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Announcement no. 8/2008

6 March 2008

Totalkredit/Nykredit offer Fionia Bank A/S a changed co-operation agreement
As announced by Totalkredit/Nykredit on 6 March 2008, the banks behind Totalkredit are being offered a new and wider co-operation agreement, which expands the agreement from 2003, which was entered into when Nykredit acquired Totalkredit. However, the offer is subject to the condition that it must be accepted by a sufficient number of banks.

Fionia Bank A/S has decided to support the new contractual basis.

The changed contractual basis will affect the bank's profit and loss account and solvency ratio already in the present financial year, cf. below.

Acceptance of supplementary payment offer will result in a capital gain for Fionia Bank A/S
The original purchase agreement from 2003 contained a subsequent adjustment of Nykredit's purchase price for Totalkredit, which was linked to Totalkredit's market share as at 1 April 2010. However, diversification will make it difficult accurately to calculate Totalkredit's market share in 2010. Nykredit is therefore already now offering the banks to fix the market share at 35 per cent as at 1 April 2010. This will result in a supplementary payment to the banks totalling DKK 1,460 million after tax. The actual payment will only be made on 1 October 2012, as originally agreed, and it will be distributed between the banks on a pro rata basis in accordance with their interests in Totalkredit when the company was sold in 2003.

Even though the supplementary payment only falls due in 2012, the banks must, if the offer is accepted, recognise the present value of the future supplementary payment as a capital gain in the profit and loss account already now. For Fionia Bank, the supplementary payment will result in a capital gain of approximately DKK 29 million, which results in an increase of DKK 22 million in the profit after tax in the first quarter of 2008.

Switch to new co-operation model increases Fionia Bank A/S's solvency ratio
In addition to the fixing of the supplementary payment, the offer entails that the bank will switch from the current loss guarantee model to a set-off model not later than as at 1 April 2008. In the future, any losses on Totalkredit loans arranged by the banks will be set off against the current commissions that the banks receive from Totalkredit for their services and the servicing of the borrowers until the full ascertained loss has been covered.

For Fionia Bank, the switch to the set-off model means that loss guarantees for approximately DKK 1.2 billion vis-à-vis Totalkredit will lapse. This will reduce the risk-weighted items, which, other things being equal, will result in an increase in the solvency ratio of approximately 0.3 percentage points.

Yours sincerely,

Finn B. Sørensen
Managing Director