

To NASDAQ Copenhagen A/S  
The press

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## PRELIMINARY ANNOUNCEMENT OF FINANCIAL STATEMENTS

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### SUMMARY

- The Group's profit before tax amounted to DKK 1,295m (2015: DKK 909m).
  - Net profit for the year amounted to DKK 1,011m (2015: DKK 699m).
  - The net profit for the year corresponded to an annualised return of 8.6 % on opening equity (2015: 6.3 % p.a.).
  - Loan impairment charges and provisions for guarantees amounted to an income of DKK 32m (2015: expenses of DKK 103m).
  - Mortgage loans: DKK 278.4bn (2015: DKK 250.9bn).
  - Capital ratio: 19.0% (2015: 19.1%, and Common Equity Tier 1 capital ratio of 19.0% (2015: 18.9)
  - Individual solvency requirement: 9.3 % (2015: 9.6 %).
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### COMMENTS BY MANAGEMENT

In connection with the presentation of the Annual Report 2016, Carsten Tirsbæk Madsen, Chief Executive Officer, states:

"In 2016, BRFkredit achieved a pre-tax profit of DKK 1,295m, which is the best profit in the history of the company. The profit is considerably better than the one reported for 2015, primarily because of an increase in core income due to a positive development of the portfolio, falling costs as well as falling impairment charges. To this must be added a satisfactory return on securities considering the low interest-rate level.

Jyske Bank's continued success selling bank mortgage loans and the positive development of mortgage activities had the result that the overall portfolio in 2016 increased by a nominal amount of DKK 24.7bn to DKK 272.7bn. In 2016, the activity level increased and BRFkredit was to an increasing degree contacted by clients in the personal client segment primarily due to BRFkredit's strong competitive position. The corporate client segment also saw a rising number of inquiries from clients and a growing portfolio.

BRFkredit's capital base is solid and amounted to DKK 12.6bn at the end of 2016. The surplus relative to the currently strongest capital requirement (Base I floor requirement) amounted to DKK 3.8bn.

For 2017, a positive development of the portfolio is expected, both with respect to the personal client and the corporate client segments,' concludes Carsten Tirsbæk Madsen.

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**BRFKREDIT**

<b>CORE PROFIT AND NET PROFIT FOR THE YEAR</b> DKKm	<b>2016</b>	<b>2015</b>	<b>Index</b> <b>16/15</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Contribution income, etc.	1,785	1,687	106	1,494	1,408	1,250
Other net interest income <sup>1)</sup>	-53	-45	118	81	-60	-152
Net fee and commission income, etc.	207	256	81	184	136	117
Value adjustments, etc. (- is an expense) <sup>1)</sup>	30	-106	-	-61	50	17
Other income	52	40	130	15	8	2
<b>Core income</b>	<b>2,021</b>	<b>1,832</b>	<b>110</b>	<b>1,713</b>	<b>1,542</b>	<b>1,235</b>
Core expenses	837	908	92	963	952	910
<b>Core profit before loan impairment charges and provisions for guarantees</b>	<b>1,184</b>	<b>923</b>	<b>128</b>	<b>751</b>	<b>590</b>	<b>324</b>
Loan impairment charges and provisions for guarantees (- is income)	-32	103	-	1,069	505	493
<b>Core profit</b>	<b>1,216</b>	<b>821</b>	<b>148</b>	<b>-318</b>	<b>85</b>	<b>-169</b>
Investment portfolio earnings	80	89	90	-30	328	421
<b>Pre-tax profit</b>	<b>1,295</b>	<b>909</b>	<b>142</b>	<b>-348</b>	<b>413</b>	<b>252</b>
Tax (- is income)	285	210	136	-72	111	66
<b>Profit for the year</b>	<b>1,011</b>	<b>699</b>	<b>145</b>	<b>-276</b>	<b>302</b>	<b>185</b>
<sup>1)</sup> Capital charges are included in the items 'Other net interest income' as well as 'Value adjustments, etc.' and are allocated as follows:						
Interest	116	133	87	137	237	378
Value adjustment	-8	1	-	-1	13	-31
Total capital charges	107	134	80	137	250	346

Please see note 2 of the financial statements, which explains the relationship between the segmental financial statements and the official reporting format.

<b>SUMMARY OF BALANCE SHEET, END OF PERIOD</b> DKKm	<b>2016</b>	<b>2015</b>	<b>Index</b> <b>16/15</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Bank loans and advances	-	-	-	2,801	3,271	3,516
Mortgage loans	278,407	250,892	111	220,301	205,748	204,114
Bonds and shares, etc.	16,307	8,127	201	27,768	20,870	15,848
Total assets	307,037	269,794	114	261,300	233,770	229,219
Due to credit institutions and central banks	907	94	965	12,036	12,441	6,157
Bank deposits	-	-	-	4,990	5,343	5,250
Issued bonds at fair value	285,676	249,772	114	223,826	193,147	196,511
Issued bonds at amortised cost	3,711	4,719	79	5,203	8,820	7,362
Equity	12,812	11,781	109	11,084	10,362	10,048

<b>SELECTED DATA AND FINANCIAL RATIOS</b>	<b>2016</b>	<b>2015</b>	<b>Index</b> <b>16/15</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Pre-tax profit as a percentage of opening equity	11.0	8.2	-	-3.4	4.1	2.6
Net profit as a percentage of opening equity	8.6	6.3	-	-2.7	3.0	1.9
Expenses as a percentage of income	38.3	52.6	-	120.7	77.9	84.8
Accumulated impairment ratio (%)	0.4	0.6	-	1.1	0.9	0.8
Accumulated impairment ratio, BRFkredit a/s	0.4	0.6	-	0.7	0.5	0.5
Impairment ratio for the year (%)	-0.01	0.04	-	0.47	0.20	0.24
Capital ratio (%)	19.0	19.1	-	17.7	16.6	15.2
Common Equity Tier 1 capital ratio (CET1 %)	19.0	18.9	-	17.5	16.6	15.2
Individual solvency requirement (%)	9.3	9.6	-	10.8	10.5	10.3
Capital base (DKKm)	12,593	11,820	-	10,929	9,815	9,297
Weighted risk exposure (DKKm)	66,326	61,770	-	61,845	59,227	61,045
Number of full-time employees, year-end	694	706	-	793	869	820

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.

## BRFKREDIT – CONT.

CORE PROFIT AND NET PROFIT FOR THE YEAR DKKm	2016	2015	Index 16/15	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Contribution income, etc.	1,785	1,687	106	456	451	444	434	432
Other net interest income <sup>1)</sup>	-53	-45	118	-16	-15	-0	-22	-13
Net fee and commission income, etc.	207	256	81	79	66	26	36	83
Value adjustments <sup>1)</sup>	30	-106	-	-1	11	4	16	17
Other income	52	40	130	11	13	16	12	15
<b>Core income</b>	<b>2,021</b>	<b>1,832</b>	110	530	<b>527</b>	<b>489</b>	<b>475</b>	<b>534</b>
Core expenses	837	908	92	217	219	198	203	211
<b>Core profit before loan impairment charges and provisions for guarantees</b>	<b>1,184</b>	<b>923</b>	128	314	<b>307</b>	<b>291</b>	<b>272</b>	<b>322</b>
Loan impairment charges and provisions for guarantees (= income)	-32	103	-	-12	-1	16	-35	82
<b>Core profit</b>	<b>1,216</b>	<b>821</b>	148	325	<b>309</b>	<b>275</b>	<b>307</b>	<b>241</b>
Investment portfolio earnings	80	89	90	36	22	31	-9	38
<b>Pre-tax profit</b>	<b>1,295</b>	<b>909</b>	142	361	<b>329</b>	<b>307</b>	<b>298</b>	<b>278</b>
Tax	285	210	136	80	73	67	65	64
<b>Post-tax profit or loss</b>	<b>1,011</b>	<b>699</b>	145	281	<b>258</b>	<b>239</b>	<b>233</b>	<b>214</b>
<sup>1)</sup> Capital charges are included in the items 'Other net interest income' as well as 'Value adjustments, etc.' and are allocated as follows:								
Interest	116	133	87	29	28	28	31	32
Value adjustment	-8	1	-	1	-4	-1	-4	2
Total capital charges	107	134	80	29	24	27	27	34

SUMMARY OF BALANCE SHEET, END OF PERIOD DKKm	2016	2015	Index 16/15	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Mortgage loans	278,407	250,892	111	278,407	276,682	268,992	259,331	250,892
Bonds and shares, etc.	16,307	8,127	201	16,307	15,254	12,039	11,243	8,127
Total assets	307,037	269,794	114	307,037	304,664	293,633	280,687	269,794
Due to credit institutions and central banks	907	94	965	907	1,200	481	256	94
Issued bonds at fair value	285,676	249,772	114	285,676	284,052	274,631	260,799	249,772
Issued bonds at amortised cost	3,711	4,719	79	3,711	3,718	3,710	4,715	4,719
Equity	12,812	11,781	109	12,812	12,511	12,254	12,014	11,781

## BRFKREDIT – CONT.

LOANS, ADVANCES AND GUARANTEES DKKm	2016	2015	Index 16/15	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Loans, advances and guarantees	278,433	250,921	111	278,433	276,708	269,018	259,360	250,921
Balance of loan impairment charges and provisions for guarantees	1,183	1,425	83	1,183	1,394	1,418	1,409	1,425
Individual impairment charges and provisions for guarantees	1,067	1,070	100	1,067	1,066	1,085	1,086	1,070
Collective impairment charges and provisions for guarantees	116	355	33	116	328	332	323	355
Non-performing loans and guarantees:								
Loans, advances and guarantees before impairment charges	10,120	9,243	109	10,120	8,811	9,777	9,184	9,243
Impairment charges	1,067	1,070	100	1,067	1,066	1,085	1,086	1,070
Loans, advances and guarantees after impairment charges	9,053	8,173	111	9,053	7,745	8,692	8,098	8,173
NPL ratio (%)	3.3	3.3	-	3.3	2.8	3.2	3.1	3.3
NPL contribution ratio (%)	10.5	11.6	-	10.5	12.1	11.1	11.8	11.6
Past due mortgage loans	618	981	63	618	1,007	799	712	981
Loan impairment charges and provisions for guarantees (effect on income statement)	-32	103	-	-12	-1	15	-35	82
Operating loss	295	437	68	228	27	12	28	113

MORTGAGE LOANS AT FAIR VALUE BROKEN DOWN BY PROPERTY CATEGORY DKKm	The BRFkredit Group		BRFkredit a/s	
	2016	2015	2015	2015
Owner-occupied homes	137,563	120,915	137,563	120,915
Vacation homes	6,920	6,411	6,920	6,411
Subsidised housing (rental housing)	48,754	45,351	48,754	45,351
Cooperative housing	15,371	14,815	15,371	14,815
Private rental properties (rental housing)	32,108	28,334	32,108	28,334
Industrial properties	1,260	1,389	1,260	1,389
Office and business properties	32,252	30,177	32,252	30,177
Agricultural properties, etc.	46	49	46	49
Properties for social, cultural and educational purposes	3,437	2,783	3,437	2,783
Other properties	75	58	75	58
<b>Total</b>	<b>277,785</b>	<b>250,281</b>	<b>277,785</b>	<b>250,281</b>

## INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

DKKkm	The BRFkredit Group		BRFkredit a/s	
	2016	2015	2016	2015
<b>INCOME STATEMENT</b>				
Interest income	6,854	7,654	6,854	7,607
Interest expenses	4,941	5,675	4,941	5,664
<b>Net interest income</b>	<b>1,913</b>	<b>1,979</b>	<b>1,913</b>	<b>1,943</b>
Dividends, etc.	8	9	8	9
Fees and commission income	289	342	289	330
Fees and commission expenses	82	86	82	86
<b>Net interest and fee income</b>	<b>2,128</b>	<b>2,244</b>	<b>2,128</b>	<b>2,196</b>
Value adjustment (- is an expense)	-72	-354	-67	-270
Other operating income	44	31	42	36
Employee and administrative expenses	813	879	815	848
Amortisation, depreciation and impairment charges	9	17	9	17
Other operating expenses	16	12	16	8
Loan impairment charges and provisions for guarantees (- is income)	-32	103	-32	186
Profit on investments in associates and group enterprises	-	-	4	0
<b>Pre-tax profit</b>	<b>1,295</b>	<b>909</b>	<b>1,299</b>	<b>902</b>
Tax	285	210	284	218
<b>Profit for the year</b>	<b>1,011</b>	<b>699</b>	<b>1,015</b>	<b>685</b>
Distributed to:				
Shareholders of BRFkredit a/s	1,011	699		
<b>Total</b>	<b>1,011</b>	<b>699</b>		

## STATEMENT OF COMPREHENSIVE INCOME

Profit for the year	1,011	699	1,015	685
Other comprehensive income:				
Items that cannot be recycled to the income statement:				
Value adjustment of owner-occupied properties	16	13	13	13
Value adjustment of equity investments in group enterprises	-	-	3	-
Items that can be recycled to the income statement:				
Shares available for sale	5	-14	-	-
Tax on other comprehensive income	-1	-1	-1	-1
<b>Other comprehensive income after tax</b>	<b>20</b>	<b>-2</b>	<b>15</b>	<b>12</b>
<b>Comprehensive income for the year</b>	<b>1,031</b>	<b>697</b>	<b>1,031</b>	<b>697</b>
Distributed to:				
Shareholders of BRFkredit a/s	1,031	697		
<b>Total</b>	<b>1,031</b>	<b>697</b>		

## BALANCE SHEET

DKKkm	The BRFkredit Group		BRFkredit a/s	
	2016	2015	2016	2015
<b>BALANCE SHEET</b>				
<b>ASSETS</b>				
Cash balance and demand deposits with central banks	75	250	75	250
Due from credit institutions and central banks	10,892	9,271	10,656	9,015
Loans and advances at fair value	278,407	250,892	278,407	250,892
Bonds at fair value	16,096	7,909	16,096	7,909
Shares, etc.	211	218	211	218
Equity investments in group enterprises	-	-	333	527
Intangible assets	1	3	1	3
Land and buildings, total	505	492	412	402
of which investment property	4	4	4	4
of which owner-occupied properties	501	488	408	398
Other property, plant and equipment	5	3	5	3
Current tax assets	-	2	-	2
Assets in temporary possession	496	393	481	393
Other assets	326	335	327	335
Prepayments	22	26	22	26
<b>Total assets</b>	<b>307,037</b>	<b>269,794</b>	<b>307,027</b>	<b>269,975</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Liabilities</b>				
Due to credit institutions and central banks	907	94	907	94
Issued bonds at fair value	285,676	249,772	285,676	249,772
Issued bonds at amortised cost	3,711	4,719	3,711	4,719
Current tax liabilities	282	-	282	-
Liabilities relating to assets held temporarily	20	5	6	5
Other liabilities	3,555	3,335	3,564	3,507
Deferred income	6	4	6	4
<b>Liabilities, total</b>	<b>294,157</b>	<b>257,929</b>	<b>294,150</b>	<b>258,101</b>
<b>Provisions</b>				
Provisions for deferred tax	13	12	9	21
Other provisions	56	72	56	72
<b>Provisions, total</b>	<b>69</b>	<b>84</b>	<b>65</b>	<b>92</b>
<b>Equity</b>				
Share capital	1,306	1,306	1,306	1,306
Share premium	102	102	102	102
Revaluation reserve	63	47	49	36
Reserves in series	10,799	7,594	10,799	7,594
Retained profit	542	2,731	556	2,743
<b>Equity, total</b>	<b>12,812</b>	<b>11,781</b>	<b>12,812</b>	<b>11,781</b>
<b>Equity and liabilities, total</b>	<b>307,037</b>	<b>269,794</b>	<b>307,027</b>	<b>269,975</b>
<b>OFF-BALANCE SHEET ITEMS</b>				
Guarantees, etc.	26	29	26	29
Other contingent liabilities, etc. (loan offers, etc.)	19,287	15,572	19,287	15,572
<b>Total guarantees and other contingent liabilities</b>	<b>19,313</b>	<b>15,602</b>	<b>19,313</b>	<b>15,602</b>

## STATEMENT OF CHANGES IN EQUITY

The BRFkredit Group						
DKKm						
	Share capital	Share premium	Revaluation reserve	Reserves in series	Retained profit	Total
Equity at 01 January 2016	1,306	102	47	7,594	2,731	11,781
Profit for the year	-	-	-	-	1,011	1,011
Transferred between series	-	-	-	3,204	-3,204	-
Other comprehensive income	-	-	15	-	5	20
Comprehensive income for the year	-	-	15	3,204	-2,189	1,031
<b>Equity at 31 December 2016</b>	<b>1,306</b>	<b>102</b>	<b>63</b>	<b>10,799</b>	<b>542</b>	<b>12,812</b>
Equity at 01 January 2015	1,306	102	35	9,732	-91	11,084
Profit for the year	-	-	-	-	699	699
Transferred between series	-	-	-	-2,138	2,138	-
Other comprehensive income	-	-	12	-	-14	-2
Comprehensive income for the year	-	-	12	-2,138	2,823	697
<b>Equity at 31 December 2015</b>	<b>1,306</b>	<b>102</b>	<b>47</b>	<b>7,594</b>	<b>2,731</b>	<b>11,781</b>

## CAPITAL STATEMENT

DKKm	The BRFkredit Group		BRFkredit a/s	
	2016	2015	2016	2015
Equity	12,812	11,781	12,812	11,781
Intangible assets	-1	-3	-1	-3
Difference between expected loss and the carrying amount of impairment charges	-201	-	-201	-
Prudent valuation	-17	-94	-17	-94
<b>Common Equity Tier 1 capital / Core capital</b>	<b>12,593</b>	<b>11,684</b>	<b>12,593</b>	<b>11,684</b>
Difference between expected loss and the carrying amount of impairment charges	-	135	-	135
<b>Capital base</b>	<b>12,593</b>	<b>11,820</b>	<b>12,593</b>	<b>11,820</b>
Weighted risk exposure involving credit risk etc.	61,572	56,601	61,751	56,986
Weighted risk exposure involving market risk	1,649	2,160	1,649	2,160
Weighted risk exposure involving operational risk	3,105	3,010	3,026	2,888
<b>Total weighted risk exposure</b>	<b>66,326</b>	<b>61,770</b>	<b>66,426</b>	<b>62,033</b>
Capital requirement, Pillar I	5,306	4,942	5,314	4,963
Capital requirement, transitional provisions	3,532	2,838	3,531	2,834
<b>Capital requirement total</b>	<b>8,838</b>	<b>7,780</b>	<b>8,845</b>	<b>7,797</b>
Capital ratio (%)	19.0	19.1	19.0	19.1
Core capital ratio (%)	19.0	18.9	19.0	18.8
Common Equity Tier 1 capital ratio (%)	19.0	18.9	19.0	18.8



#### 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.

#### PROFIT RELATIVE TO OUTLOOK

At the release of the financial statements for 2015, BRFkredit expected an improvement of core income, primarily due to growth in the mortgage credit portfolio. The overall result would also depend on the level of losses as well as the development of the securities markets.

The actual profit for 2016 came to a pre-tax profit of DKK 1,295m. The profit was better than expected, which, not least, can be attributed to the significantly improved core business, where core income and core profit before loan impairment charges were increased. Moreover, both the level of impairment charges and the investment result turned out to be better than envisaged at the beginning of 2016.

#### OUTLOOK 2017

For 2017, a positive development of the portfolio is expected, both with respect to the personal client and the corporate client segments.

#### OTHER INFORMATION

##### DIVIDEND

At the Annual General Meeting, the Supervisory Board will propose a dividend of 0% for 2016.

#### FINANCIAL CALENDAR 2017

21 February	Announcement of annual report for 2016
21 March	Annual general meeting of BRFkredit a/s
2 May	Announcement of Interim financial report for the first quarter of 2017
22 August	Announcement of Interim financial report for the first half of 2017
25 October	Announcement of Interim financial report for the first nine months of 2017

#### FOR FURTHER INFORMATION

For further information, please see [brf.com](http://brf.com), which website also gives detailed financial information about BRFkredit. Please see [brf.dk](http://brf.dk) for BRFkredit's Annual Report 2016 as well as links to Jyske Bank's Risk and Capital Management 2016, etc. in which capital requirements and adequate capital base for BRFkredit are stated.

#### CONTACT

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