

**Annual Report 2002
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 three business areas: Retail Banking, Corporate and Institutional Banking and Asset Management & Life. The Nordea Group has more than 10 million customers and 1,240 bank branches. The Nordea Group is a world leader in Internet banking, with 3.3 million e-customers. The Nordea share is listed in Stockholm, Helsinki and Copenhagen.

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Profit for the year: DKK 389m

Nordea Kredit Realkreditaktieselskab posted a profit of DKK 389m in 2002 compared to DKK 399m in 2001. Interest rates were lower in 2002 than in 2001 resulting in reduced earnings from cash investments. The Board of Directors proposes that the profit for the year be carried forward, bringing shareholders' equity to DKK 5,824m.

Lending

In 2002 lending increased by DKK 16.1bn or 16.1% compared to an increase of DKK 12.9bn in 2001 or 14.8%. The level of activity was higher throughout most of 2002 compared to 2001, with the exception of Q4 which in 2001 was characterised by very high mortgage refinancing activity.

Nordea Kredit's portion of new mortgage loans on home resales amounted to 18.5% in 2002 against 18.0% in 2001.

Lending for residential properties and holiday homes was DKK 95.2bn at the end of 2002 compared to DKK 82.9bn at the end of 2001. Commercial property lending increased to DKK 20.9bn against DKK 17.1bn at the end of 2001. Of this amount, loans for agricultural properties accounted for DKK 12.9bn by the year-end compared to DKK 10.5bn at the end of 2001.

At the year-end total lending by Nordea Kredit accounted for 8.8% of total mortgage lending in Denmark. This share has increased from 8.1% at the end of 2001. Of the total lending of DKK 116.1bn at the end of 2002 DKK 4.1bn was granted in euros.

Nordea Kredit – five-year financial summary

	1998	1999	2000	2001	2002
Income statement (DKKm)					
Net interest and fees receivable	360	401	388	509	537
Securities and foreign exchange result	17	-6	50	31	-2
Profit before expenses	377	395	438	540	535
Other operating income	0	0	0	0	0
Expenses and depreciation	94	108	118	140	145
Other operating expenses	0	0	0	0	0
Loan loss provisions	1	1	1	1	2
Profit on shares in associated and group undertakings	1	0	1	0	0
Operating profit before tax	282	286	321	399	389
Tax	-	-	-	0	0
Profit for the year	282	286	321	399	389
Balance sheet at 31 December (DKKm)					
Total assets	80,254	89,596	96,721	128,781	140,242
Mortgage loans	69,406	80,112	87,105	100,013	116,139
Bonds	5,999	7,344	6,742	11,750	10,152
Mortgage bonds in issue	74,464	82,387	89,197	116,061	126,282
Shareholders' equity	4,429	4,715	5,036	5,435	5,824
Ratios and key figures					
Total capital ratio, including profit for the year (%)	11.8	10.8	10.8	10.5	9.4
Pre-tax return on equity (%)	7.3	6.3	6.6	7.6	6.9
Income/cost ratio	3.96	3.61	3.70	3.83	3.65
Provision ratio for the year (%)	0	0	0	0	0
Lending growth for the year (%)	31.8	15.4	8.7	14.8	16.1
Average number of employees (full-time equivalents)	123	127	121	117	119

Adjustable-rate mortgages

The demand for adjustable-rate mortgages was lower in 2002 than in 2001.

As a result of the difference in interest rates between adjustable-rate mortgages granted in Danish kroner and in euros, the euro portion has declined compared to the previous year.

Nordea Kredit has seen reasonable demand for the new types of adjustable-rate mortgages that were introduced in April 2002, enabling borrowers to lock-in interest payments for two to ten years. The outstanding volume of these mortgages in Danish kroner and in euros amounted to DKK 2.3bn at year-end.

Results

Net interest and fees receivable amounted to DKK 537m in 2002 compared to DKK 509m in 2001. Guarantee commissions, brokerage, etc payable to Nordea Bank Danmark A/S totalled DKK 388m in 2002 against DKK 348m in 2001.

Expenses and depreciation increased by 4% to DKK 145m compared to DKK 140m in 2001. Thus Nordea Kredit has succeeded in keeping expenses stable despite the higher level of activity.

The average number of employees expressed as full-time equivalent staff was 119 in 2002 compared to 117 in 2001.

In 2002 Nordea Kredit repossessed 16 properties and resold 15 properties. At 31 December Nordea Kredit had a portfolio of eight repossessed properties with a total book value of DKK 4.5m.

The total capital ratio, including the profit for the year, was 9.4% at the end of 2002 (2001: 10.5%) against the statutory minimum of 8%. The lower capital ratio is a result of the strong growth in lending.

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

Outlook for 2003

Towards the end of 2002 interest rates fell to such an extent that it is now not possible to make loan offers in 6% bonds and many borrowers with loans in 7% bonds have benefited from arranging refinancing. This has resulted in significant mortgage refinancing activity which has continued into 2003.

Increased focus on commercial mortgage lending - particularly for agricultural properties - is expected to result in additional lending to this segment in 2003. At the same time Nordea Kredit expects to maintain its market

share in the market for homeowners. Hence lending is expected to continue to increase.

This expected growth in lending, coupled with the expectation of a slight decline in expenses, will contribute to a positive development in the financial results in 2003.

Annual General Meeting

The Board of Directors will propose to the Annual General Meeting, which will be held on 27 February 2003 in Copenhagen, that the profit for the year of DKK 389m be carried forward and that no dividend be paid for 2002.

Nordea Kredit expects to announce its interim results on 20 August 2003.

Accounting policies

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

Basis of preparation

Legislation

The accounts of Nordea Kredit Realkreditatieselskab 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 writedowns made.

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 except assets acquired as part of a specific project.

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.

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 and central banks.

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

(DKK m)	Note	2000	2001	2002
Interest receivable	8	5,979	6,812	7,346
Interest payable	9	5,344	6,069	6,529
Net interest income		635	743	817
Dividend income		0	0	0
Fees and commissions receivable	10	76	158	153
Fees and commissions payable	11	323	392	433
Net interest and fees receivable		388	509	537
Securities and foreign exchange result	12	50	31	-2
Other operating income		0	0	0
Staff and administrative expenses	13	117	139	144
Amortisation, depreciation and writedowns of intangible and tangible assets		1	1	1
Other operating expenses		0	0	0
Loan loss provisions		1	1	2
Profit on shares in associated and group undertakings	15	1	0	0
Operating profit before tax		321	399	389
Tax	16	-	0	0
Profit for the year		321	399	389
Distribution of profit				
Profit for the year		321	399	389
Total amount available for distribution		321	399	389
Transfer to shareholders' equity		321	399	389
Total distribution of amount available		321	399	389

Balance sheet at 31 December

(DKKm)	Note	2000	2001	2002
Assets				
Cash in hand and balances at call due from central banks		-	0	5
Balances due from credit institutions and central banks	7, 17, 26, 27	2,628	16,148	12,588
Loans	5, 6, 7, 18			
Mortgage loans		87,105	100,013	116,139
Other loans		24	37	111
Bonds	19, 21	6,742	11,750	10,152
Shares etc	20, 22	4	1	3
Shares in associated undertakings	22	3	4	-
Tangible assets	23	4	6	6
Other assets	28	211	822	1,239
Total assets		96,721	128,781	140,242
Liabilities				
Balances due to credit institutions and central banks	7, 24, 26, 27	680	4,752	4,795
Mortgage bonds in issue	7, 25	89,197	116,061	126,282
Other liabilities	29	1,807	2,524	3,338
Deferred income		1	10	3
Shareholders' equity				
Share capital		1,063	1,063	1,063
Share premium account		2,721	2,721	2,721
Reserves		2	3	-
Profit retained in previous years		930	1,249	1,651
Profit retained for the year		320	399	389
Total shareholders' equity	1, 2	5,036	5,435	5,824
Total liabilities		96,721	128,781	140,242
Off-balance-sheet items				
Contingent liabilities		0	0	0
Total off-balance-sheet items		0	0	0

Cash flow statement

(DKK m)	2000	2001	2002
Operating activities			
Profit for the year	321	399	389
Adjustment for amounts in the profit for the year with no effect on cash flow			
Amortisation, depreciation and writedowns of intangible and tangible assets	1	1	1
Loan loss provisions	1	1	2
Revaluation of shares in associated and group undertakings	-1	-3	0
Deferred income (net)	0	9	-7
	322	407	385
Working capital			
Loans	-7,000	-12,921	-16,200
Other assets	-72	-611	-417
Balances due to credit institutions and central banks	-394	4,072	43
Mortgage bonds in issue	6,810	26,864	10,221
Other liabilities	388	718	814
Net cash inflow/(outflow) from operating activities	54	18,528	-5,155
Investing activities			
Bonds	602	-5,008	1,598
Shares etc	1	3	-2
Shares in associated undertakings	-1	-1	4
Tangible assets	-1	-2	0
Net cash inflow/(outflow) from investing activities	601	-5,008	1,600
Financing			
Proceeds from share issue	-	-	-
Net cash inflow/(outflow) from financing	-	-	-
Increase/(decrease) in cash and cash equivalents	654	13,520	-3,555
Cash and cash equivalents at 1 January	1,974	2,628	16,148
Cash and cash equivalents at 31 December	2,628	16,148	12,593

Change in securities holdings include unrealised gains.

Notes

Shareholders' equity and capital adequacy

Note 1	Shareholders' equity			
(DKKm)		2000	2001	2002
Movements in shareholders' equity				
Share capital at 1 January		1,063	1,063	1,063
Increase in share capital		-	-	-
Share capital at 31 December		1,063	1,063	1,063
Share premium account at 1 January		2,721	2,721	2,721
Increase in share capital		-	-	-
Share premium account at 31 December		2,721	2,721	2,721
Net revaluation reserve according to the equity method at 1 January		1	2	3
Transfer from the amount available for distribution		1	1	-
Transfer to retained profits		-	-	-3
Net revaluation reserve according to the equity method at 31 December		2	3	-
Retained profits at 1 January		930	1,250	1,648
Transfer from the amount available for distribution		320	398	389
Transfer from net revaluation reserve according to the equity method		-	-	3
Retained profits at 31 December		1,250	1,648	2,040
Total shareholders' equity at 1 January		4,715	5,036	5,435
Increase in share capital		-	-	-
Net revaluation reserve according to the equity method		1	1	-
Transfer from the amount available for distribution		320	398	389
Total shareholders' equity at 31 December		5,036	5,435	5,824

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 15 January 2002.

Capital ratios

Total capital ratio, including profit for the year, computed according to section 53(1) of the Danish Mortgage Credit Act (%)	10.8	10.5	9.4
Tier 1 capital ratio (%)	10.8	10.5	9.4

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

Tier 1 capital	5,036	5,435	5,824
Capital resources and short-term supplementary capital	5,036	5,435	5,824
Risk-weighted amounts not part of the trading portfolio, including off-balance-sheet items	45,703	51,745	62,129
Risk-weighted amounts with market risk	844	126	67
Total risk-weighted amounts	46,547	51,871	62,196

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 2002	Total 2001
Nominal value						
Foreign exchange derivatives						
Forward contracts / futures, bought	10	-	-	-	10	229
Forward contracts / futures, sold	10	-	-	-	10	65
Interest rate derivatives						
Forward contracts / futures, bought	2,772	-	-	-	2,772	384
Forward contracts / futures, sold	2,772	-	-	-	2,772	2,049
Net market value						
Foreign exchange derivatives						
Forward contracts / futures, bought	0	-	-	-	0	0
Forward contracts / futures, sold	0	-	-	-	0	0
Interest rate derivatives						
Forward contracts / futures, bought	-67	-	-	-	-67	-7
Forward contracts / futures, sold	67	-	-	-	67	6
Net market value	0	-	-	-	0	-1

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 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
At 31 December 2001						
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
Total after netting	8	9	15	30	8	9

Average market value is based on monthly calculations.

Note 4 Derivatives, market value (continued)**Spot transactions at 31 December 2002**

(DKKm)	Nominal value	Market value		Net market value
		Pos	Neg	
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

Spot transactions at 31 December 2001

Foreign exchange				
Bought	36	0	-	0
Sold	36	-	0	0
Total	72	0	0	0

Credit risk

Note 5 Mortgage loan portfolio by property category

	2000	2001	2002
Percentage breakdown at 31 December			
Owner-occupied housing	81	80	79
Holiday homes	2	3	3
Subsidised housing	0	0	0
Private rental property	2	2	2
Commercial property	1	1	1
Office and retail property	3	2	3
Agricultural property etc	10	11	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)			
Writedowns of loans and guarantees at 31 December	1	1	1
Writedowns of balances due from credit institutions and other items that may involve credit risk at 31 December	0	0	1
Total	1	2	2
Writedowns of loans and guarantees at 31 December as % of Loans and guarantees at 31 December	0	0	0
Mortgage arrears at 31 December	* 21	* 34	108
Mortgage arrears mid January following year	6	11	17

*)Different technical computation

Maturity by remaining term to maturity

Note 7

(DKKm)	2000	2001	2002
Balances due from credit institutions and central banks			
Balances at call	206	91	459
At up to 3 months' notice	2,422	16,057	12,128
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	2,628	16,148	12,588
Loans			
At call	21	34	108
At up to 3 months' notice	477	642	1,420
At more than 3 months' and up to 1 year's notice	1,335	1,710	1,992
At more than 1 year's and up to 5 years' notice	13,015	11,793	14,679
At more than 5 years' notice	72,281	85,871	98,051
Total	87,129	100,050	116,250
Balances due from credit institutions and central banks			
Balances at call	106	2,455	2,962
At up to 3 months' notice	574	2,297	1,833
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	680	4,752	4,795
Mortgage bonds in issue			
Maturing within 3 months	3,347	20,372	23,344
Maturing between 3 months and 1 year ahead	1,427	2,147	3,156
Maturing between 1 year and 5 years ahead	10,568	20,905	29,792
Maturing after 5 years	73,855	72,637	69,990
Total	89,197	116,061	126,282

Specifications

Note 8 Interest receivable

(DKKm)	2000	2001	2002
Balances due from credit institutions and central banks	64	130	329
Loans	5,204	5,900	6,399
Reserve fund fees	420	471	551
Total bonds	260	312	41
Own mortgage bonds	102	169	31
Other mortgage bonds	16	110	10
Government bonds	45	11	0
Other bonds	98	21	-
Total derivatives	24	-11	13
Foreign exchange derivatives	-10	-1	0
Interest rate derivatives	33	-10	13
Other interest receivable	7	11	13
Total	5,979	6,812	7,346

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

Balances due from credit institutions and central banks	55	113	322
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Note 9 Interest payable

Credit institutions and central banks	20	62	62
Mortgage bonds in issue	5,324	6,007	6,467
Other interest payable	-	-	-
Total	5,344	6,069	6,529

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

Balances due from credit institutions and central banks	15	54	38
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Note 10 Fees and commissions etc receivable

Loan processing fees etc	50	101	98
Brokerage receivable from customers	24	54	52
Other fees	2	3	3
Total	76	158	153

Note 11 Fees and commissions payable

Guarantee commissions etc payable to Nordea Bank Danmark A/S	271	300	344
Brokerage payable to Nordea Bank Danmark A/S	21	48	44
Other fees and commissions payable	31	44	45
Total	323	392	433

Note 12 Revaluation/translation adjustment

(DKKm)	2000	2001	2002
Total bonds	74	55	2
Own mortgage bonds	31	33	3
Other mortgage bonds	9	10	-2
Government bonds	17	-4	1
Other bonds	16	15	-
Shares etc	-1	-4	-1
Currencies	-3	2	0
Total derivatives	-19	-22	-3
Foreign exchange derivatives	-6	0	0
Interest rate derivatives	-13	-22	-3
Total	50	31	-2

Note 13 Staff and administrative expenses

Salaries and emoluments to the Executive Management and the Board of Directors			
Executive Management	3	3	6
Board of Directors	0	0	0
Total	3	3	6
Staff costs			
Salaries	44	49	49
Pension costs	4	4	4
Social security contributions	4	5	7
Total	52	58	61
Other administrative expenses	62	78	76
Total staff and administrative expenses	117	139	144

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	1	5

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	0	1
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Note 14 Number of employees

Average number of employees in the financial year converted into full-time staff	121	117	119
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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)	2000	2001	2002
Profit on shares in associated undertakings	1	0	0
Total	1	0	0

The associated undertaking Info Kredit A/S was liquidated on 25 June 2002.

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)	2000	2001	2002
Balances due from central banks	-	12,004	3,997
Balances due from credit institutions	2,628	4,144	8,591
Total	2,628	16,148	12,588

Note 18 Loans

Mortgage loans	87,105	100,013	116,139
Other loans	3	3	3
Past due loan payments in respect of non-reposessed properties	21	34	108
Total	87,129	100,050	116,249
Mortgage loans			
Mortgage loan portfolio at 1 January	80,112	87,105	100,013
New loans (gross new lending)	17,903	40,612	38,681
Foreign exchange revaluations	-	-3	-6
Redemptions and prepayments	9,193	25,789	20,253
Net new lending	8,710	14,820	18,422
Scheduled principal payments	1,715	1,909	2,294
Mortgage loan portfolio at 31 December	87,107	100,016	116,141
Reclassification of loans relating to temporarily reposessed properties	2	1	1
Writedowns of loans	1	1	1
Total	87,105	100,013	116,139
Past due loan payments in respect of non-reposessed properties			
Mortgage arrears *	21	34	108
Execution levied against debtors' properties	0	0	0
Writedowns of past due loan payments	0	0	-
Total	** 21	** 34	108

* Mortgage arrears mid January following year

**) Different technical computation

Note 19 Bonds

(DKKm)	2000	2001	2002
Own mortgage bonds	3,779	5,693	7,336
Other mortgage bonds	1,245	5,038	2,816
Government bonds	700	1,019	-
Other bonds	1,018	-	-
Total	6,742	11,750	10,152
Of which bonds drawn for redemption	2,346	7,916	8,320

Note 20 Shares

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

Note 21 Current asset investments

(a) Current asset investments marked to market	6,742	11,750	10,152
(b) -Difference between the acquisition cost of current asset investments under (a) and the higher market value at the balance sheet date	63	-	-
(c) Current asset investments not marked to market	-	-	-
(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	1	5
Additions	-	3
Disposals	1	-
Total cost of acquisition at 31 December	0	9
Upward and downward revaluation at 1 January	3	-5
Upward and downward revaluation written back	3	-
Upward and downward revaluation	-	-1
Upward and downward revaluation at 31 December	0	-6
Value at 31 December	-	3
Value at 1 January	4	0

Note 23 Tangible assets

(DKKm)	2000	2001	2002
Temporarily repossessed properties	2	4	4
Machinery and equipment	2	2	2
Total	4	6	6

	Temporarily repossessed properties	Machinery and equipment	Total
Total cost of acquisition at 1 January	4	5	10
Additions	11	1	12
Disposals	10	1	12
Total cost of acquisition at 31 December	5	5	10
Downward revaluation at 1 January	0	3	3
Depreciation charge	-	1	1
Writedowns	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)	7		7
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)	2000	2001	2002
Balances due to credit institutions	680	4,752	4,795
Total	680	4,752	4,795

Note 25 Mortgage bonds in issue

Mortgage-backed bonds in issue			
Mortgage bonds in issue at 1 January	82,387	89,197	116,061
Additions	22,358	58,616	47,716
Foreign exchange revaluations	-	-3	-6
Scheduled payments and notified prepayments	3,914	9,936	28,222
Redemptions and other prepayments	11,634	21,813	9,267
Mortgage bonds in issue at 31 December	89,197	116,061	126,282
Of which pre-issued	1,157	1,670	1,870
Drawn for redemption at next payment date	3,347	20,372	23,345

Note 26 Sale and repurchase transactions and purchase and resale transactions

(DKKm)	2000	2001	2002
Of the below assets purchase and resale transactions amount to:			
Balances due from credit institutions and central banks	2,422	4,053	8,132
Of the below liabilities sale and repurchase transactions amount to:			
Balances due to credit institutions and central banks	574	2,297	1,833
Assets sold as part of sale and repurchase transactions:			
Assets			
Bonds	579	1,604	1,819

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	8,591	-
Loans	1	-
Total	8,592	-
Liabilities		
Balances due to credit institutions and central banks	4,795	-
Total	4,795	-

Note 28 Other assets

(DKKm)	2000	2001	2002
Positive market value of derivatives	9	8	81
Interest receivable on mortgage loans etc*	10	13	6
Interest receivable on bonds	174	691	1,009
Other	18	110	143
Total	211	822	1,239

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

Note 29 Other liabilities

(DKKm)	2000	2001	2002
Negative market value of derivatives	128	9	81
Repurchase commitment, reverse repos	147	-	-
Interest payable on mortgage bonds in issue*	1,489	2,453	3,057
Property assessment fees payable	2	4	3
IT expenses payable	3	2	4
Guarantee commissions payable	24	32	31
Holiday allowance payable	5	5	5
Other	9	19	157
Total	1,807	2,524	3,338

* 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	64	126	325
Forward premium on forward transactions	24	-11	13
Interest etc payable			
Interest on balances due to credit institutions etc	20	62	62
Fees and commissions payable			
Guarantee commissions etc	271	300	344
Brokerage	21	48	44
Custody fees	1	0	0
Securities and foreign exchange result			
Revaluation of forward transactions	-19	-22	-3
Staff and administrative expenses etc			
IT expenses	15	14	11
Common costs	1	1	2
Other administrative expenses	1	2	5
Other operating expenses			
Systems development costs	22	28	30
Rent	5	11	10
Internal audit	2	2	2
Common costs	1	1	0

Note 30 Intragroup transactions (continued)

(DKKm)	2000	2001	2002
Assets			
Balances due from other credit institutions	2,628	4,144	8,591
Revaluation of forward transactions	8	2	79
Interest receivable	49	7	34
Liabilities			
Balances due to credit institutions and central banks	680	4,752	4,795
Revaluation of forward transactions	128	8	79
Interest payable	5	5	2
Guarantee commissions etc payable	24	32	31
IT expenses payable	3	2	4

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

20,435	23,437	27,249
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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

	1998	1999	2000	2001	2002
Total capital ratio (including profit for the year) (%)	11.8	10.8	10.8	10.5	9.4
Tier 1 capital ratio (%)	11.8	10.8	10.8	10.5	9.4
Pre-tax return on equity (%)	7.3	6.3	6.6	7.6	6.9
Post-tax return on equity (%)	7.3	6.3	6.6	7.6	6.9
Income/cost ratio	3.96	3.61	3.70	3.83	3.65
Foreign exchange exposure as % of tier 1 capital	1.9	1.5	0.0	0.2	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 (%)	31.8	15.4	8.7	14.8	16.2
Loans/shareholders' equity	15.7	17.0	17.3	18.4	20.0

Nordea Kredit Realkreditaktieselskab

Copenhagen, 19 February 2003

Board of Directors

Jørn Kr. Jensen
(Chairman)

Michael Rasmussen
(Deputy Chairman)

Peter Lybecker

Bent Mouritsen

Jesper Christiansen

Ole Øhlenschläger Madsen

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 2002. 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 2002 and of the results of the company's operations and cash flows for the financial year 2002 in accordance with the accounting provisions of Danish legislation.

Copenhagen, 19 February 2003.

Søren Lund
Chief Auditor

Ane Marie Christensen
Deputy Chief Auditor

Auditors' report

We have audited the annual report of Nordea Kredit Realkreditaktieselskab for the financial year 2002. 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 2002 and of the results of the company's operations and cash flows for the financial year 2002 in accordance with the accounting provisions of Danish legislation.

Copenhagen, 19 February 2003.

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, chairman of the board of directors of LRF Kredit A/S, a member of the boards of directors of 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 Boards of Directors of DanBolig A/S and 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 LRF Kredit A/S, 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 Nordbanken Finans AB, Merita Finance Ltd, Nordea Finans Danmark 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 A/S, 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.

Bent Mouritsen

Appointed 1998. Born 1944. BSc(Management Accounting). Executive Vice President, Nordea Bank Danmark A/S. Affiliation: 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, Incuba Venture K/S, Finans- og Ejendomsselskabet Aalykke A/S, HP-gruppen af 1953 A/S and Aarhus Universitets Forskningsfond.

Executive Management

Palle O. 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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