

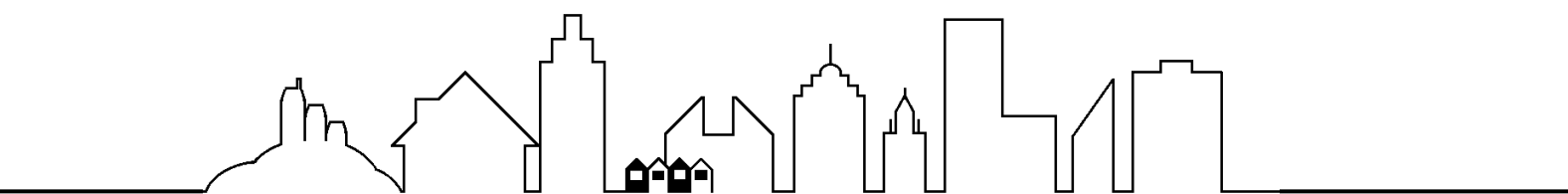
To  
NASDAQ Copenhagen A/S  
The press

Announcement no. 41/2017

# INTERIM FINANCIAL REPORT

## FIRST QUARTER OF 2017

### **BRF**kredit



## CONTENTS

3	THE BRFKREDIT GROUP
4	SUMMARY, first quarter of 2017
4	Comments by Management
5	First quarter of 2017
5	Net profit or loss for the period
6	Loan impairment charges and provisions for guarantees
7	Arrears rate
7	Investment portfolio earnings
7	Core profit and investment portfolio earnings
8	Market risk
8	Balance sheet
9	Capital structure
9	Minimum capital requirement
10	Individual solvency requirement and capital buffer
10	Refinancing
11	OTHER INFORMATION
11	Rating
12	The supervisory diamond for mortgage credit institutions
12	Supervisory Board Decisions
12	Additional information
12	Contact
	STATEMENT BY THE EXECUTIVE AND THE SUPERVISORY BOARDS
13	Statement by the Executive and Supervisory Boards
	INTERIM FINANCIAL STATEMENTS
14	Income statement and statement of comprehensive income
15	Balance sheet
16	Statement of changes in equity
17	Capital statement
18	Summary of cash flow statement
19	Notes

BRFkredit a/s  
Klampenborgvej 205  
DK- 2800 Kgs. Lyngby  
Telephone: +45 45 93 45 93  
Email: brfkredit@brf.dk  
Website: brf.dk  
Business Reg. No. (CVR-nr.): 13409838

## THE BRFKREDIT GROUP\*

<b>CORE PROFIT AND PROFIT FOR THE PERIOD</b>	<b>Q1</b>	<b>Q1</b>	<b>Index</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>The year</b>
DKKm	<b>2017</b>	<b>2016</b>	<b>17/16</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>
Contribution income, etc.	459	434	106	459	456	451	444	434	1,785
Other net interest income <sup>1)</sup>	-15	-22	73	-15	-16	-15	-0	-22	-53
Net fee and commission income, etc.	63	36	175	63	79	66	26	36	207
Value adjustments <sup>1)</sup>	2	16	13	2	-1	11	4	16	30
Other income	9	12	75	9	11	13	16	12	52
<b>Core income</b>	<b>517</b>	<b>475</b>	<b>109</b>	<b>517</b>	<b>530</b>	<b>527</b>	<b>489</b>	<b>475</b>	<b>2,021</b>
Core expenses	212	203	104	212	217	219	198	203	837
<b>Core profit before loan impairment charges and provisions for guarantees</b>	<b>304</b>	<b>272</b>	<b>112</b>	<b>304</b>	<b>314</b>	<b>307</b>	<b>291</b>	<b>272</b>	<b>1,184</b>
Loan impairment charges and provisions for guarantees (- = income)	92	-35	-	92	-12	-1	16	-35	-32
<b>Core profit</b>	<b>213</b>	<b>307</b>	<b>69</b>	<b>213</b>	<b>325</b>	<b>309</b>	<b>275</b>	<b>307</b>	<b>1,216</b>
Investment portfolio earnings	44	-9	-	44	36	22	31	-9	80
<b>Pre-tax profit</b>	<b>256</b>	<b>298</b>	<b>86</b>	<b>256</b>	<b>361</b>	<b>329</b>	<b>307</b>	<b>298</b>	<b>1,295</b>
Tax	56	65	86	56	80	73	67	65	285
<b>Post-tax profit or loss</b>	<b>200</b>	<b>233</b>	<b>86</b>	<b>200</b>	<b>281</b>	<b>258</b>	<b>239</b>	<b>233</b>	<b>1,011</b>

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

Interest	30	31	94	30	29	28	28	31	116
Value adjustment	-0	-4	-	-0	1	-4	-1	-4	-8
Total capital charges	29	27	107	29	29	24	27	27	107

### SUMMARY OF BALANCE SHEET, END OF PERIOD

DKKm									
Mortgage loans	288,768	259,331	111	288,768	278,407	276,682	268,992	259,331	278,407
Bonds and shares, etc.	13,369	11,243	119	13,369	16,307	15,254	12,039	11,243	16,307
Total assets	307,496	280,687	110	307,496	307,037	304,664	293,633	280,687	307,037
Due to credit institutions and central banks	542	256	212	542	907	1,200	481	256	907
Issued bonds at fair value	287,335	260,799	110	287,335	285,676	284,052	274,631	260,799	285,676
Issued bonds at amortised cost	3,714	4,715	79	3,714	3,711	3,718	3,710	4,715	3,711
Equity	13,013	12,014	108	13,026	12,812	12,511	12,254	12,014	12,812

### SELECTED DATA AND FINANCIAL RATIOS

Pre-tax profit p.a. as a percentage of opening equity	8.0	10.1	-	8.0	12.3	11.2	10.4	10.1	11.0
Profit for the period as a pct. of opening equity	6.2	7.9	-	6.2	9.5	8.7	8.1	7.9	8.6
Expenses as a percentage of income	41.1	42.7	-	41.1	40.9	41.6	40.5	42.7	41.4
Accumulated impairment ratio (%)	0.4	0.5	-	0.4	0.4	0.5	0.5	0.5	0.4
Impairment ratio for the period (%)	0.03	-0.01	-	0.03	-0.00	0.00	0.01	-0.01	-0.01
Capital ratio (%)	18.3	18.9	-	18.3	19.0	18.3	17.9	18.9	19.0
Common Equity Tier 1 capital ratio (CET1 %)	18.3	18.8	-	18.3	19.0	18.3	17.9	18.8	19.0
Individual solvency requirement (%)	9.2	9.2	-	9.2	9.3	9.3	9.2	9.2	9.3
Capital base (DKKm)	12,579	11,958	-	12,579	12,593	12,225	11,989	11,958	12,593
Weighted risk exposure (DKKm)	68,782	63,431	-	68,782	66,326	66,985	67,034	63,431	66,326
No. of full-time employees at end-period	684	694	-	684	694	682	681	694	694

\*In the following the BRFkredit Group will be referred to as BRFkredit.

## SUMMARY OF INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER OF 2017

---

- Profit before tax amounted to DKK 256m (Q1 2016: DKK 298m).
  - Net profit for the period amounted to DKK 200m (Q1 2016: DKK 233m).
  - The net profit for the period corresponded to an annualised return of 6.2% on opening equity (Q1 2016: 7.9% p.a.).
  - Loan impairment charges and provisions for guarantees amounted to an expense of DKK 92m (Q1 2016: an income of DKK 35m)
  - Mortgage loans: DKK 288.8bn (end of 2016: DKK 278.4bn).
  - Capital ratio: 18.3% (end of 2016: 19.0%), and Common Equity Tier 1 capital ratio: 18.3% (end of 2016: 19.0%).
  - Individual solvency requirement: 9.2% (end of 2016: 9.3%).
- 

### COMMENTS BY MANAGEMENT

In connection with the presentation of the Interim Financial Report for the first quarter of 2017, Carsten Tirsbæk Madsen, Chief Executive Officer, states:

"In the first quarter of 2017, BRFkredit achieved a pre-tax profit of DKK 256m against DKK 298m for the first quarter of 2016. The profit was favourably affected by continued increases in core income due to a growing portfolio as well as a satisfactory return on securities. The opposite effect was seen from an increase in impairment charges, which can primarily be attributed to a value reassessment of hard-to-sell mortgaged properties.

BRFkredit's capital base is solid and amounted to DKK 12.6bn at the end of March 2017. The surplus relative to the currently strongest capital requirement (Base I floor requirement) amounted to DKK 3.5bn.

In the first quarter of 2017, the portfolio increased by DKK 10.4bn. For the full year 2017, a positive development of the portfolio is still expected, both with respect to the personal client and the corporate client segments,' concludes Carsten Tirsbæk Madsen.

---

## FIRST QUARTER OF 2017

## NET PROFIT OR LOSS FOR THE PERIOD

In the first quarter of 2017, BRFkredit generated a pre-tax profit of DKK 256m. Calculated tax amounted to DKK 56m, and the net profit for the period amounted to DKK 200m. The pre-tax profit for the period corresponded to an annualised return of 8.0% on opening equity (10.1% p.a. in Q1 2016). The net profit for the period corresponded to an annualised return of 6.2% on opening equity (7.9% p.a. in Q1 2016).

CORE PROFIT AND PROFIT FOR THE PERIOD	Q1	Q1	Index	Q1	Q4	Q3	Q2	Q1	The year
DKKm	2017	2016	17/16	2017	2016	2016	2016	2016	2016
Contribution income, etc.	459	434	106	459	456	451	444	434	1,785
Other net interest income <sup>1)</sup>	-15	-22	73	-15	-16	-15	-0	-22	-53
Net fee and commission income, etc.	63	36	175	63	79	66	26	36	207
Value adjustments <sup>1)</sup>	2	16	13	2	-1	11	4	16	30
Other income	9	12	75	9	11	13	16	12	52
<b>Core income</b>	<b>517</b>	<b>475</b>	<b>109</b>	<b>517</b>	<b>530</b>	<b>527</b>	<b>489</b>	<b>475</b>	<b>2,021</b>
Core expenses	212	203	104	212	217	219	198	203	837
<b>Core profit before loan impairment charges and provisions for guarantees</b>	<b>304</b>	<b>272</b>	<b>112</b>	<b>304</b>	<b>314</b>	<b>307</b>	<b>291</b>	<b>272</b>	<b>1,184</b>
Loan impairment charges and provisions for guarantees (- = income)	92	-35	-	92	-12	-1	16	-35	-32
<b>Core profit</b>	<b>213</b>	<b>307</b>	<b>69</b>	<b>213</b>	<b>325</b>	<b>309</b>	<b>275</b>	<b>307</b>	<b>1,216</b>
Investment portfolio earnings	44	-9	-	44	36	22	31	-9	80
<b>Pre-tax profit</b>	<b>256</b>	<b>298</b>	<b>86</b>	<b>256</b>	<b>361</b>	<b>329</b>	<b>307</b>	<b>298</b>	<b>1,295</b>
Tax	56	65	86	56	80	73	67	65	285
<b>Post-tax profit or loss</b>	<b>200</b>	<b>233</b>	<b>86</b>	<b>200</b>	<b>281</b>	<b>258</b>	<b>239</b>	<b>233</b>	<b>1,011</b>
<sup>1)</sup> Capital charges are included in the items 'Other net interest income' as well as 'Value adjustments, etc.' and are allocated as follows:									
Interest	30	31	94	30	29	28	28	31	116
Value adjustment	-0	-4	-	-0	1	-4	-1	-4	-8
Total capital charges	29	27	107	29	29	24	27	27	107

## BUSINESS ACTIVITIES

BRFkredit's business activities are divided into two segments:

- 1) Lending activities (mortgage)
- 2) Investment portfolio earnings

## LENDING ACTIVITIES (MORTGAGE)

Lending activities (mortgage) cover financial activities within the business areas Personal clients, Corporate clients and Subsidised housing. The segment also comprises a risk-free return on the own securities portfolio.

## CORE PROFIT BEFORE IMPAIRMENT CHARGES AND PROVISIONS FOR GUARANTEES

In the first quarter of 2017, core profit before loan impairment charges and provisions for guarantees amounted to DKK 304m against DKK 272m in the first quarter of 2016.

Core income consists primarily of contribution income, etc. as well as brokerage and fee income from mortgage activities and amounted to DKK 517m in the first quarter of 2017 against DKK 475m in the first quarter of 2016.

Contribution income, etc. amounted to DKK 459m in the first quarter of 2017 against DKK 434m in the first quarter of 2016. The increase can primarily be attributed to a larger portfolio, particularly within the Personal client area.

In the first quarter of 2017, capital charges relating, among other things, to covered bond (SDO) and rating requirements amounted (net) to DKK 29m against DKK 27m in the first quarter of 2016. Fluctuations in the capital charges of the individual quarters can primarily be attributed to value adjustments of the swaps used to hedge the currency risk on the senior loans raised.

In the first quarter of 2017, net fee and commission income amounted to DKK 63m against DKK 36m in the first quarter of 2016. The increase was primarily caused by growing lending activity as well as a decline in fees and commissions paid.

Value adjustments, etc. amounted to an income of DKK 2m against an income of DKK 16m in the first quarter of 2016. The difference of DKK 14m can be attributed to a large value adjustment of the core portfolio of bonds in the first quarter 2016.

Core expenses amounted to DKK 212m in the first quarter of 2017 against DKK 203m in the first quarter of 2016. The difference can primarily be attributed to higher expenses for consultants and marketing activities, etc.

#### LOAN IMPAIRMENT CHARGES AND PROVISIONS FOR GUARANTEES.

LOANS, ADVANCES AND GUARANTEES DKKm	Q1 2017	Q1 2016	Index 17/16	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	The year 2016
Loans, advances and guarantees	288,794	259,360	111	288,794	278,433	276,708	269,018	259,360	278,433
Balance of loan impairment charges and provisions for guarantees	1,182	1,409	84	1,182	1,183	1,394	1,418	1,409	1,183
Individual impairment charges and provisions for guarantees	1,053	1,086	97	1,053	1,067	1,066	1,085	1,086	1,067
Collective impairment charges and provisions for guarantees	130	323	40	130	116	328	332	323	116
Non-performing loans and guarantees:									
Loans, advances and guarantees before impairment charges	9,700	9,184	107	9,700	10,120	8,811	9,777	9,184	10,120
Impairment charges	1,053	1,086	97	1,053	1,067	1,066	1,085	1,086	1,067
Loans, advances and guarantees after impairment charges	8,647	8,098	107	8,647	9,053	7,745	8,692	8,098	9,053
NPL ratio (%)	3.0	3.1	-	3.0	3.3	2.8	3.2	3.1	3.3
NPL contribution ratio (%)	10.9	11.8	-	10.9	10.5	12.1	11.1	11.8	10.5
Past due mortgage loans	654	712	92	654	618	1,007	799	712	618
Loan impairment charges and provisions for guarantees (effect on income statement)	92	-35	-	92	-12	-1	15	-35	-32
Operating loss	111	28	396	111	228	27	12	28	295

Total loan impairment charges and provisions for guarantees for the first quarter of 2017 amounted to an expense of DKK 92m against an income of DKK 35m in the first quarter of 2016. The increase in impairment charges can primarily be attributed to a reassessment of the value of hard-to-sell mortgaged properties.

Relative to total loans, the effect from the impairment charges on the income statement amounted to 0.03% in the first quarter of 2017 against -0.01% in the first quarter of 2016.

The effect on the income statement can in the first quarter of 2017 be broken down into an expense of DKK 26m (first quarter of 2016: an expense of DKK 57m) on personal clients and an expense of DKK 66m (first quarter of 2016: an income of DKK 92m) on corporate clients.

BRFkredit's holding of assets held temporarily amounted to DKK 456m at the end of the first quarter of 2017 against DKK 496m at the end of 2016. Assets held temporarily are in the financial statements recognised at market value, cf. accounting policies.

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 1,182m at the end of the first quarter of 2017, corresponding to 0.4% of total loans (end of 2016: DKK 1,183m). Of this, collective impairment charges amounted to DKK 130m against DKK 116m at the end of 2016.

For many years, BRFkredit has not granted loans to agriculture, forestry and market gardening. The total portfolio of loans for agriculture, etc. calculated at fair value amounted to DKK 48m (end of 2016: DKK 46m).

The arrears rate measured 90 days after the December repayment date amounted to 0.4% in the first quarter of 2017, against 0.2% at the corresponding date in the first quarter of 2016. The arrears rate measured 15 days after the December repayment date in the first quarter of 2017 amounted to 1.1%, which is unchanged compared to the level after the March repayment date in the first quarter of 2016.

ARREARS RATE	March 2017	December 2016	September 2016	June 2016	March 2016	December 2015
After 90 days	-	0.4	0.4	0.3	0.2	0.2
After 15 days	1,1	1.1	1.1	1.0	1.1	1.3

#### 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 the first quarter of 2017 to an income of DKK 44m against an expense of DKK 9m in the first quarter of 2016. Investment portfolio earnings were satisfactory considering the low interest-rate level.

INVESTMENT PORTFOLIO EARNINGS DKK m	Q1 2017	Q1 2016	Index 17/16	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	The year 2016
Net interest income, etc.	30	39	76	30	26	27	32	39	123
Value adjustments, etc.	14	-48	-	14	10	-5	-1	-48	-44
<b>Investment portfolio earnings</b>	<b>44</b>	<b>-9</b>	<b>-</b>	<b>44</b>	<b>36</b>	<b>21</b>	<b>31</b>	<b>-9</b>	<b>80</b>

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 profit for the first quarter of 2017 and the first quarter of 2016 broken down into core earnings and investment portfolio earnings is stated below:

BREAKDOWN OF PRE-TAX PROFIT	Q1 2017				Q1 2016			
	Core profit	Investment portfolio earnings	Reclassifi- cation	Total	Core profit	Investment portfolio earnings	Reclassifi- cation	Total
Net interest income, etc.	443	30	-10	463	412	39	-13	438
Net fee and commission income	63	-	-	63	36	-	-	36
Value adjustments, etc.	2	14	10	26	16	-48	13	-19
Other income	9	-	-	9	12	-	-	12
<b>Income</b>	<b>517</b>	<b>44</b>	<b>-</b>	<b>560</b>	<b>475</b>	<b>-9</b>	<b>-</b>	<b>466</b>
Expenses	212	-	-	212	203	-	-	203
<b>Profit before loan impairment charges and provisions for guarantees</b>	<b>304</b>	<b>44</b>	<b>-</b>	<b>348</b>	<b>272</b>	<b>-9</b>	<b>-</b>	<b>263</b>
Loan impairment charges and provisions for guarantees	92	-	-	92	-35	-	-	-35
<b>Pre-tax profit</b>	<b>213</b>	<b>44</b>	<b>-</b>	<b>256</b>	<b>307</b>	<b>-9</b>	<b>-</b>	<b>298</b>

In BRFkredit's reporting format of core profit 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 the first quarter of 2017, BRFkredit's interest-rate risk calculated according to the standardised approach of the FSA came to DKK 64m (end of 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 21m. (end of 2016: DKK 21m).

The currency positions are very modest in BRFkredit's balance sheet and amounted to 0.7% of the capital base at 31 March 2017 (end of 2016: 1.1%).

## BALANCE SHEET

At the end of the first quarter of 2017, BRFkredit's balance sheet amounted to DKK 307bn (end of 2016: DKK 307bn). At the end of the first quarter of 2017, BRFkredit's mortgage loans amounted to a nominal value of DKK 282bn (end of 2016: DKK 273bn). At the end of the first quarter of 2017, BRFkredit's total loans and advances amounted to a fair value of DKK 289bn (end of 2016: DKK 278bn). Equity was affected by the net profit for the period in the amount of DKK 200m and by other comprehensive income in the amount of DKK 1m. At the end of the first quarter of 2017, equity amounted to DKK 13,013m against 12,812m at the end of 2016.

<b>SUMMARY OF BALANCE SHEET</b>	<b>Q1</b>	<b>Q1</b>	<b>Index</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>The year</b>
DKKm	<b>2017</b>	<b>2016</b>	<b>17/16</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>
Assets / equity and liabilities	307,476	280,687	110	307,476	307,037	304,664	293,633	280,687	307,037
Mortgage loans, nominal value	282,355	254,194	111	282,355	272,690	269,243	262,148	254,194	272,690
Loans and advances, fair value	288,768	259,331	111	288,768	278,407	276,682	268,992	259,331	278,407
Issued bonds, fair value	287,335	260,799	110	287,335	285,676	284,052	274,631	260,799	285,676
Equity	13,013	12,014	108	13,013	12,812	12,511	12,254	12,014	12,812



## CAPITAL STRUCTURE

The development of BRFkredit's capital and Core Tier 1 capital ratios appears from the table below. At the end of the first quarter of 2017, the capital and core capital ratios had fallen by 0.7 percentage point due to lending growth of just above DKK 10bn and also due to the fact that the current profit was not recognised in the core capital/capital base. However, BRFkredit still has a solid base compared to the Group's target.

CAPITAL AND CORE CAPITAL RATIOS, end of period	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	The year 2016
Capital ratio (%)	18.3	19.0	18.3	17.9	18.9	19.0
Core Tier 1 Capital ratio (%)	18.3	19.0	18.3	17.9	18.8	19.0
Common Equity Tier 1 capital ratio (CET 1) (%)	18.3	19.0	18.3	17.9	18.8	19.0

If the net profit for the period was recognised in the capital base, the capital ratio would be 18.6%.

## CAPITAL BASE

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

CAPITAL BASE AND OVERALL RISK EXPOSURE	31 March 2017	31 December 2016
DKKm		
Equity	13,013	12,812
Offsetting the profit for the period	-200	-
Intangible assets	-1	-1
Prudent valuation	-22	-17
Diff. between expected loss and impairment charges (deduction)	-212	-201
<b>Core capital/Common Equity Tier 1 capital</b>	<b>12,579</b>	<b>12,593</b>
<b>Capital base</b>	<b>12,579</b>	<b>12,593</b>
<b>Total weighted risk exposure</b>	<b>68,782</b>	<b>66,326</b>

## MINIMUM CAPITAL REQUIREMENT

Determination of the minimum capital requirement expresses the regulatory capital requirements and rests on the risk types credit, market and operational risk. BRFkredit a/s has been approved to apply the advanced internal rating-based approach (AIRB) when determining credit risk. 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 requirements for market and operational risks are measured according to the standardised approach.

MINIMUM CAPITAL REQUIREMENT BY RISK TYPE	31 March 2017	31 December 2016
DKKm		
Credit risk	5,110	4,926
Market risk	138	132
Operational risk	255	248
<b>Minimum capital requirement, Pillar I</b>	<b>5,503</b>	<b>5,306</b>
Capital requirement, transitional provisions	3,572	3,532
<b>Total minimum capital requirement</b>	<b>9,075</b>	<b>8,838</b>

Due to the transitional rules that are still applicable and that relate to the former capital adequacy rules, the minimum capital requirement for the first quarter of 2017 increased by DKK 3.6bn (end of 2016: DKK 3.5bn).

**INDIVIDUAL SOLVENCY REQUIREMENT AND CAPITAL BUFFER**

At the end of the first quarter of 2017, the BRFkredit Group calculated an individual solvency requirement of 9.2%. (end of 2016: 9.3%).

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

<b>INDIVIDUAL SOLVENCY REQUIREMENT</b>					
DKKm	<b>31 March 2017</b>	<b>% of REA</b>	<b>31 December 2016</b>	<b>% of REA</b>	
Credit risk	5,804	8.4	5,630	8.5	
Market risk	275	0.4	269	0.4	
Operational risk	255	0.4	268	0.4	
<b>Total</b>	<b>6,333</b>	<b>9.2</b>	<b>6,167</b>	<b>9.3</b>	

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.

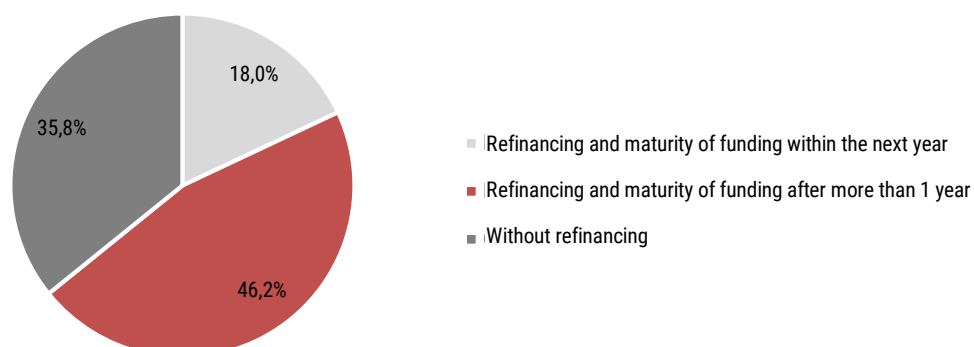
The capital buffer plus earnings from operations denote the maximum sustainable loss without the need for additional capital. BRFkredit's large proportion of core capital cements the quality of the total capital.

<b>CAPITAL BUFFER</b>					
DKKm	<b>31 March 2017</b>	<b>% of REA</b>	<b>31 December 2016</b>	<b>% of REA</b>	
Capital base	12,579	18.3	12,593	19.0	
a) Core capital	12,579	18.3	12,593	19.0	
b) Supplementary capital less deductions	-	-	-	-	
Individual solvency requirement	6,333	9.2	6,167	9.3	
Individual solvency requirement plus buffers	7,812	11.4	6,979	10.5	
Capital requirement, transitional provisions	9,075	13.2	8,838	13.3	
<b>Capital buffer</b>	<b>3,504</b>	<b>5.1</b>	<b>3,755</b>	<b>5.6</b>	

**REFINANCING**

In the first quarter of 2017, BRFkredit continued its efforts to reduce the refinancing risk on the loan portfolio. This has taken place in consideration of the requirement that the individual series must be so large that, in respect of the liquidity buffer of the investors, they meet the LCR requirement (Liquidity Coverage Ratio).

Also in the first quarter of 2017, BRFkredit used the possibility of minimising the refinancing risk by having a portion of the funding of 1-year adjustable-rate loans take place through issues of 3-year RTL F (pre-financed bonds).

**BRFKREDIT'S LOAN PORTFOLIO BY TIME OF REFINANCING**


## OTHER INFORMATION

### 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). Moreover, Standard & Poor's has assigned its A-rating to BRFkredit's EMTN programme.

RATING			REQUIREMENT OF SUPPLEMENTARY SECURITY, STANDARD & POOR'S	
	Rating	Date of rating / change of rating	DKKbn	% of lending
As at 31 March 2017				
<b>Covered bonds</b>				
- issued out of Capital Centre E	AAA	17/10 2011		
<b>Mortgage credit bonds</b>				
- 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- <sup>1)</sup>	12/10 2011		
Issuer rating (short-term rating)	A-2 <sup>1)</sup>	12/10 2011		
BRFkredit's EMTN programme	A-	05-12-2012		

Quarter	DKKbn	% of lending (rhs)
2012 Q1	~19	~10.5%
2013 Q1	~14.5	~8.5%
2014 Q1	~12	~7.5%
2015 Q1	~11	~6.5%
2016 Q1	~12.5	~6.5%
2017 Q1	~11	~5.5%

<sup>1)</sup> On 15 November 2016, S&P confirmed BRFkredit's issuer rating at A-/stable/A-2

Standard & Poor's requirements for supplementary collateral to maintain the AAA rating was lowered in the course of the past year despite an increase of DKK 28bn in the portfolio. In addition to the generally improved credit quality of the portfolio, the lower requirements were caused by a change to S&P's method of calculating overcollateralisation to qualify for an AAA rating.

## 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 a/s are shown below.

THE SUPERVISORY DIAMOND - BENCHMARKS	31 March 2017	31 December 2016
	%	%
Concentration risk <100%	63.2	65.3
Increase in loans and advances <15% annually in the segment:		
- Owner-occupied home and vacation homes	14.9	12.7
- Residential rental property	7.4	7.5
- Other sectors	7.4	6.2
Borrower's interest-rate risk <25%		
- Residential property	23.4	24.5
Interest-only schemes <10%		
- Owner-occupied home and vacation homes	9.2	9.2
Loans with frequent interest-rate fixing:		
- Refinancing (annually) <25%	17.2	16.2
- Refinancing (quarterly) <12.5%	4.7	10.3

At the end of the first quarter of 2017, BRFkredit a/s met all benchmarks of the supervisory diamond.

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

### SUPERVISORY BOARD DECISIONS

No other resolution that falls within the duty of disclosure set out in the "Rules for Issuers of Securities Listed on NASDAQ Copenhagen A/S" was adopted by the Supervisory Board during the first quarter of 2017.

### ADDITIONAL INFORMATION

For further information, please see [brf.com](http://brf.com), which website also gives detailed financial information about BRFkredit. At [brf.com](http://brf.com), BRFkredit's Interim Report for the first quarter of 2017 can be downloaded.

### CONTACT

Carsten Tirsbæk Madsen, Chief Executive Officer,  
tel. +45 45 26 28 71 or mobile +45 40 25 88 74.

## STATEMENT BY THE EXECUTIVE AND SUPERVISORY BOARDS

We have today discussed and approved the Interim Financial Report of BRFkredit a/s for the period 1 January to 31 March 2017.

The consolidated Interim Financial Statements of the BRFkredit Group were prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, and the Parent's Interim Financial Statements in accordance with the Danish Financial Business Act. Further, the Interim Financial Report was prepared in accordance with the additional Danish disclosure requirements for interim financial reports of issuers of listed bonds.

The Interim Financial Report is unaudited and has not been reviewed.

In our opinion, the Interim Financial Statements give a true and fair view of the Group's and the Parent's financial position at 31 March 2017 and also of their financial performance as well as the cash flows of the Group for the period 1 January to 31 March 2017.

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

Kgs. Lyngby, 2 May 2017

### EXECUTIVE BOARD

Carsten Tirsbæk Madsen  
Chief Executive Officer

Lars Waalen Sandberg  
Executive Vice President

### SUPERVISORY BOARD

Sven A. Blomberg  
Chairman

Per Skovhus  
Deputy Chairman

Niels Erik Jakobsen

Laila Busted  
Elected by employees

Kim Henriksen  
Elected by employees

**INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME**

Note	DKKm	The BRFkredit Group		BRFkredit a/s	
		Q1 2017	Q1 2016	Q1 2017	Q1 2016
<b>INCOME STATEMENT</b>					
4	Interest income	1,631	1,733	1,631	1,733
5	Interest expenses	1,168	1,295	1,168	1,295
	<b>Net interest income</b>	<b>463</b>	<b>438</b>	<b>463</b>	<b>438</b>
	Dividends, etc.	0	3	0	3
6	Fees and commission income	72	56	72	56
	Fees and commission expenses	10	20	10	20
	<b>Net interest and fee income</b>	<b>526</b>	<b>477</b>	<b>526</b>	<b>477</b>
7	Value adjustment (- is an expense)	26	-19	28	-19
	Other operating income	8	9	8	8
8	Employee and administrative expenses	206	196	207	196
	Amortisation, depreciation and impairment charges	2	3	2	3
	Other operating expenses	4	5	4	5
9	Loan impairment charges and provisions for guarantees (- is income)	92	-35	92	-35
	Profit on investments in associates and group enterprises	-	-	1	1
	<b>Pre-tax profit</b>	<b>256</b>	<b>298</b>	<b>257</b>	<b>298</b>
10	Tax	56	65	56	65
	<b>Net profit or loss for the period</b>	<b>200</b>	<b>233</b>	<b>201</b>	<b>233</b>
	Distributed to:				
	Shareholders of BRFkredit a/s	200	233		
	<b>Total</b>	<b>200</b>	<b>233</b>		
<b>STATEMENT OF COMPREHENSIVE INCOME</b>					
	Net profit or loss for the period	200	233	201	233
	Other comprehensive income:				
	Items that can be recycled to the income statement:				
	Shares available for sale	1	-	-	-
	<b>Other comprehensive income after tax</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Comprehensive income for the period</b>	<b>201</b>	<b>233</b>	<b>201</b>	<b>233</b>
	Distributed to:				
	Shareholders of BRFkredit a/s	201	233		
	<b>Total</b>	<b>201</b>	<b>233</b>		

**BALANCE SHEET**

Note	The BRFkredit Group			BRFkredit a/s			
	31 March 2017	31 Dec. 2016	31 March 2016	31 March 2017	31 Dec. 2016	31 March 2016	
	DKKm						
<b>ASSETS</b>							
	Cash balance and demand deposits with central banks	10	75	121	10	75	121
	Due from credit institutions and central banks	3,970	10,892	8,765	3,957	10,656	8,709
11	Loans and advances at fair value	288,768	278,407	259,331	288,768	278,407	259,331
	Bonds at fair value	13,157	16,096	11,023	13,157	16,096	11,023
	Shares, etc.	212	211	220	212	211	220
	Equity investments in group enterprises	-	-	-	101	333	328
	Intangible assets	1	1	2	1	1	2
	Land and buildings, total	504	505	491	411	412	401
	of which investment property	4	4	4	4	4	4
	of which owner-occupied properties	500	501	487	407	408	397
	Other property, plant and equipment	5	5	3	5	5	3
	Assets in temporary possession	456	496	428	438	481	428
12	Other assets	388	326	280	389	327	280
	Prepayments	25	22	23	25	22	23
	<b>Total assets</b>	<b>307,496</b>	<b>307,037</b>	<b>280,687</b>	<b>307,474</b>	<b>307,027</b>	<b>280,869</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Liabilities</b>							
	Due to credit institutions and central banks	542	907	256	542	907	256
13	Issued bonds at fair value	287,335	285,676	260,799	287,335	285,676	260,799
	Issued bonds at amortised cost	3,714	3,711	4,715	3,714	3,711	4,715
	Current tax liabilities	341	282	49	341	282	50
	Liabilities relating to assets held temporarily	23	20	5	6	6	5
14	Other liabilities	2,460	3,555	2,757	2,459	3,564	2,942
	Deferred income	5	6	5	5	6	5
	<b>Liabilities, total</b>	<b>294,420</b>	<b>294,157</b>	<b>268,586</b>	<b>294,401</b>	<b>294,150</b>	<b>268,771</b>
<b>Provisions</b>							
	Provisions for deferred tax	10	13	25	6	9	22
	Other provisions	53	56	62	53	56	62
	<b>Provisions, total</b>	<b>63</b>	<b>69</b>	<b>87</b>	<b>59</b>	<b>65</b>	<b>84</b>
<b>Equity</b>							
	Share capital	1,306	1,306	1,306	1,306	1,306	1,306
	Share premium	102	102	102	102	102	102
	Revaluation reserve	63	63	47	49	49	36
	Reserve according to equity method	-	-	-	31	-	-
	Reserves in series	10,799	10,799	7,594	10,799	10,799	7,594
	Retained profit	744	542	2,964	726	556	2,975
	<b>Equity, total</b>	<b>13,013</b>	<b>12,812</b>	<b>12,014</b>	<b>13,013</b>	<b>12,812</b>	<b>12,014</b>
	<b>Equity and liabilities, total</b>	<b>307,496</b>	<b>307,037</b>	<b>280,687</b>	<b>307,474</b>	<b>307,027</b>	<b>280,869</b>
15	<b>OFF-BALANCE SHEET ITEMS</b>						
	Guarantees, etc.	26	26	29	26	26	29
	Other contingent liabilities, etc. (loan offers)	19,066	19,287	17,588	19,066	19,287	17,588
	<b>Total guarantees and other contingent liabilities</b>	<b>19,092</b>	<b>19,313</b>	<b>17,617</b>	<b>19,092</b>	<b>19,313</b>	<b>17,617</b>

**STATEMENT OF CHANGES IN EQUITY**

DKKm

<b>The BRFkredit Group</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Revaluation reserve</b>	<b>Reserves in series</b>	<b>Retained profit</b>	<b>Total</b>
Equity at 1 January 2017	1,306	102	63	10,799	542	12,812
Net profit or loss for the period	-	-	-	-	200	200
Other comprehensive income	-	-	-	-	1	1
Comprehensive income for the period	-	-	-	-	201	201
<b>Equity at 31 March 2017</b>	<b>1,306</b>	<b>102</b>	<b>63</b>	<b>10,799</b>	<b>744</b>	<b>13,013</b>
Equity at 1 January 2016	1,306	102	47	7,594	2,731	11,781
Net profit or loss for the period	-	-	-	-	233	233
Comprehensive income for the period	-	-	-	-	233	233
<b>Equity at 31 March 2016</b>	<b>1,306</b>	<b>102</b>	<b>47</b>	<b>7,594</b>	<b>2,964</b>	<b>12,014</b>

<b>BRFkredit a/s</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Revaluation reserve</b>	<b>Reserve according to equity method</b>	<b>Reserves in series</b>	<b>Retained profit</b>	<b>Total</b>
Equity at 1 January 2017	1,306	102	49	-	10,799	556	12,812
Net profit or loss for the period	-	-	-	-	-	201	201
Transferred from Retained profit	-	-	-	31	-	-31	-
Comprehensive income for the period	-	-	-	31	-	170	201
<b>Equity at 31 March 2017</b>	<b>1,306</b>	<b>102</b>	<b>49</b>	<b>31</b>	<b>10,799</b>	<b>726</b>	<b>13,013</b>
Equity at 1 January 2016	1,306	102	36	-	7,594	2,743	11,781
Net profit or loss for the period	-	-	-	-	-	233	233
Comprehensive income for the period	-	-	-	-	-	233	233
<b>Equity at 31 March 2016</b>	<b>1,306</b>	<b>102</b>	<b>36</b>	<b>-</b>	<b>7,594</b>	<b>2,975</b>	<b>12,014</b>



**CAPITAL STATEMENT**

DKKm	The BRFkredit Group			BRFkredit a/s		
	31 March 2017	31 Dec. 2016	31 March 2016	31 March 2017	31 Dec. 2016	31 March 2016
Equity	13,013	12,812	12,014	13,013	12,812	12,014
Offsetting the profit for the period	-200	-	-	-201	-	-
Intangible assets	-1	-1	-2	-1	-1	-2
Difference between expected loss and the carrying amount of impairment charges	-212	-201	-	-212	-201	-
Prudent valuation	-22	-17	-85	-22	-17	-85
<b>Common Equity Tier 1 capital / Core capital</b>	<b>12,579</b>	12,593	11,927	<b>12,577</b>	12,593	11,927
Difference between expected loss and the carrying amount of impairment charges	-	-	31	-	-	31
<b>Capital base</b>	<b>12,579</b>	12,593	11,958	<b>12,577</b>	12,593	11,958
Weighted risk exposure involving credit risk etc.	63,874	61,572	58,530	63,879	61,751	58,757
Weighted risk exposure involving market risk	1,727	1,649	1,796	1,727	1,649	1,796
Weighted risk exposure involving operational risk	3,181	3,105	3,105	3,165	3,026	3,026
<b>Total weighted risk exposure</b>	<b>68,782</b>	66,326	63,431	<b>68,771</b>	66,426	63,580
Capital requirement, Pillar I	5,503	5,306	5,074	5,502	5,314	5,086
Capital requirement, transitional provisions	3,572	3,532	2,953	3,572	3,531	2,950
<b>Capital requirement, total</b>	<b>9,075</b>	8,838	8,027	<b>9,074</b>	8,845	8,036
Capital ratio (%)	18.3	19.0	18.9	18.3	19.0	18.8
Core capital ratio (%)	18.3	19.0	18.8	18.3	19.0	18.8
Common Equity Tier 1 capital ratio (%)	18.3	19.0	18.8	18.3	19.0	18.8

On 31 March 2017, the total weighted risk exposure according to Basel I amounted to DKK 141,793m (31.12.2016: DKK 138,101m) for the BRFkredit Group. The capital requirement according to the transitional provisions was for 80% of the capital requirement of 8% of the total weighted risk exposure corresponding to DKK 9,075m. At the end of 2016, the transitional provisions resulted in a capital requirement of DKK 8,838m for the BRFkredit Group. The transitional rules applying to total weighted risk exposure will still apply in the coming years.

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

**SUMMARY OF CASH FLOW STATEMENT**

DKKkm	The BRFkredit Group	
	Q1 2017	Q1 2016
<b>Net profit or loss for the period</b>	<b>200</b>	233
Adjustment for non-cash operating items and change in working capital	-7,150	-869
<b>Cash flows from operating activities</b>	<b>-6,950</b>	-636
Acquisition of property, plant and equipment	-0	-0
Acquisition of intangible assets	-0	-0
Sale of investments	-	-1
<b>Cash flows from investment activities</b>	<b>-1</b>	-1
<b>Cash flow for the period</b>	<b>-6,951</b>	-637
Cash and cash equivalents, beginning of period	10,812	9,354
<b>Cash and cash equivalents, end of period</b>	<b>3,861</b>	8,717
Cash and cash equivalents, end of period, comprise:		
Cash balance and demand deposits with central banks	10	121
Due from credit institutions and central banks	3,851	8,596
<b>Cash and cash equivalents, end of period</b>	<b>3,861</b>	8,717

## NOTES

## Note

**1 Accounting Policies**

The Interim Financial Report of BRFkredit for the period 1 January to 31 March 2017 was prepared in accordance with IAS 34 Interim Financial Reporting with regard to the consolidated interim financial statements and in accordance with the Danish Financial Business Act with regard to the Parent's interim financial statements. Furthermore, the Interim Financial Report was prepared in accordance with the additional Danish disclosure requirements for financial reports of issuers of listed bonds.

As from 1 January 2017, the BRFkredit Group has implemented the standards and interpretations that take effect in the EU for 2017. The implementation of these standards and interpretations did not have any material impact on recognition and measurement.

Moreover, the accounting policies are identical to those applied to and described in detail in the Annual Report 2016.

At the time of publication of this Interim Financial Report, a number of new or amended standards and interpretations had not come into force or been approved for use in the EU. In the following are set out the standards which are expected to have a material effect on the financial reporting of the BRFkredit Group.

IFRS 9 on financial assets covers classification and measurement of financial assets and liabilities, impairment of financial assets as well as hedge accounting. The IASB completed the IFRS 9 in July 2014, and subsequently the standard has been approved by the EU. Compared to the current standard, IFRS 9 will, among other things, entail earlier recognition of loan impairment charges, etc. at amortised cost, as already at the time of the first recognition, impairment charges corresponding to the expected credit loss over 12 months must be recognised. If, subsequently, the probability of loss on the loan increases materially, the expected credit loss over the term must under certain circumstances be recognised. BRFkredit recognises loans and advances at fair value calculated according to IFRS 13. It is expected that adjustments relating to credit risk will be brought in line with the rules in IFRS 9 on impairment of loans at amortised cost. IFRS 9 replaces IAS 39 and will take effect on 1 January 2018.

Development efforts are made in the Jyske Bank Group with a view to developing a joint impairment model for all entities in the Group, including BRFkredit. The model will be based on the Jyske Bank Group's approved advanced risk management set-up, adjusted to IFRS 9 in a number of specific areas.

It is not possible at this point in time to make a reasonable assessment of the accounting outcome of the first application of IFRS 9 as regards the rules on impairment. In general, it is to be expected that the new impairment rules will, on the whole, result in increased impairment charges and hence a larger provisions account, as it is generally expected that impairment charges will be recognised at an earlier time.

**2 Material accounting estimates**

Measurement of the carrying value of certain assets and liabilities requires the management's estimate of the influence of future events on the value of such assets and liabilities. Estimates of material importance to the financial reporting are, among other things, based on the impairment of loans and advances and also assets in temporary possession, cf. the detailed statement in the Annual Report 2016.

The estimates are based on assumptions which management finds reasonable, but which are inherently uncertain. Besides, the Group is subject to risks and uncertainties which may cause results to differ from those estimates.

In accordance with IAS 10 (events after the balance sheet date), the financial statements reflect adjusting events up to 2 May 2017.

**NOTES**


---

**Note**
**3 Financial ratios and key figures  
at 31 March**

<b>The BRFkredit Group</b>	<b>2017</b>	<b>2016</b>
Capital ratio (%)	<b>18.3</b>	18.9
Core capital ratio (%)	<b>18.3</b>	18.8
Return on equity (average) before tax for the period (%)	<b>2.0</b>	2.5
Return on equity (average) after tax for the period (%)	<b>1.5</b>	2.0
Income/cost ratio (%)	<b>1.8</b>	2.8
Currency position (%)	<b>0.7</b>	1.7
Accumulated impairment ratio (%)	<b>0.4</b>	0.5
Impairment ratio for the period (%)	<b>0.03</b>	-0.01
Increase in loans and advances for the period (%)	<b>3.5</b>	2.5
Loans relative to equity	<b>22.2</b>	21.6
Return on capital employed	<b>0.1</b>	0.1

**BRFkredit a/s**

Capital ratio (%)	<b>18.3</b>	18.8
Core capital ratio (%)	<b>18.3</b>	18.8
Return on equity (average) before tax for the period (%)	<b>2.0</b>	2.5
Return on equity (average) after tax for the period (%)	<b>1.6</b>	2.0
Income/cost ratio (%)	<b>1.8</b>	2.8
Currency position (%)	<b>0.7</b>	1.7
Accumulated impairment ratio (%)	<b>0.4</b>	0.5
Impairment ratio for the period (%)	<b>0.03</b>	-0.01
Increase in loans and advances for the period (%)	<b>3.5</b>	2.5
Loans relative to equity	<b>22.2</b>	21.6
Return on capital employed	<b>0.1</b>	0.1

## NOTES

Note	The BRFkredit Group		BRFkredit a/s	
	Q1 2017	Q1 2016	Q1 2017	Q1 2016
DKKm				
<b>4 Interest income</b>				
Due from credit institutions and central banks <sup>1)</sup>	-1	-1	-0	-1
Loans and advances	1,181	1,308	1,181	1,308
Contributions	412	399	412	399
Bonds	71	82	71	82
Derivatives, interest-rate and currency contracts	23	-	23	-
Other interest income	0	0	0	0
Interest income before offsetting of interest on own bonds	1,686	1,788	1,687	1,788
Interest on own bonds, set off against interest on issued bonds	55	55	55	55
<b>Total</b>	<b>1,631</b>	<b>1,733</b>	<b>1,631</b>	<b>1,733</b>
<sup>1)</sup> of which interest income on genuine reverse carried under "Due from credit institutions and central banks"	-0	-0	-0	-0
<b>5 Interest expenses</b>				
Due to credit institutions and central banks <sup>1)</sup>	6	6	6	6
Issued bonds	1,199	1,315	1,199	1,315
Other interest expenses	19	29	19	29
Interest expenses before offsetting of interest on own bonds	1,224	1,350	1,224	1,350
Interest on own bonds, set off against interest on issued bonds	55	55	55	55
<b>Total</b>	<b>1,168</b>	<b>1,295</b>	<b>1,168</b>	<b>1,295</b>
<sup>1)</sup> Of which interest expenses on genuine repo carried under "Due to credit institutions and central banks"	-0	-0	-0	-0
<b>6 Fees and commission income</b>				
Securities trading and custody services	52	38	52	38
Loan application fees	20	17	20	17
Other fees and commissions	0	0	0	0
<b>Total</b>	<b>72</b>	<b>56</b>	<b>72</b>	<b>56</b>
<b>7 Value adjustment (- is an expense)</b>				
Mortgage loans	759	2,105	759	2,105
Other loans, advances and receivables at fair value	-	4	-	4
Bonds	38	36	38	36
Shares, etc.	-0	2	1	2
Currency	0	-1	0	-1
Currency, interest-rate and other contracts as well as other derivatives	-86	-39	-86	-39
Issued bonds	-685	-2,125	-685	-2,125
<b>Total</b>	<b>26</b>	<b>-19</b>	<b>28</b>	<b>-19</b>

Adjustments of the balance principle for the BRFkredit Group brought a total income of DKK 1m (2016: DKK -1m), resulting from a net value adjustment of the following items: Mortgage loans by DKK +759m (DKK +2,105m), issued mortgage bonds by DKK -685m (DKK -2,125m) and derivatives by DKK -73m (DKK +19m), recognised under "Currency, interest-rate and other contracts as well as other derivatives".

**NOTES**

Note	The BRFkredit Group		BRFkredit a/s	
	Q1 2017	Q1 2016	Q1 2017	Q1 2016
DKKm				
<b>8 Employee and administrative expenses</b>				
<b>Employee expenses</b>				
Wages and salaries, etc.	108	110	108	110
Pensions	12	13	12	13
Payroll tax	14	14	14	14
Social security	0	0	0	0
<b>Total</b>	<b>135</b>	<b>137</b>	<b>135</b>	<b>137</b>
<b>Salaries and remuneration to the Executive Board and Supervisory Board</b>				
Executive Board	2	2	2	2
Supervisory Board	0	0	0	0
<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Other administrative expenses</b>				
IT	24	24	24	24
Rent, lighting, heating, etc.	9	7	9	7
Other administrative expenses	37	26	37	26
<b>Total</b>	<b>70</b>	<b>57</b>	<b>70</b>	<b>58</b>
<b>Total</b>	<b>206</b>	<b>196</b>	<b>207</b>	<b>196</b>
<b>9 Loan impairment charges and provisions for guarantees (- is income)</b>				
Balance of loan impairment charges and provisions, beginning of period	1,183	1,425	1,183	1,425
Loan impairment charges/provisions for the period	61	9	61	9
Recognised as a loss, covered by impairment charges/provisions	-62	-25	-62	-25
<b>Balance of loan impairment charges and provisions, end of period</b>	<b>1,182</b>	<b>1,409</b>	<b>1,182</b>	<b>1,409</b>
Mortgage loan impairment charges	1,094	1,399	1,094	1,399
Impairment charges on other loans and receivables, etc.	88	10	88	10
<b>Balance of loan impairment charges and provisions, end of period</b>	<b>1,182</b>	<b>1,409</b>	<b>1,182</b>	<b>1,409</b>
Loan impairment charges/provisions for the period	61	9	61	9
Recognised as a loss, not covered by individual loan impairment charges/provisions	49	3	49	3
Recoveries	-19	-47	-19	-47
<b>Net effect on income statement</b>	<b>92</b>	<b>-35</b>	<b>92</b>	<b>-35</b>
Individual loan impairment charges, beginning of period	1,067	1,070	1,067	1,070
Loan impairment charges for the period	48	41	48	41
Recognised as a loss, covered by impairment charges/provisions	-62	-25	-62	-25
<b>Individual loan impairment charges, end of period</b>	<b>1,053</b>	<b>1,086</b>	<b>1,053</b>	<b>1,086</b>
Collective loan impairment charges, beginning of period	116	355	116	355
Loan impairment charges for the period	14	-32	14	-32
<b>Collective loan impairment charges, end of period</b>	<b>130</b>	<b>323</b>	<b>130</b>	<b>323</b>
Of 'Recognised as a loss, not covered by individual loan impairment charges/provisions' in the BRFkredit Group, the value adjustment of properties acquired in previous financial years amounted to DKK -32m (2016: DKK +0m), and operating profit on properties during the period of foreclosure DKK -4m (DKK -0m).				

## NOTES

Note	The BRFkredit Group		BRFkredit a/s	
	Q1 2017	Q1 2016	Q1 2017	Q1 2016
DKKm				
<b>10 Tax</b>				
<b>Effective tax rate</b>				
Corporation tax rate in Denmark	22.0	22.0	22.0	22.0
Non-taxable income and non-deductible expenses, etc.	0.0	-0.1	-0.2	-0.2
<b>Total</b>	<b>22.0</b>	<b>21.9</b>	<b>21.8</b>	<b>21.8</b>

Note	The BRFkredit Group			BRFkredit a/s		
	31 March 2017	31 Dec. 2016	31 March 2016	31 March 2017	31 Dec. 2016	31 March 2016
DKKm						
<b>11 Loans and advances at fair value</b>						
Mortgage loans, nominal value	282,355	272,690	254,194	282,355	272,690	254,194
Adjustment for interest-rate risk, etc.	6,933	6,171	5,856	6,933	6,171	5,856
Adjustment for credit risk	-1,094	-1,076	-1,399	-1,094	-1,076	-1,399
Mortgage loans at fair value	288,195	277,785	258,651	288,195	277,785	258,651
Arrears and outlays	96	98	170	96	98	170
Other loans and receivables	478	524	510	478	524	510
<b>Total</b>	<b>288,768</b>	<b>278,407</b>	<b>259,331</b>	<b>288,768</b>	<b>278,407</b>	<b>259,331</b>

Of 'Arrears and outlays', arrears before impairment charges amounted to DKK 102m (31.12.2016: DKK 111m).

**Mortgage loans at fair value broken down by property category**

Owner-occupied homes	146,035	137,563	125,182	146,035	137,563	125,182
Vacation homes	7,300	6,920	6,617	7,300	6,920	6,617
Subsidised Housing (rental housing)	48,972	48,754	46,264	48,972	48,754	46,264
Cooperative housing	15,653	15,371	15,139	15,653	15,371	15,139
Private rental properties (rental housing)	32,526	32,108	30,108	32,526	32,108	30,108
Industrial properties	1,212	1,260	1,384	1,212	1,260	1,384
Office and business properties	32,853	32,252	31,028	32,853	32,252	31,028
Agricultural properties, etc.	48	46	50	48	46	50
Properties for social, cultural and educational purposes	3,505	3,437	2,820	3,505	3,437	2,820
Other properties	91	75	58	91	75	58
<b>Total</b>	<b>288,195</b>	<b>277,785</b>	<b>258,651</b>	<b>288,195</b>	<b>277,785</b>	<b>258,651</b>

**12 Other assets**

Positive fair value of derivatives	67	87	47	67	87	47
Interest and commission receivable	127	53	134	127	53	134
Other assets	194	186	99	195	187	100
<b>Total</b>	<b>388</b>	<b>326</b>	<b>280</b>	<b>389</b>	<b>327</b>	<b>280</b>

**NOTES**

Note	The BRFkredit Group			BRFkredit a/s		
	31 March 2017	31 Dec. 2016	31 March 2016	31 March 2017	31 Dec. 2016	31 March 2016
DKKm						
<b>13 Issued bonds at fair value</b>						
Issued mortgage bonds, nominal value	309,187	327,400	275,108	309,187	327,400	275,108
Adjustment to fair value	7,109	6,357	6,080	7,109	6,357	6,080
Own mortgage bonds, fair value	-28,961	-48,082	-20,389	-28,961	-48,082	-20,389
<b>Total</b>	<b>287,335</b>	<b>285,676</b>	<b>260,799</b>	<b>287,335</b>	<b>285,676</b>	<b>260,799</b>
<b>14 Other liabilities</b>						
Negative fair value of derivatives	364	358	218	364	358	218
Interest and commission payable	1,791	2,407	1,824	1,791	2,407	1,824
Other liabilities	305	790	715	304	799	900
<b>Total</b>	<b>2,460</b>	<b>3,555</b>	<b>2,757</b>	<b>2,459</b>	<b>3,564</b>	<b>2,942</b>
<b>15 Off-balance sheet items</b>						
<b>Guarantees, etc.</b>						
Other guarantees	26	26	29	26	26	29
<b>Total</b>	<b>26</b>	<b>26</b>	<b>29</b>	<b>26</b>	<b>26</b>	<b>29</b>
<b>Other guarantees</b>						
Other guarantees include other forms of guarantees at varying degrees of risk. The risk involved is deemed to be less than the risk involved in credit facilities subject to flexible drawdown.						
<b>Other contingent liabilities, etc.</b>						
Irrevocable credit commitments	19,016	19,235	17,514	19,016	19,235	17,514
Other contingent liabilities	50	52	74	50	52	74
<b>Total</b>	<b>19,066</b>	<b>19,287</b>	<b>17,588</b>	<b>19,066</b>	<b>19,287</b>	<b>17,588</b>

**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.

**16 Related parties**

BRFkredit has debit/credit balances, including bank accounts etc., with a number of its related parties. Transactions between related parties are characterised as ordinary financial transactions and services of an operational nature. Transactions with related parties were executed on an arm's length basis or at cost.

The subsidiary Investeringsselskabet af 18. maj 2015 a/s was dissolved through a declaration in March 2017. In that connection, the company's net assets, chiefly operating cash, were transferred to BRFkredit a/s.

Over the period 1 January to 31 March 2017, no other unusual related party transactions took place. Please see BRFkredit's Annual Report 2016 for a detailed description of transactions with related parties.



## NOTES

Note	The BRFkredit Group
DKKm	

## 17 Fair value of financial assets and liabilities

**Methods for measuring fair value**

Please see note 39 in the Annual report for 2016 for further details on measurement of fair value.

## The BRFkredit Group

## 31 March 2017

	Quoted prices	Observable prices	Non	Fair value, total	Recognised value
			observable prices		
<b>Financial assets</b>					
Loans and advances at fair value	-	288,768	-	288,768	288,768
Bonds at fair value	12,777	380	-	13,157	13,157
Shares, etc.	-	-	212	212	212
Derivatives	1	66	-	67	67
<b>Total</b>	<b>12,778</b>	<b>289,215</b>	<b>212</b>	<b>302,205</b>	<b>302,205</b>
<b>Financial liabilities</b>					
Derivatives	6	358	-	364	364
Issued bonds at fair value	278,449	8,886	-	287,335	287,335
<b>Total</b>	<b>278,455</b>	<b>9,244</b>	<b>-</b>	<b>287,699</b>	<b>287,699</b>

## 31 December 2016

<b>Financial assets</b>					
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
<b>Total</b>	<b>15,960</b>	<b>278,630</b>	<b>211</b>	<b>294,801</b>	<b>294,801</b>
<b>Financial liabilities</b>					
Derivatives	9	348	-	358	358
Issued bonds at fair value	273,078	12,598	-	285,676	285,676
<b>Total</b>	<b>273,087</b>	<b>12,946</b>	<b>-</b>	<b>286,033</b>	<b>286,033</b>

	Q1 2017	Q1 2016
<b>Non-observable prices</b>		
Fair value, beginning of period	211	218
Capital gain and loss reflected in the income statement	-0	2
Capital gain and loss, recognised in equity	1	-
Sales for the period	-	-0
<b>Fair value, end of period</b>	<b>212</b>	<b>220</b>

**NOTES**

Note	The BRFkredit Group			BRFkredit a/s		
	31 March 2017	31 Dec. 2016	31 March 2016	31 March 2017	31 Dec. 2016	31 March 2016
DKKm						
<b>18 Contractual time to maturity</b>						
<b>Assets</b>						
<b>Due from credit institutions and central banks</b>						
Demand deposits	755	1,038	570	743	801	514
Up to 3 months	3,214	9,855	8,195	3,214	9,855	8,195
Over 3 months and up to 1 year	-	-	-	-	-	-
Over 1 year and up to 5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
<b>Total</b>	<b>3,970</b>	<b>10,892</b>	<b>8,765</b>	<b>3,957</b>	<b>10,656</b>	<b>8,709</b>
<b>Loans and advances at fair value</b>						
Up to 3 months	2,126	2,200	1,896	2,126	2,200	1,896
Over 3 months and up to 1 year	6,355	6,491	5,710	6,355	6,491	5,710
Over 1 year and up to 5 years	34,005	33,946	31,263	34,005	33,946	31,263
Over 5 years	246,282	235,770	220,462	246,282	235,770	220,462
<b>Total</b>	<b>288,768</b>	<b>278,407</b>	<b>259,331</b>	<b>288,768</b>	<b>278,407</b>	<b>259,331</b>
<b>Bonds at fair value</b>						
Up to 3 months	1,035	5,890	339	1,035	5,890	339
Over 3 months and up to 1 year	3,148	4,228	5,818	3,148	4,228	5,818
Over 1 year and up to 5 years	8,881	5,889	4,763	8,881	5,889	4,763
Over 5 years	94	90	103	94	90	103
<b>Total</b>	<b>13,157</b>	<b>16,096</b>	<b>11,023</b>	<b>13,157</b>	<b>16,096</b>	<b>11,023</b>
<b>Liabilities</b>						
<b>Due to credit institutions and central banks</b>						
Demand deposits	34	115	181	34	115	181
Up to 3 months	508	792	75	508	792	75
Over 3 months and up to 1 year	-	-	-	-	-	-
Over 1 year and up to 5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
<b>Total</b>	<b>542</b>	<b>907</b>	<b>256</b>	<b>542</b>	<b>907</b>	<b>256</b>
<b>Issued bonds at fair value <sup>1)</sup></b>						
Up to 3 months	4,769	5,722	1,721	4,769	5,722	1,721
Over 3 months and up to 1 year	42,074	28,041	32,892	42,074	28,041	32,892
Over 1 year and up to 5 years	129,164	140,935	135,216	129,164	140,935	135,216
Over 5 years	111,327	110,977	90,971	111,327	110,977	90,971
<b>Total</b>	<b>287,335</b>	<b>285,676</b>	<b>260,799</b>	<b>287,335</b>	<b>285,676</b>	<b>260,799</b>
<b>Issued bonds at amortised cost</b>						
Up to 3 months	-	-	1,000	-	-	1,000
Over 3 months and up to 1 year	3,714	-	-	3,714	-	-
Over 1 year and up to 5 years	-	3,711	3,715	-	3,711	3,715
Over 5 years	-	-	-	-	-	-
<b>Total</b>	<b>3,714</b>	<b>3,711</b>	<b>4,715</b>	<b>3,714</b>	<b>3,711</b>	<b>4,715</b>

The above amounts are exclusive of interest.

<sup>1)</sup> The cash flow imbalance between mortgage loans (the main item of "Loans and advances at fair value") 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.