



**Nykredit**

**NYKREDIT HOLDING A/S****Board of Directors**

Axel Ladegaard Jensen, Farmer,  
Chairman

K.E. Borup, General Manager,  
Deputy Chairman

Hans Bang-Hansen, Farmer  
Kristian Bengaard, Senior Consultant\*  
Peter Bramsen, Farmer  
Steen E. Christensen, Attorney  
Winnie Dohn, Chairman of Staff Association\*  
Jørgen S. Iversen, Manufacturer  
Allan Kristiansen, Vice President\*  
Ole Maltesen, Manager  
Susanne Møller Nielsen, Housing Adviser\*  
Kirsten Petersen, Commercial Adviser\*  
Ole Steffensen, Mayor  
Ole Trolle, Group Managing Director  
Jens Erik Udsen, General Manager  
Leif Vinther, IT Consultant\*  
F.Weye-Hansen, General Manager

**Executive Board**

Mogens Munk Rasmussen,  
Group Chief Executive

Peter Engberg Jensen,  
Group Managing Director

Per Ladegaard,  
Group Managing Director

Henning Kruse Petersen,  
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Niels A. Brændgaard

Leif Duus

Søren Møller

Erik Højberg Nielsen

N.C. Petersen

Niels Ravn

Lars Bo Stenqvist

*Nykredit Holding A/S and Nykredit A/S hold their Annual General Meetings on 15 April 2002*

\* *Elected staff representative*

\*\* *Appointed by the Danish government as director of Nykredit A/S*

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



## T H E   G L A S S   C U B E   -   N Y K R E D I T ' S   D O M I C I L E

Openness. Dialogue. Co-operation. Quality. Aesthetics. Gravity. Robust.

A building and its architecture send many signals about an organisation – to the organisation and its people as well as to the outside world surrounding it. The Glass Cube, Nykredit's new domicile on Kalvebod Brygge, central Copenhagen, has a broad appeal with its very distinctive yet light and transparent image.

Nykredit's Group activities are assembled in the Glass Cube, and with its size and openness, a light and spacious workplace for the 700 staff members has been created.

The atrium and the open plan office environment make it possible for the staff to see each other and follow the activities in the entire building. In this way the building's architecture helps to promote a vibrant and personally rewarding co-operation and team spirit in Nykredit.

As a monumental edifice, the Glass Cube is also part of life on the wharf, Kalvebod Brygge, in central Copenhagen. Open spaces on both sides of the Glass Cube lie in continuation of the esplanade on the wharf. At the same time, the Glass Cube's transparency allows a good view of the harbour from the residential blocks which lie behind.

The Glass Cube is the result of an architecture competition won by the firm of architects, MAA Schmidt, Hammer & Lassen. In its choice, Nykredit has focused on the innovative solution comprising a large inner atrium, in combination with good architecture and high quality in every detail: priorities repeated everywhere in the Glass Cube where a consciously Nordic style is expressed in the design. Light and Air. Clean lines. Contrasts. Quality materials which age beautifully. Plus an open and democratic form of design.

## NYKREDIT'S CORPORATE IDENTITY

### **Business concept**

Based on the financing of real property Nykredit plays an important role in the process of ensuring and further developing an efficient capital market for the benefit of the individual and society.

### **Vision**

Nykredit aims to be the preferred financial partner to all decision-makers in relation to financing solutions.

Nykredit will develop from its unique starting point with the aim always to master strategically important competence areas in the financial sector.

Nykredit will be the preferred place of work for financial sector staff.

### **Business mission**

Nykredit will be an internationally competitive Danish financial service provider drawing on competent staff, up-to-date services, products and distribution channels.

DKK MILLION	1997	1998	1999	2000	2001
<b>CORE EARNINGS AND NET PROFIT FOR THE YEAR</b>					
Core income from lending and securities	3,348	3,885	3,697	4,121	4,617
Operating costs, depreciation and amortisation	(1,516)	(1,940)	(2,216)	(2,202)	(2,286)
<b>Core earnings before write-offs</b>	<b>1,832</b>	<b>1,945</b>	<b>1,481</b>	<b>1,919</b>	<b>2,331</b>
Write-offs and provisions for bad and doubtful debts	154	18	(132)	118	(84)
Profit/loss from insurance activities before tax	-	-	(6)	30	(62)
<b>Core earnings after write-offs</b>	<b>1,986</b>	<b>1,963</b>	<b>1,343</b>	<b>2,067</b>	<b>2,185</b>
Investment portfolio income	1,940	609	607	506	330
<b>Profit on ordinary activities before tax</b>	<b>3,926</b>	<b>2,572</b>	<b>1,950</b>	<b>2,573</b>	<b>2,515</b>
Tax	(1,239)	(806)	(598)	(819)	(688)
<b>Net profit for the year</b>	<b>2,687</b>	<b>1,766</b>	<b>1,352</b>	<b>1,754</b>	<b>1,827</b>

**SUMMARY BALANCE SHEET AT 31 DECEMBER**

Loans and advances:					
- Mortgage Bank	352,766	363,777	371,245	380,053	394,403
- Bank	7,371	10,161	16,018	17,139	22,234
Bonds and shares	31,959	46,833	50,229	74,735	107,220
Deposits – Bank	3,596	4,366	9,323	9,483	8,651
Issued bonds	380,407	389,974	388,898	412,869	467,459
Capital and reserves	25,695	27,366	28,554	30,975	32,823
Total assets	425,840	457,422	472,419	509,365	579,512

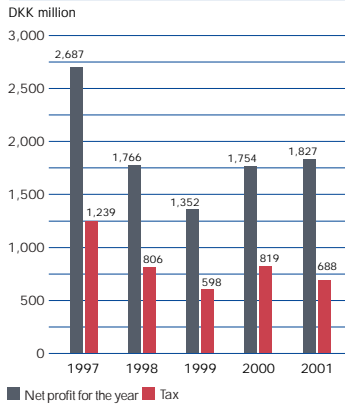
**KEY RATIOS**

Profit for the year as a percentage of average capital and reserves	11.0	6.7	4.8	5.9	5.7
Core earnings before write-offs as a percentage of average capital and reserves	7.5	7.3	5.3	6.4	7.3
Core earnings after write-offs as a percentage of average capital and reserves	8.2	7.4	4.8	6.9	6.8
Costs as a percentage of core income	45.3	49.9	59.9	53.4	49.5
Total provisions	2,447	2,211	2,235	2,012	1,983
Write-offs and provisions as a percentage for the year	0.0	0.0	0.0	0.0	0.0
Capital adequacy ratio	13.1	12.9	12.0	12.1	11.1
Core capital ratio	11.6	11.5	11.3	12.0	11.4
Average number of full-time staff:					
- Nykredit Holding and consolidated subsidiaries	1,774	2,182	2,514	2,528	2,564
- Insurance (non-consolidated)	-	-	4	316	353

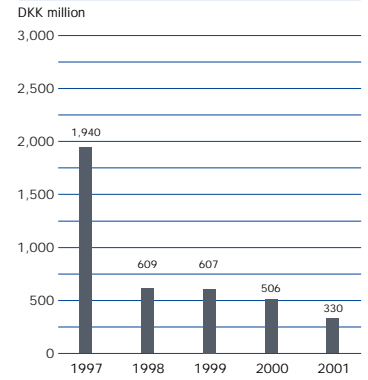
Note: Investment portfolio income is stated less costs related to the investment function, cf page 64.

The balance sheet item "Bonds and shares" was partly affected by remortgaging and refinancing of Adjustable-Rate Mortgages at year-end.

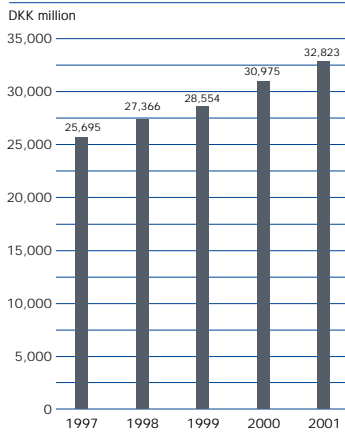
### NET PROFIT AND TAX FOR THE YEAR



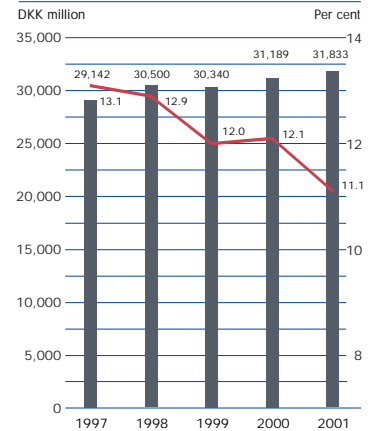
### INVESTMENT PORTFOLIO INCOME



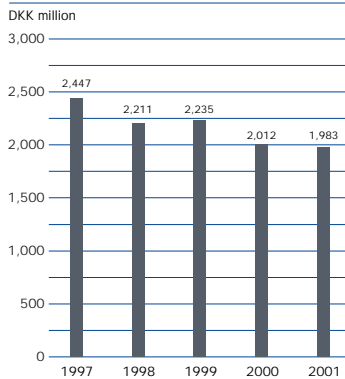
### CAPITAL AND RESERVES



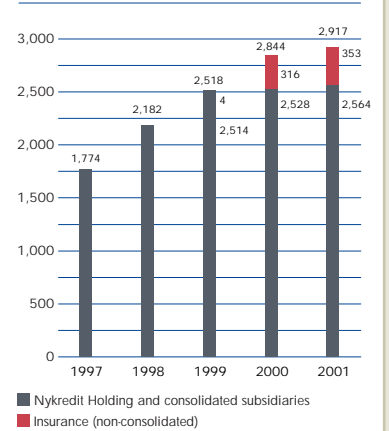
### CAPITAL BASE AND CAPITAL ADEQUACY RATIO



### TOTAL PROVISIONS



### NUMBER OF FULL-TIME STAFF, YEAR'S AVERAGE





## GROUP MANAGEMENT REPORT

### 2001 - IN BRIEF

- The results for 2001 of the Nykredit Group were a profit before tax of DKK 2,515m and DKK 1,827m after tax against DKK 2,573m and DKK 1,754m, respectively, in 2000.
- Results reflect
  - a rise in core income, up 12% on 2000
  - an increase of almost 4% in costs compared with 2000
  - a decrease in investment portfolio income of DKK 176m to DKK 330m
  - a continuous low level of write-offs and provisions for bad and doubtful debts of DKK 84m against an income of DKK 118m in 2000.
- Group results mirror an increased level of activity within mortgage banking – not least in the second half of 2001. At the same time the positive trend in banking and insurance activities continued and led to an increase in the customer base of the two business areas.
- 31% of the Group's retail customers now make use of products from two or more of the Group's business entities.
- Group lending was up by DKK 19bn in 2001:
  - The Mortgage Bank increased lending by DKK 14bn.
  - The Bank increased lending by DKK 5bn.
- The Mortgage Bank saw a rise in the level of activity in 2001 against last year which can partly be attributed to more active sales efforts and substantial remortgaging activities. In particular, demand for Adjustable-Rate Mortgages (ARMs) increased – both denominated in Danish kroner and in euros. Adjustable-Rate Mortgages accounted for 44% of the total number of new loans.





**TRIUMPHAL ARCH** Seen from the city and the harbour fairway, the Glass Cube resembles a gigantic triumphal arch. The two office wings are linked by the executive area uppermost in the Glass Cube and the large atrium. In the local plan, the area between Nykredit's former headquarters and the Glass Cube on Kalvebod Brygge is designated as a future open square.

- In the last couple of months of 2001 Nykredit noted a substantial increase in the demand for euro-denominated loans – and for the first time also among the Group's retail customers. Thus euro loans accounted for more than 17% of the total number of loans disbursed, and euro loans raised by retail customers in 2001 equalled more than 13% in terms of number of loans, whereas in terms of loan amount, euro loans accounted for 25% and 19%, respectively.
- Nykredit Bank recorded an increase in profit before tax of 46%, totalling DKK 164m, although volatile fixed-income markets towards year-end had a negative effect on the investment portfolio income.
- Dansk Portefølje Bank A/S, a subsidiary of the Bank, which handles the Bank Group's asset management business, continued to grow in 2001 increasing total assets under management from some DKK 25bn to DKK 34bn.
- The insurance business was characterised by a satisfactory development in activities, but net results of a negative DKK 45m were highly affected by the turbulent financial markets towards year-end which resulted in a capital loss on investments.
- In 2001 the results of the estate agency business were on a level with last year when excluding the costs of a newly developed IT system for the use of the estate agents.
- After inclusion of the net profit for the year Group capital and reserves stood at DKK 32.8bn against DKK 31.0bn in 2000. The Group's capital base came to DKK 31.8bn, equal to a capital adequacy ratio of 11.1.

The Nykredit Group will present its interim results on 21 August 2002.





**KEY BUSINESS EVENTS AND FOCUS AREAS**

In 2001 the Nykredit Group continued to harvest the results of recent years' major investments in the development of products, systems and staff competences.

Hence the Group saw growth in sales and volume within the latest product areas, while maintaining and, within some areas, reinforcing its market position in a highly competitive market.

Besides growth in mortgage lending, banking and insurance activities continued to account for a rising share of the business volume. The cross sales ratio, ie the share of customers that has made use of products from two or more of the Group's business entities, lifted to 27.8 from 22.9 early in the year. The positive trend is expected to continue in the years ahead.

Consequently, the Bank and the insurance business play an important role in retaining the Group's customers. At end-2001 Nykredit Bank had 155,500 retail customers. To this should be added Nykredit Østifterne Forsikring's 114,500 retail customers.

Therefore, the sale of the Nykredit Group's banking and insurance products developed satisfactorily. But also the public awareness of Nykredit being more than a mortgage bank progressed in a positive direction in 2001.

Opinion polls, conducted by Gallup on behalf of Nykredit, show that the knowledge about Nykredit's banking and insurance products mounted in 2001, and that Nykredit has gained important ground in terms of customers' knowledge and preference of the Nykredit Group as a whole. The favourable polls are the result of a combination of attractive and competitively

priced products and a deliberate marketing strategy focusing on the Group's banking and insurance products.

The continued decline in yields particularly within short-term mortgage bonds, not least in the second half of 2001, increased incentives to remortgage into short-rate mortgages, thereby refinancing fixed-rate mortgages into Adjustable-Rate Mortgages. As a result, the level of mortgage activities of the Nykredit Group in 2001 considerably outperformed that of 2000, and total mortgage lending increased further.

The majority of the remortgaging activities involved Adjustable-Rate Mortgages – both in Danish kroner and in euros. Adjustable-Rate Mortgages accounted for 44% of the total number of mortgage loans disbursed in 2001. Expressed in loan amount, Adjustable-Rate Mortgages accounted for 58% of total mortgage lending in 2001.

In September 2000 the Danes rejected the euro, but since Nykredit launched its first euro loan in 1998, demand for euro-denominated loans has been growing constantly. In 2001 euro loans covered 17% of total new lending in terms of number of mortgage loans disbursed. In terms of the loan stock, Nykredit commands a market share of 54%, making Nykredit the largest provider of euro loans in Denmark.

Up to 2001 euro loans were mainly in demand among the Group's agricultural customers, but in the second half of the year the demand for euro loans among retail customers rose sharply. In the last few months of the year every fourth loan disbursed was denominated in euros. Retail customers accounted for 60% of the total number of euro loans in 2001 against 19% in 2000.



**HOVERING** The 40 metre high building seemingly hovers over the quay on Kalvebod Brygge. The Glass Cube rests on granite-clad columns which support the

#### **FULL-SCALE FINANCIAL SERVICE PROVIDER**

In 1997 Nykredit revised its business mission from being a leading mortgage bank to being a leading financial service provider catering for customers' needs for a broad financial product supply.

The new mission is more universal and is targeted at all aspects of a modern financial service provider. Since 1997 Nykredit has developed new business areas and new products and emerges today as an internationally competitive Danish financial service provider drawing on competent staff as well as up-to-date services, products and distribution channels.

The business areas have been expanded to encompass banking and insurance business, and the distribution network has undergone significant development and enlargement. Today Nykredit offers customers a national, multi-channel distribution network embracing several complementing and integrated channels.

Customers may choose from 48 local offices, the Customer Contact Centre, the Sales Centre, Nykredit Direkte, Nykredit Østifterne Forsikring's three retail centres and 115 insurance agents including 260 estate agents related to the estate agency chains, Nybolig, Scheel & Orloff or EjendomsRingen. On top come 32 specialised Commercial and Agricultural Centres and seven Rental Housing Centres.

Nykredit's Customer Contact Centre is the Group's main channel for customer inquiries regardless of whether a customer approaches Nykredit by telephone or via the Internet – a medium increasingly applied by Nykredit's customers. The Customer Contact Centre applies modern customer service systems.

Over the years the Internet has become a very important distribution channel for Nykredit, and today the Group's website, [www.nykredit.dk](http://www.nykredit.dk), which increasingly supplements the traditional sales channels, is a virtual market place offering customers the opportunity to choose from banking, mortgage finance and insurance services whenever they may find it convenient.



57x57 metre square building. There is free passage along the harbour fairway, and the Glass Cube forms a natural end to the esplanade leading to Langebro.

In 2001 the multi-channel strategy was further expanded with the launch of the service portal, BoligGuiden.dk. The portal is specifically designed for homeowners and based on their needs and requirements in relation to buying or selling a home.

#### **GROUP ENTITIES**

The Group aims at five key market segments.

- Retail customers
- Rental housing customers
- Agricultural customers
- Commercial customers
- Markets

The five market segments are each responsible for serving and advising customers and for the sales, distribution, business development and production related to their area. The segments are supported by a number of centralised staff and service functions.

#### **RETAIL CUSTOMERS**

##### **Key activities in 2001**

In 2001 competition for retail customers in the Danish mortgage finance market continued to be very fierce, and during remortgaging surges, as seen in the second half of the year, competition for retail customers intensifies further.

Despite intense competition, Nykredit successfully maintained its market share and even increased its market share of retail customers, an area where competition is usually keenest.

Decline in interest rates and active sales efforts resulted in great interest from retail customers in remortgaging into either callable fixed-rate mortgages or Adjustable-Rate Mortgages.

2001 was the year when Adjustable-Rate Mortgages in earnest became popular among retail customers – both Adjustable-Rate Mortgages issued in Danish kroner as well as in euros. Hence Adjustable-Rate Mortgages represented 41% of all loans issued to retail customers. 13% of all retail mortgages were disbursed in euros, and retail customers raised 60% of the total number of



**HANDCUT** Handcut Chinese basalt/granite clads the columns which raise the Glass Cube from the ground just as the horizontal ribs on the building's two aspects. The granite gives the building gravity and forms a contrast to the large glass areas with their lattice of steel on the aspects of the building facing the city and the harbour. The structure of the granite is dynamic and varied. At a distance the granite gives a calm and subdued impression. Close up, the rough surface breaks the smooth, polished image.

euro loans in 2001. Expressed in loan amount, loans in Danish kroner and in euros accounted for 55% and 19%, respectively.

Remortgaging activities peaked in the last quarter of the year when twice as many loans as usual were issued. By closely co-ordinating the interaction of the sales channels, the Nykredit Group successfully managed to meet the strong demand - the scope of which has only been surpassed by the remortgaging surge in 1993.

Nykredit therefore offers customers different entries: local offices, the Customer Contact Centre and the website, [www.nykredit.dk](http://www.nykredit.dk). Work Flow Management systems ensure that customers are served in an efficient and uniform manner regardless of which entry they use.

The Group enjoyed growing demand from retail customers for insurance and banking products. Today 31% of all retail mortgage customers of the Group have made use of either a banking or an insurance product, and the cross sales ratio is expected to go up in coming years.

#### **Outlook for 2002**

In 2002 Nykredit will continuously endeavour to be the preferred financial partner to homeowners and to offer all products and services relevant to retail customers, while maintaining focus on enlarging the customer portfolio and strengthening the sale of banking and insurance products.

#### **RENTAL HOUSING CUSTOMERS**

##### **Key activities in 2001**

Competition grew fiercer within the rental housing segment. Most recently, DLR Kredit, a Danish provider of agricultural finance, introduced products for housing societies and small and medium-sized private rental housing customers.

In this market Nykredit maintained its position within mortgage finance and even fortified its position within banking and especially within insurance. Nykredit Østifterne Forsikring upped its business volume considerably within the rental housing segment.

In 2001 the rental housing segment brought about new challenges within the market for senior and housing society dwellings.

In May, on the initiative of Nykredit, all Danish housing societies were given the opportunity to set up individually designed home pages and publish waiting lists free of charge at [andelsbolig.dk](http://andelsbolig.dk), a portal previously launched by Nykredit. The initiative constitutes a breakthrough in creating a joint, electronic and most of all transparent market place for housing societies.

In early 2002 estate agents, contractors, developers and not least house hunters will be included in the primary target group of [andelsbolig.dk](http://andelsbolig.dk).

Suppliers can put properties up for sale on the site free of charge either in the form of individual dwellings or entire projects. House hunters can set up profiles containing requirements for type of housing-society dwelling, location, price, etc and other senior-related aspects. These profiles form part of a web-based buyer database where suppliers and house hunters can contact each other by e-mail. Nykredit aims to create a digital market place for housing societies with a clear structure and transparency which is neither available today on the web nor in the physical world.

[Andelsbolig.dk](http://Andelsbolig.dk) also introduces a new forum for seniors for the purpose of developing web-based communication about senior dwellings and related services.

Senior dwellings span all tenure groups, and in 2001 Nykredit enhanced advisory and communications services in this area. The market for senior dwellings will continue to take a high priority in the Nykredit Group in coming years.

In the past year Home Insurance and Nykredit's benefit packages from the homeowner area were added to Nykredit's offers to members of housing societies, and they can now enjoy the benefits of being Core Customers in Nykredit.



# ASIS

At the beginning of the year the Urban Renewal Act governing subsidised rental housing was amended. The new rules have reduced the scope for business within this area, and at the same time remortgaging activities turned out to be markedly lower than forecasted. In the past year subsidised housing construction has been influenced by statutory loan refinancing. Nykredit took part in the financing of the subsidised housing properties which fell under the City of Copenhagen's right of reversion.

#### **Outlook for 2002**

The year ahead will set new standards within tenure groups and developer roles. Nykredit foresees a lift in the scope of activity within multi-dwelling properties and expects new types of housing designed to enhance mobility in the housing area to emerge.

As in 2001 the year ahead will be affected by remortgaging within subsidised housing, just as

the urban renewal area is expected to step up remortgaging activities following the new rules increasing incentives for owners to refinance subsidised mortgage loans.

#### **AGRICULTURAL CUSTOMERS**

##### **Key activities in 2001**

In 2001 the already fierce competition for agricultural customers gained further momentum due to the favourable economic outlook which Danish agriculture has enjoyed in recent years.

Nykredit maintained a strong market position within this segment by virtue of the Group's exposure and its wide array of products and services differentiated according to the various customer segments of the sector.

In response to the falling interest rates, a line of remortgaging campaigns was launched involving





**CONTRASTS** The firm of architects, MAA Schmidt, Hammer & Lassen, has consciously used contrasts in the visual image of the Glass Cube. The straight lines of the footbridges and the parapets on each floor contrast with the round forms of the skylights and the meeting tables. The dark African Wengé wood of the suspended meeting boxes complements and contrasts with the raw, white concrete of the columns and parapets.

both fixed-rate mortgages and Adjustable-Rate Mortgages in either euros or Danish kroner as required by customers. Since the introduction of euro loans in 1998 Nykredit has been a market leader within these types of loans, and nearly every second new loan granted to agricultural customers was denominated in euro.

The marketing efforts within banking concentrated especially on fixed asset loans, term deposits and online savings accounts. On top come leasing agreements for the purpose of financing various forms of chattels.

In 2001 focus centred on stepping up the sale of insurance products and generally enhancing the synergy between the insurance and financing aspects of the customer contact. Accordingly, insurance agents are now available in the agricultural centres offering customers advice on more complex insurance products.

In the agricultural segment the personal contact between staff and customers continues to be key to the sale of financing and insurance products. However, Nykredit Online is a distribution and communication channel which plays an increasingly greater role when it comes to calculations, targeted advice and up-to-date customer information.

In addition, Nykredit has further developed the remaining sales channels to include:

- New agricultural site at Nykredit Online
- Internet banking for farmers
- Handling of e-mails via Nykredit's Customer Contact Centre
- Co-operation with a Danish agricultural Internet portal

The initiatives above allow the customer to be served when and where it is convenient.



#### **Outlook for 2002**

The economic outlook for the agricultural sector is expected to remain stable in 2002 as well. The trend towards pursuing an active asset and debt management strategy and to adjust financing to reflect current interest rate levels on an ongoing basis is expected to continue.

Sales efforts will concentrate on enhancing sales of banking and insurance products whilst maintaining the market share within agriculture.

#### **COMMERCIAL CUSTOMERS**

##### **Key activities in 2001**

Despite the economic slowdown, the lending volume throughout the year surpassed that of 2000. At year-end a large volume of remortgaging was carried out primarily into Adjustable-Rate Mortgages prompted by the decline in interest rates.

Competition in the commercial segment is still intense both on the part of Danish and foreign players, but Nykredit recorded a net addition of customers and maintained its role as a major lender to Danish trade and industry.

A growing number of commercial customers opted to let Nykredit handle their financing and investment needs in addition to mortgage finance.

The solutions to companies' long-term financing needs often require a mix of mortgage and bank loans or leasing. In the leasing area the product offering was expanded on the strength of the co-operation with LeasIT.

For investors, Nykredit's financial solutions range from deposits, fixed income, foreign exchange and equity trading via Nykredit Markets to asset management via Dansk Portefølje Bank.

Due to the close co-operation between Nykredit's commercial centres and the commercial insurance agents of Nykredit Østifterne Forsikring the sale of new commercial insurance policies landed at a satisfactory level.

Improved calculation facilities and advisory services in relation to finance and investment were added to Nykredit's electronic solutions for commercial customers at Nykredit Online – initiatives which increased the overall use of the site. Nykredit also developed a targeted Internet bank solution for commercial customers focusing on investments and placement of deposits.

Commercial customer services take off in Nykredit's 18 commercial centres where each customer is served by a commercial account manager. The commercial centre structure ensures exposure in the local community and close relations with customers all over Denmark.

In 2001 all product areas recorded growth in business volume, and costs maintained a stable level through continuous focus on simplifying and heightening the efficiency of working processes.

#### **Outlook for 2002**

2002 will be characterised by low economic growth, rise in the number of bankruptcies and a weak down-trend in commercial construction, and activities are generally expected to decline. However, the trend in international interest rates may have a great impact on the level of remortgaging.

#### **NYKREDIT MARKETS**

##### **Key activities in 2001**

In 2001 Nykredit Markets expanded its position as one of the leading players in the Danish bond markets whilst strongly growing its customer portfolio.

In 2001 Nykredit Markets noted progress in its trading activities within foreign government and mortgage bonds as especially institutional investors turned their attention towards the euro market to obtain the bond portfolio duration required.

Also money markets were a high-growth business area. High-quality market and product research is a prerequisite of selling investment products, and Nykredit Markets's Research Department bears comparison with the best in Denmark.

The demand for credit products from both borrowers and investors is growing. Corporates seek more flexible and broader-based financing solutions available through capital market transactions.

Nykredit expects this type of funding to display strong growth in coming years, and Nykredit Markets aims to become one of the leading players in this rapidly growing market.

In 2001 Nykredit Markets set up a Debt Capital Markets function which arranges bond loans issued by Scandinavian corporates and financial institutions and placed with investors in Denmark and abroad. In 2001 the department lead-arranged two bond issues for Danish banks but expects activities in this area to accelerate strongly in 2002.

The asset management business of the Group is handled by Dansk Portefølje Bank, a subsidiary of Nykredit Bank. Despite difficult conditions – particularly in international equity markets – appreciable growth in asset management agreements and agreements relating to special investment funds has been recorded. Total assets under management now come to some DKK 34bn, netting a rise in excess of 35% relative to 2000.



**TEAM SPIRIT** The open plan office areas on all floors accentuate the light and airy impression and display the activity in the entire building across

#### **Outlook for 2002**

An increasing number of players in the Danish stock market uses the Internet to approach customers. Especially in relation to research the use of the Internet has accelerated, and in first half 2002 Nykredit Markets will introduce a new Internet solution targeted at the professional segment offering dynamic access to portfolio management and strategy computations.

#### **NEW PRODUCTS AND SERVICES**

The array of products and services offered by the Nykredit Group widened following the introduction of a line of new initiatives in the course of the year.

In January Nykredit launched leasing solutions for Danish farmers, and agricultural customers can now obtain 100% financing of new and slightly used agricultural machinery and equipment.

Another new product is Nykredit Agricultural Insurance where one insurance policy covers

buildings, chattels and personal effects – representing a major upgrade in insurance coverage compared with general market standards within this area.

Nykredit Østifterne Forsikring marketed insurance covering latent effects as well as damage upon change of ownership for homebuyers and sellers which the Group's estate agents sold in relation to more than half of all properties sold.

Targeted at housing societies Nykredit launched a Mortgage Equity Withdrawal Account which is particularly attractive to housing societies receiving public subsidies or being financed via non-callable index-linked loans.

In 2000 Nykredit entered into an agreement with Topdanmark, a Danish insurer, on the supply of life assurance, enabling the Group to present its first life assurance product in March 2001 – Nykredit Credit Life Insurance.

By taking out a Nykredit Credit Life Insurance policy covering the mortgage debt of a home,



the atrium. The interior design contributes to flexibility and knowledge-sharing and emphasises the team spirit.

families are ensured that surviving relatives can continue to live in the family home, should one of the providers of the family pass away. The premium and insurance amount are written down at the same rate as the mortgage debt, and therefore customers only pay for the insurance amount required.

In September 2001 Nykredit Bank introduced a new business area, the Investment Centre, for the purpose of building concepts within long-term savings and complementing the Nykredit Group's sale of products within investment and pension.

The first initiative was the launch of Nykredit Pensionsinvest, a pension scheme combining a savings account with life assurance and professional asset management. The scheme may be supplemented with a number of other insurance policies which will be paid out to customers and their families in case of death, illness or loss of earnings capacity.

Another new offer for retail customers presented by Nykredit in 2001 is the professional architect assistance for home rebuilding or improvement. A co-operation agreement with ArkitektHjælpen, an independent Danish organisation with a national network of 250 architect firms, provides Nykredit's customers with professional assistance at a fixed, low price.

Nykredit also marketed an electronic Personal Budget Programme enabling homeowners to draw up budgets and calculate the financial implications of buying a new home. The programme can be downloaded from Nykredit's website and installed directly on users' own PCs.

Finally, Nykredit was one of the first to supply files to the first electronic archives, e-Boks, launched by Kommunedata and DMdata in 2001. The e-Boks enables users to collect and file documents such as pay slips, yearly statements, etc via the web. The documents are of course forwarded electronically to users.



#### **PORTALS AND E-ALLIANCES**

Continued development of the Nykredit Group necessitates further development of the Group's e-business activities.

Nykredit's e-business vision is integrated into all the planning and business development of the Group. The vision is based on customer needs and employs electronic channels for marketing, sales, production and customer service.

The Internet and electronic services are key elements in Nykredit's e-strategy and future business development. Accordingly, the Nykredit Group has allocated much effort to optimise the use of the Internet and the constantly growing number of new technological opportunities for production, sale and customer service purposes.

In keeping with the e-strategy, Nykredit strengthened its presence and exposure on the Internet in 2001. One of the steps in the e-strategy is to offer the Group's customers more and enhanced electronic services, thereby creating a coherent home universe. Other steps involve co-operation and alliances with other companies and Internet players.

The most recent initiative is a new service portal, BoligGuiden.dk, which reviews all processes encountered by homebuyers and sellers.

As part of BoligGuiden.dk's facilities, the portal offers homeowners the possibility of notifying a change of address via the web and contains check lists and advice on the array of financial services offered by Nykredit.

Users can also carry out searches with respect to all the homes for sale under the auspices of the Nykredit Group; through the estate agents of Nybolig, Scheel & Orloff and EjendomsRingem.

BoligGuiden.dk has 2-4,000 daily hits and has had more than 215,000 hits since its launch in September and up to year-end.

LIFE Travertine – a warm and inviting sandstone from Italy - adorns the Glass Cube's floors, the foyer and the broad steps which lead from Kalvebod Brygge to the Glass Cube. Visually, Travertine is a strong material with pronounced markings which create a dynamic structure to the large surfaces.

Another of Nykredit's portal initiatives is andelsbolig.dk targeted at housing societies and their members and managed in co-operation with an association of Danish housing societies, Andelsboligforeningernes Fællesrepræsentation. Since the launch of andelsbolig.dk in 2000 there has been growing interest in the site. One of the reasons for this is that nearly 600 housing societies are represented at andelsbolig.dk providing information about the societies and potential waiting lists.

Lastly, Nykredit and opasia.dk, a portal owned by TDC, joined forces to launch a home magazine on the web in June 2001.

In the years ahead Nykredit will continue to expand its e-activities which are becoming more and more important to the future development of the Nykredit Group. In consequence, Nykredit forecasts its website to supply 25% of all buying signals in 2003, and that 100,000 customers will use the Nykredit Group's e-media on a regular basis.

#### **INTERNATIONAL ACTIVITIES**

In Denmark competition for mortgage customers is fierce. Although the Nykredit Group's activities are primarily targeted at the Danish market, the Group has to take into account the fact that the financial market place is becoming more and more internationalised, and that competition follows suit.

In response Nykredit has allocated resources for the purpose of matching national and international competition in Denmark and in selected foreign markets.

Consequently, Nykredit offers cross-border loans – generally to large Danish corporates – in Sweden, Germany and the UK. This enables the Group to meet customers' borrowing requirements relating to projects in foreign markets without actually being represented in the markets concerned.

In recent years Nykredit has monitored the development in Poland and assessed the possibilities of setting up mortgage finance activities in this new and promising market.

The Polish mortgage market, still being in its early phases, holds many opportunities for new financial players. Nykredit's competences within mortgage finance open up prospects of building a solid platform in a future Polish mortgage finance market.

After having completed comprehensive studies, a project group has been set up to investigate the market potential in Poland further as well as to obtain permission from the authorities to set up a Polish mortgage bank within the coming years. This has resulted in the establishment of a venture company in Poland, Nykredit Polska Sp. z o.o.

#### **KEY IT PROJECTS**

Throughout 2001 Nykredit has developed and implemented a long line of new sales and process supporting systems. On top come substantial development and updating of other IT systems supporting Nykredit's day-to-day operations and production.

The first implementation of the Work Flow Management system and related electronic archive began in 2001 and will continue throughout 2002 adding more business processes.



**MEETING PLACE** Suspended meeting boxes and footbridges with green oases. Breathtaking proportions - 37 metres of free space from top to bottom. Trickling water reflecting the rays of light from the city and the harbour. People and elements meet in the atrium which is a pivotal point in the everyday life of the 700 staff members in the Glass Cube. The character of meeting place is accentuated by the canteen being on the lower floor of the atrium.

Self-service facilities for customers have been implemented through systems that allow the individual business areas of Nykredit to handle the information flows related to Nykredit's Internet solutions, and this has increased the quality and topicality of the information released on the web.

The IT structure related to the Group's new headquarters at Kalvebod Brygge in Copenhagen has been implemented with focus on operating efficiency.

In 2001 IT-oriented activities also involved additional comprehensive expansion of the telephone-based customer services and of a Customer Relation Management system.

#### **RATING**

In March 2001 Moody's Investors Service, a credit rating agency, upgraded the rating assigned to Nykredit's bonds issued via Capital Centre C and the General Capital Centre to Aa2.

#### **NEW HEADQUARTERS**

On 1 July 2001 the Nykredit Group started occupying its new headquarters at Kalvebod Brygge in Copenhagen. Two years of intense and busy building activities went prior to this. Construction as well as relocation progressed according to plan and time schedule.

The purpose of building a new headquarters was to assemble the Group's activities in Copenhagen and to create a quality-conscious building with an inspiring open working environment for the approximately 700 staff members.

The first positive results of assembling all activities under one roof have already been harvested. Not only has the corporate culture been stimulated, but working processes across undertakings, departments and entities have become easier and more effective for the Group's staff members in Copenhagen.

Among architectural treasures such as the Glyptotek, the Police Station and the Black





Diamond, Nykredit's new headquarters stands out with its own identity and characteristics. The building is an enormous, transparent cube, 40 metres in height with a floorage of 22,000 square metres which beautifully combines the city and the waterfront.

The Glass Cube – as the headquarters has been named – was designed by the architects of MAA Schmidt, Hammer & Lassen, at the cost of DKK 500m.

#### **BONUS**

By introducing a bonus scheme in 2000 Nykredit took the first steps towards performance-related pay. A tighter coupling between performance and pay is expected to increase staff motivation for the benefit of the customers, the Group and the staff. The bonus scheme covers the vast majority of Nykredit's staff members who are not already included in another form of performance-related bonus scheme.

The experiences made in relation to the bonus schemes in 2000 and 2001 were positive and create a basis for further developing performance-related pay in coming years as the use of Balanced ScoreCard and new measuring systems become further integrated into the organisation.

In the light of the results achieved in 2001, the bonus has been fixed at 2.75% of overall payroll costs. One third will be paid out to staff members relative to their individual salaries, whereas the remaining two thirds will be distributed according to a managerial assessment of the performance in each entity.

#### **REQUIRED RATE OF RETURN**

For the purpose of fixing the required intra-group rate of return, the Nykredit Group has divided Group capital and reserves into the following three elements:



*Business capital*, determined by the statutory capital adequacy requirements, *buffer capital*, to ensure lending capacity in connection with setbacks in the economic outlook and *strategic capital*, for strategic acquisitions and investments.

Nykredit's long-term rate of return target has been fixed in consideration of the above division of capital and reserves. The total amount of capital and reserves must yield an investment return conforming to the market. This is defined as the return on Nykredit's benchmark portfolio and varies in line with the developments in bond and equity markets.

The business capital is required to yield an excess return compensating for the risks incurred by Nykredit's business activities. The target for the excess return is a pre-tax level of 5% at end-2003. In comparison the pre-tax excess return of the Nykredit Group came to 6.3% in 2001 following a year affected positively by a high level of activity, low write-offs and a return on securities somewhat exceeding the estimated benchmark.

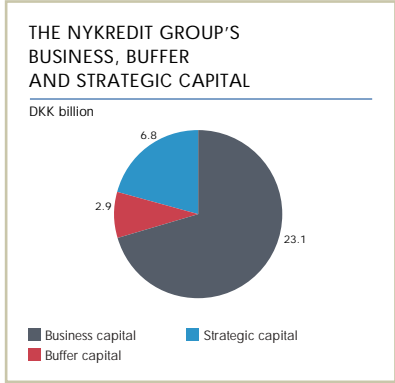
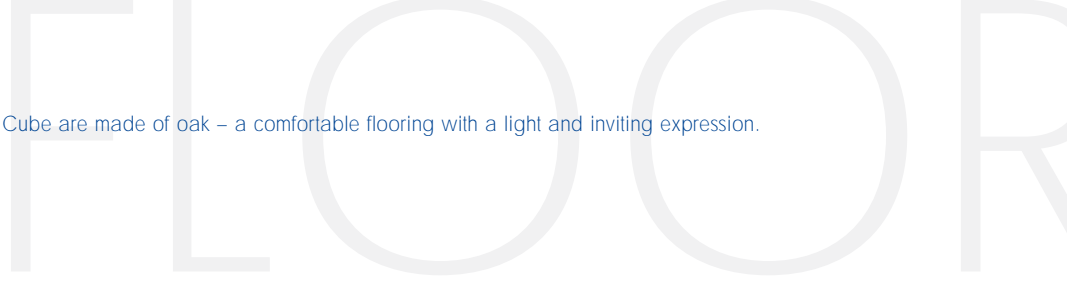
#### **HUMAN RESOURCES**

Nykredit's visions, business objectives and strategies cannot alone secure Nykredit's future position as a modern, competitive financial service provider. This also requires adequate financial strength, constantly up-to-date IT systems and not least qualified and competent staff.

Quality management is key to Nykredit's ability to attract staff members with the required qualifications and to create a dynamic and safe working place for its staff.

Requirements for management change concurrently with the development in society and business activities, and management tasks have become more demanding and complex. It very much relies on the individual manager to fulfil the managerial role. This necessitates a joint perception of quality management.

In 2001 the Nykredit Group revised the joint framework of reference for management – phrased in nine management values each describing Nykredit's characteristics of quality management.



The Nykredit Group's management values are:

<p><b>Courage</b> The Nykredit manager has the courage to think differently. The manager is prepared to take on managerial challenges and to stand firm when convinced that he is on the right track.</p> <p><b>Responsibility</b> The Nykredit manager acknowledges his managerial responsibility. The manager shows managerial loyalty and ethical judgement and strives to achieve the best results for the customers and Nykredit.</p> <p><b>Drive</b> The Nykredit manager is energetic and persistent in his method of work and pursues his objectives. The manager is seen as business-oriented, enterprising and effective.</p> <p><b>Holistic</b> The Nykredit manager is holistic and co-operates across all entities of the Group – to achieve good results, to create value for customers and to make optimal use of resources.</p> <p><b>Professional skills</b> The Nykredit manager uses his professional</p>	<p>skills to develop his entity and to be a qualified sparring partner and inspiration to his staff, thereby increasing the value of their efforts.</p> <p><b>Enthusiasm</b> With his catching enthusiasm and positive attitude the Nykredit manager influences his staff. The manager knows that the best results are achieved when the work is rewarding and challenging.</p> <p><b>Empowerment</b> The Nykredit manager shows confidence and empowers his staff to act within a clearly defined framework.</p> <p><b>Presence</b> The Nykredit manager demonstrates empathy and takes care of his staff. The staff members feel the presence and support of the manager. The manager is there when needed.</p> <p><b>Clear communication</b> The Nykredit manager communicates in clear and specific terms. The staff members see cohesion between the manager's words and actions.</p>
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## RESULTS COMPARED TO FORECASTS

In relation to the presentation of the Annual Accounts for 2000, the Group forecasted a profit on ordinary activities before tax of DKK 2.2-2.4bn for 2001. At the interims for 2001 forecasts for the year were marked up to some DKK 2.5bn, equal to the actual results for the year.

The actual profit recorded was DKK 2,515m.

## OUTLOOK FOR 2002

Also in 2002 the mortgage business will continue to dominate the majority of the Group's overall results. In terms of sales, activities within banking and insurance are expected to intensify, thereby creating a positive trend in the Group's customer portfolio.

In 2002 mortgage activities are expected to show a more moderate trend compared to 2001 which was especially influenced by an extraordinarily large scope of remortgaging activity towards year-end. Consequently, mortgage activities are expected to display a more even distribution between remortgaging, homebuyer and supplementary mortgages.

Following the decline in activities, core income from lending is expected to be lower than in 2001. Similarly, core income from securities is expected to land on a lower level relative to 2001.

Group overheads are expected to rise marginally partly due to a higher expense level related to the staff and IT areas.

The level of write-offs and provisions is expected to be around DKK 150-250m which still represents a low level.

The Nykredit Group expects a profit on ordinary activities before tax of about DKK 2.3-2.6bn in 2002 based on the above mentioned income, cost and loss assumptions. Core income from securities and investment portfolio income are based on an unchanged level of bond and equity prices relative to end-2001.

### SUMMARY OF FORECASTED RESULTS FOR 2002

<i>DKK million</i>	<i>Results 2001</i>	<i>Forecast 2002</i>
Core income from lending and securities	4,617	4,300 to 4,500
Operating costs, depreciation and amortisation	(2,286)	(2,400) to (2,500)
Write-offs and provisions for bad and doubtful debts	(84)	(150) to (250)
Investment portfolio income	330	600 to 800
Profit on ordinary activities before tax	2,515	2,300 to 2,600

**CREDIT RISKS****Credit policy**

Nykredit's operations entail risks including credit risks. The overall responsibility for managing and monitoring the Group's risks rests with a central Credit Department which reports directly to the Executive Board.

The credit policy is one of the tools used to manage the Group's credit risks. The overall credit policy, laid down by the Board of Directors of Nykredit, has been specified in several policies applying to the individual lending segments. These policies apply to all undertakings of the Nykredit Group. However, the policies allow for the special characteristics of the individual business entities and products.

Nykredit operates with a relatively low interest margin which requires a low expense level and limited losses. The requirement of limited losses is combined with the objective of an appropriate market position, and hence the credit policy has not been drafted alone for the purpose of avoiding losses, but is an expression of a balance between market and credit policy considerations.

**Granting of loans**

All of Nykredit's customers have been assigned to an account managing entity with which the overall responsibility of the account rests. Such responsibility includes the servicing and credit analysis of customers, valuation of mortgaged properties, etc.

Credit analysis, valuation and loan assessment, etc are made in compliance with the rules set out in centrally drafted business procedures.

All of Nykredit's customers are subject to individual credit analyses. Credit analysis in relation to retail customers is based on an automated and statistically-based credit rating system (Credit Scoring) regardless of whether mortgage or bank loans are concerned.

Credit analysis of other types of customers is performed manually according to guidelines tailored to the individual type of customer and the size of Nykredit's credit exposure to the customer.

In connection with new capital adequacy rules set out by the Basel Committee, expected to take effect in Denmark in 2005, Nykredit has initiated activities to set up a rating system in relation to the Group's customers.

The mortgage finance business generates the majority of all Group lending. Nykredit may offer mortgage loans not only in Denmark but in several other European countries.

Approval of mortgage loans is subject to valuation of customers' properties. Such valuation is made pursuant to centrally determined guidelines which ensure a comprehensive survey and valuation of the lay-out, location, marketability and price stability of a property. To supplement the valuation of properties, Nykredit has introduced an IT system to register data on concluded property transactions and leasing.

**Loan approval authority**

All loan account officers have been assigned a specific loan approval authority based on customers' aggregate accounts with the Nykredit Group. Loan approval authorities have been assigned in so as the majority of loans in the Group can be granted on a decentralised basis by the account managing entities.

Exposures exceeding the authority of the account managing entity are submitted to the central Credit Committee. In principle, a loan application must be submitted to the Credit Committee if a customer's aggregate accounts with Nykredit exceed DKK 25m.

**Monitoring of the loan portfolio**

The loan portfolio is continually monitored in order to ensure that necessary provisions for future bad and doubtful debts are made on a current basis. Moreover, portfolio monitoring is one of the tools used in the adjustment of Nykredit's credit policy.

Part of the ongoing monitoring is a review of all exposures exceeding DKK 10m at least once a year based on updated financial and customer data. In addition, Nykredit reviews all commitments with risk signals.



As a supplement to monitoring individual loan exposures Nykredit also undertakes more theme-oriented credit reviews where lending to a specific sector or for a given type of property, etc is reviewed.

#### **MARKET RISKS**

The Board of Directors provides the framework for the Group's market risks. The overall Group benchmark for financial risks is divided into an interest rate risk of 3% of capital and reserves, equal to an interest rate exposure of DKK 985m and an equity risk of 10% of the capital base, equal to an equity portfolio of DKK 3,282m.

For the purpose of fixed-income investments Nykredit applies Danish government bonds as benchmark. The benchmark for equities is an even portfolio distribution between Danish and European equities. Exchange rate risks and other financial risks are kept at a minimum.

The Treasury Committee of Nykredit A/S sets out the overall limits of Group undertakings' risk exposure including limits in relation to the securities portfolio.

Distribution of the overall limits of risk exposure in Group undertakings has been determined in consideration of the financial profile of the individual undertaking.

The Mortgage Bank holds the majority of the securities portfolio as it has the highest level of capital and reserves and, from time to time, substantial liquidity surpluses relating to the time lag between payment flows in respect of customers on the one hand and bond markets on the other. A number of statutory requirements

govern the placing of the capital base and the short-term funds of the Mortgage Bank. The most important requirement stipulates that at least 60% of the capital base must at any time be invested in listed bonds. Furthermore, the rules stipulate that an approximate maturity match must exist with respect to the placing of surplus liquidity arising from the time lag on payments related to customers and bond markets.

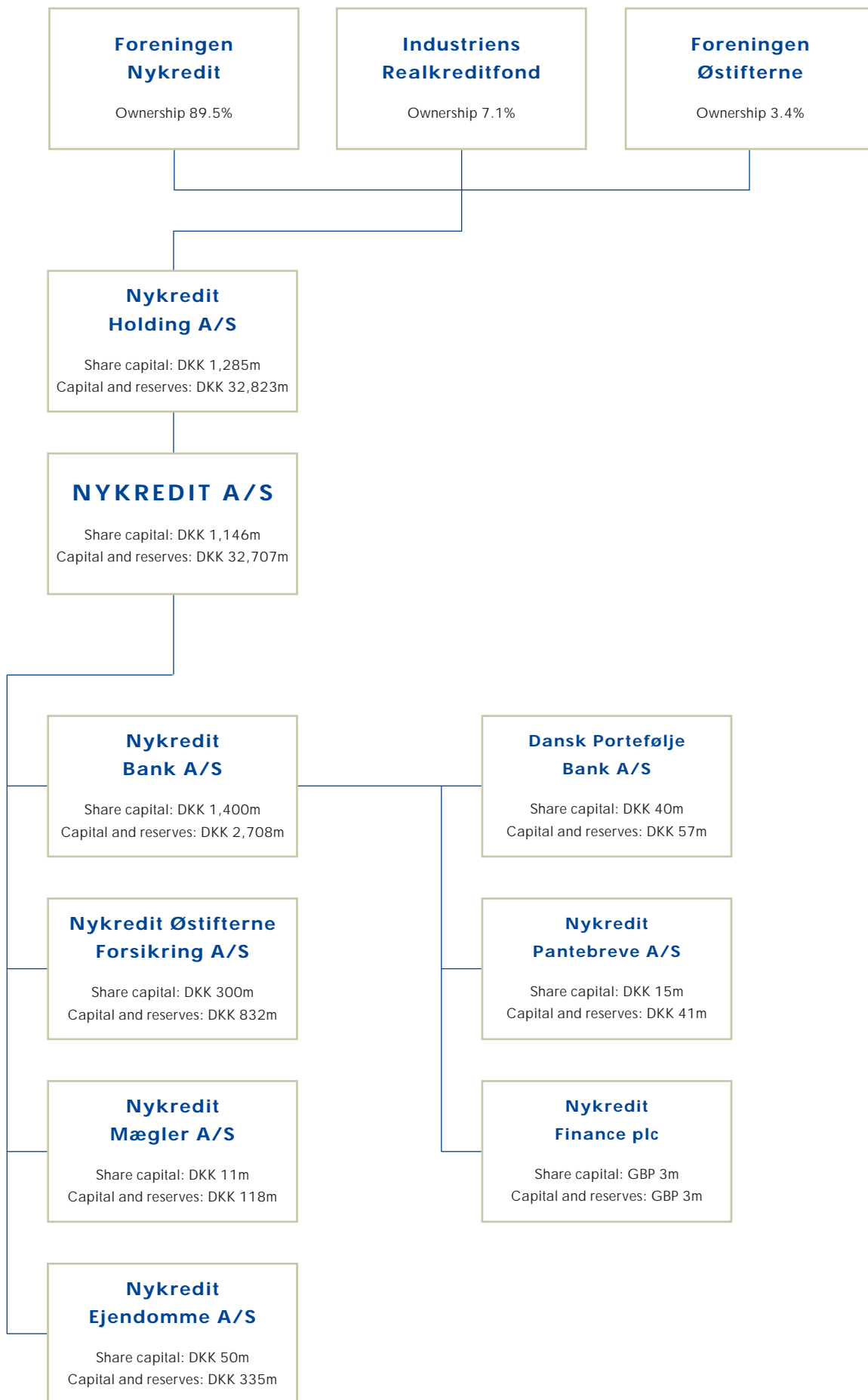
The Bank's risks primarily relate to trading activities and consist of interest rate and counterparty risks and to a small extent exchange rate and equity risks. The financial market risk profile of the Insurer equals the profile of the Mortgage Bank, but with an equity portfolio equal to 30-40% of capital and reserves in 2001.

#### **INSURANCE RISKS**

Insurance risks involve the amount of claim payments payable every year.

The Group only operates activities within non-life insurance. Every year the amount of claim payments including the risks related to these activities will be subject to uncertainty. On top come events of a special nature like the hurricane in December 1999.

The Group follows an acceptance policy and uses reinsurance to manage insurance risks.





**RESULTS OF THE NYKREDIT GROUP**

The Group recorded a pre-tax profit of DKK 2,515m against DKK 2,573m in 2000. The net profit was DKK 1,827m against DKK 1,754m in 2000.

**CORE EARNINGS**

Group core earnings before write-offs rose by DKK 412m to DKK 2,331m.

Results for the year were chiefly affected by higher core income from lending and securities, a continuously favourable development in write-offs and provisions for bad and doubtful debts, which netted a charge of DKK 84m, and as expected modest growth in Group operating costs, depreciation and amortisation.

In 2001 overall core income amounted to DKK 4,617m, up DKK 496m. The rise in core income is primarily attributable to increased earnings from lending. Similarly, the increase in average money market rates from 4.4% to 4.7% led to a higher return on the securities portfolio.

Operating costs, depreciation and amortisation rose by DKK 84m to DKK 2,286m as anticipated.

Group write-offs and provisions for bad and doubtful debts remained very low. Write-offs and provisions for bad and doubtful debts related to the mortgage business totalled a negative DKK 44m against a positive net effect on operations of DKK 149m in 2000. Bank write-offs and provisions for bad and doubtful debts remained on a level with last year at DKK 39m. The estate agency business reported write-offs and provisions for bad and doubtful debts of DKK 1m.

**INVESTMENT PORTFOLIO INCOME**

The investment portfolio consists of long-term investments of the Nykredit Group's capital base and short-term liquidity deposits relating to time lags in connection with mortgage lending. Surplus liquidity arising from time lags is invested in securities with approximate maturity matches pursuant to the balance principle of the Danish Mortgage Credit Act.

**CORE EARNINGS AND INVESTMENT PORTFOLIO INCOME OF THE NYKREDIT GROUP**

<i>DKK million</i>	2000	2001
Core income from lending and securities	4,121	4,617
Operating costs, depreciation and amortisation	(2,202)	(2,286)
Core earnings before write-offs	1,919	2,331
Write-offs and provisions for bad and doubtful debts	118	(84)
Profit/loss from insurance activities before tax	30	(62)
Core earnings after write-offs	2,067	2,185
Investment portfolio income	506	330
Profit on ordinary activities before tax	2,573	2,515
Tax	(819)	(688)
Net profit for the year	1,754	1,827

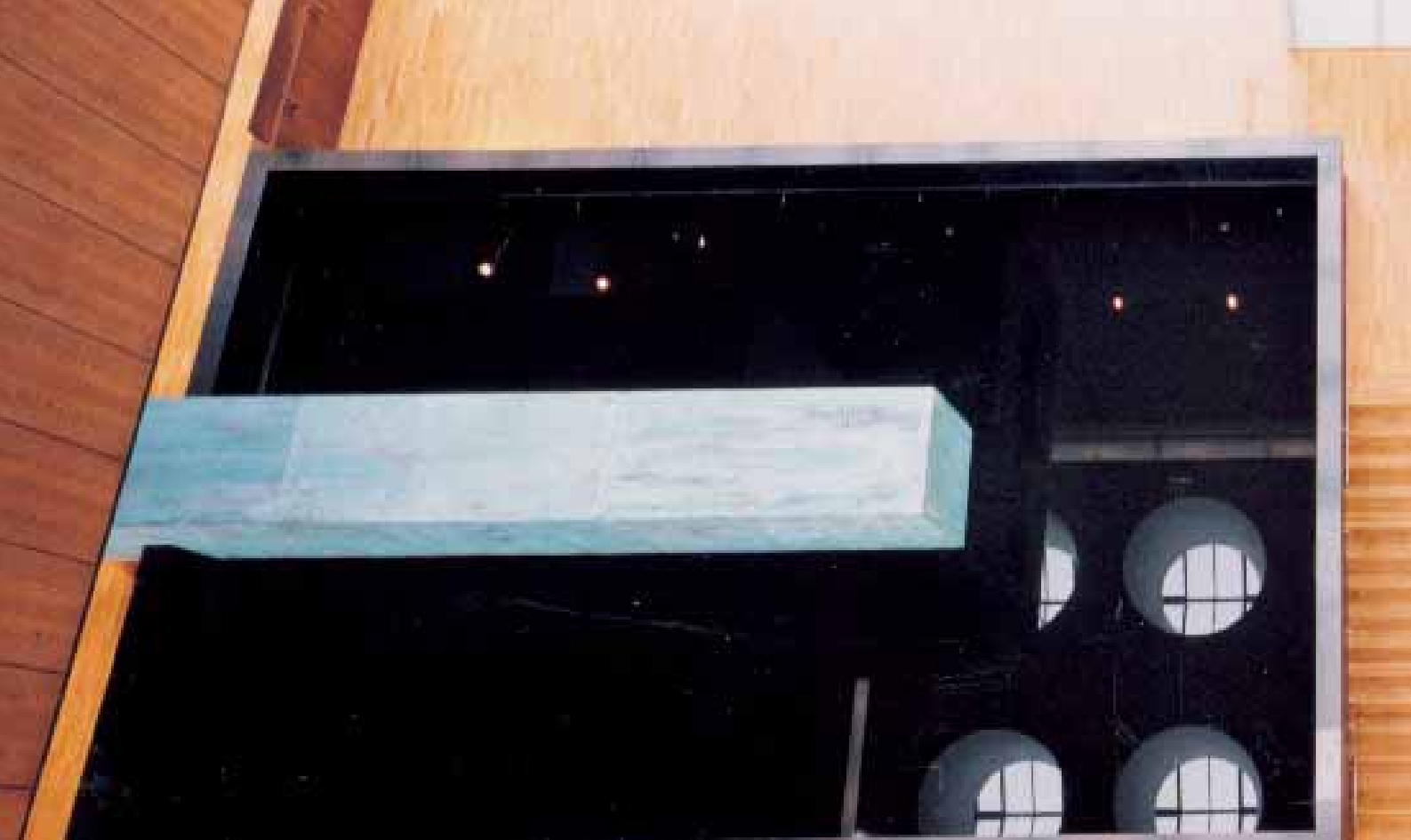
Nykredit's investment portfolio income totalled DKK 330m in 2001 against DKK 506m in 2000. Investment portfolio income is the income from Nykredit's investment portfolio that exceeds risk-free money market rates. Investment portfolio income is stated exclusive of price and interest margins deriving from the mortgage business and the trading activities of Nykredit Markets. Furthermore, investment portfolio income is stated less costs related to the investment function.

The investment portfolio consisting of the Group's capital base averaged DKK 31.0bn and yielded a rate of return of 5.8% in 2001 compared with risk-free money market rates at 4.7%. 2000 yielded a rate of return of 6.2% compared with risk-free money market rates at 4.4%.

Income from Nykredit's investment portfolio of liquidity, bonds and interest rate instruments displayed a gain of DKK 503m. The portfolio, averaging DKK 27.7bn, yielded a rate of return of 6.7%. In 2000 investment portfolio income from fixed income and money market transactions posted DKK 354m, equal to a rate of return of 5.8%.

Investment portfolio results from equities and equity instruments were a loss of DKK 173m. The net portfolio generated a negative rate of return of 1.4%. In 2000 investment portfolio income from equities amounted to DKK 152m, equal to a rate of return of 9.9%.

Investment portfolio results of Nykredit Østifterne Forsikring, totalling a negative DKK 43m, have not been included in the figures above.



**WATER** A large water sculpture by Anita Jørgensen stretches from the low-ceilinged ground floor to the atrium where water mirrors and reflects the light.

At 31 December 2001 Group interest rate exposure amounted to DKK 1,204m at an overall change in interest rates of 1 percentage point. At an overall price decline of 10% equity exposure equalled DKK 367m.

Short-term yields declined by up to 1.5 percentage points in 2001, whereas medium and long-term yields showed a minor decrease.

European equity markets dived by an average of 16.9%, while the Danish KFX Index dropped by 13.8%. Nykredit's benchmark for placing its equity portfolio is 50% in Denmark and 50% in Europe.

The drop in short yields affected investment portfolio income from bonds positively, whereas investment portfolio income from equities was influenced by the negative trend in equity markets.

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

The Group balance sheet stood at DKK 580bn at end-2001 against DKK 509bn at end-2000.

Group lending rose by DKK 19bn during 2001. Mortgage lending was up by DKK 14bn, and Bank lending by DKK 5bn.

Bonds and balances due from credit institutions rose by a total of some DKK 50bn which can be ascribed to a temporary liquidity surplus in connection with an increase in remortgaging activities in 2001 compared with the year before.

The refinancing of Adjustable-Rate Mortgages at year-end also created a temporary increase in the bond portfolio. The majority of the remortgaging activities of DKK 33bn – against DKK 21bn the year before – was carried out via fixed-price agreements.



# WATER

Group capital and reserves came to DKK 32,823m at year-end against DKK 30,975m at the beginning of the year. Capital and reserves were up by DKK 1,848m.

At end-2001 the Group's capital base after deductions amounted to DKK 31,833m. The requirement for the capital base is DKK 22,906m, and the excess capital then comes to DKK 8,927m. Consequently, at year-end the Group's capital base equalled 11.1% of weighted assets against the statutory requirement of 8%.

Nykredit has not taken advantage of its possibilities for raising subordinated loans.

## THE NYKREDIT GROUP'S CAPITAL AND RESERVES AND CAPITAL ADEQUACY

<i>DKK million</i>	<i>2000</i>	<i>2001</i>
<b>Capital and reserves:</b>		
Capital and reserves, beginning of financial year	28,554	30,975
Profit for the year brought forward	1,754	1,827
Capital increase	992	-
Transferred from provisions for pre-1972 series in Nykredit A/S	10	20
Goodwill write-off	(314)	-
Other adjustments	(21)	1
<b>Capital and reserves, end of financial year</b>	<b>30,975</b>	<b>32,823</b>
<b>Capital adequacy</b>		
Weighted assets	257,271	286,323
Capital requirement involving		
- Credit risk	19,716	20,893
- Market risk	866	2,013
<b>Total</b>	<b>20,582</b>	<b>22,906</b>
<b>Capital base, year-end</b>	<b>31,189</b>	<b>31,833</b>
<b>Excess cover</b>	<b>10,607</b>	<b>8,927</b>
<b>Capital adequacy ratio stated as:</b>		
- Capital base	12.1	11.1
- Core capital	12.0	11.4



#### **GROUP ENTITIES**

##### **NYKREDIT HOLDING A/S**

The Holding Company holds the shares in Nykredit A/S and has no business activities as such. The holding company is represented by the Group Staff function responsible for the strategy and business development of the Group.

The Parent Company netted a profit of DKK 4m in 2001 excluding the results from Nykredit A/S, the subsidiary.

##### **NYKREDIT A/S**

###### **Results**

The Mortgage Bank reported a profit before tax of DKK 2,510m in 2001 against DKK 2,573m in 2000. Net profit after tax came to DKK 1,823m against DKK 1,754m in 2000.

Results for 2001 were positively affected by a lift in core income primarily from lending and secondarily from securities and by a continued low level of write-offs and provisions for bad and doubtful debts.

### Distribution of profits

According to the Articles of Association and the guidelines laid down by the Board of Directors, the net profit for the year is taken to capital and reserves.

In 2001 Nykredit continues the profit distribution practice previously applied. Consequently, no series reserves receive any share of the net profit for the year. The capital adequacy requirements of the individual series may, however, necessitate the transfer of capital to series reserves.

In accordance with the articles of pre-1972 series, the reserve fund shares will be distributed when a loan is partly or fully redeemed. In case of write-offs or the need to provide for a non-performing mortgage of a pre-1972 series, the series in question will be reduced by an equal amount. Thus the reserves of pre-1972 series will only be affected by distributed reserve fund shares and write-offs and provisions for bad and doubtful debts, if any. Injected capital consequent to the capital adequacy requirement cannot be distributed.

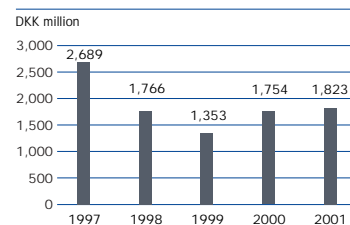
After distribution of the net profit for the year capital and reserves stood at DKK 32,707m at year-end against DKK 30,863m at the beginning of the year.

Consequently, capital and reserves have increased by DKK 1,844m.

### CORE EARNINGS AND INVESTMENT PORTFOLIO INCOME OF THE MORTGAGE BANK

<i>DKK million</i>	2000	2001
Core income from lending and securities	3,479	3,904
Operating costs, depreciation and amortisation	(1,705)	(1,734)
<b>Core earnings before write-offs</b>	<b>1,774</b>	<b>2,170</b>
Write-offs and provisions for bad and doubtful debts	149	(44)
Profit from participating interests	131	32
<b>Core earnings after write-offs</b>	<b>2,054</b>	<b>2,158</b>
Investment portfolio income	519	352
<b>Profit on ordinary activities before tax</b>	<b>2,573</b>	<b>2,510</b>
Tax	(819)	(687)
<b>Net profit for the year</b>	<b>1,754</b>	<b>1,823</b>

### NET PROFIT FOR THE YEAR



### CAPITAL AND RESERVES FROM BEGINNING TO END OF THE YEAR

<i>DKK million</i>	<i>Distribution of profit</i>	<i>Capital and reserves</i>
Capital and reserves, beginning of financial year		30,863
Amount available for distribution	1,823	
Transferred from provisions for pre-1972 series	20	
Other adjustments	1	
<b>Transferred to capital and reserves</b>		<b>1,844</b>
<b>Capital and reserves, end of financial year</b>		<b>32,707</b>



**NIGHT** When darkness falls, the life within the Glass Cube is reflected in the water and creates a new interplay between the city and the waterfront.

#### **Capital adequacy**

The capital adequacy requirements governing mortgage banks are laid down in section 53 of the Mortgage Credit Act. The section requires that the capital base always make up 8% of the risk-weighted assets and off-balance sheet items of a mortgage bank.

The capital base is calculated as the sum of core capital and supplementary capital. Core capital equals share capital, reserves in series, whether these are repayable or not, and other reserves.

The capital requirement is calculated on the basis of a weighting of assets and off-balance sheet items, taking into account the risk degree of each asset. As the loan portfolio weights between 50% and 100%, depending on property type, this is the most significant item.

#### **Capital base of the Mortgage Bank**

The Mortgage Bank's capital base after deductions stood at DKK 31,736m against the statutory reserve requirement of DKK 21,143m, equal to a capital adequacy ratio of 12.0.



Accordingly, capital adequacy exceeded the statutory reserve requirement by DKK 10,593m.

The executive order on capital adequacy has been amended which has resulted in tightened capital requirements governing mortgage banks as – in line with commercial banks – the capital adequacy statement of mortgage banks must include the aggregate interest rate exposure of the securities portfolio. Up to now mortgage banks have been exempted from including the part of the securities portfolio which is required to be invested in listed bonds under the Mortgage Credit Act, when computing capital adequacy.

For Nykredit, the change has resulted in a rise in the capital adequacy requirement of some DKK 700m as at 31 December 2001.

Inclusion of joint and several liability in the capital base lapsed with effect from the financial year of 2001 which reduced the capital base of the Mortgage Bank at the beginning of the year by DKK 1,188m compared with the year before.

#### CAPITAL BASE OF THE MORTGAGE BANK

<i>DKK million</i>	2000	2001
Capital base	31,102	31,736
Weighted assets	237,191	264,282
<b>Capital adequacy ratio</b>	<b>13.1</b>	<b>12.0</b>
<b>Core capital</b>		
Share capital	3,664	3,664
Reserves in series	12,584	11,847
Other reserves	14,587	17,168
<b>Total</b>	<b>30,835</b>	<b>32,679</b>
<b>Deduction from core capital</b>		
Tax assets capitalised	(46)	(146)
<b>Total core capital after deduction</b>	<b>30,789</b>	<b>32,533</b>
<b>Supplementary capital</b>		
Revaluation reserves	28	28
Reserves in series	213	199
Joint and several liability	1,188	-
<b>Total</b>	<b>1,429</b>	<b>227</b>
<b>Deduction</b>		
Investment in participating interests > 10%	(987)	(873)
Deduction of insurance activities	(129)	(151)
<b>Total</b>	<b>(1,116)</b>	<b>(1,024)</b>
<b>Capital base</b>	<b>31,102</b>	<b>31,736</b>
<b>Capital requirement involving</b>		
- Credit risk	18,335	19,532
- Market risk	640	1,611
<b>Total</b>	<b>18,975</b>	<b>21,143</b>
<b>Excess cover</b>	<b>12,127</b>	<b>10,593</b>

## **PROFIT AND LOSS ACCOUNT**

### **Core income from lending and securities**

The Mortgage Bank's core income from lending and securities came to DKK 3,904m, up DKK 425m on 2000 of which DKK 368m is ascribable to core income from lending. This is mainly an effect of an increase in lending activities, which is also reflected in substantial remortgaging activities particularly in the second half of 2001. The increased level of activity has resulted in a rise in activity-related income such as front-end fees and other fees.

Administration fees accounted for DKK 1,883m of total core income. Administration fees increased by DKK 73m in 2001 despite fierce competition in the market. The rise in net new lending of DKK 24,881m was partly attributable to this development.

### **Operating costs, depreciation and amortisation**

The Mortgage Bank's total costs including costs related to the investment function and its share of other operating income totalled DKK 1,752m in 2001, up DKK 20m.

Staff costs came to DKK 1,063m in 2001. The increase of DKK 65m on the year before is mainly due to a combination of collective agreements previously concluded and a small rise in the

number of full-time staff. In addition, the bonus for 2001 increased payroll costs by 2.75% compared with 2% the year before.

Other administrative expenses amounted to DKK 610m in 2001 against DKK 665m in 2000. Costs were affected by Nykredit Mægler's purchase of a new IT system and a profit generated by the sale of a domicile property. When disregarding the above, costs were as expected affected by one-off charges following the relocation to the Group's new headquarters, a wider use of external consultants and a marketing level higher than the year before.

Depreciation on tangible assets increased by DKK 10m to DKK 79m.

### **Write-offs and provisions for bad and doubtful debts**

In 2001 the Mortgage Bank charged DKK 44m to the profit and loss account under the item "Write-offs and provisions for bad and doubtful debts". Losses ascertained for the year in relation to loans and advances were DKK 78m of which the majority had been provided for in previous years.

Total provisions for bad and doubtful debts came to DKK 1,807m at year-end against DKK 1,793m at the beginning of the year. Of total provisions,





owner-occupied dwellings accounted for 17%, commercial properties 57%, agricultural properties 16% and rental housing properties 10%.

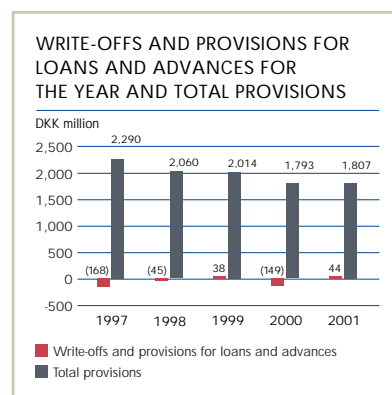
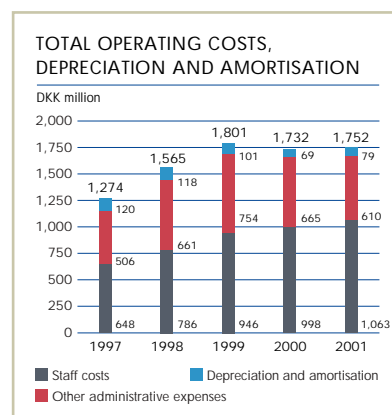
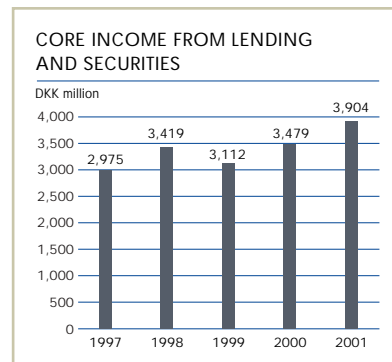
Total provisions for bad and doubtful debts at year-end equalled 0.5% of loans and advances, the same as in 2000.

### Tax

Nykredit A/S is jointly taxed with several of the wholly-owned subsidiaries and with Nykredit Holding A/S, the Parent Company. Total tax payable is distributed among profit and loss making, jointly taxed undertakings relative to their taxable income.

Tax charged in respect of Nykredit A/S and associated and subsidiary undertakings was DKK 666m and DKK 21m, respectively. DKK 146m of deferred tax relating to Nykredit A/S has been booked as an asset against DKK 46m in 2000. The movement of DKK 100m has been taken to the profit and loss account.

Deferred tax assets materially relate to loss carryforwards in respect of equities, differences in tax and accounting depreciation on installations, machinery and equipment.



### TAX IN NYKREDIT A/S

DKK million	Profit and loss account	Deferred tax – asset	Deferred tax – liability
Balance, beginning of financial year		46	0
Tax assessed on income for the year	741		
Deferred tax	(100)	100	0
Adjustment of tax assessed in previous years	10		
Tax on provisions	15		
<b>Total</b>	<b>666</b>	<b>146</b>	<b>0</b>

**THE TOP** The executive area situated uppermost between the two office wings is decorated with frescoes by the artist Olav Christopher Jenssen. Here, too, the contrast between hard lines and soft forms is played upon.



## LENDING

### Lending activities during the year

The Mortgage Bank's gross lending (cash) came to DKK 97,522m in 2001 against DKK 54,037m in 2000.

Gross lending equals the levels attained in previous years, not counting last year when gross lending was low primarily due to the limited scope of remortgaging and the wait-and-see attitude towards the euro referendum.

Net new lending expressed as gross lending less loans repaid amounted to DKK 24,881m against DKK 20,395m in 2000. The rise was generated by higher retail, commercial and agricultural lending, whereas there was a small decline in lending for rental housing purposes.

Net new lending corresponds to a total market share of 22.5% in 2001 against 24.4% in 2000.

### Loan portfolio

Total nominal mortgage lending excluding provisions stood at DKK 396bn at end-2001 against DKK 381bn at end-2000. Total lending breaks down as follows: owner-occupied dwellings 44%, commercial properties 14%, agricultural properties 16%, and rental housing properties 26%.

The majority of mortgage loans consists of exposures below DKK 2m. Exposures of DKK 0-2m accounted for 60% of total lending at end-2001, thus indicating a considerable spread in lending.

### Mortgage debt compared with the value of owner-occupied dwellings

At the time of granting, a mortgage loan will at a maximum constitute the proportion of the value of the mortgaged property equal to the statutory loan-to-value limits. Subsequently, the relation between the value of the loan and the property

**OPENNESS** Contact with the city is close and intimate, with the large glass surfaces allowing maximum visibility both inwards and outwards.

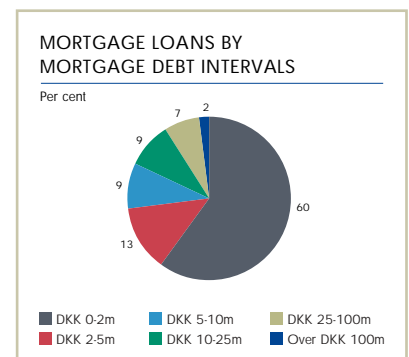
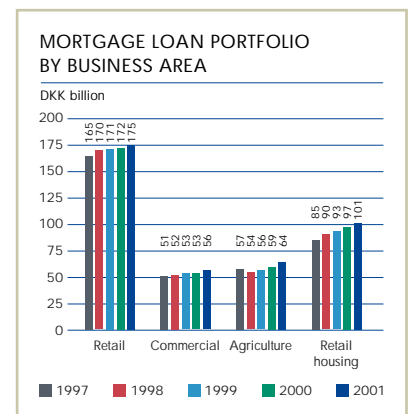
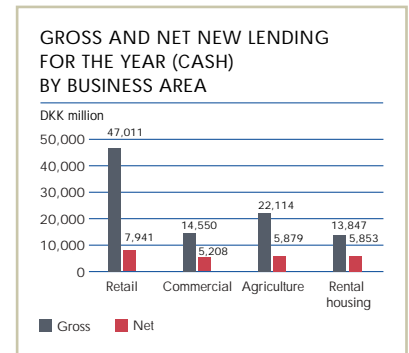
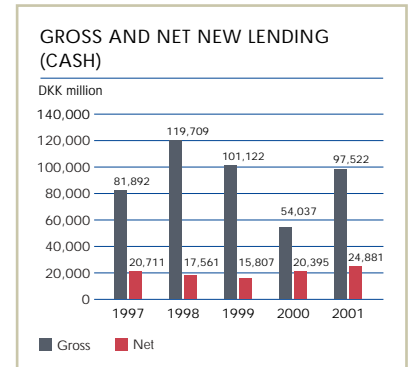
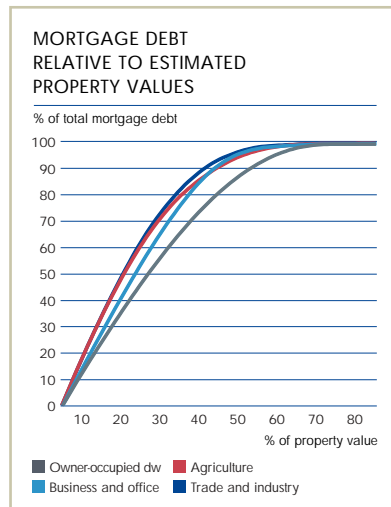
The architecture makes a conscious play on the contrasts between straight lines and round shapes in the atrium which functions as an informal meeting place for the staff.

LOAN PORTFOLIO 2001			
	Gross lending	Net new lending	Mortgage loans year-end
<i>DKK billion</i>			
Retail	47	8	175
Commercial	14	6	56
Agriculture	22	6	64
Rental housing	15	5	101
<b>Total</b>	<b>98</b>	<b>25</b>	<b>396</b>

will change upon repayment of the loan or changes in the property value.

In 2001 Nykredit continued to further develop models which compute the value of mortgaged properties on an ongoing basis within the areas of owner-occupied dwellings, agriculture, trade and industry as well as business and office properties. The models are based on the general trend in property prices and the latest public land assessments.

The estimated property values can be compared with the mortgage debt of the properties. The figure "Mortgage debt relative to estimated property values" indicates the scope of the underlying security of the mortgage debt in the four segments. Consequently, approximately 85% of the mortgage debt in owner-occupied dwellings comes within 50% of the estimated property values.





### Arrears

The trend in mortgage loan arrears indicates the scale of future losses. At end-2001 arrears amounted to DKK 356m, up DKK 21m on end-2000, but remained at a low level.

The arrears ratio for the September term calculated three months after the last payment due showed an increase in all business areas. From 2000 to 2001 retail arrears increased from 0.44 to 0.55, commercial arrears from 0.48 to 0.64, agricultural arrears from 0.39 to 0.47 and rental housing arrears from 0.19 to 0.43.

### Provisions for bad and doubtful debts of the Mortgage Bank

Nykredit provides for bad and doubtful debts if a customer's ability to repay a loan is uncertain and if the adequacy of the underlying security is questionable. In addition, statistical provisions based on Nykredit's experiences of losses within each property category are computed.

Provisions are divided into "A" and "B" provisions, respectively. "A" provisions indicate a probability of loss on a commitment, whereas "B" provisions indicate losses that are inevitable, but have not been settled yet.

"A" and "B" provisions amounted to DKK 1,527m and DKK 280m, respectively, at end-2001.

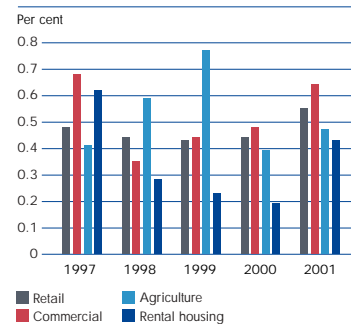
### Properties foreclosed

In 2001 Nykredit foreclosed a total of 146 properties and sold 138. Nykredit's property portfolio contained 62 properties at end-2001 against 54 properties at end-2000 (of which the majority is owner-occupied dwellings). This remains a very low level and reflects the positive trend in the marketability of real property.

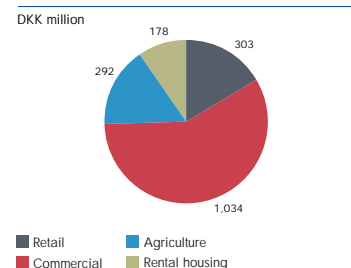
ARREARS RATIOS, END-DECEMBER

	1999	2000	2001
Term			
March	0.06	0.04	0.06
June	0.12	0.08	0.11
September	0.32	0.26	0.34
December	1.42	1.45	1.51
Total arrears – DKK million	337	335	356

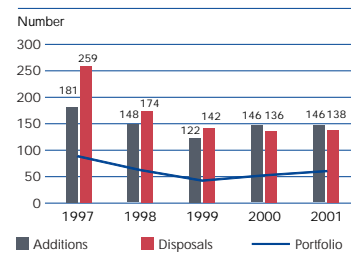
ARREARS RATIO FOR THE SEPTEMBER TERM



TOTAL PROVISIONS BY PROPERTY CATEGORY



PROPERTIES FORECLOSED/SOLD



## SECURITIES AND FUNDING

### Securities portfolio of the Mortgage Bank

The majority of the Group's portfolio risks is incurred in the Mortgage Bank. The long-term benchmark is an interest rate exposure of 3% of capital and reserves and an equity portfolio of 10% of capital and reserves exclusive of capital and reserves allocated to the insurance business. In the near term actual risks incurred may vary considerably from the predetermined long-term benchmark.

The return on the investment portfolio is grouped in a core return, broken down into the level of risk-free money market rates and investment portfolio income that represents the excess return less interest and price margins inherent in customer trades and all costs related to the investment function.

In 2001 investment portfolio income totalled DKK 352m of which bonds accounted for DKK 511m and equities for a negative DKK 159m. In comparison the average investment portfolio income for the last three years totalled DKK 488m.

Investment portfolio income is an expression of the financially accurate "market value adjustment". Investment portfolio income expresses the excess income gained by Nykredit on investments in equities and bonds relative to risk-free money market rates. Value adjustments made for accounting purposes of a negative DKK 83m do not allow for the risk-free core earnings and the maturity reduction of bonds. In 2001 Nykredit held a substantial amount of high-coupon government bonds which – other things being equal – for accounting purposes would result in a high return and negative market value adjustments. Correspondingly, government bonds carrying the same maturity and a low coupon would have resulted in a low return and positive market value adjustments. In 2001 the maturity reduction of Nykredit's bond portfolio resulted in technical market value adjustments of a negative DKK 164m against a negative DKK 309 in 2000.

As a consequence of prepayments at par and fixed-price agreements, the provisional securities portfolio averaged DKK 9bn in 2001. Excluding the interest margin from customer trades the return on the provisional securities portfolio equalled a corresponding difference between in-

terest receivable from mortgages and interest payable on outstanding bonds. At year-end this holding was extraordinarily large because of the refinancing of Adjustable-Rate Mortgages. The majority of the refinancing volume of DKK 33bn was concluded by the sale of bonds over a 10-day period from 5 to 18 December 2001. Nykredit issues bonds when the price has been fixed. The proceeds received are invested in short-term bonds or placed as fixed-term deposits in banks.

The return on the investment portfolio, ie the securities portfolio excluding the provisional portfolio resulting from prepayments and advance term payments and excluding liquidity from issues relating to fixed-price agreements, totalled 6.0% pa in 2001 against 6.5% pa in 2000.

### The funding of the Mortgage Bank

The lending of the Mortgage Bank is exclusively funded by the issuance of mortgage bonds. Nykredit aims to build large, liquid bond series within the framework of borrowers' product preferences in order to gain a liquidity premium for the benefit of Nykredit's customers.

Nykredit is among the largest private issuers of bonds in Europe. Nykredit's 6% 2029 was the most traded mortgage bond on the Copenhagen Stock Exchange in 2001 with an outstanding amount of DKK 50,816m at year-end.

In March 2001 Moody's Investors Service upgraded Nykredit's bonds in Capital Centre C and the General Capital Centre to Aa2. Nykredit's rating with Standard & Poor's remains AA- and comprises mortgage bonds in the General Capital Centre.

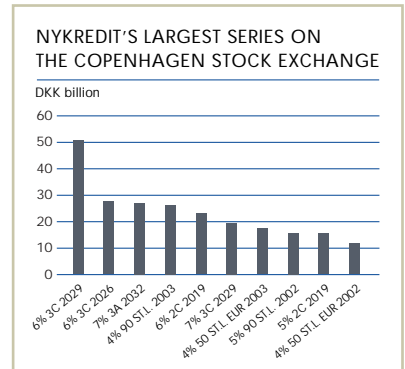
In January 2001 Moody's put Nykredit's short-term rating of P-1 on the so-called "negative outlook". This implies that the rating agency carries out a particularly diligent assessment. In November 2001 Moody's concluded the assessment by lifting the "negative outlook".

All kinds of Danish and international investors buy Nykredit's mortgage bonds. In the past years sales to international investors have grown significantly. In the third quarter of 2001 the share of international investors in Nykredit's 10 largest series came to 24%, equivalent to some DKK 51bn. International investors held Danish



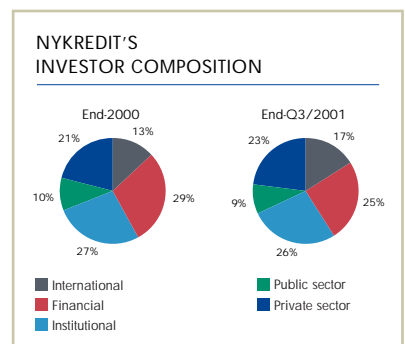
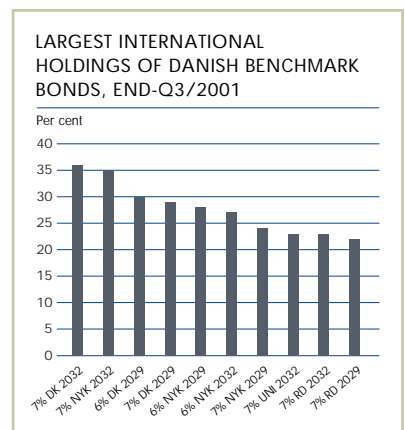
mortgage bonds of a total of DKK 145bn of which 46%, equal to DKK 67bn, was issued by Nykredit.

During the last couple of years international investors have increasingly demanded bonds in liquid and large series. Nykredit's bonds comply with these demands, and in 2001 international demand for Nykredit's benchmark, callable bonds as well as non-callable bonds in euros continued to be strong.



**NYKREDIT'S RATINGS**

Rating agency	Short rating	Long rating
Moody's	P-1	Aa2
Standard & Poor's	A-1	AA-





**TRICKLING** Anita Jørgensen has created a water sculpture in the large atrium, thereby introducing the element of water directly into the Glass Cube.

Nykredit offers investor information via the Internet at [www.nykredit.dk](http://www.nykredit.dk). Nykredit increases the amount of information released to investors via Nykredit Online – International Investors. From 1 May 2002 Nykredit will release reports about Nykredit's current levels of provisions, arrears and mortgages foreclosed broken down by business segment.

#### **Lending and issuance**

The balance principle of the Mortgage Credit Act implies a precise correlation between the characteristics of the loans granted and the bonds issued. Thus borrowers' preferences determine the series in which Nykredit will issue bonds.

Borrowers' choice of loan type depends primarily on borrowers' risk profile, interest rate outlook and the level of income and assets.

In 2001 Nykredit issued new bonds worth a nominal DKK 132.3bn. 31% of the new issuance was made in traditional fixed-rate bonds, whereas the remainder was made in adjustable-

rate bonds denominated in Danish kroner and in euros.

The prospects of lower economic growth led the European Central Bank to cut interest rates in 2001. As a result, the gap between short and long yields has widened. Adjustable-Rate Mortgages have thus become more attractive, and quite a few of Nykredit's customers opted to remortgage into short-rate products such as Adjustable-Rate Mortgages from callable fixed-rate loans.

Due to the confidence in the Danish fixed exchange-rate policy against the euro area many of Nykredit's customers chose to take out Adjustable-Rate Mortgages in euros. Throughout 2001 Nykredit has consolidated its leading position in the market for euro loans which have become popular with Danish homeowners.

The issuance of euro-denominated bonds accounted for 38% of adjustable-rate bond issues, equal to DKK 35bn. This brings the total outstanding amount of euro-denominated bonds





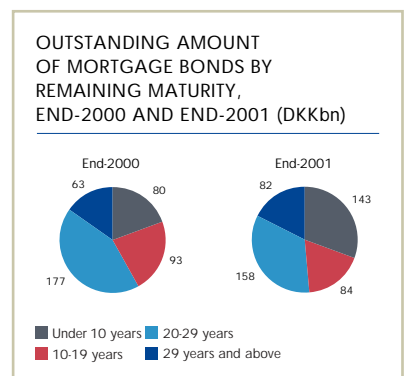
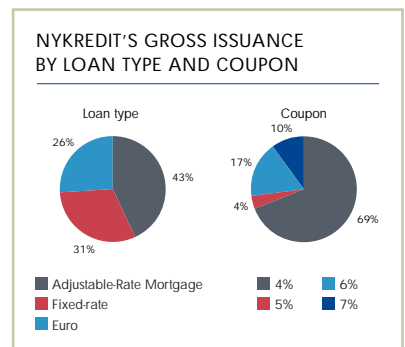
up to DKK 44bn. Consequently, Nykredit was the leading issuer of euro-denominated mortgage bonds in 2001.

Approximately two thirds of Nykredit's adjustable-rate bonds in euro is sold to international investors. Nykredit's high market share in euro loans enables the Group to build large, liquid bond series attractive to international investors.

The annual refinancing of Adjustable-Rate Mortgages in December totalled DKK 33bn in 2001 of which DKK 11bn were euro-denominated bonds. In comparison DKK 16bn was refinanced in 2000 of which DKK 5bn was euro-denominated bonds.

The outstanding amount of mortgage bonds issued by Nykredit totalled DKK 467bn at year-end.

2001 saw a shift from long to short maturities in bonds issued as a result of refinancing from fixed-rate mortgages into Adjustable-Rate Mortgages. Another result of the refinancing of these loans is the extraordinarily high amount of outstanding short bonds at year-end.





**THE WHARF** The Glass Cube forms an impressive end to Kalvebod Brygge where it reaches the bridge, Langebro. Light and transparency play an integral part of life in the Glass Cube and in the interplay between the city and the harbour.

#### THE NYKREDIT BANK GROUP

The Nykredit Bank Group includes Nykredit Bank A/S (Parent Company), Nykredit Pantebreve A/S, Nykredit Finance plc and Dansk Portefølje Bank A/S and its subsidiary, Dansk Portefølje Administration A/S. In addition, the Bank owns 40% of LeasIT A/S.

In 2001 the Nykredit Bank Group brought in a profit of DKK 164m before tax and DKK 120m after tax against DKK 112m and DKK 70m, respectively, in 2000. Capital and reserves stood at DKK 2,708m at end-2001, up DKK 420m on end-2000. The Bank Group capital adequacy ratio was 9.4 at year-end.

Results fall short of expectations at the beginning of the year as volatile fixed-income markets affected investment portfolio income negatively towards year-end. Although the trend in results in 2001 is a step in the right direction the Bank has not yet generated a business volume that yields a satisfactory return on equity.

#### Profit and loss account

Bank Group core earnings grew appreciably on 2000.

Core income from lending and securities was DKK 617m in 2001 against DKK 562m in 2000. The income improvement is mainly due to continued increase in the business volume within corporate and retail customers and to the fact that Nykredit Markets has maintained its market position. Income from interest and value adjustments continued to increase, but in contrast fees receivable recorded a decline compared to 2000.

Operating costs, depreciation and amortisation were DKK 406m and thus on a level with last year when disregarding expenses in 2000 for the winding-up of the German subsidiary.

Write-offs and provisions for bad and doubtful debts netted DKK 39m against DKK 30m in 2000. In line with previous years write-offs and provisions for bad and doubtful debts remained very low. Write-offs and provisions as a percentage for the year came to 0.1, the same as in 2000.

In 2001 investment portfolio income was up by DKK 5m on 2000.

Tax on the profit for the year was DKK 44m, equal to 27% of the profit before tax.

#### CORE EARNINGS AND INVESTMENT PORTFOLIO INCOME OF THE NYKREDIT BANK GROUP

<i>DKK million</i>	2000	2001
Core income from lending and securities	562	617
Operating costs, depreciation and amortisation	(407)	(406)
Core earnings before write-offs	155	211
Write-offs and provisions for bad and doubtful debts	(30)	(39)
Core earnings after write-offs	125	172
Investment portfolio income	(13)	(8)
Profit on ordinary activities before tax	112	164
Tax	(42)	(44)
Net profit for the year	70	120



**VIEW** On the trading floor on the 4<sup>th</sup> floor the dealers have – besides the view of the world markets and economies – also a view of the roofs of

**Bank Group balance sheet**

The balance sheet totalled DKK 63.5bn at end-2001 against DKK 55.7bn at 31 December 2000.

Loans and advances were up by some DKK 5bn or 30%. Corporate and retail lending rose by some DKK 4bn and nearly DKK 1bn, respectively.

Nykredit Markets continued its level of activity in the repo and bond markets in 2001, and the bond portfolio increased from DKK 20.3bn at end-2000 to DKK 22.8bn at end-2001. Correspondingly, debt to credit institutions and central banks grew by DKK 6bn to DKK 42.2bn at end-2001.

Deposits were DKK 8.7bn, down DKK 1bn on end-2000.

**Bank Group capital and reserves and capital adequacy**

In 2001 the capital base was strengthened via an injection of DKK 600m of which DKK 300m represented an increase in equity and DKK

300m subordinated debt. After inclusion of the net profit for the year of DKK 120m, capital and reserves were DKK 2,708m at year-end.

The Bank Group capital adequacy ratio came to 9.4, equal to an increase of 0.5 percentage point on last year.

**Outlook for 2002**

Nykredit Bank anticipates growth in all business areas in 2002. However, due to its business structure, the Bank will operate with a substantial deposit deficit in 2002 as well.

Growth in activities will increase staff costs and overheads. In 2002 IT will continue to be a highly prioritised area, but total costs relating to IT are anticipated to decline compared with last year. Write-offs and provisions for bad and doubtful debts are expected to remain modest but subject to an up-trend compared with 2001.

The Bank's results before tax are expected to show pronounced growth in 2002.



the city as most other staff members in the Glass Cube.

#### **NYKREDIT ØSTIFTERNE FORSIKRING A/S**

By the end of 2001 Nykredit Østifterne Forsikring had been part of the Nykredit Group for two years. In 2001 the efforts to integrate Nykredit Østifterne Forsikring into the Group continued. The majority of Nykredit Østifterne Forsikring's insurance agents is now located in Nykredit's local offices throughout Denmark, and Nykredit Østifterne Forsikring's customer relation centres in Århus and Odense now share premises with Nykredit.

2001 became a turning point for the sales generated by the new sales channels, and total insurance sales were up by 50% on last year. At the same time, the trend in the cross sales ratio between Group entities developed favourably. The number of insurance policies grew by 16% in 2001.

#### **THE NYKREDIT BANK GROUP**

<i>DKK million</i>	2000	2001
<b>Summary balance sheet at 31 December</b>		
Loans and advances	17,138	22,320
Bonds and shares	20,350	22,845
Debt to credit institutions and central banks	36,267	42,233
Deposits	9,658	8,725
Capital and reserves	2,288	2,708
Total assets	55,706	63,473
<b>Key ratios</b>		
Profit for the year as a percentage of average capital and reserves	3.1	4.8
Write-offs and provisions as a percentage for the year	0.1	0.1
Capital adequacy ratio	8.9	9.4
Core capital ratio	7.3	7.2
Average number of full-time staff	283	299



#### **Annual accounts**

In 2001 the insurance business returned a loss after tax of DKK 45m. The loss is due to unsatisfactory results from investments following a substantial equity portfolio as the Insurer saw a net capital loss on investments of DKK 49m. However, developments in the insurance business were satisfactory.

Accrued gross premiums rose by 16% from DKK 721m in 2000 to DKK 840m in 2001, an increase primarily attributable to the commercial segment, but the retail and agricultural segments also showed satisfactory growth rates.

Premium income (net of reinsurance) posted DKK 792m in 2001 against DKK 698m in 2000, up 13%. Nykredit Østifterne Forsikring paid a bonus of DKK 24m to its core customers.

The loss ratio (net of reinsurance) of the Insurer came to 76.2 in 2001 against 77.9 in 2000. The loss ratio includes a positive run-off of claims reserves of DKK 10m relating to the hurricane in 1999.

Total insurance operating costs demonstrated an increase from DKK 236m to DKK 284m, leading to a rise in the expense ratio from 34.9 to 37.0. The rise is mainly related to two conditions. First of all, substantially increased sales have resulted in a rise in acquisition costs and, secondly, the company incurred a rise in IT expenses. Integration of Nykredit Østifterne Forsikring's IT systems into the Group continued in 2001, and considerable resources have been applied to develop insurance-related sales systems to all Group sales channels.

The Combined Ratio (sum of loss and expense ratio) was 113.2 in 2001 against 112.8 in 2000 excluding the hurricane in 1999.

After transfer of the loss for the year, capital and reserves stood at DKK 832m. Thus Nykredit Østifterne Forsikring is a well-consolidated company. Compared with the statutory requirements relating to the capital base, computed as the so-called capital adequacy ratio, Nykredit Østifterne Forsikring fulfils this capital requirement approximately five-fold.



**EVERYDAY LIFE** People and the elements meet in the atrium - a natural pivotal point in the everyday life of the nearly 700 staff members of the Glass Cube.

#### Outlook for 2002

Sales via the new sales channels and insurance agents are expected to rise further in 2002, thereby continuing growth in the insurance portfolio.

The increase in premium income (net of reinsurance) will, however, be limited by the soaring prices in the reinsurance market, consequent to the terrorist attacks on 11 September 2001. Primarily as a result of the increasing reinsurance premiums, selective premium rises relating to a number of sectors have been implemented mainly within the commercial segment. In addition, other initiatives have been implemented to strengthen the profitability of the Insurer further.

The expense ratio is expected to decrease in 2002 despite ambitious growth targets as the increase in the insurance portfolio will begin to take full effect.

All in all, Nykredit Østifterne Forsikring expects to display positive but modest results in 2002.

#### CORE EARNINGS AND INVESTMENT PORTFOLIO INCOME OF NYKREDIT ØSTIFTERNE FORSIKRING A/S

<i>DKK million</i>	2000	2001
Core income from operations and securities	773	850
Operating costs, depreciation and amortisation	(236)	(284)
Claim payments	(526)	(585)
<b>Core earnings</b>	<b>11</b>	<b>(19)</b>
Investment portfolio income	19	(43)
Profit on ordinary activities before tax	30	(62)
Tax	(10)	17
<b>Net profit for the year</b>	<b>20</b>	<b>(45)</b>

#### NYKREDIT ØSTIFTERNE FORSIKRING A/S

<i>DKK million</i>	<i>Exclusive of hurricane</i>		
	2000	2000	2001
Gross premiums	751	751	917
Premiums, net of reinsurance	698	698	792
Core earnings	(189)	11	(19)
<b>Key ratios, net of reinsurance</b>			
Loss ratio	107.5	77.9	76.2
Expense ratio	34.9	34.9	37.0
<b>Combined ratio</b>	<b>142.4</b>	<b>112.8</b>	<b>113.2</b>





**GLASS** The glass facades facing the city and the water make the building transparent. Thus, from Nykredit's former headquarters one can see directly through the Glass Cube across the harbour fairway to Islands Brygge; and vice versa. The transparent effect is accentuated in that the three layers of windows are of diamond glass which reduces reflection and permits maximum light influx. The innermost layer of glass is double-glazed and framed in steel. The space between the two layers of glass functions like a chimney for the building's ventilation and air-conditioning systems. The cold water from the harbour fairway is used to cool down the Glass Cube when the large glass surfaces absorb the heat from the sun.

#### **NYKREDIT MÆGLER A/S**

Nykredit Mægler A/S, the Franchisor, undertakes the Nykredit Group's activities within the estate agency area via the franchise chains, Nybolig, Scheel & Orloff and EjendomsRingen Danmark. Nykredit Mægler's activities thus embrace 260 estate agents of which 206 are franchises.

Compared with last year the market for the sale of real property saw fewer transactions but higher prices.

Nykredit Mægler A/S recorded a loss of DKK 41m in 2001. Results were especially affected by the costs of an estate agency system developed by Nykredit for the estate agents.

EjendomsRingen Danmark A/S, a subsidiary, markets the estate agency concept, EjendomsRingen. The company also acts as chain secretariat of the Estate concept in Norway and holds the intangible property rights to the concept.

At year-end EjendomsRingen had 54 concept agencies, while the Estate concept embraces 38 agencies. Activities are expected to accelerate in coming years, and more estate agents are expected to be interested in the concept.

#### **Outlook for 2002**

Real property prices are expected to go up by some 3% in 2002, and the development in prices will thus descend to the overall development in inflation.

At end-2002 the agency network is expected to be on a level with 2001.

2002 is expected to record positive results.

#### **NYKREDIT EJENDOMME A/S**

In 2001 the undertaking's activities involved the leasing of a number of properties to Nykredit. The construction of Nykredit's new headquarters at Kalvebod Brygge and related underground parking facilities began in 1999, and the headquarters was ready to open its doors to Nykredit's staff in July 2001 as scheduled.

Moreover, via an associated undertaking, Nykredit Ejendomme is co-owner of the five-star Copenhagen Marriott Hotel located in the centre of Copenhagen. The construction of the hotel began in 1999, and the hotel opened according to plan in August 2001.

Results for 2001 were a loss of DKK 16m against a loss of DKK 7m in 2000.

#### **Outlook for 2002**

For 2002 Nykredit Ejendomme expects results to be around 0.

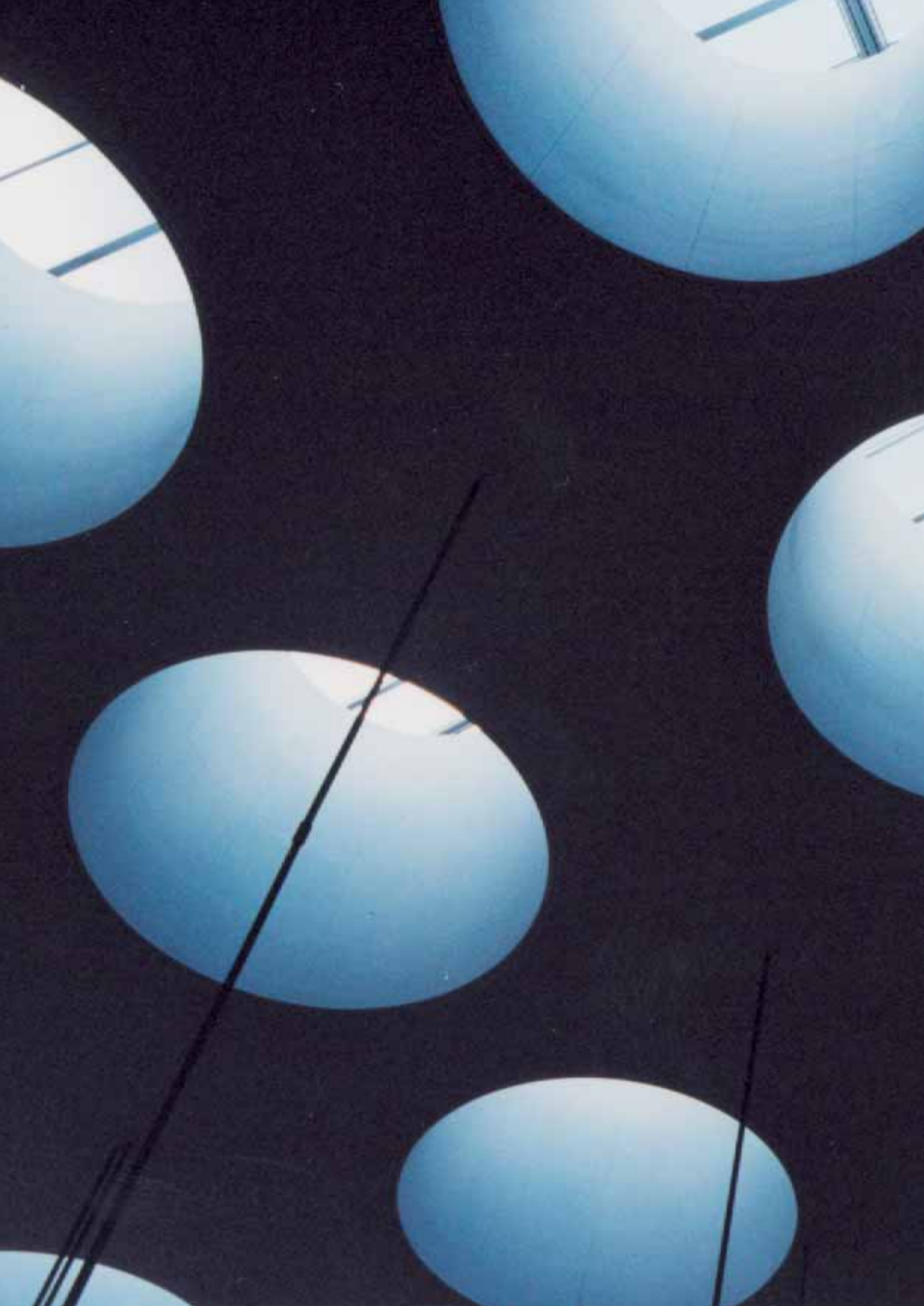
#### **NYKREDIT MÆGLER A/S**

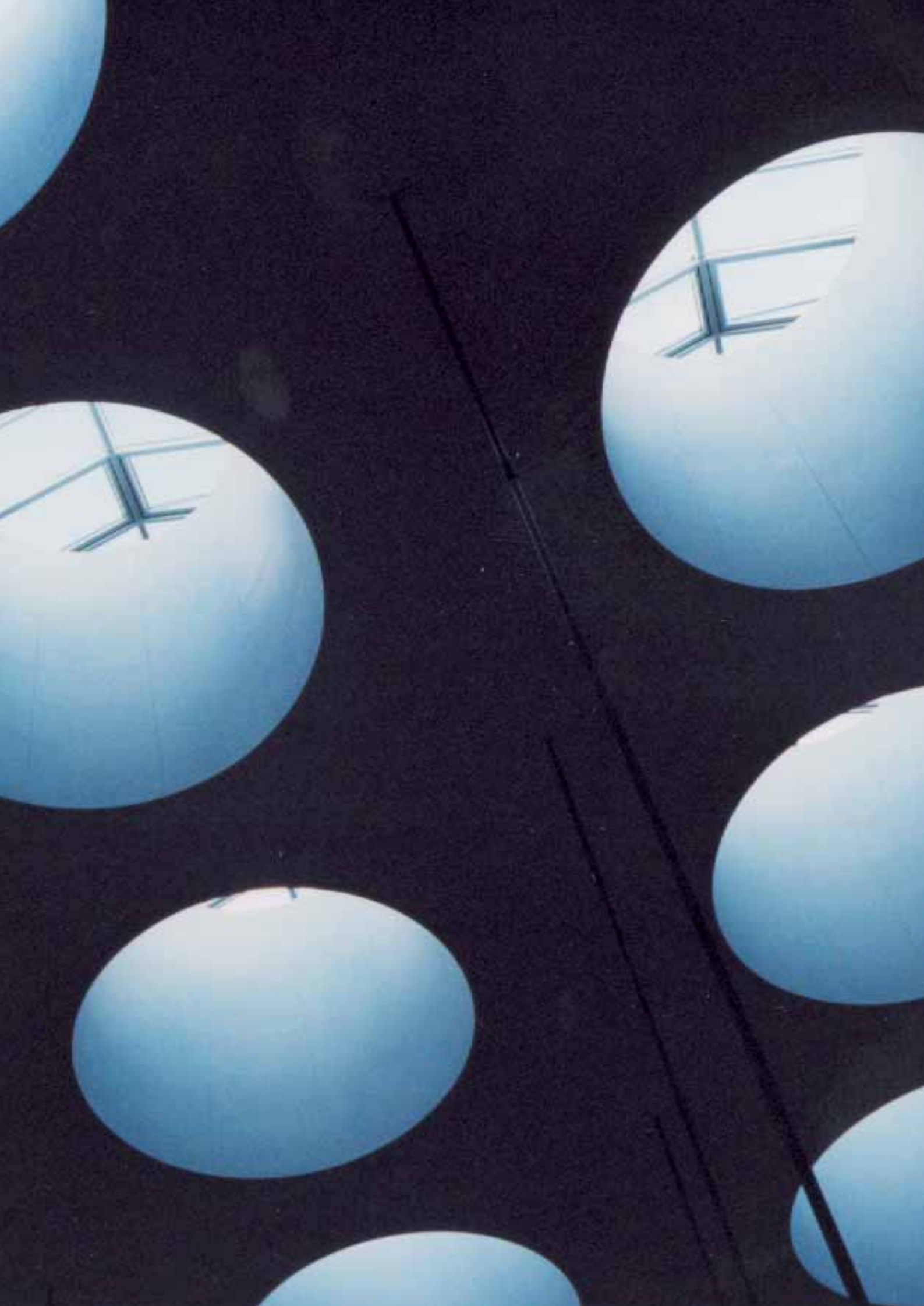
<i>DKK million</i>	2000	2001
Loss for the year	(2)	(41)
Balance sheet total	172	219
Capital and reserves	159	118
Average number of full-time staff	69	67

#### **NYKREDIT EJENDOMME A/S**

<i>DKK million</i>	2000	2001
Loss for the year	(7)	(16)
Balance sheet total	977	1,105
Capital and reserves	350	335
Average number of full-time staff	1	1

**LIGHT** The skylights in the atrium, which are three metres high and four metres in diameter, are a vital part of the light and lightness of the entire building. The round holes give the light a softness and contribute to a sense of calm in the large atrium where footbridges and meeting rooms are suspended from the ceiling.







## ANNUAL REPORT 2001

### ACCOUNTING POLICIES

#### GENERAL

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

The accounting policies applied are consistent with those applied in previous years.

#### CONSOLIDATION

The parent companies and their subsidiaries in which Nykredit directly or indirectly holds more than 50% of the voting rights or has any other form of controlling interest have been included in the Group Accounts.

Undertakings taken over exclusively in connection with loss controlling measures have not been consolidated.

The results before tax of the subsidiaries have been booked under "Profit/loss from participating interests in associated and subsidiary under-

takings", whereas tax for the year has been entered under "Tax".

The Group Accounts have been prepared on the basis of the audited accounts of each undertaking combining items of a uniform nature. Intra-group income and expenses have been eliminated as have other intra-group transactions and balances.

The results before tax of the Insurance Group have been booked under "Profit/loss from participating interests in associated and subsidiary undertakings", whereas tax for the year has been entered under "Tax".

All accounts included in the Group Accounts comply with the same accounting policies.

The book value of participating interests in associated and subsidiary undertakings has been set off against the proportionate share of the capital and reserves of the undertakings at the time of acquisition. Excess values have been taken directly to capital and reserves. Newly acquired subsidiaries have been included in the Group Accounts from the time of acquisition. Divested undertakings have been included up to the time of divestment. Comparative figures have not



been adjusted for undertakings newly acquired or divested.

#### **PROFIT AND LOSS ACCOUNT**

##### **Interest and administration fees**

Interest includes interest due and interest computed as well as arbitrage premium from security and foreign exchange transactions. Interest has been computed from the last due date to the balance sheet date.

Front-end fees and other fees have been booked as income upon receipt. Administration fees have been accrued and included in the profit and loss account for the financial year.

##### **Write-offs and provisions for bad and doubtful debts**

Major exposures are subject to periodic assessment and risk evaluation in order to identify potential losses. Provisions have been made on this basis. Provisions have also been made for classes of similar loans on the basis of statistical calculations.

Provisions have been set off against the assets concerned. Write-offs ascertained and provisions

for bad and doubtful debts have been charged to the profit and loss account under the item "Write-offs and provisions for bad and doubtful debts".

##### **Taxation**

Tax assessed at 30% of taxable income together with adjustment of deferred tax and tax assessed for previous years have been charged to the profit and loss account.

A number of the Group's undertakings are jointly taxed. The Parent Company pays the total tax payable by the Group on the taxable income assessed for the year. The tax payable of profit and loss-making, jointly taxed undertakings relative to their taxable income has been allocated to the undertakings concerned.

The jointly taxed undertakings pay Danish corporation tax under the scheme for payment of tax on account. In so far as the tax paid on account does not correspond to the assessed tax charged on the profit for the year, the interest receivable or payable on the difference has been entered under "Other interest receivable" or "Other interest payable", as appropriate.



Deferred taxes have been provided for on the basis of timing differences between the accounting and tax values in accordance with the liability method. Deferred taxes have been posted in the balance sheet under the items "Provisions for liabilities" or "Other assets". Changes in deferred taxes for the year have been charged or credited to the profit and loss account.

#### **Foreign exchange translation**

Income and expenses in foreign exchange have been translated into Danish kroner at the exchange rates ruling at the dates of entry.

Assets and liabilities including off-balance sheet items in foreign exchange have been entered at the exchange rates quoted by the Danish central bank at year-end.

#### **Derivative financial instruments**

Foreign exchange and forward contracts have been entered at the forward rates prevailing at year-end. Value adjustments resulting from changes in interest or exchange rates have been booked under "Value adjustments". The forward premium has been accrued over the term of the contract and entered under "Interest receivable" or "Interest payable".

Interest rate and currency swaps have been entered at market value at year-end.

Swaps concluded to hedge interest rate risks on certain fixed-rate loans and advances or issued bonds have not been value adjusted.

Forward Rate Agreements, options and futures have been marked to market on the balance sheet date.

Unrealised and realised capital gains and losses have been charged to the profit and loss account and set off against "Other assets" or "Other liabilities".

#### **Repo/reverse transactions**

Bonds sold as part of sales and repurchase transactions have been retained in the balance sheet under "Bonds". Proceeds received have been entered under "Debt to credit institutions and central banks" or "Deposits" depending on the counterparty.

Bonds acquired as part of purchase and resale transactions have been entered under “Balances due from credit institutions and central banks” or “Loans and advances” depending on the counterparty.

The balance between purchase and sales prices has been accrued over the term of the contract and entered under “Interest receivable” or “Interest payable”.

## **ASSETS**

### **Mortgage loans**

Mortgage loans including amortisation accounts issued against mortgage bonds have been stated in the balance sheet at nominal values. Indexation of index-linked loans has been effected using the index values at year-end. The item has been reduced by provisions for bad and doubtful debts and by transfers to foreclosed properties.

### **Other loans and advances**

Other loans and advances have been entered at the lower of cost or market value. Some bank loans, where the interest risk has been hedged via fixed-rate liabilities or derivative financial instruments, have not been value adjusted.

Losses ascertained during the year have been written off, while appropriate provisions have been made for losses on exposures deemed at risk.

### **Payments outstanding in non-foreclosed properties**

Payments outstanding include mortgage payments due reduced by provisions for bad and doubtful debts.

### **Lease assets**

Finance lease assets have been included in the balance sheet under “Loans and advances” and valued at cost after deduction of depreciation. Operating lease assets have been booked in the balance sheet under “Tangible assets”.

Income from finance leases consisting of lease rental less depreciation has been booked under “Interest receivable”, whereas income from operating leases, ie the annual lease rental, has been credited to “Other operating income”. Depreciation relating to operating lease assets has been charged under the item “Depreciation,

amortisation and write-downs on tangible and intangible assets”.

Depreciation has been computed using the actuarial method and in consideration of the economic life of the individual asset so that the cost of acquisition after deduction of any estimated residual value has been depreciated over the lease term.

Profit or loss from the sale of the lease assets at expiry of contract has been charged under “Other operating income” or “Other operating expenses”.

### **Bonds**

Quoted bonds have been stated at the official prices quoted at year-end. Bonds drawn for redemption at the beginning of January the following year have been recorded at par, whereas bonds drawn for redemption at a later date have been recorded at prices based on the remaining maturities.

All realised and unrealised capital gains and losses have been taken to the profit and loss account.

### **Shares**

Quoted shares have been stated at the official prices quoted at year-end, whereas unquoted shares have been stated at the lower of cost and estimated market value. All realised and unrealised capital gains and losses have been taken to the profit and loss account.

### **Participating interests in associated undertakings**

Participating interests in associated undertakings have been valued in accordance with the equity method. A proportionate share of the results of the associated undertakings is booked as income, and the participating interests have been included at the proportionate share of the equity value. Participating interests in credit and finance institutions have been consolidated on a pro rata basis.

### **Participating interests in subsidiary undertakings**

Participating interests in subsidiary undertakings have been valued in accordance with the equity method. The proportionate share of the results of the subsidiaries has been booked as income in the profit and loss account of the Parent Company.

On acquisition of additional participating interests, the difference has been calculated between the acquisition price and the proportionate share of the equity value of the subsidiaries at the time of acquisition. In the Parent Company the differences have been adjusted over capital and reserves.

### **Intangible and tangible assets**

Intangible assets including rebuilding costs of leased premises, payment in connection with acquisition of leases and software have been fully charged in the year of acquisition.

Goodwill has been written-off directly against capital and reserves on acquisition.

Own properties have been entered at cost with addition of any costs of improvement and less depreciation and write-downs made.

Where the market value is below the book value and not expected to be temporary, the properties have been written down to the lower value. Write-downs have been entered in the profit and loss account.

Where the market value is considerably above book value, the properties have been revalued to the higher value if the value increase is expected to be permanent. Revaluations have been entered under "Revaluation reserves" under capital and reserves.

Depreciation has been calculated on a straight-line basis over 20-50 years on the basis of the expected residual value of the property and the estimated economic life.

Properties temporarily foreclosed have been marked to market at a conservative estimate. The item comprises outstanding mortgages on properties transferred from the item "Mortgage loans" as well as repayments due, expenses defrayed at the time of sale by the order of the

court and income and expenses incurred after the time of foreclosure. The item has been reduced by provisions for bad and doubtful debts in these properties.

Operating equipment has been entered at cost less straight-line depreciation against the expected economic lives being:

Computer equipment and machinery	4 years
Equipment and motor vehicles	5 years

Small assets and assets with short economic lives have been expensed in the year of acquisition.

Assets in course of construction have been valued at cost.

## **LIABILITIES AND EQUITY**

### **Issued bonds**

Bonds issued have been recorded at nominal value. Index-linked bonds have been entered at the index value at year-end.

### **Repayable reserves**

Repayable reserves comprise reserves in pre-1972 series repayable after full or partial redemption of loans in compliance with the articles of the series concerned.

## **CASH FLOW STATEMENT**

The statement is computed according to the direct method and shows the cash flow for the year divided into cash flow from operating, investing and financing activities and the effects of the cash flow on cash and cash equivalents at year-end.

"Cash and cash equivalents" at year-end includes the items "Cash in hand and demand deposits with central banks" and "Balances due from credit institutions and central banks".

## **INTRA-GROUP TRANSACTIONS**

The Nykredit Group consists of a number of independent legal entities. Intra-group trade and services are settled on an arm's length basis or, where no real market exists, at estimated market terms. Alternatively, settlement is made on a cost reimbursement basis.





	Note	2001	2000
<b>Interest receivable</b>	1	<b>30,464</b>	<b>29,580</b>
<b>Interest payable</b>	2	<b>26,223</b>	<b>25,636</b>
<b>NET INTEREST RECEIVABLE</b>		<b>4,241</b>	<b>3,944</b>
<b>Dividend from participating interests</b>		<b>77</b>	<b>72</b>
<b>Fees and commissions receivable</b>		<b>607</b>	<b>404</b>
<b>Fees and commissions payable</b>		<b>98</b>	<b>100</b>
<b>NET INCOME FROM INTEREST, FEES AND COMMISSIONS</b>		<b>4,827</b>	<b>4,320</b>
<b>Value adjustments</b>	3	<b>(23)</b>	<b>146</b>
<b>Other operating income</b>		<b>143</b>	<b>176</b>
<b>Staff costs and administrative expenses</b>	4	<b>2,206</b>	<b>2,078</b>
<b>Depreciation, amortisation and write-downs on tangible and intangible assets</b>	16, 17	<b>114</b>	<b>92</b>
<b>Other operating expenses</b>		<b>3</b>	<b>60</b>
<b>Write-offs and provisions for bad and doubtful debts</b>	5	<b>84</b>	<b>(118)</b>
<b>Profit/loss from participating interests in associated and subsidiary undertakings</b>	6	<b>(25)</b>	<b>43</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAX</b>		<b>2,515</b>	<b>2,573</b>
<b>Tax</b>	7	<b>688</b>	<b>819</b>
<b>NET PROFIT FOR THE YEAR</b>		<b>1,827</b>	<b>1,754</b>

	Note	2001	2000
<b>ASSETS</b>			
<b>Cash in hand and demand deposits with central banks</b>	8	<b>164</b>	<b>102</b>
<b>Balances due from credit institutions and central banks</b>	9, 23	<b>46,914</b>	<b>29,809</b>
<b>Loans and advances</b>			
Mortgage loans		394,403	380,053
Other loans and advances		22,738	17,535
<b>Total</b>	10, 23	<b>417,141</b>	<b>397,588</b>
<b>Bonds</b>	11, 13, 23	<b>103,820</b>	<b>71,426</b>
<b>Shares</b>	12, 13	<b>3,400</b>	<b>3,309</b>
<b>Participating interests in associated undertakings</b>	14	<b>277</b>	<b>256</b>
<b>Participating interests in subsidiary undertakings</b>	15	<b>834</b>	<b>877</b>
<b>Tangible assets</b>	17	<b>1,752</b>	<b>1,515</b>
<b>Other assets</b>	18	<b>5,104</b>	<b>4,397</b>
<b>Prepayments</b>		<b>106</b>	<b>86</b>
<b>TOTAL ASSETS</b>		<b>579,512</b>	<b>509,365</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Debt to credit institutions and central banks</b>	19, 23	<b>47,944</b>	<b>39,308</b>
<b>Deposits</b>	23	<b>8,651</b>	<b>9,483</b>
<b>Issued bonds</b>	20	<b>467,459</b>	<b>412,869</b>
<b>Other liabilities</b>	21	<b>22,144</b>	<b>16,092</b>
<b>Deferred income</b>		<b>12</b>	<b>13</b>
<b>Provisions for liabilities</b>	22	<b>479</b>	<b>625</b>
<b>Capital and reserves</b>			
Share capital	25	1,285	1,285
Share premium account		949	949
Other reserves		30,589	28,741
<b>Total</b>		<b>32,823</b>	<b>30,975</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>579,512</b>	<b>509,365</b>
<b>OFF-BALANCE SHEET ITEMS</b>	26		
Guarantees		2,237	2,909
Other liabilities		3,677	3,197
<b>TOTAL</b>		<b>5,914</b>	<b>6,106</b>

	2001			2000		
	Core earnings	Investment portfolio income	Total	Core earnings	Investment portfolio income	Total
Net interest receivable	3,779	462	4,241	3,560	384	3,944
Dividend on participating interests	14	63	77	0	72	72
Fees and commissions receivable, net	540	(31)	509	331	(27)	304
<b>Net interest, fees and commissions receivable</b>	<b>4,333</b>	<b>494</b>	<b>4,827</b>	<b>3,891</b>	<b>429</b>	<b>4,320</b>
Value adjustments	159	(182)	(23)	54	92	146
Other operating income	143	0	143	176	0	176
Staff costs and administrative expenses	2,187	19	2,206	2,050	28	2,078
Depreciation, amortisation and write-downs on tangible and intangible assets	114	0	114	92	0	92
Other operating expenses	3	0	3	60	0	60
Write-offs and provisions for bad and doubtful debts	84	0	84	(118)	0	(118)
Profit/loss from participating interests	(62)	37	(25)	30	13	43
<b>Profit on ordinary activities before tax</b>	<b>2,185</b>	<b>330</b>	<b>2,515</b>	<b>2,067</b>	<b>506</b>	<b>2,573</b>

	2001	2000
<b>Cash flow from operating activities</b>		
Interest and fees received	28,586	27,649
Interest and fees paid	(24,189)	(24,146)
Other operating payments received	126	176
Costs paid for staff and suppliers	(1,468)	(1,768)
Payments received for debts previously written off	50	58
Tax paid, net	(698)	(639)
<b>Total</b>	<b>2,407</b>	<b>1,330</b>
<b>Cash flow from investing activities</b>		
Loans and advances disbursed	(104,934)	(56,753)
Repayments on loans and advances	86,804	48,394
Net investment in bonds	(32,654)	(25,100)
Net investment in shares and participating interests	(236)	351
Dividends received	77	72
Net investment in tangible assets	(315)	(537)
Net investment in foreclosed properties	3	11
Net investment in undertakings	0	(1,192)
<b>Total</b>	<b>(51,255)</b>	<b>(34,754)</b>
<b>Cash flow from financing activities</b>		
Issue of bond loans	132,284	76,409
Drawing of bond loans	(77,368)	(52,714)
Adjustment in short-term borrowing	11,074	7,980
Capital increase	0	992
Dividends paid	0	150
<b>Total</b>	<b>65,990</b>	<b>32,817</b>
<b>Total cash flow</b>	<b>17,142</b>	<b>(607)</b>
Cash and cash equivalents, beginning of year	29,911	30,531
Currency translation adjustment of cash	25	(13)
<b>Cash and cash equivalents, year-end</b>	<b>47,078</b>	<b>29,911</b>
Cash and cash equivalents, year-end, consist of:		
Cash in hand	164	102
Balances due from credit institutions	46,914	29,809
<b>Cash and cash equivalents, year-end</b>	<b>47,078</b>	<b>29,911</b>





	Note	2001	2000
<b>Interest receivable</b>	1	7	4
<b>Interest payable</b>		0	0
<b>NET INTEREST RECEIVABLE</b>		7	4
<b>Fees and commissions receivable</b>		3	2
<b>NET INCOME FROM INTEREST, FEES AND COMMISSIONS</b>		10	6
<b>Market value adjustments</b>	2	1	1
<b>Staff costs and administrative expenses</b>	3	6	7
<b>Profit from participating interests in associated and subsidiary undertakings</b>		2,510	2,573
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAX</b>		2,515	2,573
<b>Tax</b>	4	688	819
<b>NET PROFIT FOR THE YEAR</b>		1,827	1,754
<b>DISTRIBUTION OF PROFITS</b>			
Net profit for the year		1,827	1,754
<b>Total profit for distribution</b>		1,827	1,754
Appropriation to capital and reserves		1,827	1,754
<b>Total distribution</b>		1,827	1,754



	Note	2001	2000
<b>ASSETS</b>			
<b>Balances due from credit institutions and central banks</b>	5	<b>9</b>	<b>5</b>
<b>Bonds</b>	6	<b>108</b>	<b>107</b>
<b>Participating interests in subsidiary undertakings</b>	7	<b>32,707</b>	<b>30,863</b>
<b>Other assets</b>	8	<b>2</b>	<b>4</b>
<b>TOTAL ASSETS</b>		<b>32,826</b>	<b>30,979</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Debt to credit institutions and central banks</b>	9	<b>3</b>	<b>3</b>
<b>Other liabilities</b>	10	<b>0</b>	<b>1</b>
<b>Capital and reserves</b>	11		
Share capital		1,285	1,285
Share premium account		949	949
Reserve for net revaluation according to the equity method		15,636	13,792
Other reserves		14,953	14,949
<b>Total</b>		<b>32,823</b>	<b>30,975</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>32,826</b>	<b>30,979</b>
<b>OFF-BALANCE SHEET ITEMS</b>			
	12		
Guarantees		1,500	1,100
<b>TOTAL</b>		<b>1,500</b>	<b>1,100</b>

	2001	2000
<b>1. INTEREST RECEIVABLE</b>		
Interest on balances due from credit institutions and central banks	1	1
Interest from bonds	6	3
<b>Total</b>	<b>7</b>	<b>4</b>
DKK 1m originates from subsidiary undertakings against DKK 1m last year.		
<b>2. MARKET VALUE ADJUSTMENTS</b>		
Bonds		
- Other mortgage bonds	1	1
<b>Total</b>	<b>1</b>	<b>1</b>
<b>3. STAFF COSTS AND ADMINISTRATIVE EXPENSES</b>		
Remuneration to the Board of Directors	1	1
Staff costs	3	4
Other administrative expenses	2	2
<b>Total</b>	<b>6</b>	<b>7</b>
Average number of full-time staff for the financial year	7	7
<b>4. TAX</b>		
Tax assessed on income for the year	763	929
Deferred tax	(114)	(115)
Adjustment of tax assessed for previous years	22	5
Tax on provisions	17	0
<b>Total</b>	<b>688</b>	<b>819</b>
<b>Tax payable in Nykredit Holding A/S of total tax charge:</b>		
Tax assessed on income for the year	1	0
<b>Total</b>	<b>1</b>	<b>0</b>
The undertaking is jointly taxed with several of the wholly-owned undertakings of the Group and is thus jointly and severally liable with the other jointly taxed undertakings for payment of taxes.		
<b>Effective tax rate</b>		
Current tax rate	30.0	32.0
Difference related to subsidiary undertakings	(2.6)	(0.2)
<b>Effective tax rate</b>	<b>27.4</b>	<b>31.8</b>

	2001	2000
<b>5. BALANCES DUE FROM CREDIT INSTITUTIONS AND CENTRAL BANKS</b>		
Balances due from credit institutions	9	5
<b>Total</b>	<b>9</b>	<b>5</b>
<b>Distributed by remaining term to maturity:</b>		
Demand deposits	5	5
Up to 3 months	4	0
<b>Total</b>	<b>9</b>	<b>5</b>
<b>6. BONDS</b>		
Other mortgage bonds	108	107
<b>Total</b>	<b>108</b>	<b>107</b>
<b>7. PARTICIPATING INTERESTS IN SUBSIDIARY UNDERTAKINGS</b>		
<b>Cost of acquisition, beginning of year</b>	<b>17,031</b>	<b>15,839</b>
Additions	0	2,384
Disposals	0	(1,192)
<b>Cost of acquisition, year-end</b>	<b>17,031</b>	<b>17,031</b>
<b>Revaluations and write-downs, beginning of year</b>		
<b>Profit</b>	<b>1,823</b>	<b>1,754</b>
Dividend	0	0
Excess value on acquisition of undertaking	0	(314)
Revaluations and write-downs for the year	21	(11)
<b>Revaluations and write-downs, year-end</b>	<b>15,676</b>	<b>13,832</b>
<b>Balance, year-end</b>	<b>32,707</b>	<b>30,863</b>
<b>8. OTHER ASSETS</b>		
Interest and commissions due	2	4
<b>Total</b>	<b>2</b>	<b>4</b>
<b>9. DEBT TO CREDIT INSTITUTIONS AND CENTRAL BANKS</b>		
Debt to credit institutions	3	3
<b>Total</b>	<b>3</b>	<b>3</b>
<b>Distributed by remaining term to maturity:</b>		
On demand	3	3
<b>Total</b>	<b>3</b>	<b>3</b>
<b>10. OTHER LIABILITIES</b>		
Other liabilities	0	1
<b>Total</b>	<b>0</b>	<b>1</b>

	2001	2000
<b>11. CAPITAL AND RESERVES</b>		
<b>Share capital:</b>		
<b>Balance, beginning of year</b>	<b>1,285</b>	<b>1,242</b>
Capital increase	0	43
<b>Balance, year-end</b>	<b>1,285</b>	<b>1,285</b>
<b>Share premium account:</b>		
<b>Balance, beginning of year</b>	<b>949</b>	<b>0</b>
Capital increase	0	949
<b>Balance, year-end</b>	<b>949</b>	<b>949</b>
<b>Reserve for net revaluation according to the equity method:</b>		
<b>Balance, beginning of year</b>	<b>13,792</b>	<b>12,363</b>
Profit for the year	1,823	1,754
Revaluations and write-downs for the year	21	(325)
<b>Balance, year-end</b>	<b>15,636</b>	<b>13,792</b>
<b>Other reserves:</b>		
<b>Balance, beginning of year</b>	<b>14,949</b>	<b>14,949</b>
Transferred from net profit for the year	4	0
<b>Balance, year-end</b>	<b>14,953</b>	<b>14,949</b>
<b>Balance, year-end</b>	<b>32,823</b>	<b>30,975</b>

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

<b>12. OFF-BALANCE SHEET ITEMS</b>		
<b>Guarantees</b>		
Other guarantees	1,500	1,100
<b>Total</b>	<b>1,500</b>	<b>1,100</b>

On specific occasions, Nykredit Holding A/S has provided third parties with letters of comfort regarding Nykredit Bank A/S.

### 13. INTRA-GROUP TRANSACTIONS

Important intra-group transactions prevailing in or extending into 2001 or just after the closing of the accounts between the Group's undertakings include:

#### Agreements between Nykredit Holding A/S and Nykredit Bank A/S

On specific occasions, Nykredit Holding A/S has provided third parties with guarantees or letters of comfort.

Nykredit Holding A/S has guaranteed a limited amount of Nykredit Bank A/S's loan commitments.

**EXECUTIVE BOARD**

Mogens Munk Rasmussen,  
Group Chief Executive

Peter Engberg Jensen,  
Group Managing Director

Per Ladegaard,  
Group Managing Director

Henning Kruse Petersen,  
Group Managing Director

/Asger Hansen,  
Executive Vice President &  
Group Chief Financial Officer

**BOARD OF DIRECTORS**

Axel Ladegaard Jensen,  
Chairman

K.E. Borup,  
Deputy Chairman

Hans Bang-Hansen  
Kristian Bengaard  
Peter Bramsen  
Steen E. Christensen  
Winnie Dohn  
Jørgen S. Iversen  
Allan Kristiansen  
Ole Maltesen  
Susanne Møller Nielsen  
Kirsten Petersen  
Ole Steffensen  
Ole Trolle  
Jens Erik Udsen  
Leif Vinther  
F. Weye-Hansen

**INTERNAL AUDIT**

We have audited the consolidated accounts and the annual accounts presented by the Board of Directors and the Management for the year 2001 of Nykredit Holding A/S.

**Basis of opinion**

We have conducted our audit on the basis of the executive order by the Danish Financial Supervisory Authority on the performance of the audit in financial institutions and financial groups and in accordance with generally accepted auditing standards as applied in Denmark. During the audit, based on an evaluation of materiality and risk, we assessed procedures and verified the basis for the amounts and disclosures in the accounts.

Our audit has not resulted in any qualification.

**Opinion**

In our opinion, the accounts have been presented in accordance with the accounting provisions of Danish legislation and give a true and fair view of the company's and the group's assets and liabilities, the financial position and profit for the year.

Claus Okholm  
Chief Internal Auditor

Bjarne Frandsen  
Deputy Chief Internal Auditor

**AUDITORS' REPORT**

We have audited the consolidated accounts and the annual accounts presented by the Board of Directors and the Management for the year 2001 of Nykredit Holding A/S.

**Basis of opinion**

We have planned and conducted our audit in accordance with generally accepted auditing standards as applied in Denmark to obtain reasonable assurance that the accounts are free from material misstatements. Based on an evaluation of materiality and risk, we have tested the basis and documentation for the amounts and disclosures in the accounts. Our audit includes an assessment of the accounting policies applied and the accounting estimates made by the Board of Directors and the Management. In addition, we have evaluated the overall adequacy of the presentation in the accounts.

Our audit has not resulted in any qualification.

**Opinion**

In our opinion, the accounts have been presented in accordance with the accounting provisions of Danish legislation and give a true and fair view of the company's and the group's assets and liabilities, the financial position and profit for the year.

**PricewaterhouseCoopers**

Otto Johnsen  
State Authorised Public Accountant  
Gert R.L. Andersen  
State Authorised Public Accountant

**DELOITTE & TOUCHE**

**Statsautoriseret Revisionsaktieselskab**  
Bent Hansen  
State Authorised Public Accountant  
Anders O. Gjelstrup  
State Authorised Public Accountant





2000	2001		Note	2001	2000
<b>26,840</b>	<b>27,714</b>	<b>Interest receivable</b>	1	<b>30,458</b>	<b>29,576</b>
<b>23,309</b>	<b>23,937</b>	<b>Interest payable</b>	2	<b>26,223</b>	<b>25,637</b>
<b>3,531</b>	<b>3,777</b>	<b>NET INTEREST RECEIVABLE</b>		<b>4,235</b>	<b>3,939</b>
<b>70</b>	<b>63</b>	<b>Dividend from participating interests</b>		<b>77</b>	<b>72</b>
<b>337</b>	<b>545</b>	<b>Fees and commissions receivable</b>		<b>607</b>	<b>404</b>
<b>112</b>	<b>95</b>	<b>Fees and commissions payable</b>		<b>101</b>	<b>102</b>
<b>3,826</b>	<b>4,290</b>	<b>NET INCOME FROM INTEREST, FEES AND COMMISSIONS</b>		<b>4,818</b>	<b>4,313</b>
<b>138</b>	<b>(83)</b>	<b>Value adjustments</b>	3	<b>(25)</b>	<b>145</b>
<b>45</b>	<b>35</b>	<b>Other operating income</b>		<b>143</b>	<b>178</b>
<b>1,663</b>	<b>1,690</b>	<b>Staff costs and administrative expenses</b>	4	<b>2,200</b>	<b>2,072</b>
<b>69</b>	<b>79</b>	<b>Depreciation, amortisation and write-downs on tangible and intangible assets</b>	16, 17	<b>114</b>	<b>92</b>
<b>0</b>	<b>2</b>	<b>Other operating expenses</b>		<b>3</b>	<b>60</b>
<b>(149)</b>	<b>44</b>	<b>Write-offs and provisions for bad and doubtful debts</b>	5	<b>84</b>	<b>(118)</b>
<b>147</b>	<b>83</b>	<b>Profit/loss from participating interests in associated and subsidiary undertakings</b>	6	<b>(25)</b>	<b>43</b>
<b>2,573</b>	<b>2,510</b>	<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAX</b>		<b>2,510</b>	<b>2,573</b>
<b>819</b>	<b>687</b>	<b>Tax</b>	7	<b>687</b>	<b>819</b>
<b>1,754</b>	<b>1,823</b>	<b>NET PROFIT FOR THE YEAR</b>		<b>1,823</b>	<b>1,754</b>
		<b>DISTRIBUTION OF PROFITS</b>			
1,754	1,823	Net profit for the year			
<b>1,754</b>	<b>1,823</b>	<b>Total profit for distribution</b>			
1,754	1,823	Appropriation to capital and reserves			
<b>1,754</b>	<b>1,823</b>	<b>Total distribution</b>			



2000	2001		Note	2001	2000
<b>ASSETS</b>					
<b>71</b>	<b>81</b>	<b>Cash in hand and demand deposits with central banks</b>	8	<b>164</b>	<b>102</b>
<b>22,310</b>	<b>54,346</b>	<b>Balances due from credit institutions and central banks</b>	9, 23, 24	<b>46,914</b>	<b>29,809</b>
		<b>Loans and advances</b>			
380,053	394,403	Mortgage loans		394,403	380,053
396	504	Other loans and advances		22,738	17,535
<b>380,449</b>	<b>394,907</b>	<b>Total</b>	10, 23, 24	<b>417,141</b>	<b>397,588</b>
<b>51,901</b>	<b>83,473</b>	<b>Bonds</b>	11, 13, 23	<b>103,712</b>	<b>71,319</b>
<b>3,257</b>	<b>3,363</b>	<b>Shares</b>	12, 13	<b>3,400</b>	<b>3,309</b>
<b>151</b>	<b>181</b>	<b>Participating interests in associated undertakings</b>	14	<b>277</b>	<b>256</b>
<b>3,878</b>	<b>4,206</b>	<b>Participating interests in subsidiary undertakings</b>	15	<b>834</b>	<b>877</b>
<b>428</b>	<b>459</b>	<b>Tangible assets</b>	17	<b>1,752</b>	<b>1,515</b>
<b>1,612</b>	<b>2,362</b>	<b>Other assets</b>	18, 24	<b>5,105</b>	<b>4,396</b>
<b>79</b>	<b>101</b>	<b>Prepayments</b>		<b>106</b>	<b>86</b>
<b>464,136</b>	<b>543,479</b>	<b>TOTAL ASSETS</b>		<b>579,405</b>	<b>509,257</b>
<b>LIABILITIES AND EQUITY</b>					
<b>9,666</b>	<b>26,774</b>	<b>Debt to credit institutions and central banks</b>	19, 23, 24	<b>47,944</b>	<b>39,308</b>
<b>0</b>	<b>0</b>	<b>Deposits</b>	23	<b>8,660</b>	<b>9,488</b>
<b>412,869</b>	<b>467,459</b>	<b>Issued bonds</b>	20, 24	<b>467,459</b>	<b>412,869</b>
<b>10,168</b>	<b>16,082</b>	<b>Other liabilities</b>	21, 24	<b>22,144</b>	<b>16,091</b>
<b>0</b>	<b>0</b>	<b>Deferred income</b>		<b>12</b>	<b>13</b>
<b>570</b>	<b>457</b>	<b>Provisions for liabilities</b>	22	<b>479</b>	<b>625</b>
		<b>Capital and reserves</b>			
1,146	1,146	Share capital		1,146	1,146
2,518	2,518	Share premium account		2,518	2,518
		Other reserves			
12,584	11,847	- Reserves in series		11,847	12,584
14,587	17,168	- Other reserves		17,168	14,587
28	28	Revaluation reserves		28	28
<b>30,863</b>	<b>32,707</b>	<b>Total</b>		<b>32,707</b>	<b>30,863</b>
<b>464,136</b>	<b>543,479</b>	<b>TOTAL LIABILITIES AND EQUITY</b>		<b>579,405</b>	<b>509,257</b>
		<b>OFF-BALANCE SHEET ITEMS</b>	26		
0	0	Guarantees		1,037	2,909
271	1,286	Other liabilities		3,677	3,197
<b>271</b>	<b>1,286</b>	<b>TOTAL</b>		<b>4,714</b>	<b>6,106</b>

						2001	2000
	Share capital	Share premium account	Reserves in series	Other reserves	Revaluation reserves	Total	Total
<b>Balance, beginning of year</b>	<b>1,146</b>	<b>2,518</b>	<b>12,584</b>	<b>14,587</b>	<b>28</b>	<b>30,863</b>	<b>28,242</b>
Net profit for the year				1,823		1,823	1,754
Capital increase						0	1,192
Adjustment pursuant to capital adequacy requirements			(737)	737		0	0
Brought forward from provisions concerning pre-1972 series				20		20	10
Adjustment relating to associated undertakings				0		0	(2)
Adjustment relating to subsidiary undertakings				1		1	(16)
Excess value on acquisition of undertaking						0	(314)
Other adjustments						0	(3)
<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>32,707</b>	<b>30,863</b>

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

**EXECUTIVE BOARD**

Mogens Munk Rasmussen,  
Group Chief Executive

Peter Engberg Jensen,  
Group Managing Director

Per Ladegaard,  
Group Managing Director

Henning Kruse Petersen,  
Group Managing Director

Niels A. Brændgaard

Leif Duus

Søren Møller

Erik Højberg Nielsen

N.C. Petersen

Niels Ravn

Lars Bo Stenqvist

/Asger Hansen,  
Executive Vice President &  
Group Chief Financial Officer

**BOARD OF DIRECTORS**

Axel Ladegaard Jensen,  
Chairman

K.E. Borup,  
Deputy Chairman

Hans Bang-Hansen

Kristian Bengaard

Peter Bramsen

Steen E. Christensen

Winnie Dohn

Birgit Grodal

Jørgen S. Iversen

Allan Kristiansen

Ole Maltesen

Susanne Møller Nielsen

Kirsten Petersen

Ole Steffensen

Ole Trolle

Jens Erik Udsen

Leif Vinther

F. Weye-Hansen

**INTERNAL AUDIT**

We have audited the consolidated accounts and the annual accounts presented by the Board of Directors and the Management for the year 2001 of Nykredit A/S.

**Basis of opinion**

We have conducted our audit on the basis of the executive order by the Danish Financial Supervisory Authority on the performance of the audit in financial institutions and financial groups and in accordance with generally accepted auditing standards as applied in Denmark.

During the audit, based on an evaluation of materiality and risk, we assessed procedures and verified the basis for the amounts and disclosures in the accounts.

Our audit has not resulted in any qualification.

**Opinion**

In our opinion, the accounts have been presented in accordance with the accounting provisions of Danish legislation and give a true and fair view of the company's and the group's assets and liabilities, the financial position and profit for the year.

Claus Okholm  
Chief Internal Auditor

Bjarne Frandsen  
Deputy Chief Internal Auditor

**AUDITORS' REPORT**

We have audited the consolidated accounts and the annual accounts presented by the Board of Directors and the Management for the year 2001 of Nykredit A/S.

**Basis of opinion**

We have planned and conducted our audit in accordance with generally accepted auditing standards as applied in Denmark to obtain reasonable assurance that the accounts are free from material misstatements. Based on an evaluation of materiality and risk, we have tested the basis and documentation for the amounts and disclosures in the accounts. Our audit includes an assessment of the accounting policies applied and the accounting estimates made by the Board of Directors and the Management. In addition, we have evaluated the overall adequacy of the presentation in the accounts.

Our audit has not resulted in any qualification.

**Opinion**

In our opinion, the accounts have been presented in accordance with the accounting provisions of Danish legislation and give a true and fair view of the company's and the group's assets and liabilities, the financial position and profit for the year.

**PricewaterhouseCoopers**

Otto Johnsen

State Authorised Public Accountant

Gert R.L. Andersen

State Authorised Public Accountant

**DELOITTE & TOUCHE**

**Statsautoriseret Revisionsaktieselskab**

Bent Hansen

State Authorised Public Accountant

Anders O. Gjelstrup

State Authorised Public Accountant





THE NYKREDIT GROUP

NYKREDIT A/S

NYKREDIT A/S  
CONSOLIDATED

2000	2001		2001	2000	2001	2000
<b>1. INTEREST RECEIVABLE</b>						
1,256	952	Balances due from credit institutions and central banks	566	403	952	1,256
24,106	24,576	Loans and advances	23,336	23,041	24,576	24,106
1,810	1,883	Administration fees	1,883	1,810	1,883	1,810
		Bonds				
691	668	- Own mortgage bonds	504	396	662	688
455	1,011	- Other mortgage bonds	304	125	1,011	455
750	1,159	- Government bonds	861	824	1,159	750
386	220	- Other bonds	64	57	220	386
		Derivative financial instruments				
39	13	- Foreign exchange contracts	23	20	13	39
(3)	(109)	- Interest rate contracts	53	64	(109)	(3)
90	91	Other interest receivable	120	100	91	89
<b>29,580</b>	<b>30,464</b>	<b>Total</b>	<b>27,714</b>	<b>26,840</b>	<b>30,458</b>	<b>29,576</b>
		<b>Of which interest receivable from genuine purchase and resale transactions has been entered as:</b>				
153	543	Balances due from credit institutions and central banks	120	69	543	153
3	213	Loans and advances	2	0	213	3
<b>2. INTEREST PAYABLE</b>						
2,048	2,093	Credit institutions and central banks	436	241	2,093	2,048
537	641	Deposits	0	0	641	538
22,989	23,290	Issued bonds	23,290	22,989	23,290	22,989
0	1	Subordinated debt	0	0	1	0
62	198	Other interest payable	211	79	198	62
<b>25,636</b>	<b>26,223</b>	<b>Total</b>	<b>23,937</b>	<b>23,309</b>	<b>26,223</b>	<b>25,637</b>
		<b>Of which interest payable from genuine sale and repurchase transactions has been entered as:</b>				
122	1,035	Debt to credit institutions and central banks	238	122	1,035	122
9	109	Deposits	0	0	109	9
<b>3. VALUE ADJUSTMENTS</b>						
		Bonds				
95	267	- Own mortgage bonds	257	83	266	94
134	21	- Other mortgage bonds	10	39	21	134
(311)	(159)	- Government bonds	(120)	(389)	(159)	(311)
(56)	24	- Other bonds	13	19	24	(56)
200	(153)	Shares	(151)	186	(153)	200
21	6	Fixed-rate loans and advances	5	14	6	21
(13)	25	Foreign exchange	1	(16)	25	(13)
		Derivative financial instruments				
2	3	- Foreign exchange contracts	(7)	(4)	2	2
60	(63)	- Interest rate contracts	(97)	192	(63)	60
14	6	- Share contracts	6	14	6	14
<b>146</b>	<b>(23)</b>	<b>Total</b>	<b>(83)</b>	<b>138</b>	<b>(25)</b>	<b>145</b>

THE NYKREDIT GROUP

NYKREDIT A/S

NYKREDIT A/S  
CONSOLIDATED

2000	2001		2001	2000	2001	2000
<b>4. STAFF COSTS AND ADMINISTRATIVE EXPENSES</b>						
<b>Salaries and remuneration to the Board of Directors and Executive Board</b>						
13	13	Executive Board	25	24	25	24
3	3	Board of Directors	2	2	2	2
<b>16</b>	<b>16</b>	<b>Total</b>	<b>27</b>	<b>26</b>	<b>27</b>	<b>26</b>
<b>Staff costs</b>						
1,004	1,062	Wages	858	812	1,047	990
107	121	Pensions	100	89	120	107
88	94	Social security costs	78	71	94	88
<b>1,199</b>	<b>1,277</b>	<b>Total</b>	<b>1,036</b>	<b>972</b>	<b>1,261</b>	<b>1,185</b>
<b>863</b>	<b>913</b>	<b>Other administrative expenses</b>	<b>627</b>	<b>665</b>	<b>912</b>	<b>861</b>
<b>2,078</b>	<b>2,206</b>	<b>Total</b>	<b>1,690</b>	<b>1,663</b>	<b>2,200</b>	<b>2,072</b>
<b>Executive Board and Board of Directors</b>						
<b>Loans, charges, suretyships or guarantees granted to the members of the</b>						
8	9	Executive Board	16	15	16	15
58	81	Board of Directors	81	58	81	58
<b>Audit fees</b>						
<b>Aggregate fees to the accountancy firms appointed by the Annual General Meeting which perform the statutory audit</b>						
<b>8</b>	<b>8</b>		<b>5</b>	<b>4</b>	<b>8</b>	<b>8</b>
2	2	Of which in respect of services other than auditing	2	1	2	2
<b>Number of staff</b>						
Average number of staff for the financial year, full-time equivalent						
2,528	2,564	In undertakings included in the Group Accounts	2,187	2,163	2,557	2,521
316	353	In subsidiaries excluded from the Group Accounts	0	0	353	316
<b>2,844</b>	<b>2,917</b>	<b>Total</b>	<b>2,187</b>	<b>2,163</b>	<b>2,910</b>	<b>2,837</b>

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2000	2001		2001	2000	2001	2000
<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>Provisions for loans, advances and guarantees, beginning of year</b>	<b>1,793</b>	<b>2,014</b>	<b>2,002</b>	<b>2,226</b>
<b>2,226</b>	<b>2,002</b>	- Provisions for the year	351	297	470	348
348	470	- Reversal of provisions	(285)	(378)	(371)	(398)
(398)	(371)	- Other disposals	0	0	0	(6)
(6)	0	- Provisions recorded as lost	(52)	(140)	(128)	(168)
(168)	(128)					
<b>2,002</b>	<b>1,973</b>	<b>Provisions, year-end</b>	<b>1,807</b>	<b>1,793</b>	<b>1,973</b>	<b>2,002</b>
(224)	(29)	Movement in provisions for loans, advances and guarantees	14	(221)	(29)	(224)
157	162	Write-offs for the year, net	78	127	162	157
(58)	(50)	Received on claims previously written off	(48)	(55)	(50)	(58)
<b>(119)</b>	<b>83</b>	<b>Write-offs and provisions for loans, advances and guarantees</b>	<b>44</b>	<b>(149)</b>	<b>83</b>	<b>(119)</b>
<b>1</b>	<b>1</b>	<b>Write-offs and provisions for other items</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>
<b>(118)</b>	<b>84</b>	<b>Total write-offs and provisions</b>	<b>44</b>	<b>(149)</b>	<b>84</b>	<b>(118)</b>
<b>6. PROFIT/LOSS FROM PARTICIPATING INTERESTS IN ASSOCIATED AND SUBSIDIARY UNDERTAKINGS</b>						
13	37	Profit from participating interests in associated undertakings	51	15	37	13
30	(62)	Profit/loss from participating interests in subsidiary undertakings	32	132	(62)	30
<b>43</b>	<b>(25)</b>	<b>Total</b>	<b>83</b>	<b>147</b>	<b>(25)</b>	<b>43</b>
<b>7. TAX</b>						
929	763	Tax assessed on income for the year	762	929	762	929
(115)	(114)	Deferred tax	(114)	(115)	(114)	(115)
5	22	Adjustment of tax assessed for previous years	22	5	22	5
0	17	Tax on provisions	17	0	17	0
<b>819</b>	<b>688</b>	<b>Total</b>	<b>687</b>	<b>819</b>	<b>687</b>	<b>819</b>
		<b>Tax payable in Nykredit A/S of total tax charge:</b>				
		Tax assessed on income for the year	741	885		
		Deferred tax	(100)	(115)		
		Adjustment of tax assessed for previous years	10	(3)		
		Tax on provisions	15	0		
		<b>Total</b>	<b>666</b>	<b>767</b>		
		<b>Effective tax rate</b>				
32.0	30.0	Current tax rate	30.0	32.0	30.0	32.0
(0.2)	0.0	Difference in tax rates of associated and subsidiary undertakings	(0.1)	0.2	0.0	(0.2)
(1.4)	(4.1)	Non-liable income	(3.9)	(0.9)	(4.1)	(1.4)
0.6	0.5	Non-deductible expenses	0.4	0.2	0.5	0.6
0.2	0.9	Adjustment of tax assessed for previous years	0.4	0.1	0.9	0.2
0.0	(0.6)	Adjustment of deferred tax for previous years	0.0	0.0	(0.6)	0.0
0.0	0.7	Tax on provisions	0.6	0.0	0.7	0.0
0.2	0.0	Change in tax rate for 2001	0.0	0.1	0.0	0.2
0.4	0.0	Other	0.0	0.1	0.0	0.4
<b>31.8</b>	<b>27.4</b>	<b>Effective tax rate</b>	<b>27.4</b>	<b>31.8</b>	<b>27.4</b>	<b>31.8</b>

The effective tax rate of the Group in the Interim Accounts for 2001 amounted to 24.8% against 27.4% at year-end. The change relates to movements in non-liable income.



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2000	2001		2001	2000	2001	2000
<b>8. CASH IN HAND AND DEMAND DEPOSITS WITH CENTRAL BANKS</b>						
63	133	Of which deposits with the Danish central bank	53	63	133	63
<b>9. BALANCES DUE FROM CREDIT INSTITUTIONS AND CENTRAL BANKS</b>						
204	18,527	Balances due at call with central banks	17,525	0	18,527	204
29,605	28,387	Balances due with credit institutions	36,821	22,310	28,387	29,605
<b>29,809</b>	<b>46,914</b>	<b>Total</b>	<b>54,346</b>	<b>22,310</b>	<b>46,914</b>	<b>29,809</b>
2,186	18,438	Of which prepaid funds including prepayments at par and proceeds from the issuance of fixed-price agreements	18,438	2,186	18,438	2,186
<b>10. LOANS AND ADVANCES</b>						
380,053	394,403	Mortgage loans	394,403	380,053	394,403	380,053
218	203	Amounts outstanding in non-foreclosed properties	203	218	203	218
17,317	22,535	Other loans and advances	301	178	22,535	17,317
<b>397,588</b>	<b>417,141</b>	<b>Total</b>	<b>394,907</b>	<b>380,449</b>	<b>417,141</b>	<b>397,588</b>
<b>Mortgage loans</b>						
<b>372,586</b>	<b>381,299</b>	<b>Balance, beginning of year</b>	<b>381,299</b>	<b>372,586</b>	<b>381,299</b>	<b>372,586</b>
55,513	99,947	New loans	99,947	55,513	99,947	55,513
1,379	1,417	Indexation	1,417	1,379	1,417	1,379
5	(54)	Currency translation adjustment	(54)	5	(54)	5
(13,609)	(14,338)	Ordinary payments	(14,338)	(13,609)	(14,338)	(13,609)
(34,575)	(72,574)	Redemptions and extraordinary payments	(72,574)	(34,575)	(72,574)	(34,575)
<b>381,299</b>	<b>395,697</b>	<b>Balance, year-end</b>	<b>395,697</b>	<b>381,299</b>	<b>395,697</b>	<b>381,299</b>
(31)	(39)	Loans transferred relating to properties temporarily foreclosed	(39)	(31)	(39)	(31)
(1,497)	(1,550)	Provisions for loans and advances	(1,550)	(1,497)	(1,550)	(1,497)
282	295	Loans assumed by the Financial Administration Agency	295	282	295	282
<b>380,053</b>	<b>394,403</b>	<b>Total</b>	<b>394,403</b>	<b>380,053</b>	<b>394,403</b>	<b>380,053</b>
<b>Mortgage loans, year-end:</b>						
297,803	246,891	- Loans with joint and several liability	246,891	297,803	246,891	297,803
83,496	148,806	- Loans without joint and several liability	148,806	83,496	148,806	83,496
<b>381,299</b>	<b>395,697</b>	<b>Total</b>	<b>395,697</b>	<b>381,299</b>	<b>395,697</b>	<b>381,299</b>
417,420	453,886	Principal on mortgages, year-end	453,886	417,420	453,886	417,420
630,603	614,578	Number of mortgages, year-end	614,578	630,603	614,578	630,603
20,281	20,678	In addition to mortgages on real property, supplementary guarantees for loans have been received in the amount of	20,678	20,281	20,678	20,281
325	1,758	Total advance loan guarantees received	1,758	2,225	1,758	325

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2000	2001		2001	2000	2001	2000
<b>10. LOANS AND ADVANCES (CONTINUED)</b>						
		<b>Outstanding payments in non-foreclosed properties</b>				
335	356	Arrears	356	335	356	335
127	36	Outlays	36	127	36	127
(244)	(189)	Provisions for loans and advances	(189)	(244)	(189)	(244)
<b>218</b>	<b>203</b>	<b>Total</b>	<b>203</b>	<b>218</b>	<b>203</b>	<b>218</b>
		<b>Other loans and advances</b>				
17,139	22,234	Bank loans and advances	0	0	22,234	17,139
178	301	Other loans and advances	301	178	301	178
<b>17,317</b>	<b>22,535</b>	<b>Total</b>	<b>301</b>	<b>178</b>	<b>22,535</b>	<b>17,317</b>
<b>11. BONDS</b>						
35,284	46,652	Own mortgage bonds	43,577	32,903	46,544	35,177
13,732	29,885	Other mortgage bonds	22,178	3,485	29,885	13,732
15,815	24,885	Government bonds	17,000	13,604	24,885	15,815
6,595	2,398	Other bonds	718	1,909	2,398	6,595
<b>71,426</b>	<b>103,820</b>	<b>Total</b>	<b>83,473</b>	<b>51,901</b>	<b>103,712</b>	<b>71,319</b>
270	7,654	Of which drawn bonds	7,308	75	7,648	163
20,558	25,297	Bond portfolios deriving from prepaid funds including prepayments at par and proceeds relating to the issuance of fixed-price agreements	25,297	20,558	25,297	20,558
9,849	20,195	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	18,108	9,845	20,195	9,849
<b>12. SHARES</b>						
1,400	1,818	Shares/units listed on the Copenhagen Stock Exchange	1,815	1,389	1,818	1,400
1,033	726	Shares/units listed on other stock exchanges	726	1,033	726	1,033
839	825	Other shares	822	835	825	839
37	31	Other participating interests	0	0	31	37
<b>3,309</b>	<b>3,400</b>	<b>Total</b>	<b>3,363</b>	<b>3,257</b>	<b>3,400</b>	<b>3,309</b>
<b>13. CURRENT ASSET INVESTMENTS</b>						
73,450	106,065	Current asset investments marked to market	85,681	53,876	105,957	73,343
348	79	The market value of current asset investments marked to market exceeds the cost of these assets by	97	339	78	348
1,282	1,155	Current asset investments not marked to market	1,155	1,282	1,155	1,282
(62)	(113)	The market value of current asset investments not marked to market exceeds the cost of these assets by	(113)	(62)	(113)	(62)

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2000	2001		2001	2000	2001	2000
<b>14. PARTICIPATING INTERESTS IN ASSOCIATED UNDERTAKINGS</b>						
<b>176</b>	<b>244</b>	<b>Cost, beginning of year</b>	<b>137</b>	<b>139</b>	<b>244</b>	<b>176</b>
70	0	Additions	0	0	0	70
(2)	0	Disposals	0	(2)	0	(2)
<b>244</b>	<b>244</b>	<b>Cost, year-end</b>	<b>137</b>	<b>137</b>	<b>244</b>	<b>244</b>
<b>1</b>	<b>12</b>	<b>Revaluations and write-downs, beginning of year</b>	<b>14</b>	<b>1</b>	<b>12</b>	<b>1</b>
13	28	Profit	38	15	28	13
(2)	(8)	Dividend	(8)	(2)	(8)	(2)
0	1	Other movements in capital	0	0	1	0
<b>12</b>	<b>33</b>	<b>Revaluations and write-downs, year-end</b>	<b>44</b>	<b>14</b>	<b>33</b>	<b>12</b>
<b>256</b>	<b>277</b>	<b>Balance, year-end</b>	<b>181</b>	<b>151</b>	<b>277</b>	<b>256</b>
<b>15. PARTICIPATING INTERESTS IN SUBSIDIARY UNDERTAKINGS</b>						
<b>68</b>	<b>1,192</b>	<b>Cost, beginning of year</b>	<b>4,389</b>	<b>3,037</b>	<b>1,192</b>	<b>68</b>
(68)	0	Reclassification	0	0	0	(68)
1,192	2	Additions	302	1,352	2	1,192
<b>1,192</b>	<b>1,194</b>	<b>Cost, year-end</b>	<b>4,691</b>	<b>4,389</b>	<b>1,194</b>	<b>1,192</b>
<b>(30)</b>	<b>(315)</b>	<b>Revaluations and write-downs, beginning of year</b>	<b>(511)</b>	<b>(259)</b>	<b>(315)</b>	<b>(30)</b>
30	0	Reclassification	0	0	0	30
20	(45)	Profit/loss	25	80	(45)	20
(314)	0	Excess value on acquisition	0	(314)	0	(314)
(21)	0	Other movements in capital	1	(18)	0	(21)
<b>(315)</b>	<b>(360)</b>	<b>Revaluations and write-downs, year-end</b>	<b>(485)</b>	<b>(511)</b>	<b>(360)</b>	<b>(315)</b>
<b>877</b>	<b>834</b>	<b>Balance, year-end</b>	<b>4,206</b>	<b>3,878</b>	<b>834</b>	<b>877</b>
0	0	Of which credit institutions	2,708	2,288	0	0
<b>16. INTANGIBLE ASSETS</b>						
<b>3</b>	<b>7</b>	<b>Expensed in the year of acquisition</b>	<b>7</b>	<b>3</b>	<b>7</b>	<b>3</b>

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2000	2001		2001	2000	2001	2000
<b>17. TANGIBLE ASSETS</b>						
822	1,553	Own properties	294	294	1,553	822
52	49	Properties temporarily foreclosed	49	52	49	52
111	149	Machinery and equipment	116	82	149	111
530	1	Assets in course of construction	0	0	1	530
<b>1,515</b>	<b>1,752</b>	<b>Total</b>	<b>459</b>	<b>428</b>	<b>1,752</b>	<b>1,515</b>
<b>Own properties</b>						
<b>709</b>	<b>948</b>	<b>Cost, beginning of year</b>	<b>352</b>	<b>348</b>	<b>948</b>	<b>709</b>
229	234	Additions	22	6	234	229
13	529	Transferred from assets in course of construction	0	0	529	13
(3)	(26)	Disposals	(26)	(2)	(26)	(3)
<b>948</b>	<b>1,685</b>	<b>Cost, year-end</b>	<b>348</b>	<b>352</b>	<b>1,685</b>	<b>948</b>
<b>31</b>	<b>28</b>	<b>Revaluations, beginning of year</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>31</b>
(3)	0	Reversal of revaluations	0	0	0	(3)
<b>28</b>	<b>28</b>	<b>Revaluations, year-end</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>28</b>
<b>(140)</b>	<b>(154)</b>	<b>Depreciation and write-downs, beginning of year</b>	<b>(86)</b>	<b>(79)</b>	<b>(154)</b>	<b>(140)</b>
(14)	(13)	Depreciation for the year	(3)	(7)	(13)	(14)
0	7	Reversal of depreciation and write-downs	7	0	7	0
<b>(154)</b>	<b>(160)</b>	<b>Depreciation and write-downs, year-end</b>	<b>(82)</b>	<b>(86)</b>	<b>(160)</b>	<b>(154)</b>
<b>822</b>	<b>1,553</b>	<b>Balance, year-end</b>	<b>294</b>	<b>294</b>	<b>1,553</b>	<b>822</b>
<b>638</b>	<b>990</b>	<b>Latest public land assessment</b>	<b>303</b>	<b>355</b>	<b>990</b>	<b>638</b>
<b>231</b>	<b>158</b>	<b>Book value of new buildings and improvements incurred after the latest public land assessment</b>	<b>0</b>	<b>0</b>	<b>158</b>	<b>231</b>
<b>Machinery and equipment</b>						
<b>1,038</b>	<b>510</b>	<b>Cost, beginning of year</b>	<b>366</b>	<b>871</b>	<b>508</b>	<b>1,036</b>
47	102	Additions	88	32	102	47
(575)	(45)	Disposals	(18)	(537)	(45)	(575)
<b>510</b>	<b>567</b>	<b>Cost, year-end</b>	<b>436</b>	<b>366</b>	<b>565</b>	<b>508</b>
<b>(912)</b>	<b>(399)</b>	<b>Depreciation and write-downs, beginning of year</b>	<b>(284)</b>	<b>(776)</b>	<b>(397)</b>	<b>(910)</b>
(58)	(63)	Depreciation for the year	(51)	(43)	(63)	(58)
571	44	Reversal of depreciation and write-downs	15	535	44	571
<b>(399)</b>	<b>(418)</b>	<b>Depreciation and write-downs, year-end</b>	<b>(320)</b>	<b>(284)</b>	<b>(416)</b>	<b>(397)</b>
<b>111</b>	<b>149</b>	<b>Balance, year-end</b>	<b>116</b>	<b>82</b>	<b>149</b>	<b>111</b>
<b>17</b>	<b>31</b>	<b>Machinery and equipment written off immediately during the year</b>	<b>18</b>	<b>16</b>	<b>31</b>	<b>17</b>
<b>Assets in course of construction</b>						
<b>275</b>	<b>530</b>	<b>Cost, beginning of year</b>	<b>0</b>	<b>0</b>	<b>530</b>	<b>275</b>
268	1	Additions	0	0	1	268
0	(1)	Disposals	0	0	(1)	0
(13)	(529)	Transferred to own properties	0	0	(529)	(13)
<b>530</b>	<b>1</b>	<b>Balance, year-end</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>530</b>

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2000	2001		2001	2000	2001	2000
<b>18. OTHER ASSETS</b>						
2,020	1,427	Positive market value of derivative financial instruments	60	167	1,427	2,020
2,049	3,063	Interest and commissions due	1,113	624	3,061	2,045
103	71	Tax due	71	103	71	103
67	159	Deferred tax assets	146	46	159	67
158	384	Other assets	972	672	387	161
<b>4,397</b>	<b>5,104</b>	<b>Total</b>	<b>2,362</b>	<b>1,612</b>	<b>5,105</b>	<b>4,396</b>
<b>19. DEBT TO CREDIT INSTITUTIONS AND CENTRAL BANKS</b>						
6,657	17,000	Debt to central banks	17,000	2,922	17,000	6,657
32,651	30,944	Debt to credit institutions	9,774	6,744	30,944	32,651
<b>39,308</b>	<b>47,944</b>	<b>Total</b>	<b>26,774</b>	<b>9,666</b>	<b>47,944</b>	<b>39,308</b>
<b>20. ISSUED BONDS</b>						
<b>Mortgage bonds</b>						
<b>363,543</b>	<b>387,238</b>	<b>Balance, beginning of year</b>	<b>387,238</b>	<b>363,543</b>	<b>387,238</b>	<b>363,543</b>
76,389	132,284	Additions	132,284	76,389	132,284	76,389
20	(55)	Currency translation adjustment	(55)	20	(55)	20
(26,359)	(52,801)	Bonds drawn and cancelled	(52,801)	(26,359)	(52,801)	(26,359)
(26,355)	(24,567)	Redemptions and extraordinary payments	(24,567)	(26,355)	(24,567)	(26,355)
<b>387,238</b>	<b>442,099</b>	<b>Total</b>	<b>442,099</b>	<b>387,238</b>	<b>442,099</b>	<b>387,238</b>
25,631	25,360	Indexation	25,360	25,631	25,360	25,631
<b>412,869</b>	<b>467,459</b>	<b>Balance, year-end</b>	<b>467,459</b>	<b>412,869</b>	<b>467,459</b>	<b>412,869</b>
1,898	1,618	Pre-issuance	1,618	1,898	1,618	1,898
28,715	67,166	Drawn for redemption at next settling period	67,166	28,715	67,166	28,715
<b>21. OTHER LIABILITIES</b>						
1,756	1,590	Negative market value of derivative financial instruments	179	53	1,590	1,756
4,590	7,433	Negative trading book relating to purchase and resale transactions	4,624	1,858	7,433	4,590
8,237	10,640	Interest and commissions owing	8,987	7,105	10,640	8,237
37	0	Tax owed on income for the year	0	0	0	37
1,472	2,481	Other liabilities	2,292	1,152	2,481	1,471
<b>16,092</b>	<b>22,144</b>	<b>Total</b>	<b>16,082</b>	<b>10,168</b>	<b>22,144</b>	<b>16,091</b>
<b>22. PROVISIONS FOR LIABILITIES</b>						
77	7	Pensions and similar liabilities	7	77	7	77
493	450	Repayable reserves funded by pre-1972 series	450	493	450	493
55	22	Loss risk relating to legal actions	0	0	22	55
<b>625</b>	<b>479</b>	<b>Total</b>	<b>457</b>	<b>570</b>	<b>479</b>	<b>625</b>

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CONSOLIDATED

2000	2001		2001	2000	2001	2000
<b>23. GENUINE SALES AND REPURCHASE TRANSACTIONS AS WELL AS GENUINE PURCHASE AND RESALE TRANSACTIONS</b>						
		<b>Of the assets below genuine purchase and resale transactions represent:</b>				
8,715	9,187	Balances due from credit institutions and central banks	4,675	1,902	9,187	8,715
3,394	2,881	Loans and advances	0	0	2,881	3,394
		<b>Of the liabilities below genuine sale and repurchase transactions represent:</b>				
22,270	18,390	Debt to credit institutions and central banks	8,423	6,702	18,390	22,270
1,683	743	Deposits	0	0	743	1,683
		<b>Assets sold as part of genuine sale and repurchase transactions:</b>				
23,953	19,133	Bonds	8,423	6,702	19,133	23,953
<b>24. BALANCES WITH ASSOCIATED AND SUBSIDIARY UNDERTAKINGS</b>						
		<b>Associated undertakings</b>				
		<b>Recorded as assets</b>				
		Loans and advances	775	392		
		Other assets	0	0		
		<b>Total</b>	<b>775</b>	<b>392</b>		
		<b>Subsidiary undertakings</b>				
		<b>Recorded as assets</b>				
		Balances due from credit institutions	20,097	6,579		
		Loans and advances	0	0		
		Other assets	750	575		
		<b>Total</b>	<b>20,847</b>	<b>7,154</b>		
		<b>Recorded as liabilities</b>				
		Debt to credit institutions	1,788	532		
		Issued bonds	4,074	3,727		
		Other liabilities	92	97		
		<b>Total</b>	<b>5,954</b>	<b>4,356</b>		
<b>25. CAPITAL ADEQUACY</b>						
30,880	32,633	Core capital after deduction	32,533	30,789	32,518	30,768
31,189	31,833	Capital base after deduction	31,736	31,102	31,717	31,077
		Weighted items not included in the trading book including off-balance sheet items	244,149	229,189	260,923	246,452
246,449	261,160	Weighted items involving market risk	20,133	8,002	25,127	10,824
10,822	25,163					
<b>257,271</b>	<b>286,323</b>	<b>Total weighted items</b>	<b>264,282</b>	<b>237,191</b>	<b>286,050</b>	<b>257,276</b>
<b>12.0</b>	<b>11.4</b>	<b>Core capital ratio</b>	<b>12.3</b>	<b>13.0</b>	<b>11.4</b>	<b>12.0</b>
<b>12.1</b>	<b>11.1</b>	<b>Capital adequacy ratio</b>	<b>12.0</b>	<b>13.1</b>	<b>11.1</b>	<b>12.1</b>

**26. OFF-BALANCE SHEET ITEMS**

		<b>Guarantees</b>					
2,828	970	Financial guarantees	0	0	970	2,828	
81	1,267	Other guarantees	0	0	67	81	
<b>2,909</b>	<b>2,237</b>	<b>Total</b>	<b>0</b>	<b>0</b>	<b>1,037</b>	<b>2,909</b>	
		<b>Other liabilities</b>					
2,506	3,141	Irrevocable credit commitments	0	0	3,141	2,506	
691	536	Other liabilities	1,286	271	536	691	
<b>3,197</b>	<b>3,677</b>	<b>Total</b>	<b>1,286</b>	<b>271</b>	<b>3,677</b>	<b>3,197</b>	

**27. INTRA-GROUP TRANSACTIONS**

Important intra-group transactions prevailing or entered into in 2001 or immediately after the closing of the accounts between the Group's undertakings include:

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

Nykredit A/S has made one injection of subordinated capital into Nykredit Bank A/S.

Nykredit Bank A/S has provided Nykredit A/S with registration guarantees and advance loan guarantees.

Nykredit Bank A/S advises Nykredit A/S on private equity investments.

Other agreements between Nykredit A/S and Nykredit Bank A/S involve primarily securities and money market transactions, commissions in connection with inflow of loans, administration of deposits, support for IT operations and development projects as well as joint sales to retail customers and other joint activities.

**Agreement between Nykredit A/S and Nykredit Pantebreve A/S**

Agreement on introduction of mortgage customers.

**Agreements between Nykredit A/S and Nykredit Mægler A/S**

Agreements between Nykredit A/S and Nykredit Mægler A/S involve commissions in connection with inflow of loans and IT development and support.

**Agreements between Nykredit A/S and Nykredit Ejendomme A/S**

Nykredit Ejendomme A/S leases properties to Nykredit A/S.

Nykredit A/S has placed a credit line at the disposal of Nykredit Ejendomme A/S.

**Agreements between Nykredit A/S and Nykredit Østifterne Forsikring A/S**

Agreements on co-operation with respect to insurance, IT development and support including agreements on securities and money market transactions.

**Agreements between Nykredit A/S/Nykredit Bank A/S and Hotelinvest Kalvebod A/S**

Nykredit A/S and Nykredit Bank A/S provide financing for Hotelinvest Kalvebod A/S.

**Agreements between Nykredit Holding A/S and Nykredit Bank A/S**

In specific cases Nykredit Holding A/S has issued guarantees or letters of comfort to third parties.

Nykredit Holding A/S has guaranteed some of Nykredit Bank A/S's loan commitments in respect of losses up to a limited amount.

**Agreements between Nykredit Østifterne Forsikring A/S and Nykredit Mægler A/S**

Agreements on co-operation in connection with insurance business including other joint tasks.

**Agreement between Nykredit Østifterne Forsikring A/S and Dansk Portefølje Bank A/S**

Dansk Portefølje Bank A/S manages certain investments on behalf of Nykredit Østifterne Forsikring A/S.

**Agreements between Nykredit Bank A/S and LeasIT A/S**

Nykredit Bank A/S supplies loans to and trade in financial instruments with LeasIT A/S.

**Agreements between Nykredit A/S/Nykredit Bank A/S and Jeudan A/S**

Nykredit A/S and Nykredit Bank A/S supply loans to Jeudan A/S.

**28. DISCLOSURES PURSUANT TO THE MORTGAGE CREDIT ACT, SECTION 89 (5) AND SECTION 30 (2) OF THE DANISH FINANCIAL BUSINESS ACT**

Pursuant to sections 18 e-18 h of the Mortgage Credit Act (currently sections 24-29 of the Financial Business Act), the Board of Directors has approved the following executive positions and directorships in 2001:

**Mogens Munk Rasmussen**

Managing Director of Nykredit Holding A/S and Foreningen Nykredit  
Chairman of Nykredit Ejendomme A/S  
Chairman of Nykredit Administration V A/S  
Chairman of Administration af 7. november 2001 A/S (in liquidation)

**Peter Engberg Jensen**

Managing Director of Nykredit Holding A/S  
Deputy Chairman of Nykredit Bank A/S  
Director of Nykredit Ejendomme A/S  
Director of Nykredit Østifterne Forsikring A/S  
Director of Nykredit Administration V A/S  
Director of Administration af 7. november 2001 A/S (in liquidation)  
Director of Dansk Portefølje Bank A/S  
Director of Dansk Portefølje Administration A/S  
Director of the FUTOP Clearing Centre A/S  
Director of the Copenhagen Stock Exchange A/S

**Per Ladegaard**

Managing Director of Nykredit Holding A/S  
Director of Nykredit Bank A/S  
Chairman of Nykredit Mægler A/S  
Chairman of Nykredit Østifterne Forsikring A/S  
Chairman of Realkreditnettet A/S

**Henning Kruse Petersen**

Managing Director of Nykredit Holding A/S  
Chairman of Nykredit Bank A/S  
Director of Nykredit Østifterne Forsikring A/S

**Niels A. Brændgaard**

Director of Nykredit Mægler A/S

**Leif Duus**

Director of Nykredit Bank A/S

**Søren Møller**

Director of Nykredit Bank A/S  
Director of Nykredit Mægler A/S

**Erik Højberg Nielsen**

Director of Nykredit Mægler A/S

**N.C. Petersen**

Director of Nykredit Bank A/S

**Niels Ravn**

Director of Nykredit Bank A/S

**Lars Bo Stenqvist**

Director of Nykredit Mægler A/S



## DERIVATIVE FINANCIAL INSTRUMENTS

By remaining term to maturity	Up to 3 months		Over 3 months to 1 year		Over 1 year to 5 years	
	Notional value	Net market value	Notional value	Net market value	Notional value	Net market value
<b>Foreign exchange contracts</b>						
Forwards/futures, purchased	16,587	143	3,283	11	688	0
Forwards/futures, sold	12,169	(159)	2,996	12	12	0
Swaps	-	-	738	(16)	1,497	(3)
Options, purchased	344	0	77	0	-	-
Options, written	111	-	77	0	-	-
<b>Interest rate contracts</b>						
Forwards/futures, purchased	80,218	(59)	6,259	(5)	-	-
Forwards/futures, sold	48,028	(26)	2,398	0	-	-
Forward Rate Agreements, purchased	-	-	96,714	(214)	12,834	(9)
Forward Rate Agreements, sold	-	-	85,351	197	12,689	6
Swaps	20,911	(1)	37,272	(40)	47,188	(28)
Options, purchased	125	0	600	1	485	-
Options, written	-	-	400	-	1,995	(4)
<b>Share contracts</b>						
Forwards/futures, purchased	0	17	-	-	-	-
Forwards/futures, sold	0	2	-	-	-	-
Options, purchased	-	-	-	-	-	-
Options, written	-	-	-	-	-	-
		<b>Over 5 years</b>		<b>Total 2001</b>		<b>Total 2000</b>
By remaining term to maturity	Notional value	Net market value	Notional value	Net market value	Notional value	Net market value
<b>Foreign exchange contracts</b>						
Forwards/futures, purchased	-	-	20,558	154	18,482	(176)
Forwards/futures, sold	-	-	15,177	(147)	20,078	478
Swaps	382	8	2,617	(11)	25,199	(83)
Options, purchased	-	-	421	0	333	0
Options, written	-	-	188	-	281	0
<b>Interest rate contracts</b>						
Forwards/futures, purchased	-	-	86,477	(64)	59,982	348
Forwards/futures, sold	-	-	50,426	(26)	52,327	(320)
Forward Rate Agreements, purchased	-	-	109,548	(223)	170,460	(226)
Forward Rate Agreements, sold	-	-	98,040	203	155,175	192
Swaps	27,390	17	132,761	(52)	91,975	9
Options, purchased	-	-	1,210	1	-	-
Options, written	-	-	2,395	(4)	8	-
<b>Share contracts</b>						
Forwards/futures, purchased	-	-	-	17	-	0
Forwards/futures, sold	-	-	-	2	-	21
Options, purchased	-	-	-	-	-	-
Options, written	-	-	-	-	-	-
<b>Total net market value</b>				<b>(150)</b>		<b>243</b>

DERIVATIVE FINANCIAL INSTRUMENTS						
2001	Market value		Average market value		Market value of non-guaranteed contracts	
	Positive	Negative	Positive	Negative	Positive	Negative
<b>Foreign exchange contracts</b>						
Forwards/futures, purchased	205	51	213	231	205	51
Forwards/futures, sold	43	190	352	194	43	190
Swaps	8	19	117	150	8	19
Options, purchased	0	-	0	0	0	-
Options, written	-	-	-	-	-	-
<b>Interest rate contracts</b>						
Forwards/futures, purchased	69	133	173	41	69	116
Forwards/futures, sold	26	52	14	183	24	52
Forward Rate Agreements, purchased	10	234	8	232	10	234
Forward Rate Agreements, sold	214	12	205	8	214	12
Swaps	798	850	559	577	798	850
Options, purchased	6	4	3	2	6	4
Options, written	4	8	2	4	4	8
<b>Share contracts</b>						
Forwards/futures, purchased	17	-	6	1	17	-
Forwards/futures, sold	2	-	1	1	2	-
Options, purchased	-	-	-	-	2	1
Options, written	-	-	-	-	-	0
<b>Total</b>	<b>1,402</b>	<b>1,553</b>	<b>1,653</b>	<b>1,624</b>	<b>1,402</b>	<b>1,537</b>
<b>Total after netting</b>					<b>(135)</b>	
2000	Market value		Average market value		Market value of non-guaranteed contracts	
	Positive	Negative	Positive	Negative	Positive	Negative
<b>Foreign exchange contracts</b>						
Forwards/futures, purchased	221	397	699	227	221	397
Forwards/futures, sold	677	199	295	630	677	199
Swaps	206	289	88	72	206	288
Options, purchased	0	0	0	0	0	0
Options, written	-	-	-	-	-	-
<b>Interest rate contracts</b>						
Forwards/futures, purchased	351	4	216	10	278	4
Forwards/futures, sold	3	323	11	228	3	323
Forward Rate Agreements, purchased	5	231	192	75	5	231
Forward Rate Agreements, sold	196	4	68	189	196	4
Swaps	316	306	301	241	316	306
Options, purchased	-	-	-	-	-	-
Options, written	-	0	-	-	-	0
<b>Share contracts</b>						
Forwards/futures, purchased	-	-	-	-	-	-
Forwards/futures, sold	21	-	13	-	21	-
Options, purchased	-	-	-	-	2	-
Options, written	-	-	-	-	-	2
<b>Total</b>	<b>1,996</b>	<b>1,753</b>	<b>1,883</b>	<b>1,672</b>	<b>1,925</b>	<b>1,754</b>
<b>Total after netting</b>					<b>171</b>	

## UNSETTLED SPOT TRANSACTIONS

	Notional value	Market value		Net market value
		Positive	Negative	
<b>2001</b>				
Foreign exchange transactions, purchased	7,446	0	18	(18)
Foreign exchange transactions, sold	7,797	16	7	9
Interest rate transactions, purchased	7,383	16	4	12
Interest rate transactions, sold	9,830	7	16	(9)
Share transactions, purchased	55	0	0	0
Share transactions, sold	67	0	0	0
<b>Total</b>	<b>32,578</b>	<b>39</b>	<b>45</b>	<b>(6)</b>
<b>Total 2000</b>	<b>22,482</b>	<b>15</b>	<b>21</b>	<b>(6)</b>

DERIVATIVE FINANCIAL INSTRUMENTS						
By remaining term to maturity	Up to 3 months		Over 3 months to 1 year		Over 1 year to 5 years	
	Notional value	Net market value	Notional value	Net market value	Notional value	Net market value
<b>Foreign exchange contracts</b>						
Forwards/futures, purchased	4,827	(4)	-	-	-	-
Forwards/futures, sold	4,440	(3)	-	-	-	-
Swaps	-	-	519	(25)	49	(2)
Options, purchased	-	-	-	-	-	-
Options, written	-	-	-	-	-	-
<b>Interest rate contracts</b>						
Forwards/futures, purchased	45,169	(91)	4,141	(9)	-	-
Forwards/futures, sold	15,842	11	9	0	-	-
Forward Rate Agreements, purchased	-	-	-	-	-	-
Forward Rate Agreements, sold	-	-	-	-	-	-
Swaps	-	-	-	-	6,590	(11)
Options, purchased	-	-	-	-	154	0
Options, written	-	-	-	-	154	0
<b>Share contracts</b>						
Forwards/futures, purchased	0	17	-	-	-	-
Forwards/futures, sold	0	2	-	-	-	-
Options, purchased	-	-	-	-	-	-
Options, written	-	-	-	-	-	-
By remaining term to maturity	Over 5 years		Total 2001		Total 2000	
	Notional value	Net market value	Notional value	Net market value	Notional value	Net market value
<b>Foreign exchange contracts</b>						
Forwards/futures, purchased	-	-	4,827	(4)	530	(2)
Forwards/futures, sold	-	-	4,440	(3)	3,059	24
Swaps	349	2	917	(25)	361	(19)
Options, purchased	-	-	-	-	-	-
Options, written	-	-	-	-	-	-
<b>Interest rate contracts</b>						
Forwards/futures, purchased	-	-	49,310	(100)	31,900	114
Forwards/futures, sold	-	-	15,851	11	17,963	(22)
Forward Rate Agreements, purchased	-	-	-	-	-	-
Forward Rate Agreements, sold	-	-	-	-	-	-
Swaps	3,314	-1	9,904	(12)	370	(1)
Options, purchased	-	-	154	0	325	2
Options, written	-	-	154	0	325	(2)
<b>Share contracts</b>						
Forwards/futures, purchased	-	-	-	17	-	-
Forwards/futures, sold	-	-	0	2	0	21
Options, purchased	-	-	-	-	-	-
Options, written	-	-	-	-	-	-
<b>Total net market value</b>				<b>(114)</b>		<b>115</b>

DERIVATIVE FINANCIAL INSTRUMENTS						
2001	Market value		Average market value		Market value of non-guaranteed contracts	
	Positive	Negative	Positive	Negative	Positive	Negative
<b>Foreign exchange contracts</b>						
Forwards/futures, purchased	0	4	1	5	0	4
Forwards/futures, sold	3	6	2	4	3	6
Swaps	5	31	7	15	5	31
Options, purchased	-	-	-	-	-	-
Options, written	-	-	-	-	-	-
<b>Interest rate contracts</b>						
Forwards/futures, purchased	28	128	29	35	28	111
Forwards/futures, sold	13	1	4	2	11	1
Forward Rate Agreements, purchased	-	-	-	-	-	-
Forward Rate Agreements, sold	-	-	-	-	-	-
Swaps	11	23	3	6	11	23
Options, purchased	0	-	0	-	0	-
Options, written	-	0	-	0	-	0
<b>Share contracts</b>						
Forwards/futures, purchased	17	-	6	1	17	-
Forwards/futures, sold	2	-	1	1	2	-
Options, purchased	-	-	-	-	-	-
Options, written	-	-	-	-	-	-
<b>Total</b>	<b>79</b>	<b>193</b>	<b>53</b>	<b>69</b>	<b>77</b>	<b>176</b>
<b>Total after netting</b>					<b>(99)</b>	
2000	Market value		Average market value		Market value of non-guaranteed contracts	
	Positive	Negative	Positive	Negative	Positive	Negative
<b>Foreign exchange contracts</b>						
Forwards/futures, purchased	0	2	0	1	0	2
Forwards/futures, sold	27	2	14	5	27	2
Swaps	1	20	32	-	1	20
Options, purchased	-	-	-	-	-	-
Options, written	-	-	-	-	-	-
<b>Interest rate contracts</b>						
Forwards/futures, purchased	115	1	52	8	42	1
Forwards/futures, sold	1	23	4	7	1	23
Forward Rate Agreements, purchased	-	-	-	-	-	-
Forward Rate Agreements, sold	-	-	-	-	-	-
Swaps	-	2	10	-	-	2
Options, purchased	2	-	-	-	-	-
Options, written	-	2	-	-	-	-
<b>Share contracts</b>						
Forwards/futures, purchased	-	-	-	-	-	-
Forwards/futures, sold	21	-	14	-	21	-
Options, purchased	-	-	1	-	1	-
Options, written	-	-	-	1	-	2
<b>Total</b>	<b>167</b>	<b>52</b>	<b>127</b>	<b>22</b>	<b>93</b>	<b>52</b>
<b>Total after netting</b>					<b>41</b>	

## UNSETTLED SPOT TRANSACTIONS

	Notional value	Market value		Net market value
		Positive	Negative	
<b>2001</b>				
Foreign exchange transactions, purchased	-	-	-	-
Foreign exchange transactions, sold	-	-	-	-
Interest rate transactions, purchased	467	-	2	(2)
Interest rate transactions, sold	3,702	2	2	0
Share transactions, purchased	-	-	-	-
Share transactions, sold	9	0	0	0
<b>Total</b>	<b>4,178</b>	<b>2</b>	<b>4</b>	<b>(2)</b>
<b>Total 2000</b>	<b>2,268</b>	<b>0</b>	<b>1</b>	<b>(1)</b>

2000	2001		2001	2000
<b>CREDIT RISKS</b>				
<b>Mortgage loans by property category</b>				
<b>Loans and advances as a percentage, year-end</b>				
42	42	Owner-occupied dwellings	42	42
2	2	Recreational dwellings	2	2
17	18	Subsidised residential construction	18	17
6	6	Private tenanted properties	6	6
5	5	Industrial and trades properties	5	5
9	9	Office and commercial properties	9	9
17	16	Agricultural properties	16	17
2	2	Properties for social, cultural and educational purposes	2	2
0	0	Other properties	0	0
<b>100</b>	<b>100</b>	<b>Total</b>	<b>100</b>	<b>100</b>
<b>Subordinate claims</b>				
6	6	Associated undertakings	6	6
0	0	Subsidiary undertakings	800	500
2,752	1,306	Other undertakings	1,113	2,433
<b>2,758</b>	<b>1,312</b>	<b>Total</b>	<b>1,919</b>	<b>2,939</b>
<b>Accumulated provisions</b>				
2,002	1,973	Provisions for loans, advances and guarantees, year-end	1,807	1,793
10	10	Provisions for balances due from credit institutions and other items that may incur credit risk, year-end	0	0
<b>2,012</b>	<b>1,983</b>	<b>Total provisions for claims, year-end</b>	<b>1,807</b>	<b>1,793</b>
<b>0.5</b>	<b>0.5</b>	<b>Provisions as a percentage of loans, advances and guarantees, year-end</b>	<b>0.5</b>	<b>0.5</b>
<b>335</b>	<b>356</b>	<b>Outstanding amounts in arrears, year-end</b>	<b>356</b>	<b>335</b>

2000	2001		2001	2000
<b>LIQUIDITY RISKS</b>				
<b>By remaining term to maturity</b>				
<b>Balances due from credit institutions and central banks</b>				
14,050	13,819	On demand	12,675	10,688
14,628	32,481	Up to 3 months	38,795	10,652
787	344	Over 3 months and up to 1 year	1,806	200
274	200	Over 1 year and up to 5 years	700	200
70	70	Over 5 years	370	570
<b>29,809</b>	<b>46,914</b>	<b>Total</b>	<b>54,346</b>	<b>22,310</b>
<b>Loans and advances</b>				
4,445	4,541	On demand	0	0
6,591	10,055	Up to 3 months	2,268	1,098
11,240	12,382	Over 3 months and up to 1 year	9,259	8,833
88,355	135,362	Over 1 year and up to 5 years	131,372	85,458
286,957	254,801	Over 5 years	252,008	285,060
<b>397,588</b>	<b>417,141</b>	<b>Total</b>	<b>394,907</b>	<b>380,449</b>
<b>Debt to credit institutions and central banks</b>				
1,308	11,915	On demand	3	42
35,396	34,064	Up to 3 months	26,771	9,624
2,604	1,960	Over 3 months and up to 1 year	0	0
0	4	Over 1 year and up to 5 years	0	0
0	1	Over 5 years	0	0
<b>39,308</b>	<b>47,944</b>	<b>Total</b>	<b>26,774</b>	<b>9,666</b>
<b>Deposits</b>				
1,947	2,760	On demand	0	0
Deposits at notice:				
7,005	5,726	Up to 3 months	0	0
477	20	Over 3 months and up to 1 year	0	0
22	20	Over 1 year and up to 5 years	0	0
32	125	Over 5 years	0	0
<b>9,483</b>	<b>8,651</b>	<b>Total</b>	<b>0</b>	<b>0</b>
<b>Issued bonds</b>				
29,610	67,994	Up to 3 months	67,994	29,610
8,925	8,104	Over 3 months and up to 1 year	8,104	8,925
86,338	132,782	Over 1 year and up to 5 years	132,782	86,338
287,996	258,579	Over 5 years	258,579	287,996
<b>412,869</b>	<b>467,459</b>	<b>Total</b>	<b>467,459</b>	<b>412,869</b>



<b>GROUP STRUCTURE</b>				
<b>Name and registered office</b>	<b>Share capital year-end</b>	<b>Capital and reserves year-end</b>	<b>Owner-ship %</b>	<b>Profit/loss</b>
<b>Shareholders of the Nykredit Group</b>				
Foreningen Nykredit, Copenhagen				
Industriens Realkreditfond, Copenhagen				
Foreningen Østifterne, Copenhagen				
<b>The Nykredit Group</b>				
Nykredit Holding A/S, Copenhagen	1,285	32,823		1,827
<b>Consolidated subsidiary:</b>				
<b>Nykredit A/S consolidated</b>				
Nykredit A/S, Copenhagen	1,146	32,707	100	1,823
<b>Consolidated subsidiaries:</b>				
Nykredit Bank A/S, Copenhagen	1,400	2,708	100	120
Nykredit Finance plc, Plymouth				
Nykredit Pantebreve A/S, Copenhagen				
Dansk Portefølje Bank A/S, Copenhagen				
Dansk Portefølje Adm. A/S, Copenhagen				
Norswood Properties Limited, Plymouth				
Nykredit Mægler A/S, Århus	11	118	100	(41)
EjendomsRingens Danmark A/S, Århus				
Nykredit Ejendomme A/S, Copenhagen	50	335	100	(16)
Nykredit Adm. V A/S, Copenhagen	1	1	100	0
Administrationssselskabet af 7. november 2001 A/S (in liquidation), Copenhagen	30	211	100	8
Nykredit Polska Sp. z o.o., Warszawa	2	2	100	0
<b>Consolidated (pro rata) associated undertakings:</b>				
LeasIT A/S, Lyngby-Taarbæk	9	26	40	(2)
<b>Non-consolidated subsidiaries:</b>				
<b>Insurance companies</b>				
Nykredit Østifterne Forsikring A/S, Copenhagen	300	832	100	(45)
The Group's balances due from and debt to Nykredit Østifterne Forsikring A/S came to DKK 2m and DKK 121m, respectively.				
<b>Other undertakings</b>				
Nykredit GmbH, Frankfurt	0	0	100	0
Nordre Kobbelvej 17-19 ApS, Copenhagen	0	(1)	100	(1)
The Group has no outstanding balances with Nykredit GmbH. The Group's balances due from Nordre Kobbelvej 17-19 ApS came to DKK 4m. There is no debt.				

## GROUP STRUCTURE

Name and registered office	Share capital year-end*	Capital and reserves year-end*	Owner-ship %	Profit/loss*
<b>Associated undertakings:</b>				
Jeudan A/S, Copenhagen	380	619	26	116
Hotelinvest Kalvebod A/S, Copenhagen	22	197	49	(20)
Realkreditnettet A/S, Copenhagen	10	2	25	(30)
Bisca Holding A/S, Hjørring	10	75	25	58

The Group's balances due from and debt to associated undertakings came to DKK 1,690m and DKK 4m, respectively.

**Other undertakings in which the Group holds at least 10% of the share capital:**

Sydbank A/S, Aabenraa	785	3,221	14	569
EQT Investors I A/S, Allerød	1	95	15	8
Investeringselskabet Energy Holding A/S, Copenhagen	9	150	19	23
Nordic Info Group A/S, Silkeborg	3	255	14	5
Værdipapircentralen A/S	40	86	11	47
Cross Atl. Partners KS II, Copenhagen	106	51	30	30
Cross Atl. Partners KS III, Copenhagen	122	71	12	7
Cross Atl. Partners KS IV, Copenhagen <sup>1)</sup>	-	-	17	-
EQT Northern Europe UK No 3 LP, Guernsey <sup>1)</sup>	-	-	16	-
Horsens Grundfinansiering A/S, Horsens	8	11	12	1
Supertræ A/S, Nørre Snede	8	45	12	0
Fredericia Erhvervs-Investering ApS, Fredericia	0	0	10	0
Håndværkets Byfornyelsesselskab Smba., Copenhagen	14	11	18	0
ED Equity Holding B.V., Amsterdam	1	4	30	0
Generationsskifte og Vækst A/S, Kolding	11	9	14	(1)
Nederman Holding AB, Helsingborg	1	197	15	(11)

In addition, the Nykredit Group holds at least 10% of the share capital in one undertaking where the shareholding is of no real book value.

\*According to the latest published annual report.

<sup>1)</sup> No audited accounts are available.

	1997	1998	1999	2000	2001
<b>The Nykredit Group</b>					
Capital adequacy ratio	13.1	12.9	12.0	12.1	11.1
Core capital ratio	11.6	11.5	11.3	12.0	11.4
Return on equity before tax, %	16.1	9.7	7.0	8.6	7.9
Return on equity after tax, %	11.0	6.7	4.8	5.9	5.7
Income/cost ratio	3.84	2.33	1.82	2.22	2.04
Foreign exchange position, %	0.8	0.5	1.7	1.9	2.2
Accumulated provision ratio	0.7	0.6	0.6	0.5	0.5
Write-offs and provisions for the year, %	0.0	0.0	0.0	0.0	0.0
Growth in loans and advances for the year, %	2.6	3.8	3.5	2.5	4.9
Gearing of loans and advances	14.0	13.7	13.6	12.8	12.7
<b>Nykredit A/S</b>					
Capital adequacy ratio	13.4	13.5	12.8	13.1	12.0
Core capital ratio	11.8	12.1	12.0	13.0	12.3
Return on equity before tax, %	16.1	9.7	7.0	8.7	7.9
Return on equity after tax, %	11.1	6.7	4.9	5.9	5.7
Income/cost ratio	4.54	2.69	2.05	2.63	2.38
Foreign exchange position, %	0.0	0.3	1.5	2.5	0.8
Accumulated provision ratio	0.6	0.6	0.5	0.5	0.5
Write-offs and provisions for the year, %	0.0	0.0	0.0	0.0	0.0
Growth in loans and advances for the year, %	2.5	3.1	2.0	2.3	3.8
Gearing of loans and advances	13.8	13.4	13.2	12.3	12.1

## DEFINITION OF KEY RATIOS

Capital adequacy ratio	$\frac{\text{Capital base} \times 100}{\text{Sum of weighted assets}}$
Core capital ratio	$\frac{\text{Core capital after deduction} \times 100}{\text{Sum of weighted assets}}$
Return on equity before tax, %	$\frac{\text{Pre-tax profit} \times 100}{\text{Average capital and reserves}}$
Return on equity after tax, %	$\frac{\text{Post-tax profit} \times 100}{\text{Average capital and reserves}}$
Income/cost ratio	$\frac{\text{Operating income}^*}{\text{Operating expenses}^{**}}$
Foreign exchange position, %	$\frac{\text{Exchange Rate Indicator 1} \times 100}{\text{Core capital after deduction}}$
Accumulated provision ratio	$\frac{\text{Accumulated provisions} \times 100}{\text{Loans, advances, guarantees and provisions}}$
Write-offs and provisions for the year, %	$\frac{\text{Write-offs and provisions for loans, advances and guarantees for the year} \times 100}{\text{Loans, advances, guarantees and provisions}}$
Growth in loans and advances for the year, %	$\frac{(\text{Loans and advances, year-end} - \text{loans and advances, beginning of year}) \times 100}{\text{Loans and advances, beginning of year}}$
Gearing of loans and advances	$\frac{\text{Loans and advances, year-end}}{\text{Capital and reserves, year-end}}$

\*Operating income defined as the sum of:

Net income from interest, fees and commissions  
 Value adjustments  
 Other operating income  
 Profit/loss from participating interests in associated and subsidiary undertakings

\*\*Operating expenses defined as the sum of:

Staff costs and administrative expenses  
 Depreciation, amortisation and write-downs on tangible and intangible assets  
 Other operating expenses  
 Write-offs and provisions for bad and doubtful debts



	2001	2000
<b>Interest receivable</b>	<b>4,097</b>	<b>3,963</b>
<b>Interest payable</b>	<b>3,527</b>	<b>3,435</b>
<b>NET INTEREST RECEIVABLE</b>	<b>570</b>	<b>528</b>
<b>Dividend from participating interests</b>	<b>10</b>	<b>10</b>
<b>Fees and commissions receivable</b>	<b>82</b>	<b>54</b>
<b>Fees and commissions payable</b>	<b>13</b>	<b>13</b>
<b>NET INCOME FROM INTEREST, FEES AND COMMISSIONS</b>	<b>649</b>	<b>579</b>
<b>Value adjustments</b>	<b>(3)</b>	<b>19</b>
<b>Other operating income</b>	<b>19</b>	<b>24</b>
<b>Staff costs and administrative expenses</b>	<b>297</b>	<b>279</b>
<b>Depreciation, amortisation and write-downs on tangible and intangible assets</b>	<b>15</b>	<b>12</b>
<b>Other operating expenses</b>	<b>1</b>	<b>8</b>
<b>Write-offs and provisions for bad and doubtful debts</b>	<b>11</b>	<b>(16)</b>
<b>Profit/loss from participating interests in associated and subsidiary undertakings</b>	<b>(3)</b>	<b>6</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAX</b>	<b>338</b>	<b>345</b>
<b>Tax</b>	<b>92</b>	<b>110</b>
<b>NET PROFIT FOR THE YEAR</b>	<b>246</b>	<b>235</b>

	2001	2000
<b>ASSETS</b>		
<b>Cash in hand and demand deposits with central banks</b>	<b>22</b>	<b>14</b>
<b>Balances due from credit institutions and central banks</b>	<b>6,309</b>	<b>3,994</b>
<b>Loans and advances</b>		
Mortgage loans	53,042	50,924
Other loans and advances	3,058	2,349
<b>Total</b>	<b>56,100</b>	<b>53,273</b>
<b>Bonds</b>	<b>13,962</b>	<b>9,571</b>
<b>Shares</b>	<b>457</b>	<b>444</b>
<b>Participating interests in associated undertakings</b>	<b>37</b>	<b>34</b>
<b>Participating interests in subsidiary undertakings</b>	<b>112</b>	<b>118</b>
<b>Tangible assets</b>	<b>236</b>	<b>203</b>
<b>Other assets</b>	<b>687</b>	<b>589</b>
<b>Prepayments</b>	<b>14</b>	<b>12</b>
<b>TOTAL ASSETS</b>	<b>77,936</b>	<b>68,252</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Debt to credit institutions and central banks</b>	<b>6,448</b>	<b>5,267</b>
<b>Deposits</b>	<b>1,163</b>	<b>1,271</b>
<b>Issued bonds</b>	<b>62,867</b>	<b>55,321</b>
<b>Other liabilities</b>	<b>2,978</b>	<b>2,157</b>
<b>Deferred income</b>	<b>2</b>	<b>2</b>
<b>Provisions for liabilities</b>	<b>64</b>	<b>84</b>
<b>Capital and reserves</b>		
Share capital	173	172
Share premium account	127	127
Other reserves	4,114	3,851
<b>Total</b>	<b>4,414</b>	<b>4,150</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>77,936</b>	<b>68,252</b>
<b>OFF-BALANCE SHEET ITEMS</b>		
Guarantees	301	390
Other liabilities	494	428
<b>TOTAL</b>	<b>795</b>	<b>818</b>
Foreign exchange rates applied, year-end:	7.4357	7.4631







SUMMARY AT THE LEVEL OF THE ASSOCIATION AND THE GENERAL CAPITAL CENTRE

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
	<b>KØK</b>	<b>FSK</b>	<b>LCR</b>	<b>HUM</b>	<b>BHY</b>	<b>KØH</b>	<b>ØHYP</b>	<b>SKRF</b>
<b>Profit and loss account</b>								
Income from lending	3.7	1.5	0.3	0.5	2.4	0.5	0.5	1.0
Interest, net	4.8	1.6	0.8	1.7	1.4	0.4	0.3	2.2
Administrative expenses	(3.4)	(1.1)	(0.5)	(1.2)	(1.0)	(0.2)	(0.2)	(1.6)
Write-offs and provisions for bad and doubtful debts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax	(1.5)	(0.6)	(0.2)	(0.3)	(0.8)	(0.2)	(0.2)	(0.5)
<b>Net profit</b>	<b>3.6</b>	<b>1.4</b>	<b>0.4</b>	<b>0.7</b>	<b>2.0</b>	<b>0.5</b>	<b>0.4</b>	<b>1.1</b>
<b>Balance sheet</b>								
<b>Assets</b>								
Mortgage loans	1,677.3	579.1	94.0	128.1	672.7	33.7	38.9	283.9
Other assets	303.9	81.1	39.4	67.3	109.4	16.3	16.1	101.0
<b>Total assets</b>	<b>1,981.2</b>	<b>660.2</b>	<b>133.4</b>	<b>195.4</b>	<b>782.1</b>	<b>50.0</b>	<b>55.0</b>	<b>384.9</b>
<b>Liabilities and equity</b>								
Issued bonds	1,771.9	591.0	112.0	155.4	710.0	40.0	46.6	326.2
Other liabilities	123.7	41.2	8.3	12.2	48.8	3.1	3.4	24.1
Capital and reserves	85.6	28.0	13.1	27.8	23.3	6.9	5.0	34.6
<b>Total liabilities and equity</b>	<b>1,981.2</b>	<b>660.2</b>	<b>133.4</b>	<b>195.4</b>	<b>782.1</b>	<b>50.0</b>	<b>55.0</b>	<b>384.9</b>
<b>Movements in capital (net)</b>	<b>6.3</b>	<b>1.7</b>	<b>(0.5)</b>	<b>(0.2)</b>	<b>(0.1)</b>	<b>(0.4)</b>	<b>(0.4)</b>	<b>(2.9)</b>
	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>
	<b>VESØ</b>	<b>ÅHYP</b>	<b>HUSM</b>	<b>NHYP</b>	<b>LHYP</b>	<b>KHYP</b>	<b>JHYP</b>	<b>JLKR</b>
<b>Profit and loss account</b>								
Income from lending	0.5	0.0	0.8	0.0	0.6	1.1	0.5	0.8
Interest, net	1.5	1.2	3.6	0.2	1.3	2.5	2.8	3.3
Administrative expenses	(1.1)	(0.9)	(2.5)	(0.1)	(0.9)	(1.7)	(1.9)	(2.3)
Write-offs and provisions for bad and doubtful debts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax	(0.3)	(0.1)	(0.6)	0.0	(0.3)	(0.6)	(0.4)	(0.5)
<b>Net profit</b>	<b>0.6</b>	<b>0.2</b>	<b>1.3</b>	<b>0.1</b>	<b>0.7</b>	<b>1.3</b>	<b>1.0</b>	<b>1.3</b>
<b>Balance sheet</b>								
<b>Assets</b>								
Mortgage loans	121.5	0.1	143.3	7.5	131.6	234.3	40.0	225.1
Other assets	58.6	21.3	110.0	6.2	40.5	72.3	62.6	134.7
<b>Total assets</b>	<b>180.1</b>	<b>21.4</b>	<b>253.3</b>	<b>13.7</b>	<b>172.1</b>	<b>306.6</b>	<b>102.6</b>	<b>359.8</b>
<b>Liabilities and equity</b>								
Issued bonds	144.9	0.3	178.1	10.1	139.0	246.6	50.4	285.2
Other liabilities	11.2	1.4	15.8	0.9	10.8	19.1	6.4	22.5
Capital and reserves	24.0	19.7	59.4	2.7	22.3	40.9	45.8	52.1
<b>Total liabilities and equity</b>	<b>180.1</b>	<b>21.4</b>	<b>253.3</b>	<b>13.7</b>	<b>172.1</b>	<b>306.6</b>	<b>102.6</b>	<b>359.8</b>
<b>Movements in capital (net)</b>	<b>(1.6)</b>	<b>0.0</b>	<b>(2.5)</b>	<b>(0.2)</b>	<b>0.0</b>	<b>(0.2)</b>	<b>(3.4)</b>	<b>(7.3)</b>

SUMMARY AT THE LEVEL OF THE ASSOCIATION AND THE GENERAL CAPITAL CENTRE

	17 IK	18 total (1-17)	19 FK	20 JK	21 NYK	22 total (19-21)	23 INST	24 TOTAL (18,22,23)
<b>Profit and loss account</b>								
Income from lending	0.0	14.7	19.5	23.0	1,257.6	1,300.1	646.7	1,961.5
Interest, net	0.2	29.8	12.9	18.8	835.3	867.0	1,115.9	2,012.7
Administrative expenses	(0.2)	(20.8)	(9.1)	(13.3)	(589.3)	(611.7)	(787.3)	(1,419.8)
Write-offs and provisions for bad and doubtful debts	0.0	0.0	2.3	4.6	143.1	150.0	(194.3)	(44.3)
Tax	0.0	(7.1)	(7.7)	(9.9)	(494.0)	(511.6)	(168.0)	(686.7)
<b>Net profit</b>	<b>0.0</b>	<b>16.6</b>	<b>17.9</b>	<b>23.2</b>	<b>1,152.7</b>	<b>1,193.8</b>	<b>613.0</b>	<b>1,823.4</b>
<b>Balance sheet</b>								
<b>Assets</b>								
Mortgage loans	3.7	4,414.8	3,965.8	4,897.9	232,837.5	241,701.2	148,487.1	394,603.1
Other assets	5.0	1,245.7	1,242.0	1,459.5	49,013.1	51,714.6	95,915.6	148,875.9
<b>Total assets</b>	<b>8.7</b>	<b>5,660.5</b>	<b>5,207.8</b>	<b>6,357.4</b>	<b>281,850.6</b>	<b>293,415.8</b>	<b>244,402.7</b>	<b>543,479.0</b>
<b>Liabilities and equity</b>								
Issued bonds	5.8	4,813.5	4,702.6	5,690.1	252,906.2	263,298.9	208,276.8	476,389.2
Other liabilities	0.5	353.4	325.1	396.9	17,598.3	18,320.3	15,258.8	33,932.5
Capital and reserves	2.4	493.6	180.1	270.4	11,346.1	11,796.6	20,867.1	33,157.3 <sup>1)</sup>
<b>Total liabilities and equity</b>	<b>8.7</b>	<b>5,660.5</b>	<b>5,207.8</b>	<b>6,357.4</b>	<b>281,850.6</b>	<b>293,415.8</b>	<b>244,402.7</b>	<b>543,479.0</b>
<b>Movements in capital (net)</b>	<b>(0.4)</b>		<b>(18.0)</b>	<b>(26.7)</b>	<b>(701.3)</b>		<b>2,559.1</b>	

**Abbreviations**

1 KØK	Københavns Kreditforening	13 LHYP	Landhypotekforeningen for Danmark
2 FSK	Fyens Stifts Kreditforening	14 KHYP	Købstadshypotekforeningen
3 LCR	Landkreditkassen	15 JHYP	Jydsk Hypotekforening
4 HUM	Østifternes Husmandskreditforening	16 JLKR	Jydsk Landkreditforening
5 BHY	Byernes Hypotekforening	17 IK	Kreditforening for industrielle Ejendomme
6 KØH	Københavns Hypotekforening	<b>18</b>	<b>Total (1-17) Associations before 1972</b>
7 ØHYP	Østifternes Hypotekforening	19 FK	Forenede Kreditforeninger
8 SKRF	Sønderjyllands Kreditforening	20 JK	Jyllands Kreditforening
9 VESØ	Den vest- og sønderjydske Kreditforening	21 NYK	Nykredit
10 ÅHYP	Ålborg Hypotekforening	<b>22</b>	<b>Total (19-21) Associations after 1972</b>
11 HUSM	Jydsk Husmandskreditforening	23 INST	The General Capital Centre
12 NHYP	Ny Jydsk Land-hypotekforening	<b>24</b>	<b>Total (18, 22, 23) Nykredit A/S</b>

Note

DKK MILLION

**Capital and reserves, series accounts**

According to series accounts capital and reserves are balanced to the annual accounts of Nykredit A/S:

Capital and reserves, Annual Accounts	32,706.9
Provisions for repayable reserves in pre-1972 series	450.4
<b>Capital and reserves, series accounts</b>	<b>33,157.3</b>

Note 1 2001

In compliance with Executive Order no 872 of 20 November 1995 on series accounts in mortgage banks by the Danish Financial Supervisory Authority all mortgage banks shall prepare separate series accounts for series with reserves, of the Mortgage Credit Act, section 57 (1).

The series accounts have been prepared on the basis of the approved Annual Accounts of Nykredit A/S for 2001.

The distribution of profits for 2001 adopted by Nykredit A/S's Board of Directors (see also the Annual Report page 32) has been included in the series accounts. The series' calculated share of the 2001 net profit in

Nykredit A/S made up pursuant to the executive order has been taken to the general reserves of the Mortgage Bank.

The prepared series accounts are printed at association level, of the above executive order, section 30 (3).

Complete series accounts may be obtained from Nykredit A/S.

#### **EXECUTIVE BOARD**

Mogens Munk Rasmussen,  
Group Chief Executive

Peter Engberg Jensen,  
Group Managing Director

Per Ladegaard,  
Group Managing Director

Henning Kruse Petersen,  
Group Managing Director

Niels A. Brændgaard

Leif Duus

Søren Møller

Erik Højberg Nielsen

N.C. Petersen

Niels Ravn

Lars Bo Stenqvist

/Asger Hansen,  
Executive Vice President &  
Group Chief Financial Officer

#### **BOARD OF DIRECTORS**

Axel Ladegaard Jensen,  
Chairman

K.E. Borup,  
Deputy Chairman

Hans Bang-Hansen

Kristian Bengaard

Peter Bramsen

Steen E. Christensen

Winnie Dohn

Birgit Grodal

Jørgen S. Iversen

Allan Kristiansen

Ole Maltesen

Susanne Møller Nielsen

Kirsten Petersen

Ole Steffensen

Ole Trolle

Jens Erik Udsen

Leif Vinther

F. Weye-Hansen

#### **AUDITORS' REPORT**

We have examined the summarised series accounts at association level of Nykredit A/S's series accounts for 2001 which have been audited by us.

We refer to the above-mentioned report of the Board of Directors.

In our opinion, the summary at association level is presented in conformity with Executive Order no 872 of 20 November 1995 issued by the Danish Financial Supervisory Authority.

#### **Internal audit**

Claus Okholm  
Chief Internal Auditor

Bjarne Frandsen  
Deputy Chief Internal Auditor

#### **PricewaterhouseCoopers**

Otto Johnsen  
State Authorised Public Accountant

Gert R.L. Andersen  
State Authorised Public Accountant

#### **DELOITTE & TOUCHE Statsautoriseret Revisionsaktieselskab**

Bent Hansen  
State Authorised Public Accountant

Anders O. Gjelstrup  
State Authorised Public Accountant



## The Nykredit Foundation

The Foundation has been set up mainly to support Danish trade and business activities in the building and construction sector and other initiatives related to the activities of the Nykredit Group. The Foundation also supports initiatives relating to research and culture.

Nykredit A/S manages the Foundation and its basic capital of DKK 100m.

In 2001 the Nykredit Foundation approved applications of a total amount of DKK 8.3m. Of this amount DKK 300,000 was granted to research and support of initiatives within Danish trade and industry related to the building and construction sector and other purposes related to the activities of the Group. DKK 6.2m was granted for cultural purposes, and DKK 1.8m for social purposes.

Since 1998 the Nykredit Foundation has granted an appreciable amount enabling the Danish Royal Theatre to stage an opera every year in the Søndermarken Park including a similar event in Skamlingsbanken Park.

DKK 1m was granted over a 3-year period for the establishment of Musikkens Hus in the North of Jutland, a project combining an academy of music and a concert hall.

DKK 700,000 was awarded to the Nykredit Foundation's Homeowner Prize. The prize was awarded to seven projects which each received DKK 100,000.

Nykredit's Architecture Prize of DKK 300,000 is awarded every year to persons who have – either personally or through their work – made a special contribution to construction. In 2001 the prize was awarded to Sven-Ingvar Andersson, landscape architect, for his groundbreaking influence on the development of new landscape architecture in the past 40 years.

## Steering Committee

*The objective of the Nykredit Association is to maintain and carry on Nykredit's mortgage finance business through Nykredit A/S and to engage in other financial activities through Nykredit Holding A/S. The Association owns 92.6% of the capital of Nykredit Holding A/S. Nykredit A/S is a wholly-owned subsidiary of Nykredit Holding A/S.*

*The members of the Steering Committee in the Association are elected by and among borrowers, bondholders, interest groups and staff members of Nykredit A/S.*

Axel Ladegaard Jensen, Farmer, Chairman  
Ole Maltesen, Manager, Deputy Chairman  
Finn Junge Andersen, Managing Director  
Hans Helge Andersen, Chairman  
John Riis Andersen, Managing Director  
Peter Andreassen, General Manager  
Lars Axelsen, General Manager  
Hans Bang-Hansen, Farmer  
Kristian Bengaard, Senior Consultant \*  
Knud Bjørn, Engineer  
Knud-Erik Bornhardt, General Manager  
K.E. Borup, General Manager  
Peter Bramsen, Farmer  
J. Walbjørn Christensen, General Manager  
Steen E. Christensen, Attorney  
Jørgen Christiansen, General Manager  
Michael Demnitz, General Manager  
Winnie Dohn, Chairman of Nykredit's Staff Association \*  
Erik Fabrin, Mayor  
Lise Friis, General Manager  
Kaj Fuglsang, City Head Gardener  
Gunnar Grangaard, General Manager  
Bernhard Griese, General Manager  
Leif Gudsø, Chairman  
Troels Gunnergaard, General Manager  
Anders Buchwald Hansen, Managing Director  
Finn Hansen, Senior Sergeant  
Nanna Hørlück Hansen, Farmer  
Conrad Harhoff, Associate Professor  
Gert S. Haurum, General Manager  
Henrik B. Heineke, General Manager  
Anders Jørgen Hillerup, General Manager, LLM  
Britta Schall Holberg, Landowner  
Henrik Hougaard, Managing Director  
Susanne Husted-Andersen, Attorney  
Anders Hvidbæk-Andersen, Farmer  
Mogens Høgsted, Engineer  
Jørgen S. Iversen, Manufacturer  
Kenneth Iversen, General Manager  
Teddy Jacobsen, Managing Director  
H.G. Jansen, General Manager  
Alex Jensen, General Manager  
Erik D. Jensen, Chief Financial Officer  
Harry Jensen, Farmer  
Kaj Brask Jensen, General Manager  
Leif Dambo Jensen, Managing Director

Poul Arne Jensen, Managing Director  
Laurids Jessen, Managing Director  
Jens Ole Jørgensen, Manager  
Jens Kaptain, Chief Executive  
Kurt Keilberg, General Manager  
Jørgen Kirkegaard, Attorney  
Elsebeth Due Kjeldsen, General Manager  
H.O.A. Kjeldsen, Landowner  
Hans Otto Kjær, General Manager  
Ove Kloch, General Manager  
Mogens Knudsen, Contractor  
Henning Krabbe, General Manager  
Lise Krintel, Manager  
Ole Mølgaard Kristensen, General Manager  
Jørgen Larsen, General Manager  
Lars Jakob Larsen, Farmer  
Ole H. Larsen, Head of Department  
Bent Claudi Lassen, Farmer  
Hans Erik Lund, General Manager  
Lone Lund-Rasmussen, Managing Director  
Kjeld Lykke, Associate Professor, M.Sc.  
Carsten Lønfeldt, Group Managing Director  
Hans Mathiasen, Principal  
Chr. Mejdahl, Farmer  
Martin Merrild, Farmer  
Erik Mouritzen, Chief Officer of Social Work  
E. Holmgaard Nielsen, Contractor  
Henrik C. Nielsen, Associate Professor, M.Sc.  
Kaj Nielsen, Mayor  
N.C. Leth Nielsen, General Manager  
Susanne Møller Nielsen, Housing Adviser \*  
Vagn Ry Nielsen, Mayor  
Eva Parum, General Manager  
Torben Möger Pedersen, Managing Director  
Jens Iwer Petersen, Managing Director  
Kaj Petersen, Mayor  
Kirsten Petersen, Commercial Adviser \*  
Johan Pohlmann, Authorised Plumber  
Chr. Ramvad, Architect, m.a.a.  
Bent Frigaard Rasmussen, Farmer  
Lisbeth Scott Reinbacher, General Manager  
Birgitte Raaschou-Nielsen, General Manager  
Hans Wilhelm Schur, General Manager  
Steen Skovmand, Architect  
Lars Sylvest, Managing Director  
K.E. Særkjær, Farmer  
Erik Søndergaard, Managing Director  
Huuse Sørensen, Attorney  
Allan Thomsen, Attorney  
Kaj Thomsen, Associate Professor  
Poul Thorup, Attorney  
Jens Erik Udsen, General Manager  
Hemming Van, Managing Director  
Leif Vinther, IT Consultant \*  
F. Weye-Hansen, General Manager  
John Winther, Mayor  
Olav Winther, Farmer

\* Elected by Nykredit staff

## Regional Councils

*A series of regional councils has been established for the purpose of developing and consolidating Nykredit's regional contacts:*

### COPENHAGEN

#### Greater Copenhagen

Bent A. Bang,  
General Manager, Glostrup  
(Chairman)

Niels Holst Kjærsgård,  
General Manager, Copenhagen

Michael Frisch-Jensen,  
General Manager, Frederiksberg

Susanne Husted-Andersen,  
Attorney, Klampenborg

Knud Erik Matz,  
General Manager, Copenhagen

Lone Lund Rasmussen,  
General Manager, Birkerød

Kim Schlichter,  
State Authorised Public Accountant,  
Copenhagen

Jan Joensen,  
Attorney, Copenhagen

Niels Bowmann,  
General Manager, Copenhagen

Jens Michael Nielsen,  
General Manager, Copenhagen

Jens Anker Hansen,  
Attorney, Copenhagen

#### North/East

Erik Fabrin,  
Mayor, Søllerød  
(Chairman)

Poul Hedegaard,  
Group Managing Director, Hellerup

Ole Lauritzen,  
Attorney, Helsingør

Mogens Madsen,  
Senior Master, Græsted

Mogens Hansen,  
General Manager, Jægerspris

Jens Axel Pedersen,  
Vice President, Roskilde

Ole Nyholm,  
General Manager, Roskilde

Arne T. Hansen,  
Consultant, Copenhagen

Palle Vejlebo,  
General Manager, Greve

Helge Bacher,  
General Manager, Frederikssund

Flemming Hansen,  
Manager, Høje-Taastrup

#### South/West

Kaj Petersen,  
Mayor, Sakskøbing  
(Chairman)

Kaj Brask Jensen,  
General Manager, Jyderup

Hans Beck,  
General Manager, Holbæk

Kim Elfving,  
General Manager, Ringsted

Christian Steendahl,  
General Manager, Ringsted

Erling Hansen,  
Manager, Skælskør

Carsten Nielsen,  
Master Builder, Kalundborg

Egon Bo,  
Chief Executive, Slagelse

Mogens Blom,  
Manager, Næstved

Søren B. Nielsen,  
Consultant Engineer, Næstved

Christian Rasmussen,  
Auditor, Vordingborg

Torben Christoffersen,  
General Manager, Maribo

Ole Therkildsen,  
Manager, Sakskøbing

Carsten Gjessing,  
Manager, Rønne

Niels Peter Jensen,  
Head of Department, Rønne

H. K. Nielsen,  
Police Inspector, Nykøbing F

Niels Erik Knudsen,  
General Manager, Rønne

Niels Frederiksen,  
General Manager, Slagelse

#### Agriculture

Lars Jakob Larsen,  
Farmer, Åkirkeby  
(Chairman)

Andreas Hastrup,  
Landowner, Mern

Michael Munthe Fog,  
Property Consultant, Slagelse

Bjørn A. H. Rosenvinge-Thürmer,  
Landowner, Gilleleje

Torben Klestrup Hansen,  
Farmer, Højby Sj.

Niels Peter Ravnsborg,  
Head of Department, Hillerød

Ellen Damgaard Børsting,  
Financial Consultant, Himmelev

Jørgen Henriksen,  
Landowner, Store-Heddinge

Knud Aage Hansen,  
Chief Consultant, Rønnede

Preben Hansen,  
Farmer, Holbæk

Erik Juhl Christensen,  
Surveyor, Maribo

Ulrich Holstein-Holsteinsborg,  
Count, Rude

Lars J. Hvidtfeldt Nielsen,  
General Manager, Nykøbing F

#### HADERSLEV

#### Haderslev

Hans Schmidt-Hansen,  
Managing Director, Haderslev  
(Chairman)

Hans Peter Geil,  
Mayor, Gram

Poul Anker Ravn,  
General Manager, Tornum

Jens Kaptain,  
Chief Executive, Haderslev

Christian Cordsen Nielsen,  
Sales and Marketing Director,  
Grødebøl

#### Kolding

Anders Buchwald Hansen,  
Managing Director, Kolding  
(Chairman)

Bent Bechmann,  
Deputy County Mayor, Lunderskov

Jørgen A. Houmann,  
General Manager, Padborg

Jørgen Jessen,  
Deputy Mayor, Almind

P.V. Johansen,  
Master Builder, Kolding

Sven Trillingsgaard,  
General Manager, Hejlsminde

Allan J. Vestergaard,  
General Manager, Kolding

#### Sønderborg

Jens Iwer Petersen,  
Managing Director, Sønderborg  
(Chairman)

Bjarne Christensen,  
General Manager, Høruphav

Vilhelm Hald-Christensen,  
Group Chief Executive, Gråsten

Hans Kirk,  
Group Chief Executive, Sønderborg

Henning Larsen,  
Architect, Sønderborg

#### Aabenraa

Iver Askholm Madsen,  
General Manager, Tønder  
(Chairman)

Erik Skifter Andersen,  
General Manager, Aabenraa

Hans Asmussen,  
Bookseller, Skærbæk

Poul Henning Carstensen,  
Architect, Tønder

Jan Drøhse,  
Master Carpenter, Løgumkloster

Preben Fogtmann,  
General Manager, Hostrup Skov

Poul Hald,  
Manager, Stubbæk

Ulrich Jansen,  
Engineer M.Sc., Aabenraa



## **ODENSE**

### **Commercial**

Kurt Keilberg,  
General Manager, Odense  
(Chairman)  
Henrik Heineke,  
General Manager, Odense  
(Deputy Chairman)  
Per Conradsen,  
State Authorised Public Accountant,  
Middelfart  
Povl Christensen,  
Managing Director, Odense  
Ove Engstrøm,  
Contractor, Vester Skerninge  
Mogens Knudsen,  
Master Carpenter, Langeskov  
Lars Andersen,  
General Manager, Odense  
Jens Høy Nielsen,  
General Manager, Odense  
Villy Larsen,  
Local Councillor, Odense  
Steen Brink,  
Chairman, Odense  
Johan Pohlmann,  
Master Plumber, Nyborg  
Bo Andersen,  
Mayor, Ringe  
Ole Thomsen,  
Principal, Svendborg  
Eske Brun,  
Suveyor, Fåborg  
Carl Erik Jensen,  
Chairman, Middelfart  
Ivan Sejersen,  
Master Builder, Middelfart

### **Agriculture**

Bent Dyssemark,  
Mayor, Farmer, Otterup  
(Chairman)  
Hans-Ole Hansen,  
Mayor, Farmer, Assens  
Ankjær Stenskrog,  
Mayor, Farmer, Glamsbjerg  
Jens Egdal,  
Farmer, Kværndrup  
Jens Harrekilde,  
Farmer, Gislev  
Henning Hindsgavl,  
General Manager, Årup

## **RINGKØBING**

Bent Jensen,  
Chairman of a Housing Association,  
Herning  
Karsten R. Håkonsen,  
Chairman of a Housing Association,  
Ringkøbing  
Holger Larsen,  
Master Builder, Skjern  
Kurt Nygaard,  
Mayor, Holstebro  
Susanne Olufsen,  
County and City Councillor, Struer  
Kristian Dalsgaard,  
Attorney, Holstebro  
Hans L. Jeppesen,  
Attorney, Skjern  
Kjeld Broberg Lind,  
Mayor, Ikast

### **The county of Ribe**

Steen Falsner,  
Attorney, Esbjerg  
H.C. Hansen,  
State Authorised Estate Agent,  
Appraiser, Brørup  
Jørgen Elsted Hansen,  
General Manager, Mayor,  
Gredstedbro  
Jens A. Madsen,  
Manager, Varde  
Søren Sørensen,  
Manager, Esbjerg  
Lone Andersen,  
Farmer, Lyne  
Dion Riis Christensen,  
Architect, Vejen

## **VIBORG**

### **Viborg North**

Karl Aage Drengsgaard,  
Chief Executive, Thisted  
(Chairman)  
Hans Otto Kjær,  
General Manager, Thisted  
Ole Westergaard,  
Farmer, Thisted  
Poul Erik Mortensen,  
Manager, Hurup  
Kaj Ove Madsen,  
Contractor, Skive  
Erik Hjort,  
Senior Master, Stoholm  
Hans Kristian Larsen,  
Farmer, Roslev  
Vagn Hansen,  
General Manager, Nykøbing  
Bjarne Nørgaard Knudsen,  
State Authorised Public Accountant,  
Snedsted

### **Viborg Centre**

Johannes Stensgaard,  
Mayor, Viborg  
(Chairman)  
John Jansson,  
Senior Master, Viborg  
Ole Hesselholt,  
Farmer, Viborg  
Frank Brøndum,  
General Manager, Viborg  
Preben Mehlsen,  
State Authorised Public Accountant,  
Silkeborg  
Niels Jørgen Vestergaard,  
Manager, Silkeborg  
Jørn Cato Nielsen,  
Chairman of a Housing Association,  
Viborg  
Klaus Drivsholm,  
Financial Consultant, Silkeborg  
Lars Troelsgaard,  
General Manager, Silkeborg

### **Viborg South**

Mogens Ussing,  
General Manager, Fredericia  
(Chairman)  
Finn Hansen,  
Senior Sergeant, Fredericia  
Uffe Steiner Jensen,  
Mayor, Fredericia  
Hans Helge Andersen,  
Chairman of a Housing Association,  
Vejle  
Jørgen Larsen,  
Farmer, Vejle  
Flemming Christensen,  
Mayor, Vejle  
Anna-Else Reisenhus,  
Chief Financial Officer, Vejle  
Bjarne Hessel,  
General Manager, Vejle

**AALBORG****North Jutland**

Kaj Christiansen,  
General Manager, Frederikshavn

Kurt Gyldenborg Jørgensen,  
Chief Financial Officer, Hjørring

Erik Bonde Kjeldsen,  
Electrician, Hadsund

Knud Kristensen,  
Master Builder, Aars

Hans Sund,  
Restaurateur, Skagen

Henning Sørensen,  
Master Builder, Hobro

Karsten Sørensen,  
Managing Director, Vrå

**Agriculture**

Arne Buus,  
Farmer, Nibe

Richardt Duus,  
Chief Consultant, Brønderslev

Jens Peter Gadensgaard,  
Farmer, Sæby

Per Kirketerp,  
Farmer, Sindal

Torben Myrup,  
Farmer, Aars

Hans Henrik Møller,  
Chief Consultant, Aars

Nicolaj H. Nørgaard,  
Chief Consultant, Støvring

Birgit Ribe,  
Financial Consultant, Hobro

**Subsidised housing**

Jens S. Damgaard,  
Manager, Hobro

Ole Frank Fischer,  
Chairman, Aalborg

Otto Hansen,  
Manager, Arden

Kenneth Høfler,  
Police Inspector, Aalborg

Jens Ole Jørgensen,  
Manager, Sindal

Poul Nielsen,  
Chairman, Aalborg

Sigvart Sigvartsen,  
General Manager, Aalborg

R. L. Thorø,  
Chairman, Frederikshavn

**ÅRHUS****East Jutland**

Jens Sørensen,  
General Manager, Mundelstrup  
(Chairman)

Peter Lautrup,  
Property Manager, Århus

Carl Nielsen,  
General Manager, Århus

Poul Erik Schou-Pedersen,  
Managing Director, Skanderborg

Niels Jørgen Bønløkke,  
Landowner, Brabrand

Flemming Høj Hansen,  
Chief Financial Officer, Langå

Anders Henrik Sidelmann,  
Farmer, Gjerlev J

Jørgen Kjærgaard,  
General Manager, Løsning

Jan Rantala,  
General Manager, Odder

Steffen Røntorp,  
Chief Executive, Randers

## Directorships in companies held by members of the Board of Directors and the Executive Board

*Members of the Board of Directors and the Executive Board have disclosed the following directorships and executive positions in other Danish limited companies. Wholly-owned subsidiaries are not included.*

### BOARD OF DIRECTORS

#### **Axel Ladegaard Jensen**

Director of Generationsskifte og Vækst A/S.

#### **K.E. Borup**

Chairman of Bryggerigruppen A/S, Sanistål A/S, Aalborg Stiftstidende A/S, Nordjyllands Avisselskab A/S, Nordjysk Holding A/S, Mekoprint A/S and Dandy Holding A/S.

Deputy Chairman of Dandy A/S.

Director of Skagerak Holding A/S, Skagerak 2000 A/S, Hydrema Ejendomme A/S and Hydrema Holding ApS.

#### **Steen E. Christensen**

Chairman of ECsoft Danmark A/S and Persolit Holding A/S.

Deputy Chairman of IMI Norgren A/S.

Director of Danish Nitrogen Import A/S, Ny-Nitrogen A/S, Persolit Entreprenørfirma A/S and Rosendal Gods A/S.

#### **Hans Bang-Hansen**

Director of Horsens Folkeblad A/S.

#### **Jørgen S. Iversen**

General Manager of JTS profil A/S.

Chairman of Elbina Holding A/S, Sejer Iversen Invest A/S and Elbina Ejendomsselskab A/S.

#### **Ole Trolle**

Chairman of Combi Group A/S, Dansk Træemballage A/S, RM Industrial Group A/S, Rich-Müller A/S, Tele Dutch A/S, Scania Danmark A/S, Diesel-Gården A/S, Elite Rederi A/S, Clipper Elite Carrier A/S, Mistral Shipping A/S and Mirage Shipping A/S.

Director of Unite2Help A/S.

#### **Jens Erik Udsen**

Director of Jeudan A/S, Nesdu A/S and Nesdu 2 A/S.

### EXECUTIVE BOARD

#### **Peter Engberg Jensen**

Director of the Copenhagen Stock Exchange A/S.

#### **Per Ladegaard**

Chairman of Realkreditnettet A/S.

#### **Søren Møller**

Director of Fergosgården A/S.

## Addresses

### HEADQUARTERS

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**Nykredit Holding A/S**  
CVR no 12 71 92 48

**Nykredit A/S**  
CVR no 12 71 92 80

**Executive Board**  
Mogens Munk Rasmussen,  
Group Chief Executive

Peter Engberg Jensen,  
Group Managing Director

Per Ladegaard,  
Group Managing Director

Henning Kruse Petersen,  
Group Managing Director

**Group Staff**  
Asger Hansen,  
Executive Vice President &  
Group Chief Financial  
Officer

**Legal Department**  
Jørgen Wohnsen,  
Executive Vice President

**Group Finance and  
Accounts**  
Asger Hansen,  
Executive Vice President &  
Group Chief Financial  
Officer

**Corporate  
Communications**  
Henrik Hougaard,  
Executive Vice President

**Human Resources**  
Erik Beckmann,  
Executive Vice President

**Treasury**  
Søren Holm,  
Executive Vice President

**Credits**  
Lars Holst,  
Executive Vice President

**Secretariat for Com-  
mercial Customers**  
Erik Urskov,  
Executive Vice President

**Secretariat for Agricul-  
tural Customers**  
Poul Erik Jørgensen,  
Executive Vice President

**Secretariat for Retail  
Customers**  
Flemming H. Vesterbrandt,  
Senior Vice President

**Secretariat for Rental  
Housing**  
Bente Overgaard,  
Executive Vice President

**Group Sales and  
Development**  
Lars Mathiesen, Director

**Nykredit Service**  
Asger Hansen,  
Executive Vice President &  
Group Chief Financial  
Officer

**Internal Audit**  
Claus Okholm,  
Chief Internal Auditor

**Nykredit Data**  
Carsten Christensen,  
Director, IT  
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**Staff Secretariat**  
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### REGIONAL HEAD OFFICES

**Copenhagen**  
Otto Mønstedts Plads 11  
DK-1780 Copenhagen V  
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Management  
Søren Møller,  
Managing Director  
Tom Storgaard,  
Executive Vice President  
Jørgen Agergaard,  
Senior Vice President  
Birgitte Bruun,  
Senior Vice President  
Ole Vistisen  
Senior Vice President

**Haderslev**  
Åstrupvej 13  
DK-6100 Haderslev  
Tel. +45 73 22 57 00

Management  
Erik Højberg Nielsen,  
Managing Director

**Odense**  
Mageløs 2  
DK-5000 Odense C  
Tel. +45 63 12 30 00

Management  
Lars Bo Stenqvist,  
Managing Director

**Ringkøbing**  
Herningvej 3  
DK-6950 Ringkøbing  
Tel. +45 99 75 42 99

Management  
Niels A. Brændgaard,  
Managing Director

**Viborg**  
Sct. Mathias Gade 1-3  
DK-8800 Viborg  
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Management  
Leif Duus,  
Managing Director  
Jørn Flaaris,  
Senior Vice President

**Aalborg**  
John F. Kennedys Plads  
DK-9100 Aalborg  
Tel. +45 96 30 40 00

Management  
N.C. Petersen,  
Managing Director

**Århus**  
Domkirkepladsen 1  
DK-8100 Århus C  
Tel. +45 86 76 01 00

Management  
Niels Ravn,  
Managing Director

### SUBSIDIARIES

**Nykredit Mægler A/S**  
Åhave Parkvej 29  
DK-8260 Viby J  
Tel. +45 89 38 63 50  
CVR no 70 62 76 12

Management  
Frank Ryslev  
Board of Directors  
Per Ladegaard, Chairman  
Lars Bo Stenqvist

Søren Møller  
Leif Duus  
Niels Magnus  
John Englund  
Bent Paabøl Hansen  
Gert Krygger

**Nykredit Bank A/S**  
Kalvebod Brygge 1-3  
DK-1780 Copenhagen V  
Tel. +45 33 42 18 00  
CVR no 10 51 96 08

Management  
Kim Duus  
Jes Klausby

Board of Directors  
Henning Kruse Petersen,  
Chairman  
Peter Engberg Jensen  
Per Ladegaard  
Niels Ravn  
Søren Møller  
N.C. Petersen  
Søren Klitholm  
Charlotte Baarsøe Pedersen  
Peter Torndal  
Nina Smith  
(Appointed by the Danish  
government)

**Dansk Portefølje  
Bank A/S**  
Otto Mønstedts Plads 9  
DK-1780 Copenhagen V  
Tel. +45 33 75 92 00  
CVR no 10 08 30 79

Management  
Tommy Christensen

Board of Directors  
Kim Duus, Chairman  
Erik G. Hansen  
Peter Engberg Jensen  
Elisabeth Stamer

Nina Smith  
(Appointed by the Danish  
government)

**Nykredit Finance plc**  
PO Box 229  
Plymouth  
PL8 2WA  
England  
Tel. +44 175 288 2209

Management  
Malcolm Jenvey

Board of Directors  
Tom Ahrenst, Chairman  
Malcolm Jenvey

**Nykredit  
Pantebreve A/S**  
Kampmannsgade 1  
DK-1604 Copenhagen V  
Tel. +45 33 76 74 00  
CVR no 18 72 80 95

Management  
Allan Jacobsen

Board of Directors  
Jes Klausby, Chairman  
Lars Mathiesen  
Frank Ryslev

**Nykredit  
Ejendomme A/S**  
Kalvebod Brygge 1-3  
DK-1780 Copenhagen V  
Tel. +45 33 42 10 00  
CVR no 11 15 64 95

Management  
Asger Hansen

Board of Directors  
Mogens Munk Rasmussen,  
Chairman  
Peter Engberg Jensen  
Jørgen Wohnsen

**Nykredit Østifterne  
Forsikring A/S**  
Nørre Farimagsgade 64  
DK-1364 Copenhagen K  
Tel. +45 33 69 96 33  
CVR no 14 50 61 87

Management  
Kurt Franch  
Ole Bjarrum

Board of Directors  
Per Ladegaard, Chairman  
Henning Kruse Petersen  
Peter Engberg Jensen  
John Finderup  
Ole Hansen  
Henning Onstrup  
John Winther  
Bjarne Dyrberg Olsen  
Per H. Olsen  
Inger Marie Thuesen  
Johnny B. Hansen

## LOCAL OFFICES

### Amager

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### Copenhagen

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### Esbjerg

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Borgergade 38  
DK-6700 Esbjerg  
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Fax +45 76 10 46 61

### Fredericia

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DK-7000 Fredericia  
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Fax +45 76 20 07 21

### Frederiksberg

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View towards north-west



View towards north-east



View towards east



View towards south-west

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