



The Financial Stability Company injects capital into newly-established bank which will carry on Fionia Bank's activities

The Financial Stability Company has entered into an agreement with Fionia Bank concerning the injection of capital into a newly-established bank which will carry on the bank's activities.

Fionia Bank has found that its individual solvency need, as set out in the Danish Financial Business Act, exceeds its current solvency ratio of 8.3%. As a result of the non-compliance with the solvency need, the Danish FSA has announced a deadline for the bank to achieve compliance.

In this connection, Fionia Bank and the Financial Stability Company have signed a framework agreement containing the following key elements:

- Fionia Bank will set up a new bank to which all of the bank's assets and liabilities except share capital and subordinated loan capital are transferred. The current shareholders will continue as owners of the new bank.
- The Financial Stability Company supplies subordinated capital of approximately DKK 1 billion in order for the new bank to achieve a solvency ratio of 13%.
- All of Fionia Bank's shares in the new bank will be pledged as security with the Financial Stability Company. At the same time, the voting rights attaching to the shares will be transferred to the Financial Stability Company, which will thus gain control of the new bank.
- The current Board and Management of Fionia Bank will continue as Board and Management when the new bank is established. In addition, the Financial Stability Company will appoint a new board member, Jørn Kristian Jensen, former executive vice president of Nordea Bank.
- The Financial Stability Company will provide liquidity to the new bank on an arm's length basis to the extent necessary.

This solution makes it possible for Fionia Bank's customers to maintain their confidence in the bank. At the same time, the new bank will continue its efforts to reduce its exposure and balance sheet total through divestment and reduction of major commitments in the areas of property and mortgage deeds, to increase its focus on private customers and small and medium-sized customers on Funen and in the Vejle, Fredericia, Kolding regions and to increase deposits. The long-standing, extensive co-operation with the smaller banks will continue.

"In the Financial Stability Company, we are satisfied with the solution we have reached. We believe that the agreed continuation of the bank creates the best possible platform for servicing the bank's customers and maintaining its position – and thus ultimately for retaining the bank's values. This solution also leaves open the possibility that Fionia Bank may remain an active player in the Danish banking sector's consolidation process," says Henning Kruse Petersen, Chairman of the Board of the Financial Stability Company.

The agreement between Fionia Bank and the Financial Stability Company is subject to approval by the Danish competition authorities and the European Commission as well as to approval by the shareholders. In addition, the requisite approvals must be obtained from the Danish FSA.

For additional information, please contact:

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Set up under the Act on Financial Stability, the purpose of the Financial Stability Company is to ensure that the claims of unsecured creditors against banks and bank branches comprised by the guarantee scheme are covered.