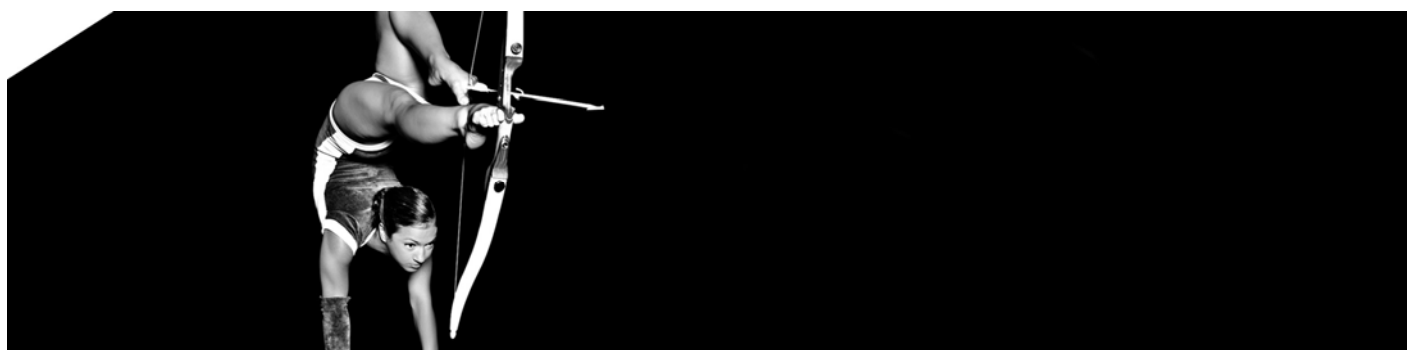


Annual Report 2007



Nykredit

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Nykredit's business concept



Financial sustainability

A changing society needs sound financial enterprises to foster changes and secure sustainable short and long-term financial solutions.

As a market player, Nykredit's business concept is financial sustainability.

This means

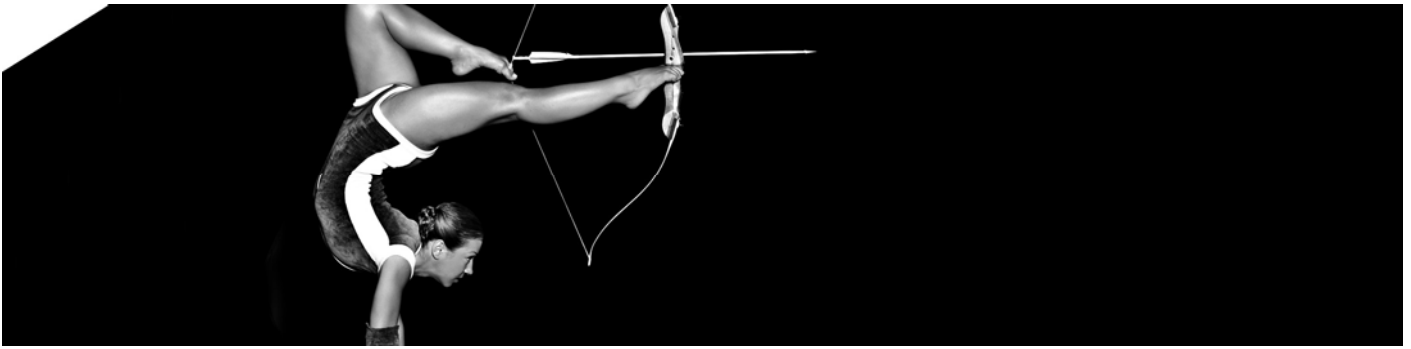
that we

- operate on the basis of a sharply defined ethical frame of reference and long-term relationships
- create new and dynamic opportunities for customers and investors
- value balanced risk management and a strong capital structure.

that you

- as a *customer* receive holistic advisory services that provide perspective and improve your options
- as a *business partner* experience competence, respect and determination to realise mutual benefits
- as an *investor* benefit from a dynamic balance between rapid decisions and long-term planning
- as a *staff member* have room to unfold your full potential, while maintaining a work-life balance
- as a *member of society* can expect us to contribute to securing a stable and efficient financial market, while maintaining a broad sense of community.

Foreword



Development and change

For 2007 Nykredit recorded a profit before tax of DKK 4,395m – a good performance and the result of the joint efforts of all areas of the Group. The Group is now doing business with more than one million Danes, is a successful market player and has a total loan portfolio of DKK 889bn.

This year, we are for the first time publishing a non-financial report "About Nykredit 2007" which provides a diversified picture of the Nykredit Group.

Nykredit was not directly affected by the turmoil in international financial markets in H2/2007, and we refinanced adjustable-rate mortgage loans (ARMs) worth around DKK 100bn in December. This clearly demonstrates that our business model and sound capital structure are just right.

For the past 18 months, we have taken a close look at Nykredit's stakeholders and asked them how they feel about us. Our survey shows that we have a good image, but also that we need to sharpen our profile further.

We have therefore put special focus on our relationship with the large group of stakeholders with whom we interact to improve communication and involve our external relations in the development of our business.

We have also revised our business concept under the heading "Financial sustainability", reflecting Nykredit today and our future business model.

The new business concept does not imply changes to our way of thinking nor our way of doing business, but rather manifests what we have always done – run a business with a long-term and balanced perspective. The solutions we endorse must be well-conceived and sustainable for the customer, for Nykredit and for society.

Sustainability is key in many areas. We want to be sustainable in the financial area. This is our playing field. This is where our strength lies and where we can make a difference.

To the Group, financial sustainability means that we value balanced risk management and a sound capital structure. To customers, business partners, staff and investors, financial sustainability implies that we have a long-term perspective and strive to deliver new dynamic opportunities.

Our way of new thinking also extends to involving customers and stakeholders, and as the first financial group ever, we have invited customers and other stakeholders into our web universe of dialogue and weblogs, blogging about aspects of personal finances as well as the Danish economy and calling for new thinking and product development input.

We are also seeking out new channels of dialogue on the advisory front.

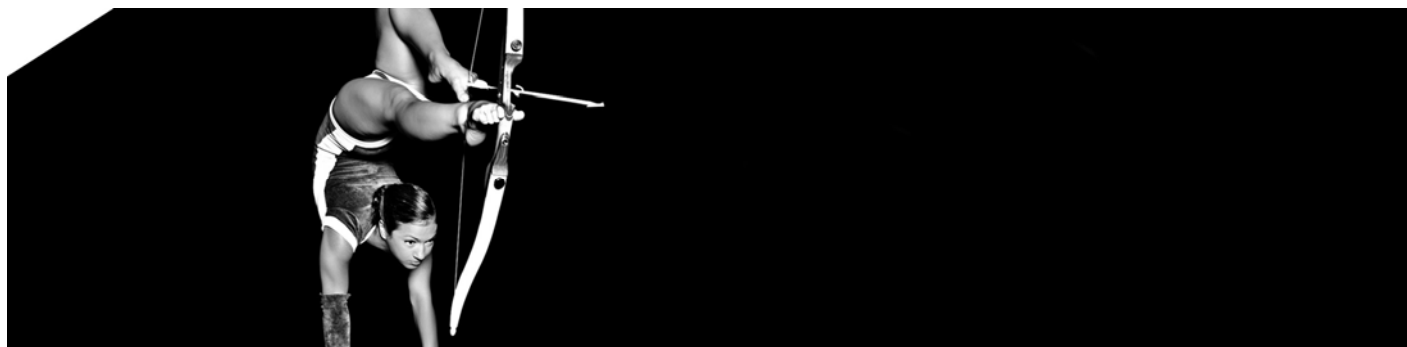
We offer online video-based customer advice. We call it WebDesk – our first bid for "third-generation banking".

Our development path and the various new initiatives have also increased our need for new staff. Hence, more than 500 new staff will start working for Nykredit in 2008, including 100 new IT staff and nearly 80 new Commercial Customers staff.

With sound results, a sharper profile, a motivated and competent staff, we stand prepared for the years ahead and for the many, exiting challenges which the future holds in store for us.

Peter Engberg Jensen
Group Chief Executive

Company information



COMPANY INFORMATION

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

Website: nykredit.com
Tel +45 44 55 10 00

CVR no: 12 71 92 80
Financial period: 1 January – 31 December
Municipality of registered office: Copenhagen

Auditors:

Deloitte
Statsautoriseret Revisionsaktieselskab
Weidekampsgade 6
DK-2300 Copenhagen S

Annual general meeting:

An annual general meeting will be held in the Company on 27 March 2008

BOARD OF DIRECTORS

Steen E. Christensen, Attorney
Chairman

Hans Bang-Hansen, Farmer
Deputy Chairman

K. E. Borup, Managing Director,
Deputy Chairman

Kristian Bengaard, Senior Consultant *
Michael Demsitz, CEO

John Finderup, Attorney
Anette R. Fischer, Secretary *
Steffen Kragh, CEO

Allan Kristiansen, Vice President *
Henrik Laustsen, Housing Consultant *
Susanne Møller Nielsen, Housing Adviser *
Nina Smith, Pro-Rector

Jens Thomsen, Managing Director
Jens Erik Udsen, Managing Director
Leif Vinther, Chairman of Staff Association *

* Staff-elected member

EXECUTIVE BOARD

Peter Engberg Jensen
Group Chief Executive

Søren Holm
Group Managing Director

Karsten Knudsen
Group Managing Director

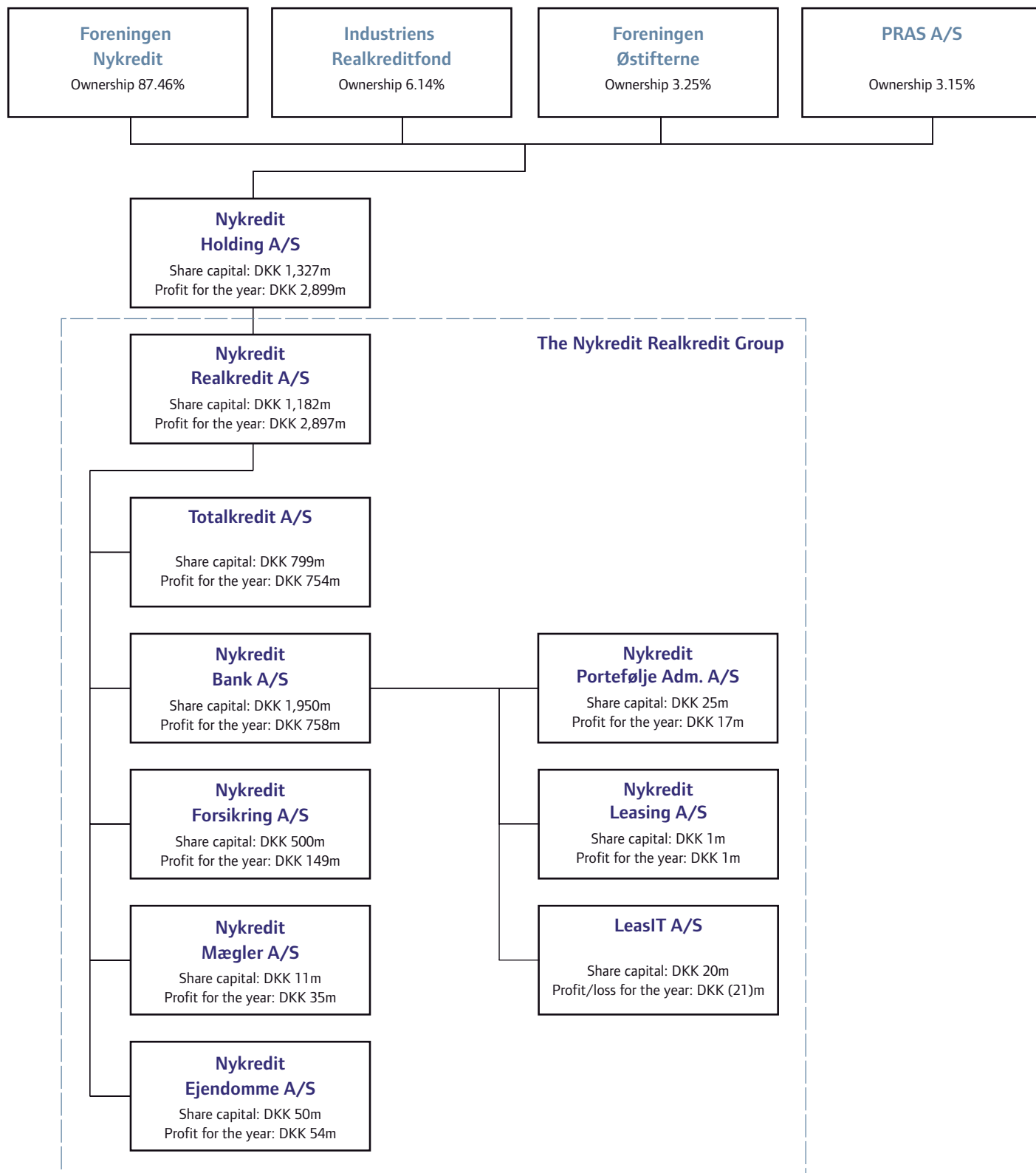
Per Ladegaard
Group Managing Director

Niels Tørslev
Group Managing Director

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

- Annual Report 2007
- Non-financial report: About Nykredit 2007
- Risk management report: Risk and Capital Management 2007
- Investor information

Group chart



For a complete group structure, please refer to page 106.

Financial highlights

	The Nykredit Realkredit Group					
DKK million	2007	2006	2005 ¹	2004 ¹	2003 ²	EUR 2007
CORE EARNINGS AND PROFIT FOR THE YEAR						
Core income from						
Business operations	6,583	5,992	5,826	4,822	4,118	883
Securities	1,988	1,260	825	814	798	267
Total	8,571	7,252	6,651	5,636	4,916	1,150
Operating costs, depreciation and amortisation	4,401	4,038	3,758	3,518	2,694	590
Core earnings before impairment losses	4,170	3,214	2,893	2,118	2,222	560
Impairment losses on loans and advances	(67)	(369)	(245)	(400)	184	(9)
Profit from insurance activities before tax ³	-	-	-	-	101	-
Core earnings after impairment losses	4,237	3,583	3,138	2,518	2,139	569
Investment portfolio income	158	870	1,203	1,732	2,282	21
Profit before tax	4,395	4,453	4,341	4,250	4,421	590
Tax	1,032	1,126	1,161	1,057	1,146	138
Profit for the year	3,363	3,327	3,180	3,193	3,275	452
Profit for the year excludes value adjustment of strategic equities against equity	(465)	1,419	1,217	-	-	(62)
SUMMARY BALANCE SHEET, YEAR-END						
Assets						
Receivables from credit institutions and central banks	82,645	57,516	67,664	52,809	62,643	11,083
Mortgage loans	823,228	758,132	699,116	632,504	586,664	110,403
Bank loans – excluding reverse transactions	39,660	28,983	19,870	17,408	22,276	5,319
Bonds and equities	98,588	89,005	79,788	73,957	142,605	13,222
Other assets	30,937	23,528	23,576	21,405	14,855	4,148
Total assets	1,075,058	957,164	890,014	798,083	829,043	144,175
Liabilities and equity						
Payables to credit institutions and central banks	115,875	84,512	55,322	44,069	37,185	15,540
Deposits	31,581	22,165	21,808	18,702	14,139	4,235
Issued bonds	791,403	751,560	718,041	651,607	698,067	106,805
Hybrid core capital	3,622	3,730	3,940	3,844	-	486
Supplementary capital	3,722	4,985	6,104	2,600	2,601	499
Other liabilities	69,408	38,225	36,107	33,026	37,990	9,308
Equity	54,447	51,987	48,692	44,235	39,061	7,302
Total liabilities and equity	1,075,058	957,164	890,014	798,083	829,043	144,175
FINANCIAL RATIOS						
Profit for the year as % of average equity	6.3	6.6	6.8	7.7	8.9	
Core earnings before impairment losses as % of average equity	7.8	6.4	6.2	5.1	6.0	
Core earnings after impairment losses as % of average equity	8.0	7.1	6.8	6.0	5.8	
Costs as % of core income	51.3	55.7	56.5	62.4	54.8	
Total impairment provisions	349	406	798	1,110	2,139	
Impairment losses for the year, %	(0.0)	(0.0)	(0.0)	(0.1)	0.0	
Capital adequacy ratio, %	10.3	11.8	12.4	11.5	10.5	
Core capital ratio, %	9.7	11.0	11.3	11.0	10.1	
Average number of full-time staff	3,672	3,559	3,287	3,234	3,208	

¹ The Financial Statements from 2005 inclusive have been presented in accordance with IFRS.

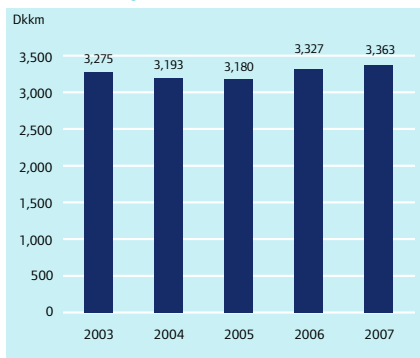
² Totalkredit has been consolidated with Nykredit Realkredit from 10 November 2003.

³ Nykredit Forsikring (insurer) has been consolidated line by line from 2004.

The Group has opted to present the income statement broken down into core earnings and investment portfolio income as this is believed to reflect the Group's activities and earnings. Core earnings include results from customer-oriented activities and the risk-free interest from the securities portfolio under "Core income from securities". Investment portfolio income reflects the realised excess earnings from investment in bonds and equities, etc relative to the risk-free interest earned. For the five-year financial highlights prepared in accordance with section 135 of the Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc, please refer to pages 47 and 48.

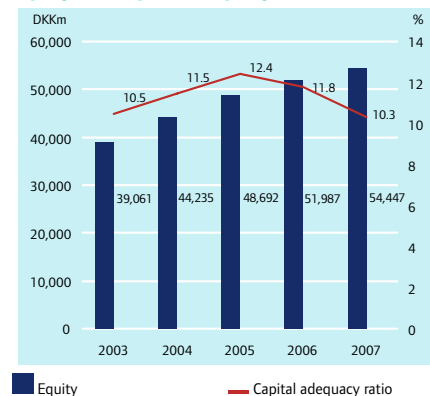
EUR 1 = DKK 7.4566 at end-2007

Profit for the year

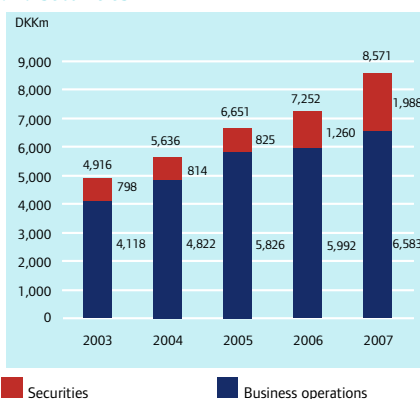


Note: Figures for 2005-2007 exclude value adjustment of strategic equities against equity

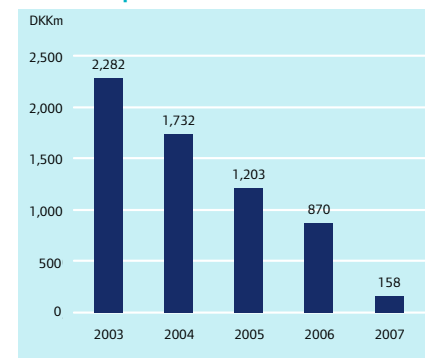
Equity and capital adequacy ratio



Core income from business operations and securities

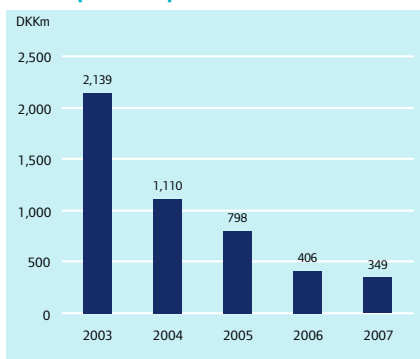


Investment portfolio income

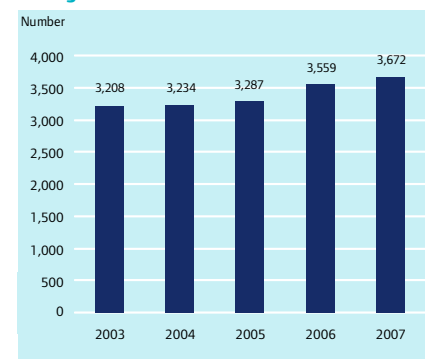


Note: Figures for 2005-2007 exclude value adjustment of strategic equities against equity

Total impairment provisions

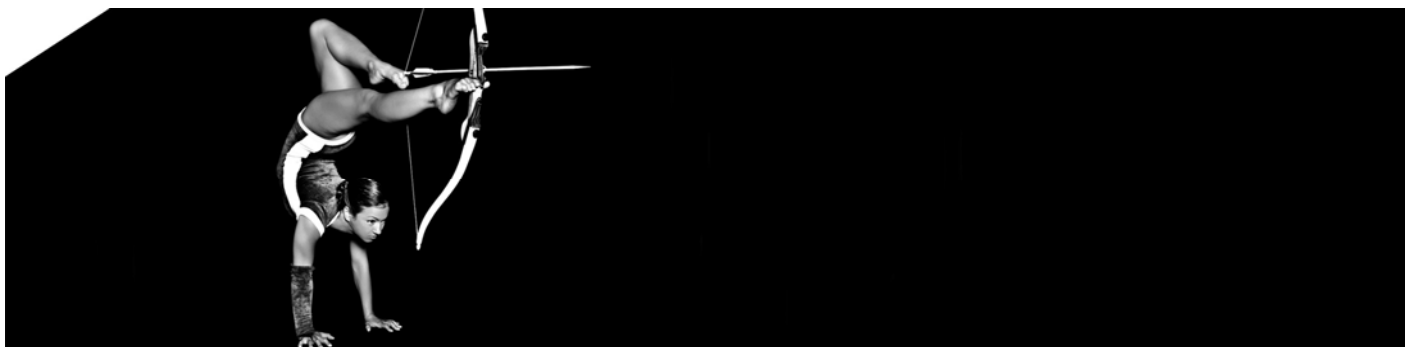


Average number of full-time staff



Note: Nykredit Realkredit and consolidated subsidiaries

Management's Review



NYKREDIT REALKREDIT GROUP RESULTS

The Group recorded a profit before tax of DKK 4,395m against DKK 4,453m in 2006.

The performance was characterised by continued growth and rising core earnings from mortgage lending, banking and insurance business.

In 2007 the number of Nykredit Group customers topped one million. Total group lending continued to rise in both the mortgage and banking areas.

Profit after tax was DKK 3,363m against DKK 3,327m the year before.

The value adjustment of strategic equities against equity generated a capital loss of DKK 465m against a gain of DKK 1,419m the year before.

Core earnings

Group core earnings before impairment losses continued their positive trend in 2007. Compared with 2006, core earnings were up DKK 956m totalling DKK 4,170m.

Core income from business operations was DKK 6,583m against DKK 5,992m the year before. Adjusted for the proportionate consolidation of JN Data, core income went up by DKK 422m.

The Group's gross new mortgage lending came to DKK 208bn in 2007 against DKK 199bn the year before. Measured at nominal value, group mortgage lending rose by DKK 83bn to DKK 849bn at end-2007.

The banking activities continued growing, and core income increased by DKK 244m to DKK 1,710m.

Nykredit Forsikring (insurer) realised a technical profit of DKK 129m against DKK 105m the year before.

Core income from securities totalled DKK 1,988m against DKK 1,260m the year before prompted by an expanded investment portfolio and higher money market rates averaging 4.0% against 2.9% the year before.

Core income from securities equals the return which the Group would have obtained by plac-

ing its investment portfolios at risk-free interest rates. In addition, core income from securities includes net interest expenses relating to subordinate loan capital and the acquisition of Totalkredit.

Operating costs, depreciation and amortisation went up by DKK 363m to DKK 4,401m. Excluding proportionate consolidation of JN Data results and value adjustment of special staff benefits and owner-occupied properties, costs rose by DKK 159m, corresponding to a 3.9% cost growth. The increase was chiefly driven by higher staff expenses which, in addition to the obligations under the collective agreements, involved a higher staff number as a result of the expanded business volumes in the areas Commercial Customers and Markets & Asset Management.

The Nykredit Realkredit Group

Core earnings and investment portfolio income

DKK million	2007	2006
Core income from		
Business operations	6,583	5,992
Securities	1,988	1,260
Total	8,571	7,252
Operating costs, depreciation and amortisation	4,401	4,038
Core earnings before impairment losses	4,170	3,214
Impairment losses on loans and advances	(67)	(369)
Core earnings after impairment losses	4,237	3,583
Investment portfolio income	158	870
Profit before tax	4,395	4,453
Tax	1,032	1,126
Profit for the year	3,363	3,327

In line with the year before, group loan impairments netted an income totalling DKK 67m against a net income of DKK 369m in 2006. Loan impairment levels reflect the favourable economic trends leading to a low level of new impairments and the reversal of previous impairments.

The average arrears ratio calculated 75 days after the due date averaged 0.16% in 2007 compared with 0.15% in 2006.

Investment portfolio income

Group investment portfolio income was DKK 158m against DKK 870m in 2006. To this should be added a negative value adjustment of strategic equities against equity of DKK 465m after tax compared with a value adjustment of DKK 1,419m in 2006.

The investment portfolio of bonds, liquidity and interest rate instruments generated a loss of DKK 62m. In 2007 2-year yields increased by 0.28 percentage point, while 10-year yields went up by 0.48 percentage point. On top of this, the yield spread between mortgage and government bonds widened from 51bp to 60bp.

Investment portfolio income from equities and equity instruments was DKK 220m, excluding value adjustment of strategic equities against equity. European equity markets climbed 1.3% on average, while the Danish OMXC20 index gained 5.1%.

Investment portfolio income is the excess income obtained from investment in equities, bonds, and derivative financial instruments relative to risk-free rates. Price and interest rate spreads relating to the mortgage banking of Nykredit Realkredit and Totalkredit as well as the trading activities of Markets & Asset Management have not been included in the investment portfolio income, but as core income from business operations.

Tax

Tax on profit for the year is estimated at DKK 1,032m for the entire Group.

Dividend

It will be recommended for adoption by the annual general meeting that dividend in the amount of DKK 500m be distributed for 2007.

BUSINESS AREAS

Nykredit is organised into four business areas - Retail Customers, Business Partners, Commercial Customers and Markets & Asset Manage-

ment. The activities of the business areas are coordinated across group entities.

Group core earnings before impairment losses

totalled DKK 4,170m against DKK 3,214m in 2006. The Group's business activities – mortgage lending, banking and insurance – delivered unabated growth.

Results by business area

DKK million	Retail Customers		Business Partners		Commercial Customers		Markets & Asset Management		Group items and eliminations ⁴		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Core income from business operations												
- Mortgage lending	1,343	1,484	1,079	922	1,680	1,567	-	-	-	-	4,102	3,973
- Other activities	685	670	-	-	548	349	964	882	284	118	2,481	2,019
Total	2,028	2,154	1,079	922	2,228	1,916	964	882	284³	118³	6,583	5,992
Core income from securities		-		-		-		-	1,988	1,260	1,988	1,260
Direct operating costs	1,252	1,245	359	265	621	573	534	454	1,094	1,001	3,860	3,538
Depreciation on property, plant and equipment and amortisation of intangible assets	18	18	391	403	7	1	1		124	78	541	500
Core earnings before impairment losses	758	891	329	254	1,600	1,342	429	428	1,054	299	4,170	3,214
Impairment losses on loans and advances	(42)	(172)	1	2	(26)	(199)	-	-	-	-	(67)	(369)
Core earnings after impairment losses	800	1,063	328	252	1,626	1,541	429	428	1,054	299	4,237	3,583
Investment portfolio income ¹	-	-	-	-	-	-	-	-	158	870	158	870
Profit before tax	800	1,063	328	252	1,626	1,541	429	428	1,212	1,169	4,395	4,453
Return												
Avg business capital, DKKm ²	8,434	8,491	10,712	8,707	17,798	15,827	934	805	-	-	40,777	35,640
Core earnings after impairment losses as % of average business capital	9.5	12.5	3.1	2.9	9.1	9.7	45.9	53.2	-	-	10.4	10.1

¹ Investment portfolio income includes profit from investments in associates of DKK 42m in 2007 against DKK 30m in 2006.

² Statutory capital requirement determined according to Basel I.

³ Of which DKK 234m concerns the proportionate consolidation of JN Data (DKK 64m in 2006).

⁴ Group items comprise the Group's total return on the securities portfolio, ie the sum of "Core income from securities" and "Investment portfolio income" as well as costs relating to headquarter staff.

Summary balance sheet, year-end

DKK million	Retail Customers		Business Partners		Commercial Customers		Markets & Asset Management		Group items and eliminations		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Assets												
Receivables from credit institutions	-	-	-	-	-	-	20,197	18,245	62,448	39,271	82,645	57,516
Mortgage loans at fair value	166,679	170,103	354,935	309,420	301,790	278,682	-	-	-	-	823,404	758,205
Other loans and advances at fair value	-	-	-	-	-	-	5,550	3,433	-	-	5,550	3,433
Bank loans at amortised cost	7,828	6,348	-	-	31,830	22,635	-	-	950	1,801	40,608	30,784
Bonds and equities	183	235	-	-	1,629	1,641	51,746	45,653	45,030	41,476	98,588	89,005
Investments in associates	-	-	-	-	-	-	-	-	137	90	137	90
Intangible assets and property, plant and equipment	54	48	3,760	3,837	84	73	-	-	2,065	1,903	5,963	5,861
Liabilities												
Payables to credit institutions	-	-	-	-	-	-	74,702	63,107	41,173	21,405	115,875	84,512
Deposits and other payables	10,036	9,670	-	-	21,440	12,816	241	182	(136)	(503)	31,581	22,165
Issued bonds ¹	197,510	211,397	396,585	356,689	359,159	348,431	1,561	1,741	(156,823)	(164,944)	797,992	753,314
Insurance liabilities	1,042	1,031	-	-	660	665	-	-	-	-	1,702	1,696
Off-balance sheet items	6,795	6,702	0	0	14,600	8,885	1,081	130	(8,806)	(4,729)	13,670	10,988
Investments in intangible assets, property, plant and equipment	23	31	0	1,101	0	0	0	0	211	303	234	1,435

¹ Own bonds have been set off under "Group items and eliminations".

Activity in the Danish mortgage lending market generally slowed down in 2007. Notwithstanding this trend, the Nykredit Group realised gross new lending of DKK 209bn against DKK 199bn in 2006.

The Group's market share of gross new lending and net new lending grew to 43.3% and 40.7%, respectively, both up some 2 percentage points.

Gross new lending to retail customers came to DKK 132bn against DKK 147bn the year before equal to a market share of Danish residential mortgage lending of 48.3% compared with 45.0% in 2006.

Nykredit Bank continued its growth path in 2007. Lending totalled DKK 40bn at year-end against DKK 29bn at the beginning of 2007. At end-2007 deposits totalled DKK 32bn against DKK 22bn the year before. Bank core earnings before impairment went up by DKK 177m to DKK 1,013m.

Nykredit Forsikring (insurer) recorded growth in 2007 within the retail and commercial customers areas and the insurance portfolio went up by DKK 58m to DKK 1,340m at year-end. Core earnings increased by DKK 32m to DKK 186m.

Nykredit Mægler (estate agency business) saw a small downturn in the turnover of properties from 21,600 properties sold in 2006 to 19,400 properties. Core earnings amounted to DKK 49m against DKK 56m the year before.

Retail Customers

The business area Retail Customers covers activities aimed at retail customers through Nykredit's own distribution channels. Retail Customers also caters for the group customers with part-time farming business.

Under the Nykredit brand, retail customers are offered bank, mortgage, insurance, investment and pension products through Nykredit's distribution channels, including 48 retail centres, customer services, nykredit.dk and a central sales centre. Two insurance centres, two asset management centres and the estate agencies of the Nybolig and Estate chains constitute other distribution channels.

Retail Customers realised core earnings before impairment losses of DKK 758m against DKK 891m in 2006.

Core income from business operations was DKK 2,028m against DKK 2,154m in 2006.

Direct operating costs were DKK 1,252m against DKK 1,245m in 2006.

Impairment of loans and advances continued to be low and generated net income of DKK 42m compared with DKK 172m in 2006.

Mortgage lending was lower in 2007 than in 2006. Gross new lending fell by DKK 14bn to DKK 31bn. The nominal value of total mortgage loans granted by Retail Customers was unchanged at DKK 173bn.

In 2007 the holistic advisory services continued to fuel growth within banking, insurance, investment and pension products.

Bank lending went up from DKK 6,348m in 2006 to DKK 7,828m. Growth was especially attributable to equity release credits. Bank deposits went up from DKK 9,670m to DKK 10,036m in 2007 mainly as a result of continued growth in the number of customers opening wage accounts, up 13,000, net, to approximately 95,000.

The insurance portfolio went up from DKK 870m in 2006 to DKK 894m.

Customers increasingly demand flexible dialogue with financial partners, and, as the first bank in Denmark, Nykredit launched WebDesk in 2007 - a solution enabling customers to hold online meetings by way of webcam with Nykredit advisers.

In 2007 Nykredit strengthened the retail centres by hiring advisers with specialist competencies within the management and pension areas.

Results – Retail Customers

DKK million	2007	2006
Core income from business operations		
- Mortgage lending activities	1,343	1,484
- Other activities	685	670
Total	2,028	2,154
Direct operating costs	1,252	1,245
Depreciation on property, plant and equipment and amortisation of intangible assets	18	18
Core earnings before impairment losses	758	891
Impairment losses on loans and advances	(42)	(172)
Core earnings after impairment losses	800	1,063

Summary balance sheet, year-end

DKK million	2007	2006
Assets		
Mortgage loans at fair value	166,679	170,103
Bank loans at amortised cost	7,828	6,348
Bonds and equities	183	235
Intangible assets and property, plant and equipment	54	48
Liabilities		
Deposits and other payables	10,036	9,670
Issued bonds	197,510	211,397
Insurance liabilities	1,042	1,031

Activities

DKK million	2007	2006
Mortgage		
Gross new lending	30,652	44,920
Net new lending	4,437	4,115
Portfolio at nominal value, year-end	172,564	172,550
Bank		
Loans and advances, year-end	7,828	6,348
Deposits, year-end	10,036	9,670
Guarantees, year-end	6,795	6,702
Insurance		
New policies written	268	272
Insurance portfolio, year-end	894	870

Business Partners

The business area Business Partners is responsible for further developing the Group's existing partnerships through new products and services. The area is also responsible for creating new group partnerships and for ensuring intercompany coordination leading to knowledge sharing and realisation of synergies across the Group.

Business Partners coordinates the distribution of mortgage loans to retail customers by Danish local and regional banks under the Totalkredit brand, including the sale of mortgage loans by business partners in Poland.

Since the acquisition of Totalkredit in 2003, Nykredit's cooperation with Danish local and regional banks has expanded into other product areas. The Totalkredit partnership still accounts for the majority of the activities.

Business Partners realised core earnings before impairment losses of DKK 329m against DKK 254m in 2006. Results reflect lending activity on a level with 2006 and loan portfolio growth of DKK 53bn.

Core income from business operations was DKK 1,079m in 2007 against DKK 922m the year before.

Direct operating costs were DKK 359m against DKK 265m the year before. The rise was an effect of increased marketing costs, more staff and stronger focus on the development of IT solutions for business partners.

Amortisation and depreciation of intangible assets and property, plant and equipment amounted to DKK 391m in 2007, of which DKK 388m related to distribution rights obtained in connection with Nykredit's acquisition of Totalkredit.

Mortgage products under the Totalkredit brand are sold through Danish local and regional banks at more than 1,200 branches.

Totalkredit recorded gross new lending of DKK 98bn in 2007 against DKK 101bn in 2006. Measured at nominal value, lending rose by DKK 51bn to DKK 363bn at end-2007, up 16%. Totalkredit's strong growth – also in 2007 – reflects the partnership banks' substantial distribution power and close partnership with Totalkredit.

To provide business partners with an optimal platform for servicing and advising customers, considerable resources have in recent years been allocated to developing a joint IT tool, the business partner webportal.

The latest version of the business partner webportal which was completed at end-2007 is expected to create a significant potential for improving efficiency for business partners as the solution combines information, advisory and production tools. In consequence, the competitive powers of business partners improve and so does the partnership.

International Lending

Nykredit offers Danish private residential mortgages for properties in France and Spain directly to customers and through business partners.

Nykredit offers private residential mortgages in Poland via partnerships with Polish banks and other brokers. Sales developed in a favourable direction in 2007 and generated a better performance, but also a greater staff need. Lending at the Polish branch totalled DKK 2.0bn at year-end.

In cooperation with Sydbank, Nykredit started offering Danish private residential mortgages for properties in northern Germany to Sydbank's German and Danish customers in 2007.

Core income from international retail activities totalled DKK 49m against DKK 25m in 2006.

Nykredit's international gross new retail lending totalled DKK 2.8bn. The retail loan portfolio stood at DKK 5.6bn at end-2007.

Results – Business Partners

DKK million	2007	2006
Core income from business operations		
- Mortgage lending activities	1,079	922
- Other activities	-	-
Total	1,079	922
Direct operating costs	359	265
Depreciation on property, plant and equipment and amortisation of intangible assets	391	403
Core earnings before impairment losses	329	254
Impairment losses on loans and advances	1	2
Core earnings after impairment losses	328	252

Summary balance sheet, year-end

DKK million	2007	2006
Assets		
Mortgage loans at fair value	354,935	309,420
Intangible assets and property, plant and equipment	3,760	3,837
Liabilities		
Issued bonds	396,585	356,689

Activity

DKK million	2007	2006
Mortgage Bank		
Gross new lending	101,059	102,169
Net new lending	56,220	56,070
Portfolio at nominal value, year-end	368,768	315,212

Commercial Customers

Commercial Customers comprises activities aimed at all types of businesses including the agricultural and rental housing segments. Rental housing includes non-profit housing, housing society dwellings and private rental housing. Products are distributed through 26 commercial centres offering all of the Group's products within banking, mortgage lending, insurance, investment and debt management.

Commercial Customers realised core earnings before impairment losses of DKK 1,600m against DKK 1,342m in 2006. Results reflected earnings growth within mortgage lending, banking and insurance.

Core income from business operations was DKK 2,228m against DKK 1,916m in 2006. Direct operating costs were DKK 621m against DKK 573m in 2006.

Loan impairment netted an income of DKK 26m compared with an income of DKK 199m in 2006. LeasIT A/S posted impairments of DKK 31m. On balance, loan impairment remained low.

Gross new mortgage lending landed at nearly DKK 77bn – up DKK 24bn on 2006. The mortgage loan portfolio grew by DKK 30bn during the year to DKK 308bn at year-end.

Bank lending went up by just over DKK 9bn to DKK 32bn at year-end. Bank deposits went up by DKK 9bn to DKK 21bn at end-2007.

The insurance portfolio increased by DKK 34m to DKK 446m at year-end.

The Corporate Banking area has undergone a distinctive development by taking advantage of the Group's mortgage platform to create a broader-based business offering banking, investment and insurance products.

In 2007 Nykredit further developed a customer advisory platform combining asset as well as liability aspects. In future, the advisory platform will be offered to a wider group of customers.

Commercial Customers merged some customer centres in 2007, and advisers now serve both agricultural and commercial customers. In addition, financial advisers joined forces with the specialist staff.

Many activities with focus on the new Danish covered bonds ("særligt dækkede obligationer" – SDOs) introduced in 2007 took place during the year. SDOs have been the pivot of product development, and Nykredit has introduced new banking facilities offering customers more flexible financing solutions.

Lease finance is a growing market in Denmark, and the new SDO legal regime increases the business potential in the commercial customers area.

To consolidate its leasing business, Nykredit Bank took over the leasing company LeasIT in September, which offers flexible and customised financing solutions to Danish businesses. Until the takeover, Nykredit Bank held nearly 23% of the shares.

LeasIT has nearly 40 staff and a total lease portfolio of DKK 2bn.

International lending

Nykredit offers Danish mortgages for properties abroad owned by Danish and selected international corporate customers. Geographically, Nykredit offers property finance in England, Norway, Poland, Sweden and Germany. Total international commercial lending went up by DKK 7.7bn resulting in a total loan portfolio of DKK 18.0bn at end-2007.

Results – Commercial Customers

DKK million	2007	2006
Core income from business operations		
- Mortgage lending activities	1,680	1,567
- Other activities	548	349
Total	2,228	1,916
Direct operating costs	621	573
Depreciation on property, plant and equipment and amortisation of intangible assets	7	1
Core earnings before impairment losses	1,600	1,342
Impairment losses on loans and advances	(26)	(199)
Core earnings after impairment losses	1,626	1,541

Summary balance sheet, year-end

DKK million	2007	2006
Assets		
Mortgage loans at fair value	301,790	278,682
Bank loans at amortised cost	31,830	22,635
Bonds and equities	1,629	1,641
Intangible assets and property, plant and equipment	84	73
Liabilities		
Deposits and other payables	21,440	12,816
Issued bonds	359,159	348,431
Insurance liabilities	660	665

Activity

DKK million	2007	2006
Mortgage Bank		
Gross new lending	76,530	52,698
Net new lending	36,089	24,947
Portfolio at nominal value, year-end	307,879	278,158
Bank		
Loans and advances, year-end	31,830	22,635
Deposits, year-end	21,440	12,816
Guarantees, year-end	14,600	8,885
Insurance		
New policies written	76	80
Insurance portfolio – year-end	446	412

Markets & Asset Management

Markets & Asset Management handles the activities of the Nykredit Realkredit Group within trading in securities and financial instruments, debt capital, asset management and pension products.

Nykredit Markets and Debt Capital Markets handle the trading and capital market activities, while asset management, portfolio administration and long-term savings are the responsibility of the Asset Management division and Nykredit Portefølje Administration. Own trading activities are handled by Proprietary Trading.

To reinforce the structure and distribution power of the business area, Nykredit Portefølje Bank A/S was merged with Nykredit Bank A/S in 2007, and all asset management activities were gathered in the Asset Management division. Portfolio administration still takes place through the investment management company Nykredit Portefølje Administration A/S.

The business area recorded a profit of DKK 429m against DKK 428m in 2006.

Core income was DKK 964m, equal to a rise of DKK 82m compared with 2006. Costs increased by DKK 81m to DKK 535m as increased business volumes led to higher staff and IT expenses.

2007 saw satisfactory growth within trading as well as asset management, and both areas outperformed results recorded in 2006. Core income from own trading activities landed at DKK 105m against DKK 160m, one reason being the international financial crisis prevailing in H2/2007.

Assets under management for private individuals under the Private Portfolio concept grew from DKK 5bn in 2006 to DKK 6.3bn, while assets under management for institutionals and corporates via Nykredit Portefølje totalled DKK 60bn against DKK 71bn in 2006.

In 2007 Nykredit Invest had a portfolio of DKK 11bn. For 11 months in 2007, the fund was ranked no 1 on the Morningstar® list of best rated investment funds in Denmark, a ranking Nykredit Invest enjoyed for 25 months running.

At year-end Nykredit Portefølje Administration had DKK 257bn-worth of assets under administration compared with DKK 216bn at end-2006, ensuring a position as one of the leading administration service providers for retail and wholesale-based investment funds in Denmark.

Results - Markets & Asset Management

DKK million	2007	2006
Core income from business operations	964	882
Direct operating costs	535	454
Core earnings	429	428

Summary balance sheet, year-end

DKK million	2007	2006
Assets		
Receivables from credit institutions	20,197	18,245
Other loans and advances at fair value	5,550	3,433
Bonds and equities	51,746	45,653
Liabilities		
Payables to credit institutions	74,702	63,107
Deposits and other payables	241	182
Issued bonds	1,561	1,741

BALANCE SHEET, EQUITY AND CAPITAL ADEQUACY OF THE NYKREDIT REALKREDIT GROUP

Balance sheet

At end-2007 the Group's balance sheet totalled DKK 1,075bn against DKK 957bn at end-2006.

Group mortgage lending at fair value totalled DKK 823bn at end-2007 against DKK 758bn at the beginning of the year. Measured at

nominal value, mortgage lending rose by DKK 83bn to DKK 849bn at year-end.

Bank lending, excluding reverse transactions, amounted to DKK 40bn at end-2007 – up DKK 11bn. Bank deposits increased by DKK 9bn to DKK 32bn at year-end.

Equity and dividend

In September 2007, the Nykredit Group decided to launch a 3-year dividend plan involv-

ing an expected distribution of dividend of DKK 500m annually by Nykredit Realkredit A/S to Nykredit Holding A/S and from there to the shareholders of that company in 2007, 2008 and 2009, provided that no material financial circumstances prevent such distribution in these years.

As part of the dividend plan, it was resolved to distribute an extraordinary dividend of DKK 500m in November 2007 from Nykredit Realkredit A/S and Nykredit Holding A/S.

Foreningen Nykredit plans to reinvest most of the dividends from Nykredit Holding A/S in the Nykredit Group and has therefore offered the other three shareholders to purchase part of their shares in Nykredit Holding A/S. Industriens Realkreditfond, IRF, is the only shareholder which has expressed an intention to accept the offer.

This means that Foreningen Nykredit is expected to acquire about one-third of IRF's shares in Nykredit Holding A/S within a 3-year period.

At 3 December 2007, Foreningen Nykredit acquired shares worth a nominal amount of DKK 9,940,600 in Nykredit Holding A/S from IRF at a price of DKK 3,925 per share corresponding to a total purchase price of DKK 390m.

It is recommended for approval by the general meeting that ordinary dividend in the amount of DKK 500m for 2007 be distributed by Nykredit Realkredit A/S in accordance with the dividend plan adopted.

At end-2007 group equity stood at DKK 54.4bn before ordinary dividend against DKK 52.0bn at the beginning of the year. Equity will stand at DKK 53.9bn after distribution of proposed dividend.

In accordance with the accounting rules of IAS 39, Nykredit has classified the Group's strategic equity investments as "available for sale" in its Consolidated Financial Statements. The strategic equity investments include equities in several Danish regional banks. The equities are value adjusted against equity. The value adjustment against equity in the Consolidated Financial Statements came to a loss of DKK 465m after tax. The value of equities classified as available for sale totalled DKK 4,960m at year-end.

The Nykredit Realkredit Group

Changes in equity

DKK million	2007	2006
Equity, beginning of year	51,987	48,692
Extraordinary dividend	(500)	-
Minority interests, purchase	-	(1,553)
Profit for the year	3,363	3,327
Fair value adjustment of equities – available for sale	(465)	1,419
Other adjustments	62	102
Equity, year-end	54,447	51,987
Proposed dividend	(500)	-
Equity after dividend	53,947	51,987

The Nykredit Realkredit Group

Capital base

DKK million	2007	2006
Core capital		
Equity, year-end	54,447	51,987
Revaluation reserves transferred to supplementary capital	(247)	(202)
Total	54,200	51,785
Statutory deductions from core capital		
Proposed ordinary dividend	(500)	-
Intangible assets, including goodwill	(3,999)	(4,001)
Core capital after primary deductions	49,701	47,784
Hybrid core capital	3,622	3,730
Core capital, incl hybrid core capital, after primary deductions	53,323	51,514
Other statutory deductions ¹	(1,010)	-
Core capital, incl hybrid core capital, after deductions	52,313	51,514
Supplementary capital		
Reserves in series	315	279
Subordinate loan capital	3,722	4,985
Total	4,037	5,264
Statutory deductions from the capital base		
Statutory deductions ¹	(1,010)	(1,496)
Capital base	55,340	55,282
Risk-weighted items		
- outside the trading book	513,723	440,846
- involving market risk in the trading book	25,175	27,146
Total	538,898	467,992
Capital requirement	43,112	37,439
Capital adequacy ratio	10.3	11.8
Core capital ratio	9.7	11.0

¹ Under section 139 of the Danish Financial Business Act, 50% of the capital requirements, etc of insurance company subsidiaries and certain investments in credit and finance institutions must be deducted from the core capital and supplementary capital.

Capital base and capital adequacy at end-2007

At end-2007 the capital base, capital adequacy and capital requirements were determined in accordance with the former capital requirement rules (Basel I).

At end-2007 the capital base stood at DKK 55.3bn equal to a capital adequacy ratio of 10.3%. The core capital ratio correspondingly came to 9.7%.

NEW CAPITAL ADEQUACY RULES

At 1 January 2008 the capital base and capital adequacy will be determined using the new capital adequacy rules (Basel II).

Nykredit's implementation of the new capital adequacy rules is described in detail in the Risk Management section below and the report "Risk and Capital Management 2007", available at Nykredit.com/reports.

The capital charge for credit risk is calculated on the basis of the most advanced IRB approaches for the most part of the loan portfolio. Such calculations depend on the data behind the credit models etc.

The advanced credit models estimate probabilities of default (PDs), losses given default (LGDs) and exposure values (EVs). Nykredit estimates PDs for exposures with a 60%

weighting of data from the period 1991-2002 and a 40% weighting of data recorded in the period 2003-2004. LGDs are estimated based on data from the period 1991-1993 when Denmark underwent a severe recession.

The Group's capital base amounted to DKK 54.0bn under the new rules compared with the former DKK 55.3bn as the capital base must be reduced by the difference between the model-based expected losses and actual impairments recorded under the new rules.

The new rules also lead to a change of the capital requirement and the risk-weighted items. The capital adequacy ratio changes from 10.3% to 17.9%. The capital requirement changes from DKK 43.1bn to DKK 24.1bn.

Under the transitional rules, risk-weighted items and the capital requirement may not decrease by more than 10% and 20% in 2008 and 2009, respectively, compared with the former rules.

According to the transitional rules, the capital requirement amounts to DKK 38.8bn equal to a capital adequacy ratio of at least 12.9%.

Capital adequacy

Pursuant to the Danish Financial Business Act, it is the responsibility of the Board of Directors and the Executive Board to ensure that Nyk-

redit has adequate capital. Capital adequacy is the minimum capital base required in Management's opinion to cover any significant risk.

Nykredit's calculation of capital adequacy is based on the model calculations used in the determination of the capital requirement. However, a statistical confidence level of 99.97% is factored in, equal to a Aa2-Aa3 rating by rating agencies. When calculating the capital requirement and capital adequacy ratio, only a 99.9% confidence level is used.

Capital adequacy consists of Pillar I and Pillar II.

Pillar I capital covers credit risk, market risk, operational risk, insurance risk and risk relating to own properties.

Pillar II comprises capital to cover other risks as well as an increased statutory capital requirement for credit and market risk during a mild recession. Under the new capital adequacy rules, the capital requirement increases with rising losses and arrears. Pillar II allows for this effect, just as it allows for any operating losses following a rise in impairments, etc.

At 1 January 2008, capital adequacy came to DKK 30.5bn of which DKK 22.2bn concerned Pillar I and DKK 8.3bn Pillar II.

The Nykredit Realkredit Group

Basel I and Basel II capital requirement and capital adequacy ratio

DKK million	Basel II	Basel I	Basel I
	1 January 2008	31 December 2007	31 December 2006
Credit risk	20,817	41,098	35,268
Market risk	2,014	2,014	2,172
Operational risk	1,245	-	-
Capital requirement before transitional rules	24,076	43,112	37,439
Capital requirement after transitional rules ¹	38,801	-	-
Capital base	54,000	55,340	55,282
Capital adequacy ratio	17.9	10.3	11.8
Minimum capital adequacy ratio before transitional rules	8.0	8.0	8.0
Minimum capital adequacy ratio after transitional rules ²	12.9	-	-
Core capital ratio	17.2 ³	9.7	11.0
Weighted items			
- not included in the trading book	-	513,713	440,846
- involving market risk included in the trading book	-	25,175	27,146
Total	300,959	538,898	467,992

Note: Basel II 1 January 2008 has been determined based on balance sheet figures at 31/12 2007

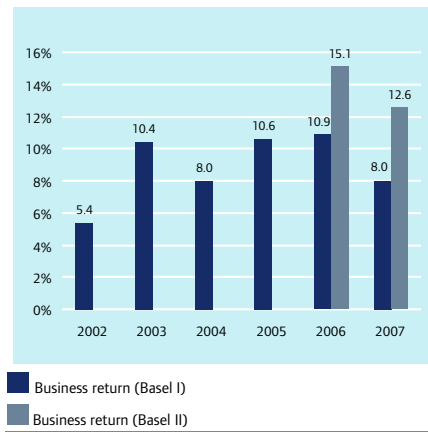
¹ The capital requirement after the transitional rules has been determined pursuant to the transitional rules for 2008.

As a minimum, the capital requirement for 2008 must amount to 90% of the capital requirement determined under Basel I.

² The minimum capital adequacy ratio after the transitional rules has been determined as the capital requirement after the transitional rules as % of the risk-weighted items under Basel II. Accordingly, the minimum capital adequacy ratio reflects the capital adequacy requirement as a result of the transitional rules.

³ The core capital ratio has been calculated on the basis of risk-weighted items of DKK 300,959m, ie not using the transitional rules.

Business return



CAPITAL STRUCTURE AND RETURN

Nykredit's objective is to be able to maintain its lending activities at an unchanged level regardless of economic trends.

Against this backdrop, Nykredit divides its equity of DKK 53.9bn into four elements:

- *Business capital* of DKK 30.5bn equal to the statutory capital adequacy requirement.
- *Cyclical buffer* of DKK 12.5bn covering the expected rise in the capital adequacy requirement should the economic climate change from mild to severe recession.
- *Statutory capital deductions* relating to intangible assets of DKK 4.0bn.
- *Strategic capital* of DKK 6.9bn, the long-term capital maintained for strategic initiatives.

On transition to the new capital adequacy rules, Nykredit's strategic capital will increase from DKK 1.2bn to DKK 6.9bn, notwithstanding the transitional rules.

Return requirements

As a broad-based financial services group and an issuer of SDOs and mortgage bonds, Nykredit will have a high rating. Furthermore, as an unlisted company, Nykredit will have earnings sustaining the required business growth.

The prerequisite of a high rating and business development is market conform earnings in excess of the passive return on investment of the Group's capital in a benchmark portfolio of bonds and equities. The benchmark is fixed by the Board of Directors.

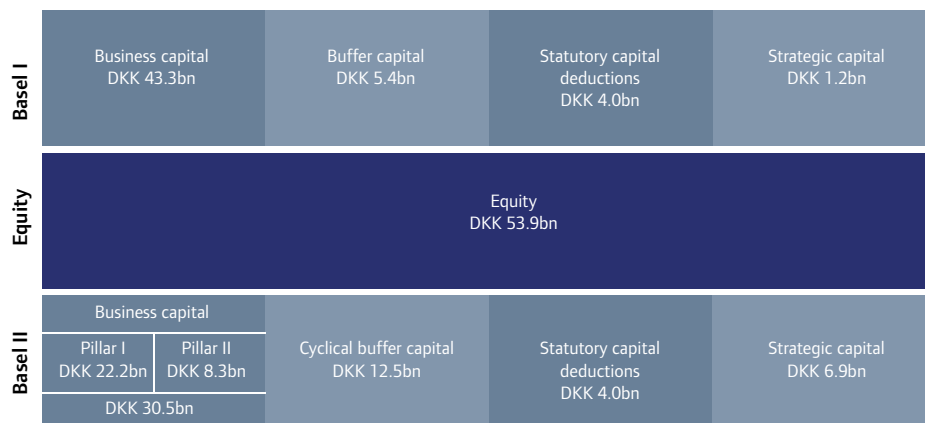
In the light of the new capital adequacy rules and the development in the business activities, the Board of Directors has fixed a target for the business return of 10% of the business capital after impairment losses in 2009.

The business return for 2007 was 12.6% calculated on the basis of the new capital adequacy rules against a target of 9.0%. In addition, the passive investment return on the business capital amounted to 3.5%.

Nykredit's return on average equity was 8.3% in 2007 of which the total return on the business capital after impairment losses was 16.1%. The difference between the two ratios is attributable to the fact that liquid capital in excess of the business capital only earns risk-free interest to which should be added the negative effect on operating results of amortisation of intangible assets, etc.

The Nykredit Realkredit Group

Capital structure under Basel I and II, end-2007



NYKREDIT AND THE FINANCIAL CRISIS

The financial markets crisis, which limited business opportunities during 2007 and caused funding costs for financial institutions in general to rise, had no direct effect on Nykredit's business or its funding opportunities.

More than 99% of Nykredit's mortgage lending is match-funded, for which reason any liquidity and market risk in relation to mortgage lending is negligible.

The Group pursues a conservative investment policy. Nykredit's investment portfolio generated a gain in 2007 and was therefore only marginally and indirectly affected by the financial crisis.

The market has confidence in Nykredit's business model. This was evidenced when the DKK 115bn issue of non-callable fixed bullets for the refinancing of ARMs was sold in December 2007 at ordinary market terms relative to the swap market. In addition, Nykredit issued DKK 5bn-worth of junior covered bonds in December 2007, and its ongoing bond issuance has been continuously absorbed by the market on arm's length basis.

EVENTS OCCURRED AFTER THE END OF THE FINANCIAL YEAR

No material events have occurred in the period up to the presentation of the Annual Report.

RESULTS AND EXPECTATIONS

In relation to the presentation of the Annual Report for 2006, a profit before tax of DKK 3,600m-3,900m for 2007 was forecast. In connection with the presentation of the H1 Interim Report 2007, expectations for the full year were adjusted upwards to around DKK 4,400m-4,700m.

A profit before tax of DKK 4,395m was recorded in line with the general expectations for core earnings, whereas investment portfolio income fell on the back of the market developments.

OUTLOOK FOR 2008

In 2008 the Nykredit Realkredit Group's gross new lending is expected to be on a level with that of 2007.

Core income from business operations is expected to exceed the 2007 level as a result of a larger mortgage loan portfolio and increasing banking and insurance activity.

Group operating costs, excluding the effect of special staff benefits, are expected to rise by some DKK 500m. This is an effect of increased staff numbers following strategic initiatives within the areas Commercial Customers, Markets & Asset Management and IT.

Impairment losses on loans and advances of around DKK 100m-300m are expected against a net income of DKK 67m in 2007.

The Nykredit Realkredit Group expects core earnings after loan impairment of around DKK 4,200m-4,400m.

Investment portfolio income came to DKK 158m in 2007 and is expected to be around DKK 400m-600m in 2008.

Against this backdrop, the Nykredit Realkredit Group forecasts a profit before tax in the range of DKK 4,600m-4,900m, exclusive of value adjustment of strategic equities.

As usual, the forecast of core income from securities, investment portfolio income and loan impairment involves significant uncertainty.

The Nykredit Realkredit Group**Forecasts 2008**

DKK million	Results 2007	Forecasts 2008	
Core income from business operations	6,583	7,000	to 7,300
Core income from securities	1,988	2,100	to 2,300
Operating costs, depreciation and amortisation	4,401	4,800	to 5,000
Impairment losses on loans and advances	(67)	100	to 300
Core earnings after impairment losses	4,237	4,200	to 4,400
Investment portfolio income	158	400	to 600
Profit before tax	4,395	4,600	to 4,900

OTHER**Changes in the management and organisation of the Nykredit Group**

On 1 October 2007, the Nykredit Group implemented a number of management and organisational changes in connection with the retirement of Henning Kruse Petersen, Group Managing Director, at the end of September 2007 as previously announced.

Currently, the Group Executive Board of Nykredit Realkredit A/S consists of Peter Engberg Jensen, Group Chief Executive, and Søren Holm, Karsten Knudsen, Per Ladegaard and Niels Tørslev, all Group Managing Directors.

The responsibilities of Niels Tørslev and Karsten Knudsen were extended to include International Lending and Group Credits, respectively.

Niels Tørslev, Group Managing Director, succeeded Peter Engberg Jensen, Group Chief Executive, as Chairman of Totalkredit A/S and at the same time resigned from the Executive Board of Totalkredit. His successor is Troels Bülow-Olsen, Executive Vice President. The Executive Board currently consists of Troels Bülow-Olsen, Hans Henrik Andersen and Per Nykjær.

Karsten Knudsen, Group Managing Director, succeeded Henning Kruse Petersen as Chairman of Nykredit Bank A/S and resigned from the Executive Board of Nykredit Bank. Bjørn Damgaard Mortensen, Senior Vice President, joined the Executive Board, which now consists of Kim Duus and Bjørn Damgaard Mortensen.

Merger of Nykredit Bank A/S and Nykredit Portefølje Bank

Nykredit Bank A/S and its wholly-owned subsidiary Nykredit Portefølje Bank A/S merged with effect from 1 January 2007 with Nykredit Bank A/S as the surviving company.

Nykredit Portefølje Bank A/S's subsidiary, Nykredit Portefølje Administration A/S, is now a wholly-owned subsidiary of Nykredit Bank A/S.

Nykredit Bank A/S has taken over LeasIT A/S

Nykredit Bank took over the leasing company LeasIT A/S in September.

With a stake of 22.65%, Nykredit Bank was a co-owner of LeasIT, but acquired the remaining shares from the other shareholders: Sparekassen Sjælland, Fionia Bank, Sparekas-

sen Kronjylland, Sparekassen Himmerland, Den Jyske Sparekasse and JF Holding. LeasIT is now a wholly-owned subsidiary of Nykredit Bank.

Capital increases in Nykredit Bank and Totalkredit

Nykredit Bank A/S increased its capital by DKK 1.1bn in the form of additional equity and DKK 1.0bn-worth of subordinate loan capital.

Correspondingly, Totalkredit strengthened its capital resources by DKK 2.0bn in the form of additional equity and DKK 1.0bn-worth of subordinate loan capital.

The entire capital increase of both companies was contributed by Nykredit Realkredit A/S.

IRF cancels legal proceedings

In continuation of the adoption of Nykredit's 3-year dividend plan in September 2007, IRF (the Industrial Mortgage Fund of Denmark) withdrew the legal proceedings instituted against Foreningen Nykredit (the Nykredit Association) and Nykredit Holding A/S before the Danish Eastern High Court.

Consequently, IRF will remain a shareholder of Nykredit Holding A/S, but with a lower ownership interest as Foreningen Nykredit is expected to acquire approximately one-third of IRF's shares in Nykredit Holding A/S during the three-year term of the dividend plan.

SDO issuance out of new Capital Centre E

The Danish legislation on issuance of Danish covered bonds ("særligt dækkede obligationer" – SDOs) entered into force on 1 July 2007.

In November 2007, Nykredit Realkredit A/S and Totalkredit A/S were granted authorisation by the Danish Financial Supervisory Authority to issue SDOs.

Nykredit has offered loans against mortgages on commercial properties funded by SDOs since November 2007 and loans against mortgages on all property types funded by SDOs since 27 December 2007.

The SDOs are issued out of Nykredit's Capital Centre E and fund the mortgage loans granted by Nykredit as well as Totalkredit.

A capital centre is a group of series with a joint series reserve fund and joint liability.

The credit rating agency Moody's Investors Service assigned a Aaa rating to Nykredit Realkredit's SDOs in December.

In this report, the term mortgage lending denotes mortgage lending funded by mortgage bonds or SDOs.

Tax case

Nykredit Realkredit is party to a pending tax case which has been appealed to the Danish High Court by the Danish Ministry of Taxation. If the High Court also finds for Nykredit, deferred tax of DKK 204m will be recognised as income.

Risk reporting

In connection with the transition to the new capital adequacy rules, Nykredit has published a report "Risk and Capital Management 2007". The report contains a number of risk key figures on the Nykredit Group's loan portfolio, etc and is available at nykredit.com/reports.

Non-financial reporting

As a supplement to the Annual Report for 2007, Nykredit has published the report "About Nykredit 2007" which contains information about market position, customers, staff, IT, sponsorships, environment and capital policy and is available at nykredit.com/reports.

Female managers



STAFF

The average number of staff in the Group went up from 3,559 in 2006 to 3,672, equal to a rise of 3%.

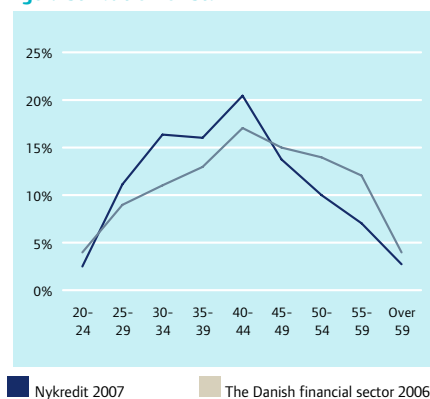
Nykredit's business development in recent years and the rising number of staff are reflected in the age distribution. Nykredit has a relatively higher number of young staff than the sector on average.

At end-2007, 47% of Nykredit's staff was female. At management level 23% was female, while women represented 29% of new managers in 2007.

Nykredit was ranked among the three best financial enterprises within this field in Europe.

Nykredit's IT development area was elected Denmark's preferred IT division in an image survey conducted by the IT magazine *Version2*.

Age distribution of staff



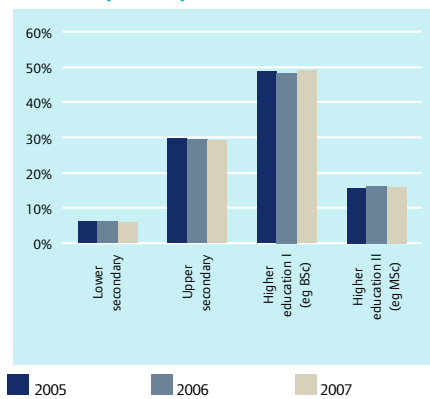
In 2007 49% of the staff had a short-term or medium-term higher education, while 16% of the staff had a long-term higher education.

A non-financial report "About Nykredit 2007", available at nykredit.com/reports, contains more information about staff and employment matters in the Nykredit Group.

Staff benefits

Nykredit offers a number of staff benefits. The most important benefits are group life insurance, full-time accident insurance, critical illness insurance, health insurance and employee bonds.

Education profile, permanent staff



Nykredit also has incentive programmes with performance-related pay, etc.

IT IN NYKREDIT

Key IT projects in 2007

Nykredit's largest development project to date – an advisory and production platform – was finalised in 2007. The platform will be the principal tool in the production and sale of mortgage loans to Totalkredit.

2007 saw the further development of the IT structural basis for Nykredit's approval as an advanced credit institution under the Basel II rules. Other focus areas were securities trading, MiFID, system support of new loan products based on SDOs and Nykredit Bank's trading and risk systems.

In January the Group launched a new interactive online adviser and a new customer dialogue tool, the WebDesk, enabling customers and advisers to hold online meetings by webcam.

Nykredit was nominated at the European Banking Technology Awards 2007 for its WebDesk in the category "Most innovative use of IT in Europe", and in November 2007

Group Risk Management

RISK AND CAPITAL MANAGEMENT

Risk management is the responsibility of the Executive Board and the Board of Directors and is a key element of the Group's business operations. Through risk management, Nykredit seeks to ensure financially sustainable solutions in the short and long term.

A characteristic of the Nykredit Group is that lending (DKK 823bn measured at fair value or 95% of total loans and advances excluding reverse transactions) chiefly consists of mortgage loans for which the payment, interest and refinancing terms directly match the terms applicable to the bonds issued to fund the loans. The interrelated lending and funding is denoted match funding.

As a result of the match funding of mortgage

loans, credit risk relating to group lending constitutes Nykredit's principal risk. Mortgage lending totalled DKK 823bn, while bank lending, excluding reverse transactions, totalled DKK 40bn. Another important risk factor is the market risk on the Group's investment portfolio and within the business area Markets & Asset Management. Liquidity risk plays only a minor part in the Group because of the match funding principle and mainly concerns the activities of Nykredit Bank.

In recent years, the Group has allocated resources to develop advanced models for quantifying group credit and market risk.

As from 2008, Nykredit will publish a detailed report annually entitled "Risk and Capital Management". The report contains a wide se-

lection of risk key figures in accordance with the disclosure requirements of the Danish Executive Order on Capital Adequacy. The report is available at nykredit.com/reports.

Organisation and delineation of responsibilities

The Board of Directors of Nykredit Realkredit A/S is responsible for defining limits to and monitoring group risk as well as laying down overall instructions. Risk exposures and activities are reported to the Board of Directors on a current basis.

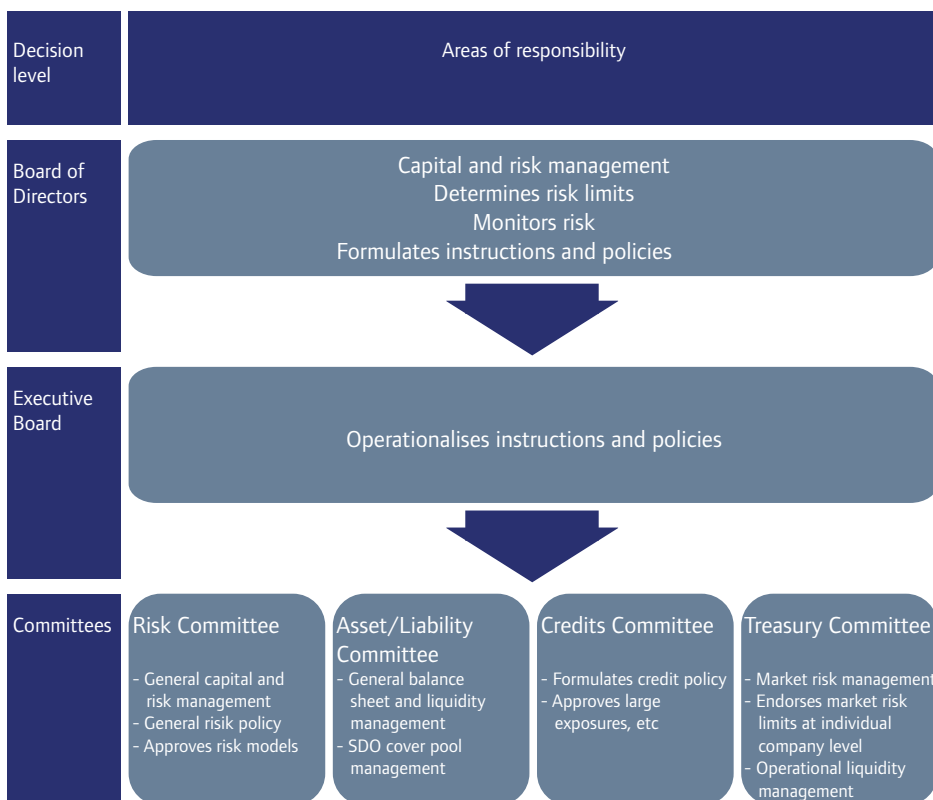
The Board of Directors has assigned the day-to-day responsibility to the Group Executive Board which is in charge of operationalising overall instructions. The continuous monitoring and managing of risk are the responsibility of committees, all chaired by a member of the Group Executive Board.

The principal committees of Nykredit are the Risk Committee, the Asset/Liability Committee (ALCO), the Credits Committee and the Treasury Committee.

The Risk Committee is charged with assessing all group risk and the Group's capital adequacy requirement as well as implementing the capital policy. Furthermore, the Risk Committee approves measurement methods for all types of risk and reports risk to the boards of directors of the group companies.

The Asset/Liability Committee is responsible for the overall asset/liability and liquidity management.

The Credits Committee and the Treasury Committee are responsible for managing group credit risk and market risk, respectively. Both committees approve or endorse all major risk exposures within the limits provided by the Board of Directors to the Executive Board.



Risk types

Nykredit distinguishes between the following general types of risk:

Credit risk reflects the risk of loss following the non-performance of counterparties.

Market risk reflects the risk of loss of market value as a result of movements in financial markets (interest rate, foreign exchange, equity price, volatility risk, etc).

Liquidity risk reflects the risk of loss as a result of insufficient cash to cover current payment obligations.

Operational risk reflects the risk of loss resulting from inadequate/failed internal processes, people and systems or from external events.

Insurance risk reflects the risk of claims net of reinsurance payable on insurance policies written.

Determination methods

Nykredit has in 2007 determined its capital requirement according to the capital requirement rules of Basel I.

For the determination of the capital requirement for market risk, the Nykredit Realkredit Group has obtained FSA approval to apply a Value-at-Risk model with a time horizon of 10 days and a confidence level of 99%. Value-at-Risk is described further in the section about market risk.

In November 2007, Nykredit obtained FSA approval to apply the internal ratings-based approaches using internal parameter estimates (the advanced IRB approaches) under Basel II for the determination of capital requirements for credit risk from 1 January 2008.

In relation to Nykredit Bank's commercial loan portfolios, which constitute a minor part of the aggregate portfolio, Nykredit has obtained approval to apply the IRB approaches and internal estimates of the probability of default (the foundation IRB approach) for the determination of the capital requirement for credit risk from 1 January 2008. Models are being developed so that this part of the portfolio may also be determined by means of the advanced IRB approach.

Furthermore, Nykredit has been granted permanent approval to apply the standardised approach in relation to sovereign and credit institution exposures as well as certain minor portfolios.

From 1 January 2008, the capital requirement for operational risk will be determined using the basic indicator approach.

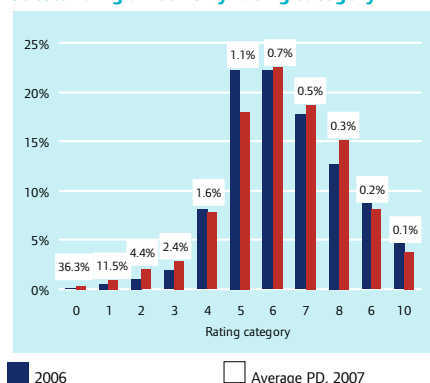
Main approaches to credit risk determination

	2007	2008	2009	2010	2011
Retail exposures	Basel I	Advanced	Advanced	Advanced	Advanced
Commercial exposures – mortgage	Basel I	Advanced	Advanced	Advanced	Advanced
Commercial exposures – bank	Basel I	Foundation	Foundation	Foundation	Advanced
Credit institution exposures, sovereign exposures	Basel I	Standardised	Standardised	Standardised	Standardised

Note: The advanced IRB approach to credit risk determination is indicated as "Advanced", and the foundation IRB approach as "Foundation".

The Nykredit Realkredit Group

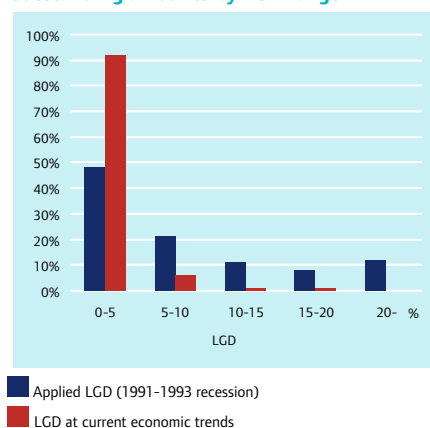
Outstanding amount by rating category



Note: Exposure-weighted. The rating distribution reflects the probability of default (PD), 10 being the highest rating.

The Nykredit Realkredit Group

Outstanding amounts by LGD range



Note: Exposure-weighted. LGD reflects loss given default.

CREDIT RISK

The Board of Directors lays down the overall framework of credit granting and is presented, on a current basis, with the Group's largest credit applications for approval or briefing.

Within the framework laid down by the Board of Directors, the Group Executive Board is responsible for the policies governing the individual business areas and Treasury. On behalf of the Group Executive Board, the Credits Committee considers large credit applications on a current basis.

Group Credits is responsible for managing and monitoring credit risk in accordance with the guidelines laid down by the Board of Directors and the Group Executive Board. The Credits Committee undertakes all reporting on individual exposures. The Risk Committee is responsible for approving credit risk models and reporting credit risk at portfolio level.

Nykredit's local centres are authorised to decide on most credit applications in line with the Group's aim to make most decisions locally. As a result of the expansion of the Group's product range and the combination of certain business areas, the authority of the local centres was expanded in 2007.

Credit applications exceeding the authority assigned to the centres are processed at central level by Group Credits. The applications submitted are decided by Group Credits unless they involve exposures requiring the approval of the Credits Committee or the Board of Directors. The Board of Directors must grant or approve loans/credit facilities which, if granted, will bring Nykredit's total exposure to any one customer over DKK 200m and, subsequently, when the exposure increases by multiples of DKK 100m.

When processing credit applications, the centres perform an assessment of the individual customer. The assessment is based on a customer rating computed by Nykredit's credit models. The customer rating is supplemented by an assessment of the customer's financial circumstances and other relevant matters. In connection with mortgage loan applications, the statutory property valuations are also performed. The overall guidelines on customer assessment and property valuation are prescribed by Group Credits.

When establishing limits to derivative financial products, Nykredit will often require contracts providing the Group with a netting option. The contractual framework will typically be based on market-conform standards such as ISDA or ISMA agreements.

Mortgage exposures over DKK 15m and bank exposures over DKK 3m are reviewed at least once a year as part of the monitoring of credit exposures based on updated financial and customer data. In addition, all exposures showing signs of risk are reviewed.

Nykredit has obtained FSA permission to apply a statistical model in the valuation of properties with no physical inspection. The model has now been fully implemented and is applied to new or supplementary mortgaging of detached and non-detached houses that meet the specific requirements for mortgageable value and risk classification. Valuations are approved by the relevant local centre and supervised centrally.

Furthermore, Nykredit uses a statistical model for the ongoing monitoring of market values of properties funded by SDOs and mortgage bonds. The model is applied to detached and non-detached houses, holiday houses and owner-occupied flats that satisfy specific requirements for the mortgageable value, risk classification and time since the last valuation. The statistical valuations are performed centrally and supplemented by local valuations. As prescribed by law, the ongoing monitoring of market values is conducted at least once a year in respect of commercial properties and at least every three years in respect of detached houses, holiday homes and owner-occupied dwellings.

The Nykredit Realkredit Group

Secured lending

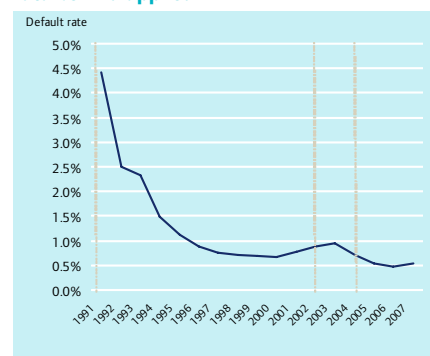
DKK million	Total lending	Value of security
Lending secured by mortgage on real property	848,974	848,974
- of which with sovereign guarantees	51,126	22,546
- of which with bank guarantees ¹	196,772	56,728
- of which with set-off agreement	168,856	12,158
- of which with financial collateral	0	0
Lending secured by other assets	2,854	2,421
- of which with sovereign guarantees	0	0
- of which with bank guarantees	0	0
- of which with financial collateral	2,854	2,421
Other lending ²	17,734	0
Total	869,562	851,395

¹ Excluding registration guarantees

² Including lending secured by way of vehicles, guarantees, etc

Nykredit Realkredit A/S

Data behind applied PD



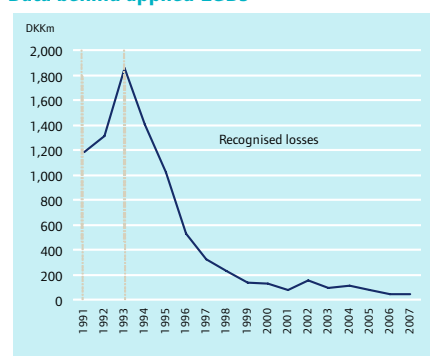
Data for PD with 60% weighting: 1991-2002

Data for PD with 40% weighting: 2003-2004

Note: PD reflects probability of default.

Nykredit Realkredit A/S and Totalkredit A/S

Data behind applied LGDs



Data behind applied LGDs: 1991-1993

Note: LGD reflects loss given default.

A substantial part of the Group's residential mortgage lending is arranged by Danish local and regional banks. In these cases, the bank performs the initial assessment of the customer and valuation of the property. The sale of loans is based on an agreement between the Nykredit Group and the partnership banks. The loan-arranging banks either provide a guarantee or grant a right of set-off.

The guarantees are issued for an amount corresponding to the part of the loan that exceeds 60% of the property value at the time of granting and cover the first eight years of the term of the loans.

As from 2007, the banks may, as an alternative to guarantees, offer Totalkredit a right of set-off of any losses on the loans arranged against the current commission received from Nykredit. As with the guarantees, the right of set-off applies to the part of the loan exceeding 60% of the property value at the time of loan disbursement and for the first eight years of the loan term.

At end-2007, DKK 197bn of total mortgage lending measured at fair value arranged by the partnership banks was covered by guarantees and DKK 169bn was covered by set-off agreements.

The Basel II capital requirement for credit risk determined for mortgage lending arranged by partnership banks came to DKK 3.6bn at 31 December 2007. The capital adequacy requirement increases relative to previously by approximately DKK 1bn in connection with a complete transition from the guarantee model to the set-off model.

Credit risk models

Nykredit uses internal models in the determination of credit risk. The determination of credit risk is based on three key parameters: Probability of Default (PD), Loss Given Default (LGD) and Exposure Value (EV).

The models used to determine PD and LGD are built on historical data allowing for periods with low as well as high business activity. PDs are therefore estimated by weighting current data against data from the early 1990s. Current data carry a 40% weighting, while data from the early 1990s carry a 60% weighting. The LGD level for mortgage products is determined on the basis of loss data exclusively relating to the recession in 1991-1993.

The PDs of retail customers and small enterprises are determined on the basis of a customer's credit score and payment behaviour. Credit scoring is a statistical calculation of a customer's creditworthiness based on a customer's financial circumstances and other factors. Credit scoring models have been applied at Nykredit Bank since 1998 and at Nykredit Realkredit since 2000.

With respect to other customer groups, statistical models have been developed based on conditional probabilities estimating PDs that factor in business-specific circumstances such as accounting figures, arrears and impairment as well as industry-specific conditions and the macroeconomic climate.

External ratings are used to a very limited extent in respect of a few types of counterparties for which no statistical models can be developed due to the absence of default data. External ratings are converted into PDs.

The PDs of individual customers are converted into ratings from 0 to 10, 10 being the highest rating. A customer rating is an important element of the credit policy and customer assessment.

LGD is calculated for each customer exposure.

The LGDs of the majority of the Group's exposures are determined using internal approaches based on loss and default data. The calculations factor in any security such as mortgages on real property, including the type of security, its quality and ranking in the order of priority.

Mortgage banking is characterised by low LGDs as the security provided by way of mortgages on real property offers good protection against losses.

Credit risk elements

The parameters included in the calculation of credit risk are:

PD	Probability of Default – the probability of a customer defaulting on an obligation to the Nykredit Group.
LGD	Loss Given Default – the loss rate of an exposure given a customer's default.
EV	Exposure Value – the total exposure to a customer in DKK at the time of default. The exposure value is adjusted for any undrawn part of a credit maximum granted.

The PD is customer-dependent, while the other parameters are product-dependent. A PD is therefore assigned to each customer, while each exposure has a separate LGD and EV.

MARKET RISK

The Nykredit Group's business activities involve a number of different market risks.

The greater part of the Nykredit Group's loan portfolio is match-funded mortgage loans. Mortgage lending is subject to the balance principle, which defines risk limits to all types of market risk.

Correspondingly, bank lending only involves minor market risk for the Group.

By far the greater part of the Group's market risk derives from the investment portfolios. Furthermore, the activities of Markets & Asset Management involve market risk.

The limits relating to market risk in the Nykredit Realkredit Group, including Value-at-Risk, interest rate, equity price, foreign exchange and volatility risk, are subject to approval by the Board of Directors of Nykredit Realkredit A/S. Through the Treasury Committee and within the limits provided by the Board of Directors, the Group Executive Board assigns or approves market risk limits for group companies. Compliance with risk limits is monitored daily and independently of the acting entities of the Group.

Market risk on mortgage lending

All Nykredit's mortgage lending complies with the balance principle. The legislative framework behind the balance principle is the Danish Financial Business Act, the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, and the Danish Executive Order on bonds.

These acts specify risk limits applicable to all types of market risk.

The Group's market and liquidity risk in connection with the issuance of bonds is much lower than the limits provided by legislation. Loans funded by mortgage bonds or Danish covered bonds ("særligt dækkede obligationer" - SDOs) are granted according to uniform principles of market and liquidity risk.

More than 99% of the Group's mortgage loans are match-funded and have the following characteristics:

- On the granting of a loan, Nykredit issues the bonds etc that fund the loan on a daily basis.
- Underlying each loan is matching funding sold in the bond market and the derivatives market.
- The loan rate equals the yield-to-maturity of the bonds sold, etc.
- The majority of loans have fixed funding throughout the loan term. Adjustable-rate mortgage loans have no fixed funding, but are funded by bonds with maturities between 1 and 11 years. On refinancing, the loan rate is adjusted to the yield-to-maturity of the bonds sold for the purpose of refinancing.
- When loans are prepaid, the matching outstanding funding is reduced. Borrowers cover Nykredit's costs incidental to prepayments.
- The due dates of payment of interest and principal on the loans are fixed so that Nykredit receives the funds on or before the date when the payments to bondholders fall due, provided payments from borrowers are made on a timely basis.
- Nykredit's earnings margin consists of a separate administration margin which is calculated on the basis of the debt outstanding and may be changed if market conditions change, for instance in loss-making periods.

In practice, these characteristics mean that Nykredit incurs neither interest rate risk, liquidity risk nor refinancing risk from its mortgage lending and its underlying funding.

Insignificant interest rate exposures may arise, however, because of prepayments by customers as well as minor, practical differences between the granting/prepayment of loans and the associated sale/buyback of the underlying bonds.

Furthermore, in certain cases Nykredit may allow prepayment of mortgage loans by way of bonds other than the underlying bonds of the loan concerned where these are traded at a premium in the market. This is because the investors holding these bonds do not want to sell them at a price that reflects the market yield of the bonds (lock-in effects). In such cases, Nykredit has fixed a prepayment price on the loan, which reflects Nykredit's costs of hedging the risk relating to the cash flows concerned. At end-2007 the total prepayments amounted to DKK 299m.

Choice of balance principle

The new Executive Order on bonds provides a choice between two balance principles – the general or the specific balance principle – to be applied in relation to existing as well as future issues. Nykredit Realkredit has opted for the general balance principle.

The choice of the general balance principle was motivated in particular by access in special cases to segregate lending and funding. This will enable Nykredit to offer attractive prepayment products and eliminate lock-in effects to a wide extent. Nykredit may furthermore offer new bond types to investors that are independent of borrowers' choice of products, for instance by block issuance.

Covered bonds

Danish mortgage bonds issued before 1 January 2008 are eligible as covered bonds/"særligt dækkede obligationer" (SDOs) pursuant to the EU's Capital Requirements Directives (CRD) and the Danish capital adequacy rules, etc. Consequently, such bonds when owned by credit institutions may be assigned a 10% weighting under the standardised approach to determine the capital requirement for credit risk, as opposed to 20% otherwise. Similarly, the placement rules applicable to the life and pension sector are less strict in relation to bonds eligible as covered bonds.

Mortgage bonds issued as from 1 January 2008 have not been approved as SDOs and

The Nykredit Realkredit Group Mortgage loan funding at end-2007

DKK million	Nominal value	Interest rate risk ³
Bond debt outstanding – match-funded mortgage lending	843,614	(1)
– of which bonds locked-in funding prepaid loans ¹	299	0
Bond debt outstanding – other mortgage lending ²	5,597	0
Pre-issuance	71,084	0
Refinancing, etc	130,257	0
Total issued bonds	1,050,552	(1)

¹ Prepayment by way of bonds other than the underlying bonds of a loan according to the same principles as under the specific balance principle, cf section 21 of the Danish Executive Order on bonds.

² Lending with a fixed margin/administration margin.

³ The interest rate exposure has been calculated on the basis of a general interest rate rise of 1 percentage point. The calculations do not include any margin/administration margin.

therefore carry a 20% risk weighting at credit institutions.

SDOs issued in pursuance of the special legislative framework for SDOs are assigned a 10% weighting if they satisfy certain requirements. SDO issues must be secured by the following three types of assets:

- Mortgages on real property within 80% of the property value of residential properties or 60% of the value of commercial properties
- Claims against credit institutions, including guarantees for registration of mortgages without endorsements and guarantees for interim loans relating to new building
- Government bonds or other claims against EU/EEA member states, etc

The said claims against credit institutions, etc may only be included in the cover pool for SDOs within a limit of 15% of the issued bonds.

In connection with the opening of new capital centres for SDOs or in the event of refinancing surges, the amount of registration guarantees and guarantees for interim loans will typically exceed the 15% limit. In practice, the excess amount must therefore be secured by providing supplementary cover assets such as claims against EU/EEA member states, etc.

Correspondingly, a decline in property prices or a rise in the market value of the loans as a result of rising bond prices may trigger a need for supplementary cover assets.

Nykredit Realkredit and Totalkredit may raise supplementary security by investing part of the capital base or borrowed funds in government bonds, which are placed as cover assets in Capital Centre E for SDOs.

In Nykredit, the need for supplementary security for the first one or two years is estimated to DKK 20bn, primarily as a result of registration and interim loan guarantees.

A general decrease in property prices of 10% will trigger a need for supplementary security of an additional DKK 1.8bn, as the law prescribes that supplementary security must be provided for each individual loan the security of which does not satisfy the minimum requirements. The need for supplementary security should be seen in relation to Nykredit's capital base of DKK 55.3bn, which may extensively be placed in government bonds.

It is Nykredit's policy to maintain a sizeable buffer against declining property prices or refinancing surges. To this end, Nykredit has already in late 2007 raised loans to fund the need for supplementary security.

Nykredit raised the loan by issuing bonds under section 33e of the Financial Business Act, which means that the holders of the issued bonds (junior covered bonds) have a secondary preferential right to the cover assets of Capital Centre E. In the event of insolvency, the cover assets of Capital Centre E will be applied to pay the holders of SDOs and subsequently the holders of junior covered bonds.

At end-2007, Nykredit had issued DKK 5bn-worth of junior covered bonds.

Value-at-Risk

Nykredit applies Value-at-Risk in the day-to-day management of market risk and the determination of capital requirements and capital adequacy.

For the purpose of the day-to-day business risk management, the Nykredit Realkredit Group calculates Value-at-Risk at a confidence level of 99% and a time horizon of one day.

Value-at-Risk is calculated for both the trading book and the banking book for the purpose of internal calculations. For the purpose of the determination of capital requirements, Nykredit Realkredit A/S only calculates Value-at-Risk for the trading book, while Nykredit Bank prepares calculations for both the trading book and the banking book excluding equities.

Elements of Value-at-Risk determination

Value-at-Risk is a statistical measure of the maximum loss on an investment portfolio at a given probability within a given time horizon. The Nykredit Realkredit Group calculates Value-at-Risk subject to a 99% confidence level and a time horizon of 1 day. Risk is determined based on an analytical Value-at-Risk model allowing for the option embedded in callable mortgage bonds.

Parameters of Value-at-Risk determination:

Risk factors:	All positions are transformed into a number of risk factors related to equity price, interest rate and foreign exchange risk.
Volatilities and correlations:	Daily volatilities and correlations of the risk factors above. In calculating the volatilities, last-dated observations carry the heaviest weight. Volatilities and correlations are estimated on the basis of data on the past 250 days.
Time horizon:	Value-at-Risk is calculated at a time horizon of 1 day, but may be scaled to other time horizons.
Confidence level:	Value-at-Risk is estimated based on a 99% confidence level for the purposes of the determination of capital requirements and the day-to-day risk management, and a confidence level of 99.97% for the determination of capital adequacy and capital requirement.

Back testing:

The model results are back tested on a day-to-day basis against actual realised returns on the investment portfolios ensuring that the model results comply with the assumptions and identify model problems.

Stress testing:

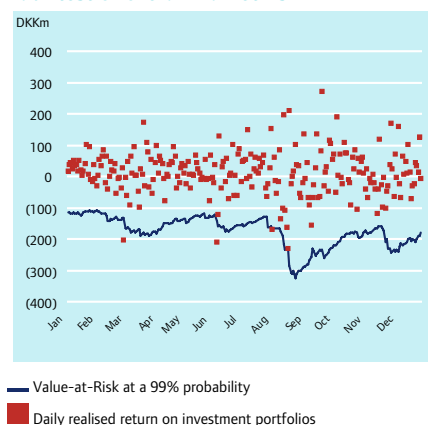
Daily stress testing is performed to determine the risk of losses under extreme market conditions based on simulated market fluctuations and events. More comprehensive stress testing is performed periodically. Stress testing attempts to determine the sensitivity of the portfolios to probable events and allow identification of errors in the risk determination.

The Nykredit Realkredit Group

Market risk

DKK million	2007			2006		
	Min	Max	Year-end	Min	Max	Year-end
Value-at-Risk (99%, time horizon 1 day)	115	332	182	99	296	115
Interest rate risk (100bp interest rate change)	403	895	829	186	632	632
- of which on mortgage activities	(166)	163	163	(19)	83	34
Equity price risk (general 10% decrease)	648	857	704	647	871	788
- of which adjusted through equity	474	585	496	334	580	538
Foreign exchange risk						
(Exchange Rate Indicator 2)	4	18	7	9	20	13

The Nykredit Realkredit Group Back test of overall market risk



The Group's total Value-at-Risk was DKK 182m at end-2007. This meant that, according to Nykredit's model, the Group would risk losing a maximum of DKK 182m at a 99% probability in one day in consequence of market fluctuations.

Interest rate risk

The Group's interest rate risk is measured at a general rise in the interest rates of 1 percentage point of bonds and financial instruments.

The group benchmark for the interest-bearing portfolio was fixed on the basis of an interest rate exposure of DKK 561m (2006: DKK 521m) equal to a duration of approximately one year.

Equity price risk

The Group's exposure to equities and equity instruments was DKK 7.0bn at end-2007 (2006: DKK 7.9bn).

The exposure to strategic equities categorised as available for sale under IAS 39 ranged between DKK 4.7bn and DKK 5.8bn in 2007 (2006: DKK 4.1bn-5.9bn), while Nykredit's other equity exposures ranged between DKK 1.7bn and DKK 2.8bn (2006: DKK 1.9bn-3.2bn).

Equity price risk is measured as the loss at a decrease in equity markets of 10%.

The benchmark of the equity portfolio was DKK 5,900m (2006: DKK 4,950m).

Volatility risk

The market value of options and financial instruments with embedded options such as callable mortgage bonds partly depends on the expected market volatility.

Positions involving volatility risk are used as a risk hedging tool and in connection with the opening of active positions. The risk is determined and managed on a continuous basis with respect to all financial instruments with embedded options.

Foreign exchange risk

Nykredit Realkredit and Totalkredit generally hedge the foreign exchange risk of their investments and therefore only had minor foreign exchange positions in currencies other than EUR in 2007. Exchange rate risk is measured by Exchange Rate Indicator 2 – a measure of the maximum loss at a 99% probability on unchanged foreign exchange positions for the subsequent ten days.

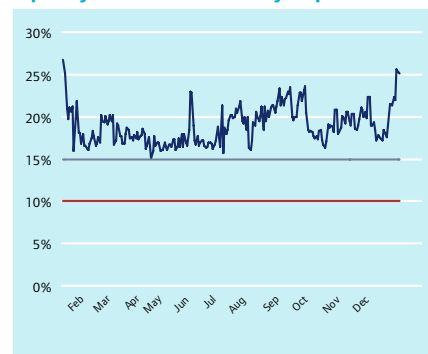
Refinancing risk

The refinancing risk in relation to mortgage banking is very limited.

In Nykredit Realkredit and Totalkredit, adjustable-rate mortgage loans are refinanced through the issuance of new bonds. At refinancing, customers obtain a loan rate that mirrors the yield-to-maturity of the bonds sold. Consequently, the Nykredit Realkredit Group does not incur any interest rate risk in connection with the refinancing of adjustable-rate mortgage loans. Furthermore, the bond sale is organised so that the Nykredit Realkredit Group does not incur any liquidity risk in relation to its refinancing.

Nykredit Bank A/S

Liquidity relative to statutory requirements



— Liquidity
 — Nykredit Bank's internal requirements
 — Statutory requirements

Note: The graph shows Nykredit Bank's liquidity as % of the reduced debt and guarantee obligations after statutory deduction, cf section 152 of the Danish Financial Business Act.

LIQUIDITY RISK

The overall liquidity risk of the Group is assessed by the Asset/Liability Committee, while the daily liquidity management is performed by the individual group companies.

Nykredit Realkredit and Totalkredit fund their mortgage lending by daily issuance of mortgage bonds and SDOs. As a result of the match funding of group mortgage lending, Nykredit does not incur any liquidity risk in connection with the funding of mortgage loans.

Mortgage borrowers make their mortgage payments the day before the coupon date of the bonds at the latest. Liquidity risk is therefore only incurred on late payments. This liquidity risk is hedged by Nykredit's access to using its bond portfolio as collateral with Danmarks Nationalbank and the establishment of intraday credit facilities with the largest Danish banks participating in the settlement of mortgage payments.

Liquidity risk associated with mortgage lending thus consists of the risk that customers and counterparties default on their obligations and the general risk relating to the Danish settlements system.

In Nykredit Bank, the management of liquidity risk is based on an internal liquidity model which quantifies the Bank's expected liquidity position at any future time. The instructions on liquidity laid down by the Bank's Board of Directors contain the Bank's liquidity policy, limits and principles of and requirements for the liquidity model. The liquidity instructions specify minimum requirements for the size of the Bank's liquidity buffer.

Nykredit Bank monitors the Bank's balance sheet and liquidity on a day-to-day basis. The Bank manages its balance sheet based on the liquidity of assets and liabilities and operates with a trading book and a banking book. The trading book consists mainly of Danish and European government and mortgage bonds (covered bonds) eligible as collateral with Danmarks Nationalbank or other European central banks. The trading book further includes a portfolio of corporate bonds and the Bank's repo/reverse transactions. Securities not serving as collateral in the trading book constitute a short-term liquidity buffer that may be applied in the case of any unforeseen claims on the Bank's liquidity. The average liquidity buffer in 2007 was DKK 11bn. At end-2007, the liquidity buffer was DKK 20.2bn against DKK 12.9bn at end-2006.

Nykredit Bank's banking book includes the Bank's structural liquidity risk. The banking book consists of loans and advances and is funded through deposits and structured finance defined as issued bonds, long-term deposits from financial counterparties, subordinate loan capital, equity and credit commitments. The ratio of lending plus structured finance to deposits was 118% at end-2007 against 123% at end-2006. The Bank aims to retain the level between lending and deposits plus structured finance.

To strengthen the funding opportunities in international capital markets, the Bank established a European Medium Term Note (EMTN) programme in Q4/2007 in the amount of EUR 5bn. The intention is that issues under the EMTN programme should gradually replace the Bank's long-term deposits from financial counterparties as the EMTN programme offers faster and easier access to long-term funding.

According to the Financial Business Act, a bank's liquidity must total at least 10% of reduced debt and guarantee obligations. Nykredit Bank uses an internal liquidity requirement of at least 15%. At end-2007 the Nykredit Bank Group's liquidity relative to reduced debt and guarantee obligations was 25.1%.

INSURANCE RISK

Nykredit's insurance activities are exclusively concentrated within retail and agricultural customers as well as commercial buildings insurance. Nykredit Forsikring, an insurer, has a well-diversified portfolio.

The board of directors of the insurer holds the overall responsibility for managing insurance risk. The board lays down guidelines for the types of risk written and their size as well as the principles of risk assessment and reinsurance. In cooperation with the technical departments, the Risk Management department of the insurer has the day-to-day responsibility for managing insurance risk.

In the Commercial Customers area, a Risk Committee has been appointed that reviews and approves offers involving substantial amounts to commercial customers. Unusual or substantial risk exposures are subject to board approval.

It is a company objective to limit risk through reinsurance. As a result of the reinsurance cover for 2007, the part of catastrophe claims of up to DKK 1,000m which the insurer has to cover was limited to DKK 30m. Should the claim exceed DKK 1,000m, the insurer's expense would rise proportionally up to DKK 155m in case of a claim of DKK 1,500m. In connection with payments from the reinsurance programme, a small reinstatement premium is payable in accordance with usual reinsurance practice.

Owing to the reinsurance cover for 2008, the Company's net expense in a catastrophe event of up to DKK 1,700m is limited to DKK 30m plus expenses for reinstating the cover equal to the standard level in the industry.

In comparison, the insurer's largest claim was a gross amount of DKK 640m in connection with the hurricane in December 1999.

Reinsurance business ceded goes to other insurers in accordance with the overall guidelines laid down by the board of directors for rating requirements for reinsurance companies.

In 2007 the insurer had claims expenses of DKK 962m and net claims expenses of DKK 896m, which was on a level with expectations.

Determination of claims reserves

Claims reserves are determined by sector on the basis of actuarial methods in combination with accounting assessments.

Claims under DKK 100,000 are included in a collective reserve model. The basic model for the determination of reserves is a chain ladder model based on net claims payments made.

The key assumptions of the chain ladder approach are the insurer's claims payment pattern and movements in prices. Nykredit Forsikring tests these assumptions on an ongoing basis.

The reserves are allocated according to the number of unsettled claims and average claims levels experienced within the individual coverage groups. Where large claims are concerned, the reserves are allocated individually. Further reserves are provided on the basis of increases in claims expenses for known claims based on claims experience. Provisions are made by industry.

OPERATIONAL RISK

The day-to-day management of operational risk in Nykredit is a natural part of the business operations. The business areas are responsible for the day-to-day management of operational risk. Operational risk management activities are coordinated centrally to ensure consistency and optimisation across the Group. The Group strives always to limit operational risk taking into consideration the related costs.

Nykredit systematically records and classifies loss-making operational events to create an overview of loss experience.

Business contingency plans ensure constant and secure operations in case of a shutdown of the IT supply or other emergencies.

Operational risk factors associated with the Group's core activities – mortgage activities – are limited by nature as they are based on a high degree of standardisation.

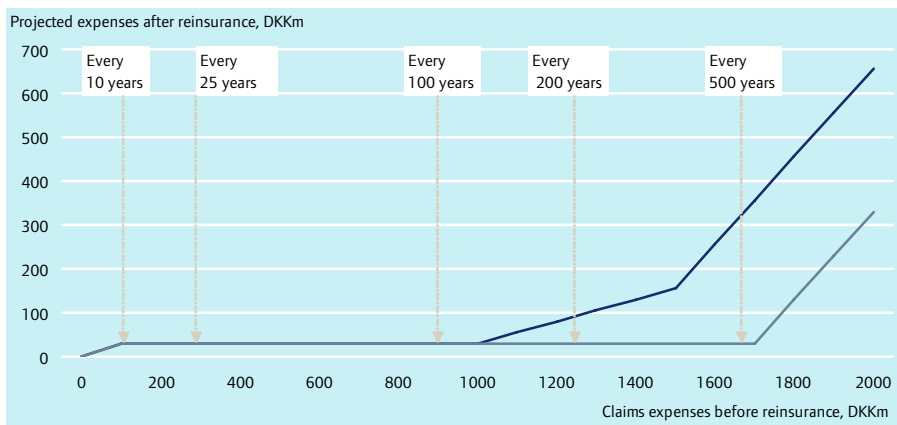
UNCERTAINTY ABOUT RECOGNITION AND MEASUREMENT

In accordance with IFRS, the Annual Report has been prepared on the basis of assumptions that require the use of accounting estimates in some respects. These estimates are made by Group Management in accordance with the accounting policies and based on past experience and, in Management's opinion, reasonable and realistic assumptions.

The accounting estimates and underlying assumptions are tested and assessed regularly. Areas in which assumptions and estimates are material to the financial statements are:

- Provisions for loan and receivable impairment involving significant estimates in connection with the quantification of the risk of not receiving all future payments. Furthermore, group-based impairment provisions still involve some uncertainty due to the limited historical data underlying the Group's computations.
- Unlisted financial instruments involving significant estimates in connection with the measurement of fair values.
- The calculation of the value of defined benefit plans (Other assets) is based on a number of actuarial assumptions, including discount rates, the expected return on plan assets and the expected rate of increase in wages, salaries and pensions.

Nykredit Forsikring A/S
Expenses after reinsurance



- Provisions for pensions, etc involving significant estimates in connection with actuarial assumptions, including staff turnover, which are applied in connection with the determination of pay-related obligations.
- The determination of "Other provisions" also involves significant estimates as the development in Totalkredit's market share of private residential mortgages is an important element thereof.
- Insurance obligations involving significant estimates in connection with actuarial assumptions, including the settlement of open claims, payment patterns and the development in prices.

In Management's opinion, the uncertainty relating to the above-mentioned matters is insignificant to the Annual Report.

Lending

MORTGAGE LENDING

Loan portfolio

The composition of the Group's mortgage loan portfolio may be described in terms of the bond debt outstanding by property type, loan type, etc. The table below shows both mortgage loans funded by mortgage bonds and mortgage loans funded by SDOs.

The Group's nominal mortgage lending rose from DKK 766bn at end-2006 to DKK 849bn at end-2007.

The portfolio is highly diversified in terms of loan type, geography, maturity and size of debt outstanding. At year-end, 62% of total mortgage lending had been granted for owner-occupied dwellings in Denmark.

Geographically, around half of lending related to Jutland and one-third to the metropolitan area. The proportion of international lending rose slightly to 3% at end-2007 from 2% at end-2006. Around a quarter of international lending related to owner-occupied dwellings.

The distribution of lending by loan type changed slightly in 2007. The proportion of loans with interest-only periods increased from 34% to 42%, whereas the proportion of adjustable-rate mortgage loans fell from 25% to 20%.

At the time of granting, a mortgage loan must not exceed a certain percentage of the value of the mortgaged property pursuant to Danish legislation, cf the table below. Subsequently, the relationship between the mortgage debt outstanding and the value of the property will change with the amortisation of the loan and/or as a result of changes in the market value of the property or the bonds underlying the mortgage loan.

Mortgage banks must provide supplementary security if the Loan-To-Value (LTV) limits of loans granted against mortgages on real property and funded through the issuance of SDOs have been exceeded at the time of loan issuance or during the term of the loan.

The majority of mortgage loans have an initial term of over 20 years.

The table breaks down the Group's mortgage loans by type of property. The proportion of lending covered by either public authority guarantees or bank guarantees has been deducted.

In the table, where the debt outstanding is broken down by LTV ranges, loans with security covering for example between 0 and 30% of the mortgageable value are distributed with two-thirds of the debt outstanding in the LTV range 0-20% and one-third in the LTV range 20-40%. The table shows that where owner-occupied dwellings are concerned, 76% of mortgage lending falls within 40% of the property values.

Throughout 2007, mortgage lending relative to property values (LTV ratios) remained stable. LTVs of owner-occupied dwellings showed a slight rise.

Maximum LTV ratios for each property category

Owner-occupied properties for all-year habitation	80% ¹
Private housing society dwellings	
Private rental housing properties	
Non-profit housing	
Youth housing	
Senior housing	
Properties used for social, cultural and educational purposes	
Holiday homes	60%
Agricultural and forestry properties, market gardens, etc ²	
Office and retail properties ²	
Trade and industry properties ²	
Utilities	
Other properties – including undeveloped land	40%

¹ Some loan types offered for residential housing are subject to a lower LTV ratio than 80%, but no supplementary security is required unless the LTV ratio exceeds 80%

² The LTV ratio may be extended up to 70% against supplementary security

The Nykredit Realkredit Group

Mortgage debt outstanding relative to estimated property value -

Debt outstanding distributed continuously by LTV range up to the top LTV bracket

%	LTV (loan-to-value)					Total
	0-20	20-40	40-60	60-80	Over 80	
Owner-occupied dwellings	42	34	18	5	0	100
Private rental housing	43	27	19	11	0	100
Trade and industry	53	31	15	2	0	100
Office and retail	53	32	14	1	0	100
Agriculture	52	32	13	2	0	100
Non-profit housing	60	23	13	4	0	100
Other	51	32	17	0	0	100

The Nykredit Realkredit Group

Mortgage loan portfolio

Nominal value at end-2007 DKK million	Owner-occupied dwellings	Private rental housing	Trade and industry	Office and retail	Agriculture	Non-profit housing	Other	Total, DKKm/number
Mortgage loans								
- Bond debt outstanding	533,272	69,162	22,024	61,331	84,188	66,742	12,491	849,211
- Number of loans	621,468	19,201	3,481	17,435	47,209	23,217	3,031	735,042
Bond debt outstanding by loans involving								
- Public-authority guarantees	1	302	0	15	370	50,936	235	51,859
- Bank guarantees	200,189	0	0	0	109	0	1	200,300
- Set-off agreement with banks	168,796	0	0	0	0	0	0	168,796
- No guarantee	164,287	68,860	22,024	61,315	83,709	15,806	12,256	428,256
Total	533,272	69,162	22,024	61,331	84,188	66,742	12,491	849,211
Bond debt outstanding by loan type								
Fixed-rate loans								
- repayment loans	180,312	15,233	6,707	15,420	17,369	13,699	4,916	253,657
- interest-only loans	85,646	4,401	46	2,614	3,652	33	80	96,472
Adjustable-rate mortgage loans								
- repayment loans	28,476	5,365	2,835	9,145	11,394	18,449	902	76,565
- interest-only loans	52,193	11,222	4,400	12,282	9,660	471	145	90,372
Money market-linked loans								
Capped								
- repayment loans	88,580	2,457	406	2,484	5,145	135	1,115	100,321
- interest-only loans	94,902	1,899	34	648	4,180	25	137	101,824
Uncapped								
- repayment loans	2,028	4,912	3,611	7,969	6,643	276	3,678	29,116
- interest-only loans	1,103	23,510	3,985	10,730	25,510	164	1,040	66,043
Index-linked bonds	32	163	1	39	635	33,491	479	34,840
Total	533,272	69,162	22,024	61,331	84,188	66,742	12,491	849,211
Bond debt outstanding by geographic area								
- Metropolitan area	156,945	28,947	2,545	17,208	3,242	26,966	3,569	239,422
- Other Eastern Denmark	58,785	3,780	1,494	3,436	12,131	5,530	1,204	86,358
- Funen	46,851	5,082	891	3,946	8,383	6,296	1,192	72,642
- Jutland	264,172	24,800	14,888	26,993	60,432	27,950	6,513	425,749
- Faroe Islands and Greenland	923	277	3	124	0	0	13	1,341
- International	5,597	6,275	2,202	9,624	0	0	0	23,699
Total	533,272	69,162	22,024	61,331	84,188	66,742	12,491	849,211
Bond debt outstanding by loan ranges, DKKm								
0-2	440,958	10,397	1,637	10,189	23,601	8,192	1,199	496,173
2-5	86,040	11,664	2,253	9,157	26,711	10,448	1,888	148,161
5-20	3,038	21,115	5,010	15,102	29,336	28,853	4,405	106,859
20-50	3,236	10,091	3,193	7,285	3,531	14,040	3,053	44,429
50-100	0	3,417	2,151	4,212	713	3,769	745	15,006
100-...	0	12,479	7,779	15,386	296	1,440	1,202	38,582
Total	533,272	69,162	22,024	61,331	84,188	66,742	12,491	849,211
Bond debt outstanding by remaining loan term, years								
0-10	12,731	2,792	4,040	9,085	2,652	3,426	1,014	35,741
10-15	19,414	2,338	5,791	12,767	3,446	4,855	972	49,582
15-20	37,803	9,736	10,820	27,605	5,691	10,692	3,559	105,906
20-25	74,021	9,550	549	1,832	15,288	14,093	1,556	116,890
25-30	389,302	44,586	823	10,041	57,112	7,903	5,338	515,105
30-35	0	128	0	0	0	7,688	52	7,869
35-...	0	32	0	1	0	18,085	0	18,118
Total	533,272	69,162	22,024	61,331	84,188	66,742	12,491	849,211

Guarantees

Nykredit operates with two types of guarantees in connection with mortgage lending: Guarantees issued by partnership banks and guarantees issued by public authorities.

The bank guarantees comprise guarantees for the registration of mortgages without endorsements and guarantees for interim loans in connection with new building. They also include loss guarantees in connection with lending arranged by Danish local and regional banks with which Nykredit has entered into partnership agreements.

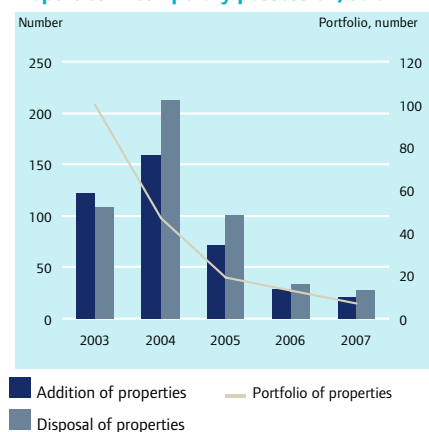
To this should be added loans with a right of set-off, ie loans where any losses are offset against the future commission income of the bank from Totalkredit.

At year-end, mortgage loans with loss guarantees issued by partnership banks totalled DKK 200bn against DKK 319bn at end-2006. Mortgage loans with a right of set-off totalled DKK 169bn at end-2007 in nominal terms.

Furthermore, guarantees issued by public authorities reduce the credit risk mainly within mortgage lending to non-profit housing. Public authority guarantees are guarantees whereby the guarantor assumes primary liability. This means that Nykredit may enforce the guarantee if a loan falls into arrears.

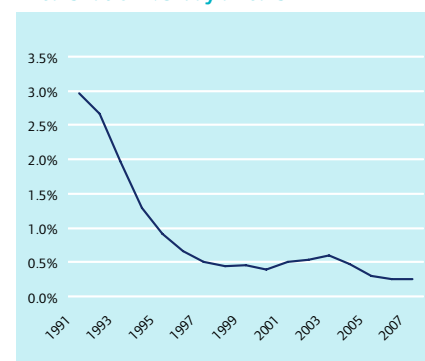
The Nykredit Realkredit Group

Properties in temporary possession/sold



Nykredit Realkredit A/S

Arrears ratio – 75-day arrears



The Nykredit Realkredit Group

Impairment of mortgage loans

DKK million	2007			2006
	Individual impairment provisions	Group-based impairment provisions	Total impairment provisions	Total impairment provisions
Owner-occupied dwellings	6	69	75	74
Private rental housing	2	22	24	9
Trade and industry	49	4	54	143
Office and retail	16	21	37	30
Agriculture	2	42	44	34
Non-profit housing	8	0	8	19
Other	8	5	13	8
Total	91	163	254	317

The Nykredit Realkredit Group

Arrears ratio 75 days after due date

%	Arrears of total mortgage payments	Bond debt outst. affected by arrears of total bond debt outst.
Settlement months		
2007		
- September	0.16	0.19
- June	0.16	0.18
- March	0.16	0.18
2006		
- December	0.14	0.17
- September	0.17	0.16

The Nykredit Realkredit Group

Post-settlement date arrears by maturity

DKK million	2007			2006	
	September	June	March	December	September
Up to 45 days	31	34	30	28	26
45-75 days	21	23	19	20	18
75-195 days			6	8	6
Over 345 days				2	2

Non-performing exposures

For the purpose of providing for loan impairment, continuous individual reviews and risk assessments of all exposures exceeding DKK 200m are performed to uncover any objective evidence of impairment and an expected, adverse effect on future cash flows from loans. If necessary, impairment provisions are subsequently made for individual exposures. Exposures not subject to individual provisioning are included in the group-based assessment. Group-based impairment is provided for groups of customers involving uniform credit risk.

In line with recent years, the Group's total impairment provisions and recognised losses decreased in 2007. At year-end the arrears ratio was on a level with end-2006, while the property portfolio had decreased.

Mortgage loan impairments totalled DKK 254m at end-2007 against DKK 317m at the beginning of the year of which individual provisioning of mortgage loans accounted for DKK 91m.

Operating results were affected by a total of DKK 55m against DKK 326m in 2006.

At the quarterly settlement date 1 September 2007, group mortgage loan arrears as a percentage of total mortgage payments due amounted to 0.16% compared with 0.17% on 1 September 2006.

Group properties in temporary possession remained at a low level. The Group acquired 21 properties and sold 27 in 2007. At end-2007 the portfolio of properties amounted to 7 against 13 at the beginning of the year.

BANK LENDING**Loan portfolio**

The Group's total bank exposures in the form of loans, advances and guarantees, etc (excluding reverse transactions) increased from DKK 38bn at end-2006 to DKK 54bn at end-2007.

Provisions for bank loan impairment

Individual and group-based impairment provisions are made for bank loans, as is the case for mortgage lending activities. Bank exposures in excess of DKK 50m are subject to continuous individual review and risk assessment to uncover any objective evidence of impairment.

Impairment provisions for bank loans totalled DKK 95m at end-2007 compared with DKK 88m at end-2006.

The figures comprise a decline from 2006 to 2007 in group-based impairment provisions from DKK 61m to DKK 11m, whereas individual impairment provisions rose from DKK 27m to DKK 84m.

The Nykredit Bank Group**Loans, advances and guarantees by sector (excl loans in the trading book)**

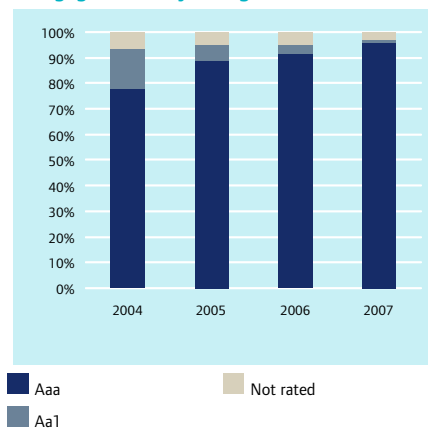
DKK million	2007	2006
Retail	18,088	13,014
Manufacturing	6,528	4,633
Property management and trading	17,751	12,066
Credit and finance	1,124	2,205
Other commercial	10,603	6,408
Total	54,094	38,326

The Nykredit Bank Group**Provisions for bank loan impairment by sector**

DKK million	2007			2006
	Individual provisions	Group-based provisions	Total provisions	Total provisions
Retail	14	9	22	48
Other	70	2	73	40
Total	84	11	95	88

Bond issuance

Mortgage bonds by rating



The Nykredit Realkredit Group is Denmark's largest issuer of bonds and one of the largest private bond issuers in Europe.

The Group's bond issuance mainly concerns mortgage bonds ("realkreditobligationer" – ROs) and the new SDOs ("særligt dækkede obligationer"), which Nykredit Realkredit has issued since November 2007. The Group has also issued hybrid core capital (Tier 1) and supplementary capital for Nykredit Realkredit, bonds to fund supplementary security pursuant to section 33e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act (junior covered bonds) and bond loans as part of Nykredit Bank's funding programme.

New loans granted by the Nykredit Realkredit Group were funded exclusively by way of ROs up to November 2007. Since September 2005, Nykredit Realkredit has issued ROs to fund mortgage loans granted by both Nykredit Realkredit and Totalkredit. Totalkredit and Nykredit Realkredit's joint bond issuance has been continued following the transition to SDOs. The joint bond issuance makes for bond series with larger volumes and deeper liquidity.

RATING

Nykredit Realkredit, Nykredit Bank, SDOs and the majority of the Group's ROs, the hybrid core capital and the supplementary capital are rated by international rating agencies.

All ROs issued since 2003 are rated Aaa by Moody's Investors Service and were issued out of Nykredit's Capital Centre D and Totalkredit's Capital Centre C. At end-2007, they accounted for 87% of the Group's outstanding bonds net of supplementary capital. Furthermore, ROs issued earlier out of Nykredit's Capital Centre C and Nykredit In General are rated Aa1 by Moody's. These bonds made up 1% of the Group's outstanding bonds at end-2007 net of supplementary capital. Nykredit Realkredit's supplementary capital and hybrid core capital are rated A1 and A2, respectively.

Since November 2007, Nykredit Realkredit has issued SDOs out of the newly established Capital Centre E to fund mortgage loans by both Nykredit Realkredit and Totalkredit. The bonds are rated Aaa by Moody's Investors Service and totalled DKK 88bn at end-2007. This corresponds to 8% of the Nykredit Realkredit Group's outstanding ROs and SDOs.

SDOs

The EU's Capital Requirements Directive (CRD) tightens the criteria for assigning a 10% risk weighting to bonds under the standardised approach. The new tighter criteria were enacted into Danish mortgage legislation with effect from 1 July 2007 by way of new Danish SDO legislation. The bonds meet Danish statutory provisions on SDOs and are therefore assigned a 10% risk weighting under the standardised approach in CRD.

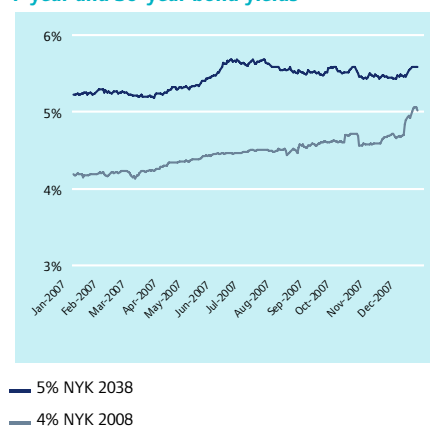
MORTGAGE BONDS

Up to November 2007, the Nykredit Realkredit Group funded its mortgage lending exclusively through the issuance of ROs in accordance with Article 22.4 of the EU's UCITS Directive and Danish mortgage legislation. The ROs therefore met the current covered bond criteria. Consequently, investors governed by the EU's capital adequacy rules were subject to a lenient risk weighting of 10% for ROs. In order to ensure that the bonds have the low 10% weighting also in future, the Nykredit Realkredit Group discontinued issuance in all open RO series at the end of 2007.

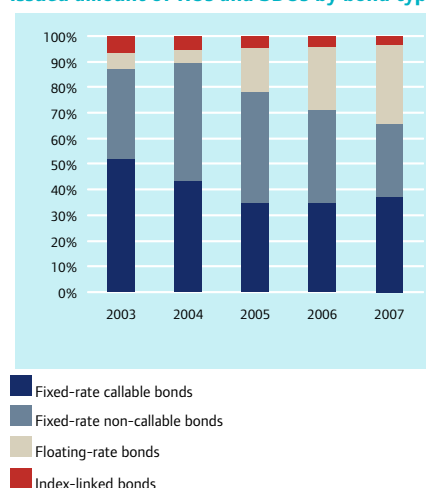
JUNIOR COVERED BONDS (SECTION 33E)

The SDO legislation enables the Group to issue bonds which can solely be applied to raise supplementary security. Nykredit applies the proceeds from such bonds as collateral if the LTV ratios of the properties financed by way of SDOs exceed the fixed LTV limits. Nykredit has named its funding programme "Junior Covered Bonds". Nykredit issued junior covered bonds worth DKK 5bn in mid-December 2007. The bonds were sold to a small group of investors and were subsequently listed.

1-year and 30-year bond yields



Issued amount of ROs and SDOs by bond type



ISSUED BONDS

At end-2007, all the ROs and SDOs issued by the Group totalled DKK 1,051bn, equivalent to a rise of 14% on 2006.

When all the open RO series were closed at end-2007, Nykredit Realkredit opened 43 new SDO series issued out of the new Capital Centre E. In addition, a few RO series were opened in Capital Centre D.

Nykredit and Totalkredit ceased issuing loan offers in the existing RO series on 21 December 2007. As from 27 December 2007, most of the Group's loan offers have been based on the newly opened SDO series. Loan offers dated before 21 December 2007 and based on ROs will be funded by ROs also after 1 January 2008. Therefore, Nykredit Realkredit launched a DKK 71bn pre-issue of the old RO series, corresponding to the outstanding loan offers, at end-2007. Excess bonds relating to loan offers which have not been exercised before expiry on 20 June 2008 will be cancelled.

Gross issuance by type, coupon and time-to-maturity

DKKm/%	2007	2006
Total nominal gross issuance	387,568	335,995
- of which refinancing	114,876	127,536
- of which pre-issuance	71,084	-
Bond types		
Fixed-rate, callable bonds:	29.8	22.8
- of which with deferred annuity bonds	13.9	8.3
Fixed-rate, bullet bonds	32.5	46.7
- of which in DKK	27.6	37.7
Floating-rate bonds	37.8	30.5
- of which short-term uncapped	16.6	8.3
- of which short-term capped	5.5	14.2
- of which capped short-term, deferred annuity	4.0	0.0
- of which uncapped long-term	6.0	0.0
- of which long-term capped annuity	2.2	4.2
- of which long-term capped deferred annuity	3.5	3.8
Total	100.0	100.0
Coupon		
2%	0.0	5.1
3%	1.0	1.0
4%	33.7	45.9
5%	13.9	17.5
Floating-rate bonds	37.8	30.5
Other	13.6	0
Total	100.0	100.0
Time-to-maturity of bonds, years		
Below 10 years	36.3	60.3
- excl refinancing	10.2	22.4
10-19 years	22.5	9.5
20-29 years	3.1	3.8
30 years and above	38.1	26.4
Total	100.0	100.0

The Group's ROs are issued daily on tap and at three annual refinancing auctions. Tap issuance covers the current funding need arising from new lending and remortgaging activities. Long-term callable ROs and long-term capped floating-rate ROs are generally issued in series with a three-year opening period to build liquidity, while other bond types are open for issuance throughout their entire maturity.

Fixed-rate non-callable bullet bonds are offered at the refinancing auctions in March, September and December, and Totalkredit's capped floating-rate non-callable annuity bonds are also offered at the December auctions.

In connection with the refinancing of ARMs in December 2007, all loans to retail customers were funded by SDOs. Some commercial ARMs were funded by ROs and others by SDOs.

Nykredit expects to launch block issues in SDOs in Q1/2008 in order to build volumes in Capital Centre E. The block issues of SDOs are registered with VP Securities Services and are placed in Nykredit's Capital Centre E. They are sold as fixed-price agreements are concluded and/or loans are disbursed like ordinary tap issuance. Consequently, block issues do not involve any interest rate or liquidity risk.

Rising short-term rates, uncertain interest rate prospects and a modest difference between short-term and long-term rates in 2007 made long-term, fixed-rate loans more attractive than ARMs. This caused the proportion of long-term, fixed-rate callable bonds to rise from about 23% of gross issuance in 2006 to 30% in 2007. Short-term, fixed-rate non-callable bonds accounted for 32% of gross issuance. Commercial customers continued to find uncapped floating-rate loans attractive, and EUR-denominated loans were in high demand.

The share of outstanding EUR-denominated bonds went up to 10% of the total amount of issued mortgage bonds and SDOs against 8% in 2006.

In 2007 the Nykredit Group issued ROs totaling DKK 300bn (nominal value) and SDOs of DKK 88bn (nominal value), corresponding to total bond issuance of DKK 388bn, of which DKK 115bn was attributed to refinancing during the year.

Floating-rate bonds accounted for 38% of the Group's gross bond issuance in 2007, which reflected their continued popularity from the year before, when they represented 31%.

In recent years the composition of the Nykredit Realkredit Group's outstanding amount of bonds has changed, partly because of the expanded product supply and partly because of the yield development and a flatter yield curve. At end-2007, fixed-rate callable bonds accounted for 37% of the total outstanding amount, while fixed-rate non-callable bullet bonds made up 28%. Floating-rate bonds represented 31% of the Group's total outstanding amount at end-2007, up from 25% in 2006.

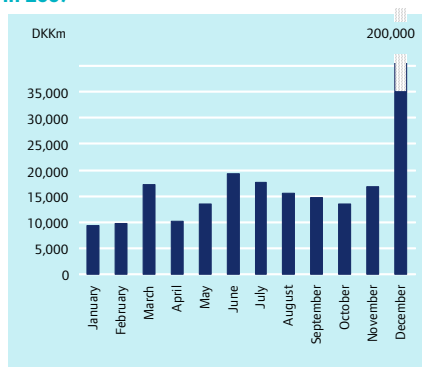
The difference between issued bonds of DKK 1,051bn and mortgage lending of DKK 849bn is primarily attributable to refinancing and pre-issues of DKK 186bn. The residual difference of DKK 15bn chiefly owes to drawings due on 2 January 2008.

Outstanding amount of ROs and SDOs by bond type, coupon and time-to-maturity

DKK million/%	2007	2006
Total nominal outstanding amount	1,050,552	924,357
- of which refinancing	114,876	127,536
- of which pre-issuance	71,084	-
- of which drawn at 1 January	15,381	30,543
Bond types		
Fixed-rate callable bonds:	37.2	34.4
- of which deferred annuity	10.4	6.0
Non-callable fixed-rate bullet bonds:	28.5	36.9
- fixed-rate non-callable bullet bonds, DKK	23.7	29.9
- fixed-rate non-callable bullet bonds, EUR	4.8	7.0
Floating-rate bonds:	30.9	24.6
- short-term uncapped	10.3	4.9
- short-term capped	10.2	10.9
- short-term capped deferred annuity	1.5	0.0
- long-term capped annuity	5.1	5.6
- long-term capped deferred annuity	3.8	3.2
Index-linked	3.5	4.1
Total	100.0	100.0
Coupon		
2%	2.4	14.1
3%	1.3	1.6
4%	38.2	38.3
5%	17.1	15.1
6%	6.2	1.6
Other fixed-rate bonds	0.4	0.6
Floating-rate bonds	30.9	24.6
Index-linked bonds	3.5	4.1
Total	100.0	100.0
Time-to-maturity		
Under 10 years	38.2	48.0
- of which bonds maturing after 1 January 2008	22.2	26.3
10-19 years	15.5	9.1
20-29 years	11.3	13.5
Over 30 years	35.0	29.4
Total	100.0	100.0

Note: Short-term floating-rate bonds have an original maturity of 10 years or less

Gross issuance of mortgage bonds and SDOs in 2007



Bond liquidity

The Nykredit Realkredit Group strives to build large, liquid bond series to obtain an effective pricing of the Group's bonds. At the same time, Nykredit must satisfy borrowers' demands for more and different mortgage products, resulting in bond issues with different interest rate caps, rate fixing methods, maturities, etc. The joint bond issuance of Nykredit Realkredit and Totalkredit contributes to ensuring large series volumes and continuous product development. Liquidity is also underpinned by the Group's large market share and through market making agreements with a number of members of the OMX Nordic Exchange Copenhagen (OMX). In addition, the Nykredit Realkredit Group quotes retail market prices through OMX trading systems for the Group's most liquid bond series.

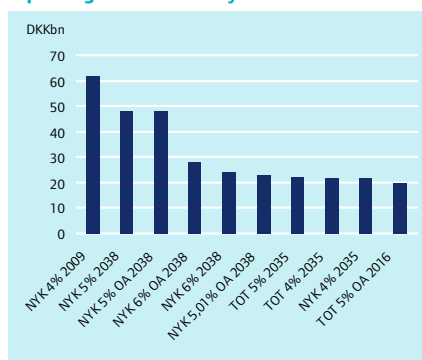
Compared with the European covered bond markets, the Danish mortgage bond market was among the most efficient markets during the credit crisis in the late summer of 2007. Nykredit was able to continue its current tap issues in August and September, when new issuance was very moderate in a number of European countries.

At end-2007 71% of the Group's issued bonds fell within 29 series, each with an outstanding amount of more than DKK 10bn. The ten largest bond series together had an issued amount of more than DKK 318bn at the beginning of 2008, corresponding to 38% of the total issued amount of bonds.

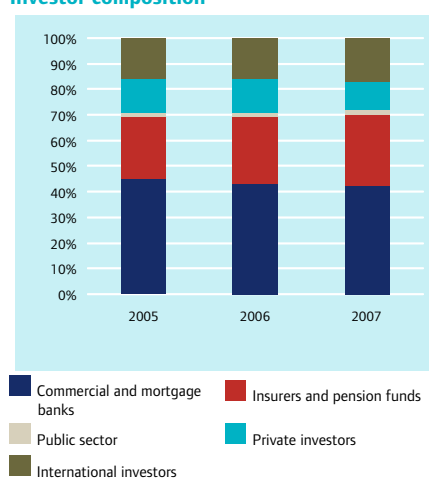
The Nykredit Realkredit Group's largest bond issue at end-2007 was a 1-year fixed-rate non-callable bullet bond with an outstanding amount of DKK 62bn. The second largest ISIN was a 30-year fixed-rate callable bond with an outstanding amount of DKK 48bn.

Total turnover in the Group's ROs and SDOs listed on the OMX amounted to DKK 1,819bn in nominal terms and DKK 1,779bn in market value terms in 2007. This corresponds to an average daily turnover (market value) of DKK 7bn and a total of 314,244 trades. OMX turnover in the Group's ROs accounted for 49% of total OMX turnover in Danish mortgage bonds in 2007.

Largest series on the OMX Nordic Exchange Copenhagen at 2 January 2008



Investor composition



Bond investors

Nykredit sells its ROs and SDOs to both Danish and international investors. In Q3/2007, the Group's mortgage bonds accounted for nearly 48% of international investors' portfolios of Danish mortgage bonds.

With 17%, international investors' proportion of the Nykredit Group's mortgage bonds in Q3/2007 was on a level with Q3/2006. Long-term fixed-rate callable mortgage bonds continue to make up the vast majority of international investors' holdings of mortgage bonds issued by the Nykredit Group. This proportion has been fairly stable at about two-thirds since 2005. International investors' proportion of DKK-denominated variable-rate bonds declined slightly in 2007, whereas their holdings of EUR-denominated bonds rose markedly as floating-rate euro loans, introduced in 2007, were raised.

During the same period, there were minor changes in the composition of the domestic investor base. The ownership share of insurers and pension funds increased slightly, whereas that of commercial banks and mortgage banks decreased correspondingly. 42% of the Nykredit Realkredit Group's outstanding amount of bonds was held by domestic financial institutions at end-Q3/2007, while insurers and pension funds held a share of 28%.

Information about the Group's funding and the Danish mortgage system is available at nykredit.com/ir.

OTHER BONDS

In 2007 Totalkredit exercised its option to redeem supplementary capital of EUR 200m (nominal value).

Nykredit Bank has issued DKK 1.6bn-worth of bonds as part of the ordinary funding activities. The majority of the bonds are listed on the OMX.

Outstanding bonds excl ROs, SDOs and junior covered bonds, end-2007

	Nominal, DKKm	Nominal, EURm	Early redemption	Year of maturity
Nykredit Realkredit				
Hybrid core capital		500	2014	
Supplementary capital		500	2010	2013
Nykredit Bank				
Bond loans	325			2003-2008
Other issues	363	164		2005-2016

Group entities

NYKREDIT HOLDING A/S

Nykredit Holding is the Parent Company of Nykredit Realkredit A/S.

The Company's main activity is the ownership of Nykredit Realkredit. Furthermore, Nykredit Holding has issued guarantees covering pre-fixed loss amounts to entities such as Nykredit Bank.

The Parent Company recorded a profit before tax of DKK 2m for 2007 excluding the results of the subsidiary Nykredit Realkredit A/S.

The Annual Report of Nykredit Holding has not been included in the Annual Report of the Nykredit Realkredit Group. Reference is made to the Annual Report for 2007 for Nykredit Holding.

NYKREDIT REALKREDIT A/S

Nykredit Realkredit posted a profit before tax of DKK 3,876m against DKK 5,895m in 2006. Profit after tax came to DKK 2,897m compared with DKK 4,746m the year before.

Profit for 2007 was affected by a significant loss on the investment portfolio of DKK 2,601m, and a decline in loan impairments reversed. Conversely, profit was favourably influenced by an increase in profit from subsidiaries and core income from securities.

Core income from mortgage operations gained DKK 8m to DKK 3,147m. The figure reflected gross new lending of DKK 110bn coupled with a rise in the loan portfolio of DKK 32bn to DKK 486bn at nominal value.

Core income from securities went up by DKK 412m to DKK 1,414m. The increase reflected growth in the investment portfolio and a rise in average money market rates from 2.9% to 4.0%.

Mortgage banking costs totalled DKK 2,697m, down by DKK 29m on the year before.

Mortgage loan impairment was still affected by losses reversed and netted an income of DKK 55m against a net income of DKK 326m the year before. Losses recognised in relation to lending netted DKK 63m in 2007, of which the majority had been provided for in previous years.

Impairment provisions totalled DKK 253m at year-end against DKK 317m at the beginning of the year. Total impairment at end-2007

equalled 0.05% of loans and advances compared with 0.07% in 2006.

The investment portfolio generated a loss of DKK 375m against a gain of DKK 2,226m the year before. Value adjustment of strategic equities, which has been recognised as investment portfolio income unlike the practice in the Consolidated Financial Statements, generated a loss of DKK 524m for 2007 compared with a gain of DKK 1,433m in 2006.

Nykredit Realkredit is jointly taxed with the Danish subsidiaries and Foreningen Nykredit. Total tax payable is distributed among profit and loss-making, jointly taxed companies in proportion to their taxable income.

Profit distribution

Profit for the year has been taken to equity in accordance with the Articles of Association and the guidelines laid down by the Board of Directors.

For the financial year 2007, Nykredit continued the profit distribution practice applied the year before as adopted by the Board of Directors. Consequently, no series reserve funds, except Capital Centres D and E, receive any share of profit for the year directly. As regards Capital Centres D and E, the distribution of profit reflects the special investment rules governing these capital centres. The capital adequacy requirements of the individual series may, however, necessitate a transfer of capital to series reserve funds.

In accordance with the articles of association of pre-1972 series, the reserve fund shares will be distributed when a loan is partially or fully repaid. In case of losses or a need to provide for a non-performing mortgage of a pre-1972 series, the series in question will be reduced by an equivalent amount. The reserve funds of pre-1972 series will therefore only be affected by distributed reserve fund shares for the year and any loan impairment. Contributed capital consequent to the capital requirements is not distributable.

After distribution of profit for the year, equity stood at DKK 54,447m at the end of the financial year against DKK 51,987m at the beginning of the year.

It will be recommended for adoption by the annual general meeting that dividend in the amount of DKK 500m be distributed for 2007.

Nykredit Realkredit A/S

Core earnings and investment portfolio income

DKK million	2007	2006
Core income from		
Business operations	3,147	3,139
Securities	1,414	1,002
Total	4,561	4,141
Operating costs, depreciation and amortisation	2,697	2,726
Core earnings before impairment losses	1,864	1,415
Impairment losses on loans and advances	(55)	(326)
Profit from equity investments	2,332	1,928
Core earnings after impairment losses	4,251	3,669
Investment portfolio income	(375)	2,226
Profit before tax	3,876	5,895
Tax	979	1,149
Profit for the year	2,897	4,746

Equity will amount to DKK 53,947m after distribution of proposed dividend.

Capital base and capital adequacy

The capital adequacy requirements governing Danish mortgage banks are laid down in Part 10 of the Danish Financial Business Act. The capital base must at any time make up at least 8% of the risk-weighted items of a mortgage bank.

At the end of the financial year, Nykredit Realkredit capital base, including hybrid core capital and supplementary capital, was DKK 55,976m against the statutory capital requirement of DKK 32,565m, equal to a capital adequacy ratio of 13.8%.

The Nykredit Realkredit Group's capital adequacy ratio was 10.3%, making it the restricting factor in terms of capital adequacy.

Hybrid core capital – distributable reserves

Pursuant to the Financial Business Act, a company may not pay interest on hybrid core capital to creditors unless the company has distributable reserves. Interest governed by this provision equals the amount of interest accrued in the period in which the company has no distributable reserves. Interest payments may not be resumed until the company has distributable reserves again, and only interest accrued from this time may be paid.

Distributable reserves include retained earnings for previous years and for 2007 as well as reserves distributable as dividend.

Determined pursuant to the Financial Business Act, Nykredit Realkredit's distributable reserves excluding series reserve funds amounted to DKK 24,959m.

Nykredit Realkredit A/S

Capital base and capital adequacy

DKK million	2007	2006
Core capital		
Equity, year-end	54,447	51,987
Revaluation reserves transferred to supplementary capital	(89)	(91)
Total	54,358	51,896
Statutory deductions from core capital		
Proposed ordinary dividend	(500)	-
Intangible assets, including goodwill	(3,957)	(3,968)
Core capital after primary statutory deductions	49,901	47,928
Hybrid core capital	3,622	3,730
Core capital, incl hybrid core capital, after primary statutory deductions	53,523	51,658
Other statutory deductions ¹	(713)	-
Core capital, incl hybrid core capital, after statutory deductions	52,810	51,658
Supplementary capital		
Reserves in series	157	167
Subordinate loan capital	3,722	3,720
Total	3,879	3,887
Statutory deductions from the capital base		
Deductions under section 131(2) of the Financial Business Act ¹	(713)	(1,153)
Capital base	55,976	54,392
Weighted items		
- not included in the trading book	391,743	334,432
- involving a market risk included in the trading book	15,324	17,695
Total	407,067	352,127
Capital requirement	32,565	28,170
Capital adequacy ratio, %	13.8	15.4
Core capital ratio, %	13.0	14.7

¹ Under section 139 of the Financial Business Act, 50% of the capital requirement, etc of insurance company subsidiaries and certain investments in credit and finance institutions must be deducted from the core capital and supplementary capital.

TOTALKREDIT A/S

In 2007 Totalkredit realised a profit of DKK 1,004m before tax and DKK 754m after tax against DKK 824m and DKK 595m, respectively, in 2006.

Total core income was DKK 1,321m in 2007 against DKK 1,003m in 2006.

Core income from business operations increased by DKK 140m to DKK 999m against DKK 859m in 2006. Core income for the year mirrored the steep lending growth seen in recent years.

In nominal terms, the loan portfolio increased by DKK 51bn to DKK 363bn at year-end. Gross lending came to DKK 98bn and net new lending to DKK 54bn.

Core income from securities amounted to DKK 322m compared with DKK 144m in 2006. The increase was attributable to growth in the investment portfolio following a capital increase and a rise in average money market rates from 2.9% to 4.0%.

Operating costs, depreciation and amortisation were DKK 314m against DKK 219m the year before. The increase was due to higher IT and marketing costs.

Loan impairment losses came to DKK 1m. The low impairment losses were a result of guarantees provided by local and regional banks.

In 2007 Totalkredit increased its share capital by DKK 2bn and raised subordinate loan capital of DKK 1bn (nominal value).

The entire new capital was contributed by the Parent Company Nykredit Realkredit A/S.

Totalkredit repaid subordinate loan capital of EUR 200m (nominal value) in 2007. Subordinate loan capital subsequently amounted to DKK 3,600m at end-2007.

After recognition of the profit for the year and the capital increase, equity stood at DKK 10,729m at year-end.

The capital base was DKK 14,328m at end-2007, equal to a capital adequacy ratio of 9.5%.

Totalkredit A/S**Core earnings and investment portfolio income**

DKK million	2007	2006
Core income from		
Business operations	999	859
Securities	322	144
Total	1,321	1,003
Operating costs, depreciation and amortisation	314	219
Core earnings before impairment losses	1,007	784
Impairment losses on loans and advances	1	2
Core earnings after impairment losses	1,006	782
Investment portfolio income	(2)	42
Profit before tax	1,004	824
Tax	250	229
Profit for the year	754	595

Totalkredit A/S**Summary balance sheet, year-end**

DKK million	2007	2006
Mortgage loans at fair value	349,278	306,239
Bonds and equities	47,156	48,462
Issued bonds, Totalkredit	145,401	183,891
Issued bonds, Nykredit Realkredit	242,622	166,063
Subordinate loan capital	3,600	4,090
Equity	10,729	7,975
Total assets	409,914	367,815

THE NYKREDIT BANK GROUP

In 2007 the Nykredit Bank Group realised a profit of DKK 1,013m before tax and DKK 758m after tax against DKK 877m and DKK 627m, respectively, in 2006.

Core income from business operations increased by DKK 245m to DKK 1,710m against DKK 1,465m in 2006.

The principal reason for growth in core income was higher earnings from Corporate Banking and Markets & Asset Management, which rose by DKK 175m and DKK 82m, respectively, in 2007.

Operating costs, depreciation and amortisation amounted to DKK 883m against DKK 742m in 2006, mainly as a consequence of a greater staff number and higher activity levels in general. The number of staff had risen by 96 to 588 at end-2007.

Loan impairment netted an income of DKK 14m against DKK 44m in 2006. The level of individual loan impairments was low also in 2007 on account of the continued, favourable economic climate in Denmark.

In 2007 Nykredit Bank increased its share capital by DKK 1.1bn and raised subordinate loan capital of DKK 1bn (nominal value). The entire capital increase was contributed by the Parent Company Nykredit Realkredit A/S.

After recognition of the profit for the year and the capital increase, equity stood at DKK 6,099bn at year-end.

The Nykredit Bank Group's capital adequacy ratio was 11.7% at end-2007 against 10.6% at end-2006.

LeasIT A/S

As at 1 October 2007, Nykredit Bank A/S acquired 77.35% of the shares in LeasIT A/S, which is now a wholly-owned subsidiary. LeasIT has 40 staff, and the balance sheet stood at DKK 2.1bn at the acquisition date, of which the lease portfolio accounted for DKK 1.9bn.

The Nykredit Bank Group

Core earnings and investment portfolio income

DKK million	2007	2006
Core income from		
Business operations	1,710	1,465
Securities	186	113
Total	1,896	1,578
Operating costs, depreciation and amortisation	883	742
Core earnings before impairment losses	1,013	836
Impairment losses on loans and advances	(14)	(44)
Core earnings after impairment losses	1,027	880
Investment portfolio income	(14)	(3)
Profit before tax	1,013	877
Tax	255	250
Profit for the year	758	627

The Nykredit Bank Group

Summary balance sheet, year-end

DKK million	2007	2006
Loans and advances	45,209	32,415
Bonds and equities	55,483	47,955
Payables to credit institutions and central banks	76,825	63,107
Deposits	31,717	22,667
Equity	6,099	4,241
Total assets	135,399	107,045

NYKREDIT FORSIKRING A/S

In 2007 the insurer recorded a profit of DKK 203m before tax and DKK 149m after tax against DKK 235m and DKK 170m, respectively, in 2006. Profit was affected by lower investment portfolio income due to distribution of dividend to the Parent Company.

The insurer posted a technical profit of DKK 129m against DKK 105m the year before. The technical profit is profit before tax adjusted for core income from securities and investment portfolio income.

The activity level was in line with 2006. New insurance policies written totalled DKK 344m. The insurance portfolio totalled DKK 1,340m at year-end.

Premiums rose from DKK 1,255m in 2006 to DKK 1,292m. Retail Customers and Commercial Customers delivered 2.1% and 4.6%, respectively, of the increase.

2007 saw extraordinary weather conditions such as storms and heavy rain. An extensive roof fire in Christianshavn, Copenhagen, caused claims expenses of some DKK 14m after reinsurance. The fire was the largest single claim in the history of the insurer.

Operating costs, depreciation and amortisation increased by DKK 19m to DKK 194m, chiefly due to higher staff costs. The cost ratio edged up by 0.6% to 18.2%.

The combined ratio and the operating ratio amounted to 93.4% and 90.4%, respectively, against 94.7% and 91.9% the year before.

The combined ratio is the sum of the gross claims ratio, the gross cost ratio and the net reinsurance ratio. The operating ratio equals the combined ratio where technical interest has been added to premiums.

Investment portfolio income declined by DKK 64m to DKK 17m on 2006. The reason for the downturn was a DKK 800m dividend distributed in May, in which connection the investment portfolio was reduced.

After transfer of profit for the year, equity stood at DKK 1,150m at year-end.

The statutory capital base requirement, determined as the so-called solvency margin, was DKK 218m at end-2007.

Nykredit Forsikring A/S**Core earnings and investment portfolio income**

DKK million	2007	2006
Core income from		
Business operations	1,218	1,175
Securities	57	49
Total	1,275	1,224
Operating costs, depreciation and amortisation	194	175
Claims incurred	895	895
Core earnings	186	154
Investment portfolio income	17	81
Profit before tax	203	235
Tax	54	65
Profit for the year	149	170

Nykredit Forsikring A/S**Financial highlights**

DKK million	2007	2006
Premiums, adjusted for reserves	1,292	1,255
Net premiums earned	1,214	1,183
Financial ratios		
Claims ratio, %	74.5	73.0
Cost ratio, %	18.2	17.6
Net reinsurance ratio, %	0.7	4.1
Combined ratio, %	93.4	94.7
Operating ratio, %	90.4	91.9

NYKREDIT MÆGLER A/S

Nykredit Mægler's core business is being the franchiser of the estate agency chain Nybolig and cooperating with the estate agency chain Estate.

At end-2007, the agency network comprised 342 estate agencies of which 231 Nybolig agencies and 111 Estate agencies.

Activity in the property market was lower than the year before. Nykredit Mægler franchisees sold 19,400 properties in 2007, which was 10% fewer than the year before.

Nykredit Mægler realised a profit of DKK 49m before tax and DKK 35m after tax against DKK 56m and DKK 39m, respectively, in 2006.

NYKREDIT EJENDOMME A/S

Nykredit Ejendomme's main activity is the leasing of a number of the Nykredit Realkredit Group's owner-occupied properties.

Profit for 2007 was DKK 54m against DKK 61m the year before. In the year under review, the company sold its stake in Hotelinvest Kalvebod A/S and realised a gain of some DKK 45m.

The company's equity was DKK 540m at end-2007. In addition to profit for the year, equity was affected by the revaluation of a building of DKK 36m recognised directly in equity after provision for deferred tax.

Nykredit Mægler A/S

DKK million	2007	2006
Profit for the year	35	39
Balance sheet total	143	140
Equity ¹	116	101

¹ Dividend of DKK 20m distributed in 2006 was settled in 2007

Nykredit Ejendomme A/S

DKK million	2007	2006
Profit for the year	54	61
Balance sheet total	1,283	1,363
Equity	540	450

Financial highlights

Nykredit Realkredit A/S

DKK million	2007	2006	2005 ¹	2004 ¹	2003
Net interest income	3,484	3,169	3,658	3,455	3,838
Net fee income	792	771	1,228	693	763
Net interest and fee income	4,276	3,940	4,886	4,148	4,601
Value adjustments	(136)	2,387	1,621	1,112	1,397
Other operating income	5	16	4	18	18
Staff and administrative expenses	2,243	2,319	2,202	2,096	2,084
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	454	407	361	263	79
Impairment losses on loans and receivables	(55)	(326)	(251)	(408)	49
Profit from investments in associates and group enterprises	2,375	1,952	1,403	923	608
Profit before tax	3,877	5,895	5,602	4,250	4,412
Tax	979	1,149	1,205	1,057	1,137
Profit for the year	2,897	4,746	4,397	3,193	3,275
SUMMARY BALANCE SHEET					
Assets	2007	2006	2005	01.01.2005 ¹	2003
Cash balance and receivables from credit institutions and central banks	79,969	47,568	54,087	41,810	53,083
Mortgage loans	473,950	451,893	439,866	435,648	425,786
Funding and mortgage lending - Totalkredit	242,622	166,063	63,453	-	-
Bonds and equities	69,892	59,604	65,476	57,715	106,965
Other assets	35,581	28,975	19,574	17,101	12,836
Total assets	902,014	754,103	642,456	552,274	598,670
Liabilities and equity					
Payables to credit institutions and central banks	63,210	38,101	27,859	17,160	8,602
Issued bonds	724,746	634,851	539,934	469,563	529,700
Subordinate loan capital					
- Hybrid core capital	3,622	3,730	3,940	3,844	-
- Supplementary capital	3,722	3,720	3,722	-	-
Other liabilities	52,267	21,714	19,862	19,010	21,307
Equity	54,447	51,987	47,139	42,697	39,061
Total liabilities and equity	902,014	754,103	642,456	552,274	598,670
Financial ratios	2007	2006	2005 ¹	2004 ¹	2003
Capital adequacy ratio, %	13.8	15.4	16.0	14.4	12.3
Core capital ratio, %	13.0	14.7	15.0	14.6	12.6
Return on equity before tax, %	7.3	11.9	12.5	10.4	12.0
Return on equity after tax, %	5.4	9.6	9.8	7.8	8.9
Income:cost ratio, DKK	2.47	3.46	3.42	2.68	2.99
Foreign exchange position, %	1.8	0.5	0.6	0.3	1.7
Loans and advances:equity (gearing)	8.7	8.7	9.4	10.2	10.9
Growth in loans and advances for the year, %	7.0	4.3	1.6	0.9	3.1
Accumulated impairment losses, %	0.1	0.1	0.1	0.3	0.4
Impairment losses for the year, %	(0.0)	(0.1)	(0.1)	(0.1)	0.0

¹ As from 2005, the Financial Statements have been presented in accordance with IFRS.

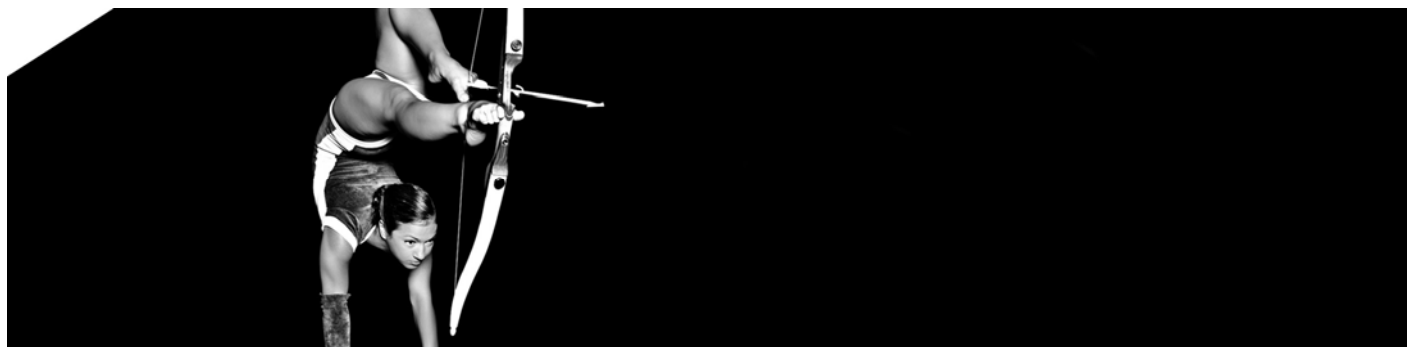
Financial highlights

The Nykredit Realkredit Group

DKK million	2007	2006	2005 ¹	2004 ¹	2003
Net interest income	6,641	5,653	5,988	5,372	4,768
Net fee income	370	401	1,034	399	862
Net interest and fee income	7,011	6,054	7,022	5,771	5,630
Net premiums earned	1,214	1,183	1,152	1,219	0
Value adjustments	921	1,516	444	1,175	1,408
Other operating income	436	235	157	178	144
Claims incurred, net of reinsurance	895	896	938	1,002	0
Staff and administrative expenses	3,858	3,536	3,204	2,996	2,590
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	541	500	549	517	121
Other operating expenses	3	2	5	5	8
Impairment losses on loans and receivables	(67)	(369)	(245)	(400)	184
Profit from investments in associates and group enterprises	42	30	17	27	142
Profit before tax	4,395	4,453	4,341	4,250	4,421
Tax	1,032	1,126	1,161	1,057	1,146
Profit for the year	3,363	3,327	3,180	3,193	3,275
SUMMARY BALANCE SHEET		2006	2005 ¹	01.01.2005 ¹	2003
Assets					
Cash balance and receivables from credit institutions and central banks	82,645	57,516	67,664	52,809	62,643
Mortgage loans	823,228	758,132	699,116	632,504	586,664
Bank loans – excl reverse transactions	39,660	28,983	19,870	17,408	22,276
Bonds and equities	98,588	89,005	79,788	73,957	142,605
Other assets	30,937	23,528	23,576	21,405	14,855
Total assets	1,075,058	957,164	890,014	798,083	829,043
Liabilities and equity					
Payables to credit institutions and central banks	115,875	84,512	55,322	44,069	37,185
Deposits	31,581	22,165	21,808	18,702	14,139
Issued bonds	796,403	751,560	718,041	651,607	698,067
Subordinate loan capital					
- Hybrid core capital	3,622	3,730	3,940	3,844	0
- Supplementary capital	3,722	4,985	6,104	2,600	2,601
Other liabilities	69,408	38,225	36,107	33,026	37,990
Equity	54,447	51,987	48,692	44,235	39,061
Total liabilities and equity	1,075,058	957,164	890,014	798,083	829,043
Financial ratios		2006	2005 ¹	2004 ¹	2003
Capital adequacy ratio, %	10.3	11.8	12.4	11.5	10.5
Core capital ratio, %	9.7	11.0	11.3	11.0	10.1
Return on equity before tax, %	8.3	8.8	9.3	9.9	12.0
Return on equity after tax, %	6.3	6.6	6.8	7.4	8.9
Income:cost ratio, DKK	1.84	1.98	1.98	2.36	2.52
Foreign exchange position, %	2.3	1.1	1.0	0.5	1.3
Loans and advances:equity (gearing)	16.0	15.2	14.9	14.4	15.6
Growth in loans and advances for the year, %	11.9	10.6	11.8	6.1	39.5
Accumulated impairment losses, %	0.0	0.1	0.1	0.2	0.3
Impairment losses for the year, %	(0.0)	(0.0)	(0.0)	(0.1)	0.0

¹ As from 2005, the Financial Statements have been presented in accordance with IFRS.

Management Statement and Audit Reports



STATEMENT BY THE EXECUTIVE BOARD AND BOARD OF DIRECTORS ON THE ANNUAL REPORT

The Board of Directors and the Executive Board have today reviewed and approved the Annual Report for 2007 of Nykredit Realkredit A/S and the Nykredit Realkredit Group.

The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU. The Parent Financial

Statements have been prepared in accordance with the Danish Financial Business Act. The Annual Report has furthermore been prepared in accordance with additional Danish disclosure requirements for annual reports of issuers of listed bonds.

In our opinion, the management's review gives a true and fair view of the development in the activities and financial circumstances of the Group and the Parent Company as well as an adequate description of the material risk and

uncertainty factors affecting the Group and the Parent Company.

We are furthermore of the opinion that the Annual Report gives a true and fair view of the Group's and the Parent Company's assets, liabilities, equity and financial position at 31 December 2007 and the results of the Group's and the Parent Company's activities as well as the Group's cash flows for the financial year 2007.

The Annual Report is recommended for approval by the general meeting.

Copenhagen, 7 February 2008

Executive Board

Peter Engberg Jensen,
Group Chief Executive

Søren Holm,
Group Managing Director

Karsten Knudsen,
Group Managing Director

Per Ladegaard,
Group Managing Director

Niels Tørslev,
Group Managing Director

Board of Directors

Steen E. Christensen,
Chairman

Hans Bang-Hansen,
Deputy Chairman

K.E. Borup,
Deputy Chairman

Kristian Benggaard

Michael Demsitz

John Finderup

Anette R. Fischer

Steffen Kragh

Allan Kristiansen

Henrik Laustsen

Susanne Møller Nielsen

Nina Smith

Jens Thomsen

Jens Erik Udsen

Leif Vinther

INTERNAL AUDITORS' REPORT

We have audited the Annual Report of Nykredit Realkredit A/S for the financial year 1 January – 31 December 2007. The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU, and the Parent Financial Statements have been prepared in accordance with the Danish Financial Business Act. Further, the Annual Report has been prepared in accordance with additional Danish disclosure requirements for annual reports of issuers of listed bonds.

Basis of opinion

We conducted our audit in accordance with the Executive Order of the Danish Financial Supervisory Authority on Auditing Financial Undertakings etc. as well as Financial Groups and the Danish and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the Annual Report is free from material misstatement.

The audit has been performed in accordance with the division of work agreed with the external auditors and has included an assessment of procedures and internal control established, including the risk management organised by Management relevant to the entity's reporting processes and significant business risks. Based on materiality and risk, we have examined, on a test basis, the basis of amounts and other disclosures in the Annual Report, including evidence supporting amounts and disclosures in the Annual Report. Furthermore, the audit has included evaluating the appropriateness of the accounting policies applied by Management and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the Annual Report.

We have participated in the audit of risk and other material areas and believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the procedures and internal control established, including the risk management organised by Management aimed at Group and Parent Company reporting processes and significant business risks, are working satisfactorily.

Furthermore, in our opinion, the Annual Report gives a true and fair view of the Group's and the Parent Company's assets, liabilities, equity and financial position at 31 December 2007 as well as of the Group's and the Parent Company's activities and the Group's cash flows for the financial year 1 January – 31 December 2007 in accordance with the International Financial Reporting Standards as adopted by the EU in respect of the Consolidated Financial Statements, in accordance with the Danish Financial Business Act in respect of the Parent Financial Statements, and otherwise in accordance with additional Danish disclosure requirements for annual reports of issuers of listed bonds.

Copenhagen, 7 February 2008

Claus Okholm
Chief Audit
Executive

Kim Stormly Hansen
Deputy Chief Audit
Executive

INDEPENDENT AUDITORS' REPORT

To the shareholder of Nykredit Realkredit A/S

We have audited the Annual Report of Nykredit Realkredit A/S for the financial year 1 January – 31 December 2007. The Annual Report comprises the statement by Management on the Annual Report, the management's review, the accounting policies, the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and the notes to the financial statements. The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU, and the Parent Financial Statements have been prepared in accordance with the Danish Financial Business Act. In addition, the Annual Report has been prepared in accordance with additional Danish disclosure requirements for annual reports of issuers of listed bonds.

Management's responsibility for the Annual Report

Management is responsible for the preparation and fair presentation of an annual report in accordance with International Financial Reporting Standards as adopted by the EU in respect of the Consolidated Financial Statements, in accordance with the Danish Financial Business Act in respect of the Parent Financial Statements, and otherwise in accordance with additional Danish disclosure requirements for annual reports of issuers of listed bonds. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility and basis of opinion

Our responsibility is to express an opinion on this Annual Report based on our audit. We conducted our audit in accordance with Danish and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Annual Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence for the amounts and disclosures in the Annual Report. The procedures selected depend on the auditors' judg-

ment, including the assessment of the risks of material misstatement in the Annual Report, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of an annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies applied by Management and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the Annual Report.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Annual Report gives a true and fair view of the Group's and the Parent Company's assets, liabilities, equity and financial position at 31 December 2007 as well as of the Group's and the Parent Company's activities and the Group's cash flows for the financial year 1 January – 31 December 2007 in accordance with the International Financial Reporting Standards as adopted by the EU in respect of the Consolidated Financial Statements, in accordance with the Danish Financial Business Act in respect of the Parent Financial Statements, and otherwise in accordance with additional Danish disclosure requirements for annual reports of issuers of listed bonds.

Copenhagen, 7 February 2008

Deloitte
Statsautoriseret Revisionsaktieselskab

Erik Holst Jørgensen	Henrik Wellejus
State-Authorised	State-Authorised
Public Accountant	Public Accountant

ACCOUNTING POLICIES OF THE NYKREDIT REALKREDIT GROUP

General

The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The Consolidated Financial Statements have furthermore been prepared in accordance with Danish disclosure requirements relating to the presentation of financial statements of issuers of listed bonds, of the disclosure requirements of the OMX Nordic Exchange Copenhagen and the Executive Order on the application of international financial reporting standards for companies subject to the Danish Financial Business Act.

The accounting policies are unchanged relative to the Annual Report for 2006.

All figures in the Annual Report have been rounded to the nearest million kroner (DKK). The totals stated have been calculated on the basis of actual figures. Due to the rounding-off, the sum of the individual figures and the totals stated may differ slightly.

Implementation of new and amended standards and interpretations

The Annual Report for 2007 has been presented in accordance with the new and amended standards (IFRS/IAS) as well as the new international financial reporting interpretations (IFRIC) applicable to financial years beginning on 1 January 2007.

IAS 1 Amendment – Presentation of Financial Statements: Capital Disclosures. The amendments introduce disclosure requirements as to the capital relating to targets, practices and processes of capital management. The Nykredit Group has opted to implement the standard prematurely at 1 January 2006.

IFRS 7 Financial Instruments: Disclosures. The standard introduces new disclosure requirements in relation to financial instruments. The Nykredit Group has opted to implement the standard prematurely at 1 January 2005.

On 1 November 2006, IFRIC 10 Interim Financial Reporting and Impairment entered into force (adopted by the EU on 1 June 2007). The interpretation stipulates that certain impairment losses recognised in a previous interim period may not be reversed in the Annual Report. The interpretation has been implemented, but has not affected the presentation of the financial statements of the Nykredit Group.

Reporting standards and interpretations that have not yet entered into force

At the time of presentation of this Annual Report, a number of new or amended standards – IFRS 8 Operating Segments and amendments to IAS 23 Borrowing Costs – and interpretations IFRIC 11 to 14 have not entered into force yet and have therefore not been implemented into this Annual Report. In Management's opinion, the Group's future implementation of these standards and interpretations will have only a minor effect on the Annual Report.

IFRS 8 Operating Segments specifies a number of conditions of the breakdown of amounts by business area and of the required disclosures for each area. The standard enters into force for financial years beginning on or after 1 January 2009.

As a consequence of the amendments to IAS 23, borrowing costs must be included in the cost of qualifying assets. IAS 23 enters into force for financial years beginning on or after 1 January 2009.

Accounting estimates, recognition and measurement in general

Accounting estimates

In accordance with IFRS, the Annual Report has been prepared on the basis of certain special assumptions that require the use of accounting estimates. These estimates have been made by Nykredit's Management in accordance with the accounting policies and based on past experience and are, in Management's opinion, reasonable and realistic assumptions.

The accounting estimates and their underlying assumptions are tested and assessed regularly.

Areas implying a higher degree of assessment or complexity or areas in which assumptions and estimates are material to the financial statements are:

- Provisions for loan and receivable impairment involving significant estimates in connection with the quantification of the risk of not receiving all future payments. Furthermore, group-based impairment provisions still involve some uncertainty due to the limited historical data underlying the Group's computations.
- Unlisted financial instruments involving significant estimates in connection with the measurement of fair values.
- The value of defined benefit plans (Other assets) involving significant estimates in

connection with the use of the actuarial assumptions which the determination is based on, including discounting rates, the expected return on plan assets and the expected rate of increase in wages, salaries and pensions.

- Provisions for pensions, etc involving significant estimates in connection with actuarial assumptions, including staff turnover, which are applied in connection with the determination of pay-related obligations.
- Other provisions involving significant estimates in connection with the determination of the expected development in To-talkredit's market share of private residential mortgages which is an important element hereof.
- Insurance obligations involving significant estimates in connection with actuarial assumptions, including the settlement of open claims, payment patterns and the development in prices.

Recognition

Assets have been recognised in the balance sheet if it has been probable that future economic benefits will flow to the Company, and if the value of the asset can be measured reliably.

Liabilities have been recognised in the balance sheet if it has been probable that future economic benefits will flow from the Company/Group, and if the value of the liability can be measured reliably.

Income has been recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost have been recognised through profit or loss in the period in which they have arisen.

Also, all costs incurred in connection with this year's earnings have been recognised in the income statement, including depreciation and amortisation, impairment losses and provisions as well as reversals as a result of changed accounting estimates previously recognised in the income statement.

Financial assets and liabilities have initially been recognised on the date of transaction and have been derecognised when the right to receive/pay cash flows from the financial asset or liability has lapsed or been transferred, and the Group in all material respects has transferred all risks and returns related to ownership.

Measurement

The financial statements have been prepared based on the historical cost convention except as modified by the recognition of financial assets and liabilities, including properties.

On initial recognition, financial assets and liabilities have been measured at fair value. Financial assets and liabilities have subsequently been measured at either fair value or amortised cost according to their classification.

The categories "Loans, advances and receivables" and "Other financial liabilities" have in general been measured at amortised cost, including a constant effective interest rate over the maturity. Amortised cost has been determined as the original cost with the deduction of principal payments and the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal value with the deduction of impairment provisions. Capital losses and gains have been distributed over the maturity accordingly.

The category "Financial assets and liabilities at fair value through profit or loss" consists of the two subcategories: financial assets/liabilities held for trading and assets/liabilities classified at fair value (the fair value option) on initial recognition.

Financial assets/liabilities have been classified as "held for trading", if acquired principally to obtain a gain in the short term, if they form part of a portfolio where evidence of a short-term realisation of gains exists or if classified as such by Management. Derivative financial instruments have also been classified as financial assets held for trading unless classified as hedges.

On initial recognition, a financial asset/liability has been classified at fair value (the fair value option) if a group of financial assets/liabilities is managed, and the earnings are determined by Nykredit's Management based on their fair values in accordance with a documented risk management or investment strategy, or if such classification eliminates or in material respects reduces any accounting mismatch that might arise on application of the ordinary measurement provisions of IAS 39.

"Financial assets and liabilities at fair value through profit or loss" have been measured at fair value, and realised and unrealised gains and losses arising as a result of changes in the fair value have been recognised in the income statement in the period in which they arose.

The category "Financial assets available for sale" includes financial assets classified as such by Nykredit's Management or because they do not fall into any other categories.

"Financial assets available for sale" have been measured on a current basis at fair value, and the fair value adjustments have been recognised directly in equity. When the financial asset has been divested or written down, the accumulated fair value adjustments have been transferred to the income statement.

If the market for a financial asset or liability is illiquid, or if no publicly recognised pricing exists, Nykredit has determined the fair value using recognised measurement techniques. These techniques include corresponding recent transactions between independent parties, reference to other corresponding instruments and an analysis of discounted cash flows as well as option and other models based on observable market data.

In Management's opinion, the methods and estimates applied as part of the measurement techniques give a reliable view of the fair value of the instruments.

Derivative financial instruments

On initial recognition, derivative financial instruments have been recognised in the balance sheet at fair value and, subsequently, measured at fair value. Value adjustments have been recognised in the income statement under "Value adjustments" in the period in which they arose. Positive and negative fair values of derivative financial instruments have been recognised under other assets or other liabilities, as appropriate. The fair values of derivative financial instruments have been stated on the basis of available market data and recognised measurement methods.

Hedge accounting

Changes in the fair values of derivative financial instruments classified as and meeting the criteria of fair value hedges of a recognised asset or liability have been recognised in the income statement, including changes in the value of the hedged asset or the hedged liability to the extent of the hedged part.

The Nykredit Group uses derivatives (interest rate swaps) to hedge the interest rate risk of certain fixed-rate financial assets and liabilities.

The hedges have been established for individual assets and liabilities and at portfolio level.

The hedge accounting effectiveness has been measured and assessed on a current basis.

Consolidation

Nykredit Realkredit A/S (the Parent Company) and the enterprises in which Nykredit Realkredit A/S exercises direct or indirect control over the enterprises' financial and operational management have been included in the Consolidated Financial Statements. Collectively, Nykredit Realkredit A/S and its subsidiaries are referred to as the Nykredit Realkredit Group.

Enterprises in which the Nykredit Realkredit Group shares joint control with other enterprises which do not form part of the Group are considered joint ventures. The Group's investments in joint ventures have been recognised by proportionate consolidation.

The Consolidated Financial Statements have been prepared based on the financial statements of the individual enterprises combining items of a uniform nature. All intercompany income and costs, dividends, intercompany shareholdings and balances as well as realised and unrealised intercompany gains and losses have been eliminated.

Newly acquired and divested enterprises have been recognised in the income statement in the period in which Nykredit Realkredit A/S owned the enterprise. Comparative figures have not been adjusted for divested or newly acquired enterprises except in the case of mergers with subsidiaries.

Business combinations and acquisitions

On acquisition of new enterprises in which the Parent Company obtains control over the acquired enterprise, the purchase method has been applied. Acquisitions have been effected using the uniting-of-interests method of accounting in case of mergers with subsidiaries.

The identifiable assets, liabilities and contingent liabilities of the acquired enterprises have been measured at fair value at the time of acquisition. Identifiable intangible assets have been recognised where they can be separated or arise out of a contractual right, and where the fair value can be determined reliably. Deferred tax on revaluations made has been recognised.

For business combinations made on 11 November 2003 or later, positive balances (goodwill) between the cost of the enterprise and the fair value of the identifiable assets, liabilities and contingent liabilities acquired

have been recognised as goodwill under intangible assets.

The accounting classification according to the previous accounting policies of business combinations made before 11 November 2003 has been maintained. Goodwill has been recognised based on cost recognised in accordance with the previous accounting policies with the deduction of amortisation and impairment losses up to 10 November 2003. Goodwill has not been amortised after 11 November 2003.

Gains or losses on divestment or winding up of subsidiaries and associates have been determined as the difference between the selling price or the disposal consideration and the carrying amount of net assets including goodwill at the time of sale as well as costs incidental to the sale or winding-up.

Minority interests

In determining the consolidated profit/loss and equity, the proportion of subsidiaries' profit/loss and equity attributable to minority interests has been recognised as separate items in the income statement and balance sheet. Minority interests have been recognised based on the revaluation of assets and liabilities acquired at fair value at the time of the acquisition of the subsidiaries.

In case of subsequent changes in minority interests, the change will be included in profit/loss from the time of change.

Segment information

Information has been provided on business segments and geographic markets. The presentation of the business areas has been based on the current reporting made to Group Management and, consequently, also the principles applied in connection with management control. The business segments reflect the Group's returns and risks and are considered to be the Group's main segments.

The segments include the concepts core earnings and investment portfolio income. Core earnings include earnings from lending, ie customer-oriented activities, and core earnings from securities. Core earnings from securities include the risk-free return on the part of the securities portfolio not allocated to the business areas. No risk-free interest is calculated on capital allocated to the business areas. Investment portfolio income includes the part of the return exceeding risk-free interest.

Income and expenses included in the profit/loss before tax of the individual seg-

ments include directly as well as indirectly attributable items. Such allocation has been based on internally fixed allocation keys as well as intercompany agreements between the individual business segments. Items not directly or indirectly attributable have not been subject to allocation.

The underlying financial assets and liabilities of the financial income and expenses forming part of the segment profit/loss have been allocated to each business segment. Non-current assets in the segment include the non-current assets used directly as part of the segment operations, including intangible assets, property, plant, equipment and investments in associates.

The business capital of the individual segments equals 8% of the segments' average weighted items (the minimum requirement), while the business return has been estimated as profit/loss relative to the business capital.

Information has been provided exclusively at group level.

Currency

The Consolidated Financial Statements have been presented in Danish kroner (DKK) which is the functional as well as the presentation currency of the Parent Company. All other currencies have been regarded as foreign currencies.

Transactions in foreign currencies have been translated into the functional currency at the exchange rates prevailing on the transaction date. Exchange rate gains and losses arising on the settlement of these transactions have been recognised in the income statement.

At the balance sheet date, monetary assets and liabilities in foreign currencies have been translated at the rate prevailing on the balance sheet date. Foreign currency translation adjustment has been recognised in the income statement.

Currency translation differences arisen on translation of non-monetary items such as equities at fair value recognised in the income statement have been recognised as part of the fair value gain or loss. Currency translation differences arisen on translation of non-monetary items such as equities classified as financial assets available for sale have been recognised in the fair value reserve under equity.

The financial statements of integrated foreign entities have been translated into Danish kroner at the exchange rates prevailing on the balance sheet date with respect to balance sheet items and at average exchange rates with respect to income statement items. The currency change in foreign subsidiaries has been recognised directly in equity.

Impairment

The carrying amounts of intangible assets, property, plant and equipment are reviewed annually to determine whether there is any evidence of impairment apart from what has been recognised as depreciation and amortisation. If this is the case, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset concerned will be written down to the lower recoverable amount. Such impairment test is carried out annually with respect to in-progress development projects regardless of whether there has been any evidence of impairment.

The recoverable amount of an asset has been determined as the higher value of the net sales price and the value in use. Where no recoverable amount can be determined for the individual asset, the assets have been measured in the lowest aggregation of assets where overall measurement may provide a reliable recoverable amount.

Repo/reverse

Securities sold as part of sale and repurchase transactions have been retained in the balance sheet under the appropriate principal item, eg "Bonds". The amount received has been recognised as payables to the counterparty or under the item "Non-derivative financial liabilities at fair value". The liability has been fair value adjusted over the maturity of the agreement through profit or loss.

Securities acquired as part of sale and repurchase transactions have been stated as receivables from the counterparty or under the item "Loans, advances and receivables at fair value". The receivable has been fair value adjusted over the maturity of the agreement through profit or loss.

Leases

The Nykredit Group has entered into a number of leases with Nykredit as lessor.

Receivables from the lessee under finance leases have been included under "Loans, advances and other receivables at amortised cost". The leases have been measured so the

carrying amount equals the net investment in the lease. Interest receivable under finance leases has been recognised as income under the item "Interest income". Repayments made have been deducted from the carrying amount concurrently with the amortisation of the receivable.

Direct costs on establishment of leases have been recognised in the net investment.

Properties leased under operating leases have been classified as "Investment properties". The properties have been measured at fair value in accordance with IAS 40 Investment Property. Fair value adjustments have been recognised on a current basis through profit or loss under the item "Value adjustments".

Lease payments received have been recognised as income under "Other operating income".

Pensions and similar obligations

The Group has entered into pension agreements with the majority of its staff. The agreements can be divided into two overall types of plans:

Defined contribution plans according to which the Group makes fixed contributions to staff members' pension plans on a current basis. The Group is under no obligation to make further contributions. The contributions to defined contribution plans have been recognised in the income statement at the time of maturity, and any contributions payable have been recognised in the balance sheet under "Other payables".

Defined benefit plans according to which the Group is obligated to make certain contributions in connection with retirement. Defined benefit plans are subject to an annual actuarial calculation (the Projected Unit Credit method) of the value in use of future benefits payable under the plans. The value in use has been calculated based on assumptions of the future development in eg wages and salaries, interest rates, inflation and mortality. The value in use has only been calculated for benefits to which staff members have become entitled through their employment in the Group. The actuarially calculated value in use with the deduction of the fair value of plan assets has been recognised in the balance sheet under "Other assets" or "Other liabilities", as appropriate. Actuarial gains and losses have been recognised in the income statement in the year in which they have arisen.

INCOME STATEMENT

Interest income and expenses

Interest includes interest due and accrued up to the balance sheet date.

Interest income includes interest and interest-like income, including interest-like commission received and other income that forms an integral part of the effective interest of the underlying instruments. The item also includes the index premium on assets, forward premium of securities and foreign exchange trades as well as adjustments over the maturity of financial assets measured at amortised cost and where cost varies from the redemption price.

Interest income from impaired bank loans and advances has been included under "Interest income" at an amount reflecting the effective interest of the impaired value of loans and advances. Any interest income from the underlying loans and advances exceeding this amount has been included under the item "Impairment losses on loans, advances and receivables".

Interest expenses include all interest-like expenses including adjustment over the maturity of financial liabilities measured at amortised cost and where cost differs from the redemption price.

Dividend

Dividend from equity investments has been recognised as income in the income statement in the financial year in which the dividend was declared.

Fees and commissions

Fees and commissions include income and expenses relating to services, including management fees. Fee income relating to services delivered on a current basis has been accrued over their terms.

For accounting purposes, fees, commissions and transaction costs have been treated as interest if they form part of the effective interest of a financial instrument.

Other fees have been recognised in the income statement at the date of transaction.

Net premiums earned

Premiums

Net premiums earned include the directly and indirectly written policies for the year in which the risk period commenced before the end of the financial period with the deduction of reinsurers' share and changes in the provisions for unearned premiums. Premiums have been recognised according to policy risk exposure,

however, to an extent at least equal to the coverage period.

Technical interest

Technical interest attributed from the investment business to the insurance business has been determined as an estimated interest yield of the average insurance provisions for the year. Such interest has been estimated based on the interest rate prescribed by the Danish Financial Supervisory Authority.

The item includes the discounting effect attributable to maturity changes in insurance provisions.

Value adjustments

Value adjustments include foreign currency translation adjustment and value adjustments of assets and liabilities measured at fair value. Value adjustments relating to the credit risk of loans and advances and receivables measured at fair value have, however, been recognised under the item "Impairment losses on loans, advances and receivables".

Claims incurred, net of reinsurance

Claims incurred consist of claims paid for the year, the run-off profit/loss relating to previous years and adjustments for changes in claims provisions less reinsurers' share. Furthermore, the item includes expenses incurred in connection with the inspection and valuation of damages as well as direct and indirect claims administration expenses.

The item does not include the share of changes in claims provisions attributable to changes in the discount rate and maturity reductions which have been recognised under value adjustments or technical interest, as appropriate.

Staff and administrative expenses

Staff expenses include wages and salaries as well as social expenses and pensions. Obligations for jubilee benefits and severance pay have been recognised successively.

Impairment losses on loans and receivables

Losses ascertained and impairment changes for the year have been charged to the income statement under the item "Impairment losses on loans, advances and receivables".

Profit/loss from investments in associates

The proportionate share of the profit/loss before tax of associates after elimination of the proportional share of intercompany profit/loss has been recognised in the Consolidated Income Statement.

Tax

Tax calculated at the current tax rate of taxable income for the year, adjustment of tax assessed for prior years and adjustment of the proportion of deferred tax relating to tax assets and liabilities attributable to the profit for the year have been charged to the income statement. The adjustments relating to deferred tax attributable to direct equity entries have been recognised directly in equity.

The Nykredit Group's Danish companies have been jointly taxed with the Parent Foreningen Nykredit, which settles the total tax payable by the Group on the taxable income assessed for the year. Current Danish corporation tax payable has been distributed between the jointly taxed Danish companies relative to their taxable income (full distribution subject to refund for tax losses).

Domestic corporation tax payable by the jointly taxed companies is payable in accordance with the scheme for payment of tax on account. Interest payable or receivable relating to the voluntary payment of tax on account and interest payable or receivable on the over-/underpayment of tax have been recognised under "Other interest income" or "Other interest expenses", as appropriate.

ASSETS

Receivables from credit institutions and central banks

Receivables from credit institutions and central banks include receivables from other credit institutions and time deposits with central banks. The first recognition takes place at fair value. Subsequent measurement has been made at amortised cost. This item also includes securities acquired as part of sales and repurchase transactions (repo/reverse) which have subsequently been measured at fair value.

Loans, advances and other receivables at fair value (the fair value option)

The item includes loans and advances included in the trading portfolio and mortgage loans classified at fair value (the fair value option) as such classification eliminates the accounting mismatch that would arise on using the general measurement provisions of IAS 39.

Mortgage loans granted in accordance with Danish mortgage legislation have been funded by issued listed mortgage bonds or SDOs of uniform terms. Such mortgage loans may be prepaid by way of a delivery of the underlying bonds. The Nykredit Group buys and sells its

own issued mortgage bonds and SDOs on a continuing basis as they constitute a key part of the Danish money market. If mortgage loans and issued mortgage bonds/SDOs were measured at amortised cost, the purchase and sale of own mortgage bonds/SDOs would lead to a time lag between the recognition of gains and losses in the financial statements. The purchase price of the holding would not equal the amortised cost of the issued bonds, and the elimination would lead to the recognition of a random earnings impact. If the holding of own mortgage bonds/SDOs is subsequently sold, the new amortised cost of the "new issue" will not equal the amortised cost of the related mortgage loans, and the difference will be amortised over the term-to-maturity. Mortgage loans have therefore been measured at fair value and include an adjustment for the market risk based on the value of the underlying bonds and an adjustment for credit risk based on the provisioning need.

Totalkredit mortgage loan funding (the fair value option)

Nykredit Realkredit A/S issues mortgage bonds/SDOs for the funding of loans granted by Nykredit Realkredit A/S as well as Totalkredit A/S. Totalkredit A/S is therefore under an obligation to pay interest, drawing and prepayment amounts to Nykredit Realkredit A/S which will transfer such payments to bond investors.

Mortgage loans have been measured at fair value with adjustment for market risk based on the value of the underlying bonds and any impairment provisions for credit risk. Nykredit's Management has resolved to apply the fair value option as such classification eliminates the accounting mismatch that would arise on using amortised cost as defined by IAS 39, cf the description above under "Loans, advances and other receivables at fair value".

Loans, advances and other receivables at amortised cost

On initial recognition, other loans, advances and other receivables at amortised cost have been measured at fair value with the deduction/addition of the costs and income relating to the acquisition. Subsequent measurement takes place at the lower of amortised cost and net realisable value with the deduction of loan loss provisions.

Provisions for loan and receivable impairment

The Nykredit Realkredit Group performs continuous individual review and risk assessment of all significant exposures with a view to un-

covering objective evidence of impairment. Where objective evidence of impairment is present, and such event(s) affect(s) the size of expected future payments from the exposure which can be measured reliably, provisions have been made for the exposure at the difference between the carrying amount before impairment and the present value of expected future payments from the exposure. Objective evidence is deemed present where for example borrowers have serious financial difficulties or do not fulfil their payment obligations under their contracts, and where it is probable that they will go into bankruptcy or become subject to other financial restructuring.

Similarly, individual impairment provisions have been made for non-significant exposures in case of objective evidence of impairment where the event(s) concerned is(are) believed to have a reliably measurable effect on the size of expected future payments from the exposure.

Loans, advances and receivables are initially placed in groups of uniform credit risk. Where impairment or a provisioning need is identified relating to individual loans, advances and receivables, they will be removed from their respective groups and treated separately.

Individual impairment provisions are made on the basis of a discounting of the most probable cash flows from the individual exposures. For all exposures subject to individual impairment provisioning, a strategy and action plan is prepared, and the exposures are reviewed on a quarterly basis.

Exposures which have not been subject to individual impairment provisioning have been included in the group assessment of exposures of uniform credit risk.

Loans in arrears (mortgage) and customers in arrears (bank) are considered to display objective evidence of impairment and have been subject to impairment according to a segmentation model using adjusted Basel parameters for the loss flow calculation.

The model developed factors in "early events" when calculating group-based impairment provisions for loans in particularly exposed groups where internal credit experts deem it necessary and the required documentation exists.

Impairment provisions are made, if the present value of the loss flow calculation exceeds the loss calculated on the granting of the loan. For

the mortgage exposures, the impairment is calculated as the present value of the loss flow calculation, and for bank exposures as the difference between the present value of the loss flow calculation and the expected loss on the granting of the loan.

Where losses on individual loans have been identified, they have been removed from the group, and individual impairment provisions have been made.

Where events occur showing a partial or complete reduction of an impairment loss following individual or group-based provisioning, impairment provisions have been reversed accordingly.

Impairments have been deducted from the asset items concerned.

Equities and bonds

Equities and bonds have been recognised at fair value at the transaction date and, subsequently, measured at fair value equal to an estimated fair value determined on the basis of market data and recognised measurement methods. If no objective prices from recent trades in unlisted assets are available, these assets are measured at fair value using EVCA's measurement rules for unlisted equities. Changes in the fair value have been recognised on a current basis in the income statement under value adjustments.

The Group's own portfolio of own issued bonds has been offset against issued bonds (the liability), and interest receivable relating to own bonds has been offset against interest payable.

Equities classified as "available for sale" have been recognised at fair value at the transaction date and subsequently measured at fair value equal to an estimated fair value determined on the basis of market data and recognised measurement methods. Unrealised value adjustments have been recognised directly in equity except for impairments and reversal thereof. On realisation, the accumulated value adjustment recognised in equity has been transferred to value adjustments in the income statement.

Investments in associates

Associates are enterprises in which the Nykredit Realkredit Group exercises significant influence but not control.

Investments in associates have been recognised and measured according to the equity method and have therefore been measured at

the proportionate ownership share of the enterprises' equity value carried with the deduction or addition of the proportionate share of unrealised intercompany profits or losses and with the addition of residual goodwill.

Total net revaluation of investments in associates has been transferred through the profit distribution to "Reserve for net revaluation according to the equity method" under equity.

Intangible assets

Goodwill

Goodwill comprises positive balances between the cost of enterprises acquired and the fair value of the net assets of such enterprises. In the segment accounts, goodwill has been recognised under the business area from/to which the cash flows relating to the enterprise acquired flow. Goodwill is tested for impairment at least once a year, and the carrying amount is written down to the lower of the recoverable amount and the carrying amount through profit or loss. The recoverable amount means "the higher of an entity's value in use and fair value after selling costs".

Fixed-term rights

Fixed-term rights have been recognised at cost less accumulated amortisation and impairment losses, if any.

Fixed-term rights have been amortised on a straight-line basis over their remaining term. The fixed-term rights lapse after a period of between 5 and 10 years.

Software

Clearly defined and identifiable development projects intended for employment and involving a demonstrable technical rate of utilisation, adequate resources and development opportunity in Nykredit have been recognised as intangible assets provided that there is sufficient certainty that the value in use of future earnings will cover the actual development costs.

Capitalised development projects comprise salaries and other costs directly and indirectly attributable to the Company's development activities.

Development projects not meeting the criteria for recognition in the balance sheet have been recognised as expenses in the income statement as incurred.

Capitalised development costs have been measured at the lower of cost less accumulated amortisation and impairment losses and

the recoverable value. Capitalised development costs have been amortised on completion of the development work on a straight-line basis over the period in which it is expected to generate economic benefits. The amortisation period is 3-5 years.

Land and buildings

Owner-occupied properties

The owner-occupied properties are properties which the Group uses for administration, sales and customer contact centres or for other service activities. Owner-occupied properties have been revalued in the balance sheet equal to the fair value at the revaluation date less subsequent accumulated depreciation and impairment losses. Revaluations are made on a continuous basis to prevent the carrying amounts from differing significantly from the value determined using the fair value on the balance sheet date.

The fair value is based on open market prices. If such information has not been available, the Group has applied the return method according to which the operating income from the properties is compared with the required rates of return of the properties. The required rates of return under this method take into account the nature, location and state of repair of the asset concerned. The valuation has been made by an internal valuer.

Depreciation has been made on a straight-line basis over 20-50 years based on annually revalued scrap values and the estimated useful lives of the properties.

Increases in the carrying amounts arising on revaluation of owner-occupied properties have been added to the revaluation reserves under equity. Impairment losses offsetting former revaluations of the same asset have been deducted from revaluation reserves directly in equity, while other impairment losses have been recognised in the income statement.

Subsequent expenses have been recognised in the carrying amount of the asset concerned or recognised as a separate asset where it has been probable that expenses incurred will lead to future economic benefits for the Group, and the expenses can be measured reliably. Expenses for ordinary repair and maintenance have been recognised in the income statement as incurred.

Gains and losses on divested assets have been determined by comparing the sales proceeds with the carrying amount. Gains and losses have been recognised in the income state-

ment. On divestment of revalued assets, revaluations contained in the revaluation reserves have been transferred to the income statement.

Investment properties

Properties held for renting purposes and not occupied by the Group have been classified as investment properties.

Investment properties have been recognised in the income statement at fair value including value adjustments.

The fair value has been based on open market prices, adjusted, if necessary, for differences in the nature, location or state of repair of the asset concerned. If such information has not been available, the Group has applied alternative measurement methods such as the return method or expectations for discounted cash flows. Changes in the fair value have been recognised in the income statement. The valuation has been made by an internal valuer who specialises in the valuation of commercial property.

Properties acquired in connection with the settlement of an exposure have been recognised under assets in temporary possession.

Plant under construction

Plant under construction has been measured at cost. Costs of property, plant and equipment include costs directly attributable to construction. Interest on capital borrowed to finance plant under construction is not included in the cost over the construction period.

Other property, plant and equipment

Equipment

Equipment has been measured at historical cost less accumulated depreciation and impairment losses. Cost includes the purchase price and costs directly related to the acquisition up to the time when the assets are ready for entry into service.

Depreciation has been made on a straight-line basis over the expected useful lives of:

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

The residual value and useful lives of the assets have been assessed and adjusted, if necessary, at each balance sheet date. The carrying amount of an asset has been written down to the recoverable value immediately if the carrying amount of the asset exceeded the estimated recoverable value.

Gains and losses on the current replacement of property, plant and equipment have been charged to the income statement under "Other operating income" and "Other operating expenses".

Assets in temporary possession

Assets in temporary possession include property, plant and equipment or groups thereof (mainly repossessed properties), and subsidiaries and associates held temporarily by the enterprise and awaiting sale in the short term where such sale is highly likely. Liabilities directly attached to the assets concerned have been presented as liabilities relating to assets in temporary possession in the balance sheet.

Assets in temporary possession are measured at the lower of the carrying amount at the time of the classification as "held for sale" and fair value with the deduction of selling costs. Assets are neither depreciated nor amortised once classified as "held for sale".

Impairment losses arising on initial classification as "held for sale" and gains or losses on subsequent measurement at the lower of the carrying amount and fair value with the deduction of selling costs have been recognised in the income statement under the relevant items.

Prepayments

Prepayments carried as assets include prepaid costs.

LIABILITIES AND EQUITY

Payables

Payables to credit institutions and central banks, deposits and other payables have been recognised at the proceeds received less transaction costs incurred. In subsequent periods, payables have been measured at amortised cost equal to the capitalised value using the effective interest rate so that the difference between the proceeds and the nominal value has been recognised in the income statement as interest expenses over the term of the loan. Other payables have been measured at amortised cost which in all material respects equals the nominal value.

Payables to credit institutions and central banks arisen as part of "genuine sales and re-purchase transactions" have been measured at fair value. Fair value adjustments have been recognised continuously through profit or loss.

Issued bonds at fair value

Issued mortgage bonds, SDOs and junior covered bonds have been classified on initial recognition at fair value (the fair value option) as such classification eliminates the accounting mismatch that would arise on using the general measurement provisions of IAS 39.

The fair value of the issued mortgage bonds, SDOs and junior covered bonds is primarily prevailing market prices. Published and pre-paid, but still undrawn bonds have been measured at discounted value. Bonds not traded actively have been recognised at estimated market prices.

Issued bonds at amortised cost

Issued corporate bonds have been recognised at cost equal to consideration received less costs incurred. Issued bonds have subsequently been measured at amortised cost. Where the bonds have embedded derivative financial hedge instruments measured at fair value, the bonds will be value adjusted on a current basis to ensure accounting symmetry of the value adjustment of the hedged instrument and the hedging derivative financial instrument.

Other non-derivative financial liabilities at fair value

Other non-derivative financial liabilities at fair value include deposits and negative securities portfolios held for trading which have been measured at fair value after initial recognition.

Provisions

Provisions have been recognised where, as a result of an event occurred on or before the balance sheet date, the Group has a legal or constructive obligation, and where it has been probable that economic benefits must be provided to settle the obligation.

In connection with the measurement of provisions, the costs necessary to settle the obligation have been discounted where this has a significant effect on the measurement of the obligation. A discount factor has been applied that reflects general market rates with the addition of the specific risks which the provision concerned is estimated to involve. The changes in present values for the financial year have been recognised under interest expense/income. Provisions have been measured at Management's best estimate based on the amounts considered to be necessary to redeem the obligation.

Repayable reserves

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

Pensions and similar obligations

Part of the Group's staff is entitled to receive a fixed amount on attaining their retirement age (senior benefit and retirement benefit plans) and when having been employed by the Group for 25 and 40 years (anniversaries). The obligations have been recognised successively up to the date when the staff member is entitled to receive the benefit.

The measurement of the size of the liability allows for actuarial conditions, including the probability of staff members retiring before the time of benefit and therefore losing the entitlement to the benefit.

Insurance obligations*Provisions for unearned premiums*

Provisions for unearned premiums constitute the part of gross premiums concerning future risks to policies that have been at risk at the balance sheet date, however, at least equal to the part of the coverage period occurring after the balance sheet date.

Claims provisions

Claims provisions include amounts determined on a best estimate basis which have not been disbursed yet relating to insurance events occurring up to the balance sheet date regardless of being reported or not. Claims provisions also include direct and indirect administration expenses which are believed, on a best estimate basis, to be able to cover the settlement of the above-mentioned claims.

Corporation and deferred tax

Current tax liabilities and current tax receivable have been recognised in the balance sheet as tax calculated on taxable income adjusted for tax paid on account.

Deferred tax has been measured in accordance with the balance sheet liability method based on all temporary differences between the carrying amounts and taxable value of assets and liabilities. No recognition has been made of deferred tax on temporary differences relating to the amortisation of goodwill disallowed for tax purposes and office properties as well as other items where temporary differences - except in case of acquisitions - have arisen at the time of acquisition without having any effect on the profit/loss or the taxable income. In cases where it has been possible to deter-

mine the tax value according to different tax rules, deferred tax has been measured on the basis of the planned use of the asset or settlement of the liability, as planned by Management.

Deferred tax assets, including the tax value of tax loss carryforwards, have been recognised at the value at which they are expected to be utilised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax has been measured on the basis of the tax rules and tax rates effective under current legislation on the balance sheet date when deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates have been recognised in the income statement.

Deferred income

Deferred income recognised under liabilities includes payments received concerning income recorded in subsequent years.

Subordinate loan capital

Subordinate loan capital has initially been recognised at fair value less transaction costs incurred. Subordinate loan capital has subsequently been carried at amortised cost and any differences between the proceeds (less transaction costs) and the redemption value have been recognised in the income statement over the loan term using the effective interest method.

Equity*Share capital*

Equities have been classified as equity where no obligation exists to transfer cash or other assets.

Dividend

Proposed dividend has been recognised as a liability at the time of adoption at the annual general meeting (time of declaration). Dividend expected to be distributed for the year has been carried as a separate item under equity.

Revaluation reserves

Revaluation reserves include positive value adjustments of owner-occupied properties with the deduction of deferred tax on the value adjustment. Increases in the reassessed value of properties have been recognised directly under this item unless the increase cancels out a decrease previously recognised in the income statement. The item is adjusted for impairment fully or partially cancelling out previously rec-

ognised value increases. The item is also reduced on divestment of properties.

Other value adjustments

The reserves concern unrealised value adjustments of equities available for sale and exchange rate differences arisen on the translation of financial statements of foreign enterprises from their functional currencies to the Nykredit Group's presentation currency (Danish kroner).

Statutory reserves

The reserves include value adjustments of investments in subsidiaries and associates (net revaluation according to the equity method). The reserves have been adjusted for the distribution of dividend to the Parent Company and for other movements in equity in subsidiaries and associates.

Reserves in series

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

Other reserves

The reserves include distributable reserves which may be distributed to the Company's shareholders without limitation.

CASH FLOW STATEMENT

The consolidated cash flow statement has been prepared according to the indirect method based on profit/loss for the year. The consolidated cash flow statement shows cash flows from the operating, investing and financing activities for the year, the changes in cash and cash equivalents for the year and the Group's cash and cash equivalents at the beginning and end of the year.

Cash and cash equivalents consist of the items "Cash in hand and demand deposits with central banks" and "Receivables from credit institutions and central banks".

INTERCOMPANY TRANSACTIONS

The Nykredit Group consists of a number of independent legal entities. Intercompany trade and services have been settled at market terms or, where no real market exists, on an arm's length basis. Alternatively, settlements have been made on a cost reimbursement basis.

FINANCIAL HIGHLIGHTS

Financial highlights have been presented in accordance with the FSA Executive Order on the presentation of financial reports of credit institutions and investment companies, etc.

as equities involving value adjustment through profit or loss.

SPECIAL POLICIES FOR THE PARENT COMPANY NYKREDIT REALKREDIT A/S

The Annual Report of Nykredit Realkredit A/S has been prepared in accordance with the Danish Financial Business Act, including the FSA Executive Order on the presentation of Financial Reports of Credit institutions and Investment Companies, etc.

These rules comply with the International Financial Reporting Standards (IFRS) in all material respects and the Nykredit Group's accounting policies. Exceptions to this practice and special circumstances relating to the Parent Company have been described below.

Investments in group enterprises and associates

Investments in group enterprises and associates have been recognised and measured according to the equity method.

The proportionate ownership interest of the enterprises' carried equity values with the deduction or addition of unrealised intercompany profits or losses and with the addition of the residual value of goodwill has been recognised under "Investments in group enterprises" and "Investments in associates" in the balance sheet.

Nykredit's share of the enterprises' profit/loss after elimination of unrealised intercompany profits and losses with the deduction of depreciation, amortisation and impairment losses has been recognised in the income statement.

Total net revaluation of investments in group enterprises has been transferred through the profit distribution to "Statutory reserves" under equity.

According to IFRS, the equity method is disallowed in the separate financial statements of parent companies. IFRS prescribe measurement either at cost or at fair value.

Financial assets available for sale

The FSA Executive Order does not allow the classification of financial assets as "available for sale" with fair value adjustment recognised in equity unlike IFRS. In the Parent Company, equities available for sale have been classified

Income statements for 1 January - 31 December

DKK million

Nykredit Realkredit A/S			The Nykredit Realkredit Group		
2006	2007		Note	2007	2006
23,101	32,018	Interest income	1	44,179	33,987
19,932	28,533	Interest expenses	2	37,538	28,334
3,169	3,484	NET INTEREST INCOME		6,641	5,653
133	184	Dividends on equities	3	191	147
813	811	Fee and commission income	4	1,387	1,346
175	203	Fee and commission expenses	5	1,209	1,092
3,940	4,276	NET INTEREST AND FEE INCOME		7,011	6,053
-	-	Net premiums earned	6	1,214	1,183
2,387	(136)	Value adjustments	7	921	1,516
16	5	Other operating income		436	235
-	-	Claims incurred, net of reinsurance	8	895	896
2,319	2,243	Staff and administrative expenses	9	3,858	3,536
407	454	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	10	541	500
0	0	Other operating expenses		3	2
(326)	(55)	Impairment losses on loans, advances and receivables	11	(67)	(369)
1,952	2,375	Profit from investments in associates and group enterprises	12	42	30
5,895	3,877	PROFIT BEFORE TAX		4,395	4,453
1,149	979	Tax	13	1,032	1,126
4,746	2,897	PROFIT FOR THE YEAR		3,363	3,327
		DISTRIBUTION OF PROFIT FOR THE YEAR			
-	-	Shareholders of Nykredit Realkredit A/S		3,363	3,327
		PROPOSAL FOR THE DISTRIBUTION OF PROFIT			
1,408	1,785	Statutory reserves			
3,338	612	Retained earnings			
-	500	Proposed dividend			

Balance sheets at 31 December

DKK million

Nykredit Realkredit A/S			The Nykredit Realkredit Group		
2006	2007		Note	2007	2006
		ASSETS			
167	32	Cash balance and demand deposits with central banks		135	200
47,401	79,937	Receivables from credit institutions and central banks	14	82,510	57,316
451,924	474,062	Loans, advances and other receivables at fair value	15	828,954	761,638
166,063	242,622	Totalkredit mortgage loan funding	16	-	-
1,117	649	Loans, advances and other receivables at amortised cost	17	40,608	30,784
50,512	62,548	Bonds at fair value	18	90,935	79,371
		Equities			
9,092	7,344	Equities measured at fair value through profit or loss		2,694	4,291
-	-	Equities available for sale		4,960	5,343
9,092	7,344	Total	19	7,653	9,634
142	188	Investments in associates	20	137	90
14,695	18,774	Investments in group enterprises	21	-	-
3,968	3,957	Intangible assets	22	3,999	4,001
		Land and buildings			
-	-	Investment properties		71	72
344	360	Owner-occupied properties		1,617	1,529
344	360	Total	23	1,688	1,600
144	156	Other property, plant and equipment	24	276	260
38	59	Current tax assets	33	95	41
218	258	Deferred tax assets	32	313	232
6	5	Assets in temporary possession	25	5	85
8,147	10,942	Other assets	26	17,596	11,766
125	121	Prepayments		152	145
754,103	902,014	TOTAL ASSETS		1,075,058	957,164

Balance sheets at 31 December

DKK million

Nykredit Realkredit A/S			The Nykredit Realkredit Group		
2006	2007		Note	2007	2006
		LIABILITIES AND EQUITY			
38,101	63,210	Payables to credit institutions and central banks	27	115,875	84,512
-	-	Deposits and other payables	28	31,581	22,165
634,851	724,746	Issued bonds at fair value	29	796,403	751,560
13	27	Issued bonds at amortised cost	30	1,589	1,754
3,444	30,560	Other non-derivative financial liabilities at fair value		33,444	8,473
-	-	Current tax liabilities	33	15	101
16,491	19,876	Other liabilities	31	30,775	24,341
-	-	Deferred income		11	15
692,900	838,420	Total payables		1,009,693	892,920
		Provisions			
187	179	Provisions for pensions and similar obligations	34	197	212
788	748	Provisions for deferred tax	32	797	837
-	-	Insurance liabilities	35	1,702	1,696
162	110	Repayable reserves funded by pre-1972 series	36	110	162
629	767	Other provisions	37	769	634
1,766	1,804	Total provisions		3,575	3,541
7,450	7,343	Subordinate loan capital	38	7,343	8,715
		Equity			
1,182	1,182	Share capital		1,182	1,182
		Accumulated changes in value			
91	89	- Revaluation reserves		247	202
7	15	- Accumulated foreign currency translation adjustment of foreign entities		15	7
-	-	- Value adjustment of equities available for sale		2,173	2,636
		Other reserves			
2,439	3,435	- Statutory reserves		-	-
23,336	24,258	- Reserves in series		24,258	23,336
-	-	- Other reserves		-	-
24,932	24,969	Retained earnings		26,072	24,624
-	-	Minority interests		-	-
-	500	Proposed dividend		500	-
51,987	54,447	Total equity		54,447	51,987
754,103	902,014	TOTAL LIABILITIES AND EQUITY		1,075,058	957,164
		OFF-BALANCE SHEET ITEMS	39		
-	-	Guarantees		4,242	2,987
1,965	1,641	Other contingent liabilities		9,427	8,001
1,965	1,641	TOTAL		13,670	10,988
		Related party transactions and balances	40		
		Fair value of financial instruments	41		
		Derivative financial instruments	42		
		Genuine sale and repurchase transactions as well as genuine purchase and resale transactions	43		
		Risk management	44		
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Statement of changes in equity 1 January - 31 December

DKK million

Nykredit Realkredit A/S

	Share capital	Revaluation reserves	Accumulated foreign currency translation adjustment of foreign entities	Statutory reserves*	Reserves in series	Other reserves	Retained earnings	Proposed dividend	Total
2007									
Balance, beginning of year	1,182	91	7	2,439	23,336	-	24,932	-	51,987
Reclassification	-	(5)	-	-	-	-	5	-	-
Adjustment relating to owner-occupied properties	-	4	-	-	-	-	-	-	4
Adjustment relating to foreign entities	-	-	8	-	-	-	-	-	8
Profit for the year	-	-	-	1,785	-	-	612	500	2,897
Total comprehensive income	-	(2)	8	1,785	-	-	617	500	2,909
Extraordinary dividend paid	-	-	-	-	-	-	(500)	-	(500)
Dividend from subsidiaries	-	-	-	(820)	-	-	820	-	-
Adjustment pursuant to capital adequacy rules	-	-	-	-	922	-	(922)	-	-
Transferred from provisions - pre-1972 series	-	-	-	-	-	-	16	-	16
Adjustment relating to associates	-	-	-	(4)	-	-	4	-	-
Adjustment relating to subsidiaries	-	-	-	35	-	-	1	-	36
Total other adjustments	-	-	-	(789)	922	-	(581)	-	(449)
Balance, year-end	1,182	89	15	3,435	24,258	-	24,969	500	54,447
2006									
Balance, beginning of year	1,182	82	6	1,004	22,597	3,632	18,636	-	47,139
Adjustment relating to owner-occupied properties	-	9	-	-	-	-	-	-	9
Adjustment relating to foreign entities	-	-	1	-	-	-	-	-	1
Profit for the year	-	-	-	1,408	-	-	3,338	-	4,746
Total comprehensive income	-	9	1	1,408	-	-	3,338	-	4,756
Retained earnings	-	-	-	-	-	(3,632)	3,632	-	-
Dividend from subsidiaries	-	-	-	(60)	-	-	60	-	-
Adjustment pursuant to capital adequacy rules	-	-	-	-	739	-	(739)	-	-
Transferred from provisions - pre-1972 series	-	-	-	-	-	-	12	-	12
Adjustment relating to associates	-	-	-	-	-	-	2	-	2
Adjustment relating to subsidiaries	-	-	-	87	-	-	(9)	-	78
Total other adjustments	-	-	-	27	739	(3,632)	2,958	-	92
Balance, year-end	1,182	91	7	2,439	23,336	-	24,932	-	51,987

* The item relates to the net revaluation reserves according to the equity method. The reserves cannot be applied for dividend or distribution.

The share capital is divided into shares of DKK 100.00 and multiples thereof. Nykredit Realkredit A/S has only one class of shares, and all shares confer the same rights on shareholders.

The Board of Directors has proposed a dividend of DKK 500m (2006: DKK 0), corresponding to a dividend per share of DKK 42.3 (2006: DKK 0).

On 16 November 2007, Nykredit Realkredit A/S distributed an extraordinary dividend of DKK 500m to the shareholder Nykredit Holding A/S, equivalent to a dividend per share of DKK 42.3.

The distribution of dividend to Nykredit Realkredit A/S's shareholder has no tax effects for Nykredit Realkredit A/S.

Statement of changes in equity 1 January - 31 December

DKK million

The Nykredit Realkredit Group

	Share capital	Revaluation reserves	Accumulated foreign currency translation adjustment of foreign entities	Value adjustment of equities available for sale	Reserves in series	Other reserves	Retained earnings	Proposed dividend	Total	Minority interests	Total
2007											
Balance, beginning of year	1,182	202	7	2,636	23,336	-	24,624	-	51,987	-	51,987
Reclassification	-	5	-	3	-	-	(8)	-	-	-	-
Adjustment of equities available for sale	-	-	-	(465)	-	-	-	-	(465)	-	(465)
Adjustment relating to owner-occupied properties	-	39	-	-	-	-	-	-	39	-	39
Adjustment relating to foreign entities	-	-	8	-	-	-	-	-	8	-	8
Profit for the year	-	-	-	-	-	-	2,863	500	3,363	-	3,363
Total comprehensive income	-	45	8	(462)	-	-	2,854	500	2,945	-	2,945
Extraordinary dividend paid	-	-	-	-	-	-	(500)	-	(500)	-	(500)
Adjustment pursuant to capital adequacy rules	-	-	-	-	922	-	(922)	-	-	-	-
Transferred from provisions – pre-1972 series	-	-	-	-	-	-	16	-	16	-	16
Total other adjustments	-	-	-	-	922	-	(1,406)	-	(484)	-	(484)
Balance, year-end	1,182	247	15	2,173	24,258	-	26,072	500	54,447	-	54,447
2006											
Balance, beginning of year	1,182	115	6	1,217	22,597	3,632	18,390	-	47,139	1,553	48,692
Adjustment relating to equities available for sale	-	-	-	1,593	-	-	-	-	1,593	-	1,593
Realised gains on equities available for sale	-	-	-	(174)	-	-	-	-	(174)	-	(174)
Adjustment relating to owner-occupied properties	-	87	-	-	-	-	-	-	87	-	87
Adjustment relating to foreign entities	-	-	1	-	-	-	-	-	1	-	1
Profit for the year	-	-	-	-	-	-	3,327	-	3,327	-	3,327
Total comprehensive income	-	87	1	1,419	-	-	3,327	-	4,834	-	4,834
Acquisition of minority interests	-	-	-	-	-	-	-	-	-	(1,553)	(1,553)
Transferred to retained earnings	-	-	-	-	-	(3,632)	3,632	-	-	-	-
Adjustment pursuant to capital adequacy rules	-	-	-	-	739	-	(739)	-	-	-	-
Transferred from provisions – pre-1972 series	-	-	-	-	-	-	12	-	12	-	12
Adjustment relating to associates	-	-	-	-	-	-	2	-	2	-	2
Total other adjustments	-	-	-	-	739	(3,632)	2,907	-	14	(1,553)	(1,539)
Balance, year-end	1,182	202	7	2,636	23,336	-	24,624	-	51,987	-	51,987

Core earnings and investment portfolio income

1 January - 31 December

The Nykredit Realkredit Group

DKK million

	2007			2006		
	Core earnings	Investment portfolio income	Total	Core earnings	Investment portfolio income	Total
Net interest income	6,830	(189)	6,641	5,728	(75)	5,653
Dividend on equities	4	187	191	6	141	147
Net fee and commission income	218	(39)	179	309	(55)	254
Net interest and fee income	7,052	(41)	7,011	6,043	11	6,053
Net premiums earned	1,214	-	1,214	1,183	-	1,183
Value adjustments	809	112	921	687	829	1,516
Other operating income	391	45	436	235	-	235
Claims incurred, net of reinsurance	895	-	895	896	-	896
Staff and administrative expenses	3,858	-	3,858	3,536	-	3,536
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	541	-	541	500	-	500
Other operating expenses	3	-	3	2	-	2
Provisions for loan impairment	(67)	-	(67)	(369)	-	(369)
Profit from equity investments	-	42	42	-	30	30
Profit before tax	4,237	158	4,395	3,583	870	4,453

Cash flow statement 1 January - 31 December

DKK million

	The Nykredit Realkredit Group	
	2007	2006
Profit after tax for the year	3,363	3,327
Amortisation and impairment losses for intangible assets	433	467
Depreciation and impairment losses for property, plant and equipment	108	33
Value adjustment of investments	(42)	(30)
Impairment losses on loans, advances and receivables	(67)	(369)
Prepayments/deferred income, net	(11)	(26)
Tax calculated on profit for the year	1,032	1,126
Other adjustments	(402)	(32)
Total	1,050	1,169
Profit for the year adjusted for non-cash operating items	4,413	4,496
Change in working capital		
Loans and advances	(77,074)	(64,529)
Deposits and payables to credit institutions	40,779	29,547
Issued bonds	44,678	34,619
Other working capital	25,852	(1,778)
Total	34,235	(2,141)
Corporation tax paid, net	(1,416)	(1,130)
Cash flows from operating activities	37,232	1,225
Cash flows from investing activities		
Investments	(9,588)	(9,122)
Intangible assets	(431)	(788)
Property, plant and equipment	(211)	(134)
Total	(10,230)	(10,044)
Cash flows from financing activities		
Subordinate loan capital	(1,372)	(1,329)
Dividend paid	(500)	-
Total	(1,872)	(1,329)
Total cash flows	25,130	(10,148)
Cash and cash equivalents, beginning of year		
Cash balance and demand deposits with central banks	200	47
Receivables from credit institutions and central banks	57,316	67,617
Total	57,516	67,664
Cash and cash equivalents, year-end		
Cash balance and demand deposits with central banks	135	200
Receivables from credit institutions and central banks	82,510	57,316
Total	82,645	57,516

Notes

DKK million

Nykredit Realkredit A/S			The Nykredit Realkredit Group	
2006	2007		2007	2006
		1. INTEREST INCOME		
3,475	8,905	Receivables from credit institutions and central banks	1,413	787
16,353	19,726	Loans, advances and other receivables	37,155	28,379
2,084	2,139	Administration margin (income)	3,745	3,452
		Bonds		
-	56	- Own SDOs (særligt dækkede obligationer)	100	-
749	951	- Own mortgage bonds	2,866	2,296
760	866	- Other mortgage bonds	1,286	943
103	41	- Government bonds	(47)	102
124	190	- Other bonds	375	250
		Derivative financial instruments		
71	(14)	- Foreign exchange contracts	(129)	112
40	74	- Interest rate contracts	356	(95)
93	94	Other interest income	42	60
23,854	33,031	Total	47,162	36,284
-	(56)	Interest from own SDOs (særligt dækkede obligationer) has been offset against interest expenses – note 2	(100)	-
(749)	(951)	Interest from own mortgage bonds has been offset against interest expenses – note 2	(2,866)	(2,296)
(4)	(6)	Interest from own other securities and bonds has been offset against interest expenses – note 2	(18)	(1)
23,101	32,018	Total	44,179	33,987
		Of which interest income from genuine purchase and resale transactions entered as:		
181	484	Receivables from credit institutions and central banks	937	415
-	-	Loans, advances and other receivables	250	182
		Of total interest income:		
434	777	Interest income accrued on financial assets measured at amortised cost	2,267	1,472
		2. INTEREST EXPENSES		
969	1,696	Credit institutions and central banks	3,885	2,326
-	-	Deposits and other payables	1,128	647
19,281	27,362	Issued bonds	34,939	27,148
305	352	Subordinate loan capital	416	371
130	137	Other interest expenses	154	139
20,685	29,546	Total	40,522	30,631
-	(56)	Set-off of interest from own SDOs (særligt dækkede obligationer) – note 1	(100)	-
(749)	(951)	Set-off of interest from own mortgage bonds – note 1	(2,866)	(2,296)
(4)	(6)	Set-off of interest from own other securities and bonds – note 1	(18)	(1)
19,932	28,533	Total	37,538	28,334
		Of which interest expenses for genuine sale and repurchase transactions entered as:		
278	673	Payables to credit institutions and central banks	1,230	617
-	-	Deposits and other payables	56	23
		Of total interest expenses:		
1,127	1,511	Interest expenses accrued on financial liabilities measured at amortised cost	3,992	3,420

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
2006	2007	2007	2006
3. DIVIDEND ON EQUITIES			
133	184	124	82
-	-	67	65
133	184	191	147
4. FEE AND COMMISSION INCOME			
-	-	98	69
1	1	331	237
812	809	958	1,040
813	811	1,387	1,346
5. FEE AND COMMISSION EXPENSES			
-	-	111	105
-	-	52	17
175	203	1,045	970
175	203	1,209	1,092
6. NET PREMIUMS EARNED			
-	-	1,292	1,255
-	-	(77)	(72)
-	-	1,214	1,183
7. VALUE ADJUSTMENTS			
Financial assets measured at fair value through profit or loss			
(6,368)	(10,439)	(18,379)	(11,345)
(1,836)	(5,120)	-	-
5	5	6	40
50	(373)	(881)	(160)
2,152	(166)	423	643
-	-	1	-
22	(42)	46	293
(48)	499	1,377	299
-	-	8	21
Financial assets measured at fair value against equity			
-	-	-	174
Financial liabilities measured at fair value through profit or loss			
6,574	10,379	18,319	11,551
1,836	5,120	-	-
2,387	(136)	921	1,516
Of which value adjustment of hedge accounting instruments			
-	(3)	(3)	2

Notes

DKK million

Nykredit Realkredit A/S				The Nykredit Realkredit Group	
2006	2007			2007	2006
8. CLAIMS INCURRED, NET OF REINSURANCE					
-	-	Claims paid, net of reinsurance		962	917
-	-	Reinsurance received, reserve-adjusted		(66)	(21)
-	-	Total		895	896
9. STAFF AND ADMINISTRATIVE EXPENSES					
35	33	Remuneration of Board of Directors and Executive Board		33	35
1,295	1,283	Staff expenses		2,187	2,069
989	928	Other administrative expenses		1,731	1,518
2,319	2,243	Total		3,951	3,622
-	-	Expenses transferred to "Claims incurred, net of reinsurance"		(93)	(85)
2,319	2,243	Total		3,858	3,536
Remuneration of Board of Directors and Executive Board					
Board of Directors					
2	2	Remuneration		2	2
Executive Board					
30	28	Salaries		28	30
3	3	Other social security expenses and charges		3	3
35	33	Total		33	35
<p>The composition of the Executive Board changed as follows in 2007: Henning Kruse Petersen retired as a member of the Executive Board as at 30 September 2007.</p>					
Terms and conditions governing the Board of Directors					
Members of the Board of Directors receive a fixed remuneration and a refund of any costs relating to Board meetings.					
Annual remuneration, end-2007 (DKK)					
	Chairman	Deputy chairman	Director		
Nykredit Realkredit A/S	300,000	240,000	90,000		
Nykredit Holding A/S	450,000	300,000	150,000		
Foreningen Nykredit	150,000	100,000	60,000		
No agreements have been made on pension plans, bonus plans or special termination benefits for members of the Board of Directors.					
No members of Nykredit Realkredit A/S's Board of Directors elected by the general meeting sit on the boards of Nykredit Realkredit A/S's subsidiaries.					

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
2006	2007	2007	2006
10. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES FOR PROPERTY, PLANT AND EQUIPMENT AS WELL AS INTANGIBLE ASSETS			
Intangible assets			
340	414	427	437
30	-	6	30
Property, plant and equipment			
44	40	111	85
-	-	19	8
(8)	-	(22)	(60)
407	454	541	500
Impairment provisions for properties were reversed in 2007 and 2006 as the value of Nykredit's properties rose concurrently with the general rise in market values of prime location commercial properties in Denmark. The rise resulted from an increase in market rent and higher yield rates.			
11. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES			
11.a. Effect on profit/loss			
(298)	(105)	(47)	(403)
(1)	40	(10)	(11)
50	63	53	105
(56)	(47)	(56)	(61)
(305)	(48)	(60)	(348)
(25)	0	0	(25)
4	(8)	(8)	4
(326)	(55)	(67)	(369)
11.b. Specification of provisions for loan impairment and guarantees			
195	91	176	222
122	162	173	184
317	253	349	406
11.c. Individual impairment provisions			
493	195	222	625
88	34	107	100
(369)	(101)	(107)	(434)
(17)	(37)	(47)	(69)
195	91	176	222
11.d. Group-based impairment provisions			
123	122	184	173
-	40	40	12
(1)	-	(51)	(1)
122	162	173	184

Notes

DKK million

Nykredit Realkredit A/S			The Nykredit Realkredit Group	
2006	2007		2007	2006
11. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES (continued)				
11.e. Specification of loans and advances subject to objective evidence of impairment				
451	202	Loans and advances subject to individual impairment	325	500
195	91	Impairments	176	222
256	111	Loans and advances after impairment	149	278
6,395	22,112	Loans and advances subject to group-based impairment	22,439	12,737
122	162	Impairment	173	184
6,273	21,950	Loans and advances after impairment	22,265	12,553
12. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES				
24	42	Profit before tax from investments in associates	42	30
1,928	2,332	Profit before tax from investments in group enterprises	-	-
1,952	2,375	Total	42	30
13. TAX				
Tax for the year can be specified as follows:				
596	403	Tax on profit for the year	1,032	1,126
538	576	Tax on profit in subsidiaries	-	-
15	-	Minority interests	-	-
1,149	979	Total	1,032	1,126
Tax on profit for the year has been calculated as follows:				
1,320	1,301	Current tax	1,300	1,320
(144)	(226)	Deferred tax	(228)	(187)
(20)	(46)	Deferred tax in subsidiaries	-	-
62	(12)	Adjustment of tax relating to previous years	(2)	62
(69)	12	Adjustment of deferred tax relating to previous years	2	(69)
-	(49)	Adjustment relating to change in tax rate	(41)	-
1,149	979	Total	1,032	1,126
Tax on profit for the year can be specified as follows:				
1,651	969	Calculated 25% (2006: 28%) tax on profit before tax	1,110	1,247
Tax effect of:				
(498)	(25)	Non-taxable income	(44)	(121)
3	84	Non-deductible costs and other adjustments	6	7
(7)	(49)	Adjustment of tax relating to previous years	(40)	(7)
1,149	979	Total	1,032	1,126
19.5	25.3	Effective tax rate, %	23.5	25.3

Notes

DKK million

Nykredit Realkredit A/S			The Nykredit Realkredit Group	
2006	2007		2007	2006
14. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS				
19,353	10,764	Receivables at call with central banks	12,160	22,326
28,047	69,173	Receivables from credit institutions	70,350	34,989
47,401	79,937	Total	82,510	57,316
11,085	9,652	Of which prepaid funds, including prepayments at par and proceeds from the issuance of fixed-price agreements	13,792	18,420
By time-to-maturity				
12,416	12,159	Demand deposits	22,069	20,233
31,085	61,608	Up to 3 months	59,978	36,557
-	170	Over 3 months and up to 1 year	279	400
500	700	Over 1 year and up to 5 years	18	38
3,400	5,300	Over 5 years	167	88
47,401	79,937	Total	82,510	57,316
15. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE				
451,893	473,950	Mortgage loans	823,228	758,132
31	112	Arrears and outlays	176	73
-	-	Other loans and advances	5,550	3,433
451,924	474,062	Total	828,954	761,638
Mortgage loans				
434,942	453,813	Balance, beginning of period, nominal value	766,011	695,171
100,892	111,352	New loans	211,681	203,789
844	687	Indexation	687	844
194	(297)	Foreign currency translation adjustment	(297)	194
(13,967)	(12,578)	Ordinary principal payments	(17,318)	(19,014)
(69,091)	(66,942)	Prepayments and extraordinary principal payments	(111,554)	(114,973)
453,813	486,036	Balance, year-end, nominal value	849,211	766,011
(3)	-	Loans transferred relating to properties in temporary possession	-	(3)
271	273	Loans assumed by the Danish Agency for Governmental Management	273	271
454,082	486,309	Total nominal value	849,484	766,278
(2,055)	(12,268)	Adjustment for interest rate risk	(26,164)	(8,011)
Adjustment for credit risk				
(118)	(52)	Individual impairment provisions	(53)	(119)
(16)	(39)	Group-based impairment provisions	(39)	(17)
451,893	473,950	Balance, year-end, fair value	823,228	758,132
22,340	22,741	Other than mortgages on real property, supplementary guarantees for loans have been received of	65,107	81,259
2,540	2,670	Total interim loan guarantees received	26,325	27,917

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
2006	2007	2007	2006
15. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE (continued)			
Mortgage loans at nominal value by property category			
Loans and advances as %, year-end			
36	33	60	60
2	2	3	3
20	19	11	12
7	9	5	4
5	5	3	3
11	13	7	7
17	17	10	10
2	2	1	1
100	100	100	100
Arrears and outlays			
209	270	336	252
5	3	2	5
(183)	(161)	(162)	(183)
31	112	176	73
By time-to-maturity			
Loans and advances			
1,647	2,014	4,431	5,851
7,821	7,518	15,521	11,804
6,140	6,077	27,555	27,756
436,316	458,453	781,447	716,228
451,924	474,062	828,954	761,638
16. TOTALKREDIT MORTGAGE LOAN FUNDING			
64,443	168,889	-	-
118,526	138,787	-	-
(496)	(1,209)	-	-
(13,583)	(55,899)	-	-
168,889	250,569	-	-
(2,826)	(7,947)	-	-
166,063	242,622	-	-
By time-to-maturity			
Loans and advances			
36,797	32,455	-	-
757	1,193	-	-
44,776	48,920	-	-
83,732	160,054	-	-
166,063	242,622	-	-

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
2006	2007	2007	2006
17. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST			
-	-	39,753	29,071
1,229	739	1,039	1,913
1,229	739	40,792	30,984
Adjustment for credit risk			
-	-	(82)	(27)
-	-	(11)	(61)
1,229	739	40,699	30,896
(112)	(91)	(91)	(112)
1,117	649	40,608	30,784
The Nykredit Realkredit Group hedges the interest rate risk of fixed-rate bank loans and advances on a current basis using derivatives. This enables the Group to manage its overall interest rate sensitivity taking into consideration the expected interest rate development.			
The marking-to-market of the bank loan portfolio as a result of the use of hedge accounting has been recognised under "Other assets" or "Other liabilities".			
-	-	3,131	3,404
Of total loans and advances, fixed-rate bank loans and advances represent			
By time-to-maturity			
Loans and advances			
-	-	8,660	4,410
1	1	10,239	5,435
4	4	6,755	6,414
459	2	6,829	7,345
765	732	8,216	7,291
1,229	739	40,699	30,896
Finance leases			
Of total loans and advances at amortised cost, finance leases represent			
-	-	727	755
-	-	75	304
-	-	1,476	-
-	-	(531)	(332)
-	-	1,747	727
-	-	66	9
By time-to-maturity			
-	-	88	55
-	-	343	183
-	-	1,253	418
-	-	64	71
-	-	1,747	727
Where loans and advances under finance leases are concerned, amortised cost represents the fair value thereof. The leases comprise equipment as well as real property. The leases have been concluded on an arm's length basis.			

Notes

DKK million

Nykredit Realkredit A/S			The Nykredit Realkredit Group	
2006	2007		2007	2006
17. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST (continued)				
Gross investments in finance leases				
By time-to-maturity				
-	-	Up to 1 year	576	268
-	-	Over 1 year and up to 5 years	1,407	475
-	-	Over 5 years	67	99
-	-	Total	2,050	842
-	-	Non-earned income	303	116
The Group has entered into finance leases relating to land and buildings. The lease terms range from 1 to 26 years.				
18. BONDS AT FAIR VALUE				
-	16,489	Own SDOs (særligt dækkede obligationer)	46,432	-
93,901	140,845	Own mortgage bonds	186,503	164,679
37,110	39,503	Other mortgage bonds	61,393	52,354
11,442	11,147	Government bonds	11,859	17,408
1,960	11,899	Other bonds	18,025	9,889
144,413	219,882	Total	324,213	244,329
(93,901)	(140,845)	Set-off of own mortgage bonds against "Issued bonds at fair value" – note 29	(186,503)	(164,679)
-	(16,489)	Set-off of own SDOs (særligt dækkede obligationer) against "Issued bonds at fair value" – note 29	(46,432)	-
-	-	Set-off of other bonds against "Issued bonds at amortised cost" – note 30	(342)	(279)
50,512	62,548	Total	90,935	79,371
178	552	Of which drawn bonds	829	811
-	71,086	Pre-issue of mortgage bonds	71,086	-
69,437	47,756	Bond holdings stemming from prepaid funds, including prepayments at par and proceeds from the issue of fixed-price agreements.	47,756	80,634
28,848	39,814	As collateral security for the Danish central bank, Danmarks Nationalbank, the Danish FUTOP clearing centre and foreign clearing centres, bonds have been provided of a total market value of Collateral security has been provided on standard industry and market terms.	67,175	54,547

Notes

DKK million

Nykredit Realkredit A/S			The Nykredit Realkredit Group	
2006	2007		2007	2006
		19. EQUITIES		
9,092	7,344	Equities measured at fair value through profit or loss	2,694	4,291
-	-	Equities available for sale	4,960	5,343
9,092	7,344	Total	7,653	9,634
		Equities measured at fair value through profit or loss		
5,657	5,165	Listed on the OMX Nordic Exchange Copenhagen	593	774
2,263	1,146	Listed on other stock exchanges	1,157	2,402
1,172	1,033	Unlisted equities carried at fair value	944	1,115
9,092	7,344	Total equities	2,694	4,291
		Specification of equities measured at fair value and recognised in equity		
-	-	Portfolio, beginning of year	5,343	4,060
-	-	Reclassification	-	14
		Additions		
-	-	- Additions, purchase	135	-
-	-	- Market value adjustment	(518)	1,617
		Disposals		
-	-	- Disposals, sale	-	(174)
-	-	- Market value adjustment	-	(174)
-	-	Portfolio, year-end	4,960	5,343
		The strategic equity investments include shares in Jyske Bank A/S, Sydbank A/S, Spar Nord Bank A/S, Amagerbanken A/S, Jeudan A/S, DADES A/S and Værdipapircentralen A/S. Equities available for sale are value-adjusted up to a potential sale at fair value and recognised in equity.		
		Equities available for sale, fair value adjusted against equity		
-	-	Listed on the OMX Nordic Exchange Copenhagen	4,617	5,079
-	-	Unlisted equities measured at fair value	343	264
-	-	Total	4,960	5,343
		20. INVESTMENTS IN ASSOCIATES		
82	127	Acquisition cost, beginning of year	67	190
43	21	Additions	20	13
2	-	Reclassification	-	2
-	-	Transferred to proportionate consolidation	-	(30)
-	-	Equity investment transferred to assets in temporary possession	-	(108)
127	148	Acquisition cost, year-end	88	67
(2)	15	Revaluations and impairment losses, beginning of year	23	(35)
-	-	Transferred to proportionate consolidation	-	9
21	42	Profit before tax	41	26
(6)	(9)	Tax	(8)	(5)
(1)	(8)	Dividend	(7)	(4)
3	0	Other movements in capital	0	3
3	-	Amortisation and impairment losses for goodwill	-	2
(2)	-	Reclassification	-	(2)
-	-	Equity investment transferred to assets in temporary possession	-	30
15	40	Revaluations and impairment losses, year-end	49	23
142	188	Balance, year-end	137	90
51	51	Of which proportionate consolidation	-	-

Notes

DKK million

Nykredit Realkredit A/S			The Nykredit Realkredit Group	
2006	2007		2007	2006
21. INVESTMENTS IN GROUP ENTERPRISES				
8,542	12,040	Acquisition cost, beginning of year	-	-
1	9	Foreign currency translation adjustment	-	-
3,497	-	Additions	-	-
-	3,100	Capital increase by cash payment	-	-
(1)	(1)	Disposals	-	-
12,040	15,148	Acquisition cost, year-end	-	-
1,248	2,655	Revaluations and impairment losses, beginning of year	-	-
0	(1)	Foreign currency translation adjustment	-	-
1,928	2,332	Profit before tax	-	-
(538)	(576)	Tax	-	-
(60)	(820)	Dividend	-	-
77	36	Other movements in capital	-	-
2,655	3,626	Revaluations and impairment losses, year-end	-	-
14,695	18,774	Balance, year-end	-	-
12,343	16,968	Of which credit institutions	-	-
Subordinate receivables				
-	-	Associates	-	19
4,125	6,000	Group enterprises	-	-
1,651	2,060	Other enterprises	2,765	1,999
5,776	8,060	Total	2,765	2,018
22. INTANGIBLE ASSETS				
2,536	2,094	Goodwill	2,094	2,536
1,301	1,663	Fixed-term rights	1,692	1,324
25	120	Software	135	35
106	79	Development projects in progress	79	106
3,968	3,957	Total	3,999	4,001
Goodwill				
1,885	2,536	Acquisition cost, beginning of year	2,536	1,885
651	188	Additions	188	651
-	(629)	Transferred to fixed-term rights	(629)	-
2,536	2,094	Acquisition cost, year-end	2,094	2,536
2,536	2,094	Balance, year-end	2,094	2,536
Goodwill of DKK 2,094m (2006: DKK 2,536m) relates to the business area Business Partners.				
Goodwill has not been amortised, and an impairment test provided no basis for goodwill impairment relating to the acquisition of Totalkredit A/S.				

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
2006	2007	2007	2006
22. INTANGIBLE ASSETS (continued)			
<p>The impairment test compares the discounted value of estimated future cash flows with the carrying amount. Future cash flows are based on the realised results for 2007 and projections for the following five years. The terminal value for the period 2012 and later has been determined based on an assumption of annual growth in profit. The discount rate is before tax.</p>			
		2,094	
		10%	
		8.5%	
		2%	
Fixed-term rights			
1,805	2,560	Acquisition cost, beginning of year	2,594
-	-	Addition, purchase	13
755	121	Additions for the year	121
-	629	Addition from goodwill	629
2,560	3,310	Acquisition cost, year-end	3,357
605	1,259	Amortisation and impairment losses, beginning of year	1,270
341	-	Additions, purchase	-
312	388	Amortisation for the year	396
1,259	1,647	Amortisation and impairment losses, year-end	1,665
1,301	1,663	Balance, year-end	1,692
3	5	Fixed-term rights are amortised over a period of up to eight years.	
		Residual amortisation period at 31 December (number of years)	5
			3
<p>Additions for the year in respect of fixed-term rights in Nykredit Realkredit A/S express an expected adjustment of the purchase price for Totalkredit A/S. Under the share purchase agreement, the purchase price is adjusted depending on the development in Totalkredit A/S's share of the retail market. The expected excess payment arising from the higher market share reflects the fact that Nykredit in the agreement period obtains a higher value of the distribution right, and it has therefore been reclassified from goodwill. The fixed-term right will be amortised on a straight-line basis up to 1 October 2012. The combination of the reclassification and a changed amortisation horizon reduced amortisation by DKK 12m in 2007. The reclassification will increase amortisation in future financial years by a total of DKK 762m.</p>			
Software			
134	152	Acquisition cost, beginning of year	163
-	-	Additions	10
18	121	Additions, development projects in progress	121
152	273	Acquisition cost, year-end	294
69	127	Amortisation and impairment losses, beginning of year	128
28	26	Amortisation for the year	32
30	-	Impairment losses for the year	-
127	153	Amortisation and impairment losses, year-end	159
25	120	Balance, year-end	135

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
2006	2007	2007	2006
22. INTANGIBLE ASSETS (continued)			
Software is amortised over a period of up to four years.			
2	2	2	2
Residual amortisation period at 31 December (number of years)			
Development projects in progress			
13	106	106	13
Acquisition cost, beginning of year			
110	93	93	110
Additions for the year			
(18)	(121)	(121)	(18)
Transferred to software			
106	79	79	106
Acquisition cost, year-end			
106	79	79	106
Balance, year-end			
23. LAND AND BUILDINGS			
-	-	71	72
Investment properties			
338	358	1,575	1,491
Owner-occupied properties			
6	3	43	38
Plant under construction			
344	360	1,688	1,600
Total			
Investment properties			
-	-	72	246
Fair value, beginning of year			
-	-	-	(182)
Disposals for the year			
-	-	(1)	7
Fair value adjustment for the year			
-	-	71	72
Fair value, year-end			
-	-	71	72
Of which land and buildings leased under operating leases			
-	-	5	13
Rental income from investment properties			
Rental income under non-cancellable operating leases			
-	-	1	5
Up to 1 year			
-	-	5	21
Over 1 year and up to 5 years			
-	-	65	101
Over 5 years			
-	-	71	127
Total			

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
2006	2007	2007	2006
23. LAND AND BUILDINGS (continued)			
Owner-occupied properties			
264	270	1,460	1,452
9	22	37	11
(4)	0	(2)	(4)
270	291	1,495	1,460
Revaluations, beginning of year			
106	118	275	155
17	1	48	124
(4)	(1)	(1)	(4)
118	118	322	275
Depreciation and impairment losses, beginning of year			
56	50	244	286
2	2	20	19
(8)	-	(22)	(60)
50	52	242	244
338	358	1,575	1,491
14	13	10	11
Owner-occupied properties are depreciated over a period of 20-50 years. Residual depreciation period at 31 December (number of years)			
The latest revaluation of owner-occupied properties was made at end-2007.			
The valuations were carried out by an internal valuer based on the return method. The required rate of return in 2007 ranged between 4% and 7.5% depending on the nature, location and state of repair of the owner-occupied building.			
Plant under construction			
1	6	38	5
4	16	42	34
-	(18)	(18)	(1)
6	3	62	38
-	-	-	-
-	-	(19)	-
-	-	(19)	-
6	3	43	38
6	3	43	38
Of which directly related costs			

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
2006	2007	2007	2006
24. OTHER PROPERTY, PLANT AND EQUIPMENT			
Other assets			
440	482	831	600
-	-	6	163
51	51	113	86
(8)	(10)	(22)	(18)
482	524	927	831
Depreciation and impairment losses, beginning of year			
305	338	571	413
-	-	5	101
-6	-	(2)	(2)
39	35	91	61
-	-	0	8
0	(5)	(13)	(11)
338	368	652	571
Balance, year-end			
144	156	276	260
4	4	3	4
Other assets are depreciated over 4-15 years. Residual depreciation period at 31 December (number of years)			
25. ASSETS IN TEMPORARY POSSESSION			
6	5	5	7
-	-	-	78
6	5	5	85
<p>The Nykredit Group receives mortgages on real property as security for loans. If the Group takes possession of a mortgaged property at a forced sale to reduce its loss on the non-performing exposure, the Group will seek to realise the mortgaged property at the highest obtainable price within 12 months. The assets are recognised under "Group items" in the segment financial statements.</p> <p>The Nykredit Group entered into an agreement on 9 February 2007 concerning the sale of its equity investment in Hotelinvest A/S. The purchase price of the equity investment was fixed at DKK 111m following an extraordinary dividend payment of DKK 10m to Nykredit Ejendomme A/S. The proceeds of DKK 45m have been recognised under "Other operating income" in the income statement. The income has been recognised under "Group items" in the segment financial statements.</p>			

Notes

DKK million

Nykredit Realkredit A/S			The Nykredit Realkredit Group	
2006	2007		2007	2006
26. OTHER ASSETS				
5,266	7,832	Interest and commission receivable	7,123	5,442
945	693	Receivables from group enterprises	-	-
1,726	2,035	Positive market value of derivative financial instruments	9,710	5,823
70	170	Defined benefit plans	170	70
-	-	Receivable relating to reinsurance	106	75
139	212	Other assets	488	356
8,147	10,942	Total	17,596	11,766
Changes in receivables relating to reinsurance for the year				
-	-	Balance, beginning of year	75	116
-	-	Utilised for the year	(26)	(63)
-	-	Provision for the year	51	26
-	-	Adjustment for the year as a result of changes to the discount rate and discount period	2	1
-	-	Reversal of unutilised amounts	5	(5)
-	-	Balance, year-end	106	75
Defined benefit plans				
The great majority of the Group's pension plans are defined contribution plans under which contributions are paid to insurance companies. These contributions have been charged against income on a current basis, cf note 9.				
The Group's defined benefit plans are funded through payments from Nykredit Realkredit A/S and from staff into pension funds acting in the members' interest by investing the payments made to cover the pension obligations. The pension funds are subject to the legislation on company pension funds. The plans are closed to new members and concern staff employed before 1972.				
(702)	(542)	Present value of defined benefit plans	(542)	(702)
772	712	Fair value of plan assets	712	772
70	170	Net asset, year-end	170	70
(823)	(702)	Obligation, beginning of year	(702)	(823)
(26)	(28)	Calculated interest expenses relating to the obligation	(28)	(26)
98	142	Actuarial gains/losses	142	98
4	2	Past service costs	2	4
45	46	Pension benefits paid	46	45
(702)	(542)	Obligation, year-end	(542)	(702)
836	772	Plan assets, beginning of year	772	836
23	26	Expected return on plan assets	26	23
(43)	(87)	Actuarial gains/losses	(87)	(43)
1	47	Contributions	47	1
(45)	(46)	Pension benefits paid	(46)	(45)
772	712	Plan assets, year-end	712	772

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
2006	2007	2007	2006
26. OTHER ASSETS (continued)			
Pension costs/income relating to defined benefit plans recognised in the income statement			
(27)	(28)	Calculated interest expenses relating to the benefits	(28) (27)
24	26	Expected return on plan assets	26 24
4	2	Past service costs	2 4
55	54	Actuarial gains/losses recognised for the year	54 55
56	53	Total	53 56
Income has been recognised under "Staff and administrative expenses".			
Plan assets break down as follows:			
278	155	Equities	155 278
546	659	Bonds	659 546
36	66	Cash and other receivables	66 36
(88)	(168)	Tax	(168) (88)
772	712	Total plan assets	712 772
Return on plan assets before tax			
18	17	Actual return on plan assets	17 18
23	26	Expected return on plan assets	26 23
(5)	(8)	Actuarial losses on plan assets	(8) (5)

	2007	2006	2005	2004	2003
Actuarial calculation assumptions					
Expected return on plan assets	4.6%-5.5%	6.5%-4%	7%	-	-
Discount rate (average)	4.8%	4.1%	3.2%	-	-
Wage rate	3%	2%	2%	-	-
Net asset and experience changes					
The Nykredit Realkredit Group's pension obligations for this year and the preceding four years are as follows:					
Plan liabilities	(542)	(702)	(823)	-	-
Plan assets	712	772	836	-	-
Over-/Underfunding	170	70	13	-	-
Experience adjustments on plan liabilities	142	98	(66)	-	-
Experience adjustments on plan assets	(87)	(43)	76	-	-

Notes

DKK million

Nykredit Realkredit A/S			The Nykredit Realkredit Group	
2006	2007		2007	2006
27. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS				
27,915	37,683	Payables to credit institutions	66,348	54,517
10,186	25,527	Payables to central banks	49,527	29,994
38,101	63,210	Total	115,875	84,512
By time-to-maturity				
3	915	Payables on demand	8,335	238
38,098	62,295	Up to 3 months	103,003	80,505
-	-	Over 3 months and up to 1 year	3,009	1,695
-	-	Over 1 year and up to 5 years	1,529	2,074
38,101	63,210	Total	115,875	84,512
28. DEPOSITS AND OTHER PAYABLES				
-	-	On demand	13,198	13,557
-	-	At notice	1,211	-
-	-	Time deposits	16,213	7,871
-	-	Special deposits	959	737
-	-	Total	31,581	22,165
By time-to-maturity				
-	-	Up to 3 months	29,262	19,683
-	-	Over 3 months and up to 1 year	1,445	753
-	-	Over 1 year and up to 5 years	214	1,212
-	-	Over 5 years	660	517
-	-	Total	31,581	22,165

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
2006	2007	2007	2006
29. ISSUED BONDS AT FAIR VALUE			
728,751	790,072	Mortgage bonds	937,329 916,239
-	87,009	SDOs (særligt dækkede obligationer)	87,009 -
-	5,000	Junior covered bonds	5,000 -
728,751	882,081	Total	1,029,338 916,239
(93,901)	(140,845)	Own mortgage bonds transferred from "Bonds at fair value" – note 18	(186,503) (164,679)
-	(16,489)	Own SDOs (særligt dækkede obligationer) transferred from "Bonds at fair value" – note 18	(46,432) -
634,851	724,746	Total	796,403 751,560
Mortgage bonds			
629,546	712,340	Balance, beginning of year, nominal value	902,957 882,110
310,600	299,859	Additions	299,883 335,995
(44)	6	Foreign currency translation adjustment	6 (44)
(173,457)	(161,105)	Bonds drawn and cancelled	(174,095) (236,833)
(54,305)	(61,854)	Prepayments and extraordinary principal payments	(86,298) (78,271)
712,340	789,246	Total	942,453 902,957
21,399	20,414	Indexation	20,414 21,399
733,740	809,661	Balance, year-end, nominal value	962,868 924,357
4,281	(4,988)	Fair value adjustment, beginning of year	(8,118) 4,292
(9,269)	(14,601)	Fair value adjustment	(17,420) (12,410)
728,751	790,072	Balance, year-end, fair value	937,329 916,239
1,086	73,436	Of which pre-issuance	73,436 1,093
146,734	119,132	Drawn for redemption at next creditor settlement date	125,765 146,734
Of total fair value adjustment of issued mortgage bonds in 2007, DKK 0m (2006: DKK 0m) represents a change in the fair value of own credit risk. Of the accumulated effect, DKK 0m represents changes in 2007 (2006: DKK 0m).			
By time-to-maturity			
148,931	121,473	Up to 3 months	127,923 158,349
115,882	135,701	Over 3 months and up to 1 year	137,680 118,536
146,700	135,751	Over 1 year and up to 5 years	152,852 174,390
317,239	489,155	Over 5 years	610,884 464,964
728,751	882,081	Total	1,029,338 916,239
30. ISSUED BONDS AT AMORTISED COST			
-	-	Corporate bonds	1,904 2,020
13	27	Employee bonds	27 13
112	91	Other securities	91 112
125	118	Total	2,022 2,145
-	-	Own other bonds transferred from "Bonds at fair value" – note 18	(342) (279)
(112)	(91)	Own other bonds transferred from "Loans, advances and other receivables at amortised cost" – note 17	(91) (112)
13	27	Total	1,589 1,754

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
2006	2007	2007	2006
30. ISSUED BONDS AT AMORTISED COST (continued)			
By time-to-maturity			
-	-	1,171	100
-	-	372	-
125	104	226	1,752
-	14	253	293
125	118	2,022	2,145
31. OTHER LIABILITIES			
12,945	16,270	21,025	17,275
537	853	6,445	3,393
2,441	2,128	2,128	2,441
568	625	1,178	1,232
16,491	19,876	30,775	24,341
32. DEFERRED TAX			
Deferred tax			
664	570	605	838
-	(52)	(57)	-
-	-	7	(9)
(144)	(226)	(272)	(188)
(69)	11	3	(69)
4	0	11	34
116	188	188	0
570	490	484	605
Deferred tax recognised in the balance sheet as follows:			
(218)	(258)	(313)	(232)
788	748	797	837
570	490	484	605
Deferred tax relates to:			
(5)	(4)	(22)	3
294	189	191	294
(93)	(88)	(88)	(93)
404	416	419	406
26	81	120	55
22	19	(10)	12
(55)	(68)	(68)	(49)
(45)	(37)	(36)	(45)
22	(17)	(20)	22
570	490	484	605
Deferred tax assets not recognised in the balance sheet:			
14	13	25	28
14	13	25	28
The asset has not been recognised, as the Group is examining whether it will crystallise. The asset is not likely to crystallise in the near future.			

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
2006	2007	2007	2006
33. CURRENT TAX ASSETS AND LIABILITIES			
Current tax assets			
181	38	41	214
-	-	(104)	(32)
-	-	-	7
(821)	(670)	(1,225)	(822)
734	709	1,410	732
(57)	(17)	(27)	(58)
38	59	95	41
Current tax liabilities			
-	-	101	8
-	-	(104)	(32)
-	-	68	517
-	-	(49)	(398)
-	-	-	6
-	-	15	101
34. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS			
187	187	212	193
(19)	(5)	(8)	(19)
-	-	-	17
55	36	36	58
(19)	(10)	(14)	(19)
(18)	(29)	(29)	(18)
187	179	197	212
35. INSURANCE OBLIGATIONS			
-	-	1,696	1,616
-	-	(1,058)	(992)
-	-	1,118	1,156
-	-	24	(4)
-	-	(78)	(81)
-	-	1,702	1,696
36. REPAYABLE RESERVES IN PRE-1972 SERIES			
206	162	162	206
(48)	(55)	(55)	(48)
4	3	3	4
162	110	110	162

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
2006	2007	2007	2006
37. OTHER PROVISIONS			
534	629	634	544
-	-	(2)	(5)
121	124	124	121
(26)	14	14	(26)
629	767	769	634
<p>Other provisions primarily relate to the acquisition of Totalkredit A/S. Under the share transfer agreement, the purchase price must be adjusted depending on the development in Totalkredit's share of the retail market. Provisions for adjustment of the purchase price amounted to DKK 750m at end-2007 (2006: DKK 629m). The provisions have no effect on profit or equity as they are offset by an addition of fixed-term rights. The payment falls due in 2012.</p>			
38. SUBORDINATE LOAN CAPITAL			
<p>Subordinate loan capital consists of financial liabilities which, in case of voluntary or compulsory liquidation, will not be repaid until after the claims of ordinary creditors have been met.</p>			
<p>EUR 500m (nominal) of hybrid core capital in accordance with section 137 of the Danish Financial Business Act. The loan is perpetual, but may be redeemed at par (100) from 22 September 2014. The loan carries a fixed interest rate of 4.9% up to 22 September 2014 after which date it will carry a floating interest rate.</p>			
3,730	3,622	3,622	3,730
<p>EUR 500m (nominal) of subordinate loan capital in accordance with section 136 of the Danish Financial Business Act. The loan falls due at par (100) on 20 September 2013 and carries a floating interest rate.</p>			
3,720	3,722	3,722	3,720
<p>EUR 200m (nominal) of subordinate loan capital in accordance with section 136 of the Danish Financial Business Act. The loan falls due at par (100) on 17 December 2010 and carries a floating interest rate.</p>			
-	-	-	1,265
7,450	7,343	7,343	8,715
7,450	7,343	7,343	8,715
-	-	1,485	1,118
Hedge accounting			
<p>The exposure to fair value changes in the price of the bonds as a result of changes in market rates is hedged. Nykredit Realkredit A/S has countered this risk by entering into a 10-year interest rate swap with a synthetic principal of EUR 500m (nominal).</p>			
20	(90)	(90)	20
3,748	3,636	3,636	3,748

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
2006	2007	2007	2006
39. OFF-BALANCE SHEET ITEMS			
<p>The size and business scope of the Nykredit Realkredit Group continuously involve the Group in legal proceedings. For a description of significant cases, please refer to the Management's Review. Other pending cases are not expected to have a significant effect on the Nykredit Realkredit Group's financial position.</p>			
<p>Nykredit Realkredit A/S is jointly taxed with all the Danish group enterprises of the Foreningen Nykredit Group. Nykredit Realkredit A/S is solely liable for the part of tax which is attributable to Nykredit Realkredit A/S and which is not settled with Foreningen Nykredit via the scheme for payment of tax on account.</p>			
<p>The companies Nykredit Realkredit A/S, Totalkredit A/S, Nykredit Bank A/S, LeasIT A/S, LeasIT Finans A/S, Nykredit Forsikring A/S and Nykredit Portefølje Adm. A/S are registered jointly where payroll tax and VAT are concerned and are jointly and severally liable for the settlement thereof.</p>			
<p>Nykredit Forsikring A/S and the other owners of FDC K/S are liable for obligations entered into by FDC K/S. The obligation has a maximum limit of DKK 70m.</p>			
<p>Nykredit Realkredit A/S is liable for the obligations of the pension funds Jyllands Kreditforenings Afviklingspensionskasse (SE no 24256219) and Den under afvikling værende Pensionskasse i Forenede Kreditforeninger (SE no 71977714).</p>			
<p>Guarantees and warranties provided, irrevocable credit commitments and similar obligations not recognised in the balance sheet are presented below.</p>			
-	-	4,242	2,987
1,965	1,641	9,427	8,001
1,965	1,641	13,670	10,988
Guarantees			
-	-	2,651	947
-	-	1,591	2,041
-	-	4,242	2,987
Other contingent liabilities			
48	111	8,014	6,286
1,917	1,529	1,413	1,715
1,965	1,641	9,427	8,001
<p>The Group leases properties under operating leases. The lease terms are typically between 2 and 12 years with an option for extension on expiry. No contingent lease payments are payable under the lease agreements.</p>			
<p>The following non-cancellable lease payments are recognised under "Other liabilities":</p>			
92	104	110	51
320	373	124	117
234	136	8	14
646	614	241	182

Notes

The Nykredit Realkredit Group

40. RELATED PARTY TRANSACTIONS AND BALANCES

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

No unusual related party transactions occurred in 2007.

The companies have entered into agreements as a natural part of the Group's day-to-day operations. The agreements typically involve finance, guarantees, insurance, sales commission, tasks relating to IT support and IT development projects, payroll and staff administration as well as other administrative tasks.

Intercompany trading in goods and services took place on an arm's length basis.

Significant related party transactions prevailing/entered into in 2007 include:

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

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

Nykredit Realkredit A/S has provided Nykredit Bank A/S with subordinate loan capital.

Nykredit Realkredit A/S subscribed for additional share capital in 2007.

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

Master agreement on the terms applicable to transactions in the securities area.

Agreement on joint funding of mortgage loans.

Nykredit Realkredit A/S has provided Totalkredit A/S with subordinate loan capital.

Nykredit Realkredit A/S subscribed for additional share capital in 2007.

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

Agreements on commission payable in connection with referral of lending business.

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

Agreement on the employment of insurance agents at Nykredit Realkredit A/S centres, sales commission to Nykredit centres and agreement on the management of certain investments.

Agreements between Nykredit Realkredit A/S and JN Data A/S

Agreements on joint IT support etc.

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

Nykredit Realkredit A/S has granted a credit line to Nykredit Ejendomme A/S.

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

Agreements on commission payable in connection with referral of lending business.

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

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

Nykredit Holding A/S has issued guarantees to Nykredit Bank A/S covering pre-fixed loss amounts with respect to some of the Bank's exposures.

Transactions with the Board of Directors and Executive Board

Transactions involving the Board of Directors and Executive Board are disclosed in note 40.e.

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
2006	2007	2007	2006
40. RELATED PARTY TRANSACTIONS AND BALANCES (continued)			
40.a. Transactions with subsidiaries			
Income statement			
3,631	8,710	-	-
552	1,389	-	-
305	336	-	-
72	89	-	-
(2,082)	(4,670)	-	-
23	-	-	-
-	(115)	-	-
Asset items			
15,887	24,086	-	-
166,063	242,622	-	-
12,062	8,359	-	-
4,783	6,602	-	-
Liability items			
1,220	3,368	-	-
51,502	34,132	-	-
1,396	2,236	-	-
40.b. Transactions with parent companies			
Income statement			
2	3	11	7
-	-	3	3
Liability items			
-	-	63	14
76	78	213	216
2	1	2	3
40.c. Transactions with joint ventures			
Income statement			
-	-	-	14
-	-	-	2
68	181	191	75
Asset items			
-	-	-	339
19	13	13	9
Liability items			
-	-	-	118
18	-	-	9

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
2006	2007	2007	2006
40. RELATED PARTY TRANSACTIONS AND BALANCES (continued)			
40.d. Transactions with associates			
Income statement			
-	-	-	15
-	-	-	1
-	-	-	4
-	-	-	-
-	-	43	42
Asset items			
-	-	-	342
-	-	-	75
-	-	-	5
Liability items			
-	-	-	65
-	-	-	5
40.e. Transactions with the Board of Directors and Executive Board			
Loans, charges or guarantees granted to the members of:			
23	6	11	24
63	40	55	76
1,883	1,902	2,134	2,039
Deposits from the members of:			
-	-	2	1
-	-	15	1
-	-	74	90
Exposures with related parties have been granted on ordinary business terms and at market rates.			

Notes

The Nykredit Realkredit Group

41. FAIR VALUE OF FINANCIAL INSTRUMENTS

Measurement principles for financial instruments

Financial instruments have been measured at fair value or amortised cost in the balance sheet. The table overleaf shows the fair values of all instruments compared with the carrying amounts at which the instruments have been recognised in the balance sheet.

The fair value is the amount at which financial assets may be traded, or the amount at which financial liabilities may be settled, between independent parties.

The majority of the Group's fair value assets and liabilities have been recognised based on publicly quoted prices or market terms prevailing at the balance sheet date. If the market for a financial asset or liability is illiquid, or if no publicly recognised pricing exists, Nykredit has determined the fair value using recognised measurement techniques. These techniques include corresponding recent transactions between independent parties, reference to other corresponding instruments and an analysis of discounted cash flows as well as option and other models based on observable market data.

Measurement techniques have been generally applied to OTC derivatives and unlisted assets and liabilities.

Unlisted equities are measured at fair value using the EVCA (European Private Equity & Venture Capital Association) measurement guidelines for the fair value of unlisted equities, according to which the fair value is estimated as the price of an asset traded between independent parties.

In connection with the determination of the fair value of the financial instruments measured at amortised cost in the financial statements, the following methods and significant assumptions have been applied:

- The interest rate risk of certain financial instruments recognised at amortised cost has been hedged by means of derivatives, cf note 45. They have been entered in the financial statements in accordance with the provisions on fair value hedges, ie adjusted for the fair value of the hedged interest rate risk.
- The carrying amounts of loans, advances and receivables as well as other financial liabilities due within 12 months are also regarded as their fair values.
- For loans, advances and receivables as well as other financial liabilities measured at amortised cost, carrying a floating interest rate and entered into on standard credit terms, carrying amounts have been estimated to correspond to the fair value.
- The fair value of fixed-rate loans measured at amortised cost has been determined based on recognised measurement methods. The credit risk on fixed-rate loans and advances has been assessed in relation to other loans, advances and receivables.
- The fair value of deposits and other payables without a fixed term has been assumed to be the value disburseable at the balance sheet date.

The table overleaf also shows the value which has not been recognised in the income statement for the financial year due to differences between financial instruments measured at amortised cost or fair value and the (unrealised) value adjustment of "Financial assets available for sale" recognised directly through equity.

Notes

DKK million

The Nykredit Realkredit Group

41. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)						
2007	IAS 39 category	Carrying Amount	Fair value	Balance	Fair value calculated on the basis of	
					Method 1	Method 2
Assets						
Cash balance and demand deposits with central banks	a)	135	135	-	135	-
Receivables at call with central banks	a)	12,160	12,160	-	12,160	-
Receivables from credit institutions	a+c)	70,350	70,350	-	70,350	-
Loans, advances and other receivables at fair value	b)	828,954	828,954	-	828,954	-
Loans, advances and other receivables at amortised cost	a)	40,608	40,610	1	-	40,610
Bonds at fair value	c)	90,935	90,935	-	90,935	-
Equities, held for trading	c)	2,694	2,694	-	1,271	1,423
Equities, available for sale	d)	4,960	4,960	-	4,617	343
Interest and commission receivable	a)	7,123	7,123	-	-	7,123
Derivative financial instruments	c)	9,710	9,710	-	9,710	-
Other assets	a)	638	638	-	-	638
Total		1,068,267	1,068,268	1	1,018,133	50,136
Liabilities and equity						
Payables to credit institutions	e)	65,991	65,991	-	65,991	-
Payables to central banks	e)	49,527	49,527	-	49,527	-
Deposits and other payables	e)	31,581	31,579	2	-	31,579
Issued bonds at fair value	b)	796,403	796,403	-	796,403	-
Issued bonds at amortised cost	e)	1,589	1,585	4	1,585	-
Other non-derivative financial liabilities at fair value	c)	33,444	33,444	-	33,444	-
Interest and commission payable	e)	21,025	21,025	-	-	21,025
Derivative financial instruments	c)	6,445	6,445	-	6,445	-
Other payables	e)	3,316	3,316	-	8	3,308
Subordinate loan capital	e)	7,343	7,367	(23)	7,367	-
Total		1,016,664	1,016,681	(18)	960,770	55,912
Transfer from assets				1		
Total balance				(17)		
Unrealised gains and losses recognised in equity:						
– Equities (available for sale)				(465)		
Balances not recognised in the income statement				(482)		
Measurement methods						
Method 1: Recognised measurement methods based on market data						
Method 2: Other recognised measurement methods						
IAS 39 categories						
a) Loans, advances and receivables						
b) Assets/liabilities recognised at fair value on initial recognition (fair value option)						
c) Financial assets/liabilities held for trading						
d) Financial assets available for sale						
e) Other financial liabilities						

Notes

DKK million

The Nykredit Realkredit Group

41. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)						
2006	IAS 39 category	Carrying amount	Fair value	Balance	Fair value calculated on the basis of	
					Method 1	Method 2
Assets						
Cash balance and demand deposits with central banks	a)	200	200	-	200	-
Receivables at call with central banks	a)	22,326	22,326	-	22,326	-
Receivables from credit institutions	a+c)	34,989	34,989	-	34,989	-
Loans, advances and other receivables at fair value	b)	761,638	761,638	-	761,638	-
Loans, advances and other receivables at amortised cost	a)	30,784	30,784	-	-	30,784
Bonds at fair value	c)	79,371	79,371	-	79,371	-
Equities, held for trading	c)	4,292	4,292	-	3,176	1,116
Equities, available for sale	d)	5,343	5,343	-	5,079	264
Interest and commission receivable	a)	5,442	5,442	-	-	5,442
Derivative financial instruments	c)	5,823	5,823	-	5,823	-
Other assets	a)	418	418	-	-	418
Total		950,626	950,626	-	912,602	38,024
Liabilities						
Payables to credit institutions	e)	54,517	54,517	-	54,517	-
Payables to central banks	e)	29,994	29,994	-	29,994	-
Deposits and other payables	e)	22,165	22,162	3	-	22,162
Issued bonds at fair value	b)	751,560	751,560	-	751,560	-
Issued bonds at amortised cost	e)	1,754	1,741	13	1,741	-
Other non-derivative financial liabilities at fair value	c)	8,473	8,473	-	8,473	-
Interest and commission payable	e)	17,275	17,275	-	-	17,275
Derivative financial instruments	c)	3,393	3,393	-	3,393	-
Other payables	e)	3,673	3,673	-	-	3,673
Subordinate loan capital	e)	8,715	8,784	(69)	8,784	-
Total		901,519	901,572	(53)	858,462	43,110
Transfer from assets				-		
Total balance				(53)		
Unrealised gains and losses recognised in equity:						
– Equities (available for sale)				1,593		
Balances not recognised in the income statement				1,540		
Measurement methods						
Method 1: Recognised measurement methods based on market data						
Method 2: Other recognised measurement methods						
IAS 39 categories						
a) Loans, advances and receivables						
b) Assets/liabilities recognised at fair value on initial recognition (fair value option)						
c) Financial assets/liabilities held for trading						
d) Financial assets available for sale						
e) Other financial liabilities						

Notes

DKK million

The Nykredit Realkredit Group

42. DERIVATIVE FINANCIAL INSTRUMENTS	Net market value				Gross market value		Net market value	Nominal value
	By time-to-maturity	Up to 3 months	3 months and up to 1 year	1 year and up to 5 years	Over 5 years	Positive market value		
2007								
Foreign exchange contracts								
Forwards/futures, purchased	(172)	4	-	-	181	349	(168)	37,458
Forwards/futures, sold	204	0	-	-	217	13	204	33,385
Swaps	(5)	177	(40)	50	456	274	181	45,864
Options, purchased	27	0	2	-	30	-	30	1,348
Options, written	(11)	-	-	-	-	11	(11)	1,336
Interest rate contracts								
Forwards/futures, purchased	(12)	13	5	-	51	46	5	133,311
Forwards/futures, sold	103	-	-	-	117	14	103	109,413
Forward Rate Agreements, purchased	30	22	(2)	-	53	3	50	83,741
Forward Rate Agreements, sold	(36)	(10)	-	-	2	48	(46)	71,743
Swaps	(3)	37	108	1,051	4,922	3,730	1,193	502,077
Options, purchased	43	13	8	2,467	2,695	163	2,532	67,575
Options, written	(16)	(10)	(10)	(716)	2	755	(753)	38,188
Equity contracts								
Forwards/futures, purchased	9	-	-	-	9	0	9	10
Forwards/futures, sold	(39)	-	-	-	0	39	(39)	36
Options, purchased	0	-	1	-	1	-	1	15
Options, written	0	-	(1)	-	-	1	(1)	14
Credit contracts								
Credit default swaps, sold	-	-	(7)	(38)	3	48	(45)	1,170
Unsettled spot transactions	19	-	-	-	969	951	19	50,593

Notes

DKK million

The Nykredit Realkredit Group

42. DERIVATIVE FINANCIAL INSTRUMENTS (continued)	Net market value				Gross market value				
	By time-to-maturity	Up to 3 months	3 months and up to 1 year	1 year and up to 5 years	Over 5 years	Positive market value	Negative market value	Up to 3 months	3 months and up to 1 year
2006									
Foreign exchange contracts									
Forwards/futures, purchased	(35)	2	-	-	146	179	(33)	40,860	
Forwards/futures, sold	(19)	-	-	-	96	115	(19)	25,822	
Swaps	-	(12)	(23)	138	390	287	103	32,947	
Options, purchased	25	-	-	-	25	-	25	2,117	
Options, written	(24)	-	-	-	-	24	(24)	2,108	
Interest rate contracts									
Forwards/futures, purchased	(147)	(4)	-	-	4	155	(151)	51,260	
Forwards/futures, sold	141	2	-	-	148	5	143	102,683	
Forward Rate Agreements, purchased	21	17	-	-	38	-	38	47,530	
Forward Rate Agreements, sold	(20)	(1)	-	-	-	21	(21)	16,232	
Swaps	-	18	(18)	476	2,613	2,137	476	304,000	
Options, purchased	-	17	50	2,248	2,316	1	2,315	72,386	
Options, written	-	(5)	(32)	(400)	-	437	(437)	(388,817)	
Equity contracts									
Forwards/futures, purchased	1	-	-	-	1	-	1	3	
Forwards/futures, sold	(10)	-	-	-	-	10	(10)	31	
Options, purchased	-	-	1	-	1	-	1	18	
Options, written	-	-	(1)	-	-	1	(1)	18	
Credit contracts									
Credit default swaps, purchased	-	-	-	(2)	-	2	(2)	170	
Credit default swaps, sold	-	-	-	-	-	-	-	85	
Unsettled spot transactions	20	-	-	-	43	23	20	44,490	

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
2006	2007	2007	2006
43. GENUINE SALE AND REPURCHASE TRANSACTIONS AND GENUINE PURCHASE AND RESALE TRANSACTIONS			
The Nykredit Realkredit Group applies purchase and resale transactions and sale and repurchase transactions in the day-to-day business operations. All transactions were entered into using bonds as the underlying asset.			
Of the asset items below, genuine purchase and resale transactions represent:			
3,702	32,039	39,921	11,368
-	-	5,550	3,432
Of the liability items below, genuine sale and repurchase transactions represent:			
11,403	27,895	39,393	23,884
-	-	1,100	28
Assets sold as part of genuine sale and repurchase transactions:			
3,702	27,895	38,286	16,046

Notes

DKK million

The Nykredit Realkredit Group
2007 2006**44. RISK MANAGEMENT**

The Nykredit Realkredit Group's risk and policies are described in the Management's Review under "Group Risk Management". The information below has been included as a supplement to the Management's Review.

Credit risk

The Group's maximum credit exposure is composed of selected balance sheet and off-balance sheet items.

Total credit exposure**Balance sheet items**

Demand deposits with central banks	87	167
Receivables from credit institutions and central banks	82,510	57,316
Loans, advances and other receivables at fair value	828,954	761,638
Loans, advances and other receivables at amortised cost	40,608	30,784
Bonds at fair value	90,935	79,371
Equities	7,653	9,634
Other assets	17,576	11,841

Off-balance sheet items

Guarantees	4,242	2,987
Irrevocable credit commitments	8,014	6,286

Total	1,080,581	960,024
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Concentration risk

Pursuant to section 145 of the Danish Financial Business Act, an exposure to any one customer or group of interconnected customers may not, after deducting particularly secure claims, exceed 25% of the capital base. Furthermore, the sum of exposures which, after deduction of particularly secure claims, amount to 10% or more of the capital base, may not add up to more than 800% of the capital base. The Nykredit Realkredit Group had no exposures in 2006 or 2007 which exceeded the said limits.

Collateral security received

The Nykredit Realkredit Group reduces the risk relating to individual transactions by entering into loss guarantees and receiving security in physical assets. The establishment of lines for trading in financial products often requires a contractual basis giving the Group access to netting. The contractual basis is typically standards such as ISDA or ISMA agreements.

Notes

DKK million

The Nykredit Realkredit Group

	Nominal value	Carrying amount	Fair value
45. HEDGE ACCOUNTING			
The interest rate risk relating to fixed-rate assets and liabilities has been hedged on a current basis. The hedge comprises the following:			
2007			
Assets			
Loans and advances	3,132	3,132	3,112
Liabilities			
Subordinate loan capital	3,728	3,622	3,636
Derivative financial instruments			
Interest rate swaps, subordinate loan capital	-	(90)	
Interest rate swaps, fixed-rate bank loans and advances	2,637	(19)	
Net	9,497	6,644	6,748
Gain/loss for the year on hedging instruments		146	
Gain/loss for the year on hedged items		(143)	
Net loss		3	
2006			
Assets			
Loans and advances	3,404	3,403	3,419
Liabilities			
Subordinate loan capital	3,728	3,730	3,748
Derivative financial instruments			
Interest rate swaps, subordinate loan capital	3,728	20	
Interest rate swaps, fixed-rate bank loans and advances	4,056	15	
Net	14,916	7,168	7,167
Gain/loss for the year on hedging instruments		318	
Gain/loss for the year on hedged items		(320)	
Net gain		2	

Notes

DKK million

Nykredit Realkredit A/S		The Nykredit Realkredit Group	
2006	2007	2007	2006
46. CURRENCY EXPOSURE			
By main currency (net)			
(219)	17	20	(322)
(8)	(27)	(26)	23
(11)	42	263	23
2	92	197	204
0	(1)	3	2
218	1	3	214
(29)	791	690	71
(2)	11	10	4
(49)	925	1,160	219
269	954	1,191	547
8	3	7	13
47. BUSINESS AREAS			
The Group's segment information is disclosed by business area and geographical market as primary and secondary segments, respectively.			
The Group's primary business areas are described in detail in the management's review, page 9.			
Geographical markets			
Core income before losses on foreign lending activities was DKK 99m in 2007 against DKK 58m in 2006.			
Total international lending was DKK 24bn at end-2007.			

Notes

DKK million

48. ACQUISITION OF GROUP ENTERPRISE

LeasIT A/S

As at 1 October 2007, Nykredit Bank A/S acquired 77.35% of the shares in LeasIT A/S, and the Bank is now sole owner of the capital and voting rights. LeasIT's profit/loss and balance sheet for the period January – September 2007 have been recognised at 22.65% in the Nykredit Realkredit Group's financial statements, which corresponds to Nykredit's ownership share in the period concerned. For the period 1 October – 31 December 2007, profit/loss and the balance sheet have been fully recognised

LeasIT A/S'S BALANCE SHEET AS AT THE DATE OF ACQUISITION (FINANCIAL HIGHLIGHTS)

	Balance sheet at 30 September	Ownership share before 1 October	Addition at 1 October	Revaluation to fair value	Addition incl revaluation
Cash balance and receivables from credit institutions	193	44	149		149
Loans, advances and other receivables at amortised cost	1,908	432	1,476		1,476
Owner-occupied properties	7	2	5	4	9
Other property, plant and equipment	1	-	1		1
Other assets and prepayments	6	1	4		4
Total assets	2,115	479	1,636	4	1,640
Payables to credit institutions	1,893	429	1,464		1,464
Other liabilities and prepayments	65	15	51		51
Provisions	6	1	5		5
Subordinate loan capital	70	16	54		54
Total payables and provisions	2,034	461	1,573	0	1,573
Net assets (equity)	81	18	63		67
Purchase price including transaction costs					73
Balance/Goodwill					6
Statement of goodwill					
Purchase price including transaction costs					73
Net assets acquired (77.35%)					63
Revaluation of owner-occupied property					4
Total goodwill					6

The purchase price has been reduced by DKK 6m to DKK 73m relative to the Q1-Q3 Interim Report 2007.

According to IFRS 3, the purchase price (cost) must be broken down by the acquired identifiable assets, liabilities and contingent liabilities to the extent possible. This is done by recognising these items at fair value in the pre-acquisition balance sheet. A specific valuation resulted in a DKK 4m revaluation of the property.

Notes

DKK million

48. ACQUISITION OF GROUP ENTERPRISE (continued)				
INCOME STATEMENT (principal items)	2007		2006	
	LeasIT's income statement	Recognised in the Nykredit Realkredit Group's income statement	LeasIT's Income Statement	Recognised In the Nykredit Realkredit Group's income statement
Net interest and fee income	28	3	48	11
Other operating income	17	8	12	3
Staff and administrative expenses, depreciation and amortisation	38	17	33	7
Impairment losses on loans and advances	35	32	38	9
Profit before tax	(28)	(38)	(11)	(2)
Tax for the year	(7)	(10)	(3)	(1)
Profit/loss for the year	(21)	(28)	(8)	(2)
Share of profit/loss not recognised in the Nykredit Realkredit Group's financial statements		7		(6)

If LeasIT A/S had been consolidated throughout the entire financial year, pro forma recognition of the profit for the year would have affected the Nykredit Realkredit Group's profit by DKK 7m (2006: DKK (6m)). Net interest and fee income would have been DKK 25m and DKK 37m higher, respectively.

Notes

DKK million

The Nykredit Realkredit Group

49. GROUP STRUCTURE

	Ownership as % at 31.12.07	Revenue 2007	Profit/loss for the year 2007	Assets at 31.12.07	Liabilities at 31.12.07	Equity at 31.12.07	Nykredit's share of profit for 2007	Equity value at 31.12.07	Profit/loss for the year 2006	Equity at 31.12.06
Name and registered office										
Nykredit Realkredit A/S, Copenhagen a)										
Consolidated subsidiaries										
Totalkredit A/S, Taastrup, a)	100	1,320	754	409,914	399,185	10,729	754	10,729	595	7,975
Nykredit Bank A/S, Copenhagen, b)	100	1,882	758	135,399	129,300	6,099	758	6,099	627	4,241
Nykredit Finance plc, Plymouth, i)	100	2	-	31	3	28	-	28	-	30
Pantebrevsselskabet af 8/8 1995 A/S, Copenhagen, i)	100	1	-	27	-	27	-	27	1	26
Nykredit Pantebrevsinvestering A/S, Copenhagen, e)	100	-	-	11	-	11	-	11	-	10
Nykredit Portefølje Administration A/S, Copenhagen, l)	100	76	17	109	20	89	17	89	11	72
Nykredit Leasing A/S, Copenhagen, h)	100	1	1	118	112	6	1	6	1	6
LeasIT A/S, Lyngby-Taarbæk, h)	100	47	(21)	2,117	2,012	105	(21)	105	(8)	70
LeasIT Finans A/S, Lyngby-Taarbæk, h)	100	82	10	1,371	1,355	16	10	16	6	7
Nykredit Fixed Income Opportunities Fund Ltd, Cayman Island, d)	100	9	5	2,932	2,814	118	5	118	1	113
Nykredit Forsikring A/S, Copenhagen, c)	100	79	149	2,942	1,792	1,150	149	1,150	170	1,801
Nykredit Mægler A/S, Århus, f)	100	1,240	35	140	24	116	35	116	39	101
Nykredit Ejendomme A/S, Copenhagen, g)	100	99	54	1,283	743	540	54	540	61	450
Nykredit Adm. V A/S, Copenhagen, i)	100	-	-	1	-	1	-	1	-	1
Dene Finance S.A., under liquidation, Warsaw, j)	100	6	6	140	1	139	6	139	-	126
a) Mortgage bank										
b) Bank										
c) Insurance company										
d) Financial enterprise										
e) Mortgage trading company										
f) Estate agency business										
g) Property company										
h) Leasing business										
i) No activity										
j) In liquidation										
k) IT business										
i) Investment management company										
Nykredit Realkredit A/S is consolidated with the Parent Company, Nykredit Holding A/S, which is consolidated with Foreningen Nykredit										
The financial statements of Foreningen Nykredit and Nykredit Holding A/S are available in Danish from:										
Nykredit Realkredit A/S Kalvebod Brygge 1-3 DK-1780 Copenhagen V										

Notes

DKK million

The Nykredit Realkredit Group

49. GROUP STRUCTURE (continued)	Ownership as % at 31.12.07	Revenue 2007	Profit/loss for the year 2007	Assets at 31.12.07	Liabilities at 31.12.07	Equity at 31.12.07	Nykredit's share of profit for 2007	Equity value at 31.12.07	Profit/loss for the year 2006	Equity at 31.12.06
Name and registered office										
Associates subject to proportionate consolidation										
Dansk Pantebrevsbørs A/S, Copenhagen, e)	50	40	(3)	406	362	44	(2)	22	27	48
JN Data A/S, Silkeborg, k)	50	639	-	297	194	103	-	51	-	103
Associates *)										
Erhvervsinvest K/S, Aalborg, n)	22	54	53	304	-	304	11	66	39	133
E-nettet Holding A/S, Copenhagen, k)	25	10	7	118	27	91	3	13	2	84
JSNFA A/S, Horsens, n)	25	-	(1)	6	2	4	-	1	-	5
Erhvervsinvest Management A/S, Aalborg, o)	25	11	3	11	2	9	1	2	1	6
FDC K/S, Ballerup, k)	32	193	-	75	74	1	-	-	-	1
FDC ApS, Ballerup, k)	33	-	-	-	-	-	-	-	-	-
Blücher Holding A/S, Vildbjerg, m)	25	317	56	447	265	182	14	46	30	156
Core Property Management A/S, Copenhagen, g)	22	33	21	35	6	29	5	6	(2)	7
Scandinavian Private Equity Partners A/S, Copenhagen, n)	37	8	3	9	1	8	1	3	-	-
*) Recognised based on accounting figures at 30 September for timing reasons										
a) Mortgage bank										
b) Bank										
c) Insurance company										
d) Financial enterprise										
e) Mortgage trading company										
f) Estate agency business										
g) Property company										
h) Leasing business										
i) No activity										
j) In liquidation										
k) IT business										
l) Investment management company										
m) Trading company										
n) Investment company										
o) Consultancy										

Notes

DKK million

The Nykredit Realkredit Group

49. GROUP STRUCTURE (continued)	Ownership as % at 31.12.07	Profit/loss for the year 2006	Equity at 31.12.06
Name and registered office			
Other enterprises in which the Group holds at least 10% of the share capital			
Jeudan A/S, Copenhagen *	20.72	364	2,480
Supertræ A/S, Nørre Snede *	11.76	-	-
Fredericia Erhvervs-Investering ApS, Fredericia *	10.10	-	-
Håndværkets Byfornyelsesselskab Smba., Copenhagen *	18.48	-	-
ED Equity Holding B.V., Amsterdam *	30.43	4	8
Cross Atlantic Partners KS III, Copenhagen *	11.88	28	29
Cross Atlantic Partners KS IV, Copenhagen *	16.63	57	154
Cross Atlantic Partners KS V, Copenhagen *	13.33	(3)	45
EQT III No 3 LP, Guernsey *	16.01	659	1,124
Nordic Private Equity Partners, Copenhagen *	11.27	(21)	38
Bisca Holding A/S, Hjørring *	25.00	(17)	59
Energy Holding A/S, Copenhagen *	22.22	-	11
EDL 2 Invest 3 ApS, Copenhagen *	28.30	-	40
Ejendomsselskabet Nordtyskland IV A/S, Copenhagen *	47.92	-	85
Værdipapircentralen A/S, Tåstrup *	12.29	151	218
Erhvervsinvest II K/S	10.93	-	-

*) According to the latest published annual report

Nykredit Realkredit A/S holds 47.92% of the shares in Ejendomsselskabet Nordtyskland IV A/S, but exercises neither control nor significant influence in the company. Nykredit Realkredit A/S has no representatives on the Board of Directors or the Executive Board and therefore has no influence on the financial position and operations of the company. Consequently, the shareholding is treated as an equity investment included in the trading book for accounting purposes.

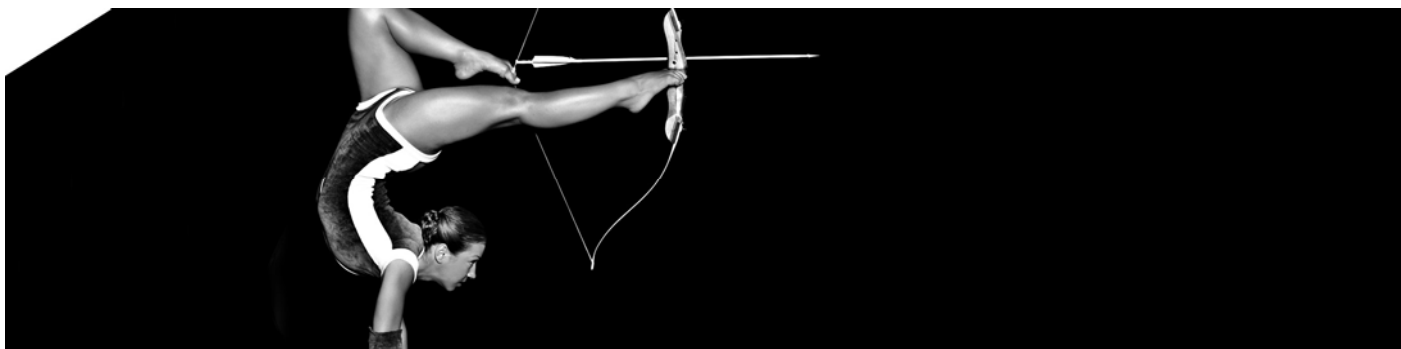
Notes

DKK million

The Nykredit Realkredit Group	FY/ 2007	FY/ 2006	Q4/ 2007	Q3/ 2007	Q2/ 2007	Q1/ 2007	Q4/ 2006
50. FIVE-QUARTER FINANCIAL HIGHLIGHTS							
Core income from							
Business operations	6,583	5,992	1,886	1,534	1,622	1,541	1,781
Securities	1,988	1,260	539	520	493	436	426
Total	8,571	7,252	2,425	2,054	2,115	1,977	2,207
Operating costs, depreciation and amortisation	4,401	4,038	1,305	952	1,078	1,065	1,103
Core earnings before impairment losses	4,170	3,214	1,119	1,102	1,037	912	1,104
Impairment losses on loans and advances	(67)	(369)	51	(46)	-	(72)	(93)
Core earnings after impairment losses	4,237	3,583	1,068	1,148	1,037	984	1,197
Investment portfolio income	158	870	(210)	114	89	164	440
Profit before tax	4,395	4,453	859	1,262	1,126	1,148	1,637
Tax	1,032	1,126	267	293	173	299	390
Profit for the period	3,363	3,327	592	969	953	849	1,247
Profit for the period excludes value adjustment of strategic equities against equity	(465)	1,419	(98)	(280)	(387)	300	718
SUMMARY BALANCE SHEET, YEAR-END							
Assets							
Receivables from credit institutions and central banks	82,645	57,516	82,645	61,754	37,768	32,884	57,516
Mortgage loans	823,228	758,132	823,228	800,558	775,098	772,781	758,132
Bank loans – excluding reverse transactions	39,660	28,983	39,660	35,619	34,827	34,086	28,983
Bonds and equities	98,588	89,005	98,588	70,262	61,001	62,376	89,005
Other assets	30,937	23,528	30,937	37,822	29,013	24,710	23,528
Total assets	1,075,058	957,164	1,075,058	1,006,015	937,707	926,837	957,164
Liabilities and equity							
Payables to credit institutions and central banks	115,875	84,512	115,875	106,922	90,873	90,108	84,512
Deposits	31,581	22,165	31,581	29,001	23,136	21,318	22,165
Issued bonds	796,403	751,560	796,403	746,097	721,377	719,076	751,560
Hybrid core capital	3,622	3,730	3,622	3,627	3,577	3,699	3,730
Supplementary capital	3,722	4,985	3,722	4,987	4,977	4,983	4,985
Other liabilities	69,408	38,225	69,408	60,981	40,055	34,518	38,225
Equity	54,447	51,987	54,447	54,400	53,711	53,135	51,987
Total liabilities and equity	1,075,058	957,164	1,075,058	1,006,015	937,707	926,837	957,164
FINANCIAL RATIOS							
Profit for the period as % of average equity pa	6.3	6.6	4.4	7.2	7.1	6.5	9.8
Core earnings before impairment losses as % of average equity pa	7.8	6.4	8.4	8.2	7.8	6.9	8.7
Core earnings after impairment losses as % of average equity pa	8.0	7.1	8.0	8.5	7.8	7.5	9.4
Costs as % of core income	51.3	55.7	53.8	46.3	51.0	53.9	50.0
Total impairment provisions	349	406	349	264	333	338	406
Impairment losses as % for the period	(0.0)	(0.0)	0.0	(0.0)	0.0	(0.0)	(0.0)
Capital adequacy ratio, %*	10.3	11.8	0.0	11.0	11.9	11.6	11.8
Core capital ratio, %*	9.7	11.0	0.0	10.1	10.9	10.9	11.0
Average number of full-time staff	3,672	3,559	3,672	3,633	3,608	3,564	3,559

*) The capital adequacy and core capital ratios include the profit for the year as from Q2/2007

Series Financial Statements



Pursuant to the Danish Financial Supervisory Authority Executive Order no 872 of 20 November 1995 on series financial statements in mortgage banks, mortgage banks are required to prepare separate series financial statements for series with series reserve funds, cf section 25(1) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

The Series Financial Statements have been prepared on the basis of the Annual Report of Nykredit Realkredit A/S for 2007.

The distribution of profit for 2007 adopted by Nykredit Realkredit A/S's Board of Directors (cf the Annual Report, page 41) has been included in the Series Financial Statements. The series' calculated share of profit for the year of Nykredit Realkredit A/S determined in accordance with the Executive Order has been taken to the general reserves of the Mortgage Bank. Where Capital Centres D and E are concerned, the Series Financial Statements have been adapted to the special investment rules governing the Capital Centres.

The Series Financial Statements have been printed at association level, cf section 30(3) of the Executive Order.

Complete Series Financial Statements may be obtained from Nykredit Realkredit A/S.

Series Financial Statements for 2007 of Nykredit Realkredit A/S

DKK million

Summary at the level of the Association and Nykredit In General

	1	2	3	4	5	6	7	8
	KØK	FSK	LCR	HUM	BHY	KØH	ØHYP	SKRF
Income statement								
Income from lending	1.9	0.8	0.1	0.2	0.7	0.1	0.2	0.2
Interest payable on subordinate loan capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest, net	5.5	1.8	0.8	2.6	0.8	0.3	0.3	1.4
Administrative expenses	(2.1)	(0.7)	(0.3)	(1.0)	(0.3)	(0.1)	(0.1)	(0.5)
Impairment losses on loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax	(1.3)	(0.5)	(0.1)	(0.4)	(0.3)	(0.1)	(0.1)	(0.3)
Profit	4.0	1.4	0.5	1.4	0.9	0.2	0.3	0.8
Balance sheet								
Assets								
Mortgage loans	752.4	267.1	33.9	43.3	166.8	0.8	7.8	40.5
Securities portfolio	24.1	8.2	2.2	3.3	3.3	0.2	0.4	1.9
Other assets	937.2	298.8	56.5	99.8	205.9	4.9	15.3	67.6
Total assets	1,713.7	574.1	92.6	146.4	376.0	5.9	23.5	110.0
Liabilities and equity								
Issued bonds	799.6	269.6	39.0	48.8	180.1	1.0	9.4	46.6
Other liabilities	866.7	290.3	46.8	74.0	190.2	3.0	11.9	55.6
Subordinate loan capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity	47.4	14.2	6.8	23.6	5.7	1.9	2.2	7.8
Total liabilities and equity	1,713.7	574.1	92.6	146.4	376.0	5.9	23.5	110.0
Movements in capital, net	(3.2)	(1.7)	(0.6)	(0.5)	(2.4)	(1.0)	(0.5)	(8.9)
	9	10	11	12	13	14	15	16 total
	VESØ	HUSM	NHYP	LHYP	KHYP	JHYP	JLKR	(1-15)
Income statement								
Income from lending	0.2	0.3	0.0	0.3	0.3	0.0	0.3	5.6
Interest payable on subordinate loan capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest, net	1.0	2.4	0.1	1.2	1.7	1.0	1.3	22.2
Administrative expenses	(0.4)	(0.9)	0.0	(0.5)	(0.6)	(0.4)	(0.5)	(8.4)
Losses on loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax	(0.2)	(0.4)	0.0	(0.4)	(0.3)	(0.2)	(0.3)	(4.9)
Profit	0.6	1.4	0.1	0.6	1.1	0.4	0.8	14.5
Balance sheet								
Assets								
Mortgage loans	37.6	35.4	1.4	31.5	29.0	0.7	45.5	1,493.7
Securities portfolio	2.7	2.8	0.1	1.7	1.3	0.5	3.2	55.9
Other assets	67.0	87.5	2.8	53.7	47.0	10.2	78.4	2,032.6
Total assets	107.3	125.7	4.3	86.9	77.3	11.4	127.1	3,582.2
Liabilities and equity								
Issued bonds	43.5	41.0	1.6	33.7	31.6	1.0	52.1	1,598.6
Other liabilities	54.3	63.6	2.2	43.9	39.1	5.8	64.3	1,811.7
Subordinate loan capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity	9.5	21.1	0.5	9.3	6.6	4.6	10.7	171.9
Total liabilities and equity	107.3	125.7	4.3	86.9	77.3	11.4	127.1	3,582.2
Movements in capital, net	(1.2)	(0.7)	(0.6)	(4.5)	(17.2)	(8.1)	(2.7)	

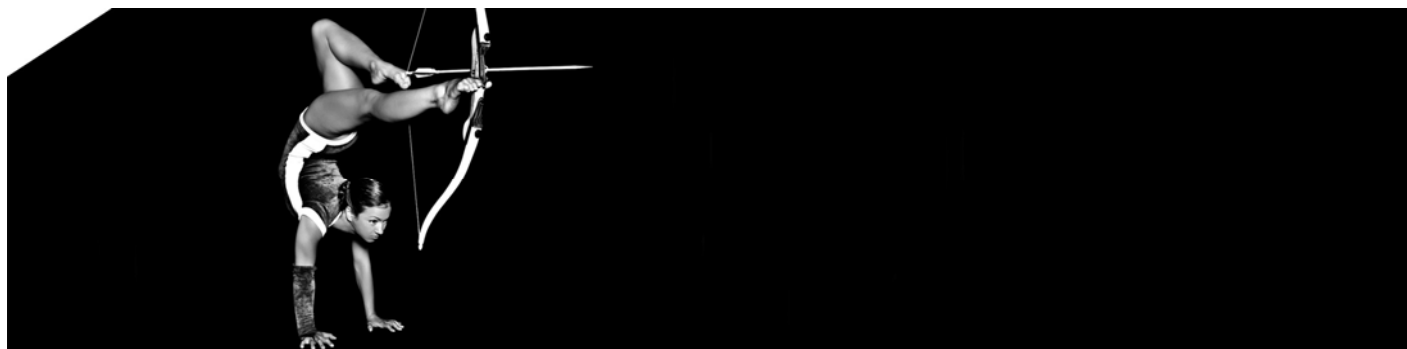
Series Financial Statements for 2007 of Nykredit Realkredit A/S

DKK million

Summary at the level of the Association and Nykredit In General

	17 FK	18 JK	19 NYK	20 total (17-19)	21 INST	22 TOTAL (16,20,21)
Income statement						
Income from lending	6.4	6.1	2,051.8	2,064.3	115.4	2,185.3
Interest payable on subordinate loan capital	0.0	0.0	0.0	0.0	(351.8)	(351.8)
Interest, net	5.2	6.7	1,019.7	1,031.6	3,153.3	4,207.1
Administrative expenses	(2.0)	(2.5)	(1,014.5)	(1,019.0)	(1,191.8)	(2,219.2)
Impairment losses on loans and advances	0.7	0.0	14.7	15.4	40.0	55.4
Tax	(2.6)	(2.6)	(517.9)	(523.1)	(451.4)	(979.4)
Profit	7.7	7.7	1,553.8	1,569.2	1,313.7	2,897.4
Balance sheet						
Assets						
Mortgage loans	564.6	625.0	461,140.6	462,330.2	10,365.8	474,189.7
Securities portfolio	17.7	23.3	92,796.7	92,837.7	5,243.0	98,136.6
Other assets	980.5	1,119.9	403,551.0	405,651.4	83,291.8	490,975.8
Total assets¹	1,562.8	1,768.2	957,488.3	960,819.3	98,900.6	1,063,302.1
Liabilities and equity						
Issued bonds	743.0	835.2	881,082.4	882,660.6	11,386.2	895,645.4
Other liabilities	790.3	894.2	52,237.1	53,921.6	50,022.8	105,756.1
Subordinate loan capital	0.0	0.0	0.0	0.0	7,343.3	7,343.3
Equity ²	29.5	38.8	24,168.8	24,237.1	30,148.3	54,557.3
Total liabilities and equity	1,562.8	1,768.2	957,488.3	960,819.3	98,900.6	1,063,302.1
Movements in capital, net	(13.6)	(19.2)	957.1		1,537.8	
1 Københavns Kreditforening		9 Den vest- og sønderjydske Kreditforening		16 Total (1-15) Associations before 1972		
2 Fyens Stifts Kreditforening		10 Jydsk Husmandskreditforening		17 Forenede Kreditforeninger		
3 Landkreditkassen		11 Ny Jydsk Landhypotekforening		18 Jyllands Kreditforening		
4 Østifternes Husmandskreditforening		12 Landhypotekforeningen for Danmark		19 Nykredit (incl Capital Centres C, D and E)		
5 Byernes Hypotekforening		13 Købstadshypotekforeningen		20 Total (17-19) Associations after 1972		
6 Københavns Kreditforening		14 Jydsk Hypotekforening		21 Nykredit In General		
7 Østifternes Hypotekforening		15 Jydsk Landkreditforening		22 Total (16, 20, 21) Nykredit Realkredit A/S		
8 Sønderjyllands Kreditforening						
Notes						
						DKK million
						2007
1. Assets, Series Financial Statements						
Assets, Annual Report						902,014.2
Assets, Series Financial Statements						1,063,302.1
Difference						(161,287.9)
Specified as follows:						
Set-off of own issued mortgage bonds, own SDOs and own other securities						(157,425.0)
Set-off of interest receivable from own issued bonds						(3,862.9)
Total						(161,287.9)
2. Equity, Series Financial Statements						
According to the Series Financial Statements, equity may be reconciled to the Financial Statements of Nykredit Realkredit A/S as follows:						
Equity, Financial Statements						54,447.3
Provisions for repayable reserves in pre-1972 series						110.0
Equity, Series Financial Statements						54,557.3

Other Information



FINANCIAL CALENDAR FOR 2008

7 February

Preliminary announcements of annual reports of the Nykredit Realkredit Group, Totalkredit A/S and the Nykredit Bank Group.

Annual reports for 2007 of the Nykredit Realkredit Group, Totalkredit A/S and the Nykredit Bank Group will be published electronically.

11 March

General meeting of Nykredit Bank A/S at Nykredit, Kalvebod Brygge 1-3, DK-1780 Copenhagen V.

26 March

General meeting of Totalkredit A/S, Helgeshøj Allé 53, DK-2630 Tåstrup.

27 March

General meeting of Nykredit Realkredit A/S at Nykredit, Kalvebod Brygge 1-3, DK-1780 Copenhagen V.

15 May

Q1 interim reports of the Nykredit Realkredit Group, Totalkredit A/S and the Nykredit Bank Group.

14 August

H1 interim reports of the Nykredit Realkredit Group, Totalkredit A/S and the Nykredit Bank Group.

6 November

Q1-Q3 interim reports of the Nykredit Realkredit Group, Totalkredit A/S and the Nykredit Bank Group.

Published announcements are available on Nykredit's website at nykredit.com/press

NYKREDIT'S MANAGEMENT**Board of Directors and Executive Board**

The Board of Directors and the Executive Board form the Nykredit Group Management.

BOARD OF DIRECTORS

The Board of Directors meets monthly, except in July, and holds a strategy and theme seminar once a year.

The members of Nykredit's Board of Directors are elected for a term of one year. The latest election took place on 28 March 2007. Re-election is not subject to any restrictions.

Below, an account is given of the individual Director's position, age, years of service on the Board and executive positions in other Danish and foreign companies as well as major organisational responsibilities.

All members of the Board of Directors are also Directors of the Parent Company Nykredit Holding A/S.

Steen E. Christensen

Attorney

Date of birth: 2 April 1947

Joined the Board on 1 May 2000

Partner and Director of Plesner Advokatfirma

Director of:

Foreningen Nykredit (Chairman)
A/S Motortramp (Chairman)
Persolit Holding A/S (Chairman)
Norgren A/S (Deputy Chairman)
Skandinavisk Tobakskompagni A/S
Danish Nitrogen Import A/S
Ny-Nitrogen A/S
Persolit Entreprenørfirma A/S
Margrethelund Gods A/S
Rosendal Gods A/S
Skov-Sam Holding ApS and
Skov-Sam Holding II ApS and subsidiaries

Legal Secretary of Foreningen Danske Godser og Herregårde (Godsejerforeningen)

Hans Bang-Hansen

Farmer

Date of birth: 15 August 1955

Joined the Board on 1 May 2001

Director of:

Foreningen Nykredit
Horsens Folkeblad A/S
Hunsballe Frø A/S

Municipal posts:

First Deputy Mayor, Municipality of Horsens
Chairman of the employment committee,
Municipality of Horsens
Director of Midttrafik
Director of Sprogcenter Horsens
Director of Horsens Produktionshøjskole
Deputy Chairman of Horsens Havn A/S

Chairman and Managing Director of
Arnen Holding ApS
Chairman and Managing Director of
LNT Invest ApS
Chairman of Håstrupgård ApS

K.E. Borup

Managing Director

Date of birth: 11 April 1939

Joined the Board on 1 April 1989

Director of:

Foreningen Nykredit
Mekoprint A/S (Chairman)
Nordjyske Holding A/S and three subsidiaries
(Chairman)
Sanistål A/S (Chairman)
Aalborg Stiftstidende A/S (Chairman)
AaSF Holding A/S (Chairman)
Fertin Pharma A/S (Deputy Chairman)
Gumlink A/S (Deputy Chairman)
Bagger-Sørensen & Co A/S
Skagerak Holding A/S and one subsidiary
Skagerak 2000 A/S
Vendsyssel Tidende A/S

Kristian Bengaard

Senior Consultant ***

Date of birth: 16 August 1958

Joined the Board on 1 March 1999

Director of:

Foreningen Nykredit
Member of the Executive Council of
Finansforbundet

Michael Demsitz

Managing Director

Date of birth: 1 February 1955

Joined the Board on 1 April 2004

Managing Director of Boligkontoret Danmark

Director of:

Foreningen Nykredit
Boligselskabernes Landsforening
Boligbutikken for Hovedstaden
Almen Bolignet

John Finderup

Attorney

Date of birth: 26 June 1941

Joined the Board on 14 April 2005

Director of:

Foreningen Østifterne (Chairman)

Norwegian Consul

Anette R. Fischer

Secretary ***

Date of birth: 22 July 1964

Joined the Board on 1 April 2004

Director of:

Foreningen Nykredit

Steffen Kragh

Group Chief Executive

Date of birth: 6 April 1964

Joined the Board on 1 April 2006

Managing Director of Egmont Fonden and
Egmont International Holding A/S

Director of:

Foreningen Nykredit
A number of subsidiaries of the Egmont Group
(Chairman)

Allan Kristiansen

Vice President ***

Date of birth: 6 March 1958

Joined the Board on 1 May 2000

Director of:

Nykredit Bank A/S

Henrik Laustsen

Housing Consultant ***

Date of birth: 29 November 1964
Joined the Board on 1 April 2004Director of:
Foreningen Nykredit**Susanne Møller Nielsen**

Housing Adviser ***

Date of birth: 21 May 1962
Joined the Board on 1 May 2000Director of:
Foreningen Nykredit**Nina Smith**

Pro-Rector

Date of birth: 17 October 1955
Joined the Board on 1 October 2004

Pro-Rector, University of Aarhus

Director of:
Foreningen Nykredit (Deputy Chairman)
Niras Gruppen A/S
PFA Holding A/S
PFA Pension Forsikringsaktieselskab**Jens Thomsen**

Managing Director

Date of birth: 13 May 1955
Joined the Board on 28 March 2007Managing Director of Stiftelsen Sorø Akademi
Manager of Ejendomsselskabet Absalon A/SDirector of:
Stensbygaard Aktieselskabet af 18. maj 1956
(Chairman)
A/S Københavns Plantageselskab (Chairman)
Foreningen Nykredit
James Meyers Mindefond
Plantningselskabet Steen Blicher A/S
Vestsjællands Kunstmuseum**Jens Erik Udsen**

Managing Director

Date of birth: 1 November 1946
Joined the Board on 1 May 1998

Managing Director of Nesdu A/S

Director of:
Foreningen Nykredit
Jeudan A/S
Nesdu A/S
Renhold A/S
Grundejernes ejendomsselskab af 1972 ApS
(Chairman)
Grundejernes Investeringsfond (Chairman)**Leif Vinther**

Chairman of Staff Association ***

Date of birth: 18 April 1959
Joined the Board on 1 May 2000Director of:
Foreningen Nykredit**EXECUTIVE BOARD**

Below, the individual Executive Board member's position, age, years of service on the Board and other executive positions, including in other companies as permitted by the Board of Directors pursuant to section 80 of the Danish Financial Business Act, are listed.

Peter Engberg Jensen
Group Chief ExecutiveDate of birth: 6 April 1953
Joined the Group Executive Board on 1 March 1997Managing Director of Nykredit Holding A/S
Managing Director of Foreningen NykreditDirector of:
Nykredit Administration V A/S (Chairman)
Nykredit Ejendomme A/S * (Chairman)
Totalkredit A/S ** (Chairman)
Dene Finanse S.A. under liquidation
OMX Exchanges OY
Stockholmsbörsen AB**Søren Holm****Group Managing Director**Date of birth: 15 November 1956
Joined the Group Executive Board on 1 March 2006

Managing Director of Nykredit Holding A/S

Director of:
Nykredit Administration V A/S
Nykredit Bank A/S
Dene Finanse S.A. under liquidation
Nykredit Ejendomme A/S
Nykredit Forsikring A/S
Nykredit Mægler A/S
Totalkredit A/S *
JN Data A/S**Karsten Knudsen****Group Managing Director**Date of birth: 21 June 1953
Joined the Group Executive Board on 1 June 2005Managing Director of Nykredit Holding A/S
Managing Director of Nykredit Bank A/S **.Director of:
Nykredit Bank A/S* (Chairman)
LeasIT A/S * (Chairman)
Nykredit Forsikring A/S
Dansk Pantebrevsbørs A/S
Nykredit Portefølje Bank A/S **

Per Ladegaard
Group Managing Director

Date of birth: 17 March 1953
 Joined the Group Executive Board on 1 May 1998

Managing Director of Nykredit Holding A/S

Director of:

Nykredit Bank A/S
 Nykredit Mægler A/S (Chairman)
 Nykredit Forsikring A/S (Chairman)
 e-nettet Holding A/S (Chairman)
 e-nettet A/S (Chairman)
 JN Data A/S (Deputy Chairman)
 BEC (Bankernes EDB Central)
 Finanssektorens Uddannelsescenter
 IT-Universitetet
 Owner of Bræmkærgård

Niels Tørslev
Group Managing Director

Date of birth: 8 February 1950
 Joined the Group Executive Board on 13 November 2003

Managing Director of Nykredit Holding A/S
 Managing Director of Totalkredit A/S **

Director of:

Totalkredit A/S * (Chairman)
 Nykredit Mægler A/S
 Dene Finanse S.A. under liquidation
 Terra BoligKreditt AS **
 Værdipapircentralen A/S

* Joined in 2007

** Resigned in 2007

*** Staff-elected member

CORPORATE GOVERNANCE

Nykredit's Board of Directors has decided that the Nykredit Group - with the adjustments that follow from its special ownership and management structure - should act as a listed company. This includes running the Group on sound business terms.

This implies compliance by Nykredit with OMX Nordic Exchange Copenhagen's revised "Corporate Governance Recommendations". However, Nykredit's ownership structure per se implies that the majority of board members are elected by and among borrowers and bondholders in Nykredit Realkredit, cf below.

The recommendations concerning shareholders' role and interaction with the company management address a conventionally listed company with many shareholders.

Nykredit Realkredit A/S's ownership structure differs from a conventionally listed company, as the Parent Company Nykredit Holding A/S only has four shareholders of which Foreningen Nykredit owns 87.46% of the shares.

The purpose of the recommendations concerning shareholders' role and interaction with the company management is to create an appropriate forum encouraging shareholders to enter into a dialogue with the company management. The number of shareholders in Nykredit per se creates a good framework for a close dialogue with the company management. The Board does therefore not consider this part of the recommendations relevant to Nykredit.

According to the recommendations, at least half the board members elected by the general meeting should be independent persons. The board members of Nykredit Holding A/S and the wholly-owned subsidiary Nykredit Realkredit A/S are appointed by and among the boards of directors of the shareholders of

Foreningen Nykredit, Foreningen Østifterne and PRAS A/S. The board members of Foreningen Nykredit are elected by the Committee of Representatives of the Association. The representatives are elected by and among borrowers of Nykredit Realkredit A/S and by and among the bondholders.

The Board evaluates its work regularly.

Further information on Nykredit's organisation and corporate governance is available at nykredit.com.

THE NYKREDIT FOUNDATION

Each year the Nykredit Foundation supports initiatives within Danish trade and industry, research and culture.

The object of the Foundation is to support initiatives within Danish trade and industry related to the building and construction sector and other purposes related to Nykredit's activities. The Foundation also offers financial support to research as well as cultural and non-profit initiatives.

In 2007 the Nykredit Foundation awarded approx DKK 5.5m to research and support of initiatives within Danish trade and industry related to the building and construction sector and Nykredit's activities and support for cultural and social purposes. The Foundation is managed by Nykredit Realkredit A/S, and its contributed capital amounts to DKK 100m.

Fixed annual grants

Every year the Nykredit Foundation's Architecture Prize of DKK 300,000 is granted to persons who have either personally or through their work made a special contribution within architecture or town planning. Nykredit's Architecture Prize is the largest of its kind in Scandinavia, and in 2007 it was awarded to Dorte Mandrup-Poulsen, Architect MAA, who has her own architecture firm in Copenhagen.

Another fixed annual grant is Nykredit's Prize for Meritorious Work of DKK 50,000. It is awarded to one or more talented young architects who have attracted favourable notice in the architectural community. In 2007 the prize was awarded to Dan Stubbergaard, Architect MAA, from the architecture firm Cobe.

Sponsorships

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

In 2007 within arts and culture, Nykredit was the main sponsor of the Danish Royal Theatre, the Old Town in Århus and Ordrupgaard. Also, Nykredit was the sponsor of the exhibition Louisiana Contemporary and the "X-room" at Statens Museum for Kunst.

Within sports, Nykredit is the main sponsor of Dansk Golf Union and the main and title sponsor of the Danish division of the Ladies European Tour - Nykredit Masters.

The golf sponsorships are implemented locally through eg memberships of a number of business clubs and sponsorship agreements with golf clubs.

Nykredit is Corporate Partner to the Copenhagen Business School and the Danish Centre for Accounting and Finance of the University of Aarhus.

Partners and projects are selected and assessed on the basis of the value match between the parties. Nykredit prefers a mutually developing and long-term cooperation.

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.