

Annual Report 2005





MANAGEMENT AND ADMINISTRATION	1
FINANCIAL HIGHLIGHTS	2
ANNUAL REVIEW BY THE BOARD OF DIRECTORS	3
Summary and financial highlights	3
Outlook for 2006	4
ACCOUNTING POLICIES	5
ANNUAL REPORT 2005	8
Income statement for 2005	8
Balance sheet at 31 December 2005	9
Notes	10
Series Financial Statements	17
Cash flow statement	18
Liquidity risk	19
Derivative financial instruments	20
Capital adequacy and key ratios	21
Management Statement and Audit Reports	22
THE BANKS BEHIND TOTALKREDIT	24

Totalkredit A/S
Helgeshøj Allé 53
DK-2630 Taastrup
Tel +45 43 32 67 00
CVR no 21 83 22 78



Management and Administration

Board of Directors

Mogens Munk Rasmussen, Group Chief Executive, Nykredit Realkredit A/S, Chairman
Bent Naur, Managing Director, Ringkjøbing Landbobank A/S, Deputy Chairman
Peter Engberg Jensen, Group Managing Director, Nykredit Realkredit A/S
Ole Kamstrup, Managing Director, Sparekassen Hobro
Preben Lund Hansen, Managing Director, Sydbank A/S
Johnna Bechsøfft, staff-elected member
Steen Larsen, staff-elected member
Merete Nilausen, staff-elected member

Executive Board

Niels Tørslev, Managing Director*
Hans Henrik Andersen, Chief Financial Officer
Per Nykjær, Managing Director

* Executive positions and directorships
Managing Director of Nykredit Holding A/S
Group Managing Director of Nykredit Realkredit A/S
Director of:
Nykredit Mægler A/S
Nykredit Forsikring A/S
Dansk Pantebrevsbørs A/S
Nykredit Bank Hipoteczny S.A.
Terra Boligkreditt A/S

Administration

Troels Bülow-Olsen, Executive Vice President
Anders Heick-Poulsen, Executive Vice President
Jens Færgemann, Senior Vice President

Totalkredit's address

Helgeshøj Allé 53, DK-2630 Taastrup. Tel +45 43 32 67 00

Financial highlights

DKK MILLION

	2001	2002	2003	2004	2005
CORE EARNINGS AND PROFIT FOR THE YEAR					
Core income from:					
Lending	223	327	505	564	864
Securities	16	57	38	64	65
Total	239	384	543	628	929
Operating costs, depreciation and amortisation	97	116	165	189	200
Core earnings before losses	142	268	378	439	729
Provisions for loan and receivable impairment	0	0	1	0	1
Core earnings after losses	142	268	377	439	728
Investment portfolio income	102	122	95	64	46
Profit before tax	244	390	472	503	774
Tax	66	115	131	149	216
Profit for the year	178	275	341	354	558
SUMMARY BALANCE SHEET AT 31 DECEMBER *					
Mortgage loans	104,927	130,600	162,045	196,856	259,249
Bonds and equities	4,013	6,434	6,118	9,563	21,138
Mortgage loan funding through Nykredit Realkredit A/S					63,453
Issued bonds	114,288	138,315	168,042	206,637	221,950
Subordinate loan capital	1,364	2,593	2,601	2,600	5,209
Equity	2,603	3,127	3,468	4,822	5,380
Total assets	120,389	146,139	176,376	218,044	300,154
KEY RATIOS					
Profit for the year as a % of average equity	7.5	9.6	10.3	8.5	10.9
Core earnings after losses as a % of average equity	5.9	9.4	11.5	10.6	14.3
Costs as a % of core income	40.6	30.2	30.4	30.1	21.5
Capital adequacy ratio, %	10.2	11.3	9.4	9.4	10.1
Core capital ratio, %	6.7	6.2	5.4	6.1	5.1

*) The accounting figures for 2004 have been restated to new accounting policies. The 2001–2003 figures have not been restated.

Annual review by the Board of Directors

SUMMARY AND FINANCIAL HIGHLIGHTS

In 2005 Totalkredit consolidated its financial as well as its market position.

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

The market share – in terms of loan portfolio – continued previous years' substantial growth and rose from 22% to 26%.

Operations improved further as a result of continued high lending activity.

For 2005 profit before tax was DKK 774m. In the Annual Report for 2004 profit before tax of around DKK 500m was forecast. The lift in profit is attributable to extraordinarily high lending activity.

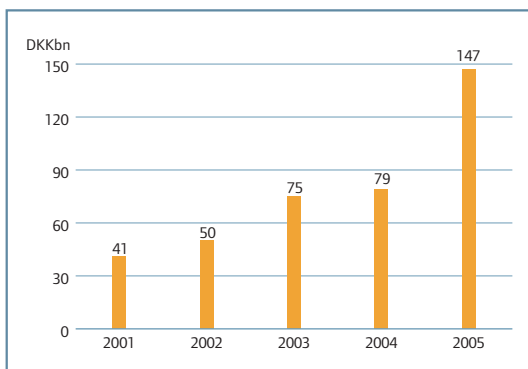
Totalkredit's strategic position

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

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

The partnership secures Nykredit/Totalkredit a position as the largest and leading mortgage provider in Denmark.

Gross lending



Business concept

Totalkredit's business concept based on local and regional banks undertaking customer services and individual risk hedging remained unchanged in 2005 and will continue so in future.

The business concept makes for low costs and losses while securing Totalkredit a strong market position.

Costs and losses incurred are instead borne by the banks which receive sales and guarantee fees on a current basis. In 2005 the fees totalled DKK 872m against DKK 681m in 2004.

The guarantee concept is based on the issue of individual guarantees by the arranging banks for the part of the loan exceeding 60% of the value of the mortgaged property.

Continued growth in market share and loan portfolio

In recent years Totalkredit has recorded continuous lending growth.

In 2005 Totalkredit's gross lending went up to DKK 147bn against DKK 79bn in 2004.

Improved operating results

The combination of the higher lending activity and a larger loan portfolio led to improvement in operating results – also in spite of Totalkredit's increased costs related to steps taken to further strengthen the partnership with the local and regional banks and thereby Totalkredit's market position.

Totalkredit realised a profit before tax of DKK 774m against DKK 503m in 2004. Profit after tax was DKK 558m against DKK 354m in 2004.

Core income from lending went up to DKK 864m from DKK 564m in 2004.

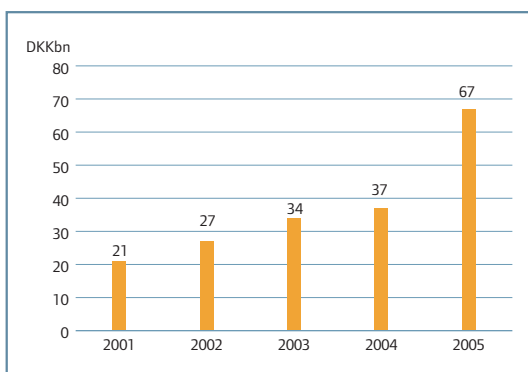
Core income from securities was DKK 65m in 2005 against DKK 64m in 2004.

Operating costs amounted to DKK 200m against DKK 189m in 2004.

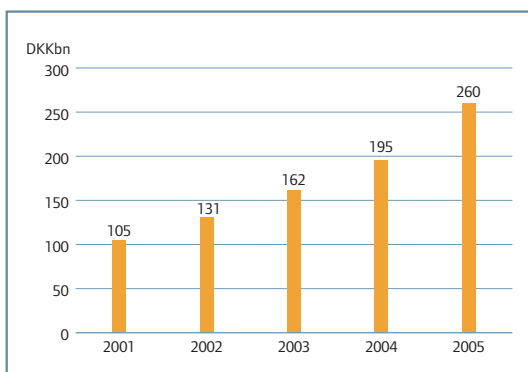
Core earnings after losses totalled DKK 728m against DKK 439m in 2004.



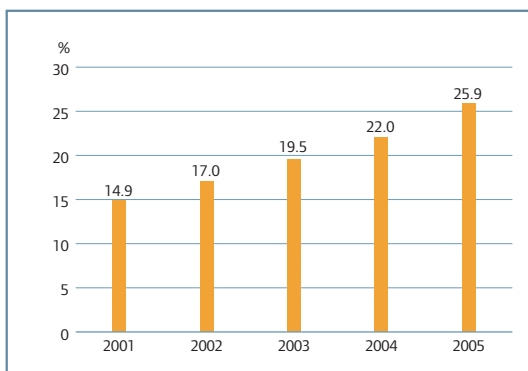
Net new lending



Loans and advances, year-end



Share of Danish mortgage lending



Investment portfolio income amounted to DKK 46m in 2005 against DKK 64m in 2004.

At year-end the balance sheet stood at DKK 300bn against DKK 218bn at end-2004.

At year-end equity stood at DKK 5,380m against DKK 4,822m at the beginning of the year.

The capital adequacy ratio was 10.1% at year-end against 9.4% at end-2004.

Joint funding

In 2005 Totalkredit and Nykredit Realkredit A/S commenced joint funding activities. This means that Totalkredit's new lending in the transitional period will be funded partly by Totalkredit's Capital Centre C and partly by Nykredit Realkredit's Capital Centre D. In time, all new lending will be funded through Capital Centre D. The capital centres are rated Aaa by Moody's.

Shareholders

At end-2005 Nykredit Realkredit A/S held a total of 74.1% of the shares of Totalkredit A/S and holds an option exercisable in 2006 to buy the remaining shares. These shares are held by Danish local and regional banks of which none of the shareholders hold more than 5% of the share capital.

OUTLOOK FOR 2006

Totalkredit aims to consolidate its position as a major and active supplier of competitive housing finance solutions in 2006 in close cooperation with a wide group of independent local and regional Danish banks.

Budgets for 2006 forecast gross and net new lending of DKK 105bn and DKK 35bn, respectively.

Totalkredit's share of Danish mortgage lending is expected to reach 28% at end-2006.

Costs relative to the loan portfolio are expected to be stable. Only modest losses are expected.

Profit before tax is expected to be around DKK 700-750m.

Accounting policies

General

The Annual Report for 2005 of Totalkredit A/S has been prepared in accordance with the Danish Financial Business Act and the Executive Order on the Presentation of Financial Statements issued by the Danish Financial Supervisory Authority (DFSA) as well as the disclosure requirements for issuers of listed bonds of the OMX, the Copenhagen Stock Exchange.

With effect from 1 January 2005, the DFSA Executive Order has been amended to the effect that the accounting rules governing financial companies essentially comply with the International Financial Reporting Standards (IFRS).

Changed accounting policies

At 1 January 2005 the accounting policies have been changed to comply with the amended DFSA Executive Order.

The policy changes have been fully implemented with respect to comparative figures for 2004 in the income statement, balance sheet and notes. Financial highlights for 2001-2003 have not been restated to the new policies.

The policy changes have not affected equity. The balance sheet for 2004 has been reduced by DKK 24.5bn to a total of DKK 218.0bn as a result of the fair value adjustment of loans and advances and issued bonds and the set-off of the asset item own issued bonds against the liability item issued bonds. Furthermore, the asset item interest receivable from own issued bonds has been offset against the liability item interest payable on issued bonds.

General - recognition and measurement

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

Liabilities have been recognised in the balance sheet when Totalkredit has a legal or constructive obligation as a result of a previous event, and if it has been probable that future economic benefits will flow from the Company, 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 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 DFSA Executive Order mentioned above, net interest and fee income and value adjustments must be presented by activity and geographic market where different activities or markets exist. 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 the financial year has been recognised in the income statement.

Loan losses and provisions for loan impairment

Continuous individual reviews and risk assessments of all significant exposures are performed with a view to identifying potential loss risks. Loan loss provisions have been made on this basis.

Impairment provisions have been deducted from the asset items concerned. Losses ascertained and loan loss provisions have been charged to the income statement under "Provisions for loan and receivable impairment".

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 previous 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 relating to all timing differences between the carrying amounts and tax bases of profit/loss. Deferred tax has been recognised in the balance sheet under "Current tax liabilities" or "Current tax assets". Changes for the year in deferred tax have been recognised as income or expense in the income statement.

Foreign currency translation

Income and expense 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 set off against "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 loan loss provisions as well as Totalkredit loans transferred to foreclosed properties.

Individual and group-based provisions for loan impairment have been made if one or more objective, onerous events have occurred at the balance sheet date, and these have been estimated to lead to impairment.

Other loans and advances

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

Receivables from loans secured on non-foreclosed properties

Receivables from such loans include mortgage payments due less loan loss provisions.

Bonds

Listed bonds have been measured at fair value. Bonds drawn for redemption at future creditor settling dates have been measured at discounted value. Own issued bonds have been set off against the liability item "Issued bonds".

All realised or unrealised capital gains and losses have been carried through profit or loss.

Equities

Listed equities have been measured at fair value. Unlisted equities have been measured at fair value based on generally accepted measurement methods.

All realised or unrealised capital gains and losses have been carried through profit or loss.

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 being:

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

Assets temporarily foreclosed

Temporarily foreclosed properties have been measured at the lower of the carrying amount and the 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 the order of the court as well as income and expenses arisen after the time of foreclosure have been included.

LIABILITIES

Issued bonds

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

Subordinate loan capital

Subordinate loan capital is debt which, in case of the Company's voluntary or involuntary liquidation, is not repaid before 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 of the cash flows on cash and cash equivalents at year-end.

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

Intercompany transactions

Totalkredit is part of the Nykredit Group. Intercompany trade and services have been settled on an arm's length basis or, where no real market exists, at estimated market terms. Alternatively, settlements have been made on a cost recovery basis.

Totalkredit A/S has a cooperation agreement with Nykredit Mægler A/S on the sale of mortgage loans and a cooperation agreement with Nykredit Realkredit A/S on portfolio management, bond trading and joint mortgage loan funding.



Income statement for 2005

DKK MILLION

	Note	2005	2004
Interest income	1	10,688	9,195
Interest expense	2	9,250	8,115
Net interest income		1,438	1,080
Dividend on equities		1	2
Fee and commission income	3	508	304
Fee and commission expense	4	954	744
Net interest and fee income		993	642
Value adjustments	5	(19)	49
Other operating income		1	1
Staff and administrative expenses	6	197	186
Depreciation and impairment losses for property, plant and equipment		3	3
Provisions for loan and receivable impairment		1	0
Profit before tax		774	503
Tax	7	216	149
Profit for the year		558	354
Proposal for the distribution of profit Profit for the year		558	354
Total amount available for distribution		558	354
Transfer to equity		558	354
Total distribution		558	354



Balance sheet at 31 December 2005

DKK MILLION

	Note	2005	2004
ASSETS			
Cash balance and demand deposits with central banks		0	0
Receivables from credit institutions and central banks	8	19,149	11,315
Loans and advances:			
Mortgage loans at fair value	9	259,249	196,856
Other loans and advances		38	30
Total loans and advances at fair value		259,287	196,886
Bonds at fair value	10	21,126	9,548
Equities at fair value	11	12	15
Deferred tax assets		0	0
Property, plant and equipment	12	3	4
Other assets	13	574	274
Prepayments		3	2
Total assets		300,154	218,044
LIABILITIES AND EQUITY			
Mortgage loan funding through Nykredit Realkredit A/S	14	63,453	-
Issued bonds at fair value	15	221,950	206,637
Current tax liabilities		8	2
Other liabilities	16	4,148	3,979
Subordinate loan capital	17	5,209	2,600
Provisions for liabilities		6	4
Equity:			
Share capital	18	536	536
Reserves:			
Reserves in series		1,476	1,450
Other reserves		3,368	2,836
Total equity		5,380	4,822
Total liabilities and equity		300,154	218,044
Off-balance sheet items			
Guarantees	19	0	0
Other commitments		38	34
Total off-balance sheet items		38	34

Notes

DKK MILLION

	2005	2004
1. INTEREST INCOME		
Receivables from credit institutions	161	101
Loans and advances	9,292	8,143
Administration margin income	1,104	873
Bonds:		
- Government bonds	11	14
- Own mortgage bonds	266	190
- Other mortgage bonds	119	39
Derivative financial instruments:		
- Interest rate contracts	1	24
- Other interest income	0	1
Total	10,954	9,385
Interest from own mortgage bonds has been offset against interest expense from outstanding bonds	(266)	(190)
Total	10,688	9,195
2. INTEREST EXPENSE		
Mortgage loan funding through Nykredit Realkredit A/S	846	-
Issued bonds	8,550	8,221
Set-off of interest from own mortgage bonds	(266)	(190)
Subordinate loan capital	119	84
Other interest expense	1	0
Total	9,250	8,115
3. FEE AND COMMISSION INCOME		
Origination fees, new lending	290	173
Commission and other fees	218	131
Total	508	304
4. FEE AND COMMISSION EXPENSE		
Loan arrangement fee	284	183
Commissions to loan arrangers	469	423
Commissions and other fees	201	138
Total	954	744

	2005	2004
5. VALUE ADJUSTMENTS		
Mortgage loans	(979)	2,182
Issued bonds including bonds issued by Nykredit Realkredit in connection with the funding of mortgage loans granted by Totalkredit	979	(2,182)
Bonds	(7)	38
Equities	2	6
Foreign exchange, interest rate and other contracts as well as derivative financial instruments	(14)	5
Total	(19)	49
6. STAFF AND ADMINISTRATIVE EXPENSES		
Salaries and remuneration to the Board of Directors and Executive Board		
Executive Board	7	6
Board of Directors	1	0
Total	8	6
Staff expenses:		
Wages	40	30
Pensions	4	7
Social security costs	5	4
Total	49	41
Other administrative expenses:	140	138
Total	197	186
Loans to the Executive Board and Board of Directors		
Mortgage loans, debt outstanding at the end of the financial year		
Executive Board	3	3
Board of Directors	1	0
Audit fee		
Aggregate fees to the auditor appointed by the General Meeting that performs the statutory audit	1	1
Of which in respect of services other than auditing	0	0
Number of staff		
Average number of staff for the financial year, full-time equivalents	87	74

Notes

DKK MILLION

	2005	2004
7. TAX		
Tax assessed on income for the year	216	149
Change in deferred tax	0	0
Adjustment of tax assessed for previous years	0	0
Total	216	149
<p>In the financial year 2005 DKK 209.3m has been paid under the scheme for payment of tax on account. The difference between tax paid on account and tax calculated on income for the year has been recognised in the balance sheet under "Current tax liabilities". At end-2005 deferred tax represented a tax asset of a total of DKK 0.4m which has been recognised in the balance sheet under "Deferred tax assets".</p>		
Current tax rate	28.0	30.0
Non-taxable value adjustment relating to equities	(0.1)	(0.4)
Non-deductible costs	0.0	0.0
Effective tax rate	27.9	29.6
8. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS		
Receivables from credit institutions	19,149	11,315
Total	19,149	11,315

Notes

DKK MILLION

	2005	2004
9. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE		
Mortgage loans	259,249	196,856
Receivables from loans secured on non-foreclosed properties	36	28
Other loans and advances	2	2
Total	259,287	196,886
Mortgage loans		
Balance, beginning of year, nominal value	194,675	162,047
New loans and advances	149,196	78,931
Ordinary principal payments	3,839	3,509
Prepayments and extraordinary principal payments	79,804	42,795
Balance, year-end, nominal value	260,228	194,674
Loans transferred relating to properties temporarily foreclosed	-	0
Fair value adjustment	(979)	2,182
Adjustment for credit risk		
Individual adjustments	0	0
Group-based adjustments	-	-
Balance, year-end, fair value	259,249	196,856
Receivables from loans secured on non-foreclosed properties		
Arrears	36	28
Execution	0	0
Provisions for loan impairment	0	0
Total	36	28
Mortgage loans by property category		
Loans and advances as a %, year-end		
Owner-occupied dwellings	96	96
Recreational properties	4	4
Total	100	100
Number of loans, end of financial year		
	311,938	268,526
Mortgage loan guarantees provided by banks		
Supplementary guarantees in addition to mortgages on real property	46,447	45,117
Statutory guarantees for advance loans	23,133	12,303
Guarantees for loans disbursed before obtaining a registered mortgage	40,227	14,980
Total	109,807	72,400

Notes

DKK MILLION

	2005	2004
10. BONDS AT FAIR VALUE		
Government bonds	610	193
Own mortgage bonds	30,626	25,855
Other mortgage bonds	20,515	9,355
Total	51,751	35,403
Set-off against own issued bonds	30,626	25,855
Total bonds	21,125	9,548
11. EQUITIES AT FAIR VALUE		
Listed on the OMX, the Copenhagen Stock Exchange	5	4
Unlisted equities	7	11
Total equities	12	15
12. TANGIBLE ASSETS		
Properties temporarily foreclosed	-	0
Equipment	3	4
Total	3	4
Properties temporarily foreclosed		
Debt outstanding, year-end	-	0
Execution	-	0
Impairment loss, year-end	-	0
Total	-	0
Equipment		
Total cost	8	9
Additions	1	2
Disposals	2	3
Total cost, year-end	7	8
Depreciation, beginning of year	4	6
Depreciation for the year	1	1
Reversal of depreciation	1	3
Depreciation, year-end	4	4
Carrying amount, year-end	3	4
Impairment loss for equipment for the year	2	2

Notes

DKK MILLION

	2005	2004
13. OTHER ASSETS		
Positive market value of derivative financial instruments	4	2
Interest and commission receivable on loans and advances	24	13
Interest receivable from bonds and credit institutions	541	255
Other assets	5	4
Total	574	274
14. MORTGAGE LOAN FUNDING THROUGH NYKREDIT REALKREDIT		
Balance, beginning of year	0	-
Additions	64,500	
Drawings and prepayments	0	
Prepayments and extraordinary principal payments	57	
Balance, year-end	64,443	-
Fair value adjustment	(990)	-
Total	63,453	-
Of which pre-issuance	40,088	
Bonds drawn for redemption at next creditor settling date	33	
15. ISSUED BONDS		
Mortgage bonds issued against mortgages on real property		
Balance, beginning of year	230,310	168,042
Additions	124,896	105,007
Bonds drawn and cancelled	82,396	24,571
Prepayments and extraordinary principal payments	20,246	18,168
Balance, year-end	252,564	230,310
Set-off, own bonds	30,626	25,855
Fair value adjustment	11	2,182
Total	221,949	206,637
Of which pre-issuance	98	26,152
Bonds drawn for redemption at next creditor settling date	9,536	6,821
16. OTHER LIABILITIES		
Negative market value of derivative financial instruments	12	11
Interest payable on issued mortgage bonds including bonds issued by Nykredit Realkredit for the funding of mortgage loans in Totalkredit	3,947	3,837
Other liabilities	189	131
Total	4,148	3,979

17. SUBORDINATE LOAN CAPITAL

Subordinate loan capital consists of debt which, in case of the Company's voluntary or involuntary liquidation, is not repaid before after the claims of ordinary creditors have been met.

Subordinate loan capital comprises three loans: one raised in May 2001 of a total of EUR 150m and one raised in December 2002 of a total of EUR 200m. Both loans carry floating interest rates and have loan terms of a maximum of 8 years. The foreign exchange risk has been hedged through currency swaps.

The third loan of a total of DKK 2,600m was raised in June 2005. The loan carries a floating interest rate and has a loan term of a maximum of 13 years.

18. EQUITY

	Share capital	Reserves in series	Other reserves	Total
Balance, beginning of year	536	1,450	2,836	4,822
Retained earnings 2005		26	532	558
Equity, year-end	536	1,476	3,368	5,380

Reserves in series consist of an undistributable reserve fund established in connection with the Company's conversion into a limited company.

The share capital consists of 5,357,801 shares of DKK 100. There is only one class of shares.

19. OFF-BALANCE SHEET ITEMS

Guarantees

	2005	2004
Financial guarantees	0	0
Total guarantees	0	0
Other commitments		
Other commitments	38	34
Total other commitments	38	34
Total off-balance sheet items	38	34

Series Financial Statements *

DKK MILLION

	Capital Centre C	Provinsbk. Reallåne- fond	Totalkredit In General	Capital- Centre D	Total
Income statement					
Income from loans and advances	1,082	0	1	21	1,104
Interest payable on subordinate loan capital	116	0	0	3	119
Interest, net	362	0	1	19	382
Administrative expenses	561	0	1	30	592
Provisions for loan and receivable impairment	1	0	0	-	1
Tax	214	0	0	2	216
Profit for the year	552	0	1	5	558
Balance sheet – assets					
Mortgage loans	235,447	7	186	24,644	260,284
Other assets	30,649	1	45	41,805	72,500
Total assets	266,096	8	231	66,449	332,784
Balance sheet – liabilities and equity					
Mortgage loan funding through Nykredit Realkredit				64,443	64,443
Issued mortgage bonds	252,339	7	218	-	252,564
Other liabilities	4,095	0	4	1,089	5,188
Subordinate loan capital	4,809	-	-	400	5,209
Equity	4,853	1	9	517	5,380
Total liabilities and equity	266,096	8	231	66,449	332,784
<p>The Series Financial Statements have been prepared in accordance with the Executive Order on the presentation of series financial statements by mortgage banks. A direct comparison with the figures of the Annual Report is not possible as the Series Financial Statements do not include value adjustments of loans. The difference between the balance sheets of the Annual Report and the Series Financial Statements can be specified as follows:</p>					
Assets in the Annual Report					300,154
Assets in the Series Financial Statements					332,784
Difference, specified as follows					(32,630)
Value adjustment of loans and advances, cf note 9					
Value adjustment of mortgage loans funded by own issued mortgage bonds				11	
Value adjustment of mortgage loans funded through Nykredit Realkredit				(990)	(979)
Set-off of own issued bonds, cf note 10					
Own issued bonds transferred to set-off against the liability item "Issued bonds"					(30,626)
Set-off of interest receivable from own issued bonds					
Interest receivable from own issued bonds transferred to set-off against the liability item "Other liabilities"					(1,025)
Total					(32,630)

* Complete Series Financial Statements may be obtained from Totalkredit.

Cash flow statement

DKK MILLION

	2005	2004
Profit after tax for the year	558	354
Adjustment for non-cash operating items, depreciation and impairment losses		
Depreciation and impairment losses for property, plant and equipment	1	1
Provisions for loan impairment	0	0
Prepayments and deferred income, net	(1)	0
Tax assessed on profit for the year	216	148
Other adjustment	2	4
Total	218	153
Profit for the year adjusted for non-cash operating items	776	507
Change in working capital		
Loans and advances	(62,402)	(34,801)
Mortgage loan funding through Nykredit Realkredit A/S	63,453	0
Issued mortgage bonds	15,313	38,595
Other working capital	(129)	1,536
Total	16,235	5,330
Corporation tax paid, net	(210)	(147)
Cash flows from operating activities	16,801	5,690
Cash flow from investing and financing activities		
Investments	(11,575)	(3,446)
Property, plant and equipment	(1)	(1)
Subordinate loan capital	2,609	(1)
Share capital increase	0	1,000
Total	(8,967)	(2,448)
Total cash flow	7,834	3,242
Cash and cash equivalents, beginning of year	11,315	8,073
Cash and cash equivalents, year-end	19,149	11,315

Liquidity risk

DKK MILLION

	2005	2004
By time-to-maturity		
Receivables from credit institutions		
On demand	16,014	8,635
Up to 3 months	3,135	2,680
Total	19,149	11,315
Loans and advances		
Up to 3 months	1,217	1,055
From 3 months and up to 1 year	3,595	3,123
From 1 year and up to 5 years	21,703	18,800
Over 5 years	233,751	171,726
Total	260,266	194,704
Fair value adjustment	(979)	2,182
Total, cf note 9	259,287	196,886
Mortgage loan funding through Nykredit Realkredit		
Up to 3 months	1,227	
From 3 months and up to 1 year	204	
From 1 year and up to 5 years	41,078	
Over 5 years	21,934	
Total	64,443	-
Fair value adjustment	(990)	
Total, cf note 14	63,453	-
Issued bonds		
Up to 3 months	54,693	34,448
From 3 months and up to 1 year	2,887	3,971
From 1 year and up to 5 years	44,762	87,930
Over 5 years	150,222	103,961
Total	252,564	230,310
Fair value adjustment	11	2,182
Set-off of own bonds	30,626	25,855
Total, cf note 15	221,949	206,637

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 2005	
	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	898	0	15	0			913	0
Forwards/futures, sold	1,724	(11)	15	0			1,739	(11)
Foreign exchange contracts								
Swaps			1,119	(2)	1,492	3	2,611	1
					Market value of non-guaranteed contracts		Market value	
					Positive	Negative	Positive	Negative
Interest rate contracts								
Forwards/futures, purchased					1	1	1	1
Forwards/futures, sold					0	11	0	11
Foreign exchange contracts								
Swaps					3	2	3	2

Capital adequacy and key ratios

DKK MILLION

	2005	2004
Capital adequacy		
Core capital after statutory deductions	5,380	4,823
Capital base	10,589	7,423
Weighted items not included in the trading portfolio, including off-balance sheet items	102,093	78,551
Weighted items involving market risk	2,684	797
Total weighted items	104,776	79,348
Capital adequacy ratio, %	10.1	9.4
Core capital ratio, %	5.1	5.4
The statutory minimum capital adequacy ratio, %	8.0	8.0

Financial highlights, of the Danish Financial Supervisory Authority's Executive Order on the Presentation of Financial Statements

	2001	2002	2003	2004	2005
Key figures					
Net interest and fee income	274	402	573	642	993
Value adjustments	66	102	64	49	(19)
Staff and administrative expenses	97	116	144	186	197
Provisions for loan impairment	0	0	1	0	1
Profit from equity investments	1	0	0	0	0
Profit for the year	178	275	341	354	558
Mortgage loans	104,927	130,600	162,045	196,856	259,249
Equity	2,604	3,127	3,468	4,822	5,380
Total assets	120,389	146,139	176,376	218,044	300,154
Key ratios					
1. Capital adequacy ratio, %	10.2	11.3	9.4	9.4	10.1
2. Core capital ratio, %	6.7	6.2	5.4	6.1	5.1
3. Return on equity before tax, %	10.3	13.6	14.3	12.1	15.2
4. Return on equity after tax, %	7.5	9.6	10.3	8.5	10.9
5. Income/cost ratio, DKK	3.5	4.4	4.4	3.7	4.8
6. Accumulated provisioning ratio, %	0.0	0.0	0.0	0.0	0.0
7. Losses and impairment provisions for the year, %	0.0	0.0	0.0	0.0	0.0
8. Growth in loans and advances for the year, %	23.4	24.5	24.1	20.1	31.7
9. Loans and advances relative to equity	40.3	41.7	46.7	40.4	48.2

The accounting figures for 2004 have been restated to new accounting policies. The 2001–2003 figures have not been restated.



Management Statement and Audit Reports

The Board of Directors and the Executive Board have today reviewed and approved the Annual Report for 2005 of Totalkredit A/S.

The Annual Report has been prepared in accordance with the Danish Financial Supervisory Authority's accounting provisions governing mortgage banks and the requirements provided by the OMX, the Copenhagen Stock Exchange for the presentation of the Annual Report by issuers of listed bonds.

Taastrup, 9 February 2006

EXECUTIVE BOARD

Niels Tørslev

Hans Henrik Andersen

Per Nykjær

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 2005 as well as the results of the Company's operations and cash flows for the financial year 2005.

The Annual Report is recommended for approval at the Annual General Meeting.

BOARD OF DIRECTORS

Mogens Munk Rasmussen,
Chairman

Bent Naur,
Deputy Chairman

Peter Engberg Jensen

Ole Kamstrup

Preben Lund Hansen

Johnna Bechsøfft

Steen Larsen

Merete Nilausen



Taastrup, 9 February 2006

Internal audit

We have audited the Annual Report of Totalkredit A/S for the financial year 2005 which has been prepared in compliance with Danish statutory reporting and presentation requirements.

The Annual Report is the responsibility of the Company's Executive Board and Board of Directors. Our responsibility is to express an opinion on the Annual Report based on our audit.

Basis of opinion

We conducted our audit on the basis of the Executive Order from the Danish Financial Supervisory Authority on Auditing Financial Enterprises and Financial Groups and in accordance with Danish and International Standards on Auditing (ISA). Based on materiality and risk, we have evaluated the business procedures, the accounting policies applied and the significant estimates made and verified the basis for amounts and other disclosures in the Annual Report. We believe that our audit provides a reasonable basis for our 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 2005 and of the results of the Company's operations and cash flows for the financial year 2005 in accordance with Danish statutory reporting and presentation requirements.

Claus Okholm
Chief Audit Executive

Kim Stormly Hansen
Deputy Chief Audit Executive

Report by the auditors appointed by the General Meeting

We have audited the Annual Report of Totalkredit A/S for the financial year 2005 which has been prepared in compliance with Danish statutory reporting and presentation requirements.

The Annual Report is the responsibility of the Company's Executive Board and Board of Directors. Our responsibility is to express an opinion on the Annual Report based on our audit.

Basis of opinion

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

Our audit has not 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 2005 and of the results of the Company's operations and cash flows for the financial year 2005 in accordance with Danish statutory reporting and presentation requirements.

Deloitte

Statsautoriseret Revisionsaktieselskab

Erik Holst Jørgensen
State-Authorised Public Accountant

Anders O. Gjelstrup
State-Authorised Public Accountant

The banks behind Totalkredit

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