

**To The Copenhagen Stock Exchange  
and the press**

**21 August 2002**

## **INTERIM REPORT 2002**

(1 January – 30 June 2002)

## **THE NYKREDIT GROUP**

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*Nykredit's interim report for 2002 is available in PDF format at Nykredit's website,  
[www.nykredit.dk](http://www.nykredit.dk).*

# THE NYKREDIT GROUP FINANCIAL HIGHLIGHTS

DKK million	1 <sup>st</sup> half 2002	1 <sup>st</sup> half 2001	FY 2001
<b>CORE EARNINGS AND INTERIM RESULTS</b>			
Core income from lending and securities	2,148	2,269	4,617
Operating costs, depreciation and amortisation	1,192	1,099	2,286
<b>Core earnings before write-offs</b>	<b>956</b>	<b>1,170</b>	<b>2,331</b>
Write-offs and provisions for bad and doubtful debts	15	(38)	84
Results from insurance activities	(69)	(17)	(62)
<b>Core earnings after write-offs</b>	<b>872</b>	<b>1,191</b>	<b>2,185</b>
Investment portfolio income <sup>1)</sup>	160	172	330
<b>Profit on ordinary activities before tax</b>	<b>1,032</b>	<b>1,363</b>	<b>2,515</b>
Tax	294	338	688
<b>Interim results</b>	<b>738</b>	<b>1,025</b>	<b>1,827</b>

SUMMARY BALANCE SHEET	30.06.2002	30.06.2001	31.12.2001
Loans and advances:			
- Mortgage Bank	401,391	386,089	394,403
- Bank	26,443	23,375	22,234
Bonds and shares	57,491	57,412	107,220
Deposits - Bank	12,908	9,336	8,651
Issued bonds	415,509	401,573	467,459
Capital and reserves	33,561	32,001	32,823
Total assets	528,266	505,391	579,512

KEY RATIOS	30.06.2002	30.06.2001	31.12.2001
Interim results as a percentage of average capital and reserves <sup>2)</sup>	4.5	6.5	5.7
Core earnings before write-offs as a percentage of average capital and reserves <sup>2)</sup>	5.8	7.4	7.3
Core earnings after write-offs as a percentage of average capital and reserves <sup>2)</sup>	5.3	7.5	6.8
Costs as a percentage of core income	55.5	48.4	49.5
Provisions	1,971	1,916	1,983
Interim write-offs and provision ratio	0.0	0.0	0.0
Capital adequacy ratio	10.8	11.0	11.1
Core capital ratio	11.1	11.3	11.4
Average number of full-time staff:			
- Nykredit Holding and consolidated subsidiaries	2,658	2,533	2,564
- Insurance (non-consolidated)	375	343	353

1) Investment portfolio income has been stated less costs related to the investment function, cf page 14.

2) The percentage has been recalculated into per annum rates.

## INTERIM REPORT

- The Nykredit Group's results for first half 2002 were a pre-tax profit of DKK 1,032m compared with DKK 1,363m in first half 2001. Results after tax were DKK 738m against DKK 1,025m in the same period of 2001
- In the main business areas, core income from operations developed positively, whereas low money market rates led to a fall in the return on the securities portfolio
- Results were also affected by
  - a continued low level of write-offs and provisions for loans and advances
  - a cost development on a level with budgets
  - higher claim payments and negative investment portfolio income in the Insurance Company
- Group lending was up by DKK 11bn in the period
  - Mortgage lending increased by DKK 7bn
  - Bank lending increased by DKK 4bn
- The cross sales ratio in the retail customer area – defined as the share of retail customers who have purchased products from two or more of the Group's product areas – rose to 32.8 from 31.0 at the beginning of the year
- Nykredit's rating relating to a new mortgage bond series opened for the funding of loans advanced from and incl 1 September 2002 will be upgraded by Moody's to Aa1
- Following the remortgaging surge in second half 2001, mortgage credit markets were calmer in first half 2002. Competition remained fierce, but Nykredit continued to step up lending to retail, agricultural as well as commercial customers under these market conditions. After a fall in first quarter, Nykredit increased its market share in the area of owner-occupied dwellings in the second quarter of the year
- In Nykredit Bank, especially retail banking recorded satisfactory growth just as the Bank's other business areas – except for Markets – satisfied earnings expectations. However, the Bank's results were heavily affected by nearly DKK 100m of negative market value adjustments of credit bonds
- In the period, Nykredit Østifterne Forsikring continued to record growth in business volume – not least within retail and commercial customers compared with the same period the year before. The insurance business turned in a loss of DKK 55m stemming from higher claim payments and negative investment portfolio income, whereas the lift in business volume generated a rise in core income
- The estate agency business increased core income, but a fall in investment income and higher costs resulted in break-even
- Excluding interim results, the Nykredit Group's capital and reserves stood at DKK 32,823m at 30 June 2002 and the Group's capital base at DKK 31,707m equal to a capital adequacy ratio of 10.8.

## Core earnings

Group core income generated in the Mortgage Bank and the Bank came to DKK 2,148m, down by DKK 121m on first half the year before. In the main business areas, the core income from operations developed in a positive direction, whereas low money market rates led to a fall in the return on the securities portfolio.

Operating costs, depreciation and amortisation were on a level with budgets for the Group as a whole and amounted to DKK 1,192m against DKK 1,099m in first half 2001.

Write-offs and provisions remained at a favourable level. As a consequence of a reversal of provisions previously made, interim accounts were positively affected by a modest expense of DKK 15m.

## Investment portfolio income

In first half 2002, Nykredit's investment portfolio income amounted to DKK 160m compared with DKK 172m in first half 2001.

Investment portfolio income reflects the excess income gained by Nykredit's investments in equities and bonds relative to risk-free money market rates. Investment portfolio income is stated exclusive of price and interest margins in relation to all kinds of banking and mortgage banking transactions. Costs relating to the management of the portfolio have been deducted.

The aggregate investment portfolio, averaging DKK 33.6bn, yielded a rate of return of 2.2% (4.4% pa) in first half 2002 compared with risk-free money market rates at 1.7% (3.5% pa). In comparison, the portfolio yielded a return of 3.1% in first half 2001 compared with risk-free money market rates at 2.6%.

Investment portfolio income from liquidity, bonds and interest rate instruments came to DKK 378m. The portfolio, averaging DKK 29.8bn, returned 3.0% (6.0% pa) compared with 3.1% in first half 2001.

Equities and equity instruments generated a loss of DKK 218m. The net portfolio, averaging DKK 3.8bn, generated a negative return of 3.8% (a negative 7.8% pa) compared with 3.9% in first half 2001. The shareholding in Jyske Bank has been entered in the accounts at the acquisition price.

Nykredit Østifterne Forsikring's negative investment portfolio income of DKK 12m has not been included in the above.

At 30 June 2002 the Group's interest rate exposure amounted to DKK 1,081m in case of an overall change in interest rates of 1 percentage point. In case of a general fall in equity prices of 10%, the equity exposure amounted to DKK 433m.

## GROUP BALANCE SHEET, CAPITAL AND RESERVES AND CAPITAL ADEQUACY

At the end of first half 2002 the Group balance sheet stood at DKK 528bn against DKK 580bn at the beginning of the year.

At end-2001 the Group balance sheet increased temporarily by some DKK 50bn as a result of remortgaging and the refinancing of adjustable-rate mortgages. The majority of the refinancing activities were concluded by way of fixed-price agreements which is reflected in the asset item "Bonds".

As regards assets, Group loans and advances were up by DKK 11bn in the course of first half 2002. Mortgage loans grew by DKK 7bn and bank loans by DKK 4bn primarily as a consequence of a higher level of repo activity.

Group capital and reserves inclusive of interim results amounted to DKK 33.6bn compared with DKK 32.8bn at the beginning of the year.

### Development in capital and reserves

DKK million	30 June 2002	30 June 2001	FY 2001
<b>Capital and reserves, beginning of year</b>	<b>32,823</b>	<b>30,975</b>	<b>30,975</b>
Interim results	738	1,025	1,827
Other adjustments	-	1	21
<b>Capital and reserves, year-end</b>	<b>33,561</b>	<b>32,001</b>	<b>32,823</b>

At the end of first half 2002 the Group's capital base totalled DKK 31,707m excluding interim results and DKK 32,445m including interim results compared with DKK 31,833m at the beginning of the year.

### The Nykredit Group's capital base (excl interim results)

DKK million	30 June 2002	30 June 2001	FY 2001
Weighted assets	292,540	272,300	286,323
Capital requirement	23,403	21,784	22,906
Core capital after statutory deduction	32,559	30,887	32,661
Supplementary capital	192	206	199
Deduction of participating interests	(1,044)	(1,225)	(1,027)
<b>Capital base</b>	<b>31,707</b>	<b>29,868</b>	<b>31,833</b>
Excess cover	8,304	8,084	8,927
Capital adequacy ratio stated as			
- Capital base	10.8	11.0	11.1
- Core capital	11.1	11.3	11.4

## **KEY EVENTS IN FIRST HALF 2002**

### **Strategic co-operation**

In February Nykredit and Jyske Bank initiated a closer strategic co-operation. One of the consequences of the co-operation is that Jyske Bank offers Nykredit's mortgage loans to customers in its branch offices, and the co-operation has already produced a rise in the sale of Nykredit mortgages originated by Jyske Bank. The co-operation also involves the set-up and newly launch of a joint IT operating company, JN Data A/S, situated in Silkeborg.

Jyske Bank and Nykredit infused DKK 300m and DKK 1.5bn, respectively, of subordinated loan capital in PFA, a pension fund. In addition to the capital infusion, the parties will explore other opportunities for expanding their co-operation.

### **Rating**

Nykredit's rating with respect to the new mortgage bond series opened for the funding of loans advanced from and incl 1 September 2002 will be upgraded by Moody's to Aa1.

The new mortgage bond series will be issued in a new capital centre for structured covered bonds, referred to as Capital Centre D, developed in co-operation with Moody's Investors Service.

Capital Centre D will comprise the new issuance of bonds denominated in Danish kroner and euros for the funding of callable loans and adjustable-rate mortgages advanced from and incl 1 September 2002 just as they will be applied in relation to the refinancing of previously advanced adjustable-rate mortgages.

### **New products in 2002**

Nykredit has developed a new Mortgage Equity Withdrawal product which enables customers to use their mortgage equity as a supplement to their pensions. The new product is based on an inexpensive mortgage loan, whereas the well-known Nykredit Mortgage Equity Withdrawal Credit is based on a bank loan which in turn provides customers with more flexibility and latitude.

As the first mortgage bank in Denmark, Nykredit provides self-service facilities enabling customers to refinance their fixed-rate mortgages on the Internet. The facilities give customers the opportunity to estimate the advantages of remortgaging, fix prices and subsequently conclude a remortgaging agreement.

In June Nykredit's Customer Contact Centre received the so-called Diamond Award for the best call centre in the country. The organisation behind the Customer Service Grand Prix 2002, Teleperformance International, especially emphasised the ability to handle new customers and offer good service.

## **OUTLOOK FOR 2002**

At the presentation of the annual report for 2001, Nykredit forecasted a profit on ordinary activities before tax for 2002 in the range of DKK 2.3bn to DKK 2.6bn. The forecast included DKK 600m to DKK 800m of investment portfolio income.

Investment portfolio income for first half posted DKK 160m, and the shortfall in investment portfolio income is not expected to be made up in the second half of the year.

Core income is marginally below original expectations. Write-offs and provisions are expected to continue their favourable trend. Cost levels follow budgets and are expected to continue this trend for the rest of the year.

All in all, the Nykredit Group expects a pre-tax profit in the range of DKK 2.2bn to DKK 2.4bn for the financial year 2002.

## SUBSIDIARIES

### Mortgage Bank

Nykredit A/S attained results before tax of DKK 1,030m against DKK 1,361m in first half 2001.

Core income from lending and securities posted DKK 1,843m. Core income from operations was up by some DKK 90m, whereas the return on the securities portfolio went down by some DKK 160m on the same period the year before. Operating costs, depreciation and amortisation rose as forecasted by DKK 81m to DKK 942m.

Furthermore, interim results were positively affected by DKK 12m of income relating to write-offs and provisions for bad and doubtful debts.

### Core earnings and investment portfolio income of the Mortgage Bank

DKK million	1 <sup>st</sup> half 2002	1 <sup>st</sup> half 2001	FY 2001
Core income from lending and securities	1,843	1,912	3,904
Operating costs, depreciation and amortisation	942	861	1,734
<b>Core earnings before write-offs</b>	<b>901</b>	<b>1,051</b>	<b>2,170</b>
Write-offs and provisions for bad and doubtful debts	(12)	(53)	44
Results from participating interests	(43)	96	32
<b>Core earnings after write-offs</b>	<b>870</b>	<b>1,200</b>	<b>2,158</b>
Investment portfolio income	160	161	352
<b>Profit on ordinary activities before tax</b>	<b>1,030</b>	<b>1,361</b>	<b>2,510</b>
Tax	293	338	687
<b>Interim results</b>	<b>737</b>	<b>1,023</b>	<b>1,823</b>

### Banking

In first half 2002 Nykredit Bank reported results before tax of DKK 25m against DKK 116m in first half 2001.

Results were primarily affected by nearly DKK 100m of negative market value adjustments of credit bonds. In addition, results were characterised by falling earnings at Nykredit Markets as well as lower earnings from the Bank's own portfolio compared with first half 2001.

In contrast, earnings from the Bank's other business areas generally met expectations. Especially Retail Banking recorded satisfactory growth, and Corporate Banking kept up earnings, thereby consolidating the strong growth attained in recent years.



### Core earnings and investment portfolio income of the Nykredit Bank Group

DKK million	1 <sup>st</sup> half 2002	1 <sup>st</sup> half 2001	FY 2001
Core income from lending and securities <sup>1)</sup>	255	315	617
Operation costs, depreciation and amortisation	210	196	406
<b>Core earnings before write-offs</b>	<b>45</b>	<b>119</b>	<b>211</b>
Write-offs and provisions for bad and doubtful debts	27	14	39
<b>Core earnings after write-offs</b>	<b>18</b>	<b>105</b>	<b>172</b>
Investment portfolio income	7	11	(8)
<b>Profit on ordinary activities before tax</b>	<b>25</b>	<b>116</b>	<b>164</b>
Tax	8	35	44
<b>Interim results</b>	<b>17</b>	<b>81</b>	<b>120</b>

1) The item includes nearly DKK 100m of negative market value adjustments of credit bonds for first half 2002.

### Insurance business

In first half 2002 Nykredit Østifterne Forsikring continued to increase its business volume – not least in the retail and commercial areas compared with the same period the year before. The Insurer turned in a loss of DKK 55m for the period chiefly as a result of higher claim payments and negative investment results, whereas the higher business volume generated a rise in core income.

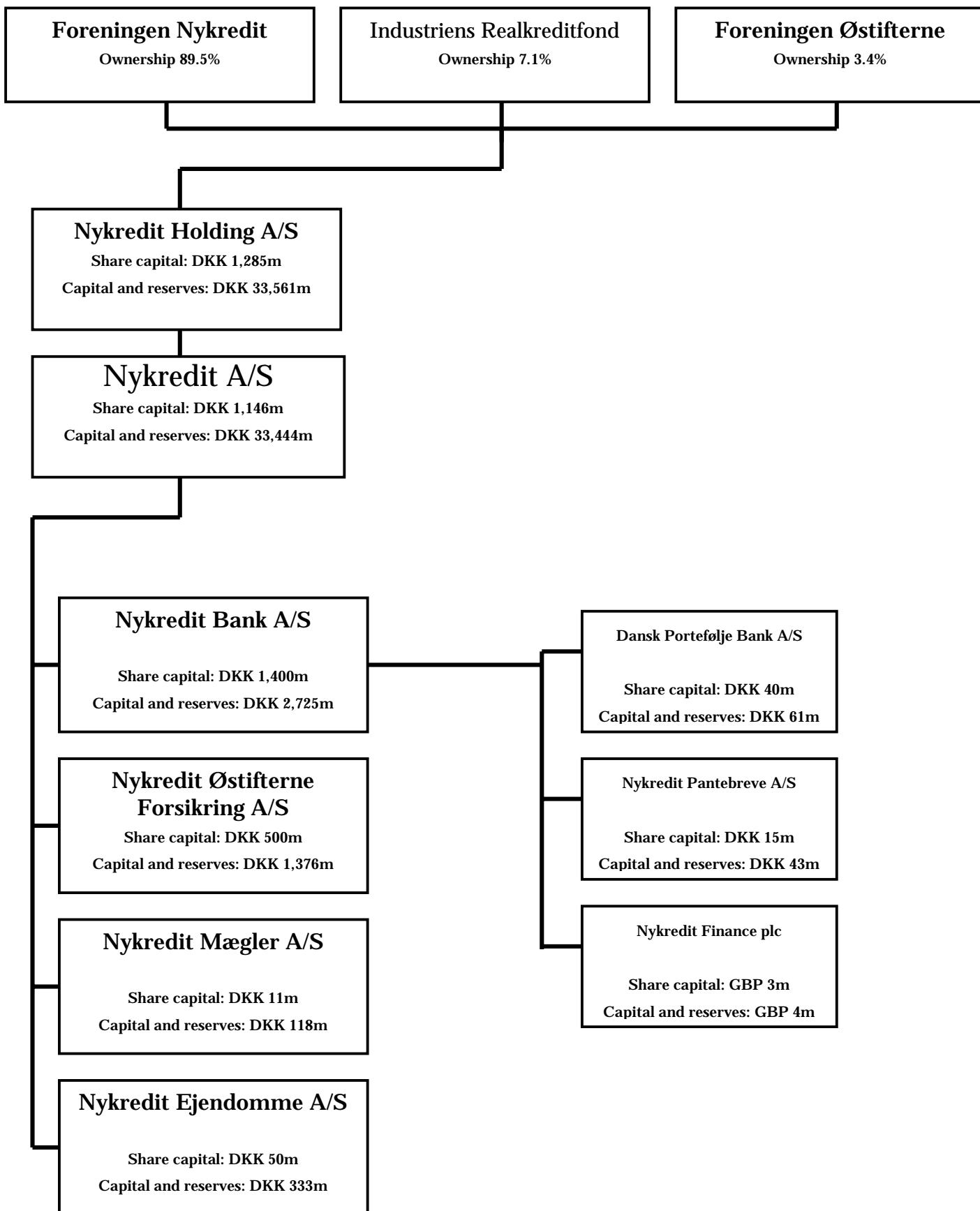
### Core earnings and investment portfolio income of Nykredit Østifterne Forsikring A/S

DKK million	1 <sup>st</sup> half 2002	1 <sup>st</sup> half 2001	FY 2001
Core income from operations and securities	445	415	850
Operating costs, depreciation and amortisation	148	133	284
Claim payments	354	283	585
<b>Core earnings from operations</b>	<b>(57)</b>	<b>(1)</b>	<b>(19)</b>
Investment portfolio income	(12)	(16)	(43)
<b>Loss on ordinary activities before tax</b>	<b>(69)</b>	<b>(17)</b>	<b>(62)</b>
Tax	(14)	(2)	(17)
<b>Interim results</b>	<b>(55)</b>	<b>(15)</b>	<b>(45)</b>

### Estate agency business

A fall in the investment income as well as growing costs offset core income of the estate agency business and resulted in a breakeven for the period.

# NYKREDIT GROUP STRUCTURE 2002



Note: Capital structure at 30 June 2002.

## **ACCOUNTING POLICIES**

### **General**

The Group Accounts and accounts of Nykredit Holding A/S (the Nykredit Group) and Nykredit A/S (Nykredit A/S consolidated) have been drawn up pursuant to the Danish Mortgage Credit Act and the Danish Financial Supervisory Authority's executive order on the presentation of mortgage bank accounts.

### **Profit and loss account and balance sheet**

#### ***Intangible assets***

The rebuilding of leased premises has been capitalised and amortised over a period not exceeding the term of the lease. Comparative figures have not been adjusted as the change only has a negligible influence on the results and capital and reserves.

#### ***Shares***

Shares categorised as investment securities have been entered at cost.

The accounting policies otherwise remain unchanged.

The interim accounts have not been audited.

**PROFIT AND LOSS ACCOUNTS FOR FIRST HALF 2002**  
DKK million

The Nykredit Group			Nykredit A/S		Nykredit A/S consolidated		
2001 1st half	2002 1st half		Note	2002 1st half	2001 1st half	2002 1st half	2001 1st half
15,516	14,744	Interest receivable	1	13,581	13,984	14,742	15,514
13,541	12,581	Interest payable	2	11,691	12,214	12,582	13,542
1,975	2,163	<b>NET INTEREST RECEIVABLE</b>		1,890	1,770	2,160	1,972
61	63	Dividend from participating interests		60	60	63	61
250	310	Fees and commissions receivable		284	215	310	250
49	59	Fees and commissions payable		69	42	61	51
2,237	2,477	<b>NET INCOME FROM INTEREST AND FEES</b>		2,165	2,003	2,472	2,232
116	(258)	Value adjustments	3	(200)	29	(258)	115
60	69	Other operating income		12	12	69	61
1,069	1,156	Staff costs and administrative expenses	4	921	840	1,153	1,066
39	46	Depreciation, amortisation and write-downs on tangible and intangible assets		31	29	46	39
0	0	Other operating expenses		0	0	0	0
(38)	15	Write-offs and provisions for bad and doubtful debts	5	(12)	(53)	15	(38)
20	(39)	Results from participating interests in associated and subsidiary undertakings	6	(7)	133	(39)	20
1,363	1,032	<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAX</b>		1,030	1,361	1,030	1,361
338	294	Tax	7	293	338	293	338
1,025	738	<b>INTERIM RESULTS</b>		737	1,023	737	1,023

**BALANCE SHEETS AT 30 JUNE 2002**  
DKK million

The Nykredit Group			Nykredit A/S		Nykredit A/S consolidated	
2001 30.06.	2002 30.06.		2002 30.06.	2001 30.06.	2002 30.06.	2001 30.06.
<b>ASSETS</b>						
		Note				
35	52		12	13	52	35
29,629	30,673		24,511	26,027	30,673	29,629
386,089	401,391		401,391	386,089	401,391	386,089
23,815	27,906		1,463	440	27,906	23,815
409,904	429,297		402,854	386,529	429,297	409,904
54,158	53,949		28,768	30,382	53,840	54,048
3,254	3,542		3,492	3,190	3,542	3,254
293	308		215	188	308	293
863	1,379		4,768	4,242	1,379	863
0	38		38	0	38	0
1,652	1,803		496	434	1,803	1,652
5,507	7,125	10	3,764	2,510	7,124	5,509
96	100		93	90	100	96
505,391	528,266		469,011	453,605	528,156	505,283
<b>LIABILITIES AND EQUITY</b>						
40,422	41,031		5,338	7,570	41,031	40,422
9,336	12,908		0	0	12,914	9,340
401,573	415,509	11	415,509	401,573	415,509	401,573
21,441	24,776	12	14,273	12,022	24,777	21,442
11	12		0	0	12	12
607	469	13	447	553	469	607
1,285	1,285		1,146	1,146	1,146	1,146
949	949		2,518	2,518	2,518	2,518
0	0		11,847	12,584	11,847	12,584
28,742	30,589		17,168	14,588	17,168	14,588
0	0		28	28	28	28
1,025	738		737	1,023	737	1,023
32,001	33,561		33,444	31,887	33,444	31,887
505,391	528,266		469,011	453,605	528,156	505,283
<b>OFF-BALANCE SHEET ITEMS</b>						
		14				
2,079	1,879		0	0	679	2,079
3,891	4,391		1,332	897	4,391	3,891
5,970	6,270		1,332	897	5,070	5,970

**CORE EARNINGS AND INVESTMENT PORTFOLIO INCOME**  
DKK million

**The Nykredit Group**

	2002			2001		
	1st half			1st half		
	Core earnings	Investment portfolio income	Total	Core earnings	Investment portfolio income	Total
Net interest receivable	1,829	334	<b>2,163</b>	1,873	102	<b>1,975</b>
Dividend from participating interests	3	60	<b>63</b>	1	60	<b>61</b>
Fees and commissions receivable, net	270	(19)	<b>251</b>	219	(18)	<b>201</b>
<b>Net interest and fees receivable</b>	<b>2,102</b>	<b>375</b>	<b>2,477</b>	<b>2,093</b>	<b>144</b>	<b>2,237</b>
Value adjustments	(23)	(235)	<b>(258)</b>	116	0	<b>116</b>
Other operating income	69	0	<b>69</b>	60	0	<b>60</b>
Staff costs and administrative expenses	1,146	10	<b>1,156</b>	1,060	9	<b>1,069</b>
Depreciation, amortisation and write-downs on tangible and intangible assets	46	0	<b>46</b>	39	0	<b>39</b>
Other operating expenses	0	0	<b>0</b>	0	0	<b>0</b>
Write-offs and provisions for bad and doubtful debts	15	0	<b>15</b>	(38)	0	<b>(38)</b>
Results from participating interests	(69)	30	<b>(39)</b>	(17)	37	<b>20</b>
<b>Profit on ordinary activities before tax</b>	<b>872</b>	<b>160</b>	<b>1,032</b>	<b>1,191</b>	<b>172</b>	<b>1,363</b>
<b>Tax</b>			<b>294</b>			<b>338</b>
<b>Interim results</b>			<b>738</b>			<b>1,025</b>

**MOVEMENTS IN CAPITAL**  
DKK million

**Nykredit A/S**

	Share capital	Share premium account	Reserves in series	Other reserves	Revaluation reserves	Interim results	<b>2002 30.06 Total</b>	<b>2001 30.06 Total</b>
<b>Balance, beginning of year</b>	<b>1,146</b>	<b>2,518</b>	<b>11,847</b>	<b>17,168</b>	<b>28</b>		<b>32,707</b>	<b>30,863</b>
Results year-to-date						737	737	1,023
Other adjustments							0	1
<b>Balance, year-end</b>	<b>1,146</b>	<b>2,518</b>	<b>11,847</b>	<b>17,168</b>	<b>28</b>	<b>737</b>	<b>33,444</b>	<b>31,887</b>

The share capital breaks down in shares of DKK 100.00 and multiples hereof.

**NOTES TO THE PROFIT AND LOSS ACCOUNTS**  
DKK million

The Nykredit Group			Nykredit A/S		Nykredit A/S consolidated	
2001 1st half	2002 1st half		2002 1st half	2001 1st half	2002 1st half	2001 1st half
<b>1. INTEREST RECEIVABLE</b>						
500	307	Balances due from credit institutions and central banks	232	228	307	500
12,545	12,123	Loans and advances	11,509	11,948	12,123	12,545
930	979	Administration fees	979	930	979	930
Bonds						
322	343	- Own mortgage bonds	283	233	341	320
493	601	- Other mortgage bonds	166	107	601	493
603	386	- Government bonds	325	431	386	603
137	83	- Other bonds	15	43	83	137
Derivative financial instruments						
7	(22)	- Foreign exchange contracts	(6)	4	(22)	7
(58)	(92)	- Interest rate contracts	25	10	(92)	(58)
37	36	Other interest receivable	53	50	36	37
<b>15,516</b>	<b>14,744</b>	<b>Total</b>	<b>13,581</b>	<b>13,984</b>	<b>14,742</b>	<b>15,514</b>
<b>Of which interest receivable of genuine purchase and resale transactions entered as:</b>						
286	197	Balances due from credit institutions and central banks	39	40	197	286
116	79	Loans and advances	0	0	79	116
<b>2. INTEREST PAYABLE</b>						
1,177	897	Credit institutions and central banks	269	199	897	1,177
355	274	Deposits	0	0	274	355
11,926	11,351	Issued bonds	11,351	11,926	11,351	11,926
0	0	Subordinated debt	0	0	0	0
83	59	Other interest payable	71	89	60	84
<b>13,541</b>	<b>12,581</b>	<b>Total</b>	<b>11,691</b>	<b>12,214</b>	<b>12,582</b>	<b>13,542</b>
<b>Of which interest payable of genuine sales and repurchase transactions entered as:</b>						
474	541	Debt to credit institutions and central banks	209	125	541	474
64	55	Deposits	0	0	55	64
<b>3. VALUE ADJUSTMENTS</b>						
Bonds						
71	36	- Own mortgage bonds	34	67	36	70
(11)	(12)	- Other mortgage bonds	28	28	(12)	(11)
(92)	(106)	- Government bonds	(100)	(103)	(106)	(92)
11	3	- Other bonds	0	13	3	11
63	(156)	Shares	(156)	57	(156)	63
3	10	Fixed-rate loans and advances	3	3	10	3
8	33	Foreign exchange	9	(3)	33	8
Derivative financial instruments						
(8)	9	- Foreign exchange contracts	28	(3)	9	(8)
89	13	- Interest rate contracts	38	(12)	13	89
(18)	(83)	- Share contracts	(84)	(18)	(83)	(18)
0	(5)	- Other contracts	0	0	(5)	0
<b>116</b>	<b>(258)</b>	<b>Total</b>	<b>(200)</b>	<b>29</b>	<b>(258)</b>	<b>115</b>

**NOTES TO THE PROFIT AND LOSS ACCOUNTS**  
DKK million

The Nykredit Group			Nykredit A/S		Nykredit A/S consolidated	
2001 1st half	2002 1st half		2002 1st half	2001 1st half	2002 1st half	2001 1st half
<b>4. STAFF COSTS AND ADMINISTRATIVE EXPENSES</b>						
<b>Salaries and remuneration to the Board of Directors and Executive Board</b>						
6	7	Executive Board	13	12	13	12
2	2	Board of Directors	1	1	1	1
<b>8</b>	<b>9</b>	<b>Total</b>	<b>14</b>	<b>13</b>	<b>14</b>	<b>13</b>
<b>Staff costs</b>						
493	543	Wages	435	392	535	485
54	66	Pensions	55	46	66	54
48	53	Social security costs	44	40	53	48
<b>595</b>	<b>662</b>	<b>Total</b>	<b>534</b>	<b>478</b>	<b>654</b>	<b>587</b>
<b>466</b>	<b>485</b>	<b>Other administrative expenses</b>	<b>373</b>	<b>349</b>	<b>485</b>	<b>466</b>
<b>1,069</b>	<b>1,156</b>	<b>Total</b>	<b>921</b>	<b>840</b>	<b>1,153</b>	<b>1,066</b>
<b>5. WRITE-OFFS AND PROVISIONS FOR BAD AND DOUBTFUL DEBTS</b>						
<b>Write-offs and provisions for loans, advances and guarantees</b>						
<b>Itemisation of provisions for loans, advances and guarantees</b>						
<b>2,003</b>	<b>1,973</b>	<b>Provisions for loans, advances and guarantees, beginning of year</b>	<b>1,807</b>	<b>1,793</b>	<b>1,973</b>	<b>2,003</b>
0	0	- Value adjustment of foreign exchange provisions	0	0	0	0
203	175	- Provisions for the year	133	123	175	203
(225)	(137)	- Reversal of provisions	(121)	(159)	(137)	(225)
0	9	- Other disposals	0	0	9	0
(75)	(59)	- Provisions recorded as lost	(51)	(33)	(59)	(75)
<b>1,906</b>	<b>1,961</b>	<b>Provisions, year-end</b>	<b>1,768</b>	<b>1,724</b>	<b>1,961</b>	<b>1,906</b>
(97)	(12)	Movement in provisions for loans, advances and guarantees	(39)	(69)	(12)	(97)
87	62	Interim write-offs ascertained, net	53	42	62	87
(27)	(26)	Received on claims previously written off	(26)	(26)	(26)	(27)
<b>(37)</b>	<b>15</b>	<b>Write-offs and provisions for loans, advances and guarantees</b>	<b>(12)</b>	<b>(53)</b>	<b>15</b>	<b>(37)</b>
<b>(1)</b>	<b>0</b>	<b>Write-offs and provisions for other items</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1)</b>
<b>(38)</b>	<b>15</b>	<b>Total write-offs and provisions</b>	<b>(12)</b>	<b>(53)</b>	<b>15</b>	<b>(38)</b>
<b>6. RESULTS FROM PARTICIPATING INTERESTS IN ASSOCIATED AND SUBSIDIARY UNDERTAKINGS</b>						
37	30	Results from participating interests in associated undertakings	36	37	30	37
(17)	(69)	Results from participating interests in subsidiary undertakings	(43)	96	(69)	(17)
<b>20</b>	<b>(39)</b>	<b>Total</b>	<b>(7)</b>	<b>133</b>	<b>(39)</b>	<b>20</b>
<b>7. TAX</b>						
<b>Effective tax rate</b>						
30.0	30.0	Current tax rate	30.0	30.0	30.0	30.0
0.0	0.0	Difference attributable to associated and subsidiary undertakings	1.3	2.1	0.0	0.0
(6.5)	(3.1)	Non-liable income	(4.0)	(8.5)	(3.1)	(6.5)
0.5	0.9	Non-deductible expenses	0.8	0.4	0.9	0.5
0.8	0.6	Adjustment of tax assessed for previous years	0.3	0.8	0.6	0.8
<b>24.8</b>	<b>28.4</b>	<b>Effective tax rate</b>	<b>28.4</b>	<b>24.8</b>	<b>28.4</b>	<b>24.8</b>



NOTES TO THE BALANCE SHEETS  
DKK million

The Nykredit Group			Nykredit A/S		Nykredit A/S consolidated	
2001 30.06	2002 30.06		2002 30.06	2001 30.06	2002 30.06	2001 30.06
<b>8. BALANCES DUE FROM CREDIT INSTITUTIONS AND CENTRAL BANKS</b>						
0	10	Balances due at call from central banks	0	0	10	0
29,629	30,663	Balances due from credit institutions	24,511	26,027	30,663	29,629
<b>29,629</b>	<b>30,673</b>	<b>Total</b>	<b>24,511</b>	<b>26,027</b>	<b>30,673</b>	<b>29,629</b>
12,695	9,069	Of which genuine sales and repurchase transactions with credit institutions	4,405	3,858	9,069	12,695
6,638	6,524	Of which prepaid funds including prepayments at par and proceeds from the issuance of fixed-price agreements	6,524	6,638	6,524	6,638
<b>9. LOANS AND ADVANCES</b>						
386,089	401,391	Mortgage loans	401,391	386,089	401,391	386,089
281	220	Amounts outstanding in non-foreclosed properties	220	281	220	281
23,534	27,686	Other loans and advances	1,243	159	27,686	23,534
<b>409,904</b>	<b>429,297</b>	<b>Total</b>	<b>402,854</b>	<b>386,529</b>	<b>429,297</b>	<b>409,904</b>
<b>Mortgage loans</b>						
<b>381,300</b>	<b>395,696</b>	<b>Balance, beginning of year</b>	<b>395,696</b>	<b>381,300</b>	<b>395,696</b>	<b>381,300</b>
36,132	37,976	New loans	37,976	36,132	37,976	36,132
989	892	Indexation	892	989	892	989
(6,892)	(7,079)	Ordinary repayments	(7,079)	(6,892)	(7,079)	(6,892)
(24,254)	(24,806)	Redemptions and extraordinary repayments	(24,806)	(24,254)	(24,806)	(24,254)
<b>387,275</b>	<b>402,679</b>	<b>Balance, year-end</b>	<b>402,679</b>	<b>387,275</b>	<b>402,679</b>	<b>387,275</b>
(32)	(52)	Loans transferred relating to properties temporarily foreclosed	(52)	(32)	(52)	(32)
(1,447)	(1,514)	Provisions for loans and advances	(1,514)	(1,447)	(1,514)	(1,447)
293	278	Loans assumed by the Financial Administration Agency	278	293	278	293
<b>386,089</b>	<b>401,391</b>	<b>Total</b>	<b>401,391</b>	<b>386,089</b>	<b>401,391</b>	<b>386,089</b>
<b>10. OTHER ASSETS</b>						
1,796	1,644	Positive market value of derivative financial instruments	46	113	1,644	1,796
3,424	4,906	Interest and commissions due	2,624	1,615	4,903	3,422
0	0	Tax due	0	0	0	0
89	226	Deferred tax assets	214	71	226	89
198	349	Other assets	880	711	351	202
<b>5,507</b>	<b>7,125</b>	<b>Total</b>	<b>3,764</b>	<b>2,510</b>	<b>7,124</b>	<b>5,509</b>

NOTES TO THE BALANCE SHEETS  
DKK million

The Nykredit Group			Nykredit A/S		Nykredit A/S consolidated	
2001 30.06	2002 30.06		2002 30.06	2001 30.06	2002 30.06	2001 30.06
<b>11. ISSUED BONDS</b>						
<b>Mortgage bonds</b>						
<b>387,238</b>	<b>442,099</b>	<b>Balance, beginning of year</b>	<b>442,099</b>	<b>387,238</b>	<b>442,099</b>	<b>387,238</b>
35,127	37,828	Additions	37,828	35,127	37,828	35,127
(36,126)	(77,401)	Bonds drawn and cancelled	(77,401)	(36,126)	(77,401)	(36,126)
(10,447)	(12,409)	Redemptions and extraordinary payments	(12,409)	(10,447)	(12,409)	(10,447)
<b>375,792</b>	<b>390,117</b>	<b>Total</b>	<b>390,117</b>	<b>375,792</b>	<b>390,117</b>	<b>375,792</b>
25,781	25,392	Indexation	25,392	25,781	25,392	25,781
<b>401,573</b>	<b>415,509</b>	<b>Balance, year-end</b>	<b>415,509</b>	<b>401,573</b>	<b>415,509</b>	<b>401,573</b>
<b>12. OTHER LIABILITIES</b>						
1,618	1,746	Negative market value of derivative financial instruments	69	24	1,746	1,618
8,779	9,943	Negative trading book relating to purchase and resale transactions	4,245	3,159	9,943	8,779
8,498	9,220	Interest and commissions owing	6,880	6,709	9,221	8,499
35	83	Tax owed on income for the period	83	0	83	35
2,511	3,784	Other liabilities	2,996	2,130	3,784	2,511
<b>21,441</b>	<b>24,776</b>	<b>Total</b>	<b>14,273</b>	<b>12,022</b>	<b>24,777</b>	<b>21,442</b>
<b>13. PROVISIONS FOR LIABILITIES</b>						
73	7	Pensions and similar liabilities	6	73	7	73
480	441	Repayable reserves in pre-1972 series	441	480	441	480
54	21	Loss risk relating to legal actions	0	0	21	54
<b>607</b>	<b>469</b>	<b>Total</b>	<b>447</b>	<b>553</b>	<b>469</b>	<b>607</b>
<b>14. OFF-BALANCE SHEET ITEMS</b>						
<b>Guarantees</b>						
1,912	173	Financial guarantees	0	0	173	1,912
167	1,706	Other guarantees	0	0	506	167
<b>2,079</b>	<b>1,879</b>	<b>Total</b>	<b>0</b>	<b>0</b>	<b>679</b>	<b>2,079</b>
<b>Other liabilities</b>						
3,313	3,946	Irrevocable credit commitments	0	0	3,946	3,313
578	445	Other liabilities	1,332	897	445	578
<b>3,891</b>	<b>4,391</b>	<b>Total</b>	<b>1,332</b>	<b>897</b>	<b>4,391</b>	<b>3,891</b>
<b>15. SECURITY</b>						
16,979	4,091	As security in the Danish central bank, the Danish FUTOP Clearing Centre and foreign clearing centres, bonds have been deposited with a total market value of	3,091	11,279	4,091	16,979

## THE DANISH FINANCIAL SUPERVISORY AUTHORITY RATIO SYSTEM

<b>The Nykredit Group</b>	<b>1998 30.06.</b>	<b>1999 30.06.</b>	<b>2000 30.06.</b>	<b>2001 30.06.</b>	<b>2002 30.06.</b>
Capital adequacy ratio	12.7	11.8	11.5	11.0	10.8
Core capital ratio	11.3	11.0	11.3	11.3	11.1
Interim return on equity before tax (%) <sup>1)</sup>	6.1	3.8	3.6	4.3	3.1
Interim return on equity after tax (%) <sup>1)</sup>	4.1	2.7	2.4	3.3	2.2
Income/cost ratio	2.98	1.97	2.12	2.27	1.85
Foreign exchange position (%)	0.3	0.6	3.3	1.4	1.2
Accumulated provision ratio	0.6	0.6	0.5	0.5	0.5
Interim write-offs and provision ratio	0.0	0.0	0.0	0.0	0.0
Interim growth in loans and advances (%)	2.8	2.4	1.9	3.1	2.9
Gearing of loans and advances	13.8	13.7	13.2	12.8	12.8
<b>Nykredit consolidated</b>	<b>1998 30.06.</b>	<b>1999 30.06.</b>	<b>2000 30.06.</b>	<b>2001 30.06.</b>	<b>2002 30.06.</b>
Capital adequacy ratio	12.7	11.8	11.4	10.9	10.8
Core capital ratio	11.2	11.0	11.3	11.3	11.1
Interim return on equity before tax (%) <sup>1)</sup>	6.1	3.8	3.6	4.3	3.1
Interim return on equity after tax (%) <sup>1)</sup>	4.2	2.7	2.4	3.3	2.2
Income/cost ratio	2.99	1.97	2.13	2.28	1.85
Foreign exchange position (%)	0.3	0.6	3.3	1.4	1.2
Accumulated provision ratio	0.6	0.6	0.5	0.5	0.5
Interim write-offs and provision ratio	0.0	0.0	0.0	0.0	0.0
Interim growth in loans and advances (%)	2.8	2.4	1.8	3.1	2.9
Gearing of loans and advances	13.9	13.7	13.2	12.9	12.8

<sup>1)</sup> The return on equity has been computed of the basis of average capital and reserves.

<b>Nykredit A/S</b>	<b>1998 30.06.</b>	<b>1999 30.06.</b>	<b>2000 30.06.</b>	<b>2001 30.06.</b>	<b>2002 30.06.</b>
Capital adequacy ratio	12.9	12.7	12.5	12.0	12.0
Core capital ratio	11.5	11.8	12.3	12.3	12.3
Interim return on equity before tax (%) <sup>1)</sup>	6.0	3.8	3.6	4.3	3.1
Interim return on equity after tax (%) <sup>1)</sup>	4.2	2.7	2.4	3.3	2.2
Income/cost ratio	3.55	2.22	2.59	2.67	2.10
Foreign exchange position (%)	0.0	1.1	2.6	0.2	0.4
Accumulated provision ratio	0.6	0.5	0.5	0.4	0.4
Interim write-offs and provision ratio	0.0	0.0	0.0	0.0	0.0
Interim growth in loans and advances (%)	2.0	1.2	1.2	1.6	2.0
Gearing of loans and advances	13.5	13.2	12.6	12.1	12.0

<sup>1)</sup> The return on equity has been computed of the basis of average capital and reserves.