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**Announcement of financial statements for 2006**

1 January to 31 December 2006

of

the BRFkredit Group  
(BRFkredit)

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

Please observe that the Danish version of this announcement prevails.

## Five-year summary of BRFkredit

<b>Core earnings/earnings from investment portfolios and profits for the year</b> DKK million	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Core income from lending operations etc.	923	926	829	830	774
Core income from securities	380	350	262	252	311
Total core income	1,303	1,276	1,091	1,082	1,085
Operating expenses, depreciation and amortisation	810	744	703	695	656
Core earnings before impairment losses	493	531	388	387	429
Impairment losses on loans and receivables (- signifies an income)	-129	-81	-126	15	1
Core earnings	622	613	514	372	427
Earnings from investment portfolios	119	152	-33	385	-167
Profit before tax	741	765	480	758	260
Tax	170	107	106	175	151
Net profit for the year	572	657	374	582	109

### Summary balance sheet

DKK million					
Lending	178,498	164,011	145,067	141,112	136,220
Bonds and shares etc.	9,804	25,116	44,229	35,915	14,284
Other assets	13,097	18,888	21,446	19,270	26,555
<i>Total assets</i>	201,399	208,015	210,742	196,297	177,059
Issued bonds <sup>1)</sup>	179,474	185,277	184,870	170,285	158,476
Other liabilities	11,551	13,028	16,843	17,464	10,637
Shareholders' equity	10,374	9,710	9,029	8,548	7,946
<i>Total liabilities and equity</i>	201,399	208,015	210,742	196,297	177,059

1) In 2006 and 2005 the portfolio of own mortgage bonds, representing an amount of DKK 40bn and DKK 24bn, respectively, was set off against issued bonds.

### Selected key figures and ratios

DKK million					
Earnings per unit of cost (DKK)	2.08	2.14	1.82	2.06	1.39
Growth in lending during the year	11.5	11.2	2.9	3.6	4.1
Loan-to-equity ratio	17.2	16.9	16.1	16.5	17.1
Gross new lending (outstanding bond loans), DKK million	46,618	69,458	36,755	45,364	29,469
Number of new loans	29,600	45,900	29,700	38,300	29,200
Arrears percentage at end of year	0.07	0.10	0.65	0.22	0.30
Impairment ratio for the year	-0.1	0.0	-0.1	0.0	0.0
Administrative expenses, depreciation and amortisation as % of average loan portfolio	0.47	0.49	0.49	0.50	0.48
Capital adequacy ratio	12.5	13.3	14.1	13.5	11.8
Core capital ratio	10.8	11.5	12.1	11.5	11.2
Return on equity before tax	7.4	8.2	5.4	9.2	3.3
Return on equity after tax	5.7	7.0	4.2	7.1	1.4
Series reserve funds, DKK million	8,322	6,977	5,048	597	659
Share capital and other reserves, DKK million	2,052	2,733	3,981	7,951	7,287
Own funds (tier 1 + tier 2), DKK million	11,858	11,193	10,519	10,034	8,290
Foreign exchange position, %	2.0	1.6	1.5	0.5	0.4

## Review

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

On 27 February 2007, the Board of Directors approved the financial statements of BRFkredit for the year ended 31 December 2006.

BRFkredit generated a pre-tax profit for 2006 of DKK 741m, against DKK 765m in 2005. This performance represented a return on equity before tax of 7.4% per annum. BRFkredit came out of 2006 with a net profit of DKK 572m, against DKK 657m in 2005. In addition, a value adjustment of strategic shares was recorded at a gain of DKK 48m.

At the time of the publication of the interim report for 2006, BRFkredit anticipated core earnings in the order of DKK 350-400m. Actual core earnings closed at DKK 622m and, thus, surpassed expectations. The improved earnings performance was attributable to continued growth in the loan portfolio, combined with a stronger-than-expected contribution to profits from total impairment losses on loans.

#### Summary financial performance 2006

- *Portfolio growth of DKK 16.8bn to DKK 176.1bn in 2006*
- *Expanding market shares compared with 2006 – both within new lending and outstanding bond loans*
- *Core earnings were up from DKK 613m in 2005 to DKK 622m in 2006.*
- *Core income was DKK 1,303m, up by 2.1% from DKK 1,276m in 2005*
- *Rise in costs and expenses from DKK 744m in 2005 to DKK 810m in 2006 – mainly ascribable to higher marketing and IT development expenses*
- *Income of DKK 129m from “Impairment losses on loans and receivables”, reflecting a continued favourable economic climate*
- *Earnings from investment portfolios of DKK 119m, against DKK 152m in 2005. These earnings have been adjusted by an increase in the market value of strategic shares of DKK 48m, which, until realisation, does not appear from profits, but has been taken directly to equity.*

After inclusion of net profit for the year, the capital adequacy ratio at end-2006 was 12.5%. If computed exclusively on the basis of core (tier 1) capital, the capital adequacy ratio was 10.8% at end-2006.

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

‘BRFkredit experienced satisfactory portfolio growth in 2006. Besides, BRFkredit saw expanding market shares in a continuously large lending market. That pushed up income from commissions, which – combined with a positive contribution from “Impairment losses on loans and receivables” – helped secure a solid profit performance and satisfactory financial statements.’

## Financial performance 2006

### BRFkredit's segments

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

BRFkredit's business activities fall into two segments:

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

BRFkredit's segment accounts 2006 DKK million	Mortgage lending etc.	Portfolio management	Total
<i>Core income</i>			
Core income from lending operations etc.	923		
Core income from securities	380		
Total core income	1,303		
Operating expenses, depreciation and amortisation	810		
Core earnings before impairment losses	493		
Impairment losses on loans and receivables	-129		
Core earnings	622		
Earnings from investment portfolios		119	
<i>Profit before tax</i>	622	119	741
Tax			170
<i>Net profit for the year</i>			572

### Mortgage lending etc.

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

Mortgage lending etc. DKK million	2006	2005
<i>Core income</i>		
Core income from lending operations etc.	923	926
Core income from securities	380	350
Total core income	1,303	1,276
Operating expenses, depreciation and amortisation	810	744
Core earnings before impairment losses	493	531
Impairment losses on loans and receivables (- signifies an income)	-129	-81
Core earnings	622	613

Core earnings of "Mortgage lending etc." worked out at DKK 622m in 2006, against DKK 613m in 2005.

Core earnings are made up as follows:

*Income from lending operations etc.*

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

Income from commissions was positively influenced by an expanding portfolio and came to DKK 710m in 2006, up from DKK 635m in 2005. By contrast, brokerage, fees and charges (net) declined from DKK 196m to DKK 102m in 2006 in response to a slowdown in lending. BRFkredit's cash gross new lending dipped from DKK 68bn in 2005 to DKK 45bn in 2006.

*Core income from securities*

Core income from securities, which comprises a risk-free return on the proprietary investment portfolio and other interest income, amounted to DKK 380m in 2006, up from DKK 350m in 2005. Risk-free return came to DKK 247m in 2006, against DKK 236m in 2005.

*Operating expenses, depreciation and amortisation*

Operating expenses, including depreciation and amortisation, were up by 8.8% from DKK 744m in 2005 to DKK 810m in 2006. The expense ratio edged down from 0.49% in 2005 to 0.47% in 2006.

The rise in costs and expenses can mainly be ascribed to higher marketing and IT development expenses.

*Impairment losses*

Impairment losses on loans and receivables generated net income of DKK 129m in 2006, against DKK 81m in 2005. The contribution to profits stemmed from favourable economic conditions, which resulted in a low level of loan losses and new impairment provisions, combined with the reversal of earlier impairment charges.

The balance of provisions for loan impairment was DKK 68m at 31 December 2006, equivalent to 0.0% of the total loan portfolio. Impairment provisions were at an exceptionally low level. The next few years therefore hold no prospects of income from "Impairment losses on loans and receivables". On the contrary, impairment losses and provisions are probably bound to grow as the general market conditions become less favourable than today.

**Portfolio management**

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

Portfolio management DKK million	2006	2005
<i>Gross investment returns</i>		
Return on fixed-income instruments	240	91
Return on shares	131	302
<i>Total gross investment returns</i>		
Costs and expenses related to earnings from investment portfolios	5	5
<i>Net investment returns</i>		
Risk-free return	-247	-236
Earnings from investment portfolios	119	152

BRFkredit's gross investment returns on the proprietary portfolio were DKK 371m in 2006, equivalent to a rate of return of 4.4%. This compares with a rate of return of 4.1% in 2005. Costs and expenses related to earnings from investment portfolios in the form of wages, salaries and brokerage, etc. amounted to DKK 5m. The securities portfolio yielded risk-free return of DKK 247m in 2006. To calculate risk-free return, BRFkredit chose an interest rate of 2.94% in 2006, against 2.36% in 2005. Risk-free return is calculated on the basis of an average short-term money-market rate. Hence, earnings from investment portfolios came to a total of DKK 119m in 2006, against DKK 152m the year before. These earnings have been adjusted by an increase in the market value of strategic shares of DKK 48m, which, until realisation, does not appear from profits, but has been taken directly to equity.

Computed in accordance with the rules of the Danish Financial Supervisory Authority, BRFkredit's interest rate risk at end-2006 was DKK 352m. After offsetting interest rate risk between currencies, BRFkredit had net interest rate exposure of DKK 284m. The maximum interest rate risk allowed under the rules of the Financial Supervisory Authority was DKK 949m.

Tax on profit for the year was DKK 170m, compared with DKK 107m in 2005. The effective tax rate was 23%. The difference between this rate and the corporation tax rate of 28% is primarily rooted in tax-exempt gains on shares, meaning that BRFkredit is not liable to capital gains tax on shares held for more than three years. Accordingly, losses on shares are not deductible.

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

- BRFkredit had a balance sheet total of DKK 201bn at 31 December 2006, against DKK 208bn a year earlier. BRFkredit's mortgage loan portfolio widened by a nominal amount of DKK 16.8bn to DKK 176.1bn during 2006. BRFkredit's aggregate loan portfolio, measured at carrying amount, was DKK 178.5bn at 31 December 2006, up from DKK 164.0bn at the close of 2005. Shareholders' equity was up by DKK 664m to DKK 10,374m at year-end.
- The capital adequacy ratio was 12.5% at end-2006, against 13.3% at end-2005. Own funds (tier 1 + tier 2 capital) thus exceeded the statutory requirement by an amount of DKK 4.3bn. If computed exclusively on the basis of core (tier 1) capital, the capital adequacy ratio at end-2006 was 10.8%, equalling an amount of DKK 2.7bn above the statutory requirement.

<b>BRFkredit DKK million</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Shareholders' equity, beginning of year	9,710	9,029	8,548	7,946	7,837
Correction, beginning of year	-	19	102	20	
Items recognised directly in equity	93	4	5	-	-
Retained profit for the year	572	657	374	582	109
Shareholders' equity, end of year	10,374	9,710	9,029	8,548	7,946
Own funds (capital base)	11,858	11,193	10,519	10,034	8,290
Weighted assets	95,088	84,114	74,761	74,263	70,283
Capital adequacy ratio	12.5	13.3	14.1	13.5	11.8
Core capital ratio	10.8	11.5	12.1	11.5	11.2

## Other developments

### Continuously expanding market shares

BRFkredit's market shares continued to expand in 2006. In terms of gross new lending, which includes all disbursements, the market share climbed from 9.1% in 2005 to 9.6% in 2006. The market share expanded in all categories. The trend reflects BRFkredit's success in attracting more new customers while holding on to existing customers in connection with mortgage refinancing.

<b>BRFkredit's total market shares</b>	<b>2006</b>	<b>2005</b>
Gross new lending <sup>1)</sup>	9.6	9.1
New lending <sup>2)</sup>	9.9	9.8
Net new lending <sup>3)</sup>	10.3	9.7
Net lending <sup>4)</sup>	9.6	9.1

- 1) Gross new lending indicates total lending translated into cash value.
- 2) New lending equals gross new lending less refinanced loans with the same institution.
- 3) Net new lending equals gross new lending less refinanced loans and extraordinary repayments.
- 4) Net lending equals net new lending less ordinary principal payments.

### Portfolio growth

During 2006 the loan portfolio grew from DKK 16.8bn to DKK 176.1bn. Of the total improvement of DKK 16.8bn, DKK 9.4bn stemmed from the private customer area, DKK 6.5bn from the corporate customer area and DKK 0.9bn from subsidised housing. BRFkredit's share of total outstanding bond loans in the Danish mortgage market advanced from 9.4% in 2005 to 9.5% in 2006.

**Bond issuance**

In 2006 BRFkredit issued new mortgage bonds at a nominal value of DKK 87bn. That was down from the level of 2005 when BRFkredit's nominal issue was DKK 106bn.

16% of issues in 2006 were floating-rate notes for funding of Guarantee Loans, whereas the non-callable fixed-rate ARM bonds accounted for 65% and callable fixed-rate bonds 18%.

The total trading volume of BRFkredit bonds was DKK 516bn in 2006 (DKK 621bn in 2005), representing 9.6% of total turnover of mortgage bonds on the Copenhagen Stock Exchange.

The volume of circulating mortgage bonds issued by BRFkredit was DKK 222bn at 31 December 2006 (against DKK 207bn at the close of 2005), which accounted for 9.6% of circulating mortgage bonds on the Copenhagen Stock Exchange.

## **Subsidiaries**

### **BRFbank a/s**

BRFbank offers products that are complementary to mortgage lending in connection with housing starts and property transactions and in connection with mortgage refinancing.

In 2006 BRFbank reported healthy earnings and a pre-tax profit of DKK 52.1m, unchanged from 2005. Higher development costs and lower investment gains were expected to reduce profit for 2006. As a result of strong growth in lending in 2006, however, income exceeded budget.

The heightened activity level and its impact on the bank's capital adequacy generated a need for capital injection. The bank's capital base was therefore expanded by DKK 100m through an issue of additional share capital and DKK 200m in the form of supplementary capital. The capital was contributed by BRFkredit.

In 2006 the bank experienced highly satisfactory growth in both deposits and lending activity. Corporate lending grew substantially and lifted interest income. On the other hand, investment gains on mortgages declined. Core earnings for 2006 came to DKK 52.7m, the same as in 2005. Earnings from investment portfolios were level with 2005, showing a loss of DKK 0.6m.

BRFbank posted a pre-tax profit for 2006 of DKK 52.1m, unchanged from the profit of DKK 52.1m for 2005. Net profit for the year was DKK 37.5m. Return on equity before tax was 9.8% per annum, against 10.9% in 2005.

Earnings per unit of cost (DKK) were DKK 2.19 in 2006, up from DKK 2.12 in 2005.

At 31 December 2006, BRFbank had total assets of DKK 6,929m and own funds of DKK 984m. BRFbank's capital adequacy ratio was 14.2% at end-2006, against 12.8% at the close of 2005.

To ensure efficient and flexible customer consultancy, some of the bank's procedures have been integrated into BRFkredit's procedures in connection with home transactions. In these circumstances, it has not been necessary to increase the number of employees at BRFbank in step with the activity growth.

### **Ejendomsselskabet Nørreport 26, 8000 Århus C. A/S**

The company's core business is to manage and lease out the property at Nørreport 26/Knudrisgade 4-6 in Aarhus, which houses BRFkredit's Aarhus office.

The company came out of 2006 with a pre-tax profit of DKK 2.9m, against DKK 11.7m in 2005. The difference stems from a value adjustment of the company's property, which was reversed in 2005. Its shareholders' equity at 31 December 2006 was DKK 51.7m, out of total assets of DKK 78.3m.

## **Performance against expectations**

At the time of the publication of the financial statements for 2005, BRFkredit forecast core earnings for 2006 in the order of DKK 300-350m. When the interim financial statements for 2006 were published, the forecast of full-year core earnings was raised by DKK 50m to DKK 350-400m.

Actual core earnings closed at DKK 622m and, thus, surpassed expectations. The improved earnings performance was attributable to continued growth in the loan portfolio, combined with a stronger-than-expected contribution to second-half profits from total impairment losses on loans.

### **Outlook for 2007**

Total lending activity in the mortgage market is expected to slow down in 2007. The higher interest rates and the risk of a declining price trend are therefore predicted to dampen the market for refinanced loans and top-up loans. On the other hand, the market for change-of-ownership loans is assumed to remain at a practically unchanged level.

BRFkredit's core income for 2007 is predicted to be in the range of DKK 1,200-1,300m. Costs, expenses, depreciation and amortisation are expected to be 5% up on 2006. As in previous years, impairment losses on loans and receivables are expected to stay at a very moderate level. In these circumstances, BRFkredit anticipates total core earnings in the order of DKK 375-425m.

### **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 2006.

Amounts in DKK million

<b>Income statement</b> <b>Financial statements 2006</b>
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Income statement For the year ended 31 December	BRFkredit Group		BRFkredit a/s	
	2006	2005	2006	2005
Interest income	7,403	7,507	7,297	7,434
Interest expenses	6,303	6,443	6,264	6,412
<b>Net interest income</b>	<b>1,100</b>	<b>1,064</b>	<b>1,033</b>	<b>1,022</b>
Dividends on shares etc.	18	28	18	28
Fees, charges and commission income	215	317	196	301
Fees, charges and commissions paid	125	138	126	147
<b>Net interest income, fees and charges</b>	<b>1,208</b>	<b>1,271</b>	<b>1,121</b>	<b>1,204</b>
Securities and foreign exchange income	197	144	236	113
Other operating income	19	17	21	17
Staff costs and administrative expenses	799	750	762	712
Amortisation, depreciation and impairment of intangible and tangible assets	16	-1	14	8
Other operating expenses	0	-	0	-
Impairment losses on loans and receivables etc. (- signifies an income)	-129	-81	-131	-86
Income from equity investments in associated and subsidiary undertakings	3	1	56	64
<b>Profit before tax</b>	<b>741</b>	<b>765</b>	<b>789</b>	<b>764</b>
Tax	170	107	170	107
<b>Net profit for the year</b>	<b>572</b>	<b>657</b>	<b>620</b>	<b>657</b>
<b>To be distributed as follows:</b>				
Shareholders of BRFkredit a/s			572	657
Total			572	657

Amounts in DKK million

<b>Balance sheet</b> <b>Financial statements 2006</b>
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**Balance sheet at 31 December**

	BRFkredit Group		BRFkredit a/s	
	2006	2005	2006	2005
<b>Assets</b>				
Cash in hand and demand deposits with central banks	6	75	5	6
Receivables from credit institutions and central banks	12,039	17,170	12,791	16,496
Bonds at fair value	8,810	24,210	8,810	24,210
Current tax assets	3	4	3	7
Assets acquired temporarily	4	4	4	4
Other assets etc.	326	1,108	328	1,108
Shares etc.	994	906	994	906
Loans and other receivables at amortised cost	3,460	1,671	352	154
Loans and other receivables at fair value	175,037	162,340	174,907	162,107
Intangible assets	8	9	8	9
Investment properties	134	115	134	115
Owner-occupied properties	490	320	402	231
Plant and equipment (other tangible assets)	16	18	16	18
Equity investments in associated undertakings	72	66	72	66
Equity investments in subsidiaries	-	-	701	563
<b>Total assets</b>	<b>201,399</b>	<b>208,015</b>	<b>199,528</b>	<b>205,999</b>
<b>Liabilities and equity</b>				
Payables to credit institutions and central banks	3,620	3,944	3,515	3,908
Deposits and other payables	1,469	1,261	-	-
Other liabilities etc.	4,890	6,271	4,590	5,548
Issued bonds at fair value	179,474	185,277	179,474	185,277
<b>Total payables</b>	<b>189,454</b>	<b>196,753</b>	<b>187,579</b>	<b>194,733</b>
<b>Subordinated capital</b>	<b>1,493</b>	<b>1,492</b>	<b>1,493</b>	<b>1,492</b>
<b>Provisions</b>				
Provisions for deferred tax	26	13	24	12
Other provisions	54	47	58	52
<b>Total provisions</b>	<b>79</b>	<b>60</b>	<b>82</b>	<b>64</b>
<b>Shareholders' equity</b>				
Share capital	306	306	306	306
Share premium account	102	102	102	102
Accumulated changes in value	76	37	76	37
Other reserves				
Statutory reserves	-	-	116	62
Reserves in series	8,322	6,977	8,322	6,977
Other reserves	1,568	2,287	1,452	2,225
Total	9,890	9,264	9,890	9,264
<b>Total shareholders' equity</b>	<b>10,374</b>	<b>9,710</b>	<b>10,374</b>	<b>9,710</b>
<b>Total liabilities and equity</b>	<b>201,399</b>	<b>208,015</b>	<b>199,528</b>	<b>205,999</b>

Amounts in DKK million

<b>Statement of changes in equity Financial statements 2006</b>
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<b>Statement of changes in equity, BRFkredit Group</b>	Share capital 1)	Share premium account	Accum- ulated changes in value	Reserves in series 3)	Other reserves / Shares available for sale 4)	Other reserves / Retained profits 5)	Total
Shareholders' equity at 1 January 2006	306	102	37	6,977	96	2,192	9,710
Shares available for sale - equity 2)	-	-	-	-	48	-	48
Revaluation of owner-occupied properties	-	-	50	-	-	-	50
Revaluation of associated undertakings	-	-	-	-	-	5	5
Deferred tax on changes in equity	-	-	-11	-	-	-	-11
Recognised directly in equity, total	-	-	39	-	48	5	93
Transferred between series	-	-	-	1,345	-	-1,345	-
Net profit for the year	-	-	-	-	-	572	572
Recognised in equity, total	0	0	39	1,345	48	-767	664
Dividends paid 6)	-	-	-	-	-	-	-
<b>Shareholders' equity at 31 December 2006</b>	<b>306</b>	<b>102</b>	<b>76</b>	<b>8,322</b>	<b>144</b>	<b>1,424</b>	<b>10,374</b>

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

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

2) Shares available for sale - equity: The year's value adjustments of shares classified as available for sale are recognised directly with + 48 m.

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

4) Distributable reserves relating to accumulated increases in the value of shares classified as "Available for sale".

5) Distributable reserves for meeting the capital adequacy requirement in the "General Capital Centre".

6) Restrictions apply to the distribution of reserves relating to the items "Accumulated changes in value" and "Reserves in series".

<b>Statement of changes in equity, BRFkredit a/s</b>	Share capital	Share premium account	Accum- ulated changes in value	Reserves in series	Statutory reserves 1)	Other reserves / Retained profits	Total
Shareholders' equity at 1 January 2006	306	102	37	6,977	62	2,225	9,710
Revaluation of owner-occupied properties	-	-	50	-	-	-	50
Revaluation of associated undertakings	-	-	-	-	5	-	5
Deferred tax on changes in equity	-	-	-11	-	-	-	-11
Recognised directly in equity, total	-	-	39	-	5	-	45
Transferred between series	-	-	-	1,345	-	-1,345	-
Net profit for the year	-	-	-	-	48	572	620
Recognised in equity, total	0	0	39	1,345	53	-773	664
Dividends paid	-	-	-	-	-	-	-
<b>Shareholders' equity at 31 December 2006</b>	<b>306</b>	<b>102</b>	<b>76</b>	<b>8,322</b>	<b>116</b>	<b>1,452</b>	<b>10,374</b>

1) Statutory reserves relate to net revaluation of equity investments according to the equity method.

Amounts in DKK million

**Statement of core earnings and earnings from investment portfolios**  
**Financial statements 2006**

Segmental financial statements of BRFkredit Group	2006			2005		
	Mortgage lending etc.	Portfolio management	Total	Mortgage lending etc.	Portfolio management	Total
<b>For the year ended 31 December</b>						
Core income from lending operations etc.	923			926		
Core income from securities	380			350		
<b>Total core income</b>	<b>1,303</b>			<b>1,276</b>		
Operating expenses, depreciation and amortisation	810			744		
<b>Core earnings before impairment losses</b>	<b>493</b>			<b>531</b>		
Impairment losses on loans and receivables etc. (- signifies an income)	-129			-81		
<b>Core earnings</b>	<b>622</b>			<b>613</b>		
Earnings from investment portfolios		119			152	
<b>Profit before tax</b>	<b>622</b>	<b>119</b>	<b>741</b>	<b>613</b>	<b>152</b>	<b>765</b>
Tax			170			107
<b>Net profit for the year</b>			<b>572</b>			<b>657</b>

**Segment balance sheet at 31 December**

Receivables from credit institutions and central banks	10,791	1,248	12,039	13,397	3,773	17,170
Bonds at fair value	1,503	7,307	8,810	14,310	9,900	24,210
Shares etc.	-	994	994	-	906	906
Lending	178,495	2	178,498	164,007	4	164,011
Equity investments in associated undertakings	72	-	72	66	-	66
Other assets	870	116	987	1,367	286	1,653
<b>Total assets</b>	<b>191,732</b>	<b>9,667</b>	<b>201,399</b>	<b>193,147</b>	<b>14,868</b>	<b>208,015</b>
Payables to credit institutions and central banks	2,413	1,208	3,620	926	3,018	3,944
Issued bonds at fair value	179,474	-	179,474	185,277	-	185,277
Subordinated capital	1,493	-	1,493	1,492	-	1,492
Provisions	79	-	79	60	-	60
Other liabilities	6,042	317	6,359	6,958	575	7,533
<b>Total liabilities</b>	<b>189,501</b>	<b>1,525</b>	<b>191,025</b>	<b>194,712</b>	<b>3,593</b>	<b>198,305</b>
Shareholders' equity			10,374			9,710
<b>Total liabilities and equity</b>			<b>201,399</b>			<b>208,015</b>

Reconciliation to financial statements	2006			2005		
	Core earnings	Earnings from investment portfolio:	Total	Core earnings	Earnings from investment portfolio:	Total
<b>For the year ended 31 December</b>						
Net interest income	1,092	8	1,100	1,022	42	1,064
Dividends on shares etc.	-	18	18	-	28	28
Fees, charges and commission income	215	-	215	317	-	317
Fees, charges and commissions paid	124	1	125	136	2	138
<b>Net interest income, fees and charges</b>	<b>1,184</b>	<b>24</b>	<b>1,208</b>	<b>1,203</b>	<b>68</b>	<b>1,271</b>
Securities and foreign exchange income	97	100	197	55	89	144
Other operating income	19	-	19	17	-	17
Staff costs and administrative expenses	793	5	799	745	5	750
Amortisation, depreciation and impairment of intangible and tangible assets (- signifies an income)	16	-	16	-1	-	-1
Other operating expenses	0	-	0	-	-	-
Impairment losses on loans and receivables etc. (- signifies an income)	-129	-	-129	-81	-	-81
Income from equity investments in associated and subsidiary undertakings	3	-	3	1	-	1
<b>Profit before tax</b>	<b>622</b>	<b>119</b>	<b>741</b>	<b>613</b>	<b>152</b>	<b>765</b>