

To the editor

Communications
Tel. +45 45 14 56 95

9 August 2011

Net profit of DKK 681 million for the first half of 2011

Realkredit Danmark today published its interim report for the first half of 2011. The report is available at www.rd.dk. Highlights are shown below:

- The Realkredit Danmark Group recorded a net profit of DKK 681 million in the first half of 2011, against DKK 921 million in the first half of 2010. In spite of significant improvement in the second quarter, the net profit for the period was slightly below expectations owing to a lower return on the bond portfolio and increasing funding costs.
- Loan impairment charges amounted to DKK 476 million, down 19% compared with the same period of last year. Charges increased in the second quarter but remained at 0.14% p.a. of total mortgage lending. Individual charges against facilities to business customers accounted for the increase.
- Expenses climbed DKK 41 million to DKK 487 million, owing partly to increased IT costs for measures to improve customer service and making it more efficient.
- The three-month delinquency rate rose modestly in the second quarter. Delinquency rates for loans granted to homeowners edged down, while rates for loans to business customers showed a slightly increasing trend.
- The total capital ratio calculated under the Capital Requirements Directive remained very high at 34.9% at 30 June 2011, against 39.4% at the end of 2010.
- Realkredit Danmark terminated its collaboration with Moody's in the period. The reason was disagreement over the model used by Moody's for rating Danish mortgage bonds and a requirement for overcollateralisation. Realkredit Danmark maintains an AAA rating with Standard & Poor's.
- Because of increasing funding costs, Realkredit Danmark will lift its administration margins from end-2011. The www.rd.dk site provides more information.
- Profit expectations for the full year 2011 are unchanged. The higher administration margins are not expected to fully affect earnings until 2012.

Carsten Nøddebo, CEO, says:

“Realkredit Danmark will launch a number of initiatives to ensure that we maintain a high rating on the market and are well prepared for future regulatory requirements. We are the last mortgage finance institution in Denmark to give notice of higher administration margins for loans to personal customers, and we still offer competitive prices. As an example, for loans with an outstanding debt of DKK 1 million, monthly mortgage payments will increase by about DKK 50-110 after tax. Customers can use a calculator on our website to see their new mortgage payments.”

Contact: Carsten Nøddebo, CEO, tel. +45 45 13 20 82.