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Nykredit Realkredit acts on of Danish Competition Council permission

On 27 September 2017, the Danish Competition Council published a decision permitting Nykredit to raise the prices for a category of loans to personal customers with Nykredit Realkredit.

Based on this decision, Nykredit is now announcing price rises to about 60,000 mortgage customers. Mortgage loans with Totalkredit, which has more than 700,000 customers, will not be affected.

Read the decision of the Danish Competition Council here [in Danish]:

<https://www.kfst.dk/pressemeddelelser/kfst/2017/20172709-nykredits-tilsagn-om-bidragloft-erstattes-af-nye-tilsagn/>

The new administration margins will take effect on 1 July 2018 and will exclusively apply to mortgage loans granted to personal customers of Nykredit Realkredit. The administration margins of adjustable-rate mortgages with 1-4 year funding will rise by 0.15 percentage point, while administration margins for other mortgages will increase by 0.10 percentage point. The administration margins will remain unchanged for the most secure loan type: fixed-rate repayment mortgages.

Anders Jensen, Group Managing Director of Nykredit, says:

- We are raising administration margins for a group of Nykredit Realkredit's customers who have seen lower administration margins than others for a number of years.
- About 60,000 customers will be affected by the administration margin increase. The great majority of these customers will still have a mortgage with the lowest administration margin in the market when the increase takes effect in nine months. I would like to stress that mortgage loans with Totalkredit, which has more than 700,000 customers, will not be affected.
- Our business must appropriately balance all of its income and costs. With the permission of the Danish Competition Council, we are taking a step towards striking a better balance for this group of Nykredit Realkredit loans, and this is the reason for this administration margin increase.

About the decision

As a condition for Nykredit's acquisition of Totalkredit in 2003, we entered into an agreement with the Danish competition authorities to lower the prices of existing Nykredit Realkredit loans and not to raise prices without prior approval from the competition authorities. No such ceiling was agreed for the prices of Totalkredit loans.

Following an exemption granted in 2011, the ceiling was changed with effect from April 2012. The exemption expired on 31 March this year but was extended until 30 September this year.

In June 2016, Nykredit requested the Danish competition authorities to remove the price restrictions for customers of Nykredit Realkredit. Nykredit wants to treat all customers of the Group on an equal footing – meaning that customers of Nykredit Realkredit and Totalkredit will pay the same for the same loans, thereby ensuring a better balance between the income and costs of Nykredit Realkredit's loan portfolio.

The permission of the Danish Competition Council implies that Nykredit Realkredit's prices may be brought into closer alignment with those of Totalkredit.

Questions may be addressed to Anders Jensen through Nykredit Press Relations, tel +45 44 55 14 95 or +45 44 55 14 96.