

To the editor

Communications
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24 July 2014

Realkredit Danmark reports net profit of DKK 1,490 million for the first half of 2014

Realkredit Danmark today published its report for the first half of 2014. The report is available at rd.dk. Highlights are shown below:

- Realkredit Danmark recorded a net profit of DKK 1,490 million for the first half of 2014, against DKK 1,177 million in the same period of last year, an improvement of 27%. The higher profit was achieved especially on the back of lower impairments.
- Customer interest in FlexKort® loans remained strong, and FlexKort® loans accounted for 20% of gross lending, or DKK 9 billion, in the first half of 2014. At 30 June 2014, the FlexKort® loan portfolio totalled DKK 20 billion. The proportion of customers with 1-year FlexLån® loans fell from 22.3% at 30 June 2013 to 14.2% at the end of June 2014.
- Total income amounted to DKK 2,943 million, which represents a rise of 3% from the level in the first half of 2013.
- Expenses were unchanged from the level in the first half of 2013.
- Impairments fell from DKK 887 million in the first half of 2013 to DKK 569 million. Impairments thus equalled 0.15% p.a. of total mortgage lending, against 0.20% in 2013.
- The delinquency rate fell slightly from the level in the first half of 2013.
- The total capital ratio according to CRR was 34.3%, against 34.0% at the end of 2013.
- Realkredit Danmark maintains its expectations for a higher profit in 2014 than in 2013.

Carsten Nøddebo, CEO, says:

“The rise in net profit was driven especially by lower impairments, which reflects the macroeconomic improvement in Denmark, among other things. Moreover, trends were positive in the property market, which saw a small increase in sales.”

A noticeable trend on the product side is that during the first six months of 2014, our FlexKort® loan became by far the preferred loan type with short interest reset intervals. Our customers thus raised FlexKort® loans in the amount of DKK 9 billion in the first half of 2014, whereas 1-year FlexLån® loans amounted to DKK 2 billion in the same period. The interest in FlexKort® loans that we are seeing is supported by our favourable pricing of the product.”

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