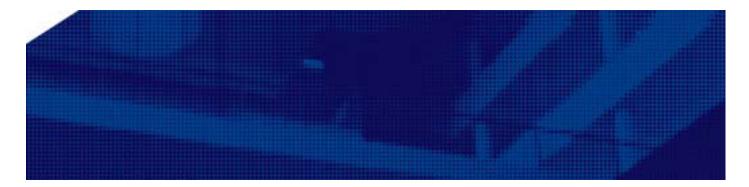
Annual Report 2008 The Nykredit Realkredit Group



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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



# Growth in customer-oriented business – but the financial crisis brought losses

2008 took us by surprise in many respects.

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

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

The high pace of the downturn probably surprised the market and Nykredit most.

Everybody has had to realise that the rules of the game by which international financial markets interacted one year ago no longer apply automatically.

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

#### Denmark hit by financial crisis

During the summer – before the financial crisis really started raging in Denmark – Nykredit was invited to begin acquisition talks with Forstædernes Bank. A tender offer by Nykredit was accepted by an overwhelming majority of shareholders. The purpose of the acquisition was to strengthen the Nykredit Group's position in the metropolitan area with respect to retail customers and SMEs. Almost concurrently with the announcement of the acquisition the international financial crisis accelerated, and the consequences became increasingly evident in Denmark.

Nykredit incurred significant losses due to bank collapses, declining equity prices, substantial yield spread widening and impairment losses on loans and advances in Forstædernes Bank.

#### Mortgage system proves resilient

But the Danish mortgage system, dating back more than 200 years, proved its robustness in the stormy autumn of 2008. Thus, Nykredit successfully refinanced ARMs of DKK 116bn via the bullets auctions in December at attractive prices for our customers. The mortgage system curtails financial risk and is one of the cornerstones of the business practices of Nykredit as a financial group.

The strength of Nykredit's bond funding was underscored by a AAA rating from Standard & Poor's in November 2008.

#### Good business development

Nykredit is in contact with more than one million customers through own distribution channels as well as regional and local partner banks. In addition to growing customer-oriented business activities, the Group has dedicated efforts to strengthening its profile as well as dialogue and communication with customers.

A new business concept, Financial sustainability, was introduced in early 2008, updating the existing one. It emphasises our objective of securing long-lasting customer relations. The digital communication with Nykredit's customers was also reinforced by facilities such as online meetings, expansion of Nykredit's blog, broader access via nykredit.dk and the launch of nykredit.tv.

#### Continued crisis and consolidation

At the end of January 2009, the Danish parliament adopted a credit package authorising government capital contributions to Danish commercial and mortgage banks. This facility will not end the crisis, but it may help normalise credit granting, thus attenuating the worst effects of the crisis.

2009 will be a challenging year in which Nykredit will concentrate on consolidation. We will focus sharply on capital needs and continue the strict credit policy always pursued, which has been successful as loan losses have been very low.

But this will not curb Nykredit's development. We aim to continue growing while reinforcing our strong position in financial markets.

Stormy weather calls for consolidation, but we are also looking to the future. We are preparing our overall development path which is to become our new strategy ensuring Nykredit's continued growth, dynamism and leeway in the challenging years ahead.

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: The Annual General Meeting will be held in the Company on 25 March 2009

#### **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, Political Secretary \* Lisbeth Grimm, Treasurer \* Steffen Kragh, CEO Allan Kristiansen, Vice President \* 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

Bente Overgaard Group Managing Director

Niels Tørslev Group Managing Director

At nykredit.com, you may read more about Nykredit and see the following reports:

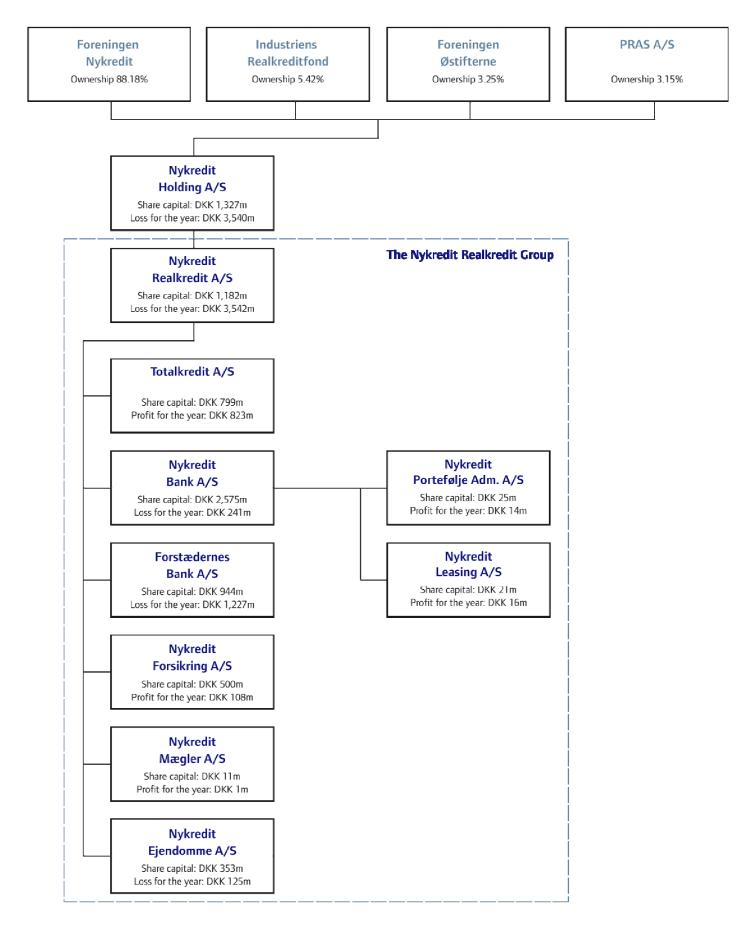
Annual Report 2008

- About Nykredit 2008
- Risk and Capital Management 2008

Information on Nykredit's corporate governance policy is available at nykredit.com/aboutnykredit

Investor information is available at nykredit.com/ir

# Group chart



For a complete group structure, please refer to page 115.

# **Financial highlights**

Dick and the space of the sp		The Nykredit Realkredit Group					
Concense from SecuritiesConstant operationConstant operation <td>DKK million</td> <td>2008 <sup>1</sup></td> <td>2007</td> <td>2006</td> <td>2005 <sup>2</sup></td> <td>2004 <sup>2</sup></td> <td>EUR 2008</td>	DKK million	2008 <sup>1</sup>	2007	2006	2005 <sup>2</sup>	2004 <sup>2</sup>	EUR 2008
- Bounds operations       6.688       6.534       5.929       5.925       4.842       884         Securities       1,198       1,260       825       7,222       6.651       5.606       1,111         Operating costs, depredation and anotization       5,609       4,532       4,028       3,238       4,128       3,239       4,128       3,239       4,128       2,237       108       455       1000       116       1000	CORE EARNINGS AND RESULTS FOR THE YEAR						
Scatabis1.19881.2000.8250.7140.287Total0004110 (cots, depreciation and amorisation6.4074.3324.3180.7180.718Core annings before inpairment tosses1.4390.7770.7210.7210.7180.718Core annings before inpairment tosses1.4430.7770.7210.7830.7180.7180.718Core annings fore inpairment tosses1.9474.2320.7830.7310.7190.7110.719Pofic/toss before tax0.8090.4370.4474.3220.7080.7180.7180.718Pofic/toss before tax0.8090.7340.7270.8180.7270.8180.7180.7180.718Pofic/toss for the year0.8092.0072.0082.0072.0082.0072.0082.0072.0080.7180.7	Core income from						
Total         6,799         6,522         7,252         6,651         5,568         1,181           Operating costs, depret impainment losses         3,30         4,170         3,214         2,983         2,118         455           Ingainment losses         1,443         (67)         (369)         4,452         4,383         3,188         2,518 <td>- Business operations</td> <td>6,658</td> <td>6,534</td> <td>5,992</td> <td>5,826</td> <td>4,822</td> <td>894</td>	- Business operations	6,658	6,534	5,992	5,826	4,822	894
Operating corts, deprecision and amoritation         5,090         4,370         3,278         3,218         4,278           Care annings before impainment losses         1,443         6,67         1,699         (,400)         194           Care annings hear impainment losses         1,847         4,287         3,388         2,118         2,019           Investment portfolio income         (2,827)         100         646         1,204         1,731         3,739           Priff/loss before tax         (3,807)         1,437         4,337         4,342         4,249         (116)           Tax         (1165)         1,413         (112)         1,120         1,120         1,313         2,318         2,318         2,318         2,318         2,319         2,319         2,319         2,319         2,319         3,319         2,319         3,319         2,319         3,319         2,319         3,319         2,319         3,319         2,319         3,319         2,318         4,329         4,319         4,329         4,319         4,329         4,319         4,329         4,319         4,329         4,319         3,519         1,519         3,519         1,519         3,519         1,519         3,519         1,519 <t< td=""><td>- Securities</td><td>2,141</td><td>1,988</td><td>1,260</td><td>825</td><td>814</td><td>287</td></t<>	- Securities	2,141	1,988	1,260	825	814	287
Concentry before impainment losses         3,390         4,170         3,214         2,833         2,118         4455           Impainment losses on loans and advances         1,443         (677)         (369)         (430)         (430)         1493           Core carnings before impainment losses         1,947         4,237         3383         3,138         2,188         2,018           Tox         (165)         1,024         1,120         1,162         1,056         (25)           Profit/loss for the year excludes value adjustment         (165)         1,024         1,120         1,162         3,193         (39)           Profit/loss for the year excludes value adjustment         (165)         1,024         1,120         1,120         ,150         (38)           SUMMARY BALANCE SHEET, VEAR-END         2006         2007         2006         2007 <sup>3</sup> 2004 <sup>1</sup> Receivables from credit instructions and central banks         73,400         82,645         57,515         67,644         52,909         1,982           Mortagae loans         83,650         823,228         78,132         690,014         79,003         39,071         1,883           Other accel reves transactions         124,1927         10,75,08         89,050         77,7	Total	8,799	8,522	7,252	6,651	5,636	1,181
Impartment bases on loans and advances1.443(67)(189)(245)(246)(190)(194)Core earnings after impairment boses(2,877)150064(1,20)(1,21)<	Operating costs, depreciation and amortisation	5,409	4,352	4,038	3,758	3,518	726
Core carnings after impairment losses         1,947         4,237         3,583         3,138         2,518         2,61           Investment portfolio income         (C,877)         150         684         1,204         1,213         (G73)           Tax         (165)         10,24         1,120         1,162         1,065         (23)           Profit/loss for the year excludes value adjustment         (666)         3,363         3,377         3,180         3,193         (23)           Profit/loss for the year excludes value adjustment         (2,847)         (465)         1,419         1,227          (382)           SUMMARY BALANCE SHEF, YEAR-END         2006         2007         2006         2005 <sup>2</sup> 2004 <sup>2</sup> Reservables from credit institutions and central banks         73,400         80,645         57,516         67,664         52,809         9,852           Mortgage leams         283,663         282,328         75,812         699,116         632,944         7,948         7,920         29,852           Mortgage leams         73,007         30,337         23,528         23,576         21,405         9,792           Dank form credit institutions and central banks         162,494         112,817         10,833	Core earnings before impairment losses	3,390	4,170	3,214	2,893	2,118	455
Investment portfolio income(12,827)(150)(144)(1,20) <th< td=""><td>Impairment losses on loans and advances</td><td>1,443</td><td>(67)</td><td>(369)</td><td>(245)</td><td>(400)</td><td>194</td></th<>	Impairment losses on loans and advances	1,443	(67)	(369)	(245)	(400)	194
Profit/loss before tax         (180)         4,387         4,447         4,342         4,249         (118)           Tax         (115)         1,024         1,120         1,162         1,053         (25)           Profit/loss for the year excludes value adjustment         (695)         3,363         3,327         3,180         3,193         (382)           SUMMARY BALANCE SHEET, YEAR-END         (2667)         2006         2005 <sup>2</sup> 2004 <sup>2</sup> -         (382)           Receivables from credit institutions and central banks         73,400         82,645         57,516         67,654         52,809         9,852           Bank loans - cent reverse transactions         727,43         39,660         28,938         13700         17,408         9,752           Bonds and equities         103,433         98,588         89,005         73,788         73,977         13,863           Chal sests         1218,172         107,058         99,714         99,016         632,649         12,1817           Daylis to credit institutions and central banks         1218,172         107,058         99,014         90,014         90,702           Bank loans - central statistictions and central banks         1218,172         10,75,058         99,114         80,80,014	Core earnings after impairment losses	1,947	4,237	3,583	3,138	2,518	261
Tax(185)1.0241.0201.1621.0621.059Profit/loss for the year calculae value adjustment of strategic equities against equity(2.847)(4.857)(4.857)(4.857)(4.857)SUMMARY BALANCE SHEET, YEAR-END2000200720062005'2004''2005'2004''Assets2008200720062005'2004''9.852Mortgage lans805, 63823,282758,132659,01663,26492,02571,4089.852Bonk loans - excl revese transactions272,7439,66028,93319,87017,4089.762Bonk and equites103,43399,58889,05773,78873,35713,883Other assets12,1812107,5058957,164890,01473,00913,873Liabilities and equits115,87584,71255,32244,06912,187Payables to credit institutions and central banks162,549115,87584,72555,32244,06921,817Payables to credit institutions and central banks162,549115,87584,7255,32244,06921,817Payables to credit institutions and central banks162,49413,82255,32244,06921,817Subortlane ion capital115,87584,7255,32244,06921,817Payables to credit institutions and central banks162,49413,82255,32244,06921,817Subortlane ion capital162,549162,549162,54917,82553,222 </td <td>Investment portfolio income</td> <td>(2,827)</td> <td>150</td> <td>864</td> <td>1,204</td> <td>1,731</td> <td>(379)</td>	Investment portfolio income	(2,827)	150	864	1,204	1,731	(379)
Profit/loss for the year(695)3,3633,3273,1803,193(93)Profit/loss for the year excludes value adjustment of strategic equities against equity(2,847)(465)1,4191,217(382)SUMMARY BALANCE SHEET, YEAR-END20062007200620052004 <sup>2</sup> 2004Assets73,40082,64557,51667,66452,8099,852Morigage bans895,633893,22879,8132690,116632,504120,205Bank loans - excl reverse transactions72,73439,66028,98319,87017,4089,722Bonds and equity103,43396,58689,00579,78873,97913,88324,55221,4059,722Total assets73,09739,39723,52823,57621,4059,72217,848163,494Liabilities and equity115,27584,51255,52244,06921,817Payables to credit institutions and central banks162,549115,87584,51255,52244,06921,217Ubbordinate blon capital162,549115,87584,51255,52244,06912,217- hybrid core capital4,1193,6223,7303,9403,844553- Supelementary capital4,86938,2253,6173,581163,264- Subordinate banks98,64669,40838,2253,6173,581- Supelementary capital12,18,12710,5562005720047- Subordinate bank sind	Profit/loss before tax	(880)	4,387	4,447	4,342	4,249	(118)
Profit/loss for the year excludes value adjustment of strategic equities against equity         (2,847)         (465)         1,419         1,217         -         (382)           SUMMARY BALANCE SHEET, YEAR-END         2008         2007         2006         2005 <sup>7</sup> 2004 <sup>7</sup> Assets         2008         2007         2006         2005 <sup>7</sup> 2004 <sup>7</sup> Receivables from credit institutions and central banks         295,463         833,228         758,132         699,116         632,204         120,205           Bank loans - exci reverse transactions         272,744         39,660         28,983         19,870         17,408         9,792           Bonds and equities         73,097         30,937         23,528         23,576         21,405         9,792           Total assets         1,218,127         1075,058         97,164         80,0014         796,083         163,494           Liabilities and equity         1         1,218,127         15,571         55,322         44,069         2,121         53,328         163,264         12,181         21,165         12,180         21,185         12,18,127         13,83         25,352         24,069         20,217         12,121         12,121         13,832         12,181         21,185	Tax	(185)	1,024	1,120	1,162	1,056	(25)
of strategic equities against equity(2,947)(465)1,191,217(382)SUMMARY BALANCE SHEET, YEAR-END2000200720052005 <sup>2</sup> 2004 <sup>1</sup> 2000Assets2000200775,15167,66432,0999,852Receivables from credit institutions and central banks285,463823,22875,8132699,116622,504120,205Bank lons - exci reverse transactions27,27,4439,600829,89319,87017,4089,762Bonds and equities70,797103,43398,58889,00579,78873,55713,883Other assets72,73439,60082,93319,87017,4089,772Total assets12,18,12710,75,05895,7164890,014798,083163,494Liabilities and equity112,81711,587584,51255,32244,06921,817Payables to credit institutions and central banks162,549115,87584,51255,32244,06982,121Subordinate loan capital162,549115,87584,51255,32244,06982,12112,121Subpertentary capital4,01193,6223,73071,80465,10713,28364,10265,107Core earning stering magnitement losses as % of average equity6,571,866,0042,60413,2836,6142,604Flybrid core capital12,1812710,75,05897,116466,1087,76,66,687,76,66,647,	Profit/loss for the year	(695)	3,363	3,327	3,180	3,193	(93)
of strategic equities against equity(2,947)(465)1,191,217(382)SUMMARY BALANCE SHEET, YEAR-END2000200720052005 <sup>2</sup> 2004 <sup>1</sup> 2000Assets2000200775,15167,66432,0999,852Receivables from credit institutions and central banks285,463823,22875,8132699,116622,504120,205Bank lons - exci reverse transactions27,27,4439,600829,89319,87017,4089,762Bonds and equities70,797103,43398,58889,00579,78873,55713,883Other assets72,73439,60082,93319,87017,4089,772Total assets12,18,12710,75,05895,7164890,014798,083163,494Liabilities and equity112,81711,587584,51255,32244,06921,817Payables to credit institutions and central banks162,549115,87584,51255,32244,06982,121Subordinate loan capital162,549115,87584,51255,32244,06982,12112,121Subpertentary capital4,01193,6223,73071,80465,10713,28364,10265,107Core earning stering magnitement losses as % of average equity6,571,866,0042,60413,2836,6142,604Flybrid core capital12,1812710,75,05897,116466,1087,76,66,687,76,66,647,							
Summary BALANCE SHEET, YEAR-END         Constrained of the second of	Profit/loss for the year excludes value adjustment						
Assets         2000         2007         2006         2005         2005           Receivables from credit institutions and central banks         73,400         82,645         57,516         67,664         52,909         9,552           Bank kons – excl reverse transactions         27,734         39,660         28,983         19,870         17,408         9,762           Bonds and equities         73,307         30,937         23,228         23,576         21,405         9,752           Total assets         1,218,127         1,075,058         957,164         890,014         798,083         163,494           Labilities and equity         1         1,158,75         84,512         55,322         44,069         21,817           Payables to credit institutions and central banks         162,549         115,875         84,512         55,322         44,069         21,817           Ubsordinat lean capital         161,177         31,581         22,165         718,041         651,607         112,217           Ubsordinat lean capital         4,119         3,622         3,730         3,940         3,844         553           Subordinat lean capital         4,119         3,622         3,6107         33,066         3,264           Subord	of strategic equities against equity	(2,847)	(465)	1,419	1,217	-	(382)
Assets         2000         2007         2006         2005         2005           Receivables from credit institutions and central banks         73,400         82,645         57,516         67,664         52,909         9,552           Bank kons – excl reverse transactions         27,734         39,660         28,983         19,870         17,408         9,762           Bonds and equities         73,307         30,937         23,228         23,576         21,405         9,752           Total assets         1,218,127         1,075,058         957,164         890,014         798,083         163,494           Labilities and equity         1         1,158,75         84,512         55,322         44,069         21,817           Payables to credit institutions and central banks         162,549         115,875         84,512         55,322         44,069         21,817           Ubsordinat lean capital         161,177         31,581         22,165         718,041         651,607         112,217           Ubsordinat lean capital         4,119         3,622         3,730         3,940         3,844         553           Subordinat lean capital         4,119         3,622         3,6107         33,066         3,264           Subord							
Receivables from credit institutions and central banks         73,400         82,645         57,516         67,664         52,809         9,852           Mortgage loans         889,643         823,228         758,132         669,116         632,504         120,205           Bank loans - excl reverse transactions         72,734         39,600         28,983         19,870         17,408         9,762           Bonds and equitities         103,433         98,588         890,005         77,88         73,897         13,883           Other assets         73,097         30,937         23,528         23,766         21,405         9,792           Total assets         12,18127         1,075,058         957,164         890,014         798,083         163,494           Liabilities and equity            71,875         84,512         55,322         44,069         2,1817           Subordinate loan capital         115,875         84,512         55,332         44,069         2,111           Subordinate loan capital         4,119         3,622         3,730         3,940         3,844         553           Supplementary capital         64,800         3,722         49,692         44,235         6,616	SUMMARY BALANCE SHEET, YEAR-END						
Receivables from credit institutions and central banks         73,400         82,645         57,516         67,664         52,809         9,852           Mortgage loans         889,643         823,228         758,132         699,116         632,504         120,205           Bank loans - excl revese transactions         72,734         39,600         28,983         19,870         17,408         9,762           Bonds and equitities         103,433         98,588         890,057         72,887         13,883           Other assets         73,097         30,937         23,528         23,576         21,405         9,792           Total assets         12,18,127         1,075,058         957,164         890,014         796,003         163,494           Liabilities and equity          115,875         84,512         55,322         44,069         21,817           Subordinate loan capital         115,875         84,512         57,550         71,804         65,107         13,203           Subordinate loan capital         4,119         3,622         3,730         3,940         3,844         553           Supplementary capital         64,800         3,722         48,692         44,235         6,616           Core capital							
Mortgage loans895,463823,228758,132699,116632,504120,205Bark loans - excl reverse transactions72,73439,66028,98319,87017,4089,762Bonds and equities103,43398,5889,00579,78873,95713,883Other assets12,18,1271,075,058957,164890,014798,083163,494Payables to credit institutions and central banks162,549115,87584,51255,32244,06921,817Deposits61,17731,58122,16521,80818,7028,211Issued bonds836,061796,403751,560718,041651,607112,217Subordinate loan capital4,1193,6223,7303,9403,844553- Hybrid core capital4,8103,7224,96561,0733,026132,283Equity0,53750,7719,80748,69244,2356,6142,600Other labilities and equity12,18710,75,05897,16498,0643,2253,610733,026132,283Equity0,53750,7719,80713,83713,83163,4941533163,4941533163,494Core carring barle inpairment losses as % of average equity6,157,86,66,87,716,86,0Core earring barle inpairment losses as % of average equity6,155,15,55,2,4115,8716,86,016,816,151,155,56,2,4	Assets	2008	2007	2006	2005 <sup>2</sup>	2004 <sup>2</sup>	
Bank loans - excl reverse transactions         72,734         39,660         28,983         19,870         17,408         9,762           Bonds and equities         103,433         98,688         89,005         79,788         73,997         13,883           Other assets         73,097         1075,058         89,0014         798,083         163,493           Liabilities and equity         1,218,127         1,075,058         957,164         99,014         798,083         163,494           Payables to credit institutions and central banks         162,549         115,875         84,512         5,322         44,069         21,217           Deposits         61,177         31,581         22,165         21,808         18,702         3,844           Subordinate loan capital         836,081         796,403         751,560         718,041         651,607         112,217           Subpriementary capital         4,119         3,622         3,730         3,940         552           Other liabilities and equity         69,408         38,225         36,107         33,026         13,283           Equity         50,377         54,477         51,989         44,259         6,761           Total liabilitities and equity         1218,127	Receivables from credit institutions and central banks	73,400	82,645	57,516	67,664	52,809	9,852
Bonds and equities         103,433         98,588         89,005         79,788         73,957         13,883           Other assets         73,097         30,937         23,528         23,576         21,405         9,792           Total assets         1,218,127         1,075,058         997,164         690,014         79,083         163,494           Liabilities and equity         1         1,025,058         997,164         690,014         79,083         163,494           Payables to credit institutions and central banks         162,549         115,875         84,512         55,322         44,069         21,817           Deposits         61,177         31,581         22,165         21,808         18,702         8,211           Subordinate loan capital         4,119         3,622         3,730         3,940         3,844         553           Subplementary capital         4,119         3,622         3,730         3,046         4,250         6,177           Total liabilities and equity         1,218,127         1,075,058         957,164         890,014         798,083         13,283           Core earnings before inpairment losses as % of average equity         1,218,127         1,087,058         957,164         860,0         77     <	Mortgage loans	895,463	823,228	758,132	699,116	632,504	120,205
Other assets73,09730,93723,52823,57621,4059,792Total assets1,218,1271,075,058957,164890,014798,083163,494Liabilities and equity789,081162,549115,87584,51255,32244,06921,817Payables to credit institutions and central banks162,549115,87584,51255,32244,06921,817Deposits61,17731,58122,16521,804651,607112,217Subordinate loan capital4,1193,6223,7303,9403,844553Supplementary capital4,8603,7224,9856,1042,600652Other liabilities and equity98,76469,40838,22536,10733,26213,283Equity50,57754,47751,98748,69244,2536,761Total liabilities and equity12,181,27710,75,088997,164890,014798,083113,283Equity50,57754,47751,98748,69244,2536,761FINANCIAL HICHLICHTS20082007200,57866,66.87.7Fork/Stor for loga and quarantee equity6.57.86.46.25.1Core earnings before impairment losses as % of average equity6.57.86.46.25.1Core as as 6 of average equity6.57.86.46.25.15.76.46.25.1Impairment provisions for loans, advances and guarantees, Forstædermes <td>Bank loans – excl reverse transactions</td> <td>72,734</td> <td>39,660</td> <td>28,983</td> <td>19,870</td> <td>17,408</td> <td>9,762</td>	Bank loans – excl reverse transactions	72,734	39,660	28,983	19,870	17,408	9,762
Total assets         1,218,127         1,075,058         957,164         890,014         798,083         163,494           Liabilities and equity         Payables to credit institutions and central banks         162,549         115,875         84,512         55,322         44,069         21,817           Deposits         61,177         31,581         22,165         21,808         18,702         8,211           Issued bonds         836,081         796,403         751,560         718,041         651,607         112,217           Subordinate loan capital         -         -         -         -         -         -           -Supplementary capital         4,860         3,722         4,965         6,104         2,600         652,532           Cotter liabilities         98,964         69,040         38,225         36,107         33,026         13,283           Equity         50,377         54,447         51,967         48,692         44,235         6,761           Total liabilities and equity         (1.3)         6.3         6.6         6.8         7.7           Core earnings before impairment losses as % of average equity         6.5         7.8         6.4         6.2         5.1           Core earnings ffer impairme	Bonds and equities	103,433	98,588	89,005	79,788	73,957	13,883
Liabilities and equity         Here	Other assets	73,097	30,937	23,528	23,576	21,405	9,792
Payables to credit institutions and central banks         162,549         115,875         84,512         55,322         44,069         21,817           Deposits         61,177         31,581         22,165         21,808         18,702         8,211           Issued bonds         836,081         796,403         751,560         718,041         651,607         112,217           Subordinate loan capital         -	Total assets	1,218,127	1,075,058	957,164	890,014	798,083	163,494
Payables to credit institutions and central banks         162,549         115,875         84,512         55,322         44,069         21,817           Deposits         61,177         31,581         22,165         21,808         18,002         8,211           Issued bonds         836,081         796,403         751,560         718,041         651,607         112,217           Subordinate loan capital         -         -         -         -         -         -         -         -         -         -         -         3,940         3,844         553         - </td <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>							
Deposits61,17731,58122,16521,80818,7028,211Issued bonds836,081796,403751,560718,041651,607112,217Subordinate loan capital<	Liabilities and equity						
Issued bonds836,081796,403791,509718,041651,607112,217Subordinate loan capital <td< td=""><td>Payables to credit institutions and central banks</td><td>162,549</td><td>115,875</td><td>84,512</td><td>55,322</td><td>44,069</td><td>21,817</td></td<>	Payables to credit institutions and central banks	162,549	115,875	84,512	55,322	44,069	21,817
Subordinate loan capital         Final Problem         Final Problem           - Hybrid core capital         4,119         3,622         3,730         3,940         3,844         553           - Supplementary capital         4,860         3,722         4,985         6,104         2,600         652           Other liabilities         98,964         69,408         38,225         36,107         33,026         13,283           Equity         50,377         54,447         51,987         48,692         44,235         6,761           Total liabilities and equity         1,218,127         1,075,058         957,164         890,014         798,083         163,494           Profit/loss for the year as % of average equity         C1.3         6.3         6.6         6.8         7.7           Core earnings after impairment losses as % of average equity         6.5         7.8         6.4         6.2         5.1           Core earnings after impairment losses as % of average equity         6.5         51.1         55.7         56.5         6.4           Impairment provisions for loans, advances and guarantees excl Forstædermes         349         406         798         1,110           Impairment provisions for loans, advances and guarantees, Forstædermes Bank         1,712         <	Deposits	61,177	31,581	22,165	21,808	18,702	8,211
+ Hybrid core capital4,1193,6223,7303,9403,844553- Supplementary capital4,8603,7224,9856,1042,600652Other liabilities98,96469,40838,22536,10733,02613,283Equity50,37754,44751,98748,69244,2356,761Total liabilities and equity1,218,1271,075,058957,164890,014798,083163,494Profit/loss for the year as % of average equityC1.36.36.66.87.77061Core earnings before impairment losses as % of average equity6.57.86.46.25.17.8Core earnings after impairment losses as % of average equity6.57.86.46.25.17.8Impairment provisions for loans, advances and guarantees excl Forstædernes1.2353494067981,1101.131.10Impairment losses for the year, %0.0110.000.000.011.51.55.51	Issued bonds	836,081	796,403	751,560	718,041	651,607	112,217
- Supplementary capital       4,860       3,722       4,985       6,104       2,600       652         Other liabilities       98,964       69,408       38,225       36,107       33,026       13,283         Equity       50,377       54,447       51,987       48,692       44,235       6,761         Total liabilities and equity       1,218,127       1,075,058       957,164       890,014       798,083       163,494         Profit/loss for the year as % of average equity       1(1.3)       6.3       6.6       6.8       7.7         Core earnings before impairment losses as % of average equity       6.5       7.8       6.4       6.2       5.1         Core earnings after impairment losses as % of average equity       6.5       5.1.1       55.7       56.5       62.4         Impairment provisions for loans, advances and guarantees excl Forstædernes       -       -       -       -         Bank       1,235       349       406       798       1,110       -       -         Impairment provisions for loans, advances and guarantees, Forstædernes Bank       1,712       -       -       -       -       -         Impairment losses for the year, %       0.0       0.0.0       0.0.0       0.0.1       -	Subordinate loan capital						
Other liabilities         98,964         69,083         38,225         36,107         33,026         13,283           Equity         50,377         54,447         51,987         48,692         44,235         6,761           Total liabilities and equity         1,218,127         1,075,058         957,164         890,014         798,083         163,494           FINANCIAL HIGHLIGHTS         2008         2007         2006         2005 <sup>2</sup> 2004 <sup>2</sup> Profit/loss for the year as % of average equity         (1.3)         6.3         6.6         6.8         7.7           Core earnings before impairment losses as % of average equity         6.5         7.8         6.4         6.2         5.1           Core earnings after impairment losses as % of average equity         3.7         8.0         7.1         6.8         6.0         6.4           Impairment provisions for loans, advances and guarantees excl Forstædernes         7.7         5.5         6.2.4         7.8           Bank         1,712         7.4         7.5         5.6.5         6.2.4         7.7           Impairment provisions for loans, advances and guarantees, Forstædernes Bank         1,712         7.4         7.5         6.0         7.5           Impairment losses for the year, %	- Hybrid core capital	4,119	3,622	3,730	3,940	3,844	553
Equity50,37754,44751,98748,69244,2356,761Total liabilities and equity1,218,1271,075,058957,164890,014798,083163,494FINANCIAL HIGHLIGHTS2008200720062005 22004 22004 22004 2Profit/loss for the year as % of average equity(1.3)6.36.66.87.720062005 22004 22007 22004 22008 2200	- Supplementary capital	4,860	3,722	4,985	6,104	2,600	652
Total liabilities and equity         1,218,127         1,075,058         957,164         890,014         798,083         163,494           FINANCIAL HICHLICHTS         2008         2007         2006         2005 <sup>2</sup> 2004 <sup>2</sup> Profit/loss for the year as % of average equity         (1.3)         6.3         6.6         6.88         7.7           Core earnings before impairment losses as % of average equity         6.5         7.8         6.4         6.2         5.1           Core earnings after impairment losses as % of average equity         3.7         8.0         7.1         6.8         6.0           Core earnings of core income         6.5         5.1.1         55.7         56.5         62.4           Impairment provisions for loans, advances and guarantees excl Forstædernes         7.7         7.8         7.9         7.110           Impairment provisions for loans, advances and guarantees, Forstædernes Bank         1,712         7.7         7.6         7.7           Impairment losses for the year, %         0.1         10.01         10.01         10.11         1.10           Core capital adequacy ratio, %         13.5         9.7         11.0         11.3         11.0           Individual capital adequacy requirement (mild recession)         9.8         7.7	Other liabilities	98,964	69,408	38,225	36,107	33,026	13,283
FINANCIAL HIGHLIGHTS2008200720062005 22004 2Profit/loss for the year as % of average equity(1.3)6.36.66.87.7Core earnings before impairment losses as % of average equity6.57.86.46.25.1Core earnings after impairment losses as % of average equity3.78.07.16.86.0Core earnings after impairment losses as % of average equity3.78.07.16.86.0Core earnings after impairment losses as % of average equity3.78.07.16.86.0Costs as % of core income61.551.155.756.562.4Impairment provisions for loans, advances and guarantees excl Forstædernes7.12Bank1,2353494067981,110Impairment losses for the year, %0.1(0.0)(0.0)(0.0)(0.1)Capital adequacy ratio, %13.59.711.011.311.0Individual capital adequacy requirement (mild recession)9.8	Equity	50,377	54,447	51,987	48,692	44,235	6,761
Profit/loss for the year as % of average equity(1.3)6.36.66.87.7Core earnings before impairment losses as % of average equity6.57.86.46.25.1Core earnings after impairment losses as % of average equity3.78.07.16.86.0Costs as % of core income6.1551.155.756.562.4Impairment provisions for loans, advances and guarantees excl Forstædernes7.14.067981,110Impairment provisions for loans, advances and guarantees, Forstædernes Bank1,2133494067981,110Impairment losses for the year, %6.110.0(0.0)(0.0)(0.1)Capital adequacy ratio, %11.411.311.011.311.0Individual capital adequacy requirement (mild recession)9.8	Total liabilities and equity	1,218,127	1,075,058	957,164	890,014	798,083	163,494
Profit/loss for the year as % of average equity(1.3)6.36.66.87.7Core earnings before impairment losses as % of average equity6.57.86.46.25.1Core earnings after impairment losses as % of average equity3.78.07.16.86.0Costs as % of core income6.1551.155.756.562.4Impairment provisions for loans, advances and guarantees excl Forstædernes7.14.067981,110Impairment provisions for loans, advances and guarantees, Forstædernes Bank1,2133494067981,110Impairment losses for the year, %6.110.0(0.0)(0.0)(0.1)Capital adequacy ratio, %11.411.311.011.311.0Individual capital adequacy requirement (mild recession)9.8							
Core earnings before impairment losses as % of average equity6.57.86.46.25.1Core earnings after impairment losses as % of average equity3.78.07.16.86.0Costs as % of core income61.551.155.756.562.4Impairment provisions for loans, advances and guarantees excl Forstædernes7.17.87.87.87.8Bank1,2353494067981,110Impairment provisions for loans, advances and guarantees, Forstædernes Bank1,712Impairment losses for the year, %0.1(0.0)(0.0)(0.1)Capital adequacy ratio, %11.511.311.511.311.0Individual capital adequacy requirement (mild recession)9.8	FINANCIAL HIGHLIGHTS	2008	2007	2006	2005 <sup>2</sup>	2004 <sup>2</sup>	
Core earnings after impairment losses as % of average equity3.78.07.16.86.0Costs as % of core income61.551.155.756.562.4Impairment provisions for loans, advances and guarantees excl Forstædernes714067981,110Bank1,2353494067981,110Impairment provisions for loans, advances and guarantees, Forstædernes Bank1,712Impairment provisions for loans, advances and guarantees, Forstædernes Bank1,712Impairment losses for the year, %0.1(0.0)(0.0)(0.1)Capital adequacy ratio, %11.4710.311.812.411.5Core capital ratio, %13.59.711.011.311.0Individual capital adequacy requirement (mild recession)9.8	Profit/loss for the year as % of average equity	(1.3)	6.3	6.6	6.8	7.7	
Costs as % of core income61.551.155.756.562.4Impairment provisions for loans, advances and guarantees excl Forstædernes74974067981,110Bank1,2353494067981,110Impairment provisions for loans, advances and guarantees, Forstædernes Bank1,712Impairment losses for the year, %0.1(0.0)(0.0)(0.0)(0.1)Capital adequacy ratio, %11.4710.311.812.411.5Core capital ratio, %13.59.711.011.311.0Individual capital adequacy requirement (mild recession)9.8	Core earnings before impairment losses as % of average equity	6.5	7.8	6.4	6.2	5.1	
Impairment provisions for loans, advances and guarantees excl ForstædernesHere<	Core earnings after impairment losses as % of average equity	3.7	8.0	7.1	6.8	6.0	
Bank         1,235         349         406         798         1,110           Impairment provisions for loans, advances and guarantees, Forstædernes Bank         1,712         -	Costs as % of core income	61.5	51.1	55.7	56.5	62.4	
Impairment provisions for loans, advances and guarantees, Forstædernes Bank1,712Impairment losses for the year, %0.1(0.0)(0.0)(0.1)Capital adequacy ratio, %14.710.311.812.411.5Core capital ratio, %13.59.711.011.311.0Individual capital adequacy requirement (mild recession)9.8	Impairment provisions for loans, advances and guarantees excl Forstædernes						
Impairment losses for the year, %         0.1         (0.0)         (0.0)         (0.1)           Capital adequacy ratio, %         14.7         10.3         11.8         12.4         11.5           Core capital ratio, %         13.5         9.7         11.0         11.3         11.0           Individual capital adequacy requirement (mild recession)         9.8         -         -         -	Bank	1,235	349	406	798	1,110	
Capital adequacy ratio, %       14.7       10.3       11.8       12.4       11.5         Core capital ratio, %       13.5       9.7       11.0       11.3       11.0         Individual capital adequacy requirement (mild recession)       9.8       -       -       -	Impairment provisions for loans, advances and guarantees, Forstædernes Bank	1,712	-	-	-	-	
Core capital ratio, %         13.5         9.7         11.0         11.3         11.0           Individual capital adequacy requirement (mild recession)         9.8         -         -         -         -	Impairment losses for the year, %	0.1	(0.0)	(0.0)	(0.0)	(0.1)	
Individual capital adequacy requirement (mild recession) 9.8	Capital adequacy ratio, %	14.7	10.3	11.8	12.4	11.5	
	Core capital ratio, %	13.5	9.7	11.0	11.3	11.0	
Average number of full-time staff         4,507         3,672         3,559         3,287         3,234	Individual capital adequacy requirement (mild recession)	9.8	-	-	-	-	
	Average number of full-time staff	4,507	3,672	3,559	3,287	3,234	

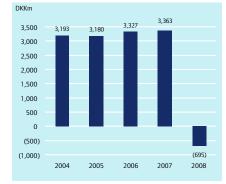
<sup>1</sup> Forstædernes Bank has been consolidated with Nykredit Realkredit from 17 October 2008 inclusive.

<sup>2</sup> As from 2005, the financial statements have been presented in accordance with IFRS.

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 the presentation of financial reports of credit institutions and investment companies, etc, please refer to pages 119 and 120. EUR 1 = DKK 745.06 at end-2008.

Nykredit Annual Report 2008

#### Profit/loss for the year

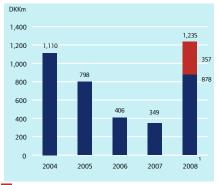


Note: Figures for 2005-2008 exclude value adjustment of strategic equities against equity



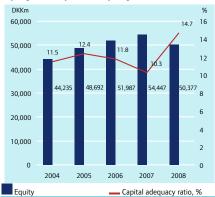






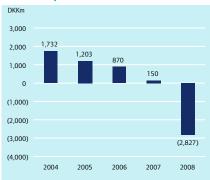


Equity and capital adequacy ratio



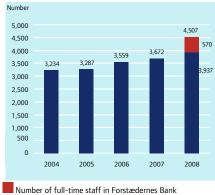
Note: As from 2008, the capital adequacy ratio is determined according to the Basel II rules.

#### Investment portfolio income



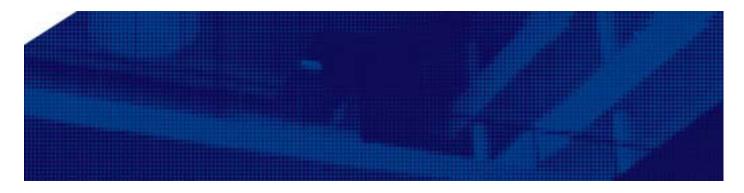
Note: Figures for 2005-2008 exclude value adjustment of strategic equities against equity

#### Average number of full-time staff



Number of full-time staff in Forstædernes Bank Note: Nykredit Realkredit and consolidated subsidiaries

### Management's Review



#### SUMMARY

The financial crisis caused Danish bank collapses for the first time in many years. Another consequence of the crisis was expanding yield spreads between mortgage bonds and government bonds – and plummeting prices of equities and corporate bonds.

Nykredit's core business – lending secured against mortgages on real property – was not significantly affected by the financial crisis, lower housing prices and incipient recession in Denmark. This was mainly due to the Danish mortgage system, which proved efficient in 2008, as losses were low and the funding climate robust. Throughout 2008, the ability to sell newly issued mortgage bonds was maintained, and daily bond sales were unchanged. The large bond auctions in December proceeded according to plan as well.

The strength of Nykredit's bond funding was underscored by a AAA rating from Standard & Poor's in November 2008. The results for 2008 of the Nykredit Realkredit Group showed continued growth in customeroriented business and low mortgage loan losses. However, results were affected by the extraordinary financial market trends and the acquisition of Forstædernes Bank.

The Nykredit Realkredit Group posted a loss before tax of DKK 880m for 2008 against a profit of DKK 4,387m the year before. The results may be divided into three main parts:

- A negative effect of the financial crisis of DKK 4,013m including investment portfolio income, see below.
- A negative effect of the acquisition of Forstædernes Bank of DKK 358m.
- Ordinary group operations generating earnings of DKK 3,491m against DKK 4,387m in 2007.

The steady expansion of the Nykredit Realkredit Group's customer-oriented business continued in 2008. Core income grew by 10.9% to DKK 7,153m excluding Forstædernes Bank.

Notwithstanding the financial crisis and declining property prices, the Group's impairment losses on mortgage loans were only DKK 208m (0.02% of lending) and DKK 414m on other lending to non-financial customers, excluding Forstædernes Bank.

The extraordinary development in financial markets – not least in Q4/2008 – had a significant effect on the Nykredit Realkredit Group's financial statements as a result of Nykredit's business relationships with financial institutions. The most significant effects, excluding Forstædernes Bank, are:

 Impairment losses of DKK 245m under guarantee obligations in relation to the Private Contingency Association (Det Private Beredskab til Afvikling af Nødlidende Banker, Sparekasser og Andelskasser) with respect to Roskilde Bank and EBH Bank.

#### The Nykredit Realkredit Group

Core earnings and investment portfolio income

DKK million	Results for 2008	Results for 2008	Investment portfolio	Corrected results, 2008	Results for
	The Nykredit	Forstædernes Bank	income and items relat-	The Nykredit Realkredit	2007
	Realkredit Group		ing to financial crisis	Group	
Core income from					
- Business operations excluding Markets & Asset					
Management	6,075	258	-	5,817	5,570
- Markets & Asset Management	583	-	(753)	1,336	964
Total	6,658	258	(753)	7,153	<b>6,53</b> 4 <sup>1</sup>
Core income from securities	2,141	31	-	2,110	1,988
Core income from business operations and securities	8,799	289	(753)	9,263	8,522
Operating costs, depreciation and amortisation	5,409	178	81	5,150	4,352
Core earnings before impairment losses	3,390	111	(834)	4,113	4,170
Impairment losses on loans and advances	1,443	264	557	622	(67)
Core earnings after impairment losses	1,947	(153)	(1,391)	3,491	4,237
Investment portfolio income	(2,827)	(205)	(2,622)	-	150
Profit/loss before tax	(880)	(358)	(4,016)	3,491	4,387
<sup>1</sup> Core income from customer-oriented business excl own position-takin	g rose from DKK 6,448m in 20	07 to DKK 7,153m in 2008			

- Impairment losses of DKK 312m on lending to the EBH group which should be seen in the context of the extensive business cooperation between Nykredit and the EBH group.
- Negative value adjustment of own positions in Markets & Asset Management of DKK 753m of which DKK 351m concerned ordinary own positions and DKK 402m Kalvebod bond issues (subordinate loan capital for Danish banks). In this respect, Nykredit has not taken advantage of the new rules of IAS 39 according to which recognition of value adjustments through profit or loss may be omitted.
- Costs of guarantee commission payable under the government guarantee scheme of DKK 81m.

The negative effect on core earnings of items relating to the financial crisis totalled DKK 1,391m.

The acquisition of Forstædernes Bank also had a negative effect of DKK 358m on the Nykredit Realkredit Group's results for the period 17 October 2008 – 31 December 2008.

Impairment losses in Forstædernes Bank for this period were DKK 1,358m, of which DKK 1,094m related to impairment losses for which adjustments were made in the opening balance sheet at the time of the acquisition of the bank. Therefore, the Nykredit Realkredit Group's financial statements are solely affected by the difference of DKK 264m. The total adjustment relating to impairment losses on loans and advances in the opening balance sheet amounted to about DKK 1.5bn, of which some DKK 0.4bn remains for future credit losses in 2009 onwards.

The core earnings of the Nykredit Realkredit Group after impairment losses totalled DKK 1,947m against DKK 4,237m in 2007.

The loss on the investment portfolio chiefly derived from the widening yield spreads between mortgage bonds and government bonds, as Nykredit has a large portfolio of mortgage bonds in respect of which the interest rate risk has been reduced by taking offsetting positions in government bonds and swaps. Lower prices of high-rated bank bonds and equities also contributed to the negative investment portfolio income.

Note that Nykredit has not taken advantage of the new IAS rules according to which certain financial assets may be reclassified in order to omit fair value adjustments through profit or loss in certain cases. The new rules would have had a significant, positive earnings impact in Markets & Asset Management and on investment portfolio income. On balance, the development in equity would be the same after a number of years, however, regardless of accounting principle.

The investment portfolio of the Nykredit Realkredit Group, excluding Forstædernes Bank, generated a loss of DKK 2,622m against an income of DKK 150m in 2007.

#### Capital adequacy ratio

The capital adequacy ratio of the Nykredit Realkredit Group is 14.7%, of which the core capital ratio is 13.5%.

The Group's individual capital requirement amounts to 9.8% and is determined on the basis of a mild recession.

Under the transitional rules of Basel II, the capital adequacy ratio must be at least 13.5% at 31 December 2008 and at least 12.0% at 1 January 2009.

#### NYKREDIT REALKREDIT GROUP RESULTS

The Group, including Forstædernes Bank, recorded a loss before tax of DKK 880m, of which the investment portfolio accounted for a loss of DKK 2,827m. In 2007 the Group recorded a profit before tax of DKK 4,387m.

Results after tax, including Forstædernes Bank, were a loss of DKK 695m against a profit of DKK 3,363m the year before.

Forstædernes Bank, which has been recognised as of 17 October 2008, has a negative impact on the Nykredit Realkredit Group's results before tax of DKK 358m. After tax the impact was a loss of DKK 284m.

Strategic equities, chiefly in banks, which are value-adjusted against equity, generated a capital loss of DKK 2,847m against a capital loss of DKK 465m the year before.

The Group, excluding Forstædernes Bank, recorded a loss before tax of DKK 522m against a profit of DKK 4,387m in 2007.

The following earnings review does not include Forstædernes Bank. A review of Forstædernes Bank may be found on page 49.

#### Core earnings

Core income from business operations Group core income from business operations was DKK 6,400m against DKK 6,534m in 2007. After value adjustments relating to the Bank's ordinary own positions and Kalvebod issues, core income from customer-oriented business increased by DKK 705m to DKK 7,153m, equal to an increase of 10.9%.

Core income from mortgage lending showed continued progress and came to DKK 4,352m against DKK 4,146m the year before, up 5.0%. Gross new mortgage lending was DKK 179bn compared with DKK 208bn in 2007. Total lending at nominal value increased by DKK 67bn to DKK 916bn at end-2008.

Nykredit Bank's customer-oriented business activities continued growing, and core income increased by DKK 110m to DKK 856m, equal to 14.8%. Nykredit Bank's lending increased by DKK 11bn to DKK 51bn in 2008.

Nykredit Markets recorded growth in earnings from customer-oriented activities, which increased by DKK 458m to DKK 1,336m, up 52.2%.

Turmoil in financial markets led to a significant negative value adjustment of the Bank's own positions of DKK 351m, to which comes a negative value adjustment of DKK 402m on Kalvebod issues, subordinate loan capital for Danish banks. This had a total negative effect of DKK 753m against a gain of DKK 86m in 2007.

Core income from Markets & Asset Management totalled DKK 583m compared with DKK 964m in 2007.

#### Core income from securities

Core income from securities totalled DKK 2,110m against DKK 1,988m the year before, which should be viewed in the light of in-

creased average money market rates of 4.3% against 4.0% the year before.

Core income from securities equals the return which the Group would have obtained by placing its investment portfolios at risk-free interest rates. In addition, core income from securities includes net interest expenses relating to subordinate loan capital, the acquisition of Totalkredit and the issuance of junior covered bonds.

Net interest expenses relating to junior covered bonds came to DKK 56m. The background is falling property prices, requiring additional collateral for SDOs.

Operating costs, depreciation and amortisation Operating costs, depreciation and amortisation went up by DKK 879m to DKK 5,231m. Excluding value adjustment of special staff benefits, owner-occupied properties and guarantee commission payable to the government, costs went up by DKK 517m, equal to an 11.7% cost growth.

This was primarily due to increasing staff numbers in the IT area and the expanded business volumes within Commercial Customers and Markets & Asset Management.

In 2008 guarantee commission for the Private Contingency Association came to DKK 81m.

Impairment losses on loans and advances Group impairment losses on loans and advances were DKK 1,179m against a net income of DKK 67m in 2007. Of the 2008 impairment losses DKK 245m may be attributed to losses under guarantee obligations to the Private Contingency Association regarding Roskilde Bank and the EBH Bank. To this comes impairment losses on credit facilities extended to the EBH group of DKK 312m. Group impairment losses on other loans and advances then came to DKK 622m.

Impairment provisions for mortgage lending came to DKK 208m, equal to 0.02% of lending. Impairment provisions for mortgage lending saw an impact from an increase in collective impairment provisions of DKK 99m.

For bank lending impairment provisions came to DKK 396m not including Roskilde Bank and the EBH group. DKK 112m of this was the result of an increase in collective impairment provisions.

In 2008 the Group's recognised loan losses remained very low and came to DKK 25m and

#### The Nykredit Realkredit Group

Core earnings and investment portfolio income

core currings and investment portrono income							
DKK million	2008	2008	2007				
	Incl	Excl					
	Forstædernes	Forstædernes					
	Bank	Bank					
Core income from							
- Business operations – excluding Markets & Asset	6,075	5,817	5,570				
Management							
- Markets & Asset Management	583	583	964				
- Securities	2,141	2,110	1,988				
Total	8,799	8,510	8,522				
Operating costs, depreciation and amortisation	5,409	5,231	4,342				
Core earnings before impairment losses	3,390	3,279	4,170				
Impairment losses on loans and advances	1,443	1,179	(67)				
Core earnings after impairment losses	1,947	2,100	4,237				
Investment portfolio income	(2,827)	(2,622)	150				
Profit/loss before tax	(880)	(522)	4,387				
Tax	(185)	(111)	1,024				
Profit/loss for the year	(695)	(411)	3,363				
Forstædernes Bank was consolidated with Nykredit Realkredit from 17 October 2008 inclusive.							

DKK 78m on mortgage and bank lending, respectively, compared with a total loss of DKK 52m in 2007.

The Group's impairment provisions totalled DKK 1,179m at end-2008 against DKK 349m at end-2007. Of this figure DKK 464m concerns the mortgage business and DKK 715m Nykredit Bank.

#### Investment portfolio income

The Group's investment portfolio generated a loss of DKK 2,622m against an income of DKK 150m in 2007. To this should be added a negative value adjustment of strategic equities against equity of DKK 2,847m after tax compared with a negative value adjustment of DKK 465m in 2007.

Investment portfolio income is the excess income obtained from investing in equities, bonds and derivative financial instruments in addition to the risk-free interest. Price and interest rate spreads relating to the mortgage business 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.

Most of Nykredit's securities portfolio has been invested in Danish and other European mortgage bonds. Nykredit has also invested DKK 4.8bn in high-rated bank bonds. The interest rate risk pertaining to the portfolio has been reduced by taking offsetting positions in government bonds or by entering into interest rate swaps.

As a consequence of the international financial crisis, yield spreads between mortgage bonds and government bonds widened by approximately 0.9 percentage points in 2008, while the price of bank bonds declined significantly in general.

Owing to market trends, the investment portfolio of bonds, liquidity, and interest rate instruments generated a loss of DKK 1,966m of which some DKK 1,600m concerns mortgage bonds, some DKK 1,200m concerns high-rated bank issues, and approximately DKK 800m concerns income derived from falling interest rates, etc in 2008.

Nykredit decided to maintain interest rate and yield spread positions throughout the year. Any yield spread narrowing in 2009 will thus result in positive investment portfolio income. Nykredit has a relatively large portfolio of bank equities, of which the majority are strategic investments that are value-adjusted against equity. Therefore, Nykredit's equity portfolio has been significantly affected by the financial crisis. Value adjustment of equities and equity instruments, which are valueadjusted against profit or loss, came to a negative figure of DKK 656m.

#### Tax

Tax on the loss for the year is estimated as an income of DKK 111m.

#### Dividend

It will be recommended for adoption by the Annual General Meeting that no dividends be distributed for 2008.

#### **BUSINESS AREAS**

Nykredit is organised into the business areas Retail Customers, Business Partners, Commercial Customers, Markets & Asset Management and, since 17 October 2008, Forstædernes Bank.

Group core earnings before impairment losses totalled DKK 3,390m against DKK 4,170m in 2007.

In 2008 mortgage lending rose from DKK 849bn to DKK 916bn in nominal terms. The Nykredit Group realised gross new lending of DKK 179bn against DKK 208bn in 2007.

The Group's market share of mortgage lending was 41.0% and 40.7% of gross and net new lending, respectively, in 2008.

Gross new lending to retail customers came to DKK 112bn against DKK 132bn the year before, equal to a market share of Danish residential mortgage lending of 47.4% compared with 48.3% in 2007. Commercial lending came to DKK 67bn against DKK 76bn in 2007.

Nykredit Bank continued its growth path in 2008. Lending went up by DKK 11bn to DKK 51bn. Commercial Customers represented an increase of DKK 9bn. At end-2008 deposits had grown by DKK 15bn to DKK 47bn.

Forstædernes Bank's lending totalled DKK 22bn against DKK 25bn at end-2007. Deposits were DKK 15bn against DKK 17bn at end-2007.

Nykredit Forsikring (insurer) recorded growth in respect of retail and commercial customers. The insurance portfolio went up by DKK 41m to DKK 1,381m at end-2008.

Nykredit Mægler (estate agency business) saw a 28.9% downturn in turnover from 19,400 properties sold in 2007 to 13,800 properties.

#### Results by business area <sup>1)</sup>

	Retail Customers	Business	Commercial	Markets & Asset	Forstædernes	Group items and	Total
DKK million		Partners	Customers	Management	Bank	eliminations	
2008							
Core income from business operations							
- Mortgage lending activities	1,302	1,238	1,736	-	-	-	4,276
- Other activities	711	-	623	583	258	207	2,382
Total	2,013	1,238	2,359	583	258	<b>207</b> <sup>2</sup>	6,658
Core income from securities	-	-	-	-	-	2,141	2,141
Operating costs	1,321	409	790	677	168	1,262	4,627
Depreciation on property, plant and							
equipment and amortisation of intangible							
assets	15	415	3	2	10	337	782
Core earnings before impairment losses	677	414	1,566	(96)	80	749	3,390
Impairment losses on loans and advances	(14)	55	550	27	264	561	1,443
Core earnings after impairment losses	691	359	1,016	(123)	(184)	188	1,947
Investment portfolio income <sup>3</sup>	-	-	-	-	-	(2,827)	(2,827)
Profit/loss before tax	691	359	1,016	(123)	(184)	(2,639)	(880)
Return							
Average business capital, DKKm <sup>4</sup>	3,675	3,652	13,087	2,218	-	-	28,522
Core earnings after impairment losses as %							
of average business capital	18.8	5.5	7.8	(5.5)	-	-	7.4
2007							
Profit before tax	749	313	1,606	429	-	1,290	4,387
Return							
Average business capital, DKKm <sup>4</sup>	3,758	5,196	1,110	429	-	-	25,894
Core earnings after impairment losses as %							

6.0

14.5

22.1

<sup>1</sup> Please refer to note 2 in the financial statements for complete business area statements with comparative figures.

<sup>2</sup> Of which DKK 195m concerns the proportionate consolidation of JN Data (DKK 185m in 2007).

<sup>3</sup> Investment portfolio income includes the profit/loss from investments in associates of DKK 123m in 2008 against DKK 42m in 2007.

19.9

<sup>4</sup> Statutory capital requirement according to Basel II.

of average business capital

16.4

Results – Retail Customers		
DKK million	2008	2007
Core income from		
Business operations		
- Mortgage lending activities	1,302	1,343
- Banking and insurance activities	711	685
Total	2,013	2,028
Operating costs	1,321	1,303
Depreciation on property, plant and equipment and		
amortisation of intangible assets	15	18
Core earnings before impairment losses	677	707
Impairment losses on loans and advances	(14)	(42)
Core earnings after impairment losses	691	749

#### Activities and key ratios

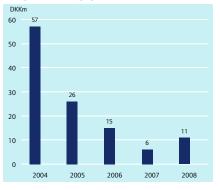
DKK million	2008	2007
Mortgage lending activities		
Gross new lending	24,281	30,652
Net new lending	4,273	4,437
Portfolio at nominal value, year-end	178,239	172,564
Impairment provisions, year-end		
- Individual impairment provisions	13	5
- Collective impairment provisions	36	69
Accumulated impairment provisions	0.02	0.04
Portfolio of properties repossessed, year-end (properties)	47	2
Banking		
Loans and advances, year-end	10,360	7,828
Deposits, year-end	10,512	10,036
Guarantees, year-end	4,375	6,795
Impairment provisions, year-end		
- Individual impairment provisions	27	14
- Collective impairment provisions	3	9
Accumulated impairment provisions	0.3	0.3
Insurance		
New policies written	242	268
Insurance portfolio – year-end	922	894

#### Mortgage debt outstanding relative to estimated property values

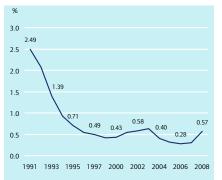
DKK million		LTV	/ (loan-to-val	ue)				
						LTV,		
	0-40	40-60	60-80	Over 80	Total	median		
2008	115,013	39,556	12,182	220	166,970	28%		
2007	131,658	29,166	6,193	225	167,242	23%		
Note: The table allows for any financed costs of up to 2% of loans.								

Eg the 60-80% range includes loans with LTVs of up to 82%.

Recognised mortgage loan losses, end-2008



### 75-day arrears ratio after September settlement date



#### **Retail Customers**

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

Under the Nykredit brand, retail customers are offered bank, mortgage, insurance, investment and pension products through Nykredit's distribution channels, including 49 retail centres, 2 call centres, nykredit.dk, and a central customer services centre. Two insurance centres, two asset management centres, and the estate agencies of the Nybolig and Estate chains constitute other distribution channels.

#### Activities

The nominal value of total mortgage loans rose by DKK 6bn to DKK 178bn at end-2008. Gross new lending declined by DKK 6bn to DKK 24bn.

Bank lending went up by almost DKK 3bn in 2008 to DKK 10bn. The increase was primarily the result of equity release credits, which is lending against mortgages on real property. Deposits increased marginally to just below DKK 11bn. The number of customers with wage accounts grew by 20,000, net, to approximately 115,000.

The insurance portfolio went up from DKK 894m in 2007 to DKK 922m.

#### Results

Core earnings before impairment losses came to DKK 677m against DKK 707m the year before.

Core income from business operations was DKK 2,013m against DKK 2,028m the year before.

Direct operating costs were DKK 1,321m against DKK 1,303m in 2007.

Impairment losses on loans and advances continued to be low and came to a net income of DKK 14m against a net income of DKK 42m the year before. Recognised losses for the year were DKK 11m against DKK 6m the year before.

Impairment provisions totalled DKK 79m at end-2008 against DKK 97m at the beginning of the year. Distributed between mortgage loans and bank loans, impairment provisions came to DKK 49m and DKK 30m respectively. At the September settlement date, the 75-day mortgage loan arrears as a percentage of total mortgage payments due came to 0.57% against 0.31% at the settlement date in September 2007.

Properties repossessed went up but remained at a low level. Since the beginning of the year, the Group has repossessed 64 properties and sold 19 properties. The portfolio counted 47 properties at end-2008.

The mortgage security behind the mortgage lending to retail customers remains substantial. The LTV ratios of mortgage loans are shown in the table on the preceding page with individual loans relative to the estimated values of the individual properties at end-2008.

Despite generally declining housing prices, particularly in the metropolitan area, only 0.1% of mortgage lending to retail customers exceeds 80% of the current value of the property.

**Nykredit acquired SEB's Hellerup branch** On 1 June 2008 Nykredit acquired SEB's branch in Hellerup with approximately 1,000 retail customers.

Results – Business Partners		
DKK million	2008	2007
Core income from business operations		
- Mortgage lending activities	1,238	1,079
Operating costs	409	374
Depreciation on property, plant and equipment and amortisation		
of intangible assets	415	391
Core earnings before impairment losses	414	314
Impairment losses on loans and advances	55	1
Core earnings after impairment losses	359	313
Core earnings after impairment losses	359	313

Activities		
DKK million	2008	2007
Mortgage lending		
Gross new lending	87,862	101,059
Net new lending	43,619	56,220
Portfolio at nominal value, year-end	404,090	368,768
Impairment provisions, year-end		
- Individual impairment provisions	22	1
- Collective impairment provisions	32	1
Accrued provisioning rate	0.01	-
Portfolio of properties repossessed – year-end (properties)	4	1

#### Mortgage debt outstanding relative to estimated property values

DKK million	LTV (loan-to-value)					
						LTV,
	0-40	40-60	60-80	Over 80	Total	median
2008	262,600	89,932	34,754	3,061	390,348	29%
2007	231,780	84,306	30,927	2,265	349,278	30%
Note: The table allows	for any financed costs of up to 2%	of loans.				
Eq the 60-80% range i	includes loans with LTVs of up to 87	1%				

#### **Business Partners**

The business area Business Partners is responsible for further developing the Group's existing partnerships through new products and services.

Business Partners coordinates the distribution of mortgage loans to retail customers under the Totalkredit brand through just below 100 Danish local and regional banks having more than 1,000 branches. To this should be added loans to retail customers abroad.

2008 saw an inflow of new partners to the business concept. However, an outflow was seen as well owing to mergers and discontinued activities. Overall, Totalkredit's distribution power is unaffected by these events.

In March 2008, Nykredit/Totalkredit offered its business partners a new and improved partnership agreement, extending the agreement from 2003 when Nykredit acquired Totalkredit.

The partnership banks adopted the partnership agreement, and all guaranteed loans are now subject to a set-off model. The model implies that potential losses on loans arranged by the banks are offset against future commission payments from Totalkredit.

#### Activities

Measured at nominal value, lending rose by DKK 35bn to DKK 404bn at end-2008. Gross new lending came to DKK 88bn against DKK 101bn in 2007.

#### Results

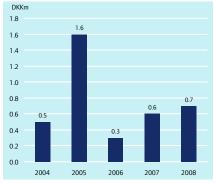
Core earnings before impairment losses were DKK 414m against DKK 314m the year before, equal to an increase of 31.8%.

Core income from business operations was DKK 1,238m against DKK 1,079m the year before.

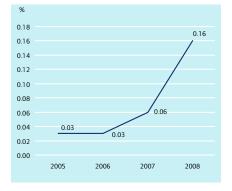
Direct operating costs were DKK 409m against DKK 374m the year before, owing to increased IT expenses for solutions that support Totalredit's business concept.

Depreciation on property, plant and equipment and amortisation of intangible assets amounted to DKK 415m, of which DKK 413m related to distribution rights obtained in connection with Nykredit's acquisition of Totalkredit.

#### Recognised mortgage loan losses, end-2008



#### 75-day arrears ratio after September settlement date



Impairment losses on loans and advances were DKK 55m against DKK 1m in 2007, of which just under DKK 1m was recognised as losses.

The set-off model entails higher impairment losses on loans and advances than the previous guarantee model. Impairment losses on loans and advances are made when there is objective evidence of impairment.

When the loss is realised, Totalkredit may offset it against future commissions.

Totalkredit expects that the main part of loan impairments will subsequently be offset.

Impairment provisions totalled DKK 54m at end-2008.

At the September settlement date, the 75-day mortgage loan arrears as a percentage of total mortgage payments due were 0.16% against 0.06% at the settlement date in September 2007.

The portfolio of repossessed properties at year-end included 4 against 1 at the beginning of 2008.

The LTV ratios of mortgage loans are shown on the preceding page. 0.8% of mortgage lending to retail customers exceeds 80% of the current value of the property.

#### International lending

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

Core income from international retail activities totalled DKK 63m against DKK 49m in 2007.

Nykredit's international gross new lending to retail customers was DKK 1.3bn. The retail loan portfolio stood at DKK 6.1bn at end-2008.

Activities for international retail lending did not give rise to impairment losses in 2008.

Discontinuation of activities in Poland Nykredit decided to discontinue its lending activities in Poland in 2008.

The reason was that market conditions had changed to the detriment of Nykredit's strategy. For instance, CHF-denominated loans have become standard in the Polish housing market, and Nykredit is not interested in offering this type of loan. Nykredit has maintained the existing loan portfolio and will adjust the organisation concurrently with the reduction of this portfolio.

#### **Results – Commercial Customers**

DKK million	2008	2007
Core income from business operations		
- Mortgage lending activities	1,736	1,680
- Banking and insurance activities	623	548
Total	2,359	2,228
Operating costs	790	621
Depreciation on property, plant and equipment and amortisation		
of intangible assets	3	7
Core earnings before impairment losses	1,566	1,580
Impairment losses on loans and advances	550	(26)
Core earnings after impairment losses	1,016	1,606

#### Activities

Activities		
DKK million	2008	2007
Mortgage lending		
Gross new lending	67,331	76,530
Net new lending	32,500	36,089
Portfolio at nominal value, year-end	334,254	307,879
Impairment provisions, year-end		
- Individual impairment provisions	168	86
- Collective impairment provisions	194	93
Accumulated impairment provisions	0.1	0.1
Portfolio of properties repossessed, year-end (properties)	6	4
Banking		
Loans and advances, year-end	40,536	31,830
Deposits, year-end	24,569	15,601
Guarantees, year-end	9,976	14,600
Impairment provisions, year-end		
- Individual impairment provisions	242	85
- Collective impairment provisions	120	10
Accumulated impairment provisions	0.9	0.3
Insurance		
New policies written	70	76
Insurance portfolio – year-end	459	446

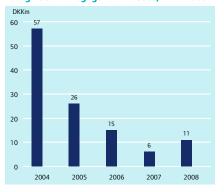
#### Mortgage debt outstanding relative to estimated property values<sup>1</sup>

DKK million	LTV (loan-to-value)					
	0-40	40-60	60-80	Over 80	Total	LTV, median
2008	202,036	56,922	12,787	1,892	273,637	25%
2007	190,292	38,047	9,808	2,946	241,093	21%
<sup>1</sup> Excl loans and advan	ces to non-profit housing.					

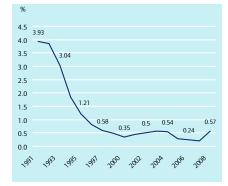
Note: The table allows for any financed costs of up to 2% of loans.

Eg the 60-80% range includes loans with LTVs of up to 82%.

Recognised mortgage loan losses, end-2008



### 75-day arrears ratio after September settlement date



#### **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.

#### Activities

The mortgage loan portfolio grew by DKK 26bn during the year to DKK 334bn at yearend. Gross new mortgage lending totalled DKK 67bn – down DKK 9bn on 2007.

Bank lending went up by DKK 9bn to DKK 41bn at year-end. Bank deposits increased by DKK 9bn to DKK 25bn at year-end.

The insurance portfolio increased by DKK 13m to DKK 459m at year-end.

#### Results

Core earnings before impairment losses were DKK 1,566m against DKK 1,580m in 2007.

Core income from business operations was DKK 2,359m against DKK 2,228m the year before. Core income was affected by a negative value adjustment of corporate bonds in the amount of DKK 133m and a net interest expense of DKK 34m relating to junior covered bonds.

Direct operating costs were DKK 790m against DKK 641m in 2007. Recognised losses for the year amounted to DKK 12m against DKK 56m the year before.

Impairment losses on loans and advances were DKK 550m against a net income of DKK 26m in 2007.

Impairment provisions totalled DKK 724m at end-2008 against DKK 274m at the beginning of the year. Distributed between mortgage loans and bank loans, impairment provisions came to DKK 362m and DKK 362m, respectively.

At the September settlement date, the 75-day mortgage loan arrears as a percentage of total mortgage payments due were 0.57% against 0.20% at the settlement date in September 2007.

Properties repossessed remained at a low level. Since the beginning of the year, the Group has repossessed 9 properties and sold 7 properties. The portfolio counted six properties at end-2008.

The LTV ratios of mortgage loans are shown on the preceding page. 0.7% of mortgage lending to commercial customers exceeds 80% of the current value of the property.

#### International lending

Nykredit offers mortgages subject to Danish legislation for properties abroad of Danish and selected international commercial customers. The lending activities comprise properties in the UK, Norway, Poland, Sweden and Germany. Total international commercial lending went up by DKK 12.0bn to a total loan portfolio of DKK 24.8bn at end-2008.

Activities concerning international mortgage lending have not given rise to impairment losses in 2008.

#### Markets & Asset Management

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

The business area posted negative core earnings before impairment losses of DKK 96m against positive earnings of DKK 429m in 2007.

In 2008 core income from own positions was negative at DKK 753m, of which DKK 351m may be attributed to own trading. In addition comes negative value adjustment of Kalvebod issues (subordinate loan capital for Danish banks) of DKK 402m.

By contrast, customer-oriented activities showed an overall positive development, and as a result core income rose by DKK 458m to DKK 1,336m.

In view of market conditions, Nykredit Markets performed well as credit trading, interest rate, currency and derivatives trading showed satisfactory growth. However, the performance of Asset Management and Nykredit Portefølje Administration was below the levels of 2007. This was chiefly an effect of the difficult market conditions, which put pressure on earnings from assets under management and administration, as both areas saw a negative impact from falling securities prices.

At end-2008 Nykredit Portefølje Administration administered assets in the amount of DKK 214bn against DKK 257bn at end-2007, while assets under management by the Asset Management area came to DKK 58bn against DKK 60bn at end-2007.

Assets under management for private individuals under the Private Portfolio concept totalled DKK 5.2bn against DKK 6.3bn at end-2007.

#### Results – Markets & Asset Management

DKK million	2008	2007
Core income from		
- Business operations	1,336	878
- Own trading activities	(753)	86
Total	583	964
Direct operating costs	679	535
Core earnings before impairment losses	(96)	429
Impairment losses on loans and advances	27	-
Core earnings after impairment losses	(123)	429

#### Summary balance sheet, year-end

DKK million	2008	2007
Assets		
Receivables from credit institutions	32,391	20,197
Other loans and advances at fair value	24,490	5,550
Bonds and equities	51,061	51,746
Liabilities and equity		
Payables to credit institutions	85,072	74,702
Deposits and other payables	11,455	6,080
Issued bonds	17,330	1,561

#### Forstædernes Bank

The Bank mainly focuses on commercial customers, investment, pension and asset management services.

Forstædernes Bank's results for the period 17 October – 31 December 2008 had a negative effect on the Group's core earnings in the amount of DKK 153m.

Core income from business operations during the period came to DKK 258m.

Operating costs, depreciation and amortisation came to DKK 190m during the period. DKK 28m of this figure was guarantee commission payable under the government guarantee scheme.

Impairment losses on loans and advances for this period were DKK 264m after adjustment of provisions for loan impairment recognised in the opening balance sheet on Nykredit's acquisition of the bank. The Bank's impairment losses were mainly due to a small number of large exposures relating to the property sector and investment credit facilities.

Reference is made to the 2008 Annual Report of Forstædernes Bank.

#### Results for 17 October – 31 December 2008 and for the full year

Forstædernes Bank			
DKK million	2008	2008	2007
	17.10 31.12.		
Core income from			
- Business operations	258	945	907
- Securities	31	219	195
Total	289	1,164	1,102
Operating costs, depreciation and amortisation	190	752	670
Recognised in opening balance sheet	(12)	-	-
Core earnings before impairment losses	111	412	432
Impairment losses on loans and advances	1,358	1,534	50
Recognised in opening balance sheet	(1,094)	-	-
Core earnings after impairment losses	(153)	(1,122)	382

#### Summary balance sheet, year-end

DKK million	2008	2007
Assets		
Receivables from credit institutions and central banks	4,357	1,460
Lending	22,260	25,386
Bonds and equities	3,443	6,263
Liabilities and equity		
Payables to credit institutions	7,221	11,193
Deposits and other payables	14,704	16,902
Subordinate loan capital	1,745	1,404

#### Group items

The segment financial statements contain a number of income statement and balance sheet items that cannot be allocated to the business areas. Such items are included under group items. Group items include the Group's total return on the securities portfolio which is the sum of "Core income from securities" and "Investment portfolio income".

Core income from securities equals the return which the Group would have obtained by placing its investment portfolios at risk-free interest rates. In addition, it includes net interest expenses relating to subordinate loan capital, the acquisition of Totalkredit and the issuance of junior covered bonds – determined in relation to risk-free interest rate.

Staff function costs and provisions for impairment of special exposures to banks, etc are also included.

Group core income from securities inclusive of Forstædernes Bank was DKK 2,141m against DKK 1,988m in 2007.

Investment portfolio income is the excess income obtained from investing in equities, bonds and derivative financial instruments relative to risk-free interest. 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.

The Group's investment portfolio inclusive of Forstædernes Bank saw a loss of DKK 2,827m against an income of DKK 150m in 2007.

Impairment losses on loans and advances of DKK 561m mainly include losses under guarantee obligations concerning Roskilde Bank and EBH Bank in the amount of DKK 245m as well as impairment losses on lending extended to the EBH group in the amount of DKK 312m.

#### STAFF

The average number of staff in the Group went up from 3,672 in 2007 to 3,937, exclusive of Forstædernes Bank. To this number should be added 570 staff from Forstædernes Bank.

#### 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, flexible pay packages and employee bonds.

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

A report "About Nykredit 2008", available at nykredit.com/reports, contains more information about staff and employment matters in the Nykredit Group.

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

#### Balance sheet

At end-2008 the Group's balance sheet amounted to DKK 1,218bn against DKK 1,075bn at end-2007.

Group mortgage lending at fair value totalled DKK 895bn at end-2008 against DKK 823bn at the beginning of the year. Measured at nominal value, mortgage lending rose by DKK 67bn to DKK 916bn at year-end.

Bank lending in Nykredit Bank excluding reverse transactions amounted to DKK 51bn at end-2008 – up DKK 11bn. Deposits increased by DKK 15bn to just below DKK 47bn at end-2008.

In Forstædernes Bank, lending excluding reverse transactions amounted to DKK 22bn, and deposits totalled DKK 15bn at end-2008.

#### Equity and dividend

In 2007 the Nykredit Group launched a 3-year dividend plan involving an expected total dividend distribution of DKK 1,500m to the four shareholders of Nykredit Holding A/S: Foreningen Nykredit, Industriens Realkreditfond, Foreningen Østifterne and PRAS A/S.

Nykredit has distributed a dividend of DKK 500m in both 2007 and 2008.

Owing to the negative trend in results, it will be recommended for adoption by the Annual General Meeting that no dividend be distributed for 2008.

Group equity stood at DKK 50.4bn at end-2008 against DKK 54.4bn at the beginning of the year.

As previously, Nykredit has classified the Group's strategic equity investments as "avail-

#### The Nykredit Realkredit Group

Changes in equity		
DKK million	2008	2007
Equity, beginning of year	54,447	51,987
Extraordinary dividend	-	(500)
Paid dividend	(500)	-
Profit/loss for the year	(695)	3,363
Fair value adjustment of equities – available for sale	(2,847)	(465)
Other adjustments	(28)	62
Equity, year-end	50,377	54,447

able for sale" in its Consolidated Financial Statements. The strategic equity investments include equities in several Danish regional banks. These equities are value-adjusted against equity. The value adjustment against equity in the Consolidated Financial Statements came to a loss of DKK 2,847m after tax. The value of equities classified as available for sale totalled DKK 2,118m at year-end.

Nykredit has decided not to apply the new IAS 39 rules, which increased the scope for omitting fair value adjustment of certain assets at 1 October 2008.

#### CAPITAL ADEQUACY

The capital base and capital adequacy have been determined according to the capital adequacy rules of Basel II since 1 January 2008.

Nykredit's application of the Basel II rules is described in detail in "Group Risk Management" below and the report "Risk and Capital Management 2008", available at nykredit.com/reports.

#### Capital structure and return

Nykredit's objective is to be able to maintain its lending activities at an unchanged level regardless of economic trends while retaining its high rating. Consequently, Nykredit must have the necessary equity to cover the rise in the statutory capital requirement and the required capital base in a period of severe recession.

Nykredit therefore divides its equity into four elements:

- Business capital of DKK 34.8bn equal to the statutory capital base requirement. Nykredit assesses its required capital base relative to the capital requirement during a mild recession.
- Cyclical buffer of DKK 9.5bn covering the expected rise in the capital base requirement, should the economic climate change from mild to severe recession.
- Statutory capital deductions (goodwill) relating to intangible assets of DKK 5.3bn.
- Strategic capital of DKK 0.8bn, the longterm capital maintained for strategic initiatives.

The acquisition of Forstædernes Bank, the loss for 2008 and the general growth in operations had reduced Nykredit's strategic capital to DKK 0.8bn at end-2008 compared with DKK 6.9bn in 2007.

#### Required capital base

Pursuant to the Danish Financial Business Act, it is the responsibility of the Board of Directors and Executive Board to ensure that Nykredit has the required capital base (capital adequacy). The required capital base is the minimum capital required in Management's opinion to cover all significant risk.

Nykredit's calculation of the required capital base is based on the model calculations used for the determination of the capital requirement. However, a statistical level of security of 99.97% is applied, equal to a Aa2-Aa3 rating. When calculating the capital requirement and the capital adequacy ratio, a 99.9% confidence level is used.

The required capital base consists of Pillar I and Pillar II capital.

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 capital requirement for credit and market risk during a mild recession. Pillar II allows for the effect of an elevated capital requirement where rising losses and arrears have been observed as well as any operating losses following a rise in impairment losses, etc.

At 31 December 2008, the required capital base came to DKK 34.8bn, of which DKK 26.8bn concerned Pillar I and DKK 8.0bn Pillar II.

The Nykredit Realkredit Group calculates its capital need as the required capital base as a percentage of risk-weighted items. The capital need during a mild recession equals 9.8%.

The Nykredit Realkredit Group Capital structure at 31 December 2008

	Equity DKK 50.4b	n	
Pillar I DKK 26.8bn Business ca DKK 34.8	Cyclical buffer capital DKK 9.5bn	Statutory capital deductions DKK 5.3bn	Strategic capital DKK 0.8bn

#### Capital base and capital adequacy

Under the transitional rules, 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 came to DKK 47.7bn at end-2008, equal to a statutory capital adequacy ratio of at least 13.5%.

According to the transitional rules applicable to 2009, the capital requirement amounted to DKK 42.4bn at 1 January 2009, equal to a statutory capital adequacy ratio of at least 12.0%. The Group's capital base totalled DKK 52.0bn at end-2008.

The capital adequacy ratio and core capital ratio amounted to 14.7% and 13.5%, respectively, at end-2008.

By comparison, the individual capital need based on a mild recession amounted to 9.8%.

#### The Nykredit Realkredit Group

Capital base		
DKK million	2008	1.1.2008
Core capital		
- Equity, year-end	50,377	54,447
- Revaluation reserves transferred to supplementary		
capital	(141)	(247)
- Proposed dividend	-	(500)
- Intangible assets, including goodwill	(5,332)	(3,999)
- Capitalised tax assets	(289)	-
- Hybrid core capital	4,119	3,622
- Other statutory deductions from core capital	(916)	(1,679)
Core capital, incl hybrid core capital, after statutory		
deductions	47,819	51,643
Total supplementary capital	5,060	4,037
Statutory deductions from the capital base	(916)	1,679
Total capital base after statutory deductions	51,963	54,001

#### The Nykredit Realkredit Group

Capital requirement and capital adequacy ratio		
DKK million	2008	1.1.2008
Credit risk	22,475	20,817
Market risk	4,592	2,014
Operational risk	1,284	1,245
Capital requirement before transitional rules	28,351	24,076
Capital requirement after transitional rules <sup>1</sup>	47,700	38,801
Capital base	51,963	54,001
Capital adequacy ratio	14.7	17.9
Minimum capital adequacy ratio before transitional rules	8.0	8.0
Minimum capital adequacy ratio after transitional rules <sup>2</sup>	13.5	12.9
Core capital ratio <sup>3</sup>	13.5	17.2
Individual capital need (mild recession)	9.8	10.1
Total weighted items	354,385	300,959

Note: 1 January 2008 has been determined based on balance sheet figures at 31 December 2007.

<sup>1</sup> The capital requirement after transitional rules has been determined pursuant to the transitional rules of the Executive Order on Capital Adequacy for 2008. As a minimum, the capital requirement for 2008 must amount to 90% of the capital requirement determined under Basel I

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

<sup>3</sup> The core capital ratio has been determined on the basis of risk-weighted items of DKK 354,385m, ie not using the transitional rules.

#### ACQUISITION OF FORSTÆDERNES BANK

Based on an enquiry by the Board of Directors of Forstædernes Bank, Nykredit made a tender offer on 15 September 2008, which was recommended by the bank's board of directors.

Following shareholder acceptance of the tender offer, Nykredit Realkredit A/S obtained control of Forstædernes Bank on 17 October 2008. Nykredit Realkredit has prepared an opening balance sheet for Forstædernes Bank as at this date and has allocated the purchase price under IFRS 3, measuring assets and liabilities at fair value.

In connection with the acquisition of Forstædernes Bank, the acquired loans and advances in the opening balance sheet have been fair value-adjusted. Customer relationships and brand have been recognised separately from goodwill and have been measured at fair value.

The purchase price of DKK 1,842m, inclusive of transaction costs, may for the time being be specified as follows:

The fair value adjustment of loans and advances was based on an in-depth review. Fair value adjustment of loans and advances totalling DKK 1,500m can especially be attributed to impairment of collateral received and a need to provide for impairment of individual large exposures in the property sector.

The negative value adjustment of loans and advances has given rise to capitalisation of a deferred tax asset of DKK 375m.

The measurement of customer relationships, etc at DKK 130m was based on generally accepted models.

A provision of DKK 32m has been made for a deferred tax liability on the value of customer relationships, etc.

Customer relationships and brand will be amortised over their expected useful lives. Good-

#### Forstædernes Bank – determination of acquisition price

DKK millio	n	
Equity at 1	17 October 2008	2,030
Value adjus	stment of loans and advances	(1,500)
Customer r	relationships, etc	130
Impairment	t of intangible assets	(17)
Adjustmen	t for deferred tax	347
Goodwill		852
Purchase p	price	1,842

will is not amortised, but is tested annually for impairment.

Impairment of intangible assets in the form of software came to DKK 17m. Deferred tax represented DKK 4m of this figure.

#### EVENTS OCCURRED AFTER THE END OF THE FINANCIAL YEAR

#### Bank rescue package II

In January 2009 the Danish parliament adopted a number of measures extending the government guarantee scheme.

The extended scheme offers the possibility of opting for a government guarantee of up to three years for senior debt and junior covered bonds issued by commercial or mortgage banks. The guarantee scheme may remain in force until end-2013.

Commercial and mortgage banks may also apply for a government contribution of hybrid core capital.

#### Rating of junior covered bonds

In January 2009, Moody's Investors Service assigned a Aa2 rating to Nykredit Realkredit A/S's junior covered bonds issued out of Capital Centre E.

Otherwise, 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 Group's Q1-Q3 Interim Report 2008, core earnings for 2008 were forecast to be in the region of DKK 3,300m-3,500m.

Core earnings for 2008 amounted to DKK 1,947m. The lower core earnings notably derived from items relating to the financial crisis and the results of Forstædernes Bank.

#### OUTLOOK FOR 2009

Nykredit expects continued growth in core income from customer-oriented business activities. Growth is estimated to be 10-15%.

Market developments will for instance hinge on international economic trends, interest rates and the expected fiscal policy measures in Denmark. Further unemployment growth is in prospect and property prices may continue declining.

As no precise forecasts of impairment losses on loans and advances can be made, Nykredit has supplemented its risk reporting with expected loan loss levels based on the given economic assumptions. The financial crisis expanded spreads between government and mortgage bonds and cut prices of equities and bank bonds in 2008. The trends in this area are of importance to the Group's core income from Markets & Asset Management and to investment portfolio income. Unchanged yield spreads will therefore result in a normalised investment portfolio income in 2009.

Compared with the 2008 results, which were characterised by a number of special events with negative consequences, the Nykredit Group anticipates a satisfactory profit for 2009, but it will be lower than levels recorded in the years preceding the financial crisis.

#### OTHER

#### Enlargement of Group Executive Board

Bente Overgaard, Executive Vice President, was appointed Group Managing Director and joined Nykredit's Group Executive Board on 1 March 2008. She is in charge of human resources, staff training, management and organisational development as well as the Group's facilities management functions.

The Group Executive Board subsequently consists of Peter Engberg Jensen, Group Chief Executive, and Søren Holm, Karsten Knudsen, Per Ladegaard, Bente Overgaard and Niels Tørslev, all Group Managing Directors.

#### Reinforced partnership with local and regional banks

On 1 April 2008, Nykredit/Totalkredit and the Danish local and regional banks entered into a new and broader partnership agreement, which extends the agreement concluded in 2003 when Nykredit acquired Totalkredit.

One of the key terms of the agreement was that the final price of the Totalkredit shares should be determined in 2008 rather than in 2010, as originally agreed. The back payment will amount to DKK 1,460m after tax for settlement on 1 October 2012.

#### Nykredit acquired Forstædernes Bank

Based on an enquiry by the Board of Directors of Forstædernes Bank, Nykredit made a conditional tender offer for Forstædernes Bank in September, which was accepted by shareholders representing 97.2% of the share capital. The acquisition price was DKK 1,825m. Forstædernes Bank is a good strategic fit with Nykredit, because it has a customer base mainly consisting of SMEs and wealthy private individuals, and because it focuses on housing, investment and pension activities like Nykredit. Furthermore, Forstædernes Bank strongly complements the presence of the Nykredit Group in the metropolitan area.

Nykredit has so far focused on organic growth in commercial banking. The acquisition of Forstædernes Bank will strengthen Nykredit's market position.

Forstædernes Bank's Executive Board was expanded in November with Bjørn Damgaard Mortensen, Managing Director.

Nykredit Bank and Forstædernes Bank participate in government guarantee scheme In October, the Danish government and the Danish banking sector (the Private Contingency Association) introduced a guarantee scheme for deposits with and unsecured claims against Danish banks. Nykredit Bank and Forstædernes Bank participate in the scheme. The results for the financial year 2008 are affected by commission expenses of DKK 109m. The scheme will imply annual commission expenses at Group level in the region of DKK 475m up to October 2010.

Under the scheme, the Nykredit Group has a guarantee obligation to cover the excess risk of DKK 10bn under the guarantee scheme, of which the Group's share is expected to be in the region of DKK 630m.

In 2008 this guarantee obligation resulted in an impairment loss of DKK 62m relating to EBH Bank.

# Nykredit bonds rated AAA by Standard & Poor's

In November rating agency Standard & Poor's announced that Nykredit had been assigned the highest rating, AAA. This rating applies to Nykredit Realkredit A/S's covered bonds issued out of Capital Centres C, D, E and Nykredit In General and covered bonds issued out of Totalkredit A/S's Capital Centre C.

The AAA rating by Standard & Poor's emphasises Nykredit's substantial credit strength despite the global financial crisis, and the rating confirms the credit quality of Nykredit's covered bonds.

Nykredit Realkredit A/S had already been assigned a short-term unsecured rating of A-1 by Standard & Poor's.

In November, Nykredit Realkredit A/S was assigned a long-term unsecured rating of A+, and Nykredit Bank A/S was assigned a shortterm deposit rating of A-1 and a long-term deposit rating of A+ by Standard & Poor's.

#### Tax case

Nykredit Realkredit is party to a pending tax case which the Danish tax authorities have appealed to the Danish High Court. If the High Court finds for Nykredit, deferred tax of DKK 171m will be recognised as income.

# Group Risk Management

#### **GROUP CHARACTERISTICS**

Nykredit's activities comprise mortgage and bank lending, trading in securities and financial instruments, debt capital, asset management, pension and insurance products. The business activities combined with the investment portfolio involve credit, market, liquidity, insurance and operational risk.

Nykredit strives to meet best international practice for risk management and to maintain openness about the Group's risk exposures at any time. Nykredit's advanced models for quantifying group risks are central elements of the Group's risk and capital management.

#### **Balance principle**

By far the greater part of group lending consists of mortgage lending and is governed by 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.

Mortgage banks may apply either the specific balance principle or the general balance principle. Nykredit has chosen to apply the general balance principle.

The balance principle is further described at nykredit.com/ir.

#### Compliance with the balance principle

The Group's market and liquidity risk in connection with the issuance of bonds for the funding of mortgage loans is much lower than the limits provided by legislation. Loans funded by Danish covered bonds ("særligt dækkede obligationer" – SDOs and "realkreditobligationer" – ROs) 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 loans, Nykredit issues the bonds that fund loans on a daily basis.
- Underlying each loan is matching funding sold in the bond market.
- The loan is typically denominated in the same currency as that of the bonds sold. Any foreign exchange differences are fully hedged.
- 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 mortgages (ARMs) 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-tomaturity 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 are fixed so that Nykredit receives the funds on or before the dates when the payments to bondholders fall due provided borrowers make timely payments.
- 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 addition, various fees may be charged.

In practice, these characteristics mean that Nykredit incurs neither interest rate risk, foreign exchange 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.

Nykredit was able to maintain an unchanged level of match-funded lending throughout the financial crisis. In 2008, new issues of SDOs amounted to DKK 225bn, of which DKK 116bn was issued in connection with the refinancing auctions in December.

#### Strengths of Danish mortgage lending

- The statutory balance principle lays down strict limits to the liquidity and market risk allowed in connection with mortgage lending and the underlying funding.
- Mortgage loans are issued against security in the form of mortgages on real property. Legislation specifies limits to the loan-to-value ratio for properties between 60% and 80% depending on the type of property. Losses on mortgage loans are therefore very limited.
- Pursuant to statutory requirements, 60% of the capital requirement must be placed in listed bonds. Mortgage bond issuers are therefore characterised by a high degree of liquidity under normal market conditions.

The individual points are described further under "Group Risk Management" and "Liquidity and funding".

#### **RISK AND CAPITAL MANAGEMENT**

Risk management is the responsibility of the Board of Directors and the Executive Board 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.

Due to the match-funding of mortgage loans as described above, group lending primarily involves credit risk. Mortgage lending measured at fair value totalled DKK 896bn, while bank lending measured at fair value, excluding reverse transactions, totalled DKK 73bn.

Another important risk factor is the market risk on the Group's investment portfolio and within the business areas Markets & Asset Management and Forstædernes Bank. Liquidity risk plays only a minor part in the Group because of the match-funding principle and mainly concerns the activities of Nykredit Bank and Forstædernes Bank. Each year, Nykredit publishes a detailed report entitled "Risk and Capital Management". The report contains a wide selection of risk key figures in accordance with the disclosure requirements of the Danish Executive Order on Capital Adequacy. The report describes Nykredit's risk and capital management and is available at nykredit.com/reports.

Nykredit publishes detailed quarterly reports on its loan portfolio by capital centre under "Cover pool disclosure" at nykredit.com/ coverpool.

#### Organisation and delineation of responsibilities

The Board of Directors of Nykredit Realkredit A/S is responsible for defining limits to and monitoring group risks 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 dayto-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.

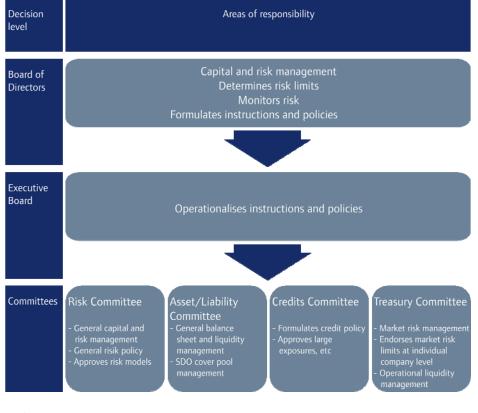
The principal committees at Nykredit are the Risk Committee, the Asset/Liability Committee, the Credits Committee and the Treasury Committee.

The Risk Committee is charged with assessing all group risks and the Group's capital adequacy requirement as well as implementing the capital policy. Furthermore, the Risk Committee approves measurement methods and models 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 organisation**



#### **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 and volatility risk, etc).

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

*Operational risk* reflects the risk of loss resulting from inadequate or 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.

#### **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 process most credit applications locally.

Credit applications exceeding the authority assigned to the centres are processed centrally by Group Credits. The applications submitted are decided by Group Credits unless they involve exposures requiring approval by the Credits Committee or the Board of Directors. The latter 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 a customer's financial position and other relevant matters. In connection with mortgage loan applications, statutory property valuations are also performed. The overall guidelines on customer assessments and property valuations are prescribed by Group Credits.

The granting of exposures over a specified amount by subsidiaries is subject to approval by either the Group's Credits Committee or the Board of Directors of Nykredit Realkredit A/S.

In Nykredit Bank, exposures over DKK 50m must be approved by the Group's Credits Committee, while exposures over DKK 200m must be approved by the Board of Directors of Nykredit Realkredit A/S.

In Forstædernes Bank, exposures over DKK 40m must be approved by the Group's Credits Committee, while all exposures over DKK 200m must be approved by the Board of Directors of Nykredit Realkredit A/S.

When credit lines relating to derivative financial instruments are granted, Nykredit will often require that a contractual basis be established providing group companies with a netting option. The contractual framework will typically be based on market standards such as ISDA or ISMA agreements.

All exposures of a certain size are reviewed at least once a year as part of the monitoring of credit exposures and on the basis of updated financial and customer information, and all exposures showing signs of risk are reviewed.

Nykredit has obtained permission by the Danish Financial Supervisory Authority (FSA) to apply a statistical model in the valuation of properties with no physical inspection. The model is applied in connection with first-time or supplementary mortgaging of detached and terraced houses that meet the specific requirements for mortgageable value and risk classification. Valuations are approved by the relevant local centre and monitored centrally. Furthermore, Nykredit uses a statistical model for the ongoing monitoring of the market values of properties. The model is applied to detached houses, holiday homes and owner-

Credit risk elements

The parameters included in the calculation	on 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 in case of a
	customer's default.
Exposure value	The total exposure to a customer in DKK at the time of default,
	adjusted for any undrawn part of a credit commitment.

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

occupied flats that satisfy specific requirements for LTV ratios, 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 flats.

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.

As a main rule, mortgage loans to retail customers granted by banks are covered by a setoff agreement for recognised losses.

The right of set-off applies to the part of the loan that exceeds 60% of the property value at the time of loan disbursement, and it applies for the entire loan term.

On recognising a loan loss, Totalkredit is entitled to subsequently offset the loss against the commission paid to the bank for arranging the loan.

All partnership banks switched to the set-off agreement in the course of 2008.

As a consequence of the set-off agreement, Totalkredit bears the full capital charge for the loans. The capital charge for credit risk calculated for mortgage lending in Totalkredit came to DKK 4bn at 31 December 2008.

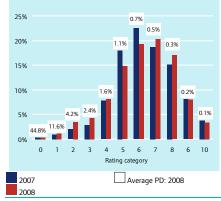
#### Credit risk models

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 the exposure value.

The models used to determine PD and LGD ratios 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 of mortgage products reflects the level of losses during the recession in 1991-1993.

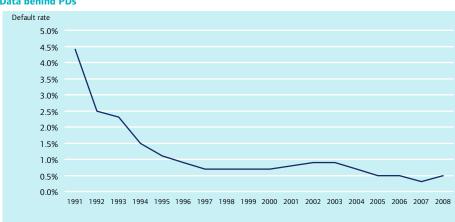
### The Nykredit Realkredit Group

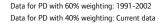
Outstanding amounts by rating category



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

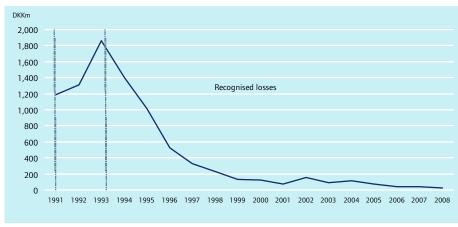
#### Nykredit Realkredit A/S Data behind PDs





#### Nykredit Realkredit A/S

#### **Data behind LGDs**



Data behind applied LGDs: 1991-1993. Losses for 2008 exclude losses related to Roskilde Bank.

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.

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 impairments 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. Customer ratings are an important element of the credit policy and customer assessment.

LGD is calculated for each customer exposure.

The LGDs of the majority of loans issued by the Group 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.

Further information on Nykredit's credit risk models are available in the publication "Risk and Capital Management 2008" at nykredit.com/reports.

#### Maximum statutory LTV ratios by property category

Owner-occupied properties for all-year habitation	80% <sup>1</sup>
Private housing society dwellings	
Private rental housing properties	
Non-profit housing	
Youth housing	
Senior housing	
Properties used for social, cultural or educational purposes	60%
Holiday homes	
Agricultural and forestry properties, market gardens, etc <sup>2</sup>	
Office and retail properties <sup>2</sup>	
Industry and trades properties <sup>2</sup>	
Utilities	
Other properties – including undeveloped land	40%
<sup>1</sup> Some loan types offered for residential housing are subject to a lower LTV ratio than 80%, but no supplementation	ary security is required

unless the LTV ratio subsequently exceeds 80%<sup>2</sup> The LTV ratio may be extended up to 70% against supplementary security for the part of the loan between 60% and 70%.

#### The Nykredit Realkredit Group

#### Mortgage debt outstanding relative to estimated property values at Q3/2008 Debt outstanding distributed continuously by LTV range up to the top LTV bracket

2008				ļ	LTV (loan-to	-value)		
DKKbn	0-20	20-40	40-60	60-80	Over 80	Over 100	Total	LTV <sup>1</sup>
Owner-occupied dwellings	202	175	129	47	3	0	557	29
Private rental housing	28	22	19	8	1	0	78	30
Industry and trades	10	8	5	1	0	0	24	24
Office and retail	29	24	16	1	0	0	71	25
Agriculture	41	29	15	2	1	0	87	22
Non-profit housing	-	-	-	-	-	-	65	-
Other	6	4	2	1	0	0	13	24
Total	317	264	186	60	5	0	360	27
		-						

Note: The table allows for any financed costs of up to 2% of loans. Eg the 60-80% range includes loans with LTVs of up to 82%. <sup>1</sup> LTV median has been determined as the loan-weighted median.

#### The Nykredit Realkredit Group

2008			LTV (loar	i-to-value)			
%	0-20	20-40	40-60	60-80	Over 80	Over 100	
Owner-occupied dwellings	36	31	23	8	1	0	
Private rental housing	36	28	24	11	1	0	
Industry and trades	43	35	20	2	1	0	
Office and retail	41	34	22	2	0	0	
Agriculture	47	34	17	2	1	0	
Non-profit housing	-	-	-	-	-	-	
Other	44	31	19	5	1	0	
Total	35	29	21	7	1	0	
<sup>1</sup> Calculated on the basis of debt outstanding including non-profit housing for which reason the totals do not add up to 100%.							

#### Change in LTVs, past year

2008			LTV (loan	-to-value)		
%	0-20	20-40	40-60	60-80	Over 80	Over 100
Owner-occupied dwellings	-2	-1	1	1	0	0
Private rental housing	-6	2	4	1	-1	-1
Industry and trades	-11	4	6	1	0	0
Office and retail	-9	4	8	0	-1	-1
Agriculture	-6	1	3	1	0	1
Non-profit housing	-	-	-	-	-	-
Other	-6	2	5	0	-1	0
Total	-3	1	2	1	0	0

#### Loan-to-value ratios (LTVs)

At the time of granting, a mortgage loan must not exceed a certain proportion of the value of the mortgaged property pursuant to Danish legislation. 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 mortgage loan.

Mortgage banks must provide supplementary security for each loan granted against a mortgage on real property funded by the issuance of SDOs if LTV ratios exceed statutory LTV limits at any time throughout the term of a loan. The majority of mortgage loans have an initial loan term of 20-30 years.

Nykredit monitors the development in the loan portfolio relative to property values (LTVs) very closely. To ensure a sustainable credit and capital policy in the long term, scenario analyses are conducted that assess the effects of marked price decreases in the housing market. In the scenarios, the development in future LTVs for different property types is analysed as well as the consequences thereof.

The table "Mortgage debt outstanding relative to estimated property values" shows the LTVs of group mortgage lending. The proportion of lending covered by guarantees provided by public authorities has been deducted. Guarantees from public authorities reduce the credit risk of subsidised housing that form part of lending to the non-profit housing segment. Therefore, LTVs of non-profit housing do not offer relevant risk data.

In the tables, the debt outstanding is distributed continuously by LTV category. 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 interval 0-20% and one third in the LTV interval 20-40%. The table shows that where owner-occupied dwellings are concerned, 67% of mortgage lending falls within 40% of the property values.

Further detailed information on the Group's mortgage loan portfolio is available under "Cover pool disclosure" at nykredit.com/coverpool.

#### The Nykredit Realkredit Group

#### Investment portfolio credit risk

2008	The Nykredit Realkredit	Of which Forstædernes				
DKK million	Group	Bank				
ROs, SDOs and other covered bonds						
Rating o for above Aa3/AA-	64,556	990				
Rating: A1/A+ – Ba1/BB+	377	-				
Rating: Ba2/BB and below	-	-				
Not rated	3	-				
Total ROs, SDOs and other covered bonds	64,936	990				
Corporate bonds						
Rating of or above Aa3/AA-	7,428	-				
Rating: A1/A+ – Ba1/BB+	2,778	111				
Rating: Ba2/BB and below	206	-				
Not rated	2,371	376				
Total corporate bonds	12,783	487				
Of which:						
Subordinate loan capital and hybrid core capital						
in Danish banks <sup>1</sup>	201	-				
Subordinate loan capital and hybrid core capital						
in other banks <sup>1</sup>	1,540	-				
Kalvebod and Scandinotes	1,224	21				
Structured bonds	270	270				
Hedge funds	905	40				
Collateralised Loan Obligations (CLO)	111	111				
Total credit exposures	77,719	1,477				
Note: Kalvebod and Scandinotes are structured bonds with cover assets in the form of hybrid core capital						
and subordinate loan capital in Scandinavian banks.						

<sup>1</sup> Excl Kalvebod and Scandinotes.

#### The Nykredit Realkredit Group

Credit derivative transac	tions		
2008	Risk hedge bought	Risk hedge sold	Total nominal value
DKK million			
Financial institutions	-	502	502
Businesses	-	111	111
Index	-	691	691
Total 2008	-	1,304	1,304

#### The Nykredit Realkredit Group

Exposures to the financial sector	Exposures	to	the	financial	sector
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DKK million	2008
Danish financial institutions	
Equities	1,731
Subordinate capital and hybrid core capital	3,003
Other	17,238
Total Danish financial institutions	21,971
- of which government guaranteed	15,729
Foreign financial institutions	
Equities	30
Subordinate loan capital and hybrid core capital	1,232
Other	8,741
Total foreign financial institutions	10.004
- of which US	2,081
- of which euro area and Scandinavia	7,923
Total financial exposures	31,549
Note: Other comprises other corporate bonds, deposits and bank accounts and counterparty risk of financial instrum	ents.

Exclusive of repo/reverse transactions, SDOs, ROs and other mortgage-backed securities.

#### MARKET RISK

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

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

By far the greater part of group lending consists of mortgage lending. The statutory balance principle limits the interest rate, volatility, foreign exchange and liquidity risk relating to mortgage lending and the associated funding.

However, Nykredit's risk in connection with mortgage lending is much lower than the limits provided by legislation. Nykredit funds its mortgage lending according to the matchfunding principle. For this reason, Nykredit's mortgage banking activities incur insignificant liquidity, interest rate and refinancing risk.

Nykredit's market risk relates mainly to the investment portfolios. Furthermore, the banking activities involve market risk.

The limits relating to market risk in the Nykredit Realkredit Group are subject to approval by the Board of Directors. Through the Treasury Committee and within the limits provided by the Board of Directors, the Executive Board assigns and approves market risk limits for the group companies.

The limits provided by the Board of Directors restrict the scope for assuming interest rate, equity price, foreign exchange, volatility and credit risk in this area. Other risks, such as commodity exposures, are not allowed.

The limits permit the use of financial instruments if the risk involved can be determined and managed. Financial instruments are included in the limit for the underlying asset.

Compliance with risk limits is monitored daily and independently of the acting entities of the Group, and any non-compliance is reported to the Treasury Committee or Nykredit's Board of Directors depending on the nature of the noncompliance. **Portfolios and development in market risk** Nykredit's securities portfolio consists mainly of Danish and European mortgage bonds. In addition, Nykredit has invested in high-rated bank bonds.

The interest rate risk relating to the portfolio is reduced by taking offsetting positions in government bonds or entering into interest rate swaps. Accordingly, Nykredit is exposed to the development in yield spreads between government bonds and mortgage bonds in particular. By holding the positions, the earnings potential is maintained when markets normalise.

The international financial crisis caused yield spreads between mortgage bonds and government bonds to expand by approximately 0.9 percentage point in 2008. In the same period, prices of bank bonds generally fell sharply. Owing to market trends, the investment portfolio of bonds, liquidity and interest rate instruments generated a loss of DKK 2,622m.

Because of Nykredit's investment strategy, investments in CDOs, CLOs and US subprime are usually minimal.

With the acquisition of Forstædernes Bank, Nykredit acquired a portfolio of structured bonds, CLOs and hedge funds. The intention is to divest this portfolio while minimising any losses incurred in the process. In the light of the financial crisis and expectations of future credit losses, the portfolio has been written down to DKK 441m.

Furthermore, the Nykredit Realkredit Group holds DKK 1,206m in Kalvebod series I, II, III and IV. The Kalvebod series are structured bank bonds of which the underlying assets are subordinate loan capital and hybrid core capital in Danish local and regional banks. Nykredit Bank is the arranging bank of the Kalvebod series.

Lastly, Nykredit acquired a portfolio of Scandinotes on acquiring Forstædernes Bank. Scandinotes are structured bank bonds based on assets in the form of subordinate loan capital and hybrid core capital in Scandinavian banks. The portfolio totalled DKK 18m at year-end.

The Group also invests in equities. By far the greater part of equity investments consists of strategic equities. Nykredit's portfolio of strategic equities amounted to DKK 2,118m at end-2008, of which equities in Danish banks represented DKK 1,114m.

Strategic equities were marked by large capital

#### The Nykredit Realkredit Group

#### Market risk (conventional calculation)

2008	Interest rate risk	Interest rate	Equity price risk
DKK million		volatility risk	
		(Vega)	
Money market instruments	(57)	-	-
Government bonds	(289)	-	-
Mortgage bonds	1,426	(73)	-
SDOs	1,238	(0)	-
Other bonds, loans and advances	290	-	-
Equities	-	-	410
Derivative financial instruments	(1,698)	23	(41)
Total	908	(49)	368
Note: Including Forstædernes Bank.			

#### The Nykredit Realkredit Group

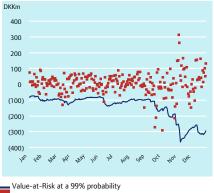
Market risk

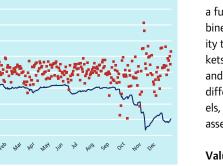
DKK million	2008			2007		
	Min	Max	Closing	Min	Max	Closing
Value-at-Risk (99%, time horizon of 1 day)	168	597	331	115	332	182
Interest rate risk (change of 100bp)	389	1,160	908	403	895	829
- of which mortgage lending	(66)	96	22	(166)	163	163
Equity risk (general decline of 10%)	368	698	368	648	857	704
- of which adjusted against equity	207	495	211	473	584	495
Foreign exchange risk						
(foreign exchange indicator 2)	6	14	8	4	18	7
Note: Forstædernes Bank has been inlcuded from 17.10.2008 and forward.						

losses in 2008. The Group's total value adjustment of strategic equities in 2008 amounted to a negative amount of DKK 2,847m. The value adjustment is made against equity.

### The Nykredit Realkredit Group

Back test of overall market risk





Daily realised return on investment portfolios

#### Key figures on market risk

Market risk cannot be assessed adequately on the basis of a single risk key figure. To obtain a full overview of market risk, Nykredit combines various key figures that express sensitivity to the development in the financial markets. The Group's determination, management and reporting of market risk require a range of different tools in the form of statistical models, stress tests and key ratios with subjective assessments.

#### Value-at-Risk

Nykredit applies a Value-at-Risk (VaR) model for day-to-day internal management and determination of business capital. The choice of time horizon and confidence level in the model depends on the purpose of the calculations. For the day-to-day internal management, a time horizon of one day and a confidence level of 99% are applied, while a time horizon of approximately one year and a confidence level of 99.97% are applied for the determination of business capital. VaR is calculated for both the trading book and the banking book.

**Elements of Value-at-Risk determination** 

Value-at-Risk is a statistical measure of the maximum loss on a 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 a Value-at-Risk model allowing for the option embedded in callable mortgage bonds.

Parameters used to determine Value-at-Risk:

Risk factors:	All positions are transformed into a number of risk factors relating to eq-	
	uity price, interest rate and foreign exchange risk.	
Volatilities and correlations:	Daily volatilities and correlations of the above risk factors.	
	In calculating the volatilities, last-dated observations carry the highest	
	weight. Volatilities and correlations are estimated on the basis of data on	
	the past 250 days.	
Time horizon:	Value-at-Risk is determined on the basis of a time horizon of 1 day, but	
	may be scaled to other time horizons.	
Confidence level:	Value-at-Risk is determined based on a 99% confidence level for the pur-	
	poses of the determination of capital requirement and the day-to-day	
	risk management, and a confidence level of 99.97% for the determina-	
	tion of the required capital base and long-term capital need.	

#### Back testing:

The model results are back tested on a day-to-day basis against actual realised returns on the investment portfolios to ensure that the model results are reliable and correct at any time.

#### Stress testing:

Daily stress testing is performed to determine the risk of losses under extreme market conditions based on simulated market movements 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.

Nykredit has FSA approval to apply VaR in determining the capital charge for market risk. The VaR model for determining the capital requirement applies a statutory confidence level of 99% and a time horizon of 10 days. For the purpose of determining the capital requirement, Nykredit Realkredit A/S only calculates VaR in respect of the trading book, whereas the Nykredit Bank Group makes calculations for the trading book as well as the banking book excluding equities.

The Group's internal VaR totalled DKK 331m at end-2008, excluding Forstædernes Bank. This means that, according to Nykredit's model, the Group would, at a 99% probability, lose a maximum of DKK 331m in one day in consequence of market fluctuations.

#### Interest rate risk

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

The Group's benchmark for the interestbearing portfolio is given at an interest rate risk of DKK 575m.

Nykredit primarily invests in Danish covered bonds and corporate bonds. Viewed separately, this involved a positive interest rate exposure. Interest rate risk is hedged by taking short positions in government bonds, interest rate swaps and other interest rate derivatives. These positions alone involve a negative interest rate exposure. Overall, the Group attains low interest rate risk.

With this strategy, Nykredit is exposed to the yield spreads between the specific bond and government bonds/swap rates.

The spread risk of the Group's portfolio of mortgage bonds amounted to DKK 1,426m at end-2008. This means that Nykredit would lose DKK 1,426m on its investments in mortgage bonds if the yield spread between mortgage bonds and government bonds widened by 1 percentage point.

The financial crisis has caused substantial widening of yield spreads since the beginning of 2008, with a resulting loss on Nykredit's investment portfolio.

#### Equity price risk

The Group's exposure to equities and equity instruments was DKK 3,682m at end-2008.

The exposure to strategic equities categorised as available for sale under IAS 39 ranged between DKK 2,067m and DKK 4,945m in 2008.

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

The benchmark of the equity portfolio was DKK 6,200m.

#### 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 risk hedging tool and for active positiontaking. The risk is determined and managed on a continuous basis with respect to all financial instruments with embedded options.

#### Foreign exchange risk

Nykredit Realkredit, Totalkredit and Nykredit Bank hedge the foreign exchange risk of their investments and therefore only had minor foreign exchange positions in currencies other than EUR in 2008. Up to now, Forstædernes Bank has had no hedging policy for foreign exchange risk. In future, the company's foreign exchange risk will become subject to separate risk limits. At end-2008 the banks' largest foreign exchange positions were denominated in EUR and USD.

Foreign exchange 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**

Refinancing risk is the risk of having to refinance debt in a period with high interest rates or with particularly unfavourable loan terms.

Refinancing risk in relation to mortgage banking is very limited as a result of the balance principle and match-funding of loans.

The mortgage loan types Tilpasningslån, BoligXlån (ARMs) and RenteMax (floatingrate with an interest rate cap shorter than the loan term) are refinanced by way of issuance of new bonds. At refinancing, borrowers obtain a loan rate that mirrors the yield-tomaturity of the bonds sold. Consequently, the Nykredit Realkredit Group incurs no interest rate risk in connection with refinancing. Furthermore, the bond sale is organised so that

# the Group does not incur any liquidity risk in connection with refinancing.

#### **INSURANCE RISK**

Nykredit's insurance activities are exclusively concentrated within retail and agricultural customers as well as commercial buildings insurance. Nykredit Forsikring (Insurer), has a welldiversified 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, an insurance risk committee reviews and approves insurance offers of 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. The reinsurance cover means that Nykredit Forsikring pays a certain proportion of the claims expenses for the year, while the remainder is covered by reinsurance. The proportion payable by the Insurer itself depends on the amount of the claims expenses.

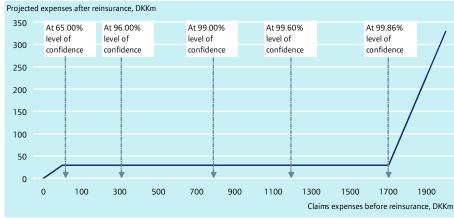
#### The Nykredit Realkredit Group

Interest rate exposures (losses on an interest rate rise of 1 percentage point)

DKK million	2008	2007		
Money market instruments	(57)	5		
Government bonds	(289)	(472)		
ROs and SDOs	2,664	3,602		
Other bonds, loans and advances, etc	290	383		
Derivative financial instruments	(1,698)	(2,718)		
Total interest rate exposures	908	800		
Note: Forstædernes Bank has been included at end-2008.				

#### Nykredit Forsikring A/S

Expenses for catastrophy claims



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

In 2008 the Insurer had claims expenses of DKK 973m and net claims expenses of DKK 943m, which was on a level with expectations.

#### **Determination of claims reserves**

Claims reserves are determined by industry on the basis of actuarial methods in combination with financial 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.

# **OPERATIONAL RISK**

The daily 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 sources.

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 previous 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.
- Listed financial instruments, which have been priced in low-turnover markets due to the financial turmoil in 2008, may to a higher degree than previously involve some uncertainty in connection with the measurement of fair values
- Unlisted financial instruments involving significant estimates in connection with the measurement of fair values.
- Goodwill on consolidation, as the assessment of the future earning capacity of the companies is based on significant estimates.
- The value of defined benefit plans (Other assets) involving significant estimates in connection with 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.
- Insurance obligations involving significant estimates in connection with actuarial assumptions, including the settlement of open claims, payment patterns and the development in prices.

# Lending

# MORTGAGE LENDING

Loan portfolio

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

The Group's nominal mortgage lending rose from DKK 849bn at end-2007 to DKK 916bn at end-2008.

The portfolio is highly diversified in terms of loan type, geography, maturity and size of debt outstanding. 62% of total mortgage loans at year-end were mortgages granted for owner-occupied dwellings in Denmark.

Geographically, around half of lending relates to Jutland and almost one third to the metropolitan area. The share of international lending was unchanged at 3% at end-2008.

The distribution of lending by loan type changed slightly in 2008. The share of interest-only loans went up from 42% to 48%. The share of floating-rate loans – including private residential adjustable-rate mortgages (ARMs) – was unchanged at 56% compared with the year before.

Floating-rate loans accounted for 66% of commercial lending. However, a significant proportion of these loans have been interest rate hedged through individual swap agreements with Nykredit Bank.

# Guarantees

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

The bank guarantees comprise guarantees for the registration of mortgages without endorsements, guarantees for interim loans in connection with new building and loss guarantees.

In 2008 Nykredit/Totalkredit entered into a new and broader partnership agreement with local and regional banks implying that the guarantee structure applied so far has been replaced by a set-off model.

The volume of mortgage lending subject to loss guarantees arranged by the partner banks has been reduced, totalling DKK 5bn against DKK 200bn at end-2007.

Lending subject to a right of set-off totalled DKK 396bn at end-2008.

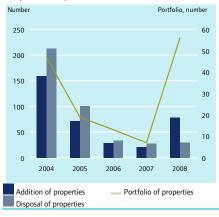
Guarantees issued by public authorities reduce the credit risk mainly within mortgage lending to non-profit housing. The guarantees amounted to DKK 49bn at end-2008. Public authority guarantees are guarantees whereby the guarantor assumes primary liability. This means that Nykredit may enforce the guarantee if a loan falls into arrears.

# The Nykredit Realkredit Group Mortgage lending

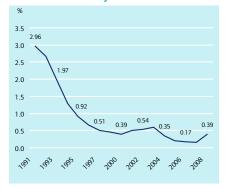
Nominal value end-2008	Owner-	Private rental	Industry	Office	Agriculture	Non-profit	Other	Total
DKK million	occupied	housing	and trades	and retail	righealtare	housing	other	DKKm/
	dwellings	neusing				neusing		number
	j-							
Mortgage loans								
- Bond debt outstanding	570,993	80,124	25,176	74,031	89,140	64,306	12,813	916,582
- Number of loans	641,609	20,334	3,370	18,018	44,778	22,930	2,989	754,028
Bond debt outstanding by loans involving								
- Public-authority guarantees	1	228	0	78	323	48,277	151	49,058
- Bank guarantees	5,128	0	0	0	93	0	1	5,222
- Set-off agreement with banks	394,775	0	0	0	0	0	0	394,775
- No guarantee	171,090	79,896	25,176	73,953	88,724	16,028	12,660	467,527
Total	570,993	80,124	25,176	74,031	89,140	64,306	12,813	916,582
Bond debt outstanding by loan type								
Fixed-rate loans								
- Repayment loans	184,376	14,260	4,358	14,258	13,911	13,656	4,460	249,280
- Interest-only loans	107,462	4,939	48	4,491	3,532	34	80	120,586
Adjustable-rate mortgages								
- Repayment loans	33,479	4,837	2,020	7,341	11,677	18,797	867	79,018
- Interest-only loans	74,294	18,445	3,683	17,890	15,417	568	291	130,588
Money market-linked loans								
Capped								
- Repayment loans	77,756	2,264	380	2,320	4,597	132	1,098	88,547
- Interest-only loans	91,866	1,795	23	697	4,133	25	126	98,666
Uncapped	,							,
- Repayment loans	245	4,639	5,165	9,742	7,054	249	3,919	31,014
- Interest-only loans	1,491	28,784	9,499	17,179	28,420	206	1,638	87,216
Index-linked loans	25	161	1	112	398	30,638	333	31,668
Total	570,993	80,124	25,176	74,031	89,140	64,306	12,813	916,582
Bond debt outstanding by	,	,		,		- ,		
geographic area								
- Metropolitan area	164,644	31,455	2,404	22,185	3,425	25,948	3,825	253,887
- Other Eastern Denmark	62,600	4,356	2,115	3,871	12,720	5,304	1,194	92,160
- Funen	50,897	5,855	886	4,918	8,612	6,060	1,226	78,454
- Jutland	285,293	28,865	15,659	31,540	64,193	26,993	6,563	459,108
- Faroe Islands and Greenland	1,492	245	2	120	0	0	5	1,864
- International	6,067	9,347	4,109	11,398	189	0	0	31,110
Total	570,993	80,124	25,176	74,031	89,140	64,306	12,813	916,582
Bond debt outstanding by	,	,		,		- ,		
loan ranges, DKKm								
0-2	460,457	11,058	1,523	10,233	22,844	7,874	1,169	515,158
2-5	102,934	12,606	2,281	10,152	27,140	9,889	1,855	166,856
5-20	7,113	24,527	5,426	18,084	33,321	27,616	4,838	120,925
20-50	439	11,786	3,530	9,910	4,597	14,095	2,899	47,257
50-100	51	4,331	2,125	6,221	942	3,428	852	17,950
100	0	15,814	10,292	19,431	296	1,403	1,200	48,436
Total	570,993	80,124	25,176	74,031	89,140	64,306	12,813	916,582
Bond debt outstanding by	510,555	00,124	23,170	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	03,140	01,500	12,015	510,502
remaining loan term, years								
0-10	12,922	3,266	3,943	13,223	2,515	3,597	747	40,213
10-15	21,143	2,773	4,737	11,091	3,188	4,574	1,251	48,757
15-20	33,134	12,859	10,521	33,612	5,425	10,453	3,447	109,451
20-25	98,201	10,396	71	2,371	16,671	13,947	1,643	143,300
25-30	405,593	50,682	5,905	13,733	61,340	7,249	5,681	550,183
30-35	405,595	118	0	0	01,540	10,035	44	10,197
	0	110	0	0	0	10,000		10,197
			0	1	0	14 450	0	1/1 /182
35 Total	0 <b>570,993</b>	30 <b>80,124</b>	0 <b>25,176</b>	1 <b>74,031</b>	0 <b>89,140</b>	14,450 <b>64,306</b>	0 <b>12,813</b>	14,482 <b>916,582</b>

# The Nykredit Realkredit Group

Properties repossessed/sold



# The Nykredit Realkredit Group Arrears ratio – 75-day arrears



# The Nykredit Realkredit Group

### Impairment of mortgage loans

DKK million		2008		2007
	Individual	Collective	Total	Total
	impairment	impairment	impairment	impairment
	provisions	provisions	provisions	provisions
Owner-occupied dwellings	34	68	102	75
Private rental housing	26	27	53	24
Industry and trades	93	21	113	54
Office and retail	15	25	39	37
Agriculture	17	91	108	44
Non-profit housing	7	10	17	8
Other	11	21	31	13
Total	203	262	465	255

### The Nykredit Realkredit Group

### Arrears ratio 75 days after settlement date

%	Arrears of	Bond debt outst.
	total mortgage	affected by arrears of
	payments	total bond debt outst.
Settlement months		
2008		
- September	0.39	0.58
- June	0.22	0.25
- March	0.21	0.25
2007		
- December	0.16	0.23
- September	0.16	0.19

## The Nykredit Realkredit Group

### Post-settlement date arrears by maturity

DKK million	2008			2007	
	September	June	March	December	September
Up to 45 days	74	50	42	39	31
45-75 days	58	35	29	27	21
75-195 days			12	10	7
Over 345 days				3	2

# Non-performing exposures

For the purpose of providing for loan impairment, continuous individual reviews and risk assessments of all mortgage 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 below DKK 200m are reviewed for the purpose of uncovering a need for individual provisioning when objective evidence of impairment is observed.

Exposures not subject to individual provisioning are subject to collective assessment. Collective impairment provisions are made for groups of customers of uniform credit risk.

Collective impairment provisions are calculated using a rating model based on adjusted Basel parameters for the loss calculation. Having been adjusted to the accounting rules, the Basel parameters are based on events occurred, cash flows until expiry of loan terms and a discounting of loss flows to present value.

Contrary to recent years, the Group's total impairment provisions increased in 2008. At end-2008 provisions for mortgage loan impairment totalled DKK 465m against DKK 255m at the beginning of the year. Collective mortgage impairment provisions totalled DKK 262m of this amount against DKK 163m at the beginning of the year. The total earnings impact came to DKK 208m against a net gain of DKK 55m in 2007.

At end-2008 the arrears ratio had increased compared with levels at end-2007, but remained low. At the quarterly settlement date 1 September 2008, the Group's 75-day mortgage loan arrears as a percentage of total mortgage payments due was 0.39 compared with 0.16 on 1 September 2007.

In 2008 the Group repossessed 79 properties and sold 29 properties. At end-2008 the property portfolio stood at 57 against 7 at the beginning of the year.

# BANK LENDING

# Provisions for bank loan impairment

Individual and collective impairment provisions are made for bank loans as for mortgage loans. Bank exposures in excess of DKK 50m are subject to continuous individual review and risk assessment to uncover any objective evidence of impairment. Exposures below DKK 50m are reviewed for the purpose of uncovering a need for individual provisioning when there is objective evidence of impairment.

The corresponding amounts for Forstædernes Bank are DKK 10m as regards individual review and risk assessment of bank exposures.

### Nykredit Bank

### Loan portfolio

The Group's total bank exposures in the form of loans, advances and guarantees increased from DKK 60bn at end-2007 to 86bn at end-2008.

Provisions for loan impairment and guarantees totalled DKK 770m at end-2008 compared with DKK 95m at the beginning of the year.

The figures comprise a rise in individual impairment provisions from DKK 84m to DKK 591m, whereas collective impairment provisions rose from DKK 11m to DKK 123m in 2008.

### Forstædernes Bank

Loan portfolio

The bank's total loans, advances and guarantees decreased by DKK 5bn to DKK 27bn at end-2008.

#### The Nykredit Bank Group

### Loans, advances and guarantees by sector

2008	2007
15,408	18,088
8,486	6,528
18,382	15,319
28,484	6,243
14,981	13,467
85,741	59,644
	15,408 8,486 18,382 28,484 14,981

## The Nykredit Bank Group

Nykredit Annual Report 2008

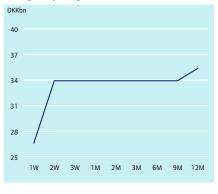
# Provisions for bank loan impairment and guarantees by sector

DKK million		Individual	Collective	2008	2007
	Provisions for	impairment	impairment	Total	Total
	guarantees	provisions	provisions	provisions	provisions
Retail	5	27	3	35	22
Other	51	554	120	735	73
Total	56	591	123	770	95

The figures comprise a rise in individual loan impairment provisions from DKK 252m to DKK 1,598m in 2008, whereas collective impairment provisions went up from DKK 2m to DKK 64m.

# Liquidity and funding

Nykredit Realkredit A/S and Totalkredit A/S Moody's liquidity curve



The Nykredit Bank Group Liquidity relative to statutory requirement

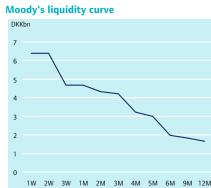


Liquidity

— Nykredit Bank's internal requirements

Statutory requirement

### The Nykredit Bank Group



### LIQUIDITY RISK

Liquidity risk is the risk of loss as a result of insufficient liquidity to cover current payment obligations.

The Group's overall liquidity risk is monitored closely and assessed by the Asset/Liability Committee (ALCO). The committee lays down liquidity policies for the Group's companies. The day-to-day management of liquidity risk is performed by the individual companies based on these policies.

# Mortgage activities, etc

Most of the Group's lending consists of mortgage loans funded by "realkreditobligationer" (ROs) and "særligt dækkede obligationer" (SDOs) (collectively referred to as covered bonds) in accordance with the match-funding principle. Mortgage lending and the funding thereof are therefore by and large liquidity neutral. Nykredit's capital resources are mainly placed in a portfolio of listed bonds in addition to portfolio equities, strategic equities and subsidiary equities. By virtue of the large bond portfolios, the mortgage banks are extremely liquid.

In its "Bank Financial Strength Ratings: Global Methodology" from February 2007, Moody's Investors Service has laid down a number of principles for requirements relating to the liquidity management of banks. In order to achieve the rating "Very Good Liquidity Management", the liquidity curve must be positive for a projected time span of 12 months. The liquidity of Nykredit Realkredit and Totalkredit is always positive due to eg match funding and the investment rules governing the statutory capital requirements.

The liquidity curves of Nykredit Realkredit and Totalkredit, Nykredit Bank and Forstædernes Bank illustrate that the Nykredit Group is extremely liquid.

Nykredit Realkredit expects to launch a Global Medium Term Note (GMTN) programme in Q1/2009 in order to

- increase the sale of bonds to international investors
- increase awareness of Danish mortgage lending
- facilitate financing of lending in currencies other than DKK and EUR
- ensure that Nykredit's EUR-denominated bonds are repo-eligible with the ECB.

For the same reason, Nykredit Realkredit opened a number of issues through VP Lux in H2/2008. Repo-eligibility with the ECB is expected to become reality in the course of Q1/2009.

In H2/2008 the Danish central bank (Danmarks Nationalbank) expanded the range of assets eligible as collateral for the loans of commercial and mortgage bank with Danmarks Nationalbank (monetary policy loans and intraday credits) to include new types of securities – including junior covered bonds. This measure expires on 30 September 2010.

To facilitate the exchange of liquidity in the money market, Danmarks Nationalbank opened a new secured lending facility in May 2008 under which Danish commercial banks may borrow funds against a new special type of loan bill.

In addition, banks were allowed to use the part of the capital base after statutory deductions that exceeds the statutory required capital base as collateral.

### Nykredit Bank

Nykredit Bank monitors its balance sheet and liquidity on a day-to-day basis. The Bank manages its balance sheet based on the liquidity of assets and liabilities. Securities not serving as collateral in the trading book constitute a short-term liquidity buffer that may be applied in the case of unforeseen claims on the Bank's liquidity.

The liquidity buffer averaged DKK 13.0bn in 2008. At end-2008 the liquidity buffer was DKK 31.2bn against DKK 20.2bn at end-2007.

At end-2008 the Bank had issued notes of EUR 17bn under its EUR 5bn EMTN programme. The notes were issued at satisfactory spreads against swaps, reflecting the Nykredit Group's low risk profile and strong capital structure.

### Forstædernes Bank A/S

Liquidity relative to statutory requirement



Forstædernes Bank's internal requirement

Statutory requirement

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

### Forstædernes Bank A/S



To further strengthen the Bank's access to funding through international capital markets, the Bank set up a EUR 3bn Euro Commercial Paper programme in October 2008. At end-2008, commercial paper of EUR 0.6bn had been issued under the ECP programme.

Nykredit Bank has had access to funding throughout the financial crisis.

The management of the Bank's structural liquidity risk is based on an internal model.

The model assumptions are stress tested daily. This includes the effect of a liquidity crisis in the market which would increase the Bank's funding costs and reduce the liquidity of its assets.

Stress tests according to the principles of Moody's Investors Service's "Bank Financial Strength Ratings: Global Methodology" show that the Bank can withstand a 12-month lack of access to the funding market.

According to the Danish Financial Business Act, a bank's liquidity must total at least 10% of total reduced debt and guarantee obligations.

Nykredit Bank operates with an internal liquidity requirement of at least 15%. At 31 December 2008, the financial ratio "Excess cover:statutory liquidity requirements" was 15%, corresponding to a cash ratio of 25.5%.

### Forstædernes Bank

Forstædernes Bank's liquidity management is based on the same principles as Nykredit Bank's. Like Nykredit Bank, Forstædernes Bank operates with a target for excess liquidity cover of a minimum of 50% relative to the 10% liquidity requirement laid down in the Danish Financial Business Act.

Stress tests according to the principles of Moody's Investors Service's "Bank Financial Strength Ratings: Global Methodology" show that the bank can withstand a 12-month lack of access to the funding market.

# BOND ISSUES

The Nykredit Realkredit Group is one of the largest private bond issuers in Europe.

The Group's bond issuance mainly consists of "særligt dækkede obligationer" (SDOs) and "realkreditobligationer" (ROs). In addition, the Group has issued hybrid core capital, supplementary capital and bonds used to finance supplementary collateral issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act (junior covered bonds) in Nykredit Realkredit. Nykredit Bank has issued hybrid core capital, supplementary capital and bonds as part of its funding programme. Likewise, Forstædernes Bank has issued hybrid core capital, supplementary capital and bonds as part of its funding programme.

Since September 2005, Nykredit Realkredit has issued bonds to fund mortgage loans granted by both Nykredit Realkredit and Totalkredit. The joint bond issuance makes for bond series with higher volumes and deeper liquidity.

# Rating

Nykredit Realkredit, Nykredit Bank and the majority of the Group's bond issues have been rated by international rating agencies.

All covered bonds issued since 2003 are rated Aaa by Moody's Investors Service.

## The Nykredit Realkredit Group Ratings

Tatings	Moody's Investors Service	Standard & Poor's
SDOs, ROs and JCBs		
Nykredit Realkredit A/S		
- Capital Centre E (SDOs)	Aaa	AAA
- Capital Centre E (JCBs)	Aa2	-
- Capital Centre D (ROs)	Aaa	AAA
- Capital Centre C (ROs)	Aa1	AAA
- Nykredit In General (ROs)	Aa1	AAA
Totalkredit A/S		
- Capital Centre C (ROs)	Aaa	AAA
Other ratings		
Nykredit Realkredit A/S		
- Short-term unsecured rating	P-1	A-1
- Long-term unsecured rating	Aa3	A+
- Supplementary capital (Tier II)	A1	-
- Hybrid capital (Tier I)	A2	-
Nykredit Bank A/S		
- Short-term deposit rating	P-1	A-1
- Long-term deposit rating and bonds under EMTN/ECP	Aa3	A+
- Bank Financial Strength Rating	C+	
- Supplementary capital (Tier II)	A1	A-
- Hybrid capital (Tier I)	A2	A-

In November 2008 Standard & Poor's assigned the highest possible rating, AAA, to Nykredit Realkredit A/S's ROs and SDOs issued out of Capital Centres C, D, E and Nykredit In General and ROs issued out of Totalkredit A/S's Capital Centre C.

Standard & Poor's also assigned Nykredit Realkredit A/S a long-term unsecured rating of A+ and Nykredit Bank A/S a short-term deposit rating of A-1 and a long-term deposit rating of A+.

In total 91% of Nykredit's outstanding covered bonds have been Aaa rated by Moody's and 93% has been AAA rated by Standard & Poor's.

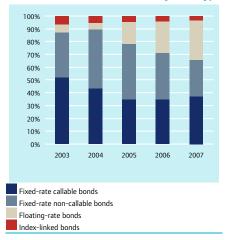
Management's Review

1-year and 30-year bond yields



4% NYK 2009

Issued amount of ROs and SDOs by bond type



# **Issued SDOs and ROs**

The Group's mortgage bonds are issued by tap on a day-to-day basis combined with three annual refinancing auctions. The tap issuance meets the current funding need that follows from new lending and refinancing. Long-term callable mortgage bonds and long-term capped floating-rate bonds are usually issued in series with a three-year opening period to build liquidity, while other types of bonds are open for issuance throughout their maturity.

At the refinancing auctions in March, September and December, fixed-rate non-callable bullet mortgage bonds are sold.

At the refinancing auctions in 2008, bonds of DKK 116bn were issued. The current tap issuance of bonds amounted to DKK 111bn in 2008.

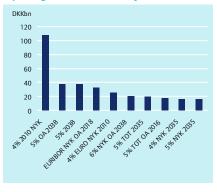
In recent years the composition of the Nykredit Realkredit Group's outstanding amount of bonds has changed, partly because of the expanded product supply and partly because of the yield development. At end-2008 fixedrate callable bonds accounted for 32% of the total outstanding amount, while fixed-rate non-callable bullet bonds made up 32%. The share of floating-rate bonds of the Group's outstanding amount of bonds totalled 33% against 31% in 2007.

At end-2008 ROs and SDOs of a nominal amount of DKK 917bn had been issued, excluding bonds maturing on 2 January 2009 and drawn bonds maturing on 2 January 2009.

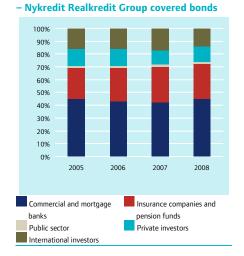
Gross issuance of ROs and	SDOs by bond type, coupo	n and time-to-maturity

Gross issuance of ROs and SDOs by bond type, coupon and ti	me-to-maturity	
DKKm/%	2008	2007
Total nominal gross issuance	226,740	387,568
- Of which refinancing	116,175	114,876
- Of which pre-issuance		71,084
Bond types		
Fixed-rate callable bonds:	15.2	29.8
- of which deferred annuity bonds	7.4	13.9
Fixed-rate bullet bonds:	76.4	32.5
- of which in DKK	62.3	27.6
Floating-rate bonds:	8.4	37.8
- Of which short-term uncapped	3.9	16.6
- Of which short-term capped	5.7	5.5
- Of which short-term capped deferred annuity	(0.5)	4.0
- Of which long-term uncapped	(1.2)	6.0
- Of which long-term capped annuity	0.2	2.2
- Of which long-term capped deferred annuity	0.2	3.5
Total	100.0	100.0
Coupon		
2%	0.0	0.0
3%	0.0	1.0
4%	63.0	33.7
5%	11.3	13.9
6%	5.7	13.6
Floating-rate bonds	8.4	37.8
Other	11.5	0
Total	100.0	100.0
Time-to-maturity of bonds		
Under 10 years	80.6	36.3
- Excl refinancing	29.3	6.7
10-19 years	5.1	22.5
20-29 years	0.0	3.1
30 years and above	14.4	38.1
Total	100.0	100.0

# Nykredit's largest series on NASDAQ OMX Copenhagen A/S at 2 January 2009



### **Investor base**



# 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 a variety of different mortgage products, resulting in bond issues with different interest rate caps, rate fixing methods, maturities, etc.

Nykredit Realkredit and Totalkredit's joint bond issuance fosters large volumes and deep liquidity of the Group's series. Liquidity is also furthered through the Group's high market share and the market making agreements between a number of the members of NASDAQ OMX Copenhagen A/S. In addition, the Nykredit Realkredit Group quotes prices in NASDAQ OMX Copenhagen A/S's trading systems for the retail market for the Group's most liquid bond series.

At end-2008 66% of the Group's issued bonds fell within 31 series, each with an outstanding amount of more than DKK 10bn. At the beginning of 2009 the ten largest bond series combined had an outstanding amount of more than DKK 330bn, equal to 36% of the total amount of issued bonds.

The Nykredit Realkredit Group's largest bond at end-2008 was a 1Y fixed-rate non-callable bullet bond with an outstanding amount of DKK 107bn. The second largest ISIN was a 30Y fixed-rate callable bond with an outstanding amount of DKK 38bn.

### Bond investors

Nykredit sells its covered bonds to both Danish and international investors. In Q3/2008, the Group's covered bonds accounted for 49% of international investors' Danish covered bond portfolios.

International investors' held 14% of the Nykredit Group's covered bonds in Q3/2008 compared with 17% in Q3/2007. The difference should be seen in the light of the international financial crisis where investors in Denmark as well as abroad have tended to prefer issues from national credit institutions.

Domestic financial institutions held 45% of the Nykredit Realkredit Group's outstanding amount of covered bonds at end-Q3/2008, while insurance companies and pension funds held 27%.

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

# Other bonds

Nykredit Bank issued bonds of DKK 17.3bn as part of its ordinary financing activities. Largely all bonds are listed on NASDAQ OMX Copenhagen A/S.

Forstædernes Bank issued bonds of DKK 3.2bn, which are listed on NASDAQ OMX Copenhagen A/S and Oslo Børs ASA.

#### **Outstanding bonds excl ROs and SDOs**

End-2008	Nominal	Nominal		
	DKK million	EUR million	Call	Maturity
Nykredit Realkredit				
Hybrid core capital		500	2014	
Supplementary capital		500	2010	2013
Junior covered bonds	13,000			2009-2011
Nykredit Bank				
Bond loans	12,600			2009-2016
Commercial paper issues	4,719			2009
Forstædernes Bank				
Hybrid core capital	250		2014-2016	
Supplementary capital	1,494		2009-2011	2012-2016
Bond loans	3,174			2010-2011

# SDO management

ROs issued before 1 January 2008 are approved as covered bonds pursuant to the EU's Capital Requirements Directives (CRD) and the Danish capital adequacy rules, etc. Consequently, when held by credit institutions, such bonds are assigned a 10% risk-weighting under the standardised approach for determination of capital requirements for credit risk, as opposed to 20% otherwise.

ROs issued from 1 January 2008 carry a 20% risk-weighting in credit institutions.

SDOs carry a 10% risk-weighting if they satisfy certain requirements.

The SDO cover pools must consist of one or more of the following three types of assets:Mortgages on real property

- Claims against credit institutions, including guarantees for registration of mortgages without endorsements and guarantees for interim loans in connection with new building
- Government bonds or other claims against EU/EEA member states, etc.

Correspondingly, a decline in property prices or a rise in the carrying amount of the loans as a result of increasing bond prices may trigger a need for supplementary security, cf the section about LTV limits.

Nykredit Realkredit and Totalkredit may procure supplementary security by placing part of the capital base or borrowed funds in government/mortgage bonds or as deposits serving as security for SDOs in Capital Centre E. It is Nykredit's policy to maintain a sizeable buffer against declining property prices or for periods with refinancing surges. Since November 2007, Nykredit has provided supplementary security in the form of government bonds financed by the issuance of junior covered bonds (section 33 e of the Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act). At end-2008 Nykredit had issued DKK 13bnworth of junior covered bonds.

Under Danish law, holders of junior covered bonds are secondary secured creditors, whereas holders of ROs and SDOs are primary secured creditors, see also nykredit.com/ir.

For more details on supplementary security in relation to price declines in the property market, etc, please refer to the report "Risk and Capital Management" at nykredit.com.

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

Outstanding amount of RUS and SDUs by bond type, coupon and ti	me-to-maturity	
DKK million/%	2008	2007
Total nominal outstanding amount	1,047,036	1,050,552
- Of which refinancing	116,175	114,876
- Of which pre-issuance		71,084
Bond types		
Fixed-rate callable bonds:	32.0	372
- Of which deferred annuity	9.5	104
Fixed-rate non-callable bullet bonds:	32.0	285
- Fixed-rate non-callable bullet bonds, DKK	26.9	237
- Fixed-rate non-callable bullet bonds, EUR	5.06	48
Floating-rate bonds:	32.8	309
- Short-term uncapped	11.0	103
- Short-term capped	9.9	102
- Short-term capped deferred annuity	1.3	15
- Long-term capped annuity	3.3	51
- Long-term capped deferred annuity	3.8	38
Index-linked bonds	3.2	35
Total	100.0	100
Coupon		
2%	2.1	2.4
3%	0.9	1.3
4%	36.8	38.2
5%	16.9	17.1
6%	6.7	6.2
Other fixed-rate bonds	0.7	0.4
Floating-rate bonds	32.8	30.9
Index-linked bonds	3.2	3.5
Total	100.0	100
Time-to-maturity		
Under 10 years	41.1	38.2
- of which bonds maturing after 1 January	26.2	22.6
10-19 years	15.9	15.5
20-29 years	9.0	11.3
Over 30 years	34.0	35.0
Total	100.0	100.0
Note: Short-term floating-rate bonds have an original maturity of 10 years or less.		

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

# **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 prefixed loss amounts.

The Parent Company recorded a profit before tax of DKK 2m for 2008 excluding the loss from 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 of Nykredit Holding for 2008.

# NYKREDIT REALKREDIT A/S

Nykredit Realkredit posted a loss before tax of DKK 3,913m against a profit of DKK 3,291m in 2007. The Company recorded a loss after tax of DKK 3,542m against a profit of DKK 2,897m the year before.

Results for 2008 include growth in earnings from customer-oriented business and low losses except for losses under the guarantee obligations in relation to the Private Contingency Association and Roskilde Bank. However, they also include a loss on the investment portfolio of DKK 5,320m, lower earnings from subsidiaries and higher operating costs and impairment losses. The investment portfolio results include the return on strategic equities.

Core income from mortgage operations gained DKK 64m to DKK 3,211m. The figure reflected

gross new lending of DKK 93bn in 2008, against DKK 110bn in 2007, and a rise in the loan portfolio of DKK 30bn to DKK 516bn in nominal terms.

Core income from securities amounted to DKK 1,354m compared with DKK 1,414m in 2007. The decline was attributed to a reduction of the investment portfolio, which was partly offset by a rise in average money market rates from 4.0% to 4.3%.

Mortgage banking costs totalled DKK 3,104m, up DKK 407m or 15%. Before value adjustment of special staff benefits, costs increased by DKK 280m.

Mortgage loan impairment was DKK 344m against a net income of DKK 55m in 2007. Of the 2008 impairment losses, DKK 191m concerned losses on guarantee obligations relating to the Private Contingency Association and Roskilde Bank, and an increase in collective impairment provisions of DKK 68m.

The level of the mortgage bank's recognised losses on loans and advances continued to be very low in 2008 at DKK 23m against DKK 63m the year before.

Impairment provisions totalled DKK 410m at end-2008, up DKK 157m. Individual impairment provisions came to DKK 180m and collective impairment provisions DKK 230m.

Mortgage loan impairment continued to be very low relative to total loans and advances of DKK 516bn. Total impairment provisions constitute 0.08% of total lending. The investment portfolio produced a loss of DKK 5,320m for 2008 against a loss of DKK 384m 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 2,837m against a loss of DKK 524m in 2007.

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**

The loss 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 2008, Nykredit Realkredit continued the 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 the results for the year directly.

As regards Capital Centres D and E, the profit distribution 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 inclusion of loss for the year, equity stood at DKK 50,377m at end-2008 against DKK 54,447m at the beginning of the year.

It will be recommended for adoption by the Annual General Meeting that no dividend be distributed for 2008.

### Nykredit Realkredit A/S

Core earnings and investment portfolio income

Core earnings and investment portfolio income		
DKK million	2008	2007
Core income from		
- Business operations	3,211	3,147
- Securities	1,354	1,414
Total	4,565	4,561
Operating costs, depreciation and amortisation	3,104	2,697
Core earnings before impairment losses	1,461	1,864
Impairment losses on loans and advances	344	(55)
Profit from equity investments	290	1,756
Core earnings after impairment losses	1,407	3,675
Investment portfolio income	(5,320)	(384)
Profit/loss before tax	(3,913)	3,291
Tax	(371)	394
Profit/loss for the year	(3,542)	2,897

# 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.

Under the transitional rules of Basel II for 2008 and 2009, the capital requirement must not decline by more than 10% and 20% relative to the former rules. The capital requirement under the transitional rules amounted to DKK 32.7bn at end-2008 equivalent to a capital adequacy ratio of at least 10.1%.

The Nykredit Realkredit Group's capital adequacy ratio came to 15.7%, which exceeded the statutory requirement.

Hybrid core capital - distributable reserves

Pursuant to the Danish 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 2008 as well as reserves distributable as dividend.

Determined pursuant to the Danish Financial Business Act, Nykredit Realkredit's distributable reserves excluding series reserve funds amounted to DKK 20.6bn.

### Nykredit Realkredit A/S

Capital base			
DKK million	2008	2007	
Core capital			
- Equity, year-end	50,377	54,447	
- Revaluation reserves transferred to supplementary capital	(5)	(89)	
- Proposed dividend	-	(500)	
- Intangible assets, including goodwill	(5,252)	(3,957)	
- Hybrid core capital	3,864	3,622	
- Other statutory deductions from core capital <sup>1</sup>	(937)	(713)	
Core capital, incl hybrid core capital, after statutory deductions	48,048	52,810	
Supplementary capital	3,785	3,879	
Statutory deductions from the capital base <sup>1</sup>	(937)	(713)	
Total capital base after statutory deductions	50,896	55,976	
<sup>1</sup> Under section 139 of the Danish 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 core capital and supplementary capital.

### Capital requirement and capital adequacy ratio

DKK million	Basel II	Basel II
	31/12 2008	1/1 2008
Credit risk	22,184	21,414
Market risk	2,922	1,226
Operational risk	850	907
Capital requirement before transitional rules	25,955	23,547
Capital requirement after transitional rules <sup>1</sup>	32,736	34,339
Capital base after statutory deductions	50,896	50,668
Capital adequacy ratio	15.7	17.2
Minimum capital adequacy ratio before transitional rules	8.0	8.0
Minimum capital adequacy ratio after transitional rules <sup>2</sup>	10.1	10.5
Core capital ratio <sup>3</sup>	14.8	16.3

324,443 Weighted items Note: Basel II 1 January 2008 has been determined based on balance sheet figures at 31 December 2007.

<sup>1</sup> The capital requirement after transitional rules has been determined pursuant to the transitional rules of the Executive Order on Capital Adequacy for 2008. As a minimum, the capital requirement for 2008 must amount to 90% of the capital requirement determined under Basel I.

294,334

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

<sup>3</sup> The core capital ratio has been determined on the basis of risk-weighted items of DKK 324,443m, ie not using the transitional rules

# TOTALKREDIT A/S

For 2008 Totalkredit posted a profit of DKK 1,100m before tax and DKK 823m after tax against DKK 1,004m and DKK 754m, respectively, in 2007.

Total core income was DKK 1,574m in 2008 against DKK 1,321m in 2007.

Core income from business operations increased by DKK 142m to DKK 1,141m against DKK 999m in 2007. Core income for the year mirrored recent years' growth in lending, which continued in 2008.

In nominal terms, the loan portfolio increased by DKK 38bn to DKK 401bn at year-end. Gross lending came to DKK 87bn and net new lending to DKK 43bn.

Core income from securities amounted to DKK 433m compared with DKK 322m in 2007. The upturn stemmed from investment portfolio growth following a capital increase in 2007 and a rise in average money market rates from 4.0% to 4.3%.

Operating costs, depreciation and amortisation were DKK 375m against DKK 314m the year before. The increase chiefly stemmed from higher IT costs relating to measures supporting Totalkredit's business concept. Loan impairment losses came to DKK 55m against DKK 1m in 2007. The impairment losses for the year equalled 0.01% of nominal lending at year-end. Recognised losses represented about DKK 1m of impairment losses. The rise in impairment losses results from the transition to the so-called set-off model.

Collective impairment provisions amounted to DKK 32m at end-2008 and individual impairment provisions were DKK 22m, of which the main part is likely to be offset against To-talkredit's commission payable to its business partners.

The set-off model increases impairment of loans and advances compared with the previous guarantee model. Provisions for loan impairment are made where there is objective evidence of impairment.

When a loss is recognised, Totalkredit may offset the loss against future commission expenses.

Totalkredit expects that the main part of impairment losses on loans and advances will subsequently be offset against commissions payable to partner banks.

Under the set-off model, Totalkredit bears the entire capital charge relating to the loan.

After recognition of profit for the year, equity stood at DKK 11,552m at year-end.

The capital base was 14,826m at end-2008, equal to a capital adequacy ratio of 26.7%.

Reference is made to Totalkredit A/S's Annual Report for 2008.

### Totalkredit A/S

Core earnings and investment portfolio income

DKK million	2008	2007
Core income from		
- Business operations	1,141	999
- Securities	433	322
Total	1,574	1,321
Operating costs, depreciation and amortisation	375	314
Core earnings before impairment losses	1,199	1,007
Impairment losses on loans and advances	55	1
Core earnings after impairment losses	1,144	1,006
Investment portfolio income	(44)	(2)
Profit before tax	1,100	1,004
Tax	277	250
Profit for the year	823	754

### **Totalkredit A/S**

Summary balance sheet, year-end

DKK million	2008	2007
Mortgage loans at fair value	390,451	349,278
Bonds and equities	52,437	47,156
Issued bonds, Totalkredit	121,243	145,401
Issued bonds, Nykredit Realkredit	315,349	242,622
Subordinate loan capital	3,600	3,600
Equity	11,552	10,729
Total assets	461,338	409,914

# THE NYKREDIT BANK GROUP

For 2008 the Nykredit Bank Group posted a loss of DKK 295m before tax and a loss of DKK 241m after tax against a profit of DKK 1,013m and DKK 758m, respectively, in 2007.

Come income from business operations increased by DKK 568m to DKK 2,192m, corresponding to 35.0% growth. The improvement of core income from business operations was reduced by DKK 753m due to losses of DKK 351m on own trading activities and DKK 402m relating to Kalvebod bonds (subordinate loan capital in Danish banks). In 2007 own trading activities produced earnings of DKK 86m.

Operating costs, depreciation and amortisation amounted to DKK 1,217m against DKK 883m in 2007. Of this amount, DKK 81m was the Bank's commission payable to the Private Contingency Association.

Another reason for the rise was recruitment in Corporate Banking and Markets & Asset Management leading to a 36% rise in staff to 709 at end-2008. Costs also climbed higher because Nykredit Leasing was fully recognised in 2008.

Impairment losses on loans and advances were DKK 762m against a net income of DKK 14m in 2007.

Impairment losses relating to Roskilde Bank and the EBH Group came to DKK 366m. This included DKK 57m for losses under the guarantee obligations relating to the Private Contingency Association and the Winding-Up Company.

Impairment of commercial and retail exposures, etc, amounted to DKK 379m and DKK 15m, respectively.

Nykredit Bank increased its share capital by DKK 1,250m in 2008. The entire capital was contributed by the Parent Company, Nykredit Realkredit A/S.

After recognition of the loss for the year and the capital increase, equity stood at DKK 7,104m at year-end.

The Nykredit Bank Group's capital adequacy ratio was 10.2% at end-2008 against 11.7% at end-2007.

Reference is made to the Nykredit Bank Group's Annual Report for 2008.

#### **The Nykredit Bank Group**

Core earnings and investment portfolio inco

Core earnings and investment portfolio income		
DKK million	2008	2007
Core income from		
- Business operations	2,192	1,624
- Own trading activities	(753)	86
Total	1,439	1,710
Core income from securities	265	186
Total	1,704	1,896
Operating costs, depreciation and amortisation	1,217	883
Core earnings before impairment losses	487	1,013
Impairment losses on loans and advances	763	(14)
Core earnings after impairment losses	(276)	1,027
Investment portfolio income	(19)	(14)
Profit/loss before tax	(295)	1,013
Tax	(54)	255
Profit/loss for the year	(241)	758

### **The Nykredit Bank Group**

Summary balance sheet, year-end DKK million 2008 2007 Loans and advances 45,209 75,387 55,483 Bonds and equities 53,561 Payables to credit institutions and central banks 85,850 76,825 31,717 Deposits 46,536 6,099 Eauity 7,104 Total assets 193,800 135,399

# FORSTÆDERNES BANK A/S

This section outlines the results of Forstædernes Bank for the full year 2008.

Forstædernes Bank recorded a loss of DKK 1,609m before tax and DKK 1,227m after tax for 2008 against a profit of DKK 359m and DKK 275m, respectively, in 2007.

Core income from business operations was DKK 945m against DKK 907m in 2007. The increase in core income was partly the result of increased activity within customers' foreign exchange trading.

Operating costs, depreciation and amortisation amounted to DKK 752m against DKK 670m in 2007. The increase was one-off costs of DKK 26m relating to Nykredit's acquisition of the bank. In addition, guarantee commission under the government guarantee scheme came to DKK 32m.

Impairment losses on loans and advances were DKK 1,534m against DKK 50m in 2007. The increase in impairment losses was due to the continuously deteriorating property market coupled with impaired values of collateral and securities. The higher impairment losses were mainly due to a small number of large expo-

#### Forstædernes Bank A/S

### Core earnings and investment portfolio income

DKK million	2008	2008	2007
		2008	2007
	17/10 – 31/12		
Core income from			
- Business operations	258	945	907
- Securities	31	219	195
Total	289	1,164	1,102
Operating costs, depreciation and amortisation	190	752	670
Recognised in opening balance sheet	(12)	-	-
Core earnings before impairment losses	111	412	432
Impairment losses on loans and advances	1,358	1,534	50
Recognised in opening balance sheet	(1,094)	-	-
Core earnings after impairment losses	(153)	(1,122)	382
Investment portfolio income	(205)	(487)	(23)
Profit/loss from ordinary operating activities	(358)	(1,609)	359
Tax	(74)	(382)	84
Profit/loss for the year	(284)	1,227	275

### Forstædernes Bank A/S

Summary balance sheet, year-end

DKK million	2008	2007
Loans and advances	22,314	25,386
Bonds and equities	3,443	6,263
Payables to credit institutions	7,221	11,193
Deposits and other debt	14,704	16,902
Subordinate loan capital	1,745	1,404
Equity	3,055	2,208
Total assets	32,298	33,832

# sures relating to the property sector.

The Bank's investment portfolio income was influenced by increasingly adverse financial markets with falling equity and bond prices. The investment portfolio thus generated a loss of DKK 487m against a loss of DKK 23m in 2007.

Forstædernes Bank increased its share capital by DKK 2,003m in 2008 and raised subordinate loan capital of DKK 350m. The entire capital was contributed by the Parent Company, Nykredit Realkredit A/S.

After recognition of the loss for the year and the capital increase, equity stood at DKK 3,055m at end-2008.

The bank's capital adequacy ratio was 15.5% at end-2008 against 11.2% the year before.

Reference is made to the Annual Report for 2008 of Forstædernes Bank A/S.

# NYKREDIT FORSIKRING A/S

For 2008 the insurer recorded a profit of DKK 144m before tax and DKK 108m after tax against DKK 203m and DKK 149m, respectively, in 2007. Profit was affected by lower investment portfolio income in particular.

The insurer posted a technical profit of DKK 136m against DKK 129m the year before. The technical profit is profit before tax adjusted for core income from securities and investment portfolio income.

Premiums rose to DKK 1,381m from DKK 1,340m at end-2007, up 7%. Retail Customers and Commercial Customers accounted for DKK 28m and DKK 13m, respectively, of the rise.

New insurance policies written totalled DKK 312m in 2008, which was unchanged on 2007.

Operating costs, depreciation and amortisation went up by DKK 6m to DKK 200m. The cost ratio edged up by 0.2% to 18.4%.

The combined ratio and the operating ratio were unchanged at 93.4% and 90.4%, respectively.

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.

The investment portfolio generated a loss of DKK 43m against an income of DKK 17m in 2007.

After inclusion of the loss for the year, equity stood at DKK 1,258m at year-end.

The statutory capital base requirement was DKK 1,138m at end-2008, while the capital margin amounted to DKK 229m.

### Nykredit Forsikring A/S

Core earnings and investment portfolio income

core earnings and investment portrono income		
DKK million	2008	2007
Core income from		
- Business operations	1,279	1,218
- Securities	51	57
Total	1,330	1,275
Operating costs, depreciation and amortisation	200	194
Claims incurred	943	895
Core earnings	187	186
Investment portfolio income	(43)	17
Profit before tax	144	203
Tax	36	54
Profit for the year	108	149

# Nykredit Forsikring A/S

Financial highlights		
DKK million	2008	2007
Premiums, adjusted for reserves	1,368	1,292
Net premiums earned	1,285	1,214
Financial ratios		
Claims ratio, %	71.1	74.5
Cost ratio, %	18.4	18.2
Net reinsurance ratio, %	3.9	0.7
Combined ratio, %	93.4	93.4
Operating ratio, %	90.4	90.4

# NYKREDIT MÆGLER A/S

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

At end-2008, the agency network comprised 322 estate agencies of which 224 Nybolig agencies and 98 Estate agencies.

Activity in the property market was at its lowest since 1991. Nykredit Mægler franchisees sold 13,800 properties in 2008, 30% fewer than the year before.

Nykredit Mægler recorded a profit of DKK 3m before tax and DKK 1m after tax against DKK 49m and DKK 35m, respectively, in 2007. The company booked impairment losses of DKK 16m in respect of a few franchisees in 2008.

# NYKREDIT EJENDOMME A/S

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

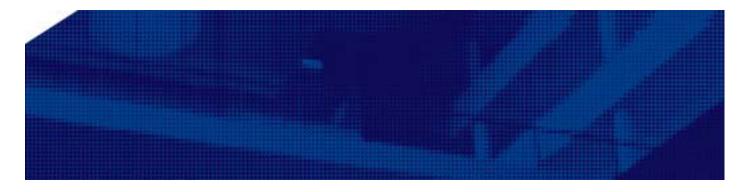
The Company posted a loss of DKK 125m for 2008 against a profit of DKK 54m the year before. Results for 2008 were reduced by impairment losses on the company's properties of DKK 151m. By comparison, profit for 2007 included a gain of DKK 45m concerning the sale of the company's stake in Hotelinvest Kalvebod A/S.

In the year under review, the Parent Company made a capital increase of DKK 303m in the form of a contribution of six properties.

The company's equity was DKK 695m at end-2008.

Nykredit Mægler A/S		
DKK million	2008	2007
Profit for the year	1	35
Balance sheet total	151	143
Equity	117	116
Nykredit Ejendomme A/S		
DKK million	2008	2007
Profit/loss for the year	(125)	54
Balance sheet total	1,647	1,283
Equity	695	540

# **Management Statement and Audit Reports**



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

The Board of Directors and the Executive Board have today reviewed and approved the Annual Report for 2008 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

Copenhagen, 5 February 2009

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 fair review of the development in the activities and financial circumstances of the Group and the Parent Company as well as a satisfactory 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 fair presentation of the Group's and the Parent Company's assets, liabilities, equity and financial position at 31 December 2008 and of the results of the Group's and the Parent Company's activities as well as the Group's cash flows for the financial year 2008.

The Annual Report is recommended for approval by the General Meeting.

### **Executive Board** Board of Directors Peter Engberg Jensen Steen E. Christensen Lisbeth Grimm Group Chief Executive Chairman Søren Holm Hans Bang-Hansen Steffen Kragh Group Managing Director Deputy Chairman Allan Kristiansen Karsten Knudsen K.E. Borup Group Managing Director Deputy Chairman Nina Smith Per Ladegaard Kristian Bengaard Group Managing Director Michael Demsitz Jens Thomsen Bente Overgaard Group Managing Director Jens Erik Udsen John Finderup Niels Tørslev Group Managing Director Anette R. Fischer Leif Vinther

Nykredit Annual Report 2008

# **INTERNAL AUDITORS' REPORT**

We have audited the Annual Report of Nykredit Realkredit A/S for the financial year 1 January – 31 December 2008. 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 that 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 fair presentation of the Group's and the Parent Company's assets, liabilities, equity and financial position at 31 December 2008 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 2008 in accordance with the International Financial Reporting Standards as adopted by the EU with respect to the Consolidated Financial Statements, in accordance with the Danish Financial Business Act with respect to the Parent Financial Statements, and otherwise in accordance with additional Danish disclosure requirements for annual reports of issuers of listed bonds.

Copenhagen, 5 February 2009

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 2008. 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' judgement, including the assessment of the risks of material misstatement of 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 fair presentation of the Group's and the Parent Company's assets, liabilities, equity and financial position at 31 December 2008 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 2008 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, 5 February 2009

Deloitte Statsautoriseret Revisionsaktieselskab

Erik Holst Jørgensen State-Authorised Public Accountant

Henrik Wellejus State-Authorised Public Accountant

# Income statements for 1 January – 31 December

Nykredit 2007	Realkredit A/S 2008		Note	he Nykredit Re 2008	alkredit Group 2007
32,018	40,881	Interest income	3	54,962	44,179
28,533	37,152	Interest expenses	4	47,096	37,538
3,484	3,730	NET INTEREST INCOME		7,866	6,641
184	100	Dividend on equities	5	108	191
811	772	Fee and commission income	6	1,374	1,387
203	204	Fee and commission expenses	7	1,266	1,209
4,276	4,399	NET INTEREST AND FEE INCOME		8,082	7,011
-	-	Net premiums earned	8	1,285	1,214
(136)	(5,353)	Value adjustments	9	(2,921)	921
5	78	Other operating income		349	387
-	-	Claims incurred, net of reinsurance	10	943	895
2,243	2,576	Staff and administrative expenses	11	4,505	3,809
		Depreciation, amortisation and impairment losses for property, plant and equipment			
454	528	as well as intangible assets	12	782	541
0	4	Other operating expenses		126	3
(55)	344	Impairment losses on loans, advances and receivables	13, 38	1,443	(67)
1,789	414	Profit from investments in associates and group enterprises	14	123	34
3,291	(3,913)	PROFIT/LOSS BEFORE TAX		(880)	4,387
394	(371)	Tax	15	(186)	1,024
2,897	(3,542)	PROFIT/LOSS FOR THE YEAR		(695)	3,363
		DISTRIBUTION OF PROFIT/LOSS FOR THE YEAR			
	-	Shareholders of Nykredit Realkredit A/S		(695)	3,363
		PROPOSAL FOR THE DISTRIBUTION OF PROFIT/LOSS			
1,785	(572)	Statutory reserves			
612	(2,970)	Retained earnings			
500	-	Proposed dividend			

# Balance sheets at 31 December

Nykredit I	Realkredit A/S		٦	he Nykredit Re	alkredit Group
2007	2008		Note	2008	2007
		ASSETS			
32	78	Cash balance and demand deposits with central banks		323	135
79,937	58,010	Receivables from credit institutions and central banks	16	73,077	82,510
716,684	820,662	Loans, advances and other receivables at fair value	17	920,430	828,954
649	722	Loans, advances and other receivables at amortised cost	18	73,755	40,608
62,548	65,564	Bonds at fair value	19	99,731	90,935
7,344	2.999	<b>Equities</b> Equities measured at fair value through profit or loss		1,585	2,694
-	-,	Equities available for sale		2,118	4,960
7,344	2,999	Total	20	3,702	7,653
188	168	Investments in associates	21	81	137
18,774	23,603	Investments in group enterprises	22	-	-
3,957	5,252	Intangible assets	23	5,332	3,999
		Land and buildings			
-	-	Investment properties		70	71
360	25	Owner-occupied properties		1,646	1,617
360	25	Total	24	1,716	1,688
156	188	Other property, plant and equipment	25	402	276
59	116	Current tax assets	34	415	95
258	818	Deferred tax assets	33	1,213	313
5	52	Assets in temporary possession	26	70	5
10,942	15,607	Other assets	27	37,673	17,596
121	144	Prepayments		207	152
902,014	994,008	TOTAL ASSETS		1,218,127	1,075,058

# Balance sheets at 31 December

	Realkredit A/S			The Nykredit Rea	
2007	2008		Note	2008	2007
		LIABILITIES AND EQUITY			
63,210	100,911	Payables to credit institutions and central banks	28	162,549	115,875
-	-	Deposits and other payables	29	61,177	31,581
724,746	790,326	Issued bonds at fair value	30	836,081	796,403
27		Issued bonds at amortised cost	31	20,665	1,589
30,560		Other non-derivative financial liabilities at fair value		21,941	33,444
-	-	Current tax liabilities Other liabilities	34 32	72 53,282	15
19,876	25,007	Deferred income	32	55,282 20	30,775 11
838,420	934.865	Total payables		1,155,787	1,009,693
		Provisions			
179	209	Provisions for pensions and similar obligations	35	232	197
748	851	Provisions for deferred tax	33	922	797
-	-	Insurance liabilities	36	1,594	1,702
110		Repayable reserves funded by pre-1972 series	37	102	110
- 767	- 10	Provisions for losses under guarantees Other provisions	38 39	106 26	- 769
1,804		Total provisions		2,984	3,575
.,	.,			2,001	5,5.5
7,343	7,584	Subordinate loan capital	40	8,979	7,343
		E-wite			
1,182	1 182	Equity Share capital		1,182	1,182
1,102	1,102	Accumulated changes in value		1,102	1,102
89	5	- Revaluation reserves		141	247
15	(3)	- Accumulated foreign currency translation adjustment of foreign entities		(3)	15
-	-	- Value adjustment of equities available for sale		(674)	2,173
2 /25	2 011	Other reserves - Statutory reserves		_	
3,435 24,258	,	- Series reserves		- 25,778	- 24,258
24,969		Retained earnings		23,954	26,072
500	-	Proposed dividend		-	500
54,447	50,377	Total equity		50,377	54,447
902,014	994,008	TOTAL LIABILITIES AND EQUITY		1,218,127	1,075,058
		OFF-BALANCE SHEET ITEMS	41		
-	-	Guarantees		8,905	4,242
1,641		Other contingent liabilities		10,601	9,427
1,641	1,577	TOTAL		19,506	13,670
		Related party transactions and balances	42		
		Fair value of financial instruments	43		
		Derivative financial instruments	44		
		Genuine sale and repurchase transactions as well as genuine purchase			
		and resale transactions	45		
		Risk management	46		
		Hedge accounting	47		
		Currency exposure	48		
		Acquisition of group enterprise	49		
		Group structure Five-quarter financial highlights	50 51		
		Five-year financial highlights	52		
			52		

DKK million

# Statement of changes in equity 1 January – 31 December

Nykredit Realkredit A/S

2008         Image: segment of the		Share capital	Revaluation reserves	Accumulated foreign currency translation adjustment of foreign entities	Statutory reserves *	Series reserves	Retained earnings	Proposed dividend	Total
Adjustment relating to owner-occupied properties       -       (84)       -       -       86       -       (18)         Adjustment relating to foreign entities       -       -       (18)       -       -       (18)         Loss for the year       -       -       (18)       (18)       (572)       -       (2,894)       -       (3,525)         Paid dividend       -       -       -       -       -       (18)       (572)       -       (2,894)       -       (3,525)         Paid dividend       -       -       -       -       -       -       (15)       -       -       -       (15)       -       -       -       (3,520)       -       -       -       16 </td <td>2008</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	2008								
Adjustment relating to foreign entities		1,182	89	15	3,435	24,258	24,969	500	54,447
Loss for the year       -       (572)       -       (2,970)       -       (3,542)         Total comprehensive income       (84)       (18)       (572)       -       (2,884)       -       (3,542)         Paid dividend       -       -       (1-       (1-       (2,870)       -       (3,542)         Adjustment pursuant to capital adequacy rules       -       -       -       1,520       (1,520)       -       -         Adjustment relating to associates       -       -       -       -       66       -       (6)       -       -         Adjustment relating to subsidiaries       -       -       -       6       -       (2)       -       (2)       -       (2)       -       (2)       -       (2)       -       (2)       -       (2)       -       (2)       -       (2)       -       (2)       -       (2)       -       (2)       -       (2)       -       (2)       -       (2)       -       (2)       -       (2)       -       (2)       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       - <td>Adjustment relating to owner-occupied properties</td> <td>-</td> <td>(84)</td> <td>-</td> <td>-</td> <td>-</td> <td>86</td> <td>-</td> <td>1</td>	Adjustment relating to owner-occupied properties	-	(84)	-	-	-	86	-	1
Total comprehensive income       (94)       (18)       (572)       -       (2,884)       -       (3,559)         Paid dividend       - <td< td=""><td></td><td>-</td><td>-</td><td>(18)</td><td>-</td><td>-</td><td>-</td><td>-</td><td></td></td<>		-	-	(18)	-	-	-	-	
Paid dividend       -       <		-	-			-		-	
Adjustment pursuant to capital adequacy rules       -       -       -       1,520       (1,520)       -       -         Transferred from provisions – pre-1972 series       -       -       -       -       16       -       16         Adjustment relating to associates       -       -       6       -       (6)       -       -         Adjustment relating to subsidiaries       -       -       -       (25)       -       (20)       (500)       (511)         Balance, year-end       1,182       5       (3)       2,844       25,778       20,572       -       50,377         2007       Balance, beginning of year       1,182       5       (3)       2,439       23,336       24,932       -       51,987         Reclassification       -       -       -       -       -       -       8       -       -       61       61       61       61       61       61       61       61       61       7 </td <td>Total comprehensive income</td> <td>-</td> <td>(84)</td> <td>(18)</td> <td>(572)</td> <td>-</td> <td>(2,884)</td> <td>-</td> <td>(3,559)</td>	Total comprehensive income	-	(84)	(18)	(572)	-	(2,884)	-	(3,559)
Adjustment pursuant to capital adequacy rules       -       -       -       1,520       (1,520)       -       -         Transferred from provisions – pre-1972 series       -       -       -       -       16       -       16         Adjustment relating to associates       -       -       6       -       (6)       -       -         Adjustment relating to subsidiaries       -       -       -       (25)       -       (20)       (500)       (511)         Balance, year-end       1,182       5       (3)       2,844       25,778       20,572       -       50,377         2007       Balance, beginning of year       1,182       5       (3)       2,439       23,336       24,932       -       51,987         Reclassification       -       -       -       -       -       -       8       -       -       61       61       61       61       61       61       61       61       61       7 </td <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>									
Transferred from provisions - pre-1972 series           6        6           Adjustment relating to associates         6        6        (       6        (       7         Adjustment relating to subsidiaries         (       (       (       (       (       (		-	-	-	-	-	-	(500)	(500)
Adjustment relating to associates		-	-	-	-	1,520		-	-
Adjustment relating to subsidiaries(25)(22)(27)Balance, year-end1,825(3)2,84425,77820,57220,57250,3772007Balance, beginning of year1,8229172,43923,33624,93251,987Balance, beginning of year1,8229172,43923,33624,93251,987Adjustment relating to owner-occupied properties454Adjustment relating to foreign entities44550,377Profit for the year8550,376Total comprehensive income44550,376Extraordinary dividend paid6125002,897Dividend from subsidiaries6125002,909Extraordinary dividend paid922(920)Adjustment relating to associates922(922)Adjustment relating to subsidiariesAdjustment relating to subsidiariesAdjustment relating to subsidiariesAdjustment		-	-	-	-	-		-	16
Total other adjustments(19)1,520(1,512)(500)(511)Balance, year-end1,1825(3)2,84425,77820,57250,3772007Balance, beginning of year1,1829172,43923,33624,93251,987Reclassification(5)544Adjustment relating to owner-occupied properties444444Adjustment relating to foreign entities888888844444444444444444444444444444444444444		-	-						-
Balance, year-end1,1825(3)2,84425,77820,57250,37720071,1829172,43923,33624,932551,987Balance, beginning of year(5)551,987Reclassification(5)5Adjustment relating to owner-occupied properties		-	-						
2007Balance, beginning of year24,33224,33224,33224,33224,33251,987Reclassification(5)(-)(-)(-)(-)(-)(-)(-)(-)Adjustment relating to owner-occupied properties(-)(4)(-)(-)(-)(-)(-)(-)Adjustment relating to foreign entities(-) <td></td> <td>-</td> <td>-</td> <td>-</td> <td>(19)</td> <td>1,520</td> <td>(1,512)</td> <td>(500)</td> <td>(511)</td>		-	-	-	(19)	1,520	(1,512)	(500)	(511)
Balance, beginning of year1,1829972,43923,3624,9326151,987Reclassification(5)(5)(-)(-)(-)(-)(-)(-)(-)Adjustment relating to owner-occupied properties(-)	Balance, year-end	1,182	5	(3)	2,844	25,778	20,572	-	50,377
Balance, beginning of year1,1829972,43923,3624,9326151,987Reclassification(5)(5)(5)(5)(5)(5)(7)<	2007								
Reclassification-(5)5-Adjustment relating to owner-occupied properties-44Adjustment relating to foreign entities-8-8-4Profit for the year8-6125002,897Total comprehensive income-(2)81,7856175002,909Extraordinary dividend paid(500)-6105002,909Dividend from subsidiaries(820)-820Adjustment pursuant to capital adequacy rules922(922)Transferred from provisions – pre-1972 series(4)Adjustment relating to subsidiaries35-1-36Total other adjustments(789)922(581)-(449)		1 107	01	7	7 /20	72 226	74 027		E1 097
Adjustment relating to owner-occupied properties-44Adjustment relating to foreign entities88Profit for the year-1,785-6125002,897Total comprehensive income-(2)81,785-6125002,897Extraordinary dividend paid6175002,909Dividend from subsidiaries(500)-65002,909Adjustment pursuant to capital adequacy rules5002,909-Transferred from provisions – pre-1972 series922(922)Adjustment relating to subsidiaries16Adjustment relating to subsidiaries35-1-36Total other adjustments16<		1,102		,	2,439	25,550			51,507
Adjustment relating to foreign entities81.785-6125002,897Total comprehensive income(2)81.785-6175002,909Extraordinary dividend paid(2)81.785-6175002,909Dividend from subsidiaries(500)-(500)2,909Adjustment pursuant to capital adequacy rules(500)-(500)-(500)Transferred from provisions – pre-1972 series922(922)Adjustment relating to subsidiaries16Adjustment relating to subsidiaries35-1-36Total other adjustments </td <td></td> <td>_</td> <td></td> <td>_</td> <td>_</td> <td>_</td> <td>-</td> <td>_</td> <td>Д</td>		_		_	_	_	-	_	Д
Profit for the year1,785-6125002,897Total comprehensive income(2)81,785-6175002,909Extraordinary dividend paid6175002,909Dividend from subsidiaries5002,909Adjustment pursuant to capital adequacy rules5002,909Transferred from provisions - pre-1972 series820-Adjustment relating to associates922(922)-Adjustment relating to subsidiaries16-Total other adjustments35-136OutputInternational contractional		-	-	8	_	-	_		
Total comprehensive income(2)81,7856175002,909Extraordinary dividend paid(500)(500)Dividend from subsidiaries(820)820Adjustment pursuant to capital adequacy rules922(922)Transferred from provisions – pre-1972 series16Adjustment relating to associates351636Adjustment relating to subsidiaries35363636Total other adjustments449		-	_		1.785	-	612	500	
Extraordinary dividend paid(500)-(500)Dividend from subsidiaries(820)-820-Adjustment pursuant to capital adequacy rules922(922)Transferred from provisions – pre-1972 series16-16Adjustment relating to associates(4)-4Adjustment relating to subsidiaries35-1-36Total other adjustments(789)922(581)-(449)		-	(2)	8		-			
Dividend from subsidiaries(820)-820-Adjustment pursuant to capital adequacy rules922(922)-Transferred from provisions – pre-1972 series0-16-Adjustment relating to associates(4)-16-16Adjustment relating to subsidiaries35-1-36Total other adjustments(789)922(581)-(449)									
Adjustment pursuant to capital adequacy rules922(922)-Transferred from provisions - pre-1972 series16-16Adjustment relating to associates(4)-4Adjustment relating to subsidiaries35-1-36Total other adjustments(789)922(581)-(449)	Extraordinary dividend paid	-	-	-	-	-	(500)	-	(500)
Transferred from provisions - pre-1972 series16-16Adjustment relating to associates(4)-4-Adjustment relating to subsidiaries35-1-Total other adjustments(789)922(581)-(449)	Dividend from subsidiaries	-	-	-	(820)	-	820	-	-
Adjustment relating to associates(4)Adjustment relating to subsidiaries35-1-Total other adjustments(789)922(581)-(449)	Adjustment pursuant to capital adequacy rules	-	-	-	-	922	(922)	-	-
Adjustment relating to subsidiaries       -       -       -       35       -       1       -       36         Total other adjustments       -       -       -       7       7       1       -       36	Transferred from provisions – pre-1972 series	-	-	-	-	-	16	-	16
Total other adjustments         -         -         (789)         922         (581)         -         (449)		-	-	-	(4)	-	4	-	-
		-	-	-	35	-	-	-	36
Balance, year-end 1,182 89 15 3,435 24,258 24,969 500 54,447	Total other adjustments	-	-	-	(789)	922	(581)	-	(449)
	Balance, year-end	1,182	89	15	3,435	24,258	24,969	500	54,447

\* The item relates to transfer to reserves for net revaluation according to the equity method. The reserves are non-distributable.

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.

On 1 April 2008, 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 implication for Nykredit Realkredit A/S.

# Statement of changes in equity 1 January - 31 December

The Nykredit Realkredit Group

2008		Share capital	Revaluation reserves	Accumulated foreign currency translation adjustment of foreign entities	Value adjustment of equities available for sale	Series reserves	Retained earnings	Proposed dividend	Total
Balance, beginning of year		1,182	247	15	2,173	24,258	26,072	500	54,447
Adjustment of equities available for sale		-		-	(2,847)			-	(2,847)
Adjustment relating to owner-occupied proper	ties	-	(106)	-	-	-	86	-	(21)
Adjustment relating to foreign entities		-	-	(18)	-	-	-	-	(18)
Loss for the year		-	-	-	-	-	(695)	-	(695)
Total comprehensive income		-	(106)	(18)	(2,847)	-	(609)	-	(3,581)
Paid dividend			_	_	_	_	-	(500)	(500)
Adjustment pursuant to capital adequacy rules		-	-	-	-	1,520	(1,520)	-	-
Transferred from provisions – pre-1972 series		-	-	-	-	-	16	-	16
Other adjustments		-	-	-	-	-	(5)	-	(5)
Total other adjustments		-	-	-	-	1,520	(1,509)	(500)	(489)
Balance, year-end		1,182	141	(3)	(674)	25,778	23,954	-	50,377
2007									
Balance, beginning of year		1,182	202	7	2,636	23,336	24,624	-	51,987
Reclassification		-	5	-	3	-	(8)	-	-
Adjustment of equities available for sale		-	-	-	(465)	-	-	-	(465)
Adjustment relating to owner-occupied proper	ties	-	39	-	-	-	-	-	39
Adjustment relating to foreign entities		-	-	8	-	-	-	-	8
Profit for the year		-	-	-	-	-	2,863	500	3,363
Total comprehensive income		-	45	8	(462)	-	2,854	500	2,945
Extraordinary dividend paid		-	-	-	-	-	(500)	-	(500)
Adjustment pursuant to capital adequacy rules		-	-	-	-	922	(922)	-	-
Transferred from provisions – pre-1972 series		-	-	-	-	-	16	-	16
Total other adjustments			-	-	-	922	(1,406)	-	(484)
Balance, year-end		1,182	247	15	2,173	24,258	26,072	500	54,447

DKK million

# Core earnings and investment portfolio income 1 January – 31 December

The Nykredit Realkredit Group

		2008			2007	
	Core earnings	Investment portfolio income	Total	Core earnings	Investment portfolio income	Total
Net interest income Dividend on equities Net fee and commission income	7,848 4 136	18 104 (28)	7,866 108 108	6,830 4 218	(189) 187 (39)	6,641 191 179
Net interest and fee income	7,988	94	8,082	7,052	(41)	7,011
Net premiums earned	1,285	-	1,285	1,214	-	1,214
Value adjustments	120	(3,041)	(2,921)	809	112	921
Other operating income	349	-	349	343	45	387
Claims incurred, net of reinsurance	943	-	943	895	-	895
Staff and administrative expenses Depreciation, amortisation and impairment losses for property,	4,505	-	4,505	3,809	-	3,809
plant and equipment as well as intangible assets	782	-	782	541	-	541
Other operating expenses	123	3	126	3	-	3
Impairment losses on loans, advances and receivables	1,443	-	1,443	(67)	-	(67)
Profit from equity investments	-	123	123	-	34	34
Profit/loss before tax	1,947	(2,827)	(880)	4,236	150	4,386

# Cash flow statement 1 January – 31 December

	The Nykredit Rea 2008	alkredit Group 2007
Profit/loss after tax for the year	(695)	3,363
Amortisation and impairment losses for intangible assets Depreciation and impairment losses for property, plant and equipment	491	433
Profit/loss from investments in associates	290 (123)	108 (34)
Impairment losses on loans, advances and receivables	1,443	(67)
Prepayments/deferred income, net	(46)	(11)
Tax calculated on profit/loss for the year	(186)	1,024
Other adjustments	(2,875)	(402)
Total	(1,006)	1,050
Profit/loss for the year adjusted for non-cash operating items	(1,701)	4,413
Change in working capital		
Loans and advances	(126,065)	(77,074)
Deposits and payables to credit institutions	76,270	40,779
Issued bonds	58,754	44,678
Other working capital	(10,479)	25,860
Total	(1,519)	34,243
Corporation tax paid, net	(228)	(1,416)
Cash flows from operating activities	(3,448)	27.240
Cash nows from operating activities	(3,446)	37,240
Cash flows from investing activities		
Investments	(4,665)	(9,596)
Intangible assets	(1,824)	(431)
Property, plant and equipment	(444)	(211)
Total	(6,933)	(10,238)
Cash flows from financing activities		
Subordinate loan capital	1,636	(1,372)
Dividend paid	(500)	(500)
Total	1,136	(1,872)
Total cash flows	(9,245)	25,130
	(3,243)	23,130
Cash and cash equivalents, beginning of year		
Cash in hand and demand deposits with central banks	135	200
Receivables from credit institutions and central banks	82,510	57,316
Total	82,645	57,516
Cash and cash equivalents, year-end		
Cash balance and demand deposits with central banks	323	135
Receivables from credit institutions and central banks	73,077	82,510
Total	73,400	82,645
	73,100	52,015

# Notes

# 1. 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, cf the disclosure requirements of the NASDAQ OMX København A/S and the Executive Order on the application of international financial reporting standards for companies subject to the Danish Financial Business Act.

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 roundingoff, the sum of individual figures and the stated totals may differ slightly.

## Changes to accounting policies

The business capital included in the business area reporting has been calculated according to new principles. As from 1 January 2008, the business capital has been determined according to the Basel II principles based on the method applied to determine the required capital base (capital adequacy). The required capital base reflects the regulatory capital requirement plus a projected capital charge for periods with mild recession. The business return has been calculated as the business area profit/loss relative to the business capital.

Mortgage loans included in the business areas have been recognised at nominal value inclusive of credit risk adjustment. Total market risk adjustment is shown under "Group items". Comparative figures have been restated.

Post-tax profit/loss of group enterprises and associates has been recognised in Nykredit Realkredit's income statement under the item "Profit/loss from investments in associates and group enterprises". Previously, the tax of these companies was recognised together with the tax of the Parent Company. The change does not affect profit/loss after tax, the balance sheet or equity. Comparative figures have been restated. The Group has revised its accounting estimates underlying collective impairment provisions. In 2008 the Group implemented a rating model for the determination of collective impairment provisions. As a consequence, results for the year before tax and equity were adversely affected by DKK 64m and DKK 48m, respectively. Accounting policies are described in greater detail under "Impairment losses on loans, advances and receivables" below.

In all other respects, the accounting policies are unchanged compared with the Annual Report for 2007.

# New and amended standards and interpretations

Implementation of new and amended standards and interpretations

IAS 39 "Financial instruments: Recognition and measurement" and IFRS 7 "Financial instruments: Disclosures". Following the change of the standards, financial instruments may under certain circumstances be reclassified retroactively from 1 July 2008. The reclassification option has not been exercised in the Annual Report for 2008.

# Interpretation:

IFRIC 11 "Group and Treasury Share Transactions".

IFRIC 12 "Service Concession Arrangements" (not yet approved for use in the EU).

IFRIC 14 "The limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction" (not yet approved for use in the EU).

These Interpretations have not caused any changes to accounting policies.

# 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 and interpretations have not yet entered into force and/or have not been approved for use in the EU.

Amended or new standards and interpretations:

- IFRS 2 "Share-based payment"
- IFRS 3 "Business Combinations"

- IFRS 8 "Operating Segments"
- IAS 1 "Presentation of Financial Statements"
- IAS 23 "Borrowing Costs"
- IAS 27 "Consolidated and Separate Financial Statements"
- IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 27
- IAS 32 "Financial Instruments: Presentation"
- IFRIC 13 "Customer Loyalty Programmes"
- IFRIC 15 "Agreements for the Construction of Real Estate"
- IFRIC 16 "Hedges of Net Investment in a Foreign Operation"

In management's view, the implementation of the amended and new standards will have only a modest effect on the Annual Report.

# 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.
- Listed financial instruments, which have been priced in low-turnover markets due to the financial turmoil in 2008, may to a higher degree than previously involve some uncertainty in connection with the measurement of fair values.
- Unlisted financial instruments involving significant estimates in connection with the measurement of fair values.
- Goodwill on acquisitions, as the assessment of the future earning capacity of the companies is based on significant estimates.

- The value of defined benefit plans (Other assets) involving significant estimates in connection with the actuarial assumptions which the determination is based on, including discount rates, the expected return on plan assets and the expected rate of increase in wages, salaries and pensions.
- 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 for 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 less principal payments and plus/less the accumulated amortisation of the difference between the cost and the nominal value less 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 shortterm 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 value 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 from 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 may be 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 less 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 acquired assets and liabilities 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 the 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 segments comprise 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. Noncurrent assets in the segment include the noncurrent 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 has been determined according to the Basel II principles based on the method applied to determine required capital base.

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 were translated at the rate prevailing on the balance sheet date. Foreign currency translation adjustment was 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.

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 receivables have 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 that 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, 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 less 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 interestlike 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 the 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 less 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 adjustment

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, advances and receivables

Recognised losses and changes for the year in provisions for loans, advances and guarantee obligations have been charged to the income statement under "Impairment losses on loans, advances and receivables".

### Profit/loss from investments in associates

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

# Tax

Tax on taxable income for the year calculated at the current tax rate, 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 (the Nykredit Association), 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).

The domestic corporation tax of 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 is based on fair value. Subsequent measurement has been made at amortised cost.

This item also includes securities acquired as part of purchase and resale 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

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 less/plus the costs and income relating to the acquisition. Subsequent measurement takes place at the lower of amortised cost and net realisable value less loan loss provisions.

# Provisions for loan and receivable impairment

The Nykredit Realkredit Group performs continuous individual reviews and risk assessments of all significant loans, advances and receivables with a view to uncovering objective evidence of impairment. 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 loan, provisions have been made for loan impairment at the difference between the carrying amount before impairment and the present value of expected future payments from the loan.

Objective evidence is deemed present where for example borrowers have serious financial difficulties, where they do not fulfil the 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 provisions have been made for non-significant loans, advances and receivables 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/loan.

The Group's loans and advances are generally always placed in groups of uniform credit risks. Where impairment or a provisioning need is identified relating to individual loans and advances, they will be transferred from their respective groups and treated separately. Individual provisions for loan impairment are made based on a discounting of the most probable cash flows from the individual loan or exposure. For all loans subject to individual impairment provisioning, a strategy and action plan is prepared, and the loans/exposures are reviewed on a quarterly basis.

Where OEI is identified on an individual basis and it is not possible to determine the deterioration of payments on individual loans reliably, the individual provisioning need is determined on the basis of a joint assessment of the loan and equivalent loans. Subsequently, collective provisions are made based on the most probable outcome for the deterioration of forecast cash flows. This approach is typically used in the case of very small loans and advances when the Group's information on the customer's financial position is not up to date.

At each balance sheet date, collective assessments are made of loans and advances for which no individual provisions have been made and, where objective evidence of impairment is identified in one or more groups, collective provisions for loan impairment are made. Calculations are made according to a so-called rating model using adjusted Basel parameters for the loss flow calculation. Having been adjusted to the accounting rules, the Basel parameters are based on events occurred, cash flows until expiry of loan terms and a discounting of loss flows to present value.

In addition to the rating model, collective provisions are also calculated on the basis of a segmentation model adjusting the rating model for events occurred which, due to sudden economic developments, have not yet been included in the rating model.

If the present value of the loss flow calculations exceeds the loss calculated on the granting of the loan, impairment is calculated as the difference between the present value of the loss flow calculation and the expected loss on the granting of the loan.

Where events occur showing a partial or complete impairment reduction following individual or collective provisioning, impairment provisions have been reversed accordingly.

Impairment provisions 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 equities are available, these equities 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 less/plus the proportionate share of unrealised intercompany profits or losses and plus 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 financial statements, 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 straightline basis over the period in which it is expected to generate economic benefits. The amortisation period is 3-5 years.

# Customer relationships

Customer relationships, etc are recognised at cost less accumulated amortisation and any impairment losses.

Customer relationships, etc are amortised on a straight-line basis over the estimated useful lives of the assets. The amortisation period is 2-13 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.

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

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. Fair value changes 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 up to 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 the fair value less 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 less selling costs have been recognised in the income statement under the relevant items.

### Prepayments

Prepayments 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 sale and repurchase transactions" have been measured at fair value. Fair value adjustments have been recognised continuously through profit or loss.

### Issued bonds at fair value

Issued ROs, 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 prepaid, 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 incidental to the settlement of 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 interest rates plus the specific risks which the provision concerned is estimated to involve. The present value changes for the financial year have been recognised under interest expenses/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 premiums unearned 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 administrative 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 tax bases 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 owner-occupied 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 determine the tax base according to different tax rules, deferred tax has been measured on the basis of Management's planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax base 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 comprises 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.

### Proposed 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 less 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 recognised 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 are adjusted for the distribution of dividend to the Parent Company and for other movements in equity in subsidiaries and associates.

### Series reserves

Series reserves include series reserves in mortgage banks where there is no obligation to repay the borrowers.

### Retained earnings

Comprise 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 Financial Reports for Credit Institutions and Investment Companies, etc.

### 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 Financial Reports for 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 equity value of the enterprise less/plus unrealised intercompany profits or losses has been recognised under the items "Investments in group enterprises" and "Investments in associates" in the balance sheet. Any positive difference between the total cost of group enterprises and the fair value of the net assets at the time of acquisition is recognised in the balance sheet as an asset under the item "Intangible assets". Any positive difference between the total cost of associates and the fair value of the net assets at the time of acquisition is recognised in the balance sheet as an addition to the equity investment.

Nykredit's share of the enterprises' profit/loss after elimination of unrealised intercompany profits and losses less 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 like IFRS. In the Parent Company, equities available for sale have been classified as equities involving value adjustment through profit or loss.

### 2. RESULTS BY BUSINESS AREA <sup>1</sup>

2008	Retail Customers	Business Partners	Commercial Customers	Markets & Asset Manage- ment	Forstæder- nes Bank	Group items and elimina- tions	Total
Core income from business operations							
- Mortgage lending	1,302	1,238	1,736	-	-	-	4,276
- Other activities	711	-	623	583	258	207	2,382
Total	2,013	1,238	2,359	583	258	<b>207</b> <sup>2</sup>	6,658
Core income from securities	-	-	-	-	-	2,141	2,141
Direct operating costs	1,321	409	790	677	168	1,262	4,627
Depreciation, amortisation and impairment losses for property,							
plant and equipment as well as intangible assets	15	415	3	2	10	337	782
Core earnings before impairment losses	677	414	1,566	(96)	80	749	3,390
Impairment losses on loans and advances	(14)	55	550	27	264	561	1,443
Core earnings after impairment losses	691	359	1,016	(123)	(184)	188	1,947
Investment portfolio income <sup>3</sup>	-	-	-	-	-	(2,827)	(2,827)
Profit/loss before tax	691	359	1,016	(123)	(184)	(2,639)	(880)

				Markets & As-		Group items	
	Retail	Business	Commercial	set Manage-	Forstæder-	and elimina-	
2007	Customers	Partners	Customers	ment	nes Bank	tions	Total
Core income from business operations							
- Mortgage lending	1,343	1,079	1,680	-	-	-	4,102
- Other activities	685	-	548	964	-	235	2,432
Total	2,028	1,079	2,228	964	-	<b>235</b> <sup>2</sup>	6,534
Core income from securities						1,988	1,988
Direct operating costs	1,303	374	641	534	-	959	3,811
Depreciation, amortisation and impairment losses for property,							
plant and equipment as well as intangible assets	18	391	7	1	-	124	541
Core earnings before impairment losses	707	314	1,580	429	-	1,140	4,170
Impairment losses on loans and advances	(42)	1	(26)	-	-	-	(67)
Core earnings after impairment losses	749	313	1,606	429	-	1,140	4,237
Investment portfolio income <sup>3</sup>	-	-	-	-	-	150	150
Profit before tax	749	313	1,606	429	-	1,290	4,387

Group segment information is provided by business area and geographical markets as primary and secondary segments, respectively.

### Geographical markets

Core income from international lending came to DKK 149m in 2008 against DKK 99m in 2007. International lending totalled DKK 31bn at end-2008.

<sup>1</sup> The Forstædernes Bank results cover the period 17.10.2008 – 31.12.2008.

 $^2\,\text{DKK}$  195m of this figure (2007: DKK 185m) relates to proportionate consolidation of JN Data

<sup>3</sup> Investment portfolio income includes profit from investments in associates of DKK 123m (2007: DKK 34m).

DKK million

### Notes

### 2. RESULTS BY BUSINESS AREA (continued)

Summary balance sheet items				Markets &		Group items	
	Retail	Business	Commercial	Asset	Forstæder-	and elimina-	
2008	Customers	Partners	Customers	Management	nes Bank	tions	Total
Assets							
Receivables from credit institutions	-	-	-	32,391	4,357	36,652	73,400
Mortgage loans at fair value	178,343	404,168	334,395	-	-	(21,021)	895,885
Other loans and advances at fair value	-	-	-	24,490	55	-	24,545
Bank loans at amortised cost	10,360	103	40,537	-	22,260	495	73,755
Bonds and equities	-	-	1,618	51,061	3,443	47,311	103,433
Investments in associates	-	-	-	-	-	81	81
Intangible assets, property, plant and equipment	80	4,077	76	-	103	3,114	7,450
Liabilities and equity							
Payables to credit institutions	-	-	-	85,072	7,221	70,256	162,549
Deposits and other payables	10,512	-	24,569	11,455	14,704	(63)	61,177
Issued bonds <sup>1</sup>	206,649	451,320	387,531	17,329	3,198	(209,281)	856,746
Insurance obligations	1,021	-	573	-	-		1,594
Off-balance sheet items	4,376	-	9,976	4,165	6,020	(5,031)	19,506
Investments in intangible assets, property, plant and equipment	10	732	-	-	-	1,474	2,216

2007	Retail Customers	Business Partners	Commercial Customers	Markets & Asset Management	Forstæder- nes Bank	Group items and elimina- tions	Total
Assets							
Receivables from credit institutions	-	-	-	20,197	-	62,448	82,645
Mortgage loans at fair value	172,609	368,833	308,126	-	-	(26,164)	823,404
Other loans and advances at fair value	-	-	-	5,550	-	-	5,550
Bank loans at amortised cost	7,828	-	31,830	-	-	950	40,608
Bonds and equities	183	-	1,629	51,746	-	45,030	98,588
Investments in associates	-	-	-	-	-	137	137
Intangible assets and property, plant and equipment	54	3,760	84	-	-	2,065	5,963
Liabilities and equity Payables to credit institutions	-	-		74,702	-	41,173	115,875
Deposits and other payables	10,036	-	15,601	6,080	-	(136)	31,581
Issued bonds <sup>1</sup>	206,978	402,537	369,278	1,561	-	(182,362)	797,992
Insurance liabilities	1,042	-	660	-	-	-	1,702
Off-balance sheet items	6,795	-	14,600	1,081	-	(8,806)	13,670
Investments in intangible assets, property, plant and equipment	23	-	-	-	-	211	234

<sup>1</sup>Own bonds have been offset under the item "Group items and eliminations", which also includes adjustment of market risk on mortgage lending and issued bonds.

	Realkredit A/S		The Nykredit Re	-
2007	2008		2008	2007
		3. INTEREST INCOME		
8,905	13.762	Receivables from credit institutions and central banks	1,928	1,413
19,726		Loans, advances and other receivables	45,904	37,155
2,139		Administration margin (income)	4,082	3,745
		Bonds		
56	796	- Own SDOs (særligt dækkede obligationer)	1,018	100
951	648	- Own ROs (realkreditobligationer)	2,137	2,866
866		- Other ROs	2,658	1,286
41		- Government bonds	(718)	(47)
190	327	- Other bonds	733	375
		Derivative financial instruments		
(14)		- Foreign exchange contracts	185	(129)
74		- Interest rate contracts	237	356
94 <b>33,031</b>	42,417	Other interest income	63 58,226	42
55,051	42,417	I OLDI	50,220	47,162
(56)	(796)	Interest from own SDOs has been offset against interest expenses – note 4	(1,018)	(100)
(951)	• • •	Interest from own ROs has been offset against interest expenses – note 4	(2,137)	(2,866)
(6)		Interest from own other securities and bonds has been offset against interest expenses – note 4	(109)	(18)
32,018	40,881		54,962	44,179
		Of which interest income from genuine purchase and resale transactions entered as:		
484	967	Receivables from credit institutions and central banks	1,337	937
-	-	Loans, advances and other receivables	539	250
		Of total interest income:		
777	902	Interest income accrued on financial assets measured at amortised cost	4,506	2,267
-	-	Interest income accrued on impaired financial assets measured at amortised cost	4	-
		4. INTEREST EXPENSES		
1 606	בטב ב	Credit institutions and central banks	E 222	2 005
1,696	2,505	Deposits and other payables	5,223 1,854	3,885 1,128
27,362	35 888	Issued bonds	42,757	34,939
352	-	Subordinate loan capital	397	416
137		Other interest expenses	130	154
29,546	38,687		50,361	40,522
(56)	(796)	Set-off of interest from own SDOs – note 3	(1,018)	(100)
(951)		Set-off of interest from own ROs – note 3	(2,137)	(2,866)
(6)		Set-off of interest from own other securities and bonds – note 3	(109)	(18)
28,533	37,152	Total	47,096	37,538
		Of which interest expenses from genuine sale and repurchase transactions entered as:		
673	1,095	Payables to credit institutions and central banks	1,543	1,230
-	-	Deposits and other payables	54	56
		Of total interact overances		
1 5 1 1	1 71 4	Of total interest expenses: Interest expenses accrued on financial liabilities measured at amortised cost	6.049	2 002
1,511	1,714	התבופשי באפרושבי מכרומבת טון ההמחכומי המשחתובי ההפשטובת מו מחוטרנושבת כשנ	6,948	3,992
		5. DIVIDEND ON EQUITIES		
184	100	Dividend	36	124
-		Dividend on equities available for sale	72	67
184		Total	108	191

### DKK million

Nykredit 2007	Realkredit A/S 2008		The Nykredit Rea 2008	alkredit Group 2007
2007	2008		2008	2007
		6. FEE AND COMMISSION INCOME		
_	_	Fees relating to financial instruments measured at amortised cost	111	98
1	1		378	331
809	771		885	958
811	772	Total	1,374	1,387
		7. FEE AND COMMISSION EXPENSES		
-	-	Fees relating to financial instruments measured at amortised cost	141	111
- 203	-	Fees from asset management and other fiduciary activities Other fees	41 1,084	52 1,045
203 203		Total	1,084	1,043
		8. NET PREMIUMS EARNED		
_	_	Net premiums	1,368	1,292
-	-	Reinsurance premium, reserve-adjusted	(83)	(77)
-	-	Total	1,285	1,214
		9. VALUE ADJUSTMENTS		
		Financial assets measured at fair value through profit or loss		
(10,439)		Mortgage loans	5,824	(18,379)
(5,120) 5		Totalkredit mortgage loan funding Other loans, advances and receivables at fair value	- (12)	-
(373)		Bonds	(678)	(881)
(166)	(3,674)	Equities	(878)	423
-	-	Investment properties	(1)	1
(42) 499		Foreign exchange Foreign exchange, interest rate and other contracts as well as derivative financial instruments	116 (1,361)	46 1,377
499	(010)	Other assets	(1,301)	8
		Financial liabilities measured at fair value through profit or loss		
10,379		Issued bonds	(5,905)	18,319
5,120		Totalkredit mortgage loan funding	-	-
(136)	(5,353)	I OLAI	(2,921)	921
		Of which value adjustment of hedge accounting instruments		
(3)	1	Fair value hedge	1	(3)
		10. CLAIMS INCURRED, NET OF REINSURANCE		
-	-	Claims paid, net of reinsurance	973	962
-	-	Reinsurance received, reserve-adjusted Total	(30) 943	(66) <b>895</b>
			C+7	055

Notes

31       33       35       Remuneration of Board of Directors and Executive Board       36       36       36       36       37       3	Group	The Nykredit Realkredit	ı	alkredit A/S	Nykredit F
3       35       Remuneration of Board of Directors and Executive Board       35	2007	2008		2008	2007
3       35       Remuneration of Board of Directors and Executive Board       35			11 STAFE AND ADMINISTRATIVE EXPENSES		
1,203       1,503       Staff expenses       2,029       2         928       1,003       Other administrative expenses       1,942       1         2,243       2,576       Total       4,607       3         -       -       Expenses transferred to "Claims incurred, net of reinsurance"       (102)       (102)         2,243       2,576       Total       4,505       3         2,28       31       Salaries       2       2       Remuneration       2       2         2,8       31       Salaries       31       31       31       31         3       3       Other social security expenses and charges       31       31       31         3       3       Total       35       Total       35       35       35         4       Homographic executive Board of Directors       Members of the Executive Board of Directors       31       31         3       3       Total       35       Total       35       35					
928       1,033       Other administrative expenses       1,942       1         2,243       2,576       Total       4,607       3         -       Expenses transferred to "Claims incurred, net of reinsurance"       (102)       (102)         2,243       2,576       Total       4,500       3         2,243       2,576       Remuneration of Board of Directors and Executive Board Board of Directors       2,2       2,2         2,8       31       Salaries       31       3       3       3         3       3       Solaries       33       3       3       3         3       5 Total       Total       50       50       50         3       3       Solaries       33       50       50       50         3       Total       Solaries       50       50       50       50         4,400       Solaries       Total       50	33	35	Remuneration of Board of Directors and Executive Board	35	33
2,243       2,576       Total       4,607       3         -       Expenses transferred to "Claims incurred, net of reinsurance"       (102)       (102)         2,243       2,576       Total       4,500       3         2,243       2,576       Total       4,500       3         2,243       2,576       Total       4,500       3         2       2,576       Total       4,500       3         2       2,2,576       Total       4,500       3         2       2,2,576       Total       2,2,576       7,576       3         2       2,5,576       Total       2,2,576       7,576       3,576       3         2       2,2,576       Remuneration       5,576       3,5376	2,187	2,629	Staff expenses	1,503	1,283
•       Expenses transferred to "Claims incurred, net of reinsurance"       (102)         •       2,243       2,576       Total       4,505       3         •       Remuneration of Board of Directors and Executive Board Board of Directors       8       4,505       3         •       Remuneration       Executive Board       3       3       3       3       3         •       Remuneration       Executive Board       33       3 <t< td=""><td>1,682</td><td>1,942</td><td>Other administrative expenses</td><td>1,038</td><td>928</td></t<>	1,682	1,942	Other administrative expenses	1,038	928
2,243       2,576       Total       4,505       3         2       2,576       Remuneration of Board of Directors and Executive Board Board of Directors       2       2         2       2       Remuneration       2       2       2         28       31       Salaries       31       31       31         3       3       Other social security expenses and charges       33       33       33         3       35       Total       35       35       35       35         1       The composition of the Executive Board changed as follows in 2008: Bente Overgaard became a member of the Executive Board of Directors       35       35         1       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.       40000       10000         1       Nykredit Realkredit A/S       360,000       290,000       110,000         1       Nykredit Realkredit A/S       360,000       290,000       110,000         1       Nykredit Realkredit A/S       360,000       290,000       110,000         Nykredit Holding A/S       510,000       340,000       170,000       10000         No agreements have been made for pension plans, bonus plans	3,902	4,607	Total	2,576	2,243
2,243       2,576       Total       4,505       3         2       2,576       Remuneration of Board of Directors and Executive Board Board of Directors       2       2         2       2       Remuneration       2       2       2         28       31       Salaries       31       31       31         3       3       Other social security expenses and charges       33       33       33         3       35       Total       35       35       35       35         1       The composition of the Executive Board changed as follows in 2008: Bente Overgaard became a member of the Executive Board of Directors       35       35         1       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.       40000       10000         1       Nykredit Realkredit A/S       360,000       290,000       110,000         1       Nykredit Realkredit A/S       360,000       290,000       110,000         1       Nykredit Realkredit A/S       360,000       290,000       110,000         Nykredit Holding A/S       510,000       340,000       170,000       10000         No agreements have been made for pension plans, bonus plans	(93)	(102)	Expenses transferred to "Claims incurred net of reinsurance"	_	_
1       Remuneration of Board of Directors and Executive Board Board of Directors       2       2       2       2       2       2       2       2       2       2       2       2       2       2       2       2       3 <td>(33)</td> <td>(102)</td> <td></td> <td></td> <td></td>	(33)	(102)			
2 2.8 Remuneration 2.8   2.8 3.1 Salaries 3.1   3 3 Other social security expenses and charges 3.1   3 3 Other social security expenses and charges 3.1   3 3 The composition of the Executive Board of Directors Bente Overgaard became a member of the Executive Board as at 1 March 2008: Bente Overgaard became a member of the Executive Board as at 1 March 2008: Members of the Board of Directors Members of the Board of Directors receive a fixed remuneration and a refund of any costs relating to board meetings. Frems 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. Nykredit Realkredit A/S 360,000 30,000 120,000 120,000 120,000 Nitrector Notector 120,000 120,000 Notector 	3,809	4,505	Total	2,576	2,243
2 2.8 Remuneration 2.8   2.8 3.1 Salaries 3.1   3 3 Other social security expenses and charges 3.1   3 3 Other social security expenses and charges 3.1   3 3 The composition of the Executive Board of Directors Bente Overgaard became a member of the Executive Board as at 1 March 2008: Bente Overgaard became a member of the Executive Board as at 1 March 2008: Members of the Board of Directors Members of the Board of Directors receive a fixed remuneration and a refund of any costs relating to board meetings. Frems 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. Nykredit Realkredit A/S 360,000 30,000 120,000 120,000 120,000 Nitrector Notector 120,000 120,000 Notector Notector			Demonstrian of Decod of Directory and Executive Decod		
2       2       Remuneration Executive Board       2       3         28       31       Salaries       31         3       3       Other social security expenses and charges       3         3       3       Tat       3         3       5       Total       3         3       7       The composition of the Executive Board changed as follows in 2008: Bente Overgaard became a member of the Executive Board as at 1 March 2008.       3         7       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.       4         Annual remuneration, year-end 2008 (DKK)       Nykredit Realkredit A/S       360,000       170,000         Nykredit Holding A/S       510,000       340,000       170,000       100,000         Nykredit Holding A/S       180,000       120,000       70,000       100,000         No agreements have been made for pension plans, bonus plans or special termination benefits for members of the Board of Directors.       180,000       120,000       70,000					
28       31 <td< td=""><td>2</td><td>2</td><td></td><td>2</td><td>2</td></td<>	2	2		2	2
3       3       Other social security expenses and charges       3         33       35       Total       35         3       7       The composition of the Executive Board changed as follows in 2008: Bente Overgaard became a member of the Executive Board as at 1 March 2008.       3         7       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.       4         7       Annual remuneration, year-end 2008 (DKK)       5       5         8       Nykredit Realkredit A/S Nykredit Holding A/S Foreningen Nykredit       3       360,000 360,000 180,000 120,000 120,000 120,000 120,000 120,000 120,000       10,000 120,000 120,000			Executive Board		
33       35       Total       35         73       7000       The composition of the Executive Board changed as follows in 2008: Bente Overgaard became a member of the Executive Board as at 1 March 2008.       36       36         70       7000       7000       7000       7000       7000         70       Nykredit Realkredit A/S       360,000       290,000       110,000       110,000         70       Nykredit Holding A/S       510,000       340,000       170,000       70,000         70       No agreements have been made for pension plans, bonus plans or special termination benefits for members of the Board of Directors.       1000       100,000       170,000	28	31	Salaries	31	28
The composition of the Executive Board changed as follows in 2008: Bente Overgaard became a member of the Executive Board as at 1 March 2008. <b>Terms and conditions governing the Board of Directors</b> Members of the Board of Directors receive a fixed remuneration and a refund of any costs relating to board meetings. <b>Annual remuneration, year-end 2008 (DKK)</b> <b>Xykredit Realkredit A/S Xolume 10 Xolum 10 X</b>	3	3	Other social security expenses and charges	3	3
The composition of the Executive Board changed as follows in 2008: Bente Overgaard became a member of the Executive Board as at 1 March 2008. <b>Terms and conditions governing the Board of Directors</b> Members of the Board of Directors receive a fixed remuneration and a refund of any costs relating to board meetings. <b>Annual remuneration, year-end 2008 (DKK)</b> <b>Xykredit Realkredit A/S Xolume 10 Xolum 10 X</b>	33	35	Total	35	33
Bente Overgaard became a member of the Executive Board as at 1 March 2008.         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, year-end 2008 (DKK)         Year-end 2008 (DKK)         Nykredit Realkredit A/S         360,000       290,000         Nykredit Holding A/S         Foreningen Nykredit         No agreements have been made for pension plans, bonus plans or special termination benefits for members of the Board of Directors.	55	55			
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, year-end 2008 (DKK)Nykredit Realkredit A/S Nykredit Holding A/S Foreningen NykreditDirector 360,000 510,000 180,000Director 190,000 170,000 170,000No agreements have been made for pension plans, bonus plans or special termination benefits for members of the Board of Directors.Director Chairman 290,000 100,000			The composition of the Executive Board changed as follows in 2008:		
Members of the Board of Directors receive a fixed remuneration and a refund of any costs relating to board meetings.         Annual remuneration, year-end 2008 (DKK)         Nykredit Realkredit A/S         Nykredit Holding A/S         Foreningen Nykredit         No agreements have been made for pension plans, bonus plans or special termination benefits for members of the Board of Directors.			Bente Overgaard became a member of the Executive Board as at 1 March 2008.		
Members of the Board of Directors receive a fixed remuneration and a refund of any costs relating to board meetings.         Annual remuneration, year-end 2008 (DKK)         Nykredit Realkredit A/S         Nykredit Holding A/S         Foreningen Nykredit         No agreements have been made for pension plans, bonus plans or special termination benefits for members of the Board of Directors.					
meetings. Annual remuneration, year-end 2008 (DKK) Nykredit Realkredit A/S Nykredit Holding A/S Foreningen Nykredit No agreements have been made for pension plans, borus plans or special termination benefits for members of the Board of Directors.					
Annual remuneration, year-end 2008 (DKK)         Chairman       Deputy         Chairman       Director         Nykredit Realkredit A/S       360,000       290,000       110,000         Nykredit Holding A/S       510,000       340,000       170,000         Foreningen Nykredit       180,000       120,000       70,000         No agreements have been made for pension plans, bonus plans or special termination benefits for members of the Board of Directors.       State of the state of the board of Directors.					
ChairmanDeputy ChairmanNykredit Realkredit A/S360,000290,000110,000Nykredit Holding A/S510,000340,000170,000Foreningen Nykredit180,000120,00070,000No agreements have been made for pension plans, bonus plans or special termination benefits for members			incenings.		
ChairmanChairmanDirectorNykredit Realkredit A/S360,000290,000110,000Nykredit Holding A/S510,000340,000170,000Foreningen Nykredit180,000120,00070,000No agreements have been made for pension plans, bonus plans or special termination benefits for members of the Board of Directors.State State			Annual remuneration, year-end 2008 (DKK)		
ChairmanChairmanDirectorNykredit Realkredit A/S360,000290,000110,000Nykredit Holding A/S510,000340,000170,000Foreningen Nykredit180,000120,00070,000No agreements have been made for pension plans, bonus plans or special termination benefits for members of the Board of Directors.State State					
Nykredit Realkredit A/S360,000290,000110,000Nykredit Holding A/S510,000340,000170,000Foreningen Nykredit180,000120,00070,000No agreements have been made for pension plans, bonus plans or special termination benefits for members of the Board of Directors.special termination benefits for members					
Nykredit Holding A/S510,000340,000170,000Foreningen Nykredit180,000120,00070,000No agreements have been made for pension plans, bonus plans or special termination benefits for members of the Board of Directors.second second					
Foreningen Nykredit180,000120,00070,000No agreements have been made for pension plans, bonus plans or special termination benefits for members of the Board of Directors.					
of the Board of Directors.					
of the Board of Directors.					
			of the Board of Directors.		
No members of Nykredit Realkredit A/S's Board of Directors elected by the General Meeting serve on the			No members of Nykredit Realkredit A/S's Board of Directors elected by the General Meeting serve on the		
boards of Nykredit Realkredit A/S's subsidiaries.					
Terms and conditions governing the Executive Board					
Members of the Executive Board receive a fixed salary covering all directorships and executive positions in					
Foreningen Nykredit and its group enterprises and associates. In addition to their fixed salaries, Executive Board members may opt for a company car in a price range of up to 25% of their gross salaries. The taxable					
value thereof came to DKK 0.7m in 2008.					
Fixed annual salary, end-2008 (DKK)			Fixed annual salary, end-2008 (DKK)		
Peter Engberg Jensen 7,600,000					
Søren Holm 5,000,000			-//		
Karsten Knudsen 5,000,000					
Per Ladegaard     5,000,000       Bente Overgaard     4,500,000					
Niels Tørslev 5,000,000					

### DKK million

### The Nykredit Realkredit Group

Nykredit 2007	Realkredit A/S 2008		The Nykredit Rea	alkredit Group 2007
		11 STAFF AND ADMINISTRATIVE EXPENSES (continued)		
		11. STAFF AND ADMINISTRATIVE EXPENSES (continued) The pensionable age for members of the Executive Board is 65 years. No agreements have been made on pension plans for Executive Board members, but they may resign on attaining the age of 60 and are entitled to receive early retirement benefits equal to 65% of their gross salaries until attaining the age of 65. Simi- larly, a Managing Director may be asked by Nykredit to accept early retirement in this period. Niels Tørslev is entitled to early retirement benefits from the age of 60 equal to 70% of his gross salary for five years and subsequently 29% for ten years. If Niels Tørslev retires at the pensionable age of 65 years, early retirement benefits will amount to 22% of his gross salary for ten years. Provisions for estimated early retirement bene- fit obligations are made on a current basis and included in the Financial Statements under "Provisions". Members of the Executive Board are subject to a mutual term of notice of six months. Upon resignation at Nykredit's request, Executive Board members are generally entitled to termination benefits equal to 18 months' gross salary and 24 months' gross salary if the Managing Director is discharged after attaining the age of 55. Niels Tørslev is subject to a mutual term of notice of 24 months, and upon resignation at Nyk- redit's request he is entitled to 78% of his gross salary until the pensionable age, and subsequently 29% for ten years.		
1,040	1,255	Staff expenses Salaries	2,208	1,796
125	133	Pensions	222	202
118 <b>1,283</b>		Other social security expenses and charges Total	199 <b>2,629</b>	190 <b>2,187</b>
		The item "Salaries" includes the Nykredit Realkredit Group's proportionate share of a share-based compen- sation programme for the staff of the joint venture JN Data A/S. The compensation programme is based on shares in the joint venture partner Jyske Bank A/S. Average number of staff		
2,395	2,520	Average number of staff for the financial year, full-time equivalents Aggregate fees to the auditors appointed by the General Meeting that perform the statutory audit	4,507	3,672
3	3	Statutory audit	6	5
2	2	Other services	7	6
5	5	Total         In addition to the fees mentioned above, expenses relating to the activities of the Group's Internal Audit have been paid.         12. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES FOR PROPERTY, PLANT AND EQUIPMENT AS WELL AS INTANGIBLE ASSETS         Intangible assets	13	11
414	476	- Amortisation	491	427
-	-	- Impairment losses	1	6
40	52	Property, plant and equipment - Depreciation	139	111
-	-	- Impairment losses	151	19
-		- Reversal of impairment losses	- רסד	(22)
454	528	Total         In connection with the Group's current construction of an owner-occupied property, the market value was determined in accordance with the return method and a write-down for impairment was made in the amount of DKK 138m.         In note 2 "Results by business area", the impairment loss has been entered under Group items and eliminations.	782	541

Notes

-	Realkredit A/S		The Nykredit Rea	-
2007	2008		2008	2007
		13. IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES		
		13.a. Effect on profit/loss		
(105)	90	Change in individual provisions for loan impairment and guarantees	866	(47)
40	68		273	(10)
63		Losses recognised for the year, net	130	53
-		Losses under guarantees	210	
(47)		Received on claims previously written off as impairment losses	(45)	(56)
(48)	335	Total provisions for loan impairment and guarantees	1,434	(60)
0	9	Value adjustment of assets in temporary possession	9	C
(8)		Value adjustment of claims previously written off as impairment losses	1	(8)
(55)		Total	1,443	(67)
		13.b. Specification of individual impairment provisions for loans, advances and guarantee debtors		
91	180	Individual impairment provisions	2,904	176
162	230	Collective impairment provisions	449	173
253	410	Total provisions	3,353	349
		13.c. Individual impairment provisions for loans, advances and guarantee debtors		
195	91	Impairment provisions, beginning of year	176	223
-		Acquisition	1,863	
34		Impairment provisions for the year	981	107
(101)		Impairment provisions reversed	(63)	(107)
(37)		Impairment provisions recognised as lost	(52)	(47)
91	180	Impairment provisions, year-end	2,904	176
	-	Of which impairment provisions for guarantee debtors	106	
-	-	of which impairment provisions for guarance debtors	100	_
		13.d. Collective impairment provisions		
122		Impairment provisions, beginning of year	173	184
-		Addition relating to acquisition	3	-
40		Impairment provisions for the year Impairment provisions reversed	309 (36)	40 (51)
162		Impairment provisions, year-end	449	173
		13.e. Specification of loans and advances subject to objective evidence of impairment		
202	A A 7	Loans and advances subject to individual impairment	2 040	225
202 91		Impairments	3,948 2,392	325 176
111		Loans and advances after impairment	1,556	149
22,112	385,131	Loans and advances subject to collective impairment	843,147	22,439
162		Impairments	449	173
21,950	384,901	Loans and advances after impairment	842,698	22,265
		14. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES		
33	124	Profit from investments in associates	123	34
1,756	290	Profit from investments in group enterprises	-	-
1,789	414	Total	123	34

DKK million

# Notes

Nykredit I	Realkredit A/S		The Nykredit Rea	alkredit Group
2007	2008		2008	2007
		15. TAX		
		Tax on profit for the year has been calculated as follows:		
670	(100)	Current tax	2	1,292
(226)	(252)	Deferred tax	(173)	(228)
(12)	(3)	Adjustment of tax relating to previous years	(3)	(2)
11	(17)	Adjustment of deferred tax relating to previous years	(17)	2
(48)	-	Adjustment relating to change in tax rate	-	(41)
394	(371)	Total	(186)	1,024
376	(978)	Tax on profit for the year can be specified as follows: Calculated 25% tax on profit before tax Tax effect of:	(220)	1,089
(7)	(468)	Non-taxable income	(1,184)	(42)
75	1,095	Non-deductible expenses and other adjustments	1,234	17
(50)	(20)	Adjustment of tax relating to previous years	(15)	(40)
394	(371)	Total	(186)	1,024
12.0	9.5	Effective tax rate, %	21.1	23.3

23.3

Nykredit 2007	Realkredit A/S 2008		The Nykredit Rea 2008	alkredit Group 2007
		16. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS		
10,764 69,173	-/	Receivables at call with central banks Receivables from credit institutions	17,212 55,865	12,160
<b>79,937</b>	51,115 58,010		73,077	70,350 <b>82,510</b>
, 5,557	50,010		13,011	02,510
		Of which prepaid funds, including prepayments at par and proceeds from the issuance of		
9,652	13,769	fixed-price agreements	14,069	13,792
		By time-to-maturity		
12,159	17 223	Demand deposits	17,362	22,069
61,608		Up to 3 months	49,585	59,978
170		Over 3 months and up to 1 year	3,332	279
700	2,150	Over 1 year and up to 5 years	6	18
5,300	4,200	Over 5 years	2,793	167
79,937	58,010	Total	73,077	82,510
		17. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE		
473,950	505.115	Mortgage loans	895,463	823,228
112		Arrears and outlays	422	176
-	-	Other loans and advances	24,545	5,550
242,622	315,229	Totalkredit mortgage loan funding	-	-
716,684	820,662	Total	920,430	828,954
		Mortgage loans		
453,813	486,036	Balance, beginning of year, nominal value	849,211	766,011
111,352	94,188	New loans	183,030	211,681
687		Indexation	942	687
(297)		Foreign currency translation adjustment	(2,255)	(297)
(12,578)		Ordinary principal payments	(18,615)	(17,318)
(66,942) <b>486,036</b>		Prepayments and extraordinary principal payments Balance, year-end, nominal value	(95,731) <b>916,582</b>	(111,554) <b>849,211</b>
400,000	515,500		510,502	049,211
-	(31)	Loans transferred relating to properties in temporary possession	(31)	-
273		Loans assumed by the Danish Agency for Governmental Management	274	273
486,309	516,149	Total nominal value	916,826	849,484
(12,268)	(10,725)	Adjustment for interest rate risk	(21,021)	(26,164)
		Adjustment for credit risk		
(52)	(80)	Individual impairment provisions	(80)	(53)
(39)		Collective impairment provisions	(262)	(39)
473,950		Balance, year-end, fair value	895,463	823,228
22,741	22,712	Other than mortgages on real property, supplementary guarantees for loans received total	27,840	65,107
2,670	2,859	Total interim loan guarantees received	19,947	26,325
	,			.,

				21111111
Nykredit	Realkredit A/S		The Nykredit Re	alkredit Group
2007	2008		2008	2007
		17. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE (continued)		
		Mortgage loans at nominal value by property category		
		Loans and advances as %, year-end		
22	22	Owner accuried preparties	60	60
33 2		Owner-occupied properties Recreational properties	60	60
19		Non-profit housing	3 10	3
9		Private rental housing	6	11 5
5		Industry and trades properties	3	3
13		Office and retail properties	8	7
17		Agricultural properties	10	10
2		Properties for social, cultural and educational purposes	1	1
100		Total	100	100
		Arrears and outlays		
270	405	Arrears before impairment provisions	531	336
3		Outlays before impairment provisions	13	2
(39)	(101)	Individual impairment provisions	(123)	(39)
(123)	-	Collective impairment provisions	-	(123)
112	318	Total	422	176
		By time-to-maturity		
2 67 4	2 000	Mortgage loans and arrears	22.026	
2,014		Up to 3 months	22,926	4,431
7,518		Over 3 months and up to 1 year	21,536	15,521
6,077		Over 1 year and up to 5 years	33,059	27,555
458,453 <b>474,062</b>	482,722 <b>505,433</b>	Over 5 years	842,908 <b>920,429</b>	781,447 828,954
474,002	00,400		520,425	020,904
		Totalkredit mortgage loan funding		
168,889	250,569	Balance, beginning of year, nominal value	-	-
138,787		New loans	-	-
(1,209)		Ordinary principal payments	-	-
(55,899)	(59,699)	Prepayments and extraordinary principal payments	-	-
250,569	321,411	Balance, year-end, nominal value	-	-
(7,947)		Adjustment for interest rate risk	-	-
242,622	315,229	Balance, year-end, fair value	-	-
		By time-to-maturity		
		by time-to-maturity		
		Totalkredit mortgage loan funding		
32,455	42 170	Up to 3 months	_	_
1,193		Over 3 months and up to 1 year	_	_
48,920		Over 1 year and up to 5 years	-	-
160,054		Over 5 years	-	-
242,622	315,229		-	-

Image: Probability of the sector of the s	Nykredit 2007	Realkredit A/S 2008		The Nykredit Rea 2008	alkredit Group 2007
•     100     Totalkracit mortgage loan funding     101       •     •     Mortgage loans     193     -       739     668     Other hears and advances     994     103       739     668     Other hears and advances     994     103       739     738     Balance, year-end     76,691     40,932       739     738     Balance, year-end     76,831     40,992       739     738     Balance, year-end     (157)     (11)       739     738     Balance, year-end     73,831     40,696       (19)     (66)     Own securities for set-off transferred from the item "Issued bonds at amortised cost" - note 31     (66)     (91)       649     722     Total     73,755     40,666       739     768     Adjustment from security previous     73,755     40,666       741     Versite framiliter Coup hedges the interest rate ink of fixed-rate bank loans and advances on a cur- reme backing downtares. The malatise fixed-rate bank loans and advances on a cur- reme backing downtares. The malatise fixed-rate bank loans and advances on a cur- reme backing downtares. The malatise fixed-rate bank loans and advances on a cur- reme backing downtares. The malatise fixed-rate bank loans and advances on a cur- reme backing downtares. The malatise fixed-rate bank loans and advances on a cur- reme backing downtares. The malatise fixed-rate bank loans and advances on a cur- reme backing downtares. The malatise fixed-r			18. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST		
•     100     Totalkracit mortgage loan funding     101       •     •     Mortgage loans     193     -       739     668     Other hears and advances     994     103       739     668     Other hears and advances     994     103       739     738     Balance, year-end     76,691     40,932       739     738     Balance, year-end     76,831     40,992       739     738     Balance, year-end     (157)     (11)       739     738     Balance, year-end     73,831     40,696       (19)     (66)     Own securities for set-off transferred from the item "Issued bonds at amortised cost" - note 31     (66)     (91)       649     722     Total     73,755     40,666       739     768     Adjustment from security previous     73,755     40,666       741     Versite framiliter Coup hedges the interest rate ink of fixed-rate bank loans and advances on a cur- reme backing downtares. The malatise fixed-rate bank loans and advances on a cur- reme backing downtares. The malatise fixed-rate bank loans and advances on a cur- reme backing downtares. The malatise fixed-rate bank loans and advances on a cur- reme backing downtares. The malatise fixed-rate bank loans and advances on a cur- reme backing downtares. The malatise fixed-rate bank loans and advances on a cur- reme backing downtares. The malatise fixed-rate bank loans and advances on a cur- reme backing downtares. The malatise fixed-r					
-         Mortgage loads         103           733         656         Otto forms and advances         954         1.033           733         758         Balance, year-end         75604         40,792           -         Individual impainment provisions         (197)         (111)           739         758         Balance after impainment, year-end         75,801         (197)           739         758         Balance after impainment, year-end         75,801         (40,599)           649         727,757         400,699         (197)         (111)           739         758         Balance after impainment, year-end         75,757         400,699           649         727,757         400,699         (197)         (111)         (25,755)         40,699           649         727,757         400,699         755         40,699         (197)         (111)         (25,75)         40,699           739         758         fortal loans and advances, fixed-rate bank loans and advances on a currerner basic sing derivative. This enables the Group to manage its overall interest rate sensitivity taking into consideration the expect of interest rate sensitivity taking into consideration the expect of interest rate sensitivity taking into consideration the expect of interest rate sensitinder continta advances at anortised cost, finance leases represent	-	-		75,517	39,753
739       664       Other loars and advances       994       1,033         739       788       Balance, year-end       40,732         -       -       Individual impairment provisions       (2)       (82)         -       -       Individual impairment provisions       (2)       (82)         (31)       (60)       Own securities for set-off transferred from the item "Issued bonds at amortised cost" – note 31       (60)       (91)         (49)       (60)       Own securities for set-off transferred from the item "Issued bonds at amortised cost" – note 31       (60)       (91)         (49)       Total       Total cost on the second head proved transferred from the item "Issued bonds at amortised cost" – note 31       (60)       (91)         (49)       Total       Total cost on davances       73,755       40,668         -       Of total loans and advances in the second head proved transferred from the item "Issued bonds at amortised cost" – note 31       (60)       (91)         -       Of total loans and advances in advances in amortised cost in the sec of head proved accounting has been recorreginated mathematics".       2,483       8,554         -       Other davances       -       0,644       6,574       10,623       10,623         -       One domand       32,788       10,427       2,788 </td <td>-</td> <td></td> <td></td> <td>-</td> <td>-</td>	-			-	-
739     788     Balance, year-end     76,604     40,792       -     -     Individual impainment provisions     (2,596)     (82)       -     -     Collective impainment provisions     (11)       739     788     Balance after impairment, year-end     73,821     40,999       (01)     (66)     Own securities for set-off transferred from the item "issued bords at anotised cost" - note 31     (66)     (91)       (64)     722     Total     721     40,699       (71)     (66)     Own securities for set-off transferred from the item "issued bords at anotised cost" - note 31     (66)     (91)       (65)     722     Total     724     40,699     73,755     40,699       (72)     Total forabuttlet, S. Thie enables the Croup to manage its overall interest rate sensitivity taking into consideration the expected interest rate development.     76,694     73,755     40,698       -     Of total leans and advances, fixed-rate bank loans and advances represent     2,643     3,3131       -     On demand     32,788     8,754       1     Up to 3 months     12,858     10,229       2     O over 1 year and up to 5 years     13,161     6,232       72     788     Total     76,664     40,792       72     788     Total     76,664<	- 730				- 1 030
Adjuttment for credit risk       (2,596)       (82)         individual impairment provisions       (2,596)       (82)         (1)       (2)       8 Biance credit rings imment, year-end       73,821       40,699         (1)       (6)       Own securities for set-off transferred from the item "issued bonds at anortised cost" - note 31       (6)       (91)         (6)       73,225       Total       73,255       40,608         (7)       Total       73,255       40,608         (8)       The Nykoelit Realificati Group bedgue the interest rate risk of fixed-rate bank loams and advances on a corrective basis using derivatives. This enables the Group to manage is overall interest rate existivity taking into consideration the expected minest-rate development.       2,643       3,131         (1)       Dev of total loans and advances, fixed-rate bank loans and advances represent       2,643       3,131         (2)       Of total loans and advances, fixed-rate bank loans and advances represent       2,643       3,131         (2)       Ower 3 months and up to 1 year       6,074       6,575       3,361       6,574       6,575         (2)       Ower 3 months and up to 1 year       6,574       6,575       3,361       6,575       3,361       6,575         (2)       Over 3 years       Total       5,405       1,402					
<ul> <li>individual impairment provisions</li> <li>Collective impairment provisions</li> <li>Collectiv</li></ul>					
<ul> <li>- Collective impairment provisions</li> <li>739</li> <li>788</li> <li>Balance after impairment, year-end</li> <li>73, 737</li> <li>738</li> <li>739</li> <li>738</li> <li>738</li> <li>738</li></ul>			Adjustment for credit risk		
729       768       Balance after impairment, year-end       73,821       40,693         (91)       (65)       Own securities for set-off transferred from the item "issued bonds at amortised cost" - note 31       (65)       (91)         649       722       Total       73,755       40,608         78       Total       73,755       40,608         78       Total with fealincedit Group hedges the interest rate six of fixed-rate bank loans and advances on a current basis using derivatives. This enables the focup to manage its overall interest rate sensitivity taking into consideration the expected interest rate development.       74,755         78       Of total loans and advances, fixed-rate bank loans and advances represent       2,643       3,131         89       time-to-maturity       22,558       10,225       10,226       10,226         73       Ower 3 months and up to 1 year       6,974       6,574       6,574         73       Ower 3 months and up to 1 year       10,225       8,755       10,221       8,755         73       Ower 5 years       10,222       8,716       10,222       8,716         9       total       year and up to 5 years       10,222       8,716       10,222       8,716         73       Ower 5 years       Ower 1 year and up to 5 years       10,223	-	-			(82)
(1)       Own securities for set-off transferred from the item "issued bonds at amortised cost" - note 31       (1)         (2)       Total       73,75       40,068         (2)       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 at each endpase accounting has been reconsideration the expected interest rate development.       2,643       3,131         (2)       Of total loans and advances, fixed-rate bank loans and advances represent       2,643       3,131         (3)       Up to 3 months       32,788       8,2543         (4)       Over 3 months and up to 1 year       32,788       8,2543         (5)       0 no demand       32,788       8,2543         (4)       Over 3 months and up to 1 year       32,688       8,2543         (5)       0 or 3 months and up to 1 year       32,688       8,2543         (4)       Over 3 months and up to 1 year       10,629       10,822       8,2164         (5)       Over 1 year and up to 5 years       10,827       8,2164       40,212       8,2164         (5)       Total       Finance leases       10,827       8,2164       40,212       8,2164       40,212       8,2164	-	-			(11)
649     722     Total     73,755     40,608       73,755     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.     A     A       74, 75     Of total loans and advances, fixed-rate bank loans and advances represent     2,643     3,131       8, y time-to-maturity     By time-to-maturity     2,643     3,2788       1     1     Up to 3 months     12,2558     10,229       732     780     Over 3 months and up to 1 year     2,643     10,229       733     788     Total     12,2558     10,229       732     780     Over 3 months and up to 1 year     12,658     10,229       733     788     Total     76,604     40,792       733     788     Total     76,604     40,792       734     4     Over 3 months and up to 1 year     12,658     10,239       733     788     Total     76,604     40,792       734     740     72,27     76,604     40,792       735     788     Total     76,604     40,792       734     741     74,74     7227       735     780     Total <td>/39</td> <td>/88</td> <td>Balance after impairment, year-end</td> <td>/3,821</td> <td>40,699</td>	/39	/88	Balance after impairment, year-end	/3,821	40,699
649     722     Total     73,755     40,608       73,755     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.     A     A       74, 75     Of total loans and advances, fixed-rate bank loans and advances represent     2,643     3,131       8, y time-to-maturity     By time-to-maturity     2,643     3,2788       1     1     Up to 3 months     12,2558     10,229       732     780     Over 3 months and up to 1 year     2,643     10,229       733     788     Total     12,2558     10,229       732     780     Over 3 months and up to 1 year     12,658     10,229       733     788     Total     76,604     40,792       733     788     Total     76,604     40,792       734     4     Over 3 months and up to 1 year     12,658     10,239       733     788     Total     76,604     40,792       734     740     72,27     76,604     40,792       735     788     Total     76,604     40,792       734     741     74,74     7227       735     780     Total <td>(91)</td> <td>(66)</td> <td>Own securities for set-off transferred from the item "Issued bonds at amortised cost" – note 31</td> <td>(66)</td> <td>(91)</td>	(91)	(66)	Own securities for set-off transferred from the item "Issued bonds at amortised cost" – note 31	(66)	(91)
Image: Price to basis using derivatives. This enables the Group to manage its overall interest rate sensitivity taking into consideration the expected interest rate development.       Image: Price to consideration the expected interest rate development.         Image: Price to consideration the expected interest rate development.       Image: Price to consideration the expected interest rate development.       Image: Price to consideration the expected interest rate development.         Image: Price to consideration the expected interest rate development.       Image: Price to consideration the expected interest rate development.       Image: Price to consideration the expected interest rate development.         Image: Price to consideration the expected interest rate development.       Image: Price to consideration the expected interest rate development.       Image: Price to consideration the expected interest rate development.         Image: Price to constant development.       Image: Price to constant development.       Image: Price to constant development.       Image: Price to constant development.         Image: Price to constant development.       Image: Price to constant development.       Image: Price to constant development.       Image: Price to constant development.       Image: Price to constant development.       Image: Price to constant development.         Image: Price to constant development.       Image: Price to constant development.       Image: Price to constant development.       Image: Price to constant development.       Image: Price to constant development.         Image: Price to constant development develop					40,608
Image: Price to basis using derivatives. This enables the Group to manage its overall interest rate sensitivity taking into consideration the expected interest rate development.       Image: Price to consideration the expected interest rate development.         Image: Price to consideration the expected interest rate development.       Image: Price to consideration the expected interest rate development.       Image: Price to consideration the expected interest rate development.         Image: Price to consideration the expected interest rate development.       Image: Price to consideration the expected interest rate development.       Image: Price to consideration the expected interest rate development.         Image: Price to consideration the expected interest rate development.       Image: Price to consideration the expected interest rate development.       Image: Price to consideration the expected interest rate development.         Image: Price to constant development.       Image: Price to constant development.       Image: Price to constant development.       Image: Price to constant development.         Image: Price to constant development.       Image: Price to constant development.       Image: Price to constant development.       Image: Price to constant development.       Image: Price to constant development.       Image: Price to constant development.         Image: Price to constant development.       Image: Price to constant development.       Image: Price to constant development.       Image: Price to constant development.       Image: Price to constant development.         Image: Price to constant development develop					
consideration the expected interest rate development.       Image: consideration the expected interest rate development.       Image: 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 reconsideration the expected interest rate development.       2,63       3,131         Image: consideration the expected interest rate development.       2,643       3,131       32,788       8,754         Image: constant advances.       Finance for the development.       2,643       32,788       8,754         Image: constant advances.       Image: constant advances.       32,788       6,974       6,974       7,972         I					
Image:					
orgnised under "Other assets" or "Other liabilities".       2,643       3,131         b       By time-to-maturity       2,643       3,131         cons and advances, fixed-rate bank loans and advances represent       2,643       3,131         cons and advances       by time-to-maturity       2,278       8,758         cons and advances       10,020       8,151       10,239         cons and advances       10,293       6,974       6,755         2       3       Over 3 months and up to 1 year       6,974       6,755         2       3       Over 1 year and up to 5 years       10,822       8,216         732       780       Over 5 years       10,822       8,216         733       788       Total       772       780       772         cons and advances at amortised cost, finance leases represent       1,747       727         cons cons and advances at amortised cost, finance leases represent       1,747       727         cons cons and advances at amortised cost, finance leases represent       1,849       1,4747         cons cons and advances at amortised cost, finance leases represent       1,849       1,4747         cons cons and advances und put to 1 year       36       36       375         cons cons and advances represe			consideration the expected interest rate development.		
orgnised under "Other assets" or "Other liabilities".       2,643       3,131         b       By time-to-maturity       2,643       3,131         cons and advances, fixed-rate bank loans and advances represent       2,643       3,131         cons and advances       by time-to-maturity       2,278       8,758         cons and advances       10,020       8,151       10,239         cons and advances       10,293       6,974       6,755         2       3       Over 3 months and up to 1 year       6,974       6,755         2       3       Over 1 year and up to 5 years       10,822       8,216         732       780       Over 5 years       10,822       8,216         733       788       Total       772       780       772         cons and advances at amortised cost, finance leases represent       1,747       727         cons cons and advances at amortised cost, finance leases represent       1,747       727         cons cons and advances at amortised cost, finance leases represent       1,849       1,4747         cons cons and advances at amortised cost, finance leases represent       1,849       1,4747         cons cons and advances und put to 1 year       36       36       375         cons cons and advances represe			The marking-to-market of the bank loan portfolio as a result of the use of hedge accounting has been rec-		
Image: second					
Image: second					
Laars and advances       32,788       8,754         1       Up to 3 months       12,658       10,233         4       Over 3 months and up to 1 year       6,974       6,755         2       3       Over 1 year and up to 5 years       13,661       6,829         739       780       Over 5 years       10,822       8,754         739       780       Over 5 years       13,661       6,829         739       780       Over 5 years       10,822       8,754         740       Over 5 years       76,004       40,792         750       Additions and advances at amortised cost, finance leases represent       76,004       40,792         751       Additions relating to acquisition       1,476       7227         752       Additions relating to acquisition       1,476       1,476         753       Additions for finance leases represent       18,499       1,4747         755       Impairment provisions for finance leases represent       14       666         755       Impairment provisions for finance leases represent       14       666         755       Impairment provisions for finance leases represent       14       666         755       Over 3 months       171       88<	-	-	Of total loans and advances, fixed-rate bank loans and advances represent	2,643	3,131
Laars and advances       32,788       8,754         1       Up to 3 months       12,658       10,233         4       Over 3 months and up to 1 year       6,974       6,755         2       3       Over 1 year and up to 5 years       13,661       6,829         739       780       Over 5 years       10,822       8,754         739       780       Over 5 years       13,661       6,829         739       780       Over 5 years       10,822       8,754         740       Over 5 years       76,004       40,792         750       Additions and advances at amortised cost, finance leases represent       76,004       40,792         751       Additions relating to acquisition       1,476       7227         752       Additions relating to acquisition       1,476       1,476         753       Additions for finance leases represent       18,499       1,4747         755       Impairment provisions for finance leases represent       14       666         755       Impairment provisions for finance leases represent       14       666         755       Impairment provisions for finance leases represent       14       666         755       Over 3 months       171       88<			Ry time-to-maturity		
1 $1$			by time to induity		
1       1       Up to 3 months       10,253       10,233         4       4       Over 3 months and up to 1 year       6,974       6,755         2       3       Over 1 year and up to 5 years       13,361       6,829         732       780       Over 5 years       10,822       8,216         739       788       Total       76       40,792         730       Over 5 years       Of total loans and advances at amortised cost, finance leases represent       76       40,792         -       Balance, beginning of year       1,747       727         -       Additions relating to acquisition       983       75         -       Additions relating to acquisition       -       1,476         -       Balance, year-end       1,849       1,474         -       By time-to-maturity       -       1,476         -       Up to 3 months       114       66         -       Up to 3 months       1171       88         -       Over 3 months and up to 1 year       345 </td <td></td> <td></td> <td>Loans and advances</td> <td></td> <td></td>			Loans and advances		
440 ver 3 months and up to 1 year6,9746,975230 ver 1 year and up to 5 years13,3616,8297327080 ver 5 years10,8228,216739708 $Total$ 76,60440,79276640,79276,75576676,75576,75576676,75576,75576876,60477277777477277774727777474777747477774747777474777747477747477477747477477747477477747477477747477477747477477747477477747477477747477477747477477747477477747477477747477477747477477747477477747477477747477477747477477747747747 <trt< td=""><td>-</td><td>-</td><td></td><td>32,788</td><td>8,754</td></trt<>	-	-		32,788	8,754
2       3       Over 1 year and up to 5 years       13,361       6,829         732       780       Over 5 years       10,822       8,216         739       788       Total       76,604       40,792         730       Of total loans and advances at amortised cost, finance leases represent       77,707       72,700         -       -       Balance, beginning of year       1,747       72,707         -       -       Additions       983       75         -       -       Additions relating to acquisition       -       1,476         -       -       Additions relating to acquisition       -       1,474         -       -       Balance, year-end       1,449       1,474         -       -       Balance, year-end       14       660         -       -       -       -       1,474       661         -       -       -       -       -       1,474       661         -       -       -       -       -       -       -       -         -       -       -       -       -       -       -       -       -         -       -       -       -       - <td></td> <td></td> <td></td> <td></td> <td>10,239</td>					10,239
732780Over 5 years10,8228,216739788Total76,60440,792780Finance leases Of total loans and advances at amortised cost, finance leases represent1,747727778alance, beginning of year1,74772777Additions9837577Additions relating to acquisition98375778alance, year-end9837578alance, year-end1,8491,74778y time-to-maturity18491,74779y time-to-maturity18491,74789y time-to-maturity1944590ver 3 months118890ver 3 months and up to 1 year134934390ver 3 years1296491,74718491,747991,74718491,747991,74719889101010109101010109101010109101010109101010109101010109101010109101010109101010910101091010910910<					
739788Total76,00440,792739Rinance leases Of total loans and advances at amortised cost, finance leases representRinance leases Provide the seaseRinance leasesRinance Provide the seaseRinance Provide the seaseRinance Provide the seaseRinance Provide the seaseRinance Provide the seaseRinance 					
Image: Prince leases       Finance leases       Image: Prince leases       Image: Prince leases         Image: Prince leases       Of total loans and advances at amortised cost, finance leases represent       1,747       727         Image: Prince lease       Image: Prince leases       983       75         Image: Prince lease       983       1,476         Image: Prince lease       1,476       1,476         Image: Prince lease       1,849       1,474         Image: Prince lease       1,849       1,474         Image: Prince lease       1,947       1,849         Image: Prince lease       1,947       1,243         Image: Prine Prince lease       1,947       1,2					
of total loans and advances at amortised cost, finance leases represent       1,747         ·       Additions         ·       Additions relating to acquisition         ·       Additions relating to acquisition         ·       Disposals         ·       Balance, year-end         ·       Balance, year-end         ·       Balance, year-end         ·       By time-to-maturity         ·       Up to 3 months         ·       Over 3 months and up to 1 year         ·       Over 3 months and up to 5 years         ·       Over 5 years         ·       Total         ·       Total         ·       Total         ·       Total					
<ul> <li>Balance, beginning of year</li> <li>Additions</li> <li>Additions</li> <li>Additions relating to acquisition</li> <li>Additions relating to acquisition</li> <li>Disposals</li> <li>Disposals</li> <li>Balance, year-end</li> <li>Balance, year-end</li> <li>Balance, year-end</li> <li>By time-to-maturity</li> <li>By time-to-maturity</li> <li>Up to 3 months</li> <li>Over 3 months and up to 1 year</li> <li>Over 1 year and up to 5 years</li> <li>Over 1 year and up to 5 years</li> <li>Over 5 years</li> <li>Total</li> <li>Where loans and advances under finance leases are concerned, amortised cost represents the fair value therre of. The leases comprise equipment as well as real property. The leases have been concluded on an arm's</li> </ul>					
Additions98375Additions relating to acquisition1,476Disposals(881)Construction1,849Impairment provisions for finance leases represent1,849Impairment provisions for finance leases represent14Impairment provisions for finance leases are concerned, amortised cost represents the fair value thereImpairment provisions for finance leases are concerned, amortised cost represents the fair value thereImpairment provisions and advances under finance leases are concerned, amortised cost represents the fair value thereImpairment provisions and advances under finance leases are concerned, amortised cost represents the fair value thereImpairment provisions and advances under finance leases are property. The leases have been concluded on an arm'sImpairment provisions and advances under finance leases are property. The lease shave been concluded on an arm's			Of total loans and advances at amortised cost, finance leases represent		
Additions98375Additions relating to acquisition1,476Disposals(881)Construction1,849Impairment provisions for finance leases represent1,849Impairment provisions for finance leases represent14Impairment provisions for finance leases are concerned, amortised cost represents the fair value thereImpairment provisions for finance leases are concerned, amortised cost represents the fair value thereImpairment provisions and advances under finance leases are concerned, amortised cost represents the fair value thereImpairment provisions and advances under finance leases are concerned, amortised cost represents the fair value thereImpairment provisions and advances under finance leases are property. The leases have been concluded on an arm'sImpairment provisions and advances under finance leases are property. The lease shave been concluded on an arm's			Delance heringing of year	1 747	777
Additions relating to acquisition1,476Disposals(881)Image: spectrum	_				
Image: second	-	-			1,476
Impairment provisions for finance leases represent1466	-	-		(881)	(531)
By time-to-maturityBy time-to-maturity17188Up to 3 months17188Over 3 months and up to 1 year343343Over 1 year and up to 5 years1241,253Over 5 years12964Total1,8491,7471,8491,747<	-	-	Balance, year-end	1,849	1,747
By time-to-maturityBy time-to-maturity17188Up to 3 months17188Over 3 months and up to 1 year343343Over 1 year and up to 5 years1241,253Over 5 years12964Total1,8491,7471,8491,747<					
-Up to 3 months17188Over 3 months and up to 1 year343343Over 1 year and up to 5 years1,2041,253Over 5 years12964Total1,8491,747Construction1,8491,747ConstructionConstructionConstructionConstructionConstructionConstructionConstructionConstructionConstructionConstructionConstructionConstructionConstructionConstructionConstructionConstructionConstructionConstructionConstructionConstr	-	-	Impairment provisions for finance leases represent	14	66
-Up to 3 months17188Over 3 months and up to 1 year343343Over 1 year and up to 5 years1,2041,253Over 5 years12964Total1,8491,747Construction1,8491,747ConstructionConstructionConstructionConstructionConstructionConstructionConstructionConstructionConstructionConstructionConstructionConstructionConstructionConstructionConstructionConstructionConstructionConstructionConstructionConstr			By time-to-maturity		
-Over 1 year and up to 5 years1,2041,253-Over 5 years12964Total1,8491,747Where 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'sImage: Comparison of the leases comprise equipment as well as real property. The leases have been concluded on an arm's	-	-		171	88
-       Over 5 years       129       64         -       -       Total       1,849       1,747         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       Image: Comparison of the leases comprise equipment as well as real property. The leases have been concluded on an arm's       Image: Comparison of the leases comprise equipment as well as real property. The leases have been concluded on an arm's       Image: Comparison of the leases comprise equipment as well as real property. The leases have been concluded on an arm's       Image: Comparison of the leases comprise equipment as well as real property. The leases have been concluded on an arm's       Image: Comparison of the leases comprise equipment as well as real property. The leases have been concluded on an arm's       Image: Comparison of the leases comprise equipment as well as real property. The leases have been concluded on an arm's       Image: Comparison of the leases comprise equipment as well as real property. The leases have been concluded on an arm's       Image: Comparison of the leases comparison of the lea	-	-	Over 3 months and up to 1 year	345	343
-       -       Total       1,849       1,747         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       Image: Comparison of the leases comprise equipment as well as real property. The leases have been concluded on an arm's	-				1,253
Where loans and advances under finance leases are concerned, amortised cost represents the fair value the- reof. The leases comprise equipment as well as real property. The leases have been concluded on an arm's	-				64
reof. The leases comprise equipment as well as real property. The leases have been concluded on an arm's	-	-	I OTAI	1,849	1,747
reof. The leases comprise equipment as well as real property. The leases have been concluded on an arm's			Where loans and advances under finance leases are concerned, amortised cost represents the fair value the-		

### DKK million

-	Realkredit A/S		The Nykredit Rea	-
2007	2008		2008	2007
		18. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST (continued)		
		Gross investments in finance leases		
		By time-to-maturity		
-	-	Up to 1 year Over 1 year and up to 5 years	580 1,381	576 1,407
-		Over 5 years Total	147 <b>2,108</b>	67 <b>2,050</b>
-	-	Non-earned income	(259)	303
		The finance lease terms range from 1 to 6 years.		
		19. BONDS AT FAIR VALUE		
16,489 140,845		Own SDOs Own ROs	129,125 69,847	46,432 186,503
39,503	54,065	Other ROs	78,243	61,393
11,147 11,899		Government bonds Other bonds	8,176 17,877	11,859 18,025
219,882	192,362		303,268	324,213
(140,845)	(45,118)	Set-off of own ROs against "Issued bonds at fair value" – note 30	(69,847)	(186,503)
(16,489)	(77,911)	Set-off of own SDOs against "Issued bonds at fair value" - note 30	(129,075)	(46,432)
		Set-off of own junior covered bonds against "Issued bonds at fair value" – note 30 Set-off of own SDOs against "Issued bonds at amortised cost" – note 31	(3,908) (51)	
- 62,548	- 65,564	Set-off of own other bonds against "Issued bonds at amortised cost" – note 31	(657)	(342)
02,548			99,731	90,935
552	210	Of which drawn bonds	940	829
71,086	-	Pre-issue of mortgage bonds	-	71,086
		Bond holdings stemming from prepaid funds, including prepayments at par, and proceeds		
47,756	48,507	from the issue of fixed-price agreements.	48,507	47,756
39,814	76 750	As collateral security for the Danish central bank, Danmarks Nationalbank, the Danish FUTOP clearing centre and foreign clearing centres, bonds have been deposited of a total market value of	128,297	67,175
55,611	10,150	Collateral security was provided on an arm's length basis.	120,237	0,,,,,

Notes

Niedens die			The Nulse dit De	-II
-	Realkredit A/S		The Nykredit Re	•
2007	2008		2008	2007
		20. EQUITIES		
		20. 200 125		
7,344	2,999	Equities measured at fair value through profit or loss	1,585	2,694
	_,	Equities available for sale	2,118	4,960
7,344	2,999		3,702	7,653
		Equities measured at fair value through profit or loss		
5,165		Listed on the NASDAQ OMX København A/S	143	593
1,146		Listed on other stock exchanges	298	1,157
1,033		Unlisted equities carried at fair value	1,144	944
7,344	2,999	Total	1,585	2,694
		Specification of equities measured at fair value and recognised in equity		
		Dartfalia havinging of year	4.000	F 242
-	-	Portfolio, beginning of year Additions	4,960	5,343
		Additions Additions relating to acquisition		125
-		Additions relating to acquisition Additions relating to acquisition of subsidiary	- 1	135
_		Market value adjustment	(2,843)	- (518)
-		Portfolio, year-end	2,118	4,960
		rontono, year end	2,110	4,500
		The strategic equity investments include shares in Jyske Bank A/S, Sydbank A/S, Spar Nord Bank A/S, Am-		
		agerbanken A/S, Jeudan A/S, DADES A/S and Værdipapircentralen A/S. Equities available for sale are fair		
		value adjusted until a potential sale and recognised in equity.		
		Equities available for sale, fair value-adjusted against equity		
-	-	Listed on the NASDAQ OMX København A/S	1,794	4,617
-	-	Unlisted equities carried at fair value	324	343
-	-	Total	2,118	4,960
		21. INVESTMENTS IN ASSOCIATES		
127	148	Acquisition cost, beginning of year	88	67
21	-	Additions	2	20
-		Disposals	(27)	-
-		Capital increase by cash payment	-	-
148	158	Acquisition cost, year-end	62	88
15	/0	Revaluations and impairment losses, beginning of year	49	23
42		Profit before tax	<b>49</b> 14	41
(9)		Tax	(1)	(8)
(8)		Dividend	(1)	(0)
-		Reversal of revaluation and impairment losses	(43)	-
40		Revaluations and impairment losses, year-end	18	49
188	168	Balance, year-end	81	137
51	90	Of which proportionate consolidation	-	-

Nykredit F	Realkredit A/S		The Nykredit Rea	alkredit Group
2007	2008		2008	2007
		22. INVESTMENTS IN GROUP ENTERPRISES		
12,040	15,148	Acquisition cost, beginning of year	-	-
9	(21)	Foreign currency translation adjustment	-	-
-	1,331	Additions	-	-
3,100	3,253	Capital increase	-	-
(1)	-	Disposals	-	-
15,148	19,712	Acquisition cost, year-end	-	-
2,655	3,626	Revaluations and impairment losses, beginning of year	-	-
(1)	2	Foreign currency translation adjustment	-	-
2,332	181	Profit before tax	-	-
(576)	109	Tax	-	-
(820)	-	Dividend	-	-
36	(27)	Other movements in capital	-	-
3,626	3,891	Revaluations and impairment losses, year-end	-	-
18,774	23,603	Balance, year-end	-	-
16,968	22,478	Of which credit institutions	-	-
		Subordinate receivables		
6,000	-	Group enterprises	-	-
2,060	· · ·	Other enterprises	2,279	2,765
8,060	8,048	Total	2,279	2,765

Niedens die i			The Nulsee die Des	-II
-	Realkredit A/S		The Nykredit Rea	
2007	2008		2008	2007
		23. INTANGIBLE ASSETS		
2,094	,	Goodwill	2,769	2,094
1,663	2,169	Fixed-term rights	2,214	1,692
120	110	Software	135	135
79	88	Development projects in progress	88	79
-		Customer relationships	126	-
3,957	5,252	Total	5,332	3,999
		Goodwill		
2,536	2 09/	Acquisition cost, beginning of year	2,094	2,536
188		Additions	862	188
-		Disposals	(188)	-
(629)		Transferred to fixed-term rights	-	(629)
2,094	2,759	Acquisition cost, year-end	2,769	2,094
2,094	2,759	Balance, year-end	2,769	2,094
		Goodwill of DKK 1,907m (2007: DKK 2,094m) relates to the business area Business Partners.		
		Addition of DKK 862m goodwill at group level is mainly related to Forstædernes Bank.		
		Goodwill has not been amortised, and an impairment test provided no basis for goodwill impairment relating		
		to the acquisition of Totalkredit A/S and Forstædernes Bank A/S.		
		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 2008 and projections for the following five		
		years. The terminal value for the period 2013 and later has been determined based on an assumption of an-		
		nual growth in profit. The discount rate is before tax.		
		The impairment test for Totalkredit is based on the following assumptions:		
		Acquired goodwill 1,907		
		Required rate of return before tax 10%		
		Estimated avg annual growth from 2008 to 2013 11.9%		
		Estimated avg annual growth from 2013 and later 2%		
		The impairment test for Forstædernes Bank is based on the following assumptions:		
		Acquired goodwill 852		
		Required rate of return before tax     10%       Estimate loss of the second sec		
		Estimated avg annual growth from 2008 to 2013 5.3%		
		Estimated avg annual growth from 2013 and later 2%		

ykredit Rea	lkredit A/S		The Nykredit Rea	lkredit
2007	2008		2008	
		23. INTANGIBLE ASSETS (continued)		
		Fixed-term rights		
2,560	3,310	Acquisition cost, beginning of year	3,357	
-	-	Additions relating to acquisition	-	
121	919	Additions for the year	941	
629	-	Addition from goodwill	-	
3,310	4,229	Acquisition cost, year-end	4,298	
1,259	1,647	Amortisation and impairment losses, beginning of year	1,665	
388	414	Amortisation for the year	419	
1,647	2,060	Amortisation and impairment losses, year-end	2,084	
1,663	2,169	Balance, year-end	2,214	
		Fixed-term rights are amortised over a period of up to 9 years.		
5	5	Residual amortisation period at 31 December (number of years)	5	
		With effect from 1 April 2008, Nykredit/Totalkredit and Danish local and regional banks entered into a new		
		partnership agreement. The agreement determines the final price of the Totalkredit shares, which was origi-		
		nally scheduled to be determined in 2010.		
		The back payment amounts to DKK 1,460m after tax payable on 1 October 2012. Nykredit Realkredit pro-		
		vided DKK 750m for such liability in the Annual Report for 2007. The additional excess payment has been		
		included in 2008.		
		The excess payment reflects the fact that during the term of the agreement, Nykredit obtains a higher value		
		of the distribution right, and it has therefore been classified as a fixed-term right. The fixed-term right will		
		be amortised on a straight-line basis up to 31 December 2013.		
		The still Manual Art Production of the sector of Production Manual Art State and Art State and Art State and Art		
		The addition to the fixed-term right and an adjusted amortisation horizon together resulted in an amortisa-		
		tion increase of DKK 59m in 2008. In future financial years, the addition will increase amortisation by DKK		
		829m (DKK 622m after tax).		
		Software		
152	273	Acquisition cost, beginning of year	302	
-	-	Additions relating to acquisition of subsidiary	16	
-	-	Additions	13	
121	48	Additions relating to development projects in progress	48	
273	321	Acquisition cost, year-end	379	
127	153	Amortisation and impairment losses, beginning of year	167	
-	-	Additions relating to acquisition of subsidiary	8	
26	58	Amortisation for the year	68	
153		Amortisation and impairment losses, year-end	243	
120	110	Balance, year-end	135	

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Nykredit F	Realkredit A/S		The Nykredit Re	alkredit Group
2007	2008		2008	2007
2007	2000		2000	2007
		23. INTANGIBLE ASSETS (continued)		
		23. INTANGIBLE ASSETS (continued)		
		Software is amortised over a period of up to four years.		
2	2		2	2
2	2	Residual amortisation period at 31 December (number of years)	2	2
		Development and in the in another		
		Development projects in progress		
100	70	Association and basication of some	70	100
106		Acquisition cost, beginning of year	79	106
93		Additions for the year	57	93
(121)		Transferred to software	(48)	(121)
79	88	Acquisition cost, year-end	88	79
79	88	Balance, year-end	88	79
,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	00		00	/5
		Customer relationships		
_	-	Acquisition cost, beginning of year	_	_
_		Additions for the year	130	_
_		Acquisition cost, year-end	130	
_	_	Amortisation and impairment losses, beginning of year	_	_
-		Impairment losses for the year	4	
_		Amortisation and impairment losses, year-end	4	_
		· · · · · · · · · · · · · · · · · · ·		
-	126	Balance, year-end	126	-
		Customer relationships are amortised over a period of up to 13 years.		
-	-	Residual amortisation period at 31 December (number of years)	13	-
		24. LAND AND BUILDINGS		
-	-	Investment properties	70	71
358	25	Owner-occupied properties	1,512	1,575
3	-	Plant under construction	134	43
360	25	Total	1,716	1,688
		Investment properties		
-		Fair value, beginning of year	71	72
-		Fair value adjustment for the year	(1)	(1)
-	-	Fair value, year-end	70	71
			70	
-	-	Of which land and buildings leased under operating leases	70	71
-	-	Rental income from investment properties	5	5
		Dontal income under non-concellable energian leases		
		Rental income under non-cancellable operating leases		7
		Up to 1 year Over 1 year and up to 5 years	1	1
		Over 5 years	5 64	5 65
		Total	<b>70</b>	71
			70	/1

-	Realkredit A/S		The Nykredit Rea	•
2007	2008		2008	2007
		24. LAND AND BUILDINGS (continued)		
		Owner-occupied properties		
		Owner-occupied properties		
270	291	Acquisition cost, beginning of year	1,495	1,460
22		Additions for the year	9	37
0		Disposals for the year	(11)	(2)
291		Acquisition cost, year-end	1,493	1,495
118	118	Revaluations, beginning of year	322	275
-	-	Additions relating to acquisition of subsidiary	1	-
2	2	Additions for the year recognised in equity	9	48
(1)	(114)	Disposals for the year recognised in equity	(41)	(1)
118	6	Revaluations, year-end	291	322
50	52	Depreciation and impairment losses, beginning of year	242	244
2	-	Depreciation for the year	19	20
-	-	Impairment losses for the year	13	-
(0)	(51)	Reversal of depreciation and impairment losses	(2)	(22)
52	1	Depreciation and impairment losses, year-end	273	242
358	25	Balance, year-end	1,512	1,575
		Owner-occupied properties are depreciated over a period of 20-50 years.		
13	9	Residual depreciation period at 31 December (number of years)	16	10
		The latest revaluation of owner-occupied properties was made at end-2008.		
		The valuations were carried out by an internal valuer based on the return method. In 2008 the required rate		
		of return ranged between 5% and 7.7% depending on the nature, location and state of repair of the owner-		
		occupied property.		
		Plant under construction		
6		Acquisition cost, beginning of year	62	38
16		Additions for the year	232	42
-		Disposals for the year	(2)	-
(18)		Transferred to properties	-	(18)
3	0	Acquisition cost, year-end	291	62
		Impriment large heringing of year	(10)	
-		Impairment losses, beginning of year	(19)	-
-		Impairment losses for the year	(138)	(19)
-	-	Impairment losses, year-end	(157)	(19)
2	0	Palance year and	174	47
3	U	Balance, year-end	134	43
2		Of which directly related costs	134	42
3	-		154	43

				DKK million
Nykredit R	ealkredit A/S		The Nykredit Re	alkredit Group
2007	2008		2008	2007
		25. OTHER PROPERTY, PLANT AND EQUIPMENT		
		Other assets		
482	574	Acquisition cost, beginning of year	927	831
	- 524	Additions relating to acquisition of subsidiary	233	6
51	70	Additions for the year	153	113
(10)		Disposals for the year	(55)	(22)
(10) 524		Acquisition cost, year-end	1,258	(22) 927
524	557	Acquisition cost, year-enu	1,230	927
220	200	Depreciation and impairment losses, beginning of year	652	F71
338	200			571
-	-	Additions relating to acquisition of subsidiary	143	5
-	-	Disposals for the year	-	(2)
35		Depreciation for the year	108	91
(5)		Reversal of depreciation and impairment losses	(48)	(13)
368	409	Depreciation and impairment losses, year-end	856	652
156	188	Balance, year-end	402	276
		Other assets are depreciated over 4-5 years.		
4	4	Residual depreciation period at 31 December (number of years)	4	3
		26. ASSETS IN TEMPORARY POSSESSION		
5	52	Repossessions for sale	70	5
5		Total	70	5
		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 rec	-	
		ognised under "Group items" in the segment financial statements.		

Nykredit I	Realkredit A/S		The Nykredit Re	alkredit Group
2007	2008		2008	2007
		27. OTHER ASSETS		
7,832	9 701	Interest and commission receivable	11,393	7,123
693	-,	Receivables from group enterprises	-	
2,035		Positive market value of derivative financial instruments	25,380	9,710
170		Defined benefit plans	123	170
_		Receivable relating to reinsurance	72	106
212		Other assets	705	486
10,942	15,607	Total	37,673	17,596
		Changes in receivables relating to reinsurance for the year		
-	-	Balance, beginning of year	106	75
-	-	Utilised for the year	(64)	(26)
-	-	Provision for the year	34	51
-	-	Adjustment for the year as a result of changes to the discount rate and discount period	3	2
-	-	Reversal of unutilised amounts	(7)	5
-	-	Balance, year-end	72	106
		Defined benefit plans		
		benned 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 11.		
		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 pen-		
		sion 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.		
(542)	(530)	Present value of defined benefit plans	(530)	(542)
712	652	Fair value of plan assets	652	712
				_
170	123	Net asset, year-end	123	170
(702)	(5.42)	Obligation beginning of your	(5.42)	(707)
(702)		Obligation, beginning of year	(542)	(702)
(28)		Calculated interest expenses relating to the obligation	(26)	(28)
142		Actuarial gains/losses Past service costs	(7)	142
2 46		Pension benefits paid	3 43	2 46
40	45	rension benefits paid	45	40
(542)	(530)	Obligation, year-end	(530)	(542)
()	(220)		(000)	(3)
772	712	Plan assets, beginning of year	712	772
26	46		46	26
(87)	(61)	Actuarial gains/losses	(61)	(87)
47	-	Contributions	-	47
(46)	(45)	Pension benefits paid	(45)	(46)
712	652	Plan assets, year-end	652	712

DKK million

Nykredit R	ealkredit A/S		The Nykredit Re	alkredit Group
2007	2008		2008	2007
		27. OTHER ASSETS (continued)		
		Pension costs/income relating to defined benefit plans recognised in the income statement		
(28)	(26)	Calculated interest expenses relating to the benefits	(26)	(28)
26	46	Expected return on plan assets	46	26
2	3	Past service costs	3	2
54	(69)	Actuarial gains/losses for the year	(69)	54
53	(47)	Total	(47)	53
		Income has been recognised under "Staff and administrative expenses" Plan assets break down as follows:		
155	114	Equities	114	155
659	632	Bonds	632	659
66	38	Cash and other receivables	38	66
(168)	(132)	Tax	(132)	(168)
712	652	Total plan assets	652	712
		Return on plan assets before tax		
17	(51)	Actual return on plan assets	(51)	17
26	46	Expected return on plan assets	46	26
(8)	(96)	Actuarial losses on plan assets	(96)	(8)

### Actuarial calculation assumptions

	2008	2007	2006	2005	2004
Expected return on plan assets	5.5-6.3%	4.6%-5.5%	4%-6.5%	7%	-
Discount rate (average)	5.0%	4.8%	4.1%	3.2%	-
Wage rate	4%	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:

	2008	2007	2006	2005	2004
Plan liabilities	(530)	(542)	(702)	(823)	-
Plan assets	652	712	772	836	-
Over/underfunding	122	170	70	13	-
Experience adjustments on plan liabilities	(7)	142	98	(66)	-
Experience adjustments on plan assets	(61)	(87)	(43)	76	-

DKK million

				DKK million
Nykredit R	ealkredit A/S		The Nykredit Re	alkredit Group
2007	2008		2008	2007
		28. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS		
		20. PATADLES TO CREDIT INSTITUTIONS AND CENTRAL DAINES		
37,683	76,989	Payables to credit institutions	98,545	66,348
25,527		Payables to central banks	64,004	49,527
63,210	100,911	Total	162,549	115,875
		Particus de madarite		
		By time-to-maturity		
915	657	Payables on demand	3,691	8,335
62,295		Up to 3 months	151,715	103,003
-	-		3,785	3,009
-		Over 1 year and up to 5 years	3,247	1,529
- 63,210	- 100,911	Over 5 years	112 162,549	- 115,875
05,210	100,911		102,345	115,675
		29. DEPOSITS AND OTHER PAYABLES		
-	-	On demand	26,216	13,198
		At notice Time deposits	4,091 28,145	1,211 16,213
-		Special deposits	2,724	959
-		Total	61,177	31,581
		By time-to-maturity On demand	27 200	
	-	Up to 3 months	27,309 18,863	- 29,262
-	-	Over 3 months and up to 1 year	12,311	1,445
-	-	Over 1 year and up to 5 years	1,043	214
-		Over 5 years	1,650	660
-	-	Total	61,177	31,581
		30. ISSUED BONDS AT FAIR VALUE		
789,937		Mortgage bonds	677,972	937,195
87,143		SDOs (særligt dækkede obligationer)	348,006	87,143
5,000 <b>882,081</b>	917,073	Junior covered bonds Total	12,932 <b>1,038,910</b>	5,000 <b>1,029,338</b>
002,001	517,075		1,030,310	1,025,550
(157,334)		Own bonds transferred from "Bonds at fair value" – note 19	(202,829)	(232,935)
724,746	790,326	Total	836,081	796,403
		Of total fair value adjustment of issued mortgage bonds in 2008, DKK 0m (2007: DKK 0m)		
		represents a change in the fair value of own credit risk. Of the accumulated effect, DKK Om		
		represents changes in 2008 (2007: DKK 0m).		

Notes

-	Realkredit A/S			Realkredit Group
2007	2008		20	08 2007
		30. ISSUED BONDS AT FAIR VALUE (continued)		
		30.a. Mortgage bonds		
809,527	570,887	Mortgage bonds at nominal value	696,8	39 962,734
(19,590)		Fair value adjustment	(18,86	(25,539)
789,937	556,134	Mortgage bonds at fair value	677,9	72 937,195
(140,845)	(45,118)	Own mortgage bonds transferred from "Bonds at fair value" - note 19	(69,84	(186,503)
649,092	511,016	Total	608,1	24 750,692
-	229	Of which pre-issuance	2	- 29
119,132	33,453	Drawn for redemption at next creditor settlement date	35,6	90 125,765
		30.b. SDOs (særligt dækkede obligationer)		
87,818	350,197	SDOs at nominal value	350,1	97 87,818
(675)	,	Fair value adjustment	(2,19	
87,143		SDOs at fair value	348,0	
0.7.15	2.0,000		2.0,0	
(16,489)	(77 911)	Own SDOs transferred from "Bonds at fair value" – note 19	(129,07	(46,432)
70,654	270,096		218,9	
70,054	270,050		210,3	52 40,711
73,436	1 307	Of which pre-issuance	1,3	07 73,436
		Drawn for redemption at next creditor settlement date	95,0	
	33,090			
		30.c. Junior covered bonds		
		Sole. Sumor covered bonds		
5,000	12 000	Junior covered bonds at nominal value	13,0	00 5,000
5,000	-	Fair value adjustment		
- -		Junior covered bonds at fair value		i8) -
5,000	12,932		12,9	32 5,000
	(2,710)	Own junior covered bonds transferred from "Bonds at fair value" - note 19		0
-			(3,90	
5,000	9,214	Total	9,0	24 5,000
		Description of the state of the		
-	5,000	Drawn for redemption at next creditor settlement date	5,0	- 00
		By time-to-maturity		
121,473		Up to 3 months	133,7	
135,701		Over 3 months and up to 1 year	70,9	
135,751		Over 1 year and up to 5 years	152,4	
489,155		Over 5 years	681,7	
882,080	917,073	Total	1,038,9	10 1,029,338

3.1.ISSUED BONDS AT AMORTISED COST         21,162         1           -         Corporate bonds         21,162         1           -         103         SDOS (sarling) (dekkede obligationer)         103           77         86         Employee bonds         106           71         65         Other securities         106           72         78         Employee bonds         108           73         65         Other securities         106           74         78         6         Other securities         106           75         78         Fault         78         6657         6677           70         75         Over 1 boods at far value" - note 19         6657         6677         6           70         79         By time-to-maturity         78         74         70         70           70         70         Over 1 year and up to 5 years         1420         71         70           71         70         Over 1 year and up to 5 years         1420         71         70           71         70         Over 1 year and up to 5 years         1420         71         70           71         70         Over 3 year and up to 5 years <th>Nykredit Re 2007</th> <th>ealkredit A/S 2008</th> <th></th> <th>The Nykredit Rea 2008</th> <th>alkredit Group 2007</th>	Nykredit Re 2007	ealkredit A/S 2008		The Nykredit Rea 2008	alkredit Group 2007
-         Corporate bonds         21,152         1           -         103         500 (Serligt dakkede obligationer)         103         108           -         105         500 (Serligt dakkede obligationer)         108         108           -         -         Own other bonds transferred from "Bonds at fair value" - note 19         (657)         (7)           -         -         Own other bonds transferred from "Bonds at fair value" - note 19         (656)         (7)           -         -         Own other bonds transferred from "Bonds at fair value" - note 19         (656)         (7)           -         -         Own other bonds transferred from "Bonds at fair value" - note 19         (656)         (7)           -         -         On demand         3018         (7)         (7)           -         -         On demand         12,200         (7)         (7)	2007	2000		2000	2007
-       103       SOOs (sarijet daskkede obligationer)       103         22       66       Employue bands       106         118       225       Total       21,489       2         -       0 on other bonds transferred from "Bonds at fair value" - note 19       (65)       (61)         (91)       (66)       0 on other bonds transferred from "Loans, advances and other receivables at amortised cost" - note 18       (66)         (27)       138       Total       20,665       1         (91)       (66)       0 on other bonds transferred from "Loans, advances and other receivables at amortised cost" - note 18       (66)         (27)       138       Total       20,665       1         (91)       On domand       3,018       .       .         -       -       0 n domand       3,018       .       .         -       -       Up to 3 months       3,118       .       .         -       Up to 3 months       1,2470       .       .       .       .         116       Over 5 years       .       .       .       .       .         12,470       Jourand       .       .       .       .       .         116       Over 5 years			31. ISSUED BONDS AT AMORTISED COST		
1010       SDOs (carring daskede obligationer)       1013         77       86       Endpoyce bonds       108         118       225       Total       21,459       2         118       225       Total       21,459       2         119       0005 Stansferred from "bands at fair value" - note 19       (51)       (51)       (51)         (7)       0005 Stansferred from "bands at fair value" - note 19       (56)       (57)       (7)         (7)       005 Stansferred from "bands, advances and other receivables at anorticed cost" - note 19       (66)       (67)         (7)       005 Stansferred from "bands, advances and other receivables at anorticed cost" - note 14       (60)       (7)         (7)       001 get anorths       30,118       (7)       (7)         (7)       001 get anorths       30,118       (7)       (7)         (10)       000 get anorths       10,100       (7)       (7)         (11)       0000 Stansferred from "bands at fair value" - note 19       (6)       (7)         (11)       0000 Stansferred from "bands at fair value" - note 19       (7)       (7)         (11)       0000 Stansferred from "bands at fair value" - note 19       (7)       (7)         (11)       00000 Stansferred from St	-	-	Corporate bonds	21,162	1,904
9         66         Other securities         06           118         255         Total         21,439         22           -         -         Own other bonds transferred from "Bonds at fair value" - note 19         (51)         (57)         (57)           (51)         Own SODs transferred from "Bonds at fair value" - note 19         (51)         (51)         (51)           (7)         188         Total         20,665         1           (7)         188         Total         20,665         1           -         -         On demand         3,018         2           -         -         On demand         3,018         2           -         -         On demand         3,018         2           -         -         Up to 3 months         4,110         1           -         -         Up to 3 months         1,2470         -           118         255         Total         Year and up to Syears         422           118         32.0 THER LIABILITIES         24,440         22           118         32.0 THER LIABILITIES         3,411         2           12,128         3,4247         Payables coting tote protestranscin instruments	-	103	SDOs (særligt dækkede obligationer)	103	
118         255         Total         21,439         2           -         Own other bonds transferred from "Bonds at fair value" - note 19         (657)         (C           (91)         (66)         (65)         (65)         (7)           (91)         (66)         Own other bonds transferred from "Bonds at fair value" - note 19         (65)         (65)           27         138         Total         20,665         1           28         by time-to-maturity         (7)         (7)           -         On demand         3,018         -           -         -         -         -         -           -         -         -         -					27
-       Own other bonds transferred from "Bonds at fair value" - note 19       (65)         (31)       (65)       Own other bonds transferred from "Loans, advances and other receivables at amortised cost" - note 18       (65)         27       138       Total       20,665       1         -       On demand       3,018       -         -       -       On demand       3,018       -         -       -       Up to 3 months       4,110       1         -       10       Down 3 months and up to 1 year       1,420       -         104       75       Over 1 year and up to 5 years       422       -       -         116       Over 5 years       422       -					91 <b>2,02</b> 2
(51)         Own SDOs transferred from "Bonds at fair value" - note 19         (51)           (91)         (66)         Own other bonds transferred from "Loans, advances and other receivables at amontised cost" - note 18         (66)           (71)         BT Total         Cost         Cost         (66)         (71)           (71)         BT Total         Cost         (71)<					
(91)         (65)         Own other bonds transferred from "Loans, advances and other receivables at amortised cost" - note 18         (65)           27         138         Total         20,665         1           27         138         Total         20,665         1           28         By time-to-maturity         3,018         3,018         4,110         1,1,100           -         -         0 ndemand         3,018         4,110         1,1,100         1,1,1,100         1,1,1,100         1,1,1,100         1,1,1,100         1,1,1,100         1,1,1,1,100         1,1,1,1,100         1,1,1,1,100         1,1,1,1,100         1,1,1,1,100         1,1,1,1,100         1,1,1,1,1,1,1,1,1,1,1,100         1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,	-				(342
27       138       Total       20,665       1.         -       -       0 ndemand       3,018       -         -       -       -       0 pt om onths       4,110       1.         -       19       0 Ver 3 months and up to 1 year       1,420       1,420         104       75       0 ver 1 year and up to 5 years       1,420       1,420         118       255       Total       242       242         118       255       Total       21,440       2         16,270       17,281       Interest and commission payable       21,877       6,         25,33       X,2,313       Negative market value of derivative financial instruments       21,877       6,         2,128       3,473       Payables relating to the purchase of Totalkredit shares       3,411       2         19,875       23,667       Total       53262       309         19,875       23,667       Total       53262       1,697       1,697         19,875       23,677       Total       53262       1,697       1,697         19,875       23,677       Total       53282       309       1,697       1,697         19,875       23,840	(91)	• •			(91
-       On demand       3,018         -       Up to 3 months       4,110         1       19       Over 3 months and up to 1 year       1,420         104       75       Over 1 year and up to 5 years       12,200         118       255       Total       21,440       22         118       255       Total       21,440       22         118       255       Total       21,440       22         118       255       Total       21,420       21,440       22         118       255       Total       21,240       21,240       21,240       21,240       21,240       21,240       21,240       21,240       21,240       21,245       32,371       23,451       22,655       21,       21,245       34,213       21,245       34,213       21,245       34,213       21,245       34,213       21,245       34,213       21,245       34,213       23,421       23,242       30         19,876       22,667       Total       53,242       30       31,870       34,313       21,677       6,       34,313       23,242       30       32,242       30       34,313       34,313       34,313       34,313       34,313 <t< td=""><td></td><td></td><td></td><td></td><td>1,58</td></t<>					1,58
-       On demand       3,018         -       Up to 3 months       4,110         1       19       Over 3 months and up to 1 year       1,420         104       75       Over 1 year and up to 5 years       12,200         118       255       Total       21,440       22         118       255       Total       21,440       22         118       255       Total       21,440       24         118       255       Total       21,420       24         118       255       Total       21,240       21,440       24         118       255       Total       21,240       3,2136       3,411       2         12,26       2,473       Negative market value of derivative financial instruments       21,677       6,61       3,411       2         13,975       23,657       Total       53.282       30       3,610       3,610         19,875       23,657       Total       53.282       30       3,610       3,610         14       14       14       14       14,100       1,100       1,100       1,100       1,100       1,100       1,100       1,100       1,100       1,100       1			Duting to maturity		
-       Up to 3 months       4,110       1,420         -       19       Over 3 months and up to 1 year       1,420         104       75       Over 1 year and up to 5 years       422         118       255       Total       422         118       250       Total       422         118       250       Total       26,296       92,1         117,281       Interest and commission payable       26,629       92,1       1,677         117,281       Negative market value of derivative financial instruments       3,411       2         119,876       23,667       Total       532,822       30         119,876       23,667       Total       532,822       30         119,876       24,965       Total       532,822       30         119,876       24,965       Total       532,822       30         120,175       Adjustment of balance regarding properties transferred, beginning of year       484       442      <			By time-to-maturity		
-19Over 3 months and up to 1 year1,42010475Over 1 year and up to 5 years12,4701416Over 5 years422118225Total21,440212822. OTHER LIABILITES21,240215217,281Interest and commission payable26,29621,1532,213Negative market value of derivative financial instruments21,8776,2,12869Other payables3,4712,19,87623,667Total53,2823019,87623,667Total53,2823019,87624,269Total53,2823011CAdjustment of balance regarding properties transferred, beginning of year484Additions relating to the year recognised in profit for the year(432)Additions relating to acquisition(432)Additions relating to acquisition in quity(7)Additions relating to acquisition in quity(7)Additions relating to acquisition in quity(7) <t< td=""><td>-</td><td>-</td><td>On demand</td><td>3,018</td><td></td></t<>	-	-	On demand	3,018	
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14161Over 5 years4422118255Total21,4402118255Total21,44021182557 tal22,629621,116,27017,281Interest and commission payable26,29621,116,27017,281Interest and commission payable26,29621,25,332,213Negative market value of drivative financial instruments21,877662,1283,473Payables relating to the purchase of Totalkredit shares3,4112,125699Other payables1,6971,1919,87623,667Total53,28330019,87623,667Total53,28330019,87623,667Total53,28330019,87623,667Total644444410,101Adjustment of change in tax rate11(17)Adjustment of change in tax rate13Additions relating to acquisition(417)-14Matter of the year recognised in equity(7)15	-				37: 22(
118255Total21,440216,27017,281Interest and commission payable26,29621,8532,213Negative market value of derivative financial instruments21,877662,1283,473Payables relating to the purchase of Totalkredit shares3,4112625699Other payables1,6971,19,87623,667Total53,28230570490Deferred tax53,28230625699Other payables48444djustment of balance regarding properties transferred, beginning of yearAdjustment of deferred tax assessed for previous years(15) <td< td=""><td></td><td></td><td></td><td></td><td>25</td></td<>					25
16,27017,281Interest and commission payable26,29621,8532,213Negative market value of derivative financial instruments21,877662,1283,473Payables relating to the purchase of Totalkredit shares3,4112625699Other payables1,6971,79719,87623,667Total53,2823070400Deferred tax53,08048470(33)Adjustment of balance regarding properties transferred, beginning of year484750(33)Adjustment of balance regarding properties transferred, beginning of year484750(33)Adjustment of balance regarding properties transferred, beginning of year484750(33)Adjustment for change in tax rate-751(34)Deferred tax, beginning of year-752(34)Adjustment of change in tax rate-753(35)Deferred tax for the year recognised in profit for the year-7540.23Additions relating to acquisition(432)755(255)(251)Deferred tax, year-end(291)7480.818Deferred tax assets(1,213)(0748851Provisions for deferred tax9220	118			21,440	2,02
16,27017,281Interest and commission payable26,29621,8332,213Negative market value of derivative financial instruments21,877662,1283,423Payables relating to the purchase of Totalkredit shares3,4112625699Other payables1,6971,79719,87623,667Total53,2823070400Deferred tax53,28230719.87623,667Total53,28230750400Deferred tax, beginning of year484484625629Other payables484484750400Deferred tax, beginning of year48463Adjustment of balance regarding properties transferred, beginning of year484640625(251)Deferred tax fate16667117)Adjustment of change in tax rate16697273Adjustment of change in tax rate1669707474Additions relating to acquisition4320707474Additions relating to excess payments to local and regional banks707747474747474851Provisions for deferred tax922					
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8532,213Negative market value of derivative financial instruments21,877662,1283,473Payables relating to the purchase of Totalkredit shares3,4112625699Other payables1,6971,19,87623,667Total53,28230570490Deferred taxDeferred taxSa, PROVISIONS FOR DEFERRED TAX484-(33)Adjustment of balance regarding properties transferred, beginning of year484-(33)Adjustment of balance regarding properties transferred, beginning of yearAdjustment of change in tax rateAdjustment of change in tax rateAdjustment of deferred tax assessed for previous years(166)(166)(11)(17)Adjustment of deferred tax assessed for previous years(15)Deferred tax for the year recognised in equity(7)188230Additions on purchase of fixed-tern rights230-31Additions relating to excess payments to local and regional banks(417)49033Deferred tax, year-end(291)493Deferred tax, exerced(291)494Additions relating to excess payments to local and regional banks(1,213)495Deferred tax, year-end(291)496BDeferred tax assets(1,213)494Beferred tax assets922					
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625649Other payables1,6971,19,87623,667Total53,28230019,87623,667Total53,28230033. PROVISIONS FOR DEFERRED TAXDeferred taxDeferred taxMain and tax and tax and tax and tax and tax beginning of year4845704400Deferred tax, beginning of year484484633Adjustment of balance regarding properties transferred, beginning of year484643Adjustment of balance regarding properties transferred, beginning of year6336441Adjustment of balance regarding properties transferred, beginning of year63370Adjustment of balance regarding properties transferred, beginning of year63371Adjustment of balance regarding properties transferred, beginning of year63372Adjustment of balance regarding properties transferred, beginning of year63373Adjustment of balance regarding properties transferred, beginning of year633740Deferred tax for the year recognised in profit for the year633750Deferred tax for the year recognised in equity77074Additions relating to customer relationships33374Deferred tax per-end70174Deferred tax recognised in the balance sheet as follows:70174Deferred tax assets70174Deferred tax assets70174Deferred tax assets70174Deferred tax assets702740 <tr< td=""><td></td><td></td><td></td><td></td><td>6,44 2,128</td></tr<>					6,44 2,128
3. PROVISIONS FOR DEFERRED TAX         Deferred tax         570       4490         0 Deferred tax, beginning of year       484         571       Adjustment of balance regarding properties transferred, beginning of year       484         572       Adjustment of balance regarding properties transferred, beginning of year       484         573       Adjustment of change in tax rate       484         574       Adjustment for change in tax rate       484         575       Adjustment of deferred tax assessed for previous years       483         574       Deferred tax for the year recognised in quity       (7)         575       Deferred tax for the year recognised in quity       (7)         576       Additions on purchase of fixed-term rights       230         577       Additions relating to customer relationships       33         578       Additions relating to excess payments to local and regional banks       (417)         579       Deferred tax recognised in the balance sheet as follows:       (258)         579       Selfered tax assets       (1,213)         579       Provisions for deferred tax       922					1,17
Peferred tax       Deferred tax, beginning of year       484         570       490       Deferred tax, beginning of year       484         -       (33)       Adjustment of balance regarding properties transferred, beginning of year       484         -       (33)       Adjustment of balance regarding properties transferred, beginning of year       484         -       (33)       Adjustment for change in tax rate       484         -       Adjustment for change in tax rate       484         -       Adjustment of deferred tax assessed for previous years       (166)         (226)       (251)       Deferred tax for the year recognised in equity       (7)         1       (17)       Adjustment of deferred tax assessed for previous years       (15)         -       Deferred tax for the year recognised in equity       (7)         188       230       Additions neutrabse of fixed-term rights       230         -       Additions relating to excess payments to local and regional banks       (417)         490       33       Deferred tax, year-end       (291)         (258)       (818)       Deferred tax assets       follows:         (258)       (818)       Deferred tax assets       follows:         (258)       (818)       Deferered tax	19,876	23,667	Total	53,282	30,775
Vertice       Deferred tax         570       490       Deferred tax, beginning of year       484         -       (33)       Adjustment of balance regarding properties transferred, beginning of year       484         -       (33)       Adjustment of balance regarding properties transferred, beginning of year       484         -       Adjustment of change in tax rate       484         -       Additions relating to acquisition       (432)         (226)       (251)       Deferred tax for the year recognised in profit for the year       (166)         (211)       Adjustment of deferred tax assessed for previous years       (15)         -       Deferred tax for the year recognised in equity       (7)         18       230       Additions ne purchase of fixed-term rights       230         18       2410       Additions relating to excess payments to local and regional banks       (417)         490       33       Deferred tax, year-end       (291)         (258)       (818)       Deferred tax assets       follows:         (258)       (818)       Deferred tax assets       follows:         (258)       (818)       Deferred tax assets       follows:					
570440Deferred tax, beginning of year4484 <td< td=""><td></td><td></td><td>33. PROVISIONS FOR DEFERRED TAX</td><td></td><td></td></td<>			33. PROVISIONS FOR DEFERRED TAX		
570440Deferred tax, beginning of year484					
- (33)Adjustment of balance regarding properties transferred, beginning of year-(52)-Adjustment for change in tax rateAdditions relating to acquisition(432)(226)(251)Deferred tax for the year recognised in profit for the year(166)11(17)Adjustment of deferred tax assessed for previous years(15)Deferred tax for the year recognised in equity(7)188230Additions on purchase of fixed-term rights230-33Additions relating to customer relationships33-(417)Additions relating to excess payments to local and regional banks(417)49033Deferred tax assets(1,213)(1,213)(258)(818)Deferred tax assets(1,213)(1,213)748851Provisions for deferred tax922	570	490		484	60
-Additions relating to acquisition(432)(226)(251)Deferred tax for the year recognised in profit for the year(166)11(17)Adjustment of deferred tax assessed for previous years(15)Deferred tax for the year recognised in equity(7)188230Additions on purchase of fixed-term rights230-33Additions relating to customer relationships33-(417)Additions relating to excess payments to local and regional banks(417)49033Deferred tax assets(291)(258)(818)Deferred tax assets(1,213)(292)748851Provisions for deferred tax922	-			-	00.
(226)(251)Deferred tax for the year recognised in profit for the year(166)(167)(17)Adjustment of deferred tax assessed for previous years(15)(15)(17)Deferred tax for the year recognised in equity(7)(17)188230Additions on purchase of fixed-term rights230230(17)Additions relating to customer relationships3333(17)Additions relating to excess payments to local and regional banks(11)49033Deferred tax, year-end(29)(258)(818)Deferred tax assets(1,213)(1,213)748851Provisions for deferred tax922(1,213)	(52)				(57
11(17)Adjustment of deferred tax assessed for previous years(15)-Deferred tax for the year recognised in equity(7)188230Additions on purchase of fixed-term rights230-33Additions relating to customer relationships33-(417)Additions relating to excess payments to local and regional banks(417)49033Deferred tax, year-end(291)490(281)Deferred tax assets(1,213)(1,213)(258)(818)Deferred tax assets(1,213)(1,213)748851Provisions for deferred tax922(1,213)	-				(272
-Deferred tax for the year recognised in equity(7)188230Additions on purchase of fixed-term rights230-33Additions relating to customer relationships33-(417)Additions relating to excess payments to local and regional banks(417)49033Deferred tax, year-end(291)(1,213)(258)(818)Deferred tax assets(1,213)748851Provisions for deferred tax922					(272
-33Additions relating to customer relationships33-(417)Additions relating to excess payments to local and regional banks(417)49033Deferred tax, year-end(291)(258)(818)Deferred tax assets(1,213)748851Provisions for deferred tax922	-	-			1
(417)(417)49033Deferred tax, year-end(29)49033Deferred tax, year-end(29)49033Deferred tax recognised in the balance sheet as follows:(1,213)4011010104021010104031010104031010104031010104031010104031010104031010104031010104031010104031010104031010104031010104031010104031010104031010104031010104031010104031010403101040310 <t< td=""><td>188</td><td></td><td></td><td></td><td>18</td></t<>	188				18
49033Deferred tax, year-end(291)LogDeferred tax recognised in the balance sheet as follows:Image: Comparison of the palance sheet as follows:Image: Comparison of the palance sheet as follows:(258)(818)Deferred tax assets(1,213)(1,213)748851Provisions for deferred tax922	-				
(258)       (818)       Deferred tax assets       (1,213)       (2         748       851       Provisions for deferred tax       922					484
(258)       (818)       Deferred tax assets       (1,213)       (2         748       851       Provisions for deferred tax       922					
748     851     Provisions for deferred tax     922			Deterred tax recognised in the balance sheet as follows:		
	(258)	(818)	Deferred tax assets	(1,213)	(313
490 33 Deferred tax, year-end, net (291)					797
	490	33	Deterred tax, year-end, net	(291)	484

				DKK IIIIIIOII
Nykredit F	Realkredit A/S		The Nykredit Re	ealkredit Group
2007	2008		2008	2007
		33. PROVISIONS FOR DEFERRED TAX (continued)		
		Deferred tax relates to:		
(4)	(4)	Loans and advances	(99)	(22)
189		Equities	(4)	191
(88)	(15)	Derivative financial instruments	(15)	(88)
416	574	Intangible assets	579	419
81		Property, plant and equipment, including buildings	111	120
19	2	Other assets and prepayments	(122)	(10)
-	(75)	Tax loss carryforward	(240)	-
(68)	• •	Other liabilities	(76)	(68)
(37)		Provisions	(467)	(36)
(17)	43	Subordinate loan capital	43	(20)
490	33	Total	(291)	484
		Deferred tax assets not recognised in the balance sheet:		
13	0	Deferred tax relating to land and buildings	51	25
13	0	Total	51	25
		The asset has not been recognised, as the Group is examining whether it will crystallise. The asset is	s not	
		likely to crystallise in the near future.		
		34. CURRENT TAX ASSETS AND LIABILITIES		
		Current tax assets		
38	59	Current tax assets, beginning of year	95	41
		Additions relating to acquisition of subsidiary	34	
_		Transferred to/from tax liabilities	(25)	
(670)		Current tax for the year	322	
709		Corporation tax paid for the year, net	(14)	
(17)		Adjustment relating to previous years	3	
59		Current tax assets, year-end	415	
	110		415	55
		Current tax liabilities		
	-	Current tax liabilities, beginning of year	15	101
	-	Transferred to/from tax assets	(26)	
	-	Current tax for the year	(26)	
-	-	Corporation tax paid for the year, net		
-			(242)	
-	-	Current tax liabilities, year-end	72	15
		35. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS		
1.05		Delense heringing of our		
187		Balance, beginning of year	197	
-		Additions relating to acquisition	5	
(5)		Utilised for the year	(5)	
36		Provision for the year	62	
(10)		Adjustment for the year as a result of changes to the discount rate and discount period	(4)	
(29)		Reversal of unutilised amounts	(22)	
179	209	Balance, year-end	232	197

Nykredit	Realkredit A/S		The Nykredit Re	alkredit Group
2007	2008		2008	2007
2007	2006		2000	2007
		36. INSURANCE OBLIGATIONS		
_	-	Balance, beginning of year	1,702	1,696
-	-	Utilised for the year	(1,171)	(1,058)
-	-	Provision for the year	1,063	1,118
-	-	Adjustment for the year as a result of changes to the discount rate and discount period	44	24
-	-	Reversal of unutilised amounts	(44)	(78)
_	-	Balance, year-end	1,594	1,702
		37. REPAYABLE RESERVES IN PRE-1972 SERIES		
162		Balance, beginning of year	110	162
(55)		Utilised for the year	(15)	(55)
3		Adjustment for the year as a result of changes to the discount rate and discount period	7	3
110	102	Balance, year-end	102	110
		38. PROVISIONS FOR LOSSES UNDER GUARANTEES		
		Balance, beginning of year		
	-	Additions relating to acquisition	- 14	
		Provision for the year	92	_
	_	Balance, year-end	106	_
			100	
		39. OTHER PROVISIONS		
629	767	Balance, beginning of year	769	634
-	-	Additions relating to acquisition	4	-
-	-		-	(2)
-	(750)	Reclassification	(750)	-
124	2	Provision for the year	4	124
14	-	Adjustment for the year as a result of changes to the discount rate and discount period	-	14
767	19	Balance, year-end	26	769

DKK million

### The Nykredit Realkredit Gr

Nykredit I 2007	Realkredit A/S 2008		The Nykredit Re 2008	alkredit Group 2007
		40. SUBORDINATE LOAN CAPITAL		
		Subordinate loan capital consists of financial liabilities including hybrid core capital which, in case of volun- tary or compulsory liquidation, will not be repaid until after the claims of ordinary creditors have been met.		
		Subordinate loan capital is included in the capital base in accordance with sections 124, 132 and 136 of the		
		Danish Financial Business Act.		
3,722	3 720	Subordinate loan capital Nom EUR 500m. The loan falls due at par (100) on 20 September 2013 and carries a floating interest rate.	3,720	3,722
-	-	Nom DKK 100m. The loan falls due at par (100) on 24 September 2013 and carries a floating interest rate.	100	-
-	-	Nom DKK 75m. The loan falls due at par (100) on 29 March 2014 and carries a floating interest rate. Nom DKK 100m. The loan falls due at par (100) on 7 April 2012 and carries a fixed interest rate.	75 100	-
-	-	Nom DKK 150m. The loan falls due at par (100) on 29 October 2012 and carries a floating interest rate.	150	-
-	-	Nom DKK 150m. The loan falls due at par (100) on 6 May 2013 and carries a fixed interest rate. Nom DKK 200m. The loan falls due at par (100) on 1 November 2014 and carries a floating interest rate.	148 200	
-	-	Nom DKK 200m. The loan falls due at par (100) on 30 September 2014 and carries a floating interest rate.	200	-
-	-	Nom EUR 10m. The loan falls due at par (100) on 31 October 2015 and carries a floating interest rate. Nom NOK 125m. The loan falls due at par (100) on 29 September 2014 and carries a floating interest rate.	75 94	-
3,722	3,720	Total subordinate loan capital	4,860	3,722
		Hybrid core capital		
		Nominal EUR 500m. The loan is perpetual, but may be redeemed at par (100) from 22 September 2014. The loan spring a fixed integer rate of 4.0% on to 22 September 2014, after which date it will spring float.		
3,622	3,864	The loan carries a fixed interest rate of 4.9% up to 22 September 2014, after which date it will carry a float- ing interest rate.	3,864	3,622
-	-	Nominal DKK 150m. The loan is perpetual and carries a fixed interest rate.	154	-
3,622		Nominal DKK 100m. The loan is perpetual and carries a floating interest rate. Total hybrid core capital	100	-
	5,004		4,119	3,622
7 343				
7,343	7,584	Total subordinate loan capital	4,119 8,979	3,622 7,343
<b>7,343</b> 7,343	7,584			
	7,584	Total subordinate loan capital	8,979	7,343
	7,584	Total subordinate loan capital Subordinate loan capital to be included in the capital base	8,979	<b>7,343</b> 7,343
	7,584	Total subordinate loan capital         Subordinate loan capital to be included in the capital base         Extraordinary principal payments and repayment of subordinate loan capital in the financial period	8,979	<b>7,343</b> 7,343
	7,584	Total subordinate loan capital         Subordinate loan capital to be included in the capital base         Extraordinary principal payments and repayment of subordinate loan capital in the financial period         Hedge accounting         The exposure to fair value changes in the price of the bonds as a result of changes in market rates is	8,979	<b>7,343</b> 7,343
	<b>7,584</b> 7,584 -	Total subordinate loan capital         Subordinate loan capital to be included in the capital base         Extraordinary principal payments and repayment of subordinate loan capital in the financial period         Hedge accounting         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	8,979	<b>7,343</b> 7,343
7,343	<b>7,584</b> 7,584 - 153	Total subordinate loan capital         Subordinate loan capital to be included in the capital base         Extraordinary principal payments and repayment of subordinate loan capital in the financial period         Hedge accounting         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).	<b>8,979</b> 8,977 -	<b>7,343</b> 7,343 1,485
7,343	<b>7,584</b> 7,584 - 153	Total subordinate loan capital         Subordinate loan capital to be included in the capital base         Extraordinary principal payments and repayment of subordinate loan capital in the financial period         Hedge accounting         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).         Market value of interest rate swap of EUR 500m (nominal)	<b>8,979</b> 8,977 - 153	<b>7,343</b> 7,343 1,485 (90)
7,343	<b>7,584</b> 7,584 - 153	Total subordinate loan capital         Subordinate loan capital to be included in the capital base         Extraordinary principal payments and repayment of subordinate loan capital in the financial period         Hedge accounting         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).         Market value of interest rate swap of EUR 500m (nominal)	<b>8,979</b> 8,977 - 153	<b>7,343</b> 7,343 1,485 (90)
7,343	<b>7,584</b> 7,584 - 153	Total subordinate loan capital         Subordinate loan capital to be included in the capital base         Extraordinary principal payments and repayment of subordinate loan capital in the financial period         Hedge accounting         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).         Market value of interest rate swap of EUR 500m (nominal)	<b>8,979</b> 8,977 - 153	<b>7,343</b> 7,343 1,485 (90)
7,343	<b>7,584</b> 7,584 - 153	Total subordinate loan capital         Subordinate loan capital to be included in the capital base         Extraordinary principal payments and repayment of subordinate loan capital in the financial period         Hedge accounting         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).         Market value of interest rate swap of EUR 500m (nominal)	<b>8,979</b> 8,977 - 153	<b>7,343</b> 7,343 1,485 (90)
7,343	<b>7,584</b> 7,584 - 153	Total subordinate loan capital         Subordinate loan capital to be included in the capital base         Extraordinary principal payments and repayment of subordinate loan capital in the financial period         Hedge accounting         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).         Market value of interest rate swap of EUR 500m (nominal)	<b>8,979</b> 8,977 - 153	<b>7,343</b> 7,343 1,485 (90)
7,343	<b>7,584</b> 7,584 - 153	Total subordinate loan capital         Subordinate loan capital to be included in the capital base         Extraordinary principal payments and repayment of subordinate loan capital in the financial period         Hedge accounting         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).         Market value of interest rate swap of EUR 500m (nominal)	<b>8,979</b> 8,977 - 153	<b>7,343</b> 7,343 1,485 (90)
7,343	<b>7,584</b> 7,584 - 153	Total subordinate loan capital         Subordinate loan capital to be included in the capital base         Extraordinary principal payments and repayment of subordinate loan capital in the financial period         Hedge accounting         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).         Market value of interest rate swap of EUR 500m (nominal)	<b>8,979</b> 8,977 - 153	<b>7,343</b> 7,343 1,485 (90)

#### Nykradit R alk edit Group 2007

Nykredit 2007	Realkredit A/S 2008		The Nykredit Re 2008	alkredit Group 2007
		41. OFF-BALANCE SHEET ITEMS		
		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.		
		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.		
		The companies Nykredit Realkredit A/S, Totalkredit A/S, Nykredit Bank A/S, Nykredit Leasing A/S, Nykredit Leasing 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.		
		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.		
		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).		
		Guarantees and warranties provided, irrevocable credit commitments and similar obligations not recognised in the balance sheet are presented below.		
-	-	Guarantees	8,905	4,242
1,641	1,577	Other contingent liabilities	10,601	9,427
1,641	1,577	Total	19,506	13,670
		Guarantees		
-	-	Financial guarantees	5,235	2,651
-	-	Registration and refinancing guarantees	8	-
-	-	Other guarantees	3,663	1,591
-	-	Total	8,905	4,242
		"Government guarantee scheme"		
		Nykredit Bank and Forstædernes Bank participate in the "government guarantee scheme",		
		under which the Danish government has issued a two-year guarantee that covers the Danish		
		banks enrolled on the scheme.		
		The companies' share of the total guarantee commission is an estimated DKK 475m pa until		
		30 September 2010. For the financial year 2008, just below DKK 109m has been charged to the income statement (under "Other operating expenses").		
		The companies also participate in a sector guarantee totalling DKK 20bn with a share esti-		
		mated at DKK 1.3bn which has been recognised under "Guarantees" (off-balance sheet		
		items). Under the guarantee obligation, the companies are liable for up to DKK 1.3bn if one		
		or several Danish banks become distressed for reasons covered by the scheme.		

Nykredit Realk	kredit A/S		The Nykredit Re	alkredit Group
2007	2008		2008	2007
		41. OFF-BALANCE SHEET ITEMS (continued)		
		Other contingent liabilities		
111	69	Irrevocable credit commitments	8,091	8,014
1,529	1,507	Other liabilities	2,510	1,413
1,641	1,577	Total	10,601	9,427
		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.		
		The following non-cancellable lease payments are recognised under "Other liabilities":		
104	125	Up to 1 year	161	110
373	418	Over 1 year and up to 5 years	268	124
136	104	Over 5 years	327	8
614	648	Total	756	241

The Nykredit Realkredit Group

### 42. 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 2008.

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 2008 include:

### 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.

### 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 2008.

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

Nykredit Realkredit A/S has provided Forstædernes Bank A/S with subordinate loan capital. Nykredit Realkredit A/S subscribed for additional share capital in 2008.

### 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. Nykredit Realkredit A/S subscribed for additional share capital in 2008. The contribution in connection with the capital increase consists of the property portfolio so far managed by the company.

Agreements between Totalkredit A/S and Forstædernes Bank A/S

Agreements on commission payable in connection with referral of lending business.

### Agreements between Totalkredit A/S and Nykredit Mægler A/S

Agreements on commission payable in connection with referral of lending business.

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

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

#### 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.

#### Transactions with the Board of Directors and Executive Board

Transactions involving the Board of Directors and Executive Board are disclosed in note 42.e.

11000				DKK million
Nykredit I	Realkredit A/S		The Nykredit Re	alkredit Group
2007	2008		2008	2007
		42. RELATED PARTY TRANSACTIONS AND BALANCES (continued)		
		42.a. Transactions with subsidiaries		
		Income statement		
0.710	12 001	Interest income		
8,710			-	
1,389		Interest expenses		-
336 89		Fee and commission income	-	-
		Fee and commission expenses Value adjustments	-	
(4,670)		Other operating income	-	
- (115)		Staff and administrative expenses	-	-
(115)	(193)	Stall and administrative expenses		
		Asset items		
24.096	25 221	Receivables from credit institutions and central banks		
24,086		Loans, advances and receivables at fair value	-	
242,622	515,229	Totalkredit mortgage loan funding	-	
-	-	Loans, advances and receivables at amortised cost	-	-
- 0.250		Bonds at fair value		-
8,359		Other assets	-	
6,602	10,785		-	-
		Liability items		
2 260	2 022	Payables to credit institutions and central banks		
3,368		Issued bonds		
34,132		Other liabilities		
2,236	2,149	Other hadhittes	-	
		42.b. Transactions with parent companies		
		42.b. Transactions with parent companies		
		Income statement		
3		Interest expenses	17	11
5	_	Fee and commission expenses	1	3
	-			
		Liability items		
	-	Deposits and other payables	327	63
- 78	_	Issued bonds at fair value	527	213
1	_	Other liabilities	8	215
· ·			0	2
		42.c. Transactions with joint ventures		
		-2.c. transactions with joint ventures		
		Income statement		
_	-	Interest income		_
_	_	Interest expenses		_
181	364	Staff and administrative expenses	364	191
101	JUT		-00	151
		Asset items		
_	_	Loans, advances and other receivables at amortised cost		_
13		Other assets	3	13
15	5		5	13
		Liability items		
_	_	Deposits and other payables		_
_	21	Other liabilities	21	_
	21		21	

Notes	5			DKK million
Nykredit F	Realkredit A/S		The Nykredit Re	alkredit Group
2007	2008		2008	2007
		42. RELATED PARTY TRANSACTIONS AND BALANCES (continued)		
		42.d. Transactions with associates		
		Income statement		
-	-	Interest income	416	-
-	-	Interest expenses	327	-
-	-	Other operating income	-	-
-		Staff and administrative expenses	-	-
-	-	Other operating expenses	-	43
		Liability items		
-	-	Deposits and other payables	18,474	-
-	-	Other liabilities	-	-
		42.e. Transactions with the Board of Directors and Executive Board		
		Loans, charges or guarantees granted to the members of:		
6	9	Executive Board	13	11
40	33	Board of Directors	50	55
1,902	4,284	Related parties of the Executive Board and Board of Directors	5,336	2,134
		Deposits from the members of:		
_	-		2	2
-	-	Board of Directors	19	15
-	-	Related parties of the Executive Board and Board of Directors	56	74
		Exposures with related parties have been granted on standard business terms and at market rates.		

The Nykredit Realkredit Group

#### 43. 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 on active markets 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 46. 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 disbursable 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.

The Nykredit Realkredit Group

### 43. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

43. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)					Fair value o	alculated
	IAS 39	Carrying			on the b	asis of
2008	category	amount	Fair value	Balance	Method 1	Method 2
Assets						
Cash balance and demand deposits with central banks	a)	323	323	-	323	-
Receivables at call with central banks	a)	17,212	17,212	-	17,212	-
Receivables from credit institutions	a+c)	55,865	55,865	-	55,865	-
Loans, advances and other receivables at fair value	b)	920,430	920,430	-	920,430	-
Loans, advances and other receivables at amortised cost	a)	73,755	73,778	23	-	73,778
Bonds at fair value	c)	99,731	99,731	-	79,699	20,032
Equities, held for trading	c)	1,585	1,585	-	440	1,144
Equities, available for sale	d)	2,118	2,118	-	1,794	324
Interest and commission receivable	a)	11,393	11,393	-	-	11,393
Derivative financial instruments	c)	25,380	25,380	-	25,380	-
Other assets	a)	905	905	-	-	905
Total		1,208,697	1,208,720	23	1,101,143	107,577
Linkilizing and equity						
Liabilities and equity		co = +=	60 F 67	(27)	00 5 6 5	
Payables to credit institutions	e)	98,545	98,567	(22)	98,567	-
Payables to central banks	e)	64,004	64,004	-	64,004	-
Deposits and other payables	e)	61,177	61,262	(85)		61,262
Issued bonds at fair value	b)	836,081	836,081	-	836,081	-
Issued bonds at amortised cost	e)	20,665	20,664	1	20,664	-
Other non-derivative financial liabilities at fair value	c)	21,941	21,941	-	21,941	-
Interest and commission payable	e)	26,296	26,296	-	-	26,296
Derivative financial instruments	c)	21,877	21,877	-	21,877	-
Other payables	e)	5,128	5,128	-	-	5,128
Subordinate loan capital	e)	8,979	7,840	1,139	4,462	3,378
Total		1,164,694	1,163,660	1,034	1,067,597	96,063
Total					1,067,597	96,063
Total Transfer from assets				23	1,067,597	96,063
Total Transfer from assets Total balance					1,067,597	96,063
Total Transfer from assets Total balance Unrealised gains and losses recognised in equity:				23 <b>1,057</b>	1,067,597	96,063
Total Transfer from assets Total balance Unrealised gains and losses recognised in equity: - Equities (available for sale)				23 <b>1,057</b> (2,847)	1,067,597	96,063
Total Transfer from assets Total balance Unrealised gains and losses recognised in equity:				23 <b>1,057</b>	1,067,597	96,063
Total Transfer from assets Total balance Unrealised gains and losses recognised in equity: - Equities (available for sale) Balances not recognised in the income statement				23 <b>1,057</b> (2,847)	1,067,597	96,063
Total         Transfer from assets         Total balance         Unrealised gains and losses recognised in equity:         - Equities (available for sale)         Balances not recognised in the income statement         Measurement methods				23 <b>1,057</b> (2,847)	1,067,597	96,063
Total         Transfer from assets         Total balance         Unrealised gains and losses recognised in equity:         - Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets				23 <b>1,057</b> (2,847)	1,067,597	96,063
Total         Transfer from assets         Total balance         Unrealised gains and losses recognised in equity:         - Equities (available for sale)         Balances not recognised in the income statement         Measurement methods				23 <b>1,057</b> (2,847)	1,067,597	96,063
Total         Transfer from assets         Total balance         Unrealised gains and losses recognised in equity:         - Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets         Method 2: Other recognised measurement methods				23 <b>1,057</b> (2,847)	1,067,597	96,063
Total         Transfer from assets         Total balance         Unrealised gains and losses recognised in equity:         - Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets         Method 2: Other recognised measurement methods         IAS 39 categories				23 <b>1,057</b> (2,847)	1,067,597	96,063
Total         Transfer from assets         Total balance         Unrealised gains and losses recognised in equity:         - Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets         Method 2: Other recognised measurement methods         IAS 39 categories         a)       Loans, advances and receivables				23 <b>1,057</b> (2,847)	1,067,597	96,063
Total         Transfer from assets         Total balance         Unrealised gains and losses recognised in equity:         - Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets         Method 2: Other recognised measurement methods         IAS 39 categories         a)       Loans, advances and receivables         b)       Assets/liabilities recognised at fair value on initial recognition				23 <b>1,057</b> (2,847)	1,067,597	96,063
Total         Transfer from assets         Total balance         Unrealised gains and losses recognised in equity:         - Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets         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)				23 <b>1,057</b> (2,847)	1,067,597	96,063
Total         Transfer from assets         Total balance         Unrealised gains and losses recognised in equity:         - Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets         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				23 <b>1,057</b> (2,847)	1,067,597	96,063
Total         Transfer from assets         Total balance         Unrealised gains and losses recognised in equity:         - Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets         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				23 <b>1,057</b> (2,847)	1,067,597	96,063
Total         Transfer from assets         Total balance         Unrealised gains and losses recognised in equity:         - Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets         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				23 <b>1,057</b> (2,847)	1,067,597	96,063
Total         Transfer from assets         Total balance         Unrealised gains and losses recognised in equity:         - Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets         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				23 <b>1,057</b> (2,847)	1,067,597	96,063
Total         Transfer from assets         Total balance         Unrealised gains and losses recognised in equity:         - Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets         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				23 <b>1,057</b> (2,847)	1,067,597	96,063
Total         Transfer from assets         Total balance         Unrealised gains and losses recognised in equity:         - Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets         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				23 <b>1,057</b> (2,847)	1,067,597	96,063
Total         Transfer from assets         Total balance         Unrealised gains and losses recognised in equity:         - Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets         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				23 <b>1,057</b> (2,847)	1,067,597	96,063
Total         Transfer from assets         Total balance         Unrealised gains and losses recognised in equity:         - Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets         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				23 <b>1,057</b> (2,847)	1,067,597	96,063
Total         Transfer from assets         Total balance         Unrealised gains and losses recognised in equity:         - Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets         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				23 <b>1,057</b> (2,847)	1,067,597	96,063
Total         Transfer from assets         Total balance         Unrealised gains and losses recognised in equity:         - Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets         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				23 <b>1,057</b> (2,847)	1,067,597	96,063
Total         Transfer from assets         Total balance         Unrealised gains and losses recognised in equity:         - Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets         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				23 <b>1,057</b> (2,847)	1,067,597	96,063

The Nykredit Realkredit Group

### 43. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

43. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)					Fair value calculated on the basis of	
	IAS 39	Carrying				
2007	category	amount	Fair value	Balance	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	-	78,451	12,484
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	1,005,648	62,620
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 Issued bonds at fair value	e)	31,581	31,579	2	-	31,579
Issued bonds at fair value Issued bonds at amortised cost	b)	796,403	796,403	-	796,403	-
Other non-derivative financial liabilities at fair value	e)	1,589	1,585	4	1,585	-
Interest and commission payable	c)	33,444	33,444	-	33,444	-
Derivative financial instruments	e) c)	21,025 6,445	21,025 6,445	-	- 6,445	21,025
Other payables	e)	3,316	3,316	_	0,443	3,308
Subordinate loan capital	e)	7,343	7,367	(23)	7,367	-,500
Total	C	1,016,664	1,016,681	(18)	960,770	55,912
		.,,	.,,	(,	500,0	55,512
				1		
Transfer from assets						
Transfer from assets Total balance				(17)		
				(17)		
Total balance				<b>(17)</b> (465)		
Total balance Unrealised gains and losses recognised in equity:						
Total balance Unrealised gains and losses recognised in equity: – Equities (available for sale) Balances not recognised in the income statement	_			(465)		
Total balance         Unrealised gains and losses recognised in equity:         – Equities (available for sale)         Balances not recognised in the income statement         Measurement methods	_			(465)		
Total balance         Unrealised gains and losses recognised in equity:         – Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets	-			(465)		-
Total balance         Unrealised gains and losses recognised in equity:         – Equities (available for sale)         Balances not recognised in the income statement         Measurement methods				(465)		_
Total balance         Unrealised gains and losses recognised in equity:         – Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets         Method 2: Other recognised measurement methods				(465)		
Total balance         Unrealised gains and losses recognised in equity:         – Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets         Method 2: Other recognised measurement methods         IAS 39 categories				(465)		
Total balance         Unrealised gains and losses recognised in equity:         – Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets         Method 2: Other recognised measurement methods         IAS 39 categories         a)       Loans, advances and receivables				(465)		
Total balance         Unrealised gains and losses recognised in equity:         – Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets         Method 2: Other recognised measurement methods         IAS 39 categories         a)       Loans, advances and receivables         b)       Assets/liabilities recognised at fair value on initial recognition				(465)		
Total balance         Unrealised gains and losses recognised in equity:         – Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets         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)				(465)		
Total balance         Unrealised gains and losses recognised in equity:         - Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets         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				(465)		
Total balance         Unrealised gains and losses recognised in equity:         - Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets         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				(465)		
Total balance         Unrealised gains and losses recognised in equity:         - Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets         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				(465)		
Total balance         Unrealised gains and losses recognised in equity:         - Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets         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				(465)		
Total balance         Unrealised gains and losses recognised in equity:         - Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets         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				(465)		
Total balance         Unrealised gains and losses recognised in equity:         - Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets         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				(465)		
Total balance         Unrealised gains and losses recognised in equity:         - Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets         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				(465)		
Total balance         Unrealised gains and losses recognised in equity:         - Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets         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				(465)		
Total balance         Unrealised gains and losses recognised in equity:         - Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets         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				(465)		
Total balance         Unrealised gains and losses recognised in equity:         - Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets         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				(465)		
Total balance         Unrealised gains and losses recognised in equity:         - Equities (available for sale)         Balances not recognised in the income statement         Measurement methods         Method 1: Quoted prices on active markets         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				(465)		

The Nykredit Realkredit Group

### 44. DERIVATIVE FINANCIAL INSTRUMENTS

By time-to-maturity	Net market value			Gross mark	et value			
		3 months	1 year		Positive	Negative	Net	
	Up to 3	and up to	and up to	Over	market	market	market	Nominal
	months	1 year	5 years	5 years	value	value	value	value
2008								
Foreign exchange contracts								
Forwards/futures, purchased	(307)	(29)	(3)	-	1,064	1,403	(339)	63,366
Forwards/futures, sold	1,129	36	-	-	1,370	206	1,165	72,460
Swaps	(4)	341	923	410	3,295	1,626	1,670	72,613
Options, purchased	310	5	-	-	317	-	316	18,372
Options, written	(310)	(5)	-	-	-	317	(316)	18,372
Interest rate contracts								
Forwards/futures, purchased	406	1	-	-	409	2	407	147,384
Forwards/futures, sold	(656)	(87)	-	-	2	746	(743)	106,749
Forward Rate Agreements, purchased	(42)	(37)	(4)	-	-	83	(83)	31,732
Forward Rate Agreements, sold	27	17	4	-	48	-	48	11,183
Swaps	9	36	(5)	970	16,797	15,788	1,009	644,904
Options, purchased		8	3	1,419	1,957	527	1,430	62,699
Options, written	-	(3)	(41)	(771)	3	818	(816)	27,083
Equity contracts								
Forwards/futures, purchased	-	-	-	-	1	1	(1)	12
Forwards/futures, sold	(1)	-	-	-	4	5	(1)	63
Options, purchased	1	-	-	-	1	-	1	3
Options, written	(1)	-	-	-	-	1	(1)	11
Credit contracts								
Credit default swaps, sold	-	-	(45)	(90)	-	135	(135)	1,193
Unsettled spot transactions	(110)	-	-	-	111	220	(110)	42,618

The Nykredit Realkredit Group

### 44. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

By time-to-maturity	Net market value		Gross market value					
	Up to 3	3 months and up to	1 year and up to	Over	Positive market	Negative market	Net market	Nominal
2007	months	1 year	5 years	5 years	value	value	value	value
- · · · · ·								
Foreign exchange contracts	(172)				1.01	2.40	(1.00)	27.450
Forwards/futures, purchased	(172)	4	-	-	181	349	(168)	37,458
Forwards/futures, sold	204	-	-	-	217	13	204	33,385
Swaps	(5)	177	(40)	50	456	274	181	45,864
Options, purchased	27	-	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	_	9	10
Forwards/futures, sold	(39)	_	_	-	0	39	(39)	36
Options, purchased	-	_	1	-	1	-	1	15
Options, written	-	-	(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

DKK million

DKK	millio	

Notes			DKK million
Nykredit Realkredit A/S		The Nykredit	Realkredit Group
2007 2008	<ul> <li>45. GENUINE SALE AND REPURCHASE TRANSACTIONS AND GENUINE PURCHASE AND RESALE TRANSACTIONS</li> <li>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.</li> <li>Of the asset items below, genuine purchase and resale transactions represent:</li> </ul>	2008	2007
32,039 20,082 	Receivables from credit institutions and central banks Loans, advances and other receivables at fair value Of the liability items below, genuine sale and repurchase transactions represent:	24,463 24,545	39,921 5,550
27,895 23,922 	Payables to credit institutions and central banks Other non-derivative financial liabilities at fair value Assets sold as part of genuine sale and repurchase transactions:	31,102	39,393 1,100
27,895 23,922	Bonds at fair value	28,304	38,286

#### DKK million

### The Nykredit Realkredit Group

	The Nykredit Rea	alkredit Group
	2008	200
46. 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	213	8
Receivables from credit institutions and central banks	73,077	82,51
Loans, advances and other receivables at fair value	920,430	828,95
Loans, advances and other receivables at amortised cost	73,755	40,60
Bonds at fair value	99,731	90,93
Equities	3,702	7,65
Other assets	37,758	17,57
Off-balance sheet items		
Guarantees	8,905	4,24
Irrevocable credit commitments	8,091	8,01
Total	1,225,662	1,080,58
Concentration risk		
Pursuant to section 145 of the Danish Financial Business Act, an exposure with any one customer or group of mutually connected		
sustamors may not after subtracting particularly secure claims, exceed 25% of the capital base. Eurthermore, the sum of exposures		

Pursuant to section 145 of the Danish Financial Business Act, an exposure with any one customer or group of mutually connected customers may not, after subtracting 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 2007 or 2008 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.

### DKK million

### The Nykredit Realkredit Group

47. 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:			
	Nominal	Carrying	Fair
2008	value	amount	value
Assets			
Loans and advances	2,641	2,645	2,689
Liabilities			
Subordinate loan capital	4,220	4,360	3,179
Issued bonds	1,174	1,177	1,179
Derivative financial instruments			
Interest rate swaps, subordinate loan capital	4,220	648	
Interest rate swaps, fixed-rate bank loans and advances	2,379	169	
Interest rate swaps, issued bonds	1,174	1,179	
Net	15,808	10,178	7,047
Gain/loss for the year on hedging instruments		(189)	
Gain/loss for the year on hedged items		189	
Net gain		0	
2007			
Assets Loans and advances	3,132	3,132	3,112
	5,152	5,152	5,112
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 gain		3	

### DKK million

	lit Realkredit A/S		The Nykredit Rea	Ikredit Group 2007
2007	2008		2008	2007
		48. CURRENCY EXPOSURE		
		By main currency (net)		
17 (27)		USD GBP	(1) 2	20 (26)
42	(327)	SEK	(332)	263
92 (1)		NOK CHF	225 (33)	197 3
1	(12)	JPY	(10)	3
791 11		EUR Other	32 (8)	690 10
925	(23)	Total	(125)	1,160
954	339	Exchange Rate Indicator 1	391	1,191
		Exchange Rate Indicator 1 is determined as the sum of the higher numerical value of assets (long-term		
		position) or net payables. Indicator 1 shows the overall foreign exchange risk.		
3	7	Exchange Rate Indicator 2	7	7
		Exchange Rate Indicator 2 is based on a statistical method where historical data have been compiled by the Danish authorities and reflect the overall loss risk.		

DKK million

#### 49. ACQUISITION OF GROUP ENTERPRISE

#### Forstædernes Bank A/S

As at 17 October 2008, Nykredit Realkredit A/S acquired all shares in Forstædernes Bank A/S.

Forstædernes Bank A/S's balance sheet at the date of acquisition (financial highlights)

	Forstædernes			
	Bank A/S			
	balance sheet	Adjustment	Revaluation	Addition incl
	at 17 October	at 17 October	to fair value	revaluation
Cash balance and receivables from credit institutions	2,203	-	-	2,203
Loans, advances and other receivables at amortised cost	23,704	-	(1,500)	22,204
Bonds and equities	3,163	(135)	-	3,028
Intangible assets	26	-	113	139
Other property, plant and equipment	91	-	-	91
Other assets and prepayments	2,382	-	347	2,729
Total assets	31,569	(135)	(1,040)	30,394
Payables to credit institutions	10,299	-	-	10,299
Deposits and other payables	13,523	-	-	13,523
Other liabilities and deferred income	4,167	-	-	4,167
Provisions	23		-	23
Subordinate loan capital	1,392	-	-	1,392
Total payables and provisions	29,404	-	-	29,404
Net assets (equity)	2,165	(135)	(1,040)	990
Purchase price (including DKK 17m transaction costs)				1,842
Balance/goodwill				852
Statement of goodwill				
Purchase price including transaction costs				1,842
Net assets acquired				2,165
Adjustment relating to own shares				(135)
Fair value adjustment of loans				(1,500)
Fair value adjustment of customer relationships				130
Fair value adjustment of intangible assets				(17)
Deferred tax				347
Addition to fair value				990
Total goodwill				852
				552

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 1,500m fair value adjustment (impairment). In addition to this, a specific assessment led to the recognition of fair value of intangible assets in the form of customer relationships in the amount of DKK 130m. Furthermore, intangible assets in the form of software saw a fair value adjustment (impairment) of DKK 17m.

The value of goodwill thus comes to DKK 852m. Goodwill is primarily attributable to expectations of future growth for new customers as well as customer-specific synergy effects, eg expected future cost cuts on IT, credit management and retention of joint commercial customers.

#### DKK million

### 49. ACQUISITION OF GROUP ENTERPRISE (continued)

### INCOME STATEMENT (principal items)

	2008		20	07
		Recognised in		Recognised in
		Nykredit Real-		Nykredit Re-
	Income	kredit A/S's in-	Income	alkredit A/S's in-
	statement	come statement	statement	come statement
Net interest and fee income	1,065	236	1,012	-
Value adjustments	(393)	(154)	67	-
Staff and administrative expenses, depreciation and amortisation	(720)	(150)	(670)	-
Impairment losses on loans and advances	(1,534)	(264)	(50)	-
Other items	(27)	(27)	-	-
PROFIT/LOSS BEFORE TAX	(1,609)	(359)	359	-
Tax for the year	382	75	(84)	-
PROFIT/LOSS FOR THE YEAR	(1,227)	(284)	275	-
Share of profit/loss not recognised in Nykredit Realkredit A/S's financial statements	(943)		275	

Of the 2008 results a negative amount of DKK 284m may be attributed to the acquisition of Forstædernes Bank A/S. If Forstædernes Bank A/S had been acquired as of 1 January 2008, net interest and fee income would have been increased by DKK 829m. Due to developments in the financial markets in 2008 it is not possible to determine reliably the effect of an acquisition of Forstædernes Bank A/S as of 1 January 2008 on the profit/loss for the year.

DKK million

# Group structure

The Nykredit Realkredit Group

50. GROUP STRUCTURE	Ownership as % at 31.12.2008	Revenue 2008	Profit/loss for the year 2008	Assets at 31.12.2008	Liabilities at 31.12.2008	Equity at 31.12.2008	Nykredit's share of profit/loss for 2008	Equity value at 31.12.2008	Profit/loss for the year 2007	Equity at 31.12.2007
Name and registered office										
The Nykredit Realkredit Group Nykredit Realkredit A/S, Copenhagen a)										
Consolidated subsidiaries Totalkredit A/S, Taastrup, a) Nykredit Bank A/S, Copenhagen, b) Nykredit Bank A/S, Copenhagen, b) Nykredit Finance plc, Plymouth, i) Pantebrevsselskabet af 8/8 1995 A/S, Copenhagen, i) Nykredit Pantebrevsinvestering A/S, Copenhagen, e) Nykredit Portefølje Administration A/S, Copenhagen, l) Nykredit Portefølje Administration A/S, Copenhagen, l) Nykredit Leasing A/S (discontinued in 2008) Nykredit Leasing A/S (discontinued in 2008) Nykredit Leasing A/S (formerly LeasIT A/S), Cladsaxe, h) <sup>1</sup> Nykredit Leasing Finans A/S, Gladsaxe, h) Forstædernes Bank A/S, b) Nykredit Kægler A/S, Århus, f) Nykredit Kægler A/S, Århus, f) Nykredit Adm. V A/S, Copenhagen, g) Nykredit Adm. V A/S, Copenhagen, i) Dene Finanse S.A. under liquidation, Warsaw, j) <sup>1</sup> As at 1 January 2008, LeasIT merged with Nykredit Leasing A/S and is recognised in its financial statements. 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 Nykredit Realkredit A/S is consolidated with the Parent Company, Nykredit Holding A/S, which is consolidated with Foreningen Nykredit.	100 100 100 100 100 100 100 100 100 100	1,585 1,596 1 1 1 86 (35) - 53 82 1,065 1,285 109 112 - 7	823 (241) 1 - 14 (39) - 16 8 (1,227) 108 1 (125) - 7	413,669 192,482 23 28 11 133 929 - 2,431 1,389 32,298 2,962 151 1,647 1 128	402,117 185,378 2 1 - 30 851 - 2,305 1,365 29,243 1,704 33 952 - -	11,552 7,104 21 28 11 103 78 - 126 24 3,055 1,258 118 695 1 128	823 (241) 1 - 14 (39) - 16 8 (284) 108 1 (125) - 7	11,552 7,104 21 27 11 103 78 - 126 24 3,055 1,258 118 695 1 128	754 758 - - 17 5 - (20) 10 - 149 35 54 - 6	10,729 6,099 28 27 11 89 118 6 105 16 - 1,150 116 540 1 139
The financial statements of Foreningen Nykredit, Nyk- redit Holding A/S and Nykredit Realkredit A/S are avail- able in Danish from: Nykredit Realkredit A/S Kalvebod Brygge 1-3 DK-1780 Copenhagen V										

# Group structure (continued)

The Nykredit Realkredit Group

50. GROUP STRUCTURE (continued) Name and registered office	Ownership as % at 31.12.2008	Revenue 2008	Profit/loss for the year 2008	Assets at 31.12.2008	Liabilities at 31.12.2008	Equity at 31.12.2008	Nykredit's share of profit/loss for 2008	Equity value at 31.12.2008	Profit/loss for the year 2007	Equity at 31.12.2007
Associates subject to proportionate consolidation Dansk Pantebrevsbørs A/S, Copenhagen, e) JN Data A/S, Silkeborg, k)	50 50	(33) 722	(109) 2	241 348	305 168	(65) 180	(55) 1	(32) 90	(3) -	44 103
Associates *) Erhvervsinvest K/S, Aalborg, m) E-nettet Holding A/S, Copenhagen, k) JSNFA A/S, Horsens, m) Erhvervsinvest Management A/S, Aalborg, n) FDC K/S, Ballerup, k) FDC ApS, Ballerup, k) Core Property Management A/S, Copenhagen, g) Scandinavian Private Equity Partners A/S,	22 25 25 32 33 20	- 12 - 12 215 - 44	(8) (15) - 1 - 19	250 181 5 17 58 - 37	- 92 1 5 57 - 3	250 89 4 12 1 - 40	(2) (3) - - 3	53 10 1 3 - 8	53 7 (1) 3 - 21	304 91 4 9 1 - 29
	37	6	1	11	2	9		3	3	8

DKK million

# Group structure (continued)

The Nykredit Realkredit Group

50. GROUP STRUCTURE (continued) Name and registered office	Ownership as % at 31.12.2008	Profit/loss for the year 2007	Equity at 31.12.2007
Other enterprises in which the Group holds at least 10% of the share capital			
Jeudan A/S, Copenhagen *	20.72	277	3,429
Supertræ A/S, Nørre Snede *	11.76	-	-
Fredericia Erhvervs-Investering ApS, Fredericia *	10.10	-	-
Håndværkets Byfornyelsesselskab Smba., Copenhagen *	18.48	-	9
ED Equity Holding B.V., Amsterdam *	30.43	81	6
Cross Atlantic Partners KS III, Copenhagen *	11.88	(1)	19
Cross Atlantic Partners KS IV, Copenhagen *	16.63	4	152
Cross Atlantic Partners KS V, Copenhagen *	13.33	(5)	56
EQT III No 3 LP, Guernsey *	16.01	263	631
Nordic Private Equity Partners, Copenhagen *	11.27	(8)	31
Bisca Holding A/S, Hjørring *	25.00	(7)	59
Energy Holding A/S, Copenhagen *	22.22	-	1
EDL 2 Invest 3 ApS, Copenhagen *	28.30	(2)	72
Ejendomsselskabet Nordtyskland IV A/S, Copenhagen *	47.92	(192)	1,495
Værdipapircentralen A/S, Tåstrup *	12.57	129	226
Erhvervsinvest II K/S	10.93	(1)	15

\*) 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.

#### DKK million

DKK million

The Nykredit Realkredit Group	FY/	FY/	Q4/	Q3/	Q2/	Q1/	Q4/
	2008	2007	2008	2008	2008	2008	2007
51. FIVE-QUARTER FINANCIAL HIGHLIGHTS							
Core income from							
Business operations	6,658	6,534	1,983	1,551	1,667	1,457	1,865
Securities	2,141	1,988	618	525	492	506	539
Total	8,799	8,522	2,601	2,076	2,159	1,963	2,404
Operating costs, depreciation and amortisation	5,410	4,352	1,791	1,197	1,281	1,141	1,284
Core earnings before impairment losses	3,389	4,552	810	879	878	822	1,204 1,120
	5,505	1,170	010	0, 5	0,0	022	1,120
Impairment losses on loans and advances	1,443	(67)	1,320	40	98	(15)	51
Core earnings after impairment losses	1, <b>9</b> 47	4,237	(509)	839	780	837	1,069
Investment portfolio income	(2,827)	150	(90)	(1 510)	(177)	(750)	(207)
Profit/loss before tax	(2,827)	4,387	(90) (599)	(1,510) <b>(671)</b>	(477) <b>303</b>	(750) <b>87</b>	(207) 862
	(000)	-,-JO7	(555)	(0/1)	505	0/	002
Tax	(186)	1,024	(77)	(150)	4	38	270
Profit/loss for the year	(695)	3,363	(522)	(521)	299	49	592
Profit/loss for the period excluding value adjustment							
of strategic equities against equity	(2,847)	(465)	(1,443)	(446)	(263)	(695)	(98)
	(2,017)	(105)	(1,113)	(110)	(200)	(000)	(50)
SUMMARY BALANCE SHEET, YEAR-END							
Assets							
Receivables from credit institutions and central banks	73,400	82,645	73,400	66,192	63,913	74,002	82,645
Mortgage loans	895,463	823,228	895,463	860,399	843,957	847,002	823,228
Bank loans – excluding reverse transactions	72,733	39,660	72,733	50,449	49,039	43,539	39,660
Bonds and equities Other assets	103,434 73,097	98,589	103,434	79,136	81,050	89,460 34,056	98,589
Total assets	1,218,127	30,937 <b>1,075,058</b>	73,097 <b>1,218,127</b>	47,426 1,103,601	45,572 1,083,531	1,088,059	30,937 <b>1,075,058</b>
	1,210,127	1,07 3,030	1,210,127	1,105,001	1,005,551	1,000,000	1,075,050
Liabilities and equity							
Payables to credit institutions and central banks	162,549	115,875	162,549	112,341	118,274	130,219	115,875
Deposits and other payables	61,177	31,581	61,177	34,026	32,471	31,572	31,581
Issued bonds at fair value	836,081	796,403	836,081	813,185	795,142	791,289	796,403
Hybrid core capital	4,119	3,622	4,119	3,642	3,548	3,709	3,622
Supplementary capital	4,860	3,722	4,860	3,725	3,723	3,722	3,722
Other liabilities	98,964	69,409	98,964	84,308	77,030	74,244	69,409
Equity Total liabilities and equity	50,377 <b>1,218,127</b>	54,447 <b>1,075,058</b>	50,377 <b>1,218,127</b>	52,374 <b>1,103,601</b>	53,343 <b>1,083,531</b>	53,304 <b>1,088,059</b>	54,447 <b>1,075,058</b>
	1,210,127	1,075,056	1,210,127	1,105,001	1,003,331	1,000,005	1,075,050
FINANCIAL RATIOS							
Profit for the period as % of average equity pa	(1.3)	6.3	(4.1)	(3.9)	2.2	0.4	4.4
Core earnings before impairment losses as							
% of average equity pa	6.5	7.8	6.3	6.7	6.6	6.1	8.2
Core earnings after impairment losses as							
% of average equity pa	3.7	8.0	(4.0)	6.3	5.9	6.2	7.9
Costs as % of core income	61.5	51.1	68.9	57.7	59.3	58.1	53.4
Impairment provisions for loans, advances and guarantees Total impairment provisions	2,947 0.1	349	2,947	467	438	349	349
Capital adequacy ratio, %*	14.7	(0.0) 10.3	0.1 14.7	0.0 17.0	0.0 17.2	( 0.0) 18.0	(0.0) 10.3
Core capital ratio, %*	14.7	9.7	14.7	17.0	17.2	17.2	9.7
Average number of full-time staff	4,507	3,672	4,507	3,888	3,837	3,794	3,672
	.,,	5,572	.,	2,000	2,007	5,. 5 1	2,012

The figures for Q2 and Q3 have been restated following a change in the determination of collective impairment provisions in Nykredit Bank A/S.

\* As from 1 January 2008, the capital adequacy and core capital ratios are determined in accordance with Basel II.

Nykredit Realkredit A/S

Nykreur Reakreur A/S	2008	2007	2006	2005	2004
	2000	2007	2000	2005	2004
52. FIVE-YEAR FINANCIAL HIGHLIGHTS					
Net interest income	3,730	3,484	3,169	3,658	3,455
Net fee income	669	791	771	1,228	693
Net interest and fee income	4,399	4,276	3,940	4,886	4,148
Value adjustments	(5,353)	(136)	2,387	1,621	1,112
Other operating income	78	5	16	4	18
Staff and administrative expenses	2,576	2,243	2,319	2,202	2,096
Depreciation, amortisation and impairment losses for property, plant and equipment					
as well as intangible assets	528	454	407	361	263
Other operating expenses	4	-	-	-	-
Impairment losses on loans, advances and receivables	344	(55)	(326)	(251)	(408)
Profit from investments in associates and group enterprises	414	1,789	1,407	1,027	654
Profit/loss before tax	(3,913)	3,291	5,350	5,226	3,981
Tax	(371)	394	604	829	788
Profit/loss for the year	(3,542)	2,897	4,746	4,397	3,193
BALANCE SHEET SUMMARY	2008	2007	2006	2005	2004
Assets					
Cash balance and receivables from credit institutions and central banks	58,089	79,969	47,568	54,087	41,810
Mortgage loans	505,115	473,950	451,893	439,866	435,648
Totalkredit mortgage loan funding	315,229	242,622	166,063	63,453	-
Bonds and equities	68,563	69,892	59,604	65,476	57,715
Other assets	47,013	35,581	28,975	19,574	17,101
Total assets	994,008	902,014	754,103	642,456	552,274
Ph.P.P.C. and an Ar					
Liabilities and equity Payables to credit institutions and central banks	100,911	63,210	38,101	27,859	17,160
Issued bonds	790,326	724,746	634,851	539,934	469,563
Subordinate loan capital	750,520	724,740	054,051	555,554	-105,505
- Hybrid core capital	3,864	3,622	3,730	3,940	3,844
- Supplementary capital	3,720	3,722	3,720	3,722	-
Other liabilities	44,810	52,268	21,714	19,862	19,010
Equity	50,377	54,447	51,987	47,139	42,697
Total liabilities and equity	994,008	902,014	754,103	642,456	552,274
FINANCIAL RATIOS					
Capital adequacy ratio, %*	15.7	13.8	15.4	16.0	14.4
Core capital ratio, %*	14.8	13.0	14.7	15.0	14.6
Return on equity before tax	(7.5)	6.2	10.8	11.6	9.7
Return on equity after tax	(6.8)	5.4	9.6	9.8	7.8
Income:cost ratio, DKK	(0.13)	2.25	3.23	3.26	3.04
Foreign exchange position, %	0.7	1.8	0.5	0.6	0.3
Loans and advances:equity (loan gearing)	10.0	8.7	8.7	9.4	10.2
Growth in loans and advances for the year, %	6.2	7.0	4.3	1.6	0.9
Accumulated impairment provisions, %	0.0	0.1	0.1	0.1	0.3
Impairment losses for the year, %	0.0	(0.0)	(0.1)	(0.1)	(0.1)
	0.0	(0.0)	(0.1)	(0.1)	(0.1)

<sup>1</sup> Financial ratios are based on the definitions and guidelines of the Danish Financial Supervisory Authority.

\* As from 1 January 2008 the capital adequacy and core capital ratios are determined in accordance with Basel II.

DKK million

The Nykredit Realkredit Group

Value adjustments         (2, 2)1         921         1, 516         4.44         1, 757           Other operating mome income         343         385         386         9.38         1, 002           Staff and administrative expenses         4, 005         3, 002         3, 336         3, 24         2, 946           Derivation, anomization and impairment losses for property, plant and equipment         381         503         2         5         5           Impairment losses on loans, advances and receivables         1, 43         (67)         3         2         5         5           Inpairment losses on loans, advances and receivables         1, 43         (67)         4, 447         4, 342         4, 248           Porfit/loss before tax         (880)         4, 367         4, 447         4, 342         4, 248           Tax         (186)         1, 0, 24         1, 162         1, 0, 56         7, 56		2008	2007	2006	2005	2004
Net free income       216       370       401       1,034       349         Net interest and fee income       8082       7021       6,054       7,022       5,771         Net premiums samed       1,285       1,214       1,183       1,152       1,219         Value adjustments       (2,921)       9,211       1,161       444       1,175         Claims incurred, net of insurance       943       895       9,958       3,030       2,035         Staff and administration and impairment losses for property, plant and equipment       762       5,41       3009       2,451       6,009       1,024       1,183       4,142       4,249       1,020       1,024       1,102       1,062       0,009       1,024       1,102       1,062       0,005       1,006       1,024       1,102       1,065       1,024       1,102       1,016       1,024       1,102       1,016       1,026       1,024       1,033       3,100	52. FIVE-YEAR FINANCIAL HIGHLIGHTS (continued)					
Net free income       216       370       401       1,034       349         Net interest and fee income       8082       7021       6,054       7,022       5,771         Net premiums samed       1,285       1,214       1,183       1,152       1,219         Value adjustments       (2,921)       9,211       1,161       444       1,175         Claims incurred, net of insurance       943       895       9,958       3,030       2,035         Staff and administration and impairment losses for property, plant and equipment       762       5,41       3009       2,451       6,009       1,024       1,183       4,142       4,249       1,020       1,024       1,102       1,062       0,009       1,024       1,102       1,062       0,005       1,006       1,024       1,102       1,065       1,024       1,102       1,016       1,024       1,102       1,016       1,026       1,024       1,033       3,100	Net interest income	7.866	6.641	5.653	5.988	5.372
Are premiums sermed         1,216         1,1163         1,123         1,123           Value adjustments         (2,921)         9.21         1,516         4.44         1,175           Other operating income         3.49         3.87         2.35         1.77         1.78           Claims incurred, notitation and impairment losses for property, plant and equipment         3.49         3.65         3.609         3.535         3.204         2.966           Dither operating expenses         7.82         5.41         5.00         5.49         5.17           Other operating expenses         7.82         5.41         5.00         5.49         5.17           Other operating expenses         7.82         5.41         5.00         5.49         5.17           Inpairment losses on loans, advances and receivables         1.443         (67)         (3.69)         (2.45)         4.249           Tax         (186)         1.0.24         1.1.20         1.1.62         1.066         7.006         2.007         2.006         2.007         2.006         2.004           Assets         Cash balance and receivables from credit institutions and central banks         72,400         82,645         57,516         67,664         52,809           Mortgage loan						
Value adjustments         (2, 2)1         921         1, 516         4.44         1, 757           Other operating income         343         385         386         9.38         1002           Staff and administrative expenses         4, 605         3, 805         3, 806         9.335         3, 204         2, 956           Depresition, moursel, new inpairment losses for property, plant and equipment         381         387         4, 605         3         2         5         5           Impairment losses on loss, advances and receivables         1, 43         (67)         (659)         (245)         (400)           Porfit/loss before tax         (880)         4, 367         4, 447         4, 342         4, 248           Tax         (186)         1, 0, 24         1, 162         1, 0, 56         7, 57	Net interest and fee income	8,082	7,011	6,054	7,022	5,771
Other operating income         136         387         235         157         178           Chaim incurred, net of reinsurance         943         895         696         938         1,002           Staff and afministative expenses         943         895         696         938         1,002           Depreciation, anotisation and impairment losses for property, plant and equipment as well as ittangible easets         782         541         500         549         517           Other operating expenses         126         3         2         5         5           Impairment losses on loans, advances and receivables         1,443         667         1,309         2,4249           Profit/loss before tax         (880)         4,387         4,447         4,342         4,249           Tax         (1166)         1,102         1,162         1,056           Profit/loss before tax         (880)         4,337         4,447         4,342         4,249           Tax         (1166)         1,102         1,162         1,056           Profit/loss before tax         (880)         4,337         4,347         4,349         8,389         8,930         3,193         3,193           Datase excluding reversals from credit institutions and ce	Net premiums earned	1,285	1,214	1,183	1,152	1,219
Claims incurred, net of reinsurance         943         9895         9896         938         1,002           Staff and administrative expenses         0,450         3,809         3,536         3,204         2,996           Depreciation, amotitation and impairment losses for property, plant and equipment         782         541         500         59           Impairment losses on loans, advances and receivables         1,23         34         24         432         4409           Profit from investments in associates enterprises         123         34         24         432         4249           Tax         (186)         1,024         1,120         1,162         1,056           Profit/loss for the year         (695)         3,363         3,327         3,180         3,193           BALANCE SHEET SUMMARY         2008         2007         2006         2007         205         2094           Asset         73,400         82,645         873,228         78,132         699,101         632,504           Bank loans excluding reveste transactions         32,731         33,660         23,833         13,937         73,957         73,957         73,957         73,957         73,957         73,957         73,957         73,957         73,957	Value adjustments	(2,921)	921	1,516	444	1,175
Staff and administrative expenses         4,505         3,809         3,536         3,204         2,996           Depreciation, anorbisation and impairment losses for property, plant and equipment as rell as intraingule assets         782         541         500         549         517           Other operating expenses         126         3         2         5         5           Impairment losses on loam, advances and receivables         1434         6(67)         6(39)         C420           Profit/loss before tax         (186)         1,142         1,120         1,162         1,056           Profit/loss before tax         (186)         1,244         1,120         1,162         1,056           Profit/loss for the year         (695)         3,363         3,327         3,180         3,189           BALANCE SHEET SUMMARY         200         2007         206         2004         2,898           Assts         123         344         98,898         90,005         7,978         7,3197           Cash balance and receivables from credit institutions and central banks         73,400         82,445         5,7,516         64,069           Dorber asets         73,097         30,397         23,282         78,957         73,957           Othe	Other operating income	349	387	235	157	178
Depreciation, amortification and impairment losses for property, plant and equipment         782         541         500         549         517           as well as intangible assets         782         541         500         549         551           Impairment losses on loans, advances and receivables         1,433         677         (6369)         (245)         (400)           Profit /loss before tax         (880)         4,387         4,447         4,342         4,249           Tax         (186)         1,024         1,120         1,162         1,056           Profit /loss before tax         (186)         1,024         1,120         1,162         1,056           Profit /loss for the year         (186)         1,024         1,120         1,162         1,056           Profit /loss for the year         (186)         1,024         1,120         1,162         1,056           Cath balance and receivables from credit institutions and central banks         73,400         82,645         57,516         67,664         52,809           Mortgage loans         839,643         823,228         89,001         73,087         30,937         23,528         23,576         21,056           Tatal asset         1,218,127         1,079,058         95,7164 </td <td>Claims incurred, net of reinsurance</td> <td>943</td> <td>895</td> <td>896</td> <td>938</td> <td>1,002</td>	Claims incurred, net of reinsurance	943	895	896	938	1,002
as well as intangible assets         782         541         500         549         517           Other operating expenses         126         3         2         5         5           Other operating expenses         123         34         24         18         26           Profit/loss before tax         (186)         123         341         244         18         26           Profit/loss before tax         (186)         1,23         344         244         18         26           Profit/loss before tax         (186)         3,327         3,180         3,182         3,183         3,180         3,183           BALANCE SHEET SUMMARY         2008         2007         2005         2	Staff and administrative expenses	4,505	3,809	3,536	3,204	2,996
Other operating expenses         126         3         2         5         5           Impairment losses on loans, advances and receivables         1.443         (67)         (369)         (24)         18         28           Profit /oss before tax         (880)         4.387         4.447         4.342         4.249           Tax         (186)         1.024         1.120         1.162         1.056           Profit /oss for the year         (695)         3.033         3.327         3.180         3.193           BALANCE SHEET SUMMARY         2008         2007         2006         2005         2004           Assets         73,400         82,645         57,516         67,664         52,809           Mortagoe bans         895,463         822,228         758,132         699,116         632,504           Bank loans excluding reverse transactions         72,733         3060         23,576         17,905           Bonds and equities         1043,44         98,589         890,014         79,895         164,611         73,957         34,935         24,165         21,808         18,702           Stata assets         162,549         115,875         84,512         55,322         44,069         36,017	Depreciation, amortisation and impairment losses for property, plant and equipment					
Impairment losses on loans, advances and receivables         1,443         (67)         (369)         (245)         (400)           Profit /roos before tax         133         34         24         18         36           Profit /roos before tax         (680)         4,387         4,447         4,342         4,343           Tax         (166)         1,024         1,102         1,105         5         3,363         3,327         3,189         3,193           BALANCE SHEET SUMMARY         2006         2007         2006         2007         2006         2007         2006         2007         2008         2008         2007	as well as intangible assets	782	541	500	549	517
Profit from investments in associates enterprises         123         3.4         2.4         1.8         2.6           Profit/loss before tax         (860)         4.387         4.447         4.342         4.249           Tax         (186)         1.024         1.120         1.162         1.056           Profit/loss for the year         (695)         3.363         3.327         3.183           BALANCE SHEET SUMMARY         2006         2007         2006         2008         2008           Cash balance and receivables from credit institutions and central banks         73,400         82,645         57,516         67,664         52,809           Mortage leans         8295,463         823,228         758,132         699,116         632,524           Bank loans excluding reverse transactions         73,407         30,360         28,989         99,005         79,788         73,957           Other assets         73,097         30,331         22,165         21,808         183,507           Deposits         115,875         84,512         55,322         44,069           Subordinate loan capital         4,119         3,622         3,730         3,840         3,844           Subordinate loan capital         98,914         69	Other operating expenses	126	3	2	5	5
Profit/loss before tax         (880)         4,387         4,447         4,342         4,249           Tax         (186)         1,024         1,120         1,162         1,056           Profit/loss for the year         (695)         3,363         3,327         3,180         3,193           BALANCE SHEET SUMMARY         2008         2007         2006         2005         2004           Assets         73,400         82,645         57,516         67,664         52,809           Mortagge loans         895,463         823,228         758,312         699,116         622,504           Bank loans         excluding reverse transactions         72,733         39,660         28,983         19,870         17,408           Bonds and equities         73,097         70,977         30,977         57,516         80,014         79,988           Chef assets         73,097         10,975,958         89,014         79,808         79,640         75,156         71,808           Liabilities and equity          1,218,127         1,075,058         84,512         55,322         44,069           Subordinate loan captal          11,57         84,512         55,322         44,069           S	Impairment losses on loans, advances and receivables	1,443	(67)	(369)	(245)	(400)
Tax         (186)         1.024         1.120         1.162         1.056           Poft/Joss for the year         (1965)         3.363         3.327         3.180         3.193           BALANCE SHEET SUMMARY         2008         2007         2006         2005         2004           Assets         73,400         82,645         57,516         67,664         52,809           Mortgage loans         895,463         823,228         758,132         699,116         632,2504           Bank lons excluding reverse transactions         72,733         39,660         22,983         19,470         17,408           Bonds and equities         103,434         98,589         99,005         79,788         73,957           Other assets         1,218,127         10,75,058         957,164         890,014         798,083           Liabilities and equity         21,181,27         10,75,058         957,164         890,014         798,083           Liabilities and equity         21,128,127         10,75,058         957,164         890,014         610,77           Subordinate loan capital         162,549         115,875         84,512         55,322         44,069           Subordinate loan capital         4,119         3,622	Profit from investments in associates enterprises	123	34	24	18	26
Profit/loss for the year         (695)         3,363         3,327         3,180         3,193           BALANCE SHEET SUMMARY         2008         2007         2006         2005         2004           Assets         73,400         82,645         57,516         67,664         52,099           Bontgage loans         895,463         822,228         758,132         6699,116         632,504           Bonds and equities         103,434         98,589         99,005         79,788         73,957           Other assets         73,077         30,937         23,528         23,576         21,405           Total assets         12,18,127         1,075,058         99,114         78,008         18,702           Issued bonds at fair value         51,577         31,581         22,165         21,808         18,702           Issued bonds at fair value         846,02         75,561         71,804         165,167           Subordinate loan capital         4,119         3,622         3,793         3,940         3,844           Subordinate loan capital         4,819         3,525         3,5107         33,026         24,235         751,560         97,164         99,014         798,083           Issued bonds at fair va	Profit/loss before tax	(880)	4,387	4,447	4,342	4,249
Profit/loss for the year         (695)         3,363         3,327         3,180         3,193           BALANCE SHEET SUMMARY         2008         2007         2006         2005         2004           Assets         73,400         82,645         57,516         67,664         52,099           Bontgage loans         895,463         822,228         758,132         6699,116         632,504           Bonds and equities         103,434         98,589         99,005         79,788         73,957           Other assets         73,077         30,937         23,528         23,576         21,405           Total assets         12,18,127         1,075,058         99,114         78,008         18,702           Issued bonds at fair value         51,577         31,581         22,165         21,808         18,702           Issued bonds at fair value         846,02         75,561         71,804         165,167           Subordinate loan capital         4,119         3,622         3,793         3,940         3,844           Subordinate loan capital         4,819         3,525         3,5107         33,026         24,235         751,560         97,164         99,014         798,083           Issued bonds at fair va	Tax	(186)	1,024	1,120	1,162	1,056
Assets         Sector         Sector         Sector           Cash balance and receivables from credit institutions and central banks         73,400         82,645         57,516         67,664         52,209           Mortgage loans         895,643         823,228         758,132         699,116         632,504           Bank loans         excluding reverse transactions         72,733         39,660         28,983         19,870         77,408           Bonds and equities         103,434         98,589         89,005         79,788         73,957           Other assets         73,097         30,937         23,528         23,576         21,405           Total assets         1,218,127         1,075,058         957,164         890,014         798,083           Libilities and equity          115,875         84,512         55,322         44,069           Deposits         61,177         31,581         22,165         21,808         18,702           Subordinate loan capital         4119         3,622         3,730         718,041         651,607           Subpelmentary capital         4,860         3,722         4,985         61,04         2,600           Other liabilities and equity         59,371         48,062	Profit/loss for the year			3,327	3,180	
Assets         Sector         Sector         Sector           Cash balance and receivables from credit institutions and central banks         73,400         82,645         57,516         67,664         52,209           Mortgage loans         895,643         823,228         758,132         699,116         632,504           Bank loans         excluding reverse transactions         72,733         39,660         28,983         19,870         77,408           Bonds and equities         103,434         98,589         89,005         79,788         73,957           Other assets         73,097         30,937         23,528         23,576         21,405           Total assets         1,218,127         1,075,058         957,164         890,014         798,083           Libilities and equity          115,875         84,512         55,322         44,069           Deposits         61,177         31,581         22,165         21,808         18,702           Subordinate loan capital         4119         3,622         3,730         718,041         651,607           Subpelmentary capital         4,860         3,722         4,985         61,04         2,600           Other liabilities and equity         59,371         48,062						
Cash balance and receivables from credit institutions and central banks         73,400         82,645         57,516         67,664         52,209           Mortgage loans         895,463         822,228         758,132         699,116         632,504           Bank loans excluding reverse transactions         173,34         896,589         89,005         79,788         73,957           Other assets         73,097         30,937         23,528         23,576         21,405           Total assets         173,097         30,937         23,528         23,576         21,405           Payables to credit institutions and central banks         162,549         115,875         84,512         55,322         44,069           Deposits         61,177         31,581         22,165         21,808         18,702           Susued bonds at fair value         836,081         79,640         75,156         718,001         651,607           Susued bonds at fair value         4,860         3,722         4,985         6,104         2,600           Supplementary capital         4,860         3,722         4,985         6,104         2,600           Cother liabilities and equity         50,377         5,447         51,987         846,52         44,235 <tr< td=""><td></td><td>2008</td><td>2007</td><td>2006</td><td>2005</td><td>2004</td></tr<>		2008	2007	2006	2005	2004
Mortgage loans       895,463       823,228       758,132       699,116       632,504         Bank loans       22,733       39,660       28,983       19,870       17,408         Bonds and equities       73,097       30,372       23,528       23,576       21,405         Total assets       1,218,127       1,075,058       957,164       890,014       798,083         Libilities and equity         Payables to credit institutions and central banks       162,549       115,875       84,512       55,322       44,069         Deposits       61,177       31,581       22,165       21,808       18,702         Subordinate loan capital       4,119       3,622       3,730       3,940       3,844         Subportinate loan capital       4,119       3,622       3,730       3,940       3,844         Subportinate loan capital       4,119       3,622       3,730       3,940       3,844         Subportinate loan capital       4,119       3,622       3,730       3,940       3,844         Subortinate loan capital       4,119       3,622       3,6107       33,026         Guity       50,377       54,447       55,5164       890,014       798,083		73,400	82.645	57,516	67,664	52,809
Bank bank bank bank bank bank bank bank b						
Bonds and equities         103,434         98,589         89,005         79,788         73,957           Other assets         73,097         30,937         23,528         23,576         21,405           Total assets         1,218,127         1,075,058         957,164         890,01         798,083           Liabilities and equity         1         1,5875         84,512         55,322         44,069           Peposits         162,549         115,875         84,512         55,322         44,069           Deposits         61,177         31,581         22,165         21,808         18,702           Subordinate loan capital         796,003         751,560         718,041         651,607           Subordinate loan capital         4,119         3,622         3,730         3,940         3,844           Supplementary capital         4,860         3,722         4,985         6,104         2,000           Cher liabilities         98,964         69,409         38,225         36,107         33,026           Equity         50,377         54,447         51,967         48,692         44,235           Total liabilities and equity         1,218,127         1,03         11.8         1.4         11.5	•••					
Other assets         73,097         30,937         23,528         23,576         21,405           Total assets         1,218,127         1,075,058         957,164         890,014         798,083           Liabilities and equity         1         1         1         1         1         2         1         3         2         3         3         44,069           Deposits         61,177         31,581         22,165         21,808         18,702           Subordinate loan capital         61,177         31,581         22,165         21,808         18,702           - Hybrid core capital         4,119         3,622         3,730         3,940         3,844           - Supplementary capital         4,860         3,722         4,985         6,104         2,600           Other liabilities and equity         4,819         3,622         3,730         3,940         3,844           - Supplementary capital         4,860         3,722         4,985         6,104         2,600           Other liabilities and equity         2,118,127         1,075,058         957,164         890,014         798,083           FINANCIAL RATIOS '         1         1         1         1         1         1	-					
Total assets         1,218,127         1,075,058         957,164         890,014         798,083           Liabilities and equity         162,549         115,875         84,512         55,322         44,069           Payables to credit institutions and central banks         161,77         31,581         22,165         21,808         18,702           Suber dinate loan capital         61,177         31,581         22,165         21,808         18,702           - Hybrid core capital         4,119         3,622         3,730         3,940         3,844           - Supplementary capital         4,860         3,722         4,985         6,104         2,600           Other liabilities and equity         50,377         54,447         51,987         48,692         44,235           Total liabilities and equity         1,218,127         1,075,058         957,164         890,014         798,083           FINANCIAL RATIOS '         1,218,127         1,075,058         957,164         890,014         798,083           Equity adequacy ratio, %*         14,7         10,3         11.8         12.4         11.5           Core capital ratio, %*         14,7         10.3         11.8         11.0         10.0           Returm on equity before	Other assets	73,097				
Payables to credit institutions and central banks         162,549         115,875         84,512         55,322         44,069           Deposits         61,177         31,581         22,165         21,808         18,702           Issued bonds at fair value         836,081         796,403         751,560         718,041         651,607           Subordinate loan capital         -         4,119         3,622         3,730         3,940         3,844           - Supplementary capital         4,860         3,722         4,985         6,104         2,600           Other liabilities         98,964         69,409         38,225         36,107         33,026           Equity         50,377         54,447         51,987         48,692         44,235           Total liabilities and equity         1,218,127         1,075,058         957,164         890,014         798,083           FINANCIAL RATIOS '         14.7         10.3         11.8         12.4         11.5           Core capital ratio, %*         14.7         10.3         11.8         12.4         11.5           Core capital ratio, %*         14.7         10.3         11.8         12.4         11.5           Core capital ratio, %*         15.5	Total assets	1,218,127	1,075,058	957,164	890,014	
Payables to credit institutions and central banks         162,549         115,875         84,512         55,322         44,069           Deposits         61,177         31,581         22,165         21,808         18,702           Issued bonds at fair value         836,081         796,403         751,560         718,041         651,607           Subordinate loan capital         -         4,119         3,622         3,730         3,940         3,844           - Supplementary capital         4,860         3,722         4,985         6,104         2,600           Other liabilities         98,964         69,409         38,225         36,107         33,026           Equity         50,377         54,447         51,987         48,692         44,235           Total liabilities and equity         1,218,127         1,075,058         957,164         890,014         798,083           FINANCIAL RATIOS '         14.7         10.3         11.8         12.4         11.5           Core capital ratio, %*         14.7         10.3         11.8         12.4         11.5           Core capital ratio, %*         14.7         10.3         11.8         12.4         11.5           Core capital ratio, %*         15.5	Liabilities and equity					
Deposits         61,177         31,581         22,165         21,808         18,702           Issued bonds at fair value         836,081         796,403         751,560         718,041         651,607           Subordinate loan capital         4,119         3,622         3,730         3,940         3,844           - Supplementary capital         4,860         3,722         4,985         6,104         2,600           Other liabilities         98,964         69,409         38,225         36,107         33,026           Equity         50,377         54,447         51,987         48,692         44,235           Total liabilities and equity         1,218,127         1,075,058         957,164         80,014         798,083           FINANCIAL RATIOS '         14.7         10.3         11.8         12.4         11.5           Core capital ratio, %*         14.7         10.3         11.8         12.4         11.5           Core capital ratio, %*         13.5         9.7         11.0         11.3         11.0           Return on equity before tax         (7.1)         7.3         11.7         12.1         10.2           Income:cost ratio, DKK         0.52         1.4,9         4.6,9		162,549	115.875	84.512	55.322	44.069
Issued bonds at fair value       836,081       796,403       751,560       718,041       651,607         Subordinate loan capital       4,119       3,622       3,730       3,940       3,844         - Supplementary capital       4,860       3,722       4,985       6,104       2,600         Other liabilities       98,964       69,409       38,225       36,107       33,026         Equity       50,377       54,447       51,987       48,692       44,235         Total liabilities and equity       1,075,058       977,164       890,014       798,083         FINANCIAL RATIOS 1       1,075,058       97,164       890,014       798,083         Core capital adequacy ratio, %*       14.7       10.3       11.8       12.4       11.5         Core capital ratio, %*       13.5       9.7       11.0       11.3       11.0         Return on equity before tax       (7.1)       7.3       11.7       12.1       10.2         Foreign exchange position, %       0.52       1.75       2.29       2.26       2.03         Foreign exchange position, %       0.8       2.3       1.1       1.0       0.2         Core capital ratio, 0,KK       0.8       2.3       1.1						
Subordinate loan capital       4,119       3,622       3,730       3,940       3,844         - Supplementary capital       4,860       3,722       4,985       6,104       2,600         Other liabilities       98,964       69,409       38,225       36,107       33,026         Equity       50,377       54,447       51,987       48,692       44,235         Total liabilities and equity       1,218,127       1,075,058       957,164       890,014       798,083         FINANCIAL RATIOS 1         Capital adequacy ratio, %*       11.3       11.8       12.4       11.5         Core capital ratio, %*       13.5       9.7       11.3       11.1       11.0         Return on equity before tax       (7.1)       7.3       11.7       12.1       10.2         Income:cost ratio, DKK       0.52       1.75       2.29       2.26       2.03         Foreign exchange position, %       0.8       2.3       1.1       1.0       0.5         Loans and advances:equity (loan gearing)       19.7       16.0       15.2       14.9       14.4         Growth in loans and advances for the year, %       13.4       11.9       10.6       11.8       6.1	- ·					
- Supplementary capital       4,860       3,722       4,985       6,104       2,600         Other liabilities       98,964       69,409       38,225       36,107       33,026         Equity       50,377       54,447       51,987       48,692       44,235         Total liabilities and equity       1,218,127       1,075,058       957,164       890,014       798,083         FINANCIAL RATIOS '         Capital adequacy ratio, %*       14.7       10.3       11.8       12.4       11.5         Core capital ratio, %*       14.7       10.3       11.8       12.4       11.5         Core capital ratio, %*       13.5       9.7       11.0       11.3       11.0         Return on equity before tax       (7.1)       7.3       11.7       12.1       10.2         Return on equity after tax       (6.8)       5.4       9.4       9.5       7.7         Income:cost ratio, DKK       0.52       1.75       2.29       2.26       2.03         Foreign exchange position, %       0.8       2.3       1.1       1.0       0.5         Loans and advances:equity (loan gearing)       19.7       16.0       15.2       14.9       14.4	Subordinate loan capital					
Other liabilities         98,964         69,409         38,225         36,107         33,026           Equity         50,377         54,447         51,987         48,692         44,235           Total liabilities and equity         1,218,127         1,075,058         957,164         890,014         798,083           FINANCIAL RATIOS 1         2         1	- Hybrid core capital	4,119	3,622	3,730	3,940	3,844
Equity50,37754,44751,98748,69244,235Total liabilities and equity1,218,1271,075,058957,164890,014798,083FINANCIAL RATIOS 'Capital adequacy ratio, %*14.710.311.812.411.5Core capital ratio, %*13.59.711.011.311.0Return on equity before tax(7.1)7.311.712.110.2Return on equity after tax(6.8)5.49.49.57.7Income:cost ratio, DKK0.521.752.292.262.03Foreign exchange position, %0.82.31.11.00.5Loans and advances: equity (loan gearing)19.716.015.214.914.4Growth in loans and advances for the year, %13.411.910.611.86.1Accumulated impairment provisions, %0.30.00.10.10.2	- Supplementary capital	4,860	3,722	4,985	6,104	2,600
Total liabilities and equity         1,218,127         1,075,058         957,164         890,014         798,083           FINANCIAL RATIOS 1           Capital adequacy ratio, %*         14.7         10.3         11.8         12.4         11.5           Core capital ratio, %*         13.5         9.7         11.0         11.3         11.0           Return on equity before tax         (7.1)         7.3         11.7         12.1         10.2           Return on equity after tax         (6.8)         5.4         9.4         9.5         7.7           Income:cost ratio, DKK         0.52         1.75         2.29         2.26         2.03           Foreign exchange position, %         0.8         2.3         1.1         1.0         0.5           Loans and advances:equity (loan gearing)         19.7         16.0         15.2         14.9         14.4           Growth in loans and advances for the year, %         13.4         11.9         10.6         11.8         6.1           Accumulated impairment provisions, %         0.3         0.0         0.1         0.1         0.2	Other liabilities	98,964	69,409	38,225	36,107	33,026
FINANCIAL RATIOS 1         Capital adequacy ratio, %*       14.7       10.3       11.8       12.4       11.5         Core capital ratio, %*       13.5       9.7       11.0       11.3       11.0         Return on equity before tax       (7.1)       7.3       11.7       12.1       10.2         Return on equity after tax       (6.8)       5.4       9.4       9.5       7.7         Income:cost ratio, DKK       0.52       1.75       2.29       2.26       2.03         Foreign exchange position, %       0.8       2.3       1.1       1.0       0.5         Loans and advances:equity (loan gearing)       19.7       16.0       15.2       14.9       14.4         Growth in loans and advances for the year, %       13.4       11.9       10.6       11.8       6.1         Accumulated impairment provisions, %       0.3       0.0       0.1       0.1       0.2	Equity	50,377	54,447	51,987	48,692	44,235
Capital adequacy ratio, %*14.710.311.812.411.5Core capital ratio, %*13.59.711.011.311.0Return on equity before tax(7.1)7.311.712.110.2Return on equity after tax(6.8)5.49.49.57.7Income:cost ratio, DKK0.521.752.292.262.03Foreign exchange position, %0.82.31.11.00.5Loans and advances:equity (loan gearing)19.716.015.214.914.4Growth in loans and advances for the year, %13.411.910.611.86.1Accumulated impairment provisions, %0.30.00.10.10.2	Total liabilities and equity	1,218,127	1,075,058	957,164	890,014	798,083
Core capital ratio, %*       13.5       9.7       11.0       11.3       11.0         Return on equity before tax       (7.1)       7.3       11.7       12.1       10.2         Return on equity after tax       (6.8)       5.4       9.4       9.5       7.7         Income:cost ratio, DKK       0.52       1.75       2.29       2.26       2.03         Foreign exchange position, %       0.8       2.3       1.1       1.0       0.5         Loans and advances:equity (loan gearing)       19.7       16.0       15.2       14.9       14.4         Growth in loans and advances for the year, %       13.4       11.9       10.6       11.8       6.1         Accumulated impairment provisions, %       0.3       0.0       0.1       0.1       0.2	FINANCIAL RATIOS 1					
Core capital ratio, %*       13.5       9.7       11.0       11.3       11.0         Return on equity before tax       (7.1)       7.3       11.7       12.1       10.2         Return on equity after tax       (6.8)       5.4       9.4       9.5       7.7         Income:cost ratio, DKK       0.52       1.75       2.29       2.26       2.03         Foreign exchange position, %       0.8       2.3       1.1       1.0       0.5         Loans and advances:equity (loan gearing)       19.7       16.0       15.2       14.9       14.4         Growth in loans and advances for the year, %       13.4       11.9       10.6       11.8       6.1         Accumulated impairment provisions, %       0.3       0.0       0.1       0.1       0.2		14.7	10.3	11.8	12.4	11.5
Return on equity before tax       (7.1)       7.3       11.7       12.1       10.2         Return on equity after tax       (6.8)       5.4       9.4       9.5       7.7         Income:cost ratio, DKK       0.52       1.75       2.29       2.26       2.03         Foreign exchange position, %       0.8       2.3       1.1       1.0       0.5         Loans and advances:equity (loan gearing)       19.7       16.0       15.2       14.9       14.4         Growth in loans and advances for the year, %       13.4       11.9       10.6       11.8       6.1         Accumulated impairment provisions, %       0.3       0.0       0.1       0.1       0.2						
Return on equity after tax         (6.8)         5.4         9.4         9.5         7.7           Income:cost ratio, DKK         0.52         1.75         2.29         2.26         2.03           Foreign exchange position, %         0.8         2.3         1.1         1.0         0.5           Loans and advances:equity (loan gearing)         19.7         16.0         15.2         14.9         14.4           Growth in loans and advances for the year, %         13.4         11.9         10.6         11.8         6.1           Accumulated impairment provisions, %         0.3         0.0         0.1         0.1         0.2	•					
Income:cost ratio, DKK         0.52         1.75         2.29         2.26         2.03           Foreign exchange position, %         0.8         2.3         1.1         1.0         0.5           Loans and advances:equity (loan gearing)         19.7         16.0         15.2         14.9         14.4           Growth in loans and advances for the year, %         13.4         11.9         10.6         11.8         6.1           Accumulated impairment provisions, %         0.3         0.0         0.1         0.1         0.2	Return on equity after tax					
Foreign exchange position, %         0.8         2.3         1.1         1.0         0.5           Loans and advances:equity (loan gearing)         19.7         16.0         15.2         14.9         14.4           Growth in loans and advances for the year, %         13.4         11.9         10.6         11.8         6.1           Accumulated impairment provisions, %         0.3         0.0         0.1         0.1         0.2	Income:cost ratio, DKK					
Loans and advances:equity (loan gearing)         19.7         16.0         15.2         14.9         14.4           Growth in loans and advances for the year, %         13.4         11.9         10.6         11.8         6.1           Accumulated impairment provisions, %         0.3         0.0         0.1         0.1         0.2						
Growth in loans and advances for the year, %         13.4         11.9         10.6         11.8         6.1           Accumulated impairment provisions, %         0.3         0.0         0.1         0.2	Loans and advances:equity (loan gearing)					
Accumulated impairment provisions, %         0.3         0.0         0.1         0.2		13.4	11.9	10.6	11.8	6.1
Impairment losses for the year, %         0.1         (0.0)         (0.0)         (0.1)	Accumulated impairment provisions, %	0.3	0.0	0.1	0.1	0.2
	Impairment losses for the year, %	0.1	(0.0)	(0.0)	(0.0)	(0.1)

<sup>1</sup> Financial ratios are based on the definitions and guidelines of the Danish Financial Supervisory Authority, which implies that they have been calculated based on profit for the period, including value adjustment of strategic equities.

\* As from 1 January 2008 the capital adequacy and core capital ratios are determined in accordance with Basel II.

# **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 2008. The distribution of profit for 2008 adopted by Nykredit Realkredit A/S's Board of Directors (cf the Annual Report, page 46) 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 2008 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	0.0	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	(7.2)	(2.2)	(1.0)	(2.9)	(0.9)	0.0	(0.3)	(1.1)
Administrative expenses	(2.2)	(0.6)	(0.3)	(0.9)	(0.3)	0.0	(0.1)	(0.4)
Impairment losses on loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax Profit	1.9 <b>(5.6)</b>	0.5 <b>(1.5)</b>	0.3 (0.9)	0.9 <b>(2.7)</b>	0.1 (0.4)	0.0 <b>0.0</b>	0.0 (0.2)	0.3 (1.0)
	(3.0)	(1.)	(0.5)	(2.7)	(0.4)	0.0	(0.2)	(1.0)
Balance sheet								
Assets								
Mortgage loans	729.4	242.7	32.7	38.2	152.0	0.5	5.6	35.0
Securities portfolio	20.7	6.6	1.9	2.3	2.7	0.0	0.3	1.5
Other assets Total assets	1,340.5 <b>2,090.6</b>	410.2 659.5	74.7 109.3	119.2 <b>159.7</b>	280.1 <b>434.8</b>	2.2 <b>2.7</b>	17.0 <b>22.9</b>	85.4 121.9
	2,050.0	055.5	105.5	155.7		2.1	22.5	121.5
Liabilities and equity								
Issued bonds	768.7	244.9	36.0	42.9	163.8	0.7	6.9	40.3
Other liabilities	1,277.4	403.0	66.8	97.6	265.6	1.7	14.0	74.5
Subordinate loan capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity	44.5 <b>2,090.6</b>	11.6 659.5	6.5 <b>109.3</b>	19.2 <b>159.7</b>	5.4 <b>434.8</b>	0.3 <b>2.7</b>	2.0 <b>22.9</b>	7.1 121.9
Total liabilities and equity	2,090.6	059.5	109.3	159.7	454.8	2.7	22.9	121.9
Movements in capital, net	(2.9)	(2.6)	(0.3)	(0.2)	(0.4)	0.0	(0.2)	(0.7)
		· · ·						
	9	10	11	12	13	14	15	16 sum
	9 VESØ	10 HUSM	11 NHYP	12 LHYP	13 КНҮР	14 JHYP	15 JLKR	16 sum (1-15)
Income statement	VESØ	HUSM	NHYP	LHYP	КНҮР	JHYP	JLKR	(1-15)
Income from lending	<b>VESØ</b> 0.2	HUSM 0.2	<b>NHYP</b> 0.0	<b>LНҮР</b> 0.2	<b>КНҮР</b> 0.2	<b>ЧҮНЦ</b> 0.0	JLKR	<b>(1-15)</b> 5.1
Income from lending Interest payable on subordinate loan capital	<b>VESØ</b> 0.2 0.0	HUSM 0.2 0.0	0.0 0.0	0.2 0.0	<b>КНҮР</b> 0.2 0.0	<b>ЈНҮР</b> 0.0 0.0	JLKR 0.2 0.0	<b>(1-15)</b> 5.1 0.0
Income from lending Interest payable on subordinate loan capital Interest, net	VESØ 0.2 0.0 (1.4)	HUSM 0.2 0.0 (2.8)	0.0 0.0 (0.1)	0.2 0.0 (1.4)	КНҮР 0.2 0.0 (0.9)	JHYP 0.0 0.0 (0.6)	JLKR 0.2 0.0 (1.5)	(1-15) 5.1 0.0 (24.3)
Income from lending Interest payable on subordinate loan capital	<b>VESØ</b> 0.2 0.0	HUSM 0.2 0.0	0.0 0.0	0.2 0.0	<b>КНҮР</b> 0.2 0.0	<b>ЈНҮР</b> 0.0 0.0	JLKR 0.2 0.0	<b>(1-15)</b> 5.1 0.0
Income from lending Interest payable on subordinate loan capital Interest, net Administrative expenses	0.2 0.0 (1.4) (0.4)	HUSM 0.2 0.0 (2.8) (0.9)	0.0 0.0 (0.1) 0.0	0.2 0.0 (1.4) (0.4)	0.2 0.0 (0.9) (0.3)	0.0 0.0 (0.6) (0.2)	0.2 0.0 (1.5) (0.5)	(1-15) 5.1 0.0 (24.3) (7.5)
Income from lending Interest payable on subordinate loan capital Interest, net Administrative expenses Losses on loans and advances	0.2 0.0 (1.4) (0.4) 0.0	HUSM 0.2 0.0 (2.8) (0.9) 0.0	0.0 0.0 (0.1) 0.0 0.0	0.2 0.0 (1.4) (0.4) 0.0	0.2 0.0 (0.9) (0.3) 0.0	0.0 0.0 (0.6) (0.2) 0.0	0.2 0.0 (1.5) (0.5) 0.0	(1-15) 5.1 0.0 (24.3) (7.5) 0.0
Income from lending Interest payable on subordinate loan capital Interest, net Administrative expenses Losses on loans and advances Tax <b>Profit</b>	VESØ 0.2 0.0 (1.4) (0.4) 0.0 0.4	HUSM 0.2 0.0 (2.8) (0.9) 0.0 0.9	0.0 0.0 (0.1) 0.0 0.0 0.0	0.2 0.0 (1.4) (0.4) 0.0 0.4	<pre>KHYP</pre>	JHYP 0.0 0.0 (0.6) (0.2) 0.0 0.2	JLKR 0.2 0.0 (1.5) (0.5) 0.0 0.5	(1-15) 5.1 0.0 (24.3) (7.5) 0.0 6.7
Income from lending Interest payable on subordinate loan capital Interest, net Administrative expenses Losses on loans and advances Tax Profit Balance sheet	VESØ 0.2 0.0 (1.4) (0.4) 0.0 0.4	HUSM 0.2 0.0 (2.8) (0.9) 0.0 0.9	0.0 0.0 (0.1) 0.0 0.0 0.0	0.2 0.0 (1.4) (0.4) 0.0 0.4	<pre>KHYP</pre>	JHYP 0.0 0.0 (0.6) (0.2) 0.0 0.2	JLKR 0.2 0.0 (1.5) (0.5) 0.0 0.5	(1-15) 5.1 0.0 (24.3) (7.5) 0.0 6.7
Income from lending Interest payable on subordinate loan capital Interest, net Administrative expenses Losses on loans and advances Tax Profit Balance sheet Assets	VESØ 0.2 0.0 (1.4) (0.4) 0.0 0.4 (1.2)	HUSM 0.2 0.0 (2.8) (0.9) 0.0 0.9 0.9 (2.6)	0.0 0.0 (0.1) 0.0 0.0 0.0 <b>(0.1)</b>	0.2 0.0 (1.4) (0.4) 0.0 0.4 (1.2)	<pre>KHYP</pre>	JHYP 0.0 0.0 (0.6) (0.2) 0.0 0.2 (0.6)	0.2 0.0 (1.5) (0.5) 0.0 0.5 (1.3)	(1-15) 5.1 0.0 (24.3) (7.5) 0.0 6.7 (20.0)
Income from lending Interest payable on subordinate loan capital Interest, net Administrative expenses Losses on loans and advances Tax Profit Balance sheet	VESØ 0.2 0.0 (1.4) (0.4) 0.0 0.4	HUSM 0.2 0.0 (2.8) (0.9) 0.0 0.9	0.0 0.0 (0.1) 0.0 0.0 0.0	0.2 0.0 (1.4) (0.4) 0.0 0.4	<pre>KHYP</pre>	JHYP 0.0 0.0 (0.6) (0.2) 0.0 0.2	JLKR 0.2 0.0 (1.5) (0.5) 0.0 0.5	(1-15) 5.1 0.0 (24.3) (7.5) 0.0 6.7
Income from lending Interest payable on subordinate loan capital Interest, net Administrative expenses Losses on loans and advances Tax <b>Profit</b> Balance sheet Assets Mortgage loans Securities portfolio Other assets	VESØ 0.2 0.0 (1.4) (0.4) 0.0 0.4 (1.2) 34.1 2.1 84.3	HUSM 0.2 0.0 (2.8) (0.9) 0.0 0.9 (2.6) 30.4 2.1 102.6	NHYP 0.0 0.0 (0.1) 0.0 0.0 (0.1) 1.1 0.1 3.5	LHYP 0.2 0.0 (1.4) (0.4) 0.0 0.4 (1.2) 29.0 1.4 73.3	KHYP 0.2 0.0 (0.9) (0.3) 0.0 0.3 (0.7) 22.8 0.9 58.1	JHYP 0.0 (0.6) (0.2) 0.0 0.2 (0.6) 0.2 0.2 0.3 10.6	JLKR 0.2 0.0 (1.5) (0.5) 0.0 0.5 (1.3) 38.8 2.4 97.8	(1-15) 5.1 0.0 (24.3) (7.5) 0.0 6.7 (20.0) 1.392.5 45.3 2.759.5
Income from lending Interest payable on subordinate loan capital Interest, net Administrative expenses Losses on loans and advances Tax Profit Balance sheet Assets Mortgage loans Securities portfolio	VESØ 0.2 0.0 (1.4) (0.4) 0.0 0.4 (1.2) 34.1 2.1	HUSM 0.2 0.0 (2.8) (0.9) 0.0 0.9 (2.6) 30.4 2.1	NHYP 0.0 0.0 (0.1) 0.0 0.0 0.0 (0.1) 1.1 0.1	LHYP 0.2 0.0 (1.4) (0.4) 0.0 0.4 (1.2) 29.0 1.4	КНҮР 0.2 0.0 (0.9) (0.3) 0.0 0.3 (0.7) 22.8 0.9	JHYP 0.0 (0.6) (0.2) 0.0 0.2 (0.6) 0.2 0.2	JLKR 0.2 0.0 (1.5) (0.5) 0.0 0.5 (1.3) 38.8 2.4	(1-15) 5.1 0.0 (24.3) (7.5) 0.0 6.7 (20.0) 1.392.5 45.3
Income from lending Interest payable on subordinate loan capital Interest, net Administrative expenses Losses on loans and advances Tax Profit Balance sheet Assets Mortgage loans Securities portfolio Other assets Total assets	VESØ 0.2 0.0 (1.4) (0.4) 0.0 0.4 (1.2) 34.1 2.1 84.3	HUSM 0.2 0.0 (2.8) (0.9) 0.0 0.9 (2.6) 30.4 2.1 102.6	NHYP 0.0 0.0 (0.1) 0.0 0.0 (0.1) 1.1 0.1 3.5	LHYP 0.2 0.0 (1.4) (0.4) 0.0 0.4 (1.2) 29.0 1.4 73.3	KHYP 0.2 0.0 (0.9) (0.3) 0.0 0.3 (0.7) 22.8 0.9 58.1	JHYP 0.0 (0.6) (0.2) 0.0 0.2 (0.6) 0.2 0.2 0.3 10.6	JLKR 0.2 0.0 (1.5) (0.5) 0.0 0.5 (1.3) 38.8 2.4 97.8	(1-15) 5.1 0.0 (24.3) (7.5) 0.0 6.7 (20.0) 1.392.5 45.3 2.759.5
Income from lending Interest payable on subordinate loan capital Interest, net Administrative expenses Losses on loans and advances Tax Profit Balance sheet Assets Mortgage loans Securities portfolio Other assets Total assets Liabilities and equity	VESØ 0.2 0.0 (1.4) (0.4) 0.0 0.4 (1.2) 34.1 2.1 84.3 120.5	HUSM 0.2 0.0 (2.8) (0.9) 0.0 0.9 (2.6) 30.4 2.1 102.6 135.1	NHYP 0.0 0.0 (0.1) 0.0 0.0 (0.1) 1.1 0.1 3.5 4.7	LHYP 0.2 0.0 (1.4) (0.4) 0.0 0.4 (1.2) 29.0 1.4 73.3 103.7	KHYP 0.2 0.0 (0.9) (0.3) 0.0 0.3 (0.7) 22.8 0.9 58.1 81.8	JHYP 0.0 0.0 (0.6) (0.2) 0.0 0.2 (0.6) 0.2 0.3 10.6 11.1	JLKR 0.2 0.0 (1.5) (0.5) 0.0 0.5 (1.3) 38.8 2.4 97.8 139.0	(1-15) 5.1 0.0 (24.3) (7.5) 0.0 6.7 (20.0) 1.392.5 45.3 2.759.5 4.197.3
Income from lending Interest payable on subordinate loan capital Interest, net Administrative expenses Losses on loans and advances Tax Profit Balance sheet Assets Mortgage loans Securities portfolio Other assets Total assets	VESØ 0.2 0.0 (1.4) (0.4) 0.0 0.4 (1.2) 34.1 2.1 84.3	HUSM 0.2 0.0 (2.8) (0.9) 0.0 0.9 (2.6) 30.4 2.1 102.6 135.1 34.2	NHYP 0.0 0.0 (0.1) 0.0 0.0 (0.1) 1.1 0.1 3.5 4.7 1.3	LHYP 0.2 0.0 (1.4) (0.4) 0.0 0.4 (1.2) 29.0 1.4 73.3	KHYP 0.2 0.0 (0.9) (0.3) 0.0 0.3 (0.7) 22.8 0.9 58.1	JHYP 0.0 (0.6) (0.2) 0.0 0.2 (0.6) 0.2 0.2 0.3 10.6	JLKR 0.2 0.0 (1.5) (0.5) 0.0 0.5 (1.3) 38.8 2.4 97.8	(1-15) 5.1 0.0 (24.3) (7.5) 0.0 6.7 (20.0) 1.392.5 45.3 2.759.5 4.197.3
Income from lending Interest payable on subordinate loan capital Interest, net Administrative expenses Losses on loans and advances Tax Profit Balance sheet Assets Mortgage loans Securities portfolio Other assets Total assets Liabilities and equity Issued bonds	VESØ 0.2 0.0 (1.4) (0.4) 0.0 0.4 (1.2) 34.1 2.1 84.3 120.5 38.0	HUSM 0.2 0.0 (2.8) (0.9) 0.0 0.9 (2.6) 30.4 2.1 102.6 135.1	NHYP 0.0 0.0 (0.1) 0.0 0.0 (0.1) 1.1 0.1 3.5 4.7	LHYP 0.2 0.0 (1.4) (0.4) 0.0 0.4 (1.2) 29.0 1.4 73.3 103.7 31.1	КНҮР 0.2 0.0 (0.9) (0.3) 0.0 0.3 <b>(0.7)</b> 22.8 0.9 58.1 81.8 26.0	JHYP 0.0 0.0 (0.6) (0.2) 0.0 0.2 (0.6) 0.2 0.3 10.6 11.1	JLKR 0.2 0.0 (1.5) (0.5) 0.0 0.5 (1.3) 38.8 2.4 97.8 139.0 44.9	(1-15) 5.1 0.0 (24.3) (7.5) 0.0 6.7 (20.0) 1.392.5 45.3 2.759.5 4.197.3
Income from lending Interest payable on subordinate loan capital Interest, net Administrative expenses Losses on loans and advances Tax <b>Profit</b> Balance sheet Assets Mortgage loans Securities portfolio Other assets Total assets Liabilities and equity Issued bonds Other liabilities Subordinate loan capital Equity	VESØ 0.2 0.0 (1.4) (0.4) 0.0 0.4 (1.2) 34.1 2.1 84.3 120.5 38.0 73.6 0.0 8.9	HUSM 0.2 0.0 (2.8) (0.9) 0.0 0.9 (2.6) 30.4 2.1 102.6 135.1 34.2 82.6 0.0 18.3	NHYP 0.0 0.0 (0.1) 0.0 0.0 (0.1) (0.1) 1.1 0.1 3.5 4.7 1.3 2.9 0.0 0.5	LHYP 0.2 0.0 (1.4) (0.4) 0.0 0.4 (1.2) 29.0 1.4 73.3 103.7 31.1 63.3 0.0 9.3	КНҮР 0.2 0.0 (0.9) (0.3) 0.0 0.3 <b>(0.7)</b> 22.8 0.9 58.1 81.8 81.8 26.0 50.0 0.0 5.8	JHYP 0.0 0.0 (0.6) (0.2) 0.0 0.2 (0.6) 0.2 (0.6) 0.3 10.6 11.1 0.5 6.8 0.0 3.8	JLKR 0.2 0.0 (1.5) (0.5) 0.0 0.5 (1.3) 38.8 2.4 97.8 139.0 44.9 84.9 0.0 9.2	(1-15) 5.1 0.0 (24.3) (7.5) 0.0 6.7 (20.0) 1.392.5 45.3 2.759.5 4.197.3 1,480.2 2,564.7 0.0 152.4
Income from lending Interest payable on subordinate loan capital Interest, net Administrative expenses Losses on loans and advances Tax Profit Balance sheet Assets Mortgage loans Securities portfolio Other assets Total assets Liabilities and equity Issued bonds Other liabilities Subordinate loan capital	VESØ 0.2 0.0 (1.4) (0.4) 0.0 0.4 (1.2) 34.1 2.1 84.3 120.5 38.0 73.6 0.0	HUSM 0.2 0.0 (2.8) (0.9) 0.0 0.9 (2.6) 30.4 2.1 102.6 135.1 34.2 82.6 0.0	NHYP 0.0 0.0 (0.1) 0.0 0.0 (0.1) (0.1) 1.1 0.1 3.5 4.7 1.3 2.9 0.0	LHYP 0.2 0.0 (1.4) (0.4) 0.0 0.4 (1.2) 29.0 1.4 73.3 103.7 31.1 63.3 0.0	КНҮР 0.2 0.0 (0.9) (0.3) 0.0 0.3 <b>(0.7)</b> 22.8 0.9 58.1 81.8 26.0 50.0 0.0	JHYP 0.0 0.0 (0.6) (0.2) 0.0 0.2 (0.6) 0.2 0.3 10.6 11.1 0.5 6.8 0.0	JLKR 0.2 0.0 (1.5) (0.5) 0.0 0.5 (1.3) 38.8 2.4 97.8 139.0 44.9 84.9 0.0	(1-15) 5.1 0.0 (24.3) (7.5) 0.0 6.7 (20.0) 1.392.5 45.3 2.759.5 4.197.3 1,480.2 2,564.7 0.0
Income from lending Interest payable on subordinate loan capital Interest, net Administrative expenses Losses on loans and advances Tax <b>Profit</b> Balance sheet Assets Mortgage loans Securities portfolio Other assets Total assets Liabilities and equity Issued bonds Other liabilities Subordinate loan capital Equity	VESØ 0.2 0.0 (1.4) (0.4) 0.0 0.4 (1.2) 34.1 2.1 84.3 120.5 38.0 73.6 0.0 8.9	HUSM 0.2 0.0 (2.8) (0.9) 0.0 0.9 (2.6) 30.4 2.1 102.6 135.1 34.2 82.6 0.0 18.3	NHYP 0.0 0.0 (0.1) 0.0 0.0 (0.1) (0.1) 1.1 0.1 3.5 4.7 1.3 2.9 0.0 0.5	LHYP 0.2 0.0 (1.4) (0.4) 0.0 0.4 (1.2) 29.0 1.4 73.3 103.7 31.1 63.3 0.0 9.3	КНҮР 0.2 0.0 (0.9) (0.3) 0.0 0.3 <b>(0.7)</b> 22.8 0.9 58.1 81.8 81.8 26.0 50.0 0.0 5.8	JHYP 0.0 0.0 (0.6) (0.2) 0.0 0.2 (0.6) 0.2 (0.6) 0.3 10.6 11.1 0.5 6.8 0.0 3.8	JLKR 0.2 0.0 (1.5) (0.5) 0.0 0.5 (1.3) 38.8 2.4 97.8 139.0 44.9 84.9 0.0 9.2	(1-15) 5.1 0.0 (24.3) (7.5) 0.0 6.7 (20.0) 1.392.5 45.3 2.759.5 4.197.3 1,480.2 2,564.7 0.0 152.4

# Series Financial Statements for 2008 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 sum (17-19)	21 INST	22 SUM (16,20,21)
Income statement	F O	Γ 4	2 101 C	2 202 0	01.0	2 200 0
Income from lending	5.9	5.4	2,191.6	2,202.9	91.9	2,299.9
Interest payable on subordinate loan capital	0.0	0.0	0.0	0.0	(377.9)	(377.9)
Interest, net	(4.9)	(6.2)	1,614.2	1,603.1	(4,504.5)	(2,925.7)
Administrative expenses	(1.5)	(1.9)	(1,168.9)	(1,172.3)	(1,386.1)	(2,565.9)
Impairment losses on loans and advances Tax	(3.9)	0.0 0.7	(173.5) (615.9)	(177.4) (614.1)	(166.4) 978.8	(343.8) 371.4
Profit			1,847.5	(614.1) <b>1,842.2</b>		
PIOIIL	(3.3)	(2.0)	1,047.5	1,042.2	(5,364.2)	(3,542.0)
Balance sheet						
Assets						
Mortgage loans	291.2	332.0	494.923.5	495.546.7	8.667.3	505.606.5
Securities portfolio	8.7	11.9	97.236.1	97.256.7	5.140.4	102.442.4
Other assets	866.1	946.1	418.915.2	420.727.4	94.068.6	517.555.5
Total assets <sup>1</sup>	1,166.0	1,290.0	1,011,074.8		107,876.3	1,125,604.4
	1,100.0	1,250.0	1,011,074.0	1,013,330.0	107,070.5	1,125,004.4
Liabilities and equity						
Issued bonds	439.1	481.8	912,548.9	913,469.8	9,805.3	924,755.3
Other liabilities	712.5	788.3	72,798.2	74,299.0	65.921.8	142,785.5
Subordinate loan capital	0.0	0.0	0.0	0.0	7,584.0	7,584.0
Equity	14.4	19.9	25,727.7	25,762.0	24,565.2	50,479.6
Total assets <sup>1</sup>	1,166.0	1,290.0	1,011,074.8	1,013,530.8	107,876.3	1,125,604.4
	.,	.,	.,,	.,,00010	,01010	.,,
Movements in capital, net	(15.0)	(19.0)	1,558.7		(5,590.9)	
wovements in capital, net	(13.0)	(19.0)	1,556.7		(3,390.9)	

1 Københavns Kreditforening	9 Den vest- og sønderjydske Kreditforening
2 Fyens Stifts Kreditforening	10 Jydsk Husmandskreditforening
3 Landkreditkassen	11 Ny Jydsk Landhypotekforening
4 Østifternes Husmandskreditforening	12 Landhypotekforeningen for Danmark
5 Byernes Hypotekforening	13 Købstadshypotekforeningen
6 Københavns Kreditforening	14 Jydsk Hypothekforening

7 Østifternes Hypotekforening

8 Sønderjyllands Kreditforening

nmark 15 Jydsk Landkreditforening

16 Total (1-15) Associations before 1972 17 Forenede Kreditforeninger 18 Jyllands Kreditforening 19 Nykredit (incl Capital Centres C, D and E) 20 Total (17-19) Associations after 1972 21 Nykredit In General 22 Total (16, 20, 21) Nykredit Realkredit A/S

Notes 1. Assets, Series Financial Statements Assets, Annual Report Assets, Series Financial Statements 1,125,604.4 Difference (131,596.2) Specified as follows: Set-off of own issued mortgage bonds, own SDOs, own junior covered bonds and own other securities (126,863.7) Set-off of interest receivable from own issued bonds, etc

2. Equity, Series Financial Statements

Total

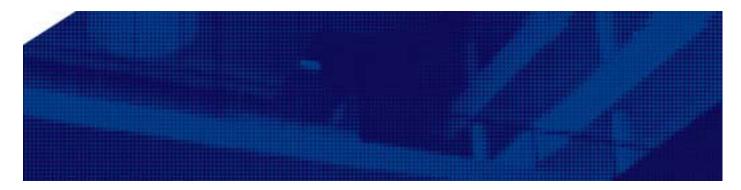
According to the Series Financial Statements, equity may be reconciled to the Financial Statements of Nykredit Realkredit A/S as follows: 50,377.2 Equity, Financial Statements Provisions for repayable reserves in pre-1972 series 102.4 **Equity, Series Financial Statements** 50,479.6

DKK million 2008

994,008.2

(4,732.5) (131,596.2)

# **Other Information**



### **FINANCIAL CALENDAR FOR 2009**

### 5 February

Preliminary announcements of financial statements of the Nykredit Realkredit Group, Totalkredit A/S, the Nykredit Bank Group and Forstædernes Bank A/S.

Annual Reports for 2008 of the Nykredit Realkredit Group, Totalkredit A/S, the Nykredit Bank Group and Forstædernes Bank A/S will be published electronically.

### 2 March

General Meeting of Forstædernes Bank A/S, Kalvebod Brygge 47, DK-1560 Copenhagen V.

### 11 March

General Meeting of Nykredit Bank A/S at Nykredit, Kalvebod Brygge 1-3, DK-1780 Copenhagen V.

### 24 March

General Meeting of Totalkredit A/S, Helgeshøj Allé 53, DK-2630 Tåstrup.

### 25 March

General Meeting of Nykredit Realkredit A/S at Nykredit, Kalvebod Brygge 1-3, DK-1780 Copenhagen V.

### 7 May

Q1 Interim Reports of the Nykredit Realkredit Group, Totalkredit A/S, the Nykredit Bank Group and Forstædernes Bank A/S.

### 20 August

H1 Interim Reports of the Nykredit Realkredit Group, Totalkredit A/S, the Nykredit Bank Group and Forstædernes Bank A/S.

### 5 November

Q1-Q3 Interim Reports of the Nykredit Realkredit Group, Totalkredit A/S, the Nykredit Bank Group and Forstædernes Bank A/S.

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 27 March 2008. Reelection 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) Ejendomsselskabet Amaliegade 49 A/S (Chairman) Persolit Holding A/S (Chairman) Norgren A/S (Deputy Chairman) 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 Bjerre Gymnastik- & Idrætsefterskole Akademiet (BGI Akademiet) 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 Almen Bolignet Boligselskabernes Landsforening

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 Political Secretary \*\*\*

Date of birth: 22 July 1964 Joined the Board on 1 April 2004

Director of: Foreningen Nykredit

Lisbeth Grimm Treasurer \*\*\*

Date of birth: 8 September 1957 Joined the Board on 27 March 2008

Director of: Foreningen Nykredit

Steffen Kragh Chief Executive Officer

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

Joined the Board on 1 April 2004

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

Jens Thomsen Managing Director

Date of birth: 13 May 1955 Joined the Board on 28 March 2007

Managing Director of Stiftelsen Sorø Akademi Manager of Ejendomsselskabet Absalon A/S

Director of: Foreningen Nykredit Stensbygaard Holding A/S (Chairman) Stensbygaard Aktieselskabet af 18. maj 1956 (Chairman) A/S Københavns Plantageselskab (Chairman) James Meyers Mindefond Plantningsselskabet 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 Renholdningsselskabet af 1898 SBS byfornyelse

Leif Vinther Chairman of Staff Association \*\*\*

Date of birth: 18 April 1959 Joined the Board on 1 May 2000

Director 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 Executive Date of birth: 6 April 1953 Joined the Group Executive Board on 1 March 1997

Managing Director of Nykredit Holding A/S Managing Director of Foreningen Nykredit

Director of: Forstædernes Bank A/S \* (Chairman) Nykredit Administration V A/S (Chairman) Nykredit Ejendomme 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 Ejendomme A/S (Chairman) Nykredit Administration V A/S Nykredit Bank A/S Dene Finanse S.A. under liquidation Nykredit Forsikring A/S Nykredit Mægler A/S Totalkredit A/S JN Data A/S Forstædernes Bank A/S \*

Karsten Knudsen Group Managing Director Date of birth: 21 June 1953 Joined the Group Executive Board on 1 June 2005

Managing Director of Nykredit Holding A/S

Director of: Nykredit Bank A/S (Chairman) Nykredit Leasing A/S (Chairman) Nykredit Forsikring A/S Dansk Pantebrevsbørs A/S Dampskibsselskabet "NORDEN" A/S \* Forstædernes 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) Forstædernes Bank \* BEC (Bankernes EDB Central), Observer Finanssektorens Uddannelsescenter IT-Universitetet Owner of Bræmkærgård

### Bente Overgaard Group Managing Director

Date of birth: 21 June 1964 Joined the Group Executive Board on 1 March 2008

Managing Director of Nykredit Holding A/S \* Managing Director of Nykredit Ejendomme A/S \*

Director of: Nykredit Ejendomme A/S \* Nykredit Leasing A/S \*

### 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

Director of: Totalkredit A/S (Chairman) Nykredit Mægler A/S Dene Finanse S.A. under liquidation Værdipapircentralen A/S

\* Joined in 2008

\*\* Resigned in 2008

\*\*\* 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 NASDAQ OMX Copenhagen A/S's revised "Recommendations for corporate governance". However, Nykredit's ownership structure 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 88.18% 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 Foreningen Nykredit, Foreningen Østifterne and PRAS A/S. The board members of Foreningen Nykredit are elected by the Committee of Representatives of Foreningen Nykredit. 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.

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