

**Investor Report
BRFkredit
Q1 2010**

Introduction

The purpose of this report is to examine the most important issues relating to BRFkredit's capital and risk exposures. The report should be related to the report "Risk and Capital Management 2009" which was published in February 2010. This report only covers facts that relate to BRFkredit. Consequently, facts that relate to BRFbank are not covered.

In the future the report will be published in connection with the interim and annual reports.

In summary, the report shows that the risk situation has been improved compared to last quarter both in the private and the commercial segment. It should be noted that the arrears percentages have decreased from third quarter 2009 to fourth quarter 2009. This is the case for both the short (i.e. 15 day arrears) and the long arrears (3½, 6½ and 12½ month arrears).

However, indicators such as forced sales and debt collecting in the private segment are still increasing. In the corporate segment there is a mixed picture as regards credit quality indicators. The majority of the episodes relates to customers who showed signs of weakness back in 2008 and in 2009. In this connection it should be mentioned that the development in arrears has improved for BRFkredit's commercial customers. This indicates that no new problem customers have been identified in the commercial segment.

The future risk picture is estimated to improve due to the lower arrears level in the private and commercial segments and also because of the slightly increasing property prices which are also reflected in the LTV ratios.

In spring 2010, BRFkredit has strengthened its capital base by issuing senior debt so BRFkredit's capital situation is very satisfactory.

Sven A Blomberg
Chief Executive Officer

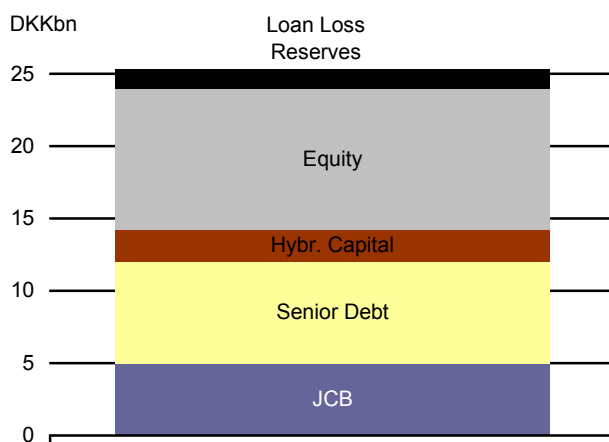
Carsten Tirsbæk Madsen
Executive Vice President

BRFkredit's Capital Situation

The security behind BRFkredit's bonds is based on mortgaged properties, BRFkredit's equity capital as well as other capital elements. At the end of first quarter 2010, BRFkredit's total capital base amounts to almost DKK 25 billion of which approximately half is core capital. The rest is Junior Covered Bonds and senior debt guaranteed by the Government.

With a capital base of this size, BRFkredit meets the legal capital requirements as well as the requirements stated by the credit rating agency Moody's. Furthermore, BRFkredit now has a capital position which can defend the current ratings in case BRFkredit's issuer rating is downgraded one notch.

Chart 1. BRFkredit's Capital Situation

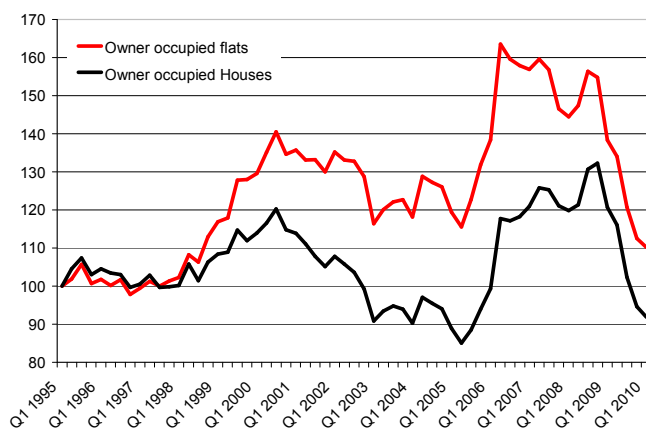


The Housing Burden

The housing burden index indicates how much housing expenses i.e. interest payments and taxes account for in a household's disposable income when living in an average house or flat and on the basis of a fixed-rate mortgage loan.

The index is calculated by BRFkredit and is based on an average 140 square metre single-family house and a 75 square metre flat. The housing burden thus expresses the financial burden for an average household for each of the two types of residence.

Chart 2. The Housing Burden



The housing burden has declined heavily during 2009. This is partly due to historically low interest rates and increasing disposable incomes and partly due to the corrections the housing prices in general have experienced. All in all, it has become cheaper for first time buyers to enter into the housing market. Actually, the housing market statistics show that this is the case as it has been noted that in several areas of the country there is an increase in housing prices as well as an increase in trading activity.

The positive spill-over effect from a housing market that is getting better can also be seen in the recently published figures for forced sales in April. Thus, there was a decrease in the number of appointed auctions compared to March, however, it is still a higher level when comparing to the same month last year.

Arrears

The level of arrears relating to the loan payment due by the end of the fourth quarter 2009 – measured after 45, 90, and 105 days – is lower for the commercial segment than the level after the third quarter, 2009. As regards the private segment, however, there is a small increase. On aggregate, the level of arrears for the fourth quarter 2009 has decreased compared to the third quarter 2009. The arrears percentage 15 days after first quarter 2010 has decreased compared to Q4 2009. Both the private segment and the commercial segment have experienced a decrease.

Chart 3.
Arrears Percentage,
Private Lending

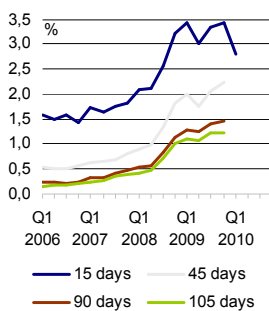


Chart 4.
Arrears Percentage,
Commercial Lending

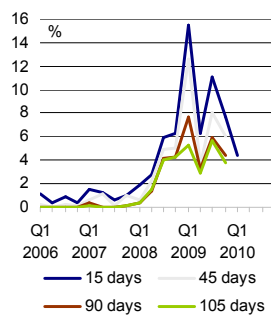


Chart 5.
Arrears Percentage,
Subsidized Lending¹⁾

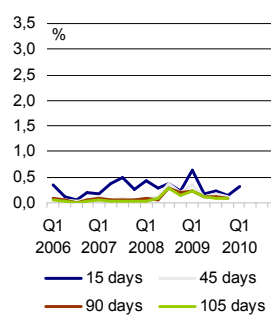
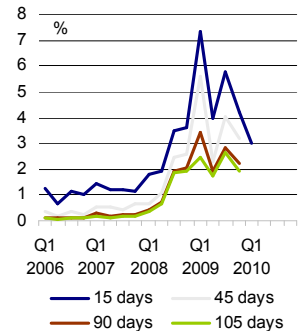


Chart 6.
Arrears Percentage,
Total Lending



1) Subsidised housing also contains loans to governmental supported cooperative houses.

The table below shows the arrears percentages of BRFkredit's segments. It can be seen that in more or less all segments the arrears situation has improved considerably.

Table 1. Arrears Percentages

The table below illustrates the same positive trend as the total arrears amount has been reduced during the first quarter of 2010.

It should be noted that for loans in arrears impairment charges have been taken, based on the estimated value depreciation.

Arrears, Percentage								
Segment	Length of arrears, months	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010
Private	0.5	2.6	3.2	3.5	3.0	3.4	3.4	2.8
	3.0	0.9	1.4	1.5	1.4	1.5	1.6	
	3.5	0.7	1.1	1.1	1.1	1.2	1.2	
	6.5	0.4	0.6	0.6	0.6	0.7		
	12.5	0.1	0.2	0.1				
Private Rental Housing	0.5	15.1	15.9	26.3	11.3	29.2	13.4	8.5
	3.0	11.3	12.7	16.9	7.2	13.9	9.8	
	3.5	11.1	12.4	11.3	6.4	11.8	8.3	
	6.5	9.2	8.3	8.5	3.4	6.1		
	12.5	4.2	3.9	1.6				
Subsidised Housing	0.5	0.2	0.2	0.5	0.1	0.2	0.1	0.3
	3.0	0.2	0.1	0.2	0.1	0.2	0.1	
	3.5	0.2	0.1	0.1	0.1	0.1	0.1	
	6.5	0.2	0.0	0.1	0.0	0.0		
	12.5	0.0	0.0	0.0				
Cooperative Housing	0.5	1.1	0.6	2.1	2.2	2.0	0.9	1.0
	3.0	0.9	0.6	0.8	0.2	0.4	0.4	
	3.5	0.6	0.5	0.8	0.1	0.4	0.4	
	6.5	0.6	0.5	0.2	0.1	0.3		
	12.5	0.0	0.1	0.2				
Office and business	0.5	3.1	4.8	9.7	6.6	6.2	7.3	4.1
	3.0	1.4	3.1	7.1	3.1	4.2	4.3	
	3.5	1.4	2.2	3.8	2.4	3.7	3.0	
	6.5	1.2	1.7	2.4	1.4	1.6		
	12.5	0.7	0.9	0.4				
Other Lending	0.5	0.4	0.5	0.3	1.1	1.1	0.8	0.7
	3.0	0.1	0.1	0.1	0.5	0.4	0.5	
	3.5	0.1	0.0	0.1	0.5	0.4	0.5	
	6.5	0.0	0.0	0.1	0.1	0.3		
	12.5	0.0	0.0	0.0				
Total Lending	0.5	3.6	3.6	6.4	4.0	6.3	3.9	3.0
	3.0	2.0	2.3	3.8	2.1	3.1	2.4	
	3.5	1.9	2.0	2.5	1.7	2.6	1.9	
	6.5	1.5	1.3	1.7	1.0	1.3		
	12.5	0.6	0.6	0.3				

Table 2. Arrears in DKKm

Arrears, DKKm								
Segment	Length of arrears, months	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010
Private	0.5	43.2	54.2	60.2	50.7	55.8	53.0	40.3
	3.0	14.4	23.8	25.2	23.2	25.2	25.4	
	3.5	12.3	17.8	19.1	17.8	19.7	19.1	
	6.5	6.8	9.3	10.3	10.1	10.7		
	12.5	1.3	2.6	2.6				
Private Rental Housing	0.5	55.2	67.7	104.5	83.0	117.9	66.1	26.0
	3.0	41.4	53.8	67.2	52.9	56.3	48.3	
	3.5	40.5	51.6	44.9	47.1	47.8	40.9	
	6.5	33.7	34.8	34.0	25.4	24.7		
	12.5	15.4	16.5	6.2				
Subsidised Housing	0.5	1.1	1.7	2.4	1.2	1.1	1.3	1.3
	3.0	0.7	1.4	0.8	1.1	0.8	1.0	
	3.5	0.7	1.4	0.5	1.0	0.4	0.8	
	6.5	0.7	0.2	0.5	0.2	0.2		
	12.5	0.0	0.1	0.2				
Cooperative Housing	0.5	2.1	1.5	3.8	10.3	3.8	2.7	1.7
	3.0	1.7	1.4	1.5	0.8	0.7	1.2	
	3.5	1.0	1.4	1.5	0.5	0.7	1.1	
	6.5	1.0	1.4	0.3	0.5	0.6		
	12.5	0.0	0.3	0.3				
Office and business	0.5	13.1	21.8	45.0	47.1	29.7	35.9	16.1
	3.0	5.9	14.1	32.9	22.2	20.2	21.3	
	3.5	5.9	10.0	17.7	16.9	17.4	15.1	
	6.5	5.2	7.8	11.3	9.8	7.6		
	12.5	3.1	4.1	1.8				
Other Lending	0.5	0.5	0.9	0.4	1.4	1.4	1.0	0.7
	3.0	0.1	0.2	0.1	0.6	0.5	0.7	
	3.5	0.1	0.1	0.1	0.6	0.5	0.7	
	6.5	0.0	0.1	0.1	0.1	0.4		
	12.5	0.0	0.0	0.1				
Total Lending	0.5	115.2	147.7	216.3	193.9	209.6	160.0	86.1
	3.0	64.2	94.7	127.8	100.7	103.7	97.8	
	3.5	60.6	82.3	83.7	83.9	86.6	77.6	
	6.5	47.4	53.5	56.6	46.0	44.2		
	12.5	19.8	23.5	11.2				

Foreclosed Properties

During the first quarter 2010, there has been an increase in forced sales so that the number of foreclosed properties increased to 297 from 211. The increase can be assigned to the private as well as the commercial segment.

The total debt in foreclosed properties amounted to almost DKK 2 billion.

Table 3. Foreclosed Properties

(DKKm)	End of Q4 2009		Intake		Sold off		End of Q1 2010	
	Number	Debt in DKKm	Number	Debt in DKKm	Number	Debt in DKKm	Number	Debt in DKKm
Private	146	171	85	52	179	218		
Subsidised Housing	0	0	0	0	0	0		
Rental housing	51	924	57	10	98	1,447		
Office and Business	13	149	10	3	20	326		
Other lending	1	0	0	1	0	0		
Total	211	1,244	152	66	297	1,991		

Concentration of Large Exposures

The table below illustrates the concentration of large exposures. It can be seen that BRFkredit's 50 largest exposures in total account for approximately 15 percent of the aggregate mortgage loans. Furthermore, it can be seen that the size of the exposures decrease rapidly as there is a huge difference in size between the ten largest exposures and the following ten exposures, etc.

Table 4. Concentration of Large Exposures

Loans*, by end of Q1 2010		Accumulated	In pc of total portfolio	In pc of portfolio, accumulated
	DKKm			
10	13,876	13,876	6.4	6.4
20	7,431	21,307	3.4	9.8
30	4,837	26,144	2.2	12.1
40	3,606	29,751	1.7	13.7
50	3,114	32,864	1.4	15.2

* In the calculation of loans, deductions have not been made in compliance with the executive order on large exposures

Loan Loss Reserves

The level of impairment charges is still high even though a smaller decrease in the aggregate impairment charges can be seen at the end of first quarter 2010 compared to fourth quarter 2009. Loan loss reserves amounted to DKK 1,317m by end of Q1 2010. The loan loss reserves amounted to DKK 1,356 million at the end of 2009.

Table 5. Impairment Charges

Property category	Loans, DKKm	Impairment Charges Q1 2010		Loan Loss Reserves end Q1 2010	
		DKKm	Pc	DKKm	Pc
Private	101,856	135	0.1%	440	0.4%
Subsidised housing	33,984	0	0.0%	3	0.0%
Rental housing	43,001	26	0.1%	754	1.8%
Office and business	31,199	6	0.0%	110	0.4%
Other	6,388	0	0.0%	9	0.1%
Total	216,428	166	0.1%	1,317	0.6%

Realised Losses

The realised losses have increased in the first quarter 2010 compared to the fourth quarter 2009. Total losses amounted to DKK 235 million in the first quarter 2010 against DKK 163 million in the fourth quarter 2009. The majority of losses is due to exposure in the private rental housing segment and the owner occupied segment.

The chart below shows the realised losses from 1991 to first quarter 2010.

Chart 7. Realised Losses

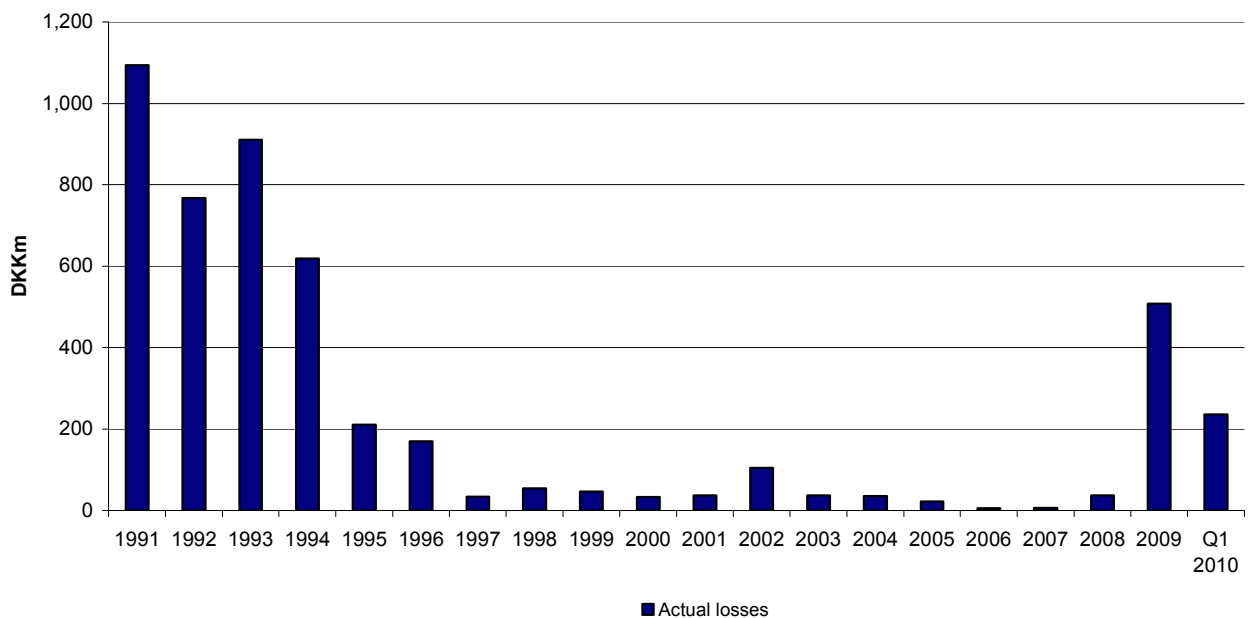


Table 6. Realised Losses by Property Category

Property category	Loans, DKKm	Realised losses, Q1 2010 ¹	
		DKKm	pc
Private	101,856	86	0.1%
Subsidised Housing	33,984	0	0.0%
Rental housing	43,001	144	0.3%
Office and Business	31,199	4	0.0%
Other lending	6,388	0	0.0%
Total	216,428	235	0.1%

Note: 1) There is also incurred expenses etc. of DKK 5.6 million. kr bringing the total losses amount to DKK 241m.

Table 7. Distribution of the Portfolio Based on Type of Loan

	ARM-loans		Fixed rate loans		CIBOR-loans		Other loantypes ¹⁾	Total
	Repayment	Interest-only	Repayment	Interest-only	Repayment	Interest-only		
Private	16.7	35.5	23.5	8.6	5.8	9.5	0.3	100
Subsidised housing	39.9	0.1	19.8	0.2	0.1	0.0	39.8	100
Rental housing	7.5	56.1	14.7	8.0	0.6	9.2	3.8	100
Office and business	18.7	59.3	8.4	3.4	0.3	9.4	0.5	100
Other lending	25.8	36.6	27.2	0.9	1.0	5.7	2.9	100
Total	19.1	37.6	19.1	6.2	2.9	7.9	7.2	100

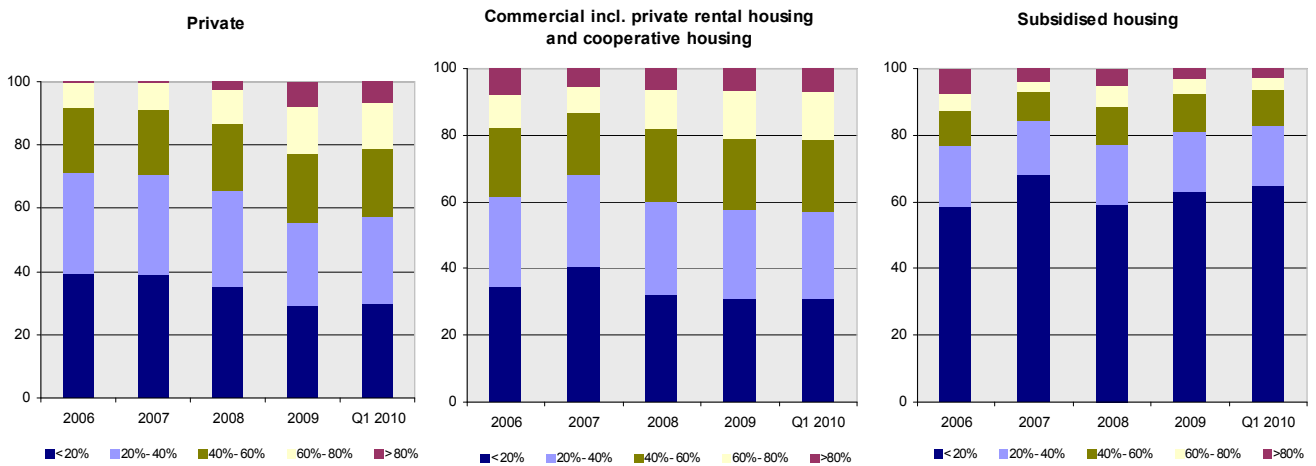
1) Includes index-linked loans etc.

It can be seen from the table above that adjustable rate mortgage loans and interest-only mortgage loans account for a considerable part of the lending activity.

The figure below shows the lending percentages for the private, commercial, and non-profit housing segments in the period 2006 to first quarter 2010. The figure illustrates how much of the portfolio within each segment that is within the lending percentages of 0-20 percent, 20-40 percent, etc.

It can be seen in the figure that around 80 percent of the lending to the private segment is within an LTV of 60 percent. Correspondingly, more than 93 percent of the lending to the non-profit housing segment is within an LTV of 60 percent.

Chart 8. Distribution of Loans by Collateral Brackets and Property Category



The table below illustrates the LTV of the total lending portfolio of BRFkredit. At the end of first quarter 2010 almost 81 pc of the aggregate lending were within an LTV of 60 percent of the estimated property values. The part of the lending where the security was above 80 percent of the property value accounted for 6.3 percent which is a decrease compared to the previous period.

Table 8. Distribution of Loans by Collateral Brackets and Property Category.

BRFkredit's total loan book *

Per cent	Collateral brackets (fraction of fair property value)	Distribution of loans into collateral brackets						Current loan to value Avg.
		0% to 20%	20% to 40%	40% to 60%	60% to 80%	80% to 100%	Over 100%	
		- % of loan book -						
	Private (owner-occupied & vacation homes)	30	27	22	14	5	2	72
	Rental housing	44	21	16	11	5	3	62
	Office & business properties	32	29	24	12	2	1	67
	Total loan book	36	25	20	13	4	2	67

Note: * The table includes, in addition to loans in Capital Centre E and B, also loans in other, old capital centres.

Information on BRFkredit's Capital Centres B and E

Information on BRFkredit's two largest capital centres - Capital Centre B and Capital Centre E - can be seen below.

Table 9

	Capital Centre B (RO)	Capital Centre E (SDO)	BRFkredit total *
BRFkredit's mortgage lending			
Mortgage loans in DKK bn	100	96	216
% of total loan book	46	44	100
N# of loans	63,840	52,399	135,928

Table 10

	Capital Centre B (RO)	Capital Centre E (SDO)	BRFkredit total *
Distribution by property category, end of period			
Per cent of total loan book			
Private (owner-occupied & vacation homes)	46	55	47
Non-profit housing (rental housing)	7	12	15
Private rental properties (rental housing)	27	14	20
Office & business properties	15	16	14
Other (agriculture, industry & crafts, etc.)	4	3	3
Sum	100	100	100

Table 11

	Capital Centre B (RO)	Capital Centre E (SDO)	BRFkredit total *
Distribution by geography (location of the property), end of period			
Per cent of total loan book			
Greater Copenhagen area (Region Hovedstaden)	51	45	49
Remaining Zealand & Bornholm (Region Sjælland)	14	14	14
Northern Jutland (Region Nordjylland)	5	5	5
Eastern Jutland (Region Midtjylland)	14	17	16
Southern Jutland & Funen (Region Syddanmark)	15	17	16
Outside Denmark	0	1	1
Sum	100	100	100

Table 12

	Capital Centre B (RO)	Capital Centre E (SDO)	BRFkredit total *
Distribution of loans into brackets by loan size, end of period			
Per cent of total loan book			
Individual loan balance			
between DKK 0m and 2m	43	40	40
between DKK 2m and 5m	13	19	15
between DKK 5m and 20m	18	14	18
between DKK 20m and 50m	14	12	14
between DKK 50m and 100m	6	7	6
Over DKK 100m	6	8	6
Sum	100	100	100

Table 13

	Capital Centre B (RO)	Capital Centre E (SDO)	BRFkredit total *
Distribution of loans into brackets by vintage (age of loan), end of period			
Per cent of total loan book			
Up to 1 year	1	36	16
between 1 and 2 years	0	35	16
between 2 and 5 years	80	16	44
between 5 and 10 years	19	13	16
Over 10 years	0	0	8
Sum	100	100	100

Table 14

	Capital Centre B (RO)	Capital Centre E (SDO)	BRFkredit total *
Distribution of loans by type, end of period			
Per cent of total loan book			
ARM	31	90	57
- amortizing	5	35	19
- with interest-only option	26	55	38
Fixed-rate loans	44	7	24
- amortizing	34	5	19
- with interest-only option	10	2	5
Capped, ratched-capped and un-capped floating rate	23	3	11
- amortizing	7	0	3
- with interest-only option	16	2	8
Other loan types, incl. bullets	2	1	8
Sum	100	100	100

Table 15

Loan book distributed into collateral brackets and average loan to value

BRFkredit's Capital Centre B mortgage loans - (RO - mortgage bond funded)

Per cent	Collateral brackets (fraction of fair property value)	Distribution of loans into collateral brackets						Current loan to value Avg.
		0% to 20%	20% to 40%	40% to 60%	60% to 80%	80% to 100%	Over 100%	
		- % of loan book -						
Private (owner-occupied & vacation homes)		33	29	21	11	4	1	66
Rental housing		36	24	18	13	7	3	67
Office & business properties		36	30	21	9	2	1	68
Total loan book		35	27	20	11	4	2	66

BRFkredit's Capital Centre E mortgage loans - (SDO - covered bond funded)

Per cent	Collateral brackets (fraction of fair property value)	Distribution of loans into collateral brackets						Current loan to value Avg.
		0% to 20%	20% to 40%	40% to 60%	60% to 80%	80% to 100%	Over 100%	
		- % of loan book -						
Private (owner-occupied & vacation homes)		26	26	23	17	6	2	78
Rental housing		44	22	19	11	4	1	63
Office & business properties		27	28	26	16	2	1	66
Total loan book		31	25	23	15	5	1	72

BRFkredit's total loan book *

Per cent	Collateral brackets (fraction of fair property value)	Distribution of loans into collateral brackets						Current loan to value Avg.
		0% to 20%	20% to 40%	40% to 60%	60% to 80%	80% to 100%	Over 100%	
		- % of loan book -						
Private (owner-occupied & vacation homes)		30	27	22	14	5	2	72
Rental housing		44	21	16	11	5	3	62
Office & business properties		32	29	24	12	2	1	67
Total loan book		36	25	20	13	4	2	67

Note: * The table includes, in addition to loans in Capital Centre E and B, also loans in other, old capital centres.

NotesBRFkredit's Capital Centre E (SDO funded lending)

BRFkredit provides additional security if the value of the mortgage (the property) and possible guarantees are insufficient to meet the lending limits i.e. in case of falling property prices. The additional security is based on capital paid into the capital centre and proceeds of the sales of JCBs (Junior Covered Bonds) and senior debt.

The Basis of Security for RO and SDO (in general)

The basis of security of the bonds is the part of BRFkredit's assets which are placed in the capital centre issuing the bonds. Consequently, the basis of security covers – apart from the mortgage deeds (the loans) – also possible guarantees, contracts of guarantee, other special securities, and the borrower's personal liability for debt as well as the paid in capital (over collateral). BRFkredit's other assets cf. legislation constitute a further basis of security.

Distribution of Loans Based on Security

Quoted value of loans distributed according to estimated market value of property. The statement is shown compared to a division of the property's value in intervals of 20 percentage points. For loans with a guarantee from a public authority (non-profit housing) the guaranteed part of the loan has been assigned to the lower lending limit.

Property Value

An estimated market value is fixed for each property. Lending to owner-occupied housing and weekend homes is based on a valuation made by BRFkredit or the actual transaction price unless the price is older than five years. If this is not the case the value is based on a statistical evaluation model or the public valuation of property. The value which has been found is discounted forward to the date of the statement based on a statistical price development model. As for other properties an evaluation made by BRFkredit is used or the public valuation of property. The majority of the estimates are based on valuations or actual transactions which have formed the basis of lending offers or paid out loans.

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