

To NASDAQ OMX København A/S
and the press

5 February 2009

PRELIMINARY ANNOUNCEMENT OF FINANCIAL STATEMENTS FOR 2008 – THE NYKREDIT BANK GROUP

2008 – IN BRIEF

- The Group recorded a loss before tax of DKK 295m compared with a profit of DKK 1,013m in 2007
- Core income from business operations developed favourably, rising by DKK 568m to DKK 2,192m, while earnings from own trading and value adjustment of subordinate loan capital in Danish banks were negative
- Commission expenses and provisions for guarantees resulting from participation in the government guarantee scheme totalled DKK 137m
- Impairment losses on loans and advances amounted to DKK 763m against an income of DKK 14m in 2007. EBH-fonden and Dansk Pantebrevsbørs A/S (of which the Bank owns 50%) contributed DKK 312m to the increase. Collective impairment provisions went up by DKK 112m to DKK 123m
- The balance sheet stood at DKK 194bn against DKK 135bn at end-2007
- Liquidity was satisfactory in 2008 and strengthened through the issuance of a nominal amount of DKK 12.8bn under the Bank's EMTN programme and DKK 4.7bn under the ECP programme
- The Bank Group's capital adequacy ratio was 10.2% at end-2008 against 11.7% at end-2007
- Standard & Poor's has assigned Nykredit Bank A/S a short-term deposit rating of A-1 and a long-term deposit rating of A+.

The Annual Report of Nykredit Bank and the Nykredit Bank Group has been published today at nykredit.com

Contacts

Karsten Knudsen, Chairman – tel +45 44 55 19 04
Kim Duus, Managing Director – tel +45 44 55 10 25

Nykredit Bank A/S
Kalvebod Brygge 1-3
DK-1780 Copenhagen V
Tel +45 44 55 18 00

CVR no 10 51 96 08

The Nykredit Bank Group 2004-2008

DKK million/EUR million	The Nykredit Bank Group					
	2008/EUR	2008	2007	2006	2005 ¹	2004 ¹
SUMMARY INCOME STATEMENT						
Net interest and fee income	234	1,748	1,323	1,032	1,007	875
Value adjustments	(12)	(91)	542	522	177	12
Other operating income	4	28	17	21	20	42
Staff and administrative expenses	150	1,118	871	739	590	498
Other operating costs, depreciation and amortisation	13	99	12	3	6	4
Impairment losses on loans, advances and receivables	103	763	(14)	(44)	7	6
Profit/loss before tax	(40)	(295)	1,013	877	601	421
Tax	(7)	(54)	255	250	162	131
Profit/loss for the year	(32)	(241)	758	627	439	290
BALANCE SHEET, YEAR-END						
Assets						
Cash balance and receivables from central banks and credit institutions	4,348	32,395	21,123	18,438	15,031	13,094
Loans, advances and other receivables at fair value	3,287	24,490	5,550	3,432	6,688	5,242
Loans, advances and other receivables at amortised cost	6,831	50,897	39,659	28,983	19,731	17,408
Bonds at fair value and equities	7,189	53,561	55,483	47,955	36,152	31,586
Other asset items	4,356	32,457	13,584	8,237	6,860	6,629
Total assets	26,011	193,800	135,399	107,045	84,462	73,959
Liabilities and equity						
Payables to credit institutions and central banks	11,522	85,850	76,825	63,107	44,654	39,695
Deposits and other payables	6,246	46,536	31,717	22,667	22,103	19,094
Other non-derivative financial liabilities at fair value	489	3,641	5,403	7,032	6,484	5,110
Other payables	6,471	48,211	12,953	8,680	6,748	6,044
Total payables	24,728	184,238	126,898	101,486	79,989	69,943
Provisions	8	58	2	18	59	41
Subordinate loan capital	322	2,400	2,400	1,300	800	800
Equity	953	7,104	6,099	4,241	3,614	3,175
Total liabilities and equity	26,011	193,800	135,399	107,045	84,462	73,959
OFF-BALANCE SHEET ITEMS						
Contingent liabilities	1,390	10,354	14,435	9,343	10,399	7,919
Other commitments	1,096	8,163	8,041	6,374	3,058	2,280
FINANCIAL RATIOS						
Capital adequacy ratio, %		10.2	11.7	10.6	10.3	10.4
Core capital ratio, %		7.7	8.4	8.2	8.8	8.3
Return on equity before tax (pa), % ¹		(4.5)	19.6	22.3	17.8	14.0
Return on equity after tax (pa), % ¹		(3.6)	14.7	16.0	13.0	9.6
Income:cost ratio, DKK ¹		0.85	2.17	2.26	2.00	1.83
Interest rate exposure, %		(0.3)	3.3	4.3	3.3	3.0
Foreign exchange position, %		3.5	5.7	5.7	4.2	3.2
Foreign exchange exposure, %		0.0	0.1	0.2	0.1	0.0
Loans and advances:deposits		1.6	1.4	1.4	1.2	1.2
Loans and advances:equity		10.6	7.4	7.6	7.3	7.2
Growth in loans and advances for the year, %		66.8	39.5	22.7	16.1	2.2
Excess cover:statutory liquidity requirements, %		146.1	150.7	122.7	207.1	195.3
Total large exposures, %		93.6	134.9	336.4	349.5	351.3
Impairment losses for the year, %		0.9	0.0	(0.1)	0.0	0.0
Average number of staff, full-time equivalents		713	588	492	426	362

Key figures have been calculated in accordance with the definitions of the Executive Order on the presentation of financial statements.

¹ Including effect of new accounting policies in 2004 and 2005

EUR 1 = DKK 7.4506 at end-2008

NYKREDIT BANK AND THE FINANCIAL CRISIS

The crisis in financial markets reduced business opportunities and increased the funding costs of financial institutions in general, which also affected Nykredit Bank's business and funding. The effect of the financial crisis was stronger than expected and left a significant mark on Danish financial markets, which saw a negative spiral of liquidity shortages, considerable capital losses on securities and higher impairment losses on loans and advances, especially in Q4.

However, market confidence in Nykredit Bank generally remained intact in 2008. This was evidenced by the fact that there was an open market for the Bank's own bond issues and the raising of funds, although prices reflected the financial crisis. Also, the Bank was assigned a satisfactory rating by Standard & Poor's in 2008.

NYKREDIT BANK GROUP RESULTS

The Group recorded a loss before tax of DKK 295m compared with a profit of DKK 1,013m in 2007, equal to a decrease of DKK 1,308m.

Performance was unsatisfactory and considerably below the DKK 0.8bn-0.9bn forecast at end-H1/2008. The development was a consequence of the financial crisis, which prompted negative value adjustments and increased impairment losses on loans and advances relative to the Bank's expectations.

Core income from customer-oriented activities in general showed a positive trend.

Core income from business operations rose from DKK 1,624m in 2007 to DKK 2,192m in 2008, up 35%, and in general, all business areas showed a stable development in core income from business operations, considering market conditions.

By contrast, own positions generated a loss of DKK 753m against an income of DKK 86m in 2007. The financial turmoil caused negative net value adjustment of bonds and derivatives. At the same time, the reduced demand for subordinate loan capital by Danish banks caused considerable impairment losses on these portfolios. In addition, Nykredit Bank had to make negative credit-related value adjustments of approximately DKK 90m in relation to Roskilde Bank.

Income from group items including non-allocated income from securities rose by DKK 74m to DKK 246m. The increase was attributable to higher average interest rates (4.3% against 4.0% in 2007) as well as increased capital.

Operating costs, depreciation and amortisation went up by DKK 334m to DKK 1,217m, equal to a cost increase of 38%. Of this amount, DKK 81m was the Bank's commission expenses relating to the Private Contingency Association (Det Private Beredskab til Afvikling

af Nødlidende Banker, Sparekasser og Andelskasser).

Moreover, the cost rise was mainly a result of a 24% staff increase to 780, full recognition of costs relating to Nykredit Leasing A/S, IT costs and higher Parent Company (Nykredit Realkredit) settlements.

Impairment losses on loans and advances amounted to DKK 763m against an income of DKK 14m in 2007. The item includes impairment losses and provisions for guarantees relating to the Private Contingency Association and the Winding-Up Company (Afviklingselskabet til sikring af finansiel stabilitet A/S) totalling DKK 56m. Especially in Q4, the Bank had to record impairment losses of DKK 312m on exposures to Dansk Pantebrevsbørs and EBH-fonden. Moreover, there were large impairment losses on a few corporate exposures, while impairment losses on retail exposures were still relatively low.

Tax for the period has been estimated at an income of DKK 54m, corresponding to 18% of loss before tax.

Nykredit Bank recorded a total loss for the year of DKK 241m against a profit of DKK 758m in 2007.

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

The Nykredit Bank Group

Principal income statement items

DKK million	2008	2007
Net interest and fee income	1,748	1,323
Value adjustments	(91)	542
Other operating income	28	17
Total interest, fees and value adjustments ¹	1,685	1,882
Staff and administrative expenses	1,217	883
Impairment losses on loans, advances and receivables	763	(14)
Profit/loss before tax	(295)	1,013
Tax	(54)	255
Profit/loss for the year	(241)	758
¹ Of which		
- Core income	1,704	1,896
- Investment portfolio income	(19)	(14)

Business areas

The Nykredit Bank Group is organised into three intercompany business areas: Retail Banking, Corporate Banking and Markets & Asset Management.

Retail Banking serves households and small agricultural customers, who typically require the same product range as retail customers.

Corporate Banking serves business, agricultural and rental housing customers, including housing society and non-profit housing customers.

Dansk Pantebrevsbørs A/S was previously part of the business area Retail Banking, but is now part of Corporate Banking. Comparative figures have been restated accordingly.

Markets & Asset Management handles the activities of the Nykredit Group within trading in securities and derivatives, debt capital, asset management and pension products. In addition, the business area conducts own trading activities.

The Nykredit Bank Group Profit/loss before tax by business area

DKK million	Retail Banking		Corporate Banking		Markets & Asset Management		Group items ¹		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Core income from business operations	307	257	549	489	1,336	878	-	-	2,192	1,624
Income from own trading positions ⁴	-	-	-	-	(753)	86	-	-	(753)	86
Core income from group items	-	-	-	-	-	-	265	186	265	186
Total core income *)	307	257	549	489	583	964	265	186	1,704	1,896
Operating costs	181	144	335	192	696	537	-	-	1,212	873
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	0	0	3	8	2	2	0	0	5	10
Core earnings before impairment losses	126	113	211	289	(115)	425	265	186	487	1,013
Impairment losses on loans and advances	20	(16)	702	2	41	0	-	-	763	(14)
Core earnings after impairment losses	106	129	(491)	287	(156)	425	265	186	(276)	1,027
Investment portfolio income ²	-	-	-	-	-	-	(19)	(14)	(19)	(14)
Profit/loss before tax for the period	106	129	(491)	287	(156)	425	246	172	(295)	1,013
*) Of which transactions between the business areas	51	107	(326)	(147)	275	40	-	-	-	-
Income:costs	1.5	2.0	0.5	2.4	0.8	1.8	-	-	0.9	2.2
Average allocated business capital ³	373	1,066	4,708	3,075	1,569	906	83	69	6,733	5,116
Core earnings after losses as % of allocated business capital (pa)	28.4	12.1	(10.4)	9.3	(9.9)	46.9	-	-	(4.1)	20.1

¹ Include income from securities not allocated to the individual business areas, but included in the Bank's own portfolio, as well as non-allocated expenses.

² Investment portfolio income equals the return on the Bank's own portfolio exceeding risk-free interest.

³ The business capital has been determined according to the Basel II principles based on the method applied to determine the "required capital base".

⁴ Comprises net income from Proprietary Trading and value adjustment of the portfolio of subordinate loan capital in Danish banks.

Retail Banking

The Retail Banking area supplies Nykredit Bank products through the distribution channels of the Nykredit Group, including 49 retail centres, the website nykredit.dk, two call centres and one central customer service centre.

Retail Banking recorded a profit before tax of DKK 106m against DKK 129m in 2007.

Core income went up from DKK 257m in 2007 to DKK 307m. The increase derived mainly from a rise in net interest income from DKK 244m in 2007 to DKK 304m as a result of increasing deposits and loans and a decline in net fees to DKK 2m from DKK 13m in 2007.

Capacity costs rose from DKK 144m in 2007 to DKK 181m. Staff expenses fell from DKK 36m to DKK 34m, as the staff number was reduced from 103 at end-2007 to 80 at end-2008. In addition, costs were affected by higher IT-related expenses and higher payments to Nykredit Realkredit A/S as a result of increasing joint activities and new settlement agreements.

Impairment losses amounted to DKK 20m against an income of DKK 16m in 2007. This figure is still low relative to loans, advances and guarantees totalling approximately DKK 15bn. The Bank has not yet recorded a significant increase in impairment losses as a result of the weaker property market. The low impairment level is an effect of low unemployment rates and the generally sound financial position of retail customers – not least homeowners whose loans are for a large part granted against mortgages on their properties.

The income:cost ratio decreased from DKK 2.0 to DKK 1.5.

Balance sheet

Lending increased by 33% from DKK 7.8bn in 2007 to DKK 10.4bn in 2008, primarily as a result of equity release credits. Deposits were largely unchanged at DKK 10.5bn compared with 2007. The number of customers opening wage accounts increased by almost 20,000 to approximately 115,000.

Corporate Banking

Corporate Banking serves business, agricultural, public sector and rental housing customers including housing society and non-profit housing customers. Products are distributed through 26 commercial centres offering all of the Group's products within banking, mortgage lending, insurance, investment and debt management.

As from 2008, the Bank's activities in Dansk Pantebrevsbørs A/S (of which the Bank owns 50%) are included in Corporate Banking. Nykredit Leasing A/S (previously LeasIT A/S) has been 100% consolidated against a 2007 share of 23% for Q1-Q3 and 100% for Q4.

Corporate Banking posted a loss of DKK 491m in 2008 compared with a profit of DKK 287m in 2007. The fall derived mainly from a rise in impairment losses on loans and advances from DKK 2m in 2007 to DKK 702m in 2008.

Core income went up from DKK 489m in 2007 to DKK 549m, an increase of about 12%.

Customer-oriented activities delivered a satisfactory performance with growth in core income, excluding value adjustment of corporate bonds, from DKK 517m in 2007 to DKK 682m in 2008. The increase was mainly attributable to higher earnings from Danish corporate customers and sales through the Nykredit Group's commercial centres, which generated growth in deposits, loans and advances as well as fee income from the distribution of derivatives and mortgage loans. In addition, core income from Nykredit Leasing A/S contributed DKK 53m against DKK 11m in 2007.

Core income from corporate bonds was a loss of DKK 133m against a loss of DKK 28m in 2007.

Operating costs rose from DKK 200m in 2007 to DKK 338m in 2008. Of the DKK 138m rise, Nykredit Leasing A/S accounted for DKK 24m, while commission expenses under the government guarantee scheme were DKK 53m.

Expenses for wages and salaries grew by 40% from DKK 118m to DKK 165m in 2008. The staff number increased from 185 at end-2007 to 270 at end-2008 (+46%).

Other operating costs rose from DKK 82m in 2007 to DKK 173m, which was mainly due to the changed ownership interest in Nykredit Leasing, but also to commission expenses under the government guarantee scheme, higher

settlement expenses to Nykredit Realkredit A/S and increasing IT costs.

Impairment losses on loans and advances amounted to DKK 702m in 2008 compared with DKK 2m in 2007. DKK 312m of the impairment losses for the year was attributable to EBH-fonden and Dansk Pantebrevsbørs A/S, while the rest derived from a few commercial exposures.

Impairment losses on loans and advances and provisions for guarantees relating to the Private Contingency Association and the government guarantee scheme accounted for a total expense of DKK 38m.

The income:cost ratio was DKK 0.5 compared with DKK 2.4 in 2007.

Balance sheet

Lending rose from DKK 31.8bn at end-2007 to DKK 40.5bn at end-2008, while deposits rose from DKK 15,6bn in 2007 to DKK 24.6bn.

Markets & Asset Management

This business area handles the activities of the Nykredit Group within securities and financial instruments trading, asset management and pension advice.

The trading and capital market activities of the business area are handled by Nykredit Markets and Debt Capital Markets, while asset management, portfolio administration and long-term savings are the responsibility of Nykredit Asset Management and Nykredit Portefølje Administration A/S. Own trading activities are performed by Proprietary Trading.

The business area recorded a loss of DKK 156m in 2008 against a profit of DKK 425m in 2007.

The DKK 581m decline was the outcome of the dislocation in financial markets, which gave rise to considerable negative value adjustment of the Bank's own position-taking. Furthermore, bond issues relating to subordinate loan capital in Danish banks were adversely affected by both market conditions in general and Roskilde Bank, which caused negative value adjustments in the range of DKK 400m. In total, these items generated a loss of DKK 753m against an income of DKK 86m in 2007.

Other core income in the business area went up by DKK 458m from DKK 878m in 2007 to DKK 1,336m in 2008.

Nykredit Markets made a highly satisfactory earnings contribution, as earnings from customer-oriented activities grew by DKK 437m from DKK 538m in 2007 to DKK 975m in 2008.

Core income from Nykredit Asset Management and Nykredit Portefølje Administration outperformed 2007 levels, while the Bank's Treasury activities underperformed 2007 levels on the back of the financial turmoil.

Costs grew by DKK 159m (+29%) to DKK 698m, of which commission expenses under the government guarantee scheme amounted to DKK 20m. Wages and salaries increased by DKK 52m (+20%) as a result of a staff increase from 349 at end-2007 to 418 at end-2008 (+20%).

Other costs rose by DKK 89m to DKK 368m. As was also the case in Retail and Corporate Banking, the increase was a consequence of higher IT expenses and higher payments to

Nykredit Realkredit A/S due to increasing joint activities and new settlement agreements.

Impairment losses amounted to DKK 41m, consisting of provisions of DKK 13m relating to the government guarantee scheme and the Private Contingency Association, losses on an exposure to Lehman Brothers of approximately DKK 18m and finally customer-related losses of approximately DKK 10m.

The income:cost ratio was DKK 0.8 in 2008 compared with DKK 1.8 in 2007.

Group items

The segment financial statements contain a number of income statement and balance sheet items that cannot be allocated directly to the business areas. Such items are included under group items. Group items include the Group's total return on the securities portfolio, which is the sum of "Core income from securities" and "Investment portfolio income", the latter comprising the part of the return that differs negatively or positively from risk-free interest. Risk-free interest rates averaged 4.29% in 2008 against 4.03% in 2007. Core income from securities includes the risk-free return on the part of the Bank's net financial assets not allocated to the business areas.

Profit came to DKK 246m in 2008 against DKK 172m in 2007. The rise was attributable to the increase in the Bank's equity following a capital increase by the Parent Company, retained earnings and, finally, marginally higher interest rates.

BALANCE SHEET, EQUITY AND CAPITAL ADEQUACY OF THE NYKREDIT BANK GROUP

Balance sheet

The Group's balance sheet totalled DKK 193.8bn at end-2008 against DKK 135.4bn at end-2007, up DKK 58.4bn.

Receivables from credit institutions rose by DKK 11.2bn to DKK 32.2bn, while loans and advances rose from DKK 45.2bn to DKK 75.4bn. Of the increase, repo transactions accounted for DKK 18.9bn, retail lending DKK 2.5bn and corporate lending DKK 8.7bn.

Bonds and equities totalled DKK 53.6bn on a par with end-2007. The size of the portfolio should be seen in the context of the Bank's substantial repo activities. The item mainly includes high-rated government and mortgage bonds. The securities portfolio includes issues with cover assets consisting of subordinate loan capital in Danish banks. The Bank closely monitors the development in credit risk in rela-

tion to such borrowers. At end-2008, the item amounted to about DKK 1.1bn, on which the Bank made negative value adjustments of approximately DKK 400m in 2008.

Other assets and prepayments totalled DKK 32.4bn at end-2008 against DKK 13.5bn at end-2007. The item mainly consisted of interest and commission receivable and "Positive market value of derivative financial instruments". Compared with end-2007, the rise is mainly due to higher positive market values.

Payables to credit institutions rose from DKK 76.8bn at end-2007 to DKK 85.9bn at end-2008 of which repo transactions accounted for DKK 7.2bn against DKK 13.9bn in 2007.

Deposits went up by DKK 14.8bn to DKK 46.5bn, primarily driven by corporate deposits.

Issued bonds totalled DKK 17.3bn against DKK 1.6bn at end-2007. In 2008 the Bank issued bonds of a nominal amount of DKK 17.7bn through international capital markets.

New bonds totalling DKK 12.8bn were issued under the Bank's EMTN programme.

Notes issued under the EMTN programme are listed on the Luxembourg Stock Exchange, Société Anonyme de la Bourse de Luxembourg. The Bank also issued commercial paper totalling DKK 4.7bn under the ECP programme launched in Q4/2008. Bonds of a nominal amount of DKK 1.5bn matured in 2008.

Other non-derivative financial liabilities at fair value came to DKK 3.6bn against DKK 5.4bn at end-2007. The item mainly consisted of liabilities relating to repo activities, including "Negative securities portfolios".

Other payables and deferred income were DKK 30.9bn against DKK 11.4bn at end-2007. The item mainly consisted of interest and commission payable and "Negative market value of derivative financial instruments".

Subordinate loan capital was unchanged at DKK 2.4bn. The capital was contributed by Nykredit Realkredit A/S to further the development in the Bank's business areas.

The Nykredit Bank Group Summary balance sheet

DKK million	2008	2007
Receivables from credit institutions	32,222	21,020
Loans and advances at amortised cost and fair value	75,387	45,209
Bonds and equities	53,561	55,483
Payables to credit institutions	85,850	76,825
Deposits and other payables at amortised cost	46,536	31,717
Issued bonds	17,330	1,562
Subordinate loan capital	2,400	2,400
Equity	7,104	6,099
Total balance sheet	193,800	135,399

The Nykredit Bank Group Equity

DKK million	2008	2007
Equity, beginning of financial year	6,099	4,241
Profit/loss after tax for the year	(241)	758
Other additions and disposals	(4)	-
Capital increase and share premium	1,250	1,100
Equity, end of financial year	7,104	6,099

The Nykredit Bank Group Capital base and capital adequacy

DKK million	2008	2007
Share capital	2,575	1,950
Retained earnings	4,529	4,149
Core capital	7,104	6,099
Primary and other statutory deductions from core capital	171	107
Supplementary capital	2,400	2,400
Statutory deductions from capital base	86	54
Capital base after statutory deductions	9,247	8,338
Weighted items	90,488	71,418
Capital adequacy ratio, %	10.2	11.7
Core capital after statutory deductions as % of weighted items	7.7	8.4

Equity

Equity stood at DKK 7,104m at 31 December 2008, equal to an increase of DKK 1,005m. The increase essentially covers results for the period and new paid-up capital of DKK 1,250m. DKK 625m of the paid-up capital represented a share premium.

Capital adequacy

The capital adequacy ratio of the Nykredit Bank Group landed at 10.2% against 11.7% at end-2007, and the core capital ratio was 7.7% against 8.4% at end-2007.

The Nykredit Bank Group's individual capital adequacy need is calculated at 7.97%. The capital adequacy ratio may not fall below 8%.

EVENTS OCCURRED AFTER THE END OF THE FINANCIAL YEAR

Bank rescue package II

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

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

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

Otherwise, no material events have occurred in the period up to the presentation of the Annual Report.

OUTLOOK FOR 2009

The Nykredit Bank Group's business areas are generally expected to deliver growth in core income from customer-oriented business activities relative to 2008.

The market trend will in part depend on international economic trends, interest rates and the fiscal policy measures in Denmark. The risk of higher credit losses may also affect the Bank's earnings significantly in 2009, although precise forecasts are not possible.

The financial crisis expanded interest rate spreads and cut prices of equities and bank bonds in 2008. The trends in 2009, which are of great importance to the assessment of Markets & Asset Management's core income and investment portfolio income, are very difficult to forecast.

On balance, the uncertainty surrounding results for 2009 is substantial. We expect results to be positive, substantially exceeding the 2008 results, which were characterised by negative value adjustment of some parts of own portfolios as well as large impairment losses on loans and advances. Results are expected to be lower than the level preceding the financial crisis.

OTHER

Nykredit Leasing A/S and LeasIT A/S

In 2008 the subsidiaries Nykredit Leasing A/S and LeasIT A/S merged with LeasIT as the surviving company.

The merger received final approval in Q3/2008 and was described in more detail in the H1 Interim Report 2008 to which reference is made.

In connection with the merger, the name LeasIT A/S was changed to Nykredit Leasing A/S.

Capital increase

In 2008, the Bank received additional capital from the Parent Company, Nykredit Realkredit A/S, in the amount of DKK 1,250m.

Enlargement of Forstædernes Bank's Executive Board

Bjørn Damgaard Mortensen, Managing Director, joined the Executive Board of Forstædernes Bank in 2008.

ECP programme

The Bank established a EUR 3bn ECP programme in October 2008.

Rating

In November 2008, rating agency Standard & Poor's assigned the Bank a short-term deposit rating of A-1 and a long-term deposit rating of A+.

Government guarantee scheme

Nykredit Bank has joined the government guarantee scheme covering deposits with and unsecured claims against Danish banks. The Bank expects its participation in the scheme to imply increased expenses of approximately DKK 340m annually up to October 2010. In 2008 these expenses amounted to DKK 81m. The scheme is described in further detail in note 43 to the financial statements.

The government guarantee scheme guarantees all deposits with Danish banks made by depositors and other unsecured creditors, as the Danish government guarantees deposits with banks participating in the scheme.

Exposures covered by the government guarantee scheme have a risk weighting of 0% in the capital requirement determination.

Banks covered by the scheme are subject to legal requirements as to risk profile and behaviour throughout the guarantee term to prevent any misuse of the scheme. One of the requirements is a bank lending growth limit of 16% over two years (exclusive of reverse repos).

It may be necessary to adjust activities in Nykredit Bank to ensure compliance with such limits.

Nykredit Bank A/S

Ratings

	Moody's Investors Service	Standard & Poor's
Short-term rating	P-1	A-1
Long-term rating	Aa3	A+
Bank Financial Strength Rating	C+	

Income statements for the period 1 January – 31 December

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
2007	2008		2008	2007
4,893	6,751	Interest income	6,906	5,006
3,906	5,346	Interest expenses	5,448	3,988
987	1,405	NET INTEREST INCOME	1,458	1,018
6	6	Dividend on equities	6	6
586	608	Fee and commission income	736	673
348	399	Fee and commission expenses	452	374
1,231	1,620	NET INTEREST AND FEE INCOME	1,748	1,323
526	(29)	Value adjustments	(91)	542
8	5	Other operating income	28	17
779	991	Staff and administrative expenses	1,118	871
8	3	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	5	10
1	81	Other operating expenses	94	2
(45)	772	Impairment losses on loans, advances and receivables	763	(14)
(5)	(58)	Loss from investments in associates and group enterprises	-	-
1,017	(309)	PROFIT/LOSS BEFORE TAX	(295)	1,013
259	(68)	Tax	(54)	255
758	(241)	PROFIT/LOSS FOR THE YEAR	(241)	758
		DISTRIBUTION OF PROFIT/LOSS FOR THE YEAR		
758	(241)	Profit/loss for the year		
758	(241)	TOTAL		
		PROPOSAL FOR THE DISTRIBUTION OF PROFIT/LOSS		
758	(241)	Retained earnings		
758	(241)	TOTAL		

Balance sheets at 31 December

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
2007	2008		2008	2007
		ASSETS		
103	173	Cash balance and demand deposits with central banks	173	103
20,084	32,188	Receivables from credit institutions and central banks	32,222	21,020
5,737	24,599	Loans, advances and other receivables at fair value	24,490	5,550
38,314	50,218	Loans, advances and other receivables at amortised cost	50,897	39,659
53,028	52,413	Bonds at fair value	53,377	55,201
282	184	Equities	184	282
22	0	Investments in associates	-	-
383	368	Investments in group enterprises	-	-
-	9	Intangible assets	11	2
71	70	Total land and buildings	70	82
71	70	- Investment properties	70	71
-	-	- Owner-occupied properties	0	11
6	7	Other property, plant and equipment	11	10
15	93	Current tax assets	99	11
34	87	Deferred tax assets	73	42
0	5	Assets in temporary possession	16	0
13,302	32,064	Other assets	32,169	13,429
2	4	Prepayments	8	8
131,383	192,482	TOTAL ASSETS	193,800	135,399

Balance sheets at 31 December

DKK million

Nykredit Bank A/S			The Nykredit Bank Group	
2007	2008		2008	2007
		LIABILITIES AND EQUITY		
73,296	84,321	Payables to credit institutions and central banks	85,850	76,825
32,034	46,964	Deposits and other payables	46,536	31,717
1,562	17,330	Issued bonds at amortised cost	17,330	1,562
4,776	3,641	Other non-derivative financial liabilities at fair value	3,641	5,403
11,213	30,663	Other liabilities	30,871	11,379
2	2	Deferred income	10	12
122,883	182,921	TOTAL PAYABLES	184,238	126,898
		Provisions		
0	0	Provisions for deferred tax	0	0
-	56	Provisions for losses under guarantees	56	-
1	1	Other provisions	2	2
1	57	TOTAL PROVISIONS	58	2
2,400	2,400	Subordinate loan capital	2,400	2,400
		Equity		
1,950	2,575	Share capital	2,575	1,950
-	-	Revaluation reserves	0	4
		Other reserves		
69	7	Statutory reserves	-	-
4,080	4,522	Retained earnings	4,529	4,145
6,099	7,104	TOTAL EQUITY	7,104	6,099
131,383	192,482	TOTAL LIABILITIES AND EQUITY	193,800	135,399
		Off-balance sheet items		
14,435	10,353	Contingent liabilities	10,354	14,435
8,011	8,129	Other commitments	8,163	8,041
22,446	18,482	TOTAL OFF-BALANCE SHEET ITEMS	18,517	22,476

Statement of changes in equity and capital adequacy

DKK million

Nykredit Bank A/S

	Share capital *	Statutory reserve: Reserve for net revaluation according to the equity method	Retained earnings	Total
Equity 2008				
Equity, 1 January 2008, cf the table below	1,950	69	4,080	6,099
Loss for the year	-	(58)	(183)	(241)
Other disposals/additions	-	(4)	0	(4)
Total comprehensive income	-	(62)	(183)	(245)
New paid-up capital	625	0	625	1,250
Total changes in equity	625	(62)	442	1,005
Equity, 31 December 2008	2,575	7	4,522	7,104
Equity, 2007				
Equity, 1 January 2007	1,400	147	2,694	4,241
Profit/loss for the year	-	(5)	763	758
Additions related to merger	-	35	(35)	-
Other disposals/additions (Nykredit Portefølje Bank A/S and LeaseIT A/S)	-	(108)	108	-
Total comprehensive income	-	(78)	836	758
New paid-up capital	550	-	550	1,100
Total changes in equity	550	(78)	1,386	1,858
Equity, 31 December 2007	1,950	69	4,080	6,099
* The share capital breaks down into 13 shares in multiples of DKK 1m. The share capital is wholly owned by Nykredit Realkredit A/S, Copenhagen. Nykredit Bank is included in the consolidated financial statements of this company and the consolidated financial statements of Foreningen Nykredit, Copenhagen, which owns 88.18% of Nykredit Realkredit A/S.				
Capital adequacy and core capital		2008	2007	
Share capital		2,575	1,950	
Reserves		7	69	
Retained earnings		4,522	4,080	
Total core capital		7,104	6,099	
Primary and other statutory deductions from core capital		187	92	
Supplementary capital		2,400	2,400	
Total		9,317	8,407	
Statutory deductions from capital base		91	58	
Capital base after statutory deductions		9,226	8,349	
Weighted items involving credit, counterparty and delivery risk		68,826	59,902	
Weighted items involving market risk		19,096	9,724	
Weighted items involving operational risk		2,625	-	
Total weighted items		90,547	69,626	
Capital adequacy ratio, %		10.2	12.0	
Core capital ratio, %		7.6	8.6	

ACCOUNTING POLICIES

General

The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The Consolidated Financial Statements have furthermore been prepared in accordance with Danish disclosure requirements relating to the presentation of financial statements by issuers of listed bonds, of the disclosure requirements of the NASDAQ OMX Copenhagen and the Executive Order on the application of international financial reporting standards for companies subject to the Danish Financial Business Act.

Changes to accounting policies

The business capital included in the business area reporting has been calculated according to new principles. As from 1 January 2008, the business capital has been determined according to the Basel II principles based on the method applied to determine capital adequacy, ie the required capital base. The required capital base reflects the statutory capital requirement with the addition of a projected capital charge for periods of mild recession. The business return has been calculated as the business area profit/loss relative to the business capital. In addition, the profit/loss of Dansk Pantebrevsbørs A/S has been recognised under the business area Corporate Banking. The company used to be part of the activities of Retail Banking. Comparative figures have been restated.

Profit/loss of group enterprises and associates has been recognised in Nykredit Bank's income statement under the item "Profit/loss from investments in associates and group enterprises" at profit/loss after tax. Previously, the tax of these companies was recognised together with the tax of the Parent Company. The change does not affect profit/loss after tax, the balance sheet or equity. The Consolidated Financial Statements are unchanged. Comparative figures have been restated.

In all other respects, the accounting policies are unchanged compared with the Annual Report for 2007. The full accounting policies are included in the Annual Report of the Nykredit Bank Group, which is published today.

Changed accounting estimates

As announced in stock exchange announcement of 23 January 2009, the Bank has changed its model used to determine collective impairment provisions. Now the Bank uses a so-called rating model for the future determination, and some impairment provisions for uniform small loans are reclassified from collective to individual impairment provisions. This caused impairment provisions to increase by DKK 52m in H1/2008. As a result, impairment provisions are estimated to have increased by DKK 88m for FY 2008 compared with the model used so far.

The Nykredit Bank Group – eight quarters

DKK million

	Q4/ 2008	Q3/ 2008	Q2/ 2008	Q1/ 2008	Q4/ 2007	Q3/ 2007	Q2/ 2007	Q1/ 2007
SUMMARY INCOME STATEMENT								
Net interest income	459	344	336	319	297	274	215	232
Dividends, fees and commission income (net)	69	68	85	68	74	75	81	75
Net interest and fee income	528	412	421	387	371	349	296	307
Value adjustments	(21)	(69)	19	(20)	133	49	163	197
Net interest, fees and value adjustments	507	343	440	367	504	398	459	504
Other operating income	7	6	9	6	7	2	6	2
Staff and administrative expenses	308	291	275	244	253	196	224	198
Depreciation, amortisation and other operating expenses	93	3	1	2	10	1	0	1
Impairment losses on loans, advances and receivables	658	20	83	2	27	(44)	16	(13)
Profit/loss before tax	(545)	35	90	125	221	247	225	320
Tax	(117)	8	24	31	56	62	48	89
Profit/loss	(428)	27	66	94	165	185	177	231
SUMMARY BALANCE SHEET, YEAR-END								
Assets								
Cash balance and receivables from central banks and credit institutions	32,395	16,542	15,326	22,327	21,123	26,654	26,151	19,052
Loans, advances and other receivables at fair value	24,490	13,444	11,515	8,171	5,550	10,128	4,006	3,295
Loans, advances and other receivables at amortised cost	50,897	50,449	49,039	43,538	39,659	35,617	34,826	34,084
Bonds at fair value	53,377	47,650	52,253	59,662	55,201	49,210	52,828	52,269
Equities	184	265	254	290	282	287	301	281
Land and buildings	70	70	71	82	82	73	73	73
Other asset items	32,387	18,330	19,567	13,460	13,502	13,126	11,940	8,846
Total assets	193,800	146,750	148,025	147,530	135,399	135,095	130,125	117,900
Liabilities and equity								
Payables to credit institutions and central banks	85,850	69,680	75,760	84,330	76,825	73,619	77,269	72,670
Deposits and other payables	46,536	34,126	32,595	31,700	31,717	29,067	23,312	21,903
Issued bonds	17,330	10,357	6,802	4,541	1,562	1,544	1,612	1,630
Other non-derivative financial liabilities at fair value	3,641	6,773	6,932	7,041	5,403	10,717	10,252	8,020
Other payables	30,881	17,090	17,279	11,323	11,391	12,812	10,526	7,888
Total payables	184,238	138,026	139,368	138,935	126,898	127,759	122,971	112,111
Provisions	58	42	2	2	2	2	5	17
Subordinate loan capital	2,400	2,400	2,400	2,400	2,400	1,900	1,900	1,300
Equity	7,104	6,282	6,255	6,193	6,099	5,434	5,249	4,472
Total liabilities and equity	193,800	146,750	148,025	147,530	135,399	135,095	130,125	117,900
OFF-BALANCE SHEET ITEMS								
Contingent liabilities	10,354	9,887	12,513	11,277	14,435	13,002	11,573	9,247
Other commitments	8,163	8,059	8,761	8,365	8,041	7,482	7,702	6,163
FINANCIAL RATIOS								
Capital adequacy ratio, %	10.2	10.3	9.3	9.8	11.7	11.5	11.7	9.8
Core capital ratio, %	7.7	7.6	6.9	7.2	8.4	8.6	8.6	7.7
Return on equity before tax (pa), %	(32.6)	2.2	5.8	8.1	15.4	18.5	18.5	29.3
Return on equity after tax (pa), %	(25.6)	1.7	4.2	6.1	11.4	13.9	14.6	21.2
Income:cost ratio, DKK	0.48	1.11	1.25	1.50	1.76	2.61	1.94	2.72
Interest rate exposure, %	(0.3)	1.2	1.3	2.4	3.3	2.1	3.0	4.3

Q2 and Q3/2008 figures have been adjusted, cf the Bank's stock exchange announcement of 23 January 2009.