

Roskilde Bank

In August 2008, Roskilde Bank was acquired by Danmarks Nationalbank and the Private Contingency Association because the bank was no longer able to comply with the capital adequacy requirements and because it was not possible to find a buyer for the bank. In that connection, the Danish State provided a loss guarantee to Danmarks Nationalbank.

Subsequently, the Bank Package was adopted, which, however, did not comprise Roskilde Bank. It was therefore not possible for Finansiel Stabilitet to acquire Roskilde Bank within the framework of the original act. In April 2009, the Act on Financial Stability was amended to the effect that Finansiel Stabilitet became able to take over banks that were not members of the Private Contingency Association but had received government funds or government guarantees.

Danmarks Nationalbank, the Private Contingency Association and Finansiel Stabilitet subsequently entered into an agreement on 21 July 2009 for the transfer of Roskilde Bank to Finansiel Stabilitet. The transfer was completed on 10 August 2009. The transfer provided for a uniform approach to the practical handling of Roskilde Bank and other distressed banks comprised by the general government guarantee under the Act on Financial Stability.

The government guarantee previously provided to Danmarks Nationalbank in connection with the winding up of Roskilde Bank lapsed with the transfer. The previous gov-

ernment guarantee provided to Danmarks Nationalbank was replaced by a new and similar government guarantee provided to Finansiel Stabilitet.

Roskilde Bank is not a member of the Private Contingency Association. Finansiel Stabilitet's costs in connection with the winding up will be reimbursed by the Danish State. The costs of winding up Roskilde Bank are therefore accounted for separately from Finansiel Stabilitet's other activities involving the government guarantee provided under the Act on Financial Stability.

The agreement implied 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. 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 capital of DKK 1 billion and a DKK 14.5 billion borrowing facility.

The shares in Roskilde Bank held by the Private Contingency Association were transferred to Finansiel Stabilitet without consideration.

A preliminary calculation of the fair value of assets and liabilities based on the carrying amounts made in connection with the transfer revealed a loss for the Danish State of DKK 3.9 billion. Subsequently, an additional adjustment

Contribution to performance for the period 10 August 2009 – 31 December 2009

DKKm	
Net interest income	294
Other net fee income and market value adjustments	30
Other operating income/expenses, net	10
Operating expenses	120
Impairment charges on loans, advances, guarantees etc.	0
Losses before acquisition of subsidiaries	6,818
Profit from investments in associates	0
Tax	0
Loss for the period	(6,604)

Balance sheet for Roskilde Bank

DKKm	10 August 2009	31 December 2009
ASSETS		
Cash in hand and demand deposits with central banks	650	535
Due from credit institutions and central banks	234	149
Loans, advances and other receivables at amortised cost	14,523	12,602
Bonds and shares at fair value	2,005	1,970
Land and buildings	433	871
Assets held temporarily	68	45
Other assets	181	89
TOTAL ASSETS	18,094	16,261
EQUITY AND LIABILITIES		
Due to credit institutions and central banks	14,355	249
Debt to Finansiel Stabilitet A/S	-	10,578
Deposits and other payables	1,577	1,353
Other liabilities	316	314
Other provisions	941	663
Subordinated debt	1,000	1,000
Equity	(95)	2,104
TOTAL EQUITY AND LIABILITIES	18,094	16,261

in the amount of DKK 2.9 billion was made in connection with a reassessment of the fair value. The recognised loss on acquisition was hence DKK 6.8 billion, equalling the amount by which the acquired liabilities exceeded the fair value of the acquired assets. During the period from the date of acquisition until 31 December 2009, the profit totalled approximately DKK 200 million. Accordingly, the overall loss relating to Roskilde Bank after the acquisition on 10 August 2009 amounted to DKK 6.6 billion at 31 December 2009. This amount is covered by the loss guarantee provided by the Danish State.

Finansiel Stabilitet's injection of capital and liquidity into Roskilde Bank totalled DKK 20.3 billion at 31 December 2009, of which the injection of share capital represented DKK 8.7 billion. The agreement with Finansiel Stabilitet implies that Roskilde Bank can draw on an overall liquidity limit of up to DKK 30.8 billion.

Roskilde Bank is involved in several legal disputes relating, among other things, to investment advisory services. A provision of DKK 300 million has been made on the basis of decisions already handed down by the Danish Financial Institutions' Complaints Board. A number of other complaints are pending decision and the outcome of these cases, including the financial consequences thereof, cannot be predicted yet.

It is expected that a large part of the retail customer relationships will be wound up during 2010. The winding-up strategy for the commercial segments is multi-pronged and will be adapted to the individual customer relationship. Most of the exposures are expected to be wound up by 2012-2013.