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Interim Report 2005

(1 January to 30 June 2005)

of

the BRFkredit Group a/s

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The 2005 Interim Report of the BRFkredit Group is downloadable in pdf format from BRFkredit's website at www.brf.dk.

Please observe that the Danish version of this announcement prevails.

Financial highlights

BRFkredit Group			
Profit and loss account (DKK million)	1 st half of 2005	1 st half of 2004	2004 (full year)
Commission income from lending operations etc.	460	411	836
Core income from securities	174	152	272
Total core income	634	563	1,108
Operating expenses, depreciation and amortisation	361	323	714
Core earnings before writeoffs	273	240	394
Losses and writeoffs on loans	-39	12	-126
Core earnings	312	228	519
Earnings from investment portfolios	48	114	-33
Profit before tax	360	342	486
Tax	54	81	105
Net profit for the period/year	306	261	381

BRFkredit Group			
Balance sheet (DKK million)	30/6/2005	30/6/2004	31/12/2004
Assets:			
Due from credit institutions etc.	20,376	14,415	19,529
Loans and advances	155,483	143,665	147,741
Bonds and shares etc.	4,234	13,330	13,400
Other assets	808	1,049	1,199
Total assets	180,901	172,459	181,869
Liabilities and shareholders' equity:			
Payables to credit institutions etc.	1,605	2,998	3,005
Issued bonds	161,612	150,617	157,060
Other liabilities	6,839	8,439	11,269
Subordinated capital	1,490	1,493	1,488
Shareholders' equity	9,354	8,912	9,048
Total liabilities and shareholders' equity	180,901	172,459	181,869

BRFkredit Group			
Key figures and ratios	1 st half of 2005	1 st half of 2004	2004 (full year)
Core earnings as a per annum percentage of average shareholders' equity	6.8	5.2	5.9
Profit before tax as a per annum percentage of average shareholders' equity	7.8	7.8	5.5
Net profit as a per annum percentage of average shareholders' equity	6.7	6	4.3
Costs as a percentage of core income	57	57	64
Writeoffs (corrective account) (DKK million)	196	407	275
Loss-and-writeoff ratio for the period/year	-0.0	0.0	-0.1
Capital adequacy ratio	13.4	13.1	13.9
Core capital ratio	11.5	11.1	11.9
Average number of employees (full-time equivalent)	732	698	702
Rating – Moody's (long-term)	Aa1	Aa1	Aa1

Review

Improvement in first-half profit – expectations for full-year profit raised

On 24 August 2005, the Board of Directors approved the accounts of BRFkredit and the BRFkredit Group for the six months ended 30 June 2005.

The BRFkredit Group generated a pre-tax profit of DKK 360m for the first half of 2005, up from DKK 342m for the first half of 2004. This equals a 5% increase and a return on equity before tax of 7.8% per annum. The BRFkredit Group posted a net profit of DKK 306m for the first half of 2005 against DKK 261m for the first half of 2004.

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

The first-half performance was affected by the following factors:

- *Improved market shares within all business areas compared with the first half of 2004.*
- *Portfolio growth of DKK 7.5bn to DKK 149.0bn compared with the first half of 2004.*
- *Core income of DKK 634m against DKK 563m for the same period of 2004.*
- *Rise in costs from DKK 323m in the first half of 2004 to DKK 361m in the first half of 2005 as a result of the rise in activity.*
- *Reversal of provisions contributed DKK 39m to profits*
- *Earnings from investment portfolios down by DKK 66m to DKK 48m.*

Moreover, the first-half profit was lowered by a net DKK 2m as a result of the new accounting rules. Reference is made to the accounting policies for an elaboration.

Before inclusion of interim profit, the capital adequacy ratio at 30 June 2005 was 13.4%. If computed exclusively on the basis of core (tier 1) capital, the capital adequacy ratio was 11.5% at end-June 2005.

Total assets, shareholders' equity and capital adequacy

Shareholders' equity and capital adequacy

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

DKK million	BRFkredit Group		
	30/6/2005	30/6/2004	31/12/2004
Shareholders' equity, beginning of year	9,030	8,548	8,548
Correction, beginning of year	18	102	102
Net profit for the period/year	306	261	380
Shareholders' equity, end of period/year	9,354	8,912	9,030
Own funds etc.	10,535	10,039	10,520
Weighted assets	78,574	76,859	74,744
Capital adequacy ratio	13.4	13.1	14.1
Core capital ratio	11.5	11.1	12.1

Shareholders' equity was DKK 9,354m at 30 June 2005. The capital adequacy ratio before inclusion of interim profit was 13.4%, comfortably above the statutory 8.0% minimum. Own funds (tier 1 + tier 2 capital) at 30 June 2005 thus exceeded the statutory requirement by an amount of DKK 4.2bn before inclusion of interim profit.

No events occurred between 30 June 2005 and the publication of the interim report which may change the assessment of the report.

Group segments

The BRFkredit Group 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.

Group business activities fall into two segments:

- 1) Mortgage lending etc.
- 2) Investment portfolio

BRFkredit Group segment accounts – 1st half of 2005

DKK million	Mortgage lending etc.	Investment portfolio	Total
Commission income from lending operations etc.	460		
Core income from securities	174		
Total core income	634		
Operating expenses, depreciation and amortisation	361		
Core earnings before writeoffs	273		
Losses and writeoffs on loans	-39		
Core earnings	312		
Earnings from investment portfolios		48	
Profit before tax	312	48	360
Tax			54
Net profit for the period			306

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 supporting mortgage financing. The segment also comprises a risk-free return on the investment portfolio.

DKK million	1 st half of 2005	1 st half of 2004
Commission income from lending operations etc.	460	411
Core income from securities	174	152
Total core income	634	563
Operating expenses, depreciation and amortisation	361	323
Core earnings before writeoffs	273	240
Losses and writeoffs on loans	-39	12
Core earnings	312	228

Core earnings of “Mortgage lending etc.” worked out at DKK 312m for the first half of 2005, thus up by 37% on the year before.

Core earnings are made up of the following:

Commission 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 related to property transactions.

Income from commissions for the first half of 2005 came to DKK 309m, up from DKK 300m for the first half of 2004, and was positively influenced by the sustained rise in the portfolio.

Brokerage, fees and charges (net) were DKK 107m in the first half of 2005, up from DKK 65m in the first half of 2004. Brokerage, fees and charges were affected by high lending activity, the reasons being the many home loan refinancings, new loan types and the continued attractive level of interest rates.

BRFbank’s core earnings for the first half of 2005 were DKK 20.1m compared with DKK 15.7m for the same period of 2004. BRFbank supports BRFkredit’s mortgage operations by offering products that are complementary to mortgage lending in connection with housing starts and property transactions and in connection with the refinancing of loans secured against real property. During the first half of 2005, the bank improved banking operations compared with the same period of last year and experienced growth in both deposits and lending activity. Profit was also influenced by capital gains on mortgages.

Core income from securities

Core income from securities is made up of a risk-free return on the investment portfolio and other interest income and came to DKK 174m – a rise of 14% on the first half of 2004.

The risk-free turn was DKK 120m for the first half of 2005 against DKK 113m for the first half of 2004. BRFkredit uses short-term money market rates to calculate the risk-free return.

Operating expenses, depreciation and amortisation

Operating expenses, including depreciation and amortisation, were DKK 361m for the first half of 2005 against DKK 323m the year before. The rise in expenses is mainly attributable to higher activity and launch of a number of IT projects.

Losses and writeoffs

Losses and writeoffs generated income of DKK 39m in the first half of 2005, against a negative contribution of DKK 12m in the year-earlier period. The balance of total writeoffs to provide for losses was DKK 195m at 30 June 2005, equivalent to 0.1% of the total loan portfolio.

Investment portfolio

The portfolio return comprises total returns on the investment portfolio net of risk-free return, which is transferred to core earnings.

DKK million	2005	2004
Return on interest-bearing instruments	-12	107
Return on shares	178	120
Gross investment return:	166	227
Costs related to earnings from investment portfolios	-4	-3
Net investment return:	162	224
Risk-free return	114	110
Return on portfolio	48	114

The total investment return (gross) on the investment portfolio was DKK 166m for the first half of 2005. Costs related to earnings from investment portfolios in the form of wages, salaries and brokerage etc. stood at DKK 4m, meaning that the net investment return on the securities portfolio came to DKK 162m.

The return on the investment portfolio came to 2.8% p.a. for the first half of 2005.

The return on fixed income instruments was negative at DKK 12m for the period under review, and this is not satisfactory. The negative return was mainly ascribable to the fact that expectations at the beginning of the year of climbing interest rates in 2005 did not materialise. The portfolio interest rate risk stood at DKK 116m at 30 June 2005.

The equity portfolio generated a return of DKK 178m for the first half of 2005. BFRkredit's equity portfolio was reduced in the first half of the year in response to a request for less exposure than the past three years. The return was satisfactory.

OtherImproved market shares

In the first half of 2005, BRFkredit improved its market shares by all measures. The improvement was observed in all business areas.

BRFkredit's loan portfolio widened by DKK 5.8bn to a total of DKK 149.0bn during the first half of 2005, DKK 7.5bn up from the interim stage of 2004.

BRFkredit's market shares:

Per cent	1 st half of 2005	1 st half of 2004
Gross new lending ¹⁾	9.2	8.2
New lending ²⁾	9.1	8.4
Net new lending ³⁾	7.6	6.7
Net lending ⁴⁾	6.7	3.3

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 prepayments.

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

Bond issuance

In the first half of 2005, BRFkredit issued bonds for a total of DKK 36bn against DKK 20bn in the corresponding period of 2004. Traditional callable fixed-rate mortgage bonds accounted for just over 46% of the bond issuance, while bullet bonds for ARM loans accounted for 30% and capped floating rate bonds accounted for 24% of the bond issuance.

The turnover in BRFkredit's mortgage bonds represented 10% of the total turnover of mortgage bonds in the first half of 2005. As far as the short-term 4% 2006 bullet bond is concerned, BRFkredit achieved a 13% share of the total turnover of just under DKK 450bn. As regards the 4% 2035 and 5% 2035 callable fixed-rate mortgage bonds, BRFkredit accounted for 9% of the total turnover of DKK 740bn.

Outlook for 2005

At the time of the publication of the annual accounts for 2004, BRFkredit forecast core earnings for 2005 in the order of DKK 300-350m. BRFkredit's gross lending for the first half of 2005 was significantly higher than anticipated. The second half of the year holds expectations of lower activity in the market for mortgage lending. The cost level is set to stay on a par with that recorded for the first half of 2005. Losses and writeoffs are likely to remain at a moderate level. This being the case, the forecast of core earnings for 2005 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 2005.

Accounting policies

Transition to IFRS financial statements

The accounting policies of the BRFkredit Group were changed at 1 January 2005 as the financial statements, in future, will be presented in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Commission.

The accounting policies of BRFkredit a/s were also changed at 1 January 2005 as the financial statements are presented in accordance with the Danish Financial Supervisory Authority's new executive order on financial reports of credit institutions and brokerage houses etc. of 14 December 2004.

The Danish Financial Supervisory Authority's new executive order was drawn up so that the accounting rules applicable to financial services companies are essentially compatible with IFRS. However, the executive order contains one important deviation as equity investments in associated and subsidiary undertakings must be recognised in the Parent Company's financial statements using the equity method instead of complying with IFRS, which only allow the use of "fair value" or "cost".

Comparative figures for 2004 have been restated in keeping with the new accounting policies according to IFRS 1, "First-time Adoption of International Financial Reporting Standards". According to the transitional provisions of IFRS 1 and the Danish Financial Supervisory Authority's new executive order, IAS 32 and IAS 39 are not reflected in the comparative figures as these standards were not applied until 1 January 2005.

Effect of changes to accounting policies

Presentation of financial statements according to IFRS and the Danish Financial Supervisory Authority's executive order entails a number of changes to the accounting policies and the presentation of accounting items.

Overall, the changes have the following effect on shareholders' equity and profit:

Shareholders' equity:

Shareholders' equity was raised by DKK 102m at the beginning of 2004 due to the transition to the IFRS rules, not including IAS 32 and IAS 39.

Shareholders' equity was raised by DKK 18m at the beginning of 2005 due to the transition to IAS 32 and IAS 39.

Shareholders' equity was raised by a total of DKK 120m as a result of the transition to the new accounting rules.

Profit and loss account:

The new accounting rules lifted profit for the first half of 2004 from DKK 339m to DKK 342m.

A profit and loss account for the first half of 2005 has not been prepared according to the former rules, but profit for the first half of 2005 calculated according to the new rules is estimated to be DKK 2m lower.

Description of most important changes

The changes in accounting policies have led to the following changes to the BRFkredit Group balance sheet:

DKK million	Note	Shareholders' equity
Former accounting policies, 31 December 2003		8,548
Adjustments, beginning of 2004:		
Adjustment of properties to fair value	1	113
Provisions for anniversary bonuses		-3
Transfer of deferred taxes		
Tax effect of adjustments		-8
Adjusted balance sheet total, beginning of 2004		8,650
Retained profit 2004		364
Changes in profit as a result of new accounting policies		16
Adjusted balance sheet total, end of 2004		9,030
Adjustments, beginning of 2005		
Mortgage loans and issued bonds to fair value	2	-2
Adjustment of writeoffs on mortgage loans	3	25
Portfolio of own mortgage bonds	4	
Other adjustments		6
Tax effect of adjustments		-11
Adjusted balance sheet total, end of 2005		9,048

1. Adjustment of properties to fair value: Following the transition to IFRS, Group domicile and investment properties are measured at fair value. Previously, properties were recognised at cost less accumulated depreciation and writeoffs.

2. Mortgage loans and issued bonds to fair value: Following the transition to IFRS, mortgage loans are measured at fair value. The fair value is calculated on the basis of the market price of the underlying bond and with another adjustment for the credit risk in case of an objective indication of impairment of the value of loans.

Issued bonds are measured at market price unless drawing of the bonds for redemption has been announced, whereby the bonds will be measured at discounted value instead.

Previously, mortgage loans and bonds in issue were measured at nominal value.

3. Adjustment of writeoffs on mortgage loans: Following the transition to IFRS, previously made writeoffs, for which no objective indication was seen, were reversed as required by IFRS.

4. Portfolio of own mortgage bonds: Following the transition to IFRS, own mortgage bonds are to be offset against issued bonds. This has no net effect on shareholders' equity, but significantly reduces the balance sheet total.

Amounts in DKK million

Profit and loss account 1st half of 2005

Profit and loss account For the six months ended 30 June	Note	BRFkredit Group		BRFkredit a/s	
		2005	2004	2005	2004
Interest income	1	3,903	3,964	3,873	3,937
Interest expenses	2	3,390	3,461	3,377	3,450
Net interest income		513	502	495	487
Dividends on equity investments		23	22	23	22
Fees, charges and commission income		171	117	163	111
Fees, charges and commissions paid		64	47	67	51
Net interest income, fees and charges		643	594	614	568
Securities and foreign exchange income	3	34	70	26	64
Other operating income		8	9	8	9
Staff costs and administrative expenses	4	356	320	339	305
Amortisation, depreciation and writedowns, intangible and tangible assets		7	5	7	5
Losses and writeoffs on loans etc. (- signifies an income)	5	-39	12	-39	10
Income from equity investments in associated and subsidiary undertakings	6	-1	6	18	21
Profit before tax		360	342	360	342
Tax		54	81	54	81
Net profit for the period		306	261	306	261

Distribution of net profit

Net profit for the period		306	261
Total amount available for distribution		306	261
Retained profit		306	261
Total retained profit		306	261

Amounts in DKK million

Balance sheet 1st half of 2005

Balance sheet at 30 June	Note	BRFkredit Group		BRFkredit a/s	
		2005	2004	2005	2004
Assets					
Cash in hand and demand deposits with central banks		174	15	34	6
Receivables from credit institutions and central banks		20,202	14,400	19,725	14,294
Loans and advances and other receivables	7	155,483	143,665	153,609	141,512
Bonds	8	3,427	12,200	3,427	12,196
Shares etc.		807	1,129	807	1,129
Equity investments in associated undertakings		61	118	61	118
Equity investments in subsidiary undertakings		-	0	529	463
Fixed assets	9	433	404	356	342
Other assets	10	314	527	313	521
Total assets		180,901	172,459	178,860	170,581
Liabilities and shareholders' equity					
Payables to credit institutions and central banks		1,605	2,998	1,532	2,444
Deposits and other payables		1,314	1,084	-	-
Issued bonds	11	161,612	150,617	161,612	150,617
Other liabilities	12	5,457	7,310	4,795	7,066
Provisions for obligations	13	69	45	76	50
Subordinated capital		1,490	1,493	1,490	1,493
Shareholders' equity	14				
Share capital		306	306	306	306
Share premium account		102	102	102	102
Other reserves		8,640	8,242	8,640	8,242
Retained profit		306	261	306	261
Total shareholders' equity		9,354	8,912	9,354	8,912
Total liabilities and shareholders' equity		180,901	172,459	178,860	170,581
Off-balance sheet items					
Guarantees etc.	15	756	335	20	18
Other commitments		92	83	92	83
Total off-balance sheet items		848	418	112	101
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Amounts in DKK million

Notes to
1st half of 2005

1 Interest income	BRFkredit Group		BRFkredit a/s	
	2005	2004	2005	2004
Receivables from credit institutions and central banks 1)	131	92	128	91
Loans and advances and other receivables	3,406	3,394	3,375	3,362
Commissions	309	300	309	300
Bonds 2)	7	162	7	161
Financial derivatives, interest-rate contracts	40	7	44	14
Other interest income	10	8	10	8
Total interest income	3,903	3,964	3,873	3,937
1) Of which interest income on reverse transactions entered under "Receivables from credit institutions and central banks"	67	68	67	68
2) Interest received on own mortgage bonds (DKK 108m) has, according to the new accounting rules, been set off against interest expenses on issued bonds under interest expenses. Actual interest income on the bond portfolio is thus DKK 115m.				
2 Interest expenses	BRFkredit Group		BRFkredit a/s	
	2005	2004	2005	2004
Payables to credit institutions and central banks 1)	15	34	11	29
Deposits and other payables	9	6	-	-
Issued bonds	3,343	3,398	3,343	3,398
Subordinated capital	22	22	22	22
Other interest expenses	2	2	2	2
Total	3,390	3,461	3,377	3,450
1) Of which interest expenses on repo transactions entered under "Payables to credit institutions and central banks"	8	19	8	19
3 Securities and foreign exchange income (- signifies a loss)	BRFkredit Group		BRFkredit a/s	
	2005	2004	2005	2004
Mortgage loans	1,694	0	1,695	-
Other loans and advances and receivables at fair value	20	3	10	0
Bonds	-52	-19	-52	-19
Shares etc.	155	98	155	98
Investment properties	3	0	3	-
Currency	-0	0	0	-0
Currency-, interest-rate-, equity- and other contracts and financial derivatives	-67	-12	-66	-15
Issued bonds	-1,719	0	-1,719	-
Total securities and foreign exchange income	34	70	26	64
Securities and foreign exchange income under the balance principle totals minus DKK 1m and is the result of net adjustment of the following items: Mortgage loans by DKK 1,694m, issued bonds by minus DKK 1,719m and fixed-price agreements for loan disbursements etc. by DKK 23m.				

Amounts in DKK million

Notes to
1st half of 2005

4 Staff costs and administrative expenses	BRFkredit Group		BRFkredit a/s	
	2005	2004	2005	2004
Emoluments and remuneration of Board of Directors, Board of Management and Board of Representatives				
Board of Management	4	4	4	4
Board of Directors 1)	1	1	1	1
Board of Representatives	0	0	0	0
Total	5	5	5	5
Staff costs:				
Wages and salaries	166	151	155	141
Pensions	16	14	15	13
Social security costs	18	17	17	16
Total	199	182	186	170
Other administrative expenses	152	133	147	130
Total staff costs and administrative expenses	356	320	339	305
Average number of full-time staff for the financial year	732	698	679	648
1) The half-yearly emolument is DKK 75,000 for ordinary members of the Board of Directors. The Deputy Chairman receives double this amount, whereas the Chairman receives triple this amount.				
5 Writeoffs on loans etc. (- signifies an income)	BRFkredit Group		BRFkredit a/s	
	2005	2004	2005	2004
Net changes for the period in writeoff account	-47	1	-47	3
Finally lost, not previously written off	21	30	21	25
Recovery of loans previously written off	-16	-19	-16	-19
Value adjustment of properties taken over	2	0	2	-
Other changes	-0	0	-0	-0
Total	-39	12	-39	10
Individual writeoffs:				
Beginning of period	201	325	200	312
Writeoffs for the period	1	38	0	40
Reversal of writeoffs made in previous financial years	-43	-44	-42	-44
Other changes	0	0	0	0
End of period	159	319	158	308
Collective writeoffs:				
Beginning of period	42	81	42	81
Writeoffs for the period	-	7	-	7
Reversal of writeoffs made in previous financial years	-5	0	-5	-
Other changes	-	0	-	-
End of period	37	88	37	88
6 Income from equity investments in associated and subsidiary undertakings	BRFkredit Group		BRFkredit a/s	
	2005	2004	2005	2004
Income from equity investments in associated undertakings	-1	6	-1	6
Income from equity investments in subsidiary undertakings	-	0	20	15
Total	-1	6	18	21

Amounts in DKK million

Notes to
1st half of 2005

7 Loans and advances and other receivables	BRFkredit Group		BRFkredit a/s	
	2005	2004	2005	2004
Loans and advances and other receivables at fair value	153,778	143,665	153,455	141,512
Loans and advances and other receivables at amortised cost	1,705	0	154	-
Total	155,483	143,665	153,609	141,512

Loans and advances and other receivables at fair value	BRFkredit Group		BRFkredit a/s	
	2005	2004	2005	2004
Mortgage loans, nominal value	148,973	141,454	148,998	141,478
Adjustment for interest-rate risk etc.	4,301	0	4,302	-
Adjustment for credit risk	134	357	134	357
Mortgage loans, total fair value	153,141	141,097	153,165	141,121
Arrears and outlays	99	191	99	191
Other loans and advances and receivables	538	2,377	190	201
Total loans and advances and other receivables at fair value	153,778	143,665	153,455	141,512

Arrears and outlays	BRFkredit Group		BRFkredit a/s	
	2005	2004	2005	2004
Arrears before writeoff	109	198	109	198
Outlays before writeoff	11	18	11	18
Writeoffs on arrears and outlays	21	25	21	25
Total arrears and outlays	99	191	99	191
Arrears receivable, end-July	48	55	48	55

8 Bonds	BRFkredit Group		BRFkredit a/s	
	2005	2004	2005	2004
Own mortgage bonds	4,845	7,464	4,845	7,460
Other mortgage bonds	2,846	3,237	2,846	3,237
Government bonds	559	1,324	559	1,324
Other bonds	21	176	21	176
Total bonds	8,272	12,200	8,272	12,196
Own mortgage bonds set off against issued bonds	4,845	0	4,845	-
Total bonds after set-off	3,427	12,200	3,427	12,196

9 Fixed assets	BRFkredit Group		BRFkredit a/s	
	2005	2004	2005	2004
Intangible assets	3	2	3	2
Investment properties	112	104	112	104
Domicile properties	306	285	230	224
Other tangible assets	12	13	11	13
Total	433	404	356	342

Notes to
1st half of 2005

Amounts in DKK million

10 Other assets	BRFkredit Group		BRFkredit a/s				
	2005	2004	2005	2004			
Other assets:							
Positive market value of financial derivatives etc.	23	7	23	7			
Interest and commissions receivable	103	246	100	249			
Loan applications in process	71	105	71	105			
Other assets	11	9	9	5			
Total other assets	208	367	203	366			
Current tax assets	78	124	82	122			
Assets temporarily taken over	10	22	10	21			
Prepayments	18	14	17	13			
Total	314	527	313	521			
11 Issued bonds	BRFkredit Group		BRFkredit a/s				
	2005	2004	2005	2004			
Mortgage bonds - nominal value	162,168	150,617	162,168	150,617			
Adjustment to fair value	4,290	0	4,290	-			
Own mortgage bonds set off against issued bonds	4,845	0	4,845	-			
Total issued bonds after set-off	161,612	150,617	161,612	150,617			
12 Other liabilities	BRFkredit Group		BRFkredit a/s				
	2005	2004	2005	2004			
Other liabilities:							
Negative market value of financial derivatives etc.	21	16	4	8			
Negative securities portfolios in connection with reverse transactions	1,968	4,221	1,968	4,221			
Interest and commissions payable	2,355	2,252	2,348	2,245			
Loan applications in process	834	634	369	480			
Other liabilities:	260	180	88	105			
Total other liabilities	5,439	7,303	4,777	7,059			
Deferred income	18	8	18	7			
Total	5,457	7,310	4,795	7,066			
13 Provisions for obligations	BRFkredit Group		BRFkredit a/s				
	2005	2004	2005	2004			
Provisions for deferred taxes	31	12	31	11			
Other provisions for obligations	38	33	46	38			
Total	69	45	76	50			
14 Shareholders' equity and movements in capital and reserves	Beginning of year	Correction	Corrected at beginning of year	Other additions	Other disposals	Retained profit for the period	End of period
Share capital	306	-	306	-	-	-	306
Share premium account	102	-	102	-	-	-	102
Other reserves	8,504	136	8,640	-	-	-	8,640
Retained profit	-	-	-	-	-	306	306
Total shareholders' equity	8,912	136	9,048	-	-	306	9,354

The transition to the new accounting rules has resulted in a total adjustment of shareholders' equity of DKK 136m. Reference is made to the accounting policies for an elaboration.

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 BRFHolding a/s.

Amounts in DKK million

Notes to
1st half of 2005

15 Off-balance sheet items	BRFkredit Group		BRFkredit a/s	
	2005	2004	2005	2004
Guarantees etc.				
Financial guarantees	732	313	-	-
Other guarantees	24	22	20	18
Total guarantees etc.	756	335	20	18
Other contingent liabilities				
Other commitments	92	83	92	83
Total other contingent liabilities	92	83	92	83
Total off-balance sheet items	848	418	112	101

16 Capital adequacy statement	BRFkredit Group		BRFkredit a/s	
	2005	2004	2005	2004
Core capital (tier 1) after deduction	9,045	8,546	9,045	8,546
Own funds	10,535	10,039	10,535	10,039
Weighted items outside trading portfolio, including off-balance sheet items	76,138	70,883	72,896	68,314
Weighted items with market risks etc.	2,436	5,976	2,451	6,002
Total weighted items	78,574	76,859	75,347	74,316
Core capital ratio	11.5	11	12.0	11.5
Capital adequacy ratio	13.4	13	14.0	13.5

17 Five-year summary for BRFkredit a/s	2005	2004	2003	2002	2001
	Capital adequacy ratio	14.0	13.5	12.0	12.8
Core capital ratio	12.0	11.5	11.4	11.5	11.4
Half-year return on equity before tax (%)	3.9	3.9	3.5	2.9	1.9
Half-year return on equity after tax (%)	3.3	3.0	2.8	1.6	2.2
Earnings per unit of cost (DKK)	2.18	2.05	1.9	1.75	1.48
Foreign exchange position (%)	1.1	2.4	0.7	0.4	0.2
Accumulated writeoff ratio	0.1	0.3	0.3	0.4	0.4
Writeoff ratio for the period	0.0	0.0	0.0	0.0	0.0
Growth in lending during the period (%)	5.1	1.0	1.1	2.1	2.3
Loan-to-equity ratio	16.4	15.9	16.6	16.6	16.2

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.

Five-year summary for BRFkredit Group	2005	2004	2003	2002	2001
	Capital adequacy ratio	13.4	13.1	11.6	12.5
Core capital ratio	11.5	11.1	11.1	11.2	11.2
Half-year return on equity before tax (%)	3.9	3.9	3.5	2.9	1.9
Half-year return on equity after tax (%)	3.3	3.0	2.8	1.6	2.2
Earnings per unit of cost (DKK)	2.11	2.00	1.9	1.70	1.48
Foreign exchange position (%)	1.1	2.4	0.7	0.4	0.2
Accumulated writeoff ratio	0.1	0.3	0.3	0.4	0.4
Writeoff ratio for the period	0.0	0.0	0.0	0.0	0.0
Growth in lending during the period (%)	5.2	2.6	1.2	2.2	2.4
Loan-to-equity ratio	16.6	16.1	16.8	16.8	16.3

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.

Amounts in DKK million

Notes to
1st half of 2005**18 The group at a glance**

Name and registered office	Type of business	Shareholding (%)	Share capital at end of period*	Shareholders' equity at end of period*	Net profit/loss*
Subsidiary undertakings					
BRFbank a/s, Kgs. Lyngby	Financial services company	100	140	453	35
Ejendomsselskabet Nørrereport 26, 8000 Århus C. A/S, Århus	Property company	100	5	30	3
Ejendomsselskabet Nørgårdsvej, 37-41, 2800 Lyngby A/S, Kgs. Lyngby **	Property company	100			
Associated undertakings					
EDC-partner a/s, Frederiksberg	Property company etc.	50	68	75	0
Boligtorvet A/S, Kgs. Lyngby	Marketing channel	50	2	1	-3
Realkreditnettet Holding A/S, København	Holding company	21	11	83	0

* According to latest annual accounts

** Newly established company

19 Collateral security

	BRFkredit Group		BRFkredit a/s	
	2005	2004	2005	2004
Receivables from credit institutions and central banks	-	-	-	-
Bonds	-	-	-	-
Total collateral security	-	-	-	-

Amounts in DKK million

Cash flow
statement

BRFkredit Group

Cash flow statement

For the six months ended 30 June

2005 2004

Cash flow from operating activities

Pre-tax profit for the period	360	342
Increase/decrease in loans and advances and other receivables	-7,741	-2,625
Increase/decrease in issued bonds before set-off	-21,443	-19,669
Adjustment for illiquid items	6	-2
Adjustment of other operating capital	-206	19,175
Corporation tax paid	-51	-125
Total	-29,076	-2,903

Cash flow from investing activities

Net investment in companies	-20	-29
Net investment in intangible and tangible fixed assets	-17	0
Total	-37	-29

Cash flow from financing activities

Subordinated capital	2	-3
Dividends paid	0	0
Total	2	-3

Total change in cash and cash equivalents

-29,111 -2,934

Cash and cash equivalents, beginning of period

47,843 15,344

Cash and cash equivalents, end of period

18,732 12,409

Cash and cash equivalents, beginning of period

Cash in hand and demand deposits with central banks	4	26
Receivables from credit institutions and central banks	19,525	17,620
Payables to credit institutions and central banks	-3,005	-5,825
Bonds	12,124	34,889
Own mortgage bonds set off against issued bonds	30,841	0
	59,489	46,710

From which are deducted:

Cash and cash equivalents in tied bank accounts	-35	-78
Bonds not included in cash flow management	-11,611	-31,287

Cash and cash equivalents according to cash flow statement

47,843 15,344

Cash and cash equivalents, end of period

Cash in hand and demand deposits with central banks	174	15
Receivables from credit institutions and central banks	20,202	14,400
Payables to credit institutions and central banks	-1,605	-2,998
Bonds	3,427	12,200
Own mortgage bonds set off against issued bonds	4,845	0
	27,043	23,618

From which are deducted:

Cash and cash equivalents in tied bank accounts	-39	-82
Bonds not included in cash flow management	-8,272	-11,126

Cash and cash equivalents according to cash flow statement

18,732 12,409