

To OMX Nordic Exchange
and the press

7 February 2008

PRELIMINARY ANNOUNCEMENT OF THE FINANCIAL STATEMENTS FOR 2007 OF THE NYKREDIT REALKREDIT GROUP

- The Group recorded a profit before tax of DKK 4,395m against DKK 4,453m in 2006
- Marked growth in core earnings within banking, mortgage lending and insurance
- Lending by Totalkredit continued to improve, up DKK 51bn to DKK 363bn
- Total group mortgage lending at nominal value increased by DKK 83bn to DKK 849bn
- Bank lending totalled DKK 40bn in 2007 against DKK 29bn in 2006
- Nykredit and Totalkredit's proportion of gross new lending was up by 2 percentage points to 43.3%
- Nykredit Forsikring's combined ratio declined by 1.3 percentage points to 93.4%
- Nykredit is doing business with more than 1 million customers

FINANCIAL HIGHLIGHTS

- Core income from business operations increased by DKK 422m adjusted for proportionate consolidation of JN Data
- Core income from securities went up by DKK 728m to DKK 1,988m
- Operating costs, depreciation and amortisation rose by DKK 159m after adjustment for proportionate consolidation of JN Data etc
- Loan impairments made a positive contribution of DKK 67m compared with a net income of DKK 369m in 2006
- Investment portfolio income came to DKK 158m
- Value adjustment of strategic equities generated a loss of DKK 465m against a gain of DKK 1,419m in 2006
- A dividend distribution of DKK 500m is proposed
- Group equity amounted to DKK 53.9bn net of proposed dividend
- The capital adequacy ratio of the Nykredit Group was 10.3% at end-2007

OUTLOOK FOR 2008

- The Nykredit Realkredit Group expects a profit before tax of DKK 4.6bn–4.9bn for 2008

NEW BUSINESS CONCEPT: FINANCIAL SUSTAINABILITY

- Financial sustainability characterises Nykredit today and our future business model

Peter Engberg Jensen, Group Chief Executive, has the following comments on the Financial Statements:

– We are very pleased with the results. Our strength is seen in marked growth in core income, both within banking, mortgage lending and insurance. We anticipate that the positive trend in our business mix will continue in 2008, for instance through a sharper focus on corporate banking and increasing progress in business dealings with local and regional partnership banks.

INFORMATION ABOUT THE NYKREDIT GROUP

More information about the Nykredit Group is available at nykredit.com

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The Financial Statements will be presented today at 14:00 at a press conference held at Nykredit's headquarters, Kalvebod Brygge 1-3, DK-1780 Copenhagen V

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Financial highlights

	The Nykredit Realkredit Group					
DKK million	2007	2006	2005 ¹	2004 ¹	2003 ²	EUR 2007
CORE EARNINGS AND PROFIT FOR THE YEAR						
Core income from						
Business operations	6,583	5,992	5,826	4,822	4,118	883
Securities	1,988	1,260	825	814	798	267
Total	8,571	7,252	6,651	5,636	4,916	1,150
Operating costs, depreciation and amortisation	4,401	4,038	3,758	3,518	2,694	590
Core earnings before impairment losses	4,170	3,214	2,893	2,118	2,222	560
Impairment losses on loans and advances	(67)	(369)	(245)	(400)	184	(9)
Profit from insurance activities before tax ³⁾	-	-	-	-	101	-
Core earnings after impairment losses	4,237	3,583	3,138	2,518	2,139	569
Investment portfolio income	158	870	1,203	1,732	2,282	21
Profit before tax	4,395	4,453	4,341	4,250	4,421	590
Tax	1,032	1,126	1,161	1,057	1,146	138
Profit for the year	3,363	3,327	3,180	3,193	3,275	452
Profit for the year excludes value adjustment of strategic equities against equity	(465)	1,419	1,217	-	-	(62)
SUMMARY BALANCE SHEET, YEAR-END						
Assets						
Receivables from credit institutions and central banks	82,645	57,516	67,664	52,809	62,643	11,083
Mortgage loans	823,228	758,132	699,116	632,504	586,664	110,403
Bank loans – excluding reverse transactions	39,660	28,983	19,870	17,408	22,276	5,319
Bonds and equities	98,588	89,005	79,788	73,957	142,605	13,222
Other assets	30,937	23,528	23,576	21,405	14,855	4,148
Total assets	1,075,058	957,164	890,014	798,083	829,043	144,175
Liabilities and equity						
Payables to credit institutions and central banks	115,875	84,512	55,322	44,069	37,185	15,540
Deposits	31,581	22,165	21,808	18,702	14,139	4,235
Issued bonds	791,403	751,560	718,041	651,607	698,067	106,805
Hybrid core capital	3,622	3,730	3,940	3,844	-	486
Supplementary capital	3,722	4,985	6,104	2,600	2,601	499
Other liabilities	69,408	38,225	36,107	33,026	37,990	9,308
Equity	54,447	51,987	48,692	44,235	39,061	7,302
Total liabilities and equity	1,075,058	957,164	890,014	798,083	829,043	144,175
FINANCIAL RATIOS						
Profit for the year as % of average equity	6.3	6.6	6.8	7.7	8.9	
Core earnings before impairment losses as % of average equity	7.8	6.4	6.2	5.1	6.0	
Core earnings after impairment losses as % of average equity	8.0	7.1	6.8	6.0	5.8	
Costs as % of core income	51.3	55.7	56.5	62.4	54.8	
Total impairment provisions	349	406	798	1,110	2,139	
Impairment losses for the year, %	(0.0)	(0.0)	(0.0)	(0.1)	0.0	
Capital adequacy ratio, %	10.3	11.8	12.4	11.5	10.5	
Core capital ratio, %	9.7	11.0	11.3	11.0	10.1	
Average number of full-time staff	3,672	3,559	3,287	3,234	3,208	

¹ The Financial Statements from 2005 inclusive have been presented in accordance with IFRS.

² Talkkredit has been consolidated with Nykredit Realkredit from 10 November 2003.

³ Nykredit Forsikring (insurer) has been consolidated line by line from 2004.

For the five-year financial highlights prepared in accordance with section 135 of the Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc, please refer to the Annual Report for 2007.

EUR 1 = DKK 7.4566 at end-2007

NYKREDIT REALKREDIT GROUP RESULTS

The Group recorded a profit before tax of DKK 4,395m against DKK 4,453m in 2006.

The performance was characterised by continued growth and rising core earnings from mortgage lending, banking and insurance business.

In 2007 the number of Nykredit Group customers topped one million. Total group lending continued to rise in both the mortgage and banking areas.

Profit after tax was DKK 3,363m against DKK 3,327m the year before.

The value adjustment of strategic equities against equity generated a capital loss of DKK 465m against a gain of DKK 1,419m the year before.

Core earnings

Group core earnings before impairment losses continued their positive trend in 2007. Compared with 2006, core earnings were up DKK 956m totalling DKK 4,170m.

Core income from business operations was DKK 6,583m against DKK 5,992m the year before. Adjusted for the proportionate consolidation of JN Data, core income went up by DKK 422m.

The Group's gross new mortgage lending came to DKK 208bn in 2007 against DKK 199bn the year before. Measured at nominal value, group mortgage lending rose by DKK 83bn to DKK 849bn at end-2007.

The banking activities continued growing, and core income increased by DKK 244m to DKK 1,710m.

Nykredit Forsikring (insurer) realised a technical profit of DKK 129m against DKK 105m the year before.

Core income from securities totalled DKK 1,988m against DKK 1,260m the year before prompted by an expanded investment portfolio and higher money market rates averaging 4.0% against 2.9% the year before.

Core income from securities equals the return which the Group would have obtained by placing its investment portfolios at risk-free interest rates. In addition, core income from securities includes net interest expenses relating to subordinate loan capital and the acquisition of Totalkredit.

Operating costs, depreciation and amortisation went up by DKK 363m to DKK 4,401m. Excluding proportionate consolidation of JN Data results and value adjustment of special staff benefits and owner-occupied properties, costs rose by DKK 159m, corresponding to a 3.9% cost growth. The increase was chiefly driven by higher staff expenses which, in addition to the obligations under the collective agreements, involved a higher staff number as a result of the expanded business volumes in the areas Commercial Customers and Markets & Asset Management.

In line with the year before, group loan impairments netted an income totalling DKK 67m against a net income of DKK 369m in 2006. Loan impairment levels reflect the favourable economic trends leading to a low level of new impairments and the reversal of previous impairments.

The average arrears ratio calculated 75 days after the due date averaged 0.16% in 2007 compared with 0.15% in 2006.

Investment portfolio income

Group investment portfolio income was DKK 158m against DKK 870m in 2006. To this should be added a negative value adjustment of strategic equities against equity of DKK 465m after tax compared with a value adjustment of DKK 1,419m in 2006.

The investment portfolio of bonds, liquidity and interest rate instruments generated a loss of DKK 62m. In 2007 2-year yields increased by 0.28 percentage point, while 10-year yields went up by 0.48 percentage point. On top of this, the yield spread between mortgage and government bonds widened from 51bp to 60bp.

Investment portfolio income from equities and equity instruments was DKK 220m, excluding value adjustment of strategic equities against equity. European equity markets climbed 1.3% on average, while the Danish OMXC20 index gained 5.1%.

Investment portfolio income is the excess income obtained from investment in equities, bonds, and derivative financial instruments relative to risk-free rates. Price and interest rate spreads relating to the mortgage banking of Nykredit Realkredit and Totalkredit as well as the trading activities of Markets & Asset Management have not been included in the investment portfolio income, but as core income from business operations.

Tax

Tax on profit for the year is estimated at DKK 1,032m for the entire Group.

Dividend

It will be recommended for adoption by the annual general meeting that dividend in the amount of DKK 500m be distributed for 2007.

The Nykredit Realkredit Group**Core earnings and investment portfolio income**

DKK million	2007	2006
Core income from		
Business operations	6,583	5,992
Securities	1,988	1,260
Total	8,571	7,252
Operating costs, depreciation and amortisation	4,401	4,038
Core earnings before impairment losses	4,170	3,214
Impairment losses on loans and advances	(67)	(369)
Core earnings after impairment losses	4,237	3,583
Investment portfolio income	158	870
Profit before tax	4,395	4,453
Tax	1,032	1,126
Profit for the year	3,363	3,327

BUSINESS AREAS

Nykredit is organised into four business areas - Retail Customers, Business Partners, Commercial Customers and Markets & Asset Manage-

ment. The activities of the business areas are coordinated across group entities.

The business area Retail Customers covers ac-

tivities aimed at retail customers through Nykredit's own distribution channels. Retail Customers also caters for the group customers with part-time farming business.

Results by business area

DKK million	Retail Customers		Business Partners		Commercial Customers		Markets & Asset Management		Group items and eliminations ⁴		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Core income from business operations												
- Mortgage lending	1,343	1,484	1,079	922	1,680	1,567	-	-	-	-	4,102	3,973
- Other activities	685	670	-	-	548	349	964	882	284	118	2,481	2,019
Total	2,028	2,154	1,079	922	2,228	1,916	964	882	284³	118³	6,583	5,992
Core income from securities		-		-		-		-	1,988	1,260	1,988	1,260
Direct operating costs	1,252	1,245	359	265	621	573	534	454	1,094	1,001	3,860	3,538
Depreciation on property, plant and equipment and amortisation of intangible assets	18	18	391	403	7	1	1		124	78	541	500
Core earnings before impairment losses	758	891	329	254	1,600	1,342	429	428	1,054	299	4,170	3,214
Impairment losses on loans and advances	(42)	(172)	1	2	(26)	(199)	-	-	-	-	(67)	(369)
Core earnings after impairment losses	800	1,063	328	252	1,626	1,541	429	428	1,054	299	4,237	3,583
Investment portfolio income ¹	-	-	-	-	-	-	-	-	158	870	158	870
Profit before tax	800	1,063	328	252	1,626	1,541	429	428	1,212	1,169	4,395	4,453
Return												
Avg business capital, DKKm ²	8,434	8,491	10,712	8,707	17,798	15,827	934	805	-	-	40,777	35,640
Core earnings after impairment losses as % of average business capital	9.5	12.5	3.1	2.9	9.1	9.7	45.9	53.2	-	-	10.4	10.1

¹ Investment portfolio income includes profit from investments in associates of DKK 42m in 2007 against DKK 30m in 2006.

² Statutory capital requirement determined according to Basel I.

³ Of which DKK 234m concerns the proportionate consolidation of JN Data (DKK 64m in 2006).

⁴ Group items comprise the Group's total return on the securities portfolio, ie the sum of "Core income from securities" and "Investment portfolio income" as well as costs relating to headquarter staff.

Summary balance sheet, year-end

DKK million	Retail Customers		Business Partners		Commercial Customers		Markets & Asset Management		Group items and eliminations		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Assets												
Receivables from credit institutions	-	-	-	-	-	-	20,197	18,245	62,448	39,271	82,645	57,516
Mortgage loans at fair value	166,679	170,103	354,935	309,420	301,790	278,682	-	-	-	-	823,404	758,205
Other loans and advances at fair value	-	-	-	-	-	-	5,550	3,433	-	-	5,550	3,433
Bank loans at amortised cost	7,828	6,348	-	-	31,830	22,635	-	-	950	1,801	40,608	30,784
Bonds and equities	183	235	-	-	1,629	1,641	51,746	45,653	45,030	41,476	98,588	89,005
Investments in associates	-	-	-	-	-	-	-	-	137	90	137	90
Intangible assets and property, plant and equipment	54	48	3,760	3,837	84	73	-	-	2,065	1,903	5,963	5,861
Liabilities												
Payables to credit institutions	-	-	-	-	-	-	74,702	63,107	41,173	21,405	115,875	84,512
Deposits and other payables	10,036	9,670	-	-	21,440	12,816	241	182	(136)	(503)	31,581	22,165
Issued bonds ¹	197,510	211,397	396,585	356,689	359,159	348,431	1,561	1,741	(156,823)	(164,944)	797,992	753,314
Insurance liabilities	1,042	1,031	-	-	660	665	-	-	-	-	1,702	1,696
Off-balance sheet items	6,795	6,702	0	0	14,600	8,885	1,081	130	(8,806)	(4,729)	13,670	10,988
Investments in intangible assets, property, plant and equipment	23	31	0	1,101	0	0	0	0	211	303	234	1,435

¹ Own bonds have been set off under "Group items and eliminations".

Business Partners coordinates the distribution of mortgage loans to retail customers by Danish local and regional banks under the To-talkredit brand. The area is also responsible for international retail lending.

Commercial Customers comprises activities aimed at all types of businesses including the agricultural and rental housing segments. Rental housing includes non-profit housing, housing society dwellings and private rental housing.

Markets & Asset Management handles the activities of the Nykredit Realkredit Group within trading in securities and financial instruments, debt capital, asset management and pension products.

Group core earnings before impairment losses totalled DKK 4,170m against DKK 3,214m in 2006. The Group's business activities – mortgage lending, banking and insurance – delivered unabated growth.

Activity in the Danish mortgage lending market generally slowed down in 2007. Notwithstanding this trend, the Nykredit Group realised gross new lending of DKK 208bn against DKK 199bn in 2006.

The Group's market share of gross new lending and net new lending grew to 43.3% and 40.7%, respectively, both up some 2 percentage points.

Gross new lending to retail customers came to DKK 132bn against DKK 147bn the year before equal to a market share of Danish residential mortgage lending of 48.3% compared with 45.0% in 2006.

Nykredit Bank continued its growth path in 2007. Lending totalled DKK 40bn at year-end against DKK 29bn at the beginning of 2007. At end-2007 deposits totalled DKK 32bn against DKK 22bn the year before. Bank core earnings before impairment went up by DKK 177m to DKK 1,013m.

Nykredit Forsikring (insurer) recorded growth in 2007 within the retail and commercial customers areas and the insurance portfolio went up by DKK 58m to DKK 1,340m at year-end. Core earnings increased by DKK 32m to DKK 186m.

Nykredit Mægler (estate agency business) saw a small downturn in the turnover of properties from 21,600 properties sold in 2006 to 19,400

properties. Core earnings amounted to DKK 49m against DKK 56m the year before.

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

Balance sheet

At end-2007 the Group's balance sheet totalled DKK 1,075bn against DKK 957bn at end-2006.

Group mortgage lending at fair value totalled DKK 823bn at end-2007 against DKK 758bn at the beginning of the year. Measured at

nominal value, mortgage lending rose by DKK 83bn to DKK 849bn at year-end.

Bank lending, excluding reverse transactions, amounted to DKK 40bn at end-2007 – up DKK 11bn. Bank deposits increased by DKK 9bn to DKK 32bn at year-end.

Equity and dividend

In September 2007, the Nykredit Group decided to launch a 3-year dividend plan involv-

ing an expected distribution of dividend of DKK 500m annually by Nykredit Realkredit A/S to Nykredit Holding A/S and from there to the shareholders of that company in 2007, 2008 and 2009, provided that no material financial circumstances prevent such distribution in these years.

As part of the dividend plan, it was resolved to distribute an extraordinary dividend of DKK 500m in November 2007 from Nykredit Realkredit A/S and Nykredit Holding A/S.

Foreningen Nykredit plans to reinvest most of the dividends from Nykredit Holding A/S in the Nykredit Group and has therefore offered the other three shareholders to purchase part of their shares in Nykredit Holding A/S. Industriens Realkreditfond, IRF, is the only shareholder which has expressed an intention to accept the offer.

This means that Foreningen Nykredit is expected to acquire about one-third of IRF's shares in Nykredit Holding A/S within a 3-year period.

At 3 December 2007, Foreningen Nykredit acquired shares worth a nominal amount of DKK 9,940,600 in Nykredit Holding A/S from IRF at a price of DKK 3,925 per share corresponding to a total purchase price of DKK 390m.

It is recommended for approval by the general meeting that ordinary dividend in the amount of DKK 500m for 2007 be distributed by Nykredit Realkredit A/S in accordance with the dividend plan adopted.

At end-2007 group equity stood at DKK 54.4bn before ordinary dividend against DKK 52.0bn at the beginning of the year. Equity will stand at DKK 53.9bn after distribution of proposed dividend.

In accordance with the accounting rules of IAS 39, Nykredit has classified the Group's strategic equity investments as "available for sale" in its Consolidated Financial Statements. The strategic equity investments include equities in several Danish regional banks. The equities are value adjusted against equity. The value adjustment against equity in the Consolidated Financial Statements came to a loss of DKK 465m after tax. The value of equities classified as available for sale totalled DKK 4,960m at year-end.

The Nykredit Realkredit Group

Changes in equity

DKK million	2007	2006
Equity, beginning of year	51,987	48,692
Extraordinary dividend	(500)	-
Minority interests, purchase	-	(1,553)
Profit for the year	3,363	3,327
Fair value adjustment of equities – available for sale	(465)	1,419
Other adjustments	62	102
Equity, year-end	54,447	51,987
Proposed dividend	(500)	-
Equity after dividend	53,947	51,987

The Nykredit Realkredit Group

Capital base

DKK million	2007	2006
Core capital		
Equity, year-end	54,447	51,987
Revaluation reserves transferred to supplementary capital	(247)	(202)
Total	54,200	51,785
Statutory deductions from core capital		
Proposed ordinary dividend	(500)	-
Intangible assets, including goodwill	(3,999)	(4,001)
Core capital after primary deductions	49,701	47,784
Hybrid core capital	3,622	3,730
Core capital, incl hybrid core capital, after primary deductions	53,323	51,514
Other statutory deductions ¹	(1,010)	-
Core capital, incl hybrid core capital, after deductions	52,313	51,514
Supplementary capital		
Reserves in series	315	279
Subordinate loan capital	3,722	4,985
Total	4,037	5,264
Statutory deductions from the capital base		
Statutory deductions ¹	(1,010)	(1,496)
Capital base	55,340	55,282
Risk-weighted items		
- outside the trading book	513,723	440,846
- involving market risk in the trading book	25,175	27,146
Total	538,898	467,992
Capital requirement	43,112	37,439
Capital adequacy ratio	10.3	11.8
Core capital ratio	9.7	11.0

¹ Under section 139 of the Danish Financial Business Act, 50% of the capital requirements, etc of insurance company subsidiaries and certain investments in credit and finance institutions must be deducted from the core capital and supplementary capital.

Capital base and capital adequacy at end-2007

At end-2007 the capital base, capital adequacy and capital requirements were determined in accordance with the former capital requirement rules (Basel I).

At end-2007 the capital base stood at DKK 55.3bn equal to a capital adequacy ratio of 10.3%. The core capital ratio correspondingly came to 9.7%.

NEW CAPITAL ADEQUACY RULES

At 1 January 2008 the capital base and capital adequacy will be determined using the new capital adequacy rules (Basel II).

Nykredit's implementation of the new capital adequacy rules is described in detail in the Risk Management section below and the report "Risk and Capital Management 2007", available at Nykredit.com/reports.

The capital charge for credit risk is calculated on the basis of the most advanced IRB approaches for the most part of the loan portfolio. Such calculations depend on the data behind the credit models etc.

The advanced credit models estimate probabilities of default (PDs), losses given default (LGDs) and exposure values (EVs). Nykredit estimates PDs for exposures with a 60% weighting of data from the period 1991-2002 and a 40% weighting of data recorded in the period 2003-2004. LGDs are estimated based on data from the period 1991-1993 when Denmark underwent a severe recession.

The Group's capital base amounted to DKK 54.0bn under the new rules compared with the former DKK 55.3bn as the capital base must be reduced by the difference between the model-based expected losses and actual impairments recorded under the new rules.

The new rules also lead to a change of the capital requirement and risk-weighted items. The capital adequacy ratio changes from 10.3% to 17.9%. The capital requirement changes from DKK 43.1bn to DKK 24.1bn.

Under the transitional rules, risk-weighted items and the capital requirement may not decrease by more than 10% and 20% in 2008 and 2009, respectively, compared with the former rules.

According to the transitional rules, the capital requirement amounts to DKK 38.8bn equal to a capital adequacy ratio of at least 12.9%.

Capital adequacy

Pursuant to the Danish Financial Business Act, it is the responsibility of the Board of Directors and the Executive Board to ensure that Nykredit has adequate capital. Capital adequacy is the minimum capital base required in Management's opinion to cover any significant risk.

Nykredit's calculation of capital adequacy is based on the model calculations used in the determination of the capital requirement. However, a statistical confidence level of 99.97% is factored in, equal to a Aa2-Aa3 rating. When calculating the capital requirement and capital adequacy ratio, only a 99.9% confidence level is used.

Capital adequacy consists of Pillar I and Pillar II.

Pillar I capital covers credit risk, market risk, operational risk, insurance risk and risk relating to own properties.

Pillar II comprises capital to cover other risks as well as an increased statutory capital requirement for credit and market risk during a mild recession. Under the new capital adequacy rules, the capital requirement increases with rising losses and arrears. Pillar II allows for this effect, just as it allows for any operating losses following a rise in impairments, etc.

At 1 January 2008, capital adequacy came to DKK 30.5bn of which DKK 22.2bn concerned Pillar I and DKK 8.3bn Pillar II.

The Nykredit Realkredit Group

Basel I and Basel II capital requirement and capital adequacy ratio

DKK million	Basel II	Basel I	Basel I
	1 January 2008	31 December 2007	31 December 2006
Credit risk	20,817	41,098	35,268
Market risk	2,014	2,014	2,172
Operational risk	1,245	-	-
Capital requirement before transitional rules	24,076	43,112	37,439
Capital requirement after transitional rules ¹	38,801	-	-
Capital base	54,000	55,340	55,282
Capital adequacy ratio	17.9	10.3	11.8
Minimum capital adequacy ratio before transitional rules	8.0	8.0	8.0
Minimum capital adequacy ratio after transitional rules ²	12.9	-	-
Core capital ratio	17.2 ³	9.7	11.0
Weighted items			
- not included in the trading book	-	513,713	440,846
- involving market risk included in the trading book	-	25,175	27,146
Total	300,959	538,898	467,992

Note: Basel II 1 January 2008 has been determined based on balance sheet figures at 31/12 2007

¹ The capital requirement after the transitional rules has been determined pursuant to the transitional rules for 2008.

As a minimum, the capital requirement for 2008 must amount to 90% of the capital requirement determined under Basel I.

² The minimum capital adequacy ratio after the transitional rules has been determined as the capital requirement after the transitional rules as % of the risk-weighted items under Basel II. Accordingly, the minimum capital adequacy ratio reflects the capital adequacy requirement as a result of the transitional rules.

³ The core capital ratio has been calculated on the basis of risk-weighted items of DKK 300,959m, ie not using the transitional rules.

CAPITAL STRUCTURE

Nykredit's objective is to be able to maintain its lending activities at an unchanged level regardless of economic trends.

Against this backdrop, Nykredit divides its equity of DKK 53.9bn into four elements:

- *Business capital* of DKK 30.5bn equal to the statutory capital adequacy requirement.
- *Cyclical buffer* of DKK 12.5bn covering the expected rise in the capital adequacy requirement should the economic climate change from mild to severe recession.
- *Statutory capital deductions* relating to intangible assets of DKK 4.0bn.
- *Strategic capital* of DKK 6.9bn, the long-term capital maintained for strategic initiatives.

On transition to the new capital adequacy rules, Nykredit's strategic capital will increase from DKK 1.2bn to DKK 6.9bn, notwithstanding the transitional rules.

The Nykredit Realkredit Group

Capital structure under Basel I and II, end-2007

Basel I	Business capital DKK 43.3bn		Buffer capital DKK 5.4bn	Statutory capital deductions DKK 4.0bn	Strategic capital DKK 1.2bn
	Equity DKK 53.9bn				
Basel II	Business capital DKK 30.5bn		Cyclical buffer capital DKK 12.5bn	Statutory capital deductions DKK 4.0bn	Strategic capital DKK 6.9bn
	Pillar I DKK 22.2bn	Pillar II DKK 8.3bn			

NYKREDIT AND THE FINANCIAL CRISIS

The financial markets crisis, which limited business opportunities during 2007 and caused funding costs for financial institutions in general to rise, had no direct effect on Nykredit's business or its funding opportunities.

More than 99% of Nykredit's mortgage lending is match-funded, for which reason any liquidity and market risk in relation to mortgage lending is negligible.

The Group pursues a conservative investment policy. Nykredit's investment portfolio generated a gain in 2007 and was therefore only marginally and indirectly affected by the financial crisis.

The market has confidence in Nykredit's business model. This was evidenced when the DKK 115bn issue of non-callable fixed bullets for the refinancing of ARMs was sold in December 2007 at ordinary market terms relative to the swap market. In addition, Nykredit issued DKK 5bn-worth of junior covered bonds in December 2007, and its ongoing bond issuance has been continuously absorbed by the market on an arm's length basis.

EVENTS OCCURRED AFTER THE END OF THE FINANCIAL YEAR

No material events have occurred in the period up to the presentation of the Annual Report.

RESULTS AND EXPECTATIONS

In relation to the presentation of the Annual Report for 2006, a profit before tax of DKK 3,600m-3,900m for 2007 was forecast. In connection with the presentation of the H1 Interim Report 2007, expectations for the full year were adjusted upwards to around DKK 4,400m-4,700m.

A profit before tax of DKK 4,395m was recorded in line with the general expectations for core earnings, whereas investment portfolio income fell on the back of the market developments.

OUTLOOK FOR 2008

In 2008 the Nykredit Realkredit Group's gross new lending is expected to be on a level with that of 2007.

Core income from business operations is expected to exceed the 2007 level as a result of a larger mortgage loan portfolio and increasing banking and insurance activity.

Group operating costs, excluding the effect of special staff benefits, are expected to rise by some DKK 500m. This is an effect of increased staff numbers following strategic initiatives within the areas Commercial Customers, Markets & Asset Management and IT.

Impairment losses on loans and advances of around DKK 100m-300m are expected against a net income of DKK 67m in 2007.

The Nykredit Realkredit Group expects core earnings after loan impairment of around DKK 4,200m-4,400m.

Investment portfolio income came to DKK 158m in 2007 and is expected to be around DKK 400m-600m in 2008.

Against this backdrop, the Nykredit Realkredit Group forecasts a profit before tax in the range of DKK 4,600m-4,900m, exclusive of value adjustment of strategic equities.

As usual, the forecast of core income from securities, investment portfolio income and loan impairment involves significant uncertainty.

The Nykredit Realkredit Group**Forecasts 2008**

DKK million	Results 2007	Forecasts 2008	
Core income from business operations	6,583	7,000	to 7,300
Core income from securities	1,988	2,100	to 2,300
Operating costs, depreciation and amortisation	4,401	4,800	to 5,000
Impairment losses on loans and advances	(67)	100	to 300
Core earnings after impairment losses	4,237	4,200	to 4,400
Investment portfolio income	158	400	to 600
Profit before tax	4,395	4,600	to 4,900

OTHER

New business concept

Nykredit has put special focus on our relationship with the large group of stakeholders with whom we interact to improve communication and involve our external relations in the development of our business.

As a result of this process, we have revised our business concept under the heading "Financial sustainability", reflecting Nykredit today and our future business model.

The new business concept does not imply changes to our way of thinking nor our way of doing business, but rather manifests what we have always done – run a business with a long-term and balanced perspective. The solutions we endorse must be well-conceived and sustainable for the customer, for Nykredit and for society.

To the Group, financial sustainability means that we value balanced risk management and a sound capital structure. To customers, business partners, staff and investors, financial sustainability implies that we have a long-term perspective and strive to deliver new dynamic opportunities.

Changes in the management and organisation of the Nykredit Group

On 1 October 2007, the Nykredit Group implemented a number of management and organisational changes in connection with the retirement of Henning Kruse Petersen, Group Managing Director, at the end of September 2007 as previously announced.

Currently, the Group Executive Board of Nykredit Realkredit A/S consists of Peter Engberg Jensen, Group Chief Executive, and Søren Holm, Karsten Knudsen, Per Ladegaard and Niels Tørslev, all Group Managing Directors.

The responsibilities of Niels Tørslev and Karsten Knudsen were extended to include International Lending and Group Credits, respectively.

Niels Tørslev, Group Managing Director, succeeded Peter Engberg Jensen, Group Chief Executive, as Chairman of Totalkredit A/S and at the same time resigned from the Executive Board of Totalkredit. His successor is Troels Bülow-Olsen, Executive Vice President. The Executive Board currently consists of Troels Bülow-Olsen, Hans Henrik Andersen and Per Nykjær.

Karsten Knudsen, Group Managing Director, succeeded Henning Kruse Petersen as Chairman of Nykredit Bank A/S and resigned from the Executive Board of Nykredit Bank. Bjørn Damgaard Mortensen, Senior Vice President, joined the Executive Board, which now consists of Kim Duus and Bjørn Damgaard Mortensen.

Merger of Nykredit Bank A/S and Nykredit Portefølje Bank

Nykredit Bank A/S and its wholly-owned subsidiary Nykredit Portefølje Bank A/S merged with effect from 1 January 2007 with Nykredit Bank A/S as the surviving company.

Nykredit Portefølje Bank A/S's subsidiary, Nykredit Portefølje Administration A/S, is now a wholly-owned subsidiary of Nykredit Bank A/S.

Nykredit Bank A/S has taken over LeasIT A/S

Nykredit Bank took over the leasing company LeasIT A/S in September.

With a stake of 22.65%, Nykredit Bank was a co-owner of LeasIT, but acquired the remaining shares from the other shareholders: Sparekassen Sjælland, Fionia Bank, Sparekassen Kronjylland, Sparekassen Himmerland, Den Jyske Sparekasse and JF Holding. LeasIT is now a wholly-owned subsidiary of Nykredit Bank.

Capital increases in Nykredit Bank and Totalkredit

Nykredit Bank A/S increased its capital by DKK 1.1bn in the form of additional equity and DKK 1.0bn-worth of subordinate loan capital.

Correspondingly, Totalkredit strengthened its capital resources by DKK 2.0bn in the form of additional equity and DKK 1.0bn-worth of subordinate loan capital.

The entire capital increase of both companies was contributed by Nykredit Realkredit A/S.

IRF cancels legal proceedings

In continuation of the adoption of Nykredit's 3-year dividend plan in September 2007, IRF (the Industrial Mortgage Fund of Denmark) withdrew the legal proceedings instituted against Foreningen Nykredit (the Nykredit Association) and Nykredit Holding A/S before the Danish Eastern High Court.

Consequently, IRF will remain a shareholder of Nykredit Holding A/S, but with a lower owner-

ship interest as Foreningen Nykredit is expected to acquire approximately one-third of IRF's shares in Nykredit Holding A/S during the three-year term of the dividend plan.

SDO issuance out of new Capital Centre E

The Danish legislation on issuance of Danish covered bonds ("særligt dækkede obligationer" – SDOs) entered into force on 1 July 2007.

In November 2007, Nykredit Realkredit A/S and Totalkredit A/S were granted authorisation by the Danish Financial Supervisory Authority to issue SDOs.

Nykredit has offered loans against mortgages on commercial properties funded by SDOs since November 2007 and loans against mortgages on all property types funded by SDOs since 27 December 2007.

The SDOs are issued out of Nykredit's Capital Centre E and fund the mortgage loans granted by Nykredit as well as Totalkredit.

A capital centre is a group of series with a joint series reserve fund and joint liability.

The credit rating agency Moody's Investors Service assigned a Aaa rating to Nykredit Realkredit's SDOs in December.

In this report, the term mortgage lending denotes mortgage lending funded by mortgage bonds or SDOs.

Tax case

Nykredit Realkredit is party to a pending tax case which has been appealed to the Danish High Court by the Danish Ministry of Taxation. If the High Court also finds for Nykredit, deferred tax of DKK 204m will be recognised as income.

Risk reporting

In connection with the transition to the new capital adequacy rules, Nykredit has published a report "Risk and Capital Management 2007". The report contains a number of risk key figures on the Nykredit Group's loan portfolio, etc and is available at nykredit.com/reports.

Non-financial reporting

As a supplement to the Annual Report for 2007, Nykredit has published the report "About Nykredit 2007" which contains information about market position, customers, staff, IT, sponsorships, environment and capital policy and is available at nykredit.com/reports.

Group entities

NYKREDIT HOLDING A/S

Nykredit Holding is the Parent Company of Nykredit Realkredit A/S.

The Company's main activity is the ownership of Nykredit Realkredit. Furthermore, Nykredit Holding has issued guarantees covering pre-fixed loss amounts to entities such as Nykredit Bank.

The Parent Company recorded a profit before tax of DKK 2m for 2007 excluding the results of the subsidiary Nykredit Realkredit A/S.

The Annual Report of Nykredit Holding has not been included in the Annual Report of the Nykredit Realkredit Group. Reference is made to the Annual Report for 2007 for Nykredit Holding.

NYKREDIT REALKREDIT A/S

Nykredit Realkredit posted a profit before tax of DKK 3,876m against DKK 5,895m in 2006. Profit after tax came to DKK 2,897m compared with DKK 4,746m the year before.

Profit for 2007 was affected by a significant loss on the investment portfolio of DKK 2,601m, and a decline in loan impairments reversed. Conversely, profit was favourably influenced by an increase in profit from subsidiaries and core income from securities.

Core income from mortgage operations gained DKK 8m to DKK 3,147m. The figure reflected gross new lending of DKK 110bn coupled with a rise in the loan portfolio of DKK 32bn to DKK 486bn at nominal value.

Core income from securities went up by DKK 412m to DKK 1,414m. The increase reflected growth in the investment portfolio and a rise in average money market rates from 2.9% to 4.0%.

Mortgage banking costs totalled DKK 2,697m, down by DKK 29m on the year before.

Mortgage loan impairment was still affected by losses reversed and netted an income of DKK 55m against a net income of DKK 326m the year before. Losses recognised in relation to lending netted DKK 63m in 2007, of which the majority had been provided for in previous years.

Impairment provisions totalled DKK 253m at year-end against DKK 317m at the beginning of the year. Total impairment at end-2007 equalled 0.05% of loans and advances compared with 0.07% in 2006.

The investment portfolio generated a loss of DKK 375m against a gain of DKK 2,226m the year before. Value adjustment of strategic equities, which has been recognised as investment portfolio income unlike the practice in the Consolidated Financial Statements, generated a loss of DKK 524m for 2007 compared with a gain of DKK 1,433m in 2006.

Nykredit Realkredit is jointly taxed with the Danish subsidiaries and Foreningen Nykredit. Total tax payable is distributed among profit and loss-making, jointly taxed companies in proportion to their taxable income.

Nykredit Realkredit A/S

Core earnings and investment portfolio income

DKK million	2007	2006
Core income from		
Business operations	3,147	3,139
Securities	1,414	1,002
Total	4,561	4,141
Operating costs, depreciation and amortisation	2,697	2,726
Core earnings before impairment losses	1,864	1,415
Impairment losses on loans and advances	(55)	(326)
Profit from equity investments	2,332	1,928
Core earnings after impairment losses	4,251	3,669
Investment portfolio income	(375)	2,226
Profit before tax	3,876	5,895
Tax	979	1,149
Profit for the year	2,897	4,746

TOTALKREDIT A/S

In 2007 Totalkredit realised a profit of DKK 1,004m before tax and DKK 754m after tax against DKK 824m and DKK 595m, respectively, in 2006.

Total core income was DKK 1,321m in 2007 against DKK 1,003m in 2006.

Core income from business operations increased by DKK 140m to DKK 999m against DKK 859m in 2006. Core income for the year mirrored the steep lending growth seen in recent years.

In nominal terms, the loan portfolio increased by DKK 51bn to DKK 363bn at year-end. Gross lending came to DKK 98bn and net new lending to DKK 54bn.

Core income from securities amounted to DKK 322m compared with DKK 144m in 2006. The increase was attributable to growth in the investment portfolio following a capital increase and a rise in average money market rates from 2.9% to 4.0%.

Operating costs, depreciation and amortisation were DKK 314m against DKK 219m the year before. The increase was due to higher IT and marketing costs.

Loan impairment losses came to DKK 1m. The low impairment losses were a result of guarantees provided by local and regional banks.

In 2007 Totalkredit increased its share capital by DKK 2bn and raised subordinate loan capital of DKK 1bn (nominal value).

The entire new capital was contributed by the Parent Company Nykredit Realkredit A/S.

Totalkredit repaid subordinate loan capital of EUR 200m (nominal value) in 2007. Subordinate loan capital subsequently amounted to DKK 3,600m at end-2007.

After recognition of the profit for the year and the capital increase, equity stood at DKK 10,729m at year-end.

The capital base was DKK 14,328m at end-2007, equal to a capital adequacy ratio of 9.5%.

Totalkredit A/S**Core earnings and investment portfolio income**

DKK million	2007	2006
Core income from		
Business operations	999	859
Securities	322	144
Total	1,321	1,003
Operating costs, depreciation and amortisation	314	219
Core earnings before impairment losses	1,007	784
Impairment losses on loans and advances	1	2
Core earnings after impairment losses	1,006	782
Investment portfolio income	(2)	42
Profit before tax	1,004	824
Tax	250	229
Profit for the year	754	595

Totalkredit A/S**Summary balance sheet, year-end**

DKK million	2007	2006
Mortgage loans at fair value	349,278	306,239
Bonds and equities	47,156	48,462
Issued bonds, Totalkredit	145,401	183,891
Issued bonds, Nykredit Realkredit	242,622	166,063
Subordinate loan capital	3,600	4,090
Equity	10,729	7,975
Total assets	409,914	367,815

THE NYKREDIT BANK GROUP

In 2007 the Nykredit Bank Group realised a profit of DKK 1,013m before tax and DKK 758m after tax against DKK 877m and DKK 627m, respectively, in 2006.

Core income from business operations increased by DKK 245m to DKK 1,710m against DKK 1,465m in 2006.

The principal reason for growth in core income was higher earnings from Corporate Banking and Markets & Asset Management, which rose by DKK 175m and DKK 82m, respectively, on 2006.

Operating costs, depreciation and amortisation amounted to DKK 883m against DKK 742m in 2006, mainly as a consequence of a greater staff number and higher activity levels in general. The number of staff had risen by 96 to 588 at end-2007.

Loan impairment netted an income of DKK 14m against DKK 44m in 2006. The level of individual loan impairments was low also in 2007 on account of the continued, favourable economic climate in Denmark.

In 2007 Nykredit Bank increased its share capital by DKK 1.1bn and raised subordinate loan capital of DKK 1bn (nominal value). The entire capital increase was contributed by the Parent Company Nykredit Realkredit A/S.

After recognition of the profit for the year and the capital increase, equity stood at DKK 6,099bn at year-end.

The Nykredit Bank Group's capital adequacy ratio was 11.7% at end-2007 against 10.6% at end-2006.

LeasIT A/S

As at 1 October 2007, Nykredit Bank A/S acquired 77.35% of the shares in LeasIT A/S, which is now a wholly-owned subsidiary. LeasIT has 40 staff, and the balance sheet stood at DKK 2.1bn at the acquisition date, of which the lease portfolio accounted for DKK 1.9bn.

The Nykredit Bank Group**Core earnings and investment portfolio income**

DKK million	2007	2006
Core income from		
Business operations	1,710	1,465
Securities	186	113
Total	1,896	1,578
Operating costs, depreciation and amortisation	883	742
Core earnings before impairment losses	1,013	836
Impairment losses on loans and advances	(14)	(44)
Core earnings after impairment losses	1,027	880
Investment portfolio income	(14)	(3)
Profit before tax	1,013	877
Tax	255	250
Profit for the year	758	627

The Nykredit Bank Group**Summary balance sheet, year-end**

DKK million	2007	2006
Loans and advances	45,209	32,415
Bonds and equities	55,483	47,955
Payables to credit institutions and central banks	76,825	63,107
Deposits	31,717	22,667
Equity	6,099	4,241
Total assets	135,399	107,045

NYKREDIT FORSIKRING A/S

In 2007 the insurer recorded a profit of DKK 203m before tax and DKK 149m after tax against DKK 235m and DKK 170m, respectively, in 2006. Profit was affected by lower investment portfolio income due to distribution of dividend to the Parent Company.

The insurer posted a technical profit of DKK 129m against DKK 105m the year before. The technical profit is profit before tax adjusted for core income from securities and investment portfolio income.

The activity level was in line with 2006. New insurance policies written totalled DKK 344m. The insurance portfolio totalled DKK 1,340m at year-end.

Premiums rose from DKK 1,255m in 2006 to DKK 1,292m. Retail Customers and Commercial Customers delivered 2.1% and 4.6%, respectively, of the increase.

2007 saw extraordinary weather conditions such as storms and heavy rain. An extensive roof fire in Christianshavn, Copenhagen, caused claims expenses of some DKK 14m after reinsurance. The fire was the largest single claim in the history of the insurer.

Operating costs, depreciation and amortisation increased by DKK 19m to DKK 194m, chiefly due to higher staff costs. The cost ratio edged up by 0.6% to 18.2%.

The combined ratio and the operating ratio amounted to 93.4% and 90.4%, respectively, against 94.7% and 91.9% the year before.

The combined ratio is the sum of the gross claims ratio, the gross cost ratio and the net reinsurance ratio. The operating ratio equals the combined ratio where technical interest has been added to premiums.

Investment portfolio income declined by DKK 64m to DKK 17m on 2006. The reason for the downturn was a DKK 800m dividend distributed in May, in which connection the investment portfolio was reduced.

After transfer of profit for the year, equity stood at DKK 1,150m at year-end.

The statutory capital base requirement, determined as the so-called solvency margin, was DKK 218m at end-2007.

Nykredit Forsikring A/S**Core earnings and investment portfolio income**

DKK million	2007	2006
Core income from		
Business operations	1,218	1,175
Securities	57	49
Total	1,275	1,224
Operating costs, depreciation and amortisation	194	175
Claims incurred	895	895
Core earnings	186	154
Investment portfolio income	17	81
Profit before tax	203	235
Tax	54	65
Profit for the year	149	170

Nykredit Forsikring A/S**Financial highlights**

DKK million	2007	2006
Premiums, adjusted for reserves	1,292	1,255
Net premiums earned	1,214	1,183
Financial ratios		
Claims ratio, %	74.5	73.0
Cost ratio, %	18.2	17.6
Net reinsurance ratio, %	0.7	4.1
Combined ratio, %	93.4	94.7
Operating ratio, %	90.4	91.9

NYKREDIT MÆGLER A/S

Nykredit Mægler's core business is being the franchiser of the estate agency chain Nybolig and cooperating with the estate agency chain Estate.

At end-2007, the agency network comprised 342 estate agencies of which 231 Nybolig agencies and 111 Estate agencies.

Activity in the property market was lower than the year before. Nykredit Mægler franchisees sold 19,400 properties in 2007, which was 10% fewer than the year before.

Nykredit Mægler realised a profit of DKK 49m before tax and DKK 35m after tax against DKK 56m and DKK 39m, respectively, in 2006.

Nykredit Mægler A/S

DKK million	2007	2006
Profit for the year	35	39
Balance sheet total	143	140
Equity ¹	116	101

¹ Dividend of DKK 20m distributed in 2006 was settled in 2007

Income statements for 1 January - 31 December

DKK million

Nykredit Realkredit A/S			The Nykredit Realkredit Group	
2006	2007		2007	2006
23,101	32,018	Interest income	44,179	33,987
19,932	28,533	Interest expenses	37,538	28,334
3,169	3,484	NET INTEREST INCOME	6,641	5,653
133	184	Dividends on equities	191	147
813	811	Fee and commission income	1,387	1,346
175	203	Fee and commission expenses	1,209	1,092
3,940	4,276	NET INTEREST AND FEE INCOME	7,011	6,053
-	-	Net premiums earned	1,214	1,183
2,387	(136)	Value adjustments	921	1,516
16	5	Other operating income	436	235
-	-	Claims incurred, net of reinsurance	895	896
2,319	2,243	Staff and administrative expenses	3,858	3,536
407	454	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	541	500
0	0	Other operating expenses	3	2
(326)	(55)	Impairment losses on loans, advances and receivables	(67)	(369)
1,952	2,375	Profit from investments in associates and group enterprises	42	30
5,895	3,877	PROFIT BEFORE TAX	4,395	4,453
1,149	979	Tax	1,032	1,126
4,746	2,897	PROFIT FOR THE YEAR	3,363	3,327
		DISTRIBUTION OF PROFIT FOR THE YEAR		
-	-	Shareholders of Nykredit Realkredit A/S	3,363	3,327
		PROPOSAL FOR THE DISTRIBUTION OF PROFIT		
1,408	1,785	Statutory reserves		
3,338	612	Retained earnings		
-	500	Proposed dividend		

Balance sheets at 31 December

DKK million

Nykredit Realkredit A/S			The Nykredit Realkredit Group	
2006	2007		2007	2006
ASSETS				
167	32	Cash balance and demand deposits with central banks	135	200
47,401	79,937	Receivables from credit institutions and central banks	82,510	57,316
451,924	474,062	Loans, advances and other receivables at fair value	828,954	761,638
166,063	242,622	Totalkredit mortgage loan funding	0	-
1,117	649	Loans, advances and other receivables at amortised cost	40,608	30,784
50,512	62,548	Bonds at fair value	90,935	79,371
Equities				
9,092	7,344	Equities measured at fair value through profit or loss	2,694	4,291
-	-	Equities available for sale	4,960	5,343
9,092	7,344	Total	7,653	9,634
142	188	Investments in associates	137	90
14,695	18,774	Investments in group enterprises	-	-
3,968	3,957	Intangible assets	3,999	4,001
Land and buildings				
-	-	Investment properties	71	72
344	360	Owner-occupied properties	1,617	1,529
344	360	Total	1,688	1,600
144	156	Other property, plant and equipment	276	260
38	59	Current tax assets	95	41
218	258	Deferred tax assets	313	232
6	5	Assets in temporary possession	5	85
8,147	10,942	Other assets	17,596	11,766
125	121	Prepayments	152	145
754,103	902,014	TOTAL ASSETS	1,075,058	957,164

Balance sheets at 31 December

DKK million

Nykredit Realkredit A/S			The Nykredit Realkredit Group	
2006	2007		2007	2006
		LIABILITIES AND EQUITY		
38,101	63,210	Payables to credit institutions and central banks	115,875	84,512
-	-	Deposits and other payables	31,581	22,165
634,851	724,746	Issued bonds at fair value	796,403	751,560
13	27	Issued bonds at amortised cost	1,589	1,754
3,444	30,560	Other non-derivative financial liabilities at fair value	33,444	8,473
-	-	Current tax liabilities	15	101
16,491	19,876	Other liabilities	30,775	24,341
-	-	Deferred income	11	15
692,900	838,420	Total payables	1,009,693	892,920
		Provisions		
187	179	Provisions for pensions and similar obligations	197	212
788	748	Provisions for deferred tax	797	837
-	-	Insurance liabilities	1,702	1,696
162	110	Repayable reserves funded by pre-1972 series	110	162
629	767	Other provisions	769	634
1,766	1,804	Total provisions	3,575	3,541
7,450	7,343	Subordinate loan capital	7,343	8,715
		Equity		
1,182	1,182	Share capital	1,182	1,182
		Accumulated changes in value		
91	89	- Revaluation reserves	247	202
7	15	- Accumulated foreign currency translation adjustment of foreign entities	15	7
-	-	- Value adjustment of equities available for sale	2,173	2,636
		Other reserves		
2,439	3,435	- Statutory reserves	-	-
23,336	24,258	- Reserves in series	24,258	23,336
-	-	- Other reserves	-	-
24,932	24,969	Retained earnings	26,072	24,624
-	-	Minority interests	-	-
-	500	Proposed dividend	500	-
51,987	54,447	Total equity	54,447	51,987
754,103	902,014	TOTAL LIABILITIES AND EQUITY	1,075,058	957,164
		OFF-BALANCE SHEET ITEMS		
-	-	Guarantees	4,242	2,987
1,965	1,641	Other contingent liabilities	9,427	8,001
1,965	1,641	TOTAL	13,670	10,988

Statement of changes in equity 1 January - 31 December

DKK million

Nykredit Realkredit A/S

	Share capital	Revaluation reserves	Accumulated foreign currency translation adjustment of foreign entities	Statutory reserves*	Reserves in series	Other reserves	Retained earnings	Proposed dividend	Total
2007									
Balance, beginning of year	1,182	91	7	2,439	23,336	-	24,932	-	51,987
Reclassification	-	(5)	-	-	-	-	5	-	-
Adjustment relating to owner-occupied properties	-	4	-	-	-	-	-	-	4
Adjustment relating to foreign entities	-	-	8	-	-	-	-	-	8
Profit for the year	-	-	-	1,785	-	-	612	500	2,897
Total comprehensive income	-	(2)	8	1,785	-	-	617	500	2,909
Extraordinary dividend paid	-	-	-	-	-	-	(500)	-	(500)
Dividend from subsidiaries	-	-	-	(820)	-	-	820	-	-
Adjustment pursuant to capital adequacy rules	-	-	-	-	922	-	(922)	-	-
Transferred from provisions - pre-1972 series	-	-	-	-	-	-	16	-	16
Adjustment relating to associates	-	-	-	(4)	-	-	4	-	-
Adjustment relating to subsidiaries	-	-	-	35	-	-	1	-	36
Total other adjustments	-	-	-	(789)	922	-	(581)	-	(449)
Balance, year-end	1,182	89	15	3,435	24,258	-	24,969	500	54,447
2006									
Balance, beginning of year	1,182	82	6	1,004	22,597	3,632	18,636	-	47,139
Adjustment relating to owner-occupied properties	-	9	-	-	-	-	-	-	9
Adjustment relating to foreign entities	-	-	1	-	-	-	-	-	1
Profit for the year	-	-	-	1,408	-	-	3,338	-	4,746
Total comprehensive income	-	9	1	1,408	-	-	3,338	-	4,756
Retained earnings	-	-	-	-	-	(3,632)	3,632	-	-
Dividend from subsidiaries	-	-	-	(60)	-	-	60	-	-
Adjustment pursuant to capital adequacy rules	-	-	-	-	739	-	(739)	-	-
Transferred from provisions - pre-1972 series	-	-	-	-	-	-	12	-	12
Adjustment relating to associates	-	-	-	-	-	-	2	-	2
Adjustment relating to subsidiaries	-	-	-	87	-	-	(9)	-	78
Total other adjustments	-	-	-	27	739	(3,632)	2,958	-	92
Balance, year-end	1,182	91	7	2,439	23,336	-	24,932	-	51,987

Statement of changes in equity 1 January - 31 December

DKK million

The Nykredit Realkredit Group

	Share capital	Revaluation reserves	Accumulated foreign currency translation adjustment of foreign entities	Value adjustment of equities available for sale	Reserves in series	Other reserves	Retained earnings	Proposed dividend	Total	Minority interests	Total
2007											
Balance, beginning of year	1,182	202	7	2,636	23,336	-	24,624	-	51,987	-	51,987
Reclassification	-	5	-	3	-	-	(8)	-	-	-	-
Adjustment of equities available for sale	-	-	-	(465)	-	-	-	-	(465)	-	(465)
Adjustment relating to owner-occupied properties	-	39	-	-	-	-	-	-	39	-	39
Adjustment relating to foreign entities	-	-	8	-	-	-	-	-	8	-	8
Profit for the year	-	-	-	-	-	-	2,863	500	3,363	-	3,363
Total comprehensive income	-	45	8	(462)	-	-	2,854	500	2,945	-	2,945
Extraordinary dividend paid	-	-	-	-	-	-	(500)	-	(500)	-	(500)
Adjustment pursuant to capital adequacy rules	-	-	-	-	922	-	(922)	-	-	-	-
Transferred from provisions – pre-1972 series	-	-	-	-	-	-	16	-	16	-	16
Total other adjustments	-	-	-	-	922	-	(1,406)	-	(484)	-	(484)
Balance, year-end	1,182	247	15	2,173	24,258	-	26,072	500	54,447	-	54,447
2006											
Balance, beginning of year	1,182	115	6	1,217	22,597	3,632	18,390	-	47,139	1,553	48,692
Adjustment relating to equities available for sale	-	-	-	1,593	-	-	-	-	1,593	-	1,593
Realised gains on equities available for sale	-	-	-	(174)	-	-	-	-	(174)	-	(174)
Adjustment relating to owner-occupied properties	-	87	-	-	-	-	-	-	87	-	87
Adjustment relating to foreign entities	-	-	1	-	-	-	-	-	1	-	1
Profit for the year	-	-	-	-	-	-	3,327	-	3,327	-	3,327
Total comprehensive income	-	87	1	1,419	-	-	3,327	-	4,834	-	4,834
Acquisition of minority interests	-	-	-	-	-	-	-	-	-	(1,553)	(1,553)
Transferred to retained earnings	-	-	-	-	-	(3,632)	3,632	-	-	-	-
Adjustment pursuant to capital adequacy rules	-	-	-	-	739	-	(739)	-	-	-	-
Transferred from provisions – pre-1972 series	-	-	-	-	-	-	12	-	12	-	12
Adjustment relating to associates	-	-	-	-	-	-	2	-	2	-	2
Total other adjustments	-	-	-	-	739	(3,632)	2,907	-	14	(1,553)	(1,539)
Balance, year-end	1,182	202	7	2,636	23,336	-	24,624	-	51,987	-	51,987

Core earnings and investment portfolio income

1 January - 31 December

The Nykredit Realkredit Group

DKK million

	2007			2006		
	Core earnings	Investment portfolio income	Total	Core earnings	Investment portfolio income	Total
Net interest income	6,830	(189)	6,641	5,728	(75)	5,653
Dividend on equities	4	187	191	6	141	147
Net fee and commission income	218	(39)	179	309	(55)	254
Net interest and fee income	7,052	(41)	7,011	6,043	11	6,053
Net premiums earned	1,214	-	1,214	1,183	-	1,183
Value adjustments	809	112	921	687	829	1,516
Other operating income	391	45	436	235	-	235
Claims incurred, net of reinsurance	895	-	895	896	-	896
Staff and administrative expenses	3,858	-	3,858	3,536	-	3,536
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	541	-	541	500	-	500
Other operating expenses	3	-	3	2	-	2
Provisions for loan impairment	(67)	-	(67)	(369)	-	(369)
Profit from equity investments	-	42	42	-	30	30
Profit before tax	4,237	158	4,395	3,583	870	4,453

GROUP CHART

