Translation

Finansiel **Stabilitet**

Annual Report 2010

Contents

Highlights

Finansiel Stabilitet posted a profit of DKK 5.1 billion in 2010
The performance was primarily attributable to paid-up guarantee commissions from the Private Contingency Association of DKK 5.6 billion and the return thereon.

Losses on the winding up of distressed banks under the Bank Package totalled DKK 4.8 billion, of which DKK 4.3 billion was covered by a loss guarantee from the Private Contingency Association.

Finansiel Stabilitet's subsidiaries continue to record losses
Finansiel Stabilitet's subsidiaries recorded the following losses in 2010 (figures in parenthesis are 2009 losses):

- EBH Bank (including Løkken Sparebank): DKK 0.5 billion (DKK 3.8 billion)
- Pantebrevsselskabet af 2. juni 2009: DKK 0.2 billion (DKK 1.4 billion)
- Nova Bank Fyn (formerly Fionia Bank): DKK 1.0 billion (DKK 0.6 billion)
- Finansieringsselskabet af 11/2 2010 including the estate in bankruptcy of Capinordic Bank: DKK 0.1 billion (-)
- Eik Banki Føroya and Eik Bank Danmark 2010: DKK 2.9 billion (-)
- Roskilde Bank: DKK 2.3 billion (DKK 6.6 billion)

Excluding Eik Banki Føroya and Eik Bank Danmark 2010, the losses were largely unchanged in Q4 compared with the nine months ended 30 September 2010.

The Danish State has provided a loss guarantee to Finansiel Stabilitet concerning Roskilde Bank. The loss guarantee covers Finansiel Stabilitet's loss concerning Roskilde Bank calculated at DKK 2.3 billion in 2010.

The Bank Package expired in 2010
The expiry of the Bank Package on 30 September did not give rise to any problems in the Danish financial system. As a result, the amount of the government guarantee provided to the financial sector was significantly reduced.

The closing financial statements released in February 2011 showed an overall loss from the winding up of distressed banks under the Bank Package of DKK 12 billion at 30 September 2010, calculated at net realisable value. This marks a departure from the accounting policies normally applied by Finansiel Stabilitet. As a consequence of the closing financial statements, an amount of DKK 10 billion was charged to the Private Contingency Association, which thus paid a total of DKK 25 billion for the Bank Package.

Growing balance sheet total in Finansiel Stabilitet in spite of winding-up process
At 31 December 2010, Finansiel Stabilitet's balance sheet total stood at DKK 65 billion, an increase of DKK 15 billion relative to year-end 2009.

Seen in isolation, Finansiel Stabilitet's total assets increased due to the acquisition of Eik Banki Føroya and Eik Bank Danmark 2010 in Q4 2010.

The objective is to wind up activities acquired by Finansiel Stabilitet in an ongoing process.

Government guarantees to the Danish financial sector
As part of the scheme for individual government guarantees, Finansiel Stabilitet had issued guarantees for a total amount of DKK 194 billion at 31 December 2010.

The guarantees had been issued to 50 institutions.

Restructuring of Finansiel Stabilitet in 2011
The Group plans to complete a restructuring during 2011 and to combine the activities of the parent company and the four subsidiaries, FS Finans, FS Bank, FS Pantebrevsselskab and FS Ejendomsselskab. The restructuring will generally not include Amagerbanken af 2011.

The new structure is expected to be in place by 30 June 2011 at the latest.

The new structure is intended to ensure uniform and continuous proper and fair customer treatment. Moreover, the new structure will contribute to ensuring efficiency, coordination and quality in the winding-up process.

Amagerbanken was transferred to Finansiel Stabilitet under the Exit Package in 2011
On 6 February 2011, Amagerbanken signed a conditional transfer agreement with Finansiel Stabilitet.

The agreement provided for a transfer of all of Amagerbanken's assets to a newly established subsidiary bank of Finansiel Stabilitet.

Payment for the assets was preliminarily fixed at DKK 15.2 billion, equivalent to a dividend of 58.8% of the unsecured, unsubordinated claims.

The dividend may be increased, first when two appointed accountants have determined the final transfer value of the assets, and secondly as and when the winding up gives rise to better results than initially anticipated.

For the creditors of Amagerbanken, the transfer of the assets meant that subordinated debt and equity remained in the estate in bankruptcy of Amagerbanken. Creditors with senior debt or deposits in excess of DKK 750,000 received a preliminary minimum dividend of 58.8% of their receivable.

The use of the Exit Package enabled customers to continue their banking transactions with uninterrupted access to the use of credit cards, online banking, etc.

Outlook for 2011

Finansiel Stabilitet's guidance for 2011 is subject to significant uncertainty. The performance excluding impairment losses is expected to be close to break-even in 2011. However, the development in losses in connection with the winding up of subsidiary commitments and in connection with claims for damages and legal disputes is subject to significant uncertainty.

As the loss guarantee concerning the Bank Package has been settled, and in light of an expected settlement of the loss guarantee provided by the Danish State with respect to Roskilde Bank, future financial performance will have a direct impact on Finansiel Stabilitet's profit and equity.

The gradual phase-in of the new group structure will entail extraordinary expenses for advisory services etc. However, these expenses are expected to be more than offset by subsequent cost savings.

Group overview

Finansiel Stabilitet

EBH Bank	Nova Bank Fyn	Pantebrevsselskabet af 2. juni 2009	Finansieringsselskabet af 11/2 2010	Eik Bank Danmark 2010	Roskilde Bank

Eik Banki Føroya is not included in the consolidation. See the financial review.

Finansiel Stabilitet at a glance

The purpose of Finansiel Stabilitet

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 state-owned through the Danish Ministry of Economic and Business Affairs.

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 distressed banks under the Bank Package;
- To wind up Roskilde Bank in accordance with an application for appropriation of funds adopted in June 2009;
- To manage the scheme for individual government guarantees as part of the agreement on the Credit Package; and
- To manage the winding-up scheme under the Exit Package.

In addition, Finansiel Stabilitet has entered into a management agreement with the Guarantee Fund for Depositors and Investors, which pays an annual management fee to Finansiel Stabilitet for managing the Guarantee Fund. The Guarantee Fund has its own board of directors and is managed independently of the other activities of Finansiel Stabilitet.

Timeline of Finansiel Stabilitet

The Bank Package and Roskilde Bank

10 October 2008
The Danish parliament adopts the Act on Financial Stability.

13 October 2008
Finansiel Stabilitet is incorporated, and the first subsidiary, EBH Bank, is acquired on 21 November 2008.

10 August 2009
Roskilde Bank is transferred to Finansiel Stabilitet as part of an agreement with Danmarks Nationalbank and the Private Contingency Association.

30 September 2010
The general guarantee scheme expires. The closing financial statements are released on 4 February 2011.

The Credit Package

3 February 2009
The Credit Package, including the agreement on individual government guarantees, is adopted.

16 June 2009
The first agreement on an individual government guarantee is concluded.

31 December 2010
The possibility of entering into an agreement on an individual government guarantee expires. The last government guarantee expires in November 2013.

The Exit Package

1 June 2010
The Exit Package is adopted. The Guarantee Fund sets up a new department, the Winding-up Department.

1 October 2010
The Exit Package comes into force and determines the method for handling distressed banks after 1 October 2010.

6 February 2011
Amagerbanken is transferred to Finansiel Stabilitet under the Exit Package.

The Bank Package

On 10 October 2008, the Danish parliament adopted the Act on Financial Stability (the Bank Package). The purpose of the act was to provide a safety net for all unsecured creditors with a view to safeguarding the full amount of their claims against Danish banks and branches of foreign banks in Denmark as far as depositors were concerned. Accordingly, all depositors were safeguarded, as were the banks with respect to loans granted among themselves. The scheme comprised claims from depositors and other unsecured creditors against banks and bank branches that were members of the Private Contingency Association, to the extent that such claims were not otherwise covered.

The Private Contingency Association provided a guarantee of DKK 10 billion to cover losses incurred by Finansiel Stabilitet in connection with the Bank Package. If the loss guarantee of DKK 10 billion was fully utilised, any additional losses would be covered by the DKK 15 billion guarantee commission provided by the Private Contingency Association. If the loss exceeded the DKK 10 billion loss guarantee and the DKK 15 billion guarantee commission provided, the Private Contingency Association would cover any additional losses of up to DKK 10 billion by means of increased guarantee commission.

The loss in connection with the Bank Package was calculated at DKK 12 billion. According to the Bank Package, the Private Contingency Association's guarantee would cover initial losses up to DKK 10 billion, while guarantee commissions already paid would cover the remaining part. The loss guarantee covering losses in excess of DKK 25 billion was cancelled.

The Credit Package

On 4 February 2009, an amendment of the Act on Financial Stability came into force as part of the Credit Package. The purpose of the amendment was to introduce a three-year transitional scheme for the general government guarantee under the Bank Package in order to ensure a gradual phase-out. Pursuant to the Act, the transitional scheme was managed by Finansiel Stabilitet on behalf of the Danish State. As a result, Finansiel Stabilitet could, on behalf of the Danish State, enter into agreements for the provision of individual government guarantees for existing and new unsubordinated, unsecured debt, etc.

Agreements were concluded on the basis of applications submitted by the individual institutions. Danish banks and mortgage credit institutions, including Faroese and Greenland banks and mortgage credit institutions, complying with the solvency requirement of 8%, the institution's individual solvency need and any higher individual solvency requirement fixed by the FSA were eligible for an individual government guarantee.

The issuance scheme expired on 31 December 2010, and the last guarantees will expire in November 2013.

The Exit Package

A new set of rules for the winding up of distressed banks came into force on 1 October 2010, which imply that depositors and other unsecured creditors of distressed banks will no longer be safeguarded for the full amount of their claims under the general government guarantee scheme. Moreover, distressed banks are no longer required to be wound up through Finansiel Stabilitet. Accordingly, it is up to each individual distressed bank whether it wants to be wound up through Finansiel Stabilitet or through the ordinary rules of financial legislation on the termination of financial businesses, that is, by way of ordinary bankruptcy proceedings. The winding up of a distressed bank through Finansiel Stabilitet ensures that depositors will not experience any difference in the practical handling of their banking transactions, as depositors will be able to continue to use credit cards, online banking, etc. immediately after Finansiel Stabilitet's acquisition of the distressed bank. The Exit Package is based financially on the existing guarantee provided by the Guarantee Fund for Depositors and Investors, which may be combined with a loss guarantee covering a potential loss incurred by Finansiel Stabilitet in connection with the winding up of a distressed bank. The loss guarantee is to be provided by the Winding-up Department of the Guarantee Fund for Depositors and Investors to Finansiel Stabilitet. The new scheme therefore involves no immediate financial risk for the Danish State in connection with the subsequent winding-up process.

Timeline of acquired companies

Company	Date of acquisition
EBH Bank	21 November 2008
Løkken Sparebank (formerly Løkken Sparekasse)	2 March 2009
Pantebrevsselskabet af 2. juni 2009 (formerly Gudme Raaschou Bank)	16 April 2009
Nova Bank Fyn (formerly Fionia Bank)	28 May 2009
Roskilde Bank	10 August 2009
Finansieringsselskabet af 11/2 2010 (formerly Capinordic Bank)	11 February 2010
Eik Banki Føroya and Eik Bank Danmark 2010	14 October 2010
Amagerbanken af 2011	6 February 2011

Financial review

Introduction

In the aftermath of the economic and financial crisis, 2010 was characterised by considerable focus on global economic recovery. The introduction of financial and economic stimulus packages in a number of countries contributed to creating a platform for economic recovery, although the strength of recovery varies greatly from region to region and from country to country.

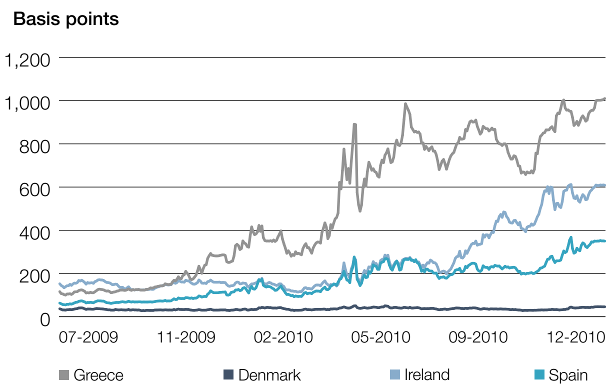
The crisis also served to underline that imbalances continue to exist among the global economies and, as a result, the strength of the economic recovery is subject to uncertainty. For example, several countries have built up large public deficits, which combine with relatively high public debts to create a situation in which the yield spreads between a number of countries in the European Monetary Union, for example, have widened significantly.

Denmark's economic growth measured in terms of GDP was 2.1% in 2010. In the EU as a whole, GDP rose by 1.7% during the same period. The outlook for the global economy is subject to greater uncertainty than normally and so are future economic developments in Denmark.

Despite a gradual improvement of economic conditions and the financial market situation, Financial Stabilitet continued to record a high level of activity in 2010. This should be seen in light of the fact that 2010 was a challenging year for the financial sector as a whole.

For Finansiel Stabilitet, these circumstances and the framework defined for the Company resulted in two distressed banks being transferred to Finansiel Stabilitet under the Bank Package. After the bankruptcy of Capinordic Bank on 11 February 2010, Finansiel Stabilitet entered into an agreement with the trustee in bankruptcy of Capinordic Bank regarding the transfer of the bank's assets in Denmark. On 30 September 2010, Finansiel Stabilitet entered into conditional transfer agreements with Eik Banki and Eik Bank Danmark. In addition, applications for individual government guarantees submitted by a number of financial institutions were processed during 2010, and at 31 December guarantees for an amount of DKK 194 billion had been issued.

10-year yield spread to Germany



The Bank Package expired on 30 September 2010. This marked the end of the period during which general government guarantees were provided to banks that were members of the Private Contingency Association. The expiry of the Bank Package did not give rise to any problems in the financial sector. Among other things, this was due to the scheme for individual government guarantees, which entailed that banks which had been granted a limit for issuance of bonds or loans backed by guarantees had secured the necessary liquidity.

As part of the finalisation of the Bank Package, Finansiel Stabilitet had been commissioned to prepare closing financial statements. The closing financial statements were to be based on calculations at net realisable values. This marks a departure from the accounting policies otherwise applied by the Company, as the financial statements are based on a valuation method in which all balance sheet items are recognised at a value approximately comparable with market value adjusted for costs of disposal. This also applies to off-balance sheet items such as contingent liabilities.

The financial statements prepared for the Bank Package as at 30 September 2010 showed a loss of DKK 12.0 billion, of which the loss guarantee from the Private Contingency Association covered the initial DKK 10 billion. The Private Contingency Association paid a total amount of DKK 25 billion under the Bank Package.

Due to the settlement of the loss guarantee concerning the Bank Package, Finansiel Stabilitet's future results from the ongoing winding up of banks acquired will be for the account and risk of the Danish State. Future financial results from the winding up of distressed banks transferred under the Bank Package will therefore have an impact on Finansiel Stabilitet's equity.

Finansiel Stabilitet still has a loss guarantee in connection with the winding up of Roskilde Bank. However, an agreement has been made with the Danish State that the loss guarantee will be settled in 2011. Losses will thus be handled in the same manner as losses in connection with the winding up of banks under the Bank Package, in that losses or profits will have a direct impact on Finansiel Stabilitet's profit and equity.

Performance

Finansiel Stabilitet generated a profit of DKK 5.1 billion in 2010, against a profit of DKK 9.5 billion in 2009, which was short of expectations. The shortfall relative to the guidance for a profit of around DKK 6 billion was primarily due to the fact that the loss recognised in connection with the Bank Package exceeded DKK 10 billion, causing the loss to have a profit impact.

Performance by activity area

Finansiel Stabilitet has activities in the following areas:

- Winding up of banks acquired under the **Bank Package**;
- Winding up of **Roskilde Bank**, which is not comprised by the Bank Package;
- Management of the scheme for **individual government guarantees** as part of the agreement on the Credit Package; and
- Acquisition and winding up of banks under the auspices of Finansiel Stabilitet according to the guidelines of the Exit Package, which came into force on 1 October 2010.

Concerning the activities in connection with the winding up of Roskilde Bank and the management of individual government guarantees, the Danish State has provided a loss guarantee to Finansiel Stabilitet and, as expected, the performance therefore reflected a balance between income and expenses.

No banks were acquired or wound up under the Exit Package in 2010, and the Exit Package was therefore not included as an independent area in the 2010 financial statements.

The Bank Package

Finansiel Stabilitet posted a profit of DKK 5.1 billion from the activities under the Bank Package in 2010. The results of the Bank Package comprise the operation of the subsidiaries of Finansiel Stabilitet acquired as part of the Bank Package. The performance was attributable to payment

Profit for the periods ended 31 December 2009 and 2010

DKKm	Group		Parent	
	2010	**2009**	**2010**	**2009**
Commission received from the Private Contingency Association	5,625	9,375	5,625	9,375
Other interest and fee income, net	661	866	(91)	122
Market value adjustments	101	(15)	(68)	(5)
Other operating income	756	234	19	17
Costs	1,908	1,181	76	36
Impairment losses on loans, advances and receivables, etc.	3,788	2,343	85	0
Losses on acquisition of subsidiaries	2,921	9,775	2,921	9,775
Profit/(loss) from investments in subsidiaries and associates	22	(52)	(3,855)	(2,589)
Loss guarantee from the Private Contingency Association	4,209	5,791	4,209	5,791
Loss guarantee from the Danish State relating to Roskilde Bank	2,327	6,604	2,327	6,604
Profit for the period before tax	**5,084**	**9,504**	**5,084**	**9,504**
Tax	0	0	-	-
Profit for the period	**5,084**	**9,504**	**5,084**	**9,504**

of guarantee commission by the Private Contingency Association in the amount of DKK 5.6 billion until 30 September 2010 when the government guarantee expired. This brought the total amount of guarantee commission paid by the Private Contingency Association under the general government guarantee to DKK 15 billion. To this should be added the loss guarantee from the Private Contingency Association intended to cover initial losses up to DKK 10 billion.

Finansiel Stabilitet's subsidiaries etc. recorded a loss of DKK 4.8 billion in 2010. In 2009, the recorded loss guarantee was DKK 5.8 billion. The overall loss thus exceeded the DKK 10 billion cover under the loss guarantee by DKK 0.5 billion.

Operation of the banks acquired generated interest income for Finansiel Stabilitet of DKK 379 million, while provisions related primarily to disputes and lawsuits reduced the operating profit by DKK 474 million. Costs amounted to DKK 631 million in 2010. Impairment losses on loans and advances remained high at DKK 1,125 million. Impairment losses were driven by sustained deterioration of the credit quality of the exposures. Losses from subsidiaries acquired of DKK 2,921 million were attributable to losses in connection with the acquisition of Eik Banki Føroya and Eik Bank Danmark 2010. Including the guarantee commission, the profit for the year was DKK 5,084 million.

Paid-up guarantee commission – capital instruments

Under the general guarantee scheme, Finansiel Stabilitet received guarantee commission in a total amount of DKK 15 billion. Part of the guarantee commission was paid by way of shares, cooperative share certificates or guarantee certificates. Finansiel Stabilitet has received capital instruments of DKK 1.1 billion in aggregate, comprising shares in the amount of DKK 0.4 billion and guarantee certificates and cooperative share certificates in the amount of DKK 0.7 billion.

At 31 December 2010, Finansiel Stabilitet’s equity portfolio had generated a total negative value adjustment of DKK 56 million. A negative value adjustment of DKK 12 million was recognised on guarantee certificates and cooperative share certificates. The fair value of guarantee certificates and cooperative share certificates is calculated on the basis of the discounted payments from guarantee certificates and cooperative share certificates, while making allowance for the risk premium.

In 2010, Finansiel Stabilitet initiated discussions with listed banks and cooperative and guarantee banks which had paid guarantee commission by way of capital instruments with a view to redeeming Finansiel Stabilitet as a shareholder, cooperative shareholder and guarantor.

Profit for the year for the activity areas in 2010

DKKm	The Bank Package	Individual government guarantees	Roskilde Bank	Total
Net interest income	379	0	257	636
Commission received from the Private Contingency Association	5,625	0	-	5,625
Guarantee commission, government guarantees	-	576	-	576
Other net fee income, market value adjustments, etc.	(474)	(558)	364	(668)
Costs	631	18	285	934
Impairment losses on loans, advances, guarantees etc.	1,125	-	2,663	3,788
Losses on acquisition of subsidiaries	2,921	-	-	2,921
Profit/(loss) from investments in subsidiaries and associates	22	-	-	22
Loss guarantee	4,209	-	2,327	6,536
Profit for the period	**5,084**	**0**	**0**	**5,084**

Overview of parent company securities portfolio:

	Market value at 31 December 2010 (DKKm)
Shares in banks	288
Cooperative share certificates	7
Guarantee certificates	605
Other securities	18
Total	**918**

During 2010, Finansiel Stabilitet disposed of shares for a total amount of DKK 88 million. The market value of Finansiel Stabilitet's portfolio of shares in listed banks was DKK 288 million at 31 December 2010.

In 2010, Finansiel Stabilitet redeemed cooperative and guarantee capital for a total amount of DKK 83 million, equivalent to an aggregate reduction of 11%.

Finansiel Stabilitet's long-term strategy is to phase out its ownership of such capital instruments. Finansiel Stabilitet thus intends to dispose of the portfolios over time. The disposal will be structured so as to achieve the best market prices obtainable. As concerns the portfolio of listed bank shares, Finansiel Stabilitet seeks to minimise any effects on price.

Finansiel Stabilitet will consider any offers submitted for shareholdings that exceed the volume tradable in the market under normal circumstances without having any impact on the price, provided the offers at least reflect the market price applicable from time to time.

Roskilde Bank

Roskilde Bank broke even in 2009 after recognition of a loss guarantee from the Danish State of DKK 2.3 billion. The loss guarantee thus amounted to DKK 8.9 billion at 31 December 2010. Before impairment losses, Roskilde Bank generated a profit of DKK 446 million in 2010. After impairment losses, the performance was a loss of DKK 2.3 billion. The credit quality continued to deteriorate in 2010, resulting in additional impairment losses on loans, advances and guarantees of DKK 2.7 billion. At 31 December 2010, Roskilde Bank had total assets of DKK 8.8 billion and net lending (loans and advances after impairment losses) of DKK 6.5 billion. Roskilde Bank has acquired land and buildings valued at DKK 1.5 billion through the subsidiary Rosk Ejendomme.

Individual government guarantees

Finansiel Stabilitet issued individual government guarantees to 50 institutions in 2010. At 31 December 2010, the guarantees issued amounted to DKK 194 billion. Most of the guarantees were issued on terms providing for payment of a 0.95% guarantee premium to the Danish State. Moreover, a few guarantees were issued at a guarantee premium of 1.35%.

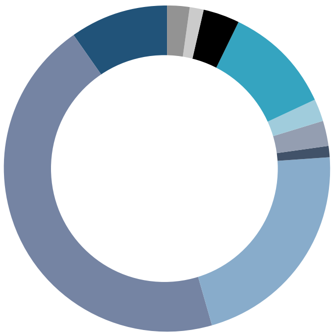
The guarantee commission will be kept separate from the other activities of Finansiel Stabilitet and will accrue to the Danish State, which, in return, will compensate Finansiel Stabilitet for any costs and losses incurred on the guarantees issued. In 2010, the Danish State received guarantee commission on the guarantees issued in a total amount of DKK 576 million and paid DKK 18 million to Finansiel Stabilitet by way of reimbursement of administrative expenses incurred.

After the balance sheet date, the winding up of Amagerbanken under the Exit Package has had the effect that the individual government guarantees issued by the Danish State in a total amount of DKK 13.5 billion will result in a loss for the Danish State if creditors in the estate in bankruptcy of Amagerbanken are not fully compensated. Based on the preliminary calculation prepared in connection with the transfer to Finansiel Stabilitet, the dividend payout ratio had been calculated at 58.8%. Consequently, the preliminary loss of the Danish State on individual government guarantees issued amounts to DKK 5.6 billion with respect to Amagerbanken. The dividend payout ratio may be increased, first in connection with a final assessment of the assets to be performed by two accountants appointed by the Institute of State Authorised Public Accountants in Denmark, and secondly as and when the winding up gives rise to better results than initially anticipated. As the amount of the loss on the guarantee provided to Amagerbanken cannot be reliably calculated, no provision for losses on government guarantees issued was made in the 2010 financial statements.

Development in balance sheet items

Most of Finansiel Stabilitet's assets consist of loans and advances (at fair value and amortised cost) in the amount of DKK 17.2 billion. The loss guarantee from the Private

Loans, advances and guarantees before impairment losses



Contingency Association and the loss guarantee from the Danish State relating to Roskilde Bank total DKK 18.9 billion. Most of the liabilities consist of the paid-up guarantee commissions under the Bank Package included in equity and loans raised through the state-funded re-lending scheme in the amount of DKK 26.0 billion.

The development in Finansiel Stabilitet's total assets was characterised by two opposite trends. On the one hand, the ongoing process of winding up the activities of Finansiel Stabilitet continued. Seen in isolation, this reduced the total assets by DKK 6.6 billion. On the other hand, Finansiel Stabilitet acquired new subsidiaries for an amount of DKK 21.3 billion. Overall, total assets increased by DKK 14.7 billion.

Balance sheet as at 31 December 2009 and 2010

DKKm	Group		Parent	
	2010	**2009**	**2010**	**2009**
Cash in hand and demand deposits with central banks	8,365	3,924	6,395	2,156
Due from credit institutions and central banks	2,300	3,974	8,239	17,121
Loans, advances and other receivables at fair value	1,048	1,011	0	0
Loans, advances and other receivables at amortised cost	16,150	22,062	1,683	1,929
Bonds at fair value	1,914	3,055	0	0
Shares, etc.	1,510	1,570	961	751
Investments in subsidiaries	0	0	6,618	5,277
Total land and buildings	1,624	1,020	0	0
Assets held temporarily	12,037	370	0	0
Receivable re. loss guarantee from the Private Contingency Association	10,000	5,791	10,000	5,791
Receivable re. loss guarantee from the Danish State	8,931	6,604	8,931	6,604
Other assets	770	534	52	4
TOTAL ASSETS	**64,649**	**49,915**	**42,879**	**39,633**
Due to credit institutions and central banks	684	2,471	**0**	**0**
Deposits and other payables	7,738	3,081	2,061	0
Loans through the state-funded re-lending scheme	25,981	29,920	25,981	29,920
Bonds at amortised cost	1,754	1,822	0	0
Liabilities re. assets held temporarily	10,593	0	0	0
Other liabilities	1,355	1,958	248	208
Provisions for losses on guarantees	814	537	0	0
Other provisions	1,141	621	0	0
Equity	14,589	9,505	14,589	9,505
TOTAL EQUITY AND LIABILITIES	**64,649**	**49,915**	**42,879**	**39,633**

The loss guarantee from the Private Contingency Association was calculated in connection with the closing financial statements, resulting in a receivable of DKK 10 billion at 31 December 2010. The loss guarantee was settled in February 2011. The loss guarantee from the Danish State concerning Roskilde Bank was increased by DKK 2.3 billion due to continued impairment and other losses in Roskilde Bank.

The largest asset item is loans, advances and other receivables at amortised cost, which amounted to approximately DKK 16 billion at 31 December 2010. Most loans, advances and guarantees are directed at the commercial sector, which accounts for approximately 90% of the portfolio, while loans and advances to the retail sector make up the remaining 10%. Most of the overall volume of loans, advances and guarantees has been provided mainly to businesses related to the property sector.

At 31 December 2010, the Group's property portfolio represented a total value of DKK 2.3 billion. Most of these properties are investment properties, the majority of which form part of Rosk Ejendomme. The Group acquired a total of 297 properties in 2010, compared with 90 properties in 2009.

Properties

	No. of properties	Value (DKKm)
Domicile properties	4	5
Investment properties	144	1,619
Properties acquired	149	639
Total	**297**	**2,263**

Most of the properties are commercial properties. Under the new group structure, Rosk Ejendomme will become a subsidiary of Finansiel Stabilitet (FS Ejendomsselskab) and will handle the management and development of all investment properties.

Capital and liquidity for subsidiaries

Until 31 December 2010, the Company had provided funding for subsidiaries in the amount of DKK 32.8 billion by way of shares, subordinated loan capital and cash.

Finansiel Stabilitet financed the contribution, partly by way of guarantee commission paid up in cash, totalling approximately DKK 14 billion, and partly by way of loans raised through the state-funded re-lending scheme. Finansiel Stabilitet's access to the state-funded re-lending scheme implies that loans may be raised on identical terms, corresponding to the yield on Danish government bonds plus 0.15%. At 31 December 2010, loans raised under the state-funded re-lending scheme amounted to 26 billion.

At 31 December 2010, Finansiel Stabilitet held DKK 4.5 billion in deposit with Danmarks Nationalbank relating to the Bank Package and DKK 1.9 billion relating to payments from Roskilde Bank.

Contingent liabilities

Within the past 12 months, a considerable number of complaints have been brought before the Danish Financial Institutions' Complaints Board by customers of banks acquired by Finansiel Stabilitet. Finansiel Stabilitet has assessed the overall risks facing the Group in connection with legal disputes, complaints and claims for damages and has performed a financial risk assessment based on

Funding – status at 31 December 2010

DKKbn	EBH Bank	Nova Bank Fyn	Finansieringsselskabet	Pantebrevsselskabet	EIK FO & DK	Total Bank Package	Roskilde Bank	Total
Shares	5.8	1.8	0.1	1.7	4.4	13.8	11.4	25.2
Subordinated capital	0.4	0.7	0	0	0.4	1.5	1.0	2.5
Debt financing	0.2	2.0	0	1.6	0	3.8	3.4	7.2
Deposits	0	0	(0.6)	0	(1.5)	(2.1)	0	(2.1)
Total	6.4	4.5	(0.5)	3.3	3.3	17.0	15.8	32.8

the legal assessments of the outcome of the cases. The balance sheet as at 31 December 2010 included total provisions of DKK 1.1 billion.

Events after 31 December 2010

On 4 February 2011, Amagerbanken realised that it was unable to meet the statutory solvency requirement. Amagerbanken's management subsequently decided to wind up the bank through Finansiel Stabilitet under the Exit Package, and against this background an agreement was concluded for part of the bank's activities to be transferred to Finansiel Stabilitet.

With effect from 6 February 2011, Amagerbanken transferred all assets to a newly established subsidiary bank of Finansiel Stabilitet. Payment for the assets was preliminarily fixed at DKK 15.2 billion, equivalent to 58.8% of the unsecured, unsubordinated claims. The payment was made by way of the subsidiary bank taking over liabilities for the same amount from Amagerbanken. Approximately three months after the date of transfer, the final payment will be determined by two accountants appointed by the Institute of State Authorised Public Accountants in Denmark. If the final payment exceeds the preliminary amount paid, the subsidiary bank will take over additional liabilities. At the date of transfer, known liabilities amounted to DKK 13.2 billion, which are not intended to be taken over. Of this amount, subordinated liabilities totalled DKK 2.6 billion.

For the creditors of Amagerbanken, the transfer of the bank meant that subordinated debt and equity remained in the estate in bankruptcy of Amagerbanken. Creditors with senior debt or deposits in excess of DKK 750,000 received a preliminary minimum dividend of 58.8% of their receivable.

Through individual government guarantees, Finansiel Stabilitet has provided a government guarantee of DKK 13.5 billion to Amagerbanken. At the preliminary dividend payout ratio, this will result in a loss of DKK 5.6 billion.

Due to the winding-up model chosen, the bank's customers were able to continue to use credit cards, online banking, etc. The branches opened, and the stability of maintaining a working bank was preserved. In terms of operations, the transfer proceeded as planned and in close collaboration with the other stakeholders.

Outlook for 2011

Developments in 2011 will mainly be determined by the financial performance of Finansiel Stabilitet's subsidiaries. Before impairment losses, Finansiel Stabilitet's performance is expected to be close to break-even in 2011.

However, the development of losses in the subsidiaries remains subject to considerable uncertainty, as exposures are subject to significant risk, in particular in relation to the property market. Any significant changes in the valuation of property exposures, for example due to economic conditions or circumstances related to specific assets, could significantly impact the risk of loss. Potential losses in connection with legal disputes, in which several subsidiaries are involved, are also subject to considerable uncertainty.

As the loss guarantee concerning the Bank Package has been settled, and in light of an expected settlement of the loss guarantee provided by the Danish State with respect to Roskilde Bank, future financial performance will have a direct impact on Finansiel Stabilitet's profit and equity.

Based on the new group structure, which was announced on 4 February 2011, and which is described in detail below, Finansiel Stabilitet wishes to ensure uniform and continuous proper and fair customer treatment and to ensure efficiency, coordination and quality in the winding-up process. The gradual phase-in of the new group structure will entail extraordinary expenses for advisory services etc. However, these expenses are expected to be more than offset by subsequent cost savings.

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. As a result, Finansiel Stabilitet's performance will not be affected by the losses expected in connection with individual government guarantees issued to Amagerbanken.

In connection with the winding up of Amagerbanken af 2011, a loss guarantee has furthermore been issued by the Winding-up Department of the Guarantee Fund for Depositors and Investors. Accordingly, any losses in connection with the winding up of Amagerbanken af 2011 will be covered by this loss guarantee.

Performance of the individual activities

Finansiel Stabilitet's activities were distributed on the following areas in 2010:

The Bank Package
Winding up of distressed banks transferred by Finansiel Stabilitet under the Bank Package. The Bank Package expired on 30 September 2010 and in that connection closing financial statements for the Bank Package were prepared. The purpose of the closing financial statements was to calculate the Private Contingency Association's loss guarantee vis-à-vis Finansiel Stabilitet in connection with the winding up of distressed banks.

Roskilde Bank
The winding up of Roskilde Bank has been under the auspices of Finansiel Stabilitet since 10 August 2009 when Roskilde Bank became a subsidiary. Roskilde Bank was not comprised by the Bank Package and is included as a separate area of activity.

Individual government guarantees
Managing the scheme for individual government guarantees as part of the agreement on the Credit Package. Under the scheme, which ended on 31 December 2010, Finansiel Stabilitet provided individual government guarantees for unsubordinated, unsecured debt with a maturity of up to three years.

Framework for the winding up of activity areas

Common to Finansiel Stabilitet's three areas of activity is that, in the future, focus will be on the ongoing winding up of the activities with due consideration to the Danish State incurring the lowest possible costs. This strategy means that Finansiel Stabilitet will assess which winding-up model offers the financially most expedient solution in each specific case.

The winding up of distressed banks acquired generally takes place according to an approach in which the process is divided into two phases. The first phase of the winding up process involves the divestment of activities which may be carried on by other institutions directly. This implies that Finansiel Stabilitet completes a sales process on the basis of an authorisation from the subsidiary. The sales process is characterised by openness and transparency so as to ensure that the greatest possible number of prospective buyers may participate in the process. The sales process is completed quickly in order to ensure that the assets of the bank are not impaired, as customers with good credit standing disappear quickly.

The remaining part of the activities are typically wound up as and when opportunities arise for other banks to take over such activities. The strategy for winding up the remaining activities is often multi-pronged and adjusted to the individual bank, including the remaining customer relationships. Customers of Finansiel Stabilitet's subsidiaries are advised and generally encouraged to find another bank, if possible.

In connection with the subsequent winding up process, the business strategy of the subsidiaries of Finansiel Stabilitet is also changed, the focus shifting to the winding up of activities. The involvement of Finansiel Stabilitet also means that the winding up must be completed within the framework of the EU state subsidy rules and Danish legislation in the form of the winding-up order (executive order no. 1139 of 28 September 2010), which came into force on 1 October 2010.

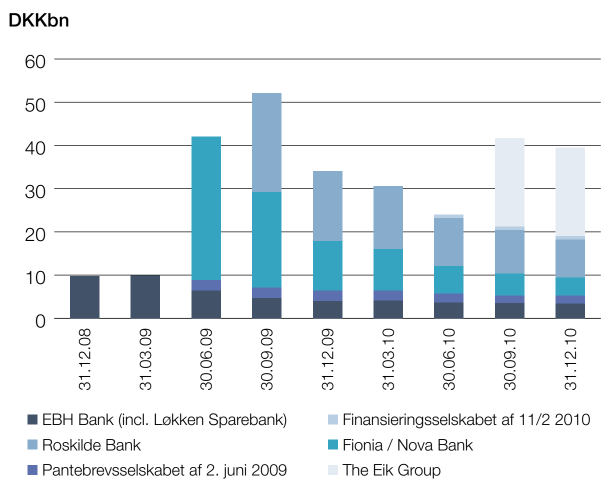
The framework of the winding-up order implies:
- That Finansiel Stabilitet's subsidiaries must continuously work to reduce and dispose of existing customer relationships within a foreseeable future;
- That Finansiel Stabilitet's subsidiaries may not compete on the terms generally offered in the Danish banking market. This means that after being acquired by Finansiel Stabilitet, a bank may not, for example:
  - (a) use new or aggressive marketing with a view to expanding its volume of business;
  - (b) establish new customer relationships, neither retail nor commercial;
  - (c) expand existing retail or commercial commitments, unless such expansion is absolutely necessary with a view to protecting the value of the exposure;
- That the interest rates charged on loans and advances must be relatively high compared with other banks, and the interest rates offered on deposits must be relatively low compared with other banks.

Finansiel Stabilitet has a duty to oversee that the subsidiaries comply with the requirements of the executive order.

The handling of the remaining customer activities is based on ensuring continued proper and fair treatment of the customers. In order to ensure efficient and high quality customer service, Finansiel Stabilitet has decided to simplify its group structure by gathering the activities in four subsidiaries of the parent company Finansiel Stabilitet. The aim is for the customers to continue to be served from the office location they are used to and for each individual customer to receive detailed information about the consequences of the changes.

Having focus being directed at the issuance of individual government guarantees in 2010, the expiry of the scheme for issuance of individual government guarantees on 31 December 2010 has had the effect that, going forward, Finansiel Stabilitet will focus on the winding up of the individual government guarantees in a controlled process.

Development in subsidiaries' balance sheet items



Note: From the date of acquisition until 31 December 2010, the subsidiaries have calculated the following losses, which reduce the total assets: EBH Bank: DKK 4.3 billion; Pantebrevsselskabet af 2. juni 2009: DKK 1.6 billion; Nova Bank Fyn; DKK 1.6 billion and Roskilde Bank: DKK 8.9 billion. Losses in Eik Banki Føroya and Eik Bank Danmark 2010 were recognised on acquisition.

Status of the winding up of banks acquired

Since its inception in October 2008, Finansiel Stabilitet has entered into agreements with EBH Bank, Fionia Bank, Løkken Sparekasse, Gudme Raaschou Bank, the estate in bankruptcy of Capinordic Bank, Eik Banki Føroya and Eik Bank Danmark in connection with their failure to comply with the solvency requirements of the Financial Business Act. Furthermore, Finansiel Stabilitet has entered into an agreement with Danmarks Nationalbank and the Private Contingency Association concerning the acquisition of Roskilde Bank.

The acquisition of the distressed banks has involved the divestment and winding up of parts of the banks' activities and injection of liquidity in the form of share capital, subordinated loan capital and ordinary debt financing to fund the remaining parts.

Since Finansiel Stabilitet's inception in October 2008, the total assets of its subsidiaries have grown in step with the ongoing acquisition of distressed banks. The subsidiaries' total assets amounted to DKK 39.5 billion at 31 December 2010. The most important difference relative to the consolidated balance sheet is that the loss guarantee from the Private Contingency Association and the loss guarantee provided by the Danish State with respect to Roskilde Bank have not been included. The balance sheet totals of subsidiaries that also formed part of the Group at 31 December 2009 were reduced by DKK 15.9 billion. A significant part of this amount represented impairment losses. New subsidiaries transferred to Finansiel Stabilitet in 2010 increased the closing balance sheet total by DKK 21.3 billion. The subsidiaries' balance sheet totals thus increased by a net amount of DKK 5.4 billion in 2010.

The performance of the individual subsidiaries will be reviewed below. The financial results of the subsidiaries will be reviewed as they appear in Finansiel Stabilitet's consolidated financial statements.

The Bank Package

EBH Bank (including Løkken Sparebank)

On 21 November 2008, the board of directors of the former ebh bank a/s signed a conditional agreement providing for the transfer of all assets and liabilities, except for share capital and other subordinated capital, to a newly established subsidiary owned by Finansiel Stabilitet. The transfer took effect on 28 November 2008.

The transfer was completed after the board of directors and the management board of the former bank established in November 2008 that the amount of impairment losses was so substantial that the bank would fail to comply with the solvency requirements of the Financial Business Act. The impairment losses mainly involved loans and advances related to the property sector. Pursuant to the Act on Financial Stability, the transfer was concluded without consideration.

Finansiel Stabilitet completed a merger of the subsidiaries EBH Bank and Løkken Sparebank on 29 April 2010. The merger was completed with retroactive effect to 1 January 2010 with EBH Bank as the continuing company. The merger increased EBH Bank's total assets by DKK 508 million to DKK 4,058 million, and equity increased by DKK 167 million to DKK 1,979 million.

The combined entity posted a loss of DKK 507 million in 2010, which was primarily attributable to provisions regarding legal disputes etc. Finansiel Stabilitet's overall loss in connection with EBH Bank (including Løkken Sparebank) amounted to DKK 4,288 million at 31 December 2010.

At 31 December 2010, total assets amounted to DKK 3,399 million. Finansiel Stabilitet's contribution of capital to EBH Bank amounted to DKK 6,160 million at 31 December 2010, distributed on share capital (DKK 5,760 million) and subordinated loan capital (DKK 400 million). Equity stood at DKK 1,472 million at 31 December 2010. In addition, ordinary debt financing in the amount of DKK 182 million had been contributed at 31 December 2010.

The sales and winding-up processes initiated in 2009 continued in 2010 with the divestment of additional subsidiaries. Accordingly, ebh finansservice was divested in an open and transparent sales process. Moreover, the most important retail customer exposures were taken over by other banks, and the number of commercial customers was reduced by more than 50% in 2010. The average number of employees declined from 290 in 2009 to 160 in 2010.

Legal enquiries have been conducted into the processes leading up to the collapse of both the former ebh bank a/s and Løkken Sparekasse. The findings of the enquiries were announced in reports dated 23 November 2009 and 29 April 2010, respectively, and are available on Finansiel Stabilitet's website. Based on the reports prepared, writs have been filed against members of the former boards of directors, management boards and auditors of the two banks.

Performance of EBH Bank (including Løkken Sparebank)

DKKm	2009	2010
Net interest income	53	137
Other net fee income and market value adjustments	7	79
Other operating income/expenses, net	16	(442)
Operating expenses	398	182
Impairment losses on loans, advances, guarantees etc.	1,884	116
Losses on acquisition of subsidiaries	1,508	0
Profit/(loss) from investments in associates	(53)	17
Tax	0	0
Loss for the period	**(3,781)**	**(507)**

Balance sheet for EBH Bank

DKKm	Opening balance sheet, EBH Bank 28.11.08	Opening balance sheet, Løkken Sparebank 25.03.09	31.12.09	31.12.10
ASSETS				
Cash in hand and demand deposits with central banks	307	0	342	1,411
Due from credit institutions and central banks	504	0	139	299
Loans, advances and other receivables at fair value	257	127	167	120
Loans, advances and other receivables at amortised cost	4,857	944	2,692	1,058
Bonds and shares at fair value	480	153	71	157
Land and buildings	23	17	42	9
Current tax assets	19	0	7	0
Assets held temporarily	7	0	177	210
Other assets	460	29	421	133
TOTAL ASSETS	**6,914**	**1,270**	**4,058**	**3,399**
EQUITY AND LIABILITIES				
Debt to Finansiel Stabilitet A/S	-	-	202	182
Deposits and other payables	7,751	1,668	1,329	496
Other provisions	217	56	77	849
Subordinated debt	0	0	471	400
Equity	(1,054)	(454)	1,979	1,472
TOTAL EQUITY AND LIABILITIES	**6,914**	**1,270**	**4,058**	**3,399**
Number of employees			**290**	**160**

In 2011, EBH Bank's activities will be continued in FS Bank, FS Finans, FS Pantebrevsselskab and FS Ejendomsselskab, respectively. EBH Bank will maintain an office in Aalborg for the purpose of handling remaining commitments relating to EBH Bank.

Nova Bank Fyn

Nova Bank Fyn posted a loss of DKK 984 million in 2010, which was attributable to additional impairment losses on loans and advances in the amount of DKK 870 million. Finansiel Stabilitet's overall loss in connection with Nova Bank Fyn amounted to DKK 1,540 million at 31 December 2010.

In connection with the transfer to Finansiel Stabilitet, an agreement was made with Fionia Holding concerning purchase price adjustment. As a result of the adverse financial developments, the purchase price adjustment is not expected to have a positive fair value. Against this background, the agreement is expected to be terminated during the first six months of 2011.

At 31 December 2010, total assets amounted to DKK 4,234 million. Finansiel Stabilitet's contribution of capital to Nova Bank Fyn amounted to DKK 2,500 million at 31 December 2010, distributed on share capital (DKK 1,840 million) and subordinated loan capital (DKK 660 million). Equity stood at DKK 794 million at 31 December 2010. In addition, ordinary debt financing in the amount of DKK 2,000 million had been contributed at 31 December 2010.

The winding-up process continued in 2010 with asset divestment taking place on an ongoing basis. Moreover, the product range was trimmed, causing some product areas to be outsourced to business partners.

A legal enquiry has been conducted into the matters which caused Fionia Bank (today Fionia Holding) to enter into an agreement with Finansiel Stabilitet on 22 February 2009. The findings of the enquiry were announced in a report released on Nova Bank Fyn's website on 28 June 2010. Based on the report prepared, the overall assessment was that there were no grounds for bringing an action for damages against the management board, auditors and/or individual members of Fionia Bank's board of directors.

As part of the new group structure, Nova Bank Fyn's activities will primarily be continued in FS Bank, with Nova Bank Fyn acting as the main platform of FS Bank, and the head office of FS Bank will be located in Odense. Moreover, activities will be transferred to FS Finans, FS Pantebrevsselskab and FS Ejendomsselskab.

Performance of Nova Bank Fyn etc.

DKKm	28.05.09-31.12.09	01.01.10-31.12.10
Net interest income	229	99
Other net fee income and market value adjustments	94	(26)
Other operating income/expenses, net	(9)	31
Operating expenses	383	218
Impairment losses on loans, advances, guarantees etc.	431	870
Losses on acquisition of subsidiaries	57	0
Profit/(loss) from investments in associates	1	0
Tax	0	0
Loss for the period	**(556)**	**(984)**

Balance sheet for Nova Bank Fyn etc.

DKKm	Fionia Bank 28.05.09	Nova Bank Fyn 31.12.09	Nova Bank Fyn 31.12.10
ASSETS			
Cash in hand and demand deposits with central banks	182	891	19
Due from credit institutions and central banks	3,093	2,962	162
Loans, advances and other receivables at fair value	8	0	85
Loans, advances and other receivables at amortised cost	16,339	5,745	3,366
Bonds and shares	10,211	1,576	400
Land and buildings	406	107	110
Intangible assets	916	0	0
Current tax assets	347	0	0
Assets held temporarily	7	6	48
Other assets	769	194	44
TOTAL ASSETS	**32,278**	**11,481**	**4,234**
EQUITY AND LIABILITIES			
Due to credit institutions and central banks	11,433	1,996	9
Debt to Finansiel Stabilitet A/S	-	4,000	2,000
Deposits and other payables	16,009	1,161	313
Issued bonds	1,933	1,820	0
Other liabilities	2,865	1,009	242
Other provisions	95	294	216
Subordinated capital	0	300	660
Equity	(57)	901	794
TOTAL EQUITY AND LIABILITIES	**32,278**	**11,481**	**4,234**
Number of employees	**550**	**164**	**135**

Pantebrevsselskabet af 2. juni 2009

On 16 April 2009, Gudme Raaschou Bank signed a conditional transfer agreement with Finansiel Stabilitet. In continuation of the sale of the asset management and portfolio management activities to Lån & Spar Bank in June 2009, the remaining activities of Gudme Raaschou Bank were transferred to Pantebrevsselskabet af 2. juni 2009.

Pantebrevsselskabet af 2. juni 2009 handles the continuing operation and winding up of the activities, mainly consisting of loans and advances, including a large mortgage deed portfolio intended for real property financing. In the first half of 2010, the company also took over the management of mortgage deed portfolios owned by Finansiel Stabilitet's other subsidiaries.

Pantebrevsselskabet af 2. juni 2009 posted a loss of DKK 186 million in 2010, which was attributable to additional value adjustments of mortgage deeds and impairment losses on loans and advances in a total amount of DKK 163 million. Finansiel Stabilitet's overall loss in connection with Pantebrevsselskabet af 2. juni 2009 amounted to DKK 1,594 million at 31 December 2010.

In connection with the transfer to Finansiel Stabilitet, an agreement on purchase price adjustment was made with the former owner of Gudme Raaschou Bank. As a result of the adverse financial developments, the purchase price adjustment is not expected to have a positive fair value. Against this background, the agreement will be terminated during the first quarter of 2011.

At 31 December 2010, total assets amounted to DKK 1,825 million. At 31 December 2010, Finansiel Stabilitet's capital injection into Pantebrevsselskabet af 2. juni 2009 totalled DKK 1,701 million injected as share capital. Equity stood at DKK 103 million at 31 December 2010. In addition, ordinary debt financing in the amount of DKK 1,550 million had been contributed at 31 December 2010.

The principles for valuation of mortgage deeds of Pantebrevsselskabet af 2. juni 2009 are applied across the Group. The mortgage deed market remains very difficult, and very few transactions are being completed. As a result, a fair value calculation is based on model calculations and completed property value assessments. The difficult mortgage deed market is reflected in the sustained impairment losses/market value adjustments and underlines how difficult it is to dispose of mortgage deed portfolios without significantly impacting market conditions.

A legal enquiry has been conducted into the matters leading to Gudme Raaschou Bank's financial collapse in 2009. The findings of the enquiry were announced in a report released on Pantebrevsselskabet af 2. juni 2009's

Performance of Pantebrevsselskabet af 2. juni 2009

DKKm	30.6. - 31.12.2009	2010
Net interest income	50	61
Other net fee income and market value adjustments	8	10
Other operating income/expenses, net	(13)	(15)
Operating expenses	33	79
Impairment losses on loans, advances, guarantees etc.	28	163
Losses on acquisition of subsidiaries	1,392	0
Profit/(loss) from investments in associates	0	0
Tax	0	0
Loss for the period	**(1,408)**	**(186)**

Balance sheet for Pantebrevsselskabet af 2. juni 2009

DKKm	Opening balance sheet 30.06.09	31.12.2009	31.12.2010
ASSETS			
Cash in hand and demand deposits with central banks	69	0	0
Due from credit institutions and central banks	36	296	275
Loans, advances and other receivables at fair value	1,074	844	779
Loans, advances and other receivables at amortised cost	1,072	1,023	391
Bonds and shares at fair value	17	18	4
Assets held temporarily	88	144	241
Other assets	57	200	135
TOTAL ASSETS	**2,413**	**2,381**	**1,825**
EQUITY AND LIABILITIES			
Debt to Finansiel Stabilitet A/S	-	1,900	1,550
Deposits and other payables	3,668	36	131
Other liabilities	66	99	41
Other provisions	71	53	0
Equity	(1,392)	293	103
TOTAL EQUITY AND LIABILITIES	**2,413**	**2,381**	**1,825**
Number of employees		**28**	**54**

website on 5 November 2010. The overall assessment of the enquiry was that there were no grounds for bringing an action for damages against the management board, auditors and/or individual members of Gudme Raaschou Bank's board of directors.

Under the new group structure, Pantebrevsselskabet af 2. juni 2009 will continue as the Group's mortgage deed company (FS Pantebrevsselskab), which entails that the mortgage deeds managed today will be included in the balance sheet of the continuing company, thereby increasing the amount of total assets in 2011. In this connection, new employees were also appointed in 2010, lifting the average number of employees from 28 in 2009 to 54 in 2010. The winding-up strategy will be maintained, and mortgage deeds and properties will thus be disposed of in the best and quickest possible manner with due consideration for the difficult market conditions.

Finansieringsselskabet af 11/2 2010

On 11 February 2010, Finansiel Stabilitet acquired all assets in Denmark of the estate in bankruptcy of Capinordic Bank and its subsidiaries through a newly established subsidiary, Finansieringsselskabet af 11/2 2010. The assets acquired primarily comprised a loan portfolio and portfolios of cash deposits and securities.

The acquisition also comprised the actions for damages in which Finansieringsselskabet af 11/2 2010 has a claim against a counterparty. The transfer of activities was completed after Capinordic Bank had deposited its licence to carry on banking activities on 10 February 2010 and had been declared bankrupt on 11 February 2010 as a result of its failure to comply with the solvency requirements of the Financial Business Act.

Pursuant to the Act on Financial Stability, the price of the assets to be transferred had to be determined by two independent valuation experts. Against this background, the two valuation experts assessed that Finansieringsselskabet af 11/2 2010 had to pay DKK 700 million for the activities.

During the period from the date of acquisition until 31 December 2010, a loss of DKK 1 million was recognised.

The transfer to Finansieringsselskabet af 11/2 2010 from the estate in bankruptcy of Capinordic Bank did not comprise Capinordic Bank's creditors. Capinordic Bank was a member of the Private Contingency Association, and the bank's Danish activities were therefore comprised by the Bank Package and consequently by the government guarantee scheme. Consequently, Finansiel Stabilitet paid approximately DKK 212 million to unsecured creditors of the former Capinordic Bank in 2010. Finansiel Stabilitet thus has a claim against the estate in bankruptcy of Capinordic Bank. The dividend for the estate in bankruptcy will have a significant impact on Finansiel Stabilitet's overall loss in connection with Finansieringsselskabet af 11/2 2010 and the estate in bankruptcy of Capinordic Bank. Finansiel Stabilitet estimates the loss at DKK 86 million.

In connection with the transfer to Finansiel Stabilitet, an agreement was made with the estate in bankruptcy concerning the possibility of a subsequent purchase price adjustment. The agreement has been renegotiated with the liquidator of Capinordic Bank to the effect that the purchase price adjustment will only impact a limited part of the portfolio consisting of five exposures. The future winding-up process will determine whether a purchase price adjustment vis-à-vis the estate in bankruptcy will be relevant.

At 31 December 2010, total assets amounted to DKK 792 million. At 31 December 2010, Finansiel Stabilitet's capital injection into Finansieringsselskabet af 11/2 2010 totalled DKK 100 million, which had been contributed by way of share capital.

Performance of Finansieringsselskabet af 11/2 2010

DKKm	2010
Net interest income	10
Other net fee income and market value adjustments	9
Other operating income/expenses, net	0
Operating expenses	45
Impairment losses on loans, advances, guarantees etc.	(20)
Losses on acquisition of subsidiaries	5
Profit/(loss) from investments in associates	0
Tax	0
Loss for the period	**(1)**

Balance sheet for Finansieringsselskabet af 11/2 2010

DKKm	Opening balance sheet 11.02.10	31.12.10
ASSETS		
Cash in hand and demand deposits with central banks	49	0
Due from credit institutions and central banks	246	15
Loans, advances and other receivables at fair value	0	0
Loans, advances and other receivables at amortised cost	258	744
Bonds and shares at fair value	72	17
Assets held temporarily	0	0
Other assets	89	16
TOTAL ASSETS	**714**	**792**
EQUITY AND LIABILITIES		
Debt to Finansiel Stabilitet A/S	-	0
Deposits and other payables	0	680
Other liabilities	4	12
Other provisions	10	0
Equity	700	100
TOTAL EQUITY AND LIABILITIES	**714**	**792**
Number of employees		**11**

Following the acquisition, Finansieringsselskabet af 11/2 2010 has been working on winding up the remaining activities with a view to achieving the optimum financial result. In this process, Dansk O.T.C Fondsmæglerselskab A/S has been sold, and a number of minor loans have been repaid.

Under the new group structure, most of the activities of Finansieringsselskabet af 11/2 2010 will be transferred to FS Finans.

A legal enquiry has been conducted into the matters leading to Capinordic Bank's bankruptcy in 2010. The findings of the enquiry were announced in a report on Finansiel Stabilitet's website on 3 August 2010. Based on the report prepared, a writ has been filed against the former management. Finansiel Stabilitet has also contacted the relevant authorities with a view to investigating whether any liability in criminal law may be claimed.

Eik Banki Føroya and Eik Bank Danmark 2010

On 30 September 2010, Finansiel Stabilitet entered into a conditional transfer agreement with Eik Banki P/F and its subsidiary Eik Bank Danmark, as the banks failed to comply with the solvency requirements defined by the FSA and set out in the Financial Business Act. Following compliance with the terms in the form of necessary regulatory approvals and presentation to the shareholders of Eik Banki and Eik Bank Danmark, the transfers were finalised on 14 October 2010.

Finansiel Stabilitet established two wholly-owned subsidiary banks, a Faroese bank (Eik Banki Føroya P/F) and a Danish bank (Eik Bank Danmark 2010 A/S), to which all assets and liabilities, except for share capital and subordinated capital, were transferred pursuant to the agreement. The two new banks continued existing activities and customer relationships.

Immediately after the acquisition, an open and transparent sales process was initiated for the retail activities of Eik Bank Danmark 2010 A/S (internet activities and other retail customers) and the Faroese activities of Eik Banki Føroya P/F, respectively.

On 17 December 2010, an announcement concerning the sale of the retail activities of Eik Bank Danmark 2010 A/S to Sparekassen Lolland was released. The transfer comprised all customers of the retail bank and more than 80 employees. The remaining activities of Eik Bank Danmark 2010 were transferred to Finansiel Stabilitet and the other subsidiaries of the Group in 2011.

In February 2011, Finansiel Stabilitet entered into an agreement with T/F Holding regarding the sale of a 70% stake in Eik Banki Føroya P/F. Finansiel Stabilitet has retained a 30% stake, which, going forward, will form part of the Group as an associated company. The non-Faroese activities, comprising ten exposures and a small securities portfolio, have been resold to Finansiel Stabilitet and the Group's other subsidiaries.

In connection with the establishment of the subsidiaries, Finansiel Stabilitet contributed the capital necessary in order for the banks to comply with the capital requirements. Eik Banki Føroya P/F received a contribution of DKK 2 billion, and Eik Bank Danmark 2010 A/S received a total contribution of DKK 2.5 billion by way of share capital. Moreover, subordinated loan capital in the amount of DKK 410 million was contributed to Eik Bank Danmark 2010 A/S. Finansiel Stabilitet's loss in connection with the acquisition of the two subsidiaries amounted to DKK 2,892 million at 31 December 2010.

In connection with the transfer to Finansiel Stabilitet, an agreement on purchase price adjustment was made with Eik Banki P/F and Eik Bank Danmark. As a result of the adverse financial developments, the purchase price adjustment is not expected to have a positive fair value. Against this background, the agreement is expected to be terminated during the first six months of 2011.

It has been decided to conduct a legal enquiry into Eik Banki Føroya and Eik Bank Danmark 2010 of the matters leading to the banks' financial collapse in 2010. The enquiry has been initiated, but the findings are not yet available. The findings will be presented in a report, which will be made publicly available.

Roskilde Bank

On 10 August 2009, Finansiel Stabilitet took over Roskilde Bank from Danmarks Nationalbank and the Private Contingency Association. As a result of the bank's failure to comply with the capital requirements, and because it was not possible to find a buyer for the bank, Roskilde Bank was taken over by Danmarks Nationalbank and the Private Contingency Association in 2008. In that connection, the Danish State provided a loss guarantee to Danmarks Nationalbank.

Roskilde Bank was not comprised by the Bank Package, as it became distressed before the Bank Package was adopted. In April 2009, the Act on Financial Stability was amended to the effect that Finansiel Stabilitet became able to take over banks that were not members of the Private Contingency Association but had received government funds or government guarantees.

In July 2009, Danmarks Nationalbank, the Private Contingency Association and Finansiel Stabilitet entered into an agreement concerning the transfer of Roskilde Bank to Finansiel Stabilitet. The transfer established a uniform approach to the practical handling of Roskilde Bank and other distressed banks comprised by the general government guarantee under the Act on Financial Stability.

The government guarantee previously provided to Danmarks Nationalbank in connection with the winding up of Roskilde Bank lapsed with the transfer. The previous government guarantee provided to Danmarks Nationalbank was replaced by a new and similar government guarantee provided to Finansiel Stabilitet. As the Danish State was subsequently the sole guarantor of Finansiel Stabilitet's losses in connection with the winding up of Roskilde Bank, the activities of Roskilde Bank had to be accounted for separately from Finansiel Stabilitet's other activities in connection with the Bank Package.

The performance of Roskilde Bank as it appears in Finansiel Stabilitet’s consolidated financial statements is reviewed below. Roskilde Bank posted a loss of DKK 2,327 million in 2010, which was mainly attributable to additional impairment losses on loans and advances related to the property sector. The loss guarantee from the Danish State concerning Roskilde Bank totalled DKK 8.9 billion at 31 December 2010.

In connection with the transfer to Danmarks Nationalbank and the Private Contingency Association, an agreement was made concerning purchase price adjustment. As a result of the adverse financial developments, the purchase price adjustment is not expected to have a positive fair value. Against this background, the agreement is expected to be terminated during the first six months of 2011.

At 31 December 2010, total assets amounted to DKK 8,806 million. Finansiel Stabilitet's contribution of capital to Roskilde Bank amounted to DKK 12,423 million at 31 December 2010, distributed on share capital (DKK 11,423 million) and subordinated loan capital (DKK 1,000 million).

Performance of Roskilde Bank

DKKm	10.8-31.12.2009	2010
Net interest income	294	257
Other net fee income and market value adjustments	30	139
Other operating income/expenses, net	10	225
Operating expenses	120	285
Impairment losses on loans, advances, guarantees etc.	0	2,663
Losses on acquisition of subsidiaries	6,818	0
Profit/(loss) from investments in associates	0	0
Tax	0	0
Loss for the period	**(6,604)**	**(2,327)**

Balance sheet for Roskilde Bank

DKKm	Opening balance sheet 10.08.09	31.12.09	31.12.10
ASSETS			
Cash in hand and demand deposits with central banks	650	535	171
Due from credit institutions and central banks	234	149	182
Loans, advances and other receivables at amortised cost	14,523	12,602	6,541
Bonds and shares at fair value	2,005	1,970	256
Land and buildings	433	871	1,504
Assets held temporarily	68	45	69
Other assets	181	89	83
TOTAL ASSETS	**18,094**	**16,261**	**8,806**
EQUITY AND LIABILITIES			
Due to credit institutions and central banks	14,355	249	406
Debt to Finansiel Stabilitet A/S	-	10,578	3,383
Deposits and other payables	1,577	1,353	658
Other liabilities	316	314	317
Other provisions	941	663	456
Subordinated debt	1,000	1,000	1,000
Equity	(95)	2,104	2,586
TOTAL EQUITY AND LIABILITIES	**18,094**	**16,261**	**8,806**
Number of employees		**212**	**216**

Equity stood at DKK 2,586 million at 31 December 2010. In addition, ordinary debt financing in the amount of DKK 3,383 million had been contributed at 31 December 2010. The agreement with Finansiel Stabilitet implies that Roskilde Bank can draw on an overall liquidity facility of up to DKK 28.1 billion.

In January 2011, an agreement was concluded with Arbejdernes Landsbank concerning the takeover of a portfolio consisting of approximately 4,000 customers. The customer portfolio represented a total book value of around DKK 800 million. The vast majority of the customers were retail customers. A small part was made up of commercial customers with small-scale exposures to Roskilde Bank.

A legal enquiry has been conducted into the matters leading to Roskilde Bank's financial collapse in 2008. The findings of the enquiry were announced in a report dated 5 August 2009 and are available on Roskilde Bank's website. Based on the report prepared, a writ has been filed against members of the former board of directors, management board and auditors.

Under the new group structure, Roskilde Bank will form part of FS Finans. Any remaining customers of Roskilde Bank requiring banking services will be transferred to FS Bank.

Individual government guarantees

As part of the Credit Package, which was adopted on 4 February 2009, Finansiel Stabilitet was authorised on behalf of the Danish State during the period until 31 December 2010 to issue individual government guarantees to Danish banks and mortgage credit institutions, including Faroese and Greenland banks and mortgage credit institutions, and Danmarks Skibskredit A/S. 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.

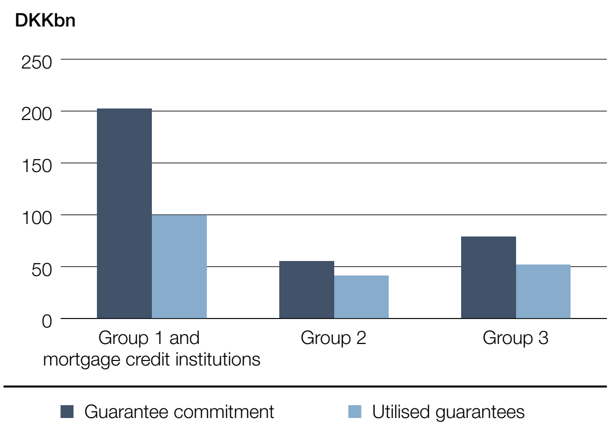
Against this background, Finansiel Stabilitet concluded a management agreement with the Danish State through the Ministry of Economic and Business Affairs concerning the individual government guarantees. Finansiel Stabilitet receives guarantee commission from institutions that completed issues based on an individual government guarantee. The guarantee commission will be kept separate from the other activities of Finansiel Stabilitet and will accrue to the Danish State, which, in return, will compensate Finansiel Stabilitet for any loss incurred on the guarantees provided. In addition, the Danish State will pay a management fee to Finansiel Stabilitet to cover the costs of managing the scheme.

Agreements concluded and guarantees provided

At 31 December 2010, Finansiel Stabilitet had granted guarantee commitments in a total amount of DKK 366 billion to 64 institutions. At 31 December 2010, 57 institutions had signed an actual agreement with Finansiel Stabilitet for a total guarantee commitment of DKK 337 billion. In the second half of 2010, agreements were only concluded with two institutions concerning the provision of an individual government guarantee.

At 31 December 2010, 50 institutions had completed issues based on individual government guarantees for a total amount of DKK 194 billion. This represented a decline of DKK 5 billion relative to 30 September 2010. The decline in Q4 2010 was due to a limited number of new issues of debt backed by an individual government guarantee, early redemption or cancellation of debt backed by an individual government guarantee by a few institutions, cancellation of guarantee limits granted and exchange rate movements.

Status on individual government guarantees at 31 December 2010



Banks in groups 2 and 3 had the highest utilisation rates in respect of their guarantee commitments (75% and 66%, respectively) at 31 December 2010. At 31 December 2010, approximately 2% of group 1 institutions' total liabilities were comprised by an individual government guarantee, while 15% and 13%, respectively, of group 2 and 3 institutions' total liabilities were covered by an individual government guarantee.

Expiry of the guarantee scheme

The institutions' possibility of issuing debt on the basis of an individual government guarantee expired on 31 December 2010, after which the unutilised guarantee commitment of DKK 173 billion was cancelled.

The aggregate amount guaranteed, which totalled DKK 194 billion at 31 December 2010, will be reduced as debt issued on the basis of an individual government guarantee falls due for repayment in the period until 31 December 2013 and as a result of early redemptions or cancellation of debt issued on the basis of an individual government guarantee. Outstanding guarantees represented a total amount of DKK 184 billion at the end of March 2011.

Performance

In 2010, the Danish State received DKK 576 million by way of guarantee commission in relation to individual government guarantees issued. At the same time, the Danish State reimbursed administrative expenses in the amount of DKK 18 million to Finansiel Stabilitet.

Loss on individual government guarantees

On 28 June 2010, Finansiel Stabilitet entered into an agreement with Amagerbanken on the terms for providing a government guarantee. Amagerbanken subsequently issued bond loans in an amount of DKK 13.5 billion on the basis on an individual government guarantee issued by Finansiel Stabilitet on behalf of the Danish State.

The agreement on terms included a requirement that Amagerbanken had to receive a contribution of DKK 750 million by way of fresh capital before the government guarantee would be issued. The amount was based on the solvency need determined by Amagerbanken and assessed by the FSA and was intended to ensure an excess cover of 50%.

Moreover, the agreement included terms entitling Finansiel Stabilitet to appoint two board members and a duty on the part of Amagerbanken to implement the changes to the structure and composition of the management board required by Finansiel Stabilitet. The full wording of the agreement on terms is available on Amagerbanken's website. The terms were the toughest imposed by Finansiel Stabilitet to date and, moreover, they were based on Finansiel Stabilitet's policy for processing other applications for an individual government guarantee.

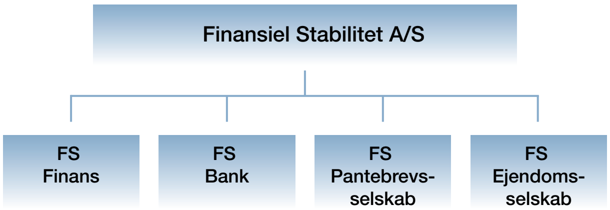
In February 2011, Amagerbanken realised that it was unable to comply with the statutory solvency requirement and therefore entered into a transfer agreement with Finansiel Stabilitet. In this connection, Finansiel Stabilitet stands to incur a loss on behalf of the Danish State, which has been preliminarily calculated at DKK 5.6 billion on the individual government guarantees provided.

The loss may be reduced, first in connection with a final assessment of the assets to be performed by two accountants appointed by the Institute of State Authorised Public Accountants in Denmark, and secondly as and when the winding up gives rise to better results than initially anticipated.

New group structure of Finansiel Stabilitet

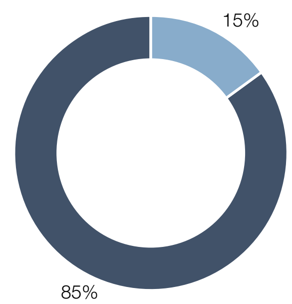
Finansiel Stabilitet wishes to ensure that the customers of the banks acquired receive uniform and continuous proper and fair treatment. Moreover, due to the expiry of the Bank Package and the more formalised requirements for the winding up of distressed banks, Finansiel Stabilitet will also need to ensure efficiency, coordination and quality in the winding-up task.

Finansiel Stabilitet has therefore decided to complete a centralisation and simplification of its group structure by gathering its activities in four subsidiaries of the parent company Finansiel Stabilitet A/S:



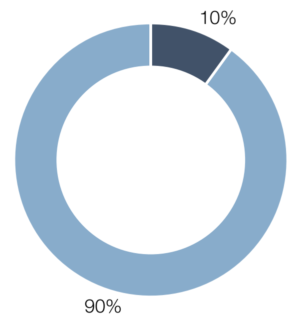
Allocation of customers under the existing and new structure

Customer allocation – existing structure



Bank-related Other areas

Customer allocation – new structure



Bank-related Other areas

- A financing company, which will wind up the majority of the Group's loans, advances and guarantees;
- A bank, which will be the Group's only bank and wind up the Group's remaining banking activities;
- A mortgage deed company, which will wind up all of the Group's mortgage deeds, among other things; and
- A property company, which will develop and prepare properties acquired by the Group, among other things.

As a result of the new structure, a considerably greater part of the Group's activities may be performed by companies without a banking licence. However, the Group will maintain one company with a banking licence – as opposed to 31 December 2010 when five of the Group's subsidiaries had a banking licence. This will ensure, among other things, that customers who need a banker in order to continue the operation of their business, including access to an operating credit or working guarantees, still have access to these services.

Going forward, FS Bank will only have customers who need a banker to operate their business. This will ensure the smallest possible amount of total banking assets and, consequently, the slightest possible impact on competition relative to other banks.

The new structure will also have the effect that customers, including groups of companies, will only be customers of one subsidiary, thereby facilitating standardisation and improvement of the efficiency of the Group's risk management.

Moreover, Finansiel Stabilitet will strengthen the cooperation with its subsidiaries, set up an internal audit department at group level, ensure stronger coordination of other staff functions and provide even more uniform services to the Group's customers.

The new group structure is assessed to contribute to an even greater focus on winding up within the Group, as each individual subsidiary will have one focus area within which it may specialise. In the future, Finansiel Stabilitet also intends to appoint representatives of its management to the boards of directors of the subsidiaries in order to contribute to a more smooth coordination between parent company and subsidiaries and to maintain the necessary focus on the winding up process.

Preliminary calculations have shown that the proposed group structure will entail cost savings. In the implementation phase, however, such cost savings will be offset by expenses for advisers and consultants. The cost savings are attributable to a reduction of the number of employees, lower current costs for audit and other external advisers and lower expenses for rent, IT and office expenses, etc.

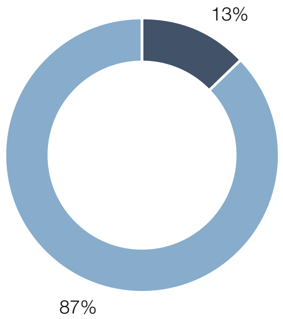
The calculation does not include restructuring costs relating to adjustment of employee and space capacity as well as termination expenses in the event of termination of contracts with central IT processing providers, as these expenses would have to be paid in the long term anyway.

Finansiel Stabilitet A/S

Finansiel Stabilitet will continue to perform its previous duties as a holding company, manager of the individual

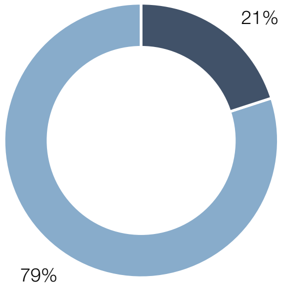
Share of bank-related assets under the existing and new structure

Asset allocation – existing structure



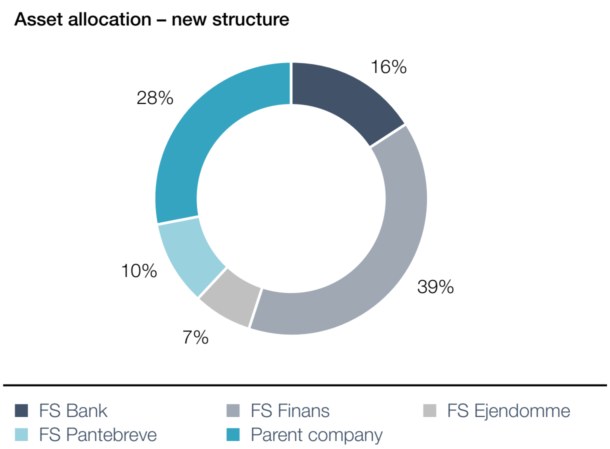
■ Bank-related ■ Other areas

Asset allocation – new structure



■ Bank-related ■ Other areas

Group assets distributed on legal entities under the new structure



government guarantee scheme and secretariat of the Guarantee Fund for Depositors and Investors. In addition, Finansiel Stabilitet will take over responsibility for the winding up of the subsidiaries' remaining own portfolios of securities, including listed shares. Moreover, an internal audit department will be set up at group level, and the coordination of staff functions will be strengthened. The coordination of staff functions entails, among other things, the establishment of group policies and controls for key areas, not least with respect to the winding up of customer relationships in order to ensure that the Group's customers continue to receive proper and fair treatment and that the momentum of the winding-up process is maintained.

The responsibility for handling all retail customer disputes and lawsuits/disputes filed against former managements, etc. will be transferred to Finansiel Stabilitet.

FS Finans
FS Finans will wind up the majority of the Group's loans and advances, including exposures secured against real property and mortgage deeds, etc. FS Finans will be in charge of the winding up/sale of the assets on the company's balance sheet.

FS Bank
In the future, FS Bank will be the Group's only company with a banking licence. The customer portfolio of the bank will consist of customers who need a banker to continue the operation of their business. With a few exceptions, FS Bank will thus only have commercial customers. Moreover, the bank will be in charge of payment transfers both internally in the Group and towards the Group's remaining savings account customers. FS Bank will also act as custodian bank for all financial collateral and the Group's own portfolio of financial assets.

FS Pantebrevsselskab
FS Pantebrevsselskab will wind up the Group's own portfolio of mortgage deeds and will be in charge of managing mortgage deeds provided as collateral, primarily in FS Finans. The handling of investment credits for retail customers secured against mortgage deeds will be placed with FS Pantebrevsselskab.

FS Pantebrevsselskab will also be in charge of selling properties immediately ready for sale, which have been acquired by the Group in connection with forced sales or mortgage debt otherwise taken over.

FS Ejendomsselskab
FS Ejendomsselskab will manage the Group's portfolio of investment properties, including preparing properties acquired by the Group for sale.

Allocation of the current balance sheet total in the future entities

The Group's total assets will amount to approximately DKK 25 billion after redemption of the loss guarantee from the Private Contingency Association and assuming that the loss guarantee provided by the Danish State with respect to Roskilde Bank is redeemed.

- FS Finans is expected to have total assets of approximately DKK 10 billion with most of the assets consisting of loans and advances.

- FS Bank is expected to have total assets of approximately DKK 4 billion.

- FS Pantebrevsselskab is expected to have total assets of approximately DKK 2.5 billion with most of the assets consisting of the Group's portfolio of mortgage deeds.

- FS Ejendomsselskab is expected to have total assets of approximately DKK 2 billion with most of the assets consisting of the Group's portfolio of properties.

The remaining part of the balance sheet total, which will be located in the parent company, will essentially consist of securities and cash.

Risk factors and risk management

The risk factors impacting Finansiel Stabilitet and the management thereof are to a significant extent influenced by the special circumstances involved in acquiring distressed banks. Consequently, the risks assumed by Finansiel Stabilitet reflect to a very high degree the Company's obligation to acquire 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: credit, market, liquidity and operational risk. See the definitions provided below.

General information on Finansiel Stabilitet's risk management policy

Most of Finansiel Stabilitet's risks are related to credit risk. This should be seen in light of Finansiel Stabilitet's objective 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 the activities. On the other hand, Finansiel Stabilitet generally only has minor exposure to market risk, and the liquidity risk is assessed to be insignificant.

The overall risk management policy stipulates that Finansiel Stabilitet determines the principles governing subsidiary risk centrally. In general, subsidiaries should only have credit risk exposure, and this exposure will be reduced gradually as the companies are wound up. Market risk will be eliminated as far as possible, partly by reducing potential positions through divestment, and partly by ensuring adequate hedging of any open positions. As a result of Finansiel Stabilitet's access to state-funded re-lending, the necessary liquidity will be available. 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. In light of the special matters handled by the Company, Finansiel Stabilitet's subsidiaries are furthermore party to a number legal disputes.

Credit risk

Winding up of distressed banks

In consequence of Finansiel Stabilitet's acquisition of distressed banks, the Company has taken over considerable credit risk exposure. The alternative for the banks acquired would have been bankruptcy. Through Finansiel Stabilitet, borrowers will have a new chance to find another bank. The alternative would have been a claim for immediate redemption in an estate in bankruptcy. Accordingly, Finansiel Stabilitet assumes a considerable credit risk. Moreover, the exposure is very unevenly distributed with respect to industries, as most of the lending exposure is to the property market. For example, 79% of the collateral is related to real property. This sector has been particularly adversely affected by the economic and financial crisis, and it has therefore not been possible to reduce the exposure, partly

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, exchange rate, equity and mortgage deed risks.

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 by the Bank for International Settlements (BIS) as "the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events".

Exposure (sensitivity) expresses the loss resulting from a given change in a specific risk factor. The exposure does not take the likelihood of changes into account.

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. Accordingly, 75% 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 subsidiary 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 coordinating the exposures, while ensuring that additional exposure on existing business is held at a minimum. In this connection, Finansiel Stabilitet will oversee that its subsidiaries comply with the requirements of the winding-up order.

Finansiel Stabilitet's monitoring efforts build on a classification of customers based on their creditworthiness 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. In this connection, uniform assessment principles have been introduced, paving the way for uniform classification across Finansiel Stabilitet's subsidiaries. The classification is based on the FSA's credit quality classification of loans and advances (1, 2c, 2b and 2a/3).

Distribution of credit quality classes at 31 December 2010:

Risk profile before impairment losses		
	DKKbn	**%**
Impaired exposures (1)	30	75%
Significant weaknesses (2c)	4	10%
Impaired credit quality (2b)	1	4%
Normal credit quality (2a/3)	5	11%

As part of the ongoing strengthening and handling of significant risks, a new group structure will be introduced for Finansiel Stabilitet. This is done in continuation of the expiry of the general government guarantee and with a view to promoting the management of group risks and strengthening the efficiency of the Group's risk management.

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 enter into an agreement on an individual government guarantee with the institution. 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 is 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 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 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 Finansiel Stabilitet's website.

Market risk

Winding up of distressed banks
Finansiel Stabilitet pursues a basic market risk policy of eliminating exposure to market risk. To the extent that the Company is exposed to market risk, the intention is for the subsidiaries to wind up activities exposing the Company to market risk or, alternatively, to hedge such exposures.

Going forward, market risk will be monitored so that subsidiaries submit reports on their exposures to Finansiel Stabilitet on an ongoing basis, after which the Company's overall exposure is calculated. So far, on acquisition, the acquired subsidiaries have had limited exposure to activities subject to market risk.

The major part of Finansiel Stabilitet'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 to subsidiaries carry floating interest, while liabilities principally consist of loans raised through the state-funded re-lending scheme. Re-lending corresponds to bond loans, and thus carries a fixed rate of interest. Accordingly, the maturities of assets and liabilities are not perfectly matched, and Finansiel Stabilitet is thus exposed to interest rate changes. In order to minimise the risk, Finansiel Stabilitet has raised loans primarily via the state-funded re-lending schemes in short-term bonds.

In connection with Finansiel Stabilitet's activities related to the winding up of distressed banks, the Company is also exposed to currency risk to a limited extent. The reason is that the vast majority of the activities take place in Denmark. To the extent that 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.

Finansiel Stabilitet also has shareholdings. The listed shares are being wound up, but the Group still has a number of small, listed and unlisted, shareholdings in the 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. The winding up of the portfolio of listed bank shares has been initiated, and the exposure will therefore be reduced.

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 an institution 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 potentially honour claims for timely payment in foreign currency.

Liquidity risk
Finansiel Stabilitet 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 Company has the necessary liquidity buffer to meet future liabilities.

Operational risk
Finansiel Stabilitet seeks, on an ongoing basis, to reduce the risk of loss related to operational risk, i.e. in connection with inadequate or failed internal processes, people and systems, etc.

Legal risks related to a number of pending and potential disputes and claims for damages constitute a significant operational risk for the Group. They are the result of Finansiel Stabilitet's assumption of the obligations of the banks acquired. Accordingly, provisions have been made in respect of risks which can be sufficiently quantified and which are most likely to result on 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 various measures. For example, the different tasks in Finansiel Stabilitet are performed by different areas. A distinct separation of duties reduces the operational risks and supports the possibility of internal control. Moreover, Finansiel Stabilitet has prepared written procedures for all 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, exposing the Company to the risk of potentially damaging breakdowns, IT contingency plans have been drawn up in order to mitigate losses.

Moreover, 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.

Corporate governance

Finansiel Stabilitet's management emphasises the importance of practising sound corporate governance and aims to ensure that the Company to the best possible extent meets its obligations to its owner and other stakeholders. In addition, the management of Finansiel Stabilitet and the performance of Finansiel Stabilitet's activities must be structured in accordance with the special obligation imposed on Finansiel Stabilitet to contribute to securing financial stability in Denmark.

Background and overall framework
Finansiel Stabilitet is owned by the Danish State through the Ministry of Economic and Business Affairs, and 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 its parent company financial statements in accordance with Danish accounting regulations.

Finansiel Stabilitet issues quarterly profit announcements, but does not release actual quarterly financial statements. This marks a deviation from the recommendations of the Committee on Corporate Governance in Denmark. This should be seen in light of Finansiel Stabilitet's special objects concerning the winding up of distressed banks. In this connection, it has been assessed that the release of quarterly financial statements would not contribute material new information in addition to the information already released through the quarterly profit announcements.

In 2004, the Danish State prepared a report entitled "The State as a Shareholder", which sets out recommendations for exercising ownership and practising sound corporate governance in state-owned public companies. Finansiel Stabilitet complies with these recommendations and, moreover, the Company considers developments in the corporate governance recommendations for listed companies on a regular basis. At least once a year, the Board of Directors and the Management Board review Finansiel Stabilitet's corporate governance principles and make ongoing adjustments in order to ensure that the principles are in accordance 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 the assumption of risk is not left to the Board of Directors as would normally be the case. As the Company's objects and the achievement thereof are stipulated by legislation, Finansiel Stabilitet does not comply with the Committee's corporate governance recommendations in relation to risk management. However, the new structure reflects that the Board of Directors of Finansiel Stabilitet has sought to enhance the risk management efficiency of the portfolios acquired.

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 developments to its various stakeholders.

Finansiel Stabilitet is subject to the rules applying to state-owned companies, which implies, 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 are released through the Company's website and through the Danish Commerce and Companies Agency. In addition, the website contains information about the Company's structure, activities, etc.

General meetings
The general meeting has the supreme decision-making authority in the Company. The Ministry of Economic and Business Affairs 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 Economic and Business Affairs, the Board of Directors and the 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 of one or more members of the Board of Directors and the day-to-day management of Finansiel Stabilitet. Finansiel Stabilitet's new group structure ensures that the parent company is represented on the boards of directors of all (direct) 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 matters concerning 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 in law and by the articles of association. Moreover, 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 required internal controls to ensure that the Company's financial reports give a true and fair view.

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 in an ongoing process and as required.

Due to the special objects 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 18 board meetings were held in 2010, including six extraordinary board meetings. The number of board meetings reflected a sustained high level of activity in the Company as was the case in 2009, when 20 board meetings were held.

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 monthly report, including information about the Company's financial performance and the most important activities and transactions.

Efforts are made to ensure that the Minister for Economic and Business Affairs automatically receives any information released by Finansiel Stabilitet and that meetings are held with the Minister for Economic and Business Affairs 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 Economic and Business Affairs when so requested, unless doing so would be contrary to statutory provisions. The Board of Directors is also required to notify the Minister for Economic and Business Affairs 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, due to its meeting schedule, has not to date found it necessary to set up an audit committee and, due to the close affiliation with the Minister for Economic and Business Affairs, has not found it necessary to set up remuneration and nomination committees.

The Chairman of the Board of Directors regularly assesses the work and composition of the Board of Directors and the cooperation with the Management Board. The conditions relating to the Company's management are adjusted as required on the basis of these assessments.

In light of the implementation of the new group structure, a decision has also been made to set up an internal audit function whose office will be based in the parent company.

Composition of the Board of Directors

The Board of Directors of Finansiel Stabilitet consists of seven members, including a chairman and a deputy chairman, elected by the general meeting upon the recommendation of the Ministry of Economic and Business Affairs. Finansiel Stabilitet deviates from the recommendations of the Committee on Corporate Governance with respect to the term of office of the board members, as the board members are elected for terms of three years. The members of the Board of Directors are eligible for re-election for an additional term. A three-year term of office has been chosen on the basis of a wish to achieve stability and continuity in the work of the Board of Directors.

The Chairman of the Company'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 members recommended by the Ministry of Economic and Business Affairs must possess relevant skills, and the Board of Directors as a whole must, to the widest extent possible, possess knowledge and experience within 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 with respect to age, background, gender, etc. with a view to ensuring a competent and versatile contribution to the board work in Finansiel Stabilitet.

If relevant, motivated proposals for candidates for board membership, including their experience and background, will be distributed together with notices convening the general meetings of the Company.

Information on the individual board members can be found on pages 97 and 98 of this Annual Report and on Finansiel Stabilitet's website (www.finansielstabilitet.dk).

The Chairman of the Board of Directors does not comply with the Committee on Corporate Governance's recommendation concerning the number of directorships held outside the Company. However, this is not deemed to have any adverse impact on the Chairman's commitment to or work for the Company.

The 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. The Chairman, the Deputy Chairman, Jakob Brogaard, and the board member Visti Nielsen deviate from the requirements of independence in the recommendations, as they are also members of the boards of directors of one or more subsidiaries.

Finansiel Stabilitet thus deviates from the recommendation of the Committee on Corporate Governance concerning the composition of the Board of Directors, as more than half of the members of the Board of Directors are not independent according to the definition of recommendations. However, the Company has assessed that the current composition ensures that the necessary professional qualifications are represented on the Board of Directors of Finansiel Stabilitet as well as on the boards of directors of its subsidiaries.

Management Board

The Board of Directors appoints the Management Board and determines the employment terms of Management Board members. The Management Board has one member.

The Management Board is responsible for the day-to-day management of Finansiel Stabilitet. Guidelines for the Management Board's reporting and submission of decisions to the Board of Directors and for the division of competencies 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 remuneration paid to the Board of Directors is approved by 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 2010, the remuneration paid to the Board of Directors amounted to DKK 2,250,000 (2009: DKK 2,025,000), including DKK 1,200,000 (2009: DKK 1,275,000) to the Chairman and the Deputy Chairman. The remuneration payable to the Chairman and the Deputy Chairman is distributed evenly between Roskilde Bank and Finansiel Stabilitet.

The remuneration of the Management Board is determined by the Board of Directors, and in 2010 the remuneration of the Management Board (one member) consisted of a basic salary and a variable cash supplement determined at the discretion of the Board of Directors. The total remuneration paid to the Management Board amounted to DKK 2.5 million in 2010 (2009: 2.4 million). 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 such nature and do not entail any special liabilities on the part of the Company.

Auditors

Finansiel Stabilitet's independent auditors are appointed by the general meeting for terms of one year at a time. Before nominating a candidate for appointment by 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 audit and any associated significant reservations are also reviewed, as are the most important accounting policies and the auditors' assessments.

Corporate social responsibility

A special corporate social responsibility has been imposed on Finansiel Stabilitet through Danish legislation, namely to contribute to creating financial stability in Denmark. In addition, Finansiel Stabilitet seeks to live up to its responsibility as an employer, business partner and consumer of natural resources.

Due to the nature of Finansiel Stabilitet's work and role in society, the Company has not to date deemed it relevant to subscribe to specific standards.

Ensuring financial stability

Finansiel Stabilitet is aware that the objective of creating financial stability imposes a special responsibility on the Company – both with respect to the way in which the Company performs its tasks and the way in which the Company informs and communicates with its stakeholders. Finansiel Stabilitet seeks to honour this responsibility. Since its inception in October 2008, Finansiel Stabilitet has therefore sought to perform its tasks as efficiently as possible and so as to mitigate potential financial losses. Moreover, Finansiel Stabilitet seeks to openly provide information on its activities and developments in its subsidiaries.

Given the special circumstances surrounding the establishment of Finansiel Stabilitet, the Company has had to perform tasks in several areas for which there was no previous standard practice. It has therefore been necessary during the process to establish business practices and find solutions adjusted to the special challenges. As a result, Finansiel Stabilitet has chosen different models for handling banks that have become distressed.

Throughout 2010, the efforts to create financial stability meant:

- That acquired banks were wound up in a controlled process and not through forced realisation of the assets. This served to ensure focus on mitigation of losses on assets and allowed Finansiel Stabilitet to contribute to maintaining stability in other sectors, including the property market;
- That the financial sector was able to procure funding after the expiry of the collective guarantee scheme through issues based on the individual government guarantees, which could be completed until 31 December 2010; and
- That Finansiel Stabilitet was prepared to handle distressed banks under the Exit Package, which came into force on 1 October 2010.

Since its inception, Finansiel Stabilitet has acquired nine banks. In this process, ensuring proper and fair treatment of the remaining customers of these banks, including to ensure bona fide processing of customer complaints in connection with advisory services, etc. provided by the original banks have been top priorities for Finansiel Stabilitet.

Customers

Finansiel Stabilitet seeks to dispose of healthy and financially viable customers as quickly as possible after having acquired a distressed bank. This is done partly to protect the assets acquired and partly to ensure that the customers of acquired banks are transferred to a new bank as quickly as possible. Business with customers remaining with Finansiel Stabilitet should, to the extent possible, also be continued under the auspices of other banks. Finansiel Stabilitet is making proactive efforts to find new financial business partners wherever possible.

Generally, Finansiel Stabilitet is not allowed distort competition in the banking sector, and Finansiel Stabilitet's customer terms are therefore less advantageous than those offered by commercial banks. See the winding-up order.

The right employees

A number of Finansiel Stabilitet's activities are time limited in accordance with applicable legislation, and it has therefore been a focal point for Finansiel Stabilitet to be able to attract highly qualified and competent staff in order to be able to perform the special role entrusted to the Company. Moreover, it is important that the Company's employees perform their jobs with commitment, integrity and professionalism.

Since its inception in the autumn of 2008, Finansiel Stabilitet has appointed a number of employees as the level of its business activity increased, and the Company has been successful in attracting well-qualified employees. This has been possible thanks to various factors, including because Finansiel Stabilitet is able to offer attractive and challenging work and a corporate culture that builds on a high degree of openness and delegation of responsibilities to individual employees.

Environmental awareness

As part of its business activities, Finansiel Stabilitet seeks to limit its environmental impact. Due to the nature of the activities, the direct impact is limited.

Financial statements

Income statement

for the financial year 1 January - 31 December 2010

		Group		Parent	
			13.10.08		13.10.08
DKKm	**Note**	**2010**	**- 31.12.09**	**2010**	**- 31.12.09**
Interest income	4	1,360	1,540	538	486
Interest expense	5	724	809	611	360
Net interest income		**636**	**731**	**(73)**	**126**
Share dividends, etc.		5	3	0	0
Commission received from the Private Contingency Association		5,625	9,375	5,625	9,375
Fees and commissions received	6	664	184	601	27
Fees and commissions paid	6	644	52	619	31
Net interest and fee income		**6,286**	**10,241**	**5,534**	**9,497**
Market value adjustments	7	101	(15)	(68)	(5)
Other operating income	8	756	234	19	17
Staff costs and administrative expenses	9	906	838	74	35
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	10	28	128	2	1
Other operating expenses		974	215	0	0
Impairment losses on loans, advances and receivables, etc.	11	3,788	2,343	85	0
Losses on acquisition of subsidiaries		2,921	9,775	2,921	9,775
Profit/(loss) from investments in associates and subsidiaries	12	22	(52)	-3,855	(2,589)
Loss guarantee from the Private Contingency Association		4,209	5,791	4,209	5,791
Loss guarantee from the Danish State relating to Roskilde Bank		2,327	6,604	2,327	6,604
Profit for the period before tax		**5,084**	**9,504**	**5,084**	**9,504**
Tax	13	0	0	0	0
Profit for the period		**5,084**	**9,504**	**5,084**	**9,504**
Statement of comprehensive income					
Profit for the period		5,084	9,504	5,084	9,504
Other comprehensive income after tax		0	0	-	-
Total comprehensive income		5,084	9,504	5,084	9,504

It is proposed that the profit for the period of DKK 5,084 million (2009: DKK 9,504 million) be carried forward to next year.

Balance sheet

Balance sheet as at 31 December

DKKm	Note	Group 2010	Group 2009	Parent 2010	Parent 2009
Assets					
Cash in hand and demand deposits with central banks		8,365	3,924	6,395	2,156
Due from credit institutions and central banks	14	2,300	3,974	8,239	17,121
Loans, advances and other receivables at fair value	15	1,048	1,011	0	0
Loans, advances and other receivables at amortised cost	15	16,150	22,062	1,683	1,929
Bonds at fair value	16	1,914	3,055	0	0
Shares, etc.	17	1,420	1,570	918	751
Investments in associates	18	90	27	43	0
Investments in subsidiaries		0	0	6,618	5,277
Intangible assets	19	176	6	0	0
Total land and buildings	20	1,624	1,020	-	0
- Investment properties		1,619	839	-	-
- Domicile properties		5	181	0	-
Other property, plant and equipment	21	16	22	2	3
Current tax assets		0	7	0	0
Assets held temporarily	22	12,037	370	0	0
Receivable re. loss guarantee from the Private Contingency Association		10,000	5,791	10,000	5,791
Receivable re. loss guarantee from the Danish State relating to Roskilde Bank		8,931	6,604	8,931	6,604
Other assets	23	562	449	50	1
Prepayments		16	23	0	0
Total assets		**64,649**	**49,915**	**42,879**	**39,633**
Equity and liabilities					
Liabilities					
Due to credit institutions and central banks	24	684	2,471	0	0
Deposits and other payables	25	7,738	3,081	2,061	0
Loans through the state-funded re-lending scheme	26	25,981	29,920	25,981	29,920
Issued bonds at amortised cost	27	1,754	1,822	0	0
Liabilities re. assets held temporarily		10,593	0	0	0
Other liabilities	28	1,355	1,800	248	54
Deferred income		0	158	0	154
Total liabilities		**48,105**	**39,252**	**28,290**	**30,128**
Provisions					
Provisions for losses on guarantees		814	537	0	0
Other provisions	29	1,141	621	0	0
Total provisions		**1,955**	**1,158**	**0**	**0**
Total liabilities		**50,060**	**40,410**	**28,290**	**30,128**
Equity					
Share capital		1	1	1	1
Retained earnings		14,588	9,504	14,588	9,504
Total equity		14,589	9,505	14,589	9,505
Total equity and liabilities		**64,649**	**49,915**	**42,879**	**39,633**

Statement of changes in equity

Group DKKm	Share capital	Retained earnings	Total equity	2009
Equity as at 1 January 2010	1	9,504	9,505	1
Changes in equity during the period	-	-	-	
Comprehensive income for the period	-	5,084	5,084	9,504
Equity as at 31 December 2010	**1**	**14,588**	**14,589**	**9,505**

Parent company DKKm	Share capital	Retained earnings	Total equity	2009
Equity as at 1 January 2010	1	9,504	9,505	1
Changes in equity during the period				
Profit for the period	-	5,084	5,084	9,504
Equity as at 31 December 2010	**1**	**14,588**	**14,589**	**9,505**

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

Group DKKm	1.1.2010 - 31.12.2010	13.10.2008 - 31.12.2009
Cash flows from operating activities		
Profit for the period after tax	5,084	9,504
Impairment of loans, etc.	3,788	2,343
Amortisation/depreciation of intangible assets and property, plant and equipment	28	128
Loss guarantee from the Private Contingency Association/the Danish State	(6,536)	(12,395)
Losses on acquisition of subsidiaries	2,921	9,775
Other	(918)	(226)
Total operating activities	**4,367**	**9,129**
Working capital		
Changes in credit institutions	(2,574)	(22,420)
Change in loans, advances and other receivables	729	7,409
Changes in securities	3,420	8,739
Change in deposits and other payables	1,609	(19,552)
Changes in other assets and liabilities	(704)	(515)
Total working capital	**2,480**	**(26,339)**
Total cash flows from operating activities	**6,847**	**(17,210)**
Cash flows from investing activities		
Net investment in subsidiaries	1,852	(4,695)
Cash flows from discontinued operations	(2,000)	0
Purchase/sale of property, plant and equipment	(662)	(560)
Total	**(810)**	**(5,255)**
Cash flows from financing activities		
Capital contribution to Finansiel Stabilitet	0	1
Loans through the state-funded re-lending scheme	(3,314)	30,186
Total	**(3,314)**	**30,187**
Change in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	7,722	0
Change during the period	2,723	7,722
Cash and cash equivalents at the end of the period	**10,445**	**7,722**
Cash and cash equivalents comprise:		
Cash in hand and demand deposits with central banks	8,365	3,924
Due from credit institutions and central banks within less than three months	2,080	3,798
Cash and cash equivalents at the end of the period	**10,445**	**7,722**

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 consolidated financial statements.

The financial statements of the Parent Company, Forsikringsselskabet 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.

Changes in accounting policies

Effective from 1 January 2010, the Group has implemented new or amended standards and interpretations, including IFRS 3, Business Combinations; IAS 27, Consideration and Separate Financial Statements; amendments to IAS 39, Financial Instruments: Recognition and Measurement: Eligible Hedged Items and amendments to IFRIC 9 and IAS 39, Embedded Derivatives.
The parent company has not implemented new disclosure requirements pursuant to Executive Order no. 17 of 11 January 2011, except for section 93 which is effective for the financial statements for 2010.

The implementation of the new and amended standards and interpretations has not had any impact on recognition or measurement in the financial statements.

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 issued IFRS 9, Financial Instruments. The standard represents phase 1 in a project to replace the rules of IAS 39 before the end of 2011. 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. The standard is scheduled for implementation on 1 January 2013 at the latest. Phase 1 of the standard is not expected to materially influence the future financial reporting of Finansiel Stabilitet.

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 under the circumstances, but which are inherently uncertain and unpredictable. Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may occur. In addition, the Group and parent company are subject to risks and uncertainties that may cause actual outcomes to deviate from these estimates. It may be necessary to change previous estimates as a result of changes to the assumptions on which the estimates were based or due to new information or subsequent events. Estimates significant to the financial reporting include the following:

- the accounting treatment of Finansiel Stabilitet A/S's acquisition of distressed banks, including assessment of the fair values of acquired assets and liabilities;

- impairment losses on loans and advances and provision for losses on guarantees and legal disputes, etc.;

- fair value of financial instruments, including mortgage deeds.

Notes

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.

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

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

Enterprises in which the Group exercises significant influence but not control are classified as associates. Significant influence is generally 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 Finansiel Stabilitet A/S exercises control or significant influence, potential voting rights exercisable at the balance sheet date are taken into account.

The consolidated financial statements have been prepared consolidating the financial statements of the parent company and the individual subsidiaries stated under the Group's accounting policies, eliminating intra-group income and expenses, shareholdings, intra-group balances and dividends as well as realised and unrealised gains on intra-group transactions. Unrealised gains on transactions with associates are eliminated in proportion to the Group's share of the enterprise. Unrealised losses are eliminated in the same way as unrealised gains, to the extent that no impairment has occurred.

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

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

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

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

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

If the measurement of acquired identifiable assets, liabilities or contingent liabilities is subject to uncertainty at the date of acquisition, initial recognition will be made on the basis of a preliminary calculation of fair values. If it subsequently turns out that the identifiable assets, liabilities or contingent liabilities had another fair value at the time of acquisition than that originally assumed, the value is adjusted up to 12 months after the acquisition. The effect of any adjustments relating to prior financial 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 time deposits with central banks. Reverse transactions, that is purchases of securities from credit institutions and central banks to be resold at a later date, are recognised as amounts due from credit institutions and central banks.

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

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

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

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

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

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

Notes

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.

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

Unlisted securities are recognised at fair value using the fair value option, because risk management is based on fair value and is included on this basis in the internal management reporting. Fair values of unlisted securities are determined on the basis of models or agreed trading prices according to articles of association, etc.

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

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

Associates
Associates are recognised at the proportionate share of fair values.

Intangible assets
Software
Software acquired is measured at cost, including 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 the technical feasibility of the project, the availability of adequate resources and a potential use can be demonstrated and where the intention is to use the project, are recognised as intangible assets if the cost can be measured reliably and there is sufficient certainty of expected future cash flows. Other development costs are recognised in the income statement as incurred.

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

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

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

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

Properties
Property comprises investment properties and domicile properties.

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

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

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

Land is not depreciated.

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

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

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 in accordance with the balance sheet liability method on all temporary differences

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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 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 tax 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.

Presentation of discontinued operations

Discontinued operations comprise entities which in connection with a takeover are classified as "held temporarily".

Profits/(losses) on discontinued operations after tax and value adjustments of related assets and liabilities after tax and gains/losses on their sale are presented in a separate line item in the income statement. Cash flows from operating, investing and financing activities of discontinued operations are presented in a separate line item in the cash flow statement.

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 the proceeds received less transaction costs incurred. In subsequent periods, financial liabilities are measured at amortised cost, applying the "effective interest method", to the effect that the difference between the proceeds and the nominal value is recognised in the income statement under financial expenses over the term of the loan. Other financial liabilities are measured at amortised cost.

Subordinated debt consists of liabilities in the form of subordinated loan capital and other capital 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 portfolios arising in connection with reverse transactions, negative market values of derivative financial instruments, interest due, etc.

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.

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

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

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

In the measurement of provisions, the costs required to settle the liability are discounted if such discounting would have a material effect on the measurement of the liability. A pre-tax discount factor is used that reflects the general level of interest rates with the addition of risks specific to the provision. The changes in present values for the financial year are recognised in financial 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 acquisition of enterprises, restructuring provisions relating to the acquired enterprise are included in the calculation of the negative balance only if the acquired enterprise has a liability at the date of acquisition.

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

Equity

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

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

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

Contingent assets and liabilities
Contingent assets and contingent liabilities consist of possible assets and liabilities arising from past events and whose existence will be confirmed only by the occurrence

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or non-occurrence of one or more uncertain future events not wholly within the control of the Finansiel Stabilitet A/S Group.
Contingent assets are disclosed when an inflow of economic benefits is probable.

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

Income statement

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

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 as well as gains on the sale of activities and property, plant and equipment, etc.

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

Most of the Group's employees are covered by defined contribution plans. Under defined contribution plans, the Group makes regular contributions to pension funds or pension companies, and the contributions are recognised as expenses as they are earned by the employees.

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

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

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, acquired properties, operating expenses relating to letting activities, etc.

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

Income from investments in enterprises
Profit/(loss) from investments in enterprises comprises the proportionate share of the net profit or loss of the individual enterprise.

Tax
The current Danish income tax liability is allocated among the jointly taxed companies in proportion to their taxable incomes. Companies utilising tax losses in other companies pay joint taxation contributions 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 companies 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.

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

Special accounting issues relating to the parent company financial statements

Loss guarantee from the Private Contingency Association
Loss guarantee from the Private Contingency Association comprises receivables from the guarantee scheme for unsecured creditors of banks (the Bank Package).

Loss guarantee from the Danish State relating to Roskilde Bank
The Company's loss relating to Roskilde Bank is stated as a receivable pursuant to the government guarantee.

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

In connection with Finansiel Stabilitet acquiring a distressed bank pursuant to the Bank Package, the assets and liabilities acquired are measured at fair value. Where the value of the net assets acquired is negative, the loss is recognised under "Loss on acquisition of subsidiaries" and set off by coverage by the Private Contingency Association.

On the parent company's acquisition of Roskilde Bank A/S, the difference between the cash consideration and the fair value of net assets acquired was recognised as a loss on acquisition of Roskilde Bank A/S and offset by coverage of the loss by the Danish State.

Tax payable and deferred tax
Finansiel Stabilitet A/S is exempt from taxation.

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

Other fees and commissions received
This item comprises commissions for individual guarantees, according to which Finansiel Stabilitet A/S has on behalf of the Danish State to entered into an agreement 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 acquisitions and divestments of enterprises is shown separately under cash flows from investing activities. In the cash flow statement, cash flows concerning acquired companies are recognised from the date of acquisition, while cash flows concerning divested companies are recognised until the date of divestment.

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

Notes

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

Cash flows from financing activities comprise changes in the size or composition of equity, issued bonds and subordinated debt and related costs, purchase and sale of treasury shares and distribution of dividend.
Cash and cash equivalents comprise cash as well as securities with a term to maturity of less than 3 months at the time of acquisition which can readily be converted to cash and are only subject to an insignificant risk of value changes.

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

Segment information – Group

Segment reporting is based on the internal operating segments applied in the management reporting which the executive operational management uses for resource allocation and performance follow-up. Segment information is prepared on the basis of the accounting policies applied by the Group.

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. See the Act on Financial Stability, including:
  - Loss on acquisition of distressed banks;
  - acquired operations of distressed banks which are to be transferred or wound up;
  - a total of DKK 625 million in guarantee commission payable in monthly instalments 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 DKK 10 billion loss guarantee and a right to claim a further loss guarantee of up to DKK 10 billion, if required;
  - financing costs and administrative expenses in relation to the above.

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

- **Roskilde Bank**
  In August 2009, Finansiel Stabilitet took over ownership of Roskilde Bank from Danmarks Nationalbank and the Private Contingency Association. The winding up of Roskilde Bank will continue unchanged according the previous plan. Roskilde Bank is not covered by the general government guarantee pursuant to the Act on Financial Stability, and thus is not included under the loss cover by the Private Contingency Association. Instead, any losses will be covered by a separate government guarantee.

2. Segment information for the Group

Activities 1 January – 31 December 2010

DKKm	The Bank Package	Individual government guarantees	Roskilde Bank	Total
Net interest income	379	-	257	636
Commission received from the Private Contingency Association	5,625	-	-	5,625
Guarantee commission regarding government guarantees	-	576	-	576
Other net fee income and market value adjustments	(13)	(576)	139	(450)
Other operating income/expenses, net	(461)	18	225	(218)
Operating expenses	631	18	285	934
Impairment losses on loans, advances, guarantees etc.	1,125	0	2,663	3,788
Losses on acquisition of subsidiaries	2,921	-	0	2,921
Profit/(loss) from investments in associates	22	-	0	22
Loss guarantee from the Private Contingency Association	4,209	-	-	4,209
Loss guarantee from the Danish State relating to Roskilde Bank	-	-	2,327	2,327
Profit for the period before tax	5,084	0	0	5,084
Tax	0	0	0	0
Profit for the period	5,084	0	0	5,084
Total segment assets	45,042	0	19,607	64,649

Activities 13 October 2008 – 31 December 2009

DKKm	The Bank Package	Individual government guarantees	Roskilde Bank	Total
Net interest income	440	-	294	734
Commission received from the Private Contingency Association	9,375	-	-	9,375
Guarantee commission regarding government guarantees	-	9	-	9
Other net fee income and market value adjustments	87	(9)	30	108
Other operating income/expenses, net	1	8	10	19
Operating expenses	838	8	120	966
Impairment losses on loans, advances, guarantees etc.	2,343	0	0	2,343
Losses on acquisition of subsidiaries	2,957	-	6,818	9,775
Profit/(loss) from investments in associates	(52)	-	0	(52)
Loss guarantee from the Private Contingency Association	5,791	-	-	5,791
Loss guarantee from the Danish State relating to Roskilde Bank	-	-	6,604	6,604
Profit for the period before tax	9,504	0	0	9,504
Tax	0	0	0	0
Profit for the period	9,504	0	0	9,504
Total segment assets	25,838	0	24,077	49,915

Notes

2. Segment information for the Group – continued

The Bank Package: Guarantee scheme covering unsecured creditors of banks under the Private Contingency Association

DKKm	*EBH Bank	**Finan-sierings-sel-skabet	Nova Bank Fyn	Pante-brevs-sel-skabet	***Eik Bank DK	Guaran-tee com-mission	Loss gua-rantee etc.	Total
1 January – 31 December 2010								
Net interest income	137	10	99	61	51	21	-	379
Commission received from the Private Contingency Association	-	-	-	-	-	5,625	-	5,625
Other net fee income and market value adjustments	79	9	(26)	10	(21)	(64)	-	(13)
Other operating income/expenses, net	(442)	0	31	(15)	1	1	(37)	(461)
Operating expenses	182	45	218	79	54	53	-	631
Impairment losses on loans, advances, guarantees etc.	116	65	870	163	(52)	0	(37)	1,125
Losses on acquisition of subsidiaries	0	0	0	0	2,921	0	0	2,921
Profit from investments in associates	17	5	0	0	0	0	0	22
Loss guarantee from the Private Contingency Association	-	-	-	-	-	-	4,209	4,209
Profit/(loss) for the period before tax	**(507)**	**(86)**	**(984)**	**(186)**	**(2,892)**	**5,530**	**4,209**	**5,084**
Tax								
Profit/(loss) for the period	**(507)**	**(86)**	**(984)**	**(186)**	**(2,892)**	**5,530**	**4,209**	**5,084**

* EBH Bank and Løkken Sparebank merged at 1 January 2010, EBH Bank being the continuing company. The table above shows the results of the combined entities.

** Finansieringsselskabet includes payments to the estate in bankruptcy of Capinordic Bank.

*** Loss in connection with the acquisition of Eik Banki Føroya of DKK 1,195 million is included in "Loss on acquisition of subsidiaries".

Loss guarantee from the Private Contingency Association can be specified as follows:

EBH Bank (including Løkken Sparebank)	(507)
Pantebrevsselskabet af 2. juni 2009	(186)
Nova Bank Fyn	(984)
Finansieringsselskabet af 11/2 2010 and the estate in bankruptcy of Capinordic Bank	(86)
The Eik Bank group (Eik Banki Føroya and Eik Bank Danmark 2010)	(2,892)
Finansiel Stabilitet (financing costs, etc.)	(95)
Total	**(4,750)**
Coverage received from the Private Contingency Association	4,209
Losses in Finansiel Stabilitet due to the loss guarantee limit of DKK 10 million having been reached	541

2. Segment information for the Group – continued

The Bank Package: Guarantee scheme covering unsecured creditors of banks under the Private Contingency Association

DKKm	EBH Bank	Nova Bank Fyn	Pante-brevs-sel-skabet	Guaran-tee-com-mission	Loss guaran-tee etc.	Total
13 October 2008 – 31 December 2009						
Net interest income	53	229	50	98	10	440
Commission received from the Private Contingency Association	-	-	-	9,375	-	9,375
Other net fee income and market value adjustments	(7)	94	8	2	(10)	87
Other operating income/expenses, net	16	(9)	(13)	7	-	1
Operating expenses	398	383	33	24	-	838
Impairment losses on loans, advances, guarantees etc.	1,884	431	28	0	-	2,343
Losses on acquisition of subsidiaries	1,508	57	1,392	0	-	2,957
Profit/(loss) from investments in associates	(53)	1	0	0	-	(52)
Loss guarantee from the Private Contingency Association	-	-	-	-	5,791	5,791
Profit/(loss) for the period before tax	**(3,781)**	**(556)**	**(1,408)**	**(9,458)**	**5,791**	**9,504**
Tax	0	0	0	0	0	0
Profit/(loss) for the period	**(3,781)**	**(556)**	**(1,408)**	**(9,458)**	**(5,791)**	**(9,504)**

EBH Bank and Løkken Sparebank merged at 1 January 2010, EBH Bank being the continuing company. The table above shows the results of the combined entities.

Loss guarantee from the Private Contingency Association can be specified as follows:	
EBH Bank (including Løkken Sparebank)	3,781
Pantebrevsselskabet af 2. juni 2009	1,408
Nova Bank Fyn	556
Finansiel Stabilitet (financing costs, etc.)	46
Total	**5,791**

The profit/(loss) for the period can be specified as follows:	
Commission received from the Private Contingency Association	9,375
Return on commission income received, net	120
Operating grants from the Danish State	9
Total	**9,504**

Notes

3. Acquisition of enterprises - the Group

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

In the period 1 January to 31 December 2010, the activities of the following institutions have been acquired:

- Finansieringsselskabet af 11/2 2010 (the assets after Capinordic Bank)
- Eik Banki Føroya and Eik Bank Danmark 2010

After the balance sheet date, Finansiel Stabilitet A/S has furthermore entered into an agreement to transfer the assets and a proportionate share of the liabilities from Amagerbanken in bankruptcy to a newly established subsidiary of Finansiel Stabilitet.

An account of each acquisition is given below.

3. Acquisition of enterprises - the Group - continued

Finansieringsselskabet af 11/2 2010 A/S

On 11 February 2010, Finansiel Stabilitet A/S took over all assets in Denmark of the estate in bankruptcy of Capinordic Bank and its subsidiaries through a newly established subsidiary, Finansieringsselskabet af 11/2 2010 A/S. The assets taken over primarily comprised a loan portfolio and portfolios of cash deposits and securities.

Pursuant to the Danish Act on Financial Stability, the price of the assets to be transferred must be determined by two independent valuation experts. The two valuation experts have determined that Finansiel Stabilitet A/S is to pay DKK 700 million for the activities. Any return realised by Finansiel Stabilitet from the winding up of Finansieringsselskabet af 11/2 2010 A/S in excess of the standard market return will be paid to the estate in bankruptcy.

Finansieringsselskabet af 11/2 2010 is working on winding up the remaining activities with a view to achieving the optimum financial result. In this process, Dansk O.T.C Fondsmæglerselskab A/S has been sold and a number of minor loans have been repaid.

In connection with the acquisition, the Group has incurred transaction costs of DKK 5.0 million, mainly relating to the two auditors appointed to value the assets, which has been recognised in losses on acquisition of subsidiaries.

The fair value of the acquired loans, advances and other receivables at amortised cost have been calculated at DKK 258 million, and the nominal residual debt amounts to DKK 855 million. The difference between fair value and nominal residual debt is significant and is mainly due to uncertainty in the determination of fair value, including what proportion of the loans and advances should be considered irrecoverable in whole or in part.

During the period from the date of acquisition until 31 December 2010, a loss of DKK 1 million has been recognised.

The carrying amounts at the date of acquisition are not deemed to differ to any significant degree from the below estimated fair values.

On 30 June 2010, Finansiel Stabilitet A/S effected a DKK 100 million capital increase in Finansieringsselskabet af 11/2 2010 A/S.

DKKm	
Cash in hand and demand deposits with central banks	49
Due from credit institutions and central banks	246
Loans, advances and other receivables at amortised cost (loans and advances with nominal residual debt of DKK 855 million)	258
Bonds and shares, etc. at fair value	72
Intangible assets and other property, plant and equipment	1
Other assets and prepayments	88
Other liabilities	(4)
Other provisions	(10)
Acquired net assets	**700**
Cash consideration	**(700)**
Loss at the date of acquisition	**0**

Notes

3. Acquisition of enterprises - the Group - continued

Eik Banki P/F

On 30 September 2010, Finansiel Stabilitet entered into a conditional transfer agreement with Eik Banki P/F and, effective at 14 October 2010, took over all activities and unsubordinated liabilities from Eik Banki P/F through a newly formed subsidiary, Eik Bank Føroya P/F. The acquired activities comprise the Faroese banking activities formerly operated by Eik Banki P/F. The assets comprise loans to retail and commercial customers as well as portfolios of securities, mainly bonds.

Pursuant to the Act on Financial Stability, the transfer was concluded without consideration, but with the possibility that any excess proceeds from the sale or realisation of the activities would accrue to the seller, Eik Banki P/F.

With the intention of selling Eik Banki P/F in a single transaction, Finansiel Stabilitet A/S initiated a sales process immediately following the takeover. In this process, certain non-Faroese assets were identified, which were sold to other companies in the Finansiel Stabilitet Group in December 2010 in order to facilitate the sale of Eik Banki Føroya P/F in its entirety.

The sales process was completed on 3 February 2011 with a conditional agreement with TF Holding P/F on the transfer of 70% of the share capital for an amount of DKK 450 million plus a purchase price adjustment based on the future performance of Eik Banki Føroya P/F.

The remaining 30% of the share capital constitutes a separate class of shares with preferential status in terms of dividend and other distributions. Against this background, Eik Banki Føroya P/F is treated as a discontinued operation in accordance with the rules on assets held for sale. See the description under accounting policies. In connection with the establishment of Eik Banki Føroya P/F, Finansiel Stabilitet A/S contributed a total of DKK 2,000 million.

Compared with the calculation of the total sales value of Eik Banki Føroya P/F, Finansiel Stabilitet's loss from the acquisition of Eik Banki Føroya P/F is thus DKK 1,195 million.

As Eik Banki Føroya P/F is classified as a discontinued operation and as the sales value is not assessed to have changed significantly from the acquisition on 14 October 2010 to 31 December 2010, Eik Banki Føroya P/F has not impacted the profit for 2010 of the Finansiel Stabilitet Group, other than the above-mentioned loss on acquisition.

In connection with the acquisition, Finansiel Stabilitet A/S incurred legal expenses in the amount of DKK 1 million, recognised in "Staff costs and administrative expenses".

3. Acquisition of enterprises - the Group - continued

Eik Bank Danmark 2010 A/S

On 30 September 2010, Finansiel Stabilitet entered into a conditional transfer agreement with Eik Bank Danmark, as the bank failed to comply with the solvency requirements defined by the FSA and pursuant to the Financial Business Act. Following compliance with the terms in the form of necessary regulatory approvals and presentation to the shareholders of Eik Bank Danmark, the transfer was finalised on 14 October 2010.

Finansiel Stabilitet's newly established subsidiary bank, Eik Bank Danmark 2010 A/S, acquired all assets and liabilities other than share capital and subordinated capital.

The recognised loss on acquisition was DKK 1,726 million, equalling the amount by which the acquired liabilities exceeded the estimated fair value of the acquired assets.

The acquired assets and liabilities are specified below.

Immediately following the acquisition, an open and transparent process was initiated to sell the retail activities of Eik Bank Danmark 2010 A/S.

On 17 December 2010, the sale to Sparekassen Lolland was announced. The transfer comprised all customers of the retail bank and more than 80 employees. The remaining activities of Eik Bank Danmark 2010 were transferred to Finansiel Stabilitet and the other subsidiaries of the Group in 2011.

In connection with the acquisition, Finansiel Stabilitet A/S incurred legal expenses in the amount of DKK 0.5 million, recognised in "Staff costs and administrative expenses".

The fair value of acquired loans, advances and other receivables at amortised cost has been calculated at DKK 4,598 million, and the nominal residual debt amounts to DKK 7,202 million. The difference between fair value and nominal residual debt is significant and is mainly due to uncertainty in the determination of fair value, including what proportion of the loans and advances should be considered irrecoverable in whole or in part.

During the period from the date of acquisition until 31 December 2010, a profit of DKK 29 million was recognised.

The carrying amounts at the date of acquisition are not deemed to differ to any significant degree from the below estimated fair values.

In connection with the establishment of the subsidiary bank, Finansiel Stabilitet injected share capital in the amount of DKK 2.5 billion and subordinated capital in the amount of DKK 410 million.

DKKm	
Cash in hand and demand deposits with central banks	197
Due from credit institutions and central banks	572
Loans, advances and other receivables at fair value (loans with nominal residual debt of DKK 164 million)	68
Loans, advances and other receivables at amortised cost (loans and advances with nominal residual debt of DKK 7,202 million)	4,598
Bonds at fair value and shares, etc.	2,109
Intangible assets and other property, plant and equipment	178
Assets held temporarily	43
Other assets and prepayments	111
Due to credit institutions and central banks	(305)
Deposits and other payables	(6,850)
Issued bonds	(1,750)
Other liabilities	(308)
Other provisions	(389)
Acquired net assets	**(1,726)**
Cash consideration	**0**
Loss at the date of acquisition	**(1,726)**

Notes

3. Acquisition of enterprises - the Group - continued

Amagerbanken A/S

On 4 February 2011, Amagerbanken realised that it was unable to comply with the statutory solvency requirement and therefore entered into a transfer agreement with Finansiel Stabilitet. Amagerbanken's management subsequently decided to wind up the bank through Finansiel Stabilitet under the Exit Package, and against this background an agreement was concluded for part of the bank's activities to be transferred to Finansiel Stabilitet.

With effect from 6 February 2011, Amagerbanken transferred all assets to a newly established subsidiary bank of Finansiel Stabilitet. Payment for the assets was preliminarily fixed at DKK 15.2 billion, equivalent to approximately 59% of the unsecured, unsubordinated claims. The payment was made by way of the subsidiary bank taking over liabilities for the same amount from Amagerbanken. Approximately three months after the date of transfer, the final payment will be determined by two accountants appointed by the Institute of State Authorised Public Accountants in Denmark. If the final payment exceeds the preliminary amount paid, the subsidiary bank will take over additional liabilities. At the date of transfer, known liabilities amounted to DKK 13.2 billion, which will generally not be taken over. Of this amount, subordinated liabilities totalled DKK 2.6 billion.

For the creditors of Amagerbanken, the transfer of the bank meant that subordinated debt and equity remained in the estate in bankruptcy of Amagerbanken. Creditors with senior debt or deposits in excess of DKK 750,000 received a preliminary minimum dividend of 58.8% of their receivable.

Through individual government guarantees, Finansiel Stabilitet has provided a government guarantee of DKK 13.5 billion to Amagerbanken. At the preliminary dividend payout ratio, this will result in a loss of DKK 5.6 billion.

Pre-acquisition revenue and results of acquired enterprises

The hypothetical revenue and financial performance of the Group calculated as if the acquisition of Capinordic Bank A/S, Eik Banki Føroya P/F and Eik Bank Danmark 2011 A/S had been effected at 1 January 2010 is not disclosed, given the practical difficulties and lack of relevance of providing such information.

Acquisitions in 2009 DKKm	Date of acquisition	Fair value of net assets	Acquisition costs	Loss at the date acquisition	Loss from acquisition to 31 Dec. 2009
Acquisitions during the period 13 October 2008 - 31 December 2009					
EBH Bank	28.11.2008	(1,054)	0	(1,054)	(2,134)
Løkken Sparekasse	25.03.2009	(454)	0	454	(149)
Nova Bank Fyn (Fionia Bank)	28.05.2009	(57)	0	57	(499)
Pantebrevsselskabet af 2. juni 2009 (Gudme Raaschou Bank)	30.06.2009	(1,392)	0	1,392	(16)
Roskilde Bank	10.08.2009	(95)	0	6,818	214

3. Acquisition of enterprises - the Group - continued

The calculated fair values of net assets can be specified as follows:

DKKm	EBH Bank	Løkken Sparebank	Nova Bank Fyn	Pantebrevsselskabet af 2. juni 2009	Roskilde Bank
Cash in hand and demand deposits with central banks	307	0	182	69	650
Due from credit institutions and central banks	504	127	3,093	36	234
Loans, advances and other receivables at fair value	257	0	8	1,074	0
Loans, advances and other receivables at amortised cost	4,857	944	16,339	1,072	14,523
Bonds and shares, etc. at fair value	480	153	10,106	17	2,005
Bonds at amortised cost	0	0	105	0	0
Total land and buildings	55	17	406	0	433
Intangible assets and other property, plant and equipment	0	10	943	5	3
Deferred tax assets	19	0	347	0	0
Other assets and prepayments	435	19	749	140	246
Due to credit institutions	0	(189)	(11,433)	(4)	(14,355)
Deposits and other payables	(7,751)	(1,479)	(16,009)	(3,668)	(1,577)
Issued bonds at amortised cost	0	0	(1,933)	0	(2)
Other liabilities and deferred income	0	0	(2,865)	(62)	(314)
Other provisions and provisions for losses on guarantees	(217)	(56)	(95)	(71)	(941)
Subordinated debt	0	0	0	0	(1,000)
Acquired net assets	**(1,054)**	**(454)**	**(57)**	**(1,392)**	**(95)**

The stated fair values of net assets equal the final fair values stated in annual reports for 2009.

Notes

DKKm	Group 2010	Group 13.10.08 - 31.12.09	Parent 2010	Parent 13.10.08 - 31.12.09

4. Interest income

Due from credit institutions and central banks	61	124	469	424
Loans, advances and other receivables at amortised cost	1,124	1,183	53	53
Loans, advances and other receivables at fair value	96	65	0	0
Bonds	55	150	0	0
Total derivative financial instruments	2	7	0	0
Foreign exchange contracts	2	17	0	0
Interest rate contracts	(2)	(10)	0	0
Other contracts	2	0	0	0
Other interest income	22	11	16	9
Total	**1,360**	**1,540**	**538**	**486**
Interest income relates to:				
Assets at amortised cost	1,191	1,309	522	477
Assets at fair value:	169	231	16	9
Total	**1,360**	**1,540**	**538**	**486**
Interest on financial assets written down individually.	255	325	0	0

5. Interest expense

Credit institutions and central banks	19	137	0	5
Deposits and other payables	55	177	1	0
Issued bonds	33	106	0	0
Loans through the state-funded re-lending scheme	610	355	610	355
Other interest expense	7	34	0	0
Total	**724**	**809**	**611**	**360**

Interest expense relates to liabilities at amortised cost.

6. Fees and commissions received

Fees and commissions received				
Securities trading and custody accounts	13	64	0	0
Payment transfers	7	19	0	0
Loan arrangements	4	8	0	0
Guarantees	576	37	576	9
Other fees and commissions	64	56	25	18
Total	**664**	**184**	**601**	**27**
Fees and commissions paid				
Guarantees	583	12	576	9
Payment transfers	5	4	0	0
Other fees and commissions paid	56	36	43	22
Total	**644**	**52**	**619**	**31**

DKKm	Group 2010	Group 13.10.08 - 31.12.09	Parent 2010	Parent 13.10.08 - 31.12.09

7. Market value adjustments

Adjustment for credit risk for loans and advances at fair value	34	(81)	0	0
Other adjustment for loans at fair value	(20)	(20)	0	0
Bonds	52	22	0	0
Shares, etc.	(205)	(4)	(68)	(5)
Investment properties	154	(40)	0	0
Currency	12	255	0	0
Currency, interest, share, commodity and other contracts and derivative financial instruments	55	(247)	0	0
Other assets and liabilities	19	100	0	0
Total	**101**	**(15)**	**(68)**	**(5)**

Market value adjustments relate to:				
Assets and liabilities at fair value	**99**	**(14)**	**(68)**	**(5)**
Other assets and liabilities	**2**	**(1)**	0	0
Total	**101**	**(15)**	**(68)**	**(5)**

8. Other operating income

Sale of operations	385	89	0	0
Rental income, property	55	18	0	0
Operating grants from the Danish State	0	9	0	9
Reversed provisions for litigation	164	0	0	0
Other items	152	118	19	8
Total	**756**	**234**	**19**	**17**

9. Staff costs and administrative expenses

Salaries and remuneration to Board of Directors and Management Board:				
Management Board	2	2	2	2
Board of Directors	2	3	1	2
Total	**4**	**5**	**3**	**4**

Staff costs:				
Salaries	376	374	20	11
Pensions	35	52	-	-
Social security costs	28	31	-	-
Total	**439**	**457**	**20**	**11**
Other administrative expenses	463	376	51	20
Total	**906**	**838**	**74**	**35**

The average number of employees during the financial year converted into full-time equivalents	619	848	18	8

Notes

	Group		Parent	
	2010	13.10.08 - 31.12.09	2010	13.10.08 - 31.12.09

9. Staff costs and administrative expenses - continued

Board emoluments (DKK'000)				
Henning Kruse Petersen (Chairman)	600	816	300	716
Jakob Brogaard (Deputy Chairman)	600	741	300	641
Anette Eberhard	150	170	150	170
Claus Gregersen	112	420	37	170
Christian Th. Kjølbye	150	170	150	170
Birgitte Nielsen	150	170	150	170
Visti Nielsen	450	452	150	170
Flemming Hansen	38	0	38	0
Total emoluments	**2,250**	**2,939**	**1,275**	**2,207**

The Board of Directors receives fixed remuneration.

Management Board remuneration (DKK'000)				
Henrik Bjerre-Nielsen:				
Base salary	2,077	2,015	2,077	2,015
Variable cash supplement	400	400	400	400
Total	**2,477**	**2,415**	**2,477**	**2,415**

The agreed term of notice is 12 months on the part of the Company as well as the CEO.
If the CEO were to die, the Company would be under an obligation to pay his salary to his surviving relatives for 12 months.

Audit fee (DKKm)				
Total fees to the auditors appointed in general meeting can be specified as follows:				
Statutory audit	11	8	1	1
Assurance engagements	6	2	0	0
Tax advice	0	2	0	0
Non-audit services	13	19	2	2
Total audit fees	**30**	**31**	**3**	**3**

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

Intangible assets, amortisation	3	1	-	-
Intangible assets, impairment losses	0	67	-	-
Operating equipment, depreciation	9	15	2	1
Domicile properties, depreciation	1	3	-	-
Domicile properties, impairment losses	15	42	-	-
Total	**28**	**128**	**2**	**1**

DKKm	Group

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

2010

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 period	18,217	825	19,042	-
Additions from acquisitions of subsidiaries	4,013	4	4,017	-
Impairment losses during the period	5,628	107	5,735	5,735
Reversed impairment losses	(6,398)	(336)	(6,734)	(6,734)
Impairment losses, end of period	21,460	600	22,060	(999)
Losses recorded				4,787
Impairment losses charged to income statement				3,788

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.

Adjustment for credit risk for loans and advances at fair value	Total	Impact on operations
Balance, beginning of period	889	-
Additions from acquisition of subsidiary	87	-
Additions during the period	398	312
Reversals during the period	(662)	(662)
Credit risk for loans and advances at fair value, end of period	712	(350)
Losses recorded		316
Charged to income statement under market value adjustments		**(34)**

Impairment losses and provisions, end of period

	Impairment losses, beginning of period	Additions from acquisition of subsidiary	Impairment losses during period	Reversed impairment losses	Impairment losses, end of period
Due from credit institutions	0	0	0	0	0
Loans and advances at amortised cost	18,505	3,578	5,307	(6,144)	21,246
Loans and advances at fair value	889	87	398	(662)	712
Subsidiaries' share of loss guarantee to the Private Contingency Association	173	40	65	(278)	0
Guarantees	364	399	283	(232)	814
Total	**19,931**	**4,104**	**6,053**	**(7,316)**	**22,772**

Notes

DKKm	Group

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

13.10.08 - 31.12.09

Loans, advances and other receivables at amortised cost	**Loans, etc., individual write-down**	**Loans etc., collective write-down**	**Total**	**Impact on operations**
Impairment losses at 13 October 2008	-	-	-	-
Additions from acquisitions of subsidiaries	16,904	1,134	18,038	-
Impairment losses during the period	2,282	43	2,325	2,325
Reversed impairment losses	(969)	(352)	(1,321)	(1,321)
Impairment losses, end of period	18,217	825	19,042	1,004
Losses recorded				1,339
Impairment losses charged to income statement				2,343

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.

Adjustment for credit risk for loans and advances at fair value	**Total**	**Impact on operations**
Additions from acquisition of subsidiary	1,005	-
Additions during the period	141	141
Reversals during the period	(257)	(257)
Credit risk for loans and advances at fair value, end of period	889	(116)
Losses recorded		197
Charged to income statement under market value adjustments		**81**

Impairment losses and provisions, end of period	**Additions from acquisition of subsidiary**	**Impairment during period**	**Reversed impairment**	**Impairment, end of period**
Due from credit institutions	0	0	0	0
Loans and advances at amortised cost	17,205	2,121	(821)	18,505
Loans and advances at fair value	1,005	141	(257)	889
Subsidiaries' share of loss guarantee to the Private Contingency Association	27	146	0	173
Guarantees	806	58	(500)	364
Total	**19,043**	**2,466**	**(1,578)**	**19,931**

DKKm	Group 2010	Group 13.10.08 - 31.12.09	Parent 2010	Parent 13.10.08 - 31.12.09

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

Profit/(loss) from investments in associates	22	(52)	0	0
Profit/(loss) from investments in subsidiaries	0	0	(3,855)	(2,589)
Total	**22**	**(52)**	**(3,855)**	**(2,589)**

13. Tax

Estimated tax on the profit for the year	0	0	-	-
Adjustment of deferred tax	0	0	-	-
Prior-year tax adjustments	0	0	-	-
Total	**0**	**0**	**-**	**-**
Effective tax rate				
Corporate tax rate in Denmark	25%	25%	-	-
Unrecognised deferred tax assets	(25%)	(25%)	-	-
Effective tax rate	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. Instead, Pantebrevsselskabet af 2. juni 2009 has been appointed as administrative company for the jointly taxed companies.
The Group has a significant deferred tax asset. Due to the uncertainty as to whether this can be utilised, the tax asset has not been recognised in the balance sheet.

DKKm	Group 2010	Group 2009	Parent 2010	Parent 2009

14. Due from credit institutions and central banks

Term deposits with central banks	1,250	600	0	0
Due from credit institutions	1,050	3,374	8,239	17,121
	2,300	3,974	8,239	17,121
Impairment losses	0	0	0	0
Total balances due from credit institutions and central banks	**2,300**	**3,974**	**8,239**	**17,121**
Reverse transactions hereof	0	0	0	0
broken down by term to maturity				
Demand deposits	830	2,682	4,487	13,228
3 months or less	1,250	1,116	1,282	2,168
Between 3 months and 1 year	77	37	0	25
Between 1 and 5 years	143	80	0	1,700
More than 5 years	0	59	2,470	0
Total	**2,300**	**3,974**	**8,239**	**17,121**

Notes

DKKm	Group 2010	Group 2009	Parent 2010	Parent 2009

15. Loans, advances and other receivables

Loans, advances and other receivables at fair value	1,048	1,011	0	0
Loans, advances and other receivables at amortised cost	16,150	22,062	1,683	1,929
Impairment losses	21,958	19,394	85	0
Fair value adjustment	**37**	36	0	0
Total loans, advances and other receivables before impairment losses	**39,193**	**42,503**	**1,768**	**1,929**
Broken down by term to maturity				
On demand	15,497	22,818	1,550	0
3 months or less	5,313	4,075	0	1,329
Between 3 months and 1 year	4,583	4,279	27	600
Between 1 and 5 years	5,948	4,752	191	0
More than 5 years	7,852	6,579	0	0
Total	**39,193**	**42,503**	**1,768**	**1,929**
Loans and advances at fair value				
Nominal value	1,797	1,936		
Fair value adjustment	(37)	(36)		
Adjustment for credit risk	(712)	(889)		
Total	**1,048**	**1,011**	**0**	**0**

Credit risk

Credit risk is defined as the risk of losses 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 acquisition 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.

Total credit exposure

Balance sheet items:		
Cash in hand and demand deposits with central banks	8,365	3,924
Due from credit institutions and central banks	2,300	3,974
Loans, advances and other receivables at fair value	1,797	1,936
Loans, advances and other receivables at amortised cost	37,396	40,567
Total credit exposure recognised in balance sheet	**49,858**	**50,401**
Off-balance sheet items:		
Guarantees	2,343	3,987
Individual government guarantees	193,608	53,200
Total credit exposure	**245,809**	**107,588**

In connection with the administration of the individual government guarantee scheme, Finansiel Stabilitet conducted a credit assessment of the applications received. After the expiry of the scheme, Finansiel Stabilitet conducts credit assessments of institutions that have issued unsubordinated debt under the individual government guarantee.

Institutions 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 to it would be able to enter into an agreement with an institution 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 a government guarantee to be prudent.

DKKm

15. Loans, advances and other receivables - continued

Institutions that have used the individual government guarantee are required to submit information on material negative changes. In pursuance of the Credit Package, in 2010 Finansiel Stabilitet granted individual government guarantees of DKK 194 billion (2009: DKK 53 billion) to 50 (2009: 4) Danish banks.

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 2010. The Danish State is guarantor for the Company's guarantee commitments. The loss on individual government guarantees issued in respect of Amagerbanken will depend on whether the winding up of the acquired assets and liabilities generates a return in excess of the return to which Finansiel Stabilitet is entitled on the contributed capital. As a result of uncertainty in respect of the preliminary calculation of the value of assets and Finansiel Stabilitet's corresponding guarantee from the Danish State, no write-down has been made for impairment losses in respect of the bankruptcy of Amagerbanken.

Of the remaining credit exposure, DKK 10.7 billion relates to amounts due from central banks and credit institutions. No impairment losses have been recognised on amounts due from central banks and credit institutions. Loans, advances and other receivables at fair value, DKK 1,797 million (2009: DKK 1,936 million), relate to mortgage deeds, which have been adjusted for credit risk in the total amount of DKK 712 million (2009: DKK 889 million) (see previous page). The remainder of the credit exposure, which relates to the subsidiaries' lending activities proper, is broken down by line of business in the below table. The break-down by line of business is prepared on the basis of the banks' information reported to the Danish FSA.

	2010		2009	
Loans and guarantees				
1. Public authorities	5	0%	2	-
2. Commercial sector				
2.1 Agriculture, hunting and forestry	1,036	3%	1,202	3%
2.2 Industry and raw materials extraction	372	1%	0	0%
2.3 Energy supply	1,277	3%	1,721	4%
2.4 Construction	3,914	10%	3,797	9%
2.5 Trade	921	2%	1,505	3%
2.6 Transport, hotel and restaurant business	900	2%	1,026	2%
7.2 Information and communication	241	1%	0	0%
2.8 Finance and insurance	5,952	15%	6,497	14%
2.9 Property	15,504	39%	19,585	44%
2.10 Other commercial sector	3,165	8%	3,793	9%
Total commercial sector	33,282	84%	39,126	88%
3. Retail sector	6,452	16%	5,428	12%
Total	**39,739**	**100%**	**44,554**	**100%**

As illustrated by the table, the lending exposure is concentrated around the commercial sector, and particularly loans to the property sector. The lending activity is largely limited to Denmark.

The Group's loan commitments have been classified in order to facilitate the monitoring of the overall credit quality and assess the possibility of winding up the customer relation.

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

Notes

DKKm	Group 2010	2009

15. Loans, advances and other receivables - continued

Break-down of loans by degree of security (partially based on estimates)

	2010	2009
Commercial sector		
Loans without any security (in blank)	14,223	12,898
Loans secured on charges or other security:		
- secured in full	3,458	4,870
- secured in part	13,776	17,822
Total	**31,457**	**35,590**
Retail sector		
Loans without any security (in blank)	2,358	1,866
Loans secured on charges or other security:		
- secured in full	1,091	499
- secured in part	2,490	2,612
Total	**5,939**	**4,977**
Total	**37,396**	**40,567**

Security

Security has been provided for a nominal amount of DKK 13.2 billion
The main categories of security are listed below.

	2010	2009
Mortgage deeds registered to the owner, private homes	5,752	4,421
Mortgage deeds registered to the owner, commercial property	3,842	7,338
Mortgage deed commitments	783	2,831
Mortgage deeds secured on vehicles, aircraft, ships, etc.	541	2,374
Security in deposits	1,038	893
Custody accounts	521	565
Guarantees	73	74
Other	671	104
Total	**13,221**	**18,600**

Enforcement of the 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 acquired will either be sold as quickly as possible or be considered investment properties. At 31 December 2010, the Group had a portfolio of 149 (2009: 68) properties temporarily acquired, representing a total value of DKK 639 million (2009: 370 million).

DKKm	Group 2010	2009

15. Loans, advances and other receivables - continued

Loans and guarantees		
Impairment losses by line of business		
1. Public authorities	41	0
2. Commercial sector		
2.1 Agriculture, hunting and forestry	714	528
2.2 Industry and raw materials extraction	248	564
2.3 Energy supply	638	-
2.4 Construction	2,168	1,716
2.5 Trade	476	611
2.6 Transport, hotel and restaurant business	473	294
7.2 Information and communication	125	-
2.8 Finance and insurance	3,932	2,460
2.9 Property	8,062	7,899
2.10 Other commercial sector	1,865	2,038
Total commercial sector	18,701	16,110
3. Retail sector	2,718	2,107
Total	**21,460**	**18,217**
Collective impairment losses	**600**	**825**
Total impairment losses	**22,060**	**19,042**

For a more detailed description of the Group's risk management goals and policies, see pp. 34-36 of the Management's review.

DKKm	Group 2010	Group 2009	Parent 2010	Parent 2009

16. Bonds at fair value

Government bonds	63	771		
Mortgage bonds	1,620	2,040		
Other bonds	231	244		
Total	**1,914**	**3,055**	**0**	**0**

17. Shares, etc.

Shares/unit trust certificates listed on NASDAQ OMX Copenhagen A/S	324	315	292	303
Unlisted shares at fair value	1,090	1,252	626	448
Unlisted shares at cost	6	3	0	0
Total	**1,420**	**1,570**	**918**	**751**

Notes

DKKm	Group 2010	Group 2009	Parent 2010	Parent 2009
18. Investments in associates				
Cost at beginning of period	62	-	-	-
Additions on acquisition of subsidiary	8	123	0	
Additions	94	0	43	
Disposals	(70)	61	0	
Cost, end of period	94	62	43	-
Revaluations and impairment, beginning of period	35	-	-	-
Revaluations and impairment	(31)	35	0	
Revaluations and impairment, end of period	4	35	0	
Carrying amount, end of period	**90**	**27**	**43**	**0**

Investments in associates	**Ownership (%)**	**Domicile**	**Total assets**	**Total liabilities**	**Revenue**	**Profit/ (loss)**
Debitor Registret A/S	20%	Copenhagen	4	2	0	0
Dansk Pantebrevsbørs A/S in bankruptcy	50%	Horsens	0	0	0	0
ebh tyskland 1 a/s	25%	Horsens	4	0	0	0
Ejendomsselskabet Vestio A/S	50%	Horsens	235	194	17	7
Secur GmbH	26%	Wiesbaden	0	0	0	0
Secur Treuhand GmbH	40%	Wiesbaden	0	0	0	0
Secur Verwaltung GmbH	40%	Wiesbaden	0	0	0	0
Nianet A/S	25%	Copenhagen	318	138	169	4
Fredensborg Ejendomsudvikling A/S	50%	Copenhagen	67	63	0	3
Alpha Invest ApS	50%	Aabenraa	88	87	0	0
Jacob Dannefærds Vej 15-19 ApS	40%	Copenhagen	0	0	0	0
Lake Dümmer Invest ApS	37.5%	Lyngby	11	19	(4)	(5)
Mercom A/S	40%	Aarhus	25	6	2	0
Anpartsselskabet af 10. april 2006	100%	Copenhagen	11	2	0	0

Financial information is provided in accordance with the companies' most recent annual reports.

19. Intangible assets

Cost at beginning of period	58	-		
Additions on acquisition of subsidiary	175	66		
Additions during the year	-	8		
Disposals during the year	(53)	(16)		
Cost, end of period	180	58		
Amortisation and impairment, beginning of period	52	-		
Impairment losses during the year	3	67		
Amortisation during the year	-	1		
Disposals during the year	(51)	(16)		
Amortisation and impairment, end of period	4	52		
Carrying amount, end of period	**176**	**6**	**0**	**0**

DKKm		Group		

20. Land and buildings

	Investment properties		Domicile properties	
	2010	**2009**	**2010**	**2009**
Fair value, beginning of period	839	-	181	-
Additions on acquisition of subsidiary	0	410	1	484
Other additions	766	473	0	0
Disposals	(140)	(4)	(161)	(258)
Depreciation	-	-	(1)	(3)
Revalued amount at balance sheet date	-	-	(15)	(42)
Fair value adjustment for the period	154	(40)	-	-
Fair value, end of period	**1,619**	**839**	**5**	**181**

Rental income from investment properties amounted to DKK 55 million (2009: DKK 18 million). Direct costs in relation to investment properties generating revenue amounted to DKK 23 million, and in relation to investment properties not generating revenue amounted to DKK 1 million. The corresponding costs for 2009 were DKK 1 million and DKK 2 million.
Properties are valued by the Group's own expert valuers. The value is calculated on the basis of the net return expected and on the basis of the rate of return fixed. Every two years, the principal investment and domicile properties are assessed by external valuers.

21. Other property, plant and equipment

	Group		Parent	
DKKm	**2010**	**2009**	**2010**	**2009**
Total cost, beginning of period	**31**	**-**	**4**	**-**
Additions on acquisition of subsidiary	3	54	**0**	**0**
Additions during the year	8	5	**1**	**4**
Disposals during the year	**(8)**	**(28)**	**0**	**0**
Cost, end of period	**34**	**31**	**5**	**4**
Depreciation and impairment, beginning of period	**9**	**-**	**1**	**-**
Depreciation during the year	**9**	**15**	**2**	**1**
Disposals during the year	-	(6)	**0**	**0**
Depreciation and impairment, end of period	**18**	**9**	**3**	**1**
Carrying amount, end of period	**16**	**22**	**2**	**3**

Notes

DKKm	Group 2010	Group 2009	Parent 2010	Parent 2009

22. Assets held temporarily

Balance, beginning of period	370	-	-	-
Additions on acquisition of subsidiary	43	157		
Additions on acquisition of Eik Banki Føroya P/F	11,398	0		
Additions during the year	615	291		
Disposals during the year	411	81		
Value adjustment for the year	22	3		
Carrying amount, end of period	**12,037**	**370**	**0**	**0**
Hereof:				
Residential properties	123	40		
Single-family houses	33	35		
Commercial properties	456	295		
Land	27	0		
Additions on acquisition of Eik Banki Føroya P/F	11,398	-		

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

23. Other assets

Interest receivable	76	131	0	0
Positive market values of derivative financial instruments	88	120	0	0
Other assets	398	198	50	1
Total	**562**	**449**	**50**	**1**

24. Due to credit institutions and central banks

Due to central banks	150	0		
Due to credit institutions	534	2,471		
Total due to credit institutions and central banks	**684**	**2,471**	**0**	**0**
Broken down by term to maturity				
Due on demand	271	2,327		
3 months or less	3	2		
Between 3 months and 1 year	89	142		
Between 1 and 5 years	43	0		
More than 5 years	278	**0**		
Total	**684**	**2,471**	**0**	**0**

DKKm	Group 2010	Group 2009	Parent 2010	Parent 2009

25. Deposits and other payables

On demand	4,711	2,620	2,061	
Subject to term of notice	1,620	0	0	
Term deposits	162	323	0	
Special types of deposits	1,245	138	0	
Total deposits	**7,738**	**3,081**	**2,061**	**0**
Broken down by term to maturity				
On demand	4,711	2,620	2,061	
3 months or less	881	171	0	
Between 3 months and 1 year	116	11	0	
Between 1 and 5 years	1,169	63	0	
More than 5 years	861	216	0	
Total	**7,738**	**3,081**	**2,061**	**0**

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 existing government bonds at the same terms as those at which the bonds can be sold in the market.

Year end 2010	Principal	Interest rate	Maturity	Carrying amount
Danish State	13,425	6%	2011	14,013
Danish State	11,120	5%	2013	11,968
Total	**24,545**			**25,981**
Year end 2009				
Danish State	22,110	4%	2010	22,495
Danish State	6,870	5%	2013	7,425
Total	**28,980**			**29,920**

Notes

DKKm	Group 2010	Group 2009	Parent 2010	Parent 2009
27. Issued bonds at amortised cost				
DKK 500 million nominal amount, floating interest, expiry 2013	500	-		
DKK 750 million nominal amount, floating interest, expiry 2013	750	-		
DKK 500 million nominal amount, floating interest, expiry 2013	500	-		
NOK 500 million nominal amount, floating interest, expiry 2010	-	71		
DKK 500 million nominal amount, floating interest, expiry 2011	-	500		
DKK 300 million nominal amount, floating interest, expiry 2011	-	300		
DKK 100 million nominal amount, floating interest, expiry 2010	-	100		
DKK 850 million nominal amount, floating interest, expiry 2010	-	849		
Employee bonds				
DKK 2 million nominal amount, floating interest, expiry 2014	4	2		
Total	**1,754**	**1,822**	**0**	**0**
28. Other liabilities				
Negative market value of derivative financial instruments	155	230	0	0
Interest and commissions payable	211	45	214	22
Other liabilities	989	1,525	34	32
Total	**1,355**	**1,800**	**248**	**54**
29. Other provisions				
Litigation	1,073	391		
Other provisions	68	230		
Total	**1,141**	**621**	0	0

Provisions for litigation are determined based on an assessment of the risk in each case. Other provisions comprise provisions for employee benefits such as leave, anniversary benefits, etc.

	Litigation 2010	Litigation 2009	Other provisions 2010	Other provisions 2009
Beginning of period	391	-	230	-
Additions on acquisition of subsidiary	35	300	0	248
Additions during the year	811	91	66	11
Disposals during the year	(164)	-	(228)	(29)
End of period	**1,073**	**391**	**68**	**230**

30. Contingent assets and liabilities

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, Pantebrevsselskabet af 2. juni 2009 has been appointed as administrative company for the jointly taxed Group.

The Group has a significant deferred tax asset. 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 year end 2010, guarantees have been issued in the amount of DKK 194 billion (2009: DKK 53 billion). The Danish State guarantees the Company's guarantee commitments under the scheme.

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. This is expected to be settled in 2011.

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 acquired by Finansiel Stabilitet. The complaints are related in particular to Løkken Sparekasse and Roskilde Bank.

The new complaints during the year are largely related to the valuation and assessment of contingent risks in respect of disputes and litigation in EBH Bank.

Purchase price adjustment agreements
Purchase price adjustment agreements have been concluded with the former shareholders of Eik Banki P/F, Fionia Bank, Løkken Sparekasse, Roskilde Bank and the estate in bankruptcy of Capinordic Bank, which provide for adjustment of the transfer amount if the winding up of the banks' activities yields a return to Finansiel Stabilitet in excess of the standard market return with due consideration of risk exposure.

The concluded agreements are expected to be terminated during the first six months of 2011, with the exception of the agreement with the estate in bankruptcy of Capinordic Bank, where a minor part of the portfolio will continue to be covered by purchase price adjustment.

	Group		Parent	
DKKm	**2010**	**2009**	**2010**	**2009**
Guarantees, etc.				
Financial guarantees	358	1,148	0	0
Loss guarantee for mortgage loans	911	1,260	0	0
Registration and conversion guarantees	5	86	-	-
Loss guarantee for loans to subsidiaries	-	-	0	150
Government guarantee pursuant to the Credit Package	193,608	53,200	193,608	53,200
Other	654	1,021	0	0
Total	**195,536**	**56,715**	**193,608**	**53,350**
Other contingent liabilities				
Irrevocable credit commitments	21	142,046	0	142,000
Total	**21**	**142,046**	**0**	**142,000**

Notes

DKKm	Group 2010	Group 2009	Parent 2010	Parent 2009

31. Charges

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:	566	884	0	0

DKKm	Group

32. Derivative financial instruments

2010	Nominal value	Positive market value	Negative market value
Foreign exchange contracts			
Forward contracts/futures, purchase	200	14	-
Forward contracts/futures, sale	4,774	5	30
Options, purchase	-	-	-
Options, sale	-	-	-
Swaps	534	31	7
	5,508	50	37
Interest rate contracts			
Forward contracts/futures, sale	3	-	-
Swaps	1,621	30	109
Options, purchase	350	8	9
Options, sale	-	-	-
	1,974	38	118
Total	**7,482**	**88**	**155**

2009	Nominal value	Positive market value	Negative market value
Foreign exchange contracts			
Forward contracts/futures, purchase	333	5	0
Forward contracts/futures, sale	3,973	3	19
Options, purchase	67	5	0
Options, sale	67	0	5
Swaps	46	9	9
	4,486	22	33
Interest rate contracts			
Forward contracts/futures, sale	13	0	0
Swaps	4,888	98	197
Options, purchase	51	0	0
Options, sale	43	0	0
	4,995	98	197
Total	**9,481**	**120**	**230**

33. Market risks

Market risk

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

Market risk is monitored on an ongoing basis, and the Board of Directors is kept informed of the Company's overall exposure. So far, on acquisition, the acquired subsidiaries have generally had limited exposure to activities subject to market risk.

The major part of Finansiel Stabilitet'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 to subsidiaries carry floating interest, while liabilities principally consist of loans raised through the state-funded re-lending scheme. Re-lending corresponds to bond loans, and thus carries a fixed rate of interest. Accordingly, the maturities of assets and liabilities are not perfectly matched, and Finansiel Stabilitet is thus exposed to interest rate changes. In order to minimise the risk, Finansiel Stabilitet has raised loans via the state-funded re-lending schemes in short-term bonds. At the end of 2010, interest rate risk was calculated at DKK (482) million, (2009: DKK (415) million) i.e. a 1 percentage point rise in interest rates would result in a gain of DKK 482 million for Finansiel Stabilitet. A corresponding interest rate decline would result in a corresponding loss.

In connection with Finansiel Stabilitet's activities in winding up distressed banks, the Company is also exposed to less currency risk. The reason is that the vast majority of the subsidiaries' activities take place in Denmark. At the end of 2010, exchange rate indicators 1 and 2 were calculated at 10% and 0% (2009: 7.1% and 0%) of Finansiel Stabilitet's equity, respectively.

Liquidity risk

Finansiel Stabilitet 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 requirement. This ensures that the Company has sufficient cash resources to meet future liabilities.

Finansiel Stabilitet's funding mainly consists of cash guarantee commissions received from the Bank Package and loans via the state-funded re-lending scheme. 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 call deposit, which facilitates Finansiel Stabilitet's cash management.

The Danish FSA has granted Finansiel Stabilitet dispensation from the capital requirement rules, and Finansiel Stabilitet does not prepare a calculation of individual 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.

Finansiel Stabilitet's subsidiaries, which 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 2010	2009

33. Market risks – continued

Currency risk		
Total assets in foreign currency	4,530	7,199
Total liabilities in foreign currency	1,503	1,229
Exchange rate indicator 1	1,466	673
Exchange rate indicator 1 in per cent of equity	10.0%	7.1%
Exchange rate indicator 2	10.7	2.9
Exchange rate indicator 2 in per cent of equity	0.1%	0.0%
Interest rate risk		
Exposures in the trading portfolio:		
On-balance sheet securities, including spot transactions	20	15
Futures, forward transactions and FRAs	(5)	(1)
Swaps	(2)	(10)
Exposures outside the trading portfolio:		
On-balance sheet items, excluding positions with limited or hedged interest rate exposure	(495)	(419)
All positions	(482)	(415)
Interest rate risk by modified duration		
0 - 3 mths.	23	5
3 - 6 mths.	1	2
6 - 9 mths.	(1)	(5)
9 - 12 mths.	(98)	(186)
1 – 2 years	1	1
2 – 3.6 years	(395)	(279)
More than 3.6 years	(13)	47
Total	**(482)**	**(415)**
Interest rate risk by currency subject to the greatest risk		
Currency		
DKK	(503)	(424)
USD	0	5
CHF	0	1
EUR	21	2
Other currencies	0	1
Total	**(482)**	**(415)**

For a more detailed description of the Group's market risk management goals and policies, see pp. 34-36 of the Management's review.

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34. 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.

Related parties	Relation	Transaction	Amounts recognised in the income statement 2010	Balance at 31.12. 2010	Amounts recognised in the income statement 2009	Balance at 31.12. 2009
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	(653)	(25,981)	(355)	(29,920)
Subsidiaries						
Roskilde Bank A/S, Roskilde	Subsidiary of Finansiel Stabilitet A/S	Loans on market terms	273	4,383	198	11,613
	Partial overlap of board members	Loss guarantees for selected exposures	10	0	0	50
Nova Bank Fyn A/S, Odense	Subsidiary of Finansiel Stabilitet A/S	Loans on market terms	115	2,660	11	4,400
		Loss guarantees for selected exposures	1	0	0	100
EBH Bank A/S, Aalborg Løkken Sparebank A/S, Aalborg merged in 2010	Subsidiary of Finansiel Stabilitet A/S Partial overlap of board members	Loans on market terms	44	582	89	602
Pantebrevsselskabet af 2. juni 2009 A/S, Copenhagen	Subsidiary of Finansiel Stabilitet A/S Partial overlap of board members	Loans on market terms	53	1,550	69	1,900
Finansieringsselskabet af 11/2 2011 A/S	Subsidiary of Finansiel Stabilitet A/S	Deposits on market terms	(1)	(561)	-	-
Eik Bank Danmark 2010 A/S	Subsidiary of Finansiel Stabilitet A/S	Deposits on market terms	0	(1,500)	-	-
		Loans on market terms	2	410	-	-
Other government entities						
Danmarks Nationalbank, Copenhagen	Controlled by the Danish State	Deposit	34	6,395	44	2,156

Notes

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35. Group overview, year end 2010

	Share capital	Profit/(loss)	Equity	Ownership %
Finansiel Stabilitet A/S, Copenhagen	1	5,084	14,589	
Credit institutions:				
Roskilde Bank A/S, Roskilde	735	(2,219)	2,586	100
Nova Bank Fyn A/S, Odense	184	(947)	794	100
EBH Bank A/S, Aalborg	750	(507)	1472	100
Eik Bank Danmark 2010 A/S, Copenhagen	165	29	745	100
Eik Banki Føroya P/F, Municipality of Thorshavn*	100	0	805	100
Investment and insurance companies, etc.				
Pantebrevsselskabet af 2. juni 2009 A/S, Copenhagen	171	(186)	103	100
Ejendomsselskabet af 29.12 2010 ApS, Copenhagen	0	0	0	100
Finanseringsselskabet af 14.10.2010 A/S	0	0	0	100
Finansieringsselskabet 11/2 2010 A/S	100	(1)	100	100

*Not included in the consolidation, see note 3 to the financial statements.

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

2010	On demand 0-3 months	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years	Total
Assets					
Cash in hand and demand deposits with central banks	8,365	-	-	-	8,365
Due from credit institutions and central banks	2,080	77	143	-	2,300
Loans, advances and other receivables at fair value	28	36	150	834	1,048
Loans, advances and other receivables at amortised cost	5,321	2,705	3,945	4,179	16,150
Bonds at fair value	586	514	624	190	1,914
Shares, etc.	29	932	254	205	1,420
Investments in associates, etc.	-	43	47	-	90
Intangible assets	-	1	175	-	176
Total land and buildings	8	-	1,505	111	1,624
Other property, plant and equipment	-	6	7	3	16
Assets held temporarily	10,728	1,309	-	-	12,037
Receivable re. loss guarantee from the Private Contingency Association	10,000	-	-	-	10,000
Receivable re. loss guarantee from the Danish State relating to Roskilde Bank	-	8,931	-	-	8,931
Other assets	308	223	2	29	562
Prepayments	16	0	-	-	16
Total assets	**37,469**	**14,777**	**6,852**	**5,551**	**64,649**

	On demand 0-3 months	Between 3 months and 1 years	Between 1 and 5 years	More than 5 years	Total
Equity and liabilities					
Due to credit institutions and central banks	274	89	43	278	684
Deposits and other payables	5,592	116	1,169	861	7,738
Loans through the state-funded re-lending scheme	-	14,013	11,968	-	25,981
Issued bonds at amortised cost	-	-	1,754	-	1,754
Liabilities re. assets held temporarily	10,593	0	0	0	10,593
Other liabilities	607	599	11	138	1,355
Deferred income	0	-	-	-	0
Provisions	20	217	1,528	190	1,955
Equity	-	8,931	5,658	-	14,589
Total equity and liabilities	**17,086**	**23,965**	**22,131**	**1,467**	**64,649**

Notes

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36. Break-down of balance sheet items by contractual and expected terms to maturity – continued

2009	**On demand 0-3 months**	**Between 3 months and 1 year**	**Between 1 and 5 years**	**More than 5 years**	**Total**
Assets					
Cash in hand and demand deposits with central banks	3,924	0	0	0	3,924
Due from credit institutions and central banks	3,798	37	80	59	3,974
Loans, advances and other receivables at fair value	41	53	98	819	1,011
Loans, advances and other receivables at amortised cost	10,388	3,346	3,563	4,765	22,062
Bonds at fair value	15	858	2,019	163	3,055
Shares, etc.	192	306	1,072	0	1,570
Investments in associates, etc.	0	0	27	0	27
Intangible assets	2	2	2	0	6
Total land and buildings	0	0	1,020	0	1,020
Other property, plant and equipment	0	0	22	0	22
Assets held temporarily	0	370	0	0	370
Receivable re. loss guarantee from the Private Contingency Association	0	5,791	0	0	5,791
Receivable re. loss guarantee from the Danish State relating to Roskilde Bank	0	0	6,604	0	6,604
Other assets	191	179	66	20	456
Prepayments	18	5	0	0	23
Total assets	**18,569**	**10,947**	**14,573**	**5,826**	**49,915**

	On demand 0-3 months	**Between 3 months and 1 year**	**Between 1 and 5 years**	**More than 5 years**	**Total**
Equity and liabilities					
Due to credit institutions and central banks	2,329	142	0	0	2,471
Deposits and other payables	2,791	11	63	216	3,081
Loans through the state-funded re-lending scheme	0	22,495	7,425	0	29,920
Issued bonds at amortised cost	100	920	800	2	1,822
Other liabilities	1,224	484	83	9	1,800
Deferred income	0	158	0	0	158
Provisions	13	155	963	27	1,158
Equity	0	0	9,505	0	9,505
Total equity and liabilities	**6,457**	**24,365**	**18,839**	**254**	**49,915**

The break-down of liabilities on maturities is made on the basis of the earliest contractual maturity date.
Receivables re. loss guarantee from the Private Contingency Association, loans, bonds and amounts due from credit institutions are similarly listed on the basis of contractual terms.
Receivables re. loss guarantee from the Danish State relating to Roskilde Bank, shares, properties and provisions are listed based on expected maturities.

DKKm	Group

37. Fair value disclosure

Break-down of financial instruments by valuation method

2010	Amortised cost	Fair value	Total
Financial assets			
Cash in hand and demand deposits with central banks	8,365	0	8,365
Due from credit institutions and central banks	2,300	0	2,300
Loans, advances and other receivables at amortised cost	16,150	0	16,150
Loans, advances and other receivables at fair value	0	1,048	1,048
Bonds	0	1,914	1,914
Shares, etc.	6	1,414	1,420
Loss guarantee from the Private Contingency Association	10,000	0	10,000
Loss guarantee from the Danish State relating to Roskilde Bank	8,931	0	8,931
Derivative financial instruments	0	88	88
Total financial assets	**45,752**	**4,464**	**50,216**
Financial liabilities			
Due to credit institutions and central banks	684	0	684
Deposits and other payables	7,738	0	7,738
Loans through the state-funded re-lending scheme	25,981	0	25,981
Issued bonds	1,754	0	1,754
Derivative financial instruments	0	155	155
Total financial liabilities	**36,157**	**155**	**36,312**

Financial instruments are recognised in the balance sheet at fair value or amortised cost. The above table for each item breaks down financial instruments according to valuation method.

Notes

DKKm	Group

37. Fair value disclosure - continued

2009	Amortised cost	Fair value	Total
Financial assets			
Cash in hand and demand deposits with central banks	3,924	0	3,924
Due from credit institutions and central banks	3,974	0	3,974
Loans, advances and other receivables at amortised cost	22,062	-	22,062
Loans, advances and other receivables at fair value	-	1,011	1,011
Bonds	0	3,055	3,055
Shares, etc.	3	1,567	1,570
Loss guarantee from the Private Contingency Association	5,791	0	5,791
Loss guarantee from the Danish State relating to Roskilde Bank	6,604	0	6,604
Derivative financial instruments	0	120	120
Total financial assets	**42,358**	**5,753**	**48,111**
Financial liabilities			
Due to credit institutions and central banks	2,471	0	2,471
Deposits and other payables	3,081	0	3,081
Loans through the state-funded re-lending scheme	29,920	0	29,920
Issued bonds	1,822	0	1,822
Derivative financial instruments	0	230	230
Total financial liabilities	**37,294**	**230**	**37,524**

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 largely based on observable input. As for the valuation of unlisted shares in banking enterprises, the Group uses prices in connection with sales and prices disclosed by the Association of Local Banks in Denmark.

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

DKKm

37. Fair value disclosure - continued

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 31 million (2009: 30 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 72 million (2009: DKK 75 million) change in value. A 10 percent change in the underlying property value would result in a DKK 86 million (2009: DKK 60 million) change in value.

2010	**Quoted market prices**	**Observable input**	**No observable input**	**Total**
Fair value, group				
Financial assets				
Loans, advances and other receivables at fair value	0	0	1,048	1,048
Bonds	1,733	154	27	1,914
Shares, etc.	381	1,033	0	1,414
Derivative financial instruments	0	88	0	88
Total	**2,114**	**1,275**	**1,075**	**4,464**
Financial liabilities				
Derivative financial instruments	0	155	0	155
Total	**0**	**155**	**0**	**155**

2009				
Fair value, group				
Financial assets				
Loans, advances and other receivables at fair value	0	0	1,011	1,011
Bonds	2,894	161	0	3,055
Shares, etc.	315	1,252	0	1,567
Derivative financial instruments	0	120	0	120
Total	**3,209**	**1,533**	**1,011**	**5,753**
Financial liabilities				
Derivative financial instruments	0	230	0	230
Total	**0**	**230**	**0**	**230**

Valuation of loans, advances and other receivables at fair value	2010	2009
Beginning of period	1,011	
Additions on acquisition of subsidiaries	69	1,331
Additions during the year	88	(81)
Value adjustment through income statement (note 7)	34	(239)
Completed cases	(154)	0
Fair value, end of period	1,048	1,011

Notes

DKKm	Group

38. Fair value of balance sheet items at amortised cost

The vast majority of the Group's receivables, loans and borrowings 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	Fair value	Amortised cost	Fair value
	2010	**2010**	**2009**	**2009**
Financial assets				
Cash in hand and demand deposits with central banks	8,365	8,365	3,924	3,924
Due from credit institutions and central banks	2,300	2,300	3,974	3,974
Loans, advances and other receivables	16,150	14,737	22,062	19,451
Shares, etc.	6	6	3	3
Loss guarantee from the Private Contingency Association	10,000	10,000	5,791	5,791
Loss guarantee from the Danish State relating to Roskilde Bank	8,931	8,931	6,604	6,604
Total financial assets	**45,752**	**44,339**	**42,358**	**39,747**
Financial liabilities				
Due to credit institutions and central banks	684	684	2,471	2,471
Deposits and other payables	7,738	7,738	3,081	3,081
Loans through the state-funded re-lending scheme	25,981	26,292	29,920	30,270
Issued bonds	1,754	1,752	1,822	1,822
Total financial liabilities	**36,157**	**36,466**	**37,294**	**37,644**

DKKm	Group

39. Return on financial instruments

	2010			2009		
	Assets and liabilities at cost	Assets and liabilities at fair value	Total	Assets and liabilities at cost	Assets and liabilities at fair value	Total
Return on financial instruments						
Interest income	1,191	169	1,360	1,309	231	1,540
Interest expense	724	0	724	809	0	809
Net interest income	467	169	636	500	231	731
Share dividends, etc.	0	5	5	0	3	3
Fees and commissions received	655	9	664	123	43	166
Fees and commissions paid	637	7	644	41	2	43
Net interest and fee income	485	176	661	582	275	857
Market value adjustments	2	99	101	(1)	(14)	(15)
Other operating income	60	272	332	0	10	10
Total	**547**	**547**	**1,094**	**581**	**271**	**852**

Financial highlights

DKKm	Finansiel Stabilitet A/S 2010	13.10.08 - 31.12.09*
Commission received from the Private Contingency Association	5,625	9,375
Other interest and fee income, net	(91)	122
Market value adjustments	(68)	(5)
Other operating income	19	17
Staff costs and administrative expenses	74	35
Losses on acquisition of subsidiaries	2,921	9,775
Impairment losses on loans, advances and other receivables, etc.	85	0
Profit/loss from investments in subsidiaries and associates	(3,855)	(2,589)
Loss guarantee from the Private Contingency Association	4,209	5,791
Loss guarantee from the Danish State relating to Roskilde Bank	2,327	6,604
Profit for the year	5,084	9,504
Loans and advances	1,683	1,929
Equity	14,589	9,505
Total assets	42,879	39,633

* The first financial year covers the period 13.10.2008 – 31.12.2009

Financial ratios

DKKm	Finansiel Stabilitet A/S 2010	13.10.08 - 31.12.09*
Return on equity before tax	42%	199%
Return on equity after tax	42%	199%
Income/cost ratio	265%	265%

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.

Interest rate and currency risk exposure are covered via the loss guarantees provided by the Private Contingency Association and the Danish State, respectively.

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 2010.

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 presented in accordance with the additional Danish disclosure requirements for the annual reports of state-owned public companies.

In our opinion, the annual report gives a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 31 December 2010 and of the results of the Group's and the parent company's operations and consolidated cash flows for the financial year 1 January – 31 December 2010. Moreover, in our opinion, the management's review includes a fair review of development and performance of the business and the financial position of the Group and the parent company, the results for the period and of the financial position of the Group as a whole, together with a description of the principal risks and uncertainties that it faces.

We recommend the annual report be adopted by the shareholder at the Annual General Meeting.

Copenhagen, 28 March 2011

Management Board

Henrik Bjerre-Nielsen
CEO

Board of Directors:

Henning Kruse Petersen Chairman	Jakob Brogaard Deputy Chairman	Anette Eberhard
Flemming Hansen	Christian Th. Kjølbye	Birgitte Nielsen
Visti Nielsen		

Independent auditors' report

To the shareholder of Finansiel Stabilitet A/S
We have audited the consolidated and parent company financial statements of Finansiel Stabilitet A/S for the financial year 1 January – 31 December 2010, pp. 43-93, comprising income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes to the financial statements for the Group as well as the parent company, and the cash flow statement for the Group. The consolidated financial statements are presented in accordance with the International Financial Reporting Standards as adopted by the EU, while the parent company financial statements are presented in accordance with the Danish Financial Business Act. Moreover, the annual report is presented in accordance with the additional Danish disclosure requirements for the annual reports of state-owned public companies.

In connection with our audit, we read the management's review on pages 3-42, which is presented in accordance with Danish disclosure requirements for the annual reports of state-owned public companies, and issued a statement in this respect.

Management responsibility
The Company's Board of Directors and Management Board are responsible for the preparation and fair presentation of an annual report that gives a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU in respect of the consolidated financial statements, and in accordance with the Danish Financial Business Act in respect of the parent company financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. Moreover, the Board of Directors and Management Board are responsible for the preparation of a management's review that includes a fair review in accordance with the Danish disclosure requirements for the annual reports of state-owned public companies.

Auditors' responsibility and basis of opinion
Our responsibility is to express an opinion on the consolidated financial statements and parent company financial statements based on our audit. We conducted our audit in accordance with Danish auditing standards. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance whether the consolidated and parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and parent company financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated and parent company financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and parent company 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 and parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2010, and of the Group's and the parent company's results of operations and the Group's cash flows for the financial year 1 January – 31 December 2010 in accordance with 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 financial statements and in accordance with additional Danish disclosure requirements for the annual reports of state-owned public companies.

Statement on the management's review
We read the management's review on pages 3-42 in accordance with the Danish Financial Business Act. We performed no other work in addition to the conducted audit of the consolidated and parent company financial statements. On this basis, we believe that the information in the management's review is in accordance with the consolidated and parent company financial statements.

Copenhagen, 28 March 2011

KPMG
Statsautoriseret Revisionspartnerselskab

Flemming Brokhattingen	Lars Rhod Søndergaard
State Authorised	State Authorised
Public Accountant	Public Accountant

Board of Directors and Management Board

From left to right: Visti Nielsen, Jakob Brogaard, Anette Eberhard, Henning Kruse Petersen, Birgitte Nielsen, Henrik Bjerre-Nielsen, Christian Th. Kjølbye and Flemming Hansen

Board of Directors

Henning Kruse Petersen

- Chairman of the Board of Directors
- Joined the Board of Directors in 2008
- Born in 1947
- CEO of 2KJ A/S

Chairman of the boards of directors of:

- A/S Det Østasiatiske Kompagni
- Roskilde Bank A/S
- Sund & Bælt Holding A/S
- A/S Storebæltsforbindelsen
- A/S Øresundsforbindelsen
- Femern Bælt A/S
- C.W. Obel A/S
- Erhvervsinvest Management A/S
- Den Danske Forskningsfond
- Scandinavian Private Equity Partners A/S
- Soclé du Monde ApS.
- Øresundsbro Konsortiet

Deputy chairman of the boards of directors of:

- Asgard Ltd.
- Skandinavisk Holding A/S
- Scandinavian Tobacco Group A/S

Member of the boards of directors of:

- Scandinavian Private Equity A/S
- Hospitalsejendomsselskabet A/S
- William H. Michaelsens Legat
- ØK's Almennyttige Fond.

Jakob Brogaard

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

Deputy chairman of the boards of directors of:

- LR Realkredit A/S
- Roskilde Bank A/S

Member of the boards of directors of:

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

Anette Eberhard

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

Christian Th. Kjølbye

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

Chairman of the boards of directors of:

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

Member of the boards of directors of:

- Det Obelske Familiefond
- Grosserer Jørgen Rindom og Hustrus Fond
- Ida og Jørgen Rindoms Fond

Birgitte Nielsen

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

Member of the boards of directors of:

- Arkil A/S
- Buy Aid A/S
- Elitefacilitetsudvalget
- Gigtforeningen A/S
- Novenco A/S
- Storebrand ASA

Visti Nielsen

- Joined the Board of Directors in 2008
- Born in 1942

Member of the boards of directors of:

- Dansk Erhvervsprojekt A/S
- EBH Bank A/S
- Jyske Banks Almennyttige Fond
- Jyske Banks Almennyttige Fond Holdingselskab A/S
- Jyske Banks Medarbejderfond
- Jyske Banks Medarbejderfond Holdingselskab A/S
- Roskilde Bank A/S

Flemming Hansen

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

Management Board

Henrik Bjerre-Nielsen

- Chief Executive Officer
- Appointed in 2008
- Born in 1955

Member of the board of directors of:

- Tænk - Mer A/S

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Municipality of registered office: Copenhagen

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Jakob Brogaard (Deputy Chairman)
Anette Eberhard
Christian Th. Kjølbye
Birgitte Nielsen
Visti Nielsen
Flemming Hansen

Management Board
Henrik Bjerre-Nielsen

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