

> ANNUAL REPORT

2006

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> BRFKREDIT GROUP IN BRIEF

MISSION

BRFkredit offers customers financial solutions and other services related to real property.

BRFkredit, a mortgage credit institution owned by a foundation, must

- **guarantee inexpensive mortgage financing**
- **assure bondholders that their investments are safe**

VISION

- **that borrowers experience BRFkredit's sales and advisory services as the simplest in the market and BRFkredit's products and prices among the most competitive**
- **that bond investors believe that, by buying BRFkredit bonds, they make an investment that will give them a competitive return**
- **that business partners find that BRFkredit's products are easy to distribute and provide value-added benefits to procedures and customers**
- **that employees perceive BRFkredit as a healthy and attractive place of work**

> FIVE-YEAR SUMMARY OF BRFKREDIT

Amounts in DKK million

CORE EARNINGS/EARNINGS FROM INVESTMENT PORTFOLIOS AND PROFITS FOR THE YEAR

FINANCIAL HIGHLIGHTS	2006	2005	2004	2003	2002
Core income from lending operations etc.	923	926	829	830	774
Core income from securities	380	350	262	252	311
Total core income	1,303	1,276	1,091	1,082	1,085
Operating expenses, depreciation and amortisation	810	744	703	695	656
Core earnings before impairment losses	493	531	388	387	429
Impairment losses on loans and receivables (- signifies an income)	-129	-81	-126	15	1
Core earnings	622	613	514	372	427
Earnings from investment portfolios	119	152	-33	385	-167
Profit before tax	741	765	480	758	260
Tax	170	107	106	175	151
Net profit for the year	572	657	374	582	109

SUMMARY BALANCE SHEET

KEY FIGURES AND RATIOS	2006	2005	2004	2003	2002
Lending	178,498	164,011	145,067	141,112	136,220
Bonds and shares etc.	9,804	25,116	44,229	35,915	14,284
Other assets	13,097	18,888	21,446	19,270	26,555
Total assets	201,399	208,015	210,742	196,297	177,059
Issued bonds ¹⁾	179,474	185,277	184,870	170,285	158,476
Other liabilities	11,551	13,028	16,843	17,464	10,637
Shareholders' equity	10,374	9,710	9,029	8,548	7,946
Total liabilities and equity	201,399	208,015	210,742	196,297	177,059

¹⁾ In 2006 and 2005 the portfolio of own mortgage bonds, representing an amount of DKK 40bn and DKK 24bn, respectively, was set off against issued bonds.

SELECTED KEY FIGURES AND RATIOS

Earnings per unit of cost (DKK)	2.08	2.14	1.82	2.06	1.39
Growth in lending during the year	11.5	11.2	2.9	3.6	4.1
Loan-to-equity ratio	17.2	16.9	16.1	16.5	17.1
Gross new lending (outstanding bond loans), DKK million	46,618	69,458	36,755	45,364	29,469
Number of new loans	29,600	45,900	29,700	38,300	29,200
Arrears percentage at end of year	0.07	0.10	0.65	0.22	0.30
Impairment ratio for the year	-0.1	0.0	-0.1	0.0	0.0
Administrative expenses, depreciation and amortisation as % of average loan portfolio	0.47	0.49	0.49	0.50	0.48
Capital adequacy ratio	12.5	13.3	14.1	13.5	11.8
Core capital ratio	10.8	11.5	12.1	11.5	11.2
Return on equity before tax	7.4	8.2	5.4	9.2	3.3
Return on equity after tax	5.7	7.0	4.2	7.1	1.4
Return on equity after tax	8,322	6,977	5,048	597	659
Share capital and other reserves, DKK million	2,052	2,733	3,981	7,951	7,287
Own funds (tier 1 + tier 2), DKK million	11,858	11,193	10,519	10,034	8,290
Foreign exchange position, %	2.0	1.6	1.5	0.5	0.4

> MANAGEMENT'S REVIEW

On 27 February 2007, the Board of Directors approved the financial statements of BRFkredit for the year ended 31 December 2006.

BRFkredit generated a pre-tax profit for 2006 of DKK 741m, against DKK 765m in 2005. This performance represented a return on equity before tax of 7.4% per annum. BRFkredit came out of 2006 with a net profit of DKK 572m, against DKK 657m in 2005. In addition, a value adjustment of strategic shares was recorded at a gain of DKK 48m.

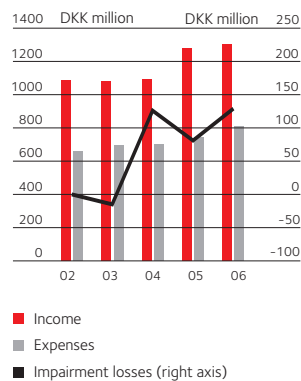
At the time of the publication of the interim report for 2006, BRFkredit anticipated core earnings in the order of DKK 350-400m. Actual core earnings closed at DKK 622m and, thus, surpassed expectations. The improved earnings performance was attributable to continued growth in the loan portfolio, combined with a stronger-than-expected contribution to profits from total impairment losses on loans.

SUMMARY FINANCIAL PERFORMANCE 2006

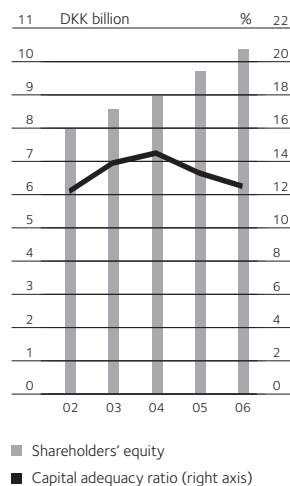
- Portfolio growth of DKK 16.8bn to DKK 176.1bn in 2006
- Expanding market shares compared with 2006 – both within new lending and outstanding bond loans
- Core earnings were up from DKK 613m in 2005 to DKK 622m in 2006
- Core income was DKK 1,303m, up by 2.1% from DKK 1,276m in 2005
- Rise in costs and expenses from DKK 744m in 2005 to DKK 810m in 2006 – mainly ascribable to higher marketing and IT development expenses
- Income of DKK 129m from "Impairment losses on loans and receivables", reflecting a continued favourable economic climate
- Earnings from investment portfolios of DKK 119m, against DKK 152m in 2005. These earnings have been adjusted by an increase in the market value of strategic shares of DKK 48m, which, until realisation, does not appear from profits, but has been taken directly to equity

After inclusion of net profit for the year, the capital adequacy ratio at end-2006 was 12.5%. If computed exclusively on the basis of core (tier 1) capital, the capital adequacy ratio was 10.8% at end-2006.

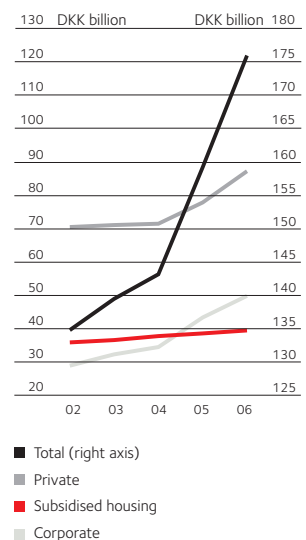
INCOME AND EXPENSES



EQUITY AND CAPITAL ADEQUACY RATIO



MOVEMENTS IN PORTFOLIO



BRFKREDIT'S SEGMENTS

BRFkredit comprises BRFkredit a/s (Parent Company), BRFbank 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

BRFKREDIT'S SEGMENT ACCOUNTS 2006

DKK million.	Mortgaget lending etc.	Portfolio management	Total
Core income			
Commission income from lending operations etc.	923		
Core income from securities	380		
Total core income	1,303		
Operating expenses, depreciation and amortisation	810		
Core earnings before impairment losses	493		
Impairment losses on loans	-129		
Core earnings	622		
Earnings from investment portfolios		119	
Profit before tax	622	119	741
Tax			170
Net profit for the year			572

MORTGAGE LENDING ETC.

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

Core earnings of "Mortgage lending etc." worked out at DKK 622m in 2006, against DKK 613m in 2005.

Core earnings are made up as follows:

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.

MORTGAGE LENDING ETC.

DKK million	2006	2005
Core income		
Income from lending operations etc.	923	926
Core income from securities	380	350
Total core income	1,303	1,276
Operating expenses, depreciation and amortisation	810	744
Core earnings before impairment losses	493	531
Impairment losses on loans (- signifies an income))	-129	-81
Core earnings	622	613

Income from commissions was positively influenced by an expanding portfolio and came to DKK 710m in 2006, up from DKK 635m in 2005. By contrast, brokerage, fees and charges (net) declined from DKK 196m to DKK 102m in 2006 in response to a slowdown in lending. BRFkredit's cash gross new lending dipped from DKK 68bn in 2005 to DKK 45bn in 2006.

Core income from securities

Core income from securities, which comprises a risk-free return on the proprietary investment portfolio and other interest income, amounted to DKK 380m in 2006, up from DKK 350m in 2005. Risk-free return came to DKK 247m in 2006, against DKK 236m in 2005.

Operating expenses, depreciation and amortisation

Operating expenses, including depreciation and amortisation, were up by 8.8% from DKK 744m in 2005 to DKK 810m in 2006. The expense ratio edged down from 0.49% in 2005 to 0.47% in 2006.

The rise in costs and expenses can mainly be ascribed to higher marketing and IT development expenses.

Impairment losses

Impairment losses on loans and receivables generated net income of DKK 129m in 2006, against DKK 81m in 2005. The contribution to profits stemmed from favourable economic conditions, which resulted in a low level of loans losses and new impairment provisions, combined with the reversal of earlier impairment charges.



Sven A. Blomberg, CEO

Carsten Tirsbæk Madsen, Executive Vice President

The year-end balance of provisions for loan impairment was DKK 68m in 2006, equivalent to 0.0% of the total loan portfolio. Impairment provisions were at an exceptionally low level. The next few years therefore hold no prospects of income from "Impairment losses on loans and receivables". On the contrary, impairment losses and provisions are probably bound to grow as the general market conditions become less favourable than today.

PORTFOLIO MANAGEMENT

Earnings from investment portfolios comprise total returns on the securities portfolio net of risk-free return, which is transferred to core earnings.

BRFkredit's gross investment returns on the proprietary portfolio were DKK 371m in 2006, equivalent to a rate of return of 4.4%. This compares with a rate of return of 4.1% in 2005. Costs and expenses related to earnings from investment portfolios in the form of wages, salaries and bro-

kerage, etc. amounted to DKK 5m. The securities portfolio yielded risk-free return of DKK 247m in 2006. To calculate risk-free return, BRFkredit chose an interest rate of 2.94% in 2006, against 2.36% in 2005. Risk-free return is calculated on the basis of an average short-term money-market rate. Hence, earnings from investment portfolios came to a total of DKK 119m in 2006, against DKK 152m the year before. These earnings have been adjusted by an increase in the market value of strategic shares of DKK 48m, which, until realisation, does not appear from profits, but has been taken directly to equity.

Computed in accordance with the rules of the Danish Financial Supervisory Authority, BRFkredit's interest rate risk at end-2006 was DKK 352m. After offsetting interest rate risk between currencies, BRFkredit had net interest rate exposure of DKK 284m. The maximum interest rate risk allowed under the rules of the Financial Supervisory Authority was DKK 949m.

Tax on profit for the year was DKK 170m, compared with DKK 107m in 2005. The effective tax rate was 23%. The difference between this rate and the corporation tax rate of 28% is primarily rooted in tax-exempt gains on shares, meaning that BRFkredit is not liable to capital gains tax on shares held for more than three years. Accordingly, losses on shares are not deductible.

BALANCE SHEET TOTAL, SHAREHOLDERS' EQUITY AND CAPITAL ADEQUACY

- BRFkredit had a balance sheet total of DKK 201bn at 31 December 2006, against DKK 208bn a year earlier. BRFkredit's mortgage loan portfolio widened by a nominal amount of DKK 16.8bn to DKK 176.1bn during 2006. BRFkredit's aggregate loan portfolio, measured at carrying amount, was DKK 178.5bn at 31 December 2006, up from DKK 164bn at the close of 2005. Shareholders' equity was up by DKK 664m to DKK 10,374m at year-end.

PORTFOLIO MANAGEMENT

DKK million	2006	2005
Gross investment returns		
Return on fixed-income instruments	240	91
Return on shares	131	302
Total gross investment returns	371	393
Costs and expenses related to earnings from investment portfolios	5	5
Net investment returns	366	388
Risk-free return	-247	-236
Earnings from investment portfolios	119	152

- The capital adequacy ratio was 12.5% at end-2006, against 13.3% at end-2005. Own funds (tier 1 + tier 2 capital) thus exceeded the statutory requirement by an amount of DKK 4.3bn. If computed exclusively on the basis of core (tier 1) capital, the capital adequacy ratio at end-2006 was 10.8%, equalling an amount of DKK 2.7bn above the statutory requirement.

Shareholders' equity was up by DKK 664m to DKK 10,374m at year-end.

> PERFORMANCE AGAINST EXPECTATIONS

At the time of the publication of the financial statements for 2005, BRFkredit forecast core earnings for 2006 in the order of DKK 300-350m. When the interim financial statements for 2006 were published, the forecast of full-year core earnings was raised by DKK 50m to DKK 350-400m.

Actual core earnings closed at DKK 622m and, thus, surpassed expectations. The improved earnings performance was attributable to continued growth in the loan portfolio, combined with a stronger-than-expected contribution to second-half profits from total impairment losses on loans.

OUTLOOK FOR 2007

Total lending activity in the mortgage market is expected to slow down in 2007. The higher interest rates and the risk of a declining price trend are therefore predicted to dampen the market for re-financed loans and top-up loans. On the other hand, the market for change-of-ownership loans is assumed to remain at a practically unchanged level.

BRFkredit's core income for 2007 is predicted to be in the range of DKK 1,200-1,300m. Costs, expenses, depreciation and amortisation are expected to be 5% up on 2006. As in previous years, impairment losses on loans and receivables are expected to stay at a very moderate level. In these circumstances, BRFkredit anticipates total core earnings in the order of DKK 375-425m.

BRFkredit's core income for 2007 is predicted to be in the range of **DKK 1,200-1,300m**. Costs, expenses, depreciation and amortisation are expected to be **5% up on**



> DEMANDING

- ENHANCED CONFIDENCE IN THE INTERNET MEDIUM

Since the late 1990s, use of the Internet has been steadily growing in Denmark. Hence, in 2006 83% of all Danes had Internet access at home, against 75% in 2004.

Danes use the Internet for a large variety of purposes, mainly information search and communication (e.g. mails). People have also ventured into Internet trading. More than half of Danes today avail themselves of the opportunity to do banking business online by using home banking systems, and web-based purchases have increased markedly in recent years. The more extensive use of the Internet is a reflection that people increasingly demand flexibility and that Internet security is no longer an obstacle for the users.

One of the reasons for the success is that documents that used to require a physical signature can now be provided with a digital signature online. More than 815,000 Danes today use a digital signature, for instance for filling in the tax return, logging into an e-box and signing documents and forms online.

This trend is expected to continue over the next few years. This is not only due to the more widespread use of broadband, which has given the Danes both faster and cheaper Internet connections. Danes also become gradually more familiar with online trading. The use of the Internet in the years ahead will therefore not be restricted to purchases of everyday products and online payments of bills, but will gain ground in the markets for other and more complex products and services. Besides, it will be more common practice to take out mortgage loans online, an option that is already available with BRFKredit's self-service portal, 'My Loans'.

> THE MORTGAGE MARKET

SLOWDOWN IN LENDING

BRFkredit's gross new lending came to DKK 45bn in 2006. That was DKK 23bn down from the all-time high of DKK 68bn in 2005. Compared with earlier years, however, lending activity continued to be strong.

LENDING ACTIVITY

Gross new lending, DKK million	2006	2005
Private customers	27,419	40,182
Corporate customers	15,296	23,606
<i>Private rental housing</i>	10,209	13,414
<i>Office and business</i>	4,321	8,193
<i>Industry</i>	230	777
<i>Other</i>	536	1,222
Agriculture	79	159
Subsidised housing etc.	2,303	4,091
Total	45,097	68,039

FEWER REFINANCED LOANS AND TOP-UP LOANS

The slowdown in lending can primarily be ascribed to fewer refinanced loans and top-up loans. Hence, increasing interest rates during the past year and a large number of loans refinanced into lower-rate loans during 2005 made it less attractive to refinance mortgage loans and take out top-up loans in 2006. Another effect of the lower mortgage refinancing activity was that the activity was more evenly distributed over the year.

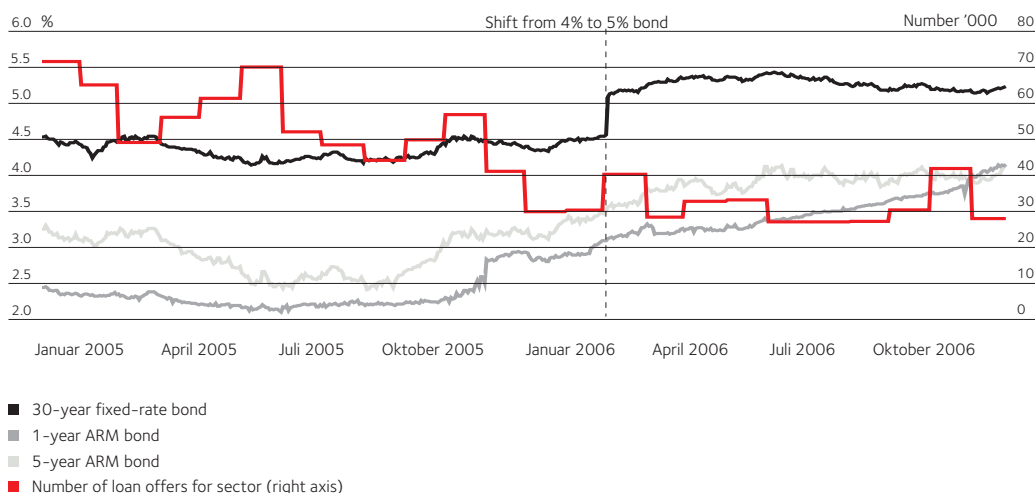
SUSTAINED RISE IN INTEREST RATES IN 2006

Interest rates continued to rise in 2006. As a result of bond sales in December to refinance BRFkredit's adjustable rate mortgage loans, loans with annual interest-rate adjustment were offered at an effective rate of about 4.1% for 2007, against about 2.9% the year before. At the beginning of the year, 30-year fixed-rate callable loans were funded by 4% bonds at a price of DKK 96.00 per DKK 100 par value and an effective rate of 4.4%. Towards the end of the year, these loans were funded by 5% bonds at a price of DKK 98.40 and an effective rate of 5.2%.

BORROWERS HEDGE AGAINST HIGHER INTEREST RATES

Rising interest rates have encouraged borrowers to hedge against interest rate rises to a greater extent. ARM loans with annual interest-rate adjustment accounted for a reduced share of the aggregate loan portfolio, whereas a minor increase was observed in the share of ARM loans with longer fixed-rate periods. This coincided with a substantial increase in the share of Guarantee Loans – primarily because private borrowers prefer the possibility of combining a usually lower, floating interest rate with an interest rate cap. On the other hand, the share of fixed-rate loans decreased in the aggregate loan portfolio.

MOVEMENTS IN INTEREST RATES AND NUMBER OF LOAN OFFERS IN THE ENTIRE MORTGAGE SECTOR



REFINANCING OF ARM LOANS

Annual interest rates in % - loans with interest-only option	Interest-rate adjustment 1 January 2007	Interest-rate adjustment 1 January 2006
Fixed-rate period		
1 year	4.08	2.89
2 years	3.99	2.97
3 years	3.99	3.06
4 years	3.95	3.14
5 years	3.96	3.20

INTEREST-ONLY LOANS ARE VERY POPULAR

A steadily growing share of BRFKredit's customers choose to take out interest-only loans. The interest-only option is mainly used to pay down other, more expensive debt faster and to boost the disposable income of households. In connection with loan repayments in January 2006, the interest-only option accounted for 62% of gross new lending, against 38% in 2005. The interest-only option was exercised for 35% of the principal balance outstanding on the loan portfolio in December 2006, against 30% a year before. The interest-only option is exercised more frequently by borrowers who take out floating rate loans. As far as Guarantee Loans and ARM loans are concerned, the volume of loans where borrowers exercised the interest-only option in December exceeded the volume where borrowers deferred principal payments.

SETBACK IN THE HOUSING MARKET

After years of soaring property prices, 2006 saw a turnaround in the market for owner-occupied homes and vacation homes. The price increases flattened out during the year, and in the fourth quarter of the year prices of owner-occupied flats even went down. The setback was generally most pronounced in the Copenhagen region. This is also where the steepest price increases have been recorded in the fast few years. The flattening trend should be seen in the light of the high level of property prices after years of massive price increases. Moreover, rising interest rates contributed to curbing housing demand while the supply of homes grew in response to falling sales. On an annual basis, single-family houses were up by an average 18.5%, owner-occupied flats by 10.1% and vacation homes by 11.2%. The market is support-

ed by a solid Danish economy with extremely low unemployment. The market is therefore expected to achieve a soft landing with moderate price increase rates and no repetition of the sharp price falls resulting from the economic-policy package of 1986.

CONTINUOUSLY EXPANDING MARKET SHARES

BRFKredit's market shares continued to expand in 2006. In terms of gross new lending, which includes all disbursements, the market share climbed from 9.1% in 2005 to 9.6% in 2006. The market share expanded in all categories. The trend reflects BRFKredit's success in attracting more new customers while holding on to existing customers in connection with mortgage refinancing.

PORTFOLIO GROWTH

During 2006 the loan portfolio grew from DKK 16.8bn to DKK 176.1bn. Of the total improvement of DKK 16.8bn, DKK 9.4bn stemmed from the private customer area, DKK 6.5bn from the corporate customer area and DKK 0.9bn from subsidised housing. BRFKredit's share of total outstanding bond loans in the Danish mortgage market advanced from 9.4% in 2005 to 9.5% in 2006.

BRFKREDIT'S TOTAL MARKET SHARES

	2006	2005
Gross new lending ¹⁾	9.6	9.1
New lending ²⁾	9.9	9.8
Net new lending ³⁾	10.3	9.7
Net lending ⁴⁾	9.6	9.1

1) Gross new lending indicates total lending translated into cash value.

2) New lending equals gross new lending less refinanced loans with the same institution.

3) Net new lending equals gross new lending less refinanced loans and extraordinary repayments.

4) Net lending equals net new lending less ordinary principal payments.

BRFKREDIT'S LOAN PORTFOLIO BY TYPE OF LOAN

Shares in %	Total End-2006	With interest-only option exercised in December 2006	Without interest-only option exercised in December 2006	Total End-2005
Fixed-rate loans	36.2	7.4	28.8	37.9
Guarantee Loans	14.7	8.5	6.2	10.1
ARM loans ¹⁾				
– ARM (1)	17.3	9.5	7.8	19.4
– ARM (2) – ARM (10)	20.8	12.3	8.5	20.4
Other types of loan ²⁾	11.0	0.5	10.4	12.2
Total	100.0	38.3	61.7	100.0

¹⁾ Including ARM loans in euros and equity withdrawal loans.

²⁾ Including index-linked loans.

CHANGES IN BRFKREDIT'S PORTFOLIO OF MORTGAGE LOANS

Outstanding bond loans, DKKbn	2006		2005	
Loan portfolio at beginning of year		159.3		143.2
Gross new lending	46.6		69.5	
– Extraordinary repayments	24.0		48.6	
Net new lending	22.6		20.9	
– Ordinary principal payments	6.2		5.0	
+ Indexation	0.4		0.2	
Net lending	16.8	16.8	16.1	16.1
Loan portfolio at end of year		176.1		159.3

Note: Gross new lending is calculated as nominal principal amounts of bonds.

During 2006
the loan portfolio
grew from
DKK 16.8bn to
DKK 176.1bn.

> BUSINESS AREAS

BRFkredit's lending operations are concentrated on three business areas – private customers, corporate customers and subsidised housing – as well as products from BRFBank to complement the mortgage business.

PRIVATE CUSTOMERS

The private market comprises lending for owner-occupied homes and vacation homes. Accounting for 50% of the aggregate loan portfolio, the private customer area is the largest business area of BRFkredit.

Mortgage credit institutions' total lending for owner-occupied homes and vacation homes advanced by DKK 115.0bn in 2006. This increase was also to the benefit of BRFkredit as the private customer area experienced portfolio growth of no less than DKK 9.4bn over 2005.

The portfolio growth was not only underpinned by a rise in aggregate mortgage lending. Hence, the private customer area managed to enlarge its market share for new lending from 8.0% in 2005 to 8.8% in 2006 and was also more successful in holding on to its customers. This trend is satisfactory, not least in a market characterised by fierce competition.

Self-service

In 2006 BRFkredit added new functionalities to its self-service concept entitled 'My Loans'. The additions made BRFkredit the first Danish mortgage credit institution capable of offering homeowners direct access to top-up loans on the web. BRFkredit has later observed that a growing number of customers use 'My Loans' to obtain loans online. Digital access to top-up loans from BRFkredit is not only reserved for BRFkredit's own customers, but is also available to customers with other mortgage credit institutions.

CORPORATE CUSTOMERS

The corporate customer area mainly provides loans for office and business properties, private rental and cooperative housing as well as industrial properties in cooperation with FIH Erhvervsbank.

Generally, last year's high activity level in the market for office and business properties and private rental housing continued into 2006 in spite of increasing interest rates. Prices of both private rental housing and commercial properties remained at a high level. Activity in the market for cooperative housing starts slowed down, however, which should be seen against the backdrop of buyers' reluctant attitude towards the owner-occupied housing market.

The corporate customer area developed satisfactorily in 2006 and continued the fine performance of 2005. The portfolio was up by DKK 6.5bn, corresponding to a 15% increase. By contrast, the market share for new lending slipped from 18.8% in 2005 to 17.0% in 2006.

BRFkredit's product range in the corporate lending segment is continuously tailored to suit specific customer needs. Customers increasingly demand individual financing solutions that combine mortgage and banking products. The banking products are provided by BRFBank, among others.

SUBSIDISED HOUSING

Subsidised housing reported lower activity compared with 2005. This can primarily be ascribed to lower refinancing activity. Housing starts have been postponed as a consequence of high contractor rates and high prices of building materials, and some of the sector's building projects are behind their original schedule.

Competition is fierce. The market share for new lending was down from 23.7% in 2005 to 20.5% in 2006. On the other hand, the portfolio grew by DKK 0.9bn although the total lending volume in the subsidised housing segment narrowed by DKK 1.2bn.

The number of visits to the subsidised housing pages at www.brf.dk went up throughout the year. The website offers various features, including calculation facilities and a new ACROSS portal, www.paatvaers.dk, presenting the social housing projects in which BRFkredit participates with a range of housing organisations.



> MOVING

- TOWARDS GREATER FLEXIBILITY WITH BRFNETBANK

In the spring of 2006, BRFBank launched BRFnetbank, a product initially offered to our professional customers. In general, the launch of BRFnetbank has given corporate customers greater flexibility, making it possible for them to gather information online. Moreover, property administrators can conduct a wide array of transactions at the site of the Internet banking facility, BRFnetbank.

In a move to reach BRFKredit's objective of improved visibility in the Internet medium, BRFBank is working to ensure that BRFnetbank is in future offered to private customers, who would gain access to Account2000 and – thus – have an opportunity to check account balances and movements, transfer money, pay bills and use the direct debit service.

> BOND ISSUANCE

BRFkredit's mortgage loans are funded by the issuance of mortgage bonds listed and traded on the Copenhagen Stock Exchange.

Danish legislation requires balance between the amounts BRFkredit has undertaken to pay to investors in mortgage bonds and the amounts the borrowers have undertaken to pay to BRFkredit. This requirement of balance eliminates interest rate, foreign exchange and liquidity risks on BRFkredit's mortgage loans. The balance principle is a fundamental principle of Danish mortgage lending and is instrumental in offering investors high safety. Besides, the balance principle offers customers transparency in the sense that interest rates on their loans are set directly in the bond market and appear from official lists available to the public.

As a unique feature, a customer can therefore finance his home on capital market terms and will always be allowed to pay off his debt by buying the underlying bonds. This presents an opportunity for continuous debt optimisation as the customer is protected from having to repay existing loans at a premium and, similarly, is guaranteed loan disbursements at the market price. It also has a generally stabilising effect on the economy at large that borrowers have the option of repaying their loans at a lower cost if interest rates go up and generate price falls in the property market. This provides some degree of protection against a situation where the value of the debt exceeds the value of the property (technical insolvency).

The balance principle further means that BRFkredit continuously sells new bonds in the bond market in tandem with the disbursement of new loans or the conclusion of fixed-rate agreements on loan disbursements. This process contributes to a high trading volume and, therefore, a well-functioning bond market.

ISSUES AND REDEMPTIONS

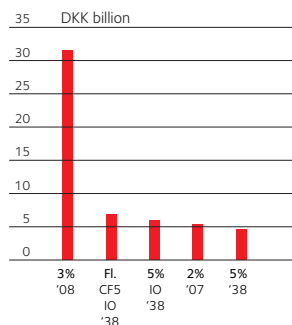
In 2006 BRFkredit issued new mortgage bonds at a nominal value of DKK 87bn. That was down from the level of 2005 when BRFkredit's nominal issue was DKK 106bn as a result of higher lending activity.

16% of issues in 2006 were floating-rate notes for funding of Guarantee Loans, whereas the non-callable fixed-rate ARM bonds accounted for 65% and callable fixed-rate bonds 18%.

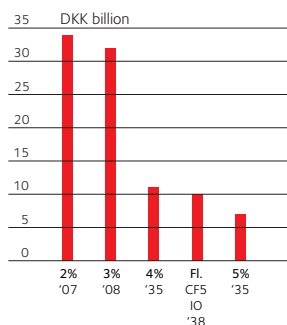
The minimum interest rate was raised from 2 to 3% at the interim stage of 2006. ARM loans in Danish kroner were therefore refinanced into 3% bonds in 2006 – while the refinancing of euro-denominated loans was based on 4% bonds. Owing to the heightened interest rates in 2006, fixed-rate callable loans with a maturity of 30 years were funded by both 4% and 5% bonds.

Redemptions of bonds amounted to DKK 69bn in 2006, of which DKK 43bn related to the refinancing of loans at the end of the year. This compares with bond redemptions of DKK 89bn in 2005.

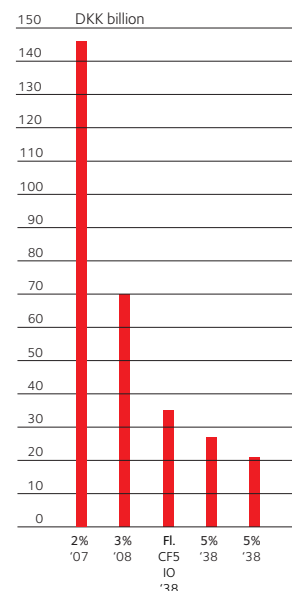
FIVE BIGGEST MORTGAGE BONDS BY ISSUE, 2006



BIGGEST BONDS BY VOLUME IN CIRCULATION, END-2006



FIVE BIGGEST BONDS BY TURNOVER, 2006



MARKET AND TURNOVER

Turnover of BRFkredit's bonds on the Copenhagen Stock Exchange is concentrated on the bonds included in the unified market on the stock exchange. The total trading volume of BRFkredit bonds was DKK 516bn in 2006 (DKK 621bn in 2005), representing 9.6% of total turnover of mortgage bonds on the Copenhagen Stock Exchange. 72% of the trading volume of BRFkredit bonds was divided into 10 bond series.

The volume of BRFkredit bonds in circulation at the close of 2006 represented a nominal value of DKK 222bn (DKK 207bn at end-2005). That equalled 9.6% of the total volume of mortgage bonds listed on the Copenhagen Stock Exchange (9.5% at end-2005).

INVESTORS

BRFkredit's bonds are predominantly owned by Danish institutional investors, i.e. banks, unit trusts, pension funds, insurance companies, etc. A small portion is owned by private investors and foreign investors. It is BRFkredit's objective to serve a broader range of investors. A primary function for BRFkredit's Investor Relations therefore is to raise investors' and other market players' awareness of BRFkredit and Danish mortgage lending.

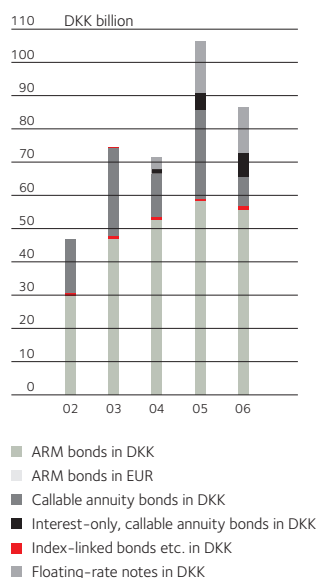
RATING

BRFkredit's mortgage bonds are rated by Moody's Investors Service. Bonds issued out of Capital Centre B after September 2002 are rated Aa1. Bonds from the General Capital Centre of BRFkredit have obtained the Aa2 rating. Other mortgage bonds, primarily index-linked bonds, are not rated. BRFkredit's ratings were not changed in 2006, and Moody's has announced that the outlook for BRFkredit's ratings is stable.

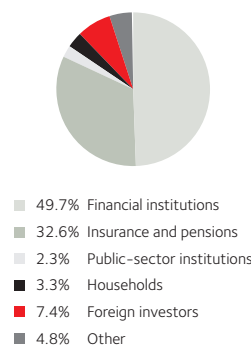
At the end of 2006, Capital Centre B bonds represented DKK 190bn of BRFkredit's total outstanding bonds, whereas bonds from the General Capital Centre and other capital centres made up DKK 17bn and DKK 14bn, respectively. The main difference between issued bonds and lending volume stems from the refinancing of ARM loans, in which connection bonds were issued for DKK 38bn.

Information on ratings and capital centres applying to all of BRFkredit's mortgage bonds is available at BRFkredit's investor website at www.brkredit.com.

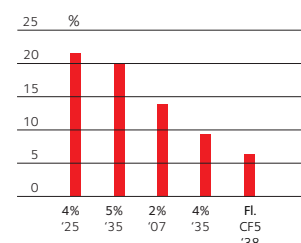
MORTGAGE BOND ISSUES, 2002-2006



BOND PORTFOLIO BY INVESTOR AT END OF Q3 2006



BONDS WITH HIGH FOREIGN OWNERSHIP INTEREST AT END OF Q3 2006



MOODY'S INVESTOR SERVICE RATINGS	2006	2005	2004	2003	2002
Mortgage bonds, Capital Centre B	Aa1	Aa1	Aa1	Aa1	Aa1
Mortgage bonds, General Capital Centre	Aa2	Aa2	Aa2	Aa2	Aa2
Issuer	A2	A2	A2	A2	
Subordinated loan capital	A3	A3	A3	A3	

FINANCIAL CALENDAR FOR 2007

27 February	Announcement of financial statements for 2006
Early March	Annual report for 2006 available in printed form
24 April	Annual General Meeting
23 August	Interim report 2007

STOCK EXCHANGE ANNOUNCEMENTS IN 2006

21 December	Coupon rate determination
18 December	Continued low lending rates at BRFKredit
05 December	Bond sales in connection with refinancing of ARM loans
24 November	Bond sales in connection with refinancing of ARM loans
26 September	Coupon rate determination
26 September	Coupon rate determination
25 August	Final terms of new mortgage bond
25 August	Appendix No. 3 to BRFKredit prospectus
23 August	Interim Report 2006
17 August	Change in the Board of Management
26 June	Coupon rate determination
15 May	Top-up loans online – now available to all homeowners
26 April	Notice of Annual General Meeting 2006
19 April	Final terms of mortgage bonds
7 April	Notice of Annual General Meeting 2006
7 April	Final terms of mortgage bonds
28 March	Coupon rate determination
27 February	Announcement of financial statements for 2005
27 January	Financial calendar for 2006

> PORTFOLIO AND RISK MANAGEMENT

The main risks involved in BRFKredit's activities are credit risks on loans granted and market risks inherent in BRFKredit's securities portfolio, primarily interest rate risk..

PORTFOLIO

The greater part of BRFKredit's loan portfolio comprises mortgage loans secured by real property and, to a lesser extent, mortgage-backed loans granted by BRFBank

Lending – BRFKredit

BRFKredit's lending focus is directed at private owner-occupied homes, private rental housing, cooperative housing, non-profit housing and office and business properties. 87% of BRFKredit's loans are granted against owner-occupied homes, cooperative housing and renter-occupied homes, which notoriously imply the lowest loss exposure. Lending for industrial properties accounts for 0.7% of the loan portfolio.

Since 2003 BRFKredit has been cooperating with FIH Erhvervsbank on mortgage lending for industrial properties, and a growing, albeit still very limited, share of lending therefore goes to this property segment. FIH Erhvervsbank furnishes guarantees to BRFKredit for these loans, and the total credit risk contained in BRFKredit's portfolio is therefore unaffected by lending for this segment.

Lending – BRFBank

The bank's lending focus is directed at bridge financing of property transactions and building projects as well as long-term financing of residential and commercial properties.

Bridge financing of property transactions comprises short-term conveyance guarantees and credits designed to meet the customer's cash requirements when selling or buying real property. At the end of 2006, bridging loans totalled DKK 779.9m, equivalent to 21.6% of the bank's loan portfolio. In connection with property transactions, conveyance guarantees are furnished until the purchase amount is paid to the seller. At the end of 2006, the bank had furnished conveyance guarantees for DKK 1,474.4m.

In conjunction with housing starts, alterations and extensions, the bank provides construction loans and furnishes advance mortgage guarantees. A significant part of construction loans is granted for non-profit housing. At the close of 2006, construction loans amounted to DKK 1,275.5m or 35.3% of the loan portfolio. In addition, advance mortgage guarantees were granted for DKK 611.2m.

Long-term financing primarily comprises mortgages on residential properties and longer-term loans secured by commercial properties. Long-term financing accounts for 43.1% of the loan portfolio. The portfolio of mortgages on residential properties expands in parallel with new lending. To minimise loss and interest rate exposure, mortgages on residential properties are continuously sold to professional mortgage investors. The portfolio is reduced three or four times a year.

Cooperation with BRFKredit's corporate lending segment contributed to a considerable upturn in activity in 2006, which paved the way for growth in the loan portfolio for both short and long-term financing. The rise in corporate lending was substantial with an almost 60% increase in construction loans, and long-term financing more than doubled. A significant part of the growth in corporate lending was attributable to 'mortgage-like' loans. Loans for subsidised housing also experienced satisfactory progress in 2006, showing a 50% rise in the portfolio.

Financing of home purchases was 67% up on 2005. The greater part of this improvement stems from conveyance guarantees where project sales, in particular, involve the provision of long-term guarantees.

LOAN PORTFOLIO BY CLASS OF PROPERTY, END-2006



- 47.4% Owner-occupied homes
- 2.6% Vacation homes
- 16.9% Subsidised housing
- 11.8% Private rental housing
- 8.4% Cooperative housing, subsidised/unsubsidised
- 0.7% Industrial properties
- 10.5% Office and business properties
- 0.2% Agricultural properties etc.
- 1.5% Properties for social, cultural and educational purposes



> LAND REGISTRATION

- FROM 'MEN OF THE FOLKMOOT' TO COMPLETE DIGITALISATION

Land registration is an age-old institution in Denmark. The practice of recording land deeds began in 1551 with the advent of the Land Registry. As early as 1241, however, Jutlandic Law had already established that 'before the folkmoot and at no other place shall the land be conveyed (...) for the decree of the moot be so binding that no argument may confute it.' The Law added: 'The decree declareth unto all that those good men seated at the folkmoot bear witness to that of which they heard and saw. No fewer than seven men shall gather and constitute a quorum for the transaction of business.'

From the ancient folkmoot, the open-air gathering of men of the community, and later on written registration with the introduction of the Land Registry, Denmark's first Land Registration Act was passed in 1926. Finally, in late 2005 the Danish Parliament enacted a complete digitalisation of the land registration system.

Parliament's decision to digitalise the Danish land registration system paves the way for a radical change in an institution dating back hundreds of years. Digital land registration is one of the most important events in the area since the Land Registry was introduced, meaning that practically all registration documents become superfluous and are replaced by digital entries.

Land registration is a core business of Danish mortgage lending as mortgage loans may only be granted if secured by registered mortgages on real property. In brief, land registration is understood as the registration and publication of ownership interests in real property.

E-registration is scheduled to go into operation on 26 March 2008, and BRFKredit – like other major market players – is busy planning new procedures and developing IT support for the digital land registration system. This is a huge task, which is expected in the long term to streamline both the land registration process and BRFKredit's in-house routines.

Securities portfolio

At the end of 2006, BRFkredit's securities portfolio was mainly made up of positions in Danish government and mortgage bonds, mortgages, fixed-income financial instruments, deposits and other money market instruments and in shares.

RISK MANAGEMENT

The Board of Directors of BRFkredit has laid down rules on securities investment policy, credit policy, lending policy and large facilities etc. to specify the risks BRFkredit is allowed to assume. The rules, together with the provisions of Danish legislation, provide the framework for risk management procedures.

BRFkredit is subject to the Danish Mortgage Loans and Mortgage Bonds Act. BRFkredit is also subject to the Danish Financial Business Act. BRFkredit's subsidiary BRFbank falls within the scope of the Financial Business Act. Both BRFkredit and BRFbank are subject to supervision by the Danish Financial Supervisory Authority.

BRFkredit's Credit and Quality Department monitors and checks the appraisals and credit scores on a continuous basis. The department is accountable to the Board of Management.

The Danish Financial Supervisory Authority receives quarterly reports from BRFkredit on market risk, capital adequacy and large loan facilities. The Financial Supervisory Authority performs spot

checks of BRFkredit's property appraisals, loan calculations, etc.

Mortgage lending

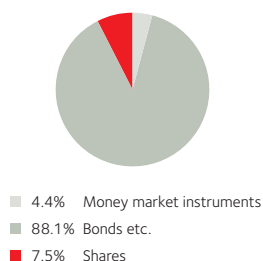
To fund mortgage loans, BRFkredit issues mortgage bonds in an amount that matches the loans granted as prescribed by legislation. Because of this balance principle, BRFkredit's financial risks involved in lending and funding are very limited. The credit risks inherent in lending activities, together with the market risk on BRFkredit's securities portfolio, are the principal risks assumed by BRFkredit.

To strengthen the management and handling of credit risks still further, BRFkredit has improved and implemented credit rating models. The models organise BRFkredit's customers into different rating classes, based on their estimated probability of default.

Loan commitment procedures are regulated by legislation and by decisions of the Board of Directors of BRFkredit. The Board of Directors decides BRFkredit's credit policies, instructions and large loan facilities. The Board of Management has set up a credit committee to make decisions in cases of customers whose loan agreements exceed the powers of the Credit and Quality Department.

BRFkredit's lending is based on an appraisal of the long-term value of the property, coupled with a credit score to evaluate the customer's credit-worthiness.

**BRFKREDIT'S SECURITIES
PORTFOLIO COMPOSITION
AS % OF MARKET VALUE**



The appraisal primarily takes into account factors like marketability, location and expected movements in the price of the property concerned. The appraisal is made in accordance with the rules of Danish legislation and according to principles laid down by the Board of Directors of BRFkredit. Most appraisals of BRFkredit's private homes are made by EDC Mæglerne along principles established by BRFkredit. In other customer segments, particularly in the segment for large-scale private homes, appraisals are carried out by BRFkredit's own chief appraisers.

To evaluate private customers' creditworthiness, BRFkredit places the emphasis on the customer's ability and willingness to repay the loan, and the new credit rating models are applied in this process. This is supported by an electronic credit scoring system for new customers.

Other customers' credit scores are also compiled with the emphasis on the customer's ability to generate earnings and cash and, thereby, make timely loan payments. Credit scores are based on whether the customer is more or less creditworthy and on the individual customer segment, type of property and the volume of BRFkredit's outstanding loans to the customer.

Against the background of the credit score and an appraisal of the long-term value of the property, BRFkredit grants loans within the maximum lending limit provided for in the Danish Mortgage Loans and Mortgage Bonds Act. The lending limits

are 80% for owner-occupied homes and private rental housing and 60% for vacation homes, office and business properties and industrial properties.

Bank lending

40.8% of the bank's loans and advances are funded by deposits and the rest by short-term and medium-term money-market loans.

Securities portfolio

BRFkredit's securities portfolio is made up of fixed-income instruments that are managed actively with a view to achieving a positive return above a preset benchmark and of a portfolio of equity investments.

Within the framework of the securities investment policy formulated by the Board of Directors and the Danish Financial Business Act, BRFkredit's securities portfolio was invested in bonds and other fixed-income instruments and, to a limited extent, in shares. BRFkredit used financial instruments for managing the securities portfolio and, over the year, raised loans and took negative positions for risk-hedging purposes.

CREDIT RISKS

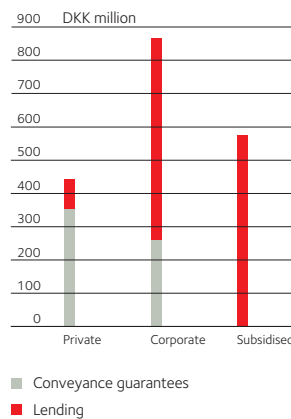
Mortgage credit institutions in Denmark operate at low earnings margins, which calls for limited losses.

Credit risk management at BRFkredit is therefore designed to monitor developments in credit

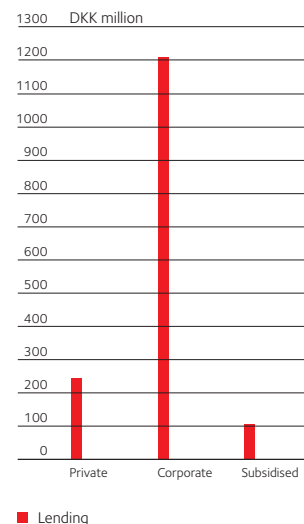
FINANCING – PROPERTY PURCHASES



CONSTRUCTION LOANS



LONG-TERM FINANCING



risks and ensure that these are kept within the limits specified by the Board of Directors and Board of Management. BRFkredit's credit risk management is mainly undertaken on the basis of its credit policy, process descriptions, and credit handbooks targeted at the individual customer segments. BRFkredit manages the credit risk involved in securities trading by assigning credit lines to issuers and counterparties. In the securities investment policy the Board of Directors also sets limits to the credit risks BRFkredit is allowed to assume when investing the securities portfolio. The loan portfolio is continuously monitored to ensure that the credit quality remains high at all times and that the necessary amounts are set aside for future losses.

ment losses, combined with the reversal of earlier impairment charges.

The number of forced sales of properties provided as security to BRFkredit decreased by 202 to a total of 336 in 2006, equivalent to a 37% drop. The number of properties on which BRFkredit sustained a loss plunged by 61% to 63 in 2006. At the close of 2006, BRFkredit had a portfolio of foreclosed properties of 4, compared with 11 at end-2005. All these properties were owner-occupied homes.

Besides a low number of forced sales and foreclosed properties, arrears percentages were still at a very low level. Three and a half months after the final due date, arrears relating to the September repayment date accounted for 0.07% of due loan payments, against 0.10% at the same stage of 2005.

The bank's impairment ratio remains very low, one of the reasons being the temporary nature of some of the portfolio. The bank has no foreclosed properties. Provisions for loan impairment had an adverse impact on the financial statements for 2006, reducing profits by DKK 1.4m.

LOAN-TO-VALUE RATIO

	Lending, DKKbn 2006	Loan to value (%) 2006	Loan to value (%) 2005
Private customers	88	47	55
Subsidised housing	33	29	31
Private rental housing	33	68	62
Office and business	18	51	44
Other	5	43	38
Total	176	44	46

In addition to continuous monitoring by business areas, reports are systematically prepared to show developments in credit quality within the individual customer segments. The ongoing monitoring process also means that large loan facilities in the corporate and subsidised housing segments are reviewed at least every six months on the basis of updated accounting records. Loans associated with risk signals are likewise reviewed.

88% of BRFkredit's total loans had been granted against 60% or less of the estimated property values. About 92% of loans to private customers had been granted against 60% or less of the estimated property values. In private rental housing and office and business properties, the equivalent percentage was 82%.

Impairment losses on loans and receivables generated net income of DKK 129m in 2006, against DKK 81m in 2005. The contribution to profits stemmed from favourable economic conditions, which resulted in a low level of new impair-

Loans in arrears

Loans in arrears are included in an assessment of whether impairment is called for. All loans in arrears are divided into segments, depending on the underlying security and the age of the arrears. Loans with a principal balance in excess of DKK 2m are assessed individually, and provision for impairment is basically made if the collateral is deemed to be insufficient. In the event of loans with a principal balance below DKK 2m that have been in arrears for more than 45 days, provision is made for collective impairment, based on historical loss experience

Counterparty risks

For the purpose of managing and limiting the credit risks arising from the investment of BRFkredit's securities portfolio, credit lines are assigned to counterparties where BRFkredit has invested funds or purchased loans. When using financial instruments where margins are not settled through a clearing centre, netting agreements are concluded to protect BRFkredit in the event of counterparty default.

MARKET RISKS

BRFkredit's market risks in connection with mortgage lending comprise interest rate, foreign exchange, equity and liquidity risks and are measured against own funds. As a result of the principle of balance between lending and funding, BRFkredit's market risk from lending operations is very low. The primary market risks inherent in BRFkredit's activities are therefore the financial risks associated with BRFkredit's securities portfolio.

The management of market risks at BRFkredit is handled by BRFkredit's Treasury Department in compliance with guidelines determined by the Board of Directors and Board of Management and subject to the limits and restrictions set out in legislation. Inspection and reporting to the Board of Directors and Board of Management are handled by separate departments to ensure appropriate separation of functions.

Moreover, Danish legislation limits the market risks BRFkredit is allowed to assume when investing its securities portfolio. BRFbank is subject to the rules applying to banks.

Interest rate risk

Interest rate risk is defined as the loss or gain resulting from an increase or decrease in interest rates of 1%point. BRFkredit computes its interest rate risk on a day-to-day basis as an integral part of overall risk monitoring.

BRFkredit grants mortgage loans according to a strict balance principle, and the interest rate risk on lending and funding is therefore so small that it is of no significance.

According to the rules of the Danish Financial Supervisory Authority, BRFkredit's other funds (other assets, liabilities and off-balance sheet items), which mainly comprise BRFkredit's securities portfolio, are allowed to represent a maximum interest rate risk of 8% of own funds, equivalent to DKK 949m at the end of 2006 (DKK 895m at end-2005). Computed in accordance with the key figures and ratios of the Financial Supervisory Authority, BRFkredit's interest rate risk was DKK 352m at the end of 2006, or 3.0% of own funds, against DKK 216m at the end of 2005. At the close of 2006, bonds in BRFkredit's securities portfolio contributed positively to interest rate risk, whereas positions in financial instruments made a negative contribution.

BRFbank reported interest rate exposure of DKK 10m at 31 December 2006, against DKK 26m a year earlier, computed in accordance with the key figures and ratios of the Financial Supervisory Authority. The bank's interest rate exposure stems from fixed-rate lending and investment in mortgages.

To manage interest rate risk, BRFkredit uses conventional bonds, forward contracts, repo/reverse agreements as well as swaps and futures.

BRFkredit hedges positions in Danish government and mortgage bonds with euro-denominated financial instruments. If this hedging is taken into account, BRFkredit's interest rate risk was DKK 284m at end-2006 (DKK 21m at end-2005).

Foreign exchange risk

As part of the management of the securities portfolio, BRFkredit takes positions in securities and derivative financial instruments denominated in Danish kroner or euros. Swaps and forward exchange contracts are used to manage foreign exchange risk. Hedging is on a market value or cash flow basis, depending on the characteristics of the underlying instrument.

BRFkredit has raised own funds in the form of a euro-denominated subordinated bond loan. The foreign exchange risk on the loan is hedged on a cash flow basis.

At 31 December 2006, BRFkredit had practically no foreign exchange risk (DKK 0.2m). Foreign exchange risk is computed by means of historical statistics and measures the loss that is likely to occur as a result of movements in exchange rates. The computation method is known as foreign exchange exposure indicator 2. Under Danish legislation, foreign exchange risk must not be higher than 0.1% of own funds, which equalled DKK 12m at the close of 2006.

Equity risk

BRFkredit's equity portfolio is predominantly made up of Danish listed shares. Its market value was DKK 994m at the end of 2006 (DKK 906m at end-2005). The equity portfolio was reduced in 2006 through divestments.

The equity portfolio is an integral part of BRFkredit's securities portfolio. BRFbank had no equity investments at the end of 2006 and made no equity investments during the year.



> 'MY LOANS'

- TOWARDS GREATER FLEXIBILITY WITH BRFNETBANK

The Internet plays a steadily growing role in Danes' everyday lives. As users demand flexibility and accessibility, BRFKredit decided in the spring of 2006 to expand the range of online services to homeowners by adding a broad spectrum of new functionalities to 'My Loans'. For instance, as the first mortgage credit institution BRFKredit offers homeowners to conclude agreements for top-up loans directly on the web.

Besides the unique opportunity for taking out top-up loans and closing the agreement online, 'My Loans' enables the customer to gain an insight into the pros and cons of the options available. In that manner, the customer will have an improved platform for entering into an active dialogue with the advisor. 'My Loans' also provides easy access to personal advice, which is a key priority for many homeowners.

'My Loans' is a popular self-service portal – both for our own customers and for customers from other mortgage credit institutions. Hence, one in every four registered homeowners comes from another mortgage credit institution than BRFKredit. An animated introduction is featured on the 'My Loans' site, with more than 500,000 showings since the date it was launched. And by expanding the possibilities and offering more services in the long term – including digital land registration in early 2008 – we are constantly working to simplify mortgage lending to the benefit of our customers.

LIQUIDITY RISK

The Danish Mortgage Loans and Mortgage Bonds Act prescribes a balance between payments on issued bonds and mortgage loans granted, allowing only a very limited liquidity risk on BRFkredit's loan portfolio. BRFkredit therefore undertakes close liquidity management to ensure that payments from issues, redemptions and principal and interest payments correspond to payment obligations relating to bond drawings, coupon interest and loan disbursements. For liquidity management purposes, BRFkredit is an active player in the money market to hedge or identify short-term cash imbalances.

At BRFbank, deposits account for 40.8% of lending. This, combined with the bank's guarantee commitments in connection with the processing of mortgage loans, places demands on the bank's liquidity. The bank therefore depends on the injection of medium-term capital and its ability to obtain short-term loans in the money market. In 2006 the Parent Company contributed capital to the bank in the form of share capital and own funds.

CAPITAL ADEQUACY (BASEL II / EU'S CAPITAL REQUIREMENT DIRECTIVES)

With effect from 2007, a new capital adequacy framework (Basel II) will come into force. BRFkredit has developed advanced internal models for use in its credit management process and for determining capital requirements. The models divide customers into different classes of risk based on the probability that a customer will fail to meet its payment obligations to BRFkredit and, in that case, the size of a potential loss. The risk is assessed on the basis of the customer's financial situation and behaviour.

The work at classifying customers is primarily aimed at optimising credit risk management and decision-making processes at BRFkredit. The models are actively used in BRFkredit's day-to-day credit risk management in connection with the approval of customers and properties for loans and in connection with portfolio monitoring.

The new capital adequacy framework will offer an improved connection between actual risk and the impact on BRFkredit's capital. Very creditworthy customers will therefore require lower capital adequacy than less creditworthy customers.

The models are subject to approval by the Financial Supervisory Authority and must be used for two years before being allowed as a basis for capital weighting.

OPERATIONAL RISKS

Operational risk is the risk of incurring a loss from an event that cannot be referred to credit or market risk. The introduction of the new capital adequacy framework from 2007 has increased the focus on operational risks by imposing separate requirements for working capital to cover the associated risks.

Mortgage finance business is regulated by legislation, and the provision of mortgage loans involves a high degree of automation. Operational risks are therefore limited for BRFkredit.

As a natural part of its business management, BRFkredit is focused on identifying and managing operational risks. Hence, BRFkredit pays particular attention to minimising the risk of losses in connection with system errors, computer breakdowns, procedural mistakes, fraud, wrong advice, etc. Procedures and work routines are continuously updated and assessed by the company's internal audit department. The IT system structure follows 'best practices'. In addition, BRFkredit has established emergency plans and safety procedures to ensure swift resumption of operations in cases of errors and breakdowns.

BRFkredit has also established a compliance function to ensure compliance with internal and external requirements, including legal and regulatory requirements as well as market-related standards and expectations. Compliance assessments were carried out in various fields during 2006, including competition law and legislation on processing of personal data, money laundering and consumer contracts. Compliance activities are expected to intensify over the next few years.

The operational risk of BRFkredit is assessed to be low. No events occurred in 2006 that provide grounds for changing this risk assessment.

> HUMAN RESOURCES

At 31 December 2006, the number of people employed by BRFkredit was 781 expressed as full-time equivalents. The net increase in the number of permanent employees was 20 in 2006. 19% of the employees are under 31 years old, while 20% are over 51. The average age of BRFkredit's employees is about 42, or about one year lower than in the financial sector as a whole. 46% of BRFkredit's employees are women. Women account for a steadily growing share of managers. In five years, the share of female managers has gone up from 24% to 32%.

HUMAN RESOURCE DEVELOPMENT

At BRFkredit both professional and personal development of employees and managers is a key focus area.

In 2006 BRFkredit conducted a measurement of management behaviour – the 360-degree measurement. The measurement is an integral part of a management development process where managers go through a coaching programme based on the employees' and their immediate superiors' measurements of the individual manager.

WELFARE AND HEALTH

In keeping with the Balanced Scorecard, BRFkredit also carries out monthly welfare measurements to gain experience, share knowledge and make BRFkredit's core values more visible.

Endeavouring to be a healthy company, BRFkredit launched the "Balance Project" in 2006. The project aims at encouraging health improvement for all employees by turning the spotlight on diet, exercise and health.

FLEXIBLE SALARY PACKAGES

BRFkredit offers its employees attractive terms, which can be instrumental in retaining and recruiting staff. In 2006 BRFkredit extended the offer of flexible salary packages to all permanent employees. The salary packages are schemes where the employee accepts a reduction in gross salary in return for fringe benefits such as employee bonds, newspapers, transport, telephone and Internet connection. 52% of the employees opted for a salary package, whereas 36% chose to convert some of their gross salaries into employee bonds. Employee bonds imply that the invested money is tied up for five years and then, when released to the employee, receives favourable tax treatment.

46% of
BRFkredit's employees
are **women**.
781 full-time
employees in **2006**. > 27

> SUBSIDIARIES AND ASSOCIATED UNDERTAKINGS

BRFBANK A/S

BRFbank offers products that are complementary to mortgage lending in connection with housing starts and property transactions and in connection with mortgage refinancing.

In 2006 BRFbank reported healthy earnings and a pre-tax profit of DKK 52m, unchanged from 2005. Higher development costs and lower investment gains were expected to reduce profit for 2006. As a result of strong growth in lending in 2006, however, income exceeded budget.

The heightened activity level and its impact on the bank's capital adequacy generated a need for capital injection. The bank's capital base was therefore expanded by DKK 100m through an issue of additional share capital and DKK 200m in the form of supplementary capital. The capital was contributed by BRFKredit.

In 2006 the bank experienced highly satisfactory growth in both deposits and lending activity. Corporate lending grew substantially and lifted interest income. On the other hand, investment gains on mortgages declined. Core earnings for 2006 came to DKK 52.7m, the same as in 2005. Earnings from investment portfolios were level with 2005, showing a loss of DKK 0.6m.

BRFbank posted a pre-tax profit for 2006 of DKK 52.1m, unchanged from the profit of DKK 52.1m for 2005. Net profit for the year was DKK 37.5m. Return on equity before tax was 9.8% per annum, against 10.9% in 2005.

Earnings per unit of cost (DKK) were DKK 2.19 in 2006, up from DKK 2.12 in 2005.

At 31 December 2006, BRFbank had total assets of DKK 6,929m and own funds of DKK 984m. BRFbank's capital adequacy ratio was 14.2% at end-2006, against 12.8% at the close of 2005.

To ensure efficient and flexible customer consultancy, some of the bank's procedures have been integrated into BRFKredit's procedures in connection with home transactions. In these circumstances, it has not been necessary to increase the number of employees at BRFbank in step with the activity growth.

EJENDOMSELSKABET NØRREPORT 26 8000 Århus C. A/S

The company's core business is to manage and lease out the property at Nørreport 26/Knudrigade 4-6 in Aarhus, which houses BRFKredit's Aarhus office.

The company came out of 2006 with a pre-tax profit of DKK 2.9m, against DKK 11.7m in 2005. The difference stems from a value adjustment of the company's property, which was reversed in 2005. Its shareholders' equity at 31 December 2006 was DKK 51.7m, out of total assets of DKK 78.3m.

EJENDOMSELSKABET NØRGAARDSVEJ 37-41 2800 Lyngby A/S

The core business of the company is to acquire, own and manage the properties Nørgaardsvej 27-41, 2800 Lyngby.

The company posted a pre-tax loss of DKK 2.7m, against DKK 0.0m in 2005. Its shareholders' equity at 31 December 2006 was DKK 14.8m, out of total assets of DKK 15.4m.

EDC-PARTNER A/S

The objective of EDC-partner is – through participating interests in other companies, investment and financing – to expand and maintain a nationwide distribution network for products targeted at the real estate market.

The latest financial statements of EDC-partner a/s are for 2005, when the company posted a pre-tax profit of DKK 3.8m, up from DKK 2.1m in 2004. Its shareholders' equity at 31 December 2005 was DKK 133.8m, out of total assets of DKK 141.5m.

REALKREDITNETTET HOLDING A/S

The company owns all shares in Realkreditnettet A/S. Realkreditnettet A/S operates, maintains and upgrades an electronic communications network for exchanging data in the field of mortgage finance business. Moreover, it has been decided that Realkreditnettet A/S should be in charge of developing the financial sector's joint infrastructure in relation to e-registration (digital land registration). For that purpose, the banking sector will be admitted as a shareholder, and BRFKredit's ownership interest will consequently be reduced.

The latest financial statements of the company showed a pre-tax loss of 1.2m for 2005. Its shareholders' equity at 31 December 2005 was DKK 82.1m, out of total assets of DKK 128.0m.

> ACCOUNTING POLICIES

The consolidated financial statements of the BRFKredit Group are presented in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union with interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and additional financial reporting disclosure requirements as applied in Denmark.

The annual report of BRFKredit a/s has been prepared in compliance with the Consolidated Danish Financial Business Act and the Consolidated Danish Act on Financial Reports of Credit Institutions and Brokerage Houses, Etc.

Below follows a description of the accounting policies of the BRFKredit Group, which – with a few exceptions – are identical with the accounting policies of BRFKredit a/s. The exceptions are mentioned in a separate paragraph.

The annual report has been prepared on the historical cost basis of accounting. Subsequently, assets and liabilities are measured as described below for each accounting item.

Changes to existing standards as well as IFRIC interpretations entering into force in 2006 have not resulted in any changes to these accounting policies. The accounting policies are therefore consistent with those applied in the annual report for 2005.

IFRS 7 Financial Instruments: Disclosures and the related amendment to IAS 1 on disclosures of the entity's capital management apply to financial years beginning on or after 1 January 2007 and have been implemented in advance. The standards relate to disclosure requirements and have therefore no effect on income statement, balance sheet or shareholders' equity.

OUTLINE OF ACCOUNTING POLICIES OF THE BRFKREDIT GROUP

Consolidated financial statements

When preparing the annual report, the management sets various assumptions that affect the use of accounting policies and the carrying amount of assets and liabilities as well as income and expenses. The accounting estimates and opinions that are considered material to the preparation of the annual report are mentioned below. Moreover, the measurement of assets and liabilities is described for each accounting item.

Material accounting estimates by management are described in a subsequent paragraph.

Consolidation

The consolidated financial statements comprise BRFKredit a/s and its wholly-owned subsidiaries: BRFBank a/s, Ejendomselskabet Nørreport 26, 8000 Århus C. A/S and Ejendomselskabet Nørgaardsvej 37-41, 2800 Lyngby A/S.

The consolidated financial statements have been prepared as a summary of the financial statements of the Parent Company and the individual subsidiaries, stated in compliance with the Group's accounting policies. All inter-company income, expenses and balances as well as unrealised profits on transactions between consolidated companies have been eliminated.

Offsetting

Receivables and payables are offset when the Group both a legal right to offset the recognised amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments

Financial instruments are typically recognised at the trade date or the settlement date. When recognition takes place at the trade date, recognition is subsequently said to have taken place according to the trade date approach. When recognition takes place at the settlement date, recognition is subsequently said to have taken place according to the ownership-settlement approach.

Financial instruments are measured at fair value or amortised cost.

Fair value means the amount at which an asset can be sold or a liability repaid in a transaction between informed, willing and mutually independent parties. The publicly available market price is used for financial instruments traded in a marketplace. Different accepted valuation methods, depending on the type of instrument, are used for financial instruments that are not traded in a marketplace. The valuation of fixed-income instruments is based on the zero-coupon yield curve at the balance sheet date.

Amortised cost means the amount at which a financial asset or a financial liability is measured for the first time, less principal payments and plus or less accumulated depreciation by application of the effective interest method to any premium or discount.

Financial assets and financial liabilities are classified at the time of recognition in one of the following categories:

- Financial assets or financial liabilities included in the trading portfolio, which is measured at fair value through the income statement. This category includes derivative financial instruments etc.
- Financial assets placed in the category "fair value through the income statement". This category is measured at fair value. This category includes mortgage loans etc.
- Loans and receivables measured at amortised cost.
- Financial assets available for sale. These are measured at fair value through shareholders' equity. This category includes strategic shares etc.
- Financial liabilities placed in the category "fair value through the income statement". This category is measured at fair value. This category includes listed mortgage bonds etc.
- Other financial liabilities measured at amortised cost.

The Group does not apply the category "Hold to maturity".

The Group has chosen to dedicate mortgage loans funded by the issuance of listed bonds to the category "fair value through the income statement". This choice has been made to eliminate financial inconsistency between the recognition of mortgage loans at amortised cost and the fair value of the listed bonds resulting from the purchase and sale of own issued bonds.

Cash and cash equivalents received as part of margin settlement are recognised in the balance sheet as the BRFKredit Group has a right of disposal over margin account balances. Securities formally assigned to the BRFKredit Group as part of security provided are not recognised in the balance sheet as the BRFKredit Group does not bear the risk of or receives the return on such securities. Similarly, securities formally assigned by the BRFKredit Group to the counterparty are still recognised in the balance sheet.

Hedge accounting

Changes in the fair value of derivative financial instruments that are used to hedge the financial risk involved in a recognised financial asset or liability (the hedged risk) and which meet the hedging criteria are measured at fair value. Similarly, the hedged risk involved in a recognised asset or liability is measured at fair value.

The change in the fair value of the hedging instrument and of the hedged risk is recognised in the income statement.

Hedges have only been established for individual assets.

Cash and cash equivalents

Cash and cash equivalents are defined as the sum of the items "Cash in hand and demand deposits with central banks" and "Receivables from credit institutions and central banks".

Foreign currency translation

The consolidated financial statements are presented in Danish kroner (DKK), which is the parent's functional currency and currency of presentation.

Transactions in foreign currencies are translated into Danish kroner at the rates of exchange ruling at the dates of the transactions.

Gains and losses arising from the translation of balance sheet items in foreign currencies are translated into Danish kroner at the official rates of exchange ruling at the balance sheet date.

All currency translation adjustments are dealt with through the income statement.

Impairment

The carrying amount of intangible and tangible fixed assets is reviewed annually to establish any indication of impairment in addition to what is expressed by amortisation and depreciation. If this is the case, an impairment test is conducted to determine whether the recoverable amount is lower than the carrying amount.

INCOME STATEMENT

Income is recognised in the income statement as earned. This includes recognition of value adjustments of financial assets and liabilities measured at fair value or amortised cost. All costs incurred to generate the earnings for the year are also recognised in the income statement.

Interest income and expenses

All interest and interest-like items are recognised in "Interest income" and "Interest expenses". All interest income and expenses as well as commissions are included on an accruals basis, i.e. taken to the income statement for the financial year to which they relate.

Dividends on shares etc.

Dividends on investments in shares are booked as income in the income statement in the financial year in which the dividends are declared.

Fees, charges and commissions

Income from fees, charges and commissions and expenses from fees and charges are recognised in the income statement as paid. Fees, charges, etc. that are part of transaction costs in connection with financial assets and financial liabilities, which are measured at amortised cost, are included in the calculation by application of the effective interest method.

Revaluation of securities and currency translation adjustment

Revaluation of securities comprises realised and unrealised value adjustments of equity investments, loans, bonds and investment properties. Moreover, currency translation adjustment and realised and unrealised gains and losses regarding derivative financial instruments are included.

Excepted are:

- Value adjustment of credit risk on loans and receivables recognised in the income statement under "Impairment losses on loans and receivables".
- Value adjustment of shares classified as available for sale. These value adjustments are recognised directly in equity.

Other operating income

Other operating income comprises rental income as well as gains/losses on sales of tangible and intangible assets.

Staff costs and administrative expenses

All payroll costs as well as expenses of administration, sales, etc. are recognised in "Staff costs and administrative expenses".

Impairment losses on loans and receivables

This item includes the year's value adjustments of loans and receivables resulting from an objective indication of impairment in relation to the value at the establishment of a loan.

Tax

BRFkredit a/s is taxed on a pooled basis with BRFFonden, BRFFholding a/s and Danish subsidiaries. Full intercompany allocation of tax takes place, and tax is allocated between the individual companies on a pro-rata basis. BRFFonden acts as the administration company in relation to payment of corporation tax.

The calculated tax on profit for the year is charged to the income statement. The following elements are recognised in tax on profit for the year:

- Current tax on taxable income for the year.
- Changes in all timing differences between accounting and taxation treatment (deferred tax).
- Any difference between the amount of tax actually paid and calculated tax for prior years.

Deferred tax is recognised in respect of all timing differences between the carrying amount and the tax value of assets and liabilities. Deferred tax is measured on the basis of the tax rules and tax rates which, under the legislation in force at the balance sheet date, will be applicable when the deferred tax liability is expected to crystallise as current tax. Changes in deferred tax as a result of changed tax rates are recognised in the income statement.

BALANCE SHEET – ASSETS

Cash in hand and demand deposits with central banks

Cash in hand and demand deposits with Danmarks Nationalbank are measured at nominal value in the balance sheet, which is equal to fair value.

Receivables from credit institutions and central banks

Money market investments (deposits) and demand deposits with credit institutions are measured on initial recognition at fair value and subsequently at amortised cost.

The item also includes reverse transactions in the form of securities purchased, where, at the time of the purchase, a sell-back at a specific price at a later time is agreed.

Furthermore, the item includes margins receivable in connection with futures transactions where the counterparty is a credit institution.

Bonds at fair value

All listed bonds and other claims priced in active markets are recognised in "Bonds at fair value", the exception being own mortgage bonds, which are set off against "Issued bonds at fair value". Recognition takes place according to the ownership-settlement approach.

On initial and subsequent recognition the bonds are measured at fair value, which is determined on the basis of the last known market price. If such a price is not available for the past month, a price calculated on the basis of the official market rate is applied.

Bonds drawn for redemption and repayable immediately after the financial year end are, however, measured at par, whereas bonds drawn for redemption and repayable at a later repayment date are recognised at a calculated market value.

Index-linked bonds are measured at index values at 31 December.

Other assets etc.

Interest receivable and balances with customers in connection with loans in process etc. are recognised in "Other assets etc.". These assets are measured at amortised cost.

The item also includes positive market values of fixed-rate agreements with customers, swap transactions etc., which are measured at fair value on initial and subsequent recognition.

Shares etc.

All shares are recognised according to the ownership-settlement approach.

Listed shares in the investment portfolio where the direct purpose is to achieve a return are classified as "Financial instruments at fair value through the income statement" and measured at fair value on initial and subsequent recognition.

Listed and unlisted shares purchased where the achievement of a return is not the direct purpose (strategic shares) are classified as "Available for sale" and measured at fair value on initial and subsequent recognition with the addition of transaction costs. Increases in the value of shares classified as available for sale are recognised in equity. When assets are sold, accumulated net gains previously recognised

directly in equity are recognised in the income statement. Decreases in the value of shares classified as available for sale are recognised in the income statement.

Loans and other receivables

Mortgage loans are recognised according to the trade date approach and classified as "Financial instruments at fair value through the income statement". Mortgage loans are measured at fair value on initial and subsequent recognition. Index-linked loans are measured on the basis of the index value at the end of the year. The fair value is determined on the basis of the closing price at the balance sheet date or, if such price is not available for the past month, a price calculated on the basis of the official market rate.

The portfolio of mortgages, from which sales regularly take place, is measured at fair value.

Other loans and receivables are recognised according to the ownership-settlement approach and classified as "Loans and receivables". The item is measured at amortised cost.

Loans and other receivables are written down to the extent that there is an objective indication of impairment in relation to the value at the establishment of a loan.

The impairment provision is determined on the basis of an individual review of all loans in excess of DKK 5m, but DKK 2m if the loan is in arrears. Next, all other loans for which no individual impairment is provided are measured in groups.

The determination of the indication of impairment includes an estimate of the values of the mortgaged properties, the realisable value of the claim, lay-day costs of an estimated settlement period and sales costs. The indication of impairment is determined on the basis of a calculation of the present value of expected future payments.

Impairment provisions determined in this manner are deducted from the respective asset entries, whereas the shifts in impairment provisions and losses realised during the period are charged to the income statement.

Intangible assets

All intangible assets with an estimated useful life of more than one year are recognised, including IT software etc.

Intangible assets acquired separately are capitalised at cost less accumulated amortisation and impairment. Amortisation is provided on a straight-line basis over the expected useful lives of the assets, typically 1-3 years.

Internally generated intangible assets which are not merely maintenance of existing software are capitalised at cost, which is determined as the necessary costs directly related to the generation of the intangible asset.

Amortisation is provided on a straight-line basis over the expected useful lives of the assets, typically 1-3 years.

The residual values and useful lives of the assets are assessed and adjusted if need be at each balance sheet date.

Investment properties

Investment properties are measured on initial recognition at cost, including transaction costs, and subsequently at fair value at the balance sheet date.

The fair value is determined according to the income method where the operating income of the properties is set in relation to the required return on the properties.

The valuation is made by an internal valuation expert who is a specialist in assessing commercial properties and possesses the required professional qualifications and experience.

Properties where the Group itself occupies parts of them are only recognised as investment property if the occupation is limited (less than 10%).

Owner-occupied properties

Owner-occupied properties are measured on initial recognition at cost, including transaction costs, and subsequently at fair value by means of a revaluation model. The choice of the revaluation model over the cost model was made as the fair value of the properties in question can be determined reasonably reliably, meaning that a more exact value of the asset and equity is achieved.

The fair value is determined according to the income method where the operating income of the properties is set in relation to the required return on the properties.

The valuation was made by an internal valuation expert; see above.

Increases in the fair value of a property are recognised directly in equity under "Revaluation reserve" unless an increase equals a decrease in value previously recognised in the income statement, in which case the increase is recognised in the income statement. Decreases in the fair value of a property are recognised in the income statement unless a decrease equals an increase in value previously recognised directly in equity under "Revaluation reserve". In that case, the decrease in value is transferred directly as a reduction in "Revaluation reserve".

The depreciable amount is determined net of residual value. Depreciation is calculated on a straight-line basis over the expected useful lives of the assets, typically 50 years. The expected useful life is assessed at the time of the annual valuation of the property.

Plant and equipment

Plant and equipment are measured at cost less accumulated depreciation and impairment.

Depreciation is provided on a straight-line basis over the expected useful life. The item comprises IT hardware etc. with a typical expected useful life of three years and cars with an expected useful life of five years.

Costs of repair and maintenance are recognised directly in the income statement.

Gains and losses arising from the sale or other disposal of a tangible asset are measured as the difference between the sales amount and the carrying amount. Gains and losses are recognised in the income statement as other income or expenses.

Equity investments in associated undertakings

Equity investments in associated undertakings, i.e. undertakings in which BRFKredit a/s holds between 20% and 50% of voting rights, are measured at the value of a proportionate share of the equity value at the end of the accounting period.

The proportionate share of net profits or losses of the individual undertakings is taken to "Income from equity investments in associated undertakings".

BALANCE SHEET – LIABILITIES AND EQUITY

Payables to credit institutions and central banks

Money market loans and other payables to credit institutions are measured on initial recognition at fair value and subsequently at amortised cost.

The item also includes repo transactions in the form of securities sold where, at the time of the sale, a buy-back at a specific price at a later time is agreed.

The amount received is recognised in "Payables to credit institutions and central banks", whereas the "lent" securities remain recognised.

Deposits and other payables

Deposits and other payables are measured on initial recognition at fair value and subsequently at amortised cost.

Other liabilities etc.

Interest payable and balances in connection with loans in process are recognised in "Other liabilities etc.". These liabilities are recognised at amortised cost.

Negative bond portfolios (bonds received as collateral for a reverse transaction and sold) are also recognised. These negative portfolios, which equal the repurchase obligation, are recognised according to the ownership-settlement approach and measured at fair value on initial and subsequent recognition.

Negative market values of derivative financial instruments, including fixed-rate agreements with customers and swap transactions etc., are also recognised.

Issued bonds at fair value

Issued mortgage bonds are recognised according to the ownership-settlement approach and measured at fair value on initial and subsequent recognition. The fair value is determined on the basis of the closing price at the balance sheet date or, if such price is not available for the past month, a price calculated on the basis of the official market rate.

Bonds drawn for redemption and repayable immediately after the financial year end are, however, measured at par, whereas bonds drawn for redemption and repayable at a later repayment date are recognised at a calculated market value.

The portfolio of own mortgage bonds is deducted.

Subordinated capital

Payables that cannot be settled until other creditors' claims have been satisfied in accordance with the terms of the loan are recognised in "subordinated capital" according to the ownership-settlement approach. The payable includes expenses for loan establishment. Subordinated capital is measured on initial recognition at fair value and subsequently at amortised cost.

OUTLINE OF ACCOUNTING POLICIES OF THE BRFKREDIT A/S

The accounting policies of BRFKredit a/s are identical to the ones outlined for the BRFKredit Group with the exception of:

Equity investments in subsidiaries

The BRFKredit Group comprises subsidiaries on a consolidated basis, whereas they are recognised in "Equity investments in subsidiaries" in BRFKredit a/s. Since the item in BRFKredit a/s is measured at equity value, neither profit before tax nor equity differs from that of the BRFKredit Group.

Strategic shares/shares available for sale

In BRFKredit a/s, strategic shares are measured at fair value and recognised in the income statement as opposed to the BRFKredit Group where profits are recognised directly in equity. Consequently, profits of BRFKredit a/s differ from those of the BRFKredit Group.

OTHER POLICIES

Intercompany transactions

Transactions between BRFKredit a/s and companies which are directly or indirectly affiliated to BRFKredit a/s are settled according to written guidelines on an arm's length basis or on the basis of cost recovery.

Cash flow statement

The consolidated cash flow statement shows cash flows for the year, broken down by cash flows from operating activities, investing activities and financing activities, changes in cash at bank and in hand for the year and Group cash at bank and in hand at the beginning and end of the year.

The cash flow statement is presented according to the indirect method, based on net profit for the year.

Cash flows from operating activities are determined as net profit for the year adjusted for non-cash operating items and changes in working capital.

Cash flows from investing activities comprise purchases and sales for the financial year of tangible and intangible fixed assets etc.

Cash flows from financing activities relate to movements in subordinated capital, dividends paid and changes in equity.

Cash at bank and in hand comprises cash and demand deposits as well as time deposits with an original term to maturity of less than three months.

Presentation of accounting figures

All figures in the financial statements are presented in millions of DKK with zero decimal places.

Grand totals in the financial statements are based on actual figures, which is the most correct method of calculation from a mathematical point of view. A control check to verify the correctness of the grand totals will in some cases result in a rounding difference, which indicates that the hidden decimals are not visible to the reader of the financial statements.

Where "-" is stated instead of a figure in the financial statements, it means that the actual figure for the relevant accounting item is DKK 0.00, whereas "0" means that the figure for the item is between DKK 0.01 and DKK 499,999.99 and, therefore, has been rounded to zero.

Material accounting estimates made by management

When preparing the annual report in accordance with generally accepted accounting principles, the management needs to make estimates and set assumptions affecting the financial reporting. The management bases its estimate on experience and various other assumptions considered reasonable and relevant by the management under the given circumstances. The management of the BRFKredit Group considers the following estimates and related assessments to be material to the preparation of the consolidated financial statements.

Mortgage loans are the Group's most important asset. The asset is measured at fair value, which is determined on the basis of the market price of the issued bonds to finance loans. Despite a difference in the credit risk of the above-mentioned asset items and liabilities and equity items, the opinion is that the additional earnings on mortgage loans in the form of commissions have been determined in an efficient market and hedge the higher credit risk in relation to the issued bonds, administrative expenses, capital adequacy costs and an appropriate profit. Consequently, the management is of the opinion that the method applied gives a true and fair view. The method has been accepted by the Danish Financial Supervisory Authority as useful in practice.

The fair value of financial instruments, including derivative financial instruments, for which no listed market values exist is based on the best available information under the circumstances. The methods of determination in this respect comprise a discount to net present value of future cash flows and an assessment of the underlying market conditions. The application of these methods includes assumptions of interest, risk premium, volatility, default, prepayments and other information.

The estimate of the useful lives of intangible assets is made by the management. The useful lives of intangible assets of the BRFKredit Group are estimated at 0-3 years.

Mortgage loans and other loans with an objective indication of impairment are written down. Individually impaired loans are subject to significant uncertainty as regards the value that the mortgaged property might fetch in the event of compulsory realisation, meaning that the impairment in such cases is subjectively estimated.

Decisions about the accounting treatment of contingent assets and contingent liabilities are based on an assessment of the expected outcome of the relevant case. In the event that a future economic benefit is likely to flow to the BRFKredit Group, such a benefit is recognised as an asset. In the event that the BRFKredit Group is likely to have to give up economic benefits to meet the obligation, such benefits are recognised as liabilities. If it is not possible to estimate an amount with sufficient certainty or it is not possible to determine the outcome of a given case, this is disclosed. Decisions about such cases may, in future accounting periods, lead to realised gains or losses that exceed the recognised amounts.

Segmental financial statements

Information is provided about Group business segments. Segment information has been prepared in keeping with the accounting policies applied by the BRFKredit Group. The presentation of the segments is based on the ongoing reporting to the Group management and thus the principles used in internal financial planning and control. The segments reflect Group returns and risks and are considered to be the Group's primary segments. The distribution of costs and expenses between segments is based on a qualified estimate.

Since the BRFKredit Group mainly operates in Denmark, no geographical segmentation has been made.

Other standards and interpretations of no relevance to the BRFKredit Group

The following standards were in force in 2006, but are of no relevance to the company. They include IAS 11, IAS 20, IAS 26, IAS 29, IAS 33, IAS 41, IFRS 2, IFRS 3, IFRS 4, and IFRS 6.

Moreover, the International Financial Report Interpretation Committee (IFRIC) has issued the following interpretations, which are mandatory for financial periods beginning on or after 1 January 2006, but are of no relevance to the BRFKredit Group:

- IFRIC 4 Determining whether an arrangement contains a lease
- IFRIC 5 Rights to interests arising from decommissioning, restoration and environmental funds
- IFRIC 6 Liabilities arising from participating in a specific market – waste electrical and electronic equipment

The following interpretations are mandatory for financial periods beginning on or after 1 May 2006, but are of no relevance to the BRFKredit Group:

- IFRIC 7 Applying the restatement approach under IAS 29 Financial reporting in hyperinflationary economies
- IFRIC 8 Scope of IFRS 2

The following interpretations are mandatory for financial periods beginning on or after 1 May 2006, which the BRFKredit Group has not implemented in advance:

- IFRIC 9 Reassessment of embedded derivatives

The following interpretations have been issued by IASB, but not adopted by the EU as of 31 December 2006:

- IFRIC 10 Interim financial reporting and impairment (applicable to financial periods beginning on or after 1 November 2006)
- IFRIC 11 IFRS 2, Group and treasury share transactions (applicable to financial periods beginning on or after 1 March 2007). The interpretation is of no relevance to the BRFKredit Group.
- IFRIC 12 Service concession arrangements (applicable to financial periods beginning on or after 1 January 2008).

> STATEMENT BY THE BOARD OF DIRECTORS AND BOARD OF MANAGEMENT

The Board of Directors and Board of Management have today considered and approved the Annual Report of BRFKredit a/s for 2006, comprising a statement by the Board of Directors and Board of Management, management's review, accounting policies, income statement, balance sheet, statement of changes in equity and notes for both the Group and the Parent Company and a cash flow statement for the Group.

The consolidated financial statements are presented in accordance with the International Financial Reporting Standards as adopted by the European Union, and the financial statements of the Parent Company are presented in accordance with the Danish Financial Business Act. Furthermore, the Annual Report has been prepared in accordance with additional disclosure requirements for annual reports of listed financial companies as applied in Denmark. In our

opinion, the accounting policies applied are appropriate and the Annual Report therefore gives a true and fair view of the Group's and Parent Company's assets, liabilities and financial position at 31 December 2006 and of the results of the Group's and Parent Company's operations and the Group's cash flows for the financial year ended 31 December 2006.

The Annual Report is laid before the Annual General Meeting for adoption.

Kgs. Lyngby, 27 February 2007

Board of Management

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

Thomas Sandelius
Elected by employees

The Board of Directors held seven board meetings and one seminar in 2006.

> AUDITORS' REPORTS

INTERNAL AUDIT REPORT

We have audited the Annual Report of BRFkredit a/s for the financial year ended 31 December 2006. The consolidated financial statements are presented in accordance with the International Financial Reporting Standards as adopted by the European Union, and the financial statements of the Parent Company are presented in accordance with the Danish Financial Business Act. Furthermore, the Annual Report is presented in accordance with additional disclosure requirements for annual reports of listed financial companies as applied in Denmark.

Basis of opinion

We conducted our audit on the basis of the Order of the Financial Supervisory Authority on Auditing Procedures of Financial Companies and Financial Groups and in accordance with Danish auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the Annual Report is free of material misstatement.

The audit was conducted in compliance with the division of work agreed with the elected auditors and comprised an assessment of procedures and internal controls, including management's risk management policy, which is directed at reporting processes and material business risks. Based on materiality and risk, we examined, on a test basis, evidence supporting the amounts and disclosures in the Annual Report. An audit also includes assessing whether the accounting policies applied by management are appropriate, assessing whether the accounting estimates made by management are reasonable and assessing the overall presentation of the Annual Report.

In our opinion, the audit evidence obtained provides a reasonable and suitable basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the established procedures and internal controls, including management's risk management policy, which is directed at the reporting processes and material business risks

of the Group and the Parent Company, function satisfactorily.

We also believe that the Annual Report gives a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2006 and of the results of the Group's and the Parent Company's operations and the Group's cash flows for the financial year ended 31 December 2006 in accordance with the International Financial Reporting Standards as adopted by the European Union in regard to the consolidated financial statements, in accordance with the Danish Financial Business Act in regard to the financial statements of the Parent Company and, furthermore, in accordance with additional financial reporting disclosure requirements for listed financial companies as applied in Denmark.

Kgs. Lyngby, 27 February 2007

Arne List
Head of Internal Audit Department

INDEPENDENT AUDITORS' REPORT

To the shareholders of BRFkredit a/s

We have audited the Annual Report of BRFkredit a/s for the financial year ended 31 December 2006, comprising a statement by the Board of Directors and Board of Management, management's review, accounting policies, income statement, balance sheet, statement of changes in equity and notes for both the Group and the Parent Company and a cash flow statement for the Group. The consolidated financial statements are presented in accordance with the International Financial Reporting Standards as adopted by the European Union. The financial statements of the Parent Company are presented in accordance with the Danish Financial Business Act. Furthermore, the Annual Report is presented in accordance with additional disclosure requirements for annual reports of listed financial companies as applied in Denmark.

Responsibility of management for the Annual Report

The Company's Board of Directors and Board of Management are responsible for preparing and presenting an annual report which gives a true and fair view in conformity with the legislation and financial reporting standards mentioned above. This responsibility includes establishing, implementing and maintaining internal controls of relevance to the preparation and presentation of an annual report which gives a true and fair view and is free of material misstatement, regardless of whether such misstatement is the

result of fraud or error, and choosing and applying appropriate accounting policies and making accounting estimates which are reasonable under the circumstances.

Responsibility of the auditors and basis of opinion

Our responsibility is to express an opinion on the Annual Report based on our audit. We conducted our audit in accordance with Danish auditing standards. These standards require that we comply with ethical standards and plan and perform our audit to obtain reasonable assurance that the Annual Report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Report. The procedures chosen depend on the auditors' assessment, including an assessment of the risk of material misstatement in the Annual Report, regardless of whether such misstatement is the result of fraud or error. In this risk assessment, the auditors consider internal controls of relevance to the Company's preparation and presentation of an annual report which gives a true and fair view for the purpose of establishing audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes assessing whether the accounting policies applied by management are appropriate, assessing whether the accounting estimates made by management are reasonable and assessing the overall presenta-

tion of the Annual Report. In our opinion, the audit evidence obtained provides a reasonable and suitable basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Annual Report gives a true and fair view of the Group's assets, liabilities and financial position at 31 December 2006 and of the results of the Group's operations and cash flows for the financial year ended 31 December 2006 in accordance with the International Financial Reporting Standards as adopted by the European Union and additional disclosure requirements for annual reports of listed financial companies as applied in Denmark.

We also believe that the Annual Report gives a true and fair view of the Parent Company's assets, liabilities and financial position at 31 December 2006 and of the results of the Parent Company's operations for the financial year ended 31 December 2006 in accordance with the Danish Financial Business Act and additional disclosure requirements for annual reports of listed financial companies as applied in Denmark.

Hellerup, 27 February 2007

PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab

Kim Fücksel	Jesper Edelbo
<i>State-Authorised</i>	<i>State-Authorised</i>
<i>Public Accountant</i>	<i>Public Accountant</i>

> INCOME STATEMENT

Amounts in DKK million

For the year ended 31 December	BRFkredit Group		BRFkredit a/s		Note
	2006	2005	2006	2005	
Interest income	7,403	7,507	7,297	7,434	1
Interest expenses	6,303	6,443	6,264	6,412	2
Net interest income	1,100	1,064	1,033	1,022	
Dividends on shares etc.	18	28	18	28	
Fees, charges and commission income	215	317	196	301	3
Fees, charges and commissions paid	125	138	126	147	
Net interest income, fees and charges	1,208	1,271	1,121	1,204	
Securities and foreign exchange income	197	144	236	113	4
Other operating income	19	17	21	17	
Staff costs and administrative expenses	799	750	762	712	5-8
Amortisation, depreciation and impairment of intangible and tangible assets	16	-1	14	8	
Other operating expenses	0	-	0	-	
Impairment losses on loans and receivables etc. (- signifies an income)	-129	-81	-131	-86	9-10
Income from equity investments in associated and subsidiary undertakings	3	1	56	64	11
Profit before tax	741	765	789	764	
Tax	170	107	170	107	12
Net profit for the year	572	657	620	657	
To be distributed as follows:					
Shareholders of BRFkredit a/s	572	657			
Total	572	657			

> BALANCE SHEET

Amounts in DKK million

at 31 December

	BRFkredit Group		BRFkredit a/s		
	2006	2005	2006	2005	Note
ASSETS					
Cash in hand and demand deposits with central banks	6	75	5	6	
Receivables from credit institutions and central banks	12,039	17,170	12,791	16,496	13
Bonds at fair value	8,810	24,210	8,810	24,210	14
Current tax assets	3	4	3	7	
Assets acquired temporarily	4	4	4	4	15
Other assets etc.	326	1,108	328	1,108	16
Shares etc.	994	906	994	906	
Loans and other receivables at amortised cost	3,460	1,671	352	154	
Loans and other receivables at fair value	175,037	162,340	174,907	162,107	17-18
Intangible assets	8	9	8	9	19
Investment properties	134	115	134	115	20
Owner-occupied properties	490	320	402	231	21
Plant and equipment (other tangible assets)	16	18	16	18	22
Equity investments in associated undertakings	72	66	72	66	23
Equity investments in subsidiaries	-	-	701	563	24
Total assets	201,399	208,015	199,528	205,999	
LIABILITIES AND EQUITY					
Payables to credit institutions and central banks	3,620	3,944	3,515	3,908	25
Deposits and other payables	1,469	1,261	-	-	26
Other liabilities etc.	4,890	6,271	4,590	5,548	27
Issued bonds at fair value	179,474	185,277	179,474	185,277	28
Total payables	189,454	196,753	187,579	194,733	
Subordinated capital	1,493	1,492	1,493	1,492	29
PROVISIONS					
Provisions for deferred tax	26	13	24	12	30
Other provisions	54	47	58	52	31
Total provisions	79	60	82	64	
SHAREHOLDERS' EQUITY					
Share capital	306	306	306	306	
Share premium account	102	102	102	102	
Accumulated changes in value	76	37	76	37	
Other reserves					
Statutory reserves	-	-	116	62	
Reserves in series	8,322	6,977	8,322	6,977	
Other reserves	1,568	2,287	1,452	2,225	
Total	9,890	9,264	9,890	9,264	
Total shareholders' equity	10,374	9,710	10,374	9,710	
Total liabilities and equity	201,399	208,015	199,528	205,999	

Additional notes:

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> STATEMENT OF CHANGES IN EQUITY

Amounts in DKK million

Statement of changes in equity, BRFkredit Group	Share capital ¹⁾	Share premium account	Accum- ulated changes in value	Reserves in series ³⁾	Other reserves/ Shares available for sale ⁴⁾	Other reserves/ Retained profits ⁵⁾	Total
Shareholders' equity at 1 January 2006	306	102	37	6,977	96	2,192	9,710
Shares available for sale – equity ²⁾	-	-	-	-	48	-	48
Revaluation of owner-occupied properties	-	-	50	-	-	-	50
Revaluation of associated undertakings	-	-	-	-	-	5	5
Deferred tax on changes in equity	-	-	-11	-	-	-	-11
Recognised directly in equity, total	-	-	39	-	48	5	93
Transferred between series	-	-	-	1,345	-	-1,345	-
Net profit for the year	-	-	-	-	-	572	572
Recognised in equity, total	0	0	39	1,345	48	-767	664
Dividends paid ⁶⁾	-	-	-	-	-	-	-
Shareholders' equity at 31 December 2006	306	102	76	8,322	144	1,424	10,374

- 1) 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 carried 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.
- 2) Shares available for sale – equity: The year's value adjustments of shares classified as available for sale are recognised directly in equity at a gain of DKK 48m.
- 3) Reserves in series: Capital set aside for meeting the capital adequacy requirement in "series not subject to repayment obligation"
- 4) Other reserves/Shares available for sale: Accumulated increases in the value of shares classified as "Available for sale" (distributable reserves).
- 5) Other reserves/Retained profits: Capital set aside for meeting the capital adequacy requirement in the "General Capital Centre".
- 6) Restrictions apply to the distribution of reserves relating to the items "Accumulated changes in value" and "Reserves in series".

Statement of changes in equity, BRFkredit a/s	Share capital	Share premium account	Accum- ulated changes in value	Reserves in series	Statutory reserves ¹⁾	Other reserves/ Retained profits	Total
Shareholders' equity at 1 January 2006	306	102	37	6,977	62	2,225	9,710
Revaluation of owner-occupied properties	-	-	50	-	-	-	50
Revaluation of associated undertakings	-	-	-	-	5	-	5
Deferred tax on changes in equity	-	-	-11	-	-	-	-11
Recognised directly in equity, total	-	-	39	-	5	-	45
Transferred between series	-	-	-	1,345	-	-1,345	-
Net profit for the year	-	-	-	-	48	572	620
Recognised in equity, total	0	0	39	1,345	53	-773	664
Dividends paid	-	-	-	-	-	-	-
Shareholders' equity at 31 December 2006	306	102	76	8,322	116	1,452	10,374

- 1) Statutory reserves relate to net revaluation of equity investments according to the equity method.

> CASH FLOW STATEMENT

Amounts in DKK million

For the year ended 31 December

BRFkredit Group

	2006	2005
Cash flows from operating activities		
Profit before tax for the year	741	765
Adjustments for non-cash operating items ^{a)}	-193	-276
	548	489
Change in working capital		
Loans and other receivables	-14,402	-16,179
Issued bonds before set-off	10,658	21,303
Bonds	-1,065	-5,193
Payables to credit institutions, deposits and other payables	-116	1,240
Adjustment of other working capital	-517	-3,865
Corporation tax paid	-167	-47
Total cash flows from operating activities	-5,061	-2,253
Cash flows from investing activities		
Net investment in companies	2	-20
Net investment in intangible and tangible fixed assets	-133	-22
Total cash flows from investing activities	-131	-42
Cash flows from financing activities		
Subordinated capital	0	0
Dividends paid	-	-
Total cash flows from financing activities	0	0
Total change in cash and cash equivalents	-5,192	-2,296
Cash and cash equivalents at beginning of year ^{b)}	17,212	19,508
Cash and cash equivalents at end of year ^{c)}	12,021	17,212
a) Adjustments for non-cash operating items:		
Depreciation and impairment of fixed assets etc.	16	-1
Losses/gains on sales of fixed assets	0	0
Value adjustment of properties	-19	-17
Market value adjustment of equity investments	-3	-1
Market value adjustment of unrealised shares	-108	-188
Market value adjustment of unrealised bonds	4	21
Change in provisions for loan impairment	-84	-91
Total	-193	-276
b) Cash and cash equivalents at beginning of year:		
Cash in hand and demand deposits with central banks	75	4
Receivables from credit institutions and central banks	17,170	19,525
Of which receivables not directly available	-32	-21
	17,212	19,508
c) Cash and cash equivalents at end of year:		
Cash in hand and demand deposits with central banks	6	75
Receivables from credit institutions and central banks	12,039	17,170
Of which receivables not directly available	-24	-32
Total	12,021	17,212

BRFkredit's cash at bank and in hand is exceptionally high in connection with a repayment date, for instance at the end of the financial year. 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 year ended 31 December

BRFkredit Group

SEGMENTAL FINANCIAL STATEMENTS OF BRFKREDIT GROUP	2006			2005		
(- signifies an income)	Mortgage lending etc.	Portfolio managem.	Total	Mortgage lending etc.	Portfolio managem.	Total
Core income from lending operations etc.	923			926		
Core income from securities	380			350		
Total core income	1,303			1,276		
Operating expenses, depreciation and amortisation	810			744		
Core earnings before impairment losses	493			531		
Impairment losses on loans and receivables etc.	-129			-81		
Core earnings	622			613		
Earnings from investment portfolios		119			152	
Profit before tax	622	119	741	613	152	765
Tax			170			107
Net profit for the year			572			657
Segment balance sheet at 31 December						
Receivables from credit institutions and central banks	10,791	1,248	12,039	13,397	3,773	17,170
Bonds at fair value	1,503	7,307	8,810	14,310	9,900	24,210
Shares etc.	-	994	994	-	906	906
Loans and other receivables	178,495	2	178,498	164,007	4	164,011
Equity investments in associated undertakings	72	-	72	66	-	66
Other assets	870	116	987	1,367	286	1,653
Total assets	191,732	9,667	201,399	193,147	14,868	208,015
Payables to credit institutions and central banks	2,413	1,208	3,620	926	3,018	3,944
Issued bonds at fair value	179,474	-	179,474	185,277	-	185,277
Subordinated capital	1,493	-	1,493	1,492	-	1,492
Provisions	79	-	79	60	-	60
Other liabilities	6,042	317	6,359	6,958	575	7,533
Total liabilities	189,501	1,525	191,025	194,712	3,593	198,305
Shareholders' equity			10,374			9,710
Total liabilities and equity			201,399			208,015
FOR THE YEAR ENDED 31 DECEMBER						
	Core earnings	Earnings, investment portfolios	Total	Core earnings	Earnings, investment portfolios	Total
Net interest income	1,092	8	1,100	1,022	42	1,064
Dividends on shares etc.	-	18	18	-	28	28
Fees, charges and commission income	215	-	215	317	-	317
Fees, charges and commissions paid	124	1	125	136	2	138
Net interest income, fees and charges	1,184	24	1,208	1,203	68	1,271
Securities and foreign exchange income	97	100	197	55	89	144
Other operating income	19	-	19	17	-	17
Staff costs and administrative expenses	793	5	799	745	5	750
Amortisation, depreciation and impairment of in-/and tangible assets	16	-	16	-1	-	-1
Other operating expenses	0	-	0	-	-	-
Impairment losses on loans and receivables etc.	-129	-	-129	-81	-	-81
Income from equity investments in associated and subsidiary undertakings	3	-	3	1	-	1
Profit before tax	622	119	741	613	152	765

> NOTES 1 2 3

Amounts in DKK million

	BRFkredit Group		BRFkredit a/s	
	2006	2005	2006	2005
1 INTEREST INCOME				
Receivables from credit institutions and central banks ¹⁾	136	237	143	239
Loans and other receivables	6,353	6,442	6,239	6,367
Commissions	710	635	710	635
Bonds ²⁾	153	104	153	104
Financial derivatives	38	71	38	71
Other interest income	13	18	13	18
Total interest income	7,403	7,507	7,297	7,434
1) Of which interest income on reverse transactions	36	124	36	124
2) Interest received on own mortgage bonds (DKK 233m) has, according to the accounting rules, been set off against interest expenses for issued bonds under interest expenses. Real interest income on the bond portfolio is thus DKK 386m				
2 INTEREST EXPENSES				
Credit institutions and central banks ¹⁾	65	28	59	22
Deposits and other payables	29	19	-	-
Issued bonds	6,145	6,342	6,145	6,342
Subordinated capital	56	45	56	45
Other interest expenses	8	11	4	3
Total interest expenses	6,303	6,443	6,264	6,412
1) Of which interest expenses from repo transactions	40	17	40	17
3 FEES, CHARGES AND COMMISSION INCOME				
Fees and charges	113	186	106	179
Brokerage	89	120	89	120
Other fees, charges and commission income	13	11	1	1
Total fees, charges and commission income	215	317	196	301
Of which fees, charges and commission income from banking business				
Payment services	0	0		
Originating fees	8	6		
Commissions on guarantees	9	7		
Other fees, charges and commission income	3	2		
Total fees, charges and commission income from banking business	20	16		

4 SECURITIES AND FOREIGN EXCHANGE INCOME (- SIGNIFIES A LOSS)	BRFkredit Group		BRFkredit a/s	
	2006	2005	2006	2005
Mortgage loans ²⁾	-4,024	39	-4,025	39
Other loans and receivables at fair value	3	35	-0	8
Bonds	-67	-126	-67	-126
Shares at fair value	114	240	161	274
Shares – available for sale ¹⁾	-1	34	-	-
Investment properties	19	17	19	17
Foreign exchange	0	0	0	1
Interest-rate contracts and financial derivatives ²⁾	94	-65	89	-70
Issued bonds ²⁾	4,059	-30	4,059	-30
Total securities and foreign exchange income/loss	197	144	236	113

1) Strategic shares (see accounting policies) are classified as "available for sale" in accordance with IAS. In 2006 strategic shares brought a market value gain of DKK 48m, recognised directly in equity, and a market value loss of DKK 1m, recognised in the income statement. In 2005 strategic shares brought a market value gain of DKK 34m, recognised directly in equity, and a market value loss of DKK 0m, recognised in the income statement. In addition, BRFkredit sold strategic shares with a combined net gain of DKK 35m (previously recognised directly in equity), which was transferred to the income statement.

2) The balance principle was revalued at a total gain of DKK 5m (2005: loss of DKK 2m), resulting from a net value adjustment of the following items: Mortgage loans down by DKK 4,025m (up by DKK 40m), issued bonds up by DKK 4,059m (down by DKK 30m) and fixed-price agreements in connection with loan disbursements etc. down by DKK 29m (down by DKK 12m) (recognised in interest-rate contracts and financial derivatives).

5 STAFF COSTS AND ADMINISTRATIVE EXPENSES	2006	2005	2006	2005
Staff costs (see note 6)	435	416	404	387
Administrative expenses	259	234	249	223
Sales costs	102	95	102	95
Other costs and expenses	2	5	7	8
Total staff costs and administrative expenses	799	750	762	712

6 STAFF COSTS	2006	2005	2006	2005
Emoluments and remuneration of Board of Directors and Board of Representatives ¹⁾	3	3	3	3
Wages and salaries ²⁾	360	343	332	318
Defined-contribution pensions ³⁾	36	34	35	32
Social security costs	36	36	35	33
Total staff costs	435	416	404	387

1) The annual emolument of ordinary member of the Board of Directors was DKK 150,000. The Deputy Chairman received double this amount whereas the Chairman received triple this amount.

2) The Board of Management, comprising three persons during the first eight months of the year and two persons during the last four months, received remuneration of DKK 7.8m (2005: DKK 7.2 m). In addition, members of the Board of Management received benefits-in-kind, such as free car etc., where the Group paid expenses of DKK 0.5m in 2006 (2005: DKK 0.4m).

3) The BRFkredit Group has concluded a pension agreement with PFA Pension. The premium, which is payable under a defined-contribution scheme, follows the agreement in force from time to time between the Danish Employers' Association for the Financial Sector, the Danish Financial Service Union and the BRFkredit Group.

Members of the Board of Directors and the Board of Management receive no shares, options, warrants or any other types of incentive pay.

> NOTES 7 8 9 10

Amounts in DKK million

	BRFkredit Group		BRFkredit a/s	
	2006	2005	2006	2005
7 AUDITORS' FEES				
Fee for statutory audit	2	2	2	2
Other fees of accounting company	6	1	6	1
Total audit fees	8	3	8	3

The BRFkredit Group has an Internal Audit Department, which employed seven people on

	2006	2005	2006	2005
8 NUMBER OF EMPLOYEES				
Average number of employees during the financial year (full-time equivalent)	781	761	714	696

	2006	2005	2006	2005
9 IMPAIRMENT LOSSES ON LOANS AND RECEIVABLES ETC. (- SIGNIFIES AN INCOME)				
Net changes in impairment provisions for individually assessed loans	-57	-87	-58	-91
Net changes in impairment provisions for groups of loans	-27	-4	-27	-4
Realised losses, not previously provided for impairment	6	42	5	41
Recoveries of loan losses previously written off	50	32	50	32
Value adjustment of foreclosed properties	-1	-0	-1	-0
Other changes	0	1	0	1
Total impairment losses on loans and receivables	-129	-81	-131	-86
Impairment provisions for individually assessed loans:				
Beginning of year	114	201	109	200
Impairment provisions during the year	7	18	3	13
Reversal of prior-year impairment charges	64	104	60	103
Other changes	-0	-1	-0	-1
End of year	57	114	51	109
Impairment provisions for groups of loans:				
Beginning of year	38	42	38	42
Impairment provisions during the year	11	38	11	38
Reversal of prior-year impairment charges	38	42	38	42
Other changes	-	-	-	-
End of year	11	38	11	38

	2006	2005	2006	2005
10 ASSETS IMPAIRED				
Loans and other receivables at amortised cost	1	1	-	-
Impairment	1	1	-	-
Net	0	0	-	-
Loans and other receivables at fair value	1,837	2,129	1,827	2,116
Impairment	67	151	62	147
Net	1,770	1,978	1,764	1,969

No impairment has been recognised for other classes of assets

	BRFkredit Group		BRFkredit a/s	
	2006	2005	2006	2005
11 INCOME FROM EQUITY INVESTMENTS IN ASSOCIATED AND SUBSIDIARY UNDERTAKINGS				
Income from equity investments in associated undertakings (note 24)	3	1	3	1
Income from equity investments in subsidiaries before tax (note 25)	-	-	53	64
Total income from equity investments in associated and subsidiary undertakings	3	1	56	64
12 TAX	2006	2005	2006	2005
Current tax on income for the year	168	129	168	129
Readjustment of tax for previous years	0	-8	0	-8
Adjustment of deferred tax, temporary differences	2	-18	2	-18
Adjustment of deferred tax, change in tax rate ¹⁾	-	-2	-	-2
Tax assets reducing current tax, not previously recognised	-	4	-	4
Tax on impairment losses	-	1	-	1
Total tax	170	107	170	107
Effective tax rate				
Current tax rate for BRFkredit Group	28.0	28.0	28.0	28.0
Shares, non-taxable income and non-deductible expenses	-4.7	-12.4	-6.6	-12.4
Associated undertakings, non-taxable income and non-deductible expenses	-0.1	0.0	-0.1	0.0
Other non-taxable income and non-deductible expenses	-0.4	-0.4	0.2	-0.4
Change in corporation tax rate ¹⁾	-	-0.3	-	-0.3
Readjustment of current tax for previous years	0.0	-1.0	0.0	-1.0
Tax on impairment losses	-	0.1	-	0.1
Effective tax rate	22.9	14.0	21.5	14.0

1) The corporation tax rate in Denmark was reduced from 30% in 2004 to 28% in 2005.

	2006	2005	2006	2005
13 RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS				
Time deposits with central banks	150	200	-	-
Receivables from credit institutions	7,897	7,762	8,799	7,289
Reverse transactions	3,992	9,207	3,992	9,207
Total receivables from credit institutions and central banks	12,039	17,170	12,791	16,496

DKK 1.7bn of the above-mentioned receivables is included in BRFkredit's investment portfolio. The other receivables relate to the investment of temporary cash resulting from refinancing of ARM loans, immediate prepayments at par where the bonds have not yet been drawn as well as advance issues of bonds in connection with hedging of fixed-price agreements with loan customers.

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Amounts in DKK million

	BRFkredit Group		BRFkredit a/s	
	2006	2005	2006	2005
14 BONDS AT FAIR VALUE				
Own mortgage bonds	40,388	23,927	40,388	23,927
Other mortgage bonds	8,665	23,714	8,665	23,714
Government bonds	145	476	145	476
Other bonds	-	20	-	20
Total before offsetting own mortgage bonds	49,198	48,137	49,198	48,137
Own mortgage bonds (offset against "Issued bonds at fair value")	-40,388	-23,927	-40,388	-23,927
Total bonds at fair value	8,810	24,210	8,810	24,210

DKK 7.3bn of the above-mentioned bonds is included in BRFkredit's investment portfolio (2005: DKK 7.7bn). The other bonds relate to the investment of temporary surplus cash resulting from bonds for refinancing of ARM loans on 2 January 2007, immediate prepayments at par where the bonds have not yet been drawn as well as advance issues of bonds in connection with hedging of fixed-price agreements with loan customers. The portfolio of bonds at fair value at year-end is expected to be virtually recovered and reinvested within 12 months as part of the BRFkredit Group's continuous portfolio management process.

	BRFkredit Group		BRFkredit a/s	
	2006	2005	2006	2005
15 ASSETS ACQUIRED TEMPORARILY				
Properties acquired temporarily ¹⁾	4	4	4	4
Subsidiary in possession with a view to sale ²⁾	1	-	1	-
Total assets acquired temporarily	4	4	4	4

1) Properties acquired temporarily in connection with loan facilities. Net cash flows for these properties were DKK 0 in 2006 (2005: DKK -9m).

At the end of 2006 the BRFkredit Group had six foreclosed properties, all of which were acquired within the last twelve months.

2) Boligtorvet A/S, which BRFkredit will divest within a year according to dispensation from the Financial Supervisory Authority.

	BRFkredit Group		BRFkredit a/s	
	2006	2005	2006	2005
16 OTHER ASSETS ETC				
Positive market value of financial derivatives etc.	33	4	33	4
Interest and commissions receivable	193	927	195	926
Loan applications in process	80	152	80	152
Prepaid expenses	18	15	18	14
Other assets	2	10	3	11
Total other assets etc.	326	1,108	328	1,108

	BRFkredit Group		BRFkredit a/s	
	2006	2005	2006	2005
17 SHARES ETC.				
Shares at fair value ¹⁾	720	687	994	906
Shares – available for sale ²⁾	273	219	-	-
Total shares etc.	994	906	994	906

1) "Shares at fair value" are a portfolio long-term investment with a view to a return.

2) "Shares – available for sale" are acquired for a strategic purpose where the direct return on the shares is not the primary purpose. They include unlisted shares of DKK 191m, for which there is no observable market price. Such shares are valued in accordance with recognised valuation methods.

	BRFkredit Group		BRFkredit a/s	
	2006	2005	2006	2005
18 LOANS AND OTHER RECEIVABLES AT FAIR VALUE				
Mortgage loans, nominal value	176,081	159,304	176,104	159,328
Adjustment for interest-rate risk etc.	-1,377	2,646	-1,378	2,646
Adjustment for credit risk ¹⁾	-39	-99	-39	-99
Total mortgage loans at fair value	174,664	161,851	174,687	161,875
Arrears before impairment provisions	60	72	60	72
Execution before impairment provisions	3	15	3	15
Impairment provisions for arrears and execution	-6	-15	-6	-15
Total arrears and execution	57	72	57	72
Other loans	316	417	163	160
Total loans and other receivables at fair value	175,037	162,340	174,907	162,107

1) Adjustment for credit risk is determined on whether there is an objective indication of impairment in relation to the value at the establishment of the loan.

19 MORTGAGE LOANS BY CLASS OF PROPERTY, NOMINAL	2006	2005	2006	2005
	Owner-occupied homes	46%	47%	46%
Vacation homes	3%	3%	3%	3%
Subsidised housing	19%	20%	19%	20%
Private rental housing	19%	17%	19%	17%
Industrial properties	2%	1%	2%	1%
Office and business properties	11%	11%	11%	11%
Agricultural properties etc.	0%	0%	0%	0%
Properties for social, cultural and educational purposes	1%	2%	1%	2%
Other properties	0%	0%	0%	0%
Total mortgage loans by class of property	100%	100%	100%	100%

20 INTANGIBLE ASSETS	2006	2005	2006	2005
	Total cost at beginning of year	176	169	176
Additions	3	7	3	7
Total cost at end of year	180	176	179	176
Amortisation and impairment at beginning of year	167	165	167	165
Amortisation during the year	4	2	4	2
Amortisation and impairment at end of year	171	167	171	167
Carrying amount at end of year	8	9	8	9

Intangible assets comprise software and licenses, all of which have limited useful lives, and are capitalised in accordance with the rules set out in the accounting policies.

> NOTES 21 22

Amounts in DKK million

	BRFkredit Group		BRFkredit a/s	
	2006	2005	2006	2005
21 INVESTMENT PROPERTIES				
Carrying amount at beginning of year	115	109	115	109
Additions	0	-	0	-
Disposals	-	11	-	11
Adjustment to fair value	19	17	19	17
Carrying amount at end of year	134	115	134	115

Investment properties are recorded at fair value at 31 December. The fair value is calculated according to the income method where the operating income of the properties is set in relation to the required return on the properties. The appraisal was made by an internal appraiser who is a specialist in assessing commercial properties and, therefore, possesses the required professional qualifications.

Amounts recognised in income statement:				
Rental income	9	9	9	9
Direct expenses for properties rented in the period	3	3	3	3
Future minimum payments under non-terminable contracts amount to DKK 9m, broken down to the following periods:				
Within 1 year	9	9		
Between 1 and 5 years	-	-		
After 5 years	-	-		

	BRFkredit Group		BRFkredit a/s	
	2006	2005	2006	2005
22 OWNER-OCCUPIED PROPERTIES				
At beginning of year				
Cost	360	343	262	262
Accumulated depreciation	74	74	68	67
Revaluation and impairment	34	23	37	35
Carrying amount at beginning of year	320	293	231	230
Additions	124	17	123	0
Depreciation during the year	2	1	2	1
Adjustment of impairment losses during the year	-2	10	-	-
Adjustment to fair value	50	2	50	2
Carrying amount at end of year	490	320	402	231
Future minimum payments under non-terminable contracts amount to DKK 23m, broken down to the following periods:				
Within 1 year	7	2		
Between 1 and 5 years	8	1		
After 5 years	9	-		

Investment properties are recorded at fair value at 31 December.

Accumulated depreciation of owner-occupied properties for the BRFkredit Group was DKK 77m.

	BRFkredit Group		BRFkredit a/s	
	2006	2005	2006	2005
23 PLANT AND EQUIPMENT (OTHER TANGIBLE ASSETS)				
At beginning of year				
Cost	62	53	61	52
Accumulated depreciation	43	39	43	38
Carrying amount at beginning of year	18	14	18	14
Additions	6	10	6	10
Disposals	1	0	1	0
Depreciation during the year	8	6	8	6
Carrying amount at end of year	16	18	16	18

Accumulated depreciation for the BRFkredit Group was DKK 50m.

	2006	2005	2006	2005
24 EQUITY INVESTMENTS IN ASSOCIATED UNDERTAKINGS				
Carrying amount at beginning of year	66	76	66	76
Investments in associated undertakings	-	20	-	20
Share of profits after tax	3	1	3	1
Dividends received	2	-	2	-
Other changes in equity	5	3	5	3
Disposals of associated undertakings	0	34	0	34
Carrying amount at end of year	72	66	72	66

The fair value of investments in associated undertakings is estimated to be level with the value according to the equity method.

GROUP INVESTMENTS IN ASSOCIATED UNDERTAKINGS, ALL OF WHICH ARE UNLISTED

	BRFkredits value	Assets*)	Liabilities*)	Revenue*)	Profit after tax*)	Share- holding in %
2006						
EDC-partner a/s, Frederiksberg ¹⁾	65	141	8	7	3	50
Realkreditnettet Holding A/S, Copenhagen ²⁾	7	128	46	10	-1	21
2006 total	72	270	54	17	2	
2005						
EDC-partner a/s, Frederiksberg	60	86	11	7	0	50
Boligtorvet A/S, Kgs. Lyngby	-	4	3	2	-3	50
Realkreditnettet Holding A/S, Copenhagen	6	129	46	0	-0	21
2005 total	66	219	61	9	-3	

1) Measured on the basis of the latest financial statements at 31 December 2005.

2) Measured on the basis of unaudited financial statements at 30 September 2006.

*) According to latest published financial statements

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Amounts in DKK million

	BRFkredit a/s	
	2006	2005
25 EQUITY INVESTMENTS IN SUBSIDIARIES		
Total cost at beginning of year	366	348
Additions	100	18
Disposals	-	-
Total cost at end of year	466	366
Revaluation and impairment at beginning of year	198	149
Net profits	38	48
Dividends	-	-
Revaluation and impairment at end of year	235	198
Carrying amount at end of year	701	563

	BRFkredit Group			
	2006	2005	2006	2005
26 PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS				
Money market loans etc.	1,198	926	1,092	890
Repo transactions	2,422	3,018	2,422	3,018
Total payables to credit institutions and central banks	3,620	3,944	3,515	3,908

	2006	2005
27 DEPOSITS AND OTHER PAYABLES		
Demand deposits	1,277	1,097
Time deposits	193	165
Total deposits and other payables	1,469	1,261

	2006	2005	2006	2005
28 OTHER LIABILITIES ETC.				
Negative market value of financial derivatives etc.	47	25	41	14
Negative securities portfolio in connection with reverse transactions	894	1,433	894	1,433
Interest and commissions payable	3,293	3,638	3,288	3,637
Loan applications in process	516	1,032	245	332
Other liabilities	130	135	113	124
Deferred income	10	8	9	8
Total other liabilities etc.	4,890	6,271	4,590	5,548

	BRFkredit Group		BRFkredit a/s	
	2006	2005	2006	2005
29 ISSUED BONDS AT FAIR VALUE				
Issued mortgage loans, nominal value	221,894	207,108	221,894	207,108
Adjustment to fair value ¹⁾	-2,033	2,096	-2,033	2,096
Own mortgage bonds, fair value	-40,388	-23,927	-40,388	-23,927
Carrying amount at end of year	179,474	185,277	179,474	185,277
Pre-issue	39,281	36,692	39,281	36,692
Drawn for redemption or maturing at next repayment date	1,175	5,738	1,175	5,738

1) Adjustment for credit risk was DKK 0 in 2006, unchanged from 2005. The amount was determined by an assessment of the following factors: a) credit risk on mortgage bonds is minimal, b) changes in fair value over the year were caused by changes in the benchmark rate, c) BRFkredit's ratings were unchanged in 2006.

	2006	2005	2006	2005
30 SUBORDINATED CAPITAL				
Subordinated bond loan, nom. EUR 200m ¹⁾	1,488	1,488	1,488	1,488
Other subordinated loan capital				
Deposit account, Husejerns Kreditkasse ²⁾	4	4	4	4
Total subordinated capital ³⁾	1,493	1,492	1,493	1,492

1) Interest on the loan in 2006: DKK 56m. The loan carries interest at the Euribor rate with the addition of 0.70%points. The loan is repayable at par on 19 October 2011 unless prepaid in compliance with the terms of the loan.

2) The deposit account is written down in connection with the amortisation of the loan portfolio.

3) DKK 1,493m can be included in the calculation of own funds.

31 PROVISIONS FOR DEFERRED TAX

BRFkredit a/s

Broken down on the following balance sheet items:	Intangible and tangible assets					
	Shares etc.	Intangible and tangible assets	Provisions for liabilities	Sub-ordinated capital	Other	Total
Carrying amount at beginning of 2005	18	9	-4	5	-4	23
Adjustment, change in accounting policies	0	2	0	0	7	8
Adjustment, change in corporation tax rate	-1	-1	0	0	0	-2
Adjustment against shareholders' equity	-	0	-	-	-	0
Adjustments in income statement	-15	6	-4	-3	-3	-18
Carrying amount at end of year 2005	2	16	-8	2	-1	12
Adjustment against shareholders' equity	-	11	-	-	-	11
Adjustments in income statement	-2	3	-1	1	0	2
Carrying amount at end of 2006	0	30	-8	4	-1	24

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Amounts in DKK million

BRFkredit Group

Broken down on the following balance sheet items:

	Shares etc.	Intangible and tangible assets	Provisions for liabilities	Sub-ordinated capital	Other	Total
Carrying amount at beginning of 2005	18	9	-4	5	-4	24
Adjustment, change in accounting policies	0	0	0	0	8	9
Adjustment, change in corporation tax rate	-1	-1	0	0	0	-2
Adjustment against shareholders' equity	-	0	-	-	-	0
Adjustments in income statement	-15	8	-4	-3	-5	-18
Carrying amount at end of 2005	2	17	-8	2	-1	13
Adjustment against shareholders' equity	-	11	-	-	-	11
Adjustments in income statement	-2	3	-1	1	0	2
Carrying amount at end of 2006	0	31	-8	4	-1	26

DKK -5m of deferred tax is expected to be realised within 12 months, whereas DKK 31m is expected to be realised after 12 months.

	BRFkredit Group		BRFkredit a/s	
	2006	2005	2006	2005
32 OTHER PROVISIONS				
At beginning of year	47	33	52	39
Additions	38	33	41	35
Provisions used	26	2	29	6
Provisions reversed	6	16	6	16
At end of year	54	47	58	52
Provisions are expected to fall due:				
Within 1 year	42	33	46	38
Between 1 and 5 years	12	14	12	14

The items relate to liabilities in the form of commitments of support and other obligations where either the size of the amount or the due date is uncertain. The uncertainty of the provisions made is considered limited.

	2006	2005	2006	2005
33 CONTINGENT LIABILITIES				
Guarantees etc.				
Financial guarantees ¹⁾	1,517	861	-	-
Other guarantees	22	22	18	18
Total guarantees etc.	1,539	883	18	18
Other liabilities ²⁾				
Other liabilities ³⁾	98	92	98	92
Total other liabilities	98	92	98	92
Total off-balance sheet items	1,637	974	116	110

1) Relate to conveyance and repayment guarantees furnished by BRFBank. Historically, BRFBank has not incurred losses on this type of guarantee.

2) BRFkredit is registered jointly with BRFBank for settlement of VAT and payroll tax. The companies are jointly and severally liable for such settlement.

3) At 31 December 2006 BRFkredit had operating lease commitments of DKK 0.4m in 2007 and DKK 0.4m in total for the years 2008-2011.

Operational leasing expenses was DKK 1.3m in 2006

34 SECURITY	BRFkredit Group		BRFkredit a/s	
	2006	2005	2006	2005
Certificates of deposit with Danmarks Nationalbank provided as security for sum clearing	149	266	-	-

Repo transactions involve an arrangement where bonds are provided as security for the amount borrowed. Reference is made to note 44 for details.

35 LOAN OFFERS

At 31 December 2006 BRFkredit had open offers, pre-qualifications, etc. of DKK 32.2bn. The life of these loan commitments was a maximum period of 6 months.

36 FIVE-YEAR SUMMARY	2006	2005	2004	2003	2002
BRFkredit Group					
Capital adequacy ratio	12.5	13.3	14.1	13.5	11.8
Core capital ratio	10.8	11.5	12.1	11.5	11.2
Return on equity before tax (%)	7.4	8.2	5.4	9.2	3.3
Return on equity after tax (%)	5.7	7.0	4.2	7.1	1.4
Earnings per unit of cost (DKK)	2.08	2.14	1.82	2.06	1.39
Foreign exchange position (%)	2.0	1.6	1.5	0.5	0.4
Accumulated impairment ratio	0.0	0.1	0.2	0.3	0.3
Impairment ratio for the year	-0.1	0.0	-0.1	0.0	0.0
Growth in lending during the year (%)	11.5	11.2	3.0	3.5	4.1
Loan-to-equity ratio	17.2	16.9	16.1	16.5	17.1
Total weighted items	95,088	84,114	74,761	74,263	70,283
Core capital (tier 1) after deduction	10,290	9,701	9,025	8,538	7,882
Shareholders' equity	10,374	9,710	9,029	8,548	7,946
Average shareholders' equity	10,042	9,379	8,840	8,257	7,891
Lending, beginning of year	161,365	145,067	141,036	136,220	130,797
Lending, guarantees and impairment losses	180,104	165,046	145,811	141,714	136,983
Operating expenses	686	668	583	714	660
BRFkredit a/s					
Capital adequacy ratio	13.0	13.8	14.5	13.9	12.2
Core capital ratio	11.3	12.0	12.5	11.8	11.6
Return on equity before tax (%)	7.9	8.2	5.4	9.2	3.3
Return on equity after tax (%)	6.2	7.0	4.2	7.1	1.4
Earnings per unit of cost (DKK)	2.22	2.21	1.87	2.08	1.39
Foreign exchange position (%)	2.0	1.6	1.5	0.5	0.4
Accumulated impairment ratio	0.0	0.1	0.2	0.3	0.3
Impairment ratio for the year	-0.1	-0.1	-0.1	0.0	0.0
Growth in lending during the year (%)	10.7	11.3	2.9	3.4	3.9
Loan-to-equity ratio	16.9	16.7	15.9	16.3	17.0
Total weighted items	90,928	80,930	72,334	72,312	68,226
Core capital (tier 1) after deduction	10,290	9,701	9,025	8,538	7,882
Shareholders' equity	10,374	9,710	9,029	8,548	7,946
Average shareholders' equity	10,042	9,379	8,840	8,257	7,891
Lending, beginning of year	159,615	143,441	139,412	134,857	129,812
Lending, guarantees and impairment losses	175,340	162,427	143,727	139,824	135,272
Operating expenses	645	634	551	705	639

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.

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Amounts in DKK million

	BRFkredit Group		BRFkredit a/s	
	2006	2005	2006	2005
37 CAPITAL ADEQUACY STATEMENT ¹⁾				
Core capital (tier 1) after deduction ²⁾	10,290	9,701	10,290	9,701
Own funds (capital base) ³⁾	11,858	11,193	11,858	11,193
Weighted items outside trading portfolio, including off-balance sheet items	88,416	79,494	85,460	77,165
Weighted items with market risk etc.	6,672	4,621	5,468	3,765
Total weighted items	95,088	84,114	90,928	80,930
Core capital (tier 1) after deduction as % of total weighted items	10.8	11.5	11.3	12.0
Capital adequacy ratio ³⁾	12.5	13.3	13.0	13.8
BRFkredit's capital requirement according to rules of Financial Supervisory Authority ⁴⁾	7,607	6,729	7,274	6,474

1) BRFkredit operates with two capital concepts: core capital (tier 1) after deduction and own funds (capital base), both of which are continuously monitored/managed. The capital requirement is assessed in relation to risk-weighted assets (pillar 1) and in relation to the capital adequacy requirement (pillar 2) computed in accordance with the rules of the Financial Supervisory Authority. The definition of capital concepts and monitoring of the area are unchanged from 2005.

2) Core capital after deduction is derived by deducting intangible assets of DKK 8m and revaluation reserve of DKK 76m from shareholders' equity.

3) Own funds are derived by adding subordinated capital of DKK 1,492m and revaluation reserve of DKK 76m to core capital after deduction.

4) BRFkredit complied with the capital adequacy requirement throughout 2006 with a margin at the above level.

38 CAPITAL GAINS AND LOSSES ON FINANCIAL ASSETS AND LIABILITIES	2006	2005
Fair value adjusted in income statement		
Trading portfolio (fixed-income instruments)	27	-191
Decided at fair value (shares etc.)	152	284
Available for sale		
Recognised directly in equity	48	34
Transferred from equity and recognised in income statement	-	34

39 INTEREST INCOME AND EXPENSES ON FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE IN INCOME STATEMENT	2006	2005
Receivables from credit institutions and central banks etc.	136	237
Loans and other receivables at amortised cost	102	65
Payables to credit institutions and central banks	-65	-28
Deposits and other payables	-29	-19
Financial liabilities at amortised cost	-56	-45

40 FEES, CHARGES AND EXPENSES RELATING TO FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE IN INCOME STATEMENT	2006	2005
Outstanding balances with credit institutions and central banks etc.	-0	-0
Loans and other receivables at amortised cost	5	4
Deposits and other payables	1	2

41 INTEREST INCOME FROM IMPAIRED FINANCIAL ASSETS

Interest income on financial assets in the BRFkredit Group on which an impairment loss had been recorded came to DKK 76m in 2006 (DKK 88m in 2005.)

	BRFkredit Group	
	2006	2005
42 IMPAIRMENT OF FINANCIAL INSTRUMENTS (CLASSES)		
Shares etc.	1	0
Loans and other receivables at amortised cost	1	1
Loans and other receivables at fair value	67	151
Total	69	152

	2006	2005
43 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE		
Financial assets at fair value adjusted in income statement:		
<i>Trading portfolio</i>		
Bonds at fair value	8,810	24,210
Other assets – derivative financial instruments (note 16)	33	4
<i>Decided at fair value</i>		
Loans and other receivables at fair value	175,037	162,340
Shares at fair value (note 17)	720	687
Financial assets available for sale		
Shares available for sale (note 17)	273	219
Loans and receivables		
Cash in hand and demand deposits with central banks	6	75
Receivables from credit institutions and central banks	12,039	17,170
Loans and other receivables at amortised cost	3,460	1,671
Financial liabilities at fair value adjusted in income statement:		
<i>Trading portfolio</i>		
Other liabilities – derivative financial instruments (note 28)	47	25
<i>Decided at fair value</i>		
Issued bonds at fair value	179,474	185,277
Financial liabilities at amortised cost		
Payables to credit institutions and central banks	3,620	3,944
Deposits and other payables	1,469	1,261
Subordinated capital	1,493	1,492

44 REPO AND REVERSE TRANSACTIONS

Reverse transactions

In connection with reverse transactions concluded, BRFkredit has received bonds as security for the cash funds invested. The fair value of the bonds received is DKK 3,916m. In keeping with its management of interest rate risk, the BRFkredit Group has sold back bonds for DKK 948m.

Repo transactions

In connection with repo transactions concluded, bonds transferred temporarily are still recognised in the balance sheet in compliance with the set of rules. As the transferred bonds have merely been "lent" for a temporary period, the BRFkredit Group is still exposed to interest rate risk, and the "lent" bonds are consequently included in the overall management of interest rate risk. The carrying amount of these bonds is DKK 2,369m.

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Amounts in DKK million

45 HEDGE ACCOUNTING	BRFkredit Group	
	2006	2005
Hedging of fixed-rate loan		
Acquisition price	57	57
Carrying amount	63	68
Fair value	63	68
Nominal value	57	57
Market value adjustment	6	11
Underlying financial instruments		
Nominal value of interest rate swap	56	56
Carrying value of interest rate swap	-6	-10
Fair value of interest rate swap	-6	-10
Market value adjustment of interest rate swap	-6	-10

The fair value of the above-mentioned transaction has been hedged. The hedged item is a fixed-rate loan at a nominal value of DKK 56.7m. The hedging instrument is an interest rate swap of DKK 56.4m. After hedging, interest rate risk has practically been eliminated.

46 INFORMATION ON FAIR VALUE OF FINANCIAL INSTRUMENTS NOT RECOGNISED AT FAIR VALUE – BRFKREDIT GROUP	Carrying amount		Fair value	
	2006	2005	2006	2005
Loans and other receivables at amortised cost	3,460	1,671	3,465	1,688
Subordinated capital	1,493	1,492	1,507	1,501

For other financial assets and liabilities that are not recognised at fair value, the carrying amount primarily equals the fair value.

> NOTE 47

Amounts in DKK million

47 TRANSACTIONS WITH RELATED PARTIES

The Company is wholly owned by BRFFholding a/s, which again is wholly owned by BRFFonden, which is the ultimate parent of BRFFkredit a/s.

BRFFkredit's related parties exercising significant influence comprise:

The Company's parent company and ultimate parent, see above.

The Company's subsidiaries, see note 49.

The Company's associated undertakings, see note 24, and their subsidiaries.

Byggeriets Realkreditfonds Understøttelsesfond, which is a pension fund for certain employees of the Company.

The Company's Board of Directors and Board of Management as well as the parent company's Board of Directors and Board of Management.

BRFFkredit undertakes continuing business with all above-mentioned groups of related parties.

BRFFkredit has concluded agreements on joint administrative tasks with parent companies, subsidiaries and one associated company.

BRFFkredit rents and leases out premises from and to subsidiaries.

One subsidiary has furnished BRFFkredit with land registration guarantees and advance mortgage guarantees.

The agreements are on an arm's length basis.

The remuneration of the Board of Directors and Board of Management appears from note 6 to the financial statements.

The following transactions have been concluded with related parties:

2005

	Interest income	Interest expenses	Fees, charges and commission income	Fees, charges and commissions paid	Other operating income	Staff costs and administrative expenses
Parent companies	-	1	-	-	0	-
Subsidiaries	14	2	0	12	5	1
Associated undertakings	0	-	-	-	2	-
Board of Directors	0	-	0	-	-	-
Other related parties	-	5	-	-	0	-
	15	7	0	12	8	1

2006

	Interest income	Interest expenses	Fees, charges and commission income	Fees, charges and commissions paid	Other operating income	Staff costs and administrative expenses
Parent companies	-	2	-	-	0	-
Subsidiaries	27	2	-	6	6	1
Associated undertakings	0	-	-	-	-	-
Board of Directors	0	0	-	-	-	-
Other related parties	-	6	-	-	0	-
	28	10	0	6	6	1

The parent company received dividends from associated undertakings of DKK 0m (2005: DKK 0m).

The parent company did not receive dividends from subsidiaries in 2006 or 2005.

> NOTES 48 49

Amounts in DKK million

The following outstanding balances with related parties existed at year-end

31 december 2005	Receivables from credit institutions etc.	Loans and other receivables	Other assets	Payables to credit institutions etc.		Issued bonds at fair value
Parent companies	-	-	-	50		-
Subsidiaries	3,481	174	1	0		-
Associated undertakings	-	4	-	-		-
Board of Directors	-	9	-	-		-
Other related parties	-	-	-	-		137
	3,481	187	1	50		137

31 december 2006	Receivables from credit institutions etc.	Loans and other receivables	Other assets	Payables to credit institutions etc.	Other liabilities	Issued bonds at fair value
Parent companies	-	-	-	50	-	-
Subsidiaries	4,062	372	5	195	5	-
Associated undertakings	-	2	0	-	-	-
Board of Directors	1	5	-	-	-	-
Other related parties	-	-	-	-	-	133
	4,063	380	5	245	5	133

Out of receivables from subsidiaries at 31 December 2006, demand deposits with BRFBank accounted for DKK 4,062m (2005: DKK 3,481m), whereas DKK 350m (2005: DKK 150m) related to subordinated capital provided to BRFBank as a floating-rate loan repayable in 2014 (DKK 150m) and 2017 (DKK 200m) unless BRFBank terminates the loan at one month's notice. Other receivables include a fixed-rate mortgage loan of DKK 22m (2005: DKK 24m) to Ejendomsselskabet Nørreport and various other receivables of DKK 5m (2005: DKK 1m).

Out of payables to subsidiaries at 31 December 2006, payables in demand deposits with BRFBank accounted for DKK 195m (31 December 2005: DKK 0m). Other payables related to intercompany accounts in a total amount of DKK 50m (31 December 2005: DKK 50m).

The Company had granted a mortgage loan to an associated undertaking of DKK 2m at 31 December 2006 (31 December 2005: DKK 4m). The loan had been granted on normal business terms, and interest and principal payments during the year were DKK 2m (31 December 2005: DKK 0m).

In 2006 the Company did not increase the capital of subsidiaries (2005: DKK 17m) or associated undertakings (2005: DKK 20m).

The Company had granted mortgage loans to members of the Board of Directors and Board of Management with an outstanding loan balance of DKK 5m at 31 December 2006 (31 December 2005: DKK 9m). All the loans had been granted on normal business terms and amounted to DKK 2m for fixed-rate loans carrying interest at 4-5% and DKK 3m for floating-rate loans carrying interest at 2-3%. The Board of Directors and Board of Management made interest and principal payments of DKK 1m in 2006 (2005: DKK 1m).

The Company had not provided guarantees to the Board of Directors of the Company.

At 31 December 2006 Byggeriets Realkreditfonds Understøttelsesfond had a portfolio of mortgage bonds issued by BRFKredit of DKK 133m (31 December 2005: DKK 137m).

The Company had not granted loans or provided guarantees to the Board of Management of the Company or its parent company.

48 POST BALANCE SHEET EVENTS

No events have occurred after the balance sheet date that would influence the income statement or balance sheet set out in these financial statements.

> NOTES 49 50 51

49 CONSOLIDATED COMPANIES

Name and registered office	Share capital at year-end ^{*)}	Equity at year-end ^{*)}	Shareholding %	Profit ^{*)}
Subsidiaries included in consolidation				
BRFbank a/s, Kgs. Lyngby	165	634	100	37
Ejendomsselskabet Nørreport 26, 8000 Århus C. A/S, Århus	5	52	100	3
Ejendomsselskabet Nørgaardsvej 37-41, 2800 Lyngby A/S, Kgs. Lyngby	2	15	100	-3

Parent companies preparing consolidated financial statements

BRFkredit a/s is included as a subsidiary of the following companies, which prepare consolidated financial statements:

BRFholding a/s, Kgs. Lyngby

BRFfonden, Kgs. Lyngby

^{*)} According to latest published financial statements

50 CREDIT RISKS

The BRFkredit Group's credit risk exposure is described in detail in the management's review under "Risk management". To supplement the management's review, the following information has been included:

The BRFkredit Group's maximum credit risk on financial assets decided at fair value (loans and shares) is theoretically DKK 175,757m. Because of the collateral security involved in mortgage loans, however, the actual credit risk associated with mortgage lending is limited. A statement of impairment according to IFRS entailed an impairment requirement relating to credit risk of DKK 67m at the end of 2006, which was DKK 84m down from the level at 1 January 2006.

The BRFkredit Group's maximum credit risk on fixed-income instruments (bonds and financial derivatives with a positive market value) theoretically amounts to DKK 8,843m. As all counterparties are major financial institutions within the EU, credit risk is assessed to be minimal.

In respect of loans of DKK 187m, workout agreements to reschedule one or more loan payments have been concluded.

51 MARKET RISKS ^{1, 2)}	BRFkredit Group	
	2006	2005
Interest rate risk, Financial Supervisory Authority method	352	215
Interest rate risk, Internal method	284	21

1) The difference between the Financial Supervisory Authority's method and the internal method is that risk is summed across currencies in the internal method so that a positive interest rate risk is offset against negative interest rate risk in EUR. Both methods are based on the Financial Supervisory Authority's deduction factors.

2) BRFkredit Group's market risk exposure is described in detail in the management's review under "Risk management".

> NOTE 52

Amounts in DKK million

52 LIQUIDITY RISKS BY REMAINING TERM TO MATURITY	BRFkredit Group		BRFkredit a/s	
	2006	2005	2006	2005
Receivables from credit institutions and central banks				
On demand	3,307	5,244	4,209	4,770
Up to 3 months	8,615	11,910	8,465	11,710
Over 3 months and up to 1 year	103	2	103	2
Over 1 year and up to 5 years	13	12	13	12
Over 5 years	2	2	2	2
Total	12,039	17,170	12,791	16,496
Loans and other receivables ¹⁾				
On demand	400	110	-	-
Up to 3 months	2,454	2,631	1,046	2,189
Over 3 months and up to 1 year	6,103	5,085	5,326	4,619
Over 1 year and up to 5 years	24,957	21,325	24,466	20,949
Over 5 years	144,584	134,860	144,421	134,504
Total	178,498	164,011	175,259	162,261
Payables to credit institutions and central banks				
On demand	423	52	317	190
Up to 3 months	3,197	3,742	3,197	3,718
Over 3 months and up to 1 year	-	149	-	-
Over 1 year and up to 5 years	-	-	-	-
Over 5 years	-	-	-	-
Total	3,620	3,944	3,515	3,908
Deposits and other payables				
On demand	1,277	1,097	-	-
Up to 3 months	193	165	-	-
Over 3 months and up to 1 year	-	-	-	-
Over 1 year and up to 5 years	-	-	-	-
Over 5 years	-	-	-	-
Total	1,469	1,261	-	-
Issued bonds at fair value ¹⁾				
Up to 3 months	27,821	33,180	27,821	33,180
Over 3 months and up to 1 year	2,579	3,171	2,579	3,171
Over 1 year and up to 5 years	53,848	66,742	53,848	66,742
Over 5 years	95,226	82,184	95,226	82,184
Total	179,474	185,277	179,474	185,277

Financial guarantees

The BRFkredit Group's financial guarantees at the end of 2006 were DKK 1,517m (2005: DKK 861m). The financial guarantees relate to conveyance and payment guarantees where the BRFkredit Group historically has incurred no loss, and the cash flow effect is therefore expected to be DKK 0. Financial guarantees are usually for a term of under 1 year.

1) The cash flow imbalance between mortgage loans (the main item of "Loans and other receivables") and issued bonds at fair value is due to the fact that 30-year ARM loans are funded by bonds with maturities of 1-10 years.

53 DIFFERENCE BETWEEN CONSOLIDATED FINANCIAL STATEMENTS PRESENTED UNDER IFRS AND CONSOLIDATED FINANCIAL STATEMENTS FILED WITH THE DANISH FINANCIAL SUPERVISORY AUTHORITY

In accordance with IFRS, the net increase in the value of shares in 2005, which is classified as "available for sale", see accounting policies, is recognised in equity until the asset is capitalised, after which the gain is transferred to the income statement. According to the rules of the Danish Financial Supervisory Authority, the value adjustments during the year are required to be recognised directly in the income statement.

This difference means that the consolidated net profit for 2006 is DKK 48.0m lower in the annual report than the amount reported to the Financial Supervisory Authority in compliance with the Authority's rules. Shareholders' equity is identical in the two calculations.

54 DIRECTORSHIPS AND EXECUTIVE POSITIONS

Directorships and executive positions held by the Board of Directors

The members of the Board of Directors have disclosed the following directorships and executive positions with other Danish public limited companies, except for wholly-owned subsidiaries:

Oluf Engell

Chairman of the boards of directors of:
BRFholding a/s
Dades a/s
Aktieselskabet Einar Willumsen

Member of the boards of directors of:
Andersen & Martini A/S
Bella Center A/S
Det Berlingske Officin A/S
Haldror Topsøe A/S

Kristian May

Member of the executive board of:
MT Højgaard A/S

Member of the board of directors of:
Ejendomsaktieselskabet Kejsergade

Lars Henrik Munch

Chairman of the board of directors of:
Skandinavisk Film Kompagni Holding A/S

Member of the executive board of:
JP/Politikens Hus A/S

Thomas Sandelius

Member of the board of directors of:
BRFholding a/s

Kurt Bligaard Pedersen

Member of the executive board of:
DONG Naturgas A/S

Member of the board of directors of:
BRFholding A/S

Aksel Nissen

Member of the board of directors of:
Danespo A/S

Troels Behr

Chairman of the board of directors of:
Arkitekttegnestuen Virumgård A/S

Member of the boards of directors of:
A/S Matr.nr. 432 af Amagerbro
Peter Juel Jeppesen A/S

Directorships and executive positions held by the Board of Management

The Board of Directors has approved the following directorships and executive positions held by the following members of the Board of Management:

Sven A. Blomberg

Chairman of the boards of directors of:
BRFbank a/s
Ejendomsselskabet Nørgaardsvej 37-41,
2800 Lyngby A/S

Member of the boards of directors of:
Værdipapircentralen A/S
Stig Jørgensen & Partners A/S

Member of the executive board of:
BRFholding A/S

Carsten Tirsbæk Madsen

Member of the boards of directors of:
BRFbank a/s
Ejendomsselskabet Nørgaardsvej 37-41,
2800 Lyngby A/S
Realkreditnettet Holding A/S

Name:	Age:	Elected to Board of Directors:
Oluf Engell	61	April 1991
Kristian May	50	April 2006
Troels Behr	61	Maj 1990
Lars Henrik Munch	47	April 2002
Aksel Nissen	62	April 2003
Kurt Bligaard Pedersen	47	April 2001
Laila Busted	46	April 1999
Jan Frederiksen	51	April 2003
Thomas Sandelius	40	August 2002

> SERIES ACCOUNTS

Amounts in DKK million

The series accounts of BRFkredit a/s have been prepared in compliance with Order of 20 November 1995 of the Danish Financial Supervisory Authority on Series Accounts of Mortgage Credit Institutions. The series accounts have been summarised below at "association level", cf. section 30(3) of the Order.

The summary and the transfers between the series have been prepared in compliance with the Board of Directors' proposal for distribution of net profit. The full and complete series accounts are available from BRFkredit a/s on demand.

SUMMARY SERIES ACCOUNTS

	Husejernes Kreditkasse	BRFkredit series with join and several	BRFkredit Capital Centre B	General Capital Centre	Total
Income statement for 2006					
Income from lending	0	34	619	70	723
Interest on subordinated capita	0	0	0	56	56
Interest etc., net	1	34	522	210	766
Administrative expenses etc., net	1	29	458	286	774
Write-offs and provisions for losses on loans	0	-15	-48	-68	-131
Tax	0	11	157	1	170
Net profit for the year	0	41	574	4	620
Balance sheet at 31 December 2006					
Assets ¹⁾					
Mortgage loans etc.	215	13,306	146,365	14,886	174,773
Other assets	32	1,318	58,215	5,578	65,142
Total	247	14,624	204,580	20,464	239,915
Liabilities and equity					
Issued mortgage bonds etc.	234	14,000	193,322	16,591	224,148
Other liabilities	4	238	3,326	333	3,901
Subordinated capital	4	0	0	1,488	1,493
Shareholders' equity	4	386	7,931	2,052	10,374
Total	247	14,624	204,580	20,464	239,915
1) Assets in series accounts					
Assets in financial statements					199,528
Assets in series accounts					239,915
Difference					-40,388
The difference is due to:					
Offsetting of own issued mortgage bonds – note 14					-40,388

> AUDIT OPINIONS

Internal auditor's opinion

The summary of the series accounts at association level has been prepared on the basis of the Annual Report and series accounts of BRFkredit a/s for the year ended 31 December 2006, which we have audited. We have verified that the summary has been prepared in compliance with the underlying series accounts and Order No. 872 of 20 November 1995 of the Danish Financial Supervisory Authority.

Kgs. Lyngby, 27 February 2007

Arne List
Head of Internal Audit Department

Independent auditors' opinion

The summary of the series accounts at association level has been prepared on the basis of the Annual Report and series accounts of BRFkredit a/s for the year ended 31 December 2006, which we have audited. In cooperation with the Company's Internal Audit Department, we have verified that the summary has been prepared in compliance with the underlying series accounts and Order No. 872 of 20 November 1995 of the Danish Financial Supervisory Authority.

Hellerup, 27 February 2007

Kim Fücksel
State-Authorised Public Accountant

Jesper Edelbo
State-Authorised Public Accountant

Balance principle

The provision of the Danish Mortgage Loans and Mortgage Bonds Act requiring a constant balance between loans granted and bonds issued. Annual payments to bondholders are allowed to differ from payments on the underlying mortgages only to a very limited extent, and no differences are allowed in currency and redemption terms for mortgages and bonds.

Bond series

Group of bonds subject to similar terms in respect of repayment and redemption terms and type of interest.

Capital adequacy ratio

An indication of BRFKredit's capital adequacy, this ratio is computed as the relationship in % between own funds and risk-weighted assets and market-risk items. Danish legislation requires a minimum ratio of 8%, both for all assets and for assets in each series.

Capital centre

A capital centre is a group of bond series and underlying mortgages that are legally separate from BRFKredit's other bond series and mortgages. The capital centre has a separate series reserve fund (own funds), which must account for at least 8% of the risk-weighted assets in the capital centre under the Danish Financial Business Act.

Cash flow statement

The cash flow statement shows BRFKredit's cash flows from operating activities, investing activities, financing activities as well as lending and funding activities during the financial year. The bond portfolio is defined as being included in cash and cash equivalents.

In mortgage credit institutions, a cash flow statement will often be strongly affected by the fact that "money" is the product they trade in. Hence, at mortgage refinancing wave will often generate considerable surplus liquidity because loan amounts paid prematurely by borrowers are received at the effective date of prepayment, whereas the prepaid instalments are not transferred to the owners of BRFKredit's bonds until the following loan repayment date. Surplus liquidity is also generated when borrowers conclude fixed-price agreements for the disbursement of their loans as BRFKredit issues and sells the underlying bonds at the date when the price is locked in, whereas the cash funds are not transferred to the borrower until the date of disbursement.

Finally, circumstances relating to the refinancing of adjustable rate mortgage loans have a substantial impact on cash flows from lending and funding activities.

Commissions

Amounts paid by borrowers on each repayment date in addition to interest and principal payments and representing BRFKredit's margin.

Core capital

Supplementary capital (tier 2) is included in own funds. Corresponds to shareholders' equity, which is made up of series reserve funds, share capital and reserves.

Front-end fee

Amount paid when a loan is taken out to meet some of the loan establishment costs.

General Capital Centre

"The General Capital Centre" comprises the mortgage business not included in series with joint and several liability or in Capital Centre B.

Joint and several liability

Means that borrowers within a particular series (comprising one or more bond series) are liable both as a group and separately for any losses arising if the series reserve funds are insufficient to cover such losses.

Own funds (capital base)

The equity concept used for the calculation of capital adequacy ratio. Is the sum of core capital (tier 1) and supplementary capital (tier 2).

Risk-weighted assets

The sum of BRFKredit's assets where each asset category is weighted according to risk in compliance with the EU capital adequacy ratio directive. Used for calculating capital adequacy ratio.

Series

Loans and underlying bonds as well as other assets and liabilities specifically connected to the series. The series has its own series reserve funds, which are the shareholders' equity in the series.

Subordinated capital

Capital which, under special circumstances, may be included in own funds as supplementary capital (tier 2).

Supplementary capital

Supplementary capital (tier 2) is included in own funds. Comprises subordinated capital.

Swap

The exchange of cash flows on loans. Can be the exchange of a fixed-rate loan for an adjustable rate mortgage loan or the exchange of one currency for another.

BRFcredit

BRFkredit a/s
Klampenborgvej 205
DK-2800 Kgs. Lyngby

Telephone +45 45 93 45 93
Fax +45 45 93 45 22
E-mail brfcredit@brf.dk
www.brf.dk

CVR no. 13409838

