1bn compared with DKK 16.6bn at end-H1/2015.

CAPITAL

- Equity stood at DKK 15.8bn compared with DKK 16.1bn at end-2015.
- The Common Equity Tier 1 (CET1) capital ratio was 19.6% against 20.6% at end-2015. The total capital ratio was 20.0% against 21.1% at end-2015, and the internal capital adequacy requirement came to 12.0% compared with 12.0% at end-2015.

ABOUT NYKREDIT BANK GROUP

- The H1 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	H1/2016	H1/2015	FY 2015
RESULTS FROM CORE BUSINESS AND RESULTS FOR THE PERIOD			
Core income from			
- business operations	1,747	1,841	3,360
- securities	4	4	8
Income from core business	1,751	1,845	3,368
Operating costs and depreciation of equipment	963	939	1,852
Expenses for guarantee and resolution schemes	11	34	63
Profit from core business before impairment losses	777	872	1,453
Impairment losses on loans and advances and provisions for guarantees	(86)	(89)	(121)
Profit from core business	863	961	1,574
Value adjustment of interest rate swaps due to interest rate changes	(1,388)	864	685
Other value adjustment of interest rate swaps	76	(410)	(275)
Goodwill impairment	-	-	9
Investment portfolio income	25	45	35
Profit (loss) before tax	(424)	1,460	2,010
Tax	(107)	342	468
Profit (loss) for the period	(317)	1,118	1,542
SUMMARY BALANCE SHEET			
	30.06.2016	30.06.2015	30.12.2015
Assets			
Cash balances and receivables from central banks and credit institutions	37,410	31,954	13,425
Loans, advances and other receivables at fair value	30,350	29,765	39,467
Loans, advances and other receivables at amortised cost	49,554	49,441	46,747
Bonds at fair value and equities	38,144	44,109	40,412
Remaining assets	39,558	37,688	34,288
Total assets	195,016	192,957	174,339
Liabilities and equity			
Payables to credit institutions and central banks	40,205	45,693	34,957
Deposits and other payables	69,643	66,056	62,758
Bonds in issue at amortised cost	14,990	25,763	20,150
Other non-derivative financial liabilities at fair value	21,075	8,171	11,776
Remaining payables	33,081	31,286	28,267
Provisions	222	195	214
Subordinated debt	-	100	100
Equity	15,800	15,693	16,117
Total liabilities and equity	195,016	192,957	174,339
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	13,689	21,156	15,180
Other commitments	6,022	4,671	5,566
FINANCIAL RATIOS			
Profit (loss) for the period as % pa of average equity	(4.0)	15.8	10.7
Profit (loss) before tax for the period as % pa of average equity	(5.3)	20.7	14.0
Profit from core business before impairment losses as % pa of average equity	9.7	18.8	10.1
Profit from core business as % pa of average equity	10.8	20.0	10.9
Costs excl impairment losses as % of core income from business operations	55.1	51.0	55.1
Impairment losses on loans and advances	2,585	3,297	2,852
Impairment losses for the period, %	(0.1)	(0.1)	(0.1)
Total capital ratio, %	20.0	18.9	21.1
Tier 1 capital ratio, %	19.6	18.5	20.7
CET1 capital ratio, %	19.6	18.4	20.6
Average number of full-time equivalents	791	761	761

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

H1/2016 – IN BRIEF

RESULTS FOR H1/2016

The Group recorded a profit from core business of DKK 863m compared with DKK 961m in H1/2015 and a loss before tax of DKK 424m against a profit before tax of DKK 1,460m in H1/2015.

The underlying performance resulted in lower earnings, and core income was 5% down on the level in H1/2015, totalling DKK 1,747m compared with DKK 1,841m in the same period last year. Operating costs rose by DKK 24m, while impairment losses on loans and advances were a DKK 3m lower gain. Together, these items caused a reduction in earnings of DKK 121m compared with H1/2015.

Core income from business operations was particularly affected by an earnings decline in Wholesale Clients, where earnings from Corporate & Institutional Banking and Nykredit Markets dropped. This should partly be seen in the light that income in Nykredit Markets was at a high level in H1/2015.

Impairment losses on loans and advances contributed a gain of DKK 86m against a gain of DKK 89m in H1/2015. Impairment losses were negative at 0.1% of loans and advances for H1/2016, which was unchanged compared with H1/2015.

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

Results from core business

Core income from business operations

Core income totalled DKK 1,747m. This represented a decline of DKK 94m, or 5%, from DKK 1,841m in H1/2015.

The decline was notably attributable to income from Wholesale Clients, which reduced from DKK 768m to DKK 601m, of which Nykredit Markets's activities accounted for a decline of DKK 100m compared with the high earnings level in 2015 to DKK 231m and Corporate & Institutional Banking for a decline of DKK 67m. The lower earnings were caused by a market of decreasing activity levels and general investor caution.

Income from Retail reduced by DKK 15m to DKK 767m.

Core income from Wealth Management was DKK 328m, a DKK 54m rise on H1/2015, of which DKK 26m was attributable to Nykredit Asset Management.

Group Items grew by DKK 35m to DKK 51m.

Lending at amortised cost went up by DKK 2.8bn on end-2015 to DKK 49.6bn as at 30 June 2016 despite subdued demand.

Deposits (incl deposits of DKK 1.7bn acquired from FIH) went up by DKK 6.8bn from DKK 62.8bn at end-2015 to DKK 69.6bn, of which Wholesale Clients accounted for DKK 1.3bn, Wealth Management for DKK 0.7bn, Retail for DKK 2.8bn and Group Items for DKK 2.0bn.

Core income from securities

Income was unchanged at around DKK 4.0m in H1/2016, and the short-term risk-free interest rate dropped from an average of 0.06% in H1/2015 to 0.05% in H1/2016. 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 increased by DKK 21m, or 2.4%, compared with H1/2015 to DKK 953m.

Payroll costs accounted for a rise of DKK 38m, or 11.0%. The average number of full-time equivalent staff totalled 791 compared with 761 in H1/2015. The rise in payroll costs and staff numbers partly resulted from a reorganisation of certain entities between Nykredit Realkredit and Nykredit Bank and higher payroll tax.

Other administrative expenses dropped 3.0% from DKK 568m in H1/2015 to DKK 551m in H1/2016.

Other operating expenses fell from DKK 33m to DKK 13m. The item includes the Bank's mandatory contribution of DKK 11m 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 86m against a gain of DKK 89m in H1/2015, which reflected an increase in reversals of DKK 23m in Wholesale Clients and a DKK 24m and DKK 7m higher impairment charge in Wealth Management and Retail, respectively. Group Items contributed a gain of DKK 6m in H1/2016.

Individual impairment provisions dropped by DKK 294m to a gain of DKK 44m, particularly due to a downturn in new impairment provisions combined with an increase in reversals compared with H1/2015. Collective impairment provisions were a gain of DKK 8m against a gain of DKK 339m in H1/2015.

Provisions for guarantees came to a gain of DKK 34m against DKK 0m in H1/2015.

Impairment losses were negative 0.1% of loans and advances for H1/2016 – the same as in H1/2015.

Value adjustment of interest rate swaps

Value adjustment produced a loss of DKK 1,312m in H1/2016 against a gain of DKK 454m in H1/2015, reflecting a fall in swap rates, which resulted in a loss of DKK 1,388m, and a reduction of DKK 76m in other provisions.

Losses incurred on terminated contracts totalled DKK 299m in H1/2016 against DKK 74m in H1/2015.

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.

Provisions for these interest rate swaps totalled DKK 6.1bn compared with DKK 5.0bn at end-2015.

Long-term swap rates were 1.1% at end-H1/2016. 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 1.9bn.

Investment portfolio income

Investment portfolio income came to DKK 25m compared with DKK 45m in H1/2015.

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 107m, corresponding to 25.2% of the loss before tax compared with 23.4% in H1/2015.

Results after tax

The Group recorded a loss after tax of DKK 317m, equivalent to a return on equity of negative 2.0% in H1/2016 compared with a profit of DKK 1,118m and a return on equity of 7.9% in H1/2015.

RESULTS FOR Q2/2016

Profit from core business was DKK 515m and profit before tax was DKK 35m for Q2/2016, an improvement of DKK 167m and DKK 494m, respectively, on Q1/2016. This improvement primarily reflected the fact that negative value adjustment of interest rate swaps was DKK 292m lower than in Q1 and that core income from business operations rose by DKK 141m on Q1 to DKK 944m.

The rise in core income from business operations consisted of DKK 51m in Retail, DKK 73m in Wholesale Clients and DKK 28m in Wealth Management. Group Items was DKK 11m lower than in Q1.

Costs grew by DKK 28m on Q1, while impairment losses developed favourably by DKK 54m.

The investment portfolio rose from a loss of DKK 5m to a gain of DKK 30m in Q2, partly attributable to flat interest rate levels in Q2 compared with Q1, which resulted in negative returns.

Compared with a profit before tax of DKK 1,948m for Q2/2015, Q2/2016 saw a drop of DKK 1,913m, which was mainly attributable to value adjustment of interest rate swaps, which had an adverse earnings impact of DKK 2,025m.

Core income from business operations rose by DKK 107m from DKK 837m in Q2/2015 to DKK 944m, whereas operating costs went up from DKK 454m to DKK 496m, corresponding to an adverse earnings impact of DKK 42m.

Impairment losses were on a level with Q2/2015 and equalled a gain of DKK 70m in Q2/2016.

OUTLOOK FOR 2016

In the Q1 Interim Report 2016, the guidance for profit from core business for 2016 was raised by DKK 0.1bn to DKK 0.9bn-1.1bn.

Based on the performance in H1/2016, the full-year profit guidance is raised by DKK 0.3bn to DKK 1.2bn-1.4bn.

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

OTHER

Business areas

The Nykredit Group's business area structure was changed in H1/2016. 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 intercompany 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.

Nykredit Holding A/S's stock exchange listing

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

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

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. Thanks to this customer influx, Nykredit Bank's deposits grew by about DKK 1.7bn.

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 decision has not affected Nykredit's provisions relating to interest rate swaps or other exposures in the housing cooperative area.

Change in Nykredit Bank's Board of Directors

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

Reorganisation of the Nykredit Group

Effective from 1 September 2016, Nykredit is readjusting its organisation and reallocating the tasks of its Group Executive Board for the purpose of ensuring the continued streamlining of the Group and preparing it for the strongly growing regulatory pressure.

In connection with these changes, David Hellemann will join the Group Executive Board as Group Managing Director, responsible for the CFO/COO areas of the Nykredit Group. At

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

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

Credit ratings

S&P Global Ratings announced in July 2016 that it had revised its outlook on Nykredit Realkredit and Nykredit Bank's unsecured ratings from negative to stable.

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

Other events

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

CREDIT RATINGS

Nykredit Realkredit A/S and Nykredit Bank A/S have retained the services of the international credit rating agencies S&P Global Ratings and Fitch Ratings regarding the credit rating of the companies and their funding.

S&P Global Ratings

Nykredit Realkredit A/S and Nykredit Bank A/S each have a long-term unsecured rating of A and a short-term unsecured rating of A-1 with S&P. The rating outlook was negative at 30 June 2016. As mentioned above under "Events since the balance sheet date", the outlook was changed to stable in July 2016.

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	30.06.2016	31.12.2015
Assets		
Receivables from credit institutions	37,410	13,425
Loans and advances at fair value (reverse repurchase lending)	30,350	39,467
Loans and advances at amortised cost	49,554	46,747
Retail	27,721	27,054
- Personal Banking	11,369	12,077
- Business Banking	16,352	14,977
Wholesale Clients	18,657	17,762
Wealth Management	2,289	1,922
Other loans and advances	888	8
Bonds and equities	38,144	40,412
Remaining assets	39,558	34,288
Liabilities and equity		
Payables to credit institutions and central banks	40,205	34,957
Deposits and other payables	69,643	62,758
Retail	43,628	40,799
- Personal Banking	26,267	23,781
- Business Banking	17,361	17,018
Wholesale Clients	15,028	13,700
Wealth Management	8,564	7,827
Other deposits	2,423	432
Bonds in issue	14,990	20,150
Other non-derivative financial liabilities at fair value	21,075	11,776
- of which deposits at fair value (repo deposits)	14,792	7,438
Remaining payables and provisions	33,303	28,480
Subordinated debt	0	100
Equity	15,800	16,117
Balance sheet total	195,016	174,339

**Nykredit Bank Group
Equity**

DKK million	30.06.2016	31.12.2015
Equity, beginning of period	16,117	12,575
Paid-up capital	0	2,000
Profit (loss) after tax	(317)	1,542
Total equity	15,800	16,117

**BALANCE SHEET, EQUITY AND CAPITAL
ADEQUACY**

Balance sheet

The balance sheet stood at DKK 195.0bn compared with DKK 174.3bn at end-2015.

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

Balances with credit institutions and cash balances increased by DKK 24.0bn to DKK 37.4bn, while loans and advances at fair value (reverse repurchase lending) decreased by DKK 9.1bn to DKK 30.4bn. 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 49.6bn, a rise of DKK 2.9bn from end-2015, of which Wholesale Clients accounted for DKK 0.9bn, Wealth Management for DKK 0.4bn and Retail and Group Items for DKK 0.7bn and DKK 0.9bn, respectively.

The bond portfolio decreased from DKK 40.1bn at end-2015 to DKK 37.9bn. 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 39.3bn against DKK 34.2bn at end-2015. At 30 June 2016, DKK 34.7bn 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 29.7bn.

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

Payables to credit institutions and central banks were up by DKK 5.2bn to DKK 40.2bn.

Deposits and other payables totalled DKK 69.6bn, which represented an increase on end-2015. Retail deposits (incl deposits of DKK 1.7bn acquired from FIH) grew by DKK 2.8bn, Wholesale Clients by DKK 1.3bn, and Wealth Management by DKK 0.7bn. Group Items and other deposits increased by DKK 2.0bn.

As at 30 June 2016, the Bank's deposits exceeded lending at amortised cost by DKK 20.0bn. At end-2015, deposits exceeded lending by DKK 16.0bn.

Nykredit Bank Group		
Capital and capital adequacy		
DKK million	30.06.2016	31.12.2015
Credit risk (incl CVA)	64,199	63,004
Market risk	7,998	8,666
Operational risk	5,898	4,641
Total risk exposure amount	78,095	76,311
Share capital	8,045	8,045
Retained earnings	7,755	8,072
Equity, end of period	15,800	16,117
Prudent valuation adjustment	(452)	(300)
Intangible assets and deferred tax assets	(28)	(34)
Deduction for difference between IRB losses and impairments	0	(40)
Common Equity Tier 1 capital	15,320	15,743
Hybrid capital	0	100
Other deductions	0	(13)
Tier 1 capital	15,320	15,830
Charge for difference between IRB losses and impairments	342	327
Transitional adjustment of Tier 2 capital	0	(13)
Own funds	15,662	16,144
Total capital ratio, %	20.0	21.1
Tier 1 capital ratio, %	19.6	20.7
CET1 capital ratio, %	19.6	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	30.06.2016	31.12.2015
Credit risk (incl CVA)	5,136	5,040
Market risk	640	693
Operational risk	472	371
Total Pillar I	6,248	6,105
Slightly weaker economic climate (stress tests, etc)	906	820
Other risks	1,736	1,800
Model and calculation uncertainties	445	436
Total Pillar II	3,087	3,056
Total required own funds	9,335	9,161
Internal capital adequacy requirement (Pillar I and Pillar II), %	12.0	12.0

This reflected increasing deposits from the business areas Retail and Wholesale Clients, primarily due to the acquired portfolio of deposits from FIH mentioned previously and fixed-term deposits from a few major professional participants.

Bonds in issue totalled DKK 15.0bn 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 21.1bn against DKK 11.8bn at end-2015.

Other payables and deferred income totalled DKK 33.1bn 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 4.8bn on end-2015 partly reflected an increase in negative market values of derivative financial instruments from DKK 24.7bn at end-2015 to DKK 29.7bn.

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

Capital and capital adequacy

Equity stood at DKK 15.8bn at 30 June 2016. In 2016, equity decreased by the loss for the period of DKK 317m. Equity is identical in Nykredit Bank A/S and the Nykredit Bank Group, as the same recognition and measurement principles are applied.

At 30 June 2016, Nykredit Bank's own funds totalled DKK 15.7bn. The Common Equity Tier 1 (CET1) 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 30 June 2016 against DKK 15.7bn at end-2015.

The risk exposure amount (REA) totalled DKK 78.1bn at 30 June 2016 compared with DKK 76.3bn at end-2015.

At 30 June 2016, the total capital ratio was 20.0%, while the CET1 capital ratio was 19.6%. 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 9.3bn at 30 June 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 12.0% at 30 June 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.

Comparative figures have been restated accordingly.

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 H1/2015, the business unit Wholesale has been divided into two new business areas: Wholesale Clients and Wealth Management. 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.

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	494	487	709	905	493	431	51	16	1,747	1,841
- payment for distribution	273	295	(108)	(138)	(165)	(157)	0	0	0	0
Total business operations	767	782	601	768	328	274	51	16	1,747	1,841
Core income from securities	0	0	0	0	0	0	4	4	4	4
Income from core business	767	782	601	768	328	274	55	20	1,751	1,845
Operating costs and depreciation of equipment	496	530	261	265	190	137	16	6	963	939
Expenses for guarantee and resolution schemes ¹	11	32	0	1	0	0	0	0	11	34
Profit from core business before impairment losses	260	220	340	502	138	137	39	14	777	872
Impairment losses on loans and advances	3	(4)	(107)	(84)	24	0	(6)	0	(86)	(89)
Profit from core business	257	224	447	586	114	137	45	14	863	961
Value adjustment of interest rate swaps	(622)	250	(690)	204	0	0	0	0	(1,312)	454
Investment portfolio income	0	0	0	0	0	0	25	45	25	45
Profit (loss) before tax	(365)	473	(243)	790	114	137	70	59	(424)	1,460
Profit excl value adjustment of interest rate swaps	257	224	447	586	114	137	70	59	888	1,006
Operating costs and depreciation of equipment as % of core income from business operations	64.7	67.7	43.4	34.5	58.0	50.1			55.1	51.0

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.

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

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 constantly working to improve and customise our product propositions, strengthen our advisory services and optimise 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.

H1/2016 in brief

Personal Banking

Retail Personal Banking saw somewhat lower activity levels compared with the same period last year.

In H1/2016, Retail Personal Banking continued to improve Nykredit's homeowner banking programme, BoligBank, with the introduction of more competitive prices and the launch of new services targeting homeowners. The number of BoligBank customers grew in H1/2016.

Wealth management services strengthened in H1 following the set-up of 10 local Private Banking centres.

Business Banking

In Retail Business Banking, activity levels in H1/2016 were affected by rising lending and almost unchanged interest rate levels.

At end-H1/2016, Retail Business Banking introduced a new specialist organisation with increased focus on particularly cash management. Nykredit continues to improve its business banking programme, ErhvervsBank, with individualised banking 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 257m against DKK 224m in H1/2015, but saw a loss before tax of DKK 365m compared with a profit of DKK 473m in H1/2015.

Gross income

The area's gross income totalled DKK 494m against DKK 487m in H1/2015. Moreover, Retail received DKK 273m as total payment for distribution from the other business areas.

Results for the period

Core income from business operations decreased from DKK 782m in H1/2015 to DKK 767m in 2016.

Operating costs and depreciation of equipment dropped by DKK 34m to DKK 496m.

Costs as a percentage of core income from business operations totalled 64.7% against 67.7% in H1/2015.

Impairment losses were DKK 3m against a gain of DKK 4m in H1/2015. SME impairments were a gain of DKK 34m against a gain of DKK 31m in H1/2015, while impairment losses relating to personal customers rose by DKK 10m to DKK 37m.

Impairment losses were 0.0% of loans and advances – the same as in H1/2015.

Value adjustment of interest rate swaps was a loss of DKK 622m against a gain of DKK 250m in H1/2015, which represented an adverse movement of DKK 872m. In both years, the value adjustment mainly resulted from SMEs, including housing cooperatives.

Lending and deposits

Retail's lending activities increased to DKK 27.7bn from DKK 27.1bn at end-2015, whereas deposits rose to DKK 43.6bn 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 46m compared with DKK 37m in H1/2015.

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 also 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.

H1/2016 in brief

Corporate & Institutional Banking

Corporate & Institutional Banking saw a lower activity level in H1/2016 than in the same period last year, but also participated in a number of large transactions despite continued fierce price competition.

Moreover, the recent initiatives regarding strategic financial advisory services have attracted new clients.

Nykredit Markets

Nykredit Markets's activity levels were characterised by high volatility in H1/2016, and earnings in H1 were affected by general investor caution over the heightened volatility. Nykredit Markets recorded growth in the client base in H1.

Nykredit Markets enhanced its activities with Wealth Management and 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 447m compared with DKK 586m in H1/2015. This decline mainly resulted from a downturn of DKK 167m in core income from business operations, which should be seen in the context of the high earnings level of Nykredit Market in H1/2015 and the one-off income of DKK 35m in Corporate and Institutional Banking.

Wholesale Clients posted a loss before tax of DKK 243m against a profit of DKK 790m in H1/2015, corresponding to a decline of DKK 1,033m.

Gross income

The area's gross income totalled DKK 709m against DKK 905m in H1/2015. Of this amount, gross income from Nykredit Markets was DKK 386m, down DKK 125m on H1/2015, and gross income from Corporate & Institutional Banking went down by DKK 71m from DKK 394m to DKK 323m. Total payment for distribution was negative at DKK 108m, equal to 15.2% of gross income, which will be reallocated to the other business areas.

Results for the period

The business area's core income from business operations totalled DKK 601m, equal to a drop of DKK 167m on H1/2015. This was mainly a result of an earnings decline of DKK 100m in Nykredit Markets and DKK 67m in Corporate & Institutional Banking compared with H1/2015.

Operating costs excluding expenses for guarantee and resolution schemes were DKK 261m, down DKK 4m relative to H1/2015.

Operating costs and depreciation of equipment as a percentage of core income from business operations totalled 43.4% compared with 34.5% in H1/2015. The rise in the cost:income ratio was prompted by declining income.

Impairment losses on loans and advances equalled a gain of DKK 107m against a gain of DKK 84m in H1/2015. The gain in H1/2016 comprised DKK 65m relating to Corporate & Institutional Banking and DKK 42m relating to non-continuing exposures in the unit Other Activities.

Impairment losses were negative 0.2% of loans and advances compared with negative 0.3% in H1/2015.

Value adjustment of interest rate swaps was a loss of DKK 690m in H1/2016, which represented a movement of DKK 894m compared with H1/2015, when value adjustment was a gain of DKK 204m.

Lending and deposits

Lending amounted to DKK 18.7bn compared with DKK 17.8bn at end-2015.

Deposits came to DKK 15.0bn 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.

H1/2016 in brief

Assets under management went up by DKK 3.3bn to DKK 147bn at end-H1/2016 as a result of positive net sales and positive value adjustments.

Total assets under administration increased by DKK 16.4bn to DKK 716.8bn at end-H1/2016. The increase comprised net growth of DKK 12bn and price increases of DKK 4.4bn.

Nykredit Asset Management

In H1/2016, Nykredit Asset Management was affected by adjustments of the pricing structure of Nykredit's investment funds. In connection with the adaptation to MiFID II, almost all the funds ceased charging subscription fees at the beginning of the year.

In Q1/2016, Nykredit Asset Management launched the sub-fund Nykredit Global Equities as part of its international investment fund Investin SICAV. The subfund's net asset value was approximately DKK 0.6bn at end-H1.

Private Banking

Private Banking achieved satisfactory client growth, both in terms of new clients and sophistication of existing client relationships.

Generally in H1, Private Banking has focused specifically on sophisticating existing client relationships with Private Banking potential. In addition, the unit continued to focus on customising propositions to its clients.

Results from core business

Profit from core business was DKK 114m compared with DKK 137m in H1/2015, while profit before tax was DKK 114m against DKK 137m in H1/2015, corresponding to a DKK 23m decline that was primarily attributable to a rise in impairment losses.

Gross income

Wealth Management's gross income totalled DKK 493m against DKK 431m in H1/2015. Total payment for distribution was negative at DKK 165m, equal to 33.5% of gross income, which will be reallocated to the other business areas.

Results for the period

The business area's core income from business operations totalled DKK 328m, up DKK 54m on H1/2015, which was mainly a result of an earnings increase in Private Banking and Nykredit Asset Management.

Operating costs amounted to DKK 190m, equal to an increase of DKK 53m on H1/2015.

Operating costs and depreciation of equipment as a percentage of core income from business operations totalled 58.0% compared with 50.1% in H1/2015. The cost:income ratio increased due to higher costs.

Impairment losses on loans and advances amounted to DKK 24m and were attributable to Private Banking.

Impairment losses were 0.8% of loans and advances compared with 0.0% in H1/2015.

Lending and deposits

Lending amounted to DKK 2.3bn compared with DKK 1.9bn at end-2015.

Deposits came to DKK 8.6bn 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 62m compared with DKK 55m in H1/2015.

GROUP ITEMS

Group Items includes the results of the Bank's Treasury, 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 H1/2015 have been restated, and results improved by DKK 136m from a loss before tax of DKK 77m to a profit before tax of DKK 59m due to the reduced operating costs.

Profit from core business was DKK 45m compared with DKK 14m in H1/2015, and a profit before tax was DKK 70m against DKK 59m in H1/2015. Treasury activities contributed a profit of DKK 42m compared with DKK 17m in H1/2015.

Core income was DKK 51m in H1/2016, while operating costs and depreciation of equipment amounted to DKK 16m compared with DKK 6m in H1/2015.

Core income from securities and investment portfolio income totalled a profit of DKK 29m against DKK 49m in H1/2015.

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 broadly unchanged at a gain of DKK 86m in H1/2016 compared with a gain of DKK 89m in H1/2015.

Of the total gain of DKK 86m, individual impairment provisions were a gain of DKK 48m, while collective impairment provisions were a gain of DKK 8m. Recoveries on loans and advances previously written off totalled DKK 23m, while write-offs of loans, advances and guarantees not previously impaired came to DKK 27m.

Provisions for guarantees were a gain of DKK 34m in H1/2016 against DKK 0m in H1/2015.

Retail impairment losses rose by DKK 7m to DKK 3m. The improvement was attributable to impairment losses on lending to SMEs, which changed by DKK 3m from a gain of DKK 31m in H1/2015 to a gain of DKK 34m, and impairment losses on lending to personal customers, which rose by DKK 10m to DKK 37m.

Impairments in Wholesale Clients were a gain of DKK 107m against a gain of DKK 85m in H1/2015. The impairment

charge for Corporate & Institutional Banking reduced by DKK 13m to a gain of DKK 65m.

Impairments in Wealth Management were DKK 24m in H1/2016.

Provisions for loan impairment and guarantees at 30 June 2016

Total impairment provisions decreased by 21% from DKK 3,320m in H1/2015 to DKK 2,608m at 30 June 2016. Individual impairment provisions reduced by DKK 675m and collective impairment provisions by DKK 37m.

Compared with end-2015, impairment provisions fell from DKK 2,875m to DKK 2,608m. Of the DKK 259m decline in individual impairment provisions, DKK 212m was write-offs.

Provisions for loan impairment and guarantees – Nykredit Bank Group

DKK million	Retail		Wholesale Clients		Wealth Management		Group Items		Total	
	H1/2016	H1/2015	H1/2016	H1/2015	H1/2016	H1/2015	H1/2016	H1/2015	H1/2016	H1/2015
Impairment provisions, beginning of year	1,784	1,978	1,011	1,522	4	4	76	77	2,875	3,581
Impairment provisions and reversals	(104)	(127)	(134)	(133)	24	0	(53)	(1)	(267)	(261)
Impairment provisions, end of period	1,680	1,851	877	1,389	28	4	23	76	2,608	3,320
Of which individual	1,596	1,746	829	1,325	27	3	0	54	2,452	3,128
Of which individual, banks	0	0	0	0	0	0	23	22	23	22
Of which collective	84	105	48	64	1	1	0	0	133	170
Provisions for guarantees										
Provisions, beginning of period	44	51	55	55	0	0	0	0	99	106
Provisions, end of period	39	51	25	55	0	0	0	0	64	106
Total provisions for loan impairment and guarantees	1,719	1,902	902	1,444	28	4	23	76	2,672	3,426
Earnings impact										
New impairment provisions and losses for the period, net	22	8	(68)	(81)	24	0	(6)	0	(28)	(73)
Recoveries on loans and advances previously written off	10	11	13	5	0	0	0	0	23	16
Total	12	(3)	(81)	(86)	24	0	(6)	0	(51)	(89)
Provisions for guarantees	(9)	(1)	(26)	1	0	0	0	0	(34)	0
Total earnings impact	3	(4)	(107)	(85)	24	0	(6)	0	(86)	(89)

Impairment provisions for Retail fell back from DKK 1,784m at end-2015 to DKK 1,680m due to an increase of DKK 8m in impairment provisions for personal customers and a decline of DKK 112m in impairment provisions for SMEs.

Impairment provisions for Wholesale Clients and Wealth Management reduced by DKK 110m from DKK 1,015m at end-2015 to DKK 905m, of which the portfolio of non-continuing exposures accounted for a decline of DKK 65m from DKK 334m to DKK 269m. Other business units remained unchanged compared with end-2015.

Total non-continuing exposures were fairly unchanged at DKK 0.3bn at 30 June 2016 (carrying amounts after impairments).

Provisions for guarantees amounted to DKK 64m 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 3.1% against 3.2% at end-2015.

Loans, advances and guarantees by sector

The carrying amount of loans, advances and guarantees totalled DKK 93.6bn against DKK 101.4bn at end-2015, down DKK 7.8bn.

This figure comprised a decline in reverse repurchase lending of DKK 9.2bn, a rise in other loans and advances of DKK 2.8bn and a decline in guarantees of DKK 1.5bn. Reverse repurchase lending totalled DKK 30.3bn at 30 June 2016 compared with DKK 39.5bn at end-2015.

Finance and insurance still accounted for the largest single sector exposure at DKK 35.0bn against DKK 45.4bn at end-2015. The exposure widely comprised reverse repurchase lending with bonds serving as security, and the DKK 10.4bn fall should partly be seen in light of a general decrease in reverse repurchase lending of DKK 9.2bn.

Finance and insurance accounted for 37.4% against 44.8% at end-2015, the real estate sector 11.3% against 10.3% at end-2015 and personal customers 20.0% against 19.8% at end-2015.

Nykredit Bank recorded lending growth of 6.1%, 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 7.7% on end-2015.

Lending to the real estate and construction sectors totalled DKK 13.3bn at end-March 2016 against DKK 12.7bn at end-2015. Of total loans, advances and guarantees, DKK 8.8bn derived from the category "Renting of real estate", which was unchanged on end-2015.

At 30 June 2016, loan impairment provisions for the real estate sector totalled DKK 1.3bn compared with DKK 1.4bn at end-2015, or 8.7% 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 12.7% compared with 11.4% at end-2015.

Loans, advances and guarantees by sector

DKK million	Loans, advances and guarantees		Provisions	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015
Public sector	401	296	0	0
Agriculture, hunting, forestry and fishing	2,507	2,384	103	102
Manufacturing, mining and quarrying	4,765	4,733	185	225
Energy supply	2,416	936	3	3
Construction	2,749	2,234	230	232
Trade	3,334	2,946	59	88
Transport, accommodation and food service activities	3,592	3,444	108	104
Information and communication	1,500	999	16	17
Finance and insurance	34,967	45,416	121	224
Real estate	10,599	10,431	1,036	1,140
Other	8,030	7,481	191	231
Total business customers	74,459	81,004	2,052	2,366
Personal customers	18,733	20,094	597	586
Total	93,593	101,394	2,649	2,952
Total, incl impairment provisions for banks	-	-	2,672	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	H1/2015
Lending growth (limit value <20%)	6.1	(1.8)
Large exposures (limit value <125%)	0.0	24.1
Property exposure (limit value <25%)	12.7	13.7
Funding ratio (limit value <1.0%)	0.5	0.5
Excess liquidity coverage (limit value 50%)	246.5	305.9

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 30 June 2016.

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 – 30 June 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 presented 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, 18 August 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 30 June 2016 and of the results of the Group's and the Parent Company's operations and cash flows for the financial period 1 January – 30 June 2016.

We are furthermore of the opinion that the Management's Review gives a fair review of the development in the operations and financial circumstances of the Group and the 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 subject to audit or review.

Board of Directors

Michael Rasmussen, Chairman

Søren Holm, Deputy Chairman

Kent Ankersen*

Kim Duus

Flemming Ellegaard*

Anders Jensen

Allan Kristiansen*

* Staff-elected member

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

DKK million

Nykredit Bank A/S		Nykredit Bank Group			
H1/2015	H1/2016		Note	H1/2016	H1/2015
INCOME STATEMENT					
1,095	787	Interest income	5	854	1,155
8	21	Negative interest, net	5a	21	8
298	172	Interest expenses	6	172	298
805	636	Net interest income		703	865
4	12	Dividend on equities		12	4
612	617	Fee and commission income		807	752
234	250	Fee and commission expenses		294	246
1,187	1,015	Net interest and fee income		1,228	1,375
956	(779)	Value adjustments	7	(778)	954
0	1	Other operating income		14	15
831	841	Staff and administrative expenses	8	953	932
8	8	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets		8	8
31	11	Other operating expenses		13	33
(94)	(91)	Impairment losses on loans, advances and receivables	9	(86)	(89)
73	86	Profit from investments in associates and Group enterprises	10	-	-
1,440	(446)	Profit (loss) before tax		(424)	1,460
322	(129)	Tax	11	(107)	342
1,118	(317)	Profit (loss) for the period		(317)	1,118
Statements of comprehensive income					
1,118	(317)	Profit (loss) for the period		(317)	1,118
-	-	Other comprehensive income		-	-
1,118	(317)	Comprehensive income for the period		(317)	1,118

Balance sheets, end of period

Nykredit Bank A/S		DKK million		
31.12.2015	30.06.2016		Nykredit Bank Group	
		Note	30.06.2016	31.12.2015
ASSETS				
2,744	1,425		1,425	2,744
10,681	35,985	12	35,985	10,681
39,467	30,350	13	30,350	39,467
45,345	48,121	14	49,554	46,747
39,624	37,357	15	37,867	40,051
360	276	16	277	361
1,004	1,090		-	-
34	28		28	34
7	5		5	7
-	130		130	-
70	73		73	-
31	28	17	28	31
34,159	39,223	18	39,268	34,198
6	17		26	18
173,532	194,108		195,016	174,339

Balance sheets, end of period

DKK million

Nykredit Bank A/S		Nykredit Bank Group			
31.12.2015	30.06.2016		Note	30.06.2016	31.12.2015
LIABILITIES AND EQUITY					
34,417	39,665	Payables to credit institutions and central banks	19	40,205	34,957
62,834	69,704	Deposits and other payables	20	69,643	62,758
20,150	14,990	Bonds in issue at amortised cost	21	14,990	20,150
11,776	21,075	Other non-derivative financial liabilities at fair value	22	21,075	11,776
98	-	Current tax liabilities		30	98
29	29	Liabilities temporarily assumed		29	29
27,825	32,709	Other liabilities	23	33,013	28,133
4	5	Deferred income		9	7
157,133	178,177	Total payables		178,994	157,908
Provisions					
-	-	Provisions for deferred tax		91	32
100	65	Provisions for losses under guarantees	24	65	100
82	66	Other provisions	24	66	82
182	131	Total provisions		222	214
100	-	Subordinated debt	25	-	100
Equity					
8,045	8,045	Share capital		8,045	8,045
Other reserves					
536	536	Statutory reserves		-	-
7,536	7,219	Retained earnings		7,755	8,072
16,117	15,800	Total equity		15,800	16,117
173,532	194,108	Total liabilities and equity		195,016	174,339
OFF-BALANCE SHEET ITEMS					
15,279	14,327	Contingent liabilities	26	13,689	15,180
5,480	5,922	Other commitments	27	6,022	5,566

Statement of changes in equity for 1 January – 30 June

DKK million

Nykredit Bank A/S

	Share capital ¹	Statutory reserves	Retained earnings	Total
EQUITY, 30 JUNE 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			(317)	(317)
Total comprehensive income	-	-	(317)	(317)
Capital increase				
Total changes in equity	-	-	(317)	(317)
Equity, 30 June 2016	8,045	536	7,219	15,800
EQUITY, 30 JUNE 2015				
End of previous financial year	6,045	385	6,145	12,575
Total	6,045	385	6,145	12,575
Comprehensive income				
Profit for the period			1,118	1,118
Total comprehensive income	-	-	1,118	1,118
Capital increase	2,000			2,000
Total changes in equity	2,000	-	1,118	3,118
Equity, 30 June 2015	8,045	385	7,263	15,693

Statement of changes in equity for 1 January – 30 June

DKK million

Nykredit Bank Group

	Share capital ¹	Retained earnings	Total
EQUITY, 30 JUNE 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		(317)	(317)
Total comprehensive income	-	(317)	(317)
Capital increase			
Total changes in equity	-	(317)	(317)
Equity, 30 June 2016	8,045	7,755	15,800
EQUITY, 30 JUNE 2015			
End of previous financial year	6,045	6,530	12,575
Total	6,045	6,530	12,575
Comprehensive income			
Profit for the period		1,118	1,118
Total comprehensive income	-	1,118	1,118
Capital increase	2,000		2,000
Total changes in equity	2,000	1,118	3,118
Equity, 30 June 2015	8,045	7,648	15,693

¹ 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 Foreningen Nykredit.

Cash flow statement for 1 January – 30 June

DKK million

	Nykredit Bank Group	
	H1/2016	H1/2015
Profit (loss) for the period	(317)	1,118
Adjustment for non-cash operating items		
Depreciation and impairment losses for property, plant and equipment	8	8
Other non-cash changes	25	(7)
Impairment losses on loans, advances and receivables	(63)	(73)
Tax calculated on profit (loss) for the period	(107)	342
Total	(137)	270
Profit (loss) for the period adjusted for non-cash operating items	(454)	1,388
Change in working capital		
Loans, advances and other receivables	6,217	6,866
Deposits and other payables	7,501	(104)
Payables to credit institutions and central banks	5,260	(18,004)
Bonds at fair value	1,476	22,630
Equities	84	(46)
Other working capital	9,090	(15,518)
Total	29,628	(4,176)
Corporation tax paid, net	(105)	(10)
Cash flows from operating activities	29,069	(2,798)
Cash flows from investing activities		
Property, plant and equipment	0	4
Total	0	4
Cash flows from financing activities		
Capital increase	-	2,000
Subordinated debt	(100)	-
Bonds in issue	(4,913)	(1,198)
Total	(5,013)	802
Total cash flows	24,056	(1,992)
Cash and cash equivalents, beginning of period	13,425	33,885
Foreign currency translation adjustment of cash	(71)	61
Cash and cash equivalents, end of period	37,410	31,954
Cash and cash equivalents, end of period		
Specification of cash and cash equivalents, end of period:		
Cash balances and demand deposits with central banks	1,425	15,212
Receivables from credit institutions and central banks	35,985	16,742
Total	37,410	31,954

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Notes

1. ACCOUNTING POLICIES

General

The Consolidated Financial Statements for H1/2016 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 H1/2016 of the Parent Company have been 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).

IFRS 9

IFRS 9 is expected to be implemented for financial years beginning on 1 January 2018 or later (the standard has not yet been approved for use in the EU). Where the Nykredit Bank Group is concerned, especially the new loan impairment rules will have a material impact on the Financial Statements. Nykredit expects the impact on equity of the future impairment provisions to be an estimated DKK 0.3bn as at 1 January 2018, equal to the increased loan impairment provisions after deduction of the tax effect.

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 sheet 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 H1 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 launched 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 both 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 sheet or equity.

Other information

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

	30.06.2016	31.12.2015	30.06.2015
2. CAPITAL AND CAPITAL ADEQUACY			
NYKREDIT BANK A/S			
Equity	15,800	16,117	15,693
Prudent valuation adjustment	(452)	(300)	(299)
Intangible assets	(28)	(34)	(43)
Deduction for difference between IRB losses and impairments	-	(86)	(50)
Transitional adjustment of deductions	-	52	-
Common Equity Tier 1 capital deductions	(480)	(368)	(392)
Common Equity Tier 1 capital	15,320	15,749	15,301
Hybrid capital	-	100	100
Transitional hybrid capital adjustment	-	(26)	(38)
Hybrid capital	-	74	62
Tier 1 capital	15,320	15,823	15,363
Provisions for expected losses in accordance with IRB approach	366	349	380
Transitional Tier 2 capital adjustment	-	(26)	(38)
Own funds	15,686	16,146	15,705
Credit risk (incl credit value adjustments)	68,058	67,409	71,403
Market risk	7,998	8,666	10,244
Operational risk	5,202	4,046	4,046
Total risk exposure amount	81,258	80,121	85,693
Common Equity Tier 1 capital ratio, %	18.8	19.6	17.8
Tier 1 capital ratio, %	18.8	19.7	17.9
Total capital ratio, %	19.3	20.1	18.3

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

	30.06.2016	31.12.2015	30.06.2015
2. CAPITAL AND CAPITAL ADEQUACY (CONTINUED)			
NYKREDIT BANK GROUP			
Equity	15,800	16,117	15,693
Prudent valuation adjustment	(452)	(300)	(299)
Intangible assets	(28)	(34)	(43)
Deduction for difference between IRB losses and impairments	-	(40)	(34)
Common Equity Tier 1 capital deductions	(480)	(374)	(376)
Common Equity Tier 1 capital	15,320	15,743	15,317
Hybrid capital	-	100	100
Transitional hybrid capital adjustment	-	(13)	(25)
Hybrid capital	-	87	75
Tier 1 capital	15,320	15,830	15,392
Provisions for expected losses in accordance with IRB approach	342	327	360
Transitional Tier 2 capital adjustment	-	(13)	(25)
Own funds	15,662	16,144	15,727
Credit risk (incl credit value adjustments)	64,199	63,004	68,242
Market risk	7,998	8,666	10,244
Operational risk	5,898	4,641	4,640
Total risk exposure amount	78,095	76,311	83,126
Common Equity Tier 1 capital ratio, %	19.6	20.6	18.4
Tier 1 capital ratio, %	19.6	20.7	18.5
Total capital ratio, %	20.0	21.1	18.9

Nycredit Bank Group

3. CORE BUSINESS AND OTHER ACTIVITIES

	H1/2016			H1/2015		
	Core business	Other Activities ¹	Total	Core business	Other Activities ¹	Total
Net interest income	683	20	703	797	68	865
Dividend on equities	12	-	12	4	-	4
Fee and commission income, net	513	-	513	506	-	506
Net interest and fee income	1,208	20	1,228	1,307	68	1,375
Value adjustments	529	(1,307)	(778)	523	431	954
Other operating income	14		14	15		15
Staff and administrative expenses	953		953	932		932
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	8		8	8		8
Other operating expenses	13		13	33		33
Impairment losses on loans and advances	(86)		(86)	(89)		(89)
Profit (loss) before tax	863	(1,287)	(424)	961	499	1,460

Other Activities comprises negative value adjustment of interest rate swaps of DKK 1,312m (2015: positive value adjustment of DKK 454m) and investment portfolio income of DKK 25m (2015: DKK 45m).

Notes

DKK million
Nykredit Bank Group

4. BUSINESS AREAS

H1/2016	Personal Banking	Business Banking	Total Retail	Corporate & Institutional Banking	Markets	Total Wholesale Clients	Wealth Management	Group Items	Total
Core income from									
- customer activities, gross	283	211	494	323	386	709	493	51	1,747
- payment for distribution	160	113	273	47	(155)	(108)	(165)		-
Total business operations	443	324	767	370	231	601	328	51	1,747
- core income from securities								4	4
Income from core business*	443	324	767	370	231	601	328	55	1,751
Operating costs and depreciation of equipment ¹			496	126	135	261	190	16	963
Expenses for guarantee and resolution schemes ¹			11	0	0	0	0	0	11
Profit from core business before impairment losses			260	244	96	340	138	39	777
Impairment losses on loans and advances	37	(34)	3	(107)	-	(107)	24	(6)	(86)
Profit from core business			258	350	96	447	113	45	863
Value adjustment of interest rate swaps	-	(622)	(622)	(692)	2	(690)	-	-	(1,312)
Investment portfolio income ¹								25	25
Profit (loss) before tax for the period			(364)	(342)	98	(244)	113	70	(424)
* Of which transactions between business areas.	161	53	214	(5)	(142)	(147)	(165)	98	-
Operating costs and depreciation of equipment as % of core income from business operations			64.7	34.1	58.3	43.4	58.0	-	55.1
Average allocated business capital	2,360	4,214	6,574	4,126	1,367	5,493	439	1,182	13,688
Profit from core business as % pa of allocated capital			3.9	8.5	7.0	8.1	25.8	-	6.3

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

In H1/2016 profit/loss before tax of the business units was impacted by organisational changes. Retail and Wholesale Clients (previously Wholesale) reduced by DKK 85m and DKK 28m, respectively, whereas Wealth Management increased by DKK 113m.

BALANCE SHEET

ASSETS

Loans and advances at fair value								30,350	30,350
Loans and advances at amortised cost	11,369	16,352	27,721	18,657	0	18,657	2,289	888	49,554
Assets by business area	11,369	16,352	27,721	18,657	0	18,657	2,289	31,238	79,904
Unallocated assets									115,112
Total assets									195,016

LIABILITIES AND EQUITY

Deposits and other payables	26,267	17,361	43,628	15,028	0	15,028	8,564	2,423	69,643
Liabilities by business area	26,267	17,361	43,628	15,028	0	15,028	8,564	2,423	69,643
Unallocated liabilities									109,573
Equity									15,800
Total liabilities and equity									195,016
Off-balance sheet items (guarantees)	8,700	3,285	11,984	6,749	0	6,750	711	266	19,711

Notes

DKK million
Nykredit Bank Group

4. BUSINESS AREAS (CONTINUED)

H1/2015	Personal Banking	Business Banking	Total Retail	Corporate & Institutional Banking	Markets	Total Wholesale Clients	Wealth Management	Group Items	Total
Core income from									
- customer activities, gross	281	207	487	394	511	905	431	16	1,841
- payment for distribution	169	126	295	43	(181)	(138)	(157)		0
Total business operations	450	333	782	437	331	768	274	16	1,841
- core income from securities								4	4
Income from core business*	450	333	782	437	331	768	274	20	1,845
Operating costs and depreciation of equipment ¹			530	118	147	265	137	6	939
Expenses for guarantee and resolution schemes ¹			32	1	0	1	0	0	34
Profit from core business before impairment losses			220	317	184	502	137	14	872
Impairment losses on loans and advances	28	(31)	(4)	(84)	0	(84)	0	0	(89)
Profit from core business			224	403	184	586	137	14	961
Value adjustment of interest rate swaps	1	248	250	204	0	204	0	0	454
Investment portfolio income ¹								45	45
Profit before tax for the period			473	606	184	790	137	59	1,460
* Of which transactions between business areas.	160	44	204	(26)	(65)	(90)	(158)	45	0
Operating costs and depreciation of equipment as % of core income from business operations			67.7	27.0	44.5	34.5	50.1	-	51.0
Average allocated business capital	2,302	4,835	7,137	4,996	2,272	7,268	381	990	15,776
Profit from core business as % pa of allocated capital			3.1	8.1	8.1	8.1	35.9	-	6.1

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

As a result of the organisational changes, comparative figures have been restated, thus affecting profit before tax. Retail and Wholesale Clients reduced by DKK 87m and DKK 186m, respectively, whereas Wealth Management and Group Items increased by DKK 137m and DKK 136m, respectively.

IT costs, previously allocated to Group Items, were allocated to the individual entities. As a result, operating costs were negatively affected by DKK 63m in Retail and by DKK 47m in Wholesale Clients (previously Wholesale).

BALANCE SHEET, 31 DECEMBER 2015

ASSETS									
Loans and advances at fair value					39,467		39,467		39,467
Loans and advances at amortised cost	12,077	14,977	27,054	19,213	467	5	19,684	8	46,747
Assets by business area	12,077	14,977	27,054	19,213	39,934	5	59,152	8	86,214
Unallocated assets									88,125
Total assets									174,339
LIABILITIES AND EQUITY									
Deposits and other payables	23,781	17,018	40,799	15,908	1,481	4,139	21,528	432	62,758
Liabilities by business area	23,781	17,018	40,799	15,908	1,481	4,139	21,528	432	62,758
Unallocated liabilities									95,463
Equity									16,117
Total liabilities and equity									174,339
Off-balance sheet items (guarantees)	9,909	3,088	12,997	6,943			6,943	805	20,746

Notes

DKK million

Nykredit Bank A/S		Nykredit Bank Group	
H1/2015	H1/2016	H1/2016	H1/2015
5. INTEREST INCOME			
2	5	5	2
1,042	899	964	1,099
343	121	122	346
(292)	(241)	(241)	(292)
Of which			
98	88	88	98
(371)	(318)	(318)	(371)
(22)	(14)	(14)	(22)
3	3	3	3
0	3	4	0
1,095	787	854	1,155
Of which interest income from genuine purchase and resale transactions entered as			
0	0	0	0
9	0	0	9
5A. NEGATIVE INTEREST			
Interest income			
(16)	(16)	(16)	(16)
(48)	(53)	(53)	(48)
(64)	(69)	(69)	(64)
Of which interest income from genuine purchase and resale transactions entered as			
(9)	(11)	(11)	(9)
(48)	(52)	(52)	(48)
Interest expenses			
(53)	(40)	(40)	(53)
(19)	(50)	(50)	(19)
(72)	(90)	(90)	(72)
Of which interest expenses for genuine purchase and resale transactions entered as			
(27)	(14)	(14)	(27)
(6)	(38)	(38)	(6)
8	21	21	8
6. INTEREST EXPENSES			
32	34	34	32
105	35	35	105
155	72	72	155
1	1	1	1
5	30	30	5
298	172	172	298
Of which interest expenses for genuine sale and repurchase transactions entered as			
6	7	7	6
2	0	0	2
7. VALUE ADJUSTMENTS			
(4)	1	1	(4)
40	168	169	38
83	3	3	83
189	(1)	(1)	189
648	(950)	(950)	648
956	(779)	(778)	954

Value adjustments mainly relate to financial assets, financial liabilities and derivative financial instruments included in the Bank's/Group's trading activities. Value adjustments have only been made for own credit risk on derivative financial liabilities at fair value and was below DKK 1m.

Notes

DKK million

Nykredit Bank A/S		Nykredit Bank Group	
H1/2015	H1/2016	H1/2016	H1/2015
8. STAFF AND ADMINISTRATIVE EXPENSES			
10	2	2	10
297	340	400	354
524	499	551	568
831	841	953	932
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			
4	2	2	4
6	-	-	6
10	2	2	10
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			
239	273	321	286
24	24	30	29
34	43	49	39
297	340	400	354
608	633	791	761
Average number of staff, full-time equivalents			
9. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES			
Specification of impairment provisions			
3,080	2,403	2,451	3,127
23	23	23	23
168	128	133	170
3,271	2,554	2,607	3,320
Individual impairment provisions for loans, advances and receivables			
3,006	2,660	2,711	3,051
440	262	276	454
207	307	324	218
159	212	212	160
3,080	2,403	2,451	3,127
Individual impairment provisions for receivables from credit institutions			
23	23	23	23
-	-	-	-
23	23	23	23
Collective impairment provisions			
507	136	141	509
(339)	(8)	(8)	(339)
168	128	133	170

Notes

DKK million

Nykredit Bank A/S		Nykredit Bank Group		
H1/2015	H1/2016	H1/2016	H1/2015	
9. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES (CONTINUED)				
Earnings impact				
(106)	(53)	Change in provisions for loan and receivable impairment	(56)	(103)
28	19	Write-offs for the period, net	27	30
16	23	Recoveries on claims previously written off	23	16
(94)	(57)	Total impairment losses	(52)	(89)
0	(34)	Provisions for guarantees	(34)	0
(94)	(91)	Total	(86)	(89)
245	(83)	Of which individual impairment provisions	(78)	250
(339)	(8)	Of which collective impairment provisions	(8)	(339)
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				
4,678	3,489	Loans and advances at amortised cost subject to individual impairment provisioning	3,624	4,805
3,080	2,403	Impairment provisions	2,451	3,127
1,598	1,086	Carrying amount	1,173	1,678
46,731	47,163	Loans and advances at amortised cost subject to collective impairment provisioning	48,514	47,933
168	128	Impairment provisions	133	170
46,563	47,035	Carrying amount	48,381	47,763
10. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES				
73	86	Profit from investments in Group enterprises	-	-
73	86	Total	-	-
11. TAX				
322	(129)	Tax for the period	(107)	342
322	(129)	Total	(107)	342
22.4	28.9	Tax on profit (loss) for the period, %	25.2	23.4

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	30.06.2016		30.06.2016	31.12.2015
12. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS				
-	13,859	Receivables at call from central banks	13,859	-
10,681	22,126	Receivables from credit institutions	22,126	10,681
10,681	35,985	Total	35,985	10,681
669	13,538	Of which genuine purchase and resale transactions	13,538	669
13. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE				
39,467	30,350	Genuine purchase and resale transactions	30,350	39,467
39,467	30,350	Total	30,350	39,467
14. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST				
45,345	48,121	Loans and advances at amortised cost	49,554	46,747
45,345	48,121	Total	49,554	46,747
15. BONDS AT FAIR VALUE				
35,571	35,439	Covered bonds	35,949	35,998
572	725	Government bonds	725	572
5,509	2,049	Other bonds	2,049	5,509
41,652	38,213	Total	38,723	42,079
2,028	856	Self-issued bonds offset against bonds in issue	856	2,028
39,624	37,357	Total	37,867	40,051
The effect of fair value adjustment is recognised in the income statement.				
430	4,237	Of which redeemed bonds	4,237	430
13,855	21,179	Assets sold as part of genuine sale and repurchase transactions	21,179	13,855
4,871	6,856	As collateral for the Danish central bank, Danmarks Nationalbank, and foreign clearing centres, etc, bonds have been deposited of a total market value of	6,856	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	30.06.2016		30.06.2016	31.12.2015
16. EQUITIES				
177	123	Listed on Nasdaq Copenhagen A/S	124	178
6	1	Listed on other stock exchanges	1	6
177	152	Unlisted equities carried at fair value	152	177
360	276	Total	277	361
17. ASSETS IN TEMPORARY POSSESSION				
47	31	Assets, beginning of year	31	47
2	0	Additions	0	2
18	3	Disposals	3	18
31	28	Total	28	31
Assets in temporary possession comprises properties acquired by foreclosure.				
Nykredit Bank accepts mortgages over real estate as security for loans. In a number of instances, the Bank acquires the properties by foreclosure 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	1,491	Interest and commission receivable	1,553	2,369
29,250	34,722	Positive market value of derivative financial instruments	34,722	29,250
2,570	3,010	Other	2,993	2,579
34,159	39,223	Total	39,268	34,198
19. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS				
1,762	4,305	Payables to central banks	4,305	1,762
32,655	35,360	Payables to credit institutions	35,900	33,195
34,417	39,665	Total	40,205	34,957
5,294	4,038	Of which genuine sale and repurchase transactions	4,038	5,294
20. DEPOSITS AND OTHER PAYABLES				
50,197	54,367	On demand	54,306	50,121
2,334	2,889	At notice	2,889	2,334
7,536	9,406	Time deposits	9,406	7,536
2,767	3,042	Special deposits	3,042	2,767
62,834	69,704	Total	69,643	62,758
Deposits, loans and advances				
62,834	69,704	Deposits and other payables at amortised cost	69,643	62,758
45,345	48,121	Loans, advances and other receivables at amortised cost	49,554	46,747
17,489	21,583	Total	20,089	16,011
7,438	14,792	Deposits attributable to genuine sale and repurchase transactions in "Other non-derivative financial liabilities at fair value"	14,792	7,438

Notes

DKK million

Nykredit Bank A/S		Nykredit Bank Group		
31.12.2015	30.06.2016		30.06.2016	31.12.2015
21. BONDS IN ISSUE AT AMORTISED COST				
Issues				
13,708	9,469	EMTN issues*	9,469	13,708
8,227	6,182	ECP issues*	6,182	8,227
243	195	Other issues	195	243
22,178	15,846	Total	15,846	22,178
(2,028)	(856)	Own portfolio	(856)	(2,028)
20,150	14,990	Total	14,990	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	14,792	Deposits at fair value	14,792	7,438
4,338	6,283	Negative securities portfolios	6,283	4,338
11,776	21,075	Total	21,075	11,776
7,438	14,792	Of "Deposits at fair value", genuine sale and repurchase transactions total	14,792	7,438
23. OTHER LIABILITIES				
2,483	1,930	Interest and commission payable	1,931	2,483
24,732	29,707	Negative market value of derivative financial instruments	29,707	24,732
610	1,072	Other payables	1,375	918
27,825	32,709	Total	33,013	28,133

Notes

DKK million

Nykredit Bank A/S		Nykredit Bank Group	
31.12.2015	30.06.2016	30.06.2016	31.12.2015
24. PROVISIONS			
Provisions for losses under guarantees			
106	100	100	106
17	8	8	17
23	43	43	23
0	0	0	0
100	65	65	100
Other provisions			
83	82	82	83
88	5	5	88
43	0	0	43
46	21	21	46
82	66	66	82
Total provisions for losses under guarantees and other provisions			
189	182	182	189
105	13	13	105
66	43	43	66
46	21	21	46
182	131	131	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			
Nom DKK 100m. The loan is perpetual and carries a floating interest rate of 1.7% pa above			
100	-	-	100
100	-	-	100
Included in the determination of own funds			
100			100
Hybrid capital			
The loan was prepaid in May 2016.			

Notes

DKK million

Nykredit Bank A/S		Nykredit Bank Group		
31.12.2015	30.06.2016		30.06.2016	31.12.2015
26. CONTINGENT LIABILITIES				
8,804	8,039	Financial guarantees	7,500	8,804
1,423	1,321	Registration and refinancing guarantees	1,321	1,424
5,052	4,967	Other contingent liabilities	4,868	4,952
15,279	14,327	Total	13,689	15,180

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 of failing institutions included in the Fund's scheme. The scheme includes both natural and legal persons, and deposits are covered by an amount equivalent to EUR 100,000 per depositor and EUR 20,000 per investor.

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 Danish 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	30.06.2016		30.06.2016	31.12.2015
27. OTHER COMMITMENTS				
5,298	5,828	Irrevocable credit commitments	5,828	5,298
182	94	Other	194	268
5,480	5,922	Total	6,022	5,566

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 H1/2016.

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

	Carrying amount			Provisions			
	Loans and advances	Guarantees	Total	Proportion, %	Individual impairment and other provisions	Collective impairment provisions	Total
30 June 2016							
Public sector	383	18	401	0.4	-	-	-
Business customers							
Agriculture, hunting, forestry and fishing	1,957	550	2,507	2.7	83	20	103
Manufacturing, mining and quarrying	4,561	204	4,765	5.1	184	1	185
Energy supply	2,392	24	2,416	2.6	3	0	3
Construction	1,945	804	2,749	2.9	228	2	230
Trade	2,942	392	3,334	3.6	56	3	59
Transport, accommodation and food service activities	3,057	535	3,592	3.8	106	2	108
Information and communication	1,361	139	1,500	1.6	15	1	16
Finance and insurance	33,862	1,105	34,967	37.4	119	2	121
Real estate	9,005	1,594	10,599	11.3	978	58	1,036
Other	7,187	843	8,030	8.6	188	3	191
Total business customers	68,269	6,190	74,459	79.6	1,960	92	2,052
Personal customers	11,253	7,480	18,733	20.0	556	41	597
Total	79,905	13,688	93,593	100	2,516	133	2,649
Of which reverse repurchase lending (loans and advances at fair value)	30,350	-	30,350	32.4	-	-	-
31 December 2015							
Public sector	240	56	296	0.3	-	-	-
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	2,811	141	2,952
Of which reverse repurchase lending (loans and advances at fair value)	39,467	-	39,467	38.9	-	-	-
Provisioning rate, %	Q2/	Q1/	Q4/	Q3/	Q2/	Q1/	Q4/
Group	2016	2016	2015	2015	2015	2015	2014
Total loans and advances	79,904	83,935	86,214	82,040	79,206	78,973	85,722
Total guarantees	13,689	13,615	15,180	15,182	21,156	20,320	20,893
Impairment provisions for loans and advances at amortised cost	2,584	2,753	2,852	3,118	3,297	3,482	3,560
Provisions for guarantees	65	97	99	110	106	106	106
Total loans, advances, guarantees and provisions	96,242	100,400	104,345	100,450	103,765	102,881	110,281
Provisioning rate, %	2.8	2.8	2.8	3.2	3.3	3.5	3.3
Provisioning rate excluding guarantees, %	3.1	3.2	3.2	3.7	4.0	4.2	4.0

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

	Listed prices	Observable inputs	Unobservable inputs	Total fair value
30 June 2016				
Assets:				
Recognised in the trading book:				
- reverse repurchase lending to credit institutions and central banks		13,538		13,538
- other reverse repurchase lending		30,350		30,350
- bonds at fair value	32,421	5,446		37,867
- equities measured at fair value through profit or loss	152		125	277
- positive fair value of derivative financial instruments	56	33,929	737	34,722
Fair value, 30 June 2016, assets	32,629	83,263	862	116,754
Percentage	27.9	71.3	0.7	100.0
Liabilities:				
Recognised in the trading book:				
- repo transactions with credit institutions and central banks		4,038		4,038
- other non-derivative financial liabilities at fair value	6,283	14,792		21,075
- negative fair value of derivative financial instruments	58	29,649		29,707
Fair value, 30 June 2016, liabilities	6,341	48,479	0	54,820
Percentage	11.6	88.4	0.0	100.0

	Bonds	Equities	Derivatives	Total
Assets and liabilities measured on the basis of unobservable inputs				
Fair value, beginning of period, assets		138	621	759
Transferred from Listed prices and Observable inputs		-	47	47
Transferred to Listed prices and Observable inputs		-	(165)	(165)
Unrealised capital gains and losses recognised in "Value adjustments" in the income statement		(2)	234	232
Realised capital gains and losses recognised in "Value adjustments" in the income statement		(2)	-	(2)
Purchases for the period		1	-	1
Sales for the period		(10)	-	(10)
Fair value, 30 June 2016, assets		125	737	862
Fair value, beginning of period, liabilities		0	0	0
Transferred to Listed prices and Observable inputs		0	0	0
Fair value, 30 June 2016, liabilities		0	0	0

For 2016 unrealised negative value adjustments of DKK 184m relating to the portfolio of financial instruments measured on the basis of unobservable inputs were recognised in the income statement at 30 June 2016.

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

	Listed prices	Observable inputs	Unobservable inputs	Total fair value
31 December 2015				
Assets:				
Recognised in the 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 in the 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	0	41,802
Percentage	10.5	89.5	0.0	100.0
Assets and liabilities 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)
Fair value, 31 December 2015, assets		138	621	759
Fair value, beginning of period, liabilities		0	297	297
Transferred to Listed prices and Observable inputs			(297)	(297)
Fair value, 31 December 2015, liabilities		0	0	0

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.

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

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 or 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 objective evidence of impairment (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 future exposures to interest rate swaps. Calculations entailing increased CVA are included in the value adjustment.

The valuation of derivatives further includes so-called Debt Value Adjustment (DVA) of transactions 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 365m at 30 June 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 their times-to-maturity. At 30 June 2016, the non-amortised minimum margin amounted to DKK 415m 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 737m at 30 June 2016. Credit value adjustments came to DKK 5,690m at 30 June 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 192m.

However, financial assets measured on the basis of unobservable inputs account for a very limited part of total financial assets at fair value. At 30 June 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 0.9bn (end-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 86m at 30 June 2016 (0.5% of equity at 30 June 2016). The earnings impact for 2015 was DKK 76m (0.5% of equity at 31 December 2015).

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 30 June 2016, the amount was DKK 4.2bn 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	
30 June 2015	30 June 2016	30 June 2016	30 June 2015
31. FOREIGN EXCHANGE AND INTEREST RATE EXPOSURES			
Foreign exchange risk			
15	19	19	15
0.1	0.1	0.1	0.1
0.2	0.2	0.2	0.2
0.0	0.0	0.0	0.0
Interest rate risk by the currency involving the highest interest rate exposure			
128	102	103	132
(87)	(9)	(9)	(87)
5	(9)	(9)	5
(3)	(1)	(1)	(3)
(18)	(4)	(4)	(18)
5	2	2	5
0	(4)	(4)	0
(1)	(3)	(3)	(1)
29	74	75	33
Total interest rate exposure of debt instruments			

Interest rate risk is the risk of loss as a result of interest rate changes, and 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 financial instruments. The interest rate exposure ranged between a gain of DKK 67m and a loss of 109m in H1/2016 compared with a gain of DKK 62m and a loss of DKK 161m in H1/2015. At end-Q2/2016, the interest rate exposure totalled a loss of DKK 74m against a loss of DKK 29m at end-H1/2015.

Furthermore, Nykredit Bank incurs interest rate risk on interest rate swaps with customers with the lowest ratings, typically customers showing objective evidence of impairment. 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.

Value-at-Risk

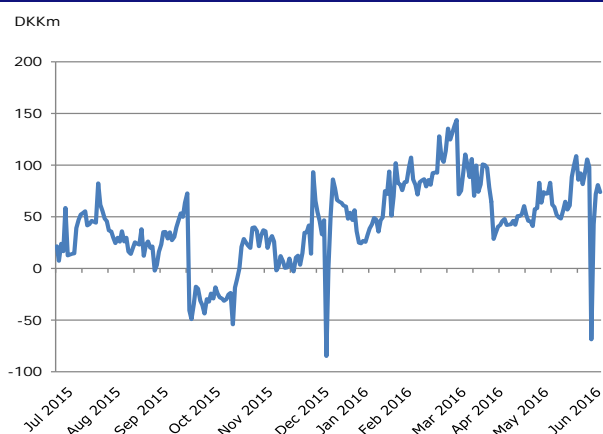
VaR models are applied to calculate the maximum value decrease of a portfolio over a given period and at a given probability. VaR models measure the effect and probability of several risks occurring at the same time.

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 13m at end-Q2/2016 against DKK 14m at end-H1/2015. This means that according to the internal VaR model, Nykredit Bank would, at a 99% probability, lose a maximum of DKK 13m in one day in consequence of market fluctuations.

NET INTEREST RATE RISK



VALUE-AT-RISK



Notes

DKK million
Nykredit Bank Group

32. GROUP STRUCTURE

Name and registered office	Ownership interest as %, 30 June 2016	Profit (loss) for H1/2016	Equity, 30 June 2016	Profit for 2015	Equity, 31 December 2015	Number of staff
Nykredit Bank A/S (Parent Company), Copenhagen, a)		(317)	15,800	1,542	16,117	633
Consolidated subsidiaries						
Nykredit Portefølje Administration A/S, Copenhagen, b)	100	49	531	85	482	108
Nykredit Leasing A/S, Gladsaxe, c)	100	37	559	66	522	50
	Number of staff	Revenue**	Profit before tax	Tax	Government aid received	
Geographical distribution of activities						
Denmark: Companies and activities appear from the Group structure	791	1,675	(424)	(107)	-	
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, 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 30 June 2016, the property group comprised a number of subsidiaries without activities.

Notes

DKK million

	H1/2016	FY 2015	H1/2015	H1/2014	H1/2013	H1/2012
33. NYKREDIT BANK GROUP – FINANCIAL HIGHLIGHTS						
SUMMARY INCOME STATEMENT						
Net interest and fee income	1,228	2,842	1,375	1,760	1,560	1,473
Value adjustments	(778)	945	954	(483)	156	(16)
Other operating income	14	25	15	13	16	14
Staff and administrative expenses	953	1,832	932	1,019	978	911
Other operating expenses, depreciation and amortisation	21	91	41	38	41	10
Impairment losses on loans, advances and receivables	(86)	(121)	(89)	39	166	248
Profit from investments in associates and Group enterprises	-	-	-	-	30	-
Profit (loss) before tax	(424)	2,010	1,460	194	577	302
Tax	(107)	468	342	42	146	72
Profit (loss) for the period	(317)	1,542	1,118	152	431	230
Comprehensive income						
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	(317)	1,542	1,118	152	431	230
SUMMARY BALANCE SHEET, END OF PERIOD						
Assets						
Cash balances and receivables from central banks and credit institutions	37,410	13,425	31,954	27,790	27,853	44,545
Loans, advances and other receivables at fair value	30,350	39,467	29,765	45,328	48,797	32,106
Loans, advances and other receivables at amortised cost	49,554	46,747	49,441	46,908	50,424	55,318
Bonds at fair value and equities	38,144	40,412	44,109	79,968	80,313	72,839
Remaining assets	39,558	34,288	37,688	36,906	44,638	48,531
Total assets	195,016	174,339	192,957	236,900	252,025	253,339
Liabilities and equity						
Payables to credit institutions and central banks	40,205	34,957	45,693	63,306	61,393	66,191
Deposits and other payables	69,643	62,758	66,056	61,918	63,407	55,446
Bonds in issue at amortised cost	14,990	20,150	25,763	22,565	26,754	27,385
Other non-derivative financial liabilities at fair value	21,075	11,776	8,171	40,857	43,258	39,656
Remaining payables	33,081	28,267	31,286	33,268	41,987	49,778
Total payables	178,994	157,908	176,969	221,914	236,799	238,456
Provisions	222	214	195	236	275	201
Subordinated debt	-	100	100	250	250	250
Equity	15,800	16,117	15,693	14,500	14,701	14,432
Total liabilities and equity	195,016	174,339	192,957	236,900	252,025	253,339
OFF-BALANCE SHEET ITEMS						
Contingent liabilities	13,689	15,180	21,156	12,028	10,706	12,366
Other commitments	6,022	5,566	4,671	6,536	6,990	7,766

Notes

	H1/2016	FY 2015	H1/2015	H1/2014	H1/2013	H1/2012
33. NYKREDIT BANK GROUP – FINANCIAL HIGHLIGHTS (CONTINUED)						
Financial ratios						
Total capital ratio, %	20.0	21.1	18.9	16.0	21.9	19.8
Tier 1 capital ratio, %	19.6	20.7	18.5	15.6	21.9	19.8
Return on equity before tax, %	(2.7)	14.0	10.3	1.3	4.0	2.1
Return on equity after tax, %	(2.0)	10.7	7.9	1.1	3.0	1.6
Income:cost ratio	0.52	2.12	2.65	1.18	1.49	1.26
Interest rate exposure, %	0.5	0.5	0.2	0.0	1.0	0.6
Foreign exchange position, %	0.1	1.1	0.1	0.3	1.0	2.3
Foreign exchange exposure, %	0.0	0.0	0.0	0.0	0.0	0.0
Loans and advances:deposits	1.2	1.4	1.2	1.6	1.6	1.6
Loans and advances:equity	5.1	5.3	5.0	6.4	6.7	6.1
Growth in loans and advances excluding repo transactions for the period, %	6.0	(7.4)	5.1	(0.2)	1.2	(1.0)
Excess liquidity coverage:statutory liquidity requirements, %	247.7	347.2	306.5	219.3	201.6	152.9
Total large exposures, %	0.0	11.1	24.2	14.0	12.5	0.0
Impairment losses for the period, %	(0.1)	(0.1)	(0.1)	0.0	0.1	0.2
Return on capital employed, %	(0.2)	0.9	0.6	0.1	0.2	0.1
Average number of staff, full-time equivalents	791	761	761	852	858	850

Notes

DKK million

	H1/2016	FY 2015	H1/2015	H1/2014	H1/2013	H1/2012
34. NYKREDIT BANK A/S – FINANCIAL HIGHLIGHTS						
SUMMARY INCOME STATEMENT AND COMPREHENSIVE INCOME						
Net interest and fee income	1,015	2,452	1,187	1,594	1,404	1,344
Value adjustments	(779)	951	956	(481)	158	(15)
Other operating income	1	1	0	0	0	1
Staff and administrative expenses	841	1,629	831	921	881	842
Other operating expenses, depreciation and amortisation	19	87	39	37	38	6
Impairment losses on loans, advances and receivables	(91)	(136)	(94)	29	153	234
Profit from investments in associates and Group enterprises	86	151	73	52	75	41
Profit (loss) before tax	(446)	1,975	1,440	178	565	289
Tax	(129)	433	322	26	134	59
Profit (loss) for the period	(317)	1,542	1,118	152	431	230
Comprehensive income						
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	(317)	1,542	1,118	152	431	230
SUMMARY BALANCE SHEET, END OF PERIOD						
Assets						
Cash balances and receivables from central banks and credit institutions	37,410	13,425	31,953	27,789	27,853	44,545
Loans, advances and other receivables at fair value	30,350	39,467	29,765	45,328	48,797	32,106
Loans, advances and other receivables at amortised cost	48,121	45,345	48,162	45,694	50,236	54,965
Bonds at fair value and equities	37,633	39,984	43,718	79,675	80,112	72,670
Remaining assets	40,594	35,311	38,628	37,449	44,214	48,947
Total assets	194,108	173,532	192,226	235,935	251,212	253,233
Liabilities and equity						
Payables to credit institutions and central banks	39,665	34,417	45,153	62,561	61,393	66,151
Deposits and other payables	69,704	62,834	66,183	62,006	63,502	55,534
Bonds in issue at amortised cost	14,990	20,150	25,763	22,565	26,754	27,385
Other non-derivative financial liabilities at fair value	21,075	11,776	8,171	40,857	43,258	39,656
Remaining payables	32,743	27,956	31,014	33,017	41,143	49,624
Total payables	178,177	157,133	176,284	221,006	236,050	238,350
Provisions	131	182	149	179	211	201
Subordinated debt	0	100	100	250	250	250
Equity	15,800	16,117	15,693	14,500	14,701	14,432
Total liabilities and equity	194,108	173,532	192,226	235,935	251,212	253,233
OFF-BALANCE SHEET ITEMS						
Contingent liabilities	14,327	15,279	21,256	12,128	10,706	12,366
Other commitments	5,922	5,480	4,583	6,341	6,762	7,646

Notes

	H1/2016	FY 2015	H1/2015	H1/2014	H1/2013	H1/2012
34. NYKREDIT BANK A/S – FINANCIAL HIGHLIGHTS (CONTINUED)						
Financial ratios						
Total capital ratio, %	19.3	20.1	18.3	16.0	21.9	19.6
Tier 1 capital ratio, %	18.8	19.7	17.9	15.6	21.9	19.6
Return on equity before tax, %	(2.8)	13.8	10.2	1.2	3.9	2.0
Return on equity after tax, %	(2.0)	10.7	7.9	1.1	3.0	1.6
Income:cost ratio	0.42	2.25	2.86	1.18	1.53	1.27
Interest rate exposure, %	0.5	0.5	0.2	0.0	1.0	0.6
Foreign exchange position, %	0.1	1.1	0.1	0.3	0.0	2.4
Foreign exchange exposure, %	0.0	0.0	0.0	0.0	0.0	0.0
Loans and advances:deposits	1.1	1.4	1.2	1.5	1.6	1.6
Loans and advances:equity	5.0	5.3	5.0	6.3	6.7	6.0
Growth in loans and advances excluding repo transactions for the period, %	6.1	(7.5)	(1.8)	(0.5)	1.2	(1.2)
Excess liquidity coverage:statutory liquidity requirements, %	246.5	346.5	305.8	220.4	201.8	152.3
Total large exposures, %	0.0	11.1	24.3	14.0	12.5	0.0
Impairment losses for the period, %	(0.1)	(0.1)	(0.1)	0.0	0.1	0.2
Return on capital employed, %	(0.2)	0.9	0.6	0.1	0.2	0.1
Average number of staff, full-time equivalents	633	606	608	712	717	723

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 the total risk exposure amount
Return on equity before tax, %	Profit (loss) before tax as a percentage of average equity
Return on equity after tax, %	Profit (loss) after tax as a percentage of average equity
Income:cost ratio	Income including profit (loss) from associates and Group enterprises divided by costs excluding tax
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 year/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 year/period divided by total assets

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

Six-quarter financial highlights

DKK million

	Q2/2016	Q1/2016	Q4/2015	Q3/2015	Q2/2015	Q1/2015
NYKREDIT BANK GROUP – SIX QUARTERS						
SUMMARY INCOME STATEMENT						
Net interest income	275	428	418	605	413	452
Dividend on equities and fee and commission income, net	301	224	235	209	254	256
Net interest and fee income	576	652	653	814	667	708
Value adjustments	(118)	(660)	365	(374)	1,674	(720)
Other operating income	7	6	4	6	8	7
Staff and administrative expenses	490	463	426	474	453	479
Other operating expenses, depreciation and amortisation	11	10	30	20	18	23
Impairment losses on loans, advances and receivables	(70)	(16)	(34)	2	(70)	(19)
Profit from investments in associates and Group enterprises	-	-	-	-	-	-
Profit (loss) before tax	35	(459)	600	(50)	1,948	(488)
Tax	(5)	(102)	137	(11)	455	(113)
Profit (loss) for the period	40	(357)	463	(39)	1,493	(375)
Comprehensive income						
Other comprehensive income	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income	40	(357)	463	(39)	1,493	(375)
SUMMARY BALANCE SHEET						
Assets						
Cash balances and receivables from central banks and credit institutions	37,410	20,305	13,425	25,280	31,954	42,699
Loans, advances and other receivables at fair value	30,350	34,963	39,467	34,534	29,765	29,569
Loans, advances and other receivables at amortised cost	49,554	48,972	46,747	47,506	49,441	49,404
Bonds at fair value	37,867	42,353	40,051	42,672	43,721	43,603
Equities	277	335	361	317	388	411
Remaining assets	39,558	37,849	34,288	37,316	37,688	53,365
Total assets	195,016	184,777	174,339	187,625	192,957	219,051
Liabilities and equity						
Payables to credit institutions and central banks	40,205	41,552	34,957	41,714	45,693	61,649
Deposits and other payables	69,643	59,747	62,758	61,725	66,056	67,832
Bonds in issue	14,990	18,031	20,150	24,662	25,763	24,427
Other non-derivative financial liabilities at fair value	21,075	17,537	11,776	12,205	8,171	4,930
Remaining payables	33,081	31,869	28,267	31,368	31,286	45,687
Total payables	178,994	168,736	157,908	171,674	176,969	204,525
Provisions	222	181	214	197	195	226
Subordinated debt	-	100	100	100	100	100
Equity	15,800	15,760	16,117	15,654	15,693	14,200
Total liabilities and equity	195,016	184,777	174,339	187,625	192,957	219,051
OFF-BALANCE SHEET ITEMS						
Contingent liabilities	13,689	13,615	15,180	15,182	21,156	20,320
Other commitments	6,022	5,721	5,566	5,016	4,671	4,632
FINANCIAL RATIOS						
Total capital ratio, %	20.0	19.6	21.1	21.1	18.9	15.6
Tier 1 capital ratio, %	19.6	19.2	20.7	20.7	18.5	15.1
Return on equity before tax pa, %	0.9	(11.5)	14.0	(0.4)	52.1	(14.6)
Return on equity after tax pa, %	1.0	(9.0)	10.7	(0.3)	40.0	(11.2)

SIX-QUARTER FINANCIAL HIGHLIGHTS

DKK million

	Q2/2016	Q1/2016	Q4/2015	Q3/2015	Q2/2015	Q1/2015
NYKREDIT BANK GROUP – SIX QUARTERS (CONTINUED)						
Summary core earnings and investment portfolio income						
Core income from business operations	944	803	812	707	837	1,004
Core income from securities	1	3	2	2	1	3
Income from core business	945	806	814	709	838	1,007
Operating costs and depreciation of equipment	496	468	442	471	454	485
Expenses for guarantee and resolution schemes	5	6	6	23	17	17
Profit from investments in associates and Group enterprises	-	-	-	-	-	-
Profit from core business before impairment losses	445	333	366	215	367	505
Impairment losses on loans and advances	(70)	(16)	(34)	2	(70)	(19)
Profit from core business	515	348	400	213	437	524
Value adjustment of derivatives	(510)	(802)	198	(242)	1,515	(1,061)
Goodwill impairment			9			
Investment portfolio income	30	(5)	11	(21)	(4)	49
Profit (loss) before tax	35	(459)	600	(50)	1,948	(488)
Tax	(5)	(102)	137	(11)	455	(113)
Profit (loss) for the period	40	(357)	464	(39)	1,493	(375)
Profit (loss) before tax, year-to-date	(424)	(459)	2,010	1,410	1,460	(488)

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.