

Finansiel **Stabilitet**

Interim report for the period ended
30 June 2009

Contents

Highlights	3
Company details	4
Group overview	4
Management's review (Group and parent company)	5
Statements	13
Statement by the Management	13
Independent auditors' review report	14
Financial statements for the period 13 October 2008 – 30 June 2009	15
Income statement	16
Statement of comprehensive income	16
Balance sheet as at 30 June 2009	17
Statement of changes in equity	18
Consolidated cash flow statement	19
Notes to the financial statements	20

Highlights

- **Finansiel Stabilitet was founded on 13 October 2008.**

- **Profit for the period after tax was DKK 5.6 billion:**

- The profit was primarily achieved on the basis of payments of guarantee commission from the Private Contingency Association.
- The profit generated by Finansiel Stabilitet reflects the agreed distribution in the Danish Act on Financial Stability, whereby the Private Contingency Association undertakes to cover the first DKK 10 billion lost on distressed banks.
- The guarantee amount from the Private Contingency Association was calculated at DKK 4.6 billion at 30 June 2009, around DKK 1 billion higher than the amount guided on 19 June 2009. This was owing to additional losses and impairment write-downs in subsidiaries.

- **Agreements with distressed banks:**

- 21 November 2008: EBH Bank A/S
- 22 February 2009: Fionia Bank A/S
- 2 March 2009: Løkken Sparekasse A/S

- 16 April 2009: Gudme Raaschou Bank A/S

- 24 April 2009: Straumur Burdaras Investment Bank hf

- After the end of the reporting period, Finansiel Stabilitet has acquired ownership of Roskilde Bank. The transfer was completed on 10 August 2009.

- **Issuance of individual government guarantees:**

- Finansiel Stabilitet has signed agreements with Danske Bank A/S, Spar Nord A/S and FIH Erhvervsbank A/S on commitments for government guarantees.

- Commission payments in relation to and issuance of individual government guarantees will affect the financial statements from the second half of 2009.

- **Outlook for the financial year 2009:**

- If losses on subsidiaries do not exceed DKK 10 billion, the net profit for the period October 2008 to December 2009 will equal the paid-up guarantee commission from the Private Contingency Association and the return thereon, approximately DKK 9.4 billion.

Copenhagen, 31 August 2009

Henrik Bjerre-Nielsen
CEO

Phone: +45 70 27 87 47
E-mail: mail@finansielstabilitet.dk

Company details

Finansiel Stabilitet A/S
Amaliegade 3-5, 5
DK-1256 Copenhagen K
Denmark

Phone: +45 70 27 87 47
Fax: +45 33 93 13 33
Website: www.finansielstabilitet.dk
E-mail: mail@finansielstabilitet.dk

Company reg.
(CVR) no.: 30515145

Date of
incorporation: 13 October 2008
Municipality of
registered office: Copenhagen

Board of Directors

Henning Kruse Petersen (Chairman)
Jakob Brogaard (Deputy Chairman)
Anette Eberhard
Claus Gregersen
Christian Th. Kjølbbye
Birgitte Nielsen
Visti Nielsen

Management Board

Henrik Bjerre-Nielsen

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Borups Allé 177
DK-2000 Frederiksberg
Denmark

Group overview

Finansiel Stabilitet

EBH Bank	Fionia Bank	Løkken Sparebank	Pantebrevsselskabet af 2. juni 2009	Roskilde Bank
-------------	----------------	---------------------	--	------------------

Management's review

(Group and parent company)

Finansiel Stabilitet at a glance

Finansiel Stabilitet was established on 13 October 2008 as part of an agreement between the Danish State and Danish banks (the Private Contingency Association) on a scheme to secure financial stability in Denmark. This agreement was reached in response to the international crisis and the impact it was having on the financial sector.

Finansiel Stabilitet is a financial holding company owned by the Danish State through the Danish Ministry of Economic and Business Affairs.

The Company's activities are governed i.a. by the Danish Act on Financial Stability and the Danish Financial Business Act and executive orders issued in pursuance thereof. In addition, the Company is subject to special provisions regarding state-owned public companies.

The objects of Finansiel Stabilitet are:

- to ensure, as part of the Danish Act on Financial Stability (see below), that the claims of unsecured

creditors of the banks and branches which have entered into an agreement with the Private Contingency Association are covered, if their bank becomes distressed. In addition, Finansiel Stabilitet is responsible for ensuring the timely payment of all due claims of unsecured creditors and depositors;

- to manage a scheme for individual government guarantees as part of the agreement on the Credit Package, see next page. Under this scheme, Finansiel Stabilitet enters into agreements for the provision of individual government guarantees for existing and new unsubordinated, unsecured debt and for the provision of supplementary collateral (junior covered bonds) with a maturity of up to three years by institutions issuing covered bonds; and
- to manage the agreement made between Danmarks Nationalbank (the Danish central bank), the Private Contingency Association and Finansiel Stabilitet on the transfer of Roskilde Bank's activities to Finansiel Stabilitet. The transfer of Roskilde Bank to Finansiel Stabilitet was completed on 10 August 2009.

The Danish Act on Financial Stability in outline

On 10 October 2008, the Danish parliament adopted the Danish Act on Financial Stability, which is based on an agreement between the Danish State and Danish banks (the Private Contingency Association). The act ensures that the full amount of claims by customers and other unsecured creditors against banks that have entered into an agreement with the Private Contingency Association is fully secured until 30 September 2010.

The Private Contingency Association provides a guarantee of DKK 10 billion to cover losses in Finansiel Stabilitet. If the loss guarantee of DKK 10 billion is fully

utilised, any additional losses will be covered by the DKK 15 billion guarantee commission from the Private Contingency Association. If the loss exceeds the DKK 10 billion loss guarantee and the DKK 15 billion guarantee commission, the Private Contingency Association will cover any additional losses up to DKK 10 billion by means of an increased guarantee commission. The total contribution from the Private Contingency Association in the form of guarantee commission and loss guarantee may total up to DKK 35 billion over the two-year period. If the loss exceeds DKK 35 billion, any additional loss is covered by the Danish State.

The Credit Package in outline

On 3 February 2009, the Danish parliament adopted the Danish Act on State-Funded Capital Injections into Credit Institutions (the Credit Package). The agreement on the Credit Package is intended to contribute to normalising lending policies, thereby lowering the risk of a self-reinforcing negative spiral between the financial sector and the general economy.

Pursuant to the Credit Package, the Danish State will offer state-funded capital injections into banks and mortgage credit institutions. Basically, these injections are loans, so-called hybrid Tier 1 capital, that carry interest and must be repaid. The applications for state-funded capital injections are processed by the

Coordination Group for Financial Stability, which comprises the Danish Ministry of Economic and Business Affairs, the Danish Ministry of Finance and Danmarks Nationalbank.

As part of the Credit Package, Finansielt Stabilitet may furthermore enter into agreements on behalf of the Danish State for the provision of individual government guarantees for existing and new unsubordinated, unsecured debt and for the provision of supplementary collateral (junior covered bonds) with a maturity of up to three years by institutions issuing covered bonds or mortgage-covered bonds. The guarantee scheme applies to loans issued on or before 31 December 2010.

The activities of Finansielt Stabilitet mainly comprise the winding up of activities of distressed Danish banks which have signed an agreement with Finansielt Stabilitet. Moreover, share capital, subordinated loan capital and unsubordinated debt are injected in this connection. Losses in connection with the winding up and restructuring of distressed banks up to DKK 35 billion are covered by the Private Contingency Association in the form of the loss guarantee or paid-up guarantee commission. The object of Finansielt Stabilitet is to contribute as effectively as possible to securing financial stability within the framework of available resources and applicable rules.

Financial position

Finansielt Stabilitet generated a profit of DKK 5.6 billion in the period 13 October 2008 to 30 June 2009, primarily attributable to paid-up guarantee commission from the Private Contingency Association. Pursuant to the Danish Act on Financial Stability, a total amount of

DKK 15 billion will be paid up for the period 1 October 2008 to 30 September 2010. Part of the total guarantee commission of DKK 5.6 billion has been paid by way of shares, cooperative share certificates or guarantee certificates. The value of such instruments totalled DKK 0.4 billion at 30 June 2009.

The profit generated by Finansielt Stabilitet reflects the agreed distribution in the Danish Act on Financial Stability to the effect that the Private Contingency Association is to cover the first DKK 10 billion lost on distressed banks and the subsequent DKK 15 billion is to be taken from commission payments made to Finansielt Stabilitet.

At 30 June 2009, total losses on distressed banks amounted to DKK 4.6 billion, composed of a DKK 2.5 billion loss in EBH Bank A/S, a DKK 1.4 billion loss in the former Gudme Raaschou Bank A/S (Pantebrevs-selskabet af 2. juni 2009 A/S), a DKK 0.5 billion loss in

Løkken Sparebank A/S and a DKK 0.2 billion loss in Fionia Bank A/S. As a result, the Private Contingency Association had a liability of DKK 4.6 billion at 30 June 2009 to be paid to Finansielt Stabilitet on expiry of the guarantee scheme in September 2010.

Since Finansielt Stabilitet was established in October 2008, the Group's total assets have risen in step with the ongoing acquisition of subsidiaries. At 30 June 2009, Finansielt Stabilitet had total assets of DKK 49 billion. The winding up of Finansielt Stabilitet's activities, which is part of the overall objective, includes ongoing divestments of subsidiary activities, if, based on a risk assessment, an appropriate price can be obtained.

Key items:

Consolidated profit	DKK	5,385	million
Minority interests	DKK	260	million
Parent company profit	DKK	5,645	million

Principal risks

The principal risk for Finansielt Stabilitet is the risk that losses on distressed banks exceed the DKK 10 billion loss guarantee from the Private Contingency Association. This risk depends on the development of losses in existing and potential new subsidiaries. Losses in subsidiaries are a result of credit risks previously assumed by such banks. Finansielt Stabilitet has access to draw on a re-lending facility funded by the Danish State and is therefore not exposed to liquidity risk.

Performance by the individual activities

Since its inception in October 2008, Finansielt Stabilitet has entered into agreements with ebh bank a/s, Fionia Bank A/S, Løkken Sparekasse and Gudme Raaschou Bank A/S in connection with their failure to comply with the solvency requirements defined in the Danish Financial Business Act. These agreements have involved the divestment and winding up of parts of the

banks' activities and funding of the remaining parts in the form of share capital, subordinated loan capital and unsubordinated debt. In addition, an agreement has been made with Straumur Burdaras Investment Bank hf in connection with the Icelandic FSA's taking control of the bank, which operated branch activities in Denmark.

EBH Bank A/S

On 21 November 2008, the board of directors of the former ebh bank a/s signed a conditional agreement providing for the transfer of all assets and liabilities, except for share capital and other subordinated capital, to a newly established bank owned by Finansielt Stabilitet. The agreement became effective on 28 November 2008. At a general meeting held on 27 November 2008, the former bank's shareholders resolved to change the name of the bank to Selskabet af 27. november 2008 A/S. The continuing bank was named EBH Bank A/S and became a wholly-owned subsidiary of Finansielt Stabilitet.

The transfer was completed after the board of directors and the management board of the former bank in November 2008 established that the amount of impairment write-downs required was so substantial that the bank would fail to comply with the solvency requirements of the Danish Financial Business Act. The write-downs mainly involved lending related to the property sector.

During the period until 30 June 2009, EBH Bank A/S sold 11 bank branches to a number of banks and savings banks in northern and western Jutland. The divestments comprised a total of some 18,000 customers, and 65 employees were transferred to the new owners.

After the divestment of the activities in EBH Bank A/S, a number of exposures are still in the process of being

wound up. Total assets amounted to DKK 5.9 billion at 30 June 2009, of which loans and advances totalled DKK 4.0 billion.

At 30 June 2009, Finansiel Stabilitet's injection of capital and liquidity to EBH Bank A/S amounted to DKK 5.4 billion in the form of share capital, subordinated loan capital and ordinary debt financing.

Key items:

Loss on acquisition:	DKK	1,054	million
Loss for the period (28 November 2008 – 30 June 2009):	DKK	(1,470)	million
Total assets at 30 June 2009:	DKK	5,915	million
Loans and advances at 30 June 2009:	DKK	4,009	million
Equity at 30 June 2009:	DKK	1,476	million

Fionia Bank A/S

On 22 February 2009, the former Fionia Bank A/S signed a framework agreement with Finansiel Stabilitet, whereby all assets and liabilities of Fionia Bank A/S, except for equity and subordinated capital, would be transferred to a newly established bank named Fionia Bank A/S. The original Fionia Bank A/S changed its name to Fionia Holding A/S. Finansiel Stabilitet A/S injected subordinated capital in the amount of DKK 0.8 billion and concurrently subscribed for one share. All remaining shares in the company held by Fionia Holding A/S were pledged to Finansiel Stabilitet, and the voting rights attaching to the shares, and consequently the full control of the company, were also transferred to Finansiel Stabilitet. The EU Commission approved the framework agreement on 20 May 2009, and the new Fionia Bank A/S was open for business on 28 May 2009.

The framework agreement was made after the former Fionia Bank A/S in 2008 had made a number of impairment write-downs on loans related to the property

market, causing the solvency of Fionia Bank A/S to fall short of the individual solvency need as defined in the Danish Financial Business Act.

On 31 August 2009, after an open and transparent tender process, Finansiel Stabilitet signed an agreement with Nordea on the sale of Fionia Bank with the exception of assets subject to a particularly high degree of risk. Initially, Nordea will pay goodwill in the amount of DKK 0.9 billion for the acquisition. The remaining parts of Fionia Bank's activities, comprising impaired exposures and other assets that are not expected to be sold under the current market conditions, will be transferred to a newly established subsidiary owned by Finansiel Stabilitet. In reality, goodwill from the sale will be used to strengthen the capital base of the established subsidiary, where the winding up of activities is subject to a significant risk of loss. The effect of the agreement will be recognised in the financial statements in the second half of 2009. Reference is made to a separate announcement on this matter released by Finansiel Stabilitet.

At 30 June 2009, Finansiel Stabilitet's injection of capital and liquidity to Fionia Bank amounted to DKK 2.3 billion in the form of subordinated loan capital and ordinary debt financing. An additional capital increase has been scheduled after completion of the sales process.

Key items:

Loss on acquisition:	-
Loss for the period: (28 May 2009 – 30 June 2009):	DKK (564) million
Total assets at 30 June 2009:	DKK 33,104 million
Loans and advances at 30 June 2009:	DKK 17,000 million
Equity at 30 June 2009:	DKK (192) million

Løkken Sparebank A/S

On 2 March 2009, the former Løkken Sparekasse signed a conditional framework agreement with

Finansiel Stabilitet to transfer the bank's assets and unsubordinated debt. On 25 March 2009, the board of representatives of the former Løkken Sparekasse resolved to enter into a final agreement to transfer the bank's activities to Finansiel Stabilitet's wholly-owned subsidiary Løkken Sparebank A/S.

The transfer took place after the former Løkken Sparekasse had made a number of impairment write-downs during 2008. The write-downs were particularly related to the property sector. Subsequent attempts to find a merger partner were unsuccessful, and the board of directors established that the bank's equity was insufficient to allow the bank to continue as an independent bank.

A sales process was initiated on 2 March 2009, and on 31 March Finansiel Stabilitet announced that an agreement had been signed with Nordjyske Bank A/S on the sale of the core activities of the former Løkken Sparekasse. With effect from 1 April, Nordjyske Bank A/S took over a DKK 0.6 billion loan portfolio, guarantees in the amount of DKK 0.2 billion and total deposits of DKK 1.4 billion. As a result of the sale of these activities, 34 employees of the former Løkken Sparekasse and around 15,000 customers were transferred to Nordjyske Bank A/S.

It was agreed with the board of directors of the former Løkken Sparekasse – subsequently the association LS Løkken – that any profit in connection with the winding up of the remaining exposures of Løkken Sparebank A/S would accrue to the association LS Løkken in full or partial coverage of the lost guarantee capital. Due to the need for further impairment write-downs on loans, the board of directors of the association LS Løkken was informed in June 2009 that, in Finansiel Stabilitet's judgment, coverage of the lost guarantee capital was not to be expected.

After the divestment of the above-mentioned activities in Løkken Sparebank A/S, a number of exposures are

still in the process of being wound up. The bank's total assets amounted to DKK 0.5 billion at 30 June 2009, most of which were loans and advances.

At 30 June 2009, Finansiel Stabilitet's capital injection into Løkken Sparebank totalled DKK 0.8 billion, including share capital in the amount of DKK 0.7 billion.

Key items:

Loss on acquisition:	DKK 454 million
Loss for the period: (25 March 2009 – 30 June 2009):	DKK (7) million
Total assets at 30 June 2009:	DKK 549 million
Loans and advances at 30 June 2009:	DKK 498 million
Equity at 30 June 2009:	DKK 199 million

Gudme Raaschou Bank A/S

On 16 April 2009, Gudme Raaschou Bank A/S signed a conditional transfer agreement with Finansiel Stabilitet. The transfer to Finansiel Stabilitet was completed on 30 June 2009 without payment of any consideration. The agreement provides for adjustment if the winding up of the bank's activities yields a return to Finansiel Stabilitet in excess of the standard market return with due account being taken of risk.

The transfer agreement with Finansiel Stabilitet was made after the bank had had to make substantial impairment write-downs due to developments in the property market, causing the solvency of Gudme Raaschou Bank A/S to fall short of the individual solvency need as defined in the Danish Financial Business Act.

On 30 April 2009, a sales process was initiated concerning the activities of Gudme Raaschou Bank A/S and, with effect from 1 June 2009, Lån & Spar Bank A/S took over the bank's asset management and portfolio management activities as well as a deposit and loan portfolio. On 30 June 2009, the remaining activities of the former Gudme Raaschou Bank A/S,

primarily mortgage deed activities, were transferred to Pantebrevsselskabet af 2. juni 2009 A/S, which is a subsidiary under Finansiell Stabilitet.

Pantebrevsselskabet af 2. juni 2009 A/S handles the continuing operation and winding up of the activities, which mainly consist of loans and advances, including a large mortgage deed portfolio intended for real property financing.

At 30 June 2009, Finansiell Stabilitet's capital injection into Pantebrevsselskabet af 2. juni 2009 A/S totalled DKK 0.5 million, injected as share capital. An additional capital increase is scheduled to take place in the second half of 2009.

Key items:

Loss on acquisition:	DKK	1,392	million
Profit/(loss) for the period:	DKK	-	
Total assets at 30 June 2009:	DKK	2,414	million
Loans and advances at 30 June 2009:	DKK	2,146	million
Equity at 30 June 2009:	DKK	(1,391)	million

Straumur Burdaras Investment Bank hf

On 24 April 2009, Finansiell Stabilitet signed an agreement with Straumur Burdaras Investment Bank hf concerning depositors with the bank's Danish branch.

As the bank's Danish branch is a member of the Private Contingency Association and the government guarantee scheme managed by Finansiell Stabilitet, deposits with the branch are covered pursuant to the rules of the Danish Act on Financial Stability. Only the branch's depositors are covered.

Since 9 March 2009, Finansiell Stabilitet has made disbursements to depositors with the Danish branch as the claims of such depositors fell due, less DKK 300,000 per depositor, which is the amount secured through the Danish depositors' guarantee scheme.

Finansiell Stabilitet has made an agreement with Straumur Burdaras Investment Bank hf, among other things involving the following:

- From the effective date of the agreement, Finansiell Stabilitet will disburse to all depositors with the Danish branch the full balance of depositor accounts at the due date, including an amount of DKK 300,000, which is covered by the Danish depositors' guarantee scheme.
- The depositors' agreement with Straumur Burdaras Invest Bank hf remains unchanged.
- Customers who have received disbursements from Finansiell Stabilitet in the period from 9 March 2009 until 24 April 2009, and from whom deductions have been made for amounts covered by the Danish or Icelandic depositors' guarantee schemes of up to DKK 300,000, will receive such amount directly from Straumur Burdaras Investment Bank hf.
- Straumur Burdaras Investment Bank hf will cover all due claims from customers of the Danish branch to the effect that neither Finansiell Stabilitet nor the Danish depositors' guarantee scheme is burdened in connection with the takeover by the Icelandic FSA of control with Straumur Burdaras Investment Bank hf.

At 30 June 2009, there is an outstanding amount of DKK 84 million covered by Islandsbanki hf.

Individual government guarantee

On behalf of the Danish State, Finansiell Stabilitet may furthermore enter into agreements for the provision of individual government guarantees for existing and new unsecured, unsecured debt and for the provision of supplementary collateral (junior covered bonds) with a maturity of up to three years by credit institutions issuing covered bonds or mortgage-covered

bonds. The guarantee scheme came into force on 4 February 2009 and comprises loans issued until 31 December 2010.

Applications may be submitted by Danish banks, subsidiaries of foreign banks operating in Denmark, mortgage credit institutions and Danish Ship Finance A/S complying with the solvency requirement of 8%, the institution's individual solvency need and any higher individual solvency requirements fixed by the Danish FSA, cf. the Danish Financial Business Act.

Institutions being granted a guarantee become subject to certain restrictions, including in respect of dividend payments, capital reductions and implementation of share option programmes or similar programmes in favour of the institution's executive management.

On 16 June 2009, Finansiel Stabilitet signed a 12-month agreement with Danske Bank for the provision of an individual government guarantee of the bank's bond issues. Under the agreement, Finansiel Stabilitet provided a guarantee commitment to Danske Bank for DKK 100 billion within which Danske Bank may request Finansiel Stabilitet to issue a guarantee on behalf of the Danish State for the bank's bond issues on terms to be agreed between the parties. At 30 June 2009, guarantees representing DKK 26.3 billion had been issued under the scheme.

On 26 June 2009, Finansiel Stabilitet made a commitment to provide an individual government guarantee to Spar Nord for bond issues. The 12-month agreement enabled Spar Nord to apply for a government guarantee for issues under the bank's EMTN bond programme for up to DKK 7.5 billion.

After the end of the reporting period, Finansiel Stabilitet has signed an agreement with FIH Erhvervsbank to provide an individual government guarantee on behalf of the Danish State for the bank's bond issues. The guarantee commitment totals DKK 50 billion.

Finansiel Stabilitet's management tasks include receiving premium payments from institutions covered by the scheme. Premium payments will be kept separate from the other activities of Finansiel Stabilitet and will accrue to the Treasury after provisions/write-offs and management fees. The scheme will not affect the financial statements until the second half of 2009, as the first premium payments were initiated in July 2009.

Roskilde Bank

After the end of the reporting period, a conditional agreement has been made between Danmarks Nationalbank, the Private Contingency Association and Finansiel Stabilitet on the transfer of Roskilde Bank to Finansiel Stabilitet. This agreement was signed on 21 July 2009 and provided that Danmarks Nationalbank and the Private Contingency Association would transfer all shares in Roskilde Bank to Finansiel Stabilitet. In addition, Danmarks Nationalbank transferred a subordinated loan to Finansiel Stabilitet. Following an extraordinary general meeting held by Roskilde Bank on 10 August 2009, Finansiel Stabilitet assumed ownership of and liabilities relating to Roskilde Bank. Finally, Finansiel Stabilitet took over liabilities relating to Roskilde Bank's borrowing facility with Danmarks Nationalbank. The total outstanding amount taken over by Finansiel Stabilitet was DKK 22.2 billion, comprising share capital in the amount of DKK 6.7 billion, subordinated loan capital of DKK 1.0 billion and a DKK 14.5 billion borrowing facility.

The share capital held by the Private Contingency Association was transferred to Finansiel Stabilitet without consideration.

The costs of winding up Roskilde Bank will be accounted for separately from Finansiel Stabilitet's other activities. In connection with the transfer, Finansiel Stabilitet has taken over a government guarantee which implies that losses will be covered through the Danish State when a final calculation is made. When Roskilde Bank was taken over, a preliminary calcula-

tion of the fair value of assets and liabilities was made, resulting in a DKK 3.9 billion impairment write-down of Finansiel Stabilitet's investment, which is covered through the government guarantee.

Outlook for the 2009 financial year

The performance of Finansiel Stabilitet during the reporting period was characterised by the fact that the Company was in the initial stage of establishment. Since the Company was formed in continuation of the Danish Act on Financial Stability in October 2008, Finansiel Stabilitet has established a structure that meets the objectives defined for the Company.

The profit for the period was achieved primarily on the basis of payments of guarantee commission from the Private Contingency Association and the operating

grants from the Danish State, and losses incurred on subsidiaries during the interim period were covered through the DKK 10 billion loss guarantee from the Private Contingency Association.

Finansiel Stabilitet's performance in the second half of 2009 will be determined by the financial performance of its subsidiaries. However, the development of losses is subject to great uncertainty, as subsidiary exposures remain subject to significant risk, including in relation to the property market. If losses on existing and potential new subsidiaries are limited to DKK 10 billion in aggregate, the net profit for the period October 2008 to December 2009 will equal the paid-up guarantee commission from the Private Contingency Association and the return thereon, approximately DKK 9.4 billion.

Statement by the Management

The Board of Directors and the Management Board have today considered and adopted the interim report of Finansielt Stabilitet A/S for the period 13 October 2008 to 30 June 2009.

The interim report is presented in accordance with IAS 34, Interim Financial Reporting as adopted by the EU in respect of the Group and the Danish Financial Business Act in respect of the parent company and in accordance with additional Danish disclosure requirements for interim reports of financial enterprises.

In our opinion, the interim report gives a true and fair view of the Group's and the parent company's assets,

liabilities and financial position at 30 June 2009 and of the results of the Group's and the parent company's operations and cash flows for the period 13 October 2008 – 30 June 2009.

Moreover, in our opinion, the management's review includes a fair review of the development and performance of the business and the financial position of the Group and the parent company, the results for the period and of the financial position of the Group as a whole, together with a description of the principal risks and uncertainties that the Group and the parent company face.

Copenhagen, 31 August 2009

Management Board

Henrik Bjerre-Nielsen
CEO

Board of Directors:

Henning Kruse Petersen
Chairman

Jakob Brogaard
Deputy Chairman

Anette Eberhard

Claus Gregersen

Christian Th. Kjølbbye

Birgitte Nielsen

Visti Nielsen

Independent auditors' review report

To the shareholders of Finansielt Stabilitet A/S

We have reviewed the interim financial statements of Finansielt Stabilitet A/S for the period starting on 13 October 2008 and ending on 30 June 2009, comprising income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes to the financial statements for the Group as well as the parent company, and the cash flow statement for the Group. The consolidated interim financial statements are presented in accordance with IAS 34, Interim Financial Reporting as adopted by the EU, while the interim financial statements of the parent company are presented in accordance with the Danish Financial Business Act. Moreover, the interim financial statements are presented in accordance with additional Danish disclosure requirements for interim reports of financial enterprises.

The Company's Board of Directors and Management Board are responsible for the interim financial statements. Our responsibility is to express a conclusion on the interim financial statements based on our review.

Copenhagen, 31 August 2009

KPMG

Statsautoriseret Revisionspartnerselskab

Flemming Brokhattingen
State Authorised Public Accountant

Lars Rhod Søndergaard
State Authorised Public Accountant

Scope of review

We conducted our review in accordance with the Danish Standard on Auditing RS 2410, "Review of Interim Financial Information Performed by the Auditor". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is significantly less in scope than an audit conducted in accordance with Danish Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements have not been prepared in accordance with IAS 34, Interim Financial Reporting as adopted by the EU, in respect of the Group and the Danish Financial Business Act in respect of the parent company and in accordance with additional Danish disclosure requirements for interim reports of financial enterprises.

Financial statements

Income statement

(DKKm)	Note	Group	Parent
Interest income	4	300.1	105.9
Interest expense	5	330.3	81.9
Net interest income/expense		(30.2)	24.0
Share dividends, etc.		2.5	0.0
Commission received from the Private Contingency Association		5,625.0	5,625.0
Other fees and commissions received		85.2	5.2
Fees and commissions paid		29.2	4.2
Net interest and fee income		5,653.3	5,650.0
Market value adjustments	6	(16.0)	(29.3)
Other operating income		59.3	10.9
Staff costs and administrative expenses	7	243.7	12.5
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		23.7	0.3
Other operating expenses		21.9	0.0
Impairment losses on loans, advances and receivables, etc.	8	1,642.0	192.0
Losses on acquisition of subsidiaries		2,899.9	2,899.9
Profit/(loss) from investments in subsidiaries and associates		(65.7)	(1,476.3)
Loss guarantee from the Private Contingency Association		4,594.9	4,594.9
Profit for the period before tax		5,394.6	5,645.5
Tax		9.5	-
Profit for the period		5,385.1	5,645.5

Statement of comprehensive income

Profit for the period	5,385.1	5,645.5
Other comprehensive income after tax	0.0	0.0
Total comprehensive income	5,385.1	5,645.5
Which is distributed as follows:		
The shareholders of Finansielt Stabilitet A/S	5,645.5	
Minority interests	(260.4)	
	5,385.1	

Balance sheet as of 30 June 2009

(DKKm)	Note	Group	Parent
ASSETS			
Cash in hand and demand deposits with central banks		2,662.8	1,680.1
Due from credit institutions and central banks		4,832.3	3,829.1
Loans, advances and other receivables at fair value		2,419.8	0.0
Loans, advances and other receivables at amortised cost		21,233.1	2,208.5
Bonds at fair value		10,097.8	0.0
Bonds at amortised cost		106.5	0.0
Shares, etc.		1,126.2	434.2
Investments in associates		34.7	0.0
Investments in subsidiaries		-	1,675.7
Intangible assets		72.8	0.0
Total land and buildings		450.5	0.0
– Investment properties		129.6	-
– Domicile properties		320.9	-
Other property, plant and equipment		44.6	1.6
Current tax assets		50.9	-
Assets held temporarily		115.1	0.0
Receivable re. loss guarantee from the Private Contingency Association		4,594.9	4,594.9
Other assets		861.6	65.4
Prepayments		32.4	0.0
TOTAL ASSETS		48,736.0	14,489.5
EQUITY AND LIABILITIES			
Liabilities			
Due to credit institutions and central banks		12,253.6	0.0
Deposits and other payables		15,614.8	84.0
Loans through the state-funded re-lending scheme		8,544.5	8,544.5
Bonds at amortised cost		1,932.3	0.0
Other liabilities		4,293.4	215.0
Deferred income		8.9	0.0
Total liabilities		42,647.5	8,843.5
Provisions			
Provisions for losses on guarantees		192.0	0.0
Other provisions		250.5	0.0
Equity			
Share capital		0.5	0.5
Retained earnings		5,645.5	5,645.5
Minority interests		0.0	-
Total equity		5,646.0	5,646.0
TOTAL EQUITY AND LIABILITIES		48,736.0	14,489.5

Statement of changes in equity

Group (DKK m)	Share capital	Retained earnings	Total	Minority interests	Total equity
Equity as of 13 October 2008	0.5	-	0.5	-	0.5
Changes in equity during the period	-	-	-	-	-
Additions on acquisition of subsidiary	-	-	-	260.4	260.4
Comprehensive income for the period	-	5,645.5	5,645.5	(260.4)	5,385.1
Equity as of 30 June 2009	0.5	5,645.5	5,646.0	0.0	5,646.0

Parent company (DKK m)	Retained Share capital	Total earnings	equity
Equity as of 13 October 2008	0.5	-	0.5
Changes in equity during the period	-	-	-
Comprehensive income for the period	-	5,645.5	5,645.5
Equity as of 30 June 2009	0.5	5,645.5	5,646.0

Consolidated cash flow statement

(DKKm)	Group
Profit for the period after tax	5,385
Adjustment for non-cash operating items	3,595
Cash flow from operating capital	(12,946)
Cash flows from operating activities	(3,966)
Acquisition of subsidiaries	4,329
Sale of fixed asset investments, etc.	47
Cash flows from investing activities	4,376
Loans through the state-funded re-lending scheme	8,569
Issued bonds	(820)
Cash flows from financing activities	7,749
Cash flows for the period	
Cash and cash equivalents at 13 October 2008	0
Change during the period	7,898
Cash and cash equivalents at 30 June 2009	7,898

Notes to the financial statements

1 Accounting policies

The interim report is presented in accordance with IAS 34, Interim Financial Reporting as adopted by the EU in respect of the Group and the Danish Financial Business Act in respect of the parent company and in accordance with additional Danish disclosure requirements for interim reports of financial enterprises.

The interim report is the Company's first external financial report. The interim report therefore comprises a full description of accounting policies.

Basis of preparation

The interim report is presented in DKK rounded to the nearest DKK 0.1 million.

The accounting policies described below have been consistently applied for the period.

In addition to IAS 34, for recognition and measurement purposes, the Company applies those international financial reporting standards in force at 30 June 2009.

Accounting estimates and judgments

The calculation of the carrying amounts of certain assets and liabilities relies on judgments, estimates and assumptions about future events.

The estimates and assumptions applied are based on historical experience and other factors that Management considers reasonable under the circumstances, but which are inherently uncertain and unpredictable. Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may occur. In addition, the Group and parent company are subject to risks and uncertainties that may cause actual outcomes to deviate from these estimates.

It may be necessary to change previous estimates as a result of changes to the assumptions on which the estimates were based or due to new information or subsequent events.

Estimates significant to the financial reporting include the following:

- The accounting treatment of Finansielt Stabilitet's acquisition of distressed banks, including assessment of the fair values of acquired assets and liabilities;

- Impairment losses on loans and advances and provision for losses on guarantees;
- Fair value of financial instruments, including mortgage deeds;
- Due to uncertainty in the measurement of assets and liabilities of subsidiaries and realisable values thereof, the preliminary calculation of the loss guarantee from the Private Contingency Association is subject to significant uncertainty.

Foreign currency translation

The functional currency of the Finansielt Stabilitet A/S Group is Danish kroner.

On initial recognition, transactions denominated in foreign currencies are translated into the functional currency at the exchange rate ruling at the transaction date. Exchange differences arising between the exchange rate at the transaction date and the exchange rate at the payment date are recognised in the income statement as financial income or financial expense.

Receivables, payables and other monetary items in foreign currencies are translated to the functional currency at the exchange rates ruling at the balance sheet date. The difference between the exchange rate ruling at the balance sheet date and the exchange rate ruling at the date when the receivable or payable arose or the exchange rate applied in the most recent annual report is recognised in the income statement as financial income or financial expense.

Offsetting

Receivables and payables are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle them on a net basis or to realise assets and settle the liability simultaneously.

Financial instruments – general

At the date of recognition, financial assets are divided into the following categories:

- Trading portfolio, measured at fair value;
- Loans and advances and receivables, measured at amortised cost;
- Financial assets held to maturity, measured at amortised cost;

Notes to the financial statements

- Financial assets at fair value through profit or loss;
- Available-for-sale financial assets, at fair value through equity.

At the date of recognition, financial liabilities are divided into the following categories:

- Trading portfolio, measured at fair value;
- Other financial liabilities, measured at amortised cost.

Derivative financial instruments

Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively, and positive and negative values are set off only when the Company has the right and the intention to settle several financial instruments on a net basis. Fair values of derivative financial instruments are calculated on the basis of current market data and generally accepted valuation methods.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets or liabilities are recognised in the income statement together with changes in the fair value of the hedged asset or liability as regards the hedged portion.

If the criteria for hedge accounting cease to be met, the accumulated value adjustment of the hedged item is amortised over the remaining term to maturity.

Changes in the portion of the fair value of derivative financial instruments designated as and qualifying as a hedge of future cash flows that is an effective hedge of changes in the value of the hedged item are recognised in equity under a separate hedging reserve until the hedged transaction is realised. At that time, any gains or losses relating to the hedged transaction are transferred from equity and recognised in the same item as the hedged item. Gains or losses from hedges of proceeds from future borrowings are, however, transferred from equity over the term of the loan.

If the hedging instrument no longer meets the criteria for hedge accounting, the hedging relationship is discontinued henceforth. The cumulative changes in value recognised in equity are transferred to the income statement when the hedged cash flows affect profit or loss.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement as they occur.

Certain contracts contain terms and conditions similar to those of derivative financial instruments. Such embedded derivatives are recognised separately and measured at fair value if they differ significantly from the host contract, unless the entire contract is recognised and measured at fair value.

Accounting policies applied for the Group

Consolidated financial statements

The consolidated financial statements comprise the parent company Finansiell Stabilitet A/S and subsidiaries which Finansiell Stabilitet A/S controls. Control is obtained when the Company directly or indirectly holds 50% or more of the voting rights or otherwise has the power to control the enterprise.

Enterprises in which the Group exercises significant influence but not control are classified as associates. Significant influence is generally obtained by directly or indirectly holding more than 20%, but less than 50%, of the voting rights.

In assessing whether Finansiell Stabilitet A/S exercises control or significant influence, potential voting rights exercisable at the balance sheet date are taken into account.

The consolidated financial statements have been prepared consolidating the financial statements of the parent company and the individual subsidiaries stated under the Group's accounting policies, eliminating intra-group income and expenses, shareholdings, intra-group balances and dividends as well as realised and unrealised gains on intra-group transactions. Unrealised gains on transactions with associates are eliminated in proportion to the Group's share of the enterprise. The subsidiaries' share in and commitments to the Private Contingency Association have not been eliminated, as these do not constitute intra-group transactions. Unrealised losses are eliminated in the same way as unrealised gains, to the extent that no impairment has occurred.

Investments in subsidiaries are eliminated at the proportionate share of the subsidiaries' fair value of identifiable net assets and recognised contingent liabilities at the date of acquisition.

Notes to the financial statements

The items of the financial statements of subsidiaries are fully consolidated in the consolidated financial statements. The share of profit for the year and equity attributable to minority interests in subsidiaries that are not wholly owned are included in the consolidated profit and equity, respectively, but as separate line items.

Business acquisitions

Acquired enterprises are recognised in the consolidated financial statements from the date of acquisition. Enterprises divested or wound up are recognised in the consolidated income statement until the date of disposal. Comparative figures are not adjusted to reflect acquisitions or divestments.

Acquisitions are accounted for using the purchase method if Finansiell Stabilitet A/S gains control of the company acquired. The identifiable assets, liabilities and contingent liabilities of acquired enterprises are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they can be separated or if they arise from a contractual right and the fair value can be reliably measured. Deferred tax on revaluations is recognised.

The date of acquisition is the date on which control of the acquired company actually passes to Finansiell Stabilitet A/S.

If the measurement of acquired identifiable assets, liabilities or contingent liabilities is subject to uncertainty at the date of acquisition, initial recognition will be made on the basis of a preliminary calculation of fair values. If it subsequently turns out that the identifiable assets, liabilities or contingent liabilities had another fair value at the time of acquisition than that originally assumed, the value is adjusted up to 12 months after the acquisition. The effect of any adjustments relating to prior financial years is recognised in the opening equity, and comparative figures are restated accordingly.

Balance sheet

Due from credit institutions and central banks

Amounts due from credit institutions and central banks comprise amounts due from credit institutions and time deposits with central banks. Reverse transactions, that is purchases of securities from

credit institutions and central banks to be resold at a later date, are recognised as amounts due from credit institutions and central banks.

Loans, advances and receivables at fair value

Loans, advances and receivables at fair value comprise loans, advances and receivables for which the price is fixed in active markets and loans, advances and receivables at fair value through profit or loss, because the conditions for using the fair value option are met.

The loans, advances and other receivables involved are measured at fair value on initial and subsequent recognition.

Mortgage deeds are measured at fair value using a valuation method based on the parameters which it is assumed that a qualified, willing and independent market participant would use.

Given the lack of market input and the limited loss experience, the assumptions applied are largely based on qualified estimates. As and when more loss experience is gained and/or market input can be applied, these will replace the qualified estimates.

Loans, advances and receivables at amortised cost

Loans, advances and receivables are initially recognised at fair value plus transaction costs and less fees and commissions received that are directly related to the establishment. Subsequently, loans, advances and receivables are measured at amortised cost using the effective interest method less write-downs for bad debt losses.

Regular assessment is made of whether there is any objective indication of impairment, whether at portfolio level or individually.

Objective indication of impairment on an individual basis exists if at least one of the following events has occurred:

- the borrower is experiencing significant financial difficulty;
- the borrower's actions, such as default on interest or principal payments, lead to a breach of contract;

Notes to the financial statements

- the Group, for reasons relating to the borrower's financial difficulty, grants to the borrower a concession that the Group would not otherwise have granted;
- it becomes probable that the borrower will enter into bankruptcy or other financial reconstruction.

Individual write-down for impairment of loans, advances and receivables is made when there is an objective indication of impairment and the impairment loss can be calculated. The impairment loss is calculated as the difference between the carrying amount of the loan and the present value of expected future cash flows from the loan. The expected future cash flows are determined based on the most probable outcome.

For fixed-rate loans, the original effective interest rate is used as discount rate. For floating-rate loans, the current effective interest rate on the loan is used.

Collective impairment write-downs are made when there is an objective indication of impairment at portfolio level and the impairment loss can be estimated.

An objective indication of impairment at portfolio level exists when observable data indicate a fall in expected future cash flows from the group of loans, advances or receivables which can be reliably measured and which cannot be attributed to individual loans, advances or receivables in the group.

Collective impairment write-downs are as a rule calculated using rating and segmentation models. The model-based collective impairment write-downs are subsequently adjusted to the extent that it is found that events have occurred that the models do not take into account or that the historical loss experience on which the models are based does not reflect the actual circumstances.

Individual as well as collective write-downs are reversed through profit and loss if there is no longer any objective indication of impairment or if a lower impairment loss is calculated.

Loan impairment losses are booked in allowance accounts. Loans and advances that are considered uncollectible are written off. Write-offs are deducted from the allowance accounts.

Interest on the individual loans and advances is recognised as income net of impairment losses.

Bonds, shares, etc.

Listed securities are measured at fair value at the settlement date. Fair values are measured at closing prices at the balance sheet date.

Unlisted securities are measured at fair value under the fair value option. Fair values of unlisted securities are measured on the basis of models or agreed trading prices according to shareholder agreements.

The fair value option is applied because risk management is based on fair values and is included on this basis in the internal management reporting.

If it is assessed that the fair value cannot be determined with sufficient reliability, the securities are measured at cost less any impairment losses.

The item includes Finansiell Stabilitet A/S' holding of shares, cooperative share certificates and guarantee certificates received from banks in payment of guarantee commission in relation to the government guarantee scheme for banks having joined the Private Contingency Association.

Associates

Associates are recognised at the proportionate share of fair values.

Intangible assets

Software

Software acquired is measured at cost, including costs incurred to make each software application ready for use. Software acquired is amortised on a straight-line basis over the expected useful life, usually three years.

Proprietary software is recognised if its cost can be measured reliably and analyses indicate that the Group's future earnings from the use of the software match the related development costs.

Development projects

Clearly defined and identifiable development projects where the technical feasibility of the project, the availability of adequate resources and a potential use can

Notes to the financial statements

be demonstrated and where the intention is to use the project, are recognised as intangible assets if the cost can be measured reliably and there is sufficient certainty of expected future cash flows. Other development costs are recognised in the income statement as incurred.

Recognised development costs are measured at cost less accumulated amortisation and impairment. Cost comprises the development costs incurred to make the project ready for use, including direct remuneration and consultants' fees.

After completion of the development work, development projects are amortised on a straight-line basis over their estimated economic lives from the time the asset is ready for use. The amortisation period is usually three years. The basis of amortisation is reduced by any impairment write-downs.

Costs incurred in the planning phase are not included; instead such expenses are recognised as incurred. Costs attributable to the maintenance of development projects are recognised in the year of maintenance.

Impairment of intangible assets

The carrying amount of intangible assets is assessed regularly and is written down through the income statement if the carrying amount exceeds the expected future net income from the entity or the asset.

Property

Property comprises domicile properties and investment properties.

Property is recognised at cost on acquisition and subsequently at fair value. Fair value is calculated on the basis of current market data based on a rate of return model. The fair value of each property is reassessed annually, taking into consideration current rental market conditions and current return requirements.

Domicile property is real property occupied by the Group's operations and administrative functions. Domicile property is depreciated on a straight-line basis, taking into account the individual components and residual value of the property, at estimated useful lives of between 10 and 75 years.

The residual value is determined at the date of acquisition and revalued each year. Where the residual

value exceeds the carrying amount, the property ceases to be depreciated. If the depreciation period or the residual value is changed, the effect on depreciation going forward is recognised as a change in accounting estimates.

Revaluation of domicile property is done by increasing fair value and is recognised in a revaluation reserve under equity.

Investment property is real property owned for the purpose of receiving rent and/or obtaining capital gains. Fair value adjustments are recognised in Market value adjustments.

Properties are valued by the Group's own expert valuers. Every two years, the measurement of the principal investment and domicile properties is verified by external valuers.

Land is not depreciated.

Other property, plant and equipment

Other property, plant and equipment include operating equipment and fixtures, including IT equipment, which are measured at cost less depreciation. The assets are depreciated using the straight-line method based on their expected useful lives of between 3 and 5 years.

Leasehold improvements are measured at cost less depreciation, which is calculated on a straight-line basis over an estimated useful life of 5 years.

The carrying amount of other property, plant and equipment is assessed regularly and is written down through the income statement if the carrying amount exceeds the expected future net income from the entity or the asset.

Impairment of property, plant and equipment

The carrying amount of property, plant and equipment is assessed regularly and is written down through the income statement if the carrying amount exceeds the expected future net income from the entity or the asset.

Tax payable and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as estimated tax on the taxable income for the year, adjusted for tax on prior years' taxable income and for tax paid under the on-account tax scheme.

Notes to the financial statements

Deferred tax is measured in accordance with the balance sheet liability method on all temporary differences between the carrying amount and tax base of assets and liabilities. However, the Group does not recognise deferred tax on temporary differences relating to goodwill not subject to amortisation for tax purposes and office buildings and other items if the temporary differences – other than business acquisitions – arose at the date of acquisition without affecting either profit for the year or taxable income. In cases where the tax base may be computed according to several sets of tax regulations, deferred tax is measured on the basis of the intended use of the asset or settlement of the liability planned by Management.

Deferred tax assets, including the tax base of tax losses carried forward, are recognised at the expected value of their utilisation, either as a set-off against tax on future earnings or as a set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax assets are reviewed annually and recognised only to the extent that it is probable that they will be utilised.

Deferred tax assets and tax liabilities are offset if the enterprise has a legally enforceable right to set off current tax liabilities and tax assets or intends either to settle current tax liabilities and tax assets on a net basis or to realise the assets and settle the liabilities simultaneously.

Adjustment is made to deferred tax relating to eliminations of unrealised intra-group profits and losses.

Deferred tax is measured on the basis of the tax regulations and rates that, according to the rules in force at the balance sheet date, will apply at the time the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement.

Assets held temporarily

Assets held temporarily comprise non-current assets (such as property) and disposal groups held for sale. A disposal group is a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction. Liabilities regarding assets held for sale are liabilities directly associated with those assets that will be transferred in the transaction. Assets are

classified as “held temporarily” if their carrying amount will be recovered principally through a sale transaction within 12 months in accordance with a formal plan rather than through continuing use.

Assets or disposal groups held for sale are measured at the lower of the carrying amount at the date when the assets were classified as “held temporarily” and fair value less costs to sell. Assets are not depreciated or amortised as from the date they are classified as “held temporarily”.

Impairment losses occurring in connection with the initial classification as “assets held temporarily”, and gains or losses in relation to subsequent measurement at the lower of the carrying amount and fair value less costs to sell are recognised in the income statement under the items to which they relate.

Assets and related liabilities are recognised separately in the balance sheet, and the main items are specified in the notes to the financial statements.

Other assets

The item comprises assets not classified under any other asset item, including positive market values of spot transactions and derivative financial instruments, interest and commissions receivable. Other assets are measured at amortised cost.

Prepayments

Prepayments comprise costs incurred prior to the balance sheet date but which relate to a subsequent period, including prepaid commissions and prepaid interest. Prepayments are measured at amortised cost.

Financial liabilities

At the date of borrowing, deposits, issued bonds and debt to credit institutions, central banks, etc. are recognised at the proceeds received less transaction costs incurred. In subsequent periods, financial liabilities are measured at amortised cost, applying the “effective interest method”, to the effect that the difference between the proceeds and the nominal value is recognised in the income statement under financial expenses over the term of the loan. Other financial liabilities are measured at amortised cost.

Subordinated debt consists of liabilities in the form of subordinated loan capital and other capital contribu-

Notes to the financial statements

tions which, in the event of the Company's voluntary or compulsory winding up, will not be repaid until after the claims of ordinary creditors have been met. Subordinated debt is also measured at amortised cost.

Other liabilities

The item comprises liabilities not classified under any other liability item, including negative securities portfolios arising in connection with reverse transactions, negative market values of derivative financial instruments, interest due, etc. Other liabilities are measured at amortised cost.

Deferred income

Deferred income comprises income received prior to the balance sheet date but which relates to a subsequent period, including interest and commissions received in advance. Deferred income is measured at amortised cost.

Provisions

Provisions comprise provisions made in connection with legal disputes, guarantees, undrawn irrevocable credit facilities, employee benefits, etc. The item also comprises guarantee commitments for unsecured debt in banks, individual government guarantees for existing and new unsubordinated, unsecured debt in banks.

Provisions are recognised when, as a consequence of an event occurring before or at the balance sheet date, the Group has a legal or constructive obligation, and it is probable that there may be an outflow of economic benefits to meet the obligation.

Provisions are measured as Management's best estimate of the amount which is expected to be required to settle the liability.

In the measurement of provisions, the costs required to settle the liability are discounted if such discounting would have a material effect on the measurement of the liability. A pre-tax discount factor is used that reflects the general level of interest rates with the addition of risks specific to the provision. The changes in present values for the financial year are recognised in financial expense.

Restructuring costs are recognised as liabilities when a detailed, formal restructuring plan has been announced not later than at the balance sheet date to

the parties affected by the plan. On acquisition of enterprises, restructuring provisions relating to the acquired enterprise are included in the calculation of the negative balance only if the acquired enterprise has a liability at the date of acquisition.

A provision for onerous contracts is recognised when the unavoidable costs under a contract exceed the expected benefits to the Group from the contract.

Equity

Proposed dividend

Proposed dividend is recognised as a liability at the time of adoption by the shareholders at the annual general meeting (the date of declaration). Dividend expected to be paid in respect of the financial year is stated as a separate line item under equity.

Interim dividend is recognised as a liability at the date of resolution.

Minority interests

Minority interests' share of equity equals the carrying amount of the net assets in group enterprises not owned directly by Finansiel Stabilitet A/S.

Contingent assets and liabilities

Contingent assets and contingent liabilities consist of possible assets and liabilities arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Finansiel Stabilitet A/S Group.

Contingent assets are disclosed when an inflow of economic benefits is probable.

Contingent liabilities are disclosed when an outflow of economic resources from the Group is possible but not probable. Disclosure also includes current liabilities which have not been recognised because it is not probable that the liability will entail an outflow of economic resources or where no reliable estimate of the liability can be made.

Income statement

Interest income and expense

Interest income and expense and current commission in respect of interest-bearing financial instruments

Notes to the financial statements

measured at amortised cost are recognised in the income statement applying the effective interest method based on the cost of the financial instrument.

Interest includes amortisation of fees which are an integral part of the effective yield of the financial instrument, including origination fees, and amortisation of any additional difference between cost and redemption price.

Interest income and expense include interest on financial instruments carried at fair value, including forward premiums on forward contracts.

Recognition of interest on loans and advances with individual impairment write-downs is made on the basis of the value after impairment.

Fee and commission income, net

The item comprises fees, commissions, remuneration, etc. which are not an integral part of the effective yield of a financial instrument. Income and expenses for services provided over a period of time, such as guarantee commissions, are accrued over the period. Transaction fees, such as brokerage and custody fees, are recognised at the transaction date.

Market value adjustments

Market value adjustments comprise value adjustments of assets and liabilities measured at fair value. The item also includes exchange rate adjustments.

Other operating income

Other operating income comprises income of a secondary nature in relation to the Group's activities, including income from work performed on behalf of data centres, gains on the sale of property, plant and equipment, etc.

Gains and losses on the disposal of intangible assets and property, plant and equipment are computed as the difference between the selling costs and the carrying amount at the date of disposal.

Staff costs and administrative expenses

Staff costs and administrative expenses comprise salaries, social security costs, holiday allowances, anniversary bonus, pension costs, etc.

Most of the Group's employees are covered by defined contribution plans. Under defined contribution

plans, the Group makes regular contributions to pension funds or pension companies, and the contributions are recognised as expenses as they are earned by the employees.

With a few former members of the Management Board, the Group has entered into defined benefit plans. The pension liability in this respect is based on an actuarial assessment of the present value of expected benefits. The present value is calculated on the basis of the expected future trends in interest rates, time of retirement, mortality rates and other factors and amounts are fully set off against the income statement.

Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Depreciation, amortisation and impairment of intangible assets and property, plant and equipment comprises depreciation, amortisation and impairment charges for the period.

Other operating expenses

Other operating expenses comprise items of a secondary nature in relation to the Group's activities.

Impairment losses on loans, advances and receivables

The item comprises losses and impairment charges on loans, advances and receivables as well as provisions for guarantees and undrawn credit facilities.

Profit/(loss) from investments in subsidiaries and associates

Profit/(loss) from investments in subsidiaries and associates comprises the proportionate share of the net profit or loss of the individual enterprise.

Taxation

Acquired enterprises are included in the joint taxation from the date of acquisition. Similarly, enterprises disposed of cease to be included from the date of acquisition.

The current Danish income tax liability is allocated among the jointly taxed companies in proportion to their taxable incomes. Companies utilising tax losses in other companies pay joint taxation contributions to the parent company equal to the tax base of the utilised losses, while companies whose tax losses are utilised by other companies receive joint taxation

Notes to the financial statements

contributions from the parent company equal to the tax base of the utilised losses (full allocation). The jointly taxed companies pay tax under the Danish on-account tax scheme.

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Special accounting issues relating to the parent company financial statements

Loss guarantee from the Private Contingency Association

Loss guarantee from the Private Contingency Association comprises receivables from the guarantee scheme for unsecured creditors of banks, including receivables under the DKK 10 billion demand guarantee issued by the Private Contingency Association and the right to charge additional guarantee commission of a further DKK 10 billion.

Investments in subsidiaries and associates

In the parent company financial statements, investments in subsidiaries and associates are recognised at the proportionate share of fair values.

On the parent company's acquisition of the assets and liabilities of a distressed bank, other than subordinated debt, at no consideration, the difference relative to the total negative fair value of the net assets at the acquisition date is recognised as a loss on the guarantee commitment under Losses on acquisition of subsidiaries. As a balancing item, the Private Contingency Association's coverage of losses up to DKK 10 billion is recognised.

Tax payable and deferred tax

Finansiel Stabilitet A/S is exempt from taxation but acts as an administrative company in respect of the computation and settlement of the subsidiaries' income under the joint taxation.

Commission from the Private Contingency Association

This item comprises the current guarantee commission totalling DKK 15 billion from the Private Contingency Association.

Other fees and commissions received

This item comprises commissions for individual guarantees, according to which Finansiel Stabilitet A/S is authorised on behalf of the Danish state to enter into agreements to provide individual government guarantees to existing and new unsubordinated secured debt, etc. (Credit Package).

Consolidated cash flow statement

The cash flow statement shows cash flows for the year distributed on operating, investing and financing activities, net changes for the year in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and divestments of enterprises is shown separately under cash flows from investing activities. In the cash flow statement, cash flows concerning acquired companies are recognised from the date of acquisition, while cash flows concerning divested companies are recognised until the date of divestment.

Cash flows from operating activities are calculated according to the indirect method as the profit for the year before tax adjusted for non-cash operating items, changes in working capital and income taxes paid.

Cash flows from investing activities comprise payments made in connection with the acquisition and divestment of enterprises and activities and the purchase and sale of intangible assets, property, plant and equipment and other non-current assets.

Cash flows from financing activities comprise changes in the size or composition of equity, issued bonds and subordinated debt and related costs, purchase and sale of treasury shares and distribution of dividend.

Cash and cash equivalents comprise cash as well as securities with a term to maturity of less than 3 months at the time of acquisition which can readily be converted to cash and are only subject to an insignificant risk of value changes.

Cash and cash equivalents consist of cash in hand and demand deposits with central banks, due from credit institutions and central banks with remaining terms to maturity of less than three months and bonds with remaining terms to maturity of less than three months.

Notes to the financial statements

Segment information – Group

Segment reporting is based on the internal operating segments applied in the management reporting which the executive operational management uses for resource allocation and performance follow-up.

Accordingly, the Group's reporting segments are:

- Securing of unsecured creditors of banks
This segment comprises Finansiel Stabilitet's activities in relation to the guarantee scheme for unsecured creditors of banks. See the Danish Act on Financial Stability below.
 - Loss on acquisition of distressed banks
 - Acquired operations of distressed banks which are to be transferred or wound up
 - A total of DKK 15 billion in guarantee commission payable in monthly instalments until 30 September 2010 by the Private Contingency Association. Returns on this amount will accrue to the Danish State.
 - Further loss cover provided by the Private Contingency Association in the form of a DKK 10 billion loss guarantee and a right to claim a further loss commission of up to DKK 10 billion, if required.
 - Financing and administrative expenses in relation to the above.
- Individual government guarantees
The Credit Package segment comprises the granting of individual government guarantees, cf. the Danish Act on Financial Stability, according to which Finansiel Stabilitet A/S is authorised, on behalf of the Danish State, upon application to grant individual government guarantees for existing or new unsubordinated secured debt, etc.
- Roskilde Bank
In August 2009, Finansiel Stabilitet assumed ownership of Roskilde Bank A/S from Danmarks Nationalbank and the Private Contingency Association. The winding up of Roskilde Bank will continue unchanged according to the previous plan. Roskilde Bank A/S is not covered by the general government guarantee pursuant to the Danish Act on Financial Stability, and thus is not included under the loss cover by the Private Contingency Association.

Notes to the financial statements

2 Segment information for the Group

Activities 13 October 2008 – 30 June 2009

(DKKm)	Securing of unsecured creditors of banks	Individual govern- ment guarantees	Roskilde Bank	Total
Net interest income/expense	(30.2)			(30.2)
Commission received from the Private Contingency Association	5,625.0			5,625.0
Net interest and fee income and market value adjustments	42.5			42.5
Other operating income/expenses, net	37.4			37.4
Operating expenses	267.4			267.4
Impairment charges on loans, advances, guarantees etc.	(1,642.0)			(1,642.0)
Losses on acquisition of subsidiaries	2,899.9			2,899.9
Profit/(loss) from investments in associates	(65.7)			(65.7)
Loss guarantee from the Private Contingency Association	4,594.9			4,594.9
Profit for the period before tax	5,394.6			5,394.6
Tax	9.5			9.5
Consolidated profit for the period	5,385.1			5,385.1
Minority interests	260.4			260.4
Profit for the period, parent company	5,645.5			5,645.5
Total segment assets	48,736.0			48,736.0

The individual government guarantees and Roskilde Bank segments will not affect the Group's operations until the second half of 2009.

Notes to the financial statements

Securing of unsecured creditors of banks

(DKKm)	Løkken		Pante brevs- selskabet		Guarantee scheme	Elimin- ations	Total
	EBH Bank	Spare- bank	Fionia Bank	af 2. juni 2009			
Net interest income/expense	(95.1)	7.7	32.7		24.0	0.5	30.2
Commission received from the Private Contingency Association	-	-	-	-	5,625.0	-	5,625.0
Net interest and fee income and market value adjustments	39.8	(1.4)	(79.1)	-	(28.3)	(112.5)	42.5
Other operating income/ expenses, net	32.2	(2.6)	(3.1)	-	10.9	-	37.4
Operating expenses	184.8	6.1	63.7	-	12.8	-	267.4
Impairment charges on loans, advances, guarantees etc.	1,186.1	4.4	450.8	-	0.7	-	1,642.0
Losses on acquisition of subsidiaries	1,053.9	454.0	0.0	1,392.0	-	-	2,899.9
Profit/(loss) from investments in associates	(65.7)	-	-	-	-	-	-65.7
Loss guarantee from the Private Contingency Association		-	-	-	4,594.9	-	4,594.9
Profit for the period before tax	(2,513.6)	(460.8)	(564.0)	(1,392.0)	10,213.0		5,394.6
Tax	9.8	-	(0.3)	-	-	-	9.5
Consolidated profit for the period	(2,523.4)	(460.8)	(563.7)	(1,392.0)	10,213.0		5,385.1
Minority interests	-	-	372.4	-	-	112.0	260.4
Profit for the period, parent company	(2,523.4)	(460.8)	(191.3)	(1,392.0)	10,213.0		5,645.5
Total segment assets	5,914.8	549.4	33,103.8	2,414.1	14,478.5	(7,735.6)	48,736.0

Loss guarantee from the Private Contingency Association, at 30 June 2009 amounting to DKK 4,594.9 million

Can be specified as follows:

EBH Bank	DKK 2,523.4 million
Løkken Sparebank	DKK 460.8 million
Pantebrevsselskabet af 2. juni 2009	DKK 1,392.0 million
Fionia Bank	DKK 191.3 million
Finansiell Stabilitet (costs, etc.)	DKK 27.4 million
Total	DKK 4,594.9 million

Profit for the period DKK 5,645.5 million

Can be specified as follows:

Commission received from the Private Contingency Association	DKK 5,625.0 million
Return on commission income received (net)	DKK 11.0 million
Operating grants from the Danish State	DKK 9.5 million
Total	DKK 5,645.5 million

Notes to the financial statements

3 Acquisition of enterprises - the Group

In performing its object under the Danish Act on Financial Stability, including securing all unsubordinated depositors and creditors covered by guarantee schemes and minimising losses in this respect, Finansiel Stabilitet A/S has acquired the assets and liabilities of a number of distressed banks. In connection with the acquisitions, the activities are to the widest possible extent to be transferred or continued with a view to winding up.

In the period to 30 June 2009, the activities of the following institutions have been acquired:

- ebh bank a/s
- Løkken Sparekasse
- Fionia Bank A/S
- Gudme Raaschou Bank A/S

After the balance sheet date, Finansiel Stabilitet A/S has also acquired Roskilde Bank A/S.

An account of each acquisition is given below.

ebh bank a/s

On 28 November 2008, Finansiel Stabilitet A/S acquired all assets and liabilities other than subordinated loans in ebh bank A/S through a newly established subsidiary, EBH Bank A/S.

Pursuant to the Danish Act on Financial Stability, the transfer was concluded without consideration.

The recognised loss on acquisition was DKK 1,054 million, equalling the amount by which the acquired liabilities exceeded the fair value of the acquired assets.

Since the acquisition, EBH Bank A/S has sold off a number of activities to other banks, whereas other activities have been discontinued. The remaining activities are in the process of being divested or discontinued, but this process is expected to take a few years.

During the period from the acquisition to 30 June 2009, a loss of DKK 1,470 million has been recognised. The loss largely concerns further impairment losses on loans, advances and mortgage deeds.

In light of the situation of the company, the fair values of the acquired assets and liabilities applied at the date of acquisition are subject to significant uncertainty. The risk of a subsequent downward adjustment of the fair values in the opening balance sheet is considered high. The acquired assets and liabilities are specified below.

The carrying amounts at the date of acquisition are not deemed to differ to any significant degree from the estimated fair values, but are subject to an equal amount of uncertainty.

(DKKm)	
Cash in hand and demand deposits with central banks	307
Due from credit institutions and central banks	504
Loans, advances and other receivables at fair value (mortgage deeds with nominal residual debt of DKK 377 million)	257
Loans, advances and other receivables at amortised cost (loans and advances with nominal residual debt of DKK 6,188 million)	4.857
Bonds and shares, etc. at fair value	480
Land and buildings	23
Current tax assets	19
Assets held temporarily	7
Other assets	460
Deposits and other payables	(7,751)
Other provisions	(217)
Acquired net assets	(1,054)
Cash consideration	0
Loss at the date of acquisition	1,054

Notes to the financial statements

At the establishment of EBH Bank A/S, Finansielt Stabilitet A/S contributed DKK 2,000 million in equity and DKK 400 million in subordinated debt. Subsequently, in January 2009 a capital increase of DKK 2,000 million was effected.

Løkken Sparekasse

On 28 November 2008, Finansielt Stabilitet A/S acquired all assets and liabilities, excluding guarantor capital, in Løkken Sparekasse through a newly established subsidiary, Løkken Sparebank A/S.

Pursuant to the Danish Act on Financial Stability, the transfer was concluded without consideration, but with the possibility that any excess proceeds from the sale or realisation of the activities after payment of interest on the capital contributed by Finansielt Stabilitet would accrue to Løkken Sparekasse.

The recognised loss on acquisition was DKK 454 million, equalling the amount by which the acquired

liabilities exceeded the estimated fair value of the acquired assets.

All activities, apart from a number of onerous exposures, were transferred to Nordjyske Bank immediately following the acquisition. The remaining exposures are in the process of being discontinued.

During the period from the acquisition to 30 June 2009, a loss of DKK 7 million has been recognised. The loss largely concerns further impairment losses on loans and advances.

In light of the situation of the company, the fair values of the acquired assets and liabilities applied at the date of acquisition are subject to significant uncertainty. The risk of a subsequent downward adjustment of the fair values in the opening balance sheet is considered high. The acquired assets and liabilities are specified below.

(DKKm)	
Due from credit institutions and central banks	127
Loans, advances and other receivables at amortised cost (loans and advances with nominal residual debt of DKK 1,743 million)	944
Bonds and shares, etc. at fair value	153
Goodwill	10
Land and buildings	17
Assets held temporarily	11
Debt to credit institutions	(181)
Deposits and other payables	(1,479)
Other provisions	(56)
Acquired net assets	(454)
Cash consideration	0
Loss at the date of acquisition	454

The carrying amounts at the date of acquisition are not deemed to differ to any significant degree from the estimated fair values, but are subject to an equal amount of uncertainty.

At the establishment of Løkken Sparebank A/S, Finansielt Stabilitet A/S contributed DKK 60 million in equity. Subsequently, in June 2009 a capital increase of DKK 600 million was effected.

Fionia Bank A/S

Finansielt Stabilitet A/S assumed control of Fionia Bank A/S on 28 May 2009 on the basis of the framework agreement signed on 22 February 2009.

According to the agreement, Fionia Bank A/S (now Fionia Holding A/S) contributed all assets and liabilities, other than subordinated capital, to a newly formed subsidiary (ny Fionia Bank A/S). In that connection, on 28 May 2009 Finansielt Stabilitet A/S granted a subor-

Notes to the financial statements

minated loan of DKK 790 million to the new company. At the same time, Finansielt Stabilitet A/S subscribed a share with a nominal value of DKK 10 and received a charge on the remaining part of the share capital in Fionia Bank A/S, including the voting rights. The subordinated loan also includes a contingent right for Finansielt Stabilitet to convert to shares.

Accordingly, at 30 June 2009 the minority shareholder of Fionia Bank A/S, Fionia Holding A/S owned almost the entire capital of Fionia Bank A/S. During the period from the acquisition to 30 June 2009, a loss of DKK 452 million has been recognised. The loss largely concerns further impairment losses on loans and advances. Moreover, at the acquisition, bonds at amortised cost were written down by DKK 112 million,

corresponding to the estimated fair value.

In light of the situation of the company, the fair values of the acquired assets and liabilities applied at the date of acquisition are subject to significant uncertainty. The assessment has been based on the carrying amount of the acquired assets and liabilities in the acquired distressed banks. The risk of a subsequent downward adjustment of the fair values in the opening balance sheet is considered high. The acquired assets and liabilities are specified below.

The carrying amounts at the date of acquisition are not deemed to differ to any significant degree from the estimated fair values, but are subject to an equal amount of uncertainty.

(DKKm)	
Cash in hand and demand deposits with central banks	182
Due from credit institutions and central banks	3,093
Loans, advances and other receivables at fair value	8
Loans, advances and other receivables at amortised cost (loans and advances with nominal residual debt of DKK 20,053 million)	17.856
Bonds at fair value	9,688
Bonds at amortised cost	105
Shares, etc.	418
Intangible assets	16
Total land and buildings	
– Investment properties	119
– Domicile properties	287
Other property, plant and equipment	27
Current tax assets/liabilities	47
Assets held temporarily	7
Other assets	718
Prepayments	24
Due to credit institutions and central banks	(11,433)
Deposits and other payables	(16,009)
Issued bonds at amortised cost	(1,933)
Other liabilities	(2,860)
Deferred income	(5)
Provisions for losses on guarantees	(36)
Other provisions	(59)
Acquired net assets	260
Minority interests	260
Cash consideration	0
Loss at the date of acquisition	0

Notes to the financial statements

Gudme Raaschou Bank

A/S (Pantebrevsselskabet af 2. juni 2009 A/S)

On 30 June 2009, Finansielt Stabilitet A/S acquired all assets and liabilities other than subordinated capital in Gudme Raaschou Bank A/S through a newly established subsidiary, Pantebrevsselskabet af 2. juni 2009 A/S.

Pursuant to the Danish Act on Financial Stability, the transfer was concluded without consideration, but with the possibility that any excess proceeds from the sale or realisation of the activities after payment of interest on the capital contributed by Finansielt Stabilitet would accrue to Gudme Raaschou Bank A/S.

Immediately prior to the acquisition, Gudme Raaschou Bank A/S sold its asset management activities to Lån & Spar Bank A/S.

The recognised loss on acquisition was DKK 1,392 million, equalling the amount by which the acquired liabilities exceeded the estimated fair value of the acquired assets.

The acquired assets mainly comprise a large portfolio of mortgage deeds and a number of loans to finance investments, mainly in mortgage deeds. In light of the situation of the company, the fair values of the acquired assets and liabilities applied at the date of acquisition are subject to significant uncertainty. The risk of a subsequent downward adjustment of the fair values in the opening balance sheet is considered high. The acquired assets and liabilities are specified below.

(DKKm)	
Cash in hand and demand deposits with central banks	69
Due from credit institutions and central banks	36
Loans, advances and other receivables at fair value (loans with nominal residual debt of DKK 2,581 million)	1,416
Loans, advances and other receivables at amortised cost (loans and advances with nominal residual debt of DKK 1,393 million)	730
Bonds at fair value and shares, etc.	17
Intangible assets and other property, plant and equipment	5
Assets held temporarily	88
Other assets and prepayments	52
Due to credit institutions and central banks	(4)
Deposits and other payables	(3,668)
Other liabilities	(62)
Other provisions	(71)
Acquired net assets	(1,392)
Cash consideration	0
Loss at the date of acquisition	1,392

The carrying amounts at the date of acquisition are not deemed to differ to any significant degree from the estimated fair values, but are subject to an equal amount of uncertainty.

In July 2009, Finansielt Stabilitet A/S effected a DKK 1,000 million capital increase in Pantebrevsselskabet af 2. juni 2009 A/S and a further capital increase is scheduled.

Pre-acquisition revenue and results of acquired enterprises

The hypothetical revenue and financial performance of the Group calculated as if the acquired enterprises had been acquired at 13 October 2008 is not disclosed, given the practical difficulties and lack of relevance of providing such information.

Notes to the financial statements

Roskilde Bank A/S

Danmarks Nationalbank, the Private Contingency Association and Finansielt Stabilitet A/S reached a conditional agreement on 21 July 2009 for the transfer of Roskilde Bank A/S to Finansielt Stabilitet A/S. The transfer was completed on 10 August 2009.

Finansielt Stabilitet A/S acquired all shares in Roskilde Bank A/S from Danmarks Nationalbank, equalling a value of DKK 6,723 million, and the subordinated loan capital of DKK 1,006 million from Danmarks Nationalbank. Also, Roskilde Bank A/S' DKK 14,540 million borrowing facility at Danmarks Nationalbank was closed.

The government guarantee issued to Danmarks Nationalbank in connection with the winding up of Roskilde Bank lapsed and was replaced by a similar government guarantee to Finansielt Stabilitet A/S. Finally, Finansielt Stabilitet takes over the Private Contingency Association's shares in Roskilde Bank without

consideration. The winding up of Roskilde Bank will continue unchanged according to the previous plan.

In connection with the transfer to Finansielt Stabilitet, a preliminary calculation of the fair value of assets and liabilities was carried out, resulting in a DKK 3.9 billion impairment write-down of Finansielt Stabilitet's investment, which is covered through the government guarantee.

In light of the situation of the company, the fair values of the acquired assets and liabilities applied at the date of acquisition are subject to significant uncertainty. The assessment has been based on the carrying amount of the acquired assets and liabilities in the acquired distressed banks. The risk of a subsequent downward adjustment of the fair values in the opening balance sheet is considered high. The acquired assets and liabilities are specified below.

(DKKm)

Cash in hand and demand deposits with central banks	650
Due from credit institutions and central banks	234
Loans, advances and other receivables at amortised cost (loans and advances with nominal residual debt of DKK 25,507 million)	17,090
Bonds at fair value and shares, etc.	2,005
Total land and buildings	433
Intangible assets and other property, plant and equipment	3
Assets held temporarily	170
Other assets and prepayments	178
Due to credit institutions and central banks	(14,355)
Deposits and other payables	(1,577)
Issued bonds at amortised cost	(2)
Other liabilities	(380)
Provisions	(641)
Subordinated debt	(1,000)
Acquired net assets	2,808
Cash consideration	6,723
Loss at date of acquisition (to be recognised in H2)	3,915

The carrying amounts at the date of acquisition are not deemed to differ to any significant degree from the estimated fair values, but are subject to an equal amount of uncertainty.

Notes to the financial statements

	Group	Parent
(DKKm)	13/10/08 – 30/06/09	13/10/08 – 30/06/09
4 Interest income		
Due from credit institutions and central banks	82.7	105.9
Loans, advances and other receivables	176.2	0.0
Bonds	39.9	0.0
Other interest income	1.3	0.0
Total	300.1	105.9

5 Interest expense

Credit institutions and central banks	71.7	5.1
Deposits and other payables	79.0	0.0
Loans through the state-funded re-lending scheme	76.8	76.8
Bonds	79.2	0.0
Other interest expense	23.6	0.0
Total	330.3	81.9

6 Market value adjustments

Other loans, advances and receivables at fair value	17.8	0.0
Shares, etc.	(56.2)	(29.3)
Investment property	(1.5)	0.0
Currency	29.8	0.0
Total currency, interest, share, commodity and other contracts and derivative financial instruments	(7.2)	0.0
Other assets and liabilities	1.3	0.0
Total	(16.0)	(29.3)

Notes to the financial statements

	Group	Parent
(DKKm)	13/10/08 – 30/06/09	13/10/08 – 30/06/09

7 Staff costs and administrative expenses

Salaries and remuneration to Board of Directors and Management Board

Management Board	1.1	1.1
Board of Directors	1.5	1.5
Total	2.6	2.6

Staff costs

Salaries	137.8	3.4
Pensions	11.8	0.0
Social security costs	7.6	0.0
Total	157.2	3.4

Other administrative expenses	83.9	6.5
Total	243.7	12.5

Group	Loans, advances and guarantees, individual write-downs	Loans, advances and guarantees, collective write-downs	Total
(DKKm)			
13 October 2008 – 30 June 2009			

8 Impairment losses on loans, advances and receivables

Impairment losses at 13 October 2008	-	-	-
Additions from acquisitions of subsidiaries	6,184.7	562.5	6,747.2
Impairment losses during the period	1,624.6	17.2	1,641.8
Reversal of previous impairment losses	(163.1)	(178.7)	(341.8)
Total	7,646.2	401.0	8,047.2

Notes to the financial statements

9 Contingent assets and liabilities

Tax

Finansiel Stabilitet A/S is exempt from taxation but acts as an administrative company in respect of the computation and settlement of the subsidiaries' income under the joint taxation.

The Group has a significant deferred tax asset in respect of tax loss carry-forwards. Due to the uncertainty as to whether these can be utilised, the tax asset has not been recognised in the balance sheet at 30 June 2009.

Act on Financial Stability

The Company's object under the Danish Act on Financial Stability is to secure the claims of unsecured creditors of the banks and branches that have entered into an agreement with the Private Contingency Association.

The Company is under an obligation to cover any future claims from unsecured creditors until 30 September 2010. Such claims against the Company are covered by a DKK 15 billion demand guarantee and an additional guarantee commission of DKK 10 billion from the Private Contingency Association. Any claims in excess of the above DKK 35 billion will be covered by the Danish State pursuant to the Danish Act on Financial Stability.

Individual government guarantees

In addition, pursuant to the Danish Act of 4 February 2009 on Financial Stability the Company's object is to

enter into agreements for the provision of individual government guarantees for existing and new unsecured debt and for the provision of supplementary collateral (junior covered bonds) with a maturity of up to three years by institutions issuing covered bonds. The guarantee scheme applies to loans issued on or before 31 December 2010.

At 30 June 2009, the Company has committed to a credit facility of DKK 107.5 billion, of which guarantees for DKK 26.3 billion have been issued at 30 June 2009. The Danish State guarantees the Company's guarantee commitments under the scheme.

Roskilde Bank

On 10 August 2009, Roskilde Bank A/S was transferred to Finansiel Stabilitet A/S from Danmarks Nationalbank and the Private Contingency Association. Roskilde Bank A/S is not covered by the general government guarantee under the Danish Act on Financial Stability. The Danish State has issued a separate guarantee to Finansiel Stabilitet A/S to cover the winding up of the bank.

Other contingent liabilities

At 30 June 2009, subsidiaries have been granted financial and other guarantees in an amount of DKK 3,629 million. The subsidiaries are parties to legal disputes in relation to their previous operations. The outcomes of such disputes are subject to uncertainty, but they are not expected to lead to significant losses.

10 Related parties

Finansiel Stabilitet is wholly owned by the Danish State through the Danish Ministry of Economic and Business Affairs. Other related parties are the Company's Board of Directors and Management Board and subsidiaries and associates.

The Company's transactions and balances with the Danish State until 30 June 2009 have been related to the general government guarantee under the Danish Act on Financial Stability and the granting of individual government guarantees (Credit Package) and

the financing of the Company's activities through the state-funded re-lending scheme.

Otherwise, the Company has had no material or unusual transactions with the Danish State during the period.

The Company's transactions with subsidiaries during the period following the acquisitions primarily consisted of granting loans and capital injections.

11 Significant events after the balance sheet date

- Transfer of Roskilde Bank to Finansiel Stabilitet, see above.
- Sale of activities in Fionia Bank, see the Management's review.

Finansiel Stabilitet A/S

Amaliegade 3-5, 5
DK-1256 København K

Phone: +45 70 27 87 47

Fax: +45 33 93 13 33

Website: www.finansielstabilitet.dk

E-mail: mail@finansielstabilitet.dk

CVR-nr.: 30515145