

**Investor Report  
BRFcredit  
Q2 2011**

**Introduction**

The Investor Report shows the most important issues relating to BRFkredit's capital and risk exposures. The Investor Report is then published quarterly in the first, second and third quarter in connection with the publication of the BRFkredit Interim reports. In the fourth quarter the "Risk and Capital Management" report is published in connection with the publication of the BRFkredit Annual reports.

In the second quarter lower short-term percentage of arrears (15 and 45 days) were observed for both retail customers and commercial customers. The number of scheduled foreclosures as well as the number of repossessed properties has stabilized at the level observed by the end of first quarter 2011. By the end of the second quarter 2011 the value of repossessed properties amount to DKK 529 million.

In general, the second quarter of 2011 is characterized by a stable development in the main areas and the overall risk is found to be unchanged to slightly improved by the end of the second quarter 2011.

No additional Junior Covered Bonds have been issued during the second quarter of 2011. By the end of the second quarter the capital assessment of BRFkredit was raised by DKK 102m and amount to just above DKK 25 bn.

**Sven A. Blomberg**  
CEO

**Carsten Tirsbæk Madsen**  
Executive Vice President

## BRFkredit's Capital Situation

The security of BRFkredit's bonds is backed by mortgaged properties, BRFkredit's equity as well as other capital elements and guarantees. At the end of the second quarter of 2011 the total capital was approximately DKK 25bn of which almost half was core capital. The remaining part consists of Junior Covered Bonds and senior debt. No additional Junior Covered Bonds have been issued during the second quarter of 2011.

Based on an improved credit quality Moody's lowered the committed over-collateral requirement to 9.5 pct for the Aa1 rated Capital Center E in December 2010. The over-collateral requirement was set at 0.5 pct. for the Aa3 rated Capital Centre B and the General Capital Center.

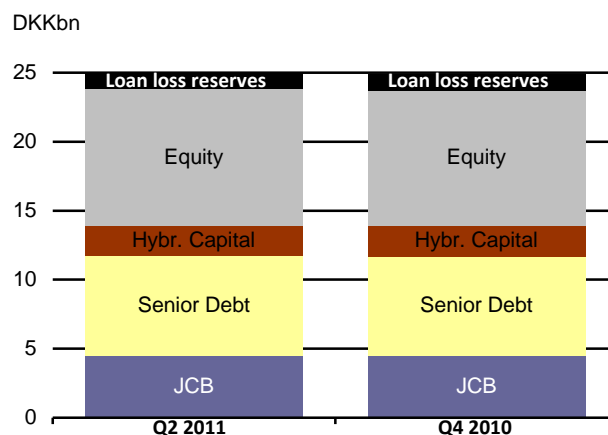
The rating agency Moody's revised 10 June 2011 their survey on Danish mortgage as TPI (Timely Payment Indicator) was lowered from "Very High" to "High" for the majority of the Danish mortgage credit institutions. This resulted, among other things, that the issuer rating of BRFkredit was lowered to Baa3 (negative outlook) from Baa1 (negative outlook), and the rating of Capital Centre E was also lowered to Aa2 from Aa1.

According to Moody's model it was therefore no longer possible for BRFkredit to maintain an Aa1 rating for the Capital Centre E – no matter how much further capital that might be added to the centre. As a consequence, the Capital Centre E was closed for new issuances. New issues will be issued from the new Capital Centre H and the new temporary Capital Centre M.

As a consequence of the lower issuer rating of BRFkredit, the Capital Center E, the Capital Center B and the General Institute was placed on review for possible downgrade by Moody's on the 28 July 2011.

BRFkredit has initiated a dialogue with Moody's about the new levels of the committed over-collateral requirements and furthermore BRFkredit has initiated a dialogue with Standard & Poor's for rating of BRFkredit's Capital Centres. The process is expected during autumn 2011.

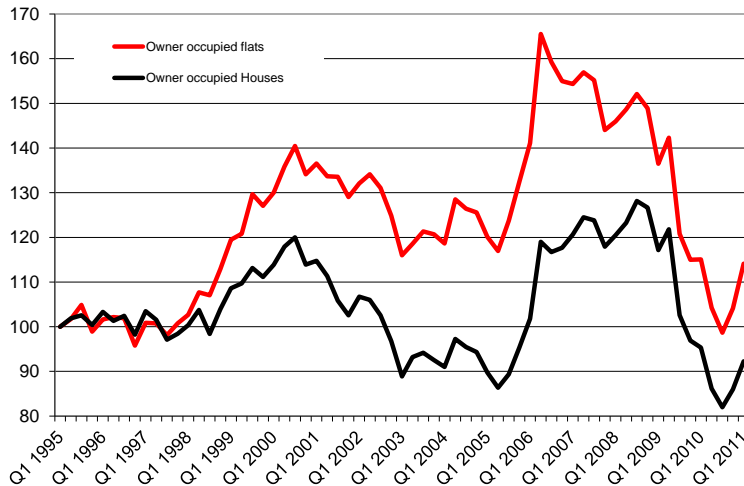
**Chart 1 BRFkredit's Capital Situation**



## The Housing Burden

The Housing Burden Index shows the cost of housing, measured as interest rate payments and taxes, account for as a percentage of the disposable income of the household. The index is calculated by BRFkredit and is based on an average 140 square meter house and a 75 square meter flat financed by a fixed rate mortgage loan. The Housing Burden index shows the economic burden on an average household for each of the two types of housing.

**Chart 2 Housing Burden**



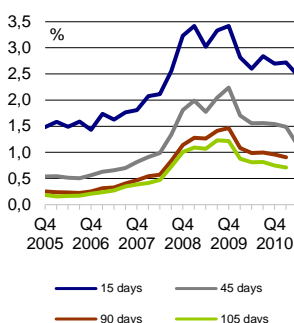
The housing burden has decreased significantly since 2009, primarily due to the historically low interest rates and rising disposable incomes and the corrections of housing prices. The figure shows that the fourth quarter marked a turn-around for the housing burden index as the recent years with significantly drop was replaced by an increase primarily due to the increase in interest rates at the beginning of 2011. For first-time-buyers the costs of entering the housing market is still at a very low level.

### Arrears

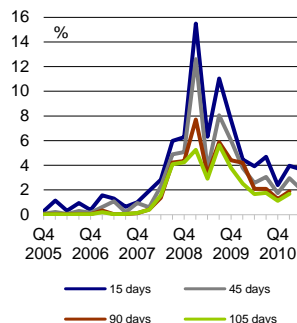
The short-term areas for both the retail segment and the commercial segment, once again declined by the end of the second quarter of 2011 – measured, respectively 15 and 45 days after the due date of payment.

The short arrears ratio (15 days) was 2.20 per cent by the end of the second quarter 2011, which was a decrease of 0.5 per cent point compared with the first quarter of 2011. The long arrears ratio (90 and 105 days) also fell for the retail segment – while they rose for the commercial segment.

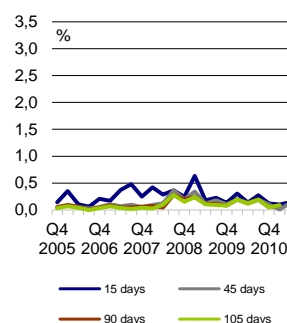
**Chart 3**  
Arrears Percentage, Retail Lending



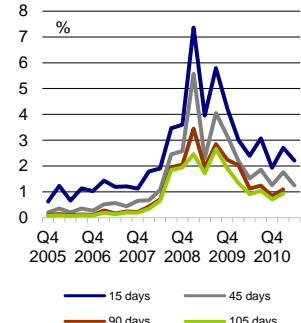
**Chart 4**  
Arrears Percentage, Commercial Lending



**Chart 5**  
Arrears Percentage, Subsidized housing<sup>1)</sup>



**Chart 6**  
Arrears Percentage, Total Lending



Subsidized housing also includes loans to subsidized cooperatives.

**Table 1 Arrears Percentages**

<b>Arrears, Percentage</b>									
<b>Segment</b>	<b>length of arrears, month</b>	<b>Q3 2009</b>	<b>Q4 2009</b>	<b>Q1 2010</b>	<b>Q2 2010</b>	<b>Q3 2010</b>	<b>Q4 2010</b>	<b>Q1 2011</b>	<b>Q2 2011</b>
Retail (Owner-occupied & vacation)	0,5	3,4	3,4	3,0	2,6	2,9	2,7	2,7	2,5
	3,0	1,4	1,5	1,1	1,0	1,0	1,0	0,9	
	3,5	1,2	1,3	0,9	0,8	0,8	0,8	0,7	
	6,5	0,7	0,6	0,5	0,4	0,4	0,4		
	12,5	0,2	0,1	0,1	0,1				
Rental Housing	0,5	29,2	24,0	18,9	6,7	9,2	4,7	7,7	8,3
	3,0	12,2	9,4	9,1	3,1	3,8	2,1	3,0	
	3,5	11,8	8,8	4,1	2,8	3,0	1,6	2,7	
	6,5	6,7	2,6	2,4	1,5	1,3	1,2		
	12,5	1,6	1,0	0,8	0,8				
Subsidised Housing	0,5	0,2	0,1	0,3	0,1	0,3	0,1	0,1	0,1
	3,0	0,1	0,1	0,2	0,1	0,2	0,1	0,1	
	3,5	0,1	0,1	0,2	0,1	0,2	0,1	0,1	
	6,5	0,0	0,0	0,2	0,1	0,1	0,0		
	12,5	0,0	0,0	0,0	0,0				
Cooperative Housing	0,5	2,0	0,9	1,2	0,7	0,7	0,6	1,2	1,1
	3,0	0,4	0,4	0,6	0,4	0,1	0,1	0,5	
	3,5	0,4	0,4	0,6	0,4	0,0	0,1	0,5	
	6,5	0,3	0,3	0,5	0,0	0,0	0,1		
	12,5	0,0	0,0	0,0	0,0				
Office & Business	0,5	8,1	7,3	5,8	5,1	4,4	3,1	3,5	3,1
	3,0	4,2	3,8	3,1	3,1	2,2	2,1	2,1	
	3,5	3,9	3,2	2,7	2,1	2,1	2,0	1,9	
	6,5	1,8	1,9	1,6	1,4	1,6	1,3		
	12,5	0,6	0,7	0,7	0,8				
Other Lending	0,5	1,2	0,8	0,9	0,8	1,1	1,0	0,8	0,5
	3,0	0,4	0,5	0,5	0,4	0,3	0,3	0,3	
	3,5	0,4	0,5	0,5	0,4	0,2	0,3	0,3	
	6,5	0,3	0,5	0,4	0,2	0,1	0,2		
	12,5	0,3	0,1	0,1	0,0				
Total Lending	0,5	6,6	5,2	4,5	2,4	3,1	2,0	2,7	2,2
	3,0	2,9	2,2	2,0	1,1	1,2	0,8	1,1	
	3,5	2,7	2,0	1,3	0,9	1,0	0,7	0,9	
	6,5	1,5	0,8	0,8	0,5	0,6	0,4		
	12,5	0,4	0,3	0,2	0,2				

**Table 2 Arrears, DKK bn**

Arrears, DKKm									
Segment	length of arrears, month	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	0,0
Retail (Owner-occupied & vacation)	0,5	55,9	53,8	42,5	36,4	39,8	36,9	35,9	32,3
	3,0	23,2	22,8	15,6	13,8	13,9	13,1	11,9	
	3,5	19,9	19,9	12,6	11,3	11,4	10,3	9,4	
	6,5	11,0	9,6	6,7	5,2	5,3	4,9		
	12,5	2,6	1,6	1,2	1,0				
Rental Housing	0,5	117,8	118,0	57,9	22,3	26,6	16,0	20,9	25,3
	3,0	49,5	46,1	27,8	10,4	11,0	7,3	8,2	
	3,5	47,8	43,2	12,4	9,3	8,7	5,6	7,3	
	6,5	27,3	13,0	7,4	4,9	3,9	4,0		
	12,5	6,6	4,9	2,3	2,7				
Subsidised Housing	0,5	1,1	1,3	1,3	1,3	1,2	1,3	0,5	1,3
	3,0	0,5	0,8	0,9	1,1	0,9	0,5	0,4	
	3,5	0,4	0,8	0,9	1,1	0,9	0,5	0,4	
	6,5	0,2	0,3	0,7	0,8	0,4	0,4		
	12,5	0,2	0,2	0,2	0,2				
Cooperative Housing	0,5	3,8	2,7	2,1	1,4	1,3	2,4	2,0	2,0
	3,0	0,7	1,1	1,1	0,9	0,2	0,5	0,7	
	3,5	0,7	1,1	1,1	0,9	0,0	0,5	0,7	
	6,5	0,6	0,8	0,8	0,0	0,0	0,4		
	12,5	0,0	0,0	0,0	0,0				
Office & Business	0,5	38,6	36,0	23,0	21,1	16,7	13,3	12,7	11,0
	3,0	19,9	18,6	12,4	12,7	8,6	8,8	7,7	
	3,5	18,4	15,8	10,8	8,8	8,0	8,5	6,8	
	6,5	8,3	9,1	6,1	6,0	6,2	5,5		
	12,5	2,7	3,2	2,9	3,5				
Other Lending	0,5	1,4	1,0	1,0	0,9	1,1	1,1	0,8	0,6
	3,0	0,5	0,7	0,6	0,5	0,3	0,4	0,3	
	3,5	0,5	0,7	0,6	0,5	0,2	0,4	0,3	
	6,5	0,4	0,6	0,5	0,2	0,1	0,2		
	12,5	0,4	0,2	0,1	0,0				
Total Lending	0,5	218,5	212,7	127,8	83,3	86,7	71,0	72,7	72,4
	3,0	94,3	90,0	58,3	39,3	34,8	30,5	29,2	
	3,5	87,7	81,4	38,4	31,8	29,1	25,7	24,9	
	6,5	47,8	33,3	22,2	17,2	15,8	15,4		
	12,5	12,5	10,1	6,7	7,4				

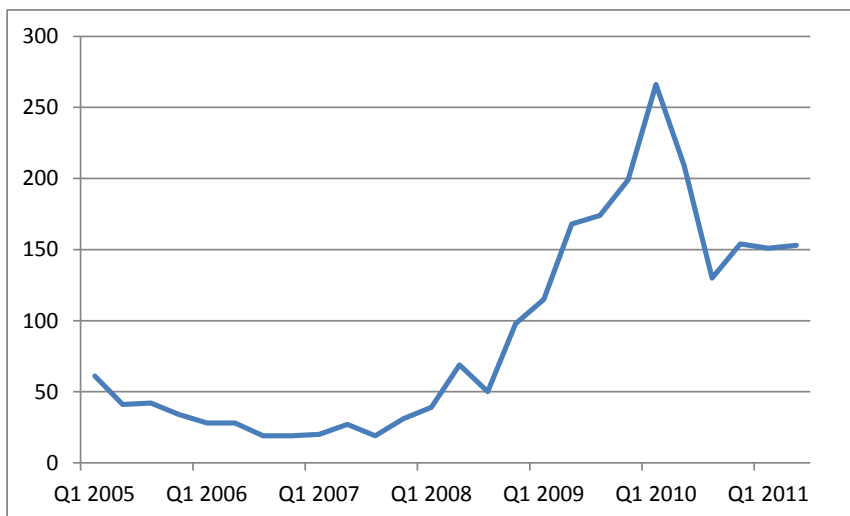
## Reposessed properties

The inventory of reposessed properties raised by 6 properties in the in the second quarter of 2011 compared to end of first quarter 2011. The number of incoming foreclosed properties for retail properties amounted to 5 and 1 commercial property during the second quarter. The total number of foreclosed properties amount to 253 properties by the end of Q2. BRFkredit continued selling properties during the second quarter. The book value of reposessed properties amounts to DKK 529m at the end of the second quarter 2011 compared to DKK 486m at the end of the first quarter 2011. In general Commercial properties were sold at a higher value than their book value while retail properties generally were sold close to their book value.

**Table 3 Inventory of Foreclosed Properties**

Number	End of Q1 2011	Intake	Sold off	End of Q2 2011
Retail (Owner-occupied & vacation homes)	181	53	48	186
Subsidised Housing	1	0	1	0
Rental Housing	54	5	7	52
Office & Business	11	6	2	15
Other lending	0	0	0	0
<b>Total</b>	<b>247</b>	<b>64</b>	<b>58</b>	<b>253</b>

**Chart 7 Completed Foreclosures**



From Chart 7 it shows that decrease in the recent years of the number of completed foreclosures has stabilized in the second quarter of 2011 as the number of completed foreclosures was almost unchanged in the second quarter of 2011. By the end of the second quarter the number of completed foreclosures was 154.

### Concentration of Large Exposures

The table below illustrates the concentration of the 50 largest loan exposures. The table shows that the 50 largest exposures in BRFkredit together constitute over 16 per cent of the aggregated mortgage loan exposure.

**Table 4 Concentration of Large Exposures\***

	Loans*, by end of Q2 2011			
	DKKm	Accumulated	As a % of total portfolio	As a % of portfolio, accumulated
10	14.600	14.600	7,1	7,1
20	7.853	22.453	3,8	11,0
30	4.832	27.285	2,4	13,3
40	3.518	30.803	1,7	15,0
50	2.756	33.559	1,3	16,4

\* As defined by and in compliance with the executive orders on large exposure

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

### Impairment losses

The impairments amounted to a total of DKK 97m in the second quarter of 2011. The total loan loss reserves are DKK 1158m at the end of the second quarter of 2011.

**Table 5 Impairment Charges and Loan Loss Reserves**

Property category	Loans, DKKm	Impairment Charges Q2 2011		Loan Loss Reserves end Q2 2011	
		DKKm	Pc	DKKm	Pc
Retail (owner-occupied & vacation homes)	95.851	-25	0,0%	375	0,4%
Subsidised Housing	35.390	-3	0,0%	1	0,0%
Rental Housing	40.327	-14	0,0%	620	1,5%
Office & Business	27.617	-47	-0,2%	151	0,5%
Other	5.371	-8	-0,2%	11	0,2%
<b>Total</b>	<b>204.555</b>	<b>-97</b>	<b>0,0%</b>	<b>1.158</b>	<b>0,6%</b>

### Realised Losses

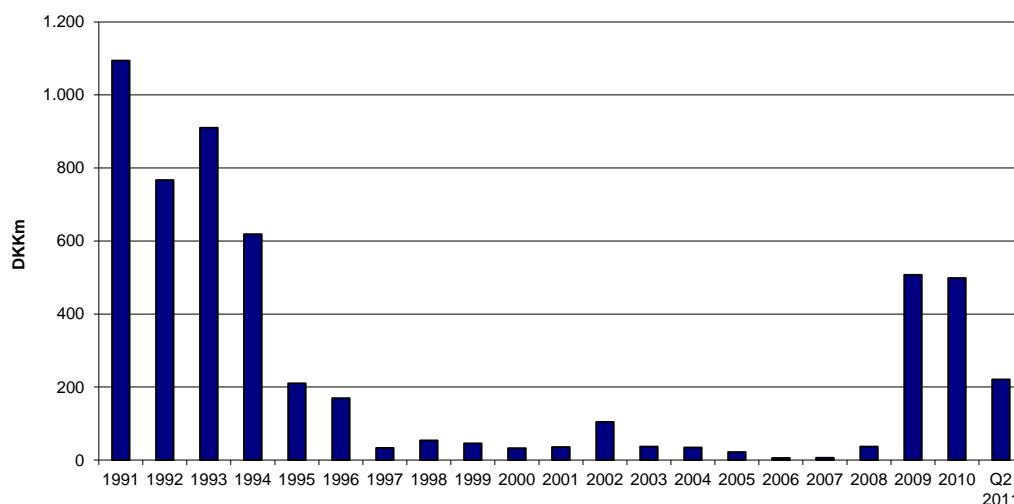
The observed realised losses increased in the second quarter of 2011 compared with the first quarter of 2011. The realised losses thus amounted to DKK 161m in the first quarter of 2011 compared to DKK 65m in the first quarter 2011. The losses were mainly caused by exposures in the retail owner-occupied segment.

**Table 6 Realised Losses by Property Category**

Property category	Loans, DKKm	Realised losses, Q2 2011	
		DKKm	Per cent
Retail (owner-occupied & vacation homes)	95.851	84	0,1%
Subsidised Housing	35.390	1	0,0%
Rental Housing	40.327	16	0,0%
Office & Business	27.617	54	0,2%
Other lending	5.371	5	0,1%
<b>Total</b>	<b>204.555</b>	<b>161</b>	<b>0,1%</b>

Chart 8 below shows the development in the realised losses since 1991.

**Chart 8 Realised Losses**



**Types of Loans**

It can be seen from table 7 below that adjustable rate mortgage loans and interest-only mortgage loans account for around 60 per cent of the loan book.

**Table 7 Distribution of the Portfolio Based on Type of Loan (per cent)**

	ARM-loans		Fixed rate loans		CIBOR-loans <sup>1)</sup>		Other loantypes <sup>2)</sup>	Total
	Repayment	Interest-only	Repayment	Interest-only	Repayment	Interest-only		
Retail (Owner-occupied & vacation homes)	18,3	37,7	21,9	7,2	5,1	9,7	0,0	100
Subsidised Housing	42,8	0,1	20,8	0,2	0,1	0,0	36,0	100
Rental Housing	7,5	59,9	12,6	6,6	0,4	9,1	3,8	100
Office & Business	20,9	61,5	7,1	2,0	0,4	7,9	0,3	100
Other lending	29,3	31,4	27,7	0,2	0,7	7,2	3,4	100
<b>Total</b>	<b>21,0</b>	<b>38,8</b>	<b>18,0</b>	<b>5,0</b>	<b>2,5</b>	<b>7,6</b>	<b>7,0</b>	<b>100</b>

1) CIBOR loans includes capped as well as non capped loans

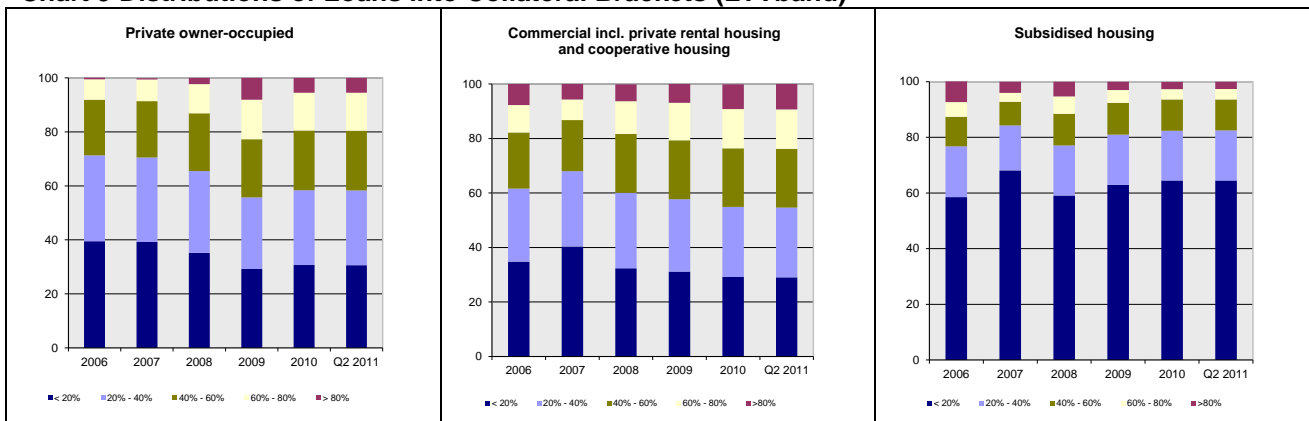
2) Includes index-linked loans etc.

### Collateral

Chart 9 shows the distribution of loan after security in the segments Private, Commercial and general Subsidised Housing in the period 2006 to end of second quarter of 2011. The chart shows the proportion of the loan portfolio in the respective customer segments that are located within a LTV percentage, respectively 0-20 per cent, 20-40 per cent etc.

It can be seen that, for example 80 per cent of lending to retail customers is located within a LTV value of 60 percent. Similarly more than 93 percent of lending to subsidized housing is located within an LTV of 60 percent.

**Chart 9 Distributions of Loans into Collateral Brackets (LTVband)**



Note: Further information see notes on page 16

The following table 8 shows the bond's outstanding debt calculated for BRFkredit's total lending portfolio. By the end of the second quarter 80 per cent of the total lending was located within an LTV of 60 percent of the estimated property values. The proportion of the outstanding debt, where the security was beyond 80 per cent of the property value, amounted to 7 per cent.

**Table 8 Distribution of Loans into Loan-to-Value Brackets**

Per cent	Collateral brackets (fraction of fair property value)	Distribution of loans into collateral brackets					Over 100%	Avg. current loan to value
		0% to 20%	20% to 40%	40% to 60%	60% to 80%	80% to 100%		
- % of loan book -								
	Retail (owner-occupied & vacation homes)	30	27	22	14	5	2	71
	Rental Housing	43	21	16	10	6	4	65
	Office & Business	30	28	23	13	3	2	67
	<b>Total loan book</b>	<b>35</b>	<b>25</b>	<b>20</b>	<b>13</b>	<b>5</b>	<b>2</b>	<b>68</b>

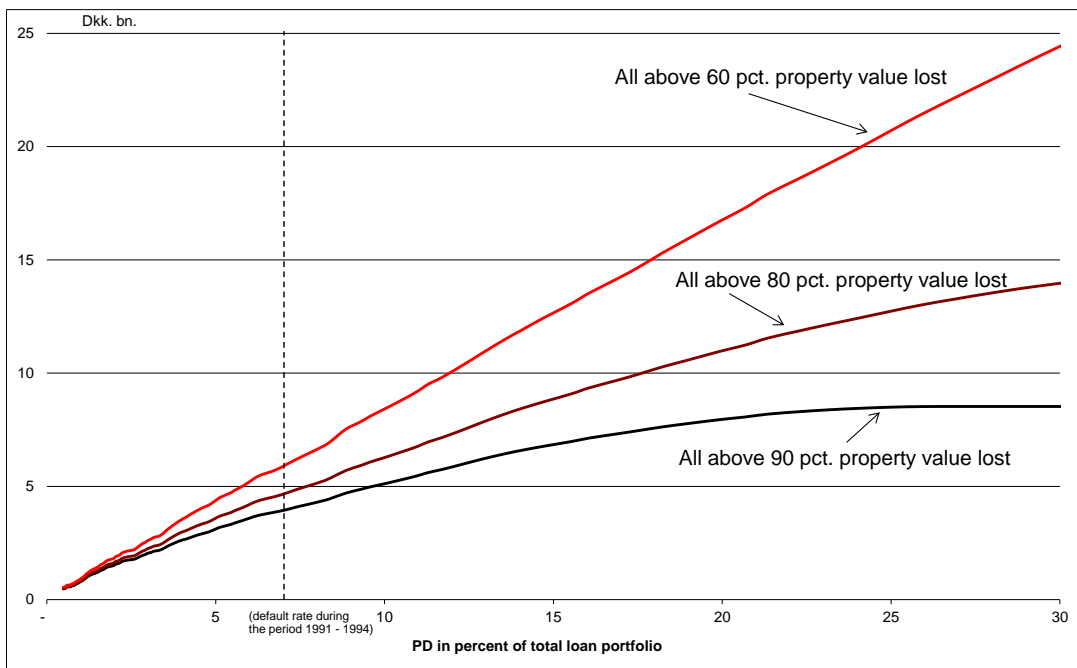
Information on the distribution of the loan book by loan-to-value brackets is shown in table 16.

### BRFkredit's Capital base

BRFkredit's total capital base amounts to approximately DKK 25bn, plus the value of guarantees. Chart 10 below shows, how BRFkredit's capital base is likely to be affected by different default rates and in different

loss scenarios. In a scenario with a default rate of 7 percent and where all values over 80 per cent of the estimated property value were lost, BRFkredit would lose less than 1/5 of BRFkredit's total capital base, excluding guarantees, equivalent to approximately DKK 5 bn. Given a scenario where all the values above 60 per cent and 90 per cent of the property value were lost, 1/4 and 1/6 respectively of BRFkredit's capital base would be at risk being lost. In all the scenarios it can be seen that only BRFkredit's equity will be affected as either hybrid capital, senior debt nor the Junior Covered Bonds will be affected. By way of comparison, it may be mentioned that the default rate for the second quarter of 2011 is 1.1 per cent against approximately 6 to 7 per cent during the crisis at the housing market in 1991-1994.

**Chart 10 Stress of BRFkredit capital adequacies**



Note: Default rate is defined as 90 days arrears.

## Information on BRFkredit's Capital Centres B and E

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

**Table 9**

	Capital Centre B (RO)	Capital Centre E (SDO)	BRFkredit total *
<b>BRFkredit's mortgage lending</b>			
Mortgage loans in DKK bn	77	109	205
% of total loan book	38	53	100
N# of loans	50.085	59.863	127.314

**Table 10**

	Capital Centre B (RO)	Capital Centre E (SDO)	BRFkredit total *
<b>Distribution by property category, end of period</b>			
Per cent of total loan book			
Retail (owner-occupied & vacation homes)	44	55	47
Subsidised housing (rental housing)	6	16	17
Private rental properties (rental housing)	29	14	20
Office & Business	16	13	13
Other (agriculture, industry & crafts, etc.)	5	2	3
Sum	100	100	100

**Table 11**

	Capital Centre B (RO)	Capital Centre E (SDO)	BRFkredit total *
<b>Distribution by geography (location of the property), end of period</b>			
Per cent of total loan book			
Greater Copenhagen area (Region Hovedstaden)	50	45	48
Remaining Zealand & Bornholm (Region Sjælland)	15	15	15
Northern Jutland (Region Nordjylland)	5	5	5
Eastern Jutland (Region Midtjylland)	15	16	16
Southern Jutland & Funen (Region Syddanmark)	16	17	16
Outside Denmark	0	1	1
Sum	100	100	100

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

**Table 12**

	Capital Centre B (RO)	Capital Centre E (SDO)	BRFkredit total *
<b>Distribution of loans into brackets by loan size, end of period</b>			
Per cent of total loan book			
Individual loan balance			
betw een DKK 0m and 2m	42	41	39
betw een DKK 2m and 5m	12	18	15
betw een DKK 5m and 20m	19	14	18
betw een DKK 20m and 50m	14	13	15
betw een DKK 50m and 100m	7	7	7
Over DKK 100m	5	7	6
Sum	100	100	100

**Table 13**

	Capital Centre B (RO)	Capital Centre E (SDO)	BRFkredit total *
<b>Distribution of loans into brackets by vintage (age of loan), end of period</b>			
Per cent of total loan book			
Up to 1 year	2	15	9
betw een 1 and 2 years	1	27	15
betw een 2 and 5 years	41	39	37
betw een 5 and 10 years	55	17	31
Over 10 years	0	2	9
Sum	100	100	100

Note: Age is defined as years since disbursement

**Table 14**

	Capital Centre B (RO)	Capital Centre E (SDO)	BRFkredit total *
<b>Distribution of loans by type, end of period</b>			
Per cent of total loan book			
ARM	34	86	60
- amortizing	5	35	21
- w ith interest-only option	29	51	39
Fixed-rate loans	41	10	22
- amortizing	33	8	18
- w ith interest-only option	8	2	4
Capped, ratched-capped and un-capped floating rate	23	3	10
- amortizing	6	1	3
- w ith interest-only option	17	3	8
Other loan types, incl. bullets	2	1	8
Sum	100	100	100

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

**Table 15 Loan book distributed into collateral brackets**

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

Per cent	Collateral brackets (fraction of fair property value)	Distribution of loans into collateral brackets						Avg. current loan to value
		0% to 20%	20% to 40%	40% to 60%	60% to 80%	80% to 100%	Over 100%	
		- % of loan book -						
Retail (owner-occupied & vacation homes)		34	29	20	11	4	2	66
Rental Housing		32	24	18	13	8	4	71
Office & Business		31	28	22	13	4	3	69
Total loan book		33	27	20	12	6	3	68

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

Per cent	Collateral brackets (fraction of fair property value)	Distribution of loans into collateral brackets						Avg. current loan to value
		0% to 20%	20% to 40%	40% to 60%	60% to 80%	80% to 100%	Over 100%	
		- % of loan book -						
Retail (owner-occupied & vacation homes)		27	26	23	16	5	2	76
Rental Housing		45	21	17	9	4	3	66
Office & Business		29	28	24	14	3	1	66
Total loan book		33	25	22	14	5	2	71

**BRFkredit's total loan book\***

Per cent	Collateral brackets (fraction of fair property value)	Distribution of loans into collateral brackets						Avg. current loan to value
		0% to 20%	20% to 40%	40% to 60%	60% to 80%	80% to 100%	Over 100%	
		- % of loan book -						
Retail (owner-occupied & vacation homes)		30	27	22	14	5	2	71
Rental Housing		43	21	16	10	6	4	65
Office & Business		30	28	23	13	3	2	67
Total loan book		35	25	20	13	5	2	68

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

**Table 16 Loan book distributed by loan-to-value (LTV) and average LTV**

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

Per cent	Loan-to-value (current)						Avg. current loan to value
	0% to 20%	20% to 40%	40% to 60%	60% to 80%	80% to 100%	Over 100%	
	- % of loan book -						
Retail (owner-occupied & vacation homes)	3	14	26	28	18	11	66
Rental Housing	10	16	15	15	21	23	71
Office & Business	5	15	20	31	19	11	69
Total loan book	6	15	21	24	19	15	68

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

Per cent	Loan-to-value (current)						Avg. current loan to value
	0% to 20%	20% to 40%	40% to 60%	60% to 80%	80% to 100%	Over 100%	
	- % of loan book -						
Retail (owner-occupied & vacation homes)	1	6	16	35	30	12	76
Rental Housing	6	14	35	18	15	13	66
Office & Business	4	9	21	42	18	6	66
Total loan book	3	9	22	31	24	11	71

**BRFkredit's total loan book \***

Per cent	Loan-to-value (current)						Avg. current loan to value
	0% to 20%	20% to 40%	40% to 60%	60% to 80%	80% to 100%	Over 100%	
	- % of loan book -						
Retail (owner-occupied & vacation homes)	2	10	20	32	25	11	71
Rental Housing	11	15	24	17	17	16	65
Office & Business	4	12	20	37	19	8	67
Total loan book	6	12	21	27	21	13	68

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

**Notes**BRFkredit's Capital Centre E (SDO funded lending):

BRFkredit provides additional security for issued SDOs if the estimated value of the mortgaged property including the value of any sureties and guarantees is insufficient. For example due to falling property prices. Additional security is comprised of funds that correspond to the capital injected in to the capital centre and revenue from any issuance of JCBs (junior covered bonds) or senior debt.

Collateral for the issued ROs and SDOs (common description):

Collateral for the bonds consists of that part of BRFkredit's assets, which is placed in the capital centre the bonds are issued from. The collateral includes, in addition to mortgages on real property, also any security in the form of public or private guarantees, other forms of security and the personal liability of the borrowers and the capital (over-collateralisation) in the capital centre. Further collateral stems from the remaining assets of BRFkredit, cf. legislation.

Distribution into collateral brackets

Fair value of the loan distributed continuously from the lower loan to value bracket to the top loan to value bracket relative to the fair value of the mortgaged property. The loan is distributed in buckets holding 20% of the fair value of the collateral. For loans where a part of the loan is covered by a guarantee from public authorities (non-profit housing) the guaranteed part is placed in the lower LTV bracket.

Distribution of loans by LTV

Fair value of the loan distributed according to its loan-to-value ratio (LTV). The LTV ratio is calculated as the fair value of the loan incl. prior ranks relative to the fair value of the mortgaged property. For loans where a part of the loan is covered by a guarantee from public authorities (non-profit housing) the guaranteed part is deducted before LTV ratio calculation.

Value of property

A fair value is set for each property. For loans secured by owner-occupied properties or vacation homes the starting point is an appraisal made by BRFkredit or the actual traded price if the value is less than five years old. Otherwise the starting point is an estimated value based on a statistical model or the tax authority's assessed valuation. The starting point value is discounted to the reporting date based on a statistical price model. For other properties, the fair value is based on an appraisal made by BRFkredit or the tax authority's assessed valuation.

**Disclaimer**

This report is available in Danish and English. In case of doubt, the Danish version shall apply. The information provided herein is intended for background information only and for the sole use of the intended recipient. The information provided herein is not intended to constitute and does not constitute investment advice nor is the information intended as an offer or solicitation for the sale or purchase of any financial instrument. The information contained herein has no regard to the specific investment objectives, the financial situation or particular needs of any particular investor. Relevant and specific professional advice should always be obtained before making any investment or credit decision. Whilst reasonable care has been taken to ensure that its contents are not untrue or misleading, no representation is made as to its accuracy, adequacy, completeness or timeliness and no liability is accepted for any loss arising from reliance on it. BRFkredit does not accept any liability for any loss, howsoever arising, directly or indirectly from the issue of the information or its contents including transactions made based on information therein. The information should not be construed as either projections or predictions or as legal, tax, financial or accounting advice. This document may not be reproduced, distributed or published for any purpose without the prior written consent from BRFkredit. Intended recipients are persons who have professional experience in matters relating to investments in securities mentioned in or related to the information and to whom the information may be lawfully communicated. The information may not be acted on or relied on by persons who are not relevant recipients.