



Announcement
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EU Commission approves an extension of the individual government guarantee scheme until 30 June 2010

The Act to amend the Act on Financial Stability, which took effect on 4 February 2009, made it possible for Danish credit institutions to apply for individual government guarantees for unsubordinated, unsecured debt and for the provision of supplementary collateral by an institution issuing covered bonds. Pursuant to the act, the individual government guarantee scheme covers loans issued on or before 31 December 2010 with a term of up to three years.

As the individual government guarantee scheme contains elements of government subsidies, it is subject to approval by the EU Commission. Following the adoption of the Act to amend the Act on Financial Stability, the EU Commission approved the scheme for a period of six months with an option for extension. Most recently, in February 2010, the EU Commission approved the individual government guarantee scheme until 30 June 2010.

On the basis of statements by the EU Commission in connection with the most recent approval, it is currently unclear if, and under what terms, the EU Commission will approve a further extension of the scheme beyond 30 June 2010. Hence, there is a risk that the possibility of providing individual government guarantees will lapse on 30 June 2010. This means that the Financial Stability Company may not be able to provide individual guarantees after that date. This also applies if a credit institution has entered into an agreement with the Financial Stability Company for the terms providing a government guarantee. However, loans with individual government guarantees may be issued and disbursed until 30 days from 30 June 2010, as long as the guarantee has been issued by the Financial Stability Company on or before that date.

Individual government guarantees already issued will not be affected.

In order to gain an overview of the total volume of applications for individual government guarantees, the Financial Stability Company encourages credit institutions, which have not yet submitted an application, to indicate as soon as possible and not later than on 8 March 2010 whether they expect to apply and if so, how large a guarantee commitment they expect to apply for. At the same time, the Financial Stability Company encourages the institutions to submit their applications as early as possible in order to enable the Financial Stability Company to plan the processing of applications in view of a potential lapse of the scheme on 30 June 2010.

A potential extension of the scheme is not expected to be announced until some time in June 2010.

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