

Extension of individual government guarantee scheme until 31 December 2010

On 29 June 2010, the European Commission approved an extension of the Danish scheme for issuance of individual government guarantees until 31 December 2010.

The extension was subject to amendment of the terms and conditions for the scheme. The Danish Ministry of Economic and Business Affairs therefore issued an executive order to amend the executive order on application for an individual government guarantee under the Danish Act on Financial Stability, cf. Executive Order No. 682 of 18 June 2010, which came into force on 1 July 2010.

The amending executive order contains a provision stating that the guarantee commission payable for issued government guarantees will be increased. This applies to all guarantees issued after 1 July 2010, excluding borrowing and framework guarantees issued before 1 July 2010 which expire before 31 July 2010. The new terms and conditions will apply irrespective of any prior agreements on terms and conditions referring to the previous commission rate.

Moreover, as a result of the amendment, a credit institution must submit a profitability plan to the Danish Ministry of Economic and Business Affairs not later than three months after the issuance of an individual government guarantee, if, as a result of the specific guarantee issuance, the obligations comprised by the government guarantee total 5% or more of the credit institution's overall obligations and the total obligations comprised by the government guarantee exceed EUR 500 million.

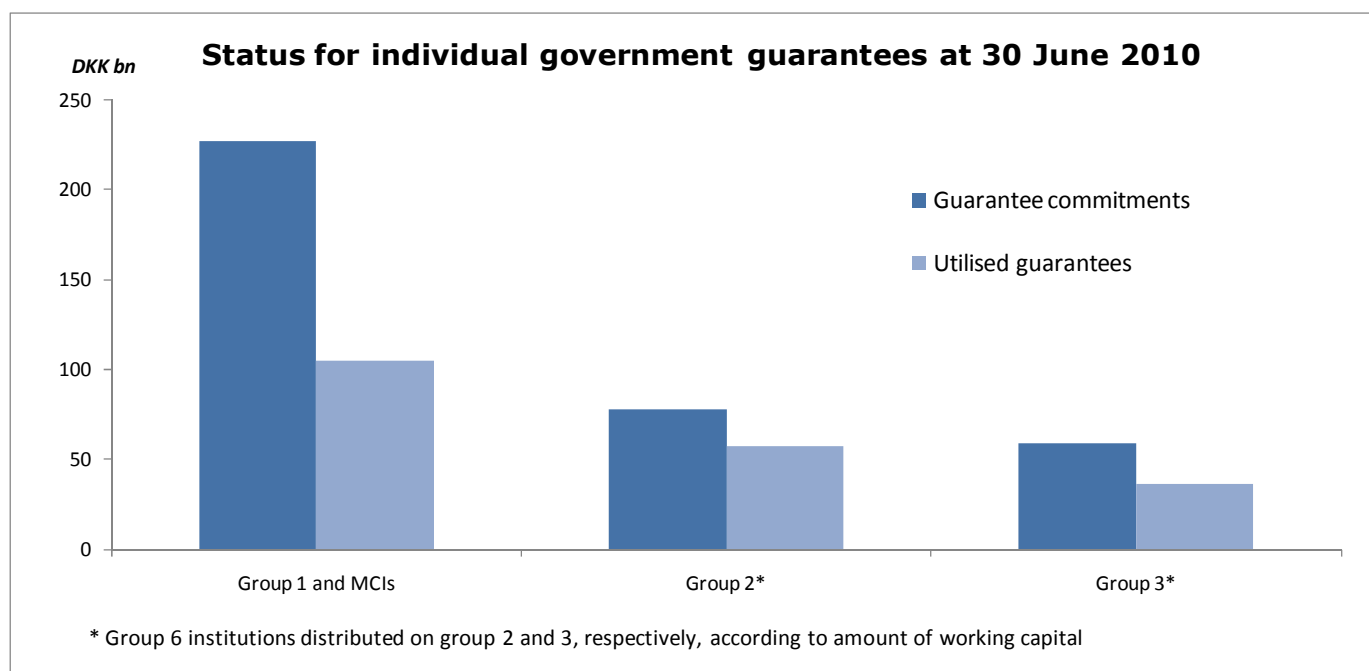
Following the extension granted by the European Commission, Finansiel Stabilitet may now issue individual government guarantees until 31 December 2010. It follows from the Danish Act on Financial Stability that the scheme comprises *loans* issued on or before 31 December 2010.

The requirement that the term of a government-guaranteed loan may not exceed three years means that government-guaranteed loans issued under the scheme will have expired on or before 31 December 2013.

Status

At 30 June 2010, Finansiel Stabilitet had granted guarantee commitments to 63 banks and mortgage credit institutions for a total amount of DKK 364 billion. Several of the agreements concluded are subject to special terms and conditions which are intended to ensure that Finansiel Stabilitet has assessed it to be justifiable to conclude the agreements.

At 30 June 2010, guarantees for a total amount of DKK 198 billion, including borrowing and framework guarantees, distributed on 50 institutions had been issued.



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