



About Nykredit 2008

Nykredit

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Forstædernes Bank

Forstædernes Bank is dealt with in a separate section, and data for Forstædernes Bank has therefore not been included in the other sections. The only exceptions are the sections Financial sustainability – capital policy, Forstædernes Bank and Nykredit in figures.

Foreword

2008 took us by surprise in many respects.

With 11% growth and very low impairment losses on mortgage loans, the trend in customer-oriented business activities was positive in the Nykredit Group. But the international financial crisis clearly affected the Group's bottom line, leading to a significant loss for the year 2008.

We are prepared for a difficult economic climate thanks to Nykredit's strong capital structure.

The high pace of the downturn is probably what surprised the market and Nykredit most. Everybody has had to realise that the rules of the game by which international financial markets interacted one year ago no longer apply automatically.

For Nykredit, results and trends in 2008 call for consolidation in 2009. We expect growth in customer-oriented business to continue. Losses will doubtless climb higher, but they will not skyrocket, as Danes are still financially comfortable and employment remains fairly high.

Nykredit's Annual Report for 2008 is available at nykredit.com.

Much more than financial information

Although Nykredit is one of Denmark's leading financial groups, this report offers more than financial information. In the past decade, Nykredit has transformed from a mortgage bank into a broad-based financial services group with activities within banking, mortgage lending, insurance, pension, investment and estate agency services.

We have some 4,500 staff – most in Copenhagen, and the rest distributed across Denmark in centres in major towns. This network is supplemented by our business partnerships with local and regional banks within the business area Business Partners, such as Totalkredit.

In addition to our business activities, we have further developed our culture, profile, relations with society and our staff. This report, which represents Nykredit's non-financial reporting, gives such information.

Corporate platform

The Nykredit Group's platform is our business concept, which we changed when entering 2008. The name of the new business concept is Financial Sustainability – and financial market trends in 2008 increased the relevance of this business concept beyond our expectations at the drafting stage.

Financial sustainability means

that we

- operate on the basis of a sharply defined ethical frame of reference and long-term relationships
- create new and dynamic opportunities for customers and investors
- value balanced risk management and a strong capital structure that you
- as a *customer* receive holistic advisory services that provide perspective and improve your options
- as a *business partner* experience competence, respect and determination to realise mutual benefits
- as an *investor* benefit from a dynamic balance between rapid decisions and long-term planning

- as a *staff member* have room to unfold your full potential while maintaining a work-life balance
- as a *member of society* can expect us to contribute to securing a stable and efficient financial market, while maintaining a broad sense of community.

The Group introduced a fourth core value – New Thinking – in 2008. New Thinking is not intended for only a few staff members, but is part of the job description of all staff. In other words, we want all Nykredit staff to take part in this development process.

Nykredit is aware that its most important resource is the staff. Therefore, we appointed a new group managing director in spring in charge of HR, staff training, management and organisational development.

We intensified our environmental efforts in 2008, because although Nykredit does not affect the environment substantially, we find it is important to show consideration for people, the environment and society. Nykredit's environment and climate policy is to motivate staff to take an active approach to the environment and climate – both in respect of their daily tasks and when we develop new financial products.

Nykredit is the main sponsor of Climate Consortium Denmark, which is a platform for cooperation between a number of business organisations and the government. Climate Consortium Denmark aims to strengthen awareness of the climate-friendly products and possibilities of Danish trade and industry up to the UN Climate Change Conference in Copenhagen in 2009. Nykredit is working to ensure that the climate debate reaches as many as possible in Danish society and makes us all think and act in a climate-friendly way.

It is important for us to recognise our social responsibility so that our surroundings feel our presence – from the individual borrower and staff member to our professional business partners and other stakeholders. In addition to our own initiatives, we also strive to ensure that our suppliers live up to their responsibility in the context of ethics, the environment and human rights eg in connection with facilities management and property construction and when picking companies for our investment portfolios.

As a natural consequence of this range of initiatives, we have joined the UN Global Compact, which obliges us to recognise our responsibility to society.

Enjoy the read.



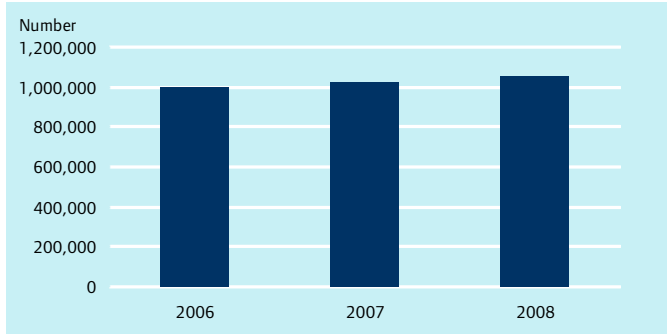
Peter Engberg Jensen
Group Chief Executive

Nykredit's customers

Nykredit has activities within banking, mortgage lending, insurance, investment, pension and estate agency business.

The Nykredit Group has contact with more than one million customers, of which Nykredit has direct contact with 513,000 retail customers, 23,000 agricultural customers and 59,000 commercial customers. To this should be added 540,000 retail customers under Totalkredit's partnership with local and regional banks. The net number of customers grew by 32,000 in 2008.

Number of customers



Online advisory services

An important part of Nykredit's dialogue and communication with its customers is based on the Internet. In 2008 Nykredit focused especially on improving facilities and advisory services at nykredit.dk. We redesigned our website and provided a new and more efficient search facility.

The new design of nykredit.dk provides

- a quick overview for customers and stakeholders
- easy and swift access to the WebDesk advisory services
- a new TV channel, nykredit.tv
- online blog at weblog.nykredit.dk.

Nykredit WebDesk

Nykredit WebDesk was introduced in 2007 as a virtual option for customers to meet a Nykredit adviser. WebDesk was updated in 2008, and our customers showed their approval of the new and more user-friendly Internet meeting facility by sharply increasing their use of it. Thanks to the update, Nykredit won an EFMA award (European Financial Management & Marketing Association) on account of the high degree of user-friendliness and accessibility.

Nykredit.tv

At nykredit.tv, customers find Nykredit's ever-growing video production. One of the purposes of Nykredit.tv is to contribute to improving advisory services to customers via interactive video and product presentations and market comments.

Online activity in 2008

- 3,000,000 unique hits at nykredit.dk
- 2,000,000 online mortgage loan calculations
- 275,000 Nykredit Blog hits
- 3,500 WebDesk meetings

RETAIL CUSTOMERS

It is of great importance to Nykredit to be easily accessible and to serve customers as directly as possible across the Group.

Nykredit and Totalkredit

Contact with more than one million retail customers.

Nykredit's retail products are distributed under two brands.



Products under the Nykredit brand are sold directly via 49 Nykredit retail centres. Nykredit's customers are also served by two insurance centres and two asset management centres and may also seek advice and buy products via Nykredit's central sales and customer contact centres and the Internet.

The Group's associated estate agency chains, Nybolig and Estate, together have 300 franchisees offering both mortgage brands.

The local and regional banks in the Totalkredit partnership serve customers through more than 1,200 branches.

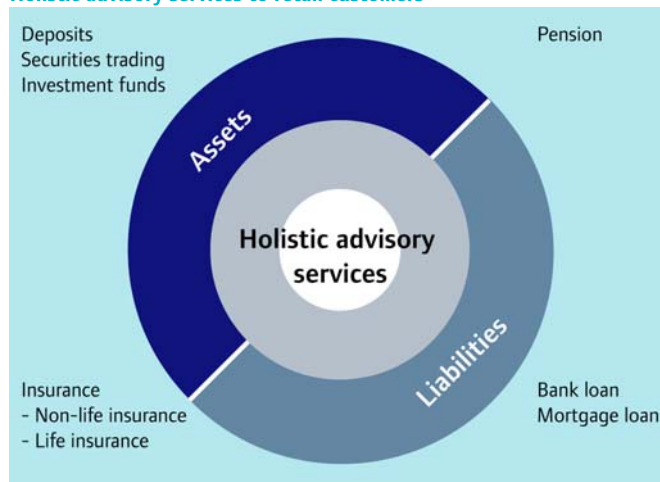
Nykredit also finances housing in France, Spain and Germany. Local representative offices have been set up in France and Spain, while the financing of properties in Northern Germany is processed from Denmark.

Nykredit's private residential mortgage lending amounted to DKK 178bn at end-2008. Retail bank lending amounted to DKK 10bn, while bank deposits were just below DKK 11bn. The insurance portfolio totalled DKK 922m at end-2008. Mortgage lending via Business Partners came to DKK 404bn.

Holistic advisory services

Nykredit attaches importance to offering a full range of advisory services to our customers to ensure that they have the most comprehensive overview of their total finances now and in future, based on their own needs and requirements.

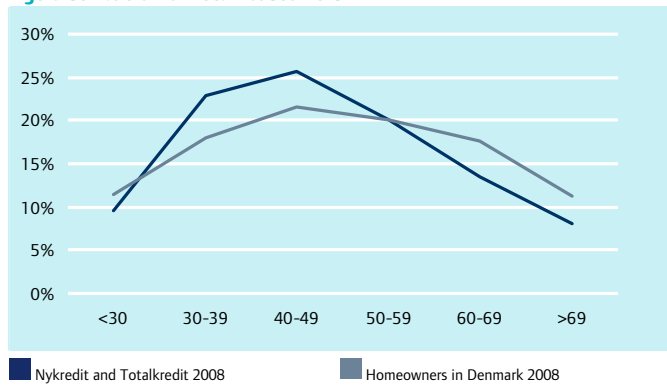
Holistic advisory services to retail customers



The number of wage accounts was about 115,000 at end-2008, up 20,000 in 2008.

Nykredit and Totalkredit's retail customers span all ages. In terms of age distribution, the Group's customers are younger than Danish homeowners in general.

Age distribution of retail customers



New products and services for retail customers in 2008

Banking

- "Formuekonto", a high-interest deposit account
- Improved pension and investment advice
- Completed training of 100 asset management advisers
- Energy Account in cooperation with the Electricity Saving Trust.

Insurance

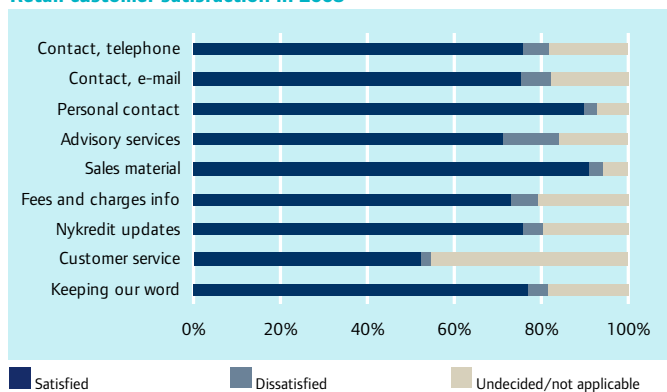
- General life: general insurance facilitating the transfer of policies where customers have life insurance with another provider
- A self-service discount when customers buy car, household or primary or secondary house insurance on the Internet.

Retail customer feedback improves our services

Nykredit launched an extensive survey among more than 4,000 retail customers of the Group in 2008. The survey uncovered the most important customer demands and priorities, and these results will be incorporated into new solutions and concepts aimed at improving customer services.

Nykredit's efforts as regards customer satisfaction surveys are targeted to ensure a higher quality in customer and advisory services. According to satisfaction surveys conducted in 2008, retail customers are generally satisfied with Nykredit.

Retail customer satisfaction in 2008



COMMERCIAL CUSTOMERS

Commercial Customers serves customers within all types of businesses, including specialised and production farming and rental housing, which comprises non-profit housing, housing society dwellings and private rental housing.

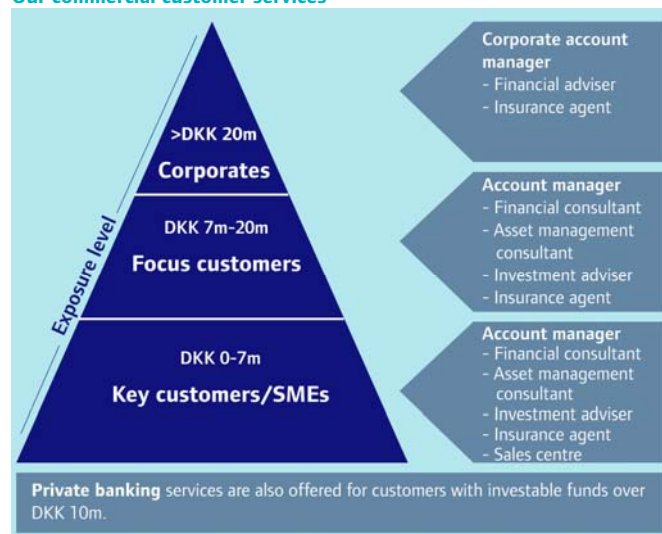
Nykredit's commercial mortgage lending amounted to DKK 334bn at end-2008. Commercial bank lending amounted to DKK 41bn, while bank deposits were DKK 25bn. The insurance portfolio totalled DKK 459m at end-2008.

Improved services and more specialists

In 2008 Nykredit improved its commercial customer services. The improvement consisted in more staff and further development of our holistic advisory services resulting in greater focus on SMEs and specialist competencies within finance and investment advisory services – in addition to finance debt management and insurance.

Customers are served by account managers and specialists in our 26 commercial centres. Corporate customers are assigned a special corporate banking unit, and housing associations are assisted by a special entity. Further, the commercial centres offer property finance abroad to certain customers. Private Banking customers are also served by Commercial Customers.

Our commercial customer services



Commercial Customers cooperates with a great number of business partners and specialists within property investment, mergers & acquisitions and ownership transfer.

New products and financial solutions in 2008

Products

- More deposit solutions for commercial customers, including attractive interest rates on specific products
- Loans funded by SDOs
- Interest rate and foreign exchange products hedging financial risk, such as interest rate hedges
- Leasing solutions from Nykredit Leasing.

Advisory services

- Customer services improved by a new insurance quotation system
- Specialists improved investment advisory services for commercial customers

- Sales and advisory focus on SMEs
- A greater number of competent private banking advisers.

Commercial Customers is continuously and systematically measuring customer satisfaction. Based on the current dialogue with commercial customers, new commercial centres were opened in 2008, and the existing centres across the country received additional resources. These initiatives were taken to offer all customers their own account manager and more specialist competencies.

Commercial customer satisfaction in 2008



■ Satisfied

* covers the 70% of commercial customers who find they have their own account manager.

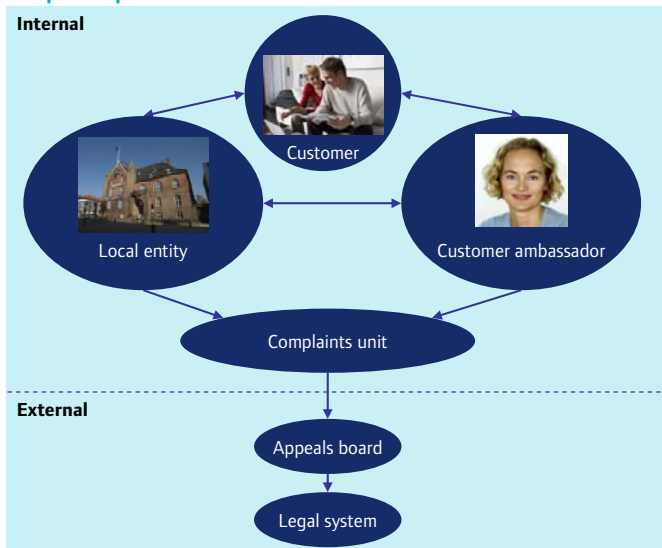
** covers the 30% of commercial customers who find that they do not have their own account manager.

CUSTOMER AMBASSADOR AND COMPLAINTS

Nykredit's customer ambassador takes over when the dialogue between a customer and Nykredit fails. The customer ambassador puts herself in the customer's place and tries to find a solution to the customer's satisfaction in compliance with Nykredit's values, policies and service targets. The aim is to solve the problem quickly and smoothly and to prevent any customer dissatisfaction from resulting in a formal complaint. The purpose of the customer ambassador is customer satisfaction and to make Nykredit's services still better.

In 2008 the customer ambassador handled 310 enquiries – of which 221 were from customers who were more or less dissatisfied. The other enquiries related to customers requesting information, expressing satisfaction with Nykredit or making proposals.

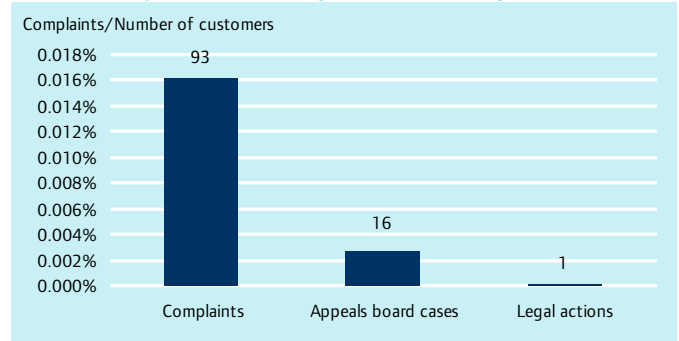
Complaints procedure



In addition to a customer ambassador, Nykredit has a unit in charge of complaints, which takes over if customers want to proceed with their claims. In a number of cases, the complaints unit and Nykredit's customer ambassador have dealt with a complaint together.

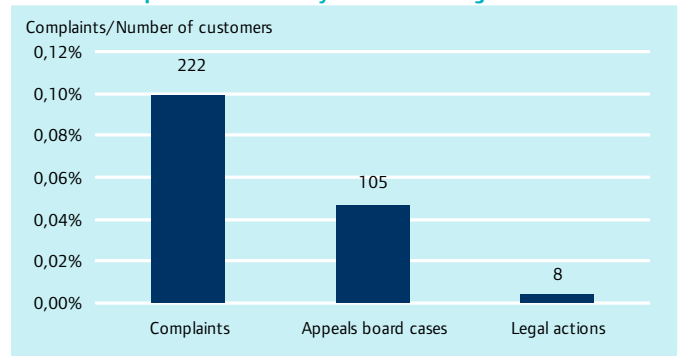
Nykredit received 93 customer complaints regarding banking and mortgage services in 2008, including 16 cases brought before the appeals board. The complaints were mainly about advisory services, case processing and Internet banking.

Customer complaints in 2008 – Nykredit Bank and Nykredit Realkredit



Nykredit processed 57,148 insurance claims in 2008, of which 105 were brought before the Insurance Complaints Board. The Insurance Complaints Board found for Nykredit in most of the cases.

Customer complaints in 2008 – Nykredit Forsikring

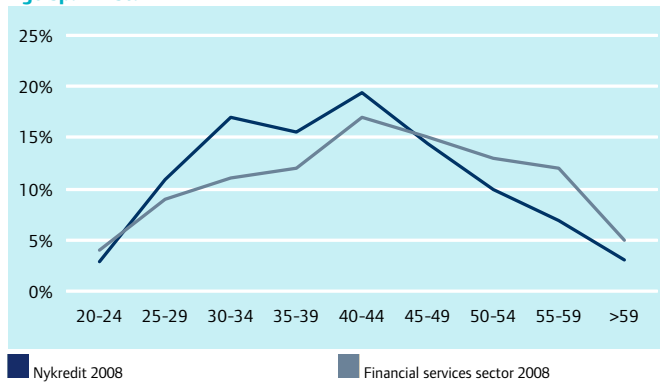


Nykredit's staff

In 2008 the Nykredit Group had 3,937 staff exclusive of Forstædernes Bank.

With an average age of 41, Nykredit's staff is two years younger in relative terms than the financial sector average.

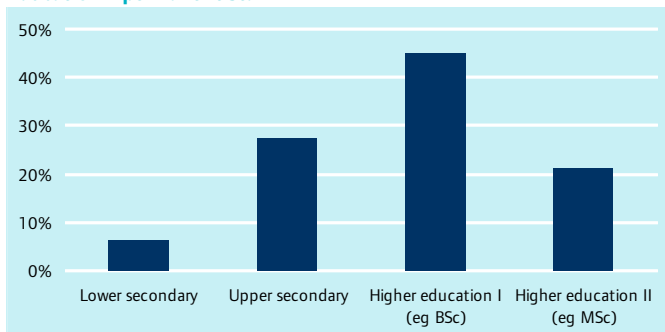
Age span – staff



The average length of service was 7.5 years in 2008 compared with 12.6 years for the sector in general in 2008.

Nykredit's staff is well educated. In 2008 45% of Nykredit's staff had a short- or medium-term higher education, while 21% of the staff had a long-term higher education.

Education – permanent staff



Competency development and career opportunities

Nykredit wants to attract, develop and maintain competent staff.

Nykredit continuously aims to develop its staff and structure its training to ensure that the staff meets professional quality standards and takes an ethical approach when advising customers. In 2008 we developed and certified specialist programmes and implemented training and mobility programmes.

All staff members have annual performance and development reviews with their immediate superior, and plans are made for the future development of each staff member.

The Group has offered its some 700 new staff members targeted introduction programmes. These efforts are supplemented with an interactive, web-based game which offers new staff members the possibility of learning more about Nykredit in a new and different way.

Nykredit Game – the interactive web-based game



The game is available at nykredit.dk where all interested staff members can learn more about the Nykredit Group in an entertaining and different way.

New Thinking – a new core value

"New Thinking" started as a communication platform in Nykredit in 2006, and in 2008 it was launched as a new common core value. The purpose of the core value is to help maintain and foster a culture where motivation and openness always lead to improvement and new thinking.

Together with the existing three core values – Commitment, Insight and Empathy – the core value New Thinking constitutes a balanced framework for Nykredit's activities.

Nykredit's core values

- **Commitment.** We set ambitious goals at Nykredit, and we are determined to reach them. Our customers and results are in focus. We are committed to developing Nykredit and to using our resources prudently and efficiently. We are resourceful and take initiatives and responsibility.
- **Insight.** Insight lies at the heart of Nykredit's business approach and is characteristic of the competent advice and services we offer our customers.
- **Empathy.** We appreciate shared values and cooperation. Our culture is based on openness, understanding and personal leeway. Empathy implies a duty of responsible conduct towards Nykredit's customers, business partners and society at large.
- **New Thinking.** New thinking adds value for our customers, business partners and Nykredit. We aim to maintain what is good and renew the rest. In our culture we see diversity as a strength and a source of new thinking. We are open to the ideas of others and are willing to share our ideas with others. We make ideas come to life.

Our managers are key in communicating the core value New Thinking to the organisation. Therefore, about 400 managers in the Group have been enrolled in a 2-day intensive training programme. Managers are trained to manage creative idea processes, stimulate New Thinking activities and apply various methods for New Thinking. After the programme, all managers hold a New Thinking workshop in their respective units.

Survey of values and management quality

Nykredit surveys job satisfaction four times a year. The surveys are based on the conduct and objectives reflected in Nykredit's core and

management values. The regular surveys provide a systematic basis for developing the organisation, management and job satisfaction.

Staff satisfaction with the quality of management is a key element of the surveys, as good management is crucial to motivation and staff satisfaction. Each manager receives an assessment four times a year of his/her performance as a manager in the eyes of the staff.

The response rate was 83% in 2008. Satisfaction is measured on a scale from 0-5. The surveys for the past three years show a positive assessment of the quality of management.

Measuring the quality of management



In recent years, 300 managers have been trained in situation management with tools and techniques for the handling of different management styles and for managing and motivating individual staff members in agreement with their specific development needs.

Nykredit has undergone a learning process, in relation to which managers have received intensive training in methods and techniques relating to different management situations.

Systematic management development



Job satisfaction and working environment

Nykredit surveys both the mental and the physical working environment.

The *mental working environment* is surveyed every two years, most recently in 2007. The survey comprised 89% of Nykredit's staff. The survey showed that Nykredit's staff is particularly positive about Nykredit's corporate values, measured in terms of confidence and

credibility between management and staff as well as between the individual staff members.

Nykredit has launched a research project together with the Technical University of Denmark, the Copenhagen Business School and the National Research Centre for the Working Environment. The project is intended to uncover the relationship between mental working environment and productivity and is scheduled to be finalised in 2010.

The *physical working environment* was most recently assessed in 2008. 86% of Nykredit's staff participated. The survey showed that 91% of the staff members were satisfied with the layout of the workplace.

As part of a structured working environment process, all entities in the Nykredit Group have prepared action plans concerning the mental as well as the physical working environment in order to maintain and improve job satisfaction.

Healthy staff members have higher job satisfaction, and Nykredit wants to protect the health and well-being of its staff. Therefore, Nykredit offers stop smoking courses, annual flu vaccinations, free fruit and health care insurance.

Nykredit wants to prevent absence and expulsion from the labour market and to help as much as possible.

Absence due to illness as % of working hours

%	2006	2007	2008
Illness	3.54	3.68	3.44
Child illness	0.48	0.47	0.44

To establish a homogeneous basis for absence due to illness and to ensure that management and staff have a tool to manage absence due to illness, Nykredit drafted guidelines on absence due to illness in 2008.

Staff policy

Nykredit believes in the principle "freedom with responsibility", and accordingly its staff policy is based on this and other principles rather than rules.

Four themes form part of this staff approach – diversity, work-life balance, freedom with responsibility and long-term relations.

Nykredit's staff policy



Diversity – a strength and an objective

Nykredit believes that greater diversity strengthens the Group. Therefore, Nykredit has focused on increasing the number of female managers for a number of years. Other initiatives include the revision of procedures, mentor schemes and business partners.

As a natural consequence of these initiatives, Nykredit in 2008 signed a charter for more women in management.

Charter for more women in management

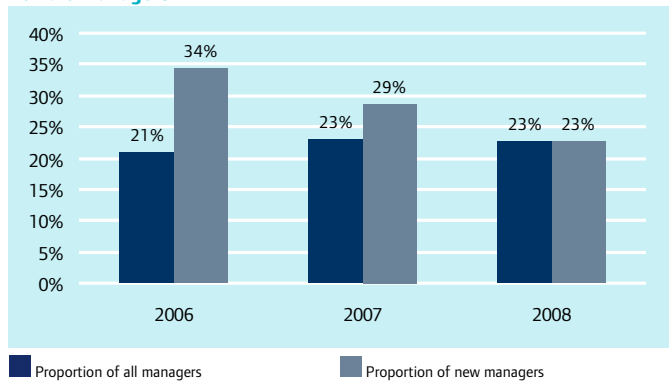
The charter was developed in cooperation with the Danish Minister for Social Welfare and Gender Equality, Karen Jespersen, and ten private or public companies.

The purpose of the charter is

- to ensure that women and men have equal opportunities for a career in management
- to make specific, measurable efforts in businesses and organisations to increase the proportion of female managers at all levels
- to encourage public and private businesses to make use of all talents.

Women made up 47% of Nykredit's staff in 2008. Women represented 23% of existing managers as well as new managers.

Female managers



Nykredit has co-developed a new tool, the Wheel of Diversity, together with the Danish Institute for Human Rights. The tool is an electronic tool box of concrete methods and instruments for active management of diversity.

In 2008 Nykredit participated in a learning experiment, the Diversity Lab, to acquire knowledge of and test different methods to increase, maintain and make use of diversity. The Diversity Lab was arranged by the Danish Institute for Human Rights, and 15 Danish businesses and public organisations participated actively. At Nykredit, the Diversity Lab resulted in for instance a workshop where all staff members and managers from a centre were trained in communication and cooperation optimisation across differences such as age, type of person and background.

Flexibility in recruitment and employment

Nykredit aims to have a flexible approach to recruitment, career and development in order to meet the staff's specific wishes and needs in their different stages of life. This applies for instance to senior staff and families with children.

The Group pursues a policy of satisfying staff requests for part-time work whenever possible. In 2008 10.2% of Nykredit's permanent staff were part-timers.

Part-time permanent staff

Year-end	2006	2007	2008
Permanent staff	3,055	3,193	3,531
Of which part-timers	310	324	360
Part-timers as %	10.1	10.1	10.2

In 2008 Nykredit introduced an in-house mobility bank – an electronic CV bank for all staff seeking new challenges in another part of the Group. Every time Nykredit posts a new vacancy, the staff consultant in charge will search the mobility bank for staff matching the job criteria.

Intercompany job changes included 326 of the Group's permanent staff, corresponding to intercompany mobility of 10.2% in 2008.

Intercompany job changes of permanent staff

	2006	2007	2008
Number of intercompany job changes	191	210	326
Intercompany job changes as %	6.5	6.9	10.2

In 2008 Nykredit received 16,577 applications of which 13% were unsolicited.

Permanent staff, inflows and outflows

	2006	2007	2008
Permanent staff, year-end	3,055	3,193	3,531
New staff	547	566	687
Outflow	418	428	349
New staff as % of permanent staff	18.7	18.5	21.5
Outflow as % of permanent staff	14.3	14.0	10.9

Group staff turnover in 2008 in terms of outflow of permanent staff was 10.9%. Nykredit systematically follows up on resignations.

Equal pay statistics

Gender-segregated equal pay statistics have been a statutory requirement applying to all businesses with more than 35 staff since 2008. Nykredit's equal pay statistics show that men are paid more than women within all job function groups.

It is Nykredit's ambition that pay is based on competencies, efforts and performance and not gender. The Group therefore focuses on removing any barriers to equal assessment and remuneration of men and women.

Nykredit as IT workplace

As an IT workplace, Nykredit grew considerably to 382 permanent IT staff in Copenhagen and Aalborg in 2008. The Group's IT costs account for 25% of total costs.

Nykredit and the environment

Nykredit's business activities do not have a significant impact on the environment or the climate. As a financial services provider, Nykredit chiefly affects the environment through the office buildings used by its staff, related infrastructure and the staff's work-related transport.

In 2008 Nykredit adopted a policy and strategy for the environment and climate. The first step was to start environmental reporting to determine Nykredit's resource consumption and effect on the environment and climate. The policy focuses on the direct impact on the environment and climate from own activities and on the indirect impact from products and customers' activities.

NYKREDIT'S ENVIRONMENT AND CLIMATE POLICY

The environment and climate policy is based on our business concept of Financial Sustainability. Financial Sustainability promises balance and long-term relations.

The climate impact is a serious challenge to society. Being one of Denmark's largest financial businesses, we share the responsibility for a long-term environment and climate response.

We are working to improve the environment and climate

- through dialogue to motivate staff, suppliers and customers to care about the environment and climate
- by containing Nykredit's own impact on the environment and climate on a current basis
- by including the environment and climate aspect in the development of products, concepts and advisory services, as relevant.

We have pinpointed the following focus areas in respect of the Group's environment and climate efforts:

In-house environment and climate activities

Our in-house environment activities focus on

- Development and support of values, principles and competencies in the organisation relating to the environment and climate
- Systematic follow-up on the environment and climate policy through an in-house climate management system, which is also to ensure that targets are being set for these initiatives
- Requirements concerning consideration for the environment and climate when buying goods and services
- Enhancing awareness of environment and climate activities through reporting and other communication.

Customers and products

Customer-oriented activities are aimed at

- including environmental and climate considerations in our daily work whenever relevant
- developing concepts, products and advisory services stimulating our customers' and primary stakeholders' environmental and climate awareness and investments.

Climate initiatives and partnerships

Society-oriented activities focus on

- supporting communication and the employment of new environmental and climate knowledge and technology
- sharpening focus on the environment and climate through partnerships, sponsorships and dialogue with our stakeholders.

Nykredit's environment and climate policy will in 2009 be part of an environment management system with targets and action plans ensuring current follow-up and focus on Nykredit's activities in terms of environment and climate improvement.

ENVIRONMENTAL AND CLIMATE REPORTING

Nykredit's environmental reporting includes CO₂ emission from electricity and heating in the buildings owned or leased by Nykredit and fuel consumption deriving from the staff's work-related transport.

Resource consumption and CO₂ emission

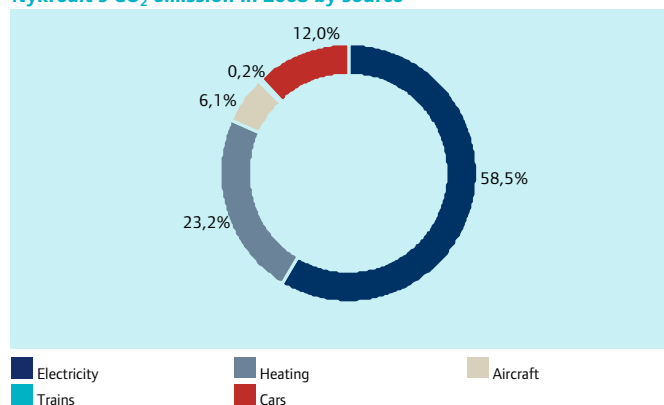
	2008	2007
Resource consumption		
Electricity, MWh	15,272	15,378
Heating, MWh	26,027	23,928
Transport, 1,000 km	17,421	15,094
- of which by aircraft	6,224	4,032
- of which by car	10,184	9,685
- of which by train	1,013	1,376
CO₂ emission, tons		
Electricity	8,652	8,708
Heating	3,429	3,157
Transport	2,703	2,302
- of which by aircraft	905	579
- of which by car	1,767	1,680
- of which by train	31	43
Total CO₂ emission	14,785	14,166
Total number of full-time staff	3,876	3,628
Heated area, m ²	112,489	105,971

Total CO₂ emission per staff is 3.8 tons, which is a reduction of 2% on 2007.

The primary source of CO₂ emission is electricity consumption in the buildings, which represents 59% of total CO₂ emission. Electricity consumption per staff member has declined by 7% to 3.9 MWh, while electricity consumption per m² is down by 6% to 0.1 MWh.

Heating of office buildings accounts for 23% of total CO₂ emission. Heating consumption per m² is 0.2 MWh.

Nykredit's CO₂ emission in 2008 by source



With respect to its future environment and climate activities, Nykredit will focus on energy consumption relating to its buildings and its potential for reduction. Another focus area is CO₂ emission from transport, which makes up 18% of total CO₂ emission.

NYKREDIT'S CLIMATE WORK IN 2008

Nykredit has already launched a number of initiatives to reduce the environmental and climate impact. Some initiatives address Nykredit's own environment, others that of customers and business partners.

External initiatives

Nykredit is the main sponsor of the Climate Consortium Denmark. The objectives of the Climate Consortium Denmark are to raise awareness of and attract as much attention as possible to Danish climate-friendly products and technologies up to the UN Climate Change Conference in Denmark in 2009.

Nykredit is the main sponsor of the Climate Consortium Denmark



Through the sponsorship, Nykredit will support the efforts made to reach a global climate agreement which meets our climate challenge. Further, the sponsorship sharpens focus on Nykredit's climate efforts in relation to staff, customers and business partners.

Nykredit is erecting an energy-efficient office building

The "Crystal" is being erected at the triangular site at Hambrosgade, Puggaardsgade and Kalvebod Brygge in Copenhagen. The project is expected to be finished in mid-2010.



The Crystal will become one of the office buildings with the lowest energy impact in Denmark. Electricity from solar cells on the roof, sea water cooling and rain water used for sanitation are key features of the building.

The energy consumption of the office building is expected to be 33% below the Danish Energy Agency's requirements for new office buildings.

In-house environmental initiatives

In 2008 Nykredit focused on minimising electricity consumption and reducing CO₂ emission from transport activities.

During the year, about 1,000 photocopiers, printers and fax machines were replaced by 274 multi-function machines. The noise level has been markedly reduced, and the emission of dust and ozone has been cut to almost zero. The reduction in toner and paper consumption is some 5%, and the decline in KWh and CO₂ emission generates savings of 10% solely in terms of standby power. Empty toner cartridges may now be removed along with the ordinary waste, which is more environment-friendly.

To save time and reduce CO₂ emission, Nykredit has introduced a video conference system. In one year, Nykredit saves transport equal to about 20,000 man-hours and 331 tons of CO₂.

Nykredit bought 20 new company bikes in the summer of 2008. They may be used by staff for meetings or errands in the metropolitan area.

Customer-oriented environmental initiatives

At nykredit.dk and totalkredit.dk, homeowners may calculate their potential savings from energy improvements. The energy and environment calculators give an overview of investment horizon, loan offers and energy savings. These tools have been developed together with the Electricity Saving Trust, NaturEnergi and Bolius. Nykredit's customers may also open a special Energy Account.

Energy calculator at nykredit.dk



Sponsorships and support

Nykredit wants to make a difference and continuously supports initiatives within arts and culture, research, sports and humanitarian work.

SPONSORSHIPS

Sponsoring agreements with institutions of arts, culture and sports as well as education establishments play a natural role in the constant task of raising awareness of the Nykredit Group and strengthening existing networks and building new ones.

Nykredit's sponsorships totalled approx DKK 19m in 2008.

Climate and environment

In 2008 Nykredit signed a main sponsorship agreement with the Climate Consortium Denmark, which is a public-private partnership. The mission of the Climate Consortium Denmark is to ensure that the competencies and products of Danish businesses and knowledge institutions in the climate and energy area are marketed in the best way possible up to the UN Climate Change Conference to be held in Copenhagen in 2009.

SUPPORT OF ARTS, CULTURE AND EDUCATION

As regards arts and culture, Nykredit concluded a sponsorship agreement with the Royal Danish Academy of Fine Arts' Schools of Visual Arts in 2008. The sponsorship agreement was the first in the Academy's 254-year history. The funds sponsored by Nykredit are earmarked for communicative activities.

The sponsorship agreement, which runs for two years, is a natural consequence of Nykredit's long involvement in contemporary arts and commitment to furthering the development and opportunities of young artists.

Since 1998 Nykredit has been the main sponsor of the Royal Danish Theatre. In 2008 the sponsorship was expanded to include the opening performance, *Hamlet*, at the Royal Danish Playhouse situated at Kvæsthusbroen, Copenhagen. Part of Nykredit's main sponsorship covers free open-air operas. Eight open-air operas were performed across the country in 2008, attracting about 60,000 visitors.

In 2008 the main sponsorship agreement for the "X-room" at Denmark's National Gallery with focus on contemporary art was supplemented with a co-sponsorship of the large contemporary art exhibition *Reality Check* at the gallery.

Also, Nykredit sponsored a number of exhibitions, *Louisiana Contemporary*, at Louisiana Museum of Modern Art.

Challenges from the knowledge-based society, globalisation and technological advances offer new possibilities and require close interaction between universities and trade and industry on education and research to ensure competent staff and lifelong learning. Nykredit has been a corporate partner of Copenhagen Business School (CBS) since 2002 and is engaged in knowledge development in order to leave its mark on the education of tomorrow.

The sponsorship of the Danish Center for Accounting and Finance (D-CAF) continued in 2008. The sponsorship helps secure Denmark's top

ranking within accounting and finance research and a high knowledge level in the financial sector in general.

Open-air operas



Open-air opera – Elisabeth Jansson, Ylva Kihlberg, Guido Paevatalu, Palle Knudsen and Gert Henning-Jensen. Photo: Christian Gravesen

SPORTS

Since 2000 Nykredit has been the main sponsor of Dansk Golf Union, and in 2008 the agreement was extended to 2011. The agreement caters for recreational and elite golfers through eg a nationwide amateur challenge match/tournament, *Nykredit Challenge*, and *Creating Winners*, which is DGU's elite project for the development of training activities for the greatest Danish golf talents. In addition, Nykredit has launched local initiatives and signed agreements with more than 70 golf clubs across the country.

Nykredit was the main and title sponsor of the Danish leg of the professional women's golf tournament, the *Ladies European Tour – Nykredit Masters*.

Nykredit Masters



Annika Sörenstamm finished her active golf career after Nykredit Masters 2008.

Photo: Søren Tidmand

Examples of grants from the Nykredit Foundation in 2008

- Odense Teater
- Foreningen Kræfter til Kræft
- The book Global Danish Architecture #3 Climate Energy Sustainability by Marianne Ibler, Architect
- Institutet for Blinde og Svagsynede
- Kvægbrugets Forsøgscenter

For more grants, see the website of the Nykredit Foundation:
nykredit.dk/nykreditsfond

THE NYKREDIT FOUNDATION

Each year the Nykredit Foundation supports initiatives within Danish trade and industry, research and culture. The object of the Foundation is to support initiatives within Danish trade and industry relating to the building and construction sector and other purposes relating to Nykredit's activities. The Foundation also offers financial support for research and cultural projects as well as initiatives that benefit society at large.

The Foundation is managed by Nykredit Realkredit A/S and has a capital of DKK 100m. In 2008 the Nykredit Foundation awarded approx DKK 6.9m, of which DKK 600,000 to Nykredit's Architecture Prize and Nykredit's Prize for Meritorious Work.

Nykredit's Architecture Prize of DKK 500,000 is granted to one or more persons who have made a special contribution to architecture or town planning through their work. In 2008 the prize was awarded to the firm of architects CEBRA, which has proved one of the leading re-newers of Danish architectural traditions. Bakkegårdsskolen in Gentofte and the plans to transform the former prison Horsens Statsfængsel into a bustling urban area are examples of the firm's work.

Nykredit's Prize for Meritorious Work of DKK 100,000 is awarded to one or more talented architects who have attracted favourable notice in the architectural community. In 2008 the prize was awarded to Søren Rasmussen, Architect MAA of the firm of architects ONV, who has successfully realised a concrete vision of inexpensive prefabricated architect-designed high-quality dwellings.

Unique mortgage system

Both before and during the financial crisis, the Danish mortgage system has been recognised as one of the best in the world.

The system is founded on

- low lending rates based on listed bonds
- transparency as regards pricing and repayment terms
- the balance principle, which secures long-term financial stability.

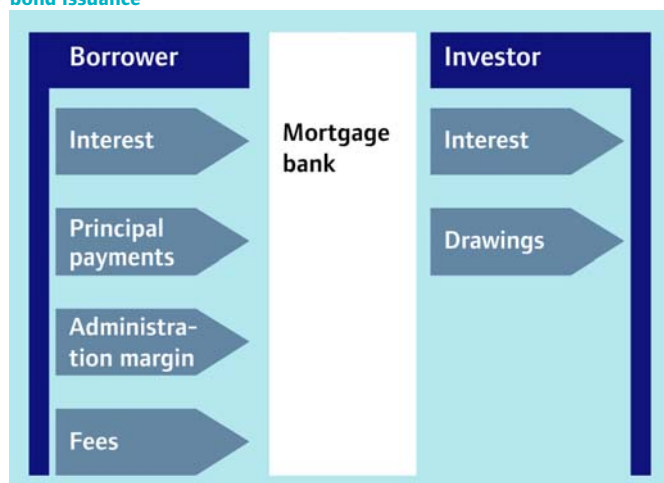
The stability of the Danish mortgage system ensures that Nykredit can offer homeowners mortgage loans and investors secure bonds during a financial crisis. Nykredit's SDOs have been assigned top credit ratings, Aaa by Moody's and AAA by Standard & Poor's.

Nykredit has been able to sell bonds daily during the financial crisis, which is quite exceptional in a European context.

BALANCE PRINCIPLE AND MATCH FUNDING

The balance principle is a cornerstone of the Danish mortgage system.

The balance principle ensures a match between mortgage loans and bond issuance



The stability of the Danish mortgage market derives from the match funding of most Danish mortgage loans. Match funding means that loans and funding mirror each other, and the funding costs are reflected in the loan. Match funding eliminates interest rate, foreign exchange, liquidity and refinancing risk. The most important risk of Danish mortgage banks is therefore credit risk – the risk that borrowers fail to make timely payments or fail to pay at all.

Match funding allows customers to prepay their loans by purchasing the underlying bonds on the stock exchange. This principle ensures financial mobility, an active debt management option and protection against a loss of home equity.

The balance principle has been further developed and updated over the years. The most recent change was in May 2007 when the Danish parliament adopted the act on the new type of Danish covered bonds (SDOs). In this connection, the balance principle was adjusted to European standards, and commercial banks gained the opportunity to issue SDOs.

SECURITY

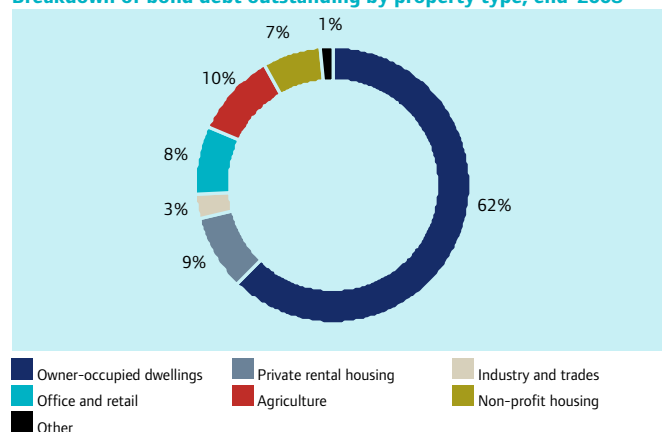
Security underlying investment in Danish mortgage bonds is based on the following factors:

- The bonds are secured against a registered mortgage on real property
- Statutory loan-to-value (LTV) limits apply to loans in the various property classes
- If property prices decline, and the LTV limits cannot be complied with, mortgage banks must provide additional security
- The mortgage banks comply with a number of statutory requirements such as that of capital adequacy
- Mortgage banks apply a balance principle which reduces potential risk in relation to lending
- Bondholders are secured in case of the insolvency of a mortgage bank
- Mortgage banks are supervised by the Danish Financial Supervisory Authority.

NYKREDIT'S BONDS

The bulk of Nykredit's issued bonds is applied for financing owner-occupied dwellings.

Breakdown of bond debt outstanding by property type, end-2008



Most of the security underlying Nykredit's bonds is within 40% of the value of the property.

Breakdown of bond debt outstanding by LTV range, end-2008

%	0-20	20-40	40-60	60-80	80-100	Over 100
Owner-occupied dwellings	36	31	23	8	1	0
Private rental housing	36	28	24	11	1	0
Industry and trades	43	35	20	2	1	0
Office and retail	41	34	22	2	0	0
Agriculture	47	34	17	2	1	0
Non-profit housing	-	-	-	-	-	-
Other	44	31	19	5	1	0
Total¹	35	29	21	7	1	0

Note: The table allows for any financed costs of up to 2% of loans. Eg the 60-80% range includes loans with LTVs of up to 82%.

¹ Based on debt outstanding incl non-profit housing, whereby the sum total does not constitute 100%.

Financial sustainability – capital policy

The capital structure is an essential element of Nykredit's financial sustainability.

Under Danish commercial and mortgage bank legislation, capital requirements increase with the risk incurred. The risk is calculated on the basis of statistical models showing the connection between customers' ability to pay and subsequent arrears and losses.

The rising losses affect financial results and increase the statutory capital requirement. During a recession, the development in losses has an adverse impact on equity, and the statutory capital requirement goes up.

Nykredit generally grants mortgage loans with terms of 20–30 years. It is therefore probable that one or more recessions will occur during the term of a loan. Accordingly, Nykredit's capital policy is designed to comply with statutory requirements in years with favourable as well as adverse business trends.

Nykredit's capital policy includes an estimate of the capital requirement increase during a severe recession, as for instance in the early 1990s when unemployment exceeded 10% and housing prices declined in Denmark.

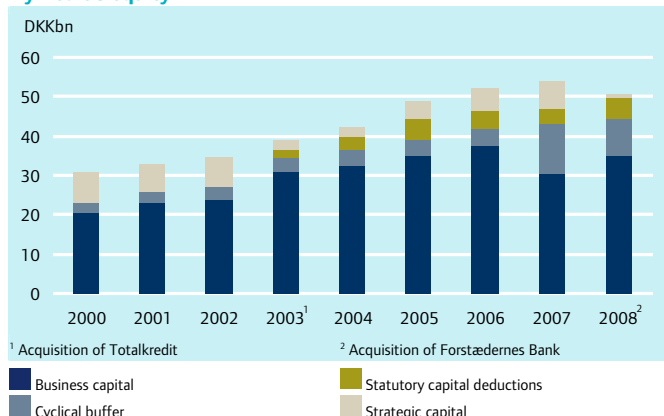
Coupled with a prudent credit policy and sound business operations, the capital policy forms the basis of Nykredit's ratings assigned by international credit rating agencies. Nykredit's newly issued SDOs have been assigned top ratings by Moody's (Aaa) and Standard & Poor's (AAA).

Nykredit's ordinary long-term debt has been assigned a Aa3 rating by Moody's and a A+ by Standard & Poor's. The rating of Nykredit's SDOs is relatively higher thanks to Danish mortgage legislation.

Nykredit's ratings

	Moody's	S&P
Newly issued SDOs	Aaa	AAA
Ordinary long-term debt	Aa3	A+

Nykredit's equity



The strategic capital reduction in 2008 resulted from the acquisition of Forstædernes Bank at the price of DKK 1.8bn and the impact of the financial crisis.

NYKREDIT'S EQUITY

Nykredit's financial sustainability via its capital policy may be illustrated through a breakdown of equity.

DKKbn	2007	2008
Business capital - Pillar I Statutory requirement in a favourable economic climate	22.2	26.8
Business capital - Pillar II Additional capital requirement during a mild recession	8.3	8.0
Cyclical buffer Additional capital requirement during a severe recession	12.5	9.5
Statutory deductions	4.0	5.3
Strategic capital	6.9	0.8
Total equity	53.9	50.4

Business capital is the amount of capital which Nykredit must set aside according to law. Business capital amounted to DKK 34.8bn.

The cyclical buffer is the additional capital required by law during a severe recession. Nykredit keeps a cyclical buffer at all times. It totalled DKK 9.5bn.

Statutory capital deductions for goodwill came to DKK 5.3bn.

Strategic capital, the part of equity available for business growth, amounted to DKK 0.8bn.

Nykredit's capital requirement and structure are described in detail in the report Risk and Capital Management at nykredit.com/reports.

Forstædernes Bank

In October 2008, Nykredit acquired Forstædernes Bank.

Forstædernes Bank is a good strategic fit with Nykredit.

- Forstædernes Bank has a customer base with a majority of SMEs and wealthy private individuals.
- Like the Nykredit Group, Forstædernes Bank focuses on the home-owner, investment and pension areas.
- Forstædernes Bank has a market presence in the metropolitan area that complements that of the Nykredit Group.
- Forstædernes Bank has a branch network of advisory-based corporate banking and investment centres without traditional cashier services.

FORSTÆDERNES BANK STAFF

- Forstædernes Bank had 570 staff members in 2008
- 20% of Forstædernes Bank's permanent staff were part-timers
- Forstædernes Bank's staff averaged 41 years of age and are relatively younger than the sector on average
- 52% of Forstædernes Bank's staff are female
- Women represented 21% of existing managers and accounted for 43% of new managers
- Absence due to illness represented 2.92%.

Forstædernes Bank's headquarters at Kalvebod Brygge, Copenhagen



Forstædernes Bank in figures

DKK million	2008
Deposits and other payables	14,704
Loans and advances	22,314
Equity	3,055
Total assets	32,298
Market share of bank deposits, %	1.2
Market share of bank loans and advances, %	1.7

FORSTÆDERNES BANK CUSTOMERS

Forstædernes Bank has 55,000 retail customers and 12,000 commercial customers.

20 corporate banking and investment centres offer independent advisory services to Forstædernes Bank customers within corporate banking, asset management, investment, pension and housing.

Customer satisfaction

Forstædernes Bank measures customer satisfaction and uses the results to create a quality report. The quality report is based on a satisfaction survey among approx 5,000 customers. Every year the bank asks what customers find most important in their business relationship with the bank and how satisfied they are in that respect.

Nykredit in figures

The Nykredit Realkredit Group recorded a loss before tax of 880m for 2008. Despite continued growth in customer business and low mortgage losses, results were affected by the acquisition of Forstædernes Bank and the extraordinary development in financial markets involving bank collapses, plunging equity prices and massive yield spread widening between mortgage bonds and government bonds.

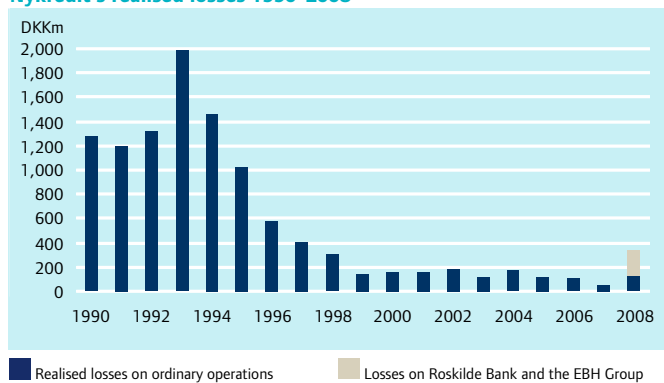
Income statement

	Incl Forstædernes Bank	Excl Forstædernes Bank	
DKK million	2008	2008	2007
Core income from			
Business operations			
- excl Markets & Asset Management	6,075	5,817	5,570
Markets & Asset Management	583	583	964
Securities	2,141	2,110	1,988
Total	8,799	8,510	8,522
Operating costs, depreciation and amort	5,409	5,231	4,352
Core earnings before impair losses	3,390	3,279	4,170
Impair losses on loans and advances	1,443	1,179	(67)
- of which Roskilde Bank and EBH	557	557	-
Core earnings after impairment losses	1,947	2,100	4,237
Investment portfolio income	(2,827)	(2,622)	150
Profit/loss before tax	(880)	(522)	4,387
Tax	(185)	(111)	1,024
Profit/loss for the year	(695)	(411)	3,363

Forstædernes Bank was acquired on 17 October 2008

Impairment provisions for mortgage lending came to DKK 208m, equal to 0.02% of lending. Impairment provisions for bank lending came to DKK 396m, which represent 0.54% of bank lending.

Nykredit's realised losses 1990-2008



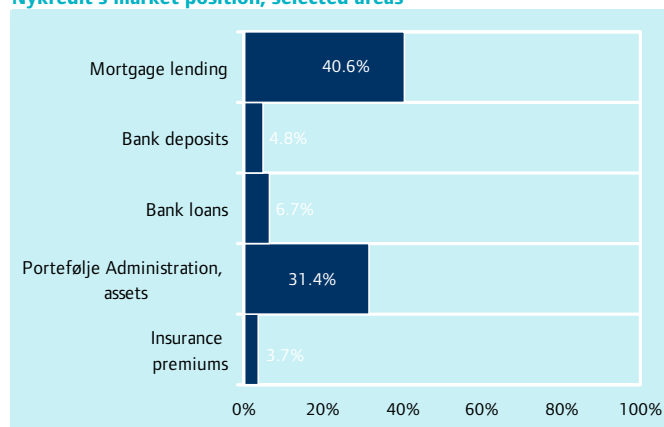
The Group's mortgage and bank losses on ordinary business operations were DKK 25m and DKK 78m, respectively. Extraordinary losses on guarantee obligations to the Private Contingency Association in respect of Roskilde Bank and the EBH Group came to DKK 245m.

MARKET POSITION

Nykredit held a market share of 40.6% of Danish mortgage lending (nominally DKK 888bn) at end-2008. The joint market share of Nykredit Bank and Forstædernes Bank was 4.8% within deposits and 6.7% within lending. Nykredit Forsikring's (Insurer) market share was stable at 3.7% (2007 figures). Nykredit's market share of customers

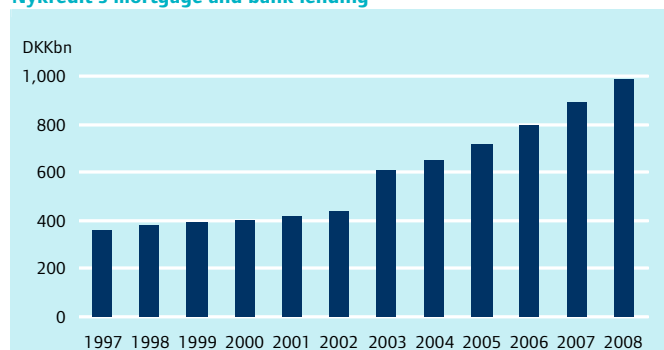
with the charge card Dankort was 3.5% for Nykredit Bank and 1% for Forstædernes Bank.

Nykredit's market position, selected areas



Nykredit Portefølje Administration is Denmark's largest asset management company in terms of volume. At end-2008 it had DKK 212bn under administration, equal to a market share of 31.4%.

Nykredit's mortgage and bank lending

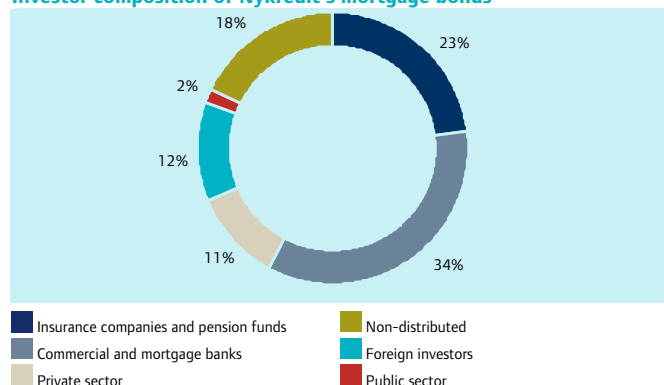


The Group's mortgage and bank lending totalled DKK 989bn at end-2008. Nykredit Realkredit contributed DKK 516bn, Totalkredit DKK 401bn, and Nykredit Bank and Forstædernes Bank jointly DKK 73bn.

INVESTORS

Nykredit aims to have a broad, diversified investor base in order to be able to offer our customers the best loan terms. Nykredit sells its bonds to both Danish and foreign investors.

Investor composition of Nykredit's mortgage bonds



Structure and history

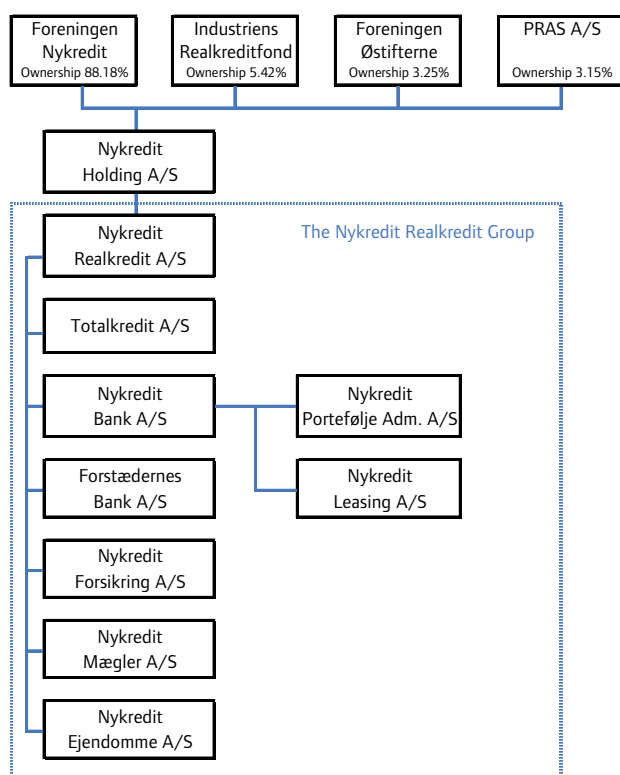
The Nykredit Group is one of Denmark's leading financial services providers with activities ranging from mortgage lending, banking and insurance to pension, investment and estate agency business.

FORENINGEN NYKREDIT

All customers who have a mortgage loan with Nykredit Realkredit A/S gain membership of Foreningen Nykredit (the Nykredit Association). Membership automatically lapses on the date on which a borrower ceases having a Nykredit mortgage loan.

Every four years, members of Foreningen Nykredit elect members to Nykredit's Committee of Representatives. The Committee of Representatives is the ultimate authority of Foreningen Nykredit and is responsible for electing members to the Board of Directors of Foreningen and approving annual reports.

Nykredit's group chart



Foreningen Nykredit is a principal shareholder of Nykredit Holding A/S with a stake of 88.18% of the shares.

The object of Foreningen Nykredit is to be an owner of the Nykredit Group and ensure Nykredit's ability to carry on mortgage and other financial business at present and in future.

The Committee of Representatives consists of 100 members in addition to the staff-elected members. 64 of the 100 members are elected by and among the members of Foreningen, 24 members are elected by and among the bondholders and up to 12 members are appointed by the Committee of Representatives.

You can read more about Foreningen Nykredit at nykredit.dk.

Nykredit's history

1851	Formation of Kreditforeningen af Jydske Landejendomsbesiddere – the oldest of the mortgage associations which eventually become Nykredit
1985	Kreditforeningen Nykredit is formed by a merger of Jyllands Kreditforening and Forenede Kreditforeninger
1989	The set-up of estate agency business
1991	Kreditforeningen Nykredit is converted into Nykredit A/S
1992	Merger with Industrifinansiering A/S
1994	The set-up of Nykredit Bank
1998	The set-up of Nykredit Forsikring
2000	Acquisition of Østifterne Forsikring, which is merged with Nykredit Forsikring
2003	Acquisition of Totalkredit
2008	Acquisition of Forstædernes Bank

Reporting policies

The contents of this report pertain to all activities of the entire Nykredit Realkredit Group, including subsidiaries. In this report, the Nykredit Realkredit Group is also referred to as Nykredit. The reporting principles apply to the data which Nykredit has found material. As a main rule, the latest data available have been applied in this report.

The report has not been audited.

Forstædernes Bank is dealt with in a separate section, and data for Forstædernes Bank has therefore not been included in the other sections. The only exceptions are the sections Financial sustainability – capital policy, Forstædernes Bank and Nykredit in figures.

Due to rounding-off, the sum totals of the tables in the report may differ from the sum of the figures.

Customers

The total number of customers has been adjusted so that multi-account customers only appear once. Customers of Forstædernes Bank are not included.

Nykredit distinguishes between hits and unique hits at nykredit.dk. A unique hit is defined on a monthly basis. This means that hits from the same person within the same month will only count as one hit in the month concerned.

Retail customer satisfaction has been surveyed among retail customers under the Nykredit brand across all products. The result is computed as the average of the four quarterly surveys conducted. In total, 28,424 customers responded in 2008.

Commercial customer satisfaction has been surveyed across all product groups. In total, 3,262 customers responded in 2008.

Total customer complaints exclude complaints by customers of the Danish local and regional banks of the Totalkredit partnership. The principle of determination is the number of new complaints received in the year under review.

Staff

The number of staff is an average for 2008 on the basis of the Group's total ATP (Danish Labour Market Supplementary Pension scheme) contributions for the year relative to the ATP contribution for one full-time staff member. Staff in companies where Nykredit exercises control has been included in proportion to the respective ownership interests.

The number of permanent staff equals Nykredit's internal statement of staff for management control purposes. This method of determination is generally used in the report and comprises permanent staff in the Group's wholly-owned companies.

Illness has been measured as working days lost due to illness of permanent staff in proportion to potential working hours, ie fixed working hours excluding holidays, etc.

The number of managers in Nykredit is computed as the number of managers having staff responsibility.

Part-time staff has been determined as the number of permanent staff working less than the number of hours required of a permanent staff member under the group collective agreement. The number is determined on the basis of permanent staff at year-end.

Inflow and outflow of permanent staff reflect permanent staff joining or leaving the Group's wholly-owned companies. The number is determined on the basis of permanent staff at the beginning of the year.

Internal job changes are defined as permanent staff making intercompany job changes among the wholly-owned companies. The figure has been adjusted for job changes induced by major reorganisations. The percentage is determined on the basis of permanent staff at the beginning of the year.

IT costs cover IT operations and development. The proportion of total costs has been determined for the Group's wholly-owned companies. The proportion is measured relative to the Group's total costs, direct operating costs, determined before depreciation and amortisation.

Environment

The environmental and climate report includes companies in Denmark wholly owned by Nykredit throughout the financial year. Partially owned subsidiaries and foreign activities are not included, with the exception of JN Data, which has been included on the grounds of materiality at a proportion equal to Nykredit's stake. Transport figures exclude JN Data and Nykredit Leasing.

Resource data for 2007 only covers premises owned by Nykredit, whereas resource data for 2008 also includes leased premises.

Consumption of electricity is computed on the basis of meter reading. The source of the emission factor is energinet.dk.

Consumption of electricity per full-time equivalent staff member excludes consumption of electricity for basement parking and exterior lighting, as this is not related to staff activities and for comparison reasons.

Heat consumption is determined on the basis of meter reading for Nykredit's own properties. Consumption relating to leased premises is determined on the basis of the statement of heating expenses of the premises and Nykredit's share of consumption (usually in terms of floor area). Heating sources are district heating, natural gas and heating oil. Source of the emission factor for district heating is the energy statistics for 2007 prepared by the Danish Energy Agency. The emission factor for natural gas and domestic heating oil is from Key2Green.dk.

Air transport is computed by the travel agencies used by Nykredit adjusted for the assumption that these book 97% of all flights. The source of the emission factor is the British Department for Environment, Defra.

Car transport covers work-related travel by company car (50% work-related driving), taxi or own car. Staff transport to and from work is not included. Source of the emission factor for company cars is the Danish Environmental Protection Agency's standard factors for heat-

ing values and CO₂ emissions. The source of the emission factor for taxi travel and work-related travel by own car is Key2Green.dk.

Rail transport is computed on the basis of an average price of DKK 1/km. The source of the emission factor is DSB.

CO₂ emission is computed on the basis of consumption and the emission factors for 2007 below. The emission factors for electricity and district heating are determined based on a heat efficiency of 200% with the addition of 5% net loss.

Emission factors

	Emission factor	Source
Consumption of electricity in Eastern Denmark (Sealand and the islands)	619g CO ₂ /kWh	energinet.dk
Consumption of electricity in Western Denmark (Jutland and Funen)	519g CO ₂ /kWh	energinet.dk
District heating	129.0g CO ₂ /kWh	Energy statistics for 2007 by the Danish Environmental Protection Agency
Natural gas	205.9g CO ₂ /kWh	Key2Green.dk
Heating oil	266.4g CO ₂ /kWh	Key2Green.dk
Flights under 600 km	150g CO ₂ /pers. km	The British Department for Environment, Defra
Flights exceeding 600 km	110g CO ₂ /pers. km	The British Department for Environment, Defra
Train rides	31g CO ₂ /pers. km	DSB
Cars – company cars and cars under gross salary contracts	Diesel: 2.65kg CO ₂ /litre Petrol: 2.40kg CO ₂ /litre	The Danish Environmental Protection Agency's standard factors for heating values and CO ₂ emission
Work-related travel by own car	175g CO ₂ /km	Key2Green.dk
Taxis	148g CO ₂ /km	Key2Green.dk

Emission factors for 2008 are published in April 2009.

Unique Danish mortgage system

The bond debt outstanding by property type is computed at nominal value.

Financial sustainability – capital policy

New accounting rules entered into force on 1 January 2005 which entailed a number of changes to the recognition and measurement of financial items compared with the accounting policies used so far.

Nykredit in figures

Nykredit's realised losses are losses recognised on group mortgage lending and Nykredit Bank. Losses for 2008 include the loss incurred on the Private Contingency Association relating to Roskilde Bank and the EBH Group.

The market share of customers with the charge cards Dankort and VISA/Dankort is determined as Nykredit Bank's and Forstædernes Bank's shares of VISA/Dankort issued to retail customers.

The market share of Danish mortgage lending is determined in nominal terms on the basis of the statistics prepared by the Association of Danish Mortgage Banks. Mortgage lending excludes loans secured by mortgages on foreign real property.

The market share of asset management is determined on the basis of the official statistics prepared by the Federation of Danish Investment Associations.

The market share of insurance business is determined as the share of gross premiums earned on the basis of the Danish Financial Supervisory Authority's statistics on non-life insurers. Only companies subject to Danish supervision are included in the determination. Companies and business sectors not included in Nykredit's business areas are not included in the determination. Market share data on insurance relates to 2007.

The market share of bank deposits and lending is determined in nominal terms on the basis of the statistics on the balance sheets and flows of the MFI sector prepared by Danmarks Nationalbank.

The Group's total lending is stated in nominal terms and bank lending at amortised cost, excluding reverse transactions. Lending includes foreign lending. Bank lending includes Forstædernes Bank.

Ownership distribution of Nykredit bonds is based on Danmarks Nationalbank's securities statistics. Data covers the period up to and including November. The category non-distributed ensures investor confidentiality subject to the following confidentiality requirements: The principle of numbers: Portfolio data on a given investor sector must comprise the portfolios of at least three investors. The principle of dominance: The portfolio of a given investor must not exceed 90% of the total portfolios of the sector.

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Nykredit's corporate governance policy and reporting structure are available at nykredit.com, including

- Annual Report 2008
- About Nykredit 2008
- Risk and Capital Management 2008
- Investor information