

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

Announcement no. 76/2011  
24 August 2011

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

# INTERIM REPORT

Q2 2011



**3RF** kredit

# INTERIM FINANCIAL REPORT FOR THE PERIOD 1 JANUARY TO 30 JUNE 2011

## SUMMARY FINANCIAL PERFORMANCE

Earnings performance improved by DKK 390 million from the year-earlier period.

- BRFkredit generated a profit before tax of DKK 138 million for the first half of 2011, against a pre-tax loss of DKK 252 million for the corresponding period of 2010.
- Core income from lending operations was DKK 698 million in the first half of 2011, against DKK 694 million in the same period of 2010.
- Core income from securities was down from DKK 142 million in the first half of 2010 to DKK 121 million in the first half of 2011.
- Core income was DKK 438 million, up by 5.7% from DKK 413 million in the first half of 2010.
- The impact on profits from loan losses and impairment charges etc. improved by DKK 295 million over the year-earlier period, amounting to DKK 189 million in the first half of 2011, against DKK 484 million in the first half of 2010.
- Out of total loan losses and impairment charges during the period, BRFkredit a/s and BRFkredit Bank a/s accounted for DKK 98 million and DKK 91 million, respectively.
- The arrears rate measured 105 days after the March 2011 repayment date was 0.93%, against 1.34% in 2010, and the arrears rate measured 15 days after the June 2011 repayment date was 2.22%, against 2.40% at the same stage of 2010.
- Earnings from investment portfolios were positive at DKK 99 million in the first half of 2011, against a negative return of DKK 62 million in the first half of 2010.

## CAPITAL BASE

- The individual solvency requirement was 9.2% or DKK 6.3 billion.
- Core capital and solvency ratios were 17.0% and 16.8%, respectively, at 30 June 2011.
- Equity amounted to DKK 9,848 million.

## OUTLOOK FOR 2011

BRFkredit's expectations are unchanged from the outlook given at the time of the presentation of the Interim Financial Report for the period 1 January to 31 March 2011. Overall, profit before tax for 2011 is assumed to be an improvement over 2010's performance.

## SVEN A. BLOMBERG, CHIEF EXECUTIVE OFFICER, SAYS:

'The financial statements for the period 1 January to 30 June 2011 showed a profit before tax of DKK 138 million, against a loss of DKK 252 million for the corresponding period of 2010. This was a satisfactory improvement in performance. The improvement can be ascribed to various factors, including a continued decline in loan losses and impairment charges and positive earnings from investment portfolios. Moreover, arrears and impairment charges for the period decreased anew, and the portfolio of properties acquired through foreclosure was down by DKK 230 million during the January-to-June period.'

## FINANCIAL AND OPERATING DATA FOR THE BRFKREDIT GROUP (BRFKREDIT)

DKK million

### CORE EARNINGS/EARNINGS FROM INVESTMENT PORTFOLIOS

#### AND PROFITS FOR THE PERIOD

	Q2 2011	Q2 2010	2010 (full year)
Core income from lending operations etc.	698	694	1,437
Core income from securities	121	142	234
<b>Total core income</b>	<b>819</b>	<b>836</b>	<b>1,671</b>
Operating expenses, depreciation and amortisation	438	413	827
<b>Core earnings before impairment charges</b>	<b>381</b>	<b>423</b>	<b>844</b>
Loan losses and impairment charges etc.	189	484	471
<b>Core earnings before cost of capital</b>	<b>192</b>	<b>-61</b>	<b>373</b>
Hybrid core capital	104	99	199
Junior covered bonds	26	8	33
Senior debt	23	21	43
<b>Core earnings</b>	<b>39</b>	<b>-189</b>	<b>98</b>
Earnings from investment portfolios	99	-62	-77
<b>Profit or loss before tax</b>	<b>138</b>	<b>-252</b>	<b>21</b>
Tax (- signifies an income)	36	-55	7
<b>Net profit or loss for the period</b>	<b>102</b>	<b>-197</b>	<b>14</b>

### SUMMARY BALANCE SHEET

	Q2 2011	Q2 2010	2010 (full year)
Lending	207,516	220,384	212,976
Bonds and shares etc.	9,664	6,960	9,870
Other assets	6,935	10,161	8,584
<b>Total assets</b>	<b>224,115</b>	<b>237,505</b>	<b>231,430</b>
Issued bonds	186,913	200,907	198,383
Other liabilities	27,354	27,069	23,305
Equity	9,848	9,529	9,742
<b>Total liabilities and equity</b>	<b>224,115</b>	<b>237,505</b>	<b>231,430</b>

### SELECTED KEY FIGURES AND RATIOS

	Q2 2011	Q2 2010	2010 (full year)
Earnings per unit of cost (DKK)	1.2	0.73	1.02
Administrative expenses, depreciation and amortisation as % of average loan portfolio	0.42	0.38	0.38
Impairment ratio for the period	0.1	0.2	0.2
Return on equity before tax	1.4	-2.6	0.2
Return on equity after tax	1.0	-2.0	0.1
Solvency ratio	16.8	13.2	13.5
Core capital ratio	17.0	13.5	13.7
Own funds (tier 1 + tier 2), DKK million	11,457	10,953	11,143

## MANAGEMENT'S REVIEW

On 24 August 2011, the Board of Directors approved the interim financial statements of the BRFkredit Group (BRFkredit) for the period 1 January to 30 June 2011.

### BRFKREDIT'S FINANCIAL PERFORMANCE FOR FIRST HALF 2011

BRFkredit generated a profit before tax of DKK 138 million for the first half of 2011, against a pre-tax loss of DKK 252 million for the corresponding period of 2010. BRFkredit came out of the first half of 2011 with a net profit of DKK 102 million, against a net loss of DKK 197 million for the year-earlier period. After recognition of net profit for the six-month period, the solvency ratio at 30 June 2011 was 16.8%, against a solvency requirement of 9.2%. If computed exclusively on the basis of core (tier 1) capital, the solvency ratio at end-June 2011 was 17.0%.

The first six months of 2011 showed rising core income from lending operations, and the impact on profits from loan losses and impairment charges more than halved from DKK 484 million in the first half of 2010 to DKK 189 million in the first half of 2011. Sales of foreclosed properties developed favourably over the last few quarters. Since the start of the year, BRFkredit has sold properties for DKK 653 million. The properties were generally sold at prices above the carrying amounts. The portfolio of properties acquired through foreclosure was DKK 752 million at 30 June 2011, against DKK 985 million at 31 December 2010. As predicted, expenses rose during the first half of 2011, primarily as a result of the work on the new distribution model in the private customer area. This coincided with increases in the cost of loan capital.

### DISTRIBUTION

In view of the termination of the cooperation agreement with EDC as of 31 December 2011, BRFkredit has initiated the establishment of new distribution channels in the private customer area. This work is expected to be finalised by the end of the year when the existing agreement with EDC terminates. The distribution model comprises, among other elements, the establishment of a mobile team of financing advisers and five regional centres, the establishment of lead alliances with estate agents and construction suppliers as well as the development of a buyer broker

concept. Furthermore, the transition of BRFkredit Bank to a fully-fledged transaction bank continues. Overall, BRFkredit expects its distribution capacity to be at least at the same level as before.

The establishment of the new distribution model is proceeding according to plan. A manager of the mobile team of advisers has been hired, and all other management and HR recruitments are in place. Training of the mobile sales team has begun, and the first centre is scheduled to commence operation in September 2011. Other centres will be launched in October and November 2011.

In the corporate customer area, BRFkredit has concluded a non-exclusive agreement with Skandinaviska Enskilda Banken AB (SEB) on the provision of mortgage loans to corporate customers of particularly high credit standing.

### RATING OF BRFKREDIT AND BRFKREDIT'S BONDS

BRFkredit's bonds and BRFkredit as an institution are rated by Moody's Investors Service.

On 10 June 2011, Moody's changed its assessment of Danish mortgage lending by lowering the Timely Payment Indicator (TPI) from 'Very High' to 'High'. This implied that Moody's raised its requirement of supplementary collateral for bonds in addition to mortgages secured by real property (OC or over-collateralisation levels). On 1 July 2011, Moody's chose to downgrade the issuer ratings of various Danish financial institutions. BRFkredit's issuer rating was in this connection downgraded from Baa1 to Baa3 with a negative outlook, which also resulted in a raised OC level. By the same token, BRFkredit's Capital Centre E was downgraded from Aa1 to Aa2.

Given these circumstances, it is no longer possible for BRFkredit to issue bonds out of Capital Centre E with an Aa1 rating assigned by Moody's, regardless of the amount of funds injected to the capital centre. BRFkredit has committed itself to closing the capital centre for new lending unless the Aa1 rating can be maintained, and Capital Centre E has consequently been closed for new issues. At the same time, the Board of Directors of BRFkredit has decided to open a new Covered Bonds (SDO) Capital Centre H for issu-

ance of loans for refinancing purposes (primarily ARM loans). Moreover, a new temporary Covered Bonds (SDO) Capital Centre M will be established for issuance of all other loans (primarily fixed-rate loans).

On 28 July 2011, Moody's placed BRFkredit's rating of bonds issued out of Capital Centre E, Capital Centre B and the General Capital Centre on 'review for possible downgrade', which was a consequence of Moody's downgrading of BRFkredit's issuer rating.

Moody's downgrading of BRFkredit follows a period of growth in BRFkredit's financial performance and falling arrears rates. Furthermore, all scenarios show that BRFkredit's potential losses in even highly difficult stress scenarios are a far stretch from Moody's requirements for over-collateralisation levels.

BRFkredit has entered into a dialogue with Standard & Poor's with a view to having the capital centres of BRFkredits a/s rated. A rating is expected to be assigned in the autumn of 2011.

## FIRST-HALF PERFORMANCE 2011

### BRFKREDIT'S SEGMENTS

BRFkredit comprises BRFkredit a/s (Parent Company), BRFkredit Bank 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) Portfolio management

### MORTGAGE LENDING ETC.

Mortgage lending etc. comprises financial activities in the business areas of private customers, corporate customers and social housing as well as the activities of BRFkredit Bank. The segment also comprises a risk-free return on the proprietary investment portfolio.

Core earnings of 'Mortgage lending etc.' amounted to DKK 39 million for the first half of 2011, against a loss of DKK 189 million for the corresponding period of 2010.

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 652 million in the first half of 2011, up from DKK 612 million in the first half of 2010. Brokerage, fees and charges (net) were an expense of DKK 17 million in the first half of 2011, against an income of DKK 4 million in the same period of 2010.

#### CORE INCOME FROM SECURITIES

Core income from securities, comprising a risk-free return on the proprietary investment portfolio and other interest income etc., amounted to DKK 121 million in the first half of 2011, against DKK 142 million in the first half of 2010. The decline in core income from securities was attributable to various factors, including a lower risk-free rate of return in the first half of 2011 compared with the year-earlier period.

#### OPERATING EXPENSES, DEPRECIATION AND AMORTISATION

Operating expenses, depreciation and amortisation  
Operating expenses, including depreciation and amortisation, were up by 5.7% to DKK 438 million in the first half of 2011, against DKK 413 million in the first half of 2010 – an increase that can mainly be ascribed to higher expenses for consultants etc. in connection with the development of the new distribution model.

#### LOAN LOSSES AND IMPAIRMENT CHARGES ETC.

Loan losses and impairment charges etc. improved by DKK 295 million to DKK 189 million in the first half of 2011, up from DKK 484 million in the first half of 2010.

### BRFKREDIT'S SEGMENTAL FINANCIAL STATEMENTS FOR Q2

DKK million	2011			2010		
	Mortgage lending etc.	Portfolio management	Total	Mortgage lending etc.	Portfolio management	Total
Core income from lending operations etc.	698			694		
Core income from securities	121			142		
<b>Total core income</b>	<b>819</b>			836		
Operating expenses, depreciation and amortisation	438			413		
<b>Core earnings before impairment charges</b>	<b>381</b>			423		
Loan losses and impairment charges etc.	189			484		
<b>Core earnings before cost of capital</b>	<b>192</b>			-61		
Hybrid core capital	104			99		
Junior covered bonds	26			8		
Senior debt	23			21		
<b>Core earnings</b>	<b>39</b>			-189		
Earnings from investment portfolios		99			-62	
<b>Profit or loss before tax</b>	<b>39</b>	99	<b>138</b>	-189	-62	-252
Tax (- signifies an income)			36			-55
<b>Net profit or loss for the period</b>			<b>102</b>			-197

**ARREARS RATES**

Repayment dates	June 2011	March 2011	December 2010	September 2010	June 2010	March 2010
Arrears rate after 105 days	-	0.93	0.71	1.04	0.91	1.34
Arrears rate after 15 days	2.22	2.70	1.94	3.07	2.40	3.00

The impact on first-half profits broke down into a reduction in individual impairment charges of DKK 227 million, an increase in collective impairment charges of DKK 23 million and realised losses etc. of DKK 393 million. In collective impairment charges, management has set aside an additional provision of DKK 165 million, DKK 80 million of which relates to BRFkredit Bank, in addition to model-based impairment charges.

The impact on profits accounted for 0.05% of total lending in the first half of 2011 and 0.15% in the same period of 2010. DKK 98 million of the total impact on profits related to BRFkredit a/s, while the remaining DKK 91 million related to BRFkredit Bank a/s. DKK 146 million of the impact was accounted for by private customers and DKK 43 million by corporate customers.

The balance of total impairment charges at 30 June 2011 was DKK 1,925 million, equivalent to 0.9% of total lending. DKK 604 million of this amount was accounted for by collective impairment charges.

Arrears rates were down from the corresponding periods of 2010. The arrears rate measured 105 days after the March 2011 repayment date was 0.93%, against 1.34% in 2010, and the arrears rate measured 15 days after the June 2011 repayment date was 2.22%, against 2.40% at the same stage of 2010.

**PORTFOLIO MANAGEMENT**

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. Total investment returns were positive to the tune of DKK 243 million in the first half of 2011, against positive returns of DKK 33 million in second-half 2010. Developments in BRFkredit's portfolio returns were

affected positively by a favourable trend in the yield spread between government and mortgage bonds in 2011, coupled with movements in short-term interest rates. The earnings performance was achieved with an unchanged interest-rate risk profile, which continues to be very conservative.

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 proprietary investment portfolio. Risk-free returns, determined on the basis of a short-term money-market rate, were DKK 48 million in the first half of 2011. Risk-free returns on a senior debt issue etc. amounted to DKK 96 million in the first half of 2011.

Earnings from investment portfolios in the first half of 2011 can subsequently be calculated as total investment returns (DKK 243 million) less risk-free returns of DKK 48 million, which amount is transferred to core earnings, as well as DKK 96 million relating to risk-free returns on a senior debt issue etc. Total earnings from investment portfolios in the first half of 2011 were therefore positive at DKK 99 million, against negative returns of DKK 62 million in the year-earlier period.

**PORTFOLIO MANAGEMENT**

DKK million	Q2 2011	Q2 2010
<b>Investment returns</b>		
Returns on fixed-income instruments	243	33
<b>Total investment returns</b>	<b>243</b>	<b>33</b>
Risk-free returns	48	73
Risk-free returns; cost of capital	96	22
<b>Earnings from investment portfolios</b>	<b>99</b>	<b>-62</b>

## BALANCE SHEET TOTAL, EQUITY AND SOLVENCY

BRFkredit had a balance sheet total of DKK 224.1 billion at 30 June 2011, against DKK 231.4 billion at 31 December 2010. BRFkredit's mortgage lending narrowed by a nominal amount of DKK 3.9 billion to DKK 203.9 billion during the first half of 2011. The reduction in the portfolio occurred in accordance with the consolidation plan adopted by BRFkredit in 2009. Expectations are that this consolidation process will continue for some time into 2012. BRFkredit's total lending measured at carrying amount was DKK 207.5 billion at 30 June 2011, against DKK 213.0 billion at the close of 2010. Equity increased by the net profit for the period of DKK 102 million and a value adjustment of shares of DKK 5 million. Following these adjustments, equity at 30 June 2011 was DKK 9,848 million.

Solvency and core capital ratios increased in the first half of 2011 to 16.8% and 17.0%, respectively. The increase can mainly be ascribed to a changed assessment of the potential loss risk attaching to industrial mortgages. The loss risk attaching to industrial properties used to be based on experience gained from the early 1990s when the losses were primarily seen on industrial properties, including a combination of residential and commercial properties. BRFkredit's portfolio of this type of property has since then changed considerably with the effect that the weight is now on actual industrial properties, which have primarily been provided as security for loans in cooperation with FIH and in which respect FIH has furnished a guarantee for these loans. Similarly, no losses on and no identification of impairment of industrial properties has been identified since 2007. Without the change, the solvency and core capital ratios would be estimated at 15.6% and 15.8%, respectively.

The difference between the solvency and 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.

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 the application of the transitional rules.

The capital requirement without the transitional rule can be determined at DKK 5.1 billion for BRFkredit a/s and DKK 5.5 billion for the BRFkredit Group. With the application of the transitional rules for IRB companies, the capital requirement can be determined at DKK 6.8 billion for BRFkredit a/s and at DKK 7.1 billion for the Group.

### CHANGES IN EQUITY

DKK million	30 June 2011	30 June 2010	31 December 2010
Equity at beginning of period/year	9,742	9,730	9,730
Items – recognised in other comprehensive income	5	-4	-2
Retained profit or loss for the period/year	102	-197	14
Equity at end of period/year	9,848	9,529	9,742

### SOLVENCY AND CORE CAPITAL RATIOS OF BRFKREDIT GROUP

	30 June 2011	30 June 2010	31 December 2010
Core capital, DKK million	11,618	11,158	11,390
Own funds (capital base), DKK million	11,457	10,953	11,143
Risk-weighted assets, DKK million	68,304	82,859	82,840
Solvency ratio	16.8	13.2	13.5
Core capital ratio	17.0	13.5	13.7

The individual solvency requirement - adequate own funds - 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 one-year period.

Adequate own funds can thus be determined at DKK 5.9 billion for BRFkredit a/s, equivalent to a solvency requirement of 9.1%. Adequate own funds for the BRFkredit Group were DKK 6.3 billion, equivalent to a solvency requirement of 9.2%. For additional information on BRFkredit's solvency requirement and own funds in excess of the statutory requirement (over-collateralisation), consult our website at brf.dk.

#### REQUIREMENT FOR OWN FUNDS AND OVER-COLLATERALISATION

30 June 2011	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)	5.1	5.5	8.0	8.0	6.6	6.0
Capital requirement (with transitional rule)	6.8	7.1	10.7	10.5	4.9	4.3
Adequate own funds	5.9	6.3	9.1	9.2	5.9	5.2

## MARKET RISKS

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.

BRFkredit mainly uses euro-denominated futures to hedge interest rate risk on the bond portfolio. As a result of the close link between Danish interest rates and eurozone interest rates, BRFkredit measures interest rate risk with a full offset between Danish kroner and euros. Under this approach, market risk was determined at DKK 162 million at 30 June 2011, against DKK 212 million at 31 December 2010. For reporting purposes, BRFkredit measures interest rate risk by using the standardised approach of the Danish Financial Supervisory

Authority. This approach allows offsetting between currencies to a limited extent, and interest rate risk was therefore DKK 448 million at 30 June 2011, against DKK 368 million at the close of 2010.

Equity risk expresses the risk of a loss arising from movements in share prices of 10%points. At 30 June 2011, BRFkredit held shares for a total of DKK 240 million, equivalent to 2.1% of own funds. Equity risk was DKK 24 million.

BRFkredit is exposed to limited foreign exchange risks as practically all lending, securities investment and funding transactions are carried out in Danish kroner.

## OTHER DEVELOPMENTS

### LOAN PORTFOLIO COMPOSITION

At the end of the first half of 2011, the loan portfolio broke down as follows: 59.6% ARM loans, 22.0% fixed-rate loans, 10.5% Guarantee Loans and other floating-rate loans and 7.9% other types of loan. 50.7% of the loan portfolio was based on the interest-only option.

### RATING

BRFkredit's bonds and BRFkredit as an institution are rated by Moody's Investors Service.

On 10 June 2011, Moody's changed its assessment of Danish mortgage lending by lowering the Timely Payment Indicator (TPI) from 'Very High' to 'High'. This implied that Moody's raised its requirement of supplementary collateral for bonds in addition to mortgages secured by real property (OC or over-collateralisation levels). On 1 July 2011, Moody's chose to downgrade the issuer ratings of various Danish financial institutions. BRFkredit's issuer rating was in this connection downgraded from Baa1 to Baa3 with a negative outlook, which also resulted in a raised OC level. By the same token, BRFkredit's Capital Centre E was downgraded from Aa1 to Aa2.

Given these circumstances, it is no longer possible for BRFkredit to issue bonds out of Capital Centre E with an Aa1 rating assigned by Moody's, regardless of the amount of funds injected to the capital centre. BRFkredit has committed itself to closing the capital centre for new lending unless the Aa1 rating can be maintained, and Capital Centre E has consequently been closed for new issues. At the same time, the Board of Directors of BRFkredit has decided to open a new Covered Bonds (SDO) Capital Centre H for issuance of loans for refinancing purposes (primarily ARM loans). Moreover, a new temporary Covered Bonds (SDO) Capital Centre M will be established for issuance of all other loans (primarily fixed-rate loans).

On 28 July 2011, Moody's placed BRFkredit's rating of bonds issued out of Capital Centre E, Capital Centre B and the General Capital Centre on 'review for possible downgrade', which was a consequence of Moody's downgrading of BRFkredit's issuer rating.

Moody's downgrading of BRFkredit follows a period of growth in BRFkredit's financial performance and falling arrears rates. Furthermore, all scenarios show that BRFkredit's potential losses in even highly difficult stress scenarios are a far stretch from Moody's requirements for over-collateralisation levels.

BRFkredit has entered into a dialogue with Standard & Poor's with a view to having the capital centres of BRFkredits a/s rated. A rating is expected to be assigned in the autumn of 2011.

Information on ratings and capital centres applying to all of BRFkredit's mortgage bonds and covered bonds is available on BRFkredit's investor website at [brfkredit.com](http://brfkredit.com).

### BOND ISSUANCE

In the first half of 2011, BRFkredit issued covered bonds (SDOs) for a nominal amount of DKK 6.1 billion and mortgage bonds (ROs) for a nominal amount of DKK 0.2 billion.

Callable fixed-rate bonds accounted for 33.5% of all issues during the period, while ARM bonds accounted for 66.3%. The remainder – 0.3% – was made up of floating-rate notes.

The volume of mortgage bonds in circulation issued by BRFkredit represented a nominal value of DKK 207.5 billion at 30 June 2011, made up of DKK 110.5 billion worth of SDOs in Capital Centre E and DKK 78.4 billion worth of ROs in Capital Centre B.

### MOODY'S INVESTOR SERVICE RATINGS

	July 2011	Q2 2011	2010	2009	2008	2007
Covered bonds, Capital Centre E <sup>3)</sup>	Aa2	Aa1	Aa1	Aa1	Aa1	Aa1
Mortgage bonds, Capital Centre B <sup>3)</sup>	Aa3	Aa3	Aa3	Aa1	Aa1	Aa1
Mortgage bonds, General Capital Centre <sup>3)</sup>	Aa3	Aa3	Aa3	Aa2	Aa2	Aa2
Mortgage bonds, Capital Centre H <sup>2)</sup>						
Mortgage bonds, Capital Centre M <sup>2)</sup>						
Issuer	Baa3 <sup>1)</sup>	Baa1 <sup>1)</sup>	Baa1 <sup>1)</sup>	Baa1 <sup>1)</sup>	A2	A2
Subordinated capital (subordinated loan capital)	-	-	-	-	A3	A3

<sup>1)</sup> The rating is on negative outlook by Moody's Investors Service

<sup>2)</sup> Capital Centres H and M have not been rated.

<sup>3)</sup> On 28 July 2011, bonds issued out of Capital Centre E, Capital Centre B and the General Capital Centre were placed on 'review for possible downgrade' by Moody's Investors Service

## OUTLOOK FOR 2011

BRFkredit's expectations are unchanged from the outlook given at the time of the presentation of the Interim Financial Report for the period 1 January to

31 March 2011. Overall, full-year profit before tax for 2011 is assumed to be an improvement over 2010's performance.

## RESOLUTIONS BY THE BOARD OF DIRECTORS

The Board of Directors of BRFkredit has decided after the balance sheet date to open a new Covered Bonds (SDO) Capital Centre H for issuance of loans for refinancing purposes. Moreover, a new temporary Covered Bonds (SDO) Capital Centre M will be established for issuance of all other loans.

No other resolution that falls within the duty of disclosure set out in the "Rules for Issuers of Securities Listed on NASDAQ OMX Copenhagen A/S" was adopted by the Board of Directors during the first half of 2011.

## STATEMENT BY THE BOARD OF DIRECTORS AND EXECUTIVE BOARD

The Board of Directors 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 June 2011.

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 June 2011 gives a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 30 June 2011 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 June 2011. We also believe that the management's review provides a fair review of 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, 24. August 2011

### EXECUTIVE BOARD

Sven A. Blomberg  
*Chief Executive Officer*

Carsten Tirsbæk Madsen  
*Executive Vice President*

### BOARD OF DIRECTORS

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

Anette Lykke Poulsen  
*Elected by employees*

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### RELEVANT LINK

The Q2 2011 Interim Financial Report of BRFkredit is  
downloadable in pdf format from BRFkredit's website  
[brf.dk](http://brf.dk).

# INCOME STATEMENT

Amounts in DKK million

For the six months ended 30 June	Note	BRFkredit Group		BRFkredit a/s	
		2011	2010	2011	2010
Interest income	4	4,171	4,528	4,057	4,407
Interest expenses	5	3,300	3,755	3,246	3,704
<b>Net interest income</b>		<b>871</b>	772	<b>811</b>	704
Dividends on shares etc.		3	4	3	4
Fees, charges and commission income		44	62	37	53
Fees, charges and commissions paid		85	81	84	78
<b>Net interest income, fees and charges</b>		<b>833</b>	757	<b>767</b>	682
Securities and foreign exchange income (- signifies a loss)	6	-52	-99	-43	-80
Other operating income		2	4	9	11
Staff costs and administrative expenses	7	430	402	397	373
Amortisation, depreciation and impairment of intangible and tangible assets		9	11	8	11
Other operating expenses		16	20	-	0
Loan losses and impairment charges	8	189	484	98	319
Income from equity investments in associated and subsidiary, undertakings		-2	3	-86	-166
<b>Profit or loss before tax</b>		<b>138</b>	-252	<b>143</b>	-256
Tax (- signifies an income)		36	-55	36	-55
<b>Net profit or loss for the period</b>		<b>102</b>	-197	<b>107</b>	-201
To be distributed as follows:					
Shareholders of BRFkredit a/s		102	-197	107	-201
<b>Total</b>		<b>102</b>	-197	<b>107</b>	-201

# COMPREHENSIVE INCOME

For the six months ended 30 June	Note	BRFkredit Group		BRFkredit a/s	
		2011	2010	2011	2010
Net profit or loss for the period		102	-197	107	-201
Recognised directly in other comprehensive income (directly in equity)					
Shares available for sale	5	-4		-	-
<b>Comprehensive income for the period</b>		<b>107</b>	-201	<b>107</b>	-201
To be distributed as follows:					
Shareholders of BRFkredit a/s		107	-201	107	-201
<b>Total</b>		<b>107</b>	-201	<b>107</b>	-201

## BALANCE SHEET

Amounts in DKK million

	Note	BRFkredit Group		BRFkredit a/s	
		30 June 2011	31 Dec 2010	30 June 2011	31 Dec 2010
<b>ASSETS</b>					
Cash balance and demand deposits with central banks		36	58	7	11
Receivables from credit institutions and central banks		4,746	6,085	4,835	5,984
Bonds at fair value		9,424	9,637	6,704	8,228
Current tax assets		1	1	2	1
Assets acquired temporarily		752	985	529	852
Other assets etc.		591	608	492	516
Shares etc.		240	233	240	233
Deferred tax assets		266	301	14	67
Loans and other receivables at fair value	9-10	203,598	208,450	203,683	208,425
Loans and other receivables at amortised cost		3,918	4,526	300	300
Intangible assets		6	4	6	4
Investment properties		5	5	5	5
Owner-occupied properties		457	458	380	381
Plant and equipment (other tangible assets)		16	18	15	17
Equity investments in associated undertakings		59	60	59	60
Equity investments in subsidiaries		-	-	1,107	1,170
<b>Total assets</b>		<b>224,115</b>	<b>231,430</b>	<b>218,379</b>	<b>226,256</b>
<b>LIABILITIES AND EQUITY</b>					
Payables to credit institutions and central banks		16,356	11,401	15,358	11,346
Deposits and other payables		5,401	5,448	-	-
Liabilities relating to assets on temporary possession		107	45	107	45
Other liabilities etc.		3,149	4,001	3,063	3,825
Issued bonds at fair value		182,415	193,886	183,164	194,439
Issued bonds at amortised cost		4,498	4,497	4,498	4,497
<b>Total payables</b>		<b>211,924</b>	<b>219,279</b>	<b>206,189</b>	<b>214,151</b>
Provisions for losses on guarantees		1	56	-	-
Other provisions		119	133	119	142
<b>Total provisions</b>		<b>120</b>	<b>189</b>	<b>119</b>	<b>142</b>
Hybrid core capital		2,218	2,217	2,218	2,217
Subordinated capital		3	3	3	3
<b>Total subordinated capital</b>		<b>2,222</b>	<b>2,221</b>	<b>2,222</b>	<b>2,221</b>
<b>Equity</b>					
Share capital		306	306	306	306
Share premium account		102	102	102	102
Accumulated changes in value		6	6	6	6
Reserves in series		4,419	4,419	4,419	4,419
Other reserves		4,914	4,895	4,909	4,898
Retained profit og loss		102	14	107	11
<b>Total equity</b>		<b>9,848</b>	<b>9,742</b>	<b>9,848</b>	<b>9,742</b>
<b>Total liabilities and equity</b>		<b>224,115</b>	<b>231,430</b>	<b>218,379</b>	<b>226,256</b>
<i>Contingent liabilities</i>	11				
<i>Difference between consolidated financial statements IFRS and consolidated financial statements filed with the Danish Financial Supervisory Authority</i>	12				
<i>Financial and operating data at 30 June</i>	13				
<i>Solvency statement/Capital</i>	14				

## STATEMENT OF CHANGES IN EQUITY

Amounts in DKK million

## BRFKREDIT GROUP

	Share capital <sup>1)</sup>	Share premium account	Accumulated changes in value	Reserves in series <sup>3)</sup>	Other reserves / Shares available for sale <sup>4)</sup>	Retained profit and loss	Total
<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>	-	-	-	-	-4	-	-4
Recognised in other comprehensive income	-	-	-	-	-4	-	-4
Net profit or loss for the period	-	-	-	-	-	-197	-197
Comprehensive income for the period	-	-	-	-	-4	-197	-201
<b>Equity at 30 June 2010</b>	<b>306</b>	<b>102</b>	<b>5</b>	<b>7,510</b>	<b>1,803</b>	<b>-197</b>	<b>9,529</b>
<b>Equity at 31 December 2010</b>	<b>306</b>	<b>102</b>	<b>6</b>	<b>4,419</b>	<b>4,895</b>	<b>14</b>	<b>9,742</b>
Transferred to other reserves	-	-	-	-	14	-14	-
Shares available for sale - equity <sup>2)</sup>	-	-	-	-	5	-	5
Recognised in other comprehensive income	-	-	-	-	5	-	5
Net profit or loss for the period	-	-	-	-	-	102	102
Comprehensive income for the period	-	-	-	-	5	102	107
<b>Equity at 30 June 2011</b>	<b>306</b>	<b>102</b>	<b>6</b>	<b>4,419</b>	<b>4,914</b>	<b>102</b>	<b>9,848</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 - other comprehensive income: The period's value adjustments of shares classified as available for sale are recognised directly in other comprehensive income at a gain of DKK 5 million (2010: a loss of DKK 4 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) The revaluation of shares available for sale amount to DKK 110 million (DKK 106 million) at the end of the period.

## BRFKREDIT A/S

	Share capital	Share premium account	Accumulated changes in value	Reserves in series	Other reserves	Retained profit and loss	Total
<b>Equity at 31 December 2009</b>	<b>306</b>	<b>102</b>	<b>5</b>	<b>7,510</b>	<b>2,425</b>	<b>-618</b>	<b>9,730</b>
Transferred to other reserves	-	-	-	-	-618	618	-
Recognised in other comprehensive income	-	-	-	-	-	-	-
Net profit or loss for the period	-	-	-	-	-	-201	-201
Comprehensive income for the period	-	-	-	-	-	-201	-201
<b>Equity at 30 June 2010</b>	<b>306</b>	<b>102</b>	<b>5</b>	<b>7,510</b>	<b>1,807</b>	<b>-201</b>	<b>9,529</b>
<b>Equity at 31 December 2010</b>	<b>306</b>	<b>102</b>	<b>6</b>	<b>4,419</b>	<b>4,898</b>	<b>11</b>	<b>9,742</b>
Transferred to other reserves	-	-	-	-	11	-11	-
Recognised in other comprehensive income	-	-	-	-	-	-	-
Net profit or loss for the period	-	-	-	-	-	107	107
Comprehensive income for the period	-	-	-	-	-	107	107
<b>Equity at 30 June 2011</b>	<b>306</b>	<b>102</b>	<b>6</b>	<b>4,419</b>	<b>4,909</b>	<b>107</b>	<b>9,848</b>

## CASH FLOW STATEMENT

Amounts in DKK million

For the six months ended 30 June	BRFkredit Group	
	2011	2010
<b>Cash flows from operating activities</b>		
Profit or loss before tax for the period	138	-252
Adjustments for non-cash operating items	-161	262
	-23	10
<b>Change in working capital</b>		
Bonds at fair value	65,646	71,508
Loans and other receivables	5,664	567
Payables to credit institutions and central banks, deposits and other payables	4,907	-7,290
Issued bonds at fair value before set-off	-76,943	-65,778
Adjustment of other working capital	-974	-3,507
Corporation tax paid	-1	0
<b>Total cash flows from operating activities</b>	<b>-1,723</b>	<b>-4,488</b>
<b>Cash flows from investing activities</b>		
Purchases of intangible assets	-3	-2
Purchases of tangible fixed assets	-4	-33
Sales of tangible fixed assets	6	0
Purchases of fixed asset investments	-4	-2
Sales of fixed asset investments	0	3
<b>Total cash flows from investing activities</b>	<b>-5</b>	<b>-34</b>
<b>Cash flows from financing activities</b>		
Subordinated capital	1	1
Issued bonds at amortised cost (Junior covered bonds)	1,001	2,004
Redeemed bonds at amortised cost (Junior covered bonds)	-1,000	-1,000
Dividends paid	-	-
<b>Total cash flows from financing activities</b>	<b>2</b>	<b>1,005</b>
<b>Total change in cash and cash equivalents</b>	<b>-1,726</b>	<b>-3,517</b>
<b>Cash and cash equivalents at beginning of period</b>		
Cash balance and demand deposits with central banks	58	12
Receivables from credit institutions and central banks	6,085	9,428
Of which receivables not directly available	-60	-68
<b>Total cash and cash equivalents at beginning of period</b>	<b>6,083</b>	<b>9,371</b>
<b>Cash and cash equivalents at end of period</b>		
Cash balance and demand deposits with central banks	36	39
Receivables from credit institutions and central banks	4,746	5,891
Of which receivables not directly available	-425	-76
<b>Total cash and cash equivalents at end of period</b>	<b>4,356</b>	<b>5,854</b>

*BRFkredit Group'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

Amounts in DKK million

For the six months ended 30 June

BRFkredit Group

## SEGMENTAL FINANCIAL STATEMENTS OF BRFKREDIT GROUP

	2011			2010		
	Mortgage lending etc.	Portfolio management	Total	Mortgage lending etc.	Portfolio management	Total
Core income from lending operations etc.	698			694		
Core income from securities	121			142		
<b>Total core income</b>	<b>819</b>			<b>836</b>		
Operating expenses, depreciation and amortisation	438			413		
<b>Core earnings before impairment</b>	<b>381</b>			<b>423</b>		
Loan losses and impairment charges	189			484		
<b>Core earnings before hybrid core capital</b>	<b>192</b>			<b>-61</b>		
Net expenses for hybrid core capital	104			99		
Net expenses for Junior Covered Bonds	26			8		
Net expenses for senior debt	23			21		
<b>Core earnings</b>	<b>39</b>			<b>-189</b>		
Earnings from investment portfolios		99			-62	
<b>Profit or loss before tax</b>	<b>39</b>	<b>99</b>	<b>138</b>	<b>-189</b>	<b>-62</b>	<b>-252</b>
Tax (- signifies an income)			36			-55
<b>Net profit or loss for the period</b>			<b>102</b>			<b>-197</b>

## SEGMENT BALANCE SHEET

	30 June 2011			31 December 2010		
	Mortgage lending etc.	Portfolio management	Total	Mortgage lending etc.	Portfolio management	Total
Receivables from credit institutions and central banks	4,746	-	4,746	6,085	-	6,085
Bonds at fair value	2,954	6,470	9,424	2,471	7,166	9,637
Shares etc.	240	-	240	233	-	233
Lending	207,516	-	207,516	212,976	-	212,976
Equity investments in associated undertakings	59	-	59	60	-	60
Other assets	1,903	226	2,130	2,223	216	2,439
<b>Total assets</b>	<b>217,418</b>	<b>6,697</b>	<b>224,115</b>	<b>224,048</b>	<b>7,382</b>	<b>231,430</b>
Payables to credit institutions and central banks	16,356	-	16,356	11,401	-	11,401
Issued bonds at fair value	182,415	-	182,415	193,886	-	193,886
Issued bonds at amortised cost	4,498	-	4,498	4,497	-	4,497
Subordinated capital	120	-	120	189	-	189
Provisions	2,222	-	2,222	2,221	-	2,221
Other liabilities	8,633	23	8,657	9,434	61	9,495
<b>Total liabilities</b>	<b>214,243</b>	<b>23</b>	<b>214,266</b>	<b>221,627</b>	<b>61</b>	<b>221,688</b>
Equity			9,848			9,742
<b>Total liabilities and equity</b>			<b>224,115</b>			<b>231,430</b>

# STATEMENT OF CORE EARNINGS AND EARNINGS FROM INVESTMENT PORTFOLIOS, CONTINUED

Amounts in DKK million

For the six months ended 30 June

BRFkredit Group

RECONCILIATION TO FINANCIAL STATEMENTS	2011			2010		
	Core earning	Earnings from investment portfolios	Total	Core earnings	Earnings from investment portfolios	Total
Net interest income	733	138	871	738	35	772
Dividends on shares etc.	3	-	3	4	-	4
Fees, charges and commission income	44	-	44	62	-	62
Fees, charges and commissions paid	85	-	85	81	-	81
<b>Net interest income, fees and charges</b>	<b>695</b>	<b>138</b>	<b>833</b>	722	35	757
Securities and foreign exchange income or loss	-14	-38	-52	-3	-97	-99
Other operating income	2	-	2	4	-	4
Staff costs and administrative expenses	430	-	430	402	-	402
Amortisation, depreciation and impairment of intangible assets	9	-	9	11	-	11
Other operating expenses	16	-	16	20	-	20
Loan losses and impairment charges	189	-	189	484	-	484
Income from equity investments in associated and subsidiary undertakings	-2	-	-2	3	-	3
<b>Profit or loss before tax</b>	<b>39</b>	<b>99</b>	<b>138</b>	-189	-62	-252

## NOTE 1, 2 AND 3

### 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 2010.

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 in accordance with additional disclosure requirements for interim financial reports of issuers of listed bonds as applied in Denmark.

The Interim Financial Report of BRFkredit a/s has been prepared in accordance with the Consolidated Danish Financial Business Act and the Danish 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 2010.

However, a few reclassifications have been made to the segmental financial statements of the Group, and the comparative figures have been restated accordingly. The change relates to returns on strategic shares in BRFkredit a/s as well as value adjustments in BRFkredit Bank a/s, which has resulted in a reclassification between earnings from investment portfolios (DKK 2 million) and core income from lending operations etc. (DKK 23 million) to core income from securities (DKK -25 million). This change has been made as it is assessed to reflect the information requirement in the Group's internal reporting even better.

The note concerning 'Assets impaired' has now been divided into individual impairment charges and collective impairment charges for loans and other receivables. The principal balance outstanding on loans and other receivables for which collective impairment is provided used to be based on an estimated measurement. The principal balance can now be measured accurately, and the principal balance at 31 December 2010 has therefore been adjusted downwards by DKK 2,735 million. At the same time, the principal balance outstanding on loans and other receivables for which individual impairment is provided has been adjusted downwards by DKK 357 million at 31 December 2010 as a consequence of an excessive number of loans included in the previous measurement.

The net profit or loss for the period, equity and balance sheet total are not affected by the above-mentioned adjustments.

The Interim report has not been audited or reviewed.

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

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 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 24 August 2011.

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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.

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## NOTE 4, 5 AND 6

Amounts in DKK million

For the six months ended 30 June

	BRFkredit Group		BRFkredit a/s	
	2011	2010	2011	2010
<b>4 INTEREST INCOME</b>				
Receivables from credit institutions and central banks <sup>1)</sup>	6	2	4	2
Loans and other receivables	3,374	3,808	3,284	3,699
Commissions	652	612	652	612
Bonds	459	434	439	424
Financial derivatives	6	12	5	11
Other interest income	18	11	18	11
<b>Total</b>	<b>4,514</b>	<b>4,879</b>	<b>4,400</b>	<b>4,759</b>
Interest on own mortgage bonds, set off against interest on issued bonds	343	352	343	352
<b>Total interest income</b>	<b>4,171</b>	<b>4,528</b>	<b>4,057</b>	<b>4,407</b>
<sup>1)</sup> Of which interest income on reverse transactions entered under 'Receivables from credit institutions and central banks'	1	0	1	0

	BRFkredit Group		BRFkredit a/s	
	2011	2010	2011	2010
<b>5 INTEREST EXPENSES</b>				
Payables to credit institutions and central banks <sup>1)</sup>	86	93	84	91
Deposits and other payables	53	40	-	-
Issued bonds	3,376	3,814	3,384	3,813
Subordinated capital	121	121	121	121
Other interest expenses	7	39	0	31
<b>Total</b>	<b>3,643</b>	<b>4,107</b>	<b>3,589</b>	<b>4,056</b>
Interest on own mortgage bonds, set off against interest on issued bonds	343	352	343	352
<b>Total interest expenses</b>	<b>3,300</b>	<b>3,755</b>	<b>3,246</b>	<b>3,704</b>
<sup>1)</sup> Of which interest expenses from repo transactions entered under 'Payables to credit institutions and central banks'	81	89	81	89

	BRFkredit Group		BRFkredit a/s	
	2011	2010	2011	2010
<b>6 SECURITIES AND FOREIGN EXCHANGE INCOME</b> (- SIGNIFIES A LOSS)				
Mortgage lending	-968	3,848	-968	3,848
Other loans and receivables at fair value	-2	2	-1	1
Bonds	-130	404	-124	406
Shares at fair value	-	-	4	-4
Shares - available for sale	-1	-5	-	-5
Investment properties	6	-	6	-
Foreign exchange	-1	-0	-1	-0
Interest-rate contracts and financial derivatives	110	-451	104	-429
Issued bonds	934	-3,897	937	-3,896
<b>Total securities and foreign exchange income/loss</b>	<b>-52</b>	<b>-99</b>	<b>-43</b>	<b>-80</b>

Adjustments of the balance principle brought a total profit of DKK 2 million (2010: loss of DKK 4 million), resulting from a net value adjustment of the following items: Mortgage lending down by DKK 968 million (up by DKK 3,848 million), issued bonds up by DKK 962 million (down by DKK 3,857 million) and fixed-price agreements in connection with loan disbursements etc. up by DKK 8 million (up by DKK 5 million).

## NOTE 7 AND 8

Amounts in DKK million

For the six months ended 30 June

	BRFkredit Group		BRFkredit a/s	
	2011	2010	2011	2010
<b>7 STAFF COSTS AND ADMINISTRATIVE EXPENSES</b>				
Emoluments and remuneration of Supervisory Board and Board of Representatives <sup>1)</sup>	1	1	1	1
Wages and salaries	220	213	202	195
Defined-contribution pensions	24	23	22	22
Social security costs	26	22	25	21
<b>Total staff costs</b>	<b>271</b>	<b>260</b>	<b>250</b>	<b>239</b>
Other administrative expenses	158	143	147	133
<b>Total staff costs and administrative expenses</b>	<b>430</b>	<b>402</b>	<b>397</b>	<b>373</b>
<b>Average number of employees (full-time equivalent)</b>	<b>737</b>	<b>724</b>	<b>670</b>	<b>647</b>

<sup>1)</sup> The emoluments of ordinary members of the Supervisory Board were DKK 88,000 (DKK 88,000) for the period. The Deputy Chairman received double this amount, whereas the Chairman received triple this amount.

	2011	2010	2011	2010
<b>8 LOAN LOSSES AND IMPAIRMENT CHARGES</b>				
Net changes in impairment charges on individually assessed loans (- signifies a profit)	-227	-3	-101	-68
Net changes in impairment charges on groups of loans (- signifies a profit)	23	78	-2	90
Net realised losses <sup>1)</sup>	429	427	227	312
Recoveries of loan losses previously written off	36	18	25	14
<b>Total loan losses and impairment charges</b>	<b>189</b>	<b>484</b>	<b>98</b>	<b>319</b>
<i>Impairment charges on individually assessed loans:</i>				
At beginning of year	1,547	1,775	786	950
Impairment charges during the period	369	446	165	259
Reversal of prior-year impairment charges	361	259	219	226
Previously provided for impairment, now written off	235	190	47	101
<b>At end of period</b>	<b>1,321</b>	<b>1,772</b>	<b>685</b>	<b>882</b>
<i>Impairment charges on groups of loans:</i>				
At beginning of year	581	558	475	406
Impairment charges during the period	25	90	-	90
Reversal of prior-year impairment charges	2	12	2	-
<b>At end of period</b>	<b>604</b>	<b>636</b>	<b>473</b>	<b>496</b>

<sup>1)</sup> Of Net realised losses the value adjustment of assets acquired in prior financial years was negative at DKK 8 million (2010: DKK 2 million) and operating profit on properties during the period of foreclosure was negative at DKK 5 million (DKK 13 million).

## NOTE 9, 10 AND 11

Amounts in DKK million

	BRFkredit Group		BRFkredit a/s	
	30 June 2011	31 Dec 2010	30 June 2011	31 Dec 2010
<b>9 ASSETS IMPAIRED</b>				
Individually assessed loans and other receivables before impairment	5,769	6,863	4,830	5,845
Impairment	1,319	1,492	685	783
Loans after impairment	4,450	5,371	4,145	5,062
Groups of loans and other receivables before impairment	3,704	3,799	3,307	3,448
Impairment	604	581	473	475
Loans after impairment	3,100	3,218	2,833	2,973
Shares etc.	50	49	50	49
Impairment	22	23	22	23
Net	28	25	28	25

*No impairment has been recognised for other classes of assets.*

*In addition to the impairment charges set out above, provisions for losses on guarantees amounted to DKK 1 million (2010: DKK 56 million) in the BRFkredit Group.*

	30 June 2011	31 Dec 2010	30 June 2011	31 Dec 2010
<b>10 LOANS AND OTHER RECEIVABLES AT FAIR VALUE</b>				
Mortgage loans, nominal value	203,892	207,796	203,973	207,826
Adjustment for interest-rate risk etc.	208	1,172	208	1,172
Adjustment for credit risk	-1,088	-1,191	-1,084	-1,183
Total mortgage loans at fair value	203,012	207,777	203,097	207,814
Arrears and execution <sup>1)</sup>	300	355	300	355
Other loans and receivables	286	318	286	256
Total loans and other receivables at fair value	203,598	208,450	203,683	208,425

<sup>1)</sup> Arrears before impairment charges were DKK 205 million as of 30 June 2011 (DKK 229 million at end 2010)

	30 June 2011	31 Dec 2010	30 June 2011	31 Dec 2010
<b>11 CONTINGENT LIABILITIES</b>				
<b>Guarantees etc.</b>				
Financial guarantees	299	170	-	-
Other guarantees	88	130	58	52
Total guarantees etc.	387	300	58	52
<b>Other contingent liabilities</b>				
Other liabilities	79	48	79	48
Total other contingent liabilities	79	48	79	48
Total contingent liabilities	466	348	137	100

## NOTE 12 AND 13

Amounts in DKK million

**12 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	
	1 <sup>st</sup> half 2011	1 <sup>st</sup> half 2010	30 June 2011	30 Dec 2010
According to consolidated financial statements	102	-197	9,848	9,742
Shares available for sale	5	-4	-	-
Group's accounting figures according to the rules of Financial Supervisory Authority	107	-201	9,848	9,742

*In accordance with IFRS, the net increase during the year in the value 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, value adjustments during the year are required to be recognised directly in the income statement.*

**13 FINANCIAL AND OPERATING DATA AT 30 JUNE**

	2011	2010	2009	2008	2007
<b>BRFkredit a/s</b>					
Solvency ratio	18.3	14.4	12.3	12.9	14.4
Core capital ratio	18.5	14.7	12.1	11.2	12.6
Return on equity before tax (%)	1.5	-2.7	-7.5	-0.8	3.6
Return on equity after tax (%)	1.1	-2.1	-5.5	-0.8	3.1
Earnings per unit of cost (DKK)	1.3	0.6	0.4	0.8	2.1
Foreign exchange position (%)	4.6	3.1	2.9	1.1	1.4
Accumulated impairment ratio	0.6	0.6	0.5	0.1	0.0
Impairment ratio for the year	0.0	0.1	0.4	0.0	0.0
Growth in lending during the year (%)	-2.5	-2.0	2.8	5.4	6.2
Loan-to-equity ratio	20.7	22.7	22.1	17.8	16.8
<b>BRFkredit Group</b>					
Solvency ratio	16.8	13.2	11.5	11.8	13.5
Core capital ratio	17.0	13.5	11.3	10.2	11.7
Return on equity before tax (%)	1.4	-2.6	-7.4	-0.4	3.6
Return on equity after tax (%)	1.0	-2.0	-5.4	-0.4	3.1
Earnings per unit of cost (DKK)	1.2	0.7	0.6	0.9	2.0
Foreign exchange position (%)	4.7	3.1	2.9	1.1	1.4
Accumulated impairment ratio	0.9	1.1	0.9	0.1	0.0
Impairment ratio for the year	0.1	0.2	0.6	0.0	0.0
Growth in lending during the year (%)	-4.5	-2.0	2.3	6.0	6.1
Loan-to-equity ratio	21.1	23.1	22.5	18.4	17.1

*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 14

Amounts in DKK million

	BRFkredit Group		BRFkredit a/s	
	30 June 2011	31 Dec 2010	30 June 2011	31 Dec 2010
<b>14 CORE CAPITAL, OWN FUNDS AND SOLVENCY RATIO</b>				
Core capital (tier 1) after deduction	11,618	11,390	11,870	11,625
Own funds (capital base)	11,457	11,143	11,709	11,377
Weighted items outside trading portfolio, including off-balance sheet items	56,422	68,162	52,674	64,117
Operational risk	2,851	3,029	2,550	2,733
Weighted items with market risk etc.	9,030	11,649	8,842	11,295
Total weighted items	68,304	82,840	64,066	78,145
Core capital ratio	17,0	13,7	18,5	14,9
Solvency ratio	16,8	13,5	18,3	14,6
BRFkredit's capital requirement under s. 124(2) of the Danish Financial Business Act	5,464	6,627	5,125	6,252
Core capital and own funds are derived as follows:				
Equity	9,848	9,742	9,848	9,742
Intangible assets	-6	-4	-6	-4
Deferred tax assets	-266	-301	-14	-67
Accumulated changes in value	-6	-6	-6	-6
Core capital, excluding hybrid core capital	9,571	9,430	9,823	9,665
Hybrid core capital	2,218	2,217	2,218	2,217
50% difference between expected loss and accounting-relating impairment	-171	-257	-171	-257
Core capital (tier 1) after deduction	11,618	11,390	11,870	11,625
Supplementary capital, excluding hybrid core capital	3	3	3	3
Accumulated changes in value	6	6	6	6
50% difference between expected loss and accounting-relating impairment	-171	-257	-171	-257
Own funds (capital base)	11,457	11,143	11,709	11,377

