

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

BRFkredit Bank

INTERIM FINANCIAL REPORT

Q1-Q3 2011



BRFkredit

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FINANCIAL AND OPERATING DATA FOR BRFKREDIT BANK

(DKK'000)

CORE EARNINGS/EARNINGS FROM INVESTMENT PORTFOLIOS AND PROFITS OR LOSSES FOR THE PERIOD	Q1-Q3 2011	Q1-Q3 2010	2010 (full year)
Core income:			
- net interest income	89,681	106,203	135,823
- net fees, charges and commission income	9,167	6,888	9,623
- value adjustments (- signifies an expense)	-19,873	-29,445	-23,321
Total core income	78,975	83,646	122,125
Operating expenses, depreciation and amortisation	61,652	54,960	75,164
Other operating expenses	11,622	29,324	29,327
Core earnings before impairment charges	5,701	-637	17,634
Loan impairment charges etc.	114,938	151,152	107,851
Core earnings	-109,237	-151,789	-90,217
Earnings from investment portfolios	-	-	-
Profit or loss before tax for the period	-109,237	-151,789	-90,217
Tax (- signifies an income)	-27,300	-38,033	-22,641
Net profit or loss for the period	-81,937	-113,756	-67,576

SELECTED BALANCE SHEET ITEMS	Q1-Q3 2011	Q1-Q3 2010	2010 (full year)
Lending	3,538,053	4,459,563	4,588,416
Deposits	5,307,151	4,865,288	5,450,615
Equity	1,023,306	1,059,063	1,105,244
Balance sheet total	8,041,010	8,811,453	9,824,696
Guarantees	704,725	1,781,449	1,497,929

SELECTED KEY FIGURES AND RATIOS	Q1-Q3 2011	Q1-Q3 2010	2010 (full year)
Solvency ratio	22.8	18.3	17.9
Core capital ratio	16.6	13.3	13.3
Return on equity before tax	-10.3%	-16.6%	-9.6%
Return on equity after tax	-7.7%	-12.4%	-7.2%
Earnings per unit of cost (DKK)	0.42	0.36	0.58
Interest rate risk	0.7%	0.3%	1.1%
Foreign exchange position	2.7%	1.1%	1.3%
Loan-to-deposit ratio (including loan impairment)	80.2%	109.8%	99.0%
Own funds in excess of minimum regulatory level	697.4%	558.7%	575.6%
Sum of large loan exposures	60.6%	80.9%	0.0%
Accumulated impairment ratio	14.6	13.3	12.5
Impairment ratio for the period	2.3	2.1	1.6
Growth in lending during the period	-22.9%	-19.2%	-5.2%
Loan-to-equity ratio	3.5	6.1	4.2
Solvency requirement	14.4	12.8	9.8

MANAGEMENT'S REVIEW

On 14 November 2011, the Board of Directors approved the Interim Financial Report of BRFkredit Bank for the period 1 January to 30 September 2011.

BRFkredit Bank came out of the first three quarters of 2011 with a net loss of DKK 81.9 million, which was an improvement of DKK 31.8 million from the equivalent period of 2010, yet weaker than expected at the beginning of the year. The difference can mainly be ascribed to higher-than-expected impairment charges, but a lower activity level than assumed also resulted in lower core income excluding value adjustments.

SUMMARY FINANCIAL PERFORMANCE FOR THE FIRST THREE QUARTERS OF 2011

- Core income came to DKK 79.0 million, against DKK 83.6 million in the first three quarters of 2010.
- Staff costs and administrative expenses grew by DKK 6.8 million from the year-earlier period.
- Loan losses and impairment charges came to DKK 114.9 million, DKK 36.2 million down on the same period of last year.
- BRFkredit Bank reported a loss before tax of DKK 109.2 million, against a loss of DKK 151.8 million for the January-to-September period of 2010.
- BRFkredit Bank posted a net loss of DKK 81.9 million, against a net loss of DKK 113.8 million for the first three quarters of 2010.
- Solvency ratio was 22.8%, including a tier one capital ratio of 16.6%.
- The solvency requirement was 14.4%.

SIGNIFICANT EVENTS DURING THE FIRST THREE QUARTERS OF 2011

On 21 September, the bank sold 1,059 mortgages to an institutional investor for DKK 279 million. Compared with the carrying amount, the sale resulted in a capital loss of DKK 1.3 million.

The mortgages in question were purchased in the period 2007 to 2008 when the bank's practice was to collect mortgages issued in connection with transfer of ownership or top-up lending and, subsequently, sell them off in pools to investors. The market for these investment schemes disappeared along with the financial crisis tightening.

The sale was motivated by the bank's future ambition of building full customer relationships where the bank handles the customer's day-to-day banking business. In spite of an expected decline in earnings, the mortgages were sold as the mortgage customers did not meet the bank's future ambition for customer relationships.

The bank has entered into a management agreement with the investor in question and will, after the sale, continue to manage the mortgages. Growth in the number of mortgages under management is expected in the coming quarters.

The bank's financial performance for the first three quarters of 2011 was adversely impacted by the failures of the Danish banks: Amagerbanken, Fjordbank Mors and Max Bank, respectively, which reduced earnings by DKK 11.6 million.

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

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

Moreover, the bank's financial performance may be affected by additional bankruptcies in the Danish banking sector.

INCOME STATEMENT

CORE INCOME came to DKK 79.0 million in the first three quarters of 2011, 5.6% down from the same period of 2010.

Net interest income for the January-to-September period of 2011 amounted to DKK 89.7 million, 15.6% down from the year-earlier period. The decline reflects the bank's overall risk exposure management with the scaling down of corporate lending activities, coupled with the adjustment of the bank's deposits to total lending.

Net fees, charges and commission income came to DKK 9.2 million in the first three quarters of 2011, up by DKK 2.3 million from the same period of 2010. The increase can primarily be ascribed to a sharp fall in fees, charges and commissions paid.

Securities and foreign exchange income for the first three quarters of the year were negative at DKK 19.9 million, against negative adjustments of DKK 29.4 million for the same period of 2010. The negative value adjustment in the January-to-September period of 2011 primarily related to the bank's bond portfolio. In the first three quarters of 2011, the negative value adjustment primarily related to swap transactions, which are used partially to hedge interest rate risk on the bank's portfolio of mortgages. As the portfolio of mortgages is recognised at amortised cost, no corresponding capital gain on this portfolio will materialise in the financial statements.

OPERATING EXPENSES, DEPRECIATION AND AMORTISATION amounted to DKK 61.7 million, up by DKK 6.7 million from the first three quarters of 2010.

OTHER OPERATING EXPENSES were down by 60.4% to DKK 11.6 million in the nine months to September 2011. In the period under review, other operating expenses comprised an expense relating to a guarantee to the Guarantee Fund for Depositors and Investors in connection with the bankruptcies of the Danish banks: Amagerbanken and Fjordbank Mors as well as a provision concerning Max Bank. The amount is included here as the Danish Financial Supervisory Authority has announced that it is to be carried as an operating expense rather than an impairment charge under loan losses and impairment charges. In the first three quarters of 2010, other operating expenses related to commissions on guarantees to the state-owned Financial Stability Company in connection with Bank Rescue Package 1.

LOAN IMPAIRMENT CHARGES ETC. came to DKK 114.9 million in the January-to-September period, against DKK 151.2 million in the year-earlier period. Impairment charges can primarily be ascribed to the business areas of private and corporate customers and mainly related to the bank's exposures to private customers as well as various property groups which, as a result of the financial crisis, have encountered difficulties as a consequence of liquidity and refinancing problems.

BALANCE SHEET

At 30 September 2011, the bank had a balance sheet total of DKK 8.0 billion, against DKK 9.8 billion at the end of 2010.

The loan portfolio, inclusive of impairment charges, totalled DKK 3.5 billion at 30 September 2011, DKK 1.1 billion down from the level at 31 December 2010.

Receivables from and payables to credit institutions were DKK 0.3 billion and DKK 1.3 billion, respectively, at 30 September 2011.

The deposit portfolio came to DKK 5.3 billion, down by DKK 0.1 billion from 31 December 2010.

Equity, including net loss for the period, amounted to DKK 1.0 billion, against DKK 1.1 billion at the end of 2010.

SOLVENCY

BRFkredit Bank calculates its solvency ratio according to the standardised approach. The bank's solvency ratio, including net loss for Q3 2011, was 22.8%, of which the core capital ratio was 16.6%. Hence, the solvency ratio was above the 8.0% minimum ratio required by Danish legislation.

Own funds at the close of the third quarter were DKK 1,098.9 million. Own funds were made up of equity of DKK 1,023.3 million and subordinated capital of DKK 300.0 million net of capitalised deferred tax and intangible assets of DKK 224.4 million.

BRFkredit Bank's adequate own funds at 30 September 2011 were measured at DKK 691 million, corresponding to a solvency requirement of 14.4%.

Accordingly, at 30 September 2011, BRFkredit Bank's own funds exceeded the statutory requirement by an amount of DKK 407 million.

For additional information on BRFkredit Bank's solvency requirement and own funds in excess of the statutory requirement (over-collateralisation), consult our website at brf.dk.

RISKS

CREDIT RISKS: BRFkredit Bank's principal risk is credit risk. Although a continued indication of impairment was identified in the first three quarters of 2011, aggregate loan losses in 2011 are expected to be in line with 2010.

LIQUIDITY RISKS: As far as liquidity risks are concerned, at the close of 2010, the bank had a surplus of deposits of DKK 862 million, which had risen even further to DKK 1,769 million at 30 September 2011.

OUTLOOK FOR 2011

The bank is still expected to report a full-year net loss for 2011. The most significant uncertainty factor in this respect is associated with loan losses and impairment charges as well as the possibility of new commissions in consequence of new bank failures.

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 BRFkredit Bank a/s for the period 1 January to 30 September 2011.

The Q1-Q3 Interim Financial Report is presented in accordance with the Danish Financial Business Act.

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

and financial position at 30 September 2011 and of the results of the Company's activities for the period 1 January to 30 September 2011. We also believe that the management's review provides a fair review of developments in the activities and finances of the Company as well as a presentation of the principal risks and uncertainty factors that may affect the Company.

Kgs. Lyngby, 14 November 2011

EXECUTIVE BOARD

Leonhardt Pihl

BOARD OF DIRECTORS

Sven A. Blomberg
Chairman

Carsten Tirsbæk Madsen
Deputy Chairman

Kim Thomsen

Torben Hansen

INCOME STATEMENT

Amount in DKK '000

For the nine months ended 30 September	Note	2011	2010
Interest income	2	182,799	185,467
Interest expenses	3	93,119	79,264
Net interest income		89,681	106,203
Fees, charges and commission income		10,885	15,431
Fees, charges and commissions paid		1,718	8,543
Net interest income, fees and charges		98,848	113,091
Securities and foreign exchange income (- signifies a loss)	4	-19,873	-29,445
Other operating income		-4	4
Staff costs and administrative expenses	5-6	61,442	54,646
Depreciation, amortisation and impairment of tangible and intangible assets		206	318
Other operating expenses		11,622	29,324
Loan losses and impairment charges	7	114,938	151,152
Profit or loss before tax		-109,237	-151,789
Tax (- signifies an income)		-27,300	-38,033
Net profit or loss for the period		-81,937	-113,756

BALANCE SHEET

Amount in DKK '000

	Note	30 Sep 2011	31 Dec 2010
ASSETS			
Cash balance and demand deposits with central banks		7,866	46,511
Receivables from credits institutions and central banks		316,307	2,744,795
Loans and other receivables at fair value		-	62,300
Loans and other receivables at amortised cost		3,538,053	4,526,116
Bonds at fair value		3,510,984	1,960,868
Intangible assets		136	213
Other tangible assets		507	635
Deferred tax assets		224,288	236,013
Assets acquired temporarily		234,039	133,418
Other assets		207,635	112,629
Prepayments		1,195	1,198
Total assets		8,041,010	9,824,696
LIABILITIES AND EQUITY			
Payables			
Payables to credit institutions and central banks		1,270,257	2,793,483
Deposits and other payables		5,307,151	5,450,615
Other liabilities		133,151	113,655
Deferred Income		91	302
Total payables		6,710,651	8,358,055
Provisions			
Provisions for losses on guarantees		4,563	59,508
Other provisions		2,490	1,890
Total provisions		7,053	61,397
Subordinated capital		300,000	300,000
Equity			
Share capital		395,000	395,000
Share premium account		1,154,838	1,154,838
Retained profits		-526,531	-444,594
Total Equity		1,023,306	1,105,244
Total liabilities and equity		8,041,010	9,824,696
Additional notes:			
Contingent liabilities			

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STATEMENT OF CHANGES IN EQUITY

Amount in DKK '000

	Share Capital	Share premium account	Retained profits	Total
Equity at 31 December 2009	315,000	834,838	-377,019	772,819
Capital contribution	50,000	200,000	-	250,000
Conversion of subordinated capital	30,000	120,000	-	150,000
Net profit or loss for the period	-	-	-113,756	-113,756
Equity 30 September 2010	395,000	1,154,838	-490,775	1,059,063
Equity at 31 December 2010	395,000	1,154,838	-444,594	1,105,244
Net profit or loss for the period	-	-	-81,937	-81,937
Equity 30 September 2011	395,000	1,154,838	-526,531	1,023,306

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

SOLVENCY STATEMENT/CAPITAL

Amount in DKK '000

	30 Sep 2011	31 Dec 2010
Core capital (tier 1) after deduction	798,883	869,018
Own funds (capital base)	1,098,883	1,169,018
Weighted items outside trading portfolio, including items below the line	4,055,201	5,908,504
Weighted items with operational risk	275,084	275,084
Weighted items with market risk etc,	480,995	365,439
Total weighted items	4,811,280	6,549,027
Core capital (tier 1) after deduction as % of total weighted items	16.6	13.3
Solvency ration under s, 124(1) or 125(1) of the Danish Financial Business Act,	22.8	17.9
Core capital (tier 1) after deduction and own funds (capital base) appear so:		
Equity	1,023,306	1,105,244
Intangible assets	-136	-213
Deferred tax assets	-224,288	-236,013
Core capital (tier 1) after deduction	798,883	869,018
Supplementary capital excluding hybrid core capital	300,000	300,000
Own funds (capital base)	1,098,883	1,169,018

NOTE 1, 2, 3, 4, 5 AND 6

Amount in DKK '000

For the nine months ended 30 September

1 ACCOUNTING POLICIES

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

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

The Interim Report has not been audited nor reviewed.

2 INTEREST INCOME	2011	2010
Receivables from credits institutions and central banks	4,408	7,141
Loans and other receivables	139,964	171,608
Bonds	45,911	18,722
Other derivative financial instruments, interest-rate contracts	-7,484	-12,004
Total	182,799	185,467

3 INTEREST EXPENSES	2011	2010
Credits institutions and central banks	6,581	7,994
Deposits and other payables	80,651	63,235
Issued bonds	-	1,236
Subordinated capital	5,886	6,798
Total	93,119	79,264

4 SECURITIES AND FOREIGN EXCHANGE INCOME (- SIGNIFIES A LOSS)	2011	2010
Other loans and receivables at fair value	-2,297	507
Bonds	-1,791	-7,919
Foreign exchange	-26	230
Derivative financial instruments, interest-rate contracts	-15,757	-22,262
Total	-19,873	-29,445

5 STAFF COSTS AND ADMINISTRATIVE EXPENSES	2011	2010
Remuneration of Executive Board	1,131	1,091
Staff costs:		
Wages and salaries	26,093	25,078
Pensions	2,336	2,175
Social security costs	2,447	1,979
Total staff costs	30,877	29,233
Administrative expenses:		
Service agreement with BRFkredit a/s	12,599	11,457
Other	16,835	12,866
Total administrative expenses	29,434	24,323
Total staff costs and administrative expenses	61,442	54,646

6 NUMBER OF EMPLOYEES	2011	2010
Average number of employees during the financial year (full-time equivalent)	68	72

NOTE 7 AND 8

Amount in DKK '000

For the nine months ended 30 September

7 LOAN LOSSES AND IMPAIRMENT CHARGES	2011	2010
Net changes in impairment accounts on individually assessed loans (-signifies af profit)	-143,344	2,431
Net changes in impairment accounts on groups of loans (-signifies af profit)	2,000	-21,000
Realised losses	270,348	182,301
Recoveries of loan losses previously written off	14,065	12,580
Total	114,938	151,152
<i>Impairment charges on individuelle assessed loans:</i>		
At beginning of year	760,803	824,943
Impairment charges during the period	266,107	207,145
Reversal of prior-year impairment charges	159,236	64,844
Previously provided for impairment, now written off	250,215	139,870
At end of year	617,459	827,374
<i>Impairment charges on groups of loans:</i>		
At beginning of year	106,000	152,000
Impairment charges during the period	108,000	131,000
Reversal of prior-year impairment charges	106,000	152,000
At end of year	108,000	131,000
Loans and other receivables at amortised cost	926,372	1,071,815
Impairment charges	612,896	881,224
Total	313,475	190,591
Financial guaratees	12,812	163,909
Impairment charges	4,563	77,145
Total	8,249	86,764
Impairment charges on individually assessed loans	617,459	827,374
Impairment charges on groups of loans	108,000	131,000
Total	725,459	958,374
8 CONTINGENT LIABILITIES		
	30 Sep 2011	31 Dec 2010
Guarantees etc.		
Financial guarantees	137,931	169,599
Financial guarantees provided to BRFkredit a/s	391,317	1,164,850
Total financial guarantees	529,248	1,334,450
Other guarantees	29,993	77,988
Other guarantees provided to BRFkredit a/s	145,433	85,441
Total other guarantees	175,426	163,429
Total guarantees etc.	704,675	1,497,879
Other contingent liabilities		
Other liabilities	50	50
Total other contingent liabilities	50	50
Total	704,725	1,497,929

