



Annual Report 2006
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 10 million customers, more than 1,100 branch offices and a leading netbanking position with 4.6 million e-customers. The Nordea share is listed on the stock exchanges in Stockholm, Helsinki and Copenhagen.

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- **Profit for the year of DKK 880m before tax**
- **Increase in lending of DKK 31bn**
- **Total lending of DKK 222bn**
- **Market share continues to increase**
- **Income/cost ratio improved by 50% since 2002**

Nordea Kredit Realkreditaktieselskab posted a profit for the year of DKK 880m before tax. After tax the profit was DKK 633m since tax is recognised in the annual report as it was in the annual report for 2005. In previous years the tax expense was paid by Nordea Bank Danmark A/S in accordance with the current rules on joint taxation.

The substantial growth in lending, almost on a par with the growth in 2005, was achieved despite a lower level of activity than in the previous year. While 2005 was characterised by very high mortgage refinancing activity, traditional refinancing activities have by and large not taken place in 2006 due to the development in interest rates. As a result activity-related fees and commissions fell by approximately DKK 140m.

Due to increasing short-term interest rates during 2006 the return on investment was DKK 361m against DKK 293m in 2005. Nordea Kredit is still only exposed to negligible interest rate risks.

Expenses increased by approximately 3% compared to the previous year. The income/cost ratio of 5.64 – an increase of approximately 50% since 2002 – reflects the ongoing improvement of efficiency in Nordea Kredit, among other things, as a result of the implementation of Lean.

Total loan losses were DKK 5m compared with DKK 2m in the previous year. The increase in loan losses concerns one single commitment.

During the year Nordea Kredit repossessed 3 properties and sold 6. At 31 December the portfolio of repossessed properties was 1, booked at DKK 0.6m.

The share capital was increased by DKK 154m at a price of DKK 649 per share on 30 October 2006, bringing the total capital ratio, including the profit for the year, to 10.1% at the end of 2006 against the statutory minimum of 8%.

Nordea Kredit – five-year financial summary

	2002	2003	2004	2005	2006
Income statement (DKKm)					
Net interest and fee income	537	749	769	1,022	1,043
Securities and foreign exchange income	-2	-11	-1	-44	26
Staff costs and administrative expenses	144	145	148	178	183
Loan losses	2	6	1	2	5
Profit on shares in associated and group undertakings	0	-	-2	-	0
Profit for the year before tax	389	585	616	798	880
Profit for the year after tax	389	585	616	575	633
Balance sheet at 31 December (DKKm)					
Total assets	140,242	189,167	188,169	208,499	218,442
Total loans	116,250	139,384	159,468	190,050	215,484
Mortgage loans at nominal value	116,139	139,244	159,339	190,843	221,791
Shareholders' equity	5,824	7,534	8,900	10,225	11,858
Ratios and key figures					
Total capital ratio, including profit for the year (%)	9.4	10.0	10.4	9.9	10.1
Tier 1 capital ratio, including profit for the year (%)	9.4	10.0	10.4	9.9	10.1
Pre-tax return on equity (%)	6.9	8.8	7.5	8.3	8.0
Post-tax return on equity (%)	6.9	8.8	7.5	6.0	5.7
Income/cost ratio	3.65	4.82	5.07	5.43	5.64
Foreign exchange exposure as % of tier 1 capital	0.2	0.1	0.0	0.0	0.1
Loans/shareholders' equity	20.0	18.5	17.9	18.6	18.2
Lending growth for the year (%)	16.2	19.9	14.4	19.8	16.2
Impairment ratio for the year (%)	0.0	0.0	0.0	0.0	0.0
Average number of employees	119	123	124	130	131

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.

Results in the second half-year exceeded the expectations announced in connection with the release of the interim report for the first half of 2006, mainly as a result of rising short-term interest rates, leading to an increased return on investment.

Lending

In 2006 lending increased by DKK 31bn, or more than 16%, to a total of DKK 221.8bn.

Lending for residential properties and holiday homes was DKK 171.1bn at the end of 2006, an increase of DKK 21.8bn compared to 2005. Commercial property lending increased from DKK 41.5bn at the end of 2005 to DKK 50.7bn at the end of 2006. Of this figure loans for agricultural properties accounted for DKK 25.8bn at the end of 2006 against DKK 22.1bn in 2005.

At the year-end total lending by Nordea Kredit accounted for 11.9% of total mortgage lending in Denmark, an increase of 0.6% 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 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 for 2007 was fixed at 4.11% compared to 2.89% in 2006. Other adjustable-rate mortgages were refinanced at a one-day auction.

Although the interest rate increased significantly, 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 2007

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

Results for 2007 are expected to exceed results for 2006 by approximately DKK 100m – assuming an unchanged interest rate level.

Annual General Meeting

The Board of Directors will propose to the Annual General Meeting, which will be held on 9 March 2007 in Copenhagen, that the profit for the year after tax of DKK 633m should be transferred to equity and that no dividend should be paid for 2006.

Nordea Kredit expects to announce its half-year results on 19 July 2007.

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 etc (the Executive Order), the Copenhagen Stock Exchange's rules on the issuance of listed bonds, and generally accepted accounting principles.

No changes have been made to the accounting policies compared to the annual report for 2005.

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.

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.

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 official closing rate of the Danish central bank at the

balance sheet date, and all adjustments resulting from changes in the exchange rate are recognised in the income statement.

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.

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.

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.

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).

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.

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.

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.

Income statement

(DKK m)	Note	2005	2006
Interest income	3	9,460	9,557
Interest expenses	4	8,216	8,166
Net interest income		1,244	1,391
Dividend income		1	1
Fee and commission income	5	362	221
Fee and commission expenses	6	585	570
Net interest and fee income		1,022	1,043
Securities and foreign exchange income	7	-44	26
Other operating income		0	0
Staff costs and administrative expenses	8,9	178	183
Amortisation, depreciation and impairment charges of intangible and tangible assets		0	1
Other operating expenses		0	0
Loan losses	25 26 27	2	5
Profit on shares in associated and group undertakings	10	-	0
Profit before tax		798	880
Tax	11	223	247
Profit for the year		575	633
Distribution of profit			
Profit for the year		575	633
Total amount available for distribution		575	633
Transfer to shareholders' equity	1	575	633
Total distribution of amount available		575	633

Balance sheet at 31 December

(DKKm)	Note	2005	2006
Assets			
Cash and balances with central banks		0	0
Balances due from credit institutions and central banks	12, 22, 28	7,991	2,798
Loans and receivables at fair value	13, 24, 25, 26, 28	190,044	215,478
Loans and receivables at amortised cost	13, 27	7	6
Bonds at fair value	14	9,842	-
Shares etc	15	6	7
Shares in associated undertakings	16	0	1
Intangible assets		21	36
Other tangible assets	17	4	4
Temporarily repossessed assets	18, 27	1	1
Other assets	19, 27	583	111
Total assets		208,499	218,442
Liabilities and equity			
Liabilities			
Balances due to credit institutions and central banks	22, 28	10,943	14,428
Mortgage bonds in issue at fair value	20, 28	183,804	188,872
Current tax liabilities		217	243
Other liabilities	21	3,296	3,026
Deferred income		9	6
Total liabilities		198,269	206,575
Provisions			
Provisions for deferred tax		5	9
Total provisions		5	9
Shareholders' equity			
Share capital		1,563	1,717
Share premium account		-	0
Retained earnings		8,663	10,141
Total shareholders' equity	1, 2	10,225	11,858
Total liabilities and equity		208,499	218,442
Off-balance-sheet items and contingent liabilities			
Guarantees etc		0	0
Total off-balance-sheet items and contingent liabilities		0	0

Cash flow statement

(DKK m)	2005	2006
Operating activities		
Profit for the year before tax	575	633
Adjustment for amounts in the profit for the year with no effect on cash flow:		
Loan losses	0	4
Amortisation, depreciation and impairment charges of intangible and other tangible assets	1	1
Depreciation and impairment charges of temporarily repossessed assets	0	0
Revaluation of shares in associated and group undertakings	-1	-1
Deferred income (net)	-3	-4
Calculated tax on the profit for the year	223	247
	794	880
Working capital		
Loans and receivables at fair value	-29,521	-25,440
Loans and receivables at amortised cost	0	1
Other assets	895	473
Balances due to credit institutions and central banks	9,225	3,485
Mortgage bonds in issue at fair value	11,618	5,068
Other liabilities	-1,451	-269
Corporation tax paid, net	0	-217
Net cash inflow/(outflow) from operating activities	-8,440	-16,019
Investing activities		
Bonds at fair value	-9,842	9,842
Shares etc	2	0
Shares in associated undertakings	0	0
Other tangible and intangible assets	-21	-16
Temporarily repossessed assets	4	1
Net cash inflow/(outflow) from investing activities	-9,857	-9,827
Financing		
Proceeds from share issue	750	1,000
Net cash inflow/(outflow) from financing	750	1,000
Increase/(decrease) in cash and cash equivalents	-17,547	-5,192
Cash and cash equivalents at 1 January	25,538	7,991
Cash and cash equivalents at 31 December	7,991	2,798

Change in securities holdings include unrealised gains.

Notes

Note 1 Shareholders' equity

(DKKm)	2005	2006
Share capital at 1 January	1,438	1,563
Increase in share capital	125	154
Share capital at 31 December	1,563	1,717
Share premium account at 1 January	4,221	-
Increase in share capital	-	-
Other disposals	- 4,221	-
Share premium account at 31 December	-	-
Statutory reserves	-	-
Additions for the year	-	0
Statutory reserves	-	0
Retained earnings at 1 January	3,241	8,663
Change to accounting policies	0	-
Increase in share capital	625	846
Other additions	4,221	-
Profit for the year	575	632
Retained profits at 31 December	8,663	10,141
Total shareholders' equity at 31 December	10,225	11,858

The company's share capital consists of 17,172,500 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)	10,225	11,858
Deductions for:		
Intangible assets	21	36
Capital base (Tier 1 capital after deductions)	10,204	11,823
Risk-weighted amounts not part of the trading portfolio, including off-balance-sheet items	103,016	116,154
Risk-weighted amounts with market risk	7	17
Total risk-weighted amounts	103,023	116,171
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%.	9.9	10.1
Tier 1 capital ratio (%)	9.9	10.1

Notes

Note 3 Interest income

(DKKm)	2005	2006
Balances due from credit institutions and central banks	481	549
Loans and receivables	7,985	7,960
Reserve fund fees receivable	871	1,016
Bonds	28	1
Total derivatives	81	21
Foreign exchange derivatives	-	-
Interest rate derivatives	81	21
Other interest income	14	10
Total	9,460	9,557

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

Balances due from credit institutions and central banks	455	459
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Note 4 Interest expenses

Credit institutions and central banks	102	174
Mortgage bonds in issue	8,114	7,987
Other interest expenses	-	5
Total	8,216	8,166

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

Balances due to credit institutions and central banks	99	91
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Note 5 Fee and commission income

Loan processing fees etc	222	133
Brokerage receivable from customers	135	80
Other fees	5	8
Total	362	221

Note 6 Fee and commission expenses

Guarantee commissions etc payable to Nordea Bank Danmark A/S	377	444
Brokerage payable to Nordea Bank Danmark A/S	120	70
Other fees and commissions	88	56
Total	585	570

Note 7 Securities and foreign exchange income

Mortgage loans	865	-3,450
Bonds	-14	-1
Shares etc	1	1
Currencies	0	-0
Total derivatives	-23	-
Foreign exchange derivatives	-	-
Interest rate derivatives	-23	-
Mortgage bonds in issue	-873	3,475
Total	-44	26

Notes

Note 8 Staff costs and administrative expenses

(DKKm)	2005	2006
Salaries and emoluments to the Executive Management and the Board of Directors		
Executive Management	3	3
Total	3	3
Staff costs		
Salaries	62	63
Pension costs	6	6
Social security contributions	3	3
Payroll tax	6	6
Total	76	78
Other administrative expenses	99	102
Total staff costs and administrative expenses	178	183

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	0
Loans to the Board of Directors are granted on market terms at average annual interest rates	2.9%	4.0%

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	0
	-	-

Note 9 Number of employees etc

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

	130	131
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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	-	0
Total	-	0

Notes

Note 11 Tax

For 2004 and earlier the company was jointly and severally liable together with the other jointly taxed companies.

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 9.2m 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 243.5m.

(DKKm)	2005	2006
Current tax on the profit for the year	217	243
Change in deferred tax	6	4
Adjustment of tax for previous years	-	0
Total	223	247
Tax rate applied	28	28

Note 12 Balances due from credit institutions and central banks

Balances at notice due from central banks	4,300	0
Balances due from credit institutions	3,691	2,798
Total	7,991	2,798

Note 13 Loans and receivables

Mortgage loans		
Mortgage loan portfolio at 1 January	159,345	190,846
New loans (gross new lending)	105,205	67,943
Foreign exchange revaluations	17	-4
Redemptions and prepayments	71,091	33,206
Net new lending	34,131	37,733
Scheduled principal payments	2,630	3,780
Mortgage loan portfolio at 31 December – total nominal value	190,846	221,799
Adjustment for interest rate risk etc – fair value	-927	-6,362
Adjustment for credit risk	-4	-8
Mortgage arrears and execution levied against debtors' properties	129	49
Mortgage loan portfolio – total fair value	190,044	215,478
Other loans	7	6
Total loans and receivables	190,050	215,484
Mortgage arrears before provisions	127	49
Execution levied against debtors' properties before provisions	2	0
Provisions for mortgage arrears and execution levied against debtors' properties	-	-
Total mortgage arrears and execution levied against debtors' properties	129	49
Mortgage arrears mid-January following year	11	13

Notes

Note 14 Bonds at fair value

(DKKm)	2005	2006
Other mortgage bonds	9,842	-
Own mortgage bonds	36,350	51,482
Own mortgage bonds offset against mortgage bonds in issue	-36,350	-51,482
Total	9,842	-

Note 15 Shares etc

Unlisted shares recognised at fair value	6	7
Total	6	7

Note 16 Shares in associated undertakings

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

Realkreditnettet Holding A/S, Copenhagen. Services to mortgage lenders, among others. Shareholding of 20.25%. Equity of DKK 82m and a loss of DKK 919k, see the most recent annual financial statements for 2005.

Note 17 Other tangible assets

Total cost of acquisition at 1 January	5	7
Additions	3	2
Disposals	1	1
Total cost of acquisition at 31 December	7	8
Downward revaluation at 1 January	3	3
Depreciation charge for the year	1	2
Impairment charge for the year	-	-
Downward revaluation written back	1	1
Downward revaluation at 31 December	3	4
Book value at 31 December	4	4
Book value at 1 January	2	4
Full depreciation charge in the year of acquisition for machinery and equipment	2	2

Notes

Note 18 Temporarily repossessed assets

(DKKm)	2005	2005
Total cost of acquisition at 1 January	6	1
Additions	9	2
Disposals	14	2
Total cost of acquisition at 31 December	1	1
Downward revaluation at 1 January	0	0
Depreciation charge for the year	-	-
Impairment charge for the year	0	-
Downward revaluation written back	0	0
Downward revaluation at 31 December	0	-
Book value at 31 December	1	1
Book value at 1 January	6	1
Most recent property value (public valuation)	2	1

Note 19 Other assets

Positive market value of derivatives	0	-
Interest receivable on mortgage loans etc included in the calculation of statutory balance between mortgage loans and mortgage bonds in issue	203	110
Interest receivable on bonds etc	377	0
Other	3	11
Total	583	111

Note 20 Mortgage-backed bonds in issue

Mortgage-backed bonds in issue		
Mortgage-backed bonds in issue at 1 January (nominal value)	172,808	221,207
Additions	155,597	120,581
Foreign exchange revaluations	17	-4
Scheduled payments and notified prepayments	57,554	17,724
Redemptions and other prepayments	49,661	77,260
Mortgage-backed bonds in issue at 31 December (nominal value)	221,207	246,800
Adjustment at fair value	-1,053	-6,446
Own mortgage bonds at fair value offset	-36,350	-51,482
Mortgage bonds in issue at 31 December at fair value	183,804	188,872
Of which pre-issued (nominal value)	10,893	13,908
Drawn for redemption at next payment date (nominal value)	9,871	1,144

Note 21 Other liabilities

Negative market value of derivatives	0	-
Interest payable on mortgage bonds in issue	3,098	2,838
Other interest and commissions payable	36	40
Other	162	148
Total	3,296	3,026

Notes

Note 22 Sale and repurchase transactions and purchase and resale transactions

(DKKm)	2005	2006
Of the below assets purchase and resale transactions amount to:		
Balances due from credit institutions and central banks	2,122	2,179
Of the below liabilities sale and repurchase transactions amount to:		
Balances due to credit institutions and central banks	10,769	14,327
Assets sold as part of sale and repurchase transactions:		
Assets		
Bonds	10,592	13,835
Mortgage bonds offset against mortgage bonds in issue	10,592	13,835
Purchase and resale transactions	-	-
Sale and repurchase transactions	-	-

Note 23 Financial market risks

Nordea Kredit is exposed to negligible interest rate and currency risks.

During 2006 Nordea Kredit's interest rate risk, measured at a one percentage point increase in interest rates, was between DKK 4.3m (2005: DKK 3.6m) and DKK 11.4m (2005: DKK 16.9m). At the end of 2006 the interest rate risk was DKK 4.3m concerning the interest rate risk in respect of mortgage credit activities and other market risks. (End-2005: DKK 3.6m).

The currency risk, measured at VaR, which is defined as the maximum loss with a probability of 99 % within ten days, was between DKK 5.5k (2005: DKK 0.6k) and DKK 30k (2005: DKK 24.8k). At the end of 2006 the currency risk was DKK 19k (end-2005: DKK 5.5k).

	2005 Nominal value	2005 Net market value	2006 Nominal value	2006 Net market value
Derivatives				
Interest rate derivatives, forward bought	142	0	-	-
Foreign exchange derivatives	-	-	-	-

At 31 December 2005 and 2006 there were no spot transactions.

Credit risk

Note 24 Mortgage loan portfolio by property category (nominal values)

(DKKm)	2005	2006
Percentage breakdown		
Owner-occupied housing	75	73
Holiday homes	4	4
Subsidised housing	0	0
Private rental property	4	4
Commercial property	1	2
Office and retail property	4	5
Agricultural property etc	12	12
Property for social, cultural and educational purposes	0	0
Other property	0	0
Total	100	100

Note 25 Provisions for individually assessed loans

Accumulated provisions at 1 January	6	4
Movements during the year:		
- Provisions and value adjustments during the year	2	8
- Reversals of provisions made in previous financial years	2	3
- Previous provisions now written off	2	1
Total	4	8
Loans at fair value - before provisions and value adjustments	16	31
Loans at fair value - after provisions and value adjustments	12	23

Note 26 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 27 Provisions for other balances due from credit institutions and other items with credit risk

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

Liquidity risk

Note 28 Maturity by remaining term to maturity

(DKKm)	2005	2006
Balances due from credit institutions and central banks		
Balances at call	1,566	619
At up to 3 months' notice	6,425	2,179
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	7,991	2,798
Loans		
At call	127	49
At up to 3 months' notice	5	-
At more than 3 months' and up to 1 year's notice	212	5
At more than 1 year's and up to 5 years' notice	4,508	165
At more than 5 years' notice	185,198	215,263
Total	190,050	215,482
Balances due to credit institutions and central banks		
Balances at call	173	101
At up to 3 months' notice	10,770	14,327
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	10,943	14,428
Mortgage bonds in issue		
Maturing within 3 months	29,224	20,008
Maturing between 3 months and 1 year ahead	3	181
Maturing between 1 year and 5 years ahead	10,198	12,012
Maturing after 5 years	144,379	156,671
Total	183,804	188,872

Intragroup transactions

Note 29 Intragroup transactions

(DKKm)	2005	2006
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	481	549
Forward premium on derivatives	81	21
Interest expenses		
Interest on balances due to credit institutions	102	174
Fee and commission expenses		
Guarantee commissions etc	377	444
Brokerage	120	70
Securities and foreign exchange income		
Revaluation of derivatives	23	-
Staff costs and administrative expenses		
IT expenses	16	37
Other administrative expenses	6	5
Systems development costs	29	18
Rent	10	9
Internal audit	1	1
Assets		
Balances due from credit institutions	3,690	2,798
Interest receivable	1	0
Liabilities		
Balances due to credit institutions	10,943	1,428
Interest payable	10	17
Value of derivatives	0	-
Salaries payable	6	6
IT expenses payable	4	11
Guarantee commissions payable	36	40
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	46,134	53,742

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.

The majority 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 transactions during the year. Salaries and pension contributions are managed by Nordea Bank Danmark A/S. Intragroup balances are settled on market terms or on a cost basis. Loans to the associated undertaking Realkreditnettet A/S amounted to DKK 1.6m at the end of 2006. In 2006 there were no exceptional related party transactions.

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 2006 and of the results of the company's operations and cash flows for the financial year 2006.

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

Copenhagen, 21 February 2007

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

The independent auditors' report

To the shareholders of Nordea Kredit Realkreditaktieselskab

We have audited the annual report of Nordea Kredit Realkreditaktieselskab for the financial year 1 January – 31 December 2006, which comprises the statement by the Board of Directors and the Executive Management on the annual report, management's review, accounting policies, income statement, balance sheet, statement of changes in equity and notes. The annual report has been prepared in accordance with the Danish Financial Business Act.

The Board of Directors' and the Executive Management's responsibility for the annual report

The Board of Directors and the Executive Management are responsible for the preparation and fair presentation of this annual report in accordance with the Danish Financial Business Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and basis of opinion

Our responsibility is to express an opinion on this annual report based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Executive Management, as well as evaluating the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

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 2006 and of the results of the Company's operations for the financial year 1 January – 31 December 2006 in accordance with the Danish Financial Business Act.

Copenhagen, 21 February 2007

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, Multidata Holding A/S, Multidata A/S, Ejendomsselskabet Lautrupbjerg A/S, FUHU (The Danish Society for the Advancement of Business Education and Research) and Niels Brock Copenhagen Business College. Internal appointments: Acting Chairman of the Board of Directors of DanBolin A/S and Chairman of the Board of Directors of Pensionskassen for direktører i Sparekassen SDS (under afvikling) and a member of the Board of Directors of Nordea Pension Danmark, Livsforsikringselskab A/S.

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 OY and Nordea Pension Danmark, Livsforsikringselskab 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, Multidata Holding A/S, Multidata A/S and Ejendomselskabet 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. External appointments: A member of the Board of Directors of Pensionskassen for direktører i Sparekassen SDS (under afvikling).

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

The annual financial statements of the parent company are available on www.nordea.dk

Stock exchange announcements in 2006

During 2006 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.

26 January	Financial calendar for Nordea Kredit
22 February	Annual Report
22 February	Supplement to Base Prospectus
01 March	Notice of the (Annual) General Meeting
08 March	Minutes of the (Annual) General Meeting
17 March	Base Prospectus for bonds
28 March	Change of coupons applicable from 1 April
10 April	Final terms - new security IDs
28 June	Determination of coupons applicable from 1 July
13 July	Addition of security IDs to Base Prospectus
19 July	Interim Report
26 September	Determination of coupons applicable from 1 October
16 October	Notice of Extraordinary General Meeting on 26 October
26 October	Minutes of Extraordinary General Meeting
24 November	Bond auction
04 December	Publication of final terms of Nordea Kredit's Base Prospectus
06 December	Bond auction
15 December	Result of auction
22 December	Determination of coupons

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