

Press release

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Realkredit Danmark reports net profit of DKK 2,070 million for first half 2016

Realkredit Danmark today published its report for the first half of 2016.

The report is available at rd.dk. Highlights are shown below:

- The Realkredit Danmark Group recorded a net profit of DKK 2,070 million in the first half of 2016, against DKK 2,057 million in the first half of 2015. The profit for the first half of 2016 was supported by a low level of impairments, while the profit in the same period of 2015 was supported by income from strong remortgaging activity.
- Total income declined to DKK 3,128 million in the first half of 2016 from DKK 3,398 million in the first half of 2015 because of lower remortgaging activity.
- Expenses were at an unchanged level.
- Impairments fell to DKK 83 million in the first half of 2016 from DKK 319 million in the same period of 2015. Total impairments declined as a result of a general improvement of macroeconomic conditions in Denmark and reversal of previous impairments against loans to corporate customers. Impairments equalled 0.02% p.a. of total mortgage lending, against 0.06% in 2015.
- As announced in May, effective from 1 October 2016, Realkredit Danmark will adjust its administration margin on F1-F4 FlexLån® loans, as both the authorities and Realkredit Danmark wish to reduce the volumes of these loans at the refinancing auctions in order to ensure that the Danish mortgage credit system remains robust. Prices on all fixed-rate loans and a number of other loan products, including FlexKort® and FlexLån® F5, will remain unchanged.
- The proportion of interest-only loans fell from 38.1% at 30 June 2015 to 36.8% at the end of June 2016.

- Realkredit Danmark still expects the profit for 2016 to be at the same level as in 2015.

Carsten Nøddebo, CEO, says: *“The results for the first half of 2016 are satisfactory and benefit from a fall in impairments. The general improvement in the finances of homeowners in Denmark continued over the period. Very low interest rates, a rise in the amount available for consumption and a higher employment rate all had a positive effect on the housing market. We expect interest rates in Denmark to remain low through 2016, and this will also have a positive effect on the housing market.”*

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