

Nykredit Bank



1	CORPORATE IDENTITY
2	GROUP STRUCTURE
3	HIGHLIGHTS AND KEY RATIOS
5	MANAGEMENT REPORT
8	BUSINESS AREAS
8	Corporate Banking
10	Nykredit Markets
13	Retail Banking
15	RISK AND BALANCE SHEET MANAGEMENT
15	Credit risks
17	Market risks
18	Liquidity policy
19	Funding
19	Capital requirements
20	RESOURCES
22	FINANCIAL REPORT
27	Accounting policies
31	Profit and loss account
32	Balance sheet
34	Cash flow statement
35	Notes
53	BOARD OF DIRECTORS AND EXECUTIVE BOARD



Nykredit Bank occupies a central position in the overall strategy of the Nykredit Group and co-operates closely with the other entities of the Group including Nykredit A/S, the Mortgage Bank, and Nykredit Østifterne Forsikring A/S, the Insurer.

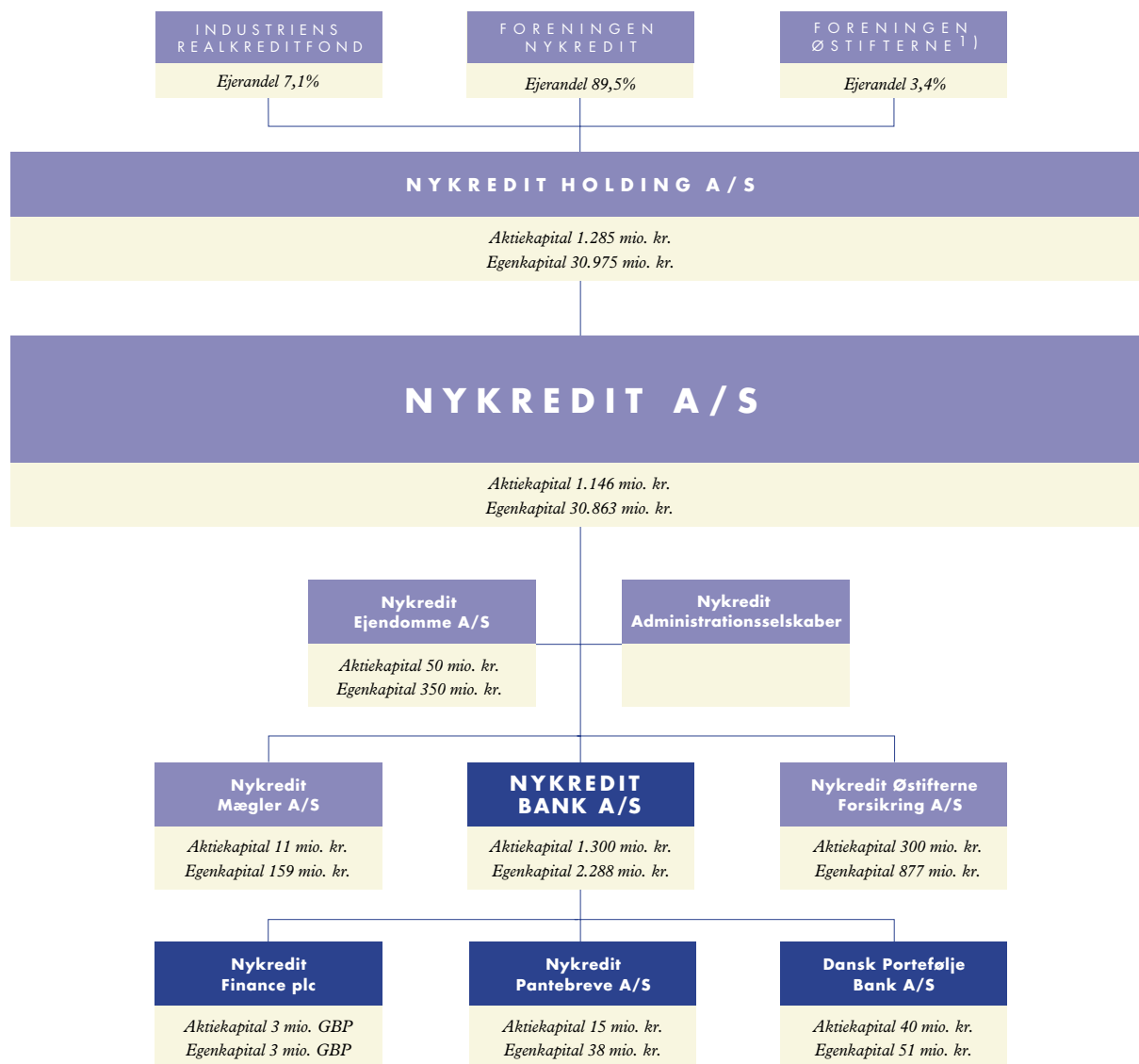
As a specialised bank, Nykredit Bank is devoted to offer attractive and competitive products and services within targeted areas. This builds a platform of generating satisfactory profitability.

The Bank supplies large corporate and institutional customers with financing and investment products from all divisions of the Nykredit Group. Focus is especially centred on value-adding and specialised products and services.

The Nykredit Group serves commercial and retail customers via Nykredit's local offices, a call centre and Internet Bank facilities. Nykredit Bank supplies products for sale via these distribution channels. The Bank aims continually to tailor products to meet customers' demands for quality, availability and efficiency. Effective production and a deliberate credit policy will ensure profitability.

In the pursuit of Nykredit Bank's targets, the staff members play a vital role. Therefore, the Bank seeks to develop a cultural and organisational environment which enables all staff members to contribute to the development of the Bank. This is part of the Bank's strategy to attract and retain competent and motivated staff.

GROUP STRUCTURE



1) The company is included in the group structures of the parent companies.

HIGHLIGHTS AND KEY RATIOS

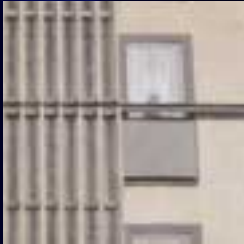
THE NYKREDIT BANK GROUP	1996	1997	1998	1999	2000	2000
DKK million						EUR million
SUMMARY PROFIT AND LOSS ACCOUNT						
Net interest receivable	185	203	215	301	425	57
Fees and commissions receivable (net)	43	49	65	138	73	10
Net income from interest and fees	228	252	280	439	498	67
Market value adjustments	6	-13	53	54	-1	0
Other operating income	5	2	2	5	53	7
Overheads	-148	-183	-266	-332	-400	-54
Depreciation, amortisation and write-downs on intangible and tangible assets	-6	-10	-15	-10	-8	-1
Profit before write-offs and provisions	85	48	54	156	142	19
Write-offs and provisions for bad and doubtful debts	-24	-14	-27	-92	-30	-4
Profit before tax	61	34	27	64	112	15
Tax	-29	-11	-4	-17	-42	-6
Net profit for the year	32	23	23	47	70	9
SUMMARY BALANCE SHEET AT 31 DECEMBER						
Assets						
Cash in hand and assets with credit institutions	6,514	14,648	13,423	17,508	14,614	1,958
Loans and advances	6,700	7,365	10,162	16,018	17,138	2,296
Securities	5,395	6,120	8,931	15,962	20,350	2,727
Other assets	353	827	2,800	1,637	3,604	483
Total assets	18,962	28,960	35,316	51,125	55,706	7,464
Liabilities						
Debt to credit institutions and central banks	11,614	19,306	22,525	32,133	36,267	4,860
Deposits	4,944	3,797	4,684	9,446	9,658	1,294
Other liabilities	1,073	3,613	5,934	6,825	6,993	936
Subordinated debt	-	-	-	500	500	67
Capital and reserves	1,331	2,244	2,173	2,221	2,288	307
Total liabilities	18,962	28,960	35,316	51,125	55,706	7,464
Off-balance sheet items						
Guarantees	1,938	1,696	2,528	2,485	6,398	857
Other commitments	58	132	2,094	3,469	2,882	386
Total off-balance sheet items	1,996	1,828	4,622	5,954	9,280	1,243
KEY RATIOS						
Capital adequacy ratio	14.7%	21.4%	13.0%	11.7%	8.9%	
Core capital ratio	14.7%	21.4%	13.0%	9.5%	7.3%	
Return on equity	3.0%	1.3%	1.0%	2.2%	3.1%	
Income/cost ratio	1.34	1.16	1.09	1.15	1.26	
Interest rate exposure	4.8%	1.0%	1.2%	1.8%	0.2%	
Number of full-time staff (average)	172	176	271	280	283	

1 euro = DKK 7.4631 end-2000



NEW DANISH ARCHITECTURE

Whereas art can be perceived as the mirror of society, architecture expresses a society's organisation and development. Not just concretely in the form of a tangible framework for our way of living, but just as much as a concept for our collective memories and common assumptions.



Our lives and opportunities for development are greatly influenced by the architecture that surrounds us. This is true not only of the individual buildings but it is also the case with the other physical environments we move in: the streets, the towns and cities, the landscape. All have an influence on which qualities we perceive and, later, come to appreciate. So, it is very important that our surroundings are harmonious, environment-friendly and pleasant.



Architecture is, consequently, more than just a roof over our heads or yet another building – and it is never just a question of taste or style. It must be the result of an idea which is good for those who are involved. Apart from the architect, it also depends on whether the client has something he particularly desires, and on the technicians and consultants who carry out the assignment with professional insight and pride in their work. It becomes a testimony to a joint effort and determination to realise a vision.

In this collaboration, it is the job of the architect to transform these desires into an artistic concept that will give the building its structure, form and dimensions. In good architecture consideration is given to the end-users, the relationship between light and shadow, the overall design and the details, the materials and how the building fits in with the surroundings.

Nykredit appreciates good architecture and has awarded Nykredit's Architecture Prize each year since 1986. It is the country's greatest distinction in terms of prestige awarded to Danish architects whose work and practice have shown how it is possible with aesthetic sensibility to transform a common vision to authentic, distinctive houses, estates and landscapes.

Eric Messerschmidt
Chairman of Nykredit's Architecture Prize Committee

The pre-tax results of the Nykredit Bank Group were DKK 112m in 2000, up 75% on 1999. Capital and reserves stood at DKK 2,288m at end-2000 against DKK 2,221m at end-1999. Results surpassed expectations at the beginning of the year although the Bank has not yet obtained a business volume that yields a satisfactory return on equity.

Enhanced business volume within corporate and retail customers including Markets and Asset Management produced a rise in income from interest and market value adjustments of DKK 69m to a total of DKK 424m. In contrast, 2000 saw a decline in fee income compared to 1999 which should be seen in the light of the exceptionally high income within this area last year.

Expenses recorded DKK 348m exclusive of non-recurring expenses. In comparison to the year before, overheads have grown moderately by some 4% due to overall price and wage rises and continued investments in new technology.

With a provision ratio of 0.9, write-offs and provisions for bad and doubtful debts remained modest.

In 2000 the Bank recorded non-recurring income and expenses. The British subsidiary, Nykredit Finance plc, sold a property, the German subsidiary, Frankfurter Bodenkreditbank AG, was divested, and the Bank made provisions for pending legal actions. The effect of the non-recurring items on the

pre-tax results of the Bank netted a loss of DKK 5m.

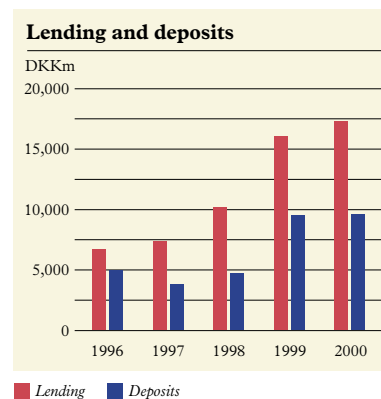
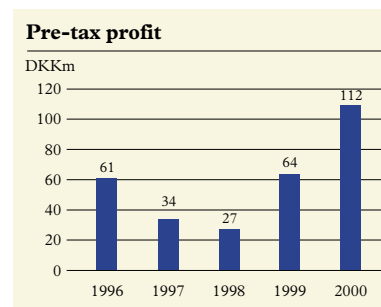
The income/cost ratio stood at 1.26 compared to 1.15 in 1999, thus remaining at a relatively low level.

By further developing deposit and loan products, Nykredit Corporate Banking has upped its business volume within corporate customers. In 2000 the Bank's corporate loan portfolio increased by nearly DKK 3bn. Part of the Bank's corporate loan portfolio has been temporarily replaced by guarantees in relation to the divestment of Frankfurter Bodenkreditbank AG.

Nykredit Markets consolidated its position as one of the leading players in the Danish fixed income and money markets and increased its market share in Danish bond markets. The year showed marked growth in foreign bond trading, and a number of derivatives was added to the product range.

In 2000 retail banking continued to report progress, and the number of retail customers came to 130,000 at year-end. Retail lending amounted to approximately 2.4bn equal to an increase of 60%. Retail deposits were up by 65% to a total of DKK 1.3bn.

Asset management activities were expanded with the launch of Nykredit Invest, a new investment fund. The asset management area developed extremely positively and was representative of considerable growth in business volume. Dansk Portefølje Bank, which



Lending and deposits grew by 7.0% and 2.2%, respectively.

handles the asset management activities of the Bank, was converted from a securities house to a bank in 2000.

HENNING LARSEN'S
OFFICES
COPENHAGEN



THE ARCHITECT'S TASK IS TO ORGANISE A FRAMEWORK FOR LIVING AND CREATIVITY. IN HENNING LARSEN'S WORK, THESE INTENTIONS INTEGRATE IN INTERPLAY OF FORM, LIGHT, COLOURS AND MATERIALS TO CREATE SPACE.



NATURBORNHOLM
NATURE AND EVENT CENTRE
AAKIRKEBY

Nykredit Bank A/S

<i>DKKm</i>	1999	2000
Results for the year	47	70
Balance sheet total	50,355	55,692
Capital and reserves	2,221	2,288
Full-time staff (average)	230	237

Nykredit Pantebreve A/S

<i>DKKm</i>	1999	2000
Results for the year	-1	-2
Balance sheet total	130	616
Capital and reserves	36	38
Full-time staff (average)	12	13

Outlook for 2001

Nykredit Bank expects growth in all business areas in 2001. Owing to the business structure of the Bank also 2001 will show an appreciable lending surplus.

Growth in activities will produce rising staff costs, and considerable investments in IT development are still on the cards. Write-offs and provisions for bad and doubtful debts are expected to stay low.

The pre-tax profit of the Bank is expected to rise considerably in 2001.

Nykredit Finance plc

<i>DKKm</i>	1999	2000
Results for the year	7	54
Balance sheet total	310	59
Capital and reserves	97	37
Full-time staff (average)	2	2

Capital and reserves have been translated at the exchange rates prevailing at year-end in the years in question

Dansk Portefølje Bank A/S

<i>DKKm</i>	1999	2000
Results for the year	4	7
Balance sheet total	23	57
Capital and reserves	19	51
Full-time staff (average)	17	22





CORPORATE BANKING

In 2000 Nykredit Corporate Banking displayed a very positive development in loans to and deposits from the corporate segment where Nykredit Bank reinforced its position as a competitive specialised bank catering to corporate customers.

Throughout the year competition remained fierce, however, with a clear sector trend towards giving high priority to profitability. Nykredit Bank focuses on producing a satisfactory return on capital. Therefore, it is an aim of the Bank to balance growth in lending with predetermined earnings requirements in combination with the Bank's requirements of high credit quality.

The Nykredit Bank Group recorded growth of DKK 3bn in lending to domestic and foreign corporate customers to nearly DKK 15bn at end-2000.

Activities and new measures in 2000

In consequence of the development in the financial sector, Nykredit Bank has refocused its activities in 2000 with a view to constantly being able to comply with customers' demands for professional sparring and at the same time improving profitability.

The product supply comprises a range of deposit and loan products, financial instruments, securities trading, asset management, etc. As a subsidiary in the Nykredit Group, the Bank is provided with a number of other products like mortgage credit and insurance.

Nykredit Bank has chosen not to offer certain products, for instance cash management and foreign payments.

The products offered by the Bank form part of broad financing solutions like such as:

All-in financing packages with an appropriate balance between short and long-term financing via money market facilities combined with revolving credit facilities or longer-dated, permanent loans.

Combinations of mortgage credit and banking products including guarantees and selected fixed income products which provide borrowers with very flexible financing solutions.

Short-term credit facilities such as the swing line concept in relation to mortgage financing which has the flexibility to exploit shifts in the yield curve.

As a further step in servicing the Bank's corporate customers, Internet solutions have been and are being developed continually. In 2000 many customers were attracted to the Bank's unique Net Account which carries a favourable deposit rate.

Mortgage financing

Nykredit Bank handles mortgage financing to the largest corporates. Despite the yield levels, which led to low refinancing activities, the area experienced a high level of activity.

The Nykredit Group's position within mortgage loans for commercial properties in the UK, Sweden and Germany was further strengthened in 2000.

Nykredit's commercial centres

The Nykredit Group continued to expand its commercial centres which also offer extensive financial expertise within banking.

The commercial centres advise small and medium-sized companies on financing solutions which comprise both banking and mortgage credit products. The location of the commercial centres and their staff has proven expedient to the sale of the Bank's products to trade and industry.

Nykredit Bank will continue its commitment in this area in 2001.



HENNING
LARSEN'S SPACES
CREATE IDENTITY.
REGARDLESS OF
PURPOSE OR
LOCATION, THEY
ARE SIMPLE AND
EXPRESSIVE AND
THEREFORE
ACCESSIBLE TO
ALL, NOT LEAST
BECAUSE THE PRE-
SENCE OF DAY-
LIGHT IS ALWAYS
CONSPICUOUS.

Rental housing

In 2000 Nykredit Bank consolidated its position as a leading supplier of construction loans to subsidised housing and as supplier of financing solutions for small as well as large projects.

Growth within housing society dwellings has sparked a strong increase in activities. The launch of housing society loans has enabled Nykredit to offer complete financing packages to both housing societies and their members.

Agriculture

Activities within agricultural loans have primarily concentrated on bridge financing products.

At the end of the year the agricultural centres of the Nykredit Group took various measures to fuel new business in 2001.

Nykredit Bank now also offers leasing products for the financing of agricultural machinery and tools, an area expected to grow in coming years.

Leasing

In the light of the heavily rising demand in the leasing market and in order to fortify leasing activities, the Bank decided at year-end to take part in the set-up of a new leasing company, LeasIT A/S, by way of a minority shareholding. Through this co-operation and co-ownership, the Bank has paved the way for expanding its leasing capabilities further.

Frankfurter Bodenkreditbank AG

As a step towards greater focus on the Bank's core activities, Frankfurter Bodenkreditbank AG was divested to the AXA Colonia AG Group in 2000.

Nykredit Finance plc

Activities in the subsidiary, Nykredit Finance plc, have been further reduced in preparation for complete winding-up in 2001.

Nykredit Bank Corporate Banking in 2001

Nykredit Bank and Nykredit A/S together represent substantial strength as loan providers to Danish trade and industry with a total corporate loan portfolio of DKK 216bn at end-2000. This

market share forms a solid foundation for further developing the Bank's business co-operation with corporates. In 2001 the Group will cement its position as provider of all-in financing solutions to Danish corporates and thus make Nykredit the customers' first-choice financial partner.

Nykredit Bank Corporate Banking will also concentrate on a line of activities which are not otherwise related to the Group. Activities like structured finance and corporate bonds will be marketed in close co-operation with Nykredit Markets.

NYKREDIT MARKETS

In recent years Nykredit Markets has attained a position as one of the leading players in Denmark within trading in fixed income and credit products to professional investors. The main goal has been to obtain critical mass within basic products. A high market share within basic products ensures access to customers, but is also applied to market new high-margin products in order to retain profitability in the long run.

Marketing of these products requires high-quality market and product research. Nykredit Markets is already a capable research supplier, and the Research Department is devoted to becoming one of the best in Denmark.

Bonds

In 2000 Nykredit Markets consolidated its position as a leading player in the markets for government and mortgage bonds and reported progress in earnings. Furthermore, Nykredit Markets's customer base and array of products were diversified and increased. The year ended with a satisfactory business volume despite several months of pronounced decline in turnover on the Copenhagen Stock Exchange in the period before the euro referendum.

The Danish "No" vote to the euro refuelled investor interest in Danish bond markets. Thus Nykredit Markets has noted increase in the overall customer portfolio both in terms of international and Danish customers after the euro referendum.

In 2000 Nykredit Markets added euro-denominated government bonds to its product range on expectations that Danish investors would increasingly diversify their investments to include euro bonds regardless of the outcome of the euro referendum. The development has been very satisfactory.

Credit products

Activities in European credit markets have virtually exploded in recent years, and investors' demands becoming more and more refined. Nykredit Markets is devoted to becoming a leader in this area and has over the year tailored products and services to match the growing interest in credit bonds shown by especially institutional investors. In particular, focus has been centred on German mortgage bonds.

The investment universe of Danish investors is constantly expanding. In response Nykredit Markets has given top priority to research, sales and trading competences within German and US mortgage bonds. Nykredit Markets has also developed comprehensive expertise within key sectors such as telecoms, automobiles, finance and retailing. Research and sales of credit products have become natural elements of the overall sales and research activities.

Liquidity, foreign exchange and structured products

On top of fixed income and credit trading Nykredit Markets also holds a prominent position within foreign exchange and money markets, and throughout the year the Bank saw a high level of activity in

these areas which mirrored strong interest from investors and marked fluctuations in short rates before and after the euro referendum.

The market for structured products has undergone a positive development globally. However, for a period, growth in Denmark was hampered by low turnover and volatility due to the euro referendum. Nonetheless, Nykredit Markets commanded considerable market share in the market for Danish krone denominated swaps in 2000. This creates a good platform for the positive expectations for this business area in coming years. Furthermore, the Bank is optimistic about the growth potential in the Danish market as legislation has allowed for institutional investors to apply derivatives in the management of interest rate exposure, and as corporate bonds and other credit-related products attract growing interest.

Equities

The new strategic path within equities implies that the product offering no longer includes equity research, but a cost-efficient trading function for investors. The refocusing is well in consonance with the ongoing structural adjustment and the intensified price competition in equity markets and has produced a healthy lift in profitability.

Growing investor focus on benchmark portfolios and unit link products has incentivised a favourably priced and effective execution alternative underpinned by the wide experience and market insight of the Equity Department.

Corporate Finance

Nykredit Markets has changed its Corporate Finance strategy, and in 2000 the department focused exclusively on Mergers & Acquisitions.

Demands for structural adjustment in the Danish corporate sector and growing internationalisation with many foreign takeovers in the Danish market have prompted many M&A transactions in 2000. In that context it has been noted with great satisfaction that Corporate Finance received a number of mandates from foreign clients and was thus able to build a solid foundation of playing a continued and expanded role in the highly competitive M&A market.

Asset management -

Dansk Portefølje Bank

Dansk Portefølje Bank is the Nykredit Group's asset management arm. The bank has many years of experience within asset management. The coupling of the asset management skills of Dansk Portefølje Bank and the distribution powers of the Nykredit Group has yielded good results in 2000. Thus Dansk Portefølje Bank generated handsome sales of management agreements and special investment funds among other products. Client funds under management with Dansk Portefølje Bank totalled well over DKK 25bn.

In mid-2000 the company changed its legal status from securities house to bank and received a capital injection of DKK 25m from Nykredit Bank A/S.

A line of new investment opportunities was introduced after the establishment of four sections in the investment fund Nykredit Invest and the specialised investment fund Nykredit Invest Engros – section 1, Euro Credit. Dansk Portefølje Bank manages and offers advisory services in relation to both funds. Coupled with Dansk Portefølje Invest, the new products cover many of the investment requirements of both private and institutional investors.

The asset management market in Denmark is growing, and Nykredit Markets will intensify efforts in this area in 2001. Dansk Portefølje Bank will also endeavour to sharpen its profile further as competition intensifies constantly within asset management.

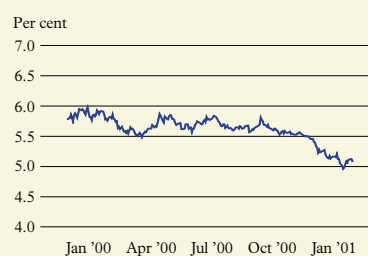
Nykredit Markets in 2001

In 2001 spotlight will be on the profitability of existing products. Also, the business area will be further developed via enhanced coordination between new activities and more mature business areas.

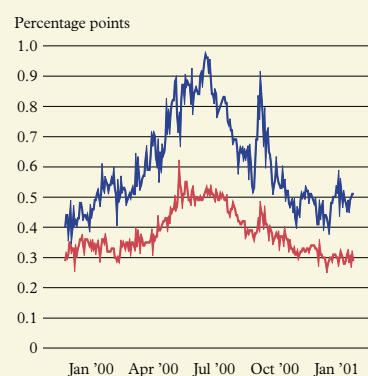
The set-up of Capital Markets as a new business entity is one of the distinctive new events in 2001. The objective of Capital Markets is to initiate, structure and conclude primary issues of credit bonds. The new entity will be closely linked to existing activities in Nykredit Corporate Banking and Nykredit Markets. Capital Markets business will spring from existing close contacts to Scandinavian corporates with financing needs on one hand and contacts to investors on the other.

Nykredit Markets has successfully arranged seminars for both Danish and foreign customers. The intense efforts will continue in 2001 as part of the ongoing process of profiling Nykredit Markets as a provider of expert input.

10-year Danish government bond yield

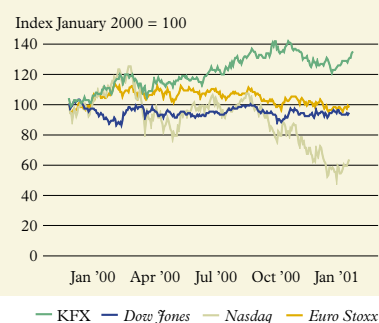


Yield spread against Germany



— 2-year spread — 10-year spread

Equity markets



— KFX — Dowe Jones — Nasdaq — Euro Stoxx

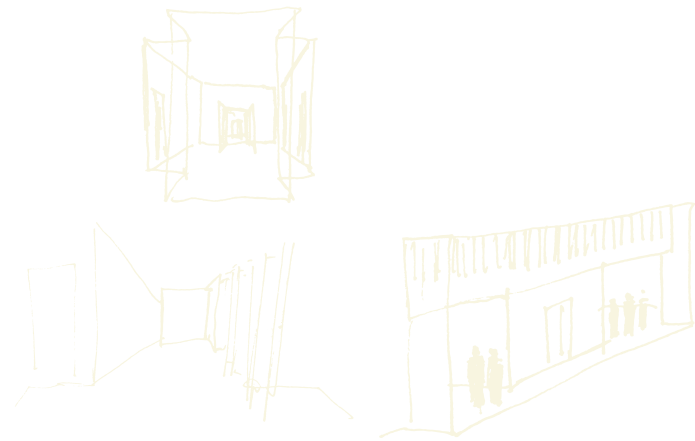




POUL INGEMANN
KERTEMINDE

INSTANTLY POETIC
AND PERSONAL.
POUL INGEMANN'S
BUILDINGS ARE
MICROCOSMS
WHICH REFER TO
BOTH THE UNSPO-
KEN AND THE
FAMILIAR WHICH
WE ALL SHARE. AS
A RESULT, THEY DO
NOT JUST LOOK
LIKE HOUSES,
THEY ARE INDEED
HOUSES.

THE JOHANNES LARSEN MUSEUM
KERTEMINDE



RETAIL BANKING

In 2000 Retail Banking continued growing its balance sheet. Lending was up by 60% and deposits by 65%. Total lending was DKK 2.4bn at year-end and total deposits DKK 1.3bn.

The advance was chiefly generated by the following products Housing Loans, Core/Basic Accounts and Core Accounts with credit facilities. Growth in deposits was DKK 500m.

At year-end the Bank had 130,000 customer relationships, of which approximately 30,000 have only

opened a Mortgage Savings Account with Nykredit Bank for the sole purpose of repaying a Nykredit mortgage.

Nykredit Bank also acts as custodian with respect to Nykredit bonds deposited with Nykredit which includes many small deposits from retail customers.

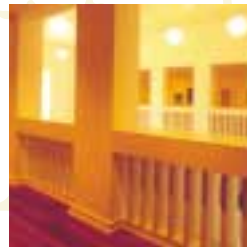
New events in 2000

Nykredit Bank supplies the Nykredit Group's sales channels with retail banking products. The key channels are Nykredit's 48 local offices, supplemented by Nykredit Direkte, a call centre, and the Nykredit Internet Bank.

In co-operation with the sales channels the following new products were launched:

Nykredit Internet Bank was equipped with securities trading facilities in February 2000. Nykredit's e-solution offers online trading directly on the Copenhagen Stock Exchange and other facilities.

Nykredit Invest, an investment fund, was launched in June 2000. Nykredit Invest's first four sections primarily address Nykredit's retail customers in need of alternatives to savings accounts or bonds.



POUL INGEMANN'S HOUSES ARE BOTH RESTRAINED AND PRECISE IN THEIR EXPRESSION. THEY BORROW TEXTURE, MATERIALS AND DIMENSIONS FROM THEIR SURROUNDINGS BUT THEIR PROPORTIONS AND SCULPTURAL QUALITY ARE INTRINSIC.

Nykredit Investor Guide offers customers interactive advisory services on the Internet in relation to their choice of investment mix.

Nykredit Mortgage Equity Withdrawal is a new offer to senior homeowners who wish to realise the funds saved in their owner-occupied dwelling without having to sell their property. Nykredit Mortgage Equity Withdrawal was introduced in August 2000 and marketed primarily via Nykredit's local offices.

Nykredit Auto Financing, Nykredit Housing Society Loan and Consumer Credits were also introduced in 2000.

Nykredit Pantebreve

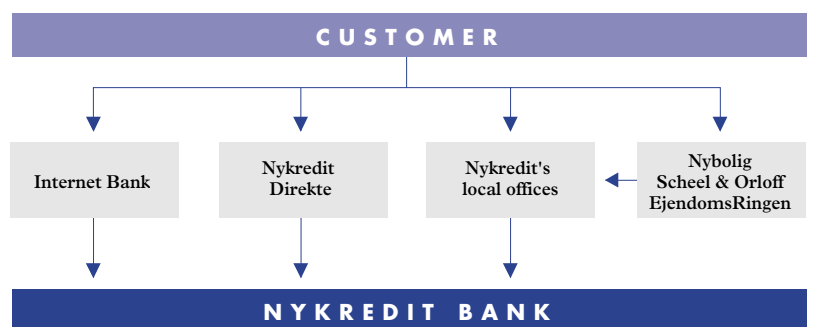
Nykredit Pantebreve, a subsidiary of Nykredit Bank, offers mortgage financing in connection with trade in real property and supplementary mortgaging preferably by mortgage secured on owner-occupied dwellings but also on recre-

ational and commercial properties. Customers are introduced to Nykredit Pantebreve via estate agents and Nykredit's sales outlets. Nykredit Pantebreve resells the majority of mortgages directly to investors.

Mortgage financing is offered at both fixed and adjustable rates. Nykredit Pantebreve has provided financing worth approximately 425m, up some 10% on 1999. This development is expected to continue in 2001.

Nykredit Retail Banking in 2001

In 2001 the Bank expects Nykredit's local offices in particular to generate increased sales of banking products with growing focus on sales and advisory services within savings and investment products. The Bank will continue its determined focus on developing and supporting products tailored for distribution via the distribution channels of the Nykredit Group.



RISK MANAGEMENT

The Board of Directors of the Bank has set out guidelines for the types of risks the Bank may be exposed to. These risk limits have been delegated to each of the acting departments or subsidiaries.

With a view to ensuring tight management of Bank Group risks, the Risk Management Department monitors risks from central quarters. The Executive Board is informed on a day-to-day basis of the Group's overall risks, while the Board of Directors is notified on a monthly basis.

Nykredit Bank grants loans and advances according to an assessment of the individual customer and the customer's financial position. The Bank applies a credit scoring system to assess retail customers. This system ensures consistent credit processing, facilitates administration and offers customers a better service.

CREDIT RISKS

At end-2000 the Bank's loan portfolio consisted mainly of loans to corporates including a major section of the largest companies in Denmark. However, retail lending grew considerably in 2000.

Nykredit Bank continually monitors all commitments, and provisions are made in the event it seems likely that the Bank may suffer a loss on a commitment.

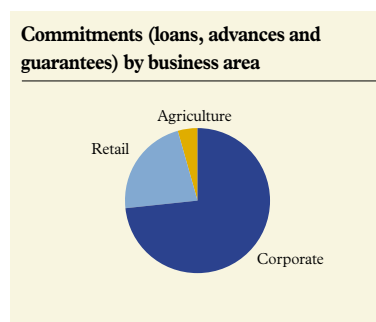
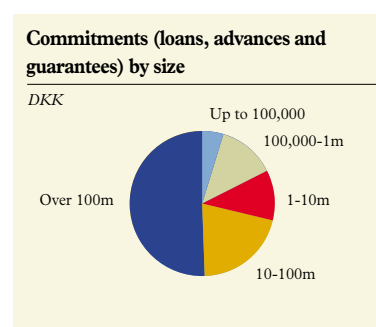
The corrective account was DKK 210m in 2000 against DKK 229m

in 1999. Measured relative to total Group loans, advances and guarantees at end-2000 the provision balance stood at 0.9% against 1.1% in 1999.

The effect of write-offs and provisions for bad and doubtful debts on operating income amounted to DKK 30m in 2000 against DKK 92m in 1999.

Management estimates that provisions made at end-2000 are necessary and adequate. The adequacy of provisions is estimated by the extent to which losses ascertained individually during the financial year were covered by provisions made no later than at the beginning of the year in question. In 2000 this key ratio came to 96.4 against 97.9 in 1999.

A unit of the Bank's Credit Function monitors the risk that



counterparties default on an obligation in compliance with transactions concluded.

Group account for write-offs and provisions for bad and doubtful debts

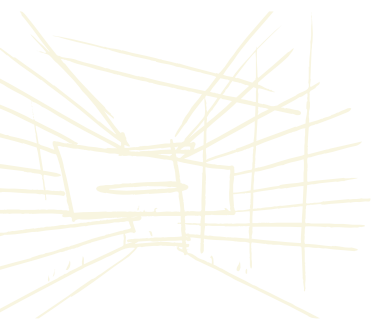
DKK million	1999	2000
Provisions, beginning of year	141	229
Currency translation adjustment, provisions, beginning of year	3	0
New provisions for the year, net	104	32
Previously provided for – now lost	-19	-27
Other disposals	0	-24
Provisions, year-end	229	210
New provisions for the year, net	104	32
Write-offs – not previously provided for	-	1
Received on claims previously written off	-12	-3
Write-offs and provisions for bad and doubtful debts, net	92	30
Write-offs and provisions for bad and doubtful debts - key ratios		
Provision balance as a percentage of loans, advances and guarantees at 31 December	1.1	0.9
Write-offs and provisions as a percentage of loans, advances and guarantees, year-end	0.5	0.1
Losses ascertained, covered by provisions as a percentage, beginning of year	97.9	96.4
Claims at reduced interest as a percentage of loans, advances and guarantees at 31 December	0.5	0.1

SCHMIDT, HAMMER & LASSEN
ÅRHUS



EACH ASSIGNMENT HAS ITS OWN CONCEPT AND IDIOM DEPENDING ON ITS PROGRAMME AND IDENTIFICATION. TO EXPRESS THE VISIONARY POTENTIAL OF ARCHITECTURE, SCHMIDT, HAMMER & LASSEN STRIVE FOR MODERNITY YET CHALLENGE CURRENT TRENDS.

THE ROYAL LIBRARY,
"THE BLACK DIAMOND"
COPENHAGEN





MARKET RISKS

Statement of market risks is made in a trading and risk management system that handles all types of financial instruments. From 2001 equities will also be registered in this system which provides the Bank with a high degree of consistent monitoring and computation of market risks. The system is constantly being further developed and is subject to continuous quali-

ty assurance and adaptation to new products. Management reporting is made on a day-to-day basis.

Interest rate risks

The most significant interest rate exposure relates to the Bank's securities trading and money market transactions. To a substantial extent long-term loans and deposits are hedged in respect of interest rates.

With regard to Danish mortgage bonds risk key ratios are computed daily which allow for the embedded option element. Credit spread risk is assessed daily, and in the first half of 2001 the Bank will introduce lines on the exposure to a number of yield curves.

At end-2000 interest rate exposure came to DKK 5m against DKK 40m at end-1999.



Exchange rate risks

Exchange rate risks are computed at Exchange Rate Indicators 1 and 2, the authorised reporting measures for the Danish Financial Supervisory Authority.

The exchange rate exposure measured by Exchange Rate Indicator 1 is computed as a sum of all net positions. At end-2000 Exchange Rate Indicator 1 came to DKK 294m against DKK 86m at end-1999.

Exchange Rate Indicator 2 indicates the maximum potential loss which the Bank may incur at a 99% probability within a 10-day period on the aggregate foreign exchange positions. Exchange Rate Indicator 2 allows for the covariance of foreign exchange positions.

Exchange Rate Indicator 2 came to DKK 3m at end-2000 against DKK 1m at end-1999.

For positions in foreign exchange not quoted by the Danish central bank, a much more conservative risk measure is applied.

Option risks

Apart from the option element embedded in Danish mortgage bonds, the Bank incurs no material option risks.

Equity risks

At year-end equity risks measured as the overall equity exposure came to DKK 52m against DKK 18m at end-1999.

BALANCE SHEET MANAGEMENT

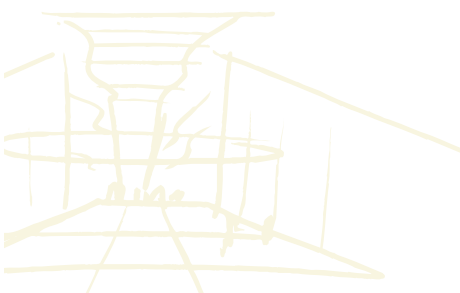
Liquidity policy

The Bank has drafted a liquidity policy which sets out principles and requirements of liquidity and balance sheet planning. The policy also contains intra-group prerequisites and requirements of management reporting, balance sheet structure and funding.

The Bank's Treasury Department handles management and planning of liquidity, overall balance sheet management, monitoring of money and capital markets, changes in the balance sheet composition and management reporting.

Balance sheet management is based on an intra-group developed liquidity model which indicates implications of market changes and portfolio reallocation in different currencies. The model generates the Bank's daily cash flow according to various assumptions on the development in both reported and projected cash flows.

More sophisticated computations of different risk scenarios and their impact on the Bank's short and long-term cash flow and balance sheet composition are made on an ad hoc basis. The liquidity model is subject to intra-group guidelines supplementing the liquidity requirements of the Danish Commercial Banks and Savings Banks Act and the recommendations of the Bank for International Settlements (BIS) regarding liquidity policy and management.



BUILDING TECHNOLOGY KNOW-HOW AND PROCESS PLANNING ARE KEY DISCIPLINES IN THE WORK OF SCHMIDT, HAMMER & LASSEN IN THEIR EFFORTS TO ACHIEVE THEIR ARCHITECTURAL VISION OF A BUILDING MANIFESTING ITSELF IN FORM AND FUNCTION.

Funding

The overall responsibility for the Bank's funding activities rests with the Treasury Department. Costs of funding are allocated on an intra-group basis in order to ensure that the Bank's balance sheet only contains transactions that cover cost of capital and meet intra-group return requirements.

As a subsidiary of the Nykredit Group, the Bank holds a strong position in the Danish money market. The Bank has attained sound funding in Danish kroner, whereas the Bank's foreign exchange funding is still being structured.

Investment income

As part of the Bank's efforts to ensure maximum focus on development of the business entities, including management of market risks upon client trading in Markets and Corporate Banking, the Bank's bond portfolio has been placed in the short end with the 1-year money market rate as benchmark. This ensures highly predictable annual results from the Bank's securities portfolio.

CAPITAL REQUIREMENTS

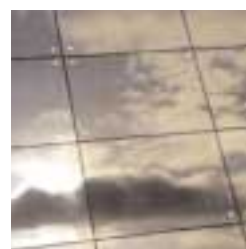
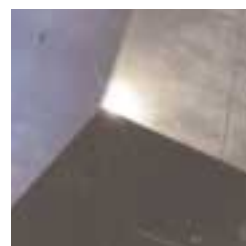
Core capital

The core capital of the Bank is in good conformity with the current business level, provides the counterparties of the Bank with the necessary security and the Bank with adequate financial strength for its future development. The Bank continually endeavours to optimise outflow of funds relative to inherent risks.

The core capital after deductions (tier I) came to DKK 2,272m.

The capital base and supplementary capital came to DKK 2,772m (tiers I+II).

The capital adequacy ratio was 8.9 and the core capital ratio 7.3.



DOMUS ARCHITECTS
LYNGBY



Staff

At end-2000 the Nykredit Bank Group had 291 staff converted into full-time staff against 283 at end-1999. The increase derives from the divestment of the German subsidiary (-18) and a rise in staffing levels in Nykredit Bank (22) and Dansk Portefølje Bank (4).

A specialised bank places heavy demands on the ability, commitment and flexibility of its staff. The Bank expects demand for competent staff to intensify in the future and therefore, the Bank focuses on its ability to attract and retain the required number and type of staff.

Information technology

Consistent and future-oriented use of information technology is an important competitive parameter. All staff actively applies the Internet, Nykredit Intranet and e-mail in their interchange of communication and information – for intra-group as well as external purposes.

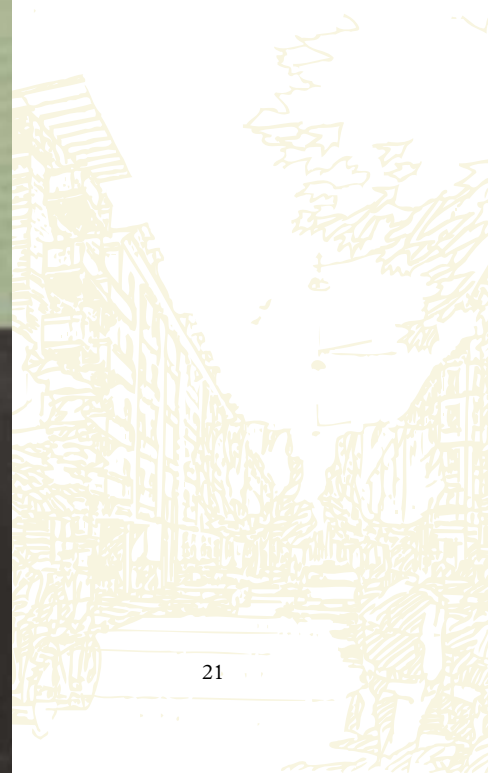
The Nykredit Bank Group counts on e-business both for the purpose of increasing business volume and reducing overall transaction costs. The retail customers of the Bank can already undertake most of the everyday bank transactions via the Internet Bank including money transfers and securities trading. A new Internet Bank solution has been introduced to the corporate customers and will be further developed in 2001.





FAITHFUL TO THE
SOCIAL TRADITIONS
OF DANISH
ARCHITECTURE,
DOMUS ARCHITECTS
HAVE MADE THE
OVERLOOKED AND
THE NEGLECTED
BUILDINGS IN
THE CITIES THEIR
HALLMARK.
EYESORES ARE
REMOVED AND
REPLACED WITH
SPLENDOUR.

AKB, NANSENSGADE
COPENHAGEN





Group results before tax were DKK 112m, up DKK 48m on 1999. Results after tax were DKK 70m against DKK 47m in 1999.

In 2000 the Group continued the positive trend within corporate and retail customer activities. In combination with an increased business volume in Nykredit Markets this resulted in a rise in net income from interest and market value adjustments of DKK 69m (+19%) to a total of DKK 424m.

Market value adjustment of bonds and shares was up by a total of DKK 100m to DKK 128m, whilst market value adjustment of derivative financial instruments generated a loss of DKK 126m. The Bank continually applies financial instruments for the purpose of hedging interest and exchange rate risks. The results from market value adjustment should thus be viewed in light of earnings from net interest receivable and market value adjustment of securities.

Net fees were down by DKK 67m to DKK 71m. The setback is an outcome of fees receivable being exceptionally high in 1999.

Other operating income of DKK 53m mainly represents a profit from Nykredit Finance plc's sale of property.

Overheads including depreciation on tangible assets recorded a 4.5% rise, up from DKK 333m in 1999 to DKK 348m in 2000. Considering the advance in Group business volume this constitutes a moderate development in costs.

Wage costs have increased by well over DKK 3m. Wages were affected by general wage adjustments, a new bonus scheme and an increase in staffing levels. To that end Nykredit Bank A/S has employed 22 new staff over the year, whereas staffing levels in the subsidiaries have been reduced by 14, chiefly due to the divestment of Frankfurter Bodenkreditbank AG.

Other administrative expenses were up by DKK 14m on 1999 to DKK 159m to some extent due to costs incurred by the development of the Internet Bank.

Other operating expenses were DKK 60m of which approximately DKK 30m relates to the value adjustment of the shareholding in Frankfurter Bodenkreditbank AG and costs inherent to the divestment of the company. In 2000 the Bank also made provisions for pending legal actions.

Write-offs and provisions for bad and doubtful debts showed a decrease of DKK 62m to DKK 30m. In line with previous years, write-offs and provisions were particularly low, one of the reasons being the positive Danish economic outlook. Relative to Group loans, advances and guarantees, provisions totalled 0.9% (1999: 1.1%) and write-offs for the year 0.1% (1999: 0.5%).

The divestment of Frankfurter Bodenkreditbank AG took effect for accounting purposes at 30 June 2000, and the results for the first half of 2000 have been taken to the Group profit and loss account.

The tax charge of the Group totalled DKK 42m, 37% of results before tax. The relatively high tax rate primarily relates to the fact that only a limited amount of the expenses related to the divestment of Frankfurter Bodenkreditbank AG is deductible for tax purposes.

Group balance sheet

At end-2000 the balance sheet stood at 55.7bn against DKK 51.1bn at 31 December 1999.

Loans and advances increased by well over DKK 1bn or 7%. Corporate and retail lending rose by DKK 3bn and DKK 1bn, respectively, while the divestment of Frankfurter Bodenkreditbank AG reduced overall Group lending by approximately DKK 3bn. The bank has guaranteed this loan portfolio which is expected to be successively transferred to the Bank in 2001. Reverse transactions recorded DKK 3.4bn at year-end against DKK 2.5bn at end-1999.

Also, Nykredit Markets stepped up activities in repo and bond markets in 2000, and the bond portfolio expanded from DKK 15.9bn at end-1999 to DKK 20.3bn. Negative holdings (reverse transactions) came to DKK 3.8bn at year-end compared to DKK 5.0bn at 31 December 1999.

Total interest rate exposure amounted to DKK 5m (1999: DKK 40m) at year-end.

In 2000 leasing activities were extended to include two real property projects, of which one has been concluded and leased via an operating lease. The rise in tangible fixed assets, up from DKK 23m in 1999 to DKK 218m at end-2000, is in all essentials an effect hereof.

Other assets have reported a rise from DKK 1.6bn in 1999 to DKK 3.4bn at 31 December 2000. The item mainly consists of "positive market values of financial instruments" of DKK 1.9bn (1999: DKK 1.0bn), whereas "interest and commissions receivable" came to DKK 1.0bn (1999: DKK 0.2bn).

Debt to central banks and credit institutions grew by DKK 4.1bn to DKK 36.3bn at end-2000. Repo transactions amounted to DKK 16.3bn against DKK 15.0bn at end-1999.

Deposits rose from DKK 9.4bn to DKK 9.7bn. This development mainly relates to increased retail deposits. Repo transactions amounted to DKK 1.7bn, a decrease of DKK 0.7bn compared to the year before.

Other liabilities were DKK 6.9bn. This item mainly consists of a "negative securities portfolio" of DKK 3.8bn (1999: DKK 5.0bn), "negative market values of financial instruments" of DKK 1.7bn (1999: DKK 1.3bn), while "interest and commissions payable" equalled DKK 1.1bn (1999: DKK 0.2bn). At year-end assets and liabilities in

foreign exchange were DKK 18.2bn (1999: DKK 15.9bn) and DKK 18.5bn (1999: DKK 15.5bn), respectively. As a percentage of core capital after deduction, Exchange Rate Indicator 1 came to 12.9% (1999: 3.8%). Indicator 2 came to 0.1%.

Off-balance sheet items

Off-balance sheet items recorded DKK 9.3bn in comparison to DKK 6.0bn at end-1999. The rise stems mainly from guarantees provided for the part of the loan portfolio of the Bank's former subsidiary, Frankfurter Bodenkreditbank AG, which has not yet been transferred to Nykredit Bank.

Capital and reserves

The Bank's accounting policies have been changed so that the Bank capitalises positive deferred tax ("tax asset") from 2000. At the beginning of the year, capital and reserves were thus adjusted from DKK 2,217m to DKK 2,221m. The increase corresponds to the accumulative value of the tax asset at the beginning of the year.

The net profit for the year of DKK 70m was added to Group capital and reserves, while adjustment of revaluation reserves was DKK -3m. Capital and reserves thus totalled DKK 2,288m.

Capital adequacy

Group capital adequacy stood at 8.9%, down 2.8 percentage points on the year before.

The change is in principle an effect of the rise in weighted items from DKK 23.2bn in 1999 to DKK 30.9bn at end-2000.

Pursuant to the Danish Commercial Banks and Savings Banks Act the capital adequacy ratio must come to 8% at a minimum.

Events occurred after

31 December 2000

The Bank has decided to strengthen its capital base by an increase of DKK 600m of which DKK 300m represents a rise in share capital and DKK 300m is supplementary capital.

In the period from the end of the financial year to the presentation of the accounts no other events have occurred which may affect the assessment of the accounts for 2000.



WITH THEIR INSISTENCE ON INNOVATION AND BOLD EXPERIMENT, DOMUS ARCHITECTS ARE ABLE TO RAISE THE ARCHITECTURAL STANDARD OF EVEN MODEST PROJECTS. THE RESULT IS HOUSES WITH ROOM TO ENJOY LIFE.





SØREN ROBERT LUND
COPENHAGEN

NERVE, INTENSITY AND GENEROSITY. ARCHITECTURE AT ITS BEST MANAGES TO COMBINE THE SURROUNDING LANDSCAPE AND THE PERIOD IN ITS DETAIL. SØREN ROBERT LUND'S BUILDINGS ARE SOUNDING BOARDS FOR HISTORY.

SJÆLLANDSKE AVISTRYK
SLAGELSE



Nykredit Bank A/S

2000 reported results for the year before tax of DKK 112m, a rise of DKK 48m compared to 1999. Net income from interest, fees and market value adjustment was DKK 422m against DKK 415m in 1999. Net interest receivable rose by DKK 149m, while market value adjustments and fees were down by DKK 61m and DKK 83m, respectively.

Overheads were up by DKK 21m to DKK 301m. This development reflects a higher level of activity one of the effects being a rise in staffing levels. 2000 also incurred a number of expenses for new technology, including the development of the Internet Bank.

Write-offs and provisions for bad and doubtful debts stayed low following the positive outlook in the Danish economy.

Results after tax were a profit of DKK 70m against DKK 47m in 1999.

The balance sheet grew by DKK 5.3bn to DKK 55.7bn at end-2000.

Loans and advances showed growth of DKK 8.2bn to DKK 17.0bn. Of this rise, well over DKK 4bn can be ascribed to new corporate and retail lending, while the remainder derives from repatriation of loans from Frankfurter Bodenkreditbank AG, a former subsidiary of the Bank. The bond portfolio increased by DKK 4.4bn

to DKK 20.3bn, while assets with credit institutions were reduced by DKK 9.0bn.

Deposits grew by nearly 15% to DKK 9.7bn.

Nykredit Bank's capital adequacy stood at 8.8% at end-2000 against 11.4% in 1999. After transfer of the profit for the year of DKK 70m, capital and reserves were DKK 2.3bn against DKK 2.2bn at end-1999.

Dansk Portefølje Bank A/S

In mid-2000 the company was converted from a securities house to a bank. Results before tax amounted to DKK 11m in 2000 against DKK 6m in 1999. Post-tax profits for the year were well over DKK 7m, up DKK 3m.



Net income from interest and fees was DKK 29m equal to growth of nearly DKK 9m relative to 1999. 2000 experienced a positive development in asset management and administration agreements. Client funds under management have thus increased from DKK 23bn at the beginning of the year to well over DKK 25bn at year-end. In addition, earnings were positively affected by a capital increase of DKK 25m in 2000.

Overheads were reported at DKK 19m or a rise of nearly DKK 5m compared to 1999. This development mirrors an increased level of activity, and four new staff were added to the Bank totalling 22 at end-2000.

Company assets mainly represent assets with Nykredit Bank A/S of DKK 21m and a bond portfolio of DKK 25m. The closing balance sheet stood at DKK 57m against DKK 23m at end-1999. Capital and reserves were DKK 51m against DKK 19m in 1999. The share capital is wholly owned by Nykredit Bank A/S.

Nykredit Pantebreve A/S

The company turned in results after tax of DKK 1.7m compared to a loss of nearly DKK 1m last year. The profit before tax came to DKK 2.5m, an advance of nearly DKK 3m relative to 1999.

In 2000 the company increased sales of mortgages and along with a capital injection of DKK 25m at end-1999 this led to an increase in income from interest, fees and market value adjustments of DKK 4.3m to a total of DKK 12.4m. Overheads rose by DKK 0.8m totalling DKK 9.0m, while write-offs and provisions for bad and doubtful debts at DKK 1m remained largely unchanged compared to 1999.

The closing balance sheet stood at DKK 616m against DKK 130m at end-1999. The rise of DKK 486m is mainly a result of the repatriation of loans from Frankfurter Bodenkreditbank AG. Nykredit Bank A/S has guaranteed these loans. The repatriation of loans has had no material effect on the results for the year. Capital and reserves ended the year at DKK 38m against DKK 36m at end-1999. The share capital is wholly owned by Nykredit Bank A/S.

Nykredit Finance plc

In 2000 the company recorded a profit of DKK 70m before tax against DKK 11m in 1999. Results after tax were DKK 54m against DKK 7m in 1999. The advance in results is mainly an effect of a profit of nearly DKK 50m from the sale of property.

Nykredit Bank has repatriated a sizeable share of the loan portfolio in the subsidiary, and to that end Nykredit Finance plc has distributed well over DKK 100m to the Bank which largely corresponds to the value of the loans repatriated. Furthermore, Nykredit Finance plc sold a property to one of Nykredit Bank's subsidiaries, Norswood Properties Limited. Nykredit Finance plc has largely phased out all activities.

The closing balance sheet was DKK 59m against DKK 310m at end-1999. Capital and reserves ended the year at DKK 37m equal to a decline of nearly DKK 60m relative to 1999. The share capital is wholly owned by Nykredit Bank A/S.

Norswood Properties Limited

The company did not undertake any activities in 2000 other than acquiring a property from Nykredit Finance plc for DKK 3.8m. The company balance sheet was DKK 3.8m, and capital and reserves, DKK 1.9m at 31 December 2000.

LeasIT A/S

At end-2000 the Bank injected DKK 4m into LeasIT A/S, equal to 40% of the company's capital and reserves which increased from DKK 0.5m to DKK 10m at end-2000. The company has not had any real activities in 2000 and has been consolidated in the Group accounts on a pro rata basis.

ACCOUNTING POLICIES

General

The Group and annual accounts of Nykredit Bank A/S comply with the Danish Commercial Banks and Savings Banks Act and the Danish Financial Supervisory Authority's executive order on the presentation of bank accounts.

Effects of changed accounting policies in 2000

Positive deferred tax has been included in the presentation of accounts. The accumulated effect of the change totalled DKK 4m at the beginning of the year and has been entered directly under capital and reserves. The change has affected the profit for the year by DKK 12m (1999: DKK -2m).

"Results from ordinary activities before tax" from the Bank's subsidiaries have been entered under "Results from participating interests in associated and subsidiary undertakings", whereas subsidiaries' tax charges have been taken to the profit and loss account under the item "Tax". In the accounts for 1999 and previously subsidiaries' results after tax were entered under "Results from participating interests in associated and subsidiary undertakings". The change does not affect the results and capital and reserves of the Bank.

Restatement of comparatives has been made.

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

Consolidation

The parent company and subsidiaries in which Nykredit Bank holds more than 50% of the voting rights or otherwise holds a controlling interest are included in the Group accounts.

The results of subsidiaries have been booked under "Participating interest in associated and subsidiary undertakings", whereas tax for the year has been entered under "Tax".

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

All accounts included in the consolidated accounts comply with the same accounting policies.

The book value of participating interests has been set off against the proportionate share of the capital and reserves of the companies at the time of acquisition. Balances have been taken directly to capital and reserves. Newly acquired subsidiaries have been included in the consolidated accounts from the time of acquisition. Divested companies have been included up to the time of divestment. Comparative figures have not been adjusted for companies newly acquired or divested.

PROFIT AND LOSS ACCOUNT

Interest

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

Write-offs and provisions for bad and doubtful debts

Lending activities are subject to periodic assessment from time to time in order to identify potential losses. Write-offs have been made on this basis. Write-offs have also been made for groups of similar loans on the basis of statistical calculations.

Provisions have been set off against the assets concerned. Write-offs ascertained and provisions for bad and doubtful debts have been charged to the profit and loss account under the item "Write-offs and provisions for bad and doubtful debts".

Taxation

Assessed tax at 32% of taxable income has been charged to the profit and loss account including adjustment of deferred tax and previous years' assessed tax.

The undertakings of the Group are not jointly taxed.

Danish corporation tax is paid under the scheme for payment of tax on account. In so far as the tax paid on account does not correspond to the assessed tax charged on the profit for the year, the interest receivable or payable on

the difference has been entered under “Other interest receivable” or “Other interest payable”, as appropriate.

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

Foreign exchange translation

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

Assets and liabilities including off-balance sheet items in foreign exchange have been entered at the exchange rates prevailing at year-end in Danmarks Nationalbank, Danish central bank. For foreign exchange not quoted by the Nationalbank estimated exchange rates have been applied.

Derivative financial instruments

Foreign exchange and forward contracts have been entered at the forward rates prevailing at year-end. Market value adjustment resulting from changes in interest rates or exchange rates has been booked under “Market value adjustment”. The forward premium has been accrued over the term of the contract and entered under “Interest receivable”.

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

Swaps concluded to hedge interest rate risks on certain fixed-rate assets or liabilities have not been market value adjusted.

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

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

Repo/Reverse

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

Bonds acquired as part of purchase and resales transactions have been entered under “Assets with credit institutions and central banks” or “Loans and advances” depending on the counterparty.

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

ASSETS

Loans, advances and guarantees

Loans and advances have been entered at the lower of cost or market value. Loans and advances where

the interest rate risk has been hedged via fixed-rate liabilities or derivative financial instrument have not been market value adjusted.

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

Lease assets

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

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

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

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



GOOD ARCHITECTURE TELLS AN AUTHENTIC STORY. TO ARKEN'S CREATOR THIS MEANS CARING ABOUT HUMANITY AND AN ARTISTIC ENGAGEMENT, WHICH BY VIRTUE OF TECHNICAL INSIGHT AND CRAFTSMANSHIP FINDS ITS EXPRESSION IN THE CONSTRUCTION OF THE BUILDING.

Bonds

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

Unquoted bonds have been stated at the lower of cost and fair value.

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

Shares

Quoted shares have been stated at the official prices quoted at year-end, whereas unquoted shares have been stated at the lower of cost and estimated market value.

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

Participating interests in associated undertakings

Participating interests in associated undertakings have been valued in accordance with the equity method. Participating interests are shares in undertakings where the Group holds at least 20% and a maximum of 50% of voting rights and also exercises considerable influence on the operations and management of the undertaking. Participating interests in credit and financing institutions are consolidated on a pro rata basis.

Participating interests in subsidiary undertakings

Participating interests in subsidiary undertakings have been valued in accordance with the equity method. The proportionate



Handwritten notes in yellow ink at the top of the page, including phrases like "strategische Kräfte" and "Kernkompetenzen".



share of the results of the subsidiaries has been booked as income in the profit and loss account of the parent company.

On the acquisition of new participating interests, the difference has been calculated between the acquisition price and the proportionate share of the book value of the subsidiaries at the time of acquisition. In the parent company the difference has been adjusted over capital and reserves.

INTANGIBLE AND TANGIBLE ASSETS

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

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

Properties have been entered at cost plus any costs of improvement and less depreciation and write-downs made.

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

If the market value is considerably above book value, properties have been revalued to the higher value if the increase in value is expected to be permanent. The revaluation has been entered under revaluation reserve under capital and reserves.

Properties included in operational leasing activities have been depreciated according to the actuarial method and in consideration of the economic life.

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

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

Small assets and assets with short economic lives have been charged to the profit and loss account in the year of acquisition.

Cash flow statement

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

Cash flow at year-end includes the items “Cash in hand and demand deposits with central banks” and “Assets with credit institutions and central banks”.

Intra-group transactions

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

PROFIT AND LOSS ACCOUNT 2000

DKK million

THE NYKREDIT BANK GROUP			NYKREDIT BANK A/S		
1999	2000		Note	2000	1999
1,661	3,142	Interest receivable	1	3,064	1,518
1,360	2,717	Interest payable	2	2,684	1,287
301	425	NET INTEREST RECEIVABLE		380	231
0	2	Dividend on participating interests	3	2	-
194	151	Fees and commissions receivable		129	188
56	80	Fees and commissions payable		80	56
439	498	NET INCOME FROM INTEREST AND FEES		431	363
54	-1	Market value adjustments	4	-9	52
5	53	Other operating income	5	2	-
323	340	Staff costs and administrative expenses	7, 8, 9	294	272
10	8	Depreciation on tangible assets	19	7	8
9	60	Other operating expenses	10	53	-
92	30	Write-offs and provisions for bad and doubtful debts	34	41	103
-	-	Results from participating interests in associated and subsidiary undertakings	11, 18	83	32
64	112	PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		112	64
17	42	Tax	12	42	17
47	70	PROFIT FOR THE YEAR		70	47
		DISTRIBUTION OF PROFITS			
		Net profit for the year		70	47
		Brought forward from previous years		-	-
		TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION		70	47
		Appropriated to capital and reserves		70	47
		TOTAL DISTRIBUTION		70	47

BALANCE SHEET AT 31 DECEMBER 2000

DKK million

THE NYKREDIT BANK GROUP		ASSETS		NYKREDIT BANK A/S	
1999	2000		Note	2000	1999
36	31	Cash in hand and demand deposits with central banks		28	30
17,472	14,583	Assets with credit institutions and central banks	13, 29, 30, 31	14,580	23,614
16,018	17,138	Loans and advances	14, 29, 30, 31, 34, 35	17,038	8,802
15,945	20,298	Bonds	15, 17, 29	20,273	15,841
18	52	Shares	16, 17, 18	52	17
-	-	Participating interests in associated undertakings	18, 39	4	-
-	-	Participating interests in subsidiary undertakings	18, 39	129	444
23	218	Tangible assets	19	213	13
1,597	3,384	Other assets	12	3,373	1,583
16	2	Prepayments and accrued income		2	11
51,125	55,706	TOTAL ASSETS	32	55,692	50,355

BALANCE SHEET AT 31 DECEMBER 2000

DKK million

THE NYKREDIT BANK GROUP		LIABILITIES		NYKREDIT BANK A/S	
1999	2000		Note	2000	1999
32,133	36,267	Debt to credit institutions and central banks	20, 29, 30	36,205	32,351
9,446	9,658	Deposits	21, 29, 30	9,738	8,475
6,703	6,926	Other liabilities		6,894	6,779
68	12	Accruals and deferred income		12	11
54	55	Provisions for commitments	22	55	18
500	500	Subordinated debt	23	500	500
		CAPITAL AND RESERVES	24, 25		
1,300	1,300	Share capital		1,300	1,300
840	840	Share premium account		840	840
-	-	Reserves		25	101
3	0	Revaluation reserves		-	-
31	78	Brought forward from previous years		67	-41
47	70	Brought forward from the profit for the year		56	21
2,221	2,288	TOTAL		2,288	2,221
51,125	55,706	TOTAL LIABILITIES	32	55,692	50,355
		OFF-BALANCE SHEET ITEMS			
2,485	6,398	Guarantees	26	6,851	8,576
3,469	2,882	Other commitments	27	2,882	3,469
5,954	9,280	TOTAL OFF-BALANCE SHEET ITEMS		9,733	12,045

CASH FLOW STATEMENT

DKK million

THE NYKREDIT BANK GROUP

	2000	1999
CASH FLOW FROM OPERATING ACTIVITIES		
Interest and fees received	2,435	1,567
Interest and fees paid	-1,965	-1,311
Other operating payments received	55	15
Costs paid in respect of staff and suppliers	-340	-316
Taxes paid, net	-30	14
TOTAL	155	-31
CASH FLOW FROM INVESTMENT ACTIVITIES		
Loans and advances, net	-3,995	-5,997
Net investment in bonds	-6,224	-4,759
Net payments received from shares and participating interests	-47	7
Net investment in tangible assets	-200	-4
Costs upon divestment of undertaking	-7	-
TOTAL	-10,473	-10,753
CASH FLOW FROM FINANCING ACTIVITIES		
Debt to credit institutions and central banks	7,087	9,511
Deposits, net	218	4,761
Short-term debt raised/settled, net	132	61
Subordinated debt	-	500
TOTAL	7,437	14,833
TOTAL CASH FLOW	-2,881	4,049
Cash and cash equivalents, beginning of year	17,508	13,423
Currency translation adjustment of cash	-13	36
CASH AND CASH EQUIVALENTS, YEAR-END	14,614	17,508
Cash and cash equivalents, year-end, consist of:		
Cash in hand and demand deposits with central banks	31	36
Assets with credit institutions and central banks	14,583	17,472
CASH AND CASH EQUIVALENTS, YEAR-END	14,614	17,508

NOTES

DKK million

THE NYKREDIT BANK GROUP

NYKREDIT BANK A/S

1999	2000		2000	1999
1. INTEREST RECEIVABLE				
661	1,221	Assets with credit institutions and central banks	1,459	909
669	1,087	Loans and advances	774	283
416	868	Bonds	865	412
-86	-35	Total derivative financial instruments	-35	-86
		of which		
2	21	Foreign exchange contracts	21	2
-88	-56	Interest rate contracts	-56	-88
1	1	Other	1	0
1,661	3,142	Total interest receivable	3,064	1,518
		Of which income from genuine purchase and resale transactions entered as:		
551	1,047	Assets with credit institutions and central banks	1,047	551
56	178	Loans and advances	178	56
2. INTEREST PAYABLE				
1,080	2,148	Credit institutions and central banks	2,148	1,078
279	540	Deposits	508	207
1	26	Subordinated debt	26	1
-	3	Other	2	1
1,360	2,717	Total interest payable	2,684	1,287
		Of which interest payable from genuine sale and repurchase transactions entered as:		
518	1,205	Credit institutions and central banks	1,205	518
45	79	Deposits	79	45
3. DIVIDEND				
0	2	Shares	2	0
0	2	Total dividend on shares and other participating interests	2	0
4. MARKET VALUE ADJUSTMENTS				
13	113	Bonds	112	15
15	15	Shares	15	15
4	7	Fixed-rate loans and advances	0	0
-5	-10	Foreign exchange	-10	-5
27	-126	Total derivative financial instruments	-126	27
		of which		
0	0	Foreign exchange contracts	0	0
27	-126	Interest rate contracts	-126	27
0	0	Share contracts	0	0
54	-1	Total market value adjustments	-9	52
-	-	of which pension pools	-	-

NOTES

DKK million

THE NYKREDIT BANK GROUP

NYKREDIT BANK A/S

1999	2000		2000	1999
5. OTHER OPERATING INCOME				
-	50	Profit on sale of land	-	-
5	3	Other operating income	2	-
5	53	Total other operating income	2	-
6. INCOME FROM FOREIGN UNITS				
Foreign units' share of the results for the year generated by interest receivable, fees, market value adjustments and other operating income:				
17	62	Nykredit Finance plc, England	-	-
37	21	Frankfurter Bodencreditbank AG, Germany	-	-
54	83	Total income from foreign units	-	-
7. STAFF COSTS AND ADMINISTRATIVE EXPENSES				
5	6	Executive Board	6	5
0	0	Board of Directors	0	0
5	6	Total	6	5
Staff costs				
141	144	Wages and salaries	120	116
17	15	Pension commitments	12	11
15	16	Social security costs	14	13
173	175	Total	146	140
145	159	Other administrative expenses	142	127
323	340	Total staff costs and administrative expenses	294	272
8. NUMBER OF STAFF				
280	283	Average number of staff for the financial year (full-time equivalents)	237	230
9. AUDIT FEES				
3	3	Total fees to the auditors appointed by the General Meeting, carrying out the statutory audit	1	2
1	1	of which services other than audit	0	1
10. OTHER OPERATING EXPENSES				
-	34	Expenses related to the divestment of subsidiary undertaking	27	-
9	26	Other operating expenses	26	-
9	60	Total other operating expenses	53	-
11. RESULTS FROM PARTICIPATING INTERESTS IN ASSOCIATED AND SUBSIDIARY UNDERTAKINGS				
-	-	Results from participating interests in associated undertakings	-	-
-	-	Results from participating interests in subsidiary undertakings	83	32
-	-	Total results from participating interests in associated and subsidiary undertakings	83	32

NOTES

DKK million

THE NYKREDIT BANK GROUP

NYKREDIT BANK A/S

1999	2000		2000	1999
12. TAX				
15	46	Assessed tax on income for the year	46	9
2	-	Deferred tax	-	2
-	-	Tax charge in subsidiaries	-	6
-	-12	Deferred tax	-12	-
0	8	Adjustment of tax assessed in previous years	8	-
17	42	Total tax	42	17
Effective tax rate:				
32.0%	32.0%	The current tax rate of the Nykredit Bank Group		
1.0%	9.0%	Other tax-exempt income and expenses non-deductible for tax purposes		
-7.0%	-5.0%	Difference in tax rates of foreign units from Danish tax rate		
-	-6.0%	Adjustment of tax assessed in previous years		
-	7.0%	Adjustment of previous years' deferred taxes		
1.0%	-	Other adjustments		
27.0%	37.0%	Total effective tax rate		
DKK 16m of capitalised deferred tax have been entered as "Other assets" (1999: DKK 4m). The tax asset has been recorded in the balance sheet as 30% (1999: 32%) of the underlying difference between accounting and tax values. The amount has not been discounted.				
13. ASSETS WITH CREDIT INSTITUTIONS AND CENTRAL BANKS				
164	204	Assets at call with central banks	204	164
17,308	14,379	Assets with credit institutions	14,376	23,450
17,472	14,583	Total assets with credit institutions and central banks	14,580	23,614
By remaining term to maturity:				
2,945	6,374	Demand deposits	6,371	2,925
13,762	7,549	Up to 3 months	7,549	14,412
647	587	3 months and up to 1 year	587	1,257
118	73	1 year and up to 5 years	73	2,768
-	0	Over 5 years	0	2,252
17,472	14,583	Total	14,580	23,614
14. LOANS AND ADVANCES				
4,309	4,445	At call	4,957	4,369
2,829	5,494	Up to 3 months	5,488	2,269
2,007	2,406	3 months and up to 1 year	2,380	1,230
3,723	2,897	1 year and up to 5 years	2,744	559
3,150	1,896	Over 5 years	1,469	375
16,018	17,138	Total	17,038	8,802

NOTES

DKK million

THE NYKREDIT BANK GROUP

NYKREDIT BANK A/S

1999	2000		2000	1999
15. BONDS				
15,945	20,298	Quoted	20,273	15,841
-	-	Other	-	-
15,945	20,298	Total bonds	20,273	15,841
-	-	Of which own bonds	-	-
The Group had deposited bonds at a market value of DKK 3,999m with the Danish Central Bank and international clearing centres as security. At 31 December 1999 this amount totalled DKK 5,805m.				
16. SHARES				
5	13	Quoted	13	5
3	3	Other shares	3	2
10	36	Other participating interests	36	10
18	52	Total shares	52	17
2	2	Of which fixed asset investments	2	2
17. CURRENT ASSET INVESTMENTS				
15,960	20,347	a. Current asset investments marked to market	20,322	15,856
10	9	b. Market value of current asset investments under a. exceeds the cost of these assets at balance sheet date by	9	9
-	0	c. Current asset investments not marked to market	0	-
-	0	d. Market value of current asset investments under c. exceeds the cost of these assets at balance sheet date by	0	-
18. FIXED ASSET INVESTMENTS				
Participating interests in associated undertakings:				
-	-	Total cost, beginning of year	-	-
-	-	Currency translation adjustment	-	-
-	-	Additions	4	-
-	-	Disposals	-	-
-	-	Total cost, year-end	4	-
-	-	Revaluation and write-downs, beginning of year	-	-
-	-	Currency translation adjustment	-	-
-	-	Results	-	-
-	-	Disposals	-	-
-	-	Other movements in capital	-	-
-	-	Revaluation and write-downs, year-end	-	-
-	-	Participating interests in parent company	-	-
-	-	Total participating interests, year-end	4	-
-	-	of which credit institutions	-	-
-	-	Total participating interests, beginning of year	-	-
-	-	of which credit institutions	-	-

NOTES

DKK million

THE NYKREDIT BANK GROUP

NYKREDIT BANK A/S

1999	2000		2000	1999
18. FIXED ASSET INVESTMENTS (CONTINUED)				
Participating interests in subsidiary undertakings:				
-	-	Total cost, beginning of year	378	351
-	-	Currency translation adjustment	0	2
-	-	Additions	25	25
-	-	Disposals	312	-
-	-	Total cost, year-end	91	378
Revaluation and write-downs, beginning of year				
-	-	Currency translation adjustment	-	8
-	-	Results	63	26
-	-	Dividend	109	-
-	-	Disposals	-	-
-	-	Other movements in capital	17	-
-	-	Revaluation and write-downs, year-end	37	66
-	-	Participating interests in parent company	-	-
Total participating interests, year-end				
-	-	of which credit institutions	51	292
Total participating interests, beginning of year				
-	-	of which credit institutions	292	277
Other participating interests:				
-	2	Total cost, beginning of year	2	-
2	0	Additions	-	2
2	2	Total cost, year-end	2	2
Revaluation and write-downs, beginning of year				
-	0	Revaluation for the year	0	-
0	0		0	0
Revaluation and write-downs, year-end				
0	0		0	0
Total participating interests, year-end				
2	2		2	2

NOTES

DKK million

THE NYKREDIT BANK GROUP

NYKREDIT BANK A/S

1999	2000		2000	1999
19. TANGIBLE ASSETS - LAND AND BUILDINGS				
5	5	Total cost, beginning of year	0	-
-	-	Currency translation adjustment	-	-
1	209	Additions	204	-
1	6	Disposals	-	-
5	208	Total cost, year-end	204	-
3	3	Revaluation, beginning of year	0	-
0	0	Currency translation adjustment	-	-
-	3	Reversal of revaluation	-	-
3	0	Revaluation, year-end	0	-
0	0	Depreciation and write-downs, beginning of year	0	-
-	-	Currency translation adjustment	-	-
0	0	Depreciation for the year	-	-
-	0	Reversal of depreciation and write-downs	-	-
0	0	Depreciation and write-downs, year-end	0	-
8	208	Land and buildings, year-end	204	-
8	8	Land and buildings, beginning of year	0	-
10	-	Latest public land assessment	-	-
		Danish properties have not been subject to public land assessment. Unassessed properties have been recorded at cost. Of the book value at year-end operating lease assets came to DKK 204m (end-1999: DKK 0m).		
19. TANGIBLE ASSETS - MACHINERY AND EQUIPMENT				
63	66	Total cost, beginning of year	41	38
2	0	Currency translation adjustment	-	-
3	2	Additions	1	3
2	37	Disposals	13	0
66	31	Total cost, year-end	29	41
44	51	Depreciation and write-downs, beginning of year	28	22
1	0	Currency translation adjustment	-	-
7	6	Depreciation for the year	5	6
1	36	Reversal of depreciation and write-downs	13	0
51	21	Depreciation and write-downs, year-end	20	28
15	10	Machinery and equipment, year-end	9	13
19	15	Machinery and equipment, beginning of year	13	16
3	2	Amount fully written off at the time of acquisition	2	3

NOTES

DKK million

THE NYKREDIT BANK GROUP

NYKREDIT BANK A/S

1999	2000		2000	1999
20. DEBT TO CREDIT INSTITUTIONS AND CENTRAL BANKS				
5,442	3,735	Debt to central banks	3,735	5,442
26,691	32,532	Debt to credit institutions	32,470	26,909
32,133	36,267	Total debt to credit institutions and central banks	36,205	32,351
By remaining term to maturity:				
4,087	4,319	On demand	4,257	4,061
26,862	29,344	Up to 3 months	29,344	27,097
1,146	2,604	3 months and up to 1 year	2,604	1,193
38	-	1 year and up to 5 years	-	-
-	-	Over 5 years	-	-
32,133	36,267	Total	36,205	32,351
21. DEPOSITS				
1,283	1,961	Demand deposits	2,041	1,287
974	0	Deposits at notice	0	0
7,123	7,609	Time deposits	7,609	7,122
66	88	Special deposit categories	88	66
9,446	9,658	Total deposits	9,738	8,475
By remaining term to maturity:				
1,280	1,961	Demand deposits:	2,041	1,287
Deposits at notice:				
6,304	7,166	Up to 3 months	7,166	6,264
929	477	3 months and up to 1 year	477	842
514	22	1 year and up to 5 years	22	62
419	32	Over 5 years	32	20
9,446	9,658	Total	9,738	8,475
22. PROVISIONS FOR COMMITMENTS				
19	-	Provisions for pension commitments, etc	-	-
18	55	Provisions for losses incurred by legal actions	55	18
17	-	Other provisions for commitments	-	-
54	55	Total provisions for commitments	55	18
23. SUBORDINATED DEBT				
500	500	Subordinated debt consists of liabilities which in case of the Bank's voluntary or compulsory winding-up, in compliance with the terms of the loan, will not be repaid before the claims of ordinary creditors have been met.	500	500
<p>The subordinated loan of DKK 500m falls due in full at end-2006. The loan carries a variable interest rate and will be settled at par.</p> <p>The subordinated loan is part of the supplementary capital in compliance with the Danish Commercial Banks and Savings Banks Act, section 22 (1) and has been fully included in the capital base.</p>				

NOTES

DKK million

THE NYKREDIT BANK GROUP

NYKREDIT BANK A/S

1999	2000		2000	1999
24. MOVEMENTS IN CAPITAL				
-	-	Share capital, beginning of year	1,300	1,300
-	-	Capital increase	-	-
-	-	Share capital, year-end	1,300	1,300
-	-	Share premium account, beginning of year	840	840
-	-	Capital increase	-	-
-	-	Share premium account, year-end	840	840
-	-	Net revaluation reserve according to the equity method, beginning of year	101	75
-	-	Other additions	15	26
-	-	Capital reduction	91	-
-	-	Net revaluation reserve according to the equity method, year-end	25	101
-	-	Revaluation reserves, beginning of year	-	-
-	-	Other additions	0	0
-	-	Revaluation reserves, year-end	0	0
-	-	Results brought forward, beginning of year	-20	-47
-	-	Effects of changed accounting policy (capitalisation of deferred tax)	-	6
-	-	Other additions	143	21
-	-	Results brought forward, year-end	123	-20
-	-	Total capital and reserves, year-end	2,288	2,221
-	-	Total capital and reserves, beginning of year	2,221	2,173
Share capital				
The share capital consists of 10 shares in multiples of DKK 1m.				
The share capital is wholly owned by Nykredit A/S.				
25. CAPITAL ADEQUACY				
Calculated pursuant to the Danish Financial Supervisory Authority's executive order on capital adequacy rules governing financial institutions and certain credit institutions:				
2,214	2,272	Core capital after deduction	2,272	2,217
Supplementary capital consists of:				
500	500	Eligible subordinated debt	500	500
3	0	Revaluation reserve	0	0
503	500	Total	500	500
2,717	2,772	Capital base after deduction	2,772	2,717
18,425	22,738	Weighted items not included in the trading portfolio	23,180	18,941
4,736	8,120	Weighted items involving market risk	8,120	4,700
23,161	30,858	Total weighted items	31,300	23,641
9.5%	7.3%	Core capital after deduction as a percentage of weighted items	7.2%	9.3%
11.7%	8.9%	Capital adequacy ratio pursuant to the Danish Commercial Banks and Savings Banks Act, section 21 (1)	8.8%	11.4%

NOTES

DKK million

THE NYKREDIT BANK GROUP

NYKREDIT BANK A/S

1999	2000		2000	1999
26. GUARANTEES				
2,446	6,318	Financial guarantees	6,771	8,537
39	80	Other guarantees	80	39
-	-	Acceptances and endorsements	-	-
2,485	6,398	Total guarantees	6,851	8,576
27. OTHER COMMITMENTS				
3,176	2,506	Irrevocable loan commitments	2,506	3,176
293	376	Other commitments	376	293
3,469	2,882	Total other commitments	2,882	3,469
28. CONTINGENT LIABILITIES				
<p>The operating activities involve the Bank in litigation and legal proceedings. The Bank is of the opinion that the outcome hereof will have no material effect on its financial position.</p> <p>In connection with the divestment of the subsidiary, Frankfurter Bodenkreditbank AG (FBK), the Bank has, according to standard terms and conditions, agreed with the buyer AXA Colonia Konzern AG that the company may review the loan portfolio and ask the Bank to provide guarantees for part of the loan portfolio in FBK until 28 February 2001. The Bank does not expect the agreement to affect the financial position of the Bank in any material way.</p>				
29. GENUINE SALE AND REPURCHASE TRANSACTIONS AND GENUINE PURCHASE AND RESALE TRANSACTIONS				
Of the assets below genuine purchase and resale transactions represent:				
13,801	7,599	Assets with credit institutions and central banks	7,599	13,801
2,455	3,394	Loans and advances	3,394	2,455
Of the liabilities below genuine sale and repurchase transactions represent:				
14,969	16,355	Debt to credit institutions and central banks	16,355	14,969
2,426	1,683	Deposits	1,683	2,426
Assets sold as part of genuine sale and repurchase transactions:				
Recorded as assets:				
17,385	18,038	Bonds	18,038	17,385
30. ASSETS AND LIABILITIES WITH SUBSIDIARY UNDERTAKINGS				
-	-	Assets with credit institutions and central banks	0	6,162
-	-	Loans and advances	513	243
-	-	Total recorded as assets	513	6,405
-	-	Debt to credit institutions	21	404
-	-	Deposits	59	12
-	-	Total recorded as liabilities	80	416

NOTES

DKK million

THE NYKREDIT BANK GROUP

NYKREDIT BANK A/S

1999	2000		2000	1999
31. FIXED-RATE BALANCES				
<p>The Nykredit Bank Group continuously hedges the interest rate risk on fixed-rate assets and liabilities using eg financial instruments. This enables the Group to control the level of its aggregate interest rate sensitivity in light of the expected interest rate development.</p>				
<p>Fixed-rate balances with underlying financial instruments Under the accounting regulation of annual accounts of financial institutions fixed-rate assets cannot be written up to a value exceeding the cost of acquisition and fixed-rate liabilities cannot be marked to market.</p>				
<p>Financial instruments acquired to hedge the interest rate risk involved in these fixed-rate balances have not been marked to market pursuant to the rules of the Danish Financial Supervisory Authority in order to obtain accounting symmetry. For 2000 the net market value adjustment omitted came to DKK 7m (1999: DKK 122m) for both the Nykredit Bank Group and Nykredit Bank.</p>				
		Hedged fixed-rate assets		
-	2,769	Assets with credit institutions	2,769	4,344
4,368	2,303	Loans and advances	2,303	24
4,368	5,072	Total hedged fixed-rate assets	5,072	4,368
<p>Underlying financial instruments</p>				
4,409	5,216	Nominal value	5,216	4,409
122	7	Market value	7	122
32. FOREIGN EXCHANGE RISK				
15,917	18,204	Total foreign exchange assets	18,234	13,632
15,478	18,514	Total foreign exchange liabilities	18,545	12,804
86	294	Foreign Exchange Indicator 1	294	86
3.8%	12.9%	Foreign Exchange Indicator 1 as a percentage of core capital after deduction	12.9%	3.8%
1	3	Foreign Exchange Indicator 2	3	1
0.0%	0.1%	Foreign Exchange Indicator 2 as a percentage of core capital after deduction	0.1%	0.0%
33. INTEREST RATE RISK				
<p>Interest rate risk by the Bank's currencies with the highest exposure:</p>				
-45	-55	DKK	-55	-45
-3	43	USD	43	-2
24	20	SEK	20	24
-	8	NOK	8	-
66	-7	EUR	-7	66
-2	-4	GBP	-4	-2
40	5	Total interest rate risk on debt instruments	5	41

NOTES

DKK million

THE NYKREDIT BANK GROUP

NYKREDIT BANK A/S

1999	2000		2000	1999
34. CREDIT RISKS				
Provisions:				
141	229	Provisions for loans, advances and guarantee debtors, beginning of year	137	35
3	0	Currency translation adjustment of provisions, beginning of year	0	-
128	51	New provisions for the year	51	109
-24	-19	Reversal of provisions previously made	-9	-6
-19	-27	Previously provided for, now lost	-2	-1
-	-24	Other additions/disposals	26	-
229	210	Total provisions for loans, advances and guarantee debtors, year-end	203	137
211	210	- of which loans, advances and guarantee debtors	203	119
18	0	- of which credit institutions and other items exposed to credit risk	0	18
142	140	"A" provisions, year-end	133	123
87	70	"B" provisions, year-end	70	14
1.1%	0.9%	Provision ratio	0.8%	0.7%
92	15	Non-accrual assets, year-end	15	4
Effect on operations:				
104	32	New provisions and reversals for the year, net	42	103
-	1	Ascertained losses, not previously provided for	1	0
-12	-3	Received on claims previously written off	-2	-
92	30	Total write-offs and provisions for bad and doubtful debts	41	103
Loans, advances and guarantee debtors by sectors and industries as a percentage, year-end				
0%	3%	Public sector	3%	0%
Corporate sector:				
3%	4%	Agriculture, hunting and forestry	4%	3%
0%	0%	Fisheries	0%	0%
15%	16%	Manufacturing industries, extraction of raw materials, utilities	16%	15%
1%	1%	Building and construction	1%	0%
5%	6%	Trade, restaurants and hotels	6%	5%
1%	3%	Transport, mail and telephone	3%	1%
18%	16%	Credit, finance and insurance	18%	21%
23%	24%	Property administration, purchase and sale, business services	23%	21%
11%	4%	Others	4%	12%
77%	74%	Total corporate sector	75%	78%
23%	23%	Retail customers	22%	22%
100%	100%	TOTAL	100%	100%
Credit risk on derivative financial instruments:				
Positive market value after netting:				
1	0	Counterparty with a risk weight of 0%	0	1
914	1,619	Counterparty with a risk weight of 20%	1,619	914
65	40	Counterparty with a risk weight of 100%	40	65
Subordinated assets:				
202	319	Other undertakings	319	202

NOTES

DKK million

THE NYKREDIT BANK GROUP

NYKREDIT BANK A/S

1999	2000		2000	1999
35. EXECUTIVE BOARD AND BOARD OF DIRECTORS				
		Loans, pledges, sureties or guarantees and related provision of security granted to members of:		
		Loans:		
-	0	Executive Board	0	-
1	0	Board of Directors	0	1
		Provision of security:		
-	0	Executive Board	0	-
-	0	Board of Directors	0	-
36. INTRA-GROUP TRANSACTIONS				
		Material intra-group transactions prevailing in or extending into 2000 or immediately after the closing of the accounts between the Group's undertakings include:		
		Agreements between Nykredit Bank A/S and Nykredit Holding A/S		
		On separate occasions Nykredit Holding A/S has provided third parties with guarantees. Furthermore, Nykredit Holding A/S has guaranteed some of Nykredit Bank A/S's loan commitments in respect of losses up to a limited amount.		
		Agreements between Nykredit Bank A/S and Nykredit A/S		
		Nykredit A/S has granted subordinated debt to Nykredit Bank A/S.		
		Nykredit Bank A/S has granted title registration guarantees and advance loan guarantees to Nykredit A/S.		
		Nykredit Bank A/S advises Nykredit A/S on corporate finance investments.		
		Nykredit Bank A/S and Nykredit A/S have agreements primarily concerning securities and money market transactions, etc, commission in respect of influx of loans granted, administration of deposits, support related to IT operations and IT development projects, joint retail sales as well as other joint activities.		
		Agreements between Nykredit Bank A/S and Frankfurter Bodenkreditbank AG		
		Agreements on banking services regarding loans, advances and guarantees (until 28 August 2000). The Bank has divested this subsidiary. The divestment took effect for accounting purposes at 30 June 2000. In the second half of 2000 the Bank has repatriated loans from Frankfurter Bodenkreditbank AG worth a total of DKK 3bn. In addition, Nykredit Pantebreve A/S has assumed loans and advances worth a total of DKK 453m.		

NOTES

DKK million

THE FIGURES ALSO APPLY TO THE NYKREDIT BANK GROUP

NYKREDIT BANK A/S

	2000				1999	
37. UNSETTLED SPOT CONTRACTS						
	Nominal value	Market value		Net market value	Net market value	
		Positive	Negative			
Foreign exchange contracts, purchase	7,566	1	13	-12	0	
Foreign exchange contracts, sale	5,187	12	5	6	0	
Interest rate contracts, purchase	5,331	2	0	2	-1	
Interest rate contracts, sale	4,140	0	2	-1	2	
Share contracts, purchase	38	1	0	0	0	
Share contracts, sale	57	0	1	0	0	
Total	22,319	16	21	-5	1	
Total 1999	4,212	3	2	1	-	
38. DERIVATIVE FINANCIAL INSTRUMENTS						
2000	Market value		Average market value*		Market value non-guaranteed contracts	
	Positive	Negative	Positive	Negative	Positive	Negative
Foreign exchange contracts						
Forward contracts/futures, purchase	221	412	703	237	221	412
Forward contracts/futures, sale	667	197	291	629	667	197
Swaps	226	289	56	72	225	289
Options, purchased	0	0	0	0	0	0
Options, written	-	-	-	-	-	-
Interest rate contracts						
Forward contracts/futures, purchase	249	3	167	5	249	3
Forward contracts/futures, sale	3	313	9	224	3	313
Forward Rate Agreements, purchase	5	231	192	75	5	231
Forward Rate Agreements, sale	196	4	68	189	196	4
Swaps	317	306	297	248	318	306
Options, purchased	-	-	0	0	-	-
Options, written	-	0	0	0	0	0
Share contracts						
Forward contracts/futures, sale	-	-	-	-	-	-
Options, written	-	-	0	0	-	-
Total	1,884	1,755	1,783	1,679	1,884	1,755
1999	Market value		Average market value*		Market value non-guaranteed contracts	
	Positive	Negative	Positive	Negative	Positive	Negative
Foreign exchange contracts						
Forward contracts/futures, purchase	592	42	634	38	592	42
Forward contracts/futures, sale	72	837	68	731	72	837
Options, purchased	-	0	0	0	-	0
Interest rate contracts						
Forward contracts/futures, purchase	74	17	31	24	74	17
Forward contracts/futures, sale	8	115	22	47	8	115
Forward Rate Agreements, purchase	142	9	75	69	142	9
Forward Rate Agreements, sale	9	142	69	74	9	142
Swaps	95	91	86	88	95	91
Options, purchased	-	-	0	-	-	-
Options, written	-	-	-	0	-	-
Share contracts						
Forward contracts/futures, sale	6	-	2	-	6	-
Total	998	1,252	986	1,071	998	1,252

*The average market value has been computed on the basis of quarterly statements.

NOTES

DKK million

THE FIGURES ALSO APPLY TO THE NYKREDIT BANK GROUP

NYKREDIT BANK A/S

		2000					
38. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)							
By remaining term to maturity	Up to 3 months		3 months and up to 1 year		1 year and up to 5 years		
	Nominal value	Net market value	Nominal value	Net market value	Nominal value	Net market value	
Foreign exchange contracts							
Forward contracts/futures, purchase	12,075	-89	6,974	-101	-	-	
Forward contracts/futures, sale	11,051	354	7,065	116	-	-	
Swaps	318	0	2,107	-4	18,668	-67	
Options, purchased	254	0	79	0	-	-	
Options, written	202	0	79	0	-	-	
Interest rate contracts							
Forward contracts/futures, purchase	42,726	245	41	1	-	-	
Forward contracts/futures, sale	49,050	-310	-	-	-	-	
Forward Rate Agreements, purchase	-	-	123,836	-129	46,624	-96	
Forward Rate Agreements, sale	-	-	117,035	109	38,140	82	
Swaps	34,937	0	29,708	-2	19,208	-5	
Options, purchased	-	-	-	-	-	-	
Options, written	-	-	-	-	-	-	
Share contracts							
Forward contracts/futures, purchase	-	-	-	-	-	-	
Forward contracts/futures, sale	-	-	-	-	-	-	
		2000				1999	
By remaining term to maturity	Over 5 years		Total		Total		
	Nominal value	Net market value	Nominal value	Net market value	Nominal value	Net market value	
Foreign exchange contracts							
Forward contracts/futures, purchase	-	-	19,050	-191	18,711	549	
Forward contracts/futures, sale	-	-	18,116	470	21,577	-765	
Swaps	4,467	7	25,560	-64	-	-	
Options, purchased	-	-	333	0	346	0	
Options, written	-	-	280	0	322	-	
Interest rate contracts							
Forward contracts/futures, purchase	-	-	42,767	246	4,970	57	
Forward contracts/futures, sale	-	-	49,050	-310	5,562	-107	
Forward Rate Agreements, purchase	-	-	170,459	-226	121,441	134	
Forward Rate Agreements, sale	-	-	155,176	192	117,138	-133	
Swaps	8,492	17	92,344	11	50,029	4	
Options, purchased	-	-	-	-	-	-	
Options, written	8	0	8	0	-	-	
Share contracts							
Forward contracts/futures, purchase	-	-	-	-	276	-	
Forward contracts/futures, sale	-	-	-	-	111	6	
Total net market value				128		-255	

39. GROUP STRUCTURE

Name and registered office	Share capital year-end	Capital and reserves year-end	Ownership	Results	Group assets with the undertaking	Group debt to the undertaking	Group other off-balance sheet commitments to the undertaking
	2000 million	2000 million	%	2000 DKK million	2000 DKK million	2000 DKK million	2000 DKK million
Consolidated subsidiaries:							
Nykredit Finance plc, Plymouth	GBP 3	GBP 3	100	54	-	55	-
Nykredit Pantebreve A/S, Copenhagen	DKK 15	DKK 38	100	2	513	-	453
Dansk Portefølje Bank A/S, Copenhagen	DKK 40	DKK 51	100	7	-	21	-
Norswood Properties Limited, Plymouth	GBP 0	GBP 0	100	0	-	-	-
Associated undertakings:							
LeasIT A/S, Glostrup, pro rata consolidated	DKK 5	DKK 10	40	0	-	4	-

Directorships adopted by the Board of Directors pursuant to the Danish Commercial Banks and Savings Banks Act, section 19d, (4).

Kim Duus, Chief Executive Officer:	Chairman of Dansk Portefølje Bank A/S, Chairman of Dansk Portefølje Administration A/S
Jes Klausby, Managing Director:	Chairman of Nykredit Pantebreve A/S

NOTES

	1996	1997	1998	1999	2000
40. KEY RATIOS					
The Nykredit Bank Group					
Capital adequacy and capital					
Capital adequacy ratio	14.7%	21.4%	13.0%	11.7%	8.9%
Core capital ratio	14.7%	21.4%	13.0%	9.5%	7.3%
Earnings					
Return on equity before tax	5.7%	1.9%	1.2%	2.9%	5.0%
Return on equity after tax	3.0%	1.3%	1.0%	2.2%	3.1%
Income/cost ratio	1.34	1.16	1.09	1.15	1.26
Market risk					
Interest rate risk	4.8%	1.0%	1.2%	1.8%	0.2%
Foreign exchange position	7.0%	8.9%	6.3%	3.8%	12.9%
Foreign exchange risk	0.1%	0.1%	0.0%	0.0%	0.1%
Liquidity					
Excess cover relative to statutory requirements on liquidity	279.1%	455.1%	195.7%	34.5%	10.6%
Credit risk					
Total major exposures	512.0%	410.7%	524.0%	476.2%	596.4%
Provision ratio	2.2%	1.6%	1.0%	1.1%	0.9%
Write-offs and provisions as a percentage for the year	0.3%	0.0%	0.2%	0.5%	0.1%
Growth in loans and advances for the year	18.3%	9.9%	38.0%	57.6%	7.0%
Loans and advances relative to capital and reserves	5.0	3.3	4.7	7.2	7.5
Nykredit Bank A/S					
Capital adequacy and capital					
Capital adequacy ratio	18.2%	21.4%	13.0%	11.4%	8.8%
Core capital ratio	18.2%	21.4%	13.0%	9.3%	7.2%
Earnings					
Return on equity before tax	5.7%	1.9%	1.2%	2.9%	5.0%
Return on equity after tax	3.0%	1.3%	1.0%	2.2%	3.1%
Income/cost ratio	1.64	1.22	1.10	1.17	1.28
Market risk					
Interest rate risk	4.8%	1.0%	1.2%	1.8%	0.2%
Foreign exchange position	7.0%	8.9%	6.3%	3.8%	12.9%
Foreign exchange risk	0.1%	0.1%	0.0%	0.0%	0.1%
Liquidity					
Loans, advances and provisions made in respect hereof relative to deposits	76.1%	131.3%	127.5%	104.2%	175.9%
Excess cover relative to statutory requirements on liquidity	294.9%	501.0%	166.3%	19.4%	9.4%
Credit risk					
Total major exposures	490.4%	410.7%	512.2%	470.7%	596.4%
Share of non-accrual claims	0.0%	0.0%	0.0%	0.0%	0.1%
Provision ratio	0.0%	0.0%	0.2%	0.7%	0.8%
Write-offs and provisions as a percentage for the year	0.0%	0.0%	0.2%	0.6%	0.2%
Growth in loans and advances for the year	4.6%	27.9%	46.0%	94.2%	93.6%
Loans and advances relative to capital and reserves	1.8	1.4	2.1	4.0	7.4
Comparative figures have been adjusted for changes in accounting policies.					

Copenhagen, 20 February 2001

EXECUTIVE BOARD

Kim Duus
Jes Klausby

BOARD OF DIRECTORS

Henning Kruse Petersen
Chairman
Peter Engberg Jensen
Deputy Chairman
Leif Duus
Søren Klitholm
Per Ladegaard
Søren Møller
Charlotte Baarsøe Pedersen
N.C. Petersen
Nina Smith
Peter Torndal

Internal audit

We have audited the consolidated accounts and the annual accounts presented by the Board of Directors and the Management for the year 2000 of Nykredit Bank A/S.

Basis of opinion

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

Our audit has not resulted in any qualification.

Opinion

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

Claus Okholm
Chief Internal Auditor

Bjarne Frandsen
Deputy Chief Internal Auditor

Auditors' report

We have audited the consolidated accounts and the annual accounts presented by the Board of Directors and the Management for the year 2000 of Nykredit Bank A/S.

Basis of opinion

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

Our audit has not resulted in any qualification.

Opinion

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

PricewaterhouseCoopers

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

DELOITTE & TOUCHE

Statsautoriseret Revisionsaktieselskab

Bent Hansen Anders O. Gjelstrup
State Authorised Public Accountants

BOARD OF DIRECTORS AND EXECUTIVE BOARD

Board of Directors

Henning Kruse Petersen
Group Managing Director,
Chairman

Peter Engberg Jensen
Group Managing Director,
Deputy Chairman

Leif Duus
Managing Director

Søren Klitholm
Chief Dealer, staff-elected member

Per Ladegaard
Group Managing Director

Søren Møller
Managing Director

Charlotte Baarsøe Pedersen
Vice President, staff-elected member

N.C. Petersen
Managing Director

Nina Smith
Professor, appointed by the Danish
government

Peter Torndal
Vice President, staff-elected member

Executive Board

Kim Duus
CEO

Jes Klausby
Managing Director

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

Henning Kruse Petersen
Managing Director of Nykredit Holding A/S
Chairman of Den Danske Forskningsfond

Peter Engberg Jensen
Managing Director of Nykredit Holding A/S
Director of the Copenhagen Stock
Exchange A/S
Director of the FUTOP Clearing Centre A/S

Per Ladegaard
Managing Director of Nykredit Holding A/S
Chairman of Realkreditnettet A/S

Søren Møller
Director of Fergosgården A/S

Nykredit Bank A/S

Bredgade 40
DK-1260 Copenhagen K

Tel +45 33 42 18 00
Fax +45 33 42 18 01

*Reg no 8117
CVR no 10 51 96 08*

Internet: www.nykredit.dk
E-mail: nykredit-bank@nykredit.dk

Retail customer service:

Nykredit Direkte

Otto Mønstedts Plads 9
DK-1780 Copenhagen V

Tel +45 70 10 90 00
Fax +45 70 10 90 01
Internet: www.nykredit.dk
E-mail: direkte@nykredit.dk

Nykredit Pantebreve A/S

Kampmannsgade 1, 4.
DK-1604 Copenhagen V

Tel +45 33 13 31 00
Fax +45 33 13 31 09

CVR no 18 72 80 95

Internet: www.pantebrevsselskabet.dk
E-mail: pantebrev@nykredit.dk

Dansk Portefølje Bank A/S

Nyropsgade 17, 3.
DK-1602 Copenhagen V

Tel +45 33 13 13 02
Fax +45 33 93 62 24

CVR no 10 08 30 79

Internet: www.dkport.dk
E-mail: info@dkport.dk

Nykredit Finance plc

26 Lockyer Street, Plymouth
GB-Devon PL1 2QW

Tel +44 175 266 9286
Fax +44 175 266 6922