

**Nykredit
Group**

Q1 Interim Report 2019

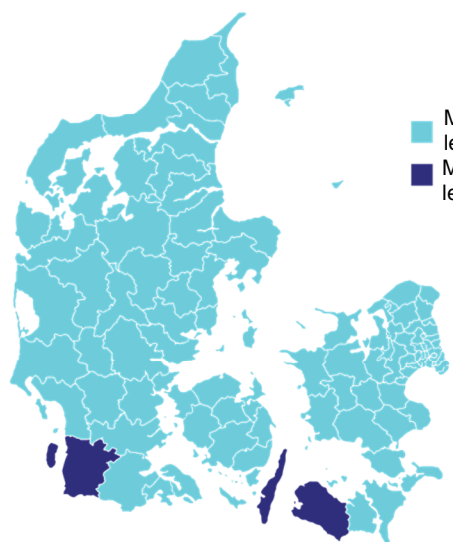


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WE ARE PARTICULARLY PROUD THAT ...



- Municipalities in which Totalkredit's lending has grown in Q1/2019.
- Municipalities in which Totalkredit's lending has not grown in Q1/2019.

We are growing lending throughout Denmark

We provide loans all across the country. Together with our partner banks, Totalkredit has increased lending to Danish homeowners in 95 out of 98 municipalities.



We share our progress

Nykredit is owned by an association. This is why we can give money back to our customers. In Q1 our customers received a total of DKK 362 million from the KundeKroner, ErhvervsKroner and MineMål programmes.

We make it more attractive for our customers

Totalkredit customers receive discounts under the KundeKroner benefits programme. This reduces their administration margin payments, which today average DKK 635 monthly for each DKK 1 million borrowed. This is the lowest level for more than five years.



We are ready to issue the first green bonds

Nykredit wants to contribute to the green transition. In May we will issue green bonds, making it more attractive for our corporate clients to finance energy-efficient buildings.



We are founding new partnerships

Today Totalkredit collaborates with 55 Danish banks to provide the best mortgage loans to homeowners across the country. Going forward, we will also collaborate with the banks behind Sparinvest to offer top investment products.

FINANCIAL HIGHLIGHTS

DKK million

Nykredit Group	Q1/ 2019	Q1/ 2018	Q4/ 2018	2018
BUSINESS PROFIT AND PROFIT FOR THE PERIOD				
Net interest income	2,283	2,265	2,330	9,226
Net fee income	484	524	430	1,951
Wealth management income	350	313	336	1,361
Net interest from capitalisation	(89)	(90)	(92)	(356)
Net income relating to customer benefits programmes ¹	(80)	(53)	(73)	(248)
Trading, investment portfolio and other income	679	263	(264)	89
Income	3,627	3,222	2,667	12,023
Costs	1,230	1,196	1,273	4,890
Business profit before impairment charges	2,397	2,025	1,394	7,133
Impairment charges for loans and advances	219	(8)	167	380
Business profit	2,178	2,033	1,225	6,753
Legacy derivatives	(219)	24	(104)	280
Profit before tax for the period	1,959	2,057	1,122	7,033
Tax	329	382	114	1,242
Profit for the period	1,629	1,675	1,009	5,792
Other comprehensive income, remaining items	(32)	(17)	11	(7)
Comprehensive income for the period	1,598	1,659	1,020	5,785
Interest on Additional Tier 1 capital charged against equity	58	58	59	233
SUMMARY BALANCE SHEET				
Assets	31.03.2019	31.03.2018	31.12.2018	31.12.2018
Receivables from credit institutions and central banks	37,744	37,589	29,691	29,691
Mortgage loans at fair value	1,217,330	1,168,690	1,193,667	1,193,667
Bank loans excluding reverse repurchase lending	60,723	57,128	60,566	60,566
Bonds and equities	105,368	88,272	99,444	99,444
Remaining assets	67,528	66,386	64,608	64,608
Total assets	1,488,693	1,418,065	1,447,976	1,447,976
Liabilities and equity				
Payables to credit institutions and central banks	21,653	24,630	15,692	15,692
Deposits excluding repo deposits	79,634	69,922	76,918	76,918
Bonds in issue at fair value	1,215,506	1,169,922	1,196,229	1,196,229
Subordinated debt	11,034	10,944	11,011	11,011
Remaining liabilities	82,184	66,673	68,243	68,243
Equity	78,681	75,974	79,883	79,883
Total liabilities and equity	1,488,693	1,418,065	1,447,976	1,447,976
FINANCIAL RATIOS				
Profit for the period as % pa of average business capital (ROAC) ²	11.3	11.9	6.9	10.2
Profit for the period as % pa of average equity ³	8.3	8.8	5.0	7.5
Costs as % of income	33.9	37.1	47.7	40.7
Total provisions for loan impairment and guarantees	7,925	8,214	8,184	8,184
Impairment charges for the period, %	0.01	(0.00)	0.01	0.03
Total capital ratio, %	22.7	22.6	23.5	23.5
CET1 capital ratio, %	20.4	20.1	21.0	21.0
Internal capital adequacy requirement, %	10.1	10.3	10.0	10.0
Average number of staff, full-time equivalent	3,322	3,376	3,376	3,382

¹ "Net income relating to customer benefits programmes" is described in detail in "Alternative performance measures" on page 29.

² "Profit for the period as % pa of average business capital (ROAC)" shows profit for the period relative to business capital. Profit corresponds to net profit less interest expenses for Additional Tier 1 (AT1) capital plus value adjustment of strategic equities recognised as "Other comprehensive income".

³ For the purpose of return on equity etc, the AT1 capital raised in 2015 is treated as a financial obligation for accounting purposes, and the dividends thereon for accounting purposes are included as interest expenses on subordinated debt in profit for the period.

EXECUTIVE SUMMARY

Nykredit's financial performance in Q1/2019 exceeded expectations. Compared with the same period the year before, Nykredit recorded growth in most major income items, which testifies to the strong and continued progress of our underlying business. Also, the positive equity market trends impacted our investment portfolio income favourably. Consequently, business profit grew to DKK 2,178 million from DKK 2,033 million in the same period last year, and profit before tax for the period, which was adversely impacted by legacy derivatives, came to DKK 1,959 million against DKK 2,057 million in Q1/2018.

Nykredit generally recorded robust business growth, and lending in both Totalcredit and Nykredit Bank is higher than a year ago. In Nykredit Bank assets under management increased significantly.

Benefits of being owned by customers

In Q1 Nykredit distributed dividend from the 2018 profit to our owners. Forenet Kredit, the association that owns nearly 80% of Nykredit, received the largest share. In March, the Committee of Representatives of Forenet Kredit decided to return an amount in excess of one billion kroner to Nykredit, which we will give back to our customers in 2020. This will be the fourth consecutive year where customers gain cash benefits from our customer-ownership structure.

Under our KundeKroner benefits programme, customers with Totalcredit mortgage loans get discounts, which amounted to DKK 249 million in Q1 alone. Business customers with mortgage loans in Nykredit Realkredit received ErhvervsKroner discounts totalling DKK 71 million in Q1. KundeKroner and ErhvervsKroner are discounts that are automatically deducted from customers' administration margins.

Finally, our personal full-service banking customers who have consolidated all of their finances with Nykredit Bank also share in the benefits received from Forenet Kredit. Under the MineMål benefits programme, they receive DKK 250 each quarter.

Lowest administration margin payments for more than five years

KundeKroner and ErhvervsKroner discounts have a large impact on the costs of a mortgage loan. For instance, today homeowners' average administration margin payments to Totalcredit are the lowest for more than five years. This is mainly due to the KundeKroner discounts. The programme also means that Totalcredit currently offers the lowest administration margin payments in the market on the most popular types of mortgage loans, such as fixed-rate mortgages and ARMs with 5-year interest reset.

Lending growth in 95 out of 98 municipalities

Totalcredit's nominal lending grew by DKK 44 billion to DKK 684 billion, corresponding to a 7% increase since 31 March 2018. And now more than 785,000 homeowners have Totalcredit loans. The solid progress is mainly attributable to the strong alliance with Totalcredit's partner banks and their great contribution. To further consolidate this partnership, Nykredit and its partner banks started implementing Shared Valuation in Q1, a new shared property valuation unit serving the Totalcredit alliance.

It is satisfactory that we are welcoming new customers throughout Denmark, and Totalcredit recorded lending growth in 95 out of 98 municipalities in Q1/2019. It makes us proud to know that, in concert with

our business partners, we provide loans all across Denmark – also in regions where other lenders tend to hold back.

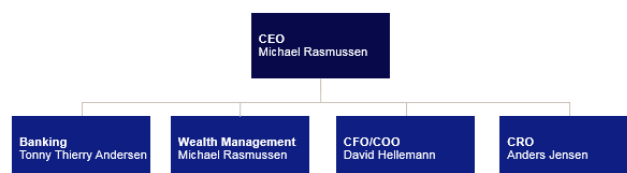
More satisfied Nykredit Bank customers

Bank lending increased by DKK 3.6 billion to DKK 60.7 billion, corresponding to a 6% increase since 31 March 2018. Including secured homeowner loans of DKK 6.4 billion transferred to Totalcredit, loans and advances have increased by 8% since end-March 2018. Assets under management rose by 18% in the same period, bearing testament to the current success of our Wealth Management division.

Nykredit strives every day to enhance the customer experience even further. Customer satisfaction among homeowners and private banking clients who have entrusted Nykredit with all of their finances is increasing and is currently at a high level. At the same time, a growing number of customers say they are likely to recommend Nykredit to others, and so will our own staff, as Nykredit is recording rising staff satisfaction.

New organisation

In March we implemented a major organisational adjustment to consolidate our Winning the Double strategy even further and to take the customer experience to the next level. Nykredit has undergone a significant transformation over the past five years and now has a firm grip on the fundamentals: earnings, costs and capital position. We are recording customer growth and increasing customer satisfaction. Therefore, we are now ready to take the next step and will further boost our customer focus and business development to ensure even better customer experiences. Nykredit's new organisation is based on five re-mits:



In connection with the reorganisation, Tonny Thierry Andersen was appointed Group Managing Director with responsibility for the new Banking division. Tonny Thierry Andersen will take up his position on 1 June 2019.

Søren Holm and Kim Duus both resigned from the Group Executive Board on 21 March 2019 and will leave the Group entirely at end-June 2019.

The new organisation took effect on 21 March, but will not be reflected in our financial reporting until the H1 Interim Report 2019.

Sparinvest and Nykredit join forces

If all goes according to plan, Sparinvest, an asset manager, will become a subsidiary of the Nykredit Group, as Nykredit in March entered into a conditional agreement with the owners of Sparinvest Holdings SE for Nykredit to obtain 75% of the shares in Sparinvest.

Sparinvest is today owned by 49 banks and seven Danish insurance and pension companies. If the transaction is completed, the current owners combined will still hold 25% of the shares. Many of the current owners are part of the Totalkredit alliance, and this initiative will strengthen and expand the alliance with the partner banks of Totalkredit.

Joining strengths with Sparinvest will increase our joint competitiveness and distribution power, consolidate our wealth management skills and secure a wider and stronger product portfolio, improving our capacity to accommodate the demands that both personal customers and institutional clients place on us as asset manager, also in the long run.

The agreement is subject to final due diligence and approval by the competition authorities, the relevant Boards of Directors and the General Meeting of Sparinvest.

Nykredit Invest wins three awards

Morningstar, an independent research provider, has named Nykredit Invest the best investment fund in Denmark in three categories. For the second year running, Nykredit Invest won the two main categories: best manager of equities and bonds, and best bond manager. Nykredit Invest was also named best balanced fund.

Nykredit's corporate responsibility


As one of Denmark's largest financial undertakings, Nykredit is committed to actively supporting long-term, stable and sustainable development of society. We are committed to minimising any negative impacts of our business and to contributing positively to society by creating maximum shared value for our owners, our customers and society as a whole.


We have set a goal to increase the amount of green assets in our loan portfolios year by year. In that respect, we have just launched green mortgage loans and bonds to make it more attractive to finance energy-efficient buildings. The green bonds will initially be offered to major corporate clients.

We also offer green car loans to finance electric and hybrid cars. We believe that minor adjustments in, for example, the price of car loans, could foster greener behaviour.



FINANCIAL REVIEW

	Business profit for Q1/2019	Profit for Q1/2019	Income for Q1/2019
	DKK 2,178 million	DKK 1,959 million	DKK 3,627 million
	Business profit	Profit before tax for the period	Income

	ROAC	Return on equity	Cost:income ratio
	11.3%	8.3%	33.9%
	Profit for the period as % pa of average business capital	Profit for the period as % pa of average equity	Costs as % of income

PERFORMANCE HIGHLIGHTS FOR Q1/2019

Nykredit started 2019 with a satisfactory Q1 profit before tax of DKK 1,959 million against DKK 2,057 million in Q1/2018. Business profit stood at DKK 2,178 million against DKK 2,033 million in Q1/2018. The higher-than-expected profit was driven by increasing business volumes combined with positive equity market trends, which had a favourable impact on investment portfolio income.

Income

Total income came to DKK 3,627 million in Q1/2019 against DKK 3,222 million in Q1/2018.

Net interest income was DKK 2,283 million against DKK 2,265 million in Q1/2018, driven by continued growth in bank and mortgage lending.

Net fee income, chiefly from lending, including mortgage loan refinancing and other services, dropped to DKK 484 million in Q1/2019 from DKK 524 million in Q1/2018. The decrease was due to lower refinancing volumes from Totalkredit as well as generally low fees from other mortgage activities.

Wealth management income amounted to DKK 350 million against DKK 313 million in the same period last year. The rise mainly stems from growth in assets under management.

Net interest expenses from capitalisation, which includes interest on subordinated debt etc, were stable at DKK 89 million against DKK 90 million in Q1/2018.

Net income relating to the customer benefits programmes KundeKroner, ErhvervsKroner and MineMål decreased from a negative DKK 53 million to a negative DKK 80 million, as the benefits programmes ErhvervsKroner and MineMål were introduced after Q1/2018. The amount includes contributions received from Forenet Kredit.

Trading, investment portfolio and other income, including value adjustments of swaps currently offered etc, increased from DKK 263 million in Q1/2018 to DKK 679 million. Investment portfolio income was noticeably higher in Q1/2019 than in the same period last year, which was partly offset by negative value adjustments of swaps.

Costs

The Group still invests substantial resources in compliance and observance of new regulatory requirements, as well as in the development of the new future-proof mortgage lending platform.

Total costs of DKK 1,230 million matched our expectations and were slightly above the Q1/2018 level. The increase was mainly due to costs of establishing the new shared property valuation unit, provisions for termination benefits in connection with the organisational adjustment and investments in compliance. Costs as a percentage of income totalled 33.9% in Q1/2019 against 37.1% in Q1/2018.

The average headcount declined by 54 persons, or 2%, to 3,322 compared with Q1/2018.

Impairment charges for loans and advances

Impairment charges for loans and advances remained low at DKK 219 million in Q1/2019 compared with a net reversal of DKK 8 million in Q1/2018. The favourable economic trends continued into Q1, albeit impairment charges for loans and advances were affected by revised property values and impairment charges for lending for commercial properties.

Legacy derivatives

Legacy derivatives, which are not included in business profit, came to a negative DKK 219 million against DKK 24 million in Q1/2018. The decline in legacy derivatives primarily resulted from decreasing interest rates. Legacy derivatives are derivatives Nykredit no longer offers to customers, comprising a portfolio with a total market value of DKK 6.2 billion against DKK 5.6 billion at end-2018. The portfolio was written down to DKK 4.0 billion at end-March 2019.

Tax

Tax on profit for the period was DKK 329 million against DKK 382 million in Q1/2018.

Balance sheet

Nominal mortgage lending was DKK 1,183 billion at end-March 2019, equal to an increase of DKK 11 billion on end-2018 and DKK 39 billion on end-March 2018. All business areas recorded growth, except for Retail, which saw a minor decrease.

The Group's market share of total Danish mortgage lending was 41.5% at end-March 2019 compared with 41.3% at end-2018.

Bank lending (including secured homeowner loans transferred to Totalkredit) rose to DKK 67.1 billion from DKK 66.8 billion at end-2018. At 31 March 2019 secured homeowner loans transferred to Totalkredit amounted to DKK 6.4 billion against DKK 6.2 billion at end-2018.

Guarantees provided by Nykredit amounted to DKK 6.2 billion at end-March 2019 against DKK 5.9 billion at end-2018.

Deposits, excluding repo deposits, increased by DKK 2.7 billion to DKK 79.6 billion from DKK 76.9 billion at end-2018.

Nykredit Bank's deposits exceeded lending by DKK 19.1 billion at end-March 2019 compared with DKK 16.6 billion at end-2018.

Equity

The Nykredit Group's equity stood at DKK 78.7 billion at end-March 2019 against DKK 79.9 billion at end-2018. In March 2019 dividend was distributed to the Company's shareholders.

RESULTS FOR Q1/2019 RELATIVE TO Q4/2018

The Group recorded a profit before tax of DKK 1,959 million in Q1/2019 against DKK 1,122 million in Q4/2018.

Income amounted to DKK 3,627 million in Q1 against DKK 2,667 million in Q4/2018, primarily due to positive equity market trends, which impacted investment portfolio income favourably.

Costs declined to DKK 1,230 million in Q1/2019 from DKK 1,273 million in the preceding quarter.

Impairment charges for loans and advances were DKK 219 million compared with DKK 167 million in Q4/2018. The favourable economic trends continued into Q1, albeit impairment charges for loans and advances were affected by revised property values and impairment charges for lending for commercial properties.

Legacy derivatives resulted in a charge of DKK 219 million against a charge of DKK 104 million in Q4/2018, primarily driven by changes in interest rates.

OUTLOOK FOR 2019

The outlook for 2019 is unchanged. Nykredit expects a business profit of between DKK 6.5 billion and DKK 7.0 billion. Profit before tax is expected to be at the same level, as there are no specific expectations for the development in legacy derivatives.

The outlook for the full-year results is based on these assumptions:

- Nykredit expects higher income in 2019 driven by business growth, and investment portfolio income is expected to exceed the low 2018 level.
- Costs are expected to rise slightly in 2019 because of the expansion of the Totalkredit partnership to include the establishment of a new shared property valuation unit.
- Impairment charges for loans and advances are expected to normalise in 2019 at higher levels than in 2018.

The most important uncertainty factors for the 2019 outlook relate to investment portfolio income from Nykredit's portfolio of bank shares, legacy derivatives as well as loan impairments. Moreover, our expectations for 2019 do not allow for the acquisition of 75% of the shares in Sparinvest or 100% of the shares in LR Realkredit.

SPECIAL ACCOUNTING CIRCUMSTANCES

Implementation of IFRS 16 "Leases"

IFRS 16 was implemented with effect from 1 January 2019. The standard implies capitalisation of Nykredit's rights to leased assets, including leasehold premises, and the recognition of liabilities arising from such leases.

To leases where Nykredit acts as lessee, a simplified transition approach has been applied, and therefore comparative figures have not been restated. This change has increased Nykredit's assets and liabilities by DKK 0.8 billion, or about 0.1%, of the balance sheet total.

Further reference is made to note 1, accounting policies, in the Financial Statements.

Change in accounting policies following implementation of annual improvements to IFRS standards 2015-2017

With effect from 1 January 2019 IAS 12 "Income Taxes" has been changed. For Nykredit, this means that taxes relating to interest expenses for Additional Tier 1 capital will be recognised in profit as from 1 January 2019. The tax effect was previously recognised directly in equity together with the interest expense.

Change in presentation of the impact of customer benefits programmes

The presentation of the impact of customer benefits programmes was changed with effect from 1 January 2019. The impact was previously presented under each business area. In future, the impact will be presented under Group Items as income. The change is aimed at providing a more transparent presentation of the performance of business areas, which, in future, will be presented excluding the impact of the Group's customer benefits programmes. Net income relating to customer benefits programmes will be presented as "Net income relating to customer benefits programmes" in Group Items. Comparative figures for 2017 and 2018 have been restated to reflect the change of presentation. The change does not affect the presentation in the income statement on page 31.

OTHER

New organisation and composition of the Executive Board

A Group-wide reorganisation was implemented with effect from 21 March to further strengthen Nykredit's capacity to take the Winning the Double strategy and the customer experience to the next level. The organisation is based on five remits:

Michael Rasmussen, Group Chief Executive, remains in charge of the CEO division but also gains responsibility for the Wealth Management division. Wealth Management is responsible for HNWI clients and offers asset management and portfolio administration to institutional clients, foundations, municipalities and businesses.

As from 1 June 2019, Tonny Thierry Andersen will join Nykredit as Group Managing Director and new member of the Group Executive Board with responsibility for Banking. Banking is responsible for most of the Group's personal customers and all the Group's business customers. Until 1 June 2019, Michael Rasmussen will have temporary responsibility for the Banking division.

David Hellemann, Group Managing Director, remains responsible for the CFO/COO division, in charge of Group finance, operations, services, IT, digital processes as well as development and support of the Group's customer-facing and business-supporting units with services and production. The division is also in charge of Totalkredit.

Anders Jensen, Group Managing Director, is responsible for the CRO division, which comprises the Group's activities related to risk, compliance, risk models, valuations, funding, capital, credits and regulatory affairs.

Søren Holm and Kim Duus both resigned from the Group Executive Board on 21 March 2019 and will leave the Group entirely at end-June 2019.

Conditional agreement on purchase of shares in Sparinvest

Nykredit has entered into a conditional agreement with Sparinvest, a Danish asset manager, to obtain 75% of its shares.

Sparinvest is today owned by 49 banks and seven Danish insurance and pension companies. If the transaction is completed, the current owners combined will hold 25% of the shares.

The agreement is subject to approval by the competition authorities, relevant Boards of Directors and the General Meeting of Sparinvest. If the conditions for the transaction are met, closing is expected in Q3/2019. Sparinvest will subsequently become a subsidiary of Nykredit Bank A/S.

Conditional agreement on purchase of shares in LR Realkredit

On 11 April Nykredit entered into a conditional purchase agreement with the group of owners behind LR Realkredit A/S to acquire all shares in the company at a price of DKK 2.6 billion.

If the agreement is approved by the authorities, LR Realkredit is expected to merge into Nykredit Realkredit A/S over time, and LR Realkredit will cease to be an independent company.

KundeKroner, ErhvervsKroner and MineMål

The Committee of Representatives of Forenet Kredit decided on 21 March to make a total contribution of DKK 1.25 billion to Nykredit Realkredit, Nykredit Bank and Totalkredit to the benefit of the customers in 2020.

Totalkredit will receive DKK 725 million in 2020. Nykredit Realkredit A/S will receive DKK 225 million, and Nykredit Bank A/S will receive DKK 300 million, also in 2020. These amounts will be used to secure the funding of our customer benefits programmes.

UNCERTAINTY AS TO RECOGNITION AND MEASUREMENT

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 and unlisted financial instruments and are described in detail in note 1, accounting policies, to which reference is made.

MATERIAL RISKS

The Group's most material risks are described in detail in note 49 of the Annual Report for 2018, to which reference is made.

EVENTS SINCE THE BALANCE SHEET DATE

No events have occurred in the period up to the presentation of the Q1 Interim Report 2019 which materially affect the Group's financial position.



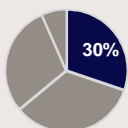
BUSINESS AREAS

On 20 March we announced a new organisational structure, consisting of: CEO, Banking, Wealth Management, CFO/COO and CRO.

The change took effect on 21 March 2019, but our financial reporting will not reflect the new organisation until end-H1.

From end-H1 the Group's financial reporting will be based on the following business areas: Banking, Totalkredit Partners and Wealth Management.

Retail



Mortgage and banking services to personal customers and SMEs, including agricultural customers and residential rental customers. Retail also includes estate agency and leasing activities.

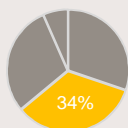
Business profit:
DKK 514 million

Income: DKK 1,502 million

Impairment charges for loans and advances: DKK 239 million

Total loans and advances:
DKK 435 billion

Totalkredit Partners



Totalkredit-branded mortgage loans to personal and business customers arranged by 55 Danish local and regional banks. Retail also comprises mortgage loans arranged by Nykredit.

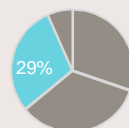
Business profit:
DKK 574 million

Income: DKK 752 million

Impairment charges for loans and advances: DKK 24 million

Total loans and advances:
DKK 576 billion

Wholesale



Corporate and institutional clients, the public housing segment, large housing cooperatives and mortgage lending to business customers for properties abroad. The division is also responsible for Nykredit's activities within securities trading and financial instruments. Wholesale consists of the business units Corporate & Institutional Banking and Nykredit Markets.

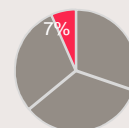
Business profit:
DKK 499 million

Income: DKK 581 million

Impairment charges for loans and advances: Net reversal of DKK 68 million

Total loans and advances:
DKK 219 billion

Wealth Management



Asset and wealth management activities. The division includes the business units Nykredit Asset Management, Nykredit Portefølje Administration and Private Banking Elite.

Business profit:
DKK 113 million

Income: DKK 244 million

Total loans and advances:
DKK 13 billion

Assets under management:
DKK 230 billion

Assets under administration:
DKK 735 billion

Percentages show the share of the business divisions' business profit for Q1/2019 excluding Group Items.

To this should be added Group Items, which comprises other income and costs not allocated to the business areas as well as core income from securities and investment portfolio income.

Please refer to note 3 in the Financial Statements for complete segment financial statements with comparative figures.

The Group's profit before tax by business area is described in more detail on the following pages.

RETAIL

	DKK million			
Results – Retail	Q1/ 2019	Q1/ 2018	Q4/ 2018	2018
Net interest income	1,184	1,191	1,188	4,805
Net fee income	264	280	223	1,032
Wealth management income	117	122	124	508
Net interest from capitalisation	(52)	(63)	(47)	(231)
Trading, investment portfolio and other income	(11)	122	(36)	313
Income	1,502	1,653	1,452	6,427
Costs	749	760	853	3,114
Business profit before impairment charges	753	892	599	3,313
Impairment charges for mortgage lending	154	(99)	(102)	(4)
Impairment charges for bank lending	85	85	41	135
Business profit	514	907	660	3,182
Legacy derivatives	(170)	9	(61)	177
Profit before tax	345	916	599	3,358

Q1 in summary

Retail continued its efforts to strengthen the customer experience by, for example

- offering the MineMål benefits programme designed to help customers achieve their goals and dreams as homeowners
- increasing the personal advisory capacity of our ten local Private Banking centres
- improving accessibility through a new service concept
- enhancing services for corporate customers by concentrating specialist skills in five new corporate banking centres.

Retail continued its efforts to become the best bank for customers. The continuous focus on enhancing the customer experience resulted in a continued satisfactory intake of full-service customers under Nykredit's homeowner banking programme, BoligBank. Our customer benefits programmes, KundeKroner, ErhvervsKroner and MineMål, which provide unique benefits to Nykredit's customers, will form an active part of our customer advisory proposition.

The strong intake of Private Banking customers continued in Q1/2019, and we will therefore increase the capacity of our ten local Private Banking centres with more Private Banking advisers. The advisory capacity will thus have grown by 40% at end-H1/2019 compared with the beginning of 2019.

In 2018 five corporate banking centres were established with experienced specialists and advisers, serving our largest Retail Business customers. In Q1/2019 our capacity of advisers in the corporate banking centres was further increased to accommodate the intake of large business customers.

Retail has launched a new self-service solution targeted at all types of business customers in Nykredit, which enhances customer experience through a faster assessment and onboarding of new customers. In addition, a specialist team has been set up to ensure a smooth customer onboarding process.

Nykredit Mægler, which operates the estate agency chains Nybolig and Estate expanded its activities with a third brand in Q1/2019, setting up a joint undertaking with Jesper Nielsen, an estate agency company.

Results for Q1/2019 relative to Q1/2018

Retail's business profit came to DKK 514 million in Q1/2019.

Income amounted to DKK 1,502 million, down DKK 151 million compared with the same period last year. The decrease was driven by lower trading, investment portfolio and other income as a result of negative value adjustments of swaps.

Costs fell by DKK 11 million compared with Q1/2018 to DKK 749 million, notwithstanding that substantial resources are invested in compliance.

Impairment charges for loans and advances came to DKK 239 million (0.05% of gross lending) against a net reversal of DKK 14 million in Q1/2018. Despite the continued favourable economic trends, impairment charges for loans and advances increased. This was primarily due to model-driven provisions for revision of property values and weak exposures as well as write-offs.

Legacy derivatives resulted in a charge of DKK 170 million against a gain of DKK 9 million in Q1/2018.

Results for Q1/2019 relative to Q4/2018

Retail's business profit was DKK 514 million in Q1 against DKK 660 million in Q4/2018.

Income stood at DKK 1,502 million against DKK 1,452 million in Q4/2018. The rise was primarily due to increased fee income.

Costs decreased by DKK 103 million to DKK 749 million relative to Q4. This development was mainly due to rising IT costs in Q4/2018.

Impairment charges for loans and advances are normalising on the back of large impairments stemming from revised valuation of private residential as well as commercial property. Impairment charges for loans and advances came to DKK 239 million compared with a net reversal of DKK 61 million in Q4/2018.

Legacy derivatives resulted in a charge of DKK 170 million against DKK 61 million in Q4/2018, driven by the interest rate development.

DKK million

Selected balance sheet items			
Retail	31.03.2019	31.03.2018	31.12.2018
Personal Banking			
Loans and advances	182,903	186,885	183,533
- of which mortgage lending, nominal value	165,565	170,893	166,635
- of which secured homeowner loans	7,451	6,127	7,074
- of which bank lending	9,886	9,865	9,824
Deposits	30,788	27,719	30,332
Business Banking			
Loans and advances	252,490	253,734	252,184
- of which mortgage lending, nominal value	230,038	233,423	230,847
- of which bank lending	22,452	20,311	21,337
Deposits	18,121	17,498	19,055

Activities

Loan volumes totalled DKK 435 billion at 31 March 2019 against DKK 436 billion at end-2018, of which DKK 7.5 billion was secured homeowner loans against DKK 7.1 billion at end-2018.

Q1/2019 saw renewed migration from bank loans into secured homeowner loans. Nevertheless, bank lending rose slightly. Bank lending thus totalled DKK 9.9 billion compared with DKK 9.8 billion at end-2018. Bank deposits in Retail Personal Banking rose by DKK 0.5 billion in the same period to DKK 30.8 billion.

Bank loans and advances provided by Retail Business Banking increased by DKK 1.1 billion to DKK 22.5 billion, whereas deposits fell by DKK 0.9 billion to DKK 18.1 billion.

Arrears

At the December due date, Retail customers' 75-day mortgage loan arrears as a percentage of total mortgage payments due were 0.79% against 0.82% at the same date in 2018.

Lending, personal and business segment, Retail



TOTALKREDIT PARTNERS

DKK million				
Results – Totalkredit Partners	Q1/ 2019	Q1/ 2018	Q4/ 2018	2018
Net interest income	675	675	717	2,754
Net fee income	100	134	99	478
Net interest from capitalisation	(40)	(41)	(62)	(177)
Trading, investment portfolio and other income	17	1	14	14
Income	752	769	767	3,070
Costs	154	133	151	562
Business profit before impairment charges	597	636	616	2,508
Impairment charges for mortgage lending	24	(86)	144	122
Business profit	574	722	472	2,386

Q1 in summary

Totalkredit Partners focuses on further strengthening the alliance with the partner banks, and in Q1/2019 this resulted in

- continued lending growth all across the country
- a joint IT platform, supporting our continued ability to offer customers the best home financing options
- the launch of a shared property valuation unit as from Q1/2019
- two new loan types that offer customers an interest-only period of up to 30 years.

The Totalkredit alliance is developing a joint future-proof IT platform, which in the coming years will ensure that the alliance as a whole is better positioned to offer customers the best home financing options. All three of the collaborating IT partners have implemented the first part of the platform, offering customers and advisers a better overview of customers' aggregate facilities, including Totalkredit mortgage loans.

In Q1/2019 implementation of Shared Valuation was initiated; a new shared property valuation unit serving the Totalkredit alliance. As a result, a number of staff members from the partner banks are expected to be transferred to Totalkredit. Shared Valuation will ensure uniform property valuations, fast response times and focus on customer experience.

In March Totalkredit launched two new types of loan with an interest-only option of up to 30 years. The loans are aimed at customers requiring a loan of not more than 75% of the property value and come with an interest-only option of up to 30 years if the loan-to-value does not exceed 60% during the term of the loan. The loans are flexible as customers are offered the option to increase or decrease their repayments each quarter.

Totalkredit's partnership with local and regional partner banks also includes distribution of secured homeowner loans and business mortgages. The concept of secured homeowner loans allows partner banks to transfer bank loans secured on real estate to Totalkredit, thereby funding these loans. Totalkredit business mortgages are offered to the segments office and retail, residential rental as well as industry and trades. 38 banks, representing the majority of partner banks having business customers with mortgage needs, have started offering business mortgages.

Results for Q1/2019 relative to Q1/2018

Totalkredit Partners's business profit was DKK 574 million against DKK 722 million in Q1/2018.

Income, which amounted to DKK 752 million, was satisfactory. Trading, investment portfolio and other income saw a rise.

Net interest income was DKK 675 million; the same level as in Q1 last year.

Net fee income decreased by DKK 34 million to DKK 100 million relative to Q1 last year, driven by lower refinancing volumes.

Impairment charges for loans and advances were DKK 24 million compared with a net reversal of DKK 86 million in Q1/2018. The continued low impairment level was due to the positive property market.

Results for Q1/2019 relative to Q4/2018

Totalkredit Partners's business profit was DKK 574 million in Q1 against DKK 472 million in Q4/2018.

Income decreased by 16 million relative to Q4/2018, mainly due to lower net interest income. However, activity was generally decent in the quarter.

Impairment charges for loans and advances were DKK 24 million compared with DKK 144 million in Q4/2018. The development in Q4 was partly due to a change to our property valuation.

DKK million

Selected balance sheet items			
Totalkredit Partners	31.03.2019	31.03.2018	31.12.2018
Personal Banking			
Loans and advances	571,469	537,734	562,459
- of which mortgage lending, nominal value	560,664	526,263	551,454
- of which secured homeowner loans	10,805	11,471	11,005
Business Banking			
Loans and advances	4,322	2,668	4,093
- of which mortgage lending, nominal value	4,322	2,668	4,093

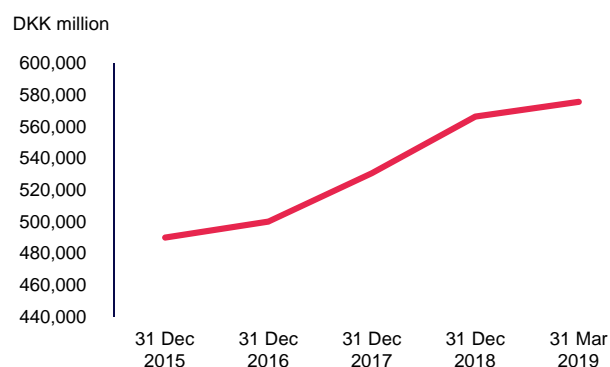
Activities

Totalkredit Partners recorded heavy growth in lending in Q1/2019, and lending to personal customers came to DKK 571.5 billion at end-Q1/2019 against DKK 562.5 billion at end-2018, equal to an increase of 1.6%. The business loan portfolio was DKK 4.3 billion compared with DKK 4.1 billion at end-2018.

Arrears

At the December due date, Totalkredit Partners customers' 75-day mortgage loan arrears as a percentage of total mortgage payments due were 0.22% against 0.16% at the same date in 2018.

Lending, Totalkredit Partners



WHOLESALE

	DKK million			
Results – Wholesale	Q1/ 2019	Q1/ 2018	Q4/ 2018	2018
Net interest income	391	372	392	1,549
Net fee income	121	113	128	454
Wealth management income	27	14	40	122
Net interest from capitalisation	(27)	(25)	(38)	(112)
Trading, investment portfolio and other income	69	139	44	327
Income	581	613	566	2,340
Costs	151	154	173	625
Business profit before impairment charges	431	459	393	1,715
Impairment charges for mortgage lending	(19)	42	(35)	(7)
Impairment charges for bank lending	(49)	56	126	124
Business profit	499	361	301	1,598
Legacy derivatives	(50)	16	(42)	104
Profit before tax	449	377	259	1,702

Q1 in summary

In Q1 Wholesale continued delivering good customer experience, resulting in

- increased mortgage lending
- a satisfactory financial performance despite fierce competition on prices and credit terms across the market
- continued demand for strategic financial advisory services and capital markets transactions.

From the beginning of the year, Nykredit Markets saw high customer activity across products and customer segments. However, the financial markets are still marked by some uncertainty.

Results for Q1/2019 relative to Q1/2018

Wholesale's business profit was DKK 499 million compared with DKK 361 million in Q1/2018.

Income remained high at DKK 581 million.

Net fee income amounted to DKK 121 million compared with DKK 113 million in Q1/2018. Net fee income was affected by higher mortgage activity compared with the previous year.

Trading, investment portfolio and other income came to DKK 69 million. Compared with Q1/2018 investment portfolio income was somewhat lower in 2019 due to negative value adjustments of swaps.

Impairment charges for loans and advances were a net reversal of DKK 68 million compared with an impairment charge of DKK 98 million in Q1/2018. The development was positively affected by reversed loan impairments and lower management judgement.

Legacy derivatives resulted in a charge of DKK 50 million against a gain of DKK 16 million in Q1/2018.

Results for Q1/2019 relative to Q4/2018

Wholesale's business profit was DKK 499 million in Q1.

Income was relatively stable at DKK 581 million compared with Q4/2018.

Impairment charges for loans and advances were a net reversal of DKK 68 million compared with a charge of DKK 92 million for Q4/2018. The development in Q4/2018 was mainly impacted by impairment of bank loan exposures to a few business customers.

Legacy derivatives resulted in a charge of DKK 50 million against a charge of DKK 42 million in Q4/2018.

DKK million

Selected balance sheet items			
Wholesale	31.03.2019	31.03.2018	31.12.2018
Lending/deposits			
Loans and advances	219,486	207,618	216,702
- of which mortgage lending, nominal value	196,971	187,275	193,360
- of which bank lending	22,515	20,343	23,342
Deposits	10,162	9,422	11,708

Activities

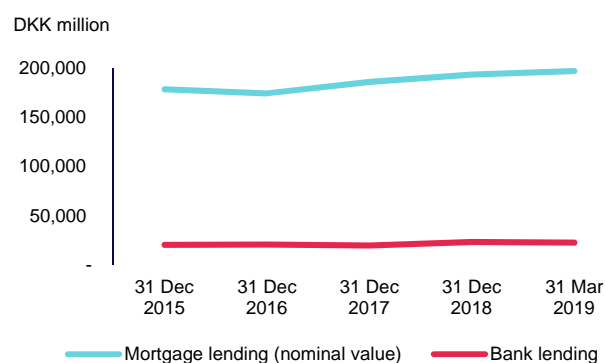
Mortgage lending amounted to DKK 197.0 billion at end-Q1/2019, equal to an increase of DKK 3.6 billion on end-2018.

Bank lending decreased by DKK 0.8 billion on end-2018 to DKK 22.5 billion. Bank deposits dropped to DKK 10.2 billion.

Arrears

At the December due date, Wholesale customers' 75-day mortgage loan arrears as a percentage of mortgage payments due were 0.06%. The arrears ratio was 0.12% at the same date in 2018.

Mortgage and bank lending, Wholesale



WEALTH MANAGEMENT

	DKK million			
Results –	Q1/	Q1/	Q4/	
Wealth Management	2019	2018	2018	2018
Net interest income	33	29	32	120
Net fee income	5	5	5	24
Wealth management income	203	172	166	714
Net interest from capitalisation	(2)	(2)	(3)	(8)
Trading, investment portfolio and other income	6	3	5	13
Income	244	208	204	863
Costs	111	110	126	453
Business profit before impairment charges	133	97	78	410
Impairment charges for mortgage lending	-	(3)	(2)	(5)
Impairment charges for bank lending	19	(3)	(3)	24
Business profit	113	102	84	391
Legacy derivatives	-	-	-	-
Profit before tax	113	102	84	391

Q1 in summary

Wealth Management delivered a solid performance in Q1, resulting in

- satisfactory financial results in Private Banking Elite
- several Private Banking awards in Q1
- supervisory approval to expand our business area within administration of credit and lending strategies in Nykredit Portefølje Administration
- Morningstar named Nykredit Asset Management the best investment fund manager in three out of eight categories at the Morningstar Fund Awards 2019
- Nykredit Invest was named the best subfund of long-dated bonds at the Lipper Fund Awards 2019.

Wealth Management is expected to be further strengthened with the acquisition of Sparinvest following the conclusion of a conditional agreement in March 2019 for the acquisition of 75% of the shares.

In Q1 Private Banking Elite continued to capture new market share by attracting new clients and growing assets under management.

Nykredit Private Banking has also received Private Banking awards in 2019. Nykredit Private Banking Elite won Best Domestic Clients Team in the category European Private Banking at the Wealth Briefing European Awards 2019 and was honoured with second place in the category Best Private Banking Service in Denmark by Euromoney.

In Q1 Morningstar named Nykredit Asset Management best investment fund manager in three out of eight categories at the Morningstar Fund Awards 2019. For the second year running, Morningstar named Nykredit best manager of equities and bonds and best bond manager. Nykredit also won the award for Best Balanced Fund.

Nykredit Invest was named the best subfund of long-dated bonds at the Lipper Fund Awards 2019. Nykredit Invest won for the second year running. This award lies at the heart of Nykredit's core business and consolidates Nykredit's strong position in bond management.

63.4% of Nykredit Asset Management's investment strategies (GIPS composites) generated above-benchmark returns in 2019, and 75.0% generated above-benchmark returns over the past three years. Both are considered satisfactory.

Nykredit Portefølje Administration applied for and obtained authorisation to administer a number of credit and lending strategies. In recent years, an increasing number of investors have turned towards alternative investments. This trend is expected to continue. Nykredit Portefølje Administration has several different alternative asset classes under administration, and with the increasing demand for this asset class, new authorisations have been applied for and obtained from the Danish FSA.

Results for Q1/2019 relative to Q1/2018

Wealth Management's business profit remained high at DKK 113 million in Q1/2019.

Income amounted to DKK 244 million and was stable compared with Q1/2018. The rise was attributable to higher wealth management income, which amounted to DKK 203 million in Q1/2019 against DKK 172 million in Q1/2018. Income rose due to growth in assets under management and in the net asset values of Nykredit's investment funds.

Results for Q1/2019 relative to Q4/2018

Wealth Management's business profit totalled DKK 113 million in Q1, which was a rise from DKK 84 million in Q4/2018.

Income rose from DKK 204 million in Q4/2018 to DKK 244 million in Q1/2019, mainly driven by higher wealth management income due to higher performance fees in Q1 compared with Q4/2018.

Impairment charges for loans and advances came to DKK 19 million compared with a net reversal of DKK 5 million in Q4/2018.

DKK million

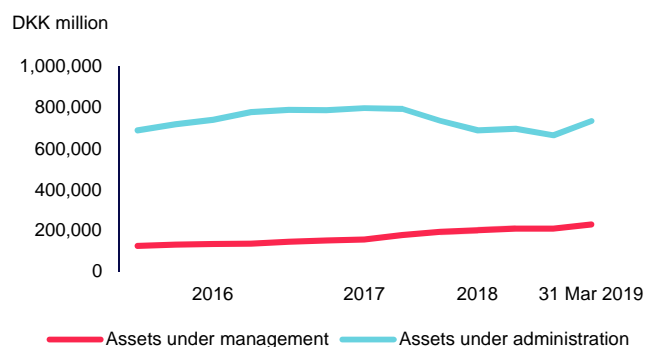
Selected balance sheet items	31.03.2019	31.03.2018	31.12.2018
Wealth Management			
Lending/deposits			
Loans and advances	12,932	11,320	12,619
- of which mortgage lending, nominal value	8,104	7,313	7,902
- of which secured homeowner loans	1,138	954	1,111
- of which bank lending	3,690	3,053	3,606
Deposits	13,457	12,663	12,090
Assets under management	230,297	194,365	210,623
- of which Nykredit Group investment funds	74,837	63,867	68,758
Assets under administration	734,513	734,761	664,590

Activities

Assets under management continues the strong growth of recent years, driven by particularly international, professional Danish and Private Banking Elite clients. Total assets under management went up by DKK 19.7 billion to DKK 230 billion at end-Q1/2019 compared with end-2018. The increase was attributable to positive net sales of DKK 10 billion as well as positive value adjustments of DKK 9.7 billion. The positive net sales were broadly distributed among international and institutional clients, as well as Private Banking customers.

Total assets under administration went up by DKK 69.9 billion compared with end-2018, representing DKK 734.5 billion at Q1/2019. The increase comprised net growth of DKK 11.4 billion, driven by demand from institutional customers as well as from the Group's savings products and value adjustments of DKK 58.5 billion.

Assets under management and assets under administration by Wealth Management



GROUP ITEMS

DKK million				
Results – Group Items	Q1/ 2019	Q1/ 2018	Q4/ 2018	2018
Net interest income	-	(2)	1	(2)
Net fee income	(6)	(7)	(24)	(36)
Wealth management income	3	5	6	16
Net interest from capitalisation	33	39	57	173
Net income relating to customer benefits programmes ¹	(80)	(53)	(73)	(248)
Trading, investment portfolio and other income	598	(2)	(293)	(581)
Income	548	(21)	(324)	(678)
Costs	64	39	(29)	136
Business profit before impairment charges	484	(60)	(295)	(814)
Impairment charges for mortgage lending	-	-	-	-
Impairment charges for bank lending	6	(0)	(2)	(9)
Business profit (loss)	478	(60)	(293)	(805)

DKK million			
Selected balance sheet items Group Items	31.03.2019	31.03.2018	31.12.2018
Lending/deposits			
Loans and advances	142	1,228	526
- of which bank lending	142	1,228	526
Deposits	7,202	2,791	3,787

¹ "Net income relating to customers benefits programmes" are described in detail in "Alternative performance measures".

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

Group Items also includes Nykredit's total return on the securities portfolio. The activities of the companies Nykredit Ejendomme A/S (wound up) and Ejendomsselskabet Kalvebod A/S also form part of Group Items.

The presentation of the impact of customer benefits programmes was changed with effect from 1 January 2019. The impact was previously presented under each business area but will be presented under "Group Items" in future. The change is aimed at providing a more transparent presentation of the performance of the business areas. Comparative figures for 2018 have been restated to reflect the change of presentation.

Results for Q1/2019 relative to Q1/2018

The business profit of Group Items rose by DKK 538 million relative to Q1/2018 to DKK 478 million.

This trend was primarily driven by rising investment portfolio income due to positive value adjustments of the Group's portfolio of business-related assets, but also positive earnings on the remaining trading book.

CAPITAL, LIQUIDITY AND FUNDING

EQUITY AND OWN FUNDS

Equity

Nykredit's equity was DKK 78.7 billion at end-March 2019, down DKK 1.2 billion on end-2018. In March 2019 dividend of DKK 2.8 billion was distributed to the Company's shareholders.

Equity carried for accounting purposes includes Additional Tier 1 (AT1) capital of EUR 500 million (DKK 3.8 billion). For capital adequacy purposes, AT1 capital is included in Tier 1 capital rather than in Common Equity Tier 1 (CET1) capital.

DKK million		
Nykredit Group		
Equity (including AT1 capital)	31.03.2019	31.12.2018
Equity, beginning of period	79,883	78,770
Profit for the period	1,629	5,740
Other adjustments	(2,831)	(4,628)
Equity, end of period	78,681	79,883

DKK million		
Nykredit Group		
Capital and capital adequacy	31.03.2019	31.12.2018
Credit risk	305,395	290,524
Market risk	22,987	27,390
Operational risk	25,499	25,709
Total risk exposure amount	353,881	343,623
Equity (including AT1 capital)	78,681	79,883
AT1 capital etc	(3,830)	(3,772)
Deduction, profit for the period (excluding AT1 interest) ¹	(1,515)	-
Proposed dividend	-	(2,800)
CET1 capital additions/deductions	(1,023)	(907)
CET1 capital	72,313	72,404
AT1 capital	1,923	1,862
AT1 capital deductions	(34)	(28)
Tier 1 capital	74,202	74,239
Tier 2 capital	6,443	6,208
Tier 2 capital additions/deductions	(41)	454
Own funds	80,603	80,900
CET1 capital ratio, %	20.4	21.0
Tier 1 capital ratio, %	20.9	21.6
Total capital ratio, %	22.7	23.5
Internal capital adequacy requirement (Pillar I and Pillar II), %	10.1	10.0

¹ Capital was determined at end-March 2019 exclusive of profit for Q1/2019. Own funds and capital adequacy are specified further in note 2 to the Financial Statements.

Capital

Nykredit's own funds include CET1 capital, AT1 capital and Tier 2 capital after deductions.

The risk exposure amount (REA) totalled DKK 353.9 billion at 31 March 2019 compared with DKK 343.6 billion at end-2018. With own funds at DKK 80.6 billion, this corresponds to a total capital ratio of 22.7% against 23.5% at end-2018. The CET1 capital ratio was 20.4% against 21.0% at end-2018.

Nykredit's Tier 1 capital consists mainly of CET1 capital. Tier 1 capital totalled DKK 74.2 billion at 31 March 2019. CET1 capital totalled DKK 72.3 billion at end-March 2019, and AT1 capital totalled DKK 3.8 billion.

Capital target

Nykredit's capital policy is laid down annually by the Board of Directors and is to support the Group's strategy and objectives.

In accordance with the business model, we aim to have stable earnings, a strong capital structure and competitive credit ratings. Based on a structured capital management framework, the Group aims to be able to maintain its business activities regardless of significant fluctuations in economic trends. This implies having adequate access to capital to withstand an economic downturn and losses, thus being able to maintain active lending also during and after a crisis. The Board of Directors has set the CET1 capital requirement at 15.5-16.5% of REA. Furthermore, Nykredit has reserved CET1 capital to meet the upcoming Basel requirements, which are still expected to lead to an increase in REA of around DKK 100 billion. Nykredit has access to new CET1 capital through Forenet Kredit's liquid assets and through investment commitments from a number of Danish pension companies.

Nykredit has just completed the annual stress test of the Danish FSA. The stress test shows that Nykredit would be sufficiently resilient to withstand a severe recession and that the test results are well within the framework of Nykredit's capital policy.

Dividend policy

Nykredit's long-term ambition is to provide our owners with a competitive return in the form of dividend in the region of 50% of profit for the year taking into account the current capital policy. The purpose is to ensure that Forenet Kredit strengthens its capital position and can continue to make contributions to the Group to be used for KundeKroener discounts for example.

In addition, it is our long-term intention to return surplus capital to our owners after relevant capital targets have been met. The capital targets will be affected by future capital rules, which are still subject to high uncertainty. We will therefore regularly reassess the Group's capital targets and adjust the dividend payments, as the rules become final and are implemented in the EU.

FUNDING AND LIQUIDITY

Nykredit coordinates its liquidity and funding at Group level and generally issues bonds, senior debt and capital instruments through Nykredit Realkredit A/S.

Most of Nykredit's balance sheet consists of lending secured by mortgages on real estate funded through the issuance of mortgage covered bonds (SDOs and ROs). Mortgage covered bonds are issued by way of daily tap issuance coupled with refinancing auctions for adjustable-rate mortgages (ARMs) and floating-rate loans etc. Further, the Group may issue different kinds of senior debt, such as bail-inable senior debt, serving as statutory supplementary collateral etc.

Bank lending is mainly funded by deposits. At end-Q1/2019, Nykredit Bank's deposits equalled 132% of lending against 137% at end-2018.

Liquidity

Nykredit's liquid assets are mainly placed in Danish and other European government and covered bonds. These securities are eligible as collateral in the repo market and with central banks and are thus directly applicable for raising liquidity.

Nykredit Bank's stock of liquid assets was DKK 42.5 billion at end-Q1/2019 against DKK 48.8 billion at end-2018, determined under the Liquidity Coverage Ratio (LCR) requirement.

The unencumbered part of the liquid assets of the Group's mortgage banks, including proceeds from senior debt in issue, totalled DKK 79 billion at end-Q1/2019 against DKK 86 billion at end-2018.

Nykredit's liquidity reserves meet the requirements of 100% of the Danish FSA by a comfortable margin, as illustrated in the table below.

	(%)		
Nykredit Group			
LCR determination	31.03.2019	31.03.2018	31.12.2018
Nykredit Realkredit Group*	660	223	660
Nykredit Realkredit Group, EUR	953	686	206
Nykredit Realkredit and Totalkredit*	2,400	2,030	1,581
Nykredit Realkredit and Totalkredit including LCR minimum requirement	157	144	143
Nykredit Bank	164	129	157

* An error in the determination of liquid assets of Nykredit Realkredit and Totalkredit means that the portfolio of liquid assets has a lower value than previously stated, and this affected the liquidity coverage ratios (LCR) by 92 and 43 percentage points, respectively, as at 31 December 2018. Comparative figures have been restated.

Nykredit has been granted an exemption from including some of the mortgage-related cash flows in the determination of the LCR, and the Danish FSA has instead set a minimum liquidity requirement. In practice, the requirement means that Nykredit must hold a stock of liquid assets of 2.5% of mortgage lending corresponding to DKK 30.4 billion. The stock of liquid assets eligible to meet the minimum liquidity requirement amounted to DKK 47.7 billion at end-Q1/2019 against DKK 42.8 billion at end-2018, calculated according to the LCR.

Benchmark bond series

Nykredit strives to build large, liquid benchmark bond series to obtain an effective pricing of its bonds. Nykredit Realkredit and Totalkredit's joint bond issuance contributes to creating large volumes and deep liquidity in the Group's key bond series.

With the introduction of the LCR, banks prefer bonds with outstanding amounts of more than EUR 500 million and high ratings. As much as 91% of the outstanding amounts in Nykredit's active bond series are today classified in the top LCR category, while 6% is in the second-best category.

Issuance schedule for 2019

Nykredit Realkredit will continue to issue mortgage covered bonds on tap and at refinancing auctions. Nykredit expects to refinance bonds worth DKK 45 billion at the auction in May 2019, and DKK 43 billion and DKK 40 billion at the auctions in August and November 2019, respectively.

	DKK million	
Nykredit Group		
Bonds in issue	31.03.2019	31.12.2018
Covered bonds (ROs), see note 14 a	151,841	138,809
Covered bonds (SDOs), see note 14 b	1,116,659	1,107,963
Senior secured debt, see notes 14 c	933	4,704
Senior unsecured debt, see notes 14 d and in Nykredit Bank A/S	5,898	5,908
Senior non-preferred (SNP), see note 15	22,185	17,152
Subordinate loan capital, see note 17	11,034	11,011
Additional Tier 1 capital, see note 2	3,830	3,734
ECP issues of Nykredit Bank A/S	2,674	3,237

Because of the low interest rate levels, borrowers increasingly re-finance into bonds with maturities from 5 to 30 years. This has reduced refinancing volumes. Nykredit expects a continued decrease in refinancing volumes.

Nykredit must meet the statutory debt buffer requirements towards 2020, amounting to at least 2% of total mortgage lending when fully phased in. At end-2021 the debt buffer will be adjusted so that it, together with the MREL requirement, amounts to at least 8% of the consolidated balance sheet.

In Q1/2019, Nykredit issued bail-inable senior debt of DKK 4.5 billion, bringing total bail-inable senior debt in issue to DKK 21.5 billion at end-Q1/2019.

In light of the debt buffer requirement and S&P's ALAC criteria, Nykredit expects to issue DKK 7.5-15 billion of bail-inable senior debt in 2019. Nykredit does not expect to issue secured and unsecured senior debt in 2019 in excess of regular ECP issues.

Supervisory Diamond

Nykredit is subject to the Danish FSA's Supervisory Diamond, both at the level of the Group and the individual companies.

The Supervisory Diamond model for banks uses five key benchmarks to measure if a bank is operating at an elevated risk. Nykredit complies with all Supervisory Diamond benchmark limits as at 31 March 2019.

Nykredit Bank A/S		
Supervisory Diamond	31.03.2019	31.12.2018
Large exposures ¹ (limit value <175%)	92.9%	91.7%
Lending growth (limit value <20%)	6.6%	8.9%
Property exposure (limit value <25%)	10.9%	10.7%
Funding ratio (limit value <1.0)	0.60	0.60
Liquidity benchmark ² (limit value >100%)	146.9%	183.8%

¹ The benchmark "Large exposures" has been changed in 2018 and is now showing the 20 largest exposures relative to Common Equity Tier 1 capital.

² The liquidity benchmark replaces the former benchmark "Excess liquidity coverage".

CREDIT RATINGS

Nykredit Realkredit and Nykredit Bank have rating relationships with the international credit rating agencies S&P Global Ratings (S&P) and Fitch Ratings regarding the credit rating of the companies and their funding.

S&P Global Ratings

Nykredit Realkredit and Nykredit Bank each have long-term and short-term issuer credit ratings of A/A-1 with S&P. The rating outlook is positive.

Nykredit Realkredit and Nykredit Bank have been assigned long-term and short-term Resolution Counterparty Ratings of A+/A-1.

Senior unsecured non-preferred debt has a BBB+ rating with S&P.

Fitch Ratings

Nykredit Realkredit and Nykredit Bank each have long-term and short-term issuer credit ratings of A/F1 with Fitch Ratings. The rating outlook is stable.

Nykredit Realkredit's and Nykredit Bank's long-term senior unsecured preferred debt ratings were A+, while Nykredit Bank's long-term and short-term deposit ratings are A+/F1.

Senior unsecured non-preferred debt has an A rating with Fitch Ratings.

Listing of ratings

A table listing Nykredit's credit ratings with S&P and Fitch Ratings is available at nykredit.com/rating.

Supervisory Diamond for mortgage lenders

Benchmark	Definition	Nykredit Realkredit Group 31 March 2019	Nykredit Realkredit A/S 31 March 2019	Limit value
Lending growth in segment				
Personal customers ¹	Annual lending growth may not exceed 15% in each of the segments personal customers, commercial residential properties, agricultural properties and other commercial.	4.2	(15.5)	15.0%
Commercial residential properties		5.0	4.6	15.0%
Agricultural properties		(1.9)	(1.9)	15.0%
Other commercial		1.3	0.6	15.0%
Borrower's interest rate risk	The proportion of lending where the LTV ratio exceeds 75% of the statutory LTV limit and where the loan rate is fixed for up to two years only may not exceed 25% of the total loan portfolio.			
Private residential and residential rental		13.9	21.7	25.0%
Interest-only period	The proportion of IO loans for owner-occupied and holiday housing with an LTV ratio above 75% of the statutory LTV limit may not exceed 10% of total lending.			
Personal customers		8.5	6.7	10.0%
Loans with short-term funding	The proportion of loans to be refinanced must be below 25% per year and below 12.5% per quarter.			
Refinancing (annually)		13.4	18.9	25.0%
Refinancing (quarterly)		3.4	6.0	12.5%
Large exposures	The sum of the 20 largest exposures must be less than equity.			
Loans and advances:equity		35.6	35.6	100.0%

¹ The decrease in loans and advances to personal customers in Nykredit Realkredit A/S is a natural consequence of new lending for personal customers being issued through Totalkredit A/S.

CREDIT RISK

Credit risk reflects the risk of loss resulting from Nykredit's customers and counterparties defaulting on their obligations.

Nykredit's credit exposures mainly consist of mortgage loans. As the mortgage loans are secured by real estate, credit risk is low. Credit risk on mortgage loans is typically characterised by a stable development.

Nykredit's loan portfolio has shown a positive trend over the past year, and the level of credit risk is low. Arrears ratios have been declining for some portfolios and are stable for others. Write-offs have been low. Property prices have continued their upward trend all over Denmark, thereby increasing the mortgage security. General macroeconomic conditions have developed favourably.

Credit models

Nykredit uses credit models to determine the capital requirement for credit risk. Nykredit also uses internal ratings-based (IRB) models in the determination of credit risk for the greater part of the loan portfolio. The determination of credit risk is based on three key parameters: Probability of Default (PD), expected Loss Given Default (LGD) and expected Exposure at Default (EAD). The three key parameters are estimated on the basis of Nykredit's customer default and loss history.

The PD is customer-specific, while the other parameters are product-specific. One PD is therefore assigned to each customer, while each of the customer's products has a separate LGD and EAD.

Nykredit Group

Loans, advances, guarantees and impairment charges for loans and advances

DKK million	Loans, advances and guarantees		Total provisions for loan impairment and guarantees		Impairment charges for loans and advances, earnings impact	
	31.03.2019	31.12.2018	31.03.2019	31.12.2018	Q1/2019	FY/2018
Mortgage lending, nominal value						
Nykredit Realkredit	499,076	499,304	3,516	3,493	111	(42)
Totalkredit	683,799	672,144	1,547	1,532	48	139
Total	1,182,875	1,171,449	5,063	5,025	159	97
Loans and advances etc						
Nykredit Bank	60,723	60,566	2,708	2,767	17	263
Total	60,723	60,566	2,708	2,767	17	263
Receivables from credit institutions	30,452	20,829	27	21	6	21
Reverse repurchase lending	36,548	37,427	-	-	-	-
Guarantees	6,210	5,913	154	117	37	(1)
Loan impairment, % ¹						
Nykredit Realkredit	-	-	0.70	0.69	0.02	(0.01)
Totalkredit	-	-	0.23	0.23	0.01	0.03
Total	-	-	0.43	0.43	0.01	0.01
Nykredit Bank	-	-	4.27	4.53	0.02	0.26
Total	-	-	4.27	4.53	0.02	0.26

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

MORTGAGE LENDING

At end-March 2019, Nykredit's credit exposure in terms of nominal mortgage lending was DKK 1,183 billion, which was an increase of DKK 11 billion compared with DKK 1,171 billion at end-2018.

The security underlying mortgage lending is substantial. Furthermore, mortgage loans granted via Totalkredit are covered by set-off agreements. The loss risk relating to personal loans is mitigated through an agreement with the partner banks. Under the agreement, incurred losses corresponding to the cash part of a loan exceeding 60% of the mortgageable value at the time of granting are offset against future commission payments to the partner banks having arranged the loan.

Since 2014, a minor part of the right of set-off has been replaced by a loss guarantee provided by the partner banks.

The average LTV was 62% at end-Q1/2019 relative to 62% at end-2018. Increasing loans and advances measured at fair value were offset by rising property prices.

The LTV ratios of the mortgage loan portfolio are shown in the table below with individual loans relative to the estimated values of the individual properties at end-Q1/2019.

Mortgage lending
Nykredit Group
Debt outstanding relative to estimated property values

DKK million	LTV (loan-to-value) ²						Total	LTV average, %
	0-40	40-60	60-80	80-90	90-100	>100		
Owner-occupied dwellings	481,252	179,471	98,333	8,120	2,186	1,863	771,225	67.1
Private rental ¹	89,640	29,558	12,804	1,230	575	633	134,440	62.9
Industry and trades	18,267	2,819	337	96	91	461	22,071	48.1
Office and retail	88,586	24,043	2,472	327	187	241	115,856	53.1
Agricultural property	60,142	20,077	7,284	851	363	511	89,227	62.3
Public housing	-	-	-	-	-	-	70,513	-
Other	11,092	2,339	485	36	17	28	13,997	49.5
Total Q1/2019	748,980	258,308	121,714	10,661	3,418	3,738	1,217,330	62.4
Total 2018	737,623	253,159	117,982	8,880	3,477	3,334	1,193,667	62.3

¹ Including cooperative housing.

² Determined as the top part of the debt outstanding relative to estimated property values.

Note: The figures are actual LTV ratios including any financed costs. Public authority guarantees reduce the credit risk relating to subsidised housing that forms part of lending to the public housing segment. For this reason, LTVs of public housing offer no relevant risk data and have been excluded. In the table, debt outstanding is distributed continuously by LTV category. Loans with security covering for example between 0% and 60% of the mortgageable value are distributed with two thirds of the debt outstanding in the LTV range 0-40% and one third in the LTV range 40-60%.

Nykredit Group

Mortgage lending by property type¹

	31.03.2019		31.12.2018	
	Total impairment provisions	Total earnings impact	Total impairment provisions	Total earnings impact
Owner-occupied dwellings	2,420	55	2,433	163
Private rental	326	17	314	(10)
Industry and trades	57	(3)	60	(19)
Office and retail	495	32	472	40
Agricultural property	1,331	57	1,304	103
Public housing	49	(4)	53	20
Cooperative housing	316	(3)	322	(191)
Other	68	2	66	(18)
Total	5,063	153	5,025	89

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

Total provisions for mortgage loan impairment

Total impairment provisions for mortgage lending equalled 0.43% of total mortgage lending compared with 0.43% at end-2018. At end-March 2019, total impairment provisions were DKK 5,063 million, which represented a 0.8% rise compared with end-2018.

Earnings impact

Impairment charges for mortgage lending for the period came to DKK 159 million compared with a net reversal of DKK 148 million in Q1/2018. Of the impairment charges for loans and advances for the period, DKK 55 million was attributable to owner-occupied dwellings and DKK 98 million to the business segment.

The continued low impairment level resulted from a favourable economic climate, benefitting most of Nykredit's customer segments. For the agricultural segment, the earnings impact was DKK 57 million against a net reversal of DKK 62 million in Q1/2018. The rise primarily stemmed from a still challenged agricultural segment.

Arrears ratio – 75 days past due

Payment date	Arrears relative to total mortgage payments	Debt outstanding in arrears relative to total debt outstanding	Debt outstanding affected by arrears
	%	%	DKK billion
2018			
- December	0.38	0.23	2.80
- September	0.39	0.23	2.70
- June	0.40	0.31	3.60
- March	0.42	0.32	3.60
2017			
- December	0.38	0.27	3.10
- September	0.30	0.29	3.30
- June	0.35	0.33	3.80

Arrears

Mortgage loan arrears are determined when they are 15 and 75 days past their due date. Mortgage loan arrears represented 0.38% of total mortgage payments due 75 days past the December due date against 0.38% at the same time the year before.

By contrast, bond debt outstanding affected by arrears as a percentage of total bond debt outstanding decreased from 0.27% to 0.23% compared with the same time the year before.

Properties acquired by foreclosure

In Q1/2019, the Group acquired 8 properties and sold 10. The property portfolio counted 33 properties at 31 March 2019 against 35 at end-2018.

BANK LENDING

Bank lending at amortised cost amounted to DKK 60.7 billion against DKK 60.6 billion at end-2018. Bank lending before impairment charges was DKK 63.4 billion against DKK 63.3 billion at end-2018.

Reverse repurchase lending stood at DKK 36.5 billion compared with DKK 37.4 billion at end-2018. Guarantees provided were DKK 6.2 billion against DKK 5.9 billion at end-2018.

Total provisions for bank loan impairment etc

Provisions for bank loan impairment (exclusive of credit institutions and guarantees) totalled DKK 2,708 million against DKK 2,767 million at end-2018.

Guarantees

Guarantees provided were DKK 6,210 million against DKK 5,913 million at end-2018, which represented a rise of 5%. At end-Q1/2019, provisions for guarantees amounted to DKK 154 million against DKK 117 million at end-2018.

Earnings impact

Provisions for bank loan impairment and guarantees for the period were DKK 61 million. In comparison, impairment charges for loans and advances and provisions for guarantees were DKK 138 million in Q1/2018.

Nykredit Group

Credit exposures in terms of bank lending, reverse repurchase lending and guarantees by sector¹

DKK million

	31.03.2019			31.12.2018		
	Lending, year-end	Total impair- ment provi- sions	Earnings impact	Lending, year-end	Total impair- ment provi- sions	Earnings impact
Public sector	710	3	0	639	3	(1)
Agriculture, hunting, forestry and fishing	3,186	145	0	3,335	145	1
Manufacturing, mining and quarrying	4,479	279	(5)	4,474	279	56
Energy supply	2,074	22	4	2,071	22	(16)
Construction	2,704	185	19	2,820	185	15
Trade	5,157	493	14	4,136	493	129
Transport, accommodation and food service activities	4,622	72	(10)	4,396	72	(38)
Information and communication	2,323	66	8	2,633	66	16
Finance and insurance	44,670	140	(13)	45,694	140	155
Real estate	11,848	565	23	11,775	565	(197)
Other	10,243	311	31	11,142	311	157
Total business customers	91,307	2,278	71	92,476	2,278	279
Personal customers	27,790	581	(16)	27,805	581	(14)
Total	119,807	2,861	55	120,920	2,861	265
- of which provisions for losses under guarantees		154	37		117	(3)
Impairment provisions for credit institutions		19	6		12	9
- of which intercompany guarantees and total	16,327	2,880	61	16,614	2,873	274

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

NYKREDIT BANK GROUP

	DKK million			
Nykredit Bank Group	Q1/ 2019	Q1/ 2018	Q4/ 2018	2018
BUSINESS PROFIT AND PROFIT FOR THE PERIOD				
Net interest income	369	367	373	1,533
Net fee income	128	142	125	521
Wealth management income	350	313	336	1,361
Net interest from capitalisation	(7)	(7)	(7)	(30)
Trading, investment portfolio and other income	129	286	17	756
Income	969	1,100	844	4,141
Costs	520	497	562	2,029
Business profit before impairment charges	448	603	283	2,112
Impairment charges for loans and advances	61	138	162	274
Business profit	387	465	120	1,838
Legacy derivatives	(219)	24	(104)	280
Profit before tax for the period	168	489	16	2,118
Tax	37	107	4	458
Profit for the period	131	382	12	1,660
SUMMARY BALANCE SHEET				
	31.03.2019	31.03.2018	31.12.2018	31.12.2018
Reverse repurchase lending	36,548	36,726	37,427	37,427
Loans, advances and other receivables at amortised cost	60,723	57,128	60,566	60,566
Payables to credit institutions and central banks	49,098	49,482	54,620	54,620
Repo deposits	10,475	9,468	5,745	5,745
Deposits and other payables	79,856	70,443	77,119	77,119
Equity	21,226	19,818	21,095	21,095
SELECTED FINANCIAL RATIOS				
Profit for the period as % pa of average equity	2.5	7.7	0.2	8.1
Costs as % of income	53.7	45.2	66.5	49.0
Average number of staff, full-time equivalent	830	823	837	837

Q1 in summary

Nykredit Bank recorded a profit before tax for Q1/2019 of DKK 168 million against DKK 489 million in the same period last year.

Income was DKK 969 million against DKK 1,100 million in Q1/2018. The decrease in income was primarily attributable to lower trading, investment portfolio and other income, driven by a rise in investment portfolio income, which was offset by negative value adjustments of swaps.

Costs amounted to DKK 520 million, a slight increase compared with the same period last year. The Group still maintains focus on building organisational efficiency, while investing significant resources in compliance and implementation of new regulatory requirements, as well as extending the partnership with BEC.

Impairment charges for loans and advances were DKK 61 million against a charge of DKK 138 million in Q1/2018.

Legacy derivatives had a negative impact of DKK 219 million against DKK 24 million in Q1/2018. Legacy derivatives are derivatives Nykredit no longer offers to customers.

Lending at amortised cost went up by DKK 0.2 billion on end-2018 to DKK 60.7 billion at end-March 2019.

The bond and equity portfolio stood at DKK 44.9 billion, equal to a decrease of DKK 4.4 billion on end-2018. The bond portfolio may fluctuate significantly from one reporting period to another, which should be seen in the context of the Bank's repo activities, trading positions and general liquidity management.

Deposits and other payables totalled DKK 79.9 billion, which represented an increase of DKK 2.7 billion on end-2018. This trend was primarily due to an increase in demand and fixed-term deposits.

Deposits exceeded lending at amortised cost by DKK 19.1 billion compared with DKK 16.6 billion at end-2018.

DKK million

Totalkredit A/S	Q1/ 2019	Q1/ 2018	Q4/ 2018	2018
BUSINESS PROFIT AND PROFIT FOR THE PERIOD				
Net interest income	797	802	838	3,253
Net fee income	109	133	98	489
Net interest from capitalisation	(23)	(8)	(99)	(123)
Net income relating to customer benefits programmes	(55)	(51)	(55)	(209)
Trading, investment portfolio and other income	22	(38)	(48)	(152)
Income	849	838	734	3,259
Costs	180	157	179	672
Business profit before impairment charges	669	681	554	2,587
Impairment charges for loans and advances	46	(5)	119	135
Profit before tax for the period	623	686	435	2,452
Tax	84	100	42	332
Profit for the period	539	586	393	2,120
SUMMARY BALANCE SHEET				
	31.03.2019	31.03.2018	31.12.2018	31.12.2018
Mortgage loans at fair value	705,081	653,595	684,542	684,542
Bonds and equities	65,471	69,161	53,107	53,107
Payables to credit institutions	736,643	695,406	714,551	714,551
Bonds in issue at fair value	7,139	8,600	7,486	7,486
Equity	28,720	26,838	28,229	28,229
SELECTED FINANCIAL RATIOS				
Profit for the period as % pa of average equity	8.1	9.6	5.9	8.3
Costs as % of income	21.2	18.7	24.4	20.6
Average number of staff, full-time equivalent	149	106	111	108

Q1 in summary

Totalkredit A/S recorded a profit before tax for Q1/2019 of DKK 623 million against DKK 686 million in the same period last year. Profit for the period as a percentage pa of average equity came to 8.1% against 9.6% in Q1/2018.

Income was DKK 849 million against DKK 838 million in Q1/2018. Income rose chiefly due to higher investment portfolio income in Q1/2019 than in the same period last year, as the market was characterised by capital gains on equities and tightened yield spreads. Net fee income decreased relative to Q1/2018 to DKK 109 million. The decrease resulted from lower refinancing volumes.

Costs amounted to DKK 180 million, up DKK 23 million compared with the same period last year. Costs as a percentage of income thus totalled 21.2% in Q1/2019. The rise in costs was attributable to a growing number of full-time staff due to an increase in staff numbers for the new shared property valuation unit.

Impairment charges for loans and advances were DKK 46 million against a net reversal of DKK 5 million in Q1/2018. Property market trends were generally positive, which was reflected in relatively low impairment levels.

Mortgage loans at fair value went up by DKK 20.5 billion compared with end-2018 to DKK 705.1 billion at end-March 2019. At nominal value, the loan portfolio totalled DKK 684 billion at 31 March 2019 compared with DKK 672 billion at end-2018.

ALTERNATIVE PERFORMANCE MEASURES

In the opinion of Management, the Management Commentary should be based on the internal management and business division reporting, which forms part of Nykredit's financial governance. Readers of the financial reports are thus provided with information that is relevant to their assessment of Nykredit's financial performance.

The income statement format of the financial highlights on page 4 and the business areas (pages 10-19 and note 3) reflects the internal management reporting. The presentation was changed in Q1/2019, and "Net income relating to customer benefits programmes" is now shown as part of "Group Items".

In certain respects, the presentation of the financial highlights differs from the format of the Financial Statements prepared under the International Financial Reporting Standards (IFRS). No correcting entries have been made, implying that the profit for the period is the same in the financial highlights and in the IFRS-based Financial Statements. The reclassification in note 4 shows the reconciliation between the presentation in the financial highlights table of the Management Commentary and the presentation in the Consolidated Financial Statements prepared according to the IFRS and includes:

"Net interest income" comprising net administration margin income from mortgage lending as well as interest income from bank lending and deposits. The corresponding item in the income statement (page 31) includes all interest.

"Net fee income" comprising income from mortgage refinancing and mortgage lending, income from bank lending, service fees, provision of guarantees and leasing business etc.

"Wealth management income" comprising asset management and administration fees etc. This item pertains to business with customers performed through the Group's entities Nykredit Markets, Nykredit Asset Management and Nykredit Portefølje Administration A/S but where income is ascribed to the business areas serving the customers.

"Net interest from capitalisation" comprising the risk-free interest attributable to equity and net interest from subordinated debt etc. Net interest is composed of the interest expenses related to debt, adjusted for the internal liquidity interest. "Trading, investment portfolio and other income", which includes income from swaps and derivatives transactions currently offered, Nykredit Markets activities, repo deposits and lending, debt capital markets activities as well as other income and expenses not allocated to the business divisions, including income from the sale of real estate.

"Net income relating to customer benefits programmes" comprising discounts etc in the form of KundeKroner, ErhvervsKroner and MineMål granted to the Group's customers. The amount includes contributions received. The change is aimed at presenting the earnings of the individual business areas excluding the impact of the Group's customer benefits programmes whilst also presenting the impact on income of the programmes in a separate item. In the financial highlights and the presentation of business areas (note 3) the change reclassifies net income from "Net interest income" to "Net income relating to customer benefits programmes". The change will not impact total in-

come or total results. Comparative figures have been restated. The income statement and balance sheet on pages 31 and 32 have not been impacted by the change.

Supplementary financial ratios etc

In relation to the internal presentation of income, a number of supplementary financial ratios are included in the Management Commentary.

Profit for the period as % pa of average business capital (ROAC). The return target appearing from the table in the financial highlights shows profit for the period relative to average business capital. Profit corresponds to net profit or loss less interest expenses for Additional Tier 1 capital, which is treated as dividend in the Financial Statements. Business capital corresponds to a capital target of 16% of the risk exposure amount.

Profit for the period as % pa of average equity. Profit for the period is calculated as stated above. Average equity is calculated on the basis of the value at the beginning of the period and at the end of all quarters of the period.

Costs as % of income is calculated as the ratio of "Costs" to "Income".

Impairment charges for the period, %. Impairment charges are calculated based on impairment charges for loans and advances relative to loans and advances.

MANAGEMENT STATEMENT

STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

The Board of Directors and the Executive Board have today reviewed and approved the Interim Report for the period 1 January – 31 March 2019 of Nykredit A/S and the Nykredit 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 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.

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

In our opinion, the Interim Financial Statements give a true and fair view of the Group's and the Parent's assets, liabilities, equity and financial position at 31 March 2019 and of the results of the Group's and the Parent's operations and the Group's cash flows for the financial period 1 January – 31 March 2019.

Further, in our opinion, the Management Commentary gives a fair review of the development in the operations and financial circumstances of the Group and the Parent as well as a description of the material risk and uncertainty factors which may affect the Group and the Parent.

The Interim Report has not been subject to audit or review.

Copenhagen, 7 May 2019

Executive Board

Michael Rasmussen
Group Chief Executive

David Hellemann
Group Managing Director

Anders Jensen
Group Managing Director

Board of Directors

Steffen Kragh
Chairman

Merete Eldrup
Deputy Chairman

Nina Smith
Deputy Chairman

Helge Leiro Baastad

Olav Bredgaard Brusen*

Michael Demsitz

Per W. Hallgren

Marlene Holm*

Hans-Ole Jochumsen

Vibeke Krag

Allan Kristiansen*

Lasse Nyby

Claus E. Petersen

Inge Sand*

Leif Vinther*

* Staff-elected member

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

		DKK million		
Nykredit A/S		Nykredit Group		
Q1/2018	Q1/2019	Note	Q1/2019	Q1/2018
INCOME STATEMENT				
-	-		5,890	6,002
-	-		452	445
0	0		3,666	3,766
(0)	(0)	Net interest income	2,676	2,682
-	-	Dividend on equities etc	50	22
-	-	Fee and commission income	684	631
-	-	Fee and commission expenses	866	750
(0)	(0)	Net interest and fee income	2,543	2,585
-	-	Value adjustments	540	442
-	-	Value adjustments relating to sale of branch	-	1
-	-	Other operating income	323	217
6	2	Staff and administrative expenses	1,128	1,134
-	-	Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets	70	26
-	-	Other operating expenses	32	37
-	-	Impairment charges for loans, advances and receivables etc	219	(8)
1,625	1,573	Profit from investments in associates and Group enterprises	1	1
1,619	1,571	Profit before tax	1,959	2,057
(1)	(1)	Tax	329	382
1,620	1,572	Profit for the period	1,629	1,675
Distribution of profit for the period				
1,620	1,572	Shareholders of Nykredit A/S	1,572	1,618
-	-	Holders of Additional Tier 1 capital notes	57	58
1,620	1,572	Profit for the period	1,629	1,675
COMPREHENSIVE INCOME				
1,620	1,572	Profit for the period	1,629	1,675
Other comprehensive income				
Items that cannot be reclassified to profit or loss:				
-	-	Actuarial gains/losses on defined benefit plans	(41)	(21)
-	-	Tax on actuarial gains/losses on defined benefit plans	9	5
(17)	(32)	Share of comprehensive income in associates and Group enterprises	-	-
(17)	(32)	Total items that cannot be reclassified to profit or loss	(32)	(17)
(17)	(32)	Other comprehensive income	(32)	(17)
1,604	1,540	Comprehensive income for the period	1,598	1,659
Distribution of comprehensive income				
1,604	1,540	Shareholders of Nykredit A/S	1,540	1,601
-	-	Holders of Additional Tier 1 capital notes	57	58
1,604	1,540	Comprehensive income for the period	1,598	1,659

BALANCE SHEETS

Nykredit A/S				DKK million	
31.12.2018	31.03.2019		Note	31.03.2019	31.12.2018
		ASSETS			
-	-	Cash balances and demand deposits with central banks		7,292	8,861
28	48	Receivables from credit institutions and central banks		30,452	20,829
-	-	Loans, advances and other receivables at fair value	10	1,217,688	1,193,975
-	-	Loans, advances and other receivables at amortised cost	11	97,598	98,311
-	-	Bonds at fair value	12	98,738	93,622
-	-	Equities measured at fair value through profit or loss		6,630	5,821
-	-	Investments in associates		40	38
76,106	74,848	Investments in Group enterprises		-	-
-	-	Intangible assets		282	281
		Land and buildings			
-	-	Investment properties		59	-
-	-	Owner-occupied properties		20	86
-	-	Leased properties		755	-
-	-	Total		834	86
-	-	Other property, plant and equipment		113	108
6	7	Current tax assets		679	349
9	9	Deferred tax assets		137	134
-	-	Assets in temporary possession		91	160
1	0	Other assets		27,437	24,935
1	1	Prepayments		682	465
76,151	74,913	Total assets		1,488,693	1,447,976

BALANCE SHEETS

Nykredit A/S				DKK million	
31.12.2018	31.03.2019		Note	31.03.2019	31.12.2018
		LIABILITIES AND EQUITY			
33	32	Payables to credit institutions and central banks		21,653	15,692
-	-	Deposits and other payables	13	100,310	93,164
-	-	Bonds in issue at fair value	14	1,215,506	1,196,229
-	-	Bonds in issue at amortised cost	15	27,061	22,590
-	-	Other non-derivative financial liabilities at fair value	16	9,051	5,592
-	-	Current tax liabilities		75	47
8	30	Other liabilities		24,471	23,027
-	-	Deferred income		10	10
41	62	Total payables		1,398,138	1,356,351
		Provisions			
-	-	Provisions for pensions and similar obligations		119	130
-	-	Provisions for deferred tax		400	338
-	-	Repayable reserves in pre-1972 series		46	47
-	-	Provisions for losses under guarantees		154	117
-	-	Other provisions		120	100
-	-	Total provisions		840	731
-	-	Subordinated debt	17	11,034	11,011
		Equity			
1,327	1,327	Share capital		1,327	1,327
		Accumulated value adjustments			
-	-	- revaluation reserves		5	5
		Other reserves			
57,925	56,667	- statutory reserves		-	-
-	-	- series reserves		36,575	36,575
-	-	- non-distributable reserve fund		1,646	1,646
14,058	16,857	- retained earnings		35,298	33,757
2,800	-	- proposed dividend		-	2,800
76,111	74,851	Shareholders of Nykredit A/S		74,851	76,111
-	-	Holders of Additional Tier 1 capital		3,830	3,772
76,111	74,851	Total equity		78,681	79,883
76,151	74,913	Total liabilities and equity		1,488,693	1,447,976
		OFF-BALANCE SHEET ITEMS			
-	-	Contingent liabilities		6,210	5,913
-	-	Other commitments		17,773	16,948
-	-	Total		23,982	22,861

STATEMENT OF CHANGES IN EQUITY

DKK million

Nykredit Group

	Share capital ¹	Revaluation reserves	Accumulated value adjustment of equities available for sale	Series reserves	Non-distributable reserve fund ²	Retained earnings	Proposed dividend	Shareholders of Nykredit A/S	Additional Tier 1 capital ³	Total equity
2019										
Equity, 1 January	1,327	5	-	36,575	1,646	33,757	2,800	76,111	3,772	79,883
Profit for the period	-	-	-	-	-	1,572	-	1,572	58	1,629
Total other comprehensive income	-	-	-	-	-	(32)	-	(32)	-	(32)
Total comprehensive income	-	-	-	-	-	1,540	-	1,540	58	1,598
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	-	1	-	1	(1)	-
Tax on Additional Tier 1 capital	-	-	-	-	-	(0)	-	(0)	-	(0)
Distributed dividend	-	-	-	-	-	-	(2,800)	(2,800)	-	(2,800)
Portfolio of self-issued bonds	-	-	-	-	-	-	-	-	1	1
Equity, 31 March	1,327	5	-	36,575	1,646	35,298	-	74,851	3,830	78,681
2018										
Equity, end-2017, see the Annual Report	1,327	19	973	38,038	1,646	29,003	4,000	75,005	3,765	78,770
Transferred to equities measured at fair value through profit or loss	-	-	(973)	-	-	973	-	-	-	-
Changes in impairment charges owing to implementation of IFRS 9	-	-	-	-	-	(566)	-	(566)	-	(566)
Changes in taxes due owing to implementation of IFRS 9	-	-	-	-	-	125	-	125	-	125
Equity, 1 January	1,327	19	-	38,038	1,646	29,534	4,000	74,564	3,765	78,329
Profit for the period ⁴	-	-	-	-	-	1,618	-	1,618	58	1,675
Total other comprehensive income	-	-	-	-	-	(17)	-	(17)	-	(17)
Total comprehensive income	-	-	-	-	-	1,601	-	1,601	58	1,659
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	-	(3)	-	(3)	3	-
Tax on Additional Tier 1 capital	-	-	-	-	-	(14)	-	(14)	-	(14)
Distributed dividend	-	-	-	-	-	-	(4,000)	(4,000)	-	(4,000)
Realised from the sale of properties	-	(14)	-	-	-	14	-	-	-	-
Equity, 31 March	1,327	5	-	38,038	1,646	31,132	-	72,148	3,826	75,974

¹ The share capital is divided into shares of DKK 100 and multiples thereof. Nykredit A/S has only one class of shares, and all the shares confer the same rights on shareholders.

² A non-distributable reserve fund in Totalkredit A/S.

³ 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 500 million (nominal) of AT1 capital, which may be redeemed from 26 October 2020. 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 Group falls below 7.125%, the loan will be written down.

⁴ Profit for the period has changed by DKK 12.6 million relative to the Q1 Interim Report for 2018, as taxes relating to interest expenses for the Additional Tier 1 capital must be recognised in the income statement following the amendments to IAS 12. "Tax on Additional Tier 1 capital" has been adjusted correspondingly. This is solely a reclassification of taxes, and therefore total equity remains unchanged.

STATEMENT OF CHANGES IN EQUITY

DKK million

Nykredit A/S

	Share capital ¹	Statutory reserves ²	Retained earnings	Proposed dividend	Total equity
2019					
Equity, 1 January	1,327	57,925	14,058	2,800	76,111
Profit (loss) for the period	-	1,573	(2)	-	1,572
Total other comprehensive income	-	(32)	-	-	(32)
Total comprehensive income	-	1,541	(2)	-	1,540
Distributed dividend	-	-	-	(2,800)	(2,800)
Dividend received from subsidiaries	-	(2,800)	2,800	-	-
Adjustment relating to subsidiaries	-	1	-	-	1
Equity, 31 March	1,327	56,667	16,857	-	74,851
2018					
Equity, end-2017, see the Annual Report	1,327	56,901	12,777	4,000	75,005
Changes in impairment charges owing to implementation of IFRS 9	-	(566)	-	-	(566)
Changes in taxes due owing to implementation of IFRS 9	-	125	-	-	125
Equity, 1 January	1,327	56,460	12,777	4,000	74,564
Profit (loss) for the period	-	1,625	(5)	-	1,620
Total other comprehensive income	-	(17)	-	-	(17)
Total comprehensive income	-	1,609	(5)	-	1,604
Distributed dividend	-	-	-	(4,000)	(4,000)
Dividend received from subsidiaries	-	(4,100)	4,100	-	-
Adjustment relating to subsidiaries	-	(4)	-	-	(4)
Equity, 31 March	1,327	53,964	16,872	-	72,163

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.

CASH FLOW STATEMENT

DKK million

Nykredit Group

	Q1/2019	Q1/2018
Profit for the period	1,629	1,675
Adjustments		
Net interest income	(2,676)	(2,682)
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets	70	26
Profit from investments in associates	(1)	(1)
Impairment charges for loans, advances and receivables etc	219	(8)
Prepayments/deferred income, net	(217)	(15)
Tax calculated on profit for the period	329	382
Other adjustments	(576)	(186)
Total	(1,223)	(809)
Change in operating capital		
Loans, advances and other receivables	(23,220)	(15,366)
Deposits and payables to credit institutions	13,108	22,788
Bonds in issue	23,749	(10,218)
Other operating capital	2,235	(18,400)
Total	14,649	(22,004)
Interest income received	6,710	7,440
Interest expenses paid	(4,501)	(5,252)
Corporation tax paid, net	(573)	(671)
Cash flows from operating activities	16,285	(20,487)
Cash flows from investing activities		
Purchase and sale of bonds and equities, net	(5,448)	13,921
Purchase of intangible assets	(20)	(24)
Purchase of property, plant and equipment	(7)	(2)
Sale of property, plant and equipment	0	50
Total	(5,476)	13,944
Cash flows from financing activities		
Distributed dividend	(2,800)	(4,000)
Purchase and sale of self-issued subordinated debt instruments	-	(3)
Total	(2,800)	(4,003)
Total cash flows for the period	8,010	(10,546)
Cash and cash equivalents, beginning of period	29,691	48,031
Foreign currency translation adjustment of cash	43	104
Total cash flows for the period	8,010	(10,546)
Cash and cash equivalents, end of period	37,744	37,589
Cash and cash equivalents, end of period:		
Cash balances and demand deposits with central banks	7,292	6,239
Receivables from credit institutions and central banks	30,452	31,349
Total	37,744	37,589

NOTES

Nykredit Group

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13. Deposits and other payables	52
14. Bonds in issue at fair value	52
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1. ACCOUNTING POLICIES

GENERAL

The Consolidated Financial Statements for Q1/2019 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and further Danish financial reporting and disclosure requirements for interim reports. Compliance with IAS 34 implies observance of the principles of recognition and measurement of the IFRS but also a less detailed presentation relative to the Annual Report.

The Parent Interim Financial Statements for Q1/2019 have been prepared in accordance with the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc. (the Danish Executive Order on Financial Reports) issued by the Danish Financial Supervisory Authority (FSA).

In addition to implementation of

- IFRS 16 "Leases"
- annual improvements to IFRS 2015-2017, and
- changes to the earnings presentation in financial highlights on page 4 as well as business areas (note 3), see "Alternative performance measures",

the accounting policies of Nykredit Realkredit A/S and the Nykredit Realkredit Group are unchanged compared with the Annual Report 2018 (note 1) and compared with the information disclosed in the Annual Report 2018, no new reporting standards or interpretations have been issued or approved, and no amendments have been made to the Danish Executive Order on Financial Reports of the Danish FSA which influence the Q1 Interim Report 2019.

The accounting policies as well as a description of the Company's and the Group's material risks appear from the Annual Report for 2018.

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

Change in accounting policies following implementation of IFRS 16 Leases and corresponding amendments to the Danish Executive Order on Financial Reports

The standard, which was implemented on 1 January 2019, implies capitalisation of Nykredit's rights of use to leased assets, leasehold premises, and the recognition of liabilities arising from the lease.

For Nykredit the implementation implies a calculated liability corresponding to the present value of expected rents and capitalisation of a leased asset corresponding to the liability. The lease term used to determine the rental liability corresponds to the period in which Nykredit as lessee has the right to, and expects to, use the underlying assets. The period is 7 years on average. For leases which have been terminated or are expected to be terminated, the period is about 3 years. The implementation has increased Nykredit's assets and liabilities by DKK 0.8 billion, or about 0.1% of the balance sheet total.

The rental expense has so far been recognised as administrative costs through profit or loss. As of 1 January 2019, the expense will be recognised through profit or loss as depreciation of the leased asset and interest expense on the lease liability. The impact on equity, profit after tax and comprehensive income comprises a charge of about DKK 7 million in 2019. The impact will be neutral throughout the entire lease term, however.

Comparative figures have not been restated, as the change has just been implemented.

Change in accounting policies following implementation of annual improvements to IFRS standards 2015-2017

The change was approved by the EU in Q1/2019 and has been implemented as at 1 January 2019. For Nykredit, the amendment of IAS 12 "Income Taxes" implies that taxes relating to interest expenses for Additional Tier 1 capital will be recognised in profit from and including 1 January 2019. The tax effect was previously recognised directly in equity together with the interest expense.

Tax, profit and comprehensive income for the period were positively impacted in Q1/2019 and Q1/2018 by DKK 13 million and DKK 13 million, respectively. For the full-year 2018 tax, profit for the year and comprehensive income were positively affected by DKK 51 million. Comparative figures have been restated.

Total balance sheet and equity were not affected by the change.

Significant accounting estimates and assessments

The preparation of the Financial Statements involves the use of qualified accounting estimates and assessments. These estimates and assessments are made by Nykredit's Management in accordance with accounting policies and based on past experience and an assessment of future conditions.

Accounting estimates are tested and assessed regularly. The estimates and assessments applied are based on assumptions which Management considers reasonable and realistic, but which are inherently uncertain and unpredictable.

Areas implying a high degree of assessment or complexity or areas in which assumptions and estimates are material to the Financial Statements include provisions for loan and receivable impairment as well as valuation of unlisted financial instruments, see the Annual Report 2018.

NOTES

		DKK million		
Nykredit A/S		Nykredit Group		
31.12.2018	31.03.2019		31.03.2019	31.12.2018
2. CAPITAL AND CAPITAL ADEQUACY				
76,111	74,851	Equity for accounting purposes	78,681	79,883
-	-	- Carrying amount of Additional Tier 1 capital recognised in equity	(3,830)	(3,772)
-	(1,572)	Profit for Q1/2019 not included	(1,515)	-
76,111	73,279	Equity excluding Additional Tier 1 capital and minority interests	73,336	76,111
(2,800)	-	- Proposed dividend	-	(2,800)
-	-	- Prudent valuation adjustment	(39)	(57)
-	-	- Intangible assets excluding deferred tax liabilities	(224)	(221)
-	-	- Provisions for expected credit losses in accordance with IRB approach	(149)	-
-	-	- Other additions/deductions	(309)	(327)
-	-	- Deduction for treasury shares	(302)	(302)
(2,800)	-	Common Equity Tier 1 capital deductions	(1,024)	(3,706)
73,311	73,279	Common Equity Tier 1 capital	72,313	72,404
-	-	- Additional Tier 1 capital	1,923	1,862
-	-	- Additional Tier 1 capital deductions	(34)	(28)
-	-	Total Additional Tier 1 capital after deductions	1,889	1,835
73,311	73,279	Tier 1 capital	74,202	74,239
-	-	- Tier 2 capital	6,443	6,208
-	-	- Tier 2 capital additions/deductions	(41)	454
73,311	73,279	Own funds	80,603	80,900
281,595	276,940	Credit risk	305,395	290,524
-	-	- Market risk	22,987	27,390
0	1	Operational risk	25,499	25,709
281,595	276,941	Total risk exposure amount	353,881	343,623
Financial ratios				
26.0	26.4	Common Equity Tier 1 capital ratio, %	20.4	21.0
26.0	26.4	Tier 1 capital ratio, %	20.9	21.6
26.0	26.4	Total capital ratio, %	22.7	23.5

Capital and capital adequacy have been determined in accordance with Capital Requirements Regulation (EU) 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.

Nykredit has been designated as a systemically important financial institution (SIFI) by the Danish authorities. As a result, a special SIFI CET1 capital buffer requirement of 2% applies to the Nykredit Realkredit Group. To this should be added the permanent CET1 capital buffer requirement of 2.5% and the countercyclical buffer of 0.5% which must also be met with Common Equity Tier 1 capital.

Nykredit has entered into a conditional agreement with the owners of Sparinvest to obtain 75% of the shares and has also entered into a conditional agreement to buy LR Realkredit A/S. Both agreements are subject to the outcome of an ongoing due diligence process as well as approval by the authorities. If both purchases are approved, the capital ratios of the Nykredit Realkredit Group and the Nykredit Bank Group are expected to fall by about 0.8 percentage points and about 1.9 percentage points, respectively. The drop is primarily due to capital deductions as a result of goodwill related to the acquisition of Sparinvest.

NOTES

DKK million

Nykredit Group

3. BUSINESS AREAS

The business areas reflect Nykredit's organisation and internal reporting. Retail serves personal customers as well as small and medium-sized enterprises (SMEs). Wholesale comprises activities with corporate and institutional clients, securities trading and derivatives trading. Wealth Management comprises wealth and asset management activities. Please refer to the Management Commentary.

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

Results	Personal Banking	Business Banking	Total Retail	Totalkredit Partners	Corporate & Institutional Banking	Markets	Total Wholesale	Wealth Management	Group Items	Total
Q1/2019										
Results by business area										
Net interest income	467	717	1,184	675	391	-	391	33	0	2,283
Net fee income	115	149	264	100	121	-	121	5	(6)	484
Wealth management income	83	35	117	-	27	-	27	203	3	350
Net interest from capitalisation	(16)	(37)	(52)	(40)	(24)	(3)	(27)	(2)	33	(89)
Net income relating to customer benefits programmes ¹	-	-	-	-	-	-	-	-	(80)	(80)
Trading, investment portfolio and other income	1	(12)	(11)	17	(36)	105	69	6	598	679
Income	651	852	1,502	752	479	102	581	244	548	3,627
Costs	477	272	749	154	104	46	151	111	64	1,230
Business profit before impairment charges	174	579	753	597	375	56	431	133	484	2,397
Impairment charges for loans and advances	42	197	239	24	(68)	-	(68)	19	6	219
Business profit	131	383	514	574	443	56	499	113	478	2,178
Legacy derivatives	0	(170)	(170)	-	(48)	(2)	(50)	(0)	-	(219)
Profit before tax	132	213	345	574	396	54	449	113	478	1,959
BALANCE SHEET, 31 MARCH 2019										
Assets										
Mortgage loans etc at fair value	176,792	236,087	412,880	592,563	202,708	-	202,708	9,179	-	1,217,330
Reverse repurchase lending									36,548	36,548
Loans and advances at amortised cost	11,810	22,427	34,237	-	22,637	-	22,637	4,034	143	61,050
Assets by business area	188,603	258,514	447,117	592,563	225,345	-	225,345	13,214	36,690	1,314,928
Unallocated assets										173,765
Total assets										1,488,693
Liabilities and equity										
Repo deposits									20,675	20,675
Bank deposits and other payables at amortised cost	30,751	18,099	48,850	-	10,150	-	10,150	13,441	7,193	79,634
Liabilities by business area	30,751	18,099	48,850	-	10,150	-	10,150	13,441	27,868	100,310
Unallocated liabilities										1,309,703
Equity										78,681
Total liabilities and equity										1,488,693

¹ The item comprises contributions and discounts relating to Nykredit's benefits programmes, see "Alternative performance measures".

NOTES

DKK million

Nykredit Group

3. BUSINESS AREAS (CONTINUED)

Results Q1/2018	Personal Banking	Business Banking	Total Retail	Totalkredit Partners	Corporate & Institutional Banking	Markets	Total Wholesale	Wealth Management	Group Items	Total
Results by business area										
Net interest income	474	718	1,191	675	372	-	372	29	(2)	2,265
Net fee income	159	121	280	134	113	-	113	5	(7)	524
Wealth management income	86	36	122	-	14	-	14	172	5	313
Net interest from capitalisation	(19)	(43)	(63)	(41)	(22)	(2)	(25)	(2)	39	(90)
Net income relating to customer benefits programmes ¹	-	-	-	-	-	-	-	-	(53)	(53)
Trading, investment portfolio and other income	11	111	122	1	27	112	139	3	(2)	263
Income	711	942	1,653	769	503	110	613	208	(21)	3,222
Costs	488	272	760	133	100	54	154	110	39	1,196
Business profit (loss) before impairment charges	223	669	892	636	403	56	459	97	(60)	2,025
Impairment charges for loans and advances	112	(127)	(15)	(86)	98	-	98	(5)	(0)	(8)
Business profit (loss)	111	797	907	722	305	56	361	102	(60)	2,033
Legacy derivatives	0	8	9	-	10	5	16	(0)	-	24
Profit (loss) before tax	111	805	916	722	315	61	377	102	(60)	2,057
BALANCE SHEET, 31 MARCH 2018										
Assets										
Mortgage loans etc at fair value	179,557	237,747	417,303	552,037	191,307	-	191,307	8,043	-	1,168,690
Reverse repurchase lending									36,726	36,726
Loans and advances at amortised cost	11,800	20,311	32,111	-	20,343	-	20,343	3,446	1,228	57,128
Assets by business area	191,356	258,058	449,414	552,037	211,650	-	211,650	11,489	37,954	1,262,544
Unallocated assets										155,520
Total assets										1,418,065
Liabilities and equity										
Repo deposits									17,468	17,468
Bank deposits and other payables at amortised cost	27,719	17,498	45,217	-	9,422	-	9,422	12,663	2,621	69,923
Liabilities by business area	27,719	17,498	45,217	-	9,422	-	9,422	12,663	20,089	87,390
Unallocated liabilities										1,254,700
Equity										75,974
Total liabilities and equity										1,418,065

¹ The item comprises contributions and discounts relating to Nykredit's benefits programmes, see "Alternative performance measures". Comparative figures for income and profit from the business areas for Q1/2018 have been restated as follows: Personal Banking increased by DKK 9.7 million, Business Banking by DKK 0.2 million, Totalkredit Partners by DKK 43.8 million and Corporate & Institutional Banking by DKK 0.4 million. Total profit is not impacted. This amount was previously recognised in "Net interest income".

4. RECONCILIATION OF INTERNAL AND REGULATORY INCOME STATEMENT	Q1/2019			Q1/2018		
	Earnings presentation in Management Commentary	Reclassification	Income statement	Earnings presentation in Management Commentary	Reclassification	Income statement
Net interest income	2,283	393	2,676	2,265	417	2,682
Dividend on equities etc		50	50		22	22
Fee and commission income, net	484	(666)	(182)	524	(643)	(118)
Net interest and fee income		(223)	2,543		(204)	2,585
Wealth management income	350	(350)	-	313	(313)	-
Net interest from capitalisation	(89)	89	-	(90)	90	-
Net income relating to customer benefits programmes	(80)	80	-	(53)	53	-
Trading, investment portfolio and other income	679	(679)	-	263	(263)	-
Value adjustments		540	540		443	443
Other operating income		323	323		217	217
Total income	3,627			3,222		
Costs	1,230	-	1,230	1,196	-	1,196
Business profit before impairment charges	2,397			2,025		
Impairment charges for loans and advances etc	219	-	219	(8)	-	(8)
Profit from investments in associates and Group enterprises		1	1		1	1
Business profit	2,178			2,033		
Legacy derivatives	(219)	219	-	24	(24)	-
Profit before tax	1,959	-	1,959	2,057	-	2,057

Note 4 combines the earnings presentation in the Management Commentary (internal presentation), including the financial highlights and presentation of business areas, and the formal income statement of the Financial Statements.

The most important difference is that all income is recognised in two main items in the internal presentation: "Income", including sub-items, and "Legacy derivatives". The sum of these two items thus corresponds to "Net interest and fee income", "Value adjustments", "Other operating income" and "Profit from investments in associates and Group enterprises" in the income statement of the Financial Statements. The column "Reclassification" thus comprises only differences between the internal presentation and the income statement with respect to these items.

"Costs" in the internal presentation corresponds to total costs recognised in the Financial Statements: "Staff and administrative expenses", "Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets" and "Other operating expenses".

"Impairment charges for loans and advances etc" corresponds to the presentation in the income statement.

The internal presentation is based on the same recognition and measurement principles as the IFRS-based Financial Statements. Thus, "profit before tax" is unchanged.

NOTES

DKK million

Nykredit Group

	Q1/2019	Q1/2018
5. INCOME		
Interest income (IFRS 9 instruments)		
Interest income	6,299	6,408
Income from leasing activities, net		
Interest income	42	39
Revenue from contracts with customers (IFRS 15)		
Fees, net:		
- fees from asset management activities and other fiduciary activities	302	273
- other fees	382	358
Other ordinary income		
Other income	323	217
Revenue from contracts with customers (IFRS 15) by business area		
Total Retail	225	211
Totalkredit Partners	122	120
Total Wholesale	78	81
Wealth Management	238	206
Group Items	21	13
Total	684	631

The allocation of fees to business divisions shows the business divisions where fees are included on initial recognition. These fees, together with other income, net are subsequently reallocated to the business divisions serving the customers, see note 3.

IFRS 15 was implemented as at 1 January 2018 without impacting profit, comprehensive income, balance sheet and equity. The standard implies that revenue is not recognised until control of goods or services is passed to the customer. The standard also specifies rules on how companies should identify contracts with customers, the related performance obligations and determination of the transaction price.

Nykredit's revenue consists of net income recognised in items governed by the accounting standards IFRS 9 (Financial Instruments) and IAS 17 (Leases). Fees and transaction costs that are integral to the effective interest rate of an instrument are covered by IFRS 9.

Revenue recognised according to IFRS 15 partly includes fees from guarantees and other commitments (off-balance sheet items) as well as net revenue from Nykredit Markets, Asset Management and custody transactions, where revenue is recognised pursuant to the contractual provisions of the underlying agreements or price lists. Generally, business activities do not imply contract assets or liabilities for accounting purposes.

Revenue comprised by IFRS 15 mainly relates to:

- Fees in connection with deposits, lending and guarantee activities, consisting of fixed fees and/or determined as a percentage of the amount borrowed or the guarantee amount. Lending activities comprise eg mortgage lending. Fees are recognised at the time of the transaction or at fixed payment dates.
- Custody fees are based on a percentage of the size of the individual custody account and/or fixed fees. Fees are recognised at fixed payment dates in accordance with contractual provisions or price lists.
- Revenue from Nykredit Markets activities comprises trading in financial instruments and is recognised simultaneously with the transaction. Revenue in connection with eg Capital Markets transactions is recognised at the time of delivery of the service and when Nykredit's obligation has been settled.
- Revenue from wealth management activities comprises Nykredit's business within asset and wealth management, including banking and pension activities. Revenue is recognised as the services are performed and delivered to the customers. Revenue is determined as a percentage of assets under management and administration or in the form of transaction fees.

Revenue from specific custody and Asset Management activities are determined based on the price movements of the underlying contracts, and therefore earnings cannot be finally calculated until at a specified, agreed date.

Recognition of revenue is not impacted by special conditions which may significantly impact the size thereof or cash flows. Nykredit has no IFRS 15 obligations in the form of buybacks or guarantees etc.

Nykredit Group

6. NET INTEREST INCOME ETC AND VALUE ADJUSTMENTS

Q1/2019	Interest income	Interest expenses	Net interest income	Dividend on equities	Value adjustments	Total
Financial portfolios at amortised cost						
Receivables from and payables to credit institutions and central banks	4	17	(13)	-	-	(13)
Lending and deposits	479	1	478	-	1	479
Repo transactions and reverse repurchase lending	(45)	(26)	(19)	-	-	(19)
Subordinated debt	-	88	(88)	-	-	(88)
Other financial instruments	23	20	3	-	-	3
Total	461	100	361	-	1	362
Financial portfolios at fair value and financial instruments at fair value						
Mortgage loans and bonds in issue ¹	5,814	3,566	2,248	-	(8)	2,239
Bonds	106	-	106	-	547	652
Equities etc	-	-	-	50	475	524
Derivative financial instruments	(38)	-	(38)	-	(509)	(547)
Total	5,881	3,566	2,315	50	504	2,869
Foreign currency translation adjustment					35	35
Net interest income etc and value adjustments	6,342	3,666	2,676	50	540	3,266
KundeKroner and ErhvervsKroner discounts recognised in interest income for the period (charge)	320					
Q1/2018						
Financial portfolios at amortised cost						
Receivables from and payables to credit institutions and central banks	(9)	8	(18)	-	-	(18)
Lending and deposits	490	(11)	501	-	-	501
Repo transactions and reverse repurchase lending	(43)	(34)	(9)	-	3	(6)
Subordinated debt	-	89	(89)	-	-	(89)
Other financial instruments	22	25	(3)	-	-	(3)
Total	460	77	383	-	3	386
Financial portfolios at fair value and financial instruments at fair value						
Mortgage loans and bonds in issue ¹	5,963	3,689	2,274	-	30	2,304
Bonds	121	-	121	-	10	131
Equities etc	-	-	-	22	73	95
Derivative financial instruments	(97)	-	(97)	-	301	204
Total	5,987	3,689	2,298	22	414	2,734
Foreign currency translation adjustment					27	27
Net interest income etc and value adjustments	6,447	3,766	2,682	22	443	3,147
KundeKroner and ErhvervsKroner discounts recognised in interest income for the period (charge)	233					

¹ Recognised at fair value through fair value option.

NOTES

		DKK million	
Nykredit A/S		Nykredit Group	
Q1/2018	Q1/2019	Q1/2019	Q1/2018
7. VALUE ADJUSTMENTS			
Assets measured at fair value through profit or loss			
-	- Mortgage loans	12,212	(886)
-	- Other loans, advances and receivables at fair value	1	3
-	- Bonds	547	10
-	- Equities etc	475	73
-	- Foreign exchange	35	27
-	- Foreign exchange, interest rate and other contracts as well as derivative financial instruments	(513)	301
-	- Other assets	5	-
Liabilities measured at fair value through profit or loss			
-	- Bonds in issue	(12,220)	916
-	- Total	540	443

Value adjustments mainly relate to financial assets, financial liabilities and derivative financial instruments included in the Group's trading activities. No value adjustments have been made for own credit risk of bonds in issue or other financial liabilities.

8. IMPAIRMENT CHARGES FOR LOANS, ADVANCES AND RECEIVABLES ETC (GROUP)

8 a. Impairment charges for loans, advances and receivables etc

	Loans and advances at fair value	Loans and advances at fair value	Loans and advances at amortised cost	Loans and advances at amortised cost	Credit institutions	Credit institutions	Guarantees etc ²	Guarantees etc ²	Total	Total
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Total impairment provisions										
Beginning of period	5,025	5,567	2,767	2,290	21	-	117	58	7,930	7,916
Impact following implementation of IFRS 9		-		506		3		62	-	571
Balance, 1 January	5,025	5,567	2,767	2,796	21	3	117	120	7,930	8,486
New impairment provisions as a result of additions and change in credit risk	1,025	2,024	520	612	6	1	84	86	1,636	2,723
Releases as a result of redemptions and change in credit risk	844	2,185	532	542	0	2	47	18	1,423	2,747
Impairment provisions written off	114	157	59	84	-	-	-	-	173	241
Interest from impaired facilities	-	-	11	-	-	-	-	-	11	-
Transferred to "Impairment provisions for properties acquired by foreclosure"	29	7	-	-	-	-	-	-	29	7
Total impairment provisions	5,063	5,242	2,708	2,783	27	2	154	187	7,953	8,214
Earnings impact										
Change in impairment provisions for loans and advances (stages 1-3)	181	(161)	(11)	70	6	(2)	37	67	213	(25)
Write-offs for the year, not previously written down for impairment	90	44	40	7	-	-	-	-	129	51
Recoveries on claims previously written off	(30)	8	(9)	(6)	-	-	-	-	(39)	2
Total	241	(108)	19	71	6	(2)	37	67	303	28
Value adjustment of assets in temporary possession	(37)	(9)	-	-	-	-	-	-	(37)	(9)
Value adjustment of claims previously written off	(1)	11	(2)	2	-	-	-	-	(3)	13
Losses offset, in accordance with partnership agreement ¹	(44)	(40)	-	-	-	-	-	-	(44)	(40)
Earnings impact	159	(146)	18	73	6	(2)	37	67	219	(8)

¹ According to the partnership agreement with the partner banks Totalcredit A/S has a right of set-off against commission in connection with write-offs on lending.

² "Guarantees etc" comprises off-balance sheet items in the form of guarantees and other commitments, including loan commitments.

NOTES

DKK million

Nykredit Group

8. IMPAIRMENT CHARGES FOR LOANS, ADVANCES AND RECEIVABLES ETC (GROUP) (CONTINUED)

8 b. 2019: Total impairment provisions by stage

	Loans and advances at fair value			Loans and advances at amor- tised cost			Guarantees etc			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Total, beginning of period	953	1,626	2,447	326	187	2,274	36	29	53	7,930
Transfer to stage 1	156	(156)	-	97	(96)	(1)	8	(8)	-	-
Transfer to stage 2	(14)	120	(106)	(6)	48	(42)	(4)	15	(11)	-
Transfer to stage 3	(1)	(84)	85	(0)	(11)	12	(0)	(1)	1	-
Impairment provisions for new loans and advances (additions)	67	116	99	23	17	77	4	5	18	425
Additions as a result of change in credit risk	75	410	258	48	107	255	3	38	17	1,211
Releases as a result of change in credit risk	335	258	251	233	54	245	19	14	14	1,423
Previously written down for impairment, now written off	-	-	143	0	0	59	-	-	-	202
Interest from impaired facilities	-	-	-	-	-	11	-	-	-	11
Total impairment provisions, end of period	902	1,773	2,388	255	198	2,282	28	63	63	7,953
Total, end of period	5,063				2,735			154		7,953
Impairment provisions, end of period, are moreover attributable to:										
- Of which credit institutions				27	-	-				27
Earnings impact for Q1/2019	(193)	268	106	(162)	70	86	(12)	29	20	213

8 b. 2018: Total impairment provisions by stage

	Loans and advances at fair value			Loans and advances at amortised cost			Guarantees etc			
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Total
Impairment provisions as at 1 January 2018 determined according to IFRS 9 principles	975	1,791	2,801	463	177	2,160	36	25	59	8,487
Impairment provisions for new loans and advances (additions)	1	5	96	16	50	28	4	9	16	226
Additions as a result of change in credit risk	797	654	471	190	40	288	40	6	11	2,496
Releases as a result of change in credit risk	677	841	668	267	101	176	7	2	10	2,747
Previously written down for impairment, now written off	-	-	164	-	-	84	-	-	-	248
Total impairment provisions, end of period	1,097	1,609	2,536	402	166	2,216	73	39	76	8,214
Total, end of period	5,242			2,785			187			8,214
Impairment provisions, end of period, are moreover attributable to:										
- Of which credit institutions				2	-	-				2
Earnings impact for Q1/2018	121	(182)	(100)	(60)	(11)	140	37	14	17	(25)

The principles of impairment are described in detail in the accounting policies (note 1) of the Annual Report 2018.

Stage 1 covers loans and advances etc without significant increase in credit risk since initial recognition. For this category, impairment provisions are made corresponding to the expected credit losses over a period of 12 months for lending etc at amortised cost. For loans and advances at fair value the initial impairment was calculated at DKK 0.

Stage 2 covers loans and advances etc with significant increase in credit risk since initial recognition. For this category, impairment provisions are made corresponding to the expected credit losses over the asset's maturity.

Stage 3 covers loans and advances etc that are credit impaired, and which have been subject to individual provisioning on the specific assumption that the customers will default on their loans.

8. IMPAIRMENT CHARGES FOR LOANS, ADVANCES AND RECEIVABLES ETC (GROUP) (CONTINUED)

8 c: Loans, advances and guarantees etc by stage, at 31 March 2019

	Stage 1	Stage 2	Stage 3	Total
Loans and advances at fair value etc, gross				
Loans and advances etc at fair value, gross	1,176,187	36,836	9,232	1,222,254
Total impairment provisions, end of period	902	1,773	2,249	4,924
Value, end of period	1,175,285	35,063	6,982	1,217,330
Loans and advances at amortised cost etc, gross				
Loans and advances at amortised cost etc, gross	94,965	2,315	3,027	100,306
Total impairment provisions, end of period	228	198	2,282	2,708
Value, end of period	94,737	2,117	745	97,598
Guarantees and loan commitments etc				
Guarantees and loan commitments etc	25,484	971	207	26,663
Total impairment provisions, end of period	28	63	63	154
Value, end of period	25,456	908	144	26,508

8 c: Loans, advances and guarantees etc by stage, at end-2018

	Stage 1	Stage 2	Stage 3	Total
Loans and advances at fair value etc, gross				
Loans and advances etc at fair value, gross	1,155,517	32,947	10,079	1,198,543
Total impairment provisions, end of period	953	1,626	2,298	4,876
Value, end of period	1,154,564	31,322	7,781	1,193,667
Loans and advances at amortised cost etc, gross				
Loans and advances at amortised cost etc, gross	94,215	3,853	3,009	101,077
Total impairment provisions, end of period	305	187	2,274	2,767
Value, end of period	93,911	3,666	735	98,311
Guarantees and loan commitments				
Guarantees and loan commitments etc	39,923	481	218	40,622
Total impairment provisions, end of period	36	29	53	117
Value, end of period	39,887	452	165	40,505

NOTES

Nykredit A/S		DKK million	
		Nykredit Group	
Q1/2018	Q1/2019	Q1/2019	Q1/2018
		</	

NOTES

		DKK million	
Nykredit A/S		Nykredit Group	
31.12.2018	31.03.2019	31.03.2019	31.12.2018
	10. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE		
-	- Mortgage loans	1,217,330	1,193,667
-	- Arrears and outlays	358	308
-	- Total	1,217,688	1,193,975
	10 a. Mortgage loans		
-	- Balance, beginning of period, nominal value	1,171,449	1,138,109
-	- New loans	54,318	206,869
-	- Indexation	70	258
-	- Foreign currency translation adjustment	(334)	(823)
-	- Ordinary principal payments	(6,822)	(25,942)
-	- Prepayments and extraordinary principal payments	(35,805)	(147,023)
-	- Balance, end of period, nominal value	1,182,875	1,171,449
-	- Loans transferred relating to properties in temporary possession	(28)	(72)
-	- Total	1,182,847	1,171,376
-	- Adjustment for interest rate risk etc	39,407	27,167
-	- - of which adjustment relating to sold foreign portfolio	-	15
	Adjustment for credit risk		
-	- Impairment provisions	(4,924)	(4,876)
-	- Balance, end of period, fair value	1,217,330	1,193,667
	As collateral for loans and advances, Nykredit has received mortgages over real estate and:		
-	- Supplementary guarantees totalling	80,447	74,117
-	- Interim loan guarantees totalling	19,365	20,554
-	- Mortgage registration guarantees etc totalling	18,192	19,847
	10 b. Arrears and outlays		
-	- Arrears before impairment provisions	398	403
-	- Outlays before impairment provisions	99	53
-	- Individual impairment provisions for arrears and outlays	(139)	(148)
-	- Total	358	308

NOTES

		DKK million	
Nykredit A/S		Nykredit Group	
31.12.2018	31.03.2019	31.03.2019	31.12.2018
	11. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST		
-	- Bank loans and advances	63,431	63,333
-	- Mortgage loans	11	12
-	- Reverse repurchase lending	36,548	37,427
-	- Other loans and advances	317	305
-	- Balance, end of period	100,306	101,078
	Adjustment for credit risk		
-	- Impairment provisions	(2,708)	(2,767)
-	- Balance after impairment, end of period	97,598	98,311
-	- Set-off of self-issued "Other loans and advances" against "Bonds in issue at amortised cost" – note 15	-	-
-	- Total	97,598	98,311
	12. BONDS AT FAIR VALUE		
-	- Self-issued SDOs	55,866	57,145
-	- Self-issued ROs	41,345	22,661
-	- Self-issued corporate bonds	177	175
-	- Self-issued senior debt	77	274
-	- Other covered bonds	81,835	79,174
-	- Government bonds	11,674	8,656
-	- Other bonds	5,230	5,792
-	- Total	189,669	173,878
-	- Set-off of self-issued SDOs against "Bonds in issue at fair value" – note 14	(55,855)	(57,133)
-	- Set-off of self-issued SDOs against "Bonds in issue at amortised cost" – note 15	(11)	(13)
-	- Set-off of self-issued ROs against "Bonds in issue at fair value" – note 14	(41,345)	(22,661)
-	- Set-off of self-issued corporate bonds against "Bonds in issue at amortised cost" – note 15	(177)	(175)
-	- Set-off of self-issued senior debt against "Bonds in issue at fair value" – note 14	-	(197)
-	- Self-issued senior unsecured debt against "Bonds in issue at fair value" – note 14	(77)	(77)
-	- Total	98,738	93,622
	Of bonds at fair value before set-off of self-issued bonds:		
-	- As collateral security for the Danish central bank and foreign clearing centres, bonds have been deposited of a total market value of	17,839	13,696
	The deposits were made on an arm's length basis in connection with clearing and settlement of securities and foreign exchange trades. The deposits are adjusted on a daily basis and generally have a repayment term of very few value days.		
	Collateral security was provided on an arm's length basis.		

NOTES

		DKK million	
Nykredit A/S		Nykredit Group	
31.12.2018	31.03.2019	31.03.2019	31.12.2018
	13. DEPOSITS AND OTHER PAYABLES		
-	- On demand	66,762	66,664
-	- At notice	85	176
-	- Time deposits	9,744	7,092
-	- Special deposits	3,044	2,986
-	- Repo deposits	20,675	16,245
-	- Total	100,310	93,164
	14. BONDS IN ISSUE AT FAIR VALUE		
-	- ROs	161,009	147,490
-	- SDOs	1,146,898	1,126,449
-	- Senior secured debt	1,138	4,900
-	- Senior unsecured debt	3,738	3,740
-	- Total	1,312,783	1,282,579
-	- Self-issued bonds transferred from "Bonds at fair value" and "Bonds at amortised cost"	(97,277)	(86,350)
-	- Total	1,215,506	1,196,229
	14 a. ROs		
-	- ROs at nominal value	151,841	138,809
-	- Fair value adjustment	9,168	8,681
-	- ROs at fair value	161,009	147,490
-	- Self-issued ROs	(41,345)	(22,661)
-	- Total	119,665	124,828
-	- Of which pre-issuance	478	478
-	- ROs redeemed and maturing at next creditor payment date	23,001	4,686
	14 b. SDOs		
-	- SDOs at nominal value	1,116,659	1,107,963
-	- Fair value adjustment	30,239	18,486
-	- SDOs at fair value	1,146,898	1,126,449
-	- Self-issued SDOs	(55,855)	(63,415)
-	- Total	1,091,042	1,063,034
-	- Of which pre-issuance	5,867	5,867
-	- SDOs redeemed and maturing at next creditor payment date	47,313	55,200

NOTES

		DKK million	
Nykredit A/S		Nykredit Group	
31.12.2018	31.03.2019	31.03.2019	31.12.2018
	14. BONDS IN ISSUE AT FAIR VALUE (CONTINUED)		
	14 c. Senior secured debt		
-	- Senior secured debt at nominal value	933	4,704
-	- Fair value adjustment	205	195
-	- Senior secured debt at fair value	1,138	4,900
-	- Self-issued senior secured debt	-	(197)
-	- Total	1,138	4,703
-	- Senior secured debt maturing at next creditor payment date	-	-
	14 d. Senior unsecured debt		
-	- Senior unsecured debt at nominal value	3,733	3,734
-	- Fair value adjustment	5	7
-	- Total	3,738	3,740
-	- Self-issued senior unsecured debt	(77)	(77)
-	- Total	3,661	3,663
	15. BONDS IN ISSUE AT AMORTISED COST		
-	- Corporate bonds	5,026	5,585
-	- SDOs	11	13
-	- Senior unsecured debt	22,185	17,152
-	- Other securities	27	27
-	- Total	27,249	22,777
-	- Self-issued corporate bonds	(177)	(175)
-	- Self-issued SDOs	(11)	(13)
-	- Total	27,061	22,590
	16. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE		
-	- Negative securities portfolios	9,051	5,592
-	- Total	9,051	5,592

NOTES

Nykredit A/S		DKK million	
		Nykredit Group	
31.12.2018	31.03.2019	31.03.2019	31.12.2018
	17. SUBORDINATED DEBT		
	Subordinated debt consists of financial liabilities in the form of subordinate loan capital and Additional Tier 1 capital which, in case of voluntary or compulsory liquidation, will not be repaid until the claims of ordinary creditors have been met.		
	Subordinated debt is included in Nykredit's own funds etc in accordance with the EU's Capital Requirements Regulation.		
	Subordinate loan capital		
	Nominally EUR 600 million. 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 five years. If the Common Equity Tier 1 capital ratio of Nykredit Realkredit, the Nykredit Realkredit Group or the Nykredit Group falls		
-	- below 7%, the loan will be written down	4,582	4,586
	Nominally EUR 800 million. The loan matures on 17 November 2027, but may be redeemed at par (100) from 17 November 2022. The loan carries a fixed interest rate of 2.75% pa up to 17		
-	- November 2022, after which date the interest rate will be fixed for the next five years	6,080	6,052
	Nominally EUR 50 million. The loan matures on 28 October 2030. The loan carries a fixed interest rate of 4% pa for the first two years after issuance. In the remaining loan term, the interest rate will be fixed every six months		
-	-	373	373
-	- Total subordinate loan capital	11,034	11,011
-	- Portfolio of self-issued bonds	-	-
-	- Total subordinated debt	11,034	11,011
-	- Subordinated debt that may be included in own funds	6,443	6,208

18. RELATED PARTY TRANSACTIONS AND BALANCES

Forenet Kredit, Group enterprises and associates of Nykredit A/S as stated in the Group structure as well as Nykredit A/S's Board of Directors, Executive Board and related parties thereof are regarded as related parties.

No unusual related party transactions occurred in Q1/2019.

The companies have entered into various intercompany 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.

Intercompany trading in goods and services took place on an arm's length, cost reimbursement or profit split basis.

Significant related party transactions prevailing/entered into as at 31 March 2019 include:

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

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

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

Nykredit Realkredit A/S has granted loans, see section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, to Totalkredit A/S serving as supplementary collateral in Totalkredit A/S's capital centres. The loans totalled DKK 1.0 billion at 31 March 2019. The loans constitute secondary preferential claims and rank after the master bond in respect of the assets in Totalkredit A/S's capital centres.

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

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

Nykredit Realkredit A/S has granted loans of DKK 2.0 billion to Totalkredit A/S in the form of subordinated debt and DKK 4.0 billion in the form of Additional Tier 1 capital.

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

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

Nykredit Realkredit contributed DKK 2.0 billion to Nykredit Bank A/S in the form of Tier 2 capital.

19. 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.

Bonds at fair value are recognised at listed prices if external prices have been updated within the past three trading days prior to the balance sheet date. If no listed prices have been observed during this time span, the portfolio is recognised at observable inputs.

Observable inputs

When an instrument is not traded in an active market, measurement is based on the most recent listed price in an inactive market, the price of comparable transactions or generally accepted valuation techniques based on, for instance, discounted cash flows and option models.

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

Bonds not traded in the past three trading days belong to this category. The valuation is based on the most recent observed price, and adjustments are made for subsequent changes in market conditions, eg by including transactions in similar instruments (matrix pricing). Redeemed bonds are transferred to this category, as there is no access to official prices in active markets.

Further, the valuation of derivatives implies the use of Credit Valuation Adjustment (CVA), thus including counterparty credit risk in the valuation. The CVA of derivatives with positive market value is primarily based on external credit curves such as Itraxx Main, but also on internal data as regards customers without impairment in the lowest rating categories, as there are no external curves suitable for the calculation of credit risk on these customers. Finally, calculations are made to simulate future exposures to interest rate swaps. Calculations entailing increased CVA are included in the value adjustment.

Furthermore, a Funding Valuation Adjustment (FVA) for the valuation of derivatives is used. FVA allows for Nykredit's future funding costs incurred by derivatives transactions where clients have not provided sufficient collateral. Nykredit has used a funding curve for this calculation, which is assessed on the basis of objective prices of Danish SIFI banks' traded bonds. This calculation is made on the basis of a discount curve method.

FVA may involve both a funding benefit and a funding cost, but for Nykredit, the net FVA adjustment will be a funding cost resulting from customers' insufficient or lacking provision of collateral. Debit Valuation Adjustment (DVA) is now a sub-element of the FVA adjustment.

Net value adjustment due to CVA, DVA and FVA amounted to DKK 646 million at 31 December 2019 against DKK 588 million at end-2018.

Upon entering into derivatives contracts, further provisions are made in the form of a so-called minimum margin for liquidity and credit risk and return on capital etc. The minimum margin is amortised at the valuation of derivatives over their times-to-maturity. At 31 March 2019, the non-amortised minimum margin amounted to DKK 145 million against DKK 147 million at end-2018. With regard to liquidity and credit risk, DKK 197 million for 31 March 2019 and DKK 201 million at end-2018 have been included above in the net adjustment of FVA and CVA. Finally, in some instances further value adjustment based on management judgement is made if the models are not deemed to take into account all known risks, including eg legal risks.

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

Unobservable inputs

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

The positive market values of a number of interest rate swaps with customers in the lowest rating categories have been adjusted for increased credit risk based on additional CVA. The adjustment uses for instance the statistical data applied by the Bank to calculate expected credit losses on 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 2,562 million at 31 March 2019. Credit value adjustments came to DKK 2,501 million at 31 March 2019 (2018: DKK 2,308 million).

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 86 million.

However, financial assets measured on the basis of unobservable inputs account for a very limited part of total financial assets at fair value. At 31 March 2019, the proportion was thus 0.4% compared with 0.4% at end-2018. The proportion of financial liabilities was 0.0% against 0.0% at end-2018.

Valuation, notably of instruments classified as unobservable inputs, is subject to some uncertainty. Of total assets and liabilities, DKK 5.7 billion (2018: DKK 4.6 billion) belonged to this category.

Assuming that an actual market price will deviate by +/-10% from the calculated fair value, the earnings impact will be DKK 569 million at 31 March 2019 (0.72% of equity at 31 March 2019). The earnings impact for 2018 was estimated at DKK 460 million (0.58% of equity at 31 December 2018).

Transfers between categories

Transfers between the categories Listed prices, Observable inputs and Unobservable inputs are made when an instrument is classified differently on the balance sheet date than at the beginning of the financial year. The value transferred to another category corresponds to the fair value at the beginning of the year. With respect to interest rate swaps that have been fair value adjusted to DKK 0 due to credit risk adjustment, separate calculations are made at the end of each month.

In 2019 and 2018, transfers between the categories Observable inputs and Unobservable inputs mainly resulted from changes to the ratings (credit risk) of counterparties and primarily concerned interest rate swaps, as regards financial instruments with positive market value.

Transfers between the categories Listed prices and Observable inputs mainly result from bonds that are reclassified either due to traded volume or the number of days between last transaction and the time of determination. As at 31 March 2019, financial assets of DKK 0.6 billion have been transferred from Listed prices to Observable inputs and DKK 11.6 billion from Observable inputs to Listed prices. Financial liabilities of DKK 0.2 billion were transferred from Listed prices to Observable inputs and DKK 1.5 billion from Observable inputs to Listed prices.

Redeemed bonds (usually comprised by Listed prices) are transferred to Observable inputs on the last day before the coupon date, as there is no access to official prices in active markets. At 31 March 2019, the amount was DKK 0.0 billion against DKK 0.0 billion at end-2018.

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

Nykredit Group

19. FAIR VALUE DISCLOSURES (CONTINUED)

Fair value of assets and liabilities recognised at fair value (IFRS hierarchy)

31 March 2019

	Listed prices	Observable inputs	Unobservable inputs	Total fair value
Financial assets:				
- bonds at fair value	26,560	72,113	65	98,739
- equities measured at fair value through profit or loss	3,648	-	2,982	6,630
- positive fair value of derivative financial instruments	121	17,929	2,562	20,612
- mortgage loans, arrears and outlays ³	-	1,217,688	-	1,217,688
- owner-occupied properties	-	-	20	20
- investment properties	-	-	59	59
Total	30,330	1,307,731	5,687	1,343,748
Percentage	2.3	97.3	0.4	100.0

Financial liabilities:

- other non-derivative financial liabilities at fair value	8,207	844	-	9,051
- negative fair value of derivative financial instruments	146	12,345	-	12,491
- bonds in issue at fair value ³	1,209,327	6,180	-	1,215,506
Total	1,217,680	19,369	-	1,237,048
Percentage	98.4	1.6	-	100.0

Assets and liabilities measured on the basis of unobservable inputs

	Real estate	Bonds	Equities	Derivatives	Total
Fair value, beginning of period, assets	86	65	2,956	1,495	4,601
Value adjustment recognised through profit or loss	(0)	1	55	128	183
Unrealised capital gains and losses recognised in "Other comprehensive income"	-	-	-	-	-
Purchases for the period	-	-	59	-	59
Sales for the period	(7)	(1)	(88)	(72)	(167)
Transferred from Listed prices and Observable inputs ¹	-	-	-	(276)	(276)
Transferred to Listed prices and Observable inputs ²	-	-	-	1,287	1,287
Fair value, end of period, assets	79	65	2,982	2,562	5,687

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.

³ Recognised at fair value through fair value option.

19. FAIR VALUE DISCLOSURES (CONTINUED)

Fair value of assets and liabilities recognised at fair value (IFRS hierarchy) (continued)

31 December 2018

	Listed prices	Observable inputs	Unobservable inputs	Total fair value
Financial assets:				
- bonds at fair value	8,308	85,250	64	93,622
- equities measured at fair value through profit or loss	2,865	-	2,956	5,821
- positive fair value of derivative financial instruments	63	16,899	1,495	18,457
- mortgage loans, arrears and outlays ³	-	1,193,975	-	1,193,975
- owner-occupied properties	-	-	86	86
Total	11,236	1,296,124	4,601	1,311,961
Percentage	0.9	98.8	0.4	100.0

Financial liabilities:

- other non-derivative financial liabilities at fair value	2,574	3,018	-	5,592
- negative fair value of derivative financial instruments	62	11,669	-	11,731
- bonds in issue at fair value ³	1,192,143	4,085	-	1,196,229
Total	1,194,779	18,772	-	1,213,552
Percentage	98.5	1.5	-	100.0

Assets and liabilities measured on the basis of unobservable inputs

	Real estate	Bonds	Equities	Derivatives	Total
Fair value, beginning of period, assets	273	22	2,623	1,104	4,022
Value adjustment recognised through profit or loss	41	18	261	377	697
Purchases for the year	-	51	182	-	234
Sales for the year	(229)	(27)	(110)	(57)	(422)
Transferred from Listed prices and Observable inputs ¹	-	-	-	(493)	(493)
Transferred to Listed prices and Observable inputs ²	-	-	-	564	564
Fair value, end of period, assets	86	65	2,956	1,495	4,601

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.

³ Recognised at fair value through fair value option.

NOTES

DKK million

Nykredit Group	Q1/ 2019	Q1/ 2018	Q1/ 2017	Q1/ 2016	Q1/ 2015
20. FIVE-YEAR FINANCIAL HIGHLIGHTS					
SUMMARY INCOME STATEMENT					
Net interest income	2,676	2,682	2,905	2,827	3,054
Net fee income etc	(133)	(97)	(51)	(50)	57
Net interest and fee income	2,543	2,585	2,855	2,777	3,111
Value adjustments	540	443	1,242	(774)	(724)
Other operating income	323	217	44	40	47
Staff and administrative expenses	1,128	1,134	1,095	1,114	1,140
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets	70	26	46	48	66
Other operating expenses	32	37	40	40	18
Impairment charges for loans, advances and receivables etc	219	(8)	(21)	(51)	329
Profit (loss) from investments in associates and Group enterprises	1	1	4	(0)	(0)
Profit before tax	1,959	2,057	2,985	894	881
Tax	329	382	626	178	191
Profit for the period	1,629	1,675	2,359	716	690
Value adjustment and reclassification of strategic equities against equity	-	-	(2)	(16)	157
SUMMARY BALANCE SHEET, END OF PERIOD					
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
Assets					
Cash balances and receivables from credit institutions and central banks	37,744	37,589	40,240	28,798	70,932
Mortgage loans at fair value	1,217,330	1,168,690	1,133,497	1,122,218	1,137,833
Bank loans excluding reverse repurchase lending	60,723	57,128	56,254	48,972	49,404
Bonds and equities etc	105,368	88,272	103,043	116,892	104,795
Remaining assets	67,528	66,386	57,185	83,287	97,691
Total assets	1,488,693	1,418,065	1,390,219	1,400,166	1,460,655
Liabilities and equity					
Payables to credit institutions and central banks	21,653	24,630	17,885	44,015	38,860
Deposits and other payables	100,310	87,390	67,733	59,571	67,716
Bonds in issue at fair value	1,215,506	1,169,922	1,146,919	1,135,251	1,181,483
Subordinated debt	11,034	10,944	11,010	11,240	11,417
Remaining liabilities	61,508	49,205	73,379	83,932	97,953
Equity	78,681	75,974	73,293	66,157	63,227
Total liabilities and equity	1,488,693	1,418,065	1,390,219	1,400,166	1,460,655
OFF-BALANCE SHEET ITEMS					
Contingent liabilities	6,210	6,376	7,185	6,391	8,768
Other commitments	17,773	8,381	5,901	6,969	5,580
FINANCIAL RATIOS¹					
Total capital ratio, %	22.7	22.6	23.9	24.0	18.9
Tier 1 capital ratio, %	20.9	20.7	20.6	20.6	17.6
Return on equity before tax, %	2.5	2.7	4.1	1.7	1.7
Return on equity after tax, %	2.1	2.2	3.3	1.4	1.4
Income:cost ratio	2.4	2.7	3.6	1.8	1.7
Foreign exchange position, %	0.0	0.4	0.2	0.6	0.1
Loans and advances:equity (loan gearing)	16.7	16.6	16.6	18.2	19.3
Growth in loans and advances for the period, %	0.9	1.4	0.1	(0.6)	(0.7)
Impairment charges for the period, %	0.02	0.00	0.00	0.00	0.03
Return on capital employed, %	0.1	0.12	0.17	0.05	0.05

¹ Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 54 in the Annual Report 2018.

NOTES

DKK million

Nykredit A/S	Q1/ 2019	Q1/ 2018	Q1/ 2017	Q1/ 2016	Q1/ 2015
20. FIVE-YEAR FINANCIAL HIGHLIGHTS (CONTINUED)					
SUMMARY INCOME STATEMENT					
Net interest income	(0)	(0)	(0)	-	-
Net fee income etc	-	-	-	-	-
Net interest and fee income	(0)	(0)	(0)	-	-
Staff and administrative expenses	2	6	3	2	1
Profit from investments in associates	1,573	1,625	2,289	630	821
Profit before tax	1,571	1,619	2,286	629	819
Tax	(1)	(1)	(0)	-	(0)
Profit for the period	1,572	1,620	2,287	629	820
SUMMARY BALANCE SHEET, END OF PERIOD					
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
Assets					
Cash balances and receivables from credit institutions and central banks	48	85	-	12	17
Remaining assets	17	16	5	9	8
Investments in Group enterprises	74,848	72,145	69,478	62,311	59,446
Total assets	74,913	72,246	69,483	62,331	59,471
Liabilities and equity					
Payables to credit institutions and central banks	32	43	2	-	-
Remaining liabilities	30	40	7	-	1
Equity	74,851	72,163	69,474	62,331	59,470
Total liabilities and equity	74,913	72,246	69,483	62,331	59,471
OFF-BALANCE SHEET ITEMS					
Other commitments	-	-	-	-	-
FINANCIAL RATIOS¹					
Total capital ratio, %	22.7	26.4	26.1	27.0	27.0
Tier 1 capital ratio, %	20.9	26.4	26.1	27.0	27.0
Return on equity before tax, %	2.1	2.2	3.3	1.0	1.4
Return on equity after tax, %	2.1	2.2	3.3	0.8	1.4
Income:cost ratio	769.7	254.1	810.0	407.3	679.5
Return on capital employed, %	2.1	2.24	3.29	1.01	1.38

¹ Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 54 in the Annual Report 2018.

Nykredit Group

21. GROUP STRUCTURE

Name and registered office

	Ownership interest as %, 31 March 2019	Profit (loss) for the period, 2019	Equity, 31 March 2019	Profit (loss) for 2018	Equity, 31 December 2018
Nykredit A/S (Parent), Copenhagen, h)	-	1,572	74,851	5,507	76,111
Nykredit Realkredit A/S, Copenhagen, a)	100	1,631	78,681	5,759	79,883
Totalkredit A/S, Copenhagen, a)	100	539	28,720	2,078	28,229
Nykredit Bank A/S, Copenhagen, b)	100	131	21,226	1,660	21,095
Nykredit Portefølje Administration A/S, Copenhagen, g)	100	58	779	163	887
Nykredit Leasing A/S, Gladsaxe, e)	100	24	946	84	755
Nykredit Mægler A/S, Copenhagen, c)	100	15	83	67	133
Nykredit Ejendomme A/S, Copenhagen (wound up in 2018), d)	-	-	-	24	0
Ejendomsselskabet Kalvebod A/S, Copenhagen, h)	100	3	259	25	256
Kalvebod Ejendomme I A/S, Copenhagen, d)	100	2	119	7	117
Kalvebod Ejendomme II A/S, Copenhagen, d)	100	(1)	134	20	135
Nykredit Adm. V A/S, Copenhagen, f) (wound up in 2018), f)	-	-	-	-	-

The Group structure only includes significant subsidiaries. Financial information is provided in the order in which the subsidiaries are recognised in the Consolidated Financial Statements.

All banks and mortgage providers subject to national financial supervisory authorities must comply with the statutory capital requirements. The capital requirements may limit intercompany facilities and dividend payments.

Geographical distribution of activities

	Number of staff	Revenue ²	Profit (loss) before tax	Tax	Government aid received
Denmark: Names and activities appear from the Group structure above	3,319	7,348	1,960	329	-
Poland: Nykredit Realkredit A/S S.A. Oddział w Polsce, branch, a) (discontinued in 2018)	3	0	(1)	-	-

¹ For companies preparing financial statements in accordance with the Danish Financial Business Act, revenue is defined as interest, fee and commission income and other operating income.

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

Nykredit A/S is consolidated with Forenet Kredit f.m.b.a. for accounting purposes. The financial statements of Forenet Kredit (in Danish) and Nykredit Realkredit A/S are available from:

Nykredit Realkredit A/S
Kalvebod Brygge 1-3
DK-1780 Copenhagen V

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