

Annual Report

2009

BRFbank

Business profile

BRFbank was established in 1995 to enable BRFkredit to provide mortgage loans without the intermediation of external banks as guarantors for loan origination etc. BRFbank has therefore primarily offered products that are complementary to mortgage lending in connection with both 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, a Visa/Dankort debit card and an Internet banking facility. In 2008 measures were launched

to offer customers a larger 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 to cease lending activity to this customer segment.

The bank continues to be active in the non-profit housing market, a market

segment in which the bank has long-time experience.

In the business areas of private customers, corporate customers and non-profit housing, BRFkredit and BRFbank undertake joint activities in sales and distribution channels, so that the BRFkredit Group is perceived as a single entity in the field of customer services. To streamline the main resources and be able to maintain speedy loan approvals, BRFbank has integrated its procedures into BRFkredit's corresponding procedures in connection with the granting of loans secured by real property.

Financial and operating data

Summary financial statements

	2009	2008	2007	2006	2005
Net interest income, fees and charges	151,956	179,660	128,856	87,734	67,420
Securities and foreign exchange income or loss	4,221	-17,852	10,254	7,819	31,325
Staff costs and administrative expenses	73,989	64,257	47,164	41,985	41,472
Loan losses and impairment charges	795,834	188,686	53,281	1,428	4,966
Net profit or loss for the year	-562,983	-77,300	28,918	37,393	37,708
Lending	4,838,268	5,978,157	4,675,409	3,610,752	1,924,234
Deposits	3,939,885	3,291,830	1,949,638	1,474,628	1,266,732
Equity	772,819	935,802	813,102	634,085	496,693
Own funds	450,000	600,000	450,000	350,000	150,000
Total assets	9,191,945	9,202,060	7,822,847	6,929,267	5,589,939
Guarantees	3,131,718	3,691,529	3,679,919	3,286,285	3,444,473

Key figures and ratios

	2009	2008	2007	2006	2005
Solvency ratio	14.3	17.0	14.2	14.2	12.8
Core capital ratio	7.9	10.2	9.1	9.1	9.8
Return on equity before tax	-87.9%	-11.8%	5.8%	9.8%	10.9%
Return on equity after tax	-65.9%	-8.8%	4.4%	7.0%	7.9%
Earnings per unit of cost (DKK)	0.17	0.61	1.38	2.19	2.12
Interest rate risk	2.6%	2.5%	2.3%	1.6%	5.2%
Foreign exchange position	0.0%	0.0%	0.0%	0.0%	0.0%
Foreign exchange risk	0.0%	0.0%	0.0%	0.0%	0.0%
Loan-to-deposit ratio (including loan impairment)	145.6%	187.2%	241.0%	245.2%	152.3%
Loan-to-equity ratio	6.3	6.4	5.8	5.7	3.9
Growth in lending during the year	-19.1%	27.9%	29.5%	87.6%	6.9%
Own funds in excess of minimum regulatory level	211.1%	176.8%	177.6%	258.6%	335.5%
Sum of large loan exposures	99.1%	122.8%	95.8%	117.0%	183.6%
Impairment ratio for the year	8.9	2.4	0.7	0.1	0.1

Management's review

BRFbank posted a net loss for 2009 of DKK 563.0 million, which fell considerably short of expectations. The earnings

performance was affected substantially by an increase in loan losses and impair-

ment charges. Compared with 2008, the bank's performance weakened by DKK 485.7 million.

SUMMARY FINANCIAL PERFORMANCE 2009

- Lending contracted by 19.1% in 2009, against lending growth of 27.9% in 2008
 - Core income came to DKK 156.2 million, against DKK 161.8 million in 2008
 - Net interest income down by 12.7%
 - Fees, charges and commission income down by 31.7%
 - Staff costs and administrative expenses up by 15.1%
 - Loan losses and impairment charges up by DKK 607.1 million
 - Earnings per unit of cost (DKK) were 0.17, against 0.61 in 2008
 - Solvency ratio was 14.3%, including a tier one capital ratio of 7.9%
 - Return on equity before tax was negative at 87.9%, against a negative return of 11.8% in 2008
 - The bank's total expenses for Bank Rescue Package 1 were DKK 60.4 million, which broke down into DKK 36.6 million for commissions on guarantees and DKK 23.8 million concerning a guarantee provided to the Private Contingency Committee
-

Comments on the bank's financial and operating data

INCOME STATEMENT

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. 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 17.8 million in 2008 when the bank's portfolio of mortgages, in particular, was affected by falling prices.

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.

Staff costs and administrative expenses advanced by DKK 9.7 million, equivalent to a 15% increase. The increase was attributable to higher administrative expenses and IT expenses.

Other operating expenses relating to expenses for the bank's membership of the Private Contingency Committee rose from DKK 11.7 million to DKK 36.6 million.

The bank's impairment ratio was up from 2.4% in 2008 to 8.9% in 2009. Loan losses and impairment charges had an ad-

verse 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 DK 23.8 million concerns a guarantee provided to the Private Contingency Committee.

BALANCE SHEET

At 31 December 2009, the bank had a balance sheet total of DKK 9.2 billion, 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.

Receivables from and payables to credit institutions were DKK 3.3 billion and DKK 3.7 billion, respectively, at the end of 2009. These items essentially comprise clearings related to BRFKredit.

The increase in the deposit portfolio was a positive factor, with deposits up by 20% in 2009. Hence, deposits were DKK 3.9 billion at the close of 2009, against DKK 3.3 billion a year earlier.

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.

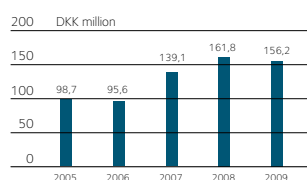
SOLVENCY

BRFbank calculates its solvency ratio according to the standardised approach. 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 11.3% at 31 December 2009, which means that the bank's own funds exceeded the statutory requirement by an amount of DKK 209 million.

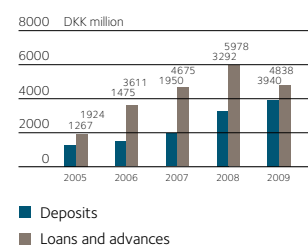
The individual solvency capital requirement is the result of an internal process based on management's assessment of BRFbank's total risks, including management's assessment of future earnings capacity and risk of losses. The individual solvency capital requirement is determined as the capital requirement in percent of risk-weighted items that is estimated to be adequate to meet BRFbank's risks

Own funds at the close of the year were DKK 1,009 million, made up of equity of

Core earnings



Deposits and lending



DKK 773 million and subordinated capital less capitalised deferred tax and intangible assets of DKK 214 million.

OWNERSHIP AND CAPITAL BASE

BRFbank forms part of the BRF Group as a wholly-owned subsidiary of BRFkredit.

The bank increased its share capital by a total amount of DKK 400 million in 2009. In June 2009 a subordinated capital con-

tribution of DKK 150 million was converted into equity, whereas DKK 250 million was injected in August by way of a cash contribution. All the capital was contributed by the parent company, BRFkredit.

DIVIDEND

The Supervisory Board of the bank proposes to the Annual General Meeting that the dividend payout ratio for 2009 be set at 0 as in the previous years.

POST BALANCE SHEET EVENTS

In the opinion of the Supervisory Board, there are no post balance sheet events that have a material impact on the fair presentation of the financial statements.

Performance against forecast

The bank's profit performance in 2009 fell short of expectations. The impact on profits from loan losses and impairment charges, in particular, turned out worse than forecast.

It became clear to the bank that the positive trend in net interest income, fees and charges for both the private and corporate customer segments which was seen in 2008 did not continue in 2009. Net interest income declined by DKK 19.7 million, or 12.7% down on 2008, whereas fees, charges and commission income declined by DKK 8.0 million, or 32% down from the level of 2008, primarily due to the fall in originating fees. Staff costs and administrative expenses grew in the wake of the general stimulation of activity in 2008, which prompted a 15% hike in costs and expenses. In addition, other operating expenses rose by DKK 24.9 million as a result of the bank's membership of "The Private Contingency Committee for the Winding-Up and Transfer of

Failing Commercial Banks, Savings Banks and Cooperative Banks". Loan losses and impairment charges, which came to DKK 664 million in the first half of 2009, were considerably worse than forecast. The adverse impact on first-half profits from loan losses and impairment charges was DKK 132 million. Given these circumstances, loan losses and impairment charges trimmed full-year profits by DKK 796 million.

Against the backdrop of the slowdown in activity during the first six months of 2009, the bank adjusted its organisation by resorting to layoffs in the third quarter of 2009. The staff was reduced by some 10%. Expenses for laid-off staff who had not yet terminated their employment by the end of the year have been included in the financial statements for 2009.

Hence, the bank's actual profit performance fell substantially short of expectations, which can mainly be ascribed

to the sharp increase in loan losses and impairment charges as a direct consequence of the financial crisis. Although the performance is not satisfactory, it should be seen against the backdrop of current developments in the financial markets.

The changed risk landscape has engendered a continuous adjustment of the bank's credit policy for both private and corporate customers. Moreover, interest margins on the existing loan portfolio have widened for corporate and private customers alike.

Throughout the period, in spite of the increase in credit losses, the bank had adequate own funds in excess of the statutory requirement. BRFbank has not applied for injection of hybrid core capital under Bank Rescue Package 2.

The banking market in 2009

Compared with 2008, a year characterised by severe liquidity problems, conditions in the financial markets more or less normalised during 2009. One of the contributory factors was massive intervention from both governments and central banks on an international scale. Denmark saw the implementation of the Credit Package, which - to some extent - was instrumental in restoring market conditions to something approaching normal.

The parent company of the bank, BRFkredit a/s, applied for injection of hybrid core capital from the Government of Denmark and received DKK 2.2 billion of hybrid core capital in November 2009. Under the Credit Package, BRFkredit a/s was also granted a government guarantee limit for the issuance of senior debt etc. up to an amount of DKK 20 billion.

Considerable parts of the banks' traditional funding sources are not yet fully operational, and this has a not insignificant impact on banks' lending activity. There is not least some uncertainty over how the financial markets will develop up to the expiry of Bank Rescue Package I on 1 October 2010.

On account of a relatively favourable deposits-to-lending ratio at the opening of 2009, BRFbank encountered no difficulties in funding its ongoing activities. The bank's adequate cash position was manifested by the establishment of a minor securities portfolio primarily made up of short-term fixed-income instruments. Following the Group's decision to join the Credit Package, no liquidity or funding challenges are anticipated for the foreseeable future.

LENDING

The loan portfolio contracted by 19.1% in 2009, amounting to DKK 4.8 billion at 31 December 2009. DKK 925 million of the decline, corresponding to 16%, can be ascribed to impairment charges during the year.

DKK 2.4 billion of the bank's loan portfolio comes from the corporate customer segment, equivalent to 49% of total lending. Lending to customers in the corporate and subsidised housing segments was down by 33% in 2009. This was primarily attributable to the tightening of the bank's lending policy.

The loan portfolio in the private customer segment grew from DKK 2.4 billion to DKK 2.5 billion, 4% up on 2008.

DEPOSITS

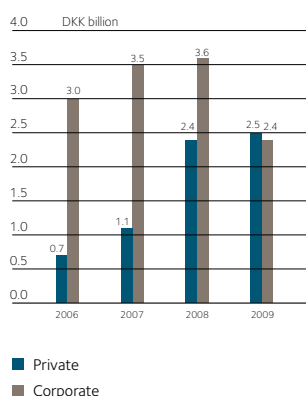
The deposit portfolio grew by DKK 22.7% in 2009, closing at DKK 4.0 billion at 31 December 2009.

DKK 3.5 billion of the bank's deposits comes from private customers, equivalent to 90% of total deposits. In the private customer area, the deposit portfolio soared by 59% in 2009, the main contributor being deposits in high-interest accounts. In the corporate customer segment, deposits were down from DKK 1.1 billion in 2008 to DKK 0.5 billion in 2009.

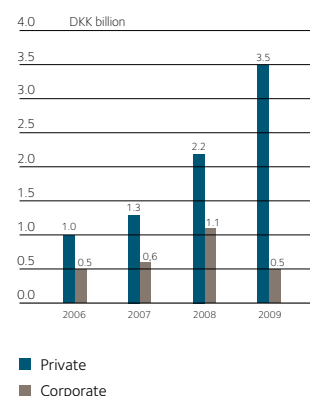
GUARANTEES

The BRFkredit Group's activities in the housing area still engender a substantial need for BRFbank guarantees. Guarantees provided by the bank totalled DKK 3,132 million at the end of 2009, against DKK 3,692 million at end-2008.

Loans and advances
2006-2009



Deposits
2006-2009



Outlook for 2010

Steps to phase out the bank's corporate activities are assumed to cause a continual reduction in the bank's business volume in terms of lending and

risk-weighted assets. The resulting fall in earnings is expected to be only partially offset by improved margins and expanded

volumes in the continuing business areas. Loan losses and impairment charges are forecast to decline appreciably from the level of 2009.

Risks

The main risks involved in BRFbank's activities are credit risks on loans granted.

CREDIT RISKS

BRFbank's lending focus is directed at short-term bridge financing of property transactions and building projects as well as long-term financing of residential and commercial properties to complement lending activities at BRFkredit.

Short-term financing

Bridge financing of property transactions comprises short-term conveyance guarantees, credits and short-term loans designed to meet the customer's liquidity requirements for the property purchase.

In conjunction with building projects (housing starts, alterations and extensions), the bank provides construction loans and furnishes advance mortgage guarantees. A significant part of the construction loans are granted for non-profit housing. At the end of 2009, construction loans totalled DKK 1,105 million, accounting for 23% of the loan portfolio. Moreover, at 31 December 2009, advance mortgage guarantees for DKK 0.6 billion had been furnished in respect of BRFkredit loans.

MEDIUM AND LONG-TERM FINANCING

The loan portfolio also comprises medium and long-term financing, which is primarily made up of longer-term credits and loans secured by residential and commercial properties. Long-term financing accounts for 53% of the bank's total lending.

A substantial portion of long-term financing relates to Home Credit facilities to the private customer segment. Total lending before impairment charges was DKK 1,981 million at 31 December 2009. All Home Credit facilities are secured by mortgages on real property.

BRFbank also grants loans for top financing of home transactions in the form of fixed-rate mortgages. The bank's strategy has historically been to limit interest-rate risk through regular sales of such mortgages from the portfolio. The market for mortgages has been at a standstill since early 2008, however, and it was therefore still difficult for the bank to sell the material in the market.

IMPAIRMENT CHARGES

All significant loan exposures are monitored and reviewed individually to establish whether an objective indication of impairment exists on the basis of actual events that have already occurred. The impairment charge is recognised as the difference between the carrying amount before impairment and the net present value of expected future cash flows.

Loans that are not individually impaired are included in a group model where a portfolio review for collective impairment is performed. A portfolio review is performed collectively for groups of loans with similar credit risk characteristics. The model used for determining the collective impairment charge contains two part models: a default model and a macro model.

The default model calculates a probable impairment ratio for each individual group. Based on developments in overdrafts and arrears over time, the probable impairment ratio is calculated.

The macro model is based on developments in macroeconomic indicators such as property prices, interest rates, etc. An assessment is made as to whether each individual indicator has deteriorated from former levels, based on an average analysis. The indicators are weighted differently according to their significance to the individual group.

INTEREST RATE RISK

The bank has a bond portfolio of DKK 604 million, made up of short-dated bonds. The bond portfolio's interest rate risk is DKK 2 million. Fixed-rate mortgages make up DKK 529 million of the bank's total portfolio of mortgages. Interest rate risk on these mortgages is partially hedged through interest-rate swaps. Interest rate risk at 31 December 2009, after hedging, was DKK 16 million.

In addition, BRFbank has fixed-rate loans of DKK 82 million, in respect of which partial hedging of interest rate risk has also been undertaken to bring interest rate risk to DKK 2 million.

Furthermore, some of BRFbank's deposits are fixed-rate deposits on which interest rate risk is negative at DKK 5 million.

Hence, total interest rate risk is DKK 15 million, which means that a 1% increase in interest rates will inflict a corresponding capital loss on the bank.

FOREIGN EXCHANGE RISK

More than 99% of BRFbank's loans are denominated in DKK, and loan funding is also in DKK, which means that foreign exchange risk has practically been eliminated.

LIQUIDITY RISK

On average, deposits accounted for 76% of lending in 2009. The rest of lending is basically funded by mediumterm senior debt, shortterm moneymarket loans and the bank's own funds.

In common with other Danish banks, BRFbank has realised that the possibilities of raising senior debt and obtaining similar funding have deteriorated substantially as a consequence of the current financial crisis.

BRFbank uses an internal model for managing liquidity. This model is based on liquidity projection for 24 months. Liquidity is measured in two separate scenarios: an expected scenario and a stress scenario. The expected scenario describes, as the name indicates, the situation most likely to develop with time, yet with a conservative approach. The stress scenario is based on the same data, but includes an additional allowance for the impact of stress on deposits and sources of funding.

At no time in 2009 (or in earlier years) did BRFbank encounter problems maintaining the required liquidity.

On 6 October 2008, the Danish government announced a rescue package including a two-year guarantee for all Danish banks that were members of the Private Contingency Committee on 13 October 2008. BRFbank joined the package and is therefore a member of the Private Contingency Committee, which means that all deposits and unsecured claims against BRFbank, but not subordinated capital,

are covered by a government guarantee, which will remain in force until 30 September 2010.

BRFbank chose to join the package even though the bank had not encountered problems providing the required liquidity. This decision was motivated by an assessment that banks that chose not to join the package could have difficulty maintaining the volume of deposits in the longer term.

Membership of the Private Contingency Committee is expected to cost BRFbank DKK 78 million in commissions on guarantees. Of this amount, DKK 36.6 million was charged to Other operating expenses in the income statement for 2009. In addition, BRFbank is a co-provider of guarantees to the Private Contingency Committee, where BRFbank's share has been estimated at DKK 104 million. A provision of DKK 30.3 million has been made for this guarantee, of which DKK 23.9 million was charged against profit in 2009 under Loan losses and impairment charges.

Directorships and executive positions

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

Sven A. Blomberg

Chairman of the supervisory board of:

Ejendomsselskabet Nørgaardsvej 37-41,
2800 Lyngby A/S

Member of the supervisory board of:

VP Securities A/S

Member of the executive board of:

BRFholding a/s
BRFKredit a/s

Carsten Tirsbæk Madsen

Member of the supervisory boards of:

Ejendomsselskabet Nørgaardsvej 37-41,
2800 Lyngby A/S

E-Nettet Holding A/S

Member of the executive board of:

BRFKredit a/s

Kim Thomsen

Chairman of the supervisory board of:

Ejendomsselskabet Nørreport 26,
8000 Århus C. A/S

The Executive Board has no other directorships and executive positions.

Statement by the supervisory board and executive board

The Supervisory Board and Executive Board have today considered and approved the Annual Report of BRFbank a/s for 2009.

The financial statements and Management's review are presented in accordance with the Danish Financial Business Act. The Financial Statements gives in

our opinion a true and fair view of the Company's assets, liabilities and financial position at 31 December 2009 and of the results of the Company's operations and the cash flows for the financial year ended 31 December 2009.

The management's review provides in our opinion a true and fair account of de-

velopments in the activities and finances of the Company as well as a presentation of the principal risks and uncertainty factors that may affect the Company.

The Annual Report is laid before the Annual General Meeting for adoption.

Kgs. Lyngby, 22 Februar 2010

Executive Board

Leonhardt Pihl

Supervisory Board

Sven A. Blomberg
Chairman

Carsten Tirsbæk Madsen
Deputy Chairman

Kim Thomsen

Torben Hansen

Auditor's reports

INTERNAL AUDIT REPORT

We have audited the Financial Statements and Management's Review of BRFbank a/s for the financial year ended 31 December 2009. The Financial Statements and Management's Review are presented in accordance with the Danish Financial Business Act.

Basis of opinion

We conducted our audit on the basis of the Order of the Financial Supervisory Authority on Auditing Procedures of Financial Companies and Financial Groups and in accordance with Danish auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the Financial Statements and Management's Review are free of material misstatement.

The audit was conducted in compliance with the division of work agreed with the elected auditors and comprised an assessment of procedures and internal controls, including management's risk management policy, which is directed at

reporting processes and material business risks. Based on materiality and risk, we examined, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements and Management's Review. An audit also includes assessing whether the accounting policies applied by management are appropriate, assessing whether the accounting estimates made by management are reasonable and assessing the overall presentation of the Financial Statements and Management's Review.

We participated in the audit of significant and risky areas, and we believe that the audit evidence obtained provides a reasonable and suitable basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the established procedures and internal controls, including management's risk management policy, which is

directed at the reporting processes and material business risks of the Company, function satisfactorily.

We also believe that the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2009 and of the results of the Company's operations for the financial year ended 31 December 2009 in accordance with the Danish Financial Business Act and that Management's Review includes a true and fair account in accordance with the Danish Financial Business Act.

Kgs. Lyngby, den 22. februar 2010

Arne List

Head of Internal Audit Department

Auditor's reports

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of BRFbank a/s
We have audited the Financial Statements and Management's Review of BRFbank a/s for the financial year 1 January - 31 December 2009. The Financial Statements comprise In-come Statement, Balance Sheet, Statement of Changes in Equity and Notes. The Financial Statements and Management's Review are prepared in accordance with the Danish Financial Business Act.

Management's Responsibility

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with the Danish Financial Business Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error. The responsibility also includes selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances. Furthermore, Management is responsible for preparing a Management's Review that includes a true and fair account in accordance with the Danish Financial Business Act.

Auditor's Responsibility and Basis of Opinion

Our responsibility is to express an opinion on the Financial Statements and Management's Review based on our audit. We conducted our audit in accordance with

Danish Auditing Standards. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements and Management's Review are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements and Management's Review. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements and Management's Review, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Financial Statements and to the preparation of a Management's Review that includes a true and fair account in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements and Management's Review.

We believe that the audit evidence we have obtained is sufficient and appro-

priate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2009 and of the results of the Company operations for the financial year 1 January - 31 December 2009 in accordance with the Danish Financial Business Act, and Management's Review includes a true and fair account in accordance with the Danish Financial Business Act.

Hellerup, den 22. februar 2010

PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab

Kim Fücksel	Jesper Edelbo
State-Authorised	State-Authorised
Public Accountant	Public Accountant

Income Statement

Amounts in DKK '000

Perioden 1, januar til 31, december

	2009	2008	Note
Interest income	314,703	389,360	3
Interest expenses	180,076	235,062	4
Net interest income	134,627	154,298	
Fees, charges and commission income	31,454	60,284	5
Fees, charges and commissions paid	14,125	34,922	
Net interest income, fees and charges	151,956	179,660	
Securities and foreign exchange income (- signifies a loss)	4,221	-17,852	6
Other operating income	8	5	
Staff costs and administrative expenses	73,989	64,257	7-9
Depreciation, amortisation and impairment of tangible and intangible assets	362	180	
Other operating expenses	36,642	11,700	
Loan losses and impairment charges	795,834	188,686	10
Profit or loss before tax	-750,643	-103,010	
Tax (- signifies an income)	-187,660	-25,710	11
Net profit or loss for the year	-562,983	-77,300	

Balance Sheet

Amounts in DKK '000

At 31 December

	2009	2008	Note
AKTIVER			
Cash balance and demand deposits with central banks	2,248	13,289	
Receivables from credits institutions and central banks	3,297,453	3,140,940	12
Loans and other receivables at fair value	63,048	62,789	13
Loans and other receivables at amortised cost	4,775,220	5,915,368	13
Bonds at fair value	604,375	-	
Intangible assets	334	332	14
Other tangible assets	620	287	15
Current tangible assets	-	4,100	
Deferred tax assets	213,371	25,711	16
Assets acquired temporarily	160,827	-	17
Other assets	67,584	37,959	18
Prepayments	6,865	1,284	
Total assets	9,191,945	9,202,060	
LIABILITIES AND EQUITY			
Payables			
Payables to credit institutions and central banks	3,734,191	4,227,816	19
Deposits and other payables	3,939,885	3,291,830	20
Issued bonds at amortised cost	100,000	-	
Other liabilities	113,641	88,210	21
Deferres income	321	384	
Total payables	7,888,038	7,608,240	
Provisions			
Provisions for losses on guarantees	80,589	57,699	
Other provisions	499	319	
Total provisions	81,088	58,018	
Subordinated capital	450,000	600,000	22
Equity			
Share capital	315,000	235,000	
Share premium account	834,838	514,838	
Retained profits	-377,019	185,964	
Total Equity	772,819	935,802	
Total liabilities and equity	9,191,945	9,202,060	
Additional notes:			
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Cash flow statement

Amounts in DKK '000

At 31 December

CASH FLOW STATEMENT	2009	2008
Cash flows from operating activities		
Profit or loss before tax for the year	-750,643	-103,010
Adjustments for non-cash operating items	796,196	188,866
Total cash flows from operating profit	45,553	85,856
Change in working capital Bonds		
Bonds	-604,375	-
Loans and other receivables	344,054	-1,491,434
Deposits and other payables	648,056	1,342,192
Payables to credit institutions and central banks	-493,625	-306,634
Issued bonds	100,000	-
Corporation tax paid	4,100	5,446
Adjustment of other working capital	-147,595	44,200
Total cash flows from operating activities	-149,386	-406,230
Cash flows from investing activities		
Intangible assets	-190	-185
Other tangible assets	-506	-
Total cash flows from investing activities	-696	-185
Cash flows from financing activities		
Change in supplementary capital	-150,000	150,000
Change in equity	400,000	200,000
Total Cash flows from financing activities	250,000	350,000
Total changes in cash and cash equivalents	145,471	29,440
Cash and cash equivalents at beginning of year		
Cash balance and demand deposits with central banks	13,289	7,987
Receivables from credits institutions and central banks	3,140,940	3,116,802
Total cash and cash equivalents at beginning of year	3,154,230	3,124,789
Cash and cash equivalents at end of year		
Cash balance and demand deposits with central banks at end of year	2,248	13,289
Receivables from credits institutions and central banks at end of year	3,297,453	3,140,940
Total cash and cash equivalents at end of year	3,299,700	3,154,230

Notes

Amounts in DKK '000

STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium account	Retained profits	Total
Equity at 1 January 2008	195,000	354,838	263,264	813,102
Capital contribution	40,000	160,000	-	200,000
Net profit or loss for the year	-	-	-77,300	-77,300
Equity at 31 December 2008	235,000	514,838	185,964	935,802
Capital contribution	80,000	320,000	-	400,000
Net profit or loss for the year	-	-	-562,983	-562,983
Equity at 31 December 2009	315,000	834,838	-377,019	772,819

The share capital is divided into 3,1500,000 'A' shares of DKK 100 each,

The shares are wholly owned by BRFkredit a/s

SOLVENCY STATEMENT

	2009	2008
Core capital (tier 1) after deduction	559,114	909,759
Own funds (capital base) after deduction	1,009,114	1,509,759
Weighted items outside trading portfolio, including items below the line	6,703,192	8,634,209
Weighted items with operational risk	285,718	247,923
Weighted items with market risk etc.	59,233	5,502
Total weighted items	7,048,143	8,887,634
Core capital (tier 1) after deduction as % of total weighted items	7.9	10.2
Solvency ration under s. 124(1) of 135(1) of the Danish Financial Business Act.	14.3	17.0
Core capital (tier 1) after deduction and own funds (capital base) after deduction appear so:		
Equity	772,819	935,802
Intangible assets	-334	-332
Deferred tax assets	-213,371	-25,711
Core capital (tier 1) after deduction	559,114	909,759
Supplementary capital excluding hybrid core capital	450,000	600,000
Own funds (capital base) after deduction	1,009,114	1,509,759

Note 1

1 ACCOUNTING POLICIES

The annual report of BRFbank a/s is presented in accordance with the Danish Financial Business Act and the Danish Financial Supervisory Authority's Executive Order on Financial Reports of Credit Institutions and Brokerage Houses, Etc.

OUTLINE OF ACCOUNTING POLICIES OF THE BRFBANK

The accounting policies are consistent with those applied in the annual report for 2008.

Financial instruments

Financial instruments are typically recognised at the trade date or the settlement date. When recognition takes place at the trade date, recognition is subsequently said to have taken place according to the trade date approach. When recognition takes place at the settlement date, recognition is subsequently said to have taken place according to the ownership-settlement approach.

Financial instruments are measured at fair value or amortised cost.

Fair value means the amount at which an asset can be sold or a liability repaid in a transaction between informed, willing and mutually independent parties. The publicly available market price is used for financial instruments traded in a marketplace. Different accepted valuation methods, depending on the type of instrument, are used for financial instruments that are not traded in a marketplace. The valuation of fixed-income instruments is based on the zero-coupon yield curve at the balance sheet date.

Amortised cost means the amount at which a financial asset or a financial liability is measured for the first time, less principal payments and plus or less accumulated amortisation by application of the effective interest method to any premium or discount.

Financial assets and financial liabilities are classified at the time of recognition in one of the following categories:

- Financial assets or financial liabilities included in the trading portfolio, which is measured at fair value through the income statement. This category includes financial derivatives etc.
- Financial assets placed in the category 'fair value through the income statement'. This category is measured at fair value. This category includes mortgage lending etc.

- Loans and receivables measured at amortised cost.
- Financial liabilities placed in the category 'fair value through the income statement'. This category is measured at fair value. This category includes listed mortgage bonds etc.

Hedge accounting

Changes in the fair value of financial derivatives that are used to hedge the financial risk involved in a recognised financial asset or liability (the hedged risk) and which meet the hedging criteria are measured at fair value. Similarly, the hedged risk involved in a recognised asset or liability is measured at fair value.

The change in the fair value of the hedging instrument and of the hedged risk is recognised in the income statement.

Hedges have only been established for individual assets.

Cash and cash equivalents

Cash and cash equivalents are defined as the sum of the items 'Cash balance and demand deposits with central banks' and 'Receivables from credit institutions and central banks'.

Foreign currency translation:

The financial statements are presented in Danish kroner (DKK), which is the company's functional currency and currency of presentation.

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

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

All currency translation adjustments are dealt with through the income statement.

Impairment

The carrying amount of intangible and tangible fixed assets not measured at fair value is reviewed annually to establish any indication of impairment in addition to what is expressed by amortisation and depreciation. If this is the case, an impairment test is conducted to determine whether the recoverable amount is lower than the carrying amount.

INCOME STATEMENT

Income is recognised in the income statement as earned. This includes recognition of value adjustments of financial assets and liabilities measured at fair value or amortised cost. All costs and expenses incurred to generate earnings for the year are also recognised in the income statement.

Interest income and expenses

All interest and interest-like items are recognised in 'Interest income' and 'Interest expenses' according to the effective interest method. All interest income and expenses are included on an accruals basis, i.e. taken to the income statement for the financial year to which they relate.

Fees, charges and commissions

Income from fees, charges and commissions and expenses from fees and charges are recognised in the income statement as paid. Fees, charges, etc. that are part of transaction costs in connection with financial assets and financial liabilities, which are measured at amortised cost, are included in the calculation by application of the effective interest method.

Securities and foreign exchange income or loss

Securities and foreign exchange income or loss comprises realised and unrealised value adjustments of loans and bonds. Moreover, currency translation adjustment and realised and unrealised gains and losses regarding financial derivatives are included. Excepted are value adjustment of credit risk on loans and receivables recognised in the income statement under 'Loan losses and impairment charges'.

Staff costs and administrative expenses

All payroll costs as well as expenses for administration, sales, etc. are recognised in 'Staff costs and administrative expenses'.

Loan losses and impairment charges

This item includes the year's value adjustments of loans and receivables resulting from an objective indication of impairment in relation to the value at the establishment of a loan.

Note 1

Tax

BRFbank a/s is taxed jointly with BRFkredit a/s and Danish parent companies and subsidiaries. Full intercompany allocation of tax takes place, and tax is allocated between the individual companies on a pro-rata basis. BRFfonden acts as the administration company in relation to payment of corporation tax.

The calculated tax on profit or loss for the year is charged to the income statement. The following elements are recognised in tax on profit or loss for the year:

- Current tax on taxable income for the year.
- Changes in all timing differences between accounting and taxation treatment (deferred tax).
- Any difference between the amount of tax actually paid and calculated tax for prior years.

BALANCE SHEET – ASSETS

Cash balance and demand deposits with central banks

Cash balance and demand deposits with Danmarks Nationalbank are measured at nominal value in the balance sheet, which is equal to fair value.

Receivables from credit institutions and central banks

Money market investments (deposits) and demand deposits with credit institutions are measured on initial recognition at fair value and subsequently at amortised cost.

Loans and other receivables

Mortgages are recognised according to the ownership-settlement approach and classified as 'Loans and receivables'. The item is measured at amortised cost.

Other loans and receivables are recognised according to the ownership-settlement approach and classified as 'Loans and receivables'. The item is measured at amortised cost.

Loans and other receivables are written down to the extent that there is an objective indication of impairment in relation to the value at the establishment of a loan.

An objective indication of impairment exists if one or more of the following events have occurred:

- The borrower is experiencing significant financial difficulty
- The borrower's actions, such as default on interest or principal payments, lead to a breach of contract
- The borrower is granted more lenient terms as a result of the borrower's financial difficulty

- It is assessed that the borrower is likely to enter bankruptcy proceedings or another type of financial reorganisation

The impairment charge is determined on the basis of an individual review of all loans of a significant size.

A review for impairment includes an estimate of the values of the underlying collateral, the realisable value of the claim, lay-day costs of an estimated settlement period and sales costs. The indication of impairment is determined on the basis of a calculation of the present value of expected future payments.

Loans for which no individual impairment has been provided are included in a model assessing the need to subject groups of loans to a review for impairment.

The group model is a segmentation model where an initial segmentation is made with a view to dividing the portfolio into groups with similar credit characteristics. See the section on impairments in the management review for further details regarding the model.

Impairment charges determined in this manner are deducted from the respective asset entries, whereas the shifts in impairment charges and losses realised during the period are charged to the income statement.

Bonds at fair value

All listed bonds and other claims priced in active markets are recognised in 'Bonds at fair value'. Recognition takes place according to the ownership-settlement approach.

On initial and subsequent recognition the bonds are measured at fair value, which is determined on the basis of the last known market price. If such a price is not available for the past month, a price calculated on the basis of the official market rate is applied.

Bonds drawn for redemption and repayable immediately after the financial year end are, however, measured at par, whereas bonds drawn for redemption and repayable at a later repayment date are recognised at a calculated market value.

Index-linked bonds are measured at index values at 31 December.

Intangible assets

All intangible assets with an estimated useful life of more than one year are recognised, including IT software etc.

Intangible assets acquired separately are capitalised at cost less accumulated amortisation and impairment. Amortisation is provided on a straight-line basis over the expected useful lives of the assets, typically 1-3 years.

Other tangible assets

Other tangible assets are measured at cost less accumulated depreciation and impairment.

Depreciation is provided on a straight-line basis over the expected useful life. The item comprises cars with an expected useful life of five years. Costs of repair and maintenance are recognised directly in the income statement.

Gains and losses arising from the sale or other disposal of a tangible asset are measured as the difference between the sales amount and the carrying amount. Gains and losses are recognised in the income statement as other income or expenses.

Assets in temporary possession

Assets in temporary possession primarily comprise properties and property companies taken over through foreclosure, which are in the possession of the company for a limited time only.

Properties and property companies in temporary possession are measured at the lower of fair value less sales costs and carrying amount.

Other assets etc.

Interest receivable and balances with customers in connection with loans in process etc. are recognised in 'Other assets etc.'. These assets are measured at amortised cost.

The item also includes positive market values of fixed-rate agreements with customers, swap transactions etc., which are measured at fair value on initial and subsequent recognition.

BALANCE SHEET – LIABILITIES AND EQUITY

Payables to credit institutions and central banks

Money market loans and other payables to credit institutions are measured on initial recognition at fair value and subsequently at amortised cost.

Deposits and other payables

Deposits and other payables are measured on initial recognition at fair value and subsequently at amortised cost.

Issued bonds at amortised cost

Issued bonds are recognised according to the ownership-settlement approach and measured on initial recognition at fair value and subsequently at amortised cost.

Note 1

Other liabilities etc.

Interest payable and balances in connection with loans in process are recognised in 'Other liabilities etc.'. These liabilities are measured at amortised cost.

Negative market values of swap transactions etc., are also recognised.

Subordinated capital

Payables that cannot be settled until other creditors' claims have been satisfied in accordance with the terms of the loan are recognised in 'subordinated capital' according to the ownership settlement approach.

Subordinated capital is measured on initial recognition at fair value and subsequently at amortised cost.

OTHER DEVELOPMENTS

Intercompany transactions

Transactions between BRFbank a/s and companies which are directly or indirectly affiliated to BRFbank a/s are settled according to

written guidelines on an arm's length basis or on a cost recovery basis.

Cash flow statement

The bank's cash flow statement shows cash flows for the year, broken down by cash flows from operating activities, investing activities and financing activities, net change in cash and cash equivalents for the year and the company's cash and cash equivalents at the beginning and end of the year.

The cash flow statement is presented according to the indirect method, based on net profit or loss for the year.

Cash flows from operating activities are determined as net profit for the year adjusted for non-cash operating items and changes in working capital.

Cash flows from investing activities comprise purchases and sales for the financial year of tangible and intangible fixed assets etc.

Cash flows from financing activities relate to movements in subordinated capital, dividends paid and changes in equity.

Cash and cash equivalents comprise cash and demand deposits as well as time deposits

with an original term to maturity of less than three months.

Presentation of accounting figures

All figures in the financial statements are presented in thousands of DKK rounded to zero decimal places.

Grand totals in the financial statements are based on actual figures, which is the most correct method of calculation from a mathematical point of view. A control check to verify the correctness of the grand totals will in some cases result in a rounding difference, which indicates that the hidden decimals are not visible to the reader of the financial statements.

Where '-' is stated instead of a figure in the financial statements, it means that the actual figure for the relevant accounting item is DKK 0.00, whereas '0' means that the figure for the item is between DKK 0.01 and DKK 499,99 and, therefore, has been rounded to zero.

Note 2

2 MATERIAL ACCOUNTING ESTIMATES MADE BY MANAGEMENT

When preparing the annual report in accordance with generally accepted accounting principles, the management needs to make estimates and set assumptions affecting the financial reporting. The management bases its estimate on experience and various other assumptions considered reasonable and relevant by the management under the given circumstances. The management of the BRFbank considers the following estimates and related assessments to be material to the preparation of the financial statements.

Loans with an objective indication of impairment are written down. Individually impaired loans are subject to significant uncertainty as regards the value the underlying collateral might fetch in the event of compulsory realisation, meaning that the impairment in such cases is subjectively estimated. A review for impairment includes an estimate of the values of the assets, the realisable value of the claim, lay-day costs of an estimated settlement period and sales costs. The valuation is made by internal valuers specialised in assessing properties.

Loans subjected to collective impairment are based on an assumption that the probability that loans in arrears at the balance sheet date will turn into bad loans can be estimated on the basis of historical payment data (1-2 years old). In compliance with the general recommendations to the financial sector from the Danish Financial Supervisory Authority, an additional impairment charge has been made in the form of a management judgement.

The fair value of financial instruments, including derivative financial instruments for which no listed market values exist, is based on the best available information under the circumstances. The methods of determination in this respect comprise a discount to net present value of future cash flows and an assessment of the underlying market conditions. The application of these methods includes assumptions of interest, risk premium, volatility, default, prepayments and other information.

Assets in temporary possession, comprising properties that have been acquired by forced sale and property companies, which BRFbank actively endeavours to sell within the next 12

month. There is significant uncertainty over the value these assets might fetch in the event of a sale, with the effect that the valuation of such assets is subjectively estimated, see the description under 'Loans and other receivables' above.

Decisions about the accounting treatment of contingent assets and contingent liabilities are based on an assessment of the expected outcome of the relevant case. In the event that it is virtually certain that a future economic benefit will flow to BRFbank, such a benefit is recognised as an asset. In the event that BRFbank is likely to have to give up economic benefits to meet the obligation, such benefits are recognised as liabilities. If it is not possible to estimate an amount with sufficient certainty or it is not possible to determine the outcome of a given case, this is disclosed. Decisions about such matters may, in future accounting periods, lead to realised gains or losses that exceed the recognised amounts.

Note 3, 4, 5 og 6

Amounts in DKK '000

3 INTEREST INCOME	2009	2008
Receivables from credits institutions and central banks	18,847	30,148
Loans and other receivables	274,863	358,372
Bonds	24,026	-
Other derivative financial instruments, interest-rate contracts	-3,147	622
Other interest income	115	218
Total	314,703	389,360

4 INTEREST EXPENSES	2009	2008
Credits institutions and central banks	35,401	86,010
Deposits and other payables	114,480	118,342
Issued bonds	3,012	-
Subordinated capital	27,182	30,634
Other interest expenses	0	77
Total	180,076	235,062

5 FEES, CHARGES AND COMMISSION INCOME	2009	2008
Payment services	664	351
Originating fees	15,604	35,407
Commissions on guarantees	10,964	16,436
Other fees, charges and commissions	4,222	8,089
Total	31,454	60,284

6 SECURITIES AND FOREIGN EXCHANGE INCOME (- signifies a loss)	2009	2008
Other loans and receivables at fair value	2,780	-10,135
Bonds	1,236	-
Foreign exchange	82	57
Derivative financial instruments, interest-rate contracts	123	-7,774
Total	4,221	-17,852

Note 7, 8 og 9

Amounts in DKK '000

7 STAFF COSTS AND ADMINISTRATIVE EXPENSES	2009	2008
Remuneration of Executive Board	1,398	1,344
<i>Staff costs:</i>		
Wages and salaries	37,394	38,768
Pensions	3,118	2,540
Social security costs	3,038	2,577
Total staff costs	43,550	43,885
<i>Administrative expenses:</i>		
Service agreement with BRFKredit a/s	11,404	6,296
Other	17,637	12,732
Total administrative expenses	29,041	19,028
Total staff costs and administrative expenses	73,989	64,257

Members of the Executive Board have received benefits-in-kind, such as free car etc, which entailed expenses for the bank of DKK 32,000.

8 AUDITORS' FEES	2009	2008
Total fee of accounting company performing the statutory audit	63	121
Of which non-audit fees	-	60
<i>The BRFKredit Group has an Internal Audit Department, which employed seven people in 2009.</i>		

9 NUMBER OF EMPLOYEES	2009	2008
Average number of employees during the financial year (full-time equivalent)	81	78

Note 10 og 11

Amounts in DKK '000

10 LOAN LOSSES AND IMPAIRMENT CHARGES	2009	2008
Net changes in impairment accounts for the period, see below	755,335	186,187
Realised losses, not previously provided for impairment	40,499	2,498
Recoveries of loan losses previously written off	-	-
Total	795,834	188,686
<i>Impairment charges on individually assessed loans</i>		
At beginning of year	226,810	56,878
Impairment charges during the period	696,709	188,777
Reversal of prior-year impairment charges	78,139	17,402
Previously provided for impairment, now written off	20,437	1,443
At end of year	824,943	226,810
<i>Impairment charges on groups of loans</i>		
At beginning of year	15,235	423
Impairment charges during the period	136,765	14,812
Reversal of prior-year impairment charges	-	-
At end of year	152,000	15,235
Loans and other receivables at amortised cost	1,370,350	409,795
Impairment charges	744,354	169,111
Total	625,996	240,684
Loans and other receivables at fair value	-	-
Impairment charges	-	-
Total	-	-
Financial guarantees	263,560	281,870
Impairment charges	80,589	57,699
Total	182,971	224,171
Impairment charges on individually assessed loans	824,943	226,810
Impairment charges on groups of loans	152,000	15,235
Total	976,943	242,045
<hr/>		
11 TAX (- signifies an income)	2009	2008
Calculated tax on income for the year	-	-
Deferred tax	-187.660	-25.710
Total	-187.660	-25.710
<hr/>		
Effective tax rate		
Current tax rate	25,0	25,0
Effective tax rate	25,0	25,0

Note 12, 13 og 14

Amounts in DKK '000

12 RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS	2009	2008
Deposits at notice with central banks	150,000	150,000
Receivables from credit institutions	3,147,453	2,990,940
Total	3,297,453	3,140,940

13 LOANS AND GUARANTEES, CREDIT RISK	2009	2008
<i>Loans and guarantee debtors by industry in % at end of year</i>		
<i>Public authorities:</i>	0	-
<i>Corporate:</i>		
Agriculture, hunting and forestry	0	-
Manufacturing, extraction of raw materials, electricity, gas, water and heat supply	0	-
Building and construction	1	-
Wholesale and retail trade, hotels and restaurants	1	-
Transport, postal and telephone services	0	-
Lending, financing and insurance business	9	4
Property management and real estate sales, business services	37	29
Other industries	3	15
Total corporate lending	51	48
Personal lending	49	52
Total	100	100

14 INTAGIBLE ASSETS	2009	2008
Intangible assets		
Total cost at beginning of the year	826	641
Additions	190	185
Disposals	-	-
Total cost at end of year	1,016	826
Amortisation and impairment at beginning of year	494	396
Amortisation during the year	189	98
Amortisation and impairment charges reversed	-	-
Amortisation and impairment at end of year	683	494
Carrying amount at end of year	334	332
Carrying amount at beginning of year	332	245

Note 15, 16, 17, 18 og 19

Amounts in DKK '000

	2009	2008
15 ØVRIGE MATERIELLE AKTIVER		
Total cost at beginning of the year	410	410
Additions	506	-
Disposals	-	-
Total cost at end of year	916	410
Amortisation and impairment at beginning of year	123	41
Amortisation during the year	173	82
Amortisation and impairment charges reversed	-	-
Amortisation and impairment at end of year	296	123
Carrying amount at end of year	620	287
Carrying amount at beginning of year	287	369
16 DEFERRED TAX ASSETS		
Intangible assets	-83	-83
Other tangible assets	27	44
Portfolio of mortgages	-1,972	-8,886
Liabilities	166	320
Accumulated tax losses	215,234	34,316
Total	213,371	25,711
17 ASSETS ACQUIRED TEMPORARILY		
Properties	88,513	-
Property companies	72,314	-
Total	160,827	-
18 OTHER ASSETS		
Positive market value of derivative financial instruments	37,378	23,973
Sundry debtors	343	390
Interest and commissions receivable	29,596	13,591
Other assets	267	4
Total	67,584	37,959
19 PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS		
Payables to credit institutions	3,734,191	4,227,816
Total	3,734,191	4,227,816

Note 20, 21, 22 og 23

Amounts in DKK '000

20 DEPOSITS AND OTHER PAYABLES	2009	2008
Demand deposits	2,302,920	2,520,155
Deposits at notice	23,952	61,052
Time deposits	1,613,013	710,623
Total	3,939,885	3,291,830

21 OTHER LIABILITIES	2009	2008
Sundry creditors	3.066	3.759
Negative market value of derivative financial instruments	50.300	35.483
Interest and commission payable	49.182	28.136
Other liabilities	11.093	20.832
Total	113.641	88.210

22 SUBORDINATED CAPITAL	2009	2008
Subordinated capital	450,000	600,000
Total	450,000	600,000

Principal payments on loan of DKK 150 million are deferred until early 2014. The interest rate is 3-month Cibor + 1.15%

Principal payments on loan of DKK 200 million are deferred until early 2017. The interest rate is 3-month Cibor + 1.07%

Principal payments on loan of DKK 100 million are deferred until early 2016. The interest rate is 3-month Cibor + 1.50%

In 2009 principal payments on loan of DKK 150 million was converted into share capital. The interest rate was 3-month Cibor + 7,00%

Interest on the loan, all granted by BRFkredit, was DKK 27,182,000 (2008: DKK 30,634,000) and the aggregate amount of the subordinated capital is included in the calculation of own funds.

23 CONTINGENT LIABILITIES	2009	2008
Guarantees etc,		
Financial guarantees	433,236	730,533
Financial guarantees provided to BRFkredit a/s	2,618,351	2,838,391
Total financial guarantees	3,051,588	3,568,924
Other guarantees	80,130	122,604
Total guarantees etc.	3,131,718	3,691,529
Other contingent liabilities		
Other liabilities	50	50
Total other contingent liabilities	50	50
Total	3,131,768	3,691,579

Note 24

Amounts in DKK '000

24 LIQUIDITY RISKS BY REMAINING TERM TO MATURITY	2009	2008
Receivables from credit institutions and central banks		
On demand	2,836,989	2,522,940
Up to 3 months	450,622	618,000
Over 3 months and up to 1 year	-	-
Over 1 year and up to 5 years	9,842	-
Over 5 years	-	-
Total	3,297,453	3,140,940
Lending		
On demand	115,501	751,621
Up to 3 months	837,943	1,235,806
Over 3 months and up to 1 year	825,620	452,739
Over 1 year and up to 5 years	627,839	894,508
Over 5 years	2,431,365	2,643,483
Total	4,838,269	5,978,157
Payables to credit institutions and central banks		
On demand	3,031,688	3,183,896
Up to 3 months	-	-
Over 3 months and up to 1 year	-	-
Over 1 year and up to 5 years	638,199	1,043,920
Over 5 years	64,304	-
Total	3,734,191	4,227,816
Deposits and other payables		
On demand	2,335,999	2,620,011
Up to 3 months	879,632	148,188
Over 3 months and up to 1 year	724,254	523,631
Over 1 year and up to 5 years	-	-
Over 5 years	-	-
Total	3,939,885	3,291,830
Issued bonds at amortised cost		
On demand	-	-
Up to 3 months	-	-
Over 3 months and up to 1 year	100,000	-
Over 1 year and up to 5 years	-	-
Over 5 years	-	-
Total	100,000	-

Note 25, 26 og 27

Amounts in DKK '000

25 ADDITIONAL DATA ON RECLASSIFICATION OF ASSETS	2009	2008
Reclassified at 1. July 2008	-	341,463
Value of reclassified assets at end of year	226,023	271,991
Fair value of reclassified assets at end of year	224,922	254,993
Adjustment to fair value until reclassification	-	-13,312
Adjustment to fair value if assets had not been reclassified	14,597	-16,667
Amount recognised in income statement	25,319	13,266

The portfolio of mortgages which was previously regarded as a trading portfolio and measured at fair value has since 1 July 2008 been reclassified and recognised at amortised cost.

26 HEDGE ACCOUNTING	2009	2008
<i>Hedging of fixed-rate loans:</i>		
Acquisition price	56,693	56,693
Carrying amount	63,048	62,788
Fair value	63,048	62,788
Nominal value	56,693	56,693
Market value adjustment	260	1,889
<i>Underlying financial instruments</i>		
Nominal value of interest rate swap	56,369	56,369
Carrying amount	-5,118	-4,999
Market value of interest rate swap	-5,118	-4,999
Market value adjustment	-119	-1,245

Fair value hedge accounting has been provided for the above-mentioned transaction. The hedge item is a fixed-rate loan in a nominal amount of DKK 56.7 million. The hedging instrument is an interest rate swap of DKK 56.4 million. After hedging, interest rate risk has been practically eliminated.

27 KEY FIGURES AND RATIOS	2009	2008	2007	2006	2005
Solvency ration	14.3	17.0	14.2	14.2	12.8
Core capital ratio	7.9	10.2	9.1	9.1	9.8
Return on equity before tax	-87.9%	-11.8%	5.8%	9.8%	10.9%
Return on equity after tax	-65.9%	-8.8%	4.4%	7.0%	7.9%
Earnings per unit of cost (DKK)	0.17	0.61	1.38	2.19	2.12
Interest rate risk	2.6%	2.5%	2.3%	1.6%	5.2%
Foreign exchange position	-	-	-	-	-
Foreign exchange position	-	-	-	-	-
Ratio of loans and impairment charges to deposits	145.6%	187.2%	241.0%	245.2%	152.3%
Own funds in excess of statutory requiremen for cash	211.1%	176.8%	177.6%	258.6%	335.5%
Share of receivables with reduced interest rates	13.0	-	-	-	-
Sum of large loan facilities	99.1%	122.8%	95.8%	117.0%	183.6%
Impairment ratio	10.9	2.4	0.7	0.1	0.1
Growth in lending during the year	8.9	1.9	0.6	0.0	0.1
Growth in lending during the year	-19.1%	27.9%	29.5%	87.6%	6.9%
Loan-to-equity ration	6.3	6.4	5.8	5.7	3.9

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

Note 28 og 29

Amounts in DKK '000

28 RELATED PARTY TRANSACTIONS

The registered office of the Company is situated at Klampenborgvej 205, 2800 Kgs. Lyngby, Denmark

The Company is wholly owned by BRFkredit a/s, Klampenborgvej 205, 2800 Kgs. Lyngby, Denmark

BRFbank's related parties comprise:

The Company's parent company and ultimate parent, see note 29

Properties temporarily acquired by the Company

The Company's Supervisory Board and Executive Board and the parents company's Supervisory Board and Executive Board.

The Company has received subordinated capital from its parent company, see note 22.

Remuneration of management etc., see note 7.

The Company has concluded an agreement on administrative tasks with its parent company, see note 7. Prices are determined in accordance with the arm's length principle. The Company has furnished guarantees to its parent company, see note 23. Guarantees are furnished in accordance with the arm's length principle.

The Company has balances with subsidiary undertakings of the BRFkredit Group:

Ejendomsselskabet Nørreport 26, 8000 Århus C. A/S, Denmark

Ejendomsselskabet Nørgaardsvej 37-41, 2800 Kgs. Lyngby A/S, Denmark

The Company has not granted loans or furnished guarantees etc. to its Supervisory Board and Executive Board or to the Supervisory Board of its parent company.

The following transactions were concluded with related parties:

	2009	2008
Parent company		
Interest income	12,158	15,285
Interest expenses	2,322	17,253
Fees, charges and commission income	1,972	3,291
Securities and foreign exchange income	300	-
Other related parties		
Interest expenses	75	281

The following outstanding balances with related parties existed at year-end:

	2009	2008
Parent company		
Receivables from credit institutions and central banks	310,464	10,301
Bonds at fair value	51,100	-
Payables to credit institutions	3,057,690	3,183,896
Other related parties		
Deposits and other payables	3,126	5,865

29 PARENT COMPANIES PREPARING CONSOLIDATED FINANCIAL STATEMENTS

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

BRFkredit a/s, Kgs. Lyngby, Denmark

BRFholding a/s, Kgs. Lyngby, Denmark

BRFfonden, Kgs. Lyngby, Denmark

