



Annual Report 2008
Nordea Kredit Realkreditaktieselskab
Business registration number 15134275

Nordea's vision is to be the leading Nordic bank, acknowledged for its people, creating superior value for customers and shareholders. 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 around 10 million customers, approx. 1,400 branch offices and a leading netbanking position with 5.1 million e-customers. The Nordea share is listed on Nasdaq OMX Nordic in Stockholm, Helsinki and Copenhagen.

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Nordea Kredit

Five-year financial summary

	2008	2007	2006	2005	2004
Income statement (DKKm)					
Net interest and fee income	1,429	1,259	1,043	1,022	769
Securities and foreign exchange income	20	34	26	-44	-1
Staff costs and administrative expenses	187	179	183	178	148
Loan losses	25	-1	5	2	1
Profit on shares in associated and group undertakings	-3	19	0	-	-2
Profit for the year before tax	1,225	1,126	880	798	616
Profit for the year after tax	917	847	633	575	616
Balance sheet at 31 December (DKKm)					
Total assets	273,346	254,745	218,442	208,499	188,169
Total loans	265,422	240,200	215,484	190,050	159,468
Mortgage loans at nominal value	274,442	251,501	221,791	190,843	159,339
Shareholders' equity	13,624	12,706	11,858	10,225	8,900
Ratios and key figures					
Total capital ratio, including profit for the year (%)	9.7	9.9	10.1	9.9	10.4
Tier 1 capital ratio, including profit for the year (%)	10.0	10.0	10.1	9.9	10.4
Pre-tax return on equity (%)	9.3	9.2	8.0	8.3	7.5
Post-tax return on equity (%)	7.0	6.9	5.7	6.0	7.5
Income/cost ratio	6.57	7.05	5.64	5.43	5.07
Cost/income ratio (%)	15.2	14.2	17.7	18.4	19.7
Foreign exchange exposure as % of tier 1 capital	0.5	0.2	0.1	0.0	0.0
Loans/shareholders' equity	19.5	18.9	18.2	18.6	17.9
Lending growth for the year (%)	9.1	13.4	16.2	19.8	14.4
Impairment ratio for the year (%)	0.0	0.0	0.0	0.0	0.0
Average number of employees	130	126	131	130	124

Ratios and key figures have been computed in accordance with the Danish Financial Supervisory Authority's definitions.

Financial review

In a year characterised by market weakness Nordea Kredit has maintained its positive momentum. Highlights are:

- **Profit for the year of DKK 1,225m before tax**
- **Increase in lending of DKK 23bn**
- **Total lending of DKK 274.4bn**
- **Continued positive trend in market share**
- **Loan losses of DKK 25m**

Profit for the year

Nordea Kredit Realkreditaktieselskab posted a profit for the year of DKK 1,225m before tax, corresponding to an increase of some 9% compared to 2007. After tax the profit was DKK 917m.

The increased profit stems partly from the growth in the loan portfolio and partly from a higher return on investment.

Income in the form of reserve fund fees increased to DKK 1,246m in 2008, or DKK 112m more than in 2007 due to the growth in the loan portfolio of DKK 23bn. With the increase in lending, net fee expenses increased by DKK 34m, mainly attributable to additional guarantee commissions to Nordea Bank Danmark A/S.

The return on investment including securities and foreign exchange income was DKK 653m in 2008 compared to DKK 575m in 2007. This was due to the overall higher level of interest rates in 2008 and an average invested amount that was DKK 815m higher than in 2007.

Staff costs and administrative expenses increased to DKK 187m in 2008 compared to DKK 179m in 2007, chiefly due to expenses for planned IT development.

Loan losses amounted to DKK 25m compared to income of DKK 1m in 2007, corresponding to 0.007% of the loan portfolio.

The cost/income ratio increased to 15.2% in 2008 primarily as a result of provisions for groups of loans of DKK 19m. In 2007 the cost/income ratio was 14.2%.

Results for the second half-year 2008 correspond to the expectations announced in connection with the release of the interim report for the first half of 2008.

Balance sheet

Total assets rose by DKK 19bn in 2008 to DKK 273bn, corresponding to an increase of 7%. The growth in total assets was mainly driven by the growth in mortgage lending of DKK 22.9bn nominal, with DKK 10.3bn for residential properties and DKK 12.6bn for commercial and agricultural properties. At the year-end lending for residential properties represented 72% of the total loan portfolio, while lending for commercial and agricultural properties accounted for 28%.

At the year-end total lending by Nordea Kredit accounted for 12.5% of total mortgage lending in Denmark, an increase of 0.1% point compared to the previous year.

Capital and capital adequacy

After transfer of the profit for the year shareholders' equity at the end of 2008 is DKK 13.6bn, corresponding to a total capital ratio of 9.7% compared to the statutory minimum requirement of 8%.

Management changes

At an extraordinary general meeting on 2 July 2008 Anders Jensen, Head of Banking Denmark at Nordea, was appointed to the Board of Directors of Nordea Kredit. At the same time Jesper Christiansen, Executive Vice President, retired from the board.

New sector organisation

At the end of 2008 Nordea Kredit withdrew from the Association of Danish Mortgage Banks. Nordea Kredit and the mortgage institution Realkredit Danmark have formed a new sector organisation – the Danish Mortgage Banks' Federation.

Outlook for 2009

Given the current economic outlook for 2009 overall activity is expected to be below the level seen in 2008.

Higher loan losses should furthermore be expected.

However, Nordea Kredit expects continued lending growth and an increased market share. Changes in the level of interest rates in 2009 may lead to higher refinancing activity with an impact on activity levels.

Results for 2009 are expected to be in line with 2008.

Subsequent events

No events have occurred after the balance sheet date which may affect the assessment of the annual financial statements.

Annual General Meeting

The Board of Directors will propose to the Annual General Meeting, which will be held on 26 February 2009 in Copenhagen, that the profit for the year after tax of DKK 917m should be transferred to equity and that no dividend should be paid for 2008.

Nordea Kredit expects to announce its half-year results on 21 July 2009.

The property market

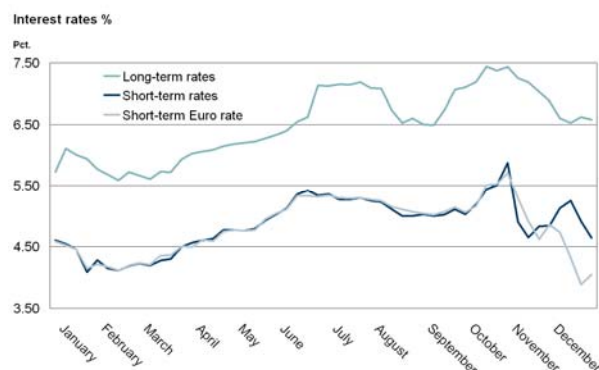
The economy

The property market in Denmark stagnated already towards the end of 2006 and the effect was exacerbated by the financial crisis which started in 2007. In the course of 2008 the severity of the financial crisis threatened the entire financial system.

So far the consequences have been substantial falls in equity prices and property prices, rising unemployment and an overall economic slowdown. In response to the crisis the authorities in many countries including Denmark introduced a number of wide-reaching measures in the autumn of 2008.

In Denmark the government introduced a number of measures with a guarantee for banks' unsecured creditors, including deposits and bank debt. In addition, monetary policy was eased to mitigate the effects of the financial crisis. This intervention affected the Danish mortgage bond market as yields on both long- and short-term bonds rose. In late October and early November pension funds and the Social Pension Fund were given better opportunities for investing in mortgage bonds, and this contributed to lower yields. At the same time interest rate expectations indicated further declines – primarily at the short end.

In November the Danish currency came under pressure and the Danish central bank had to widen the interest rate differential to the euro at the end of the year.



On 21 January 2009 the Danish government presented the L 102 draft legislation on the so-called Bank Package II, which includes government capital injections into banks and mortgage credit institutions. The proposed legislation was adopted in the beginning of February 2009.

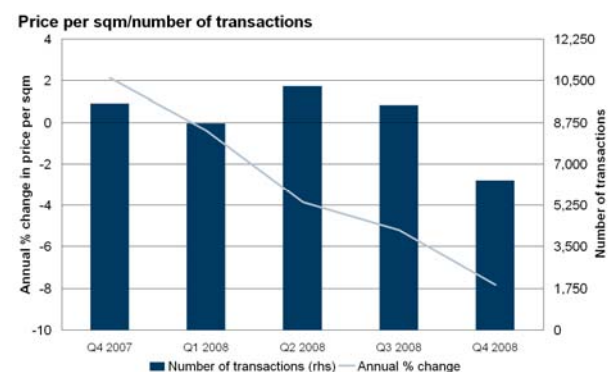
Property prices and market activity

In 2008 the property market continued the downward trend that began in late 2006 – with a decline in property prices and lower activity overall.

The average price per square metre for single-family and terraced houses was DKK 14,123 in the fourth quarter of 2007. During the quarter 9,550 properties were traded.

In the fourth quarter of 2008 the average price per square metre had declined by 7.8% to DKK 13,016. For the quarter the number of properties traded dropped by 34.0% to 6,304.

These averages mask considerable geographical differences, with notably prices in the greater Copenhagen area being hit by significant declines.



The mortgage market

Total lending by the mortgage sector measured by outstanding bond debt increased from DKK 2,036.1bn in 2007 to DKK 2,186.9bn at end-2008 – an increase of DKK 150.8bn or 7.4%.

Measured by market value net lending decreased by DKK 13.3bn or 7.7% from DKK 171.8bn in 2007 to DKK 158.5bn at the end of 2008.

This decline masks several factors, including a marked fall in net lending for residential properties and holiday homes from just over DKK 96.0bn in 2007 to DKK 67.9bn at the end of 2008. The falling activity levels in the housing market explain this decline.

Nordea Kredit's lending

At the end of 2008 total lending by Nordea Kredit at nominal value amounted to DKK 274.4bn. Residential properties (single-family and terraced houses, owner-occupied flats and holiday homes) accounted for DKK 199.5bn, agricultural properties for DKK 35.4bn and commercial properties for DKK 39.5bn.

Overall lending has increased by DKK 22.9bn (9.1%) compared to DKK 251.5bn in 2007 (Table 1).

Table 1: Lending for residential and commercial properties

DKKbn	2008	2007	Growth (%)
Owner-occupied housing *	199.5	189.2	5.4
Agricultural property	35.4	30.3	16.8
Commercial property	39.5	32.0	23.4
Total	274.4	251.5	9.1

* Comprises single-family and terraced houses, owner-occupied flats and holiday homes

An analysis by loan type shows that the share of notably interest-only bond loans and adjustable-rate mortgages has increased while the share of capped mortgages has decreased (Table 2).

Nordea Kredit's share of adjustable-rate mortgages has increased from 20.2% by end-2007 to 24.0% at the end of 2008. This is significantly below the percentage for the mortgage sector in general where adjustable-rate mortgages account for 40%.

Table 2: Lending by loan type

	2008		2007	
	DKKm	%	DKKm	%
Cibor/Euribor	21,460	7.8	14,907	5.9
Capped floaters, annuity	1,904	0.7	4,610	1.8
Capped floaters, interest-only	2,920	1.1	5,416	2.2
Adjustable-rate, annuity	28,231	10.3	24,890	9.9
Adjustable-rate, interest-only	37,635	13.7	26,005	10.3
Cash loans, fixed rate	6,420	2.3	6,706	2.7
Bond loans, annuity	84,805	30.9	89,125	32.5
Bond loans, interest-only	91,067	33.2	79,842	29.1
Total	274,442		251,501	

Market shares

Based on the increase in lending of DKK 22.9bn the market share held by Nordea Kredit rose from 12.4% in 2007 to 12.5% in 2008.

For residential properties and holiday homes the market share increased from 15.5% to 15.6%. For agricultural properties the market share increased from 13.4% to

14.2% and the market share for commercial properties rose from 9.3% to 9.9%.

Mortgage arrears and losses

Mortgage arrears rates reflect the financial situation of borrowers. The arrears rates recorded by Nordea Kredit are rising, albeit from historically low levels.

The arrears rate for the September 2008 payment date three months after the due date was only 0.36%. An increase has been ascertained during 2008 as the 3-month arrears rate was 0.10% at the beginning of the year.

Loss guarantees

To cover the top risk of a loan issued Nordea Kredit receives loss guarantees from the Nordea branch that originates the loan covering 25% of the cash value of the loan. For loans granted for non-profit housing, youth housing and housing for the elderly, the guarantee provided constitutes 10%.

If Nordea Kredit has several loans on the same property, the guarantees cover the top portion of the combined commitment. These guarantees ensure that Nordea Kredit rarely incurs losses on its loans. At the end of 2008 loss guarantees from Nordea Bank Danmark A/S comprised loans totalling approximately DKK 249bn. Of this amount bank guarantees covered a total of DKK 65bn.

Provisions for loan losses

Loan losses amounted to DKK 25m in 2008 after taking loss guarantees into account. Of the total loan loss amount of DKK 25m, provisions for groups of significant loans account for DKK 19m. The total loan losses of Nordea Kredit correspond to 0.007% of the loan portfolio. The quality of the loan portfolio thus remains very high.

Reposessed properties and losses

At the beginning of the year Nordea Kredit had a portfolio of two properties. During the year Nordea Kredit reposessed 23 properties and sold eight properties. At 31 December the portfolio of reposessed properties comprised 17 properties, booked at just under DKK 20m.

Bond issuance

Rating

The mortgage bonds issued by Nordea Kredit are rated by the rating agencies Moody's Investors Service and Standard & Poor's.

Mortgage bonds are issued in capital centre 1 as traditional mortgage bonds and in capital centre 2 as new covered mortgage bonds.

Bonds issued out of capital centre 1 as well as bonds issued out of capital centre 2 have been assigned the highest ratings of Aaa and AAA, respectively, by the two agencies.

Funding

Since the end of 2007 materially all new lending by Nordea Kredit – including the refinancing of adjustable-rate mortgages – has been financed through the issuance of covered mortgage bonds.

Gross new lending, new loans disbursed during the period before redemptions, amounted to DKK 59.9bn nominal in 2008. Of this amount Nordea Kredit financed DKK 55.8bn (93.1%) by means of covered mortgage bonds and DKK 4.1bn (6.9%) by means of traditional mortgage bonds.

Of its total loans of DKK 274.4bn, Nordea Kredit has financed DKK 177.6bn (64.7%) by traditional mortgage bonds and DKK 96.9bn (35.3%) by covered mortgage bonds.

At end-2008 the fair value of the total volume of bonds issued was DKK 230.2bn compared to DKK 211.8bn in 2007 computed after offsetting the portfolio of own bonds.

Nordea Kredit expects to publish an investor report including information on loan-to-value ratios sometime during 2009.

VP Lux

Bonds approved by the European Central Bank (ECB) in euros issued within the Euro zone are eligible as collateral with the ECB and may thus be used for obtaining liquidity from the ECB.

VP Securities Services (VP), the Danish securities clearing centre, established a subsidiary in Luxembourg (VP Lux S.à r.l.) in the middle of 2008, enabling Danish mortgage institutions to issue euro-denominated bonds in the Euro zone.

Nordea Kredit aims to create the best possible conditions for borrowers and investors. To achieve this targeted efforts were made throughout 2008 to set up the practical framework for issuance via VP Lux.

On 25 November 2008 these plans came to fruition as Nordea Kredit issued new bonds in euros in Luxembourg listed on NASDAQ OMX Copenhagen. The refinancing of adjustable-rate mortgages in euros with annual reset (F1) was thus completed with bonds issued in Luxembourg.

All new bonds issued in VP Lux were approved as eligible as collateral by the ECB on 19 December 2008. The actual use as collateral is expected to be in place in February 2009. At this time the ECB, the Danish central bank and others are expected to have resolved the practical handling procedures.

In line with other VP Lux issuers Nordea Kredit has provided a guarantee for the capital base of VP Lux of DKK 75m.

Refinancing

In the middle of the financial crisis as financial markets were highly uncertain, Danish mortgage institutions were to refinance adjustable-rate mortgages through the sale of bonds for around DKK 350bn in December 2008.

Nordea Kredit completed the refinancing of adjustable-rate mortgages in the period from 1 December to 12 December 2008, with total bond sales equivalent to DKK 54bn:

- 1-year bonds in Danish kroner at a 10-day auction (1-12 December)
- 1-year bonds in euros at a 5-day auction (8-12 December)
- other bonds at auctions on individual days in the period from 1 December to 12 December

After the December 2008 auction new interest rates for 2009 could be set. For 30-year annuity loans in Danish kroner with annual reset the interest rate for 2009 was set at 5.16% compared to 4.73% in 2008. At the auction the interest rate on a similar loan in euros was set at 4.17% for 2009 compared to 4.77% in 2008.

Capital management

Capital requirements

Nordea Kredit aims to attain the most efficient use of capital. Nordea Kredit reports risk-weighted assets according to applicable external Basel II requirements (the Capital Markets Directive), which stipulate the limits for the minimum capital (the capital requirement).

In 2007 Nordea Kredit received approval to report its capital requirement in accordance with the internal ratings-based (IRB) foundation approach for commitments with large enterprises and credit institutions, in line with Nordea. In December 2008 Nordea Kredit also received approval to report retail customers in accordance with the IRB approach.

In a transitional period a cap has been set on the capital reduction achievable compared to the capital requirement under the previous rules (Basel I). In 2008 this capital reduction cannot exceed 10%, rising to 20% in 2009. After this time no restrictions will apply once the rules are fully implemented in 2010.

Nordea Kredit follows the roll-out plan for Nordea.

Credit risk measurement

Rating and scoring are key components in the risk management framework for credit risk. The common denominator of the rating and scoring models is the ability to predict defaults and rank Nordea Kredit's customers. While the rating models are used for corporate customers and bank counterparties, scoring models are used for personal customers and small business customers.

The most important parameters when quantifying the credit risk are the probability of default (PD), the loss given default (LGD), and the exposure at default (EAD). The parameters are used for calculation of risk-weighted assets. In general, historical losses and defaults are used to calibrate the PDs attached to each rating grade. LGD is measured taking into account the collateral type and the counterparty's balance-sheet components.

Scoring models are pure statistical methods to predict the probability of customer default. The models are mainly used in the personal customer segment as well as for small corporate customers. Nordea Kredit collaborates with Nordea Bank Danmark A/S in utilising bespoke behavioural scoring models developed on internal data to support both the credit approval process and the risk management process.

As a complement to the ordinary credit risk quantification, comprehensive stress testing is performed at least annually in accordance with the

Basel II requirements (Internal Capital Adequacy Assessment Process, ICAAP), after which capital requirements are measured.

In light of the current capital base and implementation of the IRB models and the full rules under the Capital Requirement Directive, Nordea Kredit considers that it has a strong capital base.

Total capital ratio

At the end of 2008 the risk-weighted assets of Nordea Kredit amounted to DKK 132.7bn compared to DKK 125.4bn at the end of 2007, taking into account the transition rules.

With a capital base of DKK 12.9bn at the end of 2008 compared to DKK 12.4bn in 2007, the total capital ratio at end-2008 is 9.7% compared to 9.9% at the end of 2007.

Excluding the transition rules, the total capital ratio is 21.5% at the end of 2008 compared to 13.4% at end-2007.

Table 3: Risk-weighted assets and capital adequacy

DKKm	31 Dec 2008	31 Dec 2007
Tier 1 capital	13,229	12,520
Regulatory adjustment	354	144
Capital base	12,875	12,376
Total weighted assets incl transition rules	132,695	125,352
Total capital ratio incl transition rules	9.7	9.9
Total capital ratio excl transition rules	21.5	13.4
Tier 1 capital ratio incl transition rules	10.0	10.0
Tier 1 capital ratio excl transition rules	22.1	13.6

Market risk

Market risk is the risk of a loss in the market value of portfolios and financial instruments as a result of movements in financial market variables.

Nordea Kredit's most significant financial market risk is the interest rate risk associated with the investment of capital. In addition, Nordea Kredit has limited currency risk associated with exchange rate movements relating to its lending in euros. Nordea Kredit neither assumes equity risks nor option risks.

As lending activities are match-funded in terms of both interest rates and liquidity, only insignificant interest rate and liquidity risks arise relating to mortgage lending and the associated bond issuance.

The matched funding is undertaken on the basis of the statutory balance principle. For both capital centres Nordea Kredit applies the so-called specific balance principle.

Interest rate risk

Interest rate risk is measured as the loss on interest rate positions resulting from an overall shift in interest rates of 1% point. This risk is calculated for lending activities as well as for the investment of capital. For the lending activities the interest rate risk resulting from differences between incoming payments on loans and outgoing payments on mortgage bonds issued may not exceed 1% of the capital base, or DKK 129m. For the securities portfolio the interest rate risk may not exceed 8% of the capital base, or DKK 1,030m.

At year-end 2008 the total interest rate risk was just under DKK 6m compared to just over DKK 4m at the end of 2007.

Currency risk

Currency risk is measured by means of a statistical method expressed by a Value at Risk (VaR) measure based on the last two years' historical changes in market prices and rates with a holding period of 10 banking days and a probability of 99%. The legislative framework allows for a maximum currency risk of DKK 13m, corresponding to 0.1% of the capital base.

At end-2008 the currency risk amounted to DKK 134,000 compared to DKK 48,000 at the end of 2007, and relates solely to exposures in euros.

The Board of Directors of Nordea Kredit has defined the overall limits for allowed market risks for the company. These limits are significantly below the allowed statutory limits.

Risks are calculated, monitored and reported to the management of Nordea Kredit on an ongoing basis. Fluctuations in risks for the year are described in Note 22, Financial market risks.

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 NASDAQ OMX Copenhagen's rules on the issuance of listed bonds, and generally accepted accounting principles.

In 2008 the Danish Financial Supervisory Authority issued certain amendments to the Executive Order with effect on 1 January 2009. It is, however, voluntary whether these amendments are to be applied in the financial statements for 2008. Nordea Kredit has chosen to apply the amendments in the financial statements from 1 January 2009.

No changes have been made to the accounting policies compared to the annual report for 2007.

Comparative figures

Comparative figures for 2004 in the financial summary for Nordea Kredit have been prepared in accordance with the accounting policies then in force with respect to financial assets and liabilities, including mortgage loans, mortgage bonds in issue as well as the portfolio of own bonds and interest thereon. The previous accounting policies have been applied for the comparative figures for 2004 as it has not been practically possible to determine the correct fair value of financial assets and liabilities at year-end 2004.

Recognition and measurement in general

In the income statement income is recognised as earned, while expenses are recognised by the amounts that concern the financial year.

Fair value adjustment of mortgage loans and mortgage bonds in issue

Valuation of the balance sheet items, mortgage loans and mortgage bonds in issue, is made in accordance with the Executive Order at fair value and is a deviation from the rules in Article 42a of the Fourth Company Directive for the purpose of giving a true and fair view of the assets, liabilities and profit to avoid accounting mismatch.

The fair value of mortgage loans is based on the fair value of the underlying issued bonds and is adjusted for the credit risk associated with the borrower.

The fair value of mortgage bonds in issue is initially based on the NASDAQ OMX Copenhagen's closing prices of the bonds at year-end. Illiquid bonds as well as bonds for which notification has been given that the bonds will be drawn for redemption, are valued using a valuation model based on discounted cash flows.

The fair value adjustment is recognised in the income statement under Securities and foreign exchange result and as adjustment of the items Loans and receivables at fair value and Mortgage bonds in issue at fair value.

Provisions for loan losses

Nordea Kredit monitors loans and receivables on an individual and a group basis.

If objective indication is ascertained that a loan is impaired to the effect that the future expected payments are affected, a provision is made of the loan on an individual basis.

Objective indication is considered to have occurred if, for instance, the borrowers do not meet their payment obligation pursuant to the terms and conditions of the loan.

The provision is made if the present value of the estimated future payments of the loan is lower than the book value of the loan or receivable. The computation takes into account the realisable value of the security in the mortgaged properties and other security, if any.

Provisions for groups of loans comprise loans and other receivables with the exception of individually assessed loans and receivables.

Provisions for groups of loans are made on groups of loans and receivables with uniform characteristics as regards credit risk.

For each group it is assessed whether observable data exist that indicate a measurable decline in expected future payments from the group. The provision is subsequently made by any difference between the book value of the group and an estimated present value of the future payments fixed on the basis of historical loss experience.

Provisions for individual loans as well as for groups of significant loans are deducted from the asset item which the provision concerns and is charged to the item Loan losses in the income statement.

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 in the balance sheet 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.

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.

Balances due from credit institutions and central banks

Balances due from credit institutions and central banks mainly comprise reverse transactions, balances with credit institutions and deposits with central banks.

Reverse transactions are securities purchased under agreements to resell at a later date. 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 closing price of the NASDAQ OMX Copenhagen. If impairment of loans and receivables or a group hereof can be objectively identified, provisions for loan losses are made, corresponding to the impairment. Changes in fair value are recognised directly in the income statement.

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.

Shares and bonds

Shares and bonds must be initially measured at fair value. The fair value of listed shares and bonds is determined using the closing prices at the balance sheet date or, where such prices are not available, other published prices which are deemed to provide the best equivalent prices. Changes in fair value are recognised on a current basis and directly in the income statement.

The portfolio of own bonds is offset against the mortgage bonds in issue. Interest receivable on own bonds is similarly offset against interest payable under Other liabilities in the balance sheet.

The fair value of bonds drawn is measured as the present value of the bonds.

For shares and other financial instruments not listed on an exchange or for which market prices reflecting the value of the instrument are not available, the fair value is determined using recognised valuation methods.

Derivatives

Derivatives comprise spot transactions and forward contracts. Derivatives 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

Intangible assets comprise IT software and development expenses which are recognised as assets if they are major investments with an expected useful life exceeding three years, expected to generate future economic benefits.

Amortisation of intangible assets is provided on a straight-line basis over a period of five years. Intangible assets concerning projects in progress are not amortised until the individual projects have been concluded and the asset has been put into use.

Tangible assets

Tangible assets comprise furniture, IT equipment, leasehold improvements as well as machinery and equipment. Tangible assets are recognised at cost adjusted for any depreciation and write-downs made.

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

If the value of the assets is lower, 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 11,900 are fully depreciated in the year of acquisition, except for assets acquired as part of a specific project, which are treated as one asset.

Assets in temporary possession

Repossessed properties are included in the item Assets in temporary possession. 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 and for impairment.

Balances due to credit institutions and central banks

Balances due to credit institutions mainly comprise repo transactions in securities sold under agreements to repurchase at a later date. The securities sold remain on the balance sheet and 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.

Financial liabilities

Mortgage bonds in issue at fair value

Mortgage bonds in issue are measured at fair value, corresponding to the closing price of the NASDAQ OMX Copenhagen at the balance sheet date. Announced scheduled payments for the next payment date are measured at the discounted value. Changes in fair value are recognised directly in the income statement.

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 pension obligations towards the management and staff.

Equity

Net revaluation of shares in associated undertakings according to the equity method is recognised in the equity item Statutory reserves.

Equity includes adjustments relating to the Nordea Group's share-based payment programme which are measured at fair value on the day of grant. The share-based payment programme is included in the income statement as a cost item.

Ratios and key figures

Ratios and key figures are listed in the five-year financial summary in compliance with the Danish Financial Supervisory Authority's ratio definitions.

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

(DKKm)	Note	2008	2007
Interest income	2	14,813	12,607
Interest expenses	3	12,912	10,910
Net interest income		1,901	1,697
Dividend income		2	2
Fee and commission income	4	171	201
Fee and commission expenses	5	645	641
Net interest and fee income		1,429	1,259
Securities and foreign exchange income	6	20	34
Other operating income		0	0
Staff costs and administrative expenses	7, 8	187	179
Amortisation, depreciation and impairment charges of intangible and tangible assets		8	8
Other operating expenses		0	-
Loan losses	24, 25, 26	25	-1
Profit on shares in associated and group undertakings	9	-3	19
Profit before tax		1,225	1,126
Tax	10	308	279
Profit for the year		917	847
Distribution of profit			
Profit for the year		917	847
Total amount available for distribution		917	847
Transfer to shareholders' equity		917	847
Total distribution of amount available		917	847

Balance sheet at 31 December

(DKKm)	Note	2008	2007
Assets			
Cash and balances with central banks		0	0
Balances due from credit institutions and central banks	11, 21, 27	7,722	9,720
Loans and receivables at fair value	12, 23, 24, 25, 27	265,418	240,196
Loans and receivables at amortised cost	12, 26	4	4
Bonds at fair value	13	-	4,333
Shares etc	14	8	8
Shares in associated undertakings	15	15	18
Intangible assets		40	43
Other tangible assets	16	3	4
Assets in temporary possession	17, 26	20	3
Other assets	18, 26	109	415
Prepayments		7	1
Total assets		273,346	254,745
Liabilities and equity			
Liabilities			
Balances due to credit institutions and central banks	21, 27	24,700	26,150
Mortgage bonds in issue at fair value	19, 27	230,225	211,757
Current tax liabilities		307	279
Other liabilities	20	4,476	3,840
Deferred income		4	4
Total liabilities		259,713	242,030
Provisions			
Provisions for deferred tax		10	9
Total provisions		10	9
Shareholders' equity			
Share capital		1,717	1,717
Other reserves			
- Statutory reserves		14	16
- Other reserves		0	0
Retained earnings		11,893	10,972
Total shareholders' equity	1	13,624	12,706
Total liabilities and equity		273,346	254,745
Off-balance-sheet items and contingent liabilities			
Guarantees etc		75	0
Total off-balance-sheet items and contingent liabilities		75	0

Movements in equity

(DKKm)	2008	2007
Share capital at 1 January	1,717	1,717
Increase in share capital	-	-
Share capital at 31 December	1,717	1,717
Other reserves at 1 January	16	0
Other additions	0	0
Other disposals	-3	16
Other reserves at 31 December	14	16
Retained earnings at 1 January	10,973	10,141
Profit for the year	917	847
Other additions	3	-16
Retained profits at 31 December	11,893	10,973
Total shareholders' equity at 31 December	13,624	12,706

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.

Cash flow statement

(DKKm)	2008	2007
Operating activities		
Profit for the year before tax	1,225	1,126
Adjustment for amounts in the profit for the year with no effect on cash flow:		
Loan losses	21	-2
Amortisation, depreciation and impairment charges of intangible and other tangible assets	8	10
Depreciation and impairment charges of temporarily repossessed assets	3	-
Revaluation of shares in associated and group undertakings	3	-19
Deferred income (net)	-5	-3
	1,255	1,111
Working capital		
Loans and receivables at fair value	-25,244	-24,713
Loans and receivables at amortised cost	0	2
Other assets	305	-303
Balances due to credit institutions and central banks	-1,450	11,723
Mortgage bonds in issue at fair value	18,469	22,884
Other liabilities	636	814
Corporation tax paid, net	-279	-243
Net cash inflow/(outflow) from operating activities	-6,308	11,275
Investing activities		
Bonds at fair value	4,333	-4,333
Shares etc	-	-1
Other tangible and intangible assets	-4	-17
Assets in temporary possession	-19	-2
Net cash inflow/(outflow) from investing activities	4,309	-4,353
Financing		
Proceeds from share issue	-	-
Net cash inflow/(outflow) from financing	-	-
Increase/(decrease) in cash and cash equivalents	-1,998	6,922
Cash and cash equivalents at 1 January	9,721	2,798
Cash and cash equivalents at 31 December	7,722	9,721

Change in securities holdings include unrealised gains or losses.

Notes

Note 1 Capital adequacy

(DKKm)	2008	2008	2007	2007
Capital base				
Tier 1 capital		13,229		12,520
Total capital base		12,875		12,376
	Capital require- ment	Risk- weighted assets	Capital require- ment	Risk- weighted assets
Capital requirements				
Credit risk	4,643	58,034	7,281	91,015
IRB foundation	4,053	50,663	1,795	22,434
- of which corporate	2,191	27,382	1,705	21,314
- of which institutions	0	1	57	716
- of which personal customers	1,853	23,158	0	0
- of which other	10	122	32	405
Standardised	590	7,371	5,486	68,581
- of which personal customers and small and medium-sized corporate customers	-	-	4,923	61,543
- of which other	590	7,371	563	7,038
Market risk	6	69	2	27
- of which currency risk	6	69	2	27
Operational risk	134	1,671	92	1,144
Standardised	134	1,671	92	1,144
Subtotal	4,782	59,774	7,375	92,187
Adjustment for transition rules				
Additional capital requirement according to transition rules	5,834	72,922	2,653	33,165
Total	10,616	132,695	10,028	125,352
Capital ratio				
Tier 1 capital ratio (%) incl transition rules		10.0		10.0
Total capital ratio (%) incl transition rules		9.7		9.9
Tier 1 capital ratio (%) excl transition rules		22.1		13.6
Total capital ratio (%) excl transition rules		21.5		13.4

Computed according to the Danish Financial Supervisory Authority's Executive Order on capital adequacy of 21 December 2007.

Notes

Note 2 Interest income

(DKKm)	2008	2007
Balances due from credit institutions and central banks	1,169	942
Loans and receivables	12,382	10,507
Reserve fund fees receivable	1,246	1,134
Bonds	0	6
Total derivatives	7	9
Interest rate derivatives	7	9
Other interest income	8	9
Total	14,813	12,607
Of which interest income on purchase and resale transactions entered under:		
Balances due from credit institutions and central banks	691	621

Note 3 Interest expenses

Credit institutions and central banks	589	432
Mortgage bonds in issue	12,312	10,467
Other interest expenses	11	11
Total	12,912	10,910
Of which interest expense on sale and repurchase transactions entered under:		
Balances due to credit institutions and central banks	132	123

Note 4 Fee and commission income

Loan processing fees etc	100	119
Brokerage receivable from customers	64	75
Other fees	7	7
Total	171	201

Note 5 Fee and commission expenses

Guarantee commissions etc payable to Nordea Bank Danmark A/S	528	494
Brokerage payable to Nordea Bank Danmark A/S	63	68
Other fees and commissions	54	79
Total	645	641

Note 6 Securities and foreign exchange income

Mortgage loans	3,532	-3,664
Bonds	0	1
Shares etc	-	-1
Currencies	0	0
Total derivatives	1	-6
Foreign exchange derivatives	0	0
Interest rate derivatives	1	-6
Mortgage bonds in issue	-3,513	3,705
Total	20	34

Notes

Note 7 Staff costs and administrative expenses

(DKKm)	2008	2007
Salaries and emoluments to the Executive Management and the Board of Directors		
Executive Management	4	11
Total	4	11
Salaries to the Executive Management include salary to retired member.		
Staff costs		
Salaries	65	61
Pension costs	7	6
Social security contributions	3	3
Payroll tax	7	6
Total	82	76
Other administrative expenses	101	92
Total staff costs and administrative expenses	187	179

Executive Management and Board of Directors

Loans to and charges or guarantees issued for the members of Nordea Kredit's or the parent company's

Executive Management	5	2
Board of Directors	10	7
Loans to the Board of Directors are granted on market terms at average annual interest rates	5.0%	5.0%

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	1
	-	-

Note 8 Number of employees etc

Average number of employees in the financial year converted into full-time staff	130	126
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External appointments approved by the Board of Directors

Lars Bank Jørgensen, Chairman of the Executive Management, a member of the boards of directors of e-nettet A/S and e-nettet Holding A/S, Copenhagen

Note 9 Profit on shares in associated and group undertakings

Profit on shares in associated undertakings	-3	19
Total	-3	19

Notes

Note 10 Tax

Nordea Kredit 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 Nordea Bank Danmark A/S has taken place.

The company has a liability for deferred tax of DKK 10m 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 308m.

(DKKm)	2008	2007
Current tax on the profit for the year	307	279
Change in deferred tax	1	0
Adjustment of tax for previous years	0	0
Total	308	279
Tax rate applied	25	25

Note 11 Balances due from credit institutions and central banks

Balances at notice due from central banks	-	-
Balances due from credit institutions	7,722	9,720
Total	7,722	9,720

Note 12 Loans and receivables

Mortgage loans		
Mortgage loan portfolio at 1 January	251,508	221,799
New loans (gross new lending)	59,887	67,646
Foreign exchange revaluations	-9	4
Redemptions and prepayments	33,285	34,571
Net new lending	26,593	33,078
Scheduled principal payments	3,633	3,369
Mortgage loan portfolio – total nominal value	274,467	251,508
Adjustment for interest rate risk etc	-9,099	-11,353
Adjustment for credit risk	-26	-6
Mortgage loan portfolio – total fair value	265,342	240,149
Mortgage arrears and execution levied against debtors' properties	76	47
Loans and other receivables at fair value	265,418	240,196
Loans at amortised cost	4	4
Total loans and receivables	265,422	240,200
Mortgage arrears before provisions	75	47
Execution levied against debtors' properties before provisions	1	0
Total mortgage arrears and execution levied against debtors' properties	76	47
Mortgage arrears mid-January following year	64	15

Notes

Note 13 Bonds at fair value

(DKKm)	2008	2007
Other mortgage bonds	-	4,333
Own mortgage bonds	61,440	71,753
Own mortgage bonds offset against mortgage bonds in issue	-61,440	-71,753
Total	-	4,333

Note 14 Shares etc

Unlisted shares recognised at fair value	8	8
Total	8	8

Note 15 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	17	-1
Upward and downward revaluation written back	-	-
Upward and downward revaluation for the year	-3	19
Upward and downward revaluation at 31 December	14	17
Book value at 31 December	15	18
Book value at 1 January	18	1

Shares in associated undertakings comprise the company e-nettet Holding A/S, Copenhagen, which provides services to mortgage lenders, among others. Shareholding of 20%. Equity of DKK 91m and profit of DKK 4m, see the most recent annual financial statements for 2007.

Note 16 Other tangible assets

Total cost of acquisition at 1 January	9	8
Additions	1	1
Disposals	2	0
Total cost of acquisition at 31 December	8	9
Downward revaluation at 1 January	5	4
Depreciation charge for the year	1	1
Impairment charge for the year	-	-
Downward revaluation written back	1	0
Downward revaluation at 31 December	5	5
Book value at 31 December	3	4
Book value at 1 January	4	4
Full depreciation charge in the year of acquisition for machinery and equipment	0	1

Notes

Note 17 Assets in temporary possession

(DKKm)	2008	2007
Reposessed properties	20	3

Note 18 Other assets

Interest receivable on mortgage loans etc included in the calculation of statutory balance between mortgage loans and mortgage bonds in issue	105	413
Interest receivable on bonds etc	1	1
Other	3	1
Total	109	415

Note 19 Bonds in issue at fair value

Mortgage-backed bonds in issue		
Mortgage-backed bonds in issue at 1 January (nominal value)	295,305	246,800
Additions	105,581	136,559
Foreign exchange revaluations	15	4
Scheduled payments and notified prepayments	3,555	4,058
Redemptions and other prepayments	96,476	84,000
Mortgage-backed bonds in issue at 31 December (nominal value)	300,871	295,305
Adjustment at fair value	-9,205	-11,795
Own bonds at fair value offset	-61,440	-71,753
Mortgage bonds in issue at 31 December at fair value	230,225	211,757
Of which pre-issued (nominal value)	23,416	24,881
Drawn for redemption at next payment date (nominal value)	661	845

Notes

Note 20 Other liabilities

Interest payable on mortgage bonds in issue	4,297	3,322
Other interest and commissions payable	87	45
Other	92	473
Total	4,476	3,840

Note 21 Sale and repurchase transactions and purchase and resale transactions

(DKK m)	2008	2007
Of the below assets purchase and resale transactions amount to:		
Balances due from credit institutions and central banks	655	837
Of the below liabilities sale and repurchase transactions amount to:		
Balances due to credit institutions and central banks	23,988	25,622
Assets sold as part of sale and repurchase transactions:		
Assets		
Bonds at fair value	23,328	24,689
Mortgage bonds offset against mortgage bonds in issue at fair value	23,328	24,689

Note 22 Financial market risks

Derivatives		
Currency forwards		
Market value, positive	0	-
Market value, negative	0	-
Nominal value	145	-

There were no spot transactions at the end of 2008 and 2007.

Total market risk						
DKK m	31 Dec 08	Max	Min	31 Dec 07	Max	Min
Total risk	6	9	5	4	9	4
Interest rate risk	6	9	5	4	9	4
Currency risk	0	0	0	0	0	0

Nordea Kredit's financial market risks are described in detail in the financial review under market risks.

Credit risk

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

(DKKm)	2008	2007
Percentage breakdown		
Owner-occupied housing	69	72
Holiday homes	3	4
Subsidised housing	0	0
Private rental property	5	5
Commercial property	3	2
Office and retail property	6	5
Agricultural property etc	13	12
Property for social, cultural and educational purposes	1	0
Other property	0	0
Total	100	100

Note 24 Provisions for individually assessed loans

Accumulated provisions at 1 January	6	8
Movements during the year:		
- Provisions and value adjustments during the year	8	1
- Reversals of provisions made in previous financial years	7	3
- Previous provisions now written off	1	0
Total	6	6
Loans at fair value - before provisions and value adjustments	32	22
Loans at fair value - after provisions and value adjustments	26	16

Note 25 Provisions for groups of loans

Accumulated provisions at 1 January	-	-
Movements during the year:		
- Provisions and value adjustments during the year	19	-
- Reversals of provisions made in previous financial years	-	-
- Previous provisions now written off	-	-
Total	19	-
Loans at fair value - before provisions and value adjustments	550	-
Loans at fair value - after provisions and value adjustments	531	-

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

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

Liquidity risk

Note 27 Maturity by remaining term to maturity

(DKKm)	2008	2007
Balances due from credit institutions and central banks		
Balances at call	1,368	1,181
At up to 3 months' notice	6,354	8,539
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	7,722	9,720
Loans		
At call	76	47
At up to 3 months' notice	-	-
At more than 3 months' and up to 1 year's notice	6	6
At more than 1 year's and up to 5 years' notice	494	176
At more than 5 years' notice	264,846	239,971
Total	265,422	240,200
Balances due to credit institutions and central banks		
Balances at call	712	529
At up to 3 months' notice	23,988	25,621
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	24,700	26,150
Mortgage bonds in issue		
Maturing within 3 months	21,623	17,173
Maturing between 3 months and 1 year ahead	27	62
Maturing between 1 year and 5 years ahead	25,848	17,102
Maturing after 5 years	182,728	177,420
Total	230,225	211,757

Intragroup transactions

Note 28 Intragroup transactions

(DKKm)	2008	2007
Intragroup transactions of major importance and intragroup transactions with a value exceeding DKK 1,000,000 are the following:		
Operating items		
Interest income		
Interest on balances due from credit institutions	1,167	939
Forward premium on derivatives	7	9
Interest expenses		
Interest on balances due to credit institutions	589	432
Fee and commission expenses		
Guarantee commissions etc	528	494
Brokerage	63	68
Staff costs and administrative expenses		
IT expenses	32	34
Other administrative expenses	9	7
Systems development costs	14	8
Rent	9	9
Internal audit	1	1
Assets		
Balances due from credit institutions	2,024	2,018
Liabilities		
Balances due to credit institutions	24,700	26,150
Interest payable	71	40
Salaries payable	-	7
IT expenses payable	8	8
Guarantee commissions payable	45	45
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	65,116	61,179

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 pensions etc were administered by Nordea Bank Danmark A/S until 30 September 2008. These tasks were taken over by Zalaris A/S from 1 October 2008.

Intragroup balances are settled on market terms or on a cost basis.

In 2008 there were no exceptional related party transactions.

Series financial statements

Summary series financial statements

(DKKm)	Note	Capital centre 2	Capital centre 1	Total
Income statement				
Income from lending		327	928	1,255
Interest, net		183	484	667
Administrative expenses, net		184	487	671
Provisions for loan losses		-	25	25
Tax		81	227	308
Total		245	672	917
Balance sheet				
Assets				
Mortgage loans		96,306	169,130	265,436
Other assets		46,434	25,323	71,757
Total assets	3	142,740	194,453	337,193
Liabilities and equity				
Mortgage bonds in issue	2	125,828	172,542	298,370
Other liabilities		10,667	14,532	25,199
Equity	1	6,245	7,379	13,624
Total liabilities and equity	3	142,740	194,453	337,193

Note 1 Equity

Movements in capital, net	5,500	-5,500	-
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Note 2 Mortgage bonds in issue, series financial statements

Mortgage bonds in issue, Nordea Kredit's financial statements	230,225
Own mortgage bonds, not offset in series financial statements	61,440
Deferred income	6,704
Mortgage bonds in issue, series financial statements	298,370

Note 3 Balance sheet, series financial statements

Balance sheet total, Nordea Kredit's annual financial statements	273,346
Own mortgage bonds, not offset in series financial statements	61,440
Interest receivable on own bonds	2,407
Balance sheet total, series financial statements	337,193

Background to series financial statements

Pursuant to the Danish Financial Supervisory Authority's Executive Order no 872 of 20 November 1995 on series financial statements in mortgage credit institutions, special series financial statements must be prepared for series with series reserve funds.

The series financial statements have been prepared on the basis of Nordea Kredit Realkreditaktieselskab's annual report for 2008.

Complete series financial statements for the individual series are available from Nordea Kredit.

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 2008 and of the results of the company's operations and cash flows for the financial year 2008.

The financial review provides a true and fair view of the activities and financial performance of Nordea Kredit and describes material risks and uncertainties that may affect Nordea Kredit.

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

Copenhagen, 10 February 2009

Board of Directors

Michael Rasmussen
(Chairman)

Peter Lybecker
(Deputy Chairman)

Jørgen Holm Jensen

Anders Jensen

Executive Management

Lars Bank Jørgensen
(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 2008, 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, cash flow statement for the year then ended, 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 2008 and of the results of the Company's operations for the financial year 1 January – 31 December 2008 in accordance with the Danish Financial Business Act.

Copenhagen, 10 February 2009

KPMG C. Jespersen
Statsautoriseret Revisionspartnerskab

Flemming Brokhattingen
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

Michael Rasmussen (Chairman)

Appointed 2000. Born 1964. MSc(Econ). A member of the Executive Management of Nordea Bank Danmark A/S. External appointments: Deputy chairman of the Boards of Directors of the Industrialisation Fund for Developing Countries, the Investment Fund for Central and Eastern Europe and the Investment Fund for Emerging Markets. A member of the Boards of Directors of LR Realkredit AS, Karl Pedersen og Hustrus Industrifond, PBS Holding A/S, PBS A/S, Multidata Holding A/S, Multidata A/S, Ejendomsselskabet Lautrupbjerg A/S and Danmarks Skibskredit A/S. Internal appointments: Chairman of Nordea Finance.

Peter Lybecker (Deputy Chairman)

Appointed 2000. Born 1953. MSc(Econ). A member of the Executive Management of Nordea Bank Danmark A/S. External appointments: Chairman of the Boards of Directors of PBS Holding A/S, PBS A/S, Multidata Holding A/S, Multidata A/S and Ejendomsselskabet Lautrupbjerg A/S, 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. Internal appointments: A member of the Boards of Directors of Nordea Finans Danmark A/S, Nordea Finans Sverige AB and Nordea Finans Finland Ltd.

Anders Jensen

Appointed 2008. Born 1965. MSc in mathematics and computer science, Phd in mathematics. Head of Banking Denmark. External appointments: Deputy Chairman of the Danish Employers' Association for the Financial Sector, a member of the Boards of Directors of FUHU and Niels Brock Copenhagen Business College. Internal appointments: A member of the Board of Directors of Nordea Liv & Pension, Livsforsikringsselskab 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

Lars Bank Jørgensen (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

Company announcements in 2008

During 2008 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 NASDAQ OMX Copenhagen for issuers of listed bonds.

11 January	Nordea Kredit cancels block issue in covered mortgage bonds
15 January	Information on cash flows of Nordea Kredit published to comply with the disclosure requirements of the Transparency Directive
23 January	Financial calendar for Nordea Kredit 2008
29 January	Supplement to Base Prospectus dated 8 October 2007
12 February	Notice convening the Annual General Meeting of Nordea Kredit Realkreditaktieselskab
13 February	Annual Report 2007
27 February	Minutes of Annual General Meeting of Nordea Kredit Realkreditaktieselskab
28 February	Supplement to Base Prospectus following the publication of the annual report
5 March	Update to final terms under Base Prospectus dated 8 October 2007
25 March	Determination of coupon applicable from 1 April 2008
26 March	Determination of coupon applicable from 1 April 2008
15 April	Information on cash flows of Nordea Kredit published to comply with the disclosure requirements of the Transparency Directive
6 June	Nordea Kredit opens new bonds
10 June	Supplement to Base Prospectus dated 8 October 2007
12 June	Nordea Kredit Realkreditaktieselskab opens new bond series
16 June	Supplement to Base Prospectus dated 8 October 2007
24 June	Notice convening extraordinary general meeting of Nordea Kredit Realkreditaktieselskab
24 June	Determination of coupon applicable from 1 July 2008
25 June	Determination of coupon applicable from 1 July 2008
30 June	Supplement to Base Prospectus dated 8 October 2007
2 July	Minutes of extraordinary general meeting of Nordea Kredit
15 July	Information on cash flows of Nordea Kredit published to comply with the disclosure requirements of the Transparency Directive
22 July	Interim report for 2008
18 August	Announcement of opening of new bond as of 18 August 2008

Company announcements in 2008, continued

25 September	Determination of coupons applicable from 1 October 2008
3 October	Information on cash flows of Nordea Kredit published to comply with the disclosure requirements of the Transparency Directive
17 November	Nordea Kredit Realkreditaktieselskab opens new bond in euros
17 November	Supplement to Base Prospectus for covered mortgage bonds
17 November	Auction of bonds by Nordea Kredit Realkreditaktieselskab
24 November	Supplement to Base Prospectus dated 8 October 2007
26 November	Auction of bonds by Nordea Kredit Realkreditaktieselskab
2 December	Auction of bonds by Nordea Kredit Realkreditaktieselskab
12 December	Result of bond auction in connection with refinancing of adjustable-rate mortgages
12 December	Correction: F1 cash loan rate in euros is 4.170508% and not 4.287136%

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