

Annual Report 2017

BRFcredit

ANNUAL REPORT 2017 BRFKREDIT

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BRFKREDIT

As of 2017, BRFkredit is no longer under the obligation to prepare consolidated financial statements and will therefore in future only publish the financial statements of the parent company. The financial data, etc. of the Management's review were previously included in accordance with the consolidated financial statements, but in future they will be included in accordance with the Parent's financial statements. The comparative figures in the Management's review have been adjusted in accordance with the above.

CORE PROFIT AND NET PROFIT FOR THE YEAR	2017	2016	Index	2015	2014	2013
DKKm			17/16			
Administration margin income, etc.	1,881	1,785	105	1,687	1,494	1,408
Other net interest income ¹⁾	-60	-53	113	-80	-63	-155
Net fee and commission income, etc.	262	207	127	244	151	82
Value adjustments, etc. (- is an expense) ¹⁾	28	39	72	-22	-190	17
Other income	24	50	48	45	35	26
Core income	2,135	2,028	105	1,872	1,427	1,378
Core expenses	851	840	101	873	876	866
Core profit before loan impairment charges and provisions for guarantees	1,284	1,188	108	999	1,194	512
Loan impairment charges and provisions for guarantees (- is income)	202	-32	-	186	843	415
Core profit	1,082	1,220	89	813	-351	97
Investment portfolio earnings	49	80	61	89	-30	328
Pre-tax profit	1,131	1,299	87	902	-321	425
Tax (- is income)	245	284	86	218	-34	118
Profit for the year	886	1,015	87	685	-287	306
¹⁾ Capital charges are included in the items 'Other net interest income' as well as 'Value adjustments, etc.' and are allocated as follows:						
Interest	101	116	87	133	137	237
Value adjustment	15	-8	-	1	-1	13
Total capital charges	116	107	108	134	137	250

SUMMARY OF BALANCE SHEET, END OF PERIOD	2017	2016	Index	2015	2014	2013
DKKm			17/16			
Mortgage loans	308,121	278,407	111	250,892	220,340	205,763
Bonds and shares, etc.	18,397	16,307	113	8,127	25,792	18,455
Total assets	337,732	307,027	110	269,975	256,145	228,653
Due to credit institutions and central banks	741	907	82	94	11,931	12,176
Issued bonds at fair value	316,305	285,676	111	249,772	223,925	193,147
Issued bonds at amortised cost	1,871	3,711	50	4,719	5,203	9,420
Equity	15,731	12,812	123	11,781	11,084	10,362

SELECTED DATA AND FINANCIAL RATIOS	2017	2016	Index	2015	2014	2013
			17/16			
Pre-tax profit as a percentage of average equity ¹⁾	7.9	10.6	-	7.9	-3.0	4.0
Net profit as a percentage of average equity ¹⁾	6.2	8.3	-	6.0	-2.7	3.0
Expenses as a percentage of income	39.9	41.4	-	46.6	61.4	62.8
Accumulated impairment ratio (%)	0.4	0.4	-	0.6	0.7	0.5
Impairment ratio for the year (%)	0.07	-0.01	-	0.07	0.38	0.20
Capital ratio ²⁾	20.8	19.0	-	19.1	18.6	17.5
Common Equity Tier 1 capital ratio (CET1 %)	20.8	19.0	-	18.8	18.5	17.5
Individual solvency requirement (%)	9.3	9.3	-	9.6	10.6	9.9
Capital base (DKKm)	15,529	12,593	-	11,820	11,043	9,937
Weighted risk exposure (DKKm)	74,686	66,426	-	62,033	59,329	56,809
Number of full-time employees, year-end	212	694	-	706	749	798

¹⁾ On 22 December 2017, share capital in the amount of DKK 2m was injected into BRFkredit. If the capital injection had not been made, the return on equity would have amounted to 8.5% before tax and 6.7% after tax.

²⁾ 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 according

SUMMARY

- Profit before tax amounted to DKK 1,131m (2016: DKK 1,299m)
- Net profit for the year amounted to DKK 886m (2016: DKK 1,015m) corresponding to a return on equity of 6.2% (2016: 8.3%).
- Loan impairment charges and provisions for guarantees amounted to an expense of DKK 202m (2016: an income of DKK 32m).
- Mortgage loans amounted to DKK 308.1bn (2016: DKK 278.4bn).
- The capital ratio and the Tier 1 capital ratio are identical at 20.8% (2016: 19.0%)
- Individual solvency requirement: 9.3 % (2016: 9.3 %).

COMMENTS BY MANAGEMENT

In connection with the Financial Report for 2017, Carsten Tirsbæk Madsen, Chief Executive Officer, states:

'Today BRFKredit publishes a net profit of DKK 886m after tax, corresponding to a return of 6.2% on equity. The profit was characterised by rising core income from the portfolio and expenses at the same level as in 2016 despite severance costs in connection with the adjustment of the organisation. Impairment charges increased relative to 2016 due to adaptations to the Group's impairment model. The capital base is solid and came to 20.8% after the injection of equity into BRFKredit from Jyske Bank in the amount of DKK 2bn at the end of 2017.

As part of the continued focus on clients, expenses and digitization, the sales and IT organisation was outsourced to Jyske Bank in 2017.

In 2017, the portfolio increased by DKK 29.7bn, and BRFKredit's share of Danish mortgage lending now amounts to 11%. It is expected that lending for both the Personal and Corporate clients segments will still show a positive trend, albeit at a more moderate pace than until now,' ends Carsten Tirsbæk Madsen.

THE YEAR 2017

Increasing by DKK 29.7bn in 2017, BRFkredit's portfolio continued to grow. Since the merger with Jyske Bank, BRFkredit's loan portfolio has grown by about DKK 100bn, which is evidence of the Group's strong market position with respect to products and prices.

COMPETITIVE PRICES

BRFkredit chose to keep its administration margin rates unchanged in 2017 in order to maintain the competitive position in the market.

CLIENT FOCUSED ORGANISATION

In mid-2017, the Jyske Bank Group united BRFkredit's and Jyske Bank's client-oriented parts in the organisation in order to strengthen the Group's market position by making it simpler to be a client of the Jyske Bank Group. At the same time, the client-oriented functions of BRFkredit and the branch network of Jyske Bank were merged into three units: Personal Clients, Corporate Clients and Private Banking Denmark. In addition, all administrative tasks related to client service were now performed by one Group unit. Due to the changes, an adjustment of the number of employees by about 50 took place. Late in the year, it was decided that in future all home loan products will be marketed under the Jyske Bank brand. BRFkredit has registered the name Jyske Realkredit, which will gradually be phased in as the Jyske Bank Group's mortgage brand.

CAPITAL INJECTION

On 22 December 2017, an extraordinary general meeting was held at BRFkredit, and the general meeting approved the Supervisory Board's motion to expand the share capital by DKK 2bn at par.

DIGITIZATION

In 2017, digitization was still a general theme at BRFkredit. BRFkredit supports the Jyske Bank Group's focus on the development of intelligent and digital solutions for existing as well as future clients. The aim is to make it easier for clients to gain an overview of their existing loans and possibilities of optimising their finances and also to see possibilities in the property market.

COMMENTS ON THE FINANCIAL STATEMENTS

CORE PROFIT AND NET PROFIT FOR THE YEAR			Index	Q4	Q3	Q2	Q1	Q4
DKKm	2017	2016	17/16	2017	2017	2017	2017	2016
Administration margin income, etc.	1,881	1,785	105	482	468	473	459	457
Other net interest income ¹⁾	-60	-53	113	5	-30	-19	-15	-16
Net fee and commission income, etc.	262	207	127	77	69	53	63	79
Value adjustments ¹⁾	28	39	72	20	1	3	4	5
Other income	24	50	48	3	4	8	8	12
Core income	2,135	2,028	105	586	512	519	518	536
Core expenses	851	840	101	200	213	225	213	218
Core profit before loan impairment charges and provisions for guarantees	1,284	1,188	108	386	300	293	305	318
Loan impairment charges and provisions for guarantees (- = income)	202	-32	-	102	-19	28	92	-12
Core profit	1,082	1,220	89	285	318	265	214	330
Investment portfolio earnings	49	80	61	-14	-1	21	44	36
Pre-tax profit	1,131	1,299	87	271	317	286	257	366
Tax	245	284	86	58	67	64	56	80
Profit for the year	886	1,015	87	213	250	222	201	286

¹⁾ Capital charges are included in the items 'Other net interest income' as well as 'Value adjustments, etc.' and are allocated as follows:

Interest	101	116	87	18	24	29	30	29
Value adjustment	15	-8	-	2	16	-3	-0	1
Total capital charges	116	107	108	20	40	27	29	29

PROFIT/LOSS FOR THE YEAR

In 2017, BRFkredit generated a pre-tax profit of DKK 1,131m. Calculated tax amounted to DKK 245m, and net profit for the year amounted to DKK 886m.

The net profit for the year corresponds to a return on average equity of 6.2% compared to 8.3% in 2016.

CORE INCOME

Core income consists primarily of administration margin income, etc. and brokerage and fee income from mortgage activities and amounted to DKK 2,135m in 2017 against DKK 2,028m in 2016.

In 2017, administration margin income, etc. amounted to DKK 1,881m against DKK 1,785m in 2016. The increase can primarily be attributed to the growing portfolio, particularly within the Personal client area, but also decent growth was seen in the Corporate client area. The increase in administration margin income, etc. was proportionally smaller than the increase in the loan portfolio. The primary reason for this was the improving credit quality of the portfolio of corporate clients, yet this also led to a falling average administration margin rate. Likewise, in the Personal client area, a minor decline of the average administration margin rate was recorded, primarily in the first half of 2017, which could be attributed to a shift to fixed-rate

loans, etc. and/or amortized loans, for which administration margins are lower.

In 2017, capital charges relating, among other things, to covered bond (SDO) and rating requirements amounted (net) to DKK 116m against DKK 107m in 2016.

Other net interest income consists primarily of interest expenses for senior debt incurred in order to comply with SDO and rating requirements, internal interest on the portfolio of securities as well as various interest income and amounted to an expense of DKK 60m in 2017 against an expense of DKK 53m in 2016. The increase in interest expenses can be attributed to the lower internal interest rate on the portfolio of securities.

In 2017, net fee and commission income amounted to DKK 262m against DKK 207m in 2016. The increase can be attributed, among other things, to the discontinuation of discounts on fees in connection with refinancing of existing loans with BRFkredit in early 2017. BRFkredit distributed the refinancing dates for adjustable-rate loans evenly over the year, and this resulted, among other things, in an increasingly even distribution of fee and commission income over the quarters of the year.

Value adjustments, etc. amounted to an income of DKK 28m against an income of DKK 39m in 2016. Some reasons for this difference were a capital gain due to the value adjustment of subsidiary as well as the value adjustment of unlisted shares, whereas an investment loss was recorded in connection with an early buyback of senior debt. In 2016, Value adjustments, etc. primarily related to BRFkredit's core portfolio of bonds as well as the portfolio of unlisted shares.

In 2017, other income amounted to DKK 24m against DKK 50m in 2016. The decline in the income could be attributed to the reduction of intra-group tasks that BRFkredit performed for the Jyske Bank Group following the introduction of the client-focused organisation in mid-2017.

CORE EXPENSES

In 2017, core expenses amounted to DKK 851m against DKK 840m in 2016. This development can, among other things, be attributed to severance costs of DKK 22m in connection with the organisational change in May 2017.

In mid-2017, the organisation was changed, and a number of job functions/areas were outsourced to Jyske Bank in order to strengthen the Group's client focus. Based on group-internal service agreements, BRFkredit pays Jyske Bank to perform these tasks.

CORE EXPENSES DKKm	2017	2016
Employee expenses	408	557
IT	88	101
Rent, etc.	31	28
Amortisation, depreciation and impairment	7	9
Other administrative expenses	296	128
Other operating expenses	21	16
Total	851	840

As a consequence of the new organisational structure, payroll costs under employee expenses fell, while administrative expenses for outsourcing/the service agreement with Jyske Bank increased.

CORE PROFIT BEFORE LOAN IMPAIRMENT CHARGES

In 2017, core profit before loan impairment charges and provisions for guarantees amounted to DKK 1,284m against DKK 1,188m in 2016, corresponding to an 8% increase.

LOAN IMPAIRMENT CHARGES AND PROVISIONS FOR GUARANTEES.

Under core profit, an amount of DKK 202m was recognised under loan impairment charges and provisions for guarantees against an income of DKK 32m 2016. The increase could primarily be attributed to an adjustment of collective impairment charges by DKK 175m, chiefly due to the further development and alignment within the Group of BRFkredit's loss models, particularly in the Personal client area.

Relative to total loans, the effect from the impairment charges on the income statement amounted to 0.07% in 2017 against -0.01% in 2016.

The effect on the income statement was in 2017 distributed with an expense of DKK 192m (2016: expense of DKK 158m) on personal clients and an expense of DKK 10m (2016: an income of DKK 190m) on corporate clients.

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

BRFkredit's holding of assets held temporarily amounted to DKK 435m at the end of 2017 against DKK 481m at the end of 2016. 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 are expected to have a positive impact on credit quality for the private portfolio in 2018. Outside the major urban areas, no significant improvement in respect of losses is expected.

BRFkredit had no exposures after deductions that accounted for more than 10% of the capital base. 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 1,219m at the end of 2017 (end of 2016: DKK 1,183m), corresponding to 0.4% of total loans. Of this, collective impairment charges amounted to DKK 291m against DKK 116m at the end of 2016.

LOANS, ADVANCES AND GUARANTEES DKKm	2017	2016	Index
Loans, advances and guarantees	308,129	278,433	111
Balance of loan impairment charges and provisions for guarantees	1,219	1,183	103
Individual impairment charges and provisions for guarantees	928	1,067	87
Collective impairment charges and provisions for guarantees	291	116	251
Non-performing loans and guarantees:	8,377	10,120	83
Loans, advances and guarantees before impairment charges			
Impairment charges	928	1,067	87
Loans, advances and guarantees after impairment charges	7,449	9,053	82
NPL ratio (%)	2.4	3.3	-
NPL administration margin ratio (%)	11.1	10.5	-
Past due mortgage loans (90 days)	534	618	86
Loan impairment charges and provisions for guarantees (effect on income statement)	202	-32	-
Operating loss	294	295	100

The arrears rate measured 90 days after the September repayment date amounted to 0.2% in 2017, against 0.4% for the corresponding repayment date in 2016. The arrears rate measured 15 days after the December 2017 repayment date amounted to 0.8% against 1.1% after the December 2016 repayment date.

ARREARS RATE	Dec. 2017	Sept. 2017	June 2017	March 2017	Dec. 2016	Sept. 2016
After 90 days	-	0.2	0.2	0.2	0.4	0.4
After 15 days	0.8	0.9	0.9	1.1	1.1	1.1

NEW IMPAIRMENT RULES (IFRS 9)

New impairment rules based on IFRS 9 took effect on 1 January 2018. As a consequence of the new rules, impairment charges are to be calculated as the expected loss on all loans. In comparison with the previous rules, the implication is that the balance of impairment charges will increase. It is expected that impairment charges on non-performing clients will be at the same level as today, while loans and advances with a lower credit risk will be the primary reason for the increase. Due to the implementation of the new impairment models, the company's balance of impairment charges is expected to increase by an amount in the range of DKK 300m - 400m. BRFkredit recognises loans at fair value, and therefore the implementation will be accounted for as a changed estimate and consequently be recognised in the income statement for the first quarter of 2018. For further information on the new rules, please see the section on accounting policies.

CORE PROFIT

In 2017, core profit amounted to DKK 1,082m against DKK 1,220m in 2016.

INVESTMENT PORTFOLIO EARNINGS

Investment portfolio earnings included the return on the securities holding less a risk-free return, which was attributed to the core profit.

Investment portfolio earnings amounted in 2017 to an income of DKK 49m against an income of DKK 80m in 2016.

INVESTMENT PORTFOLIO EARNINGS DKKm	2017	2016	Index 17/16
Net interest income, etc.	115	123	93
Value adjustments, etc.	-66	-44	150
Investment portfolio earnings	49	80	61

The securities portfolio, which predominantly consisted of interest-bearing instruments, was mainly in the form of mortgage bonds with a short time to maturity and a limited interest rate sensitivity as well as financial instruments for risk hedging.

CORE PROFIT AND INVESTMENT PORTFOLIO EARNINGS

Pre-tax profits for 2017 and 2016 broken down by core profit and investment portfolio earnings are stated below:

BREAKDOWN OF PRE-TAX PROFIT	2017				2016			
	Core profit	Investment portfolio earnings	Reclassification	Total	Core profit	Investment portfolio earnings	Reclassification	Total
DKKm								
Net interest income, etc.	1,821	115	10	1,946	1,732	123	58	1,913
Net fee and commission income	262	-	-	262	207	-	-	207
Value adjustments, etc.	28	-66	-10	-48	38	-44	-58	-64
Other income	24	-	-	24	50	-	-	50
Income	2,135	49	-	2,184	2,028	80	-	2,107
Expenses	851	-	-	851	840	-	-	840
Profit before loan impairment charges and provisions for guarantees	1,284	49	-	1,333	1,188	80	-	1,267
Loan impairment charges	202	-	-	202	-32	-	-	-32
Pre-tax profit	1,082	49	-	1,131	1,220	80	-	1,299

In BRFkredit's reporting format of core earnings and investment portfolio earnings, the total interest income, interest expenses and value adjustments relating to the balance principle are recognised under 'Net interest income, etc.'

MARKET RISK

Market risk is the risk of loss following movements in the financial markets (interest rate, share price and foreign currency risks). BRFkredit's market risks relate to the securities portfolio for which the interest-rate risk and the spread risk on the bond portfolio are the most important ones. BRFkredit's currency risk is limited, and the funding denominated in EUR was hedged through currency swaps. Market risks that stem from the other part of the balance sheet are modest due to the balance principle and the close correlation between loans and funding.

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 the end of 2017, BRFkredit's interest-rate risk calculated according to the standardised approach of the FSA came to DKK 61m. (2016: DKK 33m), which is considerably below the limit defined by the Supervisory Board as well as the statutory limit.

BRFkredit's shareholding consisted solely of infrastructure shares and strategic shares outside the trading portfolio. If share prices in general fall by 10%, BRFkredit will suffer an investment loss of DKK 22m. (2016: DKK 21m).

The currency positions are very modest in BRFkredit's balance sheet and amounted to 1.4% of the capital base (2016: 1.1%).

BALANCE SHEET

At the end of 2017, BRFkredit's balance sheet amounted to DKK 338bn against 307bn at the end of 2016. At the end of 2017, BRFkredit's mortgage loans amounted to a nominal value of DKK 300bn (2016: DKK 273bn). At the end of 2017, BRFkredit's total loans and advances amounted to a fair value of DKK 308bn (2016: DKK 278bn). Equity was affected by the net profit for the year in the amount of DKK 886m, other comprehensive income in the amount of DKK 33m and the capital injection in December 2017 of DKK 2,000m. At the end of 2017, equity then amounted to DKK 15,731m against 12,812m at the end of 2016.

SUMMARY OF BALANCE SHEET, end of period	Index		Q4	Q3	Q2	Q1	Q4	
DKKm	2017	2016	2017	2017	2017	2017	2016	
Assets / equity and liabilities	337,732	307,027	110	337,732	327,064	318,078	307,474	307,027
Mortgage loans, nominal value	299,516	272,690	110	299,516	296,140	290,334	282,355	272,690
Loans and advances, fair value	308,121	278,407	111	308,121	304,266	297,152	288,768	278,407
Issued bonds, fair value	316,305	285,676	111	316,305	307,298	298,044	287,335	285,676
Equity	15,731	12,812	123	15,731	13,511	13,235	13,013	12,812

PROFIT EXPECTATIONS

In 2017, BRFkredit saw a positive development of the portfolio in the Personal Client and the Corporate Client segments as had been anticipated at the release of the Annual Report 2016.

For 2018, further increases in the loan portfolio are still expected. It is expected that core profit before loan impairment charges and provisions for guarantees will be at the same level as in 2017. If loan impairment charges and provisions for guarantees and investment portfolio earnings turn out to be unchanged from 2017 to 2018, except for the implementation of new impairment rules (IFRS 9), the pre-tax profit will be DKK 300m-400m below that for 2017.

CAPITAL MANAGEMENT, FUNDING AND LIQUIDITY

CAPITAL MANAGEMENT OBJECTIVE AND PLANNING

BRFkredit's capital-management objective and desired risk profile aim 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 gradual introduction of the stricter capital requirements over the period until 2019.

CAPITAL STRUCTURE

The development in BRFkredit's capital and core capital ratios is shown in the table below.

CAPITAL STRUCTURE			Index
DKKm	2017	2016	17/16
Capital ratio (%)	20.8	19.0	110
Core capital ratio incl. hybrid capital (%)	20.8	19.0	110
Common Equity Tier 1 capital ratio (%)	20.8	19.0	110

At the end of 2017, the capital and Core Tier 1 capital ratios were higher than the corresponding ratios at the end of 2016, i.e. a solid level relative to the BRFkredit's capital target. The increase could primarily be attributed to an increase in the share capital by DKK 2bn made in December 2017. Over the same period, the overall risk exposure amount rose by about DKK 8.2bn.

CAPITAL BASE

At the end of 2017, the Common Equity Tier 1 capital was identical with the capital base, as was the case at the end of 2016. The high proportion of Common Equity Tier 1 capital is in line with BRFkredit's wish to have a high quality of its capital base.

CAPITAL BASE AND OVERALL RISK EXPOSURE

DKKm	2017	2016
Equity	15,731	12,812
Intangible assets	-1	-1
Prudent valuation	-20	-17
Diff. between expected loss and impairment charges (deduction)	-181	-201
Core capital/Common Equity Tier 1 capital	15,529	12,593
Capital base	15,529	12,593
Total risk exposure	74,686	66,426

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 has been approved to apply the advanced internal rating-based approach (AIRB) when determining credit risk. The approval extends to the application of advanced methods for determining the minimum capital requirement for the main part of BRFkredit's credit portfolio.

The minimum capital for market risk and operational risk is stated according to the standardised approach.

MINIMUM CAPITAL REQUIREMENT BY RISK TYPE

DKKm	2017	2016
Credit risk	5,569	4,940
Market risk	152	132
Operational risk	253	242
Minimum capital requirement, Pillar I	5,975	5,314
Capital requirement, transitional provisions	3,726	3,531
Total minimum capital requirement	9,701	8,845

Due to the transitional rules that are still applicable and that relate to the former capital adequacy rules, the minimum capital requirement for 2017 increased by DKK 3.7bn (2016: DKK 3.5bn). However, this requirement was removed at the end of 2017, and therefore BRFkredit's binding capital requirement will be the individual solvency requirement plus buffers until the expected implementation of a new floor requirement through Basel III in the EU legislation.

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 either 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 in 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.

For a complete list of capital additions, please see appendix to Jyske Bank's Risk and Capital Management 2017.

INDIVIDUAL SOLVENCY REQUIREMENT AND CAPITAL BUFFER

At the end of 2017, BRFkredit calculated an individual solvency requirement of 9.3%. (2016: 9.3%).

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

INDIVIDUAL SOLVENCY REQUIREMENT

DKKm	2017	% of REA	2016	% of REA
Credit risk	6,328	8.5	5,644	8.5
Market risk	298	0.4	269	0.4
Operational risk	303	0.4	262	0.4
Total	6,929	9.3	6,175	9.3

The statutory buffers are currently the SIFI buffer of 0.9% of the total risk exposure and the capital conservation buffer of 1.25% of the total risk exposure. Hence the individual solvency requirement plus statutory buffers amount to 11.4% of the total risk exposure. The Systemic Risk Council has recommended to the government that the countercyclical buffer rate be activated by 0.5 percentage point with effect as of the first quarter of 2019 with the possibility of another 0.5 percentage point subsequently.

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	2017	% of REA	2016	% of REA
Capital base	15,529	20.8	12,593	19.0
a) Core capital	15,529	20.8	12,593	19.0
b) Supplementary capital less deductions	-	-	-	-
Individual solvency requirement	6,929	9.3	6,175	9.3
Individual solvency requirement plus buffers	8,535	11.4	6,989	10.5
Capital requirement, transitional provisions	9,701	13.0	8,845	13.3
Capital buffer	5,828	7.8	3,748	5.6

LEVERAGE RATIO

In the autumn of 2016, the EU Commission made extensive proposals for a revision of the CRR and CRD IV, including the introduction of a leverage ratio as a binding capital requirement. Hence the leverage ratio becomes a risk-neutral capital requirement that is to function as a stalwart defender of the existing risk-based capital requirements.

The leverage ratio is defined as the ratio between BRFkredit's core capital and total unweighted exposures (inclusive of items not recognised in the balance sheet) and must amount to at least 3%. According to the proposal set forth by the EU Commission, the leverage ratio as a capital requirement is to take effect as of 1 January 2019.

At the end of 2017, the leverage ratio for BRFkredit was 4.54%, which means it had increased by 0.5 percentage point relative to the level at the end of 2016. The increase of the leverage ratio was primarily caused by the capital injection in December 2017. The leverage ratio is of greatest importance to an institute with a high proportion of loans with a low risk weight.

LEVERAGE RATIO

DKKm/%	2017	2016
Core capital	15,529	12,593
Total exposure value	342,132	312,308
Leverage ratio	4.54	4.03

OTHER CAPITAL REQUIREMENTS

In addition to the regulatory capital requirements, there are further requirements to the size of BRFkredit's capital in the form of requirements from Standard & Poor's as regards over-collateralisation as well as supplementary collateral for covered bonds (SDO).

To maintain the AAA rating for all BRFkredit's capital centres (B, E and General Capital Centre), BRFkredit must meet the over-collateralisation from Standard & Poor's. The individual capital centres must meet various requirements depending on the composition of the portfolios. At the end of 2017, the requirement amounted to DKK 11.3bn (2016: DKK 10.8bn) and must be met through liquid assets financed with both debt instruments and capital instruments.

Issue of covered bonds (SDO) for the financing of loans takes place in BRFkredit via capital centre E. Contrary to loans financed through mortgage bonds, loans based on the issue of covered bonds (SDO) must be monitored on an on-going basis to ensure that the LTV limit is complied with for each individual property. If the LTV limit is exceeded, for instance, due to a decline in the value of the property value, BRFkredit must provide supplementary collateral. At the end of 2017, the requirement of the supplementary collateral provided by BRFkredit can be calculated at DKK 7.4bn against DKK 8.4bn at the end of 2016.

DEBT BUFFER

Since June 2016, Danish mortgage credit institutions must hold capital for a debt buffer in order better to handle situations of crisis. The debt buffer amounts to 2% of the total unweighted loans and will be phased in gradually over the period 2016-2020. The debt buffer requirement can be met through core capital and supplementary capital that is not already applied to cover regulatory capital requirements, as well as senior debt. Currently, BRFkredit's overcollateralisation as regards the regulatory capital requirements suffices to meet the debt buffer requirement.

THE SUPERVISORY DIAMOND FOR MORTGAGE CREDIT INSTITUTIONS

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

THE SUPERVISORY DIAMOND BENCHMARKS	2017 %	2016 %
Concentration risk <100%	47.5	65.3
Increase in loans and advances <15% annually in the segment:		
- Owner-occupied home and vacation homes	11.7	15.7
- Residential rental property	6.6	6.7
- Other sectors	5.2	6.7
Borrower's interest-rate risk <25%		
- Residential property	20.8	24.2
Interest-only schemes <10%		
- Owner-occupied home and vacation homes	7.9	8.3
Loans with frequent interest-rate fixing:		
- Refinancing (annually) <25%	19.9	16.2
- Refinancing (quarterly) <12.5%	4.7	10.3

The comparative figures were changed in connection with the revision of the supervisory diamond

At the end of 2017, BRFKredit met all benchmarks of the supervisory diamond.

On an on-going basis, BRFKredit reviews the institution's positions relative to the benchmarks.

BASEL IV

The final version of Basel III (also known as IV) was published in December 2017.

Basel III stipulates new and higher risk weights determined according to the standardised approach. The standardised approach will stipulate the basis of a lower level of the overall risk weights. The phase-in period is suggested to be 2022 to 2027. Minimum levels in the risk assessment will be required in BRFKredit's internal AIRB models. The final version will depend on the implementation in the EU Capital Requirements Directives. Currently it is expected that the capital requirements will be higher than the ones today, but also a level that the institution will honour in 2022.

GROUP RECOVERY PLAN

Being part of the Jyske Bank Group, BRFKredit is covered by the Group's recovery plan, which can be used in the event that the Group or one of the institutions gets into critical financial problems.

The recovery plan includes a number of qualitative and quantitative recovery indicators for both the Group and BRFKredit. The purpose of the indicators is, at an early point in time, to identify an adverse development in the Group's or BRFKredit's capital, liquidity, profitability or asset quality as well as in relevant macroeconomic and market-based indicators.

The recovery plan aims to ensure continuation of the Group's critical business processes in a situation of significant financial stress. Also, the recovery plan includes a series of recovery options that can be initiated with a view to improvement of solvency, etc. The Group recovery plan was revised and submitted to the Danish Financial Supervisory Authority in the third quarter of 2017.

In addition, as other Danish credit institutions, BRFKredit pays an annual administration margin to the Resolution Fund, which is administered by Finansiel Stabilitet (the Danish resolution authority).

RISK AND CAPITAL MANAGEMENT 2017

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 2017', available via links on brf.dk.

FUNDING AND LIQUIDITY

In 2017, BRFKredit launched several measures in order to comply with national and international regulation and at the same time be able to offer the clients the products they demand.

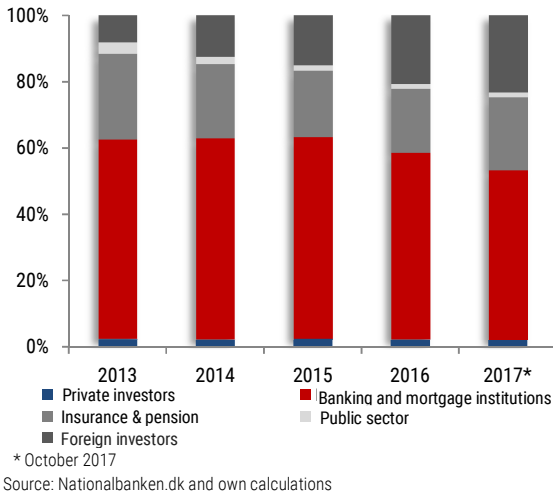
DISTRIBUTION OF ISSUES FROM CAPITAL CENTRES

To establish as large series as possible, BRFKredit chose to issue all new bonds in 2017 as covered bonds (SDO) from Capital Centre E. Moreover, to the extent possible BRFKredit chose to move the funding of mortgage loans from Capital Centre B to Capital Centre E when refinancing the mortgages. By far, most bonds issued by BRFKredit were issued from Capital Centre E, and at the end of 2017 93% (at the end of 2016: 90%) of BRFKredit's total loans were funded with bonds issued as covered bonds (SDO) from Capital Centre E.

ISSUES IN EURO

As the first Danish mortgage credit institution, BRFkredit issued in 2016 bonds denominated in euro to be used for the funding of 1-year adjustable-rate loans in Danish kroner. In 2017, BRFkredit launched a benchmark bond issue in the amount of EUR 500m. In addition to taking advantage of low European interest rates and minimising the re-financing risk when issuing in euro, BRFkredit also expands its investor base through the issues.

DISTRIBUTION OF INVESTORS IN BRFKREDIT'S BOND ISSUES

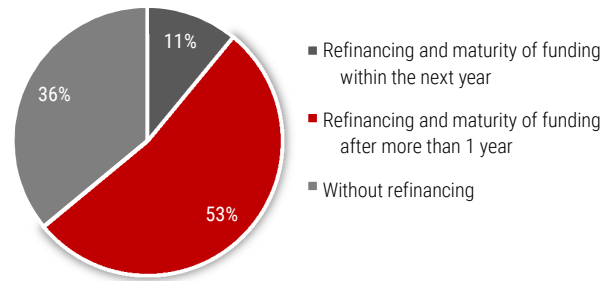


BRFkredit's mortgage bonds are mainly owned by Danish institutional investors, i.e. banks, investment associations/mutual funds, pension funds, insurance companies, etc. The interest on the part of foreign investors has been on the increase in recent years, and this trend continued in 2017, for instance, through BRFkredit's bond issue in euro. At the end of 2017, the proportion of BRFkredit's international investors was in line with that of other mortgage providers.

HOMELOANS WITH INTEREST-RATE CEILING

In 2017, BRFkredit issued bonds to fund mortgage loans, where the borrower has an interest rate ceiling on the loan. These loans are funded either by long-term cibar bonds, where BRFkredit buys interest-rate caps to hedge the borrowers' interest rate ceiling or by issuing cap-floater bonds. In this way, BRFkredit minimises the re-financing risk by issuing bonds with a longer maturity at the same time as BRFkredit grants loans at a lower interest-rate and instalment risk.

BRFKREDIT'S LOAN PORTFOLIO BY TIME OF REFINANCING

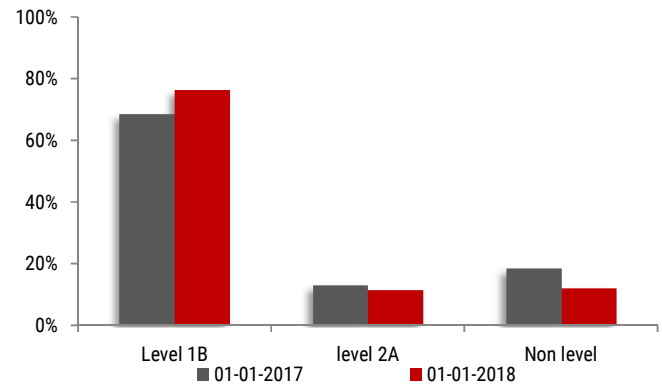


SIZES OF SERIES under LCR

To ensure that the issued bond series meet the LCR requirements as to series sizes, BRFkredit has chosen to gather the financing and refinancing of F2 - F10 loans in April, F-1 loans in January and October, and loans financed through cibar bonds in July.

The portion of bonds meeting the LCR requirements for series sizes of liquid bonds rose in the course of 2017, among other things, by gathering refinancing, issuing in benchmark sizes, issuing in euro and by not transferring loans from Jyske Bank until the loan volume sufficed to build up Level 1B bonds.

PROPORTION OF ISSUED BONDS BROKEN DOWN BY LCR LEVEL FOR OPEN CAPITAL CENTRES (E AND B)



CRR ARTICLE 129(7)

The information according to Article 129(7) of the CRR on covered bonds (SDO) (among other things, disclosure of the value of the cover pool and outstanding covered bonds (SDO), geographical distribution and type of covered assets, maturity structure and loans more than 90 days past due) will be disclosed in an ECBC label template quarterly simultaneously with interim and annual reports. Please see BRF.com.

RATING

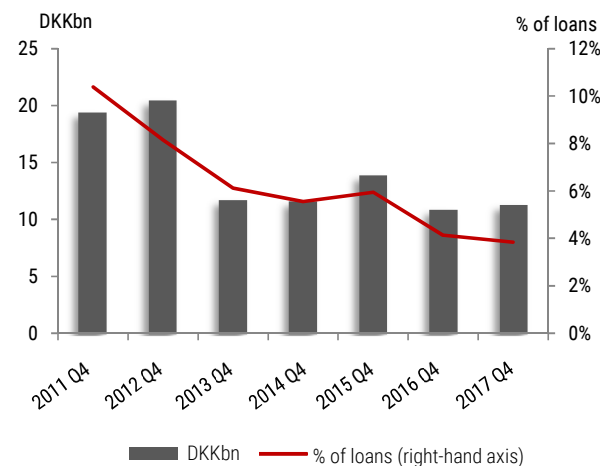
Jyske Bank and BRFkredit's joint issuer rating by Standard & Poor's (S&P) is A- (neutral outlook), and BRFkredit's bonds issued by Capital Centre E, Capital Centre B and the General Capital Centre are rated AAA (stable).

RATINGS	Rating	Date of rating / change of rating
As at 31 December 2017		
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

¹⁾ On 15.november 2016, S&P confirmed BRFkredit's issuer rating at A-/stable/A-2

S&P's percentage requirements of supplementary collateral to obtain the rating AAA for BRFkredit's bonds fell in the course of 2017 and amount on average to 3.8% of total loans. The percentage requirement to achieve an AAA rating has not been lower than the level at the end of 2017 since S&P began to rate BRFkredit's bonds in 2011. One reason for this is the improved credit quality of BRFkredit's loan portfolio.

SUPPLEMENTARY COLLATERAL REQUIREMENT TO ACHIEVE AN AAA RATING BY S&P



S&P's overcollateralisation requirement for the capital centres are met through funds from BRFkredit's equity and senior debt issues. BRFkredit expects stable overcollateralisation in 2018 and will, when the current senior debt matures at the end of January 2018 be able to meet the AAA overcollateralisation requirement through equity.

LIQUIDITY COVERAGE RATIO (LCR)

In connection with the determination and compliance with the LCR, BRFkredit has been allowed to offset interdependent incoming and outgoing cash flows related to mortgage loans, cf. Article 26 of the LCR regulation. This permission came with a specific liquidity floor requirement of 2.5% of the total mortgage loans stipulated by the FSA.

BRFkredit's HQLA (high-quality liquid assets) is primarily made up by the bond portfolio. At the end of 2017, the liquidity coverage ratio (LCR) amounted to 518% (502% at the end of 2016).

NET STABLE FUNDING RATIO (NSFR)

In the EU, the Commission's proposal for a revision of CRR/CRD IV, EU is being negotiated, which, among other things, includes a requirement for a structural Net Stable Funding Ratio (NSFR) to ensure that the funding profile of the institutions is sufficiently long and stable in the 1-year term.

The recommendation acknowledges the Danish mortgage credit institution's loans a being financed in a stable manner as the loans are either match funded during the entire life of the loan or financed with short-term bonds permitting extension of maturities in the event of failed refinancing (refinancing trigger). On the other hand, it is inexpedient that the proposal also suggests that minor mortgage bonds (series less than EUR 250m) and the required assets for overcollateralisation at the mortgage credit institutions' capital centres are to be considered illiquid and hence require long-term, stable funding even though the assets are liquid.

GOVERNANCE

BRFkredit is wholly owned by Jyske Bank A/S. Consequently, the guidelines for corporate governance are stated in the Jyske Bank Group's Annual Report 2017 and reference is made to this. See also Jyske Bank Group's Annual Report 2017 for information as regards issues such as corporate social responsibility, employee issues, Group Audit Committee and Risk Committee, diversity and gender composition.

INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS RELATING TO FINANCIAL REPORTING

The Supervisory Board and the Executive Board have overall responsibility for BRFkredit'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 through reconciliation and proof on a balance of probability for all financial accounts, and the finance function checks and verifies the reconciliation made. The extent of reconciliation and control is based on an assessment of the risk of errors, deviations and omissions in the financial transactions and 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 53 in the financial statements for a detailed specification.

Reporting to the Supervisory Board, the Executive Board and business area managements takes place 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 risks
- Operational risks
- Capital adequacy and solvency requirement
- Liquidity

All reporting is based on joint 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 of the Jyske Bank Group, to which BRFkredit belongs, will also review accounting, auditing and security matters.

RISK MANAGEMENT FUNCTION

A separate risk management function assists the Executive Board of BRFkredit in gaining an overview of all materials risks, 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 its 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 is an entity in Finance and Risk Management at Jyske Bank, with which professional interaction has been established.

For a more detailed description of BRFkredit's risk management, reference is made to Jyske Bank Risk and Capital Management 2017, which is available via links on brf.dk.¹

COMPLIANCE FUNCTION

In accordance with Danish legislation, BRFkredit has a compliance function responsible for assisting management in ensuring that BRFkredit complies with current laws and regulations 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 of 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 business procedures and internal controls in key business areas. The internal control system is based

¹ <http://www.brf.dk/Service-Pages/Om-BRFkredit/BRFkredit-i-tal/Regnskab>

on a separation of functions between client-oriented functions, authorisation and control. Controls are performed at several levels and are initiated through self-reviews 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 regularly reviews selected areas in accordance with the audit plan approved by the Group Audit Committee. The finance function collects and checks financial data on a monthly basis and reports this to BRFkredit's Executive Board.

The Group Audit Committee and the Executive Board continuously monitor compliance with business procedures, internal controls, relevant legislation and other rules and regulations in connection with financial 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 Groups Internal Audit, which reports to the Supervisory Board. Internal Audit audits the financial statements in cooperation with the auditors elected by the Annual General Meeting. In addition, Internal Audit performs audits of selected areas in accordance with an audit plan approved by the independent auditors and submitted to the Group Audit Committee and the Supervisory Board. As part of the audit, the auditors will report any weaknesses identified in business procedures and internal controls etc. to the Executive Board and the Supervisory Board, and also Internal Audit will regularly follow up on the implementation of recommendations made. The Head of Internal Audit participates in Group Audit Committee meetings.

WHISTLEBLOWER SCHEME

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

OTHER INFORMATION

For further information, please see brf.dk, which website gives detailed financial information about BRFkredit.

DIVIDEND

At the Annual General Meeting, the Supervisory Board will propose a dividend of 0% for 2017.

FINANCIAL CALENDAR 2018

BRFkredit anticipates that it will release financial statements on the following dates in 2018:

20 February	Announcement of annual report for 2017
20 March	Annual general meeting of BRFkredit a/s
9 May	Announcement of Interim financial report for the first quarter of 2018
21 August	Announcement of Interim financial report for the first half of 2018
30 October	Announcement of Interim financial report for the first nine months of 2018

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.

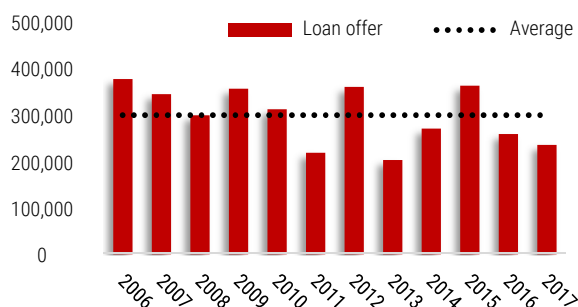
THE MORTGAGE CREDIT MARKET 2017

VOLUME OF LOAN OFFERS BELOW AVERAGE IN 2017

In 2017, the volume of loan offers in the mortgage market was below the historical average even though it was possible to refinance loans at low interest rates in fixed-rate bond series in combination with an upswing in the housing market. In 2017, the mortgage credit institutions issued about 235,000 loan offers, while the historical average is about 300,000 offers.

The trend in 2017 suggests that it will take a major decline in interest rates for the market to see any extensive refinancing activity. Several times, homeowners have had the opportunity to refinance, for instance, into 30-year loans at an interest rate of 1.5% or 20- or 10-year loans at an even lower interest rate.

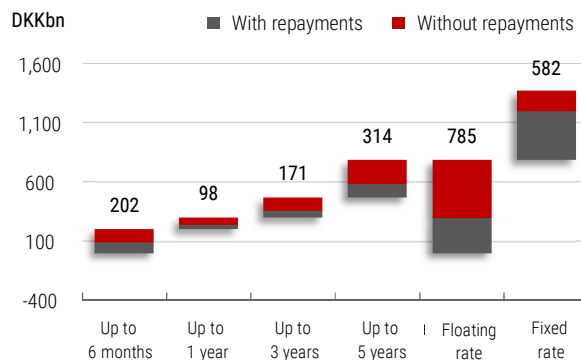
LOAN OFFER 2006 -2017 (JAN-DEC.)



Source: The Danish central bank

Due to the interest rate development and the incentives inherent in the fee structure of the mortgage credit sector, an increasing number of borrowers prefer either loans with a longer interest rate fixation period or loans at a fixed interest rate. Likewise, the use of interest-only options was reduced in 2017, where such options applied to about half of the mortgage loans. The trend indicates that we see homeowners who either choose risk, i.e. floating-rate loans and interest-only options or security, i.e. fixed-rate amortized loans. Due to the new rules on good practice, an increasing number of borrowers in the major cities will opt for amortized loans and longer interest rate fixation periods.

PERSONAL CLIENTS' MORTGAGE LOANS BY INTEREST RATE FIXATION PERIOD
END-OCTOBER 2017



Source: Finans Danmark

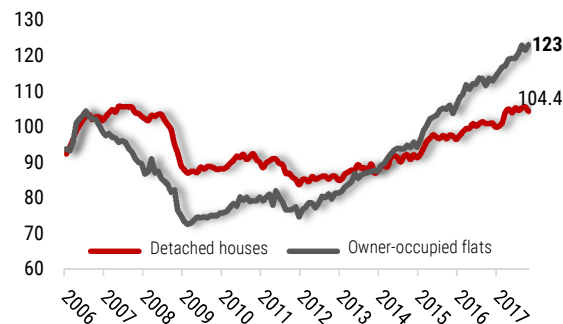
HIGH ACTIVITY LEVEL IN THE HOUSING MARKET

The number of property transactions was record high in the first nine months of 2017 (48,275 compared to 44,896 in the first nine months of 2016). The high level of activity also resulted in a lower number of houses on the market, shorter periods on the market and rising housing prices in most Danish municipalities.

Prices of detached houses rose by 4.6% over the first nine months of 2017 and, likewise, prices of vacation homes rose by 5.9%. Increasing generally by 8.8%, prices of owner-occupied flats reached a record high in terms of nominal prices.

The steep price increases in the market for owner-occupied flats resulted in political intervention, for one thing due to the approved tax agreement on property taxes, and for another, due to the new Executive Order on Good Business Practice for Financial Undertakings, which restricts the use of floating rate loans and interest-only options in connection with high debts. It is expected that this intervention will put a damper on the price development in 2018 in line with the experience gained in Sweden and Norway, including a decline in the number of home purchases by parents for their children.

PRICE INDEX OF PROPERTY SALES, MONTH (2006=100)



Source: Finans Danmark

MARKET SHARE

In 2017, BRFkredit increased its loan portfolio by DKK 29.7bn to a total of DKK 308.1bn, corresponding to a market share of 11% of the total outstanding mortgage loans. The development was broadly based on the various business areas, and decent growth was seen in loans arranged by Jyske Bank.

Due to the development over the year, BRFkredit had in 2017 a market share of 13.8% in terms of gross new loans and of 39.3% in terms of net loans. In the Personal client area, the market share in terms of gross new loans amounted to 13.9% and in terms of net loans to 35.9%. In the Corporate client area, the market share in terms of gross new loans amounted to 18.5% in 2017 and in terms of net loans to 48.5%. The corresponding figures for subsidised housing were 21.8% and 23.0%, respectively.

BUSINESS AREAS

BRFkredit offers loans and financial services to personal clients, corporate clients and clients in the subsidised housing segment. The basis of the loan is the client's property. With a view to ensuring the best possible offer in relation to the client's individual needs and requirements, BRFkredit is organised in an area catering to personal clients and an area catering to corporate and subsidised housing clients. Moreover, BRFkredit has entered into co-operation agreements with other financial institutions than Jyske Bank with a view to offering mortgage loans to clients, where the loans are guaranteed by the respective financial institutions.

It is the ambition of BRFkredit to make property financing simpler for current and future homeowners, and in 2017, several digital solutions were developed to support this ambition.

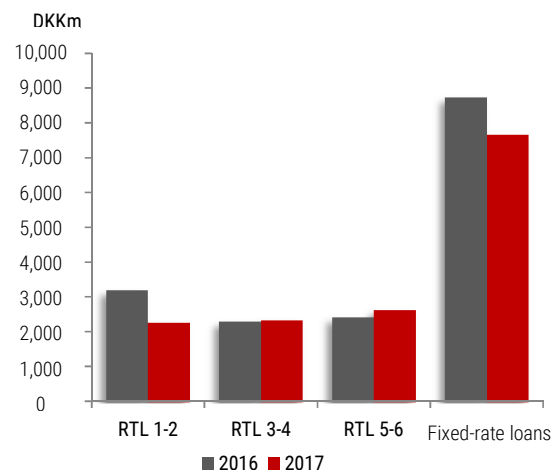
PERSONAL CLIENTS

The personal client area covers lending to owner-occupied homes and vacation homes in Denmark.

Throughout 2017, the activity level was high, and BRFkredit communicated extensively with new and existing clients in a market with a low interest-rate level. This resulted in loan offers in the amount of DKK 24.1bn distributed over almost 13,700 offers.

In 2017, Danish homeowners still focused on interest rate sensitivity, which meant that fixed-rate home loans are still the preferred choice of BRFkredit's personal clients.

HOMEOWNERS' CHOICE OF LOANS



BRFkredit's loans to personal clients are primarily distributed through Jyske Bank's branch network and BRFkredit's business area catering to personal clients. In addition, in respect of advice on home financing, BRFkredit cooperates with a number of independent estate agents and other players in the property market.

CORPORATES

Within the Corporate clients area, BRFkredit has its own sales organisation. Clients are served from BRFkredit's office in Kgs. Lyngby, from the office in Aarhus and from local home offices.

BRFkredit offers all types of mortgage loans, TinglysningsService (registration service) and loan monitoring services with a view to refinancing of loans for corporate clients and cooperative housing societies. In addition, BRFkredit also offers banking products through Jyske Bank.

BRFkredit targets primarily clients in the Danish market who owns residential rental property, office and business properties and cooperative housing societies.

The year 2017 was still characterised by the rising interest in investments in residential rental property in most parts of the country. The trend was that, to an increasing degree, residential construction was initiated with a view to rental rather than sales. Especially the major cities still saw a falling required rate of return and rising prices.

Pension funds and foreign investors were the principal players in the property market, and particularly foreign investors continued to boost the activity level.

In the market for cooperative housing, primarily the low interest rates result in reasonable financing conditions to set up new associations as tenants make use of their right of pre-emption right. The number of newly established cooperative housing societies in the Greater Copenhagen area was still high.

In 2017, lending activity was higher than in the preceding years due, among other things, to a high level of activity in an environment of low interest rates. Thus Corporate Clients was able to report new loans in the amount of DKK 16.0bn. The portfolio within Corporate Clients and cooperative housing societies rose in 2017 by DKK 6.9bn and totalled DKK 91.2bn on 31 December 2017.

SUBSIDISED HOUSING

Clients in Subsidised Housing are serviced from BRFkredit's offices in Lyngby and Aarhus as well as from local home offices.

As in preceding years, activities in 2017 were affected by refinancing and financing of major renovation jobs (comprehensive plans). In addition, the entire mortgage credit sector was affected by the government's wish to change the funding of loans in the subsidised housing sector to government loans in order to obtain savings. In November 2017, the final model was in place. It entails that mortgage credit institutions still handle loans for subsidised housing, but the state fully guarantees the loans and the special mortgage bonds for subsidised housing. Lending in the subsidised housing segment is associated with low risk.

Therefore, within subsidised housing, BRFkredit will still offer loans and financial services to non-profit housing associations. When financing of new construction, renovation, comprehensive plans, etc. is offered, financial solutions with construction financing is offered through by Jyske Bank.

The portfolio for Subsidised housing rose in 2017 by DKK 1.1bn and totalled DKK 48.4bn on 31 December 2017.

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

DKK m

Note		2017	2016
	INCOME STATEMENT		
4	Interest income	6,511	6,854
5	Interest expenses	4,565	4,941
	Net interest income	1,946	1,913
	Dividends, etc.	4	8
6	Fees and commission income	314	289
	Fees and commission expenses	52	82
	Net interest and fee income	2,212	2,128
7	Value adjustments (- is an expense)	-67	-67
	Other operating income	20	42
8,9	Employee and administrative expenses	823	815
20,21	Amortisation, depreciation and impairment charges	7	9
	Other operating expenses	21	16
10	Loan impairment charges (- is income)	202	-32
	Profit on investments in associates and group enterprises	19	4
	Pre-tax profit	1,131	1,299
11	Tax	245	284
	Profit for the year	886	1,015
	Distributed to:		
	Shareholders of BRFKredit a/s	886	1,015
	Total	886	1,015
	STATEMENT OF COMPREHENSIVE INCOME		
	Profit for the year	886	1,015
	Other comprehensive income:		
	Items that cannot be recycled to the income statement:		
	Value adjustment of owner-occupied properties	24	13
	Value adjustment of equity investments in group enterprises	12	3
	Tax on other comprehensive income	-2	-1
	Other comprehensive income after tax	33	15
	Comprehensive income for the year	919	1,031
	Distributed to:		
	Shareholders of BRFKredit a/s	919	1,031
	Total	919	1,031

BALANCE SHEET

DKKm

Note	2017	2016
ASSETS		
	49	75
Cash balance and demand deposits with central banks		
13 Due from credit institutions and central banks	9,762	10,656
14-15 Loans and advances at fair value	308,121	278,407
18 Bonds at fair value	18,182	16,096
Shares, etc.	215	211
Equity investments in group enterprises	122	333
Intangible assets	1	1
Land and buildings, total	434	412
19 of which investment property	1	4
20 of which owner-occupied properties	434	408
21 Other property, plant and equipment	5	5
22 Assets held temporarily	435	481
23 Other assets	394	327
Prepayments	13	22
Total assets	337,732	307,027
EQUITY AND LIABILITIES		
Liabilities		
24 Due to credit institutions and central banks	741	907
25 Issued bonds at fair value	316,305	285,676
Issued bonds at amortised cost	1,871	3,711
Current tax liabilities	252	282
Liabilities relating to assets held temporarily	7	6
26 Other liabilities	2,807	3,564
Deferred income	11	6
Liabilities, total	321,995	294,150
Provisions		
27 Provisions for deferred tax	0	9
28 Other provisions	5	56
Provisions, total	6	65
Equity		
Share capital	3,306	1,306
Share premium	102	102
Revaluation reserve	73	49
Reserve according to equity method	74	-
Retained profit	12,176	11,354
Equity, total	15,731	12,812
Equity and liabilities, total	337,732	307,027
29 OFF-BALANCE SHEET ITEMS		
Guarantees, etc.	8	26
Other contingent liabilities, etc. (loan offers, etc.)	19,152	19,287
Total guarantees and other contingent liabilities	19,160	19,313

STATEMENT OF CHANGES IN EQUITY

DKK m

	Share capital ¹⁾	Share premium	Revaluation reserve	Reserve according to equity method	Retained profit	Equity Total ²⁾
Equity at 01 January 2017	1,306	102	49	-	11,354	12,812
Profit for the year	-	-	-	-	886	886
Transferred from Retained profit	-	-	-	74	-74	-
Other comprehensive income	-	-	24	-	9	33
Comprehensive income for the year	-	-	24	74	822	919
Capital contribution	2,000	-	-	-	-	2,000
Equity at 31 December 2017	3,306	102	73	74	12,176	15,731
Equity at 01 January 2016	1,306	102	36	-	10,337	11,781
Profit for the year	-	-	-	-	1,015	1,015
Other comprehensive income	-	-	13	-	2	15
Comprehensive income for the year	-	-	13	-	1,017	1,031
Equity at 31 December 2016	1,306	102	49	-	11,354	12,812

¹⁾ Share capital: All shares are owned by Jyske Bank A/S, and the share capital consists of 33,064,800 shares of DKK 100 each.

²⁾ Of the equity an amount of DKK 14,465m (2016: DKK 10,799m) was allocated to meet the capital requirement at Capital centre E, Capital centre B, BRFKredit's series with joint and several liability and Husejernes Kreditkasse. The remaining equity of DKK 1,266m (DKK 2,013m) was allocated to meet the capital requirement of the General Capital Centre. Reference is also made to note 55, summary of Series financial statements.

CAPITAL STATEMENT

	2017	2016
Equity	15,731	12,812
Intangible assets	-1	-1
Difference between expected loss and the carrying amount of impairment charges	-181	-201
Prudent valuation	-20	-17
Common Equity Tier 1 capital / Core capital	15,529	12,593
Capital base	15,529	12,593
Weighted risk exposure involving credit risk etc.	69,615	61,751
Weighted risk exposure involving market risk	1,906	1,649
Weighted risk exposure involving operational risk	3,165	3,026
Total weighted risk exposure	74,686	66,426
Capital requirement, Pillar I	5,975	5,314
Capital requirement, transitional provisions	3,726	3,531
Capital requirement total¹⁾	9,701	8,845
Capital ratio (%)	20.8	19.0
Core Tier 1 Capital ratio (%)	20.8	19.0
Common Equity Tier 1 capital ratio (%)	20.8	19.0

1) On 31 December 2017, the total weighted risk exposure according to Basel I amounted to DKK 151,579m (2016: DKK 138,101m) for BRFKredit. 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 9,701m for the BRFKredit Group. At the end of 2016, the transitional provisions resulted in a capital requirement of DKK 8,845m for BRFKredit. The transitional rules applying to the total weighted risk exposure expired at the end of 2017.

For further information on the individual solvency requirement, see the section in the management's review on "Individual solvency requirement and capital buffer". The determination of the individual solvency requirement was not covered by the audit.

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1 Key figures and ratios

	2017	2016	2015	2014	2013
Net interest and fee income	2,212	2,128	2,196	2,127	1,948
Value adjustments (- is an expense)	-67	-67	-270	-598	-213
Employee and administrative expenses	823	815	848	857	847
Loan impairment charges (- is income)	202	-32	186	843	415
Profit on investments in associates and group enterprises	19	4	0	-168	-67
Profit for the year	886	1,015	685	-287	306
Loans and advances	308,121	278,407	250,892	220,340	205,764
Equity	15,731	12,812	11,781	11,084	10,362
Total assets	337,732	307,027	269,975	256,145	228,653
Capital ratio ¹⁾	20.8	19.0	19.1	18.6	17.5
Core capital ratio ¹⁾	20.8	19.0	18.8	18.5	17.5
Common Equity Tier 1 capital ratio ¹⁾	20.8	19.0	18.8	18.5	18.1
Pre-tax profit as a pct. of average equity	7.9	10.6	7.9	-3.0	4.0
Net profit as a pct. of average equity	6.2	8.3	6.0	-2.7	3.0
Income/cost ratio (%)	2.1	2.6	1.9	0.8	1.3
Currency position (%)	1.4	1.1	1.2	1.2	2.0
Accumulated impairment ratio (%)	0.4	0.4	0.6	0.7	0.5
Impairment ratio for the year (%)	0.07	-0.01	0.07	0.38	0.20
Increase in loans and advances for the year (%)	9.8	10.0	16.5	6.1	1.9
Loans relative to equity	19.6	21.7	21.3	19.9	19.9
Return on capital employed	0.26	0.33	0.25	-0.11	0.13

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. Comparative figures for 2013 have not been adjusted.

Reference is made to definitions of financial ratios, cf. note 54.

2 Segmental financial statements

	2017				2016			
	Core profit (Mortgage loans)	Investment portfolio earnings	Reclassifi- cation	Total	Core profit (Mortgage loans)	Investment portfolio earnings	Reclassifi- cation	Total
Administration margin income, etc.	1,881	-	-	1,881	1,785	-	-	1,785
Other net interest income, etc.	-60	115	10	65	-53	123	58	128
Net interest income	1,821	115	10	1,946	1,732	123	58	1,913
Net fee and commission income	262	-	-	262	207	-	-	207
Value adjustments	9	-66	-10	-67	34	-44	-58	-67
Profit from equity investments	19	-	-	19	4	-	-	4
Other income	24	-	-	24	50	-	-	50
Income	2,135	49	-	2,184	2,028	80	-	2,107
Expenses	851	-	-	851	840	-	-	840
Profit before loan impairment charges	1,284	49	-	1,333	1,188	80	-	1,267
Loan impairment charges	202	-	-	202	-32	-	-	-32
Pre-tax profit	1,082	49	-	1,131	1,220	80	-	1,299

In BRFKredit's reporting format of core earnings and investment portfolio earnings, the total interest income, interest expenses and value adjustments relating to the balance principle are recognised under 'Net interest income'.

Selected balance sheet items

	2017				2016			
Due from credit institutions and central banks	7,862	1,900	-	9,762	10,656	-	-	10,656
Loans and advances	308,121	-	-	308,121	278,407	-	-	278,407
Bonds and shares	5,776	12,620	-	18,396	6,744	9,564	-	16,307
Due to credit institutions and central banks	741	-	-	741	904	3	-	907
Issued bonds at fair value ¹⁾	318,747	-2,442	-	316,305	291,744	-6,069	-	285,676
Issued bonds at amortised cost	-	1,871	-	1,871	-	3,711	-	3,711
Guarantees	8	-	-	8	26	-	-	26
Total assets	323,167	14,565	-	337,732	297,387	9,641	-	307,027

¹⁾ The negative value under 'Investment portfolio earnings' comprises own bonds that have been offset in 'Issued bonds at fair value' according to the accounting rules.

Core profit (Mortgage credit)

Mortgage credit comprises the company's lending activities as well as funding of these within the business areas: Personal Clients, Corporate Clients and Subsidised Housing. The segment also comprises a risk-free return on the portfolio of bonds, etc.

Investment portfolio earnings

The investment portfolio earnings comprise the return in addition to a risk-free return on the portfolio of bonds, etc.

Selected balance sheet items

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

3 Segments - sales, geography and public subsidies

In 2017, BRFKredit's total sales amounted to DKK 6,845m (2016: 7,185m).

The only activity of BRFKredit is mortgage lending, which takes place solely in Denmark.

In 2017, BRFKredit did not receive any special subsidies related to mortgage banking activities.

	2017	2016
4 Interest income		
Due from credit institutions and central banks ¹⁾	-4	-14
Loans and advances	4,652	5,041
Administration margins	1,676	1,628
Bonds	242	313
Derivatives	114	106
Other interest income	0	0
Interest income before offsetting of interest against own bonds	6,679	7,075
Interest on own bonds, set off against interest on issued bonds	168	221
Total	6,511	6,854
¹⁾ Of which interest income on reverse repos carried under "Due from credit institutions and central banks"	-2	-8

5 Interest expenses

Due to credit institutions and central banks ¹⁾	22	23
Issued bonds	4,645	5,081
Other interest expenses	67	58
Interest expenses before offsetting of interest against own bonds	4,734	5,162
Interest on own mortgage bonds, set off against interest on issued bonds	168	221
Total	4,565	4,941
¹⁾ Of which interest expenses on repos carried under "Due to credit institutions and central banks"	-1	-1

6 Fees and commission income

Securities trading and custody services	225	192
Loan management fees	88	95
Other fees and commissions	1	1
Total	314	289

7 Value adjustments (- is an expense)

Mortgage loans ¹⁾	3,005	2,420
Other loans, advances and receivables at fair value	2	10
Bonds	-24	-55
Shares, etc.	17	11
Investment properties	0	-
Currency	0	-1
Currency, interest-rate and other contracts as well as other derivatives ¹⁾	-162	-135
Issued bonds ¹⁾	-2,906	-2,318
Total	-67	-67

¹⁾ Adjustments of the balance principle for BRFKredit brought a total income of DKK 0m (2016: DKK +2m), resulting from a net value adjustment of the following items: Mortgage loans by DKK +3,005m (DKK +2,420m), issued mortgage bonds by DKK -2,885m (DKK -2,318m) and derivatives by DKK -120m (DKK -101m), recognised under "Currency, interest-rate and other contracts as well as other derivatives".

	2017	2016
8 Employee and administrative expenses		
Employee expenses		
Wages and salaries, etc.	323	439
Pensions	36	51
Payroll tax	41	58
Social security	1	2
Total	401	550
Salaries and remuneration to the Executive Board and Supervisory Board		
Executive Board	7	7
Supervisory Board	0	0
Total	7	7
Other administrative expenses		
IT	88	101
Rent, lighting, heating, etc.	31	28
Other administrative expenses	296	128
Total	414	258
Total employee and administrative expenses	823	815
Wages and salaries, etc.		
Wages, salaries and short-term employee benefits	323	439
Total	323	439
Remuneration of the Supervisory Board (DKK '000)		
Laila Busted	60	60
Kim Henriksen	60	60
Supervisory Boards remunerations, total	120	120

Members of the Supervisory Board employed by Jyske Bank do not receive any directors' remuneration from BRFKredit.

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

The following members of BRFKredit's Supervisory Boards have as members of other supervisory boards or executive boards of other companies in the Jyske Bank Group earned remuneration from these companies in 2017: Sven A. Blomberg earned DKK 10.6m (2016: DKK 6.9m) (resigned from the Supervisory Board in 2017), Per Skovhus earned DKK 9.2m. (DKK 6.0m), Niels Erik Jakobsen earned DKK 8.0m (DKK 6.0m) and Anders Dam earned DKK 10.3m (elected to the Supervisory Board in 2017).

Remuneration of the Executive Board

Carsten Tirsbæk Madsen	4.0	4.0
Lars Waalen Sandberg	3.4	3.4
Total remuneration of the Executive Board	7.4	7.4

The above allows for the value for tax purposes of provisions such as company car, company-paid telephone, etc. Of the above remuneration, variable remuneration amounted to DKK -m (2016: DKK 0.1m) for each member of the Executive Board. Members of the Executive Board receive no shares, options, warrants or any other types of incentive pay, and BRFKredit has no contractual obligations concerning annual contributions to the Executive Board's pension schemes. BRFKredit has no pension obligations or special termination obligations towards the Executive Board.

Remuneration of risk takers

Number of members	20	20
Contractual remuneration	16.4	20.9
Variable remuneration	0.3	0.2
Defined contribution pensions	2.1	2.6

The group comprises employees (exclusive of the Executive Board) with a special impact on the Group's risk profile. For further information of the Jyske Bank Group's remuneration policy, reference is made to:

<https://www.jyskebank.dk/wps/wcm/connect/24e6c342-e6d4-4899-99b3-1c1d2350bf6f/Lonpolitik-210317.pdf?MOD=AJPERES>

	2017	2016
9 Number of employees		
Average number of employees for the financial year (full-time employees)	443	687
No. of employees at year-end	212	694
10 Loan impairment charges (- is income)		
Balance of loan impairment charges and provisions, beginning of period	1,183	1,425
Loan impairment/provisions for the year	124	-42
Recognised as a loss, covered by impairment charges/provisions	-88	-200
Balance of loan impairment charges and provisions, end of period	1,219	1,183
Mortgage loan impairment charges	1,139	1,076
Impairment charges on other loans and receivables, etc.	81	107
Balance of loan impairment charges and provisions, end of period	1,219	1,183
Loan impairment/provisions for the year	124	-42
Recognised as a loss, not covered by individual loan impairment charges/provisions ¹⁾	206	95
Recoveries	-128	-85
Net effect on income statement	202	-32
Individual loan impairment charges, beginning of period	1,067	1,070
Loan impairment for the year	-51	7
Recognised as a loss, covered by impairment charges/provisions	-88	-200
Previous collective impairment charges have been moved to individual impairment charges ²⁾	0	190
Individual loan impairment charges, end of period	928	1,067
Collective loan impairment charges, beginning of period	116	355
Loan impairment for the year	175	-49
Previous collective impairment charges have been moved to individual impairment charges ²⁾	0	-190
Collective loan impairment charges, end of period	291	116
¹⁾ "Recognised as a loss, not covered by individual loan impairment charges/provisions" relates mainly to loans with collective loan impairment. Of "Recognised as a loss, not covered by individual loan impairment charges/provisions" in BRFKredit, the value adjustment of properties acquired in previous financial years amounted to DKK -22m (2016: DKK +16m), and operating profit on properties during the period of foreclosure amounted to DKK -2m (DKK -2m).		
²⁾ Statistically calculated impairment charges on minor loan cases were moved from collective impairment charges to individual impairment charges in 2016.		
For further details on credit risk, please see note 38.		
11 Tax		
Current tax	253	292
Change in deferred tax	-9	-12
Adjustment of tax for previous years	1	3
Total	245	284
Effective tax rate:		
Current tax rate	22.0	22.0
Adjustments as regards previous years	0.1	-0.0
Non-taxable income and non-deductible expenses, etc.	-0.4	-0.1
Effective tax rate	21.7	21.8

12 Contractual time to maturity

Assets**Due from credit institutions and central banks**

Demand deposits	779	801
Up to 3 months	8,982	9,855
Over 3 months and up to 1 year	-	-
Over 1 year and up to 5 years	-	-
Over 5 years	-	-

Total	9,762	10,656
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Loans and advances at fair value ¹⁾

Up to 3 months	1,983	2,200
Over 3 months and up to 1 year	6,451	6,491
Over 1 year and up to 5 years	34,928	33,946
Over 5 years	264,760	235,770

Total	308,121	278,407
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Bonds at fair value

Up to 3 months	4,470	5,890
Over 3 months and up to 1 year	8,044	4,228
Over 1 year and up to 5 years	5,580	5,889
Over 5 years	87	90

Total	18,182	16,096
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Liabilities**Due to credit institutions and central banks**

Demand deposits	2	115
Up to 3 months	739	792
Over 3 months and up to 1 year	-	-
Over 1 year and up to 5 years	-	-
Over 5 years	-	-

Total	741	907
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Issued bonds at fair value ¹⁾

Up to 3 months	8,527	5,722
Over 3 months and up to 1 year	23,316	28,041
Over 1 year and up to 5 years	162,270	140,935
Over 5 years	122,191	110,977

Total	316,305	285,676
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Issued bonds at amortised cost

Up to 3 months	1,871	-
Over 3 months and up to 1 year	-	-
Over 1 year and up to 5 years	-	3,711
Over 5 years	-	-

Total	1,871	3,711
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The above amounts are exclusive of interest.

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.

For further details on BRFkredit's liquidity risk, please see note 48.

	2017	2016
13 Due from credit institutions and central banks		
At notice with central banks	3,683	1,943
Due from credit institutions	4,936	5,925
Reverse repos	1,142	2,788
Total	9,762	10,656

The major part of 'Due from credit institutions' were reduced in connection with the mortgage payments due on 2 January 2018. Cash is deposited with Danmarks Nationalbank, the central bank of Denmark, and Danish banks with ratings between A- and AA- (Standard & Poor's).

14 Loans and advances at fair value		
Mortgage loans, nominal value	299,516	272,690
Adjustment for interest-rate risk, etc. ¹⁾	9,189	6,171
Adjustment for credit risk ²⁾	-1,139	-1,076
Mortgage loans at fair value	307,566	277,785
Arrears before loan impairment charges	85	111
Outlays before loan impairment charges	71	79
Impairment charges for arrears and outlays	-55	-93
Arrears and outlays, total	101	98
Other loans and receivables	455	524
Total	308,121	278,407

¹⁾ Adjustment for interest-rate risk is determined on the basis of the price of the bonds financing the mortgage loans. Part of this price adjustment can be attributed to the development in the credit risk on the mortgage bonds. Reference is made to note 25 on Issued bonds at fair value and the measurement of this credit risk.

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.

15 Mortgage loans at fair value broken down by property category		
Owner-occupied homes	157,198	137,563
Vacation homes	7,699	6,920
Subsidised housing (rental housing)	50,167	48,754
Cooperative housing	15,893	15,371
Private rental properties (rental housing)	37,225	32,108
Industrial properties	1,156	1,260
Office and business properties	34,077	32,252
Agricultural properties, etc.	56	46
Properties for social, cultural and educational purposes	4,041	3,437
Other properties	55	75
Total	307,566	277,785

16 Loans and advances showing objective evidence of impairment		
Individually-assessed loans and advances before loan impairment charges	8,020	12,297
Individually-assessed loans and advances recognised at nil	-	0
Total of individually assessed loans and advances before loan impairment charges (less loans and advances recognised at nil)	8,020	12,296
Loan impairment charges for individually-assessed loans and advances		
Total impairment charges for loans and advances assessed individually	928	1,067
Loan impairment charges for individually-assessed loans and advances recognised at nil	-	0
Total impairment charges for loans and advances assessed individually (less loans and advances recognised at nil)	928	1,067
Recognised value of individually-assessed loans and advances which show objective evidence of impairment	7,092	11,230
Impairment charges on individually assessed loans to individually assessed loans	12%	9%

No impairment was recognised for other asset classes.

	2017	2016
17 Collateral by type		
Guarantees	31,514	30,973
Real property, residential	157,544	139,752
Real property, commercial	112,785	104,478
Total	301,843	275,203

The amounts are determined at fair value.

Guarantees mainly relating to central and local government guarantees were provided in connection with loans for subsidised housing societies, etc. as well as urban renewal projects.

Remaining guarantees related, among other things, 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%.

18 Bonds at fair value		
Own mortgage bonds	25,457	48,082
Other mortgage bonds	17,487	15,385
Government bonds	544	711
Other bonds	150	-
Own bonds (offset against Issued bonds)	-25,457	-48,082
Total	18,182	16,096

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 clients. Investment is solely made in bonds where the issuer's credit rating is within the limits of the company's risk policy.

19 Investment properties		
Fair value, beginning of period	4	4
Disposals	4	-
Adjustment to fair value	0	-
Fair value, end of period	1	4

Investment properties are recorded at fair value at 31 December and only comprise one vacation home available for rental by the Group's employees.

	2017	2016
20 Owner-occupied properties		
Beginning of period:		
Cost	461	461
Accumulated depreciation	102	99
Revaluations and impairment charges	49	36
Carrying amount at beginning of period	408	398
Additions during the year	6	-
Depreciation	3	3
Positive changes in values recognised in other comprehensive income during the year	24	13
Carrying amount, end of period	434	408

Owner-occupied properties were recorded at fair value at 31 December 2017. 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 internal valuers who have specialised in assessing commercial properties and, therefore, possess the required professional qualifications. The company's owner-occupied properties are valued on the basis of an investor's rate of return of 5.5% (2016: 5.75%).

Accumulated depreciation of owner-occupied properties for BRFKredit was DKK 105m (2016: DKK 102m).

21 Other property, plant and equipment		
Total cost, beginning of period	27	59
Additions	3	6
Disposals	-	37
Total cost, end of period	30	27
Amortisation and impairment charges, beginning of period	22	55
Amortisation for the year	3	3
Impairment charges for the year	-	1
Reversed amortisation, depreciation and impairment charges	-	37
Amortisation and impairment charges, end of period	25	22
Recognised value, end of period	5	5

Other property, plant and equipment consisted primarily of IT hardware, etc.

22 Assets held temporarily		
Properties acquired through foreclosure ¹⁾	204	110
Subsidiary in possession with a view to sale ²⁾	231	372
Total	435	481

The sales strategy for all assets acquired temporarily by the company is to ensure that active efforts are made to sell these assets as quickly as possible at a realistic price and within 12 months.

¹⁾ Properties acquired temporarily in connection with loan facilities. At end of 2017, BRFKredit had 37 (2016: 33) properties acquired through foreclosure, of which 18 were acquired within the last 12 months.

²⁾ At the end of 2017, BRFKredit had 1 property company in temporary possession (2016: 2 property companies) in connection with loans granted.

23 Other assets		
Positive fair value of derivatives, etc. ¹⁾	119	87
Interest and commission receivable	107	53
Loan applications in process	124	148
Other assets	44	39
Total	394	327

¹⁾ Financial derivatives are used for hedging transactions solely where the counterparty's credit rating is within the limits of the company's risk policy.

	2017	2016
24 Due to credit institutions and central banks		
Due to credit institutions	6	127
Repos	735	780
Total	741	907

25 Issued bonds at fair value		
Issued mortgage bonds, nominal value	332,462	327,400
Adjustment to fair value ¹⁾	9,300	6,357
Own mortgage bonds, fair value	-25,457	-48,082
Total	316,305	285,676
Of issued mortgage bonds, nominal value:		
Pre-issued	20,994	38,791
Drawn for redemption at next repayment date	22,383	38,724

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. In 2017 the change in fair value that is attributable to credit risk was DKK 4.2bn (2016: DKK 3.9bn). The accumulated change in credit risk since 1 January 2008 has been calculated at DKK 1.5bn. Equity and earnings performance were not affected by the change since the value of mortgage lending changed correspondingly.

26 Other liabilities		
Negative fair value of derivatives	418	358
Interest and commission payable	2,085	2,407
Other liabilities	304	799
Total	2,807	3,564

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

27 Provisions for deferred tax	Intangible assets and property, plant and equipment	Provisions for liabilities	Issued bonds at amortised cost	Other	Total
Broken down into the following balance sheet items:					
Carrying amount at beginning of 2016	2	10	-36	2	-21
Adjustment in income statement	1	-3	14	0	12
Carrying amount at end of 2016	3	7	-22	2	-9
Adjustment in income statement	-4	-6	21	-2	9
Carrying amount at end of 2017	-1	1	-1	-	-0

	2017	2016
28 Other provisions		
Beginning of period	56	72
Additions	-	18
Provisions used	10	29
Provisions reversed	40	5
End of period:	5	56
Provisions are expected to fall due:		
Within 1 year	3	32
Over 1 year	3	23

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.

29 Off-balance sheet items

Guarantees, etc.

Other guarantees	8	26
Total	8	26

Other guarantees

Other guarantees include other forms of guarantees, etc. with a limited risk.

Other contingent liabilities, etc.

Operating leases	1	5
Other long-term contracts	1	1
Irrevocable loan commitments (mortgage offers)	19,102	19,235
Other contingent liabilities	48	45
Total	19,152	19,287

Operating leases

Terms of operating leases:

0-1 years	1	5
1-5 years	-	1
> 5 years	-	-
Total	1	5

Minimum payments on operating lease contracts recognised in the profit or loss for the year	6	7
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Irrevocable credit commitments

Irrevocable credit commitments relate materially to the obligation to pay out loans according to offers for mortgage loans with a term of up to six months made by BRFKredit (the term may be longer within the subsidised housing sector). All offers were made in accordance with BRFKredit's credit policy and constitute a customary part of the process of paying out mortgage loans. However, in the event that a client is subsequently registered with the RKI debtor register, etc., BRFKredit shall not be bound by the loan offer.

BRFKredit is jointly taxed with the Jyske Bank Group, of which Jyske Bank A/S is the administration company. Therefore, BRFKredit is liable according to the rules on income tax, etc. for jointly taxed companies of the Danish Corporation Tax Act.

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

At the balance sheet date, BRFKredit was a party to pending lawsuits. On the balance sheet date, pending lawsuits represented a total exposure for the company of maximum DKK 1m. The lawsuits relate to circumstances that are part of the company's normal business and must be considered part of its day-to-day operations. No provisions were made in connection with these lawsuits as the company does not expect to suffer any financial losses from these lawsuits.

30 Collateral

Margin accounts, derivatives, etc.	107	157
Total	107	157

Repo transactions involve an arrangement where bonds are provided as collateral for the amount borrowed. See note 31 for further details.

31 Security provided for financial assets and liabilities

	Carrying amount	Offsetting, master netting agreement	Collateral	Net value
2017				
Financial assets				
Derivatives with positive fair value	119	107	-	12
Reverse repos	1,142	-	1,142	-
Total	1,261	107	1,142	12
Financial liabilities				
Derivatives with negative fair value	418	107	105	206
Repo transactions	735	-	735	-
Total	1,153	107	840	206
2016				
Financial assets				
Derivatives with positive fair value	87	87	-	0
Reverse repos	2,788	-	2,788	-
Total	2,875	87	2,788	0
Financial liabilities				
Derivatives with negative fair value	358	87	152	119
Repo transactions	780	-	780	-
Total	1,138	87	932	119

On the balance sheet, reverse repo transactions are classified as 'Due from credit institutions and central banks'. On the balance sheet, repo transactions are classified as 'Due to credit institutions and central banks'.

Master netting agreements and similar agreements will entitle a party to offsetting if a counterparty is in default. It lowers the exposure further when a counterparty is in default, but does not meet the conditions for accounting offsetting on the balance sheet.

Mortgage loans at fair value of DKK 307,566m (2016: DKK 277,785) and other assets of DKK 22,176m (DKK 19,701m) are at the end of 2017 registered as collateral bonds (SDO).

According to the Danish mortgage act the issued mortgage bonds, including covered bonds, are collateralised by the mortgage loans behind the bonds.

32 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 of which 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 expertise. 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 share 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, derivatives, loans and advances at fair value and issued bonds are measured at fair value in the financial statements.

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.

Shares that are listed are measured at prices quoted on a recognised stock exchange. However, at the end of 2017, BRFKredit's shareholding consisted solely of unlisted shares, where the value is measured, among other things, on the basis of the companies' most recent financial statements available.

Derivatives 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.

32 **Notes on fair value, cont.**

Loans at fair value comprise mortgage loans. These are generally measured at prices of the underlying issued bonds 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. If derivatives are part of the funding of the loans, the value of these will be integrated in the valuation of the loans.

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

A small holding of the issued bonds was recognised at amortised cost supplemented with the fair value of the hedged interest-rate risk. The difference to fair value was 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' and 'Due to credit institutions and central banks', the carrying amount is assessed to amount to a reasonable approximation of fair value.

	2017	2016
33 Recognised financial instruments		
Financial assets at fair value adjusted through the income statement		
Trading portfolio		
Bonds at fair value	18,182	16,096
Other assets - derivatives	119	87
Shares at fair value	215	211
Designated at fair value		
Loans and advances at fair value	308,121	278,407
Loans and receivables		
Cash balance and demand deposits with central banks	49	75
Due from credit institutions and central banks	9,762	10,656
Financial liabilities at fair value adjusted through the income statement		
Trading portfolio		
Other liabilities - derivatives	418	358
Designated at fair value		
Issued bonds at fair value	316,305	285,676
Financial liabilities at amortised cost		
Due to credit institutions and central banks	741	907
Issued bonds at amortised cost	1,871	3,711

34 The fair value hierarchy

	Quoted prices	Observable prices	Non-observable prices	Fair value, total	Recognised value
2017					
Financial assets					
Loans and advances at fair value	-	308,121	-	308,121	308,121
Bonds at fair value	18,042	139	-	18,182	18,182
Shares, etc.	-	-	215	215	215
Derivatives	10	109	-	119	119
Total	18,053	308,369	215	326,636	326,636
Financial liabilities					
Derivatives	-	418	-	418	418
Issued bonds at fair value	297,120	19,185	-	316,305	316,305
Total	297,120	19,603	-	316,723	316,723
2016					
Financial assets					
Loans and advances at fair value	-	278,407	-	278,407	278,407
Bonds at fair value	15,960	136	-	16,096	16,096
Shares, etc.	-	-	211	211	211
Derivatives	0	87	-	87	87
Total	15,960	278,630	211	294,801	294,801
Financial liabilities					
Derivatives	9	348	-	358	358
Issued bonds at fair value	273,078	12,598	-	285,676	285,676
Total	273,087	12,946	-	286,033	286,033
				2017	2016
Non-observable prices					
Fair value, beginning of period				211	218
Capital gain and loss recognised in the income statement				17	11
Purchases made over the year				0	0
Sales or redemption				-14	-19
Fair value, end of period				215	211

No considerable transfers took place between the three levels in 2016 and in 2017.

Non-observable prices

At the end of 2017 non-observable prices referred to unlisted shares recognised at DKK 215m (2016: DKK 211m). At the end of 2017, BRFKredit's shareholding consisted solely of unlisted shares, where the value is measured on the basis of the companies' most recent financial statements available. Individual assessment of the individual financial statements is regarded as 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 shares is measured at net asset value. As the measurement of the fair value of a property will be subject to some uncertainty, it is assessed that there is an uncertainty of +/-10% in connection with the price determination.

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.

35 Fair value of non-financial assets and liabilities

	Quoted prices	Observable prices	Non-observable prices	Total
2017				
Non-financial assets				
Investment properties	-	-	1	1
Assets held temporarily	-	-	435	435
Total	-	-	435	435
2016				
Non-financial assets				
Investment properties	-	-	4	4
Assets held temporarily	-	-	481	481
Total	-	-	486	486

No transfers took place between the three levels in 2016 and in 2017.

Investment properties

For a description of measurement of fair value, see note 19.

Assets held temporarily

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 returns method where the operating income of the property is set in relation to the required return on the property. Valuations are made by the company's internal valuers who have specialised in assessing properties and, therefore, possess the required professional qualifications. The valuations are less of estimated sales costs.

36 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 3m at the end of 2017 (2016: DKK -99m).

	2017		2016	
	Recognised value	Fair value	Recognised value	Fair value
Financial liabilities				
Issued bonds at amortised cost	1,871	1,874	3,711	3,810
Total	1,871	1,874	3,711	3,810

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

37 Risk exposure

The risk involved in BRFkredit's activities is materially related to 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 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 on the credit risk models. This is a natural step in the company's continued ambition to develop tools and establish procedures for valid quantification of the various risks to which the company is exposed.

38 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 company. BRFkredit's credit risk is calculated on the basis of internal models approved by 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.

38 Credit risk, cont.

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 (STY) of Jyske Bank's credit models. Jyske Bank's 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. 87% of loans to personal clients had been granted against 60% or less of the property value (2016: 87%). In the corporate client segment, LTV ratios depend on the individual classes of property, but overall 85% (83%) 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. Therefore, the calculation of the impairment charge includes foreclosure costs, expenses resulting from time on market as well as expenses for the sale of the property.

In addition to 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.

At BRFKredit, total impairment charges amounted to DKK 1,219m (2016: DKK 1,183m). Total impairment charges amounted to 0.4% (0.4%) of BRFKredit's total loans and advances.

Non-performing loans

In 2017, BRFKredit experienced a decrease in the proportion of clients who encountered problems meeting their obligations. This was reflected in the lower number of 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 a separate unit, which opens a dialogue with these clients as early as possible to find a solution for the benefit of the client and BRFKredit alike.

At the end of 2017, exposure to clients with OEI amounted to DKK 8,020m before impairment charges (2016: DKK 12,297m). Of this, individual impairment charges were made on loans with exposure totalling DKK 5,572m (DKK 5,897m). Other individual impairment charges related to clients in financial difficulties. The reduction of exposures with OEI can be attributed to improving credit quality of the clients.

Foreclosures

BRFKredit acquires properties by forced sale if it turns out that buyers are not available for a reasonable market price level. In essence, BRFKredit's strategy for selling the foreclosed 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 unit with focus on the operation and disposal of commercial properties acquired through foreclosure. This contributed to substantial sales of commercial properties acquired through foreclosure.

At the end of 2017, the portfolio of properties acquired through foreclosure was 37 properties (2016: 33), i.e. still a low level. The portfolio of properties etc. acquired through foreclosure represented a value of DKK 204m at the end of 2017 (2016: DKK 110m).

In addition, BRFKredit acquired 1 property company (2016: 2 property companies), for which attempts are also made to dispose of them according to the same strategy used for properties acquired through foreclosure. The value of the assets in this company amounted to DKK 231m at the end of 2017 (2016: DKK 380m).

Then, at the end of 2017, BRFKredit's portfolio of assets acquired through foreclosure amounted to DKK 435m (2016: DKK 481m). See also note 22 on assets held temporarily.

39 Maximum credit exposure

BRFkredit's maximum credit exposure consisted of the following:

- BRFkredit's receivables from credit institutions and central banks amounted to DKK 9.8bn (2016: DKK 10.7bn).
- BRFkredit's loans and other receivables at fair value amounted to DKK 308.1bn (2016: DKK 278.4bn).
- BRFkredit's guarantees amounted to DKK 0.0bn (2016: DKK 0.0bn).
- BRFkredit's trading portfolio (interest-bearing investments in bonds, etc.) amounted to DKK 18.2bn (2016: DKK 16.1bn).
- BRFkredit's shareholding amounted to DKK 0.2bn (2016: DKK 0.2bn).

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 9.7bn (2016: DKK 8.8bn).

40 Maturity matrix for undrawn irrevocable credit commitments

2017	3 mths -				Total
	0 - 3 mths	1 year	1-5 years	over 5 years	
Loans and advances ¹⁾	5,440	10,520	3,142	-	19,102
Total	5,440	10,520	3,142	-	19,102
2016					
Loans and advances ¹⁾	7,744	8,584	2,907	-	19,235
Total	7,744	8,584	2,907	-	19,235

¹⁾ Relating to mortgage offers.

2017 2016

41 Impaired credit exposures, individual impairment charges and provisions**Balance before impairment charges:**

Loans and advances at fair value	5,572	5,897
Total	5,572	5,897
Collateral:		
Real property, residential	1,584	2,129
Real property, commercial	2,909	2,800
Total	4,493	4,930

42 Credit exposures neither overdue nor impaired, broken down by rating

2017	Ratings 1-5	Ratings 6-11	Ratings 12-14	Other
Loans and advances	161,886	120,712	8,565	2,731
Total	161,886	120,712	8,565	2,731
2016				
Loans and advances	145,045	103,665	15,241	4,067
Total	145,045	103,665	15,241	4,067

43 Credit exposures overdue but not impaired, broken down by rating

2017	Ratings 1-5	Ratings 6-11	Ratings 12-14	Other
Overdue 0-90 days	1	8	1	5
Overdue > 90 days	-	0	-	3
Total	1	8	1	8
Collateral:				
Real property, commercial	1	8	1	8
Total	1	8	1	8
2016				
Overdue 0-90 days	17	6	2	2
Overdue > 90 days	1	-	-	6
Total	18	6	2	8
Collateral:				
Real property, residential	1	2	-	-
Real property, commercial	17	4	2	8
Total	18	6	2	8

44 Market risk

Market risk is the risk of loss following movements in the financial markets (interest rate, share price 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 balance principle and the close correlation between loans and funding, where loans are matched by bond issues in the ratio of 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 solvency, BRFkredit has so far chosen the standardised approach for calculation of risk-weighted assets, and, for reporting purposes, BRFkredit uses the market risk ratios of the FSA to determine interest rate risk.

BRFkredit has a large holding of bonds, which can, among other things, be attributed to compliance with the LCR requirement (see note 48).

At the end of 2017, risk-weighted items caused by market risk totalled DKK 1.9bn (2016: DKK 1.6bn).

	2017	2016
45 Interest-rate risk		
Interest-rate risk, the FSA's method	61	33
Interest-rate risk, internal method	62	35

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 Danish kroner and euros is allowed.

Also, due to the close correlation between the Danish krone and the euro, the interest-rate risk of BRFkredit is measured on the basis of an internal method allowing full offsetting between Danish kroner and euros. 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 the 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 interest bearing investments.

BRFkredit's interest rate risk essentially stems from its bond portfolio, which is mainly made up of Danish mortgage bonds, and from derivatives, 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.

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

46 Currency risk

BRFkredit's currency risk on its securities portfolio is limited as most investments are denominated in Danish kroner. As a result of trading in euro-denominated interest rate swaps, BRFkredit has a small exposure in euro.

The foreign exchange exposure of other items not included in the securities portfolio is also very limited as mortgage loans granted in euro are funded by euro-denominated bonds.

BRFkredit's senior unsecured bonds denominated in euro are fully hedged and, therefore, involve no currency risk. Overall, at the end of 2017, BRFkredit's foreign exchange risk was calculated at 1.4% of the capital base. (2016: 1.1%).

47 Share price risk

The share price risk expresses the risk of loss caused by changing share prices. BRFkredit's shareholding consists solely of infrastructure shares and strategic positions. At the end of 2017, BRFkredit's shareholding measured at market value amounted to DKK 215m (2016: DKK 211m), corresponding to 1% (2016: 2%) of the capital base. If share prices in general fall by 10%, BRFkredit will suffer an investment loss of DKK 22m. (2016: DKK 21m).

48 Liquidity risk

The Danish mortgage legislation prescribes a balance within a narrow range between payments on issued bonds and mortgage loans granted. Hence, there is only a very limited liquidity risk on BRFkredit's loan portfolio as BRFkredit funds mortgage lending through 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 clients who default on their mortgage payment. BRFkredit operates with a very low liquidity risk given the Danish mortgage finance model.

LCR expresses a ratio defined by regulation between liquid assets and the amount of net payments over the next 30 days. The ratio must always be 100%. BRFkredit meets the requirement.

49 Operational risk

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 business procedures and work routines and has also established emergency plans and safety procedures to ensure swift resumption of operations in case of errors, computer breakdowns or the like.

To meet operational risks, BRFkredit's Supervisory Board has adopted a policy on how to manage operational risks, and BRFkredit's Executive Board has formulated guidelines on how to write process descriptions. The purpose of the process descriptions is to make sure that the company, 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 the preparation and the professional content of the individual process descriptions rests with the people responsible for the relevant areas.

The risk management function in BRFkredit reviews the company once a year to identify operational risks. BRFkredit calculates the capital requirements for operational risk on the basis of the standardised approach.

For further information about BRFkredit's risks, management of risks as well as capital structure, see the report on the Jyske Bank Group's Risk And Capital Management 2017, available at brf.dk.

50 Derivatives

	Net fair value				Gross fair value			Principal amount
	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	Positive	Negative	Net	Nominal value
2017								
Currency contracts								
Swaps	-12	-	19	55	74	-12	63	22,260
Total	-12	-	19	55	74	-12	63	22,260
Interest-rate contracts								
Forwards/futures, sold	10	-	-	-	12	-2	10	13,108
Swaps	1	-3	-35	-307	35	-380	-345	76,029
Caps	-	-	-10	-17	-	-27	-27	7,184
Total	11	-3	-45	-324	47	-409	-362	96,321
Total	-1	-3	-26	-269	121	-420	-299	118,581
Outstanding spot transactions					1	-0	0	379
2016								
Currency contracts								
Swaps	-	-	1	-4	37	-41	-3	18,559
Total	-	-	1	-4	37	-41	-3	18,559
Interest-rate contracts								
Forwards/futures, bought	-0	-	-	-	0	-0	-0	2,090
Forwards/futures, sold	-9	-	-	-	12	-21	-9	18,478
Swaps	-10	-5	13	-238	48	-289	-241	74,039
Total	-19	-5	13	-238	60	-310	-249	94,607
Total	-19	-5	14	-242	98	-350	-253	113,166
Outstanding spot transactions					2	-1	1	3,587

51 Transactions involving related parties

BRFkredit is 100% owned by Jyske Bank.

In the financial year 2017, BRFkredit's related parties comprise:

- the parent company, Jyske Bank.
- the company's subsidiaries, see note 52.
- subsidiaries and associates of Jyske Bank.
- companies in the Group's temporary possession, see note 52.
- Byggeriets Realkreditfonds 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 the parent company, Jyske Bank A/S, and Byggeriets Realkreditfond's Understøttelsesfond.

BRFkredit rents premises from subsidiaries.

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

For the management's remuneration, see note 8.

51 Transactions involving related parties, cont.

The following transactions have been concluded with related parties:

	Interest income	Interest expenses	Fees and commis- sion expenses	Value adjustments	Other ordinary income	Employee and admini- strative expenses
2017						
The parent company	103	489	7	-117	18	216
Subsidiaries	-	-	-	-	0	2
Associates	-	-	-	-	-	51
Supervisory Board and Executive Board, etc.	1	-	-	-	-	7
Other related parties	-	2	-	4	0	5
Total	104	491	7	-113	19	282
2016						
The parent company	13	453	17	-240	41	10
Subsidiaries	-	-	-	-	0	3
Associates	-	-	-	-	-	40
Supervisory Board and Executive Board, etc.	1	-	-	-	-	8
Other related parties	-	2	-	1	0	7
Total	14	455	17	-239	41	67

The parent company did not receive dividend from subsidiaries in 2017 (2016: DKK -).

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

	Due from credit institutions, etc.	Loans, advances and other receivables	Other assets	Due to credit institutions, etc.	Issued bonds at fair value	Other liabilities, etc.
2017						
The parent company	5,374	1,277	92	738	12,351	306
Subsidiaries	-	-	1	-	-	-
Associates	-	-	-	-	-	1
Supervisory Board and Executive Board, etc.	-	54	-	-	-	-
Other related parties	-	-	-	-	88	1
Total	5,374	1,331	93	738	12,439	308
2016						
The parent company	8,536	1,391	78	904	14,771	169
Subsidiaries	-	-	1	-	-	9
Associates	-	-	-	-	-	4
Supervisory Board and Executive Board, etc.	-	43	-	-	-	-
Other related parties	-	-	-	-	86	1
Total	8,536	1,435	78	904	14,857	183

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

In december 2017, BRFkredit received new share capital amounted to DKK 2,000m from the parent company Jyske Bank (2016: DKK -).

In 2017, BRFkredit bought loans in the amount of DKK 27,256m (2016: DKK 19,655m) from the parent company Jyske Bank.

The subsidiaries Investeringsselskabet af 18. maj 2015 a/s as well as Ejendomsselskabet Nørregaardsvej 37-41 2800 Lyngby A/S were dissolved through declarations in March 2017 and December 2017, respectively. In that connection, the companies' net assets, chiefly operating cash, were transferred to BRFkredit.

In 2017, a joint taxation contribution in the amount of DKK 283m (2016: DKK 179m) was paid to companies in the Jyske Bank Group.

BRFkredit has granted mortgage loans to members of its Supervisory Board and the Executive Board and their related parties with an outstanding loan balance of DKK 23m at 31 December 2017 (2016: DKK 13m). All the loans have been granted on normal business terms. Floating-rate loans amounted to DKK 16m (2016: DKK 8m) carrying interest at 0-1%, and fixed-rate loans amounted to DKK 6m (2016: DKK 5m), carrying interest at 1-3%.

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 32m at 31 December 2017 (2016: DKK 30m). All the loans have been granted on normal business terms. Floating-rate loans amounted to DKK 23m (2016: DKK 28m) carrying interest at 0-1%, and fixed-rate loans amounted to DKK 9m (2016: DKK 2m) carrying interest at 1-2%.

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.

52	Group overview	Activity	Share capital, end of period 1000 units	Equity interest (%)	Voting shares in percentage	Assets DKKm	Liabilities DKKm	Shareholders funds at the end of the period DKKm	Profit/loss DKKm
Name and head office									
Subsidiaries:									
	Ejendomsselskabet Nørreport 26, 8000 Århus C. A/S, Silkeborg	Property	4,600	100	100	133	89	32	38
Subsidiaries held temporarily:									
	Bytorv Horsens ApS, Gentofte	Property	1,080	100	100	286	423	-137	-62

Accounting figures are stated according to the most recently published annual report.

Financial data for subsidiary held temporarily are stated according to annual reports as at 31 December 2016. A part of the company's liabilities relate to the company's loans with BRFkredit. As at 31 December 2017, the company was recognised in BRFkredit's balance sheet at its expected sales price, cf. note 22.

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 is included in the consolidated financial statements of the Jyske Bank Group, which are the largest and smallest consolidated financial statements in which the company is included.

53 Accounting Policies

Basis of accounting

As of 2017, BRFkredit is no longer under the obligation to prepare consolidated financial statements and will therefore in the future only publish the financial statements of the parent company.

The Annual Report of BRFkredit 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 financial statements are presented in Danish kroner (DKK), which is the company'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.

The accounting policies are identical to those applied to and described in the annual report 2016.

Changes to accounting rules in 2018

As of 1 January 2018, a number of changes to the Danish Executive Order on the Preparation of Financial Statements take effect. The changes to the Executive Order on the Preparation of Financial Statements are made in consequence of the implementation of IFRS 9, which introduces a new model for loan impairment charges at amortised cost. IFRS 9 implies earlier recognition of impairment charges for financial assets at amortised cost, as already at the first recognition, impairment charges corresponding to a 12 month expected credit loss must be recognised. If, subsequently, the probability of loss on the asset increases materially, recognition of the expected credit loss over the remaining life of the loan will take place.

BRFkredit measures loans at fair value, but applies to a great extent the same principles that apply to loans at amortised cost, and in consequence of this, a spillover effect from the changed rules in IFRS 9 is expected.

According to the new rules, financial assets must be divided into three categories/stages depending on the credit deterioration. Stage 1 covers exposures without material deterioration in credit quality, while stage 2 covers assets with significant deterioration in credit quality, and stage 3 covers exposures in default. The ranking in the various stages will affect the calculation method applied and it is determined on the basis of the calculated probability of default over 12-month or the lifetime of the exposures. For exposures in stage 1 impairment charge corresponding to expected losses are recognised, while for exposures in stages 2 and 3 the expected losses over the remaining life of the exposures are recognised.

Exposures with evidence of credit deterioration are placed in stage 3 or in the weakest part of stage 2. The assessment of the indication of impairment for these exposures is based on individual expert assessments of the probability-weighted expected loss. The new rules have not resulted in any material changes in the extent of impairment of these exposures.

53 Accounting Policies, cont.

Development efforts have been made in the Jyske Bank Group with a view to developing a joint impairment model for all entities in the Group. The model is based on the Jyske Bank Group's approved advanced risk management set-up, adjusted to IFRS 9 in a number of specific areas. The purpose of the adjustment is to ensure that input variables applied express a true and fair view comprising all available information and expectations of the future.

The most important adjustments relate to the development of models for the projection of credit parameters with a longer time horizon where forward-looking information on client-specific, sector as well as macroeconomic issues is included. Advanced quantitative credit models are applied to all clients/facilities in stage 1 and 2 of which the credit quality is not materially deteriorated.

Based on preliminary calculations, it is expected that the implementation of the new impairment models will result in an increase of the balance of impairment charges of BRFkredit by DKK 0.3bn to DKK 0.4bn. The amount will be accounted for as a changed estimate and will be recognised in the income statement for the first quarter of 2018.

Hedge accounting

The new rules on hedge accounting will ensure application of the hedging rules and then to a higher degree bring the companies' financial reporting in line with the companies' actual risk management.

The changed rules on hedge accounting are not expected to affect BRFkredit's financial reporting as currently BRFkredit is not applying these rules.

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 BRFkredit considers the following estimates and related assessments to be material to the preparation of the financial statements.

Mortgage lending is the company'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 administrative margins 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 will be 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. Valuation is made by internal valuers specialised in assessing properties. See note 10 for further details.

Loans for which impairment charges are calculated statistically 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.

The impairment charge is determined on the basis of an individual review of all loans in excess of DKK 5m, yet DKK 2m if the loan is in arrears.

Assets held temporarily comprise properties that have been acquired through foreclosure and companies with properties in distress, and BRFkredit attempts actively to sell these. 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 22 for further details.

Intra-group transactions

Transactions between BRFkredit and companies which are directly or indirectly affiliated to BRFkredit 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 company 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.

53 Accounting Policies, cont.**Financial instruments**

Financial instruments comprise demand deposits with central banks, receivables from credit institutions and central banks, bonds at fair value, financial derivatives, shares, loans and advances, debt due to credit institutions and central banks as well as issued bonds.

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.

Recognition of financial instruments ceases when the right to receive or deliver cash flows from the financial instrument has expired, or if the financial instrument has been transferred, and the company has essentially transferred all risks and returns associated with the ownership.

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.

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 through 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.
- Financial assets that are measured at amortised cost. This category covers, among others, 'Due from credit institutions and central banks'.
- 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, among other things.
- Other financial liabilities measured at amortised cost. This category covers, among others, debt to credit institution and Senior Secured Bonds.

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 BRFkredit has a right of disposal over margin account balances. Securities formally assigned to BRFkredit as part of collateral provided are not recognised in the balance sheet as BRFkredit does not bear the risk of or receives the return on such securities. Similarly, securities formally assigned by BRFkredit 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 is recognised in other comprehensive income.

53 Accounting Policies, cont.**Balance sheet****Demand deposits at central banks**

Demand deposits with The Central bank of Denmark 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 at fair value

Mortgage loans are recognised according to the trade date approach and classified as 'Financial instruments at fair value through the income statement'. Mortgage loans are measured at fair value on initial and subsequent recognition. Index-linked loans are measured on the basis of the index value at the end of the year. The fair value is determined on the basis of the closing price at the balance sheet date 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. If derivatives are included in the financing of the mortgage loans, the value of these will also be included in the calculation of the fair value of the mortgage loans.

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

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 (credit risk adjustment).

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 and realisation costs.

Loans and advances for which no individual impairment has been made are included in a model assessing the need for statistical impairment.

The statistical impairment 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'.

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 items, whereas the shifts in impairment charges over the year and losses realised over 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 used.

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 year-end.

53 Accounting Policies, cont.**Shares, etc.**

All shares are recognised according to the settlement approach.

Shares are classified as 'Financial instruments at fair value through the income statement' and measured at fair value on initial and subsequent recognition.

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.

Equity investments in group enterprises

A group enterprise is an enterprise in which the company holds a controlling interest. Investments in group enterprises are recognised 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.

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

Small investment properties (vacation homes) are recognised at the most recent public land assessment value or at the value determined by a local assessment of properties outside Denmark.

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 solely made by internal valuers; 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 and 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 2-4 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.

53 Accounting Policies, cont.

The carrying amount is assessed annually to establish whether there is indication of impairment in excess of what is recognised through amortisation or 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 held temporarily

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 held temporarily 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 held temporarily.

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 equal to payments received less directly attributable transaction costs incurred. Subsequently, they are measured at amortised cost according to the effective interest method.

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.

Issued bonds at fair value

Issued mortgage bonds are recognised according to the ownership-settlement approach and measured at fair value on initial and subsequent recognition. 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.

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 as a result of an event occurred on or before the balance sheet date, a legal or factual made. Provisions for debt expected to be payable later than 12 months after the balance sheet date are measured at present value, if this is considered 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.

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.

53 Accounting Policies, cont.

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".

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.

Interest income and interest expenses

All interest and interest-like items that are determined according to the effective interest method are recognised in 'Interest income' and 'Interest expenses'. All interest income and expenses as well as administration margins 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'.

Other operating income

Other operating income comprises income resulting from intra-group service agreements as well as gains on sales of tangible and intangible assets.

Employee and administrative expenses

All payroll costs as well as expenses for administration, sales, etc., including expenses resulting from intra-group service agreements, are included in 'Employee and administrative expenses'.

Other operating expenses

Other operating expenses comprise administration margins to the Resolution Fund as well as losses on sales of intangible and tangible fixed assets.

Loan impairment charges

The item 'Loan impairment charges' 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 property revaluations and adjustments directly in subsidiaries' equity as well as related 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 BRFKredit. 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 BRFKredit mainly operates in Denmark, no geographical segmentation has been made.

54 Definition of financial ratios

Financial ratios and key figures	Definition
Capital ratio (%)	Capital base divided by weighted risk exposure
Core Tier 1 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 relative to equity	Loans and advances at year-end divided by equity at year-end
Return on capital employed	Net profit for the year divided by total assets

The above financial ratios are used in note 1 and are based on the definitions and guidelines laid down by the Danish Financial Supervisory Authority.

55 Summary of series financial statements

The series financial statements of BRFKredit have been prepared in compliance with the FSA's Order of 20 November 1995 on series financial statements of mortgage credit institution. The series financial statements 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 financial statements are available from BRFKredit on demand.

Summary of series financial statements	Husejernes Kreditkasse	BRFKredit Series with joint and several liability	BRFKredit Capital Centre E	BRFKredit Capital Centre B	General Capital Centre	Total
Income statement for the financial year 2017						
Income from lending	0	11	1,532	121	13	1,676
Interest, etc. net	0	1	272	111	67	451
Administrative expenses, etc. net	0	2	478	196	118	794
Loan impairment charges and provisions	0	1	169	31	1	202
Tax (- is income)	0	2	251	1	-9	245
Profit/loss	0	7	906	4	-31	886
Balance sheet at 31 December 2017						
Assets ¹⁾						
Mortgage loans, etc.	22	8,310	282,537	11,146	5,587	307,603
Other assets	4	375	49,076	4,918	1,502	55,875
Total assets	26	8,685	331,613	16,064	7,089	363,478
Equity and liabilities						
Issued mortgage bonds, etc.	26	8,616	318,870	12,692	5,790	345,993
Other liabilities	0	44	1,605	72	33	1,754
Equity	0	25	11,138	3,301	1,266	15,731
Equity and liabilities, total	26	8,685	331,613	16,064	7,089	363,478
¹⁾ Assets in series financial statements						
Assets in the financial statements						337,732
Assets in series financial statements						363,478
Difference						-25,746
The difference is due to:						
Offsetting of own issued mortgage bonds - note 25						-25,457
Offsetting of interest receivable on own issued bonds						-289
Total						-25,746

STATEMENT BY THE EXECUTIVE AND SUPERVISORY BOARDS

The Supervisory Board and the Executive Board have today considered and approved the Annual Report of BRFkredit a/s for 2017.

The financial statements and the Management's Review for BRFkredit have been prepared in accordance with the Danish Financial Business Act Furthermore; 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 company's financial position at 31 December 2017 and also of its financial performance for the financial year 1 January to 31 December 2017.

In our opinion, the Management's Review gives a fair presentation of the development in the company's performance and financial position as well as a description of the most material risks and elements of uncertainty that may affect the company.

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

Kgs. Lyngby, 20 February 2018

EXECUTIVE BOARD

Carsten Tirsbæk Madsen
Managing Director

Lars Waalen Sandberg
Executive Vice President

SUPERVISORY BOARD

Anders Christian Dam
Chairman

Per Skovhus
Deputy Chairman

Niels Erik Jakobsen

Kim Henriksen
Employee Representative

Laila Busted
Employee Representative

INTERNAL AUDITORS' REPORT

OPINION

In our opinion, the Financial Statements give a true and fair view of the company's assets, liabilities and financial position on 31 December 2017 and of its financial performance for the financial year 1 January to 31 December 2017 in accordance with the Danish Financial Business Act.

BASIS OF OPINION

We have audited the financial statements of BRFKredit A/S for the financial year 1 January - 31 December 2017. The financial statements have been prepared in accordance with the Danish Financial Business Act.

We conducted our audit in accordance with the Executive Order of the Danish Financial Supervisory Authority on Auditing Financial Enterprises, etc. as well as Financial Groups and in accordance with international auditing standards on planning and performance of the audit.

We planned and performed our audit with a view to obtaining a high degree of certainty that the consolidated financial statements and the Parent's financial statements do not contain any material misstatements. We participated in the audit of significant and risky areas.

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

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 additional to those pertaining to the audit of the Financial Statements..

Based on this, we believe that the Management's Review was prepared in accordance with the Danish Financial Business Act and the disclosures in the Management's Review are consistent with the financial statements.

Silkeborg, 20 February 2018

Henning Sørensen
Head of Audit

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF BRFKREDIT A/S
OPINION

We have audited the financial statements for BRFKredit a/s the financial year 1 January – 31 December 2017 comprising the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, capital statement and notes, including accounting policies. The financial statements have been prepared in accordance with the Danish Financial Business Act.

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31 December 2017 and of its financial performance for the financial year 1 January – 31 December 2017 in accordance with the Danish Financial Business Act and additional Danish disclosure requirements for issuers of listed bonds.

Our audit opinion is in line with our long-form audit report to the Supervisory Board.

BASIS OF THE AUDIT OPINION

We conducted our audit in accordance with the International Standards on Auditing and the additional requirements applicable in Denmark. Our responsibility according to these standards and requirements is described in detail in the Auditors' Report under the heading 'The auditor's responsibility for the audit of the financial statements'. We are independent of the company in accordance with the code of ethics of the International Ethics Standard Board for Accountants (IESBA) and also in accordance with the additional requirements applicable in Denmark; also, we have met our ethical obligations according to this code of ethics and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the best of our knowledge, no prohibited non-audit services as stated in Art. 5(1) of Regulation (EU) No. 537/2014, have been performed.

We were elected auditors of the financial year for the first time BRFKredit a/s on 24 March 2015. We have been re-elected annually by the annual general meeting for a total continuous task period of 3 years until an including the financial year 2017.

KEY AUDIT MATTERS

Key audit matters are the matters that in our professional opinion were the most important ones in connection with our audit of the financial statements for the financial year 1 January – 31 December 2017. These matters were discussed in the course of our audit of the financial statements as a whole and the preparation of our audit opinion. We do not issue a separate audit opinion about these matters.

LOAN IMPAIRMENT CHARGES

Loans amounted to DKK 308,121m on 31 December 2017 (DKK 278,407m on 31 December 2016) and impairment charges on these amounted to DKK 1,219m on 31 December 2017 (DKK 1,183m on 31 December 2016).

Determination of the indication of loan impairment for loans to corporate clients is associated with considerable uncertainty and to some extent based on the management's estimate. Due to the materiality of these estimates and the volume of lending, the audit of loan impairment charges is a key audit matter.

The principles for the determination of the indication of impairment is described under accounting policies, and the management has described in detail the handling of credit risks as well as the assessment of the indication of impairment in notes 38-43.

The areas involving the highest degree of estimate and which therefore call for extra attention during the audit of loans to corporate clients are:

- Assessment whether loans and advances have been impaired.
- Measurement of collateral included in the calculation of the indication of impairment for impaired loans and advances.
- Management's additions in connection with the determination of expected future losses, including the assessment of the extent of the management's additions for collective impairment charges.

THE AUDIT HAS DEALT WITH THE MATTER IN THIS WAY

Based on our risk assessment, the audit included an examination of relevant business procedures for impairment charges for loans to corporate clients, tests of relevant controls and analysis of the extent of the impairment charges.

Our audit procedures also included specifically:

- An examination and assessment of the company's general methods for monitoring of credit risk on loans to corporate clients, including special focus on the work of Credit Risk Supervision.
Tests of the company's internal controls for identification of loans to corporate clients with indication of risk of loss, as well as tests of internal controls relating to impairment calculations.
- Reviews based on random samples of loans to corporate clients with indication of weakness to assess whether, in our opinion, an assessment of impairment should have been conducted.
- For loans to corporate clients with objective evidence of impairment we have through sampling tested whether the established indication of impairment is in line with the guidelines of the legislation as well as those of the company.
- With a view to determining the indication of impairment on impaired loans to corporate clients, we compared the company's principles for the appraisal of commercial construction, including required rate of return and rent levels with reports from estate agency chains, current asking prices as well as announcements from the FSA, etc., and also tests were conducted of the controls implemented in the company's department responsible for property appraisal.
- Challenging of management's additions with special focus on consistency as well as objectivity on the part of management, including special focus on the documentation of management's additions.

MANAGEMENT RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that offer a true and fair view in accordance with the Danish Financial Business Act and the additional Danish disclosure requirements for issuers of listed bonds. Moreover, management is responsible for the internal control that management finds necessary to prepare financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the financial statements, management is responsible for assessing the company's ability to continue operations, and for disclosing circumstances relating to the continued operations, where relevant, and to prepare the financial statements on the basis of the accounting principle on continued operations, unless management intends to wind up the company, discontinue operations or does not have any other realistic alternative than doing so.

THE AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

The objective of our audit is that of obtaining a high level of assurance and audit evidence that the financial statements are free of material misstatements, whether or not due to fraud or error, and that of issuing an Auditors' Report expressing an audit opinion. A high level of assurance is a high level of assurance, but no guarantee that an audit performed in accordance with the International Standards on Auditing and the additional requirements applicable in Denmark will reveal any material misstatement if such misstatement has been made. Misstatements can also be given due to fraud or error and can be considered material if it is reasonable to assume that such misstatements will individually or collectively affect the financial decisions that financial statement users make on the basis of the financial statements.

In the course of the audit that is performed in accordance with the International Standards on Auditing and the additional requirements applicable in Denmark, we make professional assessments with an attitude of professional scepticism during the audit. In addition:

- We identify and assess the risk of material misstatements in the financial statements, whether or not such misstatements are due to fraud or error; we design and perform audit procedures in reaction to these risks and also obtain audit evidence sufficient and suitable for the basis of our audit opinion. The risk of not detecting any material misstatement due to fraud is higher than that in connection with material misstatements caused by error, as fraud may comprise conspiracy, forgery, conscious omissions, misrepresentation or disregard of internal control.
- We gain an understanding of the internal control relevant for the audit in order to prepare audit procedures that are appropriate under the circumstances, but not to express an audit opinion on the efficiency of the company's internal control.
- We make a decision wither the accounting policies applied by management are suitable, and whether the accounting estimates and relevant information that management has prepared are reasonable.
- We determine whether management's preparation of the financial statements on the basis of the accounting principle on going concern is suitable, as well as whether, on the basis of the audit evidence obtained, there is any material uncertainty linked to events or circumstances that may result in considerable doubt as to the company's ability to

continue operations. If we determine that there is material uncertainty, we must in our auditors' report draw attention to information of this in the financial statements, or if such information is not sufficient modify our audit opinion. Our audit opinion is based on the audit evidence that is obtained until the date of our auditors' report. However, future events or circumstances may result in the company not being able to continue operations any longer.

- We make a decision on the overall presentation, structure and contents of the financial statements, including disclosures in the notes, and whether the financial statements reflect the underlying transactions and events in such a way that they render a true and fair view of these.

We communicate with senior management, among other things, on the planned extent and the timing of the audit as well as considerable audit observations, including any considerable shortcomings in the internal control that we identify during our audit.

We also make a statement to senior management to the effect that we comply with relevant ethical requirements as to independence and disclose to senior management all relations and other circumstances that may reasonably affect our independence and, where relevant, related security measures.

Based on the circumstances communicated to senior management, we establish the circumstances that were of greatest importance during our audit of the financial statements covering the relevant period and therefore constituted key audit matters. We describe these circumstances in our auditors' report, unless acts of law or other regulation preclude publication of the circumstance, or in the most rare cases where we establish that the circumstance is not to be communicated in our auditors' report because the negative consequences from this could reasonably be expected to carry a heavier weight than the benefit from such communication that would be in the public interest.

STATEMENT ON THE MANAGEMENT'S REVIEW

The management is responsible for the Management's Review.

Our audit opinion on the financial statements does not cover the Management's Review, and we do not express any kind of unmodified audit opinion on the Management's Review.

In connection with our audit of the financial statements, it is our responsibility to read the Management's Review and in that connection consider whether the Management's Review is materially inconsistent with the financial statements or our knowledge attained through the audit or in other ways seems to contain any material misstatement.

In addition, it is our responsibility to consider whether the Management's Review contains the required information according to the Danish Financial Business Act.

Based on the work performed, we believe that the Management's Review is consistent with the financial statements and that it has been prepared in accordance with the requirements of the Danish Financial Business Act. We did not find any material misstatement in the Management's Review.

Silkeborg, 20 February 2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Reg. No. 33 96 35 36

Hans Trærup
State-Authorised Public Accountant
Identification
No. (MNE) 10648

Kasper Bruhn Udam
State-Authorised Public Accountant
Identification
No. (MNE) 29421

DIRECTORSHIPS HELD BY THE SUPERVISORY BOARD IN OTHER COMMERCIAL ENTERPRISES AS AT 31 DECEMBER 2017

MEMBER OF THE SUPERVISORY BOARD	DIRECTORSHIPS HELD IN OTHER COMMERCIAL ENTERPRISES AS AT 31 DECEMBER 2017
Anders Christian Dam, Chairman	<ul style="list-style-type: none"> Chairman of the Supervisory Board of Jyske Banks Almennyttige Fond as well as the fully owned subsidiary Jyske Banks Almennyttige Fonds Holdingselskab Board member (deputy chairman), Foreningen Bankdata F.m.b.a. Board member, FR I af 16. september 2015 A/S
Per Skovhus, Deputy Chairman	<ul style="list-style-type: none"> -
Niels Erik Jakobsen, Managing Director	<ul style="list-style-type: none"> Board member (deputy chairman), Letpension A/S Board member, BI Holding A/S as well as the fully owned BI Asset Management Fondsmæglerselskab A/S Board member, BI Holding A/S and on the board of a fully owned subsidiary
Laila Busted, Employee Representative	<ul style="list-style-type: none"> -
Kim Henriksen, Employee Representative	<ul style="list-style-type: none"> -

MEMBERS OF THE SUPERVISORY BOARD AS AT 31 DECEMBER 2017

NAME	YEAR OF BIRTH	APPOINTED A BOARD MEMBER	NOMINATION COMMITTEE
Anders Christian Dam, CEO and Managing Director, Chairman	1956	2017	Chairman
Per Skovhus, Deputy Chairman, Managing Director	1959	2014	Deputy Chairman
Niels Erik Jakobsen, Managing Director	1958	2014	
Employee representatives:			
Laila Busted, Account Manager	1960	1999	Member
Kim Henriksen	1960	2015	

DIRECTORSHIPS HELD BY THE EXECUTIVE BOARD IN OTHER COMMERCIAL ENTERPRISES AS AT 31 DECEMBER 2017

MEMBER OF THE EXECUTIVE BOARD	DIRECTORSHIPS HELD IN OTHER COMMERCIAL ENTERPRISES AS AT 31 DECEMBER 2017
Carsten Tirsbæk Madsen	<ul style="list-style-type: none"> -
Lars Waalen Sandberg	<ul style="list-style-type: none"> -