

To Nasdaq Copenhagen
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INTERIM REPORT – NYKREDIT REALKREDIT GROUP 1 JANUARY – 30 JUNE 2015

Michael Rasmussen, Group Chief Executive, comments on Nykredit's H1 Interim Report 2015

– I am very pleased to record continued growth in our core business. Income has gone up, whereas costs and loan impairment losses have gone down. Core business results have improved to DKK 3,024m from DKK 1,552m in the same period last year, and therefore we have raised our guidance for the full year 2015 by DKK 400m.

– Profit before tax grew by DKK 2,250m, chiefly thanks to an improvement in core business, but also to external factors such as interest rate changes, which resulted in positive value adjustment of interest rate swaps. Interest rate swaps and investment portfolio income do not form part of core business.

– Almost two years ago, we resolved to improve core business results by DKK 1,500m with full effect in 2016. In light of our half-year results, we can conclude that we will reach this target. This is satisfactory, but it is of vital importance that we do not lose momentum.

– We must raise our capitalisation and profitability markedly towards 2019. Therefore, we remain focused on growing core business. As part of our overall strategy, Winning the Double, we will execute Business Plan 2018 in the coming years. According to this plan, we will further grow core business results by DKK 1,500m by end-2018.

– The targets of Business Plan 2018 are first and foremost to be delivered through even higher levels of customer satisfaction and understanding. We will continue to develop and strengthen Nykredit Boligbank, which has been well received following the launch in March, and in tandem we will launch new services and solutions to the business and private banking segments in Denmark. At the same time, we will intensify our efforts to strengthen the Totalkredit partnership, which will be expanded with a joint arrangement aimed at the business segment this year.

Financial highlights from H1 Interim Report 2015

- Profit before tax increased by DKK 1,472m to DKK 3,024m from DKK 1,552m in H1/2014, excluding value adjustment of interest rate swaps and investment portfolio income.
- Nykredit has raised its forecast of core earnings after impairment losses for 2015 by DKK 400m from DKK 3.8bn-4.3bn to DKK 4.2bn-4.7bn, excluding value adjustment of interest rate swaps.
- Core income from business operations rose by 12% to DKK 6,236m relative to H1/2014.
- Operating costs were down by 5% to DKK 2,423m on H1/2014.
- The cost:income ratio was reduced to 38.9% from 45.6% in H1/2014.
- Loan impairment losses dropped by 57% to DKK 449m.
- Value adjustment of interest rate swaps was a gain of DKK 454m against a loss of DKK 435m in H1/2014.
- The Nykredit Group recorded a profit before tax totalling DKK 3,969m against DKK 1,719m in H1/2014.

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GROUP CHIEF EXECUTIVE'S STATEMENT

Nykredit has today announced half-year results that are markedly better than one year ago.

Much of our success can be ascribed to our ability to keep up momentum in our core business. Earnings have gone up, whereas costs and loan impairment losses have gone down. The areas within our control are moving in the right direction. We are pleased with these results, which were attributable to the skilful and enthusiastic efforts of Nykredit's staff. I would like to thank all our staff for their strong dedication.

But we are also aware that part of the upturn comes from factors beyond our control. Especially in Q1, we experienced exceptionally high activity when falling interest rates enabled a record number of homeowners and companies to raise very attractive fixed-rate loans. In Q2, interest rates started to rise, prompting considerable positive value adjustment of swaps.

Above all, as Head of the Nykredit Group, I am pleased to note the sustained improvement in our core business. Our core business is Nykredit's future. We must therefore stay the course.

However, I am acutely aware that bringing Nykredit into the desired position is going to be a long haul. In order to future-proof Nykredit for the benefit of Danish homeowners and businesses, we must continue growing our core business. Most of all, we need to become more customer centric and more efficient than we are today.

In other words, our half-year results are good, but they must be even better.

The reason is that authorities, credit rating agencies and the market all expect us to bolster our capital and earnings markedly. We will need an estimated DKK 12bn more of CET1 capital in 2019 than we have today. This is essential for Nykredit to be able to continue its 150-year-long track record of providing secure and reliable finance to Danish homeowners and businesses.

We need to earn the DKK 12bn in only 3-4 years. And we are not taking any chances. We will not stake our future on interest rate trends or mild macroeconomic winds. We will deliver this target – also without the support of external factors. It is therefore of vital importance that we take our core business further. This is key to realising our capital target no matter what happens.

Winning the Double in brief

Winning the Double is the Nykredit Group's strategy plan.

Winning the Double has two strategic priority areas where success is decisive to Nykredit.

One strategic priority area is the Totalkredit alliance. It is essential to strengthen and develop the alliance for the benefit of Totalkredit, our partners and customers.

The other strategic priority area is to deepen the relationships with Nykredit's own homeowner and commercial customers through a strong full-service focus. Nykredit wants to make a greater difference to homeowners, businesses and private banking clients.

We have therefore set ourselves a new financial target within the framework of the Winning the Double strategy and will intensify our efforts to strengthen core business.

Our new target, Business Plan 2018, will replace the Nykredit 2015 Plan introduced almost two years ago, which aims to grow core business results by DKK 1.5bn with full effect from next year. In light of our half-year results, we can conclude that we will reach this target. Business Plan 2018 will grow core business results further, leading to a rise of DKK 1.5bn in 2018 relative to the forecast results for 2016.

We will make annual operational savings of DKK 250m to meet this target. Part of these savings will crystallise from an intensified digital capability, but a decrease in the staff numbers of the Nykredit Group cannot be avoided also in coming years. We will also raise annual income by DKK 1.25bn, mainly by further developing and strengthening the two key strategic priorities of the Winning the Double strategy.

This year, we have taken the first step in our efforts to become the best bank for homeowners. With our new concept, Nykredit Boligbank, we have launched new products and solutions specifically aimed at homeowners. This has already yielded robust growth in our customer base and higher customer satisfaction. We will continue our determined focus on becoming even more responsive to homeowners' needs, and we will also launch new services targeting the commercial and private banking segments.

In respect of Totalkredit, our other key strategic priority, we have made great strides in developing our partnership with 58 banks. We will expand our partnership this year to include commercial lending, an area that holds great potential for us. For 25 years the Totalkredit partnership has proved its worth in the Danish personal customer segment, where Nykredit is the leading, and expanding, mortgage lender.



Michael Rasmussen
Group Chief Executive

Business Plan 2018 in brief

Business Plan 2018 will be implemented within the framework of the Winning the Double strategy.

Business Plan 2018 will replace the Nykredit 2015 Plan. The Nykredit 2015 Plan introduced almost two years ago, aims to grow core business results by DKK 1.5bn with full effect in 2016.

Business Plan 2018 will improve core business results further, leading to a rise of DKK 1.5bn in 2018 relative to our forecast of core business results for 2016.

When both Business Plan 2018 and the Nykredit 2015 Plan have been delivered, core business results will thus have improved by about DKK 3bn.

One element of Business Plan 2018 is to earmark some DKK 350m for investment in eg increased digitisation. Based on Business Plan 2018, Nykredit will deliver the target of a return on equity of 11%.

FINANCIAL HIGHLIGHTS

Nykredit Realkredit Group

DKK million	H1/2015	H1/2014	FY 2014
CORE EARNINGS AND RESULTS FOR THE PERIOD			
Core income from			
- business operations	6,236	5,569	11,509
- value adjustment of derivatives due to interest rate changes	864	(362)	(1,229)
- other value adjustment of derivatives	(410)	(73)	(2,133)
- senior debt	(176)	(212)	(408)
- securities	21	60	130
Total	6,535	4,981	7,869
Operating costs, depreciation and amortisation, excluding special value adjustments	2,423	2,542	5,037
Operating costs, depreciation and amortisation – special value adjustments ¹	(3)	36	66
Core earnings before impairment losses	4,115	2,403	2,766
Impairment losses on mortgage lending	538	1,010	2,132
Impairment losses on bank lending	(89)	39	219
Core earnings after impairment losses	3,666	1,354	416
Investment portfolio income	491	602	779
Profit before cost of capital	4,157	1,956	1,194
Net interest on subordinated debt	(188)	(237)	(528)
Profit before tax	3,969	1,719	666
Tax	887	381	90
Profit for the period	3,082	1,337	576
Of which amount relating to interest payable to holders of Additional Tier 1 capital	80	-	-
Value adjustment of strategic equities against equity	306	173	238
SUMMARY BALANCE SHEET, END OF PERIOD			
	30.06.2015	30.06.2014	31.12.2014
Assets			
Receivables from credit institutions and central banks	47,410	36,133	42,288
Mortgage loans at fair value	1,119,080	1,143,883	1,137,099
Bank loans – excluding reverse repurchase lending	49,441	46,908	50,494
Bonds and equities	109,404	118,624	131,383
Remaining assets	82,625	98,798	96,889
Total assets	1,407,960	1,444,348	1,458,153
Liabilities and equity			
Payables to credit institutions and central banks	39,322	49,656	44,863
Deposits	65,935	61,764	65,232
Bonds in issue at fair value	1,146,975	1,138,266	1,167,163
Subordinated debt	4,646	15,243	11,394
Remaining liabilities	84,508	119,188	109,998
Equity	66,574	60,231	59,502
Total liabilities and equity	1,407,960	1,444,348	1,458,153
FINANCIAL RATIOS			
Profit for the period as % of average equity, pa ²	9.8	4.5	1.0
Core earnings before impairment losses as % of average equity, pa ²	13.5	8.1	4.7
Core earnings after impairment losses as % of average equity, pa ²	12.0	4.6	0.7
Costs as % of core income from business operations (cost:income ratio)	38.9	45.6	43.8
Total provisions for loan impairment – mortgage lending	5,628	4,918	5,506
Total provisions for loan impairment and guarantees – bank lending	3,403	3,853	3,666
Impairment losses for the period, % – mortgage lending	0.05	0.09	0.19
Impairment losses for the period, % – bank lending	(0.10)	0.04	0.22
Total capital ratio, %	20.3	19.3	18.2
CET1 capital ratio, %	18.0	15.7	15.4
Internal capital adequacy requirement, %	12.0	10.7	11.3
Average number of full-time staff	3,785	4,001	3,971

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

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

H1 INTERIM REPORT 2015

NYKREDIT REALKREDIT GROUP RESULTS RELATIVE TO H1/2014

Nykredit recorded a profit before tax of DKK 3,969m against DKK 1,719m in H1/2014. Excluding value adjustment of interest rate swaps, profit rose from DKK 2,154m to DKK 3,515m.

A positive development was seen in core operations. Core income from business operations increased by DKK 667m, or 12%, operating costs were trimmed by DKK 119m, and impairment losses declined by DKK 600m, leading to total growth of DKK 1,386m on H1/2014.

Value adjustment of interest rate swaps had a positive earnings impact of DKK 454m compared with a loss of DKK 435m in H1/2014. The value adjustment should be seen in the context of the Group's provisions for potential future losses, and the income in 2015 was chiefly a result of the interest rate rise in Q2. The provisions cover especially legal and economic risk associated with the cooperative housing segment.

Impairment losses on mortgage and bank lending reduced satisfactorily by 57% to DKK 449m from DKK 1,049m in H1/2014.

Nykredit recorded a profit after tax of DKK 3,082m. Equity was DKK 66,574m at end-H1/2015, including Additional Tier 1 (AT1) capital of DKK 3,772m (EUR 500m was raised in Q1/2015), which is treated as equity for accounting purposes. Excluding AT1 capital, equity amounted to DKK 62,802m against DKK 59,502m at end-2014.

Common Equity Tier 1 (CET1) capital, which is the most important capital concept in relation to the capital requirement rules, came to DKK 58.6bn at end-June 2015 against DKK 55.6bn at end-2014.

Core earnings

Core income from business operations

Core income from business operations rose by DKK 667m, or 12%, to DKK 6,236m.

Core income from mortgage lending increased by DKK 492m, or 13%, to DKK 4,312m due to growth in administration margin and activity income. Earnings improved in both Nykredit Realkredit and Totalkredit, in part due to exceptionally high remortgaging activity in Q1.

Nominal mortgage lending came to DKK 1,112.4bn against DKK 1,111.7bn at end-2014. Totalkredit Partners grew by DKK 5.6bn, whereas Retail dropped by DKK 1.4bn and Wholesale Clients DKK 3.5bn.

Core income from banking operations totalled DKK 1,838m, up DKK 177m compared with DKK 1,661m in H1/2014. The rise was notably driven by Wholesale Clients, where the income from banking operations went up to DKK 1,036m from DKK 786m in H1/2014, of which Nykredit Markets's activities accounted for an increase of DKK 154m to DKK 332m. Corporate & Institutional Banking and Nykredit Asset Management saw an activity upturn of DKK 80m and DKK 16m, respectively.

Relative to end-2014, bank lending at amortised cost fell by DKK 1.1bn to DKK 49.4bn as at 30 June 2015, whereas deposits increased by DKK 0.7bn from DKK 65.2bn at end-2014 to DKK 65.9bn. Nykredit Bank recorded a deposit surplus of DKK 16.5bn at end-H1/2015 compared with DKK 14.7bn at the beginning of the year.

Value adjustment of derivatives

Value adjustments for the period under review totalled a gain of DKK 454m against a loss of DKK 435m in H1/2014. Losses incurred on terminated contracts amounted to DKK 74m in H1/2015. In addition to swap rate movements, profit for H1 was affected by provisions of about DKK 400m for general risk relating to swaps. The provisions are not related to individual customers.

In H1/2015, the value adjustment was significantly affected by interest rate falls in Q1, which resulted in an expense of DKK 992m, whereas rising interest rate levels in Q2 resulted in income of DKK 1,856m.

Q1 was affected by the pressure on the Danish krone and the ECB's asset purchase programme, which prompted interest rate falls in both Germany and Denmark. By contrast, Q2 was characterised by a rise in long-term yields.

The Bank has no direct interest rate exposure from its portfolio of interest rate swaps due to interest rate hedging arrangements with major domestic and foreign banks.

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

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

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

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

Losses incurred on interest rate swaps since 2012 amounted to some DKK 375m and are expected to remain at a low level compared with the total provisions of about DKK 5.0bn. One reason for the large provisions was the fact that swap contracts with customers having the lowest ratings are valued at DKK 0. The provisions are thus higher than the expected losses based on probability-weighted loss scenarios. Incurred losses amounted to DKK 74m in H1/2015.

In July 2015, the Danish High Court found for Nykredit, ruling that a housing cooperative's petition for bankruptcy cannot be granted under the specific circumstances. This judicial decision did not affect the valuation of interest rate swaps in H1/2015.

Senior debt

Nykredit's senior debt issues amounted to DKK 29.7bn at end-H1/2015 against DKK 32.8bn at the beginning of the year, and net interest expenses amounted to DKK 176m against DKK 212m in H1/2014. Nykredit uses senior debt to fund supplementary collateral for mortgage covered bonds (SDOs).

Core income from securities

The risk-free interest rate, which corresponds to the Danish central bank's average lending rate, dropped from 0.20% to 0.06%, which reduced income from DKK 60m in H1/2014 to DKK 21m.

Operating costs, depreciation and amortisation, excluding special value adjustments

Nykredit's costs, excluding special value adjustments, declined by 5% to DKK 2,423m.

Salaries and related expenses dropped by DKK 101m, or 7%, to DKK 1,424m, in part due to the reduction of 216 persons, or 5%, in average staff numbers to 3,785 compared with H1/2014.

Other costs generally remained unchanged at DKK 999m.

Costs as a percentage of core income from business operations were trimmed from 45.6% in H1/2014 to 38.9%.

Impairment losses on loans and advances

Impairment losses on loans and advances declined by DKK 600m, or 57%, to DKK 449m. Impairment losses equalled 0.05% of total mortgage lending and negative 0.10% of total bank lending.

Impairment losses on mortgage lending declined to DKK 538m, down DKK 472m.

Impairment losses on mortgage lending to personal customers decreased by DKK 91m to DKK 322m, equal to 0.03% of lending. Impairment losses on mortgage lending to commercial customers fell by DKK 381m to DKK 216m.

Impairment losses on bank lending improved from DKK 39m in H1/2014 to an income of DKK 89m in H1/2015. Impairment losses in Retail resulted in an income of DKK 9m, down DKK 148m, while impairment losses in Wholesale Clients were an income of DKK 80m compared with an income of DKK 103m in H1/2014.

Nykredit's impairment provisions for potential future losses on mortgage and bank lending totalled DKK 8.9bn against DKK 9.1bn at the beginning of the year. In addition, total provisions for value adjustment of interest rate swaps amounted to DKK 5.0bn against DKK 5.5bn at the beginning of year.

Losses incurred on mortgage and bank lending for the period were DKK 677m against DKK 711m in H1/2014.

Investment portfolio income

Nykredit recorded investment portfolio income of DKK 491m against DKK 602m in H1/2014. Investment portfolio income equals excess income obtained from portfolios not allocated to the business areas in addition to risk-free interest.

Investment portfolio income from bonds, liquidity and interest rate instruments amounted to DKK 271m. Investment portfolio income from equities and equity instruments value adjusted through profit or loss was DKK 220m.

Value adjustment of strategic equities against equity was a gain of DKK 332m.

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

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

Net interest on subordinated debt

Nykredit had raised subordinated debt totalling DKK 4.6bn at end-H1/2015 following loan redemption of EUR 900m (DKK 6.7bn) in Q2/2015.

Net interest expenses came to DKK 188m.

Tax

Tax calculated on profit for the period was DKK 887m, equal to a tax rate of 22.3%.

Additional Tier 1 capital

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

Interest expenses amounted to DKK 80m for H1/2015.

RESULTS FOR Q2/2015

Q2/2015 saw a profit before tax of DKK 3,086m, up DKK 2,203m on Q1/2015. The upturn primarily reflected a gain of DKK 1,515m from value adjustment of interest rate swaps in Q2 compared with a loss of DKK 1,061m in Q1, which represented a positive development of DKK 2,576m.

Core income from business operations was DKK 2,946m in Q2, equal to a reduction of DKK 344m compared with the very high level in Q1/2015.

Operating costs amounted to DKK 1,199m in Q2/2015, equal to a decrease of DKK 25m compared with Q1.

Loan impairment losses came to DKK 120m in Q2/2015, down DKK 209m on Q1. Of this amount, DKK 158m was attributable to the mortgage business and DKK 51m to the banking business.

Investment portfolio income was DKK 46m in Q2/2015, down from DKK 445m in Q1. This should partly be viewed in light of very high income in Q1 spurred by movements in interest rate markets.

Net interest on subordinated debt came to DKK 27m in Q2 against DKK 161m in Q1. The decline was a result of the redemption of a loan in early Q2.

Compared with a profit before tax of DKK 841m in Q2/2014, Q2/2015 saw a rise of DKK 2,245m, which in all material respects was attributable to value adjustment of interest rate swaps, which improved by DKK 1,720m.

Core income from business operations went up by DKK 120m from DKK 2,826 in Q2/2014 to DKK 2,946m, whereas operating costs decreased from DKK 1,270m to DKK 1,199m, corresponding to a positive earnings impact of DKK 71m.

Loan impairment losses improved by DKK 414m to DKK 120m in Q2/2015.

Investment portfolio income amounted to DKK 46m against DKK 253m in Q2/2014.

Net interest on subordinated debt came to DKK 27m in Q2/2015 against DKK 123m in Q2/2014. The decline was affected by a loan redemption in early Q2/2015.

OUTLOOK FOR 2015

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

In H1/2015, several areas developed favourably.

Against this backdrop, Management has decided to raise its forecast of core earnings after impairment losses, excluding value adjustment of interest rate swaps, for 2015 by DKK 0.4bn to about DKK 4.2bn-4.7bn.

In its full-year guidance, Management has allowed for the general uncertainty about the developments in interest rate markets and uncertainty about loan impairment losses, which were very low in H1.

BUSINESS AREAS

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

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

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

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

Nykredit's core earnings after impairment losses increased by DKK 2,312m to DKK 3,666m against DKK 1,354m in H1/2014.

Retail posted a rise of DKK 1,721m, mainly due to higher income and a DKK 670m decrease in loan impairment losses. Further, value adjustment of interest rate swaps produced an additional income of DKK 788m.

Totalkredit Partners saw a DKK 39m reduction, which was a combination of a DKK 171m increase in income and a DKK 210m rise in operating costs and impairment losses.

Wholesale Clients's core earnings went up by DKK 526m due to an upturn of DKK 271m in income and of DKK 101m in value adjustment of interest rate swaps.

Profit before tax in Group Items was up by DKK 42m, mainly thanks to a DKK 124m reduction in operating costs, a DKK 111m reduction in investment portfolio income, and a DKK 49m reduction in net interest on subordinated debt.

Nykredit's share of total Danish mortgage lending remained unchanged at 39.8% since the beginning of the year, excluding loans arranged by Jyske Bank. Nykredit's market share was 42.2% of the private residential segment and 36.9% of the commercial segment against 41.9% and 37.6%, respectively, at the beginning of the year.

Results by business area¹

DKK million	Wholesale			Group Items	Total
	Retail	Totalkredit Partners	Wholesale Clients		
H1/2015					
Core income from					
- customer activities, gross	2,996	1,384	1,840	16	6,236
- payment for distribution	295	-	(295)	-	-
Total business operations	3,291	1,384	1,545	16	6,236
- value adjustment of derivatives	250	-	204	-	454
- senior debt	(62)	(90)	(7)	(16)	(176)
- securities	-	-	-	21	21
Total	3,479	1,294	1,742	21	6,535
Operating costs	1,465	247	375	335	2,420
Core earnings before impairment losses	2,014	1,047	1,367	(314)	4,115
Impairment losses on loans and advances	264	291	(107)	0	449
Core earnings after impairment losses	1,750	756	1,474	(314)	3,666
Investment portfolio income	-	-	-	491	491
Profit before cost of capital	1,750	756	1,474	178	4,157
Net interest on subordinated debt	-	-	-	(188)	(188)
Profit (loss) before tax	1,750	756	1,474	(11)	3,969
- excluding value adjustment of derivatives	1,500	756	1,270	(11)	3,515
Return					
Average equity requirement, DKKm ²	23,413	10,993	12,393	6,794	53,593
Core earnings after impairment losses as % of average equity requirement, pa	14.9	13.8	23.8	-	13.7

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

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

Results – Retail

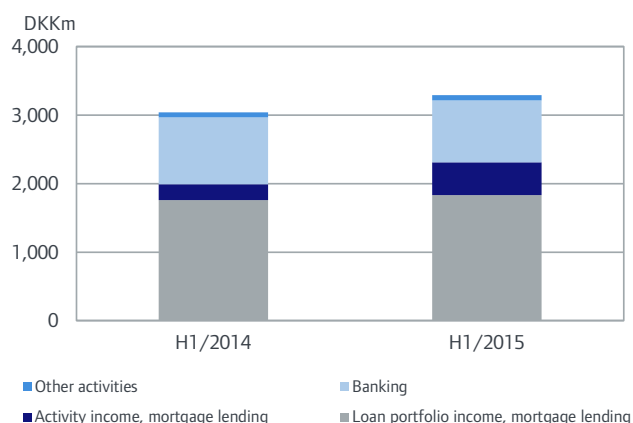
DKK million	H1/ 2015	H1/ 2014
Core income from		
- business operations	3,291	3,038
- value adjustment of derivatives	250	(538)
- senior debt	(62)	(67)
Total	3,479	2,433
Operating costs	1,465	1,470
Core earnings before impairment losses	2,014	963
Impairment losses on mortgage lending	273	795
Impairment losses on bank lending	(9)	139
Core earnings after impairment losses	1,750	29
- excluding value adjustment of derivatives	1,500	567

Activities – Retail

DKK million	30.06.2015	2014
Mortgage lending		
Gross new lending [†]	49,497	17,810
Portfolio at nominal value, end of period	440,774	442,147
Impairment losses for the period as % of loans and advances [†]	0.06	0.18
Total impairment provisions, end of period		
Total impairment provisions	3,741	3,694
Total impairment provisions as % of loans and advances	0.85	0.84
Banking		
Loans and advances, end of period	24,663	25,533
Deposits, end of period	43,121	40,637
Impairment losses for the period as % of loans and advances*	(0.03)	0.52
Total impairment provisions, end of period		
Total impairment provisions	1,851	1,978
Total impairment provisions as % of loans and advances	6.98	7.19
Guarantees, end of period	5,146	4,357
Provisions for guarantees, end of period	51	51

* For H1/2015 and H1/2014.

Other data from end-H1/2015 and end-2014.

Core income from business operations – Retail**RETAIL**

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

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

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

Activities

Retail recorded a very high activity level in H1/2015, with gross new mortgage lending up by DKK 31.7bn to DKK 49.5bn year-on-year. Gross new lending to personal and commercial customers was DKK 20.6bn and DKK 28.9bn, respectively.

Nominal mortgage lending went down by DKK 1.4bn to DKK 440.8bn compared with the beginning of the year. Of the decline, DKK 2.0bn was attributable to personal customers. Lending to personal customers and commercial customers was DKK 194.9bn and DKK 245.9bn, respectively.

Bank lending was down DKK 0.9bn to DKK 24.7bn relative to the beginning of the year, whereas deposits were up DKK 2.5bn to DKK 43.1bn.

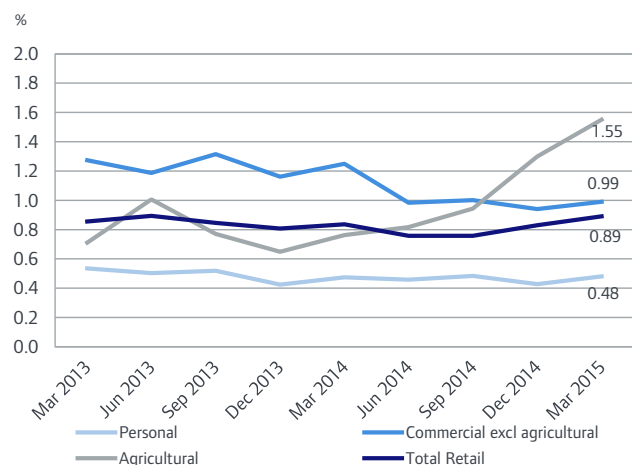
Results

Core earnings after impairment losses rose by DKK 1,721m to DKK 1,750m. Excluding value adjustment of interest rate swaps, core earnings came to DKK 1,500m, up DKK 933m on H1/2014.

Income from business operations grew by DKK 253m, or 8%, to DKK 3,291m, whereas impairment losses reduced by DKK 670m to DKK 264m, mainly prompted by lower mortgage loan losses. Value adjustment of interest rate swaps was a gain of DKK 250m, which was DKK 788m higher than in H1/2014.

Operating costs were trimmed by DKK 5m to DKK 1,465m in H1/2015.

Arrears ratio, mortgage lending – Retail
75 days past due



Retail's impairment losses on mortgage lending dropped by DKK 522m, 66%, to DKK 273m, while impairment losses on bank lending dropped by DKK 148m. Impairment losses represented 0.06% of mortgage lending, but negative 0.03% of bank lending for the period under review.

Loan impairment losses on personal customers reduced by a total of DKK 376m, of which DKK 254m related to mortgage lending and DKK 122m to bank lending.

Loan impairment losses related to commercial customers reduced by a total of DKK 294m, of which DKK 269m on mortgage lending and DKK 25m to bank lending.

At end-H1/2015, loan impairment provisions totalled DKK 5,592m, which was on a level with the DKK 5,672m recorded at the beginning of the year.

At the March due date, 75-day mortgage loan arrears as a percentage of total mortgage payments due came to 0.89% against 0.84% at the same date in 2014.

Results – Wholesale

DKK million	H1/ 2015	H1/ 2014
Core income from		
- business operations	2,929	2,509
- value adjustment of derivatives	204	103
- senior debt	(97)	(120)
Total	3,035	2,492
Operating costs	621	649
Core earnings before impairment losses	2,414	1,843
Impairment losses on mortgage lending	264	203
Impairment losses on bank lending	(80)	(103)
Core earnings after impairment losses	2,230	1,743
- excluding value adjustment of derivatives	2,026	1,640

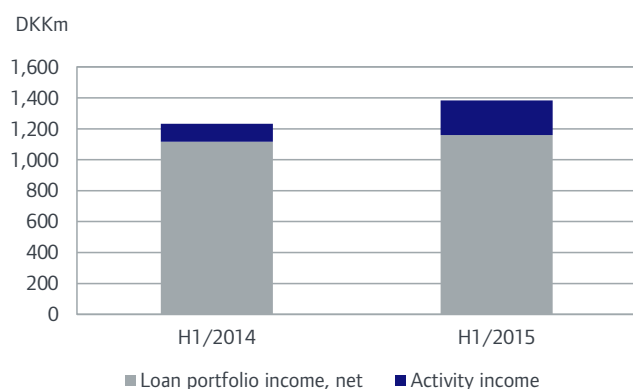
Results – Totalkredit Partners

DKK million	H1/ 2015	H1/ 2014
Core income from		
- business operations	1,384	1,233
- senior debt	(90)	(111)
Total	1,294	1,122
Operating costs	247	199
Core earnings before impairment losses	1,047	923
Impairment losses on mortgage lending	291	129
Core earnings after impairment losses	756	795

Activities – Totalkredit Partners

DKK million	30.06.2015	2014
Mortgage lending		
Gross new lending*	91,030	22,280
Portfolio at nominal value, end of period	490,141	484,596
Impairment losses for the period as % of loans and advances*	0.06	0.03
Total impairment provisions, end of period		
Total impairment provisions	1,264	1,152
Total impairment provisions as % of loans and advances	0.26	0.24

* For H1/2015 and H1/2014.
Other data from end-H1/2015 and end-2014.

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

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

TOTALKREDIT PARTNERS

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

Totalkredit continuously develops its product range in association with the local and regional partner banks and has for example launched a new type of secured homeowner loan. The loan allows partner banks to transfer bank loans secured on real estate to Totalkredit and that way obtain funding for the loans.

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

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

Activities

The period was characterised by very high activity, and gross new lending expanded from DKK 22.3bn to DKK 91.0bn. Nominal mortgage lending grew by DKK 5.5bn to DKK 490.1bn in H1/2015. Loans registered as arranged through Jyske Bank amounted to DKK 51bn at end-H1/2015 against DKK 87bn at end-2013. In this period, loans in the region of DKK 36bn were thus refinanced. Loans totalling some DKK 6bn of this amount were subsequently arranged by the other banks of the Totalkredit alliance and Totalkredit, corresponding to 17% of the refinanced amount.

Results

Core earnings after impairment losses dropped by DKK 39m to DKK 756m against DKK 795m in H1/2014.

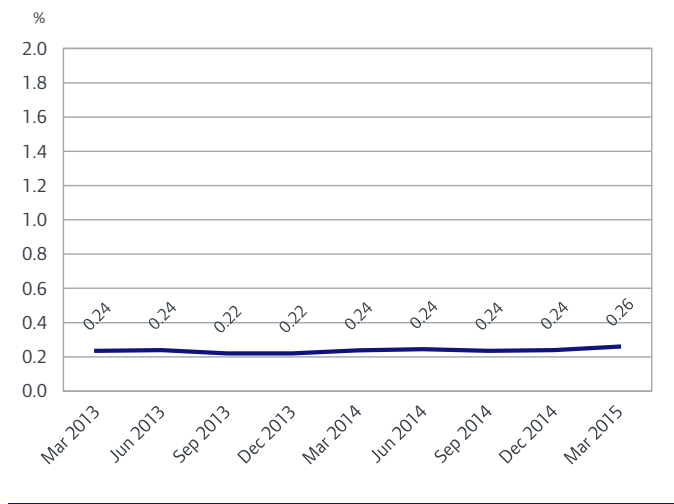
The results reflected growth in core income from business operations of DKK 151m, or 12%, coupled with a DKK 48m rise in operating costs and a DKK 162m rise in impairment losses.

The factors underlying growth in core income from business operations were higher loan portfolio income and activity income.

Net expenses relating to senior secured debt came to DKK 90m against DKK 111m in H1/2014. The reduction was attributable to a lower amount of senior secured debt as well as declining interest rates.

As expected, costs were up by DKK 48m, or 24%, to DKK 247m relative to H1/2014. The rise was chiefly the result of higher IT expenses, and changed intercompany settlements, which was a consequence of

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



the fact that Totalkredit accounts for an increasing proportion of the Nykredit Group's overall activities.

Totalkredit Partners' loan impairment losses saw a rise of DKK 162m net to DKK 291m year-on-year, after set-off against commission payable to partner banks.

At end-H1/2015, impairment provisions totalled DKK 1,264m against DKK 1,152m at the beginning of the year. The increase in total impairment provisions stemmed from a rise in collective as well as individual impairment provisions.

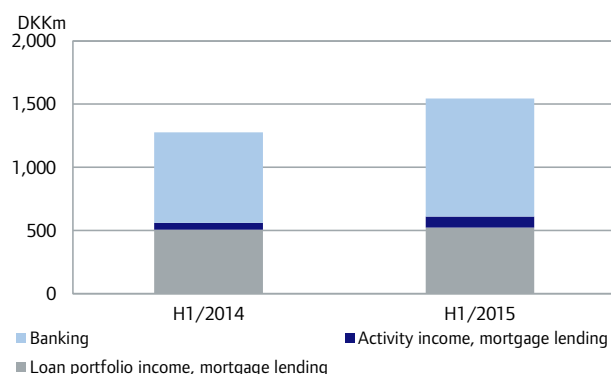
At the March due date, Totalkredit Partners' 75-day mortgage loan arrears as a percentage of total mortgage payments due came to 0.26% against 0.24% at the same date in 2014.

Results – Wholesale Clients

DKK million	H1/ 2015	H1/ 2014
Core income from		
- business operations	1,545	1,276
- value adjustment of derivatives	204	103
- senior debt	(7)	(9)
Total	1,742	1,370
Operating costs	375	451
Core earnings before impairment losses	1,367	919
Impairment losses on mortgage lending	(27)	75
Impairment losses on bank lending	(80)	(103)
Core earnings after impairment losses	1,474	948
- excluding value adjustment of derivatives	1,270	845

Income from customer activities – Wholesale Clients

DKK million	H1/ 2015	H1/ 2014
Customer activities, gross		
Nykredit Markets	511	310
Nykredit Asset Management	410	392
Corporate & Institutional Banking	919	859
Total	1,840	1,561
Payment for distribution		
Nykredit Markets	(179)	(132)
Nykredit Asset Management	(237)	(235)
Corporate & Institutional Banking	121	82
Total	(295)	(285)
Core income		
Nykredit Markets	332	178
Nykredit Asset Management	173	157
Corporate & Institutional Banking	1,040	941
Total	1,545	1,276

Core income from business operations – Wholesale Clients**WHOLESALE CLIENTS**

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

Results

Core earnings after impairment losses rose by DKK 526m to DKK 1,474m against DKK 948m in H1/2014.

The rise included an additional income of DKK 101m relating to value adjustment of interest rate swaps. Exclusive of the effect thereof, core earnings after impairment losses increased by DKK 425m to DKK 1,270m.

Gross income from customer activities improved by DKK 279m to DKK 1,840m from DKK 1,561m in H1/2014.

Nykredit Markets posted gross income of DKK 511m, a DKK 201m rise on H1/2014. Earnings in Nykredit Markets, which include securities trading for institutional clients, grew due to increased market activity and high market volatility. Nykredit Asset Management's gross income improved by DKK 18m to DKK 410m, while Corporate & Institutional Banking recorded growth of DKK 60m to DKK 919m.

Nykredit Markets's income after payment for distribution rose by DKK 154m to DKK 332m in H1/2015. Nykredit Asset Management's income after payment for distribution increased by DKK 16m to DKK 173m, and Corporate & Institutional Banking recorded growth of DKK 99m to DKK 1,040m.

Value adjustment of interest rate swaps was a gain of DKK 204m against a gain of DKK 103m in H1/2014.

Operating costs reduced by DKK 76m, or 17%, to DKK 375m in H1/2015.

Impairment losses on mortgage lending equalled an income of DKK 27m against losses of DKK 75m in H1/2014. Impairment losses on bank lending equalled an income of DKK 80m against an income of DKK 103m in H1/2014.

Impairment amounted to negative 0.02% of mortgage lending and to negative 0.30% of bank lending.

At end-H1/2015, impairment provisions totalled DKK 2,017m against DKK 2,187m at the beginning of the year.

Activities – Wholesale Clients

DKK million	30.06.2015	2014
Mortgage lending		
Gross new lending*	22,361	15,838
Portfolio at nominal value, end of period	181,504	185,002
Impairment losses for the period as % of loans and advances*	(0.02)	0.04
Total impairment provisions, end of period		
Total impairment provisions	623	661
Total impairment provisions as % of loans and advances	0.34	0.36
Banking		
Loans and advances, end of period	24,732	24,929
Deposits, end of period	22,476	23,287
Impairment losses for the period as % of loans and advances*	(0.30)	(0.43)
Total impairment provisions, end of period		
Total impairment provisions	1,394	1,526
Total impairment provisions as % of loans and advances	5.34	5.77
Guarantees, end of period	2,650	1,913
Provisions for guarantees, end of period	55	55
Assets under management	139,083	133,484
Assets under administration		
Nykredit Portefølje Administration A/S	711,804	669,112
- of which Nykredit Group investment funds	65,069	60,165

* For H1/2015 and H1/2014.
Other data from end-H1/2015 and end-2014.

Activities

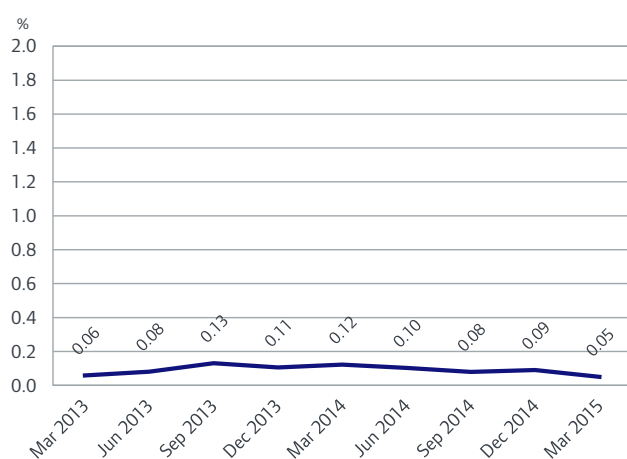
Nominal mortgage lending by Wholesale Clients totalled DKK 181.5bn, down by DKK 3.5bn compared with the beginning of the year. Gross new mortgage lending was up by DKK 6.5bn to DKK 22.4bn, spurred by a higher activity level.

Bank lending was slightly down by DKK 0.2bn to DKK 24.7bn relative to the beginning of the year, and bank deposits fell by DKK 0.8bn to DKK 22.5bn.

At end-H1/2015, Nykredit Asset Management had assets under management totalling DKK 139.1bn, up DKK 5.6bn on the beginning of the year. Net sales and capital gains accounted almost equally for the upturn. Total assets under administration went up by DKK 42.7bn to DKK 711.8bn at end-H1/2015. This comprised negative net sales of DKK 10.4bn and capital gains of DKK 53.1bn.

Arrears

At the March due date, 75-day arrears in respect of Wholesale Clients's mortgage lending as a percentage of total mortgage payments due came to 0.05% and thus remained at a low level. The arrears ratio was 0.12% at the same time in 2014.

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

Results – Group Items

DKK million	H1/ 2015	H1/ 2014
Core income from		
- business operations	16	21
- senior debt	(16)	(26)
- securities	21	60
Total	21	56
Operating costs	227	361
Depreciation of property, plant and equipment and amortisation of intangible assets	108	98
Core earnings before impairment losses	(314)	(403)
Impairment losses on mortgage lending	-	11
Impairment losses on bank lending	0	4
Core earnings after impairment losses	(314)	(418)
Investment portfolio income	491	602
Profit before cost of capital	178	184
Net interest on subordinated debt	(188)	(237)
Loss before tax	(11)	(53)

Activities – Group Items

DKK million	30.06.2015	2014
Banking		
Loans and advances, end of period	46	33
Deposits, end of period	458	1,308
Total impairment provisions, end of period		
Total impairment provisions	53	55
Total impairment provisions as % of loans and advances	53.37	62.65
Guarantees, end of period	702	1,276
Provisions for guarantees, end of period	-	-

GROUP ITEMS

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

Results

Group Items posted a loss before tax of DKK 11m against a loss of DKK 53m in the same period the year before.

Core income from securities

Nykredit's core income from securities was DKK 21m against DKK 60m in H1/2014 chiefly due to a fall from 0.20% to 0.06% in the average risk-free interest rate, which corresponds to the Danish central bank's average lending rate.

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

Operating costs

Costs not allocated to the business areas were DKK 227m against DKK 361m in H1/2014, including a loss of DKK 3m and a gain of DKK 36m, respectively, resulting from special value adjustments. By far the largest cost component was IT development costs.

Impairment losses

Impairment losses on loans and advances were DKK 0m against DKK 15m in H1/2014.

Investment portfolio income

Investment portfolio income was DKK 491m against DKK 602m in H1/2014 excluding the portfolio of strategic equities, which is value adjusted against equity.

Investment portfolio income from bonds, liquidity and interest rate instruments amounted to DKK 271m. Investment portfolio income from equities and equity instruments value adjusted through profit or loss was DKK 220m.

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

CAPITAL, LIQUIDITY AND FUNDING

EQUITY AND OWN FUNDS OF NYKREDIT REALKREDIT GROUP

Equity

Equity was DKK 66.6bn at end-H1/2015, equal to a rise of DKK 7.1bn relative to the beginning of the year. Excluding new Additional Tier 1 (AT1) capital raised in Q1/2015, equity amounted to DKK 62.8bn.

In Q1/2015, Nykredit raised new AT1 capital of EUR 500m (DKK 3.7bn), which is treated as equity for accounting purposes. However, for capital adequacy purposes, the AT1 capital is included in Tier 1 capital rather than Common Equity Tier 1 (CET1) capital.

Equity has also been increased by profit for the period of DKK 3.1bn and positive value adjustment of strategic equities of DKK 0.3bn.

In accordance with IAS 39, Nykredit has classified the Group's strate-

Nykredit Realkredit Group Equity (including new AT1 capital)

DKK million	30.06.2015	31.12.2014
Equity, beginning of period	59,502	58,716
Profit for the period	3,082	576
Fair value adjustment of equities available for sale	306	238
New AT1 capital	3,731	-
Other adjustments	(47)	(28)
Equity, end of period	66,574	59,502

Nykredit Realkredit Group Capital and capital adequacy

DKK million	30.06.2015	31.12.2014	30.06.2014
Credit risk	279,618	305,321	303,643
Market risk	27,089	35,335	34,808
Operational risk	18,397	17,933	17,933
Total risk exposure amount¹	325,103	358,589	356,385
Equity (including new AT1 capital)	66,574	59,502	60,231
AT1 capital	(3,772)	-	-
CET1 capital deductions	(4,174)	(3,944)	(4,012)
CET1 capital	58,627	55,559	56,219
AT1/hybrid capital	3,830	6,746	8,556
AT1 capital deductions	(466)	(588)	(151)
Tier 1 capital	61,991	61,717	64,624
Tier 2 capital	4,471	4,463	4,473
Tier 2 capital additions/deductions	(460)	(573)	(146)
Own funds	66,002	65,606	68,952
CET1 capital ratio, %	18.0	15.4	15.7
Tier 1 capital ratio, %	19.0	17.2	18.1
Total capital ratio, %	20.3	18.2	19.3
Internal capital adequacy requirement (Pillar I and Pillar II), %	12.0	11.3	10.7

Own funds and capital adequacy are specified further in note 2 of the financial statements.

¹ Capital and capital adequacy have been determined in accordance with Capital Requirements Regulation (EU) No 575/2013 of 26 June 2013 of the European Parliament and the Council as well as the Danish transitional rules laid down by the Danish FSA. The total risk exposure amount subject to transitional rules was DKK 603bn at end-H1/2015, equal to a total capital ratio of 14.8%.

gic equity investments as "available for sale" in its Consolidated Financial Statements. Current value adjustment of these equities is recognised in equity, whereas value adjustments following a sale will be reclassified from equity to the income statement. The value of equities classified as available for sale totalled DKK 2,367m at end-H1/2015.

Capital and capital adequacy

Nykredit's own funds include CET1 capital, 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 0.4bn to DKK 66.0bn in H1/2015 compared with end-2014.

The risk exposure amount has declined from DKK 358.6bn to DKK 325.1bn since end-2014. The decline was due to capital optimisation, a decline in lending and swap exposures as well as higher property prices and ensuing lower loan-to-value (LTV) ratios.

The risk exposure amount is expected to go up by some DKK 30bn in connection with Nykredit Bank's statutory change of capital requirement approach from Foundation IRB to the Advanced IRB approach. The increase in the risk exposure amount is the result of the fact that a number of capital additions which are included in Pillar II today will be included in Pillar I in future.

The total capital ratio was 20.3% against 18.2% at end-2014. The Tier 1 capital ratio was 19.0% and the CET1 capital ratio was 18.0% at end-H1/2015.

Nykredit's internal capital adequacy requirement was 12.0% at end-H1/2015 compared with 11.3% at end-2014.

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

NYKREDIT'S CAPITAL TARGETS FOR 2019

In Q1/2015, Nykredit raised the new AT1 capital which is included in the determination of equity for accounting purposes, but which cannot be included in CET1 capital for capital adequacy purposes.

So far, Nykredit's capital targets have been based on the concept of equity, but due to the above Nykredit will base its capital targets on CET1 capital. This is also in line with the focus of authorities and credit rating agencies, which is mainly on CET1 capital rather than equity.

Irrespective of the concept underlying the capital target, Nykredit must earn some DKK 12bn after tax towards 2019 in order to meet the capital target. Thus, the target adjustment has no practical importance.

Nykredit has a target of a CET1 capital of minimum DKK 70bn in 2019, equivalent to about DKK 75bn in equity excluding AT1 capital. CET1 capital was recorded at DKK 58.6bn at end-June 2015, whereas equity excluding AT1 capital was DKK 62.8bn.

The target is based on the assessment that CET1 capital of 17.5% of the risk exposure amount is required in 2019 in order to have a satisfactory buffer to the regulatory requirements while fulfilling the expectations of the market and credit rating agencies.

As Nykredit finds it likely that the risk exposure amount will be in the region of DKK 400bn in 2019, this equals an equity target excluding AT1 capital of DKK 75bn (17.5% of DKK 400bn = DKK 70bn).

Further, Nykredit has a general target of a total capital ratio of about 20% of the risk exposure amount.

DEBT BUFFER AND SENIOR DEBT

Nykredit has this year indicated that in order to maintain its long-term ratings of A with Standard & Poor's, the Nykredit Group will meet the so-called ALAC criteria of this credit rating agency. The implication is that Nykredit must raise a special type of bail-in-able senior debt or other subordinated capital totalling EUR 3bn-4bn.

The issues of special bail-in-able senior debt or other type of subordinated capital are likely to be launched in 2016-2017. In the long run, this issuance will replace the senior debt issues and ensure compliance with the statutory requirement of a debt buffer introduced into Danish law.

FUNDING AND LIQUIDITY

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

Bank lending is chiefly funded by deposits. As at 30 June 2015, Nykredit Bank had a deposit surplus of DKK 16.5bn measured as the difference between deposits and lending at amortised cost. The deposit surplus came to DKK 14.7bn at end-2014.

Liquidity

The balance sheets of the mortgage banks are structured in a manner that ensures a high level of liquidity, as the mortgage borrowers make their payments on or before the date on which Nykredit pays bondholders.

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

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

Nykredit's liquid assets are mainly liquid Danish and other European government and covered bonds. In a liquid repo market, these securities are eligible as collateral with other banks and with the Danish or other European central banks and are directly exchangeable into liquidity. To this should be added a small portfolio of money market deposits, equities, credit bonds and similar assets.

The unencumbered part of the liquid assets of the Group's mortgage banks, including proceeds from the issuance of senior secured debt, totalled DKK 87bn at end-H1/2015 against DKK 91bn at end-2014.

At end-H1/2015, Nykredit Bank's liquid assets totalled DKK 82.0bn against DKK 92.3bn at end-2014, determined in accordance with section 152 of the Danish Financial Business Act.

Liquidity Coverage Ratio (LCR)

On 10 October 2014, the European Commission published the final LCR regulation effective as at 1 October 2015. A requirement of 100% will apply to Danish SIFIs as at 1 October 2015. The LCR quantifies the high quality liquid assets (HQLAs) to be held by a credit institution in order to be able to cover net cash outflows over a short-term liquidity stress period.

At end-H1/2015, the LCRs of the Group's companies were as follows:

Nykredit Realkredit Group	285%
Nykredit's mortgage banks	>1,500%
Nykredit Bank A/S	157%

The high ratios of Nykredit's mortgage banks derive from their net cash inflows. It should be noted that the portfolio of self-issued bonds cannot be included in the LCR. The Group and the individual group companies all comply with the requirement of an LCR above 100%.

Negative interest rates

Since May 2015, Nykredit has offered loans based on floating-rate bonds the interest rate of which may be negative. Nykredit's borrowers will benefit from potentially negative interest rates in the form of higher principal payments. When interest rates were reset as at 1 July 2015, the interest rate became negative in respect of two of the bonds issued by Nykredit.

Issuance in 2015

The issuance schedule for the Nykredit Realkredit Group's SDOs and ROs remains unchanged compared with the Annual Report 2014.

A special type of bail-in-able senior debt or other type of subordinated capital is expected to be issued in 2016–2017 in order to maintain the Group's credit ratings and to ensure compliance with the debt buffer requirement, and in the long term, it will replace the current senior debt issues.

Nykredit's issuance plans for subordinated debt are based on our capital targets.

In Q1/2015, Nykredit Realkredit issued EUR 500m of AT1 capital as replacement for some of the EUR 900m worth of hybrid capital redeemed as at 1 April 2015. Further, Nykredit Bank issued senior unsecured debt totalling EUR 560m in the course of Q2/2015.

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 A+ by Standard & Poor's. The rating is placed on CreditWatch with negative implications.

In rated capital centres, SDOs and ROs are all rated AAA by Standard & Poor's. The rating outlooks are stable.

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

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

This made Standard & Poor's change its long-term credit ratings on Nykredit Realkredit A/S and Nykredit Bank A/S from A+ to A, whereas the short-term credit ratings were affirmed at A-1. This did not affect the ratings on the mortgage covered bonds issued by Nykredit Realkredit A/S and Totalkredit A/S.

Nykredit Realkredit A/S and Nykredit Bank A/S both have a long-term 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.

OTHER

Arbitration settlement between Jyske Bank and Nykredit

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

As part of the settlement, Jyske Bank will receive a one-off commission of DKK 83.6m in 2015, corresponding to 3–4 months' commission under the now terminated partnership agreement. Further, Nykredit Realkredit A/S has purchased Jyske Bank's shares in PRAS A/S, the company that was founded when Nykredit acquired Totalkredit. In connection with the transaction, a number of banks exercised their pre-emption rights to purchase the shares, and Nykredit subsequently purchased 96,575,885 shares net at a total value of DKK 344.8m.

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

Nykredit supports Totalkredit Partners

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

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

BoligBank

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

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

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

The Danish High Court finds for Nykredit

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

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

Nykredit Markets is set to embark on a renewal process, and Jeanette Kiirdal Madsen, newly appointed Head of Nykredit Markets, will be in charge of this process. Nykredit Markets is to adapt to the new market conditions and work more closely with the rest of the Wholesale division. Focus will to a higher extent be on meeting the require-

ments of the commercial and retail segments as a supplement to the existing institutional client base.

In this connection, Georg Andersen, former Managing Director of Nykredit Bank and Head of Nykredit Markets, stepped down from his position. The Executive Board of Nykredit Bank now consists of Bjørn Mortensen and Jesper Berg.

UNCERTAINTY AS TO RECOGNITION AND MEASUREMENT

The measurement of certain assets and liabilities is based on accounting estimates made by Group Management.

The areas in which assumptions and estimates significant to the financial statements have been made include provisions for loan and receivable impairment, unlisted financial instruments and other provisions, see the Annual Report 2014.

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

EVENTS OCCURRED AFTER THE END OF THE FINANCIAL PERIOD

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

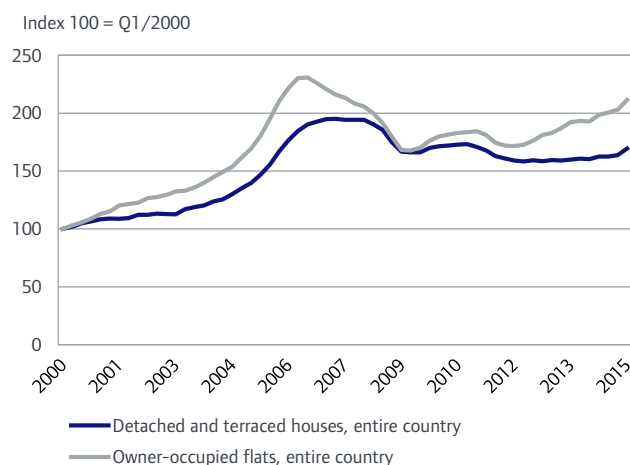
Standard & Poor's noted at the same time that Nykredit expects to have a capital buffer of 5% according to the criteria of Standard & Poor's ALAC (Additional Loss-Absorbing Capacity) concept by mid-2017.

This made Standard & Poor's change its long-term credit ratings on Nykredit Realkredit A/S and Nykredit Bank A/S from A+ to A, whereas the short-term credit ratings were affirmed at A-1. The rating outlooks are negative.

No other significant events have occurred in the period up to the presentation of the H1 Interim Report 2015 which affect the Nykredit Group's financial position.

LENDING

Nykredit Realkredit Group Housing prices in Denmark



Source: Association of Danish Mortgage Banks

The Group recorded total mortgage and bank lending, excluding reverse repurchase lending, of DKK 1,162bn, which was unchanged from the beginning of the year.

Mortgage lending at fair value was DKK 1,119bn against DKK 1,137bn at the beginning of the year. Nominal mortgage lending amounted to DKK 1,112bn.

Bank lending totalled DKK 49.4bn against DKK 50.5bn at the beginning of the year, down DKK 1.1bn. The level in part reflected modest loan demand. In addition, reverse repurchase lending amounted to DKK 29.8bn against DKK 35.2bn at the beginning of the year.

Impairment provisions for mortgage and bank lending totalled DKK 8.9bn compared with DKK 9.1bn at the beginning of the year. Relative to end-2014, impairment provisions for receivables from credit institutions were unchanged at DKK 44m.

At end-H1/2015, guarantees came to DKK 8.4bn against DKK 7.5bn at the beginning of the year.

Incurred losses totalled DKK 677m in H1/2015 of which DKK 487m on mortgage lending and DKK 190m on bank lending.

Nykredit Realkredit Group Loans, advances, guarantees and loan impairment and provisions

DKK million	Loans, advances and guarantees		Total provisions for loan impairment and guarantees		Impairment losses on loans and advances, earnings impact	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014	H1/2015	FY 2014
Mortgage lending						
Nykredit Realkredit	552,712	570,029	4,265	4,270	225	1,712
Totalkredit	559,709	541,715	1,363	1,236	313	409
Total	1,112,421	1,111,744	5,628	5,506	538	2,121
Bank lending						
Nykredit Bank	49,441	50,494	3,298	3,560	(89)	211
Total	49,441	50,494	3,298	3,560	(89)	211
Receivables from credit institutions						
Total	-	-	44	44	-	15
Reverse repurchase lending	29,765	35,228	-	-	-	-
Guarantees	8,394	7,546	106	107	0	4
Loan impairment, %¹						
Nykredit Realkredit	-	-	0.77	0.75	0.04	0.30
Totalkredit	-	-	0.24	0.23	0.06	0.08
Total	-	-	0.51	0.50	0.05	0.19
Nykredit Bank	-	-	6.25	6.59	(0.17)	0.39
Total	-	-	6.25	6.59	(0.17)	0.39

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

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

MORTGAGE LENDING

The credit exposure in terms of nominal mortgage lending amounted to DKK 1,112bn at end-H1/2015, which was unchanged compared with the beginning of the year.

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

The LTV ratios of the mortgage loan portfolio are shown in the table below with individual loans relative to the estimated values of the individual properties at end-H1/2015.

Total provisions for mortgage loan impairment

Total impairment provisions for mortgage lending rose by DKK 122m from the beginning of the year to DKK 5,628m at end-H1/2015. Of the increase, DKK 48m was related to private residential property, DKK 100m to office and retail and DKK 84m to agricultural property.

Private residential property accounted for DKK 48m of the increase in end-H1/2015 and commercial property DKK 74m.

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

Earnings impact

Impairment losses on mortgage lending were DKK 538m against DKK 999m in H1/2014. Of total loan impairment losses for the period, DKK 305m, or 57%, was attributable to the private residential segment, while DKK 132m, or 25%, related to agricultural property.

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 property	399,106	156,275	95,195	14,621	6,848	6,216	678,262	72
Private rental	75,459	27,668	14,618	2,179	1,095	1,420	122,440	69
Industry and trades	18,992	3,881	513	105	62	126	23,679	51
Office and retail	82,134	23,727	4,059	672	375	601	111,568	56
Agriculture	70,112	18,472	7,018	1,154	554	779	98,089	59
Non-profit housing	-	-	-	-	-	-	67,978	-
Other	13,714	3,065	1,000	49	30	86	17,944	53
Total, end-Q1/2015	659,518	233,089	122,402	18,780	8,965	9,228	1,119,960	67
Total, end-2014	653,815	235,800	134,014	23,945	10,883	10,648	1,137,983	69

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

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

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

Nykredit Realkredit Group

Mortgage loan impairment by property type¹

DKK million	30.06.2015		31.12.2014	
	Total impairment provisions	Total earnings impact	Total impairment provisions	Total earnings impact
Private residential property	2,212	305	2,164	554
Private rental	1,492	30	1,500	856
Industry and trades	227	7	257	98
Office and retail	606	118	506	91
Agriculture	940	132	856	441
Non-profit housing	61	(37)	97	55
Other	90	(17)	126	26
Total	5,628	538	5,506	2,121

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

Nykredit Realkredit Group
Arrears 75 days past due

Due dates	Arrears relative to total mortgage payments	Debt outstanding affected by arrears of total debt outstanding	Debt outstanding affected by arrears
	%	%	DKK billion
2015			
- March	0.48	0.49	5.5
2014			
- December	0.42	0.50	5.6
- September	0.42	0.42	4.7
- June	0.41	0.43	4.8
- March	0.46	0.47	5.2
2013			
- December	0.43	0.50	5.6

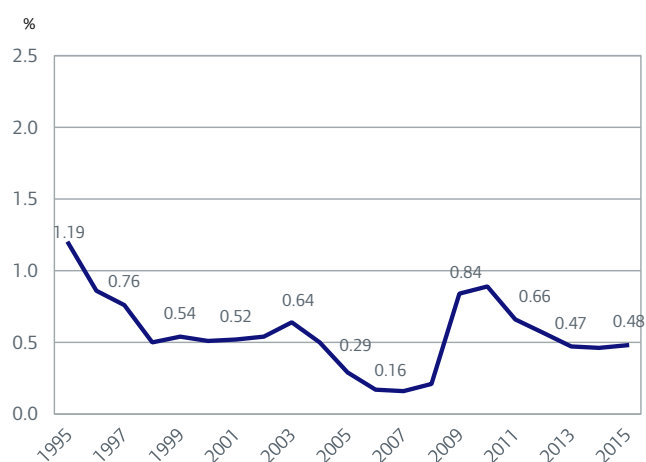
Arrears

At the March due date, mortgage loan arrears as a percentage of total mortgage payments due were 0.48% against 0.46% at the same time in 2014.

The Group's mortgage lending affected by arrears was 0.49% of total mortgage lending (bond debt outstanding) compared with 0.47% in H1/2014.

Acquired properties

In H1/2015, the Group acquired 130 properties and sold 155. At end-H1/2015, the property portfolio stood at 213 against 238 at the beginning of the year. Of this amount, private residential property accounted for 117 against 120 at end-2014.

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


BANK LENDING

Loans, advances and guarantees were DKK 87.6bn against DKK 93.3bn at the beginning of the year, down DKK 5.7bn. The decline chiefly stemmed from reverse repurchase lending, which fell back by DKK 5.5bn to DKK 29.8bn.

Bank lending amounted to DKK 49.4bn against DKK 50.5bn at the beginning of the year. The level reflected continued modest loan demand. Bank lending before provisions for loan impairment was DKK 52.7bn against DKK 54.1bn at the beginning of the year.

Nykredit Bank recorded negative lending growth of 1.8%, excluding reverse repurchase lending, determined pursuant to the rules of the Danish FSA, including rules relating to the FSA Supervisory Diamond model.

Total provisions for bank loan impairment

Provisions for bank loan impairment totalled DKK 3,298m against DKK 3,560m at the beginning of the year.

Impairment provisions for receivables from credit institutions came to DKK 23m at end-H1/2015, the same level as at end-2014.

Guarantees

The Bank issues guarantees on a current basis. Guarantees issued amounted to DKK 8.4bn against DKK 7.5bn at the beginning of the year.

At end-H1/2015, provisions for guarantees amounted to DKK 106m against DKK 107m at the beginning of the year.

Earnings impact

Impairment losses on loans and advances and provisions for guarantees for the period resulted in a net reversal of DKK 89m. By comparison, loan impairment losses and provisions for guarantees were DKK 35m in H1/2014.

Nykredit Realkredit Group

Bank loan impairment and provisions for guarantees by sector¹

DKK million	30.06.2015		31.12.2014	
	Total impairment provisions	Total earnings impact	Total impairment provisions	Total earnings impact
Public	0	(0)	0	(8)
Agriculture, hunting, forestry and fishing	101	19	138	(10)
Manufacturing, mining and quarrying	227	14	269	26
Energy supply	9	(0)	9	2
Construction	232	0	236	11
Trade	106	4	119	(30)
Transport, accommodation and food service activities	117	8	91	(19)
Information and communication	60	(4)	62	1
Finance and insurance	263	(18)	305	(85)
Real estate	1,401	(147)	1,540	303
Other	289	9	305	(77)
Total commercial customers	2,805	(115)	3,074	122
Personal customers	598	26	592	101
Total	3,403	(89)	3,666	215
- Of which provisions for losses on guarantees	106	0	107	4
Impairment provisions for credit institutions	23	-	23	4
Total including impairment provisions for credit institutions	3,426	(89)	3,689	219

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

MANAGEMENT STATEMENT

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

The Board of Directors and the Executive Board have today reviewed and approved the Interim Report for the period 1 January – 30 June 2015 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 Finan-

cial Reports for Credit Institutions and Investment Firms, etc.

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

We are of the opinion that the Interim Financial Statements give a fair presentation of the Group's and the Parent Company's assets, liabilities, equity and financial position at 30 June 2015 and of the results of the Group's and the Parent Company's operations as well as the Group's cash flows for the financial period 1 January – 30 June 2015.

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

The Interim Report has not been audited or reviewed.

Copenhagen, 20 August 2015

Executive Board

Michael Rasmussen
Group Chief Executive

Kim Duus
Group Managing Director

Søren Holm
Group Managing Director

Anders Jensen
Group Managing Director

Bente Overgaard
Group Managing Director

Board of Directors

Steen E. Christensen
Chairman

Hans Bang-Hansen
Deputy Chairman

Steffen Kragh
Deputy Chairman

Kristian Benggaard

Michael Demsitz

Merete Eldrup

Marlene Holm

Allan Kristiansen

Bent Naur

Anders C. Obel

Erling Bech Poulsen

Lars Peter Skaarup

Nina Smith

Jens Erik Udsen

Leif Vinther

Statements of income and other comprehensive income for 1 January – 30 June DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group		
H1/2014	H1/2015		Note	H1/2015	H1/2014
14,252	13,759	Interest income	5	17,307	18,297
-	(9)	Negative interest	5a	(11)	-
12,129	11,158	Interest expenses	6	11,338	12,786
2,122	2,593	NET INTEREST INCOME		5,959	5,511
41	83	Dividend on equities		87	57
338	531	Fee and commission income		1,419	923
71	75	Fee and commission expenses		1,381	1,001
2,430	3,132	NET INTEREST AND FEE INCOME		6,084	5,490
480	52	Value adjustments	7	658	(238)
3	5	Other operating income		92	89
1,164	1,068	Staff and administrative expenses	8	2,268	2,385
88	98	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	9	119	106
53	-	Other operating expenses		34	87
871	224	Impairment losses on loans, advances and receivables	10	449	1,049
884	1,918	Profit from investments in associates and group enterprises	11	4	4
1,620	3,717	PROFIT BEFORE TAX		3,969	1,719
109	329	Tax	12	887	381
1,511	3,388	PROFIT FOR THE PERIOD		3,082	1,337
		DISTRIBUTION OF PROFIT FOR THE PERIOD			
1,511	3,308	Shareholder of Nykredit Realkredit A/S		3,002	1,337
-	80	Holders of Additional Tier 1 capital notes		80	-
1,511	3,388	Profit for the period		3,082	1,337
		OTHER COMPREHENSIVE INCOME			
		ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:			
5	12	Actuarial gains/losses on defined benefit plans		12	5
5	12	Total items that will not be reclassified to profit or loss		12	5
		ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS:			
-	-	Fair value adjustment of equities available for sale		332	173
-	-	Tax on fair value adjustment of equities available for sale		(26)	(0)
-	-	Total items that may be reclassified to profit or loss		306	173
5	12	OTHER COMPREHENSIVE INCOME		317	178
1,515	3,399	COMPREHENSIVE INCOME FOR THE PERIOD		3,399	1,515
		DISTRIBUTION OF COMPREHENSIVE INCOME			
1,515	3,320	Shareholder of Nykredit Realkredit A/S		3,320	1,515
-	80	Holders of Additional Tier 1 capital notes		80	-
1,515	3,399	Profit for the period		3,399	1,515

Balance sheets, end of period

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group			
31.12.2014	30.06.2015		Note	30.06.2015	31.12.2014
ASSETS					
227	5,634	Cash balances and demand deposits with central banks		20,845	4,644
29,570	18,300	Receivables from credit institutions and central banks	13	26,565	37,644
1,192,558	1,174,073	Loans, advances and other receivables at fair value	14	1,149,306	1,172,805
448	258	Loans, advances and other receivables at amortised cost	15	49,715	50,958
47,745	49,449	Bonds at fair value	16	105,049	127,972
Equities					
3,069	3,968	Equities measured at fair value through profit or loss		1,988	1,376
-	-	Equities available for sale		2,367	2,035
3,069	3,968	Total		4,355	3,411
119	120	Investments in associates		122	123
30,456	34,336	Investments in group enterprises		-	-
3,027	3,005	Intangible assets		3,075	3,104
Land and buildings					
-	-	Investment properties		283	283
16	17	Owner-occupied properties		1,460	1,484
16	17	Total		1,743	1,767
235	208	Other property, plant and equipment		241	273
13	-	Current tax assets		280	632
126	103	Deferred tax assets		103	128
476	456	Assets in temporary possession		531	552
14,642	12,570	Other assets	17	45,731	53,914
190	231	Prepayments		299	226
1,322,918	1,302,729	TOTAL ASSETS		1,407,960	1,458,153

Balance sheets, end of period

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group		
31.12.2014	30.06.2015		Note	30.06.2015	31.12.2014
LIABILITIES AND EQUITY					
22,811	20,978	Payables to credit institutions and central banks	18	39,322	44,863
-	-	Deposits and other payables	19	65,935	65,232
1,204,487	1,189,717	Bonds in issue at fair value	20	1,146,975	1,167,163
3,826	3,791	Bonds in issue at amortised cost	21	29,454	29,457
1,188	934	Other non-derivative financial liabilities at fair value	22	6,567	18,451
-	258	Current tax liabilities		604	146
-	-	Liabilities temporarily assumed		29	29
19,268	15,500	Other liabilities	23	47,208	61,161
-	-	Deferred income		5	3
1,251,580	1,231,178	Total payables		1,336,098	1,386,506
Provisions					
198	193	Provisions for pensions and similar obligations		198	203
126	133	Provisions for deferred tax		190	198
74	71	Repayable reserves in pre-1972 series		71	74
-	-	Provisions for losses under guarantees		106	107
87	33	Other provisions		76	169
485	430	Total provisions		641	751
11,350	4,546	Subordinated debt	24	4,646	11,394
Equity					
1,182	1,182	Share capital		1,182	1,182
Accumulated changes in value					
2	1	- revaluation reserves		144	151
-	-	- value adjustment of equities available for sale		946	641
Other reserves					
3,147	5,028	- statutory reserves		-	-
30,975	30,975	- series reserves		30,975	30,975
24,197	25,615	Retained earnings		29,554	26,553
-	3,772	Holders of Additional Tier 1 capital		3,772	-
59,502	66,574	Total equity		66,574	59,502
1,322,918	1,302,729	TOTAL LIABILITIES AND EQUITY		1,407,960	1,458,153
OFF-BALANCE SHEET ITEMS					
-	-	Contingent liabilities	25	8,394	7,546
1,121	1,019	Other commitments		5,593	5,843
1,121	1,019	TOTAL		13,988	13,389

Statement of changes in equity for 1 January – 30 June DKK million

Nykredit Realkredit A/S

	Share capital ¹	Revaluation reserves	Statutory reserves ²	Series reserves	Retained earnings	Additional Tier 1 capital ³	Total
2015							
Equity, 1 January	1,182	2	3,147	30,975	24,197	-	59,502
Profit for the period	-	-	1,918	-	1,389	80	3,388
Total other comprehensive income	-	-	-	-	12	-	12
Total comprehensive income for the period	-	-	1,918	-	1,401	80	3,399
<i>Transactions with owners</i>							
Issuance of Additional Tier 1 capital	-	-	-	-	-	3,731	3,731
Net transaction costs	-	-	-	-	(39)	-	(39)
Interest paid on Additional Tier 1 capital	-	-	-	-	-	(38)	(38)
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	1	(1)	-
Tax	-	-	-	-	18	-	18
Dividend from associates	-	-	(2)	-	2	-	-
Dividend from group enterprises	-	-	(35)	-	35	-	-
Realised by sale of properties	-	(1)	-	-	1	-	-
Other adjustments	-	-	(0)	-	0	-	-
Equity, 30 June	1,182	1	5,028	30,975	25,615	3,772	66,574
2014							
Equity, 1 January	1,182	2	3,554	32,402	21,576	-	58,716
Profit for the period	-	-	884	-	627	-	1,511
Total other comprehensive income	-	-	-	-	5	-	5
Total comprehensive income for the period	-	-	884	-	631	-	1,515
Dividend from associates	-	-	(3)	-	3	-	-
Dividend from group enterprises	-	-	(125)	-	125	-	-
Equity, 30 June	1,182	2	4,310	32,402	22,335	-	60,231

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 transfer to reserves for net revaluation according to the equity method. 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 – 30 June DKK million

Nykredit Realkredit Group

	Share capital ¹	Revaluation reserves	Accumulated value adjustment of equities available for sale	Series reserves	Retained earnings	Additional Tier 1 capital ²	Total
2015							
Equity, 1 January	1,182	151	641	30,975	26,553	-	59,502
Profit for the period	-	-	-	-	3,002	80	3,082
Total other comprehensive income	-	-	306	-	12	-	317
Total comprehensive income for the period	-	-	306	-	3,014	80	3,399
<i>Transactions with owners</i>							
Issuance of Additional Tier 1 capital	-	-	-	-	-	3,731	3,731
Net transaction costs	-	-	-	-	(39)	-	(39)
Interest paid on Additional Tier 1 capital	-	-	-	-	-	(38)	(38)
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	1	(1)	-
Tax	-	-	-	-	18	-	18
Realised by sale of properties	-	(6)	-	-	6	-	-
Equity, 30 June	1,182	144	946	30,975	29,554	3,772	66,574
2014							
Equity, 1 January	1,182	205	403	32,402	24,525	-	58,716
Profit for the period	-	-	-	-	1,337	-	1,337
Total other comprehensive income	-	-	173	-	5	-	178
Total comprehensive income for the period	-	-	173	-	1,342	-	1,515
Equity, 30 June	1,182	205	576	32,402	25,867	-	60,231

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 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

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

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

Cash flow statement for 1 January – 30 June

DKK million

	Nykredit Realkredit Group	
	H1/2015	H1/2014
Profit for the period	3,082	1,337
Non-cash operating items		
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	119	106
Profit from investments in associates	(4)	(4)
Impairment losses on loans, advances and receivables	449	1,049
Prepayments/deferred income, net	(71)	(45)
Tax calculated on profit for the period	887	381
Other adjustments	199	37
Total	1,580	1,523
Profit for the period adjusted for non-cash operating items	4,662	2,861
Change in working capital		
Loans, advances and other receivables	24,294	3,064
Deposits and payables to credit institutions	(4,839)	1,855
Bonds in issue	(20,191)	4,159
Other working capital	(17,807)	9,441
Total	(18,543)	18,518
Corporation tax paid, net	(67)	(86)
Cash flows from operating activities	(13,949)	21,293
Cash flows from investing activities		
Divestment of associates	1	-
Dividend received	3	3
Purchase and sale of bonds and equities, net	21,979	(25,663)
Purchase of intangible assets	(32)	(41)
Purchase of property, plant and equipment	(23)	(17)
Sale of property, plant and equipment	21	264
Total	21,950	(25,454)
Cash flows from financing activities		
Issuance of subordinated debt	-	4,442
Redemption of subordinated debt	(6,699)	-
Issuance of Additional Tier 1 capital recognised in equity	3,731	-
Purchase and sale of self-issued subordinated debt instruments	56	(44)
Total	(2,912)	4,398
Total cash flows	5,090	237
Cash and cash equivalents, beginning of period	42,288	35,758
Foreign currency translation adjustment of cash	32	138
Total	47,410	36,133
Cash and cash equivalents, end of period		
Cash balances and demand deposits with central banks	20,845	1,557
Receivables from credit institutions and central banks	26,565	34,577
Total	47,410	36,133

Notes

LIST OF NOTES

No	Note	Page
1	Accounting policies	32
2.	Capital and capital adequacy	33
3	Core earnings and investment portfolio income	34
4	Results by business area	35
5	Interest income	36
6	Interest expenses	36
7	Value adjustments	37
8	Staff and administrative expenses	37
9	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	38
10	Impairment losses on loans, advances and receivables	38
11	Profit from investments in associates and group enterprises	39
12	Tax	39
13	Receivables from credit institutions and central banks	40
14	Loans, advances and other receivables at fair value	40
15	Loans, advances and other receivables at amortised cost	41
16	Bonds at fair value	42
17	Other assets	42
18	Payables to credit institutions and central banks	43
19	Deposits and other payables	43
20	Bonds in issue at fair value	43
21	Bonds in issue at amortised cost	44
22	Other non-derivative financial liabilities at fair value	44
23	Other liabilities	44
24	Subordinated debt	45
25	Off-balance sheet items	46
26	Related party transactions and balances	47
27	Fair value disclosures	48
28	Seven-quarter financial highlights	51
29	Five-year financial highlights	53
30	Group structure	55

Notes

1. ACCOUNTING POLICIES

GENERAL

The Consolidated Financial Statements for H1/2015 are prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and further Danish financial reporting and disclosure requirements for interim reports. Compliance with IAS 34 implies observance of the principles of recognition and measurement of the IFRS but also a less detailed presentation relative to the annual report.

The Interim Financial Statements for H1/2015 of the Parent Company are prepared in accordance with the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc. (the Danish Executive Order on the Presentation of Financial Statements) issued by the Danish Financial Supervisory Authority (FSA).

New and amended standards, interpretations and reporting provisions

Reporting standards and interpretations in force from 1 January 2015 have been implemented with no effect on results, comprehensive income, balance sheet or equity for the period.

Compared with the information disclosed in the accounting policies of the Annual Report 2014 (note 1), no new reporting standards or interpretations have been issued or approved which influence the H1 Interim Report 2015 of Nykredit Realkredit A/S and the Nykredit Realkredit Group.

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

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

Notes

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group	
31.12.2014	30.06.2015		30.06.2015	31.12.2014
2. CAPITAL AND CAPITAL ADEQUACY				
59,502	66,574	Equity for accounting purposes	66,574	59,502
-	(3,772)	Carrying amount of Additional Tier 1 capital recognised in equity	(3,772)	-
59,502	62,802	Equity excluding Additional Tier 1 capital	62,802	59,502
-	(71)	Deduction for average dividend payments/dividend payments provided for	(71)	-
(111)	(80)	Prudent valuation adjustment	(385)	(551)
(2,968)	(2,951)	Intangible assets excluding deferred tax liabilities	(3,011)	(3,040)
(1,877)	(2,036)	Provisions for expected losses in accordance with IRB approach	(1,533)	(1,433)
(237)	(231)	Other additions/deductions	(231)	(237)
1,673	1,358	Transitional adjustment of deductions	1,056	1,318
(3,521)	(4,011)	Common Equity Tier 1 capital deductions	(4,174)	(3,944)
55,981	58,791	Common Equity Tier 1 capital	58,627	55,559
6,699	3,730	Additional Tier 1 capital recognised in equity	3,830	6,746
(75)	(21)	Additional Tier 1 capital deductions	(15)	(75)
(691)	(598)	Transitional adjustment of deductions	(451)	(513)
5,933	3,111	Total Additional Tier 1 capital after deductions	3,364	6,158
61,915	61,902	Tier 1 capital	61,991	61,717
4,466	4,476	Tier 2 capital	4,471	4,463
-	-	Tier 2 capital additions/deductions	-	0
(751)	(611)	Transitional adjustment of deductions	(460)	(573)
65,630	65,767	Own funds	66,002	65,606
348,763	344,247	Credit risk	279,618	305,321
21,769	15,128	Market risk	27,089	35,335
9,705	11,266	Operational risk	18,397	17,933
380,237	370,641	Total risk exposure amount	325,103	358,589
Financial ratios				
14.7	15.8	Common Equity Tier 1 capital ratio, %	18.0	15.4
16.2	16.7	Tier 1 capital ratio, %	19.0	17.2
17.2	17.7	Total capital ratio, %	20.3	18.2

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

Notes

DKK million

Nycredit Realkredit Group

3. CORE EARNINGS AND INVESTMENT PORTFOLIO INCOME

	H1/2015				H1/2014			
	Core earnings	Investment portfolio income	Cost of capital	Total	Core earnings	Investment portfolio income	Cost of capital	Total
Net interest income	5,419	727	(188)	5,959	5,306	441	(235)	5,511
Dividend on equities	4	83	-	87	9	48	-	57
Fee and commission income, net	49	(11)	-	38	(67)	(11)	-	(78)
Net interest and fee income	5,473	799	(188)	6,084	5,248	447	(235)	5,490
Value adjustments	970	(311)	(1)	658	(357)	121	(2)	(238)
Other operating income	92	-	-	92	89	-	-	89
Staff and administrative expenses	2,268	-	-	2,268	2,385	-	-	2,385
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	119	-	-	119	106	-	-	106
Other operating expenses	34	-	-	34	87	-	-	87
Impairment losses on loans and advances	449	-	-	449	1,049	-	-	1,049
Profit from investments in associates	-	4	-	4	-	4	-	4
Profit (loss) before tax	3,666	491	(188)	3,969	1,354	602	(237)	1,719

Notes

DKK million

Nycredit Realkredit Group

4. RESULTS BY BUSINESS AREA

	Retail	Totalkredit Partners	Wholesale Clients	Group Items	Total
H1/2015					
Core income from					
- customer activities, gross	2,996	1,384	1,840	16	6,236
- allocation of income for distribution	295	-	(295)	-	-
Total business operations	3,291	1,384	1,545	16	6,236
- value adjustment of derivatives	250	-	204	-	454
- senior debt	(62)	(90)	(7)	(16)	(176)
- securities	-	-	-	21	21
Total core income	3,479	1,294	1,742	21	6,535
Operating costs	1,460	246	367	227	2,301
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	4	0	7	108	119
Core earnings before impairment losses	2,014	1,047	1,367	(314)	4,115
Impairment losses on loans and advances	264	291	(107)	0	449
Core earnings after impairment losses	1,750	756	1,474	(314)	3,666
Investment portfolio income ¹	-	-	-	491	491
Profit before cost of capital	1,750	756	1,474	178	4,157
Net interest on subordinated debt	-	-	-	(188)	(188)
Profit (loss) before tax	1,750	756	1,474	(11)	3,969
H1/2014					
Core income from					
- customer activities, gross	2,753	1,233	1,561	21	5,569
- allocation of income for distribution	285	-	(285)	-	-
Total business operations	3,038	1,233	1,276	21	5,569
- value adjustment of derivatives	(538)	-	103	-	(435)
- senior debt	(67)	(111)	(9)	(26)	(212)
- securities	-	-	-	60	60
Total core income	2,433	1,122	1,370	56	4,981
Operating costs	1,466	199	448	361	2,473
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	5	0	3	98	106
Core earnings before impairment losses	963	923	919	(403)	2,403
Impairment losses on loans and advances	934	129	(28)	15	1,049
Core earnings after impairment losses	29	795	948	(418)	1,354
Investment portfolio income ¹	-	-	-	602	602
Profit before cost of capital	29	795	948	184	1,956
Net interest on subordinated debt	-	-	-	(237)	(237)
Profit (loss) before tax	29	795	948	(53)	1,719

¹ Investment portfolio income includes a profit from investments in associates of DKK 4m against DKK 4m in H1/2014.

Notes

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
H1/2014	H1/2015	H1/2015	H1/2014
5. INTEREST INCOME			
6,024	6,113	0	30
5,669	4,806	12,091	13,104
2,116	2,102	4,380	4,175
Bonds			
185	151	440	448
263	278	602	742
5	127	158	34
59	49	113	159
Derivative financial instruments			
(1)	0	98	7
92	226	(139)	51
-	-	(21)	(27)
-	-	2	18
31	58	57	45
14,443	13,910	17,782	18,785
(185)	(151)	(440)	(448)
(6)	(0)	(34)	(40)
14,252	13,759	17,307	18,297
Of which interest income from reverse repurchase lending entered as:			
1	0	0	18
-	-	9	96
5a. Negative interest			
Interest income			
-	(11)	(18)	-
-	-	(48)	-
-	(11)	(66)	-
Interest expenses			
-	(2)	(36)	-
-	-	(19)	-
-	(2)	(55)	-
-	(9)	(11)	-
6. INTEREST EXPENSES			
31	4	34	128
-	-	105	199
11,838	10,991	11,418	12,524
414	246	247	418
38	67	8	4
12,320	11,309	11,813	13,274
(185)	(151)	(440)	(448)
(6)	(0)	(34)	(40)
12,129	11,158	11,338	12,786
Of which interest expenses from repo transactions entered as:			
29	0	3	99
-	-	2	31

Notes

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group		
H1/2014	H1/2015	H1/2015	H1/2014	
7. VALUE ADJUSTMENTS				
Assets measured at fair value through profit or loss				
3,844	(4,087)	Mortgage loans, a)	(15,962)	10,934
6,886	(11,532)	Totalkredit mortgage loan funding, a)	-	-
99	(86)	Other loans, advances and receivables at fair value, b)	(4)	0
513	(571)	Bonds, b)	(599)	339
329	427	Equities, b)	178	225
-	-	Investment properties	-	12
(6)	(1)	Foreign exchange	188	56
(328)	130	Foreign exchange, interest rate and other contracts as well as derivative financial instruments, b)	739	(744)
Liabilities measured at fair value through profit or loss				
(3,971)	4,241	Bonds in issue, a)	16,118	(11,061)
(6,886)	11,532	Totalkredit mortgage loan funding, a)	-	-
480	52	Total	658	(238)
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				
30	24	Remuneration of Board of Directors and Executive Board	24	30
998	978	Staff expenses	1,400	1,495
137	65	Other administrative expenses	843	861
1,164	1,068	Total	2,268	2,385
Remuneration of Board of Directors and Executive Board				
Board of Directors				
1	2	Remuneration	2	1
Executive Board				
21	18	Fixed salaries	18	21
-	1	Expenses for defined contribution plans	1	-
7	4	Expenses for defined benefit plans	4	7
30	24	Total	24	30
Staff expenses				
782	767	Salaries	1,111	1,185
93	95	Pensions	130	133
112	109	Payroll tax	149	162
11	7	Other social security expenses	10	15
998	978	Total	1,400	1,495
Number of staff				
2,969	2,860	Average number of staff for the financial period, full-time equivalents	3,785	4,001

Notes

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
H1/2014	H1/2015	H1/2015	H1/2014
9. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES FOR PROPERTY, PLANT AND EQUIPMENT AS WELL AS INTANGIBLE ASSETS			
Intangible assets			
37	38	45	38
-	16	16	0
Property, plant and equipment			
51	45	58	67
88	98	119	106
10. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES			
10 a. Earnings impact			
813	273	769	1,089
11	-	-	15
(12)	(79)	(323)	(71)
29	43	157	102
(20)	(45)	(67)	(41)
-	-	(0)	7
821	192	536	1,101
51	46	59	72
(1)	(14)	(14)	(1)
-	-	(132)	(123)
871	224	449	1,049
10 b. Specification of impairment provisions for loans, advances and receivables			
2,639	2,965	6,690	6,539
1,152	1,322	2,279	2,165
3,791	4,287	8,970	8,704
Impairment provisions have been offset against the following items:			
3,651	4,126	5,335	4,667
119	139	293	252
-	-	3,298	3,742
21	21	44	44
3,791	4,287	8,970	8,704
10 c. Individual impairment provisions for loans and advances			
2,039	2,869	6,465	6,116
1,024	564	1,408	1,665
(211)	(290)	(639)	(576)
(66)	(45)	(66)	(101)
(169)	(154)	(520)	(609)
2,617	2,943	6,647	6,495

Notes

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
H1/2014	H1/2015	H1/2015	H1/2014
10. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES (continued)			
10 d. Collective impairment provisions			
1,165	1,401	2,602	2,237
(12)	(79)	(323)	(71)
1,152	1,322	2,279	2,165
10 e. Individual impairment provisions for receivables from credit institutions			
10	21	44	29
11	-	-	15
21	21	44	44
10 f. Specification of loans, advances and receivables from credit institutions with objective evidence of impairment			
12,965	14,009	21,240	20,493
2,617	2,943	6,647	6,495
10,348	11,065	14,593	13,998
40,207	36,101	120,135	115,698
1,152	1,322	2,279	2,165
39,055	34,779	117,856	113,533
29	29	54	54
21	21	44	44
8	8	10	10
10 g. Impairment provisions for acquired properties			
365	315	414	469
66	45	66	101
56	54	71	80
(5)	(8)	(12)	(9)
(148)	(106)	(159)	(187)
334	300	380	454
Impairment provisions for acquired properties have been offset against "Assets in temporary possession".			
11. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES			
4	4	4	4
880	1,915	-	-
884	1,918	4	4
12. TAX			
6.7	8.9	22.3	22.2

Notes

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group	
H1/2014	H1/2015		H1/2015	H1/2014
13. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS				
-	2,008	Receivables from central banks	7,008	8,000
28,230	14,646	Receivables from credit institutions	13,297	24,670
-	-	Reverse repurchase lending to central banks	-	746
1,340	1,646	Reverse repurchase lending to credit institutions	6,260	4,228
29,570	18,300	Total	26,565	37,644
14. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE				
582,417	560,350	Mortgage loans	1,119,081	1,137,099
268	265	Arrears and outlays	459	479
-	-	Reverse repurchase lending to undertakings other than credit institutions and central banks	29,765	35,228
19,294	17,313	Loans to Totalkredit serving as collateral in capital centres	-	-
590,579	596,145	Totalkredit mortgage loan funding	-	-
1,192,558	1,174,073	Total	1,149,306	1,172,805
14 a. Mortgage loans				
588,670	570,913	Balance, beginning of period, nominal value	1,111,744	1,119,970
76,191	53,141	New loans	165,322	190,529
164	185	Indexation	185	164
(1,279)	900	Foreign currency translation adjustment	900	(1,279)
(12,412)	(5,994)	Ordinary principal payments	(9,392)	(18,861)
(80,420)	(65,556)	Prepayments and extraordinary principal payments	(156,341)	(178,780)
570,913	553,589	Balance, end of period, nominal value	1,112,419	1,111,744
(360)	(314)	Loans transferred relating to properties in temporary possession	(367)	(411)
244	240	Loans assumed by the Danish Agency for Governmental Management	240	244
570,797	553,515	Total	1,112,292	1,111,577
15,788	10,961	Adjustment for interest rate risk	12,124	30,789
Adjustment for credit risk				
(2,767)	(2,804)	Individual impairment provisions	(3,227)	(3,176)
(1,401)	(1,322)	Collective impairment provisions	(2,108)	(2,092)
582,417	560,350	Balance, end of period, fair value	1,119,081	1,137,099
For total loans and advances, Nykredit has received mortgages over real estate and:				
28,328	28,821	Supplementary guarantees	35,573	35,382
1,014	1,314	Interim loan guarantees	13,217	10,412
6,776	5,460	Registration guarantees	29,666	21,675
14 b. Arrears and outlays				
296	298	Arrears before impairment provisions	412	431
74	107	Outlays before impairment provisions	340	287
(102)	(139)	Individual impairment provisions for arrears and outlays	(293)	(238)
268	265	Total	459	479

Notes

DKK million

Nykredit Realkredit A/S				Nykredit Realkredit Group	
31.12.2014	30.06.2015			30.06.2015	31.12.2014
14. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE (continued)					
14 c. Totalkredit mortgage loan funding					
531,206	576,910	Balance, beginning of period, nominal value		-	-
252,757	170,827	New loans		-	-
(4,293)	(2,629)	Ordinary principal payments		-	-
(202,760)	(149,153)	Prepayments and extraordinary principal payments		-	-
576,910	595,956	Balance, end of period, nominal value		-	-
13,669	189	Adjustment for interest rate risk		-	-
590,579	596,145	Balance, end of period, fair value		-	-
15. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST					
-	-	Bank loans and advances		52,738	54,054
26	24	Totalkredit mortgage loan funding		-	-
-	-	- Mortgage loans		25	27
449	263	Other loans and advances		278	465
476	287	Balance, end of period		53,041	54,546
Adjustment for credit risk					
-	-	Individual impairment provisions		(3,127)	(3,051)
-	-	Collective impairment provisions		(171)	(509)
476	287	Balance after impairment, end of period		49,744	50,986
(28)	(28)	Set-off of self-issued "Other loans and advances" against "Bonds in issue at amortised cost" – note 21		(28)	(28)
448	258	Total		49,715	50,958

Notes

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group	
31.12.2014	30.06.2015		30.06.2015	31.12.2014
16. BONDS AT FAIR VALUE				
69,776	19,534	Self-issued covered bonds (særligt dækkede obligationer, SDOs)	49,333	121,334
35,460	26,046	Self-issued covered bonds (realkreditobligationer, ROs)	63,895	59,926
-	-	Self-issued corporate bonds	3,382	2,342
-	-	Self-issued senior debt	137	410
34,306	33,414	Other ROs	84,500	99,523
10,445	12,851	Government bonds	14,095	18,556
2,994	3,185	Other bonds	6,454	9,893
152,981	95,029	Total	221,796	311,982
(69,750)	(19,508)	Set-off of self-issued SDOs against "Bonds in issue at fair value" – note 20	(49,307)	(121,307)
(26)	(26)	Set-off of self-issued SDOs against "Bonds in issue at amortised cost" – note 21	(26)	(26)
(35,460)	(26,046)	Set-off of self-issued ROs against "Bonds in issue at fair value" – note 20	(63,895)	(59,926)
-	-	Set-off of self-issued corporate bonds against "Bonds in issue at amortised cost" – note 21	(3,382)	(2,342)
-	-	Set-off of self-issued senior debt against "Bonds in issue at fair value" – note 20	(137)	(410)
47,745	49,449	Total	105,049	127,972
3,679	5,860	As collateral security for the Danish central bank and foreign clearing centres, bonds have been deposited of a total market value of	11,460	20,142
		Collateral security was provided on an arm's length basis.		
17. OTHER ASSETS				
9,893	8,515	Interest and commission receivable	7,654	9,503
257	208	Receivables from group enterprises	-	-
3,689	3,492	Positive market value of derivative financial instruments	34,974	41,937
214	227	Defined benefit plans	227	214
589	128	Other	2,875	2,260
14,642	12,570	Total	45,731	53,914

Notes

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group	
31.12.2014	30.06.2015		30.06.2015	31.12.2014
18. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS				
1,525	1,309	Payables to credit institutions	11,952	14,848
-	-	Payables to central banks	60	34
21,286	19,669	Repo transactions with credit institutions	27,310	29,235
-	-	Repo transactions with central banks	-	746
22,811	20,978	Total	39,322	44,863
19. DEPOSITS AND OTHER PAYABLES				
-	-	On demand	51,755	45,806
-	-	At notice	3,087	5,306
-	-	Time deposits	8,027	11,097
-	-	Special deposits	3,065	3,022
-	-	Total	65,935	65,232
20. BONDS IN ISSUE AT FAIR VALUE				
290,664	257,336	ROs	282,378	329,773
989,633	951,846	SDOs	951,846	989,633
25,103	21,763	Senior secured debt	21,763	25,103
4,297	4,327	Senior unsecured debt	4,327	4,297
1,309,697	1,235,271	Total	1,260,314	1,348,806
(105,210)	(45,554)	Self-issued bonds transferred from "Bonds at fair value" – note 16	(113,339)	(181,643)
1,204,487	1,189,717	Total	1,146,975	1,167,163
20 a. ROs				
280,572	248,367	ROs at nominal value	272,435	318,349
10,092	8,968	Fair value adjustment	9,943	11,424
290,664	257,336	ROs at fair value	282,378	329,773
(35,460)	(26,046)	Self-issued ROs transferred from "Bonds at fair value" – note 16	(63,895)	(59,926)
255,204	231,290	Total	218,483	269,847
163	35	Of which pre-issuance	35	163
31,039	32,703	ROs redeemed and maturing at next creditor payment date	32,703	34,988
20 b. SDOs				
970,263	949,674	SDOs at nominal value	949,674	970,263
19,370	2,171	Fair value adjustment	2,171	19,370
989,633	951,846	SDOs at fair value	951,846	989,633
(69,750)	(19,508)	Self-issued SDOs transferred from "Bonds at fair value" – note 16	(49,307)	(121,307)
919,883	932,338	Total	902,539	868,325
587	1,316	Of which pre-issuance	1,316	587
117,327	49,550	SDOs redeemed and maturing at next creditor payment date	49,550	117,327

Notes

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group	
31.12.2014	30.06.2015		30.06.2015	31.12.2014
20. BONDS IN ISSUE AT FAIR VALUE (continued)				
20 c. Senior secured debt				
24,122	20,950	Senior secured debt at nominal value	20,950	24,122
982	813	Fair value adjustment	813	982
25,103	21,763	Senior secured debt at fair value	21,763	25,103
-	-	Self-issued senior secured debt transferred from "Bonds at fair value" – note 16	(137)	(410)
25,103	21,763	Total	21,626	24,694
1,430	-	Senior secured debt maturing at next creditor payment date	-	1,430
20 d. Senior unsecured debt				
4,291	4,317	Senior unsecured debt at nominal value	4,317	4,291
5	9	Fair value adjustment	9	5
4,297	4,327	Senior unsecured debt at fair value	4,327	4,297
21. BONDS IN ISSUE AT AMORTISED COST				
-	-	Corporate bonds	29,045	27,965
26	26	SDOs	26	26
3,774	3,780	Senior secured debt	3,780	3,774
48	-	Employee bonds	-	55
33	40	Other securities	40	33
3,880	3,846	Total	32,891	31,852
-	-	Self-issued corporate bonds transferred from "Bonds at fair value" – note 16	(3,382)	(2,342)
(26)	(26)	Self-issued SDOs transferred from "Bonds at fair value" – note 16	(26)	(26)
(28)	(28)	Other self-issued securities transferred from "Loans, advances and other receivables at amortised cost" – note 15	(28)	(28)
3,826	3,791	Total	29,454	29,457
22. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE				
-	-	Repo transactions with undertakings other than credit institutions and central banks	3,453	13,855
1,188	934	Negative securities portfolios	3,114	4,596
1,188	934	Total	6,567	18,451
23. OTHER LIABILITIES				
13,163	9,534	Interest and commission payable	12,158	16,218
4,324	3,802	Negative market value of derivative financial instruments	30,814	40,958
113	114	Payables relating to the purchase of Totalkredit shares	102	101
1,668	2,049	Other	4,134	3,885
19,268	15,500	Total	47,208	61,161

Notes

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
31.12.2014	30.06.2015	30.06.2015	31.12.2014
24. 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			
4,609	4,546	4,546	4,609
4,609	4,546	4,546	4,609
Hybrid capital/Additional Tier 1 capital			
Nom DKK 100m. The loan is perpetual and carries an interest rate of 1.7% pa above 3M Cibor			
-	-	100	100
Nom EUR 900m. The loan is perpetual, but may be redeemed at par (100) from 1 April 2015. The loan carries a fixed interest rate of 9.0% pa up to 1 April 2015, after which date the interest rate will be fixed every 5 years			
6,741	-	-	6,741
6,741	-	100	6,841
Portfolio of self-issued bonds			
-	-	-	-56
11,350	4,546	4,646	11,394
11,165	4,476	4,576	11,209
36	-	-	36
3,722	6,699	6,699	3,872

Notes

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
31.12.2014	30.06.2015	30.06.2015	31.12.2014
25. OFF-BALANCE SHEET ITEMS			
Guarantees and warranties provided, irrevocable credit commitments and similar obligations not included in the balance sheets are presented below.			
-	-	8,394	7,546
1,121	1,019	5,593	5,843
1,121	1,019	13,988	13,389
25 a. Contingent liabilities			
-	-	2,473	2,843
-	-	293	295
-	-	5,628	4,408
-	-	8,394	7,546
"Other contingent liabilities" chiefly comprises purchase price and payment guarantees.			
25 b. Other commitments			
1	1	4,402	4,508
1,121	1,018	1,192	1,334
1,121	1,019	5,593	5,843

"Other" under "Other commitments" comprises obligations to and charges in favour of securities depositaries, investment commitments to private equity funds and non-cancellable lease rentals.

Additional contingent liabilities

Owing to its size and business scope, the Nykredit Realkredit 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 Realkredit Group's financial position.

Nykredit participates in the mandatory Danish deposit guarantee scheme.

A new scheme has been introduced in 2015, as the Danish Guarantee Fund took over the activities and assets of the Danish Guarantee Fund for Depositors and Investors on 1 June 2015. The purpose of the Danish Guarantee Fund is to provide cover for depositors and investors of distressed institutions included in the Fund's scheme. The scheme includes both natural and legal persons, and deposits are covered by an amount equivalent to EUR 100,000 per depositor and EUR 20,000 per investor.

Nykredit also participates in the Resolution Fund scheme, which is a resolution finance scheme that was also established on 1 June 2015. The Resolution Fund is financed by annual contributions from participating banks, mortgage lenders and investment companies and, as from 31 December 2024, the assets of the scheme must make up 1% of the sector's covered deposits over a 10-year period.

Participating institutions pay an annual amount to cover any losses incurred by the Resolution Fund in connection with the resolution of distressed institutions.

BEC is one of Nykredit Bank's IT providers. According to BEC's articles of association, Nykredit Bank may terminate its membership of BEC giving 5 years' notice to 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 A/S has issued a letter of comfort stating that Nykredit Realkredit A/S will contribute capital to Nykredit Bank A/S to ensure that Nykredit Bank A/S's Tier 1 capital calculated according to the Basel II rules does not fall below 12-13%. However, Nykredit Realkredit A/S will not contribute capital to Nykredit Bank A/S if that will bring Nykredit Realkredit A/S's total capital ratio below the statutory capital requirement plus 0.5% or the internal capital adequacy requirement (ICAAP) plus 0.5%.

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

Notes

26. RELATED PARTY TRANSACTIONS AND BALANCES

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

No unusual related party transactions occurred in H1/2015.

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

Significant related party transactions prevailing/entered into in H1/2015 include:

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

Nykredit Realkredit A/S has granted a loan to Totalkredit A/S serving as collateral in Totalkredit's capital centres. The loan amounted to DKK 17.3bn at 30 June 2015.

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

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

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

Notes

Nykredit Realkredit Group

27. FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS

Listed prices

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

Observable inputs

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

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

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

Further, the valuation of derivatives implies the use of so-called Credit Value Adjustment (CVA), thus including counterparty credit risk in the valuation. The CVA, which accounts for an insignificant share of the positive market value, is primarily based on own data. Upon entering into financial derivatives contracts, further provisions are made in the form of a so-called minimum margin for liquidity, credit risk and return on capital. The minimum margin is amortised at valuation of derivatives over the times-to maturity. At 30 June 2015, the non-amortised minimum margin amounted to DKK 441m compared with DKK 470m at end-2014. Finally, in some instances further value adjustment based on management judgement is made if the models do not take into account all known risks, including eg legal risks.

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

Unobservable inputs

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

The positive market values of a number of interest rate swaps with customers in the Bank's lowest rating categories have been adjusted for increased credit risk based on a so-called CVA model. The model uses 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. Following value adjustment, the fair value came to DKK 520m at 30 June 2015 and thus represents the majority of derivatives with positive market values in this category. Credit value adjustments came to DKK 4,481m at 30 June 2015 (end-2014: DKK 4,832m).

The interest rate risk on these interest rate swaps is hedged in all material respects. However, interest rate fluctuations may impact results to the extent that the market value must be adjusted due to increased counterparty credit risk. A 0.1 percentage point change in interest rate levels will impact the fair value by around +/- DKK 163m.

However, financial assets measured on the basis of unobservable inputs account for a very limited part of total financial assets at fair value. At 30 June 2015 the proportion was 0.3%, the same as at end-2014. At 31 December 2014 the proportion was 0.0%, which was unchanged on 31 December 2014.

Valuation, notably of instruments classified as unobservable inputs, is subject to some uncertainty. Of total assets and liabilities, DKK 3.6bn (2014: DKK 3.5bn) and DKK 0.4bn (2014: DKK 0.3bn), respectively, derived from this category. Assuming that an actual market price will deviate by +/- -10% from the calculated fair value, the earnings impact will be approximately DKK 405m in H1/2015 (0.6% of equity at 30 June 2015). The earnings impact for 2014 has been estimated at DKK 380m (0.6% of equity at 31 December 2014).

Transfers between the categories Listed prices, Observable inputs and Unobservable inputs are made when an instrument is classified differently on the balance sheet date than at the beginning of the financial year. In H1/2015 and 2014, transfers between the categories Observable inputs and Unobservable inputs mainly resulted from changes to the rating categories of counterparties (credit risk) and in all material respects concerned interest rate swaps. Transfers between the categories Listed prices and Observable inputs in all material respects resulted from redeemed bonds that were reclassified on redemption and came to DKK 3bn at 31 December 2014.

Notes

DKK million

Nycredit Realkredit Group

27. FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS (continued)

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

30 June 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	-	6,260	-	6,260
- other reverse repurchase lending	-	29,765	-	29,765
- bonds at fair value	75,199	29,448	401	105,049
- equities measured at fair value through profit or loss	556	-	1,432	1,988
- positive fair value of derivative financial instruments	1,387	32,712	876	34,975

Recognised through the fair value option:

- mortgage loans, arrears and outlays	-	1,119,541	-	1,119,541
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Recognised as available for sale:

- equities available for sale	1,456	-	911	2,367
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Other assets recognised at fair value:

- owner-occupied properties	-	1,460	-	1,460
- investment properties	-	283	-	283
- assets in temporary possession	-	531	-	531

Total	78,599	1,220,000	3,620	1,302,218
Percentage	6.0	93.7	0.3	100

Liabilities:

Recognised in the trading book:

- repo transactions with credit institutions and central banks	-	27,310	-	27,310
- other non-derivative financial liabilities at fair value incl negative securities portfolios	3,114	3,453	-	6,567
- negative fair value of derivative financial instruments	1,163	29,249	399	30,811

Recognised through the fair value option:

- bonds in issue at fair value	1,144,179	2,766	31	1,146,975
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Total	1,148,455	62,778	429	1,211,662
Percentage	94.8	5.2	0.0	100

Assets and liabilities measured on the basis of unobservable inputs

	Bonds	Equities	Derivatives	Total
Fair value, beginning of period, assets	180	2,015	1,312	3,506
Unrealised capital gains and losses recognised in "Value adjustments" in the income statement	(1)	(24)	(103)	(128)
Realised capital gains and losses recognised in "Value adjustments" in the income statement	-	98	-	98
Unrealised capital gains and losses recognised in "Fair value adjustment of equities available for sale" in "Other comprehensive income"	-	(390)	-	(390)
Purchases for the period	58	386	-	444
Sales for the period	-	(150)	-	(150)
Transferred to Listed prices and Observable inputs	-	-	(87)	(87)
Transferred from Listed prices and Observable inputs ¹	165	-	162	327
Fair value, end of period, assets	401	1,935	1,283	3,620
Fair value, beginning of period, liabilities	-	-	297	297
Unrealised capital gains and losses recognised in "Value adjustments" in the income statement	-	-	132	132
Fair value, end of period, liabilities	-	-	429	429

¹ Transfers from Observable inputs to Unobservable inputs consist of interest rate swaps individually adjusted for increased credit risk.

Notes

DKK million

Nykredit Realkredit Group

27. FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS (continued)

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

31 December 2014

Assets:

Recognised in the trading book:

	Listed prices	Observable inputs	Unobservable inputs	Total fair value
- reverse repurchase lending to credit institutions and central banks	-	4,975	-	4,975
- other reverse repurchase lending	-	35,228	-	35,228
- bonds at fair value	109,795	17,997	180	127,972
- assets measured at fair value through profit or loss	254	-	1,122	1,376
- positive fair value of derivative financial instruments	1,182	39,443	1,312	41,937

Recognised through the fair value option:

- mortgage loans, arrears and outlays	-	1,137,578	-	1,137,578
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Recognised as available for sale:

- equities available for sale	1,143	-	892	2,035
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Other assets recognised at fair value:

- owner-occupied properties	-	1,484	-	1,484
- investment properties	-	283	-	283
- assets in temporary possession	-	552	-	552

Total	112,374	1,237,540	3,506	1,353,420
Percentage	8.3	91.4	0.3	100

Liabilities:

Recognised in the trading book:

- repo transactions with credit institutions and central banks	-	29,981	-	29,981
- other non-derivative financial liabilities at fair value incl negative securities portfolios	4,596	13,855	-	18,451
- negative fair value of derivative financial instruments	1,178	39,484	297	40,958

Recognised through the fair value option:

- bonds in issue at fair value	1,155,269	11,894	-	1,167,163
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Total	1,161,043	95,213	297	1,256,553
Percentage	92.4	7.6	0.0	100

Assets and liabilities measured on the basis of unobservable inputs

	Bonds	Equities	Derivatives	Total
Fair value, beginning of year, assets	496	1,853	1,294	3,643
Unrealised capital gains and losses recognised in "Value adjustments" in the income statement	(49)	121	(2,276)	(2,204)
Realised capital gains and losses recognised in "Value adjustments" in the income statement	57	122		179
Unrealised capital gains and losses recognised in "Fair value adjustment of equities available for sale" in "Other comprehensive income"	-	50		50
Purchases for the period	9	164		173
Sales for the period	(19)	(295)		(314)
Redemptions for the period	(283)	-	(2)	(285)
Transferred to Listed prices and Observable inputs	(32)	-	(1,147)	(1,179)
Transferred from Listed prices and Observable inputs ¹	-	-	3,443	3,443
Fair value, year-end, assets	179	2,015	1,312	3,506

Fair value, beginning of year, liabilities

-	-	-	242	242
Unrealised capital gains and losses recognised in "Value adjustments" in the income statement	-	-	148	148
Redemptions for the period	-	-	(93)	(93)
Fair value, year-end, liabilities	-	-	297	297

¹ Transfers from Observable inputs to Unobservable inputs consist of interest rate swaps individually adjusted for increased credit risk.

Notes

DKK million

Nykredit Realkredit Group	Q2/ 2015	Q1/ 2015	Q4/ 2014	Q3/ 2014	Q2/ 2014	Q1/ 2014	Q4/ 2013
28. SEVEN-QUARTER FINANCIAL HIGHLIGHTS							
Core income from							
Business operations	4,377	2,137	1,557	1,261	2,518	2,403	2,426
Securities	7	14	36	33	30	30	29
Total	4,385	2,151	1,594	1,295	2,548	2,433	2,455
Operating costs, depreciation and amortisation	1,197	1,223	1,338	1,187	1,304	1,275	1,816
Core earnings before impairment losses	3,187	928	256	108	1,244	1,158	639
Impairment losses on loans and advances	120	329	893	409	534	515	1,159
Core earnings after impairment losses	3,068	599	(638)	(301)	710	643	(520)
Investment portfolio income	47	445	(99)	276	253	349	493
Profit (loss) before cost of capital	3,114	1,043	(737)	(24)	964	992	(27)
Net interest on subordinated debt	(28)	(161)	(146)	(145)	(123)	(114)	(117)
Profit (loss) before tax	3,087	883	(883)	(169)	841	877	(144)
Tax	690	197	(237)	(54)	181	200	(29)
Profit (loss) for the period	2,396	686	(646)	(115)	660	678	(115)
Other comprehensive income							
Actuarial gains/losses on defined benefit plans	4	8	4	13	2	2	(14)
Value adjustment of strategic equities	149	157	15	51	16	157	65
Fair value adjustment of owner-occupied properties	-	-	(25)	(28)	-	-	(4)
Total other comprehensive income	153	164	(6)	35	18	159	47
Comprehensive income for the period	2,549	850	(652)	(80)	678	837	(69)
SUMMARY BALANCE SHEET, END OF PERIOD							
	30.06.2015	31.03.2015	31.12.2014	30.09.2014	30.06.2014	31.03.2014	31.12.2013
Assets							
Cash balances and receivables from credit institutions and central banks	47,410	70,931	42,288	37,335	36,133	38,690	35,758
Mortgage loans at fair value	1,119,080	1,137,833	1,137,099	1,144,160	1,143,883	1,142,380	1,136,644
Bank loans – excluding reverse repurchase lending	49,441	49,404	50,494	48,301	46,908	48,078	46,963
Bonds and equities	109,404	104,795	131,383	120,066	118,624	110,300	92,961
Remaining assets	82,625	98,536	96,889	98,029	98,799	88,302	105,087
Total assets	1,407,960	1,461,499	1,458,153	1,447,891	1,444,348	1,427,750	1,417,414
Liabilities and equity							
Payables to credit institutions and central banks	39,322	38,859	44,863	44,217	49,656	49,174	44,393
Deposits and other payables	65,935	67,733	65,232	60,372	61,764	68,598	65,172
Bonds in issue at fair value	1,146,975	1,181,483	1,167,163	1,150,270	1,138,266	1,130,708	1,130,020
Subordinated debt	4,646	11,417	11,394	11,387	15,243	10,913	10,964
Remaining liabilities	84,508	97,952	109,998	121,492	119,188	108,805	108,148
Equity	66,574	64,055	59,502	60,152	60,231	59,553	58,716
Total liabilities and equity	1,407,960	1,461,499	1,458,153	1,447,891	1,444,348	1,427,750	1,417,414
FINANCIAL RATIOS							
Profit (loss) for the period as % of average equity pa ¹	15.1	4.4	(4.3)	(0.8)	4.4	4.6	(0.8)
Core earnings before impairment losses as % of average equity pa ¹	20.7	6.2	1.7	0.7	8.3	7.8	4.4
Core earnings after impairment losses as % of average equity pa ¹	19.9	4.0	(4.3)	(2.0)	4.7	4.4	(3.5)
Total provisions for loan impairment and guarantees	9,032	9,274	9,173	8,769	8,771	8,535	8,456
Impairment losses for the period, %	0.01	0.03	0.07	0.03	0.04	0.04	0.09
Total capital ratio, %	20.3	18.9	18.2	19.0	19.3	18.3	18.9
Tier 1 capital ratio, %	19.0	17.6	17.2	17.5	18.1	18.3	18.9
Average number of full-time staff	3,785	3,827	3,971	3,988	4,001	4,027	4,052

¹ In the calculation of equity, 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 the results for the period.

Notes

DKK million

Nykredit Realkredit Group	Q2/ 2015	Q1/ 2015	Q4/ 2014	Q3/ 2014	Q2/ 2014	Q1/ 2014	Q4/ 2013
28. SEVEN-QUARTER FINANCIAL HIGHLIGHTS (continued)							
Net interest income	2,904	3,054	2,926	2,916	2,652	2,859	2,800
Net fee income	68	57	126	29	60	(81)	(48)
Net interest and fee income	2,973	3,111	3,051	2,945	2,712	2,778	2,752
Value adjustments	1,382	(724)	(1,745)	(1,575)	(84)	(153)	30
Other operating income	45	47	41	54	46	43	47
Staff and administrative expenses	1,129	1,139	1,215	1,114	1,191	1,195	1,328
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	53	66	78	51	53	53	319
Other operating expenses	16	18	44	22	60	27	169
Impairment losses on loans, advances and receivables	120	329	893	409	534	515	1,159
Profit from investments in associates	4	0	0	2	4	0	2
Profit (loss) before tax	3,087	883	(883)	(169)	841	878	(144)
Tax	690	197	(237)	(54)	181	200	(29)
Profit (loss) for the period	2,396	686	(646)	(115)	660	678	(115)
Other comprehensive income							
Actuarial gains/losses on defined benefit plans	4	8	4	13	2	2	(14)
Value adjustment of strategic equities	149	157	15	51	16	157	65
Fair value adjustment of owner-occupied properties	-	-	(25)	(28)	-	-	(4)
Total other comprehensive income	153	164	(6)	35	18	159	47
Comprehensive income for the period	2,549	850	(652)	(80)	678	837	(69)
FINANCIAL RATIOS¹							
Total capital ratio, %	20.3	18.9	18.2	19.0	19.3	18.3	18.9
Tier 1 capital ratio, %	19.0	17.6	17.2	17.5	18.1	18.3	18.9
Return on equity before tax, %	5.1	1.7	(1.4)	(0.2)	1.4	1.7	(0.1)
Return on equity after tax, %	4.0	1.4	(1.1)	(0.1)	1.1	1.4	(0.1)
Income:cost ratio	3.47	1.68	0.61	0.94	1.47	1.58	0.97
Foreign exchange position, %	0.4	0.1	0.4	1.2	1.2	1.8	1.6
Loans and advances:equity (loan gearing)	19.1	20.2	20.6	20.5	20.5	20.7	21.1
Growth in loans and advances for the period, %	0.2	(0.7)	(0.5)	(0.5)	0.1	(1.3)	0.4
Total impairment provisions, %	0.74	0.75	0.74	0.70	0.70	0.68	0.67
Impairment losses for the period, %	0.01	0.03	0.07	0.03	0.04	0.04	0.09

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

Notes

DKK million

Nykredit Realkredit A/S	H1/ 2015	H1/ 2014	H1/ 2013	H1/ 2012	H1/ 2011
29. FIVE-YEAR FINANCIAL HIGHLIGHTS					
SUMMARY INCOME STATEMENT					
Net interest income	2,593	2,122	2,142	2,715	2,318
Net fee income	539	307	317	494	324
Net interest and fee income	3,132	2,430	2,460	3,209	2,642
Value adjustments	52	480	316	383	(507)
Other operating income	5	3	12	5	18
Staff and administrative expenses	1,068	1,164	1,286	1,212	1,443
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	98	88	366	351	330
Other operating expenses	-	53	3	0	0
Impairment losses on loans, advances and receivables	224	871	513	419	403
Profit from investments in associates and group enterprises	1,918	884	722	544	575
Profit before tax	3,717	1,620	1,342	2,160	551
Tax	329	109	126	389	(157)
Profit for the period	3,388	1,511	1,216	1,771	708
SUMMARY BALANCE SHEET, END OF PERIOD					
	30.06.2015	30.06.2014	30.06.2013	30.06.2012	30.06.2011
Assets					
Cash balances and receivables from credit institutions and central banks	23,934	26,119	26,393	30,074	26,634
Mortgage loans at fair value	560,350	596,476	603,804	617,753	581,530
Totalkredit mortgage loan funding	596,145	527,157	489,751	459,795	382,442
Bonds and equities	53,417	34,492	16,780	53,524	57,751
Remaining assets	68,883	73,426	81,652	74,748	60,685
Total assets	1,302,729	1,257,671	1,218,380	1,235,895	1,109,042
Liabilities and equity					
Payables to credit institutions and central banks	20,978	16,642	14,703	67,983	62,512
Bonds in issue at fair value	1,189,717	1,142,266	1,109,237	1,073,781	949,479
Subordinated debt	4,546	15,056	10,859	11,015	10,678
Remaining liabilities	20,913	23,476	24,954	26,232	30,658
Equity	66,574	60,231	58,627	56,884	55,716
Total liabilities and equity	1,302,729	1,257,671	1,218,380	1,235,895	1,109,042
OFF-BALANCE SHEET ITEMS					
Other commitments	1,019	1,093	1,318	1,805	1,585
FINANCIAL RATIOS¹					
Total capital ratio, %	17.7	17.6	17.1	16.0	17.9
Tier 1 capital ratio, %	16.7	16.7	17.1	16.0	17.9
Return on equity before tax, %	5.9	2.7	2.3	3.9	1.0
Return on equity after tax, %	5.4	2.5	2.1	3.2	1.3
Income:cost ratio	3.67	1.74	1.62	2.09	1.25
Foreign exchange position, %	0.3	1.0	0.5	0.9	0.3
Loans and advances:equity (loan gearing)	8.4	9.9	10.3	10.9	10.5
Growth in loans and advances for the period, %	(3.1)	(0.7)	(1.2)	1.7	1.7
Total impairment provisions, %	0.75	0.63	0.37	0.30	0.32
Impairment losses for the period, %	0.04	0.14	0.08	0.07	0.07
Return on capital employed, %	0.26	0.12	0.10	0.14	0.06

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

Notes

DKK million

Nykredit Realkredit Group	H1/ 2015	H1/ 2014	H1/ 2013	H1/ 2012	H1/ 2011
29. FIVE-YEAR FINANCIAL HIGHLIGHTS (continued)					
SUMMARY INCOME STATEMENT					
Net interest income	5,959	5,511	4,869	5,348	4,944
Net fee income	125	(21)	(27)	266	167
Net interest and fee income	6,084	5,490	4,842	5,614	5,111
Value adjustments	658	(238)	838	215	(67)
Other operating income	92	89	111	106	111
Staff and administrative expenses	2,268	2,385	2,482	2,341	2,535
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	119	106	383	368	393
Other operating expenses	34	87	40	6	91
Impairment losses on loans, advances and receivables	449	1,049	929	991	745
Profit from investments in associates	4	4	49	9	10
Profit before tax	3,969	1,719	2,006	2,238	1,402
Tax	887	381	317	537	194
Profit for the period	3,082	1,337	1,690	1,701	1,208
Total value adjustment and reclassification of strategic equities against equity	306	173	(474)	70	(499)
SUMMARY BALANCE SHEET, END OF PERIOD					
	30.06.2015	30.06.2014	30.06.2013	30.06.2012	30.06.2011
Assets					
Cash balances and receivables from credit institutions and central banks	47,410	36,133	38,859	61,426	36,778
Mortgage loans at fair value	1,119,080	1,143,883	1,133,557	1,120,214	1,040,134
Bank loans – excluding reverse repurchase lending	49,441	46,908	50,354	55,203	57,281
Bonds and equities	109,404	118,624	70,579	95,773	79,005
Remaining assets	82,625	98,799	111,028	101,002	62,665
Total assets	1,407,960	1,444,348	1,404,378	1,433,618	1,275,863
Liabilities and equity					
Payables to credit institutions and central banks	39,322	49,656	49,319	100,874	79,120
Deposits and other payables	65,935	61,764	63,245	55,281	51,875
Bonds in issue at fair value	1,146,975	1,138,266	1,086,408	1,066,902	971,772
Subordinated debt	4,646	15,243	11,085	11,254	11,444
Remaining liabilities	84,508	119,188	135,694	142,423	105,938
Equity	66,574	60,231	58,627	56,884	55,716
Total liabilities and equity	1,407,960	1,444,348	1,404,378	1,433,618	1,275,863
OFF-BALANCE SHEET ITEMS					
Contingent liabilities	8,394	6,351	5,779	6,191	5,664
Other commitments	5,593	7,488	8,094	9,278	7,899
FINANCIAL RATIOS¹					
Total capital ratio, %	20.3	19.3	20.0	17.5	19.5
Tier 1 capital ratio, %	19.0	18.1	20.0	17.5	19.5
Return on equity before tax, %	6.8	3.2	2.7	4.1	1.4
Return on equity after tax, %	5.4	2.5	2.1	3.2	1.3
Income:cost ratio	2.50	1.52	1.41	1.63	1.20
Foreign exchange position, %	0.4	1.2	0.4	0.6	0.3
Loans and advances:equity (loan gearing)	18.0	20.5	21.0	21.2	20.0
Growth in loans and advances for the period, %	(0.5)	(1.2)	1.6	3.7	1.8
Total impairment provisions, %	0.74	0.70	0.59	0.58	0.70
Impairment losses for the period, %	0.04	0.08	0.07	0.08	0.07
Return on capital employed, %	0.22	0.09	0.12	0.12	0.09

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

Notes

DKK million

Nykredit Realkredit A/S

30. GROUP STRUCTURE

Name and registered office	Ownership interest as %, 30 June 2015	Profit for the period	Equity, 30 June 2015	Profit (loss) for 2014	Equity, 31 December 2014
Nykredit Realkredit A/S (Parent Company), Copenhagen, a)	-	3,388	66,574	815	59,502
Totalkredit A/S, Copenhagen, a)	100	741	17,854	1,458	17,113
Nykredit Bank A/S, Copenhagen, b)	100	1,118	15,693	(1,772)	12,575
Nykredit Pantebrevsinvestering A/S, Copenhagen, c) ²	100	0	-	0	12
Nykredit Portefølje Administration A/S, Copenhagen, h)	100	42	440	75	398
Nykredit Leasing A/S, Gladsaxe, f)	100	30	486	50	456
FB Ejendomme A/S, Copenhagen, e) ²	100	0	-	0	4
Nykredit Mægler A/S, Århus, d)	100	23	122	35	134
Nykredit Ejendomme A/S, Copenhagen, e)	100	27	476	27	449
Ejendomsselskabet Kalvebod A/S, Copenhagen, i)	100	6	191	21	185
Kalvebod Ejendomme I A/S, Copenhagen, e)	100	4	110	15	106
Kalvebod Ejendomme II A/S, Copenhagen, e)	100	2	77	6	75
Nykredit Adm. V A/S, Copenhagen, g)	100	0	1	0	1

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

Geographical distribution of activities	Number of staff	Revenue*	Profit before tax	Tax	Government aid received
Denmark: Companies and activities appear from the group structure	3,773	18,745	3,967	887	-
Poland: Nykredit Realkredit A/S S.A. Oddział w Polsce, branch, a)	12	7	2	0	-
Sweden: Nykredit Bank A/S, branch, b) ¹	0	0	0	0	-

¹ The branch in Sweden ceased its activities in January 2015 and is expected to be wound up entirely before the end of 2015.

² Nykredit Pantebrevsinvestering A/S and FB Ejendomme A/S were both dissolved as at 30 June 2015.

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

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

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

Summary capital adequacy

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group	
31.12.2014	30.06.2015		30.06.2015	31.12.2014
55,981	58,791	Common Equity Tier 1 capital	58,627	55,559
5,933	3,111	Total hybrid capital/Additional Tier 1 capital after deductions	3,364	6,158
61,915	61,902	Tier 1 capital	61,991	61,717
65,630	65,767	Own funds	66,002	65,606
380,237	370,641	Total risk exposure amount	325,103	358,589
14.7	15.8	Common Equity Tier 1 capital ratio, %	18.0	15.4
16.2	16.7	Tier 1 capital ratio, %	19.0	17.2
17.2	17.7	Total capital ratio, %	20.3	18.2
Nykredit Bank Group			Nykredit Holding Group	
31.12.2014	30.06.2015		30.06.2015	31.12.2014
12,044	15,317	Common Equity Tier 1 capital	58,294	55,584
15	75	Total hybrid capital/Additional Tier 1 capital after deductions	808	6,158
12,059	15,391	Tier 1 capital	59,102	61,742
12,365	15,726	Own funds	60,406	63,121
94,051	83,126	Total risk exposure amount	324,178	358,684
12.8	18.4	Common Equity Tier 1 capital ratio, %	17.9	15.4
12.8	18.5	Tier 1 capital ratio, %	18.2	17.2
13.1	18.9	Total capital ratio, %	18.6	17.5

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

This document is an English translation of the original Danish text. In the event of discrepancies between the original Danish text and the English translation, the Danish text shall prevail.