

2014

ANNUAL REPORT

ANNUAL REPORT 2014 THE BRFKREDIT GROUP¹⁾**MANAGEMENT'S REVIEW**

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¹ In the following, the BRFkredit Group will be referred to as BRFkredit.

SUMMARY OF INCOME STATEMENT	2014	2013	Index	2012	2011	2010
DKKm			14/13			
Net interest income	2,116	1,986	107	1,653	1,685	1,644
Net fee and commission income	185	105	176	30	-73	-45
Value adjustments, etc. (- is an expense)	-632	-229	276	-30	-101	-259
Other income	15	8	188	2	5	9
Income	1,684	1,870	90	1,655	1,516	1,349
Expenses	963	953	101	910	930	857
Profit before loan impairment charges and provisions for guarantees	721	918	79	745	586	492
Loan impairment charges and provisions for guarantees	1,069	505	212	493	459	471
Pre-tax profit	-348	413	-84	252	127	21
Tax (- is income)	-72	110	-65	66	33	7
Post-tax profit or loss	-276	302	-91	185	95	14

SUMMARY OF BALANCE SHEET, END OF PERIOD	2014	2013	Index	2012	2011	2010
DKKm			14/13			
Bank loans and advances	2,801	3,271	86	3,516	3,489	4,588
Mortgage loans	220,301	205,748	107	204,114	201,980	208,388
Bonds and shares, etc.	27,768	20,870	133	15,848	5,231	9,870
Total assets	261,300	233,770	112	229,219	220,870	231,430
Due to credit institutions and central banks	12,036	12,441	97	6,157	5,211	11,401
Bank deposits	4,990	5,343	93	5,250	5,150	5,448
Issued bonds at amortised cost	5,203	8,820	59	7,362	4,499	4,497
Issued bonds at fair value ¹⁾	223,826	193,147	116	196,511	189,888	193,886
Equity	11,084	10,362	107	10,048	9,859	9,742

¹⁾ In 2014 and in 2013, the holding of own mortgage bonds in the amount of DKK 66bn and DKK 61bn, respectively, was offset against issued bonds.

SELECTED KEY FIGURES	2014	2013	2012	2011	2010
Pre-tax profit as a percentage of average equity	-3.2	4.0	2.5	1.3	0.2
Profit for the year as a pct. of av. equity	-2.6	3.0	1.9	1.0	0.1
Income/cost ratio (%)	0.8	1.3	1.2	1.1	1.0
Accumulated impairment ratio (%)	1.1	0.9	0.8	0.8	1.0
Impairment ratio for the year (%)	0.5	0.2	0.2	0.2	0.2
Capital ratio (%)	17.7	16.6	15.2	16.0	13.5
Common Equity Tier 1 capital ratio (CET) (%)	17.5	16.6	15.2	16.0	13.5
Individual solvency requirement (%)	10.8	10.5	10.3	9.5	8.7
Capital base (DKKm)	10,929	9,815	9,297	11,402	11,143
Total risk exposure	61,845	59,227	61,045	71,297	82,840
Number of full-time employees, year-end	793	869	820	799	747

The financial ratios are based on the definitions and guidelines laid down by the Danish Financial Supervisory Authority. With effect from 2014, the capital ratio and core capital ratio are calculated in accordance with CRD IV/CRR. Comparative figures have not been restated accordingly.

SUMMARY

- Pre-tax profit or loss: DKK -348m (2013: DKK 413m)
 - Pre-tax profit or loss corresponded to an annualised return of -3.2% on average equity (2013: 4.0%)
 - Loan impairment charges and provisions for guarantees: DKK 1,069m (2013: DKK 505m)
 - Mortgage loans: DKK 220.3bn (2013: DKK 205.8bn)
 - Capital ratio: 17.7% (2013: 16.6%), of which the Common Equity Tier 1 capital ratio was 17.5% (2013: 17.2%)
 - Individual solvency requirement: 10.8 % (2013: 10.5 %)
-

COMMENTS BY MANAGEMENT

In connection with the presentation of the Annual Report 2014, Carsten Tirsbæk Madsen, Chief Executive Officer, states:

'The year was affected by BRFkredit's merger with Jyske Bank, including adjustments of impairment charges and the organisation. The post-tax profit or loss was extraordinarily affected by the considerable impairment charges in the first quarter of 2014.

BRFkredit's proportion of gross new loans increased within all business areas, and in 2014 the portfolio increased by just above DKK 12.2bn due to joint funding cooperation and BRFkredit's own distribution.

In the period after the merger on 1 May 2014, BRFkredit delivered a pre-tax profit of DKK 457m to the Jyske Bank Group.

Core income and core profit before loan impairment charges increased relative to 2013. Costs and expenses developed as expected and cost of capital still showed a falling trend.

At end-2014, BRFkredit's capital base and surplus amounted to DKK 10.9bn and DKK 3.9bn, respectively. In the second quarter of 2014, the share capital was increased due to a cash injection of DKK 1bn from the parent company Jyske Bank. It is assessed that BRFkredit's business operations will over the coming years be able to generate equity sufficient to comply with the future capital adequacy rules to be implemented over the period until 2019.

For 2015, continuing improvement of the core income is expected due to the significant portfolio growth following the merger with Jyske Bank as well as an expected high refinancing activity. The overall result will also depend on the level of losses as well as the development of the securities markets,' concludes Carsten Tirsbæk Madsen.

THE YEAR 2014

MERGER WITH JYSKE BANK

On 24 February 2014, BRFkredit a/s entered into an agreement on a merger with Jyske Bank A/S. The final merger was completed on 30 April 2014, Jyske Bank being the parent company of the surviving group and BRFkredit as a subsidiary subject to Danish mortgage legislation.

BRFkredit continues as an independent brand with its own marketing and its own sales channels for the servicing of new and existing BRFkredit clients. The main line of activity will still be property financing supplemented with banking products and supplementary services relevant to BRFkredit's client segments. The aim is to integrate the subsidiary, BRFkredit Bank a/s, in Jyske Bank in 2015, after which time BRFkredit's sales channels will offer banking products from Jyske Bank.

After the merger with Jyske Bank, an organisational adjustment took place in June 2014, which primarily affected the staff functions. This resulted in 47 job cuts at BRFkredit. Moreover, a number of staff and support functions now report to Jyske Bank instead of BRFkredit. The organisational changes contributed to the realisation of synergies from the merger of the two enterprises.

JOINT FUNDING

In 2014, joint funding made significant contributions to the increase in BRFkredit's lending in the form of floating-rate and fixed-rate home loans secured against owner-occupied homes and second homes. Jointly funded loans rose from DKK 5.4bn at end-2013 to DKK 14.4bn at end-2014. After the transfer of loans on 2 January 2015, the joint funding portfolio amounts to DKK 22.6bn.

FUNDING OF LOANS WITH REFINANCING

In future, mortgage loans with refinancing are covered by the Danish Refinancing Act (L89) with effect as from 1 April 2014. This act entails, among other things, a requirement that it must be possible to extend maturities of bonds if refinancing was not possible when they matured.

In 2014, BRFkredit continued its efforts to reduce refinancing risk on the portfolio of short-term adjustable-rate loans, for instance through further diversification of refinancing. Also BRFkredit introduced a new type of bonds, RTL F (pre-financed), which offers the possibility of postponing the time after which re-

financing must be completed to 3 years against 1 year for traditional short-term RTL bonds.

PRODUCT DEVELOPMENT

In November 2014, BRFkredit launched a new floating-rate bond loan (adjustable-rate loan - short term interest rate) where the interest rate is fixed for 6 months at a time on the basis of the Cita rate. In respect of prices, the product compares with F1 loans and the competitors' Cita loans.

PRICE CHANGES

In 2014, BRFkredit announced a number of price changes in line with other mortgage credit institutions. The prices were raised in respect of spreads between market prices and client's prices at refinancing and the administrative fee for adjustable-rate loans and loans with interest only periods, while prices of fixed-rate loans with instalments have been reduced. The price changes will take effect in the first half of 2015. At the same time all personal clients will be offered a discount of DKK 5,000 if they convert adjustable-rate loans or loans with interest-free periods to fixed-rate loans with instalments. This offer will be valid until 31 December 2015.

The price changes are together with the introduction of a competitive Cita product intended to offer clients enticement to pay off their loans, select longer interest rate fixation periods and look to products with less frequent refinancing. This will, among other things, contribute to making it possible that the portfolio can comply with the requirements of rating agencies and authorities - including the supervisory diamond for mortgage credit institutions.

THE SUPERVISORY DIAMOND FOR MORTGAGE CREDIT INSTITUTIONS

In December 2014, the Danish Financial Supervisory Authority (FSA) published its final supervisory diamond for mortgage credit institutions. The supervisory diamond includes benchmarks for large exposures, lending growth, floating-rate loans, interest-free loans and loans subject to refinancing. The benchmarks stipulate limits that the institutions should basically comply with when the supervisory diamond takes effect as of 2018 - yet not until 2020 in respect of interest-only and loans subject to refinancing. Today, BRFkredit does not exceed the limits in respect of large exposures and lending growth. By implementing a number of initiatives, BRFkredit expects to be compliant before they take effect.

PROFIT FOR THE YEAR 2014

CORE PROFIT AND NET PROFIT FOR THE YEAR DKKm	2014	2013	Index 14/13	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Net interest income ¹⁾	1,575	1,348	117	444	383	379	369	348
Net fee and commission income, etc.	184	136	135	116	35	18	15	88
Value adjustments	-61	50	-121	-3	-36	3	-25	28
Other income	15	8	186	5	8	1	1	3
Core income	1,713	1,542	111	562	390	401	360	467
Core expenses	963	952	101	247	204	260	251	249
Core profit before loan impairment charges and provisions for guarantees	751	590	127	315	186	141	109	218
Loan impairment charges and provisions for guarantees	1,069	505	212	59	-16	61	965	213
Core profit	-318	85	-374	256	202	80	-856	5
Earnings from investment portfolios	-30	328	-9	-72	18	5	19	222
Pre-tax profit	-348	413	-84	184	220	85	-837	227
Tax (- is income)	-72	110	-65	38	51	23	-184	61
Post-tax profit or loss	-276	302	-91	146	169	62	-653	166
¹⁾ Of which cost of capital	137	250	55	26	27	35	49	59

BRFKREDIT'S SEGMENTS

The BRFkredit Group consists of the parent company BRFkredit a/s, BRFkredit Bank a/s, Ejendomsselskabet Nørreport 26, 8000 Århus C. A/S and also Ejendomsselskabet Nørgaardsvej 37 – 41, 2800 Lyngby A/S.

BRFkredit's business activities are divided into two segments:

- 1) Mortgage lending and Banking
- 2) Earnings from investment portfolios

MORTGAGE LENDING AND BANKING

Mortgage lending and Banking comprises financial activities in the business areas of personal clients, corporate clients and subsidised housing as well as the activities of BRFkredit Bank. The segment also comprises a risk-free return on the own securities portfolio as well as income from joint funding.

CORE PROFIT BEFORE LOAN IMPAIRMENT CHARGES AND PROVISIONS FOR GUARANTEES

In 2014, core earnings before loan impairment charges and provisions for guarantees amounted to DKK 751m against DKK 590m for 2013.

Core income consists of contribution income, brokerage and fee income from mortgage activities as well as income from bank lending and amounted to DKK 1,713m in 2014 against DKK 1,542m in 2013.

In 2014, contribution income amounted to DKK 1,444m against DKK 1,382m in 2013. The increase was primarily

caused by higher contribution rates. Due to the higher level of activity compared to 2013, net fee and commission income, etc. increased by DKK 48m and amounted to DKK 184m in 2014 against DKK 136m in 2013. The increase was significant in the fourth quarter of 2014 due to higher refinancing activities.

Cost of capital relating, among other things, to covered bond (SDO) and rating requirements fell by DKK 113m and amounted (net) to DKK 137m in 2014 against DKK 250m in 2013. The fall could primarily be attributed to a lower issue of Senior Secured Bonds in 2014 compared to 2013 due to a lowering of Standard & Poor's requirements of additional collateral at BRFkredit's capital centres.

Core expenses rose by 1.2% and amounted to DKK 963m in 2014 compared to DKK 952m in 2013. The increase in the expenses can primarily be attributed to one-off expenses of DKK 17m relating to job cuts at BRFkredit in June 2014.

CORE EXPENSES DKKm	2014	2013
Employee expenses	664	639
IT	119	135
Rent, etc.	30	35
Amortisation, depreciation and impairment	19	19
Other administrative expenses	119	111
Other operating expenses	12	14

LOAN IMPAIRMENT CHARGES AND PROVISIONS FOR GUARANTEES

LOANS, ADVANCES AND GUARANTEES DKKm	2014	2013	Index 14/13	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Loans, advances and guarantees	223,609	209,531	107	223,609	221,129	214,130	211,462	209,531
Past due mortgage loans (90 days)	1,602	1,655	97	1,602	1,233	1,332	1,308	1,655
Loans and advances assessed individually: Impaired loans and advances before impairment charges and provisions for guarantees	7,248	5,497	132	7,248	7,578	6,244	5,231	5,497
Impairment charges	2,138	1,374	156	2,138	2,026	1,890	1,443	1,374
Loans and advances with OEI after loan impair- ment charges	5,110	4,123	124	5,110	5,552	4,354	3,788	4,123
Balance of loan impairment charges and provi- sions for guarantees	2,516	1,873	134	2,516	2,551	2,677	2,725	1,873
Individual impairment charges and provisions for guarantees	2,138	1,374	156	2,138	2,026	1,890	1,443	1,374
Collective impairment charges and provisions for guarantees	379	499	76	379	525	787	1,282	499
Loan impairment charges and provisions for guarantees (effect on income statement)	1,069	505	212	59	-18	63	965	212

Total loan impairment charges and provisions for guarantees for 2014 constituted an expense of DKK 1,069m. Loan impairment charges and provisions for guarantees were adversely affected by the FSA's guidelines on individual impairment charges and provisions published in March 2014. BRFkredit interpreted and implemented the new guidelines in the first quarter of 2014, which together with the reassessment and alignment of the accounting estimates of the Jyske Bank Group caused the indication of impairment to increase by DKK 822m to a total of DKK 965m in the first quarter of 2014.

Relative to total loans, the effect from the impairment charges on the income statement amounted to 0.5% in 2014 against 0.2% in 2013. Of the total effect on income statement, DKK 843m related to BRFkredit a/s and DKK 226m to BRFkredit Bank a/s.

The effect on income statement was distributed with an expense of DKK 299m on personal clients and an expense of DKK 770m on corporate clients.

Rising property prices in the major urban areas have a positive effect on BRFkredit's collateral. The numbers of credit events observed are still falling, both in the personal client as well as the commercial segment. It is assessed that the observed credit events are getting close to the expected average seen over an economic cycle.

Also, the number of foreclosures has fallen. BRFkredit's holding of assets held temporarily amounted to DKK 230m at end-2014 against DKK 301m at end-2013. Assets held temporarily are in the financial statements recognised at market value, cf. accounting policies.

Rising house prices in the major urban areas and the prospects of continued low unemployment and a low level of interest rates will have a positive impact on credit quality for the private portfolio in 2015. Outside the major urban areas, no significant improvement in respect of losses is expected.

There is positive view of the underlying credit quality of corporate loans. The large impairment charges in the first quarter of 2014 were caused by the more stringent guidelines for loan impairment charges.

At end-2014, the BRFkredit had seven exposures amounting to more than 10% of the capital base. None of these exposures are in arrears. The concentration risk is followed closely and all large exposures are monitored on an on-going basis.

The total balance of loan impairment charges and provisions for guarantees amounted to DKK 2,516m at end-2014, corresponding to 1.1% of total loans. Of this, collective impairment charges amounted to DKK 379m against DKK 499m at end-2013.

For many years, BRFkredit has not granted loans to agriculture, forestry and market gardening. The individual impairment charges amounted to DKK 0m for this loan segment. The total portfolio of loans for agriculture, etc. amounted to DKK 54m at end-2014 (2013: DKK 53m).

The arrears rate measured 90 days after the September repayment date amounted to 0.5% in 2014, against 0.6% in 2013. The arrears rate measured 15 days after the December 2014 repayment date amounted to 1.4% and was unchanged against the December repayment date in 2013.

ARREARS RATE

Repayment dates	Dec. 2014	Sept. 2014	June 2014	March 2014	Dec. 2013	Sept. 2013
After 90 days	-	0.5	0.4	0.5	0.5	0.6
After 15 days	1.4	1.4	1.4	1.5	1.4	1.9

EARNINGS FROM INVESTMENT PORTFOLIOS

EARNINGS FROM INVESTMENT PORTFOLIOS DKKm	2014	2013	Index 14/13	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Net interest income	514	550	93	105	138	131	140	143
Value adjustments	-544	-222	245	-177	-120	-126	-121	79
Earnings from investment portfolios	-30	328	-	-72	18	5	19	222

The earnings from investment portfolios included the return on the securities holding less a risk-free return that were attributed to the core profit.

Earnings from investment portfolios amounted in 2014 to an expense of DKK 30m against an income of DKK 328m in 2013. The earnings from investment portfolios were adversely affected by the continuing low and falling level of interest rates and also the difficult market conditions (widening spreads on Danish adjustable rate mortgage bonds) led to increasing negative value adjustments in the fourth quarter of 2014.

One of the objectives of the investment policy of BRFkredit is to diversify the return relative to the mortgage-credit business. The securities portfolio, which predominantly consisted of interest-bearing instruments, was mainly placed in mortgage bonds as well as financial instruments for risk hedging.

MARKET RISK

Market risk is the risk of loss following movements in the financial markets (interest rate, equity and foreign-currency risks). The most material market risks relate to BRFkredit's securities portfolio for which the interest-rate risk and the spread risk on the bond portfolio are the most important ones. BRFkredit has practically no exposure to foreign currencies. Market risks that stem from the other part of the balance sheet are modest due to the principle of balance and the close correlation between loans and funding, where loans are matched by bond issues in the relationship one to one.

BRFkredit has a large holding of bonds, one reason being the statutory requirements that mortgage credit institutions must at least hold 60% of the capital base requirement placed in especially secure papers, e.g. government bonds or mortgage bonds, corresponding to at least DKK 4.2bn. BRFkredit has investments in especially secure papers much in excess of the statutory requirement.

Interest-rate risk expresses the risk of loss following changes in interest rates corresponding to a parallel shift of the yield curve by 1 percentage point and is measured on a daily basis. BRFkredit's interest-rate instruments, etc. are chiefly placed in bonds with a short time to maturity with a limited interest-rate sensitivity.

At end-2014, BRFkredit's interest-rate risk calculated according to the standardised approach of the FSA came to DKK 136m (2013: DKK 147m), which is considerably below the limit defined by the Supervisory Board as well as the statutory limit. After full offsetting between DKK and EUR, the interest rate risk was negative by DKK 98m. (2013: DKK 75m). It is expected that the low interest-rate level will continue and therefore the mix of the investment portfolio will still reflect low interest-rate risk.

BRFkredit's equity risk was reduced from DKK 300m in 2013 to DKK 235m in 2014. All non-strategic positions were sold at a profit in 2014. The remaining equity holding is outside the trading portfolio and consists of infrastructure equities and strategic equities. If equity prices in general fall by 10%, BRFkredit will suffer an investment loss of DKK 23m.

The currency positions are very modest on BRFkredit's balance sheet and were lowered further in 2014.

BALANCE SHEET

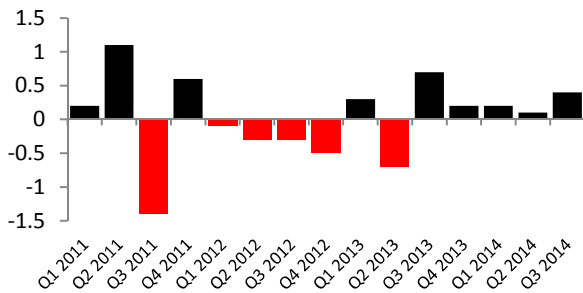
At end-2014, BRFkredit's balance sheet amounted to DKK 261bn against 234bn at end-2013. In 2014, BRFkredit's mortgage loans (inclusive of jointly funded bank mortgage loans) amounted to nominally DKK 213bn. At end 2014, BRFkredit's total loans and advances amounted to a carrying amount of DKK 223bn. Equity was increased by a cash injection of share capital in the amount of DKK 1bn from the parent company Jyske Bank and was reduced by the pre-tax profit/loss of the year, etc. At end-2014, BRFkredit's equity amounted to DKK 11,084m against 10,362m at end-2013.

THE MORTGAGE CREDIT MARKET 2014

SLOW GROWTH IN DANISH ECONOMY

In 2014, the Danish economy grew at a slower pace than expected. The slow growth can very much be attributed to the weak demand as consumer spending is still low in combination with falling exports. Over the year, the development in the labour market was positive with falling unemployment and growing employment. Also, the proportion of vacancies is high compared to recent years. The positive development has not yet had any spill-over effect on households, which are still hesitant and focus on consolidation. In respect of investments, some softening was observed leading to rising investments in 2014. However, there is a certain time delay before investments, such as housing investments, lead to increases in lending growth at the mortgage credit institutions.

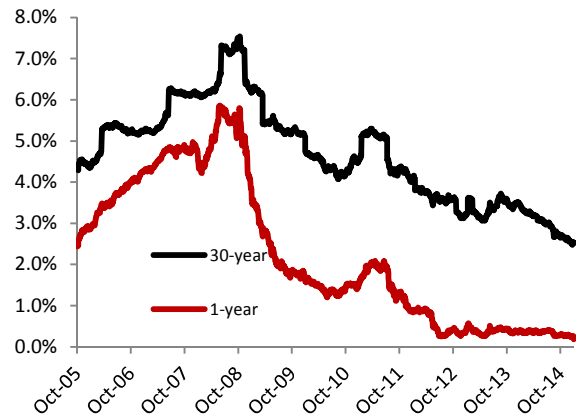
GROWTH RATES GDP



WEAK EUROPEAN GROWTH AND MOUNTING GEOPOLITICAL UNREST AFFECT INTEREST RATES

Not only the Danish economy saw a slow development in 2014. In Europe, the economies are battling with slow economic growth and low inflation rates. At the same time, increasing geopolitical unrest which, among other things, resulted in trade restrictions imposed against Russia. Due to the lack of inflation, the European Central Bank lowered its interest rate twice in 2014, and it also increased the extent of its active monetary policy to also involving purchases of mortgage bonds. On the whole, the development led to falling short-term as well as long-term interest rates over the past year.

INTEREST RATE DEVELOPMENT



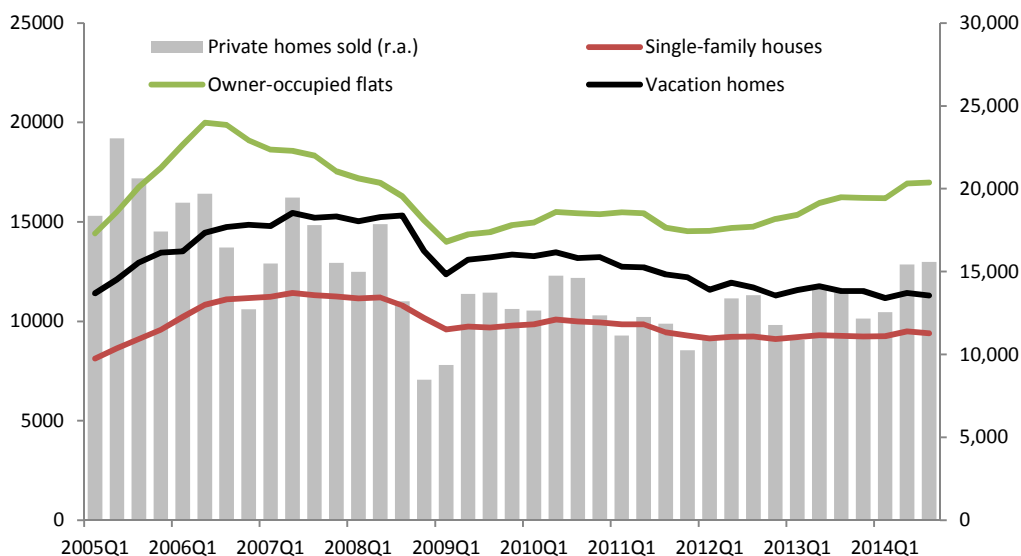
THE HOUSING MARKET

The housing market in Denmark saw progress in 2014 with rising prices and a growing number of transactions. The biggest improvement over the year was seen in respect of owner-occupied flats, as at the end of the third quarter prices had increased by about 4.6% relative to the third quarter of 2013. Over the same period, prices of single-family homes rose by about 1.4% while prices of vacation homes fell by about 2.0%.

Over the year, the trading activity in the housing market increased. Statistics from the Association of Danish Mortgage Banks show that the number of homes sold at the end of the third quarter 2014 was at 36,300, which reflects an increase of about 13% relative to the same period of 2013. Hence the number of homes sold was at the highest level since 2008.

Also in 2014, the development in the housing market was characterised by large regional differences. The biggest increases were seen in areas in or close to the Greater Copenhagen area and the largest Danish cities.

M2 PRICES AND TRADE FIGURES



REFINANCING AND JOINT FUNDING FUEL LENDING GROWTH

The overall level of gross lending rose slightly throughout 2014 but is still at a low level. The primary contributions to the increase were seen from refinancing and joint funding. The possibility of a 2.5% fixed-rate bond prompted a number of people to refinance their mortgages from fixed-rate loans to a new fixed-rate loan with a lower interest rate. At the same time, the long-term interest rate fell to a level in line with the average of 1-year adjustable-rate loans. Therefore, in 2014, there was also a growing interest in refinancing from adjustable-rate loans to fixed-rate loans. The increased trading activity also made a positive contribution to lending growth.

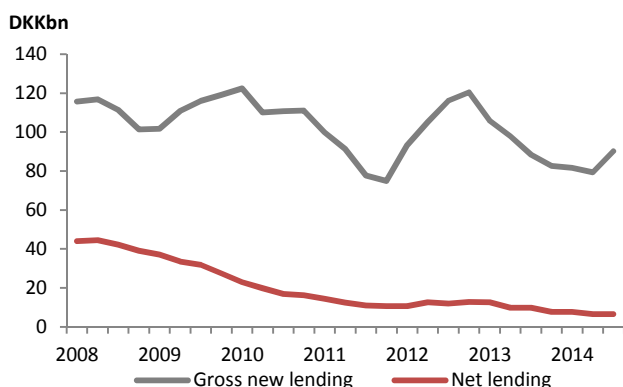
PORTFOLIO AND MARKET SHARE FOR BRFKREDIT

BRFkredit's total portfolio stated at nominal value rose by DKK 12.2bn to DKK 212.7bn at end-2014.

BRFkredit's share of gross new loans increased in the course of 2014 and was higher than the previous year in all business areas. The share amounted to 9.5% against 8.3% in 2013.

For the full year 2014, BRFkredit accounted for 53.2% of the total growth in the market. The proportion of this growth was particularly high in the fourth quarter of 2014.

TOTAL MORTGAGE LOANS FOR THE MARKET



BUSINESS AREAS

BRFkredit is organised in three business areas - personal clients, corporate clients and subsidised housing.

BRFkredit Bank offers deposit and lending products as well as services to personal clients, cooperative housing and clients in the subsidised housing segment, for instance in connection with property transactions and mortgage refinancing. The aim is to integrate BRFkredit Bank a/s in Jyske Bank in 2015, after which time BRFkredit's sales channels will offer banking products from Jyske Bank.

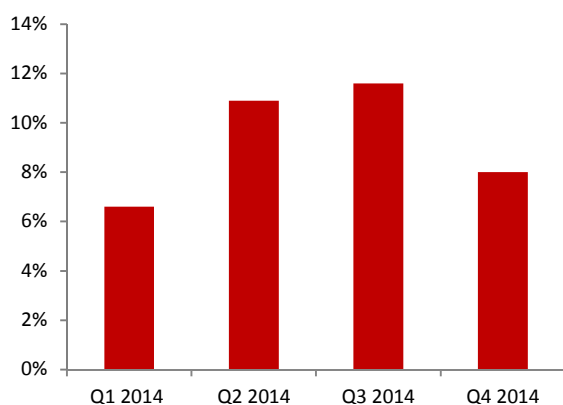
PERSONAL CLIENTS

The personal client area comprises lending for owner-occupied homes and vacation homes and is BRFkredit's largest business area.

The volume of loan offers was high in 2014 compared to 2013. Among other things, the year saw considerable refinancing activity due to the low interest-rate level, and also joint funding of bank mortgage loans generated resulted in the higher activity level. The total efforts in the business area resulted in loan offers in the amount of DKK 31bn distributed over almost 26,200 offers.

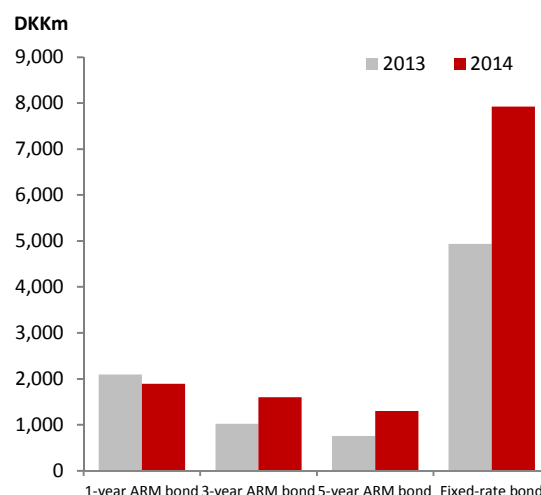
Gross new loans in the personal client area amounted to DKK 24.6bn in 2014 against DKK 12.8bn in 2013.

MARKET SHARE GROSS NEW LOANS



In 2014, Danish homeowners focused on interest rate sensitivity, one of the effects of which was that more clients took out loans with an interest rate fixation period of three years or more, while disbursements of ARM loans with an interest rate fixation period of one year decreased, and an increasing number of clients opted to refinance into fixed-rate loans.

HOMEOWNERS' CHOICE OF LOANS



The personal client area offers services through a number of distribution channels:

- The internet, www.brf.dk
- BRFkredit's Client Call Centres
- BRFkredit's team of travelling advisers
- Various independent estate agents
- Financial institutions
- Other players in the property market, e.g. energy, home extensions/improvements.

BRFkredit's team of travelling advisers was established in late 2011. The team experienced increasing activity during 2014, when 65 senior advisers met the clients when and where convenient for the clients.

In February 2014, the personal client area launched 'Partnerportalen' (the partner portal) which will make it easier for BRFkredit's business partners among financial institutions to distribute loans from BRFkredit.

In 2013, BRFkredit launched the buyer advice service concept called BRF Køberrådgivning™. The purpose of BRF Køberrådgivning™ is to ensure that clients are guided through the home-buying process safely and easily with the assistance of an adviser from BRFkredit. In 2014, attempts were made to increase the knowledge of BRF Køberrådgivning™. In 2014, a growing number of clients made use of this possibility.

JOINT FUNDING

BRFkredit published its first joint funding agreements in spring 2012 after the joint funding model had been approved by the FSA.

Joint funding enables financial institutions, against payment to BRFkredit, to fund their loans to retail clients that are secured by registered mortgages on owner-occupied homes and vacation homes and live up to the

requirements of Danish mortgage finance legislation. The basis for this funding is BRFkredit's AAA-rated CRD-compliant covered bonds (SDO) and offers the financial institutions a competitive funding opportunity while the financial institution retains the client relationship.

The portfolio of jointly funded loans increased from DKK 5.4bn at end-2013 to DKK 14.4bn at end-2014. The increase in the portfolio was primarily fuelled by Jyske Bank's focus on the housing area with loans jointly funded at BRFkredit. After the closing of the accounts, BRFkredit saw an increase in jointly funded loans in the amount of DKK 8.2bn on 2 January 2015.

On the system side, the banks are offered improved system integration and web-based services in connection with joint funding. The partner banks can in this manner optimise various processes by integrating the joint funding functionality directly in their own sales systems through the data centres. With the new system features, BRFkredit will make it still easier for its partner banks to offer their clients attractive home loans.

CORPORATES

BRFkredit's lending activities within Corporates will in future focus on the Danish market and be concentrated in the areas of office and business premises, private rental housing and cooperative housing societies.

Clients are served by corporate account managers from BRFkredit's head office in Kgs. Lyngby, from the office in Aarhus and from local home offices.

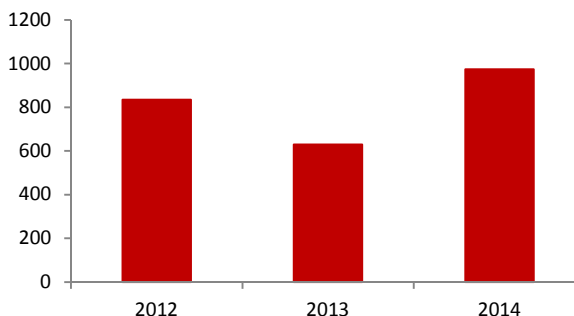
In 2014, cross sales of mortgage products for Jyske Bank's corporate clients were initiated, and similarly BRFkredit's corporate clients are offered package solutions with Jyske Bank.

The year 2014 saw a slightly increasing number of transactions compared with 2013. Demand is still concentrated on commercial property in major cities, where prices are stable and showing a slightly upward trend. The reason for this is expectations of increasing population growth in the regional metropolises, and particularly in Copenhagen and Aarhus. Demand is still strong for commercial properties at prime locations in Copenhagen and Aarhus.

The market for office buildings is still affected by the crisis, and only the very best locations with area and energy-efficient solutions show stable occupancy levels and returns. Institutional investors, including large for-

eign foundations, as well as property groups continue to be the key market players.

NUMBER OF TRANSACTIONS, CORPORATES



Lending activities were slightly higher than last year. A continued high level of refinancing is seen due to the continued very low level of interest rates.

The portfolio within Corporates rose in 2014 by DKK 1.0bn and totalled DKK 72.0bn on 31 December 2014. In terms of gross new loans, this corresponds to a market share of 11.5%.

SUBSIDISED HOUSING

Clients in subsidised housing, comprising primarily the big housing associations, are served by corporate account managers from BRFkredit's head office in Kgs. Lyngby, from the office in Aarhus and from local home offices.

Lending activity for subsidised housing was at a high level in 2014, yet lower than in the record year 2013. The reason for the continued high level was that many of the large-scale renovation and refurbishment projects (comprehensive plans) initiated by the Danish State in the sector within the past few years were now reaching the stage of loan disbursement.

The investments give a quality boost both to the individual homes and to the areas where the properties are located. Moreover, funds are invested in energy efficiencies and environmental improvements.

In 2014, a large proportion of the cases/package solutions were won in cooperation with Jyske Bank, which handles the bridging loans.

The portfolio within Subsidised housing rose in 2014 by DKK 2.7bn and totalled DKK 41.7bn on 31 December 2014. In terms of gross new loans, this corresponds to a market share of 34.8%.

CAPITAL STRUCTURE AND CAPITAL MANAGEMENT

CAPITAL STRUCTURE	2014	2013	Index 14/13	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Capital ratio (%)	17.7	16.6		17.7	17.6	17.4	15.6	16.6
Core capital ratio incl. hybrid capital (%)	17.5	16.6		17.5	17.5	16.9	15.0	16.6
Core Tier 1 capital ratio (CET1)	17.5	17.2		17.5	17.5	16.9	15.0	17.2

CAPITAL MANAGEMENT OBJECTIVE AND PLANNING

BRFkredit's capital-management objective as well as its risk appetite is to reach a solvency ratio sufficient for the institution to continue its lending activities during a period of difficult business conditions. The available capital must be such that regulatory and internal capital requirements are met during such a period, and it must be possible for BRFkredit to weather heavy unexpected losses.

The long-term objective of BRFkredit's capital planning is to support and ensure mortgage activities.

BRFkredit is well prepared for the implementation of the stricter capital requirements over the period until 2019.

CAPITAL STRUCTURE

The development in the Group's capital and core capital ratios is shown in the table above. At end-2014, the capital and Core Tier 1 capital ratios were at a very adequate level relative to the Group's objective.

The overall capital and core capital ratio increased, primarily due to the increase in share capital by DKK 1bn in connection with the merger with the Jyske Bank Group.

CAPITAL BASE

At end-2014, The Common Equity Tier 1 capital amounted to 99% of the capital base, against 100% at end-2013. The high proportion of Common Equity Tier 1 capital in the capital base is in line with BRFkredit's wish to achieve the highest quality possible of its capital base.

CAPITAL BASE AND TOTAL RISK EXPOSURE

DKKm	2014	2013
Equity	11,084	10,362
Revaluation reserve	-	-26
Intangible assets	-9	-16
Cautious valuation	-66	-
Deferred tax assets	-198	-140
Common Equity Tier 1 capital	10,811	10,180
Diff. between expected losses and impairment charges	-	-197
Excess deductions	-	-169
Core capital	10,811	9,815
Supplementary capital	-	2
Revaluation reserve	-	26
Diff. between expected losses and impairment charges	53	-197
Collective impairment under the standard approach	65	-
Offsetting of excess deductions	-	169
Capital base	10,929	9,815
Total risk exposure	61,845	59,227

MINIMUM CAPITAL REQUIREMENT

Determination of the minimum capital requirement expresses the regulatory capital requirements and rests on the risk types credit, market and operational risk. BRFkredit a/s has been approved to apply the advanced internal rating-based approach (AIRB) when determining credit risk, whereas BRFkredit Bank a/s uses the standardised approach. The approval extends to the application of advanced methods for determining the minimum capital requirement for the main part of the Group's credit portfolio.

The minimum capital for market risk is measured according to the standardised approach and operational risk according to the basic indicator approach.

MINIMUM CAPITAL REQUIREMENT BY RISK TYPE	2014	2013
DKKm		
Credit risk	4,354	3,810
Market risk	341	702
Operational risk	252	226
Minimum capital requirement, Pillar I	4,948	4,738
Capital requirement, transitional provisions	2,102	2,123
Total minimum capital requirement	7,050	6,861

Due to the transitional rules that are still applicable and that relate to the former capital adequacy rules, the minimum capital requirement increased by DKK 2.1bn in 2014.

ICAAP AND INDIVIDUAL SOLVENCY REQUIREMENT

BRFkredit's ICAAP (Internal Capital Adequacy Assessment Process) forms the basis of the assessment of BRFkredit's capital structure and hence the determination of the Group's adequate capital base as well as its individual solvency requirement. The assessment is based on the current relation between the Group's risk profile and capital structure as well as forward-looking considerations that may affect this.

ADEQUATE CAPITAL BASE ACCORDING TO THE 8+ METHOD

The adequate capital base expresses BRFkredit's own assessment of the capital requirement given the Group's risk profile.

The determination of the adequate capital base for BRFkredit takes place according to the 8+ method based on the capital requirement of 8% of the total risk exposure with additions to cover further risks that are assessed not to be covered by the capital requirement. These may be risks that are assessed not to be covered by the capital requirement or risks that are assessed to above normal in relation to the capital requirement for the risk type on question.

When assessing the adequate capital base, all circumstances as mentioned in appendix 1 in the Executive Order on Calculation of Risk Exposures, Own Funds and Solvency Need are included. Based on BRFkredit's business model and risk profile, the importance of the individual circumstances on BRFkredit's capital structure is assessed, and for important circumstances, the size of the capital addition is quantified based on the guidelines in the instructions on adequate capital base and solvency requirements.

At end-2014, the approach prompted capital additions in respect of the credit risk on major clients with financial problems as well as weak clients in the remaining credit portfolio. For a complete list of capital additions, please see appendix to Jyske Bank's Risk and Capital Management 2014 on brf.dk.

INDIVIDUAL SOLVENCY REQUIREMENT AND CAPITAL BUFFER

At end-2014, the BRFkredit Group calculated an individual solvency requirement of 10.8%.

The table below shows the contribution from the individual types of risk to the adequate capital base and the individual solvency requirement.

INDIVIDUAL SOLVENCY REQUIREMENT				
DKKm	2014	% of RWA	2013	% of RWA
Credit risk	5,772	9.3	4,763	8.0
Market risk	341	0.6	704	1.2
Operational risk	252	0.4	679	1.2
Other	320	0.5	44	0.1
Total	6,685	10.8	6,190	10.5

The capital buffer plus earnings from operations denote the maximum sustainable loss without the need for additional capital. BRFkredit's large proportion of core capital cements the quality of the total capital.

CAPITAL BUFFER				
DKKm	2014	% of RWA	2013	% of RWA
Capital base	10,929	17.7	9,815	16.6
a) Core capital	10,811	17.5	9,815	16.6
<i>of which hybrid capital less deductions</i>	0	0.0	0	0.0
b) Supplementary capital less deductions	118	0.2	0	0.0
Individual solvency requirement	6,685	10.8	6,190	10.5
Capital requirement, transitional provisions	7,050	11.4	6,861	11.6
Capital buffer	3,879	6.3	2,954	5.0

RISK AND CAPITAL MANAGEMENT 2014

Additional information about BRFkredit's internal risk and capital management procedures and the regulatory capital requirements is available in Jyske Bank's 'Risk and Capital Management 2014', available on brf.dk.

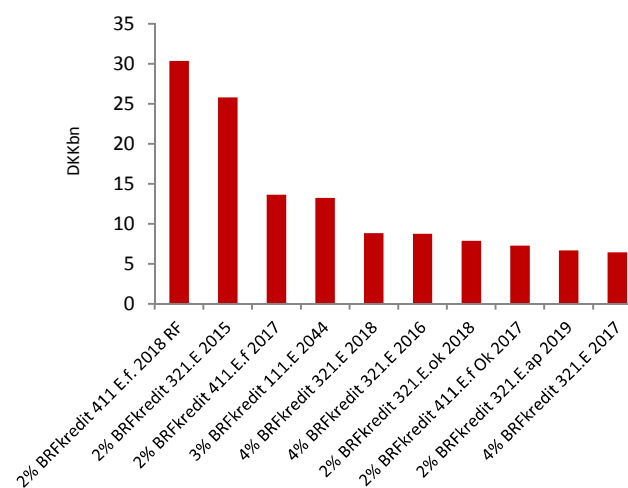
BOND ISSUANCE

In 2014, BRFkredit sold CRD-compliant covered bonds (SDO) to provide funding for new loans and sold both covered bonds (SDO) and UCITS-compliant mortgage bonds for the refinancing of existing loans. The issuance of covered bonds accounted for more than 90% of new issues in 2014. BRFkredit issued bonds for a total of DKK 114.5bn in 2014 (DKK 91.9bn in 2013), of which about two thirds were issued in connection with the refinancing of ARM loans.

Covered bonds are issued out of BRFkredit's Capital Centre E, whereas mortgage bonds are issued out of BRFkredit's Capital Centre B. Older issues of mortgage bonds have been issued out of other capital centres or the 'General Capital Centre', where there is no longer lending activity.

Floating-rate loans, including adjustable rate loans (ARM loans), accounted for 79% of issues (81% in 2013) to fund BRFkredit's lending. Callable, fixed-rate bonds accounted for the remaining 21% (19% in 2013) of the issues. Nine out of the ten largest bond series were made up of ARM bonds in 2014.

TOP-TEN BONDS



The volume of mortgage bonds in circulation issued by BRFkredit represented a nominal value of DKK 213.5bn at the start of 2015 (DKK 201bn at the start of 2014).

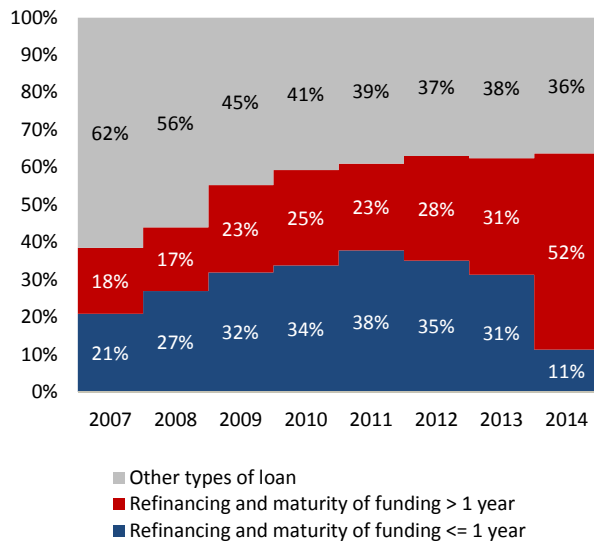
In 2014, BRFkredit continued its efforts to reduce refinancing risk on the loan portfolio. This took place by spreading out refinancing over three annual settling periods, among other things and with the intention that the individual series must be so large that they can be included in the credit institutions' liquidity buffers in the upcoming LCR requirements (Liquidity Coverage Ratio). Moreover, in the course of 2014, BRFkredit financed and re-financed the so-called F1 loans and jointly funded bank loans through a new type of bonds RTL F (pre-financed).

The RTL F bonds are fixed-rate, callable bonds with an original time to maturity of 3 years against 1 year for traditional short-term RTL bonds. After 1 year, new bonds are offered. If the bonds issued are sold in the market, the proceeds will be used for prepayment of old RTL F bonds at par. If the bonds issued are not sold in the market, the old RTL F bonds will not be prepaid at par but will continue with unchanged coupon.

The change in funding means that the re-financing risk will continuously be postponed by 2-3 years and that, in a scenario without sufficient sales of the bonds offered, BRFkredit will still have at least 2 years to renew the funding without having to extend the maturity of the bonds according to the Danish Refinancing Act (L89 - an Act to Amend the Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act and the Financial Business Act). If, within this 2-year period, there are still no buyers for the bonds issued, the maturities of the old RTL F bonds are to be extended by 12 months at a time according to L89. This extension of maturities shall provide additional statutory protection against re-financing risk and prevent suspension of payments as is the case for other mortgage credit institutions.

The chart below shows how the introduction of RTL F caused the proportion of loans with a time to maturity of less than a year and hence annual refinancing to fall.

BREAKDOWN OF THE LOAN PORTFOLIO BY REFINANCING NEED AS AT 1 January 2015

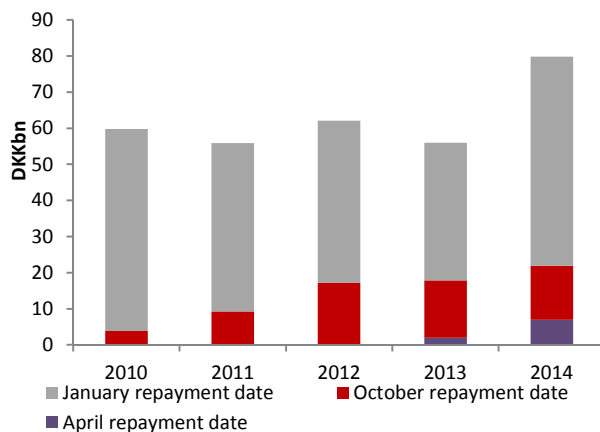


Senior secured bonds were redeemed for an amount of DKK 3.9bn in 2014, bringing the total issue of senior secured bonds to a total of DKK 1.5bn at end-2014. BRFkredit has issued senior bonds for EUR 500m (DKK 3.7bn) under its EMTN programme. The senior bonds mature on 31 January 2018.

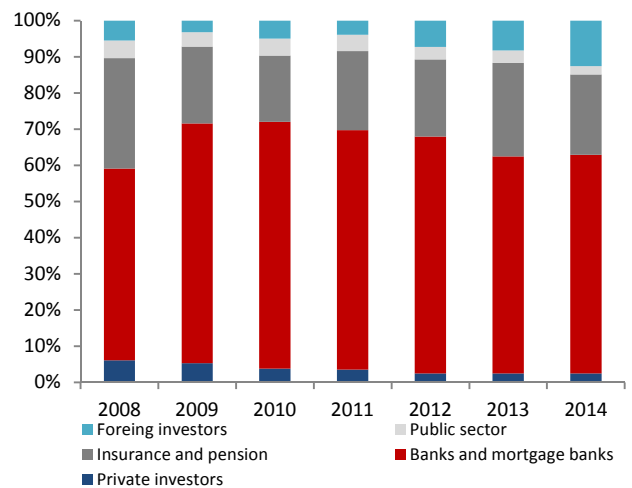
BREAKDOWN OF INVESTORS

BRFkredit's mortgage bonds are predominantly owned by Danish institutional investors, i.e. banks, investment associations, pension funds, insurance companies, etc. A small portion is owned by private investors and foreign investors. At end-2014, 12.5% (8.2% at end-2013) of BRFkredit's bonds were held by foreign investors according to Danmarks Nationalbank's statistics.

REFINANCING



BREAKDOWN OF INVESTORS



At the beginning of 2014, BRFkredit had issued senior secured bonds in the amount of DKK 5.4bn in total. Senior secured bonds are used as supplementary collateral for lending funded by covered bonds under S.15 of the Danish Mortgage Loans and Mortgage Bonds Act and to meet the rating agencies' capital requirements (OC requirements).

RATING

BRFkredit is rated by Standard & Poor's (S&P). In July 2014, S&P assessed the merger of Jyske Bank and BRFkredit with the result that in future a joint rating will be issued for the entire Group. Due to the merger between Jyske Bank and BRFkredit, a change was made for BRFkredit's outlook from 'negative' to 'neutral'.

Jyske Bank and BRFkredit's joint issuer rating is A- (neutral outlook), and BRFkredit's bonds issued by Capital Centre E, Capital Centre B and the General Capital Centre were rated AAA (stable). Moreover, S&P has assigned its A- rating to BRFkredit's EMTN programme.

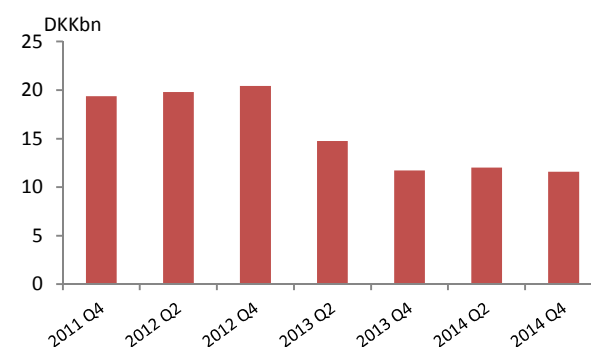
RATINGS FROM STANDARD & POOR'S

End-2014	Rating	Date of assignment/change of rating
CRD-compliant covered bonds		
- issued out of Capital Centre E	AAA	17-10-2011
Mortgage credit bonds		
- issued out of Capital Centre B	AAA	17-10-2011
- issued out of the General Capital Centre	AAA	27-12-2013
Issuer rating (long-term rating)	A- ¹⁾	12-10-2011
Issuer rating (short-term rating)	A-2 ¹⁾	12-10-2011
BRFkredit's EMTN programme	A-	05-12-2012

1) On 17 July 2014, S&P confirmed BRFkredit's issuer rating at A-/ but changed at the same time outlook for BRFkredit's issuer rating from 'negative' to 'neutral'

Since 2012, BRFkredit has worked to reduce the capital requirement from S&P, primarily by improving data and credit quality. In 2014, the capital requirement was reduced further despite the increasing portfolio and change of method at S&P, who raised the OC requirements.

CAPITAL REQUIREMENTS, STANDARD & POOR'S



OTHER INFORMATION

THE DANISH FINANCIAL SUPERVISORY AUTHORITY'S REPORTS

The FSA has not conducted inspections at BRFKredit in 2014.

The FSA's reports for previous inspections are available at BRFKredit's website brf.dk.

THE SUPERVISORY DIAMOND FOR MORTGAGE CREDIT INSTITUTIONS

The supervisory diamond defines a number of special risk areas including specified limits that institutions should generally not exceed. The supervisory diamond limits applicable to BRFKredit a/s are shown below.

THE SUPERVISORY DIAMOND'S BENCHMARKS	2014 %	2013 %
Concentration risk < 100%	76.4	88.1
Increase in loans and advances < 15% annually in the segment:		
- Owner-occupied home and vacation homes	9.1	0.2
- Residential rental property	4.0	1.3
- Agriculture	-6.9	0.0
- Other sectors	2.7	4.8
Borrower's interest-rate risk < 25%		
- Residential property	27.0	27.2
Interest-only schemes < 10%		
- Owner-occupied home and vacation homes	11.5	11.5
Loans with frequent interest-rate fixing:		
- Refinancing (annually) < 25%	27.5	27.4
- Refinancing (quarterly) < 12.5%	19.4	18.9

As at 31 December 2014, BRFKredit a/s met the supervisory diamond's benchmarks for lending growth and concentration risk. As a whole, the sector exceeds the mean value for the three benchmarks mentioned last. On an on-going basis, BRFKredit reviews the institution's positions relative to the benchmarks and expects to be compliant before they take effect in 2018 and 2020.

NEW LIQUIDITY REGULATION

As of 1 October 2015, BRFKredit must comply with the new liquidity requirements in the form of LCR (Liquidity Coverage Ratio). This requirement imposes on BRFKredit an obligation to maintain a reserve of liquid assets (excluding own bonds) that is capable of covering a measured net cash outflow over a 30-day horizon in a stressed scenario. With the ad-

vancement of refinancings of ARM loans and a business model with a balance between payments on loans and payments on bonds, BRFKredit is not facing a challenge in meeting the requirement.

Due to the rating and overfunding of BRFKredit's mortgage bonds, they can be included as liquid assets in credit institutions LCR statements. Mortgage bonds cannot exceed 70% of liquid assets in the liquidity buffer and must be stated less a haircut depending on the size of the individual series. The haircut amounts to 7% and 15% on series larger than EUR 500m and EUR 250m, respectively. Bond series smaller than EUR 250m cannot be included in the liquidity buffer.

BRFKredit does not have government bonds in the securities portfolio, and due to the new LCR requirement BRFKredit must carry out a minor shift from mortgage bonds to government bonds by 1 October 2015 in order to comply with LCR as an investor. Moreover, as an issuer, BRFKredit must ensure that the issued bonds will have sufficient volume to be included in the LCR liquidity buffer.

It has still not been clarified whether NSFR (Net Stable Funding Ratio) will be a statutory requirement as of 2018. NSFR requires that the funding composition of the institution's assets must be sufficiently long-term so no liquidity-related challenges occur within a 1-year time horizon. It is expected that BRFKredit will become NSFR conform through funding of short-term fixed income products with longer-term RTL F, Cita and Cibar bonds.

FINANCIAL CALENDAR 2015

24 February	Announcement of annual report for 2014 The annual report is available at brf.dk
24 March	Annual general meeting of BRFKredit a/s
29 April	Announcement of Interim financial report for the first quarter of 2015
18 August	Announcement of Interim financial report for the first half of 2015
28 October	Announcement of Interim financial report for the first nine months of 2015

EVENTS AFTER THE BALANCE SHEET DATE

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

OUTLOOK

For 2015, continuing improvement of the core income is expected due to the significant portfolio growth following the merger with Jyske Bank as well as an expected high refinancing activity.

The overall result will also depend on the level of losses as well as the development of the securities markets.

EMPLOYEES

At end-2014 the number of permanent employees at BRFKredit was 793 against 869 at end-2013. The fall in the number of employees can primarily be attributed to the job cuts relating to the merger with Jyske Bank and that vacancies occurred later on have not been filled to the full extent.

A considerable part of the employee-related initiatives in 2014 was caused by the merger with Jyske Bank. A number of initiatives have been implemented focusing on responsibility, tasks, cooperation and a common culture across the new Group. The entire organisation has had a strong wish as soon as possible to get to know and focus on the new framework and to be able to generate results in day-to-day operations on the basis of this.

In 2014, the work continued relating to the project on Kunder & Service (clients and service) that was launched in 2013. This project aims to strengthen and further develop employees' client focus with a view to generating even better results.

Professional competence development was given high priority, including development of both credit and advisory competences. In the Personal client area, 120 employees completed a follow up course at "Rådgiverakademiet" (the adviser academy) after which they achieved certification. Moreover, 270 employees took part in a course on experience with-in credit policy and handling of this in daily operations. The corporate area conducted a number of training and development courses for corporate account managers and advisers.

Job satisfaction is still at a high level after the merger, even though the uncertainty that will typically follow a merger could also be detected at BRFKredit. Efforts to deal with this theme were made continuously throughout 2014.

CORPORATE SOCIAL RESPONSIBILITY

The Supervisory Board of BRFKredit has adopted a Corporate Social Responsibility policy, which addresses the challenge of improving conditions in and around the housing environments and focuses on socially disadvantaged people and groups who have difficulties in gaining a foothold on the labour market, on clients in the subsidised housing sector and on employees, health and safety and the environment. BRFKredit has a separate CSR function responsible for ensuring that BRFKredit's CSR policy is implemented.

SOCIALLY DISADVANTAGED GROUPS

Also in 2014 BRFKredit employed intellectually deficient people from Sandtoften, a job and activity centre operated by the local authority of Gentofte, to provide cleaning services and maintain the outside areas.

In 2014, the initiative "Det professionelle partnerskab" (professional partnership) was launched. The objective of the project is to test models of how enterprises can professionalise and systematise cooperation with job centres about trainee placement at companies and testing of socially disadvantaged groups.

CLIENTS

Initiatives in the PÅ TVÆRS™ (ACROSS) project are carried out in partnerships with local contacts who both know the local area and have a particular interest in improving it. BRFKredit often chooses to address tasks in results-oriented partnerships, which also develops a sense of value and pride for our clients and in society at large.

ENVIRONMENT

BRFKredit promotes effective and balanced utilisation of resources in relation to energy consumption, waste management and cuts in CO2 emissions. All employees must sort their waste to reduce the volume of waste for incineration.

HUMAN RIGHTS

As BRFKredit primarily operates in Denmark, which has acceded to the United Nations Universal Declaration of Human Rights, BRFKredit has found it of no relevance to adopt a policy on human rights.

For more information on the BRFKredit Group's CSR initiatives, reference is made to the CSR Report for 2014, which is available at brf.dk/csr.

CORPORATE GOVERNANCE

INTRODUCTION

The Supervisory Board of BRFKredit has decided that BRFKredit will apply the Recommendations on Corporate Governance made by the Committee on Corporate Governance. The Recommendations on Corporate Governance can be found on the website at www.corporategovernance.dk. The annual plan prepared by the Supervisory Board includes a review of the Recommendations on Corporate Governance.

BRFKredit a/s is wholly owned by Jyske Bank A/S. Hence, some of the Recommendations on Corporate Governance are considered to be of no relevance for BRFKredit. These include recommendations on dialogue between the company and shareholders etc., the holding of and presentation of information to general meetings, contingency planning in connection with takeover bids and the recommendation that at least half of the members of supervisory boards and committees should be independent.

ANNUAL GENERAL MEETING

In accordance with the Articles of Association, notice of the Annual General Meeting must be given not more than four weeks and not less than two weeks prior to the date of the meeting. The Annual General Meeting adopts the Annual Report, elects the Supervisory Board and the auditors, discharges the Supervisory Board and the Executive Board from their obligations, and passes a resolution on the distribution of profits or losses for the year. The Articles of Association of the company was last changed in June 2014 and are available on the website of BRFKredit at www.brfk.dk.

THE SUPERVISORY BOARD OF BRFKREDIT

The Annual General Meeting elects no less than three and no more than six members of BRFKredit's Supervisory Board. The Supervisory Board consists of seven members, of whom four members are elected by the Annual General Meeting and three members are elected by employees in accordance with the rules of Danish legislation on employee representation. The members elected by the Annual General Meeting resign at each Annual General Meeting but can be re-elected. However, no member older than 70 years is eligible for election to the Supervisory Board. Employee representatives are elected for terms of four years. The election of employee repre-

sentatives to BRFKredit's Supervisory Board was held in 2011.

The Supervisory Board has made no restrictions as to what other directorships and executive positions members may hold. All Board members are believed to perform their duties in a satisfactory manner. Information about Board members can be found in the chapter 'Directorships and executive positions'.

The Supervisory Board encompasses a broad range of skills and knowledge from directorships and executive positions in large Danish companies and skills relating to properties, financing, risk management, legal issues and marketing. The Supervisory Board regularly assesses whether the skills and expertise need to be updated. The tasks and responsibilities of the Supervisory Board and the interface between the Supervisory Board and the Executive Board are laid down in rules of procedure for the Supervisory Board and guidelines for the Executive Board of BRFKredit.

The Supervisory Board makes an annual evaluation of its work using questionnaires distributed to and completed by the individual Board members. The evaluation is subsequently discussed by the Supervisory Board under the guidance of the Chairman. The Supervisory Board also conducts an annual evaluation of the work performed by the Executive Board and its cooperation with the Supervisory Board.

The Supervisory Board held 16 meetings in 2014.

BOARD COMMITTEES ETC.

GROUP AUDIT COMMITTEE AND RISK COMMITTEE

Jyske Bank's Audit Committee and Risk Committee cover BRFKredit and hence BRFKredit does not have any independent Audit Committee and Risk Committee.

The Supervisory Board has decided to propose a motion to the next Annual General Meeting that BRFKredit and Jyske Bank follow the same remuneration policy. BRFKredit still has an independent Nomination Committee but is covered by Jyske Bank's Remuneration Committee of the Supervisory Board. The Nomination Committee held two meetings in 2014.

The task of the Remuneration Committee is to prepare and present the Supervisory Board with recommendations for remuneration of the Supervisory Board, the Executive Board and material risk takers, and also to propose any changes to the remuneration policy. Moreover, the committee is responsible for controlling compliance with the policy.

At the end of the year, the number of employees, etc. who were subject to the new tighter rules on variable remuneration was seven board members, two managing directors and 19 material risk takers.

Variable remuneration is not given to members of the Supervisory Board and the Executive Board. Information on fees and remuneration for the Supervisory Board appears in note 9 to the financial statements.

Four material risk takers were paid variable remuneration not exceeding the minimum amount of DKK 100,000. One material risk taker was paid variable remuneration in excess of DKK 100,000. A total of five material risk takers were given variable remuneration in the course of 2014. One material risk taker receives variable remuneration deferred from previous financial years.

When variable remuneration is paid to material risk takers in excess of DKK 100,000 yet less than DKK 500,000, the allocation and payment take place according to the following rules. 50% is paid in cash, and 50% is paid in employee bonds. 40% is deferred over a period of three years. Vesting of the deferred salary components will be at the time of settlement. The deferred salary components will be deferred with an even distribution over the years and will be settled once a year. The Executive Board will at each settlement assess whether the preconditions have changed and whether the variable remuneration is to be vested in full, in part or shall lapse. The right to the acquired amount shall be annulled if it was paid on the basis of misrepresentation or the recipient was in bad faith (claw back). The 50% portion of the variable remuneration that is paid in employee bonds shall beyond the period of deferral be subject to a withholding period during which the employee bonds may not be sold. In 2014, the withholding period was six months.

Information on fees and remuneration for material risk takers appears in note 9 to the financial statements.

In line with the Jyske Bank Group's remuneration policy, it has been decided that in future material risk takers will not be paid variable remuneration in addition to any claims at the time of the merger.

No remuneration is payable in connection with new recruitments. No termination or severance benefits have been paid to members of the Executive Board and/or the Supervisory Board.

DIVERSITY AND GENDER COMPOSITION

BRFkredit's policy on gender equality includes targets and a general framework to increase representation of members of the underrepresented gender in BRFkredit's Supervisory Board and management. At least once a year, the Supervisory Board follows up on targets, policy and initiatives in the area. When filling vacant positions, including positions at management level, it is the policy of BRFkredit to make allowances for BRFkredit's need for employees with the right competences irrespective of gender, age, ethnicity, etc. When choosing among equally qualified candidates, diversity in the composition of staff will be considered as, among other things, efforts are made to achieve minimum representation of either gender of 40% at managerial level.

When selecting candidates for BRFkredit's talent programme, there is special focus on achievement of equal gender distribution among those admitted to the talent programme. When recruiting for all managerial positions, it must to the extent possible be ensured that either gender is represented among the candidates who are invited for a job interview. BRFkredit's focus on a diversified employee composition, also at managerial levels, must be evident in connection with recruitment.

In connection with the merger of BRFkredit and Jyske Bank, harmonisation of the talent programmes of the two organisations is being considered.

The Supervisory Board nominates to the General Meeting the best suited candidates for vacant positions on the Supervisory Board. When nominating candidates to general meetings, the Supervisory Board is aware of the possibility of nominating candidates who in the long term may cause gender equality in the Supervisory Board. The target for 2014 was at 25%.

From 2013 to 2014, the proportion of female board members and managers at BRFkredit has fallen. The

number of female board members changed in 2014, as BRFkredit's Supervisory Board consists 100% of men as the female board member became a member of Jyske Bank's Supervisory Board. The proportion of female managers was 34% (28 women) in 2014 against 36% in 2013 (33 women). This change can to some extent be attributed to the elimination of a number of managerial positions.

EXECUTIVE BOARD

Carsten Tirsbæk Madsen, Chief Executive Officer, and Lars Waalen Sandberg, Executive Vice President, are responsible for the day-to-day management of the Company within the limits set by the Supervisory Board in guidelines and policies. Information about the other directorships and executive positions held by the members of the Executive Board can be found in the chapter 'Directorships and executive positions'.

INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS RELATING TO FINANCIAL REPORTING

The Supervisory Board and the Executive Board have overall responsibility for the Group's financial reporting. The financial reporting process is based on the assumption that all relevant financial transactions are entered correctly in the financial management system. To ensure that all financial transactions are entered correctly in the financial management system, and for the purpose of preventing, detecting and correcting any errors, deviations and omissions, daily, monthly and quarterly internal controls are performed as described in procedures. Controls comprise both system controls and manual controls. Internal controls are performed regularly by reconciling and rendering probable all financial accounts, and the Group Finance function checks and verifies the reconciliations made. The extent of reconciliation and control is based on an assessment of the risk of errors, deviations and omissions in the financial transactions/ accounting items. Special focus is on the financial transactions and accounting items where estimates and assessments can have a significant impact on the value of assets and liabilities. See note 68 in the financial statements for a detailed specification.

Reporting to the Supervisory Board, the Executive Board, business area managements and the All Risk Committee is provided on an on-going basis. This reporting includes, among other financial data:

- Income statement and balance sheet with comments on main items

- Review of assets
- Returns and risks on BRFkredit's securities portfolio, including interest rate and foreign currency risk
- Credit risks, loan losses and impairment charges
- Counterparty risk
- Operational risks
- Capital adequacy and solvency requirement

All reporting is based on joint primary data. BRFkredit continuously monitors developments in relevant laws and regulations with a view to ensuring full compliance. In connection with the financial reporting process, detailed checklists are also filled in to ensure that all requirements are met. The Internal Audit Department continuously reviews and reports on significant areas relating to internal controls, risk management and reporting. Moreover, the Group Audit Committee reviews accounting, auditing and security matters.

RISK MANAGEMENT FUNCTION

A separate risk management function has been established to assist the Executive Boards of BRFkredit and BRFkredit Bank in gaining an overview of all material risks in the Group, ensuring a clear and unambiguous allocation of responsibility for proactive risk management, assessing the adequacy of the risk targets, reports and models employed in risk management and communicating their positions on the material risks and their size. Risk management at BRFkredit forms part of the Jyske Bank Group's overall risk management. The function reports to Capital and Risk in the unit Finance and Risk Management at Jyske Bank. The risk management function has established professional interaction with Jyske Bank's risk management function, including and in particular Capital and Risk in Silkeborg, and hence it can to a great extent avail itself of resources from this and also contribute to group-wide solutions in the entire risk area.

For a more detailed description of BRFkredit's risk management, reference is made to Risk and Capital Management 2014 for the Jyske Bank Group, which is available on brf.dk.

COMPLIANCE FUNCTION

In accordance with Danish legislation, the BRFkredit Group has a compliance function responsible for assisting the management in ensuring that the BRFkredit Group complies with current laws and

regulations, including MiFID, Code of Business Conduct, etc. as well as ethical standards to minimise the risk of financial losses and loss of trust from clients, public authorities and the external environment in general. The compliance activities primarily consist in carrying out reviews of selected areas. The reviews are made in close cooperation with the departments in BRFkredit responsible for the area under review. The work is concluded with a report to the Executive Board and an annual report to the Supervisory Board of BRFkredit

INTERNAL CONTROLS

The Supervisory Board sets policies and limits for the conduct of business, and the Supervisory Board and the Executive Board lay down and approve the overall requirements for procedures and internal controls in key business areas. The internal control system is based on a separation of functions between client-oriented functions and authorisation and control. Controls are performed at several levels and begin with self-review in business areas and the securities area as well as regular controls performed by the credit function, the compliance function and the finance function. In addition, the Internal Audit Department regularly reviews selected areas in accordance with the audit plan approved by the Group Audit Committee. The Group's finance function collects and checks financial data on a monthly basis and reports this to the Executive Board.

The Group Audit Committee and the Executive Board continuously monitor compliance with procedures, internal controls, relevant legislation and other rules and regulations in connection with finan-

cial reporting and submit reports to the entire Supervisory Board.

AUDIT

The Annual General Meeting elects an independent auditor on the recommendation of the Supervisory Board.

Prior to the election, the Group Audit Committee has evaluated the skills, the independence, etc. of the nominated auditor. BRFkredit is also covered by Jyske Bank's Internal Audit. Internal Audit reports to the Supervisory Board. Internal Audit audits the financial statements in cooperation with the auditors elected by the Annual General Meeting. In addition, the Internal Audit Department performs audits of selected areas in accordance with an audit plan approved by the independent auditors and submitted to the Group Audit Committee. As part of the audit, the auditors will report any weaknesses identified in procedures and internal controls etc. to the Executive Board and the Supervisory Board, and also the Internal Audit Department will regularly follow up on the implementation of recommendations made. The Head of the Internal Audit Department participates in Group Audit Committee meetings and meetings of the Supervisory Board.

The independent auditors also participate in Board meetings to consider items on the agenda that involve the independent auditors.

WHISTLEBLOWER SCHEME

BRFkredit and BRFkredit Bank are covered by the joint whistleblower scheme of the Jyske Bank Group.

DIRECTORSHIPS HELD BY THE SUPERVISORY BOARD IN OTHER COMMERCIAL ENTERPRISES AS AT 31 DECEMBER 2014

SVEN A. BLOMBERG, CHAIRMAN

- Managing Director and Deputy Chief Executive, Jyske Bank A/S
- Chairman of the supervisory board, BRFKredit Bank a/s
- Chairman of the supervisory board, Ejendomsselskabet Nørgaardsvej 37-41, 2800 Lyngby A/S
- Board member, Jyske Bank (Schweiz) AG
- Board member, Jyske Bank (Gibraltar) Ltd.
- Board member, BRFKredits Understøttelsesfond

PER SKOVHUS, DEPUTY CHAIRMAN

- Managing Director, Jyske Bank A/S
- Board member, Jyske Finans A/S
- Board member, JSNA Holding A/S
- Board member, Jyske Banks Pensionstilskudsfond

LAILA BUSTED, EMPLOYEE REPRESENTATIVE

-

JØRGEN CHRISTENSEN, FORMER MANAGING DIRECTOR

- Board member, Landbrugets Finansieringsbank A/S
- Board member, Jyske Banks Medarbejderfond
- Board member, Jyske Banks Almennyttige Fond
- Board member, Jyske Banks Pensionstilskudsfond

JAN FREDERIKSEN, EMPLOYEE REPRESENTATIVE

-

NIELS ERIK JAKOBSEN, MANAGING DIRECTOR

- Managing Director, Jyske Bank A/S
- Chairman of the supervisory board, Bank//Pension
- Chairman of the supervisory board, BP Livsforsikringselskab A/S
- Chairman of the supervisory board, Jyske Finans A/S
- Board member (deputy chairmen), Letpension A/S
- Chairman of the supervisory board, BI Asset Management Fondsmæglerselskab A/S
- Board member, BI Holding A/S
- Board member, Jyske Banks Pensionstilskudsfond

EMPLOYEE REPRESENTATIVE LARS ERIK HEESCHE

-

MEMBERS OF THE SUPERVISORY BOARD AS AT 31 DECEMBER 2014

NAME	YEAR OF BIRTH	APPOINTED A BOARD MEMBER	NOMINATION COMMITTEE
Sven A. Blomberg, Chairman, Managing Director and Deputy Chief Executive	1950	2014	Chairman
Per Skovhus, Deputy Chairman, Managing Director	1959	2014	Deputy Chairman
Niels Erik Jakobsen, Managing Director	1958	2014	
Jørgen Christensen, former managing director	1950	2014	
Employee representatives:			
Laila Busted, Account Manager	1960	1999	Member
Jan Frederiksen, SAS Specialist	1955	2003	
Lars Erik Heesche, Coordinator	1973	2015	

DIRECTORSHIPS IN OTHER COMMERCIAL ENTERPRISES AS AT 31 DECEMBER 2014

CARSTEN TIRSBÆK MADSEN

- Deputy chairman of the Supervisory Board of BRFKredit Bank a/s
- Member of the supervisory board, Ejendomsselskabet Nørgaardsvej 37-41, 2800 Lyngby A/S

LARS WAALEN SANDBERG

- E-nettet Holding A/S

STATEMENT BY THE EXECUTIVE AND SUPERVISORY BOARDS

The Supervisory Board and the Executive Board have today considered and approved the Annual Report of the BRFKredit Group and BRFKredit a/s for 2014.

The consolidated financial statements have been prepared and are presented in accordance with International Financial Reporting Standards as adopted by the EU, and the parent company's financial statements have been prepared and are presented in accordance with the Danish Financial Business Act. The management's review has been prepared in accordance with the Danish Financial Business Act. Further, the Annual Report was prepared in accordance with the additional Danish disclosure requirements for financial reports of issuers of listed bonds.

In our opinion, the financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2014 and also of their financial performance as well as the cash flows of the Group for the financial year 1 January to 31 December 2014.

We consider the Management's review to include a fair presentation of the development in the Group's and the parent company's activities and financial position as well as a description of the most material risks and elements of uncertainty that may affect the Group and the parent company.

The Annual Report is recommended for adoption at the Annual General Meeting.

Kgs. Lyngby, 24 February 2015

EXECUTIVE BOARD

Carsten Tirsbæk Madsen
Chief Executive Officer

Lars Waalen Sandberg
Executive Vice President

SUPERVISORY BOARD

Sven A. Blomberg
Chairman

Per Skovhus
Deputy Chairman

Niels Erik Jakobsen

Jørgen Christensen

Laila Busted
Employee Representative

Jan Frederiksen
Employee Representative

Lars Erik Heesche
Employee Representative

In 2014, 16 board meetings were held.

INTERNAL AUDITORS' REPORT

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMPANY'S FINANCIAL STATEMENTS

We have audited the consolidated financial statements and the financial statements of BRFkredit a/s for the financial year ended 31 December 2014. The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial companies. The financial statements have been prepared in accordance with the Danish Financial Business Act.

BASIS OF OPINION

We conducted our audit in accordance with the Executive Order of the Danish Financial Supervisory Authority on Auditing Financial Enterprises, etc. and Financial Groups and in accordance with International Auditing Standards. According to these standards and requirements, we must plan and perform our audit with a view to obtaining a high degree of certainty that the consolidated financial statements and the parent company's financial statements do not contain any material misstatements.

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 consolidated financial statements and the parent company's financial statements. Moreover, an audit comprises an assessment whether the accounting policies adopted by management are appropriate and whether the estimates made by management are reasonable, as well as an evaluation of the overall presentation in the consolidated financial statements and the financial statements of the parent company.

We participated in the audit of significant and risky areas, and we believe that 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 Company, function satisfactorily.

In our opinion, the consolidated financial statements and the financial statements of the parent company give a true and fair view of the Group's and the parent company's financial position at 31 December 2014 and of the Group's and the parent company's financial performance and cash flows for the financial year 1 January to 31 December 2014 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial companies in regard to the consolidated financial statements and in accordance with the Danish Financial Business Act in regard to the financial statements of the parent company.

STATEMENT ON THE MANAGEMENT'S REVIEW

We have read the Management's Review pursuant to the Danish Financial Business Act. We did not perform any procedures other than those performed during the audit of the consolidated financial statements and the parent company's financial statements.

Based on this, we believe that the disclosures in the Management's Review are consistent with the consolidated financial statements and the parent company's financial statements.

Kgs. Lyngby, 24 February 2015

Henning Sørensen
Head of Audit

Arne List
Head of
BRFkredit's Internal Audit

THE INDEPENDENT AUDITORS' OPINION

To the shareholders of BRFKredit a/s

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMPANY'S FINANCIAL STATEMENTS

We have audited the consolidated financial statements and the financial statements of BRFKredit a/s for the financial year 1 January to 31 December 2014 comprising the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, for the Group as well as the Parent and the consolidated cash flow statement for the Group. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Parent's financial statements have been prepared in accordance with the Danish Financial Business Act. Further, the consolidated financial statements and the Parent's financial statements have been prepared in accordance with Danish disclosure requirements for issuers of listed bonds as applied in Denmark.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

Management is responsible for the preparation of consolidated financial statements that offer a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and in accordance with Danish disclosure requirements for issuers of listed bonds as well as the preparation of the parent company's financial statements that offer a true and fair view according to the Danish Financial Business Act and Danish disclosure requirements for issuers of listed bonds. Moreover, management is responsible for the internal control that management finds necessary to prepare consolidated financial statements and the parent company's financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements and the parent company's financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing and further requirements according to Danish act on auditing. According to these standards and requirements, we must plan and perform our audit with a view to obtaining a high degree of certainty that the consolidated financial statements and the parent company's financial statements do not contain any material misstatements.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the Parent's financial statements. The audit procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company's financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of consolidated financial statements and parent company's financial statements. The purpose of this is to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the company's internal control. Moreover, an audit comprises an assessment whether the accounting policies adopted by management are appropriate and whether the estimates made by management are reasonable, as well as an assessment of the overall presentation in the consolidated financial statements and the parent company's financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

THE INDEPENDENT AUDITORS' OPINION, CONTINUED

OPINION

In our opinion, the consolidated financial statements and the financial statements of the parent company give a true and fair view of the Group's and the parent company's financial position at 31 December 2014 and of its financial performance and cash flows for the financial year 1 January to 31 December 2014 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial companies in regard to the consolidated financial statements and in accordance with the Danish Financial Business Act in regard to the parent company's financial statements and also Danish disclosure requirements for issuers of listed bonds.

STATEMENT ON THE MANAGEMENT'S REVIEW

We have read the Management's Review pursuant to the Danish Financial Business Act. We did not perform any procedures other than those performed during the audit of the consolidated financial statements and the financial statements of the parent company. Based on this, we believe that the disclosures in the Management's Review are consistent with the consolidated financial statements and the financial statements of the parent company.

Hellerup, 24 February 2015

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Lars Holtug
State-Authorised Public
Accountant

Jesper Edelbo
State-Authorised Public
Accountant

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Note	DKKm	BRFkredit Group		BRFkredit a/s	
		2014	2013	2014	2013
INCOME STATEMENT					
5	Interest income	7,556	7,314	7,379	7,120
6	Interest expenses	5,440	5,327	5,407	5,261
	Net interest income	2,116	1,986	1,971	1,860
	Dividends from shares	4	6	4	6
7	Fees and commission income	282	237	250	216
	Fees and commission expenses	97	132	99	134
	Net interest and fee income	2,305	2,098	2,127	1,948
8	Value adjustment (- signifies an expense)	-636	-235	-598	-213
	Other operating income	15	8	35	26
9-11	Employee and administrative expenses	932	920	857	847
26,28,29	Amortisation, depreciation and impairment charges	19	19	18	18
	Other operating expenses	12	14	0	-
12	Loan impairment charges etc.	1,069	505	843	415
13	Profit on investments in associates and group enterprises	-	-0	-168	-55
	Pre-tax profit or loss	-348	413	-321	425
14	Tax (- signifies an income)	-72	110	-34	118
	Net profit or loss for the year	-276	302	-287	306
	Attributable to:				
	Shareholders of BRFkredit a/s	-276	302	-287	306
	Total	-276	302	-287	306

STATEMENT OF COMPREHENSIVE INCOME

Net profit or loss for the year	-276	302	-287	306
Other comprehensive income:				
Items that can be recycled to the income statement:				
Shares available for sale	-11	0	-	-
Value adjustment of owner-occupied properties	10	8	10	8
Deferred tax on other comprehensive income	-0	4	-	-0
Other comprehensive income after tax	-1	12	10	7
Comprehensive income for the year	-278	314	-278	314
Attributable to:				
Shareholders of BRFkredit a/s	-278	314	-278	314
Total	-278	314	-278	314

Note	DKKm	BRFKredit Group		BRFKredit a/s	
		2014	2013	2014	2013
BALANCE SHEET					
ASSETS					
	Cash, cash equivalents and demand deposits with central banks	761	90	501	50
16	Due from credit institutions and central banks	7,794	2,099	7,075	1,895
17-18	Loans and advances at fair value	220,301	200,302	220,340	200,318
19	Loans and advances at amortised cost	2,801	8,716	-	5,445
23	Bonds at fair value	27,533	20,570	25,557	18,155
24	Shares, etc.	235	300	235	300
25	Investments in group enterprises	-	-	976	1,141
26	Intangible assets	9	16	9	16
	Land and buildings, total	483	477	394	390
27	of which investment properties	4	4	4	4
28	of which owner-occupied properties	479	473	389	386
29	Other property, plant and equipment	7	11	7	11
	Current tax assets	1	-	1	-
30	Deferred tax assets	198	140	21	18
31	Assets in temporary possession	230	301	201	263
32	Other assets	916	718	799	622
	Prepayments	31	30	30	28
	Total assets	261,300	233,770	256,145	228,653
EQUITY AND LIABILITIES					
Liabilities					
33	Due to credit institutions and central banks	12,036	12,441	11,931	12,176
34	Deposits	4,990	5,343	-	-
35	Issued bonds at fair value	223,826	193,147	223,925	193,147
	Issued bonds at amortised cost	5,203	8,820	5,203	9,420
	Current tax liabilities	-	2	-	2
	Liabilities relating to assets in temporary possession	10	13	10	13
36	Other liabilities	4,056	3,430	3,904	3,324
	Deferred income	8	2	8	2
	Total liabilities	250,129	223,199	244,981	218,085
37	Provisions				
	Other provisions	87	207	80	204
	Total provisions	87	207	80	204
38	Subordinated debt	-	2	-	2
Equity					
	Share capital	1,306	306	1,306	306
	Share premium	102	102	102	102
	Revaluation reserve	35	26	25	18
	Reserves in series	9,732	6,068	9,732	6,068
	Retained profit or loss	-91	3,860	-81	3,868
	Total equity	11,084	10,362	11,084	10,362
	Total equity and liabilities	261,300	233,770	256,145	228,653
39	OFF-BALANCE SHEET ITEMS				
	Guarantees, etc.	507	513	39	46
	Other contingent liabilities, etc.	115	123	113	122
	Total guarantees and other contingent liabilities	621	635	152	168

DKK m

	Share capital ¹⁾	Share premium	Revaluation reserve	Reserves in series ²⁾	Retained profit or loss ³⁾	Total
Equity at 1 January 2014	306	102	26	6,068	3,860	10,362
Net profit or loss for the year	-	-	-	-	-276	-276
Transferred between series	-	-	-	3,664	-3,664	-
Other comprehensive income	-	-	10	-	-11	-1
Comprehensive income for the year	-	-	10	3,664	-3,951	-278
Capital injection	1,000	-	-	-	-	1,000
Equity at 31 December 2014	1,306	102	35	9,732	-91	11,084
Equity at 1 January 2013	306	102	18	7,918	1,704	10,048
Net profit or loss for the year	-	-	-	-	302	302
Transferred between series	-	-	-	-1,850	1,850	-
Other comprehensive income	-	-	7	-	4	12
Comprehensive income for the year	-	-	7	-1,850	2,156	314
Equity at 31 December 2013	306	102	26	6,068	3,860	10,362

¹⁾ Share capital: On 16 June 2014, the share capital was raised by nominally DKK 1bn, and at the same time the share classes A and B shares were closed so that all shares hold the same rights. No share options have been issued. All shares are owned by Jyske Bank A/S, and the share capital consists of 13,064,800 shares of DKK 100 each, which are all fully paid up.

²⁾ Reserves in series: The amount of DKK 9,732m has been allocated to meet the capital requirement at Capital centre E, Capital centre B, BRFkredit's series with joint and several liability and Husjernes Kreditkasse. Reference is also made to Summary of Series accounts.

³⁾ Retained profit or loss: The amount of DKK 1,352m from Share capital, Share premium, Revaluation reserve and Retained profit or loss have been allocated to meet the capital requirement at General Capital Centre.

STATEMENT OF CHANGES IN EQUITY

BRFkredit a/s

DKKm

	Share capital	Share premium	Revalua- tion reserve	Reserves in series	Retained profit or loss	Total
Equity at 1 January 2014	306	102	18	6,068	3,868	10,362
Net profit or loss for the year	-	-	-	-	-287	-287
Transferred between series	-	-	-	3,664	-3,664	-
Other comprehensive income	-	-	7	-	3	10
Comprehensive income for the year	-	-	7	3,664	-3,948	-278
Capital injection	1,000	-	-	-	-	1,000
Equity at 31 December 2014	1,306	102	25	9,732	-81	11,084
Equity at 1 January 2013	306	102	13	7,918	1,709	10,048
Net profit or loss for the year	-	-	-	-	306	306
Transferred between series	-	-	-	-1,850	1,850	-
Other comprehensive income	-	-	5	-	2	7
Comprehensive income for the year	-	-	5	-1,850	2,159	314
Equity at 31 December 2013	306	102	18	6,068	3,868	10,362

It is not possible to make a distribution of reserves relating to the items: Revaluation reserve and Reserves in series.

DKKm	BRFkredit Group		BRFkredit a/s	
	2014	2013	2014	2013
Equity	11,084	10,362	11,084	10,362
Revaluation reserve	-	-26	-	-18
Intangible assets	-9	-16	-9	-16
Cautious valuation	-66	-	-64	-
Deferred tax assets	-198	-140	-21	-18
Common Equity Tier 1 capital	10,811	10,180	10,990	10,310
Difference between expected loss and the carrying amount of impairment charges	-	-197	-	-197
Excess deduction that cannot be offset against supplementary capital	-	-169	-	-176
Core capital	10,811	9,815	10,990	9,937
Supplementary capital	-	2	-	2
Revaluation reserve	-	26	-	18
Difference between expected loss and the carrying amount of impairment charges	53	-197	53	-197
Collective impairment under the standard approach	65	-	-	-
Offsetting of the excess deduction	-	169	-	176
Capital base	10,929	9,815	11,043	9,937
Weighted risk exposure involving credit risk etc.	54,427	47,627	52,353	45,667
Weighted risk exposure involving market risk	4,263	8,775	3,980	8,475
Weighted risk exposure involving operational risk	3,155	2,826	2,996	2,667
Total weighted risk exposure	61,845	59,227	59,329	56,809
Capital requirement, Pillar I	4,948	4,738	4,746	4,545
Capital requirement, transitional provisions	2,102	2,123	2,143	2,161
Total capital requirement¹⁾	7,050	6,861	6,889	6,706
Capital ratio (%)	17.7	16.6	18.6	17.5
Core capital ratio (%)	17.5	16.6	18.5	17.5
Common Equity Tier 1 capital ratio (%)	17.5	17.2	18.5	18.1

¹⁾ On 31 December 2014, the total weighted risk exposure according to Basel I amounted to DKK 110,161m for the BRFkredit Group. The capital requirement according to the transitional provisions was for 80% of the capital requirement of 8% of the total weighted risk exposure corresponding to DKK 7,050m for the BRFkredit Group. At end-2013, the transitional provisions resulted in a capital requirement of DKK 6,861m for the BRFkredit Group. Transitional rules for the total weighted risk exposure continues in the coming years.

Over the period 2008-2013, capital ratios were calculated in accordance with the CRD III (Basel II). With effect from 2014, capital ratios are calculated in accordance with CRD IV/CRR (Basel III). The new rules result in changes in the calculation of the capital base and the total weighted risk exposure. Comparative figures have not been restated accordingly.

For further information on the individual solvency requirement, see the section in the management's review on 'Individual solvency requirement and capital buffer'.

DKKm	BRFKredit Group	
	2014	2013
Net profit or loss for the year	-276	302
Adjustment for non-cash operating items, etc.		
Loan impairment charges	643	131
Amortisation, depreciation and impairment charges	19	19
Unrealised value adjustment of securities	17	24
Unrealised value adjustment of equity interest	-	0
Other outstanding operating items	-0	-0
Tax charged to the income statement	-72	110
Total	330	587
Change in working capital		
Loans and advances	-14,726	-1,518
Bonds at fair value	-12,111	12,113
Deposits	-353	93
Issued bonds	35,799	-20,495
Due to credit institutions	-406	6,285
Other assets and liabilities	330	243
Tax paid	13	-45
Total	8,546	-3,324
Cash flows from operating activities	8,876	-2,737
Acquisition of intangible assets	-3	-1
Acquisition of property, plant and equipment	-3	-10
Sale of property, plant and equipment	1	0
Purchases of investments	-1	-42
Sale of investments	65	69
Cash flows from investment activities	60	17
New share capital paid up	1,000	-
Issued bonds at amortised cost (Senior Secured Bonds and Senior debt)	-	3,701
Redeemed bonds at amortised cost (Senior Secured Bonds and Senior debt)	-3,616	-2,244
Additional and repayment of subordinated debt	-2	-0
Dividends paid	-	-
Cash flows from financing activities	-2,619	1,457
Cash flow for the year	6,317	-1,264
Cash and cash equivalents, beginning of period	2,065	3,329
Cash and cash equivalents, end of period	8,382	2,065
Cash and cash equivalents, end of period, comprise:		
Cash, cash equivalents and demand deposits with central banks	761	90
Due from credit institutions and central banks	7,794	2,099
Of which receivables not directly available	-174	-123
Cash and cash equivalents, end of period	8,382	2,065

The BRFKredit Group'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 in the beginning of the new year in relation to the bondholders, and temporary cash resulting from refinancing of ARM loans, immediate redemptions 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 clients.

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Note

1 Financial ratios and key figures

BRFkredit Group	2014	2013	2012	2011	2010
Capital ratio ¹⁾	17.7	16.6	15.2	16.0	13.5
Core capital ratio ¹⁾	17.5	16.6	15.2	16.0	13.5
Common Equity Tier 1 capital ratio ¹⁾	17.5	17.2	16.1	13.4	11.4
Pre-tax profit as a pct. of average equity	-3.2	4.0	2.5	1.3	0.2
Net profit as a percentage of average equity	-2.6	3.0	1.9	1.0	0.1
Income/cost ratio (%)	0.8	1.3	1.2	1.1	1.0
Currency position (%)	1.3	2.1	0.9	4.2	4.3
Accumulated impairment ratio (%)	1.1	0.9	0.8	0.8	1.0
Impairment ratio for the year (%)	0.5	0.2	0.2	0.2	0.2
Increase in loans and advances for the year (%)	5.8	1.9	0.0	-5.8	-4.1
Loans and advances relative to equity	20.1	20.2	20.7	20.8	21.9
Return on capital employed	-0.11	0.13	0.08	0.04	0.00
BRFkredit a/s					
Capital ratio ¹⁾	18.6	17.5	16.3	17.4	14.6
Core capital ratio ¹⁾	18.5	17.5	16.3	17.4	14.6
Common Equity Tier 1 capital ratio ¹⁾	18.5	18.1	17.1	14.7	12.4
Pre-tax profit as a pct. of average equity	-3.0	4.0	2.5	1.5	0.2
Net profit as a percentage of average equity	-2.7	3.0	1.8	1.1	0.1
Income/cost ratio (%)	0.8	1.3	1.2	1.1	1.0
Currency position (%)	1.2	2.0	0.7	4.1	4.2
Accumulated impairment ratio (%)	0.7	0.5	0.5	0.5	0.6
Impairment ratio for the year (%)	0.4	0.2	0.2	0.2	0.2
Increase in loans and advances for the year (%)	6.1	1.9	-0.1	-5.3	-4.1
Loans and advances relative to equity	19.9	19.9	20.3	20.5	21.4
Return on capital employed	-0.11	0.13	0.08	0.05	0.00

¹⁾ With effect from 2014, capital ratios are calculated in accordance with CRD IV/CRR (Basel III). The new rules result in changes in the calculation of the capital base and the total weighted risk exposure. The comparative figures for 2013 and earlier years have not been adjusted.

Note

DKKm

2 Segmental financial statements

	BRFkredit Group					
	Mortgage credit and banking activities	2014 Earnings from investment portfolio	Total	Mortgage credit and banking activities	2013 Earnings from investment portfolio	Total
Net interest income	1,561	514	2,075	1,348	550	1,899
Net fee and commission income	198	-	198	136	-	136
Value adjustments	-61	-544	-605	50	-222	-173
Other income	15	-	15	8	-	8
Income	1,714	-30	1,684	1,542	328	1,870
Expenses	963	-	963	952	-	952
Profit before loan impairment charges	751	-30	721	590	328	917
Loan impairment charges	1,069	-	1,069	505	-	505
Pre-tax profit or loss	-318	-30	-348	85	328	413

Selected balance sheet items

Due from credit institutions and central banks	2,112	5,682	7,794	2,099	-	2,099
Loans and advances	223,102	-	223,102	209,018	-	209,018
Bonds and shares	15,989	11,779	27,768	7,841	13,029	20,870
Due to credit institutions	3,534	8,502	12,036	438	12,003	12,441
Deposits	4,990	-	4,990	5,343	-	5,343
Issued bonds at fair value ¹⁾	229,601	-5,775	223,826	193,147	-17,672	175,475
Issued bonds at amortised cost		5,203	5,203	-	8,820	8,820
Guarantees	507	-	507	513	-	513
Total assets	243,486	17,814	261,300	220,252	13,518	233,770

¹⁾ The negative value under "Earnings from investment portfolio" comprises own bonds that have been offset in "Issued bonds at fair value" according to the accounting rules.

Mortgage credit and banking activities

Mortgage credit and banking activities cover financial assets within the business areas Personal clients, Corporate clients and Subsidised housing. The segment also comprises a risk-free return on the own securities portfolio (core earnings)

Earnings from investment portfolio

Earnings from investment portfolio comprises the relative return in addition to a risk-free return on the own securities portfolio.

Selected balance sheet items

Assets and liabilities are presented in those segments which obtain or lose the relevant financial advantages.

Note

DKKm

BRFkredit Group

2014 2013

3 Segment information, income by the business areas' products

Private Clients	956	832
Corporate Clients	767	636
Subsidised housing	87	87
Securities	-42	363
Other	-85	-48
Total	1,684	1,870

4 Segments - sales, geography and public subsidies

In 2014, the BRFkredit Group's total sales amounted to DKK 7,853m (2013: DKK 7,559m).

99.97% of the BRFkredit Group's loans are granted in Denmark, while 0.03% of the loans are granted in Sweden. Consequently the corresponding proportions of sales, number of employees, pre-tax profit and tax can be attributed to Denmark and Sweden, respectively.

In 2014, the BRFkredit Group did not receive special public subsidies relating to mortgage credit or banking activities in Denmark, nor Sweden.

Note	DKKm	BRFkredit Group		BRFkredit a/s	
		2014	2013	2014	2013
5	Interest income				
	Due from credit institutions and central banks ¹⁾	17	7	0	1
	Loans and advances	5,484	5,508	5,354	5,385
	Contribution	1,444	1,382	1,444	1,382
	Bonds	976	913	943	849
	Derivatives, total	96	122	98	122
	Of which interest-rate contracts	96	122	98	122
	Other interest income	14	16	14	16
	Interest income before offsetting of interest against own bonds	8,031	7,949	7,854	7,755
	Interest on own bonds, set off against interest on issued bonds	475	635	475	635
	Total	7,556	7,314	7,379	7,120
	¹⁾ Of which interest income on reverse repos carried under "Due from credit institutions and central banks"	0	0	0	0
6	Interest expenses				
	Due to credit institutions and central banks ¹⁾	31	15	31	13
	Deposits	62	74	-	-
	Issued bonds	5,728	5,833	5,757	5,849
	Derivative financial instruments	-	7	-	-
	Other interest expenses	94	33	94	33
	Interest expenses before offsetting of interest against own bonds	5,915	5,962	5,882	5,895
	Interest on own mortgage bonds, set off against interest on issued bonds	475	635	475	635
	Total	5,440	5,327	5,407	5,261
	¹⁾ Of which interest expenses on repos carried under "Due to credit institutions and central banks"	14	7	14	7
7	Fees and commission income				
	Securities trading and custody services	166	150	157	148
	Money transfers and card payments	3	3	-	-
	Loan management fees	101	77	91	69
	Guarantee commission	6	5	-	-
	Other fees and commissions	6	3	2	0
	Total	282	237	250	216
8	Value adjustment (- signifies an expense)				
	Mortgage loans ¹⁾	2,879	-2,476	2,879	-2,476
	Other loans, advances and receivables at fair value	18	2	18	2
	Bonds	-256	-319	-237	-293
	Shares, etc.	12	2	0	16
	Shares - available for sale ²⁾	-1	13	-	-
	Investment properties	-	-0	0	-0
	Currency	-2	-0	-2	-0
	Currency, interest-rate and other contracts as well as other derivatives ¹⁾	-358	-101	-330	-110
	Issued bonds ¹⁾	-2,929	2,644	-2,925	2,649
	Total	-636	-235	-598	-213

¹⁾ Value adjustment of the balance principle brought a total income of DKK 4m (2013: DKK +3m), resulting from a net value adjustment of the following items: Mortgage loans by DKK +2,879m (DKK -2,476m), issued mortgage bonds by DKK -2,925m (DKK +2,602m) and fixed-rate agreements in connection with loan disbursements, etc. by DKK +50m (DKK -123m), recognised under Interest-rate contracts and Derivative financial instruments.

²⁾ Strategic equities (see Accounting policies) are categorised according to IFRS as "available for sale".

Note	DKKm	BRFkredit Group		BRFkredit a/s	
		2014	2013	2014	2013
9	Employee and administrative expenses				
	Employee expenses				
	Wages and salaries, etc.	525	506	482	464
	Pensions	56	55	53	51
	Social security	68	64	64	60
	Total	649	625	599	576
	Salaries and remuneration to management bodies				
	Executive Board	13	12	13	12
	Supervisory Board	1	2	1	2
	Shareholders' Representatives	0	1	0	1
	Total	14	15	14	15
	Other administrative expenses				
	IT	119	135	96	113
	Rent, lighting, heating, etc.	30	35	33	35
	Other administrative expenses	119	111	116	109
	Total	269	281	244	256
	Total	932	920	857	847
	Wages and salaries, etc.				
	Wages, salaries and short-term employee benefits	525	506	482	464
	Other long-term employee benefits	-	0	-	0
	Total	525	506	482	464

Remuneration of the Supervisory Board (DKK '000)

Sven A. Blomberg (joined on 30.04.2014)	-	-	-	-
Per Skovhus (joined on 30.04.14)	-	-	-	-
Niels Erik Jacobsen (joined on 30.04.2014)	-	-	-	-
Jørgen Christensen (joined on 30.04.2014)	20	-	20	-
Laila Busted	98	175	98	175
Jan Frederiksen	98	175	98	175
Anette Lykke Poulsen	98	175	98	175
Oluf Engell (resigned on 30.04.2014)	175	525	175	525
Kurt Bligaard Pedersen (resigned on 30.04.2014)	116	350	116	350
Kristian May (resigned on 30.04.2014)	58	175	58	175
Lars Henrik Munch (resigned on 30.04.2014)	58	175	58	175
Aksel Nissen (resigned on 30.04.2014)	58	175	58	175
Rina Asmussen (joined on 01.05.2013, resigned on 30.04.2014)	58	117	58	117
Jesper Nygaard (joined on 01.05.2013, resigned on 30.06.2013)	-	29	-	29
Troels Behr (resigned on 30.04.2013)	-	58	-	58
Directors' remunerations, total	837	2,129	837	2,129

Members of the Supervisory Board receive no shares, options, warrants or any other types of incentive pay. Moreover, members of the Supervisory Board receive no pension in the performance of their duties and obligations as members of the Supervisory Board.

Contractual remuneration of the Executive Board

Sven A. Blomberg (resigned on 30.04.2014)	4.9	5.8	4.9	5.8
Carsten Tirsbæk Madsen	4.5	3.5	4.5	3.5
Lars Waalen Sandberg	3.7	2.9	3.7	2.9
Total remuneration of the Executive Board	13.1	12.1	13.1	12.1

Members of the Executive Board receive no shares, options, warrants or any other types of incentive pay, and the BRFkredit Group has no contractual obligations concerning annual contributions to the Executive Board's pension schemes. Moreover, the BRFkredit Group has no pension obligations or special termination obligations towards the Executive Board. Members of the Executive Board received benefits-in-kind, such as free

Remuneration to risk takers

Number of members	20	4	19	3
Contractual remuneration	14.8	5.1	13.2	3.5
Variable remuneration	0.3	0.3	0.3	0.3
Defined contribution pensions	2.0	0.7	1.7	0.4

The group comprises employees (exclusive of the Executive Board) with a special impact on the Group's risk profile. As of 2014, the group does not participate in any incentive schemes. In connection with the alignment of practices to the Jyske Bank Group, risk takers comprised as of 2014 also employees with control functions. Also, the group of risk takers was also enlarged in 2014.

For further information of the BRFkredit Group's remuneration policy, reference is made to:

<http://www.brf.dk/~media/BRF/Service%20Pages/Om%20BRFkredit/Selskabsledelse/loenpolitik.ashx>

Note	DKKm	BRFKredit Group		BRFKredit a/s	
		2014	2013	2014	2013
10	Number of employees				
	Average number of employees for the financial year (full-time employees)	856	844	787	776
	No. of employees at end-period	793	869	749	815
11	Audit fees				
	Total fee to BRFKredit a/s' auditors elected by the Annual General Meeting	6	4	6	4
	Breakdown of audit fees:				
	Fee for statutory audit of the financial statements	2	2	2	2
	Fee for tax advice	0	0	0	0
	Fee for other services	3	2	3	2
	In addition to fees to the auditors elected at the Annual General Meeting, expenses were recognised for BRFKredit's Internal Audit department				
12	Loan impairment charges				
	Balance of loan impairment charges and provisions, beginning of year	1,873	1,742	1,101	1,036
	Loan impairment/provisions for the year	727	179	513	94
	Recognised as a loss, covered by impairment charges/provisions	-85	-48	-29	-30
	Balance of loan impairment charges and provisions, end of year ¹⁾	2,516	1,873	1,585	1,101
	Mortgage loan impairment charges	1,543	1,079	1,543	1,079
	Impairment charges on other loans and receivables, etc.	973	795	41	22
	Balance of loan impairment charges and provisions, end of year	2,516	1,873	1,585	1,101
	Loan impairment/provisions for the year	727	179	513	94
	Recognised as a loss, not covered by individual loan impairment charges/provisions ^{2) 3)}	398	373	373	357
	Recoveries	-56	-48	-44	-36
	Net effect on income statement	1,069	505	843	415
	Individual loan impairment charges, beginning of year	1,374	1,231	670	603
	Loan impairment for the year	848	191	630	96
	Recognised as a loss, covered by impairment charges/provisions	-85	-48	-29	-30
	Individual loan impairment charges, end of year	2,138	1,374	1,271	670
	Collective loan impairment charges, beginning of year	499	511	431	433
	Loan impairment for the year	-121	-12	-117	-2
	Collective loan impairment charges, end of year	379	499	314	431

¹⁾ Impairment charges are recognised when there is objective evidence of impairment. This will occur when the loan becomes overdue at the latest. The timing difference from the first arrears event until a loss is incurred is one year on average for residential properties, while the average difference is considerably longer for commercial properties, and with a significant variance, depending on the complexity of the loan facility. Accordingly, a loan will always be impaired before a loss is incurred on the loan.

²⁾ "Recognised as a loss, not covered by individual loan impairment charges/provisions" of DKK 398m in 2014 relates mainly to loans with collective loan impairment. At the beginning of the year, collective loan impairment charges amounted to DKK 499m.

³⁾ Of 'Recognised as a loss, not covered by individual loan impairment charges/provisions' for the BRFKredit Group, the value adjustment of properties acquired in prior financial years was DKK - 30m (2013: DKK - 10m), and operating profit on properties during the period of foreclosure DKK - 4m (DKK - 7m).

For further details on credit risk reference is made to note 51.

Note	DKKm	BRFkredit Group		BRFkredit a/s	
		2014	2013	2014	2013
13	Profit on investments in associates and group enterprises				
	Profit or loss on investments in associates	-	-0	-	-0
	Profit or loss on investments in group enterprises after tax	-	-	-168	-55
	Total	-	-0	-168	-55
14	Tax				
	Current tax	1	48	0	120
	Change in deferred tax	-73	56	-35	-3
	Changes in deferred tax due to a change to the tax rate ¹⁾	-	6	-	1
	Adjustment of tax for previous years	-	-	1	-1
	Total	-72	110	-34	118
	Effective tax rate				
	Current tax rate	24.5	25.0	24.5	25.0
	Adjustments as regards previous years	-	-	-0.2	-0.1
	Non-taxable income and non-deductible expenses, etc.	-0.3	0.2	-12.7	2.6
	Effect of the change to the corporation tax rate ¹⁾	-3.4	1.5	-1.0	0.3
	Effective tax rate	20.7	26.8	10.6	27.8

¹⁾ The corporation tax rate was reduced from 25.0 in 2013 to 24.5 in 2014, 23.5 in 2015 and to 22.0 in 2016 and onwards.

Note	DKKm	BRFkredit Group		BRFkredit a/s	
		2014	2013	2014	2013
15	Contractual time to maturity				
	2014				
	Assets				
	Due from credit institutions and central banks				
	Demand deposits	1,230	805	1,206	801
	Up to 3 months	6,556	1,277	5,861	1,079
	Over 3 months and up to 1 year	1	4	1	2
	Over 1 year and up to 5 years	6	11	6	11
	Over 5 years	1	1	1	1
	Total	7,794	2,099	7,075	1,895
	Loans and advances at fair value ¹⁾				
	Demand deposits	-	-	-	-
	Up to 3 months	1,694	1,089	1,694	1,089
	Over 3 months and up to 1 year	4,668	3,575	4,669	3,575
	Over 1 year and up to 5 years	28,966	26,614	28,973	26,615
	Over 5 years	184,973	169,025	185,004	169,038
	Total	220,301	200,302	220,340	200,318
	Loans and advances at amortised cost				
	Demand deposits	209	215	-	-
	Up to 3 months	569	576	-	30
	Over 3 months and up to 1 year	129	399	-	97
	Over 1 year and up to 5 years	434	1,272	-	724
	Over 5 years	1,459	6,254	-	4,595
	Total	2,801	8,716	-	5,445
	Liabilities				
	Due to credit institutions and central banks				
	Demand deposits	134	140	29	53
	Up to 3 months	11,902	12,050	11,902	12,050
	Over 3 months and up to 1 year	-	-	-	73
	Over 1 year and up to 5 years	-	251	-	-
	Over 5 years	-	-	-	-
	Total	12,036	12,441	11,931	12,176
	Deposits				
	Demand deposits	3,683	3,404	-	-
	Up to 3 months	340	502	-	-
	Over 3 months and up to 1 year	346	856	-	-
	Over 1 year and up to 5 years	569	532	-	-
	Over 5 years	52	49	-	-
	Total	4,990	5,343	-	-
	Issued bonds at fair value ¹⁾				
	Up to 3 months	6,820	23,439	6,820	23,439
	Over 3 months and up to 1 year	13,104	19,564	13,104	19,564
	Over 1 year and up to 5 years	132,628	85,970	132,728	85,970
	Over 5 years	71,274	64,174	71,274	64,174
	Total	223,826	193,147	223,925	193,147
	Issued bonds at amortised cost				
	Up to 3 months	-	1,000	-	1,000
	Over 3 months and up to 1 year	500	2,114	500	2,114
	Over 1 year and up to 5 years	4,703	5,706	4,703	6,306
	Over 5 years	-	-	-	-
	Total	5,203	8,820	5,203	9,420

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 adjustable rate mortgage loans (ARM) are funded by bonds with maturities of 1-10 years.

The above amounts are exclusive of interest.

Financial guarantees

The financial guarantees of the BRFkredit Group amounted to DKK 439m (2013: DKK 436m). 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.

For further details on liquidity risks reference is made to note 62.

Note	DKKm	BRFkredit Group		BRFkredit a/s	
		2014	2013	2014	2013
16	Due from credit institutions and central banks				
	Due from credit institutions	7,794	2,099	7,075	1,895
	Total	7,794	2,099	7,075	1,895

Most of the receivables from credit institutions were reduced at the beginning of 2015 in connection with the mortgage payments due on 2 January 2015. Cash is deposited with Danish banks with ratings between A- and AA- (Standard & Poor's).

17	Loans and advances at fair value				
	Mortgage loans, nominal value ¹⁾	212,719	195,055	212,759	195,071
	Adjustment for interest-rate risk, etc.	8,546	5,682	8,546	5,682
	Adjustment for credit risk ²⁾	-1,543	-1,079	-1,543	-1,079
	Mortgage loans at fair value	219,722	199,658	219,761	199,674
	Arrears before loan impairment charges	74	135	74	135
	Outlays before loan impairment charges	4	39	4	39
	Impairment charges for arrears and outlays	-18	-10	-18	-10
	Arrears and outlays, total	60	163	60	163
	Other loans and receivables	519	481	519	481
	Total	220,301	200,302	220,340	200,318

¹⁾ Mortgage loans without a full connection to the underlying bonds (jointly funded loans) were recognised at amortised cost in 2013. As a result of an adjustment to reflect the accounting policies applied by the Jyske Bank Group, they were recognised at fair value as of June 2014. Nominal loans as at 31 December 2013 amounted to DKK 195.1bn (recognised at fair value) plus DKK 5.4bn (recognised at amortised cost). As the nominal loans as at 31 December 2014 amounted to DKK 212.7bn, an increase of DKK 12.2bn was recorded over the period.

²⁾ Adjustment for credit risk is calculated so it allows for objective evidence whether loans and advances are impaired compared to the time of the establishment of the loans and advances.

18	Mortgage loans at fair value broken down by property category				
	Owner-occupied homes	96,995	82,127	96,995	82,127
	Vacation homes	5,507	5,123	5,507	5,123
	Subsidised housing	44,503	40,145	44,503	40,145
	Private rental properties (rental housing)	39,409	39,791	39,409	39,791
	Industrial properties	1,451	2,438	1,451	2,438
	Office and business properties	29,289	27,466	29,328	27,482
	Agricultural properties, etc.	29	39	29	39
	Properties for social, cultural and educational purposes	2,513	2,515	2,513	2,515
	Other properties	25	14	25	14
	Total	219,722	199,658	219,761	199,674

Mortgage loans in the amount of DKK 5.4bn, which in 2013, had been recognised at amortised cost but now were recognised at fair value (see note 17) related mainly to the property category Owner-occupied homes.

19	Loans and advances at amortised cost		
	As at 31 December 2014, the BRFkredit Group had recognised loans and receivables in the amount of DKK 2m (2013: DKK 0m) for which no impairment had been provided. All loans in question were in arrears for less than 30 days.		

Note	DKKm	BRFkredit Group		BRFkredit a/s	
		2014	2013	2014	2013
20	Loans and advances showing objective evidence of impairment				
	Individually-assessed loans and advances before loan impairment charges:				
	Significant loans and advances	13,931	13,195	12,946	12,265
	Non-significant loans and advances	6,488	6,204	6,140	5,870
	Total	20,419	19,399	19,086	18,135
	Individually-assessed loans and advances recognised at nil	482	408	1	3
	Total of individually assessed loans and advances before loan impairment charges (less loans and advances recognised at nil)	19,938	18,991	19,085	18,132
	Loan impairment charges for individually-assessed loans and advances:				
	Significant loans and advances	1,134	564	518	80
	Non-significant loans and advances	1,003	810	753	590
	Total	2,138	1,374	1,271	670
	Loan impairment charges for individually-assessed loans and advances recognised at nil	482	408	1	3
	Total impairment charges for loans and advances assessed individually (less loans and advances recognised at nil)	1,656	966	1,271	667
	Carrying value of individually-assessed loans and advances which show objective evidence of impairment	18,281	18,025	17,815	17,465
	Impairment charges on individually assessed loans to individually assessed loans	10%	7%	7%	4%
	As at 31 December 2014, loans and advances assessed collectively for impairment amounted to DKK 2,226m before impairment charges and DKK 1,848m after impairment charges.				
	No impairment was recognised for other asset classes.				
21	Value of securities realised during the financial year				
	Real property, residential	68	93	68	93
	Real property, commercial	213	164	143	134
	Total	281	257	211	227
22	Collateral by type				
	Cash and warranties	186	191	-	-
	Guarantees	21,841	20,212	21,829	20,212
	Real property, residential	100,463	89,744	99,555	89,098
	Real property, commercial	91,871	88,506	91,871	88,506
	Total	214,361	198,653	213,256	197,815
	Guarantees mainly relating to central and local government guarantees provided in connection with loans for subsidised housing societies, etc. as well as urban renewal projects. Remaining guarantees relating to guarantees against losses on mortgage loans from financial institutions.				
	Collateral relating to real property was calculated at BRFkredit's current assessment of the mortgaged properties less a haircut of 5%. Hence the collateral value of mortgages on real property equals loans at a LTV ratio of up to 95%.				
23	Bonds at fair value				
	Own mortgage bonds	66,437	61,316	66,437	60,702
	Other mortgage bonds	27,244	19,141	25,416	16,999
	Other bonds	289	1,429	141	1,156
	Total before offsetting of own mortgage bonds	93,969	81,886	91,994	78,857
	Own bonds (offset against Issued bonds)	-66,437	-61,316	-66,437	-60,702
	Total	27,533	20,570	25,557	18,155
	The major part of the securities portfolio is included in BRFkredit's investment portfolio.				
	Other securities relate to the investment of temporary excess liquidity resulting from bonds for refinancing of ARM loans, immediate redemptions 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.				
	Investment is solely made in bonds where the issuer's credit rating is within the limits of the Group's risk policy.				

Note	DKKm	BRFkredit Group		BRFkredit a/s	
		2014	2013	2014	2013
24	Shares, etc.				
	Shares - fair value	-	42	235	300
	Shares - available for sale ¹⁾	235	258	-	-
	Total	235	300	235	300

¹⁾ 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 235m (2013: DKK 258m), for which there is no quoted market price. Such shares are valued in accordance with generally accepted valuation methods.

In accordance with the Danish accounting rules, all shares in the Parent Company are placed in the category 'Shares at fair value', whereas the shares are split into 'Shares at fair value' and 'Shares available for sale' in the consolidated financial statements.

25	Investments in group enterprises				
	Total cost, beginning of year			1,770	1,620
	Additions			-	150
	Total cost, end of year			1,770	1,770
	Revaluations and impairment charges, beginning of year			-628	-576
	Post-tax profit or loss			-168	-55
	Other capital movements			3	2
	Revaluations and impairment charges, end of year			-793	-628
	Carrying amount, end of year			976	1,141

26	Intangible assets				
	Development projects				
	Total cost, beginning of year	166	166	166	166
	Total cost, end of year	166	166	166	166
	Amortisation and impairment charges, beginning of year	166	166	166	166
	Amortisation and impairment charges, end of year	166	166	166	166
	Carrying amount, end of year	-	-	-	-
	Other				
	Total cost, beginning of year	38	37	37	35
	Additions	3	1	3	1
	Total cost, end of year	41	38	40	37
	Amortisation and impairment charges, beginning of year	22	13	21	12
	Amortisation for the year	10	9	10	9
	Amortisation and impairment charges, end of year	31	22	30	21
	Carrying amount, end of year	9	16	9	16
	Total	9	16	9	16

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

27	Investment properties				
	Fair value, beginning of year	4	4	4	4
	Adjustment to fair value	-	-0	-	-0
	Fair value, end of year	4	4	4	4

Investment properties are recorded at fair value at 31 December and only comprise 4 vacation homes, which are rented to the Group's employees. The fair value is estimated to correspond to the most recent public land assessment value.

Amounts recognised in income statement

Rental income	0	0	0	0
Direct expenses for properties rented in the period	1	1	1	1

There are no future minimum payments under non-terminable contracts (2013: DKK 0m).

Note	DKKm	BRFkredit Group		BRFkredit a/s	
		2014	2013	2014	2013
28	Owner-occupied properties				
	Beginning of period:				
	Cost	564	564	461	461
	Accumulated depreciation	101	97	93	89
	Revaluations and impairment charges	10	3	18	13
	Carrying amount at beginning of year	473	469	386	384
	Additions during the year	-	0	-	-
	Depreciation	4	4	3	3
	Positive changes in values recognised in other comprehensive income in the course of the year	10	8	7	5
	Positive changes in values recognised in the income statement in the course of the year	0	-	-	-
	Carrying amount, end of year	479	473	389	386
	Owner-occupied properties were recorded at fair value at 31 December. 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 valuer who has specialised in assessing commercial properties and, therefore, possesses the required professional qualifications. The Group's owner-occupied properties are valued on the basis of an investor's rate of return of 5.00 - 6.50% (2013: 5.00 - 6.50%).				
	Accumulated depreciation of owner-occupied properties for the BRFkredit Group was DKK 105m (2013: DKK 101m).				
	Future minimum payments under non-terminable contracts amount to DKK 13m (2013: DKK 12m), broken down to the following periods:				
	Within 1 year	3	2		
	Between 1 and 5 years	7	7		
	After 5 years	3	3		
29	Other property, plant and equipment				
	Total cost, beginning of year	58	49	58	48
	Additions	3	10	3	10
	Disposals	2	0	2	-
	Total cost, end of year	59	58	59	58
	Depreciation and impairment charges, beginning of year	48	42	47	41
	Depreciation for the year	6	6	6	6
	Reversed depreciation and impairment charges	1	0	1	-
	Depreciation and impairment charges, end of year	52	48	51	47
	Carrying amount, end of year	7	11	7	11
	Other property, plant and equipment consist of IT hardware, etc. as well as cars, etc.				

Note	DKKm	BRFkredit Group		BRFkredit a/s	
		2014	2013	2014	2013
30	Deferred tax				
	Deferred tax assets	198	140	21	18
	Net deferred tax	198	140	21	18

BRFkredit Group

Broken down into the following balance sheet items:

	Shares, etc.	Intangible and tangible assets	Provisions for liabilities	Issued bonds at amortised cost	Tax losses	Other	Total
Carrying amount at beginning of 2013	1	-2	12	-	187	2	200
Adjustment change to corporation tax rate	-	0	-1	-	-5	-1	-6
Adjustment in other comprehensive income	4	-0	-	-	-	-	4
Adjustment in income statement	-5	1	1	-	-57	3	-57
Carrying amount at end of 2013	-	-1	12	-	125	4	140
Adjustment in income statement	-	1	-1	-54	113	-1	58
Carrying amount at end of 2014	-	-0	11	-54	238	3	198

BRFkredit a/s

Carrying amount at beginning of 2013	1	0	12	-	-	3	16
Adjustment change to corporation tax rate	-	0	-1	-	-	0	-1
Adjustment in income statement	-1	1	1	-	-	2	3
Carrying amount at end of 2013	-	1	12	-	-	5	18
Adjustment in income statement	-	1	-1	-54	59	-2	3
Carrying amount at end of 2014	-	2	11	-54	59	3	21

Of the BRFkredit Group's capitalised deferred tax, DKK 238m (2013: DKK 125m) represents the value of the tax loss that can be carried forward to subsequent years. The value of the tax loss has been capitalised as the BRFkredit Group, as a result of positive core earnings, anticipates taxable income for the years ahead, against which the balance of tax losses can be offset.

Of deferred tax, DKK 86m, (2013: DKK 75m) is expected to be realised within 12 months, whereas DKK 112m (DKK 65m) is expected to be realised within 5 years.

31	Assets in temporary possession				
	Properties acquired temporarily ¹⁾	201	263	201	263
	Subsidiaries in possession with a view to sale ²⁾	28	38	-	-
	Total	230	301	201	263

¹⁾ Properties acquired temporarily in connection with loan facilities. At end of 2014, the BRFkredit Group had 50 (2013: 98) properties acquired through foreclosure, of which 22 (43) were acquired within the last 12 months.

²⁾ Property companies acquired temporarily in connection with loan facilities. At end of 2014, the BRFkredit Group had 2 (2013: 2) property companies. The sales strategy for all assets acquired temporarily by the Group is to ensure that BRFkredit actively endeavours to sell these assets as quickly as possible at a realistic price and within 12 months.

32	Other assets, etc.				
	Positive fair value of derivative financial instruments, etc. ¹⁾	199	189	141	141
	Interest and commission receivable	385	318	372	287
	Loan applications in process	264	164	264	164
	Other assets	68	48	22	30
	Total	916	718	799	622

¹⁾ At the end of 2014, the positive gross fair value of the BRFkredit Group's financial derivatives with a positive market value was DKK 4,335m (2013: DKK 7,929m).

Financial derivatives are used for hedging transactions solely where the counterparty's credit rating is within the limits of the Group's risk policy

33	Due to credit institutions and central banks				
	Due to credit institutions	196	438	91	173
	Repos ¹⁾	11,840	12,003	11,840	12,003
	Total	12,036	12,441	11,931	12,176

¹⁾ 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 was DKK 11,928m (2013: DKK 11,993m). All repo transactions open at the end of 2014 fall due for payment within one month.

Note	DKKm	BRFKredit Group		BRFKredit a/s	
		2014	2013	2014	2013
34	Deposits				
	On demand	3,683	3,379		
	Term deposits	8	9		
	Time deposits	1,223	1,883		
	Special deposits	76	72		
	Total	4,990	5,343		
35	Issued bonds at fair value				
	Issued mortgage bonds, nominal value	280,051	246,937	280,051	246,937
	Adjustment to fair value ¹⁾	10,311	6,912	10,311	6,912
	Own mortgage bonds, fair value	-66,536	-60,702	-66,437	-60,702
	Total	223,826	193,147	223,925	193,147
	Of issued mortgage bonds, nominal value:				
	Pre-issued	53,483	40,796	53,483	40,796
	Drawn for redemption at next repayment date	54,064	46,101	54,064	46,101
	¹⁾ The change in the fair value of issued mortgage bonds (including covered bonds) that is attributable to credit risk can be calculated on the basis of the change in the Option-Adjusted Spread (OAS) relative to the swap curve. The calculation takes maturity and nominal portfolio into account. The calculation involves some estimate. The change in fair value that is attributable to credit risk was negative by DKK 0.5bn in 2014 (2013: DKK -0.2bn). The accumulated change in credit risk since 1 January 2008 has been calculated at a negative value at DKK 3.9bn. Equity and earnings performance were not affected by the change, however, since the value of mortgage lending changed correspondingly.				
36	Other liabilities				
	Negative fair value of derivatives ¹⁾	357	144	275	105
	Interest and commission payable	3,346	3,016	3,327	2,992
	Other liabilities	353	270	302	227
	Total	4,056	3,430	3,904	3,324
	¹⁾ At the end of 2014, the positive gross fair value of the BRFkredit Group's financial derivatives with a negative market value was DKK 18,850m (2013: DKK 15,998m).				
	Financial derivatives are used for hedging transactions solely where the counterparty's credit rating is within the limits of the Group's risk policy				
37	Provisions				
	Other provisions				
	Beginning of period	207	192	204	190
	Additions	27	161	24	160
	Provisions used	26	128	25	127
	Provisions reversed	121	19	123	19
	End of year	87	207	80	204
	Provisions are expected to fall due:				
	Within 1 year	39	173	39	170
	Between 1 and 5 years	48	34	41	34
	Other provisions relate to payable expenses, liabilities in the form of commitments of support and other liabilities where either the size of the amount or the due date is uncertain. The uncertainty of the provisions made is considered limited.				
38	Subordinated debt				
	Deposit account, Husejernes Kreditkasse ¹⁾	-	2	-	2
	Total	-	2	-	2
	Subordinated debt included in the capital base	-	2	-	2
	¹⁾ The deposit account is written down continuously in connection with the loan portfolio reduction. The deposit account does not meet the requirements for subordinated debt in the CRD IV regulation. Due to the transitional rules, it will still be possible to include a part of the supplementary capital in the capital base, but the amount that can be included will be reduced on an on-going basis. Due to the limited size of the amount, it has been decided not to use the transitional rule. Instead the deposit account is recognised under "Other liabilities".				

Note	DKKm	BRFkredit Group		BRFkredit a/s	
		2014	2013	2014	2013
39	Off-balance sheet items				
	Guarantees, etc.				
	Financial guarantees	439	436	-	-
	Other guarantees	68	76	39	46
	Total	507	513	39	46

Financial guarantees

Relate to conveyance and payment guarantees furnished by BRFkredit Bank a/s.

Other guarantees

Other guarantees include other forms of guarantees at varying degrees of risk. The risk involved is deemed to be less than the risk involved in credit facilities subject to flexible drawdown.

Other contingent liabilities, etc.

Operating leases	20	6	19	6
Other long-term contracts	34	51	34	51
Other contingent liabilities	60	65	60	65
Total	115	123	113	122

Operating leases

Terms of operating leases:

0-1 year	8	5	7	4
1-5 years	13	2	12	2
Total	20	6	19	6

Minimum payments on operating leases were recognised in the profit or loss for the year

	8	7	8	7
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At 31 December 2014, the BRFkredit Group had open offers in the amount of DKK 11.5bn (2013: DKK 11.8bn). The life of these loan commitments is up to 6 months.

BRFkredit a/s is registered jointly with BRFkredit Bank a/s for settlement of VAT and payroll tax. The companies are jointly and severally liable for such settlement.

At the balance sheet date, the Group was a party to pending lawsuits. At the balance sheet date, the pending lawsuits represent a total exposure for the Group of no more than DKK 5m. The lawsuits relate to circumstances that are part of the Group's normal business and must be considered part of its day-to-day operations. A provision of DKK 2m has been made for these lawsuits, and the Group does not expect to sustain a financial loss on the lawsuits beyond this amount.

40 **Provision of collateral**

Bonds have been provided as security for sum clearing	250	503	-	-
Margin accounts, derivatives, etc.	262	155	179	155
Other collateral provided	-	15	8	15
Total	512	673	188	170

Repo transactions involve an arrangement where bonds are provided as collateral for the amount borrowed. See note 33 for further details.

41 **Notes on fair value****Methods for measuring fair value**

Fair value is the price which can be obtained at the time of measurement by selling an asset or which must be paid for transferring a liability in an ordinary transaction between independent market participants (exit value). The fair value should equal the book value where book value is recognised on the basis of underlying assets and liabilities measured at fair value.

For all assets listed on active markets, fair values are measured at official prices. Where no price is quoted, a different official price is used which is taken to reflect most closely the fair value. Financial assets and liabilities, whose quoted prices or other official prices are not available or are not taken to reflect the fair value, are measured at fair value according to other evaluation techniques and other observable market information. In cases where observable prices based on market information are not available or are not taken to be useful for measuring fair value, the fair value is measured by recognised techniques, including discounted future cash flows, and our own assumptions. The basis of the measurement may be recent transactions involving comparable assets or liabilities, interest rates, exchange rates, volatility, credit spreads, etc.

Generally, quoted prices and observable data are obtained in the form of interest rates and equity and bond prices, exchange rates, forward premiums, volatilities, etc. from recognised stock exchanges and providers.

Specific details on methods for measuring fair value

Bonds at fair value, shares, equities, derivatives, loans and advances at fair value and issued bonds are measured at fair value in the financial statements.

41 **Notes on fair value - continued**

Bonds are generally measured at prices quoted on a recognised stock exchange within the past month. Alternatively, calculated prices are applied. If such market price is not available for the past month, a calculated price based on the official market rate will be applied for determining the value. The calculated price is received from SIX Financial Information.

Equities, etc. that are listed are measured at prices quoted on a recognised stock exchange. However, at end-2014, BRFkredit's equity holding consists of unlisted equities, where the value is measured on the basis of the companies' most recent financial statements available.

Derivative financial instruments are valued on the basis of discounted future interest payments. Interest payments are calculated by taking into account payment frequencies and market conventions. Variable interest payments are estimated on the basis of market expectations for future values of the benchmark interest rate.

Loans at fair value comprise mortgage loans for which there is a full relationship with the underlying issued bonds are generally valued at prices quoted on a recognised stock exchange for the underlying issued bonds within the past month. If such market price is not available for the past month, a calculated price based on the official market rate will be applied for determining the value. The calculated price is received from SIX Financial Information.

Issued bonds at fair value are generally measured at prices quoted on a recognised stock exchange within the past month. If such market price is not available for the past month, a calculated price based on the official market rate will be applied for determining the value. The calculated price is received from SIX Financial Information.

Information about differences between recognised value and measurement of fair value

The BRFkredit Group has a small holding of loans that is recognised at amortised cost. The difference to fair value is assumed to be fee and commission received, costs defrayed in connection with lending, plus interest-rate-dependent value adjustment calculated by comparing current market rates with market rates at the time when the loans and advances were established. Changes in credit quality are assumed to be included under impairment charges both for carrying amounts and fair values.

A small holding of issued bonds was recognised at amortised cost supplemented with the fair value of the hedged interest-rate risk. The difference to fair value is calculated on the basis of own-issue prices obtained externally.

For the items "Cash, cash equivalents and demand deposits with central banks", "Due from credit institutions and central banks", "Due to credit institutions and central banks", "Deposits" and "Subordinated debt", the carrying amount is assessed to amount to a reasonable approximation of fair value.

Note	BRFkredit Group	
	2014	2013
DKKkm		
42 Recognised financial instruments		
Financial assets at fair value adjusted in the income statement		
<u>Trading portfolio</u>		
Bonds at fair value	27,533	20,570
Other assets - derivative financial instruments	199	189
Equities at fair value	-	42
<u>Decided at fair value</u>		
Loans and advances at fair value	220,301	200,302
Financial assets available for sale		
Shares available for sale	235	258
Loans and receivables		
Cash, cash equivalents and demand deposits with central banks	761	90
Due from credit institutions and central banks	7,794	2,099
Loans and advances at amortised cost	2,801	8,716
Financial liabilities at fair value adjusted in the income statement		
<u>Trading portfolio</u>		
Other liabilities - derivative financial instruments	357	144
<u>Decided at fair value</u>		
Issued bonds at fair value	223,826	193,147
Financial liabilities at amortised cost		
Due to credit institutions and central banks	12,036	12,441
Deposits and other debt	4,990	5,343
Issued bonds at amortised cost	5,203	8,820
Subordinated debt	-	2

Note

BRFkredit Group

DKKm

43 Fair value hierarchy

BRFkredit Group					
2014	Quoted prices	Observ- able prices	Non- observable prices	Fair value, total	Carrying amount
Financial assets					
Loans and advances at fair value	-	220,301	-	220,301	220,301
Bonds at fair value	26,862	671	-	27,533	27,533
Shares, etc.	-	-	235	235	235
Derivative financial instruments	49	150	-	199	199
Total	26,912	221,121	235	248,268	248,268
Financial liabilities					
Derivative financial instruments	1	356	-	357	357
Issued bonds at fair value	205,508	18,318	-	223,826	223,826
Total	205,509	18,674	-	224,183	224,183
2013					
Financial assets					
Loans and advances at fair value	-	200,302	-	200,302	200,302
Bonds at fair value	20,562	8	-	20,570	20,570
Shares, etc.	42	2	257	300	300
Derivative financial instruments	36	153	-	189	189
Total	20,640	200,465	257	221,361	221,361
Financial liabilities					
Derivative financial instruments	0	144	-	144	144
Issued bonds at fair value	170,575	22,572	-	193,147	193,147
Total	170,575	22,716	-	193,291	193,291
Non-observable prices					
				2014	2013
Fair value, beginning of year				257	255
Capital gain and loss for the year recognised in the income statement				0	13
Capital gain and loss for the year, recognised in other comprehensive income				-11	0
Purchases made over the year				1	2
Sales or redemption				-11	-15
Fair value, end of year				235	257

No considerable transfers took place between the three levels in 2014.

Non-observable prices

Non-observable prices at end-2014 referred to unlisted shares recognised at DKK 235m against unlisted shares recognised at DKK 257m at end 2013. At end-2014, BRFkredit's equity holding consists of unlisted equities, where the value is measured on the basis of the companies' most recent financial statements available. Individual assessment of the individual financial statements is thought to be the best valuation technique. As the majority of the company's assets (most of which are properties) and liabilities is recognised at fair value, the majority of the unlisted equities is measured at net asset value. At the measurement of the fair value of a property will be subject to some uncertainty, it is assessed that the uncertainty in connection with the price determination of +/- 10%.

The capital gain and loss from unlisted equities recognised in the income statement can be allocated to equities owned at end-2014, and recognition in the income statement and other comprehensive income appears from the above table about non-observable prices.

BRFkredit finds it of little probability that the application of alternative prices in the measurement of fair value would result in a material deviation from the recognised fair value.

Note	BRFkredit Group
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DKKm

44 Fair value of non-financial assets and liabilities

	BRFkredit Group			Total
	Quoted prices	Observable prices	Non-observable prices	
2014				
Non-financial assets				
Investment properties	-	4	-	4
Assets in temporary possession	-	230	-	230
Total	-	234	-	234
2013				
Non-financial assets				
Investment properties	-	4	-	4
Assets in temporary possession	-	301	-	301
Total	-	306	-	306

No transfers took place between the three levels in 2014.

Investment properties

For a description of measurement of fair value, see note 27.

Assets in temporary possession

Assets held temporarily comprise properties and property companies acquired temporarily in connection with loan facilities. The value of this group of assets is determined according to the return method where the operating income of the properties is set in relation to the required return on the properties. Valuations are made by the Group's internal valuers who have specialised in assessing properties and, therefore, possesses the required professional qualifications.

45 Fair value of financial assets and liabilities recognised at amortised cost

The re-statement at fair value of financial assets and liabilities recognised at amortised cost shows a total non-recognised unrealised loss of DKK 376m at end-2014 against a loss of DKK 38m at end-2013.

	BRFkredit Group			
	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans and advances at amortised cost	2,801	2,663	8,716	8,714
Total	2,801	2,663	8,716	8,714
Financial liabilities				
Issued bonds at amortised cost	5,203	5,441	8,820	8,856
Total	5,203	5,441	8,820	8,856

For other financial assets and liabilities that are not recognised at fair value, the carrying amount corresponds in essence to fair value.

Note	BRFkredit Group	
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DKKm

2014 2013

46 Capital gains and losses on financial assets and liabilities

Fair value adjusted in the income statement

Trading portfolio	-602	-417
Decided at fair value	-33	170
Available for sale		
Recognised in other comprehensive income (directly in equity)	-11	3
Transferred from equity and recognised in income statement	-	-2

47 Interest income and expenses on financial assets and liabilities not measured at fair value in the income statement

Due from credit institutions and central banks, etc.	17	7
Loans, advances and other receivables at amortised cost	130	128
Due to credit institutions and central banks	-31	-15
Deposits and other debt	-62	-74
Issued bonds at amortised cost	-57	-142

Note	DKKm	BRFkredit Group	
		2014	2013
48	Fee income and expenses on financial assets and liabilities that are not measured at fair value		
	Outstanding accounts with credit institutions and central banks, etc.	-0	-0
	Loans, advances and other receivables at amortised cost	10	8
	Deposits and other debt	4	3
49	Interest income on impaired financial assets		
	Interest income on financial assets in the BRFkredit Group for which individual impairment charges were recognised amounted to DKK 203m (2013: DKK 167m).		
50	Risk exposure		
	The risk involved in BRFkredit's activities is mainly associated with credit risks on loans granted and market risks inherent in BRFkredit's securities portfolio primarily in the form of interest rate risk. Risk management in BRFkredit is a central element of day-to-day operations and contributes actively to ensuring that the Supervisory Board and Executive Board have the necessary decision-making basis for pursuing BRFkredit's business. Focus is continuously on the quality of risk management, particularly focus on credit risk models. This is a natural step in the Group's continued ambition to develop tools and establish procedures for improving the quantification of the risks to which the Group is exposed.		
51	Credit risk		
	By credit risk is understood the risk of a loss resulting from a counterparty's failure to meet its payment obligation to the Group. BRFkredit's credit risk is calculated on the basis of internal models approved by the FSA. BRFkredit Bank calculates credit risk under the standardised approach of the FSA.		
	Credit risk models		
	Since December 2008, BRFkredit has been using the advanced internal rating-based method (AIRB) to calculate the capital requirement for the majority of the credit risk. For other exposures, including government exposures and exposures to financial institutions, the standardised approach is used. BRFkredit Bank uses the standardised approach.		
	The use of the AIRB approach means that BRFkredit calculates credit risk for the individual client on the basis of internally developed credit models. The models estimate the client's probability of default (PD), loss given default (LGD) and exposure at default (EAD) to BRFkredit. According to the set of rules, LGD is required to be calibrated to a downturn scenario. This is done by including a risk premium for the statistically calculated LGD of the model. This premium is determined with a time lag of three months. The product of the risk parameters PD, LGD and EAD is an indication of BRFkredit's expected loss for a given client. The estimation of risk parameters is made for personal and corporate clients alike. The statistically calculated PD is used for personal clients, whereas the calculation of PD for selected corporate clients also takes the special circumstances of the company into account, for instance key financial ratios, management and industry. Estimates of PD are subsequently included in business dealings (loan commitment procedure etc.).		
	The properties are classified into rating classes based on the PD estimates. BRFkredit's rating system is converted into the credit ratings of Jyske Bank's credit models. The credit ratings are on a scale from 1 to 14, 1 being the highest credit quality (the lowest PD) and 14 the lowest credit quality (the highest PD).		
	The loan-to-value (LTV) ratio is a central risk management concept for BRFkredit as it expresses the ratio between the unpaid principal amount of a home loan and the market value of the mortgaged property. 79% of loans to personal clients had been granted against 60% or less of the property value. In the corporate client segment, LTV ratios depend on the individual classes of property, but overall 76% of the corporate loan portfolio was secured within 60% of the property value.		
	BRFkredit continuously assesses clients' creditworthiness with a view to identifying loan exposures with an objective indication of impairment. If the client's financial situation is assessed to influence future payments on the loan, BRFkredit calculates the indication of impairment. The calculation is based on the cash flow of the property and the estimated cost for BRFkredit if the property needs to be acquired through foreclosure with a view to resale. The calculation of the impairment charge thus includes foreclosure costs, expenses resulting from time on market as well as expenses for the sale of the property.		
	In addition to the individual impairment charges, BRFkredit performs a collective assessment of all loans without provision for individual impairment. The collective impairment charges are based on developments in uniform risks for the individual groups.		
	BRFkredit closely follows developments in higher-risk loan exposures, i.e. loans that do not currently meet the conditions for impairment. Capital is set aside for critical clients in the calculation of BRFkredit's individual solvency requirement.		
	The effect on the income statement from impairment charges on loans and receivables, etc. was an expense of DKK 1,069m in 2014. Of this amount, DKK 965m could be allocated to the first quarter, which was adversely affected by the FSA's guidelines on individual impairment charges and provisions. The effect on the income statement from losses and impairment charges in the second to fourth quarter was also an expense in the amount of DKK 104m.		
	Total impairment charges amounted to DKK 2,516m, of which impairment charges for exposures at BRFkredit a/s accounted for DKK 1,585m. The Group's total impairment charges amounted to 1.1% of the Group's total loans and advances.		

Note	BRFkredit Group
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DKKm

51 **Credit risk - continued****Non-performing loans**

In 2014, BRFkredit experienced a decrease in the proportion of clients who encountered problems meeting their obligations. This was reflected in fewer clients who applied for workout agreements, fell into arrears or in any other way were incapable of meeting their obligations to BRFkredit. It was mainly seen in the personal and corporate client segments as clients in the subsidised housing segment at no time were in arrears to any significant extent during the financial crisis. To assist distressed clients in the best possible way, BRFkredit has established a separate unit, which opens up a dialogue with these clients as early as possible to find a solution for the benefit of the client and BRFkredit alike.

Foreclosures

BRFkredit acquires properties by forced sale if it turns out that buyers are not available for a reasonable market level. In essence, BRFkredit's strategy for selling the mortgaged properties is to sell them within a relatively short period of time, but with due regard to the importance of obtaining a market price for the property.

BRFkredit has a separate function with focus on the operation and disposal of commercial properties acquired through foreclosure. This contributed to substantial sales of commercial properties acquired through foreclosure.

The portfolio of properties acquired through foreclosure was 50 properties at end-2014 (2013: 98), the lowest number since the first quarter of 2009. The portfolio of properties etc. acquired through foreclosure represented a value of DKK 201m at the end of 2014 (2013: DKK 263m).

At end-2014, BRFkredit's portfolio of acquired assets amounted to DKK 230m, against DKK 301m at end-2013. See also note 31 on assets in temporary possession.

52 **Maximum credit exposure**

The BRFkredit Group's maximum credit exposure consisted of the following:

The BRFkredit Group's receivables from credit institutions amounted to DKK 7.8bn (2013: DKK 2.1bn).

The BRFkredit Group's loans and other receivables at fair value amounted to DKK 220.3bn (2013: DKK 200.3bn).

The BRFkredit Group's loans and other receivables at amortised cost amounted to DKK 2.8bn (2013: DKK 8.7bn).

The BRFkredit Group's guarantees amounted to DKK 0.5bn (2013: DKK 0.5bn)

The BRFkredit Group's trading portfolio (interest-bearing investments in bonds etc.) amounted to DKK 27.5bn (2013: DKK 20.6bn).

The BRFkredit Group's shares categorised as available for sale amounted to DKK 0.2bn (2013: DKK 0.3bn).

The calculation of maximum credit risk is theoretically based on the carrying amounts of the financial assets listed above. In practice, credit risk is significantly lower, and if defined on the basis of the statutory capital requirement (capital requirements stipulated in transitional rules), it amounted to DKK 7.1bn (2013: DKK 6.9bn).

53 **Maturity matrix for undrawn irrevocable credit commitments**

2014	0 - 3 mths.	3 mths. - 1 year	1-5 years	Over 5 years	Total
Loans and advances ¹⁾	6,176	5,528	200	401	12,306
Total	6,176	5,528	200	401	12,306

¹⁾ Of which DKK 11.5bn relate to loan offers for mortgage loans with a maximum maturity of 6 months.

Note	BRFkredit Group		BRFkredit a/s	
DKKm	2014	2013	2014	2013
54 Impaired credit exposures, individual impairment charges and provisions				
Balance before impairment charges:				
Loans and advances at fair value	5,977	4,452	5,977	4,452
Loans and advances at amortised cost	1,186	1,044	-	-
Total	7,163	5,497	5,977	4,452
Collateral				
Real property, residential	250	228	200	174
Real property, commercial	4,775	3,893	4,506	3,607
Total	5,026	4,121	4,706	3,781

Note	DKKm	BRFkredit Group			
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55 Credit quality of exposures that are neither overdue nor impaired by rating

	Ratings 1-5	Ratings 6-11	Ratings 12-14	Other
2014				
Loans and advances	109,772	71,431	20,332	6,689
Guarantees	-	-	-	439
Total	109,772	71,431	20,332	7,127
2013				
Loans and advances	102,087	65,082	23,764	6,987
Guarantees	-	-	-	436
Total	102,087	65,082	23,764	7,423

56 Overdue but not impaired credit exposures

	Ratings 1-5	Ratings 6-11	Ratings 12-14	Other
2014				
Overdue 0-90 days	2	10	2	3
Overdue > 90 days	-	0	-	28
Total	2	10	2	31
Collateral				
Real property, residential	1	2	0	0
Real property, commercial	0	9	2	31
Total	2	10	2	31
2013				
Overdue 0-90 days	2	2	4	6
Overdue > 90 days	3	0	0	27
Total	6	3	4	33
Collateral				
Real property, residential	1	2	1	0
Real property, commercial	5	1	3	33
Total	6	3	4	33

57 Loans and guarantee debtors by country and client segment

	Clients	Banks	Central govts, etc.	Total
2014				
Denmark	220,474	1,476	1,589	223,538
The EU	70	-	-	70
Total	220,544	1,476	1,589	223,608
2013				
Denmark	206,571	1,414	1,546	209,531
The EU	-	-	-	-
Total	206,571	1,414	1,546	209,531

58 Market risks

Market risk is the risk of loss following movements in the financial markets (interest rate, equity and foreign-currency risks). The most material market risks relate to BRFkredit's securities portfolio for which the interest-rate risk and the price risk on the bond portfolio are the most important ones. BRFkredit has practically no exposure to foreign currencies. Market risks that stem from the other part of the balance sheet are modest due to the principle of balance and the close correlation between loans and funding, where loans are matched by bond issues in the relationship one to one.

Legislation and market risk policy limits ensure that BRFkredit's market risks are at a moderate level, and the on-going close monitoring of risks, combined with short decision-making paths at BRFkredit, means that a reduction of market risks can quickly be implemented if considered necessary in the interests of BRFkredit's general risk profile and capital requirements.

To determine market risk in relation to the capital adequacy requirement, BRFkredit has so far chosen the standardised approach for calculation of risk-weighted items, and for reporting purposes BRFkredit uses the market risk ratios of the danish FSA to determine interest rate risk.

BRFkredit has a large holding of bonds, one reason being the statutory requirements that mortgage credit institutions must at least hold 60% of the capital requirement placed in especially secure papers, e.g. government bonds or mortgage bonds, corresponding to at least DKK 4.2bn. BRFkredit has invested a considerably larger amount in especially secure papers than required by the statutory requirement.

At end-2014, risk-weighted items caused by market risk totalled DKK 4.3bn (2013: DKK 8.8bn).

Note	DKK m	BRFkredit Group	
		2014	2013
59	Interest-rate risk		
	Interest-rate risk, the FSA's method	136	147
	Interest-rate risk, internal method	-98	75

Interest-rate risk expresses the risk of loss following changes in interest rates corresponding to a parallel shift of the yield curve by 1 percentage point and is measured on a daily basis. In line with legislation, an interest-rate risk of 8% of the capital base is allowed. In this statement, only partial offsetting between DKK and EUR is allowed.

Also, due to the close correction between DKK and EUR, the interest-rate risk of BRFkredit is measured on the basis of an internal method allowing full offsetting between DKK and EUR. BRFkredit's Supervisory Board has chosen considerably to reduce the limits in the internal method relative to the statutory provisions.

The scope of responsibilities delegated by the Supervisory Board to the Executive Board has also been delegated to the securities area with additional restrictions. For risk management purposes, daily updated option-adjusted risk measures are used to calculate interest rate risk on BRFkredit's portfolio of mortgage bonds. Interest-rate risk is managed on the basis of measurement of net interest-rate risk as well as risk measurements that limit BRFkredit's interest-rate risk across currencies and maturities. In addition, supplementary limits have been set for other types of risk, such as OAS and gamma risk, associated with fixed-income instruments.

BRFkredit's interest rate risk essentially stems from its bond portfolio, which is mainly made up of Danish mortgage bonds, and from derivative financial instruments, which are used to manage overall interest rate risk. The majority of BRFkredit's portfolio of Danish mortgage bonds is invested in the most liquid bonds - including many 1-year adjustable rate mortgage bonds. BRFkredit's activities are close to being risk neutral to general changes in interest rates, but due to the strong concentration in Danish mortgage bonds, BRFkredit is sensitive to changes in the mortgage yield spread. BRFkredit's return on securities was adversely affected by the widening of the spread that affected Danish mortgage bonds in the fourth quarter of 2014.

To manage interest-rate risk, BRFkredit uses derivative financial instruments, and to limit counterparty risk, BRFkredit has entered into relevant netting agreements.

60 Currency risks

BRFkredit's currency risk on its securities portfolio is limited as most investments are denominated in Danish kroner. As a result of trading in futures and options for purposes of risk management and the maintenance of margin deposits as well as euro-denominated interest rate swaps, BRFkredit has lower exposure in euro. This exposure to euro was further reduced in 2014. The foreign exchange exposure of other items not included in the securities portfolio is also strongly limited as mortgage loans granted in euro are funded by euro-denominated bonds.

BRFkredit's senior bonds denominated in EUR are fully hedged and, therefore, involve no currency risk. Overall, at end-2014, BRFkredit's foreign exchange risk was calculated at 1.3% (2013: 2.1%) of the core capital.

61 Equity risks

The equity price risk expresses the risk of loss caused by changing equity prices. BRFkredit's equity portfolio was reduced considerably in 2014. Assets from the portfolio were sold and it consists solely of infrastructure equities and strategic positions. At end-2014, BRFkredit's equity portfolio measured a market value amounted to DKK 235m (2013: DKK 300m), corresponding to 2% (2013: 3%) of the capital base. If equity prices in general fall by 10%, BRFkredit will suffer an investment loss of DKK 24m. (2013: DKK 30m).

62 Liquidity risk

The Danish Mortgage Loans and Mortgage Bonds Act prescribes a balance within a narrow range between payments on issued bonds and mortgage loans granted, allowing only a very limited liquidity risk on BRFkredit's loan portfolio as BRFkredit funds mortgage lending through the continuous issuance of bonds. Liquidity shortfalls, if any, are typically of a very short nature, for instance in connection with mortgage payments, and are mainly handled through cash budgets. Furthermore, there is a limited liquidity risk associated with customers who default on their mortgage payment. BRFkredit operates with a very low liquidity risk given the Danish mortgage finance model.

Moreover, in 2014, BRFkredit reduced the refinancing risk for RTL F1 loans through funding in a new type of bond, RTL F (pre-financed). For RTL F bonds, the time after which refinancing must be completed is postponed to 3 years against 1 year for traditional short-term RTL bonds.

63 Operational risk

By operational risk is understood the risk of a loss arising from inappropriate or inadequate internal procedures, human or system errors as well as external events, including legal risks. Losses arising from operational risks are thus due to a non-financial event.

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 arising from system errors, computer breakdowns, procedural mistakes, fraud, wrong advice, etc. BRFkredit continuously updates procedures and work routines and has also established emergency plans and safety procedures to ensure swift resumption of operations in cases of errors, computer breakdowns or the like.

To meet operational risks, BRFkredit's Supervisory Board has adopted a policy for how to manage operational risks, and BRFkredit's Executive Board has formulated guidelines for how to write process descriptions. The purpose of the process descriptions is to make sure that the Group, at all times, has written instructions for all significant work routines. Besides, the process descriptions must at all times specify the allocation of responsibilities for the work tasks in regard to departments, managers and employees. The responsibility for preparing the individual process descriptions and their contents rests with the respective area managers, who are required to submit a status report to the central control unit every six months.

Note	BRFkredit Group
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DKKm

63 Operational risk - continued

The risk management function in BRFkredit reviews the Group once a year to identify operational risks. BRFkredit determines and calculates the capital requirements for operational risk by using the standardised approach, i.e. as 15 pc of a three-year average of the sum of net interest income and noninterest-related net income.

For further information about the BRFkredit Group's risks, management of risks as well as capital structure, see the report on the Jyske Bank Group's Risk And Capital Management 2014, available at brf.dk.

64 Transactions involving related parties

As of 30 April 2014, BRFkredit is 100% owned by Jyske Bank A/S. Until 30 April 2014, BRFkredit was 100% owned by BRHolding a/s, which, in turn, was 100% owned by BRFFonden.

In the financial year 2014, BRFkredit's related parties comprise:

As of 30 April 2014, the company's parent company Jyske Bank A/S.

Until 30 April 2014, the company's former parent company, BRHolding a/s and its ultimate parent company BRFFonden.

The company's subsidiaries, see note 65.

As of 30 April 2014, subsidiaries and associates of Jyske Bank A/S.

Companies in the Group's temporary possession, see note 31.

Byggeriets Realkreditfond's Understøttelsesfond, which is a pension fund for certain employees of the company.

The company's Supervisory Board and Executive Board and the parent company's Supervisory Board and Executive Board and also their related parties.

BRFkredit has, on an on-going basis transactions with a number of related parties, characterised as regular financial transactions and services of an operational nature.

BRFkredit has concluded agreements on joint administrative tasks with subsidiaries and Byggeriets Realkreditfond's Understøttelsesfond.

BRFkredit rents and leases out premises from and to subsidiaries.

Transactions between BRFkredit and related parties were executed on an arm's length basis.

For the management's remuneration, see note 9.

The following transactions have been concluded with related parties:

BRFkredit Group

	Interest income	Interest expenses	Value adjustments	Other ordinary income	Employee and administrative expenses
2014					
Parent companies	16	178	105	10	-
Associates	-	-	-	-	10
Supervisory Board and Executive Board, etc.	0	0	-	-	14
Other related parties	-	2	-2	0	2
Total	16	181	103	10	26
2013					
Parent companies	-	0	0	-	-
Supervisory Board and Executive Board, etc.	0	0	-	14	-
Other related parties	-	4	0	-	-
Total	0	4	0	14	-

BRFkredit a/s

	Interest income	Interest expenses	Fees and commission expenses	Value adjustments	Other ordinary income	Employee and administrative expenses
2014						
The parent company	16	178	-	105	10	-
Subsidiaries	0	46	3	-3	23	2
Associates	-	-	-	-	-	10
Supervisory Board and Executive Board, etc.	0	0	-	-	-	14
Other related parties	-	2	-	-2	0	2
Total	16	226	3	99	33	28
2013						
The parent company	-	0	-	-	0	-
Subsidiaries	6	15	3	-5	22	2
Supervisory Board and Executive Board, etc.	0	0	-	-	-	14
Other related parties	-	4	-	-	0	-
Total	6	19	3	-5	22	16

The parent company did not receive dividend from subsidiaries in 2014 (2013: - DKKm.).

DKKm

64 Transactions involving related parties, continued

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

BRFkredit Group

	Due from credit institutions, etc.	Loans and advances and other receivables	Due to credit institutions, etc.	Deposits	Issued bonds at fair value	Other liabilities, etc.
2014						
The parent company	4,950	1,436	3,666	-	13,891	0
Associates	-	-	-	-	-	10
Supervisory Board and Executive Board, etc.	-	23	-	9	0	-
Other related parties	-	-	-	-	87	1
Total	4,950	1,460	3,666	9	13,978	11

2013

The parent company	-	-	50	-	-	-
Associates	-	-	-	-	-	-
Supervisory Board and Executive Board, etc.	-	18	-	4	-	-
Other related parties	-	-	-	-	88	-
Total	-	18	50	4	88	-

BRFkredit a/s

	Due from credit institutions, etc.	Loans and advances and other receivables	Due to credit institutions, etc.	Issued bonds at fair value	Issued bonds at amortised cost	Other liabilities, etc.	Other provisions
2014							
The parent company	4,300	1,436	3,666	13,891	-	0	-
Subsidiaries	77	39	-	100	-	0	2
Associates	-	-	-	-	-	10	-
Supervisory Board and Executive Board, etc.	-	23	-	0	-	0	-
Other related parties	-	-	-	87	-	1	-
Total	4,377	1,499	3,666	14,078	-	11	2

2013

The parent company	-	-	50	-	-	-	-
Subsidiaries	47	16	75	-	600	47	3
Associates	-	-	-	-	-	-	-
Supervisory Board and Executive Board, etc.	-	18	-	-	-	-	-
Other related parties	-	-	-	88	-	-	-
Total	47	34	124	88	600	47	3

Supervisory Board and Executive Board, etc. comprise BRFkredit's Supervisory Board and Executive Board, the Supervisory Board and Executive Board of the parent company Jyske Bank and their related parties.

In June 2014, BRFkredit received new share capital in the amount of DKK 1,000m from the parent company Jyske Bank.

Over the period 1 May to 31 December 2014, BRFkredit bought loans and advances in the amount of DKK 8,856m from the parent company Jyske Bank.

In May 2014, BRFkredit bought back issued senior bonds in the nominal value of DKK 600m at a price of DKK 620m from the subsidiary BRFkredit Bank.

In 2014, a joint taxation contribution of DKK 59m was paid to BRFkredit Bank (2013: DKK 74m).

The company has granted mortgage loans to members of the Supervisory Board and the Executive Board and their related parties with an outstanding loan balance of DKK 11m at 31 December 2014 (2013: DKK 9m). All the loans have been granted on normal business terms and are floating-rate loans carrying interest at 1-2%.

BRFkredit has granted mortgage loans to members of the parent company's Supervisory Board and Executive Board (exclusive of the members of BRFkredit's Supervisory Board) and their related parties with an outstanding loan balance of DKK 12m at 31 December 2014 (2013: DKK 5m). All the loans have been granted on normal business terms. Floating-rate loans amount to DKK 10m, carrying interest at 1-2%, and fixed-rate loans amount to DKK 2m, carrying interest at 3%.

The company has not provided guarantees to the Supervisory Board and Executive Board of the company, the parent company. Jyske Bank's Supervisory Board and Executive Board or their related parties.

Note	BRFkredit Group								
65	BRFkredit Group - overview	Activity	Share capital, end of period, 1000 units	Equity interest in percentage	Voting shares in percentage	Assets (DKKm)	Liabilities (DKKm)	Equity, end of period (DKKm)	Profit or loss (DKKm)
	Name and head office								
	Consolidated subsidiaries								
	BRFkredit Bank a/s, Kgs. Lyngby	Bank	425,000	100	100	6,256	5,369	887	-171
	Ejendomsselskabet Nørreport 26, Nørreport 26, 8000 Århus C. A/S, Aarhus	Property	4,600	100	100	87	10	77	3
	Ejendomsselskabet Nørgaardsvej 37-41 2800 Lyngby A/S, Kgs. Lyngby	Property	2,600	100	100	6	0	6	0
	Accounting figures are stated according to the most recently published annual report.								

Parent company prepares consolidated financial statements

BRFkredit a/s is a subsidiary 100% owned by Jyske Bank A/S, which is domiciled in Silkeborg. BRFkredit a/s is included in the consolidated financial statements of the Jyske Bank Group.

Note	DKKm	BRFkredit Group		BRFkredit a/s	
		2014	2013	2014	2013
66	Supplementary information about re-classification of assets				
	Value of re-classified equities, end of the year	-	5	-	-
	Fair value of re-classified equities, end of the year	-	4	-	-
	Value adjustment at fair value if re-classification did not take place.	-	-0	-	-
	Amounts recognised in income statement after re-classification	-	0	-	-

The remaining portfolio of mortgages in BRFkredit Bank a/s to which the above information relate was sold in 2014.

Note	DKKm	Profit/loss		Equity	
		2014	2013	2014	2013
67	Difference between consolidated financial statements prepared according to IFRS and consolidated financial statements filed with the Danish FSA				
	In regard to earnings performance and equity, the difference between the consolidated financial statements prepared according to IFRS and those filed with the Danish FSA can be specified as				
	Group's accounting figures according to financial statements	-276	302	11,084	10,362
	Shares available for sale	-11	0	-	-
	Tax on shares available for sale	-	4	-	-
	Total	-287	306	11,084	10,362

The value increases for equities classified as "available for sale", cf. accounting policies, are recognised according to IFRS in other comprehensive income until the asset is realised, and subsequently to this, the gain is transferred to the income statement. Value declines of the year are offset in previous years' value increases in other comprehensive income. In the event of a net loss, it will be recognised in the income statement. According to the rules of the FSA, the value adjustments of the year must be recognised directly in the income statement.

68 **Accounting Policies****Basis of accounting**

The consolidated financial statements of the BRFkredit Group were prepared and 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 the additional Danish financial reporting disclosure requirements.

The Annual Report of BRFkredit a/s was prepared in compliance with the Consolidated Danish Financial Business Act and the Danish Executive Order on Financial Reports for Credit Institutions and Investment Companies, Etc.

The rules for recognition and measurement at BRFkredit a/s are identical to those applied by the BRFkredit Group, except for the following:

Equity investments in group enterprises

The BRFkredit Group comprises group enterprises on a consolidated basis, whereas they are recognised in 'Equity investments in group enterprises' in BRFkredit a/s. The item is measured in BRFkredit a/s at equity value adjusted for differences in accounting policies.

Strategic equities/equities available for sale

In BRFkredit a/s, strategic equities are measured at fair value and recognised in the income statement, contrary to the BRFkredit Group where positive results are recognised directly in other comprehensive income. Hence the profit or loss at BRFkredit a/s differs from that of the BRFkredit Group.

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

All figures in the financial statements are presented in millions of DKK rounded to 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.

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

As at 30 April 2014, BRFkredit a/s was acquired by Jyske Bank A/S, and consequently the accounting policies were adjusted to those applied by the Jyske Bank Group. In this connection, the following changes were implemented:

Group and parent company

Mortgage loans without a full connection to the underlying bonds are now classified as 'Financial instruments at fair value through the income statement' instead of being recognised at amortised cost, which was previously the case. These mortgage loans (jointly funded loans) comply with the rule of the general balance principle, which is why a close connection exists with the underlying bonds. The fair value is determined on the basis of the closing price of the underlying bonds, adjusted for the probability that the loans will be repaid at face value. The change did not affect the net profit or other comprehensive income for the period or equity as the difference between the cost of the loans and the fair value was previously recognised as a receivable or liability vis-à-vis the cooperating banks as these, as agreed, issued a guarantee for fluctuations in the price of the issued bonds.

Parent company

In the income statement, the item "Profit or loss on investments in associates and group enterprises" now contains the profit or loss of group enterprises after tax and not before tax, which was previously the case where the tax in subsidiaries was stated under the income statement item "Tax". Comparative figures have been restated, causing a change in pre-tax profit of DKK 12m and in Tax of DKK 12m. Net profit for the period and equity remain unchanged.

The implementation of the above changes does not have any other impact on recognition and measurement in 2014.

With effect as of 1 January 2014, the BRFkredit Group has implemented the following changes and new standards:

- IFRS 10 on consolidated financial statements. A new standard that changes and specifies the definition of control of another entity. In relation to control there are focus on whether the Group has controlling influence over another company, is exposed to or has the right to variable returns from its investment, and is able to use its control to achieve this return.
- IFRS 11 on joint ventures and similar. There is no longer freedom of choice between proportionate consolidation and the equity method.
- IFRS 12 on disclosure requirements for control etc. of subsidiaries, joint ventures and associates.
- Changes to IAS 28 on investments in associates and joint ventures.
- Amendments to IFRS 10, 12 and IAS 27 on separate financial statements.
- Amendments to IAS 32 on offsetting financial assets and financial liabilities, which resulted in a clarification of the rules on offsetting.
- Amendments to IAS 39 on financial instruments. The change has resulted in the replacement of counterparty on a hedging instrument under certain conditions, not to be regarded as the expiration or termination of the instrument, where appropriate, would lead to cessation of hedge accounting.

The implementation of the above new standards does not have any material impact on recognition and measurement in 2014.

Except for the implementation of the above changes and new standards, the accounting policies are unchanged compared to those applied to and described in detail in the Annual Report 2013.

68 Accounting Policies, continued

Future standards and interpretations

At the time of the presentation of the annual report, IASB has published a revised standard for 'Financial instrument', IFRS 9. The standard has not yet been approved by the EU and is expected to take effect on 1 January 2018. The changes in IFRS 9 comprise classification and measurement of financial assets and liabilities. The new principles comprise calculation of impairment charges on loans and receivables that are measured at amortised cost while they are not expected immediately to have any material effect on process and method for valuation of loans and advances that are measured at fair value, including mortgage loans.

At the time of publication of this Annual Report, IASB has not issued new financial reporting standards and interpretations, which are expected to affect the financial reporting of the BRFKredit Group.

Accounting estimates

When preparing the annual report in accordance with generally accepted accounting principles, management needs to make estimates and set assumptions affecting the financial reporting. Management bases its estimate on experience and various other assumptions considered reasonable and relevant by 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 lending is 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, management is of the opinion that the method applied gives a true and fair view.

Mortgage loans and other loans for which an objective indication of impairment exists are impaired. 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. Valuation of the mortgage includes an assessment of the value of the mortgaged properties, the realisable value of the claim, time-on-market expenses in an estimated settlement period and sales costs. The valuation is made by internal valuers specialised in assessing properties. See notes 12 for further details.

Loans subjected to collective impairment are based on an assumption that the probability that loans in arrears at the balance sheet date will turn into bad loans can be estimated on the basis of historical payment data (1-2 years old). In compliance with the general recommendations to the financial sector from the FSA, an additional impairment charge has been made in the form of a management judgement. See note 12 for further details.

The impairment charge 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.

Assets in temporary possession comprise properties that have been acquired through foreclosure and which BRFKredit actively endeavours to sell. There is significant uncertainty about the value the properties might fetch in the event of a sale, as the valuation of such assets is subjectively estimated, see the description under 'Mortgage loans and other loans' above. See note 31 for further details.

The consolidated financial statements

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

The consolidated financial statements have been prepared as a summary of the financial statements of the parent and the individual subsidiaries, stated in compliance with the Group's accounting policies. All intra-group income, expenses and balances as well as guarantees have been eliminated.

Intra-group 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 at cost.

Foreign currency transactions

Transactions in currencies other than Danish kroner are translated at the official exchange rates on the day 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 recognised in the income statement.

Offsetting

Assets and liabilities are offset when the Group has a legal right to offset the recognised amounts and also intends to net or realise the asset and settle the liability at the same time.

Financial instruments

Financial instruments comprise cash balances and demand deposits with central banks, receivables from credit institutions and central banks, bonds at fair value, financial derivatives, shares, loans and advances, payables to credit institutions and central banks, deposits and other payables, issued bonds and subordinated debt.

Financial instruments are recognised either at the trade date or at the settlement date as described below. 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 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 transferred at 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.

Note

68 **Accounting Policies, continued**

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 amortisation 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 in the income statement. This category includes financial derivatives etc.
- Financial assets placed in the category 'fair value through the income statement'. This category is measured at fair value. This category includes mortgage lending etc.
- Loans and receivables measured at amortised cost. This category includes mortgages etc.
- Financial assets available for sale. These are measured at fair value through other comprehensive income. 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.
- Other financial liabilities measured at amortised cost. This category includes Senior Secured Bonds.

The Group does not apply the category 'Held 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 collateral 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.

Tax

BRFKredit a/s is assessed for Danish tax purposes jointly with Jyske Bank A/S and its Danish subsidiaries. Full intercompany allocation of tax takes place, and tax is allocated between the individual companies on a pro-rata basis. Domestic tax is paid in accordance with the Danish tax prepayment scheme.

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

Deferred tax linked to items recognised as an expense or income, other comprehensive income will be recognised in other comprehensive income.

Deferred tax assets and liabilities are offset where attributable to tax levied by the same tax authority, and where it is the intention of the Group to net its current tax assets and liabilities.

Balance sheet**Cash balance and demand deposits with central banks**

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

Due from credit institutions and central banks

Money market investments (deposits) and demand deposits with credit institutions are measured on initial recognition at fair value plus directly attributable transaction costs less fees and commissions received which are directly associated with the amount due. Subsequently, money market investments (deposits) and demand deposits with credit institutions are measured at amortised cost in accordance with the effective interest method.

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 and options where the counterparty is a credit institution.

Loans and advances

Mortgage loans where a connection exists to the underlying bonds 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 of the underlying issued bonds or, if such price is not available for the past month, a price calculated on the basis of the market rate. The closing price is regarded as the best bid for the fair value of Danish mortgage bonds.

Mortgage loans without full connection to the underlying bonds are recognised at amortised cost.

Note

68 Accounting Policies, continued

Other loans related to mortgage operations are measured at fair value on initial and subsequent recognition.

Mortgages are recognised according to the settlement approach and classified as 'Loans and advances'. The item is measured at amortised cost.

Other loans and advances are recognised according to the settlement approach and classified as 'Loans and advances'. The item is measured at amortised cost.

To the extent that there is an objective indication of impairment, loans and advances are written down in relation to the value at the establishment of the loan.

An objective indication of impairment exists if one or more of the following events have occurred:

- The borrower is facing considerable financial difficulties
- The borrower's actions, such as default on interest or principal payments, lead to a breach of contract
- The borrower is granted more lenient terms as a result of the borrower's financial difficulty
- It is deemed probable that the borrower will enter bankruptcy or other financial reorganisation

A review for impairment includes an assessment of the value of the mortgaged properties, the realisable value of the claim, time-on-market expenses in an estimated settlement period and sales costs. The indication of impairment is determined on the basis of a calculation of the net present value of anticipated future payments.

Loans and advances for which no individual impairment has been provided are included in a model assessing the need to subject groups of loans to a review for impairment.

The group model is a segmentation model where an initial segmentation is made with a view to dividing the portfolio into groups with similar credit characteristics.

A review for impairment of the respective segments is primarily made on the basis of an 'arrears model' and, alternatively, against the background of an assessment of whether the trend in various macro-variables has provided an objective indication of impairment.

Moreover, a management judgement is applied to determine whether the impairment charges recognised in accordance with the guidelines set out above are sufficient, and an additional impairment charge is made if required.

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

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 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 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.

Shares, etc.

All shares are recognised according to the 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 recognition with the addition of transaction costs. On subsequent recognition, they are measured at fair value. Increases in the value of shares classified as available for sale are recognised in other comprehensive income. When assets are sold, accumulated net gains previously recognised directly in other comprehensive income are recognised in the income statement. Net losses on shares classified as available for sale are recognised in the income statement.

Unlisted shares are recognised at an estimated fair value on the basis of the available accounting or expected cash flows, etc. of the issuer in question or at management's best estimate.

Investments in group enterprises

A group enterprise is an enterprise in which the Group holds a controlling interest. Investments in group enterprises are recognised in the parent company's financial statements according to the equity method.

Intangible assets

All intangible assets with an estimated useful life of more than of 1 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.

Note

68 Accounting Policies, continued

The residual values and useful lives of the assets are assessed and adjusted if need be at each balance sheet date. The residual values and useful lives are, basically, 0 in respect of intangible assets.

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 valuer who has specialised in assessing commercial properties and possesses the required professional qualifications and experience.

Small investment properties (vacation homes) are recognised at the most recent public land assessment value.

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 is made by an internal valuer; see under 'Investment properties' above.

Increases in the fair value of a property are recognised directly in other comprehensive income under 'Revaluation reserve' unless an increase equals a decrease in value previously recognised in the income statement; in that 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 taken to equity under 'Revaluation reserve'. In that case, the decrease in value is transferred directly as a reduction in 'Revaluation reserve' through other comprehensive income.

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.

Other property, plant and equipment

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

Amortisation is provided on a straight-line basis over the estimated useful life. The item comprises IT hardware etc. with a typical expected useful life of 3-4 years and cars with an expected useful life of 5 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.

The carrying amount is assessed annually with a view to value to establish whether there is indication of impairment in excess of what is recognised through depreciation. In that case, an impairment test is conducted to establish whether the recoverable amount is lower than the carrying amount. The recoverable amount is the higher value of the net sales price and the value in use.

Assets in temporary possession

Assets in temporary possession primarily comprise properties that have been acquired through foreclosure, etc. that are only held temporarily and where a sale is very likely.

Properties in temporary possession are recognised at the lower of fair value less costs of sale and the carrying amount

Liabilities relating to the assets in question are presented in the balance sheet as liabilities relating to assets in temporary possession.

Other assets

Interest receivable and balances with clients in connection with loan applications in process etc. are recognised in 'Other assets'. These assets are measured at amortised cost.

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

Due to credit institutions and central banks

Money market loans and other debt due to credit institutions are on initial recognition measured at fair value fair value equal to payments received less directly attributable transaction costs incurred. Subsequently, they are measured at amortised cost according to the effective interest method.

Note

68 Accounting Policies, cont.

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 as 'Due to credit institutions and central banks', whereas the 'lent' securities remain recognised in the balance sheet.

Deposits

Deposits are measured at initial recognition at fair value equal to payments received less directly attributable transaction costs incurred. Subsequently, deposits are measured at amortised cost according to the effective interest method.

Issued bonds at fair value

Issued mortgage bonds 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.

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

The portfolio of own mortgage bonds is deducted.

Issued bonds at amortised cost

Issued senior secured bonds and senior bonds are on initial recognition measured according to the settlement approach at fair value equal to payments received less directly attributable transaction costs incurred. Subsequently, they are measured at amortised cost according to the effective interest method.

Other liabilities

Interest payable and balances in connection with loan applications in process are recognised in 'Other liabilities'. These liabilities are measured 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 settlement approach and measured at fair value on initial and subsequent recognition.

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

Provisions

Provisions, including provisions for losses on guarantees, are recognised when a company in the Group, as a result of an event occurred on or before the balance sheet date, has a current legal or factual obligation and it is probable that an outflow of economic benefits will be required to settle the obligation and that a reliable estimate of the liability can be made. Provisions for debt expected to be payable later than 12 months after the balance sheet date are measured at present value, if of material importance, otherwise at cost.

Provisions are measured at management's best estimate of the amount which is expected to be required to settle the liability.

Subordinated debt

Payables that cannot be settled until other creditors' claims have been satisfied in accordance with the terms of the loan are recognised in 'Subordinated debt' according to the settlement approach. Subordinated debt is measured at initial recognition at fair value equal to payments received less directly attributable transaction costs incurred. Subsequently subordinated debt is measured at amortised cost.

Equity

Share capital is classified as equity where there is no obligation to transfer cash or other assets. A proposed dividend is recognised as a liability when the motion has been approved at the Annual General Meeting. Dividend for the year is stated separately under equity.

Share premium comprises amounts paid as share premium when subscribing for the shares.

The revaluation reserve relates to the revaluation of property, plant and equipment less deferred tax on the revaluation. A reserve is dissolved once the assets are sold or lapse.

Reserves according to the equity method include value adjustment of investments in associates and group enterprises. The reserve is reduced by the distribution of dividend to the parent company and by other changes in equity in associates and group enterprises.

Reserves in series relate to capital set aside to meet the capital requirement in "Series not subject to reimbursement/repayment obligation".

Shares available for sale relate to accumulated increases in values of shares classified as 'Available for sale' (distributable reserve), cf. the section 'Shares, etc.'.

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 and expenses incurred to generate earnings for the year are also recognised in the income statement.

68 Accounting Policies, continued**Interest income and interest expenses**

All interest and interest-like items are recognised in 'Interest income' and 'Interest expenses' according to the effective interest method. 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, etc.

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

Fees and commission income

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.

Value adjustments

Value adjustments comprise 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 financial derivatives are included.

Exceptions are:

- Value adjustment of credit risk on loans and advances recognised in the income statement under 'Loan losses and impairment charges'.
- Value adjustment of shares classified as available for sale. These value adjustments are recognised in other comprehensive income.

Other operating income

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

Employee and administrative expenses

All payroll costs as well as expenses for administration, sales, etc. are recognised in 'Employee and administrative expenses'.

Other operating expenses

Other operating expenses comprise commission payments to the Guarantee Fund for Depositors and Investors as well as losses on sales of intangible and tangible fixed assets.

Loan impairment charges and provisions for guarantees

The item 'Loan impairment charges and provisions for guarantees' includes the year's value adjustments of loans and advances resulting from an objective indication of impairment in relation to the value at the establishment of a loan.

Other remarks**Comprehensive income**

Comprehensive income comprises the profit or loss for the year plus other comprehensive income relating to increases in values of shares classified as 'Available for sale, property revaluations and tax adjustments.

Segmental financial statements

Information is given about Group business segments. Segment information has been prepared in accordance with the internal reporting applied by the BRFkredit Group. The presentation of the segments is based on the on-going 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.

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, net change in cash and cash equivalents for the year and the Group's cash and cash equivalents at the beginning and end of the year.

The Cash Flow Statement is presented in accordance with the indirect method based on the profit or loss for the year.

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

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

Cash flows from financing facility relate to movements in subordinated debt and distributions, if any.

Cash and cash equivalents comprise cash and demand deposits as well as time deposits with an original term to maturity of less than three months.

Note

69 Definition of financial ratios

Financial ratios and key figures	Definition
Capital ratio (%)	Capital base divided by weighted risk exposure
Core capital ratio (%)	Core capital including hybrid core capital after deductions divided by weighted risk exposure.
Common Equity Tier 1 capital ratio (%)	Core capital excluding hybrid core capital after deductions divided by weighted risk exposure.
Pre-tax profit as a pct. of average equity	Pre-tax profit divided by average equity during the year
Net profit as a percentage of average equity	Net profit divided by average equity during the year
Income/cost ratio (%)	Income divided by expenses inclusive of loan impairment charges and provisions for loss on guarantees
Currency position (%)	Currency exposure indicator 1 at year-end divided by core capital after deductions at year-end
Accumulated impairment ratio (%)	Total of loan impairment charges and provisions for loss on guarantees at year-end divided by total loans, advances, guarantees, provisions and impairment charges at year-end Discount for acquired loans and advances is not included.
Impairment ratio for the year (%)	The year's loan impairments charges and provisions for loss on guarantees divided by total loans, advances, guarantees, provisions and impairment charges at year-end
Increase in loans and advances for the year (%)	The increase in loans and advances divided by opening loans and advances.
Loans and advances relative to equity	Loans and advances at year-end divided by equity at year-end
Return of capital employed	Net profit for the year divided by total assets

The financial ratios are based on the definitions and guidelines laid down by the Danish Financial Supervisory Authority.

Summary of series accounts

The series accounts of BRFkredit a/s have been prepared in compliance with Order of 20 November 1995 of the danish FSA 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 Supervisory Board's proposal for distribution of net profit. The full and complete series accounts are available from BRFkredit a/s on demand.

Summary of series accounts	Husejernes Kreditkasse	BRFkredit series with joint and several liability	BRFkredit Capital Centre E	BRFkredit Capital Centre B	General Capital Centre	Total
Income statement for 2014						
Income from lending	0	17	1,058	366	18	1,458
Interest etc., net	0	0	-27	-27	-37	-91
Administrative expenses etc., net	0	4	249	253	340	846
Loan impairment charges and provisions	-	1	671	147	24	843
Tax (- is income)	0	0	-10	-10	-14	-34
Net profit or loss for the year	0	12	121	-51	-369	-287
Balance sheet at 31 December 2014						
Assets ¹⁾						
Mortgage lending etc.	57	9,215	168,863	35,434	6,321	219,890
Other assets	10	1,040	83,345	17,445	2,036	103,877
Total assets	68	10,256	252,208	52,878	8,357	323,768
Liabilities and Equity						
Issued mortgage bonds etc.	64	9,693	237,651	46,001	6,644	300,054
Other liabilities	3	521	9,707	2,037	361	12,629
Equity	0	41	4,850	4,841	1,352	11,084
Total liabilities and equity	68	10,256	252,208	52,878	8,357	323,768

¹⁾ **Assets in series accounts**

Assets in financial statements	256,145
Assets in series accounts	323,768
Difference	-67,622

The difference is due to:

Offsetting of own issued mortgage bonds - note 35	-66,437
Offsetting of interest receivable on own issued bonds	-1,186
Total	-67,622

Internal Auditors' Report

The Internal Audit Department has audited the following series accounts for 2014 for series with joint and several liability, including Husejernes Kreditkasse, other series with joint and several liability and the General Capital Centre. The audit was conducted in compliance with generally accepted auditing standards and comprised such audit procedures as we considered necessary.

In our opinion, the series accounts are presented in accordance with Order No. 872 of 20 November 1995 of the Financial Supervisory Authority.

Kgs. Lyngby, 24 February 2015

Henning Sørensen
Head of the Audit Division

Arne List
Head of
BRFkredit's Internal Audit

External auditors' report

In our capacity as auditors elected at the Annual General Meeting of BRFkredit a/s, we have audited the following series accounts for 2014 for series with joint and several liability, including Husejernes Kreditkasse, other series with joint and several liability and the General Capital Centre. The audit, undertaken in cooperation with the Company's Internal Audit Department, was conducted in compliance with generally accepted auditing standards and comprised such audit procedures as we considered necessary.

In our opinion, the series accounts are presented in accordance with Order No. 872 of 20 November 1995 of the Financial Supervisory Authority.

Hellerup, 24 February 2015
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Lars Holtug
State-Authorised Public Accountant

Jesper Edelbo
State-Authorised Public Accountant