

To OMX Nordic Exchange Copenhagen  
Luxembourg Stock Exchange  
The press

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26 August 2008

## Interim Report 2008

## Financial and operating data for the BRFkredit Group (BRFkredit)

<b>Core earnings/earnings from investment portfolios and profits for the period</b> DKK million	<b>1<sup>st</sup> half of 2008</b>	<b>1<sup>st</sup> half of 2007</b>	<b>2007 (full year)</b>
Core income from lending operations etc.	549	500	1,050
Core income from securities	242	207	482
Total core income	791	708	1,532
Operating expenses, depreciation and amortisation	453	398	846
Core earnings before impairment losses	337	309	685
Impairment losses on loans and receivables (- signifies an income)	78	-13	56
Core earnings	259	322	629
Earnings from investment portfolios	-300	54	101
Profit or loss before tax	-41	376	730
Tax (- signifies an income)	-1	60	142
Net profit or loss for the period	-40	316	588

### Summary balance sheet

<b>DKK million</b>			
Lending	201,132	182,737	192,834
Bonds and shares etc.	5,752	5,697	13,251
Other assets	7,197	7,766	8,861
<i>Total assets</i>	214,081	196,200	214,946
Issued bonds	190,934	177,152	192,893
Other liabilities	12,189	8,355	11,006
Equity	10,958	10,693	11,047
<i>Total liabilities and equity</i>	214,081	196,200	214,946

### Selected key figures and ratios

<b>DKK million</b>			
Earnings per unit of cost (DKK)	0.92	1.99	1.80
Growth in lending during the period	6.0	6.1	10.9
Loan-to-equity ratio	18.4	17.1	17.5
Gross new lending (outstanding bond loans), DKK million	19,085	21,073	43,785
Number of new loans	8,800	11,100	21,900
Arrears percentage at end of period	0.19	0.08	0.19
Impairment ratio for the period	0.0	0.0	0.0
Administrative expenses, depreciation and amortisation as % of average loan portfolio	0.44	0.43	0.45
Capital adequacy ratio	11.8	13.5	12.6
Core capital ratio	10.2	11.7	10.9
Return on equity before tax	-0.4	3.6	6.8
Return on equity after tax	-0.4	3.1	5.5
Series reserve funds, DKK million	8,716	8,322	8,716
Share capital and other reserves, DKK million	2,242	2,371	2,331
Own funds (tier 1 + tier 2), DKK million	12,446	12,175	12,532
Foreign exchange position, %	1.1	1.4	2.7

## Management's review

On 26 August 2008, the Supervisory Board approved the interim financial statements of the BRFkredit Group (BRFkredit) for the six months ended 30 June 2008.

BRFkredit posted a pre-tax loss for the first half of 2008 of DKK 41 million, against a first-half profit of DKK 376 million in 2007. BRFkredit came out of the six-month period with a net loss of DKK 40 million, against a net profit of DKK 316 million for the corresponding period of 2007.

The Supervisory Board finds that the performance of the core business, under the relevant circumstances, is satisfactory. The negative, yet unrealised return on the securities portfolio reflects the price trend in the equity and bond markets.

BRFkredit maintains its forecast of full-year core earnings in the order of DKK 450-500 million.

## Summary financial performance for first half of 2008

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- *Portfolio growth of DKK 11 billion to DKK 205 billion from the close of 2007*
  - *Enlarged market shares compared with end-2007, but down from the corresponding period of last year*
  - *Core income was up by DKK 83 million to DKK 791 million, against DKK 708 million for the first half of 2007*
  - *Rise in costs and expenses from DKK 398 million in the first half of 2007 to DKK 453 million in the first half of 2008*
  - *Impairment losses on loans and receivables remained at a very low level. Loan losses and impairment provisions were DKK 78 million for the six-month period, equivalent to less than 0.5 per mill of the total loan portfolio.*
  - *Core earnings were down from DKK 322 million in the first half of 2007 to DKK 259 million in the first half of 2008.*
  - *Earnings from investment portfolios were negative at DKK 300 million, against a positive return of DKK 54 million in the first six months of 2007. The decline can be ascribed to the turmoil in the financial markets, which generated capital losses on both shares and bonds.*
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After inclusion of the interim loss, the capital adequacy ratio was 11.8% at 30 June 2008. If computed exclusively on the basis of core (tier 1) capital, the capital adequacy ratio was 10.2% at end-June 2008.

## First-half performance 2008

### 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 segmental financial statements for 1 <sup>st</sup> half of 2008 DKK million	Mortgage lending etc.	Portfolio management	Total
Core income from lending operations etc.	549		
Core income from securities	242		
Total core income	791		
Operating expenses, depreciation and amortisation	453		
Core earnings before impairment losses	337		
Impairment losses on loans and receivables (- signifies an income)	78		
Core earnings	259		259
Earnings from investment portfolios		-300	-300
<i>Profit or loss before tax</i>			-41
Tax			1
<i>Net profit or loss for the period</i>			-40

### Mortgage lending etc.

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

Mortgage lending etc. DKK million	1 <sup>st</sup> half of 2008	1 <sup>st</sup> half of 2007
Core income from lending operations etc.	549	500
Core income from securities	242	207
Total core income	791	708
Operating expenses, depreciation and amortisation	453	398
Core earnings before impairment losses	337	309
Impairment losses on loans and receivables (- signifies an income)	78	-13
Core earnings	259	322

Core earnings of "Mortgage lending etc." worked out at DKK 259 million for the interim period, against DKK 322 million for the first half of 2007.

Core earnings are made up as follows:

*Core income from lending operations etc.*

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

Income from commissions, positively influenced by the sustained rise in the portfolio, reached DKK 417 million in the first half of 2008, up from DKK 380 million in the year-earlier period. Brokerage, fees and charges (net) totalled DKK 39 million in the first half of 2008, down from DKK 47 million in the corresponding period of 2007. The decline in brokerage, fees and charges was mainly associated with the falling activity level.

*Core income from securities*

Core income from securities, which comprises a risk-free return on the proprietary investment portfolio and other interest income, was DKK 242 million for the period under review, up from DKK 207 million in the first half of 2007. Risk-free returns came to DKK 216 million in the first half of 2008, against DKK 174 million in the same period of 2007.

*Operating expenses, depreciation and amortisation*

Operating expenses, depreciation and amortisation were up by an expected 13.8% from DKK 398 million in the first half of 2007 to DKK 453 million in the first half of 2008, mainly as a consequence of higher IT development costs. The expense ratio was 0.44% in the first half of 2008, against 0.43% the year before.

*Impairment losses*

As a result of the general slowdown in the property market, impairment losses on loans and receivables increased in the six-month period to 30 June 2008. Impairment losses on loans and receivables reduced first-half profitability by DKK 78 million, while contributing a net income of DKK 13 million to profits for the first half of 2007.

Compared with the very low level of loan losses and impairment provisions last year, the first half of 2008 saw a rise in arrears and debt collections, but the level is still extremely low.

The balance of total provisions for loan impairment at 30 June 2008 was DKK 223 million, equivalent to about 0.1 per mill of the total loan portfolio.

## Portfolio management

Portfolio management DKK million	1st half of 2008	1st half of 2007
<i>Gross investment returns</i>		
Return on fixed-income instruments	-74	97
Return on shares	-10	131
<i>Total investment returns</i>		
Risk-free returns	-84	228
	216	174
Earnings from investment portfolios	-300	54

Total investment returns were negative to the tune of DKK 84 million in the first half of 2008, against positive returns of DKK 228 million in the first half of 2007. The negative investment returns can be ascribed to the turmoil in the financial markets during the first half of 2008 - with rising interest rates, widening credit spreads and falling share prices.

BRFkredit's securities portfolio comprises about DKK 8 billion worth of fixed-income instruments, primarily in the shape of government and mortgage bonds, as well as financial derivatives such as futures, options and swaps. In addition, BRFkredit has a share portfolio in the order of DKK 1 billion.

Interest-rate risk on BRFkredit's fixed-income instruments was moderately positive in the first half of 2008. Rising interest rates were the main cause of the capital losses on BRFkredit's fixed-income instruments, but widening spreads between mortgage bond rates and government bond rates were another contributory factor.

BRFkredit's share portfolio is predominantly made up of shares from the C20 Index and other Danish shares listed on OMX Nordic Exchange Copenhagen. The general slide in prices during the first half of 2007 was therefore also reflected in BRFkredit's return on shares.

In common with other financial institutions, BRFkredit presents its portfolio management performance by way of core earnings and earnings from investment portfolios. Core earnings are calculated as the risk-free returns on the securities portfolio. Risk-free returns, determined on the basis of a short-term, average money-market rate, were DKK 216 million in the first half of 2008.

Earnings from investment portfolios in the first half of 2008 can subsequently be calculated as total investment returns (negative DKK 84 million) less risk-free returns of DKK 216 million, which amount is transferred to core earnings. This brings total earnings from investment portfolios to a negative amount of DKK 300 million in the first half of 2008, against positive earnings of DKK 54 million in the year-earlier period.

## Balance sheet total, equity and capital adequacy

- BRFkredit had a balance sheet total of DKK 214 billion at 30 June 2008, against DKK 215 billion at 31 December 2007. BRFkredit's mortgage loan portfolio widened by a nominal amount of DKK 11 billion to DKK 205 billion during the first half of 2008. BRFkredit's aggregate loan portfolio, measured at carrying amount, was DKK 201 billion at the interim stage of 2008, up from DKK 193 billion at the close of 2007. Equity, equivalent to BRFkredit's core capital, was reduced by the net loss for the period of DKK 40 million and by the value adjustment of strategic shares of DKK 49 million. Following these reductions, equity was DKK 10,958 million at 30 June 2008.
- The capital adequacy ratio was 11.8% at 30 June 2008, against 12.6% at end-2007. Own funds (tier 1 + tier 2 capital) thus exceeded the statutory requirement by an amount of DKK 4.0 billion. If computed exclusively on the basis of core (tier 1) capital, the capital adequacy ratio at 30 June 2008 was 10.2%, equalling an amount of DKK 2.4 billion above the statutory requirement. The decline in capital adequacy ratio was mainly attributable to the significant lending growth, which was not matched by a corresponding rise in solvency capital.

BRFkredit DKK million	30 June 2008	30 June 2007	31 December 2007
Equity at beginning of period/year	11,047	10,374	10,374
Items recognised directly in equity	-49	3	85
Retained profit for the period/year	-40	316	588
Equity at end of period/year	10,958	10,693	11,047
Own funds (capital base)	12,446	12,175	12,532
Weighted assets	105,862	90,422	99,689
Capital adequacy ratio	11.8	13.5	12.6
Core capital ratio	10.2	11.7	10.9

## Other developments

### Market shares

BRFkredit expanded its market shares between 31 December 2007 and 30 June 2008. The expansion was observed in all market share categories. Compared with the first half of 2007, BRFkredit experienced a minor setback in the first half of 2008.

BRFkredit's market shares Per cent	1 <sup>st</sup> half of 2008	1 <sup>st</sup> half of 2007	2007
Gross new lending <sup>1)</sup>	9.4	10.9	9.3
New lending <sup>2)</sup>	10.4	11.3	10.2
Net new lending <sup>3)</sup>	11.4	12.0	10.7
Net lending <sup>4)</sup>	11.7	12.4	10.5

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**

BRFkredit's loan portfolio grew by DKK 11 billion to a total of DKK 205 billion during the first half of 2008, DKK 18 billion up from the interim stage of 2007. BRFkredit's share of the total loan portfolio in the Danish mortgage market remained at 9.6% in the first half of 2008, unchanged from the interim period of 2007.

**Bond issuance**

In the first half of 2008, BRFkredit issued covered bonds for a nominal amount of DKK 19 billion. That was down from the corresponding period of 2007 when BRFkredit's nominal issue of mortgage bonds was DKK 24 billion. In the first half of 2008, BRFkredit also funded loans for slightly over DKK 2 billion with mortgage bonds that had been block-issued in 2007 with a view to a possible sale within the first six months of 2008. The remaining portfolio of block-issued bonds was cancelled in late June 2008.

10% of first-half issues were floating-rate bonds for funding of Guarantee Loans and Maximum Interest Rate Loans. Callable fixed-rate bonds accounted for 25% and ARM bonds 65%.

The portfolio breaks down as follows: 43% ARM loans, 34% fixed-rate loans, 14% Guarantee Loans and 9% other types of loan. At the interim stage of 2008, 47% of the loan portfolio was based on the interest-only option.

The volume of circulating covered bonds and mortgage bonds issued by BRFkredit represented a nominal value of DKK 209 billion at 30 June 2008 (against DKK 192 billion at 30 June 2007), equivalent to 9.5% of the circulating covered bonds and mortgage bonds listed on OMX Nordic Exchange Copenhagen.

**Outlook for 2008**

In the second half of 2008, the owner-occupied property market is expected to slow down even further from the first-half level. No substantial fluctuations in interest rates are anticipated for the second half, and mortgage lending activity is therefore not assumed to grow in the wake of higher refinancing activity.

At the time of the publication of the financial statements for 2007, BRFkredit forecast core earnings for 2008 in the order of DKK 450-500 million. Costs and expenses for the year as a whole are expected to be 7% up on 2007.

BRFkredit maintains its forecast of full-year core earnings in the order of DKK 450-500 million.

**Accounting policies**

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

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

The accounting policies of both the BRFkredit Group and BRFkredit a/s are consistent with those applied in the annual report for 2007, which provides a complete description of the accounting policies. As in previous years, the Interim Report has not been reviewed or audited.

### **Resolutions by the Supervisory Board**

No resolution that falls within the duty of disclosure set out in the Rules Governing Securities Listing on OMX Nordic Exchange Copenhagen A/S was adopted by the Supervisory Board during the first half of 2008.

### **Statement by the Supervisory Board and Executive Board**

The Supervisory Board and Executive Board have today considered and approved the Interim Report of BRFkredit a/s for the six months ended 30 June 2008.

The Interim Report of the BRFkredit Group is presented in accordance with IAS 34 Interim Financial Reporting, and the interim financial statements of the Parent Company are presented in accordance with the Danish Financial Business Act.

In our opinion, the Interim Report gives a true and fair view of the Group's assets, liabilities and financial position at 30 June 2008 and of the results of the Group's and Parent Company's operations and cash flows for the six months ended 30 June 2008. We also believe that the management's review provides a true and fair description of developments in the activities and finances of the Group and the Parent Company as well as a presentation of the principal risks and uncertainty factors that may affect the Group and the Parent Company.

*Kgs. Lyngby, 26 August 2008*

### **Executive Board**

Sven A. Blomberg  
*Chief Executive Officer*

Carsten Tirsbæk Madsen  
*Executive Vice President*

### **Supervisory Board**

Oluf Engell  
*Chairman*

Kurt Bligaard Pedersen  
*Deputy Chairman*

Troels Behr

Laila Busted  
*Elected by employees*

Jan Frederiksen  
*Elected by employees*

Kristian May

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**Relevant links**

The 2008 Interim Report of BRFkredit  
is downloadable in pdf format from  
BRFkredit's website at [www.brf.dk](http://www.brf.dk).

<b>Income statement</b> <i>DKK million</i>
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For the six months ended 30 June	Note	BRFkredit Group		BRFkredit a/s	
		2008	2007	2008	2007
Interest income	1	5,175	4,367	5,035	4,280
Interest expenses	2	4,474	3,762	4,393	3,721
<b>Net interest income</b>		<b>701</b>	<b>605</b>	<b>643</b>	<b>559</b>
Dividends on shares etc.		19	16	19	16
Fees, charges and commission income		99	86	65	76
Fees, charges and commissions paid		67	49	54	49
<b>Net interest income, fees and charges</b>		<b>753</b>	<b>657</b>	<b>673</b>	<b>601</b>
Securities and foreign exchange income (- signifies a loss)	3	-290	84	-329	91
Other operating income		27	12	29	13
Staff costs and administrative expenses	4	443	391	417	372
Depreciation, amortisation and impairment of tangible and intangible assets		9	7	9	7
Other operating expenses		0	0	0	0
Impairment losses on loans etc. (- signifies an income)	5	78	-13	55	-16
Income from equity investments in associated and subsidiary undertakings	6	1	9	19	40
<b>Profit or loss before tax</b>		<b>-41</b>	<b>376</b>	<b>-90</b>	<b>382</b>
Tax (- signifies an income)		-1	60	-1	60
<b>Net profit or loss for the period</b>		<b>-40</b>	<b>316</b>	<b>-89</b>	<b>322</b>

<b>Balance sheet</b> <i>DKK million</i>
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	Note	BRFkredit Group		BRFkredit a/s	
		30 June 2008	31 Dec. 2007	30 June 2008	31 Dec. 2007
<b>Assets</b>					
Cash balance and demand deposits with central banks		9	12	5	4
Receivables from credit institutions and central banks		6,026	7,444	6,109	7,690
Bonds at fair value		4,687	12,087	4,687	12,087
Current tax assets		65	27	56	17
Assets acquired temporarily		12	5	12	5
Other assets etc.		261	572	254	569
Shares etc.		1,065	1,164	1,065	1,164
Loans and other receivables at amortised cost		5,734	4,408	450	450
Loans and other receivables at fair value	7	195,398	188,426	195,087	188,251
Intangible assets		7	9	7	9
Investment properties		137	136	137	136
Owner-occupied properties		593	569	499	475
Plant and equipment (other tangible assets)		21	22	21	22
Equity investments in associated undertakings		65	65	65	65
Equity investments in subsidiaries		-	-	902	889
<b>Total assets</b>		<b>214,081</b>	<b>214,946</b>	<b>209,355</b>	<b>211,832</b>
<b>Liabilities and equity</b>					
Payables to credit institutions and central banks		4,106	2,398	2,385	1,351
Deposits and other payables		2,949	1,944	-	-
Other liabilities etc.		3,537	5,074	3,434	4,909
Issued bonds at fair value		190,934	192,893	190,934	192,893
<b>Total payables</b>		<b>201,526</b>	<b>202,309</b>	<b>196,754</b>	<b>199,153</b>
<b>Subordinated capital</b>		<b>1,495</b>	<b>1,494</b>	<b>1,495</b>	<b>1,494</b>
<b>Provisions</b>					
Provisions for deferred tax		38	33	36	31
Other provisions		64	63	113	108
<b>Total provisions</b>		<b>101</b>	<b>95</b>	<b>149</b>	<b>139</b>
<b>Equity</b>					
Share capital		306	306	306	306
Share premium account		102	102	102	102
Accumulated changes in value		131	131	126	126
Reserves in series		8,716	8,716	8,716	8,716
Other reserves		1,742	1,204	1,797	1,176
Retained profits or losses		-40	588	-89	621
<b>Total equity</b>		<b>10,958</b>	<b>11,047</b>	<b>10,958</b>	<b>11,047</b>
<b>Total liabilities and equity</b>		<b>214,081</b>	<b>214,946</b>	<b>209,355</b>	<b>211,832</b>
Contingent liabilities	8				
Difference between consolidated financial statements presented under IFRS and consolidated financial statements filed with the Danish Financial Supervisory Authority	9				
Key figures and ratios	10				
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<b>Equity and capital</b> <b>DKK million</b>
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<b>Statement of changes in equity, BRFkredit Group</b>	Share capital 1)	Share premium account	Accumulat- ed changes in value	Reserves in series 3)	Other reserves / Shares available for sale 4)	Retained profits or losses 5)	Total
Equity at 31 December 2007	306	102	131	8,716	1,204	588	11,047
Transferred to other reserves	-	-	-	-	588	-588	0
Recognised directly in equity:							
Shares available for sale - equity 2)	-	-	-	-	-49	-	-49
Recognised directly in equity, total	-	-	-	-	-49	-	-49
Net profit or loss for the period	-	-	-	-	-	-40	-40
Equity at 30 June 2008	306	102	131	8,716	1,742	-40	10,958

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

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

2) Shares available for sale - equity: The year's value adjustments of shares classified as available for sale are recognised directly in and reversed from equity at a negative DKK 49 million.

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

4) Other reserves/Shares available for sale: Accumulated increases in the value of shares classified as "Available for sale" (distributable reserves). Shares available for sale amounted to DKK 129 million at the end of the period.

**Core capital, own funds and capital adequacy ratio**

	<b>BRFkredit Group</b>		<b>BRFkredit a/s</b>	
	<b>30 June 2008</b>	<b>31 Dec. 2007</b>	<b>30 June 2008</b>	<b>31 Dec. 2007</b>
Core capital (tier 1) after deduction	10,820	10,907	10,825	10,912
Own funds (capital base)	12,446	12,532	12,446	12,532
Weighted items outside trading portfolio, including off-balance sheet items	95,270	89,103	86,617	83,002
Operational risk	3,268	2,921	2,650	2,332
Weighted items with market risk etc.	7,323	7,664	7,323	7,664
<b>Total weighted items</b>	<b>105,862</b>	<b>99,689</b>	<b>96,589</b>	<b>92,998</b>
Core capital ratio	10.2	10.9	11.2	11.7
Capital adequacy ratio	11.8	12.6	12.9	13.5
BRFkredit's capital requirement according to rules of Financial Supervisory Authority	8,469	7,975	7,727	7,440

The difference between equity and core capital after deduction is intangible assets of DKK 7 million and accumulated changes in value of DKK 126 million, DKK 132 in total, for BRFkredit a/s as well as intangible assets of DKK 7 million and accumulated changes in value of DKK 131 million, DKK 138 million in total, for the BRFkredit Group.

The difference between core capital after deduction and own funds is subordinated capital of DKK 1,495 million and accumulated changes in value DKK 126 million, DKK 1,621 million in total, for BRFkredit a/s as well as subordinated capital of DKK 1,495 million and accumulated changes in value of DKK 131 million, DKK 1,626 million in total, for the BRFkredit Group.

## Cash flow statement

DKK million

For the six months ended 30 June

	BRFkredit Group	
	2008	2007
<b>Cash flows from operating activities</b>		
Profit or loss before tax for the period	-41	376
Adjustments for non-cash operating items	-490	-239
	<u>-531</u>	<u>137</u>
<b>Change in working capital</b>		
Bonds at fair value	53,931	38,452
Loans and other receivables	-8,366	-4,225
Payables to credit institutions and central banks, deposits and other payables	2,714	-1,544
Issued bonds at fair value before set-off	-47,894	-36,451
Adjustment of other working capital	-1,229	-1,540
Corporation tax paid	-33	-35
<b>Total cash flows from operating activities</b>	<u><b>-1,408</b></u>	<u><b>-5,204</b></u>
<b>Cash flows from investing activities</b>		
Net investment in intangible assets	0	-3
Net investment in tangible fixed assets	-30	-7
Net fixed asset investments	22	24
<b>Total cash flows from investing activities</b>	<u><b>-8</b></u>	<u><b>14</b></u>
<b>Cash flows from financing activities</b>		
Subordinated capital	1	-2
Dividends paid	-	-
<b>Total cash flows from financing activities</b>	<u><b>1</b></u>	<u><b>-2</b></u>
<b>Total change in cash and cash equivalents</b>	<u><b>-1,416</b></u>	<u><b>-5,192</b></u>
<b>Cash and cash equivalents at beginning of period</b>		
Cash balance and demand deposits with central banks	12	6
Receivables from credit institutions and central banks	7,444	12,039
Of which receivables not directly available	-47	-24
<b>Total cash and cash equivalents at beginning of period</b>	<u><b>7,408</b></u>	<u><b>12,021</b></u>
<b>Cash and cash equivalents at end of period</b>		
Cash balance and demand deposits with central banks	9	54
Receivables from credit institutions and central banks	6,026	6,800
Of which receivables not directly available	-43	-27
<b>Total cash and cash equivalents at end of period</b>	<u><b>5,992</b></u>	<u><b>6,828</b></u>

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

**Statement of core earnings  
and earnings from  
investment portfolios**  
*DKK million*

For the six months ended 30 June

BRFkredit Group	2008			2007		
	Core earnings	Earnings from investment portfolio	Total	Core earnings	Earnings from investment portfolios	Total
Net interest income	668	33	701	615	-10	605
Dividends on shares etc.	-	19	19	-	16	16
Fees, charges and commission income	99	-	99	86	-	86
Fees, charges and commissions paid	67	-	67	49	-	49
<b>Net interest income, fees and charges</b>	<b>701</b>	<b>52</b>	<b>753</b>	<b>652</b>	<b>5</b>	<b>657</b>
Securities and foreign exchange income (- signifies a loss)	62	-352	-290	35	49	84
Other operating income	27	-	27	12	-	12
Staff costs and administrative expenses	443	-	443	391	3	391
Depreciation, amortisation and impairment of tangible and intangible assets	9	-	9	7	-	7
Other operating expenses	0	-	0	0	-	0
Impairment losses on loans etc. (- signifies an income)	78	-	78	-13	-	-13
Income from equity investments in associated and subsidiary undertakings	1	-	1	9	-	9
<b>Profit or loss before tax</b>	<b>259</b>	<b>-300</b>	<b>-41</b>	<b>322</b>	<b>54</b>	<b>376</b>

<b>Notes to income statement</b> <i>DKK million</i>
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For the six months ended 30 June

1 Interest income	BRFkredit Group		BRFkredit a/s	
	2008	2007	2008	2007
Receivables from credit institutions and central banks 1)	54	61	55	66
Loans and other receivables	4,586	3,838	4,446	3,745
Commissions	417	380	417	380
Bonds 2)	100	73	100	73
Financial derivatives, interest-rate contracts	4	7	4	7
Other interest income	13	8	13	8
<b>Total interest income</b>	<b>5,175</b>	<b>4,367</b>	<b>5,035</b>	<b>4,280</b>
1) Of which interest income on reverse transactions entered under "Receivables from credit institutions and central banks"	5	14	5	14
2) Interest received on own mortgage bonds (DKK 448 million) has, according to the accounting rules, been set off against interest expenses for issued bonds under interest expenses. Real interest income on the bond portfolio is thus DKK 548 million.				
2 Interest expenses	BRFkredit Group		BRFkredit a/s	
	2008	2007	2008	2007
Payables to credit institutions and central banks 1)	85	53	54	35
Deposits and other payables	51	23	-	-
Issued bonds	4,295	3,648	4,295	3,648
Subordinated capital	41	35	41	35
Other interest expenses	3	4	2	3
<b>Total interest expenses</b>	<b>4,474</b>	<b>3,762</b>	<b>4,393</b>	<b>3,721</b>
1) Of which interest expenses from repo transactions entered under "Payables to credit institutions and central banks"	51	23	51	23
3 Securities and foreign exchange income (- signifies a loss)	BRFkredit Group		BRFkredit a/s	
	2008	2007	2008	2007
Mortgage loans	-3,718	-6,721	-3,718	-6,722
Other loans and receivables at fair value	-17	-3	-2	2
Bonds	-212	-66	-212	-66
Shares at fair value	-78	115	-78	121
Shares available for sale	49	-	-	-
Foreign exchange	0	0	0	0
Financial derivatives, interest-rate contracts	-33	48	-37	46
Issued bonds	3,718	6,710	3,718	6,710
<b>Total securities and foreign exchange income/loss</b>	<b>-290</b>	<b>84</b>	<b>-329</b>	<b>91</b>

Adjustments of the balance principle brought a total gain of DKK 3 million, resulting from a net value adjustment of the following items: Mortgage loans down by DKK 3,718 million, Issued bonds up by DKK 3,718 million and fixed-price agreements in connection with loan disbursements etc. down by DKK 3 million.

<b>Notes to income statement</b> <i>DKK million</i>
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For the six months ended 30 June

4 Staff costs and administrative expenses	BRFkredit Group		BRFkredit a/s	
	2008	2007	2008	2007
Emoluments and remuneration of Supervisory Board and Board of Representatives 1)	2	1	2	1
Wages and salaries	208	184	189	170
Defined-contribution pensions	20	18	19	17
Social security costs	20	19	19	18
Total staff costs	249	223	228	207
Other administrative expenses	194	168	189	165
Total staff costs and administrative expenses	443	391	417	372

Average number of employees (full-time equivalent)	799	779	718	714
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1) The emoluments of ordinary members of the Supervisory Board were DKK 88,000 for the period. The Deputy Chairman received double this amount whereas the Chairman received triple this amount.

5 Impairment losses on loans etc. (- signifies an income)	BRFkredit Group		BRFkredit a/s	
	2008	2007	2008	2007
Net changes in impairment provisions for individually assessed loans	65	-14	43	-16
Net changes in impairment provisions for groups of loans	4	-1	4	-1
Realised losses, not previously provided for impairment	17	14	17	14
Recoveries of loan losses previously written off	-13	-13	-13	-13
Value adjustment of foreclosed properties	4	1	4	1
Other changes	1	0	1	-0
Total impairment losses on loans etc.	78	-13	55	-16
Impairment provisions for individually assessed loans:				
At beginning of period	139	57	82	51
Impairment provisions during the period	85	9	56	3
Reversal of prior-year impairment charges	19	23	13	19
Other changes	-1	-0	-1	0
At end of period	204	44	125	35
Impairment provisions for groups of loans:				
At beginning of period	15	11	15	11
Impairment provisions during the period	19	10	19	10
Reversal of prior-year impairment charges	15	11	15	11
At end of period	19	10	19	10

6 Income from equity investments in associated and subsidiary undertakings	BRFkredit Group		BRFkredit a/s	
	2008	2007	2008	2007
Income from equity investments in associated undertakings	1	9	1	9
Income from equity investments in subsidiaries before tax	-	-	18	31
Total income from equity investments in associated and subsidiary undertakings	1	9	19	40

<b>Notes to balance sheet</b> <i>DKK million</i>
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7 Loans and other receivables at fair value	BRFkredit Group		BRFkredit a/s	
	30 June 2008	31 Dec. 2007	30 June 2008	31 Dec. 2007
Mortgage loans, nominal value	205,222	194,631	205,241	194,650
Adjustment for interest-rate risk etc.	-10,371	-6,653	-10,373	-6,654
Adjustment for credit risk	-166	-125	-93	-51
Total mortgage loans at fair value	194,686	187,853	194,776	187,945
Arrears and execution	160	137	160	137
Other loans and receivables	552	436	152	169
Total loans and other receivables at fair value	195,398	188,426	195,087	188,251

8 Contingent liabilities	BRFkredit Group		BRFkredit a/s	
	30 June 2008	31 Dec. 2007	30 June 2008	31 Dec. 2007
<b>Guarantees etc.</b>				
Financial guarantees	1,608	2,000	-	
Other guarantees	42	46	38	42
Total guarantees etc.	1,650	2,047	38	42
<b>Other contingent liabilities</b>				
Other liabilities	72	83	72	82
Total other contingent liabilities	72	83	72	82
Total contingent liabilities	1,722	2,129	110	125

**9 Difference between consolidated financial statements presented under IFRS and consolidated financial statements filed with the Danish Financial Supervisory Authority**

The increase during the year in the net value of shares classified as "available for sale", see accounting policies, is - in accordance with IFRS - recognised in equity until the asset is realised, after which the gain is transferred to the income statement. According to the rules of the Danish Financial Supervisory Authority, the year's value adjustments are recognised directly in equity.

This difference means that the net profit or loss of the Group for the first half of 2008 is DKK 49 million (2007: DKK -6 million) higher in the Interim Report than the net profit or loss filed with the Financial Supervisory Authority under the rules of the Authority. Equity is identical in the two statements.

<b>Key figures and ratios and consolidated companies</b>
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## 10 Key figures and ratios at 30 June

BRFkredit a/s	2008	2007	2006	2005	2004
Capital adequacy ratio	12.9	14.4	13.0	14.0	13.5
Core capital ratio	11.2	12.6	11.3	12.0	11.5
First-half return on equity before tax (%)	-0.8	3.6	2.0	3.9	3.9
First-half return on equity after tax (%)	-0.8	3.1	1.4	3.3	3.0
Earnings per unit of cost (DKK)	DKK 0.81	DKK 2.05	DKK 1.63	DKK 2.18	DKK 2.05
Foreign exchange position (%)	1.1	1.4	1.7	1.1	2.4
Accumulated impairment ratio	0.1	0.0	0.0	0.1	0.3
Impairment ratio for the period	0.0	0.0	0.0	0.0	0.0
Growth in lending during the period (%)	5.4	6.2	6.7	4.2	1.5
Loan-to-equity ratio	17.8	16.8	17.0	16.4	15.9

### BRFkredit Group

Capital adequacy ratio	11.8	13.5	12.4	13.4	13.1
Core capital ratio	10.2	11.7	10.8	11.5	11.1
First-half return on equity before tax (%)	-0.4	3.6	2.0	3.9	3.9
First-half return on equity after tax (%)	-0.4	3.1	1.4	3.3	3.0
Earnings per unit of cost (DKK)	DKK 0.92	DKK 1.99	DKK 1.59	DKK 2.11	DKK 2.00
Foreign exchange position (%)	1.1	1.4	1.7	1.1	2.4
Accumulated impairment ratio	0.1	0.0	0.1	0.1	0.3
Impairment ratio for the period	0.0	0.0	0.0	0.0	0.0
Growth in lending during the period (%)	6.0	6.1	7.2	4.0	1.9
Loan-to-equity ratio	18.4	17.1	17.3	16.6	16.1

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

## 11 Consolidated companies

Name and registered office	Type of business	Ownership interest (%)	Company capital at end of period *	Equity at end of period *	Net profit or loss *
<b>Subsidiaries</b>					
BRFbank a/s, Kgs. Lyngby	Financial services comp	100	195	813	29
Ejendomsselskabet Nørreport 26, 8000 Århus C. A/S, Århus	Property company	100	5	61	4
Ejendomsselskabet Nørgårdsvej 37-41, 2800 Lyngby A/S, Kgs. Lyngby	Property company	100	3	15	-4

\* According to latest published financial statements

### Parent companies preparing consolidated financial statements

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

BRFholding a/s, Kgs. Lyngby

BRFfonden, Kgs. Lyngby