



Annual Report 2005
Nordea Kredit Realkreditaktieselskab
Business registration number 15134275

Nordea Kredit is a part of Nordea. Nordea is the leading financial services group in the Nordic and Baltic Sea region. We are making it possible for our customers to reach their goals by providing a wide range of products, services and solutions within banking, asset management and insurance. Nordea has almost 11 million customers, more than 1,100 branch offices and a leading netbanking position with 4.4 million e-customers. The Nordea share is listed on the stock exchanges in Stockholm,

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- **Profit for the year of DKK 798m before tax**
- **Increase in lending of DKK 31.5bn – largest ever**
- **Total lending close on DKK 200bn**
- **Market share continues to increase**
- **Enhanced focus on corporates gives results**

Nordea Kredit Realkreditaktieselskab posted a profit of DKK 798m before tax in 2005. After tax the profit was DKK 575m. As a result of new rules on joint taxation tax is recognised in the annual report for the company (DKK 223m) for 2005. In previous years the tax expense was paid by Nordea Bank Danmark A/S.

The very substantial growth in lending has meant growth in reserve fund fees receivable of DKK 121m compared to the previous year, while high mortgage refinancing activity resulted in growth in activity-related fees and commissions of DKK 140m. The fees and commissions paid by Nordea Kredit also rose by DKK 140m.

The return on investment was DKK 293m compared to DKK 211m in 2004. The rise is primarily due to a considerably larger investment than in 2004 as Nordea Kredit only assumes negligible interest rate risks and the

short-term interest rate increased marginally over the year.

Expenses increased as a result of the considerable activity, enhanced focus on lending to corporate customers and higher IT costs.

Total loan losses were DKK 2m compared to DKK 1m in the previous year.

During the year Nordea Kredit repossessed 15 properties and sold 21. At 31 December the portfolio of repossessed properties comprised four properties with a total book value of DKK 1.5m.

The total capital ratio, including the profit for the year, was 9.9% at the end of 2005 against the statutory minimum of 8%. At 31 December 2004 the total capital ratio stood at 10.4%. In 2005 a capital injection of DKK 750m was made.

Nordea Kredit – five-year financial summary

	2001	2002	2003	2004	2005
Income statement (DKKm)					
Net interest and fee income	509	537	749	769	1,022
Securities and foreign exchange income	31	-2	-11	-1	-44
Staff costs and administrative expenses	139	144	145	148	178
Loan losses	1	2	6	1	2
Profit on shares in associated and group undertakings	0	0	-	-2	-
Profit for the year before tax	399	389	585	616	798
Profit for the year after tax	399	389	585	616	575
Balance sheet at 31 December (DKKm)					
Total assets	128,781	140,242	189,167	188,169	208,499
Total loans	100,050	116,250	139,384	159,468	190,050
Mortgage loans nominal value	100,013	116,139	139,244	159,339	190,843
Shareholders' equity	5,435	5,824	7,534	8,900	10,225
Ratios and key figures					
Total capital ratio, including profit for the year (%)	10.5	9.4	10.0	10.4	9.9
Tier 1 capital ratio, including profit for the year (%)	10.5	9.4	10.0	10.4	9.9
Pre-tax return on equity (%)	7.6	6.9	8.8	7.5	8.3
Post-tax return on equity (%)	7.6	6.9	8.8	7.5	6.0
Income/cost ratio	3.83	3.65	4.82	5.07	5.43
Foreign exchange exposure as % of tier 1 capital	0.2	0.2	0.1	0.0	0.0
Loans/shareholders' equity	18.4	20.0	18.5	17.9	18.6
Lending growth for the year (%)	14.8	16.2	19.9	14.4	19.8
Impairment ratio for the year (%)	0.0	0.0	0.0	0.0	0.0
Average number of employees	117	119	123	124	130

The comparative figures have not been restated in line with the new accounting policies, see Accounting policies. Ratios and key figures have been computed in accordance with the Danish Financial Supervisory Authority's definitions.

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

The level of activity in the second half-year and the results lived up to the expectations announced in connection with the release of the interim report for the first half of 2005.

Lending

In 2005 lending increased by DKK 31.5bn, or more than 19%, to a total of DKK 190.8bn.

Lending for residential properties and holiday homes was DKK 149.4bn at the end of 2005, an increase of DKK 21.7bn compared to 2004. Commercial property lending increased from DKK 31.7bn at the end of 2004 to DKK 41.5bn at the end of 2005. Of this figure loans for agricultural properties accounted for DKK 22.1bn at the end of 2005 against DKK 18.5bn in 2004.

At the year-end total lending by Nordea Kredit accounted for 11.3% of total mortgage lending in Denmark, an increase of 0.8% point compared to the previous year. The progress was made in all customer segments, but in particular the market share has increased significantly within lending to corporate customers.

Nordea Kredit has thus again strengthened its position as the third largest mortgage lender in Denmark.

Refinancing

Refinancing of adjustable-rate mortgages took place in December at a five-day auction as regards one-year adjustable-rate mortgages. The interest rate applicable to a 30-year loan was fixed at 2.89% compared to 2.44% in 2005. Other adjustable-rate mortgages were refinanced at a one-day auction.

Although interest rates increased slightly, only approximately 10% of customers with one-year adjustable-rate mortgages changed either the adjustment frequency or changed to a fixed-rate loan.

Outlook for 2006

Nordea Kredit expects to see continued growth in lending to all customer segments.

Results for 2006 are expected to be at the lower end of the results for 2005.

Annual General Meeting

The Board of Directors will propose to the Annual General Meeting, which will be held on 8 March 2006 in Copenhagen, that the profit for the year after tax of DKK 575m should be carried forward and that no dividend should be paid for 2005.

Nordea Kredit expects to announce its half-year results on 19 July 2006.

Accounting policies

General

The financial statements of Nordea Kredit have been prepared in accordance with the Danish Financial Business Act, the Executive Order on financial reports for credit institutions and investment companies etc (the Executive Order), the Copenhagen Stock Exchange's rules on the issuance of listed bonds, and generally accepted accounting principles.

The Danish Financial Supervisory Authority's Executive Order No 1112, effective at 1 January 2005, results in a number of changes in the recognition, measurement and presentation of accounting items compared to the accounting policies applied previously. The changes have been incorporated in the opening balance at 1 January 2005. Otherwise, no changes have been made to the accounting policies applied in the annual report for 2004.

The most significant changes to the accounting policies are:

- Mortgage loans are measured at fair value.
- Mortgage bonds in issue are measured at fair value.
- Own mortgage bonds are offset against mortgage bonds in issue.
- Interest on own bonds is offset against interest payable on mortgage bonds in issue.
- Recognition of tax on the profit for the year as a result of new legislation on joint taxation.

The changes are described below under the various accounting items.

The balance sheet items, mortgage loans and mortgage bonds in issue, are measured at fair value in accordance with the Executive Order and this measurement is a deviation from the rules in article 42a of the Fourth Company Directive (78/660/EEC) with a view to giving a true and fair view of the assets, liabilities and results.

Effect of changed accounting policies

The changes to the accounting policies have no effect on equity in the opening balance at 1 January 2005, see the table on page 7.

Comparative figures

Pursuant to the commencement provision in the Executive Order the comparative figures for 2004 and earlier have been prepared in accordance with former accounting policies as regards financial assets and liabilities, including mortgage loans, mortgage bonds in issue and the portfolio of own bonds and interest. The opening balance and notes have been restated in line with the new accounting policies.

Reclassification

The items mortgage arrears before provisions and execution levied against debtors' properties before provisions have been moved to the asset item Loans and receivables at fair value. In the interim report these items were included in the asset item Loans and receivables at amortised cost.

Temporarily repossessed properties have been reclassified from other tangible fixed assets to be included in the item Temporarily repossessed assets.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when Nordea Kredit becomes a party to the contractual provisions of the financial instruments.

A financial asset is derecognised from the balance sheet when the contractual right to the cash flow from the financial asset expires or the financial asset is sold.

A financial liability is derecognised from the balance sheet when the liability is extinguished, ie when the liability is settled, cancelled or expires pursuant to the contract.

As a result of the recognition criteria listed securities, currency transactions and derivatives in the trading portfolio are recognised and derecognised on the trade date, while transactions outside the trading portfolio are recognised and derecognised on the settlement date.

Foreign currencies

The functional currency of Nordea Kredit is Danish kroner (DKK).

Transactions made in another currency than the functional currency are translated into the functional currency at the exchange rate prevailing on the date of the transaction.

At the balance sheet date balance sheet items are translated at the closing rate, and all adjustments resulting from changes in the exchange rate are recognised in the income statement. The official closing rate of the Danish central bank is used.

Taxation

Tax on operating profit

The tax for the year, consisting of the current tax for the year and change in deferred tax, is recognised in the income statement with the share attributable to the profit for the year and directly in equity with the share attributable to movements directly in equity.

Corporation tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the balance sheet as calculated tax on the taxable income for the year adjusted for tax on previous years' taxable income and on account tax paid.

Deferred tax is measured under the balance-sheet liability method of all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In those cases, for instance, concerning shares where the determination of the tax base can be made according to alternative taxation rules deferred tax is measured on the basis of the planned use of the asset or the settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which they are expected to be realised, either by elimination in tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to be realised as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement.

Nordea Kredit has charged tax on loan losses to the income statement.

Repo and reverse transactions

Securities sold under agreements to repurchase at a later date (repos) remain in the balance sheet. The purchase price received is entered as a liability owed to the transferee and carries interest as agreed. The securities are revalued, as if the securities were still held.

Securities purchased under agreements to resell at a later date (reverse repos) are not recorded in the balance sheet under the securities portfolio and any profit or loss arising thereon is not taken to the income statement. The purchase price paid is included as balances due from counterparties and carries interest as agreed.

Financial assets

Loans and receivables at fair value

Mortgage loans are measured at fair value, corresponding to the current market price at the balance sheet date. If impairment of loans and receivables or a group hereof can be objectively identified, provisions for loan losses are made, corresponding to the impairment.

Mortgage loans were previously measured at nominal

value and only individual provisions for loan losses were made.

Loans and receivables at amortised cost

Other loans which are not included in the calculation of statutory balance between mortgage loans and mortgage bonds in issue, are measured at amortised cost.

Other loans were previously measured at nominal value.

Bonds at fair value

Listed securities are measured at fair value, corresponding to the current market price at the balance sheet date. Changes in fair value are recognised directly in the income statement. The portfolio of own mortgage bonds is offset against mortgage bonds in issue. Interest receivable on own bonds is similarly offset against interest payable under the item Other liabilities in the balance sheet.

The portfolio of own mortgage bonds was previously included in the asset item Bonds.

Derivatives

Derivatives comprise spot transactions and forward contracts. Derivatives are measured at fair value.

Shares etc

Shares are measured at fair value.

Shares in associated undertakings

Shares in associated undertakings are stated at net asset value. Other significant holdings of shares are measured at fair value.

Intangible assets

IT software and development expenses are recognised as assets if they are major investments with an expected useful life exceeding three years, expected to generate future economic benefits and not to be regarded as replacement investments or maintenance.

Amortisation of intangible assets is provided on a straight-line basis over a maximum period of 20 years. Intangible assets concerning projects in progress are not amortised until the individual projects have been concluded.

Tangible assets

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

Depreciation is made on the basis of a conservative estimate of the asset's useful life.

If the value of the assets is lower and the impairment in value is not considered temporary, such assets are entered at the lower value.

Machinery and equipment are depreciated systematically over a maximum period of five years. Assets of less than DKK 11,000 are fully depreciated in the year of acquisition, except for assets acquired as part of a specific project, which are treated as one asset. The maximum amount allowed follows the tax limit for immediate write-offs (DKK 11,000 in 2005).

Previously, acquisitions of less than DKK 100,000 were written off immediately.

Temporarily repossessed properties

Repossessed properties are included in the item Temporarily repossessed assets. The item comprises own loans and prior claims of other mortgagees as well as other cash outlays etc transferred from the item Loans and receivables at fair value. The item is reduced by provisions for losses on these properties.

The properties were previously included in the item Tangible assets.

Financial liabilities

Mortgage bonds in issue

Mortgage bonds in issue are measured at fair value, corresponding to the current market price at the balance sheet date. Announced scheduled payments for the next payment date are measured at the discounted value.

The portfolio of own mortgage bonds is offset against mortgage bonds in issue.

Mortgage bonds in issue were previously measured at nominal value.

Pension obligations

Pension obligations are covered either in an independent pension fund or through an insurance company. Nordea Kredit has no further pension obligations towards the staff.

Ratios and key figures

Ratios and key figures are listed in the five-year financial summary in compliance with the schedule to the Executive Order.

Cash flow statement

The cash flow statement shows cash flows broken down by operating, investing and financing activities for the year, changes in cash and cash equivalents for the year as well as cash and cash equivalent as at the beginning and end of the year.

Cash flows from operating activities are determined as profit before tax adjusted for non-cash operating items, changes in working capital, interest paid and corporation tax paid.

Cash flows from investing activities comprise the purchase and sale of intangible, tangible and other long-term assets as well as the purchase and sale of securities not included as cash and cash equivalents.

Cash flows from financing activities comprise changes in the size or composition of the share capital.

Cash and cash equivalents comprise balances due from credit institutions and central banks.

DKKm	1 January 2004			31 December 2004		
	Assets	Liabilities	Equity	Assets	Liabilities	Equity
Former accounting policies	180,728	173,194	7,534	188,169	179,269	8,900
Mortgage lending				1,062		1,062
Mortgage bonds in issue					1,069	-1,069
Other assets/liabilities				22	15	7
Portfolio of own bonds and interest				-1,691	-1,691	-
Effect of changed accounting policies				-607	-607	0
Reclassification:						
From Tangible assets	-4			-6		
To Temporarily repossessed assets	4			6		
New accounting policies 1 January	180,728	173,194	7,534	187,562	178,662	8,900

Income statement

(DKKm)	Note	2004	2005
Interest income	3	8,210	9,460
Interest expenses	4	7,219	8,216
Net interest income		991	1,244
Dividend income		1	1
Fee and commission income	5	222	362
Fee and commission expenses	6	445	585
Net interest and fee income		769	1,022
Securities and foreign exchange income	7	-1	-44
Other operating income		0	0
Staff costs and administrative expenses	8,9	148	178
Amortisation, depreciation and impairment charges of intangible and tangible assets		2	0
Other operating expenses		0	0
Loan losses	24, 25, 26	1	2
Profit on shares in associated and group undertakings	10	-2	0
Profit before tax		616	798
Tax	11	0	223
Profit for the year		616	575
Distribution of profit			
Profit for the year		616	575
Total amount available for distribution		616	575
Transfer to shareholders' equity	1	616	575
Total distribution of amount available		616	575

Balance sheet at 31 December

(DKKm)	Note	2004	1 Jan 2005	2005
Assets				
Cash and balances with central banks		0	0	0
Balances due from credit institutions and central banks	12, 22, 27	25,538	25,538	7,991
Loans and receivables at fair value	13, 23, 24, 25, 27	159,461	160,522	190,044
Loans and receivables at amortised cost	13, 27	7	7	7
Bonds at fair value	14	1,691	-	9,842
Shares etc	15	7	7	6
Shares in associated undertakings	16	0	0	0
Intangible assets		2	2	21
Other tangible assets	17	8	2	4
Temporarily repossessed assets	18, 26	-	6	1
Other assets	19, 26	1,456	1,478	583
Total assets		188,169	187,562	208,499
Liabilities and equity				
Liabilities				
Balances due to credit institutions and central banks	22, 27	1,718	1,718	10,943
Mortgage bonds in issue at fair value	20, 27	172,808	172,186	183,804
Current tax liabilities		-	-	217
Other liabilities	21	4,731	4,746	3,296
Deferred income		12	12	9
Total liabilities		179,269	178,662	198,269
Provisions				
Provisions for deferred tax		-	-	5
Total provisions		-	-	5
Shareholders' equity				
Share capital		1,438	1,438	1,563
Share premium account		4,221	4,221	-
Retained earnings		3,241	3,241	8,663
Total shareholders' equity	1, 2	8,900	8,900	10,225
Total liabilities and equity		188,169	187,562	208,499
Off-balance-sheet items				
Contingent liabilities		0	0	0
Total off-balance-sheet items		0	0	0

Cash flow statement

(DKKm)	2004	1 Jan 2005	2005
Operating activities			
Profit for the year before tax	616	616	798
Adjustment for amounts in the profit for the year with no effect on cash flow:			
Amortisation, depreciation and impairment charges of intangible and other tangible assets	2	2	1
Depreciation and impairment charges of temporarily repossessed assets	0	0	0
Revaluation of shares in associated and group undertakings	-2	-2	-2
Deferred income (net)	6	6	-3
	622	622	794
Working capital			
Loans and receivables at fair value	-20,079	-21,140	-29,521
Loans and receivables at amortised cost	-4	-4	0
Other assets	-443	-465	895
Balances due to credit institutions and central banks	-13,629	-13,629	9,225
Mortgage bonds in issue at fair value	9,941	32,750	11,618
Other liabilities	1,318	1,334	-1,451
Net cash inflow/(outflow) from operating activities	-22,275	-533	-8,440
Investing activities			
Bonds at fair value	21,763	22	-9,842
Shares etc	0	0	2
Shares in associated undertakings	0	0	0
Other tangible and intangible assets	-5	-3	-21
Temporarily repossessed assets	-	-2	4
Net cash inflow/(outflow) from investing activities	21,758	17	-9,857
Financing			
Proceeds from share issue	750	750	750
Net cash inflow/(outflow) from financing	750	750	750
Increase/(decrease) in cash and cash equivalents	233	233	-17,547
Cash and cash equivalents at 1 January	25,305	25,305	25,538
Cash and cash equivalents at 31 December	25,538	25,538	7,991

Change in securities holdings include unrealised gains.

Notes

Note 1 Shareholders' equity

(DKKm)	2004	1 Jan 2005	2005
Share capital at 1 January	1,288	1,438	1,438
Increase in share capital	150	-	125
Share capital at 31 December	1,438	1,438	1,563
Share premium account at 1 January	3,621	4,221	4,221
Increase in share capital	600	-	-
Other disposals	-	-	- 4,221
Share premium account at 31 December	4,221	4,221	-
Retained earnings at 1 January	2,625	3,241	3,241
Change to accounting policies		0	0
Increase in share capital	-	-	625
Other additions	-	-	4,221
Profit for the year	616	-	575
Retained profits at 31 December	3,241	3,241	8,663
Total shareholders' equity at 31 December	8,900	8,900	10,225

The company's share capital consists of 15,632,500 shares of DKK 100 each.

Nordea Bank Danmark A/S, PO Box 850, 0900 Copenhagen C, Denmark, holds all shares in the company. The parent company of the Nordea Group is Nordea Bank AB (publ), Hamngatan 10, 105 71 Stockholm, Sweden.

Note 2 Capital adequacy data

Computed according to the Danish Financial Supervisory Authority's Executive Order on capital adequacy of 22 December 2004.

Capital structure as well as risk-weighted amounts, DKKm

Shareholders' equity (tier 1 capital)	8,900	8,900	10,225
Deductions for:			
Intangible assets	2	2	21
Capitalised tax assets	-	-	-
Capital base (Tier 1 capital after deductions)	8,898	8,898	10,204
Risk-weighted amounts not part of the trading portfolio, including off-balance-sheet items	85,587	85,587	103,016
Risk-weighted amounts with market risk	8	8	7
Total risk-weighted amounts	85,595	85,595	103,023
Total capital ratio, including profit for the year. According to section 124 (1) of the Danish Financial Business Act the company's total capital ratio must minimum be 8%.	10.4	10.4	9.9
Tier 1 capital ratio (%)	10.4	10.4	9.9

Notes

Note 3 Interest income

(DKKm)	2004	2005
Balances due from credit institutions and central banks	308	481
Loans and receivables	7,100	7,985
Reserve fund fees receivable	750	871
Bonds	11	28
Total derivatives	30	81
Foreign exchange derivatives	-	-
Interest rate derivatives	30	81
Other interest income	12	14
Total	8,210	9,460

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

Balances due from credit institutions and central banks	289	455
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Note 4 Interest expenses

Credit institutions and central banks	36	102
Mortgage bonds in issue	7,183	8,114
Total	7,219	8,216

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

Balances due to credit institutions and central banks	34	99
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Note 5 Fee and commission income

Loan processing fees etc	140	222
Brokerage receivable from customers	78	135
Other fees	4	5
Total	222	362

Note 6 Fee and commission expenses

Guarantee commissions etc payable to Nordea Bank Danmark A/S	317	377
Brokerage payable to Nordea Bank Danmark A/S	65	120
Other fees and commissions	63	88
Total	445	585

Note 7 Securities and foreign exchange income

Mortgage loans	-	865
Bonds	-9	-14
Shares etc	4	1
Currencies	0	0
Total derivatives	5	-23
Foreign exchange derivatives	-	-
Interest rate derivatives	5	-23
Mortgage bonds in issue	-	-873
Total	-1	-44

Notes

Note 8 Staff costs and administrative expenses

(DKKm)	2004	2005
Salaries and emoluments to the Executive Management and the Board of Directors		
Executive Management	3	3
Board of Directors	-	-
Total	3	3
Staff costs		
Salaries	57	62
Pension costs	5	6
Social security contributions	8	9
Total	70	76
Other administrative expenses	75	99
Total staff costs and administrative expenses	148	178

Executive Management and Board of Directors

Loans to and charges or guarantees issued for the members of Nordea

Kredit's

Executive Management

Board of Directors

	-	-
	4	4

Auditors' remuneration

Total remuneration of firms appointed at the Annual General Meeting to undertake the statutory audit

Of which remuneration for non-audit services

	1	1
	-	-

Note 9 Number of employees etc

Average number of employees in the financial year converted into full-time staff

	124	130
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External appointments approved by the Board of Directors

Palle O. Nielsen, Chairman of the Executive Management, a member of the boards of directors of Realkreditnettet A/S and Realkreditnettet Holding A/S, Copenhagen

Note 10 Profit on shares in associated and group undertakings

Profit on shares in associated undertakings	-2	-
Total	-2	-

Note 11 Tax

Nordea Kredit is jointly and severally liable together with the other jointly taxed companies for the total corporation tax up to and including 2004. As from the accounting period 2005 the company is jointly and severally liable for that part of the tax of the jointly taxed income concerning Nordea Kredit until payment to the management company in the Nordea Group has taken place.

The company has a liability for deferred tax of DKK 5.6m computed on the basis of the company's own financial statements and own tax circumstances. Tax on the profit for the year amounted to DKK 217. 3m. The item includes tax on loan losses.

Notes

Note 12 Balances due from credit institutions and central banks

(DKKm)	2004	1 Jan 2005	2005
Balances at notice due from central banks	22,464	22,464	4,300
Balances due from credit institutions	3,074	3,074	3,691
Total	25,538	25,538	7,991

Note 13 Loans and receivables

Mortgage loans			
Mortgage loan portfolio at 1 January	139,244		159,345
New loans (gross new lending)	58,002		105,205
Foreign exchange revaluations	-4		17
Redemptions and prepayments	34,870		71,091
Net new lending	23,128		34,131
Scheduled principal payments	3,027		2,630
Mortgage loan portfolio at 31 December – total nominal value	159,345	159,345	190,846
Adjustment for interest rate risk etc – fair value		1,061	-927
Adjustment for credit risk	-6	-6	-4
Mortgage arrears and execution levied against debtors' properties	122	122	129
Mortgage loan portfolio – total fair value	159,461	160,522	190,044
Other loans	7	7	7
Total loans and receivables	159,468	160,529	190,050
Mortgage arrears before provisions	121	121	127
Execution levied against debtors' properties before provisions	1	1	2
Provisions for mortgage arrears and execution levied against debtors' properties	-	-	-
Total mortgage arrears and execution levied against debtors' properties	122	122	129
Mortgage arrears mid-January following year	11	11	11

Note 14 Bonds at fair value

Other mortgage bonds	-	-	9,842
Own mortgage bonds	1,691	1,691	36,350
Own mortgage bonds offset against mortgage bonds in issue		1,691	36,350
Total	1,691	-	9,842

Note 15 Shares etc

Unlisted shares recognised at fair value	7	7	6
Total	7	7	6

Notes

Note 16 Shares in associated undertakings

(DKKm)	2004	1 Jan 2005	2005
Total cost of acquisition at 1 January	2	2	2
Additions	-	-	-
Disposals	-	-	-
Total cost of acquisition at 31 December	2	2	2
Upward and downward revaluation at 1 January	-	- 2	-2
Upward and downward revaluation written back	-	-	-
Upward and downward revaluation for the year	- 2	-	-
Upward and downward revaluation at 31 December	- 2	- 2	-2
Book value at 31 December	0	0	0
Book value at 1 January	2	0	0

Realkreditnettet Holding A/S, Copenhagen. Services to mortgage lenders, among others. Shareholding of 20.25%.

Note 17 Other tangible assets

Total cost of acquisition at 1 January	5	5	5
Additions	1	-	3
Disposals	1	-	1
Total cost of acquisition at 31 December	5	5	7
Downward revaluation at 1 January	3	3	3
Depreciation charge for the year	1	-	1
Impairment charge for the year	-	-	-
Downward revaluation written back	1	-	1
Downward revaluation at 31 December	3	3	3
Book value at 31 December	2	2	4
Book value at 1 January	2	2	2
Full depreciation charge in the year of acquisition for machinery and equipment	1	1	2

Note 18 Temporarily repossessed assets

Total cost of acquisition at 1 January	4	6	6
Additions	9	-	9
Disposals	7	-	14
Total cost of acquisition at 31 December	6	6	1
Downward revaluation at 1 January	0	0	0
Depreciation charge for the year	-	-	-
Impairment charge for the year	0	-	0
Downward revaluation written back	0	-	0
Downward revaluation at 31 December	0	0	0
Book value at 31 December	6	6	1
Book value at 1 January	4	6	6
Most recent property value (public valuation)	6	6	2

Notes

Note 19 Other assets

(DKKm)	2004	1 Jan 2005	2005
Positive market value of derivatives	0	0	0
Interest receivable on mortgage loans etc included in the calculation of statutory balance between mortgage loans and mortgage bonds in issue	1,423	1,446	168
Interest receivable on bonds etc	22	22	377
Other	12	10	37
Total	1,456	1,478	583

Note 20 Mortgage-backed bonds in issue

Mortgage-backed bonds in issue			
Mortgage-backed bonds in issue at 1 January (nominal value)	162,868		172,808
Additions	64,344		155,597
Foreign exchange revaluations	-4		17
Scheduled payments and notified prepayments	22,638		57,554
Redemptions and other prepayments	31,762		49,661
Mortgage-backed bonds in issue at 31 December (nominal value)	172,808	172,808	221,207
Adjustment at fair value		1,083	-1,053
Own mortgage bonds at fair value offset		-1,705	-36,350
Mortgage bonds in issue at 31 December at fair value	172,808	172,186	183,804
Of which pre-issued (nominal value)	2,045	2,045	10,893
Drawn for redemption at next payment date (nominal value)	7,367	7,367	9,871

Note 21 Other liabilities

Negative market value of derivatives	2	2	-
Interest payable on mortgage bonds in issue	4,675	4,672	3,098
Other interest and commissions payable	30	30	36
Other	25	43	162
Total	4,731	4,746	3,296

Note 22 Sale and repurchase transactions and purchase and resale transactions

Of the below assets purchase and resale transactions amount to:

Balances due from credit institutions and central banks	2,046	2,046	2,122
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Of the below liabilities sale and repurchase transactions amount to:

Balances due to credit institutions and central banks	1,718	1,718	10,769
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Assets sold as part of sale and repurchase transactions:

Assets			
Bonds	1,691	1,691	10,592
Mortgage bonds offset against mortgage bonds in issue	-	1,691	10,592

Purchase and resale transactions	-	-	-
Sale and repurchase transactions	-	-	-

Credit risk

Note 23 Mortgage loan portfolio by property category (nominal values)

	2004	1 Jan 2005	2005
Percentage breakdown			
Owner-occupied housing	77	77	75
Holiday homes	3	3	4
Subsidised housing	0	0	0
Private rental property	3	3	4
Commercial property	1	1	1
Office and retail property	3	3	4
Agricultural property etc	12	12	12
Property for social, cultural and educational purposes	0	0	0
Other property	0	0	0
Total	100	100	100

Note 24 Provisions for individually assessed loans

Accumulated provisions at 1 January	6	6	6
Movements during the year:			
- Provisions and value adjustments during the year	3	-	2
- Reversals of provisions made in previous financial years	3	-	2
- Previous provisions now written off	0	-	2
Total	6	6	4
Loans at fair value - before provisions and value adjustments	18	18	16
Loans at fair value - after provisions and value adjustments	12	12	12

Note 25 Provisions for groups of loans

Accumulated provisions at 1 January	-	-	-
Movements during the year:			
- Provisions and value adjustments during the year	-	-	-
- Reversals of provisions made in previous financial years	-	-	-
- Previous provisions now written off	-	-	-
Total	-	-	-
Loans at fair value - before provisions and value adjustments	-	-	-
Loans at fair value - after provisions and value adjustments	-	-	-

Note 26 Provisions for other balances due from credit institutions and other items with credit risk

Accumulated provisions at 1 January	1	0	0
Movements during the year:			
- Provisions and value adjustments during the year	0	-	1
- Reversals of provisions made in previous financial years	0	-	0
- Previous provisions now written off	1	-	0
Total	0	0	1
Loans at fair value - before provisions and value adjustments	2	2	4
Loans at fair value - after provisions and value adjustments	2	2	3

Liquidity risk

Note 27 Maturity by remaining term to maturity

(DKKm)	2004	1 Jan 2005	2005
Balances due from credit institutions and central banks			
Balances at call	930	930	1,566
At up to 3 months' notice	24,608	24,608	6,425
At more than 3 months' and up to 1 year's notice	-	-	-
At more than 1 year's and up to 5 years' notice	-	-	-
At more than 5 years' notice	-	-	-
Total	25,538	25,538	7,991
Loans			
At call	122	122	127
At up to 3 months' notice	2	2	5
At more than 3 months' and up to 1 year's notice	387	393	212
At more than 1 year's and up to 5 years' notice	3,709	3,762	4,508
At more than 5 years' notice	155,248	156,250	185,198
Total	159,468	160,529	190,050
Balances due to credit institutions and central banks			
Balances at call	-	-	173
At up to 3 months' notice	1,718	1,718	10,770
At more than 3 months' and up to 1 year's notice	-	-	-
At more than 1 year's and up to 5 years' notice	-	-	-
At more than 5 years' notice	-	-	-
Total	1,718	1,718	10,943
Mortgage bonds in issue			
Maturing within 3 months	38,011	38,019	29,224
Maturing between 3 months and 1 year ahead	12,992	13,200	3
Maturing between 1 year and 5 years ahead	2,109	2,160	10,198
Maturing after 5 years	119,696	118,807	144,379
Total	172,808	172,186	183,804

Intragroup transactions

Note 28 Intragroup transactions

(DKKm)	2004	1 Jan 2005	2005
Intragroup transactions of major importance and intragroup transactions with a value exceeding DKK 1,000,000 are the following:			
Interest income			
Interest on balances due from credit institutions	308		481
Forward premium on derivatives	30		81
Interest expenses			
Interest on balances due to credit institutions	36		102
Fee and commission expenses			
Guarantee commissions etc	317		377
Brokerage	65		120
Securities and foreign exchange income			
Revaluation of derivatives	5		23
Staff costs and administrative expenses			
IT expenses	11		16
Other administrative expenses	5		6
Other operating expenses			
Systems development costs	20		29
Rent	10		10
Internal audit	1		1
Assets			
Balances due from credit institutions	3,073	3,073	3,690
Interest receivable	21	21	1
Liabilities			
Balances due to credit institutions	1,718	1,718	10,943
Value of derivatives	2	2	-
Salaries payable	6	6	6
IT expenses payable	4	4	4
Guarantees			
Nordea Kredit's parent company, Nordea Bank Danmark A/S, provides on an ongoing basis 5- and 10-year guarantees to cover the top 25% of the principal of mortgage loans disbursed	34,241	34,241	46,134

Nordea Bank Danmark A/S has furthermore provided guarantees relating to registration with the Land Registry, loans disbursed ahead of building start as well as other statutory guarantees.

A large portion of the mortgage loans generated by Nordea Kredit is disbursed through Nordea Bank Danmark A/S. Nordea Bank Danmark A/S has acted as intermediary for a number of securities and financial instruments during the year.

All salaries and pension contributions are managed by Nordea Bank Danmark A/S.

Nordea Kredit Realkreditatieselskab

Statement by the Board of Directors and the Executive Management

We have today presented the annual report of Nordea Kredit Realkreditatieselskab.

The annual report has been presented in accordance with the Danish Financial Business Act. We consider the accounting policies applied appropriate so that the annual report gives a true and fair view of the company's assets and liabilities, financial position at 31 December 2005 and of the results of the company's operations and cash flows for the financial year 2005.

We propose to the Annual General Meeting that the annual report should be adopted.

Copenhagen, 22 February 2006

Board of Directors

Jørn Kr. Jensen
(Chairman)

Michael Rasmussen
(Deputy Chairman)

Peter Lybecker

Jørgen Holm Jensen

Jesper Christiansen

Executive Management

Palle O. Nielsen
(Chairman)

Michael Jensen

Auditors' report

Auditors appointed by the Annual General Meeting

To the shareholders of Nordea Kredit Realkreditaktieselskab

We have audited the annual report of Nordea Kredit Realkreditaktieselskab for the financial year 2005, prepared in accordance with the Danish Financial Business Act.

The annual report is the responsibility of the company's Board of Directors and Executive Management. Our responsibility is to express an opinion on the annual report based on our audit.

Basis of opinion

We conducted our audit in accordance with Danish Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual report. An audit also includes assessing the accounting policies used and significant estimates made by the Board of Directors and the Executive Management, as well as evaluating the overall annual report presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not given rise to qualifications.

Opinion

In our opinion, the annual report gives a true and fair view of the company's assets, liabilities and financial position at 31 December 2005 and of the results of the company's operations and cash flows for the financial year 2005 in accordance with the Danish Financial Business Act.

Copenhagen, 22 February 2006

KPMG C. Jespersen
Statsautoriseret Revisionsinteressentskab

Finn L. Meyer
State-Authorised
Public Accountant

Anders Duedahl Olesen
State-Authorised
Public Accountant

Company information

Company name

Nordea Kredit Realkreditaktieselskab
Trommesalen 4
0900 Copenhagen C
Bus reg no 15134275 Copenhagen

Board of Directors

Jørn Kristian Jensen (Chairman)

Appointed 1993. Born 1946. Holder of a diploma in Specialised Business Studies. A member of the Executive Management of Nordea Bank Danmark A/S. External appointments: Chairman of the board of directors of LR Realkredit AS and deputy chairman of the board of directors of the Employers' Association for the Financial Sector and a member of the boards of directors of PBS A/S, PBS Holding A/S, PBS International Holding A/S, PBS International A/S, Multidata Holding A/S, Multidata A/S, Ejendomsselskabet Lautrupbjerg A/S, FUHU and Niels Brock Copenhagen Business College. Internal appointments: A member of the Boards of Directors of DanBolig A/S, Nordea Pension Danmark, Livsforsikringsselskab A/S and Pensionskassen for direktører i Sparekassen SDS (under afvikling).

Michael Rasmussen (Deputy Chairman)

Appointed 2000. Born 1964. MSc(Econ). A member of the Executive Management of Nordea Bank Danmark A/S. External appointments: A member of the boards of directors of LR Realkredit AS, the Danish Trade Council, the Industrialisation Fund for Developing Countries, the Investment Fund for Central and Eastern Europe and the Investment Fund for Emerging Markets. Internal appointments: Chairman of the Board of Directors of Dansk Ejendomsfond I A/S and a member of the Boards of Directors of Nordea Finans Danmark A/S, Nordea Finans Sverige AB, Nordea Finans Finland Ab and Nordea Pension Danmark, Livsforsikringsselskab A/S.

Peter Lybecker

Appointed 2000. Born 1953. MSc(Econ). A member of the Executive Management of Nordea Bank Danmark A/S. External appointments: Deputy chairman of the boards of directors of PBS Holding A/S, PBS A/S, PBS International A/S, PBS International Holding A/S, Multidata Holding A/S, Multidata A/S and Ejendomsselskabet Lautrupbjerg A/S. Chairman of the board of the Copenhagen Institute for Futures Studies and The Friends of the Danish Museum of Art & Design. A member of the Danish Securities Council and of the Insead International Council and of the board of directors of the Danish Museum of Art & Design.

Jesper Klaus Christiansen

Appointed 2000. Born 1963. MSc(Econ). Managing Director in Nordea Bank Danmark A/S.

Jørgen Holm Jensen

Appointed 2003. Born 1955. Holder of a diploma in Specialised Business Studies. Executive Vice President in Nordea Bank Danmark A/S. External appointments: A member of the credit council of the Danish Bankers Association.

Executive Management

Palle O. Nielsen (Chairman)
Michael Jensen

Internal auditors

Ane Marie Christensen, Chief Auditor

Auditor appointed by the Annual General Meeting

KPMG
Statsautoriseret Revisionsinteressentskab

Stock exchange announcements in 2005

During 2005 Nordea Kredit has published the information stated in the below list. The full wording of the information mentioned may be obtained by contacting Nordea Kredit. In addition, Nordea Kredit has on an ongoing basis published information about outstanding bonds pursuant to the disclosure requirements of the Copenhagen Stock Exchange's rules on the issuance of listed bonds.

28 January	Financial calendar for Nordea Kredit
21 February	Notice of the (Annual) General Meeting
23 February	Annual Report
28 February	Minutes of the (Annual) General Meeting
25 April	New type of capped adjustable-rate mortgages from Nordea Kredit
28 April	New type of capped adjustable-rate mortgage from Nordea Kredit (detailed)
30 June	Base Prospectus
15 August	Notice of (Extraordinary) General Meeting
23 August	Minutes of (Extraordinary) General Meeting
24 August	Interim Report
7 September	Supplement to Base Prospectus
27 September	Determination of coupons applicable from 1 October
23 November	Auction of bonds in Nordea Kredit
28 November	Change to management/audit
29 November	Final bond terms – new security IDs
1 December	Bond auction – details about dates and securities
9 December	Result of auction

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