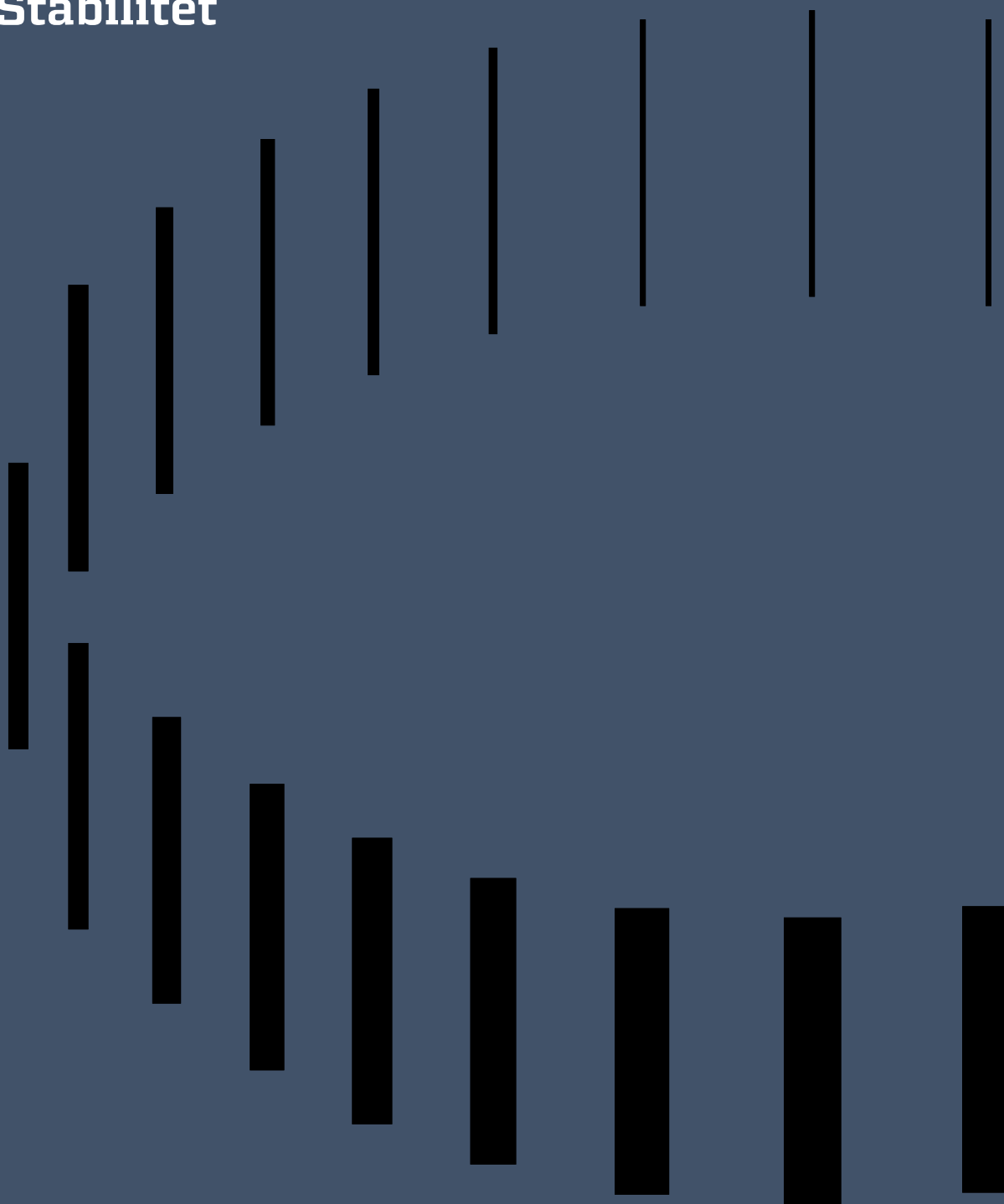


Finansiel Stabilitet



Contents

Management's review

Highlights	3
Company details	4
Group overview	4
Finansiell Stabilitet at a glance	6
Financial review	8
Performance of the individual activities	16
Risk factors and risk management	34
Corporate governance	37
Corporate social responsibility	40

Financial statements

Income statement	43
Balance sheet	44
Statement of changes in equity	45
Cash flow statement	46
Notes to the financial statements	47

Statement by the Management	90
Independent auditors' report	91
Board of Directors and Management Board	92

Highlights

Finansiel Stabilitet posted a profit of DKK 9.5 billion

- Finansiel Stabilitet generated a profit of DKK 9.5 billion in the period 13 October 2008 to 31 December 2009, which was attributable to paid-up guarantee commission received from the Private Contingency Association and the return thereon. Pursuant to the Act on Financial Stability, the Private Contingency Association is required to pay DKK 7.5 billion annually until 30 September 2010, or DKK 15 billion in aggregate.
- Finansiel Stabilitet's performance reflects the agreed distribution of risk set forth in the Act on Financial Stability, in that the Private Contingency Association is required to cover the initial DKK 10 billion lost on distressed banks (loss guarantee from the Private Contingency Association) in addition to payment of an overall guarantee commission in the amount of DKK 15 billion.

The carrying amount of the loss guarantee from the Private Contingency Association was DKK 5.8 billion at 31 December 2009

- Finansiel Stabilitet's subsidiaries have realised the following losses from the date of acquisition until 31 December 2009:
 - EBH Bank: DKK 3.2 billion loss
 - Pantebrevsselskabet af 2. juni 2009 (formerly Gudme Raaschou Bank): DKK 1.4 billion loss
 - Løkken Sparebank (formerly Løkken Sparekasse): DKK 0.6 billion loss
 - Nova Bank Fyn (formerly Fionia Bank): DKK 0.6 billion loss
- The overall losses were largely unchanged from the most recent quarterly profit announcement. However, there was a shift in the subsidiaries' individual losses, as EBH Bank recorded a higher loss, while the settlement of shares in Fionia Bank sold to Nordea served to reduce the loss.
- In connection with the expiry of the Bank Package on 30 September 2010, Finansiel Stabilitet is required to measure subsidiaries that have concluded an agreement under the Bank Package at their net realisable values. A preliminary calculation using this valuation method estimated the overall loss guarantee at approximately DKK 7 billion at 31 December 2009.

Roskilde Bank posted a loss of DKK 6.6 billion

- Roskilde Bank was transferred to Finansiel Stabilitet on 10 August 2009. Roskilde Bank is not comprised by the general government guarantee, but the Danish State has provided a separate loss guarantee to Finansiel Stabilitet.
- A preliminary calculation of total assets based on the carrying amounts made in connection with the transfer showed a loss for the Danish State of DKK 3.9 billion. Following an additional adjustment, the Danish State's loss relating to Roskilde Bank was calculated at DKK 6.6 billion at 31 December 2009.

The Danish State generated a profit of DKK 2.9 billion on the winding up of distressed banks

- The Danish State's overall profit from the winding up of distressed banks (Finansiel Stabilitet's profit before the Danish State's loss guarantee relating to Roskilde Bank) was calculated at DKK 2.9 billion at 31 December 2009, corresponding to a profit of DKK 9.5 billion less the Danish State's loss of DKK 6.6 billion relating to the winding up of Roskilde Bank.

Finansiel Stabilitet's total assets are gradually reduced

- The objective is to wind up activities acquired by Finansiel Stabilitet in an ongoing process. The disposal of activities generally takes place immediately after taking over a distressed bank through the sale of branches and other assets as well as subsequently through a gradual winding-up process.
- At 31 December 2009, Finansiel Stabilitet's total assets stood at DKK 50 billion, which was largely unchanged from 30 June 2009. Adjusted for the consolidation of Roskilde Bank, total assets had declined by around DKK 15 billion since 30 June 2009. The decline was primarily attributable to the divestment of Fionia Bank to Nordea.

Government guarantees to the Danish financial sector

- The general guarantee scheme expires on 30 September 2010, and credit institutions have the option of entering into an agreement on individual government guarantees.
- As part of the scheme introducing individual government guarantees, Finansiel Stabilitet had concluded agreements with 13 institutions at 31 December 2009. These agreements comprise an overall guarantee commitment

of DKK 195 billion. At 31 December 2009, four institutions had completed issues under the scheme for a total amount of DKK 53 billion.

- A preliminary status drawn up in March 2010 showed that agreements have been made with 22 institutions, which have received an overall guarantee commitment of DKK 245 billion, and that guarantees have been provided under the scheme to 18 institutions for a total amount of DKK 81 billion.

Outlook for 2010

- Finansiel Stabilitet's outlook for 2010 is characterised by uncertainty about the development of losses in connec-

tion with loans provided by the subsidiaries, particularly to the property market, and losses in connection with claims for damages and legal disputes.

- Based on the current number of subsidiaries, Management believes that losses incurred in connection with the winding up of distressed banks under the Bank Package are unlikely to exceed DKK 10 billion.
- If the loss guarantee from the Private Contingency Association does not exceed DKK 10 billion, Finansiel Stabilitet is expected to report a profit of approximately DKK 6 billion in 2010, which corresponds to the paid-up guarantee commission and the return thereon.

Company details

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Website: www.finansielstabilitet.dk

E-mail: mail@finansielstabilitet.dk

Company reg. (CVR) no.: 30515145

Date of incorporation: 13 October 2008

Municipality of registered office: Copenhagen

Board of Directors

Henning Kruse Petersen (Chairman)

Jakob Brogaard (Deputy Chairman)

Anette Eberhard

Claus Gregersen

Christian Th. Kjølbye

Birgitte Nielsen

Visti Nielsen

Auditors

KPMG

Statsautoriseret

Revisionspartnerselskab

Borups Allé 177

DK-2000 Frederiksberg

Denmark

Management Board

Henrik Bjerre-Nielsen

Group overview

Finansiel Stabilitet

EBH
Bank

Nova Bank
Fyn

Løkken
Sparebank

Pantebrevsselskabet
af 2. juni 2009

Roskilde
Bank

Finansieringsselskabet
af 11. februar 2010



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 in Denmark. This agreement was concluded in response to the international crisis and the impact it was having on the financial sector.

Finansiel Stabilitet is state-owned through the Ministry of Economic and Business Affairs.

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, Finansiel Stabilitet is subject to special provisions regarding state-owned public companies.

The objects of Finansiel Stabilitet are:

- to ensure that the claims of unsecured creditors of the banks and bank branches that have entered into an agreement with the Private Contingency Association are covered if their bank becomes distressed before 30 September 2010 (the Bank Package). In addition, Finansiel

Stabilitet is responsible for ensuring the timely payment of all due claims of unsecured creditors and depositors;

- to wind up Roskilde Bank on the basis of the agreement made between Danmarks Nationalbank (the Danish central bank), the Private Contingency Association and Finansiel Stabilitet on the transfer of Roskilde Bank's activities to Finansiel Stabilitet; and
- to manage the scheme for individual government guarantees as part of the agreement on the Credit Package. This scheme generally implies that, until 31 December 2010, Finansiel Stabilitet may enter into agreements for the provision of individual government guarantees for unsubordinated, unsecured debt with a maturity of up to three years and for the provision of supplementary collateral by institutions issuing covered mortgage bonds or covered bonds. However, the European Commission has currently approved the scheme only until 30 June 2010.

Moreover, the Act on Financial Stability was amended in December 2009 to the effect that Finansiel Stabilitet may take over the management of the Danish Guarantee Fund

Timeline of most significant activities in Finansiel Stabilitet

Bank Package	Roskilde Bank	Credit Package
<p>10 October 2008 The Danish parliament adopts the Act on Financial Stability</p>	<p>24 August 2008 Danmarks Nationalbank and the Private Contingency Association acquire Roskilde Bank</p>	<p>3 February 2009 The Credit Package, including the agreement on individual government guarantees, is adopted by the Danish parliament</p>
<p>13 October 2008 Finansiel Stabilitet A/S is incorporated and the first subsidiary, EBH Bank A/S, is acquired on 21 November 2008</p>	<p>21 July 2009 Danmarks Nationalbank, the Private Contingency Association and Finansiel Stabilitet enter into a conditional agreement on the transfer to Finansiel Stabilitet</p>	<p>16 June 2009 The first agreement on individual government guarantee is concluded</p>
<p>30 September 2010 The general guarantee scheme expires and the loss guarantee from the Private Contingency Association is calculated in the fourth quarter of 2010</p>	<p>10 August 2009 Roskilde Bank is transferred from Danmarks Nationalbank to Finansiel Stabilitet</p>	<p>30 June 2010 Deadline for issuance of individual government guarantees. If approved by the European Commission, the scheme may be extended until 31 December 2010</p>

The Bank Package

On 10 October 2008, the Danish parliament adopted the Act on Financial Stability (the Bank Package). The purpose of this 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 are concerned. Accordingly, all depositors are safeguarded, as are the banks with respect to loans granted among themselves. The scheme comprises claims from depositors and other unsecured

creditors against banks and bank branches that are members of the Private Contingency Association to the extent that such claims are not otherwise covered.

The Private Contingency Association has provided a guarantee of DKK 10 billion to cover losses in Finansielt Stabilitet in connection with the Bank Package. If the loss guarantee of DKK 10 billion is fully utilised, any additional losses will be covered by the DKK 15 billion guarantee commission from the Private Contingency Association.

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

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 to ensure a gradual phase-out of the general guarantee scheme, which will expire on 30 September 2010. When the general government guarantee expires, the scope of the government guarantee will decline significantly. Pursuant to

the act, the transitional scheme is managed by Finansielt Stabilitet on behalf of the Danish State. As a result, Finansielt Stabilitet may, on behalf of the Danish State, enter into agreements for the provision of individual government guarantees for existing and new unsubordinated, unsecured debt and for the provision of supplementary collateral by institutions issuing covered mortgage bonds or covered bonds. Agreements are concluded on the basis of applications submitted by the individual institutions. Dan-

ish banks and mortgage credit institutions, including Faroese and Greenland banks and mortgage credit institutions, and Danmarks Skibskredit A/S, complying with the solvency requirement of 8%, the institution's individual solvency need and any higher individual solvency requirement fixed by the Danish FSA are eligible for an individual government guarantee. So far, the European Commission has approved the scheme until 30 June 2010 and, if extended, the scheme may continue in force until 31 December 2010.

for Depositors and Investors. Against this backdrop, a management agreement was concluded between the Danish Guarantee Fund for Depositors and Investors and

Finansielt Stabilitet with a view to transferring the management of the scheme to Finansielt Stabilitet with effect from 1 April 2010.

Financial review

Financial and economic developments

In early 2009, the financial markets and the global economies were marked by the historic crisis that had culminated in the autumn of 2008 when large losses in financial businesses gave rise to concern about the condition of the financial sector. In September 2008, the financial turmoil accelerated into a financial crisis which presented a bona fide threat to the global financial stability. Developments in credit spreads reflected the turmoil, and credit spreads had at that time widened quite considerably.

Against this background, governments and central banks around the world reacted by introducing a number of financial stimulus packages. The purpose was to restore confidence in the financial system in order to avoid a collapse of the financial markets and to support credit granting from the financial institutions with a view to avoiding actual credit crunches.

Like most other European countries, Denmark introduced financial stimulus packages. In October 2008, the Bank Package was adopted by the Danish parliament. The purpose was to safeguard the full amount of claims by all unsecured creditors against Danish banks. As part of this effort, Finansiel Stabilitet was established as a company under the Ministry of Economic and Business Affairs. At

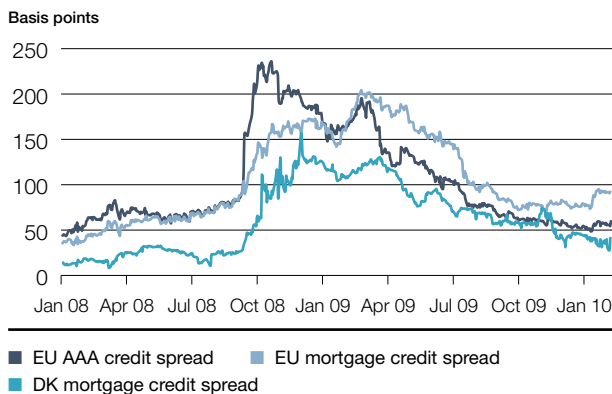
the same time, Finansiel Stabilitet became entitled and obliged to acquire distressed banks in case of failure to reach a private-sector solution. The general government guarantee scheme expires on 30 September 2010.

In February 2009, the Danish parliament adopted the Credit Package. One of the purposes was to ensure a normalisation of lending policies, thereby lowering the risk of a self-reinforcing negative spiral between the financial sector and the general economy. The Credit Package gave Danish institutions the opportunity to apply to the Danish State for injection of subordinated loans in the form of hybrid Tier 1 capital. The purpose of the Credit Package was furthermore to introduce a three-year transitional scheme for the general government guarantee under the Bank Package to ensure a gradual phase-out of the general guarantee scheme, which will expire on 30 September 2010. When the general government guarantee expires, the scope of the government guarantee will decline significantly.

The stimulus packages introduced contributed to stabilising the financial markets throughout 2009. The money markets gradually started to return to normal as the uncertainty in the financial markets subsided. For example, the yield spread between secured and unsecured money market rates dropped sharply during 2009.

Credit spread

Risk premium for corporate/mortgage bonds in the EU and Denmark



Source: Bloomberg
 Note: EU AAA credit spread and EU mortgage credit spread are based on Bloomberg's interest rate index for 1-3 year maturities adjusted for the rate on Eonia swaps. As far as Denmark is concerned the basis is the spread between 1-year index for interest-reset loans and 1-year rate on CITA swaps.

Money market spread

Spread between secured and unsecured money market rates



Source: Bloomberg
 Note: Money market spread is defined as yield spread between unsecured money market rates (EURIBOR/CIBOR) and short-term interest rate swaps (EONIA/CITA) with a 3-month maturity.

The first signs of an economic recovery appeared in the latter part of 2009. The improved economic outlook is to a very large extent driven by the transient effects of monetary policy easing and fiscal policy stimuli. A key question is therefore how the financial markets and the economies will react as the many different government guarantees and stimulus packages are phased out.

In 2009, the economic conditions in Denmark were marked by the financial crisis and the decline in global economic growth. For 2009 as a whole, the Danish economy declined by 5.1%, cf. Statistics Denmark, National Accounts for Q4 2009. However, the Danish economy and

the EU as a whole experienced positive economic growth in the final two quarters of 2009 after several quarters of downturn. Going forward, Danmarks Nationalbank, for example, assesses that “the economic recovery is expected to be slow in the coming years”, cf. Danmarks Nationalbank, Monetary Review 1st Quarter 2010, Recent Economic and Monetary Trends.

Performance

From 13 October 2008 to 31 December 2009, Finansiel Stabilitet A/S generated a profit of DKK 9.5 billion. This performance was in line with expectations and attributable to the financial distribution between the Danish State and

Profit for the period 13 October 2008 to 31 December 2009

DKKkm	Group	Parent
Commission received from the Private Contingency Association	9,375	9,375
Other interest and fee income, net	866	122
Market value adjustments	(15)	(5)
Other operating income/expenses, net	19	17
Costs	966	36
Impairment losses on loans, advances and receivables, etc.	2,343	0
Losses on acquisition of subsidiaries	9,775	9,775
Loss from investments in subsidiaries and associates	(52)	(2,589)
Loss commission 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	9,504
Tax	0	-
Profit for the period	9,504	9,504

Performance by activity area for the period 13 October 2008 – 31 December 2009

DKKkm	The Bank Package	Individual gov. guarantees	Roskilde Bank	Total
Commission received from the Private Contingency Association	9,375	-	-	9,375
Guarantee commission regarding government guarantees	-	9	-	9
Net interest and fee income and market value adjustments, etc.	475	(9)	324	790
Other operating income/expenses, net	1	8	10	19
Costs	838	8	120	966
Impairment charges on loans, advances, guarantees etc.	2,343	-	0	2,343
Losses on acquisition of subsidiaries	2,957	-	6,818	9,775
Loss guarantee from the Private Contingency Association/ the Danish State	5,791	-	6,604	12,395
Profit for the period	9,504	0	0	9,504

the Private Contingency Association agreed in the Act on Financial Stability and Finansielt Stabilitet's loss guarantee from the Danish State in relation to Roskilde Bank.

Until 30 September 2010, the Private Contingency Association will make regular guarantee commission payments to Finansielt Stabilitet in the amount of DKK 625 million per month. From 13 October 2008 to 31 December 2009, the guarantee commission totalled DKK 9.4 billion. Furthermore, the Private Contingency Association has provided a loss guarantee to Finansielt Stabilitet, which initially covers losses up to DKK 10 billion. At 31 December 2009, the loss guarantee amounted to DKK 5.8 billion.

In addition, Finansielt Stabilitet has received a loss guarantee from the Danish State in relation to Roskilde Bank. The loss guarantee covers Finansielt Stabilitet's losses in connection with the winding up of Roskilde Bank. At 31 December 2009, the loss guarantee amounted to DKK 6.6 billion.

Performance by activity area

Finansielt Stabilitet has activities in three areas:

- The tasks comprised by the Bank Package, which are intended to ensure that the claims of unsecured creditors of the banks and bank branches that have entered into an agreement with the Private Contingency Association are covered if their bank becomes distressed before 30 September 2010.
- The 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.

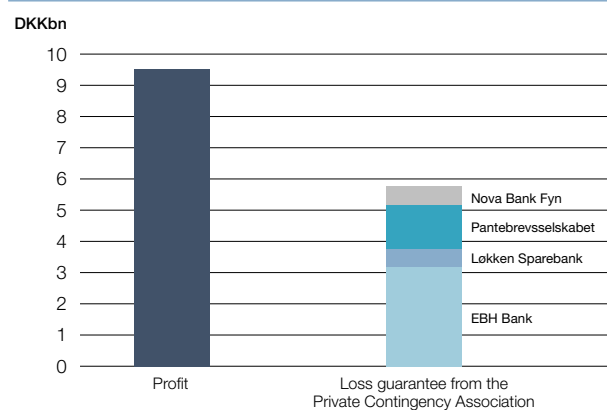
The Bank Package

Activities relating to the Bank Package generated a profit of DKK 9.5 billion, which was attributable to paid-up guarantee commission from the Private Contingency Association and the return thereon. Pursuant to the Act on Financial Stability, the Private Contingency Association will pay DKK 7.5 billion annually until 30 September 2010, or DKK 15 billion in aggregate.

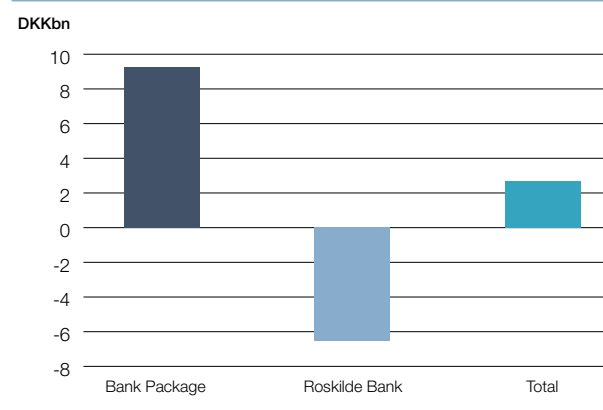
Relative to the interim report for the period from 13 October 2008 to 30 June 2009, the profit increased from DKK 5.6 billion to DKK 9.5 billion. This reflects that Finansielt Stabilitet has received guarantee commission for a further six months and accrued a return during the period.

The loss guarantee from the Private Contingency Association totalled DKK 5.8 billion at 31 December 2009, which was primarily attributable to losses (including Finansielt Stabilitet's loss on acquisition) in EBH Bank A/S of DKK 3.2 billion, losses in Pantebrevsselskabet af 2. juni 2009 A/S (formerly Gudme Raaschou Bank A/S) of DKK 1.4 billion, losses in Løkken Sparebank A/S (formerly Løkken Sparekasse) of DKK 0.6 billion and losses in Nova Bank Fyn A/S (formerly Fionia Bank A/S) of DKK 0.6 billion.

Profit for 2009 and loss guarantee from the Private Contingency Association at 31 December 2009



The Danish State's overall profit from the winding up of distressed banks



The loss guarantee from the Private Contingency Association will be calculated at 30 September 2010. In that connection, the total assets of the subsidiaries will be made up on the basis on their estimated net realisable values. The application of this principle implies, among other things, that assets calculated at amortised cost will be measured at their estimated net realisable values (fair value less cost of disposal). A preliminary calculation of the subsidiaries' total assets based on the revised valuation method indicates that the overall loss guarantee, including supplementary amounts for the revised valuation method, would have amounted to approximately DKK 7 billion at 31 December 2009.

Overall impairment writedowns relating to the Bank Package comprise impairment charges on loans, advances, guarantees, etc. and losses on acquisition of subsidiaries. The item "Losses on acquisition of subsidiaries" comprises

impairment charges on loans directly related to Finansiel Stabilitet's acquisition of an institution. Impairment charges on loans, advances, guarantees, etc. amounted to DKK 2.3 billion in the reporting period, while losses on acquisition of subsidiaries amounted to DKK 3.0 billion, that is, DKK 5.3 billion in total.

Roskilde Bank

After recognition of a loss guarantee from the Danish State of DKK 6.6 billion, Roskilde Bank broke even in 2009. The loss guarantee from the Danish State relating to Roskilde Bank had increased significantly relative to the interim report for the period 13 October 2008 to 30 June 2009. This increase was primarily attributable to a calculation of fair value made on the acquisition of Roskilde Bank, which showed a DKK 3.9 billion loss on acquisition. The opening balance sheet was subsequently adjusted, causing the loss on acquisition to increase to DKK 6.8 billion.

Balance sheet as at 31 December 2009

DKKm	Group	Parent
Cash in hand and demand deposits with central banks	3,924	2,156
Due from credit institutions and central banks	3,974	17,121
Loans, advances and other receivables at fair value	1,011	0
Loans, advances and other receivables at amortised cost	22,062	1,929
Bonds at fair value	3,055	0
Shares, etc.	1,570	751
Investments in subsidiaries	0	5,277
Total land and buildings	1,020	0
Assets held temporarily	370	0
Receivable re. loss guarantee from the Private Contingency Association	5,791	5,791
Receivable re. loss guarantee from the Danish State	6,604	6,604
Other assets	501	4
TOTAL ASSETS	49,915	39,633
Due to credit institutions and central banks	2,471	0
Deposits and other payables	3,081	0
Loans through the state-funded re-lending scheme	29,920	29,920
Bonds at amortised cost	1,822	0
Other liabilities	1,958	208
Provisions for losses on guarantees	537	0
Other provisions	621	0
Equity	9,505	9,505
TOTAL EQUITY AND LIABILITIES	49,915	39,633

During the period from Finansiel Stabilitet's acquisition and until 31 December 2009, a profit of DKK 0.2 billion was reported, and the overall loss guarantee from the Danish State amounted to DKK 6.6 billion at 31 December 2009.

The Danish State's overall profit from the winding up of distressed banks (Finansiel Stabilitet's profit before the Danish State's loss guarantee) was calculated at DKK 2.9 billion at 31 December 2009. This covers a profit of DKK 9.5 billion when deducting the Danish State's loss of DKK 6.6 billion relating to the winding up of Roskilde Bank.

Paid-up guarantee commission – capital instruments

Part of the total guarantee commission of DKK 9,375 million has been paid by way of shares, cooperative share certificates or guarantee certificates. The portfolio of shares, etc. totalled DKK 751 million at 31 December 2009.

At 31 December 2009, Finansiel Stabilitet's equity portfolio had generated a total positive value adjustment of DKK 36 million. Conversely, guarantee certificates and cooperative share certificates reduced the performance by DKK 41 million. This was primarily due to the fact that the portfolio is measured at fair value but settled by the institutions at par. 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 the risk premium is taken into account.

Shares, cooperative share certificates and guarantee capital received

DKKm	Guarantee commission settled	Book value as at 31 December
Listed shares	264	303
Unlisted shares	16	13
Cooperative share certificates	10	9
Guarantee capital	466	426
Total capital instruments	756	751
Cash	8,619	-
Total guarantee commission settled	9,375	-

Finansiel Stabilitet's long-term strategy is not to retain ownership of such instruments. Finansiel Stabilitet thus intends to dispose of the portfolios over time. As regards Finansiel Stabilitet's portfolio of listed bank shares, the disposal will be structured so as to achieve the best market prices obtainable and to avoid any effects that may have an impact on the price.

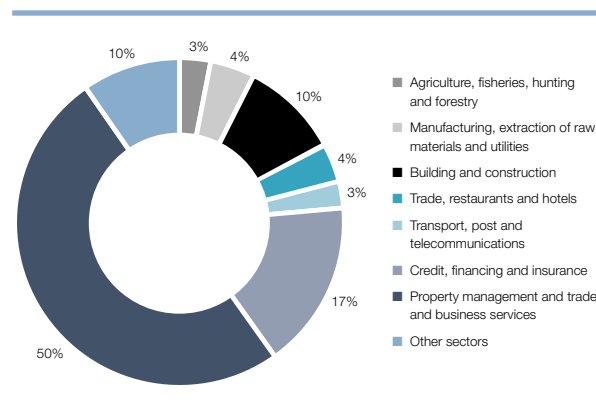
In the short term, Finansiel Stabilitet does not intend to actively dispose of such listed shares. However, Finansiel Stabilitet will consider any offers submitted for shareholdings, which exceed the volume tradable in the market under normal circumstances without having any impact on the price, provided the offers at least reflect the market price applicable from time to time.

At the beginning of 2010, Finansiel Stabilitet accepted one offer and disposed of the shareholding in the bank involved, thereby realising a capital gain.

Development in balance sheet items

Most of Finansiel Stabilitet's assets consist of loans and advances, amounting to DKK 23.1 billion. The loss guarantee from the Private Contingency Association and the loss guarantee from the Danish State relating to Roskilde Bank total DKK 12.4 billion. Most of the liabilities consist of the paid-up guarantee commission included in equity (DKK 9.5 billion) and loans raised through the state-funded re-lending scheme (DKK 29.9 billion).

Commercial loans, advances and guarantees by sector



The balance sheet has increased in connection with the acquisition of new subsidiaries. At the same time, the balance sheet will be reduced on an ongoing basis through disposal of activities acquired and through loan impairment charges. The balance sheet has remained largely unchanged since 30 June 2009. However, this was due to two opposing factors, as Finansiel Stabilitet subsequently consolidated Roskilde Bank, while divesting activities primarily in connection with the sale of Fionia Bank to Nordea. This transaction reduced total assets by around DKK 10 billion.

Most loans, advances and guarantees in Finansiel Stabilitet are directed at the commercial sector, which accounts for approximately 90% of the portfolio, while loans and advances to the private sector make up the remaining 10%. Most of the overall volume of loans and advances has been provided mainly to businesses related to the property sector.

Furthermore, bankruptcy proceedings have been commenced in respect of a large part of the lending portfolio. The possibility of winding up through disposal is rendered difficult by several factors. Most importantly, the composition of loans and advances, debtor creditworthiness and property market conditions make it difficult to obtain satisfactory prices in connection with a speedy winding-up process.

In addition to capital instruments received in connection with settlement regarding the Bank Package, the equity portfolio consists of equity portfolios in the subsidiaries. Most of the subsidiaries' equity portfolios consist of sector equities.

Properties

At 31 December 2009, the Group's property portfolio represented a total value of DKK 1.4 billion. The property portfolio is mainly composed of investment properties, most of which form part of a subsidiary of Roskilde Bank (Rosk Ejendomme).

	No. of properties	Value (DKKm)
Domicile property	5	181
Property acquired	68	370
Investment property	17	839
Total	90	1,390

The Group's property portfolio is expected to grow as the number of forced sales increases. Finansiel Stabilitet contemplates transferring the management of the Group's properties to one overall property company.

Individual government guarantees

At 31 December 2009, Finansiel Stabilitet, on behalf of the Danish State, had entered into agreements with 13 institutions regarding the terms for providing an individual government guarantee. The agreements comprise an overall guarantee commitment of DKK 195 billion. The guarantee commitment has been increased in 2010 to the effect that, to date, 22 institutions have concluded agreements for a total guarantee commitment of DKK 245 billion. Finansiel Stabilitet has thus undertaken to provide individual government guarantees for this amount, provided that no material adverse changes have occurred in the financial position of the institutions.

On the basis of the agreements concluded, four institutions had applied for provision of individual government

Funding of subsidiaries – status at 31 December 2009

DKKm	EBH Bank	Nova Bank Fyn	Løkken Sparebank	Pantebrevs-selskabet	Roskilde Bank	Total
Share capital	5,000	1,000	760	1,701	8,723	17,184
Subordinated capital	400	300	0	0	1,000	1,700
Debt financing	25	4,100	177	1,900	10,578	16,780
Total funding	5,425	5,400	937	3,601	20,301	35,664

guarantees at 31 December 2009 for a total amount of DKK 53 billion. A preliminary status drawn up in March 2010 showed that guarantees have been provided to 18 institutions for a total amount of DKK 81 billion.

Any losses on the guarantees provided will be covered by the Danish State, which will also receive the guarantee commission.

Funding of subsidiaries

Until 31 December 2009, Finansiel Stabilitet had injected liquidity into subsidiaries for a total amount of DKK 35.7 billion in the form of shares, subordinated loan capital and ordinary debt financing.

Finansiel Stabilitet has financed the injection of liquidity by using guarantee commission paid up in cash as well as by raising loans 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 terms equivalent to the yield on Danish government bonds plus 0.15%. At 31 December 2009, loans under the re-lending scheme in the amount of DKK 29.9 billion had been raised, most of which were short-term.

On 31 December 2009, Finansiel Stabilitet held DKK 1.0 billion in deposit with Danmarks Nationalbank relating to the Bank Package and DKK 1.2 billion relating to payments made in relation to 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 the banks acquired by Finansiel Stabilitet. The complaints are related in particular to Løkken Sparekasse and Roskilde Bank A/S.

Events after 31 December 2009

Transfer of assets from Capinordic Bank

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. The transfer does not comprise the creditors of Capinordic Bank. The transfer of the assets will be effected at a price to be determined by two independent valuation experts. The

valuation should take into consideration that any return yielded by the winding up of the assets in excess of the standard market return, due account being taken of risk, will be paid to the estate in bankruptcy.

In connection with the bankruptcy of Capinordic Bank, Finansiel Stabilitet furthermore ensured that any unsecured creditors of the Danish part of the bank received due payment of their claims in pursuance of the provisions of the Act on Financial Stability. The depositors of the Swedish branch are not comprised by the Bank Package but by the Danish depositors' guarantee scheme.

Merger of EBH Bank and Løkken Sparebank

At the annual general meetings of EBH Bank and Løkken Sparebank expected to be held in April 2010, a resolution will be proposed to merge the two banks. The merger will be completed with EBH Bank as the continuing bank. The merger, which will be completed with retroactive effect from 1 January 2010, is completed with a view to ensuring cost-efficient operation of the two banks.

Outlook for 2010

From its inception in October 2008, Finansiel Stabilitet's performance has been characterised by challenging economic conditions and the international financial crisis as well as the impact thereof on the winding up of the distressed banks acquired. The uncertainty about future economic and financial developments has limited the willingness of investors to assume additional risk. Combined with the impaired credit quality of subsidiary assets, this has served to diminish the possibilities for winding up distressed banks acquired in a speedy and financially responsible manner.

As the financial market jitters subside and the economic outlook gradually improves slightly, cf. Danmarks Nationalbank, Monetary Review 1st Quarter 2010, Recent Economic and Monetary Trends, Finansiel Stabilitet expects to be able to sell a greater part of its exposures, including non-performing exposures related to the property market to interested buyers. Only when the exposures are wound up with final effect, will Finansiel Stabilitet be able to calculate its losses from the winding up of distressed banks.

Finansiel Stabilitet's performance is consistent with the framework provided under the Bank Package. Accordingly, the Private Contingency Association had paid

guarantee commission corresponding to 15 months at 31 December 2009, forming the basis of Finansiel Stabilitet's profit of DKK 9.5 billion. Furthermore, losses in the amount of DKK 5.8 billion have been recognised in connection with the loss guarantee from the Private Contingency Association.

Developments in 2010 will mainly be determined by the financial performance of the subsidiaries acquired. However, the development of losses is subject to substantial uncertainty, as subsidiary exposures remain subject to significant risk, including in particular in relation to the property market. Potential losses in connection with the legal disputes in which several subsidiaries are involved are also subject to considerable uncertainty.

In connection with the expiry of the Bank Package on 30 September 2010, Finansiel Stabilitet is required to measure subsidiaries that have concluded an agreement under the Bank Package at their net realisable values. The valuation forms the basis of the settlement of the loss guarantee from the Private Contingency Association.

If losses relating to Finansiel Stabilitet's subsidiaries are limited to DKK 10 billion, Finansiel Stabilitet's performance in 2010 will be determined by the paid-up guarantee commission for nine months and the return thereon, that is, a total of approximately DKK 6 billion.

It is currently estimated that losses from the winding up of distressed banks under the Bank Package are unlikely to exceed DKK 10 billion. However, this estimate may change if Finansiel Stabilitet acquires new subsidiaries before the Bank Package expires.

Finansiel Stabilitet's activities in connection with managing the scheme for individual government guarantees are expected to increase significantly in 2010 relative to the level that prevailed at 31 December 2009 when agreements for the provision of guarantees in the amount of DKK 195 billion had been concluded and bonds with guarantees in the amount of DKK 53 billion had been issued. This should be seen in light of the fact that the individual government guarantee scheme was adopted with a view to safeguarding the transition in connection with the expiry of the general government guarantee scheme on 30 September 2010.

Performance of the individual activities

Finansiel Stabilitet has activities in three areas:

■ The Bank Package

To wind up distressed banks that have concluded an agreement with Finansiel Stabilitet under the Bank Package and which are included as subsidiaries under Finansiel Stabilitet. The subsidiaries include: EBH Bank, Løkken Sparebank, Nova Bank Fyn and Pantebrevsselskabet.

■ Roskilde Bank

To wind up Roskilde Bank, which has been recognised as a subsidiary of Finansiel Stabilitet since 10 August 2009.

■ Individual government guarantees

To enter into agreements on an individual government guarantee with credit institutions that have submitted an application to such effect.

Winding-up strategy

When Finansiel Stabilitet acquires the activities of a distressed bank, Finansiel Stabilitet gains a controlling influence on the acquired company. It is not possible for a bank to receive financial support from Finansiel Stabilitet and at the same time carry on ordinary business. Any involvement by Finansiel Stabilitet will entail a controlled winding-up process, including restructuring, within the framework of the EU state subsidy rules.

Finansiel Stabilitet's goal is to meet its obligations pursuant to the general guarantee scheme while incurring the lowest possible costs. This means that Finansiel Stabilitet will assess which winding-up model offers the best solution in each specific case.

In practice, the winding up of banking activities involves two phases: a sales process and a subsequent winding-up process for the remaining activities.

Overall framework for the sales process

When a bank's activities are transferred to Finansiel Stabilitet, Finansiel Stabilitet actually obtains a divestment authority to be used, if possible, to dispose of the bank's activities on the best possible financial terms considering

the specific circumstances applicable to the sale. The following factors are of particular importance:

- The sale must take place in an open and transparent process. This is done to observe the EU state subsidy rules and to ensure that as many buyers as possible are given an opportunity to submit an offer for the bank's activities.
- The bank's assets will deteriorate gradually during the divestment period, as good customers will withdraw quickly. It is therefore important that the sales process does not become more protracted than necessary.
- The bank's size, complexity and data framework has an impact on the sales process. Large, complex and poorly documented exposures will, all other things being equal, result in a lower selling price and/or have the effect that it will only be possible to sell well-documented customer portfolios.
- Categorisation of customer portfolios on the basis of marketability will increase the opportunity for divesting parts of a bank.
- Assets will only be retained if Finansiel Stabilitet believes such strategy to be more financially beneficial on the long horizon compared with the discount a buyer would demand in sale here and now. Finansiel Stabilitet will actively seek to reduce or sell any remaining portfolios over time.
- Cash will, all other things being equal, be preferred over equities as a method of payment.
- The settlement price is a crucial parameter in assessing offers submitted. As offers may deviate due to factors other than price, offers will, to the widest possible extent, be made financially comparable by quantifying the buyer's other offers or reservations.

In order to support, to the widest possible extent, sales processes being conducted on the basis of the above considerations, Finansiel Stabilitet applies a traditional corporate finance process in connection with the divestment of activities acquired. Resource requirements, tasks and timeline are different from case to case depending on a bank's size and complexity.

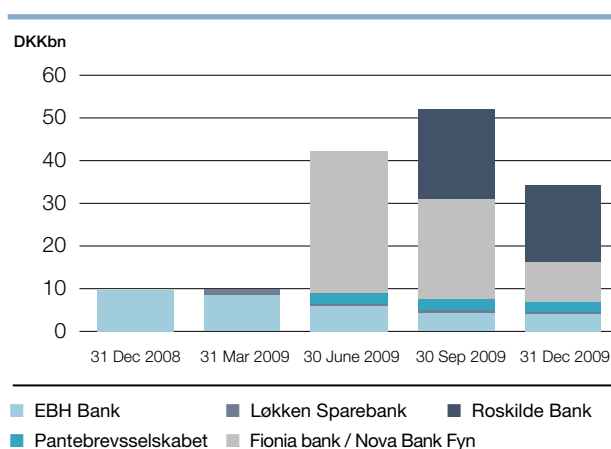
Overall framework for the winding up of remaining activities

Finansiel Stabilitet applies a multi-pronged strategy for winding up the remaining activities of the banks acquired. This strategy is aligned with the individual circumstances of each individual bank, including organisation and resources. Customers are generally advised and encouraged to find a new bank, where possible. To this end, measures are taken to improve the customer's creditworthiness.

The winding up of a bank's remaining activities comprises, among other things, the winding up of all securities trading activities, the transfer of irrecoverable exposures to an external debt collection company, divestment or acquisition of mortgages and cessation of payment services. Exposures involving property mortgages are wound up by selling the property in the open market or in a forced sale, alternatively by acquiring the property to safeguard the mortgage value. Investment properties may be taken over for divestment at a later time, while ordinary residential dwellings are expected to be sold immediately after acquisition.

Finansiel Stabilitet will assess on an ongoing basis whether it will be possible to sell activities that have previously not attracted any buyers.

Balance sheet development of Finansiel Stabilitet's subsidiaries



Note: From the date of acquisition until 31 December 2009, losses in subsidiaries have reduced Finansiel Stabilitet's balance sheet by DKK 12.4 billion when seen in isolation, corresponding to the sum of the loss guarantee from the Private Contingency Association (DKK 5.8 billion) and the loss guarantee from the Danish State relating to Roskilde Bank (DKK 6.6 billion).

Depositing the bank licence has been an intermediate goal in the winding-up process for all banks acquired. Nevertheless, the process of winding up or disposing of all bank exposures is expected to take another few years to finalise.

Winding-up status at 31 December 2009

Since October 2008, the total assets of Finansiel Stabilitet's subsidiaries have grown in step with the ongoing acquisition of distressed banks. Total assets amounted to DKK 34 billion at 31 December 2009. The subsidiaries' total assets are significantly lower than the consolidated total assets, primarily because Finansiel Stabilitet's receivables from the loss guarantee from the Private Contingency Association and the loss guarantee from the Danish State relating to Roskilde Bank have not been taken into account.

The choice of winding-up strategy applied in connection with the acquisition of distressed banks depends on the specific situation. In the case of Løkken Sparebank A/S (formerly Løkken Sparekasse), and partly also in the case of Pantebrevsselskabet (formerly Gudme Raaschou Bank), large parts of the activities were wound up prior to the transfer to Finansiel Stabilitet's subsidiaries, Løkken Sparebank and Pantebrevsselskabet af 2. juni 2009, respectively. In the case of EBH Bank and Fionia Bank/ Nova Bank Fyn, the winding-up process was not initiated until after the activities had been transferred to Finansiel Stabilitet's subsidiaries.

Legal inquiries and cases before the Complaints Board

Legal inquiries

The Board of Directors of Finansiel Stabilitet has adopted guidelines for assessment of the liability of former managements of acquired banks. This is done to ensure exposure of actions giving rise to liability in the banks acquired by Finansiel Stabilitet.

The new boards of directors of acquired institutions are required to collaborate with the new management board in making an overall assessment of whether a preliminary investigation of the institution's circumstances is needed.

If the need for an investigation can be ruled out in advance, no further action is taken. In all other cases, a preliminary investigation will be carried out.

The boards of directors rely on legal assistance for the preparation of a preliminary investigation or a report. In this connection, potential cases that could form the basis of claims for damages against former boards of directors, management boards, external auditors and senior executives will be reviewed and a report will be drawn up in that respect. It will also be investigated whether the nature of any cases is so gross as to require notification of the Danish FSA, which may subsequently report such incidents to the police.

The findings are presented in a report, which will be made available to the general public.

Reports on the circumstances of EBH Bank and Roskilde Bank have been prepared. The boards of directors of Løkken Sparebank and Nova Bank Fyn have asked legal advisers to prepare a report on the circumstances of Løkken Sparekasse and Fionia Bank, respectively. Moreover, a report on the circumstances of Pantebrevsselskabet is scheduled to be prepared during 2010. A decision has also been made to conduct an investigation in connection with Capinordic Bank.

In the case of Roskilde Bank, a writ has been filed against members of the former board of directors, management board and auditors on the basis of the report prepared.

Cases before the Complaints Board

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 A/S.

All of Finansiel Stabilitet's subsidiaries are members of the Danish Bankers' Association and as such they adhere to its recommendations, including the recommendation that the individual bank should adhere to unanimous decisions handed down by the Danish Financial Institutions' Complaints Board, unless special circumstances apply.

Dealing with the above-mentioned complaints is a highly resource-intensive process for the individual banks. Moreover, the task of processing all complaints before the Danish Financial Institutions' Complaints Board will absorb quite a substantial amount of the Complaint Board's resources. In order to ensure uniform and efficient processing of customer complaints, Finansiel Stabilitet has set up a task force to process customer complaints within the Group.

Status of acquired banks

Since its inception in October 2008, Finansiel Stabilitet has entered into agreements with EBH bank A/S, Fionia Bank A/S, Løkken Sparekasse and Gudme Raaschou Bank A/S in connection with their failure to comply with the solvency requirements defined in the Financial Business Act. Furthermore, Finansiel Stabilitet has entered into an agreement with Danmarks Nationalbank and the Private Contingency Association on the transfer of Roskilde Bank.

These agreements have involved the divestment and winding up of parts of the banks' activities and injection of liquidity to fund the remaining parts in the form of share capital, subordinated loan capital and ordinary debt financing. In addition, an agreement has been concluded with Straumur Burdaras Investment Bank hf in connection with the Icelandic FSA taking control of the bank, which operated a branch in Denmark.

After the balance sheet date, Finansiel Stabilitet has also entered into an agreement regarding the transfer of the assets from Capinordic Bank in bankruptcy to Finansieringsselskabet af 11. februar 2010, a newly established subsidiary of Finansiel Stabilitet.



EBH Bank

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 the share capital and other subordinated capital, to a newly established subsidiary owned by Finansiel Stabilitet A/S. The transfer took effect on 28 November 2008. At a general meeting held on 27 November 2008, the former bank's shareholders resolved to change the name of the bank to Selskabet af 27. november 2008 a/s. The continuing bank was re-named EBH Bank A/S and became a wholly-owned subsidiary of Finansiel Stabilitet.

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 write-downs required was so substantial that the bank would fail to comply with the solvency requirements of the Financial Business Act. The write-downs mainly involved loans and advances related to the property sector.

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

The recognised loss on acquisition was DKK 1,054 million, equalling the amount by which the acquired liabilities exceeded the fair value of the acquired assets. During the period from the acquisition to 31 December 2009, a loss of DKK 2,134 million was recognised. The loss largely

concerned further impairment losses on loans, advances and mortgage deeds. Accordingly, Finansiel Stabilitet's total loss relating to EBH Bank amounted to DKK 3,188 million at 31 December 2009.

Finansiel Stabilitet's injection of capital and liquidity into EBH Bank totalled DKK 5.425 billion at 31 December 2009, of which the injection of share capital represented DKK 5 billion.

Since the acquisition, EBH Bank has divested all bank branches to other banks, while other activities have been discontinued. Most retail customers transferred to the acquired institutions in connection with the sale. Most of the remaining retail customer relationships are expected to be wound up by 30 September 2010. The winding-up strategy for the commercial segments is multi-pronged and will be adapted to the individual customer relationship. Most of the exposures are expected to be wound up by 31 December 2012.

The bank has a large number of subsidiaries which are currently in solvent liquidation or bankruptcy, except for a few companies for which a winding-up or sales process has been initiated.

The intention is to merge EBH Bank and Løkken Sparebank in April 2010 with EBH Bank as the continuing company.

Contribution to performance for the period 28 November 2008 – 31 December 2009

DKKm	
Net interest income	28
Other net fee income and market value adjustments	10
Other operating income/expenses, net	32
Operating expenses	380
Impairment charges on loans, advances, guarantees etc.	1,751
Losses on acquisition of subsidiaries	1,054
Loss from investments in associates	(53)
Tax	0
Loss for the period	(3,188)

Balance sheet for EBH Bank

DKKm	28 November 2008	31 December 2009
ASSETS		
Cash in hand and demand deposits with central banks	307	342
Due from credit institutions and central banks	504	131
Loans, advances and other receivables at fair value	257	167
Loans, advances and other receivables at amortised cost	4,857	2,276
Bonds and shares at fair value	480	43
Land and buildings	55	42
Current tax assets	19	7
Assets held temporarily	7	121
Other assets	428	421
TOTAL ASSETS	6,914	3,550
EQUITY AND LIABILITIES		
Debt to Finansiell Stabilitet A/S	-	25
Deposits and other payables	7,751	1,236
Other provisions	217	77
Subordinated debt	0	400
Equity	(1,054)	1,812
TOTAL EQUITY AND LIABILITIES	6,914	3,550

Nova Bank Fyn (Fionia Bank)

On 22 February 2009, the former Fionia Bank A/S signed a framework agreement with Finansiel Stabilitet, whereby all assets and liabilities of Fionia Bank, except for equity and subordinated capital, would be transferred to a newly established bank named Fionia Bank. The original Fionia Bank changed its name to Fionia Holding. Finansiel Stabilitet injected subordinated capital of DKK 790 million into the newly established company, and all of Fionia Holding's shares in the company, except for one, were pledged to Finansiel Stabilitet. Moreover, the voting rights attaching to the shares, and consequently the full control of the company, were transferred to Finansiel Stabilitet. The European Commission approved the framework agreement on 20 May 2009, and the new Fionia Bank opened for the first time on 28 May 2009.

The framework agreement was concluded after the former Fionia Bank had made a number of impairment write-downs on loans to property development companies and others during 2008. Fionia Bank's solvency subsequently fell short of the individual solvency need as defined in the Financial Business Act.

After a sales process, Finansiel Stabilitet signed an agreement with Nordea on 31 August 2009 concerning the sale of Fionia Bank with the exception of assets subject to particularly high risk. In connection with the agreed sale, Finansiel Stabilitet temporarily acquired all shares in Fionia Bank in October 2009. At the same time, an earn-out agreement was concluded with the former shareholders,

which provides for a possible adjustment if the winding up of the bank's activities yields a return to Finansiel Stabilitet in excess of the standard market return with due account being taken of risk. The transaction was completed on 30 November 2009 after approval of the agreement by the Danish Competition Authority. Following the sale to Nordea, Nova Bank Fyn was established, and the remaining activities of Fionia Bank were transferred to this entity.

For Fionia Bank, the agreement meant

- that some 400 of Fionia Bank's approximately 550 employees were transferred to Nordea,
- that Nordea took over around 85,000 customer relationships, including all retail customers, and
- that a lending portfolio of approximately DKK 7 billion and a deposit portfolio of approximately DKK 12 billion were transferred to Nordea.

For Finansiel Stabilitet, the agreement meant

- that goodwill in the amount of DKK 900 million was received,
- that an amount of approximately DKK 340 million was received by way of a tax asset, and
- that around DKK 150 million was paid by way of withdrawal costs to Skandinavisk Data Center.

In connection with Finansiel Stabilitet taking over control of Fionia Bank on 28 May 2009, the assets and liabilities acquired were measured at fair value. The recognised loss on acquisition was DKK 57 million, equalling the amount by which the acquired liabilities exceeded the fair value of the acquired assets. Goodwill in the amount of DKK 900

Contribution to performance for the period 28 May 2009 – 31 December 2009

DKKm	Fionia Bank 28 May - 30 Nov	Nova Bank Fyn 1 Dec - 31 Dec	Total 28 May - 31 Dec
Net interest income	220	9	229
Other net fee income and market value adjustments	79	15	94
Other operating income/expenses, net	(13)	4	(9)
Operating expenses	364	19	383
Impairment charges on loans, advances, guarantees etc.	324	107	431
Losses on acquisition of subsidiaries	57	0	57
Profit from investments in subsidiaries	1		1
Tax	1	(1)	0
Loss for the period	(458)	(99)	(556)

million and a share of the tax asset of DKK 340 million were recognised at the time of the transfer on 28 May 2009.

Finansiel Stabilitet's total losses at 31 December 2009 relating to Fionia Bank and Nova Bank Fyn amounted to DKK 556 million, of which DKK 458 million (including loss on acquisition) related to the period from 28 May to 30 November 2009 and losses in the amount of DKK 99 million related to the period from 1 December to 31 December 2009.

Income from the sale to Nordea contributed to reducing Finansiel Stabilitet's losses in connection with the winding up of Fionia Bank. The loss was made up at approximately DKK 1 billion in connection with the interim profit announcement for the period ended 30 September 2009.

Any activities not acquired by Nordea were transferred to Finansiel Stabilitet's wholly owned subsidiary Nova Bank Fyn on 30 November 2009. The transfer comprised around 2,000 customers and loans and advances for a total amount of approximately DKK 7 billion. The winding-up strategy for the commercial segments is multi-pronged and will be adapted to the individual customer relationship. Most of the exposures are expected to be wound up by 2012-2013.

Finansiel Stabilitet's injection of capital into Nova Bank Fyn totalled DKK 1.3 billion at 31 December 2009, of which the injection of share capital represented DKK 1 billion. In addition, Finansiel Stabilitet has injected ordinary debt financing in the amount of DKK 4 billion.

Balance sheet for Fionia Bank and Nova Bank Fyn

DKKm	Balance sheet Fionia Bank 28 May 2009	Balance sheet Nova Bank Fyn 31 December 2009
ASSETS		
Cash in hand and demand deposits with central banks	182	891
Due from credit institutions and central banks	3,093	2,962
Loans, advances and other receivables at fair value	8	0
Loans, advances and other receivables at amortised cost	16,339	5,745
Bonds and shares	10,211	1,576
Land and buildings	406	107
Intangible assets	916	0
Deferred tax assets	347	0
Assets held temporarily	7	6
Other assets	769	194
TOTAL ASSETS	32,278	11,481
EQUITY AND LIABILITIES		
Due to credit institutions and central banks	11,433	1,996
Debt to Finansiel Stabilitet A/S	-	4,000
Deposits and other payables	16,009	1,161
Issued bonds	1,933	1,820
Other liabilities	2,865	1,009
Other provisions	95	294
Subordinated capital	0	300
Equity	(57)	901
TOTAL EQUITY AND LIABILITIES	32,278	11,481

Løkken Sparebank

On 2 March 2009, the former Løkken Sparekasse signed a conditional framework agreement with Finansiell Stabilitet to transfer the bank's assets and unsubordinated debt. On 25 March 2009, the board of representatives of the former Løkken Sparekasse resolved to enter into a final agreement to transfer the bank's activities to Finansiell Stabilitet's wholly-owned subsidiary Løkken Sparebank.

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

A sales process was initiated on 2 March 2009, and on 31 March 2009 an agreement was concluded with Nordjyske Bank A/S on the sale of the core activities of the former Løkken Sparekasse. Nordjyske Bank thus acquired all activities, except for a number of high-risk commercial exposures, with effect from 1 April 2009. The sale comprised a lending portfolio of DKK 1 billion, guarantees in the amount of DKK 2 billion and total deposits of DKK 1.2 billion. As a result of the divestment of these activities, some 15,000 customers of the former Løkken Sparekasse joined Nordjyske Bank.

The remainder of Løkken Sparekasse's activities, mainly consisting of high-risk commercial exposures, were transferred to Finansiell Stabilitet's wholly-owned subsidiary Løkken Sparebank. Pursuant to the Act on Financial Stability, the transfer was concluded without consideration.

The recognised loss on acquisition was DKK 454 million, equalling the amount by which the acquired liabilities exceeded the fair value of the acquired assets. A loss of DKK 139 million was recognised during the period from the acquisition to 31 December 2009. The loss was attributable to further impairment losses on loans and advances. Accordingly, Finansiell Stabilitet's total loss amounted to DKK 593 million at 31 December 2009.

Finansiell Stabilitet's injection of capital and liquidity into Løkken Sparebank totalled DKK 937 million at 31 December 2009, of which the injection of share capital represented DKK 760 million.

It was agreed with the board of directors of the former Løkken Sparekasse, subsequently re-named the association LS Løkken, that any profit in connection with the winding up of the remaining exposures of Løkken Sparebank, after recognition of a risk-adjusted return on the capital injected by Finansiell Stabilitet, would accrue to the association LS Løkken in full or partial coverage of the lost guarantee capital. Due to the need for further provisions for losses on loans and advances, the board of directors of the association LS Løkken was informed in June 2009

Contribution to performance for the period 25 March 2009 – 31 December 2009

DKKm	
Net interest income	25
Other net fee income and market value adjustments	3
Other operating income/expenses, net	(16)
Operating expenses	18
Impairment charges on loans, advances, guarantees etc.	133
Losses on acquisition of subsidiaries	454
Profit from investments in associates	-
Tax	0
Loss for the period	(593)

Balance sheet for Løkken Sparebank

DKKm	25 March 2009	31 December 2009
ASSETS		
Due from credit institutions and central banks	127	8
Loans, advances and other receivables at amortised cost	944	416
Bonds and shares at fair value	153	28
Goodwill	10	0
Land and buildings	17	0
Other assets	8	0
Assets held temporarily	11	56
TOTAL ASSETS	1,270	508
EQUITY AND LIABILITIES		
Due to credit institutions	189	0
Debt to Finansiell Stabilitet A/S		177
Deposits and other payables	1,479	93
Other provisions	56	71
Equity	(454)	167
TOTAL EQUITY AND LIABILITIES	1,270	508

that, in Finansiell Stabilitet's judgment, coverage of losses on the guarantee capital was not to be expected.

The intention is to complete a combination of the activities with EBH Bank in April 2010 in connection with a merger with retroactive effect from 1 January 2010. Accordingly, the activities of Løkken Sparebank will form part of EBH Bank going forward.

Pantebrevsselskabet af 2. juni 2009 (Gudme Raaschou Bank)

On 16 April 2009, Gudme Raaschou Bank signed a conditional transfer agreement with Finansiel Stabilitet. The transfer was completed without consideration. However, the agreement provides for a possible adjustment if the winding up of the bank's activities yields a return to Finansiel Stabilitet in excess of the standard market return with due account being taken of risk. In connection with the transfer, Finansiel Stabilitet established a subsidiary to which the bank's assets and liabilities, except for share capital and subordinated capital, were transferred.

The transfer agreement with Finansiel Stabilitet was concluded after the bank had had to make substantial impairment write-downs as a result of property market developments. Following a period of negotiations, Gudme Raaschou Bank was not able to strengthen the bank's capital base and consequently failed to comply with the individual solvency requirement.

On 30 June 2009, Finansiel Stabilitet initiated a sales process concerning the banking activities of Gudme Raaschou Bank and, with effect from 1 June 2009, Lån & Spar Bank took over the bank's asset management and portfolio management activities along with a small deposit

and lending portfolio. On 30 June 2009, the remaining activities of the former Gudme Raaschou Bank, primarily consisting of mortgage deed activities, were transferred to Pantebrevsselskabet af 2. juni 2009, which is a subsidiary of Finansiel Stabilitet.

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. It has been decided that the company will also be managing mortgage deed portfolios held by Finansiel Stabilitet's other subsidiaries.

The recognised loss on acquisition was DKK 1,392 million, equalling the amount by which the acquired liabilities exceeded the fair value of the acquired assets. During the period from the acquisition to 31 December 2009, a loss of DKK 16 million has been recognised. The loss was attributable to further impairment losses on loans and advances. Accordingly, Finansiel Stabilitet's total loss relating to Pantebrevsselskabet af 2. juni 2009 amounted to DKK 1,408 million at 31 December 2009.

Finansiel Stabilitet's injection of capital and liquidity into Pantebrevsselskabet af 2. juni 2009 totalled DKK 3.6 billion at 31 December 2009, of which the injection of share capital accounted for DKK 1.7 billion.

Contribution to performance for the period 30 June 2009 – 31 December 2009

DKKm	
Net interest income	50
Other net fee income and market value adjustments	8
Other operating income/expenses, net	(13)
Operating expenses	33
Impairment charges on loans, advances, guarantees etc.	28
Losses on acquisition of subsidiaries	1,392
Profit from investments in associates	0
Tax	0
Loss for the period	(1,408)

Balance sheet for Pantebrevsselskabet af 2. juni 2009

DKKm	30 June 2009	31 December 2009
ASSETS		
Cash in hand and demand deposits with central banks	69	0
Due from credit institutions and central banks	36	296
Loans, advances and other receivables at fair value	1,074	844
Loans, advances and other receivables at amortised cost	1,072	1,023
Bonds and shares at fair value	17	18
Assets held temporarily	88	144
Other assets	57	200
TOTAL ASSETS	2,413	2,381
EQUITY AND LIABILITIES		
Debt to Finansiell Stabilitet A/S	-	1,900
Deposits and other payables	3,668	36
Other liabilities	66	99
Other provisions	71	53
Equity	(1,392)	293
TOTAL EQUITY AND LIABILITIES	2,413	2,381

Straumur Burduras Investment Bank hf

On 9 March 2009, Finansiel Stabilitet was notified that the Icelandic FSA had taken control of Straumur Burduras Investment Bank (Straumur) and that Straumur's branch in Denmark would cease disbursement of overdue deposits of the Danish branch with immediate effect.

Finansiel Stabilitet was subsequently obliged to make disbursements to depositors of the Danish branch as the claims of such depositors fell due, less DKK 300,000 per depositor, which was the amount secured through the Danish and Icelandic depositors' guarantee schemes.

In the ensuing period, Finansiel Stabilitet learnt that plans were being considered to safeguard the bank's depositors in Iceland. However, these plans did not comprise depositors of the Danish branch. Since Finansiel Stabilitet had an obligation to pay such depositors if the bank failed to disburse overdue deposits, and would hence incur additional expenses if the contemplated efforts to safeguard the depositors would not comprise the Danish depositors, Finansiel Stabilitet requested confirmation from the Icelan-

dic FSA that Danish depositors would be safeguarded on an equal footing with Icelandic depositors.

When such confirmation was not received, Finansiel Stabilitet completed enforcement procedures at the beginning of April 2009, levying attachment of assets in the branch in the amount of approximately DKK 100 million. Immediately thereafter, Straumur accepted an agreement with Finansiel Stabilitet to safeguard the disbursement of deposits of the Danish branch as they fell due. In addition, Straumur repaid Finansiel Stabilitet amounts that had already been disbursed when the agreement was concluded.

When the Icelandic FSA took over Straumur, the total deposits of Straumur's Danish branch amounted to approximately DKK 315 million. At 31 December 2009, remaining deposits covered by Islandsbanki hf amounted to DKK 14 million.

Accordingly, the branch's deposits had been reduced by around DKK 300 million during 2009 without any impact on the general guarantee scheme or the Danish depositors' guarantee scheme.



Roskilde Bank

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

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

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

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

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

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

The agreement implied that Danmarks Nationalbank and the Private Contingency Association would transfer all shares in Roskilde Bank to Finansiel Stabilitet. In addition, Danmarks Nationalbank transferred a subordinated loan to Finansiel Stabilitet. Finally, Finansiel Stabilitet took over liabilities relating to Roskilde Bank's borrowing facility with Danmarks Nationalbank. The total outstanding amount taken over by Finansiel Stabilitet was DKK 22.2 billion, comprising share capital in the amount of DKK 6.7 billion, subordinated capital of DKK 1 billion and a DKK 14.5 billion borrowing facility.

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

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

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

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

Balance sheet for Roskilde Bank

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

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

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

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

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

Individual government guarantees

Legal basis and management agreement

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 to ensure a gradual phase-out of the general guarantee scheme, which will expire on 30 September 2010. When the general government guarantee expires, the volume of loans to Danish banks guaranteed by the Danish State will decline significantly.

Pursuant to the Act, the transitional scheme is managed by Finansiel Stabilitet on behalf of the Danish State. As a result, Finansiel Stabilitet may, on behalf of the Danish State, enter into agreements for the provision of individual government guarantees for existing and new unsubordinated, unsecured debt and for the provision of supplementary collateral by institutions issuing covered mortgage bonds or covered bonds.

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

On the basis of the application, Finansiel Stabilitet will carry out a credit assessment of the individual institution and conclude an agreement on the terms that must be satisfied in order to receive a specific guarantee for a loan. Individual terms may be determined for an institution, if Finansiel Stabilitet deems that such terms are necessary in order to make it prudent to provide an individual government guarantee.

The guarantee scheme comprises loans provided until 31 December 2010 with a maturity of up to three years. Accordingly, all individual government guarantees provided will have expired by 31 December 2013. The European Commission has approved the individual government guarantee scheme until 30 June 2010 and, at present, it remains unknown whether and on which terms the Euro-

pean Commission will extend the approval. Consequently, there is a risk that the possibility for completing issues based on individual government guarantees will cease before 31 December 2010. Against this background, Finansiel Stabilitet has called on the institutions to indicate by 8 March 2010 whether they intend to apply for individual government guarantees. Moreover, they have been asked to submit their applications well in advance to ensure optimum planning of Finansiel Stabilitet's case processing.

All individual government guarantees provided are published on Finansiel Stabilitet's website.

Finansiel Stabilitet has 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 complete 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 2009, Finansiel Stabilitet had entered into agreements with 13 institutions on the terms for providing an individual government guarantee. The agreements comprised an overall guarantee commitment of DKK 195 billion. The volume has increased in 2010 and, according to a preliminary status, the overall guarantee commitment now totals DKK 245 billion. Finansiel Stabilitet has undertaken to provide individual government guarantees for this amount, provided that no significant adverse changes occur in the financial position of the institutions.

At 31 December 2009, four institutions had completed issues under the scheme for a total amount of DKK 53 billion. According to a preliminary status drawn up in March 2010, 18 institutions have applied for provision of a guarantee. These applications have been published on Finansiel Stabilitet's website. Issues based on individual government guarantees in the amount of DKK 81 billion have been completed to date.

The guarantees provided are related to different types of issues and are governed by the borrowing terms agreed. The most common types of issues are completed through adjusted or new EMTN programmes in which bonds are issued to institutional investors on the basis of individual government guarantees. Moreover, issues of loans involving a government guarantee have been completed. The loan guarantees are generally characterised by less complex documentation. This is why, for example, small institutions that may not previously have been active in this area have opted for this type of documentation.

In addition, some small and medium-sized institutions have chosen to complete the issues jointly. This will generate a greater issue volume, which, all other things being equal, makes the issues more attractive to institutional and other investors. This will generally produce a higher issue price and lower funding costs for the institutions. At the same time, the government guarantee will have the effect that the issues achieve a AAA rating, equivalent to the credit rating of the Danish State.

Segment performance

At 31 December 2009, the Danish State had received approximately DKK 9 million by way of guarantee commission for individual government guarantees and had reimbursed administrative expenses in the amount approximately DKK 8 million to Finansielt Stabilitet. Institutions comprised by the Bank Package will receive a discount on the guarantee commission until the expiry of the general government guarantee, as they have already paid for the general government guarantee during this period. The administrative expenses comprise a number of non-recurring costs related to the start-up of the scheme, including IT systems.

Any disbursements made under an individual government guarantee will be announced on Finansielt Stabilitet's website and will be notified to the European Commission. In addition, a restructuring plan for the institution involved must be submitted to the European Commission within six months.

Risk factors and risk management

The risk factors impacting Finansiel Stabilitet and the management of such risk factors are to a wide extent influenced by the Company's special circumstances, including Finansiel Stabilitet's obligation to acquire 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 on the winding up of the activities. On the other hand, Finansiel Stabilitet generally only has minor exposure to market risk. Because Finansiel Stabilitet has access to the state-funded re-lending scheme, the Company has ongoing access to liquidity. For this reason, liquidity risk is deemed to be insignificant.

The overall risk management policy stipulates that Finansiel Stabilitet determines the principles governing subsidi-

ary 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 should be eliminated as far as possible, partly by reducing potential positions through divestment and partly by ensuring adequate hedging of any open positions. Under an agreement with the Danish State, Finansiel Stabilitet has ongoing access to liquidity in the form of the possibility of drawing on the state-funded re-lending scheme. Finansiel Stabilitet continually seeks to limit operational risk by maintaining divisions classified by function with distinct responsibilities and documentation of key tasks through clear business procedures.

Credit risk

The Bank Package

In consequence of Finansiel Stabilitet's acquisition of distressed banks, the Company has taken over considerable credit risk exposure. Moreover, the exposure is very unevenly distributed with respect to industries, as most of the loans and advances exposure is to the property market. This industry has been particularly adversely affected by the economic and financial crisis, and it has therefore not been possible to reduce the exposure to any significant extent, partly in order to safeguard a proper business-oriented winding-up procedure and partly in order to minimise the impact on pricing in exposed sectors. In addition, there is a high concentration on individual debtors.

Definitions of risk types and significance of exposure

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

Market risk is defined as the risk of loss as a result of changes in the market value of assets and liabilities due to changing underlying market prices. Market risk

comprises interest rate, currency and equity risk.

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.

Moreover, the quality of the exposures makes it impossible to achieve a well-balanced risk-return ratio. Accordingly, non-performing exposures make up a significant proportion of loans and advances in Finansiell Stabilitet's subsidiaries. For this reason, it is not possible to apply the normal risk management approach of a financial enterprise.

Management of credit risk at Finansiell 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. Risk management policy in the credit area is therefore primarily structured on the basis of an objective to monitor exposures on an ongoing basis, while ensuring that additional exposure on existing business is held at a minimum.

Finansiell Stabilitet's monitoring efforts build on a classification of customers based on their creditworthiness and the possibility of transferring them to other banks without any unnecessary price reductions. The classification creates the basis for ongoing monitoring of overall credit quality developments and for assessing the possibility of winding up the customer relationship. These efforts are based on an approach enabling uniform classification across Finansiell Stabilitet's subsidiaries.

Moreover, Finansiell Stabilitet intends to enhance coordination of the management of large exposures that are shared by several of the subsidiaries. The Board of Directors of Finansiell Stabilitet receives lists of the largest exposures on a regular basis.

The Credit Package: Individual government guarantees
In connection with Finansiell Stabilitet's management of the individual government guarantee scheme, the Company conducts a credit assessment of the applications received. Institutions applying for individual government guarantees must submit an application containing a wide range of information for use in connection with Finansiell Stabilitet's credit assessment. The credit assessment forms a basis for Finansiell Stabilitet's evaluation of whether to enter into an agreement with the institution for an individual government guarantee. In addition, Finansiell Stabilitet may set out additional terms if this is deemed necessary for the issuance of a government guarantee to be prudent.

The Board of Directors receives regular status updates on the provision of individual government guarantees. Furthermore, the most important cases, including cases involving considerable doubt, are submitted to the Board of Directors before an agreement with the institution is concluded. When an agreement with the institution has been concluded, registration in an electronic database managed by Finansiell Stabilitet is conducted on an ongoing basis.

As the institution draws on the limits granted to issue loans secured against a government guarantee, the database is updated with such new information. In connection with the issue of guarantees, the institution is required to submit information on material negative changes, based on which Finansiell Stabilitet makes an updated assessment to ensure that after the contract date, only issues based on government guarantees that are deemed prudent are made.

Summary of the most important credit risks:

- Heavy industry concentration in the property sector, which represents more than 60% of loans, advances and guarantees.
- High concentration on individual debtors.

Market risk

The Bank Package

The basic market risk policy is that Finansiell Stabilitet intends to eliminate exposure to market risk. To the extent that Finansiell Stabilitet is exposed to market risk, the intention is for subsidiaries to either wind up activities exposing Finansiell Stabilitet to market risk or, alternatively, hedge such exposures.

Going forward, market risk is monitored so that subsidiaries submit reports on their exposures to Finansiell Stabilitet on an ongoing basis, and the Board of Directors is kept informed of Finansiell Stabilitet's overall exposure. So far, on acquisition, the acquired subsidiaries have had limited exposure to activities subject to market risk.

The major part of Finansiell 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.

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

Finansiel Stabilitet also has shareholdings in the parent company and in the subsidiaries. The listed shares in the subsidiaries have been wound up or are in the process of being wound up, but the subsidiaries still carry a large share of unlisted equities on their balance sheets, primarily in the form of sector equities. Efforts are also made to wind up these equity portfolios but, as a result of the lower liquidity, this is typically a longer-horizon task. The greatest equity risk attaches to the parent company'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 as a result the exposure will be reduced.

The Credit Package: Individual government guarantees

In connection with the conclusion of agreements on individual government guarantees, Finansiel Stabilitet incurs a potential currency risk, as issues are guaranteed in certain foreign currencies. 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.

Overall summary of market risk in Finansiel Stabilitet:

- Interest rate risk: Minus DKK 415 million. This means that Finansiel Stabilitet would gain DKK 415 million in the event of a 1 percentage point interest rate increase. The opposite would apply in the event of an interest rate decline.
- Currency risk: Exchange rate indicators 1 and 2 as a percentage of equity in Finansiel Stabilitet have been calculated at 7.1% and 0%, respectively. The currency risk is hence deemed to be insignificant.

Liquidity risk

Finansiel Stabilitet is the main source of liquidity for its subsidiaries. To give an overview of Finansiel Stabilitet's cash flow position, estimates of future cash requirement are prepared regularly. 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 having to maintain a very large call deposit.

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.

Finansiel Stabilitet seeks to minimise operational risk 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 distinct written procedures for all essential tasks with a view to minimising the reliance on individuals and to ensuring that tasks are performed on the basis of the policies adopted. As many work processes are supported by IT systems subject to potentially damaging breakdowns, contingency plans have been drawn up in this area.

In connection with the winding-up activities, Finansiel Stabilitet pursues an objective of quickly winding up retail customers in order to minimise 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, the Private Contingency Association, authorities 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.

The 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 financial statements in accordance with IFRS and 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. The deviation should be seen against the backdrop of Finansiel Stabilitet's special objective regarding the winding up of distressed banks, and it has therefore been deemed that quarterly financial statements would not contribute material new information.

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 the principles of corporate governance and make ongoing adjustments in order to ensure that Finansiel Stabilitet's principles are in accordance with best practice in the area.

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.

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 shareholders in general meeting constitute the Company's supreme governing body. 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 adoption of the annual report, any proposed amendments to the articles of association, election of members to the Board of Directors and appointment of auditors.

Notice of the annual general meeting is published and mailed to the shareholders at least two weeks prior to the date of the general meeting. Extraordinary general meetings are convened at eight days' notice.

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 do not have any overlapping members.

Finansiel Stabilitet's subsidiaries are managed by independent boards of directors and management boards, which may, however, comprise one or more members of the Board of Directors of Finansiel Stabilitet.

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 by law and by the articles of association.

The overall responsibility for the Group's risk management and internal controls in relation to financial reporting rests with the Board of Directors and the Management Board, including compliance with applicable legislation and other financial reporting regulations. Finansiel Stabilitet has set up the required internal controls to ensure that the Company's financial reports give a true and fair view, free from material misstatement.

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 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.

The Board of Directors is continually 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 Ministry of Economic and Business Affairs automatically receives any information released by Finansiel Stabilitet and meetings with the Minister for Economic and Business Affairs are held as and when required. As long as Finansiel Stabilitet is

wholly owned by the Danish State, the Board of Directors is, moreover, required to make any and all information about the Company available to the Minister for 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.

A total of 20 board meetings were held in 2009, including ten extraordinary board meetings. The number of board meetings reflects the Company's comprehensive business activity in 2009, not least in connection with the conclusion of agreements concerning the acquisition of activities from additional banks. Moreover, regular meetings are held between the Chairman and Deputy Chairman of the Board of Directors and the Management Board. The Management Board attends board meetings.

The Board of Directors has not to date deemed it necessary to set up board committees, including an audit committee.

The work of the Board of Directors has not yet been formally evaluated but the Chairman of the Board of Directors regularly assesses the tasks and composition of the Board of Directors as well as the collaboration with the Management Board. The conditions relating to the Company's management are adjusted as required on the basis of these assessments.

The 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 shareholders in general meeting upon the recommendation of the Ministry of Economic and Business Affairs. Board members are elected for terms of three years and are eligible for re-election for an additional term. A three-year term of office has been selected on the basis of a wish to achieve stability and continuity in the work of the Board of Directors. The Chairman of the Board of Directors may not perform any tasks for Finansiel Stabilitet that are not a natural part of the office of chairman with the exception of such one-off tasks as the Chairman may be asked to perform on behalf of and by 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.

The notice convening the Company's annual general meeting contains information about the proposed candidates for the Board of Directors, including each individual candidate's prior experience and background.

Information on the individual board members can be found on pages 92 and 93 of this Annual Report.

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.

Members of the Board of Directors of Finansiel Stabilitet who are also members of the board of directors of one or more of the Company's subsidiaries deviate from the requirements of independence in the recommendations. However, it has been deemed most appropriate to ensure that the boards of directors of the subsidiaries possess the necessary professional skills.

Management Board

The Board of Directors appoints the Management Board and determines the employment terms of the member of the Management Board. 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 shareholders in connection with the adoption 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 2009, the remuneration paid to the Board of Directors amounted to DKK 2,207,000, including DKK 1,375,000 to the Chairman and the Deputy Chairman.

The remuneration of the Management Board is determined by the Board of Directors, and in 2009 the remuneration of the Management Board (one member) consisted of a basic salary and a supplement. The total remuneration paid to the Management Board amounted to DKK 2.4 million in 2009. 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.

Audit

Finansiel Stabilitet's independent auditors are appointed by the shareholders in general meeting for terms of one year at a time. Before nominating a candidate for appointment by the shareholders, the Board of Directors makes a critical assessment of the auditor's 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 and limiting the effects of the financial crisis on the financial sector in Denmark 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. 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 losses for the Private Contingency Association and the Danish State. 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 to the special challenges. As a result, Finansiel Stabilitet has chosen different models for handling banks that have become distressed.

The efforts to create financial stability have so far meant:

- that unsecured creditors of Danish banks, including all depositors, will not lose money during periods of financial uncertainty. The general guarantee scheme expires on 30 September 2010;
- that acquired banks are wound up in a controlled process and not through unnecessary forced realisation of the assets. This ensures focus on mitigation of losses on assets and allows Finansiel Stabilitet to contribute to maintaining stability in other sectors, including the property market, in the best possible way;

- that the financial sector has been able to procure funding after the expiry of the collective guarantee scheme through issues based on the individual government guarantees.

Since its inception, Finansiel Stabilitet has acquired six banks. In this process, ensuring proper treatment of the remaining customers of these banks and ensuring proper processing of customer complaints concerning advisory services, etc. provided by the original banks have been top priorities for Finansiel Stabilitet.

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 Company's special role. 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 extremely well-qualified employees. This has been possible thanks to various factors, including Finansiel Stabilitet's ability 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.

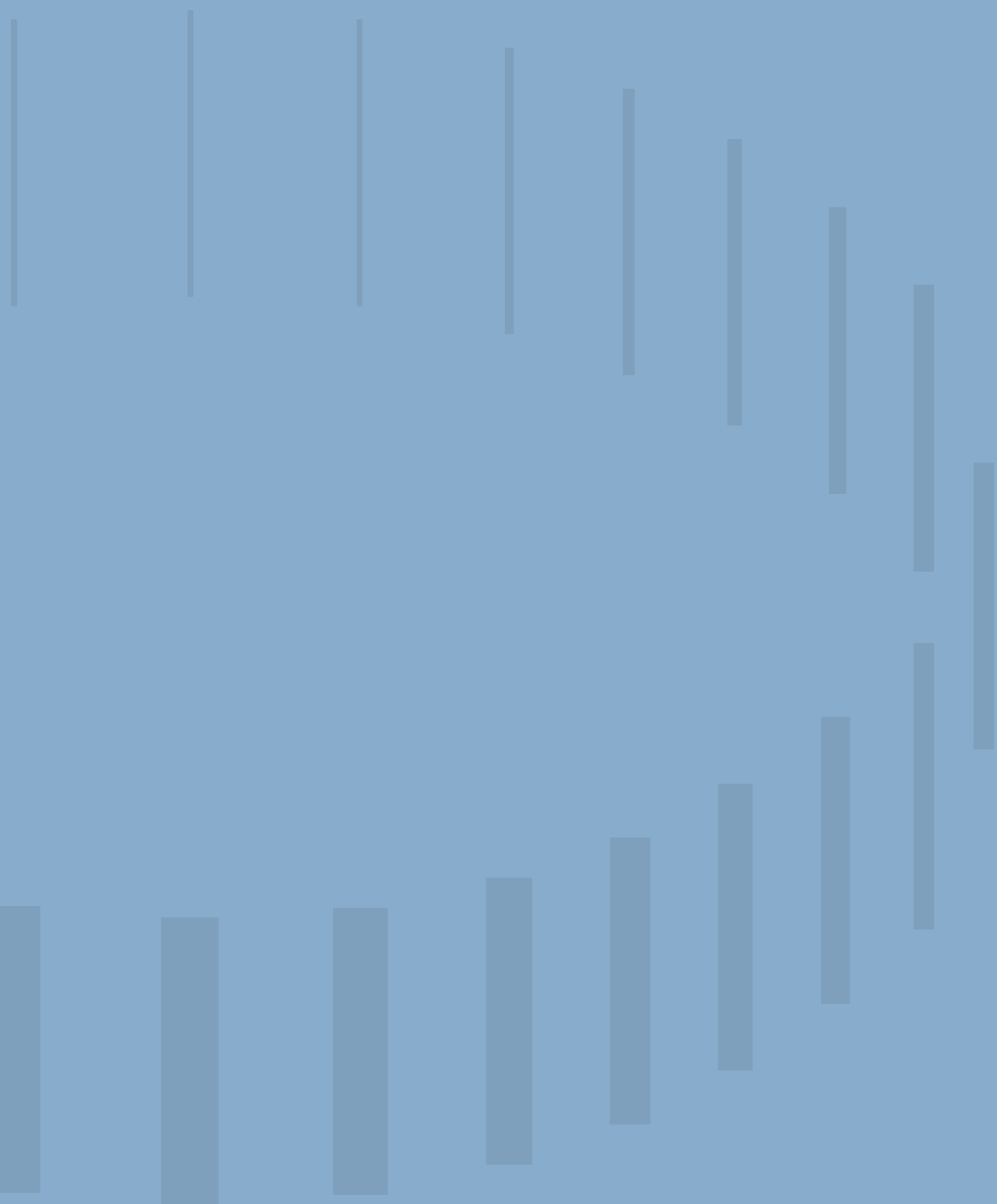
Environmental awareness

Finansiel Stabilitet seeks to estimate and limit the environmental impact of its business operations and to make direct and indirect contributions to a sustainable environment.

Due to the nature of Finansiel Stabilitet's activities, the direct environmental impact is limited. The most important environmental impact in relation to Finansiel Stabilitet's activities is related to the consumption of energy. In connection with heating and cooling of its offices, Finansiel Stabilitet uses electricity and water resources, and the Company endeavours to select environment-friendly solutions.



Financial statements



Income statement

for the period 13 October 2008 - 31 December 2009

(DKKm)	Note	Group	Parent
Interest income	4	1,540	486
Interest expense	5	809	360
Net interest income		731	126
Share dividends, etc.		3	0
Commission received from the Private Contingency Association		9,375	9,375
Other fees and commissions received	6	184	27
Fees and commissions paid	6	52	31
Net interest and fee income		10,241	9,497
Market value adjustments	7	(15)	(5)
Other operating income	8	234	17
Staff costs and administrative expenses	9	838	35
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	10	128	1
Other operating expenses		215	0
Impairment losses on loans, advances and receivables, etc.	11	2,343	0
Losses on acquisition of subsidiaries		9,775	9,775
Profit/(loss) from investments in subsidiaries and associates	12	(52)	(2,589)
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	9,504
Tax	13	0	-
Profit for the period		9,504	9,504
Statement of comprehensive income			
Profit for the period		9,504	9,504
Other comprehensive income after tax		0	0
Total comprehensive income		9,504	9,504

It is proposed that the profit for the period of DKK 9,504 million be carried forward to next year.

Balance sheet

at 31 December 2009

(DKKm)	Note	Group	Parent
<i>Assets</i>			
Cash in hand and demand deposits with central banks		3,924	2,156
Due from credit institutions and central banks	14	3,974	17,121
Loans, advances and other receivables at fair value	15	1,011	0
Loans, advances and other receivables at amortised cost	15	22,062	1,929
Bonds at fair value	16	3,055	0
Shares, etc.	17	1,570	751
Investments in associates	18	27	0
Investments in subsidiaries		0	5,277
Intangible assets	19	6	0
Total land and buildings	20	1,020	0
- Investment properties		839	-
- Domicile properties		181	-
Other property, plant and equipment	21	22	3
Current tax assets		7	0
Assets held temporarily	22	370	0
Receivable re. loss guarantee from the Private Contingency Association		5,791	5,791
Receivable re. loss guarantee from the Danish State relating to Roskilde Bank		6,604	6,604
Other assets	23	449	1
Prepayments		23	0
Total assets		49,915	39,633
<i>Equity and liabilities</i>			
Liabilities			
Due to credit institutions and central banks	24	2,471	0
Deposits and other payables	25	3,081	0
Loans through the state-funded re-lending scheme	26	29,920	29,920
Issued bonds at amortised cost	27	1,822	0
Other liabilities	28	1,800	54
Deferred income		158	154
Total liabilities		39,252	30,128
Provisions			
Provision for losses on guarantees		537	0
Other provisions	29	621	0
Total provisions		1,158	0
Total liabilities		40,410	30,128
Equity			
Share capital		1	1
Retained earnings		9,504	9,504
Total equity		9,505	9,505
Total equity and liabilities		49,915	39,633

Statement of changes in equity

Group			
(DKKm)	Share capital	Retained earnings	Total equity
Equity as at 13 October 2008	1	-	1
Changes in equity during the period	-	-	-
Comprehensive income for the period	-	9,504	9,504
Equity as at 31 December 2009	1	9,504	9,505

Parent company			
(DKKm)	Share capital	Retained earnings	Total equity
Equity as at 13 October 2008	1	-	1
Changes in equity during the period	-	-	-
Comprehensive income for the period	-	9,504	9,504
Equity as at 31 December 2009	1	9,504	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)	13.10.2008 – 31.12.2009
Cash flows from operating activities	
Profit for the period after tax	9,504
Impairment of loans, etc., net	2,343
Amortisation/depreciation of intangible and tangible assets	128
Loss guarantee from the Private Contingency Association/the Danish State	(12,395)
Losses on acquisition of subsidiaries	9,775
Other	(226)
Total operating activities	9,129
Working capital	
Changes in credit institutions, net	(22,420)
Change in loans, advances and other receivables	7,409
Changes in securities	8,739
Change in deposits and other payables	(19,552)
Changes in other assets and liabilities	(515)
Total working capital	(26,339)
Total cash flows from operating activities	(17,210)
Cash flows from investing activities	
Net investment in subsidiaries	(4,695)
Purchase/sale of property, plant and equipment	(560)
Total	(5,255)
Cash flows from financing activities	
Capital contribution to Finansiell Stabilitet	1
Loans through the state-funded re-lending scheme	30,186
Total	30,187
Change in cash and cash equivalents	
Cash and cash equivalents at the beginning of the period	0
Change during the period	7,722
Cash and cash equivalents at the end of the period	7,722
Cash and cash equivalents comprise:	
Cash in hand and demand deposits with central banks	3,924
Due from credit institutions and central banks within less than three months	3,798
Cash and cash equivalents at the end of the period	7,722

Notes to the financial statements

1. Accounting policies

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

The financial statements of the Parent Company, Forsikringselskabet 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.

Standards and interpretations not yet in force

The International Accounting Standards Board (IASB) has issued a number of amendments to international accounting standards which have not yet come into force. Similarly, the International Financial Reporting Interpretations Committee (IFRIC) has issued a number of interpretations which have not yet come into force.

None of these standards or interpretations are expected to materially affect the future financial reporting of the Group.

In November 2009, IFRS 9 Financial Instruments was issued. The standard represents phase 1 in a project to replace the rules of IAS 39 before the end of 2010. Phase 1 solely addresses the classification and measurement of financial assets, while subsequent phases will address the measurement and recognition of financial liabilities, impairment rules, hedge accounting rules and derecognition. 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.

Accounting estimates and judgments

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

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

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

Estimates significant to the financial reporting include the following:

- The accounting treatment of Finansiel Stabilitet A/S's acquisition of distressed banks, including assessment of the fair values of assets and liabilities at the acquisition date;
- impairment losses on loans and advances and provision for losses on guarantees and legal disputes, etc.;
- fair value of financial instruments, including mortgage deeds.

Due to uncertainty in the measurement of assets and liabilities of acquired subsidiaries and realisable values thereof, the preliminary calculation of the loss guarantee from the Private Contingency Association is subject to uncertainty.

Foreign currency translation

The functional currency of the Finansiel 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. Ex-

Notes to the financial statements

change 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:

- Assets and liabilities in the trading portfolio, measured at fair value;
- Loans and advances and receivables, measured at amortised cost;
- financial assets at fair value through profit or 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 calculated on the basis of current market data and generally accepted valuation methods.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets or liabilities are recognised

in the income statement together with changes in the fair value of the hedged asset or liability as regards the hedged portion.

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.

Accounting policies applied for the Group

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 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.

If the hedge criteria cease to be met, the accumulated value adjustments of the hedged items are amortised over the term to maturity.

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.

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

Business acquisitions

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

Acquisitions are accounted for using the purchase method if 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 and the fair value can be reliably measured. 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 years is recognised in the opening equity, and comparative figures are restated accordingly.

Balance sheet

Due from credit institutions and central banks

Amounts due from credit institutions and central banks comprise amounts due from credit institutions and time deposits with central banks. Reverse transactions, that is purchases of securities from credit institutions and central banks to be resold at a later date, are recognised as amounts due from credit institutions and central banks.

Loans, advances and receivables at fair value

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

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

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

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

Loans, advances and receivables at amortised cost

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

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

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

Notes to the financial statements

- 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 uncollectible 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 listed at fair value using the fair value option, because risk management is based on fair values 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 Finansiell Stabilitet A/S' holding of shares, cooperative share certificates and guarantee certificates received from banks in payment of guarantee commission in relation to the government guarantee scheme for banks having joined the Private Contingency Association.

Associates

Associates are recognised at the proportionate share of fair values.

Intangible assets

Software

Software acquired is measured at cost, including 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.

Property

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.

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

Impairment of property, plant and equipment

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

Notes to the financial statements

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

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

Deferred tax assets are reviewed 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.

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 recog-

nised 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 unsecured debt in banks.

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

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

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

Restructuring costs are recognised as liabilities when a detailed, formal restructuring plan has been announced not later than at the balance sheet date to the parties affected by the plan. On acquisition of enterprises, restructuring provisions relating to the acquired enterprise are included in the calculation of the negative balance only if the acquired enterprise has a liability at the date of acquisition.

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

Equity

Proposed dividend

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

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

Minority interests

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

Contingent assets and liabilities

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

Notes to the financial statements

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, including income from work performed on behalf of data centres, rental income and gains on the sale of operations 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 charges 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 charges on loans, advances and receivables as well as provisions for guarantees and undrawn credit facilities.

Profit/(loss) from investments in associates

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

Taxation

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), including receivables under the DKK 10 billion demand guarantee issued by the Private Contingency Association and the right to charge additional guarantee commission of a further DKK 10 billion.

Receivables are measured on the basis of the preliminary recognition of losses to be covered by the loss guarantee. Receivables do not necessarily equal the Company's actual claim under the loss guarantee.

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 loss 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 is authorised on behalf of the Danish State to enter into agreements to provide individual government guarantees to existing and new unsubordinated secured debt, etc. (the Credit Package).

Consolidated cash flow statement

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

The cash flow effect of 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

Notes to the financial statements

date of acquisition, while cash flows concerning divested companies are recognised until the date of divestment.

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

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

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

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

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

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 A/S is authorised, on behalf of the Danish State, to grant individual government guarantees for existing or new unsubordinated secured debt, etc.

• Roskilde Bank A/S

In August 2009, Finansiel Stabilitet assumed ownership of Roskilde Bank A/S from Danmarks Nationalbank. The winding up of Roskilde Bank will continue unchanged according to the previous plan. Roskilde Bank A/S is not covered by the general government guarantee pursuant to the 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 13 October 2008 – 31 December 2009

(DKKm)	The Bank Package	Individual government guarantees	Roskilde Bank	Total
Net interest income	440	0	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 charges 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 subsidiaries and 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 to the financial statements

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	Løkken Spare-bank	Fionia Bank/ Nova Bank	Pantebrevs-selskabet	Guarantee commission	Loss guarantee etc.	Total
Net interest income	28	25	229	50	98	10	440
Commission received from the Private Contingency Association	-	-	-	-	9,375		9,375
Other net fee income and market value adjustments	(10)	3	94	8	2	(10)	87
Other operating income/expenses, net	32	(16)	(9)	(13)	7		1
Operating expenses	380	18	383	33	24		838
Impairment charges on loans, advances, guarantees etc.	1,751	133	431	28	0		2,343
Losses on acquisition of subsidiaries	1,054	454	57	1,392	0		2,957
Profit/(loss) from investments in subsidiaries and associates	(53)	0	1	0	0		(52)
Loss guarantee from the Private Contingency Association	-	-	-	-	-	5,791	5,791
Profit for the period before tax	(3,188)	(593)	(556)	(1,408)	9,458	5,791	9,504
Tax	0	0	0	0	0		0
Profit for the period	(3,188)	(593)	(556)	(1,408)	9,458	5,791	9,504

The activities of the companies are described in note 3 to the financial statements.

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

EBH Bank	3,188
Løkken Sparebank	593
Pantebrevsselskabet	1,408
Fionia Bank / Nova Bank Fyn	556
Finansiell 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

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 Stabilitet A/S has acquired the assets and liabilities of a number of distressed banks. In connection with the acquisitions, the activities are to the widest possible extent to be transferred or continued with a view to winding up.

In the period to 31 December 2009, the activities of the following institutions have been acquired:

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

After the balance sheet date, Finansiel Stabilitet A/S has furthermore entered into an agreement on the transfer of the assets from Capinordic Bank A/S in bankruptcy to a newly established subsidiary of Finansiel Stabilitet.

An account of each acquisition is given below.

ebh bank a/s

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

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

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

Since the acquisition, EBH Bank A/S has sold off a number of activities to other banks, whereas other activities have been discontinued. A process is under way to

divest or discontinue the remaining activities, but this process is expected to take a few years.

During the period from the acquisition to 31 December 2009, a loss of DKK 2,134 million was recognised. The loss largely concerned further impairment losses on loans, advances and mortgage deeds.

The acquired assets and liabilities are specified below.

The carrying amounts at the date of acquisition are not deemed to differ to any significant degree from the above estimated fair values. At the establishment of EBH Bank A/S, Finansiel Stabilitet A/S contributed DKK 2,000 million in equity and DKK 400 million in subordinated debt. Subsequently, capital increases of DKK 2,000 million and DKK 1,000 million, respectively, have been effected.

(DKKm)

Cash in hand and demand deposits with central banks	307
Due from credit institutions and central banks	504
Loans, advances and other receivables at fair value (mortgage deeds with nominal residual debt of DKK 397 million)	257
Loans, advances and other receivables at amortised cost (loans and advances with nominal residual debt of DKK 6,704 million)	4,857
Bonds and shares, etc. at fair value	480
Land and buildings	55
Current tax assets	19
Assets held temporarily	7
Other assets	428
Deposits and other payables	(7,751)
Other provisions	(217)
Acquired net assets	(1,054)
Cash consideration	0
Loss at the date of acquisition	1,054

Notes to the financial statements

3. Acquisition of enterprises - the Group - continued

Løkken Sparekasse

On 25 March 2009, Finansiel Stabilitet A/S acquired all assets and liabilities, excluding guarantor capital, in Løkken Sparekasse through a newly established subsidiary, Løkken Sparebank A/S.

Pursuant to the 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 Løkken Sparekasse.

The recognised loss on acquisition was DKK 454 million, equalling the amount by which the acquired liabilities exceeded the estimated fair value of the acquired assets.

All activities, apart from a number of onerous exposures, were transferred to Nordjyske Bank immediately following

the acquisition. The remaining exposures are in the process of being discontinued.

During the period from the acquisition to 31 December 2009, a loss of DKK 139 million has been recognised. The loss largely concerns further impairment losses on loans and advances.

The acquired assets and liabilities are specified below.

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

At the establishment of Løkken Sparebank A/S, Finansiel Stabilitet A/S contributed DKK 60 million in equity. Subsequently, a capital increase of DKK 700 million has been effected.

(DKKm)

Due from credit institutions and central banks	127
Loans, advances and other receivables at amortised cost (loans and advances with nominal residual debt of DKK 1,731 million)	944
Bonds and shares, etc. at fair value	153
Goodwill	10
Land and buildings	17
Assets held temporarily	11
Other assets	8
Debt to credit institutions	(189)
Deposits and other payables	(1,479)
Other provisions	(56)
Acquired net assets	(454)
Cash consideration	0
Loss at the date of acquisition	454

Fionia Bank A/S

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

According to the agreement, Fionia Bank A/S (now Fionia Holding A/S) contributed all assets and liabilities, other than subordinated capital, to a newly formed subsidiary (new Fionia Bank A/S).

At the same time, Finansiel Stabilitet A/S subscribed a share with a nominal value of DKK 10 and received a charge on the remaining part of the share capital in Fionia Bank A/S. Fionia Bank A/S thus became a subsidiary of Finansiel Stabilitet A/S.

The recognised loss on acquisition was DKK 57 million, equalling the amount by which the acquired liabilities exceeded the fair value of the acquired assets.

At the acquisition, loans, advances and other receivables at amortised cost were written down by DKK 1,517 million to the estimated fair value.

Moreover, at the acquisition, bonds at amortised cost were written down by DKK 112 million to the estimated fair value.

In the autumn, major parts of Fionia Bank's operations were sold to Nordea effective from the end of November. At the end of November 2009, the remaining activities were transferred to a newly established company, Nova Bank Fyn, a wholly-owned subsidiary of Finansiel Stabilitet A/S.

Goodwill in the amount of DKK 900 million and a share of the transferred tax asset of DKK 300 million arising from the sale to Nordea were allocated to the below take-over balance sheet at 28 May 2009.

The carrying amounts at the date of acquisition are not deemed to differ to any significant degree from the below estimated fair values, apart from the above-mentioned items.

During the period from the acquisition to 31 December 2009, a loss of DKK 499 million has been recognised. The loss largely concerns further impairment losses on loans and advances.

(DKKm)

Cash in hand and demand deposits with central banks	182
Due from credit institutions and central banks	3,093
Loans, advances and other receivables at fair value	8
Loans, advances and other receivables at amortised cost (loans and advances with nominal residual debt of DKK 20,056 million)	16,339
Bonds at fair value	9,688
Bonds at amortised cost	105
Shares, etc.	418
Intangible assets	916
Total land and buildings	
- Investment properties	119
- Domicile properties	287
Other property, plant and equipment	27
Deferred tax assets/liabilities	347
Assets held temporarily	7
Other assets	718
Prepayments	24
Due to credit institutions and central banks	(11,433)
Deposits and other payables	(16,009)
Issued bonds at amortised cost	(1,933)
Other liabilities	(2,860)
Deferred income	(5)
Provisions for losses on guarantees	(36)
Other provisions	(59)
Acquired net assets	(57)
Cash consideration	0
Loss at the date of acquisition	57

Notes to the financial statements

3. Acquisition of enterprises - the Group - continued

Gudme Raaschou Bank A/S (Pantebrevsselskabet af 2. juni 2009 A/S)

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

Pursuant to the 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 Gudme Raaschou Bank A/S.

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

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

During the period from the acquisition to 31 December 2009, a loss of DKK 16 million has been recognised. The loss largely concerns further impairment losses on loans and advances.

The acquired assets mainly comprise a large portfolio of mortgage deeds and a number of loans to finance investments, mainly in mortgage deeds. The acquired assets and liabilities are specified below.

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

In July 2009, Finansiel Stabilitet A/S effected a DKK 1,000 million capital increase in Pantebrevsselskabet af 2. juni 2009 A/S. In December 2009, a further capital increase of DKK 700 million was made.

(DKKm)	
Cash in hand and demand deposits with central banks	69
Due from credit institutions and central banks	36
Loans, advances and other receivables at fair value (loans with nominal residual debt of DKK 1,979 million)	1,074
Loans, advances and other receivables at amortised cost (loans and advances with nominal residual debt of DKK 1,933 million)	1,072
Bonds at fair value and shares, etc.	17
Intangible assets and other property, plant and equipment	5
Assets held temporarily	88
Other assets and prepayments	52
Due to credit institutions and central banks	(4)
Deposits and other payables	(3,668)
Other liabilities	(62)
Other provisions	(71)
Acquired net assets	(1,392)
Cash consideration	0
Loss at the date of acquisition	1,392

Roskilde Bank A/S

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

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

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

In connection with the transfer to Finansielt Stabilitet, the value of Roskilde Bank's assets and liabilities was recognised at fair value.

The recognised loss on acquisition was DKK 6,818 million, equalling the amount by which the acquired liabilities exceeded the estimated fair value of the acquired assets. As a result of the government guarantee, the recognised loss is offset by a receivable from the Danish State.

At the acquisition, loans, advances and other receivables at amortised cost were written down by DKK 2,680 million. In addition, a DKK 300 million provision has been made for pending legal disputes, and a DKK 30 million impairment loss has been recognised in respect of bonds.

The carrying amounts at the date of acquisition are not deemed to differ to any significant degree from the below calculated fair values, apart from the above-mentioned items.

During the period from the date of acquisition until 31 December 2009, a profit of DKK 199 million has been realised.

Pre-acquisition revenue and results of acquired enterprises

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

(DKKm)	
Cash in hand and demand deposits with central banks	650
Due from credit institutions and central banks	234
Loans, advances and other receivables at amortised cost (loans and advances with nominal residual debt of DKK 24,504 million)	14,523
Bonds at fair value and shares, etc.	2,005
Total land and buildings	433
Intangible assets and other property, plant and equipment	3
Assets held temporarily	68
Other assets and prepayments	178
Due to credit institutions and central banks	(14,355)
Deposits and other payables	(1,577)
Issued bonds at amortised cost	(2)
Other liabilities	(314)
Provisions	(941)
Subordinated debt	(1,000)
Acquired net assets	(95)
Cash consideration	6,723
Loss at the date of acquisition	6,818

Notes to the financial statements

3. Acquisition of enterprises - the Group - continued

Capinordic Bank A/S

On 11 February 2010, a new subsidiary of Finansiel Stabilitet signed an agreement with Capinordic Bank's trustee in bankruptcy concerning the acquisition of the bank's assets in Denmark. The acquisition also comprised the bank's subsidiaries, including O.T.C. Fondsmæglerselskab A/S. In addition, the bank's employees were taken over. The transfer of activities was occasioned by Capinordic Bank depositing its licence to carry on banking activities on 10 February 2010 as a result of its failure to comply with the solvency requirements of the Financial Business Act. The bank was declared bankrupt on 11 February 2010.

The acquisition of the assets will be effected at a price to be determined by two independent expert valuers, in accordance with the Act on Financial Stability. Any return realised by Finansiel Stabilitet from the winding up of the assets in excess of the standard market return, with due account being taken of risk, will be paid to the estate in bankruptcy.

The assets of the estate in bankruptcy have been valued on a preliminary basis at DKK 1,300 million. Of this amount, loans and advances accounted for just under DKK 700 million and bank deposits accounted for DKK 300 million. A considerable loan impairment charge is to be expected in connection with the transfer.

The acquisition does not comprise the creditors of Capinordic Bank. As stated in the announcement released on 10 February 2010, Finansiel Stabilitet will ensure that any unsecured creditors of the Danish part of the bank receive due payment of their claims in pursuance of the provisions of the Act on Financial Stability. Creditors of the Swedish branch (including depositors of the Swedish branch) are not comprised by the Bank Package but by the Danish depositors' guarantee scheme.

(DKKm)	Group	Parent
4. Interest income		
Due from credit institutions and central banks	124	424
Loans, advances and other receivables at amortised cost	1,183	53
Loans, advances and other receivables at fair value	65	0
Bonds	150	0
Total derivative financial instruments	7	0
Foreign exchange contracts	17	0
Interest rate contracts	(10)	0
Other interest income	11	9
Total	1,540	486
Interest income relates to:		
Assets at amortised cost	1,309	477
Assets at fair value:	231	9
Total	1,540	486

Interest on financial assets written down individually totalled DKK 325 million.

(DKKm)	Group	Parent
5. Interest expense		
Credit institutions and central banks	137	5
Deposits and other payables	177	0
Issued bonds	106	0
Loans through the state-funded re-lending scheme	355	355
Other interest expense	34	0
Total	809	360

Interest expense relates to liabilities at amortised cost.

(DKKm)	Group	Parent
6. Fees and commissions received		
Fees and commissions received		
Securities trading and custody accounts	64	0
Payment transfers	19	0
Loan arrangements	8	0
Guarantees	37	9
Other fees and commissions	56	18
Total	184	27
Fees and commissions paid		
Guarantees	12	9
Payment transfers	4	0
Other fees and commissions paid	36	22
Total	52	31

Notes to the financial statements

(DKKm)	Group	Parent
7. Market value adjustments		
Adjustment for credit risk for loans and advances at fair value	(81)	0
Bonds	22	0
Shares, etc.	(4)	(5)
Investment property	(40)	0
Currency	255	0
Currency, interest, share, commodity and other contracts and derivative financial instruments	(247)	0
Other assets and liabilities	80	0
Total	(15)	(5)
Market value adjustments relate to:		
Assets and liabilities at fair value	(14)	(5)
Other assets and liabilities	(1)	0
Total	(15)	(5)

(DKKm)	Group	Parent
8. Other operating income		
Sale of bank branches	89	0
Rental income, property	18	0
Operating grants from the Danish State	9	9
Other items	118	8
Total	234	17

(DKKm)	Group	Parent
9. Staff costs and administrative expenses		
Salaries and remuneration to Board of Directors and Management Board		
Management Board	2	2
Board of Directors	3	2
Total	5	4
Staff costs:		
Salaries	374	11
Pensions	52	-
Social security costs	31	-
Total	457	11
Other administrative expenses	376	20
Total	838	35

The average number of employees during the financial year converted into full-time equivalents	848	8
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(DKKm)	Group	Parent
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9. Staff costs and administrative expenses - continued

Board emoluments (DKK'000)

Henning Kruse Petersen (Chairman)	816	716
Jakob Brogaard (Deputy Chairman)	741	641
Anette Eberhard	170	170
Claus Gregersen	420	170
Christian Th. Kjølbye	170	170
Birgitte Nielsen	170	170
Visti Nielsen	452	170
Total emoluments	2,939	2,207

The Board of Director receive fixed remuneration. In addition, during the financial year, the Chairman and the Deputy Chairman have received variable remuneration in relation to extra work in connection with the acquisition of distressed banks.

Management Board remuneration (DKK'000)

Henrik Bjerre-Nielsen:		
Base salary	2,015	2,015
Cash bonus	400	400
Total	2,415	2,415

A term of notice of 12 months has been agreed 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

Total fees to the auditors appointed in general meeting can be specified as follows:

Statutory audit	8	1
Assurance engagements	2	0
Tax advice	2	0
Non-audit services	19	2
Total audit fees	31	3

(DKKm)	Group	Parent
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10. Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Intangible assets, amortisation	1	0
Intangible assets, impairment losses	67	0
Operating equipment, depreciation	15	1
Domicile properties, depreciation	3	0
Domicile properties, impairment losses	42	0
Total	128	1

Notes to the financial statements

(DKKm)

Group

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

Loans, advances and other receivables at amortised cost	loans and advances etc., individual write-down	loans and advances 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	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 losses during the period	Reversed impairment losses	Impairment losses, 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	Parent
12. Profit/(loss) from investments in associates and subsidiaries		
Profit/(loss) from investments in associates	(52)	0
Profit/(loss) from investments in subsidiaries	0	(2,589)
Total	(52)	(2,589)

(DKKm)	Group	Parent
13. Tax		
Estimated tax on the taxable income for the year	0	-
Adjustment of deferred tax	0	-
Prior-year tax adjustments	0	-
Total	0	-

Effective tax rate

Corporate tax rate in Denmark	25%	-
Unrecognised deferred tax assets	(25)%	-
Effective tax rate	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	Parent
14. Due from credit institutions and central banks		
Term deposits with central banks	600	0
Due from credit institutions	3,374	17,121
	3,974	17,121
Impairment losses	0	0
Total balances due from credit institutions and central banks	3,974	17,121
Reverse transactions hereof	0	0
broken down by term to maturity		
Demand deposits	2,682	13,228
Three months or less	1,116	2,168
Between three months and one year	37	25
Between one and five years	80	1,700
More than 5 years	59	0
Total	3,974	17,121

Notes to the financial statements

(DKKm)	Group	Parent
15. Loans, advances and other receivables		
Loans, advances and other receivables at fair value	1,011	0
Loans, advances and other receivables at amortised cost	22,062	1,929
Impairment losses	19,394	0
Total loans, advances and other receivables before impairment losses	42,467	1,929
broken down by term to maturity		
On demand:	22,818	0
Three months or less	4,075	1,329
Between three months and one year	4,279	600
Between one and five years	4,752	0
More than 5 years	6,543	0
Total	42,467	1,929
Loans and advances at fair value		
Nominal value	1,936	
Fair value adjustment	(36)	
Adjustment for credit risk	(889)	
Total	1,011	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.

In pursuance of the credit package, in 2009 Finansiel Stabilitet granted individual government guarantees of DKK 53 billion to four Danish banks. Moreover, at the end of 2009, the Company had committed to guarantees for DKK 142 billion.

Individual government guarantees at 31 December 2009 (DKKbn)

Danske Bank	34.9
FIH Erhvervsbank	13.2
Spar Nord Bank	4.6
Føroya Banki	0.5
	53.2

In connection with Finansiel Stabilitet's management of the individual government guarantee scheme, the Company conducts a credit assessment of the applications received.

Institutions applying for individual government guarantees must submit an application containing a wide range of information for use in connection with Finansiel Stabilitet's credit assessment. The credit assessment forms a basis for Finansiel Stabilitet's evaluation of whether to enter into an agreement with the institution for an individual government guarantee. In addition, Finansiel Stabilitet may set out additional terms if this is deemed necessary for the issuance of a government guarantee to be prudent.

In connection with the issuance of guarantees, the institution is required to submit information on material negative changes, based on which Finansiel Stabilitet makes an updated assessment to ensure that, after the contract date, issues with government guarantees are made only when deemed prudent.

The Danish State is guarantor for the Company's guarantee commitments. No provision was made for impairment losses on individual government guarantees in 2009.

15. Loans, advances and other receivables - continued

Credit exposure relating to subsidiary banks

The credit exposure consists of balance sheet items and off-balance sheet items exposed to credit risk.

Credit exposure

Balance sheet items:	3,924
Cash in hand and demand deposits with central banks	3,974
Due from credit institutions and central banks	1,936
Loans, advances and other receivables at amortised cost	40,567
Loans, advances and other receivables at fair value	
Off-balance sheet items:	
Guarantees	3,987
Credit exposure relating to lending activity	54,388

Of the total credit exposure of DKK 54.4 billion, DKK 7.9 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 1,936 million) relate to mortgage deeds, which have been adjusted for credit risk in the total amount of DKK 889 million (see previous page).

The remaining DKK 44.6 billion of the credit exposure, which relates to the banks' 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.

Loans and guarantees

1. Public authorities	2	-
2. Commercial sector		
2.1 Agriculture, hunting and forestry	1,202	3%
2.2 Fishing	0	
2.3 Manufacturing, raw materials extraction, utility providers	1,721	4%
2.4 Construction	3,797	9%
2.5 Trade, hotel and restaurant business	1,505	3%
2.6 Transport, mail and telecommunications	1,026	2%
2.7 Credit, finance and insurance	6,497	14%
2.8 Property administration and trading, business services	19,585	44%
2.9 Other commercial sector	3,793	9%
Total commercial sector	39,126	88%
3. Retail sector	5,428	12%
Total	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 to the financial statements

(DKKm)	Group
15. Loans, advances and other receivables - continued	
Break-down of loans by degree of security (partially based on estimates)	
Commercial sector	
Loans without any security (in blank)	12,898
Loans secured on charges or other security:	
- secured in full	4,870
- secured in part	17,822
Total	35,590
Retail sector	
Loans without any security (in blank)	1,866
Loans secured on charges or other security:	
- secured in full	499
- secured in part	2,612
Total	4,977
Total	40,567

Security

Security has been provided for a nominal amount of DKK 18.6 billion
The main categories of security are listed below.

Mortgage deeds registered to the owner, private homes	4,421
Mortgage deeds registered to the owner, commercial property	7,338
Mortgage deed commitments	2,831
Mortgage deeds secured on vehicles, aircraft, ships, etc.	2,374
Security in deposits	893
Custody accounts	565
Guarantees	74
Other	104
Total	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 2009, the Group had a portfolio of 68 properties temporarily acquired, representing a total value of DKK 370 million.

(DKKm)	Group
15. Loans, advances and other receivables - continued	
Impairment losses by line of business	
1. Public authorities	0
2. Commercial sector	
2.1 Agriculture, hunting and forestry	528
2.2 Fishing	0
2.3 Manufacturing, raw materials extraction, utility providers	564
2.4 Construction	1,716
2.5 Trade, hotel and restaurant business	611
2.6 Transport, mail and telecommunications	294
2.7 Credit, finance and insurance	2,460
2.8 Property administration and trading, business services	7,899
2.9 Other commercial sector	2,038
Total commercial sector	16,110
3. Retail sector	2,107
Total	18,217
Collective impairment charges	825
Total impairment losses	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	Parent
16. Bonds at fair value		
Government bonds	771	
Mortgage bonds	2,040	
Other bonds	244	
Total	3,055	0

(DKKm)	Group	Parent
17. Shares, etc.		
Shares/unit trust certificates listed on NASDAQ OMX Copenhagen A/S	315	1,252
Unlisted shares at fair value	303	448
Unlisted shares at cost	3	0
Total	1,570	751

Notes to the financial statements

(DKKm)	Group	Parent
18. Investments in associates		
Cost at beginning of period	-	-
Additions on acquisition of subsidiary	123	
Disposals	61	
Cost, end of period	62	
Revaluations and impairment, beginning of period	-	-
Revaluations and impairment	(35)	
Revaluations and impairment, end of period	(35)	
Carrying amount, end of period	27	0

	Ownership (%)	Domicile	Total assets	Total liabilities	Revenue	Profit/(loss)
Investments in associates						
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	0	0	0	0
Coface Finans A/S	25%	Ikast	346	326	14	(1)
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

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

(DKKm)	Group	Parent
19. Intangible assets		
Cost at beginning of period	-	
Additions on acquisition of subsidiary	66	
Additions during the year	8	
Disposals during the year	(16)	
Cost, end of period	58	
Amortisation and impairment, beginning of period	-	
Impairment losses during the year	67	
Amortisation during the year	1	
Disposals during the year	(16)	
Amortisation and impairment, end of period	52	
Carrying amount, end of period	6	0

(DKKm)**Group****20. Land and buildings**

	Investment properties	Domicile properties
Fair value, beginning of period	-	-
Additions on acquisition of subsidiary	410	484
Other additions	473	0
Disposals	(4)	(258)
Depreciation	-	(3)
Write-down on revaluation	-	(42)
Fair value adjustment for the period	(40)	-
Fair value, end of period	839	181

Rental income from investment properties amounted to DKK 18 million. Direct costs in relation to investment properties generating revenue amounted to DKK 1 million, and in relation to investment properties not generating revenue amounted to 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.

(DKKm)**Group****Parent****21. Other property, plant and equipment**

Total cost, beginning of period		
Additions on acquisition of subsidiary	54	0
Additions during the year	5	4
Disposals during the year	(28)	0
Cost, end of period	31	4
Depreciation and impairment, beginning of period		
Depreciation during the year	15	1
Disposals during the year	(6)	0
Depreciation and impairment, end of period	9	1
Carrying amount, end of period	22	3

Notes to the financial statements

(DKKm)	Group	Parent
22. Assets held temporarily		
Balance, beginning of period	-	-
Additions on acquisition of subsidiary	157	
Additions during the year	291	
Disposals during the year	81	
Value adjustment for the year	3	
Carrying amount, end of period	370	0

Hereof:

Residential properties	40	
Single-family houses	35	
Commercial properties	295	

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

(DKKm)	Group	Parent
23. Other assets		
Interest receivable	131	0
Positive market values of unsettled spot transactions and derivative financial instruments	120	0
Other assets	198	1
Total	449	1

(DKKm)	Group	Parent
24. Due to credit institutions and central banks		
Due to credit institutions	2,471	0
Total due to credit institutions and central banks	2,471	0
broken down by term to maturity		
Due on demand	2,327	
Three months or less	2	
Between three months and one year	142	
Between one and five years	0	
Total	2,471	0

(DKKm)	Group	Parent
25. Deposits and other payables		
On demand	2,620	
Term deposits	323	
Special types of deposits	138	
Total deposits	3,081	0
broken down by term to maturity		
On demand	2,620	
Deposits subject to term of notice:		
Three months or less	171	
Between three months and one year	11	
Between one and five years	63	
More than 5 years	216	
Total	3,081	0

(DKKm)	Principal	Interest rate	Maturity	Carrying amount
Danish State	22,110	4%	2010	22,495
Danish State	6,870	5%	2013	7,425
Total	28,980			29,920

Notes to the financial statements

(DKKm)	Group	Parent
27. Issued bonds at amortised cost		
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	2	
Total	1,822	0

28. Other liabilities

Negative market value of derivative financial instruments	230	0
Interest and commissions payable	45	22
Other liabilities	1,525	32
Total	1,800	54

29. Other provisions

Litigation	391	
Other provisions	230	
Total	621	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	Other provisions
Additions on acquisition of subsidiary	300	248
Additions during the year	91	11
Disposals during the year	0	(29)
End of 2009	391	230

(DKKm)

30. Contingent assets and liabilities

Tax

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.

Act on Financial Stability

The Company's object under the Act on Financial Stability is to secure the claims of unsecured creditors of the banks and branches that have entered into an agreement with the Private Contingency Association. The Company is under an obligation to cover any future claims from unsecured creditors until 30 September 2010. Such claims against the Company are to be covered by a DKK 10 billion loss guarantee, a guarantee commission of DKK 15 billion and the right to charge additional guarantee commission of DKK 10 billion from the Private Contingency Association. Any claims in excess of the DKK 35 billion will be covered by the Danish State pursuant to the Act on Financial Stability.

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 and for the provision of supplementary collateral (junior covered bonds) with a maturity of up to three

years by institutions issuing covered bonds. At 31 December 2009, the Company has committed to a credit facility of DKK 195 billion, of which guarantees for DKK 53 billion have been issued. The Danish State guarantees the Company's guarantee commitments under the scheme.

Roskilde Bank

On 10 August 2009, Roskilde Bank A/S was transferred to Finansiel Stabilitet A/S from Danmarks Nationalbank. Roskilde Bank A/S is 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.

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 the banks acquired by Finansiel Stabilitet. The complaints are related in particular to Løkken Sparekasse and Roskilde Bank A/S.

Earn-out agreements:

Earn-out agreements have been concluded with the former shareholders of Fionia Bank, Løkken Sparekasse, Roskilde Bank and Gudme Raaschou 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.

It is considered highly unlikely that the former shareholders will get a return from the concluded earn-out agreements.

(DKKm)	Group	Parent
Guarantees, etc.		
Financial guarantees	1,148	0
Loss guarantee for mortgage loans	1,260	0
Loss guarantee for loans to subsidiaries	-	150
Government guarantee pursuant to the Credit Package	53,200	53,200
Other *	1,107	0
Total	56,715	53,350

*Other includes the subsidiaries' guarantee commitment towards the Private Contingency Association in the amount of DKK 303 million.

Other contingent liabilities		
Irrevocable credit commitments	142,046	142,000
Total	142,046	142,000

Notes to the financial statements

(DKKm) **Group** **Parent**

31. Charges

As security for loans, settlement and clearing, etc. at Danmarks Nationalbank and VP Securities Services, bonds and shares have been deposited, representing a market value of:

884 0

(DKKm) **Group**

32. Derivative financial instruments

	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.

Market risk is monitored on an ongoing basis, and the Board of Directors is kept informed of the Company's overall exposure. So far, at the takeover, 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 via the state-funded re-lending schemes in short-term bonds. At the end of 2009, interest rate risk was calculated at DKK (415) million, i.e. a 1 percentage point rise in interest rates would result in a gain of DKK 415 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 exposed to limited currency risk. The reason is that the vast majority of the subsidiaries' activities take place in Denmark. At the end of 2009, exchange rate indicators 1 and 2 were calculated at 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. 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 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 to the financial statements

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

(DKKm)

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	Balance at 31.12.2009
Parties exercising significant influence				
The Danish State	100% ownership of Finansielt Stabilitet A/S	Loans through the state-funded re-lending scheme. Market rate of interest plus 0.15% commission	(355)	(29,920)
Group undertakings				
Roskilde Bank A/S, Roskilde	Subsidiary of Finansielt Stabilitet A/S	Loans on market terms	198	11,613
	Partial overlap of board members	Loss guarantees for selected exposures	0	50
Nova Bank Fyn A/S, Odense	Subsidiary of Finansielt Stabilitet A/S	Loans on market terms	11	4,400
		Loss guarantees for selected exposures	0	100
EBH Bank A/S, Aalborg	Subsidiary of Finansielt Stabilitet A/S	Loans on market terms	82	425
	Partial overlap of board members			
Løkken Sparebank A/S, Aalborg	Subsidiary of Finansielt Stabilitet A/S	Loans on market terms	7	177
Pantebrevsselskabet af 2. juni 2009 A/S, Copenhagen	Subsidiary of Finansielt Stabilitet A/S	Loans on market terms	69	1,900
	Partial overlap of board members			
Other government entities				
Danmarks Nationalbank, Copenhagen	Controlled by the Danish State	Deposit	44	2,156

Notes to the financial statements

(DKKm)

35. Group overview

	Share capital	Profit/ (loss)	Equity	Ownership (%)
Finansiell Stabilitet A/S, Copenhagen	1	9,504	9,505	
Credit institutions:				
Roskilde Bank A/S, Roskilde	600	199	2,104	100
Nova Bank Fyn A/S, Odense	100	(99)	901	100
EBH Bank A/S, Aalborg	700	(2,134)	1,812	100
Løkken Sparebank A/S, Aalborg	110	(139)	167	100
Investment and insurance companies, etc.				
Pantebrevsselskabet af 2. juni 2009 A/S, Copenhagen	171	(16)	293	100

(DKKm)**Group****36. Break-down of balance sheet items by contractual and expected terms to maturity**

	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. Receivable 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.

Receivable re. loss guarantee from the Danish State relating to Roskilde Bank, shares, properties and provisions are listed based on expected maturities.

Notes to the financial statements

(DKKm)

Group

37. Fair value disclosure

	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

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.

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 disclosed by the Association of Local Banks in Denmark

37. Fair value disclosure - continued

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.

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 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, which would be expected to reduce the interest rate risk on the portfolio. A 1 percentage point change in the required rate of return would result in a DKK 75 million change in value. A 10 percent change in the underlying property value would result in a DKK 60 million change in value.

(DKKm)

Fair value, group	Quoted market prices	Observable input	No observable input	Total
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				
Additions on acquisition of subsidiaries				1,331
Value adjustment through income statement (note 7)				(81)
Completed cases				(239)
Fair value, end of period				1,011

Notes to the financial statements

(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
Financial assets		
Cash in hand and demand deposits with central banks	3,924	3,924
Due from credit institutions and central banks	3,974	3,974
Loans, advances and other receivables	22,062	19,451
Shares, etc.	3	3
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
Total financial assets	42,358	39,747
Financial liabilities:		
Due to credit institutions and central banks	2,471	2,471
Deposits and other payables	3,081	3,081
Loans through the state-funded re-lending scheme	29,920	30,270
Issued bonds	1,822	1,822
Total financial liabilities	37,294	37,644

(DKKm)

Group

39. Return on financial instruments

	Assets and liabilities at cost	Assets and liabilities at fair value	Total
Return on financial instruments			
Interest income	1,309	231	1,540
Interest expense	809	0	809
Net interest income	500	231	731
Share dividends, etc.	0	3	3
Fees and commissions received	123	43	166
Fees and commissions paid	41	2	43
Net interest and fee income	582	275	857
Market value adjustments	(1)	(14)	(15)
Other operating income	0	10	10
Total	581	271	852

Financial highlights

(DKKm)

Finansiel Stabilitet A/S
13.10.2008 - 31.12.2009

Commission received from the Private Contingency Association	9,375
Other interest and fee income, net	122
Market value adjustments	-5
Other operating income	17
Costs	36
Losses on acquisition of subsidiaries	9,775
Profit/loss from investments in subsidiaries and associates	(2,589)
Loss guarantee from the Private Contingency Association	5,791
Loss guarantee from the Danish State relating to Roskilde Bank	6,604
Profit for the period	9,504
Equity	9,505
Total assets	39,633

Financial ratios

(DKKm)

13.10.2008 - 31.12.2009

Return on equity before tax	199.979%
Return on equity after tax	199.979%
Income/cost ratio	265.000%

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

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

The financial ratios relevant to Finansiel Stabilitet are included.

Statement by the Management

The Board of Directors and the Management Board have today considered and adopted the annual report of Finansiel Stabilitet A/S for the period 13 October 2008 – 31 December 2009.

The financial statements are prepared in accordance with the International Financial Reporting Standards as adopted by the EU in respect of the Group and in accordance with the {} Danish 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 2009 and of the results of the Group's and the parent company's operations and consolidated cash flows for the period 13 October 2008 – 31 December 2009. 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 that the annual report be adopted by the shareholders at the annual general meeting.

Copenhagen, 26 March 2010

Management Board

Henrik Bjerre-Nielsen
CEO

Board of Directors

Henning Kruse Petersen
Chairman

Jakob Brogaard
Deputy Chairman

Anette Eberhard

Claus Gregersen

Christian Th. Kjølbbye

Birgitte Nielsen

Visti Nielsen

Independent auditors' report

To the shareholders of Finansiel Stabilitet A/S

We have audited the consolidated and parent company financial statements of Finansiel Stabilitet A/S for the period 13 October 2008 – 31 December 2009, comprising income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes to the financial statements for the Group as well as the parent company, and the cash flow statement for the Group. The consolidated 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.

Auditor's 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 judgment, 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 2009, and of the Group's and the parent company's results of operations and the Group's cash flows for the period 13 October 2008 – 31 December 2009 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, 26 March 2010

KPMG

Statsautoriseret Revisionspartnerselskab

Flemming Brokhattingen
State Authorised Public Accountant

Lars Rhod Søndergaard
State Authorised Public Accountant

Board of Directors and Management Board



From left to right: Henrik Bjerre-Nielsen, Visti Nielsen, Jakob Brogaard, Birgitte Nielsen, Henning Kruse Petersen, Anette Eberhard, Christian Th. Kjolbye and Claus Gregersen.

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
- Boxer TV A/S
- Socié du Monde ApS.

Deputy Chairman of the boards of directors of:

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

Member of the boards of directors of:

- Scandinavian Private Equity A/S
- Hospitalejendomsselskabet 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
- Danica Liv III, Livsforsikringsaktieselskab
- Danica Pension I, Livsforsikringsaktieselskab
- Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999
- 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

Claus Gregersen

- Joined the Board of Directors in 2008
- Born in 1961
- Partner of Select Partners

Chairman of the board of directors of:

- Pantebrevsselskabet af 2. juni 2009 A/S



Member of the boards of directors of:

- Scandinavian Private Equity Partners A/S
- Stratos Invest A/S
- S. W. Mitchell Capital LLP's, European Fund og European Small Cap Fund

Christian Th. Kjølbje

- 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 Hantias
- 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

Deputy Chairman of the board of directors of:

- Team Danmark

Member of the boards of directors of:

- Arkil A/S
- Buy Aid A/S
- Elitefacilitetsudvalget
- Energinet.dk A/S
- Faber A/S
- 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
- DMK-Holding A/S

- EBH Bank A/S
- EBH Administration A/S
- EBH Anparts Investering A/S
- EBH Ejendomme A/S
- EBH Finansservice 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

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

Finansiel Stabilitet A/S

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Telephone: 70 27 87 47
Fax: 33 93 13 33
Website: www.finansielstabilitet.dk
E-mail: mail@finansielstabilitet.dk
CVR No.: 30515145
Established: 13. oktober 2008
Municipality of registered office: Copenhagen

Board of Directors

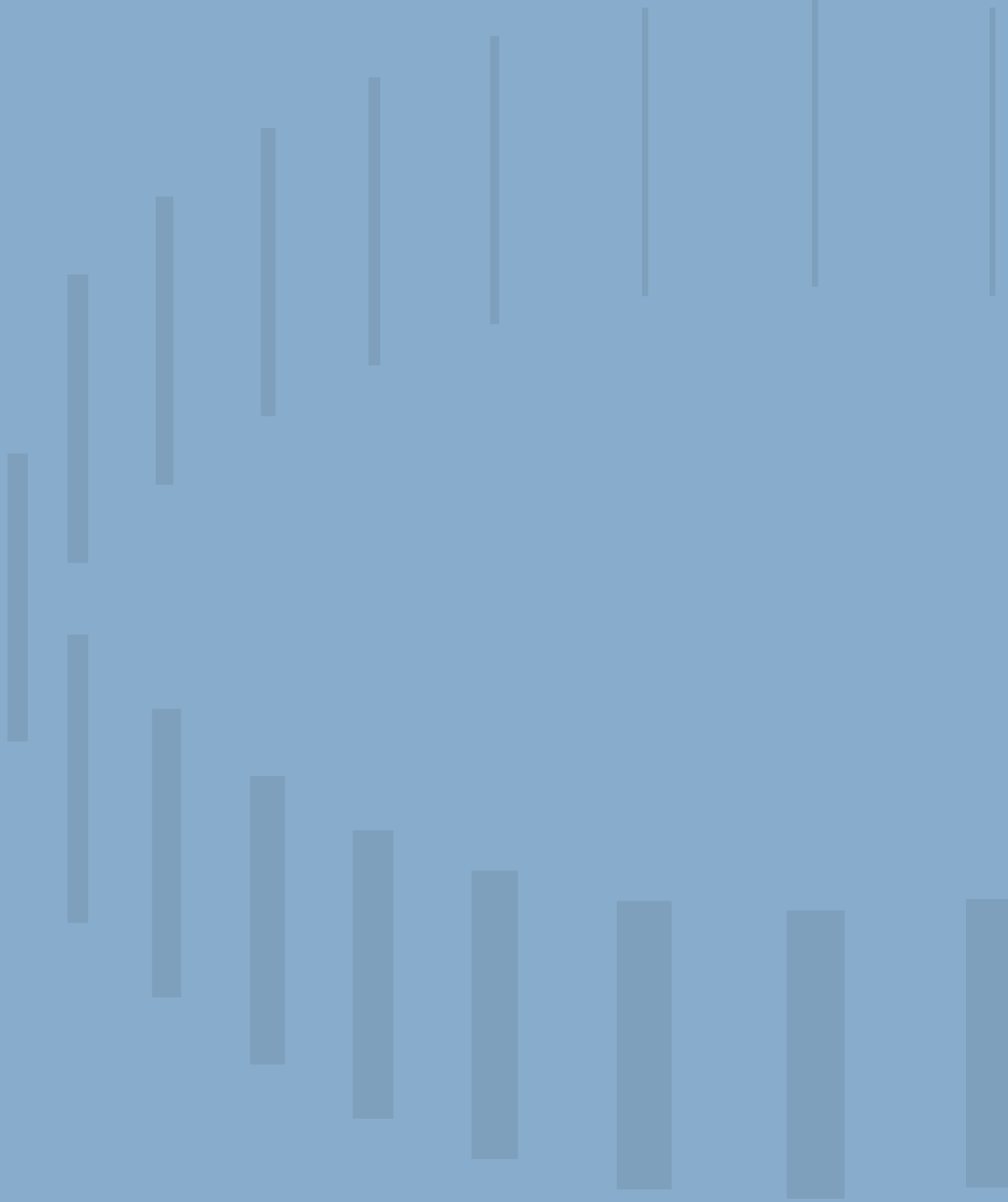
Henning Kruse Petersen (Chairman)
Jakob Brogaard (Deputy Chairman)
Anette Eberhard
Claus Gregersen
Christian Th. Kjølbye
Birgitte Nielsen
Visti Nielsen

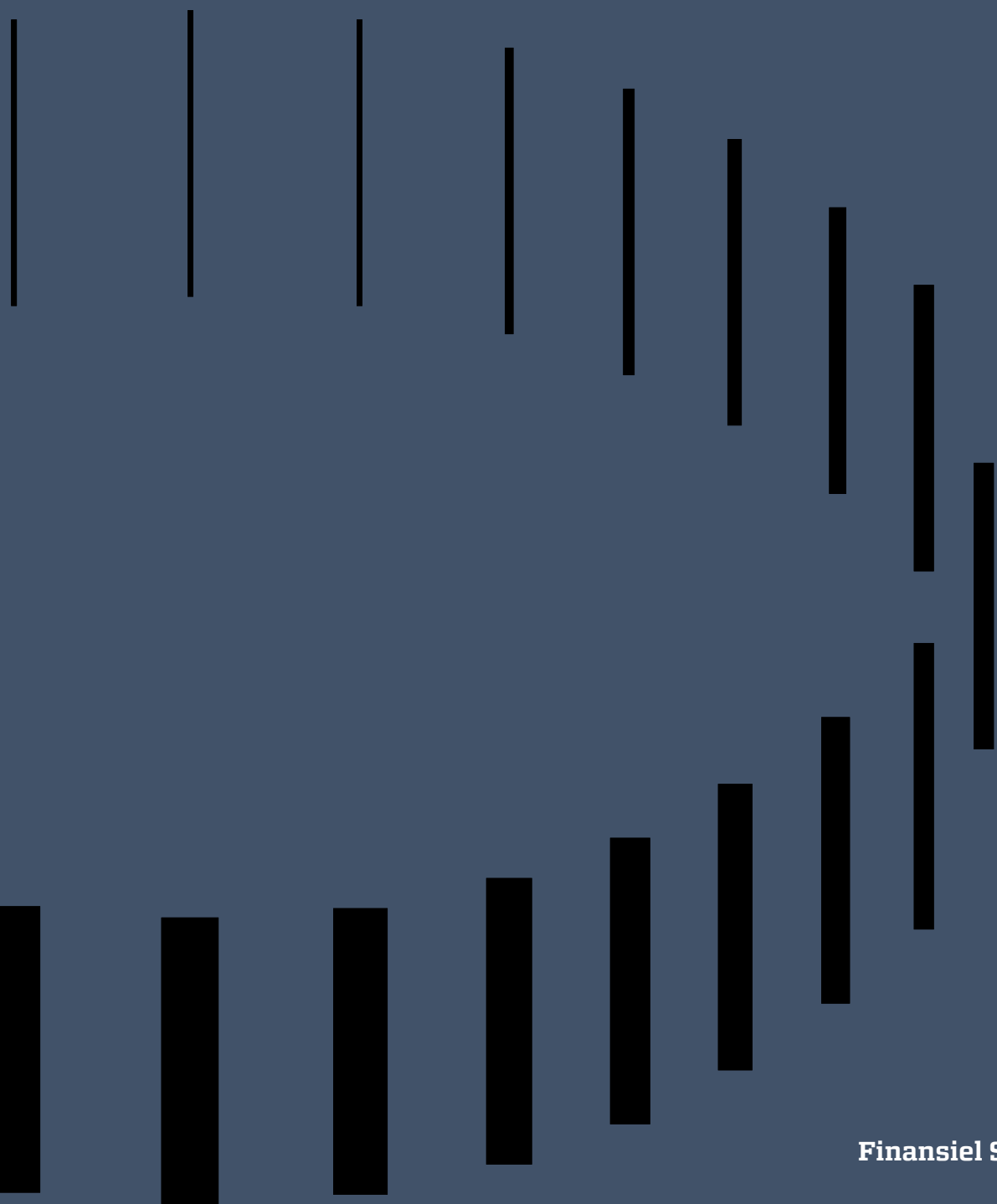
Management Board

Henrik Bjerre-Nielsen

Auditors

KPMG
Statsautoriseret
Revisionspartnerselskab
Borups Allé 177
DK-2000 Frederiksberg





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