

Contents

Supervisory Board and Executive Board	Page 2
Brief Résumé	Page 3
Merger with Danske Bank	Page 4
Financial Highlights (5 years)	Page 5
Group Annual Report and Outlook	Page 6
The Property Market	Page 10
Business Areas	Page 11
Market and Credit Risks	Page 17
Employees	Page 19
Organisational Structure	Page 20
Senior Management	Page 21
Major Directorships	Page 22
Annual Accounts	Page 24
Accounting Policies	Page 24
Profit and Loss Account	Page 28
Balance Sheet	Page 29
Notes to the Accounts	Page 30
Undertakings in the Group	Page 44
Cash Flow Statement	Page 45
Series Accounts	Page 46
Signatures and Auditors' Report	Page 48
Financial Highlights (5 years) Realkredit Danmark A/S	Page 50

Supervisory Board and Executive Board

Supervisory Board

Kjeld Jørgensen

Chairman

Sven Lystbæk

Vice-chairman

Morten Balling* *

Kent Christoffersen*

Thomas Dywremose

Carl Emil Heidemann*

Jørgen Lund

Bent Maribo

Jørgen Mejlgård

Klaus Modberg*

Jesper Ovesen

Peder J. Pedersen

Bent Peetz*

Per Alling Toubro*

* Employee elected representative

** Appointed by the Minister of Economic Affairs

Executive Board

Sven Holm

Chairman of the Executive Board and Chief Executive Officer

Bent Fjord

Member of the Executive Board

Mogens Holm

Member of the Executive Board

Mogens Holm was appointed a member of the Executive Board on 1 January 2001.

Brief Résumé

The year 2000 was a good year for Realkredit Danmark, leading to, among other things, the announcement of merger plans between RealDanmark – Realkredit Danmark's parent company – and Danske Bank. As a result of the merger, Realkredit Danmark will merge with BG Kredit and Danske Bank's mortgage credit company Danske Kredit effective 1 January 2001, with Realkredit Danmark as the continuing company. Realkredit Danmark A/S is now a subsidiary of Danske Bank Group.

In 2000, Realkredit Danmark managed to maintain its position as the innovating mortgage credit institution through, among other things, the launch of bridging and supplementary loans, FlexLån® with guaranteed interest rates and reversed mortgage loans.

Financial highlights:

- The profit before tax amounts to DKK 1,646 million, which is an increase of DKK 45 million compared with 1999.
- Core earnings were up nearly 8 per cent to DKK 1,751 million due to a rise in core income of nearly DKK 50 million and a decrease in aggregate costs of just below DKK 100 million, corresponding to about 7 per cent. The cost decrease was attributable to a lower level of activity and to rationalisation and steps taken to improve efficiency in connection with the implementation of the plan to improve profits by DKK 700 million (Plan 700) in the RealDanmark Group. Core earnings were also favourably affected by a net income from provisions for bad and doubtful debts of DKK 62 million.
- The profit for the year was influenced by restructuring costs of DKK 112 million. The amount covers merger costs of DKK 5 million and DKK 107 million related to an adjustment of accounting policies and estimates.
- In 2000, the Group's loan portfolio increased by DKK 7.9 billion, of which DKK 4.9 billion relates to BG Kredit. The loan portfolio stands at DKK 341.4 billion. The portfolio increase was achieved in a slowing market with low remortgaging activity, which was partly caused by the referendum on Denmark's accession to the EMU's third stage.
- Flexlån® represent 41 per cent of all loans disbursed in 2000, reflecting the popularity of interest-reset loans among our customers.

Realkredit Danmark continues to give accessibility a high priority. The Customer Line is accessible Monday through Thursday from 9 am to 10 pm, Fridays from 9 am to 4 pm and Sundays from 10 am to 4 pm.

Moody's Investor Service Ltd. has twice upgraded Realkredit Danmark's rating, which covers more than 80 per cent of issued bonds. Realkredit Danmark's rating is now Aa1. Consequently, Realkredit Danmark's bonds have the highest rating in the Danish mortgage credit market.

Merger with Danske Bank

On 2 October 2000, the Board of Directors of Danske Bank and the Supervisory Board of RealDanmark, the parent company of Realkredit Danmark A/S and BG Bank A/S, unanimously recommended in a joint stock exchange announcement a merger of the two companies. On the same date, Danske Bank made the shareholders of RealDanmark a share exchange offer, in which Danske Bank offered 4.144 Danske Bank shares per 1 RealDanmark share. When the exchange offer expired on 30 October 2000, shareholders representing 94.5 per cent of the shares had accepted the offer. Following Danske Bank's accept of the merger terms and conditions set out by the Danish Competition Council, all terms and conditions for the merger were fulfilled, thus establishing de facto group relations between the two companies as from 8 November 2000. The final legal aspects of the merger process are recommended to be settled at the annual general meetings of the two companies in late March 2001, taking effect from 1 January 2001.

In continuation of the expected adoption of the merger at the general meetings, other RealDanmark shareholders will have their shares exchanged for Danske Bank shares. The shares issued in this connection will carry the same rights as other Danske Bank shares, including the right to dividends for the year 2000.

RealDanmark's board recommendation of the merger with Danske Bank should be seen in the light of the ongoing consolidation of the northern European banking industry. The merger creates a basis for substantially greater efficiency in the group, and it is the board's opinion that the merger creates considerably added value for RealDanmark's shareholders.

Shares of the new group will obtain a considerable market value and liquidity that is expected to strengthen the interest of foreign investors, among others. The merged group will have the densest branch network in Denmark, a balance sheet total – at 31 December 2000 – of DKK 1.363 billion, annual core income of DKK 26 billion and close to 20,000 employees.

The organisation and business model of the new group will be built up around well-defined business areas and has been adapted to comprise

the existing activities of both Danske Bank and RealDanmark. The business areas of the new group will comprise: Retail Banking, Mortgage Finance, Wholesale Banking, Investment Banking, Investment Management and Life and Pensions.

Following the merger, the two brands, BG Bank and Realkredit Danmark, will continue as integral parts of the two business areas Retail Banking and Mortgage Finance, respectively. This is expected to be the most appropriate business solution with a view to retaining and attracting a large market share.

The merger is expected to result in considerable synergies. Annual synergies estimated to be in the region of approximately DKK 2 billion are expected to be achieved by the end of 2003. The synergies are to be realised through substantial cost reductions.

The merger will be completed following the annual general meetings of the two companies in late March 2001 with retroactive effect from 1 January 2001. RealDanmark A/S and Danske Bank A/S and RealDanmark A/S' wholly owned subsidiary BG Bank A/S will merge, with Danske Bank A/S as the continuing company.

At the same time, RealDanmark A/S' wholly owned subsidiary Realkredit Danmark A/S will merge with Danske Bank A/S' wholly owned subsidiary Danske Kredit Realkreditaktieselskab and with Realkredit Danmark A/S' wholly owned subsidiary BG Kredit A/S, with Realkredit Danmark A/S as the continuing company. Realkredit Danmark A/S will subsequently be a wholly owned subsidiary of Danske Bank A/S.

The merger is expected to result in annual synergies totalling DKK 200 million in the mortgage credit area, and they are expected to be fully achieved in 2003. The synergies have been laid down in continuation of the previously adopted Plan 700.

The synergies are based on capacity adjustment in the mortgage credit area due to the amalgamation of the three mortgage credit entities Realkredit Danmark, BG Kredit and Danske Kredit. Moreover, group resources will be re-allocated.

The synergies will be achieved through adjustments in the number of employees and cost reductions relating to, among other things, premises and office expenses, etc.

Financial Highlights

	Realkredit Danmark Group				
	2000	1999	1998	1997	1996
Summary in DKK million					
Profit and Loss account:					
Net interest income	2,554	2,739	2,796	2,591	2,541
Dividends from shares, etc.	14	16	13	8	5
Net fees and commissions receivable	126	216	280	271	261
Net interest and fee income	2,694	2,971	3,089	2,870	2,807
Value adjustment	137	(373)	162	534	455
Other operating income	123	141	117	105	92
Staff costs and administrative expenses	1,270	1,300	1,172	913	821
Amortisation/depreciation and write-downs of assets	111	55	156	74	55
Other operating expenses, etc.	1	11	2	190	338
Provisions for bad and doubtful debts	(62)	(79)	(99)	(103)	103
Income from associated and group undertakings	12	149	17	5	(13)
Profit before tax	1,646	1,601	2,154	2,440	2,024
Tax	508	427	662	714	493
Minority interests	0	3	0	0	0
Net profit	1,138	1,171	1,492	1,726	1,531
Balance sheet:					
Assets:					
Cash in hand and balances due from credit institutions and central banks	8,531	19,492	19,243	17,463	16,832
Lending	342,069	334,077	318,071	305,018	295,044
Bonds and shares, etc.	70,592	34,188	36,956	27,511	21,358
Other assets	2,327	1,996	2,231	1,936	1,600
Total assets	423,519	389,753	376,501	351,928	334,834
Liabilities:					
Balances due to credit institutions and central banks	6,222	1,668	6,548	1,229	626
Deposits	11	25	0	0	0
Issued bonds	388,114	359,657	338,890	321,856	307,516
Other Liabilities	8,852	9,184	12,386	9,526	9,101
Subordinated loan capital	3,000	3,000	3,368	3,000	3,000
Shareholders' equity	17,320	16,219	15,309	16,317	14,591
Total liabilities	423,519	389,753	376,501	351,928	334,834
Key ratios as defined by the Danish Financial Supervisory Authority					
Solvency ratio	11.3	11.1	12.0	13.2	12.9
Tier 1 ratio	9.4	9.0	9.2	10.0	9.2
Return on equity before tax (p.c.)	9.8	10.2	13.6	15.8	14.6
Return on equity after tax (p.c.)	6.8	7.4	9.4	11.2	11.1
Income/cost ratio	2.25	2.24	2.75	3.27	2.53
Foreign-exchange position (p.c.)	5.8	0.5	0.1	0.2	0.2
Accumulated provisioning ratio	0.1	0.2	0.3	0.3	0.6
Provisions for bad and doubtful debts/lending, guarantees and accumulated provisions	0.0	0.0	0.0	0.0	0.0
Annual growth in lending (p.c.)	2.4	5.0	4.3	3.4	0.8
Gearing of lending	19.8	20.6	20.8	18.7	20.2
Average number of employees, full-time equivalents	1,034	1,089	1,396	1,360	1,258

Group Annual Report and Outlook

Group results		
Summary, DKK million	2000	1999
Contribution income	1,533	1,474
Net interest income, etc.	1,034	1,281
Reduction of term to maturity of bonds	143	(198)
Net interest income incl. reduction of term to maturity	1,177	1,083
Fee income, net	126	216
Other income	123	140
Core income	2,959	2,913
Staff costs, administrative expenses, amortisation/depreciation, etc.	1,270	1,365
Provisions for bad and doubtful debts	(62)	(79)
Core earnings	1,751	1,627
Value adjustments, etc.	7	(26)
Merger costs	5	0
Adjustment of accounting policies and estimates	107	0
Profit before tax	1,646	1,601
Tax	508	427
Minority interests	0	3
Profit for the year	1,138	1,171

- The profit for the year after tax amounted to DKK 1,138 million, providing a return on equity after tax of 6.8 per cent.
- The results are effected by merger costs and adjustments of accounting policies and estimates totalling DKK 112 million as a result of the merger with Danske Bank.
- Core earnings amount to DKK 1,751 million – achieved against the background of higher core income, a 7 per cent decrease in costs and a net income from provisions for bad and doubtful debts of DKK 62 million.
- Core earnings are in line with the expectations set out in the quarterly report for the first three quarters of 2000.

Core income

Core income amounts to DKK 2,959 million. The larger loan portfolio resulted in an increase in contribution income by DKK 59 million to DKK 1,533 million. Net interest

income including reduction of term to maturity is up DKK 94 million to a total of DKK 1,177 million, and net fee income has decreased by DKK 90 million. This development was caused by a somewhat lower level of remortgaging activity in 2000 compared with 1999.

An income of DKK 143 million was recorded from reduction of term to maturity compared with an expense of DKK 198 million in 1999. The change from a negative to a positive amount for this item is attributable to the fact that the bond portfolio comprised more bonds with a low coupon.

Core earnings

The group's core earnings of DKK 1,751 million comprise costs of DKK 1,270 million and an income of DKK 62 million recognised from provisions for bad and doubtful debts.

The cost decrease of DKK 95 million reflects, among other things, the fall in lending activity and rationalisation measures taken. However, staff costs are affected by severance payments and pay increases in accordance with collective agreements.

Provisions for bad and doubtful debts remained low and contributed a net amount of DKK 62 million as income in 2000. This is DKK 17 million less than in 1999. Accumulated provisions totalled DKK 556.4 million as at 31 December 2000.

The property market was generally stable and saw a moderate increase in prices that, together with the stable Danish economy – and thus stable financial positions of most customers, contributed to the continued low loss level. Because of the price increase, security backing the mortgages was maintained, and more than 90 per cent of the loan portfolio is within 60 per cent of the estimated value of the properties.

Value adjustment

The profit was influenced by a positive market value adjustment, net of reductions of terms to maturity, of Realkredit Danmark's securities portfolio by DKK 7 million.

The rate of return on Realkredit Danmark's securities portfolio and cash and cash equivalent

ents was 6.5 per cent in 2000 compared with 6.3 per cent in 1999. The market value of Realkredit Danmark's bond portfolio was DKK 67.8 billion at 31 December 2000. The share portfolio, exclusive of shares in subsidiaries and associated companies, amounted to DKK 729 million.

The interest-rate risk on the securities portfolio as at 31 December 2000 was DKK 391 million compared with DKK 425 million at 31 December 1999.

Costs related to the merger

In 2000, an amount of DKK 112 million was charged to the profit and loss account as a result of the merger with Danske Bank. The amount comprises DKK 5 million in merger costs and DKK 107 million related to adjustments of accounting policies and estimates. This amount comprises primarily a charge in depreciation methods and write-downs of properties.

Tax and profit

The group's tax charge for 2000 totalled DKK 508 million. This brought net profit to DKK 1,138 million, which was DKK 33 million less than in 1999.

As from 2000, the Realkredit Danmark Group has been taxed on a pooled basis with the parent company RealDanmark A/S and all major Danish subsidiaries in the RealDanmark Group. The combined taxes are allocated to the companies in the tax pool using the full absorption method. Accordingly, undertakings with a tax loss receive a tax reimbursement from the other undertakings in the tax pool. Tax is calculated on the basis of the profit for the year before tax adjusted for significant non-taxable income and expenses.

Capital and solvency ratio		
DKK million	2000	1999
Tier 1 capital after deductions	17,159	16,166
Supplementary capital after deductions	3,477	3,638
Capital base	20,636	19,804
Total risk-weighted items	182,133	178,936
Solvency ratio	11.3	11.1
Tier 1 ratio	9.4	9.0

After allocation of the profit for the year, group shareholders' equity increased by DKK 1.1 billion to a total of DKK 17.3 billion at 31 December 2000. The capital base after allocation of profit totalled DKK 20.6 billion, bringing the group's solvency ratio to 11.3 and thus exceeding the statutory requirement of 8.0 by DKK 6.1 billion.

The proportion of joint and several liability that can be included in the capital base is being scaled down by 10 per cent each year and will be discontinued entirely in 2001. As at 31 December, the joint and several liability included in risk-weighted assets was DKK 0.3 billion.

In 1992, Realkredit Danmark raised a loan for DKK 3 billion as supplementary capital. The loan will be redeemed in April 2001, and the solvency ratio will thus be in line with the Tier 1 ratio. Danske Bank Group will assess capital needs in group companies in an ongoing process and thus also the need for capital contributions to Realkredit Danmark.

Dividends

The Supervisory Board will recommend to the Annual General Meeting to be held on 26 March 2001 that no dividends be paid for 2000.

Events occurring after the balance-sheet date

In January 2001, a decision was made to merge Danske Bank's subsidiary Danske Bo A/S with Realkredit Danmark's subsidiary home a/s effective 1 January 2001. Following the merger, a number of Danske Bo's offices will be integrated with home, which will subsequently have 160 estate agent offices in Denmark.

In January, Moody's raised its rating of Realkredit Danmark's bonds to Aa1 from Aa3.

Outlook

The Realkredit Danmark Group's outlook for 2001 – following the merger with Danske Kredit and BG Kredit – is commented on below in relation to the consolidated pro forma

results for 2000 shown on page 9. The results have been restated according to the core earnings model applied by Danske Bank.

Economic trends in Denmark in 2001 are expected to be characterised by an international slowdown, which affects the earnings potential of Danish businesses. However, this slowdown will be partly offset by increasing growth in Danish consumption. We do not foresee political intervention in 2001 that will materially affect the turnover in the Danish property market.

The market position is expected to be maintained in 2001 with a market share of 35 per cent of gross lending in Denmark.

Total core income is expected to rise in 2001.

Based on an expected higher level of activity compared with that of 2000 coupled with the realisation of the planned savings, costs are expected to be in line with those incurred in 2000.

Provided that the activity level in the Danish economy only shows a marginal decrease in 2001, we expect a continued low level of provisions for bad and doubtful debts.

Against this background, core earnings are expected to be somewhat higher in 2001 than core earnings of DKK 1,687 million in 2000.

Business performance in 2000

Realkredit Danmark provides mortgage credit on all types of real property and has until now focused on the Danish market. Realkredit Danmark holds a leading position in product innovation in the area of mortgage credit.

Realkredit Danmark offers both fixed-interest, callable mortgage loans and interest-reset loans. Realkredit Danmark markets its interest-reset loans under the name of FlexLån®. Realkredit Danmark also offers fixed-interest mortgage loans and FlexLån® denominated in euro.

Initiatives

In the course of 2000, Realkredit Danmark implemented a number of initiatives to retain and strengthen its position in the Danish market.

- New products
 - Sale of bridging and supplementary loans
 - Interest-rate guarantee in connection with FlexLån®
 - Reversed mortgage loans
- Steps taken to improve profits in accordance with "Plan 700", including staff reductions
- Focus on euro-denominated loans

Lending and bonds

At 31 December 2000, the Realkredit Danmark Group had a balance-sheet total of DKK 423.5 billion and a shareholders' equity of DKK 17.3 billion. The Realkredit Danmark Group's loan portfolio amounted to DKK 341.4 billion at 31 December 2000, corresponding to an increase of DKK 7.9 billion over 1999.

Gross lending in the Realkredit Danmark Group in 2000 stood at DKK 50.1 billion, which was a decrease of DKK 38.7 billion compared with 1999. The decrease was caused by a general decline in activity in the Danish mortgage credit market, including low remortgaging activity.

The Realkredit Danmark Group's net new lending in 2000 amounted to DKK 19.2 billion, which represented a fall of DKK 8.0 billion compared with 1999. BG Kredit accounted for DKK 5.2 billion of net new lending.

In 2000, the Realkredit Danmark Group increased issuing activity in bonds by DKK 28.5 billion, net, to a nominal value of DKK 388.1 billion. This amount includes bonds with a nominal value of DKK 36.7 billion related to the refinancing of FlexLån®. The bonds were sold on a forward contract to be settled at the beginning of 2001. As at 31 December 2000, Realkredit Danmark had issued euro-denominated bonds for a nominal value of DKK 9.6 billion, primarily short-term bonds to fund FlexLån® in euro.

The private market

Lending to the private market comprises loans for owner-occupied properties and holiday homes.

55 per cent of Realkredit Danmark's aggregate loan portfolio and 59 per cent of total gross lending went to the private market in 2000, making this market Realkredit Danmark's largest business area.

Gross lending to the private market totalled DKK 29.4 billion in 2000, a decline of DKK 22.3 billion compared with 1999. FlexLån® accounted for 33 per cent of lending to this market. BG Kredit accounted for DKK 6.9 billion of total gross lending. Until now, BG Kredit has sold Realkredit Danmark products in its own name to BG Bank customers via BG Bank's branch network.

The professional market

Residential rental property

This lending area comprises loans to subsidised and private residential rental property and cooperative housing etc. In 2000, Realkredit Danmark's gross lending to residential rental property amounted to DKK 11.9 billion compared with DKK 11.5 billion in 1999.

Corporate market

This lending area comprises lending to industry and skilled trades and service trades. In 2000, Realkredit Danmark's gross lending to the corporate market amounted to DKK 5.1 billion compared with DKK 16.3 billion in 1999.

Agriculture

This lending area comprises loans to agricultural and forestry properties and market gardens. Gross lending amounted to DKK 3.8 billion in 2000 compared with DKK 9.3 billion in 1999.

Future profile

The merger between Realkredit Danmark, Danske Kredit and Realkredit Danmark's wholly owned subsidiary BG Kredit creates Denmark's largest mortgage credit institution with a balance sheet total of DKK 512.2 billion and a total shareholders' equity of DKK 21.3 billion as at 31 December 2000. The new mortgage credit group will have about a 37 per cent share of the Danish mortgage credit market.

The below unaudited pro forma table shows selected accounting figures for 2000 for the new mortgage credit group. The results have been restated according to the core earnings model applied by Danske Bank.

Pro forma financial highlights	
DKK million	2000
Core income	2,935
Operating expenses and amortisation/depreciation	1,310
Provisions for bad and doubtful debts	(62)
Core earnings	1,687
Earnings from investment portfolios	503
Merger costs	112
Profit before tax	2,078
Tax	618
Net profit	1,460

The new mortgage credit group will have approximately 515,000 personal customers and 60,000 corporate customers.

The merged mortgage credit group will have an extensive distribution network for the sale of its mortgage credit products. Realkredit Danmark will sell mortgages through Danske Bank's and BG Bank's branch offices and through Realkredit Danmark's own offices, over the telephone and the Internet. Further, the new mortgage credit group cooperates with the estate agent chains "home" and "Realmæglerne" and, to a small extent, with other estate agents and other banks.

At 31 December 2000, the new mortgage credit group's total loan portfolio amounted to DKK 420 billion.

At 31 December 2000, gross lending of the companies forming the new mortgage credit group totalled DKK 64 billion, corresponding to a market share of 35 per cent, and net new lending totalled DKK 28 billion, corresponding to a market share of 33 per cent.

The Property Market

Property prices and property sales

The trend in property prices has great impact on the national economy and plays a key role in the mortgage credit market.

Danish property prices continued their upward trend in 2000. The average cash price of detached single-family houses rose by 7 per cent and owner-occupied flats by 10 per cent. A slowdown in the growth rate of property sales in the early summer resulted in more stable property prices.

Developments in average property prices greatly differ geographically. Thus, prices rose relatively more in the Copenhagen area than in the rest of Denmark.

The number of properties sold fell by 7,500 in 2000 – corresponding to a decrease of 12 per cent compared with 1999.

Business Areas

Market shares and lending

For 2000 as a whole, Realkredit Danmark achieved a market share of gross lending in the mortgage credit market of 26.5 per cent. The market share of net new lending was 22.7 per cent.

The Realkredit Danmark Group's total lending increased by DKK 7.9 billion in 2000, bringing the loan portfolio up to a total of DKK 341.4 billion at year end, equivalent to 30 per cent of the Danish mortgage credit market.

Following the merger with Danske Kredit and BG Kredit, Realkredit Danmark will have an aggregate loan portfolio of DKK 420 billion at 31 December 2000, equivalent to a market share of 37 per cent of aggregate Danish mortgage financing.

At 31 December 2000, gross lending of the companies forming the new mortgage credit group totalled DKK 64 billion, corresponding to a market share of 35 per cent. Total net new lending stood at DKK 28 billion, corresponding to a market share of 33 per cent.

The private market

Profile

The private market is Realkredit Danmark's largest business area and comprises customers who raise loans on their homes and holiday homes. 55 per cent of Realkredit Danmark's aggregate loan portfolio and 59 per cent of Realkredit Danmark's total gross lending came from the private market in 2000.

With a total loan portfolio in the private market of DKK 186.6 billion (including BG Kredit), Realkredit Danmark's market share of overall mortgage financing to the private market in Denmark stands at 29.1 per cent.

FlexLån® accounted for 33 per cent of all loans disbursed in 2000. BG Kredit accounted for DKK 6.9 billion of total gross lending.

After the merger with Danske Kredit and BG Kredit, Realkredit Danmark's loan portfolio in the private market will amount to approximately DKK 257.2 billion.

Customers

Realkredit Danmark has 364,000 customers in the private market. Gross lending to these customers totalled DKK 29.4 billion in 2000

(including BG Kredit), corresponding to a fall of 43 per cent compared with 1999.

Remortgaging of existing loans accounted for 25 per cent of gross lending, while 75 per cent of gross lending was new lending.

After the merger of Danske Kredit, BG Kredit and Realkredit Danmark, the new group will have about 515,000 customers in the private market.

Products

Realkredit Danmark offers both traditional fixed-interest, callable mortgage loans and FlexLån®, DKK-denominated and euro-denominated with maturities of up to 30 years. Realkredit Danmark experienced increasing interest in euro-denominated loans, especially in 2000.

Today, FlexLån® is a well-established product in the Danish mortgage credit market. FlexLån® accounted for 33 per cent of total gross lending in the private market in 2000. In 1999, the corresponding rate was 30. The popularity of FlexLån® largely follows the Danish yield curve. Many customers opt to raise FlexLån® with floating interest rates in periods when the yield curve is steep and the interest rate for FlexLån® is therefore notably lower than for fixed-interest loans. When the yield curve is more flat, the percentage of FlexLån® customers is often smaller.

From September 2000, Realkredit Danmark has offered FlexLån® with guaranteed interest rates to new and existing customers. Both personal and corporate customers may take out interest-rate guarantees. An interest-rate guarantee ensures customers that throughout the agreement period, the interest rate of the loan will not exceed the rate stipulated in the agreement.

Since the beginning of 2000, Realkredit Danmark has also been able to offer its customers bridging and supplementary loans.

Supplementary loans are offered partly as home loans, partly as mortgage deeds issued by BG Bank. Both types are available with maturities of up to 30 years.

In December 2000, Realkredit Danmark started to offer reversed mortgage loans. These

loans enable Realkredit Danmark to render the right service to customers who wish to use the equity in their homes. The reversed mortgage loans offer the customers an opportunity to remain longer in their own homes than their income would otherwise have allowed.

Lending to the private market		
DKK million	2000	1999
Gross lending	29,351	51,687
Redemptions with refinancing	(7,234)	(20,954)
New lending	22,117	30,733
Redemptions without refinancing	(11,740)	(14,765)
Net new lending	10,377	15,968
Repayments etc.	(5,252)	(4,932)
Movement in loan portfolio	5,125	11,036

Distribution

Realkredit Danmark distributes loans via:

- regional and branch offices, the Customer Line and the Internet
- estate agents
- banks

Regional and branch offices, the Customer Line and the Internet

Realkredit Danmark has four regional offices and 25 branch offices in Denmark. These offices cover sales and advisory services to customers who contact Realkredit Danmark directly.

Moreover, Realkredit Danmark serves its customers over the telephone via the Customer Line and via the Internet. The Internet allows RD's customers to access information, make concrete calculations and submit loan applications. This service, which is being used by the customers to an increasing extent, is improved and innovated in an ongoing process.

Estate agents

Estate agents are an important distribution channel in the private market. In 2000, they distributed about 31 per cent of Realkredit Danmark's loans to the private market.

Realkredit Danmark's primary liaison partners are "home" and "RealMæglerne". Moreover,

Realkredit Danmark collaborates with a number of other estate agents.

"home a/s", which is wholly owned by Realkredit Danmark, is operated on a franchise basis.

As at 1 January 2000, home a/s will merge with Danske Bo A/S, with home a/s as the continuing company. The merger will strengthen home's nationwide network of estate agents as 14 of Danske Bo's existing 27 offices will change their status to home offices. The remaining Danske Bo offices will close. Following the merger, home will have 160 offices in Denmark.

RealMæglerne is an association of estate agents with which Realkredit Danmark has a long-term co-operation agreement.

Together, these two chains have 262 estate agent offices in Denmark and a market share of about 26 per cent.

Banks

Realkredit Danmark distributes mortgages to BG Bank's customers via BG Kredit A/S.

Furthermore, Realkredit Danmark collaborates on a smaller scale with a number of banks with which agreements have been made to distribute Realkredit Danmark's mortgage credit products.

After the merger, Realkredit Danmark will, in its capacity as subsidiary in Danske Bank Group, sell mortgages partly via Danske Bank's distribution network, which consists of its business areas Retail Banking and Wholesale Banking, partly via its own distribution channels.

The professional markets

Residential rental property

This business area comprises loans to subsidised and private residential rental property, co-operative housing, etc. In 2000, Realkredit Danmark's gross lending to residential rental property amounted to DKK 11.9 billion compared with DKK 11.5 billion in 1999.

Subsidised residential rental property

This business area comprises subsidised residential rental property, other subsidised property and subsidised private co-operative housing.

In 2000, Realkredit Danmark's total gross lending to subsidised residential rental property amounted to DKK 7.3 billion, corresponding to a market share of 40.3 per cent.

The extensive loan activity in these areas was triggered, in particular, by a requirement set by the Ministry of Housing and Urban Affairs that subsidised loans must be refinanced. This factor accounts for more than half of gross lending.

Adjusted for this refinancing activity, the movement in lending amounts to DKK 1.0 billion, which is DKK 0.3 billion more than the movement from 1998 to 1999.

Local governments are still reluctant to subsidise family housing, but in 2000, this was partly compensated for by an increase in the quota allocated to subsidised private co-operative housing from 750 to 1,000 homes and a continued increase in the number of homes for elderly people.

Private residential rental property

This business area comprises private residential rental property and non-subsidised private co-operative housing.

In 2000, Realkredit Danmark's gross lending to this market segment totalled DKK 4.6 billion, corresponding to a market share of 34.7 per cent. In 1999, loans to this market segment totalled DKK 7.1 billion, corresponding to a market share of 35.8 per cent.

The fall in gross lending is explained particularly by the fact that the level of interest rates in 2000 was not as attractive for remortgaging loans as it was in 1998 and 1999.

Gross lending to private residential rental properties totalled DKK 3.9 billion against DKK 5.4 billion in 1999. The movement in the loan portfolio was DKK 1.1 billion against DKK 1.6 billion in 1999. FlexLån® is still the most popular type of loan in this market segment, representing 46 per cent of gross lending.

Gross lending to non-subsidised cooperative housing amounted to DKK 0.7 billion compared with DKK 1.7 billion in 1999. The movement in the loan portfolio was DKK 0.5 billion against DKK 0.4 billion in 1999. Fixed-interest cash loans are still the dominant loan type in this market segment, although more and more customers are interested in FlexLån® with fixed mortgage payments and variable maturity (variant T).

From 1 January 2000, it has been possible to build new non-subsidised co-operative housing with a municipal guarantee for that part of the mortgage loan that is within 65 - 80 per cent of the valuation. In the course of the year, about DKK 70 million was disbursed – mainly as FlexLån® and mainly to shared housing properties.

Shared housing

Shared housing is a concept by which people are given the opportunity to share a home with others and still have their privacy. For senior citizens, living with others often means that they can stay longer in their own home.

Lending to subsidised and private residential rental property

DKK million	Subsidised residential rental property		Private residential rental property		Total residential rental property	
	2000	1999	2000	1999	2000	1999
Gross lending	7,277	4,432	4,620	7,115	11,897	11,547
Redemptions with refinancing	(3,891)	(668)	(1,483)	(3,396)	(5,374)	(4,064)
New lending	3,386	3,764	3,137	3,719	6,523	7,483
Redemptions without refinancing	(75)	(165)	(885)	(1,157)	(960)	(1,322)
Net new lending	3,311	3,599	2,252	2,562	5,563	6,161
Repayments etc.	(2,298)	(2,886)	(637)	(607)	(2,935)	(3,493)
Movement in loan portfolio	1,013	713	1,615	1,955	2,628	2,668

Shared housing offers the security of being near others and living in an ideal-size home.

Various services have been developed to help groups of people who wish to establish shared housing. Realkredit Danmark has established a database, Bo-faelles, for those who are interested in this type of home. Interested parties can subscribe to the database, enabling them to contact others in their area that share their interest.

This advisory service within the shared housing concept brought Realkredit Danmark into the leading position in 2000 in respect of advisory services on choice of home and financing of shared housing.

Urban renewal

An ever-increasing share of the quota to urban renewal is used for activities that do not qualify for mortgage loans according to the Urban Renewal Act, and the quota for agreed home improvements has remained at a constantly low level. As a result, the amount of loans for urban renewal and agreed home improvements has been moderate.

Corporate market

This business area comprises lending to service trades and industry and skilled trades. In 2000, Realkredit Danmark's gross lending to the corporate market amounted to DKK 5.1 billion compared with DKK 16.3 billion in 1999.

Interest-rate developments triggered a low level of activity compared with the high level early in the year. Not until the end of 2000 did

Realkredit Danmark experience a general increase in activity. Moreover, uncertainty about the consequences of the referendum on 28 September on Denmark's membership of the EMU's third stage caused a decline in activity.

Construction activity in the corporate sector is estimated to have been lower than in 1999 – measured both by issued building permits and construction starts.

Industry and skilled trades

This business area comprises loans to properties for industrial production, production in skilled trades and product processing.

Gross lending amounted to DKK 0.9 billion in 2000, down DKK 2.3 billion from 1999. This corresponds to a market share of 15.8 per cent. Within industry and skilled trades, the loan portfolio decreased by DKK 0.3 billion.

As a result of the good economic trends, fair earnings in the trade and price stagnation on properties for industry and skilled trades, this business area has not seen any notable increase.

Service trades

This business area comprises properties used for administration, service undertakings, etc.

Gross lending amounted to DKK 4.2 billion in 2000, down DKK 8.8 billion from 1999. Realkredit Danmark's market share measured in terms of gross lending was 29.2 per cent. and the loan portfolio remained at the same level as that of 1999.

The services trades market did not experience the same growth in 2000 as in 1999,

Lending to Industry and skilled trades and service trades						
DKK million	Industry and skilled trades		Service trades		Corporate market	
	2000	1999	2000	1999	2000	1999
Gross lending	877	3,215	4,237	13,076	5,114	16,291
Redemptions with refinancing	(197)	(1,783)	(1,288)	(8,924)	(1,485)	(10,707)
New lending	680	1,432	2,949	4,152	2,629	5,584
Redemptions without refinancing	(316)	(657)	(1,271)	(2,217)	(1,587)	(2,874)
Net new lending	363	775	1,678	1,935	2,041	2,710
Repayments etc.	(632)	(671)	(1,741)	(1,622)	(2,373)	(2,293)
Movement in loan portfolio	(269)	104	(63)	313	(332)	417

when the activity level was slightly higher and interest rates lower. Sector earnings were also good in 2000, but growth in the sector, coupled with slightly higher property prices, still prompted some demand for loans.

Agriculture

Realkredit Danmark finances agricultural and forestry properties and market gardens with up to 70 per cent of the property value, including farm equipment and livestock.

Gross lending totalled DKK 3.8 billion in 2000 compared with DKK 9.3 billion in 1999. The movement in the loan portfolio was DKK 0.5 billion. The market share of gross lending was 15.5 per cent, and 42 per cent of gross lending was provided as FlexLån® - of which 40 per cent was denominated in euro.

The area limit for providing loans against small farms according to rules for owner-occupied dwellings was raised from 5 to 10 hectares with effect from 1 January 2000. This, coupled with the slowdown in the market, was the primary reason for the large fall in gross lending.

On 5 July 2000, a new and improved scheme for young farmers came into force. Realkredit Danmark decided to offer loans from this date to young farmers according to this scheme. These loans are government guaranteed loans with subsidised repayments.

Income from this market improved significantly in 2000 after notably lower earnings in 1998 and 1999. Positive savings and an increase in agricultural investments are expected in 2000.

Merger offers new possibilities

The merger with Danske Bank offers Realkredit Danmark a number of business advantages beyond the existing business scope of the three merged mortgage credit institutions. This should be seen in the light of Danske Bank's strong position in the market of banking products to both retail and corporate customers and Realkredit Danmark's volume and significant core competencies within mortgage credit. In coming years, this combination will be used to strengthen Realkredit Danmark's position as the leading mortgage credit institution in Denmark.

Not least in the professional market can Danske Bank's market position and Realkredit Danmark's expertise be used in the form of more and broader loan commitments. This advantage is supported by an optimisation of sales efforts and an expansion of Danske Bank's close customer relationships by using Realkredit Danmark's expertise within the field of mortgage credit. Likewise, Realkredit Danmark will have the opportunity to form close ties to existing corporate customers by offering a larger variety of financial products.

Through its large lending volume in the private market, Realkredit Danmark will be able to develop and sell more specialised products that, for example, target certain customer profiles. The improved distribution network will play a key role in this respect.

Danske Bank customers will have direct access to Realkredit Danmark's wide product range, including a variety of DKK and euro-denominated FlexLån®. This will also help to maintain and strengthen Realkredit Danmark's position within ongoing product innovation. In general, sales in the mortgage credit area are expected to pick up in all distribution channels through the use of joint sales concepts and sales management systems. Furthermore, Realkredit Danmark will take an active part in the selling of housing-related bank products to personal customers and in that way enhance the group's overall sales.

The Bond Market

On the funding side, 2000 was characterised by moderate activity for Realkredit Danmark.

In particular, the issue of bonds underlying FlexLån® was low compared with 1999.

Uncertainty about the outcome of the EMU referendum prevailed in the bond market in the months prior to the referendum in

Lending to agriculture

DKK million	2000	1999
Gross lending	3,766	9,314
Redemptions with refinancing	(1,127)	(5,015)
New lending	2,638	4,298
Redemptions without refinancing	(1,483)	(1,895)
Net new lending	1,155	2,403
Repayments etc.	(661)	(553)
Indeksering	31	18
Movement in loan portfolio	525	1,867

September, and the actual EMU debate renewed focus on euro-denominated loans and bonds.

New issues and redemptions of bonds

Following an announcement that an EMU referendum was to be held, the yield spread between short and long-term bonds narrowed because yields on short-term bonds started to rise. Immediately before the EMU referendum in September, the difference between yields on short and long-term bonds had thus narrowed to less than one percentage point.

As yields on long-term bonds in 2000 were stable, remortgaging activity was moderate during the year. Total redemptions, however, were exceptionally affected by the refinancing of subsidised traditional loans to FlexLån®. Redemptions and repayments of Realkredit Danmark's bonds in 2000 totalled DKK 60.2 billion. 40 per cent of these redemptions were in bonds with a maturity of 20 to 30 years, primarily distributed on coupons ranging from 4 to 6 per cent.

The Realkredit Danmark Group increased its volume of bonds in circulation by DKK 28.5 billion to DKK 388.1 billion in 2000.

At the beginning of 2000, the majority – about 60 per cent – of Realkredit Danmark's bonds was issued in the 10D series, which funds DKK-denominated FlexLån®. The strong demand for FlexLån® was prompted by the steep yield curve, which resulted in a yield spread of nearly 3 percentage points between short and long-term bonds.

As the spread between short and long yields narrowed, an increased proportion of Realkredit Danmark issues was in long-term, callable bonds. In the second half of the year, these bonds accounted for about 70 per cent of Realkredit Danmark's aggregate new issues.

Opening of new bonds in the 10D series

On 1 July 2000, the statutory minimum coupon rate increased from 4 to 5 per cent. In this connection, Realkredit Danmark opened 11 new bonds in the 10D series, which fund DKK-denominated FlexLån®. In the second

half-year, all new issues underlying DKK-denominated FlexLån® were in these bonds with a coupon of 5 per cent. These are also the bonds that were auctioned in December in connection with the interest-rate adjustment of DKK-denominated FlexLån®. Bonds underlying euro-denominated FlexLån® had a coupon of 4 per cent throughout 2000.

The refinancing of FlexLån® was carried out at an auction on 12 December. This was Denmark's largest-ever bond auction with bond sales of DKK 36.7 billion. The auction was oversubscribed 2.3 times.

Euro-denominated bonds

Due to uncertainty about the outcome of the EMU referendum in September, focus again turned to euro-denominated loans and bonds. At year-end, Realkredit Danmark had issued for DKK 5.3 billion in euro-denominated bonds in the 10E series, and the largest part of euro-denominated issues was thus in bonds underlying FlexLån®.

Rating and sale of bonds

In 2000, Realkredit Danmark's bonds in series Capital Centre C and the General Capital Centre were still covered by the Aa3 rating assigned by Moody's Investors Service. The rating covers approximately 80 per cent of all Realkredit Danmark's bonds, including all new issues. As a result of the merger and Realkredit Danmark's future as a subsidiary of Danske Bank Group, Realkredit Danmark's rating with Moody's Investors Service was placed on the watchlist under review for possible upgrade. On 8 January 2001, Moody's announced that Realkredit Denmark's rating was raised to Aa2 and already on 29 January 2001, Moody's further raised Realkredit Danmark's rating to Aa1.

The majority of Realkredit Danmark's bonds, 66 per cent, are held by insurance companies, pension funds and other financial institutions. At year-end 2000, foreign investors held some 7 per cent of Realkredit Danmark's bonds, which corresponds to the amount held at 31 December 1999.

Market and Credit Risks

Market risks

The overall framework for Realkredit Danmark's interest-rate, equity, foreign-exchange and liquidity risks is defined by the Supervisory Board of Realkredit Danmark within the limits of the Danish Mortgage Credit Act and in accordance with the limits defined by the Supervisory Board of the parent company. The parent company monitors the group's overall market risk, while Realkredit Danmark handles the day-to-day risk management within the general limits defined. From 1 January 2001, the management of Realkredit Danmark's own portfolio will be outsourced to Danske Bank.

Interest-rate risk

Realkredit Danmark measures and manages the interest-rate exposure on all its assets and liabilities. By measuring the interest-rate exposure on all assets and liabilities, Realkredit Danmark gets an overall picture of its sensitivity in the event of a general shift in interest rates.

Mortgage loans and issued mortgage bonds represent a significant proportion of Realkredit Danmark's assets and liabilities. The difference between the positive interest-rate exposure on Realkredit Danmark's loan portfolio and the negative interest-rate exposure on issued bonds amounts to about DKK 20 million and corresponds to the interest exposure in the strict balance principle.

Most of Realkredit Danmark's interest-rate exposure relates to bonds and reserve fund mortgage deeds in the securities portfolio, Realkredit Danmark's supplementary capital, money market positions and financial instruments, etc.

Calculated according to the principles of the Danish Financial Supervisory Authority, Realkredit Danmark's entire interest-rate exposure amounted to DKK 391 million at year-end 2000, equivalent to 2.2 per cent of shareholders' equity. A one percentage point increase in interest rates would result in a loss of DKK 391 million for Realkredit Danmark.

Equity risk

To limit the risk of a loss in the event of a fall in share prices, limits have been fixed on the size of

the share portfolio, including shares in subsidiary and associated undertakings, as a percentage of shareholders' equity.

At year-end 2000, Realkredit Danmark's portfolio of shares in subsidiary and associated undertakings totalled DKK 1,166 million, equivalent to 6.7 per cent of shareholders' equity. The share portfolio, excluding shares in subsidiary and associated undertakings, totalled DKK 729 million at 31 December 2000.

The equity risk was significantly reduced in the fourth quarter.

Exchange-rate risk

Realkredit Danmark has very limited unhedged currency positions. The exposure on Realkredit Danmark's foreign currency positions is measured on the basis of the Financial Supervisory Authority's exchange-rate indicator 2, and at 31 December 2000, Realkredit Danmark's exchange-rate risk stood at DKK 2 million.

Liquidity risks

As the payment profiles of Realkredit Danmark's loans and issued bonds are almost identical, Realkredit Danmark has virtually no liquidity risk on its loan portfolio.

Consequently, Realkredit Danmark's liquidity management is, to a large extent, aimed at ensuring an optimum liquidity flow around the payment dates.

Liquidity management is based on money market transactions and financial instruments.

Financial instruments

Financial instruments/derivatives are used as an integral part of Realkredit Danmark's hedging of transactions. The market risk on these instruments is included in the risk measured on the underlying assets.

Realkredit Danmark's Supervisory Board must approve the use of financial instruments. In 2000, Realkredit Danmark primarily used forward contracts, FRAs, repo/reverse transactions, currency swaps and futures denominated in euro.

Credit risk

Lending policies

The conservative credit policy pursued since the early 1990s was maintained in 2000.

Realkredit Danmark's lending is based on the long-term property value, which means that location, marketability and the expected price potential of the specific property will be considered.

Moreover, the financial standing of the borrower is assessed.

Loan portfolio

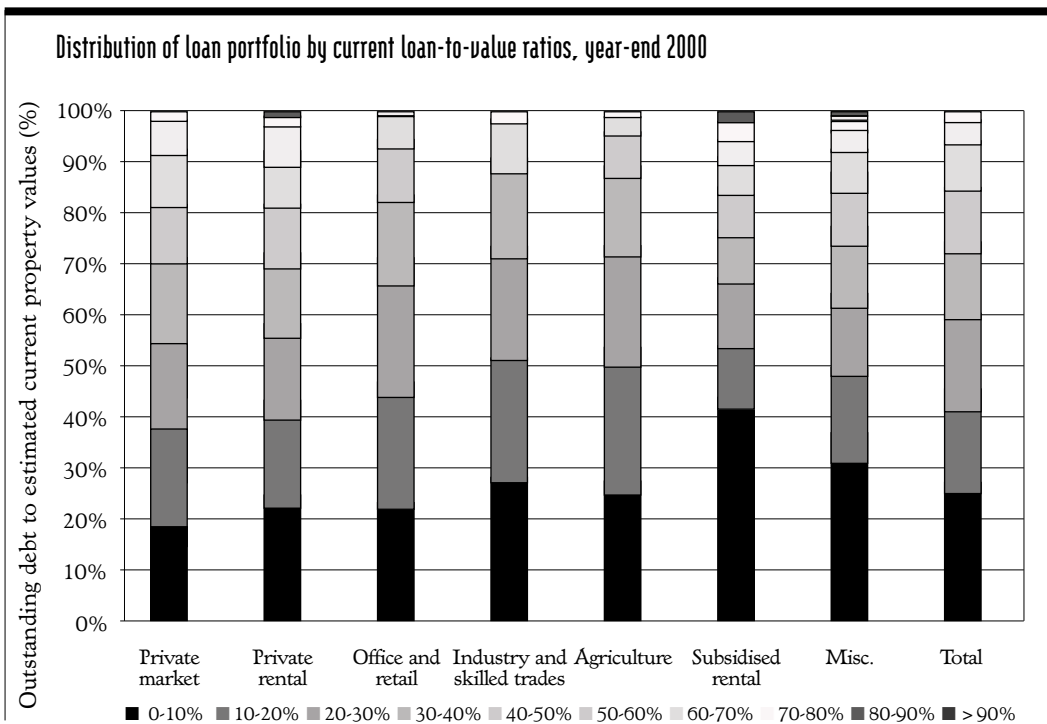
Constant price increases on all types of property in recent years have steadily improved Realkredit Danmark's security, and the loans have therefore become more secure. Although the price increases have made a large number of customers utilise the equity in their homes to raise additional loans, the price increases have been of such a magnitude that they more than offset this additional lending in respect of Realkredit Danmark's security in the properties.

At year-end 2000, more than 90 per cent of the loans were within 60 per cent of the estimated current value of properties. This low portfolio risk is further strengthened by the fact that 80 per cent of the portfolio represents loans to the private market, which generally involve less risk. Only 20 per cent is to the corporate market. In addition, more than 85 per cent of the portfolio consists of mortgages with an outstanding debt of less than DKK 10 million.

Provisions for bad and doubtful debts

Accumulated provisions for bad and doubtful debts totalled DKK 556.4 million at year-end 2000 compared with DKK 679.1 million at the beginning of the year. Provisions for bad and doubtful debts resulted in an income of DKK 62 million for the year.

The income was mainly attributable to payments on debts written off in prior years and reversed provisions. Moreover, provisions for new bad and doubtful debts continue to be at a very low level.



Employees

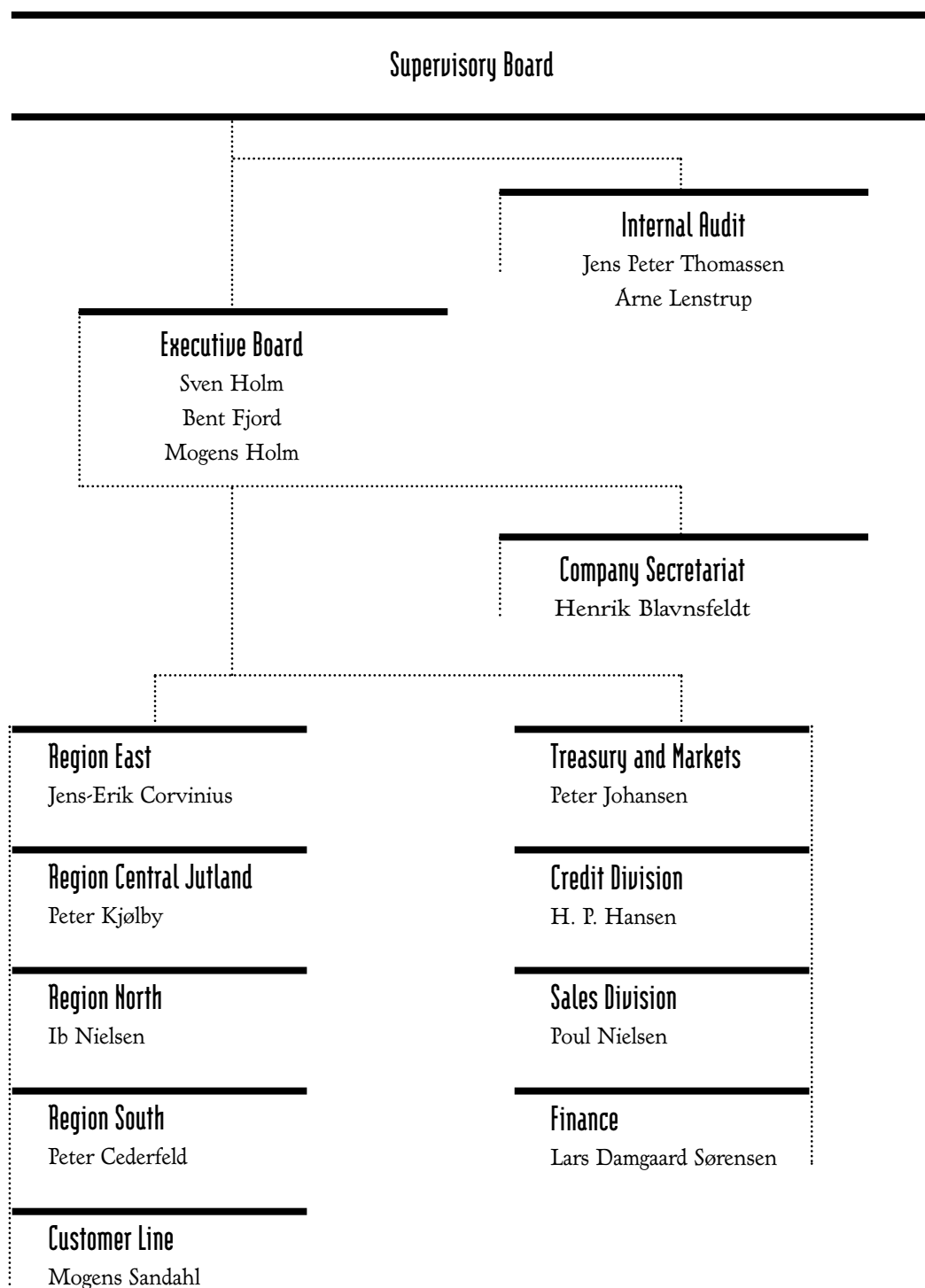
Realkredit Danmark wishes to be an attractive workplace which, in a customer and performance-oriented business environment, can attract, retain and develop skilled and committed employees and managers who consider change a challenge. In practice, this is achieved through a human resources policy which emphasises the following key words: development, trust, openness, confidence, acceptance and respect.

Converted into full-time equivalents, the average number of employees in Realkredit Danmark was 1,034 in 2000. This was a reduction of 55 employees compared with the level in 1999. The reduced number of employees should be seen in light of a number of redundancies and retirements through natural attrition resulting from the implementation of the plan to improve profits (Plan 700).

In 2000, Realkredit Danmark employed 16 trainees in a joint recruitment of mortgage credit and banking trainees in the RealDanmark Group. No new trainees will be employed by Realkredit Danmark in 2001 as a joint training course is expected to be launched in the financial sector.

Organisational Structure

The organisation has been simplified as part of the merger with Danske Bank. Moreover, the Finance Division and the Legal Department have been redirected from RealDanmark A/S to Realkredit Danmark. The Legal Department is part of the Company Secretariat.



Senior Management

Region East

Jens-Erik Corvinius
Regional Director

Region Central Jutland

Peter Kjølby
Regional Director

Region North

Ib Nielsen
Regional Director

Region South

Peter Cederfeld
Regional Director

Customer Line

Mogens Sandahl
Director

Head-office Divisions

Company Secretariat

Henrik Blavnsfeldt
Director

Treasury and Markets

Peter Johansen
Director

Credit Division

H.P. Hansen
Director

Sales Division

Poul Nielsen (from 1 April 2001)
Director

Finance

Lars Damgaard Sørensen
Director

Internal Audit

Jens Peter Thomsassen
Group Chief Auditor
Arne Lenstrup
Chief Auditor

Subsidiaries

BG Kredit A/S

Poul Nielsen (until 1 April 2001)
Executive Director

home a/s

Niels Bjerregaard
Executive Director

Major Directorships

Supervisory Board

Kjeld Jørgensen, Chairman

Member of the Executive Board of Danske Bank A/S

Born in 1942

Other offices held with Danish companies:
Vice-chairman of the Supervisory Board of RealDanmark A/S.

Sven Lystbæk, Vice-chairman

Member of the Executive Board of Danske Bank A/S

Born in 1951

Other offices held with Danish companies:
Chairman of the Supervisory Boards of Danish Securities Centre A/S and BG Bank A/S.
Member of the Supervisory Boards of PBS Holding A/S, PBS International A/S, PBS Finans A/S and RealDanmark A/S.

Morten Balling (appointed by the Minister of Economic Affairs)

Professor

Born in 1938

Other offices held with Danish companies:
Member of the Supervisory Boards of C.W. Obel A/S.

Kent Christoffersen (elected by the employees)

Customer Advisor, Realkredit Danmark A/S

Born in 1951

No other offices held with Danish companies.

Thomas Dywremose

Executive Vice President, Danske Bank A/S

Born in 1962

Other offices held with Danish companies:
Member of the Supervisory Board of Boligkredit Danmark A/S.

Carl Emil Heidemann (elected by the employees)

Customer Advisor, Realkredit Danmark A/S

Born in 1944

No other offices held with Danish companies.

Jørgen Lund

Alderman, the Municipality of Odense

Born in 1935

Other offices held with Danish companies:
Chairman of the Supervisory Board of Rynkeby Maskinfabrik A/S.

Bent Maribo

Farmer

Born in 1939

Other offices held with Danish companies:
Chairman of the Supervisory Boards of Steff-Houlberg Slagterierne Amba, Steff-Houlberg A/S and Selected Foods. Member of the Supervisory Board of August Olsen & Søn A/S.

Jørgen Mejlgård

Director, Fællesorganisationens Boligforening

Born in 1946

Other offices held with Danish companies:
Member of the Supervisory Board of A/S Bolind-Handel.

Klaus Modberg (elected by the employees)

Assistant Manager, Realkredit Danmark A/S

Born in 1960

No other offices held with Danish companies.

Jesper Ovesen

Chief Financial Officer of Danske Bank A/S

Born in 1957

Other offices held with Danish Companies:
Member of the Supervisory Boards of RealDanmark A/S and BG Bank A/S.

Peder J. Pedersen

Professor of Economics, D.Sc (Econ), M.A. (Econ).

Born in 1941

No other offices held with Danish companies.

Bent Peetz (elected by the employees)
Corporate Customer Advisor, Realkredit
Danmark A/S

Born in 1953

Other offices held with Danish companies:
Member of the Supervisory Board of Henrik
Nielsen A/S (masonry and carpenter firm,
Hundested).

Per Alling Toubro (elected by the employees)
Manager, Realkredit Danmark A/S

Born in 1953

Other offices held with Danish companies:
Member of the Board of Directors of Danske
Bank A/S and Member of the Supervisory
Board of RealDanmark A/S.

Executive Board

Sven Holm

Chairman of the Executive Board and Chief
Executive Officer

Bachelor of Commerce (business finance)

Born in 1946

Chairman of the Supervisory Board of BG
Kredit A/S. Chairman of the Supervisory
Board of home a/s (stepped down December
2000). Member of the Supervisory Boards of
Kapital Service (stepped down April 2000) and
Mæglerservice Danmark A/S (stepped down
February 2001).

Bent Fjord

Member of the Executive Board

M.A. (political science)

Born in 1953

Chairman of the Supervisory Board of
Mæglerservice Danmark A/S, Member of the
Supervisory Boards of BG Kredit A/S and
home a/s. Deputy Chairman of the Supervisory
Board of Realkreditnettet A/S.

Mogens Holm

Member of the Executive Board

Bachelor of Commerce (business finance)

Born in 1953

Member of the Board of Directors of Danske
Bank International S.A., Luxembourg (until
March 2001), and Member of the Supervisory
Board of Danish Securities Centre A/S.

At the Extraordinary General Meeting on 12 December 2000, Realkredit Danmark's board members stepped down, with the exception of the representative appointed by the government and the five employee-elected representatives. The following members of the Supervisory Board stepped down from the Board: Director Jørgen Nue Møller, Master Carpenter Poul Christiansen, Farmer Niels Busk, Business Manager Bent Flyvholm, Managing Director André

Lublin, Alderman Jørgen Lund, Farmer Bent Maribo, Director Jørgen Mejlgård, Professor Peder J. Pedersen and Professor Majken Schultz. The General Meeting subsequently elected eight new board members. Following the Annual General Meeting in March 2001, the number of employee-elected representatives will be reduced from five to four.

Annual Accounts

Accounting Policies

General

The consolidated accounts and the annual accounts have been prepared in compliance with the Danish Mortgage Credit Act and the Executive Order on the Presentation of Accounts by Mortgage Credit Institutions as well as the Copenhagen Stock Exchange rules for issuers of listed securities, including Danish accounting standards except where otherwise provided by Danish legislation.

The accounting policies are unchanged as compared with those of 1999, with exception of the following:

At the end of 2000, Realkredit Danmark became part of the Danske Bank Group. As a result, the following adjustments of accounting policies have been made:

Expenses for furnishing, etc. of leased premises were previously depreciated by the straight-line method on the basis of a concrete assessment over the period of the lease, however, over maximum five years. These expenses are now charged to the profit and loss account at the time of acquisition of the equipment in question. The book value at 1 January 2000, DKK 51 million was written off directly over shareholders' equity. As the effect of this change on the net profit of prior years is insignificant, comparative figures have not been restated.

In respect of operating equipment, a change in the accounting estimates of the expected life of the assets as well as of the maximum acquisition price of small assets charged to the profit and loss account at the time of acquisition has been made. For 2000, this change has reduced profit before tax of the group and the company by DKK 40 million. Comparative figures have not been restated.

The accounts of the parent company include the profit of subsidiaries' "Profit before tax" under "Income from associated and group undertakings", while tax payable by subsidiaries is included under "Tax". Previously, the parent company included the full profit under the item "Profit before tax". This change has no effect on the profit after tax of the parent company. Comparative figures have been restated accordingly.

Deferred tax assets are now included in the accounts, resulting in a rise in the shareholders' equity of the group and the company of DKK 161

million. The profit has increased by DKK 146 million. Due to the relatively modest size of tax assets, comparative figures have not been restated.

Certain items in both the profit and loss account and the balance sheet have been reclassified. This reclassification does not affect the profit, shareholders' equity or total assets. Comparative figures have been restated accordingly.

Basis of consolidation

The consolidated accounts include the parent company Realkredit Danmark A/S and subsidiary undertakings in which the parent company holds more than 50 per cent of the votes. Undertakings acquired as a measure to contain losses are not consolidated.

The consolidated accounts are prepared by consolidating items of the same nature and eliminating intra-group income and expenses, share holdings and accounts. The accounts of the consolidated undertakings are prepared according to the parent company's accounting policies.

Newly acquired undertakings are included in the consolidated accounts as from the acquisition date. New acquisitions are made up at their net asset value at the date of acquisition in compliance with the group's accounting policies. If the purchase price exceeds the net asset value, remaining positive differences (goodwill on acquisition) are charged directly to shareholders' equity in the year of acquisition.

The profit or loss on subsidiaries disposed of is included in the profit and loss account until the date of disposal. Any gains or losses on the sale of subsidiary undertakings are calculated as the difference between the sales amount and the value at which they are recorded in the accounts at the date of disposal with the addition of any goodwill on acquisition previously charged directly to shareholders' equity in the year of acquisition.

Translation of foreign currencies

Assets and liabilities in foreign currency are expressed in DKK at the rates of exchange published by Danmarks Nationalbank at the end of the year. Currencies for which Danmarks Nationalbank does not publish rates of exchange are stated at estimated rates of exchange.

Income and expenses in foreign currencies are translated into DKK using the exchange rates prevailing at the time of booking.

Income recognition

Income and expenses are accrued over the lifetime of the transactions and included in the profit and loss account with the amounts relevant to the accounting period. Fees are normally taken to income when received.

Loans and advances, guarantees, and balances due from other credit institutions

Amounts outstanding, including mortgage credit loans, lease assets and derivative financial instruments, are subject to on-going critical evaluation to identify potential risks. Identified losses, including those relating to payment problems in heavily indebted and politically unstable countries, are charged to the profit and loss account under "Provisions for bad and doubtful debts" either as realised losses or as loss provisions. When a loss is considered to be realised, the corresponding provisions are transferred from the provisions account and the loss is written off.

Mortgage credit loans

Mortgage credit loans, including the amortisation account for cash loans, are booked in the balance sheet at nominal value under "Loans and advances". Index-linked loans are stated on the basis of the December 31 index. Other loans (reserve fund mortgages, etc.) are stated at cost or at an estimated lower value.

Mortgage credit bonds issued in relation to mortgage credit loans are booked in the balance sheet at nominal value under "Issued bonds, etc.". Index-linked bonds are stated on the basis of the 31 December index.

Lease assets

Lease assets are included in the balance sheet under "Loans and advances" and are valued at cost less depreciation. Depreciation is computed taking into account the estimated economic life of each asset. Thus, the acquisition price less any estimated scrap value is written off over the lease period.

Current income from lease assets (lease rentals less depreciation) is stated under "Interest income". Profits or losses on the sale of lease assets on expiry are booked under "Other operating income".

Repo-reverse transactions

Securities sold for which a concurrent agreement is made for later repurchase at a certain price (repo transactions) remain in the balance sheet. Interest and value adjustments are taken to the profit and loss account as if the securities were still held. Amounts received are stated as an amount owing to the purchaser under "Balances due to credit institutions and central banks" or "Deposits". The agreed interest charge is stated as interest payable on the amount owing.

Securities purchased for which a concurrent agreement is made for later resale at a certain price (reverse transactions) are not included in the balance sheet as holdings of securities. Amounts paid are stated as loans to the seller backed by the purchased securities under "Balances due from credit institutions and central banks" or "Lending". The agreed interest is stated as interest receivable on the amount receivable.

The sale of securities received as collateral for a reverse transaction does not affect the accounting treatment of the reverse transaction but entails an obligation to repurchase the securities before the expiry of the reverse transaction. The repurchase obligation corresponding to the amount received is stated under "Other liabilities". The interest charge and value adjustment relating to such debt are carried under the profit and loss account item relevant for the type of security sold.

Securities (current investments)

Listed securities, including the group's holdings of own bonds and shares, are stated at the market value at the end of the year.

Unlisted securities are stated at the lower of cost or market value at the balance sheet date. Unlisted units of unit trusts are stated at the market price calculated by the unit trust.

The calculated value adjustments are included in the profit and loss account under "Value adjustments" and are specified in the notes.

Interests in associated undertakings and other significant interests

Interests in associated undertakings comprise shares and other interests constituting shareholders' equity in companies in which the group holds not less than 20 per cent and not more than 50 per cent of the voting rights and also exerts a significant influence on the company's financial management and operations.

Other significant interests comprise interests representing an interest of not less than 20 per cent and not more than 50 per cent in companies that are not associated undertakings due to limitations on voting rights, etc.

Interests in associated undertakings and other significant interests are, as a general rule, valued using the equity method. The proportionate share of the profit after tax of the individual undertakings is taken to "Income from associated and group undertakings". However, some interests are assessed at a lower value on the basis of a conservative estimate.

Interests in group undertakings

Interests in group undertakings comprise shares in undertakings in which the group holds more than 50 per cent of the voting rights.

Interests in group undertakings are valued using the equity method. The proportionate share of the pre-tax profit or loss of the individual undertakings is included under "Income from associated and group undertakings". The proportionate tax charge from the undertakings is included under "Tax".

Intangible and tangible assets

Intangible assets, including lease premiums, franchise rights and leasehold improvements, are charged fully to the profit and loss account in the year of acquisition. Purchased goodwill is written off directly against shareholders' equity in the year of acquisition.

Own properties are stated at cost with the addition of rebuilding expenses incurred and the deduction of depreciation.

Own properties of which the market value, based on a conservative estimate, is considerably higher than the cost price are revalued to the

higher value if this higher value is considered to be of a permanent nature and does not exceed the public valuation. The revaluation is recorded as a revaluation reserve under shareholders' equity.

Property is written off using the straight-line method based on the property's expected scrap value and its estimated economic life of maximum 75 years.

Foreclosed properties

"Foreclosed properties" comprise own loans and senior mortgage debt to other mortgagees as well as other cash outlays, etc. regarding the foreclosed properties. Following an individual assessment of the risk of loss on each property, necessary provisions are set off against the assets, and the movement in the provision is stated in the profit and loss account under "Provisions for bad and doubtful debts".

Foreclosed properties are stated at market value.

Machinery and equipment, etc.

Machinery and equipment, etc. is included in the balance sheet at cost less depreciation using the straight-line method based on the estimated economic life of up to a maximum of three years.

Derivatives

Forward transactions are entered at the forward rates prevailing at the end of the year.

Accruals of premiums on securities and forward exchange transactions are stated under the item "Interest income".

The calculated changes in the market value of forward securities transactions and forward exchange transactions derived from changes in interest rates and foreign exchange rates are included in the profit and loss account under "Value adjustments" and are specified in the notes.

Interest rate and currency swaps are generally stated at the market value prevailing at the end of the year. Swaps hedging the interest-rate risk on fixed-rate liabilities or on a portfolio of fixed-rate assets are not market value adjusted.

The market value adjustment of interest rate and currency swaps is entered in the profit and loss account under "Value adjustments".

Returns relating to interest rate swaps and currency swaps is accrued over the life of each contract and recognised net under "Interest income".

Forward rate agreements, options and futures are stated at the market value prevailing at the end of the year. The related profit or loss and any interest differences received or paid in respect of settled forward rate agreements are included in the profit and loss account under "Value adjustments".

Tax

For the year 2000, Realkredit Danmark A/S is taxed on a pooled basis with RealDanmark A/S, the parent company, and with all major subsidiaries of the group. Previously, Realkredit Danmark A/S was solely taxed on a pooled basis with own subsidiaries. The combined taxes are allocated according to the method applied by the Realkredit Danmark Group until now, which is the full absorption method. Accordingly, undertakings with a tax loss receive a tax reimbursement from the other undertakings in the tax pool.

The expected tax on the profit for the year in Denmark and abroad is expensed under "Tax".

The Danish undertakings in the tax pool pay Danish corporation tax under the scheme for payment of tax on account.

Deferred taxes on timing differences between the financial and fiscal recognition of income and expenses are taken to the balance sheet under "Provisions for liabilities and charges" or under "Other assets". Deferred taxes include both Danish and foreign tax liability and are based on current tax rates. The year's changes in deferred taxes are expensed or recorded as income in the profit and loss account.

Pension commitments

The group's pension commitments are covered by payments made to insurance companies, pension funds, etc. Such payments are expensed when they are made.

Cash flow statement

The cash flow statement shows the cash flow from operating activities, cash flow from investing activities, movements in mortgage lending and

other lending, and movements in deposits and other funding. Moreover, the statement shows cash and cash equivalents at the beginning and end of the year.

The cash flow from operating activities is calculated indirectly on the basis of the pre-tax profit for the year adjusted for, among other things, non-cash profit and loss items and tax paid.

The cash flow from investing activities includes purchases and sales of securities, movements in repo-reverse transactions and purchases and sales of tangible and intangible fixed assets.

The net movement in mortgage credit lending and other lending is made up before provisions for bad and doubtful debts, etc.

The net movement in funding comprises, among other things, the issuing, drawing and redemption, respectively, of mortgage bonds.

Cash and cash equivalents comprise cash in hand, etc. and balances due from credit institutions and central banks net of receivables relating to reverse transactions.

Intra-group trading

The Realkredit Danmark Group consists of a number of independent legal entities. Trading between the undertakings of the group or work carried out by one undertaking for another undertaking of the group is charged on the basis of market conditions or on a cost-recovery basis. Except for insignificant transactions, all transactions are based on contracts between the undertakings.

Profit and Loss Account

1 January - 31 December

Note	Amounts in DKK million	Realkredit Danmark Group		Realkredit Danmark A/S	
		2000	1999	2000	1999
1, 8	Interest receivable	22,899.6	22,573.9	22,766.8	22,463.1
2	Interest payable	20,346.0	19,834.6	20,347.0	19,827.2
	Net interest income	2,553.6	2,739.3	2,419.8	2,635.9
8	Dividends from shares, etc.	13.7	16.0	13.7	16.0
8	Fees and commissions receivable	248.5	335.2	245.6	334.5
	Fees and commissions payable	122.5	119.5	69.8	73.0
	Net interest and fee income	2,693.3	2,971.0	2,609.3	2,913.4
3, 8	Value adjustments	136.9	(372.5)	152.2	(338.8)
8	Other operating income	122.9	140.6	57.5	68.2
4	Staff costs and administrative expenses	1,270.4	1,299.8	1,178.1	1,213.8
	Amortisation/depreciation and write-downs of intangible and tangible assets	110.8	55.0	106.7	41.1
	Other operating expenses	1.1	10.5	1.1	10.5
5	Provisions for bad and doubtful debts	(62.3)	(78.5)	(64.1)	(79.4)
6	Income from associated and group undertakings	12.3	148.2	48.2	141.2
	Profit on ordinary activities before tax	1,645.4	1,600.8	1,645.4	1,598.0
7	Tax	507.8	426.8	507.8	426.8
	Minority interests	-	2.8	-	-
	Net profit	1,137.6	1,171.2	1,137.6	1,171.2
Distribution of profit					
	Net profit			1,137.6	1,171.2
	Total amount available for distribution			1,137.6	1,171.2
	Applied for dividends			-	250.0
	Allocated to shareholders' equity			1,137.6	921.2
	Total amount distributed			1,137.6	1,171.2

Balance Sheet

at 31 December

		Realkredit Danmark Group		Realkredit Danmark A/S	
		2000	1999	2000	1999
Amounts in DKK million					
Note					
	Assets				
	Cash in hand and balances at call with central banks	215.0	103.1	215.0	103.0
9	Balances due from credit institutions and central banks	8,315.7	19,388.5	27,368.1	33,479.9
	Lending:				
	Mortgage loans	341,158.8	333,155.2	322,937.3	319,831.2
	Other loans	909.9	922.2	884.4	909.3
10	Total	342,068.7	334,077.4	323,821.7	320,740.5
11,13	Bonds	69,540.2	32,268.1	67,774.7	30,667.2
12,13	Shares, etc.	521.8	1,171.1	521.8	1,171.1
14	Interests in associated undertakings, etc.	521.7	724.5	521.5	724.3
15	Interests in group undertakings	8.5	23.8	851.3	821.9
16	Intangible assets	-	51.2	-	49.9
17	Tangible assets	705.2	805.4	703.9	781.9
18	Other assets	1,584.3	1,100.1	1,537.1	1,041.2
	Prepayments and accrued income	38.1	39.7	34.6	35.9
	Total assets	423,519.2	389,752.9	423,349.7	389,616.8
	Liabilities				
19	Balances due to credit institutions and central banks	6,221.9	1,668.1	6,051.8	1,545.1
20	Deposits	11.1	25.3	11.1	25.3
21	Issued bonds	388,113.6	359,657.1	388,113.6	359,657.1
22	Other liabilities	7,839.1	8,080.4	7,839.7	8,073.8
	Accruals and deferred income	24.1	6.5	24.1	-
23	Provisions for liabilities and charges	989.3	1,096.1	989.3	1,096.1
24	Subordinated loan capital	3,000.0	3,000.0	3,000.0	3,000.0
	Shareholders' equity:				
	Share capital	500.0	500.0	500.0	500.0
	Reserves:				
	Reserves in series	3,554.9	3,742.5	3,554.9	3,742.5
	Other reserves	13,265.2	11,976.9	13,265.2	11,976.9
25	Total shareholders' equity	17,320.1	16,219.4	17,320.1	16,219.4
	Total liabilities	423,519.2	389,752.9	423,349.7	389,616.8
	Off-balance-sheet items				
26	Guarantees, etc.	81.5	86.5	81.5	86.5
27	Other commitments	331.7	339.6	332.6	340.7
	Total off-balance-sheet items	413.2	426.1	414.1	427.2

Notes

at 31 December

Note	Amounts in DKK million	Realkredit Danmark Group		Realkredit Danmark A/S	
		2000	1999	2000	1999
1.	Interest receivable				
	Balances due from credit institutions and central banks	214.2	235.0	1,209.7	860.1
	Lending	19,826.7	19,076.3	18,869.8	18,473.5
	Contributions	1,533.0	1,474.2	1,455.2	1,425.0
	Bonds:				
	Own mortgage bonds	649.5	644.0	649.5	644.0
	Other mortgage bonds	348.7	453.4	322.0	419.5
	Government bonds	184.1	436.1	118.4	386.3
	Other bonds	62.5	48.6	62.5	48.6
	Derivatives				
	Foreign-exchange contracts	(1.3)	(2.6)	(1.3)	(2.6)
	Interest-rate contracts	9.2	42.2	9.2	42.2
	Other interest receivable	73.0	166.7	71.8	166.5
	Total	22,899.6	22,573.9	22,766.8	22,463.1
	Of which interest receivable on reverse transactions recorded under:				
	Balances due from credit institutions and central banks	54.8	77.3	54.8	77.3
	Lending	0.2	-	0.2	-
2.	Interest payable				
	Credit institutions and central banks	87.7	160.7	87.3	160.6
	Deposits	0.3	0.1	0.3	0.1
	Issued bonds	19,947.1	19,280.4	19,947.1	19,280.4
	Reimbursement of commitment fees, etc.	(1.7)	72.6	(1.7)	72.6
	Subordinated loan capital	306.0	314.1	306.0	306.0
	Other interest payable	6.6	6.7	8.0	7.5
	Total	20,346.0	19,834.6	20,347.0	19,827.2
	Of which interest payable on repo transactions recorded under:				
	Balances due to credit institutions and central banks	46.1	131.5	46.1	131.5
	Deposits	0.3	0.1	0.3	0.1
3.	Value adjustments				
	Bonds:				
	Own mortgage bonds	112.7	(186.8)	112.7	(186.8)
	Other mortgage bonds	(44.9)	(161.9)	(41.1)	(155.4)
	Government bonds	(33.2)	(256.1)	(21.5)	(229.1)
	Other bonds	(3.9)	(20.1)	(3.9)	(20.1)
	Shares, etc.	133.8	187.2	133.8	187.2
	Fixed-interest loans, etc.	15.0	31.0	15.0	31.0
	Foreign currency	3.7	3.0	3.6	2.9
	Derivatives:				
	Foreign-exchange contracts	-	-	-	-
	Interest-rate contracts	(47.0)	31.7	(47.0)	31.7
	Shares contracts	0.7	(0.2)	0.6	(0.2)
	Total	136.9	(372.5)	152.2	(338.8)

Note	Amounts in DKK million	Realkredit Danmark Group		Realkredit Danmark A/S	
		2000	1999	2000	1999
4.	Staff costs and administrative expenses				
	Salaries and remuneration to Supervisory Board, Executive Board and Borrowers' Assembly of Representatives:				
	Executive Board	4.8	7.2	4.8	7.2
	Supervisory Board	3.3	3.3	3.3	3.3
	Borrowers' Assembly of Representatives and local councils	3.3	3.2	3.3	3.2
	Total	11.4	13.7	11.4	13.7
	Payroll costs:				
	Wages and salaries	415.1	413.5	388.7	388.1
	Pensions	53.7	38.9	52.9	38.2
	Social security costs	40.6	41.4	39.5	40.3
	Total	509.4	493.8	481.1	466.6
	Other administrative expenses:				
	Management fee to group undertakings	256.1	377.4	256.1	376.9
	Office expenses	98.5	95.4	91.3	89.6
	IT operation and development	105.2	22.6	95.2	13.5
	Premises, including rent of own premises	88.6	135.1	66.5	115.5
	Repair and maintenance	3.8	2.3	3.5	2.1
	Insurance and fees	80.3	37.7	77.1	34.6
	Training and advertising	115.3	117.1	94.0	95.3
	Other expenses	1.8	4.7	1.9	6.0
	Total	749.6	792.3	685.6	733.5
	Total	1,270.4	1,299.8	1,178.1	1,213.8
	Average number of employees (full-time equivalents):				
	In undertakings included in the consolidation	1,034	1,089	973	1,030
	In subsidiary undertakings not included in the consolidation	1	1	1	1
	Total fees to the auditors appointed by the Annual General Meeting to perform the statutory audit	2.9	4.0	2.6	3.5
	Of which non-audit services	1.5	0.7	1.4	0.7
5.	Provisions for bad and doubtful debts				
	Losses with prior provisions	87.3	159.5	85.8	158.7
	Losses without prior provisions	20.1	20.4	20.1	20.4
	Recoveries of debts written off in previous years	47.0	149.2	47.0	149.2
	Movements in provisions:				
	Provisions at beginning of year	679.1	788.3	677.3	786.6
	Provisions at end of year	556.4	679.1	554.3	677.3
	Total	(62.3)	(78.5)	(64.1)	(79.4)
	Accumulated provisions				
	Provisions for loans and guarantees as a percentage of loans and guarantees at year-end	0.2%	0.2%	0.2%	0.2%

Notes

at 31 December

Note	Amounts in DKK million	Realkredit Danmark Group		Realkredit Danmark A/S	
		2000	1999	2000	1999
6.	Income from associated and group undertakings				
	Income from associated undertakings, etc.	12.4	146.4	12.4	146.4
	Income from group undertakings	(0.1)	2.1	35.8	(4.9)
	Total	12.3	148.2	48.2	141.2
7.	Tax				
	Estimated tax on the year's profit	650.1	439.3	650.1	439.3
	Deferred tax	(101.0)	(0.2)	(101.0)	(0.2)
	Adjustment of tax estimated in prior years	(41.3)	(12.3)	(41.3)	(12.3)
	Total	507.8	426.8	507.8	426.8
	The effective tax rate is calculated as follows:				
	The current tax rate of the Realkredit Danmark Group	32.0%	32.0%		
	Non-taxable adjustment of shares	(0.4)%	(0.9)%		
	Other non-taxable income and non-deductible expenses	0.9%	(3.6)%		
	Readjustment of prior-year tax charge	(2.5)%	(0.8)%		
	Other	0.9%	0.1%		
	Effective tax rate	30.9%	26.8%		
8.	Income distributed by country				
	Total interest income, dividends on shares, fees and commission income, value adjustments and other operating income distributed geographically:				
	Denmark	23,407.3	22,675.3	23,221.5	22,524.8
	Other countries	14.3	17.9	14.3	17.9
	Total	23,421.6	22,693.2	23,235.8	22,542.7
9.	Balances due from credit institutions and central banks				
	Balances at notice with central banks	-	9,865.9	-	9,865.9
	Balances with credit institutions	8,315.7	9,522.6	27,368.1	23,614.0
	Total	8,315.7	19,388.5	27,368.1	33,479.9
	Of which:				
	Reverse transactions	-	2,084.6	-	2,084.6
	Separate outstanding amounts to be used for drawing of bonds for redemption at par	-	844.3	-	844.3
	Funding of BG Kredit A/S	-	-	18,221.6	13,324.1
	Subordinated balances due from group undertakings	-	-	750.0	750.0
	Breakdown by term to maturity:				
	At call	7,166.5	6,201.2	7,247.2	6,218.5
	3 months inclusive	1,004.3	13,102.3	2,937.1	13,151.9
	3 months through 1 year	144.9	85.0	335.2	1,273.5
	1 year through 5 years	-	-	1,794.4	1,189.4
	Over 5 years	-	-	15,054.2	11,646.6
	Total	8,315.7	19,388.5	27,368.1	33,479.9

Note	Amounts in DKK million	Realkredit Danmark Group		Realkredit Danmark A/S	
		2000	1999	2000	1999
10.	Lending				
	Mortgage loans	341,158.8	333,155.2	322,937.3	319,831.2
	Outstanding amounts on non-foreclosures	408.0	422.9	403.9	418.9
	Other loans	501.9	499.3	480.5	490.4
	Total	342,068.7	334,077.4	323,821.7	320,740.5
	Of which reverse transactions	6.3	-	6.0	-
	Breakdown by term to maturity:				
	At call	412.6	583.0	403.9	570.7
	3 months inclusive	38,859.8	2,007.8	36,862.4	1,958.2
	3 months through 1 year	16,576.0	36,934.8	16,011.6	35,746.3
	1 year through 5 years	53,811.8	56,920.0	52,350.6	55,730.0
	Over 5 years	232,408.5	237,631.8	218,193.2	226,735.3
	Total	342,068.7	334,077.4	323,821.7	320,740.5
	Loans, etc. to directors				
	Size of loans, mortgages, sureties or quarantees provided to members of:				
	Executive Board	2.5	4.6	2.5	4.6
	Supervisory Board	16.4	23.0	16.4	23.0
	Mortgage loans				
	Balance at beginning of year	333,479.1	317,491.2	320,155.1	312,197.1
	New loans	50,126.9	88,839.5	43,221.9	79,518.0
	Index adjustment	1,563.0	708.1	1,563.0	708.1
	Exchange-rate adjustment	16.6	21.6	16.3	21.5
	Ordinary repayments	12,772.3	11,985.4	12,490.2	11,818.9
	Redemptions and extraordinary repayments	30,988.8	61,595.9	29,263.2	60,470.7
	Balance at end of year ¹⁾	341,424.5	333,479.1	323,202.9	320,155.1
	Loans transferred to foreclosed properties	18.8	7.8	18.8	7.8
	Write-offs of loans	406.4	493.6	406.3	493.6
	Loans taken over by the Danish Financial Administration Agency	159.5	177.5	159.5	177.5
	Total	341,158.8	333,155.2	322,937.3	319,831.2
	1) Of which amortisation accounts for cash loans	17,062.4	18,328.4	17,044.8	18,315.1
	Total sum of mortgage deed principals	377,394.7	362,257.6	358,783.7	348,767.7
	Number of loans	606,033	618,885	578,540	598,805
	Apart from mortgages on properties, the company's loans are backed by government, municipal and insurance guarantees of	22,142.5	18,216.3	22,142.5	18,216.3
	Furthermore, bank pass books, bonds and guarantees have been lodged as supplementary security in the amount of	12,078.7	13,960.8	10,382.7	11,844.8
	In addition, a number of indemnities not specifying amounts have been lodged.				
	Outstanding amounts on non-foreclosures				
	Arrears	419.7	454.4	415.6	450.4
	Outlays	109.7	128.0	109.7	128.0
	Write-offs of loans	121.4	159.5	121.4	159.5
	Total	408.0	422.9	403.9	418.9
	Receivables in arrears at mid-January	110.3	96.2	108.6	95.0

Notes

at 31 December

Note	Amounts in DKK million	Realkredit Danmark Group		Realkredit Danmark A/S	
		2000	1999	2000	1999
11.	Bonds				
	Own mortgage bonds	56,548.7	20,840.9	56,548.7	20,840.9
	Other mortgage bonds	7,790.1	6,202.6	7,357.5	5,658.2
	Government bonds	4,416.2	4,522.2	3,083.3	3,465.7
	Other bonds	785.2	702.4	785.2	702.4
	Total	69,540.2	32,268.1	67,774.7	30,667.2
	Of which:				
	Drawn bonds	19,610.2	9,195.5	19,388.5	9,088.0
	Separated domestic bonds to be used for drawing bonds for redemption at par	1,030.8	1,860.8	1,030.8	1,860.8
	Subordinated balances	258.3	335.4	258.3	335.4
	Security has been provided to Danmarks Nationalbank in the form of bonds with a book value of	8,217.0	9,689.2	8,217.0	9,689.2
	Bonds sold in connection with repo transactions	6,064.3	1,512.9	6,064.3	1,512.9
	Unsettled reverse transactions	-	-	-	-
	Unsettled repo transactions	-	23.3	-	23.3
12.	Shares, etc.				
	Listed on the Copenhagen Stock Exchange	497.5	1,131.7	497.5	1,131.7
	Other shares, etc.	24.3	39.4	24.3	39.4
	Total	521.8	1,171.1	521.8	1,171.1
13.	Current asset investments				
	Current asset investments valued at market value	70,045.6	33,436.9	68,280.1	31,836.0
	Difference between the purchase price of current asset investments valued at market value and the higher market value at the valuation date	248.0	348.1	225.2	343.2
	Current asset investments not valued at market value	16.4	2.3	16.4	2.3
	Difference between the purchase price of current asset investments not valued at market value and the higher market value at the valuation date	6.3	6.2	6.3	6.2

Note	Amounts in DKK million	Realkredit Danmark Group		Realkredit Danmark A/S	
		2000	1999	2000	1999
14.	Interests in associated undertakings				
	Credit institutions	-	-	-	-
	Other undertakings	521.7	724.5	521.5	724.3
	Total	521.7	724.5	521.5	724.3
	Cost at beginning of year	678.1	660.5	677.8	660.2
	Additions	19.8	17.6	19.8	17.6
	Disposals	170.0	-	170.0	-
	Cost at end of year	527.9	678.1	527.6	677.8
	Revaluation and write-downs at beginning of year	46.4	(73.8)	46.5	(73.8)
	Profit/loss	12.4	146.1	12.4	146.1
	Dividends	26.2	25.8	26.2	25.8
	Reversed revaluation and write-downs	(38.8)	-	(38.8)	-
	Revaluation and write-downs at end of year	(6.2)	46.4	(6.1)	46.5
	Book value at end of year	521.7	724.5	521.5	724.3
15.	Interests in group undertakings				
	Credit institutions	-	-	766.2	745.3
	Other undertakings	8.5	23.8	85.1	76.6
	Total	8.5	23.8	851.3	821.9
	Cost at beginning of year	28.7	28.7	995.3	624.9
	Additions	-	-	-	370.4
	Disposals	15.1	-	-	-
	Cost at end of year	13.6	28.7	995.3	995.3
	Revaluation and write-downs at beginning of year	(4.9)	(7.0)	(173.4)	(157.1)
	Profit/loss	(0.1)	2.1	31.5	(4.0)
	Difference in value on acquisition	-	-	-	-
	Other movements in capital	-	-	(2.1)	(11.0)
	Reversed revaluation and write-downs	(0.1)	-	-	(1.3)
	Revaluation and write-downs at end of year	(5.1)	(4.9)	(144.0)	(173.4)
	Book value at end of year	8.5	23.8	851.3	821.9

Notes

at 31 December

Note	Amounts in DKK million	Realkredit Danmark Group		Realkredit Danmark A/S	
		2000	1999	2000	1999
16.	Intangible assets				
	Intangible assets solely comprise leasehold improvements				
	Cost at beginning of year	74.1	21.8	71.8	19.7
	Additions	-	52.5	-	52.3
	Disposals	74.1	0.2	71.8	0.2
	Cost at end of year	-	74.1	-	71.8
	Amortisation and write-downs at beginning of year	22.9	8.1	21.9	8.8
	Amortisation for the year	-	15.0	-	13.3
	Reversed amortisation and write-downs	22.9	0.2	21.9	0.2
	Amortisation and write-downs at end of year	-	22.9	-	21.9
	Book value at end of year	-	51.2	-	49.9
	Other intangible assets charged to the profit and loss account	8.6	-	8.4	-
17.	Tangible assets				
	Own properties	675.7	710.4	675.7	710.4
	Foreclosed properties	14.9	13.4	14.7	13.4
	Machinery and equipment	14.6	81.6	13.5	58.1
	Total	705.2	805.4	703.9	781.9
	Own properties				
	Cost at beginning of year	991.6	972.9	991.6	972.9
	Additions	25.0	24.4	2.0	24.4
	Disposals	22.7	5.7	22.7	5.7
	Cost at end of year	993.9	991.6	993.9	991.6
	Depreciation and write-downs at beginning of year	281.2	267.9	281.2	267.9
	Depreciation for the year	3.5	3.7	3.5	3.7
	Write-downs for the year	44.0	9.7	44.0	9.7
	Reversed depreciation and write-downs	10.5	0.1	10.5	0.1
	Depreciation and write-downs at end of year	318.2	281.2	318.2	281.2
	Book value at end of year	675.7	710.4	675.7	710.4
	Most recent public property assessment	494.4	479.1	494.4	479.1
	Machinery and equipment				
	Cost at beginning of year	165.0	391.4	87.3	322.2
	Additions	5.5	29.1	5.3	12.9
	Disposals	74.7	255.5	4.4	247.7
	Cost at end of year	95.8	165.0	88.2	87.4
	Depreciation and write-downs at beginning of year	83.4	253.4	29.3	204.2
	Depreciation for the year	27.7	21.0	26.3	8.8
	Write-downs for the year	24.3	-	22.1	-
	Reversed depreciation and write-downs	54.2	191.0	3.0	183.7
	Depreciation and write-downs at end of year	81.2	83.4	74.7	29.3
	Book value at end of year	14.6	81.6	13.5	58.1
	Machinery and equipment charged to profit and loss account in the year of acquisition	2.7	5.6	2.4	5.6

Note	Amounts in DKK million	Realkredit Danmark Group		Realkredit Danmark A/S	
		2000	1999	2000	1999
18.	Other assets				
	Interest, etc. receivable on mortgage lending	54.3	66.9	54.1	66.3
	Other interest receivable	906.3	665.2	892.9	630.7
	Positive market value of financial instruments	84.6	13.7	84.6	13.7
	Deferred tax	160.8	-	150.0	-
	Tax recoverable	-	68.1	-	68.1
	Other debtors, etc.	378.3	286.2	355.5	262.4
	Total	1,584.3	1,100.1	1,537.1	1,041.2
19.	Balances due to credit institutions and central banks				
	Balances due to credit institutions	6,221.9	1,668.1	6,051.8	1,545.1
	Total	6,221.9	1,668.1	6,051.8	1,545.1
	Of which repo transactions	6,040.4	1,497.1	6,040.4	1,497.1
	Breakdown by term to maturity:				
	At call	181.5	170.9	11.4	48.0
	3 months inclusive	6,040.4	1,497.2	6,040.4	1,497.1
	Total	6,221.9	1,668.1	6,051.8	1,545.1
20.	Deposits				
	Of which repo transactions	11.1	25.3	11.1	25.3
	Breakdown by term to maturity:				
	Deposits at notice				
	3 months inclusive	11.1	25.3	11.1	25.3
	Total	11.1	25.3	11.1	25.3
21.	Issued bonds				
	This item solely comprises issued mortgage bonds				
	Balance at beginning of year	359,657.1	338,890.2	359,657.1	338,890.2
	Additions	87,042.7	112,667.2	87,042.7	112,667.2
	Index adjustment	1,569.6	709.5	1,569.6	709.5
	Exchange-rate adjustment	18.0	5.7	18.0	5.7
	Drawings and prepayments	35,691.4	68,003.9	35,691.4	68,003.9
	Redemptions and extraordinary repayments	24,482.4	24,611.6	24,482.4	24,611.6
	Balance at end of year	388,113.6	359,657.1	388,113.6	359,657.1
	Of which pre-issued	38,064.8	17,841.4	38,064.8	17,841.4

Notes

at 31 December

Note	Amounts in DKK million	Realkredit Danmark Group		Realkredit Danmark A/S		
		2000	1999	2000	1999	
21	Issued bonds					
	(continued)					
	Drawn on 2 January 2001	44,955.5	24,121.8	44,955.5	24,121.8	
	Of which to be re-funded	37,236.5	16,778.9	37,236.5	16,778.9	
	Net drawing	7,719.0	7,342.9	7,719.0	7,342.9	
	Breakdown by term to maturity:					
	3 months inclusive	44,956.2	24,121.8	44,956.2	24,121.8	
	3 months through 1 year	8,842.4	9,103.0	8,842.4	9,103.0	
	1 year through 5 years	97,134.3	84,258.2	97,134.3	84,258.2	
	Over 5 years	237,180.7	242,174.1	237,180.7	242,174.1	
	Total	388,113.6	359,657.1	388,113.6	359,657.1	
22.	Other liabilities					
	Interest payable on issued mortgage bonds	6,895.4	6,349.3	6,895.4	6,349.3	
	Other interest payable	236.7	234.7	236.7	234.7	
	Negative market value of financial instruments	72.0	47.2	72.0	47.2	
	Repurchase obligation on reverse transactions	0.6	788.3	0.6	788.3	
	Dividends payable	-	250.0	-	250.0	
	Other creditors	634.4	410.9	635.0	404.3	
	Total	7,839.1	8,080.4	7,839.7	8,073.8	
23.	Provisions for liabilities and charges					
	Pensions and similar commitments	12.3	11.3	12.3	11.3	
	Deferred tax	-	-	-	-	
	Reserves in early series subject to a reimbursement obligation	977.0	1,084.8	977.0	1,084.8	
	Total	989.3	1,096.1	989.3	1,096.1	
24.	Subordinated loan capital					
	RealDanmark A/S' raised subordinated loan capital in the amount of DKK 3,000 million on 2 April 1992.					
	The company will prematurely redeem the loan 15 April 2001. Until then, the loan is subject to interest at 10.2 per cent annually.					
	The loan capital is included in the capital base in the amount of DKK 3,000 million.					
25.	Shareholders' equity					
	Realkredit Danmark A/S' share capital of DKK 500 million comprises 5,000,000 shares of DKK 100 each and is wholly owned by RealDanmark A/S.					
	Movements in shareholders' equity:	Share capital	Reserves in series	Other reserves	Total 2000	Total 1999
	Balance at beginning of year	500.0	3,742.5	11,976.9	16,219.4	15,309.2
	Write-downs on intangible assets	-	-	(51.9)	(51.9)	(11.0)
	Deferred tax on intangible assets	-	-	15.0	15.0	-
	Allocated as per distribution of profit	-	101.6	1,036.0	1,137.6	921.2
	Transferred from series with surplus coverage	-	(321.4)	321.4	-	-
	Transferred to series with insufficient coverage	-	32.2	(32.2)	-	-
	Balance at end of year	500.0	3,554.9	13,265.2	17,320.1	16,219.4

Note	Amounts in DKK million	Realkredit Danmark Group		Realkredit Danmark A/S	
		Nominal value	Net market value	Nominal value	Net market value
26.	Guarantees, etc.				
	Other guarantees	81.5	86.5	81.5	86.5
	Total	81.5	86.5	81.5	86.5
27.	Other commitments				
	Other commitments	331.7	339.6	332.6	340.7
	Total	331.7	339.6	332.6	340.7

Together with the other undertakings in the Danish tax pool, the company is jointly and severally liable for the tax liability under the pooled taxation arrangement.

28. **Contingent liabilities**

Realkredit Danmark A/S guarantees pension fund commitments of Kreditforeningen Danmarks Pensionsafviklingskasse.

The company is jointly and severally liable for the corporation tax in the jointly taxed companies. The company is registered jointly with all significant Danish companies in the RealDanmark Group in relation to financial services employer tax and VAT, for which it is jointly and severally liable..

In addition to the deferred taxes provided for in the balance sheet, the company is liable for contingent taxes of DKK 10 million regarding shares in group undertakings held for less than three years. In 1999, there was no contingent tax regarding shares in group undertakings.

Notes

at 31 December

Amounts in DKK million

Note

29 Derivatives

Distribution by term to maturity

Realkredit Danmark Group DKK million	3 months inclusive		3 months through 1 year		1 year - 5 years	
	Nominal value	Net market value	Nominal value	Net market value	Nominal value	Net market value
Foreign-exchange contracts						
Forward/futures bought	66.9	0.1	-	-	-	-
Forward/futures sold	409.8	2.3	-	-	-	-
Interest-rate contracts						
Forward/futures bought	40,304.8	79.3	81.2	1.3	-	-
Forward/futures sold	39,456.2	(66.9)	24.6	(0.9)	-	-
Forward rate agreements bought	450.0	(0.2)	1,600.0	(2.3)	400.0	(0.2)
Forward rate agreements sold	450.0	0.8	400.0	0.5	-	-

Realkredit Danmark Group DKK million	Total 2000		Total 1999		Total 2000		Total 1999	
	Nominal value	Net market value	Nominal value	Net market value	Market value Positive	Market value Negative	Market value Positive	Market value Negative
Foreign-exchange contracts								
Forward/futures bought	66.9	0.1	6.3	-	(0.1)	-	-	-
Forward/futures sold	409.8	2.3	139.6	(4.7)	2.3	-	-	4.7
Interest-rate contracts								
Forward/futures bought	40,386.0	80.6	18,526.1	(19.1)	80.6	-	4.8	23.9
Forward/futures sold	39,480.8	(67.8)	5,000.5	1.9	0.2	68.0	3.3	1.4
Forward rate agreements bought	2,450.0	(2.7)	2,700.0	2.7	-	2.7	3.3	0.6
Forward rate agreements sold	850.0	1.3	11,900.0	(14.7)	1.3	-	1.6	16.3
Total net market value		13.8		(33.9)	84.5	70.7	13.0	46.9

Distribution by term to maturity

Realkredit Danmark A/S DKK million	3 months inclusive		3 months through 1 year		1 year - 5 years	
	Nominal value	Net market value	Nominal value	Net market value	Nominal value	Net market value
Foreign-exchange contracts						
Forward/futures bought	66.9	0.1	-	-	-	-
Forward/futures sold	409.8	2.3	-	-	-	-
Interest-rate contracts						
Forward/futures bought	40,304.8	79.3	81.2	1.3	-	-
Forward/futures sold	39,456.2	(66.9)	24.6	(0.9)	-	-
Forward rate agreements bought	450.0	(0.2)	1,600.0	(2.3)	400.0	(0.2)
Forward rate agreements sold	450.0	0.8	400.0	0.5	-	-

Realkredit Danmark Group DKK million	Total 2000		Total 1999		Total 2000		Total 1999	
	Nominal value	Net market value	Nominal value	Net market value	Market value Positive	Market value Negative	Market value Positive	Market value Negative
Foreign-exchange contracts								
Forward/futures bought	66.9	0.1	6.3	-	(0.1)	-	-	-
Forward/futures sold	409.8	2.3	139.6	(4.7)	2.3	-	-	4.7
Interest-rate contracts								
Forward/futures bought	40,386.0	80.6	18,526.1	(19.1)	80.6	-	4.8	23.9
Forward/futures sold	39,480.8	(67.8)	5,000.5	1.9	0.2	68.0	3.3	1.4
Forward rate agreements bought	2,450.0	(2.7)	2,700.0	2.7	-	2.7	3.3	0.6
Forward rate agreements sold	850.0	1.3	11,900.0	(14.7)	1.3	-	1.6	16.3
Total net market value		13.8		(33.9)	84.5	70.7	13.0	46.9

Amounts in DKK million

Note

29

Derivatives

(continued)

Realkredit Danmark Group DKK million	2000 Average market value		2000 Market value of non- guaranteed contracts		1999 Market value of non- guaranteed contracts	
	Positive	Negative	Positive	Negative	Positive	Negative
Foreign-exchange contracts						
Forward/futures bought	-	-	0.1	-	-	-
Forward/futures sold	0.6	1.6	2.3	-	-	4.7
Interest-rate contracts						
Forward/futures bought	15.7	16.0	80.6	-	4.8	23.9
Forward/futures sold	6.3	5.7	0.2	68.0	3.3	1.4
Forward rate agreements bought	4.2	0.4	-	2.7	3.3	0.6
Forward rate agreements sold	-	11.3	1.3	-	1.6	16.3
Total net market value	26.8	35.0	84.5	70.7	13.0	46.9
Total after netting			13.8			(33.9)

Realkredit Danmark A/S DKK million	2000 Average market value		2000 Market value of non- guaranteed contracts		1999 Market value of non- guaranteed contracts	
	Positive	Negative	Positive	Negative	Positive	Negative
Foreign-exchange contracts						
Forward/futures bought	-	-	0.1	-	-	-
Forward/futures sold	0.6	1.6	2.3	-	-	4.7
Interest-rate contracts						
Forward/futures bought	15.7	16.0	80.6	-	4.8	23.9
Forward/futures sold	6.3	5.7	0.2	68.0	3.3	1.4
Forward rate agreements bought	4.2	0.4	-	2.7	3.3	0.6
Forward rate agreements sold	-	11.3	1.3	-	1.6	16.3
Total net market value	26.8	35.0	84.5	70.7	13.0	46.9
Total after netting			13.8			(33.9)

Unsettled spot transactions

Realkredit Danmark Group DKK million	Nominal value	Market value		Total 2000 Net market value
		Positive	Negative	
Interest rate transactions bought	702.0	-	0.9	(0.9)
Interest rate transactions sold	758.9	0.1	0.4	(0.3)
Total	1,460.9	0.1	1.3	(1.2)
1999 Total				0.4

Realkredit Danmark A/S DKK million	Nominal value	Market value		Total 2000 Net market value
		Positive	Negative	
Interest rate transactions bought	702.0	-	0.9	(0.9)
Interest rate transactions sold	758.9	0.1	0.4	(0.3)
Total	1,460.9	0.1	1.3	(1.2)
1999 Total				0.4

Notes

at 31 December

Amounts in DKK million

Note

30. **Intercompany transactions**

RealDanmark A/S carried out various business activities for Realkredit Danmark A/S in 2000.

A long-term management agreement was signed in this connection.

Furthermore, in 2000 Realkredit Danmark A/S had the following intercompany transactions of major significance with undertakings directly or indirectly affiliated with the institution.

The company received interest from BG Kredit A/S on funding of mortgage lending and subordinated loan capital, etc. In addition, BG Kredit A/S paid fees, etc., for referral of loans as well as management fees.

Realkredit Danmark A/S received and paid interest and fees on accounts with BG Bank A/S and RealDanmark A/S. Commission was paid to home a/s.

Finally, the company received interest on mortgage loans from DADES A/S, Ejendomsinteressentskabet Tuborg Nord B, Danmarks Transport Center A/S and Skævinge Boligselskab A/S.

31. **Accounts with group undertakings and associated undertakings**

Realkredit Danmark A/S has the following accounts with group undertakings and associated undertakings.

Balances due from credit institutions

Lending

Bonds

Other assets

Total

Balances due to credit institutions

Deposits

Issued bonds

Other liabilities

Total

	Group undertakings		Associated undertakings	
	31/12 2000	31/12 1999	31/12 2000	31/12 1999
Balances due from credit institutions	26,180.6	21,265.1	-	-
Lending	26.5	10.5	1,262.6	1,162.7
Bonds	165.4	-	-	-
Other assets	0.7	49.7	-	-
Total	26,373.2	21,325.3	1,262.6	1,162.7
Balances due to credit institutions	3,976.9	27.4	-	-
Deposits	-	-	-	-
Issued bonds	4,387.2	10,412.9	-	-
Other liabilities	258.4	36.9	-	-
Total	8,622.5	10,477.2	-	-

Undertakings in the Group

Amounts in DKK million	Interest	Company capital	Shareholders' equity	Profit/(loss)	Group receivable	Group payable
Group undertakings						
BG Kredit A/S, Hvidovre	100%	600.0	766.2	21.0		
Other Group undertakings						
home a/s, Århus	100%	10.0	57.7	10.0		
Mægler-service Danmark A/S, Copenhagen	100%	1.0	3.3	0.1		
Aps RD nr. 3064, Copenhagen	100%	0.2	0.5	-		
Aps RD nr. 3065, Copenhagen	100%	0.2	11.5	0.4		
A/S RD nr. 3066, Copenhagen	100%	0.5	1.2	-		
A/S RD nr. 3067, Copenhagen	100%	0.5	2.4	0.1		
Non-consolidated subsidiary undertakings						
Undertakings acquired as a provision to contain losses, total book value DKK 8.5 million.						
Omegadane SARL, Paris	100%	0.1	(0.7)	(0.1)	0.7	-
Skævinge Boligselskab A/S, Copenhagen	100%	7.0	8.5	(0.1)	10.0	-
Associated undertakings						
DADES A/S, Lyngby-Taarbæk	10%	447.3	1,627.6	193.2		
Danmarks Transport Center A/S, Vejle	20%	200.0	119.4	5.1		
Ejendomsinteressentskabet Tuborg Nord B, Gentofte	20%	-	291.0	30.6		
Hercules Estates A/S, Copenhagen	25%	200.0	102.6	20.9		
The Copenhagen Stock Exchange A/S, Copenhagen	6%	40.0	137.1	6.5		
Realkreditnettet A/S, Copenhagen	25%	10.0	32.0	(7.2)		
Danish Secutities Centre A/S, Taastrup	9%	40.0	47.7	2.5		
Total amount recievable by the group from associated undertakings is DKK 1,262.8 million.						
No amount is payable by the group to associated undertakings.						
Other significant interests						
Horsens Grundfinansiering A/S, Horsens	12%	8.2	10.5	0.5		
Investeringsforeningen Schroder, Copenhagen	74%	162.0	279.9	(14.5)		
Undertakings in which the Group holds 10 per cent or more of the capital						
Ejendomsaktieselskabet Springbanen, Copenhagen	18%	40.0	24.4	1.1		

Furthermore, the Realkredit Danmark Group holds 10 per cent or more of the share capital in three companies in which the shareholding is valued at less than DKK 1 million.

Cash Flow Statement

at 31 December 2000

Realkredit Danmark
Group

Amounts in DKK million

	2000	1999
Cash flow, operating activities:		
Profit before tax	1,645.4	1,600.8
Adjustment for non-cash operating items:		
Market value adjustment of securities	(239.2)	242.0
Depreciation and write-downs, etc.	110.8	49.4
Decrease in provisions for bad and doubtful debts	(122.7)	(109.2)
Tax paid	(650.1)	(568.0)
(Increase)/decrease in outstanding amounts, etc.	(499.2)	413.8
(Decrease)/increase in amounts owed, etc.	682.1	(3,171.3)
Total	927.1	(1,542.5)
Cash flow, investing activities:		
(Purchase)/sale of securities	(36,165.4)	2,526.2
Change in repo and reverse transactions	5,826.0	(5,233.5)
(Increase)/decrease in other loans	2.6	(75.4)
Net investment in other fixed assets	4.2	(48.6)
Total	(30,332.6)	(2,831.3)
(Increase)/decrease in mortgage lending	(7,927.3)	(15,945.1)
Increase/(decrease) in funding	28,456.5	20,399.4
Movement in cash and cash equivalents	(8,876.3)	80.5
Cash and cash equivalents at 1 January	17,407.0	17,326.5
Cash and cash equivalents at 31 December	8,530.7	17,407.0
Cash and cash equivalents at 31 December comprise:		
Cash at bank and in hand.	215.0	103.1
Balance due from credit institutions and central banks, see note 9	8,315.7	19,388.5
Of which reverse transactions, see note 9	-	(2,084.6)
Total	8,530.7	17,407.0

Series Accounts 2000

Pursuant to the Order on the Presentation of Series Accounts by Mortgage Credit Institutions, Realkredit Danmark A/S' accounts are specified for the individual underlying mortgage credit associations as follows:

	Jydsk Grundejer- Kredit- forening	Ny jydsk Kjøbstad- Credit- forening	Ny Jysk Grundejer- Kredit- forening	Østifternes Kredit- forening	Grund- ejernes Hypotek- forening	Husmands- hypotek- foreningen for Danmark
Amounts in DKK million						
Profit and loss account						
	4.4	4.0	0.4	9.5	1.3	0.1
1	-	-	-	-	-	-
1	13.5	14.6	9.9	38.0	6.6	-
	18.6	24.5	1.9	71.0	2.0	3.1
	-	-	-	-	-	-
	(0.2)	(1.9)	2.7	(7.5)	1.9	(1.0)
2	(0.5)	(4.0)	5.7	(16.0)	4.0	(2.0)
Balance sheet – assets						
	1,628.3	1,383.2	38.7	3,771.0	168.6	5.5
	247.0	302.3	169.4	844.8	120.5	1.3
	1,902.3	1,685.5	208.1	4,615.8	289.1	6.8
Balance sheet – liabilities						
	1,669.1	1,437.0	47.1	3,992.8	181.2	6.5
	30.3	26.9	3.3	73.5	4.6	0.1
	-	-	-	-	-	-
3	202.9	221.6	157.7	549.5	103.3	0.2
	1,902.3	1,685.5	208.1	4,615.8	289.1	6.8

Note

1. **Distribution policies**

Pursuant to section 3 (1) and (2) of the Order on the Presentation of Series Accounts by Mortgage Credit Institutions, a share of net interest, etc. equivalent to the ratio of the series reserve fund to the other series reserve funds has been allocated to each series.

Pursuant to section 3 (3) of the Order on the Presentation of Series Accounts by Mortgage Credit Institutions, the Danish Financial Supervisory Authority has approved that administrative expenses, etc. are allocated to individual associations using a distribution scale by which the number of loans in the association is weighted at 3, and the principal of the loans is weighted at 1. The same distribution scale has been applied for additional allocations to the individual series/series reserve funds. However, allocation to series in pre-1972 associations is made in accordance with the by-laws, etc. of these associations.

Provins- hypotek- foreningen for Danmark	Østifternes Land- Hypotek- forening	Series not subject to a reimbursemenet obligation	Other reserves	Total	Note
0.6	-	477.7	998.2	1,496.2	
-	-	111.3	194.7	306.0	
1.5	0.1	330.5	1,063.5	1,478.2	1
4.3	0.8	474.4	564.0	1,164.6	1
-	-	1.8	(65.9)	(64.1)	
0.7	0.2	70.6	429.1	492.8	
(1.5)	(0.5)	150.1	939.8	1,075.1	2
90.4	1.6	114,873.6	219,524.1	341,485.0	
31.5	1.3	11,904.7	68,214.9	81,864.7	
121.9	2.9	126,778.3	287,739.0	423,349.7	
98.3	1.9	120,404.5	267,379.0	395,217.4	
2.0	-	2,110.7	4,583.8	6,835.2	
-	-	989.0	2,011.0	3,000.0	
21.6	1.0	3,274.1	13,765.2	18,297.1	3
121.9	2.9	126,778.3	287,739.0	423,349.7	

Amounts in DKK million

2000

2. **Profits in series accounts**

The profits of the series accounts can be reconciled to the annual accounts of Realkredit Danmark A/S' as follows:

Net profit as per the annual accounts.	1,137.6
Goodwill written off against equity is posted in the year of acquisition	(0.8)
Write-downs of intangible assets over shareholders' equity	(51.1)
Deferred tax of intangible assets over shareholders' equity	15.0
Transferred to other reserves, etc.	(26.6)

Profits in series accounts

1,075.1

3. **Equity capital in series accounts**

The equity capital of the series accounts can be reconciled to the annual accounts of Realkredit Danmark A/S' as follows:

Equity capital as per the annual accounts	17,320.1
Reserves subject to a reimbursement obligation in pre-1972 series	977.0

Equity capital in series accounts

18,297.1

Signatures and Auditor's Report

The Supervisory Board and the Executive Board have today approved the Annual Report 2000, which will be submitted to the General Meeting for approval.

Executive Board

Copenhagen, 22 February 2001

Sven Holm

Chairman of the Executive Board
and Chief Executive Officer

Bent Fjord

Member of the Executive Board

Mogens Holm

Member of the Executive Board

/Lars Damgaard Sørensen

Director

Supervisory Board

Copenhagen, 22 February 2001

Kjeld Jørgensen

Chairman

Sven Lystbæk

Vice-chairman

Morten Balling

Kent Christoffersen

Thomas Dywremose

Carl Emil Heidemann

Jørgen Lund

Bent Maribo

Jørgen Mejlgård

Klaus Modberg

Jesper Ovesen

Peder J. Pedersen

Bent Peetz

Per Álling Toubro

Internal Auditor's Report

We have audited the financial statements presented by the Supervisory Board and the Executive Board for the year 2000 of Realkredit Danmark Group and Realkredit Danmark A/S (the Parent Company).

Basis of opinion

We have conducted our audit on the basis of the executive order of the Danish Financial Supervisory Authority on the performance of the audit in financial groups and in accordance with generally accepted auditing standards as applied in Denmark. Based on an evaluation of materiality and risk, we assessed procedures and tested the basis for the amounts and disclosures in the financial statements.

Our audit has not resulted in any qualifications.

Opinion

In our opinion, the financial statements have been presented in accordance with the accounting provisions of Danish legislation and give a true and fair view of the assets and liabilities, financial position and results for the year 2000.

Copenhagen, 22 February 2001

Jens Peter Thomassen

Group Chief Auditor

Arne Lenstrup

Chief Auditor

Report of the auditors elected at the general meeting

We have audited the financial statements presented by the Supervisory Board and the Executive Board for the year 2000 of Realkredit Danmark Group and Realkredit Danmark A/S (the Parent Company).

Basis of opinion

We have planned and conducted our audit in accordance with the auditing standards generally accepted in Denmark to obtain reasonable assurance that the financial statements are free from material misstatements. Based on an evaluation of materiality and risk, we have tested the basis and documentation for the amounts and disclosures in the financial statements. Our audit included an assessment of the accounting policies applied and estimates made. In addition, we have evaluated the overall adequacy of the presentation of information in the financial statements.

Our audit has not resulted in any qualifications.

Opinion

In our opinion, the financial statements have been presented in accordance with the accounting provisions of Danish legislation and give a true and fair view of assets and liabilities, financial position and results for the year 2000.

Copenhagen, 22 February 2001

KPMG C.Jespersen **Deloitte & Touche**
Statsautoriseret
Revisionsaktieselskab

Arne Nielsen **Freddy Jacobsen**
State Authorised Public State Authorised Public
Accountant Accountant

Jakob Nyborg **Henrik Priskorn**
State Authorised Public State Authorised Public
Accountants Accountants

Financial Highlights

	Realkredit Danmark A/S				
	2000	1999	1998	1997	1996
Summary in DKK million.					
Profit and loss account:					
Net interest income	2,420	2,636	2,758	2,577	2,526
Dividends from shares, etc.	14	16	13	8	5
Net fees and commissions receivable	176	261	298	270	260
Net interest and fee income	2,610	2,913	3,069	2,855	2,791
Value adjustments	152	(339)	159	539	454
Other operating income	58	68	44	33	28
Staff costs and administrative expenses	1,178	1,214	1,096	872	784
Amortisation/depreciation and write-downs of assets	107	41	142	59	42
Other operating expenses, etc.	1	10	2	169	317
Provisions for bad and doubtful debts	(64)	(79)	(100)	(100)	104
Income from associated and group undertakings	48	142	21	10	(1)
Profit before tax	1,646	1,598	2,153	2,437	2,025
Tax	508	427	661	711	494
Net profit	1,138	1,171	1,492	1,726	1,531
Balance sheet:					
Assets:					
Cash in hand and balances due from credit institutions and central banks	27,583	33,583	24,884	17,506	16,908
Lending	323,822	320,741	312,771	304,939	294,944
Bonds and shares, etc.	69,669	33,385	35,768	27,586	21,419
Other assets	2,276	1,908	2,275	1,885	1,551
Total assets	423,350	389,617	375,698	351,916	334,822
Liabilities					
Balance due to credit institutions and central banks	6,052	1,545	6,499	1,227	622
Deposits	11	25	0	0	0
Issued bonds	388,114	359,657	338,890	321,856	307,516
Other liabilities	8,853	9,171	12,000	9,516	9,093
Subordinated loan capital	3,000	3,000	3,000	3,000	3,000
Shareholders' equity	17,320	16,219	15,309	16,317	14,591
Total liabilities	423,350	389,617	375,698	351,916	334,822
Key ratios as defined by the Danish Financial Supervisory Authority					
Solvency ratio	11.6	11.2	11.5	13.3	12.9
Tier 1 ratio	9.6	9.1	9.0	10.0	9.2
Return on equity before tax (p.c.)	9.8	10.1	13.6	15.8	14.7
Return on equity after tax (p.c.)	6.8	7.4	9.4	11.2	11.1
Income/cost ratio	2.35	2.35	2.89	3.43	2.61
Foreign-exchange position (p.c.)	5.8	0.5	0.1	1.3	1.5
Accumulated provisioning ratio	0.1	0.2	0.3	0.3	0.5
Provisions for bad and doubtful debts/lending, guarantees and accumulated provisions	0.0	0.0	0.0	0.0	0.0
Annual growth in lending (p.c.)	1.0	2.5	2.6	3.4	0.8
Gearing of lending	18.7	19.7	20.4	18.7	20.2

Borrowers in Realkredit Danmark A/S are members of Foreningen RealDanmark, and they, together with holders of bonds, are entitled to attend and vote at Foreningen RealDanmark's General Meetings. Bondholders shall hold a minimum nominal value of DKK 25,000 or a corresponding nominal value in a foreign currency of bonds issued by Realkredit Danmark A/S.

The Annual General Meeting of Foreningen RealDanmark will be held on Monday 30 April 2001 at 4 p.m. at Falconer Center, Falkoner Allé 9, Frederiksberg.

More information on Foreningen RealDanmark can be found in Foreningen RealDanmark's Annual Report.