

INTERIM REPORT

Q1 2011



3RF bank

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FINANCIAL AND OPERATING DATA FOR BRFBANK

(DKK '000)

| CORE EARNINGS/EARNINGS FROM INVESTMENT PORTFOLIOS AND PROFITS OR LOSSES FOR THE PERIOD | Q1 2011 | Q1 2010 | 2010 (full year) |
|---|----------------|----------------|-------------------------|
| Core income: | | | |
| - net interest income | 30,256 | 36,167 | 135,823 |
| - net fees, charges and commission income | 3,429 | 2,564 | 9,623 |
| - securities and foreign exchange income (- signifies a loss) | 5,471 | -10,234 | -23,321 |
| Total core income | 39,156 | 28,497 | 122,125 |
| Operating expenses, depreciation and amortisation | 21,532 | 18,772 | 75,164 |
| Other operating expenses | 13,200 | 9,765 | 29,327 |
| Core earnings before impairment charges | 4,424 | -40 | 17,634 |
| Loan impairment charges etc. | 77,288 | 39,908 | 107,851 |
| Core earnings | -72,864 | -39,948 | -90,217 |
| Earnings from investment portfolios | - | - | - |
| Profit or loss before tax for the period | -72,864 | -39,948 | -90,217 |
| Tax (- signifies an income) | -18,216 | -9,987 | -22,641 |
| Net profit or loss for the period | -54,648 | -29,961 | -67,576 |

| SELECTED BALANCE SHEET ITEMS | Q1 2011 | Q1 2010 | 2010 (full year) |
|-------------------------------------|----------------|----------------|-------------------------|
| Lending | 4,109,429 | 4,693,765 | 4,588,416 |
| Deposits | 5,499,527 | 4,257,870 | 5,450,615 |
| Equity | 1,050,595 | 742,858 | 1,105,244 |
| Balance sheet total | 7,431,839 | 8,605,379 | 9,824,696 |
| Guarantees | 1,068,732 | 2,376,545 | 1,497,929 |

| SELECTED KEY FIGURES AND RATIOS | Q1 2011 | Q1 2010 | 2010 (full year) |
|---|----------------|----------------|-------------------------|
| Solvency ratio | 21.0 | 14.6 | 17.9 |
| Core capital ratio | 15.2 | 7.8 | 13.3 |
| Return on equity before tax | -6.8% | -5.3% | -9.6% |
| Return on equity after tax | -5.1% | 1.2% | -7.2% |
| Earnings per unit of cost (DKK) | 0.34 | 0.41 | 0.58 |
| Interest rate risk | 0.1% | 1.2% | 1.1% |
| Foreign exchange position | 1.5% | - | 1.3% |
| Loan-to-deposit ratio (including loan impairment) | 90.3% | 131.7% | 99.0% |
| Own funds in excess of minimum regulatory level | 599.5% | 258.7% | 575.6% |
| Sum of large loan exposures | 33.7% | 84.5% | 0.0% |
| Accumulated impairment ratio | 14.3 | 12.3 | 12.5 |
| Impairment ratio for the period | 1.3 | 0.5 | 1.6 |
| Growth in lending during the period | -10.4% | -3.0% | -5.2% |
| Loan-to-equity ratio | 3.9 | 6.3 | 4.2 |
| Solvency requirement | 9.7 | 12.5 | 9.8 |

MANAGEMENT'S REVIEW

On 11 May 2011, the Board of Directors approved the Interim Financial Report of BRFbank for the period 1 January to 31 March 2011.

BRFbank came out of the first quarter of 2011 with a net loss of DKK 54.6 million, which fell short of expectations. Compared with the forecast, this performance was mainly affected by a higher level of loan losses and impairment charges. The net loss for the first quarter of 2011 had consequently widened by DKK 24.6 million from the net loss of DKK 30.0 million reported for the year-earlier period.

SUMMARY FINANCIAL PERFORMANCE FOR THE FIRST QUARTER OF 2011

- Core income came to DKK 39.2 million, against DKK 28.5 million in the first quarter of 2010. This can primarily be ascribed to a favourable trend in securities and foreign exchange income compared with the corresponding period of 2010.
- Staff costs and administrative expenses grew by DKK 2.8 million from the year-earlier period.
- Loan losses and impairment charges came to DKK 77.3 million, DKK 37.4 million up on the same period of 2010.
- BRFbank reported a loss before tax of DKK 72.9 million, against a first-quarter loss of DKK 39.9 million in 2010.
- BRFbank posted a net loss of DKK 54.6 million, against a net loss for the first quarter of 2010 of DKK 30.0 million.
- Solvency ratio was 21.0%, including a tier one capital ratio of 15.2%.

SIGNIFICANT EVENTS IN THE FIRST QUARTER OF 2011

In the first quarter, the bank's exposure to the corporate segment was reduced still further. Lending to private customers remained stable throughout the quarter. Overall, the bank's loan portfolio declined slightly.

The bank's deposits are characterised by stability. This goes for both the private and corporate segments, and it is therefore clear that the drop in deposit funds from corporate customers that occurred mainly in the third quarter of 2010 has come to a halt.

The first quarter realized a continued net influx of private customers.

SIGNIFICANT RISKS AND EVENTS DURING THE REMAINING PART OF THE FINANCIAL YEAR

Developments in loan losses and impairment charges are still found to be the most significant risk factor during the remainder of the year. The area is followed closely, and adjustments of credit policy, prices, etc. are considered and, where appropriate, implemented on an ongoing basis.

INCOME STATEMENT

CORE INCOME came to DKK 39.2 million in the first quarter of 2011, 37.4% up from the same period of 2010.

Net interest income for the first quarter of 2011 amounted to DKK 30.3 million, 16.3% down from the year-earlier period. The decline reflects the bank's overall risk exposure management with the scaling down of corporate lending activities, coupled with the adjustment of the bank's deposits to total lending.

Net fees, charges and commission income came to DKK 3.4 million in the first quarter of 2011, up by DKK 0.9 million from the first quarter of 2010. The increase can primarily be ascribed to a sharp fall in fees, charges and commissions paid.

Securities and foreign exchange income for the first quarter of the year was DKK 5.5 million, against a loss of DKK 10.2 million for the same period of 2010. The securities and foreign exchange income primarily relates to swap transactions which are used partially to hedge interest rate risk on the bank's portfolio of mortgages. As the portfolio of mortgages is recognised at amortised cost, no corresponding capital gain on this portfolio will materialise in the financial statements. The bank's bond portfolio, however, also incurred a small loss in the first quarter of 2011.

OPERATING EXPENSES, depreciation and amortisation amounted to DKK 21.5 million, up by DKK 2.8 million from the first quarter of 2010.

OTHER OPERATING EXPENSES advanced by DKK 35.2% to DKK 13.2 million during the first quarter of 2011, which was mainly attributable to an impairment charge on a guarantee to the Guarantee Fund for Depositors in connection with the bankruptcy of The Danish bank, Amagerbanken. The impairment charge is included

here as the Danish Financial Supervisory Authority has announced that it has to be carried as an operating expense rather than an impairment charge.

Loan impairment charges etc. came to DKK 77.3 million in the first quarter of the year, against DKK 39.9 million in the year-earlier period. Impairment charges can primarily be ascribed to corporate customers and mainly relate to the bank's exposures to various property groups which, as a result of the financial crisis, have encountered difficulties as a consequence of liquidity and refinancing problems.

BALANCE SHEET

At 31 March 2011, the bank had a balance sheet total of DKK 7.4 billion, against DKK 9.8 billion at the end of 2010.

The loan portfolio, inclusive of impairment charges, totalled DKK 4.1 billion at 31 March 2011, DKK 0.5 billion down from the level at 31 December 2010.

Receivables from and payables to credit institutions were DKK 0.2 billion and DKK 0.5 billion, respectively, at 31 March 2011.

The deposit portfolio came to DKK 5.5 billion, equivalent to an increase of 0.9% from 31 December 2010.

Equity amounted to DKK 1,050.6 million, against DKK 1,105.2 million at the end of 2010.

SOLVENCY

BRFbank calculates its solvency ratio according to the standardised approach. The bank's solvency ratio, including net loss for the first quarter of 2011, was 21.0%, of which the core capital ratio was 15.2%. Hence, the solvency ratio was above the 8.0% minimum ratio required by Danish legislation.

Own funds at the close of the first quarter were DKK 1,096.2 million, made up of equity of DKK 1,050.6 million and subordinated capital of DKK 300.0 million net of capitalised deferred tax and intangible assets of DKK 254.4 million.

BRFbank's adequate own funds at 31 March 2011 were measured at DKK 510 million, corresponding to a solvency requirement of 9.7%, down from the level at end-2010 when adequate own funds had been measured at DKK 645 million, equivalent to a solvency requirement of 9.8%.

Accordingly, at 31 March 2011, BRFbank's own funds exceeded the statutory requirement by an amount of DKK 586 million.

RISKS

BRFbank's risk profile is essentially unchanged from the risks disclosed in the 2010 Annual Report.

CREDIT RISKS

BRFbank's principal risk is credit risk. Although a continued indication of impairment was identified in the first quarter of 2011, the aggregate loan losses in 2011 are expected to be on the level with 2010.

LIQUIDITY RISKS

As far as liquidity risks are concerned, at the close of 2010, the bank had a surplus of deposits of DKK 862 million, which had risen even further to DKK 1,365 million at 31 March 2011.

OUTLOOK FOR 2011

In accordance with the formulated strategy, work is still being done to reduce the bank's exposure to the corporate lending market. As this reduction cannot be expected to be offset by corresponding growth in lending and guarantees in the business areas of private customers and social housing, a reduction in the bank's balance sheet total towards the end of the year must be anticipated.

The bank is still expected to report a full-year net loss for 2011. The most significant uncertainty factory in this respect is the uncertainty associated with loan losses and impairment charges for the remaining part of 2011.

STATEMENT BY THE BOARD OF DIRECTORS AND EXECUTIVE BOARD

The Board of Directors and the Management have today considered and approved the Interim Financial Report of BRFbank a/s for the period 1 January to 31 March 2011.

The first-quarter Interim Financial Report is presented in accordance with the Danish Financial Business Act.

In our opinion, the Interim Financial Report gives a true and fair view of the Company's assets, liabilities and

financial position at 31 March 2011 and of the results of the Company's activities for the period 1 January to 31 March 2011. We also believe that the management's review provides a fair review of developments in the activities and finances of the Company as well as a presentation of the principal risks and uncertainty factors that may affect the Company.

Kgs. Lyngby, 11 May 2011

EXECUTIVE BOARD

Leonhardt Pihl

BOARD OF DIRECTORS

Sven A. Blomberg
Chairman

Carsten Tirsbæk Madsen
Deputy Chairman

Kim Thomsen

Torben Hansen

INCOME STATEMENT

Amount in DKK '000

| For the three months ended 31 March | Note | 2011 | 2010 |
|---|------|----------------|---------|
| Interest income | 2 | 59,492 | 63,890 |
| Interest expenses | 3 | 29,236 | 27,723 |
| Net interest income | | 30,256 | 36,167 |
| Fees, charges and commission income | | 4,203 | 5,623 |
| Fees, charges and commissions paid | | 774 | 3,059 |
| Net interest income, fees and charges | | 33,685 | 38,731 |
| Securities and foreign exchange income (- signifies a loss) | 4 | 5,471 | -10,234 |
| Staff costs and administrative expenses | 5-6 | 21,423 | 18,671 |
| Depreciation, amortisation and impairment of tangible and intangible assets | | 109 | 102 |
| Other operating expenses | | 13,200 | 9,765 |
| Loan losses and impairment charges | 7 | 77,288 | 39,908 |
| Profit or loss before tax | | -72,864 | -39,948 |
| Tax (- signifies an income) | | -18,216 | -9,987 |
| Net profit or loss for the period | | -54,648 | -29,961 |

BALANCE SHEET

Amount in DKK '000

| | Note | 31 March | 31 Dec |
|---|------|------------------|------------------|
| ASSETS | | | |
| Cash balance and demand deposits with central banks | | 48,883 | 46,511 |
| Receivables from credits institutions and central banks | | 205,935 | 2,744,795 |
| Loans and other receivables at fair value | | - | 62,300 |
| Loans and other receivables at amortised cost | | 4,109,429 | 4,526,116 |
| Bonds at fair value | | 2,507,088 | 1,960,868 |
| Intangible assets | | 147 | 213 |
| Other tangible assets | | 592 | 635 |
| Deferred tax assets | | 254,229 | 236,013 |
| Assets acquired temporarily | | 211,809 | 133,418 |
| Other assets | | 92,408 | 112,629 |
| Prepayments | | 1,320 | 1,198 |
| Total assets | | 7,431,839 | 9,824,696 |
| LIABILITIES AND EQUITY | | | |
| Payables to credit institutions and central banks | | 472,180 | 2,793,483 |
| Deposits and other payables | | 5,499,527 | 5,450,615 |
| Other liabilities | | 91,076 | 113,655 |
| Deferres income | | 132 | 302 |
| Total payables | | 6,062,915 | 8,358,055 |
| Provisions | | | |
| Provisions for losses on guarantees | | 4,707 | 59,508 |
| Other provisions | | 13,622 | 1,890 |
| Total provisions | | 18,329 | 61,397 |
| Subordinated capital | | 300,000 | 300,000 |
| Equity | | | |
| Share capital | | 395,000 | 395,000 |
| Share premium account | | 1,154,838 | 1,154,838 |
| Retained profits | | -499,243 | -444,594 |
| Total Equity | | 1,050,595 | 1,105,244 |
| Total liabilities and equity | | 7,431,839 | 9,824,696 |
| Additional notes: | | | |
| Contingent liabilities | | | |

STATEMENT OF CHANGES IN EQUITY

Amount in DKK '000

| | Share Capital | Share premium account | Retained profits | Total |
|-----------------------------------|------------------|-----------------------------|------------------|-----------|
| Equity at 31 December 2009 | 315,000 | 834,838 | -377,019 | 772,819 |
| Net profit or loss for the year | - | - | -29,961 | -29,961 |
| Equity 31 March 2010 | 315,000 | 834,838 | -406,980 | 742,858 |
| Equity at 31 December 2010 | 395,000 | 1,154,838 | -444,594 | 1,105,244 |
| Net profit or loss for the year | - | - | -54,648 | -54,648 |
| Equity 31 March 2011 | 395,000 | 1,154,838 | -499,243 | 1,050,595 |

*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

Amount in DKK '000

| CORE CAPITAL, OWN FUNDS AND SOLVENCY RATIO | 31 March | 31 Dec |
|---|------------------|------------------|
| Core capital (tier 1) after deduction | 796,220 | 869,018 |
| Own funds (capital base) after deduction | 1,096,220 | 1,169,018 |
| Weighted items outside trading portfolio, including items below the line | 4,672,344 | 5,908,504 |
| Weighted items with operational risk | 275,084 | 275,084 |
| Weighted items with market risk etc. | 283,061 | 365,439 |
| Total weighted items | 5,230,489 | 6,549,027 |
| Core capital (tier 1) after deduction as % of total weighted items | 15.2 | 13.3 |
| Solvency ration under s. 124(1) of 135(1) of the Danish Financial Business Act. | 21.0 | 17.9 |
| Core capital (tier 1) after deduction and own funds (capital base) after deduction appear so: | | |
| Equity | 1,050,595 | 1,105,244 |
| Intangible assets | -147 | -213 |
| Deferred tax assets | -254,229 | -236,013 |
| Core capital (tier 1) after deduction | 796,220 | 869,018 |
| Supplementary capital excluding hybrid core capital | 300,000 | 300,000 |
| Own funds (capital base) after deduction | 1,096,220 | 1,169,018 |

NOTE 1, 2, 3, 4 AND 5

Amount in DKK '000

For the three months ended 31 March

1 ACCOUNTING POLICIES

The Interim Report of the 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.

The Interim Report has not been audited nor reviewed.

| 2 INTEREST INCOME | 2011 | 2010 |
|---|---------------|---------------|
| Receivables from credits institutions and central banks | 1,502 | 2,365 |
| Loans and other receivables | 48,154 | 62,391 |
| Bonds | 12,545 | 3,443 |
| Other derivative financial instruments, interest-rate contracts | -2,709 | -4,310 |
| Total | 59,492 | 63,890 |

| 3 INTEREST EXPENSES | 2011 | 2010 |
|--|---------------|---------------|
| Credits institutions and central banks | 696 | 4,193 |
| Deposits and other payables | 26,724 | 19,926 |
| Issued bonds | - | 520 |
| Subordinated capital | 1,817 | 3,084 |
| Total | 29,236 | 27,723 |

| 4 SECURITIES AND FOREIGN EXCHANGE INCOME (- SIGNIFIES A LOSS) | 2011 | 2010 |
|--|--------------|----------------|
| Other loans and receivables at fair value | -5,137 | 549 |
| Bonds | -6,098 | -32 |
| Foreign exchange | 24 | 111 |
| Derivative financial instruments, interest-rate contracts | 16,681 | -10,863 |
| Total | 5,471 | -10,234 |

| 5 STAFF COSTS AND ADMINISTRATIVE EXPENSES | 2011 | 2010 |
|--|---------------|---------------|
| Remuneration of Executive Board | 377 | 364 |
| Staff costs | | |
| Wages and salaries | 9,012 | 7,556 |
| Pensions | 727 | 745 |
| Social security costs | 706 | 660 |
| Total staff costs | 10,445 | 8,961 |
| Administrative expenses | | |
| Service agreement with BRFkredit a/s | 4,201 | 4,691 |
| Other | 6,400 | 4,655 |
| Total administrative expenses | 10,601 | 9,346 |
| Total staff costs and administrative expenses | 21,423 | 18,671 |

NOTE 6, 7 AND 8

Amount in DKK '000

For the three months ended 31 March

| 6 NUMBER OF EMPLOYEES | 2011 | 2010 |
|--|-------------|------|
| Average number of employees during the financial year (full-time equivalent) | 69 | 71 |

| 7 LOAN LOSSES AND IMPAIRMENT CHARGES | 2011 | 2010 |
|--|----------------|----------------|
| Net changes in impairment accounts on individually assessed loans (-signifies af profit) | -82,664 | 41,710 |
| Net changes in impairment accounts on groups of loans (-signifies af profit) | 69,000 | -8,000 |
| Realised losses | 93,462 | 8,044 |
| Recoveries of loan losses previously written off | 2,510 | 1,846 |
| Total | 77,288 | 39,908 |
| Impairment charges on individually assessed loans | | |
| At beginning of year | 760,809 | 824,943 |
| Impairment charges during the period | 39,189 | 68,447 |
| Reversal of prior-year impairment charges | 38,532 | 26,736 |
| Previously provided for impairment, now written off | 83,321 | 19,655 |
| At end of year | 678,145 | 846,998 |
| Impairment charges on groups of loans | | |
| At beginning of year | 106,000 | 152,000 |
| Impairment charges during the period | 175,000 | 144,000 |
| Reversal of prior-year impairment charges | 106,000 | 152,000 |
| At end of year | 175,000 | 144,000 |
| Loans and other receivables at amortised cost | 935,679 | 1,210,265 |
| Impairment charges | 683,725 | 769,985 |
| Total | 251,954 | 440,280 |
| Financial guarantees | 12,054 | 218,483 |
| Impairment charges | 4,707 | 77,013 |
| Total | 7,347 | 141,469 |
| Impairment charges on individually assessed loans | 688,432 | 846,998 |
| Impairment charges on groups of loans | 175,000 | 144,000 |
| Total | 863,432 | 990,998 |

| 8 CONTINGENT LIABILITIES | 31 March | 31 Dec |
|--|------------------|------------------|
| Guarantees etc. | | |
| Financial guarantees | 255,885 | 169,600 |
| Financial guarantees provided to BRFKredit a/s | 652,419 | 1,164,850 |
| Total financial guarantees | 908,304 | 1,334,450 |
| Other guarantees | 25,910 | 77,988 |
| Other guarantees provided to BRFKredit a/s | 134,468 | 85,441 |
| Total other guarantees | 160,378 | 163,429 |
| Total guarantees etc. | 1,068,682 | 1,497,879 |
| Other contingent liabilities | | |
| Other liabilities | 50 | 50 |
| Total other contingent liabilities | 50 | 50 |
| Total | 1,068,732 | 1,497,929 |

