

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

### INTERIM REPORT – NYKREDIT BANK GROUP

#### 1 JANUARY – 30 SEPTEMBER 2015

- Profit before tax, excluding value adjustment of interest rate swaps, increased by DKK 302m from DKK 896m in Q1-Q3/2014 to DKK 1,198m.
- Core income from business operations grew by 2% from DKK 2,487m to DKK 2,548m.
- Operating costs and depreciation of equipment decreased by 5% from DKK 1,499m in Q1-Q3/2014 to DKK 1,421m. This should be seen in light of Nykredit's objective to reduce the Group's costs. Operating costs and depreciation of equipment as a percentage of core income from business operations were trimmed to 55.7% from 60.3% in Q1-Q3/2014.
- Impairment losses on loans and advances reduced by DKK 206m from DKK 119m in Q1-Q3/2014 to an income of DKK 87m, which represented negative 0.1% of loans and advances for the period under review compared with 0.1% at 30 September 2014.
- Value adjustment of interest rate swaps was a gain of DKK 212m against a loss of DKK 1,993m in Q1-Q3/2014.

Compared with positive value adjustment of DKK 454m in H1/2015, Q3/2015 saw a decline of DKK 242m, which was chiefly a result of the interest rate fall in the period under review. Value adjustment of swaps primarily related to the financial and legal uncertainty associated with the cooperative housing segment and mainly constituted provisions for potential future losses, irrespective of the fact that the losses are not considered likely. Incurred losses amounted to DKK 97m in Q1-Q3/2015.

- The Nykredit Bank Group recorded a pre-tax profit of DKK 1,410m against a loss of DKK 1,097m in Q1-Q3/2014. Profit for the period was DKK 1,079m.
- The balance sheet stood at DKK 188bn compared with DKK 230bn at end-2014.

### LIQUIDITY

- Excess coverage relative to statutory liquidity requirements was 308%, and the Bank had a deposit surplus of DKK 14.2bn. The Liquidity Coverage Ratio (LCR) came to 143% at end-Q3.

### CAPITAL

- Equity stood at DKK 15.7bn at 30 September 2015 against DKK 12.6bn at end-2014.
- The Common Equity Tier 1 (CET1) capital ratio was 20.5% against 12.8% at end-2014. The total capital ratio was 21.1% and the Tier 1 capital ratio was 20.7% against 13.1% and 12.8%, respectively, at end-2014. The internal capital adequacy requirement was 12.1% compared with 11.7% at end-2014.

### ABOUT NYKREDIT BANK GROUP

The Q1-Q3 Interim Reports 2015 of the Nykredit Bank Group and the Nykredit Group and further information about Nykredit are available at [nykredit.com](http://nykredit.com).

#### Contact

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# FINANCIAL HIGHLIGHTS

Nykredit Bank Group

DKK million	Q1-Q3/2015	Q1-Q3/2014	FY 2014
<b>CORE EARNINGS AND RESULTS FOR THE PERIOD</b>			
<b>Core income from</b>			
- business operations	2,548	2,487	3,173
- value adjustment of derivatives due to interest rate changes	521	(632)	(1,229)
- other value adjustment of derivatives	(309)	(1,361)	(2,133)
- securities	6	21	29
<b>Total</b>	<b>2,766</b>	<b>515</b>	<b>(160)</b>
Operating costs and depreciation of equipment	1,421	1,499	1,942
Costs of the Guarantee Fund and the Resolution Fund	56	52	65
Provisions for costs relating to reorganisation	(10)	-	28
<b>Core earnings before impairment losses</b>	<b>1,299</b>	<b>(1,036)</b>	<b>(2,195)</b>
Impairment losses on loans and advances and provisions for guarantees	(87)	119	219
<b>Core earnings after impairment losses</b>	<b>1,386</b>	<b>(1,155)</b>	<b>(2,414)</b>
Investment portfolio income	24	58	43
<b>Profit (loss) before tax</b>	<b>1,410</b>	<b>(1,097)</b>	<b>(2,371)</b>
Tax	331	(271)	(599)
<b>Profit (loss) for the period</b>	<b>1,079</b>	<b>(826)</b>	<b>(1,772)</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>			
<b>Assets</b>			
Cash balance and receivables from central banks and credit institutions	25,280	22,292	33,885
Loans, advances and other receivables at fair value	34,534	40,137	35,228
Loans, advances and other receivables at amortised cost	47,506	48,301	50,494
Bonds at fair value and equities	42,990	78,616	65,314
Remaining assets	37,315	41,151	44,962
<b>Total assets</b>	<b>187,625</b>	<b>230,497</b>	<b>229,883</b>
<b>Liabilities and equity</b>			
Payables to credit institutions and central banks	41,714	60,370	63,876
Deposits and other payables	61,725	60,478	65,350
Bonds in issue at amortised cost	24,662	24,423	25,881
Other non-derivative financial liabilities at fair value	12,205	33,451	19,943
Remaining payables	31,368	37,913	41,913
Provisions	197	240	245
Subordinated debt	100	100	100
Equity	15,654	13,522	12,575
<b>Total liabilities and equity</b>	<b>187,625</b>	<b>230,497</b>	<b>229,883</b>
<b>OFF-BALANCE SHEET ITEMS</b>			
Contingent liabilities	15,182	13,801	20,893
Other commitments	5,016	5,472	4,839
<b>FINANCIAL RATIOS</b>			
Profit (loss) for the period as % of average equity pa	10.2	(7.9)	(13.2)
Profit (loss) before tax for the period as % of average equity pa	13.3	(10.5)	(17.6)
Core earnings before impairment losses as % of average equity pa	12.3	(9.9)	(16.3)
Core earnings after impairment losses as % of average equity pa	13.1	(8.3)	(17.9)
Operating costs and depreciation of equipment as % of core income from business operations	55.7	60.3	63.3
Impairment losses on loans and advances	3,118	3,706	3,560
Impairment losses for the period, %	(0.1)	0.1	0.2
Total capital ratio, %	21.1	14.7	13.1
Tier 1 capital ratio, %	20.7	14.3	12.8
Common Equity Tier 1 capital ratio, %	20.5	14.2	12.8
Average number of full-time staff	759	829	820

# NYKREDIT BANK GROUP

## NYKREDIT BANK GROUP RESULTS RELATIVE TO Q1-Q3/2014

The Group recorded a profit before tax of DKK 1,410m against a loss before tax of DKK 1,097m in Q1-Q3/2014.

Excluding value adjustment of interest rate swaps, profit before tax for the period went up by DKK 302m from DKK 896m in Q1-Q3/2014 to DKK 1,198m.

The underlying performance was positive, with core income from business operations up by 2% to DKK 2,548m. Operating costs and depreciation of equipment fell by DKK 78m, and impairment losses on loans and advances were an income of DKK 87m, corresponding to an improvement of DKK 206m on Q1-Q3/2014.

Core income from business operations was affected by an earnings rise in Wholesale, where especially Nykredit Markets's activities developed favourably. By contrast, earnings from Retail and Group Items dropped compared with Q1-Q3/2014.

Value adjustment of interest rate swaps had a positive impact of DKK 212m compared with a negative impact of DKK 1,993m in Q1-Q3/2014. The value adjustment should be seen in the context of the Bank's provisions for potential future losses, and the income in Q1-Q3/2015 was partly a result of the interest rate rise in Q2. The provisions especially cover legal and financial risk associated with the cooperative housing segment.

Impairment losses on loans and advances developed satisfactorily and contributed an income of DKK 87m against losses of DKK 119m in Q1-Q3/2014. Impairment losses represented negative 0.1% of loans and advances for the period under review compared with 0.1% in Q1-Q3/2014.

### Core earnings

#### Core income from business operations

Core income totalled DKK 2,548m.

This represented a rise of DKK 61m compared with core income of DKK 2,487m in Q1-Q3/2014.

The rise was notably driven by Wholesale, which grew from DKK 1,180m in Q1-Q3/2014 to DKK 1,403m, of which Nykredit Markets's activities accounted for an increase of DKK 148m to DKK 397m. Corporate & Institutional Banking and Nykredit Asset Management recorded growth in core income of DKK 61m and DKK 13m, respectively.

Group Items dropped by DKK 19m to a loss of DKK 18m, while Retail reduced by DKK 144m to DKK 1,162m.

Lending at amortised cost fell by DKK 3.0bn on end-2014 to DKK 47.5bn as at 30 September 2015, reflecting continued subdued demand. The fall was attributable to both Retail and Wholesale.

Deposits fell back by DKK 3.7bn in Q1-Q3/2015 from DKK 65.4bn at end-2014 to DKK 61.7bn. Wholesale accounted for DKK 3.4bn of the decrease and Group Items DKK 0.7bn.

### Nykredit Bank Group Results before tax for 1 January – 30 September by business area

DKK million	Retail		Wholesale		Group Items		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Core income from:								
customer activities, gross	742	888	1,823	1,598	(18)	1	2,548	2,487
payment for distribution	420	418	(420)	(418)	-	-	-	-
<b>Core income from business operations</b>	<b>1,162</b>	<b>1,306</b>	<b>1,403</b>	<b>1,180</b>	<b>(18)</b>	<b>1</b>	<b>2,548</b>	<b>2,487</b>
Value adjustment of derivatives	140	(1,168)	72	(825)		-	212	(1,993)
Core income from securities	-	-	-	-	6	21	6	21
<b>Total core income</b>	<b>1,302</b>	<b>138</b>	<b>1,475</b>	<b>355</b>	<b>(12)</b>	<b>22</b>	<b>2,766</b>	<b>515</b>
Operating costs and depreciation of equipment	690	691	520	588	210	220	1,421	1,499
Expenses for guarantee and resolution schemes	53	36	3	8	0	8	56	52
Provisions for reorganisation costs	-	-	-	-	(10)	-	(10)	-
<b>Core earnings before impairment losses</b>	<b>559</b>	<b>(589)</b>	<b>952</b>	<b>(241)</b>	<b>(212)</b>	<b>(206)</b>	<b>1,299</b>	<b>(1,036)</b>
Impairment losses on loans and advances	99	111	(187)	4	0	4	(87)	119
<b>Core earnings after impairment losses</b>	<b>460</b>	<b>(700)</b>	<b>1,138</b>	<b>(245)</b>	<b>(212)</b>	<b>(210)</b>	<b>1,387</b>	<b>(1,155)</b>
Investment portfolio income	-	-	-	-	24	58	24	58
<b>Profit (loss) before tax for the period</b>	<b>460</b>	<b>(700)</b>	<b>1,138</b>	<b>(245)</b>	<b>(187)</b>	<b>(152)</b>	<b>1,410</b>	<b>(1,097)</b>
<b>- excluding value adjustment of derivatives</b>	<b>320</b>	<b>468</b>	<b>1,066</b>	<b>580</b>	<b>(187)</b>	<b>(152)</b>	<b>1,198</b>	<b>896</b>
Operating costs and depreciation of equipment excl impairment losses as % of core income from business operations	59.4	52.9	37.1	49.8	-	-	55.7	60.3

**Value adjustment of derivatives**

Value adjustment for the period equalled a gain of DKK 212m against a loss of DKK 1,993m in Q1-Q3/2014. Losses incurred on terminated contracts totalled DKK 97m in Q1-Q3/2015. In addition to swap rate movements, profit for Q1-Q3 was affected by provisions of DKK 309m for general risk relating to swaps. These provisions were not related to individual customers.

In Q1-Q3/2015, the value adjustment was significantly affected by interest rate falls in Q1 in part due to pressures on the DKK, which resulted in an expense of DKK 992m in Q1. Conversely, interest rates rose significantly in Q2, which contributed to a gain of DKK 1,856m.

Q3 was again influenced by a drop in long-term interest rates, leading to negative value adjustments of DKK 343m.

The 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 chiefly be seen in the context of provisions prompted by the uncertainty about the legal set-up of cooperative housing and customers' financial outlook. The level was particularly affected by long-term swap rates, which were 1.8% at end-Q3/2015 against about 1.7% at end-2014 and 2.0% as at 30 June 2015.

If the interest rate level changes by 1 percentage point, Nykredit Bank's earnings will increase or decrease, as the case may be, by about DKK 1.9bn.

Value adjustments should be considered provisions for potential future losses. At the same time, valuations are based on a conservative assessment. Thus, the entire market value of swap contracts with customers having the lowest ratings has been adjusted to DKK 0.

It should be noted that, to a significant extent, the provisions have been made to cover the risk that some judicial decisions related to the cooperative housing segment will go against Nykredit's interests. However, the decisions are expected to be in Nykredit's favour. In the longer term, the major part of the provisions is expected to be reversed.

Losses incurred on interest rate swaps since 2012 amounted to some DKK 408m and are expected to remain at a low level compared with the total provisions of about DKK 5.2bn. One reason for the relatively large provisions is the fact that swap contracts with customers having the lowest ratings are valued at DKK 0. The provisions are thus higher than the expected losses based on probability-weighted loss scenarios. Incurred losses amounted to DKK 97m in Q1-Q3/2015.

In July 2015, the Danish High Court found for Nykredit, ruling that a housing cooperative's petition for bankruptcy could not be granted under the specific circumstances. This judicial decision did not affect the valuation of interest rate swaps in Q1-Q3/2015.

**Core income from securities**

Core income from securities of DKK 6m was DKK 21m lower than in Q1-Q3/2014, which was mainly a result of a capital increase of DKK 2.0bn and a change in the risk-free interest rate, which dropped from an average of 0.20% in Q1-Q3/2014 to an average of 0.06%. The

risk-free interest rate is based on the Danish central bank's lending rate.

**Operating costs, depreciation and amortisation**

Staff and administrative expenses fell by DKK 84m, or 5.6%, to DKK 1,406m, which was broadly in line with expectations. Payroll costs accounted for a decline of DKK 52m, or 8.6%, while other administrative expenses dropped by DKK 32m.

The average number of full-time staff totalled 759 compared with 829 in Q1-Q3/2014 and an average of 820 for 2014. Compared with Q1-Q3/2014, the number of staff members decreased by 70 or 8.4%.

Other operating expenses reduced from DKK 54m in Q1-Q3/2014 to DKK 48m. This development was partly an effect of a reversal (income) of DKK 18m relating to the provisions for reorganisation in 2014 and additional provisions of DKK 8m for the reorganisation in Nykredit Markets in June 2015.

**Impairment losses and provisions**

Impairment losses and provisions developed favourably from DKK 119m in Q1-Q3/2014 to an income of DKK 87m in Q1-Q3/2015, equal to an improvement of DKK 206m.

Impairment losses for the period comprised a rise of DKK 153m in individual impairment provisions and a drop of DKK 240m in collective impairment provisions. The change was in part attributable to the transfer of a single large exposure from collective to individual impairment provisioning. Incurred losses and recoveries on claims previously written off were a net charge of DKK 21m compared with a net charge of DKK 18m in Q1-Q3/2014.

Provisions for guarantees amounted to DKK 3m against DKK 13m in Q1-Q3/2014.

Retail impairment losses fell by DKK 12m to DKK 99m. This fall comprised a decline of DKK 158m in impairment losses on personal customers and a rise of DKK 146m in impairment losses on small and medium-sized enterprises (SMEs).

Wholesale impairment losses were an income of DKK 187m against losses of DKK 4m in Q1-Q3/2014. Group Items had no earnings impact in the period under review.

Impairment losses for the period under review represented negative 0.1% of loans and advances compared with 0.1% in Q1-Q3/2014.

**Investment portfolio income**

Investment portfolio income was DKK 24m compared with DKK 58m in Q1-Q3/2014.

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

**Tax**

Tax calculated on profit for the period was DKK 331m, equal to 23.5% of profit before tax.

## RESULTS FOR Q3/2015

Q3/2015 saw a pre-tax loss of DKK 50m against a profit of DKK 1,948m in Q2/2015, down DKK 1,998m on Q2/2015, and a pre-tax loss of DKK 488m in Q1/2015.

The development primarily reflected the fact that value adjustment of interest rate swaps was a loss of DKK 242m in Q3 against a gain of DKK 1,515m in Q2, which represented a decline of DKK 1,757m.

Core income from business operations came to DKK 707m in Q3, equal to a reduction of DKK 130m compared with the very high level in Q2/2015.

Operating costs and depreciation of equipment grew by DKK 21m on Q2, while impairment losses developed adversely by DKK 72m from an income of DKK 70m in Q2 to losses of DKK 2m in Q3.

Investment portfolio income declined from a loss of DKK 4m in Q2 to a loss of DKK 21m in Q3, and this was attributable to movements in interest rate markets which resulted in very high income in Q1.

Compared with a loss before tax of DKK 1,291m in Q3/2014, results improved by DKK 1,241m in Q3/2015, which in all material respects was attributable to value adjustment of interest rate swaps that had a positive earnings impact of DKK 1,316m.

Core income from business operations went down by DKK 115m from DKK 822m in Q3/2014 to DKK 707m, while operating costs and depreciation of equipment amounted to DKK 478m, up DKK 3m year-on-year.

Loan impairment losses improved by DKK 78m to DKK 2m in Q3/2015.

## OUTLOOK FOR 2015

In the Annual Report 2014, the Bank forecast profit before tax, excluding value adjustment of interest rate swaps, of DKK 800m-900m for 2015. For Q1-Q3/2015, profit was DKK 1,410m.

Several areas developed favourably in H1/2015, and Management subsequently decided to raise its guidance for the 2015 full year by DKK 300m, after which profit before tax, excluding value adjustment of interest rate swaps, was expected at DKK 1.1bn-1.2bn. Based on the performance in Q3/2015, Management has raised its guidance by DKK 0.2bn to DKK 1.3bn-1.4bn.

In its full-year guidance, Management has allowed for the general uncertainty about the developments in interest rate markets and loan impairment losses, which were very low in Q1-Q3/2015.

## BUSINESS AREAS

The Nykredit Bank Group's business areas are:

- Retail, which serves personal customers as well as SMEs.
- Wholesale, which comprises the business units Corporate & Institutional Banking, Nykredit Leasing, Private Banking, Nykredit Markets and Nykredit Asset Management.
- Group Items, which comprises the Treasury area and other income and costs, including IT development costs, not allocated to the business areas as well as core income from securities and investment portfolio income.

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 and Nykredit Asset Management. Gross income attributable to the sales activities of Retail is subsequently reallocated in full. Correspondingly, Retail pays a proportion of the capacity costs of Nykredit Markets and Nykredit Asset Management attributable to the sales activities.

### RETAIL

Retail posted a profit before tax of DKK 460m compared with a loss before tax of DKK 700m in Q1-Q3/2014. Excluding value adjustment of interest rate swaps, profit was DKK 320m against DKK 468m in Q1-Q3/2014, equal to a downturn of DKK 148m.

Value adjustment of interest rate swaps totalled a gain of DKK 140m in Q1-Q3/2015 against a loss of DKK 1,168m in Q1-Q3/2014, equal to a positive earnings impact of DKK 1,308m.

Core income from business operations amounted to DKK 1,162m, down DKK 144m year-on-year. The decline generally comprised a fall in net fees of DKK 115m and in net interest income of about DKK 33m.

Operating costs and depreciation of equipment inclusive of expenses for the guarantee and resolution schemes amounted to DKK 744m

#### Wholesale: Income from customer activities and income allocation

DKK million	Q1-Q3/ 2015	Q1-Q3/ 2014
<b>Customer activities, gross</b>		
Nykredit Markets	635	458
Nykredit Asset Management	600	596
Corporate & Institutional Banking	587	544
<b>Total</b>	<b>1,822</b>	<b>1,598</b>
<b>Income allocation</b>		
Nykredit Markets	(238)	(209)
Nykredit Asset Management	(346)	(355)
Corporate & Institutional Banking	164	146
<b>Total allocation to Retail</b>	<b>(420)</b>	<b>(418)</b>
<b>Core income</b>		
Nykredit Markets	397	249
Nykredit Asset Management	254	241
Corporate & Institutional Banking	751	690
<b>Total</b>	<b>1,402</b>	<b>1,180</b>

against DKK 727m in Q1-Q3/2014. Excluding the expenses for the guarantee and resolution schemes, costs amounted to DKK 690m against DKK 691m in Q1-Q3/2014.

Impairment losses reduced from DKK 111m in Q1-Q3/2014 to DKK 99m in Q1-Q3/2015, of which DKK 13m related to personal customers and DKK 86m to SMEs. In Q1-Q3/2014, the impairments comprised an income of DKK 60m relating to SMEs and losses of DKK 171m on personal customers.

Impairment losses were 0.3% of loans and advances against 0.3% in Q1-Q3/2014.

Operating costs and depreciation of equipment as a percentage of core income from business operations totalled 59.4% compared with 52.9% in Q1-Q3/2014.

#### Lending and deposits

The business area's lending activities declined to DKK 24.6bn from DKK 25.5bn at end-2014. Deposits grew from DKK 40.6bn at end-2014 to DKK 41.1bn.

### WHOLESALE

Wholesale consists of the business units Corporate & Institutional Banking, Nykredit Markets, Nykredit Asset Management and the subsidiary Nykredit Leasing A/S. Also, Wholesale includes the unit Other Activities, which comprises a portfolio of large non-continuing exposures.

#### Results

The business area posted a profit of DKK 1,138m in Q1-Q3/2015 compared with a loss of DKK 245m in Q1-Q3/2014. Excluding value adjustment of interest rate swaps, the business area's profit improved by DKK 485m from DKK 580m in Q1-Q3/2014 to DKK 1,065m.

In addition to the positive development in value adjustments, the rise was attributable to increased core income from business operations, which was up by DKK 222m to DKK 1,402m.

The business area's gross income totalled DKK 1,822m against DKK 1,598m in Q1-Q3/2014.

Of this amount, gross income from Nykredit Markets was DKK 635m, up DKK 177m on Q1-Q3/2014, income from Nykredit Asset Management was DKK 600m and was marginally higher than the level in Q1-Q3/2014, and income from Corporate & Institutional Banking rose by DKK 43m from DKK 544m to DKK 587m.

Earnings in Nykredit Markets grew in Q1-Q3/2015 compared with Q1-Q3/2014. However, earnings were lower for Q3 than for H1. Financial market turmoil was relatively high, and Q3 was challenged by less bright growth prospects for China and the ensuing devaluation leading to a drop in equity prices.

Gross income from Nykredit Asset Management was DKK 600m, which was DKK 4m above the level in Q1-Q3/2014. Assets under management amounted to DKK 139bn, corresponding to a rise of DKK 17bn compared with end-Q1-Q3/2014. Assets under administration totalled

DKK 678bn against DKK 643bn at end-Q1-Q3/2014 and DKK 712bn at end-Q2/2015.

### **Core earnings**

The business area's core income from business operations totalled DKK 1,402m, equal to an upturn of DKK 222m on Q1-Q3/2014, which was mainly a result of a DKK 148m earnings increase in Nykredit Markets. Aggregate income from Corporate & Institutional Banking and Nykredit Asset Management was DKK 74m above the level in Q1-Q3/2014.

Value adjustment of derivatives improved by DKK 897m to a gain of DKK 72m in Q1-Q3/2015 from a loss of DKK 825m in Q1-Q3/2014.

Operating costs and depreciation of equipment inclusive of expenses for the guarantee and resolution schemes totalled DKK 523m, down DKK 73m on Q1-Q3/2014. Excluding expenses for the guarantee and resolution schemes, the decline was DKK 68m. The reduced cost level was partly due to the reorganisation in Nykredit Markets, including the closing of the Stockholm branch by end-January.

Impairment losses on loans and advances equalled an income of DKK 187m against losses of DKK 4m in Q1-Q3/2014. The income in Q1-Q3/2015 comprised DKK 84m relating to Corporate & Institutional Banking and DKK 103m relating to non-continuing exposures in the business unit Other Activities.

Impairment losses, exclusive of reverse repurchase lending, were negative 0.7% of loans and advances compared with close to 0% in Q1-Q3/2014.

Operating costs and depreciation of equipment as a percentage of core income from business operations were 37.1% compared with 49.8% in Q1-Q3/2014.

The subsidiary Nykredit Portefølje Administration recorded a profit before tax of DKK 81.3m against DKK 68.9m in Q1-Q3/2014.

The subsidiary Nykredit Leasing contributed a profit before tax of DKK 57.6m against DKK 38.5m in Q1-Q3/2014.

### **Lending and deposits**

Lending amounted to DKK 22.9bn compared with DKK 24.9bn at end-2014.

Deposits came to DKK 19.9bn against DKK 23.3bn at end-2014.

## **GROUP ITEMS**

Group Items includes the results of the Bank's treasury area, which forms part of Nykredit's Group Treasury, core earnings and investment portfolio income from securities as well as other income and expenses not allocated to the business areas. Significant unallocated costs include IT development costs.

Group Items posted a loss of DKK 187m against a loss of DKK 152m in Q1-Q3/2014. Treasury activities accounted for DKK 30m of the loss incurred in Q1-Q3/2015.

Core income fell from DKK 1m in Q1-Q3/2014 to a loss of DKK 18m, while operating costs and depreciation of equipment dropped by DKK 18m to DKK 210m.

Core earnings and investment portfolio income from securities contributed DKK 30m against DKK 79m in Q1-Q3/2014.

Unallocated expenses were DKK 192m against DKK 215m in Q1-Q3/2014. By far the largest cost component was IT development costs.

# BALANCE SHEET, EQUITY, CAPITAL ADEQUACY AND RATINGS

## Nykredit Bank Group Loans, advances and deposits

DKK million	30.09.2015	31.12.2014	30.09.2014
<b>Lending</b>			
Retail	24,627	25,533	24,705
Personal customers	12,327	13,229	13,261
Commercial customers	12,301	12,304	11,444
Wholesale	22,858	24,929	23,579
Loans and advances at fair value (reverse repurchase lending)	34,534	35,228	40,137
Group Items and other lending	21	32	17
<b>Deposits</b>			
Retail	41,091	40,637	38,339
Personal customers	23,634	23,332	23,140
Commercial customers	17,458	17,305	15,199
Wholesale	19,918	23,287	21,599
Deposits at fair value (repo)	7,390	13,855	22,753
Group Items and other deposits	715	1,425	544

## Nykredit Bank Group Equity

DKK million	30.09.2015	31.12.2014	30.09.2014
Equity, beginning of period	12,575	14,347	14,347
Paid-up capital	2,000	-	-
Profit (loss) after tax for the period	1,079	(1,772)	(826)
<b>Equity, end of period</b>	<b>15,654</b>	<b>12,575</b>	<b>13,522</b>

## Nykredit Bank Group Common Equity Tier 1 capital, own funds and capital adequacy

DKK million	30.09.2015	31.12.2014	30.09.2014
Share capital	8,045	6,045	6,045
Retained earnings	7,609	6,530	7,477
<b>Equity, end of period</b>	<b>15,654</b>	<b>12,575</b>	<b>13,522</b>
Prudent valuation adjustment	(310)	(435)	(391)
Intangible assets	(41)	(54)	(56)
Deduction for difference between IRB losses and impairments	-	(41)	-
<b>CET1 capital</b>	<b>15,303</b>	<b>12,044</b>	<b>13,075</b>
Hybrid capital	100	100	100
Other deductions	-	(85)	-
<b>Tier 1 capital</b>	<b>15,403</b>	<b>12,059</b>	<b>13,175</b>
Provisions relative to expected losses according to IRB approach	330	390	377
Transitional Tier 2 capital adjustment	-	(85)	-
<b>Own funds</b>	<b>15,733</b>	<b>12,365</b>	<b>13,552</b>
Total risk exposure amount	74,337	94,051	91,860
Total capital ratio, %	21.1	13.1	14.7
Tier 1 capital ratio, %	20.7	12.8	14.3
CET1 capital ratio, %	20.5	12.8	14.2
Internal capital adequacy requirement, %	12.1	11.7	11.7

## BALANCE SHEET, EQUITY AND CAPITAL ADEQUACY OF NYKREDIT BANK GROUP

### Balance sheet

The balance sheet stood at DKK 187.6bn compared with DKK 229.9bn at end-2014.

The reduced balance sheet was partly attributable to a reduced securities portfolio, lower market values of derivatives and increased focus on balance sheet management to optimise the Group's capital resources.

Balances with credit institutions and cash balances dropped by DKK 8.6bn to DKK 25.3bn, while loans and advances at fair value (reverse repurchase lending) decreased by DKK 0.7bn to DKK 34.5bn.

Loans and advances at amortised cost were DKK 47.5bn, a decline of DKK 3.0bn on end-2014. The decline was recorded for both Retail and Wholesale.

The bond portfolio decreased from DKK 65.0bn at end-2014 to DKK 42.7bn. 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 covered bonds.

Other assets totalled DKK 36.9bn against DKK 44.2bn at end-2014. As at 30 September 2015, DKK 31.8bn derived from positive market values of derivatives compared with DKK 39.1bn at end-2014. The positive market values related to the Bank's customer activities in derivatives and own positions for hedge accounting purposes. The interest rate risk was widely hedged through offsetting interest rate swaps, and the market value should therefore be viewed in relation to "Other liabilities", which included negative market values of DKK 27.7bn.

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

Payables to credit institutions and central banks decreased from DKK 63.9bn at end-2014 to DKK 41.7bn.

Deposits and other payables came to DKK 61.7bn, down DKK 3.7bn on end-2014, when deposits were DKK 65.4bn. Retail deposits grew by DKK 0.5bn to DKK 41.1bn, whereas Wholesale deposits dropped from DKK 23.3bn to DKK 19.9bn. Group Items and other deposits decreased by about DKK 0.7bn.

The Bank's deposit surplus was DKK 14.2bn relative to lending at amortised cost.

Bonds in issue fell from DKK 25.9bn at end-2014 to DKK 24.7bn. 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 12.2bn against DKK 19.9bn at end-2014. The development was due to fewer repo deposits.



Other payables and deferred income totalled DKK 31.3bn against DKK 41.9bn at end-2014. The items mainly consisted of negative market values of financial instruments in the amount of DKK 27.7bn as well as interest and commission payable.

Moody's Investors Service continues to publish unsolicited ratings on Nykredit Bank A/S.

### Equity

Equity stood at DKK 15.7bn at 30 September 2015. Compared with end-2014, equity increased by DKK 2.0bn as a result of a share capital increase and by profit for the period of DKK 1.1bn.

### Own funds and total capital ratio

Own funds totalled DKK 15.7bn at 30 September 2015 compared with DKK 12.4bn at end-2014, and the total capital ratio stood at 21.1% against 13.1% at end-2014.

The internal capital adequacy requirement was 12.1% at 30 September 2015 against 11.7% at end-2014. This rise primarily reflected volatility in the interest rate markets in Q1-Q3/2015, which implied an increased internal capital adequacy requirement relating to the portfolio of swap transactions for which special value adjustments have been made, including notably business with housing cooperatives.

Nykredit Bank aims to have a Common Equity Tier 1 (CET1) capital ratio of at least 13%. At 30 September 2015, the CET1 capital ratio was 20.5% against 12.8% at end-2014.

The Tier 1 capital ratio came to 20.7% at 30 September 2015 compared with 12.8% at end-2014.

The total risk exposure amount (previously risk-weighted assets) declined by DKK 19.7bn on end-2014 to DKK 74.3bn. This comprised a decline of DKK 14.2bn in items involving credit risk, a decline of DKK 0.3bn in items involving operational risk and a decline of DKK 5.2bn in items involving market risk. The decline in market risk was prompted by a reduction in the bond portfolio and a drop in interest rate volatility.

## CREDIT RATINGS

Nykredit Bank A/S has a long-term unsecured credit rating of A and a short-term unsecured credit rating of A-1 with Standard & Poor's. The rating outlook is negative.

On 13 July 2015, Standard & Poor's published its rating actions after its review of the implementation of the EU Bank Recovery and Resolution Directive (BRRD) in Denmark. Standard & Poor's took the position that its ratings on Danish banks will no longer include an uplift for expected government support during a crisis.

Standard & Poor's noted at the same time that Nykredit expects to have a capital buffer of 5% according to the criteria of Standard & Poor's ALAC (Additional Loss-Absorbing Capacity) concept by mid-2017.

This made Standard & Poor's change its long-term credit rating on Nykredit Bank A/S from A+ to A, whereas the short-term credit rating was affirmed at A-1.

Fitch Ratings has assigned Nykredit Bank A/S a long-term unsecured credit rating of A and a short-term unsecured credit rating of F1. The rating outlook is stable.

## IMPAIRMENT LOSSES AND LENDING

### Earnings impact for the period

Impairment losses reduced by DKK 206m from DKK 119m in Q1-Q3/2014 to an income of DKK 87m in Q1-Q3/2015.

Retail impairment losses fell by DKK 12m to DKK 99m. Of this fall, impairment losses on lending to SMEs accounted for an increase of DKK 146m and lending to personal customers for a decrease of DKK 158m.

Wholesale loan impairments were an income of DKK 187m against losses of DKK 4m in Q1-Q3/2014. The impairment charge for Corporate & Institutional Banking decreased by DKK 108m to an income of DKK 84m, while the business unit Other Activities contributed an income of DKK 103m compared with an income of DKK 21m in Q1-Q3/2014.

Of the total income from loan impairments of DKK 87m, a net amount of DKK 153m related to individual impairment provisions, while collective impairment provisions were an income of DKK 240m. Recoveries on loans and advances previously written off totalled DKK 51m, while write-offs for the period came to DKK 71m.

The shift between individual and collective impairment provisions was attributable to the transfer of a single large exposure from collective to individual impairment provisioning.

Provisions for guarantees amounted to DKK 3m in Q1-Q3/2015 against DKK 13m in Q1-Q3/2014.

### Provisions for loan impairment and guarantees – Nykredit Bank Group

DKK million	Retail		Wholesale		Group Items		Total	
	Q1-Q3/2015	Q1-Q3/2014	Q1-Q3/2015	Q1-Q3/2014	Q1-Q3/2015	Q1-Q3/2014	Q1-Q3/2015	Q1-Q3/2014
Impairment provisions, beginning of year	1,978	2,277	1,526	1,634	77	83	3,581	3,994
Impairment provisions and reversals for the period	(103)	(67)	(336)	(198)	(1)	-	(440)	(265)
<b>Impairment provisions, end of period</b>	<b>1,875</b>	<b>2,210</b>	<b>1,190</b>	<b>1,436</b>	<b>76</b>	<b>83</b>	<b>3,141</b>	<b>3,729</b>
Of which individual	1,668	2,004	1,128	1,211	53	61	2,849	3,276
Of which individual, banks	-	-	-	-	23	23	23	23
Of which collective	207	206	62	225	-	-	269	430
<b>Provisions for guarantees</b>								
Provisions, beginning of period	51	48	55	55	-	-	106	103
Provisions, end of period	53	55	56	61	-	-	109	116
<b>Total provisions for loan impairment and guarantees, end of period</b>	<b>1,928</b>	<b>2,265</b>	<b>1,246</b>	<b>1,497</b>	<b>76</b>	<b>83</b>	<b>3,250</b>	<b>3,845</b>
<b>Earnings impact</b>								
New impairment provisions and losses for the period, net	120	116	(159)	7	0	4	(39)	127
Recoveries on loans and advances previously written off	22	12	29	9	0	0	51	21
<b>Total</b>	<b>98</b>	<b>104</b>	<b>(188)</b>	<b>(2)</b>	<b>0</b>	<b>4</b>	<b>(90)</b>	<b>106</b>
Provisions for guarantees	2	7	1	6	0	0	3	13
<b>Total earnings impact</b>	<b>100</b>	<b>111</b>	<b>(187)</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>(87)</b>	<b>119</b>

### Loans, advances and guarantees by sector at 30 September 2015 and 31 December 2014

DKK million	Loans, advances and guarantees		Provisions	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014
<b>Public sector</b>	<b>482</b>	<b>596</b>	<b>0</b>	<b>0</b>
Agriculture, hunting, forestry and fishing	2,410	3,230	135	138
Manufacturing, mining and quarrying	4,813	5,526	219	269
Energy supply	875	1,055	4	9
Construction	2,142	2,087	236	236
Trade	3,060	3,309	89	119
Transport, accommodation and food service activities	3,076	2,930	127	91
Information and communication	1,042	1,027	56	62
Finance and insurance	39,624	40,420	310	305
Real estate	11,119	13,071	1,260	1,540
Other	8,732	9,643	242	305
<b>Total commercial customers</b>	<b>76,893</b>	<b>82,298</b>	<b>2,678</b>	<b>3,074</b>
Personal customers	19,848	23,721	550	592
<b>Total public sector and commercial and personal customers</b>	<b>97,223</b>	<b>106,615</b>	<b>3,228</b>	<b>3,666</b>
<b>Total impairment provisions, incl banks</b>	<b>-</b>	<b>-</b>	<b>3,250</b>	<b>3,687</b>

The breakdown is based on public sector statistics and is therefore not directly comparable with Nykredit Bank's business areas.

### Provisions for loan impairment and guarantees at 30 September 2015

Total provisions decreased by 16% from DKK 3,729m at 30 September 2014 to DKK 3,141m at 30 September 2015. Individual impairment provisions reduced by DKK 427m and collective impairment provisions by DKK 161m.

Compared with end-2014, impairment provisions decreased by DKK 440m from DKK 3,581m to DKK 3,141m. The shift in individual impairment provisions resulted in new impairment provisions of DKK 131m net, while DKK 331m was write-offs. Collective impairment provisions decreased from DKK 509m to DKK 269m, partly driven by the transfer of a single large exposure to individual impairment provisioning.

Impairment provisions for Retail reduced from DKK 1,978m at end-2014 to DKK 1,875m due to a reduction of DKK 19m in impairment provisions for personal customers and a decline of DKK 85m in impairment provisions for SMEs.

Wholesale impairment provisions dropped by DKK 336m from DKK 1,526m at end-2014 to DKK 1,190m, of which the portfolio of non-continuing exposures accounted for a decline of DKK 228m to DKK 351m. Other business units fell by DKK 108m on end-2014.

Total non-continuing exposures were fairly unchanged at DKK 0.5bn at 30 September 2015 (carrying amounts after impairments).

Provisions for guarantees were DKK 109bn, which represented a marginal rise on end-2014.

Relative to total loans, advances and guarantees, provisions were 3.2%, which was unchanged from end-2014. Excluding guarantees, the percentage was 3.7% against 4.0% at end-2014.

### Loans, advances and guarantees by sector

Loans, advances and guarantees totalled DKK 97bn at 30 September 2015 against DKK 107bn at end-2014. This development comprised a decline of DKK 6bn in guarantees and of DKK 3bn in other loans and advances. Reverse repurchase lending was flat at DKK 35bn at 30 September 2015 compared with end-2014.

Finance and insurance still accounted for the largest single sector exposure at DKK 40bn – the same as at end-2014. The exposure widely comprised reverse repurchase lending.

Finance and insurance accounted for 40.8% (end-2014: 37.9%), the real estate sector 11.4% (end-2014: 12.3%) and personal customers 20.4% (end-2014: 22.3%).

Nykredit Bank recorded negative lending growth of 5.8%, excluding reverse repurchase lending, determined pursuant to the rules of the Danish FSA.

Inclusive of reverse repurchase lending, the Bank's lending decreased by 4.3% relative to end-2014.

Lending to the real estate and construction sectors totalled DKK 13bn at end-September 2015 compared with DKK 15bn at end-2014. Of total loans, advances and guarantees at 30 September 2015, DKK 9bn derived from the category "Renting of real estate", which represented a decline on end-2014.

At 30 September 2015, loan impairment provisions for the real estate sector totalled DKK 1.5bn compared with DKK 1.8bn at end-2014, or 10.1% of total loans and advances to the sector compared with 11.7% at end-2014.

Determined pursuant to the FSA Supervisory Diamond model, the Bank's real estate exposure was 12.7% compared with 13.6% at end-2014. In Management's opinion, this exposure is at an appropriate level.

### FSA Supervisory Diamond

Nykredit Bank's key ratios were below the maximum limit values of the Danish FSA throughout Q1-Q3/2015.

### Supervisory Diamond for banks (parent company level)

DKK million	Q1-Q3/ 2015	Q1-Q3/ 2014	FY 2014
Lending growth (limit value <20%)*	(5.8)	2.6	6.8
Large exposures (limit value <125%)	27.6	45.4	34.5
Property exposure (limit value <25%)	12.7	11.8	13.6
Funding ratio (limit value <1.0%)	0.5	0.6	0.6
Excess liquidity coverage (limit value 50%)	307.7	237.7	281.6

\* Determined exclusive of reverse repurchase lending

# LIQUIDITY AND FINANCIAL RISK

## LIQUIDITY

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

Nykredit Bank monitors its balance sheet and liquidity position on a daily basis as part of its liquidity risk management. The Bank's liquidity risk management is based on requirements, both statutory and from rating agencies, as well as on internal factors such as the run-off profile and concentration risk of its assets and liabilities.

New liquidity rules and rating requirements necessitate that the Bank holds a large liquidity buffer. Unencumbered securities in the trading book constitute a short-term liquidity buffer that may be applied in the case of unforeseen drains on the Bank's liquidity. These securities consist mainly of liquid Danish and other European government and covered bonds eligible as collateral with the Danish central bank or other European central banks.

Stress testing is performed regularly using bank-specific, sector-specific and combination scenarios as prescribed by the Danish Executive Order on governance and management of banks.

According to the Danish Financial Business Act, a bank's liquidity must be at least 10% of its total reduced debt and guarantee obligations. Nykredit Bank operates with an internal excess liquidity coverage of at least 50% relative to the statutory requirement.

At 30 September 2015, the excess coverage was 308%, corresponding to a liquidity buffer of DKK 58.8bn relative to the statutory requirement laid down in section 152 of the Act.

At 30 September 2015, the Bank had issued DKK 16.0bn of medium-term bonds under the EMTN programme and DKK 8.4bn of short-term ECP issues.

The aggregate amount of bonds in issue was DKK 26.9bn at 30 September 2015 against DKK 28.0bn at end-2014.

The run-off under Nykredit Bank's EMTN programme in Q3/2015 was DKK 0.4bn. The EMTN and ECP issuance requirement depends on the development in customer deposits and lending as well as the Bank's other business activities.

### Liquidity Coverage Ratio

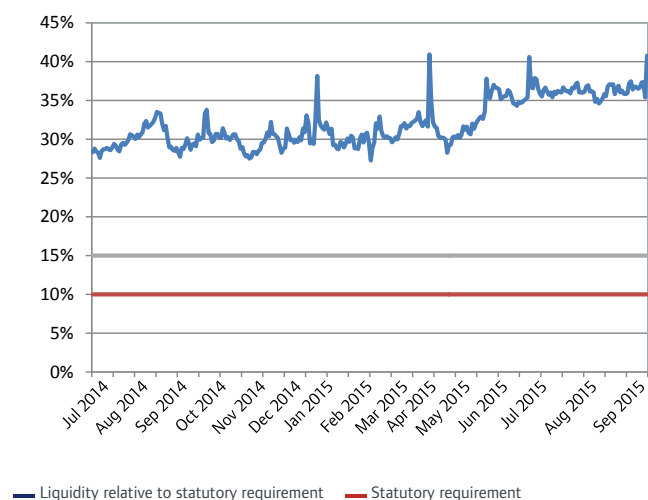
The Liquidity Coverage Ratio (LCR) took effect on 1 October 2015. A requirement of 100% was introduced for Danish systemically important financial institutions (SIFIs).

The LCR denotes the amount of liquid assets to be held by a credit institution to be able to cover net cash outflows over a short-term liquidity stress period.

The LCR of Nykredit Bank A/S excluding self-issued bonds was 143% at end-Q3/2015.

### Nykredit Bank A/S

#### Liquidity as % of debt and guarantee obligations



Note: The graph shows Nykredit Bank's liquidity as % of total debt and guarantee obligations after deductions, cf s 152 of the Danish Financial Business Act.

**Nykredit Bank Group**  
**Risk key figures**

DKK million	Q1-Q3/2015	Q1-Q3/2014	FY 2014
<b>Value-at-Risk</b>			
End of period	14.8	15	20
Average	10.8	17	11
<b>Interest rate risk</b>			
End of period	(11)	(15)	73
<b>Foreign exchange position</b>			
EUR	(4)	(270)	45
Excl EUR and DKK	27	13	(40)

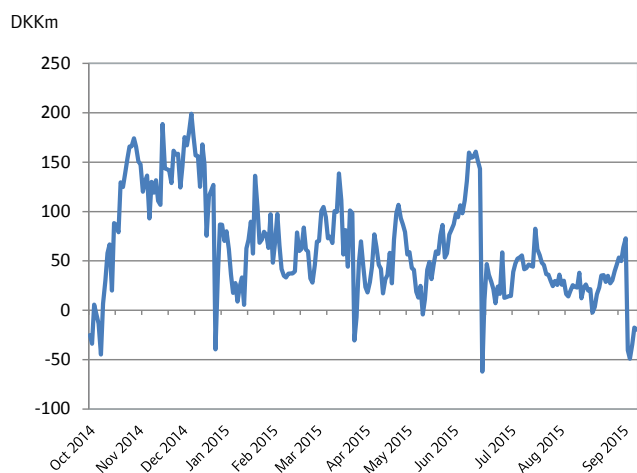
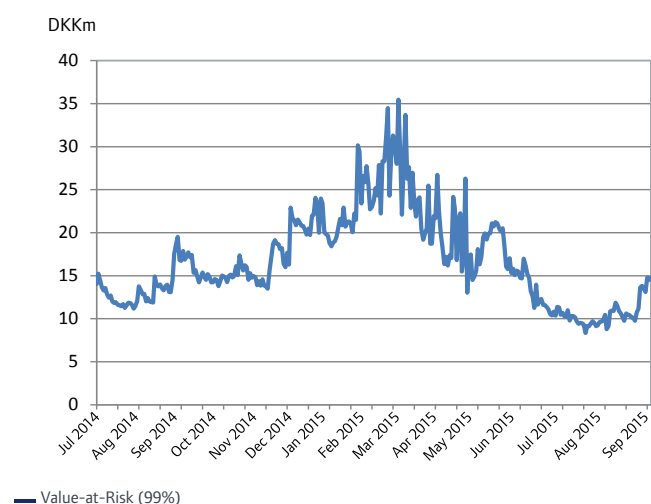
**FINANCIAL RISK**

Value-at-Risk (VaR) came to DKK 15m at end-Q1-Q3/2015 against DKK 15m the year before. Value-at-Risk averaged DKK 11m in Q1-Q3/2015 against DKK 17m in Q1-Q3/2014.

Stressed VaR was DKK 29m at end-Q3/2015 and averaged DKK 27m in Q1-Q3/2015. At end-Q1-Q3/2014, stressed VaR was DKK 47m and averaged DKK 52m.

The interest rate exposure was negative DKK 11m at end-Q3/2015 against negative DKK 15m the year before.

The Bank's foreign exchange position in EUR was negative DKK 4m at end-Q3/2015 against negative DKK 270m the year before. Its foreign exchange position in currencies other than EUR and DKK totalled DKK 27m at end-Q3/2015 against DKK 13m year-on-year.

**Nykredit Bank A/S**  
**Net interest rate exposure**

**Nykredit Bank A/S**  
**Value-at-Risk (incl equities)**


## OTHER

### OTHER

#### Capital increase

To support Nykredit Bank's business development and strengthen its capital position, the Bank received additional equity of DKK 2bn from its Parent Company, Nykredit Realkredit A/S, in February 2015.

#### The Danish High Court finds for Nykredit

In July the Danish High Court found for Nykredit, ruling that a housing cooperative's petition for bankruptcy cannot be granted under the specific circumstances. In December 2014, the Maritime and Commercial Court in Copenhagen granted the petition for bankruptcy of the housing cooperative.

#### Closing of Stockholm branch

As part of the reorganisation of the Fixed Income unit of Nykredit Markets, the Bank's branch in Stockholm was closed down at end-January 2015.

#### BoligBank

In March Nykredit launched a new homeowner banking concept, BoligBank, with new competitive offers to our customers. The concept is targeted at homeowners, offering simple products at attractive fixed prices. Nykredit BoligBank embodies simplicity, transparency and freedom of choice. The objective is that it should be easy and simple to be a customer of Nykredit BoligBank.

Customers have a choice of three programmes, with an increasing scale of benefits: BoligBank, BoligBank 360 and BoligBank 365. BoligBank is for all homeowners, whereas BoligBank 360 is aimed at the customers who also have their everyday banking with us. Customers with a net worth of more than DKK 500,000 are offered the BoligBank 365 programme.

BoligBank offers home finance, everyday banking, savings and pension plans as well as wealth management.

#### New Head of Nykredit Markets and change in Nykredit Bank's Executive Board

Nykredit Markets is set to embark on a renewal process, and Jeanette Kiirdal Madsen was appointed to head this process in February 2015. In this connection, Georg Andersen, stepped down from his position as Managing Director of Nykredit Bank A/S. Nykredit Markets is to adapt to the new market conditions and work more closely with the rest of the Wholesale division. Focus will to a higher extent be on meeting the requirements of the commercial and retail segments as a supplement to the existing institutional client base.

At 30 September 2015, Jesper Berg, Managing Director, resigned to take up the position of Director at the Danish FSA. The Executive Board of Nykredit Bank now consists of Bjørn Mortensen.

#### EU rules on the recovery and resolution of banks

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

In continuation of this, a resolution fund has been established, which must amount to at least 1% of the covered deposits of the participating businesses. The Resolution Fund will be constituted by the contributions paid by the participating businesses, and it must be built up by end-2024.

The calculations for H2/2015, including Nykredit Bank's contribution, have not been finalised yet, but about DKK 5m was charged to the income statement for Q1-Q3/2015, equal to the estimated expense for Q3.

### 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, see the Annual Report 2014.

Uncertainty as to recognition and measurement is described in detail in the Nykredit Bank Group's accounting policies (note 1 of the Annual Report 2014), to which reference is made.

### EVENTS SINCE THE BALANCE SHEET DATE

No significant events have occurred in the period up to the presentation of the Q1-Q3 Interim Report 2015 which affect the Nykredit Bank Group's financial position.

# 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 September 2015 of Nykredit Bank A/S and the Nykredit Bank Group.

The Consolidated Financial Statements have been presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. The Interim Financial Statements of the Parent Company, Nykredit Bank A/S, have been prepared in accordance with the Danish Financial Business Act and the Danish Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc.

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

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 September 2015 and of the results of the Group's and the Parent Company's operations as well as the Group's cash flows for the financial period 1 January – 30 September 2015.

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

The Interim Report has not been audited or reviewed.

Copenhagen, 5 November 2015

### Executive Board

Bjørn Mortensen

### Board of Directors

Michael Rasmussen, Chairman

Søren Holm, Deputy Chairman

Kent Ankersen, staff-elected

Olav Brusén Barsøe, staff-elected

Kim Duus

Anders Jensen

Allan Kristiansen, staff-elected

Bente Overgaard

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

DKK million

Nykredit Bank A/S				Nykredit Bank Group	
Q1-Q3/2014	Q1-Q3/2015		Note	Q1-Q3/2015	Q1-Q3/2014
2,510	1,780	Interest income	5	1,873	2,592
-	8	Negative interest, net	5A	8	-
714	410	Interest expenses	6	411	717
<b>1,796</b>	<b>1,378</b>	<b>NET INTEREST INCOME</b>		<b>1,470</b>	<b>1,875</b>
25	5	Dividend on equities		5	25
836	871	Fee and commission income		1,083	1,018
317	352	Fee and commission expenses		369	328
<b>2,340</b>	<b>1,902</b>	<b>NET INTEREST AND FEE INCOME</b>		<b>2,189</b>	<b>2,590</b>
(2,038)	584	Value adjustments	7	580	(2,041)
1	0	Other operating income		21	23
1,344	1,254	Staff and administrative expenses	8	1,406	1,490
5	12	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets		13	6
52	45	Other operating expenses		48	54
106	(96)	Impairment losses on loans, advances and receivables	9	(87)	119
81	110	Profit from investments in associates and group enterprises	10	-	-
<b>(1,123)</b>	<b>1,381</b>	<b>PROFIT (LOSS) BEFORE TAX</b>		<b>1,410</b>	<b>(1,097)</b>
(297)	302	Tax	11	331	(271)
<b>(826)</b>	<b>1,079</b>	<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>1,079</b>	<b>(826)</b>
		<b>STATEMENTS OF COMPREHENSIVE INCOME</b>			
<b>(826)</b>	<b>1,079</b>	<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>1,079</b>	<b>(826)</b>
-	-	Other additions and disposals		-	-
<b>-</b>	<b>-</b>	<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>
<b>(826)</b>	<b>1,079</b>	<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>1,079</b>	<b>(826)</b>



# Balance sheets, end of period

DKK million

Nykredit Bank A/S		Nykredit Bank Group			
31.12.2014	Q1-Q3/2015		Note	Q1-Q3/2015	31.12.2014
<b>ASSETS</b>					
4,417	14,094	Cash balances and demand deposits with central banks		14,094	4,417
29,467	11,185	Receivables from credit institutions and central banks	12	11,186	29,468
35,228	34,534	Loans, advances and other receivables at fair value	13	34,534	35,228
49,024	46,170	Loans, advances and other receivables at amortised cost	14	47,506	50,494
64,625	42,243	Bonds at fair value	15	42,672	64,972
341	316	Equities	16	317	342
869	963	Investments in group enterprises		-	-
55	46	Intangible assets		46	55
14	8	Other property, plant and equipment		8	14
614	304	Current tax assets		281	618
36	52	Deferred tax assets		-	0
47	32	Assets in temporary possession	17	32	47
44,169	36,880	Other assets	18	36,915	44,206
14	27	Prepayments		34	22
<b>228,920</b>	<b>186,854</b>	<b>TOTAL ASSETS</b>		<b>187,625</b>	<b>229,883</b>

# Balance sheets, end of period

DKK million

Nykredit Bank A/S		Nykredit Bank Group			
31.12.2014	Q1-Q3/2015		Note	Q1-Q3/2015	31.12.2014
<b>LIABILITIES AND EQUITY</b>					
63,131	41,174	Payables to credit institutions and central banks	19	41,714	63,876
65,440	61,801	Deposits and other payables	20	61,725	65,350
25,881	24,662	Bonds in issue at amortised cost	21	24,662	25,881
19,943	12,205	Other non-derivative financial liabilities at fair value	22	12,205	19,943
29	29	Liabilities temporarily assumed		29	29
41,631	31,068	Other liabilities	23	31,334	41,880
1	3	Deferred income		5	4
<b>216,056</b>	<b>170,942</b>	<b>TOTAL PAYABLES</b>		<b>171,674</b>	<b>216,963</b>
<b>Provisions</b>					
-	-	Provisions for deferred tax		38	56
106	110	Provisions for losses under guarantees	24	110	106
83	49	Other provisions	24	49	83
<b>189</b>	<b>159</b>	<b>TOTAL PROVISIONS</b>		<b>197</b>	<b>245</b>
100	100	Subordinated debt	25	100	100
<b>Equity</b>					
6,045	8,045	Share capital		8,045	6,045
<b>Other reserves</b>					
385	385	Statutory reserves		-	-
6,145	7,224	Retained earnings		7,609	6,530
<b>12,575</b>	<b>15,654</b>	<b>TOTAL EQUITY</b>		<b>15,654</b>	<b>12,575</b>
<b>228,920</b>	<b>186,855</b>	<b>TOTAL LIABILITIES AND EQUITY</b>		<b>187,625</b>	<b>229,883</b>
<b>OFF-BALANCE SHEET ITEMS</b>					
20,993	15,282	Contingent liabilities	26	15,182	20,893
4,685	4,879	Other commitments	27	5,016	4,839
		Accounting policies	1		
		Capital and capital adequacy	2		
		Core earnings and investment portfolio income	3		
		Business areas	4		
		Related party transactions and balances	28		
		Loans, advances, guarantees and provisions	29		
		Financial assets and liabilities at fair value (IFRS hierarchy)	30		
		Foreign exchange and interest rate exposures	31		
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		Nykredit Bank Group – seven quarters	33		
		Nykredit Bank Group – financial highlights	34		

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

DKK million

Nykredit Bank A/S

	Share capital*	Statutory reserves	Retained earnings	Total
<b>EQUITY, 30 SEPTEMBER 2015</b>				
End of previous financial year	6,045	385	6,145	12,575
<b>Total</b>	<b>6,045</b>	<b>385</b>	<b>6,145</b>	<b>12,575</b>
<b>Comprehensive income</b>				
Profit for the period			1,079	1,079
<b>Total comprehensive income</b>		<b>-</b>	<b>1,079</b>	<b>1,079</b>
Capital increase	2,000			2,000
<b>Total changes in equity</b>	<b>2,000</b>	<b>-</b>	<b>1,079</b>	<b>3,079</b>
<b>Equity, 30 September 2015</b>	<b>8,045</b>	<b>385</b>	<b>7,724</b>	<b>15,654</b>
<b>EQUITY, 30 SEPTEMBER 2014</b>				
End of previous financial year	6,045	261	8,042	14,348
<b>Total</b>	<b>6,045</b>	<b>261</b>	<b>8,042</b>	<b>14,348</b>
<b>Comprehensive income</b>				
Loss for the period			(826)	(826)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(826)</b>	<b>(826)</b>
<b>Total changes in equity</b>	<b>-</b>	<b>-</b>	<b>(826)</b>	<b>(826)</b>
<b>Equity, 30 September 2014</b>	<b>6,045</b>	<b>261</b>	<b>7,216</b>	<b>13,522</b>

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

DKK million

Nykredit Bank Group

	Share capital*	Retained earnings	Total
<b>EQUITY, 30 SEPTEMBER 2015</b>			
End of previous financial year	6,045	6,530	12,575
<b>Total</b>	<b>6,045</b>	<b>6,530</b>	<b>12,575</b>
<b>Comprehensive income</b>			
Profit for the period	-	1,079	1,079
<b>Total comprehensive income</b>	<b>-</b>	<b>1,079</b>	<b>1,079</b>
Capital increase	2,000		2,000
<b>Total changes in equity</b>	<b>2,000</b>	<b>1,079</b>	<b>3,079</b>
<b>Equity, 30 September 2015</b>	<b>8,045</b>	<b>7,609</b>	<b>15,654</b>
<b>EQUITY, 30 SEPTEMBER 2014</b>			
End of previous financial year	6,045	8,303	14,348
<b>Total</b>	<b>6,045</b>	<b>8,303</b>	<b>14,348</b>
<b>Comprehensive income</b>			
Loss for the period	-	(826)	(826)
<b>Total comprehensive income</b>	<b>-</b>	<b>(826)</b>	<b>(826)</b>
<b>Total changes in equity</b>	<b>-</b>	<b>(826)</b>	<b>(826)</b>
<b>Equity, 30 September 2014</b>	<b>6,045</b>	<b>7,477</b>	<b>13,522</b>

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

# Cash flow statement 1 January – 30 September

DKK million

	Nykredit Bank Group	
	Q1-Q3/2015	Q1-Q3/2014
<b>Profit (loss) after tax for the period</b>	<b>1,079</b>	<b>(826)</b>
<b>Adjustment for non-cash operating items, depreciation, amortisation, impairment losses and provisions</b>		
Depreciation and impairment losses for property, plant and equipment	13	6
Other non-cash changes	(12)	(5)
Impairment losses on loans, advances and receivables	(36)	140
Tax calculated on profit (loss) for the period	331	(271)
<b>Total</b>	<b>296</b>	<b>(130)</b>
<b>Profit (loss) for the period adjusted for non-cash operating items</b>	<b>1,375</b>	<b>(956)</b>
<b>Change in working capital</b>		
Loans, advances and other receivables	3,893	15,493
Deposits and other payables	(4,127)	(5,570)
Payables to credit institutions and central banks	(22,061)	3,308
Bonds at fair value	23,121	(15,263)
Equities	25	16
Other working capital	(11,024)	3,939
<b>Total</b>	<b>(10,173)</b>	<b>1,923</b>
<b>Corporation tax paid, net</b>	<b>(10)</b>	<b>(5)</b>
<b>Cash flows from operating activities</b>	<b>(8,808)</b>	<b>962</b>
<b>Cash flows from investing activities</b>		
Property, plant and equipment	2	(36)
<b>Total</b>	<b>2</b>	<b>(36)</b>
<b>Cash flows from financing activities</b>		
Capital increase	2,000	-
Subordinated debt	-	(150)
Bonds in issue	(1,995)	(2,635)
<b>Total</b>	<b>5</b>	<b>(2,785)</b>
<b>Total cash flows</b>	<b>(8,801)</b>	<b>(1,859)</b>
Cash and cash equivalents, beginning of period	33,885	23,173
Foreign currency translation adjustment of cash	196	978
<b>Cash and cash equivalents, end of period</b>	<b>25,280</b>	<b>22,292</b>
<b>Cash and cash equivalents, end of period</b>		
Specification of cash and cash equivalents, end of period:		
Cash balances and demand deposits with central banks	14,094	259
Receivables from credit institutions and central banks	11,186	22,033
<b>Cash and cash equivalents, end of period</b>	<b>25,280</b>	<b>22,292</b>

# Notes

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## 1. ACCOUNTING POLICIES

### General

The Consolidated Financial Statements for Q1-Q3/2015 are prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and further Danish financial reporting and disclosure requirements for interim reports. Compliance with IAS 34 implies observance of the principles of recognition and measurement of the IFRS but also a less detailed presentation relative to the annual report.

The Interim Financial Statements for Q1-Q3/2015 of the Parent Company are prepared in accordance with the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc. (the Danish Executive Order on the Presentation of Financial Statements) issued by the Danish Financial Supervisory Authority (FSA).

### New and amended standards, interpretations and reporting provisions

Reporting standards and interpretations in force from 1 January 2015 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 2014 (note 1), no new reporting standards or interpretations have been issued or approved which influence the Q1-Q3 Interim Report 2015 of Nykredit Bank A/S and the Nykredit Bank Group.

The accounting policies are otherwise unchanged compared with the Annual Report 2014. For a full description of the Group's and the Parent Company's accounting policies, please refer to note 1 of the Annual Report 2014, which is available at [nykredit.com/reports](http://nykredit.com/reports).

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

## Notes

DKK million

	30.09.2015	31.12.2014	30.09.2014
<b>2. CAPITAL AND CAPITAL ADEQUACY</b>			
<b>Nykredit Bank A/S</b>			
<b>Equity</b>	<b>15,654</b>	<b>12,575</b>	<b>13,522</b>
Prudent valuation adjustment	(310)	(435)	(391)
Intangible assets	(41)	(54)	(56)
Deduction for difference between IRB losses and impairments	-	(41)	-
<b>Common Equity Tier 1 capital deductions</b>	<b>(351)</b>	<b>(530)</b>	<b>(447)</b>
<b>Common Equity Tier 1 capital</b>	<b>15,303</b>	<b>12,045</b>	<b>13,075</b>
Hybrid capital	100	100	100
Other deductions	-	(85)	0
<b>Tier 1 capital</b>	<b>15,403</b>	<b>12,060</b>	<b>13,175</b>
Provisions for expected losses in accordance with IRB approach	351	409	391
Transitional Tier 2 capital adjustment	-	(85)	0
<b>Own funds</b>	<b>15,754</b>	<b>12,384</b>	<b>13,566</b>
Credit risk	64,745	77,086	75,161
Market risk	7,210	12,417	12,905
Operational risk	4,046	4,361	4,361
Credit value adjustments (CVA)	1,201	1,041	-
<b>Total risk exposure amount</b>	<b>77,202</b>	<b>94,905</b>	<b>92,427</b>
<b>Tier 1 capital ratio, %</b>	<b>19.9</b>	<b>12.7</b>	<b>14.2</b>
<b>Total capital ratio, %</b>	<b>20.4</b>	<b>13.0</b>	<b>14.6</b>

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

	30.09.2015	31.12.2014	30.09.2014
<b>2. CAPITAL AND CAPITAL ADEQUACY (continued)</b>			
<b>Nykredit Bank Group</b>			
<b>Equity</b>	<b>15,654</b>	<b>12,575</b>	<b>13,522</b>
Prudent valuation adjustment	(310)	(435)	(391)
Intangible assets	(41)	(54)	(56)
Deduction for difference between IRB losses and impairments	-	(41)	-
<b>Common Equity Tier 1 capital deductions</b>	<b>(351)</b>	<b>(530)</b>	<b>(447)</b>
<b>Common Equity Tier 1 capital</b>	<b>15,303</b>	<b>12,045</b>	<b>13,075</b>
Hybrid capital	100	100	100
Other deductions	-	(85)	-
<b>Tier 1 capital</b>	<b>15,403</b>	<b>12,060</b>	<b>13,175</b>
Provisions for expected losses in accordance with IRB approach	330	390	377
Transitional Tier 2 capital adjustment	-	(85)	0
<b>Own funds</b>	<b>15,733</b>	<b>12,365</b>	<b>13,552</b>
Credit risk	61,286	75,689	74,051
Market risk	7,210	12,417	12,905
Operational risk	4,641	4,904	4,904
Credit value adjustments (CVA)	1,200	1,041	-
<b>Total risk exposure amount</b>	<b>74,337</b>	<b>94,051</b>	<b>91,860</b>
<b>Tier 1 capital ratio, %</b>	<b>20.7</b>	<b>12.8</b>	<b>14.3</b>
<b>Total capital ratio, %</b>	<b>21.7</b>	<b>13.1</b>	<b>14.7</b>



## Notes

DKK million

Nykredit Bank Group

3. CORE EARNINGS AND INVESTMENT PORTFOLIO INCOME	Q1-Q3/2015			Q1-Q3/2014		
	Core earnings	Investment portfolio income	Total	Core earnings	Investment portfolio income	Total
1 January – 30 September						
Net interest income	1,373	97	1,470	1,793	82	1,875
Dividend on equities	5	-	5	18	7	25
Fee and commission income, net	714	-	714	693	(3)	690
<b>Net interest and fee income</b>	<b>2,092</b>	<b>97</b>	<b>2,189</b>	<b>2,504</b>	<b>86</b>	<b>2,590</b>
Value adjustments	653	(73)	580	(2,013)	(28)	(2,041)
Other operating income	21	-	21	23	-	23
Staff and administrative expenses	1,406	-	1,406	1,490	-	1,490
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	13	-	13	6	-	6
Other operating expenses	48	-	48	54	-	54
Impairment losses on loans and advances	(87)	-	(87)	119	-	119
<b>Profit (loss) before tax</b>	<b>1,386</b>	<b>24</b>	<b>1,410</b>	<b>(1,155)</b>	<b>58</b>	<b>(1,097)</b>

## Notes

DKK million

Nykredit Bank Group

## 4. BUSINESS AREAS

## Q1-Q3/2015

## Core income from

	Retail	Wholesale	Group Items	Total
customer activities, gross	742	1,823	(18)	2,548
- payment for distribution	420	(420)	-	-
<b>Total business operations</b>	<b>1,162</b>	<b>1,403</b>	<b>(18)</b>	<b>2,548</b>
- value adjustment of derivatives	140	72	-	212
- core income from securities	-	-	6	6
<b>Total*</b>	<b>1,302</b>	<b>1,475</b>	<b>(12)</b>	<b>2,766</b>
Operating costs and depreciation of equipment	690	520	210	1,421
Expenses for guarantee and resolution schemes	53	3	-	56
Provisions for reorganisation costs	-	-	(10)	(10)
<b>Core earnings before impairment losses</b>	<b>559</b>	<b>952</b>	<b>(212)</b>	<b>1,299</b>
Impairment losses on loans and advances	99	(187)	0	(87)
<b>Core earnings after impairment losses</b>	<b>460</b>	<b>1,138</b>	<b>(212)</b>	<b>1,386</b>
Investment portfolio income <sup>1</sup>	-	-	24	24
<b>Profit (loss) before tax for the period</b>	<b>460</b>	<b>1,138</b>	<b>(187)</b>	<b>1,410</b>
* Of which transactions between business areas.				0

Operating costs as well as depreciation of property, plant and equipment and amortisation of intangible assets as % of core income from business operations

Average allocated business capital	5,259	6,339	738	12,336
Core earnings after impairment losses as % of allocated capital (pa)	34.9	71.8	-	45.0

## Q1-Q3/2014

## Core income from

	Retail	Wholesale	Group Items	Total
customer activities, gross	888	1,598	1	2,487
- payment for distribution	418	(418)	0	0
<b>Total business operations</b>	<b>1,306</b>	<b>1,180</b>	<b>1</b>	<b>2,487</b>
- value adjustment of derivatives	(1,168)	(825)	-	(1,993)
- core income from securities	-	-	21	21
<b>Total*</b>	<b>138</b>	<b>355</b>	<b>22</b>	<b>515</b>
Operating costs and depreciation of equipment	691	588	220	1,499
Expenses for guarantee and resolution schemes	36	8	8	52
Provisions for reorganisation costs	-	-	-	-
<b>Core earnings before impairment losses</b>	<b>(589)</b>	<b>(241)</b>	<b>(206)</b>	<b>(1,036)</b>
Impairment losses on loans and advances	111	4	4	119
<b>Core earnings after impairment losses</b>	<b>(700)</b>	<b>(245)</b>	<b>(210)</b>	<b>(1,155)</b>
Investment portfolio income <sup>1</sup>	-	-	58	58
<b>Loss before tax for the period</b>	<b>(700)</b>	<b>(245)</b>	<b>(152)</b>	<b>(1,097)</b>
* Of which transactions between business areas.	418	(703)	285	0

Operating costs as well as depreciation of property, plant and equipment and amortisation of intangible assets as % of core income from business operations

Average allocated business capital	5,486	7,833	1,120	14,439
Core earnings after impairment losses as % of allocated capital (pa)	(17.0)	(4.2)	-	(10.7)

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

## Notes

DKK million

Nykredit Bank A/S		Nykredit Bank Group	
Q1-Q3/2014	Q1-Q3/2015	Q1-Q3/2015	Q1-Q3/2014
<b>5. INTEREST INCOME</b>			
26	5	5	26
1,739	1,532	1,619	1,816
891	440	444	895
(158)	(197)	(197)	(158)
13	139	139	13
(151)	(306)	(306)	(151)
(42)	(32)	(32)	(42)
22	2	2	22
12	0	2	13
<b>2,510</b>	<b>1,780</b>	<b>1,873</b>	<b>2,592</b>
<b>Of which interest income from genuine purchase and resale transactions entered as</b>			
19	0	0	19
120	9	9	120
<b>5A. NEGATIVE INTEREST</b>			
Interest income			
-	(26)	(26)	-
-	(77)	(77)	-
<b>-</b>	<b>(103)</b>	<b>(103)</b>	<b>-</b>
Interest expenses			
-	(80)	(80)	-
-	(31)	(31)	-
<b>-</b>	<b>(111)</b>	<b>(111)</b>	<b>-</b>
<b>-</b>	<b>8</b>	<b>8</b>	<b>-</b>
<b>6. INTEREST EXPENSES</b>			
159	45	46	162
281	121	121	281
264	233	233	264
8	1	1	8
2	10	10	2
<b>714</b>	<b>410</b>	<b>411</b>	<b>717</b>
Of which interest expenses for genuine sale and repurchase transactions entered as			
92	10	10	92
36	2	2	36
<b>7. VALUE ADJUSTMENTS</b>			
0	(3)	(3)	0
(252)	(35)	(39)	(255)
76	84	84	76
(32)	367	367	(32)
(1,830)	171	171	(1,830)
<b>(2,038)</b>	<b>584</b>	<b>580</b>	<b>(2,041)</b>
Value adjustments mainly relate to financial assets, financial liabilities and derivative financial instruments included in the Bank's/Group's trading activities.			
No value adjustments have been made for own credit risk on bonds in issue or other financial liabilities.			

## Notes

DKK million

Nykredit Bank A/S		Nykredit Bank Group	
Q1-Q3/2014	Q1-Q3/2015	Q1-Q3/2015	Q1-Q3/2014
<b>8. STAFF AND ADMINISTRATIVE EXPENSES</b>			
8	12	12	8
521	456	541	597
815	786	853	885
<b>1,344</b>	<b>1,254</b>	<b>1,406</b>	<b>1,490</b>
<b>Remuneration of Board of Directors and Executive Board</b>			
<b>Board of Directors</b>			
0	0	0	0
Staff-elected board representatives each receive annual remuneration of DKK 60,000. No additional remuneration is paid to the Board of Directors.			
<b>Executive Board</b>			
8	6	6	8
-	6	6	-
<b>8</b>	<b>12</b>	<b>12</b>	<b>8</b>
The terms and conditions governing the remuneration and pensions of the Executive Board have not changed since the Annual Report 2014, to which reference is made.			
<b>Staff expenses</b>			
419	366	437	482
42	37	44	49
60	53	60	66
<b>521</b>	<b>456</b>	<b>541</b>	<b>597</b>
<b>684</b>	<b>604</b>	<b>759</b>	<b>829</b>
<b>9. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES</b>			
<b>Specification of impairment provisions</b>			
3,230	2,800	2,849	3,276
23	23	23	23
431	266	269	430
<b>3,684</b>	<b>3,089</b>	<b>3,141</b>	<b>3,729</b>
<b>Individual impairment provisions for loans, advances and receivables</b>			
3,563	3,006	3,051	3,605
402	494	514	423
387	369	385	400
348	331	331	352
<b>3,230</b>	<b>2,800</b>	<b>2,849</b>	<b>3,276</b>
<b>Individual impairment provisions for receivables from credit institutions</b>			
19	23	23	19
4	0	0	4
<b>23</b>	<b>23</b>	<b>23</b>	<b>23</b>
<b>Collective impairment provisions</b>			
369	507	509	369
62	(241)	(240)	61
<b>431</b>	<b>266</b>	<b>269</b>	<b>430</b>

## Notes

DKK million

Nykredit Bank A/S		Nykredit Bank Group	
Q1-Q3/2014	Q1-Q3/2015	Q1-Q3/2015	Q1-Q3/2014
<b>9. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES (continued)</b>			
<b>Earnings impact</b>			
81	(116)	Change in provisions for loan and receivable impairment	(111) 88
32	67	Write-offs for the period, net	71 39
20	50	Recoveries on claims previously written off	50 21
<b>93</b>	<b>(99)</b>	<b>Total impairment losses</b>	<b>(90) 106</b>
13	3	Provisions for guarantees	3 13
<b>106</b>	<b>(96)</b>	<b>Total</b>	<b>(87) 119</b>
44	145	Of which individual impairment provisions	153 58
62	(241)	Of which collective impairment provisions	(240) 61
4	0	Of which credit institutions	0 4
<b>Receivables from credit institutions with objective evidence of impairment</b>			
25	25	Receivables subject to individual impairment provisioning	25 25
23	23	Impairment provisions	23 23
<b>2</b>	<b>2</b>	<b>Carrying amount</b>	<b>2 2</b>
<b>Loans and advances with objective evidence of impairment</b>			
4,930	4,123	Loans and advances at amortised cost subject to individual impairment provisioning	4,261 5,065
3,230	2,800	Impairment provisions	2,849 3,276
<b>1,700</b>	<b>1,323</b>	<b>Carrying amount</b>	<b>1,412 1,789</b>
45,809	45,113	Loans and advances at amortised cost subject to collective impairment provisioning	46,363 46,943
431	266	Impairment provisions	269 430
<b>45,378</b>	<b>44,847</b>	<b>Carrying amount</b>	<b>46,094 46,513</b>
<b>10. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES</b>			
81	110	Profit from investments in group enterprises	- -
-	-	Profit from investments in associates	- -
<b>81</b>	<b>110</b>	<b>Total</b>	<b>- -</b>
<b>11. TAX</b>			
(297)	302	Tax for the period	331 (271)
<b>(297)</b>	<b>302</b>	<b>Total</b>	<b>331 (271)</b>
<b>(1)</b>	<b>1</b>	<b>Of which effect due to change in future tax level (deferred tax)</b>	<b>1 (1)</b>
<b>26.4</b>	<b>21.9</b>	<b>Tax on profit (loss) for the period, %</b>	<b>23.5 24.7</b>
Tax is calculated on the basis of a tax rate of 23.5% for 2015. Due to a change in the tax rate from 25% in 2013 to 22% in 2016, the calculation of the Bank's deferred tax is based on an estimate of when the deferred tax is expected to become current tax/the deferred tax assets is expected to be realised.			
The full-year tax rate is expected to be around 22-24%.			

## Notes

DKK million

Nykredit Bank A/S			Nykredit Bank Group	
31.12.2014	30.09.2015		30.09.2015	31.12.2014
<b>12. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS</b>				
8,746	906	Receivables at call from central banks	906	8,746
20,721	10,279	Receivables from credit institutions	10,280	20,722
<b>29,467</b>	<b>11,185</b>	<b>Total</b>	<b>11,186</b>	<b>29,468</b>
6,663	2,202	Of which genuine purchase and resale transactions	2,202	6,663
<b>13. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE</b>				
35,228	34,534	Genuine purchase and resale transactions	34,534	35,228
<b>35,228</b>	<b>34,534</b>	<b>Total</b>	<b>34,534</b>	<b>35,228</b>
<b>14. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST</b>				
49,024	46,170	Loans and advances at amortised cost	47,506	50,494
<b>49,024</b>	<b>46,170</b>	<b>Total</b>	<b>47,506</b>	<b>50,494</b>
<b>15. BONDS AT FAIR VALUE</b>				
49,300	36,985	Covered bonds (realkreditobligationer, ROs)	37,414	49,647
8,079	1,594	Government bonds	1,594	8,079
9,337	5,946	Other bonds	5,946	9,337
<b>66,716</b>	<b>44,525</b>	<b>Total</b>	<b>44,954</b>	<b>67,063</b>
2,091	2,282	Self-issued bonds offset against bonds in issue	2,282	2,091
<b>64,625</b>	<b>42,243</b>	<b>Total</b>	<b>42,672</b>	<b>64,972</b>
The effect of fair value adjustment was recognised in the income statement.				
3,123	894	Of which redeemed bonds	894	3,123
25,558	12,211	Assets sold as part of genuine sale and repurchase transactions	12,211	25,558
16,462	5,950	As collateral for the Danish central bank, Danmarks Nationalbank, and foreign clearing centres, etc, bonds have been deposited of a total market value of	5,950	16,462
The collateral was provided on an arm's length basis.				

## Notes

DKK million

Nykredit Bank A/S			Nykredit Bank Group	
31.12.2014	30.09.2015		30.09.2015	31.12.2014
<b>16. EQUITIES</b>				
122	137	Listed on Nasdaq Copenhagen	138	123
9	6	Listed on other stock exchanges	6	9
210	173	Unlisted equities carried at fair value	173	210
<b>341</b>	<b>316</b>	<b>Total</b>	<b>317</b>	<b>342</b>
<b>17. ASSETS IN TEMPORARY POSSESSION</b>				
79	47	Assets, beginning of year	47	212
6	2	Additions	2	6
38	17	Disposals	17	171
<b>47</b>	<b>32</b>	<b>Total</b>	<b>32</b>	<b>47</b>
<p>At 31 December 2014 and 30 September 2015, assets in temporary possession comprised acquired properties and shares in a property company.</p> <p>Nykredit Bank accepts mortgages over real estate as security for loans. In a number of instances, the Bank acquires the properties in the event of borrowers' non-performance of loan agreements etc.</p> <p>The valuation of assets in temporary possession is based on the expected sales values in case of disposal within a period of 12 months.</p>				
<b>18. OTHER ASSETS</b>				
3,509	2,636	Interest and commission receivable	2,665	3,539
39,078	31,822	Positive market value of derivative financial instruments	31,822	39,078
1,582	2,422	Other	2,428	1,589
<b>44,169</b>	<b>36,880</b>	<b>Total</b>	<b>36,915</b>	<b>44,206</b>
<b>19. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS</b>				
3,441	2,910	Payables to central banks	2,910	3,441
59,690	38,264	Payables to credit institutions	38,804	60,435
<b>63,131</b>	<b>41,174</b>	<b>Total</b>	<b>41,714</b>	<b>63,876</b>
11,723	4,378	Of which genuine sale and repurchase transactions	4,378	11,723
<b>20. DEPOSITS AND OTHER PAYABLES</b>				
45,969	48,758	On demand	48,682	45,879
5,306	2,851	At notice	2,851	5,306
11,142	7,287	Time deposits	7,287	11,142
3,023	2,905	Special deposits	2,905	3,023
<b>65,440</b>	<b>61,801</b>	<b>Total</b>	<b>61,725</b>	<b>65,350</b>
<b>Deposit surplus</b>				
65,440	61,801	Deposits and other payables at amortised cost	61,725	65,350
49,024	46,170	Loans, advances and other receivables at amortised cost	47,506	50,494
<b>16,416</b>	<b>15,631</b>	<b>Total</b>	<b>14,219</b>	<b>14,856</b>
13,855	7,391	Deposits attributable to genuine sale and repurchase transactions in "Other non-derivative financial liabilities at fair value"	7,391	13,855

## Notes

DKK million

Nykredit Bank A/S			Nykredit Bank Group	
31.12.2014	30.09.2015		30.09.2015	31.12.2014
<b>21. BONDS IN ISSUE AT AMORTISED COST</b>				
<b>Issues</b>				
17,858	18,242	EMTN issues*	18,242	17,858
10,107	8,380	ECP issues*	8,380	10,107
7	321	Other issues*	321	7
<b>27,972</b>	<b>26,943</b>	<b>Total</b>	<b>26,943</b>	<b>27,972</b>
2,091	2,281	Own portfolio	2,281	2,091
<b>25,881</b>	<b>24,662</b>	<b>Total</b>	<b>24,662</b>	<b>25,881</b>
No value adjustments have been made that can be attributed to changes in own credit risk.				
* Listed on Nasdaq Copenhagen or the Luxembourg Stock Exchange.				
<b>22. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE</b>				
13,855	7,391	Deposits at fair value	7,391	13,855
6,088	4,814	Negative securities portfolios	4,814	6,088
<b>19,943</b>	<b>12,205</b>	<b>Total</b>	<b>12,205</b>	<b>19,943</b>
13,855	7,391	Of "Deposits at fair value", genuine sale and repurchase transactions total	7,391	13,855
<b>23. OTHER LIABILITIES</b>				
3,663	2,938	Interest and commission payable	2,939	3,663
37,474	27,663	Negative market value of derivative financial instruments	27,663	37,474
494	467	Other payables	732	743
<b>41,631</b>	<b>31,068</b>	<b>Total</b>	<b>31,334</b>	<b>41,880</b>



## Notes

DKK million

Nykredit Bank A/S		Nykredit Bank Group	
31.12.2014	30.09.2015	30.09.2015	31.12.2014
<b>24. PROVISIONS</b>			
<b>Provisions for losses under guarantees</b>			
103	106	106	103
32	12	12	32
28	8	8	28
1	0	0	1
<b>106</b>	<b>110</b>	<b>110</b>	<b>106</b>
<b>Other provisions</b>			
69	83	83	69
28	23	23	28
-	18	18	-
14	39	39	14
<b>83</b>	<b>49</b>	<b>49</b>	<b>83</b>
<b>Total provisions for losses under guarantees and other provisions</b>			
172	189	189	172
60	35	35	60
28	26	26	28
15	39	39	15
<b>189</b>	<b>159</b>	<b>159</b>	<b>189</b>
<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>			
<b>25. SUBORDINATED DEBT</b>			
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.			
<b>Hybrid capital</b>			
100	100	100	100
<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Included in the determination of own funds</b>			
100	100	100	100
-	-	-	-
No value adjustments have been made that can be attributed to changes in own credit risk.			

## Notes

DKK million

Nykredit Bank A/S			Nykredit Bank Group	
31.12.2014	30.09.2015		30.09.2015	31.12.2014
		<b>26. CONTINGENT LIABILITIES</b>		
15,206	8,904	Financial guarantees	8,904	15,206
1,279	1,262	Registration and refinancing guarantees	1,213	1,279
4,508	5,116	Other contingent liabilities	5,065	4,408
<b>20,993</b>	<b>15,282</b>	<b>Total</b>	<b>15,182</b>	<b>20,893</b>

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

**The Guarantee Fund and the Resolution Fund**

Nykredit Bank A/S participates in the mandatory Danish guarantee scheme.

A new scheme has been introduced in 2015, as the Danish Guarantee Fund took over the activities and assets of the Danish Guarantee Fund for Depositors and Investors on 1 June 2015. The purpose of the Danish Guarantee Fund is to provide cover for depositors and investors in distressed 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 resolution finance scheme, was also established on 1 June 2015. The Resolution Fund is financed by annual contributions from participating banks, mortgage lenders and investment companies and, as from 31 December 2024, the assets of the scheme must make up 1% of the sector's covered deposits.

Participating institutions pay an annual amount to cover any losses incurred by the Resolution Fund in connection with the resolution of distressed 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 2013 and for any obligations to withhold tax at source on the interest, royalties or dividends of these companies as of 1 July 2012.

# Notes

DKK million

Nykredit Bank A/S			Nykredit Bank Group	
31.12.2014	30.09.2015		30.09.2015	31.12.2014
<b>27. OTHER COMMITMENTS</b>				
4,508	4,697	Irrevocable credit commitments	4,697	4,508
177	182	Other	319	331
<b>4,685</b>	<b>4,879</b>	<b>Total</b>	<b>5,016</b>	<b>4,839</b>

## 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 2014 or in Q1-Q3/2015.

The companies have entered into various agreements as a natural part of the Group's day-to-day operations. The agreements typically involve financing, provision of guarantees, 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 2014 or 2015 include:

### 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.

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

Nykredit Holding A/S has issued letters of comfort to third parties in specific cases.

## Notes

DKK million

Nycredit Bank Group

## 29. LOANS, ADVANCES, GUARANTEES AND PROVISIONS

## Loans, advances, guarantees and provisions by sector

## 30 September 2015

	Carrying amount			Proportion, %	Provisions		Total
	Loans and advances	Guarantees	Total loans, advances and guarantees		Individual and other provisions	Collective impairment provisions	
<b>Public sector</b>	<b>207</b>	<b>275</b>	<b>482</b>	<b>0.5</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Commercial customers</b>							
Agriculture, hunting, forestry and fishing	1,790	620	2,410	2.5	87	48	135
Manufacturing, mining and quarrying	4,550	263	4,813	5.0	216	3	219
Energy supply	844	31	875	0.9	4	0	4
Construction	1,598	544	2,142	2.2	233	3	236
Trading	2,696	364	3,060	3.1	83	6	89
Transport, accommodation and food service activities	2,552	524	3,076	3.2	125	2	127
Information and communication	915	127	1,042	1.1	55	1	56
Finance and insurance	37,967	1,657	39,624	40.8	258	52	310
Real estate	9,263	1,856	11,119	11.4	1,172	88	1,260
Other	7,767	965	8,732	9.0	233	9	242
<b>Total commercial customers</b>	<b>69,942</b>	<b>6,951</b>	<b>76,893</b>	<b>79.1</b>	<b>2,466</b>	<b>212</b>	<b>2,678</b>
<b>Personal customers</b>	<b>11,892</b>	<b>7,956</b>	<b>19,848</b>	<b>20.4</b>	<b>493</b>	<b>57</b>	<b>550</b>
<b>Total</b>	<b>82,041</b>	<b>15,182</b>	<b>97,223</b>	<b>100.0</b>	<b>2,959</b>	<b>269</b>	<b>3,228</b>
Of which reverse repurchase lending (loans and advances at fair value)	34,534	-	34,534	35.5	-	-	-

## 31 December 2014

	Carrying amount			Proportion, %	Provisions		Total
	Loans and advances	Guarantees	Total loans, advances and guarantees		Individual and other provisions	Collective impairment provisions	
<b>Public sector</b>	<b>219</b>	<b>377</b>	<b>596</b>	<b>0.6</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Commercial customers</b>							
Agriculture, hunting, forestry and fishing	1,810	1,420	3,230	3.0	130	8	138
Manufacturing, mining and quarrying	5,246	280	5,526	5.2	241	28	269
Energy supply	970	85	1,055	1.0	9	0	9
Construction	1,376	711	2,087	2.0	234	2	236
Trading	2,909	400	3,309	3.1	116	3	119
Transport, accommodation and food service activities	2,500	430	2,930	2.7	89	2	91
Information and communication	842	185	1,027	1.0	60	2	62
Finance and insurance	38,609	1,811	40,420	37.9	298	7	305
Real estate	10,261	2,810	13,071	12.3	1,164	376	1,540
Other	8,257	1,386	9,643	9.0	296	9	305
<b>Total commercial customers</b>	<b>72,780</b>	<b>9,518</b>	<b>82,298</b>	<b>77.2</b>	<b>2,637</b>	<b>437</b>	<b>3,074</b>
<b>Personal customers</b>	<b>12,723</b>	<b>10,998</b>	<b>23,721</b>	<b>22.2</b>	<b>520</b>	<b>72</b>	<b>592</b>
<b>Total</b>	<b>85,722</b>	<b>20,893</b>	<b>106,615</b>	<b>100.0</b>	<b>3,157</b>	<b>509</b>	<b>3,666</b>
Of which reverse repurchase lending (loans and advances at fair value)	35,228	-	35,228	33.0	-	-	-

## Provisioning rate, %

	Q3/2015	Q2/2015	Q1/2015	Q4/2014	Q3/2014	Q2/2014	Q1/2014
<b>Group</b>							
Total loans and advances	82,040	79,206	78,973	85,722	88,438	92,236	83,909
Total guarantees	15,182	21,156	20,320	20,893	13,801	12,028	12,306
Impairment provisions for loans and advances at amortised cost	3,118	3,297	3,482	3,560	3,706	3,742	3,820
Provisions for guarantees	110	106	106	106	116	110	113
<b>Total loans, advances, guarantees and provisions</b>	<b>100,450</b>	<b>103,765</b>	<b>102,881</b>	<b>110,281</b>	<b>106,061</b>	<b>108,116</b>	<b>100,148</b>
Provisioning rate, %	3.2	3.3	3.5	3.3	3.6	3.6	3.9
Provisioning rate excluding guarantees, %	3.7	4.0	4.2	4.0	4.0	3.9	4.4

## Notes

DKK million

Nycredit Bank Group

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

30 September 2015

	Listed prices	Observable inputs	Un-observable inputs	Total (carrying amounts)
<b>Assets</b>				
Recognised in the trading book:				
- reverse repurchase lending to credit institutions and central banks		2,202		2,202
- other reverse repurchase lending		34,534		34,534
- bonds at fair value	40,877	1,795		42,672
- equities measured at fair value through profit or loss	178		139	317
- positive fair value of derivative financial instruments	1,077	29,989	756	31,822
<b>Fair value, 30 September 2015, assets</b>	<b>42,132</b>	<b>68,520</b>	<b>895</b>	<b>111,547</b>
<b>Percentage</b>	<b>37.8</b>	<b>61.4</b>	<b>0.8</b>	<b>100.0</b>

**Liabilities:**

Recognised in the trading book:

- repo transactions with credit institutions and central banks		4,378		4,378
- other non-derivative financial liabilities at fair value	4,814	7,391		12,205
- negative fair value of derivative financial instruments	847	26,599	217	27,663
<b>Fair value, 30 September 2015, liabilities</b>	<b>5,661</b>	<b>38,368</b>	<b>217</b>	<b>44,246</b>
<b>Percentage</b>	<b>12.8</b>	<b>86.7</b>	<b>0.5</b>	<b>100.0</b>

**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		0	178	178
Transferred to Listed prices and Observable inputs		0	(180)	(180)
Unrealised capital gains and losses recognised in "Value adjustments" in the income statement		7	(554)	(547)
Realised capital gains and losses recognised in "Value adjustments" in the income statement		6		6
Purchases for the period		0		-
Sales for the period		(43)		(43)
Redemptions for the period				-
<b>Fair value, 30 September 2015, assets</b>		<b>139</b>	<b>756</b>	<b>895</b>
Fair value, beginning of period, liabilities			297	297
Unrealised capital gains and losses recognised in "Value adjustments" in the income statement			(80)	(80)
Realised capital gains and losses recognised in "Value adjustments" in the income statement				-
Redemptions for the period				-
<b>Fair value, 30 September 2015, liabilities</b>			<b>217</b>	<b>217</b>

Transfers from Observable inputs to Unobservable inputs principally consist of interest rate swaps individually adjusted for increased credit risk.

Transfers to Observable inputs from Unobservable inputs principally consist of interest rate swaps for which individual adjustment for increased credit risk is no longer required.

For 2015 unrealised negative value adjustments of DKK 467m relating to the portfolio of financial instruments measured on the basis of unobservable inputs were recognised in the income statement at 30 September 2015.

## Notes

DKK million

Nycredit Bank Group

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

30 September 2014

	Listed prices	Observable inputs	Un-observable inputs	Total (carrying amounts)
<b>Assets</b>				
Recognised in the trading book:				
- reverse repurchase lending to credit institutions and central banks		6,663		6,663
- other reverse repurchase lending		35,228		35,228
- bonds at fair value	59,802	5,170		64,972
- equities measured at fair value through profit or loss	173	-	169	342
- positive fair value of derivative financial instruments	1,170	36,596	1,312	39,078
<b>Fair value, 30 September 2014, assets</b>	<b>61,145</b>	<b>83,657</b>	<b>1,481</b>	<b>146,283</b>
<b>Percentage</b>	<b>41.8</b>	<b>57.2</b>	<b>1.0</b>	<b>100.0</b>

**Liabilities:**

Recognised in the trading book:

- repo transactions with credit institutions and central banks		11,723		11,723
- other non-derivative financial liabilities at fair value	6,088	13,855		19,943
- negative fair value of derivative financial instruments	1,100	36,077	297	37,474
<b>Fair value, 30 September 2014, liabilities</b>	<b>7,188</b>	<b>61,655</b>	<b>297</b>	<b>69,140</b>
<b>Percentage</b>	<b>10.4</b>	<b>89.2</b>	<b>0.4</b>	<b>100.0</b>

**Financial instruments measured on the basis of unobservable inputs**

	Bonds	Equities	Derivatives	Total
Fair value, beginning of period, assets		118	1,294	1,412
Transferred from Listed prices and Observable inputs		0	3,442	3,442
Transferred to Listed prices and Observable inputs		0	(1,147)	(1,147)
Unrealised capital gains and losses recognised in "Value adjustments" in the income statement		24	(2,275)	(2,251)
Realised capital gains and losses recognised in "Value adjustments" in the income statement		17	0	17
Purchases for the period		61	0	61
Sales for the period		(51)	0	(51)
Redemptions for the period			(2)	(2)
<b>Fair value, 30 September 2014, assets</b>		<b>169</b>	<b>1,312</b>	<b>1,481</b>
Fair value, beginning of period, liabilities			242	242
Unrealised capital gains and losses recognised in "Value adjustments" in the income statement			148	148
Realised capital gains and losses recognised in "Value adjustments" in the income statement			0	0
Redemptions for the period			(93)	(93)
<b>Fair value, 30 September 2014, liabilities</b>			<b>297</b>	<b>297</b>

Transfers from Observable inputs to Unobservable inputs principally consist of interest rate swaps individually adjusted for increased credit risk.

Transfers to Observable inputs from Unobservable inputs principally consist of interest rate swaps for which individual adjustment for increased credit risk is no longer required.

For 2014 unrealised negative value adjustments of DKK 2,557m relating to the portfolio of financial instruments measured on the basis of unobservable inputs were recognised in the income statement at 31 December 2014.

# Notes

Nykredit Bank Group

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

### Listed prices

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

### Observable inputs

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

Observable inputs are typically yield curves, volatilities and market prices of similar instruments which are usually obtained through ordinary providers such as Reuters, Bloomberg or market makers. If 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, comprising DKK 275m of the positive market value of the derivatives, is primarily based on external credit curves such as Itraxx Main, but also on own data as regards customers without OEI in the lowest rating categories, as there are no available external curves suitable for calculation of credit risk on these customers. Upon entering into financial derivatives contracts, further provisions are made in the form of a so-called minimum margin for liquidity, credit risk and return on capital. The minimum margin is amortised at valuation of derivatives over the times-to maturity. At 30 September 2015, the non-amortised minimum margin amounted to DKK 429m compared with DKK 470m at end-2014. Finally, in some instances further value adjustment based on management judgement is made if the models do not 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 although valuation is based on the IPEV Valuation Guidelines.

The positive market values of individual product types/customer groups, including housing cooperatives, have been adjusted for increased credit risk by means of management judgement. 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. Following value adjustment, the fair value came to DKK 572m at 30 September 2015 and thus represents the majority of derivatives with positive market values in this category. Credit value adjustments came to DKK 5,024m at 30 September 2015 (end-2014: DKK 4,832m).

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 is 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 191m.

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 September 2015, the proportion was 0.8% against 1.0% at end-2014. The proportion of financial liabilities was 0.5% against 0.4% at end-2014.

Valuation, notably of instruments classified as unobservable inputs, is subject to some uncertainty. Of total assets and liabilities, DKK 0.9bn (end-2014: DKK 1.5bn) and DKK 0.2bn (end-2014: DKK 0.3bn), respectively, were 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 111m in 2015 (0.7% of equity at 30 September 2015). The earnings impact for 2014 was estimated at DKK 178m (1.41% of equity at 31 December 2014).

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. In 2015 and 2014, transfers between the categories Observable inputs and Unobservable inputs mainly resulted from changes to the rating categories (credit risk) of counterparties and in all material respects concerned interest rate swaps. Transfers between the categories Listed prices and Observable inputs in all material respects resulted from redeemed bonds that were reclassified on redemption and came to DKK 0.9bn at 30 September 2015.

## Notes

DKK million

Nykredit Bank A/S		Nykredit Bank Group	
30.09.2014	30.09.2015	30.09.2015	30.09.2014
<b>31. FOREIGN EXCHANGE AND INTEREST RATE EXPOSURES</b>			
<b>Foreign exchange risk</b>			
283	27	27	283
2.1	0.2	0.2	2.1
0	1	1	0
0.0	0.0	0.0	0.0
<b>Interest rate risk by the currency involving the highest interest rate exposure</b>			
290	41	44	291
(289)	(44)	(44)	(289)
(15)	(3)	(3)	(15)
(15)	(13)	(13)	(15)
11	6	6	11
-	2	2	-
2	0	0	2
0	(3)	(3)	0
<b>(16)</b>	<b>(14)</b>	<b>(11)</b>	<b>(15)</b>



# Notes

DKK million

## 32. GROUP STRUCTURE

### Name and registered office

Nykredit Bank A/S (Parent Company), Copenhagen, a)

### Consolidated subsidiaries

Nykredit Portefølje Administration A/S, Copenhagen, d)

Nykredit Leasing A/S, Gladsaxe, c)

### Associates

Dansk Pantebrevsbørs A/S, Copenhagen, b)

The company is subject to bankruptcy proceedings.

	Ownership interest as %, 30 September 2015	Profit for the period	Equity, 30 September 2015	Profit (loss) for 2014	Equity, 31 December 2014	Number of staff
Nykredit Bank A/S (Parent Company), Copenhagen, a)	-	1,079	15,654	(1,772)	12,575	604
Nykredit Portefølje Administration A/S, Copenhagen, d)	100	62	460	75	398	107
Nykredit Leasing A/S, Gladsaxe, c)	100	48	503	50	455	48
Dansk Pantebrevsbørs A/S, Copenhagen, b)	50	-	-	-	-	-

### Geographical distribution of activities

Denmark: Companies and activities appear from the group structure

Sweden: Nykredit Bank A/S, branch\*

	Number of staff	Revenue**	Profit before tax	Tax	Government aid received
Denmark: Companies and activities appear from the group structure	759	2,977	1,410	331	-
Sweden: Nykredit Bank A/S, branch*		0	0	0	-

\* The branch in Sweden ceased its activities in January 2015 and is expected to be wound-up entirely before the end of 2015.

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

- a) Banking
- b) Mortgage trading
- c) Leasing
- d) Property management

The subsidiaries Nykredit Pantebrevsinvestering A/S and FB Ejendomme A/S were both dissolved as at 30 June 2015.

### Subsidiaries in temporary possession

The property group Kalvebod III has been included in the balance sheet items "Assets in temporary possession" and "Other liabilities".

At 30 September 2015, the property group comprised a number of subsidiaries without activities.

## Notes

DKK million

	Q3/ 2015	Q2/ 2015	Q1/ 2015	Q4/ 2014	Q3/ 2014	Q2/ 2014	Q1/ 2014
<b>33. NYKREDIT BANK GROUP – SEVEN QUARTERS</b>							
<b>SUMMARY INCOME STATEMENT</b>							
Net interest income	605	413	452	593	614	631	630
Dividend on equities and fee and commission income, net	209	254	256	190	216	272	227
<b>Net interest and fee income</b>	<b>814</b>	<b>667</b>	<b>708</b>	<b>783</b>	<b>830</b>	<b>903</b>	<b>857</b>
Value adjustments	(374)	1,674	(720)	(1,475)	(1,558)	(185)	(298)
Other operating income	6	8	7	3	10	6	7
Staff and administrative expenses	474	453	479	438	471	511	508
Other operating expenses, depreciation and amortisation	20	18	23	47	22	19	19
Impairment losses on loans, advances and receivables	2	(70)	(19)	100	80	(1)	40
Profit from investments in associates and group enterprises	-	-	-	-	-	-	-
<b>Profit (loss) before tax</b>	<b>(50)</b>	<b>1,948</b>	<b>(488)</b>	<b>(1,274)</b>	<b>(1,291)</b>	<b>195</b>	<b>(1)</b>
Tax	(11)	455	(113)	(328)	(313)	33	9
<b>Profit (loss) for the period</b>	<b>(39)</b>	<b>1,493</b>	<b>(375)</b>	<b>(946)</b>	<b>(978)</b>	<b>162</b>	<b>(10)</b>
<b>Comprehensive income</b>							
Other comprehensive income	-	-	-	-	-	-	-
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>(39)</b>	<b>1,493</b>	<b>(375)</b>	<b>(946)</b>	<b>(978)</b>	<b>162</b>	<b>(10)</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>							
<b>Assets</b>							
Cash balances and receivables from central banks and credit institutions	25,280	31,954	42,699	33,885	22,292	27,790	29,389
Loans, advances and other receivables at fair value	34,534	29,765	29,569	35,228	40,137	45,328	35,831
Loans, advances and other receivables at amortised cost	47,506	49,441	49,404	50,494	48,301	46,908	48,078
Bonds at fair value	42,672	43,721	43,603	64,972	78,276	79,635	82,114
Equities	317	388	411	342	340	333	357
Remaining assets	37,316	37,688	53,365	44,962	41,151	36,906	33,102
<b>Total assets</b>	<b>187,625</b>	<b>192,957</b>	<b>219,051</b>	<b>229,883</b>	<b>230,497</b>	<b>236,900</b>	<b>228,871</b>
<b>Liabilities and equity</b>							
Payables to credit institutions and central banks	41,714	45,693	61,649	63,876	60,370	63,306	58,492
Deposits and other payables	61,725	66,056	67,832	65,350	60,478	61,918	68,694
Bonds in issue	24,662	25,763	24,427	25,881	24,423	22,565	23,849
Other non-derivative financial liabilities at fair value	12,205	8,171	4,930	19,943	33,451	40,857	33,108
Remaining payables	31,368	31,286	45,687	41,913	37,913	33,268	29,894
<b>Total payables</b>	<b>171,674</b>	<b>176,969</b>	<b>204,525</b>	<b>216,963</b>	<b>216,635</b>	<b>221,914</b>	<b>214,037</b>
Provisions	197	195	226	245	240	236	247
Subordinated debt	100	100	100	100	100	250	250
Equity	15,654	15,693	14,200	12,575	13,522	14,500	14,337
<b>Total liabilities and equity</b>	<b>187,625</b>	<b>192,957</b>	<b>219,051</b>	<b>229,883</b>	<b>230,497</b>	<b>236,900</b>	<b>228,871</b>
<b>OFF-BALANCE SHEET ITEMS</b>							
Contingent liabilities	15,182	21,156	20,320	20,893	13,801	12,028	12,306
Other commitments	5,016	4,671	4,632	4,839	5,472	6,536	6,734
<b>FINANCIAL HIGHLIGHTS</b>							
Total capital ratio, %	21.1	18.9	15.6	13.1	14.7	16.0	16.1
Tier 1 capital ratio, %	20.7	18.5	15.1	12.8	14.3	15.6	15.7
Return on equity before tax pa, %	(0.4)	52.1	(14.6)	(39.1)	(12.3)	2.7	0.0
Return on equity after tax pa, %	(0.3)	40.0	(11.2)	(29.0)	(9.3)	2.2	(0.3)

## Notes

DKK million

	Q3/ 2015	Q2/ 2015	Q1/ 2015	Q4/ 2014	Q3/ 2014	Q2/ 2014	Q1/ 2014
<b>33. NYKREDIT BANK GROUP – SEVEN QUARTERS</b>							
<b>(continued)</b>							
<b>Summary core earnings and investment portfolio income</b>							
Core income from business operations	707	837	1,004	686	822	885	780
Value adjustment of derivatives	(242)	1,515	(1,061)	(1,369)	(1,558)	(205)	(230)
Core income from securities	2	1	3	8	7	7	7
<b>Total core income</b>	<b>467</b>	<b>2,353</b>	<b>(54)</b>	<b>(675)</b>	<b>(729)</b>	<b>687</b>	<b>557</b>
Operating costs and depreciation of equipment	478	457	485	443	475	513	511
Payment to the Guarantee Fund for Depositors and Investors	23	17	17	13	19	17	16
Provisions for reorganisation costs	(7)	(3)	-	28	-	-	-
Profit from investments in associates and group enterprises	-	-	-	-	-	-	-
<b>Core earnings before impairment losses</b>	<b>(27)</b>	<b>1,882</b>	<b>(556)</b>	<b>(1,159)</b>	<b>(1,223)</b>	<b>157</b>	<b>30</b>
Impairment losses on loans and advances	2	(70)	(19)	100	80	(1)	40
<b>Core earnings after impairment losses</b>	<b>(29)</b>	<b>1,952</b>	<b>(537)</b>	<b>(1,259)</b>	<b>(1,303)</b>	<b>158</b>	<b>(10)</b>
Investment portfolio income	(21)	(4)	49	(15)	12	37	9
<b>Profit (loss) before tax</b>	<b>(50)</b>	<b>1,948</b>	<b>(488)</b>	<b>(1,274)</b>	<b>(1,291)</b>	<b>195</b>	<b>(1)</b>
Tax	(11)	455	(113)	(328)	(313)	33	9
<b>Profit (loss) for the period</b>	<b>(39)</b>	<b>1,493</b>	<b>(375)</b>	<b>(946)</b>	<b>(978)</b>	<b>162</b>	<b>(10)</b>
<b>Profit (loss) before tax, year-to-date</b>	<b>1,410</b>	<b>1,460</b>	<b>(488)</b>	<b>(2,371)</b>	<b>(1,097)</b>	<b>194</b>	<b>(1)</b>

## Notes

DKK million

	Q1-Q3/ 2015	FY 2014	Q1-Q3/ 2014	Q1-Q3/ 2013	Q1-Q3/ 2012	Q1-Q3/ 2011
<b>34. NYKREDIT BANK GROUP – FINANCIAL HIGHLIGHTS</b>						
<b>SUMMARY INCOME STATEMENT AND COMPREHENSIVE INCOME</b>						
Net interest and fee income	2,189	3,373	2,590	2,411	2,154	2,449
Value adjustments	580	(3,516)	(2,041)	(568)	(34)	(184)
Other operating income	21	26	23	23	24	22
Staff and administrative expenses	1,406	1,928	1,490	1,470	1,363	1,290
Other operating expenses, depreciation and amortisation	61	107	60	60	29	111
Impairment losses on loans, advances and receivables	(87)	219	119	329	415	138
Profit from investments in associates and group enterprises	-	-	-	78	0	-
<b>Profit (loss) before tax</b>	<b>1,410</b>	<b>(2,371)</b>	<b>(1,097)</b>	<b>85</b>	<b>337</b>	<b>748</b>
Tax	331	(599)	(271)	3	82	191
<b>Profit (loss) for the period</b>	<b>1,079</b>	<b>(1,772)</b>	<b>(826)</b>	<b>82</b>	<b>255</b>	<b>557</b>
<b>Comprehensive income</b>						
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>1,079</b>	<b>(1,772)</b>	<b>(826)</b>	<b>82</b>	<b>255</b>	<b>557</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>						
<b>Assets</b>						
Cash balances and receivables from central banks and credit institutions	25,280	33,885	22,292	21,471	33,000	21,471
Loans, advances and other receivables at fair value	34,534	35,228	40,137	50,149	34,470	14,398
Loans, advances and other receivables at amortised cost	47,506	50,494	48,301	49,196	54,094	55,782
Bonds at fair value and equities	42,989	65,314	78,616	86,243	77,702	68,655
Remaining assets	37,316	44,962	41,151	41,347	56,593	42,439
<b>Total assets</b>	<b>187,625</b>	<b>229,883</b>	<b>230,497</b>	<b>248,406</b>	<b>255,859</b>	<b>202,745</b>
<b>Liabilities and equity</b>						
Payables to credit institutions and central banks	41,714	63,876	60,370	72,378	65,018	45,633
Deposits and other payables	61,725	65,350	60,478	59,356	53,684	53,659
Bonds in issue at amortised cost	24,662	25,881	24,423	26,188	31,278	27,207
Other non-derivative financial liabilities at fair value	12,205	19,943	33,451	37,466	33,112	18,590
Remaining payables	31,368	41,913	37,913	38,103	57,850	42,419
<b>Total payables</b>	<b>171,674</b>	<b>216,963</b>	<b>216,635</b>	<b>233,491</b>	<b>240,942</b>	<b>187,508</b>
Provisions	197	245	240	313	210	261
Subordinated debt	100	100	100	250	250	650
Equity	15,654	12,575	13,522	14,352	14,457	14,326
<b>Total liabilities and equity</b>	<b>187,625</b>	<b>229,883</b>	<b>230,497</b>	<b>248,406</b>	<b>255,859</b>	<b>202,745</b>
<b>OFF-BALANCE SHEET ITEMS</b>						
Contingent liabilities	15,182	20,893	13,801	10,709	11,552	10,555
Other commitments	5,016	4,839	5,472	6,655	7,740	7,050

## Notes

DKK million

	Q1-Q3/ 2015	FY 2014	Q1-Q3/ 2014	Q1-Q3/ 2013	Q1-Q3/ 2012	Q1-Q3/ 2011
<b>34. NYKREDIT BANK GROUP – FINANCIAL HIGHLIGHTS (continued)</b>						
<b>FINANCIAL RATIOS</b>						
Total capital ratio, %	21.1	13.1	14.7	21.9	19.8	18.5
Tier 1 capital ratio, %	20.7	12.8	14.3	21.9	19.8	17.9
Return on equity before tax, %	10.0	(17.6)	(7.9)	4.0	2.1	3.2
Return on equity after tax, %	7.6	(13.2)	(5.9)	3.0	1.6	2.4
Income:cost ratio	2.02	(0.05)	0.34	1.49	1.26	1.40
Interest rate exposure, %	(0.1)	0.6	(0.1)	1.0	0.6	1.38
Foreign exchange position, %	0.2	0.4	2.1	1.0	2.3	0.5
Foreign exchange exposure, %	0.0	0.0	0.0	0.0	0.0	0.2
Loans and advances:deposits	1.4	1.3	1.5	1.6	1.6	1.5
Loans and advances:equity	5.2	6.8	6.5	6.7	6.1	5.2
Growth in loans and advances excl repo transactions for the period, %	1.0	7.4	2.7	(1.2)	(1.0)	(2.6)
Excess coverage:statutory liquidity requirements, %	307.7	281.7	238.0	201.6	152.9	198.7
Total large exposures, %	27.6	34.5	45.5	12.5	0.0	10.8
Impairment losses for the period, %	(0.1)	0.2	0.1	0.1	0.2	0.2
Average number of staff, full-time equivalents	759	820	829	858	850	801
Return on capital employed, %	0.6	(0.8)	(0.4)	0.0	0.1	0.3

# Financial ratios, definitions

<b>Total capital ratio, %</b>	Own funds divided by the total risk exposure amount
<b>Tier 1 capital ratio, %</b>	Tier 1 capital divided by the total risk exposure amount
<b>Core Tier 1 capital ratio, %</b>	Calculated as the financial ratio "Tier 1 capital ratio, %", but less hybrid capital
<b>Return on equity before tax, %</b>	Profit (loss) before tax as a percentage of average equity
<b>Return on equity after tax, %</b>	Profit (loss) after tax as a percentage of average equity
<b>Income:cost ratio</b>	Income including profit (loss) from associates and group enterprises divided by costs excluding tax
<b>Operating costs and depreciation of equipment as % of core income from business operations</b>	Operating costs and depreciation of equipment divided by core income from business operations.
<b>Interest rate exposure, %</b>	Interest rate exposure divided by Tier 1 capital
<b>Foreign exchange position, %</b>	Exchange rate indicator 1 divided by Tier 1 capital
<b>Foreign exchange exposure, %</b>	Exchange rate indicator 2 divided by Tier 1 capital
<b>Loans and advances:deposits</b>	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
<b>Loans and advances:equity</b>	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
<b>Growth in loans and advances excluding repo transactions for the period, %</b>	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
<b>Growth in loans and advances including repo transactions for the period, %</b>	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
<b>Excess coverage:statutory liquidity requirements, %</b>	Excess coverage relative to the 10% requirement of § 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)
<b>Total large exposures, %</b>	Total large exposures divided by adjusted own funds
<b>Impairment losses for the year/period, %</b>	Impairment losses for the year/period divided by loans and advances plus guarantees plus impairment provisions
<b>Return on capital employed, %</b>	Profit (loss) for the period divided by total assets

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

*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.*