

To NASDAQ OMX Copenhagen A/S
and the press

7 November 2014

Half of ARMs with 1-year funding to be refinanced into other loan types

There are less expensive, lower-risk alternatives to ARMs with 1-year funding, which have become popular among many of our customers. They want longer maturities in connection with Nykredit's and Totalkredit's refinancing auctions as at 1 January 2015.

The deadline for refinancing into another loan type as at 1 January 2015 was Friday, 31 October. Our customers' choices show significant changes relative to the choices published in mid-October.

Half of customers with ARMs with 1-year funding have chosen another loan type.

This means that, at the upcoming auctions, the offered amount of 1-year bonds denominated in DKK and EUR will decline from the initially announced DKK 74bn to DKK 37bn.

– We have made strenuous efforts to inform our customers of the less expensive, lower-risk alternatives to ARMs with 1-year funding. A repayment ARM with 5-year funding currently costs DKK 3,333 per month after tax – which is some DKK 30 cheaper per DKK 1m than an ARM with 1-year funding, says Henrik Hjortshøj-Nielsen, Executive Vice President.

Nykredit and Totalkredit are experiencing keen interest in fixed-rate callable loans, which now account for 60% of all new loan offers. Further, demand for ARMs with 1-year funding is almost non-existent, as this loan type only represents 2% of new loan offers.

The decline in the number of ARMs with 1-year funding at the upcoming refinancing auctions is not offset by a rise in other loan types at the auctions.

– We expect that many customers will choose fixed-rate loans or other loan types than ARMs. Thus, the loans will be issued on a regular basis up to the turn of the year, and they will form part of our ordinary day-to-day issuance, says Henrik Hjortshøj-Nielsen.

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