

To NASDAQ OMX Copenhagen A/S,  
Luxembourg Stock Exchange and  
The press

Announcement no. 103/2010  
18 November 2010

*NB! Please observe that the Danish version of this announcement prevails.*

# Interim Report

## for Q1 to Q3 2010



**3RF** kredit

# Interim Financial Report of the BRFkredit Group\* for the period 1 January to 30 September 2010

Earnings performance improved by DKK 432 million from the year-earlier period. In isolated terms, BRFkredit posted a net profit of DKK 138 million for the third quarter of 2010.

## Summary financial performance

- BRFkredit came out of the first three quarters of 2010 with a net loss of DKK 59 million, against a net loss of DKK 491 million for the corresponding period of 2009. At 30 June 2010, BRFkredit posted a first-half net loss of DKK 197 million.
- Core income came to DKK 1,286 million, against DKK 1,388 million for the corresponding period of 2009. The decline can mainly be ascribed to lower risk-free returns on the securities portfolio.
- Costs and expenses were down by 12% to DKK 599 million in the first three quarters of 2010, against DKK 678 million in the corresponding period of 2009.
- Earnings from investment portfolios were negative at DKK 15 million in the first three quarters of 2010, against a positive return of DKK 437 million in the first three quarters of 2009.
- Loan losses and impairment charges etc. trimmed profits by DKK 552 million in the first three quarters of 2010, compared with an adverse impact of DKK 1,832 million in the first three quarters of 2009. The impact broke down into a reduction in impairment charges on individually assessed loans of DKK 44 million, an increase in impairment charges on groups of loans of DKK 95 million and realised losses etc. of DKK 501 million.
- Out of total loan losses and impairment charges during the period, BRFkredit a/s and BRFbank a/s accounted for DKK 400 million and DKK 152 million, respectively. DKK 351 million of impairment charges was accounted for by private customers and DKK 201 million by corporate customers. Loan losses and impairment charges developed favourably over the past 5 quarters.
- The arrears rate measured 15 days after the third quarter of 2010 was 3.07%, against 5.80% at the same stage of 2009, and the arrears rate measured 105 days after the June 2010 repayment date was 0.91%, against 1.72% a year earlier.
- Commercial properties acquired through foreclosure were sold in the period for a total amount of DKK 1,620 million, which contributed to profits as these properties are generally sold above the carrying amounts.

## Capital base at 30 September 2010

- The individual solvency requirement was 8.8% or DKK 7.2 billion.
- Core capital and solvency ratios were 13.9% and 13.7%, respectively.
- Equity amounted to DKK 9,666 million. Core capital and own funds were DKK 11,349 million and DKK 11,160 million, respectively.

- BRFkredit held own funds in excess of the solvency requirement of DKK 4.0 billion.

## Outlook for 2010

BRFkredit's expectations for its full-year performance are unchanged from the outlook given at the time of the presentation of the Interim Financial Report for the period 1 January to 30 June 2010. The full-year 2010 forecast is based on expectations of rising core income from lending operations, falling costs and expenses, falling loan losses and impairment charges and rising cost of capital. Overall, BRFkredit still expects to deliver a net loss for 2010, albeit a stronger performance compared with 2009.

## Sven A. Blomberg, Chief Executive Officer, says

'BRFkredit's financial statements for the period 1 January to 30 September 2010 showed a net loss of DKK 59 million, an improvement of DKK 432 million over the same period of 2009. The financial performance was also an improvement on the first half of 2010, which showed a net loss of DKK 197 million. In isolated terms, BRFkredit posted a net profit of DKK 138 million for the third quarter of 2010. The positive trend in the first three quarters of 2010 is expected to continue into the fourth quarter of the year. Overall, however, BRFkredit still expects to deliver a net loss for the whole of 2010, albeit a stronger performance compared with 2009.'

\* The BRFkredit Group will be referred to as BRFkredit below.

# Financial and operating data for BRFkredit

DKK million

## CORE EARNINGS/EARNINGS FROM INVESTMENT PORTFOLIOS AND PROFITS FOR THE PERIOD

	Q1 to Q3 2010	Q1 to Q3 2009	2009 (full year)
Core income from lending operations etc.	1,035	946	1,286
Core income from securities	251	442	527
<b>Total core income</b>	<b>1,286</b>	<b>1,388</b>	<b>1,813</b>
Operating expenses, depreciation and amortisation	599	678	910
<b>Core earnings before loan losses and impairment charges etc.</b>	<b>687</b>	<b>711</b>	<b>903</b>
Loan losses and impairment charges	552	1,832	2,125
<b>Core earnings before overheads</b>	<b>135</b>	<b>-1,121</b>	<b>-1,223</b>
Expenses for hybrid core capital	148	-	31
Expenses for junior covered bonds	17	4	3
Expenses for senior loans	32	-	-
<b>Core earnings</b>	<b>-62</b>	<b>-1,126</b>	<b>-1,257</b>
Earnings from investment portfolios	-15	437	398
<b>Profit or loss before tax</b>	<b>-77</b>	<b>-689</b>	<b>-858</b>
Tax (- signifies an income)	-17	-198	-237
<b>Net profit or loss for the period</b>	<b>-59</b>	<b>-491</b>	<b>-621</b>

## SUMMARY BALANCE SHEET

	Q1 to Q3 2010	Q1 to Q3 2009	2009 (full year)
Lending	221,019	223,282	221,026
Bonds and shares etc.	7,759	6,855	13,307
Other assets	7,133	8,772	12,496
<b>Total assets</b>	<b>235,911</b>	<b>238,909</b>	<b>246,829</b>
Issued bonds	200,008	201,553	200,338
Other liabilities	26,237	27,468	36,761
Equity	9,666	9,888	9,730
<b>Total liabilities and equity</b>	<b>235,911</b>	<b>238,909</b>	<b>246,829</b>

## SELECTED KEY FIGURES AND RATIOS

	Q1 to Q3 2010	Q1 to Q3 2009	2009 (full year)
Earnings per unit of cost (DKK)	0.93	0.73	0.72
Growth in lending during the period (%)	-2.1	2.2	1.3
Loan-to-equity ratio	22.9	22.6	22.7
Gross new lending (outstanding bond loans), DKK million	17,038	32,454	40,394
Number of new loans	10,700	18,900	23,900
Arrears rate at end of period	0.91	1.72	2.67
Impairment ratio for the period	0.2	0.8	0.9
Administrative expenses, depreciation and amortisation as % of average loan portfolio	0.37	0.41	0.41
Solvency ratio	13.7	11.1	13.0
Core capital ratio	13.9	11.2	13.3
Return on equity before tax	-0.8	-6.8	-8.5
Return on equity after tax	-0.6	-4.8	-6.2
Series reserve funds, DKK million	7,510	8,091	7,510
Share capital and other reserves, DKK million	2,156	1,797	2,220
Own funds (tier 1 + tier 2), DKK million	11,160	9,288	11,155
Foreign exchange position, %	3.5	3.4	4.8

## Management's review

On 18 November 2010, the Supervisory Board approved the Interim Financial Report of the BRFkredit Group (BRFkredit) for the period 1 January to 30 September 2010.

BRFkredit came out of the first three quarters of 2010 with a net loss of DKK 59 million, against a net loss of DKK 491 million for the corresponding period of 2009. BRFkredit generated a loss before tax for the first three quarters of 2010 of DKK 77 million, against a pre-tax loss of DKK 689

million for the corresponding period of 2009. The financial performance was also an improvement on the first half of 2010, which showed a net loss of DKK 197 million. In isolated terms, BRFkredit thus posted a net profit for the third quarter of 2010 of DKK 138 million. As expected, the positive trend in the first three quarters of 2010 was linked to lower loan losses and impairment charges, rising core income from lending operations and lower costs and expenses. Negative earnings from investment portfolios, coupled with higher

cost of capital, pulled in the opposite direction.

After recognition of net loss for the nine-month period, the solvency ratio at 30 September 2010 was 13.7%. If computed exclusively on the basis of core (tier 1) capital, the solvency ratio at end-September 2010 was 13.9%. BRFkredit's individual solvency requirement was 8.8%. BRFkredit held own funds in excess of the solvency requirement of DKK 4.0 billion.

## Performance for Q1 to Q3 2010

### BRFkredit's segments

BRFkredit comprises BRFkredit a/s (Parent Company), BRFbank a/s, Ejendomsselskabet 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) Investment 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 62 million in the first three quarters of 2010, against a loss of DKK 1,126 million in the corresponding period of 2009.

Core earnings are made up as follows:

### Core income from lending operations etc.

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

Income from commissions came to DKK 947 million in the first three quarters of 2010, up from DKK 739 million in the first three quarters of 2009. Brokerage, fees and charges (net) totalled DKK 2 million in the first three quarters of 2010, against DKK 82 million in the year-earlier period. The decline in brokerage, fees and charges was mainly associated with lower lending and refinancing activity compared with the first three quarters of 2009.

### Core income from securities

Core income from securities, comprising a risk-free return on the proprietary investment portfolio and other interest income, amounted to DKK 251 million in the first three quarters of 2010, against DKK 442 million in the first three quarters of 2009. Risk-free returns came to DKK 110 million in the first three quarters of 2010, against DKK 260 million in the same period

of 2009. The difference of DKK 150 million was attributable to the fall in the risk-free rate of return.

### Operating expenses, depreciation and amortisation

Operating expenses, including depreciation and amortisation, were down by DKK 79 million from DKK 678 million in the first three quarters of 2009 to DKK 599 million in the first three quarters of

### BRFKREDIT'S SEGMENTAL FINANCIAL STATEMENTS FOR Q1 TO Q3 2010

DKK million	Mortgage Lending etc.	Investment management	Total
<b>Core income</b>			
Core income from lending operations etc.	1,035		
Core income from securities	251		
<b>Total core income</b>	<b>1,286</b>		
Operating expenses, depreciation and amortisation	599		
<b>Core earnings before loan losses and impairment charges etc.</b>	<b>687</b>		
Loan losses and impairment charges etc.	552		
<b>Core earnings before overheads</b>	<b>135</b>		
Expenses, hybrid core capital	148		
Expenses, junior covered bonds	17		
Expenses, senior loans	32		
<b>Core earnings</b>	<b>-62</b>		
Earnings from investment portfolios		-15	
<b>Profit or loss before tax</b>			<b>-77</b>
Tax (- signifies an income)			-17
<b>Net profit or loss for the period</b>			<b>-59</b>

### MORTGAGE LENDING ETC.

DKK million	Q1 to Q3 2010	Q1 to Q3 2009
<b>Core income</b>		
Income from lending operations etc.	1,035	946
Core income from securities	251	442
<b>Total core income</b>	<b>1,286</b>	<b>1,388</b>
Operating expenses, depreciation and amortisation	599	678
<b>Core earnings before loan losses and impairment charges etc.</b>	<b>687</b>	<b>711</b>
Loan losses and impairment charges etc.	552	1,832
<b>Core earnings before overheads</b>	<b>135</b>	<b>-1,121</b>
Net expenses, hybrid core capital	148	-
Net expenses, junior covered bonds	17	-
Net expenses, senior loans	32	4
<b>Core earnings</b>	<b>-62</b>	<b>-1,126</b>

## ARREARS RATE

Repayment dates	September 2010	June 2010	March 2010	December 2009	September 2009	June 2009
Arrears rate after 105 days	-	0.91	1.34	1.91	2.67	1.72
Arrears rate after 15 days	3.07	2.40	3.01	4.22	5.80	3.96

2010, mainly due to falling administrative expenses, such as fewer expenses for consultants, staff training and IT. The expense ratio was 0.37% in the first three quarters of 2010, against 0.41% in the year-earlier period.

### Loan losses and impairment charges etc.

Loan losses and impairment charges etc. amounted to DKK 552 million in the first three quarters of 2010, down from DKK 1,832 million in the first three quarters of 2009. The impact on profits accounted for 0.2% of total lending in the first three quarters of 2010 and 0.8% in the equivalent period of 2009. Loan losses and impairment charges developed favourably over the past 5 quarters. The level of loan impairment charges remained high, however.

The impact on profits for the first three quarters broke down into a reduction in impairment charges on individually assessed loans of DKK 44 million, an increase in impairment charges on groups of loans of DKK 95 million and

realised losses etc. of DKK 501 million. DKK 400 million of the total impact on profits related to BRFkredit a/s, while the remaining DKK 152 million related to BRFBank a/s. DKK 351 million of loan losses and impairment charges was accounted for by private customers and DKK 201 million by corporate customers.

The balance of total impairment charges at 30 September 2010 was DKK 2,384 million, equivalent to 1.1% of total lending. DKK 1,426 million of total impairment charges related to BRFkredit a/s, while the remaining DKK 958 million related to BRFBank a/s. DKK 654 million of total impairment charges was accounted for by private customers and DKK 1,730 million by corporate customers. Impairment charges on groups of loans totalled DKK 653 million.

Arrears rates were down from the same period of 2009. The arrears rate measured 105 days after the June 2010 repayment date was 0.91%, against 1.72% in 2009, and the ar-

rears rate measured 15 days after the September 2010 repayment date was 3.07%, against 5.80% at the same stage of 2009.

At 30 September 2010, BRFkredit's portfolio of assets acquired temporarily amounted to DKK 1,285 million. The portfolio broke down into 181 residential properties at a carrying amount of DKK 133 million, 104 commercial properties at a carrying amount of DKK 1,063 million and two property companies at a carrying amount of DKK 89 million. During the first three quarters of 2010, 214 residential properties and 102 commercial properties were acquired through foreclosure.

Sixty-three commercial properties with completion in the nine-month period were sold for a total price of DKK 1,620 million, which contributed to profits as these properties are generally sold above the carrying amounts. Residential properties with completion in the first three quarters of 2010 were sold for a total price of DKK 169 million. Residential properties are sold close to their carrying amounts.

## INVESTMENT MANAGEMENT

DKK million	Q1 to Q3 2010	Q1 to Q3 2009
<b>Investment returns</b>		
Return on fixed-income instruments	130	556
Return on shares	-2	141
<b>Total investment returns</b>	128	697
Risk-free returns, hybrid core capital		
- transferred to 'Expenses, hybrid core capital'	33	-
Risk-free returns		
- transferred to 'Core income from securities'	110	260
<b>Earnings from investment portfolios</b>	-15	437

In addition, 12 commercial properties due for completion after 30 September 2010 were sold in the nine-month period for a total price of DKK 195 million. After the closing of the financial statements for Q3 2010, one property has been sold for DKK 256 million. Properties sold where completion has not yet occurred are included in the portfolio of acquired assets until the new owner takes possession of the property.

### Investment management

Total investment returns were positive to the tune of DKK 128 million in the first three quarters of 2010, against positive returns of DKK 697 million in the corresponding period of 2009. BRFkredit reduced its share portfolio in 2009, which explains why the contribution of shares to investment returns was modest in the first three quarters of 2010. BRFkredit's interest-rate risk is typically hedged by euro-denominated instruments, and investment returns in the first quarter of 2010 were consequently affected by the decline in

eurozone interest rates in the wake of the turmoil over the Greek government debt. The second and third quarters of 2010 saw a minor, yet positive contribution from fixed-income instruments. This can primarily be ascribed to the slight rise in short-term interest rates as BRFkredit has for some time been positioned towards rising short-term rates.

BRFkredit's securities portfolio mainly comprises fixed-income instruments, first of all 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 at a negative DKK 12 million at the end of Q3 2010 (full offsetting between Danish kroner and euros), equivalent to about 0.1% of BRFkredit's capital base. In addition to fixed-income instruments, BRFkredit had a portfolio of shares worth approximately DKK 0.2 billion, predominantly made up of unit trusts and infrastructural shares.

In common with other financial institutions, BRFkredit presents its portfolio management performance by way of core earnings and earnings from investment portfolios. Core earnings are calculated as risk-free returns on the securities portfolio. Risk-free returns, determined on the basis of a short-term, average money-market rate, were DKK 110 million in the first three quarters of 2010.

Earnings from investment portfolios in the first three quarters of 2010 can subsequently be calculated as total investment returns (DKK 128 million) less risk-free returns of DKK 110 million, which amount is transferred to core earnings, as well as DKK 33 million relating to risk-free returns on proceeds of hybrid core capital. Total earnings from investment portfolios in the first three quarters of 2010 were therefore negative at DKK 15, against positive earnings of DKK 437 million in the first nine months of 2009.

## Balance sheet total, equity and solvency

BRFkredit had a balance sheet total of DKK 235.9 billion at 30 September 2010, against DKK 246.8 billion at 31 December 2009. BRFkredit's mortgage lending narrowed by a nominal amount of DKK 4.5 billion to DKK 212.1 billion

during the first three quarters of 2010. BRFkredit's total lending measured at carrying amount was DKK 221.0 billion at 30 September 2009, unchanged from the end of 2009. Equity was reduced by the net loss for the period

of DKK 59 million and a downward adjustment of shares of DKK 5 million. Following these adjustments, equity at 30 September 2010 was DKK 9,666 million.

### CHANGES IN EQUITY

DKK million	30 September 2010	30 September 2009	31 December 2009
Equity at beginning of period/year	9,730	10,390	10,390
Items recognised directly in equity	-5	-11	-39
Retained profit for the period/year	-59	-491	-621
Equity at end of period/year	9,666	9,888	9,730

Solvency and core capital ratios increased in the first three quarters to 13.7% and 13.9%, respectively. The difference between the solvency and the core capital ratios is mainly due to the fact that BRFkredit's own funds are almost exclusively made up of core capital, coupled with the fact that

the advanced IRB approach is used to calculate the capital requirement for credit risk. For the latter reason, 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 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.

### SOLVENCY AND CORE CAPITAL RATIOS OF BRFKREDIT GROUP

	30 September 2010	30 September 2009	31 December 2009
Core capital, DKK million	11,349	9,403	11,386
Own funds (capital base), DKK million	11,160	9,288	11,155
Risk-weighted assets, DKK million	81,521	83,926	85,910
Solvency ratio	13.7	11.1	13.0
Core capital ratio	13.9	11.2	13.3

## REQUIREMENT FOR OWN FUNDS AND OVER-COLLATERALISATION

30 September 2010	Requirement for own funds (DKK billion)		Requirement for own funds (%)		Over-collateralisation (DKK billion)	
	BRFkredit a/s	BRFkredit Group	BRFkredit a/s	BRFkredit Group	BRFkredit a/s	BRFkredit Group
Capital requirement (without transitional rule)	6.1	6.5	8.0	8.0	5.3	4.6
Capital requirement (with transitional rule)	7.4	7.7	9.6	9.4	4.0	3.5
Adequate own funds	6.7	7.2	8.8	8.8	4.7	4.0

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, see the sizes of the capital requirement with and without regard to the transitional rules.

The individual solvency requirement is management's assessment

of BRFkredit's total risks, including management's assessment of future earnings capacity and risk of losses. The individual solvency requirement is determined as the capital in percent of risk-weighted items that is estimated to be adequate to meet BRFkredit's risks in a stress scenario. The stress test was conducted for a three-year period against the statutory requirement of a one-year time frame. For BRFkredit a/s, a capital provision of DKK 5.9 billion has been set aside to meet the general capital requirement, supplemented by capital of DKK 0.8 billion to meet all other risks not

considered under the current regime. The individual solvency requirement can thus be determined at DKK 6.7 billion for BRFkredit a/s, equivalent to a solvency requirement of 8.8%. The individual solvency requirement for the BRFkredit Group was DKK 7.2 billion, also equivalent to a solvency requirement of 8.8%. This compares with an individual solvency requirement of 9.2% at 30 June 2010. For additional information on BRFkredit's solvency capital requirement and own funds in excess of the statutory requirement (over-collateralisation), consult our website at [www.brf.dk](http://www.brf.dk).

## Market risks

There have been no material changes in the Group's market risks since the presentation of the financial statements for 2009.

Interest rate risk expresses the risk of a loss arising from an increase or decrease in interest rates equivalent to a parallel shift in the yield curve by 1%point. Calculated under the standardised approach of the Danish Financial

Supervisory Authority, interest rate risk was DKK 177 million at 30 September 2010, against DKK 417 million at 31 December 2009. If full offsetting is done between Danish kroner and euros, market risk at 30 September 2010 could be determined at DKK 12 million.

Equity risk expresses the risk of a loss arising from movements in share prices of 10%. At 30 September 2010,

BRFkredit held shares for a total of DKK 232 million, equivalent to 2.1% of own funds. Equity risk was DKK 23 million.

BRFkredit is exposed to very limited foreign exchange risks as BRFkredit typically hedges such risks with financial instruments.

## Other developments

### Loan portfolio composition

At the end of the third quarter of 2010, the loan portfolio broke down as follows: 58.6% ARM loans, 23.1% fixed-rate loans, 10.2% Guarantee Loans and other floating-rate loans and 8.1% other types of loan. 50.9% of the loan portfolio was based on the interest-only option.

In September 2010, BRFkredit introduced a new mortgage product, called Short Guarantee, which guarantees the customer an interest rate cap of 4% combined with a low variable interest rate up to 1 October 2016. During the guarantee period, the interest rate is fixed semi-annually on the basis of the CIBOR6 rate. When the period expires, the loan will automatically be refinanced with an ARM loan with annual interest-rate adjustment (F1).

### Market shares

BRFkredit's market shares declined throughout the period, which should be seen against the backdrop of the consolidation strategy and slowdown in activity that resulted from the massive impairment charges. In the first half of 2009.

### Rating

At 30 September 2010, BRFkredit had the following ratings from Moody's Investors Service.

Issuer rating: Baa1  
SDOs (Capital Centre E): Aa1  
ROs (Capital Centre B and General Capital Centre): Aa3

### Bond issuance

In the first three quarters of 2010, BRFkredit issued covered bonds (SDOs) for a nominal amount of DKK 23.4 billion and mortgage bonds (ROs) for a nominal amount of DKK 2.2 billion. In addition, BRFkredit issued junior covered bonds (JCBs) for DKK 2 billion in the nine-month period. All JCBs were issued without a government guarantee.

Callable fixed-rate bonds accounted for 22% of all issues during the period, while ARM bonds accounted for 78%.

The volume of bonds in circulation issued by BRFkredit represented a nominal value of DKK 226.3 billion at 30 September 2010, made up of DKK 109.7 billion worth of SDOs in Capital Centre E with the Aa1 rating and DKK 96.3 billion worth of ROs in Capital Centre B with the Aa3 rating.

During the year, BRFkredit experienced a widening of the price differential on its bonds. BRFkredit's financial performance for the first half of 2009 surprised the markets negatively. Since then, BRFkredit has shown growth

for the past five quarters. Moreover, uncertainty over the future regulatory framework in connection with the as yet not finalised Basel III and Solvency II regulations has also affected bond prices. Price differences are expected to narrow in parallel with a continued improvement in the company's financial performance and the establishment of the future regulatory framework.

### Guaranteed senior debt

In the second quarter of 2010, BRFkredit launched an issue of senior debt<sup>1)</sup> of USD 1.3 billion, equivalent to just over DKK 7.2 billion. BRFkredit chose to issue the debt in US dollars because of the attractive US market terms compared with both the Danish krone and eurozone markets. USD interest rate and foreign exchange risks were hedged in the derivatives market in connection with the raising of loan capital. The senior debt is covered by a government guarantee and has a maturity of three years. The funds from the issue will be devoted to strengthening Capital Centre E for the future.

### Capital increase in BRFBank a/s

In the second quarter of 2010, the share capital of BRFBank was increased by a total amount of DKK 400 million through a new issue and the conversion of subordinated debt.

<sup>1) Senior debt is debt that is repaid in the event of bankruptcy along with other types of unsecured creditors after bondholders have received satisfaction of their claims.</sup>

## Outlook for 2010

BRFkredit's expectations for its full-year performance are unchanged from the outlook given at the time of the presentation of the Interim Financial Report for the period 1 January to 30

June 2010. The full-year 2010 forecast is based on expectations of rising core income from lending operations, falling costs and expenses, falling loan losses and impairment charges and rising

cost of capital. Overall, BRFkredit still expects to deliver a net loss for 2010, albeit a stronger performance compared with 2009.

## Resolutions by the Supervisory Board

No resolution that falls within the duty of disclosure set out in the 'Rules for Issuers of Securities Listed on OMX

Nordic Exchange Copenhagen A/S' was adopted by the Supervisory Board during the first three quarters of 2010.

## Statement by the Supervisory Board and Executive Board

The Supervisory Board and Executive Board have today considered and approved the Interim Financial Report of the BRFkredit Group and BRFkredit a/s for the period 1 January to 30 September 2010.

The Interim Financial Report of the Group is presented in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union, and the Interim Financial Report of the Parent Company is presented in

accordance with the Danish Financial Business Act. Moreover, the Interim Financial Report has been prepared in accordance with the additional disclosure requirements for interim financial reports of issuers of listed bonds as applied in Denmark.

In our opinion, the Interim Financial Report for the period 1 January to 30 September 2010 gives a true and fair view of the Group's and the Parent Company's assets, liabilities and finan-

cial position at 30 September 2010 and of the results of the Group's and the Parent Company's operations and the Group's cash flows for the period 1 January to 30 September 2010. We also believe that the management's review provides a fair and accurate report on developments in the activities and finances of the Group and the Parent Company as well as a presentation of the principal risks and uncertainty factors that may affect the Group and the Parent Company.

Kgs. Lyngby, 18 November 2010

### Executive Board

Sven A. Blomberg  
*Chief Executive Officer*

Carsten Tirsbæk Madsen  
*Executive Vice President*

### Supervisory Board

Oluf Engell  
*Chairman*

Kurt Bligaard Pedersen  
*Deputy Chairman*

Troels Behr

Laila Busted  
*Elected by employees*

Jan Frederiksen  
*Elected by employees*

Kristian May

Lars Henrik Munch

Aksel Nissen

Thomas Sandelius  
*Elected by employees*

## Internal audit report

We have reviewed the Interim Financial Report of BRFkredit a/s for the period 1 January to 30 September 2010.

### Scope of review

A review of an interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Danish auditing standards and consequently does not enable us to ob-

tain assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Interim Financial Report.

### Opinion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Report has not been prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted

by the European Union for the Group and the Danish Financial Business Act for the Parent Company and in accordance with additional disclosure requirements for issuers of listed bonds as applied in Denmark.

Kgs. Lyngby, den 18. November 2010

Arne List

*Head of Internal Audit Department*

# Independent auditors' report on review of interim financial statements

## Independent auditors' report on review of interim financial statements

We have reviewed the Interim Financial Report of BRFkredit a/s for the period 1 January to 30 September 2010, comprising a statement by the Supervisory Board and Executive Board, management's review, income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes. The Interim Financial Report of the BRFkredit Group is presented in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union, and the Interim Financial Report of the Parent Company is presented in accordance with the Danish Financial Business Act.

The Supervisory Board and Executive Board are responsible for preparing and presenting the Interim Financial Report in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union for the Group and in accordance with the Danish Financial

Business Act for the Parent Company. Our responsibility is to express an opinion on the Interim Financial Report based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of an interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Danish auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Interim Financial Report.

### Opinion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Report has not been prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union for the Group and the Danish Financial Business Act for the Parent Company and in accordance with additional disclosure requirements for interim financial reports of issuers of listed bonds as applied in Denmark.

Hellerup, 18. November 2010

PricewaterhouseCoopers  
Statsautoriseret Revisionsaktieselskab

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### Relevant link

The Q1 to Q3 2010 Interim Financial Report of BRFkredit is downloadable in pdf format from BRFkredit's website at [www.brf.dk](http://www.brf.dk).

# Income statement

Amount in DKK million

For the nine months ended 30 September	BRFkredit Group		BRFkredit a/s		Note
	2010	2009	2010	2009	
Interest income	6,643	8,489	6,463	8,278	4
Interest expenses	5,440	7,220	5,365	7,099	5
<b>Net interest income</b>	<b>1,203</b>	1,269	<b>1,099</b>	1,179	
Dividends on shares etc.	4	13	4	13	
Fees, charges and commission income	99	200	85	177	
Fees, charges and commissions paid	134	109	128	106	
<b>Net interest income, fees and charges</b>	<b>1,172</b>	1,373	<b>1,059</b>	1,263	
Securities and foreign exchange income (- signifies a loss)	-81	473	-56	459	6
Other operating income	8	7	18	14	
Staff costs and administrative expenses	583	663	541	618	7
Amortisation, depreciation and impairment of intangible and tangible assets	16	13	16	13	
Other operating expenses	29	27	0	0	
Loan losses and impairment charges etc.	552	1,832	400	1,084	8
Income from equity investments in associated and subsidiary undertakings	4	-6	-146	-720	9
<b>Profit or loss before tax</b>	<b>-77</b>	-689	<b>-82</b>	-699	
Tax (- signifies an income)	-17	-198	-17	-198	
<b>Net profit or loss for the period</b>	<b>-59</b>	-491	<b>-64</b>	-502	
To be distributed as follows:					
Shareholders of BRFkredit a/s	-59	-491	-64	-502	
<b>Total</b>	<b>-59</b>	-491	<b>-64</b>	-502	

# Comprehensive income

For the nine months ended 30 September	BRFkredit Group	
	2010	2009
Net profit or loss for the period	-59	-491
Recognised directly in equity		
Shares available for sale	-5	-11
<b>Comprehensive income for the period</b>	<b>-64</b>	-502
To be distributed as follows:		
Shareholders of BRFkredit a/s	-64	-502
<b>Total</b>	<b>-64</b>	-502

## Balance sheet

Amount in DKK million

	BRFkredit Group		BRFkredit a/s		Note
	30 Sep 2010	31 Dec 2009	30 Sep 2010	31 Dec 2009	
<b>ASSETS</b>					
Cash balance and demand deposits with central banks	81	12	26	9	
Receivables from credit institutions and central banks	4,004	9,428	4,208	9,278	
Bonds at fair value	7,528	13,069	6,718	12,515	
Current tax assets	39	39	40	39	
Assets acquired temporarily	1,285	1,294	1,167	1,133	
Other assets etc.	850	742	691	679	
Shares etc.	231	239	231	239	
Deferred tax assets	326	308	77	97	
Loans and other receivables at amortised cost	4,396	4,775	300	450	
Loans and other receivables at fair value	216,623	216,250	216,612	216,299	10
Intangible assets	5	6	5	6	
Investment properties	6	129	6	129	
Owner-occupied properties	458	458	382	381	
Plant and equipment (other tangible assets)	19	21	19	21	
Equity investments in associated undertakings	60	59	60	59	
Equity investments in subsidiaries	-	-	1,123	835	
<b>Total assets</b>	<b>235,911</b>	<b>246,829</b>	<b>231,664</b>	<b>242,169</b>	
<b>LIABILITIES AND EQUITY</b>					
<b>Payables</b>					
Payables to credit institutions and central banks	15,117	25,075	15,590	24,693	
Deposits and other payables	4,863	3,937	-	-	
Other liabilities etc.	3,878	5,342	3,709	5,086	
Issued bonds at fair value	195,012	196,248	195,379	196,299	11
Issued bonds at amortised cost	4,996	4,090	4,996	3,990	12
<b>Total payables</b>	<b>223,867</b>	<b>234,693</b>	<b>219,674</b>	<b>230,068</b>	
Hybrid core capital	2,217	2,215	2,217	2,215	
Subordinated capital	4	4	4	4	
<b>Subordinated capital</b>	<b>2,220</b>	<b>2,219</b>	<b>2,220</b>	<b>2,219</b>	
<b>Provisions</b>					
Provisions for losses on guarantees	65	60	-	-	
Other provisions	92	127	103	152	
<b>Total provisions</b>	<b>157</b>	<b>187</b>	<b>103</b>	<b>152</b>	
<b>Equity</b>					
Share capital	306	306	306	306	
Share premium account	102	102	102	102	
Accumulated changes in value	5	5	5	5	
Reserves in series	7,510	7,510	7,510	7,510	
Other reserves	1,802	2,428	1,807	2,425	
Retained profit or loss	-59	-621	-64	-618	
<b>Total equity</b>	<b>9,666</b>	<b>9,730</b>	<b>9,666</b>	<b>9,730</b>	
<b>Total liabilities and equity</b>	<b>235,911</b>	<b>246,829</b>	<b>231,664</b>	<b>242,169</b>	

**Additional notes:**

Contingent liabilities  
Difference between consolidated financial statements  
presented under IFRS and consolidated financial

13 statements filed with the Danish Financial Supervisory  
Authority

Financial and operating data at 30 September  
14 Consolidated companies

15  
16

## Equity

Amount in DKK million

BRFkredit Group							
	Share capital <sup>1)</sup>	Share premium account	Accum. changes in value	Reserves in series <sup>3)</sup>	Other reserves / Shares avail. for sale <sup>4)</sup>	Retained profits	Total
<b>Equity at 31 December 2008</b>	<b>306</b>	<b>102</b>	<b>46</b>	<b>8,091</b>	<b>2,345</b>	<b>-500</b>	<b>10,390</b>
Transferred to other reserves	-	-	-	-	-500	500	-
Shares available for sale - equity <sup>2)</sup>	-	-	-	-	-11	-	-11
Recognised directly in equity, total	-	-	-	-	-11	-	-11
Net profit or loss for the period	-	-	-	-	-	-491	-491
<b>Equity at 30 September 2009</b>	<b>306</b>	<b>102</b>	<b>46</b>	<b>8,091</b>	<b>1,834</b>	<b>-491</b>	<b>9,888</b>
<b>Equity at 31 December 2009</b>	<b>306</b>	<b>102</b>	<b>5</b>	<b>7,510</b>	<b>2,428</b>	<b>-621</b>	<b>9,730</b>
Transferred to other reserves	-	-	-	-	-621	621	-
Shares available for sale - equity <sup>2)</sup>	-	-	-	-	-5	-	-5
Recognised directly in equity, total	-	-	-	-	-5	-	-5
Net profit or loss for the period	-	-	-	-	-	-59	-59
<b>Equity at 30 September 2010</b>	<b>306</b>	<b>102</b>	<b>5</b>	<b>7,510</b>	<b>1,802</b>	<b>-59</b>	<b>9,666</b>

<sup>1)</sup> The share capital is divided into 564,800 'A' shares of DKK 100 each and 2,500,000 'B' shares of DKK 100 each, all of which are fully paid up. The number of shares was unchanged during the financial year. Each 'A' share carries 10 votes, whereas each 'B' share carries one vote at the Annual General Meeting of the Company. Dividend is paid equally to 'A' and 'B' shares. No share options have been issued. All shares are owned by BRFholding a/s.

<sup>2)</sup> 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 5 million (2009 DKK 11 million).

<sup>3)</sup> Reserves in series: Capital set aside for meeting the capital requirement in 'Series not subject to repayment obligation'

<sup>4)</sup> Other reserves/Shares available for sale: Accumulated increases in the value of shares classified as 'Available for sale' (distributable reserves). Shares available for sale amounted to DKK 231 million (DKK 225 million) at the end of the period.

BRFkredit a/s							
	Share capital	Share premium account	Accum. changes in value	Statutory reserves <sup>1)</sup>	Reserves in series/ Other reserves	Retained profits	Total
<b>Equity at 31 December 2008</b>	<b>306</b>	<b>102</b>	<b>46</b>	<b>56</b>	<b>10,452</b>	<b>-573</b>	<b>10,390</b>
Transferred to other reserves	-	-	-	-	-573	573	-
Net profit or loss for the period	-	-	-	-56	-	-446	-502
<b>Equity at 30 September 2009</b>	<b>306</b>	<b>102</b>	<b>46</b>	<b>-</b>	<b>9,879</b>	<b>-446</b>	<b>9,888</b>
<b>Equity at 31 December 2009</b>	<b>306</b>	<b>102</b>	<b>5</b>	<b>-</b>	<b>9,935</b>	<b>-618</b>	<b>9,730</b>
Transferred to other reserves	-	-	-	-	-618	618	-
Net profit or loss for the period	-	-	-	-	-	-64	-64
<b>Equity at 30 September 2010</b>	<b>306</b>	<b>102</b>	<b>5</b>	<b>-</b>	<b>9,317</b>	<b>-64</b>	<b>9,666</b>

<sup>1)</sup> Statutory reserves relate to net revaluation of equity investments according to the equity method.

# Equity and capital

Amount in DKK million

	BRFkredit Group		BRFkredit a/s	
	30 Sep 2010	31 Dec 2009	30 Sep 2010	31 Dec 2009
<b>CORE CAPITAL, OWN FUNDS AND SOLVENCY RATIO</b>				
Core capital (tier 1) after deductions	11,349	11,386	11,599	11,598
Own funds (capital base)	11,160	11,155	11,410	11,367
Weighted items outside trading portfolio, including off-balance sheet items	68,459	72,723	63,759	68,210
Operational risks	3,029	2,533	2,733	2,298
Weighted items with market risk etc.	10,032	10,654	10,032	10,651
Total weighted items	81,521	85,910	76,524	81,158
Core capital ratio	13.9	13.3	15.2	14.3
Solvency ratio	13.7	13.0	14.9	14.0
<b>BRFkredit's capital requirement under s. 124(2) of the Danish Financial Business Act</b>	<b>6,522</b>	6,873	<b>6,122</b>	6,493
<i>Core capital and own funds are derived as follows:</i>				
Equity	9,666	9,730	9,666	9,730
Intangible assets	-5	-6	-5	-6
Deferred tax assets	-326	-308	-77	-97
Accumulated changes in value	-5	-5	-5	-5
Core capital, excluding hybrid core capital	9,330	9,410	9,580	9,622
Hybrid core capital	2,217	2,215	2,217	2,215
Difference between expected loss and accounting-relating impairment	-197	-240	-197	-240
Core capital	11,349	11,386	11,599	11,598
Supplementary capital, excluding hybrid core capital	4	4	4	4
Accumulated changes in value	5	5	5	5
Difference between expected loss and accounting-relating impairment	-197	-240	-197	-240
<b>Own funds (capital base)</b>	<b>11,160</b>	11,155	<b>11,410</b>	11,367

# Cash flow statement

Amount in DKK million

For the nine months ended 30 September	BRFkredit Group	
	2010	2009
<b>Cash flows from operating activities</b>		
Profit or loss before tax for the period	-77	-689
Adjustments for non-cash operating items	130	1,397
	<b>54</b>	<b>708</b>
<b>Change in working capital</b>		
Bonds at fair value	63,593	49,664
Loans and other receivables	-45	-10,815
Payables to credit institutions and central banks, deposits and other payables	-9,032	-8,734
Issued bonds at fair value before set-off	-59,366	-34,364
Adjustment of other working capital	-1,589	-760
Corporation tax paid	-1	-39
<b>Total cash flows from operating activities</b>	<b>-6,386</b>	<b>-4,339</b>
<b>Cash flows from investing activities</b>		
Purchases of intangible assets	-3	-3
Purchases of tangible fixed assets	-30	-24
Sales of tangible fixed assets	158	1
Purchases of fixed asset investments	-2	-1
Sales of tangible fixed assets	3	650
<b>Total cash flows from investing activities</b>	<b>127</b>	<b>622</b>
<b>Cash flows from financing activities</b>		
Subordinated capital	1	-0
Issued bonds at amortised cost (junior covered bonds)	906	3,087
Dividends paid	-	-
<b>Total cash flows from financing activities</b>	<b>908</b>	<b>3,086</b>
<b>Total change in cash and cash equivalents</b>	<b>-5,352</b>	<b>-630</b>
<b>Cash and cash equivalents at beginning of period</b>		
Cash balance and demand deposits with central banks	12	19
Receivables from credit institutions and central banks	9,428	7,004
Of which receivables not directly available	-68	-59
<b>Total cash and cash equivalents at beginning of period</b>	<b>9,371</b>	<b>6,963</b>
<b>Cash and cash equivalents at end of period</b>		
Cash balance and demand deposits with central banks	81	33
Receivables from credit institutions and central banks	4,004	6,373
Of which receivables not directly available	-65	-72
<b>Total cash and cash equivalents at end of period</b>	<b>4,020</b>	<b>6,333</b>

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

# Statement of core earnings and earnings from investment portfolios

Amount in DKK million

For the nine months ended 30 September

BRFkredit Group

## SEGMENTAL FINANCIAL STATEMENTS OF BRFKREDIT GROUP

	2010			2009		
	Mortgage lending ect.	Portfolio management	Total	Mortgage lending ect.	Portfolio management	Total
Core income from lending operations etc.	1,035			946		
Core income from securities	251			442		
<b>Total core income</b>	<b>1,286</b>			<b>1,388</b>		
Operating expenses, depreciation and amortisation	599			678		
<b>Core earnings before impairment</b>	<b>687</b>			<b>711</b>		
Loan losses and impairment charges	552			1,832		
<b>Core earnings before hybrid core capital</b>	<b>135</b>			<b>-1,121</b>		
Hybrid core capital	148			-		
Junior Covered Bonds	17			4		
Senior debt	32			-		
<b>Core earnings</b>	<b>-62</b>			<b>-1,126</b>		
Earnings from investment portfolios		-15			437	
<b>Profit or loss before tax</b>	<b>-62</b>	<b>-15</b>	<b>-77</b>	<b>-1,126</b>	<b>437</b>	<b>-689</b>
Tax			-17			-198
<b>Profit or loss for the period</b>			<b>-59</b>			<b>-491</b>

# Statement of core earnings and earnings from investment portfolios, continued

Amount in DKK million

BRFkredit Group

SEGMENT BALANCE SHEET	30 September 2010			31 December 2009		
Receivables from credit institutions and central banks	4,004	-	4,004	9,428	-	9,428
Bonds at fair value	1,286	6,241	7,528	3,065	10,003	13,069
Shares etc.	-	231	231	-	239	239
Lending	221,020	-	221,020	221,026	-	221,026
Equity investments in associated undertakings	60	-	60	59	-	59
Other assets	2,815	254	3,069	2,764	245	3,009
<b>Total assets</b>	<b>229,184</b>	<b>6,727</b>	<b>235,911</b>	<b>236,342</b>	<b>10,487</b>	<b>246,829</b>
Payables to credit institutions and central banks	15,117	-	15,117	24,736	340	25,075
Issued bonds at fair value	195,012	-	195,012	196,248	-	196,248
Issued bonds at amortised cost	4,996	-	4,996	4,090	-	4,090
Subordinated capital	2,220	-	2,220	2,219	-	2,219
Provisions	157	-	157	187	-	187
Other liabilities	8,670	71	8,741	8,898	382	9,279
<b>Total liabilities</b>	<b>226,173</b>	<b>71</b>	<b>226,245</b>	<b>236,378</b>	<b>721</b>	<b>237,099</b>
Equity			9,666			9,730
<b>Total liabilities and equity</b>			<b>235,911</b>			<b>246,829</b>

For the nine months ended 30 September	2010			2009		
RECONCILIATION TO INTERIM REPORT	Core earnings	Earnings from investment portfolio	Total	Core earnings	Earnings from investment portfolio	Total
Net interest income	1,154	49	1,203	1,274	-6	1,269
Dividends on shares etc.	-	4	4	-	13	13
Fees, charges and commission income	99	-	99	200	-	200
Fees, charges and commission paid	134	-	134	109	-	109
<b>Net interest income, fees and charges</b>	<b>1,119</b>	<b>53</b>	<b>1,172</b>	<b>1,365</b>	<b>8</b>	<b>1,373</b>
Securities and foreign exchange income (- signifies a loss)	-14	-67	-81	44	429	473
Other operating income	8	-	8	7	-	7
Staff costs and administrative expenses	583	-	583	663	-	663
Depreciation, amortisation and impairment of tangible assets	16	-	16	13	-	13
Other operation expenses	29	-	29	27	-	27
Impairment losses on loans ect.	552	-	552	1,832	-	1,832
Income from equity investments in associated and subsidiary undertakings	4	-	4	-6	-	-6
<b>Profit or loss before tax</b>	<b>-62</b>	<b>-15</b>	<b>-77</b>	<b>-1,126</b>	<b>437</b>	<b>-689</b>

## Note 1, 2 and 3

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### 1 ACCOUNTING POLICIES

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The Interim Report of the BRFkredit Group is presented in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union and additional financial disclosure requirements for interim reports of issuers of listed bonds as applied in Denmark.

The Interim Report of BRFkredit a/s has been prepared in accordance with the

Consolidated Danish Financial Business Act and the Executive Order on Financial Reports of Credit Institutions and Brokerage Houses, Etc.

The accounting policies are identical with those applied for the presentation of the Annual Report for 2009, except for an adjustment to changes in IFRS.

In 2010 BRFkredit issued senior debt in USD. Interest rate risk and currency risk in relation to this debt are hedged with derivatives. The issued senior debt and the hedging instruments are measured at fair value.

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### 2 MATERIAL ACCOUNTING ESTIMATES MADE BY MANAGEMENT

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When preparing the Interim Report in accordance with generally accepted accounting principles, the management needs to make estimates and set assumptions affecting the financial reporting.

The most important area where the financial statements involve estimates is in connection with a review for impairment of loans with an objective indication of impairment. The key factor in connec-

tion with the review for impairment is the estimated value of the collateral (the property).

In addition the management makes estimates concerning the item 'Assets in temporary possession'. Assets in temporary possession comprise properties that have been acquired by forced sale and which BRFkredit actively endeavours to sell within the next 12 months. There is significant

uncertainty over the value these properties might fetch in the event of a sale, with the effect that the valuation of such assets is subjectively estimated.

In accordance with IAS 10 (Events After the Reporting Period), the financial statements reflect adjusting events up to 18 November 2010.

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### 3 NEW STANDARDS AND INTERPRETATIONS

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The International Accounting Standards Board (IASB) has issued various accounting standards, and the International Financial Interpretations Committee (IFRIC) has issued various interpretations not yet effective.

BRFkredit expects that none of these standards and interpretations will have a material impact on the Group's future financial reporting.

## Note 4, 5 and 6

Amount in DKK million

For the nine months ended 30 September	BRFkredit Group		BRFkredit a/s	
	2010	2009	2010	2009
<b>4 INTEREST INCOME</b>				
Receivables from credit institutions and central banks <sup>1)</sup>	5	20	3	14
Loans and other receivables	5,527	7,461	5,365	7,273
Commissions	947	739	947	739
Bonds	672	971	657	954
Financial derivatives, interest-rate contracts	23	24	23	24
Other interest income	14	18	14	18
<b>Total</b>	<b>7,189</b>	<b>9,233</b>	<b>7,009</b>	<b>9,022</b>
Interest on own mortgage bonds, set off against interest on issued bonds	545	744	545	744
<b>Total interest income</b>	<b>6,643</b>	<b>8,489</b>	<b>6,463</b>	<b>8,278</b>
<sup>1)</sup> Of which interest income on reverse transactions entered under 'Payables to credit institutions and central banks'	0	1	0	1

<b>5 INTEREST EXPENSES</b>	<b>2010</b>	2009	<b>2010</b>	2009
Payables to credit institutions and central banks <sup>1)</sup>	124	326	125	298
Deposits and other payables	63	90	-	-
Issued bonds	5,558	7,302	5,556	7,300
Subordinated capital	182	-	182	-
Other interest expenses	59	245	47	244
<b>Total</b>	<b>5,986</b>	<b>7,964</b>	<b>5,910</b>	<b>7,842</b>
Interest on own mortgage bonds, set off against interest on issued bonds	545	744	545	744
<b>Total interest expenses</b>	<b>5,440</b>	<b>7,220</b>	<b>5,365</b>	<b>7,099</b>
<sup>1)</sup> Of which interest expenses from repo transactions entered under 'Payables to credit institutions and central banks'	120	295	120	295

<b>6 SECURITIES AND FOREIGN EXCHANGE INCOME</b> (- signifies a loss)	<b>2010</b>	2009	<b>2010</b>	2009
Mortgage loans	4,631	4,553	4,632	4,553
Other loans and receivables at fair value	1	4	1	0
Bonds	425	415	432	412
Shares at fair value	-1	128	-6	128
Shares available for sale	-5	-	-5	-11
Investment properties	16	-9	16	-9
Foreign exchange	-1	1	-1	1
Financial derivatives, interest-rate contracts	-408	-352	-386	-349
Issued bonds	-4,740	-4,266	-4,738	-4,266
<b>Total securities and foreign exchange income/loss</b>	<b>-81</b>	<b>473</b>	<b>-56</b>	<b>459</b>

Adjustments of the balance principle gave the BRFkredit Group a total profit of DKK 1 million (2009: loss DKK 3 million), resulting from a net value adjustment of the following items: Mortgage loans up by DKK 4,632 million (DKK 4,553 million), Issued bonds down by DKK 4,639 million (minus DKK 4,266 million) and fixed-price agreements in connection with loan disbursements etc. up by DKK 8 million (minus DKK 290 million).

## Note 7, 8 and 9

Amount in DKK million

For the nine months ended 30 September	BRFkredit Group		BRFkredit a/s	
	2010	2009	2010	2009
<b>7 STAFF COSTS AND ADMINISTRATIVE EXPENSES</b>				
Emoluments and remuneration of Supervisory Board and Board of Representatives <sup>1)</sup>	2	2	2	2
Wages and salaries	305	346	281	315
Defined-contribution pensions	35	35	33	33
Social security costs	34	34	32	32
Total staff costs	376	418	347	382
Other administrative expenses	207	246	193	236
<b>Total staff costs and administrative expenses</b>	<b>583</b>	<b>663</b>	<b>541</b>	<b>618</b>
Average number of employees (full-time equivalent)	740	827	668	745
<sup>1)</sup> The emoluments of ordinary members of the Supervisory Board were DKK 132,000 (DKK 132,000) for the period. The Deputy Chairman received double this amount, whereas the Chairman received triple this amount.				
<b>8 LOAN LOSSES AND IMPAIRMENT CHARGES ETC.</b>				
Net changes in impairment charges on individually assessed loans	-44	1,144	-47	569
Net changes in impairment charges on groups of loans	95	298	116	161
Net realised losses <sup>1)</sup>	535	406	352	370
Recoveries of loan losses previously written off	34	16	22	16
<b>Total loan losses and impairment charges etc.</b>	<b>552</b>	<b>1,832</b>	<b>400</b>	<b>1,084</b>
<i>Impairment charges on individually assessed loans:</i>				
At beginning of period	1,775	590	950	363
Impairment charges during the period	528	1,393	321	728
Reversal of prior-year impairment charges	330	209	265	128
Realised losses, not previously provided for impairment	242	40	102	31
<b>At end of period</b>	<b>1,731</b>	<b>1,734</b>	<b>904</b>	<b>932</b>
<i>Impairment charges on groups of loans:</i>				
At beginning of period	558	189	406	174
Impairment charges during the period	142	338	116	201
Reversal of prior-year impairment charges	47	40	-	40
<b>At end of period</b>	<b>653</b>	<b>487</b>	<b>522</b>	<b>335</b>
<sup>1)</sup> Arrears value adjustment of foreclosed properties previous years were plus DKK 6 million (2009: plus DKK 7 million). The operating profit of the foreclosed properties were plus DKK 9 million (2009: DKK 0 million) in the period which they were controlled by BRFkredit.				
<b>9 INCOME FROM EQUITY INVESTMENTS IN ASSOCIATED AND SUBSIDIARY UNDERTAKINGS</b>				
Income from equity investments in associated undertakings	4	-6	4	-6
Income from equity investments in subsidiaries before tax	-	-	-150	-714
<b>Total income from equity investments in associated and subsidiary undertakings</b>	<b>4</b>	<b>-6</b>	<b>-146</b>	<b>-720</b>

## Note 10, 11, 12 and 13

Amount in DKK million

	BRFkredit Group		BRFkredit a/s	
	30 Sep 2010	31 Dec 2009	30 Sep 2010	31 Dec 2009
<b>10 LOANS AND OTHER RECEIVABLES AT FAIR VALUE</b>				
Mortgage loans, nominal value	212,080	216,517	212,114	216,594
Adjustment for interest-rate risk etc.	4,845	229	4,846	229
Adjustment for credit risk	-1,339	-1,112	-1,320	-1,077
Total mortgage loans at fair value	215,586	215,634	215,639	215,746
Arrears and execution <sup>1)</sup>	770	388	770	388
Other loans and receivables	266	228	203	165
<b>Total loans and other receivables at fair value</b>	<b>216,623</b>	<b>216,250</b>	<b>216,612</b>	<b>216,299</b>

<sup>1)</sup> Arrears before impairment charges were DKK 250 million as of 30 September 2010 (DKK 481 million at end 2009).

**11 ISSUED BONDS AT FAIR VALUE**

In April 2010 BRFkredit a/s has issued senior debt for USD 1.3 billion corresponding to DKK 7.2 billion at 30 September 2010. The bond loan is guaranteed by the Government and runs in 3 years.

**12 ISSUED BONDS AT AMORTISED COST**

In March 2010, BRFkredit a/s issued junior covered bonds for DKK 2.0 billion.

	30 Sep 2010	31 Dec 2009	30 Sep 2010	31 Dec 2009
<b>13 CONTINGENT LIABILITIES</b>				
<i>Guarantees etc.</i>				
Financial guarantees	280	433	-	-
Other guarantees	129	125	51	45
<b>Total guarantees etc.</b>	<b>409</b>	<b>558</b>	<b>51</b>	<b>45</b>
<i>Other contingent liabilities</i>				
Other liabilities	36	51	36	51
Total other contingent liabilities	36	51	36	51
<b>Total contingent liabilities</b>	<b>444</b>	<b>610</b>	<b>86</b>	<b>96</b>

## Note 14 and 15

Amount in DKK million

### 14 DIFFERENCE BETWEEN CONSOLIDATED FINANCIAL STATEMENTS PRESENTED UNDER IFRS AND CONSOLIDATED FINANCIAL STATEMENTS FILED WITH THE DANISH FINANCIAL SUPERVISORY AUTHORITY

In terms of profit or loss and equity, the difference between the consolidated financial statements presented under IFRS and the financial statements filed with the Financial Supervisory Authority can be specified as follows:

	Net profit or loss		Equity	
	Q1 to Q3 2010	Q1 to Q3 2009	30 Sep 2010	31 Dec 2009
According to consolidated financial statements	-59	-491	9,666	9,730
Shares available for sale	-5	-11	-	-
Group's accounting figures according to the rules of Financial Supervisory Authority	-64	-502	9,666	9,730

*In accordance with IFRS, the value adjustment of shares classified as 'available for sale', see accounting policies, is recognised in other comprehensive income until the asset is realised, after which the gain is transferred to the income statement. According to the rules of the Danish Financial Supervisory Authority, the value adjustments during the year are required to be recognised directly in the income statement.*

### 15 FINANCIAL AND OPERATING DATA AT 30 SEPTEMBER

	2010	2009	2008	2007	2006
<b>BRFkredit a/s</b>					
Solvency ratio	14.9	11.9	12.5	13.8	12.9
Core capital ratio	15.2	12.0	10.9	12.0	11.2
First-half return on equity before tax (%)	-0.8	-6.9	-0.8	6.1	5.0
First-half return on equity after tax (%)	-0.7	-4.9	-1.0	5.0	3.7
Earnings per unit of cost (DKK)	0.92	0.59	0.87	2.16	2.05
Foreign exchange position (%)	3.4	3.3	3.2	1.7	1.9
Accumulated impairment ratio	0.7	0.6	0.1	0.0	0.0
Impairment ratio for the period	0.2	0.5	0.0	0.0	-0.1
Growth in lending during the period (%)	-2.1	2.7	7.4	8.7	8.4
Loan-to-equity ratio	22.4	22.1	18.3	17.0	17.1
<b>BRFkredit Group</b>					
Solvency ratio	13.7	11.1	11.7	12.8	12.3
Core capital ratio	13.9	11.2	10.2	11.2	10.7
First-half return on equity before tax (%)	-0.8	-6.8	-0.3	6.1	5.0
First-half return on equity after tax (%)	-0.6	-4.8	-0.5	5.0	3.7
Earnings per unit of cost (DKK)	0.93	0.73	0.95	2.07	1.99
Foreign exchange position (%)	3.5	3.4	3.2	1.7	1.9
Accumulated impairment ratio	1.1	1.0	0.1	0.0	0.1
Impairment ratio for the period	0.2	0.8	0.1	0.0	-0.1
Growth in lending during the period (%)	-2.1	2.2	7.8	9.0	8.7
Loan-to-equity ratio	22.9	22.6	18.8	17.4	17.4

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

# Note 16

Amount in DKK million

## 16 CONSOLIDATED COMPANIES

Name and registered office	Type of business	Ownership interest (Pc)	Company capital end of period <sup>1)</sup>	Equity end of period <sup>1)</sup>	Net profit or loss <sup>1)</sup>
<b>Subsidiaries</b>					
BRFbank a/s, Kgs. Lyngby	Financial services company	100	315	773	-563
Ejendomsselskabet Nørreport 26, 8000 Århus C. A/S, Århus	Property company	100	5	59	3
Ejendomsselskabet Nørgårdsvej, 37-41, 2800 Lyngby A/S, Kgs. Lyngby	Property company	100	3	3	-5

<sup>1)</sup> According to latest published financial statements

### Parent companies preparing consolidated financial statements

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

BRFholding a/s, Kgs. Lyngby

BRFfonden, Kgs. Lyngby

