

Announcement
2 March 2009

Løkken Sparekasse signs framework agreement with the Financial Stability Company

For some time, Løkken Sparekasse has been in search of a merger partner, but in vain. Because the bank does not meet the solvency requirement, a framework agreement has been made with the Financial Stability Company. All deposits and other unsecured claims are covered by the state guarantee scheme while the bank's guarantee capital must be deemed to have been lost.

Following a number of impairment write-downs in 2008, especially on large property commitments, Løkken Sparekasse has been in search of a merger partner for some time. However, it has not succeeded, and because the bank fails to meet the solvency requirement under the Danish Financial Business Act, a conditional transfer agreement has now been made with the Financial Stability Company.

Pursuant to section 7(2) of the Danish Financial Business Act, Løkken Sparekasse has entered into a conditional transfer agreement with the Financial Stability Company, entailing the establishment of a subsidiary by the Financial Stability Company into which all of the bank's assets and liabilities, with the exception of the DKK 170 million guarantee capital, will be transferred.

During the preparation of the annual financial statements, the bank and its auditors appointed by the Committee of Shareholders have found a need to write down property commitments, after which the Board of Directors has found the bank's equity insufficient to carry on business as an independent bank. This is the background for the agreement with the Financial Stability Company.

"We have worked hard to find a solution that would allow the underwriters to get their money back, but unfortunately, this has not been possible. I am sorry that we have not been able to find a merger partner, and for this reason, we have no other option than to be included under the Financial Stability Company. I will make no secret of the fact that it is a very regrettable and sad ending to the long history of Løkken Sparekasse," Poul Sørensen, Chairman of Løkken Sparekasse's Board of Directors, says.

"Even though the guarantee capital is probably lost, the agreement with the Financial Stability Company leaves open the possibility that the underwriters may receive any profits if the Financial Stability Company is redeemed. Meanwhile, I am pleased that we have already received offers for the bank's core business. It is a priority for the Board to retain as many jobs as possible," Poul Sørensen concludes.

The agreement between Løkken Sparekasse and the Financial Stability Company is subject to approval by the Danish FSA. It is also subject to the Committee of Shareholders not adopting an alternative proposal that would result in the bank meeting the solvency requirement under section 124 of the Financial Business Act before expiry of the deadline on 26 March 2009 announced by the Danish FSA.

As Løkken Sparekasse is a member of the Private Contingency Association, it is covered by the government guarantee scheme and all deposits and other unsecured claims are fully covered pursuant to the Act on Financial Stability. This means that the full amount of claims, with the exception of guarantee capital, by private customers, commercial customers and financial creditors is secured.

If required, the Financial Stability Company will make the necessary liquidity available in order for all unsecured creditors to receive payment in due time.

“The Financial Stability Company hopes to find a solution which will continue to ensure good service for the customers. On the other hand, we have to face the fact that the underwriters have most likely lost their money. We will now assess the offer we have already received. At the same time, we hope to receive further offers from other interested parties,” says Chairman of the Financial Stability Company, Henning Kruse.

For additional information, please contact:

Financial Stability Company
Henning Kruse Petersen, Chairman of the Board
Tel. +45 20 10 00 51

Henrik Bjerre-Nielsen, CEO
Tel. +45 21 14 21 11

Afviklingselskabet til sikring af finansiel stabilitet A/S
(The Financial Stability Company)
Dr. Tværgade 4, 1, DK-1302 Copenhagen K,
Tel. +45 70 27 87 47, www.finansielstabilitet.dk

Løkken Sparekasse:
Knud Rødbro, Board member
Tel. +45 98 99 90 19

Løkken Sparekasse:
Søndergade 3, DK-9480 Løkken,
Tel. +45 98 99 14 22, www.loekkensparekasse.dk