

The Danish Financial  
Supervisory Authority,  
OMX Nordic Exchange  
Copenhagen,  
Oslo Børs

**Managing Director**  
**Frank Kristensen**  
Torvet 4-5  
DK-7620 Lemvig  
Tel +45 96 63 20 00  
  
fk@vestjyskbank.dk

6 March 2008

### **Totalkredit/Nykredit offers vestjyskBANK a modified cooperation agreement**

As informed by Nykredit on 6 March 2008 the financial institutions behind Totalkredit have been offered a new and wider cooperation agreement, which builds on the agreement from 2003 that was signed when Nykredit purchased Totalkredit. The offer is, nevertheless, contingent on a sufficient number of financial institutions entering into the new agreement.

vestjyskBANK has decided to back the new terms of reference.

Already within the present financial year, the changed terms of reference will affect vestjyskBANK's income statement and solvency, cf. below.

### **Approval of deferred payment offered will result in capital gain for vestjyskBANK**

The original purchase agreement from 2003 contained a deferred adjustment of Nykredit's purchase price for Totalkredit, which was dependent on Totalkredit's market share as at 1 April 2010. However, diversification will complicate a precise calculation of Totalkredit's market share in 2010. Therefore, Nykredit is already now offering financial institutions to set the market share at 35% as at 1 April 2010. This results in a total tax-exempt deferred payment to the financial institutions of DKK 1,460m. As originally agreed, the actual payment will be effectuated 1 October 2012 and will be distributed among the financial institutions according to their ownership shares in Totalkredit at the sale of the company in 2003.

Although the payment is not due until 2012, the financial institutions must – if the offer is accepted – recognise the present value of the future payments as a capital gain in their income statement. For vestjyskBANK the additional payment will result in a capital gain of approximately DKK 39m, which in Q1 2008 will increase profits after tax by approximately DKK 29m.

### **Transition to the new cooperation model increases the solvency ratio in vestjyskBANK**

In addition to the determination of the deferred payment, the offer also stipulates that the financial institutions as at 1 April 2008 must transfer from the current loss guarantee model to

a netting model. In future, potential losses on Totalkredit loans provided by the financial institutions will be set off against the current commissions, which the financial institutions receive from Totalkredit for their efforts and servicing of the borrowers, until the total loss recorded has been covered.

In vestjyskBANKs case the transition to the netting model will mean that loss guarantees of approximately DKK 1.6bn against Totalkredit will be annulled. Thereby the risk-adjusted items will be reduced, which – other things being equal – will result in an increase in solvency of approximately 0.3 percentage points.

Yours faithfully,

**vestjysk BANK**

Frank Kristensen  
*Managing Director*