

Annual Report 2007





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Management and company information

Board of Directors

Niels Tørslev, Chairman

Group Managing Director, Nykredit Realkredit A/S

Managing Director, Nykredit Holding A/S

Director of:

Nykredit Mægler A/S

Værdipapircentralen A/S

Bent Naur, Deputy Chairman

CEO, Ringkjøbing Landbobank A/S

Director of:

PRAS A/S

DLR Kredit A/S

Preben Lund Hansen

Managing Director, Sydbank A/S

Director of:

DLR Kredit A/S (Deputy Chairman)

Søren Holm

Group Managing Director, Nykredit Realkredit A/S

Managing Director of Nykredit Holding A/S

Director of:

Nykredit Administration V A/S

Nykredit Bank A/S (Deputy Chairman)

Nykredit Ejendomme A/S

Nykredit Forsikring A/S

Nykredit Mægler A/S

JN Data A/S

Frank Kristensen

Managing Director, vestjyskBANK A/S

Director of:

ATRIUM fondsmæglerselskab A/S

PRAS A/S

Værdipapircentralen A/S

e-nettet A/S

PBS Holding A/S

MultiData Holding A/S

Gert Jonassen

CEO, Arbejdernes Landsbank A/S

Director of:

Ejendomsselskabet Lautrupbjerg A/S

Multidata A/S

Multidata Holding A/S

LR Realkredit A/S

Johnna Bechsøfft *

Assistant Vice President

Jari Loch Jensen *

Finance Officer

Merete Nilausen *

Head of Support and Training

* Staff-elected member

Executive Board

Troels Bülow-Olsen, Managing Director

Hans Henrik Andersen, Managing Director

Per Nykjær, Managing Director

Company information

Totalkredit A/S

Helgeshøj Allé 53

DK-2630 Taastrup

Tel: +45 44 55 54 00

CVR no 21 83 22 78

Ownership structure

Nykredit Realkredit A/S owns the entire share capital

Auditors

Deloitte

Statsautoriseret Revisionsaktieselskab

Weidekampsgade 6

DK-2300 Copenhagen S

Stock exchange announcements

Stock exchange announcements, etc are available at Totalkredit's website, totalkredit.dk, and at nykredit.com.



Financial highlights

DKK MILLION

	2007	2006	2005 *	2004	2003
CORE EARNINGS AND PROFIT FOR THE YEAR					
Core income from:					
Business operations	999	859	864	564	505
Securities	322	144	65	64	38
Total	1,321	1,003	929	628	543
Operating costs, depreciation and amortisation	314	219	200	189	165
Core earnings before impairment losses	1,007	784	729	439	378
Impairment losses on loans and advances	1	2	1	0	1
Core earnings after impairment losses	1,006	782	728	439	377
Investment portfolio income	(2)	42	46	64	95
Profit before tax	1,004	824	774	503	472
Tax	250	229	216	149	131
Profit for the year	754	595	558	354	341
SUMMARY BALANCE SHEET, YEAR-END ASSETS					
Receivables from credit institutions	11,647	11,972	19,149	11,315	8,073
Mortgage loans	349,278	306,239	259,249	196,856	162,045
Bonds and equities	47,156	48,462	21,138	9,563	6,118
Other assets	1,833	1,142	618	310	140
Total assets	409,914	367,815	300,154	218,044	176,376
LIABILITIES AND EQUITY					
Mortgage loan funding through Nykredit Realkredit	242,623	166,063	63,453	-	-
Issued bonds	145,401	183,891	221,950	206,637	168,042
Supplementary capital	3,600	4,090	5,209	2,600	2,601
Other liabilities	7,561	5,796	4,162	3,985	2,265
Equity	10,729	7,975	5,380	4,822	3,468
Total liabilities and equity	409,914	367,815	300,154	218,044	176,376
FINANCIAL RATIOS					
Profit for the year as % of average equity	8.1	8.9	10.9	8.5	10.3
Core earnings after impairment losses as % of average equity	10.8	11.7	14.3	10.6	11.5
Costs as % of core income	23.8	21.8	21.5	30.1	30.4
Capital adequacy ratio, %	9.5	9.7	10.1	9.4	9.4
Core capital ratio, %	7.1	6.4	5.1	6.1	5.4

*) The accounting figures for 2004 were restated to the new accounting policies in 2005. The 2003 figures have not been restated.

Management's review

SUMMARY AND FINANCIAL HIGHLIGHTS

The Totalkredit concept, which is based on the arrangement and guarantee of all loans by Danish local and regional banks, strengthened further in 2007.

Totalkredit improved both its financial and market position again in 2007.

Totalkredit implemented a capital increase of DKK 1.5bn net in 2007 to ensure the presence of adequate capital resources for continued lending growth.

The nominal value of Totalkredit's loan portfolio increased to DKK 363bn in 2007 against DKK 312bn at the beginning of the year.

The market share in terms of mortgage lending was up from 27.9% to 29.8%, continuing previous years' growth.

Totalkredit recorded a profit before tax of DKK 1,004m for 2007 against DKK 824m in 2006.

Totalkredit's strategic position

It has been strategically essential to ensure continued reinforcement of the cooperation with local and regional banks.

At end-2007 Totalkredit's new advisory platform for these banks was integrated with Totalkredit's new production systems into a business partner web portal. The portal solution provides the banks with a more efficient IT platform for advisory services and mortgage loan production.

Totalkredit was authorised by the Danish Financial Supervisory Authority (FSA) to issue the new Danish covered bonds ("særligt dækkede obligationer" - SDOs) in 2007. The SDO issuance, implemented as intercompany funding between Totalkredit A/S and Nykredit Realkredit A/S, forms the basis for the further development of mortgage products and low funding costs.

With effect from 1 January 2008, the FSA has authorised Totalkredit to determine its capital requirement for credit risk using the advanced IRB (Internal Ratings Based) approaches as regards mortgage lending and the standardised approach

to sovereign and credit institution exposures.

Totalkredit's capital charge will be lower than it is today, when the new rules come into full force on 1 January 2010.

The partnership ensures the banks a strong position as providers of competitive mortgage products.

Nykredit/Totalkredit's position as the largest and leading mortgage provider in Denmark has been further strengthened by the partnership.

Business concept

Totalkredit's business concept is based on local and regional banks being responsible for customer services and for managing the credit risk relating to the loan portfolio.

Totalkredit's business concept makes for very low distribution costs and losses while securing a strong market position.

Costs and losses incurred are instead borne by the banks which receive fees for sales and credit risk management on an ongoing basis. In 2007 the fees totalled DKK 981m against DKK 900m in 2006.

By mutual agreement, the partnership agreement between the banks and Totalkredit was amended in 2007. The individual banks may now choose between the existing guarantee structure and a new partnership model. The new model does not change the delegation of responsibilities between the banks and Totalkredit.

A number of banks, representing nearly 48% of Totalkredit's lending, had adopted the new partnership model at end-2007. In the long term, the majority of the banks are expected to opt for the new model.

Continued growth in market share and loan portfolio

Totalkredit recorded a steep rise in its lending again in 2007.

In the year under review, Totalkredit's gross and net new lending remained at the high 2006-level, and the loan portfolio went up by DKK 51bn to DKK 363bn in nominal terms.



Improved operations

The combination of continued high lending, a growing loan portfolio and higher income from securities improved operations – despite the fact that Totalkredit's costs grew markedly in 2007 due to investment in new IT solutions and greater marketing efforts.

Totalkredit posted a profit before tax of DKK 1,004m against DKK 824m in 2006. Profit after tax was DKK 754m against DKK 595m in 2006.

Core income went up from DKK 1,003m in 2006 to DKK 1,321m.

Ordinary costs were DKK 314m against DKK 219m in 2006.

Core earnings after impairment losses totalled DKK 1,006m compared with DKK 782m in 2006.

The investment portfolio generated a loss of DKK 2m in 2007 compared with a gain of DKK 42m in 2006.

Loan losses totalled DKK 1m compared with DKK 2m in 2006.

At year-end the balance sheet stood at DKK 410bn against DKK 368bn in 2006.

Capital structure

In 2007 Totalkredit increased its share capital by DKK 2,000m, raised subordinate loan capital of nominally DKK 1,000m and repaid subordinate loan capital of nominally EUR 200m. The entire capital was contributed by Totalkredit's Parent Company Nykredit Realkredit A/S.

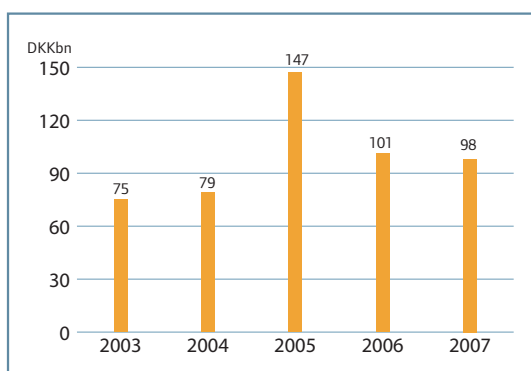
Changes in the Board of Directors

At the annual general meeting held in March 2007, Gert Jonassen, CEO, A/S Arbejdernes Landsbank, was elected to the Board of Directors, and Lasse Nyby, CEO, Spar Nord Bank A/S, retired from the Board of Directors.

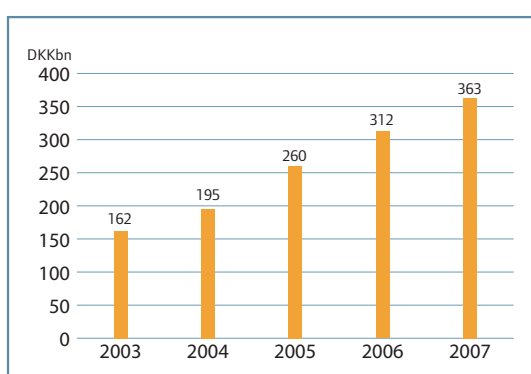
At an extraordinary general meeting held in October 2007, Peter Engberg Jensen, Group Chief Executive, retired from the Board of Directors and was succeeded by Niels Tørslev, Group Managing Director, as Chairman.

At the same time, Niels Tørslev retired from the Executive Board of Totalkredit A/S and was succeeded

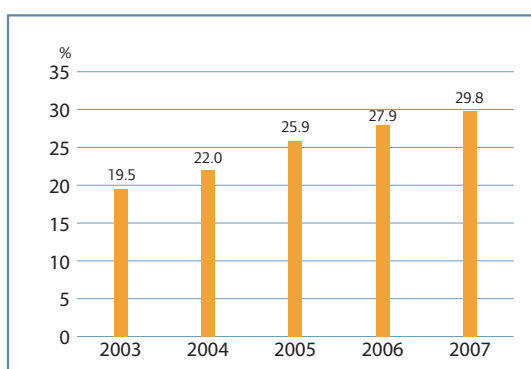
Gross new lending



Mortgage lending, year-end, nom. value



Share of Danish mortgage lending





by Troels Bülow-Olsen, Executive Vice President.

Steen Larsen retired from the Board of Directors in November 2007 and was succeeded by Jari Loch Jensen as a new staff representative.

Uncertainty about recognition and measurement

The measurement of certain assets is based on accounting estimates made by Management in accordance with current accounting rules and based on past experience and, in Management's opinion, reasonable and realistic assumptions.

The areas in which assumptions and estimates material to the financial statements have been made comprise provisions for loan and receivable impairment and other provisions, cf the accounting policies.

In Management's opinion, the uncertainty relating to the above matters is insignificant to the Annual Report.

Events occurred after the end of the financial year

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

Results relative to expectations

When the Annual Report for 2006 was presented, the expectations for 2007 were a profit before tax in the region of DKK 800m. This forecast was increased by DKK 180m to DKK 980m before tax in the H1 Interim Report 2007.

Profit before tax for 2007 was recorded at DKK 1,004m. The improvement was mainly attributable to an increase in core income from operations.

OUTLOOK FOR 2008

Totalcredit aims to further consolidate its position as provider of competitive housing finance solutions in close cooperation with its partners – Danish local and regional banks – in 2008.

The budget for 2008 forecasts gross and net new lending of DKK 90bn and DKK 42bn, respectively.

Totalcredit anticipates an increase in its loan portfolio to about DKK 400bn.

Costs are projected to rise in 2008 prompted by higher IT costs.

Only modest impairment losses and provisions are expected.

Profit before tax on ordinary activities is forecast to be in the region of DKK 1,100m.



Management Statement and Audit Reports

The Board of Directors and the Executive Board have today considered and approved the Annual Report for 2007 of Totalkredit A/S.

The Annual Report has been prepared in accordance with the Danish Financial Business Act, including the Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc. Further, the Annual Report has been prepared in accordance with other Danish statutory disclosure requirements for the annual reports of listed financial companies.

The Management's Review gives a true and fair

Taastrup, 7 February 2008

EXECUTIVE BOARD

Troels Bülow-Olsen

Hans Henrik Andersen

Per Nykjær

review of the development in the activities and financial circumstances of the Company as well as a true and fair description of the material risks and factors of uncertainty which may affect the Company. In Management's opinion, the factors of uncertainty relating to the above matters are insignificant to the Annual Report.

We consider the accounting policies applied to be appropriate, and the Annual Report gives a true and fair view of the Company's assets, liabilities, equity and financial position at 31 December 2007 and of the results of the Company's activities and cash flows for the financial year 1 January – 31 December 2007.

The Annual Report is recommended for approval by the general meeting.

BOARD OF DIRECTORS

Niels Tørslev,
Chairman

Bent Naur,
Deputy Chairman

Johnna Bech Søfft

Preben Lund Hansen

Søren Holm

Jari Loch Jensen

Gert Jonassen

Frank Kristensen

Merete Nilausen

**Internal auditors' report**

We have audited the Annual Report of Totalkredit A/S for the financial year 1 January – 31 December 2007. The Annual Report has been prepared in accordance with the Danish statutory requirements for the presentation of financial statements.

Basis of opinion

The audit has been performed on the basis of the Executive Order of the Danish Financial Supervisory Authority on Auditing Financial Undertakings etc. as well as Financial Groups and the Danish and International Auditing Standards. These standards require that we plan and perform the audit to obtain reasonable assurance that the Annual Report is free from material misstatement.

The audit has been performed in accordance with the division of work agreed with the external auditors and has included an assessment of procedures and internal control established, including the risk management organised by Management relevant to the entity's reporting processes and significant business risks. Based on materiality and risk, we have examined, on a test basis, the basis of amounts and other disclosures in the Annual Report, including evidence supporting amounts and disclosures in the Annual Report. Furthermore, the audit has included an assessment of the appropriateness of the accounting policies applied by Management and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the Annual Report.

We have participated in the audit of risk and other material areas and believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the business procedures and internal control established, including the risk management organised by Management and relevant to the entity's reporting processes and significant business risks, are working satisfactorily.

Furthermore, in our opinion, the Annual Report gives a true and fair view of the Company's assets, liabilities, equity and financial position at 31 December 2007 and of the results of the Company's activities for the financial year 1 January – 31 December 2007 in accordance with Danish statutory requirements for the presentation of financial statements.

Taastrup, 7 February 2008

Claus Okholm
Chief Audit Executive

Kim Stormly Hansen
Deputy Chief Audit Executive



Independent auditors' report

To the shareholder of Totalkredit A/S

We have audited the Annual Report of Totalkredit A/S for the financial year 1 January – 31 December 2007. The Annual Report comprises the statement by Management on the Annual Report, the Management's review, the accounting policies, the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and the notes to the financial statements. The Annual Report has been prepared in accordance with the Danish statutory requirements for the presentation of financial statements.

Management's responsibility for the Annual Report

Management is responsible for the preparation and fair presentation of an annual report in accordance with the Danish statutory requirements for the presentation of financial statements. 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.

Auditors' 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 and International 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 for 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 risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of an annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies applied by Management and

the reasonableness of accounting estimates made by 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 has not resulted in any qualification.

Opinion

In our opinion, the Annual Report gives a true and fair view of the Company's assets, liabilities, equity and financial position at 31 December 2007 as well as of the Company's activities and cash flows for the financial year 1 January – 31 December 2007 in accordance with Danish statutory requirements for the presentation of financial statements.

Copenhagen, 7 February 2008

Deloitte Statsautoriseret Revisionsaktieselskab

Erik Holst Jørgensen
State-Authorised Public Accountant

Henrik Wellejus
State-Authorised Public Accountant

Accounting policies

General

The Annual Report has been prepared in accordance with the Danish Financial Business Act and the Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc. Further, the Annual Report has been prepared in accordance with additional Danish disclosure requirements for annual reports of listed financial companies.

The accounting policies applied are consistent with those applied last year.

Recognition and measurement in general

Assets have been recognised in the balance sheet if it has been probable that future economic benefits will flow to Totalkredit, and if the value of the asset can be measured reliably.

Liabilities have been recognised in the balance sheet if it has been probable that future economic benefits will flow from Totalkredit, and if the value of the liability can be measured reliably.

On initial recognition, assets and liabilities have been measured at cost. Subsequent measurement has taken place as described below under each item, but as a principal rule, balance sheet items have been measured at fair value.

Recognition and measurement allow for predictable risks and losses arising before the presentation of the Annual Report and confirming or disproving conditions prevailing at the balance sheet date.

Income has been recognised in the income statement as earned, whereas costs have been recognised at the amounts attributable to the financial year.

INCOME STATEMENT

According to the above-mentioned FSA Executive Order, net interest and fee income and value adjustments must be disclosed by activity and geographic market where these differ. Totalkredit has one single activity in one single geographic market for which reason such information has been omitted.

Core earnings and investment portfolio income

Core earnings comprise core earnings from lending and core earnings from securities.

Core earnings from lending include profit/loss from customer-oriented activities. Core earnings from securities include returns on own portfolios at risk-free money market rates.

Investment portfolio income includes gains/losses on own securities portfolios exceeding risk-free interest. Gains/losses have been recognised after trading and administrative costs concerning the management of own portfolios.

Interest and administration margin

Interest includes interest due as well as computed interest and forward premium of securities and foreign exchange transactions. Interest has therefore been computed from the last due date to the balance sheet date.

Front-end commissions and fees have been recognised as income in the income statement at the date of acquisition. Administration margin income has been accrued, and the administration margin income for this financial year has been recognised in the income statement.

Provisions for loan and receivable impairment

Totalkredit performs continuous individual reviews and risk assessment of all significant exposures with a view to uncovering objective indicators of impairment. Where objective indicators of impairment are present, and such event(s) affect(s) the size of expected future payments from the exposure which can be measured reliably, provisions have been made for the exposure at the difference between the carrying amount before impairment and the present value of expected future payments from the exposure. Objective indicators are deemed to be present when borrowers do not fulfil their payment obligations under the loan terms and conditions.

Exposures which have not been subject to individual provisioning have been included in the group assessment of credit risk relating to exposures of uniform characteristics. Group-based impairment provi-



sions have been made for exposures if future losses exceed the losses expected at the time of the granting of a loan.

Where events occur showing a partial or complete impairment reduction following individual or group-based provisioning, impairment provisions have been reversed accordingly.

Impairment provisions have been deducted from the asset items concerned.

Tax

Calculated tax has been charged to the income statement at the current tax rate payable on taxable income for the year as well as adjustment of deferred tax and tax assessed for prior years. Interest receivable under the scheme for payment of tax on account has been recognised under net interest income.

Provisions have been made for deferred tax as to all timing differences between the carrying amounts and profit/loss for tax purposes. Deferred tax has been recognised in the balance sheet under "Current tax liabilities" or "Deferred tax assets". Changes for the year in deferred tax have been recognised as income or expenses in the income statement.

Foreign currency translation

Income and expenses in foreign currencies have been translated into DKK at the prices prevailing at the time of recognition.

Portfolios and balances as well as off-balance sheet items in foreign currency have been recognised at the exchange rates quoted by Danmarks Nationalbank at year-end.

Derivative financial instruments

Currency and forward contracts have been recognised at market value at year-end. Value adjustment following changes in interest or exchange rates has been recognised under "Value adjustments". Interest rate and currency swaps have been recognised at market value at year-end.

All unrealised and realised capital gains/losses have been recognised in the income statement. Unrealised gains and losses have been offset under "Other assets" or "Other liabilities".

ASSETS

Mortgage loans

Mortgage loans including amortisation accounts issued against mortgage bonds have been measured at fair value and recognised in the balance sheet. The item has been reduced by provisions for loan impairment as well as own loans transferred to properties in temporary possession.

Other loans and advances

Other loans and advances have been measured at amortised cost which usually equals the nominal value less provisions for loan impairment.

Balances from loans secured on non-foreclosed properties

Balances on such loans include mortgage payments due, but not paid, less provisions for loan impairment.

Equities and bonds

Equities and bonds have generally been recognised at fair value at the transaction date and subsequently measured at fair value equal to an estimated fair value determined on the basis of market data and recognised measurement methods. Changes in the fair value have been recognised on a current basis in the income statement under value adjustments.

Totalkredit's own portfolio of own issued bonds has been offset against issued bonds (the liability), and interest receivable relating to own bonds has been offset against interest payable.

Intangible assets

Intangible assets, except goodwill, have been measured at cost less accumulated amortisation and impairment losses. Amortisation takes place over the expected useful life, however, not exceeding 20 years.

Development costs have been recognised under assets where a connection exists between the costs incurred and future earnings.

Property, plant and equipment

Equipment has been measured at cost less accumulated depreciation and impairment losses. Depreciation takes place over the expected useful lives of the individual categories of equipment as follows:

Computer equipment and machinery 4 years
Equipment and motor vehicles 4 years

**Assets in temporary possession**

Assets in temporary possession have been measured at the lower of the carrying amount and fair value less the cost of sale. The item includes Totalkredit's mortgages outstanding secured on such properties transferred from the item "Mortgage loans". Furthermore, mortgage payments due and expenses defrayed at the time of sale by order of the court as well as income and expenses arisen after the date of possession have been included.

LIABILITIES AND EQUITY**Issued bonds**

Issued bonds have been measured at fair value. The portfolio of own issued bonds has been offset against "Issued bonds".

Payables to credit institutions

Payables relating to intercompany funding through Nykredit Realkredit A/S have been measured at fair value.

Subordinate loan capital

Subordinate loan capital is debt which, in case of the voluntary or compulsory liquidation of the company, is not repaid until the claims of ordinary creditors have been met. Subordinate loan capital has been included in the capital base pursuant to section 136 of the Danish Financial Business Act.

Cash flow statement

The statement according to the indirect method shows the cash flows for the year from operating, investing and financing activities. Furthermore, the cash flow statement shows the effect on cash and cash equivalents of the cash flows at year-end.

Cash and cash equivalents at year-end consist of the items "Cash balance and demand deposits with central banks" and "Receivables from credit institutions and central banks".



Income statement for 1 January - 31 December

DKK MILLION

	Note	2007	2006
Interest income	1	17,419	12,427
Interest expenses	2	15,398	10,844
Net interest income		2,021	1,583
Dividend on equities		2	1
Fee and commission income	3	307	325
Fee and commission expenses	4	1,044	970
Net interest and fee income		1,286	939
Value adjustments	5	32	106
Other operating income		1	0
Staff and administrative expenses	6	312	217
Depreciation and impairment losses for property, plant and equipment	12	2	2
Impairment losses on loans, advances and receivables		1	2
Profit before tax		1,004	824
Tax	7	250	229
Profit for the year		754	595
Proposal for the distribution of profit			
Profit for the year		754	595
Total amount available for distribution		754	595
Transferred to equity		754	595
Total distribution		754	595



Balance sheet at 31 December

DKK MILLION

	Note	2007	2006
ASSETS			
Cash balance and demand deposits with central banks		0	0
Receivables from credit institutions and central banks	8	11,647	11,972
Loans and advances:			
Mortgage loans at fair value	9	349,278	306,239
Other loans and advances	9	64	43
Total loans and advances at fair value		349,342	306,282
Bonds at fair value	10	47,135	48,445
Equities	11	21	17
Other property, plant and equipment	12	2	2
Current tax assets		20	-
Deferred tax assets		1	1
Assets in temporary possession	13	0	1
Other assets	14	1,741	1,092
Prepayments		5	3
Total assets		409,914	367,815
LIABILITIES AND EQUITY			
Payables to credit institutions	15	242,702	166,063
Issued bonds at fair value	16	145,401	183,891
Current tax liabilities		-	12
Other liabilities	17	7,476	5,775
Subordinate loan capital	18	3,600	4,090
Provisions for liabilities		6	9
Equity:	19		
Share capital		799	667
Reserves:			
Series reserves		1,543	1,503
Other reserves		8,387	5,805
Total equity		10,729	7,975
Total liabilities and equity		409,914	367,815
Off-balance sheet items			
Guarantees		0	0
Other commitments		24	39
Total off-balance sheet items		24	39

Notes

DKK MILLION

	2007	2006
1. INTEREST INCOME		
Receivables from credit institutions	207	127
Loans and advances	15,203	10,687
Administration margin	1,606	1,368
Bonds:		
- Own mortgage bonds	82	100
- Other mortgage bonds	399	236
- Government bonds	5	9
- Other bonds	1	0
Derivative financial instruments:		
- Interest rate contracts	(2)	0
Other interest income	0	0
Total	17,501	12,527
Interest from own mortgage bonds has been offset against interest expenses on issued bonds	(82)	(100)
Total	17,419	12,427
2. INTEREST EXPENSES		
Mortgage loan funding through Nykredit Realkredit A/S	7,707	2,938
Issued bonds	7,556	7,840
Sett-off of interest from own mortgage bonds	(82)	(100)
Subordinate loan capital	215	165
Other interest expenses	2	1
Total	15,398	10,844
3. FEE AND COMMISSION INCOME		
Loan fees, new lending	189	194
Commission and other fees	118	131
Total	307	325
4. FEE AND COMMISSION EXPENSES		
Loan arrangement fee	204	223
Commissions to loan arrangers	721	607
Commission and other fees	119	140
Total	1,044	970

	2007	2006
5. VALUE ADJUSTMENTS		
Mortgage loans	(7,940)	(4,977)
Issued bonds, including bonds issued by Nykredit Realkredit A/S in connection with the funding of mortgage loans granted by Totalkredit	7,940	4,977
Bonds	(8)	53
Equities	4	5
Foreign exchange	2	0
Foreign exchange, interest rate and other contracts as well as derivative financial instruments	34	48
Total	32	106
6. STAFF AND ADMINISTRATIVE EXPENSES		
Remuneration of Board of Directors and Executive Board	8	9
Staff expenses	62	58
Administrative expenses	242	150
Total	312	217
Remuneration of Board of Directors and Executive Board		
Board of Directors:		
Remuneration	1	1
Executive Board:		
Salaries	6	6
Pensions	0	1
Other social security expenses	1	1
Total	7	8
Staff expenses:		
Wages and salaries	49	47
Pensions	7	6
Social security expenses	6	5
Total	62	58

Terms and conditions governing the Board of Directors

Members of the Board of Directors receive a fixed remuneration and a refund of any costs incurred in connection with board meetings. No agreements have been made as to pension plans, bonus schemes or special termination benefits for Directors. At end-2007, the annual remuneration amounted to DKK 200,000 for the Chairman, DKK 150,000 for the Deputy Chairman and DKK 100,000 for other Directors. Directors employed with Nykredit Realkredit A/S receive no remuneration.

Terms and conditions governing the Executive Board

As Totalkredit A/S is wholly owned by Nykredit Realkredit A/S, Management finds the stating of individual salaries of the Executive Board Members immaterial to the assessment of the Annual Report. Consequently, the Company has elected to derogate from the recommendation to disclose individual salaries.

Executive Board Members receive a fixed salary. No fixed bonus schemes have been established.

The pensionable age for Executive Board Members is 70 years but retirement at the age of 65 years is possible, after which the managing directors are entitled to early retirement benefits for 10 years equal to approximately 20% of their gross salary. The early retirement benefits period will be reduced by 1 year for each year the contract of employment continues after the age of 65 years.

The managing directors are subject to a mutual term of notice of 12 months. Upon resignation at Totalkredit A/S's request, they are entitled to termination benefits equal to 12 months' gross salary.

Loans and advances to the Executive Board and Board of Directors

Mortgage loans, debt outstanding at the end of the financial year:

	2007	2006
Executive Board	-	2
Board of Directors	4	0

Auditors' fees

Aggregate fees to the auditors appointed by the general meeting that perform the statutory audit
Of which services other than audit

	2007	2006
Aggregate fees to the auditors appointed by the general meeting that perform the statutory audit	1	1
Of which services other than audit	0	0

Number of staff

Average number of staff for the financial year, full-time equivalents

	2007	2006
Average number of staff for the financial year, full-time equivalents	109	103

7. TAX

Tax calculated on profit for the year
Change in deferred tax
Adjustment of tax assessed for previous years

	2007	2006
Tax calculated on profit for the year	250	229
Change in deferred tax	0	0
Adjustment of tax assessed for previous years	0	0

Total

	2007	2006
Total	250	229

Current tax rate, %
Non-taxable value adjustment relating to equities, %
Non-deductible costs, %

	2007	2006
Current tax rate, %	25.0	28.0
Non-taxable value adjustment relating to equities, %	(0.1)	(0.1)
Non-deductible costs, %	0.0	0.0

Effective tax rate, %

	2007	2006
Effective tax rate, %	24.9	27.9

8. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS

Receivables from credit institutions

	2007	2006
Receivables from credit institutions	11,647	11,972

Total

	2007	2006
Total	11,647	11,972

Notes

DKK MILLION

	2007	2006
9. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE		
Mortgage loans	349,278	306,239
Receivables from loans secured on non-foreclosed properties	64	42
Other loans and advances	0	1
Total	349,342	306,282
Mortgage loans		
Balance, beginning of year, nominal value	312,196	260,228
New loans	100,329	102,897
Ordinary principal payments	4,739	5,047
Prepayments and extraordinary principal payments	44,611	45,882
Balance, year-end, nominal value	363,175	312,196
Loans transferred relating to properties in temporary possession	0	(1)
Fair value adjustment	(13,898)	(5,956)
Adjustment for credit risk		
Individual impairment provisions	(1)	0
Balance, year-end, fair value	349,278	306,239
Receivables from loans secured on non-foreclosed properties		
Arrears before provisions for loan impairment	66	43
Outlays before provisions for loan impairment	(1)	0
Provisions for arrears and outlays	(1)	(1)
Total	64	42
Mortgage loans by property category		
Loans and advances as %, year-end		
Owner-occupied dwellings	96%	96%
Recreational properties	4%	4%
Total	100%	100%
Number of loans, end of financial year	384,607	349,256
Mortgage loan guarantees provided by banks:		
Supplementary guarantees in addition to mortgages on real property	42,366	58,919
Statutory guarantees for interim loans	25,088	25,466
Guarantees for loans disbursed before obtaining a registered mortgage	32,364	29,386
Total	99,818	113,771

Notes

DKK MILLION

	2007	2006
10. BONDS AT FAIR VALUE		
Own mortgage bonds	1,857	3,596
Other mortgage bonds	46,057	48,337
Government bonds	106	108
Other bonds	972	-
Total	48,992	52,041
Set-off against own issued bonds	(1,857)	(3,596)
Total bonds	47,135	48,445
11. EQUITIES AT FAIR VALUE		
Listed on the OMX Nordic Exchange Copenhagen	7	8
Unlisted equities	14	9
Total equities	21	17
12. OTHER PROPERTY, PLANT AND EQUIPMENT		
Total cost	5	7
Additions	1	1
Disposals	1	3
Total cost, year-end	5	5
Depreciation, beginning of year	3	4
Depreciation for the year	1	1
Reversal of depreciation	1	2
Depreciation, year-end	3	3
Carrying amount, year-end	2	2
Write-off on equipment for the year	1	1
13. ASSETS IN TEMPORARY POSSESSION		
Debt outstanding, year-end	0	1
Outlays	0	0
Impairment provisions, year-end	0	0
Total	0	1
14. OTHER ASSETS		
Positive market value of derivative financial instruments	49	39
Interest and commission receivable on loans and advances	28	28
Interest receivable from bonds and credit institutions	1,616	1,019
Other assets	48	6
Total	1,741	1,092

Notes

DKK MILLION

	2007	2006
15. PAYABLES TO CREDIT INSTITUTIONS		
Payables to credit institutions, other payables	80	0
Mortgage loan funding through Nykredit Realkredit A/S	242,622	166,063
Total	242,702	166,063
Of which mortgage loan funding through Nykredit Realkredit A/S		
Balance, beginning of year	168,889	64,443
Additions	136,632	117,198
Drawings and prepayments	38,419	1,717
Prepayments and extraordinary principal payments	16,533	11,035
Balance, year-end	250,569	168,889
Fair value adjustment	(7,947)	(2,826)
Total	242,622	166,063
16. ISSUED BONDS		
Mortgage bonds issued against mortgages on real property		
Balance, beginning of year	190,617	252,564
Additions	24	25,395
Drawings and prepayments	12,990	63,376
Prepayments and extraordinary principal payments	24,444	23,966
Balance, year-end	153,207	190,617
Set-off, own bonds	(1,857)	(3,596)
Fair value adjustment	(5,949)	(3,130)
Total	145,401	183,891
Of which pre-issuance	-	7
Bonds drawn for redemption at the next creditor settlement date	6,632	9,576
17. OTHER LIABILITIES		
Negative market value of derivative financial instruments	0	21
Interest and commission payable	7,413	5,692
Other liabilities	63	62
Total	7,476	5,775

18. SUBORDINATE LOAN CAPITAL

Subordinate loan capital consists of debt pursuant to section 136 of the Danish Financial Business Act. Three loans have been raised with Nykredit Realkredit A/S as lender. The loans carry floating interest rates.

1. Loan in the amount of DKK 2,600m raised in June 2005 with a maximum term of 13 years.
2. Loan in the amount of DKK 500m raised in June 2007 with a maximum term of 8 years.
3. Loan in the amount of DKK 500m raised in December 2007 with a maximum term of 5 years.

Subordinate loan capital totalling EUR 200m was redeemed in December 2007.

19. EQUITY

	Share capital	Reserves in series	Other reserves	Total
Balance, beginning of year	667	1,503	5,805	7,975
Capital increase at 28 June 2007	99	0	1,401	1,500
Capital increase at 21 December 2007	33	0	467	500
Retained earnings 2007	0	40	714	754
Equity, year-end	799	1,543	8,387	10,729

Series reserves consist of an undistributable reserve fund established in connection with the Company's conversion into a public limited company. The share capital consists of 7,987,391 shares of DKK 100. There is only one share class.

20. OFF-BALANCE SHEET ITEMS

Guarantees

	2007	2006
Financial guarantees	0	0
Total guarantees	0	0

Other commitments

	2007	2006
Other	24	39
Total other commitments	24	39
Total off-balance sheet items	24	39

21. RELATED PARTY TRANSACTIONS AND BALANCES

The Parent Company Nykredit Realkredit A/S as well as group enterprises and associates of Nykredit Realkredit A/S are regarded as related parties.

No unusual related party transactions occurred in 2007.

Intercompany trading in goods and services took place on an arm's length basis.

The following material related party transactions existed/were entered into in 2007:

Agreements between Totalkredit A/S and Nykredit Realkredit A/S

Master agreements on the terms applicable to transactions in the securities area

Agreement on joint funding of mortgage loans

Agreement on IT development and IT operation

In 2007 Totalkredit A/S received additional subordinate loan capital and share capital from Nykredit Realkredit A/S.

Agreements between Totalkredit A/S and Nykredit Mægler A/S

Agreement on commission payable in connection with referral of lending business.



Series Financial Statements *

DKK MILLION

	Totalkredit In General	Capital Centre PRL	Capital Centre C	Capital Centre D	Capital Centre E	Total
Income statement						
Income from loans and advances	0	0	796	810	-	1,606
Interest payable on subordinate loan capital	-	-	(76)	(139)	-	(215)
Interest, net	0	0	297	332	0	629
Administrative expenses	0	0	(479)	(535)	0	(1,014)
Loan losses and provisions for loan impairment	0	0	(1)	0	-	(1)
Tax	0	0	(134)	(117)	0	(251)
Profit for the year	0	0	403	351	0	754
Balance sheet – assets						
Mortgage loans	108	5	145,127	204,128	-	349,368
Other assets	19	1	9,784	13,922	38,701	62,427
Total assets	127	6	154,911	218,050	38,701	411,795
Balance sheet – liabilities and equity						
Payables to credit institutions	0	-	30	206,434	36,238	242,702
Issued mortgage bonds	115	5	147,137	-	-	147,257
Other liabilities	3	0	2,064	4,056	1,384	7,507
Subordinate loan capital	-	-	-	3,600	-	3,600
Equity	9	1	5,680	3,960	1,079	10,729
Total liabilities and equity	127	6	154,911	218,050	38,701	411,795
The difference between the balance sheets of the Annual Report and the Series Financial Statements may be specified as follows:						
Assets in the Annual Report						409,914
Assets in the Series Financial Statements						411,795
Difference, specified as follows						(1,881)
Own issued bonds have been set off against the liability item "Issued bonds"						(1,857)
Interest receivable on own issued bonds set off against the liability item "Other liabilities"						(24)
Total						(1,881)

* Complete Series Financial Statements at individual series level may be obtained from Totalkredit A/S.



Cash flow statement

DKK MILLION

	2007	2006
Profit after tax for the year	754	595
Adjustment for non-cash operating items, depreciation and impairment losses		
Depreciation and impairment losses for property, plant and equipment	1	1
Impairment losses on loans and advances	0	2
Prepayments and deferred income, net	(2)	0
Calculated tax on profit for the year	250	229
Other adjustment	(2)	3
Total	247	235
Profit for the year adjusted for non-cash operating items	1,001	830
Change in working capital		
Loans and advances	(43,059)	(46,997)
Deposits and payables to credit institutions	76,639	102,610
Issued mortgage bonds	(38,491)	(38,058)
Other working capital	1,053	1,109
Total	(3,858)	18,664
Corporation tax paid, net	(283)	(227)
Cash flows from operating activities	(3,140)	19,267
Cash flow from investing and financing activities		
Investments	1,306	(27,324)
Property, plant and equipment	(1)	(1)
Subordinate loan capital	(490)	(1,119)
Capital increase	2,000	2,000
Total	2,815	(26,444)
Total cash flow	(325)	(7,177)
Cash and cash equivalents, beginning of year	11,972	19,149
Cash and cash equivalents, year-end	11,647	11,972

Liquidity risk

DKK MILLION

	2007	2006
By time-to-maturity		
Receivables from credit institutions		
Demand deposits	9,227	10,552
Up to 3 months	2,420	1,420
Total	11,647	11,972
Loans and advances		
Up to 3 months	1,414	1,227
Over 3 months and up to 1 year	3,649	3,621
Over 1 year and up to 5 years	22,332	22,036
Over 5 years	335,843	285,354
Total	363,238	312,238
Fair value adjustment	(13,896)	(5,956)
Total, cf note 9	349,342	306,282
Mortgage loan funding through Nykredit Realkredit A/S		
Up to 3 months	33,518	37,423
Over 3 months and up to 1 year	1,233	770
Over 1 year and up to 5 years	50,523	45,539
Over 5 years	165,295	85,157
Total	250,569	168,889
Fair value adjustment	(7,947)	(2,826)
Total, cf note 15	242,622	166,063
Issued bonds		
Up to 3 months	6,710	9,575
Over 3 months and up to 1 year	2,059	2,699
Over 1 year and up to 5 years	17,792	28,152
Over 5 years	126,646	150,191
Total	153,207	190,617
Fair value adjustment	(5,949)	(3,130)
Set-off of own bonds	(1,857)	(3,596)
Total, cf note 16	145,401	183,891

Derivative financial instruments

DKK MILLION

By time-to-maturity	Up to 3 months		Over 3 months and up to 1 year		Over 1 year and up to 5 years		Total 2007	
	Nominal value	Net market value	Nominal value	Net market value	Nominal value	Net market value	Nominal value	Net market value
Interest rate contracts								
Forwards/futures, purchased	157	0	7	0			164	0
Forwards/futures, sold	32,675	48	7	0			32,682	48
Foreign exchange contracts								
Forwards/futures, sold	1,582	0					1,582	0
					Market value of non-guaranteed contracts		Market value	
					Positive	Negative	Positive	Negative
Interest rate contracts								
Forwards/futures, purchased						0		0
Forwards/futures, sold					48		48	
Foreign exchange contracts								
Forwards/futures, sold					0		0	

Capital adequacy and financial highlights

DKK MILLION

	2007	2006			
Capital adequacy					
Core capital after statutory deductions	10,728	7,974			
Capital base	14,328	12,065			
Weighted items not included in the trading book	147,930	122,096			
Weighted items involving market risk	3,462	2,369			
Total weighted items	151,392	124,465			
Capital adequacy ratio, %	9.5	9.7			
Core capital ratio, %	7.1	6.4			
Statutory minimum capital adequacy ratio, %	8.0	8.0			
Financial highlights	2007	2006	2005	2004	2003
Net interest and fee income	1,286	939	993	642	593
Value adjustments	32	106	(19)	49	64
Other operating income	1	-	1	1	0
Staff and administrative expenses	312	217	197	186	140
Depreciation and impairment losses for property, plant and equipment	2	2	3	3	4
Impairment losses on loans and advances	1	2	1	0	1
Extraordinary costs	-	-	-	-	21
Profit for the year	754	595	558	354	341
Mortgage loans at fair value	349,278	306,239	259,249	196,856	162,045
Equity	10,729	7,975	5,380	4,822	3,468
Total assets	409,914	367,815	300,154	218,044	176,376
Financial ratios					
1. Capital adequacy ratio, %	9.5	9.7	10.1	9.4	9.4
2. Core capital ratio, %	7.1	6.4	5.1	6.1	5.4
3. Return on equity before tax, %	10.7	12.3	15.2	12.1	14.3
4. Return on equity after tax, %	8.1	8.9	10.9	8.5	10.3
5. Income:cost ratio, DKK	4.2	4.7	4.8	3.7	4.4
6. Foreign exchange position, %	0.3	0.0	0.0	0.0	0.0
7. Accumulated impairment rate, %	0.0	0.0	0.0	0.0	0.0
8. Impairment losses and provisions for the year, %	0.0	0.0	0.0	0.0	0.0
9. Growth in loans and advances for the year, %	14.1	18.1	31.7	20.1	24.1
10. Loans and advances:equity	32.6	38.4	48.2	40.4	46.7

The accounting figures for 2004 were restated to the new accounting policies in 2005. The 2003 figures have not been restated.

Loan arranging banks

Amagerbanken Aktieselskab	Løkken Sparekasse	Sparekassen Lolland
A/S Arbejdernes Landsbank	Max Bank A/S	Sparekassen Løgumkloster
bankTrelleborg	MERKUR, Den Almennyttige Andelskasse	Sparekassen Midtdjurs
Bonusbanken A/S	Middelfart Sparekasse	Sparekassen Midtfjord
Borbjerg Sparekasse	A/S Morsø Bank	Sparekassen Sjælland
Broager Sparekasse	Morsø Sparekasse	Sparekassen Spar Mors
Brørup Sparekasse	A/S Møns Bank	Sparekassen Thy
Danske Andelskassers Bank	A/S Nordfyns Bank	Sparekassen Vendsyssel
Den jyske Sparekasse	Nordjyske Bank A/S	Sparekassen Østjylland
Den lille Sparekasse	A/S Nørresundby Bank	St. Brøndum Sparekasse
DiBa Bank Aktieselskab	Refsnæs Sparekasse	Svendborg Sparekasse A/S
Djurslands Bank A/S	A/S Ringkjøbing Bank	Sydbank A/S
Dragsholm Sparekasse	Ringkjøbing Landbobank A/S	Søby-Skader-Halling Spare- og Laanekasse
Dronninglund Sparekasse	Rise Spare- og Lånekasse	Sønderhå-Hørsted Sparekasse
ebh bank A/S	Roskilde Bank A/S	Totalbanken A/S
Fanø Sparekasse	Ryslinge Andelskasse	Tved Sparekasse
Faster Andelskasse	Rønde og Omegns Sparekasse	Tønder Bank A/S
Finansbanken A/S	Salling Bank A/S	Ulsted Sparekasse
Fionia Bank A/S	Aktieselskabet Skjern Bank	Vestfyns Bank A/S
Flemløse Sparekasse	Skælskør Bank Aktieselskab	Vestjysk Bank A/S
Folkesparkassen	Spar Nord Bank A/S	A/S Vinderup Bank
Forstædernes Bank A/S	Spar Salling	Vistoft Sparekasse
Frørup Andelskasse	Sparbank A/S	Vorbasse-Hejnsvig Sparekasse
Frøs Herreds Sparekasse	Sparekassen Balling	Vordingborg Bank A/S
Frøslev-Møllerup Sparekasse	Sparekassen Bredebro	Ø. Brønderslev Sparekasse
Fælleskassen	Sparekassen Djursland	Østjysk Bank A/S
Hals Sparekasse	Sparekassen Farsø	Aarhus Lokallbank A/S
Hvidbjerg Bank Aktieselskab	Sparekassen for Arts Herred	
Haarslev Sparekasse	Sparekassen Faaborg A/S	
Jyske Bank A/S	Sparekassen Himmerland	
Klim Sparekasse	Sparekassen Hobro	
Kreditbanken A/S	Sparekassen Hvetbo	
Langå Sparekasse	Sparekassen i Skals	
Lokalbanken i Nordsjælland A/S	Sparekassen Kronjylland	
Lollands Bank A/S	Sparekassen Limfjorden	

This document is an English translation of (extracts of) the original Danish text. In the event of discrepancies between the original Danish text and the English translation, the Danish text shall prevail.