

Q1 INTERIM REPORT – NYKREDIT REALKREDIT GROUP 1 JANUARY – 31 MARCH 2016

Michael Rasmussen, Group Chief Executive, comments on Nykredit's Q1 Interim Report 2016

– Nykredit's performance for the first three months of the year is satisfactory and slightly better than expected. For a long time, we have made targeted efforts to streamline the Nykredit Group and lower our costs. These efforts are now reflected in our financial results. So is our persistent focus on stable and secure lending. Against that backdrop, we have been able to reverse impairment provisions in Q1. As a consequence of these factors, profit from our core business continues to improve and is more than 9% higher than in the same period last year, a period when very high remortgaging activity supported not only Nykredit but the entire sector. We raise our guidance for profit from core business in 2016 by DKK 400m.

– The financial results of the Nykredit Group are on the right track. In recent years we have lowered our costs and improved our performance significantly. However, we can and must continue to improve and become even more efficient and customer driven.

Nykredit Realkredit Group, results for Q1/2016

DKK million	Q1/2016	Q1/2015	Change
Income from core business ¹	2,785	3,051	(266)
Costs from core business, including contribution to the Danish Resolution Fund	1,199	1,223	24
Impairment losses on loans and advances	(51)	329	380
Profit from core business	1,637	1,499	138
Value adjustment of interest rate swaps	(802)	(1,061)	259
Investment portfolio income	60	445	(385)
Profit before tax	895	883	12

¹ Total core income excluding value adjustment of interest rate swaps.

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GROUP CHIEF EXECUTIVE'S STATEMENT

From an economic perspective, Q1 does not differ significantly from the past few quarters. Growth is moderate and this means that Danes are more inclined to save than to borrow. Interest rates remain very low, underpinning the housing market, which is seeing moderate growth in all five regions in Denmark.

However, looking specifically at Nykredit, Q1 clearly stands out from the previous quarters. On 4 February, we informed our customers and the general public that we would be raising the administration margins payable by personal customers of Totalkredit with effect from 1 July this year.

This sparked many reactions, which I fully understand. Price rises are never welcome, but we would not do this if it was not necessary.

The fact is that the capital requirements imposed on mortgage-intensive businesses such as Nykredit have increased substantially since the financial crisis, and there is every indication that they will increase further. Over the past few months alone, we have seen proposals for several distinctive requirements, which are unfortunately not only a challenge to Nykredit but to the entire Danish mortgage model. As a systemically important financial institution with an extraordinarily large share of mortgage loans on our balance sheet, we have to face this reality. We cannot just sit back and hope for the best. We must live up to our responsibility at all times and provide good, robust loans to homeowners and businesses throughout Denmark.

This can only be accomplished by consistently meeting the requirements imposed on us by authorities, rating agencies and investors. And this is why raising administration margins is necessary. So is a stock exchange listing.

The alternative to a stock exchange listing and administration margin increase is even higher price rises, significantly reduced lending and deteriorating credit options for homeowners, farmers and business owners in the entire country, but notably in the rural districts. That would not benefit anyone.

Dialogue with our customers is a top priority

The decision regarding the stock exchange listing and administration margin increase drew much attention to Nykredit and Totalkredit in Q1. Much was said and written in that period. We focused particularly on creating a dialogue with as many customers as we possibly could. It was – and still is – of the utmost importance to us to explain the reason behind our decision directly to our customers. I have participated in a number of customer events around the country and interacted with customers on Facebook, and I speak to our customers every day – at meetings or by phone. But what is even more important is that our staff have made a huge effort every single day to put into words the reason for the administration margin increase and describe the opportunities that can be unlocked by the stock exchange listing going forward.

By being a listed, mutually-controlled Group, we can promise that Nykredit and Totalkredit will be present in every district, city and town in Denmark to provide loans to homeowners and businesses. We are also going to introduce the customer benefits programme KundeKroner, which will award cash benefits to our customers – and we are convinced that it will improve on closer acquaintance.

We must regain lost trust

Recently we have been asked how many customers have chosen to leave Totalkredit. I quite understand the interest in light of our extraordinary start to the year. Therefore, I have decided to disclose these numbers.

Currently, about 480,000 households are customers of Totalkredit. Their loans total about DKK 580bn. Totalkredit's mortgage lending and market share grew in Q1. No market data for April have been released yet, but we can see that lending also increased in that month. The coming months will tell whether this continues. At the end of April, banks and market participants that are not part of the Totalkredit alliance had terminated loans of DKK 2.6bn with Totalkredit. This means that customers with loans totalling DKK 2.6bn have decided to terminate their loans in connection with ordinary market activity (such as change of ownership) and move to a competitor or to prepay their loans in full. These loans are currently included in our loan portfolio, but will most likely leave our books over the next few months. In the same period, we will probably get new loans, but we are unsure of the number. DKK 2.6bn corresponds to less than 0.5% of Totalkredit's aggregate lending and is on a level with comparable periods.

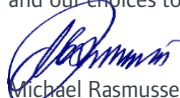
No matter what the preliminary figures show, there is no doubt that we are facing a major and important task in seeking to regain our customers' lost trust. This is why we will continue to put the dialogue with our customers above anything else in our daily work. Every day we, together with our Totalkredit partners, will make every effort to prove to our customers that they were right to choose us. Each and every customer makes a difference.

We must become even more efficient

At the same time, we will continue to improve the efficiency of the Nykredit Group. With our Winning the Double strategy and Business Plan 2018 we have set the framework for these efforts for the coming years. We still have a lot of work ahead of us, but we are on the right track as also demonstrated by the financial statements for Q1. Profit before tax from core business improved by more than 9% from DKK 1,499m in Q1/2015 to DKK 1,637m this year. This was possible despite the fact that income earned in the period under review did not measure up to income earned in the same period last year, when we – and the entire sector – benefited from massive refinancing activity.

The improvement in profit from core business was, in fact, a result of continued cost reductions. We have become fewer people in 2014 and 2015, and our headcount will continue to reduce in 2016, 2017 and 2018. We will thus keep our focus on running Nykredit as cost-efficiently as possible. This is also why we have put our headquarters in central Copenhagen up for sale. Now is not the time for expensive locations. Profit also improved thanks to our customers' stronger finances. This is very good news. For a long time, we have focused on ensuring strong and stable loan relationships, and in Q1 we were able to reverse some of the impairment provisions made previously.

As we head into the remainder of 2016, we expect a year when the housing market in the entire country will slowly and steadily move in the right direction, while economic growth will remain low. We will continue to streamline the Nykredit Group and explain our situation and our choices to as many customers as possible.



Michael Rasmussen
Group Chief Executive

FINANCIAL HIGHLIGHTS

Nykredit Realkredit Group

DKK million	Q1/2016	Q1/2015	FY 2015
RESULTS FROM CORE BUSINESS AND RESULTS FOR THE PERIOD			
Core income from			
- business operations	2,892	3,290	11,945
- senior and subordinated debt	(118)	(253)	(610)
- securities	11	14	38
Income from core business	2,785	3,051	11,373
Operating costs, depreciation and amortisation	1,165	1,223	5,005
Mortgage business contribution to Danish Resolution Fund ¹	34	-	61
Profit from core business before impairment losses	1,586	1,828	6,307
Impairment losses on mortgage loans and advances	(35)	348	1,041
Impairment losses on bank loans and advances	(16)	(19)	(121)
Profit from core business	1,637	1,499	5,387
Value adjustment of interest rate swaps due to interest rate changes	(858)	(992)	685
Other value adjustment of interest rate swaps	56	(69)	(275)
Amortisation of goodwill and customer relationships	-	-	1,965
Investment portfolio income	60	445	750
Investment portfolio income, capital gains from the sale of strategic equities	-	-	103
Profit before tax	895	883	4,685
Tax	191	197	1,494
Profit for the period	705	686	3,191
Interest on Additional Tier 1 capital, charged against equity	58	22	197
Value adjustment of strategic equities against equity	(16)	157	7
SUMMARY BALANCE SHEET			
	31.03.2016	31.03.2015³	31.12.2015
Assets			
Receivables from credit institutions and central banks	28,798	70,932	23,253
Mortgage loans at fair value	1,122,218	1,137,833	1,119,101
Bank loans – excluding reverse repurchase lending	48,972	49,404	46,747
Bonds and equities	116,892	104,795	110,294
Remaining assets	83,277	97,683	84,394
Total assets	1,400,157	1,460,647	1,383,789
Liabilities and equity			
Payables to credit institutions and central banks	44,015	38,860	30,226
Deposits	59,583	67,733	62,599
Bonds in issue at fair value	1,135,251	1,181,483	1,137,314
Subordinated debt	11,240	11,417	11,006
Remaining liabilities	83,931	97,952	77,184
Equity	66,137	63,203	65,460
Total liabilities and equity	1,400,157	1,460,647	1,383,789
FINANCIAL RATIOS			
Profit for the period as % pa of average equity ²	4.2	4.5	5.0
Profit from core business before impairment losses as % pa of average equity ²	9.9	12.2	10.2
Profit from core business as % pa of average equity ²	10.2	10.0	8.6
Costs as % of core income from business operations (cost:income ratio)	40.3	37.2	41.9
Total provisions for loan impairment – mortgage lending	5,471	5,686	5,694
Total provisions for loan impairment and guarantees – banking	2,850	3,590	2,952
Impairment losses for the period, % – mortgage lending	(0.00)	0.03	0.09
Impairment losses for the period, % – banking	(0.00)	(0.04)	(0.12)
Total capital ratio, %	24.0	18.9	23.9
CET1 capital ratio, %	19.5	16.6	19.4
Internal capital adequacy requirement, %	11.7	12.0	11.8
Average number of full-time staff	3,660	3,827	3,757

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

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

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

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

Q1 INTERIM REPORT 2016

NYKREDIT REALKREDIT GROUP RESULTS RELATIVE TO Q1/2015

Nykredit recorded a profit before tax for Q1/2016 of DKK 895m against DKK 883m in Q1/2015.

Profit from core business amounted to DKK 1,637m against DKK 1,499m in Q1/2015, corresponding to growth of DKK 138m, or 9%.

Income from core business declined by DKK 266m to DKK 2,785m compared with Q1/2015. The decline should be seen in light of the the high mortgage activity level in Q1/2015 due to a high refinancing level, whereas the level in 2016 was more moderate. Income in Q1/2016 was also affected by lower income from the activities of Nykredit Markets in Nykredit Bank.

Operating costs, depreciation and amortisation excluding the mortgage business contribution to the Danish Resolution Fund declined by DKK 58m, or 5%. The contribution to the Danish Resolution Fund was DKK 34m.

Impairment losses on loans and advances improved from a loss of DKK 329m in Q1/2015 to a gain of DKK 51m in Q1/2016. The positive trend chiefly derived from mortgage lending, which is now, like bank lending, affected by a net reversal of impairment provisions previously made.

Value adjustment of interest rate swaps had a negative earnings impact of DKK 802m in Q1/2016 against negative DKK 1,061m in Q1/2015, equal to a decline of DKK 259m.

Investment portfolio income reduced by DKK 385m to DKK 60m.

The Group reported a post-tax profit of DKK 705m for Q1/2016 compared with DKK 686m for Q1/2015.

Equity was DKK 66,137m at end-Q1/2016 against DKK 65,460m at end-2015, including Additional Tier 1 (AT1) capital of DKK 3,826m (EUR 500m raised in Q1/2015), which is recognised in equity for accounting purposes.

Common Equity Tier 1 (CET1) capital, which is the most important capital concept in relation to the capital adequacy rules, came to DKK 60.7bn at end-Q1/2016 against DKK 60.5bn at end-2015.

Profit from core business

Core income from business operations

Core income from business operations declined by DKK 398m, or 12%, to DKK 2,892m.

Core income from mortgage lending fell by DKK 180m, or 8%, to DKK 2,043m. The fall mainly stemmed from lower activity income prompted by a drop in refinancing volumes relative to the high level in Q1/2015. Income decreased in both Nykredit Realkredit and Totalkredit.

Nominal mortgage lending totalled DKK 1,109.7bn against DKK 1,114.3bn at end-2015. Totalkredit Partners recorded lending growth

of DKK 1.5bn, whereas Retail and Wholesale Clients lending dropped by DKK 3.4bn and DKK 2.8bn, respectively.

Core income from banking totalled DKK 803m, down DKK 201m from Q1/2015. This was generally due to a DKK 184m decline in income from Wholesale Clients, in part prompted by lower income from the activities of Nykredit Markets.

Bank lending at amortised cost rose by DKK 2.2bn to DKK 49.0bn from DKK 46.7bn at end-2015, while deposits declined by DKK 3.0bn to DKK 59.6bn from DKK 62.6bn at end-2015.

Nykredit Bank's deposits at end-Q1/2016 were affected by a DKK 1.7bn portfolio of deposits acquired from FIH Erhvervsbank A/S.

Nykredit Bank's deposits exceeded lending by DKK 10.6bn at end-Q1/2016 compared with DKK 15.9bn at the beginning of the year.

Senior and subordinated debt

Nykredit's senior debt issues came to DKK 25.7bn at end-Q1/2016 against DKK 25.9bn at the beginning of the year, and net interest expenses amounted to DKK 66m against DKK 92m in Q1/2015. Nykredit uses senior debt to fund supplementary collateral for covered bonds (SDOs).

Nykredit had raised DKK 11.2bn of subordinated debt at end-Q1/2016 compared with DKK 11.0bn at the beginning of the year. Net interest expenses came to DKK 52m against DKK 161m in Q1/2015.

Core income from securities

The risk-free interest rate, which corresponds to the Danish central bank's average lending rate, dropped from 0.08% to 0.05%, which reduced income from DKK 14m in Q1/2015 to DKK 11m.

Operating costs, depreciation and amortisation

Operating costs, depreciation and amortisation declined by 5% from DKK 1,223m in Q1/2015 to DKK 1,165m. Owing to the lower income level, costs as a percentage of core income from business operations grew from 37.2% to 40.3%.

The average staff number declined by 167 persons, or 4%, from 3,827 in Q1/2015 to 3,660.

In Q1/2016 costs were also influenced by a new mortgage business contribution of DKK 34m to the Danish Resolution Fund, which was established as at 1 July 2015.

Impairment losses on loans and advances

Impairment losses on loans and advances decreased by DKK 380m from DKK 329m to a gain of DKK 51m in Q1/2016. Impairment losses equalled negative 0.00% of total mortgage lending and negative 0.00% of total bank lending.

Impairment losses on mortgage lending declined by DKK 383m to a gain of DKK 35m. Impairment losses on mortgage lending to personal customers dropped by DKK 96m to DKK 53m, equal to 0.01% of lending. Impairment losses on mortgage lending to business customers

declined by DKK 287m to a gain of DKK 88m, equal to negative 0.02% of lending.

Impairment losses on bank lending changed by DKK 3m from a gain of DKK 19m in Q1/2015 to a gain of DKK 16m. Retail impairments declined by DKK 19m to a gain of DKK 3m, whereas impairments in Wholesale Clients decreased by DKK 4m to a gain of DKK 39m. Wealth Management recorded a rise in impairments from zero to DKK 26m.

Nykredit's impairment provisions for potential future losses on mortgage and bank lending totalled DKK 8.2bn at end-Q1/2016 against DKK 8.5bn at the beginning of the year. In addition, provisions for value adjustment of interest rate swaps amounted to DKK 5.7bn against DKK 5.0bn at the beginning of year.

Losses incurred on mortgage and bank lending for the period were DKK 337m against DKK 267m in Q1/2015.

Value adjustment of interest rate swaps

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

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

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

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

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

Investment portfolio income

The investment portfolio income was DKK 60m compared with DKK 445m in Q1/2015. Investment portfolio income from bonds, liquidity and interest rate instruments was DKK 90m. The investment portfolio of equities and equity instruments, which are value adjusted through profit or loss, generated a loss of DKK 30m.

Investment portfolio income equals excess income obtained from portfolios not allocated to the business areas in addition to risk-free interest. To this should be added the realised capital gains/losses from the sale of equities classified as available for sale (strategic equities).

The securities portfolio mainly consists of short-term government bonds and Danish covered bonds. Investments also include North and Central European government and covered bonds and, to a lesser extent, high-rated credit bonds.

The interest rate risk associated with the bond portfolio is largely eliminated through offsetting government bond sales or the use of interest rate swaps.

Tax

Tax calculated on profit for the period was DKK 191m, corresponding to an effective tax rate of 21.3%.

Additional Tier 1 capital

On 26 February 2015 Nykredit issued EUR 500m worth of Additional Tier 1 (AT1) capital notes. 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 and are recognised in equity. The interest calculated for Q1/2016 totalled DKK 58m against DKK 22m for Q1/2015.

OUTLOOK FOR 2016

In the Annual Report 2015, Management's forecast of profit from core business was DKK 4.1bn-4.6bn for 2016.

Based on the performance in Q1/2016, including particularly the positive trend in loan impairments, the full-year profit guidance is raised by DKK 400m to around DKK 4.5bn-5.0bn.

OTHER

Nykredit Group plans stock exchange listing

Nykredit has for some time been exploring the long-term strategic scope for future-proofing the Nykredit Group.

Against this backdrop, the Board of Directors in February recommended to the Committee of Representatives that Nykredit Holding A/S prepare for a stock exchange listing on Nasdaq Copenhagen A/S, and the Committee of Representatives approved this on 10 February 2016. For details on Nykredit's decision to apply for a stock exchange listing, please see Nykredit's press release dated 4 February 2016.

Price adjustments at Totalkredit

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

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

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

Totalkredit partnership now also includes business mortgages

Having offered mortgage loans to homeowners for more than 25 years, the Totalkredit partnership has now entered the business mortgage market.

The first business customers were offered loans in December 2015 and the initiative has been well received by the partner banks. From April 2016, all partner banks can offer Totalkredit business mortgages.

Totalkredit business mortgages are offered to the segments office and retail, private rental as well as industry and trades.

KundeKroner

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

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

The discounts will initially be awarded to customers of Totalkredit. The customers will receive four cash discounts of DKK 250 for each million kroner borrowed that will be deducted from their administration margin payments. The first discount will be deducted in connection with mortgage payments for Q3/2017.

Change in Nykredit Realkredit's Board of Directors

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

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

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 2015.

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

MATERIAL RISKS

The Group's most material risks are described in detail in note 46 of the Annual Report 2015, to which reference is made.

EVENTS SINCE THE BALANCE SHEET DATE

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

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

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

BUSINESS AREAS

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

- Retail, which serves Nykredit's personal customers and SMEs and is responsible for mortgage lending to Nykredit's personal customers arranged via Totalkredit.
- Totalkredit Partners, which is responsible for the Group's mortgage lending to personal and business customers arranged by local and regional banks.
- Wholesale Clients, which comprises Corporate & Institutional Banking (CIB) and Nykredit Markets.
- Wealth Management, which comprises Private Banking for clients with investable assets in excess of DKK 7m and Nykredit Asset Management.
- Group Items, which comprises income and costs not allocated to the business areas as well as core income from securities and investment portfolio income.

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

Adjustment of business areas

Effective from Q1/2016, the Group has set up a new business area, Wealth Management, comprising Private Banking for the wealthiest clients and Nykredit Asset Management, including Nykredit Portefølje Administration A/S, previously included in Wholesale Clients. In this connection, the distribution of income between Private Banking and

Retail has been adjusted.

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

Comparative figures have been restated accordingly.

Adjustment of income statement format

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

Earnings

The Group's profit from core business grew by DKK 138m, or 9%, to DKK 1,637m against DKK 1,499m in Q1/2015.

Retail recorded a rise in profit from core business of DKK 121m to DKK 745m. Income from business operations fell by DKK 160m, but at the same time costs reduced by DKK 51m and loan impairment losses by DKK 224m. Pre-tax profit was up DKK 292m and was affected by the above items and a decline of DKK 171m in negative value adjustment of interest rate swaps.

Profit in Totalkredit Partners increased by DKK 64m to DKK 478m, mainly attributable to a DKK 50m drop in income, a DKK 19m rise in costs and a DKK 122m decline in loan impairment losses.

Wholesale Clients recorded a drop of DKK 155m in profit from core business to DKK 401m due to a DKK 216m fall in income, mitigated

Results by business area¹

DKK million	Retail	Totalkredit Partners	Wholesale Clients	Wealth Management	Group Items	Total
Q1/2016						
Core income from						
- customer activities, gross	1,407	672	550	233	30	2,892
- payment for distribution	126	-	(48)	(78)	-	-
Total business operations	1,533	672	502	155	30	2,892
- senior and subordinated debt	(25)	(34)	(2)	0	(57)	(118)
- securities	-	-	-	-	11	11
Income from core business	1,508	638	500	155	(16)	2,785
Operating costs	766	136	162	98	3	1,165
Operating costs, mortgage business contribution to the Danish Resolution Fund	24	0	10	0	-	34
Profit (loss) from core business before impairment losses	718	502	328	57	(19)	1,586
Impairment losses on loans and advances	(27)	24	(73)	25	0	(51)
Profit (loss) from core business	745	478	401	32	(19)	1,637
Value adjustment of interest rate swaps	(397)	-	(405)	0	-	(802)
Investment portfolio income	-	-	-	-	60	60
Profit before tax	348	478	(4)	32	41	895
Average allocated business capital ²	26,172	12,209	11,811	520	8,504	59,216
Profit from core business as % pa of average business capital	11.4	15.7	13.6	24.6	-	11.1

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

² Based on Nykredit's internal determination and allocation of capital.

by a DKK 59m drop in loan impairment losses. Pre-tax profit was down DKK 69m and was affected by the above items and a decline of DKK 86m in negative value adjustment of interest rate swaps.

Profit from core business in Wealth Management dropped by DKK 31m to DKK 32m, mainly as a result of a DKK 25m rise in loan impairment losses. Income and costs grew by DKK 9m and DKK 15m, respectively.

Group Items recorded a drop in pre-tax profit of DKK 246m to DKK 41m, primarily the result of a DKK 385m drop in investment portfolio income. A decline of DKK 117m in interest expenses for senior and subordinated debt had a positive earnings impact.

Market share of mortgage lending

The Group's share of total Danish private residential mortgage lending was 42.3% compared with 42.2% at end-2015, excluding loans arranged by Jyske Bank and others which are no longer part of the Totalkredit alliance. Nykredit's market share of the business segment, including agricultural customers, was 35.7%. The total market share, excluding loans arranged by Jyske Bank and others, was 39.5%.

Results – Retail

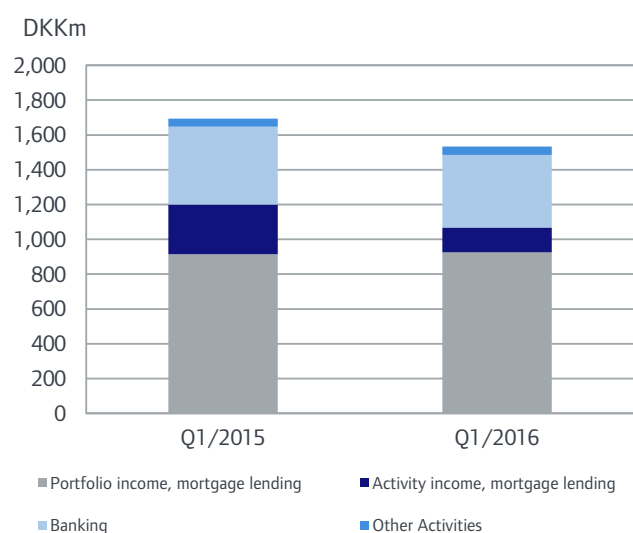
DKK million	Q1/2016	Q1/2015
Core income from		
- business operations	1,533	1,693
- senior debt	(25)	(31)
Income from core business	1,508	1,662
Operating costs	766	841
Mortgage business contribution to the Danish Resolution Fund	24	-
Profit from core business before impairment losses	718	821
Impairment losses on mortgage lending	(24)	181
Impairment losses on bank lending	(3)	16
Profit from core business	745	624
Value adjustment of interest rate swaps	(397)	(568)
Profit before tax	348	56

Activities – Retail

DKK million	31.03.2016	2015
Mortgage lending		
Gross new lending*	12,036	30,036
Portfolio at nominal value, end of period	432,506	435,916
Impairment losses for the period as % of loans and advances*	(0.01)	0.04
Total impairment provisions, end of period		
Total impairment provisions	3,785	3,925
Total impairment provisions as % of loans and advances	0.88	0.90
Banking		
Loans and advances, end of period	27,590	27,054
Deposits, end of period	41,360	40,799
Impairment losses for the period as % of loans and advances*	(0.01)	0.06
Total impairment provisions, end of period		
Total impairment provisions	1,716	1,784
Total impairment provisions as % of loans and advances	5.86	6.19
Guarantees, end of period	3,980	4,342
Provisions for guarantees, end of period	48	44

* For Q1/2016 and Q1/2015.
Other data from end-Q1/2016 and end-2015.

Core income from business operations – Retail



RETAIL

The Retail business area provides mortgage and banking services to personal customers and SMEs, including agricultural customers, residential rental customers and personal wealth clients. Mortgage loans granted via Totalkredit to Nykredit's personal customers also form part of Retail. The activities of Nykredit Mægler A/S and Nykredit Leasing A/S are also included.

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 products within banking, mortgage lending, insurance, pension, investment and debt management.

Q1/2016 in brief

Retail Personal Banking continued the development of Nykredit's homeowner banking programme, BoligBank, in Q1/2016. More competitive prices were introduced for home loans (cooperative housing and secured homeowner loans) in the period, and a number of services targeting homeowners were implemented (BoligEftersyn, BoligPlan and MinBolig). The number of Boligbank customers was growing in Q1/2016, showing a net increase of 2,200.

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

In Q1/2016 deposit accounts of about 4,900 personal customers of FIH Erhvervsbank A/S, holding deposits of DKK 1.6bn, were transferred to Retail Personal Banking. The accounts are mainly fixed-rate fixed-term deposit accounts or accounts carrying a variable, overnight interest rate.

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

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

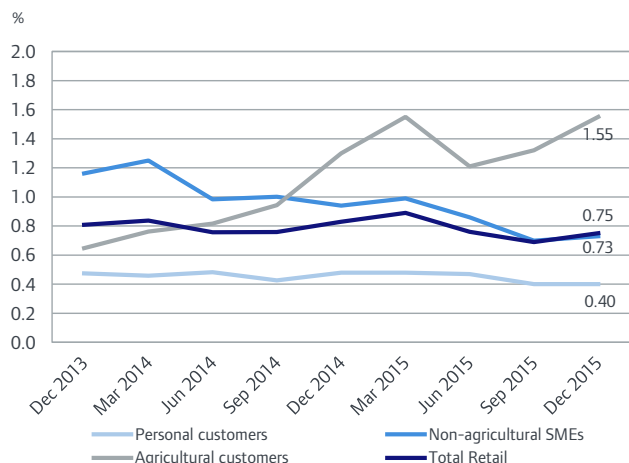
Activities

Activity levels in Retail Personal Banking in Q1/2016 reflected unchanged interest rate levels and were lower than in the same period last year, which saw exceptionally high activity. Compared with Q1/2015, gross new lending reduced by DKK 7.5bn to DKK 4.2bn.

Nominal mortgage lending amounted to DKK 190.4bn, down DKK 1.3bn on the beginning of the year.

Bank lending was down DKK 0.1bn to DKK 11.9bn on the beginning of the year. Bank deposits grew by DKK 0.8bn to DKK 24.6bn on the beginning of the year. The increase in bank deposits was attributable to, for instance, the transfer of deposit accounts from FIH Erhvervsbank A/S.

Arrears ratio, mortgage lending – Retail
75 days past due



Activity levels in Retail Business Banking in Q1/2016 were affected by a weak market with subdued demand and almost unchanged interest rate levels. By contrast, the same period last year was characterised by massive interest rate declines prompting significant remortgaging activity. Compared with Q1/2015, gross new lending reduced by DKK 10.5bn to DKK 7.8bn in Q1/2016.

Nominal mortgage lending amounted to DKK 242.1bn, down DKK 2.1bn on the beginning of the year.

Bank lending was up DKK 0.7bn to DKK 15.6bn on the beginning of the year, whereas deposits were down DKK 0.2bn to DKK 16.8bn.

Results

Relative to Q1/2015, profit from core business rose by DKK 121m to DKK 745m in Q1/2016.

Core income from business operations decreased by DKK 160m, or 9%, to DKK 1,533m, mainly due to lower activity income. Impairment losses on loans and advances declined by DKK 224m to a gain of DKK 27m, mainly driven by lower mortgage loan losses.

Operating costs were down DKK 51m, or 6%, to DKK 790m.

Impairment losses on Retail's mortgage lending reduced from DKK 181m in Q1/2015 to a gain of DKK 24m, while impairment of bank lending decreased by DKK 19m to a gain of DKK 3m. Impairment losses for the period represented negative 0.01% of mortgage lending and negative 0.01% of bank lending.

Impairment losses on loans to personal customers grew by a total of DKK 26m, of which DKK 25m related to mortgage lending and DKK 1m to bank lending.

Impairment losses on loans to business customers declined by a total of DKK 251m, comprising a DKK 231m fall on mortgage lending and a DKK 20m fall on bank lending.

At end-Q1/2016, impairment provisions totalled DKK 5,501m against DKK 5,709m at the beginning of the year.

Value adjustment of interest rate swaps was a loss of DKK 397m, which represented a positive development of DKK 171m compared with Q1/2015.

Arrears

At the December due date, Retail's 75-day mortgage loan arrears as a percentage of total mortgage payments due were 0.75% against 0.83% at the same date in 2015.

Results – Totalkredit Partners

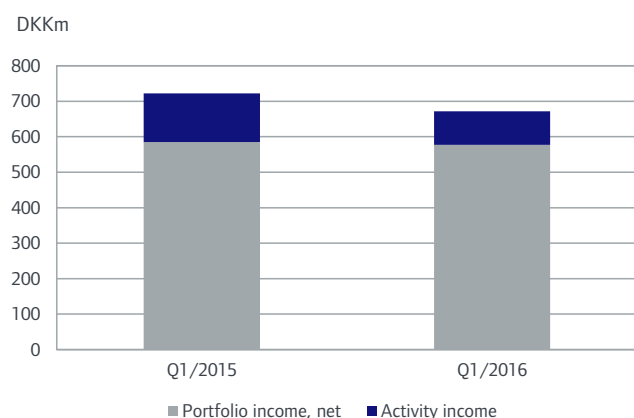
DKK million	Q1/ 2016	Q1/ 2015
Core income from		
- business operations	672	722
- senior debt	(34)	(45)
Income from core business	638	677
Operating costs	136	117
Mortgage business contribution to the Danish Resolution Fund	0	-
Profit from core business before impairment losses	502	560
Impairment losses on mortgage lending	24	146
Profit from core business	478	414

Activities – Totalkredit Partners

DKK million	31.03.2016	2015
Mortgage lending		
Gross new lending*	17,226	54,056
Portfolio at nominal value, end of period	495,778	494,250
Impairment losses for the period as % of loans and advances*	0.00	0.03
Total impairment provisions, end of period		
Total impairment provisions	1,184	1,231
Total impairment provisions as % of loans and advances	0.24	0.25

* For Q1/2016 and Q1/2015.

Other data from end-Q1/2016 and end-2015.

Core income from business operations – Totalkredit Partners**TOTALKREDIT PARTNERS**

Under the Totalkredit brand, Totalkredit Partners provides mortgage loans to personal and business customers arranged via 59 Danish local and regional banks.

Totalkredit Partners's business concept is based on partner banks being responsible for customer services and covering a share of the risk of loss relating to the loan portfolio. Risk is hedged by agreement with the partner banks. Under the agreement, incurred losses corresponding to the cash part of a loan exceeding 60% of the mortgageable value at the time of granting are offset against future commission payments from Totalkredit to the partner banks.

Q1/2016 in brief

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

Totalkredit and its local and regional partner banks have extended their partnership to include secured homeowner loans and business loans. The secured homeowner loan allows partner banks to transfer bank loans secured on real estate to Totalkredit, thus funding these loans. From April 2016, all partner banks can offer Totalkredit business mortgages. Totalkredit business mortgages are offered to the segments office and retail, private rental as well as industry and trades.

Activities

Because of a more stable interest rate level, the activity level of Totalkredit Partners in Q1/2016 was lower than in 2015 when Q1 saw a high level. Gross new lending in Q1/2016 dropped by DKK 36.8bn compared with the same period the year before, amounting to DKK 17.2bn.

Nominal mortgage lending grew by DKK 1.5bn to DKK 495.8bn relative to end-2015. Loans distributed through former Totalkredit partner banks which are now handled directly by Totalkredit amounted to DKK 42bn at end-Q1/2016 against about DKK 45bn at end-2015. Since Jyske Bank's exit from the partnership, loans worth DKK 46bn have been prepaid. Of this amount, DKK 8bn has subsequently been refinanced by other Totalkredit partner banks.

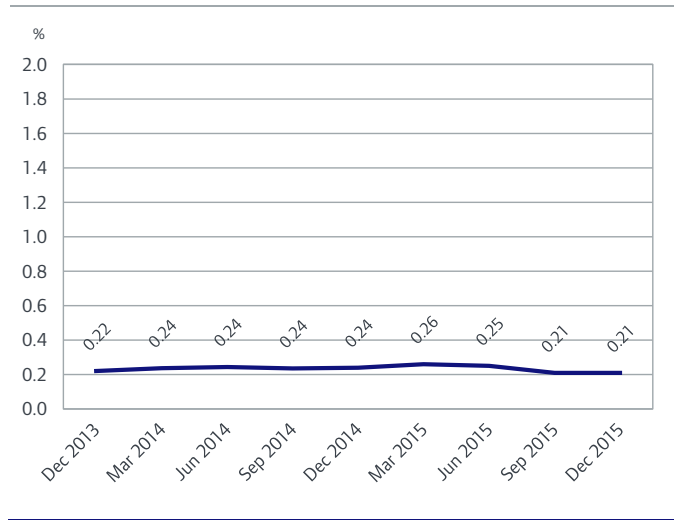
Results

Relative to Q1/2015, profit from core business rose by DKK 64m to DKK 478m in Q1/2016.

Income from business operations dropped by DKK 50m, or 7%, to DKK 672m, whereas impairment losses on loans and advances reduced by DKK 122m to DKK 24m.

The fall in income from business operations was attributable to declining remortgaging activity.

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



Operating costs grew by DKK 19m, or 16%, to DKK 136m. The rise was in part attributable to higher expenses for wages and salaries due to an increase in the number of staff. Add to this changes in inter-company settlements due to Totalkredit accounting for an increasing proportion of the Group's overall activities, including increased IT support for new products etc.

Net expenses relating to senior debt came to DKK 34m against DKK 45m in Q1/2015. The reduction was attributable to lower volumes of senior secured debt as well as declining interest rates.

Totalkredit Partners's net loan impairment losses declined by DKK 122m, or 84%, to DKK 24m after set-off against commission payable to partner banks.

At end-Q1/2016, impairment provisions totalled DKK 1,184m against DKK 1,231m at the beginning of the year.

Arrears

At the December due date, 75-day mortgage loan arrears as a percentage of total mortgage payments due were 0.21% against 0.24% at the same date in 2015.

Results – Wholesale Clients

DKK million	Q1/2016	Q1/2015
Core income from		
- business operations	502	718
- senior debt	(2)	(3)
Income from core business	500	715
Operating costs	162	173
Mortgage business contribution to the Danish Resolution Fund	10	-
Profit from core business before impairment losses	328	542
Impairment losses on mortgage lending	(34)	21
Impairment losses on bank lending	(39)	(35)
Profit from core business	401	556
Value adjustment of interest rate swaps	(405)	(491)
Profit (loss) before tax	(4)	65

Activities – Wholesale Clients

DKK million	31.03.2016	2015
Mortgage lending		
Gross new lending*	5,231	15,254
Portfolio at nominal value, end of period	178,050	180,846
Impairment losses for the period as % of loans and advances*	(0.02)	0.01
Total impairment provisions, end of period		
Total impairment provisions	499	536
Total impairment provisions as % of loans and advances	0.28	0.30
Banking		
Loans and advances, end of period	18,762	17,762
Deposits, end of period	10,475	13,700
Impairment losses for the period as % of loans and advances*	(0.19)	(0.17)
Total impairment provisions, end of period		
Total impairment provisions	955	1,011
Total impairment provisions as % of loans and advances	4.84	5.39
Guarantees, end of period	1,297	1,242
Provisions for guarantees, end of period	51	55

* For Q1/2016 and Q1/2015.
Other data from end-Q1/2016 and end-2015.

WHOLESALE CLIENTS

The business area Wholesale Clients comprises activities with Nykredit's corporate and institutional clients, the public housing segment, large housing cooperatives and mortgage lending to business customers for properties abroad. Wholesale Clients also handles Nykredit's activities within securities and financial derivatives trading. Wholesale Clients consists of the business units Corporate & Institutional Banking and Nykredit Markets.

Q1/2016 in brief

Corporate & Institutional Banking saw robust loan demand in Q1/2016 and consequently participated in a number of large transactions. Moreover, the recent initiatives regarding strategic financial advisory services have attracted new clients.

The market is still affected by fierce price competition.

Nykredit Markets is the Group's trading platform and one of the leading Danish market participants within bond issuance and bond trading. In Q1/2016, Nykredit Markets enhanced its activities with Wealth Management. Nykredit Markets provides comprehensive advisory services and offers clients tailored solutions using a mix of products from Nykredit Markets and Nykredit Asset Management in close liaison with Private Banking and Retail Business Banking.

Activities

Corporate & Institutional Banking's activity levels were more subdued in Q1/2016 than in the same period last year, and gross new lending dropped by DKK 10.0bn to DKK 5.2bn.

Mortgage lending was DKK 178.1bn at end-Q1, down DKK 2.8bn on the beginning of the year, which was primarily attributable to lending in Germany.

Bank lending was up DKK 1.0bn to DKK 18.8bn on the beginning of the year. Bank deposits dropped by DKK 3.2bn to DKK 10.5bn.

Nykredit Markets's activity levels were characterised by high volatility in Q1/2016 with large credit bond and equity price falls at the beginning of the year, but activity picked up in the last part of the quarter.

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

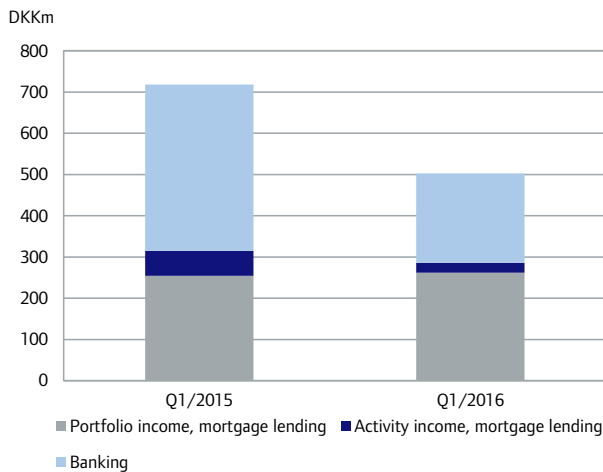
Results

Relative to Q1/2015, profit from core business dropped by DKK 155m to DKK 401m in Q1/2016.

Income from business operations fell by DKK 216m, or 30%, to DKK 502m, and impairment losses on loans and advances reduced by DKK 59m to a gain of DKK 73m, mainly driven by lower mortgage loan losses.

The fall in income from business operations was primarily attributable to declining income from banking operations and mortgage activity income.

Core income from business operations – Wholesale Clients



Nykredit Markets's income after payment for distribution decreased by DKK 133m on Q1/2015 to DKK 92m.

Relative to Q1/2015, Corporate & Institutional Banking's income fell by DKK 83m to DKK 410m.

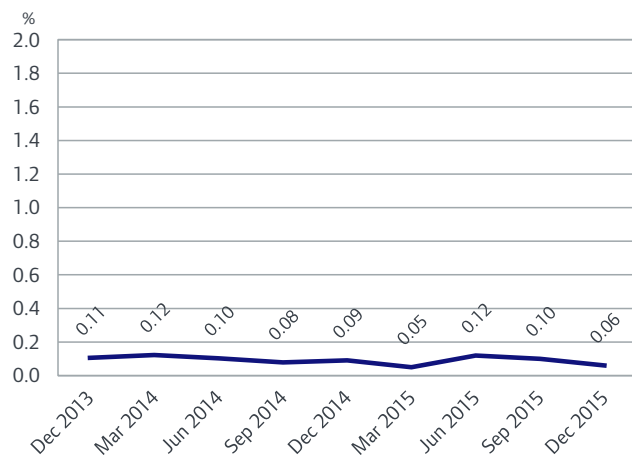
Operating costs were broadly unchanged at DKK 172m.

Impairment losses on mortgage lending in Wholesale Clients reduced by DKK 55m to a gain of DKK 34m, while impairment losses on bank lending improved by DKK 4m to a gain of DKK 39m. Impairment losses for the period represented negative 0.02% of mortgage lending and negative 0.19% of bank lending.

At end-Q1/2016, impairment provisions totalled DKK 1,454m against DKK 1,547m at the beginning of the year.

Value adjustment of interest rate swaps was a loss of DKK 405m, which represented a positive development of DKK 86m compared with Q1/2015.

**Arrears ratio, mortgage lending – Wholesale Clients
75 days past due**



Arrears

At the December due date, 75-day mortgage loan arrears as a percentage of total mortgage payments due were 0.06% and thus remained at a low level. The arrears ratio was 0.09% at the same date in 2015.

Results – Wealth Management

DKK million	Q1/2016	Q1/2015
Core income from		
- business operations	155	146
- senior debt	0	0
Income from core business	155	146
Operating costs	98	83
Mortgage business contribution to the Danish Resolution Fund	0	-
Profit from core business before impairment losses	57	63
Impairment losses on mortgage lending	(1)	(0)
Impairment losses on bank lending	26	(0)
Profit from core business	32	63
Value adjustment of interest rate swaps	0	(2)
Profit before tax	32	61

Activities – Wealth Management

DKK million	31.03.2016	2015
Mortgage lending		
Gross new lending*	102	338
Portfolio at nominal value, end of period	3,378	3,312
Impairment losses for the period as % of loans and advances*	(0.01)	(0.01)
Total impairment provisions, end of period		
Total impairment provisions	2	3
Total impairment provisions as % of loans and advances	0.06	0.09
Banking		
Loans and advances, end of period	2,063	1,922
Deposits, end of period	6,787	7,828
Impairment losses for the period as % of loans and advances*	1.20	(0.02)
Total impairment provisions, end of period		
Total impairment provisions	29	4
Total impairment provisions as % of loans and advances	1.39	0.21
Assets under management	142,752	143,812
Assets under administration	696,541	700,372
- of which Nykredit Group investment funds	66,647	66,394

* For Q1/2016 and Q1/2015.
Other data from end-Q1/2016 and end-2015.

WEALTH MANAGEMENT

The business area Wealth Management, which was launched as from Q1/2016 through the transfer of certain activities from Wholesale Clients, handles Nykredit's activities within asset and wealth management. Wealth Management comprises the business units Nykredit Asset Management and Private Banking for clients with investable assets in excess of DKK 7m.

Nykredit's asset management and portfolio administration services are undertaken by Nykredit Asset Management, including Nykredit Portefølge Administration A/S, and their products and solutions range from Nykredit Invest, Private Portfolio, Savings Invest and Pension Invest to discretionary asset management and administration agreements with institutional clients, foundations, businesses, public institutions and personal wealth clients.

Q1/2016 in brief

Total assets under management and administration decreased marginally from DKK 844bn at the beginning of the year to DKK 839bn, as a total net increase in the client base was offset by price falls.

Assets under management decreased by DKK 1.1bn to DKK 142.8bn at end-Q1/2016. The downturn mainly stemmed from negative net sales, while net value adjustment for the period was close to zero.

Assets under administration dropped by DKK 3.8bn to DKK 696.5bn at end-Q1/2016. The decline comprised net growth of DKK 7.1bn and price falls of DKK 10.9bn.

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

Activities

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

Results

Relative to Q1/2015, profit from core business dropped by DKK 31m to DKK 32m in Q1/2016.

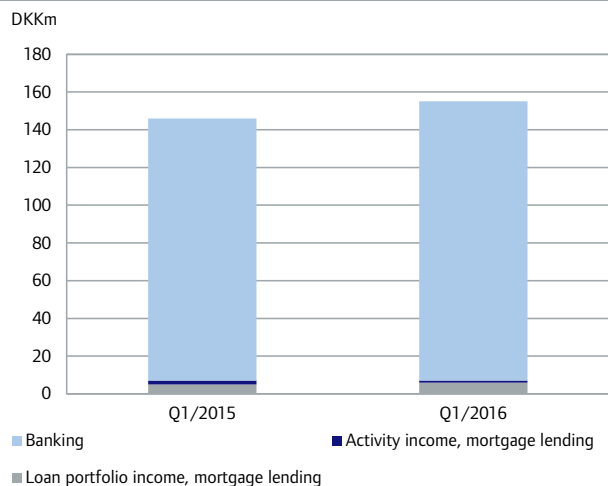
Income from business operations rose by DKK 9m, or 6%, to DKK 155m, while impairment losses on loans and advances grew from zero to DKK 25m.

The entire rise in income from business operations was attributable to income from banking operations.

Compared with the previous year, Nykredit Asset Management's income after payment for distribution rose by DKK 10m to DKK 100m.

Relative to Q1/2015, Private Banking income fell by DKK 1m to DKK 55m.

Core income from business operations – Wealth Management



Operating costs went up by DKK 15m, or 18%, to DKK 98m.

Impairment losses on mortgage lending in Wealth Management fell by DKK 1m to a gain of DKK 1m, while impairment losses on bank lending increased from zero to DKK 26m. Impairment losses for the period represented negative 0.01% of mortgage lending and 1.20% of bank lending.

At end-Q1/2016, impairment provisions totalled DKK 31m against DKK 7m at the beginning of the year.

Arrears

At the December due date, 75-day mortgage loan arrears as a percentage of total mortgage payments due came to 0.00%, which was unchanged year-on-year.

Results – Group Items

DKK million	Q1/2016	Q1/2015
Core income from		
- business operations	30	11
- senior and subordinated debt	(57)	(174)
- securities	11	14
Loss from core business	(16)	(149)
Operating costs	3	9
Loss from core business before impairment losses	(19)	(158)
Impairment losses on mortgage lending	0	0
Impairment losses on bank lending	0	0
Loss from core business	(19)	(158)
Investment portfolio income	60	445
Profit before tax	41	287

Activities – Group Items

DKK million	31.03.2016	2015
Banking		
Loans and advances, end of period	557	8
Deposits, end of period	961	272
Total impairment provisions, end of period		
Total impairment provisions	53	53
Total impairment provisions as % of loans and advances	8.69	86.49
Guarantees, end of period	706	708
Provisions for guarantees, end of period	-	-

GROUP ITEMS

A number of income statement and balance sheet items are not allocated to the business areas but are included in Group Items.

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 also form part of Group Items.

Results

Relative to Q1/2015, profit before tax dropped by DKK 246m to DKK 41m in Q1/2016.

Income from business operations grew by DKK 19m to DKK 30m.

Net interest expenses on senior debt and Nykredit's subordinated debt saw a total decline of DKK 117m to DKK 57m in Q1/2016, which was mainly attributable to a higher interest rate on one loan in Q1/2015.

Nykredit's core income from securities was DKK 11m against DKK 14m in Q1/2015. A contributing factor was the fall from 0.08% to 0.05% 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.

Unallocated operating costs declined by DKK 6m to DKK 3m.

Impairment losses on loans and advances were unchanged at DKK 0m.

Nykredit's investment portfolio income was DKK 60m against DKK 445m in Q1/2015. Investment portfolio income from bonds, liquidity and interest rate instruments was DKK 90m. The investment portfolio of equities and equity instruments, which are value adjusted through profit or loss, generated a loss of DKK 30m.

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 realised capital gains/losses on the sale of equities classified as available for sale (strategic equities). 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.

CAPITAL, LIQUIDITY AND FUNDING

Nykredit Realkredit Group Equity (incl new Additional Tier 1 capital)

DKK million	31.03.2016	31.12.2015
Equity, beginning of period	65,460	58,650
Profit for the period	705	3,191
Fair value adjustment of equities available for sale	(16)	7
New Additional Tier 1 (AT1) capital	-	3,731
Other adjustments	(12)	(119)
Equity, end of period	66,137	65,460

Nykredit Realkredit Group Capital and capital adequacy

DKK million	31.03.2016	31.12.2015	31.03.2015
Credit risk	261,279	264,865	290,305
Market risk	29,158	27,958	27,511
Operational risk	19,636	18,397	18,397
Total risk exposure amount (REA)¹	310,073	311,220	336,211
Equity (incl new AT1 capital)	66,137	65,460	64,055
Hybrid/AT1 capital	(3,826)	(3,774)	(3,757)
CET1 capital deductions	(1,638)	(1,161)	(4,346)
CET1 capital	60,672	60,525	55,953
Hybrid/AT1 capital	3,724	3,831	3,735
Hybrid/AT1 capital deductions	(286)	(343)	(228)
Tier 1 capital	64,111	64,013	59,459
Tier 2 capital	10,804	10,820	4,482
Tier 2 capital additions/deductions	(276)	(335)	(330)
Own funds	74,639	74,498	63,612
CET1 capital ratio, %	19.5	19.4	16.6
Tier 1 capital ratio, %	20.6	20.5	17.6
Total capital ratio, %	24.0	23.9	18.9
Internal capital adequacy requirement (Pillar I and Pillar II), %	11.7	11.8	12.0

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

¹ Capital and capital adequacy have been determined in accordance with Capital Requirements Regulation No 575/2013 of the European Parliament and of the Council of 26 June 2013 as well as the Danish transitional rules laid down by the Danish FSA. Total REA subject to transitional rules was DKK 603bn at end-Q1/2016, equal to a total capital ratio of 15.6%.

NYKREDIT REALKREDIT GROUP EQUITY AND OWN FUNDS

Equity

Equity was DKK 66.1bn at end-Q1/2016, equal to a rise of DKK 0.7bn relative to the beginning of the year. The increase in equity was mainly a result of profit for the period of DKK 0.7bn.

Equity carried for accounting purposes includes Additional Tier 1 (AT1) capital of EUR 500m (DKK 3.7bn), which Nykredit raised in Q1/2015. For capital adequacy purposes, AT1 capital is included in Tier 1 capital rather than in Common Equity Tier 1 (CET1) capital.

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 recognised in equity via other comprehensive income, 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 2,086m at end-Q1/2016.

Capital and capital adequacy

Nykredit's own funds include CET1 capital, hybrid/AT1 capital and Tier 2 capital after deductions. In order to comfortably meet the new capital requirements, Nykredit issued AT1 capital totalling EUR 500m in Q1/2015, which is included in Tier 1 capital for capital adequacy purposes.

Total own funds rose by DKK 0.1bn to DKK 74.6bn in Q1/2016 compared with end-2015.

Nykredit's risk exposure amount (REA) has declined from DKK 311.2bn to DKK 310.1bn since end-2015 due to a fall in REA for credit risk. The credit risk exposure has dropped by around DKK 3.6bn on the back of increasing property prices and thus lower LTVs.

REA is expected to rise by around DKK 30bn following the implementation of a number of model changes, which are pending the approval of the Danish FSA, as at 30 September 2016. The model changes will mainly affect risk exposures of the mortgage business. To this should be added model changes concerning personal customers, which will increase REA by some DKK 5bn.

The total capital ratio was 24.0% against 23.9% at end-2015. The Tier 1 capital ratio was 20.6%, and the CET1 capital ratio was 19.5% at end-Q1/2016.

Nykredit's internal capital adequacy requirement was 11.7% at end-Q1/2016 compared with 11.8% at end-2015.

Nykredit has been designated as a systemically important financial institution (SIFI) by the Danish FSA. As a result, a special SIFI CET1 capital buffer requirement will apply to Nykredit. The requirement of 2% will be phased in with 0.4% annually in the period 2015-2019.

NYKREDIT'S CAPITAL TARGETS 2019

As part of the annual review of the Group's overall capital policy and risk appetite, the Board of Directors of the Nykredit Realkredit Group has set a CET1 capital ratio target of 17.5% for 2019.

The Board's decision is based on the following:

- In 2019 the statutory requirement for the Nykredit Realkredit Group's CET1 capital ratio will be around 13%, to which should be added requirements resulting from the stress test exercises of the European Banking Authority (EBA) and the Danish FSA
- Nykredit must hold sufficient capital to ensure ratings with the credit rating agencies that are compatible with the Group's business plans
- The capital level must be market-consistent, corresponding to the level of the other large Nordic financial institutions
- In addition to this, especially three Nykredit characteristics must be allowed for in terms of capital. They are:
 - Nykredit is currently not listed and therefore has more restricted access to capital markets than listed companies
 - Nykredit is one of the largest private bond issuers in Europe
 - Nykredit has a sizeable mortgage loan portfolio. The mortgage loans typically have long loan terms and are non-callable by Nykredit.

A number of model changes are expected to be implemented as at 30 September 2016 and will, together with other subsequent changes, result in an increase in risk exposures to the tune of DKK 35bn, bringing total REA to approximately 345bn. The increase primarily relates to the mortgage business.

Business Plan 2018 is expected to increase REA by another DKK 30bn towards 2019. Altogether, the capital requirement, measured by REA, will amount to an estimated DKK 375bn in 2019.

To this should be added adjustments to the detailed capital requirement calculations, resulting in part from the loss experience in the wake of the financial crisis. These adjustments are expected to add another DKK 25bn to REA in the coming years, leading to a total of DKK 400bn.

Based on the known capital rules, the CET1 capital target for 2019 is DKK 70bn, corresponding to 17.5% of DKK 400bn.

Risk of changed capital requirements

There is a risk that the capital requirements will change further in the coming years. The Basel Committee has proposed a whole series of restrictions and tightening of the future regulation. The proposals will greatly impact the capital requirements for Nykredit's lending and thus the future requirement for CET1 capital.

First, a new capital floor is in the pipeline for IRB institutions in 2017. This is expected to be based on the Basel Committee's proposal for a new standardised approach for credit risk, which was published in December 2015. The Basel Committee has announced that the capital floor for IRB institutions is expected to be in the range of 60-90% of the standardised approach, which will increase REA markedly compared with today.

Secondly, the Basel Committee proposes to introduce floors to the parameters used in the internal models (PD and LGD). That will lead

to considerable increases in the capital requirement for mortgage loans involving a particularly low risk of loss, such as mortgage loans to personal customers with low LTVs and attractive locations, for example in large towns or cities.

Thirdly, the Basel Committee has proposed various constraints on the sector's use of advanced models in selected areas going forward. This entails the risk that the capital requirement for particularly secure segments, including residential rental properties, increases significantly.

Lastly, the Basel Committee has revised the framework for calculating market risk. Depending on the final implementation, REA is expected to increase.

Each of the said regulatory measures will lead to increased capital requirements for lending with a low risk of loss, including especially mortgage lending. Nykredit will work to preserve the existing principle of basing capital requirements on the observed risk of loss and thus the proven resilience of the Danish mortgage system.

In overall terms, the capital requirements for mortgage lending are likely to increase. Exactly how much will depend on the concrete implementation of the proposals in Europe and thereby into Danish law. The increased capital requirements will add an estimated DKK 15bn-20bn to the Group's CET1 capital requirement, corresponding to a CET1 capital level around DKK 85bn-90bn.

FUNDING AND LIQUIDITY

Most of Nykredit's assets consist of lending secured by mortgages on 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 coupled with refinancing auctions for ARMs and floating-rate bonds, etc. Further, the Group may issue senior debt to provide statutory supplementary collateral.

Bank lending is chiefly funded by deposits. At end-Q1/2016, Nykredit Bank's deposits exceeded lending at amortised cost by DKK 10.8bn. At end-2015, deposits exceeded lending by DKK 16.0bn.

Liquidity

Nykredit's liquid assets are mainly liquid Danish and other European government and covered bonds. These securities are eligible as collateral in the repo market and with central banks and are thus directly applicable for raising liquidity. A smaller part is placed in money market deposits, equities and credit bonds.

The unencumbered part of the liquid assets of the Group's mortgage banks, including proceeds from senior secured and senior unsecured debt in issue, totalled DKK 90bn at end-Q1/2016, which was unchanged on end-2015.

The Liquidity Coverage Ratio (LCR) entered into force as at 1 October 2015. At end-Q1/2016, the Nykredit Realkredit Group's LCR was 278%. The aggregate LCR of Nykredit's mortgage banks was 904%, while Nykredit Bank's LCR was 135%.

Negative interest rates

Danmarks Nationalbank lowered interest rates in 2015 so that Cibar and Cita rates turned negative. In this connection, Nykredit launched floating-rate bonds that allow negative interest rates. The Danish

infrastructure related to bonds has been adjusted so that negative interest is offset against redemptions for investors, and borrowers are compensated for the negative interest by way of an increased principal payment on the loan.

Long-dated bullet covered bonds funding adjustable-rate mortgages (ARMs) were also hit by negative interest rates in 2015. The bonds are traded at a premium resulting in a negative yield-to-maturity for borrowers and investors.

Benchmark bond series

Nykredit strives to build large, liquid benchmark bond series to obtain effective pricing of its bonds. Nykredit Realkredit and Totalkredit's joint bond issuance contributes to creating large volumes. Liquidity is also supported by Nykredit's high market share and market making agreements between members of Nasdaq Copenhagen.

With the introduction of the LCR, banks increasingly prefer high-quality bonds, ie bonds with high outstanding amounts (> EUR 500m) and high ratings.

Nykredit is continually working towards having a balanced product range that best suits our customers' needs and investors' increased preference for very liquid bond series.

Nykredit has announced a number of initiatives to improve the liquidity of bond series. For instance, it has been decided that the refinancing of ARMs on 1 April and 1 October will be phased out as the loan portfolio is refinanced. The adjustment will take place over a number of years to ensure even distribution of refinancing volumes. In the longer term, the plan is to refinance ARMs on 1 January and 1 July only. The Nykredit Group will continue the refinancing of other products at the April and October payment dates.

Issuance schedule in 2016

Nykredit Realkredit will continue to issue covered bonds on tap and at refinancing auctions.

Nykredit has indicated that in order to maintain its long-term rating of A with Standard & Poor's, the Nykredit Group will meet the additional loss-absorbing capacity (ALAC) criteria of this credit rating agency. The implication is that Nykredit must raise a special type of bail-inable senior debt or other subordinated capital. Issuance of the required DKK 15bn-20bn is scheduled for 2016-2017. Going forward, the new ALAC-eligible funding will replace the issuance of senior secured and senior unsecured debt to meet the existing supplementary collateral requirement. At the same time, the new ALAC-eligible funding will satisfy the statutory requirements of the debt buffer towards 2020. When fully phased in, the debt buffer must correspond to at least 2% of total mortgage lending.

CREDIT RATINGS

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

Senior secured debt is rated AA- by Standard & Poor's. The rating outlook is negative.

SDOs and ROs issued by Nykredit Realkredit A/S and Totalkredit A/S through rated capital centres are all rated AAA by Standard & Poor's, which is the highest possible rating. All rating outlooks are stable.

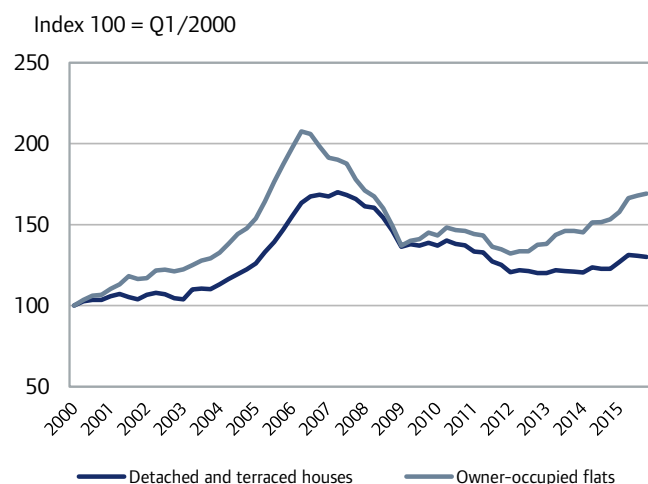
The negative outlooks on certain ratings reflect Standard & Poor's view of the refinancing risk relating to ARMs with short-term funding and the fact that they await Nykredit's build-up of ALAC.

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

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

LENDING

Nykredit Realkredit Group Housing prices in Denmark – inflation-adjusted



Source: Association of Danish Mortgage Banks

The Group recorded total mortgage and bank lending, excluding reverse repurchase lending, of DKK 1,159bn against DKK 1,161bn at the beginning of the year.

Mortgage lending at fair value was DKK 1,122bn against DKK 1,119bn at the beginning of the year. Nominal mortgage lending amounted to DKK 1,110bn against DKK 1,114bn at end-2015.

Bank lending totalled DKK 49.0bn against DKK 46.7bn at the beginning of the year, up DKK 2.2bn. In addition, reverse repurchase lending amounted to DKK 35.0bn against DKK 39.5bn at the beginning of the year.

Impairment provisions for mortgage and bank lending totalled DKK 8.2bn against DKK 8.5bn at the beginning of the year. Impairment provisions for receivables from credit institutions came to DKK 44m, the same level as at the beginning of 2016.

At end-Q1/2016, guarantees came to DKK 6.4bn against DKK 6.9bn at the beginning of the year.

Incurred losses totalled DKK 337m in Q1/2016, of which DKK 241m represented mortgage lending and DKK 95m 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	
	31.03.2016	31.12.2015	31.03.2016	31.12.2015	Q1/2016	FY 2015
Mortgage lending						
Nykredit Realkredit	535,115	543,518	4,158	4,351	(78)	586
Totalkredit	574,597	570,806	1,313	1,343	42	455
Total	1,109,712	1,114,324	5,471	5,694	(35)	1,041
Bank lending						
Nykredit Bank	48,972	46,747	2,753	2,852	(14)	(114)
Total	48,972	46,747	2,753	2,852	(14)	(114)
Receivables from credit institutions						
Total	-	-	44	44	-	-
Reverse repurchase lending	34,963	39,467	-	-	-	-
Guarantees	6,391	6,942	97	100	(2)	(7)
Loan impairment, %¹						
Nykredit Realkredit	-	-	0.78	0.80	(0.01)	0.11
Totalkredit	-	-	0.23	0.24	0.01	0.08
Total	-	-	0.49	0.51	(0.00)	0.09
Nykredit Bank	-	-	5.32	5.75	(0.03)	(0.23)
Total	-	-	5.32	5.75	(0.03)	(0.23)

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

Note: Nominal mortgage lending, adjusted for intercompany lending and intercompany set-off.

MORTGAGE LENDING

At end-Q1/2016, the credit exposure in terms of nominal mortgage lending was DKK 1,110bn, which is DKK 5bn lower than at the beginning of the year.

The security underlying mortgage lending is substantial. 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 the estimated values of the individual properties at end-Q1/2016.

Total provisions for mortgage loan impairment

Total provisions for mortgage loan impairment decreased by DKK 223m from the beginning of the year to DKK 5,471m at end-Q1/2016. Of the reversals, DKK 63m was related to private residential property, DKK 57m to private rental property, DKK 43m to office and retail and DKK 47m to agricultural property.

Private residential property accounted for DKK 63m of the reversals in Q1/2016 and business property DKK 160m.

Total impairment provisions equalled 0.49% of total mortgage lending against 0.51% at the beginning of the year.

Earnings impact

Impairment losses on mortgage lending for the period were a reversal of DKK 35m against a charge of DKK 348m in Q1/2015. Of impairment losses on loans and advances for the period, DKK 44m was attributable to private residential property, while reversals of DKK 49m were attributable to the private residential rental segment and DKK 30m to the other categories.

Nykredit Realkredit Group

Debt outstanding relative to estimated property values

DKK million/%	LTV (loan-to-value)						Total	LTV average % ¹
	0-40	40-60	60-80	80-90	90-100	>100		
Private residential	411,686	158,465	93,426	12,358	5,151	4,346	685,432	70
Private rental	77,679	27,115	13,117	1,775	953	1,007	121,647	66
Industry and trades	19,214	2,781	322	77	49	167	22,611	46
Office and retail	85,347	19,991	2,947	506	289	483	109,564	52
Agricultural	70,074	17,944	6,486	1,011	457	619	96,591	57
Public housing	-	-	-	-	-	-	69,138	
Other	13,513	2,726	818	74	75	75	17,235	51
Total, end-Q1/2016	677,513	229,023	117,117	15,800	6,829	6,697	1,122,218	65
Total, end-2015	672,034	233,789	116,058	15,289	7,031	6,987	1,119,101	65

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 public housing segment. For this reason, LTVs of public housing offer no relevant risk data and have been excluded.

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

Provisions for mortgage loan impairment by property type¹

DKK million	31.03.2016		31.12.2015	
	Total impairment provisions	Total earnings impact	Total impairment provisions	Total earnings impact
Private residential	2,167	44	2,230	562
Private rental ²	1,408	(49)	1,465	50
Industry and trades	232	(19)	244	45
Office and retail	473	(11)	516	104
Agricultural	1,049	6	1,096	342
Public housing	44	(3)	47	(60)
Other	99	(3)	96	(2)
Total	5,471	(35)	5,694	1,041

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

² Housing cooperatives are included in the property category Private rental.

Nykredit Realkredit Group
Arrears ratio – 75 days past due

Due dates	Arrears relative to total mortgage payments %	Debt outstanding affected by arrears relative to total debt outstanding %	Debt outstanding affected by arrears DKK billion
2015			
- December	0.38	0.41	4.5
- September	0.39	0.39	4.3
- June	0.42	0.48	5.4
- March	0.48	0.49	5.5
2014			
- December	0.42	0.50	5.6
- September	0.42	0.42	4.7

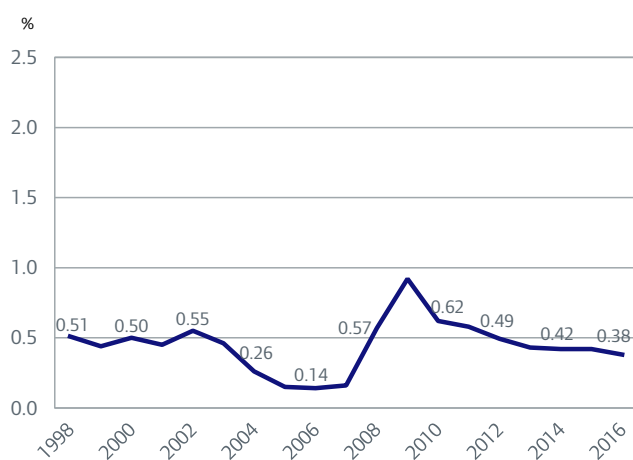
Arrears

At the December due date, mortgage loan arrears represented 0.38% of total mortgage payments due against 0.42% at the same date the year before.

The Group's mortgage lending affected by arrears was 0.41% of total mortgage lending (bond debt outstanding) compared with 0.50% at the same date the previous year.

Acquired properties

In Q1/2016 the Group acquired 61 properties at forced sales and sold 48. At end-Q1/2016, the property portfolio stood at 172 against 159 at the beginning of the year, of which private residential property accounted for 96 against 72 at end-2015.

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


BANK LENDING

Loans, advances and guarantees were DKK 90.3bn against DKK 93.2bn at the beginning of the year, down DKK 2.9bn. The decline chiefly stemmed from reverse repurchase lending, which fell back by DKK 4.5bn to DKK 35.0bn, whereas lending rose by DKK 2.2bn to DKK 49.0bn.

Bank lending amounted to DKK 49.0bn against DKK 46.7bn at the beginning of the year. Before provisions for loan impairment, lending amounted to DKK 51.7bn against DKK 49.6bn at the beginning of the year.

Nykredit Bank recorded lending growth of 4.9%, excluding reverse repurchase lending, determined pursuant to the rules of the Danish FSA, including rules relating to the FSA Supervisory Diamond model.

Total provisions for bank loan impairment

Provisions for bank loan impairment totalled DKK 2,753m against DKK 2,852m at the beginning of the year.

Impairment provisions for receivables from credit institutions came to DKK 23m at end-Q1/2016, the same level as at end-2015.

Guarantees

Guarantees issued totalled DKK 6.4bn against DKK 6.9bn at the beginning of the year.

At end-Q1/2016, provisions for guarantees amounted to DKK 97m against DKK 100m at the beginning of the year.

Earnings impact

Impairment losses on loans and advances and provisions for guarantees resulted in a gain of DKK 16m. By comparison, loan impairment losses and provisions for guarantees were DKK 19m in Q1/2015.

Nykredit Realkredit Group

Provisions for bank loan impairment and guarantees by sector¹

DKK million	31.03.2016		31.12.2015	
	Total impairment provisions	Earnings impact	Total impairment provisions	Earnings impact
Public sector	0	0	0	0
Agriculture, hunting, forestry and fishing	91	(9)	102	7
Manufacturing, mining and quarrying	231	10	225	39
Energy supply	3	0	3	(6)
Construction	233	4	232	11
Trade	63	(38)	88	1
Transport, accommodation and food service activities	101	1	104	32
Information and communication	16	1	17	(2)
Finance and insurance	180	(66)	224	18
Real estate	1,104	5	1,140	(287)
Other	212	(2)	231	5
Total business customers	2,234	(94)	2,366	(182)
Personal customers	616	(78)	586	61
Total	2,850	(16)	2,952	(121)
- of which provisions for losses on guarantees	97	(2)	100	(7)
Impairment provisions for credit institutions	23	-	23	-
Total including impairment provisions for credit institutions	2,873	(16)	2,975	(121)

¹ As the breakdown is based on public sector statistics, it is not directly comparable with the Group'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 2016 of Nykredit Realkredit A/S and the Nykredit Realkredit Group.

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

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

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

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

The Interim Report has not been audited or reviewed.

Copenhagen, 12 May 2016

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

Steffen Kragh
Chairman

Merete Eldrup
Deputy Chairman

Nina Smith
Deputy Chairman

Helge Leiro Baastad

Hans Bang-Hansen

Olav Brusen Barsøe*

Michael Demsitz

Per W. Hallgren

Marlene Holm*

Allan Kristiansen*

Bent Naur

Anders C. Obel

Erling Bech Poulsen

Inge Sand*

Leif Vinther*

* Staff-elected member

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

DKK million

Nykredit Realkredit A/S				Nykredit Realkredit Group	
Q1/2015	Q1/2016		Note	Q1/2016	Q1/2015
7,137	5,785	Interest income	5	7,412	8,938
5,801	4,562	Interest expenses	6	4,585	5,884
1,337	1,223	NET INTEREST INCOME		2,827	3,054
14	23	Dividend on equities		23	14
289	229	Fee and commission income		492	772
40	38	Fee and commission expenses		564	728
1,599	1,437	NET INTEREST AND FEE INCOME		2,777	3,111
107	(185)	Value adjustments	7	(774)	(724)
2	16	Other operating income		40	47
534	513	Staff and administrative expenses	8	1,112	1,139
56	38	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	9	48	66
(1)	34	Other operating expenses		40	18
190	(78)	Impairment losses on loans, advances and receivables	10	(51)	329
94	83	Profit from investments in associates and Group enterprises	11	-	-
1,022	844	PROFIT BEFORE TAX		895	883
180	156	Tax	12	191	197
842	688	PROFIT FOR THE PERIOD		705	686
		DISTRIBUTION OF PROFIT FOR THE PERIOD			
821	630	Shareholder of Nykredit Realkredit A/S		647	664
22	58	Holders of Additional Tier 1 capital notes		58	22
842	688	TOTAL PROFIT FOR THE PERIOD		705	686
		OTHER COMPREHENSIVE INCOME			
		ITEMS THAT CANNOT BE RECLASSIFIED TO PROFIT OR LOSS:			
8	(1)	Actuarial gains/losses on defined benefit plans		(1)	8
8	(1)	Total items that cannot be reclassified to profit or loss		(1)	8
		ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS:			
-	-	Fair value adjustment of equities available for sale		(29)	168
-	-	Tax on fair value adjustment of equities available for sale		12	(11)
-	-	Total items that may be reclassified to profit or loss		(16)	157
8	(1)	OTHER COMPREHENSIVE INCOME		(18)	164
850	687	COMPREHENSIVE INCOME FOR THE PERIOD		687	850
		DISTRIBUTION OF COMPREHENSIVE INCOME			
828	629	Shareholder of Nykredit Realkredit A/S		629	828
22	58	Holders of Additional Tier 1 capital notes		58	22
850	687	COMPREHENSIVE INCOME FOR THE PERIOD		687	850

Balance sheets, end of period

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group			
31.12.2015	31.03.2016		Note	31.03.2016	31.12.2015
ASSETS					
351	3,398	Cash balances and demand deposits with central banks		6,641	3,095
18,210	12,849	Receivables from credit institutions and central banks	13	22,157	20,158
1,156,122	1,166,778	Loans, advances and other receivables at fair value	14	1,157,575	1,158,926
263	268	Loans, advances and other receivables at amortised cost	15	49,270	47,036
56,053	55,929	Bonds at fair value	16	112,876	106,200
Equities					
3,733	3,682	Equities measured at fair value through profit or loss		1,931	1,979
-	-	Equities available for sale		2,086	2,115
3,733	3,682	Total		4,017	4,094
122	122	Investments in associates		124	124
35,594	35,607	Investments in Group enterprises		-	-
217	206	Intangible assets	17	257	271
Land and buildings					
-	-	Investment properties		244	244
16	16	Owner-occupied properties		1,456	1,460
16	16	Total		1,701	1,704
204	190	Other property, plant and equipment		220	235
-	-	Current tax assets		100	-
103	132	Deferred tax assets		132	103
396	406	Assets in temporary possession		448	451
10,884	10,951	Other assets	18	44,367	41,171
191	231	Prepayments		275	221
1,282,458	1,290,763	TOTAL ASSETS		1,400,157	1,383,789

Balance sheets, end of period

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group		
31.12.2015	31.03.2016		Note	31.03.2016	31.12.2015
LIABILITIES AND EQUITY					
17,724	22,870	Payables to credit institutions and central banks	19	44,015	30,226
-	-	Deposits and other payables	20	59,583	62,599
1,169,616	1,172,452	Bonds in issue at fair value	21	1,135,251	1,137,314
3,795	3,795	Bonds in issue at amortised cost	22	21,826	23,945
427	363	Other non-derivative financial liabilities at fair value	23	15,815	10,126
16	177	Current tax liabilities		308	142
-	-	Liabilities temporarily assumed		29	29
14,124	13,419	Other liabilities	24	45,350	42,305
-	-	Deferred income		7	7
1,205,701	1,213,077	Total payables		1,322,184	1,306,692
Provisions					
169	166	Provisions for pensions and similar obligations		172	175
70	79	Provisions for deferred tax		111	123
63	63	Repayable reserves in pre-1972 series		63	63
-	-	Provisions for losses under guarantees		97	100
88	80	Other provisions		153	169
390	387	Total provisions		596	630
10,907	11,162	Subordinated debt	25	11,240	11,006
Equity					
1,182	1,182	Share capital		1,182	1,182
Accumulated changes in value					
1	1	- revaluation reserves		156	160
-	-	- value adjustment of equities available for sale		631	648
Other reserves					
6,288	6,301	- statutory reserves		-	-
26,787	26,787	- series reserves		26,787	26,787
27,427	28,039	Retained earnings		33,554	32,909
61,686	62,311	Shareholder of Nykredit Realkredit A/S		62,311	61,686
3,774	3,826	Holders of Additional Tier 1 capital		3,826	3,774
65,460	66,137	Total equity		66,137	65,460
1,282,458	1,290,763	TOTAL LIABILITIES AND EQUITY		1,400,157	1,383,789
OFF-BALANCE SHEET ITEMS					
-	-	Contingent liabilities	26	6,391	6,942
1,197	1,257	Other commitments		6,969	6,637
1,197	1,257	TOTAL		13,360	13,579

Statement of changes in equity for 1 January – 31 March

DKK million

Nykredit Realkredit A/S

	Share capital ¹	Revaluation reserves	Statutory reserves ²	Series reserves	Retained earnings	Total, shareholder of Nykredit Realkredit A/S	Additional Tier 1 capital ³	Total equity
2016								
Equity, 1 January	1,182	1	6,288	26,787	27,427	61,686	3,774	65,460
Profit for the period	-	-	83	-	548	630	58	688
Total other comprehensive income	-	-	-	-	(1)	(1)	-	(1)
Total comprehensive income for the period	-	-	83	-	546	629	58	687
Transactions with holders								
Interest paid on Additional Tier 1 capital	-	-	-	-	-	-	-	-
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	6	6	(6)	-
Tax	-	-	-	-	(11)	(11)	-	(11)
Dividend from Group enterprises	-	-	(70)	-	70	-	-	-
Equity, 31 March	1,182	1	6,301	26,787	28,039	62,311	3,826	66,137
2015								
Equity, 1 January, before goodwill impairment	1,182	2	3,147	30,975	24,197	59,502	-	59,502
Impairment of goodwill relating to the acquisition of Forstædernes Bank A/S	-	-	-	-	(852)	(852)	-	(852)
Equity, 1 January, as restated	1,182	2	3,147	30,975	23,344	58,650	-	58,650
Profit for the period	-	-	94	-	726	821	22	842
Total other comprehensive income	-	-	-	-	8	8	-	8
Total comprehensive income for the period	-	-	94	-	734	828	22	850
Transactions with holders								
Issuance of Additional Tier 1 capital	-	-	-	-	-	-	3,731	3,731
Net transaction costs	-	-	-	-	(38)	(38)	-	(38)
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	(4)	(4)	4	-
Tax	-	-	-	-	10	10	-	10
Dividend from associates	-	-	(1)	-	1	-	-	-
Dividend from Group enterprises	-	-	(35)	-	35	-	-	-
Realised from the sale of properties	-	(1)	-	-	1	-	-	-
Equity, 31 March	1,182	1	3,205	30,975	24,083	59,446	3,757	63,203

¹ 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.

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

³ 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 five years. If the Common Equity Tier 1 (CET1) capital ratio of Nykredit Realkredit A/S, the Nykredit Realkredit Group or the Nykredit Holding Group falls below 7.125%, the loan will be written down.

Statement of changes in equity for 1 January – 31 March

DKK million

Nykredit Realkredit Group

	Share capital	Revaluation reserves	Statutory reserves	Series reserves	Retained earnings	Total, shareholder of Nykredit Realkredit A/S	Additional Tier 1 capital ¹	Total equity
2016								
Equity, 1 January, as restated	1,182	160	648	26,787	32,909	61,686	3,774	65,460
Profit for the period	-	-	-	-	647	647	58	705
Total other comprehensive income	-	-	(16)	-	(1)	(18)	-	(18)
Total comprehensive income for the period	-	-	(16)	-	645	629	58	687
Transactions with holders								
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	6	6	(6)	-
Tax	-	-	-	-	(11)	(11)	-	(11)
Realised from the sale of properties	-	(4)	-	-	4	-	-	-
Equity, 31 March	1,182	156	631	26,787	33,554	62,311	3,826	66,137
2015								
Equity, 1 January, before goodwill impairment	1,182	151	641	30,975	26,553	59,502	-	59,502
Impairment of goodwill relating to the acquisition of Forstædernes Bank A/S	-	-	-	-	(852)	(852)	-	(852)
Equity, 1 January, as restated	1,182	151	641	30,975	25,701	58,650	-	58,650
Profit for the period	-	-	-	-	664	664	22	686
Total other comprehensive income	-	-	157	-	8	164	-	164
Total comprehensive income for the period	-	-	157	-	672	828	22	850
Transactions with holders								
Issuance of Additional Tier 1 capital	-	-	-	-	-	-	3,731	3,731
Net transaction costs	-	-	-	-	(38)	(38)	-	(38)
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	(4)	(4)	4	-
Tax	-	-	-	-	10	10	-	10
Realised from the sale of properties	-	(1)	-	-	1	-	-	-
Equity, 31 March	1,182	150	797	30,975	26,341	59,446	3,757	63,203

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 five years. If the Common Equity Tier 1 (CET1) capital ratio of Nykredit Realkredit A/S, the Nykredit Realkredit Group or the Nykredit Holding Group falls below 7.125%, the loan will be written down.

Statement of changes in equity for 1 January – 31 December

DKK million

Nykredit Realkredit A/S

	Share capital ¹	Revaluation reserves	Statutory reserves ²	Series reserves	Retained earnings	Total, shareholder of Nykredit Realkredit A/S	Additional Tier 1 capital ³	Total equity
2015								
Equity, 1 January, before goodwill impairment	1,182	2	3,147	-	30,975	24,197	-	59,502
Impairment of goodwill relating to the acquisition of Forstædernes Bank A/S	-	-	-	-	-	(852)	-	(852)
Equity, 1 January, as restated	1,182	2	3,147	-	30,975	23,344	-	58,650
Profit (loss) for the year before goodwill impairment	-	-	3,165	-	-	(165)	197	3,198
Total other comprehensive income	-	-	15	-	-	10	-	25
Total comprehensive income for the year	-	-	3,180	-	-	(155)	197	3,222
Transactions with holders								
Issuance of Additional Tier 1 capital	-	-	-	-	-	-	3,731	3,731
Net transaction costs	-	-	-	-	-	(39)	-	(39)
Interest paid on Additional Tier 1 capital	-	-	-	-	-	-	(154)	(154)
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	-	(0)	0	-
Tax	-	-	-	-	-	48	-	48
Dividend from associates	-	-	(4)	-	-	4	-	-
Dividend from Group enterprises	-	-	(35)	-	-	35	-	-
Realised from the sale of properties	-	(1)	-	-	-	1	-	-
Adjustment pursuant to capital adequacy rules	-	-	-	-	(4,188)	4,188	-	-
Transferred from provisions – pre-972 series	-	-	-	-	-	2	-	2
Other adjustments	-	-	(0)	-	-	0	-	-
Equity, 31 December	1,182	1	6,288	-	26,787	27,427	3,774	65,460

The statement of changes in equity has been restated to reflect goodwill impairment of DKK 852m relating to the acquisition of Forstædernes Bank A/S. For further information, reference is made to note 1, Accounting policies, under General.

¹ 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.

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

Statement of changes in equity for 1 January – 31 December

DKK million

Nykredit Realkredit Group

	Share capital ¹	Revaluation reserves	Statutory reserves ²	Series reserves	Retained earnings	Total, shareholder of Nykredit Realkredit A/S	Additional Tier 1 capital ³	Total equity
2015								
Equity, 1 January, before goodwill impairment	1,182	151	-	641	30,975	26,553	-	59,502
Impairment of goodwill relating to the acquisition of Forstædernes Bank A/S	-	-	-	-	-	(852)	-	(852)
Equity, 1 January, as restated	1,182	151	-	641	30,975	25,701	-	58,650
Profit for the year before goodwill impairment	-	-	-	-	-	2,994	197	3,191
Total other comprehensive income	-	15	-	7	-	10	-	32
Total comprehensive income for the year	-	15	-	7	-	3,003	197	3,222
Transactions with holders								
Issuance of Additional Tier 1 capital	-	-	-	-	-	-	3,731	3,731
Net transaction costs	-	-	-	-	-	(39)	-	(39)
Interest paid on Additional Tier 1 capital	-	-	-	-	-	-	(154)	(154)
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	-	(0)	0	-
Tax	-	-	-	-	-	48	-	48
Realised from the sale of properties	-	(6)	-	-	-	6	-	-
Adjustment pursuant to capital adequacy rules	-	-	-	-	(4,188)	4,188	-	-
Transferred from provisions – pre-1972 series	-	-	-	-	(0)	3	-	2
Equity, 31 December	1,182	160	-	648	26,787	32,909	3,774	65,460

The statement of changes in equity has been restated to reflect goodwill impairment of DKK 852m relating to the acquisition of Forstædernes Bank A/S. For further information, reference is made to note 1, Accounting policies, under General.

¹ 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.

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

Cash flow statement for 1 January – 31 March

DKK million

	Nykredit Realkredit Group	
	Q1/2016	Q1/2015
Profit for the period	705	686
Non-cash operating items		
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	48	66
Profit from investments in associates	0	0
Impairment losses on loans, advances and receivables	(51)	329
Prepayments/deferred income, net	(53)	(116)
Tax calculated on profit for the period	191	197
Other adjustments	97	78
Total	231	553
Profit for the period adjusted for non-cash operating items	936	1,239
Change in working capital		
Loans, advances and other receivables	(831)	5,670
Deposits and payables to credit institutions	10,773	(3,502)
Bonds in issue	(4,181)	12,843
Other working capital	5,700	(17,925)
Total	11,461	(2,915)
Corporation tax paid, net	(176)	(65)
Cash flows from operating activities	12,221	(1,741)
Cash flows from investing activities		
Dividend received from associates	-	1
Purchase and sale of bonds and equities, net	(6,598)	26,588
Purchase of intangible assets	(5)	(6)
Purchase of property, plant and equipment	(10)	(13)
Sale of property, plant and equipment	-	3
Total	(6,613)	26,573
Cash flows from financing activities		
Issuance of Additional Tier 1 capital recognised in equity	-	3,731
Purchase and sale of self-issued subordinated debt instruments	(21)	4
Total	(21)	3,735
Total cash flows for the period	5,587	28,567
Cash and cash equivalents, beginning of period	23,253	42,288
Foreign currency translation adjustment of cash	(42)	77
Cash and cash equivalents, end of period	28,798	70,932
Cash and cash equivalents, end of period:		
Cash balances and demand deposits with central banks	6,641	25,161
Receivables from credit institutions and central banks	22,157	45,771
Total	28,798	70,932

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Notes

1. ACCOUNTING POLICIES

GENERAL

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

The Interim Financial Statements for Q1/2016 of the Parent Company have been prepared in accordance with the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc. (the Danish Executive Order on the Presentation of Financial Statements) issued by the Danish Financial Supervisory Authority (FSA).

Goodwill impairment – correction to the Q1 Interim Financial Statements 2015

In 2015 the Danish Financial Supervisory Authority (FSA) performed a partial review of Nykredit Realkredit's Financial Statements 2014, with special focus on the carrying amount of goodwill. According to the FSA, their review showed that goodwill was overvalued by DKK 852m in Nykredit Realkredit's Financial Statements 2014. As a result, a few items were adjusted retrospectively by DKK 852m for the financial year 2014 and for already presented interim reports for 2015. A summary of the corrections to the Q1 Interim Report 2015 is shown in the table below. The corrections have been included in the comparative figures for Q1/2015 in this Q1 Interim Report 2016. It should be noted that the corrections for 2015 only affect the balance sheet and not the income statement or the capital ratios.

New and amended standards, interpretations and reporting provisions

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

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

Change in the presentation of business areas

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

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

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

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

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

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

Restatement of goodwill impairment in the Financial Statements 2014 Effect on the Q1 Interim Report 2015

DKK million	Nykredit Realkredit A/S		Nykredit Realkredit Group	
	Initial 31.03.2015	Restated 31.03.2015	Initial 31.03.2015	Restated 31.03.2015
Balance sheets				
Intangible assets	3,000	2,148	3,073	2,221
Balance sheet total	1,380,366	1,379,513	1,461,500	1,460,647
Equity	64,055	63,203	64,055	63,203

Notes

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group	
31.12.2015	31.03.2016		31.03.2016	31.12.2015
2. CAPITAL AND CAPITAL ADEQUACY				
65,460	66,137	Equity for accounting purposes	66,137	65,460
(3,774)	(3,826)	Carrying amount of Additional Tier 1 capital recognised in equity	(3,826)	(3,774)
61,686	62,311	Equity excluding Additional Tier 1 capital	62,311	61,686
(54)	(57)	Prudent valuation adjustment	(448)	(359)
(169)	(161)	Intangible assets excluding deferred tax liabilities	(240)	(275)
(1,767)	(1,647)	Provisions for expected losses in accordance with IRB approach	(1,378)	(1,116)
(244)	(247)	Other additions/deductions	(214)	(217)
1,197	749	Transitional adjustment of deductions	642	806
(1,038)	(1,362)	Common Equity Tier 1 capital deductions	(1,638)	(1,161)
60,648	60,949	Common Equity Tier 1 capital	60,672	60,525
3,731	3,726	Hybrid capital/Additional Tier 1 capital	3,724	3,831
(27)	(24)	Hybrid capital/Additional Tier 1 capital deductions	(17)	(22)
(514)	(320)	Transitional adjustment of deductions	(269)	(322)
3,190	3,382	Total hybrid capital/Additional Tier 1 capital after deductions	3,438	3,488
63,838	64,331	Tier 1 capital	64,111	64,013
10,821	10,804	Tier 2 capital	10,804	10,821
(530)	(329)	Transitional adjustment of deductions	(276)	(335)
74,129	74,806	Own funds	74,639	74,498
338,823	333,318	Credit risk	261,279	264,865
17,396	18,879	Market risk	29,158	27,958
11,266	10,806	Operational risk	19,636	18,397
367,484	363,003	Total risk exposure amount	310,073	311,220
Financial ratios				
16.5	16.7	Common Equity Tier 1 capital ratio, %	19.5	19.4
17.3	17.7	Tier 1 capital ratio, %	20.6	20.5
20.1	20.6	Total capital ratio, %	24.0	23.9

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

Nycredit Realkredit Group

3. RESULTS FROM CORE BUSINESS AND OTHER ACTIVITIES

	Q1/2016			Q1/2015		
	Core business	Other Activities ¹	Total	Core business	Other Activities ¹	Total
Net interest income	2,585	242	2,827	2,610	444	3,054
Dividend on equities	0	23	23	0	14	14
Fee and commission income, net	(64)	(9)	(72)	53	(10)	43
Net interest and fee income	2,521	256	2,777	2,663	448	3,111
Value adjustments	224	(998)	(774)	340	(1,065)	(724)
Other operating income	40	-	40	47	-	47
Staff and administrative expenses	1,112	-	1,112	1,139	-	1,139
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	48	-	48	66	-	66
Other operating expenses	40	-	40	18	-	18
Impairment losses on loans and advances	(51)	-	(51)	329	-	329
Profit from investments in associates	-	-	-	-	-	-
Profit (loss) before tax	1,637	(742)	895	1,499	(616)	883

¹ Results from Other Activities comprise negative value adjustment of interest rate swaps of DKK 802m (2015: negative DKK 1,061m) and investment portfolio income of DKK 60m (2015: DKK 445m).

Notes

DKK million

Nykredit Realkredit Group

4. BUSINESS AREAS

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

RESULTS

Q1/2016

	Retail			Total-kredit Partners	Wholesale Clients			Wealth Management	Group Items	Total
	Personal Banking	Business Banking	Total Retail		CIB	Markets	Total Wholesale Clients			
Core income from										
- customer activities, gross	612	795	1,407	672	390	160	550	233	30	2,892
- payment for distribution	76	50	126	-	20	(68)	(48)	(78)	-	-
Total business operations	688	845	1,533	672	410	92	502	155	30	2,892
- senior and subordinated debt	(10)	(15)	(25)	(34)	(2)	-	(2)	-	(57)	(118)
- core income from securities	-	-	-	-	-	-	-	-	11	11
Income from core business	678	830	1,508	638	408	92	500	155	(16)	2,785
Operating costs and depreciation of equipment ¹			766	136	88	74	162	98	3	1,165
Mortgage business contribution to the Danish Resolution Fund ¹			24	0	10	-	10	0	-	34
Profit (loss) from core business before impairment losses			718	502	310	18	328	57	(19)	1,586
Impairment losses on loans and advances	56	(83)	(27)	24	(73)	-	(73)	25	-	(51)
Profit (loss) from core business			745	478	383	18	401	32	(19)	1,637
Value adjustment of interest rate swaps	(2)	(395)	(397)	-	(403)	(2)	(405)	-	-	(802)
Investment portfolio income ²	-	-	-	-	-	-	-	-	60	60
Profit (loss) before tax			348	478	(20)	16	(4)	32	41	895

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

² Investment portfolio income includes a profit from investments in associates of DKK 0m.

The presentation is based on the segments used for the internal management reporting.

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

As a result of the above changes, profit before tax for Q1/2016 was reduced by DKK 41m in Retail, remained unchanged in Totalkredit Partners, was increased by DKK 9m in Wholesale Clients and by DKK 32m in Wealth Management and remained unchanged in Group Items.

Notes

DKK million

Nykredit Realkredit Group

4. BUSINESS AREAS (continued)

RESULTS

Q1/2015

	Retail			Total- kredit Partners	Wholesale Clients			Wealth Manage- ment	Group Items	Total
	Personal Banking	Business Banking	Total Retail		CIB	Markets	Total Wholesale Clients			
Core income from										
- customer activities, gross	712	827	1,539	722	467	325	792	226	11	3,290
- payment for distribution	87	67	154	-	26	(100)	(74)	(80)	-	-
Total business operations	799	894	1,693	722	493	225	718	146	11	3,290
- senior and subordinated debt	(13)	(18)	(31)	(45)	(3)	-	(3)	-	(174)	(253)
- core income from securities	-	-	-	-	-	-	-	-	14	14
Income from core business	786	876	1,662	677	490	225	715	146	(149)	3,051
Operating costs and depreciation of equipment ¹			841	117	92	81	173	83	9	1,223
Mortgage business contribution to the Danish Resolution Fund ¹			-	-	-	-	-	-	-	-
Profit (loss) from core business before impairment losses			821	560	398	144	542	61	(158)	1,828
Impairment losses on loans and advances	30	167	197	146	(14)	-	(14)	-	-	329
Profit (loss) from core business			642	414	412	144	556	61	(158)	1,499
Value adjustment of interest rate swaps	(2)	(566)	(568)	-	(491)	-	(491)	(2)	-	(1,061)
Investment portfolio income ²	-	-	-	-	-	-	-	-	445	445
Profit (loss) before tax			56	414	(79)	144	65	61	287	883

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

² Investment portfolio income includes a profit from investments in associates of DKK 0m.

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

As a result of these changes and the changes introduced as from Q1/2016, profit before tax for Q1/2015 was reduced by a total of DKK 112m in Retail, remained unchanged in Totalkredit Partners, was reduced by DKK 118m in Wholesale Clients, was increased by DKK 61m in Wealth Management and was increased by DKK 169m in Group Items.

Notes

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group	
Q1/2015	Q1/2016		Q1/2016	Q1/2015
5. INTEREST INCOME				
3,083	2,633	Receivables from credit institutions and central banks	1	(16)
2,532	1,845	Loans, advances and other receivables	4,919	6,191
1,053	1,042	Administration margin (income)	2,200	2,192
Bonds				
103	73	- Self-issued covered bonds (SDOs, ROs)	138	265
131	186	- Other covered bonds	253	301
59	61	- Government bonds	65	83
25	31	- Other bonds	50	61
Derivative financial instruments				
4	(5)	- Foreign exchange contracts	78	50
228	(29)	- Interest rate contracts	(168)	85
-	-	- Equity contracts	(7)	(11)
-	-	- Other contracts	3	(1)
22	22	Other interest income	23	25
7,241	5,858	Total	7,556	9,226
(103)	(73)	Set-off of interest from self-issued covered bonds – note 6	(138)	(265)
(0)	(0)	Set-off of interest from self-issued other bonds – note 6	(6)	(19)
7,137	5,785	Total	7,412	8,938
Of which interest income from reverse repurchase lending entered as:				
(1)	(0)	Receivables from credit institutions and central banks	(2)	(4)
-	-	Loans, advances and other receivables	(24)	(10)
6. INTEREST EXPENSES				
4	(8)	Credit institutions and central banks	(2)	7
-	(0)	Deposits and other payables	1	60
5,665	4,523	Bonds in issue	4,630	5,893
201	90	Subordinated debt	90	201
35	30	Other interest expenses	9	6
5,904	4,635	Total	4,729	6,163
(103)	(73)	Set-off of interest from self-issued covered bonds – note 5	(138)	(265)
(0)	(0)	Set-off of interest from self-issued other bonds – note 5	(6)	(19)
5,801	4,562	Total	4,585	5,884
Of which interest expenses from repo transactions entered as:				
1	(11)	Credit institutions and central banks	(12)	(4)
-	-	Deposits and other payables	(12)	(0)

Notes

DKK million

Nykredit Realkredit A/S				Nykredit Realkredit Group	
Q1/2015	Q1/2016			Q1/2016	Q1/2015
7. VALUE ADJUSTMENTS					
Assets measured at fair value through profit or loss					
2,368	1,914	Mortgage loans, a)		7,750	3,107
985	5,844	Totalkredit mortgage loan funding, a)		(0)	0
26	(12)	Other loans, advances and receivables at fair value, b)		2	(3)
352	574	Bonds, b)		708	618
213	(45)	Equities, b)		(16)	111
9	(5)	Foreign exchange		(18)	80
(458)	(704)	Foreign exchange, interest rate and other contracts as well as derivative financial instruments, b)		(1,457)	(1,495)
Liabilities measured at fair value through profit or loss					
(2,402)	(1,907)	Bonds in issue, a)		(7,743)	(3,142)
(985)	(5,844)	Totalkredit mortgage loan funding, a)		-	-
107	(185)	Total		(774)	(724)
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					
11	12	Remuneration of Board of Directors and Executive Board		12	11
485	486	Staff expenses		699	694
38	16	Other administrative expenses		401	433
534	513	Total		1,112	1,139
Remuneration of Board of Directors and Executive Board					
Board of Directors					
1	1	Fees		1	1
Executive Board					
9	10	Base salaries		10	9
1	1	Pensions		1	1
11	12	Total		12	11
Staff expenses					
377	377	Salaries		547	547
50	44	Pensions		62	67
54	60	Payroll tax		85	74
4	5	Other social security expenses		6	5
485	486	Total		699	694
Number of staff					
2,895	2,692	Average number of staff for the financial period, full-time equivalents		3,660	3,827

Notes

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group		
Q1/2015	Q1/2016	Q1/2016	Q1/2015	
9. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES FOR PROPERTY, PLANT AND EQUIPMENT AS WELL AS INTANGIBLE ASSETS				
Intangible assets				
17	16	- Amortisation	19	21
16	-	- Impairment losses	-	16
Property, plant and equipment				
22	22	- Depreciation	29	29
56	38	Total	48	66
10. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES				
10 a. Earnings impact				
174	(2)	Change in individual impairment provisions for loans and advances	90	545
33	(68)	Change in collective impairment provisions for loans and advances	(62)	(153)
8	0	Write-offs for the period, not previously written down for impairment	35	24
(34)	(26)	Recoveries on claims previously written off	(43)	(48)
-	-	Provisions for guarantees, net	(2)	(0)
180	(96)	Total impairment losses on loans, advances and receivables, and provisions for guarantees	18	368
17	20	Value adjustment of assets in temporary possession	(7)	18
(6)	(2)	Value adjustment of claims previously written off	(5)	(6)
-	-	Write-offs offset against commission payments to partner banks	(56)	(51)
190	(78)	Total	(51)	329
10 b. Specification of impairment provisions for loans, advances and receivables				
2,963	2,854	Individual impairment provisions	6,006	6,764
1,434	1,325	Collective impairment provisions	2,262	2,448
4,397	4,179	Total impairment provisions	8,268	9,212
Impairment provisions have been offset against the following items:				
4,262	4,018	Mortgage loans – note 14	5,214	5,393
114	140	Arrears and outlays – note 14	257	292
-	-	Bank loans and advances – note 15	2,753	3,483
21	21	Receivables from credit institutions	44	44
4,397	4,179	Total impairment provisions	8,268	9,212
10 c. Individual impairment provisions for loans and advances				
2,869	2,958	Impairment provisions, beginning of period	6,223	6,465
338	219	Impairment provisions for the period	627	930
(165)	(221)	Impairment provisions reversed	(537)	(385)
(31)	(15)	Transferred to acquired properties – note 10 g	(48)	(47)
(70)	(109)	Impairment provisions written off	(302)	(243)
2,942	2,832	Impairment provisions, end of period	5,962	6,720

Notes

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group		
Q1/2015	Q1/2016		Q1/2016	Q1/2015
10. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES (continued)				
10 d. Collective impairment provisions for loans and advances				
1,401	1,393	Impairment provisions, beginning of period	2,324	2,602
33	(68)	Impairment provisions for the period, net	(62)	(153)
1,434	1,325	Impairment provisions, end of period	2,262	2,448
10 e. Individual impairment provisions for receivables from credit institutions				
21	21	Impairment provisions, beginning of period	44	44
21	21	Impairment provisions, end of period	44	44
10 f. Specification of loans, advances and receivables from credit institutions with objective evidence of impairment				
13,881	14,009	Loans and advances subject to individual provisioning before impairment	20,673	21,178
2,942	2,832	Impairment provisions	5,962	6,720
10,939	11,177	Loans and advances after impairment	14,711	14,458
37,472	30,060	Loans and advances subject to collective provisioning before impairment	117,742	118,851
1,434	1,325	Impairment provisions	2,262	2,448
36,039	28,735	Loans and advances after impairment	115,480	116,403
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				
315	217	Impairment provisions, beginning of period	287	414
31	15	Transfer from impairment provisions for loans and advances – note 10 c	48	47
21	25	Impairment provisions for the period	13	26
(5)	(5)	Impairment provisions reversed	(20)	(7)
(54)	(49)	Impairment provisions written off	(49)	(77)
308	202	Impairment provisions, end of period	278	403
Impairment provisions for acquired properties have been offset against "Assets in temporary possession".				
11. PROFIT (LOSS) FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES				
-	-	Profit (loss) from investments in associates	(0)	(0)
94	83	Profit from investments in Group enterprises	-	-
94	83	Total	(0)	(0)
12. TAX				
23.5	22.0	Current tax rate, %	22.0	23.5
5.9	3.6	Permanent deviations	0.7	1.2
17.6	18.5	Effective tax rate, %	21.3	22.3
Permanent deviations are attributable to Group enterprises and associates as well as equities available for sale.				

Notes

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group	
31.12.2015	31.03.2016		31.03.2016	31.12.2015
13. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS				
6,772	3,100	Receivables from central banks	4,600	6,772
11,004	9,384	Receivables from credit institutions	16,011	12,284
433	365	Reverse repurchase lending to credit institutions	1,546	1,102
18,210	12,849	Total	22,157	20,158
14. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE				
549,618	543,181	Mortgage loans	1,122,218	1,119,101
235	177	Arrears and outlays	394	358
-	-	Reverse repurchase lending to undertakings other than credit institutions and central banks	34,963	39,467
12,891	11,231	Loans to Totalkredit serving as collateral in capital centres	-	-
593,377	612,189	Totalkredit mortgage loan funding	-	-
1,156,122	1,166,778	Total	1,157,575	1,158,926
14 a. Mortgage loans				
570,913	544,356	Balance, beginning of period, nominal value	1,114,324	1,111,744
86,795	13,410	New loans	34,611	257,128
152	101	Indexation	101	152
926	(250)	Foreign currency translation adjustment	(250)	926
(11,815)	(2,522)	Ordinary principal payments	(4,414)	(18,974)
(102,615)	(19,146)	Prepayments and extraordinary principal payments	(34,660)	(236,652)
544,356	535,950	Balance, end of period, nominal value	1,109,712	1,114,324
(207)	(155)	Loans transferred relating to properties in temporary possession	(214)	(255)
231	233	Loans assumed by the Danish Agency for Governmental Management	233	231
544,380	536,028	Total	1,109,731	1,114,300
9,452	11,171	Adjustment for interest rate risk	17,701	10,198
Adjustment for credit risk				
(2,820)	(2,692)	Individual impairment provisions	(3,103)	(3,215)
(1,393)	(1,325)	Collective impairment provisions	(2,111)	(2,182)
549,618	543,181	Balance, end of period, fair value	1,122,218	1,119,101
As collateral for loans and advances, Nykredit has received mortgages over real estate and:				
28,894	29,507	Supplementary guarantees totalling	46,509	44,772
674	749	Interim loan guarantees totalling	12,330	12,913
2,749	2,849	Registration guarantees totalling	9,305	13,302
14 b. Arrears and outlays				
280	259	Arrears before impairment provisions	363	385
93	58	Outlays before impairment provisions	288	269
(138)	(140)	Individual impairment provisions for arrears and outlays	(257)	(297)
235	177	Total	394	358

Notes

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
31.12.2015	31.03.2016	31.03.2016	31.12.2015
14. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE (continued)			
14 c. Totalkredit mortgage loan funding			
576,910	593,432		
		Balance, beginning of period, nominal value	-
290,238	49,696	New loans	-
(5,873)	(1,642)	Ordinary principal payments	-
(267,843)	(35,037)	Prepayments and extraordinary principal payments	-
593,432	606,448	Balance, end of period, nominal value	-
(54)	5,741	Adjustment for interest rate risk	-
593,377	612,189	Balance, end of period, fair value	-
15. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST			
-	-	Bank loans and advances	51,725
19	18	Totalkredit mortgage loan funding	-
-	-	Mortgage loans	19
269	275	Other loans and advances	304
288	293	Balance, end of period	52,048
Adjustment for credit risk			
-	-	Individual impairment provisions	(2,602)
-	-	Collective impairment provisions	(151)
288	293	Balance after impairment, end of period	49,295
(25)	(25)	Set-off of self-issued "Other loans and advances" against "Bonds in issue at amortised cost" – note 22	(25)
263	268	Total	49,270
16. BONDS AT FAIR VALUE			
39,046	43,996	Self-issued covered bonds (særligt dækkede obligationer, SDOs)	88,425
15,876	18,326	Self-issued covered bonds (realkreditobligationer, ROs)	24,933
-	-	Self-issued corporate bonds	1,974
-	-	Self-issued senior debt	93
39,224	37,803	Other ROs	89,914
12,815	14,072	Government bonds	15,446
4,013	4,053	Other bonds	7,516
110,974	118,251	Total	228,302
(39,020)	(43,978)	Set-off of self-issued SDOs against "Bonds in issue at fair value" – note 21	(88,407)
(26)	(18)	Set-off of self-issued SDOs against "Bonds in issue at amortised cost" – note 22	(18)
(15,876)	(18,326)	Set-off of self-issued ROs against "Bonds in issue at fair value" – note 21	(24,933)
-	-	Set-off of self-issued corporate bonds against "Bonds in issue at amortised cost" – note 22	(1,974)
-	-	Set-off of self-issued senior debt against "Bonds in issue at fair value" – note 21	(93)
56,053	55,929	Total	112,876
8,221	4,326	As collateral security for the Danish central bank and foreign clearing centres, bonds have been deposited of a total market value of	8,547
Collateral security was provided on an arm's length basis.			

Notes

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
31.12.2015	31.03.2016	31.03.2016	31.12.2015
17. INTANGIBLE ASSETS			
-	-	14	14
-	-	19	20
117	101	101	117
100	105	105	100
-	-	18	20
217	206	257	271
17 a. Goodwill			
2,759	2,759	2,782	2,782
2,759	2,759	2,782	2,782
-	2,759	2,768	-
852	-	-	852
852	2,759	2,768	852
1,907	-	-	1,916
2,759	2,759	2,768	2,768
-	-	14	14
<p>The FSA has performed a partial review of Nykredit Realkredit's Financial Statements 2014, with special focus on the carrying amount of goodwill. According to the FSA, their review showed that goodwill was overvalued by DKK 852m in Nykredit Realkredit's Financial Statements 2014. As a result, goodwill has been adjusted by DKK 852m at end-2014.</p> <p>The budget period related to the impairment test for 2014 of Nykredit Bank A/S has been changed from 10 years to 5 years, as talks with the Danish FSA have established that the 10-year period was not adequately motivated, including that it is not documented by experience that the longer period provides a better basis of calculation. Furthermore, the FSA does not find that the applied business growth has been adequately documented. As a result of this correction, goodwill of DKK 852m has been written down for impairment in full. Goodwill has been attributed to the business area Group Items, and the impairment test is based on the expected cash flows of Nykredit Bank A/S. For further information, reference is made to note 1, Accounting policies, under General.</p>			
17 b. Fixed-term rights			
4,506	4,506	4,575	4,575
-	-	1	1
-	-	-	(1)
4,506	4,506	4,576	4,575
4,506	4,506	4,555	4,553
-	-	1	2
-	-	-	(0)
4,506	4,506	4,556	4,555
-	-	19	20

Notes

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group		
31.12.2015	31.03.2016		31.03.2016	31.12.2015
17. INTANGIBLE ASSETS (continued)				
17 c. Software				
931	1,002	Cost, beginning of period	1,002	931
71	-	- Transferred from development projects in progress	-	71
1,002	1,002	Cost, end of period	1,002	1,002
807	884	Amortisation and impairment losses, beginning of period	884	807
3	-	- Transferred from development projects in progress	-	3
63	16	Amortisation for the period	16	63
11	-	- Impairment provisions for the period	-	11
884	900	Amortisation and impairment losses, end of period	900	884
117	101	Balance, end of period	101	117
17 d. Development projects in progress				
87	100	Cost, beginning of period	100	87
86	7	Additions	7	86
(71)	-	- Transferred to software	-	(71)
(2)	(2)	Disposals	(2)	(2)
100	105	Cost, end of period	105	100
-	-	Amortisation and impairment losses, beginning of period	-	-
5	-	- Impairment provisions for the period	-	5
(3)	-	- Transferred to software	-	(3)
(2)	-	- Disposals	-	(2)
-	-	Amortisation and impairment losses, end of period	-	-
100	105	Balance, end of period	105	100
17 e. Customer relationships				
110	110	Cost, beginning of period	145	145
110	110	Cost, end of period	145	145
53	110	Amortisation and impairment losses, beginning of period	125	55
8	-	- Amortisation for the period	2	20
49	-	- Impairment losses for the period	-	49
110	110	Amortisation and impairment losses, end of period	127	125
-	-	Balance, end of period	18	20
18. OTHER ASSETS				
7,213	6,881	Interest and commission receivable	5,343	6,388
177	230	Receivables from Group enterprises	-	-
2,962	3,119	Positive market value of derivative financial instruments	35,414	31,579
227	227	Defined benefit plans	227	227
304	494	Other	3,384	2,977
10,884	10,951	Total	44,367	41,171

Notes

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group	
31.12.2015	31.03.2016		31.03.2016	31.12.2015
19. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS				
1,336	1,245	Payables to credit institutions	14,967	8,543
-	-	Payables to central banks	2	-
16,388	21,624	Repo transactions with credit institutions	29,046	21,683
17,724	22,870	Total	44,015	30,226
20. DEPOSITS AND OTHER PAYABLES				
-	-	On demand	48,792	49,962
-	-	At notice	3,737	2,334
-	-	Time deposits	4,385	7,536
-	-	Special deposits	2,670	2,767
-	-	Total	59,583	62,599
21. BONDS IN ISSUE AT FAIR VALUE				
230,588	221,428	ROs	235,356	251,040
971,449	991,359	SDOs	991,359	971,449
18,155	17,659	Senior secured debt	17,659	18,155
4,320	4,311	Senior unsecured debt	4,311	4,320
1,224,512	1,234,756	Total	1,248,685	1,244,964
(54,896)	(62,304)	Self-issued bonds transferred from "Bonds at fair value" – note 16	(113,434)	(107,650)
1,169,616	1,172,452	Total	1,135,251	1,137,314
21 a. ROs				
222,555	213,599	ROs at nominal value	226,738	242,206
8,033	7,829	Fair value adjustment	8,618	8,834
230,588	221,428	ROs at fair value	235,356	251,040
(15,876)	(18,326)	Self-issued ROs transferred from "Bonds at fair value" – note 16	(24,933)	(34,506)
214,712	203,102	Total	210,423	216,534
24	37	Of which pre-issuance	37	24
15,331	11,672	ROs redeemed and maturing at next creditor payment date	12,318	16,191
21 b. SDOs				
970,081	982,272	SDOs at nominal value	982,272	970,081
1,368	9,086	Fair value adjustment	9,086	1,368
971,449	991,359	SDOs at fair value	991,359	971,449
(39,020)	(43,978)	Self-issued SDOs transferred from "Bonds at fair value" – note 16	(88,407)	(72,774)
932,429	947,381	Total	902,952	898,675
2,408	4,393	Of which pre-issuance	4,393	2,408
57,889	63,044	SDOs redeemed and maturing at next creditor payment date	63,044	57,889

Notes

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group	
31.12.2015	31.03.2016		31.03.2016	31.12.2015
21. BONDS IN ISSUE AT FAIR VALUE (continued)				
21 c. Senior secured debt				
17,503	17,014	Senior secured debt at nominal value	17,014	17,503
652	645	Fair value adjustment	645	652
18,155	17,659	Senior secured debt at fair value	17,659	18,155
-	-	Self-issued senior secured debt transferred from "Bonds at fair value" – note 16	(93)	(370)
18,155	17,659	Total	17,566	17,784
118	4,445	Senior secured debt maturing at next creditor payment date	4,445	118
21 d. Senior unsecured debt				
4,320	4,311	Senior unsecured debt at nominal value	4,311	4,320
(0)	(0)	Fair value adjustment	(0)	(0)
4,320	4,311	Total	4,311	4,320
22. BONDS IN ISSUE AT AMORTISED COST				
-	-	Corporate bonds	20,006	22,179
26	18	SDOs	18	26
3,789	3,789	Senior secured debt	3,789	3,789
30	30	Other securities	30	30
3,846	3,838	Total	23,843	26,024
-	-	Self-issued corporate bonds transferred from "Bonds at fair value" – note 16	(1,974)	(2,028)
(26)	(18)	Self-issued SDOs transferred from "Bonds at fair value" – note 16	(18)	(26)
(25)	(25)	Other self-issued securities transferred from "Loans, advances and other receivables at amortised cost" – note 15	(25)	(25)
3,795	3,795	Total	21,826	23,945
23. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE				
-	-	Repo transactions with undertakings other than credit institutions and central banks	11,923	7,438
427	363	Negative securities portfolios	3,891	2,689
427	363	Total	15,815	10,126
24. OTHER LIABILITIES				
9,551	8,573	Interest and commission payable	10,832	11,776
3,154	3,564	Negative market value of derivative financial instruments	30,898	27,287
1,419	1,282	Other	3,620	3,241
14,124	13,419	Total	45,350	42,305

Notes

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group	
31.12.2015	31.03.2016		31.03.2016	31.12.2015
25. SUBORDINATED DEBT				
Subordinated debt consists of financial liabilities in the form of subordinate loan capital, hybrid 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 matures on 3 June 2036, but may be redeemed at par (100) from 3 June 2021. The loan carries a fixed interest rate of 4.0% pa up to 3 June 2021, after which date the interest rate will be fixed every 5 years. If the Common Equity Tier 1 capital ratio of Nykredit Realkredit, the Nykredit Realkredit Group or the Nykredit Holding Group falls below 7%, the loan will be written down.				
4,602	4,687		4,687	4,602
Nom EUR 800m. The loan matures on 17 November 2027, but may be redeemed at par (100) from 17 November 2022. The loan carries a fixed interest rate of 2.75% pa up to 17 November 2022, after which date the interest rate will be fixed for the next 5 years.				
5,932	6,102		6,102	5,932
Nom EUR 50m. The loan matures on 28 October 2030. The loan carries a fixed interest rate of 4% pa for the first 2 years after issuance. In the remaining loan term, the interest rate will be fixed every 6 months.				
373	374		374	373
10,907	11,162	Total subordinate loan capital	11,162	10,907
Hybrid capital/Additional Tier 1 capital				
- Nom DKK 100m. The loan is perpetual and carries an interest rate of 1.7% pa above 3M Cibur ¹				
-	-		100	100
-	-	Total hybrid capital/Additional Tier 1 capital	100	100
- Portfolio of self-issued bonds				
-	-		(22)	(1)
10,907	11,162	Total subordinated debt	11,240	11,006
10,821	10,804	Subordinated debt that may be included in own funds	10,904	10,921
29	-	Costs related to raising and redeeming subordinated debt	-	29
6,699	-	Extraordinary principal payments and redemption of subordinated debt in the financial period	-	6,699
¹ Following approval by the Danish FSA, Nykredit Bank's hybrid loan of DKK 100m will be redeemed in May 2016.				

Notes

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
31.12.2015	31.03.2016	31.03.2016	31.12.2015
26. OFF-BALANCE SHEET ITEMS			
Guarantees and warranties provided, irrevocable credit commitments and similar obligations not recognised in the balance sheets are presented below.			
-	-	6,391	6,942
1,197	1,257	6,969	6,637
1,197	1,257	13,360	13,579
26 a. Contingent liabilities			
-	-	1,740	1,706
-	-	268	284
-	-	4,383	4,952
-	-	6,391	6,942
"Other contingent liabilities" chiefly comprises purchase price and payment guarantees.			
26 b. Other commitments			
-	-	5,438	5,299
1,197	1,257	1,530	1,338
1,197	1,257	6,969	6,637
"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 participates in the mandatory Danish deposit guarantee scheme. A new scheme was introduced in 2015, as the Danish Guarantee Fund took over the activities and assets of the Danish Guarantee Fund for Depositors and Investors on 1 June 2015. The purpose of the Danish Guarantee Fund is to provide cover for depositors and investors of failing institutions included in the Fund's scheme. The scheme includes both natural and legal persons, and deposits are covered by an amount equivalent to EUR 100,000 per depositor and EUR 20,000 per investor.

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

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

Nykredit 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.

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

Notes

27. 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 Q1/2016.

The companies have entered into various agreements as a natural part of the Group's day-to-day operations. The agreements typically involve financing, provision of guarantees, sales commission, tasks relating to IT support and IT development projects, payroll and staff administration as well as other administrative tasks. Inter-company trading in goods and services took place on an arm's length, cost reimbursement or profit split basis.

Significant related party transactions prevailing/entered into in Q1/2016 include:

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

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

Nykredit Realkredit A/S has granted loans, cf section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, to Totalkredit A/S serving as supplementary collateral in Totalkredit A/S's capital centres. The loans amounted to DKK 11.2bn at 31 March 2016. The loans constitute secondary preferential claims and rank after the master bond in respect of the assets in Totalkredit A/S's capital centres.

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

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

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

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

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

Notes

Nykredit Realkredit Group

28. FAIR VALUE DISCLOSURES

Listed prices

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

Observable inputs

When an instrument is not traded in an active market, measurement is based on observable inputs and generally accepted calculation methods 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 and market makers. If the fair value is based on transactions in similar instruments, measurement is exclusively based on transactions at arm's length. Reverse repurchase lending and repo transactions as well as unlisted derivatives generally belong in this category.

Valuation techniques are generally applied to measure derivatives, 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. The CVA of derivatives with positive market values is primarily based on external credit curves such as Itraxx Main, but also on own data as regards customers without OEI in the lowest rating categories, as there are no available external curves suitable for the calculation of credit risk on these customers. Finally, calculations are made to simulate potential future exposures to interest rate swaps. Calculations involving increased CVA are included in the value adjustment.

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

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

In some cases, markets, eg the bond market, 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.

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

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

Valuation, notably of instruments classified as unobservable inputs, is subject to some uncertainty. Of total assets and liabilities, DKK 5.5bn (2015: DKK 5.4bn) and DKK 0.0bn (2015: DKK 0.0bn), respectively, were attributable to this category. Assuming that an actual market price will deviate by +/- 10% from the calculated fair value, the earnings impact will be DKK 553m in 2016 (0.8% of equity at 31 March 2016). The earnings impact for 2015 was estimated at DKK 538m (0.8% of equity at 31 December 2015).

Transfers between categories

Transfers between the categories Listed prices, Observable inputs and Unobservable inputs are made when an instrument is classified differently on the balance sheet date than at the beginning of the financial year. The value transferred to another category corresponds to the fair value at the beginning of the year. With respect to interest rate swaps that have been fair value adjusted to DKK 0 due to credit risk adjustment, separate calculations are made each month. In 2016 and 2015, transfers between the categories Observable inputs and Unobservable inputs mainly resulted from changes to the ratings (credit risk) of counterparties and in all material respects concerned interest rate swaps, as regards financial instruments with positive market values.

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

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

Notes

DKK million

Nykkredit Realkredit Group

28. FAIR VALUE DISCLOSURES (continued)

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

31 March 2016

Assets:

	Listed prices	Observable inputs	Unobservable inputs	Total fair value
Recognised in the trading book:				
- reverse repurchase lending to credit institutions and central banks	-	1,546	-	1,546
- other reverse repurchase lending	-	34,963	-	34,963
- bonds at fair value	108,582	4,007	286	112,876
- equities measured at fair value through profit or loss	444	-	1,486	1,931
- positive fair value of derivative financial instruments	30	34,699	686	35,414
Recognised through the fair value option:				
- mortgage loans, arrears and outlays	-	1,122,612	-	1,122,612
Recognised as available for sale:				
- equities available for sale	1,193	-	893	2,086
Other assets recognised at fair value:				
- owner-occupied properties	-	-	1,456	1,456
- investment properties	-	-	244	244
- assets in temporary possession	-	-	448	448
Total	110,249	1,197,826	5,500	1,313,575
Percentage	8.4	91.2	0.4	100

Liabilities:

Recognised in the trading book:				
- repo transactions with credit institutions and central banks	-	29,046	-	29,046
- other non-derivative financial liabilities at fair value incl negative securities portfolios	3,891	11,923	-	15,815
- negative fair value of derivative financial instruments	65	30,833	-	30,898
Recognised through the fair value option:				
- bonds in issue at fair value	1,124,067	11,155	30	1,135,251
Total	1,128,024	82,956	30	1,211,010
Percentage	93.1	6.9	0.0	100

Assets and liabilities measured on the basis of unobservable inputs

	Properties	Bonds	Equities	Derivatives	Total
Fair value, beginning of period, assets	2,155	286	2,315	621	5,378
Value adjustment recognised in the income statement	(29)	0	28	183	182
Unrealised capital gains and losses recognised in "Other comprehensive income"	0	-	14	-	14
Purchases for the period	89	-	29	-	118
Sales for the period	(68)	(1)	(6)	-	(74)
Transferred from Listed prices and Observable inputs	-	-	-	18	18
Transferred to Listed prices and Observable inputs	-	-	-	(136)	(136)
Fair value, end of period, assets	2,148	286	2,380	686	5,500
Fair value, beginning of period, liabilities	-	-	-	31	31
Transferred from Listed prices and Observable inputs	-	-	-	(1)	(1)
Fair value, end of period, liabilities	-	-	-	30	30

Notes

DKK million

Nykredit Realkredit Group

28. FAIR VALUE DISCLOSURES (continued)

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

31 December 2015

Assets:

Recognised in the trading book:

	Listed prices	Observable inputs	Unobservable inputs	Total fair value
- reverse repurchase lending to credit institutions and central banks	-	1,102	-	1,102
- other reverse repurchase lending	-	39,467	-	39,467
- bonds at fair value	98,302	7,611	286	106,200
- equities measured at fair value through profit or loss	545	-	1,435	1,979
- positive fair value of derivative financial instruments	64	30,894	621	31,579

Recognised through the fair value option:

- mortgage loans, arrears and outlays	-	1,119,459	-	1,119,459
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Recognised as available for sale:

- equities available for sale	1,235	-	880	2,115
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Other assets recognised at fair value:

- owner-occupied properties	-	-	1,460	1,460
- investment properties	-	-	244	244
- assets in temporary possession	-	-	451	451

Total	100,146	1,198,533	5,378	1,304,057
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Percentage	7.7	91.9	0.4	100
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Liabilities:

Recognised in the trading book:

- repo transactions with credit institutions and central banks	-	21,683	-	21,683
- other non-derivative financial liabilities at fair value incl negative securities portfolios	2,689	7,438	-	10,126
- negative fair value of derivative financial instruments	84	27,203	-	27,287

Recognised through the fair value option:

- bonds in issue at fair value	1,134,547	2,736	31	1,137,314
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Total	1,137,319	59,060	31	1,196,410
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Percentage	95.1	4.9	0.0	100
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Assets and liabilities measured on the basis of unobservable inputs

	Properties	Bonds	Equities	Derivatives	Total
Fair value, beginning of period, assets	2,320	180	2,015	1,312	5,826
Value adjustment recognised in the income statement	(1)	2	229	(409)	(179)
Unrealised capital gains and losses recognised in "Other comprehensive income"	17	-	(72)	-	(55)
Purchases for the year	281	44	551	-	875
Sales for the year	(462)	(57)	(408)	-	(927)
Transferred from Listed prices and Observable inputs	-	118	-	183	302
Transferred to Listed prices and Observable inputs	-	-	-	(465)	(465)
Fair value, end of period, assets	2,155	286	2,315	621	5,378

Fair value, beginning of period, liabilities

	-	-	-	297	297
Unrealised capital gains and losses recognised in "Value adjustments" in the income statement	-	-	-	(297)	(297)
Purchases for the year	-	-	-	31	31
Fair value, end of period, liabilities	-	-	-	31	31

Notes

DKK million

Nykredit Realkredit Group	Q1/ 2016	Q4/ 2015	Q3/ 2015	Q2/ 2015 ²	Q1/ 2015 ²	Q4/ 2014 ²	Q3/ 2014
29. SEVEN-QUARTER FINANCIAL HIGHLIGHTS							
Core income from							
Business operations ¹	2,775	2,696	2,766	2,835	3,037	2,780	2,675
Securities	11	10	7	7	14	36	33
Income from core business	2,785	2,706	2,774	2,842	3,051	2,816	2,708
Operating costs, depreciation and amortisation	1,165	1,364	1,220	1,197	1,223	1,338	1,187
Mortgage business contribution to the Danish Resolution Fund ¹	34	61	-	-	-	-	-
Profit from core business before impairment losses	1,586	1,280	1,554	1,645	1,828	1,478	1,521
Impairment losses on loans and advances	(51)	227	244	120	329	893	409
Profit from core business	1,637	1,053	1,310	1,525	1,499	585	1,113
Value adjustment of interest rate swaps	(802)	198	(242)	1,515	(1,061)	(1,369)	(1,558)
Impairment of goodwill and customer relationships	-	49	1,916	-	-	852	-
Investment portfolio income	60	372	(10)	47	445	(99)	276
Profit (loss) before tax	895	1,574	(858)	3,087	883	(1,736)	(169)
Tax	191	374	233	690	197	(237)	(54)
Profit (loss) for the period	705	1,200	(1,091)	2,396	686	(1,498)	(115)
Other comprehensive income							
Actuarial gains/losses on defined benefit plans	(1)	0	(2)	4	8	4	13
Value adjustment of strategic equities	(16)	(247)	52	149	157	15	51
Other adjustment of strategic equities	-	-	(103)	-	-	-	-
Fair value adjustment incl tax of owner-occupied properties	-	15	-	-	-	(25)	(28)
Total other comprehensive income	(18)	(233)	(53)	153	164	(6)	35
Comprehensive income for the period	687	967	(1,144)	2,549	850	(1,505)	(80)

¹ Business operations include value adjustment of derivatives and senior debt.

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

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DKK million

Nykredit Realkredit Group	31.03.2016	31.12.2015	30.09.2015	30.06.2015 ²	31.03.2015 ²	31.12.2014 ²	30.09.2014
29. SEVEN-QUARTER FINANCIAL HIGHLIGHTS (continued)							
SUMMARY BALANCE SHEET, END OF PERIOD							
Assets							
Cash balances and receivables from credit institutions and central banks	28,798	23,253	36,732	47,414	70,932	42,288	37,335
Mortgage loans at fair value	1,122,218	1,119,101	1,118,029	1,119,080	1,137,833	1,137,099	1,144,160
Bank loans – excluding reverse repurchase lending	48,972	46,747	47,506	49,441	49,404	50,494	48,301
Bonds and equities	116,892	110,294	102,786	109,404	104,795	131,383	120,066
Remaining assets	83,277	84,394	83,371	81,773	97,683	96,037	98,029
Total assets	1,400,157	1,383,789	1,388,425	1,407,112	1,460,647	1,457,301	1,447,891
Liabilities and equity							
Payables to credit institutions and central banks	44,015	30,226	35,117	39,322	38,860	44,863	44,217
Deposits and other payables	59,583	62,599	61,581	65,939	67,733	65,232	60,373
Bonds in issue at fair value	1,135,251	1,137,314	1,134,618	1,146,975	1,181,483	1,167,163	1,150,270
Subordinated debt	11,240	11,006	4,684	4,646	11,417	11,394	11,387
Remaining liabilities	83,931	77,184	87,847	84,508	97,952	109,998	121,492
Equity	66,137	65,460	64,577	65,722	63,203	58,650	60,152
Total liabilities and equity	1,400,157	1,383,789	1,388,425	1,407,112	1,460,647	1,457,301	1,447,891
FINANCIAL RATIOS							
Profit (loss) for the period as % pa of average equity ¹	4.2	6.6	(8.0)	15.3	4.5	(10.1)	(0.8)
Profit from core business before impairment losses as % pa of average equity ¹	9.9	7.1	9.2	10.3	12.2	10.0	10.1
Profit from core business as % pa of average equity ¹	10.2	5.6	7.6	9.5	10.0	3.9	7.4
Total provisions for loan impairment and guarantees	8,322	8,646	8,911	9,032	9,274	9,173	8,769
Impairment losses for the period, %	(0.00)	0.02	0.02	0.01	0.03	0.07	0.03
Total capital ratio, %	24.0	23.9	21.7	20.3	18.9	18.2	19.0
Tier 1 capital ratio, %	20.6	20.5	20.4	19.0	17.6	17.2	17.5
Average number of full-time staff	3,660	3,757	3,763	3,785	3,827	3,971	3,988

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

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

Notes

DKK million

Nykredit Realkredit Group	Q1/ 2016	Q4/ 2015	Q3/ 2015	Q2/ 2015 ³	Q1/ 2015 ³	Q4/ 2014 ³	Q3/ 2014
29. SEVEN-QUARTER FINANCIAL HIGHLIGHTS (continued)							
SUMMARY INCOME STATEMENT							
Net interest income	2,827	2,886	3,032	2,904	3,054	2,926	2,916
Net fee income	(50)	(147)	(72)	68	57	126	29
Net interest and fee income	2,777	2,739	2,960	2,973	3,111	3,051	2,945
Value adjustments	(774)	477	(484)	1,382	(724)	(1,745)	(1,575)
Other operating income	40	58	44	45	47	41	54
Staff and administrative expenses	1,112	1,270	1,120	1,129	1,139	1,215	1,114
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	48	110	1,955	53	66	931	51
Other operating expenses	40	94	60	16	18	44	22
Impairment losses on loans, advances and receivables	(51)	227	244	120	329	893	409
Profit (loss) from investments in associates	(0)	2	2	4	(0)	0	2
Profit (loss) before tax	895	1,574	(858)	3,087	883	(1,736)	(169)
Tax	191	374	233	690	197	(237)	(54)
Profit (loss) for the period	705	1,200	(1,091)	2,396	686	(1,498)	(115)
Other comprehensive income							
Actuarial gains/losses on defined benefit plans	(1)	(0)	(2)	4	8	4	13
Value adjustment of strategic equities	(16)	(247)	52	149	157	15	51
Other adjustment of strategic equities	-	-	(103)	-	-	-	0
Fair value adjustment of owner-occupied properties	-	15	-	-	-	(25)	28
Total other comprehensive income	(18)	(233)	(53)	153	164	(6)	35
Comprehensive income for the period	687	967	(1,144)	2,549	850	(1,505)	(80)
FINANCIAL RATIOS¹							
Total capital ratio, %	24.0	23.9	21.7	20.3	18.9	18.2	19.0
Tier 1 capital ratio, %	20.6	20.5	20.4	19.0	17.6	17.2	17.5
Return on equity before tax, %	1.3	2.1	(1.4)	5.2	1.7	(2.9)	(0.2)
Return on equity after tax, %	1.0	1.5	(1.8)	4.1	1.4	(2.5)	(0.1)
Income:cost ratio	1.75	1.77	0.73	3.47	1.68	0.44	0.94
Foreign exchange position, %	0.0	0.4	0.2	0.4	0.1	0.4	1.2
Loans and advances:equity (loan gearing)	18.2	19.5	19.8	19.4	20.5	19.3	20.5
Growth in loans and advances for the period, %	(0.6)	0.5	0.2	0.2	(0.7)	(0.5)	(0.5)
Total impairment provisions, %	0.68	0.71	0.73	0.74	0.75	0.74	0.70
Impairment losses for the period, %	(0.00)	0.02	0.02	0.01	0.03	0.07	0.03

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/loss for the period including value and other adjustment of strategic equities. Definitions appear from note 50 in the Annual Report for 2015.

Notes

DKK million

Nykredit Realkredit A/S	Q1/ 2016	Q1/ 2015	Q1/ 2014	Q1/ 2013	Q1/ 2012
30. FIVE-YEAR FINANCIAL HIGHLIGHTS					
SUMMARY INCOME STATEMENT					
Net interest income	1,223	1,337	1,156	1,118	1,408
Net fee income	213	262	137	139	252
Net interest and fee income	1,437	1,599	1,294	1,257	1,660
Value adjustments	(185)	107	320	105	883
Other operating income	16	2	2	7	2
Staff and administrative expenses	513	534	587	660	506
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	38	56	44	184	176
Other operating expenses	34	(1)	11	2	0
Impairment losses on loans, advances and receivables	(78)	190	456	344	257
Profit from investments in associates and Group enterprises	83	94	382	248	277
Profit before tax	844	1,022	901	428	1,883
Tax	156	180	66	10	396
Profit for the period	688	842	834	418	1,487
SUMMARY BALANCE SHEET, END OF PERIOD					
	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Assets					
Cash balances and receivables from credit institutions and central banks	16,246	49,421	29,220	32,046	37,136
Mortgage loans at fair value	543,181	575,285	599,102	609,325	612,595
Totalkredit mortgage loan funding	612,189	635,740	558,042	539,876	485,375
Bonds and equities	59,610	50,074	33,903	22,826	59,455
Remaining assets	59,536	68,993	81,796	78,326	72,478
Total assets	1,290,763	1,379,513	1,302,063	1,282,399	1,267,039
Liabilities and equity					
Payables to credit institutions and central banks	22,870	23,383	25,097	28,101	79,427
Bonds in issue	1,172,452	1,256,513	1,182,411	1,158,738	1,091,295
Subordinated debt	11,162	11,369	10,670	10,934	11,000
Remaining liabilities	18,142	25,045	24,331	26,801	28,713
Equity	66,137	63,203	59,553	57,825	56,604
Total liabilities and equity	1,290,763	1,379,513	1,302,063	1,282,399	1,267,039
OFF-BALANCE SHEET ITEMS					
Contingent liabilities	-	-	-	-	-
Other commitments	1,257	1,060	1,285	1,519	2,009
FINANCIAL RATIOS¹					
Total capital ratio, %	20.6	16.9	16.6	16.6	15.7
Tier 1 capital ratio, %	17.7	15.9	16.6	16.6	15.7
Return on equity before tax, %	1.3	1.7	1.5	0.7	3.4
Return on equity after tax, %	1.0	1.4	1.4	0.7	2.7
Income:cost ratio	2.67	2.31	1.82	1.36	3.01
Foreign exchange position, %	0.6	0.7	1.1	0.7	0.8
Loans and advances:equity (loan gearing)	8.2	9.1	10.2	10.5	10.8
Growth in loans and advances for the period, %	(1.5)	(1.6)	0.8	(0.9)	1.3
Total impairment provisions, %	0.76	0.75	0.58	0.37	0.31
Impairment losses for the period, %	(0.01)	0.03	0.07	0.06	0.04
Return on capital employed, %	0.05	0.06	0.06	0.03	0.12

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/loss for the period including value and other adjustment of strategic equities. Definitions appear from note 50 in the Annual Report 2015.

Notes

DKK million

Nykredit Realkredit Group	Q1/ 2016	Q1/ 2015	Q1/ 2014	Q1/ 2013	Q1/ 2012
30. FIVE-YEAR FINANCIAL HIGHLIGHTS (continued)					
SUMMARY INCOME STATEMENT					
Net interest income	2,827	3,054	2,859	2,487	2,718
Net fee income	(50)	57	(81)	(41)	164
Net interest and fee income	2,777	3,111	2,778	2,446	2,882
Value adjustments	(774)	(724)	(153)	543	605
Other operating income	40	47	43	56	53
Staff and administrative expenses	1,112	1,139	1,195	1,233	1,078
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	48	66	53	193	184
Other operating expenses	40	18	27	27	10
Impairment losses on loans, advances and receivables	(51)	329	515	687	494
Profit (loss) from investments in associates	0	(0)	(0)	18	7
Profit before tax	895	883	878	923	1,781
Tax	191	197	200	32	442
Profit for the period	705	686	678	891	1,339
Value adjustment and reclassification of strategic equities against equity	(16)	157	157	(474)	148
SUMMARY BALANCE SHEET, END OF PERIOD					
	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Assets					
Cash balances and receivables from credit institutions and central banks	28,798	70,932	38,690	39,997	63,900
Mortgage loans at fair value	1,122,218	1,137,833	1,142,380	1,136,605	1,097,992
Bank loans – excluding reverse repurchase lending	48,972	49,404	48,078	50,192	55,935
Bonds and equities	116,892	104,795	110,300	73,391	94,919
Remaining assets	83,277	97,683	88,302	111,827	94,790
Total assets	1,400,157	1,460,647	1,427,750	1,412,012	1,407,537
Liabilities and equity					
Payables to credit institutions and central banks	44,015	38,860	49,174	49,486	108,335
Deposits and other payables	59,583	67,733	68,598	64,994	56,673
Bonds in issue at fair value	1,135,251	1,181,483	1,130,708	1,101,262	1,041,153
Subordinated debt	11,240	11,417	10,913	11,184	11,246
Remaining liabilities	83,931	97,952	108,805	127,260	133,526
Equity	66,137	63,203	59,553	57,825	56,604
Total liabilities and equity	1,400,157	1,460,647	1,427,750	1,412,012	1,407,537
OFF-BALANCE SHEET ITEMS					
Contingent liabilities	6,391	8,768	7,420	5,331	6,414
Other commitments	6,969	5,580	7,847	9,888	8,273
FINANCIAL RATIOS¹					
Total capital ratio, %	24.0	18.9	18.3	19.1	17.2
Tier 1 capital ratio, %	20.6	17.6	18.3	19.1	17.2
Return on equity before tax, %	1.4	1.7	1.7	0.9	3.5
Return on equity after tax, %	1.0	1.4	1.4	0.7	2.7
Income:cost ratio	1.75	1.68	1.58	1.23	2.12
Foreign exchange position, %	0.6	0.1	1.8	0.8	0.8
Loans and advances:equity (loan gearing)	18.2	19.3	20.7	21.3	21.0
Growth in loans and advances for the period, %	(0.6)	(0.7)	(1.3)	0.7	2.2
Total impairment provisions, %	0.68	0.75	0.68	0.59	0.59
Impairment losses for the period, %	(0.00)	0.03	0.04	0.06	0.04
Return on capital employed, %	0.05	0.05	0.05	0.06	0.10

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/loss for the period including value and other adjustment of strategic equities. Definitions appear from note 50 in the Annual Report 2015

Notes

DKK million

Nykredit Realkredit A/S

31. GROUP STRUCTURE

	Ownership interest as %, 31 March 2016	Profit (loss) for the period	Equity, 31 March 2016	Profit for 2015	Equity, 31 December 2015
Name and registered office					
Nykredit Realkredit A/S (Parent Company), Copenhagen, a)	-	688	66,137	3,198	65,460
Totalkredit A/S, Copenhagen, a)	100	413	19,026	1,500	18,613
Nykredit Bank A/S, Copenhagen, b)	100	(357)	15,760	1,542	16,117
Nykredit Portefølje Administration A/S, Copenhagen, g)	100	21	503	85	482
Nykredit Leasing A/S, Gladsaxe, e)	100	18	540	66	522
Nykredit Mægler A/S, Copenhagen, c)	100	19	92	45	144
Nykredit Ejendomme A/S, Copenhagen, d)	100	8	519	47	510
Ejendomsselskabet Kalvebod A/S, Copenhagen, h)	100	(0)	209	24	209
Kalvebod Ejendomme I A/S, Copenhagen, d)	100	0	118	12	118
Kalvebod Ejendomme II A/S, Copenhagen, e)	100	0	87	12	87
Nykredit Adm. V A/S, Copenhagen, f)	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.

	Number of staff	Revenue*	Profit before tax	Tax	Government aid received
Geographical distribution of activities					
Denmark: Companies and activities appear from the Group structure	3,648	7,942	895	191	-
Poland: Nykredit Realkredit A/S S.A. Oddział w Polsce, branch, a)	12	2	0	0	-
Sweden: Nykredit Bank A/S, branch, b) ¹	-	-	-	-	-

¹ The branch in Sweden ceased its activities in January 2015 and is being wound up.

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

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

Nykredit Realkredit A/S is wholly owned by and consolidated with Nykredit Holding A/S, which is consolidated with Foreningen Nykredit.
 Nykredit Realkredit A/S
 Kalvebod Brygge 1-3
 DK-1780 Copenhagen V

Summary capital adequacy

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group	
31.12.2015	31.03.2016		31.03.2016	31.12.2015
60,648	60,949	Common Equity Tier 1 capital	60,672	60,525
3,190	3,382	Total hybrid capital/Additional Tier 1 capital after deductions	3,438	3,488
63,838	64,331	Tier 1 capital	64,111	64,013
74,129	74,806	Own funds	74,639	74,498
367,484	363,003	Total risk exposure amount	310,073	311,220
16.5	16.7	Common Equity Tier 1 capital ratio, %	19.5	19.4
17.3	17.7	Tier 1 capital ratio, %	20.6	20.5
20.1	20.6	Total capital ratio, %	24.0	23.9
Nykredit Bank Group			Nykredit Holding Group	
31.12.2015	31.03.2016		31.03.2016	31.12.2015
15,743	15,356	Common Equity Tier 1 capital	60,413	60,272
87	-	Total hybrid capital/additional Tier 1 capital after deductions	795	845
15,831	15,356	Tier 1 capital	61,209	61,117
16,145	15,702	Own funds	64,524	64,398
76,311	79,860	Total risk exposure amount	309,084	310,294
20.6	19.2	Common Equity Tier 1 capital ratio, %	19.5	19.4
20.7	19.2	Tier 1 capital ratio, %	19.8	19.6
21.1	19.6	Total capital ratio, %	20.8	20.7

Capital and capital adequacy have been determined in accordance with Capital Requirements Regulation No 575/2013 of the European Parliament and of the Council of 26 June 2013 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.