

To the Copenhagen Stock Exchange,  
the Luxembourg Stock Exchange and the press

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**Interim Report 2006**  
(1 January to 30 June 2006)

of

**the BRFkredit Group**  
**(BRFkredit)**

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The 2006 Interim Report of BRFkredit is downloadable in pdf format from BRFkredit's website at [www.BRF.dk](http://www.BRF.dk).

Please observe that the Danish version of this announcement prevails.

## Financial highlights of BRFkredit

<b>Core earnings/earnings from investment portfolios and profits for the period/year</b> DKK million	<b>1<sup>st</sup> half of 2006</b>	<b>1<sup>st</sup> half of 2005</b>	<b>2005 (full year)</b>
Core income from lending operations etc.	449	460	926
Core income from securities	147	174	350
Total core income	597	634	1,276
Operating expenses, depreciation and amortisation	410	361	744
Core earnings before writeoffs	186	273	531
Losses and writeoffs on loans (- signifies an income)	-82	-39	-81
Core earnings	268	312	613
Earnings from investment portfolios	-79	48	152
Profit before tax	189	360	765
Tax	52	54	107
Net profit for the period/year	137	306	657
<b>Balance sheet</b> DKK million			
<i>Assets (selected):</i>			
Lending	170,167	155,483	164,011
Bonds and shares etc.	7,154	4,234	25,116
<i>Liabilities and equity (selected):</i>			
Issued bonds	166,857	161,612	185,277
Shareholders' equity	9,854	9,354	9,710
<i>Balance sheet total</i>	184,589	180,901	208,015
<b>Key figures and ratios</b>			
Core earnings as a per annum percentage of average shareholders' equity	5.5	6.8	6.5
Profit before tax as a per annum percentage of average shareholders' equity	3.9	7.8	8.2
Net profit as a per annum percentage of average shareholders' equity	2.8	6.7	7.0
Capital adequacy ratio	12.4	13.4	13.3
Core capital ratio	10.8	11.5	11.5
Administrative expenses, depreciation and amortisation as % of average loan portfolio	0.49	0.49	0.49
Writeoffs (corrective account) (DKK million)	95	196	152
Loss-and-writeoff ratio	0.0	0.0	0.0
Arrears percentage at end of period/year	0.2	0.3	0.2
Growth in lending during the period/year, %	7.2	4.0	11.2
Gross new lending, DKK million	25,031	35,224	69,458
Number of new loans	15,500	24,800	45,900

## Review

### Satisfactory profit, enlarged market shares and strong portfolio growth

On 23 August 2006, the Board of Directors approved the financial statements of the BRFkredit Group (BRFkredit) for the six months ended 30 June 2006.

BRFkredit delivered a pre-tax profit of DKK 189m for the first half of 2006, against DKK 360m for the first half of 2005. BRFkredit came out of the six-month period with a net profit of DKK 137m, compared with DKK 306m for the corresponding period of 2005.

As a result of the high activity level seen so far, the full-year forecast of core earnings has been revised upwards by DKK 50m to DKK 350-400m.

#### Summary financial performance for first half of 2006

- *Enlarged market shares within all business areas compared with 2005*
- *Portfolio growth of DKK 21bn to DKK 170bn compared with the first half of 2005*
- *Core income of DKK 597m, against DKK 634m for the same period of 2005. Core income was affected by lower refinancing activity compared with the first half of 2005*
- *Rise in costs and expenses from DKK 361m in the first half of 2005 to DKK 410m in the first half of 2006 – mainly ascribable to higher marketing and IT development costs*
- *Income of DKK 82m on losses and writeoffs on loans as a result of a continued favourable economic climate*
- *The return on investment portfolios was influenced by unrest in the financial markets and worked out at a negative amount of DKK 79m, against earnings from the portfolios of DKK 48m in the first six months of 2005*
- *Upward revision of full-year forecast of core earnings by DKK 50m to DKK 350-400m*

After the inclusion of interim profit, the capital adequacy ratio at 30 June 2006 was 12.4%. If computed exclusively on the basis of core (tier 1) capital, the capital adequacy ratio was 10.8% at half-year 2006.

## First-half performance 2006

### *BRFkredit's segments*

BRFkredit comprises BRFkredit a/s (Parent Company), BRFbank a/s, Ejendomsselskabet Nørreport 26, 8000 Århus C. A/S and Ejendomsselskabet Nørgaardsvej 37 – 41, 2800 Lyngby A/S.

BRFkredit's business activities fall into two segments:

- 1) Mortgage lending etc.
- 2) Portfolio management

<b>BRFkredit's segmental financial statements for 1<sup>st</sup> half of 2006</b> DKK million	<b>Mortgage lending etc.</b>	<b>Portfolio management</b>	<b>Total</b>
Core income from lending operations etc.	449		
Core income from securities	147		
Total core income	597		
Operating expenses, depreciation and amortisation	410		
Core earnings before writeoffs	186		
Losses and writeoffs on loans (- signifies an income)	-82		
Core earnings	268		
Earnings from investment portfolios		-79	
<i>Profit before tax</i>	268	-79	189
Tax			52
<i>Net profit for the period</i>			137

### *Mortgage lending etc.*

Mortgage lending etc. comprises financial business activities in the areas of private customers, corporate customers and subsidised housing as well as the activities of BRFbank. The segment also comprises a risk-free return on the proprietary investment portfolio.

<b>Mortgage lending etc.</b> DKK million	<b>1<sup>st</sup> half of 2006</b>	<b>1<sup>st</sup> half of 2005</b>
Core income from lending operations etc.	449	460
Core income from securities	147	174
Total core income	597	634
Operating expenses, depreciation and amortisation	410	361
Core earnings before writeoffs	186	273
Losses and writeoffs on loans (- signifies an income)	-82	-39
Core earnings	268	312

Core earnings of “Mortgage lending etc.” worked out at DKK 268m for the interim period, against DKK 312m for the first half of 2005.

Core earnings are made up as follows:

*Core income from lending operations etc.*

Income from lending operations primarily consists of income from commissions and brokerage, fees and charges from mortgage operations as well as income from bank lending.

Income from commissions, positively influenced by the sustained rise in the portfolio, came to DKK 346m for the first half of 2006, up from DKK 309m in the same period of 2005.

Brokerage, fees and charges (net) reached DKK 104m in the first half of 2006, against DKK 151m in the corresponding period of 2005. Brokerage, fees and charges were affected by the high refinancing activity in 2005.

*Core income from securities*

Core income from securities, which comprises a risk-free return on the proprietary investment portfolio and other interest income, amounted to DKK 147m for the period under review, down from DKK 174m in the first half of 2005.

Risk-free return was DKK 104m in the first half of 2006, against DKK 114m in the same period of 2005.

*Operating expenses, depreciation and amortisation*

Operating expenses, including depreciation and amortisation, were DKK 410m for the first half of 2006, up from DKK 361m the year before. The rise is mainly ascribable to higher marketing and IT development costs. The expense ratio was unchanged at 0.49% for the first half of 2006.

*Losses and writeoffs*

Losses and writeoffs generated net income of DKK 82m for the period to 30 June 2006, up from DKK 39m in the first half of 2005. The contribution to profits stemmed from favourable economic conditions, which resulted in a low level of losses and new writeoffs, combined with the reversal of earlier writeoffs.

The balance of total writeoffs at 30 June 2006 was DKK 95m, equivalent to 0.1% of the aggregate loan portfolio.

**Portfolio management**

Earnings from investment portfolios comprise total returns on the securities portfolio net of risk-free return, which is transferred to core earnings.

Portfolio management DKK million	1 <sup>st</sup> half of 2006	1 <sup>st</sup> half of 2005
<i>Gross investment returns</i>		
Return on interest-bearing instruments	27	-12
Return on shares	2	178
<i>Total gross investment returns</i>		
Costs and expenses related to earnings from investment portfolios	-3	-4
Net investment returns		
Risk-free return	104	114
Earnings from investment portfolios		
	-79	48

BRFkredit's investment returns (gross) on the proprietary portfolio were DKK 29m in the first half of 2006, equivalent to a rate of return of 0.4%. This compares with a rate of return of 1.7% for the corresponding period of 2005. Costs and expenses related to earnings from investment portfolios in the form of wages, salaries and brokerage, etc. stood at DKK 3m. The securities portfolio yielded risk-free return of DKK 104m for the first half of 2006. To calculate risk-free return, BRFkredit chose an average interest rate of 2.50% in the first half of 2006, against 2.35% in the same period of 2005. Risk-free return is calculated on the basis of an average short-term money-market rate. Hence, earnings from investment portfolios yielded a negative return of DKK 79m for the first half of 2006, against earnings of DKK 48m for the first six months of 2005.

Computed in accordance with the rules of the Danish Financial Supervisory Authority, BRFkredit's interest rate risk at 30 June 2006 was DKK 280m.

### Balance sheet total, shareholders' equity and capital adequacy

- BRFkredit had a balance sheet total of DKK 185bn at 30 June 2006, against DKK 208bn at 31 December 2005. BRFkredit's loan portfolio widened by a nominal amount of DKK 10.6bn to DKK 170bn during the first half of 2006. BRFkredit's aggregate loan portfolio, measured at carrying amount, was DKK 170bn at the interim stage of 2006, up from DKK 164bn at the close of 2005. Shareholders' equity, equivalent to BRFkredit's core capital, was up by DKK 144m to DKK 9,854m at 30 June 2006.
- The capital adequacy ratio at 30 June 2006 was 12.4%, against 13.3% at end-2005. Own funds (tier 1 + tier 2 capital) thus exceeded the statutory requirement by an amount of DKK 4.1bn. If computed exclusively on the basis of core (tier 1) capital, the capital adequacy ratio at 30 June 2006 was 10.8%, equalling an amount of DKK 2.6bn above the statutory requirement.

BRFkredit DKK million	30 June 2006	30 June 2005	31 December 2005
Shareholders' equity, beginning of year	9,710	9,029	9,029
Correction, beginning of year	-	19	19
Items recognised directly in equity	7	-	4
Retained profit for the period/year	137	306	657
Shareholders' equity, end of period/year	9,854	9,354	9,710
Own funds (capital base)	11,338	10,535	11,193
Weighted assets	91,075	78,574	84,114
Capital adequacy ratio	12.4	13.4	13.3
Core capital ratio	10.8	11.5	11.5

## Other developments

### *Expanding market shares and strong portfolio growth*

Compared with the first half of 2005, BRFkredit improved its market shares by all measures during the first six months of 2006. The improvement was observed in all business areas.

BRFkredit reported portfolio growth of 6.7% for the period under review. The entire market experienced first-half growth of 5.3%.

BRFkredit's loan portfolio widened by DKK 10.6bn to a total of DKK 170bn during the first half of 2006, DKK 21bn up from the interim stage of 2005. The strong portfolio growth was another all-time high.

BRFkredit's market shares Per cent	1 <sup>st</sup> half of 2006	1 <sup>st</sup> half of 2005	2005
Gross new lending <sup>1)</sup>	10.6	9.2	9.1
New lending <sup>2)</sup>	10.7	9.1	9.8
Net new lending <sup>3)</sup>	11.4	7.6	9.7
Net lending <sup>4)</sup>	11.1	6.7	9.1

1) Gross new lending indicates the mortgage principal translated into cash value, i.e. all types of loan are included at the market price of the mortgage principal at the date of issuance.

2) New lending equals gross new lending less refinanced loans with the same institution.

3) Net new lending equals gross new lending less refinanced loans and extraordinary repayments.

4) Net lending equals net new lending less ordinary principal payments.

### *Bond issuance*

In the first half of 2006, BRFkredit issued bonds for a total of DKK 26bn, against DKK 36bn in the corresponding period of 2005. Traditional fixed-rate mortgage bonds accounted for 31% of the bond issuance, whereas adjustable-rate mortgage bonds accounted for 39% and floating-rate notes for funding of Guarantee Loans for 29% of the issuance.

The trading volume of BRFkredit's mortgage bonds represented 9% of the total trading volume of mortgage bonds in the first half of 2006. As far as the short-term 2% 2007 adjustable-rate mortgage bond is concerned, BRFkredit achieved a 13% share of the total volume of just under DKK 390bn. As regards the 4% 2038 and 5% 2038 fixed-rate mortgage bonds, BRFkredit accounted for 9% of the total trading volume of DKK 458bn.

## **Outlook for 2006**

At the time of the publication of the financial statements for 2005, BRFkredit forecast core earnings for 2006 in the order of DKK 300-350m. BRFkredit's gross lending for the first half of 2006 was significantly higher than anticipated. The second half of the year holds expectations of lower activity in the market for mortgage lending. Costs and expenses for the year as a whole are expected to rise. Losses and writeoffs are likely to remain at a moderate level. In the light of these circumstances, the forecast of core earnings for 2006 has been revised upwards by DKK 50m to DKK 350-400m.

## **Resolutions by the Board of Directors**

No resolution that falls within the duty of disclosure set out in the Rules Governing Securities Listing on the Copenhagen Stock Exchange A/S was adopted by the Board of Directors during the first half of 2006.

## **Accounting policies**

The interim financial statements of the BRFkredit Group are presented in accordance with IAS 34 and additional financial reporting disclosure requirements as applied in Denmark. In accordance with IAS 34, the notes are not as detailed as in the annual report. However, the principles for recognition and measurement of the International Financial Reporting Standards (IFRS) have been followed.

The interim financial statements of BRFkredit a/s have been prepared in compliance with the Consolidated Danish Financial Business Act and the Danish Executive Order on Financial Reports of Credit Institutions and Brokerage Houses, Etc.

The accounting policies of both the BRFkredit Group and BRFkredit a/s are consistent with those applied in the annual report for 2005, which provides a complete description of the accounting policies.

### *Capital adequacy*

Pursuant to an amendment to the Danish Financial Business Act in 2006, credit institutions may now recognise current profit for the year in core capital.

The BRFkredit Group and BRFkredit a/s have decided to do so.

<b>Profitt and loss account</b> <i>DKK million</i>
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For the six months ended 30 June	Note	BRFkredit Group		BRFkredit a/s	
		2006	2005	2006	2005
Interest income	1	3,688	3,903	3,648	3,873
Interest expenses	2	3,164	3,390	3,151	3,377
<b>Net interest income</b>		<b>524</b>	<b>513</b>	<b>496</b>	<b>495</b>
Dividends on shares etc.		14	23	14	23
Fees, charges and commission income		110	171	101	163
Fees, charges and commissions paid		63	64	65	67
<b>Net interest income, fees and charges</b>		<b>585</b>	<b>643</b>	<b>547</b>	<b>614</b>
Securities and foreign exchange income (- signifies a loss)	3	-81	34	-83	26
Other operating income		8	8	10	8
Staff costs and administrative expenses	4	397	356	377	339
Amortisation, depreciation and writedowns, intangible and tangible assets		10	7	10	7
Other operating expenses		0	-	0	-
Writeoffs on loans etc. (- signifies an income)	5	-82	-39	-82	-39
Income from equity investments in associated and subsidiary undertakin	6	1	-1	23	18
<b>Profit before tax</b>		<b>189</b>	<b>360</b>	<b>192</b>	<b>360</b>
Tax		52	54	52	54
<b>Net profit for the period</b>		<b>137</b>	<b>306</b>	<b>140</b>	<b>306</b>

<b>Balance sheet</b> <b>DKK million</b>
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	Note	BRFkredit Group		BRFkredit a/s	
		30 June 2006	31 Dec. 2005	30 June 2006	31 Dec. 2005
<b>Assets</b>					
Cash in hand and demand deposits with central banks		9	75	9	6
Receivables from credit institutions and central banks		6,532	17,170	6,597	16,496
Bonds at fair value		6,325	24,210	6,325	24,210
Current tax assets		-	4	-	7
Assets acquired temporarily		2	4	2	4
Other assets etc.		196	1,108	195	1,108
Shares etc.		829	906	829	906
Loans and other receivables at amortised cost		2,528	1,671	152	154
Loans and other receivables at fair value	7	167,639	162,340	167,381	162,107
Intangible assets		8	9	8	9
Investment properties		115	115	115	115
Owner-occupied properties		319	320	231	231
Plant and equipment (other tangible assets)		16	18	15	18
Equity investments in associated undertakings		72	66	72	66
Equity investments in subsidiaries		-	-	579	563
<b>Total assets</b>		<b>184,589</b>	<b>208,015</b>	<b>182,510</b>	<b>205,999</b>
<b>Liabilities and equity</b>					
Payables to credit institutions and central banks		1,664	3,944	1,385	3,908
Deposits and other payables		1,734	1,261	-	-
Current tax liabilities		10	-	6	-
Other liabilities etc.		2,919	6,271	2,855	5,548
Issued bonds at fair value		166,857	185,277	166,857	185,277
<b>Total payables</b>		<b>173,184</b>	<b>196,753</b>	<b>171,102</b>	<b>194,733</b>
<b>Subordinated capital</b>		<b>1,493</b>	<b>1,492</b>	<b>1,493</b>	<b>1,492</b>
<b>Provisions</b>					
Provisions for deferred tax		14	13	12	12
Other provisions		45	47	48	52
<b>Total provisions</b>		<b>58</b>	<b>60</b>	<b>61</b>	<b>64</b>
<b>Shareholders' equity</b>					
Share capital		306	306	306	306
Share premium account		102	102	102	102
Accumulated changes in value		37	37	37	37
Other reserves		9,272	8,607	9,270	8,607
Retained profits		137	657	140	657
<b>Total shareholders' equity</b>		<b>9,854</b>	<b>9,710</b>	<b>9,854</b>	<b>9,710</b>
<b>Total liabilities and equity</b>		<b>184,589</b>	<b>208,015</b>	<b>182,510</b>	<b>205,999</b>
Contingent liabilities	8				
Security provided	9				
Five-year summary	10				
Consolidated companies	11				

<b>Equity and capital</b> <b>DKK million</b>
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Statement of changes in equity, BRFkredit Group	Share capital 1)	Share premium account	Revaluation	Reserves in series 3)	Other reserves / Shares available for sale 4)	Other reserves / Retained profits 5)	Total
Shareholders' equity at 31 Dec. 2005	306	102	37	6,977	96	2,192	9,710
Recognised directly in equity:							
Shares available for sale - equity 2)	-	-	-	-	3	-	3
Revaluation of associated undertakings	-	-	-	-	-	5	5
Recognised directly in equity, total	-	-	-	-	3	5	7
Net profit for the period	-	-	-	-	-	137	137
Shareholders' equity at 30 June 2006	306	102	37	6,977	99	2,333	9,854

1) The share capital is divided into 564,800 'A' shares of DKK 100 each and 2,500,000 'B' shares of DKK 100 each, all of which are fully paid up. The number of shares was unchanged during the financial year. Each 'A' share carries 10 votes, whereas each 'B' share carries one vote at the Annual General Meeting of the Company.

Dividend is paid equally to 'A' and 'B' shares. No share options have been issued. All shares are owned by BRFHolding a/s.

2) Shares available for sale - equity: The year's value adjustments of shares classified as available for sale are recognised directly in equity at DKK 3m.

3) Reserves in series: Capital set aside for meeting the capital adequacy requirement in "Series not subject to repayment obligation".

4) Other reserves / Shares available for sale: Accumulated increases in the value of shares classified as "Available for sale" (distributable reserves)

5) Other reserves / Retained profits: Capital set aside for meeting the capital adequacy requirement in "General Capital Centre".

Core capital, own funds and capital adequacy ratio	BRFkredit Group		BRFkredit a/s	
	30 June 2006	31 Dec. 2005	30 June 2006	31 Dec. 2005
Core capital (tier 1) after deduction	9,846	9,701	9,846	9,701
Own funds (capital base)	11,338	11,193	11,338	11,193
Weighted items outside trading portfolio, including off-balance sheet items	84,006	79,494	79,920	77,165
Weighted items with market risk etc.	7,069	4,621	7,069	3,765
Total weighted items	91,075	84,114	86,989	80,930
Core capital ratio	10.8	11.5	11.3	12.0
Capital adequacy ratio	12.4	13.3	13.0	13.8
BRFkredit's capital requirement according to the rules of the Financial Supervisory Authority	7,286	6,729	6,959	6,474

The difference between shareholders' equity and core capital after deduction is intangible assets of DKK 8m.

The difference between core capital after deduction and own funds is subordinated capital of DKK 1,493m.

## Cash flow statement

DKK million

For the six months ended 30 June

	BRFkredit Group	
	2006	2005
<b>Cash flows from operating activities</b>		
Pre-tax profit for the period	189	360
Adjustments for non-cash operating items c)	-52	-126
	<u>138</u>	<u>234</u>
<b>Change in working capital</b>		
Loans and other receivables	-6,098	-7,694
Issued bonds before set-off	-36,687	-21,443
Bonds	36,171	34,663
Payables to credit institutions, deposits and other payables	-1,807	-1,047
Adjustment of other working capital	-2,392	-3,760
Corporation tax paid	-38	-48
<b>Total cash flows from operating activities</b>	<u><b>-10,714</b></u>	<u><b>906</b></u>
<b>Cash flows from investing activities</b>		
Net investment in companies	-	-20
Net investment in intangible and tangible fixed assets	-3	-14
<b>Total cash flows from investing activities</b>	<u><b>-3</b></u>	<u><b>-34</b></u>
<b>Cash flows from financing activities</b>		
Subordinated capital	0	-2
Dividends paid	-	-
<b>Total cash flows from financing activities</b>	<u><b>0</b></u>	<u><b>-2</b></u>
<b>Total change in cash and cash equivalents</b>	<b>-10,716</b>	<b>869</b>
Cash and cash equivalents at beginning of period a)	17,212	19,483
<b>Cash and cash equivalents at end of period b)</b>	<u><b>6,496</b></u>	<u><b>20,352</b></u>
<b>a) Cash and cash equivalents at beginning of period:</b>		
Cash in hand and demand deposits with central banks	75	4
Receivables from credit institutions and central banks	17,170	19,525
Of which receivables not directly available	-32	-46
	<u><b>17,212</b></u>	<u><b>19,483</b></u>
<b>b) Cash and cash equivalents at end of period:</b>		
Cash in hand and demand deposits with central banks	9	174
Receivables from credit institutions and central banks	6,532	20,202
Of which receivables not directly available	-44	-24
	<u><b>6,496</b></u>	<u><b>20,352</b></u>
<b>c) Adjustments for non-cash operating items:</b>		
Depreciation and writedowns, fixed assets etc.	6	4
Losses/gains on sales of fixed assets	0	-
Value adjustment of properties	-	-3
Revaluation of equity investments	-1	1
Revaluation of unrealised shares	20	-111
Revaluation of unrealised bonds	-19	30
Change in writeoffs on loans	-57	-47
<b>Total</b>	<u><b>-52</b></u>	<u><b>-126</b></u>

BRFkredit's cash at bank and in hand is exceptionally high in connection with a repayment date, for instance at the end of the financial year. One of the reasons is extraordinary repayments of mortgage loans where the underlying bonds are drawn for redemption at the repayment date in relation to the bondholders.

<b>Statement of core earnings and earnings from investment portfolios</b> <i>DKK million</i>
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For the six months ended 30 June

BRFkredit Group	2006			2005		
	Mortgage lending etc.	Earnings from invest- ment portfolios	Total	Mortgage lending etc.	Earnings from invest- ment portfolios	Total
Net interest income	524	0	524	480	33	513
Dividends on shares etc.	-	14	14	-	23	23
Fees, charges and commission income	110	-	110	171	-	171
Fees, charges and commissions paid	62	1	63	62	1	64
<b>Net interest income, fees and charges</b>	<b>572</b>	<b>13</b>	<b>585</b>	<b>589</b>	<b>54</b>	<b>643</b>
Securities and foreign exchange income (- signifies a loss)	9	-90	-81	38	-4	34
Other operating income	8	-	8	8	-	8
Staff costs and administrative expenses	394	3	397	354	3	356
Amortisation, depreciation and writedowns, intangible and tangible assets	10	-	10	7	-	7
Other operating expenses	0	-	0	-	-	-
Writeoffs on loans etc. (- signifies an income)	-82	-	-82	-39	-	-39
Income from equity investments in associated and subsidiary undertakings	1	-	1	-1	-	-1
<b>Profit before tax</b>	<b>268</b>	<b>-79</b>	<b>189</b>	<b>312</b>	<b>48</b>	<b>360</b>

<b>Notes to profit and loss account</b> <i>DKK million</i>
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For the six months ended 30 June

1 Interest income	BRFkredit Group		BRFkredit a/s	
	2006	2005	2006	2005
Receivables from credit institutions and central banks 1)	55	131	56	128
Loans and other receivables	3,195	3,406	3,152	3,375
Commissions	346	309	346	309
Bonds 2)	68	7	68	7
Financial derivatives, interest-rate contracts	18	40	21	44
Other interest income	6	10	6	10
<b>Total interest income</b>	<b>3,688</b>	<b>3,903</b>	<b>3,648</b>	<b>3,873</b>
1) Of which interest income on reverse transactions entered under "Receivables from credit institutions and central banks"	20	67	20	67
2) Interest received on own mortgage bonds (DKK 85m) has, according to the accounting rules, been set off against interest expenses for issued bonds under interest expenses. Real interest income on the bond portfolio is thus DKK 153m.				
2 Interest expenses	BRFkredit Group		BRFkredit a/s	
	2006	2005	2006	2005
Payables to credit institutions and central banks 1)	27	15	26	11
Deposits and other payables	12	9	-	-
Issued bonds	3,098	3,343	3,098	3,343
Subordinated capital	25	22	25	22
Other interest expenses	2	2	2	2
<b>Total interest expenses</b>	<b>3,164</b>	<b>3,390</b>	<b>3,151</b>	<b>3,377</b>
1) Of which interest expenses from repo transactions entered under "Payables to credit institutions and central banks"	21	8	21	8
3 Securities and foreign exchange income (- signifies a loss)	BRFkredit Group		BRFkredit a/s	
	2006	2005	2006	2005
Mortgage loans	-5,407	1,694	-5,408	1,695
Other loans and receivables at fair value	-2	20	-1	10
Bonds	-212	-52	-212	-52
Bonds at fair value	-12	155	-10	155
Shares available for sale	-0	-	-	-
Investment properties	-	3	-	3
Currency translation adjustment	0	0	0	0
Financial derivatives, interest-rate contracts	147	-67	142	-66
Issued bonds	5,406	-1,719	5,406	-1,719
<b>Total securities and foreign exchange income</b>	<b>-81</b>	<b>34</b>	<b>-83</b>	<b>26</b>
Securities and foreign exchange income under the balance principle totals DKK 6m, resulting from a net value adjustment of the following items: Mortgage lending by minus DKK 5,408m, issued bonds by DKK 5,406m and fixed-price agreements for loan disbursements etc. by DKK 8m.				

Notes to profit and loss account DKK million
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For the six months ended 30 June

4 Staff costs and administrative expenses	BRFkredit Group		BRFkredit a/s	
	2006	2005	2006	2005
Emoluments and remuneration of Board of Directors and Board of Representatives 1, 4)	1	1	1	1
Wages and salaries 2, 4)	177	170	162	159
Defined-contribution pensions 3)	17	16	16	15
Social-security costs	18	18	17	17
Total staff costs	214	205	197	191
Other administrative expenses	183	152	180	147
Total staff costs and administrative expenses	397	356	377	339

Average number of employees (full-time equivalent)	776	732	701	679
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- 1) The first-half emolument of ordinary members of the Board of Directors was DKK 75,000. The Deputy Chairman received double this amount whereas the Chairman received triple this amount.
- 2) The remuneration of the Board of Management was DKK 4.2m. In addition, during the period members of the Board of Management received benefits-in-kind, such as free car etc., where the Group paid expenses of DKK 0.2m in 2006 (2005: DKK 0.2m).
- 3) The Group has concluded a pension agreement with PFA Pension. The premium, which is payable under a defined-contribution scheme, follows the agreement in force from time to time between the Danish Employers' Association for the Financial Sector, the Danish Financial Service Union and the BRFkredit Group.
- 4) Members of the Board of Directors and the Board of Management receive no shares, options, warrants or any other types of incentive pay.

5 Writeoffs on loans etc. (- signifies an income)	BRFkredit Group		BRFkredit a/s	
	2006	2005	2006	2005
Net changes during the period, individual writeoffs	-34	-42	-35	-42
Net changes during the period, writeoffs in groups	-23	-5	-23	-5
Realised losses, not previously written off	11	21	10	21
Recoveries of loan losses previously written off	35	16	35	16
Value adjustment of foreclosed properties	-1	2	-1	2
Other changes	1	-0	1	-0
Total writeoffs on loans etc.	-82	-39	-82	-39
Individual writeoffs:				
Beginning of period	114	201	109	200
Writeoffs during the period	6	1	2	0
Reversal of writeoffs in former financial years	39	43	36	42
Other changes	-1	0	-1	0
End of period	80	159	74	158
Writeoffs in groups:				
Beginning of period	38	42	38	42
Writeoffs during the period	15	37	15	37
Reversal of writeoffs in former financial years	38	42	38	42
End of period	15	37	15	37

6 Income from equity investments in associated and subsidiary undertakings	BRFkredit Group		BRFkredit a/s	
	2006	2005	2006	2005
Income from equity investments in associated undertakings	1	-1	1	-1
Income from equity investments in subsidiaries before tax	-	-	22	20
Total income from equity investments in associated and subsidiary undertakings	1	-1	23	18

Notes to balance sheet DKK million
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7 Loans and other receivables at fair value	BRFkredit Group		BRFkredit a/s	
	30 June 2006	31 Dec. 2005	30 June 2006	31 Dec. 2005
Mortgage loans, nominal value	169,959	159,304	169,983	159,328
Adjustment for interest-rate risk etc.	-2,760	2,646	-2,761	2,646
Adjustment for credit risk	-59	-99	-59	-99
Total mortgage loans at fair value	167,140	161,851	167,163	161,875
Arrears and outlays	65	72	65	72
Other loans and receivables	433	417	153	160
Total loans and other receivables at fair value	167,639	162,340	167,381	162,107

  

8 Contingent liabilities	BRFkredit Group		BRFkredit a/s	
	30 June 2006	31 Dec. 2005	30 June 2006	31 Dec. 2005
<b>Guarantees etc.</b>				
Financial guarantees	1,501	861	-	-
Other guarantees	24	22	20	18
Total guarantees etc.	1,525	883	20	18
<b>Other contingent liabilities</b>				
Other liabilities	97	92	97	92
Total other contingent liabilities	97	92	97	92
Total off-balance sheet items	1,622	974	117	110

  

9 Security provided	BRFkredit Group		BRFkredit a/s	
	30 June 2006	31 Dec. 2005	30 June 2006	31 Dec. 2005
Certificates of deposit etc. with Danmarks Nationalbank provided as security for sum clearing	297	266	-	-

## Five-year summary and consolidated companies

## 10 Five-year summary at 30 June:

BRFkredit a/s	2006	2005	2004	2003	2002
Capital adequacy ratio	13.0	14.0	13.5	12.0	12.8
Core capital ratio	11.3	12.0	11.5	11.4	11.5
First-half return on equity before tax (%)	2.0	3.9	3.9	3.5	2.9
First-half return on equity after tax (%)	1.4	3.3	3.0	2.8	1.6
Earnings per unit of cost (DKK)	1.63	2.18	2.05	1.90	1.75
Foreign exchange position (%)	1.7	1.1	2.4	0.7	0.4
Accumulated writeoff ratio	0.0	0.1	0.3	0.3	0.4
Loss-and-writeoff ratio for the period	0.0	0.0	0.0	0.0	0.0
Growth in lending during the period (%)	6.7	4.2	1.5	1.1	2.1
Loan-to-equity ratio	17.0	16.4	15.9	16.6	16.6

## BRFkredit Group

Capital adequacy ratio	12.4	13.4	13.1	11.6	12.5
Core capital ratio	10.8	11.5	11.1	11.1	11.2
First-half return on equity before tax (%)	2.0	3.9	3.9	3.5	2.9
First-half return on equity after tax (%)	1.4	3.3	3.0	2.8	1.6
Earnings per unit of cost (DKK)	1.59	2.11	2.00	1.90	1.70
Foreign exchange position (%)	1.7	1.1	2.4	0.7	0.4
Accumulated writeoff ratio	0.1	0.1	0.3	0.3	0.4
Loss-and-writeoff ratio for the period	0.0	0.0	0.0	0.0	0.0
Growth in lending during the period (%)	7.2	4.0	1.9	1.2	2.2
Loan-to-equity ratio	17.3	16.6	16.1	16.8	16.8

The key financial figures and ratios set out above have been computed in compliance with the guidelines of the Danish Financial Supervisory Authority. For specifications, visit [www.Finanstilsynet.dk](http://www.Finanstilsynet.dk).

## 11 Consolidated companies

Name and registered office	Type of business	Shareholding (%)	Share capital at end of period *	Equity at end of period *	Profit *
<b>Subsidiaries</b>					
BRFbank a/s, Kgs. Lyngby	Fin. services company	100	140	497	38
Ejendomsselskabet Nørreport 26, 8000 Århus C. A/S, Århus	Property company	100	5	49	11
Ejendomsselskabet Nørgårdsvej 37-41, 2800 Lyngby A/S, Kgs. Lyngby	Property company	100	2	17	0

\* According to latest published financial statements

## Parent companies preparing consolidated financial statements

BRFkredit a/s is included as a subsidiary of the following companies, which prepare consolidated financial statements:

BRFholding a/s, Kgs. Lyngby

BRFfonden, Kgs. Lyngby