



Annual Report 2003
Nordea Kredit

Business registration number 15134275

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Nordea Kredit is a part of Nordea. Nordea is the leading financial services group in the Nordic and Baltic Sea region and operates through three business areas: Retail Banking, Corporate and Institutional Banking and Asset Management & Life. The Nordea Group has almost 11 million customers and 1,240 branch offices. The Nordea Group is a world leader in Internet banking, with 3.7 million e-customers. The Nordea share is listed in Stockholm, Helsinki and Copenhagen.

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- **Profit for the year of DKK 585m**
- **Increase in lending of DKK 23bn in 2003**
- **Nordea Kredit now the third largest mortgage lender in Denmark**
- **Expected continued substantial growth in net lending, including corporate lending**

Nordea Kredit Realkreditaktieselskab posted a profit of DKK 585m in 2003 compared to DKK 389m in 2002. The substantial mortgage refinancing activity, particularly in the beginning of the year, resulted in increased fees receivable, just as the marked growth in lending has meant higher reserve fund fees receivable. In addition, the guarantee commission rate payable to Nordea Bank Danmark was reduced with effect from 1 January 2003.

The return on investments was DKK 230m in 2003 compared to DKK 251m in 2002. The decline is attributable to the lower interest rate on investments as Nordea Kredit only assumes negligible interest rate risks.

Expenses remained largely unchanged despite the substantial increase in activities.

Total loan loss provisions were DKK 6.4m in 2003 compared to DKK 1.8m in 2002.

During the year Nordea Kredit repossessed 16 properties and sold 15. At 31 December the portfolio of repossessed properties comprised nine properties with a total book value of DKK 3.8m.

The total capital ratio, including the profit for the year, was 10.0% at the end of 2003 against the statutory minimum of 8%. In 2003 Nordea Kredit received a capital injection of DKK 1.125bn. At 31 December 2002 the total capital ratio stood at 9.4%.

No events have occurred after the balance sheet date which materially affect the financial position of the company.

The rate of activity in the second half-year and results have lived up to the expectations announced in connection with the release of the interim report for the first half of 2003.

Nordea Kredit – five-year financial summary

	1999	2000	2001	2002	2003
Income statement (DKK m)					
Net interest and fees receivable	401	388	509	537	749
Securities and foreign exchange result	-6	50	31	-2	-11
Profit before expenses	395	438	540	535	738
Other operating income	0	0	0	0	0
Expenses and depreciation	108	118	140	145	147
Other operating expenses	0	0	0	0	0
Loan loss provisions	1	1	1	2	6
Profit on shares in associated and group undertakings	0	1	0	0	-
Operating profit before tax	286	321	399	389	585
Tax	-	-	0	0	0
Profit for the year	286	321	399	389	585
Balance sheet at 31 December (DKK m)					
Total assets	89,596	96,721	128,781	140,242	189,167
Mortgage loans	80,112	87,105	100,013	116,139	139,244
Bonds	7,344	6,742	11,750	10,512	23,454
Mortgage bonds in issue	82,387	89,197	116,061	126,282	162,688
Shareholders' equity	4,715	5,036	5,435	5,824	7,534
Ratios and key figures					
Total capital ratio, including profit for the year (%)	10.8	10.8	10.5	9.4	10.0
Pre-tax return on equity (%)	6.3	6.6	7.6	6.9	8.8
Income/cost ratio	3.61	3.70	3.83	3.65	4.82
Provision ratio for the year (%)	0	0	0	0	0
Lending growth for the year (%)	15.4	8.7	14.8	16.2	19.9
Average number of employees (full-time equivalents)	127	121	117	119	123

Lending

In 2003 lending increased by DKK 23.1bn or 19.9% to a total of DKK 139.2bn – the highest nominal growth in lending in the history of Nordea Kredit. A major inflow of new customers in connection with the refinancing of loans from other mortgage institutions has contributed well to the growth in lending. Another contributory factor has been the raising of home equity loans by many existing customers.

Lending for residential properties and holiday homes was DKK 112.4bn at the end of 2003, an increase of DKK 17.2bn compared to 2002. Commercial property lending was DKK 26.9bn, an increase of DKK 5.9bn on 2002. Loans for agricultural properties amounted to DKK 16.3bn by the end of 2003 compared to DKK 12.9bn in 2002. At the end of 2003 total lending in euros amounted to the equivalent of DKK 4.5bn.

At the year-end total lending by Nordea Kredit accounted for 9.8% of total mortgage lending in Denmark, an increase of 1% point compared to year-end 2002. Nordea Kredit is now the third largest mortgage lender in Denmark.

Nordea Kredit's portion of new mortgage loans on home resales increased to 18.8% from 18.5% in 2002.

Interest-only mortgage loans

On 1 October Nordea Kredit introduced interest-only mortgage loans with fixed and variable interest rates.

The demand for the new loans was beyond expectations as approximately 39% of total loan offers made in Q4 were for interest-only loans. Since its introduction the portion of interest-only mortgage loan offers has been increasing. Although Nordea Kredit's current share of adjustable-rate mortgages is lower than that of the sector, a total amount of DKK 3,9bn was disbursed in the form of interest-only mortgage loans at the end of 2003.

Adjustable-rate mortgages

Refinancing of adjustable-rate mortgages took place in December at a five-day auction as regards one-year adjustable-rate mortgages in Danish kroner. The interest rate applicable to a 30-year loan was fixed at 2.63% for 2004 compared to 3.14% in 2003. Other adjustable-rate mortgages were refinanced at a one-day auction.

Other events

On 1 August Nordea Kredit was upgraded to Aaa by the rating agency Moody's Investors Service – the highest possible rating and it applies to all Nordea Kredit's bond series.

At the end of the year Professor Ole Øhlenschläger Madsen, DSc(Econ), resigned from the Board of Directors

as the Danish Financial Business Act as from 1 January 2004 no longer stipulates the appointment of a public representative to the Board of Directors.

Outlook for 2004

Nordea Kredit expects to see continued growth in lending to all customer segments.

Results for 2004 are expected to be in line with 2003.

Annual General Meeting

The Board of Directors will propose to the Annual General Meeting, which will be held on 26 February 2004 in Copenhagen, that the profit for the year of DKK 585m should be carried forward and that no dividend should be paid for 2003.

Nordea Kredit expects to announce its half-year results on 18 August 2004.

Accounting policies

With effect from 1 January 2003 the accounting rules for unlisted securities and intangible assets have been changed.

Unlisted securities are recognised at estimated fair value. Previously unlisted securities were included at the lower of cost and market value based on a conservative estimate. Other significant holdings of shares were stated according to the equity method.

Acquisitions of intangible assets made after 1 January 2003 are recognised at cost and amortised over their expected useful lives. However, the useful life cannot exceed 20 years. Leasehold improvements made after 1 January 2003 are recognised at cost under Tangible assets and depreciated over their expected useful lives. Previously intangible assets, including leasehold improvements, were charged to the income statement in the year of acquisition, except acquired goodwill which was deducted from shareholders' equity.

As a result of the changes shareholders' equity was increased by DKK 0.2m at 1 January 2003. No changes have been made to the comparative figures as the effect is insignificant in money terms. The effect of the changes on the profit for the year is a decrease of the profit by DKK 0.8m concerning unlisted securities.

Except where noted above, no changes have been made to the accounting policies applied in the annual report for 2002.

Basis of preparation

Legislation

The accounts of Nordea Kredit Realkreditaktieselskab have been prepared in accordance with the Danish Mortgage Credit Act and the Danish Executive Order on the presentation of financial statements by mortgage institutions.

Accounting standards

The accounts have furthermore been prepared in conformity with the guidelines issued by the Copenhagen Stock Exchange and generally accepted accounting principles.

Principal accounting policies and valuations

General

Income and charges are stated on an accrual basis with the exception of a number of fees which are taken to income and charges when due.

Mortgage lending

Mortgage loans, including amortisation accounts, granted on the basis of mortgage-backed bonds are stated in the balance sheet at nominal value.

The mortgage loan portfolio is appraised critically on an ongoing basis to assess the risk of losses and the necessary write-offs and provisions for losses are made. The item is reduced by provisions for loan losses.

Securities

Securities are measured at fair value.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into Danish kroner at the official rates of exchange of the Danish central bank at the balance sheet date. Income and charges denominated in foreign currencies are translated into Danish kroner at the rates of exchange ruling on the date the transactions are booked. All adjustments are recognised via the income statement.

Derivatives

Derivatives comprise spot transactions and forward contracts. Derivatives are measured at fair value.

Repo- and reverse transactions

Securities sold under agreements to repurchase at a later date (repos) remain in the balance sheet. The purchase price received is entered as a liability owed to the transferee and carries interest as agreed. The securities are revalued, as if the securities were still held.

Securities purchased under agreements to resell at a later date (reverse repos) are not recorded in the balance sheet under the securities portfolio and any profit or loss arising thereon is not taken to the income statement. The purchase price paid is included as balances due from counterparties and carries interest as agreed.

Shares in associated undertakings

Shares in associated undertakings are stated at net asset value. Other significant holdings of shares are measured at fair value.

Intangible and tangible assets

Intangible assets acquired after 1 January 2003 are recognised at cost adjusted for any amortisation and write-downs made.

Machinery and equipment are recognised at cost adjusted for any depreciation and write-downs made.

Depreciation is made on the basis of a conservative estimate of the assets' useful lives and residual value, if any.

If the value of the assets is lower and the impairment in value is not considered temporary, such assets are entered at the lower value.

Amortisation of intangible assets are provided on a straight-line basis over a maximum period of 20 years.

Machinery and equipment are depreciated systematically over a maximum period of five years. Assets of less than DKK 100,000 are fully depreciated in the year of acquisition, except for assets acquired as part of a specific project, which are treated as one asset.

Temporarily repossessed properties comprise own loans and prior claims of other mortgagees as well as other cash outlays etc transferred from the item Mortgage loans relating to temporarily repossessed properties. The item is reduced by provisions for losses on these properties.

Pension commitments

Pension commitments are covered either in an independent pension fund or through an insurance company. There are no further pension commitments towards the staff.

Taxation

Nordea Kredit is taxed on a pooled basis with Nordea Bank Danmark A/S. The estimated tax on the year's taxable income and the year's change in provisions for deferred tax are entered in the income statement of Nordea Bank Danmark A/S.

Similarly, the accumulated deferred tax liability resulting from differences between the accounting and taxation treatment of assets and liabilities is shown as a provision in the accounts of Nordea Bank Danmark A/S. Any deferred tax liability of the company arising in the event of discontinuation of taxation on a pooled basis, is disclosed in a note to the accounts.

Tax on loan loss provisions has been charged to the income statement of Nordea Kredit.

Cash flow statement

Cash flows are shown according to the indirect method on the basis of the profit for the year, adjusted for illiquid items. The change in cash and cash equivalents for the

year is the sum of the adjusted profit and changes in assets and liabilities from 1 January to 31 December.

Cash and cash equivalents comprise balances due from credit institutions and central banks.

Ratios and key figures

Ratios and key figures are listed in the notes in compliance with the schedule to the Danish Executive Order on the presentation of financial statements by mortgage institutions.

Income statement

(DKKm)	Note	2001	2002	2003
Interest receivable	8	6,812	7,346	8,118
Interest payable	9	6,069	6,529	7,223
Net interest income		743	817	895
Dividend income		0	0	1
Fees and commissions receivable	10	158	153	280
Fees and commissions payable	11	392	433	427
Net interest and fees receivable		509	537	749
Securities and foreign exchange result	12	31	-2	-11
Other operating income		0	0	0
Staff and administrative expenses	13	139	144	145
Amortisation, depreciation and write-downs of intangible and tangible assets		1	1	1
Other operating expenses		0	0	0
Loan loss provisions		1	2	6
Profit on shares in associated and group undertakings	15	0	0	-
Operating profit before tax		399	389	585
Tax	16	0	0	0
Profit for the year		399	389	585
Distribution of profit				
Profit for the year		399	389	585
Total amount available for distribution		399	389	585
Transfer to shareholders' equity		399	389	585
Total distribution of amount available		399	389	585

Balance sheet at 31 December

(DKKm)	Note	2001	2002	2003
Assets				
Cash in hand and balances at call due from central banks		0	5	0
Balances due from credit institutions and central banks	7, 17, 26, 27	16,148	12,588	25,305
Loans	5, 6, 7, 18			
Mortgage loans		100,013	116,139	139,244
Other loans		37	111	140
Bonds	19, 21,31	11,750	10,152	23,454
Shares etc	20, 22	1	3	3
Shares in associated undertakings	22	4	-	2
Tangible assets	23	6	6	6
Other assets	28	822	1,239	1,013
Deferred income		-	-	0
Total assets		128,781	140,242	189,167
Liabilities				
Balances due to credit institutions and central banks	7, 24, 26, 27	4,752	4,795	15,347
Mortgage bonds in issue	7, 25	116,061	126,282	162,868
Other liabilities	29	2,524	3,338	3,412
Deferred income		10	3	6
Shareholders' equity				
Share capital		1,063	1,063	1,288
Share premium account		2,721	2,721	3,621
Reserves		3	-	-
Profit retained in previous years		1,249	1,651	2,040
Profit retained for the year		399	389	585
Total shareholders' equity	1, 2	5,435	5,824	7,534
Total liabilities		128,781	140,242	189,167
Off-balance-sheet items				
Contingent liabilities		0	0	0
Total off-balance-sheet items		0	0	0

Cash flow statement

(DKKm)	2001	2002	2002
Operating activities			
Profit for the year	399	389	585
Adjustment for amounts in the profit for the year with no effect on cash flow			
Amortisation, depreciation and write-downs of intangible and tangible assets	1	1	1
Loan loss provisions	1	2	6
Revaluation of shares in associated and group undertakings	-3	0	0
Deferred income (net)	9	-7	2
	407	385	595
Working capital			
Loans	-12,921	-16,200	-23,140
Other assets	-611	-417	225
Balances due to credit institutions and central banks	4,072	43	10,552
Mortgage bonds in issue	26,864	10,221	36,586
Other liabilities	718	814	74
Net cash inflow/(outflow) from operating activities	18,528	-5,155	24,893
Investing activities			
Bonds	-5,008	1,598	-13,304
Shares etc	3	-2	0
Shares in associated undertakings	-1	4	-1
Tangible assets	-2	0	-1
Net cash inflow/(outflow) from investing activities	-5,008	1,600	-13,306
Financing			
Proceeds from share issue	-	-	1,125
Net cash inflow/(outflow) from financing	-	-	1,125
Increase/(decrease) in cash and cash equivalents	13,520	-3,555	12,712
Cash and cash equivalents at 1 January	2,628	16,148	12,593
Cash and cash equivalents at 31 December	16,148	12,593	25,305

Change in securities holdings include unrealised gains.

Notes

Shareholders' equity and capital adequacy

Note 1 Shareholders' equity

(DKKm)	2001	2002	2003
Movements in shareholders' equity			
Share capital at 1 January	1,063	1,063	1,063
Increase in share capital	-	-	225
Share capital at 31 December	1,063	1,063	1,288
Share premium account at 1 January	2,721	2,721	2,721
Increase in share capital	-	-	900
Share premium account at 31 December	2,721	2,721	3,621
Net revaluation reserve according to the equity method at 1 January	2	3	-
Transfer from the amount available for distribution	1	-	-
Transfer to retained profits	-	-3	-
Net revaluation reserve according to the equity method at 31 December	3	-	-
Retained profits at 1 January	1,250	1,648	2,040
Transfer from the amount available for distribution	398	389	585
Transfer from net revaluation reserve according to the equity method	-	3	-
Retained profits at 31 December	1,648	2,040	2,625
Total shareholders' equity at 1 January	5,036	5,435	5,824
Increase in share capital	-	-	1,125
Net revaluation reserve according to the equity method	1	-	-
Transfer from the amount available for distribution	398	389	585
Total shareholders' equity at 31 December	5,435	5,824	7,534

The company's share capital consists of 12,882,500 shares of DKK 100 each. Nordea Bank Danmark A/S, PO Box 850, DK-0900 Copenhagen C, holds all shares in the company.

Note 2 Capital adequacy data

Computed according to the Danish Financial Supervisory Authority's Executive Order on capital adequacy for mortgage institutions of 6 December 2002.

Capital structure as well as risk-weighted assets, DKKm

Tier 1 capital	5,435	5,824	7,534
Capital resources and short-term supplementary capital	5,435	5,824	7,534
Risk-weighted amounts not part of the trading portfolio, including off-balance-sheet items	51,745	62,129	75,489
Risk-weighted amounts with market risk	126	67	0
Total risk-weighted amounts	51,871	62,196	75,489
Total capital ratio, including profit for the year, computed according to section 53(1) of the Danish Mortgage Credit Act (%)	10.5	9.4	10.0
Tier 1 capital ratio (%)	10.5	9.4	10.0

Financial instruments

Note 3 Derivatives, by remaining term to maturity

(DKKm)	Within 3 mths	3 mths to 1 yr	1 to 5 yrs	Over 5 yrs	Total 2003	Total 2002
Nominal value						
Foreign exchange derivatives						
Forward contracts / futures, bought	-	-	-	-	-	10
Forward contracts / futures, sold	-	-	-	-	-	10
Interest rate derivatives						
Forward contracts / futures, bought	15,089	-	-	-	15,089	2,772
Forward contracts / futures, sold	15,089	-	-	-	15,089	2,772
Net market value						
Foreign exchange derivatives						
Forward contracts / futures, bought	-	-	-	-	-	0
Forward contracts / futures, sold	-	-	-	-	-	0
Interest rate derivatives						
Forward contracts / futures, bought	-98	-	-	-	-98	-67
Forward contracts / futures, sold	98	-	-	-	98	67
Net market value	0	-	-	-	0	0

Note 4 Derivatives, market value

(DKKm)	Market value		Average market value		Market value of unguaranteed contracts	
	Pos	Neg	Pos	Neg	Pos	Neg
At 31 December 2003						
Foreign exchange derivatives						
Forward contracts / futures, bought	-	-	0	0	-	-
Forward contracts / futures, sold	-	-	0	0	-	-
Interest rate derivatives						
Forward contracts / futures, bought	-	98	10	185	-	98
Forward contracts / futures, sold	98	-	176	9	98	-
Total	98	98	186	194	98	98
Total after netting	98	98	186	194	98	98
At 31 December 2002						
Foreign exchange derivatives						
Forward contracts / futures, bought	0	-	0	0	0	-
Forward contracts / futures, sold	-	0	0	0	-	0
Interest rate derivatives						
Forward contracts / futures, bought	7	74	2	25	7	74
Forward contracts / futures, sold	74	7	25	1	74	7
Total	81	81	26	26	81	81
Total after netting	81	81	26	26	81	81

Average market value is based on monthly calculations.

Note 4 Derivatives, market value (continued)**Spot transactions at 31 December 2003**

(DKKm)	Nominal value	Market value		Net market Value
		Pos	Neg	
Foreign exchange				
Bought	-	-	-	-
Sold	-	-	-	-
Interest rate				
Bought	-	-	-	-
Sold	-	-	-	-
Total	-	-	-	-

Spot transactions at 31 December 2002

Foreign exchange				
Bought	1	0	-	0
Sold	1	-	0	0
Interest rate				
Bought	1	0	0	0
Sold	1	0	0	0
Total	5	0	0	0

Credit risk

Note 5 Mortgage loan portfolio by property category

	2001	2002	2003
Percentage breakdown at 31 December			
Owner-occupied housing	80	79	78
Holiday homes	3	3	3
Subsidised housing	0	0	0
Private rental property	2	2	3
Commercial property	1	1	1
Office and retail property	2	3	3
Agricultural property etc	11	11	12
Property for social, cultural and educational purposes	1	1	0
Other property	0	0	0
Total	100	100	100

Note 6 Accumulated loan loss provisions

(DKKm)

Write-downs of loans and guarantees at 31 December	1	1	6
Write-downs of balances due from credit institutions and other items that may involve credit risk at 31 December	0	1	1
Total	2	2	7
Write-downs of loans and guarantees at 31 December as % of loans and guarantees at 31 December	0	0	0
Mortgage arrears mid January following year	11	17	16

Specifications

Note 7 Maturity by remaining term to maturity

(DKKm)	2001	2002	2003
Balances due from credit institutions and central banks			
Balances at call	91	459	1,324
At up to 3 months' notice	16,057	12,128	23,981
At more than 3 months' and up to 1 year's notice	-	-	-
At more than 1 year's and up to 5 years' notice	-	-	-
At more than 5 years' notice	-	-	-
Total	16,148	12,588	25,305
Loans			
At call	34	108	124
At up to 3 months' notice	642	1,420	940
At more than 3 months' and up to 1 year's notice	1,710	1,992	2,455
At more than 1 year's and up to 5 years' notice	11,793	14,679	14,515
At more than 5 years' notice	85,871	98,051	121,350
Total	100,050	116,250	139,384
Balances due from credit institutions and central banks			
Balances at call	2,455	2,962	92
At up to 3 months' notice	2,297	1,833	15,255
At more than 3 months' and up to 1 year's notice	-	-	-
At more than 1 year's and up to 5 years' notice	-	-	-
At more than 5 years' notice	-	-	-
Total	4,752	4,795	15,347
Mortgage bonds in issue			
Maturing within 3 months	20,372	23,344	25,465
Maturing between 3 months and 1 year ahead	2,147	3,156	3,107
Maturing between 1 year and 5 years ahead	20,905	29,792	41,836
Maturing after 5 years	72,637	69,990	92,460
Total	116,061	126,282	162,868

Note 8 Interest receivable

(DKKm)	2001	2002	2003
Balances due from credit institutions and central banks	130	329	393
Loans	5,900	6,399	6,966
Reserve fund fees	471	551	645
Total bonds	312	41	77
Own mortgage bonds	169	31	50
Other mortgage bonds	110	10	27
Government bonds	11	0	-
Other bonds	21	-	-
Total derivatives	-11	13	23
Foreign exchange derivatives	-1	0	-
Interest rate derivatives	-10	13	23
Other interest receivable	11	13	14
Total	6,812	7,346	8,118
Of which interest receivable on purchase and resale transactions entered under:			
Balances due from credit institutions and central banks	113	322	386

Note 9 Interest payable

Credit institutions and central banks	62	62	114
Mortgage bonds in issue	6,007	6,467	7,109
Other interest payable	-	-	0
Total	6,069	6,529	7,223
Of which interest payable on sale and repurchase transactions entered under:			
Balances due from credit institutions and central banks	54	38	108

Note 10 Fees and commissions etc receivable

Loan processing fees etc	101	98	181
Brokerage receivable from customers	54	52	95
Other fees	3	3	4
Total	158	153	280

Note 11 Fees and commissions payable

Guarantee commissions etc payable to Nordea Bank Danmark A/S	300	344	275
Brokerage payable to Nordea Bank Danmark A/S	48	44	86
Other fees and commissions payable	44	45	66
Total	392	433	427

Note 12 Revaluation/translation adjustment

(DKKm)	2001	2002	2003
Total bonds	55	2	-37
Own mortgage bonds	33	3	-22
Other mortgage bonds	10	-2	-15
Government bonds	-4	1	-
Other bonds	15	-	-
Shares etc	-4	-1	-0
Currencies	2	0	0
Total derivatives	-22	-3	26
Foreign exchange derivatives	0	0	-
Interest rate derivatives	-22	-3	26
Total	31	-2	-11

Note 13 Staff and administrative expenses

Salaries and emoluments to the Executive Management and the Board of Directors			
Executive Management	3	6	3
Board of Directors	0	0	0
Total	3	6	3
Staff costs			
Salaries	49	49	60
Pension costs	4	4	5
Social security contributions	5	7	7
Total	58	61	71
Other administrative expenses	78	76	71
Total staff and administrative expenses	139	144	145

Executive Management and Board of Directors

Loans to and charges or guarantees issued for the members of Nordea

Kredit's

Executive Management

Board of Directors

	-	-	-
	1	5	4

Auditors' remuneration

Total remuneration of firms appointed at the Annual General Meeting to undertake the statutory audit

Of which remuneration for non-audit services

	0	1	1
	-	-	-

Note 14 Number of employees

Average number of employees in the financial year converted into full-time staff

	117	119	123
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Outside affiliations approved by the Board of Directors

Palle O. Nielsen, Chairman of the Executive Management,

A member of the board of directors of Realkreditnettet A/S, Copenhagen

Note 15 Profit on shares in associated and group undertakings

(DKKm)	2001	2002	2003
Profit on shares in associated undertakings	0	0	-
Total	0	0	-

Note 16 Tax

Nordea Kredit is taxed on a pooled basis with Nordea Bank Danmark A/S. As a result, Nordea Kredit is jointly and severally liable for the total tax liability in respect of the pooled income.

Based on the company's own accounts and own tax situation, the company has no deferred tax liability. The item includes tax on loan loss provisions.

Note 17 Balances due from credit institutions and central banks

(DKKm)	2001	2002	2003
Balances due from central banks	12,004	3,997	-
Balances due from credit institutions	4,144	8,591	25,305
Total	16,148	12,588	25,305

Note 18 Loans

Mortgage loans	100,013	116,139	139,244
Other loans	3	3	3
Past due loan payments in respect of non-repossessed properties	34	108	138
Total	100,050	116,250	139,384
Mortgage loans			
Mortgage loan portfolio at 1 January	87,105	100,013	116,139
New loans (gross new lending)	40,612	38,681	71,894
Foreign exchange revaluations	-3	-6	12
Redemptions and prepayments	25,789	20,253	46,053
Net new lending	14,820	18,422	25,853
Scheduled principal payments	1,909	2,294	2,742
Mortgage loan portfolio at 31 December	100,016	116,141	139,250
Reclassification of loans relating to temporarily repossessed properties	1	1	-
Write-downs of loans	1	1	6
Total	100,013	116,139	139,244
Past due loan payments in respect of non-repossessed properties			
Mortgage arrears	* 34	108	125
Execution levied against debtors' properties	0	0	13
Write-downs of past due loan payments	0	-	-
Total	** 34	108	138
*) Mortgage arrears mid January following year	11	17	16
**) Different technical computation			

Note 19 Bonds

(DKKm)	2001	2002	2003
Own mortgage bonds	5,693	7,336	23,432
Other mortgage bonds	5,038	2,816	22
Government bonds	1,019	-	-
Other bonds	-	-	-
Total	11,750	10,152	23,454
Of which bonds drawn for redemption	21	0	113

Note 20 Shares

Other shares	0	1	3
Other types of shares	4	3	-
Total	4	3	3

Note 21 Current asset investments

(a) Current asset investments marked to market	11,750	10,152	22,934
(b) -Difference between the acquisition cost of current asset investments under (a) and the higher market value at the balance sheet date	-	-	-
(c) Current asset investments not marked to market	-	-	520
(d) -Difference between the acquisition cost of current asset investments under (c) and the higher market value at the balance sheet date	-	-	-

Note 22 Fixed asset investments

(DKKm)	Associates and other significant shareholdings	Other types of shares
Total cost of acquisition at 1 January	-	9
Additions	2	1
Disposals	-	10
Total cost of acquisition at 31 December	2	-
Upward and downward revaluation at 1 January	-	-6
Upward and downward revaluation written back	-	6
Upward and downward revaluation	-	-
Upward and downward revaluation at 31 December	-	-
Value at 31 December	2	-
Value at 1 January	-	3

Note 23 Tangible assets

(DKKm)	2001	2002	2003
Temporarily repossessed properties	4	4	4
Machinery and equipment	2	2	2
Total	6	6	6

	Temporarily repossessed properties	Machinery and equipment	Total
Total cost of acquisition at 1 January	4	5	9
Additions	8	1	9
Disposals	9	1	10
Total cost of acquisition at 31 December	4	5	9
Downward revaluation at 1 January	0	3	3
Depreciation charge	-	0	0
Write-downs	0	-	0
Downward revaluation written back	-	0	0
Downward revaluation at 31 December	0	3	3
Value at 31 December	4	2	6
Value at 1 January	4	2	6
Most recent property value (public valuation)	4		4
Full depreciation charge in the year of acquisition for machinery and equipment		1	1

Note 24 Balances due to credit institutions and central banks

(DKKm)	2001	2002	2003
Balances due to credit institutions	4,752	4,795	15,347
Total	4,752	4,795	15,347

Note 25 Mortgage bonds in issue

Mortgage-backed bonds in issue			
Mortgage bonds in issue at 1 January	89,197	116,061	126,282
Additions	58,616	47,716	118,792
Foreign exchange revaluations	-3	-6	14
Scheduled payments and notified prepayments	9,936	28,222	45,646
Redemptions and other prepayments	21,813	9,267	36,574
Mortgage bonds in issue at 31 December	116,061	126,282	162,868
Of which pre-issued	1,670	1,870	15,089
Drawn for redemption at next payment date	12,812	10,269	4,360

Note 26 Sale and repurchase transactions and purchase and resale transactions

(DKKm)	2001	2002	2003
Of the below assets purchase and resale transactions amount to:			
Balances due from credit institutions and central banks	4,053	8,132	23,981
Of the below liabilities sale and repurchase transactions amount to:			
Balances due to credit institutions and central banks	2,297	1,833	15,255
Assets sold as part of sale and repurchase transactions:			
Assets			
Bonds	1,604	1,819	14,992
Purchase and resale transactions	-	6,560	7,849
Sale and repurchase transactions	-	-	-

Note 27 Balances with group and associated undertakings

	Group undertakings	Associated undertakings and undertakings in which Nordea Kredit has other significant holdings of shares
Assets		
Balances due from credit institutions and central banks	25,305	-
Other assets	412	-
Total	25,717	-
Liabilities		
Balances due to credit institutions and central banks	15,347	-
Other liabilities	136	-
Total	15,483	-

Note 28 Other assets

(DKKm)	2001	2002	2003
Positive market value of derivatives	8	81	98
Interest receivable on mortgage loans etc included in calculation of statutory balance between mortgage loans and mortgage bonds in issue	300	644	171
Interest receivable on bonds etc	404	371	625
Other	110	143	119
Total	822	1,239	1,013

Note 29 Other liabilities

(DKKm)	2001	2002	2003
Negative market value of derivatives	9	81	98
Interest payable on mortgage bonds in issue included in calculation of statutory balance between mortgage loans and mortgage bonds in issue	2,453	3,057	3,273
Property assessment fees payable	4	3	5
IT expenses payable	2	4	0
Guarantee commissions payable	32	31	25
Holiday allowance payable	5	5	6
Other	19	157	6
Total	2,524	3,338	3,412

Note 30 Intragroup transactions

Intragroup transactions are concluded on market terms or on a cost basis.

Intragroup transactions of major importance and intragroup transactions with a value exceeding DKK 500,000 are the following:

Interest etc receivable			
Interest on balances due from credit institutions etc	126	325	390
Forward premium on forward transactions	-11	13	23
Interest etc payable			
Interest on balances due to credit institutions etc	62	62	114
Fees and commissions payable			
Guarantee commissions etc	300	344	275
Brokerage	48	44	86
Securities and foreign exchange result			
Revaluation of forward transactions	-22	-3	26
Staff and administrative expenses etc			
IT expenses	14	11	16
Common costs	1	2	2
Other administrative expenses	2	5	3
Other operating expenses			
Systems development costs	28	30	19
Rent	11	10	9
Internal audit	2	2	1
Common costs	1	0	1

Note 30 Intragroup transactions (continued)

(DKKm)	2001	2002	2003
Assets			
Balances due from credit institutions	4,144	8,591	25,305
Revaluation of forward transactions	2	79	98
Interest receivable	7	34	315
Liabilities			
Balances due to credit institutions	4,752	4,795	15,347
Revaluation of forward transactions	8	79	98
Interest payable	5	2	12
Guarantee commissions etc payable	32	31	25
IT expenses payable	2	4	0
Guarantees			
Nordea Kredit's parent company, Nordea Bank Danmark A/S, provides on an ongoing basis 5- and 10-year guarantees to cover the top 25% of the principal of mortgage loans disbursed	23,437	27,249	31,563

Nordea Bank Danmark A/S has furthermore provided guarantees relating to registration with the Land Registry, loans disbursed ahead of building start as well as other statutory guarantees.

A large portion of the mortgage loans generated by Nordea Kredit is disbursed through Nordea Bank Danmark A/S

Nordea Bank Danmark A/S has acted as intermediary for a number of securities and forward transactions during the year.

All salaries and pension contributions are managed by Nordea Bank Danmark A/S

Note 31 Securities revaluation, fixed-interest liabilities, fixed-income assets

Fixed-income assets which are not revalued as the interest rate risk relating to these assets is covered by fixed-interest liabilities.

(DKKm)	2001	2002	2003
Covered fixed-income assets (excluding mortgage loans):			
Bonds			
Book value	-	-	520
Purchase price	-	-	520
Market value	-	-	501
Nominal value	-	-	520
Covering fixed-interest liabilities:			
Mortgage bonds in issue			
Book value	-	-	520
Market value	-	-	501
Nominal value	-	-	520

Note 32 The Danish Financial Supervisory Authority's ratio system

	1999	2000	2002	2002	2003
Total capital ratio (including profit for the year) (%)	10.8	10.8	10.5	9.4	10.0
Tier 1 capital ratio (%)	10.8	10.8	10.5	9.4	10.0
Pre-tax return on equity (%)	6.3	6.6	7.6	6.9	8.8
Post-tax return on equity (%)	6.3	6.6	7.6	6.9	8.8
Income/cost ratio	3.61	3.70	3.83	3.65	4.82
Foreign exchange exposure as % of tier 1 capital	1.5	0.0	0.2	0.2	0.1
Accumulated provision ratio (%)	0.0	0.0	0.0	0.0	0.0
Provision ratio for the year (%)	0.0	0.0	0.0	0.0	0.0
Lending growth for the year (%)	15.4	8.7	14.8	16.2	19.9
Loans/shareholders' equity	17.0	17.3	18.4	20.0	18.5

Nordea Kredit Realkreditaktieselskab

Statement by the Board of Directors and the Executive Management

We have today presented the annual report of Nordea Kredit Realkreditaktieselskab.

The annual report has been presented in accordance with the standards laid down for the presentation of accounts by Danish mortgage institutions. We consider the accounting policies applied appropriate so that the annual report gives a true and fair view of the company's assets and liabilities, financial position and results.

We propose to the Annual General Meeting that the annual report should be adopted.

Copenhagen, 18 February 2004

Board of Directors

Jørn Kr Jensen
(Chairman)

Michael Rasmussen
(Deputy Chairman)

Peter Lybecker

Jørgen Holm Jensen

Jesper Christiansen

Executive Management

Palle O Nielsen
(Chairman)

Michael Jensen

Auditors' reports

Internal auditors' report

We have audited the annual report of Nordea Kredit Realkreditaktieselskab for the financial year 2003. The annual report is the responsibility of the company's Board of Directors and Executive Management. Our responsibility is to express an opinion on the annual report based on our audit.

Basis of opinion

The audit was performed on the basis of the Danish Financial Supervisory Authority's Executive Order on Auditing Financial Enterprises and Financial Groups and Danish Auditing Standards. Based on an evaluation of the materiality and risk our audit has included an examination of business procedures, the accounting policies applied and estimates made and evidence supporting the amounts and other disclosures in the annual report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not given rise to qualifications.

Opinion

In our opinion, the annual report gives a true and fair view of the company's assets, liabilities and financial position at 31 December 2003 and of the results of the company's operations and cash flows for the financial year 2003 in accordance with the accounting provisions of Danish legislation.

Copenhagen, 18 February 2004.

Søren Lund

Auditors' report

To the shareholders of Nordea Kredit Realkreditaktieselskab

We have audited the annual report of Nordea Kredit Realkreditaktieselskab for the financial year 1 January - 31 December 2003.

The annual report is the responsibility of the company's Board of Directors and Executive Management. Our responsibility is to express an opinion on the annual report based on our audit.

Basis of opinion

We conducted our audit in accordance with Danish Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual report. An audit also includes assessing the accounting policies used and significant estimates made by the Board of Directors and Executive Management, as well as evaluating the overall annual report presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not given rise to qualifications.

Opinion

In our opinion, the annual report gives a true and fair view of the company's assets, liabilities and financial position at 31 December 2003 and of the results of the company's operations and cash flow for the financial year 1 January - 31 December 2003 in accordance with the accounting provisions of Danish legislation.

Copenhagen, 18 February 2004

KPMG C.Jespersen
Statsautoriseret Revisionsinteressentskab

Finn L Meyer
State-Authorised
Public Accountant

Anne Rømer
State-Authorised
Public Accountant

DELOITTE
Statsautoriseret Revisionsaktieselskab

Erik Holst Jørgensen
State-Authorised
Public Accountant

Anders O Gjelstrup
State-Authorised
Public Accountant

Company information

Company name

Nordea Kredit Realkreditaktieselskab
Trommesalen 4
DK-0900 Copenhagen C
Bus reg no 15134275 Copenhagen

Board of Directors

Jørn Kristian Jensen (Chairman)

Appointed 1993. Born 1946. Holder of a diploma in Specialised Business Studies. A member of the Executive Management of Nordea Bank Danmark A/S. Affiliations: Chairman of the board of directors of the Employers' Association for the Financial Sector, chairman of the board of directors of LR Realkredit AS, a member of the boards of directors of PBS Danmark A/S, PBS Holding A/S, PBS International and PBS Multidata A/S. A member of the Boards of Directors of DanBolig A/S and Nordea Konferencenter Klarskovgaard A/S.

Michael Rasmussen (Deputy Chairman)

Appointed 2000. Born 1964. MSc(Econ). A member of the Executive Management of Nordea Bank Danmark A/S. Affiliations: A member of the boards of directors of LR Realkredit AS, the Danish Trade Council, the Industrialisation Fund for Developing Countries, the Investment Fund for Central and Eastern Europe and the Investment Fund for Emerging Markets. A member of the board of representatives of Danmarks Skibskreditfond. A member of the Boards of Directors of Nordea Finance Finland Ltd., Nordea Finans Sverige AB (publ), Nordea Finans Danmark A/S and Nordea Bank Polska.

Peter Lybecker

Appointed 2000. Born 1953. MSc(Econ). A member of the Executive Management of Nordea Bank Danmark A/S. Affiliations: Chairman of the boards of directors of PBS Holding A/S, PBS Data A/S, PBS Danmark A/S, PBS Finans A/S, PBS International, PBS Multidata A/S. Chairman of the board of the Copenhagen Institute for Futures Studies. A member of the Danish Securities Council and of the Insead International Council and a member of the board of directors of the Danish Museum of Decorative Arts. Chairman of the Board of Directors of Nordea Ejendomme A/S.

Jesper Christiansen

Appointed 2000. Born 1963. MSc(Econ). Managing Director in Nordea Bank Danmark A/S.

Jørgen Holm Jensen

Appointed 2003. Born 1955. Holder of a diploma in Specialised Business Studies. Senior Vice President in Nordea Bank Danmark A/S. Affiliations: A member of the credit committee of the Danish Bankers Association.

Executive Management

Palle O Nielsen (Chairman)
Michael Jensen

Internal auditors

Søren Lund, Chief Auditor

Auditors appointed by the Annual General Meeting

KPMG
Statsautoriseret Revisionsinteressentskab

DELOITTE
Statsautoriseret Revisionsaktieselskab

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