

**Investor Report
BRFcredit
Q3 2011**

Introduction

The Investor Report shows the most important issues relating to BRFkredit's capital and risk exposures. The Investor Report is 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 third quarter, BRFkredit found stable to lower long-term arrears percentages (90 and 105 days) for both retail and commercial customers. The number of scheduled foreclosures, as well as the number of repossessed properties, decreased compared to the end of the second quarter of 2011. By the end of the third quarter 2011, the book value of repossessed properties amounted to DKK 592 million.

As in the previous quarter, impairment charges fell and amounted to DKK 63m in the third quarter. The total loan loss reserves amounted to more than DKK 1bn at the end of the third quarter of 2011.

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

BRFkredit has initiated cooperation with Standard & Poor's regarding rating of BRFkredit and the bonds issued by BRFkredit's capital centers. The process with Standard & Poor's has now ended and BRFkredit has been assigned an A- issuer rating and the bonds issued by Capital Centres E and B has been assigned preliminary AAA ratings. The General Capital Centre is expected to be assigned an AA- rating.

In the third quarter of 2011, BRFkredit has refinanced Junior Covered Bonds of DKK 1bn. By the end of the third quarter 2011, the capital base of BRFkredit was raised by DKK 0.2bn and thus amount to just above DKK 25 bn.

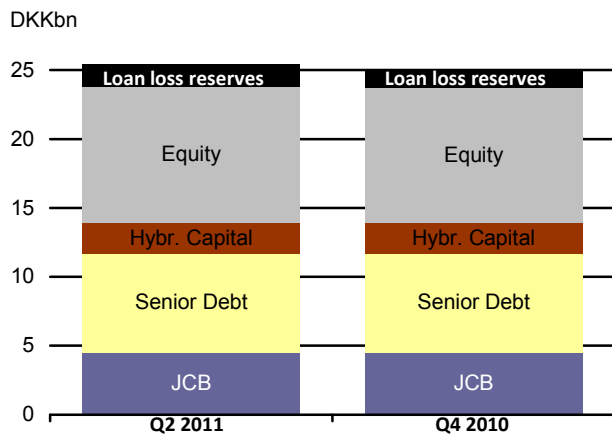
Sven A. Blomberg
CEO

Carsten Tirsbæk Madsen
Executive Vice President

Capital Base and Rating

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 third 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. DKK 1bn Junior Covered Bonds have been refinanced during the third quarter of 2011 so the total issued outstanding Junior Covered Bonds amounted to DKK 4.5bn at the end of the third quarter 2011.

Chart 1 BRFkredit's Capital Situation



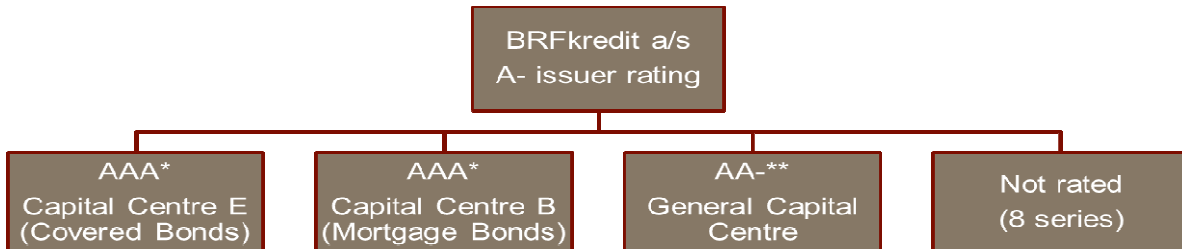
Due to a prolonged disagreement with Moody's on their view on the Danish mortgage system and BRFkredit in particular, BRFkredit has terminated the cooperation with Moody's.

Previously, BRFkredit has initiated a dialogue with Standard & Poor's regarding rating of BRFkredit and bonds issued by the Capital Centres. The rating process with Standard & Poor's is almost finalized and BRFkredit has been assigned an issuer rating of A- and furthermore the Capital Centres E and B have been assigned preliminary AAA ratings which is the highest BRFkredit bond rating ever. Furthermore the issuer rating is 3 notches higher than the rating previously assigned by Moody's. The General Capital Centre is expected to be assigned an AA- rating.

With the rating process almost ended, the final structure of BRFkredit's Capital Centres has been defined. See chart 2.

SDO (covered bonds) will be issued by Capital Centre E and RO (mortgage bonds) will be issued by Capital Centre B.

Chart 2 Capital Centre Structure

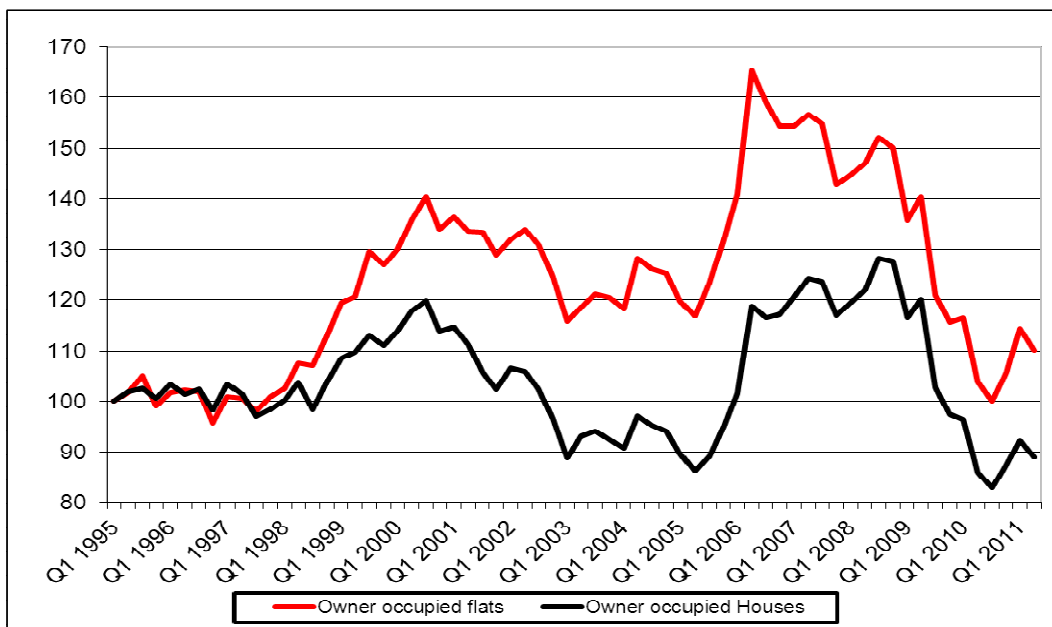


* Preliminary S&P rating ** Expected S&P rating

The Housing Burden

The housing burden index shows how much 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. Consequently, the housing burden index shows the economic burden on an average household for each of the two types of housing.

Chart 3 Housing Burden



The housing burden has decreased significantly since 2009, primarily due to the historically low interest rates, rising disposable incomes, correction of housing prices and tax cuts. The increasing housing burden caused by increasing interest rates in the beginning of 2011 has been replaced by a drop in the third quarter of 2011 due to decreasing interest rates and housing prices as shown in Chart 3. For first time buyers, the costs of entering the housing market remain at a very low level.

Arrears

The total short-term arrears increased by 0.4 per cent at the end of the third quarter of 2011 – measured 15 days after the due date of payment – primarily caused by the retail and the office & business segment. In general, the short-term arrears are found to be quite uncertain. The long arrears ratio (90 and 105 days) fell for both the retail segment and the commercial segment.

Chart 4
Arrears Percentage, Retail Lending

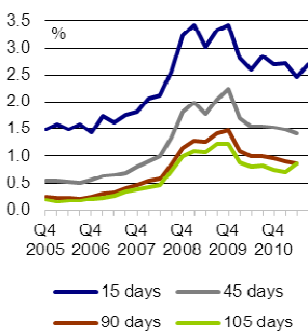


Chart 5
Arrears Percentage, Commercial Lending

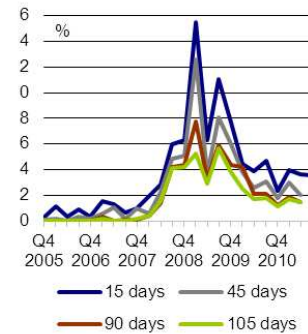


Chart 6
Arrears Percentage, Subsidised housing¹⁾

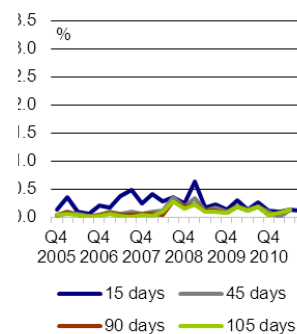
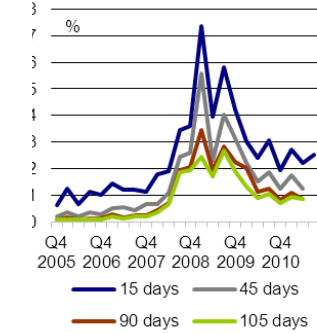


Chart 7
Arrears Percentage, Total Lending



1) Subsidised housing also includes loans to subsidized cooperatives.

Table 1 Arrears Percentages

Arrears, Percentage									
Segment	Length of arrears, months	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011
Retail (Owner-occupied & vacation)	0.5	3.4	2.8	2.6	2.9	2.7	2.7	2.5	2.7
	3.0	1.5	1.1	1.0	1.0	1.0	0.9	0.9	
	3.5	1.3	0.9	0.8	0.8	0.8	0.7	0.7	
	6.5	0.6	0.5	0.4	0.4	0.4	0.4		
Rental Housing	0.5	23.9	18.0	6.6	9.2	4.7	7.6	8.3	6.5
	3.0	9.3	9.1	3.1	3.8	2.1	3.0	2.4	
	3.5	8.8	4.0	2.8	3.0	1.6	2.7	2.1	
	6.5	2.6	2.4	1.5	1.3	1.1	1.1		
Subsidised Housing	0.5	0.1	0.3	0.1	0.3	0.1	0.1	0.1	0.1
	3.0	0.1	0.2	0.1	0.2	0.1	0.1	0.1	
	3.5	0.1	0.2	0.1	0.2	0.1	0.1	0.1	
	6.5	0.0	0.2	0.1	0.1	0.0	0.1		
Cooperative Housing	0.5	0.9	1.0	0.7	0.7	0.6	1.2	1.1	1.1
	3.0	0.4	0.6	0.4	0.1	0.1	0.5	0.6	
	3.5	0.4	0.6	0.4	0.0	0.1	0.5	0.4	
	6.5	0.3	0.5	0.0	0.0	0.1	0.3		
Office & Business	0.5	7.3	5.0	5.1	4.4	3.1	3.5	3.1	3.5
	3.0	3.8	3.1	3.1	2.2	2.1	2.1	1.7	
	3.5	3.2	2.7	2.1	2.1	2.0	1.9	1.5	
	6.5	1.9	1.6	1.4	1.6	1.3	1.3		
Other Lending	0.5	0.8	0.7	0.8	1.1	1.0	0.8	0.5	0.7
	3.0	0.5	0.5	0.4	0.3	0.3	0.3	0.4	
	3.5	0.5	0.5	0.4	0.2	0.3	0.3	0.3	
	6.5	0.5	0.4	0.2	0.1	0.2	0.2		
Total Lending	0.5	5.2	4.2	2.4	3.1	2.0	2.7	2.2	2.6
	3.0	2.2	2.0	1.1	1.2	0.8	1.1	0.9	
	3.5	2.0	1.3	0.9	1.0	0.7	0.9	0.7	
	6.5	0.8	0.8	0.5	0.6	0.4	0.5		
	12.5	0.3	0.2	0.2	0.2				

Table 2 Arrears, DKK million

Segment	Length of arrears, months	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011
Retail (Owner-occupied & vacation)	0.5	54.0	40.4	36.4	39.8	37.1	35.9	32.3	34.8
	3.0	22.8	15.7	13.9	14.0	13.1	11.8	11.3	
	3.5	19.9	12.7	11.4	11.5	10.4	9.4	9.2	
	6.5	9.6	6.7	5.3	5.3	5.0	4.7		
	12.5	1.7	1.3	1.1	0.0				
Rental Housing	0.5	117.8	55.0	22.2	26.6	16.0	20.9	25.3	17.0
	3.0	46.0	27.7	10.3	11.0	7.3	8.1	7.4	
	3.5	43.1	12.4	9.2	8.6	5.6	7.3	6.4	
	6.5	12.9	7.4	4.9	3.8	3.9	3.1		
	12.5	4.8	2.3	2.7	1.2				
Subsidised Housing	0.5	1.3	1.3	1.3	1.2	1.3	0.5	1.3	0.6
	3.0	0.8	0.9	1.1	0.9	0.5	0.4	1.1	
	3.5	0.8	0.9	1.1	0.9	0.5	0.4	1.1	
	6.5	0.3	0.7	0.8	0.4	0.4	0.3		
	12.5	0.2	0.2	0.2	0.2				
Cooperative Housing	0.5	2.7	1.7	1.4	1.3	2.4	2.0	2.0	1.7
	3.0	1.1	1.1	0.9	0.2	0.5	0.7	1.1	
	3.5	1.1	1.1	0.9	0.0	0.5	0.7	0.8	
	6.5	0.8	0.8	0.0	0.0	0.4	0.5		
	12.5	0.0	0.0	0.0	0.0				
Office & Business	0.5	36.0	19.8	21.1	16.7	13.3	12.7	11.0	12.0
	3.0	18.6	12.4	12.7	8.5	8.8	7.7	6.0	
	3.5	15.8	10.8	8.8	8.0	8.5	6.8	5.3	
	6.5	9.1	6.1	6.0	6.2	5.5	4.7		
	12.5	3.2	2.9	3.5	1.8				
Other Lending	0.5	1.0	0.7	0.9	1.1	1.1	0.8	0.6	0.6
	3.0	0.7	0.6	0.5	0.3	0.4	0.3	0.4	
	3.5	0.7	0.6	0.5	0.2	0.4	0.3	0.3	
	6.5	0.6	0.5	0.2	0.1	0.2	0.2		
	12.5	0.2	0.1	0.0	0.0				
Total Lending	0.5	212.7	119.0	83.3	86.7	71.1	72.7	72.4	66.7
	3.0	90.0	58.3	39.3	34.8	30.4	29.0	27.4	
	3.5	81.4	38.4	31.8	29.1	25.7	24.9	23.2	
	6.5	33.3	22.2	17.2	15.8	15.4	13.5		
	12.5	10.1	6.7	7.4	4.2				

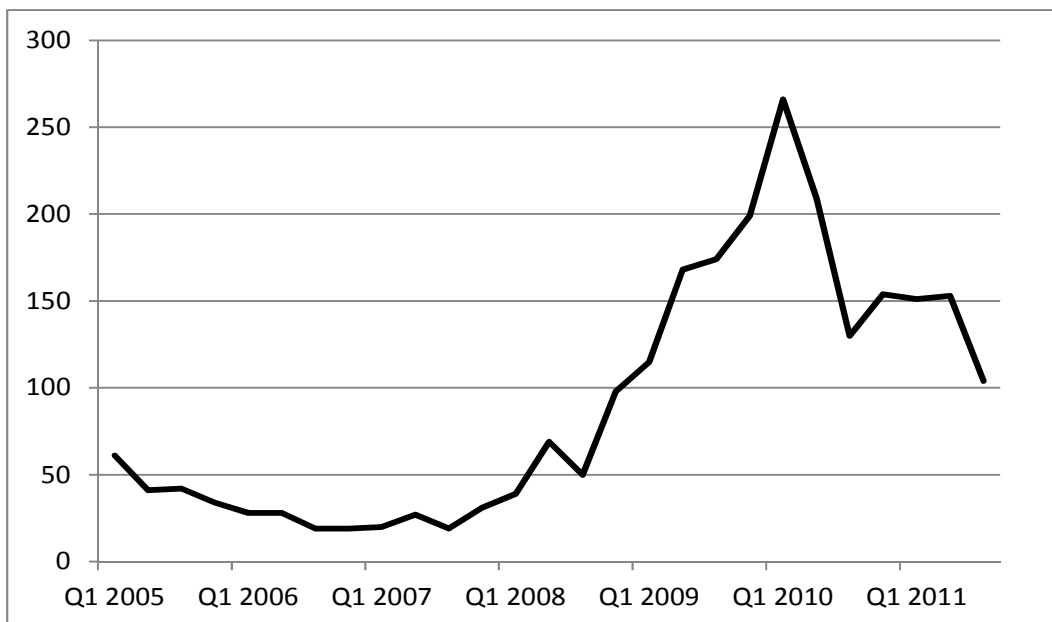
Reposessed Properties

Inventory of reposessed properties fell by 17 properties in the third quarter of 2011 compared to the end of second quarter 2011. As seen in Table 3, BRFkredit has primarily sold retail properties during the third quarter as the number of incoming foreclosed retail properties fell by 20 whereas the inventory of commercial properties decreased by 3 properties during the same period. The book value of reposessed properties amounts to DKK 592m at the end of the third quarter 2011 compared to DKK 529m at the end of the second quarter 2011.

Table 3 Inventory of Foreclosed Properties

(DKKbn)	End of Q2 2011	Intake	Sold off	End of Q3 2011
Retail (Owner-occupied & vacation homes)	186	32	52	166
Subsidised Housing	0	0	0	0
Rental Housing	52	6	4	54
Office & Business	15	5	4	16
Other lending	0	0	0	0
Total	253	43	60	236

Chart 8 Numbers of Completed Foreclosures



After a period of stable development in the number of completed foreclosures, the recent year's significant drop in the number of completed foreclosures continued in the third quarter of 2011. By the end of the third quarter, the number of completed foreclosures was 104 compared to 154 at the end of the previous quarter. The stock value increased in the third quarter as the value of incoming properties exceeded the value of properties sold off.

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 around 16 per cent of the aggregated mortgage loan exposure.

Table 4 Concentration of Large Exposures*

Loans**, end of Q3 2011				
	DKKm	Accumulated	As a % of total portfolio	As a % of portfolio, accumulated
10	14,009	14,009	6.9	6.9
20	8,067	22,075	4.0	10.9
30	5,134	27,209	2.5	13.5
40	3,486	30,695	1.7	15.2
50	2,656	33,350	1.3	16.5

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

** deductions not included as set-out in "Executive order on large exposures".

Impairment charges

The impairment charges amounted to DKK 63m in the third quarter of 2011 compared to DKK 97m at the end of the second quarter. The total loan loss reserves were DKK 1,096m equalling 0.5 per cent of the total loan portfolio. By way of comparison (Table 6), the realised losses accounted for 0.1 of the total loan portfolio.

Table 5 Impairment Charges and Loan Loss Reserves

Property category	Loans, DKKm	Impairment Charges		Loan Loss Reserves	
		Q3 2011	Per cent	end Q3 2011	Per cent
Retail (owner-occupied & vacation homes)	94,522	-10	0.0%	367	0.4%
Subsidised Housing	35,479	2	0.0%	3	0.0%
Rental Housing	39,472	3	0.0%	621	1.6%
Office & Business	27,256	-57	-0.2%	94	0.3%
Other	5,165	0	0.0%	11	0.2%
Total	201,894	-63	0.0%	1,096	0.5%

Realised Losses

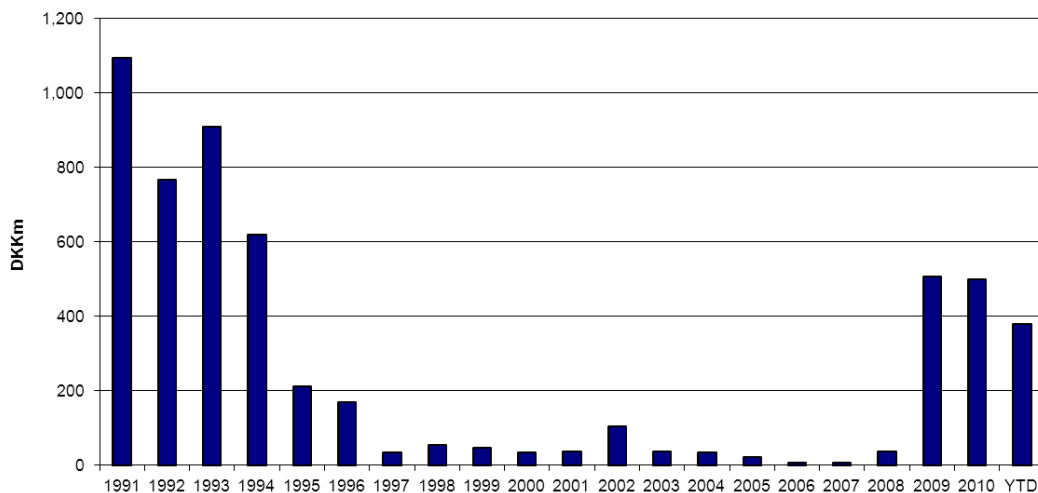
The realised losses decreased slightly in the third quarter of 2011 compared to the second quarter of 2011. The realised losses thus amounted to DKK 155m in the third quarter of 2011 compared to DKK 161m in the second quarter 2011.

Table 6 Realised Losses by Property Category

Property category	Loans, DKKm	Realised losses, Q3 2011	
		DKKk	Per cent
Retail (owner-occupied & vacation homes)	94,522	66	0.1%
Subsidised Housing	35,479	0	0.0%
Rental Housing	39,472	26	0.1%
Office & Business	27,256	64	0.2%
Other lending	5,165	0	0.0%
Total	201,894	155	0.1%

Chart 9 below shows the development in the realised losses since 1991.

Chart 9 Realised Losses



Types of Loans

It can be seen from table 7 below that adjustable rate mortgage loans account for around 60 per cent of the total lending, whereas fixed rate loans account for nearly 23 per cent of the total lending.

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

	ARM-loans		Fixed rate loans		CIBOR-loans ¹⁾		Other loan types ²⁾	Total
	Repayment	Interest-only	Repayment	Interest-only	Repayment	Interest-only		
Retail (Owner-occupied & vacation homes)	18.4	37.9	21.6	7.1	5.1	9.8	0.0	100
Subsidised Housing	43.0	0.2	20.8	0.2	0.1	0.0	35.8	100
Rental Housing	6.9	60.7	12.6	6.4	0.4	9.0	3.9	100
Office & Business	20.3	62.2	6.9	2.0	0.4	8.0	0.3	100
Other lending	30.0	33.4	27.2	0.2	0.7	4.9	3.6	100
Total	21.0	39.1	17.8	4.9	2.6	7.6	7.1	100

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

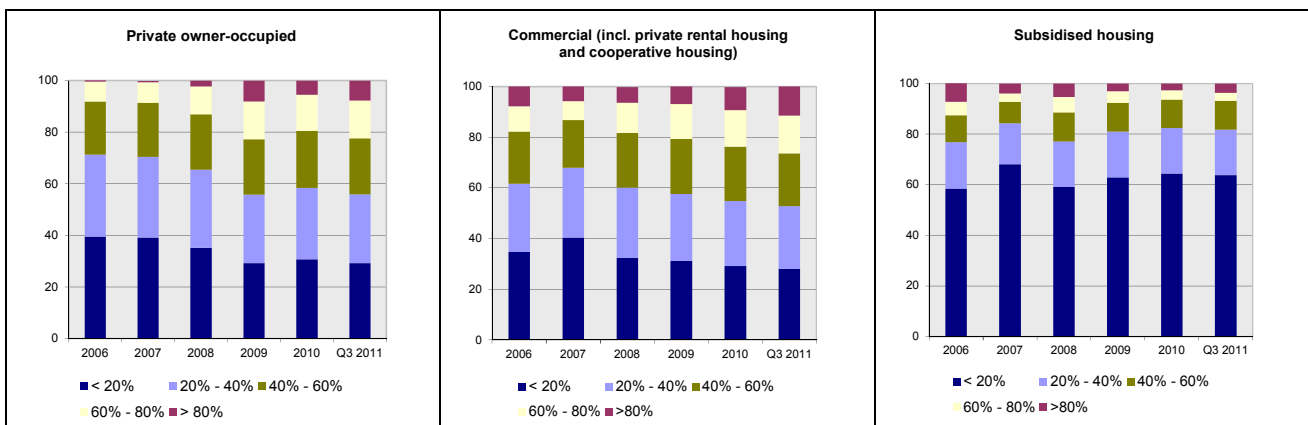
2) Include index-linked loans etc.

Collateral

Chart 10 shows the lending distribution based on security in the Private, Commercial and general Subsidised Housing segments from 2006 to the end of the third quarter of 2011. The chart shows the proportion of the loan portfolio within the respective customer segments that is located within an LTV percentage of respectively 0-20 per cent, 20-40 per cent etc.

For example, it can be seen that roughly 80 per cent of the lending to retail customers are located within an LTV value of 60 percent. Similarly, more than 93 per cent of the lending to subsidised housings is located within an LTV of 60 per cent.

Chart 10 Distribution of Loans into Collateral Brackets (LTV band)



Note: For further information, see notes on page 16.

Table 8 below shows the bonds' outstanding debt calculated for BRFkredit's total lending portfolio. By the end of the third quarter, approximately 80 per cent of the total lending was located within an LTV of 60 per cent of the estimated property values. The proportion of lending, where the security was beyond 80 per cent of the property value, amounted to 8 per cent.

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

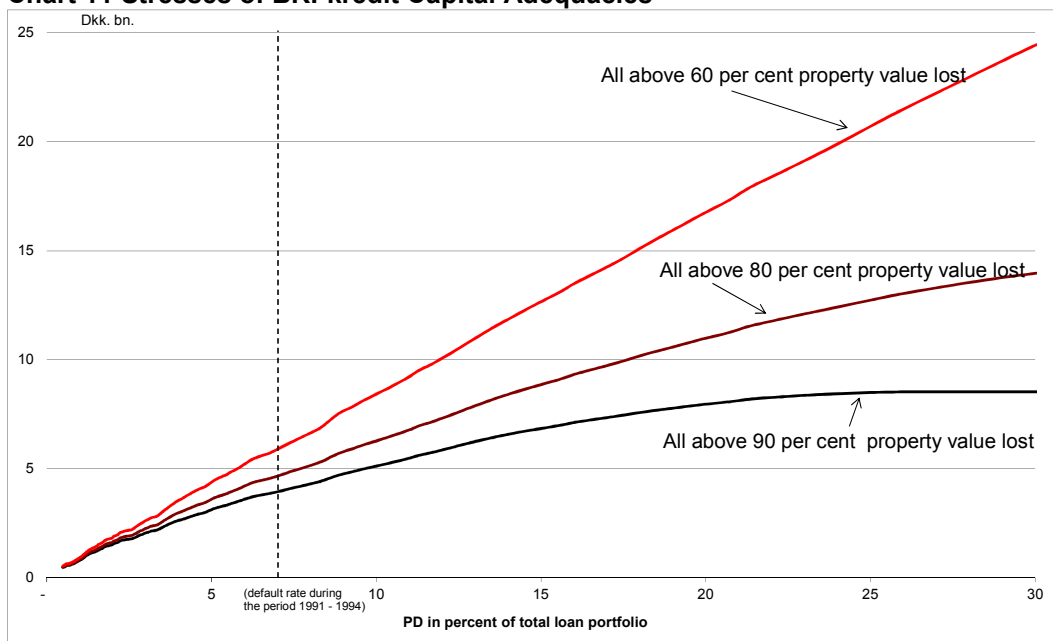
Per cent	Collateral brackets (fraction of fair property value)	Distribution of loans into collateral brackets						Avg. current loan to value
		0% to 20%	20% to 40%	40% to 60%	60% to 80%	80% to 100%	Over 100%	
		- % of loan book -						
	Retail (owner-occupied & vacation homes)	28	27	22	15	6	2	74
	Rental Housing	43	21	16	10	6	4	67
	Office & Business	29	27	23	14	4	3	70
	Total loan book	34	25	20	13	5	3	71

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, there would be a risk of losing 1/4 and 1/6 respectively of BRFkredit's capital base. In all the scenarios, it can be seen that only BRFkredit's equity would be affected as neither hybrid capital, neither senior debt nor Junior Covered Bonds would be affected. By way of comparison, it should be mentioned that the default rate for the third quarter of 2011 is 0.9 per cent against 6 to 7 per cent during the housing market crisis in 1991-1994.

Chart 11 Stresses 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 *
BRFkredit's mortgage lending			
Outstanding total lending in DKK bn	75	107	202
Per centage of total loan book	37	53	100
No. of loans	48,830	59,308	125,753

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

Table 10

	Capital Centre B (RO)	Capital Centre E (SDO)	BRFkredit total *
Distribution by property category, end of period			
Per cent of total loan book			
Retail (owner-occupied & vacation homes)	44	54	47
Subsidised housing (rental housing)	6	16	17
Private rental properties (rental housing)	29	15	20
Office & Business	17	13	13
Other (agriculture, industry & crafts, etc.)	5	2	3
Total	100	100	100

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

Table 11

	Capital Centre B (RO)	Capital Centre E (SDO)	BRFkredit total *
Distribution by geography (location of the property), end of period			
Per cent of total loan book			
Greater Copenhagen area (Region Hovedstaden)	49	45	48
Remaining Zealand & Bornholm (Region Sjælland)	15	15	15
Northern Jutland (Region Nordjylland)	5	5	5
Eastern Jutland (Region Midtjylland)	15	18	18
Southern Jutland & Funen (Region Syddanmark)	16	17	16
Outside Denmark	0	1	1
Sum	100	100	100

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

Table 12

	Capital Centre B (RO)	Capital Centre E (SDO)	BRFkredit total *
Loan distribution of loans into brackets by loan size, end of period			
Per cent of total loan book			
Individual outstanding loans			
between DKK 0m and 2m	42	41	39
between DKK 2m and 5m	12	18	15
between DKK 5m and 20m	19	15	18
between DKK 20m and 50m	15	13	15
between DKK 50m and 100m	7	7	6
Over DKK 100m	5	7	6
Total	100	100	100

Table 13

	Capital Centre B (RO)	Capital Centre E (SDO)	BRFkredit total *
Distribution into brackets by vintage (age of loan), end of period			
Per cent of total loan book			
Up to 1 year	1	11	7
between 1 and 2 years	2	21	12
between 2 and 5 years	35	48	38
between 5 and 10 years	61	18	33
Over 10 years	0	2	9
Total	100	100	100

Note: Age is defined as years since disbursement

Table 14

	Capital Centre B (RO)	Capital Centre E (SDO)	BRFkredit total *
Lending distribution by loan types, end of period			
Per cent of total loan book			
ARM	34	86	60
- amortizing	4	35	21
- with interest-only option	30	51	39
Fixed-rate loans	41	10	22
- amortizing	33	8	18
- with interest-only option	8	2	4
Capped, ratched-capped and un-capped floating rate	24	3	10
- amortizing	6	1	3
- with interest-only option	17	3	8
Other loan types, incl. bullets	2	1	8
Total	100	100	100

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

Table 15 Loan book distributed into collateral brackets

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

BRFkredit's Capital Centre B (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	13	24	27	19	14	69
Rental Housing	9	15	15	15	20	24	72
Office & Business	4	13	20	28	21	14	72
Total loan book	6	14	21	23	20	18	71

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	15	31	32	15	78
Rental Housing	5	13	24	28	16	13	66
Office & Business	4	10	20	38	22	6	67
Total loan book	3	9	18	31	26	13	72

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	9	18	29	27	14	74
Rental Housing	10	15	19	21	17	18	67
Office & Business	4	11	20	33	22	10	70
Total loan book	6	12	19	27	22	15	71

Note: * The column includes, in addition to loans in Capital Centre B and E, 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	13	24	27	19	14	69
Rental Housing	9	15	15	15	20	24	72
Office & Business	4	13	20	28	21	14	72
Total loan book	6	14	21	23	20	18	71

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	15	31	32	15	78
Rental Housing	5	13	24	28	16	13	66
Office & Business	4	10	20	38	22	6	67
Total loan book	3	9	18	31	26	13	72

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	9	18	29	27	14	74
Rental Housing	10	15	19	21	17	18	67
Office & Business	4	11	20	33	22	10	70
Total loan book	6	12	19	27	22	15	71

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

NotesBRFkredit'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 e.g. due to falling property prices. Additional security is comprised of funds that correspond to the capital injected into 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 per cent 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.

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