

To Nasdaq Copenhagen
and the press

13 May 2015

INTERIM REPORT – NYKREDIT REALKREDIT GROUP 1 JANUARY – 31 MARCH 2015

Michael Rasmussen, Group Chief Executive, comments on Nykredit's Q1 Interim Report 2015

– We have grown income, lowered costs and thus improved core operations by DKK 740m compared with the same period last year. Therefore, I am pleased to report that we are making progress towards becoming a more customer-centric, efficient and profitable company.

– In March, we launched a new customer concept, Nykredit BoligBank, which got off to a good start with advisory and other services especially targeted at homeowners' needs. This is the first step in our efforts to become the best bank for homeowners.

– In the first three months of the year, Totalkredit recorded the highest activity level ever. We are making intense efforts to further develop our alliance with more than 60 partner banks to provide them and Nykredit with competitive advantage.

– Despite the improvement in core operations, profit before tax is on a level with the same period last year. This is due to the negative value adjustment of interest rate swaps made for accounting purposes and prompted by the pan-European decline in interest rates in Q1/2015.

Financial highlights from Q1 Interim Report 2015

- Profit before tax grew by DKK 740m to DKK 1,499m from DKK 759m in Q1/2014, excluding value adjustment of interest rate swaps and investment portfolio income.
- Core income from business operations rose by 20% to DKK 3,290m relative to Q1/2014.
- Operating costs were down by 4% to DKK 1,224m on Q1/2014.
- The cost:income ratio was cut to 37.2% from 46.4% in Q1/2014.
- Impairment losses dropped by 36% to DKK 329m.
- Value adjustment of interest rate swaps was a charge of DKK 1,061m against DKK 230m in Q1/2014.
- The Nykredit Group's profit before tax totalled DKK 883m against DKK 878m in Q1/2014.

Contact

For further comments, please contact Jens Theil, Head of Press Relations, Corporate Communications, tel +45 44 55 14 50

Nykredit Realkredit A/S
Kalvebod Brygge 1-3
DK-1780 Copenhagen V
Tel +45 44 55 10 00
www.nykredit.com
CVR no 12 71 92 80

FINANCIAL HIGHLIGHTS

Nykredit Realkredit Group

DKK million	Q1/2015	Q1/2014	FY 2014
CORE EARNINGS AND RESULTS FOR THE PERIOD			
Core income from			
- business operations	3,290	2,743	11,509
- value adjustment of derivatives due to interest rate changes	(992)	(181)	(1,229)
- other value adjustment of derivatives	(69)	(49)	(2,133)
- senior debt	(92)	(110)	(408)
- securities	14	30	130
Total	2,151	2,433	7,869
Operating costs, depreciation and amortisation, excluding special value adjustments	1,224	1,272	5,037
Operating costs, depreciation and amortisation – special value adjustments ¹	0	3	66
Core earnings before impairment losses	927	1,158	2,766
Impairment losses on mortgage loans and advances	348	475	2,132
Impairment losses on bank loans and advances	(19)	40	219
Core earnings after impairment losses	598	643	416
Investment portfolio income	445	349	779
Profit before cost of capital	1,043	992	1,194
Net interest on subordinated debt	(161)	(114)	(528)
Profit before tax	883	878	666
Tax	197	200	90
Profit for the period	686	678	576
Of which amount relating to interest payable to holders of Additional Tier 1 capital	22	-	-
Value adjustment and reclassification of strategic equities against equity	157	157	238
SUMMARY BALANCE SHEET, END OF PERIOD			
	31.03.2015	31.03.2014	31.12.2014
Assets			
Receivables from credit institutions and central banks	70,932	38,690	42,288
Mortgage loans at fair value	1,137,834	1,142,380	1,137,099
Bank loans – excluding reverse transactions	49,405	48,078	50,494
Bonds and equities	104,795	110,300	131,383
Remaining assets	98,534	88,302	96,889
Total assets	1,461,500	1,427,750	1,458,153
Liabilities and equity			
Payables to credit institutions and central banks	38,860	49,174	44,863
Deposits	67,733	68,598	65,232
Bonds in issue at fair value	1,181,483	1,130,708	1,167,163
Subordinated debt	11,417	10,913	11,394
Remaining liabilities	97,952	108,804	109,998
Equity	64,055	59,553	59,502
Total liabilities and equity	1,461,500	1,427,750	1,458,153
FINANCIAL RATIOS			
Profit for the period as % of average equity, pa ²	4.4	4.6	1.0
Core earnings before impairment losses as % of average equity, pa ²	6.2	7.8	4.7
Core earnings after impairment losses as % of average equity, pa ²	4.0	4.4	0.7
Costs as % of core income from business operations (cost:income ratio)	37.2	46.4	43.8
Total provisions for loan impairment – mortgage lending	5,686	4,602	5,506
Total provisions for loan impairment and guarantees – banking	3,590	3,932	3,666
Impairment losses for the period, % – mortgage lending	0.03	0.04	0.19
Impairment losses for the period, % – banking	(0.04)	0.04	0.22
Total capital ratio, %	18.9	18.3	18.2
CET1 capital ratio, %	16.6	16.0	15.4
Internal capital adequacy requirement, %	12.0	10.3	11.3
Average number of full-time staff	3,827	4,027	3,971

¹ Special value adjustments include value adjustment of certain staff benefits and owner-occupied properties as well as the effect of "Nykredit 2015".

² For this purpose, the new AT1 capital is treated as a financial obligation for accounting purposes, and the dividends for the period for accounting purposes are included as interest expenses on subordinated debt in the profit/loss for the period.

Q1 INTERIM REPORT 2015

NYKREDIT REALKREDIT GROUP RESULTS RELATIVE TO Q1/2014

Nykredit recorded a profit before tax of DKK 883m against DKK 878m in Q1/2014. Excluding value adjustment of interest rate swaps, profit rose from DKK 1,108m to DKK 1,944m.

A positive development was seen in core operations. Core income from business operations increased by DKK 547m, or 20%, and operating costs were trimmed by DKK 51m. Impairment losses declined by DKK 186m, leading to total earnings growth of DKK 784m on Q1/2014.

Value adjustment of interest rate swaps had an adverse earnings impact of DKK 1,061m compared with DKK 230m in Q1/2014. The charge mainly related to provisions for potential losses and was chiefly a result of the interest rate decline in the quarter. Value adjustment of interest rate swaps mainly stemmed from financial and legal risk in the cooperative housing area.

Impairment losses on mortgage and bank lending reduced to DKK 329m from DKK 515m in Q1/2014.

Nykredit recorded a profit after tax of DKK 686m. Equity was DKK 64,055m at end-Q1/2015 including new AT1 capital of DKK 3,731m (EUR 500m), which is treated as equity for accounting purposes. Excluding new AT1 capital, equity amounted to DKK 60,324m against DKK 59,502m at end-2014.

Core earnings

Core income from business operations

Core income from business operations rose by DKK 547m, or 20%, to DKK 3,290m.

Core income from mortgage lending increased by DKK 313m, or 16%, to DKK 2,223m, due to growth in income from administration margins and business operations. Both Nykredit Realkredit and Totalkredit recorded progress, in part due to exceptionally high remortgaging activity.

Nominal mortgage lending came to DKK 1,110bn against DKK 1,112bn at end-2014. Nominal mortgage lending rose by DKK 1.4bn in Retail and DKK 0.5bn in Totalkredit Partners, whereas Wholesale Clients saw a decline of DKK 2.5bn.

Core income from banking operations totalled DKK 1,004m, reaching a nine-quarter high. Core income was DKK 780m in Q1/2014. Growth in core income was notably driven by Wholesale, which showed a rise from DKK 373m in Q1/2014 to DKK 590m, of which Nykredit Markets's activities accounted for an increase of DKK 154m to DKK 225m. Corporate & Institutional Banking and Nykredit Asset Management saw an activity upturn of DKK 47m and DKK 16m, respectively.

Bank lending at amortised cost fell by DKK 1.1bn relative to end-2014 to DKK 49.4bn as at 31 March 2015, whereas deposits increased by DKK 2.5bn from DKK 65.2bn at end-2014 to DKK 67.7bn. The increase mainly derived from Wholesale. Nykredit Bank recorded a deposit surplus of DKK 18.3bn at end-Q1/2015 compared with DKK 14.7bn at the beginning of the year.

Value adjustment of derivatives

Value adjustment for the period under review totalled a charge of DKK 1,061m against a charge of DKK 230m in Q1/2014. Of the charge for

the period, incurred losses (terminated contracts) amounted to DKK 48m in Q1/2015.

The charge was mainly due to lower interest rate levels, corresponding to a charge of DKK 992m prompted by a marked fall in long-term swap rates – especially in January and March – from about 1.7% at end-2014 to about 1.1% as at 31 March 2015.

January was characterised by a general decline in interest rates, the effect of the ECB's announcement of asset purchases and the pressure on the Danish krone when the Swiss central bank abandoned its peg to the euro – two events that pushed Danish interest rates lower.

In March, the ECB's bond purchase programme followed, including substantial purchases of long-term German government bonds, which sent interest rates even lower both in Germany and in Denmark.

Nykredit Bank has no direct interest rate exposure from its portfolio 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 the development in 30-year swap rates, which amounted to about 1.1% as at 31 March 2015 against some 1.7% at end-2014.

Nykredit Bank's earnings will change by DKK 1.5bn–2.3bn, upwards as well as downwards, if the interest rate level changes by 1 percentage point. This level included a DKK 1.5bn change relating to business with customers in the lowest rating category, while the remaining interest rate sensitivity results from business in respect of which the value adjustments highly depend on the outlook in the cooperative housing market, including the legal set-up.

Value adjustments should be considered provisions for potential 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 provisions have been made to cover financial and legal risk in the cooperative housing area, including the legal risk related to housing cooperatives' right of bankruptcy and to the future rent fixing practice. The uncertainty is expected to be resolved in Nykredit's favour. In the longer term, the major part of the provisions is expected to be recognised as income.

Losses incurred on interest rate swaps since 2012 amounted to some DKK 350m and are expected to remain at a relatively low level compared with the total provisions of about DKK 6.4bn. One reason for the relatively large provisions was 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.

In Q1/2015, no judicial decisions relating to cooperative housing affected the valuation of interest rate swaps.

Senior debt

Nykredit's senior debt came to DKK 29.8bn at end-Q1/2015 against DKK 32.2bn at the beginning of the year, and net interest expenses amounted to DKK 92m against DKK 110m in Q1/2014. Nykredit uses

senior debt to fund supplementary collateral for covered bonds (SDOs).

Core income from securities

The risk-free interest rate, which corresponds to the Danish central bank's average lending rate, dived from 0.20% to 0.08%, which reduced income from DKK 30m in Q1/2014 to DKK 14m.

Operating costs, depreciation and amortisation, excluding special value adjustments

Nykredit's costs excluding special value adjustments declined by 4% to DKK 1,224m.

Salaries and related expenses dropped by DKK 55m, or 7%, to DKK 706m. This development should in part be seen in the light of the 200 persons, or 5%, reduction in the number of average staff to 3,827 compared with Q1/2014.

Other costs of DKK 517m generally remained unchanged.

Costs as a percentage of core income from business operations were trimmed from 46.4% at end-2014 to 37.2%.

Impairment losses on loans and advances

Impairment losses on loans and advances declined by DKK 186m to DKK 329m. Impairment losses on total mortgage lending equalled 0.03%. Impairment losses on total bank lending were an income equivalent to 0.04%.

Nykredit's impairment losses on mortgage lending decreased to DKK 348m, down DKK 127m.

Impairment losses on mortgage lending to personal customers decreased by DKK 77m to DKK 149m, equal to 0.04% of lending. Impairment losses on mortgage lending to commercial customers fell back by DKK 53m to DKK 199m.

Group impairment losses on bank lending showed a positive development from DKK 40m in Q1/2014 to an income of DKK 19m in Q1/2015. Impairment losses in Retail decreased by DKK 48m to DKK 16m, while impairment losses in Wholesale Clients were an income of DKK 35m compared with an income of DKK 28m in Q1/2014.

Nykredit's impairment provisions for potential future losses on mortgage and bank lending totalled DKK 9.2bn, which was unchanged on the beginning of the year. In addition, total provisions for value adjustment of interest rate swaps amounted to DKK 6.4bn against DKK 5.5bn at the beginning of year.

Losses incurred on mortgage and bank lending for the period were DKK 267m against DKK 426m in Q1/2014. Losses incurred on interest rate swaps came to DKK 48m compared with DKK 27m in the same period the year before.

Investment portfolio income

Nykredit's investment portfolio income was DKK 445m against DKK 349m in Q1/2014.

Investment portfolio income from bonds, liquidity and interest rate instruments amounted to DKK 356m. Investment portfolio income from equities and equity instruments value adjusted through profit or loss was DKK 89m.

Value adjustment of strategic equities against equity was DKK 157m.

The market was affected by the launch of the ECB's asset purchase programmes and the pressure on the Danish krone immediately after the Swiss central bank abandoned its peg to the euro. Both events caused interest rates to decline in Denmark. In addition, the market was affected by higher prices of both equities and credit bonds and positive earnings on the yield spread risk of covered bonds and credit bonds.

Nykredit's securities portfolio mainly consists of short-term, high-rated Danish and other European covered bonds and credit bonds.

The interest rate risk associated with the bond portfolio was widely eliminated through offsetting government bond sales or the use of interest rate derivatives.

Net interest on subordinated debt

Nykredit has raised subordinated debt totalling DKK 11.4bn. Net interest expenses came to DKK 161m.

Tax

Tax calculated on profit for the period was DKK 197m, equal to a tax rate of 22.3%.

Additional Tier 1 capital

Nykredit issued EUR 500m of Additional Tier 1 (AT1) capital notes in Q1/2015. The notes are perpetual, and payment of principal and interest is discretionary, for which reason the issue is treated as equity for accounting purposes. Correspondingly, interest expenses relating to the issue are recorded as dividend for accounting purposes.

Interest accrued for Q1/2015 amounted to DKK 22m.

OUTLOOK FOR 2015

In our Annual Report 2014, we expected core earnings after impairment losses of DKK 3.8bn-4.3bn for 2015, excluding value adjustment of interest rate swaps.

In Q1/2015, several areas developed favourably and somewhat surpassed expectations for the period.

Management maintains its profit guidance for 2015 in the region of DKK 3.8bn-4.3bn due to the fact that the fixed income market development and loan impairment continue to be subject to some uncertainty.

BUSINESS AREAS

Nykredit's management and organisational structure is based on the following business areas:

- Retail, which serves Nykredit's personal customers and SMEs. The business area includes mortgage lending to Nykredit's personal customers arranged via Totalkredit.
- Wholesale, which comprises Totalkredit Partners and Wholesale Clients. Totalkredit Partners arranges the Group's mortgage loans to personal customers via local and regional banks. Wholesale Clients comprises Corporate & Institutional Banking and the business units Nykredit Markets and Nykredit Asset Management.

Further, Group Items comprises income and costs not allocated to the business areas, including unallocated IT costs and core income from securities and investment portfolio income.

Gross income from customer business is allocated to the business areas which have supplied the underlying products (Nykredit Markets and Nykredit Asset Management). Gross income attributable to the sales activities of Retail and Corporate & Institutional Banking is subsequently reallocated in full. Correspondingly, Retail and Corporate & Institutional Banking pay a proportion of the operating costs of Nykredit Markets and Nykredit Asset Management that may be attributed to the sales activities.

Nykredit's core earnings after impairment losses totalled DKK 598m against DKK 643m in Q1/2014. The DKK 45m reduction mainly derived from Retail, which posted a rise of DKK 218m due to higher income and lower loan impairment losses. Conversely, value adjustment of interest rate swaps resulted in an additional charge of DKK 261m.

Wholesale Clients's core earnings reduced by DKK 292m due to a DKK 235m increase in income from business operations and a DKK 570m increase in the negative value adjustment of interest rate swaps.

Totalkredit Partners saw a DKK 24m reduction, which was notably a combination of a DKK 130m increase in income and a DKK 154m increase in operating costs and impairment losses.

Profit before tax in Group Items was up by DKK 102m, mainly as a result of a reduction of DKK 37m in operating costs and of DKK 15m in impairment losses and a DKK 96m upturn in investment portfolio income.

Nykredit's share of total Danish mortgage lending was 42.4% against 42.3% at the beginning of the year. Nykredit's market share in the private residential segment was 46.7% and in the commercial segment 38.0% against 46.2% and 37.1%, respectively, at the beginning of the year. Totalkredit's market share of private residential lending, exclusive of lending by Jyske Bank, was up from 41.9% at the beginning of the year to 42.1%.

Results by business area¹

DKK million	Wholesale			Group Items	Total
	Retail	Totalkredit Partners	Wholesale Clients		
Q1/2015					
Core income from					
- customer activities, gross	1,541	723	1,015	11	3,290
- payment for distribution	154	-	(154)	-	-
Total business operations	1,695	723	861	11	3,290
- value adjustment of derivatives	(568)	-	(493)	-	(1,061)
- senior debt	(31)	(45)	(3)	(13)	(92)
- securities	-	-	-	14	14
Total	1,096	678	365	12	2,151
Operating costs	731	118	196	179	1,224
Core earnings before impairment losses	365	560	169	(167)	927
Impairment losses on loans and advances	197	146	(14)	0	329
Core earnings after impairment losses	168	414	183	(167)	598
Investment portfolio income	-	-	-	445	445
Profit before cost of capital	168	414	183	279	1,043
Net interest on subordinated debt	-	-	-	(161)	(161)
Profit before tax	168	414	183	117	883
Excluding value adjustment of derivatives	736	414	676	117	1,943
Return					
Average equity requirement, DKKm ²	23,672	11,235	12,790	6,785	54,481
Core earnings after impairment losses as % of average equity requirement	2.8	14.7	5.7	-	4.4

¹ Please refer to note 4 of this report for complete segment financial statements with comparative figures.

² The equity requirement is based on Nykredit's internal determination and allocation of capital.

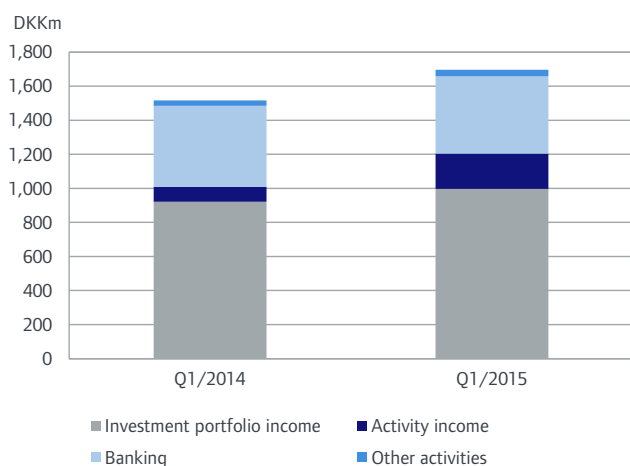
Results – Retail

DKK million	Q1/ 2015	Q1/ 2014
Core income from		
- business operations	1,695	1,517
- value adjustment of derivatives	(568)	(307)
- senior debt	(31)	(35)
Total	1,096	1,175
Operating costs	731	736
Core earnings before impairment losses	365	438
Impairment losses on mortgage lending	181	425
Impairment losses on bank loans and advances	16	64
Core earnings after impairment losses	168	(50)
- excluding value adjustment of derivatives	736	257

Activities – Retail

DKK million	31.03.2015	2014
Mortgage lending		
Gross new lending*	30,036	8,686
Portfolio at nominal value, end of period	442,852	442,147
Impairment losses for the period as % of loans and advances*	0.04	0.09
Total impairment provisions, end of period		
Total impairment provisions	3,700	3,694
Total impairment provisions as % of loans and advances	0.83	0.84
Banking		
Loans and advances, end of period	25,225	25,533
Deposits, end of period	40,725	40,637
Impairment losses for the period as % of loans and advances	0.04	0.26
Total impairment provisions, end of period		
Total impairment provisions	1,945	1,978
Total impairment provisions as % of loans and advances	7.16	7.19
Guarantees, end of period	4,789	4,357
Provisions for guarantees, end of period	50	51

* For Q1/2015 and Q1/2014.
Other data from end-Q1/2015 and end-2014.

Core income from business operations**RETAIL**

The business area Retail serves personal customers and SMEs, including agricultural customers, small housing cooperatives and private residential rental customers. Mortgage loans granted via Totalkredit to Nykredit's personal customers form part of the business area Retail. Retail also includes the activities of Nykredit Mægler A/S.

Nykredit serves its customers through 54 local customer centres and the nationwide sales and advisory centre Nykredit Direkte. The estate agencies of the Nybolig and Estate chains constitute other distribution channels. Nykredit offers insurance in partnership with Gjensidige Forsikring.

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

Activities

Retail recorded a very high activity level in Q1/2015, with gross new mortgage lending up by DKK 21.4bn to DKK 30.0bn compared with the same period the year before. Lending to personal and commercial customers was DKK 11.4bn and DKK 18.6bn, respectively.

Nominal mortgage lending rose by DKK 0.8bn to DKK 442.9bn compared with the beginning of the year. Retail's commercial customers contributed DKK 1.2bn to the rise. Nominal mortgage lending to personal customers and commercial customers was DKK 196.6bn and DKK 246.3bn, respectively.

Bank lending of DKK 25.2bn and bank deposits of DKK 40.7bn were largely unchanged relative to the beginning of the year.

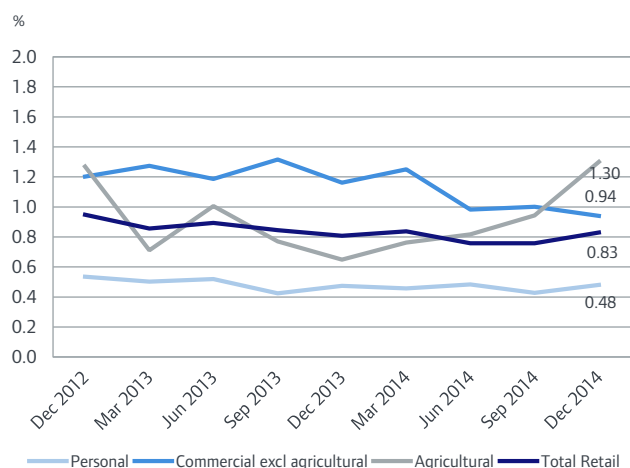
Results

Core earnings after impairment losses rose by DKK 218m to DKK 168m. Excluding value adjustment of interest rate swaps, core earnings came to DKK 736m, up DKK 479m on Q1/2014.

Income from business operations grew by DKK 178m, or 12%, to DKK 1,695m, whereas impairment losses reduced by DKK 292m to DKK 197m, mainly prompted by lower mortgage loan expenses. Conversely, the charge relating to value adjustment of interest rate swaps increased by DKK 261m to DKK 568m.

Operating costs were trimmed by DKK 5m to DKK 731m in Q1/2015.

**Arrears ratio, mortgage lending
75 days past due**



Impairment losses on mortgage lending fell by DKK 244m to DKK 181m, while impairment losses on bank lending dropped by DKK 48m. Impairment losses as a percentage of loans and advances represented 0.04% of mortgage lending and 0.04% of bank lending for the period under review.

Impairment losses on mortgage lending to commercial customers reduced by a total of DKK 36m relative to the same period the year before, whereas impairment losses on bank lending to commercial customers rose by DKK 2m.

Total impairment losses on lending to personal customers declined by DKK 257m as a result of a DKK 207m downturn in impairment losses on mortgage lending and a DKK 50m downturn in impairment losses on bank lending.

At end-Q1/2015, impairment provisions totalled DKK 5,645m, which was unchanged from DKK 5,672m at the beginning of the year.

At the December due date, 75-day mortgage loan arrears as a percentage of total mortgage payments due came to 0.83% for Retail against 0.81% at the same time in 2014.

Results – Wholesale

DKK million	Q1/2015	Q1/2014
Core income from		
- business operations	1,584	1,232
- value adjustment of derivatives	(493)	78
- senior debt	(48)	(63)
Total	1,043	1,246
Operating costs	314	323
Core earnings before impairment losses	729	923
Impairment losses on mortgage lending	167	38
Impairment losses on bank lending	(35)	(27)
Core earnings after impairment losses	597	912
- excluding value adjustment of derivatives	1,090	835

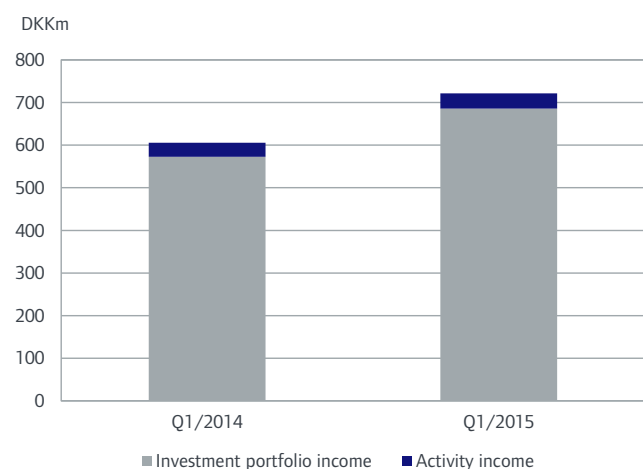
Results – Totalkredit Partners

DKK million	Q1/2015	Q1/2014
Core income from		
- business operations	723	606
- senior debt	(45)	(58)
Total	678	548
Operating costs	118	95
Core earnings before impairment losses	560	453
Impairment losses on loans and advances	146	15
Core earnings after impairment losses	414	438

Activities – Totalkredit Partners

DKK million	31.03.2015	2014
Mortgage lending		
Gross new lending ¹	54,056	9,889
Portfolio at nominal value, end of period	485,136	484,596
Impairment losses for the period as % of loans and advances*	0.03	0.00
Total impairment provisions, end of period		
Total impairment provisions	1,219	1,152
Total impairment provisions as % of loans and advances	0.25	0.24

* For Q1/2015 and Q1/2014.
Other data from end-Q1/2015 and end-2014.

Core income from business operations, Totalkredit Partners**WHOLESALE**

Wholesale comprises the business units Totalkredit Partners and Wholesale Clients. The latter consists of Corporate & Institutional Banking, Nykredit Markets and Nykredit Asset Management.

TOTALKREDIT PARTNERS

Under the Totalkredit brand, Totalkredit Partners provides mortgage loans to personal customers distributed through more than 60 Danish local and regional banks.

In association with the local and regional partner banks, Totalkredit continuously develops its product range, which includes a new secured homeowner loan. The loan allows partner banks to transfer bank loans secured by mortgage over real estate to Totalkredit and that way obtain funding for the loans.

Under the partnership, the local and regional banks receive part of the administration margin income relating to the loans as payment for loan distribution. In return, Totalkredit may offset part of any loss incurred on a loan against the distribution commission payable to the partner banks.

Incurred losses, corresponding to the cash part of a loan exceeding 60% of the mortgageable value of the property at the time of granting, are offset against future commission payments from Totalkredit to its partner banks.

Activities

The period was characterised by very high activity, and gross new lending expanded from DKK 9.9bn to DKK 54.1bn. Nominal mortgage lending was largely unchanged at DKK 485.1bn. Loans registered as offered through Jyske Bank amounted to DKK 55bn at end-Q1/2015 against about DKK 87bn at end-2013. In this period, loans in the region of DKK 32bn were thus refinanced. Loans totalling some DKK 7bn of this amount were subsequently arranged by the other banks of the Totalkredit alliance and Totalkredit, corresponding to 22% of the refinanced amount.

Results

Core earnings after impairment losses came to DKK 414m against DKK 438m in Q1/2014.

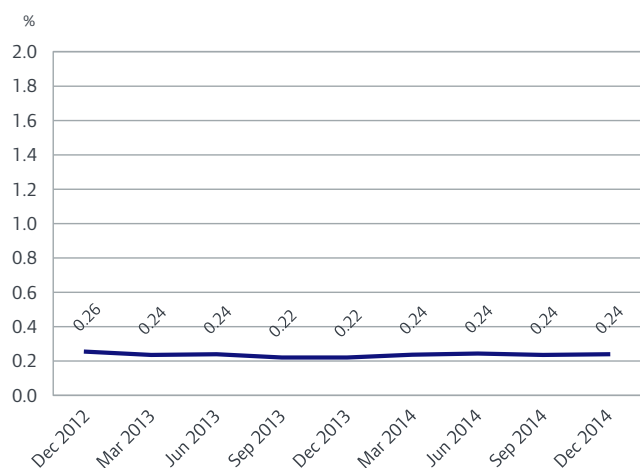
The results reflected growth in core income from business operations of DKK 117m, or 19%, coupled with a rise in operating costs of DKK 23m and a rise in impairment losses of DKK 131m.

The factors underlying growth in core income from business operations were higher income from administration margins and activities.

Net expenses relating to senior secured debt came to DKK 45m against DKK 58m in Q1/2014. The reduction was attributable to a lower amount of senior secured debt as well as declining net interest rates.

As expected, costs were up by DKK 23m to DKK 118m relative to Q1/2014. The development was chiefly the result of higher IT expenses.

**Arrears ratio, mortgage lending – Totalkredit Partners
75 days past due**



Loan impairment losses rose by DKK 131m to a net loss of DKK 146m compared with the same period in 2014, after set-off against commission payable to partner banks.

At end-Q1/2015, impairment provisions totalled DKK 1,219m against DKK 1,152m at the beginning of the year. The change in total impairment provisions stemmed from a decline in collective impairment provisions.

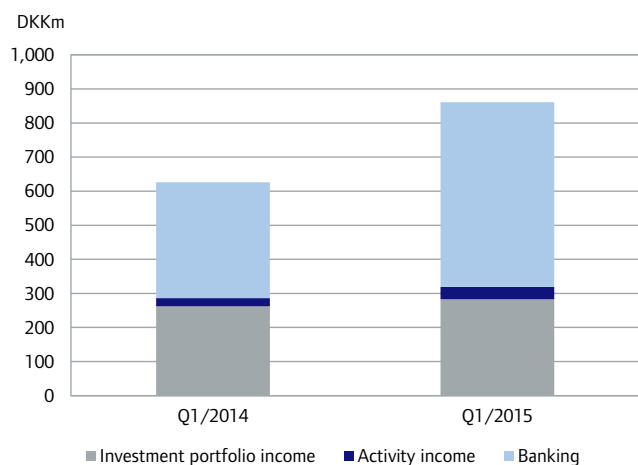
At the December due date, 75-day mortgage loan arrears as a percentage of total mortgage payments due came to 0.24% against 0.22% at the same date in 2014.

Results – Wholesale Clients

DKK million	Q1/2015	Q1/2014
Core income from		
- business operations	861	626
- value adjustment of derivatives	(493)	78
- senior debt	(3)	(5)
Total	365	699
Operating costs	196	228
Core earnings before impairment losses	169	471
Impairment losses on mortgage lending	21	23
Impairment losses on bank lending	(35)	(27)
Core earnings after impairment losses	183	476
- excluding value adjustment of derivatives	676	397

Income from customer activities

DKK million	Q1/2015	Q1/2014
Customer activities, gross		
Nykredit Markets	326	137
Nykredit Asset Management	210	194
Corporate & Institutional Banking	479	468
Total	1,015	799
Payment for distribution		
Nykredit Markets	(101)	(66)
Nykredit Asset Management	(120)	(120)
Corporate & Institutional Banking	67	13
Total	(154)	(173)
Core income		
Nykredit Markets	225	71
Nykredit Asset Management	90	74
Corporate & Institutional Banking	546	481
Total	861	626

Core income from business operations**WHOLESALE CLIENTS**

The business area Wholesale Clients comprises activities with Nykredit's corporate and institutional clients, the non-profit housing segment, large housing cooperatives and mortgage lending to commercial customers for properties abroad. Wholesale Clients also handles Nykredit's activities within securities and financial derivatives trading, and asset and wealth management. Wholesale Clients consists of Corporate & Institutional Banking, Nykredit Markets and Nykredit Asset Management as well as the activities of Nykredit Leasing A/S.

Results

Core earnings after impairment losses came to DKK 183m against DKK 476m in Q1/2014.

The development was to a large extent due to value adjustment of interest rate swaps. Exclusive of this effect, core earnings after impairment losses rose by DKK 279m to DKK 676m.

Gross income from customer activities was DKK 1,015m compared with DKK 799m in Q1/2014.

Nykredit Markets posted gross income of DKK 326m, a DKK 189m rise on Q1/2014. Earnings in Nykredit Markets, which include securities trading for institutional clients, grew in terms of both fixed income market activity and earnings from the trading book prompted by lower interest rates. Nykredit Asset Management's gross income grew by DKK 16m to DKK 210m. Corporate & Institutional Banking recorded a DKK 11m upturn to DKK 479m.

Nykredit Markets's income after payment for distribution rose by DKK 154m to DKK 225m in Q1/2015. Nykredit Asset Management's income after payment for distribution increased by DKK 16m to DKK 90m, while Corporate & Institutional Banking recorded growth from DKK 481m to DKK 546m.

Value adjustment of interest rate swaps was a charge of DKK 493m against a credit of DKK 78m in Q1/2014.

Operating costs declined by DKK 32m, or 14%, to DKK 196m in Q1/2015.

Impairment losses on mortgage lending came to DKK 21m against DKK 23m in Q1/2014. Nykredit Bank's impairment losses equalled income of DKK 35m against income of DKK 27m in Q1/2014.

Impairment losses as a percentage of mortgage lending were a charge of 0.12%, and impairment losses as a percentage of bank lending were income of 0.12%.

At end-Q1/2015, impairment provisions totalled DKK 2,254m against DKK 2,187m at the beginning of the year.

Activities – Wholesale Clients

DKK million	31.03.2015	2014
Mortgage lending		
Gross new lending [*]	15,592	9,957
Portfolio at nominal value, end of period	182,462	185,002
Impairment losses for the period as % of loans and advances [*]	0.01	0.01
Total impairment provisions, end of period		
Total impairment provisions	770	661
Total impairment provisions as % of loans and advances	0.40	0.36
Banking		
Loans and advances, end of period	24,157	24,929
Deposits, end of period	26,645	23,287
Impairment losses for the period as % of loans and advances [*]	(0.12)	(0.18)
Total impairment provisions, end of period		
Total impairment provisions	1,484	1,526
Total impairment provisions as % of loans and advances	5.79	5.77
Guarantees, end of period	3,079	1,913
Provisions for guarantees, end of period	56	55
Assets under management	140,470	133,484
Assets under administration		
Nykredit Portefølje Administration A/S	723,379	669,112
- of which Nykredit Group investment funds	66,171	60,165

* For Q1/2015 and Q1/2014.
Other data from end-Q1/2015 and end-2014.

Activities

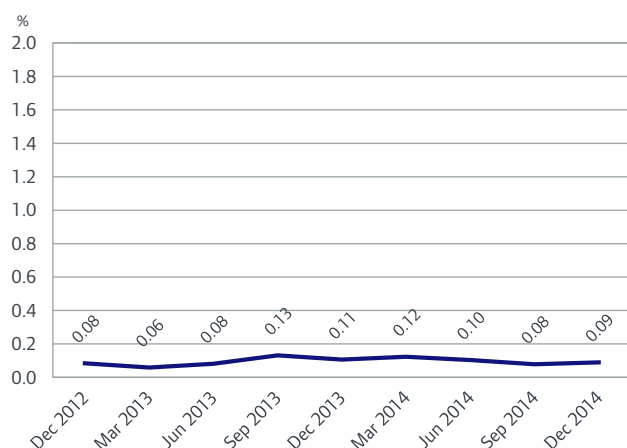
Total nominal mortgage lending went down by DKK 2.5bn to DKK 182.5bn relative to the beginning of the year. Gross new mortgage lending was up by DKK 5.6bn to DKK 15.6bn, spurred by a higher activity level.

Bank lending of DKK 24.2bn was unchanged relative to the beginning of the year, whereas bank deposits grew by DKK 3.4bn to DKK 26.6bn.

At end-Q1/2015, Nykredit Asset Management had assets under management totalling DKK 140bn, up DKK 7bn on the beginning of the year. The development was primarily an effect of capital gains. Total assets under administration rose by DKK 54bn to DKK 723bn at end-Q1/2015.

Arrears

At the December due date, 75-day mortgage loan arrears as a percentage of total mortgage payments due came to 0.09% and thus remained at a low level. The arrears ratio was 0.11% at the same time in 2014.

**Arrears ratio, mortgage lending
75 days past due**

GROUP ITEMS

A number of income statement and balance sheet items are not allocated to the business areas. Such items are carried under Group Items and include costs of some staff functions and IT development costs. Group Items also includes Nykredit's total return on the securities portfolio, which is the sum of "Core income from securities" and "Investment portfolio income". The activities of the companies Nykredit Ejendomme A/S and Ejendomsselskabet Kalvebod A/S are also part of Group Items.

Results

Profit before tax was DKK 117m against DKK 15m in the same period the year before.

Core income from securities

Nykredit's core income from securities was DKK 14m against DKK 30m in Q1/2014. This development chiefly stemmed from a fall from 0.20% to 0.08% in the average risk-free interest rate, which corresponds to the Danish central bank's average lending rate.

Core income from securities equals the return the Group could have obtained by placing its investment portfolios at the risk-free interest rate. Core income from securities also includes net interest expenses relating to Tier 2 capital.

Operating costs

Unallocated costs were DKK 118m against DKK 167m in Q1/2014. By far the largest cost component was IT development costs.

Impairment losses

Impairment losses on loans and advances were DKK 0m against DKK 15m in Q1/2014.

Investment portfolio income

Investment portfolio income was DKK 445m against DKK 349m excluding the portfolio of strategic equities, which is value adjusted against equity.

Investment portfolio income from bonds, liquidity and interest rate instruments amounted to DKK 356m. Investment portfolio income from equities and equity instruments value adjusted through profit or loss was DKK 89m.

Investment portfolio income is the income exceeding risk-free interest obtained from investing in equities, bonds and derivative financial instruments. To this should be added the realisation of equities classified as available for sale. Price spreads and interest margins relating to the mortgage lending of Nykredit Realkredit and Totalkredit and the trading activities of Nykredit Markets are included not as investment portfolio income, but as core income from business operations.

Results – Group Items

DKK million	Q1/2015	Q1/2014
Core income from		
- business operations	11	(6)
- senior debt	(13)	(12)
- securities	14	30
Total	12	12
Operating costs	118	167
Depreciation of property, plant and equipment and amortisation of intangible assets	61	49
Core earnings before impairment losses	(167)	(204)
Impairment losses on mortgage lending	0	11
Impairment losses on bank lending	0	4
Core earnings after impairment losses	(167)	(219)
Investment portfolio income	445	349
Profit before cost of capital	278	130
Net interest on subordinated debt	(161)	(114)
Profit before tax	117	15

Activities – Group Items

DKK million	31.03.2015	2014
Banking		
Loans and advances, end of period	23	32
Deposits, end of period	462	308
Total impairment provisions, end of period		
Total impairment provisions	54	55
Total impairment provisions as % of loans and advances	70	63
Guarantees, end of period	900	1,276
Provisions for guarantees, end of period	-	-

CAPITAL, LIQUIDITY AND FUNDING

EQUITY AND OWN FUNDS OF NYKREDIT REALKREDIT GROUP

Equity

Nykredit's equity was DKK 64.1bn at end-Q1/2015, equal to a rise of nearly DKK 4.6bn relative to the beginning of the year. Excluding new AT1 capital, equity amounted to DKK 60.3bn.

In Q1/2015, Nykredit raised new Additional Tier 1 (AT1) capital of DKK 3.7bn, which is treated as equity for accounting purposes. However, for capital adequacy purposes, the AT1 capital is included in Tier 1 capital rather than CET1 capital.

Equity has also been increased by the profit of DKK 0.7bn for the period and positive value adjustment of strategic equities of DKK 0.2bn.

In accordance with IAS 39, Nykredit has classified the Group's strategic equity investments as "available for sale" in its Consolidated Financial Statements. Current value adjustment of these equities is recog-

nised in equity, whereas value adjustments following a sale will be reclassified from equity to the income statement. The value of equities classified as available for sale totalled DKK 2,203m at end-Q1/2015.

Capital and capital adequacy

Nykredit's own funds include Common Equity Tier 1 (CET1) capital, AT1 capital and Tier 2 capital after deductions. In order to comfortably meet the new capital requirements, Nykredit raised AT1 capital total-ling EUR 500m in Q1/2015, which is included as Tier 1 capital for capital adequacy purposes.

Own funds fell by DKK 2.0bn to DKK 63.6bn compared with end-2014. The risk exposure amount (REA) declined by DKK 22.4bn to DKK 336.2bn from 31 December 2014 to end-Q1/2015, equivalent to a total capital ratio of 18.9% against 18.2% at end-2014. The AT1 capital included in the determination of own funds amounted to DKK 3.5bn at end-Q1/2015. The Tier 1 capital ratio was 17.6%, and the CET1 capital ratio was 16.6% at end-Q1/2015.

Nykredit's internal capital adequacy requirement (ICAAP) was 12.0% at end-Q1/2015 compared with 11.3% at end-2014.

Nykredit has been designated as a systemically important financial institution (SIFI) by the Danish FSA. As a result, a special SIFI buffer requirement to be met with CET1 capital applies to Nykredit. The requirement of 2% will gradually be phased in from 2015 to 2019.

Nykredit Realkredit Group Equity (including new AT1 capital)

DKK million	31.03.2015	31.12.2014
Equity, beginning of period	59,502	58,716
Profit for the period	686	576
Fair value adjustment of equities available for sale	157	238
New AT1 capital	3,731	-
Other adjustments	(21)	(28)
Equity, end of period	64,055	59,502

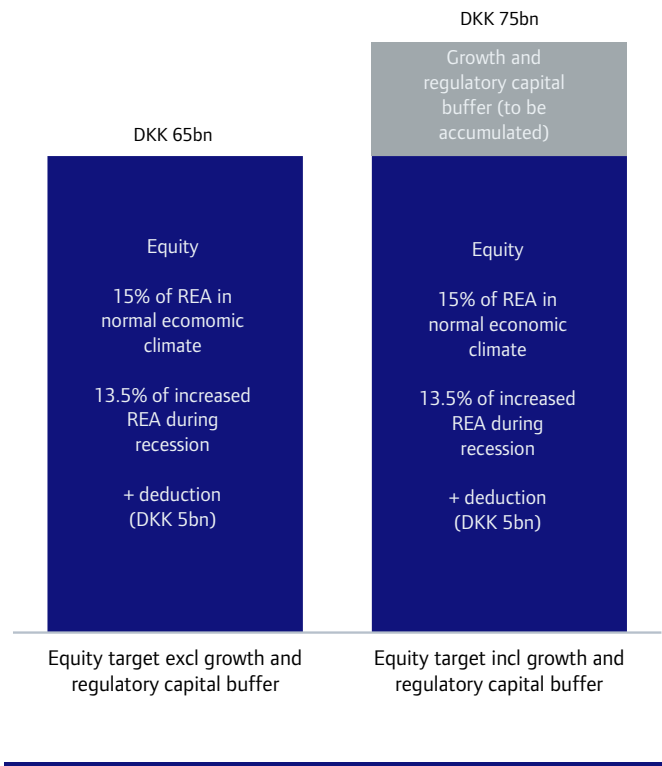
Nykredit Realkredit Group Capital and capital adequacy

DKK million	31.03.2015	31.12.2014	31.03.2014
Credit risk	290,305	305,321	302,474
Market risk	27,511	35,335	29,261
Operational risk	18,397	17,933	17,933
Total risk exposure amount¹	336,211	358,589	349,668
Equity (including new AT1 capital)	64,055	59,502	59,553
AT1 capital	3,757	-	-
CET1 capital deductions	(4,346)	(3,944)	(3,742)
CET1 capital	55,953	55,559	55,811
AT1 capital	3,735	6,746	8,556
AT1 capital deductions	(228)	(588)	(304)
Tier 1 capital	59,459	61,717	64,063
Tier 2 capital	4,482	4,463	-
Tier 2 capital additions/deductions	(330)	(573)	-
Own funds	63,612	65,606	64,063
CET1 capital ratio, %	16.6	15.4	16.0
Tier 1 capital ratio, %	17.6	17.2	18.3
Total capital ratio, %	18.9	18.2	18.3
Internal capital adequacy require- ment (Pillar I and Pillar II), %	12.0	11.3	10.3

Own funds and capital adequacy are specified further in note 2.

¹ Capital adequacy is determined in accordance with a transitional rule pursuant to the transitional provisions of the Capital Requirements Regulation (CRR). REA must constitute at least 80% of REA determined under Basel I. Total REA subject to transitional rules was DKK 774bn at end-Q1/2015, equivalent to a total capital ratio of 14.7%.

Nykredit Realkredit Group
Capital targets for 2019



NYKREDIT'S CAPITAL TARGETS FOR 2019

Nykredit's capital target towards 2019 is equity corresponding to a minimum of 15% of the Risk Exposure Amount (REA), to which should be added the statutory deductions from equity of approximately DKK 5bn. An equity level of 15% is higher than the formal requirement, but from a market perspective the level is deemed necessary for a major bond issuer such as Nykredit.

Nykredit aims to build an equity buffer of approximately DKK 10bn, or 2-3% of REA, for expected changes in capital requirements, for changes in capital coverage during periods of recession and to secure our capacity for growth. Such a buffer will help sustain a stable and active lending policy in relation to our customers.

Nykredit has a target of a total capital ratio of up to 20% of REA. Also this level is above the formal requirement, but it is deemed necessary.

In addition, Nykredit may issue non-voting shares for capitalisation purposes.

The requirement varies with economic cycles and will generally rise in periods of high unemployment and high interest rates. This will be offset by two factors. Firstly, that Nykredit continually manages the deployment of capital by the individual business entities. Secondly, that the market demand for equity measured as a percentage of REA is expected to decrease to 13-14% in such a scenario.

In both a normal economic climate and during an economic boom, Nykredit's equity requirement towards 2019 is DKK 65bn excluding a growth and regulatory capital buffer (15% of DKK 400bn plus statutory deductions of DKK 5bn). The equity requirement is in the region of DKK 75bn including the growth and regulatory capital buffer.

FUNDING AND LIQUIDITY

Most of Nykredit's assets consist of lending secured by mortgage over real estate. These loans are funded through issuance of mortgage covered bonds (SDOs and ROs). Mortgage covered bonds are issued by way of daily tap issuance combined with four annual refinancing auctions. Further, the Group may issue senior secured debt to provide statutory supplementary collateral.

Bank lending is chiefly funded by deposits. As at 31 March 2015, Nykredit Bank had a deposit surplus of DKK 18.4bn measured as the difference between deposits and lending at amortised cost. The deposit surplus came to DKK 14.7bn at end-2014.

Liquidity

The balance sheet structure of the mortgage banks ensures a high level of liquidity as mortgage borrowers make their payments on or before the date on which Nykredit pays bondholders.

Nykredit's liquidity is determined as the portfolios of highly liquid bonds and cash and is funded by deposits, senior secured debt (JCBs), senior unsecured debt (EMTN and ECP programmes), subordinated debt and equity.

The liquidity holdings ensure that Nykredit has a sizeable buffer for cash flows driven by customer flows, loan arrears, current costs and maturing capital market funding. In addition, the liquidity holdings ensure the Group's compliance with statutory liquidity requirements.

Nykredit's liquid assets are mainly liquid Danish and other European government and covered bonds. In a liquid repo market, these securi-

ties are eligible as collateral with other banks and with the Danish or other European central banks and are directly exchangeable into liquidity. To this should be added a small portfolio of money market deposits, equities, credit bonds and similar assets.

The unencumbered part of the liquid assets of the Group's mortgage banks, including proceeds from senior secured debt in issue, totalled DKK 85bn at end-Q1/2015 against DKK 91bn at end-2014.

At end-Q1/2015, Nykredit Bank's liquidity holdings totalled DKK 93.5bn against DKK 92.3bn at end-2014, determined in accordance with section 152 of the Danish Financial Business Act.

Liquidity Coverage Ratio (LCR)

On 10 October 2014, the European Commission published the final regulation on LCR, which must be met as at 1 October 2015. A requirement of 100% is expected for Danish SIFIs as at 1 October 2015. The LCR denotes the amount of high quality liquid assets (HQLAs) to be held by a credit institution to be able to cover net cash outflows during short-term liquidity stress.

Nykredit expects that some payment obligations relating to match-funded mortgage lending will be exempted from the LCR rules.

At end-Q1/2015, the LCRs of the Group's companies, excluding self-issued bonds, were as follows:

Nykredit Realkredit Group	239%
Nykredit's mortgage banks	>1,000%
Nykredit Bank A/S	122%

The high ratios of Nykredit's mortgage banks derive from their net liquidity inflows. The Group and the individual group companies all comply with the requirement of an LCR above 100%.

Issuance in 2015

The Nykredit Realkredit Group has not made any changes to its issuance schedule for SDOs, ROs, senior debt and Nykredit Bank's EMTN and ECP programmes for 2015 compared with the guidance in our Annual Report 2014.

In Q1/2015, Nykredit Realkredit issued EUR 500m of AT1 capital as replacement for some of the EUR 900m AT1 capital outstanding which was redeemed as at 1 April 2015.

CREDIT RATINGS

Nykredit Realkredit A/S and Nykredit Bank A/S both have a long-term unsecured rating of A+ and a short-term unsecured rating of A-1 with Standard & Poor's. As at 12 May 2015 the rating was placed on CreditWatch with negative implications.

Senior secured debt is rated A+. The rating is expected to be placed on CreditWatch with negative implications.

Nykredit expects to improve Standard & Poor's rating via issuance of a type of senior debt etc in compliance with the ALAC (Additional Loss-Absorbing Capacity) methodology.

In rated capital centres, SDOs and ROs are all rated AAA by S&P. The rating outlooks are stable.

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

Moody's has opted to publish a number of unsolicited ratings of companies of the Nykredit Group.

OTHER

Jyske Bank and Nykredit reach agreement in arbitration proceedings

In February, Jyske Bank and Nykredit/Totalkredit agreed to settle the ongoing arbitration proceedings. The settlement stipulates the details of Jyske Bank's exit from the Totalkredit alliance, and the two parties have further agreed on a number of unresolved issues in other areas of their business relationship.

As part of the settlement, Jyske Bank will in 2015 receive a one-off commission of DKK 83.6m, corresponding to 3-4 months' commission under the now terminated partnership agreement. Further, the Nykredit Group will buy Jyske Bank's shares in PRAS A/S, the company that was founded in connection with Nykredit's acquisition of Totalkredit and which holds 2.25% of the shares in Nykredit Holding A/S and just over 6% in DLR Kredit A/S. The shareholding represents some 22% of the share capital in PRAS and amounts to approximately DKK 420m.

The parties will continue working together in areas of mutual interest, such as JN Data.

Nykredit supports Totalkredit Partners

In connection with the merger between Nordjyske Bank and Nørresundby Bank, which was approved on 31 March 2015, Nykredit made a commitment to take over a shareholding in the new bank from Spar Nord.

In connection with the merger, Nykredit acquired a shareholding of DKK 85m, which raised Nykredit's shareholding to about DKK 90m.

BoligBank

In March Nykredit launched a new homeowner banking concept, BoligBank, with new competitive offers to our customers. The concept offers simple products to homeowners at fixed, attractive prices and is characterised by 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 who have wealth assets in excess of 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, newly appointed Head of Nykredit Markets, will be in charge of this process. 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.

Further, Georg Andersen, former Managing Director of Nykredit Bank and Head of Nykredit Markets, stepped down from his position. The

Executive Board of Nykredit Bank now consists of Bjørn Mortensen and Jesper Berg.

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 Group's accounting policies (note 1 of the Annual Report 2014), to which reference is made.

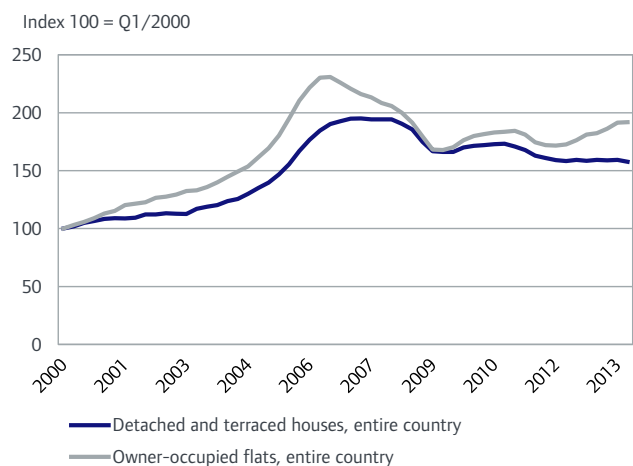
EVENTS OCCURRED AFTER THE END OF THE FINANCIAL PERIOD

In April the Danish Ministry of Business and Growth submitted a report on negative mortgage rates. Nykredit agrees with the conclusions of the report, and in May Nykredit will offer loans based on floating-rate mortgage covered bonds the interest rate of which may be negative.

No other significant events have occurred in the period up to the presentation of the Q1 Interim Report 2015 which affect the financial position of the Nykredit Group.

LENDING

Nykredit Realkredit Group Housing prices in Denmark



Source: Association of Danish Mortgage Banks

The Group recorded total mortgage and bank lending, excluding reverse repurchase lending, of DKK 1,160bn against DKK 1,162bn at the beginning of the year.

Mortgage lending at fair value was DKK 1,138bn against DKK 1,137bn at the beginning of the year. Nominal mortgage lending amounted to DKK 1,110bn.

Bank lending totalled DKK 49.4bn against DKK 50.5bn at the beginning of the year, up DKK 1.1bn. The level in part reflected modest loan demand. Reverse repurchase lending amounted to DKK 29.6bn against DKK 35.2bn at the beginning of the year.

Impairment provisions for mortgage and bank lending totalled DKK 9.2bn compared with DKK 9.1bn at the beginning of the year. Relative to end-2014, impairment provisions for receivables from credit institutions were unchanged at DKK 44m.

At end-Q1/2015, guarantees came to DKK 8.8bn against DKK 7.5bn at the beginning of the year.

Incurred losses totalled DKK 267m in Q1/2015, of which DKK 197m represented mortgage lending and DKK 70m bank lending.

Nykredit Realkredit Group Loans, advances, guarantees and impairment losses on loans and advances

DKK million	Loans, advances and guarantees		Total provisions for loan impairment and guarantees		Impairment losses on loans and advances, earnings impact	
	31.03.2015	31.12.2014	31.03.2015	31.12.2014	Q1/2015	FY 2014
Mortgage lending						
Nykredit Realkredit	560,862	570,029	4,375	4,270	190	1,712
Totalkredit	549,588	541,715	1,310	1,236	158	409
Total	1,110,450	1,111,744	5,686	5,506	348	2,121
Bank lending						
Nykredit Bank	49,404	50,494	3,483	3,560	(19)	211
Total	49,404	50,494	3,483	3,560	(19)	211
Receivables from credit institutions						
Total	-	-	44	44	0	15
Reverse repurchase lending	29,569	35,228	-	-	-	-
Guarantees	8,768	7,546	107	107	-	4
Loan impairment, %¹						
Nykredit Realkredit	-	-	0.78	0.75	0.03	0.30
Totalkredit	-	-	0.24	0.23	0.03	0.08
Total	-	-	0.51	0.50	0.03	0.19
Nykredit Bank	-	-	6.58	6.59	(0.04)	0.39
Total	-	-	6.58	6.59	(0.04)	0.39

¹ Loan impairment excluding receivables from credit institutions, reverse repurchase lending and guarantees.

Note: Mortgage lending is stated at nominal value, adjusted for intercompany lending and intercompany set-off.

MORTGAGE LENDING

The credit exposure in terms of nominal mortgage lending amounted to DKK 1,110bn at end-Q1/2015 against DKK 1,112bn at the beginning of the year.

The security behind the mortgage loan portfolio is robust. Also, mortgage loans granted via Totalkredit are covered by set-off agreements, which means that Totalkredit may offset part of the losses incurred on mortgage loans against future commission payments to the partner banks which have distributed the loans.

The LTV ratios of the mortgage loan portfolio are shown in the table below with individual loans relative to estimated values of the individual properties at end-Q1/2015.

Total provisions for mortgage loan impairment

Total provisions for mortgage loan impairment increased by DKK 180m from the beginning of the year to DKK 5,686m at end-Q1/2015. Of the increase, DKK 51m was related to private rental property (including housing cooperatives), DKK 62m was attributable to office and retail and DKK 109m to agricultural property.

Private residential property accounted for DKK 2m of the increase and commercial property DKK 178m at end-Q1/2015.

Total impairment provisions amounted to 0.51% of total mortgage lending against 0.50% at the beginning of the year.

Earnings impact

Impairment losses on mortgage lending for the period were DKK 348m against DKK 464m in Q1/2014. Of total impairment losses on loans and advances for the period, DKK 132m, or 38%, was attributable to the private residential segment, while DKK 102m, or 29%, related to agricultural property. Further, DKK 11m relating to lending to credit institutions was charged to the income statement in Q1/2014.

Nykredit Realkredit Group

Debt outstanding relative to estimated property values

DKK million/%	LTV (loan-to-value)						Total	LTV average, %
	0-40	40-60	60-80	80-90	90-100	>100		
Private residential property	392,612	156,611	103,626	18,767	8,675	8,353	688,645	75
Private rental	77,008	28,139	14,891	2,311	1,166	1,476	124,992	69
Industry and trades	18,796	3,815	762	215	171	658	24,417	54
Office and retail	84,186	22,887	3,658	607	350	664	112,352	55
Agriculture	69,960	19,075	7,561	1,277	639	931	99,443	60
Non-profit housing	-	-	-	-	-	-	70,560	-
Other	13,754	3,194	1,166	61	36	96	18,305	54
Total, end-Q1/2015	656,316	233,721	131,664	23,238	11,037	12,178	1,138,714	68
Total, end-2014	653,815	235,800	134,014	23,945	10,883	10,648	1,137,983	69

¹ Determined as the top part of the debt outstanding relative to estimated property values.

Note: The figures are actual LTV ratios including any financed costs. Public authority guarantees reduce the credit risk relating to subsidised housing that forms part of lending to the non-profit housing segment. For this reason, LTVs of non-profit housing offer no relevant risk data.

In the table, debt outstanding is distributed continuously by LTV category. Loans with security covering for example between 0% and 60% of the mortgageable value are distributed with two thirds of the debt outstanding in the LTV range 0-40% and one third in the LTV range 40-60%.

Nykredit Realkredit Group

Mortgage loan impairment by property type¹

DKK million	31.03.2015		31.12.2014	
	Total impairment provisions	Total earnings impact	Total impairment provisions	Total earnings impact
Private residential	2,166	132	2,164	554
Private rental	1,551	70	1,500	856
Industry and trades	244	5	257	98
Office and retail	568	68	506	91
Agriculture	965	102	856	441
Non-profit housing	70	(27)	97	55
Other	122	(2)	126	26
Total	5,686	348	5,506	2,121

¹ The breakdown by property type is not directly comparable with Nykredit's business areas.

Nykredit Realkredit Group
Arrears ratio – 75 days past due

Due dates	Arrears relative to total mortgage payments %	Debt outstanding affected by arrears of total debt outstanding %	Debt outstanding affected by arrears DKK billion
2014			
- December	0.42	0.50	5.6
- September	0.42	0.42	4.7
- June	0.41	0.43	4.8
- March	0.46	0.47	5.2
2013			
- December	0.43	0.50	5.6
- September	0.47	0.46	5.2

Arrears

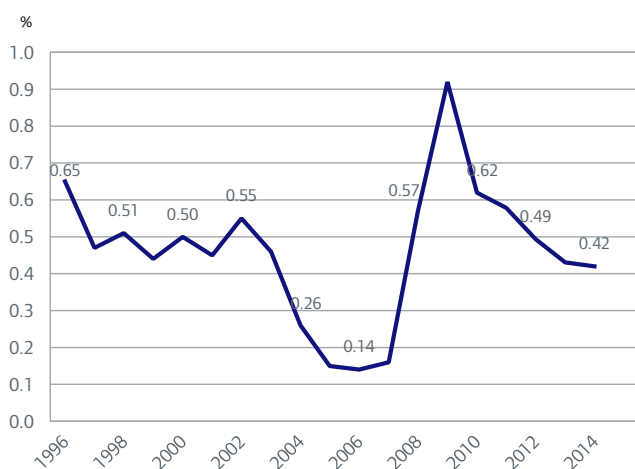
At the December due date, mortgage loan arrears represented 0.42% of total mortgage payments due against 0.43% at the same time the year before.

The Group's bond debt outstanding affected by arrears as a percentage of total bond debt outstanding was 0.50, which was unchanged year-on-year.

Acquired properties

In Q1/2015 the Group acquired 64 properties at forced sales and sold 85. At end-Q1/2015, the property portfolio stood at 217 against 238 at the beginning of the year. Residential property accounted for 104 against 117 at end-2014.

Nykredit Realkredit Group
Arrears ratio, mortgage lending – 75 days past the December due date



BANK LENDING

Loans, advances and guarantees were DKK 87.7bn against DKK 93.3bn at the beginning of the year, down DKK 5.6bn. The decline chiefly stemmed from reverse repurchase lending, which fell back by DKK 5.7bn to DKK 29.6bn.

Bank lending amounted to DKK 49.4bn against DKK 50.5bn at the beginning of the year. The level in part reflected continued modest loan demand. Bank lending before provisions for loan impairment was DKK 52.9bn against DKK 54.1bn at the beginning of the year.

Nykredit Bank recorded negative lending growth of 2.3%, excluding reverse repurchase lending, determined pursuant to the rules of the Danish FSA, including rules relating to the FSA Supervisory Diamond model.

Total provisions for bank loan impairment

Provisions for bank loan impairment totalled DKK 3,483m against DKK 3,560m at the beginning of the year.

Impairment provisions for receivables from credit institutions came to DKK 23m at end-Q1/2015, the same level as at end-2014.

Guarantees

The Bank issues guarantees on a current basis. Guarantees issued were DKK 8.8bn against DKK 7.5bn at end-2014.

At end-Q1/2015, provisions for guarantees amounted to DKK 107m, which was unchanged on the beginning of the year.

Earnings impact

Impairment losses on loans and advances and provisions for guarantees resulted in a reversal of DKK 19m. By comparison, loan impairment losses and provisions for guarantees were DKK 36m in Q1/2014.

To this should be added impairment losses on credit institutions total-ling DKK 0m in Q1/2015 compared with DKK 4m in Q1/2014.

Nykredit Realkredit Group

Bank loan impairment and provisions for guarantees by sector¹

DKK million	31.03.2015		31.12.2014	
	Total impairment provisions	Total earnings impact	Total impairment provisions	Total earnings impact
Public	0	0	0	(8)
Agriculture, hunting, forestry and fishing	101	(1)	138	(10)
Manufacturing, mining and quarrying	280	15	269	26
Energy supply	9	0	9	2
Construction	237	0	236	11
Trading	104	(1)	119	(30)
Transport, accommodation and food service activities	118	10	91	(19)
Information and communication	61	(3)	62	1
Finance and insurance	288	(5)	305	(85)
Real estate	1,494	(48)	1,540	303
Other	293	(7)	305	(77)
Total commercial customers	2,985	(42)	3,074	122
Personal customers	604	23	592	101
Total	3,589	(19)	3,666	215
- Of which provisions for losses on guarantees	107	0	107	4
Impairment provisions for credit institutions	23	0	23	4
Total including impairment provisions for credit institutions	3,612	(19)	3,689	219

¹ As the breakdown is based on public sector statistics, it is not directly comparable with Nykredit Bank's business areas.

MANAGEMENT STATEMENT

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

The Board of Directors and the Executive Board have today reviewed and approved the Interim Report for the period 1 January – 31 March 2015 of Nykredit Realkredit A/S and the Nykredit Realkredit Group.

The Consolidated Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. The Interim Financial Statements of the Parent Company have been prepared in accordance with the Danish Financial Business Act and the Danish Executive Order on Financial Reports for Credit Institutions and Invest-

ment 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 31 March 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 – 31 March 2015.

We are furthermore of the opinion that the Management's Review gives a fair review of the development in the operations and finan-

cial 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, 13 May 2015

Executive Board

Michael Rasmussen
Group Chief Executive

Kim Duus
Group Managing Director

Søren Holm
Group Managing Director

Anders Jensen
Group Managing Director

Bente Overgaard
Group Managing Director

Board of Directors

Steen E. Christensen
Chairman

Hans Bang-Hansen
Deputy Chairman

Steffen Kragh
Deputy Chairman

Kristian Benggaard

Michael Demsitz

Merete Eldrup

Marlene Holm

Allan Kristiansen

Bent Naur

Anders C. Obel

Erling Bech Poulsen

Lars Peter Skaarup

Nina Smith

Jens Erik Udsen

Leif Vinther

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

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group		
Q1/2014	Q1/2015		Note	Q1/2015	Q1/2014
7,217	7,140	Interest income	5	8,958	9,285
-	(2)	Negative interest rates	5a	0	-
6,060	5,802	Interest expenses	6	5,904	6,426
1,156	1,337	NET INTEREST INCOME		3,054	2,859
2	14	Dividend on equities		14	4
173	289	Fee and commission income		772	447
38	40	Fee and commission expenses		728	533
1,294	1,599	NET INTEREST AND FEE INCOME		3,111	2,778
320	107	Value adjustments	7	(724)	(153)
2	2	Other operating income		47	43
587	534	Staff and administrative expenses	8	1,139	1,195
44	56	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	9	66	53
11	(1)	Other operating expenses		18	27
456	190	Impairment losses on loans, advances and receivables	10	329	515
382	94	Profit (loss) from investments in associates and group enterprises	11	(0)	(0)
901	1,022	PROFIT BEFORE TAX		883	878
66	180	Tax	12	197	200
834	842	PROFIT FOR THE PERIOD		686	678
		DISTRIBUTION OF PROFIT FOR THE PERIOD			
834	821	Shareholders of Nykredit Realkredit A/S		664	678
-	22	Holders of Additional Tier 1 capital notes		22	-
834	842	Profit for the period		686	678
		OTHER COMPREHENSIVE INCOME			
		ITEMS NOT ELIGIBLE FOR RECLASSIFICATION TO THE INCOME STATEMENT:			
2	8	Actuarial gains/losses on defined benefit plans		8	2
2	8	Total items not eligible for reclassification to the income statement		8	2
		ITEMS ELIGIBLE FOR RECLASSIFICATION TO THE INCOME STATEMENT:			
-	-	Fair value adjustment of equities available for sale		168	155
-	-	Tax on fair value adjustment of equities available for sale		(11)	2
-	-	Total items eligible for reclassification to the income statement		157	157
2	8	OTHER COMPREHENSIVE INCOME		164	159
837	850	COMPREHENSIVE INCOME FOR THE PERIOD		850	837
		DISTRIBUTION OF COMPREHENSIVE INCOME			
837	828	Shareholders of Nykredit Realkredit A/S		828	837
-	22	Holders of Additional Tier 1 capital notes		22	-
837	850	Profit for the period		850	837

Balance sheets, end of period

DKK million

Nykredit Realkredit A/S				Nykredit Realkredit Group	
31.12.2014	31.03.2015		Note	31.03.2015	31.12.2014
ASSETS					
227	7,695	Cash balances and demand deposits with central banks		25,161	4,644
29,570	41,726	Receivables from credit institutions and central banks	13	45,771	37,644
1,192,558	1,229,134	Loans, advances and other receivables at fair value	14	1,167,889	1,172,805
448	455	Loans, advances and other receivables at amortised cost	15	49,875	50,958
47,745	46,695	Bonds at fair value	16	101,004	127,972
Equities					
3,069	3,379	Equities measured at fair value through profit or loss		1,588	1,376
-	-	Equities available for sale		2,203	2,035
3,069	3,379	Total		3,791	3,411
119	118	Investments in associates		121	123
30,456	32,515	Investments in group enterprises		-	-
3,027	3,000	Intangible assets		3,073	3,104
Land and buildings					
-	-	Investment properties		283	283
16	17	Owner-occupied properties		1,482	1,484
16	17	Total		1,765	1,767
235	223	Other property, plant and equipment		257	273
13	0	Current tax assets		741	632
126	108	Deferred tax assets		108	128
476	502	Assets in temporary possession		570	552
14,642	14,544	Other assets	17	61,029	53,914
190	255	Prepayments		344	226
1,322,918	1,380,366	TOTAL ASSETS		1,461,500	1,458,153

Balance sheets, end of period

DKK million

Nykredit Realkredit A/S				Nykredit Realkredit Group	
31.12.2014	31.03.2015		Note	31.03.2015	31.12.2014
LIABILITIES AND EQUITY					
22,811	23,383	Payables to credit institutions and central banks	18	38,860	44,863
-	-	Deposits and other payables	19	67,733	65,232
1,204,487	1,256,513	Bonds in issue at fair value	20	1,181,483	1,167,163
3,826	3,803	Bonds in issue at amortised cost	21	27,979	29,457
1,188	1,403	Other non-derivative financial liabilities at fair value	22	4,481	18,451
-	79	Current tax liabilities		323	146
-	-	Liabilities temporarily assumed		29	29
19,268	19,246	Other liabilities	23	64,376	61,161
-	-	Deferred income		4	3
1,251,580	1,304,427	Total payables		1,385,270	1,386,506
Provisions					
198	200	Provisions for pensions and similar obligations		205	203
126	176	Provisions for deferred tax		241	198
74	73	Repayable reserves in pre-1972 series		73	74
-	-	Provisions for losses under guarantees		106	107
87	65	Other provisions		132	169
485	515	Total provisions		758	751
11,350	11,369	Subordinated debt	24	11,417	11,394
Equity					
1,182	1,182	Share capital		1,182	1,182
Accumulated changes in value					
2	1	- revaluation reserves		150	151
-	-	- value adjustment of equities available for sale		797	641
Other reserves					
3,147	3,205	- statutory reserves		-	-
30,975	30,975	- series reserves		30,975	30,975
24,197	24,936	Retained earnings		27,194	26,553
-	3,757	Holders of Additional Tier 1 capital		3,757	-
59,502	64,055	Total equity		64,055	59,502
1,322,918	1,380,366	TOTAL LIABILITIES AND EQUITY		1,461,500	1,458,153
OFF-BALANCE SHEET ITEMS					
-	-	Contingent liabilities	25	8,768	7,546
1,121	1,060	Other commitments		5,580	5,843
1,121	1,060	TOTAL		14,348	13,389

Statement of changes in equity for 1 January – 31 March

DKK million

Nykredit Realkredit A/S

	Share capital	Revaluation reserves	Statutory reserves ²	Series reserves	Retained earnings	Additional Tier 1 capital ¹	Total
2015							
Equity, 1 January	1,182	2	3,147	30,975	24,197	-	59,502
Profit for the period	-	-	94	-	726	22	842
Total other comprehensive income	-	-	-	-	8	-	8
Total comprehensive income for the period	-	-	94	-	734	22	850
<i>Transactions with owners</i>							
Issuance of Additional Tier 1 capital	-	-	-	-	-	3,731	3,731
Net transaction costs	-	-	-	-	(38)	-	(38)
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	(4)	4	-
Tax	-	-	-	-	10	-	10
Dividend from associates	-	-	(35)	-	35	-	-
Dividend from group enterprises	-	-	(1)	-	1	-	-
Realised by sale of properties	-	(1)	-	-	1	-	-
Equity, 31 March	1,182	1	3,205	30,975	24,936	3,757	64,055
2014							
Equity, 1 January	1,182	2	3,554	32,402	21,576	-	58,716
Profit for the period	-	-	382	-	453	-	834
Total other comprehensive income	-	-	-	-	2	-	2
Total comprehensive income for the period	-	-	382	-	455	-	837
Dividend from associates	-	-	(2)	-	2	-	-
Dividend from group enterprises	-	-	(125)	-	125	-	-
Equity, 31 March	1,182	2	3,809	32,402	22,158	-	59,553

¹ Additional Tier 1 (AT1) capital is perpetual, and payment of principal and interest is discretionary. For accounting purposes, the bonds are consequently treated as equity. On 26 February 2015, Nykredit issued EUR 500m (nominal) of AT1 capital, which may be redeemed from 26 October 2020. The AT1 capital carries an interest rate of 6.25% pa up to 26 October 2020, after which date the interest rate will be fixed every 5 years. If the Common Equity Tier 1 (CET1) capital ratio of Nykredit Realkredit A/S, the Nykredit Realkredit Group or the Nykredit Holding Group falls below 7.125%, the loan will be written down.

² The item relates to transfer to net revaluation reserves according to the equity method. The reserves are non-distributable.

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

Statement of changes in equity for 1 January – 31 March

DKK million

Nykredit Realkredit Group

	Share capital	Revaluation reserves	Accumulated value adjustment of equities available for sale	Series reserves	Retained earnings	Additional Tier 1 capital ¹	Total
2015							
Equity, 1 January	1,182	151	641	30,975	26,553	-	59,502
Profit for the period	-	-	-	-	664	22	686
Total other comprehensive income	-	-	157	-	8	-	164
Total comprehensive income for the period	-	-	157	-	672	22	850
<i>Transactions with owners</i>							
Issuance of Additional Tier 1 capital	-	-	-	-	-	3,731	3,731
Net transaction costs	-	-	-	-	(38)	-	(38)
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	(4)	4	-
Tax	-	-	-	-	10	-	10
Realised by sale of properties	-	(1)	-	-	1	-	-
Equity, 31 March	1,182	150	797	30,975	27,194	3,757	64,055
2014							
Equity, 1 January	1,182	205	403	32,402	24,525	-	58,716
Profit for the period	-	-	-	-	678	-	678
Total other comprehensive income	-	-	157	-	2	-	159
Total comprehensive income for the period	-	-	157	-	680	-	837
Equity, 31 March	1,182	205	559	32,402	25,205	-	59,553

¹ Additional Tier 1 (AT1) capital is perpetual, and payment of principal and interest is discretionary. For accounting purposes, AT1 capital is consequently treated as equity. On 26 February 2015, Nykredit issued EUR 500m (nominal) of AT1 capital, which may be redeemed from 26 October 2020. The AT1 capital carries an interest rate of 6.25% pa up to 26 October 2020, after which date the interest rate will be fixed every 5 years. If the Common Equity Tier 1 (CET1) capital ratio of Nykredit Realkredit A/S, the Nykredit Realkredit Group or the Nykredit Holding Group falls below 7.125%, the loan will be written down.

Statement of changes in equity for 1 January – 31 December

DKK million

	Share capital	Revaluation reserves	Statutory reserves*	Accumulated value adjustment of equities available for sale	Series reserves	Retained earnings	Total
Nykredit Realkredit A/S							
2014							
Equity, 1 January	1,182	2	3,554	-	32,402	21,576	58,716
Profit (loss) for the year	-	-	(225)	-	-	1,040	815
Total other comprehensive income	-	-	(53)	-	-	22	(32)
Total comprehensive income for the year	-	-	(279)	-	-	1,062	783
Dividend from associates	-	-	(4)	-	-	4	-
Dividend from group enterprises	-	-	(125)	-	-	125	-
Adjustment pursuant to capital adequacy rules	-	-	-	-	(1,427)	1,427	-
Transferred from provisions – pre-1972 series	-	-	-	-	(0)	3	3
Equity, 31 December	1,182	2	3,147	-	30,975	24,197	59,502
Nykredit Realkredit Group							
2014							
Equity, 1 January	1,182	205	-	403	32,402	24,525	58,716
Profit for the year	-	-	-	-	-	576	576
Total other comprehensive income	-	(53)	-	238	-	22	207
Total comprehensive income for the year	-	(53)	-	238	-	598	783
Adjustment pursuant to capital adequacy rules	-	-	-	-	(1,427)	1,427	0
Transferred from provisions – pre-1972 series	-	-	-	-	(0)	3	3
Other adjustments	-	-	-	-	-	1	1
Equity, 31 December	1,182	151	-	641	30,975	26,553	59,502

* The item relates to transfer to net revaluation reserves according to the equity method. The reserves are non-distributable.

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

Cash flow statement for 1 January – 31 March

DKK million

	Nykredit Realkredit Group Q1/2015	Q1/2014
Profit for the period	686	678
Non-cash operating items		
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	66	53
Loss from investments in associates	0	0
Impairment losses on loans, advances and receivables	329	515
Prepayments/deferred income, net	(116)	(81)
Tax calculated on profit for the period	197	200
Other adjustments	78	440
Total	533	1,127
Profit for the period adjusted for non-cash operating items	1,239	1,804
Change in working capital		
Loans, advances and other receivables	5,670	8,728
Deposits and payables to credit institutions	(3,502)	8,207
Bonds in issue	12,843	(2,163)
Other working capital	(17,925)	3,875
Total	(2,915)	18,647
Corporation tax paid, net	(65)	(84)
Cash flows from operating activities	(1,741)	20,367
Cash flows from investing activities		
Dividend received	1	2
Purchase and sale of bonds and equities, net	26,588	(17,339)
Purchase of intangible assets	(6)	(25)
Purchase of property, plant and equipment	(13)	(18)
Sale of property, plant and equipment	3	191
Total	26,573	(17,189)
Cash flows from financing activities		
Issuance of Additional Tier 1 capital notes	3,731	-
Purchase and sale of self-issued subordinated debt instruments	4	12
Total	3,735	12
Total cash flows	28,567	3,190
Cash and cash equivalents, beginning of period	42,288	35,758
Foreign currency translation adjustment of cash	77	(258)
Cash and cash equivalents, end of period	70,932	38,690
Cash and cash equivalents, end of period		
Cash balances and demand deposits with central banks	25,161	7,502
Receivables from credit institutions and central banks	45,771	31,188
Total	70,932	38,690

Notes

LIST OF NOTES

No	Note	Page
1.	Accounting policies	30
2.	Capital and capital adequacy	31
3.	Core earnings and investment portfolio income	32
4.	Results by business area	33
5.	Interest income	34
6.	Interest expenses	34
7.	Value adjustments	35
8.	Staff and administrative expenses	35
9.	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	36
10.	Impairment losses on loans, advances and receivables	36
11.	Profit (loss) from investments in associates and group enterprises	37
12.	Tax	37
13.	Receivables from credit institutions and central banks	38
14.	Loans, advances and other receivables at fair value	38
15.	Loans, advances and other receivables at amortised cost	39
16.	Bonds at fair value	40
17.	Other assets	40
18.	Payables to credit institutions and central banks	41
19.	Deposits and other payables	41
20.	Bonds in issue at fair value	41
21.	Bonds in issue at amortised cost	42
22.	Other non-derivative financial liabilities at fair value	42
23.	Other liabilities	42
24.	Subordinated debt	43
25.	Off-balance sheet items	44
26.	Related party transactions and balances	45
27.	Fair value hierarchy for financial instruments	46
28.	Seven-quarter financial highlights	49
29.	Five-year financial highlights	51
30.	Group structure	53

Notes

1. ACCOUNTING POLICIES

GENERAL

The Consolidated Financial Statements for Q1/2015 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 Q1/2015 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 Interim Report 2015 of Nykredit Realkredit A/S and the Nykredit Realkredit Group.

Change in the presentation of business areas

The presentation of the Group's business areas has been adjusted to reflect the organisational changes implemented in H1/2014.

The primary change was the transfer of Nykredit Leasing A/S and the business unit Private Banking from Retail to Wholesale Clients. Also, business activities with partner banks in the business unit Bank Distribution have been transferred from Group Items, Treasury, to Wholesale Clients.

Income and costs relating to Nykredit Leasing A/S that can be attributed to Retail activities are allocated to Retail.

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

Comparative figures have been restated. Please refer to note 4 of this report.

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.

All figures in the Interim Report 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

Nykredit Realkredit A/S			Nykredit Realkredit Group	
31.12.2014	31.03.2015		31.03.2015	31.12.2014
2. CAPITAL AND CAPITAL ADEQUACY				
59,502	64,055	Equity for accounting purposes	60,299	59,502
-	(3,757)	Additional Tier 1 capital	(3,757)	-
59,502	60,299	Equity excluding Additional Tier 1 capital	60,299	59,502
-	(18)	Deduction for average dividend payments/dividend payments provided for	(18)	-
(111)	(193)	Prudent valuation adjustment	(778)	(551)
(2,968)	(2,947)	Intangible assets excluding deferred tax liabilities	(3,016)	(3,040)
(1,877)	(1,766)	Provisions for expected losses in accordance with IRB approach	(1,094)	(1,433)
(237)	(231)	Other additions/deductions	(231)	(237)
1,673	1,193	Transitional adjustment of deductions	790	1,318
(3,521)	(3,962)	Common Equity Tier 1 capital deductions	(4,346)	(3,944)
55,981	56,337	Common Equity Tier 1 capital	55,953	55,559
6,699	3,735	Additional Tier 1 capital (including transitional adjustment)	3,735	6,746
(75)	-	Additional Tier 1 capital deductions	-	(75)
(691)	(530)	Transitional adjustment of deductions	(228)	(513)
5,933	3,205	Total Additional Tier 1 capital after deductions	3,507	6,158
61,915	59,542	Tier 1 capital	59,459	61,717
4,466	4,482	Tier 2 capital (including transitional adjustments)	4,482	4,463
-	-	Tier 2 capital additions/deductions	(2)	0
(751)	(530)	Transitional adjustment of deductions	(328)	(573)
65,630	63,494	Own funds	63,612	65,606
348,765	348,249	Credit risk	290,305	305,321
21,767	14,694	Market risk	27,511	35,335
9,705	11,266	Operational risk	18,397	17,933
380,237	374,208	Total risk exposure amount	336,213	358,589
Financial ratios				
14.7	15.0	Common Equity Tier 1 capital ratio, %	16.6	15.4
16.2	15.9	Tier 1 capital ratio, %	17.6	17.2
17.2	16.9	Total capital ratio, %	18.9	18.2

Capital and capital adequacy have been determined in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 (the Capital Requirements Regulation) as well as the Danish transitional rules laid down by the Danish FSA.

Notes

DKK million

Nykredit Realkredit Group

3. CORE EARNINGS AND INVESTMENT PORTFOLIO INCOME

	Q1/2015				Q1/2014			
	Core earnings	Investment portfolio income	Cost of capital	Total	Core earnings	Investment portfolio income	Cost of capital	Total
Net interest income	2,769	444	(159)	3,054	2,659	312	(113)	2,859
Dividend on equities	0	14	-	14	2	3	-	4
Fee and commission income, net	53	(10)	-	43	(78)	(7)	-	(85)
Net interest and fee income	2,822	448	(159)	3,111	2,583	308	(113)	2,778
Value adjustments	(719)	(4)	(2)	(724)	(193)	41	(2)	(153)
Other operating income	47	-	-	47	43	-	-	43
Staff and administrative expenses	1,139	-	-	1,139	1,195	-	-	1,195
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	66	-	-	66	53	-	-	53
Other operating expenses	18	-	-	18	27	-	-	27
Impairment losses on loans and advances	329	-	-	329	515	-	-	515
Loss from investments in associates	-	-	-	-	-	(0)	-	(0)
Profit (loss) before tax	599	445	(161)	882	643	349	(114)	878

Notes

DKK million

Nykredit Realkredit Group

4. RESULTS BY BUSINESS AREA

Q1/2015	Retail	Totalkredit Partners	Wholesale Clients	Group Items	Total
Core income from					
- customer activities, gross	1,541	723	1,015	11	3,290
- allocation of income for distribution	154	-	(154)	-	-
Total business operations	1,695	723	861	11	3,290
- value adjustment of derivatives	(568)	-	(493)	-	(1,061)
- senior debt	(31)	(45)	(3)	(13)	(92)
- securities	0	-	-	14	14
Total core income	1,097	678	364	12	2,151
Operating costs	729	118	192	118	1,157
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	2	0	4	61	66
Core earnings before impairment losses	365	560	169	(167)	928
Impairment losses on loans and advances	197	146	(14)	0	329
Core earnings after impairment losses	168	414	183	(167)	599
Investment portfolio income	-	-	-	445	445
Profit before cost of capital	168	414	183	278	1,043
Net interest on subordinated debt	-	-	-	(161)	(161)
Profit before tax	168	414	183	117	883

Q1/2014	Retail	Totalkredit Partners	Wholesale Clients	Group Items	Total
Core income from					
- customer activities, gross	1,344	606	799	(6)	2,743
- allocation of income for distribution	173	-	(173)	-	-
Total business operations	1,517	606	626	(6)	2,743
- value adjustment of derivatives	(307)	-	78	-	(229)
- senior debt	(35)	(58)	(5)	(12)	(110)
- securities	-	-	-	30	30
Total core income	1,175	548	699	12	2,433
Operating costs	734	95	226	167	1,222
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	2	0	2	49	53
Core earnings before impairment losses	438	452	472	(204)	1,158
Impairment losses on loans and advances	489	15	(4)	15	515
Core earnings after impairment losses	(50)	437	476	(219)	643
Investment portfolio income	-	-	-	349	349
Profit (loss) before cost of capital	(50)	437	476	130	992
Net interest on subordinated debt	-	-	-	(114)	(114)
Profit (loss) before tax	(50)	437	476	15	877

As a result of the reorganisation, comparative figures have been restated, thus increasing the Retail loss by DKK 26m, the Wholesale Clients profit by DKK 15m and the Group Items profit by DKK 11m. Core income was particularly affected by a transfer of about DKK 66m from Retail to Wholesale Clients. Operating costs were reduced by DKK 30m in Retail, whereas increases of DKK 29m and DKK 1m were recorded for Wholesale Clients and Group Items, respectively. Impairment losses in Retail were reduced by DKK 9m, which was allocated to Wholesale Clients.

Notes

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
Q1/2014	Q1/2015	Q1/2015	Q1/2014
5. INTEREST INCOME			
3,009	3,083	0	18
2,862	2,532	6,201	6,595
1,053	1,053	2,192	2,085
Bonds			
120	103	265	240
141	131	301	364
(3)	59	83	14
34	25	61	72
Derivative financial instruments			
(1)	4	50	4
110	228	85	130
-	-	(11)	(13)
-	-	(1)	14
18	25	15	23
7,244	7,244	9,242	9,547
(120)	(103)	(265)	(240)
(5)	(0)	(19)	(22)
7,217	7,140	8,958	9,285
Of which interest income from reverse repurchase lending entered as:			
1	2	6	9
-	-	0	67
5a. Negative interest rates			
Interest income			
-	(3)	(10)	-
-	-	(10)	-
-	(3)	(20)	-
Interest expenses			
-	(1)	(16)	-
-	-	(4)	-
-	(1)	(20)	-
-	(2)	0	-
6. INTEREST EXPENSES			
12	5	23	69
-	-	64	102
5,957	5,665	5,893	6,314
199	201	201	201
17	35	6	2
6,185	5,905	6,187	6,689
(120)	(103)	(265)	(240)
(5)	(0)	(19)	(22)
6,060	5,802	5,904	6,426
Of which interest expenses from repo transactions entered as:			
11	1	12	56
-	-	4	17

Notes

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
Q1/2014	Q1/2015	Q1/2015	Q1/2014
7. VALUE ADJUSTMENTS			
Assets measured at fair value through profit or loss			
2,494	2,368	3,107	7,136
4,405	985	-	-
28	26	(3)	(0)
194	352	618	89
273	213	111	141
-	-	-	7
(11)	9	80	(159)
(110)	(458)	(1,495)	(178)
Liabilities measured at fair value through profit or loss			
(2,547)	(2,402)	(3,142)	(7,189)
(4,405)	(985)	-	-
320	107	(724)	(153)
a) Financial assets and liabilities classified at fair value on initial recognition.			
b) Financial assets and liabilities classified under the trading book.			
8. STAFF AND ADMINISTRATIVE EXPENSES			
16	12	12	16
505	485	694	745
67	38	433	434
587	534	1,139	1,195
Remuneration of Board of Directors and Executive Board			
Board of Directors			
1	1	1	1
Executive Board			
10	9	9	10
1	0	0	1
4	1	1	4
16	12	12	16
Staff expenses			
402	377	547	596
47	50	67	67
52	54	74	77
4	4	5	6
505	485	694	745
Number of staff			
2,984	2,895	3,827	4,027

Notes

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
Q1/2014	Q1/2015	Q1/2015	Q1/2014
9. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES FOR PROPERTY, PLANT AND EQUIPMENT AS WELL AS INTANGIBLE ASSETS			
Intangible assets			
19	17	21	19
-	16	16	0
Property, plant and equipment			
25	22	29	33
44	56	66	53
10. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES			
10 a. Earnings impact			
281	174	545	454
11	-	-	15
147	33	(153)	73
12	8	24	37
(11)	(34)	(48)	(22)
-	-	(0)	9
440	180	368	566
17	17	18	25
(1)	(6)	(6)	(1)
-	-	(51)	(75)
456	190	329	515
10 b. Impairment provisions for loans, advances and receivables			
2,214	2,963	6,764	6,157
1,311	1,434	2,448	2,309
3,525	4,397	9,212	8,466
Impairment provisions have been offset against the following items:			
3,378	4,262	5,393	4,365
126	114	292	238
-	-	3,483	3,820
21	21	44	44
3,525	4,397	9,212	8,466
10 c. Individual impairment provisions for loans and advances			
2,039	2,869	6,465	6,116
405	338	930	801
(124)	(165)	(385)	(347)
(43)	(31)	(47)	(67)
(85)	(70)	(243)	(389)
2,192	2,942	6,720	6,113

Notes

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group	
Q1/2014	Q1/2015		Q1/2015	Q1/2014
10. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES (continued)				
10 d. Collective impairment provisions for loans and advances				
1,165	1,401	Impairment provisions, beginning of period	2,602	2,237
147	33	Impairment provisions for the period, net	(153)	73
1,311	1,434	Impairment provisions, end of period	2,448	2,309
10 e. Individual impairment provisions for receivables from credit institutions				
10	21	Impairment provisions, beginning of period	44	29
11	-	Impairment provisions for the period	-	15
21	21	Impairment provisions, end of period	44	44
10 f. Loans, advances and receivables from credit institutions with objective evidence of impairment				
11,487	13,881	Loans and advances subject to individual provisioning before impairment	21,178	18,773
2,192	2,942	Impairment provisions	6,720	6,113
9,294	10,939	Loans and advances after impairment	14,458	12,660
44,043	37,472	Loans and advances subject to collective provisioning before impairment	118,851	120,435
1,311	1,434	Impairment provisions	2,448	2,309
42,732	36,039	Loans and advances after impairment	116,403	118,126
29	29	Receivables from credit institutions subject to individual provisioning before impairment	54	54
21	21	Impairment provisions	44	44
8	8	Receivables after impairment	10	10
10 g. Impairment provisions for acquired properties				
365	315	Impairment provisions, beginning of period	414	469
43	31	Transfer from impairment provisions for loans and advances – note 10 c.	47	67
25	21	Impairment provisions for the period	26	36
(8)	(5)	Impairment provisions reversed	(7)	(11)
(86)	(54)	Impairment provisions written off	(77)	(113)
339	308	Impairment provisions, end of period	403	449
Impairment provisions for acquired properties have been offset against "Assets in temporary possession".				
11. PROFIT (LOSS) FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES				
(0)	-	Loss from investments in associates	(0)	(0)
382	94	Profit from investments in group enterprises	-	-
382	94	Total	(0)	(0)
12. TAX				
7.4	17.6	Effective tax rate, %	22.3	22.8

Notes

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group	
31.12.2014	31.03.2015		31.03.2015	31.12.2014
13. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS				
-	12,518	Receivables from central banks	18,959	8,000
28,230	26,591	Receivables from credit institutions	17,910	24,670
-	-	Reverse repurchase lending to central banks	103	746
1,340	2,617	Reverse repurchase lending to credit institutions	8,800	4,228
29,570	41,726	Total	45,771	37,644
14. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE				
582,417	575,285	Mortgage loans	1,137,834	1,137,099
268	286	Arrears and outlays	486	479
-	-	Reverse repurchase lending to undertakings other than credit institutions and central banks	29,569	35,228
19,294	17,823	Loans to Totalkredit serving as collateral in capital centres	-	-
590,579	635,740	Totalkredit mortgage loan funding	-	-
1,192,558	1,229,134	Total	1,167,889	1,172,805
14 a. Mortgage loans				
588,670	570,913	Balance, beginning of period, nominal value	1,111,744	1,119,970
76,191	34,844	New loans	100,476	190,529
164	92	Indexation	92	164
(1,279)	920	Foreign currency translation adjustment	920	(1,279)
(12,412)	(2,187)	Ordinary principal payments	(3,598)	(18,861)
(80,420)	(42,840)	Prepayments and extraordinary principal payments	(99,183)	(178,780)
570,913	561,742	Balance, end of period, nominal value	1,110,450	1,111,744
(360)	(337)	Loans transferred relating to properties in temporary possession	(381)	(411)
244	246	Loans assumed by the Danish Agency for Governmental Management	246	244
570,797	561,650	Total	1,110,315	1,111,577
15,788	17,897	Adjustment for interest rate risk	32,912	30,789
Adjustment for credit risk				
(2,767)	(2,828)	Individual impairment provisions	(3,233)	(3,176)
(1,401)	(1,434)	Collective impairment provisions	(2,160)	(2,092)
582,417	575,285	Balance, end of period, fair value	1,137,834	1,137,099
For total loans and advances, Nykredit has received mortgages over real estate and:				
28,328	28,544	Supplementary guarantees	29,383	27,386
1,014	1,207	Interim loan guarantees	10,108	10,412
6,776	6,363	Registration guarantees	38,820	29,671
14 b. Arrears and outlays				
296	304	Arrears before impairment provisions	420	431
74	96	Outlays before impairment provisions	359	287
(102)	(114)	Individual impairment provisions for arrears and outlays	(292)	(238)
268	286	Total	486	479

Notes

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
31.12.2014	31.03.2015	31.03.2015	31.12.2014
14. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE (continued)			
14 c. Totalkredit mortgage loan funding			
531,206	576,910	-	-
252,757	107,026	-	-
(4,293)	(1,232)	-	-
(202,760)	(60,900)	-	-
576,910	621,804	-	-
13,669	13,936	-	-
590,579	635,740	-	-
15. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST			
-	-	52,887	54,054
26	24	-	-
-	-	25	27
449	459	474	465
476	484	53,386	54,546
Adjustment for credit risk			
-	-	(3,194)	(3,051)
-	-	(288)	(509)
476	484	49,904	50,986
(28)	(29)	(29)	(28)
448	455	49,875	50,958

Notes

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group	
31.12.2014	31.03.2015		31.03.2015	31.12.2014
		16. BONDS AT FAIR VALUE		
69,776	61,205	Self-issued covered bonds (særligt dækkede obligationer, SDOs)	129,566	121,334
35,460	25,009	Self-issued covered bonds (realkreditobligationer, ROs)	60,191	59,926
-	-	Self-issued corporate bonds	2,724	2,342
-	50	Self-issued senior debt	72	410
34,306	29,977	Other ROs	79,307	99,523
10,445	13,497	Government bonds	14,900	18,556
2,994	3,221	Other bonds	6,797	9,893
152,981	132,959	Total	293,558	311,982
(69,750)	(61,179)	Set-off of self-issued "Other loans and advances" against "Bonds in issue at fair value" – note 20	(129,540)	(121,307)
(26)	(26)	Set-off of self-issued SDOs against "Bonds in issue at amortised cost" – note 21	(26)	(26)
(35,460)	(25,009)	Set-off of self-issued ROs against "Bonds in issue at fair value" – note 20	(60,191)	(59,926)
-	-	Set-off of self-issued corporate bonds against "Bonds in issue at amortised cost" – note 21	(2,724)	(2,342)
-	(50)	Set-off of self-issued senior debt against "Bonds in issue at fair value" – note 20	(72)	(410)
47,745	46,695	Total	101,004	127,972
3,679	3,252	As collateral security for the Danish central bank and foreign clearing centres, bonds have been deposited of a total market value of	12,664	20,142
		Collateral security was provided on an arm's length basis.		
		17. OTHER ASSETS		
9,893	9,707	Interest and commission receivable	7,759	9,503
257	239	Receivables from group enterprises	-	-
3,689	4,211	Positive market value of derivative financial instruments	50,051	41,937
214	223	Defined benefit plans	223	214
589	164	Other	2,996	2,260
14,642	14,544	Total	61,029	53,914

Notes

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group	
31.12.2014	31.03.2015		31.03.2015	31.12.2014
18. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS				
1,525	1,701	Payables to credit institutions	12,940	14,848
-	-	Payables to central banks	17	34
21,286	21,683	Repo transactions with credit institutions	25,801	29,235
-	-	Repo transactions with central banks	103	746
22,811	23,383	Total	38,860	44,863
19. DEPOSITS AND OTHER PAYABLES				
-	-	On demand	48,168	45,806
-	-	At notice	4,822	5,306
-	-	Time deposits	11,885	11,097
-	-	Special deposits	2,857	3,022
-	-	Total	67,733	65,232
20. BONDS IN ISSUE AT FAIR VALUE				
290,664	274,376	ROs	302,912	329,773
989,633	1,041,349	SDOs	1,041,349	989,633
25,103	22,690	Senior secured debt	22,690	25,103
4,297	4,336	Senior unsecured debt	4,336	4,297
1,309,697	1,342,751	Total	1,371,287	1,348,806
(105,210)	(86,238)	Self-issued bonds transferred from "Bonds at fair value" – note 16	(189,804)	(181,643)
1,204,487	1,256,513	Total	1,181,483	1,167,163
20 a. ROs				
280,572	263,453	ROs at nominal value	290,908	318,349
10,092	10,923	Fair value adjustment	12,004	11,424
290,664	274,376	ROs at fair value	302,912	329,773
(35,460)	(25,009)	Self-issued ROs transferred from "Bonds at fair value" – note 16	(60,191)	(59,926)
255,204	249,367	Total	242,721	269,847
163	101	Of which pre-issuance	101	163
31,039	26,504	ROs redeemed and maturing at next creditor payment date	29,273	34,988
20 b. SDOs				
970,263	1,020,446	SDOs at nominal value	1,020,446	970,263
19,370	20,903	Fair value adjustment	20,903	19,370
989,633	1,041,349	SDOs at fair value	1,041,349	989,633
(69,750)	(61,179)	Self-issued SDOs transferred from "Bonds at fair value" – note 16	(129,540)	(121,307)
919,883	980,170	Total	911,809	868,325
587	1,692	Of which pre-issuance	1,692	587
117,327	172,167	SDOs redeemed and maturing at next creditor payment date	172,167	117,327

Notes

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group	
31.12.2014	31.03.2015		31.03.2015	31.12.2014
		20. BONDS IN ISSUE AT FAIR VALUE (continued)		
		20 c. Senior secured debt		
24,122	21,702	Senior secured debt at nominal value	21,702	24,122
982	988	Fair value adjustment	988	982
25,103	22,690	Senior secured debt at fair value	22,690	25,103
-	(50)	Self-issued senior secured debt transferred from "Bonds in issue at fair value" – note 16	(72)	(410)
25,103	22,640	Total	22,618	24,694
1,430	739	Senior secured debt maturing at next creditor payment date	739	1,430
		20 d. Senior unsecured debt		
4,291	4,318	Senior unsecured debt at nominal value	4,318	4,291
5	18	Fair value adjustment	18	5
4,297	4,336	Senior unsecured debt at fair value	4,336	4,297
		21. BONDS IN ISSUE AT AMORTISED COST		
-	-	Corporate bonds	26,901	27,965
26	26	SDOs	26	26
3,774	3,797	Senior secured debt	3,797	3,774
48	-	Employee bonds	-	55
33	34	Other securities	34	33
3,880	3,857	Total	30,758	31,852
-	-	Self-issued corporate bonds transferred from "Bonds at fair value" – note 16	(2,724)	(2,342)
(26)	(26)	Self-issued SDOs transferred from "Bonds at fair value" – note 16	(26)	(26)
(28)	(29)	Other self-issued securities transferred from "Loans, advances and other receivables at amortised cost" – note 15	(29)	(28)
3,826	3,803	Total	27,979	29,457
		22. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE		
-	-	Repo transactions with undertakings other than credit institutions and central banks	1,325	13,855
1,188	1,403	Negative securities portfolios	3,156	4,596
1,188	1,403	Total	4,481	18,451
		23. OTHER LIABILITIES		
13,163	12,573	Interest and commission payable	14,915	16,218
4,324	5,166	Negative market value of derivative financial instruments	45,636	40,958
113	113	Payables relating to the purchase of Totalkredit shares	101	101
1,668	1,393	Other	3,724	3,885
19,268	19,246	Total	64,376	61,161

Notes

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group	
31.12.2014	31.03.2015		31.03.2015	31.12.2014
24. SUBORDINATED DEBT				
Subordinated debt consists of financial liabilities in the form of subordinate loan capital and Additional Tier 1 capital which, in case of voluntary or compulsory liquidation, will not be repaid until the claims of ordinary creditors have been met.				
Subordinated debt is included in Nykredit's own funds in accordance with the EU's Capital Requirements Regulation.				
Subordinate loan capital				
Nom EUR 600m. The loan falls due on 3 June 2036, but may be redeemed at par (100) from 3 June 2021. The loan carries a fixed interest rate of 4.0% pa up to 3 June 2021, after which date the interest rate will be fixed every 5 years. If the Common Equity Tier 1 capital ratio of Nykredit Realkredit, the Nykredit Realkredit Group or the Nykredit Holding Group falls below 7%, the loan will be written down				
4,609	4,645		4,645	4,609
4,609	4,645	Total subordinate loan capital	4,645	4,609
Additional Tier 1 capital				
Nom DKK 100m. The loan is perpetual and carries an interest rate of 1.7% pa above 3M Cibor				
-	-		100	100
Nom EUR 900m. The loan is perpetual, but may be redeemed at par (100) from 1 April 2015. The loan carries a fixed interest rate of 9.0% pa up to 1 April 2015, after which date the interest rate will be fixed every 5 years				
6,741	6,723		6,723	6,741
6,741	6,723	Total Additional Tier 1 capital	6,823	6,841
Portfolio of self-issued bonds				
-	-		(52)	(56)
11,350	11,369	Total subordinated debt	11,417	11,394
11,165	11,205	Subordinated debt that may be included in own funds	11,305	11,209
36	-	Costs related to raising and redeeming subordinated debt	-	36
3,722	-	Extraordinary principal payments and redemption of subordinated debt in the financial period	-	3,872

Notes

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
31.12.2014	31.03.2015	31.03.2015	31.12.2014
25. OFF-BALANCE SHEET ITEMS			
Guarantees and warranties provided, irrevocable credit commitments and similar obligations not recognised in the balance sheets are presented below.			
-	-	8,768	7,546
1,121	1,060	5,580	5,843
1,121	1,060	14,348	13,389
25 a. Contingent liabilities			
-	-	3,235	2,843
-	-	300	295
-	-	5,233	4,408
-	-	8,768	7,546
"Other contingent liabilities" chiefly comprises purchase price and payment guarantees.			
25 b. Other commitments			
1	1	4,358	4,508
1,121	1,059	1,222	1,334
1,121	1,060	5,580	5,843
"Other" under "Other commitments" comprises obligations to and charges in favour of securities depositaries, investment commitments to private equity funds and non-callable lease payments.			

Additional contingent liabilities

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

Nykredit Bank participates in the mandatory Danish Guarantee Fund for Depositors and Investors. Participating banks must pay a fixed annual amount of 2.5% of the covered net deposits. Payment to the Fund's bank department is mandatory until the assets of the scheme exceed 1% of the covered net deposits of the sector, which is expected by end-2015. The bank department bears any direct losses from the winding-up of Danish banks, cf Bank Rescue Packages III and IV, to the extent the loss is attributable to the covered net deposits.

Any losses arising from the final winding-up are covered by the Guarantee Fund for Depositors and Investors through its winding-up and restructuring department. Nykredit Bank's share of the expense will amount to about 3%.

Nykredit Bank's IT solutions are provided by Bankernes EDB Central (BEC). According to BEC's articles of association, Nykredit Bank may terminate its membership of BEC giving 5 years' notice to the end of a financial year. Should the membership terminate for other reasons related to Nykredit Bank, withdrawal compensation must be paid to BEC as defined in BEC's articles of association. If a bank merges and ceases being an independent bank, the BEC membership terminates without notice but with a possible transition scheme.

Nykredit Realkredit has issued a letter of comfort stating that Nykredit Realkredit will contribute capital to Nykredit Bank to ensure that Nykredit Bank's Tier 1 capital calculated according to the Basel II rules does not fall below 12-13%. However, Nykredit Realkredit will not contribute capital to Nykredit Bank if that will bring Nykredit Realkredit's total capital ratio below the statutory capital requirement plus 0.5% or the internal capital adequacy requirement (ICAAP) plus 0.5%.

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

Notes

26. RELATED PARTY TRANSACTIONS AND BALANCES

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

No unusual related party transactions occurred in Q1/2015.

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, sales commission, tasks relating to IT support and IT development projects, payroll and staff administration as well as other administrative tasks. Inter-company trading in goods and services took place on an arm's length or cost reimbursement basis.

Significant related party transactions prevailing/entered into in Q1/2015 include:

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

As a part of their joint funding arrangement, Nykredit Realkredit A/S has funded its subsidiary Totalkredit A/S's mortgage lending on an ongoing basis. Reference is made to note 14 for more details.

Nykredit Realkredit A/S has granted a loan to Totalkredit A/S serving as collateral in Totalkredit's capital centres. At 31 March 2015, the loan amounted to DKK 17.8bn.

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

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

Nykredit Realkredit A/S has granted loans of DKK 3.1bn to Totalkredit A/S in the form of subordinated debt.

Notes

Nykredit Realkredit Group

27. FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS

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 the use of generally accepted calculation methods as well as valuation and estimation techniques such as discounted cash flows and option models.

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

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

Further, the valuation of derivatives implies the use of so-called Credit Value Adjustment (CVA), thus including counterparty credit risk in the valuation. CVA constitutes an insignificant part of the positive market values and is primarily based on own data. 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 time-to-maturity. At 31 March 2015, the non-amortised minimum margin amounted to DKK 456m 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, have 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 a number of interest rate swaps with customers in Nykredit Bank's lowest rating categories have been adjusted for increased credit risk based on a CVA model. The model uses the statistical data applied by Nykredit Bank to calculate collective impairment provisions for loans and advances at amortised cost. Interest rate swaps which have been fair value adjusted to DKK 0 (after deduction for collateral) due to the creditworthiness of the counterparty are also included in the category Unobservable inputs. Following value adjustment, the fair value came to DKK 1,312m at 31 March 2015 and thus represents the majority of derivatives with positive market values in this category. Credit value adjustments came to DKK 5,581m at 31 March 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 must be adjusted due to increased counterparty credit risk. A 0.1 percentage point change in interest rate levels will impact the fair value by +/- DKK 192m.

However, financial assets measured on the basis of unobservable inputs account for a very limited part of total financial assets at fair value. At 31 March 2015, the proportion was 0.3% against 0.3% at end-2014. The proportion of financial liabilities was 0.0% against 0.0% at 31 December 2014.

Valuation, notably of instruments classified as unobservable inputs, is subject to some uncertainty. Of total assets and liabilities, DKK 4.0bn (2014: DKK 3.5bn) and DKK 0.4bn (2014: DKK 0.3bn), respectively, derived from this category. Assuming that an actual market price will deviate by +/- 10% from the calculated fair value, the earnings impact will be approximately DKK 441m in Q1/2015 (0.7% of equity at 31 March 2015). The earnings impact for 2014 has been estimated at DKK 380m (0.6% of equity at 31 December 2014).

Reclassifications 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 Q1/2015 and 2014, reclassifications 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 derived from interest rate swaps. Reclassifications 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 3bn at 31 March 2015.

Notes

DKK million

Nykredit Realkredit Group

27. FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS (continued)

Assets and liabilities recognised at fair value by measurement category (IFRS hierarchy)

	Listed prices	Observable inputs	Unobservable inputs	Total fair value
31 March 2015				
Assets				
Recognised as trading book:				
- reverse repurchase lending to credit institutions and central banks	-	8,902	-	8,902
- other reverse repurchase lending	-	29,569	-	29,569
- bonds at fair value	94,532	6,124	347	101,004
- equities measured at fair value through profit or loss	437	-	1,151	1,587
- positive fair value of derivative financial instruments	2,651	45,764	1,636	50,051
Recognised through the fair value option:				
- mortgage loans, arrears and outlays	-	1,138,321	-	1,138,321
Recognised as available for sale:				
- equities available for sale	1,307	-	896	2,203
Other assets recognised at fair value:				
- owner-occupied properties	-	1,482	-	1,482
- investment properties	-	283	-	283
- assets in temporary possession	-	570	-	570
Total	98,927	1,231,015	4,030	1,333,973
Percentage	7.4	92.3	0.3	100
Liabilities				
Recognised as trading book:				
- repo transactions with credit institutions and central banks	-	25,904	-	25,904
- other non-derivative financial liabilities at fair value	3,156	1,325	-	4,481
- negative fair value of derivative financial instruments	2,361	42,897	378	45,636
Recognised through the fair value option:				
- bonds in issue at fair value	1,162,194	19,289	-	1,181,483
Total	1,167,711	89,415	378	1,257,504
Percentage	92.9	7.1	0.0	100
Assets and liabilities measured on the basis of unobservable inputs				
	Bonds	Equities	Derivatives	Total
Fair value, beginning of period, assets	180	2,015	1,312	3,506
Unrealised capital gains and losses recognised in "Value adjustments" in the income statement	3	8	281	292
Realised capital gains and losses recognised in "Value adjustments" in the income statement	-	31	-	31
Unrealised capital gains and losses recognised in "Fair value adjustment of equities available for sale" in "Other comprehensive income"	-	4	-	4
Purchases for the period	-	41	-	41
Sales for the period	-	(50)	-	(50)
Transferred to Listed prices and Observable inputs	-	-	(3)	(3)
Transferred from Listed prices and Observable inputs	165	-	46	211
Fair value, end of period, assets	347	2,047	1,636	4,030
Fair value, beginning of period, liabilities	-	-	297	297
Unrealised capital gains and losses recognised in "Value adjustments" in the income statement	-	-	81	81
Fair value, end of period, liabilities	-	-	378	378

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

Notes

DKK million

Nykredit Realkredit Group

27. FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS (continued)

Assets and liabilities recognised at fair value by measurement category (IFRS hierarchy)

	Listed prices	Observable inputs	Unobservable inputs	Total fair value
31 December 2014				
Assets				
Recognised as trading book:				
- reverse repurchase lending to credit institutions and central banks	-	4,975	-	4,975
- other reverse repurchase lending	-	35,228	-	35,228
- bonds at fair value	109,795	17,997	180	127,972
- equities measured at fair value through profit or loss	254	-	1,122	1,376
- positive fair value of derivative financial instruments	1,182	39,443	1,312	41,937
Recognised through the fair value option:				
- mortgage loans, arrears and outlays	-	1,137,578	-	1,137,578
Recognised as available for sale:				
- equities available for sale	1,143	-	892	2,035
Other assets recognised at fair value:				
- owner-occupied properties	-	1,484	-	1,484
- investment properties	-	283	-	283
- assets in temporary possession	-	552	-	552
Total	112,374	1,237,540	3,506	1,353,420
Percentage	8.3	91.4	0.3	100
Liabilities				
Recognised as trading book:				
- repo transactions with credit institutions and central banks	-	29,981	-	29,981
- other non-derivative financial liabilities at fair value	4,596	13,855	-	18,451
- negative fair value of derivative financial instruments	1,178	39,484	297	40,958
Recognised through the fair value option:				
- bonds in issue at fair value	1,155,269	11,894	-	1,167,163
Total	1,161,043	95,213	297	1,256,553
Percentage	92.4	7.6	0.0	100
Assets and liabilities measured on the basis of unobservable inputs				
Fair value, beginning of year, assets	Bonds	Equities	Derivatives	Total
Unrealised capital gains and losses recognised in "Value adjustments" in the income statement	496	1,853	1,294	3,643
Realised capital gains and losses recognised in "Value adjustments" in the income statement	(49)	121	(2,276)	(2,204)
Unrealised capital gains and losses recognised in "Fair value adjustment of equities available for sale" in "Other comprehensive income"	57	122	-	179
Purchases for the year	-	50	-	50
Sales for the year	9	164	-	173
Redemptions for the year	(19)	(295)	-	(314)
Transferred to Listed prices and Observable inputs	(283)	-	(2)	(285)
Transferred from Listed prices and Observable inputs	(32)	-	(1,147)	(1,179)
Fair value, year-end, assets	179	2,015	1,312	3,506
Fair value, beginning of year, liabilities	-	-	242	242
Unrealised capital gains and losses recognised in "Value adjustments" in the income statement	-	-	148	148
Redemptions for the year	-	-	(93)	(93)
Fair value, year-end, liabilities	-	-	297	297

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

Notes

DKK million

Nykredit Realkredit Group	Q1/ 2015	Q4/ 2014	Q3/ 2014	Q2/ 2014	Q1/ 2014	Q4/ 2013	Q3/ 2013
28. SEVEN-QUARTER FINANCIAL HIGHLIGHTS							
Core income from							
- business operations	2,137	1,557	1,261	2,518	2,403	2,426	1,780
- securities	14	36	33	30	30	29	26
Total	2,151	1,594	1,295	2,548	2,433	2,455	1,806
Operating costs, depreciation and amortisation	1,223	1,338	1,187	1,304	1,274	1,816	1,356
Core earnings before impairment losses	928	256	108	1,244	1,158	639	449
Impairment losses on loans and advances	329	893	409	534	515	1,159	675
Core earnings after impairment losses	599	(638)	(301)	710	643	(520)	(226)
Investment portfolio income	445	(99)	276	253	349	493	394
Profit (loss) before cost of capital	1,043	(737)	(24)	963	992	(27)	168
Net interest on subordinated debt	(161)	(146)	(145)	(123)	(114)	(117)	(116)
Profit (loss) before tax	883	(883)	(169)	841	878	(144)	52
Tax	197	(237)	(54)	181	200	(29)	(48)
Profit (loss) for the period	686	(646)	(115)	660	678	(115)	99
Other comprehensive income							
Actuarial gains/losses on defined benefit plans	8	4	13	2	2	(14)	(8)
Value adjustment of strategic equities	157	15	51	16	157	65	66
Fair value adjustment of owner-occupied properties	-	(25)	(28)	-	-	(4)	-
Total other comprehensive income	164	(6)	35	18	159	47	58
Comprehensive income for the period	850	(652)	(80)	678	837	(69)	157
SUMMARY BALANCE SHEET, END OF PERIOD							
Assets	31.03.2015	31.12.2014	30.09.2014	30.06.2014	31.03.2014	31.12.2013	30.09.2013
Cash balances and receivables from credit institutions and central banks	70,932	42,288	37,335	36,133	38,690	35,758	31,983
Mortgage loans at fair value	1,137,833	1,137,099	1,144,160	1,143,883	1,142,380	1,136,644	1,136,059
Bank loans – excluding reverse repurchase lending	49,404	50,494	48,301	46,908	48,078	46,963	49,130
Bonds and equities	104,795	131,383	120,066	118,624	110,300	92,961	75,521
Remaining assets	98,536	96,889	98,029	98,799	88,302	105,087	108,117
Total assets	1,461,500	1,458,153	1,447,891	1,444,348	1,427,750	1,417,414	1,400,811
Liabilities and equity							
Payables to credit institutions and central banks	38,860	44,863	44,217	49,656	49,174	44,393	55,974
Deposits and other payables	67,733	65,232	60,373	61,764	68,598	65,172	59,160
Bonds in issue at fair value	1,181,483	1,167,163	1,150,270	1,138,266	1,130,708	1,130,020	1,088,084
Subordinated debt	11,417	11,394	11,387	15,243	10,913	10,964	11,028
Remaining liabilities	97,952	109,998	121,492	119,188	108,805	108,148	127,780
Equity	64,055	59,502	60,152	60,231	59,553	58,716	58,784
Total liabilities and equity	1,461,500	1,458,153	1,447,891	1,444,348	1,427,750	1,417,414	1,400,811
FINANCIAL RATIOS							
Profit (loss) for the period as % of average equity pa ¹	4.4	(4.3)	(0.8)	4.4	4.6	(0.8)	0.7
Core earnings before impairment losses as % of average equity pa	6.2	1.7	0.7	8.3	7.8	4.4	3.1
Core earnings after impairment losses as % of average equity pa	4.0	(4.3)	(2.0)	4.7	4.4	(3.5)	(1.5)
Total provisions for loan impairment and guarantees	9,274	9,173	8,769	8,771	8,535	8,456	7,741
Impairment losses for the period, %	0.03	0.07	0.03	0.04	0.04	0.09	0.05
Total capital ratio, %	18.9	17.2	17.5	19.3	18.3	18.9	20.4
Tier 1 capital ratio, %	17.6	18.2	19.0	18.1	18.3	18.9	20.4
Average number of full-time staff	3,827	3,971	3,988	4,001	4,027	4,052	4,042

¹ In the calculation of equity, Additional Tier 1 capital (AT1) is considered as a financial obligation for accounting purposes, and the dividends for the period are included as interest expenses in the results for the period.

Notes

DKK million

Nykredit Realkredit Group	Q1/ 2015	Q4/ 2014	Q3/ 2014	Q2/ 2014	Q1/ 2014	Q4/ 2013	Q3/ 2013
28. SEVEN-QUARTER FINANCIAL HIGHLIGHTS (continued)							
Net interest income	3,054	2,926	2,916	2,652	2,859	2,800	2,656
Net fee income	57	126	29	60	(84)	(48)	90
Net interest and fee income	3,111	3,051	2,945	2,712	2,778	2,752	2,746
Value adjustments	(724)	(1,745)	(1,575)	(84)	(153)	30	(717)
Other operating income	47	41	54	46	43	47	52
Staff and administrative expenses	1,139	1,215	1,114	1,191	1,195	1,328	1,194
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	66	78	51	53	53	319	194
Other operating expenses	18	44	22	60	27	169	17
Impairment losses on loans, advances and receivables	329	893	409	534	515	1,159	675
Profit (loss) from investments in associates	(0)	0	2	4	(0)	2	52
Profit (loss) before tax	883	(883)	(169)	841	878	(144)	52
Tax	197	(237)	(54)	181	200	(29)	(48)
Profit (loss) for the period	686	(646)	(115)	660	678	(115)	99
Other comprehensive income							
Actuarial gains/losses on defined benefit plans	8	4	13	2	2	(14)	(8)
Value adjustment of strategic equities	157	15	51	16	157	65	66
Fair value adjustment of owner-occupied properties	0	(25)	(28)	-	-	(4)	-
Total other comprehensive income	164	(6)	35	18	159	47	58
Comprehensive income for the period	850	(652)	(80)	678	837	(69)	157
FINANCIAL RATIOS¹							
Total capital ratio, %	18.9	18.2	17.5	18.1	18.3	18.9	20.4
Tier 1 capital ratio, %	17.6	17.2	19.0	19.3	18.3	18.9	20.4
Return on equity before tax, %	1.7	(1.4)	(0.2)	1.4	1.7	(0.1)	0.2
Return on equity after tax, %	1.4	(1.1)	(0.1)	1.1	1.4	(0.1)	0.3
Income:cost ratio	1.68	0.61	0.94	1.47	1.58	0.97	1.06
Foreign exchange position, %	0.1	0.4	1.2	1.2	1.8	1.6	1.0
Loans and advances:equity (loan gearing)	20.2	20.6	20.5	20.5	20.7	21.1	21.0
Growth in loans and advances for the period, %	(0.7)	(0.5)	(0.5)	0.1	(1.3)	0.4	0.5
Total impairment provisions, %	0.75	0.74	0.70	0.70	0.68	0.67	0.62
Impairment losses for the period, %	0.03	0.07	0.03	0.04	0.04	0.09	0.05

¹ Financial ratios are based on the Danish FSA's definitions and guidelines. As a result, the calculation of financial ratios is based on profit for the period including value and other adjustment of strategic equities. Definitions appear from note 50 in the Annual Report 2014.

Notes

DKK million

Nykredit Realkredit A/S	Q1/ 2015	Q1/ 2014	Q1/ 2013	Q1/ 2012	Q1/ 2011
29. FIVE-YEAR FINANCIAL HIGHLIGHTS					
SUMMARY INCOME STATEMENT					
Net interest income	1,337	1,156	1,118	1,408	1,285
Net fee income	262	137	139	252	151
Net interest and fee income	1,599	1,294	1,257	1,660	1,436
Value adjustments	107	320	105	883	(123)
Other operating income	2	2	7	2	12
Staff and administrative expenses	534	587	660	506	691
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	56	44	184	176	165
Other operating expenses	(1)	11	2	0	0
Impairment losses on loans, advances and receivables	190	456	344	257	202
Profit from investments in associates and group enterprises	94	382	248	277	305
Profit before tax	1,022	901	428	1,883	571
Tax	180	66	10	396	(74)
Profit for the period	842	834	418	1,487	645
SUMMARY BALANCE SHEET, END OF PERIOD					
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
Assets					
Cash balances and receivables from credit institutions and central banks	49,421	29,220	32,046	37,136	24,704
Mortgage loans at fair value	575,285	599,102	609,325	612,595	576,609
Totalkredit mortgage loan funding	635,740	558,042	539,876	485,375	412,492
Bonds and equities	50,074	33,903	22,826	59,455	69,986
Remaining assets	69,846	81,796	78,326	72,478	61,691
Total assets	1,380,366	1,302,063	1,282,399	1,267,039	1,145,481
Liabilities and equity					
Payables to credit institutions and central banks	23,383	25,097	28,101	79,427	77,135
Bonds in issue	1,256,513	1,182,411	1,158,738	1,091,295	971,683
Subordinated debt	11,369	10,670	10,934	11,000	10,551
Remaining liabilities	25,045	24,331	26,801	28,713	30,453
Equity	64,055	59,553	57,825	56,604	55,659
Total liabilities and equity	1,380,366	1,302,063	1,282,399	1,267,039	1,145,481
OFF-BALANCE SHEET ITEMS					
Other commitments	1,060	1,285	1,519	2,009	1,818
FINANCIAL RATIOS¹					
Total capital ratio, %	16.9	16.6	16.6	15.7	17.3
Tier 1 capital ratio, %	15.9	16.6	16.6	15.7	17.3
Return on equity before tax, %	1.7	1.5	0.7	3.4	1.0
Return on equity after tax, %	1.4	1.4	0.7	2.7	1.2
Income:cost ratio	2.31	1.82	1.36	3.01	1.54
Foreign exchange position, %	0.2	1.1	0.7	0.8	1.1
Loans and advances:equity (loan gearing)	9.0	10.2	10.5	10.8	10.4
Growth in loans and advances for the period, %	(1.6)	0.8	(0.9)	1.3	1.0
Total impairment provisions, %	0.75	0.58	0.37	0.31	0.31
Impairment losses for the period, %	0.03	0.07	0.06	0.04	0.03
Return on capital employed, %	0.06	0.06	0.03	0.12	0.06

¹ Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 50 in the Annual Report 2014.

Notes

DKK million

Nykredit Realkredit Group	Q1/ 2015	Q1/ 2014	Q1/ 2013	Q1/ 2012	Q1/ 2011
29. FIVE-YEAR FINANCIAL HIGHLIGHTS (continued)					
SUMMARY INCOME STATEMENT					
Net interest income	3,054	2,859	2,487	2,718	2,590
Net fee income	57	(81)	(41)	164	81
Net interest and fee income	3,111	2,778	2,446	2,882	2,671
Value adjustments	(724)	(153)	543	605	58
Other operating income	47	43	56	53	54
Staff and administrative expenses	1,139	1,195	1,233	1,078	1,234
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	66	53	193	184	196
Other operating expenses	18	27	27	10	73
Impairment losses on loans, advances and receivables	329	515	687	494	279
Profit (loss) from investments in associates	-	(0)	18	7	8
Profit before tax	883	878	923	1,781	1,010
Tax	197	200	32	442	104
Profit for the period	686	678	891	1,339	906
Total value adjustment and reclassification of strategic equities against equity	157	157	(474)	148	(261)
SUMMARY BALANCE SHEET, END OF PERIOD					
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
Assets					
Cash balances and receivables from credit institutions and central banks	70,932	38,690	39,997	63,900	37,624
Mortgage loans at fair value	1,137,833	1,142,380	1,136,605	1,097,992	1,030,008
Bank loans – excluding reverse repurchase lending	49,404	48,078	50,192	55,935	60,250
Bonds and equities	104,795	110,300	73,391	94,919	103,974
Remaining assets	98,536	88,302	111,827	94,790	59,568
Total assets	1,461,500	1,427,750	1,412,012	1,407,537	1,291,424
Liabilities and equity					
Payables to credit institutions and central banks	38,860	49,174	49,486	108,335	94,266
Deposits and other payables	67,733	68,598	64,994	56,673	53,416
Bonds in issue at fair value	1,181,483	1,130,708	1,101,262	1,041,153	960,768
Subordinated debt	11,417	10,913	11,184	11,246	11,286
Remaining liabilities	97,952	108,805	127,260	133,526	116,030
Equity	64,055	59,553	57,825	56,604	55,659
Total liabilities and equity	1,461,500	1,427,750	1,412,012	1,407,537	1,291,424
OFF-BALANCE SHEET ITEMS					
Contingent liabilities	8,768	7,420	5,331	6,414	5,759
Other commitments	5,580	7,847	9,888	8,273	8,919
FINANCIAL RATIOS¹					
Total capital ratio, %	18.9	18.3	19.1	17.2	18.6
Tier 1 capital ratio, %	17.6	18.3	19.1	17.2	18.6
Return on equity before tax, %	1.7	1.7	0.9	3.5	1.2
Return on equity after tax, %	1.4	1.4	0.7	2.7	1.2
Income:cost ratio	1.68	1.58	1.23	2.12	1.38
Foreign exchange position, %	0.1	1.8	0.8	0.8	1.0
Loans and advances:equity (loan gearing)	19.0	20.7	21.3	21.0	19.9
Growth in loans and advances for the period, %	(0.7)	(1.3)	0.7	2.2	1.1
Total impairment provisions, %	0.75	0.68	0.59	0.59	0.76
Impairment losses for the period, %	0.03	0.04	0.06	0.04	0.02
Return on capital employed, %	0.05	0.05	0.06	0.10	0.07

¹ Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 50 in the Annual Report 2014.

Notes

DKK million

Nykredit Realkredit A/S

30. GROUP STRUCTURE

Name and registered office	Ownership interest as %, 31 March 2015	Profit (loss) for the period	Equity, 31 March 2015	Profit (loss) for 2014	Equity, 31 December 2014
Nykredit Realkredit A/S (Parent Company), Copenhagen, a)	-	842	64,055	815	59,502
Totalkredit A/S, Copenhagen, a)	100	439	17,522	1,458	17,113
Nykredit Bank A/S, Copenhagen, b)	100	(375)	14,100	(1,772)	12,575
Nykredit Pantebrevsinvestering A/S, Copenhagen, c)	100	0	12	0	12
Nykredit Portefølje Administration A/S, Copenhagen, h)	100	19	417	75	398
Nykredit Leasing A/S, Gladsaxe, f)	100	14	470	50	456
FB Ejendomme A/S, Copenhagen, e)	100	-	4	0	4
Nykredit Mægler A/S, Århus, d)	100	12	111	35	134
Nykredit Ejendomme A/S, Copenhagen, e)	100	12	460	27	449
Ejendomsselskabet Kalvebod A/S, Copenhagen, i)	100	6	191	21	185
Kalvebod Ejendomme I A/S, Copenhagen, e)	100	4	110	15	106
Kalvebod Ejendomme II A/S, Copenhagen, e)	100	2	77	6	75
Nykredit Administration V A/S, Copenhagen, g)	100	0	1	0	1

The group structure only includes significant subsidiaries. Financial information is provided in such order as the companies are recognised in the Consolidated Financial Statements.

Geographical distribution of activities	Number of staff	Revenue*	Profit before tax	Tax	Government aid received
Denmark: Companies and activities appear from the group structure	3,804	9,774	684	197	-
Poland: Nykredit Realkredit A/S S.A. Oddział w Polsce, branch, a)	12	3	2	0	-
Sweden: Nykredit Bank A/S, branch, b) ¹	7	0	0	0	-

¹ 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) Mortgage bank
- b) Bank
- c) Mortgage trading company
- d) Estate agency business
- e) Property company
- f) Leasing business
- g) No activity
- h) Investment management company
- i) Holding company, no independent activities

Nykredit Realkredit A/S is wholly owned by and consolidated with Nykredit Holding A/S, which is consolidated with Foreningen Nykredit.

Capital adequacy

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group	
31.12.2014	31.03.2015		31.03.2015	31.12.2014
55,981	56,337	Common Equity Tier 1 capital	55,953	55,559
5,933	3,205	Total Additional Tier 1 capital after deductions	3,506	6,158
61,915	59,542	Tier 1 capital	59,459	61,717
66,630	63,494	Own funds	63,612	65,606
380,237	374,208	Total risk exposure amount	336,213	358,589
14.7	15.0	Common Equity Tier 1 capital ratio, %	16.6	15.4
16.2	15.9	Tier 1 capital ratio, %	17.6	17.2
17.2	16.9	Total capital ratio, %	18.9	18.2
Nykredit Bank Group			Nykredit Holding Group	
31.12.2014	31.03.2015		31.03.2015	31.12.2014
12,044	13,639	Common Equity Tier 1 capital	55,957	55,584
15	100	Total Additional Tier 1 capital after deductions	1,039	6,158
12,059	13,739	Tier 1 capital	56,997	61,742
12,365	14,139	Own funds	58,564	63,121
94,051	90,403	Total risk exposure amount	336,306	358,684
12.8	15.0	Common Equity Tier 1 capital ratio, %	16.6	15.4
12.8	15.1	Tier 1 capital ratio, %	16.9	17.2
13.1	15.6	Total capital ratio, %	17.4	17.5

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.

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.