Translation

Finansiel **Stabilitet**

Annual Report 2012

Contents

The Annual Report has been translated from Danish. The Danish text shall govern for all purposes and prevail in case of any discrepancy with the English version.

Highlights

- Finansiel Stabilitet posted a profit of DKK 611 million in 2012, against a loss of DKK 1,010 million in 2011.

- The performance was better than expected, primarily reflecting a positive contribution from the winding up of exposures.

- In 2012, Finansiel Stabilitet concluded an agreement with FIH Holding A/S and FIH Erhvervsbank A/S on taking over the winding up of exposures totalling approximately DKK 17 billion, primarily related to properties, and also took over Sparekassen Østjylland, which had become distressed.

- The Group's total assets declined by a net amount of DKK 4 billion. Seen in isolation, the agreement with FIH to take over property exposures and the takeover of Sparekassen Østjylland increased total assets by DKK 23 billion, while the winding up of activities reduced total assets by DKK 27 billion.

- The customer portfolio was reduced by a total of approximately 41,000 individual customers in 2012. This reduction was the result of Finansiel Stabilitet taking over and divesting approximately 39,000 individual customers from Sparekassen Østjylland to Sparekassen Kronjylland, and Finansiel Stabilitet winding up 1,900 individual customers through other measures.

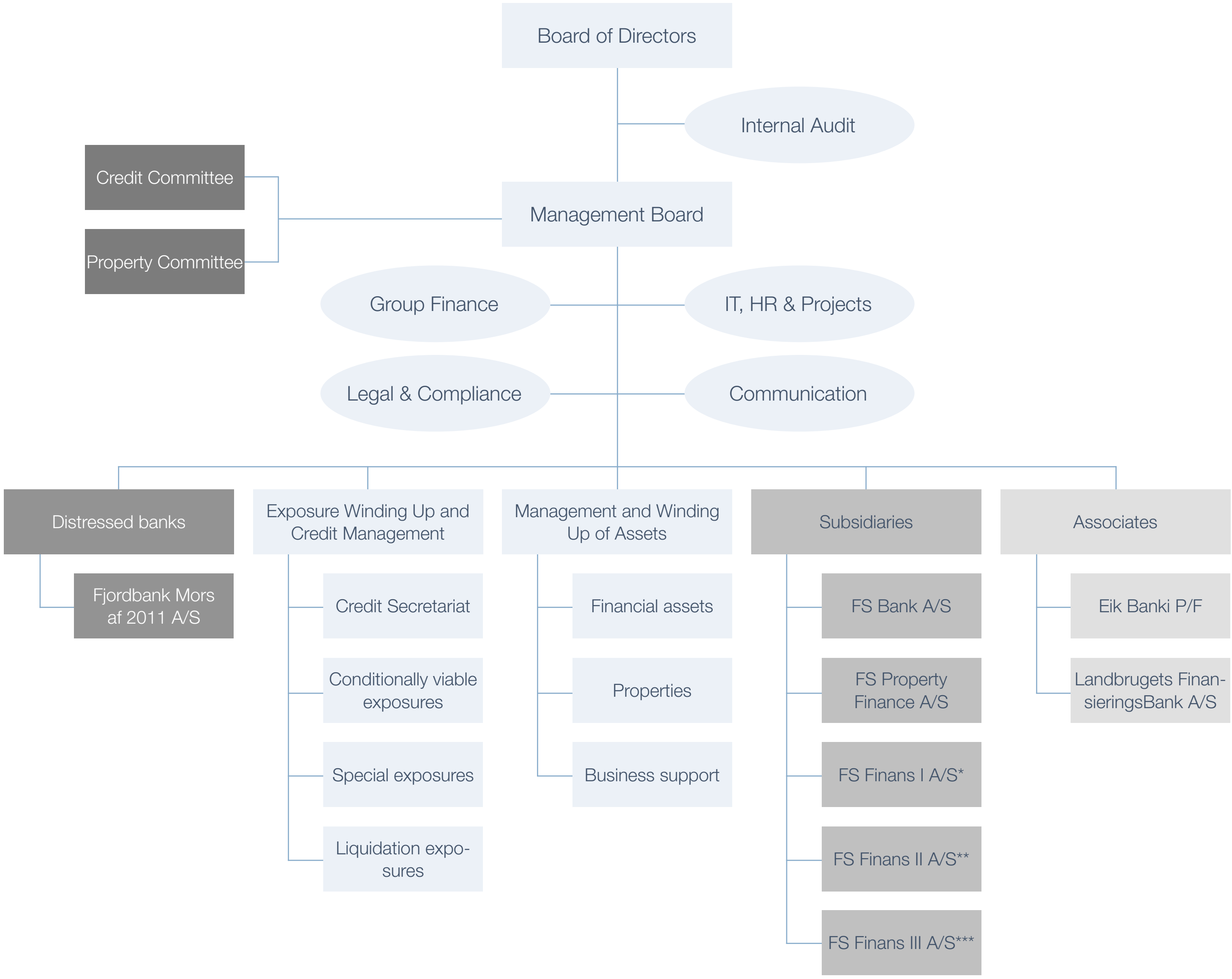
- At 31 December 2012, Finansiel Stabilitet's total outstanding individual government guarantees provided to credit institutions outside the Group amounted to DKK 60 billion, against DKK 146 billion at 31 December 2011.

- Finansiel Stabilitet rearranged its group structure effective 1 July 2012 (effective for accounting purposes from 1 January 2012) by merging the subsidiaries FS Finans A/S, FS Ejendomsselskab A/S and FS Pantebrevsselskab A/S into the parent company. Finansiel Stabilitet's new group structure reflects the value chain introduced in the spring of 2012 as an extension of the Group's strategy: "From defaulting exposures to cash".

- In 2012, Finansiel Stabilitet A/S took over the administration and winding up of exposures and activities from Sparebank Østjylland af 2012 and Max Bank af 2011. The two subsidiary banks have deposited their banking licences with the FSA and thus been converted into financing companies, FS Finans I A/S and FS Finans II A/S, respectively.

- The 2013 financial performance will depend on the winding up of activities taken over under the Bank Package, but is expected to be close to breakeven. This expectation is subject to uncertainty, primarily due to the economic conditions and the outcome of lawsuits and disputes.

Group structure and organisation



* Sparebank Østjylland af 2012 A/S was converted into FS Finans I A/S on 28 September 2012.
** Max Bank af 2011 A/S was converted into FS Finans II A/S on 1 November 2012.
*** Amagerbanken af 2011 A/S was converted into FS Finans III A/S on 15 March 2013.

Winding-up activities in Finansiel Stabilitet – progress and strategy

Finansiel Stabilitet was established in October 2008 as part of an agreement between the Danish State and the Danish banking sector (the Private Contingency Association) on a scheme to secure financial stability. The agreement was reached in response to the international crisis and the impact it was having on the financial sector. Finansiel Stabilitet is a public limited company owned by the Danish State through the Ministry of Business and Growth.

The Company's activities are governed by the Act on Financial Stability and the 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 wind up banks taken over under the Bank Package;
- to wind up banks taken over under the Exit and Consolidation Packages;
- to manage individual government guarantees under the Credit Package;
- to wind up property exposures taken over from FIH and to participate in Landbrugets FinansieringsBank (LFB) under the Development Package.

Finansiel Stabilitet is working to wind up the activities taken over from distressed banks as quickly as possible, in a financially prudent manner and in compliance with the Group's values, including fair and proper conduct.

In addition, Finansiel Stabilitet has entered into a management agreement to manage the Guarantee Fund for Depositors and Investors (the Guarantee Fund). Finansiel Stabilitet receives an annual fee for managing the Guarantee Fund. The Guarantee Fund has its own board of directors.

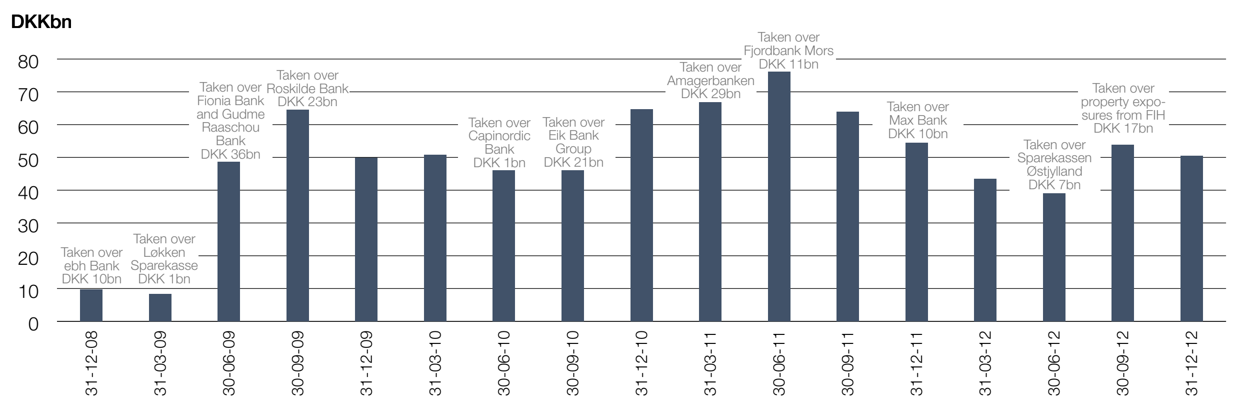
Results of winding-up activities

Finansiel Stabilitet has taken over exposures, financial and physical assets, employees, legal disputes and other types of obligations from the banks that have been transferred since 2008. Moreover, Finansiel Stabilitet has provided individual time-limited government guarantees to banks and mortgage credit institutions under the Credit Package. Total assets have averaged DKK 49 billion in the period since establishment and at 31 December 2012 amounted to DKK 50 billion.

Finansiel Stabilitet divested and wound up more activities than it acquired in 2012. The winding-up activities primarily comprised the gradual winding up and sale to Sparekassen Kronjylland of the viable activities of Sparekassen Østjylland.

In March 2012, Finansiel Stabilitet signed an agreement with FIH on the takeover of property exposures and related financial contracts of DKK 17.6 billion. As a result, Finansiel Stabilitet saw the number of individual customers increase by 417 and total loans and guarantees increase by DKK 12.8 billion. The agreement was implemented effective 2 July 2012. Activities related to the management and winding up of the property exposures taken over are handled

Total assets of the Finansiel Stabilitet Group for activities taken over and wound up since 2008



by FIH Erhvervsbank in accordance with a management agreement entered into by FS Property Finance A/S.

In April 2012, Finansiel Stabilitet took over 39,000 individual customers from Sparekassen Østjylland, representing total loans and guarantees of DKK 3 billion. At the same time, Finansiel Stabilitet and Sparekassen Kronjylland entered into an agreement on the takeover of most of the bank's exposures and all of its employees. As a result, Finansiel Stabilitet saw a net increase of 260 in the number of individual customers and of DKK 421 million in total loans and guarantees.

In April 2012, Finansiel Stabilitet also participated in the transfer of Spar Salling Sparekasse to Den Jyske Sparekasse.

Results of winding-up activities in 2012

Adjusted for the inflow resulting from the takeovers, the principal results of Finansiel Stabilitet's winding-up activities in 2012 were as follows:

- The number of principal customers and individual customers was reduced by 819 and 1,855, respectively.
- Total loans and guarantees were reduced by DKK 13.3 billion.
- The carrying amount of the property portfolio was reduced by DKK 0.9 billion.
- The portfolio of financial assets was reduced by DKK 3.0 billion.
- The amount of individual government guarantees provided was reduced by DKK 95.7 billion.
- The number of employees in continuing employment was reduced by around 200.

At 31 December 2012, Finansiel Stabilitet had approximately 4,900 individual customers and approximately 2,800 principal customers.

In spite of the takeovers in 2012, loans and guarantees of DKK 13.3 billion were wound up. This means that the level of winding up was largely unchanged from 31 December 2011. Loans and guarantees amounted to DKK 21.8 billion at 31 December 2012.

Customer deposits of almost DKK 0.1 billion were wound up in 2012.

Finansiel Stabilitet is focused on further reducing management and staff costs. Finansiel Stabilitet has achieved economies of scale from the restructuring of the Group and has taken steps to reduce the number of employees. In 2012, costs were largely unchanged from 2011, as the new group structure will not take full effect until in 2013.

Finansiel Stabilitet is gradually reducing the number of employees in step with the winding up of activities. Finansiel Stabilitet had 420 employees (full-time equivalent) at 31 December 2012, against 610 at 31 December 2011. At 31 December 2012, the company had 284 employees in continuing employment, against 511 at 31 December 2011.

Results of winding-up activities since 2008

Since its establishment in 2008, Finansiel Stabilitet has taken over approximately 459,000 individual customers from 12 distressed banks and FIH. Around 454,000 individual customers have been divested or wound up in the period 2008-2012. Deposits in the amount of ap-

Winding-up of activities in 2012

	1 Jan 2012	Taken over in 2012	Divested in in conn. with takeovers	Increase on take-over	Winding-up 2012	31 Dec 2012
Number of principal customers	3,255			355	819	2,791
Number of individual customers*	6,095	39,417	38,740	677	1,855	4,917
Net loans and guarantees (DKKm)	21,834	15,908	2,652	13,256	13,280	21,810
Deposits (DKKm)**	1,060	3,900	3,885	15	79	996
Number of employees	610	176	175	1	191	420

* Excluding lease customers.

** Deposits relating to customers.

proximately DKK 65 billion have been taken over and reduced by DKK 64 billion. Loans and guarantees of DKK 99 billion have been taken over, and DKK 77 billion thereof has been wound up. Overall, some 2,600 employees have been taken over from distressed banks. The staff has been reduced by around 2,200 employees, mostly in connection with divestments.

Key figures for winding-up activities since 2008

	Taken over since 2008	Wound up until 31 Dec 2012
Number of individual customers*	459,000	454,000
Net loans and guarantees (DKKbn)	99	77
Deposits (DKKbn)	65	64
Number of employees	Approx. 2,600	Approx. 2,200

* Excluding lease customers.

Winding-up targets and strategy for 2013

Even though Finansiel Stabilitet has wound up a large number of exposures, activities and other liabilities since 2008, a considerable winding-up task still remains to be performed over the next couple of years.

The expected winding up is subject to considerable uncertainty, as the winding-up activities are to be performed as quickly as possible and as financially responsibly as possible while respecting the Group's values, including that winding-up activities should be conducted in a proper and fair manner.

Finansiel Stabilitet expects in 2013 to be able to reduce its activities considerably, including through segmented divestment of customer and lending exposures, properties and financial assets. Moreover, the portfolio of outstanding individual government guarantees is expected to be significantly reduced in 2013.

In light of the expected development in activities in 2013, the number of employees is also expected to be reduced.

Finansiel Stabilitet's goal is to not have any customers left in the company by 2015. The plan is to have only financial assets and liabilities left for winding up at that time.

In connection with future segmented divestments of exposures and activities, Finansiel Stabilitet will actively seek to transfer employees to the buyers.

Group strategy "From defaulting exposures to cash"

Finansiel Stabilitet works according to the group strategy entitled "From defaulting exposures to cash". The strategy is focused on finding the optimum practical method of winding up exposures taken over as quickly as possible,

Banks taken over

The Bank Package (Bank Package I)

- EBH Bank — 21 November 2008
- Løkken Sparekasse — 2 March 2009
- Gudme Raaschou Bank — 16 April 2009
- Fionia Bank — 28 May 2009
- Capinordic Bank — 11 February 2010
- Eik Banki — 30 September 2010
- Eik Bank Danmark — 30 September 2010

The Exit Package (Bank Package III)

- Amagerbanken — 6 February 2011
- Fjordbank Mors — 24 June 2011

The Consolidation Package (Bank Package IV)

- Max Bank — 8 October 2011
- Sparekassen Østjylland — 21 April 2012

Moreover, on 2 March 2012 Finansiel Stabilitet signed an agreement on the takeover of property exposures and related financial contracts from FIH pursuant to the Development Package.

Roskilde Bank was transferred to Finansiel Stabilitet as part of an agreement with Danmarks Nationalbank and the Private Contingency Association. Roskilde Bank was not comprised by the Bank Package, as it became distressed before the statutory framework had been adopted. The transfer took place on 10 August 2009. After settlement of the Bank Package, Roskilde Bank forms part of the Bank Package area of activity, as Roskilde Bank, like the other banks under the Bank Package, is wound up for the account and risk of Finansiel Stabilitet.

in a financially prudent manner and in accordance with the Group's values.

In the spring of 2012, Finansiel Stabilitet expanded the group strategy by introducing a value chain for its winding-up activities. This was done to keep up the rate of winding up. In that connection, Finansiel Stabilitet rearranged the group structure to match the value chain.

The new group structure was achieved by merging the subsidiaries FS Ejendomsselskab A/S, FS Pantebrevsselskab A/S and FS Finans A/S with the parent company effective 1 July 2012. The merger involved the subsidiaries handling the winding up of exposures and activities of distressed banks taken over under the Bank Package. FS Bank A/S remained an independent subsidiary. The merger was completed for accounting purposes with effect from 1 January 2012. FS Bank will handle those of the Group's activities that require a banking licence.

The value chain of Finansiel Stabilitet consists of a number of stages which exposures and activities taken over must pass through in order to ultimately be converted into cash. The management of Finansiel Stabilitet has defined deadlines for when activities and exposures taken over must have passed through the various stages of the value chain.

Before the value chain was introduced, Finansiel Stabilitet pursued a strategy based on executing the winding-up activities of the distressed banks under Finansiel Stabilitet locally from start to finish. This is no longer the aim of the group strategy. After a period of time, the parent company Finansiel Stabilitet takes over the management and administration and consequently the responsibility for winding up activities and exposures.

Finansiel Stabilitet's value chain is described in detail on the Group's website, from which a video presentation is also available.

Integration of distressed banks

Finansiel Stabilitet began following the principles of the value chain immediately after the subsidiaries had been merged with the parent company. Consequently, initiatives were launched to initially transfer Sparebank Østjylland af 2012 and Max Bank af 2011 from local to centralised winding up.

As a result, in the autumn of 2012 Sparebank Østjylland af 2012 and Max Bank af 2011 could be converted into financing companies and their banking licences deposited with the FSA. The exposures of the two distressed banks were transferred for centralised management and winding up with the parent company.

Sparebank Østjylland af 2012 was converted into FS Finans I A/S and deposited its banking licence on 28 September 2012. Similarly, Max Bank af 2011 was converted into FS Finans II A/S and deposited its banking licence with the FSA on 1 November 2012.

On 15 March 2013, Amagerbanken af 2011 was converted into FS Finans III A/S and deposited its banking licence with the FSA.

Finansiel Stabilitet is also working to integrate Fjordbank Mors af 2011 during the first quarter of 2013. Subsequently, there will no longer be any distressed banks in Finansiel Stabilitet, and FS Bank will act as a payment management entity.

Winding up of exposures

Finansiel Stabilitet winds up viable and conditionally viable exposures by way of a transfer to other banks or, alternatively, by way of a segmented divestment. In a segmented divestment, a group of exposures is divested in an open and transparent sales process. Finansiel Stabilitet prefers for such transactions to be settled by cash payment, but divestments may also be completed by way of seller financing in the form of subordinated capital.

As regards liquidation exposures which Finansiel Stabilitet has not been able to transfer to other banks, the winding-up strategy will typically be to take over any assets provided as security for the loan. Realisation of security is generally not effected until the customer has had an opportunity to divest the assets in the open market within an agreed period of time.

As regards agricultural exposures, efforts are being made to transfer viable and conditionally viable exposures to Landbrugets FinansieringsBank. Winding-up plans for the remaining exposures are currently being developed.

Value chain of Finansiel Stabilitet – events and timeline

Takeover of non-performing exposures

Distressed bank taken over – FS subsidiary bank established
- Transferring divested activities to acquiring bank (where possible)
- Notifying customers taken over
- Building up documentation of exposures

Local winding up

Three months after takeover
- Attempting to transfer individual exposures to other banks
- Encouraging customers to find another banker
- Reducing customer exposures
- Terminating customer agreements for banking and other services
- Dividing exposures into activities requiring a licence and activities not requiring a licence
- Transferring remaining banking customers to FS Bank
- Converting subsidiary bank into a financing company
- Depositing banking licence with the FSA

Centralised winding up

Four to six months after takeover
- Transferring individual exposures to centralised management and winding up at Finansiel Stabilitet's headquarters
- Classifying exposures into Viable, Conditionally Viable and Liquidation categories
- Setting up action plans for each individual exposure
- Pooling exposures for divestment by way of segmented winding up
- Transferring viable and conditionally viable agricultural exposures to LFB

Management and winding up of assets

Six months or more after takeover
- Preparing and completing divestment of activities taken over, preferably against cash payment

CASH

Not more than five years after takeover – but preferably sooner

Finansiel Stabilitet divides exposures into the following categories:

Type of customer/exposure	Description
Viable exposures	Exposures where there is a high probability that the customer will be able to service its debt.
Conditionally viable exposures	Exposures where reconstruction is necessary in order to render the exposures viable.
Liquidation exposures	Exposures where reconstruction is not possible, as it cannot be completed without placing Finansiel Stabilitet at a disadvantage relative to insolvency proceedings and exposures in bankruptcy.

Properties

The property portfolio consists mainly of commercial and residential properties. The individual assets of the property portfolio are predominantly offered for sale through real estate agents. However, Finansiel Stabilitet still plays an active part in the process by setting prices and participating in negotiations with prospective buyers. In some cases, Finansiel Stabilitet handles the divestment of properties, parts of portfolios as well as individual properties, without using external real estate agents. Properties are sold in an open and transparent process.

Generally, all properties are sold against cash payment. In special cases, Finansiel Stabilitet may provide limited-term seller financing.

Finansiel Stabilitet has also taken over properties which, for various reasons (e.g. due to physical and/or operational disrepair), were not immediately fit for sale. If it is deemed profitable, Finansiel Stabilitet will initiate a process to develop such properties in order to enhance their marketability. This process may involve investments in improvements or development of the property for other uses than that originally intended.

Financial assets

Financial assets comprise mortgage deeds, shares, guarantee certificates and cooperative share certificates, hybrid Tier 1 capital and supplementary subordinated capital, bonds and other securities. Financial assets are wound up by way of gradual divestment of individual assets and minor portfolios. Parts of the portfolio of financial assets are also subject to ordinary run-off. For example, bonds, mortgage deeds and certain other securities are subject to maturity.

Finansiel Stabilitet takes a proactive approach in the identification of qualified investors who could be interested in acquiring financial assets.

Financial assets are sold in an open and transparent process.

Other liabilities, lawsuits and compensation proceedings

Finansiel Stabilitet has centralised the handling of the Group's lawsuits and disputes. This ensures uniform and efficient case processing.

Efforts are continuously made to reduce the number of cases by enhancing the efficiency of case processing by pooling uniform cases as well as by promoting dispute resolution.

Individual government guarantees

Most of the individual government guarantees provided by Finansiel Stabilitet to banks and mortgage credit institutions expire in 2013. This will contribute to significantly reducing the volume of individual government guarantees provided.

In a few cases, Finansiel Stabilitet has extended the guarantees, which means that there will be outstanding guarantees until 2016.

Protection of creditor interests

Finansiel Stabilitet manages the winding up of distressed banks according to the various bank packages and sector policy initiatives. This imposes special demands on the way that Finansiel Stabilitet handles its winding-up activities.

On the one hand, Finansiel Stabilitet groups exposures from different distressed banks in a centralised management and winding-up function under the parent company. This is done to achieve economies of scale and to keep up the rate of winding up.

On the other hand, Finansiel Stabilitet must ensure that exposures in the centralised management and winding-up function, which originate from different distressed banks, are kept separate for accounting purposes. This is a prerequisite for ensuring correct financial settlement vis-à-vis the different creditors.

Finansiel Stabilitet manages the winding up of exposures from distressed banks on behalf of others and for the financial risk of others. This is the reason why Finansiel Stabilitet integrates distressed banks taken over under the Exit and Consolidation Packages as independent financing companies.

The financing companies of Finansiel Stabilitet must be able to prepare independent financial statements for the winding up of exposures taken over. This comprises activities requiring a licence as well as activities not requiring a licence. This is done out of regard for the settlement vis-à-vis the Guarantee Fund and the other creditors of the distressed bank.

Financial review

Performance

Finansiel Stabilitet generated a profit of DKK 611 million in 2012, against a loss of DKK 1,010 million in the same period of last year. The better-than-expected performance was primarily attributable to reversal of impairment charges on loans and advances etc.

The profit increased Finansiel Stabilitet's equity, which stood at DKK 9.6 billion at 31 December 2012. When adjusted for a receivable from the Danish State of DKK 7.8 billion recognised as part of the equity of Finansiel Stabilitet, the value of the equity was DKK 1.8 billion for the Danish State, implying that Finansiel Stabilitet is expected to make a positive contribution to government finances.

Areas of activity of Finansiel Stabilitet

Finansiel Stabilitet's areas of activity are different from those of a regular financial business in a number of important areas. Each area of activity is characterised in being anchored in a specific statute, and the financial statements reflect the different regulatory framework and mechanisms applicable. In 2012, only the winding up of banks under the Bank Package had an earnings impact, hence giving rise to risk on the part of Finansiel Stabilitet. The other areas had no impact on the performance of Finansiel Stabilitet in 2012.

The Group's performance and assets in 2012 are therefore broken down by the different areas of activity. The reason why the other areas of activity outside the Bank Package do not impact the performance of Finansiel Stabilitet is set out in the following for each area of activity:

The Exit and Consolidation Packages

Finansiel Stabilitet has received a guarantee from the Guarantee Fund for Depositors and Investors (the Guar-

Placing of financial risk for Financial Stabilitet's areas of activity, 31 December 2012

Area of activity	Bank Package (Bank Package I)	Exit and Consolidation Packages (Bank Packages III and IV)	Individual government guarantees (Bank Package II)	Development Package (Bank Package V)**
Placing of financial risk	Finansiel Stabilitet	Winding-up Department of the Guarantee Fund*	Danish State	FIH Holding and FIH Erhvervsbank
Upside entitlement	Finansiel Stabilitet	Unsecured creditors*	Danish State	Finansiel Stabilitet and FIH Holding
Description	Comprises the activities of the parent company Finansiel Stabilitet and FS Bank	Comprises the activities of Amagerbanken af 2011, Fjordbank Mors af 2011, Max Bank af 2011 and Sparebank Østjylland af 2012	Comprises activities in connection with the handling of individual government guarantees	Comprises the activities of FS Property Finance

* The financial risk is placed in the Winding-up Department of the Guarantee Fund if the final dividend turns out to be lower than the initial dividend. Unsecured creditors that have not received full coverage are entitled to an earn-out payment if the dividend turns out to be higher than the initial dividend. If unsecured creditors are fully covered, any excess proceeds will accrue to the subordinated capital.

** The Development Package also comprises the establishment of Landbrugets FinansieringsBank (LFB) and a number of other growth and export finance initiatives. LFB is an associate of Finansiel Stabilitet and included in the financial statements under investments. Other areas of the Development Package have no relation to Finansiel Stabilitet.

antee Fund) for the winding up of banks taken over under the Exit Package or the Consolidation Package. If the results of the winding up fall short of what was expected when the dividend was fixed in collaboration with expert valuers, among others, the Winding-up Department of the Guarantee Fund will bear the financial loss. Unsecured creditors that have not received full dividend, including the Guarantee Fund (the Banking Department) and the Danish State, will benefit from a potentially improved performance relative to the performance expected in connection with the winding up of the activities of the relevant companies.

Individual government guarantees
Finansiel Stabilitet manages the scheme of individual government guarantees issued to the credit institutions. In this connection, the Danish State provides a guarantee to Finansiel Stabilitet. Accordingly, the risk of incurring a loss on the individual government guarantees issued is borne by the Danish State, which, in return, receives the regular guarantee commissions paid for the relevant guarantees.

The Development Package
Finansiel Stabilitet took over exposures from FIH as part of the Development Package. In connection with the takeover, FS Property Finance received a loss-absorbing loan from FIH Erhvervsbank, and Finansiel Stabilitet also received a guarantee from FIH Holding. Furthermore, Finansiel Stabilitet was given the possibility of a purchase price adjustment (upside) if completion of the winding up was better than expected. The value of this possible upside was recognised at zero in 2012.

Landbrugets FinansieringsBank, which was established as part of the Development Package, is an associate of Finansiel Stabilitet and as such not included in Finansiel Stabilitet's consolidated financial statements on full consolidation. Finansiel Stabilitet's financial statements are solely impacted by changes, if any, in the valuation of investments in Landbrugets FinansieringsBank.

The Bank Package
Finansiel Stabilitet posted a profit of DKK 611 million on the Bank Package in 2012, equivalent to the overall profit reported by the Group.

Net interest income amounted to DKK 256 million in 2012, a significant decline relative to 2011 when net interest income was DKK 486 million. The fall was attributable to the winding up of loans and advances in 2012.

Market value adjustments produced a loss of DKK 149 million. The loss was primarily attributable to unrealised capital losses on the portfolio of capital instruments, mainly in Danish banks (shares, guarantee certificates and cooperative share certificates), and on sector equities.

Other operating income, net, amounted to DKK 206 million in 2012, of which adjustment of provisions for lawsuits and disputes contributed DKK 102 million. Total operating expenses amounted to DKK 515 million in 2012, a decline relative to 2011 when expenses were DKK 628 million. Finally, impairment charges increased the profit by DKK 792 million as a result of substantial reversals in 2012 of impairment losses recognised in previous years.

FS Bank reported a profit of DKK 94 million after tax against a loss of DKK 280 million in 2011. Most of the remaining part of the 2012 results was attributable to the parent company.

The customer portfolio of FS Bank mainly consists of customers whose activities require a banking licence and payment transfers. In connection with the conversion of Sparebank Østjylland af 2012 and Max Bank af 2011 into financing companies in 2012, FS Bank took over deposits and certain credits, which were transferred subject to full purchase price adjustment. This implies that any losses and gains will be settled to the financing companies.

FS Bank has presented financial statements and a management's review for 2012. The annual report is available at www.fsbank.dk.

Total assets for the Bank Package segment amounted to DKK 20.4 billion at 31 December 2012, which was DKK 5.3 billion less than at the year-earlier date. The reduction was primarily attributable to distribution of capital and redemption of receivable to the Danish State relating to Roskilde Bank totalling DKK 4.6 billion. Furthermore, re-lending in a nominal amount of DKK 1.8 billion was redeemed early. In addition, loans, advances and other receivables were reduced by DKK 2.5 billion.

The reduction compensates for the addition in the period of properties as part of centralised winding up of expo-

Income statement, the Bank Package

(DKKm)	2012	2011
Net interest income	256	486
Guarantee commission, government guarantees	(8)	(8)
Other net fee income and market value adjustments	(149)	(500)
Other operating income/(expenses), net	206	(150)
Operating expenses	515	628
Impairment losses on loans, advances, guarantees etc.	(792)	243
Profit/(loss) from investments in associates	29	(13)
Tax	0	(46)
Profit/(loss) for the period	**611**	**(1,010)**

Balance sheet, the Bank Package

(DKKm)	2012	2011
ASSETS		
Loans, advances and other receivables at fair value	1,010	1,022
Loans, advances and other receivables at amortised cost	5,039	7,528
Securities	1,292	1,261
Properties	1,954	1,406
Receivable re. loss guarantee from the Danish State relating to Roskilde Bank	4,331	8,931
Other assets	6,790	5,576
TOTAL ASSETS	**20,416**	**25,724**
EQUITY AND LIABILITIES		
Re-lending	9,549	11,677
Equity	9,590	13,579
Other liabilities	1,277	468
TOTAL EQUITY AND LIABILITIES	**20,416**	**25,724**

sures in a net amount of DKK 0.5 billion and an increase of other assets of DKK 1.2 billion, primarily attributable to receivable with Danmarks Nationalbank.

The Exit and Consolidation Packages

In 2011, Finansiel Stabilitet took over the activities of Amagerbanken and Fjordbank Mors under the Exit Package, whereas Max Bank was taken over under the Consolidation Package. In 2012, Finansiel Stabilitet took over the activities of Sparekassen Østjylland under the Consolidation Package. These are the companies which are included in the Exit and Consolidation Package segment.

As stated earlier, Finansiel Stabilitet assumes no direct risk in connection with the winding up of activities taken over under the Exit and Consolidation Packages, but efforts are made to wind up the companies as efficiently as possible with due consideration for the unsecured creditors that have not obtained full coverage of their claims, including the Guarantee Fund and the Danish State. The Exit and Consolidation Packages generated a breakeven result for the period.

An initial dividend is fixed when Finansiel Stabilitet takes over a distressed bank under either the Exit Package or

Initial and current dividend for takeover under the Exit and Consolidation Packages

	Initial dividend (*) (%)	Unsecured creditors (%)	Finansiel Stabilitet and the Banking Department of the Guarantee Fund	Additional purchase price adjustment (DKKm)	Distributed purchase price adjustment (DKKm)
Amagerbanken af 2011	84.4	84.4	84.4	865	0
Fjordbank Mors af 2011 (**)	86.0	86.0	86.0	0	0
FS Finans II (Max Bank af 2011)	75.2	100.0	75.2	(46)	322
FS Finans I (Sparebank Østjylland af 2012)	73.4	100.0	73.4	(23)	653

(*) Guaranteed by the Winding-up Department of the Guarantee Fund.

(**) Dividend for the Guarantee Fund is lower because the loss guarantee provided by the Winding-up Department of the Guarantee Fund has been provisionally made up at DKK 645 million.

Outstanding purchase price adjustment in relation to subsidiaries under the Exit and Consolidation Packages

	2012	2011	On takeover
Amagerbanken af 2011	865	856	1,085
Fjordbank Mors af 2011	0	0	100
FS Finans II (Max Bank af 2011) (*)	276	713	732
FS Finans I (Sparebank Østjylland af 2012) (*)	630	-	720

(*) Including dowry previously distributed.

the Consolidation Package. The dividend is fixed on the basis of a conservative valuation principle (assets on initial transfer). Dividend is only distributed based on full certainty that the winding up will not generate a loss compared with the initial dividend.

In Amagerbanken and Fjordbank Mors, no unsecured creditors incurred any losses as a result of the transfer to Finansiel Stabilitet, as the transfer took place under the Exit Package. Under this model, unsecured creditors are not fully reimbursed, except for the cover for cash deposits within certain limits determined by the Guarantee Fund. After the expert valuers' review, the dividend (initial dividend) was fixed at 84.4% for Amagerbanken and 86.0% for Fjordbank Mors. If the winding up of these banks produces a better result than anticipated, the unsecured creditors may receive additional distributions. If the winding up produces a loss which had not been anticipated at the time of fixing of the dividend, such loss will be covered by the Winding-up Department of the Guarantee Fund.

Except for the Guarantee Fund and Finansiel Stabilitet, no unsecured creditors incurred any losses as a result of the transfer of Max Bank and Sparekassen Østjylland to Finansiel Stabilitet, as the transfer took place under Model 2 of the Consolidation Package. Both the Guarantee Fund and Finansiel Stabilitet contributed a dowry, as sufficient assets were not available to fully reimburse all creditors, including the Danish State and the Guarantee Fund. The dowry may be reduced if the winding up of the company produces a better result than expected when the dowry was fixed.

In subsidiaries in which a further purchase price adjustment exists, there is a possibility of distribution of additional dividend to the unsecured creditors. However, the final dividend, which is not fixed until the winding up process has been concluded, is subject to substantial uncertainty.

For the companies taken over under the Consolidation Package, to which Finansiel Stabilitet and the Guarantee Fund have paid a dowry, distribution can be made on a pro rata basis, that is, in proportion to the respective shares of the funds paid by the parties. If a loss is recorded on completion of the winding up of the individual company, Finansiel Stabilitet and the Guarantee Fund, respectively, must fully or partly repay any dowry distributed. Finansiel Stabilitet cannot invoke the loss guarantee received from the Winding-up Department of the Guarantee Fund until Finansiel Stabilitet and the Banking Department of the Guarantee Fund have repaid dowry amounts paid on account.

In the event that the companies are unable to pay the statutory return of currently approximately 11% after tax on the contributed capital, any remaining purchase price adjustment will be used to cover this. The return on the contributed capital has been determined as the EU base rate plus 10%.

Finansiel Stabilitet pays the return to the Guarantee Fund less financing costs. The Guarantee Fund receives the return as compensation for assuming the financial risk that the winding up produces a loss compared with the dividend rate initially fixed.

An adjustment of the capital structure will take place on conversion of the subsidiary banks into financing companies, among other things because it will be possible to include the purchase price adjustment fully in the capital base after depositing of the banking licence. As a result, a capital reduction can be made in the subsidiaries, thereby reducing the return requirement.

Amagerbanken af 2011 (FS Finans III)

Amagerbanken af 2011 posted a profit of DKK 115 million after tax in 2012. This is equivalent to the return requirement on the capital contributed by Finansiel Stabilitet.

The purchase price adjustment was increased by DKK 9 million in the reporting period to stand at DKK 865 million at 31 December 2012. The increase was mainly attributable to reversal of provisions for claims in connection with lawsuits and disputes. The increase reflects that the profit for the period exceeds the statutory requirement for return on the capital injected, currently approximately 11% after tax.

Net interest and fee income of DKK 168 million in 2012 was favourably impacted by lower interest expenses due to the bank's redemption of issued bonds of DKK 6,218 million, which reduced financing costs by DKK 194 million. Other operating income and expenses amounted to DKK 512 million, of which DKK 355 million was attributable to fair value recognition of loans and advances taken over and DKK 200 million to adjustment of provisions for claims in connection with lawsuits and disputes.

Staff costs and administrative expenses fell to DKK 210 million in 2012 from DKK 350 million in 2011. The fall was attributable to a lower level of activity due to winding up and to a number of the bank's functions being eliminated and now being handled by Finansiel Stabilitet.

Impairment losses on loans and advances for the year totalled DKK 216 million, consisting of new and reversed impairment charges and provisions.

When comparing the income statement for 2012 with the same period of last year, it should be noted that the comparative figures include the part of the bank's exposures which was sold to P/F BankNordik with effect from 1 July 2011.

The bank's total assets declined by DKK 9,135 million in 2012 to DKK 5,219 million. The decline in assets was mainly due to the winding up of loans, advances and other receivables of DKK 3,370 million, reduction of deposits and other payables of DKK 109 million, reduction of issued bonds of DKK 6,218 million and payment of extraordinary dividend of DKK 660 million. Equity stood at DKK 555 million at 31 December 2012.

The payment of extraordinary dividend of DKK 660 million was made in the second half of 2012 to comply with the requirement that subsidiaries of Finansiel Stabilitet are not allowed to be overcapitalised, but should solely meet the capital requirements of the Financial Business Act.

Loans and advances after impairment losses made up 56% of total assets. The remaining assets were predomi-

Income statement, Amagerbanken af 2011 (group)

(DKKm)	2012	5.2–31.12 2011
Net interest and fee income	168	340
Market value adjustments	(92)	(127)
Other operating income/(expenses)	512	307
Staff costs and administrative expenses	210	350
Impairment losses on loans, advances, guarantees etc.	216	232
Profit/(loss) before purchase price adjustment and tax	**162**	**(62)**
Movements in purchase price adjustment	9	229
Tax	38	39
Profit/(loss) for the year	**115**	**128**

Balance sheet, Amagerbanken af 2011 (group)

(DKKm)	2012	2011
ASSETS		
Cash in hand and demand deposits with central banks	139	649
Due from credit institutions and central banks	164	1,106
Loans, advances and other receivables	2,903	6,273
Bonds and shares etc.	1,124	3,154
Other assets	889	3,172
TOTAL ASSETS	**5,219**	**14,354**
EQUITY AND LIABILITIES		
Due to credit institutions and central banks	265	636
Deposits and other payables	267	376
Issued bonds	2,538	8,756
Outstanding purchase price adjustment	865	856
Other liabilities	729	2,402
Equity	555	1,328
TOTAL EQUITY AND LIABILITIES	**5,219**	**14,354**

nantly liquid assets, including the bond portfolio of DKK 1,033 million.

Loans and advances after impairment losses declined by DKK 3,370 million in 2012 and amounted to DKK 2,903 million at 31 December 2012.

At 31 December 2012, total loans and advances had a nominal value of DKK 8,418 million before impairment losses against DKK 12,808 million at 31 December 2011. Total nominal loans and advances were thus reduced by DKK 4,390 million in 2012, of which DKK 800 million was written off. Accordingly, the reduction primarily reflected winding up of exposures and that some customers found another bank for all or part of their business.

Amagerbanken af 2011 has presented financial statements and a management's review for 2012. The annual report is available at www.amagerbankenaf2011.dk and www.finansielstabilitet.dk.

Fjordbank Mors af 2011

Fjordbank Mors af 2011 posted a loss of DKK 461 million after tax in 2012. The performance was substantially attributable to impairment charges of DKK 555 million in 2012.

The loss increased the overall loss, causing it to exceed the original purchase price adjustment of DKK 100 million by a total of DKK 645 million. The loss of DKK 645 million is covered by the loss guarantee provided by the Winding-up Department of the Guarantee Fund.

Net interest and fee income amounted to DKK 39 million. The bank's net interest and fee income in 2012 was favourably impacted by redemption of bond loans of DKK 2,151 million. However, this impact was more than diluted by the DKK 100 million of fresh subordinated loan capital and DKK 250 million of share capital that had to be injected in order for the bank to cover its individual solvency need.

Other operating income and expenses amounted to DKK 138 million, mainly attributable to fair value recognition of loans and advances taken over, reversal of provisions for lawsuits etc. and sale of management services to banks taking over the viable parts of Fjordbank Mors.

Staff costs and administrative expenses amounted to DKK 114 million. Costs are expected to be reduced in 2013 due to the winding up and in connection with the conversion of Fjordbank Mors af 2011 into a financing company and the transfer of operating tasks to Finansiel Stabilitet.

Investments in associates produced a loss of DKK 12 million.

When comparing with 2011, it should be noted that the 2011 performance covered the period 24 June – 31 December.

Total assets declined by DKK 3,076 million in 2012 to stand at DKK 2,955 million due to winding up of the bank's activities.

Loans and advances after impairment losses made up 45% of total assets. The remaining assets were predominantly liquid assets in the form of receivables from Danmarks Nationalbank and Finansiel Stabilitet.

Loans and advances after impairment losses declined by DKK 1,592 million in 2012 and amounted to DKK 1,320 million at 31 December 2012.

At 31 December 2011, total loans and advances had a nominal value of DKK 5,473 million before impairment losses and discount (from acquisition) against DKK 4,289

Income statement, Fjordbank Mors af 2011 (group)

(DKKm)	2012	24.6–31.12 2011
Net interest and fee income	39	80
Market value adjustments	(1)	(36)
Other operating income/(expenses)	138	18
Staff costs and administrative expenses	114	99
Impairment losses on loans, advances, guarantees etc.	555	199
Profit/(loss) from investments in associates	(12)	(149)
Profit/(loss) before purchase price adjustment and tax	**(505)**	**(385)**
Movements in purchase price adjustment	0	100
Tax	(44)	0
Profit/(loss) for the year	**(461)**	**(285)**

Balance sheet, Fjordbank Mors af 2011 (group)

(DKKm)	2012	2011
ASSETS		
Cash in hand and demand deposits with central banks	512	1,081
Due from credit institutions and central banks	449	1,424
Loans, advances and other receivables	1,320	2,912
Bonds and shares etc.	153	233
Land and buildings	40	140
Other assets	481	241
TOTAL ASSETS	**2,955**	**6,031**
EQUITY AND LIABILITIES		
Due to credit institutions and central banks	32	265
Deposits and other payables	1,454	2,136
Issued bonds	606	2,756
Other liabilities	358	259
Subordinated capital	280	180
Equity	225	435
TOTAL EQUITY AND LIABILITIES	**2,955**	**6,031**

million at 31 December 2012. Total nominal loans and advances were thus reduced by DKK 1,184 million in 2012, of which DKK 584 million was written off. The reduction partly reflected that a number of exposures were wound up and that some customers found another bank for all or part of their business.

In addition to liquid assets in the form of receivables, the bank had a share portfolio of DKK 115 million at 31 December 2012, which was DKK 68 million less than at the year-earlier date. The share portfolio largely consists of unlisted Danish sector shares. Efforts are made on an ongoing basis to wind up the portfolio under the collaboration agreements and shareholders' agreements entered into.

The bank's property portfolio was reduced through divestments in 2012 and amounted to DKK 40 million at 31 December 2012.

Issued bonds were reduced by redemption of DKK 2,151 million to stand at DKK 606 million at 31 December 2012.

Fjordbank Mors af 2011 has presented financial statements and a management's review for 2012. The annual report is available at www.fjordbank.dk and www.finansielstabilitet.dk.

FS Finans I (formerly Sparebank Østjylland af 2012)

FS Finans I reported a profit for 2012 of DKK 28 million after tax, equal to the statutory return requirement to Finansiel Stabilitet on contributed equity.

The profit was achieved through utilisation of the remaining purchase price adjustment of DKK 13 million and recognition of a receivable of DKK 23 million attributable to dowry of DKK 653 million previously distributed.

As part of the establishment of the former Sparebank Østjylland, FS Finans I made a pro rata distribution of DKK 653 million to Finansiel Stabilitet and Garantifonden in May 2012. The distribution was based on impairment charges and estimated operating profit at the time.

As part of the regular exposure assessment and valuation of collateral, loans, advances and guarantees were thoroughly reassessed in the second half of 2012. This resulted in a requirement for additional impairment charges etc. of DKK 172 million, which were taken to the opening balance sheet because the impairment was deemed to exist already at the date of takeover. Utilisation of the purchase price adjustment reflects a loss of DKK 1 million before purchase price adjustment and tax.

Net interest and fee income for the period amounted to DKK 43 million. Market value adjustments amounted to a loss of DKK 18 million, including DKK 10 million capital losses on shares and a loss of DKK 7 million on redemption of issued bonds.

Staff costs and administrative expenses amounted to DKK 24 million. Since the establishment of Sparebank Østjylland, FS Finans I has only had one employee, the company's chief executive officer because the transfer agreement with Sparekassen Kronjylland comprised all employees. In the period until the conversion to FS Finans I on 20 September 2012, the company's operations were handled under management agreements with Sparekassen Kronjylland and Finansiel Stabilitet. As from the conversion into a financing company, operations are handled by Finansiel Stabilitet under a management agreement.

FS Finans I had total assets of DKK 0.8 billion at 31 December 2012. Relevant comparative figures are the opening balance sheet as at 21 April 2012, which corresponds to the assets taken over from the bankrupt estate of Sparekassen Østjylland.

The divestment of the viable part to Sparekassen Kronjylland reduced total assets by DKK 5,837 million in 2012.

Loans and advances after impairment losses made up 35% of total assets. The remaining assets were predomi-

Income statement, FS Finans I

(DKKm)	21.4-31.12 2012
Net interest and fee income	43
Market value adjustments	(18)
Other operating income/(expenses)	0
Staff costs and administrative expenses	24
Impairment losses on loans, advances, guarantees etc.	0
Profit/(loss) from investments in associates	0
Profit/(loss) before purchase price adjustment and tax	**1**
Movements in purchase price adjustment	36
Tax	9
Profit/(loss) for the year	**28**

Balance sheet, FS Finans I

(DKKm)	2012	Opening balance sheet 21.4.2012
ASSETS		
Cash in hand and demand deposits with central banks	0	582
Due from credit institutions and central banks	354	1,052
Loans, advances and other receivables	264	2,892
Due from the Guarantee Fund and Finansiel Stabilitet	23	1,162
Bonds and shares etc.	92	649
Other assets	25	258
TOTAL ASSETS	**758**	**6,595**
EQUITY AND LIABILITIES		
Due to credit institutions and central banks	0	408
Deposits and other payables	2	3,863
Issued bonds	0	759
Outstanding purchase price adjustment	0	720
Other liabilities	378	295
Subordinated capital	0	200
Equity	378	350
TOTAL EQUITY AND LIABILITIES	**758**	**6,595**

nantly liquid assets in the form of receivables from credit institutions.

Loans and advances after impairment losses declined by DKK 2,628 million in 2012 and amounted to DKK 264 million at 31 December 2012.

At 31 December 2012, total loans and advances had a nominal value of DKK 1,201 million before impairment losses and discount (from acquisition) against DKK 4,568 million in the opening balance sheet as at 21 April 2012. Total nominal loans and advances were thus reduced by DKK 3,367 million in 2012, primarily attributable to divestment of viable activities to Sparekassen Kronjylland.

All deposits were transferred to FS Bank in connection with the conversion of Sparebank Østjylland af 2012 to FS Finans I.

FS Finans I has presented financial statements and a management's review for 2012. The annual report is available at www.finansielstabilitet.dk.

FS Finans II (formerly Max Bank af 2011)

FS Finans II reported a profit for 2012 of DKK 85 million after tax, equal to the statutory return requirement to Finansiel Stabilitet on contributed equity.

The profit was achieved through utilisation of the remaining purchase price adjustment of DKK 305 million and recognition of a receivable of DKK 46 million attributable to dowry of DKK 322 million previously distributed. In the first half of 2012, Max Bank af 2011 made a pro rata distribution of DKK 322 million to Finansiel Stabilitet and Garantifonden based on the proportionate share of the funds provided as dowry by the parties. The distribution was based on the estimated impairment charges and operating profit at the time. As part of the regular exposure assessment and valuation of collateral, net impairment charges were increased by DKK 165 million in the second half of 2012. Utilisation of the purchase price adjustment reflects a loss of DKK 238 million before purchase price adjustment and tax.

Net interest and fee income amounted to DKK 70 million. The bank's net interest and fee income in 2012 was favourably impacted by redemption of bond loans of DKK 1,917 million. Other operating income and expenses amounted to DKK 174 million, mainly attributable to amortisation of discount on loans taken over. Staff costs and administrative expenses amounted to DKK 108 million.

Impairment losses on loans and advances for the year totalled DKK 287 million, consisting of new impairment charges.

When comparing with 2011, it should be noted that the 2011 performance covered the period 8 October – 31 December.

Total assets declined by DKK 2,675 million in 2012 to stand at DKK 1,848 million due to winding up of the bank's activities.

In connection with the takeover of the activities of Max Bank, Finansiel Stabilitet injected DKK 120 million of subordinated capital. The total amount of subordinated capital was repaid on 25 June 2012 following approval from the FSA.

The decline in assets was attributable to a general fall in cash in hand and amounts due from credit institutions and central banks and to reduced loans and advances, while the decline in liabilities primarily reflected redemption of issued bonds, transfer of deposits and other debt to FS Bank and redemption of the subordinated capital.

Loans and advances after impairment losses made up 51% of total assets. The remaining assets were predomi-

Income statement, FS Finans II (group)

(DKKm)	2012	8.10-31.12 2011
Net interest and fee income	70	37
Market value adjustments	(87)	2
Other operating income/(expenses)	174	0
Staff costs and administrative expenses	108	32
Impairment losses on loans, advances, guarantees etc.	287	0
Profit/(loss) from investments in associates	0	0
Profit/(loss) before purchase price adjustment and tax	**(238)**	**7**
Movements in purchase price adjustment	351	19
Tax	28	7
Profit/(loss) for the year	**85**	**19**

Balance sheet, FS Finans II (group)

(DKKm)	2012	2011
ASSETS		
Cash in hand and demand deposits with central banks	0	838
Due from credit institutions and central banks	317	1,851
Loans, advances and other receivables	934	1,326
Due from the Guarantee Fund and Finansiel Stabilitet	46	0
Bonds and shares etc.	109	393
Land and buildings	12	18
Other assets	429	97
TOTAL ASSETS	**1,848**	**4,523**
EQUITY AND LIABILITIES		
Due to credit institutions and central banks	0	76
Deposits and other payables	0	633
Issued bonds	0	1,917
Outstanding purchase price adjustment	0	713
Other liabilities	1,014	315
Subordinated capital	0	120
Equity	834	749
TOTAL EQUITY AND LIABILITIES	**1,848**	**4,523**

nantly liquid assets in the form of receivables from Finansiel Stabilitet and other assets.

Loans and advances after impairment losses declined by DKK 392 million in 2012 and amounted to DKK 934 million at 31 December 2012. A substantial part of the decline was attributable to increased impairment losses.

At 31 December 2012, total loans and advances had a nominal value of DKK 3,228 million before impairment losses and discount (from acquisition) against DKK 3,552 million at 31 December 2011. Total nominal loans and advances were thus reduced by DKK 324 million in 2012, of which DKK 16 million was written off. Accordingly, the reduction primarily reflected winding up of exposures and that some customers found another bank for all or part of their business.

All deposits were transferred to FS Bank in connection with the conversion of Max Bank af 2011 to FS Finans II. Finally, all issued bonds in the amount of DKK 1.9 billion were redeemed in 2012.

FS Finans II has presented financial statements and a management's review for 2012. The annual report is available at www.finansielstabilitet.dk.

FS Property Finance (Development Package)

In March 2012, Finansiel Stabilitet concluded an agreement with FIH Erhvervsbank A/S and FIH Holding A/S for the takeover of property exposures in the amount of approximately DKK 17 billion with a view to winding up. The takeover was completed on 2 July 2012 by FIH Erhvervsbank A/S and FIH Kapital Bank A/S spinning off the business unit Property Finance to a new independent company – FS Property Finance A/S – with Finansiel Stabilitet as the sole shareholder.

The restructure of FIH was intended to improve FIH Erhvervsbank's funding options and ensure repayment of the individual government guarantees without the bank having to reduce its assets to an extent that might have an adverse impact on the access of healthy small and medium-sized enterprises to obtain credit facilities.

The company's object is to wind up exposures in accordance with the principles of the Winding-up Order. The winding up of exposures is handled by FIH Erhvervsbank under a management agreement with the company.

The activities were transferred at carrying amounts and are recognised in Finansiel Stabilitet at fair values. Income statement and balance sheet data for FS Property Finance in this section are therefore not directly comparable with the financial statements presented for FS Property Finance.

The company was established with equity of DKK 2 billion. The company's debt comprises two loans from FIH Erhvervsbank. The first loan of DKK 1.65 billion is a loss-absorbing loan and any unutilised portion must be repaid on liquidation of the company. The second loan of approximately DKK 13.4 billion is repayable as and when FIH Erhvervsbank is able to buy back or redeem loans with government guarantees. Further to this, Finansiel Stabilitet is committed to make the necessary funding available to the company, capped at DKK 13.4 billion.

Concurrently with the takeover, FIH Holding provided a loss guarantee to Finansiel Stabilitet covering any loss in the company during the period until it is calculated. The loss guarantee will become effective if the loss-absorbing loan of DKK 1,650 million provided by FIH Erhvervsbank proves insufficient to cover a possible loss in FS Property Finance.

The company's activities will terminate at the calculation date, which has initially been agreed for 31 December 2016, but which may be deferred for up to two years at the request of FIH Holding and for another 12 months subject to agreement (that is, 31 December 2019 at the latest).

At the calculation date, all the loans taken over by the company must be wound up or sold. Any loans not wound up will be sold prior to the calculation date in an open and transparent process.

As part of the agreement with FIH to take over FS Property Finance, Finansiel Stabilitet has an upside in the following cases:

1. If the company's accumulated loss at the calculation is less than 500 million (before use of loss-absorbing loan), Finansiel Stabilitet will receive 25% of the difference.

2. Finansiel Stabilitet will pay an amount to FIH Holding equal to Finansiel Stabilitet's net funding income less 100 basis points of the funding provided by Finansiel Stabilitet to the company and less transaction costs incurred by Finansiel Stabilitet.

FS Property Finance recorded a breakeven performance for 2012, resulting from recognition of a DKK 66 million loss guarantee from FIH Holding.

FS Property Finance was consolidated by Finansiel Stabilitet effective 2 July 2012. The loss-absorbing loan of DKK 1.65 billion has been used due to substantial impairment losses and fair value adjustments of DKK 1.5 billion, and a receivable of DKK 0.9 billion from FIH Holding has been recognised.

Income statement, FS Property Finance (group)

(DKKm)	FS Property Finance 2.7-31.12.2012	Finansiel Stabilitet 2012	Segment 2012
Net interest and fee income	172	(6)	166
Market value adjustments	(148)	0	(148)
Other operating income/(expenses)	(13)	0	(13)
Staff costs and administrative expenses	54	17	71
Loss guarantee from FIH	0	66	66
Profit/(loss) before purchase price adjustment and tax	**(43)**	**43**	**0**
Tax	0	0	0
Profit/(loss) for the year	**(43)**	**43**	**0**

Balance sheet, FS Property Finance (segment balance sheet)

(DKKm)	2012	Opening balance sheet 2.7.2012
ASSETS		
Cash in hand and demand deposits with central banks	5,254	0
Due from credit institutions and central banks	174	4,541
Loans, advances and other receivables	7,989	9,800
Receivable from FIH Holding	895	829
Land and buildings	186	186
Other assets	1,053	1,285
TOTAL ASSETS	**15,551**	**16,641**
EQUITY AND LIABILITIES		
Due to credit institutions and central banks	13,365	13,375
Other liabilities	186	1,266
Equity	2,000	2,000
TOTAL EQUITY AND LIABILITIES	**15,551**	**16,641**

Since the takeover and until 31 December 2012, FS Property Finance has reduced loans and advances by DKK 1.8 billion.

FS Property Finance has presented financial statements and a management's review for 2012. The annual report is available at www.fspropertyfinance.dk.

Individual government guarantees

During the period from February 2009 to 31 December 2010, Finansiel Stabilitet was commissioned by the Danish State to issue individual government guarantees to credit institutions under the Credit Package. The scheme entailed that Finansiel Stabilitet could enter into agreements for the provision of individual government guarantees for unsubordinated, unsecured debt with a maturity of up to three years, among other things.

At 31 December 2012, individual government guarantees had been issued to 28 banks for a total amount of DKK 66 billion. DKK 6 billion of this amount was related to Finansiel Stabilitet's subsidiaries (DKK 16 billion at 31 December 2011). Overall, the guarantees issued at 31 December 2012 had been reduced by DKK 128 billion relative to the original issues of DKK 194 billion immediately after the expiry of the Credit Package at the end of 2010. The reductions comprised early redemptions in the amount of DKK 75 billion, normal run-off and exchange rate fluctuations for the remaining part.

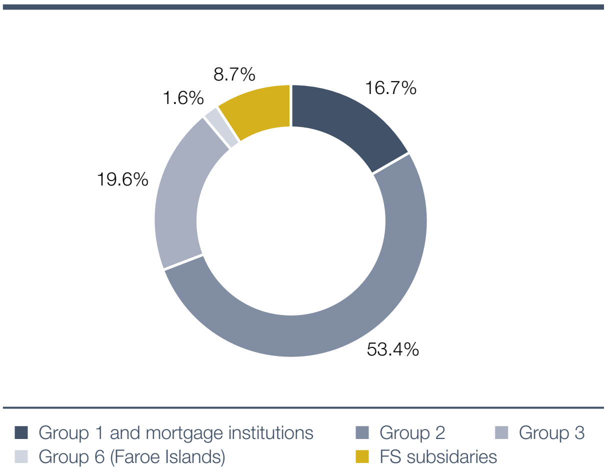
In terms of amounts, 17% of the outstanding issues covered by an individual government guarantee was attributable to group 1 banks and mortgage credit institutions, whereas 73% was attributable to group 2 and group 3 banks.

New guarantee scheme

As part of the Consolidation Package, the Finance Committee of the Danish parliament in March 2012 adopted appropriation of funds no. 51 extending the individual government guarantees, as subsequently implemented in Executive Order no. 617 of 12 June 2012 on application for an individual government guarantee in connection with mergers between banks.

Until the end of 2013, the Danish regulatory framework authorises Finansiel Stabilitet to issue individual government guarantees in connection with a merger between two banks where at least one is distressed or expected to become distressed and the continuing bank is viable. The scheme may be used by all Danish banks irrespective of whether they have previously received an individual government guarantee, provided that the European Commission approves the scheme on a regular basis. So far,

Distribution of guarantees on credit institution size



the European Commission has approved the scheme until 30 June 2013.

If the issue of a new individual government guarantee is to replace an existing guarantee, the risk of the Danish State incurring a loss on the guarantees and any state-funded capital injections must be reduced significantly relative to a situation in which the banks continue separately. The scheme has been capped at DKK 40 billion in total.

If a merger between banks as described above causes existing senior debt to fall due for repayment, it may be agreed that an application can be made for an individual government guarantee of up to the same amount as the senior debt falling due. Total guarantees issued under this scheme have been capped at DKK 10 billion.

If an individual government guarantee pursuant to Act no. 68 of 3 February 2009 has already been issued to one or both merging banks, the maximum that can be applied for is one new individual government guarantee corresponding to the total amount of the guarantees issued to the banks. However, if senior debt falls due for repayment in connection with the merger, an individual government guarantee in an amount up to the amount due may also be applied for.

A new individual government guarantee issued in connection with a merger may have a maturity until 31 December 2016, and only one-third of the guarantee may have a maturity of more than three years. Moreover, the maturity of the guarantee may not be less than three months.

Under the new guarantee scheme, a commitment had been provided to Vestjysk Bank for DKK 6.8 billion by virtue of the merger with Aarhus Lokalbank. A conditional commitment has been provided to Den Jyske Sparekasse for DKK 1.4 billion in connection with the merger with Sparekassen Farsø.

Expiry of outstanding guarantees

The aggregate amount guaranteed with respect to existing issues is expected to be reduced as debt issued on the basis of individual government guarantees falls due for repayment in the period until 31 December 2013 or as a result of early redemptions or cancellation of debt issued on the basis of individual government guarantees. Repayment of existing debt issued on the basis of individual government guarantees is to a high degree concentrated in the first half of 2013, where DKK 51 billion of the remaining DKK 66 billion guarantees falls due for ordinary repayment.

As a result of the new guarantee scheme, there will still be outstanding guarantees up to 2016.

Guarantee commission

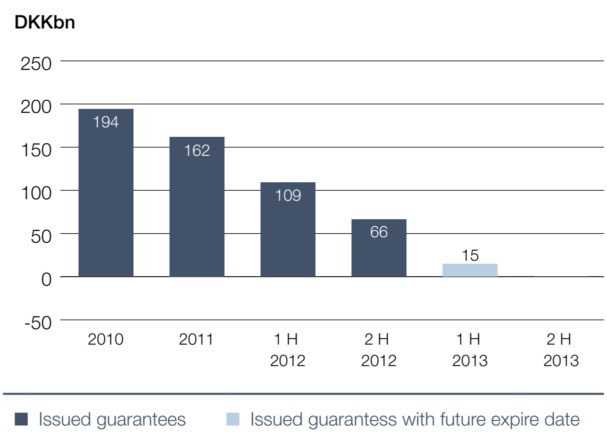
In 2012, the Danish State received guarantee commission on guarantees issued in a total amount of DKK 1,073 million and paid DKK 28 million to Finansiel Stabilitet by way of reimbursement of costs.

Loss on individual government guarantees

When Amagerbanken was transferred to Finansiel Stabilitet in February 2011, Finansiel Stabilitet had outstanding guarantees of DKK 13.6 billion to the bank. Like the other creditors, Finansiel Stabilitet has received dividend in proportion to the liabilities calculated. The dividend has been calculated at 84.4%, equivalent to a loss of DKK 2.1 billion on the guarantees provided.

When Fjordbank Mors was transferred to Finansiel Stabilitet in June 2011, Finansiel Stabilitet had outstanding guarantees of DKK 4.1 billion to the bank. Like the other creditors, Finansiel Stabilitet has received dividend in proportion to the liabilities calculated. The dividend has been calculated at 86%, equivalent to a loss of DKK 0.6 billion on the guarantees provided.

Outstanding individual government guarantees since the expiry of the Credit Package in the autumn of 2010



The activities of Max Bank were transferred to a subsidiary of Finansiel Stabilitet in October 2011. The activities were transferred under the Consolidation Package, which is based on the general principle that no unsecured creditors should incur any loss on the winding up of a distressed bank, equalling a dividend of 100%. Accordingly, the Danish State is guarantor of the individual government guarantees, and the Guarantee Fund, by way of a dowry, covers any loss which unsecured creditors would have incurred in a transfer under the Exit Package. On behalf of the Danish State, Finansiel Stabilitet has therefore provided a dowry to Max Bank of DKK 0.8 billion, which was reduced to DKK 0.6 billion by repayment of DKK 0.2 billion in Q2 2012.

The activities of Sparekassen Østjylland were transferred to a subsidiary of Finansiel Stabilitet in April 2012. The activities were likewise transferred under the Consolidation Package. On behalf of the Danish State, Finansiel Stabilitet has provided a dowry to Sparebank Østjylland of DKK 0.2 billion, which was reduced to DKK 0.1 billion by repayment of DKK 0.1 billion.

As a result, the loss preliminarily expected on the individual government guarantees was DKK 3.5 billion at 31 December 2012. The loss may be reduced if the ultimate winding up of the individual subsidiaries results in a positive purchase price adjustment, which can be distributed to creditors that have not received full coverage of their claims. Losses and dowry are covered by way of a loss guarantee from the Danish State and therefore have no impact on the financial results of Finansiel Stabilitet.

Contingent liabilities etc.

Within the past 12 months, a considerable number of complaints have been brought before the Danish Financial Institutions' Complaints Board by customers of banks taken over by Finansiel Stabilitet.

Finansiel Stabilitet is also party to a number of lawsuits and disputes. Moreover, Finansiel Stabilitet has instituted a number of liability and compensation proceedings against several of the former managements of the banks taken over. In aggregate, the Finansiel Stabilitet Group is party to cases representing a total amount of approximately DKK 6 billion at 31 December 2012.

Finansiel Stabilitet has assessed the overall risks facing the Group in connection with legal disputes, complaints and claims for damages. Finansiel Stabilitet has performed a financial risk assessment based on the legal assessments of the outcomes of the cases. The balance sheet as at 31 December 2012 included total provisions of DKK 1.3 billion.

Other significant activities

Investigation by the National Audit Office

The National Audit Office launched an investigation of Finansiel Stabilitet in October 2011. The object of the investigation was to assess whether Finansiel Stabilitet takes over and winds up distressed banks in a satisfactory manner.

The National Audit Office concluded its investigation in May 2012 with a report to the Public Accounts Committee. It appeared from the report that Finansiel Stabilitet takes over and winds up distressed banks in a satisfactory manner. However, the National Audit Office had notes on a few issues. The National Audit Office found that Finansiel Stabilitet should operationalise the requirement for a quick winding up of the activities of banks taken over in clear targets and milestones in order to ensure progress and transparency in the winding-up task and monitor that the interest rates on loans and advances announced by the Company are implemented in the subsidiaries to the widest extent possible. Finansiel Stabilitet has ensured these matters by using the value chain introduced in connection with the restructuring of the Group in mid-2012.

Moreover, the National Audit Office found that Finansiel Stabilitet should, each time a bank is taken over, renegotiate management's salaries and determine the remuneration of the board of directors to ensure such salaries and remuneration comply with the guidelines of the Danish State and Finansiel Stabilitet and have been determined with consideration to economy. This was not the case when Amagerbanken was taken over. Finansiel Stabilitet intends to comply with this when taking over banks in the future.

Trustee of the agreement regarding Spar Salling Sparekasse

Finansiel Stabilitet acted as trustee in connection with the handling of Spar Salling Sparekasse in April 2012. Since Finansiel Stabilitet had not made any agreements regarding individual government guarantee with Spar Salling Sparekasse, Finansiel Stabilitet was not otherwise involved in the transaction. The Guarantee Fund concluded an agreement for the provision of dowry in connection with the transfer of activities to Den Jyske Sparekasse.

Landbrugets FinansieringsBank

On 22 May 2012, the Ministry of Business and Growth announced that an agreement had been concluded between Finansiel Stabilitet, the Danish Bankers Association, the Danish Agriculture & Food Council, Nykredit and DLR Kredit for the establishment of a financing institute for agriculture, Landbrugets FinansieringsBank (LFB). Finansiel Stabilitet has subscribed for share capital in the amount of DKK 75 million of the total capital of DKK 230 million. In addition, a commitment has been made to provide a subordinated loan of up to DKK 70 million.

LFB will contribute to solving the current credit situation within agriculture by providing capital investment funding for efficiently operated farms and for young farmers participating in a generational change but unable to obtain the necessary bank funding.

Divestment of group of exposures of less than DKK 5 million
On 13 December 2012, Finansiel Stabilitet signed an agreement with Sparekassen Sjælland for the transfer of exposures of DKK 337 million broken down on more than 700 banking customers in 239 group agreements. Each commitment amounts to less than DKK 5 million and comprises agreements for loans and advances, credits and guarantees. The sale was effected in 2013.

Events after 2012

On 28 February 2013, Finansiel Stabilitet entered into an agreement with Porteføljeinvest A/S under konkurs on the takeover of all shares in Cantobank A/S. The shares in Cantobank were provided as security for Finansiel Stabilitet's receivable from the estate in bankruptcy. In accordance with the agreement, the shares were transferred at 1 January 2013.

Finansiel Stabilitet will continue the ongoing winding up of Cantobank's activities. The winding up will take place according to the requirements and principles otherwise applicable to winding-up activities in Finansiel Stabilitet. Cantobank currently has 15 exposures, mostly consisting of property financing of German properties.

Finansiel Stabilitet has taken over net activities for a total of DKK 45 million based on a preliminary calculation.

Outlook for 2013

The 2013 financial performance will primarily depend on developments in the activities being wound up under the Bank Package. Finansiel Stabilitet is expected to record financial results close to breakeven i 2013. However, the performance will primarily depend on changes in the value of loan exposures and the outcomes of lawsuits and disputes.

The development of losses remains subject to considerable uncertainty, as the loan exposures involve substantial risk. Carrying amounts will to a great extent be subject to market test in connection with expected divestments of activities in 2013. In that context, a significant part of the weak exposures consist of loans secured against real property. It may have an adverse impact on the winding up and the valuation if the property market remains weak.

Potential losses in connection with the legal disputes in which the Company is involved are also subject to considerable uncertainty. The cases are partly lawsuits, partly customer complaints. Finansiel Stabilitet has taken over such cases as part of the merger with the subsidiaries under the Bank Package.

Finansiel Stabilitet's activities in connection with the issuance of individual government guarantees are covered by a government guarantee. This implies that any losses on guarantees issued will be covered by the Danish State. The risk faced by the Danish State has been reduced significantly in step with the reduction of the outstanding individual government guarantees. Finansiel Stabilitet's performance will not be affected because of the government guarantee.

The winding up of the activities taken over under the Exit Package and the Consolidation Package is covered by a loss guarantee issued by the Winding-up Department of the Guarantee Fund. Moreover, unsecured creditors that have not received full coverage of their claims will benefit from a winding up that may produce a better result than anticipated.

The agreement with FIH on taking over and winding up the subsidiary FS Property Finance involves both a guarantee from FIH Holding and an agreement on sharing of a potential profit.

Risk factors and risk management

The risk factors impacting Finansiel Stabilitet and the management thereof are to a significant extent influenced by the special tasks involved in taking over distressed banks. Consequently, the risks assumed by Finansiel Stabilitet reflect to a very high degree the Company's obligation to take over activities from distressed banks. However, this does not apply to the Company's activities in connection with agreements concluded with respect to individual government guarantees.

Finansiel Stabilitet is exposed to a number of financial risks, including in particular credit, market, property and operational risk.

Liquidity risk is hedged through Finansiel Stabilitet's access to re-lending.

The risk related to the development in the value of assets and liabilities of the Finansiel Stabilitet Group is borne by a number of parties and may be divided into four segments as already described:

- Activities taken over under the Bank Package
- Individual government guarantees (the Credit Package)
- Activities taken over under the Exit and Consolidation Packages
- Activities taken over under the Development Package

It is therefore relevant to consider the areas individually when assessing the individual types of risk faced by the Group.

General information on Finansiel Stabilitet's risk management policy

Most of Finansiel Stabilitet's risks are related to credit exposures and lawsuits. This should be seen in light of Finansiel Stabilitet's object of winding up or restructuring distressed banks. Credit risk is therefore generally unavoidable, but after the transfer to Finansiel Stabilitet it is managed on the basis of a general policy for the winding up of activities. In light of the special tasks handled by the Company, Finansiel Stabilitet's group companies are furthermore party to a number of lawsuits and disputes.

Moreover, Finansiel Stabilitet has substantial exposure to property risks, both directly by way of ownership and indirectly through credit and mortgage deed exposures. On the other hand, Finansiel Stabilitet generally only has minor exposure to market risk. The most significant operational risk arises in connection with the winding up of exposures in poor financial standing and the related collateral security.

The overall risk management policy stipulates that Finansiel Stabilitet determines the principles governing risks in the Group's companies centrally. In general, subsidiaries should only have credit risk exposure. This exposure will be reduced gradually as the companies are wound up. Property risks arise as a result of the winding up of credit exposures in the event that it becomes necessary for a period of time to take over properties provided as security for credit exposures. Market risk will be eliminated as far

Definitions of risk types and significance of exposure

Credit risk is defined as the risk of loss as a result of unrecoverable customer exposures due to lacking ability or willingness to make timely payments.

Market risk is defined as the risk of loss as a result of changes in the market value of assets and liabilities due to changing underlying market prices. Market risk comprises interest rate, currency and equity risk.

Property risk is defined as the risk of loss due to a decline in the market value of properties and property security caused by a decline in property market prices.

Liquidity risk is defined as the risk of loss as a result of existing cash resources being insufficient to cover payment obligations.

Operational risk is defined as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events.

as possible, partly by reducing potential positions through divestment, and partly by ensuring adequate hedging of any open positions. Finansiel Stabilitet continuously seeks to limit operational risk by maintaining divisions classified by function with distinct responsibilities and documentation of key tasks through business procedures. This will reduce the risk of errors and future losses.

Credit risk

Winding up of distressed banks under the Bank, Exit and Consolidation Packages

In consequence of Finansiel Stabilitet's acquisition of distressed banks, the Company has taken over considerable credit risk exposure. Moreover, the exposure is very unevenly distributed with respect to industries, as most of the lending exposure is to the property market.

The debtors' individual payment ability is often impaired, thereby making the collateral security, including the properties provided as security, important to Finansiel Stabilitet's credit risk assessment.

A total of 84% of the collateral security is related to real property. This sector has been particularly adversely affected by the economic and financial crisis, and it has therefore only been possible to reduce the exposure to a limited extent, partly in order to safeguard a proper business-oriented winding-up process, and partly in order to minimise the impact on pricing in exposed sectors.

Moreover, the quality of the exposures makes it impossible to achieve a well-balanced risk-return ratio. A total of 68% of loans are impaired exposures on which the individual payment ability is limited. For this reason, it is not possible to apply the normal risk management approach of a financial business.

Management of credit risk at Finansiel Stabilitet is therefore incorporated as an integral part of the ongoing winding up of the Group's assets, taking into consideration that a well-balanced portfolio will not be achievable on the short horizon due to market conditions. The risk management policy in the credit area is therefore primarily structured on the basis of an objective to monitor exposures on an ongoing basis and coordinate the exposures, while ensuring that additional exposure on existing business is kept at a minimum. In this connection, Finansiel Stabilitet will oversee that Finansiel Stabilitet and its subsidiaries comply with the requirements of the Winding-up Order, including that strictly necessary expansions are kept within the following limits:

- No individual exposure may be increased by more than 20%.
- The Company's overall portfolio of loans and advances may not be increased by more than 2.5%.

Finansiel Stabilitet's monitoring efforts build on a classification of customers based on their creditworthiness

Break-down of exposures by creditworthiness

(DKKm)	(1b)	(1a)	(2c)	(2b)	(2a/3)	Total
Loans, advances and guarantees and unutilised credit limits before impairment	25,496 (17,332)	3,552 (1,146)	2,855 (977)	3,782 (41)	1,971 (209)	37,656 (19,705)
Impairment losses	15,846 (12,481)	0 (0)	0 (0)	0 (0)	0 (0)	15,846 (12,481)
Collateral security (system recorded)	7,467 (3,417)	2,407 (455)	2,037 (562)	3,258 (25)	1,116 (117)	16,285 (4,576)
Unsecured	2,183 (1,434)	1,145 (691)	818 (415)	524 (16)	855 (92)	5,525 (2,648)

Bracketed figures represent proportion excluding subsidiaries taken over under the Exit, Consolidation and Development Packages.

1b = OEI exposures with impairment, 1a = OEI exposures without impairment, 2c = exposures with significant weaknesses, 2b = exposures with impaired credit quality, 2a/3 = exposures with normal credit quality.

Credit quality steps 1b and 1a together correspond to the FSA's credit quality step 1.

Break-down of exposures by type of customer/winding up

(DKKm)	Viable	Conditionally viable	Liquidation	Total
Loans, advances and guarantees and unutilised credit limits before impairment	5,420	18,975	13,261	37,656
Impairment losses	531	6,103	9,212	15,846
Collateral security	3,352	9,803	3,130	16,285
Unsecured	1,537	3,069	919	5,525

and the possibility of transferring them to other banks. The classification creates the basis for ongoing monitoring of overall credit quality developments and for assessing the possibility of winding up the customer relationship. To this end, uniform assessment principles have been introduced, paving the way for uniform classification across Finansiel Stabilitet's group companies.

The creditworthiness is based on the FSA's credit quality classification of loans and advances. Credit quality step 1 is divided into 1b and 1a with and without impairment losses, respectively.

The possibility of a transfer to another bank in the long term is based on the viability of the exposure.

For liquidation exposures and conditionally viable exposures, the collateral security is the most important factor in the valuation of the exposure and, therefore, any change in the value of the collateral security will feed directly through to group companies' profit/(loss).

Finansiel Stabilitet has a fairly large volume of system recorded collateral in the form of charges on assets etc. Moreover, collateral includes rights of subrogation to collateral in connection with guarantees provided, collateral for which the perfection procedure is in process but not completed, third party guarantees, etc. which are also included in the valuation of individual loans and guarantees.

The Development Package
The takeover of FIH's portfolio of property exposures increased Finansiel Stabilitet's credit risk exposure to the property market considerably. Exposures taken over pursuant to the Development Package in 2012 are handled and wound up like exposures taken over under the other bank packages and pursuant to the Winding-up Order.

The Credit Package: Individual government guarantees
Individual government guarantees were issued on the basis of an individual credit assessment of applications received. The credit assessment formed the basis of Finansiel Stabilitet's evaluation of whether it would be able to

Break-down of type of security by type of customer/winding up

(DKKm)	Viable	Conditionally viable	Liquidation	Total
Mortgages on real property	2,478	8,613	2,550	13,641
Mortgages on vehicles, ships, etc.	748	172	69	989
Security in deposits	5	41	56	102
Custody accounts	42	64	50	156
Guarantees	13	257	43	313
Other	66	656	362	1,084
Total	**3,352**	**9,803**	**3,130**	**16,285**

See also note 15 to the financial statements, which, however, states collateral security exclusive of loans and advances at fair value.

Break-down of individual government guarantees by currency

	2012		2011	
(DKKbn)	Currency	DKK	Currency	DKK
DKK	8.8	8.8	44.0	44.0
EUR	3.2	24.2	4.4	32.6
USD	5.1	28.4	12.5	71.9
SEK	6.0	4.9	16.2	13.5
Total		**66.3**		**162.0**

enter into an agreement on an individual government guarantee with the bank. In a number of instances, additional terms have been defined if Finansiel Stabilitet assessed this to be necessary in order for the issuance of the government guarantee to be deemed to be prudent. It was up to the individual bank to decide whether or not to publish information about individual requirements. In connection with the issuance of guarantees, the bank was required to submit information about material adverse changes. Finansiel Stabilitet conducts regular credit monitoring of the banks that have received an individual government guarantee based on their financial reporting. As long as the individual government guarantees are in force, the ongoing credit monitoring of the banks will continue. The Board of Directors of Finansiel Stabilitet receives regular status updates on individual government guarantees. All guarantees issued are registered in a database and status updates on the bond issues are available on www.finansielstabilitet.dk.

Guarantees issued on behalf of the Danish State amounted to DKK 66 billion at 31 December 2012 (DKK 162 billion at 31 December 2011). Individual government guarantees issued to Finansiel Stabilitet's subsidiaries represented DKK 6 billion of this amount. As a result, exposures to credit institutions outside Finansiel Stabilitet totalled DKK 60 billion.

Counterparty risk on financial counterparties

In connection with the ongoing management of market risks, the Group's companies enter into hedging transactions, and they also, to a limited extent, have accounts with Danish and foreign banks for purposes of payment transfers etc. These relatively moderate lines are granted by the Group's Board of Directors and managed and monitored by Finansiel Stabilitet.

Market risk

Winding up of distressed banks under the Bank, Exit and Consolidation Packages and of FS Property Finance under the Development Package

Finansiel Stabilitet pursues a general policy of minimising its exposure to market risks. To the extent that the Company is exposed to market risks, the intention is for the group companies to wind up activities that expose the Company to market risks or, alternatively, to hedge such exposures.

Market risk is monitored by calculating the group companies' current exposures and including them in the Group's overall exposure. To date, the banks taken over have had limited exposure to market risk on takeover.

The market risks faced by Finansiel Stabilitet are primarily in the form of interest rate risks arising in connection with differences in the maturities of assets and liabilities. The majority of loans to group companies carry floating interest, while liabilities principally consist of loans raised by Finansiel Stabilitet through the state-funded re-lending scheme. Re-lending corresponds to bond loans, and thus carries a fixed rate of interest. Part of the re-lending is used for capital injections in subsidiaries and is not subject to interest rate risk. Borrowing related to capital injections was originally in five-year bonds, corresponding to the expected horizon for winding up the banks taken over. Accordingly, the duration of assets and liabilities is not perfectly matched, and Finansiel Stabilitet is thus exposed to interest rate changes.

The overall interest rate risk was negative at DKK 196 million at 31 December 2012, compared with a negative amount of DKK 313 million at the year-earlier date. Excluding the subsidiaries under the Exit, Consolidation and

Development Packages, the interest rate risk was negative at DKK 49 million.

In connection with Finansiel Stabilitet's activities related to the winding up of distressed banks, the Company is also exposed to currency risk. To the extent that foreign commercial interests are involved, including that customers have raised loans with a view to financing foreign activities, assets are hedged by way of similar financing in foreign currency.

The overall currency position calculated in terms of exchange rate indicator 1 amounted to DKK 168 million at 31 December 2012 (DKK 181 million at 31 December 2011). Excluding the subsidiaries under the Exit, Consolidation and Development Packages, the currency position amounted to DKK 46 million.

Finansiel Stabilitet also has a number of shareholdings. The listed shares are being wound up, but the Group still has a number of sector equities and minor, listed and unlisted, shareholdings in its balance sheet. Efforts are made on an ongoing basis to wind up these equity portfolios but, as a result of limited liquidity, this is typically a longer-horizon task. The greatest equity risk attaches to Finansiel Stabilitet's portfolio of bank shares, guarantee certificates and cooperative share certificates, which the Company has received as part of the payment under the Bank Package, and to sector equities, primarily DLR Kredit A/S. The portfolio of listed bank shares is being wound up on an ongoing basis, thereby reducing the exposure.

The overall portfolio of shares etc. amounted to DKK 1,218 million at 31 December 2012 (DKK 1,467 million at 31 December 2011). Excluding the subsidiaries under the Exit, Consolidation and Development Packages, the portfolio of shares etc. amounted to DKK 856 million.

See also note 34 to the financial statements.

The Credit Package: Individual government guarantees
In connection with the provision of individual government guarantees, Finansiel Stabilitet incurs a potential currency risk, as issues have been made in foreign currencies in several cases. The currency risk only arises if a bank defaults on its payments, and Finansiel Stabilitet is required to make timely payment. Finansiel Stabilitet has access to raising re-lending in foreign currency in order to be able to honour potential claims for timely payment in foreign currency.

Property risk
Directly or indirectly through subsidiaries, the Group owns a number of properties that have been taken over in connection with the winding up of exposures or collateral security.

In addition, the Group is indirectly exposed to developments in the property market as a large part of the Group's exposures are secured against properties.

The property market was characterised by weak trends in 2012 as well, and the outlook for 2013 does not indicate any significant change. The properties in demand are still well-run and well-situated properties.

The market for commercial property remains characterised by liquidity shortage and falling prices for properties with a secondary location and slightly increasing prices for prime properties. The commercial property market is expected to remain subject to considerable uncertainty.

Many of the properties in which the Group holds mortgages are characterised by being poorly maintained and situated outside major urban areas, that is, properties that are currently not in high demand. Moreover, the financial sector is generally reluctant to finance property transactions.

Finansiel Stabilitet's property risk management forms an integral part of its ongoing risk management and winding up of customer exposures and of the portfolio of properties on Finansiel Stabilitet's and the subsidiaries' own books.

The properties forming part of the individual credit exposures and the properties taken over by the Group are valued by Finansiel Stabilitet's property department, possibly in collaboration with major chains of estate agents. The property department draws up action plans for properties that are deemed to require handling before being sold.

The property department manages the divestment of properties held by distressed exposures and works closely with the key account managers in Exposure Winding Up and Credit Management.

Properties in own portfolio and value of property security

(DKKm)	Properties in own portfolio	Property security
Property value	2,924 (2,068)	13,641 (3,812)
Effect of a 10% decline in property values	292 (207)	1,196 (372)

Bracketed figures represent proportion excluding subsidiaries taken over under the Exit, Consolidation and Development Packages.

As already mentioned, the property market is expected to remain subject to considerable uncertainty in 2013.

A scenario in which property values decline by a further 10% would impact Finansiel Stabilitet's operating profit through the portfolio of properties on its own books as well as through collateral security provided on the exposures. Especially, impaired exposures would be very severely impacted in such a scenario.

The Group's portfolio of properties amounts to DKK 2,924 million. Of this amount, Finansiel Stabilitet bears the risk of DKK 2,068 million. The Group's property security on exposures amounts to DKK 13,641 million. Of this amount, Finansiel Stabilitet bears the risk of DKK 3,812 million. The risk attaching to the remaining portion is borne by subsidiaries under the Exit, Consolidation and Development Packages.

A 10% decline in property values would result in a loss for the Group on own properties of DKK 292 million (DKK 379 million at 31 December 2011). Of this amount, Finansiel Stabilitet would bear DKK 207 million. Moreover, it would lead to increased impairment losses charged to profit and loss in an estimated amount of DKK 1,196 million (DKK 1,016 million at 31 December 2011) for the Group. Of this amount, DKK 372 million would be borne by Finansiel Stabilitet.

Operational risk

Finansiel Stabilitet seeks, on an ongoing basis, to reduce the risk of loss related to operational risk, that is, in connection with inadequate or failed internal processes and human or system errors, etc.

The most significant operational risks faced by the Group are assessed to be related to the handling of exposures in poor financial standing and related collateral security, including that documents and acts of perfection are often impaired by errors attributable to the original banks.

Legal risks related to a number of pending and threatened disputes and claims for damages constitute a significant operational risk for the Group. They are the result of Finansiel Stabilitet's and its subsidiaries' assumption of the obligations of the banks taken over. Accordingly, provisions have been made in respect of risks which can be sufficiently quantified and which are most likely to result in a loss. Legal risks are difficult to quantify and often associated with uncertainty in terms of risk assessment. Finansiel Stabilitet therefore assesses the development in the legal risks and their potential financial consequences on an ongoing basis.

Finansiel Stabilitet seeks to minimise the other operational risks through a number of measures. For example, the different tasks in Finansiel Stabilitet are performed by different entities. Separation of duties reduces the operational risks and supports the possibility of internal control. Moreover, Finansiel Stabilitet has prepared written procedures for the most essential tasks with a view to minimising the reliance on individuals and to ensuring that the tasks are performed on the basis of the policies adopted. As many work processes are supported by IT, thereby exposing the Company to the risk of potentially damaging breakdowns, IT contingency plans have been drawn up in order to mitigate potential losses.

Finansiel Stabilitet seeks to quickly wind up retail customers in order to avoid operational risks, including legal risks, in relation to retail customer advisory services.


Finansiel Stabilitet

Corporate governance

The Board of Directors of Finansiel Stabilitet believes it is important for the Company to comply with the corporate governance recommendations to the widest possible extent. Corporate governance is essential for the Company to meet its obligations to its owner and other stakeholders.

Finansiel Stabilitet structures the management of the Group and the performance of the Group's activities in accordance with the special obligation imposed on Finansiel Stabilitet to support financial stability in Denmark.

Background and overall framework

Finansiel Stabilitet is wholly owned by the Danish State through the Ministry of Business and Growth. The state ownership is exercised with all due respect to the decision-making powers of the Board of Directors and the Management Board.

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

As a financial holding company, Finansiel Stabilitet presents its consolidated financial statements in accordance with IFRS and the FSA's additional requirements for consolidated financial statements. The parent company, Finansiel Stabilitet A/S, presents its financial statements in accordance with the Financial Business Act.

Finansiel Stabilitet publishes interim financial statements and releases quarterly profit announcements. The Company does not publish full interim financial statements for the first and third quarters. In not doing so, Finansiel Stabilitet deviates from the recommendations of the Committee on Corporate Governance. This should be seen in light of Finansiel Stabilitet's special objects involving the taking over and winding up of the activities of distressed banks.

It has been assessed that the release of quarterly financial statements would not contribute material new information relative to the information already released through the quarterly profit announcements and other announcements.

Finansiel Stabilitet complies with the recommendations for exercising ownership and practising corporate governance in state-owned public companies, as described in the report entitled "The State as a Shareholder" published in 2004. Finansiel Stabilitet considers developments in the corporate governance recommendations applicable to listed companies on a regular basis. At least once a year, the Board of Directors and the Management Board review principles defined for the management of Finansiel Stabilitet and make ongoing adjustments in order to ensure that the Company complies with good practice in the area.

In connection with the implementation of the Winding-up Order, which came into force in 2010, focus has also been on ensuring that the subsidiaries of Finansiel Stabilitet comply with the requirements set out in the executive order.

The overall objectives are defined by the shareholder (legislator) and, therefore, decisions on risk tolerance are not left to the Board of Directors as would normally be the case. As the Company's objects and the achievement thereof are prescribed by law, Finansiel Stabilitet does not comply with the Committee's corporate governance recommendations in relation to risk management. The Committee's recommendations on how to handle takeover bids are irrelevant to Finansiel Stabilitet. Within the given framework, the Board of Directors of Finansiel Stabilitet has sought to enhance the risk management efficiency of the assets taken over.

Communication with the Company's stakeholders

Finansiel Stabilitet makes a proactive effort to provide relevant, adequate and timely information about the Company's activities and performance to its various stakeholders.

Finansiel Stabilitet is subject to the rules applicable to state-owned public companies, implying, among other things, that in key areas the Company is subject to the same requirements as listed companies.

Announcements and other information from Finansiel Stabilitet and its subsidiaries are released through the Company's website www.finansielstabilitet.dk and through the Danish Business Authority. In addition, the website contains information about the Company's structure, activities, etc.

General meetings

The general meeting is the Company's supreme decision-making body. The Ministry of Business and Growth acting on the behalf of the Danish State is the Company's sole shareholder and has the same powers at general meetings as those awarded to shareholders pursuant to the Companies Act.

Representatives of the Ministry of Business and Growth, the Board of Directors, the Management Board and the Company's auditors attend the annual general meeting. The annual general meeting is open to the press.

Business transacted at the annual general meeting includes approval of the annual report, any proposed amendments to the articles of association, election of members to the Board of Directors and appointment of auditors.

Notices of general meetings are published and distributed to the Company's sole shareholder not less than two weeks and not more than four weeks prior to the date of the general meeting.

Management structure

Finansiel Stabilitet has a two-tier management structure, consisting of the Board of Directors and the Management Board. The two bodies are mutually independent and have no overlapping members.

Finansiel Stabilitet's subsidiaries are managed by independent management boards and boards of directors, which may, however, consist fully or partly of the day-to-day management of Finansiel Stabilitet. This structure entails that Finansiel Stabilitet is represented on the boards of directors of all subsidiaries.

The work of the Board of Directors

The Board of Directors is responsible for the overall management of Finansiel Stabilitet. The Board of Directors decides all matters of material importance, including the overall organisation of Finansiel Stabilitet's activities. The Board of Directors also has wide powers to supervise the Company and to check that it is being properly managed as required by law and by the articles of association.

The general guidelines for the work of the Board of Directors have been defined in the rules of procedure (read more at www.finansielstabilitet.dk), which are revised on an ongoing basis and as required.

Due to the special object and nature of Finansiel Stabilitet, the Board of Directors has flexible working methods and plans its work so as to accommodate the tasks at hand.

A total of 13 board meetings were held in 2012, including 4 extraordinary board meetings. A total of 18 board meetings were held in 2011.

The Board of Directors is continuously updated on the Company's situation. These updates take place systematically through meetings as well as through written and oral reporting. The Board of Directors receives a regular quarterly report, including information about the Company's financial performance and the most important activities and transactions.

Efforts are made to ensure that the Ministry of Business and Growth receives any information released by Finansiel Stabilitet, and meetings with the Minister for Business and Growth are held as and when required. As long as Finansiel Stabilitet is wholly owned by the Danish State, the Board of Directors is, moreover, required to make any and all information about the Company available to the Minister for Business and Growth when so requested, unless doing so would be contrary to statutory provisions. The Board of Directors is also required to notify the Minister for Business and Growth about matters concerning Finansiel Stabilitet's activities which are of material financial or political significance.

Finansiel Stabilitet deviates from the recommendations of the Committee on Corporate Governance with respect to board committees, as the Board of Directors has not to date found it necessary to set up an audit committee and, due to the close affiliation with the Minister for Business and Growth, has not found it necessary to set up remuneration and nomination committees.

The Board of Directors regularly and at least once a year assesses the tasks and composition of the Board of Directors and the collaboration between the Board of Directors and the Management Board. The conditions relating to the Company's management are adjusted as required on the basis of these assessments.

Based on the Company's business model and related risks, the Board of Directors of Finansiel Stabilitet has identified the areas which it deems the Management Board and the Board of Directors of Finansiel Stabilitet should have knowledge of and experience with. These areas are:

- Knowledge of/experience with the management and operation of a bank
- Knowledge of financial matters, including capital requirements and liquidity
- Knowledge of/experience with financial assets and financial contracts, including government guarantees
- Knowledge of/experience with credit granting and handling
- Knowledge of/experience with the property market
- Knowledge of/experience with the winding up of exposures
- Knowledge of/experience with customer handling
- Knowledge of/experience with compliance
- Knowledge of financial legislation and the Act on Financial Stability
- Knowledge of/experience with financial reporting
- Knowledge of/experience with risk management
- Knowledge of/experience with outsourcing and related risks
- Understanding of general HR issues
- Experience with government bodies and political control

Finansiel Stabilitet has set up an internal audit department which covers the entire Group. The internal audit department reports to the Board of Directors and conducts audits of operational, compliance and management matters and of the reliability of internal and external reporting. Moreover, significant risk management areas, including risk management reporting, are audited.

Composition of the Board of Directors

The Board of Directors of Finansiel Stabilitet consists of six members, including a chairman and a deputy chairman, elected by the general meeting upon the recommendation of the Ministry of Business and Growth. Finansiel Stabilitet previously deviated from the recommendations of the Committee on Corporate Governance with respect to the term of office of board members, as board members were elected for terms of three years in accordance with the Act on Financial Stability. The requirements for term of office were amended to one year with board members being eligible for re-election by Act no. 273 of 27 March 2012 on amendment of the Act on a guarantee fund for depositors and investors, the Financial Business Act, the Securities Trading, etc. Act, the Act on Financial Stability and the Tax Assessment Act. The articles of association of Finansiel Stabilitet were amended accordingly at the annual general meeting held on 27 April 2012. The aim of the amendment is to ensure continuity and to facilitate regular renewal of the Board of Directors. It also aligns the term of office with the general practice for state-owned public companies and the recommendations of the Committee on Corporate Governance of August 2011.

The Chairman of Finansiel Stabilitet's Board of Directors may not undertake any offices on behalf of the Company which do not form part of the office as chairman. However, if specifically required, the Chairman may perform tasks which he or she is requested to perform by and on behalf of the Board of Directors.

Age is not deemed to be a disqualifying factor, and no age limit has been determined for the members of the Board of Directors.

The candidates recommended by the Ministry of Business and Growth for election to the Board of Directors must possess relevant skills, and the Board of Directors as a whole must, to the widest possible extent, possess knowledge and experience of the key issues and challenges faced by Finansiel Stabilitet. Moreover, the Board of Directors seeks to achieve a composition in which the members complement each other in the best possible way in terms of age, background, gender, etc. with a view to ensuring a competent and versatile contribution to the board work in Finansiel Stabilitet.

The Company aims for equal representation of both genders among shareholder-elected board members, and as a minimum, a gender must not be represented by less than one third.

At its meeting held on 27 September 2012, the Board of Directors of Finansiel Stabilitet resolved to hold elections of employee representatives to the Board of Directors in the first quarter of 2013. A Group Election Committee was set up with representatives of employees and management, and the election was held with the new employee representatives being announced on 1 March 2013.

Considering the Group's special status as a winding-up company and the perspective that, within a relatively short time horizon, the Group will probably be a different type of business from what it is today, the committee decided on a two-year term of office. This offers employees still with the Company in two years the opportunity to participate in a new election based on the company in existence at such time.

At the Company's general meetings, proposals for candidates for board membership, including their experience and background, will be explained where relevant.

Information on the individual board members is provided in this Annual Report and on Finansiel Stabilitet's website, www.finansielstabilitet.dk.

The Chairman of the Board of Directors resigned after Finansiel Stabilitet had released its interim report for the first half of 2012, and the Deputy Chairman, Jakob Brogaard, took over the position of Chairman.

Board member Christian Th. Kjølbye deviates from the Committee on Corporate Governance's definition of independence due to his affiliation with one of the law firms providing legal advice to the Company.

Management Board

The Management Board was increased from one member to three members in 2012. The Board of Directors appoints the Management Board and determines the employment terms of Management Board members.

The Management Board consists of the CEO, a CCO and a COO. The Management Board is responsible for the day-to-day management of Finansiel Stabilitet. The guidelines for the Management Board's reporting and submission of resolutions to the Board of Directors and for the distribution of powers and responsibilities between the Board of Directors and the Management Board are laid down in instructions to the Management Board.

Remuneration of the Board of Directors and the Management Board

Each member of the Board of Directors receives a fixed annual remuneration, and the total annual emoluments paid to the Board of Directors are approved at the general meeting in connection with the approval of the annual report. The remuneration of the Chairman and the Deputy Chairman consists of a fixed part and a variable part determined on the basis of the work performed.

In the financial year 2012, the remuneration paid to the Board of Directors amounted to DKK 1,436,000 (2011: DKK 2,181,000), including DKK 787,000 (2011: DKK 1,200,000) to the Chairman and the Deputy Chairman. The remuneration paid reflects the changes to the Group structure implemented in 2012 and changes in the composition of the Board of Directors, including the Chairman and Deputy Chairman.

The remuneration of the Management Board is determined by the Board of Directors, and in 2012 the remuneration of the Management Board consisted of a basic salary. Finansiel Stabilitet has no pension obligations towards the Management Board. The Management Board does not receive a separate fee for directorships in subsidiaries.

The total remuneration paid to the three members of the Management Board amounted to DKK 5.3 million in 2012 (2011: DKK 2.5 million to a one-member Management Board). The total remuneration paid to CEO Henrik Bjerre-Nielsen was DKK 2.6 million, and the total remuneration paid to CCO Lars Jensen and COO Niels Olsen, both of whom took up their positions in mid-2012, was DKK 1.5 million and DKK 1.2 million, respectively.

The terms of employment of the Management Board, including remuneration and severance terms, are deemed to be consistent with ordinary standards for a position of this nature and do not entail any special obligations on the part of the Company.

Finansiel Stabilitet adheres to the Danish State's salary policy for state-owned public companies, including by not paying top-bracket salaries. Finansiel Stabilitet abides by legally binding agreements with employees entered into in connection with the takeover of distressed banks. Finansiel Stabilitet also regularly considers the risks involved in termination of key employees in the event that an adjustment to the Group's salary policy by way of a voluntary agreement proves impossible.

Internal control and risk management systems used in the financial reporting process

The Board of Directors and the Management Board check the financial reporting, including compliance with relevant legislation and other regulations related thereto. Finansiel Stabilitet has set up the necessary internal controls to ensure that the Company's financial reports give a true and fair view.

The Management Board maintains effective procedures to identify, monitor and report on risks, effective internal control procedures as well as satisfactory IT control and security measures.

In order to prevent misstatements and irregularities in financial reporting, Finansiel Stabilitet assesses and adjusts its internal control and risk management systems on an ongoing basis.

Risks are assessed on an ongoing basis in connection with the financial reporting. In particular, Finansiel Stabilitet focuses on financial items where estimates and judgments could have a material effect on the value of assets and liabilities. These financial statement items are listed in the note to the financial statements on accounting estimates and assessments.

Finansiel Stabilitet's Board of Directors has resolved to introduce a whistleblower scheme in the Group. The scheme will be implemented in the first half of 2013.

Auditors

Finansiel Stabilitet's independent auditors are appointed at the general meeting for terms of one year. Before nominating a candidate for appointment at the general meeting, the Board of Directors makes a critical assessment of the auditors' independence, qualifications, etc. The framework for the auditors' duties, including their remuneration, audit and non-audit assignments, are written into a contract.

Finansiel Stabilitet uses the same auditors throughout the Group.

The members of the Board of Directors receive the external auditors' long-form audit report on the auditors' review of the annual report. The Board of Directors reviews the annual report and the long-form audit report at a meeting with the external auditors, at which the auditors' observations and any material issues discovered in connection with the audit are discussed. The most important accounting policies and the auditors' assessments thereof are also reviewed.

Corporate social responsibility

Finansiel Stabilitet A/S is required to contribute to ensuring financial stability in Denmark, primarily by winding up distressed banks in Denmark. In performing this task, Finansiel Stabilitet assumes significant corporate social responsibility.

The Company's objects are thus clearly defined, and the Company's prime responsibility is to ensure a controlled winding up of distressed banks, as quickly as possible, and in a financially responsible and proper and fair manner, in relation to customers, third parties and the Danish State. Focus is on minimising losses on assets taken over, minimising the Company's risks and contributing to ensuring stability, including in other sectors such as the property market and the agricultural sector. This is done, for example, by involving customers in planning the winding up and by involving other stakeholders. The Company aims for business with the Group's customers to continue under the auspices of other banks to the extent possible, either in the form of agreements with individual customers or in the form of a structured sale of the Group's portfolios.

Moreover, the Group focuses on processing a large number of complaints, disputes and claims from creditors which the Company has taken over from the distressed banks. To this end, the Company ensures that it has organised an adequate and expense-focused process for examining the large number of claims and that cases are handled in a legally correct manner.

The Company and its subsidiaries live up to their responsibility as employers, business partners and consumers of natural resources. However, the Company does not act as an intermediary for sales of products or services outside the Group, nor does it operate internationally or invest with a view to obtaining a profit. For this reason, the Company has not found it relevant to sign up to any special CSR standards.

This and the description below apply to all Group companies.

Cost-saving Group restructuring

Finansiel Stabilitet changed the Group's structure in 2012 with a view to ensuring the most appropriate and cost-conscious organisation for the future winding up of distressed banks and the other tasks performed by the Company. This work will continue in 2013, being an ongoing focus area for the Company.

The restructuring of the Group in 2012 reduced the number of subsidiaries, including subsidiaries with a licence to carry on banking activities. Subsequently, the tasks of the remaining subsidiaries have to the greatest extent possible been outsourced to Finansiel Stabilitet. This enables the Group to keep its administrative expenses at an acceptable level and continuously reduce them.

As part of the group restructuring, the external boards of directors of the Group's subsidiaries were replaced by internal boards of directors. Moreover, the Board of Directors of Finansiel Stabilitet was reduced by one member in 2012 and now consists of six members elected by the shareholders.

Business partners and suppliers

The Company is focused on using suppliers who comply with applicable and relevant standards in the area. This applies not least to the property area in connection with completion of properties and projects taken over by Finansiel Stabilitet from distressed banks or on realisation of collateral. The Company procures a great volume of its goods and services under framework agreements with SKI (Statens og Kommunernes Indkøbs Service A/S). Procurement thus complies with applicable rules, including a requirement in all framework agreements that, on completion of the contract, suppliers must adhere to the ten UN principles on human rights, labour standards, the environment and anti-corruption as specified in the Global Compact.

Environmental and climate impact

In performing its business activities, Finansiel Stabilitet seeks to limit its environmental and climate impact. However, the Company's environmental and climate impact is limited due to its business volume, and no separate policies and business procedures have been drawn up in this respect.

Financial statements

Income and comprehensive income statement

		Group		Parent	
(DKKm)	Note	2012	2011	2012	2011
Interest and fees					
Interest income	4	1,332	1,769	511	896
Interest expense	5	564	817	313	464
Net interest income		**768**	**952**	**198**	**432**
Share dividends etc.		16	5	7	1
Fees and commissions received	6	1,047	1,617	1,111	1,669
Fees and commissions paid	6	1,256	1,806	1,260	1,788
Net interest and fee income		**575**	**768**	**56**	**314**
Market value adjustments	7	(595)	(684)	(133)	(419)
Other operating income	8	2,130	1,374	735	590
Staff costs and administrative expenses	9	1,037	1,109	525	528
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	10	16	23	9	3
Other operating expenses		211	531	33	456
Impairment losses on loans, advances and receivables, etc.	11	201	4,192	(731)	3,368
Profit/(loss) from investments in associates and subsidiaries	12	(14)	(162)	(191)	(689)
Loss guarantee from the Danish State relating to individual government guarantees		(20)	(3,549)	(20)	3,549
Profit/(loss) for the year before tax		**611**	**(1,010)**	**611**	**(1,010)**
Tax	13	0	0	0	0
Profit/(loss) for the year		**611**	**(1,010)**	**611**	**(1,010)**
Statement of comprehensive income					
Profit/(loss) for the year		611	(1,010)	611	(1,010)
Other comprehensive income after tax		0	0	0	0
Total comprehensive income		**611**	**(1,010)**	**611**	**(1,010)**
Appropriation of profit/(loss)					
Proposed dividend		0	4,600	0	4,600
Retained earnings		611	(5,610)	611	(5,610)
Total amount appropriated		**611**	**(1,010)**	**611**	**(1,010)**

Balance sheet

		Group		Parent	
(DKKm)	Note	2012	2011	2012	2011
ASSETS					
Cash in hand and demand deposits with central banks		11,191	7,992	10,391	5,273
Due from credit institutions and central banks	14	2,013	3,474	852	614
Loans, advances and other receivables at fair value	15	1,080	1,089	1,010	1,022
Loans, advances and other receivables at amortised cost	15	18,130	17,535	4,512	6,504
Bonds at fair value	16	1,056	3,524	13	211
Shares, etc.	17	1,218	1,467	856	1,049
Investments in associates, etc.	18	458	400	423	350
Investments in subsidiaries		0	0	4,305	4,878
Intangible assets	19	0	1	0	1
Total land and buildings	20	2,192	1,566	79	2
Investment properties		2,190	1,553	79	2
Domicile properties		2	13	0	0
Other property, plant and equipment	21	14	45	3	5
Assets held temporarily	22	770	2,226	0	102
Loss guarantee from the Danish State re. individual government guarantees		3,516	3,549	3,516	3,549
Receivable re. loss guarantee from the Danish State relating to Roskilde Bank		4,331	8,931	4,331	8,931
Other assets	23	4,053	2,648	3,037	2,058
Prepayments		8	19	2	11
Total assets		**50,030**	**54,466**	**33,330**	**34,560**

		Group		Parent	
(DKKm)	**Note**	**2012**	**2011**	**2012**	**2011**
EQUITY AND LIABILITIES					
Liabilities					
Due to credit institutions and central banks	24	13,782	977	1,561	1,971
Deposits and other payables	25	3,744	4,090	5,540	1,423
Loans through the state-funded re-lending scheme	26	13,991	14,567	13,991	14,567
Issued bonds at amortised cost	27	3,146	13,431	2	2
Liabilities relating to assets held temporarily		294	0	0	0
Due to mortgage credit institutions		47	206	0	0
Other liabilities	28	2,203	3,069	986	1,112
Deferred income		6	4	0	1
Total liabilities		**37,213**	**36,344**	**22,080**	**19,076**
Provisions					
Provision for losses on guarantees	11	542	880	368	540
Purchase price adjustment (earn-out)	29	865	1,569	-	-
Other provisions	30	1,820	2,094	1,292	1,365
Total provisions		**3,227**	**4,543**	**1,660**	**1,905**
Total liabilities		**40,440**	**40,887**	**23,740**	**20,981**
Equity					
Share capital		1	1	1	1
Retained earnings		9,589	8,978	9,589	8,978
Proposed dividend		0	4,600	0	4,600
Total equity		**9,590**	**13,579**	**9,590**	**13,579**
Total equity and liabilities		**50,030**	**54,466**	**33,330**	**34,560**

Statement of changes in equity

Group	2012				
(DKKm)	Share capital	Retained earnings	Proposed dividend	Total equity	2011
Equity at 1 January 2012	1	8,978	4,600	13,579	14,588
Changes in equity during the year					
Comprehensive income for the year	-	611	-	611	(1,010)
Dividend paid	-	-	(4,600)	(4,600)	0
Proposed dividend		0	0	0	(4,600)
Equity at 31 December 2012	**1**	**9,589**	**0**	**9,590**	**8,978**

Parent company	2012				
(DKKm)	Share capital	Retained earnings	Proposed dividend	Total equity	2011
Equity at 1 January 2012	1	8,978	4,600	13,579	14,588
Changes in equity during the year					
Comprehensive income for the year	-	611	-	611	(1,010)
Dividend paid	-	-	(4,600)	(4,600)	0
Proposed dividend	-	0	0	0	(4,600)
Equity at 31 December 2012	**1**	**9,589**	**0**	**9,590**	**8,978**

The DKK 0.5 million share capital consists of 500 shares of DKK 1,000 each. All shares confer equal rights on their holders.

Cash flow statement

(DKKm)	Group 2012	2011
Cash flows from operating activities		
Profit/(loss) for the year after tax	611	(1,010)
Impairment of loans, etc., net	201	4,192
Depreciation/amortisation	16	23
Loss guarantee from the Private Contingency Association/the Danish State	20	(3,549)
Losses on takeover of subsidiaries	-	(355)
Other	(967)	(753)
Total operating activities	**(119)**	**(1,452)**
Working capital		
Changes in credit institutions, net	(896)	2,705
Change in loans, advances and other receivables	12,086	17,572
Changes in securities	3,270	8,587
Change in deposits and other payables	(4,209)	(22,375)
Changes in other assets and liabilities	(6,631)	12
Total working capital	**3,620**	**6,501**
Total cash flows from operating activities	**3,501**	**5,049**
Cash flows from investing activities		
Net investment in subsidiaries	3,625	4,806
Cash flows from discontinued operations	-	-
Purchase/sale of property, plant and equipment	(441)	1,380
Total	**3,184**	**6,186**
Cash flows from financing activities		
Re-lending	(265)	(10,770)
Dividend	(4,600)	-
Total	**(4,865)**	**(10,770)**
Change in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	10,910	10,445
Change during the year	1,820	465
Cash and cash equivalents at the end of the year	**12,730**	**10,910**
Cash and cash equivalents comprise:		
Cash in hand, etc.	11,191	7,992
Due from credit institutions and central banks within less than three months	1,539	2,918
Cash and cash equivalents at the end of the year	**12,730**	**10,910**

Notes

1. Accounting policies

Finansiel Stabilitet presents its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU and with related interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The consolidated financial statements also comply with the Danish FSA's disclosure requirements for financial statements.

The financial statements of the parent company, Finansiel Stabilitet A/S, are presented in accordance with the provisions of the Financial Business Act, including the Danish FSA's Executive Order on financial reports presented by credit institutions, investment companies, etc. The rules are consistent with the Group's valuation principles under IFRS, except that investments in subsidiaries are valued according to the equity method.

Financiel Stabilitet A/S has implemented the IFRS standards and interpretations taking effect for 2012. The implementation of these did not affect recognition or measurement in 2012.

Accordingly, the accounting policies are consistent with those applied in 2011.

Finansiel Stabilitet completed a merger with the subsidiaries FS Finans, FS Ejendomsselskab and FS Pantebrevsselskab with accounting effect from 1 January 2012. The comparative figures for 2011 have been restated.

Standards and interpretations not yet in force

The International Accounting Standards Board (IASB) has issued a number of international financial reporting standards and the International Financial Reporting Interpretations Committee (IFRIC) has issued a number of interpretations that have not yet come into force.

None of these are expected to materially affect the future financial reporting of Finansiel Stabilitet.

In October 2010, the IASB published IFRS 9, Financial Instruments. The standard represents phase 1 in a project to replace the existing IAS 39. Phase 1 deals with classification and measurement of financial instruments and derecognition, while the next phases will address rules on impairment, hedge accounting and offsetting of financial instruments. The EU has decided to postpone adoption of IFRS 9 until the details of the remaining phases are known.

In May 2011, the IASB issued IFRS 13, Fair Value Measurement. This standard concerns a number of clarifications in relation to fair value measurement. The standard has been adopted by the EU and is effective for financial years beginning on or after 1 January 2013.

In May 2011, in connection with its consolidation project, the IASB issued three new standards, IFRS 10, Consolidated Financial Statements; IFRS 11, Joint Arrangements and IFRS 12, Disclosure of Interest in Other Entities, as well as amendments to the two existing standards IAS 27, Consolidated and Separate Financial Statements and IAS 28, Investments in Associates. In accordance with the new standards, group relations are determined based on one common control definition and the disclosure requirements are extended. The standards have been adopted by the EU and are effective for financial years beginning on or after 1 January 2014.

In June 2011, the IASB issued an amended IAS 19, Employee Benefits. The amendment eliminates the use of the corridor method for defined benefit plans. The amendment has been adopted by the EU and is effective for financial years beginning on or after 1 January 2013.

In December 2011, the IASB issued a clarification of the offsetting provisions in IAS 32 and extended the disclosure requirements in IFRS 7. Both amendments have been adopted by the EU and are effective for financial years beginning on or after 1 January 2013. (However, IAS 32 does not take effect until 1 January 2014).

Accounting estimates and judgments

The determination of the carrying amount of certain assets and liabilities requires assessments, estimates and assumptions of future events.

The estimates and assumptions applied are based on historical experience and other factors that Management considers reasonable, 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 the estimates and assumptions made.

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

Estimates significant to the financial reporting include the following:

- the accounting treatment of Finansiel Stabilitet's take-over of distressed banks, including assessment of the fair values of assets and liabilities taken over;
- impairment losses on loans and advances and provision for losses on guarantees and legal disputes, etc.;
- fair values of financial instruments, including mortgage deeds.

Accounting policies for the Group

Foreign currency translation

The functional currency of the Financial Stabilitet Group is Danish kroner, which is also the functional currency.

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 market value adjustments.

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 financial statements is recognised in the income statement as market value adjustments.

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 and liabilities are divided into the following categories:

- trading portfolio, measured at fair value;
- loans and advances and receivables, measured at amortised cost;
- financial assets at fair value through profit and loss;
- 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 determined 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 hedge criteria cease to be met, the accumulated value adjustments of the hedged items are amortised over the term to maturity.

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

Notes

1. Accounting policies (continued)

Certain contracts include terms and conditions similar to 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.

Consolidated financial statements
The consolidated financial statements comprise the parent company, Finansiel Stabilitet A/S, and subsidiaries which the parent company 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 achieved by directly or indirectly holding or having the disposal of more than 20%, but less than 50%, of the voting rights.

In assessing whether the parent company 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. 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 takeover date.

Financial statement items of subsidiaries are fully consolidated. The share of profit for the year and equity attributable to non-controlling interests in subsidiaries that are not wholly owned are included in the consolidated profit and equity, respectively, but as separate items under equity.

Business acquisitions
Enterprises taken over are recognised in the consolidated financial statements from the takeover date. Enterprises divested or wound up are recognised in the consolidated income statement until the date of disposal. Comparative figures are not adjusted to reflect takeovers or divestments.

Takeovers are accounted for using the purchase method if the parent company gains control of the company taken over. The identifiable assets, liabilities and contingent liabilities of enterprises taken over are measured at fair value at the takeover date. 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 made is recognised.

The takeover date is the date on which control of the company taken over actually passes to the parent company.

If the measurement of identifiable assets, liabilities or contingent liabilities taken over is subject to uncertainty at the takeover date, 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 takeover date than that originally assumed, the value is adjusted up to 12 months after the takeover. The effect of any adjustments relating to prior financial periods 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 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 designated at fair value through profit or loss, because the conditions for using the fair value option are met.

The loans, advances and 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 relatively 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.

On takeover of existing loans, advances and receivables, any difference between amortised cost and fair value will be amortised over the expected term to maturity.

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;
- 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 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 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 uncollectable are written off. The write-off is deducted from the allowance accounts.

For accounting purposes, interest on the individual loans and advances is recognised as income net of impairment losses.

Notes

1. Accounting policies (continued)

Bonds, shares, etc.
Listed securities are recognised at fair value at the settlement date. Fair values are measured at closing prices at the balance sheet date. In a less active or inactive market, fair value may, however, be measured based on models or the like.

Unlisted securities are recognised at fair value using the fair value option, because management thereof is based on fair value which, accordingly, forms the basis for the internal management reporting. Fair values of unlisted securities are measured on the basis of models, agreed trading prices according to articles of association, or the like.

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

The item includes Finansiel Stabilitet'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.

Leases
Leases are classified as finance leases when all significant risks and rewards of ownership of an asset are transferred to the lessee.
All other leases are classified as operating leases.

Receivables from lessees in finance leases are recognised as loans in an amount corresponding to the net investment in the leases. Income from finance leases is accrued over the term of the lease so as to reflect a constant periodical return on the investment.

Where the Group is the lessor, operating lease assets are recognised as operating equipment and depreciated as the Group's other operating equipment. Income from operating leases is recognised on a straight-line basis over the term of the lease according to the effective interest method. Gains or losses on the sale of lease assets are recognised as other operating income.

Associates
Associates are recognised at the lower of the proportionate share of net asset value and recoverable amount.

Intangible assets
Software
Software acquired is measured at cost, including the expenses 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 future earnings from the use of the software match the related development costs.

Development projects
Clearly defined and identifiable development projects where technical feasibility, adequate resources and a potential use can be demonstrated and where the intention is to use the project are recognised as intangible assets if their 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.

Properties

Properties comprise investment properties and domicile properties.

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

Investment properties are 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 properties are properties occupied by the Group's operations and administrative functions.

Domicile properties are initially recognised at cost and subsequently 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 50 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. 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.

Domicile properties in the consolidated financial statements are measured at estimated fair value (revalued amount).

Land is not depreciated.

Other property, plant and equipment

Other property, plant and equipment includes 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 three and five years.

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.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and tax base of assets and liabilities. However, deferred tax on temporary differences relating to goodwill which is not deductible for tax purposes and office buildings and other items is not recognised where temporary differences – other than business acquisitions – arise at the date of acquisition without affecting either the profit/(loss) for the year or the 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 in connection with the year-end closing 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

Notes

1. Accounting policies (continued)

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 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, other than property, held temporarily 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.

Property held temporarily is measured according to the principles applying to investment property.

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.

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

Financial liabilities
At the date of borrowing, deposits, issued bonds and debt to credit institutions, central banks, etc. are recognised at fair value less transaction costs. 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 contributions 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 holdings arising in connection with reverse transactions, negative market values of derivative financial instruments, and interest due.

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.

Purchase price adjustment
Purchase price adjustment comprises the potential additional dividend payable to creditors and providers of dowry in the banks taken over under the Exit and Consoli-

dation Packages. Purchase price adjustment is included in provisions.

Provisions
The item Provisions comprises 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 expenses.

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 takeover of enterprises, restructuring provisions relating to the enterprise taken over are included in the calculation of the negative balance only if the enterprise taken over has a liability at the takeover date.

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 shareholder at the annual general meeting (the declaration date). 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.

Contingent assets and liabilities
Contingent assets and 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 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 the liability cannot be reliably measured.

Income statement

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

Notes

1. Accounting policies (continued)

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 and gains on the sale of activities, property, plant and equipment and the like.

Staff costs and administrative expenses
Staff costs and administrative expenses comprise salaries, social security costs, holiday allowances, 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 Management, 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. Present value is calculated on the basis of the most recent yield curve of the FSA and benchmark 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 losses for the year.

Other operating expenses
Other operating expenses comprise items of a secondary nature relative to the Group's activities, including losses on the sale of intangible assets and property, plant and equipment, properties taken over and operating expenses relating to letting activities, etc.

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

Profit/(loss) from investments in associates
Profit/(loss) from investments in associates comprises the proportionate share of the net profit or loss of the individual enterprise, adjusted for any impairment.

Tax
The current Danish income tax liability is allocated among the jointly taxed companies in proportion to their taxable incomes. Subsidiaries utilising tax losses in other companies pay joint taxation contributions equal to the tax base of the utilised losses, while companies whose tax losses are utilised by other companies receive joint taxation contributions equal to the tax base of the utilised losses (full allocation). The jointly taxed subsidiaries pay tax under the 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 Danish State relating to Roskilde Bank
The Company's loss relating to Roskilde Bank is stated as a receivable because of the government guarantee.

Loss guarantee from the Danish State relating to individual government guarantees

The Company's loss relating to individual government guarantees is stated as a receivable because of the government guarantees.

Tax payable and deferred tax

Finansiel Stabilitet A/S is exempt from taxation.

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. (the 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 takeovers and divestments of enterprises is shown separately under cash flows from investing activities. In the cash flow statement, cash flows concerning enterprises taken over are recognised from the takeover date, 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 adjusted for non-cash operating items and changes in working capital.

Cash flows from investing activities comprise payments made in connection with the takeover 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 share capital, subordinated debt, re-lending and distribution of dividend.

Cash and cash equivalents comprise cash as well as securities with a term to maturity of less than three months at the purchase date 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, amounts 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.

Segment information for the 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. As a result of the restructuring of the Group and the takeover of activities under the new bank packages, the Group's segments have changed compared with previous years. Segment information is prepared on the basis of the accounting policies applied by the Group.

Inter-segment transactions are settled on market terms. Costs incurred such as salaries, rent, depreciation, amortisation, etc. are allocated to individual segments based on direct and proportionate consumption.

Accordingly, the Group's reporting segments are:

- *The Bank Package*
  The Bank Package segment comprises Finansiel Stabilitet's activities in relation to the guarantee scheme for unsecured creditors of banks, cf. the Act on Financial Stability, including:
  - loss on takeover of distressed banks;
  - activities taken over from distressed banks which are to be transferred or wound up;
  - a total of DKK 15 billion in guarantee commission charged on a current basis until 30 September 2010 by the Private Contingency Association and returns on this amount;
  - further loss cover provided by the Private Contingency Association in the form of a loss guarantee of DKK 10 billion, settled in 2010;
  - financing costs and administrative expenses in relation to the above.

Notes

1. Accounting policies (continued)

The segment further comprises Finansiel Stabilitet's activities in relation to the winding up of Roskilde Bank. Until the end of 2010, losses on the operation of Roskilde Bank were covered by a loss guarantee from the Danish State. In 2010, Roskilde Bank was considered a separate segment.

As from 2011, activities in relation to both of the above areas are for the account and risk of Finansiel Stabilitet. To reflect this, a new group structure was established in 2011, according to which the segments Roskilde Bank and the Bank Package are considered a single segment as from 2011.

- *The Credit Package*
  The Credit Package segment comprises the granting of individual government guarantees, cf. the Danish Act on Financial Stability, according to which Finansiel Stabilitet is authorised, on behalf of the Danish State, upon application to grant individual government guarantees for existing or new unsubordinated secured debt, etc.

- *The Exit Package*
  Under the Exit Package, the role of Finansiel Stabilitet in the winding up of a distressed bank is to establish and capitalise a new subsidiary, which takes over the assets and part of the liabilities of the distressed bank. If the finalisation of the winding up produces a profit exceeding Finansiel Stabilitet's contribution with the addition of a statutory market-based return requirement, this profit will be used for an increase of dividend and thus coverage of the liabilities not transferred to the subsidiaries. Amagerbanken af 2011 and Fjordbank Mors af 2011 were taken over under the Exit Package.

- *The Consolidation Package*
  Under the Consolidation Package, Finansiel Stabilitet takes over a distressed bank and divests the saleable part. The newly established subsidiary of Finansiel Stabilitet receives a dowry from the Guarantee Fund. The Subsidiary also receives a dowry from Finansiel Stabilitet. At the same time, the saleable part of the distressed bank is taken over by another bank. This is done without any loss being incurred by uncovered, unsecured creditors, including depositors. Max Bank af 2011 and Sparebank Østjylland af 2012 were taken over under the Consolidation Package.

  Finansiel Stabilitet has received a loss guarantee from the Danish Guarantee Fund for Depositors and Investors, which covers any loss that Finansiel Stabilitet may suffer on capitalisation, financing and any loss in connection with the winding up of Amagerbanken af 2011, Fjordbank Mors af 2011, Max Bank af 2011 and Sparebank Østjylland af 2012. Finansiel Stabilitet is required to pay a guarantee commission on the loss guarantee to the winding-up department of the Guarantee Fund to ensure that Finansiel Stabilitet does not have any net earnings in connection with the winding up.

- *Development Package*The Development Package segment comprises Finansiel Stabilitet's winding-up activities in relation to banks which, despite significant funding problems, are able to provide security for the winding up. At present, the sole activity in this segment is the subsidiary FS Property Finance, which comprises a number of property exposures separated from FIH Erhvervsbank at the beginning of the year. At the transfer of FS Property Finance, FIH Holding issued an unlimited loss guarantee in relation to the winding up of the property exposures.

2. Segment information for the Group

2012 (DKKm)	Bank package	Credit package	Exit and Consolidation packages	Development package	Eliminations	Total
Net interest income	256	(13)	359	166	-	768
Guarantee commission on government guarantees	(8)	1,073	(66)	-	-	999
Net interest and fee income and market value adjustments	(149)	(1,102)	(386)	(148)	-	(1,785)
Movements in purchase price adjustment	-	-	377	-	-	377
Other operating income/expenses, net	206	28	831	53	(26)	1,092
Operating expenses	515	5	462	71	-	1,053
Impairment losses on loans, advances, guarantees etc.	(792)	(39)	1,058	0	(26)	201
Profit/(loss) from investments in associates	29	0	(12)	-	(31)	(14)
Loss guarantee from the Danish State relating to individual government guarantees	-	(20)	-	-	-	(20)
Loss guarantee from the Guarantee Fund for Depositors and Investors	-	-	448	-	-	448
Profit/(loss) for the year before tax	**611**	**0**	**31**	**0**	**(31)**	**611**
Tax	0	0	31	0	(31)	0
Profit/(loss) for the year	**611**	**0**	**0**	**0**	**0**	**611**
Total segment assets	**20,416**	**3,516**	**10,547**	**15,551**		**50,030**

Notes

2. Segment information for the Group – continued

2011 (DKKm)	Bank Package	Credit Package	Exit and Consolidation Packages	Development Package	Total
Net interest income	486	(44)	510	-	952
Guarantee commission on government guarantees	(8)	1,617	(101)	-	1,508
Other net fee income/(expenses) and market value adjustments	(500)	(1,617)	(259)	-	(2,376)
Movements in purchase price adjustment	-	-	348	-	348
Other operating income/(expenses), net	(150)	19	341	-	210
Operating expenses	628	6	498	-	1,132
Impairment losses on loans, advances, guarantees etc.	243	3,518	431	-	4,192
Profit/(loss) from investments in subsidiaries and associates	(13)	-	(149)	-	(162)
Loss guarantee from the Danish State re. individual government guarantees	-	3,549	-	-	3,549
Loss guarantee from the Guarantee Fund for Depositors and Investors	-	-	285	-	285
Profit/(loss) for the year before tax	**(1,056)**	**0**	**46**	**-**	**(1,010)**
Tax	(46)	0	46	-	0
Profit/(loss) for the year	**(1,010)**	**0**	**0**	**-**	**(1,010)**
Total segment assets	**25,724**	**3,549**	**25,193**	**-**	**54,466**

The Development Package segment does not impact the Group's operations until 2012.

3. Takeover of enterprises

In performing its objects under the Act on Financial Stability, Finansiel Stabilitet has taken over all assets and liabilities of distressed banks pursuant to the Exit Package, the Consolidation Package and the Development Package, respectively.

Under the Exit Package, the role of Finansiel Stabilitet in the winding up of a distressed bank is to establish and capitalise a new subsidiary, which takes over the assets and part of the liabilities of the distressed bank. The subsidiary must take over all employees of the bank and may take over other bilateral contracts according to agreement with the distressed bank. The portion of the bank's liabilities to be taken over is provisionally determined and all unsubordinated creditors receive a preliminary dividend. Subsequently, a new valuation of the assets is made by two independent auditors appointed by the Institute of State Authorised Public Accountants in Denmark, which is used to determine the initial dividend and thus adjustment of the liabilities taken over. If the finalisation of the winding up produces a profit exceeding Finansiel Stabilitet's contribution with the addition of a statutory market-based return requirement, this profit will be used for an increase of the dividend and thus for coverage of the liabilities not transferred to the subsidiaries. No distressed banks were taken over under the Exit Package in 2012.

The Consolidation Package applies two different models: Model 1 is used in situations where a viable bank takes over a distressed bank and receives a dowry from Finansiel Stabilitet and the Guarantee Fund. This model has not been applied yet.

Model 2 provides a framework for Finansiel Stabilitet to acquire a distressed bank and divest the saleable part A newly established subsidiary of Finansiel Stabilitet receives a dowry from the Guarantee Fund. The subsidiary also receives a dowry from Finansiel Stabilitet reflecting the losses on the individual government guarantees which would have materialised if the distressed bank had been wound up under the Exit Package. At the same time, the saleable part of the distressed bank is taken over by another bank. This is done without any loss being incurred by uncovered, unsecured creditors, including depositors. In 2012, Sparekassen Østjylland was taken over under the Consolidation Package.

Finansiel Stabilitet has received a loss guarantee from the Danish Guarantee Fund for Depositors and Investors, which covers any loss that Finansiel Stabilitet may suffer on capitalisation, financing and any loss in connection with the winding up of Sparebank Østjylland af 2012 A/S. Finansiel Stabilitet is required to pay a risk premium on the loss guarantee to the Winding-up Department of the Guarantee Fund to ensure that Finansiel Stabilitet does not have any net earnings in connection with the winding up.

In connection with the takeovers, the activities are to the widest possible extent to be transferred or continued with a view to winding up. Sparebank Østjylland af 2012 is working on winding up the remaining activities with a view to achieving the optimum financial result.

Under the Development Package, the role of Finansiel Stabilitet is to help avoid that banks with significant funding problems are forced to obtain cash funds by reducing loans. The solution involves splitting up the bank and Finansiel Stabilitet taking over one of the companies. This solution model requires that Finansiel Stabilitet obtains security against losses through loss guarantees or the like.

In 2012, Finansiel Stabilitet signed an agreement with FIH Holding A/S on the takeover of property exposures and related financial instruments of approximately DKK 17 billion under the Development Package. The exposures have been transferred to a newly established subsidiary, FS Property Finance A/S.

The hypothetical revenue and financial performance of the Group calculated as if the takeover of Sparebank Østjylland af 2012 and FS Property Finance had been effected at 1 January 2012 is not disclosed, given the practical difficulties and lack of relevance of providing such information.

Notes

3. Takeover of enterprises – continued

Takeovers in 2012

Sparebank Østjylland af 2012 A/S
Effective at 22 April 2012, Finansiel Stabilitet took over all assets in the estate in bankruptcy of Sparekassen Østjylland through a newly established subsidiary, Sparebank Østjylland af 2012 A/S. Immediately after this, the healthy parts of the bank, including all retail customers, were sold to Sparekassen Kronjylland. The sale comprised some 39,000 customers with total deposits of DKK 3.9 billion and loans totalling DKK 2.5 billion. The remaining assets primarily comprised a loan portfolio and portfolios of cash deposits and securities.

The Group has incurred total transaction costs of DKK 9 million in connection with the takeover.

The fair value of loans, advances and other receivables at amortised cost taken over has been calculated at DKK 3,073 million, and the nominal residual debt amounts to DKK 4,458 million. The difference between fair value and nominal residual debt is considerable and is mainly due to significant uncertainty in the determination of fair value, including what proportion of the loans and advances should be considered irrecoverable in whole or in part.

In connection with the establishment of Sparebank Østjylland af 2012, Finansiel Stabilitet has contributed equity of DKK 350 million and provided a subordinated loan of DKK 200 million. The subordinated loan was repaid in the autumn of 2012.

During the period from the takeover date until 31 December 2012, a profit of DKK 28 million was recognised.

The estimated fair values at the takeover date have been calculated as follows:

(DKKm)	
Estimated fair values at takeover date	
Cash in hand and demand deposits with central banks	582
Due from credit institutions	502
Loans, advances and other receivables at amortised cost (loans and advances with nominal residual debt of DKK 4,458 million)	3,073
Bonds at fair value and shares, etc.	682
Intangible assets and other property, plant and equipment	169
Other assets and prepayments	79
Due to credit institutions and central banks	(408)
Deposits and issued bonds	(4,622)
Other liabilities	(111)
Other provisions	(1,108)
Net assets taken over	**(1,162)**
Dowry from the Guarantee Fund for Depositors and Investors	**962**
Dowry from Finansiel Stabilitet	**200**
Loss at the takeover date	**0**

3. Takeover of enterprises – continued

FS Property Finance A/S
On 2 March 2012, Finansiel Stabilitet entered into an agreement with FIH Holding A/S and FIH Erhvervsbank A/S on the takeover of property exposures and related financial instruments of approximately DKK 17 billion. The agreement was subject to approval by the European Commission and the Danish Competition and Consumer Authority. The European Commission's final approval of the terms of the transfer is pending.

As a result, as at 2 July 2012 Finansiel Stabilitet was able to take over the subsidiary established by FIH with the above-mentioned property exposures. Finansiel Stabilitet named the company FS Property Finance A/S.

The sole object of the company will be to wind up the exposures taken over as quickly as possible, in a financially prudent manner and in a proper and fair manner. FS Property Finance has entered into an agreement with FIH Erhvervsbank to handle the administration of the property exposures taken over.

The Group has incurred total transaction costs of DKK 16 million in connection with the takeover.

The fair value of loans, advances and other receivables at amortised cost taken over has been calculated at DKK 9,800 million, and the nominal residual debt amounts to DKK 13,800 million. The difference between fair value and nominal residual debt is considerable and is mainly due to significant uncertainty in the determination of fair value, including what proportion of the loans and advances should be considered irrecoverable in whole or in part.

In connection with the takeover of FS Property Finance, Finansiel Stabilitet paid an amount of DKK 2 billion, which is being held in an escrow account until the final winding up of the company.

To cover the risk of losses on the part of the Danish state, FIH Holding has provided an unlimited loss guarantee to Finansiel Stabilitet. Due to fair value adjustment of the loans and advances taken over, a receivable from FIH Holding of DKK 829 million was recorded in connection with the takeover.

The estimated fair values at the takeover date have been calculated as follows:

(DKKm)	
Estimated fair values at takeover date	
Due from credit institutions	2,541
Loans, advances and other receivables at amortised cost	
(loans and advances with nominal residual debt of DKK 13,800 million)	9,800
Shares and investments	197
Other assets and prepayments	1,274
Due to credit institutions and central banks	(13,375)
Other liabilities	(1,266)
Net assets taken over	**(829)**
Loss guarantee from FIH Holding	**829**
Loss at the takeover date	**0**

Notes

3. Takeover of enterprises – continued

Cantobank A/S
On 28 February 2013, Finansiel Stabilitet entered into an agreement with Porteføljeinvest A/S under konkurs on the takeover of all shares in Cantobank A/S. The shares in Cantobank were provided as security for Finansiel Stabilitet's receivable from the estate in bankruptcy. In accordance with the agreement, the shares were transferred at 1 January 2013.

Finansiel Stabilitet will continue the ongoing winding up of Cantobank's activities. The winding up will take place according to the requirements and principles otherwise applicable to winding-up activities in Finansiel Stabilitet. Cantobank currently has 15 exposures, mostly consisting of property financing of German properties.

Finansiel Stabilitet entered into the agreement in order to protect the remaining financial values in Cantobank and, consequently, the collateral for its exposure to Porteføljeinvest under konkurs. It is thus not a case of Finansiel Stabilitet taking over a distressed bank under a government bank package.

The background is that Finansiel Stabilitet took over a loan from the former Eik Bank A/S granted to Porteføljeinvest secured against the entire share capital in Cantobank. Eik Bank was transferred for winding up by Finansiel Stabilitet in September 2010. Bankruptcy proceedings commenced against Porteføljeinvest in January 2012. The estate in bankruptcy tried to sell the shares in Cantobank, but a satisfactory solution could not be found.

The acquired assets and liabilities are specified below. The value of the net assets of DKK 45 million, based on a preliminary calculation, will be settled by a corresponding reduction of Finansiel Stabilitet's claim against the estate in bankruptcy.

The fair value of loans, advances and other receivables at amortised cost taken over has been calculated at DKK 67 million, and the nominal residual debt amounts to DKK 210 million. The difference between fair value and nominal residual debt is considerable and is mainly due to significant uncertainty in the determination of fair value, including what proportion of the loans and advances should be considered irrecoverable in whole or in part.

(DKKm)	
Estimated fair values at takeover date	
Demand deposits with central banks	21
Due from credit institutions	23
Loans, advances and other receivables at amortised cost	
(loans and advances with nominal residual debt of DKK 210 million)	67
Other assets and prepayments	6
Due to credit institutions and central banks	(62)
Other liabilities	(10)
Net assets taken over	**45**

3. Takeover of enterprises – continued

Takeovers in connection with winding up of exposures

In connection with borrowers defaulting on loans, Finansiel Stabilitet has taken over properties, securities and other assets. Their fair value at the takeover date is estimated at DKK 114 million. The assets in question are expected to be divested in 2013.

Takeovers in 2011

Takeovers in 2011 (DKKm)	Take-over date	Fair value of net assets	Dowry	Acqui-sition costs	Loss at the takeover date	Profit/loss from takeover to 31 Dec. 2011
Amagerbanken af 2011 A/S	05.02.2011	0	0	12	0	128
Fjordbank Mors af 2011 A/S	24.06.2011	0	0	12	0	(285)
Max Bank af 2011 A/S	08.10.2011	(1,733)	1,733	2	0	19

(DKKm)	Amager-banken af 2011 A/S	Fjordbank Mors af 2011 A/S	Max Bank af 2011 A/S
Cash in hand and demand deposits with central banks	321	138	162
Due from credit institutions and central banks	2,177	534	1,024
Loans, advances and other receivables at amortised cost	13,459	5,484	3,850
Bonds and shares, etc. at fair value	6,487	2,305	1,588
Intangible assets and other property, plant and equipment	469	386	330
Other assets and prepayments	3,425	743	149
Due to credit institutions and central banks	(1,596)	(649)	(417)
Deposits and issued bonds at amortised cost	(22,318)	(7,821)	(7,261)
Other liabilities	(389)	(973)	(191)
Other provisions	(2,035)	(147)	(977)
Net assets taken over	**0**	**0**	**(1,733)**

Notes

(DKKm)	Group 2012	Group 2011	Parent 2012	Parent 2011
4. Interest income				
Due from credit institutions and central banks	82	167	70	221
Loans, advances and other receivables at amortised cost	1,101	1,303	305	486
Loans, advances and other receivables at fair value	98	125	89	123
Bonds	29	97	9	6
Total derivative financial instruments	0	(9)	(7)	12
Foreign exchange contracts	(14)	(8)	(7)	(1)
Interest rate contracts	14	(1)	-	13
Other interest income	22	86	45	48
Total	**1,332**	**1,769**	**511**	**896**
Interest income relates to:				
Assets at amortised cost	1,200	1,537	420	736
Assets at fair value	132	232	91	160
Total	**1,332**	**1,769**	**511**	**896**
Interest on financial assets written down individually amounted to	262	394	111	204
5. Interest expense				
Credit institutions and central banks	133	27	22	54
Deposits and other payables	34	123	7	14
Issued bonds	106	227	0	0
Loans through the state-funded re-lending scheme	284	380	284	380
Other interest expense	7	60	0	16
Total	**564**	**817**	**313**	**464**
6. Fees and commissions received				
Fees and commissions received				
Securities trading and custody accounts	9	35	12	9
Payment transfers	1	9	0	1
Loan arrangements	1	8	0	2
Guarantees	1,018	1,531	1,088	1,631
Other fees and commissions	18	34	11	26
Total	**1,047**	**1,617**	**1,111**	**1,669**
Fees and commissions paid				
Guarantees	1,062	1,620	1,075	1,620
Commissions paid on loss guarantees provided by the Guarantee Fund for Depositors and Investors	152	135	152	135
Payment transfers	2	6	0	1
Other fees and commissions paid	40	45	33	32
Total	**1,256**	**1,806**	**1,260**	**1,788**

	Group		Parent	
(DKKm)	2012	2011	2012	2011

7. Market value adjustments

(DKKm)	Group 2012	Group 2011	Parent 2012	Parent 2011
Adjustment for credit risk for loans and advances at fair value	93	(85)	65	(92)
Other adjustment for loans and advances at fair value	0	(3)	0	0
Bonds	(11)	(101)	39	(34)
Shares, etc.	(215)	(345)	(119)	(271)
Investment properties	(158)	(80)	26	1
Currency	1	(13)	32	21
Foreign exchange, interest, share, commodity and other contracts and derivative financial instruments	(98)	13	(10)	(24)
Other assets and liabilities	(207)	(70)	(166)	(20)
Total	**(595)**	**(684)**	**(133)**	**(419)**
Market value adjustments relate to:				
Assets and liabilities at fair value	(439)	(656)	33	(392)
Other assets and liabilities	(156)	(28)	(166)	(27)
Total	**(595)**	**(684)**	**(133)**	**(419)**

8. Other operating income

(DKKm)	Group 2012	Group 2011	Parent 2012	Parent 2011
Sale of activities	29	18	0	8
Rental income, property	142	107	1	4
Sale of management services	26	69	2	0
Gain from disposal of exposures	589	287	0	17
Income from group companies	-	-	121	55
Reversed provisions for litigation	317	184	102	175
Loss guarantee re. the Guarantee Fund	448	285	448	285
Movements in outstanding purchase price adjustment for the year	351	348	-	-
Other items	228	76	61	46
Total	**2,130**	**1,374**	**735**	**590**

9. Staff costs and administrative expenses

(DKKm)	Group 2012	Group 2011	Parent 2012	Parent 2011
Salaries and remuneration to Board of Directors and Management Board:				
Management Board	5	2	5	2
Board of Directors	1	2	1	1
Total	**6**	**4**	**6**	**3**
Staff costs:				
Salaries	314	453	207	229
Provisions for salaries during release period (2013)	57	0	21	0
Pensions	48	42	21	19
Social security costs	25	47	14	22
Total	**444**	**542**	**263**	**270**
Other administrative expenses	587	563	256	255
Total	**1,037**	**1,109**	**525**	**528**
Average number of employees during the financial year converted into full-time equivalent	453	853	294	328

Notes

9. Staff costs and administrative expenses – continued

(DKK'000)	Group 2012	Group 2011	Parent 2012	Parent 2011
Board emoluments paid				
Jakob Brogaard (Chairman)	450	831	450	831
Bent Naur (Deputy Chairman)	139	0	139	0
Anette Eberhard	150	150	150	150
Christian Th. Kjølbye	150	150	150	150
Birgitte Nielsen	150	150	150	150
Flemming Hansen	150	150	150	150
Henning Kruse Petersen – resigned in 2012	198	450	198	450
Visti Nielsen – resigned in 2012	49	300	49	225
Total emoluments	**1,436**	**2,181**	**1,436**	**2,106**
Management Board remuneration paid				
Henrik Bjerre-Nielsen:				
Base salary	2,569	2,266	2,569	2,266
Cash bonus	0	234	0	234
Lars Jensen (joined Management Board on 1 July 2012)	1,567	0	1,567	0
Niels Olsen (joined Management Board on 1 July 2012)	1,201	0	1,201	0
Total	**5,337**	**2,500**	**5,337**	**2,500**

Other significant risk takers

The Finansiel Stabilitet Group has identified 18 (2011: 7) other significant risk takers.

Remuneration includes salaries to 18 other significant risk takers in the total amount of DKK 16.9 million, of which fixed salaries account for DKK 16.3 million and variable fees account for DKK 0.6 million. For 2011, salaries to 7 significant risk takers amounted to a total of DKK 16.1 million, of which fixed salaries accounted for DKK 16.0 million and variable fees accounted for DKK 0.1 million.

The Group has no pension obligations in relation to other significant risk takers, as all have defined contribution plans.

For disclosure requirements in accordance with the Danish executive order on remuneration policy and public disclosure of salaries in financial institutions and financial holding companies (not comprised by audits) see www.finansielstabilitet.dk.

	Group		Parent	
(DKKm)	2012	2011	2012	2011
9. Staff costs and administrative expenses – continued				
Provisions for defined benefit plans				
Present value of pension obligations	46	49	11	12
Fair value of pension assets	0	0	0	0
Total	**46**	**49**	**11**	**12**
Movements in provisions for defined benefit plans				
Provision, beginning of year	40	27	12	13
Additions on takeover of subsidiaries	9	14	0	0
Standard costs	0	0	0	0
Calculated interest expenses	2	2	0	1
Actuarial gains/losses	0	0	0	0
Pensions paid	(5)	(3)	(1)	(1)
Provisions, end of year	**46**	**40**	**11**	**12**
Defined benefit costs recognised in the income statement				
Standard costs	0	0	0	0
Calculated interest expenses	2	2	0	1
Actuarial gains/losses	0	0	0	0
Defined benefit costs	**2**	**2**	**0**	**1**
Actuarial assumptions:				
Discount rate	4%	4%	4%	4%
Pension adjustment rate	1%	1%	1%	1%
Fees to auditors appointed in general meeting				
Total fees to the auditors appointed in general meeting can be specified as follows:				
Statutory audit	9	11	4	8
Assurance engagements	1	12	0	5
Tax advice	1	1	1	0
Non-audit services	16	23	14	14
Total audit fees	**27**	**47**	**19**	**27**
10. Depreciation, amortisation and impairment of intangible assets and property, plant and equipment				
Intangible assets, amortisation	1	1	1	1
Intangible assets, impairment losses	-		-	-
Operating equipment, depreciation	15	21	8	2
Domicile properties, depreciation	-	1	-	-
Domicile properties, impairment losses	-	-	-	-
Total	**16**	**23**	**9**	**3**

Notes

(DKKm) **Group**

11. Impairment losses on loans, advances and receivables etc.

2012

Loans, advances and other receivables at amortised cost

	Loans, etc., individual write-down	Loans, etc., collective write-down	Total	Impact on operations
Impairment losses, beginning of year	15,455	522	15,977	
Additions from takeovers of subsidiaries	66	0	66	
Impairment losses during the period	4,090	33	4,123	4,123
Reversed impairment losses	(4,431)	(124)	(4,555)	(4,555)
Impairment losses, end of year	**15,180**	**431**	**15,611**	**(432)**
Losses recorded, etc.				633
Impairment losses charged to income statement				**201**

For the purpose of showing the total provision for losses on loans, the credit risk development for loans and advances at fair value is shown below. See note 15.

Impairment losses/adjustment for credit risk, end of year

	Impairment losses beginning of year	Additions from takeover of subsidiary	Impairment losses	Reversed impairment losses	Impairment losses
Due from credit institutions	0	0	0	0	0
Loans and advances at amortised cost	15,097	0	3,979	(4,007)	15,069
Loans and advances at fair value	847	0	1	(227)	621
Guarantees	880	66	144	(548)	542
Total	**16,824**	**66**	**4,124**	**(4,782)**	**16,232**

(DKKm) **Parent**

11. Impairment losses on loans, advances and receivables, etc. – continued

2012

Loans, advances and other receivables at amortised cost

	Loans, etc., individual write-down	Loans, etc., collective write-down	Total	Impact on operations
Impairment losses, beginning of year	13,271	424	13,695	
Impairment losses during the period	1,233	25	1,258	1,258
Reversed impairment losses	(3,541)	(67)	(3,608)	(3,608)
Impairment losses, end of year	**10,963**	**382**	**11,345**	**(2,350)**
Losses recorded, etc.				1,619
Impairment losses charged to income statement				**(731)**

Impairment losses/adjustment for credit risk, end of year

	Impairment losses beginning of year	Impairment losses	Reversed impairment losses	Impairment losses
Due from credit institutions	0	0	0	0
Loans and advances at amortised cost	13,155	1,149	(3,327)	10,977
Loans and advances at fair value	805	0	(215)	590
Guarantees	540	109	(281)	368
Total	**14,500**	**1,258**	**(3,823)**	**11,935**

Notes

(DKKm) **Group**

11. Impairment losses on loans, advances and receivables, etc. – continued

2011

Loans, advances and other receivables at amortised cost

	Loans, etc., individual write-down	Loans, etc., collective write-down	Total	Impact on operations
Impairment losses, beginning of year	14,460	600	15,060	
Additions on takeover of subsidiaries	314	0	314	
Impairment losses	6,744	24	6,768	6,768
Reversed impairment losses	(6,063)	(102)	(6,165)	(6,165)
Impairment losses, end of year	**15,455**	**522**	**15,977**	**603**
Losses recorded, provisions re. individual government guarantees, etc.				3,589
Impairment losses charged to income statement				**4,192**

Impairment losses/adjustment for credit risk, end of year

	Impairment losses beginning of year	Additions from takeover of subsidiary	Impairment losses	Reversed impairment losses	Impairment losses
Due from credit institutions	0	0	0	0	0
Loans and advances at amortised cost	14,246	0	6,454	(5,603)	15,097
Loans and advances at fair value	712	42	184	(91)	847
Guarantees	814	314	314	(562)	880
Total	**15,772**	**356**	**6,952**	**(6,256)**	**16,824**

(DKKm) **Parent**

11. Impairment losses on loans, advances and receivables, etc. – continued

2011

Loans, advances and other receivables at amortised cost

	Loans, etc., individual write-down	Loans, etc., collective write-down	Total	Impact on operations
Impairment losses, beginning of year	17,078	501	17,579	
Impairment losses	5,510	12	5,522	5,522
Reversed impairment losses	(9,317)	(89)	(9,406)	(9,406)
Impairment losses, end of year	**13,271**	**424**	**13,695**	**(3,884)**
Losses recorded, provisions re. individual government guarantees, etc.				7,252
Impairment losses charged to income statement				**3,368**

Impairment losses/adjustment for credit risk, end of year

	Impairment losses beginning of year	Impairment losses	Reversed impairment losses	Impairment losses
Due from credit institutions	0	0	0	0
Loans and advances at amortised cost	17,203	5,242	(9,290)	13,155
Loans and advances at fair value	621	184	0	805
Guarantees	376	280	(116)	540
Total	**18,200**	**5,706**	**(9,406)**	**14,500**

12. Profit/(loss) from investments in associates and subsidiaries

(DKKm)	Group 2012	Group 2011	Parent 2012	Parent 2011
Profit/(loss) from investments in associates	(14)	(162)	(2)	(33)
Profit/(loss) from investments in subsidiaries	0	0	(189)	(656)
Total	**(14)**	**(162)**	**(191)**	**(689)**

Notes

(DKKm)	Group 2012	Group 2011	Parent 2012	Parent 2011
13. Tax				
Estimated tax on the profit for the year	0	0		
Adjustment of deferred tax	0	3		
Prior-year tax adjustments	0	(3)		
Total	**0**	**0**	**-**	**-**

Finansiel Stabilitet is exempt from taxation and consequently is not in a position to act as an administrative company in respect of the computation and settlement of the subsidiaries' income under the joint taxation.
As a subsidiary of Finansiel Stabilitet, FS Erhvervsejendomme A/S has instead been appointed as administrative company for the jointly taxed Group. The Group has a significant deferred tax asset of DKK 3.3 billion. Due to the uncertainty as to whether this can be utilised, the tax asset has not been recognised in the balance sheet.

	Group 2012	Group 2011	Parent 2012	Parent 2011
Effective tax rate				
Corporate tax rate in Denmark	25%	25%		
Unrecognised deferred tax assets	(25%)	(25%)		
Effective tax rate	**0%**	**0%**		

14. Due from credit institutions and central banks

	Group 2012	Group 2011	Parent 2012	Parent 2011
Term deposits with central banks	325	3,300	0	0
Due from credit institutions	1,688	174	852	614
		2,013	3,474	852
614				
Impairment losses	0	0	0	0
Total balances due from credit institutions and central banks	**2,013**	**3,474**	**852**	**614**
Reverse transactions thereof	0	0	0	0
Broken down by term to maturity				
Demand deposits	1,144	1,587	545	314
3 months or less	395	1,331	0	0
Between 3 months and 1 year	8	0	0	0
Between 1 and 5 years	266	26	307	0
More than 5 years	200	530	0	300
Total	**2,013**	**3,474**	**852**	**614**

15. Loans, advances and other receivables

	Group		Parent	
(DKKm)	2012	2011	2012	2011
Loans, advances and other receivables at fair value	1,080	1,089	1,010	1,022
Loans, advances and other receivables at amortised cost	18,130	17,535	4,512	6,504
Impairment losses	15,069	15,097	10,977	13,155
Fair value adjustment	658	884	627	842
Total loans, advances and other receivables before impairment losses	**34,937**	**34,605**	**17,126**	**21,523**
brokendown by term to maturity				
On demand	16,866	19,683	10,864	13,723
3 months or less	2,259	2,128	106	335
Between 3 months and 1 year	2,354	2,760	1,181	1,029
Between 1 and 5 years	5,484	5,778	2,705	3,646
More than 5 years	7,974	4,256	2,270	2,790
Total	**34,937**	**34,605**	**17,126**	**21,523**
Loans and advances at fair value				
Nominal value	1,738	1,973	1,637	1,864
Fair value adjustment	(37)	(37)	(37)	(37)
Adjustment for credit risk	(621)	(847)	(590)	(805)
Total	**1,080**	**1,089**	**1,010**	**1,022**

Credit risk

Credit risk is defined as the risk of loss because customers or counterparties fail to meet all or part of their obligations. In consequence of Finansiel Stabilitet's objective of winding up or restructuring distressed banks, the Company has taken over a considerable credit risk exposure. During the period after Finansiel Stabilitet's takeover of subsidiaries, new credits have to a limited extent been granted in cases where this has been deemed to reduce the overall risk of losses.

	Group		Parent	
(DKKm)	2012	2011	2012	2011
Credit exposure				
Balance sheet items:				
Cash in hand and demand deposits with central banks	11,191	7,992	10,391	7,992
Due from credit institutions and central banks	2,013	3,474	852	614
Loans, advances and other receivables at fair value	1,080	1,089	1,010	1,022
Loans, advances and other receivables at amortised cost	33,199	32,632	15,489	19,659
Total credit exposure recognised in balance sheet	**47,483**	**45,187**	**27,742**	**29,287**
Off-balance sheet items:				
Guarantees	1,942	2,625	1,077	1,477
Individual government guarantees	66,338	161,954	66,338	161,954
Credit exposure re. lending activity	**115,763**	**209,766**	**95,157**	**192,718**

Notes

15. Loans, advances and other receivables – continued

Individual government guarantee
In pursuance of the Credit Package, Finansiel Stabilitet provided individual government guarantees of DKK 66 billion to 28 Danish banks. In 2011, government guarantees of DKK 162 billion were provided to 45 banks.

Banks that applied for individual government guarantees were required to submit an application containing a wide range of information for use in connection with Finansiel Stabilitet's credit assessment. The credit assessment formed the basis for Finansiel Stabilitet's evaluation of whether it would be able to enter into an agreement with a bank for an individual government guarantee. In a number of cases, Finansiel Stabilitet set out additional terms if this was deemed necessary for the issuance of government guarantees to be prudent.

Institutions that have used the individual government guarantee are required to submit information on material negative changes.

Amagerbanken, Fjordbank Mors and Max Bank, all of which entered into bankruptcy in 2011, and Sparekassen Østjylland in 2012 had all issued bonds backed by individual government guarantees. The loss on individual government guarantees amounted to DKK 3,516 million. Moreover, Finansiel Stabilitet carries out regular credit assessments in order to detect any changes in financial standing that would require a provision. No provision was made for impairment losses on individual government guarantees in 2012.

Credit institutions and central banks
Of the remaining credit exposure, DKK 2.0 billion relates to amounts due from credit institutions and central banks. No impairment losses have been recognised on amounts due from central banks and credit institutions.

Loans, advances and other receivables at fair value
Loans, advances and other receivables at fair value (DKK 1,738 million) relate to mortgage deeds which have been adjusted for credit risk in the total amount of DKK 658 million.

Loans and advances at amortised cost and guarantees
The remaining part of the credit exposure relates to lending activities proper. In the following table, loans, advances and guarantees are broken down by line of business.

	Group				Parent			
(DKKm)	**2012**		**2011**		**2012**		**2011**	
Loans, advances and guarantees								
1. Public authorities	2	0%	10	0%	-	0%	7	0%
2. Commercial sector								
2.1 Agriculture, hunting, forestry and fishing	1,246	4%	1,559	4%	88	1%	64	0%
2.2 Industry and raw materials extraction	325	1%	495	1%	108	1%	224	1%
2.3 Energy supply	1,083	3%	723	2%	768	5%	673	3%
2.4 Construction	1,504	4%	1,756	5%	354	2%	1,077	5%
2.5 Trade	575	2%	1,124	3%	128	1%	510	3%
2.6 Transport, hotel and restaurant business	549	2%	684	2%	403	2%	447	2%
2.7 Information and communication	69	0%	224	1%	48	0%	168	1%
2.8 Finance and insurance	2,780	8%	6,307	18%	431	7%	2,541	12%
2.9 Property	21,610	61%	14,457	41%	10,799	61%	11,175	53%
2.10 Other commercial sector	4,043	11%	5,261	15%	2,564	15%	2,458	12%
Total commercial sector	**33,784**	**96%**	**32,590**	**92%**	**15,691**	**95%**	**19,337**	**92%**
3. Retail sector	1,355	4%	2,657	8%	875	5%	1,792	8%
Total	**35,141**	**100%**	**35,257**	**100%**	**16,566**	**100%**	**21,136**	**100%**

Lending is concentrated around the commercial sector, particularly the property sector. The lending activity is largely limited to Danish customers.

Risk exposure has been identified in relation to virtually all loans. A break-down of loans by degree of security is shown on the following page.

15. Loans, advances and other receivables –continued

	Group		Parent	
(DKKm)	2012	2011	2012	2011
Break-down of loans by degree of security (partially based on estimates)				
Commercial sector				
Loans, completely unsecured	10,471	8,894	6,783	6,399
Loans secured on charges or other security:				
– secured in full	1,951	3,015	571	823
– secured in part	19,520	18,133	6,666	10,640
Total	**31,942**	**30,042**	**14,020**	**17,862**
Retail sector				
Loans, completely unsecured	470	1,299	1,024	934
Loans secured on charges or other security:				
– secured in full	32	200	2	38
– secured in part	755	1,091	443	825
Total	**1,257**	**2,590**	**1,469**	**1,797**
Total	**33,199**	**32,632**	**15,489**	**19,659**
The loan value of the collateral security received relates largely to properties. The table below shows a break-down on main categories.				
Collateral security				
Collateral security has been recorded at a fair value of DKK 15.5 billion (2011: DKK 14.7 billion). The main categories of security are listed below.				
Mortgages on real property	12,847	11,126	2,795	4,299
Mortgages on vehicles, ships, etc.	989	577	111	496
Security in deposits	102	139	10	11
Custody accounts	156	479	14	12
Guarantees	313	564	75	20
Other	1,084	1,829	487	625
Total	**15,491**	**14,714**	**3,492**	**5,463**

Finansiel Stabilitet has a significant volume of [[system recorded collateral. To this should be added a not insignificant [[system recorded unsecured part of exposures, based largely on [[non-system recorded collateral, including rights of subrogation to collateral in connection with guarantees provided, collateral for which the perfection procedure is in process but not completed, third party guarantees, etc.

Enforcement of collateral security will generally happen on behalf of the borrower. However, in certain situations, the Group as the highest bidder will take over properties in forced sales.

Properties thus taken over will either be sold quickly or be considered investment properties if the Group sees a potential increase in value.

At 31 December 2012, the Group had a portfolio of 80 (2011: 323) properties temporarily taken over, representing a total value of DKK 732 million (2011: 2,226 million).

As a result of the risk on loans, advances and guarantees and the limited collateral security, significant impairment write-downs and provisions have been made, shown by line of business on the following page.

Notes

15. Loans, advances and other receivables –continued

(DKKm)	Group 2012		Group 2011		Parent 2012		Parent 2011	
Impairment losses by line of business								
1. Public authorities	-	0%	-	0%	-	0%	-	0%
2. Commercial sector								
2.1 Agriculture, hunting, forestry and fishing	802	5%	764	5%	48	0%	56	0%
2.2 Industry and raw materials extraction	181	1%	235	1%	81	1%	191	1%
2.3 Energy supply	514	3%	191	1%	492	4%	386	3%
2.4 Construction	606	4%	706	4%	304	3%	629	4%
2.5 Trade	265	2%	470	3%	89	1%	226	2%
2.6 Transport, hotel and restaurant business	179	1%	271	2%	112	1%	232	2%
2.7 Information and communication	55	0%	85	1%	44	0%	74	1%
2.8 Finance and insurance	1,547	10%	3,120	20%	987	9%	2,036	15%
2.9 Property	8,176	52%	5,211	33%	6,642	59%	6,201	45%
2.10 Other commercial sector	1,948	13%	2,879	18%	1,455	13%	1,877	14%
Total commercial sector	14,273		13,932		10,254		11,908	
3. Retail sector	907	6%	1,496	9%	709	6%	1,363	10%
Total	**15,180**	**97%**	**15,428**	**97%**	**10,963**	**97%**	**13,271**	**97%**
Collective impairment write-downs	431	3%	522	3%	382	3%	424	3%
Total impairment write-downs	**15,611**	**100%**	**15,950**	**100%**	**11,345**	**100%**	**13,695**	**100%**

For a more detailed description of the Group's credit risk management goals and policies, see pp. 32-37 of the management's review.

(DKKm)	Group 2012	Group 2011	Parent 2012	Parent 2011
16. Bonds at fair value				
Government bonds	0	2	0	0
Mortgage bonds	0	247	0	0
Other bonds	1,056	3,275	13	211
Total	**1,056**	**3,524**	**13**	**211**

(DKKm)	Group 2012	Group 2011	Parent 2012	Parent 2011

17. Shares, etc.

Shares/unit trust certificates listed on NASDAQ OMX Copenhagen A/S	2	39	0	8
Unlisted shares at fair value	1,216	1,426	856	1,041
Unlisted shares at cost	0	2	0	0
Total	**1,218**	**1,467**	**856**	**1,049**

18. Investments in associates

Cost, beginning of year	600	94	401	94
Additions on takeovers of subsidiaries	0	228	-	-
Additions	111	350	76	350
Disposals	199	72	0	43
Cost, end of year	512	600	477	401
Adjustments, beginning of year	(200)	(4)	(51)	(4)
Adjustments for the year	(14)	(52)	(2)	(47)
Other adjustments	0	(144)	(1)	0
Disposals	160	0	0	0
Revaluation and impairment write-downs, end of year	(54)	(200)	(54)	(51)
Total	**458**	**400**	**423**	**350**

Investments in associates	**Ownership (%)**	**Domicile**	**Total assets**	**Total liabilities**	**Revenue**	**Profit/(loss)**
EIK Banki P/F	30%	Torshavn	8,181	6,873	403	77
SCE Solar El Redondo 2007 nr. 18 ApS	50%	Copenhagen Ø	9	9	0	0
Mols-Linien A/S	26.34%	Ebeltoft	549	467	465	(89)
Landbrugets FinansieringsBank A/S*	32.60%	Copenhagen	-	-	-	-

* 2012 is the first financial year of Landbrugets FinansieringsBank. The company's financial statements have not yet been published.

19. Intangible assets

Cost, beginning of year	5	180	5	5
Additions on takeover of subsidiary	0	726	-	-
Disposals during the year	-	901	0	0
Cost, end of year	**5**	**5**	**5**	**5**
Amortisation and impairment, beginning of year	4	4	4	3
Amortisation during the year	1	1	1	1
Disposals during the year	0	1	0	0
Amortisation and impairment, end of year	5	4	5	4
Carrying amount, end of year	**0**	**1**	**0**	**1**

Notes

	Group		Parent	
(DKKm)	2012	2011	2012	2011

20. Land and buildings

Investment properties				
Fair value, beginning of year	1,553	1,619	2	1,512
Additions on takeover of subsidiary	186	211	-	-
Other additions	871	315	114	0
Disposals	316	512	63	1,511
Increases in revalued amounts	58	0	0	0
Write-down on revaluations	(4)	0	0	0
Fair value adjustment for the year	(158)	(80)	26	1
Fair value, end of year	**2,190**	**1,553**	**79**	**2**

Rental income from investment properties amounted to DKK 143 million (2011: DKK 81 million). Direct costs in relation to investment properties generating revenue amounted to DKK 53 million, and in relation to investment properties not generating revenue amounted to DKK 9 million. The corresponding costs for 2011 were DKK 30 million and DKK 2 million.

Properties are valued by the Group's own as well as external expert valuers. The value is calculated on the basis of the net return expected and on the basis of the rate of return fixed.

Return requirements are determined based on the development in market conditions for the property type in question and on experience from sales for the year and changes in the conditions relating to the individual property. For commercial properties, the return rates applied were generally between 5.50% and 15.00% (2011: 5.00%–10.00%), and the return rates applied for residential properties were generally between 5.00% and 10.00% (2011: 5.00%–7.00%).

Domicile properties				
Fair value, beginning of year	13	5		
Additions on takeover of subsidiary	0	121		
Disposals	11	111		
Depreciation	0	(1)		
Fair value adjustment for the year	0	(1)		
Carrying amount, end of year	**2**	**13**	**0**	**0**

21. Other property, plant and equipment

Cost, beginning of year	73	34	14	22
Additions on takeover of subsidiary	0	164	-	-
Other additions	6	2	6	2
Disposals	32	127	5	10
Cost, end of year	**47**	**73**	**15**	**14**
Depreciation and impairment, beginning of year	28	18	9	15
Depreciation	15	21	8	2
Disposals during the year	10	11	5	8
Depreciation and impairment, end of year	33	28	12	9
Carrying amount, end of year	**14**	**45**	**3**	**5**

22. Assets held temporarily

(DKKm)	Group 2012	Group 2011	Parent 2012	Parent 2011
Balance, beginning of year	2,226	12,037	102	164
Additions on takeover of subsidiary	11	1,750	-	-
Additions during the year	911	668	-	270
Disposals during the year	2,222	12,171	102	328
Value adjustment for the year	(156)	(58)	-	(4)
Carrying amount, end of year	**770**	**2,226**	**0**	**102**
Hereof:				
Residential properties	71	1,206		-
Single-family houses	5	184		60
Commercial properties	647	787		14
Land	9	49		28
Other	38	0		0
Total	**770**	**2,226**	**-**	**102**

The properties were taken over in connection with the winding up of exposures and are expected to be sold within 12 months.

23. Other assets

(DKKm)	Group 2012	Group 2011	Parent 2012	Parent 2011
Interest receivable	190	81	29	76
Positive market values of unsettled spot transactions and derivative financial instruments	1,026	190	18	14
Other assets	2,837	2,377	2,990	1,968
Total	**4,053**	**2,648**	**3,037**	**2,058**

24. Due to credit institutions and central banks

(DKKm)	Group 2012	Group 2011	Parent 2012	Parent 2011
Due to central banks	250	500	0	0
Due to credit institutions	13,532	477	1,561	1,971
Due to credit institutions and central banks		**13,782**	**977**	**1,561**
1,971				
Repo transactions thereof	0	0	0	0
broken down by term to maturity				
Due on demand	297	389	1,561	27
3 months or less	0	588	0	1,944
Between 3 months and 1 year	13,389	0	0	0
Between 1 and 5 years	23	0	0	0
More than 5 years	73	0	0	0
Total	**13,782**	**977**	**1,561**	**1,971**

Notes

	Group		Parent	
(DKKm)	**2012**	**2011**	**2012**	**2011**

25. Deposits and other payables

	Group 2012	Group 2011	Parent 2012	Parent 2011
On demand	1,073	1,317	5,540	1,423
Subject to term of notice	6	645	0	0
Time deposits	2,664	2,102	0	0
Special types of deposits	1	26	0	0
Total deposits	**3,744**	**4,090**	**5,540**	**1,423**
broken down by term to maturity				
Due on demand	1,073	1,317	5,540	1,423
3 months or less	565	97	0	0
Between 3 months and 1 year	2,106	0	0	0
Between 1 and 5 years	0	2,663	0	0
More than 5 years	0	13	0	0
Total	**3,744**	**4,090**	**5,540**	**1,423**

26. Loans through the state-funded re-lending scheme

The Company is covered by the state-funded re-lending scheme. This means that the Company has access through Danish Government Debt Management at Danmarks Nationalbank to loans based on specific government bonds on the same terms as those on which the bonds can be sold in the market.

Year end 2012	**Principal**	**Interest rate**	**Maturity**	**Carrying amount**
Danish State	9,320	5.0%	2013	9,549
Danish State	545	4.0%	2015	573
Danish State	3,667	2.5%	2016	3,869
Total	**13,532**			**13,991**
Year end 2011				
Danish State	11,120	5.0%	2013	11,677
Danish State	1,115	4.0%	2015	1,174
Danish State	1,667	2.5%	2016	1,716
Total	**13,902**			**14,567**

27. Issued bonds at amortised cost

(DKKm)	Group 2012	Group 2011	Parent 2012	Parent 2011
DKK 250 million nominal amount, floating interest, expiry 2013		-	250	
DKK 614 million nominal amount, floating interest, expiry 2013		614	6,600	
SEK 450 million nominal amount, floating interest, expiry 2013	394	377		
DKK 1,525 million nominal amount, floating interest, expiry 2013	1,525	1,525		
DKK 600 million nominal amount, floating interest, expiry 2013		600	600	
DKK 600 million nominal amount, floating interest, expiry 2013		-	600	
DKK 600 million nominal amount, floating interest, expiry 2013		-	600	
DKK 600 million nominal amount, floating interest, expiry 2013		-	600	
DKK 350 million nominal amount, floating interest, expiry 2013		-	350	
DKK 600 million nominal amount, floating interest, expiry 2013		-	600	
SEK 500 million nominal amount, floating interest, expiry 2013	-	417		
DKK 450 million nominal amount, floating interest, expiry 2013		-	450	
DKK 450 million nominal amount, floating interest, expiry 2013		-	450	
Total	**3,133**	**13,419**	**-**	**-**
Employee bonds				
DKK 13 million nominal amount, floating interest, expiry 2014	13	12	2	2
Total due to credit institutions and central banks	**3,146**	**13,431**	**2**	**2**

28. Other liabilities

(DKKm)	Group 2012	Group 2011	Parent 2012	Parent 2011
Negative market values of derivative financial instruments	248	247	18	28
Interest and commissions payable	117	188	94	157
Other liabilities	1,838	2,634	874	927
Total	**2,203**	**3,069**	**986**	**1,112**

29. Purchase price adjustment (earn-out)

(DKKm)	Group 2012	Group 2011	Parent 2012	Parent 2011
Beginning of year	1,569	0		
Additions on takeovers of subsidiaries	0	1,917		
Additions during the year	9	0		
Disposals during the year	713	348		
End of year	**865**	**1,569**	**-**	**-**

Notes

	Group		Parent	
(DKKm)	**2012**	**2011**	**2012**	**2011**
30. Other provisions				
Litigation	1,287	1,591	1,058	1,189
Other provisions	533	503	234	176
Total	**1,820**	**2,094**	**1,292**	**1,365**

Provisions for litigation are determined based on an assessment of the risk in each individual case. Other provisions comprise pensions, other employee benefits, onerous contracts, etc.

	Group 2012	Group 2011	Parent 2012	Parent 2011
Litigation				
Beginning of year	1,591	1,073	1,189	1,038
Additions on takeovers of subsidiaries	0	406	-	-
Additions during the year	16	484	10	479
Disposals during the year	383	372	141	328
End of year	**1,224**	**1,591**	**1,058**	**1,189**
Other provisions				
Beginning of year	503	68	176	30
Additions on takeovers of subsidiaries	63	511	-	-
Additions during the year	315	178	186	167
Disposals during the year	285	254	128	21
End of year	**596**	**503**	**234**	**176**

31. Contingent assets and liabilities

(DKKm)	Group 2012	Group 2011	Parent 2012	Parent 2011
Financial guarantees	92	243	0	0
Loss guarantees for mortgage loans	1,084	1,217	626	743
Registration and conversion guarantees	0	66	0	0
Loss guarantee for loans in group companies	-	-	78	225
Government guarantee pursuant to the Credit Package	66,338	161,954	66,338	161,954
Other	224	621	6	211
Total	**67,738**	**164,101**	**67,048**	**163,133**
Other contingent liabilities				
Irrevocable credit commitments	125	0	-	-
Other commitments	23	59	-	-
Total	**148**	**59**	**-**	**-**

Taxation

Finansiel Stabilitet is exempt from taxation and consequently is not in a position to act as an administrative company in respect of the computation and settlement of the subsidiaries' income under the joint taxation. Instead, FS Erhvervsejendomme has been appointed as administrative company for the jointly taxed Group.

The Group has a significant deferred tax asset relating to tax loss carryforwards totalling DKK 3.3 billion. Due to the uncertainty as to whether this can be utilised, the tax asset has not been recognised in the balance sheet.

Individual government guarantees

In addition, pursuant to the Act to amend the Act on Financial Stability of 4 February 2009, the Company's object is to enter into agreements for the provision of individual government guarantees for existing and new unsubordinated, unsecured debt with a maturity of up to three years. At 31 December 2012, guarantees had been issued in the amount of DKK 66 billion (2011: DKK 162 billion). The Danish State guarantees the Company's guarantee commitments under the scheme. At 31 December 2012, the Company had receivables from the Danish State of DKK 3,516 million.

Roskilde Bank

Roskilde Bank was transferred from Danmarks Nationalbank to Finansiel Stabilitet on 10 August 2009. Roskilde Bank was not covered by the general government guarantee under the Act on Financial Stability. The Danish State has issued a separate guarantee to Finansiel Stabilitet to cover the winding up of the bank. In connection with this, the Company has a receivable of DKK 4,331 million.

Other contingent liabilities

The subsidiaries are parties to legal disputes in relation to ordinary operations. Within the past 12 months, a considerable number of complaints have been brought before the Danish Financial Institutions' Complaints Board by customers of banks taken over by Finansiel Stabilitet.

Notes

	Group		Parent	
(DKKm)	2012	2011	2012	2011

32. Charges

	Group 2012	Group 2011	Parent 2012	Parent 2011
As security for loans, settlement and clearing, etc. at Danmarks Nationalbank and VP Securities Services, bonds and shares have been lodged, representing a market value of:	277	506		
Total	**277**	**506**	**-**	**-**

33. Derivative financial instruments

	2012			2011		
Group	**Nominal value**	**Positive market value**	**Negative market value**	**Nominal value**	**Positive market value**	**Negative market value**
Foreign exchange contracts						
Forward/futures, purchase	454	0	0	395	11	3
Forward/futures, sale	9,232	13	22	4,481	11	75
Swaps	3,381	114	29	1,959	102	70
	13,067	127	51	6,835	124	148
Interest rate contracts						
Swaps	25,688	894	192	1,563	66	99
Options, purchase	286	5	0	-	-	-
Options, sale	287	0	5	-	-	-
	26,261	899	197	1,563	66	99
Total	**39,328**	**1,026**	**248**	**8,398**	**190**	**247**

34. Market risk

Market risk is defined as the risk of loss as a result of changes in the market value of assets and liabilities due to changing underlying market prices. Market risk comprises interest rate, currency and equity risk.

Finansiel Stabilitet pursues a general market risk management policy of minimising its exposure to market risk. To the extent that the Company is exposed to market risk, the intention is to either wind up activities exposing the Company to market risk or, alternatively, hedge such exposures. Finansiel Stabilitet does not apply hedge accounting.

The Board of Directors has set limits for the Group's total exposure to market risk. To date, the subsidiaries taken over have had limited exposure to market risk on takeover. Market risk is monitored on an ongoing basis, and the Board of Directors is kept informed of the Group's overall exposure.

In its risk management and reporting, Finansiel Stabilitet differentiates between who will bear the risk. See page 33 of the management's review. The calculation of risk and exposure generally includes risks borne by Finansiel Stabilitet. Risks borne by the Danish State, the winding-up department of the Guarantee Fund or by FIH will not have an impact on Finansiel Stabilitet's profit/(loss). Such risk are nonetheless monitored and managed.

The major part of the Group's market risk is in the form of interest rate risks arising in connection with differences in the maturities of assets and liabilities. The majority of loans carry floating interest, while liabilities principally consist of loans raised through the state-funded re-lending scheme. Re-lending corresponds to bond loans and carries a fixed rate of interest.

In order to minimise the risk, Finansiel Stabilitet has raised loans via the state-funded re-lending schemes in short-term bonds. At 31 December 2012, the Group's total interest rate risk was calculated at DKK (196) million (2010: DKK (278) million). Of this amount, Finansiel Stabilitet bore an interest rate risk of DKK (49) million at 31 December 2012 (2011: DKK (183) million; i.e. a 1 percentage point increase in interest rates would result in a DKK 49 million increase in operating profit (2011: DKK 183 million).

The Finansiel Stabilitet Group's currency risk, arising from activities in relation to the winding up of distressed banks, is hedged by the individual companies, and the overall currency exposure is thus limited. At 31 December 2012, exchange rate indicator 1 was calculated at 1.7% (2011: 1.3%) of Finansiel Stabilitet's equity. Excluding banks taken over under the Exit and Consolidation Packages, exchange rate indicator 1 was 0.5% of equity (2011: 1.8%). A 2.25% change in the EUR exchange rate and a 10% change in all other exchange rates would affect Finansiel Stabilitet's profit/(loss) by DKK 3 million (2011: DKK 11 million).

The Group's share portfolio of DKK 1,218 million (2011: DKK 1,467 million) largely consists of "sector equities" and shares in banks received in connection with the settlement of the Bank Package. Excluding banks taken over under the Exit and Consolidation Packages, the share portfolio amounted to DKK 856 million (2011: DKK 1,049 million). A 10% drop in all shares would result in a DKK 44 million deterioration of Finansiel Stabilitet's profit/(loss) (2011: DKK 51 million).

See note 17, Shares, etc. for a specification of share positions. Guarantee certificates are not included in the specification of the exposure. These amounted to DKK 413 million (2011: DKK 544 million). Associates, see note 18, are not included in the calculation of share positions and are not included in the calculation of the sensitivity to share price drops. Associates amounted to DKK 496 million (2011: DKK 400 million).

Liquidity risk
Liquidity risk is defined as the risk of loss as a result of existing cash resources being insufficient to cover payment obligations.

Finansiel Stabilitet has access to funding itself via the state-funded re-lending scheme and is the main source of liquidity for its subsidiaries. To obtain an overview of its cash flow position, Finansiel Stabilitet regularly prepares estimates of future cash requirements. This ensures that the Group has sufficient cash resources to meet future liabilities.

The access to the state-funded re-lending scheme means that, when necessary, Finansiel Stabilitet can contact Danish Government Debt Management at Danmarks Nationalbank in order to obtain loans. The terms are set out on the basis of the prevailing market conditions for government bond loans. Having access to the re-lending scheme enables Finansiel Stabilitet to handle unforeseen large payments without necessarily having to maintain a very large demand deposit.

Capital adequacy
The Danish FSA has granted Finansiel Stabilitet dispensation from the capital requirement rules, and Finansiel Stabilitet does not prepare a calculation of solvency need for the Group. Accordingly, Finansiel Stabilitet is not subject to any special considerations in terms of raising capital, but can focus solely on maintaining sufficient cash funds.

Those of Finansiel Stabilitet's subsidiaries that are subject to the rules of the Danish FSA, must comply with the capital and liquidity requirements. Accordingly, Finansiel Stabilitet generally provides subsidiaries with the necessary capital and cash funds.

Notes

(DKKm)	Group 2012	2011
34. Market risk – continued		
Currency risk		
Total assets in foreign currency	8,769	7,145
Total liabilities in foreign currency	3,151	3,731
Exchange rate indicator 1	46	249
Exchange rate indicator 1 in per cent of equity	0.5%	1.8%
Interest rate risk		
Exposures in the trading portfolio:		
On-balance sheet securities, including spot transactions	0	0
Futures, forward transactions and FRAs	0	0
Options	0	0
Swaps	0	0
Exposures outside the trading portfolio:		
On-balance sheet items, excluding positions with limited or hedged interest rate exposure	(52)	(183)
Positions with limited or hedged interest rate exposure	3	0
Positions with special interest rate formulas	0	0
All positions	**49**	**(183)**
Interest rate risk by modified duration		
0 – 3 mths.	1	2
3 – 6 mths.	0	0
6 – 9 mths.	1	1
9 – 12 mths.	(83)	2
1 – 2 years	0	(222)
2 – 3.6 years	2	1
More than 3.6 years	30	33
Total	**(49)**	**(183)**
Interest rate risk by banks' currencies subject to the greatest risk		
DKK	(48)	(184)
EUR	(1)	0
USD	0	1
Total	**(49)**	**(183)**

(DKKm) **Group**

35. Related parties

Related parties comprise the Danish State, including companies/institutions over which the Danish State exercises control. As a general rule, transactions with related parties are entered into and settled on market terms or on a cost-recovery basis. The settlement prices for individual types of transaction are set out by law.
The table below shows the most significant related party transactions.

Related party	Relation	Transaction	Income/ expense 2012	Balance at 31.12.2012	Income/ expense 2011	Balance at 31.12.2011
Parties exercising significant influence						
The Danish State	100% ownership of Finansiel Stabilitet A/S	Loans through the state-funded re-lending scheme. Market rate of interest plus 0.15% commission	(310)	(13,991)	(406)	(14,567)
Subsidiaries						
FS Bank A/S, Copenhagen	Subsidiary of Finansiel Stabilitet A/S	Loans on market terms	0	0	77	0
		Deposits on market terms	(1)	(988)	(23)	(1,320)
		Individual government guarantees	8	1,306	8	743
		Loss guarantees for selected exposures	5	213	5	225
		Management agreement	46	-	42	-
FS Finans I A/S, Copenhagen (formerly Sparebank Østjylland af 2012 A/S)	Subsidiary of Finansiel Stabilitet A/S	Loans, statutory rate of interest	14	197		
		Individual government guarantees	1	0		
		Management agreement	4	-		
FS Finans II A/S, Copenhagen (formerly Max Bank af 2011 A/S)	Subsidiary of Finansiel Stabilitet A/S	Subordinated loan, statutory rate of interest	7	0	3	180
		Deposits on market terms	0	(306)	0	0
		Individual government guarantees	4	0	9	2,475
		Management agreement	11	-	0	-
Amagerbanken af 2011 A/S, Copenhagen	Subsidiary of Finansiel Stabilitet A/S	Subordinated loan, statutory rate of interest	0	0	49	0
		Deposits on market terms	(7)	(299)	(23)	(1,369)
		Individual government guarantees	35	2,531	78	8,750
		Liquidity commitment	1	-	6	-
		Management agreement	32	-		

Notes

(DKKm) **Group**

35. Related parties – continued

Related party	Relation	Transaction	Income/ expense 2012	Balance at 31.12.2012	Income/ expense 2011	Balance at 31.12.2011
Subsidiaries – continued						
Fjordbank Mors af 2011 A/S, Morsø	Subsidiary of Finansiel Stabilitet A/S	Subordinated loan, statutory rate of interest	32	280	11	180
		Deposits on market terms	(5)	(274)	(7)	(571)
		Individual government guarantees	26	1,959	17	4,109
		Liquidity commitment	2	-	4	-
		Management agreement	2	-	0	-
FS Property Finance A/S, Copenhagen	Subsidiary of Finansiel Stabilitet A/S	Deposits on market terms	0	(5,250)		
FS Boligejendomme A/S, Copenhagen	Subsidiary of Finansiel Stabilitet A/S	Loans on market terms	12	406		
		Deposits on market terms	(2)	0		
		Management agreement	5	-		
FS Erhvervs-ejendomme A/S, Copenhagen	Subsidiary of Finansiel Stabilitet A/S	Loans on market terms	14	469		
		Deposits on market terms	(1)	(2)		
		Management agreement	5	-		
Det Gamle Enigheden ApS, Copenhagen	Subsidiary of Finansiel Stabilitet A/S	Loans on market terms	2	53		
		Management agreement	1	-		
A/S Regstrupparken, Copenhagen	Subsidiary of Finansiel Stabilitet A/S	Loans on market terms	1	23		
		Debt forgiveness	29	-		
FS Grunde ApS, Copenhagen	Subsidiary of Finansiel Stabilitet A/S	Loans on market terms	0	34		
FSE-SALG.DK A/S, Copenhagen	Subsidiary of Finansiel Stabilitet A/S	Loans on market terms	8	295		
		Management agreement	5	-		
Other government entities						
Danmarks Nationalbank	Controlled by the Danish State	Deposit	5	10,391	67	5,273

(DKKm)

36. Group overview

	Share capital	Profit/(loss)	Equity	Ownership (%)
Finansiel Stabilitet A/S, Copenhagen	1	611	9,590	
Credit institutions:				
FS Bank A/S, Copenhagen	100	94	549	100%
Amagerbanken af 2011 A/S, Copenhagen	100	115	555	100%
Fjordbank Mors af 2011 A/S, Morsø	110	(461)	225	100%
Financing companies:				
FS Finans I A/S, Copenhagen	10	28	378	100%
FS Finans II A/S, Copenhagen	80	85	834	100%
FS Property Finance A/S, Copenhagen	100	0	2,000	100%
Investment and property companies, etc.				
FS Boligejendomme A/S, Copenhagen	9	15	155	100%
FS Erhvervsejendomme A/S, Copenhagen	14	19	359	100%
Det Gamle Enigheden ApS, Copenhagen	0	(9)	26	100%
A/S Regstrupparken, Copenhagen	2	1	9	100%
FS Grunde ApS, Copenhagen	0	(1)	(1)	100%
FSE-SALG.DK A/S, Copenhagen	1	(107)	3	100%
Schaumann Retail Finland 4 Oy, Finland (*)	0	-	0	100%

(*) Has not published financial statements for 2012.

Notes

(DKKm) **Group**

37. Break-down of balance sheet items by contractual and expected terms to maturity

2012	On demand 0-3 mths.	Between 3 mths. and 1 year	Between 1 and 5 years	More than 5 years	Total
Assets					
Cash in hand and demand deposits					
with central banks	11,191	0	0	0	11,191
Due from credit institutions and central banks	1,259	8	546	200	2,013
Loans, advances and other receivables at fair value	14	8	176	882	1,080
Loans, advances and other receivables					
at amortised cost	5,672	2,035	4,554	5,869	18,130
Bonds at fair value	1,033	13	10	0	1,056
Shares, etc.	145	988	85	0	1,218
Investments in subsidiaries and associates, etc.		35	423	0	0
458					
Land and buildings	33	1,243	730	186	2,192
Other property, plant and equipment	11	3	0	0	14
Assets held temporarily	530	240	-	-	770
Loss guarantee from the Danish State re. individual					
government guarantees	0	0	3,516	0	3,516
Receivable re. loss guarantee from the Danish					
State relating to Roskilde Bank 0	0	4,331	0	4,331	
Other assets, etc.	1,071	2,099	215	668	4,053
Prepayments	6	2	-	-	8
Total assets	**21,000**	**7,062**	**14,163**	**7,805**	**50,030**

	On demand 0-3 mths.	Between 3 mths. and 1 year	Between 1 and 5 years	More than 5 years	Total
Equity and liabilities					
Due to credit institutions and central banks	297	13,389	23	73	13,782
Deposits and other payables	1,638	2,106	0	0	3,744
Loans through the state-funded re-lending scheme	0	9,549	4,442	0	13,991
Issued bonds at amortised cost	2	3,140	4	0	3,146
Liabilities relating to assets held temporarily	196	98	-	-	294
Due to mortgage credit institutions	47	0	0	0	47
Other liabilities	1,026	1,028	31	118	2,203
Deferred income	6	0	-	-	6
Provisions	1,207	1,736	183	101	3,227
Equity	0	0	9,590	0	9,590
Total liabilities	**4,419**	**31,046**	**14,273**	**292**	**50,030**

(DKKm) **Group**

37. Break-down of balance sheet items by contractual and expected terms to maturity

2011	On demand 0-3 mths.	Between 3 mths. and 1 year	Between 1 and 5 years	More than 5 years	Total
Assets					
Cash in hand and demand deposits with central banks	7,992	0	0	0	7,992
Due from credit institutions and central banks	2,918	0	26	530	3,474
Loans, advances and other receivables at fair value	19	50	269	751	1,089
Loans, advances and other receivables at amortised cost	7,112	2,743	5,205	2,475	17,535
Bonds at fair value	6	13	3,268	237	3,524
Shares, etc.	93	17	1,206	151	1,467
Investments in subsidiaries and associates, etc.	50	0	350	0	400
Intangible assets	0	1	0	0	1
Total land and buildings	12	137	1,417	0	1,566
Other property, plant and equipment	38	3	4	0	45
Assets held temporarily	1,597	629	-	-	2,226
Receivable re. loss guarantee from the Danish State relating to individual government guarantees	0	0	3,549	0	3,549
Receivable re. loss guarantee from the Danish State relating to Roskilde Bank	0	4,600	4,331	0	8,931
Other assets, etc.	2,009	122	495	22	2,648
Prepayments	19	0	-	-	19
Total assets	**21,865**	**8,315**	**20,120**	**4,166**	**54,466**

	On demand 0-3 mths.	Between 3 mths. and 1 year	Between 1 and 5 years	More than 5 years	Total
Equity and liabilities					
Due to credit institutions and central banks	977	0	0	0	977
Deposits and other payables	1,414	0	2,663	13	4,090
Loans through the state-funded re-lending scheme	0	0	14,567	0	14,567
Issued bonds at amortised cost	1,468	450	11,513	0	13,431
Liabilities relating to assets held temporarily	1,203	0	-	-	1,203
Due to mortgage credit institutions	3	0	8	195	206
Other liabilities	574	1,148	42	102	1,866
Deferred income	4	0	-	-	4
Provisions	56	89	4,312	86	4,543
Equity	0	4,600	8,979	0	13,579
Total liabilities	**5,699**	**6,287**	**42,084**	**396**	**54,466**

The break-down of liabilities on maturities is made on the basis of the earliest contractual maturity date. Loans, bonds and amounts due from credit institutions are similarly listed on the basis of contractual terms. Other assets and provisions are stated based on expected maturities.

Notes

(DKKm) **Group**

38. Fair value disclosure

Financial instruments are recognised in the balance sheet at fair value or amortised cost.

The following table for each item breaks down financial instruments according to valuation method.

Break-down of financial instruments by valuation method

	2012			2011		
Group	**Amortised cost**	**Fair value**	**Total**	**Amortised cost**	**Fair value**	**Total**
Financial assets						
Cash in hand and demand deposits with central banks	11,191	0	11,191	7,992	0	7,992
Due from credit institutions and central banks	2,013	0	2,013	3,474	0	3,474
Loans, advances and other receivables at amortised cost	18,130	0	18,130	17,535	0	17,535
Loans, advances and other receivables at fair value	0	1,080	1,080	0	1,089	1,089
Bonds	0	1,056	1,056	0	3,523	3,523
Shares, etc.	0	1,218	1,218	2	1,465	1,467
Loss guarantee from the Danish State re. Roskilde Bank	4,331	0	4,331	8,931	0	8,931
Receivables re. loss guarantee from the Danish State relating to individual government guarantees	3,516	0	3,516	3,549	0	3,549
Derivative financial instruments	0	1,026	1,026	0	190	190
Total	**39,181**	**4,380**	**43,561**	**41,483**	**6,267**	**47,750**
Financial liabilities						
Due to credit institutions and central banks	13,782	0	13,782	977	0	977
Deposits and other payables	3,744	0	3,744	4,090	0	4,090
Loans through the state-funded re-lending scheme	13,991	0	13,991	14,567	0	14,567
Issued bonds	3,146	0	3,146	13,431	0	13,431
Due to mortgage credit institutions	47	0	47	206	0	206
Derivative financial instruments	0	248	248	0	247	247
Total	**34,710**	**248**	**34,958**	**33,271**	**247**	**33,518**

(DKKm) **Group**

38. Fair value disclosure – continued

Instruments recognised at fair value
Fair value is the amount at which a financial asset can be traded between independent parties. If an active market exists, the market price in the form of a listed price or price quotation is used.

If a financial instrument is quoted in a market that is not active, the valuation is based on the most recent transaction price.

Adjustment is made for subsequent changes in market conditions, for instance by including transactions in similar financial instruments that are assumed to be motivated by normal business considerations.

For a number of financial assets and liabilities, no market exists. In such situations, an estimated value is used instead, taking account of recent transactions in similar instruments, and discounted cash flows or other recognised estimation and assessment techniques based on the market terms existing at the balance sheet date.

In most cases, the valuation is based on observable input. As for unlisted shares in banking sector enterprises, the Group generally bases the valuation on models and agreed trading prices combined with prices supplied by Local Banks in Denmark as well as external assessments.

The Group's portfolio of mortgage deeds is valued at fair value on the basis of a model developed by the Company, the basic elements of which are the underlying property value, a bond-based basic rate of interest and a credit margin.
The model's point of departure is the rules governing covered bonds, adjusted for use in the valuation of mortgage deeds.

In connection with the financial crisis, no normally functioning market has existed for mortgage deeds. Therefore, it is not possible to compare the model's results with observable market input.

The model's sensitivity to changes in the basic assumptions can be summed up as follows: A 1 percentage point change in the basic rate of interest, equal to normal interest rate risk consideration, would result in a DKK 37 million (2011: 38 million) change in value, principally arising from the fixed-interest part of the portfolio. It should be noted that the model does not take into account any early redemption of the mortgage deeds. This possibility is difficult to quantify in light of the credit quality of the customer.

A 1 percentage point change in the required rate of return would result in a DKK 47 million change in value (2011: DKK 52 million). A 10 percent change in the underlying property value would result in a DKK 54 million change in value (2011: DKK 54 million).

Unlisted shares are valued using either DCF models or markets multiples models. Finansiel Stabilitet considers it less than likely that using alternative methods to measure the fair value of unlisted shares would result in a significantly different fair value.

Notes

(DKKm) **Group**

38. Fair value disclosure – continued

2012	Listed prices	Observable input	Non-observable input	Total
Fair value, Group				
Financial assets at fair value broken down into:				
Loans, advances and other receivables at fair value	0	0	1,080	1,080
Bonds	1,031	23	2	1,056
Shares, etc.	2	0	1,181	1,183
Derivative financial instruments	0	1,026	0	1,026
Total	**1,033**	**1,049**	**2,263**	**4,345**
Financial liabilities				
Derivative financial instruments	0	248	0	248
Total	**0**	**248**	**0**	**248**

2011				
Fair value, Group				
Financial assets at fair value broken down into:				
Loans, advances and other receivables at fair value	0	0	1,089	1,089
Bonds	3,298	224	2	3,524
Shares, etc.	39	0	1,426	1,465
Derivative financial instruments	0	190	0	190
Total	**3,337**	**414**	**2,517**	**6,268**
Financial liabilities				
Derivative financial instruments	0	247	0	247
Total	**0**	**247**	**0**	**247**

Fair value based on non-observable input	2012	2011
Beginning of year	2,517	2,108
Additions on takeover of subsidiaries	94	451
Additions during the year	2	259
Value adjustment through profit or loss (note 7)	(81)	(76)
Completed cases	(269)	(225)
Fair value, end of year	**2,263**	**2,517**

(DKKm) **Group**

39. Fair value of balance sheet items at amortised cost

The vast majority of the Group's receivables, loans and deposits cannot be transferred without the customer's prior acceptance, and no active market exists for trading in such financial instruments. Estimated fair values are based on situations where changes in market conditions have been identified after initial recognition of the instrument, affecting the price that would have been agreed if the terms had been agreed at the balance sheet date. As a result, the fair values below are subject to considerable uncertainty.

	Amortised cost 2012	Fair value 2012	Amortised cost 2011	Fair value 2011
Financial assets				
Cash in hand and demand deposits with central banks	11,191	11,191	7,992	7,992
Due from credit institutions and central banks	2,013	2,013	3,474	3,474
Loans, advances and other receivables	18,130	18,130	17,535	17,512
Shares, etc.	0	0	2	2
Loss guarantee from the Danish State re. individual government guarantees	3,516	3,516	3,549	3,549
Loss guarantee from the Danish State re. Roskilde Bank	4,331	4,331	8,931	8,931
Total financial assets	**39,181**	**39,181**	**41,483**	**41,460**
Financial liabilities				
Due to credit institutions and central banks	13,782	13,782	977	977
Deposits and other payables	3,744	3,744	4,090	4,090
Loans through the state-funded re-lending scheme	13,991	14,350	14,567	15,242
Issued bonds	3,146	3,146	13,431	13,485
Due to mortgage credit institutions	47	47	206	206
Total financial liabilities	**34,710**	**35,069**	**33,271**	**34,000**

40. Return on financial instruments

	2012			2011		
	Assets and liabilities at cost	Assets and liabilities at fair value	Total	Assets and liabilities at cost	Assets and liabilities at fair value	Total
Interest income	1,200	132	1,332	1,537	232	1,769
Interest expense	564	0	564	817	0	817
Net interest income	636	132	768	720	232	952
Share dividends etc.	0	7	7	0	5	5
Fees and commissions received	36	21	57	1,561	54	1,615
Fees and commissions paid	22	1	23	1,794	2	1,796
Net interest and fee income	650	159	809	487	289	776
Market value adjustments	(156)	(439)	(595)	(28)	(656)	(684)
Other operating income	954	108	1,062	26	81	107
Total	**1,448**	**(172)**	**1,276**	**485**	**(286)**	**199**

Notes

(DKKm)	Group	
	31.12.2012	31.12.2011
41. Leases		
The item Loans and advances at amortised cost comprises finance leases	664	1,225
Net investments in financial items		
Terms up to 1 year	196	262
Terms between 1 and 5 years	463	959
Terms of 5 years or more	5	4
Total	**664**	**1,225**
Gross investments in finance leases		
Terms up to 1 year	261	507
Terms between 1 and 5 years	587	1,531
Terms of 5 years or more	6	13
Total	**854**	**2,051**
Write-down of finance leases	191	195

Financial highlights and financial ratios for Finansiel Stabilitet A/S

(DKKm)	2012	2011
Financial highlights		
Net interest and fee income	56	314
Market value adjustments	(133)	(419)
Other operating income and expenses	702	134
Costs	534	531
Impairment losses on loans and advances	(731)	3,368
Profit/(loss) from investments in subsidiaries and associates	(191)	(689)
Loss guarantee from the Danish State re. individual government guarantees	(20)	3,549
Profit/(loss) for the year	611	(1,010)
Equity	9,590	13,579
Total assets	33,330	34,560
Financial ratios		
Return on equity before tax	5.3%	(7.2%)
Return on equity after tax	5.3%	(7.2%)

The financial ratios are in accordance with the Danish FSA's executive order on financial reports presented by credit institutions, etc.
The financial ratios relevant to Finansiel Stabilitet are included.

Statement by Management

The Board of Directors and the Management Board have today considered and adopted the annual report of Finansiel Stabilitet A/S for the financial year 1 January – 31 December 2012.

The financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU in respect of the Group and in accordance with the Financial Business Act in respect of the parent company. Further, the Annual Report is prepared in accordance with the additional Danish disclosure requirements for the annual reports of state-owned public companies.

The consolidated and parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 31 December 2012 and of the results of the Group's and the parent company's operations and of consolidated cash flows for the financial year 1 January – 31 December 2012.

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, together with a description of the principal risks and uncertainties that the Group and the parent company face.

We recommend that the annual report be adopted by the shareholder at the annual general meeting.

Copenhagen, 22 March 2013

Management Board

Henrik Bjerre-Nielsen CEO	Lars Jensen CCO	Niels Olsen COO

Board of Directors

Jakob Brogaard Chairman	Bent Naur Deputy Chairman	Anette Eberhard
Flemming Hansen	Christian Th. Kjølbye	Birgitte Nielsen

Independent auditors' report

Independent auditors' report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the Parent Company financial statements of Finansiel Stabilitet A/S, pp. 47 - 102, for the financial year 2012. The consolidated financial statements and the Parent Company's financial statements comprise the income statement, statement of comprehensive income, balance sheet, statement of capital and notes for the Group as well as for the Parent Company and the consolidated cash flow statement for the Group. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU, and the Parent Company's financial statements have been prepared in accordance with the Danish Financial Business Act. Furthermore, the consolidated financial statements and the Parent Company's financial statements have been prepared in accordance with Danish disclosure requirements for state-owned public companies.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for preparing consolidated financial statements and Parent Company financial statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the EU (the consolidated financial statements), the Danish Financial Business Act (the Parent Company's financial statements) and Danish disclosure requirements for state-owned public companies and for such internal control that management determines is necessary to enable the preparation of consolidated financial statements and Parent Company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the Parent Company's financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the Parent Company's financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the Parent Company's financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements and the Parent Company's financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of the consolidated financial statements and the Parent Company's financial statements that give a true and fair view in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements and the Parent Company's financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion

In our opinion, the consolidated financial statements and the Parent Company's financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities, shareholders' equity and financial position at 31 December 2012 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 2012 in accordance with the International Financial Reporting Standards as adopted by the EU in respect of the consolidated financial statements, in accordance with the Danish Financial Business Act in respect of the Parent Company's financial statements, and in accordance with Danish disclosure requirements for state-owned public companies for the consolidated financial statements and the Parent Company's financial statements.

Statement on the Management's review

Pursuant to the Danish Financial Business Act, we have read the management's report. We have not performed any other procedures in addition to the audit of the consolidated financial statements and the Parent Company's financial statements.
On this basis, it is our opinion that the information given in the management's report is consistent with the consolidated financial statements and the Parent Company's financial statements.

Copenhagen, 22 March 2013

KPMG
Statsautoriseret Revisionspartnerselskab

Lars Rhod Søndergaard State Authorised Public Accountant	Henrik Barner Christiansen State Authorised Public Accountant

Board of Directors and Management Board

Board of Directors

Jakob Brogaard

- Chairman of the Board of Directors
- Joined the Board of Directors in 2008
- Born in 1947

Deputy chairman of the board of directors of:

- LR Realkredit A/S

Member of the boards of directors of:

- DONG Energy A/S
- O.W. Bunker & Trading A/S
- Newco Aep A/S

Bent Naur

- Deputy Chairman of the Board of Directors
- Joined the Board of Directors in 2012
- Born in 1947

Member of the board of directors of:

- P/F BankNordik

Anette Eberhard

- Joined the Board of Directors in 2008
- Born in 1961
- CEO of Eksport Kredit Fonden

Member of the boards of directors of:

- Industrialiseringsfonden for Udviklingslandene, IFU
- Industrialiseringsfonden for Østlandene, IØ

Christian Th. Kjølbye

- Joined the Board of Directors in 2008
- Born in 1957
- Attorney-at-law. Partner of Advokatfirmaet Plesner
- CEO of Kipo Holding ApS

Chairman of the boards of directors of:

- A. Rindom A/S – Poul H. Larsen & Co.
- A.R. Holding af 1999 A/S
- A/S Østerhovedgård Magleby Sogn
- Skagen Design Holding A/S

Member of the boards of directors of:

- A/S Hanias
- Det Obelske Familiefond
- DLH-Fonden
- Grosserer Jørgen Rindom og Hustrus Fond
- Ida og Jørgen Rindoms Fond
- Skagen Design A/S

Birgitte Nielsen

- Joined the Board of Directors in 2008
- Born in 1963

Member of the boards of directors of:

- Arkil A/S
- Arkil Holding A/S
- Kirk Kapital A/S
- Novenco A/S
- Novenco Marine & Offshore A/S
- Storebrand ASA

Flemming Hansen

- Joined the Board of Directors in 2010
- Born in 1944

Member of the board of directors of:

- Professionel Forening Corporate Bonds Portfolios

Management Board

Henrik Bjerre-Nielsen
- Chief Executive Officer
- Appointed in 2008
- Born in 1955

Chairman of the boards of directors of:
- FS Bank A/S
- FS Finans I A/S
- FS Finans II A/S
- FS Property Finance A/S

Member of the boards of directors of:
- Pensiondanmark Holding A/S
- Pensiondanmark Pensionsforsikringsaktieselskab
- Tænk – Mer A/S

Lars Jensen
- CCO
- Appointed in 2008
- Born in 1950

Chairman of the board of directors of:
- Fjordbank Mors af 2011 A/S

Member of the board of directors of:
- FS Bank A/S
- FS Finans III A/S*
- FS Property Finance A/S

Niels Olsen
- COO
- Appointed in 2008
- Born in 1962

Chairman of the board of directors of:
- FS Finans III A/S*

Member of the boards of directors of:
- Arkitekternes Pensionskasse
- Arkitekternes Ejendomsselskab A/S
- Fjordbank Mors af 2011 A/S
- Pensionskassen for Jordbrugsakademikere og Dyrlæger

* Formerly Amagerbanken af 2011 A/S

Company details

Finansiel Stabilitet A/S
Kalvebod Brygge 43
1560 Copenhagen V, Denmark

Phone:	+45 70 27 87 47
Fax:	+45 33 93 13 33
Website:	www.finansielstabilitet.dk
E-mail:	mail@finansielstabilitet.dk
CVR no.:	30 51 51 45
Established:	13 October 2008
Municipality of registered office:	Copenhagen

Board of Directors
Jakob Brogaard (Chairman)
Bent Naur (Deputy Chairman)
Anette Eberhard
Flemming Hansen
Christian Th. Kjølbye
Birgitte Nielsen

Management Board
Henrik Bjerre-Nielsen
Lars Jensen
Niels Olsen

Auditors
KPMG
Statsautoriseret Revision-spartnerselskab
Osvald Helmuths Vej 4
DK-2000 Frederiksberg

General meetings
Annual General Meeting to be held on 23 April 2013

Finansiel Stabilitet A/S

Kalvebod Brygge 43
DK-1560 Copenhagen V

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