

To the Copenhagen Stock Exchange and the press

26 February 2003  
Announcement no. 04/2003

**Announcement of results for 2002**

1 January to 31 December 2002

of

**BRFkredit a/s**

and

**the BRFkredit Group a/s**

Please observe that the Danish version of the announcement prevails

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## Summary

### Satisfactory profit on mortgage operations

Today, 26 February 2003, the Board of Directors has approved the accounts of BRFkredit and the BRFkredit Group for 2002.

BRFkredit generated a profit of DKK 445m before revaluation of securities and tax, surpassing expectations at the interim stage of 2002. A loss on shares of DKK 268m and a gain on bonds of DKK 66m resulted in a pre-tax profit of DKK 248m, compared to DKK 304m in 2001.

- The profit performance was affected by the following factors:
  - Net income from mortgage operations improved by DKK 14m to DKK 687m
  - Costs totalled DKK 634m, down DKK 9m from 2001
  - Losses and write-offs came to DKK 4m, compared to DKK 9m in 2001
  - Loss on the securities portfolio of DKK 197m
- The increase in net income from mortgage operations reflects an increase in lending activity, which was higher than anticipated. Recent years' loan portfolio growth was another contributor to higher income in 2002.
- BRFkredit's loan portfolio grew by DKK 5bn to DKK 134.8bn during 2002. Of this, lending to private customers grew by DKK 2.4bn, while lending to corporate customers grew by DKK 2.4bn and subsidised housing by DKK 0.2bn.
- In 2002, BRFkredit concluded new agreements on procurement of mortgage loans, in particular with the SAFE estate agents and Handelsbanken/Midtbank, starting 1 January 2003. The agreements strengthen BRFkredit's distribution and are supporting continued growth in the portfolio.
- At the end of 2002, 16 months after the first rating, Moody's Investors Service assigned the higher Aa1 rating to BRFkredit's bonds issued out of Capital Centre B, which BRFkredit opened with effect from 1 January 2003.

### **BRFkredit's Chairman of the Board, Oluf Engell, says:**

*"BRFkredit achieved a satisfactory profit on mortgage operations in 2002, derived from higher income and lower costs. It is gratifying to note that BRFkredit continues to expand its loan portfolio while recording growth in loans to private and corporate customers alike.*

*With an Aa1 rating, new product initiatives and BRFkredit's strong cooperation with EDC Mæglerne and the new alliances with the SAFE estate agents and Handelsbanken/Midtbank, 2002 also saw a range of activities that strengthen BRFkredit's distribution channels and position in the market."*

Oluf Engell  
Chairman of the Board of Directors

Sven A. Blomberg  
President and Chief Executive Officer

*For further details, please contact:*

- Sven A. Blomberg, President, Chief Executive Officer, tel. +45 4526 2500
- Carsten Tirsbæk Madsen, Executive Vice President, tel. +45 4526 2871 or mobile tel. +45 4025 8874
- Jens Christian Nielsen, Chief Economist, tel. +45 4526 2872 or mobile tel. +45 2019 9238

## Five-year summary

### BRFkredit a/s

<b>Profit and loss account (DKK millions)</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
Commissions and net fees and charges	687	673	598	613	637
Interest on securities	371	441	393	497	560
<b>Net interest income, fees and charges</b>	<b>1,058</b>	<b>1,114</b>	<b>990</b>	<b>1,110</b>	<b>1,197</b>
Other operating income	25	30	24	27	37
Profit before costs	1,084	1,143	1,015	1,137	1,234
Costs and expenses, including depreciation	-634	-643	-657	-625	-570
<b>Operating profit before losses and write-offs</b>	<b>449</b>	<b>501</b>	<b>357</b>	<b>512</b>	<b>664</b>
Losses and write-offs on loans	4	9	-174	-188	-173
<b>Operating profit</b>	<b>445</b>	<b>492</b>	<b>531</b>	<b>700</b>	<b>837</b>
Revaluation of securities, including participating interests	-197	-189	318	-30	-13
<b>Profit before tax</b>	<b>248</b>	<b>304</b>	<b>850</b>	<b>670</b>	<b>824</b>
Tax	-140	-55	-256	-168	-177
<b>Net profit for the year</b>	<b>109</b>	<b>249</b>	<b>594</b>	<b>502</b>	<b>647</b>

### BRFkredit a/s

<b>Balance sheet (DKK millions)</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
Assets:					
Amounts owed by credit institutions etc.	25,464	11,032	4,869	4,759	7,609
Lending <sup>1)</sup>	134,857	129,812	122,979	118,342	117,197
Bonds and shares etc.	14,296	17,896	10,829	7,363	8,451
Other assets	1,414	2,006	1,058	1,116	1,114
<b>Total assets</b>	<b>176,031</b>	<b>160,746</b>	<b>139,735</b>	<b>131,581</b>	<b>134,371</b>
Liabilities:					
Amounts owed to credit institutions etc.	1,175	40	39	5	8
Bonds in issue	158,476	148,647	128,463	121,443	124,481
Other liabilities	8,026	3,302	2,724	2,229	2,437
Subordinated capital	408	919	920	920	921
Shareholders' equity	7,946	7,837	7,588	6,995	6,524
<b>Total liabilities</b>	<b>176,031</b>	<b>160,746</b>	<b>139,735</b>	<b>131,581</b>	<b>134,371</b>

1) Before setoff of write-offs on loans

### BRFkredit

<b>Key figures and ratios</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
Profit before tax as a per annum percentage of average shareholders' equity	3.1	3.9	11.7	9.9	13.3
Write-offs (corrective account) (DKK millions)	399	473	466	855	1.085
Loss-and-write-off ratio	0.0	0.0	-0.1	-0.2	-0.1
Capital adequacy ratio	12.2	12.9	13.8	13.6	12.9
Core capital ratio	11.6	11.5	12.2	11.7	10.8
Average number of employees (full-time equivalent)	571	545	583	626	609
Rating – Moody's (long-term)	Aa1	Aa2	-	-	-

## BRFkredit Group

Profit and loss account (DKK millions)	2002	2001	2000	1999	1998
Commissions and net fees and charges	705	686	606	621	645
Interest on securities	419	487	428	527	583
<b>Net interest income, fees and charges</b>	<b>1,124</b>	<b>1,173</b>	<b>1,034</b>	<b>1,149</b>	<b>1,229</b>
Other operating income	26	34	26	29	35
Costs and expenses, including depreciation	-659	-664	-683	-639	-576
<b>Operating profit before losses and writeoffs</b>	<b>491</b>	<b>543</b>	<b>387</b>	<b>539</b>	<b>688</b>
Losses and write-offs on loans	1	35	173	187	173
<b>Operating profit</b>	<b>489</b>	<b>508</b>	<b>559</b>	<b>726</b>	<b>861</b>
Revaluation of securities, including participating interests	-229	-200	300	-53	-29
<b>Profit before tax</b>	<b>260</b>	<b>308</b>	<b>860</b>	<b>674</b>	<b>831</b>
Tax	-151	-59	-266	-172	-184
<b>Net profit for the year</b>	<b>109</b>	<b>249</b>	<b>594</b>	<b>502</b>	<b>647</b>

## BRFkredit Group

Balance sheet (DKK millions)	2002	2001	2000	1999	1998
Assets:					
Amounts owed by credit institutions etc.	25,475	10,990	4,895	5,591	8,094
Lending <sup>1)</sup>	136,220	130,797	123,529	118,580	117,336
Bonds and shares etc.	14,310	18,285	11,166	7,633	8,855
Other assets	1,054	1,683	739	815	834
<b>Total assets</b>	<b>177,059</b>	<b>161,755</b>	<b>140,330</b>	<b>132,620</b>	<b>135,119</b>
Liabilities:					
Amounts owed to credit institutions etc.	1,403	334	39	775	8
Bonds in issue	158,476	148,647	128,463	121,433	124,481
Other liabilities	8,826	4,018	3,319	2,497	3,185
Subordinated capital	408	919	920	920	921
Shareholders' equity	7,946	7,837	7,588	6,995	6,524
<b>Total liabilities</b>	<b>177,059</b>	<b>161,755</b>	<b>140,330</b>	<b>132,620</b>	<b>135,119</b>

1) Before setoff of write-offs on loans

## BRFkredit Group

Key figures and ratios	2002	2001	2000	1999	1998
Profit before tax as a per annum percentage of average shareholders' equity	3.3	4.0	11.8	10.0	13.4
Write-offs (corrective account) (DKK millions)	417	500	469	856	1086
Loss-and-write-off ratio	0.0	0.0	-0.1	-0.2	-0.1
Capital adequacy ratio	11.8	12.5	13.6	13.5	12.7
Core capital ratio	11.2	11.2	12.0	11.7	10.7
Average number of employees (full-time equivalent)	612	578	611	649	619
Rating – Moody's (long-term)	Aa1	Aa2	-	-	-

## BRFkredit Group

The BRFkredit Group comprises BRFkredit a/s (Parent Company), BRFbank a/s and Ejendomsselskabet Nørreport 26, 8000 Århus C. A/S.

As the Parent Company, BRFkredit a/s, makes up the greater part of the BRFkredit Group, the following comments mainly relate to the annual accounts of the Parent Company, BRFkredit a/s:

## Developments in 2002

BRFkredit generated a profit of DKK 445m before revaluation of securities and tax, surpassing expectations at the interim stage of 2002. A loss on shares of DKK 268m and a gain on bonds of DKK 66m resulted in a pre-tax profit of DKK 248m, compared to DKK 304m in 2001. This corresponds to a return on equity of 3.1% before tax per annum. BRFkredit posted a net profit for the year of DKK 109m, compared to DKK 249m in 2001.

The profit performance was affected by the following factors:

- The heightened activity level and recent years' loan portfolio growth boosted income from mortgage operations. Income from fees, charges and commissions grew by DKK 14m to DKK 687m. Interest on securities etc. was down by DKK 70m, mainly due to the low interest rate level.
- Despite the steadily rising level of activity, costs fell from DKK 643m in 2001 to DKK 634m in 2002. This is satisfactory in view of increasing lending activities and the establishment of cooperation with the SAFE estate agents.
- Realised losses were moderate, which – combined with a continuously conservative provisioning policy – trimmed profits by DKK 7m in 2002, compared to a negative contribution of DKK 9m in 2001. As a result, the year-end balance of total write-offs to provide for losses was DKK 399m in 2002, equivalent to 0.3% of the total loan portfolio. Operating profit for 2002 thus came to DKK 445m, compared to DKK 492m in 2001.
- BRFkredit reported a total loss of DKK 197m on its securities portfolio, including interests in associated undertakings and subsidiaries. This was primarily made up of a loss on the equity portfolio of DKK 268m and a gain on the bond portfolio of DKK 66m. In 2001, BRFkredit had a total loss of DKK 189m on the securities portfolios.
- Tax on profit for the year was DKK 140m, corresponding to an effective tax rate of 56%. BRFkredit was not eligible to deduct certain losses on shares in its taxable income for 2002 as these losses derive from stocks held for more than three years (the three-year rule in the Danish Capital Bains Tax Act). Tax has therefore been calculated on profit before losses on BRFkredit's share portfolio.

## Shareholders' equity and capital adequacy

Movements in shareholders' equity and capital adequacy can be illustrated as follows:

BRFkredit (DKK millions)	2002	2001	2000	1999	1998
Shareholders' equity, beginning of year	7,837	7,588	6,995	6,524	5,877
Retained profit for the year	109	249	594	471	647
Shareholders' equity, end of year	7,946	7,837	7,588	6,995	6,524
Own funds etc.	8,290	8,651	8,454	7,996	7,748
Weighted assets	68,226	67,269	61,229	58,897	60,296
Capital adequacy ratio	12.2	12.9	13.8	13.6	12.9
Core capital ratio	11.6	11.5	12.2	11.7	10.5

**BRFkredit Group**

(DKK millions)	2002	2001	2000	1999	1998
Shareholders' equity, beginning of year	7,837	7,589	6,995	6,524	5,877
Retained profit for the year	109	249	594	471	647
Shareholders' equity, end of year	7,946	7,837	7,588	6,995	6,524
Own funds etc.	8,290	8,651	8,454	7,996	7,748
Weighted assets	70,283	68,992	62,214	59,307	60,872
Capital adequacy ratio	11.8	12.5	13.6	13.5	12.7
Core capital ratio	11.2	11.2	12.0	11.7	10.7

Shareholders' equity stood at DKK 7,946m at 31 December 2002. The capital adequacy ratio was 12.2%, after inclusion of net profit for the year, which is comfortably above the statutory 8.0% minimum. Own funds (tier 1 + tier 2 capital) thus exceeded the statutory requirement by an amount of DKK 2.8bn as of 31 December 2002. The reduction in capital adequacy ratio can be ascribed to BRFkredit repaying DKK 500m of subordinated debt. In 1992 BRFkredit raised DKK 500m of subordinated debt with an option to prepay the debt at par on 15 December 2002. BRFkredit exercised the option, and at end-2002 the subordinated debt had been reduced to DKK 400m, down from DKK 900m at end-2001.

**Activity, market shares and portfolio developments**

BRFkredit's gross new lending in 2002 was considerably above budget and a little below the level of 2001. In 2002, BRFkredit reported gross new lending of DKK 28.8bn, compared to DKK 31.9bn in 2001. This slight decrease was observed within all three business areas.

New lending is calculated by deducting loans refinanced within the same institution from gross lending. BRFkredit's new lending went up from DKK 18.8bn in 2001 to DKK 19.3bn in 2002. The increase was centred on lending to private and corporate customers, whereas the subsidised housing segment experienced a minor setback. Actual new lending in 2002 exceeded expectations within the private and corporate customers' areas and was in line with the forecast for subsidised housing.

BRFkredit's loan portfolio grew satisfactorily by DKK 5bn to DKK 134.8bn during 2002. Of this, lending to private customers grew by DKK 2.4bn. The portfolio of personal loans declined from the early 1990s up to 1996, hereafter stabilising up to 1999 and has since then shown handsome growth. The portfolio of loans to corporate customers grew by DKK 2.4bn in 2002, primarily in lending for private rental housing and for office and business properties. Subsidised housing saw portfolio growth in the order of DKK 0.2bn.

## BRFkredit's market shares, total

	2002	2001	2000	1999	1998
Gross new lending 1)	8.7	9.6	10.3	8.8	9.4
New lending 2)	9.2	9.6	10.4	9.6	9.4
Net new lending 3)	7.9	10.2	10.2	6.3	5.0
Net new lending 4)	5.2	8.4	8.1	1.9	1.2

All years include DLR

<sup>1)</sup> 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.

<sup>2)</sup> New lending equals gross new lending less refinanced loans with the same institution.

<sup>3)</sup> Net new lending equals gross new lending less refinanced loans and prepayments.

<sup>4)</sup> Net lending equals net new lending less ordinary principal payments.

The high refinancing activity, notably in late 2001, continued in 2002. The beginning of the year was characterised by high refinancing activity, and BRFkredit's market shares consequently came under pressure. In periods of low refinancing activity, BRFkredit's market share is about 10%. Although BRFkredit's market shares diminished in 2002, BRFkredit experienced handsome portfolio growth during the year because the mortgage credit institutions' share of total loans and advances has expanded significantly over the past few years.

## Bond issuance

In 2002, BRFkredit issued bonds for a total of DKK 47.0bn, compared to DKK 40.1bn in 2001. Bullet bonds funding ARMs (adjustable rate mortgage loans) accounted for some 65.3 % of all issues in 2002, compared to 56.0% in 2001.

2002 saw a high turnover of BRFkredit's open mortgage bond series. The BRFkredit one year bullet bond (4% 2003) had a 13.5% share of the total turnover of about DKK 330.2bn. The benchmark callable mortgage bond, 6% 2032 from BRFkredit accounted for 10.1% of the total turnover of DKK 343.9bn.

## Activities in 2002

- At the beginning of the year, BRFkredit introduced euro loans to private homeowners. However, the interest was limited due to the very low short term interest rate spread between Euros and Danish Kroner. Even so, it is important for BRFkredit, for competition reasons, to offer the product in case the possibility of raising a euro loan again provides significant advantages.
- In the private customer segment, BRFkredit achieved a new distribution channel by concluding an agreement with the SAFE estate agents in partnership with EDC Mæglerne. The agreement covers cooperation on products, product development, purchasing, training and in the longer run IT development. The SAFE estate agents will procure change-of-ownership loans and accessory products, land registration service, fixed-price agreements and housing loans on behalf of BRFkredit. Change-of-ownership loans for single-family homes, owner-occupied flats and holiday homes account for the majority of transactions through the SAFE estate agents. At the end of 2002, almost 50 SAFE estate agents had joined the new team of BRFkredit loan providers.

Given the permanent co-operation with EDC Mæglerne and the new agreement with the SAFE estate agents, BRFkredit predicts that in the future, BRFkredit will be able to provide change-of-ownership loan offers in 30% of all home transactions in Denmark.

- In November 2002, BRFkredit signed an agreement with Handelsbanken/Midtdbank, which undertook to procure and guarantee BRFkredit mortgage loans to both private and corporate customers, beginning 1 January 2003. Handelsbanken has two regional offices and 34 branches in Denmark, including six branches in the Copenhagen region. In 2002 BRFkredit also concluded cooperation agreements, primarily in the corporate lending segment, with selected banks for the provision of loans as well as contracts of guarantee. The agreements strengthen BRFkredit's distribution and are supporting continued growth in its portfolio.
- In 2002 BRFkredit launched an advertising campaign to show that it is often an advantage to take out a mortgage loan rather than a bank loan in connection with, for example, motor finance. Through the campaign, BRFkredit both contributed to widen the market for mortgage lending and emphasised BRFkredit's position as an independent alternative to commercial banks.
- BRFkredit's mortgage bonds were assigned a long-term Aa2 rating in 2001 for the first time. At the end of 2002, 16 months after the first rating, Moody's Investors Service assigned the higher Aa1 rating to BRFkredit's bonds issued out of Capital Centre B, which BRFkredit opened with effect from 1 January 2003. Bond series with designation B have been transferred to the new Capital Centre B. These bonds have provided the basis for BRFkredit's lending from September 2002 onwards. Bonds are issued out of Capital Centre B in Danish kroner and euros to fund callable fixed rate loans and adjustable rate loans. The bonds used for the refinancing of the adjustable-rate loans on 16 and 18 December 2002 were included in the new Aa1 rating as from 1 January 2003.

### **BRFbank a/s**

BRFbank supports BRFkredit's mortgage operations by offering products that are complementary to mortgage lending in connection with new building projects and property transactions as well as in connection with the refinancing of existing loans on the property. In 2002, the bank experienced growth in both activities and earnings. BRFbank recorded an income of DKK 3.1m on losses and provisions in 2002, compared to an expenditure of DKK 26.3m in 2001. BRFbank posted a pre-tax profit for 2002 of DKK 36.5m, up from DKK 14.3m in 2001. The net profit for the year was DKK 25.4m. Return on equity before tax was 9.6% in 2002, compared to 4.0% in 2001.

At 31 December 2002, BRFbank's balance sheet total was DKK 3.9bn, and shareholders' equity stood at DKK 393m. BRFbank's capital adequacy ratio was 15.0% at end-2002, up from 9.8% at end-2001.

### **Comments on developments in 2002**

When the interim accounts for 2002 were published, the outlook for the year as a whole was a pre-tax profit in the order of DKK 350-400m, assuming unchanged share prices and a moderate level of losses and provisions. BRFkredit came out of 2002 with a pre-tax profit of DKK 248m. The weaker performance was attributable to losses and lower interest income on the securities portfolio. Net of movements in share prices, profit surpassed expectations at the interim stage.

## **Outlook for 2003**

At the beginning of 2003, the global economy is marked by substantial uncertainty. Even so, the Danish economy remains robust with low unemployment figures and healthy balance of payments and budget surpluses, but long-term low growth rates in both the United States and Europe may have negative implications for the Danish economy and Danish homeowners.

In 2003 BRFkredit anticipates slightly increasing property prices, based on assumptions of continued low interest rates and stable employment. On this background, the market for change-of-ownership loans is expected to stay at the level of 2002, whereas building activity is forecast to decrease. In response to the very high refinancing activity in early 2003, the market for top-up loans and refinanced loans in 2003 overall is assumed to be at least on a par with 2002.

Compared with 2002, BRFkredit anticipates increasing activity as a result of its strong cooperation with EDC Mæglerne and the new alliances with the SAFE estate agents and Handelsbanken/Midtdbank. In these circumstances, a rise in income from mortgage operations is predicted, mainly attributable to income from commissions. Following a successful cutback in costs over the past few years, 2003 is likely to see a trend in costs that outpaces inflation. Losses and write-offs are forecast to go up as consequence of a minor increase in forced sales and arrears. Given the bond and share prices at the close of 2002, BRFkredit expects a pre-tax profit in the order of DKK 250-300m.

The English version of the Annual Report and Annual Accounts will be available on Friday February 28, 2003.

## **ACCOUNTING POLICIES**

### **GENERAL**

The annual accounts and consolidated accounts of BRFkredit a/s have been prepared in compliance with the provisions of the Danish Mortgage Credit Act and the Executive Order on the Presentation of Accounts by Mortgage Credit Institutions and related guidelines.

The accounting policies are consistent with those applied in the accounts for the previous year.

The consolidated accounts comprise BRFkredit a/s and its wholly-owned subsidiaries: BRFBank a/s and Ejendomsselskabet Nørreport 26, 8000 Århus C. A/S. In the preparation of the consolidated accounts, intercompany balances, transactions and shareholdings have been eliminated.

### **Foreign currency translation**

Transactions in foreign currencies are translated into Danish kroner at the rates of exchange ruling at the dates of the transactions.

Gains and losses arising from the translation of balance sheet items in foreign currencies are translated into Danish kroner at the official rates of exchange ruling at 31 December.

All currency translation adjustments are dealt with through the profit and loss account.

### **Financial instruments**

Forward exchange contracts to offset exchange risks on net assets in foreign currencies are entered at market value.

Swap agreements are marked to market. Adjustments of market values are taken to the profit and loss account.

Fixed-price agreements with customers and spot contracts relating to trade in listed securities are entered at market value.

### **Activities abroad**

Foreign lending financed in currencies other than the currencies in which loans are granted are hedged by swap agreements and forward exchange contracts.

## **PROFIT AND LOSS ACCOUNT**

### **Interest, commissions, etc.**

Front-end fees are credited to revenue when loans are paid to the borrowers.

All interest income and expenses as well as commissions are included on an accruals basis, i.e. taken to the profit and loss account for the financial year to which they relate.

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### Losses and write-offs on loans

Write-offs to provide for losses on loans are based on a critical assessment of the total loan portfolio to identify and offset risks of losses.

This assessment is made both by evaluating major loans individually and by subjecting minor and identical loans to statistical calculations. As far as individual loan evaluations are concerned, the need for writeoffs is estimated through a prudent valuation of the mortgaged properties combined with an appraisal of the borrowers' financial circumstances.

The determination of the amount written off is also based on an assessment of realisation costs, including interest on own and other loans, over an estimated period of repayment. Write-offs determined in this manner are deducted from the respective asset entries, whereas the shifts in write-offs and losses realised during the year are charged to the profit and loss account.

### Tax

BRFbank a/s is taxed on a pooled basis with BRFFonden, BRFFholding a/s and BRFbank a/s. The combined taxes are paid by BRFFonden and are distributed between the individual companies on a pro-rata basis.

The estimated tax payable on the profit for the year is charged to the profit and loss account under "Estimated tax on the profit for the year". Any difference between the amount of tax actually paid and estimated tax for previous years is charged to the profit and loss account under "Adjustment of estimated tax for previous years".

The above-mentioned companies of the BRFkredit Group are enrolled in the on-account tax scheme. To the extent that the tax paid on account does not correspond with the estimated tax on the profit for the year, interest received or paid on the difference is stated under "Other interest expenses" or "Other interest income".

Provision is made for taxes deferred in respect of all timing differences between accounting and taxation treatment. Movements in the deferred tax liability during the year are taken to the profit and loss account under "Deferred tax".

Tax on the interest-rate advantage in connection with provisions is charged to the profit and loss account under "Tax".

### ASSETS

#### Lending

Mortgage loans granted against the issuance of mortgage bonds, including amortisation accounts for cash loans, are shown in the balance sheet at nominal values. Indexed loans are recorded at year-end index values. The item is reduced by provisions for losses.

Other loans are entered at the lower of cost or a conservatively estimated market value.

Companies owned temporarily by BRFkredit a/s for loss-restraining purposes are valued jointly with critical loans.

## **Bonds**

Listed bonds are entered at the official market prices quoted on the last business day of the year. However, bonds drawn for redemption and repayable immediately after the close of the financial year are entered at par. Bonds drawn for a later repayment date are entered at a calculated market price.

Unlisted bonds are entered at the lower of cost or a conservatively estimated market value.

## **Shares etc.**

Listed shares are entered at the official market prices quoted on the last business day of the year.

Unlisted shares are entered at the lower of cost or a conservatively estimated market value.

## **Repurchase and reverse repurchase agreements**

Where securities are sold and BRFkredit a/s, at the time of the sale, agrees to buy back the securities at an agreed price at a specified future time (repurchase agreements/repos), such securities remain in the balance sheet. Interest, gains and losses are recorded in the profit and loss account as if the securities were still held by BRFkredit a/s. Amounts received are entered as debt due to the purchasers under "Amounts owed to credit institutions and central banks". The agreed interest is classified as interest expenses on the debt.

Where securities are purchased and BRFkredit a/s, at the time of the purchase, agrees to sell back the securities at an agreed price at a specified future time (reverse repurchase agreements/reverse repos), such securities are not recorded in the balance sheet as a securities portfolio. Amounts paid are entered as loans to the sellers against the security of the purchased securities under "Amounts owed by credit institutions and central banks". The agreed interest is classified as interest income on the amount receivable.

The sale of securities received as collateral for a reverse repo does not affect the accounting treatment of the reverse repo, but imposes an obligation to repurchase the securities before the maturity date of the reverse repo. The repurchase obligation corresponding to the amount received is entered under "Other liabilities". Interest expenses, gains and losses relating to this debt are taken to the profit and loss account items for the type of the securities sold.

## **Interests in associated undertakings**

Interests in associated undertakings, i.e. undertakings in which BRFkredit a/s holds 20% or more of the voting share capital, are entered according to the equity method of accounting. BRFkredit's share of the results of associated undertakings is taken to the profit and loss account.

## **Interests in subsidiary undertakings**

Interests in subsidiary undertakings are entered in the Parent Company's accounts according to the equity method of accounting. BRFkredit's share of the results of associated undertakings is taken to the profit and loss account.

## **Own properties**

Own properties, which mainly comprise office premises, are recorded at cost less accumulated

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depreciation and writedowns. Depreciation is calculated on a straight-line basis over the estimated useful lives of the properties (up to 50 years).

If the estimated market value of a property is lower than the value stated in the accounts, the property is written down to the lower market value.

### **Foreclosed properties**

Properties acquired through foreclosure are recorded at cost, up to a conservatively estimated market value.

### **Plant and equipment**

Plant and equipment are entered at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets (up to 5 years). The expenditure of software and assets acquired for less than DKK 50,000 per unit is charged against profit as incurred. However, system software and individual acquisitions that are integral parts of large-scale total project acquisitions are capitalised and written down over a maximum period of 5 years.

## **LIABILITIES**

### **Mortgage bonds in issue**

Mortgage bonds in issue are entered at nominal values. Index-linked bonds are recorded at index values at the balance sheet date.

### **Cash flow statement**

The cash flow statement is presented according to “the indirect method”.

The cash flow statement shows BRFkredit’s inflows and outflows of cash during the financial year, broken down into cash flows from operating activities, investing activities, financial activities as well as lending and funding activities. The bond portfolio is defined as being included in cash and cash equivalents.

The cash flow statement will be affected by activity changes, including re-mortgaging and refinancing of variable-rate loans.

### **Intercompany transactions**

Transactions between BRFkredit a/s and companies which are directly or indirectly affiliated to the BRFkredit a/s are settled according to written guidelines either on market-based terms or on the basis of cost recovery.

**Profit and loss account  
annual accounts 2002**

Amounts in DKK million

Profit and loss account for the year ended 31 December	Note	BRFkredit Group		BRFkredit a/s	
		2002	2001	2002	2001
Interest income	3	8,516	8,932	8,445	8,861
Interest expenses	4	7,532	7,906	7,509	7,882
<b>Net interest income</b>		<b>984</b>	<b>1,026</b>	<b>936</b>	<b>979</b>
Dividend on participating interests		14	17	14	17
Fees, charges and commission income		192	189	177	178
Fees and charges surrendered and commission expenditure		66	58	68	60
<b>Net interest income, fees and charges</b>		<b>1,124</b>	<b>1,173</b>	<b>1,058</b>	<b>1,114</b>
Securities and foreign exchange result (- signifies a loss)	5	-220	-202	-213	-201
Other operating income		26	34	25	30
Staff costs and administrative expenses	6 - 8	604	600	581	580
Amortisation, depreciation and writedowns, intangible and tangible assets	21 - 22	55	64	54	63
Other operating expenses		-	0	-	0
Losses and write-offs on loans	9	1	35	4	9
Profit on interests in associated and subsidiary undertakings	10	-9	2	17	13
<b>Profit on ordinary operations before tax</b>		<b>260</b>	<b>308</b>	<b>248</b>	<b>304</b>
Tax	11	151	59	140	55
<b>Net profit for the year</b>		<b>109</b>	<b>249</b>	<b>109</b>	<b>249</b>

**Distribution of net profit**

Net profit for the year	109	249
Transferred from reserves in series not subject to reimbursement obligation	124	29
Other reserves at beginning of year	6,646	6,368
<b>Total amount available for distribution</b>	<b>6,879</b>	<b>6,646</b>
<b>Dividends and retained profits</b>		
Dividends paid	-	-
Retained profits	6,879	6,646
<b>Total dividends and retained profits</b>	<b>6,879</b>	<b>6,646</b>

**Balance sheet  
annual accounts 2002**

Amounts in DKK million

Balance sheet at 31 December	Note	BRFkredit Group		BRFkredit a/s	
		2002	2001	2002	2001
<b>Assets</b>					
Cash in hand and demand deposits with central banks		201	5	87	1
Amounts owed by credit institutions and central banks	12	25,274	10,985	25,377	11,031
Loans and advances	13 - 16				
Mortgage loans		134,371	129,270	134,397	129,298
Other loans		1,850	1,527	459	514
<b>Total</b>		<b>136,220</b>	<b>130,797</b>	<b>134,857</b>	<b>129,812</b>
Bonds	17	13,519	17,165	13,505	16,776
Shares etc.	18	791	1,120	791	1,120
Interests in associated undertakings	19	110	100	110	100
Interests in subsidiary undertakings	20	-	-	400	374
Intangible assets	21	64	96	64	96
Tangible assets	22	301	325	265	290
Other assets	23	568	1,150	565	1,136
Prepaid expenses and accrued revenue		12	11	11	10
<b>Total assets</b>		<b>177,059</b>	<b>161,755</b>	<b>176,031</b>	<b>160,746</b>
<b>Liabilities</b>					
Amounts owed to credit institutions and central banks	24	1,403	334	1,175	40
Deposits		683	626	-	-
Bonds in issue	25	158,476	148,647	158,476	148,647
Other liabilities	26	8,099	3,304	7,978	3,216
Prepaid income and accrued expenses		13	10	13	9
Provisions for commitments	27	32	78	35	77
Subordinated capital	28	408	919	408	919
<b>Shareholders' Equity</b>	1, 2				
Share capital		306	306	306	306
Share premium account		102	102	102	102
Reserves					
Reserves in series not subject to reimbursement obligation		659	783	659	783
Other reserves		6,879	6,646	6,879	6,646
<b>Total</b>		<b>7,537</b>	<b>7,429</b>	<b>7,537</b>	<b>7,429</b>
<b>Total shareholders' equity</b>		<b>7,946</b>	<b>7,837</b>	<b>7,946</b>	<b>7,837</b>
<b>Total liabilities</b>		<b>177,059</b>	<b>161,755</b>	<b>176,031</b>	<b>160,746</b>
<b>Off-balance sheet items</b>					
Guarantees etc.	29	345	124	16	14
Other commitments		80	51	80	51
<b>Total off-balance sheet items</b>		<b>426</b>	<b>176</b>	<b>96</b>	<b>65</b>
Financial derivatives etc. are specified in notes:	31-33				
Additional notes	30, 34-39				

<b>Cash flow statement to annual accounts 2002</b>
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Amounts in DKK million

<b>For the year ended 31 December</b>	<b>BRFkredit koncernen</b>	
	<b>2002</b>	<b>2001</b>
<b>Cash flow from operating activities</b>		
Pre-tax profit	260	308
Adjustment for illiquid operating items 1)	193	278
Change in accrued/deferred interest income and debtors	326	-1,511
Change in accrued/deferred interest expenses and creditors	800	655
Tax paid	245	205
<b>Total</b>	<b>1,333</b>	<b>-474</b>
<b>Cash flow from investing activities</b>		
Intangible assets	-	-
Tangible assets	-6	-7
Interests in associated undertakings	-19	-5
Investment in shares etc.	61	-9
<b>Total</b>	<b>37</b>	<b>-22</b>
<b>Cash flow from financing activities</b>		
Bond loans and other subordinated capital	-511	0
<b>Total</b>	<b>-511</b>	<b>0</b>
<b>Cash flow from lending and funding activities</b>		
Change in mortgage loans	-5,024	-6,783
Change in mortgage bonds in issue	9,829	20,184
<b>Total</b>	<b>4,805</b>	<b>13,400</b>
<b>Net cash inflow/outflow for the year</b>	<b>5,663</b>	<b>12,904</b>
Cash and cash equivalents, including bond portfolio, at beginning of year	27,194	14,262
Revaluation of bonds etc.	67	28
<b>Cash and cash equivalents, including bond portfolio, at end of year 2)</b>	<b>32,925</b>	<b>27,194</b>
 1) Adjustment for illiquid operating items		
Adjustment for illiquid operating items	46	47
Loss on sales of fixed assets	-	0
Revaluation of securities etc.	220	202
Revaluation of participating interests (- signifies a gain)	9	-2
Change in writeoffs for losses (- signifies an income)	-83	31
<b>Total</b>	<b>193</b>	<b>278</b>
 2) Cash and cash equivalents at end of year		
Cash in hand and demand deposits with central banks	201	5
Amounts owed by credit institutions and central banks	25,274	10,985
Bond portfolio at current market value	13,519	17,165
Amounts owed to credit institutions and central banks	1,403	334
Deposits	683	626
Negative securities portfolios recorded under "Other liabilities"	3,984	-
<b>Total</b>	<b>32,925</b>	<b>27,194</b>

2002 saw a net cash inflow from operating activities of DKK 1,333m, against a cash outflow of DKK 474m in 2001.

Lending and funding activities brought a net cash inflow of DKK 4.805bn at end-2002, against DKK 13.400bn in 2001. This positive contribution can mainly be ascribed to the refinancing of variable-rate loans. Most of this additional cash had been contributed by 2 January 2003.

This brought cash and cash equivalents, including the bond portfolio, to DKK 32.925bn at 31 December 2002, up from DKK 27.194bn at 31 December 2001.

Amounts in DKK million

**Notes to  
annual accounts 2002**

**1 Shareholders' equity and movements in capital and reserves**

	Beginning of year	Other additions	Other disposals	Retained profit for the year	End of year
Share capital	306	-	-	-	306
Share premium account	102	-	-	-	102
Reserves in series not subject to reimbursement obligation	783	-	124	-	659
Other reserves	6,646	124	-	109	6,879
<b>Total reserves</b>	<b>7,429</b>	<b>124</b>	<b>124</b>	<b>109</b>	<b>7,537</b>
<b>Total shareholders' equity</b>	<b>7,837</b>	<b>124</b>	<b>124</b>	<b>109</b>	<b>7,946</b>

The share capital is divided into 564,800 "A" shares of DKK 100 each and 2,500,000 "B" shares of DKK 100 each. The shares are wholly owned by BRF-holding a/s.

**2 Capital adequacy statement**

	BRFkredit Group		BRFkredit a/s	
	2002	2001	2002	2001
Core capital (tier 1) after deduction	7,882	7,740	7,882	7,740
Own funds and short-term supplementary capital (tier 2) after deduction	8,290	8,651	8,290	8,651
Weighted items outside trading portfolio, including off-balance sheet items	67,019	64,631	65,086	62,959
Weighted items with market risks etc.	3,264	4,361	3,140	4,309
<b>Total weighted items</b>	<b>70,283</b>	<b>68,992</b>	<b>68,226</b>	<b>67,269</b>
Core capital (tier 1) after deduction as % of total weighted items	11.2	11.2	11.6	11.5
<b>Capital adequacy ratio</b>	<b>11.8</b>	<b>12.5</b>	<b>12.2</b>	<b>12.9</b>

**3 Interest income**

	BRFkredit Group		BRFkredit a/s	
	2002	2001	2002	2001
Amounts owed by credit institutions and central banks	198	126	204	126
Loans and advances	7,373	7,693	7,310	7,641
Commissions	579	555	579	555
Bonds				
Own mortgage bonds	199	164	185	157
Other mortgage bonds	70	92	69	90
Government bonds	62	268	62	257
Other bonds	17	10	17	10
<b>Total bonds</b>	<b>348</b>	<b>534</b>	<b>333</b>	<b>514</b>
Financial derivatives				
Currency contracts	-3	0	-0	0
Interest-rate contracts	12	16	14	16
<b>Total financial derivatives</b>	<b>9</b>	<b>16</b>	<b>14</b>	<b>16</b>
<b>Other interest income</b>	<b>10</b>	<b>8</b>	<b>5</b>	<b>9</b>
<b>Total</b>	<b>8,516</b>	<b>8,932</b>	<b>8,445</b>	<b>8,861</b>
Of which interest income in reverse repurchase agreements entered under "Amounts owed by credit institutions and central banks".	49	-	49	-

Amounts in DKK million

**Notes to  
annual accounts 2002**

4 Interest expenses	BRFkredit Group		BRFkredit a/s	
	2002	2001	2002	2001
Credit institutions and central banks	33	64	26	58
Deposits	16	19	-	-
Bonds in issue	7,393	7,731	7,393	7,731
Subordinated capital	88	91	88	91
Other interest expenses	1	2	1	2
<b>Total</b>	<b>7,532</b>	<b>7,906</b>	<b>7,509</b>	<b>7,882</b>

Of which interest income in reverse repurchase agreements entered under "Amounts owed by credit institutions and central banks".	18	-	18	-
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5 Securities and foreign exchange result (- signifies a loss)	BRFkredit Group		BRFkredit a/s	
	2002	2001	2002	2001
Bonds				
Own mortgage bonds	100	-0	99	-0
Other mortgage bonds	32	-19	33	-19
Government bonds	-66	47	-66	44
Other bonds	1	0	1	0
<b>Total bonds</b>	<b>67</b>	<b>28</b>	<b>66</b>	<b>25</b>
Shares etc.	-268	-212	-268	-212
Fixed-rate loans etc.	-6	-7	-12	-6
Currency translation adjustment	-1	0	-1	0
Financial derivatives				
Currency contracts	-0	-0	-0	-0
Interest-rate contracts	-13	-12	1	-8
<b>Total financial derivatives</b>	<b>-13</b>	<b>-12</b>	<b>1</b>	<b>-9</b>
<b>Total</b>	<b>-220</b>	<b>-202</b>	<b>-213</b>	<b>-201</b>

6 Staff costs and administrative expenses	BRFkredit Group		BRFkredit a/s	
	2002	2001	2002	2001
Emoluments and remuneration of Board of Directors, Board of Management and Board of Representatives				
Board of Management	7	6	7	6
Board of Directors	2	1	2	1
Board of Representatives	1	1	1	1
<b>Total</b>	<b>9</b>	<b>8</b>	<b>9</b>	<b>8</b>
Staff costs				
Wages and salaries	257	235	241	222
Pensions	25	22	23	21
Social-security costs	27	24	26	23
<b>Total</b>	<b>310</b>	<b>282</b>	<b>290</b>	<b>266</b>
<b>Other administrative expenses</b>	<b>286</b>	<b>310</b>	<b>282</b>	<b>306</b>
<b>Total staff costs and administrative expenses</b>	<b>604</b>	<b>600</b>	<b>581</b>	<b>580</b>

7 Auditors' fees	BRFkredit Group		BRFkredit a/s	
	2002	2001	2002	2001
Total fees of the elected accountancy companies conducting the statutory audit	4	2	3	2
Of which non-audit fees	2	0	2	0

The Group has an Internal Audit Department, which employed seven people on average.

Amounts in DKK million

Notes to  
annual accounts 2002

8 Number of employees	BRFkredit Group		BRFkredit a/s	
	2002	2001	2002	2001
Average number of employees during the financial year (full-time equivalent)	612	578	571	545

9 Losses and write-offs on loans	BRFkredit Group		BRFkredit a/s	
	2002	2001	2002	2001
Realised losses during the year	84	4	78	2
Shift in write-offs for losses				
Beginning of year	500	469	473	466
Exchange rate adjustment at the beginning of the year	-	-	-	-
End of year	417	500	399	473
Total	1	35	4	9

10 Profit on interests in associated and subsidiary undertakings	BRFkredit Group		BRFkredit a/s	
	2002	2001	2002	2001
Profit on interests in associated undertakings	-9	2	-9	2
Profit on interests in subsidiary undertakings	-	-	26	11
Total	-9	2	17	13

11 Tax	BRFkredit Group		BRFkredit a/s	
	2002	2001	2002	2001
Estimated tax on the profit for the year	175	164	164	160
Tax on interest-rate advantage in connection with write-offs	3	4	3	4
Deferred tax	-27	-107	-27	-107
Adjustment of estimated tax for previous years	0	-2	0	-2
Total	151	59	140	55

The Group's effective tax rate in 2002 was 58%. The difference between this and the current corporation tax rate of 30% in 2002 is rooted in permanent differences from the revaluation of shares by minus 27%points and a permanent difference from tax on the interest-rate advantage in connection with write-offs of minus 1%point, a total of 28%points.

12 Amounts owed by credit institutions and central banks	BRFkredit Group		BRFkredit a/s	
	2002	2001	2002	2001
Demand deposits with central banks	8,799	-	8,799	-
Amounts owed by credit institutions	16,475	10,985	16,577	11,031
Total	25,274	10,985	25,377	11,031

Amounts in DKK million

Notes to  
annual accounts 2002

13 Loans and advances	BRFkredit Group		BRFkredit a/s	
	2002	2001	2002	2001
Mortgage loans	134,371	129,270	134,397	129,298
Other loans				
Other loans	1,678	1,312	288	298
Outstanding balances on non-foreclosures	172	215	172	215
<b>Total</b>	<b>1,850</b>	<b>1,527</b>	<b>459</b>	<b>514</b>
<b>Total loans and advances</b>	<b>136,220</b>	<b>130,797</b>	<b>134,857</b>	<b>129,812</b>

14 Mortgage loans	BRFkredit Group		BRFkredit a/s	
	2002	2001	2002	2001
Balance at beginning of year	129,748	122,943	129,776	122,972
New loans	29,469	32,595	29,469	32,595
Indexation	409	672	409	672
Ordinary payments of principal	5,956	5,648	5,956	5,648
Repayments and prepayments	18,918	20,814	18,919	20,814
<b>Balance at end of year</b>	<b>134,753</b>	<b>129,748</b>	<b>134,779</b>	<b>129,776</b>
Less repaid loans and write-offs				
Loans repaid through temporary foreclosures	19	31	19	31
Write-offs on loans	338	415	338	415
Loans repaid through foreclosure by the Financial Administration Agency	24	32	24	32
<b>Total amount deducted</b>	<b>382</b>	<b>478</b>	<b>382</b>	<b>478</b>
<b>Net mortgage loans</b>	<b>134,371</b>	<b>129,270</b>	<b>134,397</b>	<b>129,298</b>

15 Outstanding balances on non-foreclosures	BRFkredit Group		BRFkredit a/s	
	2002	2001	2002	2001
Arrears	174	218	174	218
Outlays	9	6	9	6
Write-offs on loans	11	9	11	9
<b>Total</b>	<b>172</b>	<b>215</b>	<b>172</b>	<b>215</b>
<b>Arrears owed at 31 January</b>	<b>51</b>	<b>59</b>	<b>51</b>	<b>59</b>

16 Loans to management	BRFkredit Group		BRFkredit a/s	
	2002	2001	2002	2001
Total loans, mortgages, pledges, charges, surety and guarantee commitments provided for the benefit of members of the Board of Directors and Board of Management	4	3	4	3

17 Bonds	BRFkredit Group		BRFkredit a/s	
	2002	2001	2002	2001
Own mortgage bonds	10,582	14,061	10,572	13,692
Other mortgage bonds	2,565	2,974	2,561	2,955
Government bonds	-	5	-	5
Other bonds	372	124	372	124
<b>Total bonds</b>	<b>13,519</b>	<b>17,165</b>	<b>13,505</b>	<b>16,776</b>
Of which bonds drawn for redemption	283	1,162	281	1,112
<b>Bonds marked to market</b>	<b>13,415</b>	<b>16,911</b>	<b>13,401</b>	<b>16,522</b>

Some of the above-mentioned bond portfolio has been provided as security for cash withdrawals from and sum-clearing of the Group's accounts with Danmarks Nationalbank. DKK 8.0bn of the above-mentioned and sum-clearing portfolio of own mortgage bonds relates to the issuance of bonds at the end of 2002, including the refinancing of variable-rate loans.

Amounts in DKK million

**Notes to  
annual accounts 2002**

18 Shares etc.	BRFkredit Group		BRFkredit a/s	
	2002	2001	2002	2001
Shares and units listed on the Copenhagen Stock Exchange	724	1,060	724	1,060
Other shares	66	59	66	59
Total shares etc.	791	1,120	791	1,120

19 Interests in associated undertakings	BRFkredit Group		BRFkredit a/s	
	2002	2001	2002	2001
Total cost at beginning of year	175	170	175	170
Additions	19	5	19	5
Disposals	-	-	-	-
Total cost at end of year	194	175	194	175
Writeups and writedowns at beginning of year	-75	-75	-75	-75
Results	-9	2	-9	2
Dividends	1	1	1	1
Writeups and writedowns at end of year	-84	-75	-84	-75
Net book value at end of year	110	100	110	100

20 Interests in subsidiary undertakings	BRFkredit a/s	
	2002	2001
Total cost at beginning of year	348	348
Additions	-	-
Disposals	-	-
Total cost at end of year	348	348
Writeups and writedowns at beginning of year	26	15
Results	26	11
Dividends	-	-
Writeups and writedowns at end of year	52	26
Net book value at end of year	400	374
of which credit institutions	393	368

Amounts in DKK million

**Notes to  
annual accounts 2002**

21 Intangible assets	BRFkredit Group		BRFkredit a/s	
	2002	2001	2002	2001
Total cost at beginning of year	163	163	163	163
Additions	-	-	-	-
Total cost at end of year	163	163	163	163
Amortisation and writedowns at beginning of year	67	34	67	34
Amortisation during the year	33	33	33	33
Amortisation and writedowns at end of year	99	67	99	67
Net book value at end of year	64	96	64	96

22 Tangible assets	BRFkredit Group		BRFkredit a/s	
	2002	2001	2002	2001
Own properties	264	271	230	236
Foreclosed properties 1)	23	40	22	39
Plant and equipment	14	14	14	14
Total	301	325	265	290
<b>Own properties</b>				
Total cost at beginning of year	391	390	310	309
Additions	-	1	-	1
Total cost at end of year	391	391	310	310
Depreciation and writedowns at beginning of year	120	113	74	68
Depreciation during the year	7	7	6	6
Depreciation and writedowns at end of year	127	120	80	74
Net book value at end of year	264	271	230	236
Most recent assessed value of properties	397	385	345	334
<b>Plant and equipment</b>				
Total cost at beginning of year	41	36	40	35
Additions	6	7	6	7
Disposals	1	2	1	2
Total cost at end of year	46	41	45	40
Depreciation and writedowns at beginning of year	27	20	26	20
Depreciation during the year	6	7	6	7
Depreciation and writedowns written back	1	1	1	1
Depreciation and writedowns at end of year	32	27	31	26
Net book value at end of year	14	14	14	14
Plant and equipment written off in year of acquisition	9	17	8	16

<sup>1)</sup> BRFkredit a/s' portfolio of foreclosed properties is valued at DKK 22m. Dania Immobilien GmbH, Mohrkirch, Germany, which has been acquired in a move to minimise losses, accounts for DKK 14m of this amount.

Amounts in DKK million

**Notes to  
annual accounts 2002**

23 Other assets	BRFkredit Group		BRFkredit a/s	
	2002	2001	2002	2001
Positive market value of financial derivatives etc.	3	-	3	-
Interest and commissions receivable	484	610	480	600
Loan applications in process	15	520	15	520
Tax receivable	62	-	63	-
Other assets	4	20	4	17
<b>Total</b>	<b>568</b>	<b>1,150</b>	<b>565</b>	<b>1,136</b>

24 Amounts owed to credit institutions and central banks	BRFkredit Group		BRFkredit a/s	
	2002	2001	2002	2001
Amounts owed to credit institutions	1,403	334	1,175	40
<b>Total</b>	<b>1,403</b>	<b>334</b>	<b>1,175</b>	<b>40</b>

25 Bonds in issue	BRFkredit Group		BRFkredit a/s	
	2002	2001	2002	2001
Mortgage bonds issued against the security of real property				
Balance at beginning of year	148,647	128,463	148,647	128,463
Additions	47,031	40,138	47,031	40,138
Indexation	409	672	409	672
Ordinary payments of principal	4,892	5,355	4,892	5,355
Repayments and prepayments	32,719	15,271	32,719	15,271
Balance at end of year	158,476	148,647	158,476	148,647
Of which pre-issued	15,357	8,241	15,357	8,241
Drawn for redemption on next repayment date	5,440	8,373	5,440	8,373

26 Other liabilities	BRFkredit Group		BRFkredit a/s	
	2002	2001	2002	2001
Negative market value of financial derivatives etc.	18	5	0	1
Negative securities portfolios in connection with reverse repurchase agreements	3,984	-	3,984	-
Interest and commissions payable	3,561	2,949	3,555	2,948
Loan applications in process	372	199	317	129
Tax payable on profit for the year	-	4	-	11
Other liabilities	165	146	121	128
<b>Total</b>	<b>8,099</b>	<b>3,304</b>	<b>7,978</b>	<b>3,216</b>

27 Provisions for commitments	BRFkredit Group		BRFkredit a/s	
	2002	2001	2002	2001
Deferred tax	11	38	11	38
Provisions for litigation etc.	2	5	2	5
Other provisions	19	35	22	35
<b>Total</b>	<b>32</b>	<b>78</b>	<b>35</b>	<b>77</b>

Amounts in DKK million

**Notes to  
annual accounts 2002**

28 Subordinated capital	BRFkredit Group		BRFkredit a/s	
	2002	2001	2002	2001
Bond loans				
Bond loan in public issue, nom. DKK 500m <sup>1)</sup>	-	500	-	500
Bond loan in public issue, nom. DKK 400m <sup>2)</sup>	400	400	400	400
Other subordinated capital				
Deposit account, Husejernes Kreditkasse <sup>3)</sup>	8	8	8	8
Subordinated capital contributed by BRFHolding a/s 4)	-	11	-	11
<b>Total bond loans and other subordinated capital included in own funds</b>	<b>408</b>	<b>919</b>	<b>408</b>	<b>919</b>

1) Interest on the loan in 2002: DKK 49.8m. The loan carried 10.4% interest up to 15 December 2002 and was subsequently prepaid in compliance with the terms of the loan.

2) Interest on the loan in 2002: DKK 37.5m. The loan carries 9.38% interest up to 15 December 2003. Interest will subsequently be payable at the 6-month CIBOR rate with the addition of 4.5%points p.a. The loan is repayable at par on 15 December 2006 (maturity) unless prepaid in compliance with the terms of the loan.

3) The deposit account is continuously written down in connection with the amortisation of the loan portfolio.

4) Interest on the loan in 2002: DKK 1.1m. The loan carried 10.0% interest up to 29 December 2002, on which date it was repayable in full.

29 Off-balance sheet items	BRFkredit Group		BRFkredit a/s	
	2002	2001	2002	2001
<b>Guarantees etc.</b>				
Financial guarantees	329	111	-	-
Other guarantees	16	14	16	14
<b>Total guarantees</b>	<b>345</b>	<b>124</b>	<b>16</b>	<b>14</b>
<b>Other commitments</b>				
Other commitments	80	51	80	51
<b>Total other commitments</b>	<b>80</b>	<b>51</b>	<b>80</b>	<b>51</b>
<b>Total off-balance sheet items</b>	<b>426</b>	<b>176</b>	<b>96</b>	<b>65</b>

Amounts in DKK million

Notes to  
annual accounts 2002

30 The Group at a glance	Share capital at end of year	Shareholders' equity at end of year *	Shareholding (%)	Net profit/loss *	Amounts owed to Group	Amounts owed by Group
<b>Subsidiary undertakings included in the consolidation:</b>						
BRFbank a/s, Kgs. Lyngby	140	393	100	25		
Ejendomsselskabet Nørreport 26 8000 Århus C. A/S, Aarhus	5	7	100	0		
<b>Subsidiary undertakings not included in the consolidation:</b>						
Dania Immobilien GmbH., Mohrkirch, D see note 22, tangible assets						
<b>Associated undertakings:</b>						
EDC-partner a/s, Frederiksberg	100	141	50	2	-	-
EKADAN A/S, Copenhagen	27	81	37	3	18	-
Boligtorvet A/S, Kgs. Lyngby	9	8	50	-5	-	-
<b>Other undertakings in which the Group holds 10% or more of the share capital:</b>						
Ejstrupholm & Omegns Industricenter ApS, Brande	0	1	17	0		
Horsens Grundfinansiering A/S, Horsens	8	11	12	1		
Håndværkets Byfornyelsesselskab smba, Copenhagen	14	11	18	0		
Realkreditnettet A/S, Copenhagen	10	17	17	-15		

\*) according to latest annual accounts

31 Repurchase agreements and reverse repurchase agreements	BRFkredit Group		BRFkredit a/s	
	2002	2001	2002	2001
<b>The asset entries below include the following reverse repurchase agreements:</b>				
Amounts owed by credit institutions and central banks	11,028	-	11,028	-
<b>The liability entries below include the following repurchase agreements:</b>				
Amounts owed to credit institutions and central banks	525	-	525	-
<b>Assets sold in connection with repurchase agreements:</b>				
Bonds	508	-	508	-

Amounts in DKK million

Additional notes to  
annual accounts 2002

## 32 Market risks

## Financial derivatives

BRFkredit a/s	Up to 3 months		Over 3 months and up to 1 year		Over 1 year and up to 5 years		Over 5 years	
	Nominal value	Net market value	Nominal value	Net market value	Nominal value	Net market value	Nominal value	Net market value
<b>Currency contracts a)</b>								
Forward exchange contracts/ futures, purchases	33	-0	-	-	-	-	-	-
Forward exchange contracts/ futures, sales	7	0	-	-	-	-	-	-
Swaps	23	-0	78	2	-	-	-	-
<b>Interest-rate contracts</b>								
Forward exchange contracts/ futures, purchases b)	5,873	26	0	-	-	-	-	-
Forward exchange contracts/ futures, sales c)	10,897	-12	1	-0	-	-	-	-
Swaps d)	-	-	-	-	20	-2	-	-

BRFkredit a/s	Total 2002		Total 2001		Total 2002		Market value of non-guaranteed contracts	
	Nominal value	Net market value	Nominal value	Net market value	Nominal value	Net market value	Positive	Negative
<b>Currency contracts a)</b>								
Forward exchange contracts/ futures, purchases	33	-0	-	-	-	0	-	0
Forward exchange contracts/ futures, sales	7	0	25	0	0	-	0	-
Swaps	100	2	137	12	8	1	2	-0
<b>Interest-rate contracts</b>								
Forward exchange contracts/ futures, purchases b)	5,873	26	742	-6	2	-	26	-
Forward exchange contracts/ futures, sales c)	10,898	-12	184	1	-	1	-	12
Swaps d)	20	-2	20	-1	-	1	-	2
<b>Total</b>		14		7	10	3	28	14

a) Currency contracts in the form of forward exchange contracts as well as interest-rate and currency swaps have been concluded to eliminate interest-rate and exchange risks on BRFkredit's net assets in foreign currencies.

b) Forwards/futures, purchases: Relate to the conclusion of fixed-price agreements with customers for determining the bond price at the time of loan disbursement. These risks are hedged by advance issues of bonds.

c) Forwards/futures, sales: Relate to the sale of bonds at a refinancing auction in December 2002, hedged by mortgages. The item also comprises fixed-price agreements with customers for determining the redemption price. These risks are hedged by corresponding purchases for BRFkredit's own portfolio.

d) Swaps: Relate to the hedging of interest rate risk on one specific acquired asset.

## 33 Market risks

## Unsettled spot contracts

BRFkredit a/s	Nominal value	Market value		2002	2001
		Positive	Negative	Net market value	Net market value
Foreign exchange transactions	-	-	-	-	-
Foreign exchange transactions	-	-	-	-	-
Interest-rate transactions, purchase	11	-	-0	-0	-1
Interest-rate transactions, sales	3,499	0	-2	-2	4
<b>Total</b>		0	-2	-2	3

a) Interest-rate transactions, sales: Relate to the sale of bonds issued to hedge loans disbursed at the beginning of 2003.

Amounts in DKK million

**Additional notes to  
annual accounts 2002**

34 Outstanding balances with subsidiary and associated undertakings	Subsidiary undertakings		Associated undertakings and other significant interests	
	2002	2001	2002	2001
<b>Aktivposter</b>				
Amounts owed by credits institutions and central banks	2,519	2,369	-	-
Loans and advances	27	28	18	23
Bonds	-	-	4	4
Other assets	2	1	-	-
<b>Total asset entries</b>	<b>2,548</b>	<b>2,398</b>	<b>22</b>	<b>27</b>
<b>Liability entries</b>				
Amounts owed to credit institutions	72	39	-	-
Deposits	-	-	-	-
Bonds in issue	10	370	-	-
Other liabilities	5	22	-	-
<b>Total liability entries</b>	<b>87</b>	<b>431</b>	<b>-</b>	<b>-</b>
<b>35 Credit risks</b>				
	BRFkredit Group		BRFkredit a/s	
	2002	2001	2002	2001
<b>Mortgage loans by class of property</b>				
Owner-occupied homes	50%	50%	50%	50%
Vacation homes	2%	2%	2%	2%
Subsidised housing	23%	24%	23%	24%
Private rental housing	12%	11%	12%	11%
Industrial properties	1%	1%	1%	1%
Office and business properties	9%	10%	9%	10%
Agricultural properties etc.	0%	1%	0%	1%
Properties for social, cultural and educational purposes	2%	2%	2%	2%
Other properties	0%	0%	0%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Subordinated accounts receivable</b>				
Subsidiary undertakings	-	-	150	150
Other companies	125	124	125	124
<b>Total</b>	<b>125</b>	<b>124</b>	<b>275</b>	<b>274</b>
<b>Accumulated write-offs</b>				
Write-offs on loans and guarantees at end of year	417	500	399	473
<b>Total</b>	<b>417</b>	<b>500</b>	<b>399</b>	<b>473</b>

Amounts in DKK million

**Additional notes to  
annual accounts 2002**

**36 Liquidity risks**

	BRFkredit Group		BRFkredit a/s	
	2002	2001	2002	2001
<b>By remaining term to maturity</b>				
<b>Amounts owed by credit institutions and central banks</b>				
On demand	3,826	4,600	3,779	4,697
Up to 3 months	20,644	5,824	20,793	5,774
Over 3 months and up to 1 year	805	560	805	560
Over 1 year and up to 5 years	-	-	-	-
Over 5 years	-	-	-	-
<b>Total</b>	<b>25,274</b>	<b>10,985</b>	<b>25,377</b>	<b>11,031</b>
<b>Loans</b>				
On demand	-	-	-	-
Up to 3 months	2,509	2,602	2,165	2,425
Over 3 months and up to 1 year	4,702	4,670	4,294	4,400
Over 1 year and up to 5 years	25,982	20,813	25,881	20,699
Over 5 years	103,027	102,712	102,518	102,288
<b>Total</b>	<b>136,220</b>	<b>130,797</b>	<b>134,857</b>	<b>129,812</b>
<b>Amounts owed to credit institutions and central banks</b>				
On demand	379	185	400	40
Up to 3 months	775	0	775	-
Over 3 months and up to 1 year	-	-	-	-
Over 1 year and up to 5 years	248	-	-	-
Over 5 years	-	149	-	-
<b>Total</b>	<b>1,403</b>	<b>334</b>	<b>1,175</b>	<b>40</b>
<b>Deposits</b>				
Demand deposits	613	529	-	-
Up to 3 months	70	98	-	-
Over 3 months and up to 1 year	-	-	-	-
Over 1 year and up to 5 years	-	-	-	-
Over 5 years	-	-	-	-
<b>Total</b>	<b>683</b>	<b>626</b>	<b>-</b>	<b>-</b>
<b>Bonds in issue</b>				
Up to 3 months	22,480	17,007	22,480	17,007
Over 3 months and up to 1 year	2,936	4,305	2,936	4,305
Over 1 year and up to 5 years	48,470	34,345	48,470	34,345
Over 5 years	84,590	92,990	84,590	92,990
<b>Total</b>	<b>158,476</b>	<b>148,647</b>	<b>158,476</b>	<b>148,647</b>

Amounts in DKK million

**Additional notes to  
annual accounts 2002**

37 Five-year summary	2002	2001	2000	1999	1998
<b>BRFkredit Group</b>					
Capital adequacy ratio	11.8	12.5	13.6	13.5	12.7
Core capital ratio	11.2	11.2	12.0	11.7	10.7
Return on equity before tax	3.3	4.0	11.8	10.0	13.4
Return on equity after tax	1.4	3.2	8.1	7.4	10.4
Earnings per unit of cost (DKK)	1.39	1.44	2.72	2.49	3.06
Foreign exchange position	0.4	0.0	2.3	5.1	5.8
Accumulated writeoff ratio	0.3	0.4	0.4	0.7	0.9
Loss-and-writeoff ratio for the year	0.0	0.0	-0.1	-0.2	-0.1
Growth in lending during the year	4.1	5.9	4.2	1.1	1.7
Loan-to-equity ratio	17.1	16.7	16.3	17.0	18.0
Total weighted items	70,283	68,992	62,214	59,307	60,872
Core capital (tier 1) after deduction	7,882	7,740	7,459	6,910	6,524
Exchange rate indicator 1	30	1	172	349	376
Shareholders' equity	7,946	7,837	7,588	6,995	6,524
Average shareholders' equity	7,891	7,713	7,291	6,759	6,200
Lending, beginning of year	130,797	123,529	118,580	117,336	115,331
Lending, guarantees and writedowns	136,983	131,422	124,402	119,563	118,457
Operating expenses	660	699	500	452	403
<b>BRFkredit a/s</b>					
Capital adequacy ratio	12.2	12.9	13.8	13.6	12.9
Core capital ratio	11.6	11.5	12.2	11.7	10.8
Return on equity before tax	3.1	3.9	11.7	9.9	13.3
Return on equity after tax	1.4	3.2	8.1	7.4	10.4
Earnings per unit of cost (DKK)	1.39	1.47	2.76	2.53	3.08
Foreign exchange position	0.4	0.0	2.3	5.1	5.8
Accumulated writeoff ratio	0.3	0.4	0.4	0.7	0.9
Loss-and-writeoff ratio for the year	0.0	0.0	-0.1	-0.2	-0.1
Growth in lending during the year	3.9	5.6	3.9	1.0	1.7
Loan-to-equity ratio	17.0	16.6	16.2	16.9	18.0
Total weighted items	68,226	67,269	61,229	58,897	60,296
Core capital (tier 1) after deduction	7,882	7,740	7,459	6,910	6,524
Exchange rate indicator 1	30	1	172	349	376
Shareholders' equity	7,946	7,837	7,588	6,995	6,524
Average shareholders' equity	7,891	7,713	7,291	6,759	6,200
Lending, beginning of year	129,812	122,979	118,342	117,197	115,293
Lending, guarantees and writedowns	135,272	130,299	123,462	119,217	118,300
Operating expenses	639	651	483	437	397

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).

### **38 Intercompany transactions**

Transactions of a substantial value conducted between companies in the BRFFonden Group which are indirectly or directly affiliated to this Group are as follows:

#### **Agreements between BRFFonden a/s and BRFFholding a/s:**

BRFFonden a/s undertakes continuing business with BRFFholding a/s.

#### **Agreements between BRFFonden and BRFkredit a/s:**

An agreement on joint administrative tasks.  
BRFFonden undertakes continuing business with BRFkredit a/s.

#### **Agreements between BRFFholding a/s and BRFkredit a/s:**

An agreement on joint administrative tasks.  
BRFFonden a/s undertakes continuing business with BRFkredit a/s.

#### **Agreements between BRFkredit a/s and BRFFbank a/s:**

BRFFbank a/s has furnished BRFkredit a/s with land registration guarantees and advance mortgage guarantees.  
BRFkredit a/s undertakes continuing business with BRFFbank a/s.  
BRFkredit a/s has subordinated capital in BRFFbank a/s.  
BRFFbank a/s has a holding of BRFkredit a/s bonds.  
Furthermore, BRFkredit a/s and BRFFbank a/s have concluded cash and asset management agreements and agreements on joint administrative functions.

#### **Agreements between BRFkredit a/s and Ejendomsselskabet Nørreport 26, 8000 Århus C. A/S:**

Ejendomsselskabet Nørreport 26, 8000 Århus C. A/S leases premises to BRFkredit a/s.  
BRFkredit a/s has granted a mortgage loan to Ejendomsselskabet Nørreport 26, 8000 Århus C. A/S.

#### **Agreements between BRFkredit a/s and EKADAN A/S:**

BRFkredit a/s has granted a mortgage loan to EKADAN A/S.

#### **Agreements between BRFkredit a/s and EDC-partner a/s:**

BRFkredit a/s and EDC-partner a/s have concluded an agreement on the leasing of computer equipment to the individual EDC estate agent.

#### **Agreements between BRFkredit a/s and Boligtorvet A/S:**

An agreement on joint administrative tasks.

#### **Agreements between BRFFbank a/s and Ejendomsselskabet Nørreport 26, 8000 Århus C. A/S:**

Ejendomsselskabet Nørreport 26, 8000 Århus C. A/S undertakes continuing business with BRFFbank a/s.

**Additional notes to  
annual accounts 2002**

## 39 Directorships and executive positions held by the Board of Directors

The members of the Board of Directors have disclosed the following directorships and executive positions with other Danish companies, except for wholly-owned subsidiaries:

### **Oluf Engell**

Chairman of the Board of Directors of:  
BRFholding a/s

Member of the Board of Directors of:  
Aktieselskabet Einar Willumsen  
Andersen & Martini A/S  
Bella Center A/S  
Det Berlingske Officin A/S  
Haldor Topsøe A/S

### **K. Koch Jensen**

Chairman of the Board of Directors of:  
Danish Air Transport, Vamdrup A/S  
T.C. Entreprise A/S

Member of the Board of Directors of:  
BRFholding a/s  
Consenta Holding A/S  
Dansk Kapitalanlæg A/S  
Hudevad Export A/S  
Jørgen Schou Holding A/S  
Vejen Trælasthandel A/S

### **Troels Behr**

Chairman of the Board of Directors of:  
A/S Matr.nr. 432 af Amagerbro  
Arkitekttegnestuen Virumgård A/S

Member of the Board of Directors of:  
Jorton A/S  
Peter Juel Jeppesen A/S

Member of the Executive Board of:  
Boligselskabet 2001 ApS

### **Nils Graae**

Member of the Board of Directors of:  
BRFholding a/s

### **Lars Henrik Munch**

Member of the Board of Directors of:  
Bliss Holding A/S  
Post Danmark A/S

Member of the Executive Board of:

Aktieselskabet Dagbladet Politiken og  
Jyllands-Posten A/S

### **Kurt Bligaard Pedersen**

Chairman of the Board of Directors of:  
Københavns Lufthavne A/S

Member of the Board of Directors of:  
Dong Naturgas A/S

Member of the Executive Board of:

Dong A/S

### **Bent Sloth**

Member of the Board of Directors of:  
Hals Golfbane A/S

## Directorships and executive positions held by the Board of Management

The Board of Directors has approved the following directorships and executive positions held by the members of the Board of Management:

### **Sven A. Blomberg**

Chairman of the Board of Directors of:  
BRFbank a/s

Member of the Board of Directors of:  
Værdipapircentralen A/S

### **Jes Damsted**

Chairman of the Board of Directors of:  
Ejendomsselskabet Nørreport 26,  
8000 Århus C. A/S

Member of the Board of Directors of:  
BRFbank a/s  
Realkreditnettet A/S

### **Carsten Tirsbæk Madsen**

Member of the Board of Directors of:  
BRFbank a/s  
Ejendomsselskabet Nørreport 26,  
8000 Århus C. A/S

**Signatures**

The annual report and the annual accounts have been prepared in compliance with the guidelines issued by the Copenhagen Stock Exchange.

**Board of Directors:**

Oluf Engell  
Chairman

Lars Henrik Munch

K. Koch Jensen  
Deputy Chairman

Kurt Bligaard Pedersen

Troels Behr

Thomas Sandelius  
Elected by staff

Laila Busted  
Elected by staff

Bent Sloth

Nils Graae  
Elected by staff

**Board of Management:**

Sven A. Blomberg  
President and Chief Executive Officer

Jes Damsted  
President and Senior Executive Officer

Carsten Tirsbæk Madsen  
President and Senior Executive Officer

Kgs. Lyngby, 26 February 2003

The Board of Directors held seven meetings and one seminar in 2002.

**Auditors' reports**

## Internal Audit

We have audited the consolidated annual report and the annual report of BRFkredit a/s for 2002.

The consolidated annual report and the annual report is the responsibility of the Company's Board of Directors and Board of Executives. Our responsibility is to express an opinion on the consolidated annual report and the annual report based on our audit.

## Basis of opinion

We conducted our audit on the basis of the Statutory Order from the Danish Financial Supervisory Authority on Auditing Financial Enterprises and Financial Groups and in accordance with Danish Auditing Standards. Based on materiality and risk we have evaluated the business procedures, the accounting policies used and the significant estimates made and verified the the basis for amounts and disclosures in the consolidated annual report and 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 consolidated annual report and the annual report gives a true and fair view of the Group's and the Company's financial position at 31 December 2002 and of the results of the Group's and the Company's operations and the Group's cash flows for 2002 in accordance with Danish Accounting Standards.

Kgs. Lyngby, den 26. februar 2003

Arne List  
Head of Internal Audit Department

## Auditors' report

### To the shareholder of BRFkredit a/s

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of BRFkredit a/s for the financial year 2002.

The Consolidated Financial Statements and the Parent Company Financial Statements are the responsibility of the Bank Management. Our responsibility is to express an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements based on our audit.

## Basis of opinion

We conducted our audit in accordance with Danish Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the Consolidated Financial Statements and the Parent Company Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Consolidated Financial Statements and the Parent Company Financial Statements. An audit also includes assessing the accounting policies applied and significant estimates made by Management, as well as evaluating the overall presentation of the Consolidated Financial Statements and the Parent Company Financial Statement. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualifications.

## Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2002 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 2002 in accordance with the requirements of Danish legislation in respect of the preparation of financial statements.

Copenhagen, 26 February 2003

PRICEWATERHOUSECOOPERS  
Statsautoriserede Revisorer

Morten Iversen  
State-Authorised Public Accountant

DELOITTE & TOUCHE  
Statsautoriseret Revisionsaktieselskab

Søren Dinesen  
State-Authorised Public Accountant

**Series accounts**

The series accounts of BRFkredit a/s have been prepared in compliance with Order of 20 November 1995 of the Danish Financial Supervisory Authority on Series Accounts of Mortgage Credit Institutions. The series accounts have been summarised below at "association level", cf. section 30(3) of the Order.

The summary and the transfers between the series have been prepared in compliance with the Board of Directors' proposal for distribution of net profit. The full and complete series accounts are available from BRFkredit a/s on demand.

<b>Summary series accounts</b>	Husejernes Kreditkasse	Other series with joint and several liability	Residual institution	Total
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**Profit and loss account for 2002**

Income from lending activities	1	64	515	580
Interest on subordinated capital			88	88
Interest etc., net	1	27	294	322
Administrative expenses etc., net	1	58	501	560
Depreciation and provisions for losses on loans		-157	161	4
Tax	0	107	33	140
<b>Net profit for the year</b>	<b>0</b>	<b>83</b>	<b>26</b>	<b>109</b>

**Balance sheet at 31 December 2002**

**Assets**

Mortgage loans etc.	487	20,254	113,909	134,650
Other assets	65	2,884	38,431	41,381
<b>Total</b>	<b>552</b>	<b>23,138</b>	<b>152,341</b>	<b>176,031</b>

**Liabilities**

Mortgage bonds etc. in issue	515	21,748	139,767	162,031
Other liabilities	18	742	4,886	5,646
Subordinated capital	8		400	408
Shareholders' equity	11	647	7,287	7,946
<b>Total</b>	<b>552</b>	<b>23,138</b>	<b>152,341</b>	<b>176,031</b>

**Series accounts**

**Internal auditors' report**

The summary of the series accounts at association level has been prepared on the basis of the annual accounts and series accounts of BRFkredit a/s for the year ended 31 December 2002, which we have audited. We have verified that the summary has been prepared in compliance with the underlying series accounts and Order No. 872 of 20 November 1995 of the Danish Financial Supervisory Authority.

Kgs. Lyngby, 26 Februar 2003

Arne List  
Head of Internal Audit Department

**Auditors' report**

The summary of the series accounts at association level has been prepared on the basis of the annual accounts and series accounts of BRFkredit a/s for the year ended 31 December 2002, which we have audited. In co-operation with the company's Internal Audit Department, we have verified that the summary has been prepared in compliance with the underlying series accounts and Order No. 872 of 20 November 1995 of the Danish Financial Supervisory Authority.

Copenhagen, 26 Februar 2003

PRICEWATERHOUSECOOPERS  
Statsautoriserede Revisorer

Morten Iversen  
State-Authorised Public Accountant

DELOITTE & TOUCHE  
Statsautoriseret Revisionsaktieselskab

Søren Dinesen  
State-Authorised Public Accountant