

To Nasdaq Copenhagen
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Q1-Q3 INTERIM REPORT – NYKREDIT REALKREDIT GROUP 1 JANUARY – 30 SEPTEMBER 2015

Michael Rasmussen, Group Chief Executive, comments on Nykredit's Q1-Q3 Interim Report 2015

- *It is very satisfactory that we continue to make progress towards becoming a more customer-centric and profitable Nykredit.*
- *Profit from core business has improved to DKK 4,325m from DKK 2,665m in the same period last year. The improvement reflects a positive trend in items within our control. Income is rising, whereas costs and loan impairment losses are decreasing. Accordingly, we raise our full-year guidance by DKK 500m to DKK 4.7bn-5.2bn.*
- *When launching the concept of BoligBank, we took a crucial first step in making a special effort for Danish homeowners. We are pleased with the way the concept has been received by new as well as existing customers. Since the launch, we have recorded a net increase in full-service homeowner customers of more than 1,000 per month.*
- *The rise in customer numbers and the improved results are important steps in the right direction, but the Nykredit Group still has to work intently to fully realise our potential. We can – and want to – make an even greater difference to our customers, while improving business profitability. Accordingly, we maintain our focus on Business Plan 2018, which we will implement as part of our Winning the Double strategy.*
- *The Nykredit Group has improved profit before tax by DKK 1,561m on the same period last year. In addition to profit from core business, profit before tax includes investment portfolio income, interest rate swaps and adjustment of goodwill. Our core business is key to delivering our targets, and therefore we note the bottom-line, but our main focus is on profit from core business.*

Nykredit Realkredit Group, performance for Q1-Q3/2015

DKK million	Q1-Q3/2015	Q1-Q3/2014	Change in performance
Income from core business	8,667	7,887	780
Costs from core business	3,649	3,765	116
Loan impairment losses	693	1,457	764
Profit from core business	4,325	2,665	1,660
Goodwill and value adjustment of interest rate swaps	(1,695)	(1,993)	298
Investment portfolio income	481	878	(397)
Profit before tax	3,111	1,550	1,561

SUPPLEMENTARY/CORRECTING DISCLOSURE

Following talks with the Danish Financial Supervisory Authority (FSA), Nykredit has revised the assumptions underlying its measurement of goodwill. The implication was a DKK 852m goodwill impairment charge relating to the acquisition of Forstædernes Bank in the Annual Report 2014.

Michael Rasmussen comments on the goodwill items of the Nykredit Group:

- *The Danish FSA has requested us to retrospectively write down goodwill for impairment relating to the acquisition of Forstædernes Bank. We will accommodate this request. Further, we have made a DKK 1,907m impairment charge relating to the acquisition of Totalkredit. There are thus no longer any significant goodwill items in the financial statements of the Nykredit Group.*

As the impairment charge relating to the acquisition of Forstædernes Bank is retrospective, only the DKK 1,907m impairment charge related to the acquisition of Totalkredit affects the results in this Q1-Q3 Interim Report. In addition to the Annual Report 2014, the impairment charge relating to Forstædernes Bank affects equity in the Q1 Interim Report 2015 and the H1 Interim Report 2015 of Nykredit Realkredit A/S. For further information, see the paragraph "Other" and the subsequent separate announcement.

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GROUP CHIEF EXECUTIVE'S STATEMENT

Our results are good. But they must be even better.

These were my words when we announced our half-year results three months ago. And my words are the same today.

We continue our journey towards becoming a more profitable business, while delivering daily improvements in customer experiences. Income has gone up, whereas costs and loan impairment losses have gone down. This has led to growth in income from core business for the first three quarters to DKK 4,325m from DKK 2,665m in the same period last year. We are pleased with this performance, which could not have been achieved without the very assiduous efforts of Nykredit's staff. I would like to thank all our staff for their strong dedication.

We should also keep in mind that bringing Nykredit into the desired position will be a long haul. We can – and want to – perform even better.

Looking around the corner

We are aware of the significant changes going on in the world in which we do business. The demands on a company like Nykredit continue to increase. As a responsible management, we must ensure that Nykredit is always prepared for the conditions that are just around the corner. And – if possible – the next corner, too.

We need only look a good three years ahead to see the first important corner. When we enter 2019, capital requirements will have grown substantially. We need an estimated DKK 10bn more of Common Equity Tier 1 (CET1) capital than we have today. The capital is needed as a buffer against regulatory requirements and to fulfil the expectations of investors and credit rating agencies.

The DKK 10bn must come from earnings. And there is no prospect of any support from general economic trends. On the contrary. We have noted decreasing customer activity in recent months. So have our competitors, which has only intensified competition for customers. Further, the most recent announcements by the ECB did not indicate higher interest rates any time soon.

All these factors put pressure on our earnings. In addition, income from mortgage lending is declining, because a growing number of customers with short-term, variable-rate loans remortgage into safer and cheaper loan types. We recommend all homeowners to make this shift, as it provides each homeowner with greater interest rate certainty and is in line with the FSA Supervisory Diamond. But such a shift also affects our earnings today and in coming years.

In other words, we have to overcome many challenges to reach the DKK 10bn. But one thing is clear: We must deliver this target. It is therefore of vital importance that we take our core business further. Because it is up to our core business to ensure that we increase capitalisation sufficiently in the next three years.

New requirements ahead

A strong core business becomes even more imperative when we try to look around yet another corner – beyond 2019. The Basel Committee and the EU are discussing new extensive statutory capital and earnings requirements for the financial sector. Politicians and government officials are discussing concepts such as capital floors, risk weights, NSFR, leverage ratio and MREL. These discussions are of a technical

nature, and they may, on the face of it, seem like minor adjustments – but this is not the case at all. The potential changes may, together or individually, rock the foundation of the Danish mortgage sector. As Denmark's largest mortgage provider, Nykredit will be highly affected by such an event.

To give but one example: Tightening of risk weights for residential lending is being discussed in Europe. They have already been tightened in Sweden, which means that banks must hold more capital when granting loans to homeowners. If the same rules are introduced in Denmark, this will increase our CET1 capital requirement by nearly DKK 15bn.

We do not know yet when or how new requirements will present themselves. But we know that new challenges will surface after 2019, and we should bear them in mind already now to ensure that Nykredit continues its 160-year-long track record of providing attractive finance to Danish homeowners and businesses.

Customer focus strengthens core business

However, we must not lose focus on the present because we are keeping a wary eye on the future. As part of our efforts to strengthen our core business, we launched Business Plan 2018 three months ago, which is implemented in continuation of our Winning the Double strategy. This plan will further enhance efficiency, while ensuring that Nykredit makes a greater difference to Danish homeowners, businesses and our Totalkredit partners. It is crucial that these two initiatives go hand in hand. Therefore, we are pleased to see that this year we have succeeded in reducing costs, while strengthening our relationship with customers and business partners.

This is seen for example in connection with the launch of our homeowner banking concept, BoligBank, which comprises products and services tailored for Danish homeowners. Our BoligBank customers are today more satisfied than before. Further, BoligBank has generated a net increase in the customer base of more than 1,000 new full-service homeowner customers per month.

We have also strengthened our relations with our 58 Totalkredit partners. Following many years of growth in the retail segment, we have expanded our partnership to include commercial loans. This area holds great potential for us, and we are pleased to be able to offer Danish businesses a new financing alternative.

Digitisation is also a vital element of our efforts to combine efficiencies and enhanced customer focus. We have launched a number of new, digital services this year, of which the most important is the Bolighed concept, which we own together with three major partner banks. About half a million Danes have tried Bolighed. As part of Business Plan 2018, we have earmarked funds for investment in more digital services which make a difference to our customers.

There must be no doubt that Nykredit will continue to change and improve – now and in future – for the benefit of our customers, Nykredit and Danish society.



Michael Rasmussen
Group Chief Executive

FINANCIAL HIGHLIGHTS

Nykredit Realkredit Group

DKK million	Q1-Q3/2015	Q1-Q3/2014	FY 2014 ³
CORE EARNINGS AND RESULTS FOR THE PERIOD			
Core income from			
- business operations	9,122	8,488	11,509
- value adjustment of derivatives due to interest rate changes	521	(632)	(1,229)
- other value adjustment of derivatives	(309)	(1,361)	(2,133)
- senior debt	(260)	(313)	(408)
- securities	28	93	130
Total	9,103	6,276	7,869
Operating costs, depreciation and amortisation, excl special value adjustments	3,554	3,688	4,972
Operating costs – special value adjustments ¹	96	77	131
Operating costs – goodwill impairment	1,907	-	852
Core earnings before impairment losses	3,546	2,511	1,914
Impairment losses – mortgage lending	780	1,338	2,132
Impairment losses – banking	(87)	119	219
Core earnings after impairment losses	2,853	1,053	(437)
Investment portfolio income	378	878	779
Investment portfolio income and capital gains following the sale of strategic equities	103	-	-
Profit before cost of capital	3,334	1,931	342
Net interest on subordinated debt	(224)	(382)	(528)
Profit (loss) before tax	3,111	1,550	(186)
Tax	1,120	327	90
Profit (loss) for the period	1,991	1,222	(276)
Of which amount relating to interest payable to holders of Additional Tier 1 (AT1) capital	138	-	-
Value adjustment and reclassification of strategic equities against equity	254	224	238
SUMMARY BALANCE SHEET, END OF PERIOD			
	30.09.2015	30.09.2014	31.12.2014
Assets			
Receivables from credit institutions and central banks	36,732	37,335	42,288
Mortgage loans at fair value	1,118,030	1,144,160	1,137,099
Bank loans – excluding reverse repurchase transactions	47,506	48,301	50,494
Bonds and equities	102,787	120,066	131,383
Remaining assets	83,370	98,029	96,037
Total assets	1,388,425	1,447,891	1,457,301
Liabilities and equity			
Payables to credit institutions and central banks	35,117	44,217	44,863
Deposits	61,581	60,373	65,232
Bonds in issue at fair value	1,134,618	1,150,270	1,167,163
Subordinated debt	4,684	11,387	11,394
Remaining liabilities	87,848	121,492	109,998
Equity	64,577	60,152	58,650
Total liabilities and equity	1,388,425	1,447,891	1,457,301
FINANCIAL RATIOS			
Profit for the period as % of average equity, pa ²	4.1	2.7	0.5
Core earnings before impairment losses as % of average equity, pa ²	7.9	5.6	3.3
Core earnings after impairment losses as % of average equity, pa ²	6.4	2.4	(0.7)
Operating costs, depreciation and amortisation % of core income from business operations	39.0	43.4	43.2
Total provisions for loan impairment – mortgage lending	5,684	4,946	5,506
Total provisions for loan impairment and guarantees – banking	3,227	3,823	3,666
Impairment losses for the period, % – mortgage lending	0.07	0.12	0.19
Impairment losses for the period, % – banking	(0.09)	0.12	0.22
Total capital ratio, %	21.7	19.0	18.2
CET1 capital ratio, %	19.2	15.6	15.4
Internal capital adequacy requirement, %	11.8	11.2	11.3
Average number of full-time staff	3,763	3,988	3,971

¹ Special value adjustments include value adjustment of certain staff benefits, the impact of "Nykredit 2015", and contributions to the Guarantee Fund for Depositors and Investors and Resolution Fund schemes. Comparative figures in respect of the Guarantee Fund for Depositors and Investors have been restated in the new presentation. Previously, they were included in operating costs.

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

³ Adjusted by DKK 852m concerning goodwill impairment.

Q1-Q3 INTERIM REPORT 2015

NYKREDIT REALKREDIT GROUP RESULTS RELATIVE TO Q1-Q3/2014

Nykredit recorded a profit before tax of DKK 3,111m against DKK 1,550m in Q1-Q3/2014. Excluding value adjustment of interest rate swaps and goodwill impairment, profit rose from DKK 3,543m to DKK 4,806m.

A positive development was seen in underlying performance. Core income from business operations rose by DKK 634m, or 7%, operating costs were trimmed by DKK 134m, or 4%, and impairment losses declined by DKK 764m, corresponding to total growth of DKK 1,532m on Q1-Q3/2014.

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

In Q3/2015, Nykredit wrote down goodwill for impairment by DKK 1,907m in relation to the acquisition of Totalkredit A/S, as a result of the annual impairment test. Relative to the Financial Statements for 2014, the impairment test for 2015 has been changed, which means that Nykredit now applies the usual 5-year IFRS budget period. To this should be added changed cost of capital. The goodwill impairment charge affects profit/loss and equity, but not capital adequacy and CET1 capital.

Impairment losses on lending saw a positive development, as they reduced to DKK 693m, or 52%, against DKK 1,457m in Q1-Q3/2014 due to lower impairment of both mortgage and bank loans.

The Group reported a post-tax profit of DKK 1,991m for Q1-Q3/2015. Equity was DKK 64,577m at end-Q3/2015, including Additional Tier 1 (AT1) capital of DKK 3,831m (EUR 500m raised in Q1/2015), which is treated as equity for accounting purposes. Excluding AT1 capital, equity amounted to DKK 60,746m against DKK 58,650m at end-2014.

CET1 capital, which is the most important capital concept in relation to the capital adequacy rules, came to DKK 59.6bn at end-Q3/2015 against DKK 55.6bn at end-2014.

Core earnings

Core income from business operations

Core income from business operations rose by DKK 634m, or 7%, to DKK 9,122m.

Core income from mortgage lending increased by DKK 571m, or 10%, to DKK 6,452m 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 1,112.1bn against DKK 1,111.7bn at end-2014. Totalkredit Partners recorded growth of DKK

7.2bn, whereas Retail dropped by DKK 2.2bn and Wholesale Clients by DKK 4.6bn.

Core income from banking operations totalled DKK 2,542m, up DKK 62m compared with DKK 2,480m in Q1-Q3/2014. The rise was notably driven by Wholesale Clients, where income from banking operations grew to DKK 1,402m from DKK 1,180m in Q1-Q3/2014, of which Nykredit Markets's activities accounted for an increase of DKK 148m to DKK 397m. Corporate & Institutional Banking and Nykredit Asset Management recorded activity growth of DKK 82m and DKK 13m, respectively.

Relative to end-2014, bank lending at amortised cost fell by DKK 3.0bn to DKK 47.5bn at end-Q3/2015, while deposits declined by DKK 3.6bn from DKK 65.2bn at end-2014 to DKK 61.6bn. Nykredit Bank recorded a deposit surplus of DKK 14.1bn at end-Q3/2015 compared with DKK 14.7bn at the beginning of the year.

Value adjustment of derivatives

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

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

Q3 was again influenced by a drop in long-term interest rates, leading to negative value adjustments of DKK 242m.

Nykredit Bank and the Nykredit Group have no direct interest rate exposure from their portfolios of interest rate swaps due to interest rate hedging arrangements with major domestic and foreign banks.

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

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

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

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

longer term, the major part of the provisions is expected to be reversed.

Losses incurred on interest rate swaps since 2012 amounted to some DKK 408m and are expected to remain at a low level compared with the total provisions of about DKK 5.0bn. One reason for the relatively large provisions is the fact that swap contracts with customers having the lowest ratings are valued at DKK 0. The provisions are thus higher than the expected losses based on probability-weighted loss scenarios. Incurred losses amounted to DKK 97m in Q1-Q3/2015.

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

Senior debt

Nykredit's senior debt came to DKK 29.4bn at end-Q3/2015 against DKK 32.8bn at the beginning of the year, and net interest expenses amounted to DKK 260m against DKK 313m in Q1-Q3/2014. Nykredit applies 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 93m in Q1-Q3/2014 to DKK 28m.

Operating costs, depreciation and amortisation

Nykredit's costs, excluding special value adjustments, declined by 4% to DKK 3,554m. Costs as a percentage of core income from business operations were trimmed from 43.4% in Q1-Q3/2014 to 39.0%.

Salaries and related expenses dropped by DKK 41m, or 2%, to DKK 2,163m, in part due to the reduction of 225 persons, or 6%, in average staff numbers to 3,763 compared with Q1-Q3/2014.

In Q3/2015, goodwill relating to Totalkredit was written down for impairment, leading to a charge of DKK 1,907m.

In general, other costs declined to DKK 1,487m compared with DKK 1,561m year-on-year.

Impairment losses on loans and advances

Impairment losses on loans and advances fell by a total of DKK 764m, or 52%, to DKK 693m. Impairment losses equalled 0.07% of total mortgage lending and negative 0.09% of total bank lending.

Impairment losses on mortgage lending declined to DKK 780m, down DKK 558m.

Impairment losses on mortgage lending to personal customers decreased by DKK 5m to DKK 430m, equal to 0.06% of lending. Impairment losses on mortgage lending to commercial customers fell by DKK 553m to DKK 350m.

Impairment losses on bank lending showed a positive development from DKK 119m in Q1-Q3/2014 to an income of DKK 87m in Q1-Q3/2015. Impairment losses in Retail dropped by DKK 12m to DKK 99m, while Wholesale Clients recorded an income of DKK 186m from loan impairment compared with losses of DKK 4m in Q1-Q3/2014.

Nykredit's impairment provisions for potential future losses on mortgage and bank lending totalled DKK 8.8bn 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 1,159m against DKK 1,129m in Q1-Q3/2014.

Investment portfolio income

Nykredit's investment portfolio income totalled DKK 378m against DKK 878m in Q1-Q3/2014, excluding capital gains from the sale of strategic equities. Investment portfolio income from bonds, liquidity and interest rate instruments amounted to DKK 196m. Investment portfolio income from equities and equity instruments value adjusted on a current basis through profit or loss was DKK 182m.

In addition, capital gains recognised through profit or loss from the sale of strategic equities amounted to DKK 103m relative to the acquisition cost.

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

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 4.7bn at end-Q3/2015 following loan redemption of EUR 900m (DKK 6.7bn) in Q2/2015.

Net interest expenses came to DKK 224m.

Tax

Tax calculated on profit for the period was DKK 1,120m, equal to a tax rate of 36.0%. The high tax rate reflects the fact that goodwill impairment is not deductible for tax purposes.

Additional Tier 1 capital

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

Interest expenses amounted to DKK 138m in Q1-Q3/2015.

RESULTS FOR Q3/2015

The Group recorded a loss before tax of DKK 858m in Q3/2015 against a profit of DKK 3,087m in Q2/2015 and DKK 883m in Q1. The quarterly fluctuations mainly stem from value adjustment of interest rate swaps and for Q3 also from a goodwill impairment charge of DKK 1,907m.

Profit for Q3/2015, excluding value adjustment of interest rate swaps, goodwill impairment and investment portfolio income was DKK 1,301m against DKK 1,526m in Q2/2015.

Core income from business operations amounted to DKK 2,886m in Q3/2015 against DKK 2,946m in Q2.

Operating costs, excluding special value adjustments and goodwill impairment, were DKK 1,165m in Q3/2015, equal to a decline of DKK 18m compared with Q2.

Loan impairment losses were up from DKK 120m in Q2/2015 to DKK 244m in Q3. Loan impairment losses rose by DKK 72m for banking and DKK 52m for mortgage lending.

Investment portfolio income declined from DKK 46m in Q2 to a loss of DKK 10m in Q3/2015, which included DKK 103m of realised capital gains from the sale of strategic equities, which were previously value adjusted against equity.

Net interest on subordinated debt amounted to DKK 35m in Q3 against DKK 28m in Q2.

Compared with Q3/2014, loss before tax increased by DKK 689m from DKK 169m to DKK 858m in Q3/2015. The change chiefly derived from value adjustment of interest rate swaps, which provided a positive impact of DKK 1,316m, whereas goodwill impairment and higher costs relating to the guarantee and resolution schemes increased expenses to DKK 1,956m.

Core income from business operations dropped by DKK 33m to DKK 2,886m in Q3/2015 against DKK 2,919m in Q3/2014. Operating costs saw a moderate fall to DKK 1,165m against DKK 1,178m in Q3/2014.

Loan impairment losses saw a positive development, down DKK 164m to DKK 244m in Q3/2015.

The investment portfolio produced a loss of DKK 10m against an income of DKK 276m in Q3/2014. Investment portfolio income in Q3/2015 included DKK 103m of realised capital gains from the sale of strategic equities.

Net interest on subordinated debt came to DKK 35m in Q3/2015 against DKK 145m in Q3/2014. The decline partly stemmed from loans redeemed in Q2/2015.

OUTLOOK FOR 2015

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

Against the backdrop of a positive performance in H1/2015, Management 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 DKK 4.2bn-4.7bn.

Based on the development in Q3, Management forecasts that core earnings after impairment losses for 2015 will amount to DKK 4.7bn-5.2bn, excluding value adjustment of interest rate swaps and goodwill impairment.

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 Q1-Q3/2015.

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.

The Group's core earnings after impairment losses increased by DKK 1,800m to DKK 2,853m against DKK 1,053m in Q1-Q3/2014.

Retail posted a DKK 2,052m rise, mainly due to a DKK 1,308m rise in positive value adjustment of interest rate swaps and a DKK 480m decrease in loan impairment losses.

Totalkredit Partners saw a DKK 63m reduction, excluding goodwill impairment of DKK 1,907m. The reduction covered a DKK 193m increase in income and a DKK 257m rise in operating costs and impairment losses.

Core earnings in Wholesale Clients increased by DKK 1,610m in part due to DKK 243m income growth, a DKK 897m upturn in positive value adjustment of interest rate swaps and a DKK 404m decline in impairment.

Results before tax in Group Items decreased by DKK 131m, which mainly derived from a DKK 164m cut in operating costs, a DKK 397m reduction in investment portfolio income, and a DKK 158m downturn in net interest on subordinated debt.

The Group's share of total Danish mortgage lending was 39.7% compared with 39.8% at the beginning of the year, excluding loans arranged by Jyske Bank and others which are no longer part of the Totalkredit alliance. Nykredit's market share was 42.2% of the private residential segment and 36.6% 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		
Q1-Q3/2015					
Core income from					
- customer activities, gross	4,436	2,110	2,579	(3)	9,122
- payment for distribution	420	-	(420)	-	-
Total business operations	4,856	2,110	2,159	(3)	9,122
- value adjustment of derivatives	140	-	72	-	212
- senior debt	(95)	(133)	(10)	(21)	(260)
- securities	-	-	-	28	28
Total	4,900	1,977	2,221	4	9,103
Operating costs	2,208	390	579	473	3,650
Operating costs, goodwill impairment	-	1,907	-	-	1,907
Core earnings before impairment losses	2,692	(319)	1,642	(469)	3,546
Impairment losses on loans and advances	573	371	(251)	0	693
Core earnings after impairment losses	2,119	(690)	1,893	(469)	2,853
Investment portfolio income	-	-	-	378	378
Investment portfolio income, capital gains following the sale of strategic equities	-	-	-	103	103
Profit (loss) before cost of capital	2,119	(690)	1,893	(12)	3,334
Net interest on subordinated debt	-	-	-	(224)	(224)
Profit (loss) before tax	2,119	(690)	1,893	(211)	3,111
- excluding value adjustment of derivatives	1,979	(690)	1,821	(211)	2,899
Return					
Average equity requirement, DKKm ²	23,078	10,764	11,966	6,709	52,517
Core earnings after impairment losses as % of average equity requirement, pa	12.2	(8.5)	21.1	-	7.2

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

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

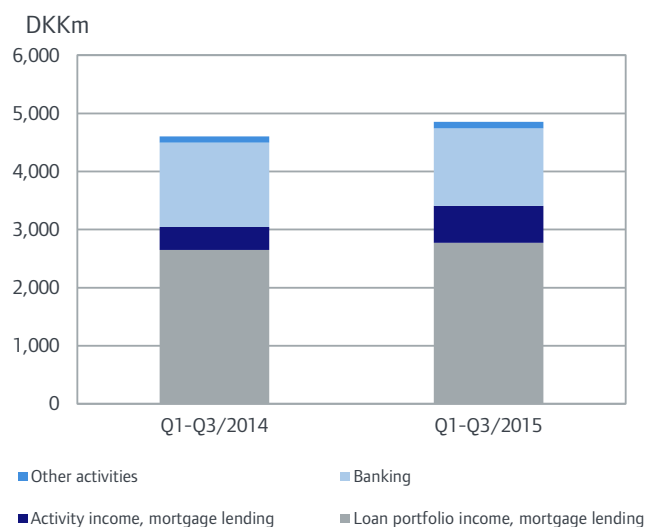
Results – Retail

DKK million	Q1-Q3/ 2015	Q1-Q3/ 2014
Core income from		
- business operations	4,856	4,605
- value adjustment of derivatives	140	(1,168)
- senior debt	(95)	(99)
Total	4,900	3,338
Operating costs	2,208	2,218
Core earnings before impairment losses	2,692	1,119
Impairment losses on mortgage lending	474	942
Impairment losses on bank lending	99	111
Core earnings after impairment losses	2,119	67
- excluding value adjustment of derivatives	1,979	1,235

Activities – Retail

DKK million	30.09.2015	2014
Mortgage lending		
Gross new lending*	61,402	32,795
Portfolio at nominal value, end of period	439,938	442,147
Impairment losses for the period as % of loans and advances*	0.11	0.21
Total impairment provisions, end of period		
Total impairment provisions	3,838	3,694
Total impairment provisions as % of loans and advances	0.87	0.84
Banking		
Loans and advances, end of period	24,627	25,533
Deposits, end of period	41,091	40,637
Impairment losses for the period as % of loans and advances*	0.37	0.39
Total impairment provisions, end of period		
Total impairment provisions	1,875	1,978
Total impairment provisions as % of loans and advances	7.08	7.19
Guarantees, end of period	4,638	4,357
Provisions for guarantees, end of period	53	51

* For Q1-Q3/2015 and Q1-Q3/2014.
Other data from end-Q3/2015 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 also 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 Q1-Q3/2015 – especially in Q1 – and gross new mortgage lending increased by DKK 28.6bn to DKK 61.4bn year-on-year. Gross new lending to personal and commercial customers was DKK 26.3bn and DKK 35.1bn, respectively.

Nominal mortgage lending declined by DKK 2.2bn to DKK 439.9bn compared with the beginning of the year. Of the decline, DKK 2.9bn was attributable to personal customers, whereas lending to commercial customers rose by DKK 0.7bn. Lending to personal and commercial customers was DKK 194.0bn and DKK 245.9bn, respectively.

Bank lending was down by DKK 0.9bn to DKK 24.6bn relative to the beginning of the year, whereas deposits were up by DKK 0.5bn to DKK 41.1bn.

Results

Core earnings after impairment losses grew by DKK 2,052m to DKK 2,119m. Excluding value adjustment of interest rate swaps, core earnings came to DKK 1,979m, up DKK 744m on Q1-Q3/2014.

Income from business operations grew by DKK 251m, or 5%, to DKK 4,856m, whereas impairment losses reduced by DKK 480m to DKK 573m, mainly prompted by lower mortgage loan losses. Value adjustment of interest rate swaps was a gain of DKK 140m, which was DKK 1,308m higher than in Q1-Q3/2014.

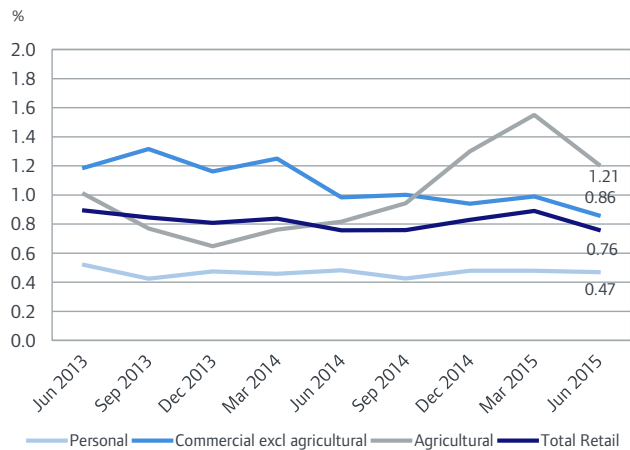
Operating costs were trimmed by DKK 10m to DKK 2,208m in Q1-Q3/2015.

Impairment losses on Retail's mortgage lending fell by DKK 468m, or 50%, to DKK 474m, while impairment losses on bank lending dropped by DKK 12m. Impairment losses represented 0.11% of mortgage lending and 0.37% of bank lending in the period under review.

Loan impairment losses on personal customers reduced by a total of DKK 299m, of which DKK 140m related to mortgage lending and DKK 159m to bank lending.

Impairment losses on loans to commercial customers reduced by a total of DKK 181m, covering a DKK 328m fall and a DKK 147m rise in impairment of mortgage lending and bank lending, respectively.

Arrears ratio, mortgage lending – Retail
75 days past due



At end-Q3/2015, loan impairment provisions totalled DKK 5,713m, which was on a level with the DKK 5,672m recorded at the beginning of the year.

At the June due date, Retail's 75-day mortgage loan arrears as a percentage of total mortgage payments due came to 0.76% which was unchanged year-on-year.

Results – Wholesale

DKK million	Q1-Q3/ 2015	Q1-Q3/ 2014
Core income from		
- business operations	4,269	3,863
- value adjustment of derivatives	72	(825)
- senior debt	(143)	(176)
Total	4,198	2,862
Operating costs	969	909
Goodwill impairment	1,907	-
Core earnings before impairment losses	1,323	1,953
Impairment losses on mortgage lending	306	385
Impairment losses on bank lending	(186)	4
Core earnings after impairment losses	1,203	1,564
- excluding value adjustment of derivatives	3,038	2,389

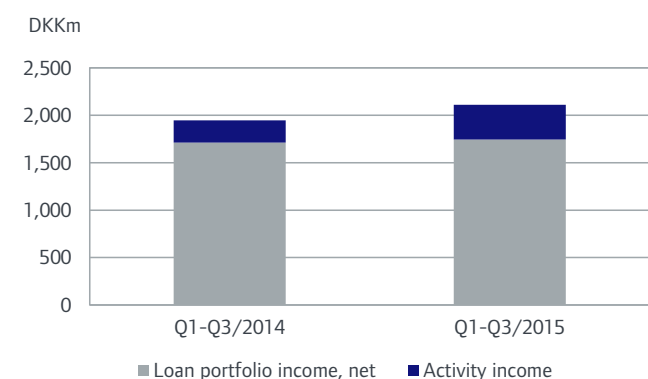
Results – Totalkredit Partners

DKK million	Q1-Q3/ 2015	Q1-Q3/ 2014
Core income from		
- business operations	2,110	1,947
- senior debt	(133)	(163)
Total	1,977	1,784
Operating costs	390	267
Goodwill impairment	1,907	-
Core earnings before impairment losses	(319)	1,517
Impairment losses on mortgage lending	371	237
Core earnings after impairment losses	(690)	1,280
- excluding goodwill impairment	1,217	1,280

Activities – Totalkredit Partners

DKK million	30.09.2015	2014
Mortgage lending		
Gross new lending [†]	115,158	50,929
Portfolio at nominal value, end of period	491,811	484,596
Impairment losses for the period as % of loans and advances*	0.08	0.05
Total impairment provisions, end of period		
Total impairment provisions	1,266	1,152
Total impairment provisions as % of loans and advances	0.26	0.24

* For Q1-Q3/2015 and Q1-Q3/2014.
Other data from end-Q3/2015 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 personal customers with mortgage loans distributed through some 60 Danish local and regional banks.

Totalkredit continuously develops its product range in association with the local and regional partner banks, which includes a new 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

Totalkredit Partners recorded a very high activity level in Q1-Q3/2015 – and especially in Q1 – and gross new lending was up by DKK 64.2bn to DKK 115.2bn year-on-year.

Nominal mortgage lending grew by DKK 7.2bn to DKK 491.8bn in Q1-Q3/2015. Loans arranged by Jyske Bank and others which are no longer part of the Totalkredit alliance, amounted to DKK 48bn at the end of Q3/2015 against DKK 88bn at end-2013. In this period, loans in the region of DKK 40bn were thus refinanced. Loans totalling some DKK 7bn of this amount were subsequently arranged by the other banks of the Totalkredit alliance and Totalkredit, corresponding to 17% of the refinanced amount.

Results

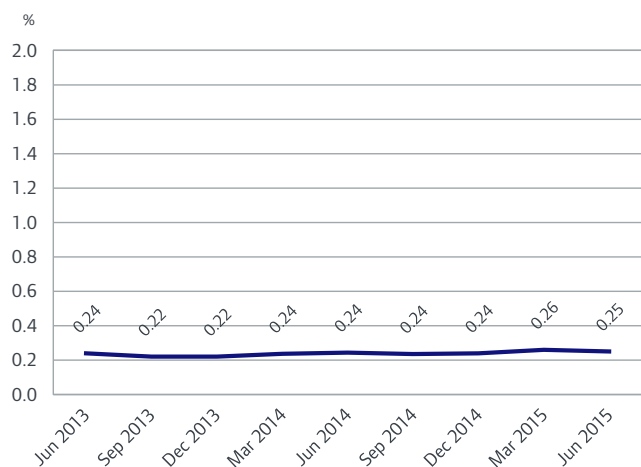
Core earnings after impairment losses on loans, excluding goodwill impairment, dropped by DKK 63m to DKK 1,217m against DKK 1,280m in Q1-Q3/2014. Including goodwill impairment of DKK 1,907m, earnings declined by DKK 1,970m to a loss of DKK 690m on the same period in 2014.

The results reflected growth in core income from business operations of DKK 163m, or 8%, coupled with a DKK 123m rise in operating costs and a DKK 134m rise in impairment losses.

The factors underlying growth in core income from business operations were improved income from the loan portfolio and from business operations.

Net expenses relating to senior secured debt came to DKK 133m against DKK 163m in Q1-Q3/2014. The reduction was attributable to a lower amount of senior secured debt as well as declining interest rates.

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



As expected, costs excluding goodwill impairment were up by DKK 123m, or 46%, to DKK 390m relative to Q1-Q3/2014. The increase chiefly stemmed from higher IT expenses and changed intercompany settlements, which was a consequence of Totalkredit's increasing proportion of the Nykredit Group's overall activities.

Totalkredit Partners' loan impairment losses saw a rise of DKK 134m, or 57%, to DKK 371m year-on-year, after set-off against commission payable to partner banks.

At end-Q3/2015, impairment provisions totalled DKK 1,266m against DKK 1,152m at the beginning of the year. The increase in total impairment provisions stemmed from a rise in individual as well as collective impairment provisions.

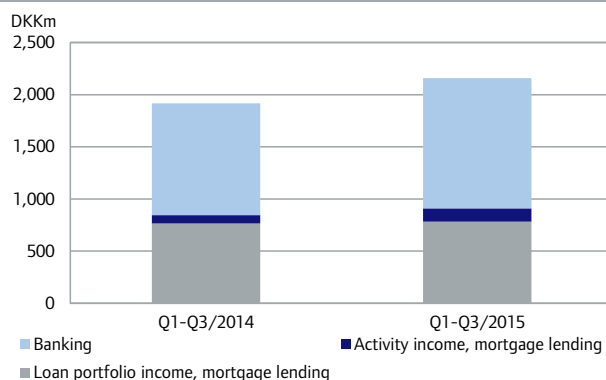
At the June due date, Totalkredit Partners' 75-day mortgage loan arrears as a percentage of total mortgage payments due came to 0.25% against 0.24% at the same date in 2014.

Results – Wholesale Clients

DKK million	Q1-Q3/ 2015	Q1-Q3/ 2014
Core income from		
- business operations	2,159	1,916
- value adjustment of derivatives	72	(825)
- senior debt	(10)	(13)
Total	2,221	1,078
Operating costs	579	642
Core earnings before impairment losses	1,642	436
Impairment losses on mortgage lending	(65)	149
Impairment losses on bank lending	(186)	4
Core earnings after impairment losses	1,893	283
- excluding value adjustment of derivatives	1,821	1,108

Income from customer activities – Wholesale Clients

DKK million	Q1-Q3/ 2015	Q1-Q3/ 2014
Customer activities, gross		
Nykredit Markets	635	458
Nykredit Asset Management	600	596
Corporate & Institutional Banking	1,344	1,280
Total	2,579	2,334
Payment for distribution		
Nykredit Markets	(238)	(209)
Nykredit Asset Management	(346)	(355)
Corporate & Institutional Banking	164	146
Total	(420)	(418)
Core income		
Nykredit Markets	397	249
Nykredit Asset Management	254	241
Corporate & Institutional Banking	1,508	1,426
Total	2,159	1,916

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 1,610m to DKK 1,893m against DKK 283m in Q1-Q3/2014.

The rise included an additional gain of DKK 897m relating to value adjustment of interest rate swaps. Exclusive of the effect thereof, core earnings after impairment losses increased by DKK 713m to DKK 1,821m.

Gross income from customer activities improved by DKK 245m to DKK 2,579m from DKK 2,334m in Q1-Q3/2014.

Nykredit Markets posted gross income of DKK 635m, a DKK 177m rise on Q1-Q3/2014. Earnings in Nykredit Markets grew in Q1-Q3/2015 compared with Q1-Q3/2014. However, earnings were lower for Q3 than for H1. Financial market turmoil remained substantial, and Q3 was challenged by less bright growth prospects for China and the ensuing devaluation leading to a drop in equity prices.

Nykredit Asset Management's gross income improved by DKK 4m to DKK 600m, while Corporate & Institutional Banking recorded growth of DKK 64m to DKK 1,344m.

Nykredit Markets's income after payment for distribution rose by DKK 148m to DKK 397m in Q1-Q3/2015. Nykredit Asset Management's income after payment for distribution increased by DKK 13m to DKK 254m, and Corporate & Institutional Banking recorded growth of DKK 82m to DKK 1,508m.

Value adjustment of interest rate swaps was a gain of DKK 72m against a loss of DKK 825m in Q1-Q3/2014.

Operating costs reduced by DKK 63m, or 10%, to DKK 579m in Q1-Q3/2015.

Impairment losses on mortgage lending equalled an income of DKK 65m against losses of DKK 149m in Q1-Q3/2014. Impairment losses on loans and advances amounted to an income of DKK 186m against losses of DKK 4m in Q1-Q3/2014.

Impairment amounted to negative 0.04% of mortgage lending and to negative 0.76% of bank lending.

At end-Q3/2015, impairment provisions totalled DKK 1,770m against DKK 2,187m at the beginning of the year.

Activities – Wholesale Clients

DKK million	30.09.2015	2014
Mortgage lending		
Gross new lending*	30,094	20,830
Portfolio at nominal value, end of period	180,355	185,002
Impairment losses for the period as % of loans and advances*	(0.04)	0.08
Total impairment provisions, end of period		
Total impairment provisions	580	661
Total impairment provisions as % of loans and advances	0.32	0.36
Banking		
Loans and advances, end of period	23,130	24,929
Deposits, end of period	19,918	23,287
Impairment losses for the period as % of loans and advances*	(0.76)	0.04
Total impairment provisions, end of period		
Total impairment provisions	1,190	1,526
Total impairment provisions as % of loans and advances	4.89	5.77
Guarantees, end of period	2,230	1,913
Provisions for guarantees, end of period	56	55
Assets under management	138,752	133,484
Assets under administration		
Nykredit Portefølje Administration A/S	678,403	669,112
- of which Nykredit Group investment funds	63,231	60,165

* For Q1-Q3/2015 and Q1-Q3/2014.
Other data from end-Q3/2015 and end-2014.

Activities

In Q1-Q3/2015, gross new mortgage lending granted by Wholesale Clients grew by DKK 9.3bn to DKK 30.1bn year-on-year, spurred by a higher activity level.

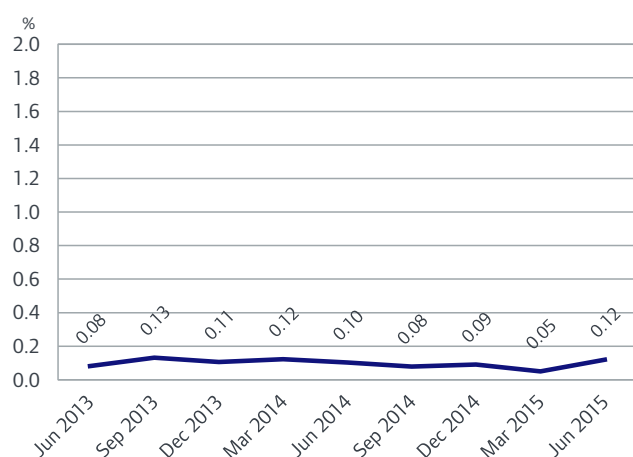
Nominal mortgage lending decreased by DKK 4.6bn to DKK 180.4bn on the beginning of the year.

Bank lending fell by DKK 1.8bn to DKK 23.1bn on the beginning of the year, and bank deposits were down by DKK 3.4bn to DKK 19.9bn.

At end-Q3/2015, Nykredit Asset Management had assets under management totalling DKK 138.8bn, up DKK 5.3bn on the beginning of the year. The entire upturn was due to net sales, whereas net value adjustment for the period was almost zero. Total assets under administration rose by DKK 9.3bn to DKK 678.4bn at end-Q3/2015. The rise comprised negative net growth of DKK 11.0bn and capital gains of DKK 20.3bn.

Arrears

At the June due date, 75-day mortgage loan arrears in respect of Wholesale Clients's mortgage lending as a percentage of total mortgage payments due came to 0.12% and thus remained at a low level. The arrears ratio was 0.10% at the same time in 2014.

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

Results – Group Items

DKK million	Q1-Q3/ 2015	Q1-Q3/ 2014
Core income from		
- business operations	(3)	21
- senior debt	(21)	(39)
- securities	28	93
Total	4	75
Operating costs	323	492
Depreciation of property, plant and equipment and amortisation of intangible assets	150	145
Core earnings before impairment losses	(469)	(562)
Impairment losses – mortgage lending	-	11
Impairment losses – banking	0	4
Core earnings after impairment losses	(469)	(577)
Investment portfolio income	378	878
Investment portfolio income, strategic equities	103	-
Profit before cost of capital	12	301
Net interest on subordinated debt	(224)	(382)
Loss before tax	(211)	(80)

Activities – Group Items

DKK million	30.09.2015	2014
Banking		
Loans and advances, end of period	21	33
Deposits, end of period	715	1,308
Total impairment provisions, end of period		
Total impairment provisions	53	55
Total impairment provisions as % of loans and advances	71.62	62.65
Guarantees, end of period	699	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 211m against a loss of DKK 80m in the same period the previous year.

Core income from securities

Nykredit's core income from securities was DKK 28m against DKK 93m in Q1-Q3/2014. This development chiefly stemmed from 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

Unallocated costs were DKK 323m against DKK 492m in Q1-Q3/2014. By far the largest cost component was IT development costs.

Impairment losses

Impairment losses on loans and advances were DKK 0m against DKK 15m in Q1-Q3/2014.

Investment portfolio income

Investment portfolio income totalled DKK 378m against DKK 878m, excluding reclassification of profit from the sale of strategic equities, in Q1-Q3/2014. Investment portfolio income from bonds, liquidity and interest rate instruments amounted to DKK 196m. Investment portfolio income from equities and equity instruments value adjusted continuously through profit or loss was DKK 182m.

In addition, capital gains recognised through profit or loss from the sale of strategic equities amounted to DKK 103m relative to the acquisition cost.

Investment portfolio income is the income exceeding risk-free interest obtained from investing in equities, bonds and derivative financial instruments. To this should be added the realised capital gains/losses on the sale of equities classified as available for sale. 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.

Net value adjustment of strategic equities against equity was DKK 254m.

CAPITAL, LIQUIDITY AND FUNDING

EQUITY AND OWN FUNDS NYKREDIT REALKREDIT GROUP

Equity

Equity was DKK 64.6bn at end-Q3/2015, equal to a rise of DKK 5.9bn relative to the beginning of the year. Excluding Additional Tier 1 (AT1) capital raised in Q1/2015, equity amounted to DKK 60.7bn.

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.

Nykredit Realkredit Group Equity (incl new AT1 capital)

DKK million	30.09.2015	31.12.2014
Equity, beginning of period	58,650	58,716
Profit for the period	1,991	576
Fair value adjustment of equities available for sale	254	238
New AT1 capital	3,731	-
Other adjustments	(49)	(28)
Equity, end of period	64,577	59,502
Goodwill impairment, end-2014	-	(852)
Equity, end of period, as restated	64,577	58,650

Nykredit Realkredit Group Capital and capital adequacy

DKK million	30.09.2015	31.12.2014	30.09.2014
Credit risk	267,464	305,321	305,818
Market risk	23,226	35,335	36,207
Operational risk	18,397	17,933	17,933
Total risk exposure amount¹	309,088	358,589	359,959
Equity (incl new AT1 capital) (restated as at end-2014)	64,577	58,650	60,152
AT1 capital	(3,831)	-	-
CET1 capital deductions	(1,162)	(3,092)	(3,906)
CET1 capital	59,585	55,559	56,245
AT1/hybrid capital	3,828	6,746	6,790
AT1/hybrid capital deductions	(307)	(588)	(15)
Tier 1 capital	63,107	61,717	63,020
Tier 2 capital	4,461	4,463	4,466
Tier 2 capital additions/deductions	(296)	(573)	1,094
Own funds	67,272	65,606	68,580
CET1 capital ratio, %	19.2	15.4	15.6
Tier 1 capital ratio, %	20.4	17.2	17.5
Total capital ratio, %	21.7	18.2	19.0
Internal capital adequacy requirement (Pillar I and Pillar II), %	11.8	11.3	11.2

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

¹ Capital and capital adequacy have been determined in accordance with Capital Requirements Regulation No 575/2013 of the European Parliament and of the Council of 26 June 2013 as well as the Danish transitional rules laid down by the Danish FSA. The total risk exposure amount subject to transitional rules was DKK 47.9bn at end-Q3/2015, equal to a total capital ratio of 15.5%.

Equity has also been increased by profit for the period of DKK 2.0bn and positive value adjustment of strategic equities of DKK 0.3bn.

In accordance with IAS 39, Nykredit has classified the Group's strategic equity investments as "available for sale" in its Consolidated Financial Statements. Current value adjustment of these equities is recognised in equity, whereas value adjustments following a sale are reclassified from equity to the income statement. The value of equities classified as available for sale totalled DKK 2,226m at end-Q3/2015.

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 1.7bn to DKK 67.3bn in Q1-Q3/2015 compared with end-2014.

The risk exposure amount has declined from DKK 358.6bn to DKK 309.1bn 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 the statutory change of Nykredit Bank's 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 21.7% against 18.2% at end-2014. The Tier 1 capital ratio was 20.4%, and the CET1 capital ratio was 19.2% at end-Q3/2015.

Nykredit's internal capital adequacy requirement was 11.8% at end-Q3/2015 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 in gradually with 0.4% annually in the period 2015-2019.

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.

Until end-H1 this year, Nykredit's capital targets were based on the concept of equity, but due to the above Nykredit now bases 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.

Nykredit has a CET1 capital target of minimum DKK 70bn by 2019. CET1 capital amounted to DKK 59.6bn at end-Q3/2015.

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 also fulfilling the expectations of the market and credit rating agencies. Nykredit has set the capital target at 17.5% in consequence of the fact that Nykredit is one of the largest bond issuers in Europe and that Nykredit cannot issue listed shares. This places special demands on Nykredit's capitalisation. A strong capital position is a prerequisite for stable and secure bond sales and thereby low loan rates for customers even under difficult market conditions.

It should be noted that the capital target will have to be raised further if the international capital requirements are increased, which is currently being discussed by the Basel Committee and the European Banking Authority (EBA). Similarly, the capital target must be raised if the economic climate changes significantly.

The CET1 capital requirement is estimated at DKK 70bn in 2019, corresponding to the said 17.5% of the expected risk exposure amount of DKK 400bn in 2019. The risk exposure amount currently totals around DKK 310bn. The difference is due to statutory model changes for which capital has already been reserved under Pillar II (around DKK 30bn), ordinary market fluctuations in risk exposures due to changes in interest rates and property prices (around DKK 20bn) and, lastly, the expected business growth towards 2019 (around DKK 40bn).

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 rating 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-inable senior debt or other subordinated capital totalling EUR 3bn-4bn.

Issuance of special bail-inable senior debt or another type of subordinated capital is likely to take place in 2016-2017. In the long run, such issuance will replace senior debt issues and ensure compliance with the statutory requirement of a debt buffer of 2% of the Group's mortgage lending. The debt buffer, which applies to the Group's mortgage activities, will be phased in up until 2020 and will amount to 0.6% in 2016, 0.8% in 2017, 1.6% in 2018, 1.8% in 2019 and 2.0% in 2020.

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 senior unsecured debt to provide statutory supplementary collateral.

Bank lending is chiefly funded by deposits. At end-Q3/2015, Nykredit Bank had a deposit surplus of DKK 14.1bn measured as the difference between deposits and lending at amortised cost. The deposit surplus came to DKK 14.7bn at end-2014.

Liquidity

The balance sheet structure of the mortgage banks ensures a high level of liquidity. This is due to the fact that the borrowers make their payments on or before the date on which Nykredit pays the bondholders.

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

The liquidity portfolio serves to 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 portfolio ensures 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 senior secured debt in issue, totalled DKK 83bn at end-Q3/2015 against DKK 91bn at end-2014.

At end-Q3/2015, Nykredit Bank's liquid assets totalled DKK 77.9bn 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 SIFs as at 1 October 2015. The LCR quantifies the amount of 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-Q3/2015, the LCRs of the Group's companies were as follows:

Nykredit Realkredit Group	272%
Nykredit's mortgage banks	>2,000%
Nykredit Bank A/S	143%

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

The Danish Financial Supervisory Authority (FSA) has granted an exemption to Nykredit Realkredit and Totalkredit relating to the determination of LCR. The exemption chiefly applies to mortgage lending governed by the balance principle. Therefore, the Danish FSA has introduced a new Pillar I liquidity requirement which will be introduced gradually up until 1 April 2016.

The portfolio of self-issued bonds is not LCR eligible.

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. Since May 2015, Nykredit has fixed negative coupon rates for two mortgage covered bonds.

Issuance in 2015

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

In 2016-2017, Nykredit expects to issue bail-inable senior debt or subordinated capital. These instruments will be applied to meet the debt buffer requirement and to maintain the existing ratings. In the long term, they will replace the senior secured debt.

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 AT1 capital redeemed as at 1 April 2015. Further, Nykredit Bank issued senior unsecured debt totalling EUR 560m in 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 credit 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.

Goodwill impairment

Following talks with the Danish FSA, Nykredit has adjusted the Financial Statements for 2014. Retrospectively, goodwill impairment of DKK 852m relating to the acquisition of Forstædernes Bank A/S in 2008 has been charged to profit or loss. The correction will affect profit/loss, the balance sheet and equity in the Financial Statements for 2014. The restated comparative figures for 2014 have been applied in this Interim Report.

Moreover, in Q3/2015, Nykredit wrote down goodwill for impairment by DKK 1,907m in relation to the acquisition of Totalkredit A/S, as a result of the annual impairment test. Relative to the Financial Statements for 2014, the impairment test for 2015 has been changed, which means that Nykredit has applied the usual 5-year IFRS budget period. To this should be added the impact of higher cost of capital due to growing requirements for different types of capital from regulatory authorities and credit rating agencies. The cost pertaining to the individual types of capital is calculated on the basis of current net costs, including Nykredit's ROE requirements. The combination of the above changes implied a need to write down goodwill by DKK 1,907m, which was charged to profit or loss in the Financial Statements for 1 January to 30 September 2015.

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.

Nykredit acquired a shareholding of DKK 85m in connection with the merger.

BoligBank

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

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

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

New member of Totalkredit's Executive Board

As at 30 September 2015, Camilla Holm, Senior Vice President of Totalkredit Business Development, joined Totalkredit's Executive Board, which now counts Troels Bülow-Olsen and Camilla Holm.

The purpose being to increase focus on business development and earnings and to ensure powerful representation of Totalkredit – in interactions with the partner banks and in the daily cooperation across the Nykredit Group.

Totalkredit alliance also to include commercial business

Having offered mortgage loans to homeowners for more than 25 years, the Totalkredit alliance has now entered the commercial loan market. From December 2015, the first commercial customers will be offered commercial loans, and from March 2016 all of the around 60 partner banks can offer Totalkredit commercial loans.

Totalkredit loans are offered to businesses in the segments office and retail, residential rental property and industry and trades.

The launch of commercial loans strengthens the Totalkredit alliance, providing new growth potential for both partner banks and Totalkredit.

The Danish High Court finds for Nykredit

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. 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 was appointed to head this process in February 2015. Nykredit Markets is to adapt to the new market conditions and work more closely with the rest of the Wholesale division. Focus will to a higher extent be on meeting the requirements of the commercial and retail segments as a supplement to the existing institutional client base.

In this connection, Georg Andersen, former Managing Director of Nykredit Bank and Head of Nykredit Markets, stepped down from his position. Furthermore, Jesper Berg resigned from Nykredit Bank's Executive Board at end-September to take up the position as Director General of the Danish FSA. Nykredit Bank's Executive Board now consists of Bjørn Mortensen.

EU rules on the recovery and resolution of banks

The implementation of new EU rules implies that a resolution fund must be built up at sector level the purpose of which is to issue guar-

antees and provide loans etc to credit institutions in connection with restructuring and resolution measures.

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

The calculations for H2/2015, including the Nykredit Group's contribution, have not been finalised yet, but about DKK 50m was charged to the income statement for Q1-Q3/2015, equal to the estimated expense for Q3.

UNCERTAINTY AS TO RECOGNITION AND MEASUREMENT

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

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

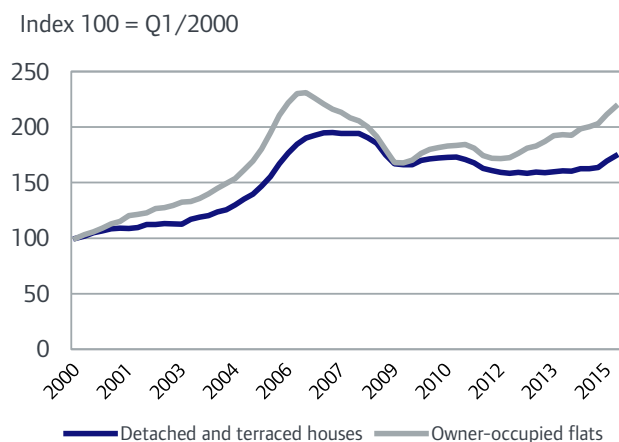
Uncertainty as to recognition and measurement is described in detail in the Group's accounting policies (note 1 of the Annual Report 2014), to which reference is made.

EVENTS SINCE THE BALANCE SHEET DATE

No significant events have occurred in the period up to the presentation of the Q1-Q3 Interim Report 2015 which affect the Nykredit 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 1,160bn against DKK 1,162bn at the beginning of the year.

Mortgage lending at fair value was DKK 1,118bn against DKK 1,137bn at the beginning of the year. Nominal mortgage lending amounted to DKK 1,112bn.

Bank lending totalled DKK 47.5bn against DKK 50.5bn at the beginning of the year, down DKK 3.0bn. The level in part reflected modest loan demand. In addition, reverse repurchase lending amounted to DKK 34.5bn against DKK 35.2bn at the beginning of the year.

Impairment provisions for mortgage and bank lending totalled DKK 8.8bn against DKK 9.1bn at the beginning of the year. Impairment provisions for receivables from credit institutions came to DKK 44m, the same level as at the beginning of 2015.

At end-Q3/2015, guarantees came to DKK 7.6bn against DKK 7.5bn at the beginning of the year.

Incurring losses totalled DKK 1,159m in Q1-Q3/2015 of which mortgage lending accounted for DKK 757m and bank lending DKK 402m.

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

DKK million	Loans, advances and guarantees		Total provisions for loan impairment and guarantees		Impairment losses on loans and advances, earnings impact	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014	Q1-Q3/2015	FY 2014
Mortgage lending						
Nykredit Realkredit	547,035	570,029	4,305	4,270	366	1,712
Totalkredit	565,067	541,715	1,378	1,236	414	409
Total	1,112,103	1,111,744	5,684	5,506	780	2,121
Bank lending						
Nykredit Bank	47,506	50,494	3,118	3,560	(90)	211
Total	47,506	50,494	3,118	3,560	(90)	211
Receivables from credit institutions						
Total	-	-	44	44	-	15
Reverse repurchase lending	34,534	35,228	-	-	-	-
Guarantees	7,568	7,546	109	107	3	4
Loan impairment, %¹						
Nykredit Realkredit	-	-	0.79	0.75	0.07	0.30
Totalkredit	-	-	0.24	0.23	0.07	0.08
Total	-	-	0.51	0.50	0.07	0.19
Nykredit Bank	-	-	6.16	6.59	(0.18)	0.39
Total	-	-	6.16	6.59	(0.18)	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

At end-Q3/2015, the DKK 1,112bn credit exposure was flat in terms of nominal mortgage lending 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-Q3/2015.

Total provisions for mortgage loan impairment

Total impairment provisions for mortgage lending rose by DKK 178m from the beginning of the year to DKK 5,684m at end-Q3/2015. Of the increase, DKK 48m was related to private residential property, DKK 69m was attributable to office and retail and DKK 236m to agricultural property. Further, the private rental segment recorded a reversal of DKK 70m and the non-profit housing segment a reversal of DKK 50m.

Private residential property accounted for DKK 48m of the increase in Q1-Q3/2015 and commercial property DKK 130m.

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

Total earnings impact

Impairment losses on mortgage lending were DKK 780m against DKK 1,327m in Q1-Q3/2014. Of total loan impairment losses for the period, DKK 426m, or 55%, was attributable to the private residential segment, while DKK 302m, or 39%, 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	408,619	157,216	90,723	12,077	5,358	4,725	678,717	70
Private rental	76,329	27,390	13,643	1,978	1,064	1,284	121,687	68
Industry and trades	19,177	3,502	474	101	62	108	23,425	49
Office and retail	81,027	24,056	4,342	707	380	585	111,098	56
Agriculture	69,878	18,272	6,963	1,173	546	790	97,622	59
Non-profit housing	-	-	-	-	-	-	68,860	-
Other	13,432	2,982	913	49	31	88	17,496	52
Total, end-Q3/2015	668,462	233,418	117,058	16,086	7,442	7,580	1,118,905	65
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	30.09.2015		31.12.2014	
	Total impairment provisions	Total earnings impact	Total impairment provisions	Total earnings impact
Private residential property	2,212	426	2,164	554
Private rental	1,430	(13)	1,500	856
Industry and trades	228	15	257	98
Office and retail	575	106	506	91
Agriculture	1,092	302	856	441
Non-profit housing	47	(53)	97	55
Other	100	(3)	126	26
Total	5,684	780	5,506	2,121

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

Nykredit Realkredit Group
Arrears ratio – 75 days past due

Due dates	Arrears relative to total mortgage payments	Debt outstanding affected by arrears of total debt outstanding	Debt outstanding affected by arrears
	%	%	DKK billion
2015			
- June	0.42	0.48	5.4
- March	0.48	0.49	5.5
2014			
- December	0.42	0.50	5.6
- September	0.42	0.42	4.7
- June	0.41	0.43	4.8
- March	0.46	0.47	5.2

Arrears

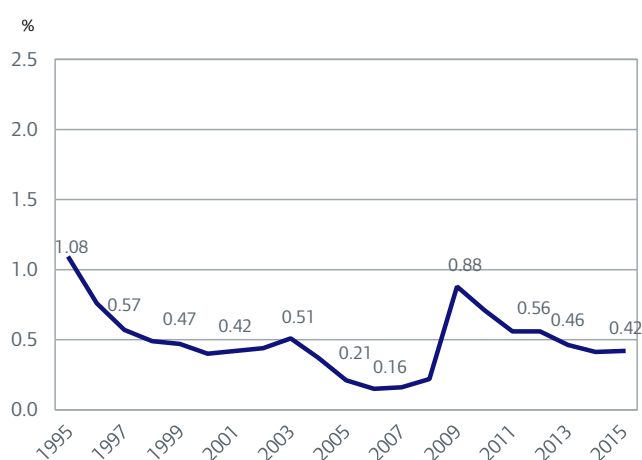
At the June due date, mortgage loan arrears as a percentage of total mortgage payments due were 0.42% against 0.41% at the same time in 2014.

The Group's mortgage lending affected by arrears was 0.48% of total mortgage lending (bond debt outstanding) compared with 0.43% at the same time the previous year.

Acquired properties

In Q1-Q3/2015, the Group acquired 167 properties and sold 229. At end-Q3/2015, the property portfolio stood at 176 against 238 at the beginning of the year. Of this amount, residential property accounted for 97 against 117 at end-2014.

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



BANK LENDING

Loans, advances and guarantees were DKK 89.6bn against DKK 93.3bn at the beginning of the year, down DKK 3.7bn. The decline chiefly stemmed from lending, which fell by DKK 3.0bn to DKK 47.5bn.

Bank lending amounted to DKK 47.5bn against DKK 50.5bn at the beginning of the year. The level in part reflected continued modest loan demand. Bank lending before provisions for loan impairment was DKK 50.6bn against DKK 54.1bn at the beginning of the year.

Nykredit Bank recorded negative lending growth of 5.8%, 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 3,118m against DKK 3,560m at the beginning of the year.

Impairment provisions for receivables from credit institutions came to DKK 23m at end-Q3/2015, the same level as at end-2014.

Guarantees

Nykredit Bank issues guarantees on a current basis. Guarantees issued totalled DKK 7.6bn against DKK 7.5bn at the beginning of the year.

At end-Q3/2014, provisions for guarantees amounted to DKK 109m against DKK 107m at the beginning of the year.

Nykredit Realkredit Group

Bank loan impairment and provisions for guarantees by sector¹

DKK million	30.09.2015		31.12.2014	
	Total impairment provisions	Total earnings impact	Total impairment provisions	Total earnings impact
Public sector	0	0	0	(8)
Agriculture, hunting, forestry and fishing	135	36	138	(10)
Manufacturing, mining and quarrying	219	26	269	26
Energy supply	4	(5)	9	2
Construction	236	11	236	11
Trade	89	(12)	119	(30)
Transport, accommodation and food service activities	127	23	91	(19)
Information and communication	56	(3)	62	1
Finance and insurance	310	37	305	(85)
Real estate	1,260	(217)	1,540	303
Other	242	17	305	(77)
Total commercial customers	2,678	(87)	3,074	122
Personal customers	550	0	592	101
Total	3,228	(87)	3,666	215
- Of which provisions for losses on guarantees	109	3	107	4
Impairment provisions for credit institutions	23	-	23	4
Total including impairment provisions for credit institutions	3,251	(87)	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 September 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 Financial Reports for Credit Institutions and Investment Firms, etc.

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

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

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

The Interim Report has not been audited or reviewed.

Copenhagen, 5 November 2015

Executive Board

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

Michael Demsitz

Merete Eldrup

Marlene Holm

Allan Kristiansen

Bent Naur

Ina Nielsen

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 September

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group			
Q1-Q3/2014	Q1-Q3/2015		Note	Q1-Q3/2015	Q1-Q3/2014
21,536	19,789	Interest income	5	25,196	27,577
-	(14)	Negative interest	5A	(26)	-
18,251	15,964	Interest expenses	6	16,181	19,149
3,285	3,813	NET INTEREST INCOME		8,990	8,427
50	92	Dividend on equities		96	75
538	740	Fee and commission income		1,936	1,467
114	111	Fee and commission expenses		1,979	1,534
3,759	4,533	NET INTEREST AND FEE INCOME		9,044	8,435
568	(140)	Value adjustments	7	175	(1,812)
7	4	Other operating income		136	143
1,728	1,576	Staff and administrative expenses	8	3,388	3,499
130	2,043	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	9	2,074	156
53	23	Other operating expenses		94	110
1,067	366	Impairment losses on loans, advances and receivables	10	693	1,457
345	2,303	Profit from investments in associates and group enterprises	11	6	6
1,700	2,692	PROFIT BEFORE TAX		3,111	1,550
254	447	Tax	12	1,120	327
1,446	2,245	PROFIT FOR THE PERIOD		1,991	1,222
		DISTRIBUTION OF PROFIT FOR THE PERIOD			
1,446	2,107	Shareholder of Nykredit Realkredit A/S		1,852	1,222
-	138	Holders of Additional Tier 1 capital notes		138	-
1,446	2,245	Profit for the period		1,991	1,222
		OTHER COMPREHENSIVE INCOME			
		ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:			
17	10	Actuarial gains/losses on defined benefit plans		10	17
-	-	Fair value adjustment of owner-occupied properties		-	(38)
-	-	Tax on fair value adjustment of owner-occupied properties		-	9
(28)	-	Share of comprehensive income in associates and group enterprises		-	-
(11)	10	Total items that will not be reclassified to profit or loss		10	(11)
		ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS:			
-	-	Fair value adjustment of equities available for sale		383	239
-	-	Tax on fair value adjustment of equities available for sale		(26)	(15)
-	-	Realised value adjustment of equities available for sale reclassified to the income statement		(103)	-
-	-	Total items that may be reclassified to profit or loss		254	224
(11)	10	OTHER COMPREHENSIVE INCOME		264	213
1,435	2,255	COMPREHENSIVE INCOME FOR THE PERIOD		2,255	1,435
		DISTRIBUTION OF COMPREHENSIVE INCOME			
1,435	2,117	Shareholder of Nykredit Realkredit A/S		2,117	1,435
-	138	Holders of Additional Tier 1 capital notes		138	-
1,435	2,255	Comprehensive income for the period		2,255	1,435

Balance sheets, end of period

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group		
31.12.2014	30.09.2015		Note	30.09.2015	31.12.2014
ASSETS					
227	5,031	Cash balances and demand deposits with central banks		19,125	4,644
29,570	18,586	Receivables from credit institutions and central banks	13	17,607	37,644
1,192,558	1,179,308	Loans, advances and other receivables at fair value	14	1,152,982	1,172,805
448	260	Loans, advances and other receivables at amortised cost	15	47,783	50,958
47,745	45,722	Bonds at fair value	16	98,656	127,972
Equities					
3,069	3,814	Equities measured at fair value through profit or loss		1,905	1,376
-	-	Equities available for sale		2,226	2,035
3,069	3,814	Total		4,131	3,411
119	121	Investments in associates		123	123
30,456	34,718	Investments in group enterprises		-	-
2,175	241	Intangible assets	17	308	2,252
Land and buildings					
-	-	Investment properties		281	283
16	21	Owner-occupied properties		1,459	1,484
16	21	Total		1,739	1,767
235	195	Other property, plant and equipment		226	273
13	0	Current tax assets		283	632
126	113	Deferred tax assets		112	128
476	317	Assets in temporary possession		386	552
14,642	12,433	Other assets	18	44,714	53,914
190	201	Prepayments		251	226
1,322,066	1,301,080	TOTAL ASSETS		1,388,425	1,457,301

Balance sheets, end of period

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group			
31.12.2014	30.09.2015		Note	30.09.2015	31.12.2014
LIABILITIES AND EQUITY					
22,811	20,658	Payables to credit institutions and central banks	19	35,117	44,863
-	-	Deposits and other payables	20	61,581	65,232
1,204,487	1,189,974	Bonds in issue at fair value	21	1,134,618	1,167,163
3,826	3,795	Bonds in issue at amortised cost	22	28,457	29,457
1,188	568	Other non-derivative financial liabilities at fair value	23	10,485	18,451
-	369	Current tax liabilities		837	146
-	-	Liabilities temporarily assumed		29	29
19,268	16,110	Other liabilities	24	47,386	61,161
-	-	Deferred income		5	3
1,251,580	1,231,475	Total payables		1,318,517	1,386,506
Provisions					
198	183	Provisions for pensions and similar obligations		189	203
126	148	Provisions for deferred tax		202	198
74	69	Repayable reserves in pre-1972 series		69	74
-	-	Provisions for losses under guarantees		110	107
87	28	Other provisions		77	169
485	428	Total provisions		646	751
11,350	4,600	Subordinated debt	25	4,684	11,394
Equity					
1,182	1,182	Share capital		1,182	1,182
Accumulated changes in value					
2	1	- revaluation reserves		145	151
-	-	- value adjustment of equities available for sale		895	641
Other reserves					
3,147	5,411	- statutory reserves		-	-
30,975	30,975	- series reserves		30,975	30,975
23,344	23,177	Retained earnings		27,549	25,701
-	3,831	Holders of Additional Tier 1 capital		3,831	-
58,650	64,577	Total equity		64,577	58,650
1,322,066	1,301,080	TOTAL LIABILITIES AND EQUITY		1,388,425	1,457,301
OFF-BALANCE SHEET ITEMS					
-	-	Contingent liabilities	26	7,568	7,546
1,121	1,210	Other commitments		6,132	5,843
1,121	1,210	TOTAL		13,700	13,389

Statement of changes in equity for 1 January – 30 September

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 before goodwill impairment, 1 January	1,182	2	3,147	30,975	24,197	-	59,502
Goodwill impairment relating to the acquisition of Forstædernes Bank A/S	-	-	-	-	(852)	-	(852)
Equity, 1 January, as restated	1,182	2	3,147	30,975	23,344	-	58,650
Profit for the period	-	-	2,303	-	(196)	138	2,245
Total other comprehensive income	-	-	-	-	10	-	10
Total comprehensive income for the period	-	-	2,303	-	(186)	138	2,255
<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	-	-	(4)	-	4	-	-
Dividend from group enterprises	-	-	(35)	-	35	-	-
Realised by sale of properties	-	(1)	-	-	1	-	-
Other adjustments	-	-	(0)	-	0	-	-
Equity, 30 September	1,182	1	5,411	30,975	23,177	3,831	64,577
2014							
Equity, 1 January	1,182	2	3,554	32,402	21,576	-	58,716
Profit for the period	-	-	345	-	1,102	-	1,446
Total other comprehensive income	-	-	(28)	-	17	-	(11)
Total comprehensive income for the period	-	-	316	-	1,119	-	1,435
Dividend from associates	-	-	(4)	-	4	-	-
Dividend from group enterprises	-	-	(125)	-	125	-	-
Equity, 30 September	1,182	2	3,742	32,402	22,824	-	60,152

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 September

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, before goodwill impairment	1,182	151	641	30,975	26,553	-	59,502
Goodwill impairment relating to the acquisition of Forstædernes Bank A/S	-	-	-	-	(852)	-	(852)
Equity, 1 January, as restated	1,182	151	641	30,975	25,701	-	58,650
Profit for the period	-	-	-	-	1,852	138	1,991
Total other comprehensive income	-	-	254	-	10	-	264
Total comprehensive income for the period	-	-	254	-	1,863	138	2,255
Transactions with owners							
Issuance of hybrid capital/Additional Tier 1 capital	-	-	-	-	-	3,731	3,731
Net transaction costs	-	-	-	-	(39)	-	(39)
Interest paid on hybrid capital/Additional Tier 1 capital	-	-	-	-	-	(38)	(38)
Foreign currency translation adjustment of hybrid capital/Additional Tier 1 capital	-	-	-	-	1	(1)	-
Tax	-	-	-	-	18	-	18
Realised by sale of properties	-	(6)	-	-	6	-	-
Equity, 30 September	1,182	145	895	30,975	27,549	3,831	64,577
2014							
Equity, 1 January	1,182	205	403	32,402	24,525	-	58,716
Profit for the period	-	-	-	-	1,222	-	1,222
Total other comprehensive income	-	(28)	224	-	17	-	213
Total comprehensive income for the period	-	(28)	224	-	1,240	-	1,435
Other adjustments	-	(1)	-	-	1	-	-
Equity, 30 September	1,182	176	626	32,402	25,765	-	60,152

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 AT1 capital is consequently treated as equity. On 26 February 2015, Nykredit issued EUR 500m (nominal) of AT1 capital, which may be redeemed from 26 October 2020. The AT1 capital carries an interest rate of 6.25% pa up to 26 October 2020, after which date the interest rate will be fixed every 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) before goodwill impairment for the year	-	-	(225)	-	-	1,040	815
Goodwill impairment relating to the acquisition of Forstædernes Bank A/S	-	-	-	-	-	(852)	(852)
Profit (loss) for the year, as restated	-	-	(225)	-	-	188	(37)
Total other comprehensive income	-	-	(53)	-	-	22	(32)
Total comprehensive income for the year	-	-	(279)	-	-	210	(69)
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	23,344	58,650
Nykredit Realkredit Group							
2014							
Equity, 1 January	1,182	205	-	403	32,402	24,525	58,716
Profit before goodwill impairment for the year	-	-	-	-	-	576	576
Goodwill impairment relating to the acquisition of Forstædernes Bank A/S	-	-	-	-	-	(852)	(852)
Loss for the year, as restated	-	-	-	-	-	(276)	(276)
Total other comprehensive income	-	(53)	-	238	-	22	207
Total comprehensive income for the year	-	(53)	-	238	-	(254)	(69)
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	25,701	58,650

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

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 September

DKK million

	Nykredit Realkredit Group	
	Q1-Q3/2015	Q1-Q3/2014
Profit for the period	1,991	1,222
Non-cash operating items		
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	2,074	156
Profit from investments in associates	(6)	(6)
Impairment losses on loans, advances and receivables	693	1,457
Prepayments/deferred income, net	(22)	(54)
Tax calculated on profit for the period	1,120	327
Other adjustments	(237)	116
Total	3,622	1,997
Profit for the period adjusted for non-cash operating items	5,613	3,220
Change in working capital		
Loans, advances and other receivables	22,305	6,132
Deposits and payables to credit institutions	(13,397)	(4,976)
Bonds in issue	(33,544)	17,935
Other working capital	(12,423)	5,637
Total	(37,059)	24,727
Corporation tax paid, net	(69)	(87)
Cash flows from operating activities	(31,514)	27,860
Cash flows from investing activities		
Divestment of associates	1	-
Dividend received	5	4
Purchase and sale of bonds and equities, net	28,597	(27,105)
Purchase of intangible assets	(43)	(107)
Purchase of property, plant and equipment	(38)	(17)
Sale of property, plant and equipment	26	263
Total	28,548	(26,963)
Cash flows from financing activities		
Issuance of subordinated debt	-	4,442
Redemption of subordinated debt	(6,699)	(3,872)
Issuance of hybrid capital/Additional Tier 1 capital recognised in equity	3,731	-
Purchase and sale of self-issued subordinated debt instruments	41	(28)
Total	(2,927)	541
Total cash flows	(5,893)	1,439
Cash and cash equivalents, beginning of period	42,288	35,758
Foreign currency translation adjustment of cash	337	138
Total cash and cash equivalents, end of period	36,732	37,335
Cash and cash equivalents, end of period		
Cash balances and demand deposits with central banks	19,125	1,230
Receivables from credit institutions and central banks	17,607	36,105
Total	36,732	37,335

Notes

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Notes

1. ACCOUNTING POLICIES

GENERAL

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

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

Goodwill impairment relating to the acquisition of Forstædernes Bank A/S

The FSA has performed a partial review of Nykredit Realkredit's Financial Statements 2014, with special focus on the carrying amount of goodwill. According to the FSA, their review showed that goodwill was overvalued by DKK 852m in Nykredit Realkredit's Financial Statements 2014. As a result, a few items have been adjusted retrospectively for the financial year 2014. These items have been corrected by DKK 852m.

New and amended standards, interpretations and reporting provisions

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

Compared with the information disclosed in the accounting policies of the Annual Report 2014 (note 1), no new reporting standards or interpretations have been issued or approved which influence the Q1-Q3 Interim Report 2015 of Nykredit 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.

Restatement of goodwill impairment in the Financial Statements for 2014

DKK million	Nykredit Realkredit A/S		Nykredit Realkredit Group	
	Initial 2014	Restated 2014	Initial 2014	Restated 2014
Income statement				
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	174	1,026	234	1,086
Profit (loss) before tax	1,030	178	666	(186)
Profit (loss) after tax	815	(37)	576	(276)
Comprehensive income	783	(69)	783	(69)
Balance sheet				
Intangible assets	3,027	2,175	3,104	2,252
Balance sheet total	1,322,918	1,322,066	1,458,153	1,457,301
Equity	59,502	58,650	59,502	58,650

Notes

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group	
31.12.2014	30.09.2015		30.09.2015	31.12.2014
2. CAPITAL AND CAPITAL ADEQUACY				
58,650	64,577	Equity for accounting purposes	64,577	58,650
-	(3,831)	Carrying amount of hybrid capital/Additional Tier 1 capital recognised in equity	(3,831)	-
58,650	60,747	Equity excluding hybrid capital/Additional Tier 1 capital	60,747	58,650
-	(45)	Deduction for average dividend payments/dividend payments provided for	(45)	-
(111)	(67)	Prudent valuation adjustment	(391)	(551)
(2,116)	(188)	Intangible assets excluding deferred tax liabilities	(245)	(2,188)
(1,877)	(1,856)	Provisions for expected losses in accordance with IRB approach	(985)	(1,433)
(237)	(222)	Other additions/deductions	(222)	(237)
1,673	1,249	Transitional adjustment of deductions	727	1,318
(2,669)	(1,129)	Common Equity Tier 1 capital deductions	(1,162)	(3,091)
55,981	59,618	Common Equity Tier 1 capital	59,585	55,559
6,699	3,730	Hybrid capital/Additional Tier 1 capital	3,828	6,746
(75)	(33)	Hybrid capital/Additional Tier 1 capital deductions	(28)	(75)
(691)	(537)	Transitional adjustment of deductions	(279)	(513)
5,933	3,160	Total hybrid capital/Additional Tier 1 capital after deductions	3,522	6,158
61,915	62,778	Tier 1 capital	63,107	61,717
4,466	4,476	Tier 2 capital	4,461	4,463
(751)	(557)	Transitional adjustment of deductions	(296)	(573)
65,630	66,697	Own funds	67,272	65,606
348,763	342,006	Credit risk	267,464	305,321
21,769	14,435	Market risk	23,226	35,335
9,705	11,266	Operational risk	18,397	17,933
380,237	367,706	Total risk exposure amount	309,088	358,589
Financial ratios				
14.7	16.2	Common Equity Tier 1 capital ratio, %	19.2	15.4
16.2	17.0	Tier 1 capital ratio, %	20.4	17.2
17.2	18.1	Total capital ratio, %	21.7	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

	Q1-Q3/2015				Q1-Q3/2014			
	Core earnings	Investment portfolio income	Cost of capital	Total	Core earnings	Investment portfolio income	Cost of capital	Total
Net interest income	8,296	917	(223)	8,990	8,026	781	(380)	8,427
Dividend on equities	4	92	-	96	18	57	-	75
Fee and commission income, net	(26)	(17)	-	(43)	(44)	(23)	-	(67)
Net interest and fee income	8,274	992	(223)	9,044	8,000	815	(380)	8,435
Value adjustments	692	(517)	(1)	175	(1,868)	57	(2)	(1,812)
Other operating income	136	-	-	136	143	-	-	143
Staff and administrative expenses	3,388	-	-	3,388	3,499	-	-	3,499
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	2,074	-	-	2,074	156	-	-	156
Other operating expenses	94	-	-	94	110	-	-	110
Impairment losses on loans and advances	693	-	-	693	1,457	-	-	1,457
Profit from investments in associates	-	6	-	6	-	6	-	6
Profit (loss) before tax	2,853	481	(224)	3,111	1,053	878	(382)	1,550

Notes

DKK million

Nykredit Realkredit Group

4. RESULTS BY BUSINESS AREA

Q1-Q3/2015	Retail	Totalkredit Partners	Wholesale Clients	Group Items	Total
Core income from					
customer activities, gross	4,436	2,110	2,579	(3)	9,122
- allocation of income for distribution	420	-	(420)	-	-
Total business operations	4,856	2,110	2,159	(3)	9,122
- value adjustment of derivatives	140	-	72	-	212
- senior debt	(95)	(133)	(10)	(21)	(260)
- securities	-	-	-	28	28
Total core income	4,900	1,977	2,221	4	9,103
Operating costs	2,202	390	568	323	3,482
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	6	1,907	11	150	2,074
Core earnings before impairment losses	2,692	(319)	1,642	(469)	3,546
Impairment losses on loans and advances	573	371	(251)	0	693
Core earnings after impairment losses	2,119	(690)	1,893	(469)	2,853
Investment portfolio income ¹	-	-	-	481	481
Profit (loss) before cost of capital	2,119	(690)	1,893	12	3,334
Net interest on subordinated debt	-	-	-	(224)	(224)
Profit (loss) before tax	2,119	(690)	1,893	(211)	3,111
Q1-Q3/2014					
Core income from					
customer activities, gross	4,187	1,947	2,334	21	8,488
- allocation of income for distribution	418	-	(418)	-	-
Total business operations	4,605	1,947	1,916	21	8,488
- value adjustment of derivatives	(1,168)	-	(825)	-	(1,993)
- senior debt	(99)	(163)	(13)	(39)	(313)
- securities	-	-	-	93	93
Total core income	3,338	1,784	1,078	75	6,276
Operating costs	2,211	267	638	493	3,609
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	7	0	4	145	156
Core earnings before impairment losses	1,119	1,517	436	(562)	2,511
Impairment losses on loans and advances	1,053	237	153	15	1,457
Core earnings after impairment losses	67	1,280	283	(577)	1,053
Investment portfolio income ¹	-	-	-	878	878
Profit before cost of capital	67	1,280	283	301	1,931
Net interest on subordinated debt	-	-	-	(382)	(382)
Profit (loss) before tax	67	1,280	283	(80)	1,550

¹ Investment portfolio income includes a profit from investments in associates of DKK 6m against DKK 6m in Q1-Q3/2014.

Notes

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
Q1-Q3/2014	Q1-Q3/2015	Q1-Q3/2015	Q1-Q3/2014
5. INTEREST INCOME			
9,155	8,942		
		3	37
8,457	6,758	17,372	19,713
3,186	3,154	6,583	6,278
Bonds			
343	247	635	774
388	427	882	1,156
7	186	219	37
76	72	143	224
Derivative financial instruments			
(6)	(7)	132	7
221	168	(145)	131
-	-	(32)	(42)
-	-	2	22
58	88	88	73
21,886	20,037	25,881	28,410
(343)	(247)	(635)	(774)
(6)	(0)	(50)	(59)
21,536	19,789	25,196	27,577
Of which interest income from reverse repurchase lending entered as:			
2	0	0	20
-	-	9	120
5A. NEGATIVE INTEREST			
Interest income			
-	(17)	(23)	-
-	-	(77)	-
-	(17)	(100)	-
Interest expenses			
-	(3)	(43)	-
-	-	(31)	-
-	(3)	(74)	-
-	(14)	(26)	-
6. INTEREST EXPENSES			
37	1	32	181
-	-	121	281
17,835	15,814	16,403	18,839
657	293	294	666
71	104	16	15
18,601	16,211	16,865	19,983
(343)	(247)	(635)	(774)
(6)	(0)	(50)	(59)
18,251	15,964	16,181	19,149
Of which interest expenses from repo transactions entered as:			
35	0	0	126
-	-	0	36

Notes

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group		
Q1-Q3/2014	Q1-Q3/2015	Q1-Q3/2015	Q1-Q3/2014	
7. VALUE ADJUSTMENTS				
Assets measured at fair value through profit or loss				
5,380	(4,128)	Mortgage loans, a)	(16,024)	13,066
7,846	(11,482)	Totalkredit mortgage loan funding, a)	-	-
176	(163)	Other loans, advances and receivables at fair value, b)	(3)	0
821	(518)	Bonds, b)	(635)	559
433	512	Equities, b)	212	270
-	-	Investment properties	2	8
25	1	Foreign exchange	369	(10)
(673)	(191)	Foreign exchange, interest rate and other contracts as well as derivative financial instruments, b)	(95)	(2,426)
Assets measured at fair value and recognised in "Other comprehensive income"				
-	-	Realised value adjustment of equities available for sale reclassified to the income statement	103	-
Liabilities measured at fair value through profit or loss				
(5,594)	4,347	Bonds in issue, a)	16,245	(13,279)
(7,846)	11,482	Totalkredit mortgage loan funding, a)	-	-
568	(140)	Total	175	(1,812)
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				
42	36	Remuneration of Board of Directors and Executive Board	36	42
1,461	1,486	Staff expenses	2,127	2,162
225	54	Other administrative expenses	1,226	1,295
1,728	1,576	Total	3,388	3,499
Remuneration of Board of Directors and Executive Board				
Board of Directors				
2	3	Remuneration	3	2
Executive Board				
30	27	Fixed salaries	27	30
-	1	Expenses for defined contribution plans	1	-
10	5	Expenses for defined benefit plans	5	10
42	36	Total	36	42
Staff expenses				
1,148	1,170	Salaries	1,692	1,719
141	143	Pensions	195	199
160	162	Payroll tax	225	228
11	10	Other social security expenses	14	15
1,461	1,486	Total	2,127	2,162
Number of staff				
2,982	2,837	Average number of staff for the financial period, full-time equivalents	3,763	3,988

Notes

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group		
Q1-Q3/2014	Q1-Q3/2015	Q1-Q3/2015	Q1-Q3/2014	
9. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES FOR PROPERTY, PLANT AND EQUIPMENT AS WELL AS INTANGIBLE ASSETS				
Intangible assets				
56	53	- Amortisation	64	58
-	1,923	- Impairment losses	1,923	0
Property, plant and equipment				
74	67	- Depreciation	87	98
130	2,043	Total	2,074	156
10. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES				
10 a. Earnings impact				
915	264	Change in individual impairment provisions for loans and advances	691	1,250
11	-	- Change in individual impairment provisions for receivables from credit institutions	-	15
(5)	9	Change in collective impairment provisions for loans and advances	(113)	39
99	114	Write-offs for the period, not previously written down for impairment	384	280
(30)	(46)	Recoveries on claims previously written off	(104)	(56)
-	-	- Provisions for guarantees, net	3	13
990	341	Total impairment losses on loans, advances and receivables, and provisions for guarantees	861	1,540
82	50	Value adjustment of assets in temporary possession	54	116
(5)	(26)	Value adjustment of claims previously written off	(26)	(5)
-	-	Write-offs offset against commission payments to partner banks	(197)	(194)
1,067	366	Total	693	1,457
10 b. Specification of impairment provisions for loans, advances and receivables				
2,617	2,917	Individual impairment provisions	6,357	6,421
1,160	1,410	Collective impairment provisions	2,488	2,275
3,777	4,327	Total impairment provisions	8,845	8,697
Impairment provisions have been offset against the following items:				
3,645	4,149	Mortgage loans – note 14	5,436	4,710
111	156	Arrears and outlays – note 14	247	236
-	-	Bank loans and advances – note 15	3,118	3,707
21	21	Receivables from credit institutions – note 13	44	44
3,777	4,327	Total impairment provisions	8,845	8,697
10 c. Individual impairment provisions for loans and advances				
2,039	2,869	Impairment provisions, beginning of period	6,465	6,116
1,186	690	Impairment provisions for the period	1,654	2,025
(271)	(426)	Impairment provisions reversed	(963)	(775)
(98)	(43)	Transferred to acquired properties – note 10 g.	(68)	(138)
(260)	(195)	Impairment provisions written off	(774)	(849)
2,596	2,895	Impairment provisions, end of period	6,313	6,378

Notes

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
Q1-Q3/2014	Q1-Q3/2015	Q1-Q3/2015	Q1-Q3/2014
10. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES (continued)			
10 d. Collective impairment provisions for loans and advances			
1,165	1,401		
(5)	9	2,602	2,237
		(113)	39
1,160	1,410	2,488	2,275
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			
12,841	13,883	20,508	20,069
2,596	2,895	6,313	6,378
10,245	10,988	14,194	13,691
39,400	34,390	118,614	117,381
1,160	1,410	2,488	2,275
38,240	32,980	116,126	115,106
29	29	54	54
21	21	44	44
8	8	10	10
10 g. Impairment provisions for acquired properties			
365	315	414	469
98	43	68	138
87	63	99	125
(6)	(13)	(44)	(9)
(208)	(142)	(201)	(280)
337	267	336	444
Impairment provisions for acquired properties have been offset against "Assets in temporary possession".			
11. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES			
6	6	6	6
339	2,297	-	-
345	2,303	6	6
12. TAX			
14.9	16.6	36.0	21.1

Notes

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group	
31.12.2014	30.09.2015		30.09.2015	31.12.2014
13. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS				
-	250	Receivables from central banks	1,116	8,000
28,230	17,001	Receivables from credit institutions	13,279	24,670
-	-	Reverse repurchase lending to central banks	40	746
1,340	1,335	Reverse repurchase lending to credit institutions	3,171	4,228
29,570	18,586	Total	17,607	37,644
14. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE				
582,417	554,374	Mortgage loans	1,118,029	1,137,099
268	270	Arrears and outlays	419	479
-	-	Reverse repurchase lending to undertakings other than credit institutions and central banks	34,534	35,228
19,294	13,000	Loans to Totalkredit serving as collateral in capital centres	-	-
590,579	611,664	Totalkredit mortgage loan funding	-	-
1,192,558	1,179,308	Total	1,152,982	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	67,651	New loans	209,688	190,529
164	169	Indexation	169	164
(1,279)	448	Foreign currency translation adjustment	448	(1,279)
(12,412)	(8,344)	Ordinary principal payments	(13,411)	(18,861)
(80,420)	(82,925)	Prepayments and extraordinary principal payments	(196,534)	(178,780)
570,913	547,912	Balance, end of period, nominal value	1,112,104	1,111,744
(360)	(164)	Loans transferred relating to properties in temporary possession	(221)	(411)
244	239	Loans assumed by the Danish Agency for Governmental Management	239	244
570,797	547,987	Total	1,112,122	1,111,577
15,788	10,536	Adjustment for interest rate risk	11,343	30,789
Adjustment for credit risk				
(2,767)	(2,739)	Individual impairment provisions	(3,217)	(3,176)
(1,401)	(1,410)	Collective impairment provisions	(2,219)	(2,092)
582,417	554,374	Balance, end of period, fair value	1,118,029	1,137,099
As collateral for loans and advances, Nykredit has received mortgages over real estate and:				
28,328	28,800	Supplementary guarantees	45,729	35,382
1,014	1,058	Interim loan guarantees	13,302	10,412
6,776	2,682	Registration guarantees	18,582	21,675
14 b. Arrears and outlays				
296	270	Arrears before impairment provisions	381	431
74	157	Outlays before impairment provisions	285	287
(102)	(156)	Individual impairment provisions for arrears and outlays	(247)	(238)
268	270	Total	419	479

Notes

DKK million

Nykredit Realkredit A/S				Nykredit Realkredit Group	
31.12.2014	30.09.2015			30.09.2015	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	240,987	New loans		-	-
(4,293)	(4,192)	Ordinary principal payments		-	-
(202,760)	(201,949)	Prepayments and extraordinary principal payments		-	-
576,910	611,756	Balance, end of period, nominal value		-	-
13,669	(92)	Adjustment for interest rate risk		-	-
590,579	611,664	Balance, end of period, fair value		-	-
15. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST					
-	-	Bank loans and advances		50,624	54,054
26	22	Totalkredit mortgage loan funding		-	-
-	-	- Mortgage loans		23	27
449	266	Other loans and advances		282	465
476	288	Balance, end of period		50,929	54,546
Adjustment for credit risk					
-	-	Individual impairment provisions		(2,849)	(3,051)
-	-	Collective impairment provisions		(269)	(509)
476	288	Balance after impairment, end of period		47,811	50,986
(28)	(28)	Set-off of self-issued "Other loans and advances" against "Bonds in issue at amortised cost" – note 22		(28)	(28)
448	260	Total		47,783	50,958
16. BONDS AT FAIR VALUE					
69,776	54,835	Self-issued covered bonds (særligt dækkede obligationer, SDOs)		109,745	121,334
35,460	19,907	Self-issued covered bonds (realkreditobligationer, ROs)		41,870	59,926
-	-	Self-issued corporate bonds		2,282	2,342
-	-	Self-issued senior debt		205	410
34,306	31,766	Other ROs		79,325	99,523
10,445	10,954	Government bonds		12,679	18,556
2,994	3,002	Other bonds		6,651	9,893
152,981	120,464	Total		252,756	311,982
(69,750)	(54,809)	Set-off of self-issued SDOs against "Bonds in issue at fair value" – note 21		(109,719)	(121,307)
(26)	(26)	Set-off of self-issued SDOs against "Bonds in issue at amortised cost" – note 22		(26)	(26)
(35,460)	(19,907)	Set-off of self-issued ROs against "Bonds in issue at fair value" – note 21		(41,870)	(59,926)
-	-	Set-off of self-issued corporate bonds against "Bonds in issue at amortised cost" – note 22		(2,282)	(2,342)
-	-	Set-off of self-issued senior debt against "Bonds in issue at fair value" – note 21		(205)	(410)
47,745	45,722	Total		98,656	127,972
3,679	2,947	As collateral security for the Danish central bank and foreign clearing centres, bonds have been deposited of a total market value of		8,897	20,142
Collateral security was provided on an arm's length basis.					

Notes

DKK million

Nykredit Realkredit A/S				Nykredit Realkredit Group	
31.12.2014	30.09.2015			30.09.2015	31.12.2014
17. INTANGIBLE ASSETS					
1,907	-	Goodwill		23	1,930
-	-	Fixed-term rights		22	22
123	101	Software		101	123
87	89	Development projects in progress		89	87
57	51	Customer relationships		72	90
2,175	241	Total		308	2,252
17 a. Goodwill					
2,759	2,759	Cost, beginning of period		2,782	2,782
2,759	2,759	Cost, end of period		2,782	2,782
-	852	Impairment, beginning of period		852	-
852	1,907	Impairment for the period ¹		1,907	852
852	2,759	Impairment, end of period		2,759	852
1,907	-	Balance, end of period¹		23	1,930
<p>¹ The FSA has performed a partial review of Nykredit Realkredit's Financial Statements 2014, with special focus on the carrying amount of goodwill. According to the FSA, their review showed that goodwill was overvalued by DKK 852m in Nykredit Realkredit's Financial Statements 2014. As a result, goodwill has been adjusted by DKK 852m at end-2014. For further information, reference is made to note 1, Accounting policies, under General.</p> <p>In Q3/2015, Nykredit has written down goodwill relating to the acquisition of Totalkredit for impairment. The goodwill impairment reflected the annual impairment test, in which a reduction of the budget and projection periods from 10 to 5 years combined with higher costs of capital resulted in impairment of DKK 1,907m.</p>					
17 b. Fixed-term rights					
4,506	4,506	Cost, beginning of period		4,575	4,580
-	-	Additions		-	1
-	-	Disposals		-	(7)
4,506	4,506	Cost, end of period		4,575	4,575
4,506	4,506	Depreciation and impairment losses, beginning of period		4,553	4,554
-	-	Depreciation for the period		0	3
-	-	Reversal of depreciation		-	(5)
4,506	4,506	Depreciation and impairment losses, end of period		4,553	4,553
-	-	Balance, end of period		22	22
17 c. Software					
853	931	Cost, beginning of period		931	853
78	36	Transferred from development projects in progress		36	78
931	967	Cost, end of period		967	931
740	807	Depreciation and impairment losses, beginning of period		807	740
68	47	Depreciation for the period		47	68
-	11	Impairment losses for the period		11	-
807	866	Depreciation and impairment losses, end of period		866	807
123	101	Balance, end of period		101	123

Notes

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
31.12.2014	30.09.2015	30.09.2015	31.12.2014
17. INTANGIBLE ASSETS (continued)			
17 d. Development projects in progress			
66	87	87	66
99	42	42	99
(78)	(36)	(36)	(78)
87	93	93	87
-	-	-	-
-	5	5	-
-	5	5	-
87	89	89	87
17 e. Customer relationships			
110	110	145	110
-	-	-	35
-	-	-	-
110	110	145	145
44	53	55	44
8	6	18	11
53	59	73	55
57	51	72	90
18. OTHER ASSETS			
9,893	8,781	7,528	9,503
257	187	0	-
3,689	3,010	34,183	41,937
214	227	227	214
589	228	2,776	2,260
14,642	12,433	44,714	53,914

Notes

DKK million

Nykredit Realkredit A/S			Nykredit Realkredit Group	
31.12.2014	30.09.2015		30.09.2015	31.12.2014
19. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS				
1,525	1,236	Payables to credit institutions	11,633	14,848
-	-	Payables to central banks	9	34
21,286	19,423	Repo transactions with credit institutions	23,435	29,235
-	-	Repo transactions with central banks	40	746
22,811	20,658	Total	35,117	44,863
20. DEPOSITS AND OTHER PAYABLES				
-	-	On demand	48,538	45,806
-	-	At notice	2,851	5,306
-	-	Time deposits	7,287	11,097
-	-	Special deposits	2,905	3,022
-	-	Total	61,581	65,232
21. BONDS IN ISSUE AT FAIR VALUE				
290,664	238,051	ROs	259,772	329,773
989,633	1,000,812	SDOs	1,000,812	989,633
25,103	21,519	Senior secured debt	21,519	25,103
4,297	4,308	Senior unsecured debt	4,308	4,297
1,309,697	1,264,690	Total	1,286,411	1,348,806
(105,210)	(74,716)	Self-issued bonds transferred from "Bonds at fair value" – note 16	(151,793)	(181,643)
1,204,487	1,189,974	Total	1,134,618	1,167,163
21 a. ROs				
280,572	229,014	ROs at nominal value	249,836	318,349
10,092	9,037	Fair value adjustment	9,936	11,424
290,664	238,051	ROs at fair value	259,772	329,773
(35,460)	(19,907)	Self-issued ROs transferred from "Bonds at fair value" – note 16	(41,870)	(59,926)
255,204	218,144	Total	217,903	269,847
163	4	Of which pre-issuance	4	163
31,039	8,861	ROs redeemed and maturing at next creditor payment date	9,912	34,988
21 b. SDOs				
970,263	999,414	SDOs at nominal value	999,414	970,263
19,370	1,397	Fair value adjustment	1,397	19,370
989,633	1,000,812	SDOs at fair value	1,000,812	989,633
(69,750)	(54,809)	Self-issued SDOs transferred from "Bonds at fair value" – note 16	(109,719)	(121,307)
919,883	946,003	Total	891,093	868,325
587	2,167	Of which pre-issuance	2,167	587
117,327	106,989	SDOs redeemed and maturing at next creditor payment date	106,989	117,327

Notes

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
31.12.2014	30.09.2015	30.09.2015	31.12.2014
21. BONDS IN ISSUE AT FAIR VALUE (continued)			
21 c. Senior secured debt			
24,122	20,764		
		20,764	24,122
982	755		
		755	982
25,103	21,519	21,519	25,103
-	-		
		(205)	(410)
25,103	21,519	21,314	24,694
1,430	3,065		
		3,065	1,430
21 d. Senior unsecured debt			
4,291	4,305		
		4,305	4,291
5	3		
		3	5
4,297	4,308	4,308	4,297
22. BONDS IN ISSUE AT AMORTISED COST			
-	-		
		26,944	27,965
26	26		
		26	26
3,774	3,786		
		3,786	3,774
48	-		
		-	55
33	37		
		37	33
3,880	3,849	30,793	31,852
-	-		
		(2,282)	(2,342)
(26)	(26)		
		(26)	(26)
(28)	(28)		
		(28)	(28)
3,826	3,795	28,457	29,457
23. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE			
-	-		
		7,390	13,855
1,188	568		
		3,095	4,596
1,188	568	10,485	18,451
24. OTHER LIABILITIES			
13,163	10,171		
		12,618	16,218
4,324	3,432		
		30,484	40,958
113	115		
		103	101
1,668	2,392		
		4,181	3,885
19,268	16,110	47,386	61,161

Notes

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
31.12.2014	30.09.2015	30.09.2015	31.12.2014
25. SUBORDINATED DEBT			
Subordinated debt consists of financial liabilities in the form of subordinate loan capital, hybrid capital and Additional Tier 1 capital which, in case of voluntary or compulsory liquidation, will not be repaid until the claims of ordinary creditors have been met.			
Subordinated debt is included in Nykredit's own funds in accordance with the EU's Capital Requirements Regulation.			
Subordinate loan capital			
Nom EUR 600m. The loan matures on 3 June 2036, but may be redeemed at par (100) from 3 June 2021. The loan carries a fixed interest rate of 4.0% pa up to 3 June 2021, after which date the interest rate will be fixed every 5 years. If the Common Equity Tier 1 capital ratio of Nykredit Realkredit, the Nykredit Realkredit Group or the Nykredit Holding Group falls below 7%, the loan will be written down.			
4,609	4,600	4,600	4,609
4,609	4,600	4,600	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			
-	-	(15)	(56)
11,350	4,600	4,684	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	30.09.2015	30.09.2015	31.12.2014
26. OFF-BALANCE SHEET ITEMS			
Guarantees and warranties provided, irrevocable credit commitments and similar obligations not included in the balance sheets are presented below.			
-	-	7,568	7,546
	Contingent liabilities		
1,121	1,210	6,132	5,843
	Other commitments		
1,121	1,210	13,700	13,389
	Total		
26 a. Contingent liabilities			
-	-	2,266	2,843
	Financial guarantees		
-	-	285	295
	Registration and refinancing guarantees		
-	-	5,016	4,408
	Other contingent liabilities		
-	-	7,568	7,546
	Total		
"Other contingent liabilities" chiefly comprises purchase price and payment guarantees.			
26 b. Other commitments			
1	0	4,698	4,508
	Irrevocable credit commitments		
1,121	1,210	1,435	1,334
	Other		
1,121	1,210	6,132	5,843
	Total		
"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 Group is continuously involved in legal proceedings and litigation. The cases are subject to ongoing review, and necessary provisions are made based on an assessment of the risk of loss. Pending cases are not expected to have a significant effect on the Nykredit Group's financial position.

Nykredit participates in the mandatory Danish deposit guarantee scheme. A new scheme 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.

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

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

Notes

27. RELATED PARTY TRANSACTIONS AND BALANCES

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

No unusual related party transactions occurred in Q1-Q3/2015.

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

Significant related party transactions prevailing/entered into in Q1-Q3 2015 include:

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

As a part of the Group's joint funding activities, Nykredit Realkredit A/S has funded mortgage loans granted by its subsidiary Totalkredit A/S on an ongoing basis.

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 13.0bn at 30 September 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.

Nykredit Realkredit Group

28. FAIR VALUE DISCLOSURES**Listed prices**

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

Observable inputs

When an instrument is not traded in an active market, measurement is based on observable inputs and 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 DKK 275m of the positive market value of the derivatives, is primarily based on external credit curves such as Itraxx Main, but also on own data as regards customers without OEI in the lowest rating categories, as there are no external curves available suitable for calculation of credit risk on these customers. Upon entering into financial derivatives contracts, further provisions are made in the form of a so-called minimum margin for liquidity, credit risk and return on capital. The minimum margin is amortised at valuation of derivatives over the times-to maturity. At 30 September 2015, the non-amortised minimum margin amounted to DKK 429m compared with DKK 470m at end-2014. Finally, in some instances further value adjustment based on management judgement is made if the models do not take into account all known risks, including eg legal risks.

In some cases, markets, eg the bond market, 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 572m at 30 September 2015 and thus represents the majority of derivatives with positive market values in this category. Credit value adjustments came to DKK 5,024m at 30 September 2015 (DKK 4,832m at end-2014).

The interest rate risk on these interest rate swaps is hedged in all material respects. However, interest rate fluctuations may impact results to the extent that the market value must be adjusted due to increased counterparty credit risk. A 0.1 percentage point change in interest rate levels will impact the fair value by +/- DKK 191m.

However, financial assets measured on the basis of unobservable inputs account for a very limited part of total financial assets at fair value. At 30 September 2015 the proportion was 0.3%, the same as at end-2014. The share of financial liabilities 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 3.3bn (2014: DKK 3.5bn) and DKK 0.2bn (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 355m in Q1-Q3/2015 (0.5% of equity at 30 September 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 Q1-Q3/2015 and 2014, transfers between the categories Observable inputs and Unobservable inputs mainly resulted from changes to the rating categories (credit risk) of counterparties and in all material respects concerned interest rate swaps. Transfers between the categories Listed prices and Observable inputs in all material respects resulted from redeemed bonds that were reclassified on redemption and came to DKK 0.9bn at 30 September 2015.

Notes

DKK million

Nykredit Realkredit Group

28. FAIR VALUE DISCLOSURES (continued)

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

30 September 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	-	3,211	-	3,211
- other reverse repurchase lending	-	34,534	-	34,534
- bonds at fair value	95,709	2,603	344	98,656
- equities measured at fair value through profit or loss	427	-	1,478	1,905
- positive fair value of derivative financial instruments	1,084	32,343	756	34,183

Recognised through the fair value option:

- mortgage loans, arrears and outlays	-	1,118,448	-	1,118,448
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Recognised as available for sale:

- equities available for sale	1,504	-	721	2,226
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Other assets recognised at fair value:

- owner-occupied properties	-	1,459	-	1,459
- investment properties	-	281	-	281
- assets in temporary possession	-	386	-	386

Total	98,724	1,193,265	3,299	1,295,288
Percentage	7.6	92.1	0.3	100

Liabilities:

Recognised in the trading book:

- repo transactions with credit institutions and central banks	-	23,475	-	23,475
- other non-derivative financial liabilities at fair value incl negative securities portfolios	3,095	7,390	-	10,485
- negative fair value of derivative financial instruments	878	29,389	217	30,484

Recognised through the fair value option:

- bonds in issue at fair value	1,131,831	2,756	31	1,134,618
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Total	1,135,804	63,011	248	1,199,063
Percentage	94.7	5.3	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	2	208	(554)	(344)
Realised capital gains and losses recognised in "Value adjustments" in the income statement	-	6	-	6
Unrealised capital gains and losses recognised in "Fair value adjustment of equities available for sale" in "Other comprehensive income"	-	-81	-	(81)
Purchases for the period	45	401	-	446
Sales for the period	-	(350)	-	(350)
Transferred from Listed prices and Observable inputs ¹	118	-	178	296
Transferred to Listed prices and Observable inputs ²	-	-	(180)	(180)
Fair value, end of period, assets	344	2,199	756	3,299
Fair value, beginning of period, liabilities	-	-	297	297
Unrealised capital gains and losses recognised in "Value adjustments" in the income statement	-	-	(80)	(80)
Purchases for the period	-	-	31	31
Fair value, end of period, liabilities	-	-	248	248

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

² Transfers to Observable inputs from Unobservable inputs principally consist of interest rate swaps for which individual adjustment for increased credit risk is no longer required.

Notes

DKK million

Nykkredit Realkredit Group

28. FAIR VALUE DISCLOSURES (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 to Observable inputs from Unobservable inputs principally consist of interest rate swaps for which individual adjustment for increased credit risk is no longer required.

Notes

DKK million

Nykredit Realkredit Group	Q3/2015	Q2/2015	Q1/2015	Q4/2014	Q3/2014	Q2/2014	Q1/2014
29. SEVEN-QUARTER FINANCIAL HIGHLIGHTS							
Core income from							
Business operations ¹	2,560	4,377	2,137	1,557	1,261	2,518	2,403
Securities	7	7	14	36	33	30	30
Total	2,567	4,385	2,151	1,594	1,295	2,548	2,433
Operating costs, depreciation and amortisation	3,136	1,197	1,223	2,190	1,187	1,304	1,275
Core earnings before impairment losses	(569)	3,187	928	(597)	108	1,244	1,158
Impairment losses on loans and advances	244	120	329	893	409	534	515
Core earnings after impairment losses	(813)	3,068	599	(1,490)	(301)	710	643
Investment portfolio income	(10)	47	445	(99)	276	253	349
Profit (loss) before cost of capital	(823)	3,114	1,043	(1,589)	(24)	964	992
Net interest on subordinated debt	(35)	(28)	(161)	(146)	(145)	(123)	(114)
Profit (loss) before tax	(858)	3,087	883	(1,736)	(169)	841	877
Tax	233	690	197	(237)	(54)	181	200
Profit (loss) for the period	(1,091)	2,396	686	(1,498)	(115)	660	678
Other comprehensive income							
Actuarial gains/losses on defined benefit plans	(2)	4	8	4	13	2	2
Value adjustment of strategic equities	(52)	149	157	15	51	16	157
Fair value adjustment of owner-occupied properties	-	-	-	(25)	(28)	-	-
Total other comprehensive income	(53)	153	164	(6)	35	18	159
Comprehensive income for the period	(1,144)	2,549	850	(1,505)	(80)	678	837
SUMMARY BALANCE SHEET, END OF PERIOD							
	30.09.2015	30.06.2015	31.03.2015	31.12.2014	30.09.2014	30.06.2014	31.03.2014
Assets							
Cash balances and receivables from credit institutions and central banks	36,732	47,410	70,931	42,288	37,335	36,133	38,690
Mortgage loans at fair value	1,118,029	1,119,080	1,137,833	1,137,099	1,144,160	1,143,883	1,142,380
Bank loans – excluding reverse repurchase lending	47,506	49,441	49,404	50,494	48,301	46,908	48,078
Bonds and equities	102,786	109,404	104,795	131,383	120,066	118,624	110,300
Remaining assets	83,371	81,773	97,683	96,037	98,029	98,799	88,302
Total assets	1,388,425	1,407,108	1,460,646	1,457,301	1,447,891	1,444,348	1,427,750
Liabilities and equity							
Payables to credit institutions and central banks	35,117	39,322	38,859	44,863	44,217	49,656	49,174
Deposits and other payables	61,581	65,935	67,733	65,232	60,372	61,764	68,598
Bonds in issue at fair value	1,134,618	1,146,975	1,181,483	1,167,163	1,150,270	1,138,266	1,130,708
Subordinated debt	4,684	4,646	11,417	11,394	11,387	15,243	10,913
Remaining liabilities	87,847	84,508	97,952	109,998	121,492	119,188	108,805
Equity	64,577	65,722	63,203	58,650	60,152	60,231	59,553
Total liabilities and equity	1,388,425	1,407,108	1,460,646	1,457,301	1,447,891	1,444,348	1,427,750
FINANCIAL RATIOS							
Profit (loss) for the period as % of average equity pa ²	(8.0)	15.3	4.5	(10.1)	(0.8)	4.4	4.6
Core earnings before impairment losses as % of average equity pa ²	(3.7)	21.0	6.3	(4.0)	0.7	8.3	7.8
Core earnings after impairment losses as % of average equity pa ²	(5.3)	20.2	4.1	(10.0)	(2.0)	4.7	4.4
Total provisions for loan impairment and guarantees	8,911	9,032	9,274	9,173	8,769	8,771	8,535
Impairment losses for the period, %	0.02	0.01	0.03	0.07	0.03	0.04	0.04
Total capital ratio, %	21.7	20.3	18.9	18.2	19.0	19.3	18.3
Tier 1 capital ratio, %	20.4	19.0	17.6	17.2	17.5	18.1	18.3
Average number of full-time staff	3,763	3,785	3,827	3,971	3,988	4,001	4,027

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

² 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	Q3/2015	Q2/2015	Q1/2015	Q4/2014	Q3/2014	Q2/2014	Q1/2014
29. SEVEN-QUARTER FINANCIAL HIGHLIGHTS (continued)							
Net interest income	3,032	2,904	3,054	2,926	2,916	2,652	2,859
Net fee income	(72)	68	57	126	29	60	(81)
Net interest and fee income	2,960	2,973	3,111	3,051	2,945	2,712	2,778
Value adjustments	(484)	1,382	(724)	(1,745)	(1,575)	(84)	(153)
Other operating income	44	45	47	41	54	46	43
Staff and administrative expenses	1,120	1,129	1,139	1,215	1,114	1,191	1,195
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	1,955	53	66	931	51	53	53
Other operating expenses	60	16	18	44	22	60	27
Impairment losses on loans, advances and receivables	244	120	329	893	409	534	515
Profit (loss) from investments in associates	2	5	(0)	0	2	4	(0)
Profit (loss) before tax	(858)	3,087	883	(1,736)	(169)	841	878
Tax	233	690	197	(237)	(54)	181	200
Profit (loss) for the period	(1,091)	2,396	686	(1,498)	(115)	660	678
Other comprehensive income							
Actuarial gains/losses on defined benefit plans	(2)	4	8	4	13	2	2
Value adjustment of strategic equities	(52)	149	157	15	51	16	157
Fair value adjustment of owner-occupied properties	-	-	-	(25)	(28)	-	-
Total other comprehensive income	(53)	153	164	(6)	35	18	159
Comprehensive income for the period	(1,144)	2,549	850	(1,505)	(80)	678	837
FINANCIAL RATIOS¹							
Total capital ratio, %	21.7	20.3	18.9	18.2	19.0	19.3	18.3
Tier 1 capital ratio, %	20.4	19.0	17.6	17.2	17.5	18.1	18.3
Return on equity before tax, %	(1.4)	5.2	1.7	(2.9)	(0.2)	1.4	1.7
Return on equity after tax, %	(1.8)	4.1	1.4	(2.5)	(0.1)	1.1	1.4
Income:cost ratio	0.73	3.47	1.68	0.44	0.94	1.47	1.58
Foreign exchange position, %	0.2	0.4	0.1	0.4	1.2	1.2	1.8
Loans and advances:equity (loan gearing)	19.8	19.4	20.5	20.9	20.5	20.5	20.7
Growth in loans and advances for the period, %	0.2	0.2	(0.7)	(0.5)	(0.5)	0.1	(1.3)
Total impairment provisions, %	0.73	0.74	0.75	0.74	0.70	0.70	0.68
Impairment losses for the period, %	0.02	0.01	0.03	0.07	0.03	0.04	0.04

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

Notes

DKK million

Nykredit Realkredit A/S	Q1-Q3/ 2015	Q1-Q3/ 2014	Q1-Q3/ 2013	Q1-Q3/ 2012	Q1-Q3/ 2011
30. FIVE-YEAR FINANCIAL HIGHLIGHTS					
SUMMARY INCOME STATEMENT					
Net interest income	3,813	3,285	3,293	4,068	3,442
Net fee income	721	474	610	670	468
Net interest and fee income	4,533	3,759	3,904	4,738	3,909
Value adjustments	(140)	568	408	527	(1,930)
Other operating income	4	7	14	8	21
Staff and administrative expenses	1,576	1,728	1,887	1,821	1,987
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	2,043	130	551	534	501
Other operating expenses	23	53	3	0	1
Impairment losses on loans, advances and receivables	366	1,067	932	681	487
Profit from investments in associates and group enterprises	2,303	345	580	757	943
Profit (loss) before tax	2,692	1,700	1,534	2,994	(33)
Tax	447	254	153	522	(373)
Profit for the period	2,245	1,446	1,381	2,473	340
SUMMARY BALANCE SHEET, END OF PERIOD					
	30.09.2015	30.09.2014	30.09.2013	30.09.2012	30.09.2011
Assets					
Cash balances and receivables from credit institutions and central banks	23,617	30,127	29,742	38,063	27,508
Mortgage loans at fair value	554,374	592,810	601,545	617,343	598,084
Totalkredit mortgage loan funding	611,664	593,388	557,976	540,514	441,982
Bonds and equities	49,535	37,674	17,839	47,952	60,093
Remaining assets	61,890	72,084	84,111	82,113	75,485
Total assets	1,301,080	1,326,083	1,291,212	1,325,986	1,203,152
Liabilities and equity					
Payables to credit institutions and central banks	20,658	16,007	17,548	55,194	71,914
Bonds in issue	1,189,974	1,210,197	1,175,943	1,168,968	1,027,972
Subordinated debt	4,600	11,335	10,797	11,083	10,931
Remaining liabilities	21,271	28,392	28,139	33,172	36,976
Equity	64,577	60,152	58,784	57,569	55,359
Total liabilities and equity	1,301,080	1,326,083	1,291,212	1,325,986	1,203,152
OFF-BALANCE SHEET ITEMS					
Other commitments	1,210	1,187	1,417	1,605	2,272
FINANCIAL RATIOS¹					
Total capital ratio, %	18.1	16.9	17.1	16.1	16.2
Tier 1 capital ratio, %	17.0	16.0	17.1	16.1	16.2
Return on equity before tax, %	4.4	2.9	2.6	5.3	(0.1)
Return on equity after tax, %	3.6	2.4	2.4	4.4	0.6
Income:cost ratio	1.67	1.57	1.45	1.99	0.99
Foreign exchange position, %	0.2	0.9	0.8	1.1	2.0
Loans and advances:equity (loan gearing)	8.6	9.9	10.2	10.7	10.8
Growth in loans and advances for the period, %	(4.0)	(1.5)	(1.2)	1.3	2.9
Total impairment provisions, %	0.77	0.63	0.41	0.32	0.31
Impairment losses for the period, %	0.07	0.18	0.15	0.11	0.08
Return on capital employed, %	0.17	0.11	0.11	0.19	0.03

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

Notes

DKK million

Nykredit Realkredit Group	Q1-Q3/ 2015	Q1-Q3/ 2014	Q1-Q3/ 2013	Q1-Q3/ 2012	Q1-Q3/ 2011
30. FIVE-YEAR FINANCIAL HIGHLIGHTS (continued)					
SUMMARY INCOME STATEMENT					
Net interest income	8,990	8,427	7,526	8,140	7,415
Net fee income	53	8	63	261	189
Net interest and fee income	9,044	8,435	7,588	8,401	7,604
Value adjustments	175	(1,812)	120	249	(1,323)
Other operating income	136	143	163	163	167
Staff and administrative expenses	3,388	3,499	3,676	3,506	3,594
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	2,074	156	577	560	571
Other operating expenses	94	110	56	23	109
Impairment losses on loans, advances and receivables	693	1,457	1,604	1,533	898
Profit from investments in associates	6	6	101	30	11
Profit before tax	3,111	1,550	2,058	3,221	1,288
Tax	1,120	327	269	681	175
Profit for the period	1,991	1,222	1,789	2,540	1,113
Value adjustment and reclassification of strategic equities against equity	254	224	(408)	(68)	(772)
SUMMARY BALANCE SHEET, END OF PERIOD					
	30.09.2015	30.09.2014	30.09.2013	30.09.2012	30.09.2011
Assets					
Cash balances and receivables from credit institutions and central banks	36,732	37,335	31,983	50,620	33,619
Mortgage loans at fair value	1,118,029	1,144,160	1,136,059	1,128,680	1,070,144
Bank loans – excluding reverse repurchase lending	47,506	48,301	49,130	53,980	55,621
Bonds and equities	102,786	120,066	75,521	92,371	84,456
Remaining assets	83,371	98,029	108,117	109,936	77,863
Total assets	1,388,425	1,447,891	1,400,811	1,435,587	1,321,703
Liabilities and equity					
Payables to credit institutions and central banks	35,117	44,217	55,974	80,506	85,897
Deposits and other payables	61,581	60,373	59,160	53,498	53,498
Bonds in issue at fair value	1,134,618	1,150,270	1,088,084	1,082,066	993,566
Subordinated debt	4,684	11,387	11,028	11,322	11,581
Remaining liabilities	87,847	121,492	127,780	150,625	121,802
Equity	64,577	60,152	58,784	57,569	55,359
Total liabilities and equity	1,388,425	1,447,891	1,400,811	1,435,587	1,321,703
OFF-BALANCE SHEET ITEMS					
Contingent liabilities	7,568	6,511	5,333	5,547	6,271
Other commitments	6,132	6,520	7,872	9,089	8,809
FINANCIAL RATIOS¹					
Total capital ratio, %	21.7	19.0	20.4	18.6	18.4
Tier 1 capital ratio, %	20.4	17.5	20.4	18.6	18.4
Return on equity before tax, %	5.5	3.0	2.9	5.7	0.6
Return on equity after tax, %	3.6	2.4	2.4	4.4	0.6
Income:cost ratio	1.54	1.34	1.29	1.57	1.06
Foreign exchange position, %	0.2	1.2	1.0	0.3	2.1
Loans and advances:equity (loan gearing)	18.6	20.5	21.0	21.2	20.6
Growth in loans and advances for the period, %	(0.3)	(1.7)	2.1	4.1	2.4
Total impairment provisions, %	0.73	0.70	0.62	0.59	0.67
Impairment losses for the period, %	0.06	0.12	0.13	0.12	0.08
Return on capital employed, %	0.14	0.08	0.13	0.18	0.08

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

31. GROUP STRUCTURE

	Ownership interest as %, 30 September 2015	Profit for the period	Equity, 30 September 2015	Profit (loss) for 2014	Equity, 31 December 2014
Name and registered office					
Nykredit Realkredit A/S (Parent Company), Copenhagen, a)	-	2,245	64,577	(37)	58,650
Totalkredit A/S, Taastrup, a)	100	1,133	18,245	1,458	17,113
Nykredit Bank A/S, Copenhagen, b)	100	1,079	15,655	(1,772)	12,575
Nykredit Pantebrevsinvestering A/S, Copenhagen, c) ²	100	-	-	0	12
Nykredit Portefølje Administration A/S, Copenhagen, h)	100	62	460	75	398
Nykredit Leasing A/S, Gladsaxe, f)	100	48	503	50	456
FB Ejendomme A/S, Copenhagen, e) ²	100	-	-	0	4
Nykredit Mægler A/S, Copenhagen, d)	100	40	139	35	134
Nykredit Ejendomme A/S, Copenhagen, e)	100	33	481	27	449
Ejendomsselskabet Kalvebod A/S, Copenhagen, i)	100	13	198	21	185
Kalvebod Ejendomme I A/S, Copenhagen, e)	100	7	113	15	106
Kalvebod Ejendomme II A/S, Copenhagen, e)	100	6	81	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.

	Number of staff	Revenue*	Profit before tax	Tax	Government aid received
Geographical distribution of activities					
Denmark: Companies and activities appear from the group structure	3,751	27,159	3,108	1,119	-
Poland: Nykredit Realkredit A/S S.A. Oddzial w Polsce, branch, a)	12	9	3	1	-
Sweden: Nykredit Bank A/S, branch, b) ¹	0	0	0	0	-

¹ The branch in Sweden ceased its activities in January 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	30.09.2015		30.09.2015	31.12.2014
55,981	59,618	Common Equity Tier 1 capital	59,585	55,559
5,933	3,160	Total hybrid capital/Additional Tier 1 capital after deductions	3,522	6,158
61,915	62,778	Tier 1 capital	63,107	61,717
65,630	66,697	Own funds	67,272	65,606
380,237	367,706	Total risk exposure amount	309,088	358,589
14.7	16.2	Common Equity Tier 1 capital ratio, %	19.2	15.4
16.2	17.0	Tier 1 capital ratio, %	20.4	17.2
17.2	18.1	Total capital ratio, %	21.7	18.2
Nykredit Bank Group			Nykredit Holding Group	
31.12.2014	30.09.2015		30.09.2015	31.12.2014
12,044	15,303	Common Equity Tier 1 capital	59,282	55,584
15	100	Total hybrid capital/Additional Tier 1 capital after deductions	890	6,158
12,059	15,403	Tier 1 capital	60,171	61,742
12,365	15,732	Own funds	61,522	63,121
94,051	74,337	Total risk exposure amount	308,162	358,684
12.8	20.5	Common Equity Tier 1 capital ratio, %	19.2	15.4
12.8	20.7	Tier 1 capital ratio, %	19.5	17.2
13.1	21.1	Total capital ratio, %	19.9	17.5

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

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

NYKREDIT REALKREDIT A/S AND NYKREDIT REALKREDIT GROUP

SUPPLEMENTARY/CORRECTING DISCLOSURE FOR THE ANNUAL REPORT 2014

The corrections concern goodwill impairment of DKK 852m relating to Nykredit's acquisition of Forstædernes Bank in 2008.

This affects the Annual Report 2014, the Q1 Interim Report 2015 and the H1 Interim Report 2015 of Nykredit Realkredit A/S and the Nykredit Realkredit Group.

Financial year 2014

For the financial year 2014, the items set out below have been adjusted by DKK 852m.

The total capital ratios and the Common Equity Tier 1 (CET1) capital ratios remain unchanged, as Nykredit's own funds are not affected by the impairment.

The correction does not affect tax for the year.

Nykredit Realkredit Group Annual Report 2014

DKK million	Nykredit Realkredit A/S		Nykredit Realkredit Group	
	Initial 2014	Restated 2014	Initial 2014	Restated 2014
Income statements				
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	174	1,026	234	1,086
Profit (loss) before tax	1,030	178	666	(186)
Profit (loss) after tax	815	(37)	576	(276)
Comprehensive income	783	(69)	783	(69)
Balance sheets				
Intangible assets	3,027	2,175	3,104	2,252
Balance sheet total	1,322,918	1,322,066	1,458,153	1,457,301
Equity	59,502	58,650	59,502	58,650

Q1/2015 and H1/2015

The announced income statement items in the Q1 Interim Report 2015 and the H1 Interim Report 2015 are not affected by goodwill impairment relating to the acquisition of Forstædernes Bank. Comprehensive income is also unchanged.

However, the balance sheets and equity in the Q1 Interim Report 2015 and the H1 Interim Report 2015 are affected by the corrections to the Annual Report 2014, as the opening balance sheet items have been adjusted by DKK 852m.

The correction does not affect regulatory capital, including the total capital ratios, CET1 capital ratios etc, nor the tax charge for the above financial periods.

The changes to the individual line items and financial ratios are specified below.

Contact

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

Statement

In 2015 the Danish Financial Supervisory Authority (FSA) performed a partial supervisory review of Nykredit Realkredit A/S's Annual Report 2014. The focus of the Danish FSA was aimed at Nykredit's intangible assets in the form of goodwill, including Nykredit's annual impairment test and the related assumptions and estimates.

Throughout 2015, Nykredit has had talks with the FSA and has accounted for the models and assumptions, including the budget period applying to the measurement.

Under IAS 36, the budget period forming part of the model must be disclosed in the annual report. In note 23 of its Annual Report 2014, Nykredit stated that future cash flows were estimated on the basis of a 10-year budget period.

It also appears from IAS 36 that the estimate of future cash flows should be based on a projection covering a maximum period of 5 years, but a longer period may be applied if these estimates are reliable. Nykredit has accounted for Management's assessments which underlie the use of a budget period of 10 years to the FSA.

However, the FSA did not find sufficient grounds for the longer budget period, including that it is not documented by experience that the longer period will provide a better basis of calculation. Furthermore, the FSA did not find that the applied business growth had been adequately documented.

The combination of a change of budget period from 10 to 5 years and a change in annual business growth resulted in an impairment need equal to the carrying amount of goodwill relating to the acquisition of Forstædernes Bank.

As a consequence, Nykredit must publish supplementary and correcting disclosures for the Annual Report 2014 and the subsequent Q1 Interim Report 2015 and the H1 Interim Report 2015.

Presentation of the corrected reports

The presentation includes the Annual Report 2014, the Q1 Interim Report 2015 and the H1 Interim Report 2015 of Nykredit Realkredit A/S and the Nykredit Realkredit Group.

The auditors' reports below solely concern the corrections relating to the audited Annual Report 2014, but not the Interim Financial Statements for 2015, which have not been audited.

In connection with the correction of significant accounting errors, disclosures must be provided on the type and the financial impact on items in income statements and balance sheets. The statements below show the changes in both income statements and balance sheets, including equity relative to the published financial statements. The presentation of the income statements and balance sheets is based on the format which Nykredit applies in annual reports and quarterly and half-year reports.

The financial ratios affected by the correction as well as the note on goodwill are presented accordingly in the Annual Report 2014.

The supplementary/correcting financial disclosures should be read in conjunction with the published reports to give a fair presentation of Nykredit's assets, liabilities, equity, financial position and results in the financial periods in question.

It should be noted in particular that the correction does not affect the income statements for Q1 and H1/2015. The balance sheets and equity are, however, affected by the lower values at the beginning of the periods resulting from the correction for 2014.

Capital and capital adequacy

According to applicable rules, goodwill cannot form part of own funds, for which reason equity carried for accounting purposes is always reduced by the value of goodwill carried for accounting purposes. Thus, the impairment was made for accounting purposes and does not affect the regulatory capital of the Group.

The total capital ratios etc of the Company and the Group are therefore unchanged relative to the published reports.

MANAGEMENT STATEMENT AND AUDIT REPORTS REGARDING THE ANNUAL REPORT 2014

Statement by the Board of Directors and the Executive Board on the Annual Report

The Board of Directors and the Executive Board have prepared this supplementary and correcting disclosure for the Annual Report 2014 of Nykredit Realkredit based on an enquiry from the Danish Financial Supervisory Authority (FSA) regarding partial supervisory review of the Annual Report 2014 and the subsequent talks with the FSA.

This supplementary/correcting disclosure should be read in conjunction with the Annual Report 2014 to give a fair presentation of the Parent Company's and the Group's assets, liabilities, equity and financial position at 31 December 2014 and of the results of the Company's and the Group's operations for the financial year 2014.

We have today reviewed and approved this supplementary/correcting disclosure, which in our opinion is in accordance with the information we have received from the FSA.

Copenhagen, 5 November 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

Michael Demsitz

Merete Eldrup

Marlene Holm

Allan Kristiansen

Bent Naur

Ina Nielsen

Anders C. Obel

Erling Bech Poulsen

Lars Peter Skaarup

Nina Smith

Jens Erik Udsen

Leif Vinther

INTERNAL AUDITORS' REPORT ON THE SUPPLEMENTARY/CORRECTING DISCLOSURE FOR THE ANNUAL REPORT 2014

We have audited the supplementary/correcting disclosure for the Annual Report 2014 of Nykredit Realkredit A/S. The supplementary/correcting disclosure has been prepared in accordance with the statement above made by the Board of Directors.

Basis of opinion

We conducted our audit in accordance with the Executive Order of the Danish Financial Supervisory Authority on Auditing Financial Undertakings etc. as well as Financial Groups and the International Standards on Auditing. This requires us to plan and perform the audit to obtain reasonable assurance that the supplementary/correcting disclosure for the Annual Report 2014 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the supplementary/correcting disclosure for the Annual Report 2014. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the supplementary/correcting disclosure for the Annual Report 2014, whether due to fraud or error.

Our work has not included additional procedures relating to the Annual Report 2014, for which we made an unqualified audit report without supplemental information on 5 February 2015.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the supplementary/correcting disclosure for the Annual Report 2014 has been prepared, in all material respects, in accordance with the statement above made by the Board of Directors.

Copenhagen, 5 November 2015

Claus Okholm
Chief Audit Executive

Kim Stormly Hansen
Deputy Chief Audit Executive

INDEPENDENT AUDITORS' REPORT ON THE SUPPLEMENTARY/CORRECTING DISCLOSURE FOR THE ANNUAL REPORT 2014

To the shareholder of Nykredit Realkredit A/S

We have audited the supplementary/correcting disclosure for the Annual Report 2014 of Nykredit Realkredit A/S. The supplementary/correcting disclosure has been prepared in accordance with the statement above made by the Board of Directors.

Management's responsibility for the supplementary/correcting disclosure

Management is responsible for the supplementary/correcting disclosure for the Annual Report 2014 in accordance with the statement above made by the Board of Directors and for such internal control as Management determines is necessary to enable the preparation of supplementary/correcting disclosure that is free from material misstatement, whether due to fraud or error.

Basis of opinion

Our responsibility is to express an opinion on the supplementary/correcting disclosure for the Annual Report 2014. We conducted our audit in accordance with International Standards on Auditing and additional requirements in Danish audit legislation. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the supplementary/correcting disclosure for the Annual Report 2014 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the supplementary/correcting disclosure for the Annual Report 2014. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the supplementary/correcting disclosure for the Annual Report 2014, whether due to fraud or error.

Our work has not included additional procedures relating to the Annual Report 2014 for which we made an unqualified audit report without supplemental information on 5 February 2015.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the supplementary/correcting disclosure for the Annual Report 2014 has been prepared, in all material respects, in accordance with the statement above made by the Board of Directors.

Copenhagen, 5 November 2015

Deloitte
Statsautoriseret Revisionspartnerselskab

Anders O. Gjelstrup Per Rolf Larssen
State-Authorised Public Accountant State-Authorised Public Accountant

Nykredit Realkredit A/S and Nykredit Realkredit Group

SUPPLEMENTARY/CORRECTING DISCLOSURE FOR THE ANNUAL REPORT 2014

DKK million		Nykredit Realkredit A/S			Nykredit Realkredit Group		
	Notes	Annual Report 2014	Annual Report 2014, as restated	Difference	Annual Report 2014	Annual Report 2014, as restated	Difference
INCOME STATEMENTS							
Interest income		28,711	28,711	-	36,655	36,655	-
Interest expenses		24,262	24,262	-	25,301	25,301	-
Net interest income		4,449	4,449	-	11,353	11,353	-
Dividend on equities		55	55	-	82	82	-
Fee and commission income		855	855	-	2,167	2,167	-
Fee and commission expenses		130	130	-	2,115	2,115	-
Net interest and fee income		5,229	5,229	-	11,486	11,486	-
Value adjustments		359	359	-	(3,557)	(3,557)	-
Other operating income		8	8	-	185	185	-
Staff and administrative expenses		2,389	2,389	-	4,715	4,715	-
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	1	174	1,026	852	234	1,086	852
Other operating expenses		55	55	-	154	154	-
Impairment losses on loans, advances and receivables		1,723	1,723	-	2,351	2,351	-
Profit (loss) from investments in associates and group enterprises		(225)	(225)	-	6	6	-
Profit (loss) before tax		1,030	178	(852)	666	(186)	(852)
Tax		215	215	-	90	90	-
Profit (loss) for the year		815	(37)	(852)	576	(276)	(852)
Total other comprehensive income		(32)	(32)	-	207	207	-
Comprehensive income for the year		783	(69)	(852)	783	(69)	(852)
SUMMARY BALANCE SHEETS, YEAR-END							
		31.12.2014	31.12.2014	Difference	31.12.2014	31.12.2014	Difference
Assets							
Cash balances and demand deposits with central banks		227	227	-	4,644	4,644	-
Receivables from credit institutions and central banks		29,570	29,570	-	37,644	37,644	-
Loans, advances and other receivables at fair value		1,192,558	1,192,558	-	1,172,805	1,172,805	-
Loans, advances and other receivables at amortised cost		448	448	-	50,958	50,958	-
Bonds at fair value		47,745	47,745	-	127,972	127,972	-
Equities		3,069	3,069	-	3,411	3,411	-
Investments in associates		119	119	-	123	123	-
Investments in group enterprises		30,456	30,456	-	-	-	-
Intangible assets	1	3,027	2,175	(852)	3,104	2,252	(852)
Other assets		15,508	15,508	-	57,266	57,266	-
Prepayments		190	190	-	226	226	-
Total assets		1,322,918	1,322,066	(852)	1,458,153	1,457,301	(852)
Liabilities and equity							
Payables to credit institutions and central banks		22,811	22,811	-	44,863	44,863	-
Deposits and other payables		-	-	-	65,232	65,232	-
Bonds in issue at fair value		1,204,487	1,204,487	-	1,167,163	1,167,163	-
Bonds in issue at amortised cost		3,826	3,826	-	29,457	29,457	-
Other liabilities		20,456	20,456	-	79,790	79,790	-
Provisions		485	485	-	751	751	-
Subordinated debt		11,350	11,350	-	11,394	11,394	-
Equity	2	59,502	58,650	(852)	59,502	58,650	(852)
Total liabilities and equity		1,322,918	1,322,066	(852)	1,458,153	1,457,301	(852)
FINANCIAL RATIOS AFFECTED BY CORRECTION							
Return on equity before tax, %		1.7	0.3	(1.4)	1.6	0.1	(1.5)
Return on equity after tax, %		1.4	(0.1)	(1.5)	1.4	(0.1)	(1.5)
Income:cost ratio		1.24	1.03	(0.21)	1.12	1.01	(0.11)
Loans and advances:equity		9.8	9.9	0.1	20.6	20.9	0.3
Return on capital employed, %		0.06	(0.00)	(0.06)	0.04	(0.02)	(0.06)
Core earnings before impairment losses as % of average equity		-	-	-	4.7	3.3	(1.4)
Core earnings after impairment losses as % of average equity		-	-	-	0.7	(0.7)	(1.4)
The total capital ratio, Common Equity Tier 1 capital ratio and internal capital adequacy requirement have not been affected by the correction.							

Nykredit Realkredit A/S and Nykredit Realkredit Group

SUPPLEMENTARY/CORRECTING DISCLOSURE FOR THE ANNUAL REPORT 2014

DKK million	Nykredit Realkredit A/S			Nykredit Realkredit Group		
	Annual Report 2014	Annual Report 2014, as restated	Difference	Annual Report 2014	Annual Report 2014, as restated	Difference
Note 1 – Intangible assets						
Assets:						
Goodwill	2,759	1,907	(852)	2,782	1,930	(852)
Other intangible assets	268	268	-	322	322	-
Total intangible assets	3,027	2,175	(852)	3,104	2,252	(852)
Goodwill						
Cost, beginning of period	2,759	2,759	-	2,782	2,782	-
Additions	-	-	-	-	-	-
Cost, end of period	2,759	2,759	-	2,782	2,782	-
Impairment losses, beginning of period	-	-	-	-	-	-
Impairment losses for the year	-	852	852	-	852	852
Impairment losses, end of period	-	852	852	-	852	852
Total goodwill, end of period	2,759	1,907	(852)	2,782	1,930	(852)
Amortisation and impairment losses, earnings impact						
Intangible assets						
Amortisation	76	76	-	82	82	-
Impairment losses	-	852	852	-	852	852
Total	76	928	852	82	934	852
Property, plant and equipment						
Depreciation	97	97	-	127	127	-
Impairment losses	-	-	-	25	25	-
Total	97	97	-	152	152	-
Depreciation and impairment losses, total earnings impact	174	1,026	852	234	1,086	852
Note 2 – Equity						
Share capital	1,182	1,182	-	1,182	1,182	-
Revaluation reserves	2	2	-	151	151	-
Value adjustment of equities available for sale	-	-	-	641	641	-
Statutory reserves	3,147	3,147	-	-	-	-
Series reserves	30,975	30,975	-	30,975	30,975	-
Hybrid capital/Additional Tier 1 capital	-	-	-	-	-	-
Retained earnings						
Retained earnings, beginning of period	21,576	21,576	-	24,525	24,525	-
Share of comprehensive income for the year	1,062	210	(852)	598	(254)	(852)
Other movements	1,559	1,559	-	1,430	1,430	-
Retained earnings, end of period	24,197	23,345	(852)	26,553	25,701	(852)
Total equity	59,502	58,650	(852)	59,502	58,650	(852)

Nykredit Realkredit A/S and Nykredit Realkredit Group

CORRECTION TO NOTES 23 AND 23 A OF THE ANNUAL REPORT 2014

DKK million	Nykredit Realkredit		Nykredit Realkredit Group	
	Initial note 31.12.2014	Note as restated 31.12.2014	Initial note 31.12.2014	Note as restated 31.12.2014
23. INTANGIBLE ASSETS				
Goodwill	2,759	1,907	2,782	1,930
Fixed-term rights	-	-	22	22
Software	123	123	123	123
Development projects in progress	87	87	87	87
Customer relationships	57	57	90	90
Total	3,027	2,175	3,104	2,252
23 a. Goodwill				
Cost, beginning of period	2,759	2,759	2,782	2,782
Additions	-	-	-	-
Disposals	-	-	-	-
Cost, end of period	2,759	2,759	2,782	2,782
Impairment losses, beginning of period	-	-	-	-
Impairment losses for the year	-	852	-	852
Impairment losses, end of period	-	852	-	852
Balance, end of period	2,759	1,907	2,782	1,930

Goodwill of DKK 1,907m at end-2014 (2013: DKK 1,907m) has been allocated to the business area Totalkredit Partners.

Goodwill of initially DKK 852m (2013: DKK 852m) was fully impaired in the financial year. It is related to Nykredit Bank A/S and has been allocated to the business area Group Items.

Goodwill acquired in the subsidiary Nykredit Bank A/S, totalling DKK 23m, includes DKK 9m from the acquisition of a branch in 2008 and DKK 14m from the acquisition of Amber Fondsmæglerselskab in 2011. Goodwill relating to the branch is allocated to the business area Retail, while goodwill relating to Amber Fondsmæglerselskab is allocated to the business area Wholesale of the unit Asset Management. The impairment test is based on a budget/projection period of 5 years and a required rate of return of 10.3%. In view of the insignificant amount, no supplementary information is provided, cf the option to leave out required information of IAS 36.134.

Goodwill is not amortised, but it is written down for impairment if warranted by the impairment test for the accounting period.

The impairment test compares the discounted value of expected future cash flows with the carrying amounts. Future cash flows are estimated on the basis of a 10-year budget and projection period and a subsequent terminal period with a fixed annual growth rate. The cash flows of the 10-year budget period are based on a two-year forecast and a projection for the following eight years. The determination of cash flows takes into account business plans for the coming years as well as expected changes to capital requirements.

The required rate of return before tax for 2014 comprises a 10-year risk-free interest rate of 1.3% and a risk premium of 9%.

Nykredit Realkredit A/S and Nykredit Realkredit Group

CORRECTION TO NOTES 23 AND 23 A OF THE ANNUAL REPORT 2014

23 a. Goodwill (continued)

Impairment test of Nykredit Bank A/S 2014

Compared with previous years, the budget period related to the impairment test of Nykredit Bank A/S has been changed from 10 years to 5 years, as talks with the Danish FSA have established that the 10-year period was not adequately motivated, including that it is not documented by experience that the longer period provides a better basis of calculation. Furthermore, the FSA does not find that the applied business growth has been adequately documented. As a result of this correction, goodwill of DKK 852m has been written down for impairment in full. Goodwill has been allocated to the business area Group Items, and the impairment test is based on the expected cash flows of Nykredit Bank A/S.

Impairment test of Totalkredit A/S 2014

The impairment test of Totalkredit A/S is based on the following assumptions:
Goodwill is allocated to the business area Totalkredit Partners.

The following primary assumptions have been taken into account:

DKK million/%	2014 (as restated)	2013
Acquired goodwill	1,907	1,907
Required rate of return before tax, %	10.3%	11.3%
Budget period	10 years	10 years
Average annual impairment before set-off (variable by a declining percentage during the period), %	0.14%-0.08%	0.14%-0.08%
Average annual business growth in the budget period, %	2.7%	3.5%
Fixed annual business growth in the terminal period, %	2.0%	2.0%

The calculation assumptions take into consideration Management-approved forecasts of income, costs, impairment losses on loans, advances and business growth. These forecasts are based on Nykredit's past experience, business strategies and an assessment of market and macro economic trends.

The required rate of return before tax of 10.3% reflects Nykredit's return target from end-2014 and comprises a return target before tax of 9% plus effective interest of 1.3%. The return target meets the target set by Nykredit's Board of Directors.

The budget period, including the projection period, is based on budgets approved by the Board of Directors and has been divided into two periods: A forecast of the first two years and a projection of the following eight years (the normalisation period), which is followed by the terminal period. Developments in the last 5 years of the projection period are kept largely constant.

The projections are based on a number of assumptions for eg lending growth and take into account business plans for the coming years as well as expected changes to capital requirements.

A 10-year period is applied resulting in a normalised earnings level before the terminal period. A 10-year period was chosen because, in Management's opinion, a 5-year period is often not long enough for earnings levels to normalise after eg severe recession, resulting in major losses and lending declines. The longer period also allows for full implementation of new regulatory requirements.

The average annual growth in the budget period reflects Nykredit's budget targets. Among other things, the growth rates reflect an expectation of a stronger customer intake due to Nykredit's strategy.

The fixed growth rate in the terminal period determined at 2.0% is based on long-term inflation forecasts.

Sensitivity analysis

Cash flows have been determined based on a number of estimated parameters, where changes to the assumptions may affect to varying degrees the present value of the calculated cash flows and thus the result of the impairment test, which can be illustrated as follows:

- A reduction of annual business growth in the budget/projection period of more than 1.4 percentage points will result in full or partial impairment. A 1.9 percentage point reduction will result in full impairment.
- Adjusting the budget and projection periods from 10 to 5 years will cause a change in the excess value from approximately DKK 1.5bn to approximately DKK 0.8bn, but viewed separately this will not result in impairment.
- An increase in the required rate of return of more than 0.6 percentage point will result in impairment, and a 1 percentage point increase will result in impairment of DKK 0.8bn-0.9bn.
- A 0.1 or 0.2 percentage point increase in impairment losses will result in full goodwill impairment. Similar applies if average administration margins are reduced by 0.1 percentage point.

Q1/2015 AND H1/2015

Statement

In 2015 the Danish Financial Supervisory Authority (FSA) performed a partial supervisory review of Nykredit Realkredit A/S's Annual Report 2014. The focus of the FSA was aimed at Nykredit's intangible assets in the form of goodwill, including Nykredit's annual impairment test and the related assumptions and estimates.

Reference is made to the statement on page 2.

The correction of goodwill impairment relating to the acquisition of Forstædernes Bank does not affect the income statements, including profit and comprehensive income in 2015, as the correction has full effect in the Annual Report 2014.

But in the balance sheet, total intangible assets and the balance sheet total have been adjusted by negative DKK 852m as at 31 March 2015 and as at 30 June 2015 because the balance sheet values at end-2014 have been restated. Likewise, the equity carried for accounting purposes has been adjusted by DKK 852m due to the adjustment of equity at end-2014.

Presentation of the restated reports for 2015

The presentation includes the Q1 Interim Report 2015 and the H1 Interim Report 2015 of Nykredit Realkredit A/S and the Nykredit Realkredit Group.

In connection with the correction of significant accounting errors, disclosure must be provided on the type and the financial impact on items in income statements and balance sheets. The statements below show the changes in both income statements and balance sheets, including equity relative to the published financial statements. The presentation of the income statements and balance sheets is based on the format which Nykredit applies in annual reports and quarterly and half-year reports.

The financial ratios which are affected by the correction are presented accordingly.

The supplementary/correcting financial disclosure should be read in conjunction with the published reports to give a fair presentation of Nykredit's assets, liabilities, equity, financial position and results in the financial periods in question.

It should be noted that the correction does not affect the income statements for Q1/2015 and H1/2015. The balance sheets and equity are, however, affected by the lower values at the beginning of the period resulting from the correction for 2014.

Capital and capital adequacy

According to applicable rules, goodwill cannot form part of own funds, for which reason equity carried for accounting purposes is always reduced by the value of goodwill carried for accounting purposes. Thus, the impairment was made for accounting purposes and does not affect the regulatory capital of the Group.

The total capital ratios etc of the Company and the Group are therefore unchanged relative to the published reports.

MANAGEMENT STATEMENT ON Q1 AND H1 FINANCIAL STATEMENTS 2015

Statement by the Board of Directors and the Executive Board on the Interim Reports

The Board of Directors and the Executive Board have prepared this supplementary and correcting disclosure for Nykredit Realkredit's Interim Reports for Q1/2015 and H1/2015 based on an enquiry from the Danish Financial Supervisory Authority (FSA) regarding partial supervisory review of the Annual Report 2014 and subsequent talks with the FSA.

This supplementary/correcting disclosure should be read in conjunction with the Interim Reports for Q1/2015 and H1/2015 to give a fair presentation of the Parent Company's and the Group's assets, liabilities, equity and financial position at 31 March 2015 and 30 June 2015 and of the results of the Company's and the Group's operations for the period 1 January – 31 March 2015 and 1 January – 30 June 2015.

We have today reviewed and approved this supplementary/correcting disclosure, which in our opinion are in accordance with the information we have received from the FSA.

Copenhagen, 5 November 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

Michael Demsitz

Merete Eldrup

Marlene Holm

Allan Kristiansen

Bent Naur

Ina Nielsen

Anders C. Obel

Erling Bech Poulsen

Lars Peter Skaarup

Nina Smith

Jens Erik Udsen

Leif Vinther

Nykredit Realkredit A/S

SUPPLEMENTARY/CORRECTING DISCLOSURE FOR Q1/2015 AND H1/2015

DKK million		Q1 Interim Report 2015			H1 Interim Report 2015		
	Notes	Initial 2015	Restated 2015	Difference	Initial 2015	Restated 2015	Difference
INCOME STATEMENT							
Interest income		7,139	7,139	-	13,759	13,759	-
Interest expenses		5,802	5,802	-	11,167	11,167	-
Net interest income		1,337	1,337	-	2,593	2,593	-
Dividend on equities		14	14	-	83	83	-
Fee and commission income		289	289	-	531	531	-
Fee and commission expenses		40	40	-	75	75	-
Net interest and fee income		1,599	1,599	-	3,132	3,132	-
Value adjustments		107	107	-	52	52	-
Other operating income		2	2	-	5	5	-
Staff and administrative expenses		534	534	-	1,068	1,068	-
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	1	56	56	-	98	98	-
Other operating expenses		(1)	(1)	-	-	-	-
Impairment losses on loans, advances and receivables		190	190	-	224	224	-
Profit from investments in associates and group enterprises		94	94	-	1,918	1,918	-
Profit before tax		1,022	1,022	-	3,717	3,717	-
Tax		180	180	-	329	329	-
Profit for the period		842	842	-	3,388	3,388	-
Total other comprehensive income		8	8	-	12	12	-
Comprehensive income for the period		850	850	-	3,399	3,399	-
SUMMARY BALANCE SHEET, END OF PERIOD		31.03.2015	31.03.2015		30.06.2015	30.06.2015	
Assets							
Cash balances and demand deposits with central banks		7,695	7,695	-	5,634	5,634	-
Receivables from credit institutions and central banks		41,726	41,726	-	18,300	18,300	-
Loans, advances and other receivables at fair value		1,229,134	1,229,134	-	1,174,073	1,174,073	-
Loans, advances and other receivables at amortised cost		455	455	-	258	258	-
Bonds at fair value		46,695	46,695	-	49,449	49,449	-
Equities		3,379	3,379	-	3,968	3,968	-
Investments in associates		118	118	-	120	120	-
Investments in group enterprises		32,515	32,515	-	34,336	34,336	-
Intangible assets	1	3,000	2,148	(852)	3,005	2,153	(852)
Remaining assets		15,394	15,394	-	13,354	13,354	-
Prepayments		255	255	-	231	231	-
Total assets		1,380,366	1,379,514	(852)	1,302,729	1,301,877	(852)
Liabilities and equity							
Payables to credit institutions and central banks		23,383	23,383	-	20,978	20,978	-
Deposits and other payables		-	-	-	-	-	-
Bonds in issue at fair value		1,256,513	1,256,513	-	1,189,717	1,189,717	-
Bonds in issue at amortised cost		3,803	3,803	-	3,791	3,791	-
Remaining liabilities		20,728	20,728	-	16,692	16,692	-
Provisions		515	515	-	430	430	-
Subordinated debt		11,369	11,369	-	4,546	4,546	-
Equity	2	64,055	63,203	(852)	66,574	65,722	(852)
Total liabilities and equity		1,380,366	1,379,514	(852)	1,302,729	1,301,877	(852)
FINANCIAL RATIOS AFFECTED BY CORRECTION							
Return on equity before tax, %		1.7	1.7	-	5.9	6.0	0.1
Return on equity after tax, %		1.4	1.4	-	5.4	5.4	-
Loans and advances:equity		9.0	9.1	0.1	8.4	8.5	0.1
Return on capital employed, %		0.06	0.06	-	0.26	0.26	-
The total capital ratio, Common Equity Tier 1 capital ratio and internal capital adequacy requirement have not been affected by the correction.							

Nykredit Realkredit A/S

SUPPLEMENTARY/CORRECTING DISCLOSURE FOR Q1/2015 AND H1/2015

DKK million	Q1 Interim Report 2015			H1 Interim Report 2015		
	Initial 2015	Restated 2015	Difference	Initial 2015	Restated 2015	Difference
Note 1 – Intangible assets						
Assets:						
Goodwill	2,759	1,907	(852)	2,759	1,907	(852)
Other intangible assets	241	241	-	246	246	-
Total intangible assets	3,000	2,148	(852)	3,005	2,153	(852)
Goodwill						
Cost, beginning of period	2,759	2,759	-	2,759	2,759	-
Additions	-	-	-	-	-	-
Cost, end of period	2,759	2,759	-	2,759	2,759	-
Impairment losses, beginning of period	-	852	852	-	852	852
Impairment losses for the period	-	-	-	-	-	-
Impairment losses, end of period	-	852	852	-	852	852
Total goodwill, end of period	2,759	1,907	(852)	2,759	1,907	(852)
Amortisation and impairment losses, earnings impact						
Intangible assets						
Amortisation	17	17	-	38	38	-
Impairment losses	16	16	-	16	16	-
Total	33	33	-	54	54	-
Property, plant and equipment						
Depreciation	22	22	-	45	45	-
Impairment losses	-	-	-	-	-	-
Total	22	22	-	45	45	-
Depreciation and impairment losses, total earnings impact	56	56	-	98	98	-
Note 2 – Equity						
Share capital	1,182	1,182	-	1,182	1,182	-
Revaluation reserves	1	1	-	1	1	-
Statutory reserves	3,205	3,205	-	5,028	5,028	-
Series reserves	30,975	30,975	-	30,975	30,975	-
Additional Tier 1 capital	3,757	3,757	-	3,772	3,772	-
Retained earnings						
Retained earnings, beginning of period	24,197	23,345	(852)	24,197	23,345	(852)
Share of comprehensive income for the period	734	734	-	1,401	1,401	-
Other movements	5	5	-	18	18	-
Retained earnings, end of period	24,936	24,084	(852)	25,615	24,763	(852)
Total equity	64,055	63,203	(852)	66,574	65,722	(852)

Nykredit Realkredit Group

SUPPLEMENTARY/CORRECTING DISCLOSURE FOR Q1/2015 AND H1/2015

DKK million		Q1 Interim Report 2015			H1 Interim Report 2015		
	Notes	Initial 2015	Restated 2015	Difference	Initial 2015	Restated 2015	Difference
INCOME STATEMENT							
Interest income		8,958	8,958	-	17,307	17,307	-
Interest expenses		5,904	5,904	-	11,348	11,348	-
Net interest income		3,054	3,054	-	5,959	5,959	-
Dividend on equities		14	14	-	87	87	-
Fee and commission income		772	772	-	1,419	1,419	-
Fee and commission expenses		728	728	-	1,381	1,381	-
Net interest and fee income		3,111	3,111	-	6,084	6,084	-
Value adjustments		(724)	(724)	-	658	658	-
Other operating income		47	47	-	92	92	-
Staff and administrative expenses		1,139	1,139	-	2,268	2,268	-
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	1	66	66	-	119	119	-
Other operating expenses		18	18	-	34	34	-
Impairment losses on loans, advances and receivables		329	329	-	449	449	-
Profit from investments in associates and group enterprises		-	-	-	4	4	-
Profit before tax		883	883	-	3,969	3,969	-
Tax		197	197	-	887	887	-
Profit for the period		686	686	-	3,082	3,082	-
Total other comprehensive income		164	164	-	317	317	-
Comprehensive income for the period		850	850	-	3,399	3,399	-
SUMMARY BALANCE SHEET, END OF PERIOD		31.03.2015	31.03.2015		30.06.2015	30.06.2015	
Assets							
Cash balances and demand deposits with central banks		25,161	25,161	-	20,845	20,845	-
Receivables from credit institutions and central banks		45,771	45,771	-	26,565	26,565	-
Loans, advances and other receivables at fair value		1,167,889	1,167,889	-	1,149,306	1,149,306	-
Loans, advances and other receivables at amortised cost		49,875	49,875	-	49,715	49,715	-
Bonds at fair value		101,004	101,004	-	105,049	105,049	-
Equities		3,791	3,791	-	4,355	4,355	-
Investments in associates		121	121	-	122	122	-
Investments in group enterprises		-	-	-	-	-	-
Intangible assets	1	3,073	2,221	(852)	3,075	2,223	(852)
Other assets		64,471	64,471	-	48,629	48,629	-
Prepayments		344	344	-	299	299	-
Total assets		1,461,500	1,460,648	(852)	1,407,960	1,407,108	(852)
Liabilities and equity							
Payables to credit institutions and central banks		38,860	38,860	-	39,322	39,322	-
Deposits and other payables		67,733	67,733	-	65,935	65,935	-
Bonds in issue at fair value		1,181,483	1,181,483	-	1,146,975	1,146,975	-
Bonds in issue at amortised cost		27,979	27,979	-	29,454	29,454	-
Other liabilities		69,215	69,215	-	54,413	54,413	-
Provisions		758	758	-	641	641	-
Subordinated debt		11,417	11,417	-	4,646	4,646	-
Equity	2	64,055	63,203	(852)	66,574	65,722	(852)
Total liabilities and equity		1,461,500	1,460,648	(852)	1,407,960	1,407,108	(852)
FINANCIAL RATIOS AFFECTED BY CORRECTION							
Return on equity before tax, %		1.7	1.7	-	6.8	6.9	0.1
Return on equity after tax, %		1.4	1.4	-	5.4	5.4	-
Loans and advances:equity		19.0	19.3	0.3	18.0	18.2	0.2
Return on capital employed, %		0.05	0.05	-	0.22	0.22	-
Profit for the period as % of average equity pa		4.4	4.5	0.1	9.8	9.9	0.1
Core earnings before impairment losses as % of average equity pa		6.2	6.3	0.1	13.5	13.6	0.1
Core earnings after impairment losses as % of average equity pa		4.0	4.1	0.1	12.0	12.2	0.2
The total capital ratio, Common Equity Tier 1 capital ratio and internal capital adequacy requirement have not been affected by the correction.							

Nykredit Realkredit Group

SUPPLEMENTARY/CORRECTING DISCLOSURE FOR Q1/2015 AND H1/2015

DKK million	Q1 Interim Report 2015			H1 Interim Report 2015		
	Initial 2015	Restated 2015	Difference	Initial 2015	Restated 2015	Difference
Note 1 – Intangible assets						
Assets:						
Goodwill	2,782	1,930	(852)	2,782	1,930	(852)
Other intangible assets	291	291	-	293	293	-
Total intangible assets	3,073	2,221	(852)	3,075	2,223	(852)
Goodwill						
Cost, beginning of period	2,782	2,782	-	2,782	2,782	-
Additions	-	-	-	-	-	-
Cost, end of period	2,782	2,782	-	2,782	2,782	-
Impairment provisions, beginning of period	-	852	852	-	852	852
Impairment provisions for the period	-	-	-	-	-	-
Impairment provisions, end of period	-	852	852	-	852	852
Total goodwill, end of period	2,782	1,930	(852)	2,782	1,930	(852)
Amortisation and impairment losses, earnings impact						
Intangible assets						
Amortisation	21	21	-	45	45	-
Impairment losses	16	16	-	16	16	-
Total	37	37	-	61	61	-
Property, plant and equipment						
Depreciation	29	29	-	58	58	-
Impairment losses	-	-	-	-	-	-
Total	29	29	-	58	58	-
Depreciation and impairment losses, total earnings impact	66	66	-	119	119	-
Note 2 – Equity						
Share capital	1,182	1,182	-	1,182	1,182	-
Revaluation reserves	150	150	-	144	144	-
Value adjustment of equities available for sale	797	797	-	946	946	-
Series reserves	30,975	30,975	-	30,975	30,975	-
Hybrid capital/Additional Tier 1 capital	3,757	3,757	-	3,772	3,772	-
Retained earnings						
Retained earnings, beginning of period	26,553	25,701	(852)	26,553	25,701	(852)
Share of comprehensive income for the period	672	672	-	3,014	3,014	-
Other movements	(31)	(31)	-	(13)	(13)	-
Retained earnings, end of period	27,194	26,342	(852)	29,554	28,702	(852)
Total equity	64,055	63,203	(852)	66,574	65,722	(852)
<p><i>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.</i></p>						