

To NASDAQ OMX Copenhagen A/S
The press

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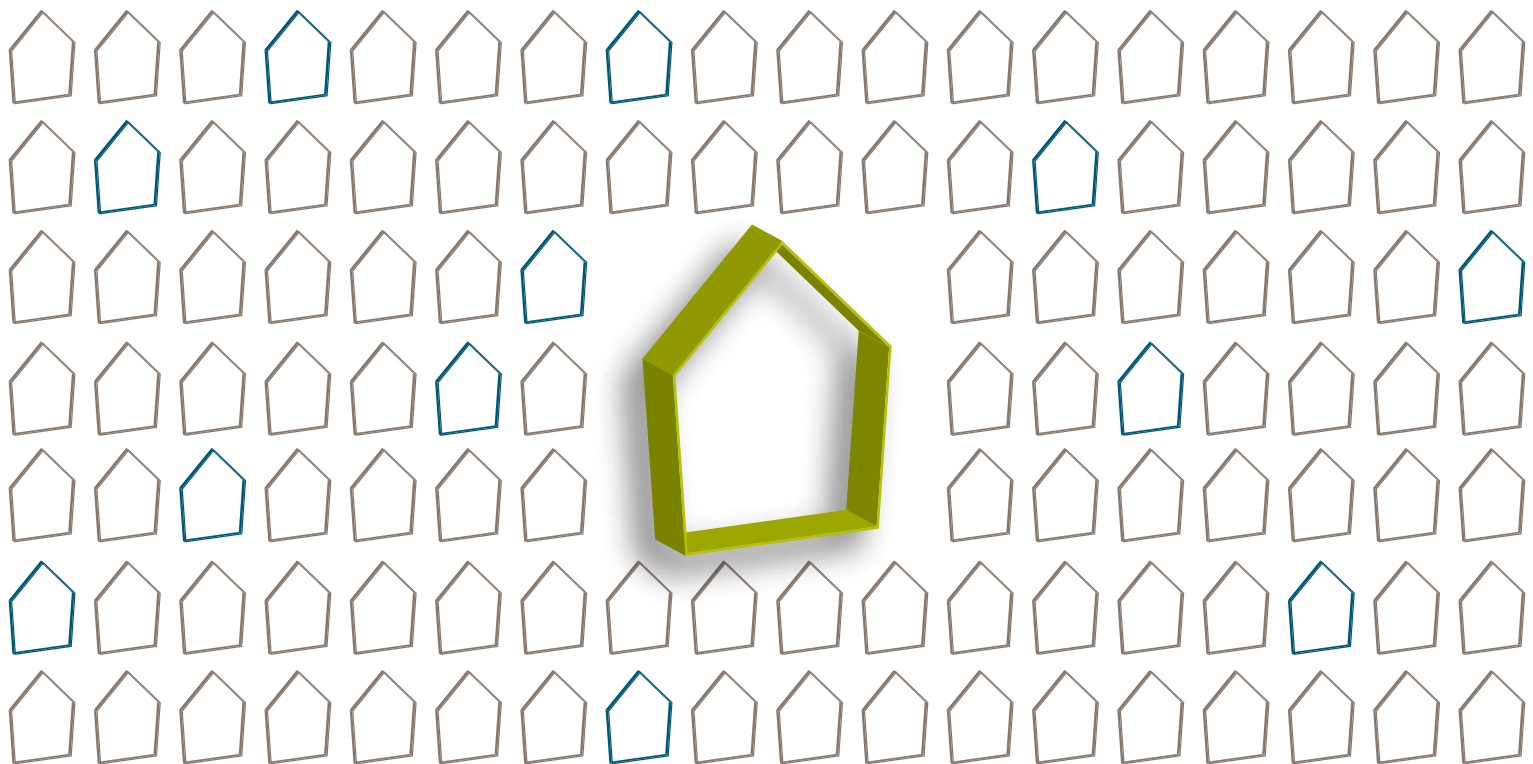
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Press Release

3RF kredit

Annual Results

2009



Financial and operating data for BRFkredit

DKK million

Core earnings/earnings from investment portfolios and profits or losses for the year

	2009	2008	2007	2006	2005
Core income from lending operations etc.	1,286	1,122	1,050	923	926
Core income from securities	524	488	482	380	350
Total core income	1,810	1,610	1,532	1,303	1,276
Operating expenses, depreciation and amortisation	910	917	852	810	744
Core earnings before impairment	899	693	680	493	531
Loan losses and impairment charges (- signifies an income)	2,125	647	56	-129	-81
Core earnings before expenses for hybrid core capital	-1,226	46	624	622	613
Expenses for hybrid core capital	31	-	-	-	-
Core earnings	-1,257	46	624	622	613
Earnings from investment portfolios	398	-621	106	119	152
Profit or loss before tax	-858	-575	730	741	765
Tax (- signifies an income)	-237	-75	142	170	107
Net profit or loss for the year	-621	-500	588	572	657

Summary balance sheet

	2009	2008	2007	2006	2005
Lending	221,026	213,909	192,834	178,498	164,011
Bonds and shares etc.	13,307	11,253	13,251	9,804	25,116
Other assets	12,496	8,676	8,861	13,097	18,888
Total assets	246,829	233,838	214,946	201,399	208,015
Issued bonds ¹⁾	200,338	186,979	192,893	179,474	185,277
Other liabilities	36,761	36,469	11,006	11,551	13,028
Equity	9,730	10,390	11,047	10,374	9,710
Total liabilities and equity	246,829	233,838	214,946	201,399	208,015

¹⁾ In 2008 and 2009 the portfolio of own mortgage bonds, representing an amount of DKK 75 billion and DKK 102 billion, respectively, was set off against issued bonds.

Selected key figures and ratios

	2009	2008	2007	2006	2005
Earnings per unit of cost (DKK)	0.72	0.64	1.80	2.08	2.14
Growth in lending during the year	1.3	9.2	10.9	11.5	11.2
Loan-to-equity ratio	22.7	20.6	17.5	17.2	16.9
Gross new lending (outstanding bond loans), DKK million	40,394	38,348	43,785	46,618	69,458
Number of new loans	23,900	17,600	21,900	29,600	45,900
Arrears percentage at end of year	2.67	1.85	0.19	0.07	0.10
Impairment ratio for the year	0.9	0.3	0.0	-0.1	0.0
Administrative expenses, depreciation and amortisation as % of average loan portfolio	0.41	0.44	0.45	0.47	0.49
Solvency ratio	13.0	12.3	12.6	12.5	13.3
Core capital ratio	13.3	12.3	10.9	10.8	11.5
Return on equity before tax	-8.5	-5.4	6.8	7.4	8.2
Return on equity after tax	-6.2	-4.7	5.5	5.7	7.0
Series reserve funds, DKK million	7,510	8,091	8,716	8,322	6,977
Share capital and other reserves, DKK million	2,220	2,299	2,331	2,052	2,733
Own funds (tier 1 + tier 2), DKK million	11,155	10,085	12,532	11,858	11,193
Foreign exchange position, %	4.8	3.8	2.7	2.0	1.6

Management's review

On 25 February 2010, the Supervisory Board approved the financial statements of BRFkredit for the year ended 31 December 2009.

BRFkredit generated a loss before tax of DKK 858 million for 2009, against a loss of DKK 575 million in 2008. BRFkredit came out of the year with a net loss of DKK 621 million, against a net loss of DKK 500 million in 2008. After inclusion of net loss for the year, the solvency ratio at 31 December 2009 was 13.0%. If computed exclusively on the basis of core (tier 1) capital, the solvency ratio at end-2009 was 13.3%. The solvency capital requirement was determined at 9.5%. The supervisory Board proposes that no dividends be paid for the financial year 2009.

For BRFkredit, 2009 was characterised by a very poor first-half performance, followed by substantial improvements in both income and expenses during the second half of the year.

The financial statements for 2009 showed a 12% rise in core income, which was mainly due to income growth in the second half of the year. The rise can be ascribed to a generally larger portfolio, higher commission income in the corporate customer area as well as considerable refinancing activity combined with an increase in core income from securities.

BRFkredit's earnings performance for the year was strongly influenced by loan losses and impairment charges of DKK 2,125

million. Loan impairment charges were primarily made in the first half of 2009, whereas second-half impairment charges fell by half. The explanation should be found in the general economic recovery in the second half of the year, coupled with the sharp decline in the volume of new large loans with objective evidence of impairment. Properties acquired by forced sale were generally resold in 2009 at prices higher than the carrying amounts.

In the autumn of 2009, BRFkredit implemented a staff and cost reduction programme. Termination benefits payable to employees after their termination of service were incurred in the second half of 2009 and, therefore, recognised in operating expenses for 2009 which, at a total of DKK 910 million, were down from the level of 2008.

Overall, BRFkredit's earnings performance for 2009 reflects the continued uncertainty in the property sector and society at large, affected by massive impairment charges. Various positive contributors pulled in the opposite direction, such as rising core income on loans and securities and unchanged operating expenses in spite of considerable expenses for Bank Rescue Packages 1 and 2.

THE SUPERVISORY BOARD SAYS:
'2009 was dominated by heavy loan losses and impairment charges as a consequence of the continued crisis in the property market and in society at large, but was also a year with rising core

income and strong portfolio returns.

In isolated terms, BRFkredit posted a loss before tax of DKK 111 million for the second half of 2009, against a first-half loss before tax of DKK 747 million. The improvement over the first half of the year was mainly attributable to a larger portfolio, increasing commissions from the corporate customer area and the fact that loan impairment charges in the second half of 2009 fell by half compared with the first six months of 2009. Portfolio returns were more than DKK 1 billion up on 2008.

In 2009 the Supervisory Board decided to take out a government loan in the form of hybrid core capital. Moreover, BRFkredit concluded an agreement on the terms of a government guarantee covering up to DKK 20 billion for the issuance of senior debt and Junior Covered Bonds (JCB's). BRFkredit was already a well-consolidated company, and the conclusion of these agreements will improve solvency still further.

The Supervisory Board predicts that not insignificant loan losses and impairment charges must still be taken into account and expects BRFkredit to deliver a net loss for 2010, albeit a stronger performance compared with 2009.'

SUMMARY FINANCIAL PERFORMANCE 2009

- Portfolio growth of DKK 4.5 billion to DKK 216.5 billion in 2009.
- Core income up by DKK 200 million to DKK 1,810 million, against DKK 1,610 million in 2008. Core income for the second half of 2009 was up on the first half of the year as a result of an expanding portfolio and higher commissions in the corporate segment.
- Cost and expenses down by DKK 7 million to DKK 910 million in 2009. The decline was mainly attributable to the second half of 2009 in spite of the fact that DKK 23 million was recognised in the period as termination benefits payable to employees after their termination of service.
- Total expenses for Bank Rescue Packages 1 and 2 were DKK 96 million.
- Loan impairment charges in the second half of 2009 fell by half compared with the first six months of 2009.
- Loan losses and impairment charges on mortgage and bank products trimmed profits by DKK 2,125 million, equivalent to 0.9% of total lending. This broke down into realised losses of DKK 571 million, impairment charges on individually assessed loans of DKK 1,185 million and impairment charges on groups of loans of DKK 369 million.
- The balance of total impairment charges at 31 December 2009 was DKK 2,333 million, equivalent to 1.0% of total lending. DKK 558 million of this amount was accounted for by impairment charges on groups of loans.
- Earnings from investment portfolios were positive at DKK 398 million, against negative earnings of DKK 621 million in 2008.
- Arrears for the fourth quarter of 2009 were down from the third quarter of 2009.
- In 2009 BRFkredit took out a government loan in the form of hybrid core capital of DKK 2.2 billion. Moreover, an agreement was concluded on the terms of a government guarantee covering up to DKK 20 billion in connection with the issuance of senior debt or junior covered bonds.
- The solvency ratio was 13.0% at end-2009, against 12.3% at end-2008. Own funds (tier 1 + tier 2 capital) thus exceeded the statutory 8% requirement by an amount of DKK 4.3 billion. If computed exclusively on the basis of core (tier 1) capital, the solvency ratio at end-2009 was 13.3%, equalling an amount of DKK 4.5 billion above the 8% requirement.

BRFKREDIT'S SEGMENTS

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

BRFkredit's business activities fall into two segments:

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

MORTGAGE LENDING ETC.

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

Core earnings of "Mortgage lending etc." were a loss of DKK 1,257 million in 2009, against positive earnings of DKK 46 million in 2008.

Core earnings are made up as follows:

Core income from lending operations etc.

Core 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 the sustained rise in the portfolio, coupled with higher commissions in the corporate segment, and came to DKK 1,018 million in 2009, up from DKK 857 million in 2008. Brokerage, fees and charges (net) totalled DKK 100 million in 2009, against DKK 62 million in 2008. The higher income from brokerage, fees and charges was mainly associated with the stimulated refinancing activity in the first half of 2009 as well as increases in fees and charges. Increases in commissions, fees and charges were primarily

BRFkredit's segmental financial statements 2009

DKK million	Mortgage lending etc.	Portfolio management	Total
Core income			
Core income from lending operations etc.	1,286		
Core income from securities	524		
Total core income	1,810		
Operating expenses, depreciation and amortisation	910		
Core earnings before impairment			
Loan losses and impairment charges	2,125		
Expenses, hybrid core capital	31		
Core earnings	-1,257		
Earnings from investment portfolios		398	
Profit or loss before tax			
Tax (- signifies an income)			-858
			-237
Net profit or loss for the year			
			-621

Mortgage lending etc.

DKK million	2009	2008
Core income		
Income from lending operations etc.	1,286	1,122
Core income from securities	524	488
Total core income	1,810	1,610
Operating expenses, depreciation and amortisation	910	917
Core earnings before impairment and expenses for hybrid core capital		
	899	693
Loan losses and impairment charges	2,125	647
Expenses, hybrid core capital	31	-
Core earnings	-1,257	46

implemented in the second half of 2009, and their impact will therefore not be fully felt until 2010.

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 524 million in 2009, against DKK 488 million in 2008. Risk-free returns came to DKK 348 million in 2009, DKK 70 million down on 2008. Even so, other income was DKK 106 million higher in 2009 as a result of upward price adjustments of BRFkredit's core bond portfolios, combined with higher interest income on overdue payments.

Operating expenses, depreciation and amortisation

Operating expenses, including depreciation and amortisation, were DKK 910 million in 2009, against DKK 917 million the year before. The decline was mainly attributable to the second half of 2009 in spite of the fact that DKK 23 million was recognised in the period as termination benefits payable to employees after their termination of service.

Expenses for Bank Rescue Packages 1 and 2 (hybrid core capital) totalled DKK 96 million in 2009, of which DKK 24 million was expensed as loan losses and impairment charges.

The expense ratio edged down from 0.44% in 2008 to 0.41% in 2009.

Loan losses and impairment charges

Loan losses and impairment charges soared to DKK 2,125 million in 2009, against DKK 647 million in 2008. The level of loan impairment charges is still extremely high and reflects the recession in the property market, including insufficient liquidity and price falls. In spite of a high level of loan losses and impairment charges in 2009, loan impairment charges in the second half of 2009 fell by half compared with the first six months of 2009. Overall arrears at the end of the fourth quarter of 2009 were down from the third quarter of 2009. This development is based on a decline in the corporate segment and a minor increase in the private segment.

BRFkredit has a large share of the market for lending to the private rental housing segment. This segment encountered liquidity problems in the early stages of the financial crisis. Quite a few customers were thus unable to pay their debts in due time, which was also reflected in BRFkredit's impairment charges. In common with other credit institutions, BRFkredit experienced increased activity in arrears and loan losses compared with the extremely low level of the preceding years. At the same time, rising unemployment engendered payment problems for private customers to a greater extent than before.

Together with other financial institutions, BRFkredit is working actively to address the challenges, for instance by entering into agreements with corporate and private customers alike. The purpose is to offer both customers and institutions maximum protection against losses.

The impact on full-year profits from loan losses and impairment charges broke down into impairment charges on individually assessed loans of DKK 1,185 million, impairment charges on groups of loans of DKK 369 million and realised losses etc. of DKK 571 million. DKK 1,330

Portfolio management

DKK million	2009	2008
Investment returns		
Return on fixed-income instruments	609	93
Return on shares	142	-296
Total investment returns	751	-203
Risk-free returns	-348	-418
Risk-free returns, hybrid core capital	-4	-
Earnings from investment portfolios	398	-621

million of the total impact on profits related to BRFkredit a/s, while the remaining DKK 796 million related to BRFBank a/s.

BRFkredit has not granted loans for agriculture, forestry and horticulture for years, and it was therefore not necessary to provide for impairment of this loan segment in 2009. The aggregate portfolio of loans for agriculture etc., including agricultural properties used exclusively for housing, amounted to DKK 188 million.

The balance of total impairment charges at 31 December 2009 was DKK 2,333 million, equivalent to about 1.0% of total lending. DKK 558 million of this amount was accounted for by impairment charges on groups of loans.

PORTFOLIO MANAGEMENT

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

Total investment returns were positive to the tune of DKK 751 million in 2009, against negative returns of DKK 203 million in 2008. The positive investment returns were partly due to rising share prices and falling interest rates, partly due to narrowing yield spreads in 2009 when the financial markets stabilised in the wake of a highly volatile 2008.

BRFkredit's securities portfolio comprised about DKK 10.0 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 for risk-hedging purposes. Interest-rate risk on BRFkredit's fixed-income instruments was moderately positive in 2009, ranging between 1% and 3% of BRFkredit's capital base. BRFkredit reduced its portfolio of shares substantially in 2009 to limit overall securities portfolio risk. At the close of the year, the share portfolio was valued at DKK 0.2 billion, predominantly made up of non-listed shares, including shares in VP SECURITIES A/S and e-nettet Holding A/S.

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 interest rate at the beginning of the year, were DKK 348 million in 2009.

Earnings from investment portfolios in 2009 can subsequently be calculated as total investment returns (DKK 751 million) less risk-free returns of DKK 348 million, which amount is transferred to core earnings, as well as DKK 4 million relating to risk-free returns on proceeds of hybrid core capital. Total earnings from investment portfolios in 2009 were therefore positive at DKK 398 million, against negative returns of DKK 621 million in 2008.

Tax on profit or loss for the year was an income of DKK 237 million, against an income of DKK 75 million in 2008. The effective tax rate was 27.6%. The difference between this rate and the corporation tax rate of 25.0% is primarily rooted in capital losses on shares as BRFkredit is not liable to capital gains tax on shares held for more than three years. Similarly, losses on shares held for more than three years are not deductible or are only deductible against capital gains. The rules governing taxation of gains and losses on shares have changed with effect from 2010, making BRFkredit liable to tax on share gains or losses.

Own funds (capital base)

	Requirement Pc	Requirement DKK million	Excess capital DKK million
8% requirement	8,0	6.873	4.283
IRB approach – transitional rule	9,1	7.817	3.338

Core capital

	Requirement Pc	Requirement DKK milion	Excess capital DKK milion
8% requirement	8.0	6,873	4,513
IRB approach – transitional rule	9.1	7,817	3,569

BALANCE SHEET TOTAL, EQUITY AND SOLVENCY

- BRFkredit had a balance sheet total of DKK 247 billion at 31 December 2009, against DKK 234 billion at the close of 2008. BRFkredit's mortgage lending rose by a nominal amount of DKK 4.5 billion to DKK 216.5 billion during 2009. BRFkredit's total lending measured at carrying amount was DKK 221.0 billion at 31 December 2009, up from DKK 213.9 billion at the end of 2008. Equity was reduced by the net loss for the year of DKK 621 million, a gain on shares of DKK 3 million and a downward adjustment of the value of properties of DKK 41 million. Following these adjustments, equity at 31 December 2009 was DKK 9,730 million.
- In 2009 BRFkredit took out a government loan in the form of hybrid core capital of DKK 2.2 billion with an effective interest rate of 11.14% p.a. and concluded an agreement on the terms of a government guarantee covering up to DKK 20 billion for the issuance of subordinated capital. At end-2009, hybrid core capital accounted for 19.5% of total core capital. By taking out the loan, BRFkredit has strengthened its capital base and is even better positioned to cope with the losses arising from the financial turmoil.
- The solvency ratio was 13.0% at 31 December 2009, against 12.3% at end-2008. Own funds (tier 1 + tier 2 capital) were DKK 11,155 million at end-2009.
- The core capital ratio was 13.3% at end-2009, against 12.3% at end-2008. Core capital was DKK 11,386 million at end-2009.
- Both the solvency ratio and core capital ratio were positively affected by the issuance of hybrid core capital of DKK 2.2 billion.
- The difference between core capital and own funds (solvency ratio) is mainly due to the fact that BRFkredit uses the advanced Internal Ratings-Based (IRB) approach. Hence, own funds are adjusted by 100% of the difference between impairment charges in the financial statements and estimated impairment charges calculated according to the IRB approach, whereas core capital is only

BRFkredit

DKK million	2009	2008	2007	2006	2005
Equity at beginning of year	10,390	11,047	10,374	9,710	9,029
Correction at beginning of year	-	-	-	-	19
Items recognised directly in equity	-39	-157	85	93	4
Net profit or loss for the year	-621	-500	588	572	657
Equity at end of year	9,730	10,390	11,047	10,374	9,710
Own funds (capital base)	11,155	10,085	12,532	11,858	11,193
Weighted assets	85,910	82,301	99,689	95,088	84,115
Solvency ratio	13.0	12.3	12.6	12.5	13.3
Core capital ratio	13.3	12.3	10.9	10.8	11.5

affected by 50% of the above difference. This means that the solvency ratio becomes lower than the core capital ratio when impairment charges calculated according to the IRB approach exceed impairment charges in the financial statements. See note 40 for a more detailed specification.

- The capital requirement for credit risk is calculated by using the advanced IRB approach, subject to the minimum requirements set out in the

transitional rules of Danish law. The IRB approach was originally scheduled for full implementation in 2010, but the transitional rules have been extended to remain in force up to and including 2011. The full effect of the IRB approach has therefore not been achieved.

- The individual solvency capital requirement is the result of an internal process based on management's assessment of BRFkredit's total risks,

including management's assessment of future earnings capacity and risk of losses. The individual solvency capital requirement is determined as the capital requirement in percent of risk-weighted items that is estimated to be adequate to meet BRFkredit's risks. For additional information on BRFkredit's solvency capital requirement and own funds in excess of the statutory requirement, see the report on risk and asset management for 2009, which is available at both www.brf.dk and www.brfkredit.com.

Other developments

BRFKREDIT'S MARKET SHARES

BRFKredit reported falling market shares in 2009. In gross lending terms, BRFKredit controlled 8.5% of the total mortgage market. The company's market shares of net new lending and net lending were 7.3% and 5.6%, respectively. These market shares are not directly comparable to the market shares published in the annual report for 2008 as far as the net concepts are concerned. This is due to a correction in the lending statistics compiled by the Association of Danish Mortgage Banks, see press release from the Association of Danish Mortgage Banks of 22 January 2010.

PORTFOLIO GROWTH

BRFKredit's total mortgage loan portfolio was influenced by the financial crisis in 2009, which meant that the portfolio grew at a somewhat slower pace compared with the last couple of years. The total mortgage loan portfolio thus expanded by slightly more than 2% during 2009.

BRFKredit's mortgage loan portfolio generally grew at a lower rate than the overall market. Seen in the light of the financial crisis, BRFKredit has chosen to focus on consolidation rather than growth.

BOND ISSUANCE

BRFKredit's mortgage loans are funded by the issuance of bonds. BRFKredit issued bonds for a total of DKK 114 billion in 2009 (DKK 94 billion in 2008), of which bonds worth slightly more than DKK 75 billion were issued in connection with the refinancing of ARM loans (DKK 44 billion in 2008).

BRFKredit's total market shares

pc	2009	2008
Gross new lending ¹⁾	8.5	9.3
Net new lending ²⁾	7.3	11.2
Net lending ³⁾	5.6	11.6

¹⁾ Gross new lending indicates total lending translated into cash value.

²⁾ Net new lending equals gross new lending less refinanced loans and extraordinary repayments.

³⁾ Net lending equals net new lending less ordinary principal payments.

The volume of bonds in circulation issued by BRFKredit represented a nominal value of DKK 298 billion at the close of 2009 (DKK 265 billion at end-2008). That equalled 9.8% (9.9% at end-2008) of the total volume of mortgage bonds, covered bonds and covered mortgage bonds listed on NASDAQ OMX Copenhagen.

RATING

BRFKredit's bonds are rated by Moody's Investors Service.

BRFKredit's issuer rating was changed in 2009 as Moody's commenced a review of the ratings of Danish banks and mortgage credit institutions on 23 July 2009. The review concluded that the ratings of many financial institutions should be downgraded. In that connection, BRFKredit's issuer rating was downgraded from A2 to Baa1.

Moody's announced on 11 September 2009 that the ratings of BRFKredit's covered bonds (SDOs) and mortgage bonds (ROs) were placed on review for a possible downgrade. The reason for this review was the lower issuer rating. All

other things being equal, the lower rating of BRFKredit as an issuer means that the requirement for the value of the shares underlying the issued bonds (excess capital) will increase if the existing bond rating is to be maintained. This can for instance be met with more capital and a reduction of risks in the loan portfolio.

Even before Moody's downgraded BRFKredit's issuer rating, BRFKredit had initiated steps to strengthen its capital base as a consequence of the uncertain market conditions and, on 6 November 2009, BRFKredit therefore obtained a government loan in the form of hybrid core capital of DKK 2,221 million in total. BRFKredit has also obtained entitlement, within a limit of DKK 20 billion, to request the provision of an individual government guarantee for the issuance of senior debt or JCBs for the purpose of raising funds that can be used as supplementary collateral for the issued SDOs and ROs. In addition, BRFKredit and BRFbank have taken various credit initiatives to reduce lending risk.

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 2007 BRFbank took steps to widen its product range, especially for the private customer segment with the introduction of the Home Credit facility.

In 2008 focus was directed towards offering customers a variety of deposit products at competitive prices. These efforts continued into 2009 and were continuously supplemented with the introduction of other products targeted at private customers, including a salary account product by the name of the Base Account.

In the light of developments in the corporate area, including the bank's possibilities of effective risk exposure management, it was decided in 2009 to cease lending activity to this customer segment.

BRFbank posted a net loss of DKK 563.0 million for 2009, against a net loss of DKK 77.3 million in 2008.

Core income from lending operations was DKK 156.2 million, against DKK 161.8 million in 2008. Net interest income came to DKK 134.6 million in 2009, 13% down from the level of 2008. The decline in net interest income can be ascribed to a combination of a narrower interest margin on deposit products and the resetting of interest rates on non-performing loans to zero. Net fees and charges, at DKK 17.3 million, were 32% down on 2008. The

bank reported a securities and foreign exchange income of DKK 4.2 million, against a loss of DKK 17.9 million in 2008.

Staff costs and administrative expenses totalled DKK 74.0 million, up from DKK 64.3 million in 2008. The increase of DKK 9.7 million was attributable to higher administrative expenses and IT expenses.

Other operating expenses rose from DKK 11.7 million in 2008 to DKK 36.6 million in 2009, relating to expenses for the bank's membership of the Private Contingency Committee (Bank Rescue Package 1).

The bank's impairment ratio was up from 1.9% in 2008 to 8.9% in 2009. Loan losses and impairment charges had an adverse impact on the financial statements for 2009, reducing profits by DKK 795.8 million, of which the corporate segment accounted for DKK 555.0 million and the private segment DKK 217.0 million. The remaining DKK 23.8 million concerns a guarantee provided to the Private Contingency Committee.

At 31 December 2009, the bank had a balance sheet total of DKK 9.2 million, unchanged from 2008. The loan portfolio contracted by 19.1% to DKK 4.8 billion during 2009, against DKK 6.0 billion at end-2008. The decline in the loan portfolio related to the corporate segment. By contrast, lending grew in the private customer segment.

The deposit portfolio grew by 19.7% to DKK 3.9 billion at 31 December 2009, against DKK 3.3 billion at end-2008.

Subordinated capital was DKK 450 million

at 31 December 2009, against DKK 600 million at the end of 2008, and equity amounted to DKK 772.8 million at 31 December 2009, down from DKK 935.8 million at end-2008.

The balance sheet total with the addition of guarantees amounted to DKK 12.3 billion at 31 December 2009.

The bank's solvency ratio, including net loss for 2009, was 14.3%, of which the core capital ratio was 7.9%. The bank's individual solvency capital requirement was 11.6% at 31 December 2009, which means that own funds exceeded the statutory requirement by an amount of DKK 188 million.

Own funds at the close of 2009 were DKK 1,009 million, made up of equity of DKK 773 million and subordinated capital less capitalised deferred tax and intangible assets of DKK 214 million.

Earnings per unit of cost (DKK) were DKK 0.17 in 2009, against DKK 0.61 in 2008.

EJENDOMSSELSKABET NØRREPORT 26, 8000 ÅRHUS C. A/S

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

The company came out of 2009 with a profit before tax of DKK 4.2 million, against DKK 1.2 million in 2008. Its equity at 31 December 2009 was DKK 59.4 million, out of a balance sheet total of DKK 76.7 million.

Performance against forecast

At the time of the publication of the financial statements for 2008, it was announced that earnings performance for 2009 would depend on developments in the financial markets and the general economic climate, but that BRFkredit expected to deliver an improved performance over 2008. When the interim financial statements for 2009 were published, BRFkredit's forecast for 2009 as a whole was an increase in core income and a slight increase in total costs and expenses. Moreover, evidence of impairment was assumed to persist in the second half of 2009, albeit at a lower level than in the first half of the year.

Loan impairment charges remained high in the first half of 2009, however, as particularly customers in the rental housing market encountered liquidity problems and a frozen market for property sales. Loan impairment charges fell markedly in the second half of the year as solutions to the customers' payment problems were increasingly facilitated. Loan losses and impairment charges trimmed profits by DKK 683 million in the second half of 2009, against an adverse impact of DKK 1,442 million in the first half of 2009. As a result, impairment charges for 2009

overall turned out higher than anticipated.

Full-year core income was 12% up on 2008, whereas costs and expenses were down by 1% in spite of expenses for laid-off staff of DKK 23 million.

Given these circumstances, BRFkredit posted a net loss for the year of DKK 621 million.

OUTLOOK FOR 2010

Mortgage lending activity in 2010 is expected to be in line with 2009, exclusive of refinancing activities that depend on changes in interest rates. The historically low interest rates basically make it more attractive to take out loans and buy and sell real property. On the other hand, the continued increase in unemployment compared with 2009 could make many homeowners more reluctant to take out new loans etc. Rising interest rates may stimulate refinancing activity, but could also weaken the market for top-up loans and change-of-ownership loans.

2010 is expected to see growth in core income from lending operations over the level of 2009, whereas costs and

expenses are assumed to be in line with 2009. The impact on 2010 profits from loan losses and impairment charges is still subject to significant uncertainty, but the total impact of loan losses and impairment charges is forecast to be lower than in 2009. Investment returns on BRFkredit's portfolio of bonds in 2010 are expected to be down on 2009 as a consequence of the lower interest level.

As far as special items are concerned, attention should be directed to BRFkredit's decision in November 2009 to obtain hybrid core capital of DKK 2.2 billion. The proceeds of the hybrid core capital will be invested in safe assets. Overall, the hybrid core capital is forecast to imply net interest expenses in the order of DKK 0.2 billion in 2010.

The financial crisis means that BRFkredit's financial performance for 2010 is associated with uncertainty. However, not insignificant loan losses and impairment charges must still be taken into account, and BRFkredit is thus expected to deliver a net loss for 2010, albeit on a stronger performance compared with 2009.

Resolutions by the Supervisory Board

In 2009 the Supervisory Board decided to take out a government loan in the form of hybrid core capital. Moreover, BRFkredit concluded an agreement on the terms of a government guarantee covering up to DKK 20 billion for the issuance of senior debt and Junior Covered Bonds (JCB's).

The Supervisory Board further decided that BRFkredit should publish quarterly financial statements from the first quarter of 2010 onwards. The dates of publication appear from the financial calendar in the Annual Report for 2009 and www.brf.com.

Additional information

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RELEVANT LINK

The 2009 Annual Report of BRFkredit is
downloadable in pdf format from
BRFkredit's website at www.brf.dk

Income statement

Amounts in DKK million

For the year ended 31 December	BRFkredit Group		BRFkredit a/s	
	2009	2008	2009	2008
Interest income	11,082	10,664	10,805	10,339
Interest expenses	9,352	9,135	9,201	8,949
Net interest income	1,730	1,529	1,604	1,390
Dividends on shares etc.	15	24	15	24
Fees, charges and commission income	266	191	237	134
Fees, charges and commissions paid	152	133	147	116
Net interest income, fees and charges	1,860	1,611	1,708	1,432
Securities and foreign exchange income (- signifies an income)	351	-646	349	-700
Other operating income	8	34	18	39
Staff costs and administrative expenses	887	890	828	833
Amortisation, depreciation and impairment of intangible and tangible assets	21	27	17	19
Other operating expenses	37	12	0	0
Loan losses and impairment charges	2,125	647	1,330	458
Income from equity investments in associated and subsidiary undertakings	-6	1	-757	-108
Profit or loss before tax	-858	-575	-855	-647
Tax (- signifies an income)	-237	-75	-237	-75
Net profit or loss for the year	-621	-500	-618	-573
To be distributed as follows:				
Shareholders of BRFkredit a/s	-621	-500		
Total	-621	-500		

Comprehensive income

For the year ended 31 December	BRFkredit Group	
	2009	2008
Net profit or loss for the year	-621	-500
Recognised directly in equity		
Shares available for sale	3	-73
Value adjustment of owner-occupied properties	-43	-111
Deferred tax on other comprehensive income	2	27
Comprehensive income for the year	-660	-657
To be distributed as follows:		
Shareholders of BRFkredit a/s	-660	-657
Total	-660	-657

Balance sheet

Amounts in DKK million

At 31 December	BRFkredit Group		BRFkredit a/s	
	2009	2008	2009	2008
ASSETS				
Cash balance and demand deposits with central banks	12	19	9	5
Receivables from credit institutions and central banks	9,428	7,004	9,278	7,069
Bonds at fair value	13,069	10,497	12,515	10,497
Current tax assets	39	63	39	59
Assets acquired temporarily	1,294	67	1,133	67
Other assets etc.	742	741	679	719
Shares etc.	239	756	239	756
Deferred tax assets	308	69	97	45
Loans and other receivables at fair value	216,250	207,994	216,299	208,015
Loans and other receivables at amortised costs	4,775	5,915	450	600
Intangible assets	6	6	6	6
Investment properties	129	127	129	127
Owner-occupied properties	458	491	381	410
Plant and equipment (other tangible assets)	21	23	21	23
Equity investments in associated undertakings	59	65	59	65
Equity investments in subsidiaries	-	-	835	1,000
Total assets	246,829	233,838	242,169	229,462
LIABILITIES AND EQUITY				
Payables to credit institutions and central banks	25,075	28,075	24,693	27,031
Deposits and other payables	3,937	3,286	-	-
Other liabilities etc.	5,342	5,009	5,086	4,942
Issued bonds at fair value	196,248	185,979	196,299	185,979
Issued bonds at amortised cost	4,090	1,000	3,990	1,000
Total payables	234,693	223,349	230,068	218,952
Hybrid core capital	2,215	-	2,215	-
Subordinated capital	4	4	4	4
Total subordinated capital	2,219	4	2,219	4
Provisions for losses on guarantees	60	28	-	-
Other provisions	127	67	152	116
Total provisions	187	95	152	116
Equity				
Share capital	306	306	306	306
Share premium account	102	102	102	102
Accumulated changes in value	5	46	5	46
Other reserves				
Statutory reserves	-	-	-	56
Reserves in series	7,510	8,091	7,510	8,091
Other reserves	1,807	1,844	1,807	1,788
Total	9,317	9,935	9,317	9,935
Total equity	9,730	10,390	9,730	10,390
Total liabilities and equity	246,829	233,838	242,169	229,462

Statement of changes in equity

Amounts in DKK million

BRFkredit Group	Share Capital ¹⁾	Share premium account	Accumulated changes in value	Reserves in series ³⁾	Other reserves /Shares available for sale ⁴⁾	Other reserves/ Retained profits ⁵⁾	Total
Equity at 1 January 2008	306	102	131	8,716	177	1.615	11,047
Shares available for sale - equity ²⁾	-	-	-	-	-73	-	-73
Value adjustment of owner-occupied properties	-	-	-111	-	-	-	-111
Deferred tax on changes in equity	-	-	27	-	-	-	27
Recognised directly in equity, total	-	-	-84	-	-73	-	-157
Transferred between series	-	-	-	-625	-	625	-
Net profit or loss for the year	-	-	-	-	-	-500	-500
Recognised in equity, total	-	-	-84	-625	-73	125	-657
Dividends paid	-	-	-	-	-	-	-
Equity at 31 December 2008	306	102	46	8,091	104	1,740	10,390
Shares available for sale - equity ²⁾	-	-	-	-	3	-	3
Value adjustment of owner-occupied properties	-	-	-43	-	-	-	-43
Deferred tax on changes in equity	-	-	2	-	-	-	2
Recognised directly in equity, total	-	-	-41	-	3	-	-39
Transferred between series	-	-	-	-581	-	581	-
Net profit or loss for the year	-	-	-	-	-	-621	-621
Recognised in equity, total	-	-	-41	-581	3	-40	-660
Dividends paid	-	-	-	-	-	-	-
Equity at 31 December 2009	306	102	5	7,510	107	1,700	9,730

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 BRFFholding a/s.

²⁾ Shares available for sale - equity: The year's value adjustments of shares classified as available for sale are recognised directly in equity at a gain of DKK 3 million (2008: a loss of DKK 73 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)

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

Statement of changes in equity, continued

Amounts in DKK million

BRFkredit a/s	Share Capital	Share premium account	Accumulated changes in value	Statutory reserves ¹⁾	Reserves in series	Other reserves/ Retained profits	Total
Equity at 1 January 2008	306	102	126	144	8,716	1,652	11,047
Value adjustment of owner-occupied properties	-	-	-106	-5	-	-	-111
Deferred tax on changes in equity	-	-	26	0	-	-	27
Recognised directly in equity, total	-	-	-79	-5	-	-	-84
Transferred between series	-	-	-	-	-625	625	-
Net profit or loss for the year	-	-	-	-84	-	-489	-573
Recognised in equity, total	-	-	-79	-89	-625	136	-657
Dividends paid ²⁾	-	-	-	-	-	-	-
Equity at 31 December 2008	306	102	46	56	8,091	1,788	10,390
Value adjustment of owner-occupied properties	-	-	-43	-	-	-	-43
Deferred tax on changes in equity	-	-	2	-	-	-	2
Recognised directly in equity, total	-	-	-41	-	-	-	-41
Transferred between series	-	-	-	-	-581	581	-
Net profit or loss for the year	-	-	-	-56	-	-563	-618
Recognised in equity, total	-	-	-41	-56	-581	18	-660
Dividends paid ²⁾	-	-	-	-	-	-	-
Equity at 31 December 2009	306	102	5	-	7,510	1,807	9,730

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

²⁾ Restrictions apply to the distribution of reserves relating to the items 'Accumulated changes in value', 'Statutory reserves' and 'Reserves in series'.

Statement of core earnings and earnings from investment portfolios

Amounts in DKK million

For the year ended 31 December

BRFkredit Group

Segmental financial statements of BRFkredit Group	2009			2008		
	Mortgage lending etc.	Portfolio management	Total	Mortgage lending etc.	Portfolio management	Total
Core income from lending operations etc.	1,286			1,122		
Core income from securities	524			488		
Total core income	1,810			1,610		
Operating expenses, depreciation and amortisation	910			917		
Core earnings before impairment charges	899			693		
Loan losses and impairment charges (- signifies an income)	2,125			647		
Core earnings before hybrid core capital	-1,226			46		
Net expenses for hybrid core capital	31			-		
Core earnings	-1,257			46		
Earnings from investment portfolios		398			-621	
Profit or loss before tax	-1,257	398	-858	46	-621	-575
Tax			-237			-75
Net profit for the year			-621			-500
Segment balance sheet at 31 December						
Receivables from credit institutions and central banks	9,428	-	9,428	6,915	89	7,004
Bonds at fair value	3,065	10,003	13,069	3,213	7,283	10,497
Shares etc.	-	239	239	-	756	756
Lending	221,026	-	221,026	213,910	-	213,910
Equity investments in associated undertakings	59	-	59	65	-	65
Other assets	2,764	245	3,009	1,521	85	1,606
Total assets	236,342	10,487	246,829	225,624	8,213	233,838
Payables to credit institutions and central banks	24,736	340	25,075	27,016	1,060	28,075
Issued bonds at fair value	196,248	-	196,248	185,979	-	185,979
Issued bonds at amortised cost	4,090	-	4,090	1,000	-	1,000
Subordinated capital	2,219	-	2,219	4	-	4
Provisions	187	-	187	95	-	95
Other liabilities	8,898	382	9,279	7,978	317	8,295
Total liabilities	236,378	721	237,099	222,072	1,376	223,448
Equity			9,730			10,390
Total liabilities and equity			246,829			233,838

Statement of core earnings and earnings from investment portfolios, continued

Amounts in DKK million

For the year ended 31 December

BRFkredit Group

RECONCILIATION TO FINANCIAL STATEMENTS	2009			2008		
	Core earnings	Earnings from investment portfolios	Total	Core earnings	Earnings from investment portfolios	Total
Net interest income	1,792	-61	1,730	1,438	91	1,529
Dividends on shares etc.	-	15	15	-	24	24
Fees, charges and commission income or loss	266	-	266	191	-	191
Fees, charges and commissions paid	152	-	152	133	-	133
Net interest income, fees and charges	1,906	-46	1,860	1,497	115	1,611
Securities and foreign exchange income	-94	444	351	90	-736	-646
Other operating income	8	-	8	34	-	34
Staff costs and administrative expenses	887	-	887	890	-	890
Amortisation, depreciation and impairment of intangible and tangible assets	21	-	21	27	-	27
Other operating expenses	37	-	37	12	-	12
Loan losses and impairment charges	2,125	-	2,125	647	-	647
Income from equity investments in associated and subsidiary undertakings	-6	-	-6	1	-	1
Profit before tax	-1,257	398	-858	46	-621	-575

Risk-free returns on the investment portfolio are transferred to core earnings. Risk-free returns are calculated on the basis of the effective interest rate on short-term mortgage bonds at the beginning of the year.

