

To NASDAQ OMX Copenhagen A/S
and the press

28 August 2014

Nykredit and Totalkredit launch new product and new price structure

Nykredit and Totalkredit are launching a new, variable-rate loan, "F-kort", subject to interest rate fixing every six months. F-kort is linked to the Cita rate, but is funded by bonds with longer maturities. F-kort, which targets both personal and commercial customers, is scheduled to hit the shelves at Totalkredit and Nykredit in late September.

– F-kort offers an attractive, variable loan rate, increases security in connection with refinancing and reduces customers' annual price spread costs. We therefore expect F-kort to become the leading alternative for customers currently having adjustable-rate mortgage loans (ARMs) with 1-year funding (F1), and it also strengthens the competitiveness of our partner banks in the Totalkredit alliance, says Troels Bülow-Olsen, Managing Director of Totalkredit.

In the current market, the interest rate on the new F-kort loan is lower than the interest rate on ARMs with 1-year funding, which thus become less attractive.

New prices and discounts encourage remortgaging

The Danish mortgage system is founded on investors having confidence in the system in any situation. This makes for the lowest possible loan rates for Danish homeowners in the long term.

In recent years, credit rating agencies and authorities in Denmark and the EU have pointed out that the large annual bond sales should be reduced so as best to secure the sale of bonds. Remortgaging from ARMs with 1- or 1-year funding (F1-F2) to other loan types will contribute to meeting the requirements made by credit rating agencies and authorities, including the coming supervisory diamond.

This is the background for Nykredit and Totalkredit's launch of F-kort and a new price structure in Totalkredit. As at 1 January 2015 Totalkredit will raise the administration margin rates on ARMs with 1- and 2-year funding (F1-F2) and interest-only (IO) loans to personal customers.

There are no changes to the administration margin rates on fixed-rate loans, ARMs with 3- to 10-year funding (F3-F10) or capped floating-rate repayment loans (RenteMax).

The administration margin on the new, variable-rate loan will be fixed in line with those of F3-F10 loans and RenteMax loans.

– Customers with ARMs with 1- or 2-year funding will be paying a bit more for the risk related to their loans, while the administration margins on other repayment mortgage loans will not change. We consider this a fair approach, says Troels Bülow-Olsen.

Furthermore, Totalkredit and Nykredit increase the price spreads on ARMs with 1- and 2-year funding (F1-F2) to 0.30 point. The price spread on loans with 3- to 10-year funding (F3-F10) and other variable-rate loans will be raised to 0.20 point. The new price spreads apply to loans subject to refinancing and interest rate reset as at 1 January 2015 or later.

Totalkredit and Nykredit remain highly competitive in the market. Get the full picture at totalkredit.dk and nykredit.dk.

Avoiding the price rise in full or in part

Totalkredit and Nykredit offer personal customers who are affected by these price rises a discount of up to DKK 5,000 if they want to switch loan types and thereby avoid the price rise partially or completely.

The offer of discount includes:

1. Remortgaging or switch from ARMs with 1- or 2-year funding (F1-F2) to all other loan types.
2. Remortgaging or switch from interest-only to repayment loans (except a switch to F1 or F2, regardless of whether or not the change is from an interest-only to a repayment loan).

The discount is offered until 31 December 2015 inclusive. Read more about the offer at nykredit.dk and totalkredit.dk.

Contacts:

Totalkredit, Troels Bülow-Olsen, Managing Director, tel +45 44 55 54 04, or Group Communications, tel +45 44 55 14 72/+45 20 46 16 65.