

Annual Report 2001
Nordea Kredit

Nordea Kredit is a part of Nordea. Nordea is the leading financial services group in the Nordic and Baltic Sea region and operates through four business areas: Retail Banking, Asset Management & Life, Corporate and Institutional Banking and General Insurance. The Nordea Group has nearly 11 million customers, 1,245 bank branches and 125 insurance service centres in 22 countries. The Nordea Group is a world leader in Internet banking, with more than 2.8 million e-customers. The Nordea share is listed in Stockholm, Helsinki and Copenhagen.

Contents

Financial review	3
Accounting policies	5
Accounts	7
Company information	24

Profit for the year: DKK 399m

Nordea Kredit Realkreditaktieselskab posted a profit of DKK 399m for 2001 compared to DKK 321m in 2000. The Board of Directors proposes that the profit for the year be carried forward, bringing shareholders' equity to DKK 5,435m.

Guarantee commissions and bond brokerage payable to Nordea Bank Danmark A/S amounted to DKK 348m compared to DKK 293m in 2000.

In 2001 lending increased by DKK 12.9bn as a result, among other things, of brisk mortgage refinancing activity in the last quarter of the year.

In the second half-year Nordea Kredit maintained the portion of mortgage loans on

home resales as was realised in the first half-year and for 2001 as a whole Nordea Kredit commanded a market share of 18.0% of such loans against 15.5% in 2000. Nordea Kredit commanded a market share of 15.0% of gross new lending for residential properties and holiday homes in 2001 compared to 13.1% in 2000. The corresponding portion of net lending, constituting the actual growth in lending after scheduled repayments and prepayments, was 20.5% against 16.3% in 2000.

Lending for residential properties and holiday homes was DKK 82.9bn at the end of 2001 compared to DKK 72.5bn at the end of 2000.

Commercial mortgage lending increased to DKK 17.1bn against DKK 14.6bn at the end of 2000. Of this amount, loans for agricultural

Nordea Kredit - five-year financial summary

	1997	1998	1999	2000	2001
Income statement (DKKm)					
Net interest and fees receivable	273	360	401	388	509
Securities and foreign exchange result	4	17	-6	50	31
Profit before expenses	277	377	395	438	540
Other operating income	0	0	0	0	0
Expenses and depreciation	73	94	108	118	140
Other operating expenses	-	0	0	0	0
Loan loss provisions	0	1	1	1	1
Profit on shares in associated and group undertakings	0	1	0	1	0
Operating profit before tax	205	282	286	321	399
Tax	-	-	-	-	0
Profit for the year	205	282	286	321	399
Balance sheet at 31 December (DKKm)					
Total assets	60,055	80,254	89,596	96,721	128,781
Mortgage loans	52,554	69,406	80,112	87,105	100,013
Bonds	7,079	5,999	7,344	6,742	11,750
Mortgage bonds in issue	55,238	74,464	82,387	89,197	116,061
Shareholders' equity	3,347	4,429	4,715	5,036	5,435
Ratios and key figures					
Total capital ratio, including profit for the year (%)	12.2	11.8	10.8	10.8	10.5
Pre-tax return on equity (%)	6.3	7.3	6.3	6.6	7.6
Income/cost ratio	3.82	3.96	3.61	3.70	3.83
Provision ratio for the year (%)	0	0	0	0	0
Lending growth for the year (%)	40.6	31.8	15.4	8.7	14.8
Average number of employees (full-time equivalents)	103	123	127	121	117

properties accounted for DKK 10.5bn by the year-end compared to DKK 8,6bn at the end of 2000.

At the year-end total lending came to DKK 100bn, or 8.2% of total mortgage lending in Denmark. At the end of 2000 Nordea Kredit's total lending amounted to DKK 87.1bn, corresponding to 7.6% of total mortgage lending in Denmark.

In 2001 demand for adjustable-rate mortgages in Danish kroner and euros increased. On a net basis the volume of adjustable-rate mortgages increased by DKK 9.0bn of which DKK 2.4bn was euro mortgage loans. By year-end Nordea Kredit's total pool of adjustable-rate loans was DKK 11.8bn of which DKK 2.5bn had been granted in euros.

Core earnings from lending activities were DKK 367m in 2001 compared to DKK 282m in 2000. This increase is attributable to the lending growth and mortgage refinancing activity. Investment portfolio income, comprising the net yield return after the deduction of internal funding costs and revaluation of own portfolio of securities, was DKK 32m in 2001 compared to DKK 39m in 2000. The result reflects a limited interest rate risk.

Core earnings and investment portfolio income (DKKm)		
	2000	2001
Reserve fund income	420	471
Net interest income	223	272
Net fees and commissions payable	-247	-234
Securities and foreign exchange result, excluding investment portfolio income	4	-1
Core income from lending activities	401	508
Operating expenses and depreciation	118	140
Loan loss provisions	1	1
Core earnings from lending activities	282	367
Investment portfolio income	39	32
Operating profit	321	399

Net interest and fees receivable amounted to DKK 509m in 2001, an increase of DKK 121m on 2000.

Expenses and depreciation were DKK 140m in 2001 compared to DKK 118m in 2000. The increase in expenses reflects the higher level of activity and higher systems development costs.

The average number of employees expressed as full-time equivalent staff was 117 in 2001 compared to 121 in 2000.

Loan loss provisions remained low. In 2001 Nordea Kredit repossessed ten properties and sold six. At 31 December the portfolio of

repossessed properties comprised seven properties.

Total assets stood at DKK 128.8bn at the end of 2001 compared to DKK 96.7bn at the end of 2000.

The total capital ratio, including the profit for the year, was 10.5% at the end of 2001 (2000: 10.8%) against the statutory minimum of 8%.

Nordea Kredit introduced bullet loans for corporate customers in the autumn of 2001. Demand has been modest as expected.

In March 2001 Moody's Investor Service upgraded Nordea Kredit's bonds to Aa1.

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

Outlook for 2002

The growth in Nordea Kredit's lending activities is expected to continue into 2002 as is the share of total mortgage lending in Denmark.

Also in 2002 the focus will be on meeting and satisfying customers' needs and requirements and a significant part of the development work will be driven by this. Nordea Kredit will, among other things, expand its product range by introducing several types of adjustable-rate mortgage loan in the first half of 2002.

Core earnings for 2002 are expected to match earnings for 2001. Changes in interest rates and resulting higher mortgage refinancing activity will, however, have a positive effect on earnings.

Annual General Meeting

The Board of Directors will propose to the Annual General Meeting, which will be held on 28 February 2002 in Copenhagen, that the profit for the year of DKK 399m be carried forward and that no dividend be paid for 2001.

Nordea Kredit expects to announce its interim results on 22 August 2002.

Accounting policies

No changes have been made to the accounting policies, including valuation rules, applied in the previous year.

Compared to the annual accounts for 2000 the calculation of core earnings and investment portfolio income now includes internal funding costs in the portfolio income and corresponding funding income in core earnings. The comparative figures have been adjusted accordingly.

Basis of preparation

Legislation

The accounts of Nordea Kredit Realkreditaktieselskab have been prepared in accordance with the accounting legislation applicable to Danish mortgage institutions.

Accounting standards

The accounts have furthermore been prepared in conformity with the guidelines issued by the Copenhagen Stock Exchange and Danish accounting standards as well as 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 losses.

Securities

Listed securities are marked to market. Unlisted securities are included at the lower of cost and market value, based on a conservative estimate.

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.

Derivatives

Derivatives comprise spot transactions and forward contracts. Derivatives are marked to market.

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 and any profit or loss is entered in the income statement 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.

Temporarily repossessed properties

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.

Machinery and equipment

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

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.

The assets are depreciated on the basis of a conservative estimate of the assets' useful lives and residual value, if any.

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. Assets acquired as part of a specific project are treated as one asset.

Pension commitments

Nordea Kredit's employees participate in a pension scheme, either through membership of an independent pension fund or through an insurance company. The staff and Nordea Kredit pay contributions on a current basis and Nordea Kredit has 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 income is charged to the income statement of Nordea Bank Danmark A/S. Tax on loan loss provisions has been charged to the income statement of Nordea Kredit.

Similarly, the deferred tax liability resulting from timing 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.

Capital adequacy

The capital adequacy of Nordea Kredit is computed pursuant to the Danish Mortgage Credit Act and the Executive Order on capital adequacy for mortgage institutions.

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.

Ratios and key figures

Ratios and key figures are listed in the notes in compliance with the Danish Financial Supervisory Authority's ratio standard of 27 November 2001.

Income statement

(DKKm)	Note	1999	2000	2001
Interest receivable	8	5,607	5,979	6,812
Interest payable	9	5,007	5,344	6,069
Net interest income		600	635	743
Dividend income		0	0	0
Fees and commissions receivable	10	132	76	158
Fees and commissions payable	11	331	323	392
Net interest and fees receivable		401	388	509
Securities and foreign exchange result	12	-6	50	31
Other operating income		0	0	0
Staff and administrative expenses	13	105	117	139
Amortisation, depreciation and write-down of intangible and tangible assets		3	1	1
Other operating expenses		0	0	0
Loan loss provisions		1	1	1
Profit on shares in associated and group undertakings	15	0	1	0
Operating profit before tax		286	321	399
Tax	16	-	-	0
Profit for the year		286	321	399
Distribution of profit				
Profit for the year		286	321	399
Total amount available for distribution		286	321	399
Transfer to shareholders' equity		286	321	399
Total distribution of amount available		286	321	399

Balance sheet at 31 December

(DKKm)	Note	1999	2000	2001
Assets				
Cash in hand and balances at call due from central banks		-	-	0
Balances due from credit institutions and central banks	7, 17, 26, 27	1,974	2,628	16,148
Loans	5, 6, 7, 18			
Mortgage loans		80,112	87,105	100,013
Other loans		17	24	37
Bonds	19, 21	7,344	6,742	11,750
Shares etc	20, 22	5	4	1
Shares in associated undertakings	22	2	3	4
Tangible assets	23	3	4	6
Other assets	28	139	211	822
Total assets		89,596	96,721	128,781
Liabilities				
Balances due to credit institutions and central banks	7, 24, 26, 27	1,074	680	4,752
Mortgage bonds in issue	7, 25	82,387	89,197	116,061
Other liabilities	29	1,419	1,807	2,524
Deferred income		1	1	10
Shareholders' equity				
Share capital		1,063	1,063	1,063
Share premium account		2,721	2,721	2,721
Reserves		1	2	3
Profit retained in previous years		644	930	1,249
Profit retained for the year		286	320	399
Total shareholders' equity	1, 2	4,715	5,036	5,435
Total liabilities		89,596	96,721	128,781
Off-balance-sheet items				
Contingent liabilities		0	0	0
Total off-balance-sheet items		0	0	0

Cash flow statement

(DKKm)	1999	2000	2001
<i>Operating activities</i>			
Profit for the year	286	321	399
Adjustment for amounts in the profit for the year with no effect on cash flow:			
Amortisation, depreciation and write-down of intangible and tangible assets	0	1	1
Loan loss provisions	1	1	1
Revaluation of shares in associated and group undertakings	0	-1	-3
Deferred income (net)	0	0	9
	286	322	407
Working capital:			
Loans	-10,705	-7,000	-12,921
Other assets	50	-72	-611
Balances due to credit institutions and central banks	985	-394	4,072
Mortgage bonds in issue	7,923	6,810	26,864
Other liabilities	148	388	718
Net cash inflow/(outflow) from operating activities	-1,313	54	18,528
<i>Investing activities</i>			
Bonds	-1,345	602	-5,008
Shares etc	-1	1	3
Shares in associated undertakings	0	-1	-1
Tangible assets	1	-1	-2
Net cash inflow/(outflow) from investing activities	-1,345	601	-5,008
<i>Financing</i>			
Proceeds from share issue	-	-	-
Net cash inflow/(outflow) from financing	-	-	-
Increase/(decrease) in cash and cash equivalents	-2,658	654	13,520
Cash and cash equivalents at 1 January	4,632	1,974	2,628
Cash and cash equivalents at 31 December	1,974	2,628	16,148

Change in securities holdings include unrealised gains.

Notes

Shareholders' equity and capital adequacy

Note 1 Shareholders' equity

(DKKm)	1999	2000	2001
Movements in shareholders' equity			
<i>Share capital at 1 January</i>	1,063	1,063	1,063
Increase in share capital	-	-	-
Share capital at 31 December	1,063	1,063	1,063
<i>Share premium account at 1 January</i>	2,721	2,721	2,721
Increase in share capital	-	-	-
Share premium account at 31 December	2,721	2,721	2,721
<i>Net revaluation reserve according to the equity method at 1 January</i>	1	1	2
Transfer from the amount available for distribution	0	1	1
Net revaluation reserve according to the equity method at 31 December	1	2	3
<i>Retained profits at 1 January</i>	644	930	1,250
Transfer from the amount available for distribution	286	320	398
Retained profits at 31 December	930	1,250	1,648
<i>Total shareholders' equity at 1 January</i>	4,429	4,715	5,036
Increase in share capital	-	-	-
Net revaluation reserve according to the equity method	0	1	1
Transfer from the amount available for distribution	286	320	398
Total shareholders' equity at 31 December	4,715	5,036	5,435

The company's share capital consists of 10,632,500 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 21 September 2000.

Capital ratios

Total capital ratio, including profit for the year, computed according to section 53(1) of the Danish Mortgage Credit Act (%)

	10.8	10.8	10.5
Tier 1 capital ratio (%)	10.8	10.8	10.5

Capital structure as well as risk-weighted assets and off-balance-sheet items, DKKm

Tier 1 capital	4,715	5,036	5,435
Capital resources and short-term supplementary capital	4,625	4,969	5,425
Risk-weighted amounts not part of the trading portfolio, including off-balance-sheet items	42,693	45,703	51,744
Risk-weighted amounts with market risk	1,142	844	128
Total risk-weighted amounts	43,836	46,547	51,872

Financial instruments

Note 3 Derivatives, nominal value, by remaining term to maturity

(DKK m)	Within 3 mths	3 mths to 1 yr	1 to 5 yrs	Over 5 yrs	Total 2001	Total 2000
Foreign exchange derivatives						
Forward contracts / futures, bought	229	-	-	-	229	-
Forward contracts / futures, sold	65	-	-	-	65	648
Interest rate derivatives						
Forward contracts / futures, bought	382	2	-	-	384	2,402
Forward contracts / futures, sold	2,047	2	-	-	2,049	3,109
Derivatives, net market value, by remaining term to maturity						
Foreign exchange derivatives						
Forward contracts / futures, bought	0	-	-	-	0	-
Forward contracts / futures, sold	0	-	-	-	0	-106
Interest rate derivatives						
Forward contracts / futures, bought	-7	0	-	-	-7	6
Forward contracts / futures, sold	6	0	-	-	6	-22
Net market value	-1	0	-	-	-1	-122

Note 4 Derivatives, market value at 31 December 2001

(DKK m)	Market value		Average market value		Market value of unguaranteed contracts	
	Pos	Neg	Pos	Neg	Pos	Neg
Foreign exchange derivatives						
Forward contracts / futures, bought	0	0	0	0	0	0
Forward contracts / futures, sold	0	0	0	5	0	0
Interest rate derivatives						
Forward contracts / futures, bought	1	7	4	9	1	7
Forward contracts / futures, sold	8	2	11	17	8	2
Total	8	9	15	30	8	9
After netting	8	9	15	30	8	9

Derivatives, market value at 31 December 2000

Foreign exchange derivatives						
Forward contracts / futures, sold	0	106	1	147	0	106
Interest rate derivatives						
Forward contracts / futures, bought	6	-	19	13	6	-
Forward contracts / futures, sold	-	22	2	10	-	22
Total	6	128	21	170	6	128
After netting	6	128	21	170	6	128

Average market value is based on monthly calculations.

Note 4 Derivatives, market value at 31 December 2001 *(continued)***Spot transactions at 31 December 2001**

Report transactions at 31 December 2001				
(DKKm)	Nominal value	Market value		Net market value
		Pos	Neg	
Foreign exchange				
Bought	36	0		0
Sold	36		0	0
Total	72	0	0	0

Spot transactions at 31 December 2000

Foreign exchange				
Bought	1,550	3	-	3
Total	1,550	3	-	3

Credit risk

Note 5 Mortgage loan portfolio by property category

	1999	2000	2001
Percentage breakdown at 31 December			
Owner-occupied housing	81	81	81
Holiday homes	2	2	2
Subsidised housing	0	0	0
Private rental property	2	2	2
Commercial property	2	1	1
Office and retail property	3	3	2
Agricultural property etc	9	10	11
Property for social, cultural and educational purposes	1	1	1
Other property	0	0	0
Total	100	100	100

Note 6 Accumulated loan loss provisions

(DKKm)

Write-down of loans and guarantees at 31 December	1	1	1
Write-down of balances due from credit institutions and other items that may involve credit risk at 31 December	-	0	0
Total	1	1	2
Write-down of loans and guarantees at 31 December as % of loans and guarantees at 31 December	0	0	0
Mortgage arrears at 31 December	18	21	34

Maturity by remaining term to maturity

Note 7

(DKKm)	1999	2000	2001
Balances due from credit institutions and central banks			
Balances at call	0	206	91
At up to 3 months' notice	1,974	2,422	16,057
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	1,974	2,628	16,148
Loans			
At call	17	21	34
At up to 3 months' notice	415	477	642
At more than 3 months' and up to 1 year's notice	1,239	1,335	1,710
At more than 1 year's and up to 5 years' notice	9,807	13,015	11,793
At more than 5 years' notice	68,651	72,281	85,871
Total	80,129	87,129	100,050
Balances due to credit institutions and central banks			
Balances at call	1,074	106	2,455
At up to 3 months' notice	-	574	2,297
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	1,074	680	4,752
Mortgage bonds in issue			
Maturing within 3 months	2,924	3,347	20,372
Maturing between 3 months and 1 year ahead	1,301	1,427	2,147
Maturing between 1 year and 5 years ahead	10,311	10,568	20,905
Maturing after 5 years	67,851	73,855	72,637
Total	82,387	89,197	116,061

Specifications

Note 8 Interest receivable on:

(DKKm)	1999	2000	2001
Balances due from credit institutions and central banks	110	64	130
Loans	4,732	5,204	5,900
Reserve fund fees	379	420	471
Total bonds	337	260	312
Own mortgage bonds	51	102	169
Other mortgage bonds	38	16	110
Government bonds	51	45	11
Other bonds	197	98	21
Total derivatives	39	24	-11
Foreign exchange derivatives	-29	-10	-1
Interest rate derivatives	68	33	-10
Other interest receivable	10	7	11
Total	5,607	5,979	6,812

Of which interest receivable on purchase
and resale transactions entered under:

Balances due from credit institutions and central banks	101	55	113
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Note 9 Interest payable to:

Credit institutions and central banks	46	20	62
Mortgage bonds in issue	4,961	5,324	6,007
Other interest payable	-	-	-
Total	5,007	5,344	6,069

Of which interest payable on sale and
repurchase transactions entered under:

Balances due to credit institutions and central banks	29	15	54
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Note 10 Fees and commissions etc receivable

Fees and commissions etc receivable	132	76	158
Total fees and commissions etc receivable	132	76	158

Note 11 Fees and commissions payable

Guarantee commissions etc payable to Nordea Bank Danmark A/S	247	271	300
Brokerage payable to Nordea Bank Danmark A/S	42	21	48
Other fees and commissions payable	42	31	44
Total	331	323	392

Note 12 Revaluation/translation adjustment of:

Total bonds	-6	74	55
Own mortgage bonds	12	31	33
Other mortgage bonds	-5	9	10
Government bonds	14	17	-4
Other bonds	-27	16	15
Shares etc	-1	-1	-4
Currencies	-25	-3	2
Total derivatives	26	-19	-22
Foreign exchange derivatives	22	-6	0
Interest rate derivatives	4	-13	-22
Total	-6	50	31

Note 13 Staff and administrative expenses

(DKKm)	1999	2000	2001
Salaries and emoluments to the Executive Management and the Board of Directors			
Executive Management	2	3	3
Board of Directors	0	0	0
Total	2	3	3
Staff costs:			
Salaries	43	44	49
Pension costs	4	4	4
Social security contributions	5	4	5
Total	52	52	58
Other administrative expenses	51	62	78
Total staff and administrative expenses	105	117	139
<i>Executive Management and Board of Directors</i>			
Loans to and charges or guarantees issued for the members of Nordea Kredit's			
Executive Management	-	-	-
Board of Directors	7	1	1
Auditors' remuneration			
Total remuneration of firms appointed at the Annual General Meeting to undertake the statutory audit	0	0	0
Of which remuneration for non-audit services	-	-	-

Note 14 Number of employees

Average number of employees in the financial year converted into full-time staff	127	121	117
Outside affiliations approved by the Board of Directors:			
Erling Saaby Nielsen, Chairman of the Executive Management, a member of the board of directors of Realkreditnettet A/S, Copenhagen			
Michael Jensen, member of the Executive Management, a member of the board of directors of Info Kredit A/S, Copenhagen			

Note 15 Profit on shares in associated and group undertakings

Profit on shares in associated undertakings	0	1	0
Total	0	1	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 write-downs

Note 17 Balances due from credit institutions and central banks

Balances due from central banks	-	-	12,004
Balances due from credit institutions	1,974	2,628	4,144
Total	1,974	2,628	16,148

Note 18 Loans

(DKKm)	1999	2000	2001
Mortgage loans	80,112	87,105	100,013
Other loans	-	3	3
Past due loan payments in respect of non-reposessed properties	17	21	34
Total	80,129	87,129	100,050
Mortgage loans			
Mortgage loan portfolio at 1 January	69,406	80,112	87,105
New loans (gross new lending)	33,976	17,903	40,609
Redemptions and prepayments	21,803	9,193	25,789
Net new lending	12,173	8,710	14,820
Scheduled principal payments	1,465	1,715	1,909
Mortgage loan portfolio at 31 December	80,114	87,107	100,016
Reclassification of loans relating to temporarily reposessed properties	2	2	1
Write-down of loans	-	1	1
Total	80,112	87,105	100,013
Past due loan payments in respect of non-reposessed properties			
Mortgage arrears	18	21	34
Execution levied against debtors' properties	0	0	0
Write-down of past due loan payments	1	0	0
Total	17	21	34

Note 19 Bonds

Own mortgage bonds	1,401	3,779	5,693
Other mortgage bonds	963	1,245	5,038
Government bonds	1,801	700	1,019
Other bonds	3,179	1,018	-
Total	7,344	6,742	11,750
Of which bonds drawn for redemption	1,130	2,346	7,916

Note 20 Shares

Other shares	0	0	0
Other types of share	5	4	4
Total	5	4	4

Note 21 Current asset investments

(a) Current asset investments marked to market	7,344	6,742	11,750
(b) Difference between the acquisition cost of current asset investments under (a) and the higher market value at the balance sheet date	96	63	-
(c) Current asset investments not marked to market	0	1	1
(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 share
Total cost of acquisition at 1 January	1	5
Additions	0	0
Total cost of acquisition at 31 December	1	5
Upward and downward revaluation at 1 January	2	-2
Profit	0	0
Upward and downward revaluation	0	-3
Upward and downward revaluation at 31 December	3	-5
Value at 31 December	4	0
Value at 1 January	3	3

Note 23 Tangible assets

(DKKm)	1999	2000	2001
Temporarily repossessed properties	1	2	4
Machinery and equipment	2	2	2
Total	3	4	6

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

Note 24 Balances due to credit institutions and central banks

(DKKm)	1999	2000	2001
Balances due to credit institutions	1,074	680	4,752
Total	1,074	680	4,752

Note 25 Mortgage bonds in issue

(DKKm)	1999	2000	2001
Mortgage-backed bonds in issue			
Mortgage loan portfolio at 1 January	74,464	82,387	89,197
Additions	45,647	22,358	58,613
Scheduled payments and notified prepayments	14,601	3,914	9,936
Redemptions and prepayments	23,123	11,634	21,813
Mortgage loan portfolio at 31 December	82,387	89,197	116,061
Of which pre-issued	-	1,157	1,670
Drawn for redemption at next payment date	1,524	3,347	20,373

Note 26 Sale and repurchase transactions and purchase and resale transactions

Of the below assets purchase and resale transactions amount to:

Balances due from credit institutions and central banks	1,974	2,422	4,053
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Of the below liabilities sale and repurchase transactions amount to:

Balances due to credit institutions and central banks	-	574	2,297
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Assets sold as part of sale and repurchase transactions:

Assets			
Bonds	-	579	1,604

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	4,144	-
Total	4,144	-
Liabilities		
Balances due to credit institutions and central banks	4,752	-
Total	4,752	-

Note 28 Other assets

(DKKm)	1999	2000	2001
Positive market value of derivatives	24	9	8
Interest receivable on mortgage loans etc*	9	10	13
Interest receivable on bonds	76	174	691
Other	30	18	110
Total	139	211	822

* Included in calculation of statutory balance between mortgage loans and mortgage bonds in issue.

Note 29 Other liabilities

(DKKm)	1999	2000	2001
Negative market value of derivatives	94	128	9
Repurchase commitment, reverse repos	-	147	-
Interest payable on mortgage bonds in issue*	1,290	1,489	2,453
Property assessment fees payable	2	2	4
IT expenses payable	1	3	2
Guarantee commissions payable	22	24	32
Holiday allowance payable	5	5	5
Other	5	9	19
Total	1,419	1,807	2,524

* Included in calculation of statutory balance between mortgage loans and mortgage bonds in issue.

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	110	64	126
Forward premium on forward transactions	39	24	-11
Interest etc payable			
Interest on balances due to credit institutions etc	46	20	62
Fees and commissions payable			
Guarantee commissions etc	247	271	300
Brokerage	42	21	48
Custody fees	2	1	0
Securities and foreign exchange result			
Revaluation of forward transactions	26	-19	-22
Staff and administrative expenses			
IT expenses	12	15	14
Common costs	1	1	1
Other administrative expenses	1	1	2
Other operating expenses			
Systems development costs	17	22	28
Rent	4	5	11
Internal audit	2	2	2
Common costs	0	1	1
Assets			
Balances due from other credit institutions	1,974	2,628	4,144
Revaluation of forward transactions	23	8	2
Interest receivable	0	49	7
Liabilities			
Balances due to credit institutions and central banks	1,074	680	4,752
Revaluation of forward transactions	93	128	8
Interest payable	2	5	5
Guarantee commissions etc payable	22	24	32
IT expenses payable	1	3	2

Note 30 Intragroup transactions *(continued)*

(DKKm)	1999	2000	2001
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	18,322	20,435	23,437

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 The Danish Financial Supervisory Authority's ratio system

	1997	1998	1999	2000	2001
Total capital ratio (including profit for the year) (%)	12.2	11.8	10.8	10.8	10.5
Tier 1 capital ratio (%)	12.2	11.8	10.8	10.8	10.5
Pre-tax return on equity (%)	6.3	7.3	6.3	6.6	7.6
Post-tax return on equity (%)	6.3	7.3	6.3	6.6	7.6
Income/cost ratio	3.82	3.96	3.61	3.70	3.83
Foreign exchange exposure as % of tier 1 capital	-	1.9	1.5	0.0	0.2
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 (%)	40.6	31.8	15.4	8.7	14.8
Loans/shareholders' equity	15.7	15.7	17.0	17.3	18.4

Nordea Kredit Realkreditaktieselskab

Copenhagen, 21 February 2002

Board of Directors

Jørn Kristian Jensen
(Chairman)

Michael Rasmussen
(Deputy Chairman)

Peter Lybecker

Bent Mouritsen

Jesper Christiansen

Ole Øhlenschläger Madsen

Executive Management

Erling Saaby Nielsen
(Chairman)

Michael Jensen

Auditors' reports

Internal auditors' report

We have audited the financial statements of Nordea Kredit Realkreditaktieselskab for 2001 presented by management.

Basis of opinion

The audit was performed on the basis of the Danish Financial Supervisory Authority's Executive Order concerning financial institutions and financial groups and in accordance with generally accepted Danish auditing standards. Based on an evaluation of the materiality and risk, we have examined the business procedures and verified the evidence supporting the amounts and disclosures in the financial statements.

Our audit has not given rise to qualifications.

Opinion

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

Copenhagen, 21 February 2002.

Søren Lund
Chief Auditor

Ane Marie Christensen
Deputy Chief Auditor

Auditors' report

We have audited the financial statements of Nordea Kredit Realkreditaktieselskab for 2001 presented by management.

Basis of opinion

We have planned and conducted our audit in accordance with generally accepted Danish auditing standards and International Standards on Auditing (ISAs) to obtain reasonable assurance about whether the financial statements are free of material misstatement. Based on an evaluation of the materiality and risk, our audit has included an examination of evidence supporting the amounts and disclosures in the financial statements. We have assessed the accounting policies applied and the accounting estimates made as well as evaluated the overall financial statement presentation.

Our audit has not given rise to qualifications.

Opinion

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

Copenhagen, 21 February 2002.

DELOITTE & TOUCHE
Statsautoriseret revisionselskab

KPMG C. Jespersen

Bent Hansen
State-Authorised
Public Accountant

Erik Holst Jørgensen
State-Authorised
Public Accountant

Finn L Meyer
State-Authorised
Public Accountant

Anne Rømer
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, a member of the boards of directors of Landsbankernes Reallånefond, PBS Danmark A/S, PBS Data A/S, PBS Finans A/S, PBS Holding A/S, PBS International A/S and PBS Multidata A/S. A member of the Board of Directors of DanBolig A/S and Chairman of the Board of Directors of 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 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 Finans Sverige AB, Nordea Finance Finland Ltd and Nordea Finans Danmark A/S.

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 A/S and PBS Multidata A/S, Chairman of the Board of Directors of Nordea Ejendomme A/S, a member of the boards of the Copenhagen Institute for Futures Studies and the Danish Securities Council and a member of the Insead International Council.

Jesper Christiansen

Appointed 2000. Born 1963. MSc(Econ). Managing Director in Nordea Bank Danmark A/S. Affiliations: A member of the Board of Directors of Nordea Equity Holdings AS.

Bent Mouritsen

Appointed 1998. Born 1944. BSc(Management Accounting). Executive Vice President, Nordea Bank Danmark A/S. Affiliations: A member of the Danish Bankers Association's credit committee.

Ole Øhlenschläger Madsen

Reappointed by the Minister of Economic Affairs 2001. Born 1944. DSc(Econ). Professor at Aarhus University. Affiliations: Chairman of the boards of directors of Chridapa ApS and Jabami ApS. A member of the boards of directors of Webco Invest ApS, United Shipping Agencies A/S, Incuba A/S, Finans- og Ejendomsselskabet Aalykke A/S and Aarhus Universitets Forskningsfond.

Executive Management

Erling Saaby Nielsen (Chairman)
Michael Jensen

Internal auditors

Søren Lund, Chief Auditor

Auditors appointed by the Annual General Meeting

KPMG

DELOITTE & TOUCHE

Statsautoriseret Revisionsaktieselskab

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