

Annual Report

2010



3RFbank

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Management's review

Financial and operating data

Amounts in DKK '000

CORE EARNINGS/EARNINGS FROM INVESTMENT PORTFOLIOS AND PROFIT OR LOSS FOR THE YEAR

	2010	2009	2008	2007	2006
Core income					
- net interest income	135,823	134,627	154,298	100,852	67,613
- net fees, charges and commission income	9,623	17,329	25,362	28,005	20,259
- securities and foreign exchange income (- signifies a loss)	-23,321	4,221	-17,852	10,254	7,819
Total core income	122,125	156,177	161,808	139,111	95,691
Operating expenses, depreciation and amortisation	75,164	74,343	64,432	47,122	41,964
Other operating expenses	29,327	36,642	11,700	120	160
Core earnings before impairment charges	17,634	45,192	85,676	91,869	53,567
Loan impairment charges etc.	107,851	795,834	188,686	53,281	1,428
Core earnings	-90,217	-750,643	-103,010	38,587	52,138
Earnings from investment portfolios	-	-	-	-	-
Profit or loss before tax for the year	-90,217	-750,643	-103,010	38,587	52,138
Tax (- signifies an income)	-22,641	-187,660	-25,710	9,669	14,646
Net profit or loss for the year	-67,576	-562,983	-77,300	28,918	37,393

SELECTED BALANCE SHEET ITEMS

	2010	2009	2008	2007	2006
Lending	4,588,416	4,838,268	5,978,157	4,675,409	3,610,752
Deposits	5,450,615	3,939,885	3,291,830	1,949,638	1,474,628
Equity	1,105,244	772,819	935,802	813,102	634,184
Balance sheet total	9,824,696	9,191,945	9,202,060	7,822,847	6,929,446
Guarantees	1,497,929	3,131,718	3,691,529	3,679,919	3,286,285

SELECTED KEY FIGURS AND RATIOS

	2010	2009	2008	2007	2006
Solvency ratio	17.9	14.3	17.0	14.2	14.2
Core capital ratio	13.3	7.9	10.2	9.1	9.1
Return on equity before tax	-9.6%	-87.9%	-11.8%	5.8%	9.8%
Return on equity after tax	-7.2%	-65.9%	-8.8%	4.4%	7.0%
Earnings per unit of cost (DKK)	0.58	0.17	0.61	1.38	2.19
Interest rate risk	1.1%	2.6%	2.5%	2.3%	1.6%
Foreign exchange position	1.3%	0.0%	0.0%	0.0%	0.0%
Loan-to-deposit ratio (including loan impairment)	99.0%	145.6%	187.2%	241.0%	245.2%
Own funds in excess of minimum regulatory level	575.6%	211.1%	176.8%	177.6%	258.6%
Sum of large loan exposures	0.0%	99.1%	122.8%	95.8%	117.0%
Share of receivables with reduced interest rates	4.9%	13.0%	-	-	-
Accumulated impairment ratio	12.5	10.9	2.4	0	0
Impairment ratio for the year	1.6	8.9	1.9	0.7	0.1
Growth in lending during the year	-5.2%	-19.1%	27.9%	29.5%	87.6%
Loan-to-equity ratio	4.2	6.3	6.4	5.8	5.7
Solvency requirement	9.8	11.7	9.1	8.0	8.0

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. 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 - with the introduction of the Home Credit facility, a Visa/Dankort debit card and an online banking facility - BRFbank took steps to widen its range of products available to the private customer segment. Over the following years, continuous adjustment measures have been launched on the deposit side in the form of various new deposit products at competitive prices. These efforts continued into 2009 and 2010

with the introduction of other products targeted at private customers, including strengthened services through the online banking facility. BRFbank aims to continue the expansion of its product range in the retail market.

In the light of developments in the corporate area, including the bank's possibilities of effective risk exposure management, the bank has ceased lending activity to this customer segment, and the loan portfolio is being phased out.

The bank continues to be active in the market for non-profit housing and cooperative housing societies, 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.

BRFbank posted a net loss for 2010 of DKK 67.6 million, which surpassed expectations. The earnings performance was affected substantially by a decrease in loan losses and impairment charges. The bank's performance improved by DKK 495.4 million over 2009.

In summary, the net loss for the year was affected by:

- Lending contracted by 5.2% in 2010, against a 19.1% contraction in 2009
 - Core income came to DKK 122.1 million, against DKK 156.2 million in 2009
 - Net interest income up by 0.9%
 - Fees, charges and commission income down by 44.5%
 - Staff costs and administrative expenses up by 1.0%
 - Loan losses and impairment charges down by DKK 688.0 million
 - Income-cost ratio (DKK) was 0.58, against 0.17 in 2009
 - Solvency ratio was 17.9%, including a tier one capital ratio of 13.3%
 - Return on equity before tax was negative at 9.6%, against a negative return of 87.9% in 2009
 - The bank's total expenses for Bank Rescue Package 1 were DKK 51.1 million, which broke down into DKK 29.3 million for commissions on guarantees and DKK 21.8 million concerning a provision for loss on a guarantee to the Private Contingency Committee.
-

Core earnings and earnings from investment portfolios

Core income was DKK 122.1 million, against DKK 156.2 million in 2009. Net interest income came to DKK 135.8 million in 2010, 1.0% up from the level of 2009. Net fees, charges and commission income, at DKK 9.6 million, were 44,5% down on 2009. The bank reported a securities and foreign exchange loss of DKK 23.3 million, against an income of DKK 4.2 million in 2009. This figure includes a loss on bonds of DKK 13.8 million and a loss on swap transactions of DKK 10.3 million.

Operating expenses, depreciation and amortisation, including staff costs and administrative expenses, advanced by DKK 0.8 million, equivalent to a 1.1% increase.

Other operating expenses relating to expenses for the bank's membership of the Private Contingency Committee declined from DKK 36.6 million to DKK 29.3 million.

The bank's impairment ratio was down from 8.9% in 2009 to 1.6% in 2010. Loan losses and impairment charges had an adverse impact on the financial statements for 2010, reducing profits by DKK 107.9 million, of which the corporate segment accounted for DKK 99.6 million whereas the private segment contributed a gain of DKK 13.5 million. The remaining loss of DKK 21.8 million concerns a guarantee provided to the Private Contingency Committee.

Balance sheet

At 31 December 2010, the bank had a balance sheet total of DKK 9.8 billion, which compares with DKK 9.2 billion at the end of 2009. The loan portfolio was down by 5.2% to DKK 4.6 billion during 2010, against DKK 4.8 billion at end-2009. The decline in the loan portfolio related to both the corporate and private segments.

Receivables from and payables to credit institutions were DKK 2.7 billion and DKK 2.8 billion, respectively, at the end of 2010. These items essentially comprise clearings related to BRFKredit.

The deposit portfolio grew by 38.3% during 2010. Hence, deposits were DKK 5.5 billion at the close of 2010, against DKK 3.9 billion a year earlier.

The balance sheet total with the addition of guarantees amounted to DKK 11.3 billion at 31 December 2010.

Capital adequacy rules

BRFbank applies the standardised approach for credit and market risks and the basic indicator approach for operational risks. The bank's solvency ratio, including net loss for 2010, was 17.9%, of which the core capital ratio was 13.3%. The bank's individual solvency requirement was 9.8% at 31 December 2010, which means that the bank's own funds exceeded the statutory requirement by an amount of DKK 524 million.

The individual solvency 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 requirement is determined as the capital requirement in percent of risk-weighted items that is estimated to be adequate to meet BRFbank's risks.

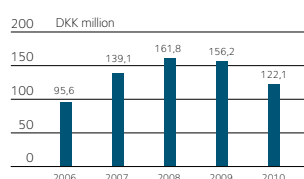
Own funds at the close of the year were DKK 1,169 million, made up of equity of DKK 1,105 million and subordinated capital of DKK 300 million net of capitalised deferred tax and intangible assets of DKK 236 million.

For additional information on BRFbank's capital requirement and own funds in excess of the statutory requirement (over-collateralisation), see the Risk and Asset Management Report, which is available at brf.dk.

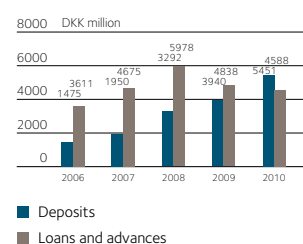
Bank rescue packages

At no time has BRFbank encountered 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 with the effect that all deposits and unsecured claims against BRFbank, but not subordinated

**CORE EARNINGS
2006-2010**



**DEPOSITS AND LENDING
2006-2010**



capital, were covered by a government guarantee, which remained 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 various factors, including 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 has cost BRFbank DKK 77.6 million in guarantee commissions, of which DKK 29.3 million was charged to Other operating expenses in 2010. In addition, a provision of DKK 52.1 million was made concerning a guarantee to the Private Contingency Committee, of which DKK 21.8 million was charged against profit in 2010 under Loan losses and impairment charges. Thus, total expenses for Bank Rescue Package 1 were DKK 51.1 million in 2010.

Over the three-year period of Bank Rescue Package 1, the package has cost BRFbank DKK 129.7 million.

Ownership and capital base

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

The bank's capital base was expanded by DKK 250 million in 2010, of which DKK 50 million was nominal share capital. Moreover, a subordinated capital contribution of DKK 150 million was converted into equity. All the capital was contributed by the parent company, BRFkredit a/s.

Dividend

The Board of Directors of the bank proposes to the Annual General Meeting that the dividend payout ratio for 2010 be set at 0 as in the previous years.

Post balance sheet events

After the end of the financial year, the state-owned Financial Stability Company has taken over Amagerbanken after bankruptcy proceedings opened against this bank. BRFbank has no exposure to Amagerbanken in the form of credit facilities, bonds or shares in Amagerbanken. In the course of ordinary trading activity, as of 4 February 2011 BRFbank had a net receivable from Amagerbanken, which will generate a loss of DKK 0.8 million.

Furthermore, in common with the other Danish banks, the bank is liable for the loss the Guarantee Fund for Depositors and Investors must expect to suffer in connection with the bankruptcy of Amagerbanken. BRFbank's share of the

banking sector's liability to the Guarantee Fund for Depositors and Investors has most recently been determined at 0.55%.

Performance against forecast

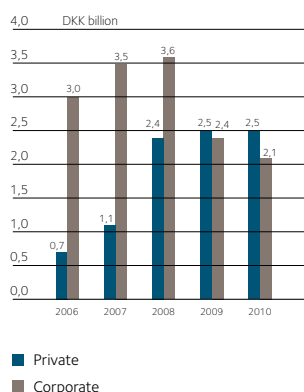
BRFbank's performance in 2010 surpassed expectations as the impact on earnings from loan losses and impairment charges developed more favourably than assumed at the beginning of the year. Although the performance is not satisfactory, it should be seen against the continued difficulties in the financial markets.

The banking market in 2010

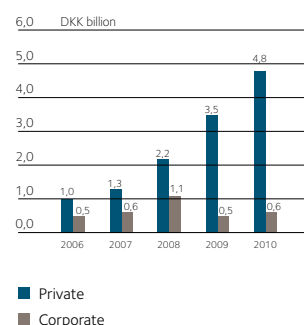
The trend towards normalisation of conditions in the financial markets that emerged in 2009 continued throughout 2010. Liquidity in many parts of the banking market has improved considerably, even though certain segments remain constrained by subdued activity. For BRFbank, this entails no material limitation or restriction on the conduct of business as the bank today funds its lending activities primarily with customer deposits.

The bank's adequate cash position was manifested by the establishment of a minor securities portfolio mainly made up of short-term fixed-income instruments. Following BRFkredit's decision to join Bank Rescue Package 2 – with

**DEPOSITS
2006-2010**



**LOANS AND ADVANCES
2006-2010**



the injection of hybrid core capital and the issuance of senior debt – no liquidity or funding challenges are anticipated for the foreseeable future.

Lending

The loan portfolio was down by 5.2% to DKK 4.6 billion at 31 December 2010.

DKK 2.1 billion of the bank's loan portfolio comes from the corporate customer segment, equivalent to 45.7% of total lending. Lending to customers in the corporate and non-profit housing segments was down by 12.5% in 2010. This was primarily attributable to the tightening of the bank's lending policy implemented in 2009.

The loan portfolio to the private customer segment amounted to DKK 2.5 billion in 2010, unchanged on 2009.

Deposits

The deposit portfolio grew by DKK 38.3% in 2010, closing at DKK 5.5 billion at 31 December 2010.

DKK 4.8 billion of the bank's deposits comes from private customers, equivalent to 89% of total deposits. In the private customer segment, the deposit portfolio soared by 37% in 2010, the main contributor being deposits in high-interest accounts. In the corporate customer segment, deposits were up from DKK 0.1 billion in 2009 to DKK 0.6 billion in 2010.

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 1,498 million at the end of 2010, against DKK 3,132 million at end-2009.

Outlook for 2011

Steps to phase out the bank's corporate activities will still generate a reduction in the bank's business volume in terms

of lending and risk-weighted assets. The accompanying 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 still further from the level of 2010. BRFbank's financial performance for 2011 may to some extent be affected by developments in interest rates in general, as the bank's possibility of adjusting interest rates and the level of returns on its securities portfolio will depend on these developments.

Risks

Risks are managed within the policies and limits set and adopted by BRFbank's Executive Board and Board of Directors. The risks that are of relevance to BRFbank are credit risks, interest rate and liquidity risks, operational risks and very limited foreign exchange risks.

Credit risk

Credit risk is the risk that the debtor will be unable to meet its payment obligations to BRFbank, payment obligations being considered to comprise receivables, lending and guarantees. 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 2010,

construction loans totalled DKK 850 million, accounting for 18.5% of the loan portfolio. Moreover, at 31 December 2010, advance mortgage guarantees for DKK 310.2 million 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 71% 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 2.0 billion at 31 December 2010. 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 mortgages 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 character-

ristics. 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 unemployment rates, property prices, interest rates, etc. Based on an average analysis, an assessment is made as to whether each individual indicator has deteriorated from former levels. The indicators are weighted differently according to their significance to the individual group.

Interest rate risk

Interest rate risk relates to the loss BRFbank will suffer as a result of a one percentage point parallel shift in the yield curve. The bank has a bond portfolio of DKK 1,961 million, made up of short-dated bonds. The bond

portfolio's interest rate risk is DKK 19.4 million, whereas interest rate risk on fixed-rate mortgages is DKK 32.4 million.

Conversely, interest rate risk on BRFbank's fixed-rate deposits and interest rate swaps is negative at DKK 20.9 million and DKK 21.6 million, respectively.

Hence, total interest rate risk is DKK 9.4 million, which means that a 1% increase in interest rates will inflict a corresponding capital loss on the bank.

Liquidity risk

Over the past two years, BRFbank has been focusing on an effort to attract deposits for the purpose of reducing its dependence on the financial markets, which froze up during the financial crisis.

At 31 December 2010, BRFbank's deposits amounted to DKK 5.5 billion, while its equity stood at DKK 1.1 billion. These sources of funding should be seen against total lending of DKK 4.6 billion.

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 lending, deposits and external sources of funding.

In all scenarios, BRFbank meets the internal targets with a healthy margin.

Foreign exchange risk

Exchange rate indicator 1 relates to the loss BRFbank may incur from fluctuations in foreign exchange rates.

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.

Directorships and executive positions

The members of the Board of Directors 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 board of directors of:

Ejendomsselskabet Nørgaardsvej 37-41,
2800 Lyngby A/S

Member of the board of directors of:

VP Securities A/S

Chief Executive Officer of:

BRFholding a/s
BRFkredit a/s

Carsten Tirsbæk Madsen

Member of the boards of directors of:

Ejendomsselskabet Nørgaardsvej 37-41,
2800 Lyngby A/S

E-Nettet Holding A/S

Executive Vice President of:

BRFkredit a/s

Kim Thomsen

Chairman of the board of directors of:

Ejendomsselskabet Nørreport 26,
8000 Århus C. A/S

According to information provided by the Executive Board, the member of the Executive Board holds no other directorships or executive positions.

Company facts

Address etc.

BRFbank a/s
Klampenborgvej 205
2800 Kgs. Lyngby
Denmark

CVR no. 13 40 99 00
Financial year 1 January - 31 December
Local authority of
registered office: Kgs. Lyngby

Tel: +45 45 93 24 24
Fax: +45 45 93 24 11

Website: www.brf.dk
E-mail: info@brfbank.dk

Board of Directors^{*)}

Sven A. Blomberg,
Chief Executive Officer,
Chairman

Carsten Tirsbæk Madsen,
Executive Vice President,
Deputy Chairman

Kim Thomsen
Vice President

Torben Hansen
Head of Credits

Executive Board^{*)}

Leonhardt Pihl
Chief Executive Officer

Group Audit Committee

Oluf Engell
attorney-at-law

Kurt Bligaard Pedersen^{**)}
Executive Vice President

Lars Munch
Managing Director

Auditors

PricewaterhouseCoopers
Strandvejen 44
2900 Hellerup

Annual General Meeting

The Annual General Meeting of BRFbank a/s will be held on 21 February at BRFkredit's head office, Klampenborgvej 205, 2800 Kgs. Lyngby, Denmark.

^{*)} Directorships and executive positions with other Danish public limited companies, except for wholly-owned subsidiaries, held by members of the Board of Directors and Executive Board appear from page 15 of the Annual Report.

^{**)} Independent member with special expertise.

Statement by the board of directors and executive board

The Board of Directors and the Management have today considered and approved the Annual Report of BRFbank a/s for the financial year ended 31 December 2010.

The Annual Report is presented in accordance with the Danish Financial Business Act.

In our opinion, the Annual Report gives a true and fair view of the Bank's assets, liabilities and financial position at 31 December 2010 and of the results of the Bank's activities and cash flows for the financial year ended 31 December 2010.

We also believe that the management's review provides a fair review of developments in the activities and finances of the Bank as well as a presentation of the principal risks and uncertainty factors that may affect the Bank.

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

Kgs. Lyngby, 21 February 2011

Executive Board

Leonhardt Pihl

Board of Directors

Sven A. Blomberg
Chairman

Kim Thomsen

Carsten Tirsbæk Madsen
Deputy Chairman

Torben Hansen

Auditor's Reports

Internal Auditor's Report

We have audited the Financial Statements and Management's Review of BRFbank a/s for the financial year ended 31 December 2010. 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 2010 and of the results of the Company's operations for the financial year ended 31 December 2010 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, 21 February 2011

Arne List
Head of Internal Audit Department

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 2010. The Financial Statements comprise Income Statement, Balance Sheet, Statement of Changes in Equity, Cash flow Statement 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 accor-

dance 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 2010 and of the results of the Company operations for the financial year 1 January - 31 December 2010 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, 21 February 2011

PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab

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

Income Statement

Amounts in DKK '000

For the year ended 31 December

	2010	2009	Note
Interest income	243,186	314,703	3
Interest expenses	107,363	180,076	4
Net interest income	135,823	134,627	
Fees, charges and commission income	20,098	31,454	5
Fees, charges and commissions paid	10,475	14,125	
Net interest income, fees and charges	145,446	151,956	
Securities and foreign exchange income (- signifies a loss)	-23,321	4,221	6
Other operating income	12	8	
Staff costs and administrative expenses	74,749	73,989	7-9
Depreciation, amortisation and impairment of tangible and intangible assets	427	362	
Other operating expenses	29,327	36,642	
Loan losses and impairment charges	107,851	795,835	10
Profit or loss before tax	-90,217	-750,643	
Tax (- signifies an income)	-22,641	-187,660	11
Net profit or loss for the year	-67,576	-562,983	

Balance sheet

Amounts in DKK '000

At 31 December

ASSETS	2010	2009	Note
Cash balance and demand deposits with central banks	46,511	2,248	
Receivables from credits institutions and central banks	2,744,795	3,297,453	12
Loans and other receivables at fair value	62,300	63,048	13
Loans and other receivables at amortised cost	4,526,116	4,775,220	13
Bonds at fair value	1,960,868	604,375	
Intangible assets	213	334	14
Other tangible assets	635	620	15
Deferred tax assets	236,013	213,371	16
Assets acquired temporarily	133,418	160,827	17
Other assets	112,629	67,584	18
Prepayments	1,198	6,865	
Total assets	9,824,696	9,191,945	
LIABILITIES AND EQUITY			
Payables			
Payables to credit institutions and central banks	2,793,483	3,734,191	19
Deposits and other payables	5,450,615	3,939,885	20
Issued bonds at amortised cost	-	100,000	
Other liabilities	113,655	113,641	21
Deferres income	302	321	
Total payables	8,358,055	7,888,038	
Provisions			
Provisions for losses on guarantees	59,508	80,589	
Other provisions	1,890	499	
Total provisions	61,397	81,088	
Subordinated capital	300,00	450,000	22
Equity			
Share capital	395,000	315,000	
Share premium account	1,154,838	834,838	
Retained profits	-444,594	-377,019	
Total Equity	1,105,244	772,819	
Total liabilities and equity	9,824,696	9,191,945	

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Cash flow statement

Amounts in DKK '000

For the year ended 31 December

	2010	2009
Cash flows from operating activities		
Profit or loss before tax for the year	-90,217	-750,643
Adjustments for non-cash operating items	108,279	796,196
Total cash flows from operating profit	18,061	45,553
Change in working capital		
Bonds	-1,356,492	-604,375
Loans and other receivables	142,001	344,054
Deposits and other payables	1,510,729	648,056
Payables to credit institutions and central banks	-940,708	-493,625
Issued bonds	-100,000	100,000
Corporation tax paid	-	4,100
Adjustment of other working capital	-31,664	-147,595
Total cash flows from operating activities	-776,134	-149,386
Cash flows from investing activities		
Intangible assets	-129	-190
Other tangible assets	-193	-506
Total cash flows from investing activities	-322	-696
Cash flows from financing activities		
Change in supplementary capital	-150,000	-150,000
Change in equity	400,000	400,000
Total Cash flows from financing activities	250,000	250,000
Total changes in cash and cash equivalents	-508,394	145,470
Cash and cash equivalents at beginning of year		
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
Total cash and cash equivalents at beginning of year	3,299,700	3,154,230
Cash and cash equivalents at end of year		
Cash balance and demand deposits with central banks at end of year	46,511	2,248
Receivables from credits institutions and central banks at end of year	2,744,795	3,297,453
Total cash and cash equivalents at end of year	2,791,306	3,299,700

Statement of changes in equity and solvency statement

Amounts in DKK '000

STATEMENT OF CHANGES IN EQUITY

	Share capital ¹⁾	Share premium account	Retained profits	Total
Equity at 1 January 2009	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
Capital contribution	50,000	200,000	-	250,000
Conversion of subordinated capital	30,000	120,000	-	150,000
Net profit or loss for the year	-	-	-67,576	-67,576
Equity at 31 December 2010	395,000	1,154,838	-444,594	1,105,244

¹⁾ The share capital is divided into 3,950,000 'A' shares of DKK 100 each.
The shares are wholly owned by BRFkredit a/s

SOLVENCY STATEMENT

	2010	2009
Core capital (tier 1) after deduction	869,018	559,114
Own funds (capital base) after deduction	1,169,018	1,009,114
Weighted items outside trading portfolio, including items below the line	5,908,504	6,703,192
Weighted items with operational risk	275,084	285,718
Weighted items with market risk etc.	365,439	59,233
Total weighted items	6,549,027	7,048,143
Core capital (tier 1) after deduction as % of total weighted items	13,3	7,9
Solvency ration under s. 124(1) of 135(1) of the Danish Financial Business Act.	17,9	14,3
Core capital (tier 1) after deduction and own funds (capital base) after deduction appear so:		
Equity	1,105,244	772,819
Intangible assets	-213	-334
Deferred tax assets	-236,013	-213,371
Core capital (tier 1) after deduction	869,018	559,114
Supplementary capital excluding hybrid core capital	300,000	450,000
Own funds (capital base) after deduction	1,169,018	1,009,114

Note 1

1. ACCOUNTING POLICIES

The Annual Report of BRFbank a/s is presented in accordance with the Consolidated Danish Financial Business Act and the Danish Executive Order on Financial Reports of Credit Institutions and Brokerage Houses, Etc.

No changes have been made to the accounting policies from previous years.

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 the bond portfolio, 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 loans at fair value etc.

- Loans and receivables measured at amortised cost.
- Financial liabilities are measured at amortised cost.

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 bank'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. An exception is 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 of 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, continued

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 Denmark's 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 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 assessment of the value 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. Reference is made to the paragraph on impairment in the management's review for a more detailed description of 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 one to three 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 operating income or other operating 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 acquired temporarily are measured at the lower of fair value less sales costs and carrying amount.

Other assets

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

The item also includes positive market values of 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.

Note 1, continued

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.

Provisions

Provisions, including provisions for losses on guarantees, are recognised when a company in the Group, as a result of an event occurred on or before the balance sheet date, has a current legal or factual obligation and it is probable that an outflow of economic benefits will be required to meet the obligation.

Provisions are measured at management's best estimate of the amount which is expected to be required to meet the obligation.

Other liabilities

Interest payable and balances in connection with loans in process are recognised in "Other liabilities". These liabilities are recognised 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" accor-

ding to the ownership-settlement approach. Subordinated capital is measured on initial recognition at fair value and subsequently at amortised cost.

Other policies

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, changes in cash at bank and in hand for the year and the Company's cash at bank and in hand 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 at bank and in hand comprises cash and uncollateralised receivables from credit institutions and central banks 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, management needs to make estimates and set assumptions affecting the financial reporting. Management bases its estimate on experience and various other assumptions considered reasonable and relevant by management under the given circumstances. The management of BRFbank considers the following estimates and related assessments to be material to the preparation of the financial statements.

Loans for which an objective indication of impairment exists are impaired. Individually impaired loans are subject to significant uncertainty as regards the value that 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 mortgaged properties, 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.

Assets in temporary possession comprise properties that have been acquired by forced sale and property companies which BRFbank actively endeavours to sell within the next 12 months. There is significant uncertainty over the value these properties

and companies 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. If it is probable that an outflow of economic benefits from BRFbank will be required 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 will be 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 and 6

Amounts in DKK '000

	2010	2009
3 INTEREST INCOME		
Receivables from credits institutions and central banks	9,665	18,847
Loans and other receivables	220,430	274,863
Bonds	29,119	24,026
Other derivative financial instruments, interest-rate contracts	-16,029	-3,147
Other interest income	-	115
Total	243,186	314,703
4 INTEREST EXPENSES		
Credits institutions and central banks	8,794	35,401
Deposits and other payables	88,725	114,480
Issued bonds	1,236	3,012
Subordinated capital	8,607	27,182
Other interest expenses	-	0
Total	107,363	180,076
5 FEES, CHARGES AND COMMISSION INCOME		
Payment services	1,123	664
Originating fees	8,564	15,604
Commissions on guarantees	6,872	10,964
Other fees, charges and commissions	3,539	4,222
Total	20,098	31,454
6 SECURITIES AND FOREIGN EXCHANGE INCOME (- signifies a loss)		
Other loans and receivables at fair value	514	2,780
Bonds	-13,805	1,236
Foreign exchange	243	82
Derivative financial instruments, interest-rate contracts	-10,273	123
Total	-23,321	4,221

Note 7, 8 and 9

Amounts in DKK '000

7 STAFF COSTS AND ADMINISTRATIVE EXPENSES	2010	2009
Remuneration of Executive Board	1,454	1,398
Staff costs		
Wages and salaries	33,944	37,394
Pensions	2,883	3,118
Social security costs	2,681	3,038
Total staff costs	39,509	43,550
Administrative expenses		
Service agreement with BRFkredit a/s	15,286	11,404
Other	18,499	17,637
Total administrative expenses	33,785	29,041
Total staff costs and administrative expenses	74,749	73,989
Members of the Executive Board have received benefits-in-kind, such as free car etc, which entailed expenses for the bank of DKK 77,000 (2009: DKK 120,000)		

8 AUDITORS' FEES	2010	2009
Total fee of accounting company performing the statutory audit	89	63
The BRFkredit Group has an Internal Audit Department, which employed seven people in 2010.		

9 NUMBER OF EMPLOYEES	2010	2009
Average number of employees during the financial year (full-time equivalent)	76	81

Note 10 and 11

Amounts in DKK '000

	2010	2009
10 LOAN LOSSES AND IMPAIRMENT CHARGES		
Net changes in impairment accounts on individually assessed loans (-signifies af profit)	-64,134	598,133
Net changes in impairment accounts on groups of loans (-signifies af profit)	-46,000	136,765
Realised losses	246,420	60,937
Recoveries of loan losses previously written off	28,434	-
Total	107,851	795,835
Impairment charges on individually assessed loans		
At beginning of year	824,943	226,810
Impairment charges during the period	260,322	681,474
Reversal of prior-year impairment charges	132,509	62,904
Previously provided for impairment, now written off	191,948	20,437
At end of year	760,809	824,943
Impairment charges on groups of loans		
At beginning of year	152,000	15,235
Impairment charges during the period	106,000	152,000
Reversal of prior-year impairment charges	152,000	15,235
At end of year	106,000	152,000
Loans and other receivables at amortised cost	992,861	1,370,350
Impairment charges	701,296	744,354
Total	291,565	625,996
Financial guaratees	118,823	263,560
Impairment charges	59,508	80,589
Total	59,315	182,971
Impairment charges on individually assessed loans	760,809	824,943
Impairment charges on groups of loans	106,000	152,000
Total	866,809	976,943
11 TAX (- signifies an income)	2010	2009
Deferred tax	-22,641	-187,660
Total	-22,641	-187,660
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	2010	2009
Deposits at notice with central banks	-	150,000
Receivables from credit institutions	2,744,795	3,147,453
Total	2,744,795	3,297,453

13 LOANS AND GUARANTEES, CREDIT RISK	2010	2009
Loans and guarantee debtors by industry in % at end of year		
Public authorities	0	0
Corporate		
Agriculture, hunting, fishing and forestry	0	0
Manufacturing and extraction of raw materials	0	0
Electricity supply	0	-
Building and construction	1	1
Wholesale and retail trade	1	1
Transport, hotels and restaurants	1	0
Information and communication	1	-
Financing and insurance business	4	9
Property	34	37
Other industries	4	3
Total corporate	46	51
Personal lending	54	49
Total	100	100

14 INTAGIBLE ASSETS	2010	2009
Total cost at beginning of the year	1,016	826
Additions	129	190
Total cost at end of year	1,145	1,016
Amortisation and impairment at beginning of year	683	494
Amortisation during the year	249	189
Amortisation and impairment at end of year	932	683
Carrying amount at end of year	213	334
Carrying amount at beginning of year	334	332

Note 15, 16, 17, 18 og 19

Amounts in DKK '000

15 OTHER TANGIBLE ASSETS	2010	2009
Total cost at beginning of the year	916	410
Additions	351	506
Disposals	410	-
Total cost at end of year	857	916
Amortisation and impairment at beginning of year	296	123
Amortisation during the year	178	173
Amortisation and impairment charges reversed	253	-
Amortisation and impairment at end of year	222	296
Carrying amount at end of year	635	620
Carrying amount at beginning of year	620	287

16 DEFERRED TAX ASSETS	2010	2009
Intangible assets	20	-83
Other tangible assets	-53	27
Portfolio of mortgages	402	-1,972
Liabilities	264	166
Accumulated tax losses	235,380	215,234
Total	236,013	213,371

17 ASSETS ACQUIRED TEMPORARILY	2010	2009
Properties	44,420	88,513
Property companies	88,998	72,314
Total	133,418	160,827

18 OTHER ASSETS	2010	2009
Positive market value of derivative financial instruments	33,244	37,378
Sundry debtors	29,463	343
Interest and commissions receivable	49,922	29,596
Other assets	-0	267
Total	112,629	67,584

19 PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS	2010	2009
Payables to credit institutions	2,793,483	3,734,191
Total	2,793,483	3,734,191

Note 20, 21, 22 og 23

Amounts in DKK '000

20 DEPOSITS AND OTHER PAYABLES	2010	2009
Demand deposits	2,504,980	2,302,920
Deposits at notice	15,924	23,952
Time deposits	2,919,310	1,613,013
Special deposits	10,400	-
Total	5,450,615	3,939,885

21 OTHER LIABILITIES	2010	2009
Sundry creditors	3,017	3,066
Negative market value of derivative financial instruments	56,441	50,300
Interest and commission payable	43,210	49,182
Other liabilities	10,986	11,093
Total	113,655	113,641

22 SUBORDINATED CAPITAL	2010	2009
Subordinated capital	300,000	450,000
Total	300,000	450,000

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

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

In 2010 principal payments on loan of DKK 150 million was converted into equity. The interest rate was 3-month Cibar + 1.15%

Interest on the loan, all granted by BRFkredit, was DKK 8,607,000 (2009: DKK 27,182,000) and the aggregate amount of the subordinated capital is included in the calculation of own funds.

23 CONTINGENT LIABILITIES	2010	2009
Guarantees etc.		
Financial guarantees	169,600	433,236
Financial guarantees provided to BRFkredit a/s	1,164,850	2,618,351
Total financial guarantees	1,334,450	3,051,588
Other guarantees	77,988	80,130
Other guarantees provided to BRFkredit a/s	85,441	-
Total other guarantees	163,429	80,130
Total guarantees etc.	1,497,879	3,131,718
Other contingent liabilities		
Other liabilities	50	50
Total other contingent liabilities	50	50
Total	1,497,929	3,131,768

Note 24

Amounts in DKK '000

24 LIQUIDITY RISKS		
BY REMAINING TERM TO MATURITY	2010	2009
Receivables from credit institutions and central banks		
On demand	2,737,523	2,836,989
Up to 3 months	622	450,622
Over 3 months and up to 1 year	918	-
Over 1 year and up to 5 years	5,732	9,842
Over 5 years	-	-
Total	2,744,795	3,297,453
Lending		
On demand	22,027	115,501
Up to 3 months	685,331	837,943
Over 3 months and up to 1 year	816,103	825,620
Over 1 year and up to 5 years	492,523	627,839
Over 5 years	2,572,433	2,431,365
Total	4,588,416	4,838,269
Payables to credit institutions and central banks		
On demand	2,773,411	3,031,688
Up to 3 months	-	-
Over 3 months and up to 1 year	-	-
Over 1 year and up to 5 years	-	638,199
Over 5 years	20,072	64,304
Total	2,793,483	3,734,191
Deposits and other payables		
On demand	2,504,980	2,335,999
Up to 3 months	952,201	879,632
Over 3 months and up to 1 year	1,459,668	724,254
Over 1 year and up to 5 years	526,044	-
Over 5 years	7,722	-
Total	5,450,615	3,939,885
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 og 26

Amounts in DKK '000

25 ADDITIONAL DATA ON RECLASSIFICATION OF ASSETS	2010	2009
Value of reclassified assets at end of year	192,071	226,023
Fair value of reclassified assets at end of year	195,666	224,922
Adjustment to fair value if assets had not been reclassified	4,461	14,597
Amount recognised in income statement	18,584	25,319

The portfolio of mortgages which was previously regarded as a trading portfolio and measured at fair value has since 1 July 2008 been reclassified (DKK 341 million) and recognised at amortised cost.

26 HEDGE ACCOUNTING	2010	2009
Hedging of fixed-rate loans		
Acquisition price	56,693	56,693
Carrying amount	62,300	63,048
Fair value	62,300	63,048
Nominal value	56,693	56,693
Market value adjustment	-748	260
Underlying financial instruments		
Nominal value of interest rate swap	56,369	56,369
Carrying amount	-3,983	-5,118
Market value of interest rate swap	-3,983	-5,118
Market value adjustment	1,135	-119

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.

Note 27 og 28

Amounts in DKK '000

27 KEY FIGURES	2010	2009	2008	2007	2006
Net interest income, fees and charges	145,446	151,956	179,660	128,856	87,872
Securities and foreign exchange income	-23,321	4,221	-17,852	10,254	7,819
Staff cost and administrative expenses	74,749	73,989	64,257	47,164	41,985
Loan losses and impairment charges	107,851	795,834	188,686	53,281	1,428
Net profit or loss for the year	-67,576	-562,983	-77,300	28,918	37,492
Loans and other receivables	4,588,416	4,838,268	5,978,157	4,675,409	3,610,752
Equity	1,105,244	772,819	935,802	813,102	634,184
Total assets	9,824,696	9,191,945	9,202,060	7,822,847	6,929,446

28 KEY RATIOS	2010	2009	2008	2007	2006
Solvency ratio	17.9	14.3	17.0	14.2	14.2
Core capital ratio	13.3	7.9	10.2	9.1	9.1
Return on equity before tax	-9.6%	-87.9%	-11.8%	5.8%	9.8%
Return on equity after tax	-7.2%	-65.9%	-8.8%	4.4%	7.0%
Earnings per unit of cost (DKK)	0.58	0.17	0.61	1.38	2.19
Interest rate risk	1.1%	2.6%	2.5%	2.3%	1.6%
Foreign exchange position	1.3	-	-	-	-
Foreign exchange risk	-	-	-	-	-
Ratio of loans and impairment charges to deposits	99.0%	145.6%	187.2%	241.0%	245.2%
Own funds in excess of statutory requiremen for cash	575.6%	211.1%	176.8%	177.6%	258.6%
Share of receivables with reduced interest rates	4.9%	13.0%	-	-	-
Sum of large loan facilities	0.0%	99.1%	122.8%	95.8%	117.0%
Impairment ratio	12.5	10.9	2.4	0.7	0.1
Impairment ration for the year	1.6	8.9	1.9	0.6	0.0
Growth in lending during the year	-5.2%	-19.1%	27.9%	29.5%	87.6%
Loan-to-equity ratio	4.2	6.3	6.4	5.8	5.7

Note 29 og 30

Amounts in DKK '000

29 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

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:

	2010	2009
Parent company		
Interest income	10,063	12,158
Interest expenses	11,740	29,463
Fees, charges and commission income	3,490	1,972
Securities and foreign exchange income	-1,391	300
Administrative expenses	15,286	11,404
Other related parties		
Interest expenses	17	75

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

	2010	2009
Parent company		
Receivables from credit institutions and central banks	7,273	310,464
Bonds at fair value	552,050	51,100
Payables to credit institutions	2,738,498	3,057,690
Subordinated capital	300,000	450,000
Other related parties		
Deposits and other payables	2,434	3,126

30 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

