

Copenhagen, 28 January 2015

To NASDAQ OMX Copenhagen A/S

**Nordea Kredit Realkreditaktieselskab – Year-end Report 2014
Company announcement no 10, 2015**

Nordea Kredit Realkreditaktieselskab today presented the attached Year-end Report 2014 with the following key points:

- **Net profit for the year of DKK 1,340m (DKK 1,037m).**
- **Total lending increased to DKK 381bn at end-2014 (DKK 364bn).**
- **Net loan losses decreased by 6% to DKK 366m, corresponding to 0.10% of the loan portfolio.**
- **All bonds in issue have the highest ratings.**

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Year-end Report 2014

Nordea Kredit Realkreditatieselskab

Financial summary

Key financial figures (DKKm)	2014	2013	Change %	2012
Income statement				
Total operating income	2,340	1,986	18	1,660
Total operating expenses	201	214	-6	232
Net loan losses	366	390	-6	491
Profit before tax	1,775	1,383	28	938
Net profit for the year	1,340	1,037	29	703
Balance sheet				
Loans to credit institutions and central banks	70,462	52,873	33	46,773
Loans and receivables at fair value	381,056	363,749	5	358,371
Deposits by credit institutions and central banks	42,250	46,470	-9	48,905
Bonds in issue at fair value	387,106	349,074	11	336,402
Equity	18,838	17,498	8	16,461
Total assets	451,927	417,038	8	407,044

Ratios and key figures (%)

Return on equity after tax	7.4	6.1	4.4
Cost/income ratio	8.6	10.8	14.0
Total capital ratio, excl transition rules ^{1, 3}	28.6	16.4	16.2
Tier 1 capital ratio, excl transition rules ^{1, 3}	28.6	16.4	16.2
Tier 1 capital ¹ , DKKm	18,600	14,752	14,239
Risk exposure amount, excl transition rules, DKKm ³	64,927	89,994	87,851
Number of employees (full-time equivalents) ²	114	125	131

¹ Including the profit for the year.

² End of year.

³ The end-2013 ratios are reported under the Basel II regulatory framework and the end-2014 ratios are reported using the Basel III (CRR/CRD IV) framework.

Comments on the year-end result

(The figures in brackets refer to 2013.)

Income statement

Nordea Kredit's profit for the year 2014 after tax was DKK 1,340m compared to DKK 1,037m the year before.

Total operating income increased by DKK 354m to DKK 2,340m (DKK 1,986m). The growth in operating income was due to increased lending, higher administration and reserve fees, higher commission income and an improved return on investment.

Income from administration and reserve fees was DKK 2,897m (DKK 2,614m), whereas the return on investment was DKK 45m net (negative at DKK 51m).

The margins on mortgage loans widened due to changes to administration and reserve fees, which were introduced in January 2014.

The return on investment comprises all interest income and the net result from items at fair value relating to cash investments, interest expenses relating to Nordea Kredit's funding facilities as well as income from the bond price spread when refinancing adjustable-rate mortgages.

The higher net return on investment in 2014 was primarily attributable to an increased bond price spread as well as reduced cost of required capital to maintain Nordea Kredit's rating.

Fee and commission income increased 40% to DKK 259m (DKK 185m), due to higher refinancing activity compared with the previous year.

Fee and commission expense was DKK 872m (DKK 780m). The increase was mainly related to increased guarantee commission on loan loss guarantees from Nordea Bank Danmark A/S.

Total operating expenses, consisting of staff costs and administrative expenses as well as depreciation of tangible assets, were down by 6% to DKK 201m (DKK 214m). The decline was mainly a result of lower staff costs and IT expenses.

Net loan losses amounted to DKK 366m (DKK 390m), corresponding to 0.10% (0.11%) of the loan portfolio and total losses realised amounted to DKK 412m (DKK 430m). The provisioning requirement is still mainly attributable to loans to personal customers and reflects the weakness of the property market outside the major urban areas.

Comments on the balance sheet

Assets

Total assets increased by DKK 35bn in 2014 to DKK 452bn (DKK 417bn).

Loans to credit institutions and central banks amounted to DKK 70bn (DKK 53bn). The increase was mainly due to cash deposits with the parent company.

Loans and receivables at fair value were up by DKK 17bn to DKK 381bn (DKK 364bn). At the end of 2014 total lending at nominal value after loan losses increased by 4% to DKK 372bn (DKK 359bn).

Table 1. Lending at nominal value by property category

DKKbn	2014	2013	Change %
Owner-occupied dwellings and holiday homes	249	244	2%
Agricultural properties	47	46	3%
Other commercial properties	76	69	10%
Total	372	359	4%

At year-end lending for owner-occupied dwellings and holiday homes accounted for 67% (68%) of the total loan portfolio.

Of the total accumulated losses of DKK 525m on loans and assets in temporary possession at the end of 2014 (DKK 559m), provisions for collectively assessed loans accounted for DKK 139m (DKK 73m). Accumulated loan losses amounted to DKK 460m at the end of 2014 (DKK 479m), corresponding to 0.12% (0.13%) of the loan portfolio. The quality of the loan portfolio is considered satisfactory.

Loss guarantees from Nordea Bank Danmark A/S were DKK 98bn (DKK 88bn), at end-2014 comprising loans totalling DKK 335bn (DKK 309bn).

At the beginning of 2015 the 3.5-month arrears rate for owner-occupied dwellings and holiday homes (the September 2014 payment date) was 0.24% (0.28%), a decline of 0.04% point since the beginning of 2014.

Assets in temporary possession consisted of a total of 41 (41) repossessed properties by the end of 2014 at a value of DKK 38m (DKK 37m). The repossessed properties are predominantly year-round residences.

Liabilities

Deposits by credit institutions and central banks were DKK 42bn (DKK 46bn).

Bonds in issue at fair value totalled DKK 387bn (DKK 349bn) after offsetting the portfolio of own bonds.

Equity

Including the net profit for the year, equity was DKK 19bn at the end of 2014 (DKK 17bn).

Capital adequacy

At the end of 2014 the risk exposure amount of Nordea Kredit amounted to DKK 64.9bn (DKK 90.0bn). The tier 1 capital ratio and the total capital ratio both including the profit for the year and excluding transition rules were 28.6% at end-2014 (16.4%). The increase was mainly driven by the Danish FSA's approval in early 2014 of Nordea's advanced rating-based approach (IRB) for corporate exposures. Furthermore, the capital ratios were positively affected by the profit for the year.

Nordea Kredit has a strong capital position, good profitability and thereby a solid foundation to meet future capital requirements.

It is proposed that the net profit for the year of DKK 1,340m is transferred to retained earnings and reserves in equity and that no dividend is paid.

Refinancing of adjustable-rate mortgages

At the auction in November 2014 bonds equivalent to DKK 36bn were sold. Compared to the auction in November 2013 this was a decline of 32%, as many borrowers chose to switch away from loans with annual refinancing (F1).

The November auction resulted in continued low interest rates. For 30-year annuity loans with reset every three years (F3) the interest rate was set at 0.43% (0.70% in 2013).

Through 2014 the proportion of loans with annual refinancing (F1) in Nordea Kredit was reduced from 28.2% to 18.6% at the beginning of 2015, thereby contributing to lowering the refinancing risk.

Changes to the Board of Directors

Anders Jensen, the former Chairman of Nordea Kredit, resigned from the Board of Directors in June 2014. The Board of Directors subsequently appointed Peter Lybecker as Chairman.

Jette Petersen, deputy director, Nordea Bank Danmark A/S, was appointed to the Board of Directors at an extraordinary general meeting held on 4 September 2014.

Changes to the Executive Management

Charlotte Gullak Christensen was appointed new Chief Executive Officer to replace Lars Bank Jørgensen, who left Nordea Kredit by the end of February 2014. Charlotte Gullak Christensen joined as Chief Executive Officer on 1 August 2014 and resigned from the Board of Directors of Nordea Kredit in July 2014.

Deputy Chief Executive Officer Michael Jensen resigned from the Executive Management on 4 October 2014 and was replaced by Claus H. Greve, head of Corporate Strategy & Development at Nordea Bank Danmark A/S, on 15 January 2015.

Outlook for 2015

In 2015 mortgage market activity is expected to remain modest in line with the level seen in 2014.

As a result of the fee structure and low interest rates, it is expected that customers will continue switching to loan types with a longer refinancing frequency or to fixed-rate loans. Customers are also expected to increasingly prefer loans with amortisation.

Further information

This Year-end Report has not been subject to audit or review by the auditors.

The Annual Report for 2014 will be published on 12 February 2015 and the report will be available on nordeakredit.dk and nordea.dk.

Copenhagen, 28 January 2015

Charlotte Gullak Christensen
Chief Executive Officer

Claus H. Greve
Deputy Chief Executive Officer

Income statement

DKKm	2014	2013
Interest income	11,641	11,661
Interest expense	8,962	9,306
Net interest income	2,679	2,355
Dividend income	-	-
Fee and commission income	259	185
Fee and commission expense	872	780
Net interest and fee income	2,066	1,760
Net result from items at fair value	274	218
Other operating income	0	8
Staff costs and administrative expenses	201	210
Depreciation, amortisation and impairment charges of tangible and intangible assets	0	4
Other operating expenses	-	-
Net loan losses	366	390
Profit from investment in associated undertaking	2	1
Profit before tax	1,775	1,383
Tax	435	346
Net profit for the year	1,340	1,037
Statement of comprehensive income		
Net profit for the year	1,340	1,037
Other comprehensive income, net of tax	0	0
Total comprehensive income	1,340	1,037
Attributable to		
Shareholder of Nordea Kredit Realkreditatieselskab	1,340	1,037
Total	1,340	1,037

Balance sheet

DKKm	2014	2013
Assets		
Cash balance and demand deposits with central banks	3	250
Loans to credit institutions and central banks	70,462	52,873
Loans and receivables at fair value	381,056	363,749
Loans and receivables at amortised cost	-	2
Bonds at fair value	25	-
Investment in associated undertaking	13	13
Intangible assets	-	-
Other tangible assets	0	0
Current tax assets	-	-
Deferred tax assets	0	1
Assets in temporary possession	38	37
Other assets	324	108
Prepaid expenses	6	5
Total assets	451,927	417,038
Liabilities and equity		
Liabilities		
Deposits by credit institutions and central banks	42,250	46,470
Bonds in issue at fair value	387,106	349,074
Current tax liabilities	26	13
Other liabilities	3,671	3,973
Deferred income	36	10
Total liabilities	433,089	399,540
Provisions		
Deferred tax liabilities	-	-
Total provisions	-	-
Equity		
Share capital	1,717	1,717
Other reserves	14	12
Retained earnings	17,107	15,769
Total equity	18,838	17,498
Total liabilities and equity	451,927	417,038
Contingent liabilities		
Guarantees etc	74	75