

To NASDAQ OMX Copenhagen A/S  
 and the Press

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### **BRFkredit launches new product and changes prices**

BRFkredit is launching a new product – ARM loan – short term interest rate, which is a floating-rate bond loan where the interest rate is fixed for six months at a time on the basis of the CITA rate. The product, launched with a low margin, is attractive to customers who prefer a floating interest rate and lower quotation cuts. The product is targeted at private customers and will be available from the fourth quarter of 2014.

### **New prices of loans to strike a better balance between risk and costs**

With effect from 1 January 2015, at the latest, BRFkredit will change its prices. This is done to give customers more incentives to choose products that match requirements and requests from supervisory authorities and rating agencies better. BRFkredit's prices will still be in the very low end of the market. Customers affected by the changes will be notified with at least three months' notice before any price changes take effect.

### **Offer to existing customers**

Up to 31 December 2015, all private customers are at the same time offered a discount of DKK 5,000 if they refinance their ARM loans or interest-only loans into fixed-rate loans with principal payments.

### **Low price level maintained**

- The new prices will widen the price gap between short-term ARM loans, interest-only loans and the more safe fixed-rate loans with principal payments where the lending rate on new loans is reduced. This is important in our endeavours to meet the requirements from rating agencies and supervisory authorities in the years ahead, including the upcoming Supervisory Diamond for mortgage credit institutions. Moreover, it has been important to maintain competitive prices. After the adjustments, BRFkredit's prices will be the lowest or level with the low end of the market, says CEO Carsten Tirsbæk Madsen.

The new rates on new loans are shown in the table below.

### **Overview of current and future margin rates on new loans - Private customers**

With principal payments	Floating-rate loan		Fixed rate loan		ARM loan - short-term interest rate
	Current	At 1 Jan. 15	Current	At 1 Jan. 15	
LTV ratio					From Q4 2014
0-40	0.4250	0.4250	0.3250	0.3250	0.3750
40-60	0.9000	1.0500	0.8000	0.8000	0.9500
60-80	1.4500	1.5000	1.1500	1.0000	1.3000
0-80	0.8000	0.8500	0.6500	0.6125	0.7500
Without principal payments	Floating-rate loan		Fixed rate loan		ARM loan - short-term interest rate
LTV ratio					
0-40	0.4500	0.5000	0.4000	0.4000	0.4750
40-60	1.0500	1.2000	0.8500	1.0000	1.1500

60-80	1.8500	2.1000	1.5500	1.7500	2.0000
0-80	0.9500	1.0750	0.8000	0.8875	1.0250

The rate supplement on interest-only loans is only payable in periods when principal payments are deferred on the loan.

#### **Changed price deduction for all business areas**

The quotation cuts will be changed to 0.20 price points for all ARM loans, but will be 0.30 for ARM loans with one and two-year fixed-rate periods.

#### **Finances**

The changes are estimated to increase BRFkredit's core earnings by DKK 90-100 million annually, depending on market developments.

For further comments, please contact Carsten Tirsbæk Madsen, CEO, on +45 4526 2871 or Tom Palving, Vice President, on +45 2469 3923.

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Please observe that the Danish version of this announcement prevails