

## Finansiel Stabilitet

Annual Report 2013

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## Statement by Management

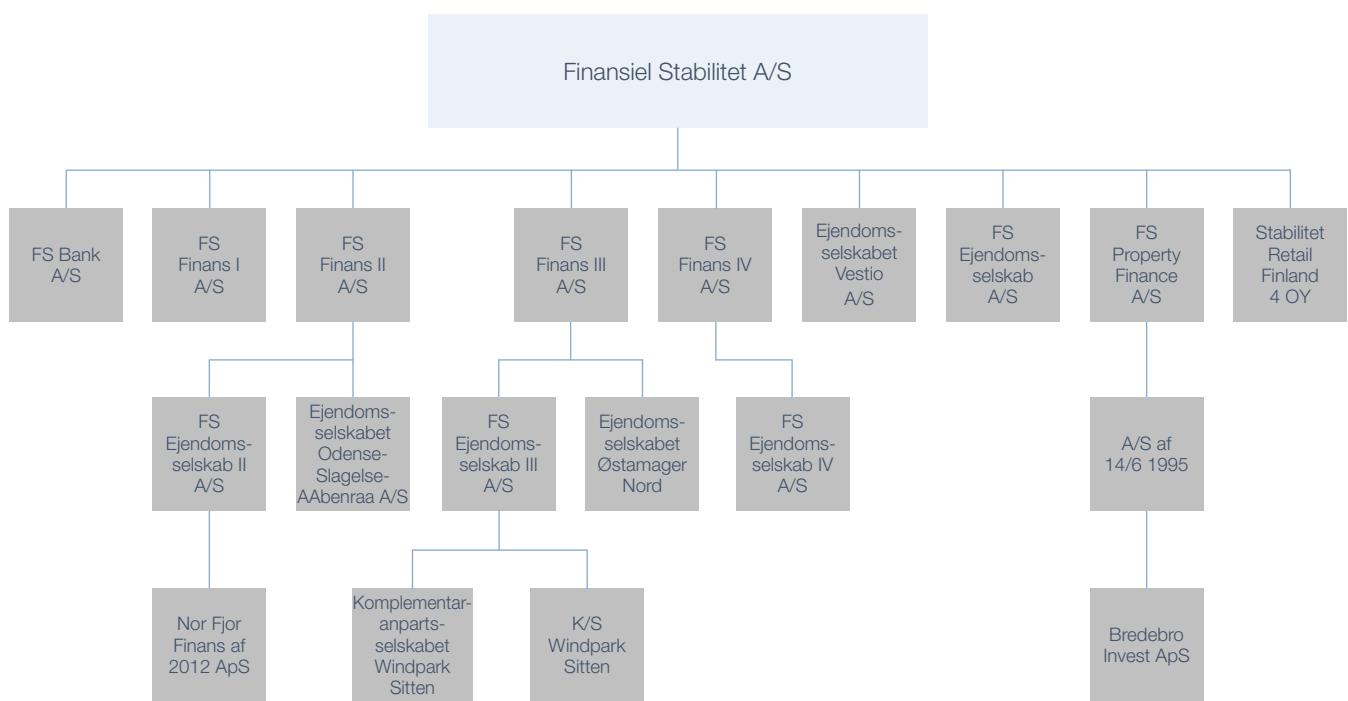
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# Highlights

- Finansiel Stabilitet posted a profit after tax of DKK 161 million in 2013, against a profit of DKK 611 million in 2012.
- The performance was better than the most recent guidance, which was updated in connection with the interim financial statements. The improvement was largely due to a better result from the winding up of loans and guarantees in the fourth quarter.
- As part of the ongoing winding-up process, the Group's total assets were reduced by DKK 21 billion to stand at DKK 29 billion at 31 December 2013.
- The customer portfolio was reduced by around 2,000 individual customers and around 1,000 principal customers in 2013, equivalent to a reduction of 35%.
- The number of employees in continuing employment was reduced by 138 full-time equivalents, from 284 to 146.
- Issues to credit institutions under the individual government guarantee scheme amounted to DKK 5 billion at 31 December 2013, against DKK 66 billion at 31 December 2012.
- The two subsidiaries Amagerbanken af 2011 and Fjordbank Mors af 2011 deposited their banking licences in 2013 and were converted into financing companies under the names of FS Finans III and FS Finans IV, respectively.
- It is expected that FS Bank will deposit its banking licence in 2014.
- The financial results for 2014 are subject to considerable uncertainty. The uncertainty is primarily related to the winding up of activities taken over under the Bank Package and the outcomes of lawsuits and disputes.

## Group structure (significant companies)



\* Sparebank Østjylland af 2012 A/S was converted into FS Finans I A/S on 28 September 2012.

\*\* Max Bank af 2011 A/S was converted into FS Finans II A/S on 1 November 2012.

\*\*\* Amagerbanken af 2011 A/S was converted into FS Finans III A/S on 15 March 2013.

\*\*\*\* Fjordbank Mors af 2011 A/S was converted into FS Finans IV A/S on 27 March 2013.

# Winding-up activities in Finansiel Stabilitet – progress and strategy

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

Finansiel Stabilitet is a public limited company owned by the Danish State through the Ministry of Business and Growth.

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

The objects of Finansiel Stabilitet are:

- to wind up banking activities taken over under the Bank Package;
- to wind up banking activities taken over under the Exit and Consolidation Packages;
- to manage individual government guarantees under the Credit Package; and
- to wind up property exposures taken over from FIH and to participate in Landbrugets FinansieringsBank (LFB) under the Development Package.

Finansiel Stabilitet is working to wind up the activities taken over from distressed banks as quickly as possible,

in a financially prudent manner and in compliance with the Group's values, including fair and proper conduct.

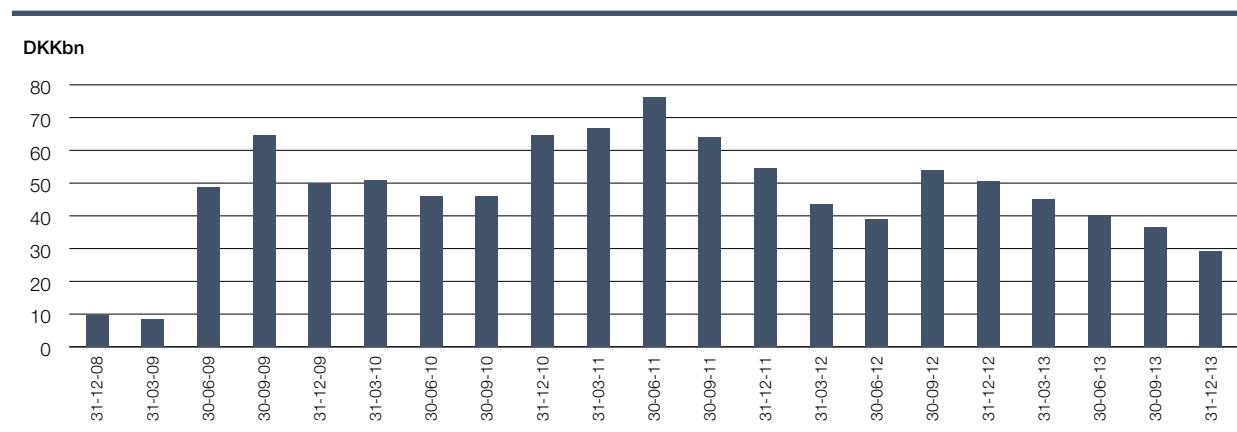
Finansiel Stabilitet furthermore acts as secretariat of the Guarantee Fund for Depositors and Investors (the Guarantee Fund).

Moreover, the agreement concluded by the political parties supporting financial stability concerning the future regulation of systemically important financial institutions (SIFIs) etc. on 10 October 2013 (Bank Package VI) marked the achievement of consensus that Finansiel Stabilitet in an adapted form will continue to perform the role as national resolution (winding-up) authority. The responsibilities, tools and powers of the national resolution (winding-up) authority follow from the directive on the recovery and resolution of credit institutions and investment firms.

Political agreement on the directive was achieved on 20 December 2013, and the contents of the directive must be implemented in Danish legislation with effect from 1 January 2015. The future structure of the resolution authority and the underlying statutory authority are expected to fall into place in the second half of 2014.

The Management of Finansiel Stabilitet has defined a target for the winding up of the Group's remaining customer relationships. The ambition is for the winding up to be so progressed by 2015 that there are no remaining customers in the Group, except for FS Property Finance, but only financial assets, properties and obligations, such as

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



lawsuits and disputes, as well as individual government guarantees issued. Achievement of this goal is subject to no new banks being taken over.

As part of the winding-up activities in 2014, FS Bank is expected to have deposited its banking licence by the end of the year. In addition, more large portfolios will be offered for sale on an ongoing basis. For example, a portfolio of exposures with 76 property companies representing loans and credit agreements of approximately DKK 1 billion in total was offered for sale. The property companies are owned by Danish investors and were founded as limited partnerships (kommanditselskaber (K/S)). During the same period, a portfolio consisting of approximately 10,000 unsecured, non-performing exposures representing a residual debt of about DKK 3 billion was offered for sale.

### Results of winding-up activities

Finansiel Stabilitet winds up exposures and activities taken over from the distressed banks. This activity comprises customer exposures, financial assets, physical assets, different types of obligations and employees.

Since its establishment in 2008, Finansiel Stabilitet has taken over approximately 459,000 individual customers from 12 distressed banks and from FIH. Around 456,000 individual customers have been divested or wound up in the period 2008-2013. Deposits in the amount of DKK 65 billion have been taken over and reduced by DKK 64 billion. Loans and guarantees of DKK 99 billion have been taken over, and DKK 86 billion thereof has been wound up. Overall, some 2,600 employees have been taken over from distressed banks. The staff has been reduced

by around 2,500 employees, mostly in connection with divestments.

### Key figures for winding-up activities since 2008

|                                  | Taken over since 2008 | Wound up until 31 Dec 2013 |
|----------------------------------|-----------------------|----------------------------|
| No. of individual customers*     | Approx.<br>459,000    | Approx.<br>456,000         |
| Net loans and guarantees (DKKbn) | 99                    | 86                         |
| Deposits (DKKbn)                 | 65                    | 64                         |
| Number of employees              | Approx. 2,600         | Approx. 2,500              |

\* Excluding lease customers.

Finansiel Stabilitet reduced the Group's total assets by an aggregate amount of DKK 20.8 billion in 2013. Total assets amounted to DKK 29.2 billion at 31 December 2013. This reduction was mainly achieved by winding up loans and guarantees of DKK 7.8 billion. In addition, total assets were reduced through a DKK 2.0 billion divestment of financial assets, a DKK 1.0 billion (net) divestment of properties and a reduction of cash resources of around DKK 8 billion. Cash resources were reduced in connection with the expiry of state-funded re-lending and the expiry of loans backed by individual government guarantees.

During 2013, Finansiel Stabilitet reduced the number of individual customers by about 2,000 and principal customers by about 1,000. At 31 December 2013, Finansiel Stabilitet had 3,093 individual customers and 1,931 principal customers with exposures of DKK 12.8 billion.

### Winding up of activities in 2013

|   | Status 31 Dec 2012* | Winding up (net) 2013 | Status 31 Dec 2013 |
|---|---------------------|-----------------------|--------------------|
| No. of principal customers                | 2,908               | 975                   | 1,933              |
| No. of individual customers               | 5,054               | 1,985                 | 3,069              |
| Net loans and guarantees (DKKm)           | 20,643              | 7,796                 | 12,847             |
| Properties (DKKm)                         | 2,924               | 1,005                 | 1,919              |
| Financial assets (DKKm)                   | 3,812               | 1,974                 | 1,838              |
| No. of employees in continuing employment | 284                 | 138                   | 146                |

\* Data at 31 December 2012 changed due to reclassification.

In March 2013, Finansiel Stabilitet took over Cantobank and its total assets of DKK 117 million, including 10 commercial customers. The takeover was completed as part of the winding up of a specific customer exposure in which the share capital had been provided as security. Accordingly, the takeover was not a takeover of a distressed bank under the Exit and Consolidation Packages.

At 31 December 2013, Finansiel Stabilitet had total exposures and activities of DKK 16.5 billion for winding up, distributed on customer exposures of DKK 12.8 billion, properties of DKK 1.9 billion and financial assets of DKK 1.8 billion.

Finansiel Stabilitet has gradually reduced the number of employees in step with the winding-up process. At 31 December 2013, Finansiel Stabilitet had 211 full-time equivalent employees, 146 of whom were in continuing employment. By comparison, Finansiel Stabilitet had 420 full-time equivalent employees and 284 in continuing employment at the year-earlier date.

### **Winding up of loans and guarantees**

Finansiel Stabilitet disposes of exposures and other activities taken over by way of "segmented winding up", "individual winding up" and "liquidation". Focus is on winding up these activities as quickly as possible, in a financially prudent manner and with due consideration for the Group's corporate values.

Segmented winding up means that exposures and assets with uniform characteristics are pooled in portfolios and sold in an open and transparent selling process. This is done to achieve a relatively short winding-up process, and the market price is determined on the basis of a tender process. Market value adjustments may occur based on the divestments made as a result of market conditions and the characteristics of the portfolio being sold. Finansiel Stabilitet has a duty to ensure a financially appropriate winding-up process, and any price corrections therefore have to be justifiable. In situations where the price obtainable in a sale is not deemed to be justifiable, other winding-up models may be used, including transfer of the portfolio for management. This will make the characteristics of the portfolio more like a financial asset, because the manager will be handling the customer contact.

Individual winding up means that Finansiel Stabilitet transfers the individual customer or asset to another bank/investor or winds up the exposure by terminating the contractual relationship. If it can be documented that full repayment is not possible, composition may be used in connection with individual winding up, but this approach is subject to compliance with a number of requirements.

Finansiel Stabilitet will liquidate customer exposures if this solution causes Finansiel Stabilitet to incur the smallest loss. Before exposures are transferred for liquidation, the customer's assets, e.g. properties, will be sold to a third

### **Banks taken over under the bank packages**

#### *The Bank Package (Bank Package I)*

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

#### *The Exit Package (Bank Package III)*

- Amagerbanken 6 February 2011
- Fjordbank Mors 24 June 2011

#### *The Consolidation Package (Bank Package IV)*

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

#### *Development Package (Bank Package V)*

On 2 March 2012, Finansiel Stabilitet concluded an agreement on the takeover of property exposures and related financial contracts from FIH under the Development Package.

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

party or alternatively taken over by Finansiel Stabilitet. This is done to accelerate the winding-up process for a bankrupt estate and reduce the expenses for a trustee in bankruptcy.

In 2013, segmented winding-up activities with balance sheet impact amounted to approximately DKK 1 billion, and individual winding-up activities amounted to approximately DKK 7 billion. Segmented winding up was used in connection with the following agreements:

- In December 2012, Finansiel Stabilitet concluded an agreement with Sparekassen Sjælland on the transfer of a portfolio of exposures below DKK 5 million, representing a total volume of exposures of DKK 0.3 billion.
- In July 2013, Finansiel Stabilitet concluded an agreement with Davidson Kempner European Partners LLP on the transfer of a customer portfolio comprising 69 property customers established as limited partnerships (kommanditselskaber (K/S)). The property companies had loan and credit facility agreements for a total amount of DKK 0.6 billion.
- In 2013, Finansiel Stabilitet worked to transfer viable and conditionally viable agricultural exposures to Landbrugets FinansieringsBank A/S and other banks. These transfer efforts will continue in 2014.

Moreover, in July 2013, Finansiel Stabilitet concluded a concession agreement with AL Finans A/S, a subsidiary of A/S Arbejdernes Landsbank, on the operation of the remaining customer agreements in the former AB Finans. By means of the concession agreement, Finansiel Stabilitet transferred the operation of a customer portfolio comprising 145 corporate customers and 570 retail customers with lease and financing agreements of DKK 0.7 billion in aggregate to AL Finans. The agreement includes an option to sell the remaining agreements by 31 December 2016 to AL Finans. A significant part of the portfolio will have been wound up by that date.

### **Winding up of properties**

The property portfolio consists mainly of commercial and residential properties. The individual assets of the property portfolio are predominantly offered for sale through real estate agents. However, Finansiel Stabilitet still plays an active part in the process by setting prices and participating in negotiations with prospective buyers. In some cases, Finansiel Stabilitet handles the divestment of prop-

erties, parts of portfolios as well as individual properties, without using external real estate agents. Properties are sold in an open and transparent process.

Generally, all properties are sold against cash payment. In special cases, Finansiel Stabilitet may provide limited-term seller financing. Finansiel Stabilitet has also taken over properties which for various reasons (e.g. due to physical and/or operational disrepair) require development before a sale can be effected.

In 2013, Finansiel Stabilitet sold 208 properties for a total of DKK 1.9 billion. The divestment comprised Finansiel Stabilitet's to date largest property portfolio sale, which was completed in the fourth quarter of 2013 by the sale of a property portfolio representing approximately DKK 830 million to Swedish property company Niam. This property portfolio comprised the former head office of Roskilde Bank at Algade in Roskilde and other properties.

During the same period, the winding up of exposures resulted in an inflow of properties in the amount of DKK 0.9 billion, bringing the net result of winding-up activities to DKK 1.0 billion.

At 31 December 2013, Finansiel Stabilitet had 241 properties representing a total value of DKK 1.9 billion.

Properties for sale are listed at:  
[www.finansielstabilitet.dk](http://www.finansielstabilitet.dk)

### **Winding up of financial assets**

Financial assets comprise mortgage deeds, shares, guarantee certificates and cooperative share certificates, subordinated capital, bonds and other securities.

Financial assets are wound up by way of gradual divestment of individual assets and minor portfolios. In addition, there are also assets subject to ordinary run-off on a current basis.

Finansiel Stabilitet proactively seeks to identify qualified investors with a potential interest in acquiring financial assets and encourages them to contact Finansiel Stabilitet for a closer discussion or indication of interest.

Information on portfolios and current bidding processes is provided at [www.finansielstabilitet.dk](http://www.finansielstabilitet.dk).

In 2013, financial assets representing a total carrying amount of DKK 2.0 billion were wound up.

At 31 December 2013, the total carrying amount of financial assets was DKK 1.8 billion.

The winding up of mortgage deeds was predominantly due to the agreement concluded by Finansiel Stabilitet on 26 August 2013 on a sale of the Group's mortgage deed activities to a newly established company with PenSam Liv forsikringsaktieselskab as investor. The company will be managed by Halkin Credit Management A/S. The divested activities comprised about 6,000 mortgage deeds with aggregate residual debt of approximately 2.2 billion and 20 employees.

In October 2012, Finansiel Stabilitet announced a selling process for the Group's shareholding in DLR Kredit A/S. In 2013, Finansiel Stabilitet received a declaration of intent that DLR Kredit, with due consideration for the company's capital plan and ratings, would take a positive view on acquiring the Finansiel Stabilitet Group's shares in the company by the end of 2017 at the latest on the terms and conditions stipulated from time to time in the shareholder agreement. Moreover, for more than 80% of the portfolio of guarantee and cooperative capital, Finansiel Stabilitet has received acceptable declarations of intent from the issuing institutions that the capital will be redeemed in the period until end-2016.

#### **Other winding-up activities**

In June 2013, Finansiel Stabilitet concluded an agreement with Arbejdernes Landsbank for the transfer of about 300 customers with safe custody and collateral security deposits from FS Bank. The agreement implied that FS Bank would be able to deposit its securities trading licence with the Danish FSA.

The agreement has no effect on Finansiel Stabilitet's total assets.

#### **Lawsuits and disputes**

Finansiel Stabilitet is processing a substantial portfolio of lawsuits, complaints, cases before the Appeals Board and claims from creditors, which have arisen in connection with the takeover of distressed banks.

Finansiel Stabilitet is party to lawsuits and disputes (including liability claims) representing a total amount of approximately DKK 6.5 billion. An aggregate provision of DKK 1.1 billion has been made on the case portfolio.

In December 2013, Finansiel Stabilitet entered into a settlement with the consumer ombudsman on the sale by the former Roskilde Bank of the bank's shares. The settlement concerns private customers of Roskilde Bank who bought shares in connection with two share sales campaigns completed from 11 August 2006 to 17 September 2006 and from 12 March 2007 to 8 April 2007, respectively. In connection with a subsequent review, Finansiel Stabilitet identified some 17,000 private customers entitled to damages. These customers were offered compensation equivalent to 60% of their net loss.

#### **Lawsuits against managements of banks taken over**

The majority of Finansiel Stabilitet's 83 lawsuits involve matters in which claims have been filed against distressed banks taken over by Finansiel Stabilitet. A limited number of these claims involve matters in which Finansiel Stabilitet has sued former managements and other officers of distressed banks taken over.

Accordingly, Finansiel Stabilitet has initiated legal enquiries concerning all distressed banks taken over with a view to determining whether the former managements and other officers have been involved in actionable conduct. In the cases in which the legal enquiry led to the conclusion that actionable conduct is involved, Finansiel Stabilitet has instituted lawsuits against the relevant persons. If Finansiel Stabilitet is successful in these lawsuits, it may contribute to reducing the losses incurred by the Company and other unsecured creditors in connection with the failure of the distressed banks. Finansiel Stabilitet will only file lawsuits if there is a high probability that it will succeed. Cases are currently pending against the former managements of the following banks:

- Roskilde Bank
- ebh bank
- Løkken Sparekasse
- Capinordic Bank
- Eik Bank Danmark
- Eik Bank Færøerne
- Amagerbanken

The following banks have been taken over without Finansiel Stabilitet determining grounds for filing liability claims against former management members or other officers:

- Fionia Bank
- Max Bank
- Fjordbank Mors

A legal enquiry is currently being conducted into the matters of Sparekassen Østjylland. Finansiel Stabilitet has incurred expenses related to legal enquiries of approximately DKK 60 million to date.

The scope of each lawsuit is substantial, and considerable resources are applied to enforcing the cases. To date, Finansiel Stabilitet has incurred legal expenses of approximately DKK 105 million.

Finansiel Stabilitet believes that it is also in the general interest of society to clarify whether the former managements of the distressed banks can be held liable for damages in connection with the bank failures. The cases will be conducted on the basis of a uniform procedural approach and in close co-operation with Finansiel Stabilitet's lawyers. A part of the first case instituted against Capinordic Bank was concluded in autumn 2013. The final part of the case concerned claims raised against a number of companies that they have been involved in transactions in contravention of the rules on intra-group transactions and that these transactions have inflicted a loss on the bank. All claims in the case have been accepted for a total amount of DKK 70 million. The other part of the lawsuit, which was filed against the former management of Capinordic Bank, is still ongoing. It is difficult to estimate precisely when this and the other liability claims filed will be concluded.

### **Individual government guarantees**

During the period from February 2009 to end-2010, Finansiel Stabilitet was commissioned by the Danish State to issue individual government guarantees to credit institutions under the Credit Package. Under the scheme, Finansiel Stabilitet could enter into agreements for the provision of individual government guarantees for unsubordinated, unsecured debt with a maturity of up to three years.

By adopting appropriation of funds no. 5 in March 2012, the Finance Committee of the Danish parliament extended the individual guarantee scheme to the effect that, on cer-

tain conditions, Danish banks could extend or issue debt based on individual government guarantees until 31 December 2013 to expire on or before 31 December 2016.

The last issues under the original scheme expired in July 2013. As a result, Finansiel Stabilitet at 31 December 2013 only had outstanding guarantees of DKK 5.1 billion under the extended guarantee scheme. The guarantees were provided to Vestjysk Bank and Den Jyske Sparekasse in the amounts of DKK 3.7 billion and DKK 1.4 billion, respectively.

Of the DKK 194 billion originally provided in individual government guarantees, which has now expired, the Danish State has incurred losses under the Credit Package on four institutions with individual government guarantees of DKK 22 billion in aggregate. At 31 December 2013, this loss was provisionally calculated at DKK 3.5 billion. The loss may be adjusted if the final winding up of the individual institutions, which are currently subsidiaries of Finansiel Stabilitet, results in a revision of the purchase price adjustment.

### **Winding up of companies**

During 2013, Finansiel Stabilitet reduced the number of Group companies by 14, bringing the total number of companies to 31 at 31 December 2013. The reduction was typically achieved through liquidation of the company or through a merger with other companies of the Group, and it has been a natural part of the takeover of companies for winding-up purposes.

In the period from mid-2012 to 31 March 2013, Finansiel Stabilitet transferred the activities of the four independent subsidiary banks taken over under the Exit and Consolidation Packages for centralised winding up and management in the parent company. As a result, the former subsidiary banks deposited their respective banking licences and were converted into financing companies (FS Finans I-IV). This conversion took place in March 2013 for Amagerbanken af 2011 and Fjordbank Mors af 2011, which were converted into FS Finans III and FS Finans IV, respectively.

Each of the financing companies have entered into an agreement with the parent company, Finansiel Stabilitet, on the management and winding up of their remaining activities. FS Bank has also concluded a management agreement with Finansiel Stabilitet, including with a view to handling the remaining activities of FS Bank that require a banking licence. This ensures that independent financial statements are maintained vis-à-vis the creditors of the distressed banks taken over.



# Financial review

## Performance

Finansiel Stabilitet generated a profit of DKK 161 million in 2013, against a profit of DKK 611 million in the same period of last year. The profit was better than expected and was largely due to the winding-up progressing better than expected in the fourth quarter of 2013.

Equity stood at DKK 9.8 billion at 31 December 2013. This amount includes Finansiel Stabilitet's receivable from the Danish State of DKK 7.9 billion, and the value of the equity for the Danish State accordingly is DKK 1.9 billion.

## Areas of activity of Finansiel Stabilitet

Finansiel Stabilitet's areas of activity are different from those of a conventional financial business in a number of important areas. Each area of activity is characterised in being anchored in a specific statute, and the financial statements reflect the different regulatory framework and mechanisms applicable.

Only activities taken over under the Bank Package and from the financial year 2013 income from Finansiel Stabilitet's funding of FS Property Finance have an earnings impact for Finansiel Stabilitet. The other areas have no impact on the performance of Finansiel Stabilitet.

## The Bank Package

Finansiel Stabilitet posted a profit for 2013 of DKK 161 million after tax on the Bank Package segment. FS Bank contributed a loss of DKK 24 million to the net profit, while income from the funding of FS Property Finance contributed DKK 38 million. The remaining part of the 2013 results was attributable to the parent company.

The most significant income statement items in 2013 were net interest income of DKK 95 million, other net fee income and market value adjustments of DKK (252) million, operating expenses of DKK 322 million and reversed impairment charges of DKK 606 million.

## Placing of financial risk for Financial Stabilitet's areas of activity, 31 December 2013

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

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

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

### Income statement, Bank Package

| (DKKm)  | 2013       | 2012       |
|---|------------|------------|
| Net interest income                                   | 95         | 256        |
| Guarantee commission, government guarantees           | (5)        | (8)        |
| Other net fee income and market value adjustments     | (252)      | (149)      |
| Other operating income/(expenses), net                | 33         | 206        |
| Operating expenses                                    | 322        | 515        |
| Impairment losses on loans, advances, guarantees etc. | (606)      | (792)      |
| Profit/(loss) from investments in associates          | 26         | 29         |
| Tax   | 20         | 0          |
| <b>Profit/(loss) for the year</b>                     | <b>161</b> | <b>611</b> |

### Balance sheet, Bank Package

| (DKKm)  | 2013          | 2012          |
|---|---------------|---------------|
| <b>ASSETS</b>   |               |               |
| Loans, advances and other receivables at fair value                           | 53            | 1,010         |
| Loans, advances and other receivables at amortised cost                       | 2,308         | 5,039         |
| Securities  | 1,042         | 1,292         |
| Properties  | 1,188         | 1,954         |
| Receivable re. loss guarantee from the Danish State relating to Roskilde Bank | 4,331         | 4,331         |
| Other assets  | 4,244         | 6,790         |
| <b>TOTAL ASSETS</b>   | <b>13,166</b> | <b>20,416</b> |
| <b>EQUITY AND LIABILITIES</b>   |               |               |
| Liabilities   | 3,415         | 10,826        |
| Equity  | 9,751         | 9,590         |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | <b>13,166</b> | <b>20,416</b> |

The decrease in net interest income from DKK 256 million in 2012 to DKK 95 million in 2013 was attributable to the winding up of loans and advances. Market value adjustments represented DKK (222) million of the total other net fee income and market value adjustments of DKK (252) million.

Other operating income and expenses, net amounted to DKK 33 million in 2013, a DKK (173) million change compared with last year. Increased provisions for losses on lawsuits affected the items by a total of DKK 87 million.

Operating expenses of DKK 322 million marked a decline of DKK 193 million relative to 2012, expressing a general decline in the level of expenses due to the gradual winding up of activities, employees and other overheads.

Total assets for the Bank Package segment amounted to DKK 13.2 billion at 31 December 2013, which was DKK 7.2 billion less than at the year-earlier date. In 2013, re-lending in a nominal amount of DKK 6.1 billion, net was redeemed. The cash for this purpose originated from, among other things, a DKK 3.1 billion reduction of loans and advances and other receivables.

**Dividend and purchase price adjustment for takeover under the Exit and Consolidation Packages at 31 December 2013**

|  | Initial dividend (*) | Finansiel Stabilitet and the Banking Department of the Un-secured creditors | Remaining purchase price adjustment (***) | Purchase price adjustment on takeover |
|--|----------------------|---|---|---------------------------------------|
|  |                      | Guarantee Fund  | (DKKm)                                    | (DKKm)                                |
| FS Finans I (Sparebank Østjylland af 2012) | 73.4%                | 100.0%  | 73.4%                                     | 793                                   |
| FS Finans II (Max Bank af 2011)            | 75.2%                | 100.0%  | 75.2%                                     | 112                                   |
| FS Finans III (Amagerbanken af 2011)       | 84.4%                | 84.4%   | 84.4%                                     | 1,043                                 |
| FS Finans IV (Fjordbank Mors af 2011)**    | 86.0%                | 86.0%   | 86.0%                                     | 0                                     |
|  |                      |   |   | 1,162                                 |
| FS Finans II (Max Bank af 2011)            | 75.2%                | 100.0%  | 75.2%                                     | 732                                   |
| FS Finans III (Amagerbanken af 2011)       | 84.4%                | 84.4%   | 84.4%                                     | 1,085                                 |
| FS Finans IV (Fjordbank Mors af 2011)**    | 86.0%                | 86.0%   | 86.0%                                     | 100                                   |

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

(\*\*) Dividend for the Guarantee Fund is lower because the loss guarantee provided by the Winding-up Department of the Guarantee Fund has been provisionally calculated at DKK 855 million.

(\*\*\*) Including dowry previously distributed for FS Finans I and FS Finans II.

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

FS Bank has presented financial statements and a management's review for 2013. The annual report is available at [www.fsbank.dk](http://www.fsbank.dk).

### **The Exit and Consolidation Packages**

The results of the Exit and Consolidation Packages showed a profit for 2013 of DKK 62 million before tax, purchase price adjustment and recognition of loss guarantee provided by the Guarantee Fund. For 2012, the corresponding figure was a loss of DKK 794 million.

The profit reflects the fact that, as in 2012, the segment had new impairment losses in 2013 that were not recognised on takeover of the companies under the Exit and Consolidation Packages. However, these impairment losses were to a large extent offset by better-than-expected winding up and lower operating costs.

As a whole, the purchase price adjustment for the segment rose by DKK 204 million, while the loss guarantee provided by the Guarantee Fund to cover losses and tax amounted to DKK 122 mio. The positive effect of the purchase price is attributable to an increase in purchase price adjustment in FS Finans I and FS Finans III.

As stated earlier, Finansiel Stabilitet assumes no direct risk in connection with the winding up of companies under the Exit and Consolidation Packages, but efforts are made to wind up the companies as efficiently as possible with due consideration for the unsecured creditors that have not obtained full coverage of their claims, including the Guarantee Fund and the Danish State. The contribution from the Exit and Consolidation Packages to Finansiel Stabilitet's results was nil.

For further specification of income statement items for the segment, see note 2 to the financial statements.

### **The Exit Package – FS Finans III and IV**

In Amagerbanken (FS Finans III) and Fjordbank Mors (FS Finans IV), no unsecured creditors incurred any losses as a result of the transfer to Finansiel Stabilitet, as the transfer took place under the Exit Package. Under this model, unsecured creditors are not fully reimbursed, except for the cover for cash deposits within certain limits determined by the Guarantee Fund. After the expert valuers' review, the dividend (initial dividend) was fixed at

**Financial highlights for FS Finans III and IV (group)**

| (DKKm)  | FS Finans III |              | FS Finans IV |              |
|---|---------------|--------------|--------------|--------------|
|   | 2013          | 2012         | 2013         | 2012         |
| <b>Income statement</b>   |               |              |              |              |
| Net interest and fee income   | 66            | 168          | 20           | 39           |
| Market value adjustments  | (19)          | (92)         | (7)          | (1)          |
| Other operating income/(expenses)   | 763           | 512          | 58           | 138          |
| Staff costs and administrative expenses                                     | 114           | 210          | 69           | 114          |
| Impairment losses on loans, advances, guarantees etc.                       | 534           | 216          | 156          | 555          |
| Profit/(loss) from investments in associates                                | (7)           | 0            | 0            | (12)         |
| <b>Profit/(loss) before purchase price adjustment and tax</b>               | <b>155</b>    | <b>162</b>   | <b>(154)</b> | <b>(505)</b> |
| Movements in purchase price adjustment                                      | 141           | 9            | 0            | 0            |
| Tax   | (7)           | 38           | (42)         | (44)         |
| <b>Profit/(loss) for the year</b>   | <b>21</b>     | <b>115</b>   | <b>(112)</b> | <b>(461)</b> |
| <b>Balance sheet</b>  |               |              |              |              |
| Cash in hand and demand deposits with credit institutions and central banks | 64            | 303          | 176          | 961          |
| Loans and advances  | 1,725         | 2,903        | 479          | 1,320        |
| Other assets  | 432           | 2,013        | 379          | 674          |
| <b>Total assets</b>   | <b>2,221</b>  | <b>5,219</b> | <b>1,034</b> | <b>2,955</b> |
| Deposits  | 0             | 267          | 30           | 1,454        |
| Other liabilities   | 909           | 3,216        | 540          | 820          |
| Purchase price adjustment   | 1,043         | 865          | 0            | 0            |
| Other provisions  | 247           | 316          | 242          | 176          |
| Subordinated capital  | 0             | 0            | 0            | 280          |
| Equity  | 22            | 555          | 222          | 225          |
| <b>Total equity and liabilities</b>   | <b>2,221</b>  | <b>5,219</b> | <b>1,034</b> | <b>2,955</b> |

84.4% for Amagerbanken and 86.0% for Fjordbank Mors. If the winding up of these banks produces a better result than anticipated, the unsecured creditors may receive additional distributions. If the winding up produces a loss which had not been anticipated at the time of fixing of the initial dividend, such loss will be covered by the Winding-up Department of the Guarantee Fund.

*FS Finans III*

FS Finans III reported a profit for 2013 of DKK 21 million after tax, equal to the statutory return requirement to Finansiel Stabilitet on contributed equity.

Calculated before purchase price adjustment, the profit amounted to DKK 155 million as a result of the exposures' improved financial standing, better-than-expected winding up and reversed provisions for lawsuits and disputes. Also, in 2013 Pras' shares from the estate in bankruptcy were transferred to FS Finans III. The transfer of the shares was adjusted through the purchase price adjustment and therefore did not affect the profit. Against this background, the purchase price adjustment was adjusted by DKK 178 million in 2013 to DKK 1,043 million at year end.

### Financial highlights for FS Finans I and II (group)

| (DKKm)  | FS Finans I<br>2013 | FS Finans I<br>2012* | FS Finans II<br>2013 | FS Finans II<br>2012 |
|---|---------------------|----------------------|----------------------|----------------------|
| <b>Income statement</b>   |                     |                      |                      |                      |
| Net interest and fee income   | 14                  | 43                   | 50                   | 70                   |
| Market value adjustments  | 47                  | (18)                 | (16)                 | (87)                 |
| Other operating income/(expenses)   | 235                 | 0                    | 80                   | 174                  |
| Staff costs and administrative expenses                                     | 26                  | 24                   | 53                   | 108                  |
| Impairment losses on loans, advances, guarantees etc.                       | 81                  | 0                    | 92                   | 287                  |
| Profit/(loss) from investments in associates                                | 0                   | 0                    | 0                    | 0                    |
| <b>Profit/(loss) before purchase price adjustment and tax</b>               | <b>189</b>          | <b>1</b>             | <b>(31)</b>          | <b>(238)</b>         |
| Movements in purchase price adjustment                                      | 162                 | (36)                 | (99)                 | (351)                |
| Tax   | 7                   | 9                    | 22                   | 28                   |
| <b>Profit/(loss) for the year</b>   | <b>20</b>           | <b>28</b>            | <b>46</b>            | <b>85</b>            |
| <b>Balance sheet</b>  |                     |                      |                      |                      |
| Cash in hand and demand deposits with credit institutions and central banks | 61                  | 354                  | 73                   | 371                  |
| Loans and advances  | 209                 | 264                  | 313                  | 934                  |
| Other assets  | 59                  | 140                  | 937                  | 543                  |
| <b>Total assets</b>   | <b>329</b>          | <b>758</b>           | <b>1,323</b>         | <b>1,848</b>         |
| Deposits  | 0                   | 2                    | 62                   | 0                    |
| Other liabilities   | 50                  | 239                  | 922                  | 783                  |
| Purchase price adjustment   | 140                 | 0                    | 0                    | 0                    |
| Other provisions  | 118                 | 139                  | 223                  | 231                  |
| Subordinated capital  | 0                   | 0                    | 0                    | 0                    |
| Equity  | 21                  | 378                  | 116                  | 834                  |
| <b>Total equity and liabilities</b>   | <b>329</b>          | <b>758</b>           | <b>1,323</b>         | <b>1,848</b>         |

\* Income statement covers the period 21.4-31.12 2012.

FS Finans III had total assets of DKK 2.2 billion at 31 December 2013. By comparison, at 31 December 2012, total assets amounted to DKK 5.2 billion.

Loans and advances after impairment losses declined by DKK 1,178 million in 2013 to stand at DKK 1,725 million at 31 December 2013. The decline covers a real cash reduction of loans and advances of DKK 1,399 million.

#### FS Finans IV

FS Finans IV posted a loss of DKK 112 million after tax in 2013. The loss was substantially attributable to higher impairment charges on loans, advances and guarantees.

FS Finans IV had total assets of DKK 1.0 billion at 31 December 2012. By comparison, at 31 December 2012, total assets amounted to DKK 3.0 billion. In 2013, total assets were reduced due to gradual winding up and an adjustment of the capital structure effected by repayment of subordinated loans of DKK 100 million and hybrid Tier 1 capital of DKK 180 million.

Loans and advances after impairment losses declined by DKK 841 million in 2013 to stand at DKK 479 million at 31 December 2013. The decline covers a real cash reduction of loans and advances of DKK 849 million.

### The Consolidation Package – FS Finans I and II

Except for the Guarantee Fund and the Danish State, no unsecured creditors incurred any losses as a result of the transfer of Max Bank (FS Finans II) and Sparekassen Østjylland (FS Finans I) to Finansiel Stabilitet, as the transfers took place under Model 2 of the Consolidation Package. Both the Guarantee Fund and Finansiel Stabilitet contributed a dowry to both banks, as sufficient assets were not available to fully reimburse all creditors, including the Danish State and the Guarantee Fund. The dowry was calculated at DKK 1.7 billion in Max Bank and DKK 1.2 billion in Sparekassen Østjylland.

If the winding up of these banks produces a better result than expected, the dowry may be reduced by way of a pro rata distribution, i.e. according to the Guarantee Fund's and Finansiel Stabilitet's respective shares of the contributed dowry. However, the final dividend, which is not fixed until the winding-up process has been concluded, is subject to substantial uncertainty.

If the winding up produces a loss resulting in a lower dividend than the initially fixed dividend, such loss will be covered by the Winding-up Department of the Guarantee Fund.

#### *FS Finans I*

FS Finans I reported a profit for 2013 of DKK 20 million after tax, equal to the statutory return requirement to Finansiel Stabilitet on contributed equity.

Calculated before purchase price adjustment, the profit amounted to DKK 189 million as a result of the exposures' improved financial standing and capital gains on the sale of financial assets. As a result, the purchase price adjustment was increased by DKK 162 million in 2013. Moreover, a receivable of DKK 22 million concerning dowry previously distributed was reversed. Accordingly, the purchase price adjustment amounted to DKK 793 million at 31 December 2013, of which DKK 653 million was dowry previously distributed.

FS Finans I had total assets of DKK 0.3 billion at 31 December 2013. By comparison, at 31 December 2012, total assets amounted to DKK 0.8 billion.

Loans and advances after impairment losses declined by DKK 55 million in 2013 to stand at DKK 209 million at 31

December 2013. The decline covers a real cash reduction of loans and advances of DKK 145 million.

#### *FS Finans II*

FS Finans II reported a profit for 2013 of DKK 46 million after tax, equal to the statutory return requirement to Finansiel Stabilitet on contributed equity.

The profit was achieved through recognition of a receivable of DKK 99 million attributable to dowry of DKK 322 million previously distributed. Utilisation of the purchase price adjustment reflects a loss of DKK 31 million before purchase price adjustment and tax. The loss before movements in purchase price adjustment was primarily due to new impairment losses on loans, advances and guarantees.

FS Finans II had total assets of DKK 1.3 billion at 31 December 2013. By comparison, at 31 December 2012, total assets amounted to DKK 1.8 billion.

Loans and advances after impairment losses declined by DKK 621 million in 2013 to stand at DKK 313 million at 31 December 2013. The decline covers a real cash reduction of loans and advances of DKK 421 million.

### The Development Package – FS Property Finance

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

Concurrently with the takeover, FIH Holding provided a loss guarantee to Finansiel Stabilitet covering any loss in the company during the period until the loss is calculated. The loss guarantee will become effective if the loss-absorbing loan of DKK 1.65 billion provided by FIH Erhvervsbank on takeover proves insufficient to cover a potential loss in FS Property Finance.

The company's activities will terminate at the calculation date, which has initially been agreed for 31 December 2016, but the timing may be deferred for up to two years

### Financial highlights for FS Property Finance (group)

| (DKKm)  | 2013       | 2012        |
|---|------------|-------------|
| Net interest and fee income                         | 414        | 166         |
| Market value adjustments                            | (64)       | (148)       |
| Other operating income/(expenses)                   | 744        | (13)        |
| Staff costs and administrative expenses             | (37)       | 71          |
| Impairment losses on loans, advances, guarantees    | 259        | 0           |
| <b>Profit/(loss) before loss guarantee from FIH</b> | <b>872</b> | <b>(66)</b> |
| Loss guarantee from FIH                             | (872)      | 66          |
| <b>Profit/(loss) for the year</b>                   | <b>0</b>   | <b>0</b>    |

### Balance sheet

|   |              |               |
|---|--------------|---------------|
| Cash in hand and demand deposits with credit institutions and central banks | 94           | 5,428         |
| Loans and advances  | 6,112        | 7,989         |
| Receivable from FIH   | 24           | 895           |
| Other assets  | 881          | 2,134         |
| <b>Total assets</b>   | <b>7,111</b> | <b>15,551</b> |
|   |              |               |
| Other debt  | 5,111        | 13,551        |
| Equity  | 2,000        | 2,000         |
| <b>Total equity and liabilities</b>   | <b>7,111</b> | <b>15,551</b> |

\* Income statement covers the period 2.7-31.12 2012.

at the request of FIH Holding and for another 12 months subject to mutual agreement (that is, 31 December 2019 at the latest). The calculation date may also be moved forward upon mutual agreement until 31 December 2015.

In connection with the approval of the transaction with Finansiel Stabilitet, the European Commission announced in December 2013 that it found the transaction to be compatible with its rules on state aid, provided that certain elements of the transaction structure were modified, including that FIH would pay DKK 310 million to Finansiel Stabilitet before year end 2013. In addition, the manage-

ment fee that FIH has received for its management of FS Property Finance's lending portfolio was to be reduced.

The reduction of the management fee for 2012 has been settled, improving FS Property Finance's financial results by DKK 70 million. The management fee for 2013 has also been settled in accordance with the European Commission's announcement. Moreover, FIH has deposited an amount of DKK 310 million with Finansiel Stabilitet. Recognition of this amount is deferred until FIH has evaluated the European Commission's announcement. In March 2014, the European Commission and FIH published an announcement on the matter.

For 2013, FS Property Finance contributed a breakeven performance to the profit of the Finansiel Stabilitet Group as a result of a negative adjustment of the loss guarantee of DKK 872 million.

Finansiel Stabilitet's funding of FS Property Finance contributed total revenue of DKK 38 million to Finansiel Stabilitet's profit (recognised under the Bank Package).

FS Property Finance was consolidated with Finansiel Stabilitet with effect from 2 July 2012. The loss-absorbing loan of DKK 1.65 billion has been used due to substantial impairment losses and fair value adjustments of DKK 1.5 billion in 2012 and the concurrent recognition of a receivable of DKK 0.9 billion from FIH Holding. In 2013, the receivable from FIH was reduced to a total of DKK 24 million.

During the period from the takeover in 2012 to 31 December 2013, FS Property Finance has reduced loans and advances by DKK 5.3 billion. As a result, loans and advances totalled DKK 6.1 billion at 31 December 2013.

## Events after 2013

In the period from the end of 2013 until the approval of the annual report, no events of significant impact on profit or total assets have occurred.

## Outlook for 2014

The 2014 financial performance will be determined primarily by developments in the activities being wound up under the Bank Package. Seen in isolation, the other areas of activity do not impose any significant risk on Finansiel Stabilitet.

The financial results for 2014 are subject to considerable uncertainty. The performance will rely on changes in the value of loan exposures and the winding-up process in general as well as the outcomes of lawsuits and disputes under the Bank Package, among other things.

# Risk factors and risk management

The risk factors impacting Finansiel Stabilitet and the management thereof are to a significant extent influenced by the special tasks involved in taking over distressed banks. Consequently, the risks assumed by Finansiel Stabilitet reflect to a very high degree the Company's obligation to take over and wind up activities from distressed banks. Finansiel Stabilitet is exposed to a number of financial risks, including in particular credit, market, property and operational risk as well as risks related to losses in connection with lawsuits and disputes.

## Significant risks

Most of Finansiel Stabilitet's risks are related to the risk of losses on non-performing exposures and the risk of losses in connection with lawsuits and disputes.

In consequence of Finansiel Stabilitet's acquisition of distressed banks, the Company has assumed considerable credit exposure. A typical characteristic of many of these exposures is that they are related to the property market. The debtors' individual payment ability is often weak, and many of the exposures are therefore characterised by objective evidence of impairment. In that connection, the underlying collateral security is of significant importance to the valuation of the exposures and the overall credit assessment.

A total of 85% of the collateral security is related to real property. This sector has been particularly adversely affected by the economic and financial crisis, and it has therefore only been possible to reduce the exposure to a limited extent, partly in order to safeguard a proper business-oriented winding-up process, and partly in order to minimise the impact on pricing in exposed sectors.

Moreover, the quality of the exposures makes it impossible to achieve a well-balanced risk-return ratio. Most of the loans are impaired exposures on which the individual payment ability is limited. For this reason, it is not possible

to apply the normal risk management approach of a financial business.

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

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

Moreover, due to the special tasks involved in taking over distressed banks, Finansiel Stabilitet is party to a number of lawsuits and disputes. Finansiel Stabilitet's risks are assessed on an ongoing basis by Finansiel Stabilitet and the Company's lawyers. The provisions are adjusted on an ongoing basis based on an assessment of the risk of loss.

## Loans, guarantees, etc.

(DKKm)

|  |        |
|--|--------|
| Loans, guarantees and undrawn credit facilities                          | 29,129 |
| Impairment charges etc.  | 16,282 |
| Loans, guarantees and undrawn credit facilities after impairment charges | 12,847 |
| Collateral security  | 9,913  |
| Unsecured  | 2,934  |

### Distribution of collateral security

(DKKm)

|                           |       |
|---------------------------|-------|
| Real property             | 8,448 |
| Vehicles, vessels, etc.   | 548   |
| Security in deposits      | 28    |
| Guarantees                | 19    |
| Other                     | 870   |
| Total collateral security | 9,913 |

### Other risks

Other significant risks comprise operational risk and market risk.

It is Finansiel Stabilitet's overall policy to continuously limit operational risks. Operational risks arising in connection with the handling of non-performing exposures and the winding up of related collateral security are assessed to constitute a significant risk. In addition, the role of Finansiel Stabilitet as a winding-up company gives rise to special challenges in relation to recruiting and retaining employees. In order to minimise the Company's reliance on key employees and to ensure continuity, documentation and description of processes is a key priority. Another key priority is initiatives to ensure the necessary retention of relevant skills and resources.

Finansiel Stabilitet's exposure to market risk (interest, currency, liquidity and equity risk) is limited. Finansiel Stabilitet pursues a general policy of continuously minimising its exposure to market risks. To the extent that the Company is exposed to market risks, the intention is for the group companies to wind up activities that expose the Company to market risks or, alternatively, to hedge such exposures. Finansiel Stabilitet does not apply hedge accounting.

The Board of Directors has defined limits for the Group's total exposure to market risk. So far, on acquisition, the acquired subsidiaries have had limited exposure to activities subject to market risk. Market risk is monitored on an ongoing basis, and the Board of Directors is kept informed of the Group's overall exposure.

In its risk management and reporting, Finansiel Stabilitet differentiates between who will bear the risk. The calculation of risk and exposures generally includes risks borne by Finansiel Stabilitet. Risks borne by the Danish State, the winding-up department of the Guarantee Fund or by FIH will not have an impact on Finansiel Stabilitet's profit or loss.

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



# Corporate governance

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

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

## Background and overall framework

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

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

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

Finansiel Stabilitet publishes interim financial statements and releases quarterly profit announcements. The Company does not publish full interim financial statements for the first and third quarters. In not doing so, Finansiel Stabilitet deviates from the recommendations of the Committee on Corporate Governance. This should be seen in light of Finansiel Stabilitet's special objects involving the taking over and winding up of the activities of distressed banks. It has been assessed that the release of quarterly financial statements would not contribute material new information relative to the information already released through the quarterly profit announcements and other announcements.

Finansiel Stabilitet complies with the recommendations for exercising ownership and practising corporate govern-

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

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

## Communication with the Company's shareholder and stakeholders

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

Finansiel Stabilitet is subject to the rules applicable to state-owned public companies, implying, among other

things, that in key areas the Company is subject to the same requirements as listed companies.

Announcements and other information from Finansiel Stabilitet and its subsidiaries are released through the Danish Business Authority and through the Company's website, [www.finansielstabilitet.dk](http://www.finansielstabilitet.dk). The website also provides information about the Company's structure, activities, etc.

#### **General meetings**

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

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

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

#### **Management structure**

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

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

#### **Board work**

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

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

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

A total of 21 board meetings were held in 2013, including 14 extraordinary board meetings. A total of 17 board meetings were held in 2012.

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

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

The Board of Directors regularly and at least once a year assesses the tasks and composition of the Board of Directors and the collaboration between the Board of Directors and the Management Board.

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

#### **Composition of the Board of Directors**

At 31 December 2013, the Board of Directors of Finansiel Stabilitet consisted of five members elected by the shareholder and three members elected by the employees. The members elected by the shareholder, including a chairman and a deputy chairman, are elected upon the

recommendation of the Ministry of Business and Growth. Employee representatives were elected to the Board of Directors in 2013, and as a result the Board of Directors was expanded with effect from 23 April 2013 to include three members elected by the employees in addition to the five members elected by the shareholder.

At an extraordinary general meeting held on 6 January 2014, Erik Sevaldsen was elected to the Board of Directors. Following this addition, the Board of Directors consists of six members elected by the shareholder and three members elected by the employees.

Members of the Board of Directors elected by the shareholder serve for a term of one year, but are eligible for re-election. Members of the Board of Directors elected by the employees serve for a term of two years due to the special role of the Group as a winding-up company.

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

Age is not deemed to be a disqualifying factor, and therefore no age limit has been determined for the members of the Board of Directors. Finansiel Stabilitet thereby deviates from the recommendations of the Committee on Corporate Governance.

The candidates recommended by the Ministry of Business and Growth for election to the Board of Directors must possess relevant skills, and the Board of Directors as a whole must, to the widest possible extent, possess knowledge and experience of the key issues and challenges faced by Finansiel Stabilitet. Based on the Company's business model and related risks, the Board of Directors has identified the areas which it deems the Management Board and the Board of Directors of Finansiel Stabilitet should have knowledge of and experience with. This includes, among other things, experience with the management and operation of a bank in the context of the activities taken over by Finansiel Stabilitet and the legislation governing Finansiel Stabilitet's activities, both as a financial holding company and as state-owned public limited company. Moreover, the Board of Directors seeks

to achieve a composition in which the members complement each other in the best possible way in terms of age, background, gender, etc. with a view to ensuring a competent and versatile contribution to the board work in Finansiel Stabilitet. The conditions relating to the Company's management are adjusted as required on the basis of these assessments.

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

Information on the individual board members is provided in this Annual Report and on Finansiel Stabilitet's website, [www.finansielstabilitet.dk](http://www.finansielstabilitet.dk).

### **Management Board**

The Management Board was reduced from three to two members in 2013. The Board of Directors appoints the Management Board and determines the employment terms of Management Board members.

At 31 December 2013, the Management Board was composed of one chief executive officer and one chief operating officer. The Management Board is responsible for the day-to-day management of Finansiel Stabilitet. The guidelines for the Management Board's reporting and submission of resolutions to the Board of Directors and for the distribution of powers and responsibilities between the Board of Directors and the Management Board are laid down in instructions to the Management Board.

Effective 31 March 2014, Lars Jensen resigned from the Management Board, following which the Management Board is composed of CEO Henrik Bjerre-Nielsen.

### **Remuneration of the Board of Directors and the Management Board**

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

In the financial year 2013, the remuneration paid to the Board of Directors amounted to DKK 1,324,000 (2012:

DKK 1,436,000), including DKK 525,000 (2012: DKK 787,000) to the Chairman and the Deputy Chairman.

The remuneration of the Management Board is determined by the Board of Directors, and in 2013 the remuneration of the Management Board consisted of a basic salary. Finansiel Stabilitet has no pension obligations towards the Management Board. Members of the Management Board do not receive a separate fee for directorships in subsidiaries.

The total remuneration paid to the three members of the Management Board amounted to DKK 7.1 million in 2013 (2012: DKK 5.3 million). The total remuneration to CEO Henrik Bjerre-Nielsen amounted to DKK 2.7 million, and the total remuneration to COO Lars Jensen amounted to DKK 2.5 million. COO Niels Olsen resigned from the Management Board with effect from 30 September 2013, and the remuneration for the nine months ended 30 September 2013 amounted to DKK 1.8 million.

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

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

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

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

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

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

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

Finansiel Stabilitet's Board of Directors has resolved to introduce a whistleblower scheme in the Group. The scheme was notified to the Danish Data Protection Agency in May 2013 and is expected to be implemented in practice in the first half of 2014 when permission from the Danish Data Protection Agency has been granted.

### **Auditors**

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

Finansiel Stabilitet uses the same auditors throughout the Group. For the financial year 2014, the statutory audit was tendered as a mini-tender under the framework agreement for audit services of the national procurement agency, SKI (Statens og Kommunerne Indkøbs Service). KPMG (expected to merge with Ernst and Young in the future) won the tender and the Board of Directors recommends to the general meeting that KPMG is re-appointed.

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



# Corporate social responsibility

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

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

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

The Company and its subsidiaries live up to their responsibility as employers, business partners and consumers of natural resources. However, the Company does not act as an intermediary for sales of products or services outside the Group, nor does it operate internationally or invest with a view to obtaining a profit. For this reason, the Company has not found it relevant to sign up to any special CSR standards. Also, the Company has not defined any corporate responsibility policy or any policies regarding the protection of human rights or climate impact reduction, but as described below the Company has focus on these issues.

This and the description below apply to all Group companies.

## Cost-saving Group restructuring

Finansiel Stabilitet in 2013 continued its efforts to ensure the most appropriate and cost-conscious organisation, resulting in a reduction of subsidiaries, including subsidiaries holding a banking licence. As a result, FS Bank is the Group's only remaining subsidiary with a banking licence. The tasks of the subsidiaries have to the greatest extent possible been outsourced to Finansiel Stabilitet. This enables the Group to keep its administrative expenses at an acceptable level and to continuously reduce them.

As part of the Group restructuring, the external boards of directors of the Group's subsidiaries were replaced by internal boards of directors.

## Employees

Finansiel Stabilitet wants to contribute to a good and challenging working life for the employees during their employment with the Company. The Company's corporate culture is based on open, free and equal dialogue with emphasis on measures of individual freedom under accountability and common sense.

The number of employees is regularly adjusted to the remaining tasks in the Group. Accordingly, the Company focuses specifically on strengthening the employees' personal and professional skills in order to prepare them for the time after Finansiel Stabilitet.

This is done partly through skills enhancement in relation to the employees' current jobs and partly through various outplacement programmes through which the employees can participate in courses or coaching programmes within the field of career and personal development focused on the future. Skills enhancement through outplacement programmes also allows the employees to complete competence-enhancing training programmes that are not necessarily required to have any relevance for the employee's work in the Company. An outplacement programme may be initiated at the employee's own instance at any time and consequently also before a termination agreement has been entered into.

Finansiel Stabilitet markets its employees through videos and publications made available online, because the Company due to its role as a winding-up company feels responsible for helping the employees move on.

### Gender composition of Management

Finansiel Stabilitet has defined a policy to increase the proportion of women in management positions throughout the Group. Finansiel Stabilitet aims to have balanced gender composition of its Management at Group level.

It is Finansiel Stabilitet's aim to increase the proportion of women board members at Group level to at least one third by 2015. In Finansiel Stabilitet's Board of Directors, two of the six members elected at the general meeting are women. The target is currently also met in the Boards of Directors of the subsidiaries FS Bank, FS Finans I, FS Finans II, FS Finans III and FS Finans IV, in which one of three members is a woman.

The Company also aims to increase the proportion of women at the Group's other management levels. In order to achieve this, Finansiel Stabilitet ensures that the Company remains attractive for both male and female executives. Moreover, Finansiel Stabilitet is working to promote equal career opportunities for women and men and, finally, Finansiel Stabilitet is focused on gender composition in connection with its employment and recruitment procedures.

Finansiel Stabilitet aims for the Group's female employees to feel that they have the same career opportunities and opportunities to be considered for management positions as their male colleagues. In addition, Finansiel Stabilitet aims to have an open and unbiased corporate culture allowing employees to optimise their skills and talents in the best possible way, regardless of gender.

The proportion of women at the Group's other management levels was 30% at 1 January 2014, compared with 24% at the year-earlier date.

### Business partners and suppliers

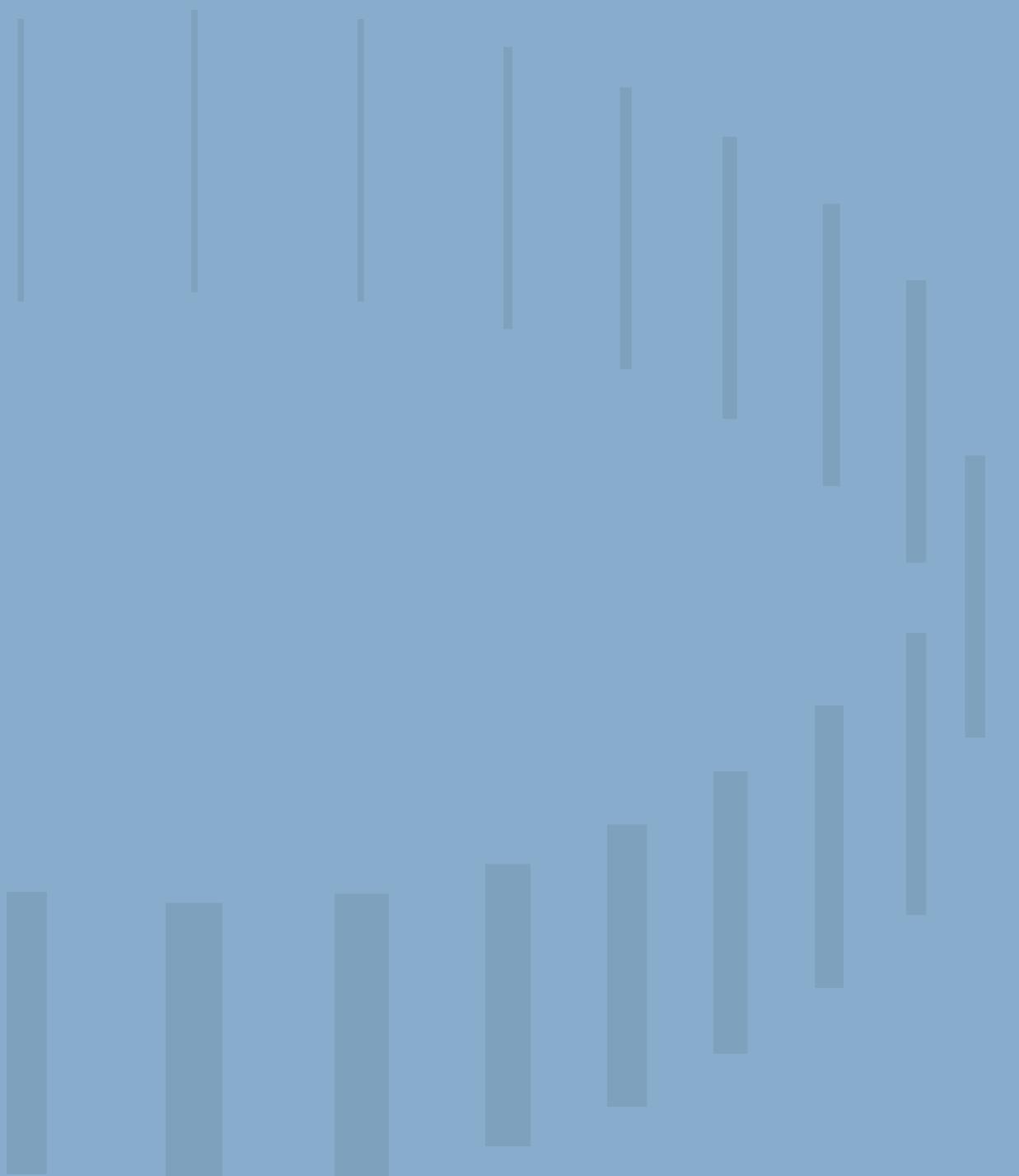
The Company is focused on using suppliers who comply with applicable and relevant standards in the relevant area. This applies not least to the property area in connection with completion of properties and projects taken over by Finansiel Stabilitet from distressed banks or on realisation of collateral. Finansiel Stabilitet uses labour clauses in all building and construction contracts irrespective of the contract amount in order to ensure that work is performed in accordance with Danish remuneration and employment terms.

The Company procures a great volume of its goods and services under framework agreements with SKI (Statens og Kommunerne Indkøbs Service A/S). Procurement thus complies with applicable rules, including a requirement in all framework agreements that, on completion of the contract, suppliers must adhere to the ten UN principles on human rights, labour standards, the environment and anti-corruption as specified in the Global Compact.

### Environmental and climate impact

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

# Financial statements



# Income and comprehensive income statement

| (DKKm)   | Note | Group      |            | Parent     |            |
|--|------|------------|------------|------------|------------|
|  |      | 2013       | 2012       | 2013       | 2012       |
| <b>Interest and fees</b>   |      |            |            |            |            |
| Interest income  | 4    | 963        | 1,332      | 347        | 511        |
| Interest expense   | 5    | 369        | 564        | 251        | 313        |
| <b>Net interest income</b>   |      | <b>594</b> | <b>768</b> | <b>96</b>  | <b>198</b> |
| Share dividends, etc.  |      | 4          | 16         | 1          | 7          |
| Fees and commissions received  | 6    | 282        | 1,047      | 290        | 1,111      |
| Fees and commissions paid  | 6    | 378        | 1,256      | 376        | 1,260      |
| <b>Net interest and fee income</b>   |      | <b>502</b> | <b>575</b> | <b>11</b>  | <b>56</b>  |
| Market value adjustments   | 7    | (308)      | (595)      | (109)      | (133)      |
| Other operating income   | 8    | 2,486      | 2,130      | 449        | 735        |
| Staff costs and administrative expenses  | 9    | 546        | 1,037      | 437        | 525        |
| Depreciation, amortisation and impairment of intangible assets and property, plant and equipment |      | 6          | 16         | 3          | 9          |
| Other operating expenses   | 10   | 1,466      | 211        | 1,099      | 33         |
| Impairment losses on loans, advances and receivables, etc.                                       | 11   | 559        | 201        | (544)      | (731)      |
| Profit/(loss) from investments in associates and subsidiaries                                    | 12   | 19         | (14)       | 766        | (191)      |
| Loss guarantee from the Danish State relating to individual government guarantees                |      | 39         | (20)       | 39         | (20)       |
| <b>Profit/(loss) for the year before tax</b>   |      | <b>161</b> | <b>611</b> | <b>161</b> | <b>611</b> |
| Tax  | 13   | 0          | 0          | 0          | 0          |
| <b>Profit/(loss) for the year</b>  |      | <b>161</b> | <b>611</b> | <b>161</b> | <b>611</b> |
| <b>Statement of comprehensive income</b>   |      |            |            |            |            |
| Profit/(loss) for the year   |      | 161        | 611        | 161        | 611        |
| Other comprehensive income after tax   |      | 0          | 0          | 0          | 0          |
| <b>Total comprehensive income</b>  |      | <b>161</b> | <b>611</b> | <b>161</b> | <b>611</b> |
| <b>Appropriation of profit/(loss)</b>  |      |            |            |            |            |
| Proposed dividend  |      | 0          | 0          | 0          | 0          |
| Retained earnings  |      | 161        | 611        | 161        | 611        |
| <b>Total amount appropriated</b>   |      | <b>161</b> | <b>611</b> | <b>161</b> | <b>611</b> |

# Balance sheet

| (DKKm)   | Note | Group         |               | Parent        |               |
|--|------|---------------|---------------|---------------|---------------|
|  |      | 2013          | 2012          | 2013          | 2012          |
| <b>ASSETS</b>  |      |               |               |               |               |
| Cash in hand and demand deposits with central banks  |      | 2,845         | 11,191        | 2,555         | 10,391        |
| Due from credit institutions and central banks   | 14   | 1,170         | 2,013         | 178           | 852           |
| Loans, advances and other receivables at fair value  | 15   | 55            | 1,080         | 53            | 1,010         |
| Loans, advances and other receivables at amortised cost  | 15   | 11,144        | 18,130        | 9,036         | 4,512         |
| Bonds at fair value  | 16   | 374           | 1,056         | 148           | 13            |
| Shares, etc.   | 17   | 1,070         | 1,218         | 718           | 856           |
| Investments in associates, etc.  | 18   | 339           | 458           | 327           | 423           |
| Investments in subsidiaries  |      | 0             | 0             | 3,191         | 4,305         |
| Intangible assets  | 19   | 0             | 0             | 0             | 0             |
| Total land and buildings   | 20   | 1,439         | 2,192         | 37            | 79            |
| Investment properties  |      | 1,439         | 2,190         | 37            | 79            |
| Domicile properties  |      | 0             | 2             | 0             | 0             |
| Other property, plant and equipment  | 21   | 5             | 14            | 0             | 3             |
| Assets held temporarily  | 22   | 480           | 770           | 9             | 0             |
| Receivable re. loss guarantee from the Danish State relating to individual government guarantees |      | 3,549         | 3,516         | 3,549         | 3,516         |
| Receivable re. loss guarantee from the Danish State relating to Roskilde Bank                    |      | 4,331         | 4,331         | 4,331         | 4,331         |
| Other assets   | 23   | 2,439         | 4,053         | 2,176         | 3,037         |
| Prepayments  |      | 0             | 8             | 0             | 2             |
| <b>Total assets</b>  |      | <b>29,240</b> | <b>50,030</b> | <b>26,308</b> | <b>33,330</b> |

| (DKKm)   | Note | Group         |               | Parent        |               |  |
|--|------|---------------|---------------|---------------|---------------|--|
|  |      | 2013          | 2012          | 2013          | 2012          |  |
| <b>EQUITY AND LIABILITIES</b>                    |      |               |               |               |               |  |
| <b>Liabilities</b>                               |      |               |               |               |               |  |
| Due to credit institutions and central banks     | 24   | 318           | 13,782        | 370           | 1,561         |  |
| Deposits and other payables                      | 25   | 868           | 3,744         | 420           | 5,540         |  |
| Loans through the state-funded re-lending scheme | 26   | 13,572        | 13,991        | 13,572        | 13,991        |  |
| Issued bonds at amortised cost                   | 27   | 2             | 3,146         | 0             | 2             |  |
| Liabilities relating to assets held temporarily  |      | 0             | 294           | 0             | 0             |  |
| Due to mortgage credit institutions              |      | 288           | 47            | 0             | 0             |  |
| Other liabilities                                | 28   | 1,156         | 2,203         | 806           | 986           |  |
| Deferred income                                  |      | 1             | 6             | 0             | 0             |  |
| <b>Total liabilities</b>                         |      | <b>16,205</b> | <b>37,213</b> | <b>15,168</b> | <b>22,080</b> |  |
| <b>Provisions</b>                                |      |               |               |               |               |  |
| Provision for losses on guarantees               |      | 494           | 542           | 223           | 368           |  |
| Purchase price adjustment (earn-out)             | 29   | 1,183         | 865           | -             | -             |  |
| Other provisions                                 | 30   | 1,607         | 1,820         | 1,166         | 1,292         |  |
| <b>Total provisions</b>                          |      | <b>3,284</b>  | <b>3,227</b>  | <b>1,389</b>  | <b>1,660</b>  |  |
| <b>Total liabilities</b>                         |      | <b>19,489</b> | <b>40,440</b> | <b>16,557</b> | <b>23,740</b> |  |
| <b>Equity</b>                                    |      |               |               |               |               |  |
| Share capital                                    |      | 1             | 1             | 1             | 1             |  |
| Retained earnings                                |      | 9,750         | 9,589         | 9,750         | 9,589         |  |
| <b>Total equity</b>                              |      | <b>9,751</b>  | <b>9,590</b>  | <b>9,751</b>  | <b>9,590</b>  |  |
| <b>Total equity and liabilities</b>              |      | <b>29,240</b> | <b>50,030</b> | <b>26,308</b> | <b>33,330</b> |  |

Note 31: Contingent assets and liabilities

Note 32: Charges

Note 33: Derivative financial instruments

Note 34: Financial risk management

Note 35: Related parties

Note 36: Group overview

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

Note 38: Fair value disclosure

Note 39: Fair value of balance sheet items at amortised cost

Note 40: Return on financial instruments

Note 41: Leases

Note 42: Finansiell Stabilitet A/S 2009-2013

# Statement of changes in equity

| <b>Group</b><br><b>(DKKm)</b>            | <b>2013</b>          |                          |                     | <b>2012</b>  |
|--|----------------------|--------------------------|---------------------|--------------|
|  | <b>Share capital</b> | <b>Retained earnings</b> | <b>Total equity</b> |              |
| <b>Equity at 1 January 2013</b>          | 1                    | 9,589                    | 9,590               | 13,579       |
| <b>Changes in equity during the year</b> |                      |                          |                     |              |
| Comprehensive income for the year        | -                    | 161                      | 161                 | 611          |
| Dividend paid                            | -                    | -                        | -                   | (4,600)      |
| <b>Equity at 31 December 2013</b>        | <b>1</b>             | <b>9,750</b>             | <b>9,751</b>        | <b>9,590</b> |

| <b>Parent company</b><br><b>(DKKm)</b>   | <b>2013</b>          |                          |                     | <b>2012</b>  |
|--|----------------------|--------------------------|---------------------|--------------|
|  | <b>Share capital</b> | <b>Retained earnings</b> | <b>Total equity</b> |              |
| <b>Equity at 1 January 2013</b>          | 1                    | 9,589                    | 9,590               | 13,579       |
| <b>Changes in equity during the year</b> |                      |                          |                     |              |
| Comprehensive income for the year        | -                    | 161                      | 161                 | 611          |
| Dividend paid                            | -                    | -                        | -                   | (4,600)      |
| <b>Equity at 31 December 2013</b>        | <b>1</b>             | <b>9,750</b>             | <b>9,751</b>        | <b>9,590</b> |

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

# Cash flow statement

| (DKKm)   | <b>Group</b>   |                |
|--|----------------|----------------|
|  | <b>2013</b>    | <b>2012</b>    |
| <b>Cash flows from operating activities</b>                                  |                |                |
| Profit/(loss) for the year after tax   | 161            | 611            |
| Impairment of loans, etc., net   | 559            | 201            |
| Depreciation/amortisation  | 6              | 16             |
| Loss guarantee from the Private Contingency Association/the Danish State     | (39)           | 20             |
| Losses on takeover of subsidiaries   | -              | -              |
| Other  | (537)          | (967)          |
| <b>Total operating activities</b>  | <b>150</b>     | <b>(119)</b>   |
| <b>Working capital</b>   |                |                |
| Changes in credit institutions, net  | (13,274)       | (896)          |
| Change in loans, advances and other receivables                              | 7,519          | 12,086         |
| Changes in securities  | 755            | 3,270          |
| Change in deposits and other payables  | (2,876)        | (4,209)        |
| Changes in other assets and liabilities                                      | (2,013)        | (6,631)        |
| <b>Total working capital</b>   | <b>(9,889)</b> | <b>3,620</b>   |
| <b>Total cash flows from operating activities</b>                            | <b>(9,739)</b> | <b>3,501</b>   |
| <b>Cash flows from investing activities</b>                                  |                |                |
| Net investment in subsidiaries   | 44             | 3,625          |
| Cash flows from discontinued operations                                      | -              | -              |
| Purchase/sale of property, plant and equipment                               | 762            | (441)          |
| <b>Total</b>   | <b>806</b>     | <b>3,184</b>   |
| <b>Cash flows from financing activities</b>                                  |                |                |
| Re-lending   | (4)            | (265)          |
| Dividend   | -              | (4,600)        |
| <b>Total</b>   | <b>(4)</b>     | <b>(4,865)</b> |
| <b>Change in cash and cash equivalents</b>                                   |                |                |
| Cash and cash equivalents at the beginning of the year                       | 12,730         | 10,910         |
| Change during the year   | (8,937)        | 1,820          |
| <b>Cash and cash equivalents at the end of the year</b>                      | <b>3,793</b>   | <b>12,730</b>  |
| Cash and cash equivalents comprise:  |                |                |
| Cash in hand, etc.   | 2,845          | 11,191         |
| Due from credit institutions and central banks within less than three months | 948            | 1,539          |
| <b>Cash and cash equivalents at the end of the year</b>                      | <b>3,793</b>   | <b>12,730</b>  |

# Notes

## 1. Accounting policies

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

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

Finansiel Stabilitet A/S has implemented the IFRS standards and interpretations taking effect for 2013. The implementation of these did not affect recognition or measurement in 2013.

Accordingly, the accounting policies are consistent with those of last year.

### Standards and interpretations not yet in force

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

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

In November 2013, the IASB amended IFRS 9, Financial Instruments. The standard sets out the principles for classification and measurement of financial instruments as well as derecognition, but will subsequently address the principles guiding impairment and the rules on hedge accounting. The standard will eventually replace the existing IAS 39. The EU has decided to postpone adoption of IFRS 9 until all the components of the standard are known.

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

### Accounting estimates and judgments

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

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

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

Estimates significant to the financial reporting include the following:

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

## 1. Accounting policies (continued)

### Accounting policies for the Group

#### **Foreign currency translation**

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

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

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

#### **Offsetting**

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

#### **Financial instruments – general**

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

- trading portfolio, measured at fair value;
- loans and advances and receivables, measured at amortised cost;
- financial assets at fair value through profit and loss;
- other financial liabilities, measured at amortised cost.

#### **Derivative financial instruments**

Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively, and positive and negative values are set off only when the Company has the right and the intention to settle several financial instruments on a net basis. Fair val-

ues of derivative financial instruments are determined on the basis of current market data and generally accepted valuation methods.

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

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

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

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

#### **Consolidated financial statements**

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

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

In assessing whether the parent company exercises control or significant influence, potential voting rights exercisable at the balance sheet date are taken into account.

The consolidated financial statements have been prepared consolidating the financial statements of the parent company and the individual subsidiaries stated under the Group's accounting policies, eliminating intra-group income and expenses, shareholdings, intra-group balances

# Notes

## 1. Accounting policies (continued)

and dividends as well as realised and unrealised gains on intra-group transactions. Unrealised gains on transactions with associates are eliminated in proportion to the Group's share of the enterprise. Unrealised losses are eliminated in the same way as unrealised gains, to the extent that no impairment has occurred.

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

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

### **Business acquisitions**

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

Takeovers are accounted for using the purchase method if the parent company gains control of the company taken over. The identifiable assets, liabilities and contingent liabilities of enterprises taken over are measured at fair value at the takeover date. Identifiable intangible assets are recognised if they can be separated or if they arise from a contractual right and the fair value can be reliably measured. Deferred tax on revaluations made is recognised.

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

If the measurement of identifiable assets, liabilities or contingent liabilities taken over is subject to uncertainty at the takeover date, initial recognition will be made on the basis of a preliminary calculation of fair values. If it subsequently turns out that the identifiable assets, liabilities or contingent liabilities had another fair value at the takeover date than that originally assumed, the value is adjusted up to 12 months after the takeover. The effect of any adjust-

ments relating to prior financial periods is recognised in the opening equity, and comparative figures are restated accordingly.

### **Balance sheet**

#### ***Due from credit institutions and central banks***

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

#### ***Loans, advances and receivables at fair value***

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

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

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

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

#### ***Loans, advances and receivables at amortised cost***

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

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

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

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

- the borrower is experiencing significant financial difficulty;
- the borrower's actions, such as default on interest or principal payments, lead to a breach of contract;
- the Group, for reasons relating to the borrower's financial difficulty, grants to the borrower a concession that the Group would not otherwise have granted;
- it becomes probable that the borrower will enter bankruptcy or other financial reconstruction.

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

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

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

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

Collective impairment write-downs are calculated using rating and segmentation models. The model-based collective impairment write-downs are subsequently adjusted to the extent that it is found that events have occurred

that the models do not take into account or that the historical loss experience on which the models are based does not reflect the actual circumstances.

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

Loan impairment losses are booked in allowance accounts. Loans and advances that are considered uncollectable are written off. The write-off is deducted from the allowance accounts.

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

#### ***Bonds, shares, etc.***

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

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

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

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

#### ***Leases***

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

All other leases are classified as operating leases.

# Notes

## 1. Accounting policies (continued)

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

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

### **Associates**

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

### **Properties**

Properties comprise investment properties and domicile properties.

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

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

Land is not depreciated.

### **Other property, plant and equipment**

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

### **Impairment of property, plant and equipment**

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

### **Tax payable and deferred tax**

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and tax base of assets and liabilities. However, deferred tax on temporary differences relating to goodwill which is not deductible for tax purposes and office buildings and other items is not recognised where temporary differences – other than business acquisitions – arise at the date of acquisition without affecting either the profit/(loss) for the year or the taxable income. In cases where the tax base may be computed according to several sets of tax regulations, deferred tax is measured on the basis of the intended use of the asset or settlement of the liability planned by Management.

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

Deferred tax assets are reviewed in connection with the year-end closing and recognised only to the extent that it is probable that they will be utilised.

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

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

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

### **Assets held temporarily**

Assets held temporarily comprise non-current assets and disposal groups held for sale. A disposal group is a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction. Liabilities regarding assets held for sale are liabilities directly associated with those assets that will be transferred in the transaction. Assets are classified as "held temporarily" if their carrying amount will be recovered principally through a sale transaction within 12 months in accordance with a formal plan rather than through continuing use.

Assets or disposal groups, other than property, held temporarily are measured at the lower of the carrying amount at the date when the assets were classified as "held temporarily" and fair value less costs to sell. Assets are not depreciated or amortised as from the date they are classified as "held temporarily".

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

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

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

### **Other assets**

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

### **Prepayments**

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

### **Financial liabilities**

At the date of borrowing, deposits, issued bonds and debt to credit institutions, central banks, etc. are recognised at fair value less transaction costs. In subsequent

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

Subordinated debt consists of liabilities in the form of subordinated loan capital and other capital contributions which, in the event of the Company's voluntary or compulsory winding up, will not be repaid until after the claims of ordinary creditors have been met. Subordinated debt is also measured at amortised cost.

### **Other liabilities**

The item comprises liabilities not classified under any other liability item, including negative securities holdings arising in connection with reverse transactions, negative market values of derivative financial instruments, and interest due.

### **Deferred income**

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

### **Purchase price adjustment**

Purchase price adjustment comprises the potential additional dividend payable to creditors and providers of dowry in the banks taken over under the Exit and Consolidation Packages. Purchase price adjustment is included in provisions.

### **Provisions**

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

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

# Notes

## 1. Accounting policies (continued)

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

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

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

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

### Equity

#### *Proposed dividend*

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

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

#### **Contingent assets and liabilities**

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

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

Contingent liabilities are disclosed when an outflow of economic resources from the Group is possible but not probable. Disclosure also includes current liabilities which have not been recognised because it is not probable that the liability will entail an outflow of economic resources or where the liability cannot be reliably measured.

### Income statement

#### *Interest income and expense*

Interest income and expense and current commission in respect of interest-bearing financial instruments measured at amortised cost are recognised in the income statement applying the effective interest method based on the cost of the financial instrument.

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

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

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

#### *Fee and commission income, net*

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

#### *Market value adjustments*

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

#### **Other operating income**

Other operating income comprises income of a secondary nature in relation to the Group's activities and gains on the sale of activities, property, plant and equipment and the like.

#### **Staff costs and administrative expenses**

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

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

With a few former members of Management, the Group has entered into defined benefit plans. The pension liability in this respect is based on an actuarial assessment of the present value of expected benefits. Present value is calculated on the basis of the most recent yield curve of the FSA and benchmark mortality rates and other factors, and amounts are fully set off against the income statement.

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

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

#### **Other operating expenses**

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

#### **Impairment losses on loans, advances and receivables**

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

#### **Profit/(loss) from investments in associates**

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

#### **Tax**

The current Danish income tax liability is allocated among the jointly taxed companies in proportion to their taxable incomes. Subsidiaries utilising tax losses in other companies pay joint taxation contributions equal to the tax base of the utilised losses, while companies whose tax losses are utilised by other companies receive joint taxation contributions equal to the tax base of the utilised losses (full allocation). The jointly taxed subsidiaries pay tax under the on-account tax scheme.

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

### **Special accounting issues relating to the parent company financial statements**

#### **Loss guarantee from the Danish State relating to Roskilde Bank**

The Company's loss relating to Roskilde Bank is stated as a receivable because of the government guarantee.

#### **Loss guarantee from the Danish State relating to individual government guarantees**

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

#### **Tax payable and deferred tax**

Finansiell Stabilitet A/S is exempt from taxation.

#### **Other fees and commissions received**

This item comprises commissions for individual guarantees, according to which Finansiell 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).

# Notes

## 1. Accounting policies (continued)

### Consolidated cash flow statement

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

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

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

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

Cash flows from financing activities comprise changes in the size or composition of share capital, subordinated debt, re-lending and distribution of dividend.

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

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

### Segment information for the Group

Segment reporting is based on the internal operating segments applied in the management reporting which the executive operational management uses for resource allocation and performance follow-up. As a result of the restructuring of the Group and the takeover of activities under the new bank packages, the Group's segments have changed compared with previous years. Segment information is prepared on the basis of the accounting policies applied by the Group.

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

Accordingly, the Group's reporting segments are:

- *The Bank Package*

The Bank Package segment comprises Finansiel Stabilitet's activities in relation to the guarantee scheme for unsecured creditors of banks, cf. the Act on Financial Stability, including:

- loss on takeover of distressed banks;
- activities taken over from distressed banks which are to be transferred or wound up;
- a total of DKK 15 billion in guarantee commission charged on a current basis until 30 September 2010 by the Private Contingency Association and returns on this amount;
- further loss cover provided by the Private Contingency Association in the form of a loss guarantee of DKK 10 billion, settled in 2010;
- financing costs and administrative expenses in relation to the above.

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

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

▪ *The Credit Package*

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

▪ *The Exit Package*

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

▪ *The Consolidation Package*

Under the Consolidation Package, Finansiel Stabilitet takes over a distressed bank and divests the saleable part. The newly established subsidiary of Finansiel Stabilitet receives a dowry from the Guarantee Fund.

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

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

▪ *The Development Package*

The Development Package segment comprises Finansiel Stabilitet's winding-up activities in relation to banks which, despite significant funding problems, are able to provide security for the winding up. The segment consists of the subsidiary FS Property Finance, which comprises a number of property exposures separated from FIH Erhvervsbank at the beginning of 2012. At the transfer of FS Property Finance, FIH Holding issued an unlimited loss guarantee in relation to the winding up of the property exposures.

# Notes

## 2. Segment information for the Group

| <b>2013</b><br><b>(DKKm)</b>   | <b>Bank<br/>Package</b> | <b>Credit<br/>Package</b> | <b>Exit and<br/>Consolidation<br/>Package</b> | <b>Devel-<br/>opment<br/>Package</b> | <b>Elimina-<br/>tions</b> | <b>Total</b>  |
|--|-------------------------|---------------------------|---|--------------------------------------|---------------------------|---------------|
| Net interest income  | 95                      | (3)                       | 142   | 360                                  | -                         | 594           |
| Guarantee commission on government guarantees                                | (5)                     | 274                       | (18)  | -                                    | -                         | 251           |
| Other net fee income and market value<br>adjustments                         | (252)                   | (269)                     | (66)  | (64)                                 | -                         | (651)         |
| Movements in purchase price adjustment                                       | -                       | -                         | (204)   | -                                    | -                         | (204)         |
| Other operating income/expenses, net   | 33                      | 4                         | 1,139   | (74)                                 | (43)                      | 1,102         |
| Operating expenses   | 322                     | 2                         | 265   | (37)                                 | -                         | 552           |
| Impairment losses on loans, advances,<br>guarantees etc.                     | (606)                   | 43                        | 863   | 259                                  | (43)                      | 559           |
| Profit/(loss) from investments in subsidiaries<br>and associates             | 26                      | 0                         | (7)   | 0                                    | -                         | 19            |
| Loss guarantee from the Danish State re.<br>individual government guarantees | -                       | 39                        | -   | -                                    | -                         | 39            |
| Loss guarantee from the Guarantee Fund                                       | -                       | -                         | 122   | -                                    | -                         | 122           |
| <b>Profit/(loss) for the year before tax</b>                                 | <b>181</b>              | <b>0</b>                  | <b>(20)</b>                                   | <b>0</b>                             | <b>0</b>                  | <b>161</b>    |
| Tax  | 20                      | 0                         | (20)  | 0                                    | -                         | 0             |
| <b>Profit/(loss) for the year</b>  | <b>161</b>              | <b>0</b>                  | <b>0</b>                                      | <b>0</b>                             | <b>0</b>                  | <b>161</b>    |
| <b>Total segment assets</b>  | <b>13,166</b>           | <b>3,549</b>              | <b>5,414</b>                                  | <b>7,111</b>                         |                           | <b>29,240</b> |

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

### 3. Takeover of enterprises

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

Under the Exit Package, the role of Finansiel Stabilitet in the winding up of a distressed bank is to establish and capitalise a new subsidiary, which takes over the assets and part of the liabilities of the distressed bank. The subsidiary must take over all employees of the bank and may take over other bilateral contracts according to agreement with the distressed bank. The portion of the bank's liabilities to be taken over is provisionally determined and all unsubordinated creditors receive a preliminary dividend. Subsequently, a new valuation of the assets is made by two independent auditors appointed by the Institute of State Authorised Public Accountants in Denmark, which is used for the final dividend and thus adjustment of the liabilities taken over. If the finalisation of the winding up produces a profit exceeding Finansiel Stabilitet's contribution with the addition of a statutory market-based return requirement, this profit will be used for an increase of dividend and thus coverage of the liabilities not transferred to the subsidiaries. No distressed banks have been taken over under the Exit Package in 2013.

The Consolidation Package applies two different models.

Model 1 is used in situations where a viable bank takes over a distressed bank and receives a dowry from Finansiel Stabilitet and the Guarantee Fund. This model has not been applied yet.

Model 2 provides the framework for Finansiel Stabilitet to take over a distressed bank and divest the saleable part. The newly established subsidiary of Finansiel Stabilitet receives a dowry from the Guarantee Fund. The subsidiary also receives a dowry from Finansiel Stabilitet corresponding to the losses on the individual government guarantees which would have materialised if the distressed bank had been wound up under the Exit Package. At the same time, the saleable part of the distressed bank is taken over by another bank. This is done without any loss being incurred by uncovered, unsecured creditors, including depositors. No distressed banks have been taken over under the Consolidation Package in 2013.

Under the Development Package, the role of Finansiel Stabilitet is to help avoid that banks with significant funding problems are forced to obtain cash funds by reducing loans. The solution involves splitting up the bank and Finansiel Stabilitet taking over one of the companies. Use of this model requires that "security" can be provided through loss guarantees or the like that Finansiel Stabilitet will not incur any losses. No distressed banks have been taken over under the Development Package in 2013.

In connection with borrowers defaulting on loans, Finansiel Stabilitet may take over subsidiaries, properties, securities and other assets in order to secure its assets. Cantobank A/S was taken over in 2013.

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

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

The value of the acquired net assets of DKK 52 million will be settled by a corresponding reduction of Finansiel Stabilitet's claim against the estate in bankruptcy.

Since the takeover of Cantobank, Finansiel Stabilitet has focused on advancing the ongoing process of winding up the bank-. As a result of this process, the bank's savings account customers have been terminated and loans and advances in the amount of DKK 56 million have been transferred from Cantobank to Finansiel Stabilitet. Subsequent to this, Finansiel Stabilitet commenced an open selling process of Cantobank's entire share capital, which was concluded by PFA's acquisition of Cantobank at the end of June 2013.

# Notes

## 3. Takeover of enterprises - continued

### Takeovers in 2012

| (DKKm)                                  | Take-over date | Fair value of net assets | Dowry/loss guarantee | Acquisition costs | Loss at the takeover date | Profit/loss from takeover to 31 Dec. 2012 |
|---|----------------|--------------------------|----------------------|-------------------|---------------------------|---|
| <b>Sparebank Østjylland af 2012 A/S</b> | 22.04.12       | (1,162)                  | 1,162                | 9                 | 0                         | 28  |
| <b>FS Property Finance A/S</b>          | 02.07.12       | (829)                    | 829                  | 16                | 0                         | 0   |

| (DKKm)  | Sparebank Østjylland af 2012 A/S | FS Property Finance A/S |
|---|----------------------------------|-------------------------|
| Cash in hand and balances at call with central banks      | 582                              | 0                       |
| Due from credit institutions and central banks            | 502                              | 2,541                   |
| Loans, advances and other receivables at amortised cost   | 3,073                            | 9,800                   |
| Bonds and shares, etc. at fair value                      | 682                              | 197                     |
| Intangible assets and other property, plant and equipment | 169                              | 0                       |
| Other assets and prepayments                              | 79                               | 1,274                   |
| Due to credit institutions and central banks              | (408)                            | (13,375)                |
| Deposits and issued bonds at amortised cost               | (4,622)                          | 0                       |
| Other liabilities   | (111)                            | (1,266)                 |
| Other provisions  | (1,108)                          | 0                       |
| <b>Net assets taken over</b>                              | <b>(1,162)</b>                   | <b>(829)</b>            |

| (DKKm)   | Group      |              | Parent     |              |
|--|------------|--------------|------------|--------------|
|  | 2013       | 2012         | 2013       | 2012         |
| <b>4. Interest income</b>  |            |              |            |              |
| Due from credit institutions and central banks                     | 42         | 82           | 14         | 70           |
| Loans, advances and other receivables at amortised cost            | 738        | 1,101        | 271        | 305          |
| Loans, advances and other receivables at fair value                | 21         | 98           | 21         | 89           |
| Bonds  | 9          | 29           | 6          | 9            |
| Total derivative financial instruments                             | 138        | 0            | (3)        | (7)          |
| Foreign exchange contracts   | 4          | (14)         | (3)        | (7)          |
| Interest rate contracts  | 134        | 14           | 0          | 0            |
| Other interest income  | 15         | 22           | 38         | 45           |
| <b>Total</b>   | <b>963</b> | <b>1,332</b> | <b>347</b> | <b>511</b>   |
| Interest income relates to:  | -          | -            | -          | -            |
| Assets at amortised cost   | 797        | 1,200        | 323        | 420          |
| Assets at fair value   | 166        | 132          | 24         | 91           |
| <b>Total</b>   | <b>963</b> | <b>1,332</b> | <b>347</b> | <b>511</b>   |
| Interest on financial assets written down individually amounted to | 248        | 262          | 125        | 111          |
| <b>5. Interest expense</b>   |            |              |            |              |
| Credit institutions and central banks                              | 98         | 133          | 6          | 22           |
| Deposits and other payables  | 12         | 34           | 2          | 7            |
| Issued bonds   | 12         | 106          | 0          | 0            |
| Loans through the state-funded re-lending scheme                   | 240        | 284          | 240        | 284          |
| Other interest expense   | 7          | 7            | 3          | 0            |
| <b>Total</b>   | <b>369</b> | <b>564</b>   | <b>251</b> | <b>313</b>   |
| <b>6. Fees and commissions received</b>                            |            |              |            |              |
| <b>Fees and commissions received</b>                               |            |              |            |              |
| Securities trading and custody accounts                            | 0          | 9            | 0          | 12           |
| Payment transfers  | 1          | 1            | 0          | 0            |
| Loan arrangements  | 0          | 1            | 0          | 0            |
| Guarantees   | 271        | 1,018        | 284        | 1,088        |
| Other fees and commissions   | 10         | 18           | 6          | 11           |
| <b>Total</b>   | <b>282</b> | <b>1,047</b> | <b>290</b> | <b>1,111</b> |
| <b>Fees and commissions paid</b>                                   |            |              |            |              |
| Guarantees   | 271        | 1,062        | 275        | 1,075        |
| Commissions paid on loss guarantees provided by the Guarantee Fund | 75         | 152          | 75         | 152          |
| Payment transfers  | 0          | 2            | 0          | 0            |
| Other fees and commissions paid                                    | 32         | 40           | 26         | 3            |
| <b>Total</b>   | <b>378</b> | <b>1,256</b> | <b>376</b> | <b>1,260</b> |

# Notes

| (DKKm)  | Group        |              | Parent       |              |
|---|--------------|--------------|--------------|--------------|
|   | 2013         | 2012         | 2013         | 2012         |
| <b>7. Value adjustments</b>   |              |              |              |              |
| Adjustment for credit risk for loans and advances at fair value                                       | (196)        | 93           | (176)        | 65           |
| Bonds   | 3            | (11)         | 7            | 39           |
| Shares, etc.  | 82           | (215)        | 20           | (119)        |
| Investment properties   | (119)        | (158)        | 13           | 26           |
| Currency  | (55)         | 1            | (19)         | 32           |
| Foreign exchange, interest, share, commodity and other contracts and derivative financial instruments | (11)         | (98)         | 13           | (10)         |
| Other assets and liabilities  | (12)         | (207)        | 33           | (166)        |
| <b>Total</b>  | <b>(308)</b> | <b>(595)</b> | <b>(109)</b> | <b>(133)</b> |
| Market value adjustments relate to:   |              |              |              |              |
| Assets and liabilities at fair value  | (306)        | (439)        | (142)        | 33           |
| Other assets and liabilities  | (2)          | (156)        | 33           | (166)        |
| <b>Total</b>  | <b>(308)</b> | <b>(595)</b> | <b>(109)</b> | <b>(133)</b> |
| <b>8. Other operating income</b>  |              |              |              |              |
| Sale of activities  | 12           | 29           | (4)          | 0            |
| Rental income, property   | 208          | 142          | 1            | 1            |
| Sale of management services (for external companies)  | 14           | 26           | 0            | 2            |
| Gain from disposal of exposures   | 1,750        | 589          | 31           | 0            |
| Income from group companies   | -            | -            | 196          | 121          |
| Reversed provisions for litigation  | 172          | 317          | 88           | 102          |
| Loss guarantee re. the Guarantee Fund   | 122          | 448          | 122          | 448          |
| Movements in outstanding purchase price adjustment for the year                                       | 56           | 351          | -            | -            |
| Other items   | 152          | 228          | 15           | 61           |
| <b>Total</b>  | <b>2,486</b> | <b>2,130</b> | <b>449</b>   | <b>735</b>   |
| <b>9. Staff costs and administrative expenses</b>   |              |              |              |              |
| <b>Salaries and remuneration to Board of Directors and Management Board:</b>                          |              |              |              |              |
| Management Board  | 7            | 5            | 7            | 5            |
| Board of Directors  | 1            | 1            | 1            | 1            |
| <b>Total</b>  | <b>8</b>     | <b>6</b>     | <b>8</b>     | <b>6</b>     |
| <b>Staff costs:</b>   |              |              |              |              |
| Salaries  | 165          | 314          | 153          | 207          |
| Provisions for salaries during release period   | 25           | 57           | 25           | 21           |
| Pensions  | 17           | 48           | 16           | 21           |
| Social security costs   | 21           | 25           | 19           | 14           |
| <b>Total</b>  | <b>228</b>   | <b>444</b>   | <b>213</b>   | <b>263</b>   |
| Other administrative expenses   | 310          | 587          | 216          | 256          |
| <b>Total</b>  | <b>546</b>   | <b>1,037</b> | <b>437</b>   | <b>525</b>   |
| Average number of employees during the financial year converted into full-time equivalent             | 303          | 453          | 290          | 294          |

## 9. Staff costs and administrative expenses - continued

| (DKK '000)                                | Group        |              | Parent       |              |
|---|--------------|--------------|--------------|--------------|
|   | 2013         | 2012         | 2013         | 2012         |
| <b>Board emoluments paid</b>              |              |              |              |              |
| Jakob Brogaard (Chairman)                 | 300          | 450          | 300          | 450          |
| Bent Naur (Deputy Chairman)               | 225          | 139          | 225          | 139          |
| Anette Eberhard                           | 150          | 150          | 150          | 150          |
| Flemming Hansen                           | 150          | 150          | 150          | 150          |
| Birgitte Nielsen                          | 150          | 150          | 150          | 150          |
| Erik Sevaldsen                            | -            | -            | -            | -            |
| Cecilia L. Andersson                      | 103          | -            | 103          | -            |
| Else Strandgaard                          | 103          | -            | 103          | -            |
| Michael Mikkelsen                         | 27           | -            | 27           | -            |
| Christian Th. Kjølbye – resigned in 2013  | 47           | 150          | 47           | 150          |
| Henning Kruse Petersen - resigned in 2012 | -            | 198          | -            | 198          |
| Visti Nielsen – resigned in 2012          | -            | 49           | -            | 49           |
| Per F. Laursen – resigned in 2013         | 69           | -            | 69           | -            |
| <b>Total emoluments</b>                   | <b>1,324</b> | <b>1,436</b> | <b>1,324</b> | <b>1,436</b> |
| <b>Management Board remuneration paid</b> |              |              |              |              |
| Henrik Bjerre-Nielsen (November 2008 - )  | 2,743        | 2,569        | 2,743        | 2,569        |
| Lars Jensen (July 2012 - )                | 2,536        | 1,567        | 2,536        | 1,567        |
| Niels Olsen (July 2012 - September 2013)  | 1,803        | 1,201        | 1,803        | 1,201        |
| <b>Total</b>                              | <b>7,082</b> | <b>5,337</b> | <b>7,082</b> | <b>5,337</b> |

The members of the Management Board are not covered by bonus plans.

### Other significant risk takers

The Finansiel Stabilitet Group has identified 11 other significant risk takers.

Remuneration includes salaries to 11 other significant risk takers in the total amount of DKK 14 million, all of which is fixed remuneration. For 2012, salaries to 18 significant risk takers amounted to a total of DKK 17 million, of which fixed

salaries accounted for DKK 16 million and variable fees accounted for DKK 1 million.

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

# Notes

## 9. Staff costs and administrative expenses - continued

| (DKKm)   | Group     |           | Parent    |           |
|--|-----------|-----------|-----------|-----------|
|  | 2013      | 2012      | 2013      | 2012      |
| <b>Provisions for defined benefit plans</b>  |           |           |           |           |
| Present value of pension obligations   | 42        | 46        | 20        | 11        |
| Fair value of pension assets   | 0         | 0         | 0         | 0         |
| <b>Total</b>   | <b>42</b> | <b>46</b> | <b>20</b> | <b>11</b> |
| <b>Movements in provisions for defined benefit plans</b>                                   |           |           |           |           |
| Provision, beginning of year   | 46        | 40        | 11        | 12        |
| Additions on takeover of subsidiaries  | 0         | 9         | 11        | 0         |
| Standard costs   | 0         | 0         | 0         | 0         |
| Calculated interest expenses   | 1         | 2         | 1         | 0         |
| Actuarial gains/losses   | 0         | 0         | 0         | 0         |
| Pensions paid  | (5)       | (5)       | (3)       | (1)       |
| <b>Provisions, end of year</b>   | <b>42</b> | <b>46</b> | <b>20</b> | <b>11</b> |
| <b>Defined benefit costs recognised in the income statement/other comprehensive income</b> |           |           |           |           |
| Standard costs   | 0         | 0         | 0         | 0         |
| Calculated interest expenses   | 1         | 2         | 1         | 0         |
| Actuarial gains/losses   | 0         | 0         | 0         | 0         |
| <b>Defined benefit costs</b>   | <b>1</b>  | <b>2</b>  | <b>1</b>  | <b>0</b>  |
| Actuarial assumptions:   |           |           |           |           |
| Discount rate  | 3.5%      | 4.0%      | 3.5%      | 4.0%      |
| Pension adjustment rate  | 1.0%      | 1.0%      | 1.0%      | 1.0%      |
| <b>Fees to auditors appointed in general meeting</b>                                       |           |           |           |           |
| Total fees to the auditors appointed in general meeting can be specified as follows:       |           |           |           |           |
| Statutory audit  | 7         | 9         | 2         | 4         |
| Assurance engagements  | 0         | 1         | 0         | -         |
| Tax advice   | 0         | 1         | 0         | 1         |
| Non-audit services   | 14        | 16        | 12        | 14        |
| <b>Total audit fees</b>  | <b>21</b> | <b>27</b> | <b>14</b> | <b>19</b> |

| (DKKm)                                | Group        |            | Parent       |           |
|---------------------------------------|--------------|------------|--------------|-----------|
|                                       | 2013         | 2012       | 2013         | 2012      |
| <b>10. Other operating expenses</b>   |              |            |              |           |
| Loss guarantee, FIH Holding           | 872          | 0          | 872          | 0         |
| Movement in purchase price adjustment | 303          | 0          | -            | -         |
| Provision for litigation              | 177          | 16         | 175          | 10        |
| Property management costs             | 81           | 80         | 7            | 4         |
| Other operating expenses              | 33           | 115        | 45           | 19        |
| <b>Total</b>                          | <b>1,466</b> | <b>211</b> | <b>1,099</b> | <b>33</b> |

| (DKKm)   | Group                                    |  |               |                         |
|--|--|--|---------------|-------------------------|
| <b>11. Impairment losses on loans, advances and receivables etc.</b> |  |  |               |                         |
| <b>2013</b>  |  |  |               |                         |
| <b>Loans, advances and other receivables at amortised cost</b>       |  |  |               |                         |
|  |  |  |               |                         |
|  | Loans, etc.,<br>individual<br>write-down | Loans, etc.,<br>collective<br>write-down | Total         | Impact on<br>operations |
| Impairment losses and provisions, beginning of year                  | 15,180                                   | 431                                      | 15,611        |                         |
| Impairment losses and provisions during the period                   | 5,294                                    | 361                                      | 5,655         | 5,655                   |
| Reversed impairment losses and provisions                            | (4,857)                                  | (154)                                    | (5,011)       | (5,011)                 |
| <b>Impairment losses and provisions, end of year</b>                 | <b>15,617</b>                            | <b>638</b>                               | <b>16,255</b> | <b>644</b>              |
| Losses recorded, etc.  |  |  |               | (85)                    |
| <b>Impairment losses charged to income statement</b>                 |  |  |               | <b>559</b>              |

**Impairment losses/adjustment for credit risk, end of year**

|                                      | Impairment<br>losses<br>beginning<br>of year | Impairment<br>losses<br>during the<br>period | Reversed<br>impair-<br>ment<br>losses | Impairment<br>losses<br>end of<br>year |
|--------------------------------------|--|--|---------------------------------------|--|
| Due from credit institutions         | 0  | 0  | 0                                     | 0                                      |
| Loans and advances at amortised cost | 15,069                                       | 5,479  | (4,787)                               | 15,761                                 |
| Loans and advances at fair value     | 621  | 0  | (594)                                 | 27                                     |
| Guarantees                           | 542  | 176  | (224)                                 | 494                                    |
| <b>Total</b>                         | <b>16,232</b>                                | <b>5,655</b>                                 | <b>(5,605)</b>                        | <b>16,282</b>                          |

# Notes

| (DKKm) | Parent |
|--------|--------|
|--------|--------|

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

2013

### Loans, advances and other receivables at amortised cost

|  | Loans, etc.,<br>individual<br>write-down | Loans, etc.,<br>collective<br>write-down | Total        | Impact on<br>operations |
|--|--|--|--------------|-------------------------|
| Impairment losses and provisions, beginning of year  | 10,963                                   | 382                                      | 11,345       |                         |
| Impairment losses and provisions during the period   | 785                                      | 0  | 785          | 785                     |
| Reversed impairment losses and provisions            | (3,259)                                  | (148)                                    | (3,407)      | (3,407)                 |
| <b>Impairment losses and provisions, end of year</b> | <b>8,489</b>                             | <b>234</b>                               | <b>8,723</b> | <b>(2,622)</b>          |
| Losses recorded, etc.                                |  |  |              | 2,078                   |
| <b>Impairment losses charged to income statement</b> |  |  |              | <b>(544)</b>            |

### Impairment losses/adjustment for credit risk, end of year

|                                      | Impairment<br>losses<br>beginning<br>of year | Impairment<br>losses<br>during the<br>period | Reversed<br>impair-<br>ment<br>losses | Impairment<br>losses<br>end of<br>year |
|--------------------------------------|--|--|---------------------------------------|--|
| Due from credit institutions         | 0  | 0  | 0                                     | 0                                      |
| Loans and advances at amortised cost | 10,977                                       | 757  | (3,234)                               | 8,500                                  |
| Loans and advances at fair value     | 590  | 0  | (563)                                 | 27                                     |
| Guarantees                           | 368  | 28   | (173)                                 | 223                                    |
| <b>Total</b>                         | <b>11,935</b>                                | <b>785</b>                                   | <b>(3,970)</b>                        | <b>8,750</b>                           |

| (DKKm) | Group |
|--------|-------|
|--------|-------|

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

**2012**

### Loans, advances and other receivables at amortised cost

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

### Impairment losses/adjustment for credit risk, end of year

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

# Notes

| (DKKm) | Parent |
|--------|--------|
|--------|--------|

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

**2012**

### Loans, advances and other receivables at amortised cost

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

### Impairment losses/adjustment for credit risk, end of year

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

| (DKKm)   | Group        |              | Parent     |              |
|--|--------------|--------------|------------|--------------|
|  | 2013         | 2012         | 2013       | 2012         |
| <b>12. Profit/(loss) from investments in associates and subsidiaries</b>   |              |              |            |              |
| Profit/(loss) from investments in associates   | 26           | (14)         | 26         | (2)          |
| Profit/(loss) from investments in subsidiaries   | (7)          | 0            | 740        | (189)        |
| <b>Total</b>   | <b>19</b>    | <b>(14)</b>  | <b>766</b> | <b>(191)</b> |
| <b>13. Tax</b>   |              |              |            |              |
| Estimated tax on the profit for the year   | 95           | 0            |            |              |
| Adjustment of deferred tax   | (91)         | 0            |            |              |
| Prior-year tax adjustments   | (4)          | 0            |            |              |
| <b>Total</b>   | <b>0</b>     | <b>0</b>     | -          | -            |
| <b>Effective tax rate</b>  |              |              |            |              |
| Corporate tax rate in Denmark  | 25%          | 25%          |            |              |
| Unrecognised deferred tax assets   | (25%)        | (25%)        |            |              |
| <b>Effective tax rate</b>  | <b>0%</b>    | <b>0%</b>    |            |              |
| Finansiel Stabilitet is exempt from taxation and consequently is not in a position to act as an administrative company in respect of the computation and settlement of the subsidiaries' income under the joint taxation. Instead, FS Ejendomsselskab A/S 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. |              |              |            |              |
| <b>14. Due from credit institutions and central banks</b>  |              |              |            |              |
| Term deposits with central banks   | 0            | 325          | 0          | 0            |
| Due from credit institutions   | 1,170        | 1,688        | 178        | 852          |
|  | 1,170        | 2,013        | 178        | 852          |
| Impairment losses  | 0            | 0            | 0          | 0            |
| <b>Total balances due from credit institutions and central banks</b>   | <b>1,170</b> | <b>2,013</b> | <b>178</b> | <b>852</b>   |
| <b>Broken down by term to maturity</b>   |              |              |            |              |
| Demand deposits  | 536          | 1,144        | 138        | 545          |
| 3 months or less   | 412          | 395          | 40         | 0            |
| Between 3 months and 1 year  | 4            | 8            | 0          | 0            |
| Between 1 and 5 years  | 1            | 266          | 0          | 307          |
| More than 5 years  | 217          | 200          | 0          | 0            |
| <b>Total</b>   | <b>1,170</b> | <b>2,013</b> | <b>178</b> | <b>852</b>   |

# Notes

| (DKKm)  | Group         |                | Parent        |               |
|---|---------------|----------------|---------------|---------------|
|   | 2013          | 2012           | 2013          | 2012          |
| <b>15. Loans, advances and other receivables</b>  |               |                |               |               |
| Loans, advances and other receivables at fair value   | 55            | 1,080          | 53            | 1,010         |
| Loans, advances and other receivables at amortised cost   | 11,144        | 18,130         | 9,036         | 4,512         |
| Impairment losses   | 15,761        | 15,069         | 8,500         | 10,977        |
| Fair value adjustment   | 27            | 658            | 27            | 627           |
| <b>Total loans, advances and other receivables before impairment losses</b>   | <b>26,987</b> | <b>34,937</b>  | <b>17,616</b> | <b>17,126</b> |
| <b>Broken down by term to maturity</b>  |               |                |               |               |
| On demand   | 13,963        | 16,866         | 14,341        | 10,864        |
| 3 months or less  | 899           | 2,259          | 462           | 106           |
| Between 3 months and 1 year   | 2,809         | 2,354          | 501           | 1,181         |
| Between 1 and 5 years   | 6,258         | 5,484          | 1,824         | 2,705         |
| More than 5 years   | 3,058         | 7,974          | 488           | 2,270         |
| <b>Total</b>  | <b>26,987</b> | <b>34,937</b>  | <b>17,616</b> | <b>17,126</b> |
| <b>Loans and advances at fair value</b>   |               |                |               |               |
| Nominal value   | 82            | 1,738          | 80            | 1,637         |
| Fair value adjustment   | (27)          | (37)           | (27)          | (37)          |
| Adjustment for credit risk  | -             | (621)          | -             | (590)         |
| <b>Total</b>  | <b>55</b>     | <b>1,080</b>   | <b>53</b>     | <b>1,010</b>  |
| <b>Credit risk</b>  |               |                |               |               |
| Credit risk is defined as the risk of loss because customers or counterparties fail to meet all or part of their obligations. In consequence of Finansiel Stabilitet's objective of winding up or restructuring distressed banks, the Company has taken over a considerable credit risk exposure. During the period after Finansiel Stabilitet's takeover of subsidiaries, new credits have to a limited extent been granted in cases where this has been deemed to reduce the overall risk of losses. For further description of credit risk, see note 34. |               |                |               |               |
| <b>Credit exposure</b>  |               |                |               |               |
| Balance sheet items:  |               |                |               |               |
| Cash in hand and demand deposits with central banks   | 2,845         | 11,191         | 2,555         | 10,391        |
| Due from credit institutions and central banks  | 1,170         | 2,013          | 178           | 852           |
| Loans, advances and other receivables at fair value   | 55            | 1,080          | 53            | 1,010         |
| Loans, advances and other receivables at amortised cost   | 26,905        | 33,199         | 17,536        | 15,489        |
| <b>Total credit exposure recognised in balance sheet:</b>   | <b>30,975</b> | <b>47,483</b>  | <b>20,322</b> | <b>27,742</b> |
| Off-balance sheet items:  |               |                |               |               |
| Guarantees  | 1,994         | 1,942          | 793           | 1,077         |
| Individual government guarantees  | 5,146         | 66,338         | 5,146         | 66,338        |
| <b>Credit exposure re. lending activity</b>   | <b>38,115</b> | <b>115,763</b> | <b>26,245</b> | <b>95,157</b> |

## 15. Loans, advances and other receivables - continued

### *Individual government guaranteee*

In pursuance of the Credit Package, Finansiel Stabilitet provided individual government guarantees of DKK 5 billion to 2 Danish banks.

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

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

Amagerbanken, Fjordbank Mors, Max Bank and Sparekassen Østjylland, all of which entered into bankruptcy, had issued bonds backed by individual government guarantees. A preliminary calculation of the loss on individual government guarantees is DKK 3,549 million.

Moreover, Finansiel Stabilitet carries out regular credit assessments in order to detect any changes in financial standing that would require a provision. No provision was made for impairment losses on individual government guarantees in 2013.

### *Credit institutions and central banks*

Of the remaining credit exposure, DKK 1.2 billion relates to amounts due from credit institutions and central banks. No impairment losses have been recognised on amounts due from central banks and credit institutions.

### *Loans, advances and other receivables at fair value*

Loans, advances and other receivables at fair value (DKK 55 million) relate to mortgage deeds which have been adjusted for credit risk in the total amount of DKK 27 million.

### *Loans and advances at amortised cost and guarantees*

The remaining part of the credit exposure relates to the Group's lending activities proper. In the following table, loans, advances and guarantees are broken down by line of business.

| (DKKm)   | Group         |             |               |             | Parent        |             |               |             |
|--|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|
|  | 2013          | 2012        |               | 2013        | 2012          |             |               |             |
| <b>Loans, advances and guarantees</b>          |               |             |               |             |               |             |               |             |
| <b>1. Public authorities</b>                   | -             | 0%          | 2             | 0%          | -             | 0%          | -             | 0%          |
| <b>2. Commercial sector</b>                    |               |             |               |             |               |             |               |             |
| 2.1 Agriculture, hunting, forestry and fishing | 1,249         | 4%          | 1,246         | 4%          | 59            | 0%          | 88            | 1%          |
| 2.2 Industry and raw materials extraction      | 206           | 1%          | 325           | 1%          | 68            | 0%          | 108           | 1%          |
| 2.3 Energy supply                              | 738           | 3%          | 1,083         | 3%          | 664           | 4%          | 768           | 5%          |
| 2.4 Construction                               | 1,726         | 6%          | 1,504         | 4%          | 146           | 1%          | 354           | 2%          |
| 2.5 Trade                                      | 524           | 2%          | 575           | 2%          | 81            | 0%          | 128           | 1%          |
| 2.6 Transport, hotel and restaurant business   | 331           | 1%          | 549           | 2%          | 231           | 1%          | 403           | 2%          |
| 2.7 Information and communication              | 109           | 0%          | 69            | 0%          | 46            | 0%          | 48            | 0%          |
| 2.8 Finance and insurance                      | 2,203         | 8%          | 2,780         | 8%          | 7,599         | 41%         | 431           | 3%          |
| 2.9 Property                                   | 18,749        | 65%         | 21,610        | 61%         | 7,674         | 42%         | 10,799        | 65%         |
| 2.10 Other commercial sector                   | 1,930         | 7%          | 4,043         | 11%         | 1,131         | 6%          | 2,564         | 15%         |
| <b>Total commercial sector</b>                 | <b>27,765</b> | <b>96%</b>  | <b>33,784</b> | <b>96%</b>  | <b>17,699</b> | <b>97%</b>  | <b>15,691</b> | <b>95%</b>  |
| <b>3. Retail sector</b>                        | 1,134         | 4%          | 1,357         | 4%          | 630           | 3%          | 875           | 5%          |
| <b>Total</b>                                   | <b>28,899</b> | <b>100%</b> | <b>35,141</b> | <b>100%</b> | <b>18,329</b> | <b>100%</b> | <b>16,566</b> | <b>100%</b> |

Loans and advances at amortised cost are initially recognised at fair value. On takeover of existing loans and advances, any difference between amortised cost and fair value will be amortised over time. Consequently, loans and advances before impairment losses for exposures not wound up will increase.

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

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

# Notes

## 15. Loans, advances and other receivables –continued

| (DKKm)   | Group         |               | Parent        |               |
|--|---------------|---------------|---------------|---------------|
|  | 2013          | 2012          | 2013          | 2012          |
| <b>Break-down of loans by degree of security (partially based on estimates)</b>  |               |               |               |               |
| <b>Commercial sector</b>   |               |               |               |               |
| Loans, completely unsecured  | 11,549        | 10,471        | 7,156         | 6,783         |
| Loans secured on charges or other security:  |               |               |               |               |
| – secured in full  | 2,148         | 1,951         | 5,783         | 571           |
| – secured in part  | 12,219        | 19,520        | 4,000         | 6,666         |
| <b>Total</b>   | <b>25,916</b> | <b>31,942</b> | <b>16,939</b> | <b>14,020</b> |
| <b>Retail sector</b>   |               |               |               |               |
| Loans, completely unsecured  | 621           | 470           | 356           | 1,024         |
| Loans secured on charges or other security:  |               |               |               |               |
| – secured in full  | 24            | 32            | 9             | 2             |
| – secured in part  | 344           | 755           | 232           | 443           |
| <b>Total</b>   | <b>989</b>    | <b>1,257</b>  | <b>597</b>    | <b>1,469</b>  |
| <b>Total</b>   | <b>26,905</b> | <b>33,199</b> | <b>17,536</b> | <b>15,489</b> |
| The loan value of the collateral security received relates largely to properties. The table below shows a break-down on main categories. |               |               |               |               |
| <b>Collateral security</b>   |               |               |               |               |
| Mortgages on real property   | 8,448         | 12,847        | 1,490         | 2,795         |
| Mortgages on vehicles, ships, etc.   | 548           | 989           | 27            | 111           |
| Security in deposits   | 28            | 102           | 3             | 10            |
| Custody accounts   | -             | 156           | 0             | 14            |
| Guarantees   | 19            | 313           | 5,304         | 75            |
| Other  | 870           | 1,084         | 332           | 487           |
| <b>Total</b>   | <b>9,913</b>  | <b>15,491</b> | <b>7,156</b>  | <b>3,492</b>  |

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

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

At 31 December 2013, the Group had a portfolio of 78 (2012: 80) properties temporarily taken over, representing a total value of DKK 480 million (2012: 732 million).

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

## 15. Loans, advances and other receivables –continued

| (DKKm)   | Group         |             | Parent        |             | 2013         | 2012        |
|--|---------------|-------------|---------------|-------------|--------------|-------------|
|  | 2013          | 2012        | 2013          | 2012        |              |             |
| <b>Impairment losses by line of business</b>   |               |             |               |             |              |             |
| <b>1. Public authorities</b>                   | -             | 0%          | -             | 0%          | -            | 0%          |
| <b>2. Commercial sector</b>                    |               |             |               |             |              |             |
| 2.1 Agriculture, hunting, forestry and fishing | 923           | 6%          | 802           | 5%          | 27           | 0%          |
| 2.2 Industry and raw materials extraction      | 92            | 1%          | 181           | 1%          | 50           | 1%          |
| 2.3 Energy supply                              | 485           | 3%          | 514           | 3%          | 430          | 5%          |
| 2.4 Construction                               | 820           | 5%          | 606           | 4%          | 130          | 1%          |
| 2.5 Trade                                      | 168           | 1%          | 265           | 2%          | 55           | 1%          |
| 2.6 Transport, hotel and restaurant business   | 83            | 1%          | 179           | 1%          | 56           | 1%          |
| 2.7 Information and communication              | 73            | 0%          | 55            | 0%          | 27           | 0%          |
| 2.8 Finance and insurance                      | 1,405         | 9%          | 1,547         | 10%         | 736          | 8%          |
| 2.9 Property                                   | 8,855         | 54%         | 8,176         | 52%         | 5,393        | 62%         |
| 2.10 Other commercial sector                   | 1,822         | 11%         | 1,948         | 13%         | 1,048        | 12%         |
| <b>Total commercial sector</b>                 | <b>14,726</b> |             | <b>14,273</b> |             | <b>7,952</b> |             |
| <b>3. Retail sector</b>                        | 891           | 5%          | 907           | 6%          | 537          | 6%          |
| <b>Total</b>                                   | <b>15,617</b> | <b>96%</b>  | <b>15,180</b> | <b>97%</b>  | <b>8,489</b> | <b>97%</b>  |
| <b>Collective impairment write-downs</b>       | 638           | 4%          | 431           | 3%          | 234          | 3%          |
| <b>Total impairment write-downs</b>            | <b>16,255</b> | <b>100%</b> | <b>15,611</b> | <b>100%</b> | <b>8,723</b> | <b>100%</b> |
|  |               |             |               |             |              |             |
|  |               |             |               |             |              |             |

For a more detailed description of the Group's credit risk management goals and policies, see note 34.

| (DKKm) | Group |      | Parent |      | 2013 | 2012 |
|--------|-------|------|--------|------|------|------|
|        | 2013  | 2012 | 2013   | 2012 |      |      |

## 16. Bonds at fair value

|              |            |              |            |           |
|--------------|------------|--------------|------------|-----------|
| Other bonds  | 374        | 1,056        | 148        | 13        |
| <b>Total</b> | <b>374</b> | <b>1,056</b> | <b>148</b> | <b>13</b> |

## 17. Shares, etc.

|   |              |              |            |            |
|---|--------------|--------------|------------|------------|
| Shares/unit trust certificates listed on<br>NASDAQ OMX Copenhagen A/S | 6            | 2            | 0          | 0          |
| Unlisted shares at fair value   | 1,064        | 1,216        | 718        | 856        |
| <b>Total</b>  | <b>1,070</b> | <b>1,218</b> | <b>718</b> | <b>856</b> |

# Notes

| (DKKm)   |  | Group      |            | Parent     |            |
|--|--|------------|------------|------------|------------|
|  |  | 2013       | 2012       | 2013       | 2012       |
| <b>18. Investments in associates</b>           |  |            |            |            |            |
| Cost, beginning of year                        |  | 512        | 600        | 477        | 401        |
| Additions                                      |  | 0          | 111        | 0          | 76         |
| Disposals                                      |  | 161        | 199        | 161        | 0          |
| Cost, end of year                              |  | 351        | 512        | 316        | 477        |
| Revaluations and impairment, beginning of year |  | (54)       | (200)      | (54)       | (51)       |
| Revaluations and impairment                    |  | 42         | (14)       | 65         | (3)        |
| Disposals                                      |  | 0          | 160        | 0          | 0          |
| Revaluations and impairment, end of year       |  | (12)       | (54)       | 11         | (54)       |
| <b>Total</b>                                   |  | <b>339</b> | <b>458</b> | <b>327</b> | <b>423</b> |

| Investments in associates            | Owner-ship (%) | Domicile   | Total assets | Total liabilities | Revenue | Profit/(loss) |
|--------------------------------------|----------------|------------|--------------|-------------------|---------|---------------|
| Mols-Linien A/S                      | 27.3           | Ebeltoft   | 549          | 467               | 465     | (89)          |
| Landbrugets FinansieringsBank A/S    | 32.6           | Copenhagen | 226          | 5                 | 1       | (9)           |
| EIK Banki P/F                        | 30             | Torshavn   | 7,298        | 5,992             | 350     | 121           |
| SCE Solar El Redondo 2007 nr. 18 aps | 50             | Copenhagen | 9            | 0                 | 0       | 0             |
| ebh Tyskland 1 A/S                   | 25             | Horsens    | 10           | 0                 | 0       | (2)           |

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

## 19. Intangible assets

|  |          |          |          |          |
|--|----------|----------|----------|----------|
| Cost, beginning of year                        | 5        | 5        | 5        | 5        |
| Disposals during the year                      | 5        | 0        | 5        | 0        |
| <b>Cost, end of year</b>                       | <b>0</b> | <b>5</b> | <b>0</b> | <b>5</b> |
| Amortisation and impairment, beginning of year | 5        | 4        | 5        | 4        |
| Amortisation during the year                   | 0        | 1        | 0        | 1        |
| Disposals during the year                      | 5        | 0        | 5        | 0        |
| Amortisation and impairment, end of year       | 0        | 5        | 0        | 5        |
| <b>Carrying amount, end of year</b>            | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> |

| (DKKm)                              | Group        |              | Parent    |           |
|-------------------------------------|--------------|--------------|-----------|-----------|
|                                     | 2013         | 2012         | 2013      | 2012      |
| <b>20. Land and buildings</b>       |              |              |           |           |
| <b>Investment properties</b>        |              |              |           |           |
| Fair value, beginning of year       | 2,190        | 1,553        | 79        | 2         |
| Additions on takeover of subsidiary | 0            | 186          | -         | -         |
| Other additions                     | 577          | 871          | 21        | 114       |
| Disposals                           | 1,204        | 316          | 76        | 63        |
| Increases in revalued amounts       | 0            | 58           | 0         | 0         |
| Write-down on revaluations          | 0            | (4)          | 0         | 0         |
| Fair value adjustment for the year  | (119)        | (158)        | 13        | 26        |
| Other changes                       | (5)          | -            | 0         | 0         |
| <b>Fair value, end of year</b>      | <b>1,439</b> | <b>2,190</b> | <b>37</b> | <b>79</b> |

Rental income from investment properties amounted to DKK 207 million (2012: DKK 143 million). Direct costs relating to investment properties generating revenue amounted to DKK 30 million, and in relation to investment properties not generating revenue amounted to DKK 2 million. The corresponding costs for 2012 were DKK 53 million and DKK 9 million.

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

| Domicile properties                 | 2013     | 2012     | 2013     | 2012     |
|-------------------------------------|----------|----------|----------|----------|
| Fair value, beginning of year       | 2        | 13       |          |          |
| Disposals                           | 2        | 11       |          |          |
| <b>Carrying amount, end of year</b> | <b>0</b> | <b>2</b> | <b>0</b> | <b>0</b> |

| 21. Other property, plant and equipment        | 2013      | 2012      | 2013      | 2012      |
|--|-----------|-----------|-----------|-----------|
| Cost, beginning of year                        | 47        | 73        | 15        | 14        |
| Other additions                                | 1         | 6         | 0         | 6         |
| Disposals                                      | 2         | 32        | 3         | 5         |
| <b>Cost, end of year</b>                       | <b>46</b> | <b>47</b> | <b>12</b> | <b>15</b> |
| Depreciation and impairment, beginning of year | 33        | 28        | 12        | 9         |
| Depreciation                                   | 10        | 15        | 3         | 8         |
| Disposals during the year                      | 2         | 10        | 3         | 5         |
| Depreciation and impairment, end of year       | 41        | 33        | 12        | 12        |
| <b>Carrying amount, end of year</b>            | <b>5</b>  | <b>14</b> | <b>0</b>  | <b>3</b>  |

# Notes

| (DKKm)  | Group        |               | Parent       |              |
|---|--------------|---------------|--------------|--------------|
|   | 2013         | 2012          | 2013         | 2012         |
| <b>22. Assets held temporarily</b>  |              |               |              |              |
| Balance, beginning of year  | 770          | 2,226         | 0            | 102          |
| Additions on takeover of subsidiary   | 137          | 11            | -            | -            |
| Additions during the year   | 111          | 911           | 9            | 0            |
| Disposals during the year   | 551          | 2,222         | 0            | 102          |
| Amortisation during the year  | 13           | (156)         | 0            | 0            |
| <b>Carrying amount, end of year</b>   | <b>480</b>   | <b>770</b>    | <b>9</b>     | <b>0</b>     |
| <b>Hereof:</b>  |              |               |              |              |
| Residential properties  | 70           | 71            | 2            |              |
| Single-family houses  | 2            | 5             | -            |              |
| Commercial properties   | 398          | 647           | -            |              |
| Land  | 10           | 9             | 7            |              |
| Other   | -            | 38            | -            |              |
| <b>Total</b>  | <b>480</b>   | <b>770</b>    | <b>9</b>     | <b>0</b>     |
| The properties were taken over in connection with the winding up of exposures and are expected to be sold within 12 months. |              |               |              |              |
| <b>23. Other assets</b>   |              |               |              |              |
| Interest receivable   | 157          | 190           | 33           | 29           |
| Positive market values of derivative financial instruments  | 583          | 1,026         | 18           | 18           |
| Other assets  | 1,699        | 2,837         | 2,125        | 2,990        |
| <b>Total</b>  | <b>2,439</b> | <b>4,053</b>  | <b>2,176</b> | <b>3,037</b> |
| <b>24. Due to credit institutions and central banks</b>   |              |               |              |              |
| Due to central banks  | -            | 250           | 0            | 0            |
| Due to credit institutions  | 318          | 13,532        | 370          | 1,561        |
| <b>Due to credit institutions and central banks</b>   | <b>318</b>   | <b>13,782</b> | <b>370</b>   | <b>1,561</b> |
| <b>Broken down by term to maturity</b>  |              |               |              |              |
| Due on demand   | 22           | 297           | 370          | 1,561        |
| 3 months or less  | 0            | 0             | 0            | 0            |
| Between 3 months and 1 year   | 0            | 13,389        | 0            | 0            |
| Between 1 and 5 years   | 296          | 23            | 0            | 0            |
| More than 5 years   | 0            | 73            | 0            | 0            |
| <b>Total</b>  | <b>318</b>   | <b>13,782</b> | <b>370</b>   | <b>1,561</b> |

| (DKKm)                                 | Group      |              | Parent     |              |
|--|------------|--------------|------------|--------------|
|  | 2013       | 2012         | 2013       | 2012         |
| <b>25. Deposits and other payables</b> |            |              |            |              |
| On demand                              | 868        | 1,073        | 420        | 5,540        |
| Subject to term of notice              | 0          | 6            | 0          | 0            |
| Time deposits                          | 0          | 2,664        | 0          | 0            |
| Special types of deposits              | 0          | 1            | 0          | 0            |
| <b>Total deposits</b>                  | <b>868</b> | <b>3,744</b> | <b>420</b> | <b>5,540</b> |
| <b>Broken down by term to maturity</b> |            |              |            |              |
| Due on demand                          | 868        | 1,073        | 420        | 5,540        |
| 3 months or less                       | 0          | 565          | 0          | 0            |
| Between 3 months and 1 year            | 0          | 2,106        | 0          | 0            |
| <b>Total</b>                           | <b>868</b> | <b>3,744</b> | <b>420</b> | <b>5,540</b> |

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

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

| Year end 2013 | Principal     | Interest rate | Maturity | Carrying amount |
|---------------|---------------|---------------|----------|-----------------|
|               |               |               |          |                 |
| Danish State  | 4,750         | 2.0%          | 2014     | 4,834           |
| Danish State  | 1,845         | 4.0%          | 2015     | 1,960           |
| Danish State  | 3,667         | 2.5%          | 2016     | 3,818           |
| Danish State  | 2,600         | 4.0%          | 2017     | 2,960           |
| <b>Total</b>  | <b>12,862</b> |               |          | <b>13,572</b>   |

| Year end 2012 | Principal     | Interest rate | Maturity | Carrying amount |
|---------------|---------------|---------------|----------|-----------------|
| Danish State  | 9,320         | 5.0%          | 2013     | 9,549           |
| Danish State  | 545           | 4.0%          | 2015     | 573             |
| Danish State  | 3,667         | 2.5%          | 2016     | 3,869           |
| <b>Total</b>  | <b>13,532</b> |               |          | <b>13,991</b>   |

# Notes

| (DKKm)   | Group        |              | Parent     |            |
|--|--------------|--------------|------------|------------|
|  | 2013         | 2012         | 2013       | 2012       |
| <b>27. Issued bonds at amortised cost</b>                        |              |              |            |            |
| DKK 614 million nominal amount, floating interest, expiry 2013   |              | 614          |            |            |
| SEK 450 million nominal amount, floating interest, expiry 2013   |              | 394          |            |            |
| DKK 1,525 million nominal amount, floating interest, expiry 2013 |              | 1,525        |            |            |
| DKK 600 million nominal amount, floating interest, expiry 2013   |              | 600          |            |            |
| <b>Total</b>   | <b>0</b>     | <b>3,133</b> | <b>0</b>   | <b>0</b>   |
| <b>Employee bonds</b>  |              |              |            |            |
| DKK 2 million nominal amount, floating interest, expiry 2014     | 2            | 13           | 0          | 2          |
| <b>Total issued bonds at amortised cost</b>                      | <b>2</b>     | <b>3,146</b> | <b>0</b>   | <b>2</b>   |
| <b>28. Other liabilities</b>                                     |              |              |            |            |
| Negative market values of derivative financial instruments       | 131          | 248          | 17         | 18         |
| Interest and commissions payable                                 | 96           | 117          | 71         | 94         |
| Other liabilities  | 929          | 1,838        | 718        | 874        |
| <b>Total</b>   | <b>1,156</b> | <b>2,203</b> | <b>806</b> | <b>986</b> |
| <b>29. Purchase price adjustment (earn-out)</b>                  |              |              |            |            |
| Beginning of year  | 865          | 1,569        |            |            |
| Additions during the year  | 318          | 9            |            |            |
| Disposals during the year  | -            | 713          |            |            |
| <b>End of year</b>   | <b>1,183</b> | <b>865</b>   | <b>-</b>   | <b>-</b>   |

| (DKKm)  | Group        |               | Parent       |               |
|---|--------------|---------------|--------------|---------------|
|   | 2013         | 2012          | 2013         | 2012          |
| <b>30. Other provisions</b>   |              |               |              |               |
| Litigation  | 1,118        | 1,287         | 1,001        | 1,058         |
| Other provisions  | 489          | 533           | 165          | 234           |
| <b>Total</b>  | <b>1,607</b> | <b>1,820</b>  | <b>1,166</b> | <b>1,292</b>  |
| Provisions for litigation are determined based on an assessment of the risk in each individual case. Other provisions comprise the Guarantee Fund, deferred tax, pensions, other employee benefits, onerous contracts, etc. |              |               |              |               |
| <b>Litigation</b>   |              |               |              |               |
| Beginning of year   | 1,287        | 1,591         | 1,058        | 1,189         |
| Additions on takeovers of subsidiaries  | 0            | 63            | -            | -             |
| Additions during the year   | 212          | 16            | 175          | 10            |
| Disposals during the year   | 381          | 383           | 232          | 141           |
| <b>End of year</b>  | <b>1,118</b> | <b>1,287</b>  | <b>1,001</b> | <b>1,058</b>  |
| <b>Other provisions</b>   |              |               |              |               |
| Beginning of year   | 533          | 503           | 234          | 176           |
| Additions during the year   | 135          | 315           | 10           | 186           |
| Disposals during the year   | 179          | 285           | 79           | 128           |
| <b>End of year</b>  | <b>489</b>   | <b>533</b>    | <b>165</b>   | <b>234</b>    |
| <b>31. Contingent assets and liabilities</b>  |              |               |              |               |
| Financial guarantees  | 80           | 92            | 5            | 0             |
| Loss guarantees for mortgage loans  | 1,131        | 1,084         | 534          | 626           |
| Registration and conversion guarantees  | 63           | 0             | 0            | 0             |
| Loss guarantee for loans in group companies   | -            | -             | 31           | 78            |
| Government guarantee pursuant to the Credit Package   | 5,146        | 66,338        | 5,146        | 66,338        |
| Other   | 226          | 224           | 0            | 6             |
| <b>Total</b>  | <b>6,646</b> | <b>67,738</b> | <b>5,716</b> | <b>67,048</b> |
| <b>Other contingent liabilities</b>   |              |               |              |               |
| Irrevocable credit commitments  | 148          | 125           | -            | -             |
| Other commitments   | 0            | 23            | -            | -             |
| <b>Total</b>  | <b>148</b>   | <b>148</b>    | <b>0</b>     | <b>0</b>      |

# Notes

## 31. Contingent assets and liabilities – continued

### 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, FS Ejendoms-selskab has been appointed as administrative company for the jointly taxed Group.

The Group has a significant tax asset relating to tax loss carryforwards totalling DKK 3 billion. Due to the uncertainty as to whether this can be utilised, the tax asset has not been recognised in the balance sheet.

### FIH

In March 2012, Finansiel Stabilitet concluded an agreement with FIH for the takeover of a significant portfolio of property exposures with a view to winding up. In connection with the preliminary approval of the transaction, the European Commission announced in December 2013 that it found the transaction to be compatible with its rules on state aid, provided that certain elements of the transaction structure were modified, including that FIH paid DKK 310 million to Finansiel Stabilitet. FIH has deposited a total amount including interest of DKK 316 million with Finansiel Stabilitet, on the premise that the amount can be ordered to be repaid if FIH decides to appeal the EU's final decision. Against that background, the DKK 316 million has not impacted Finansiel Stabilitet's profit for 2013.

### Individual government guarantees

In addition, pursuant to the Act to amend the Act on Financial Stability of 4 February 2009, the Company's object is to enter into agreements for the provision of individual government guarantees for existing and new unsubordinated, unsecured debt with a maturity of up to three years. At year end 2013, guarantees have been issued in the amount of DKK 5 billion (2012: DKK 66 billion). The Danish State guarantees the Company's guarantee commitments under the scheme. At 31 December 2013, the Company had receivables from the Danish State of DKK 3,549 million.

### Roskilde Bank

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

### Other contingent liabilities

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

| (DKKm)   | Group    |            | Parent   |          |
|--|----------|------------|----------|----------|
|  | 2013     | 2012       | 2013     | 2012     |
| <b>32. Charges</b>   |          |            |          |          |
| As security for loans, settlement and clearing, etc. at Danmarks Nationalbank and VP Securities Services, bonds and shares have been lodged, representing a market value of: | 0        | 277        | -        | -        |
|  | <b>0</b> | <b>277</b> | <b>-</b> | <b>-</b> |

| (DKKm)                            | Group         |                       |                       |               |                       |                       |
|-----------------------------------|---------------|-----------------------|-----------------------|---------------|-----------------------|-----------------------|
|                                   | 2013          |                       |                       | 2012          |                       |                       |
| Group                             | Nominal value | Positive market value | Negative market value | Nominal value | Positive market value | Negative market value |
| <b>Foreign exchange contracts</b> |               |                       |                       |               |                       |                       |
| Forward contracts, purchase       | -             | -                     | -                     | 454           | -                     | -                     |
| Forward/futures, sale             | 6,720         | 6                     | 7                     | 9,232         | 13                    | 22                    |
| Swaps                             | 828           | 32                    | 3                     | 3,381         | 114                   | 29                    |
|                                   | <b>7,548</b>  | <b>38</b>             | <b>10</b>             | <b>13,067</b> | <b>127</b>            | <b>51</b>             |
| <b>Interest rate contracts</b>    |               |                       |                       |               |                       |                       |
| Swaps                             | 12,420        | 540                   | 118                   | 25,688        | 894                   | 192                   |
| Options, purchase                 | 211           | 3                     | -                     | 286           | 5                     | -                     |
| Options, sale                     | 211           | -                     | 3                     | 287           | -                     | 5                     |
|                                   | <b>12,842</b> | <b>543</b>            | <b>121</b>            | <b>26,261</b> | <b>899</b>            | <b>197</b>            |
| <b>Total</b>                      | <b>20,390</b> | <b>581</b>            | <b>131</b>            | <b>39,328</b> | <b>1,026</b>          | <b>248</b>            |

## 34. Financial risk management

### General information on Finansiel Stabilitet's risk management policy

The risk factors impacting Finansiel Stabilitet and the management thereof are to a significant extent influenced by the special circumstances involved in taking over distressed banks. Consequently, the risks assumed by Finansiel Stabilitet reflect to a very high degree the Company's obligation to take over activities from distressed banks.

Finansiel Stabilitet has exposure to a number of different types of risk. The overall risk management policy is determined centrally for the Group's companies and is aimed at minimis-

ing the losses that may arise as a consequence of unpredictable developments in the financial markets and other factors. Finansiel Stabilitet groups its financial risks into the following areas: Credit, property, market and liquidity risk. Finansiel Stabilitet's goal is to maintain low risk levels in all areas.

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

# Notes

## 34. Financial risk management – continued

of the special tasks handled by the Company, Finansiel Stabilitet's group companies are furthermore party to a number of lawsuits and disputes.

Moreover, Finansiel Stabilitet has substantial exposure to property risks, both directly by way of ownership and indirectly through credit exposures. On the other hand, Finansiel Stabilitet generally has less exposure to market risk, as this is eliminated in as far as possible by reducing any positions through divestment and by appropriately hedging any open positions. Liquidity risk is hedged through Finansiel Stabilitet's access to state-funded re-lending.

Due to Finansiel Stabilitet's purpose as a winding-up company, the absolute amount of risk is expected to be gradually reduced, all other things being equal.

### Credit risk

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

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

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

A total of 85% of the collateral security is related to real property. See note 15. This sector has been particularly adversely affected by the economic and financial crisis, and it has therefore only been possible to reduce the exposure to a limited extent, partly in order to safeguard a proper business-oriented winding-up process, and partly in order to minimise the impact on pricing in exposed sectors.

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

Management of credit risk at Finansiel Stabilitet is therefore incorporated as an integral part of the ongoing winding up of the assets, taking into consideration that a well-balanced portfolio will not be achievable due to market conditions. The risk management policy in the credit area is therefore primarily structured on the basis of an objective to monitor exposures

on an ongoing basis and coordinate the exposures, while ensuring that additional exposure on existing business is kept at a minimum. In this connection, Finansiel Stabilitet will oversee that its subsidiaries comply with the requirements of the Winding-up Order, including that strictly necessary expansions are kept within the following limits:

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

Finansiel Stabilitet's monitoring efforts build on a classification of customers based on their creditworthiness. The classification creates the basis for ongoing monitoring of overall credit quality developments. To this end, uniform assessment principles have been introduced, paving the way for uniform classification across Finansiel Stabilitet's group companies. The creditworthiness is based on the FSA's credit quality classification of loans and advances (1b, 1a, 2c, 2b and 2a/3).

### Counterparty risk on financial counterparties

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

### Market risk

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

Finansiel Stabilitet pursues a general policy of minimising its exposure to market risks. To the extent that the Company is exposed to market risks, the intention is for the group companies to wind up activities that expose the Company to market risks or, alternatively, to hedge such exposures. Finansiel Stabilitet does not apply hedge accounting.

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

In its risk management and reporting, Finansiel Stabilitet differentiates between who will bear the risk. The calculation of risk and exposure generally includes risks borne by Finansiel Stabilitet. Risks borne by the Danish State, the Winding-up Department of the Guarantee Fund or by FIH will not have an impact on Finansiel Stabilitet's profit/(loss).

Under market risk, Finansiel Stabilitet includes three types of risk:

- Interest rate risk
- Equity risk
- Currency risk

The management of these risks is described in more detail in the following.

### **Interest rate risk**

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

In order to minimise the risk, Finansiel Stabilitet has raised loans via the state-funded re-lending schemes in short-term bonds. At 31 December 2013, the Group's total interest rate risk was calculated at DKK (90) million (2012: DKK (196) million). Of this amount, Finansiel Stabilitet bore an interest rate risk of DKK (6) million at 31 December 2013 (2012: DKK (49) million, i.e. a 1 percentage point increase in interest rates would result in a DKK 6 million increase in Finansiel Stabilitet's operating profit (2012: DKK 49 million).

### **Equity risk**

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

The overall portfolio of shares etc. amounted to DKK 1,082 million at 31 December 2013 (DKK 1,218 million at 31 December 2012). Excluding the subsidiaries under the Exit, Consolidation and Development Packages, the portfolio of shares etc. amounted to DKK 729 million (2012: DKK 856 million). A 10% drop in share prices would result in a DKK 41 million deterioration of Finansiel Stabilitet's profit/(loss) (2012: DKK 44 million).

See note 17, Shares, etc. for a specification of share positions. Guarantee certificates are not included in the specification of the exposure. These amounted to DKK 322 million (2012: DKK 413 million). Associates, see note 18, are not included in the calculation of share positions and are not included in the calculation of the sensitivity to share price drops. Associates amounted to DKK 322 million (2012: DKK 496 million).

### **Currency**

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

At 31 December 2013, exchange rate indicator 1 was 0.1%, calculated excluding EUR (2012: 1.7%, calculated including EUR) of Finansiel Stabilitet's equity. Excluding banks taken over under the Exit and Consolidation Packages, exchange rate indicator 1, calculated excluding EUR, was 0.1% of equity (2012, calculated including EUR: 0.5%). A 2.25% change in the EUR exchange rate and a 10% change in all other exchange rates would affect Finansiel Stabilitet's profit/(loss) by DKK 3 million (2012: DKK 3 million).

The overall currency position calculated in terms of exchange rate indicator 1 amounted to DKK 73 million at 31 December 2013 (DKK 168 million at 31 December 2012). Excluding the subsidiaries under the Exit, Consolidation and Development Packages, the currency position amounted to DKK 110 million (DKK 46 million at 31 December 2012).

See also the calculation of currency risk at the end of note 34.

### **Liquidity risk**

Finansiel Stabilitet has access to funding itself via the state-funded re-lending scheme and is the main source of liquidity for its subsidiaries. To obtain an overview of its cash flow

# Notes

## 34. Financial risk management – continued

position, Finansiel Stabilitet regularly prepares estimates of future cash requirements. This ensures that the Company has sufficient cash resources to meet future liabilities.

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

### **Capital adequacy**

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

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.

|   | <b>Group</b> |             |
|---|--------------|-------------|
| (DKKm)  | <b>2013</b>  | <b>2012</b> |
| <b>Currency risk</b>  |              |             |
| Total assets in foreign currency  | 1,585        | 8,769       |
| Total liabilities in foreign currency   | 126          | 3,151       |
| Exchange rate indicator 1   | 73           | 46          |
| Exchange rate indicator 1 in per cent of equity   | 0.8%         | 0.5%        |
| <b>Interest rate risk</b>   |              |             |
| Exposures in the trading portfolio:   |              |             |
| Swaps   | (5)          | -           |
| Exposures outside the trading portfolio:  |              |             |
| On-balance sheet items, excluding positions with limited or hedged interest rate exposure | 14           | (52)        |
| Positions with limited or hedged interest rate  | -            | 3           |
| <b>All positions</b>  | <b>9</b>     | <b>(49)</b> |
| <b>Interest rate risk by modified duration</b>  |              |             |
| 0 - 3 mths.   | 4            | 1           |
| 3 - 6 mths.   | (2)          | -           |
| 6 - 9 mths.   | -            | 1           |
| 9 - 12 mths.  | -            | (83)        |
| 1 – 2 years   | 13           | -           |
| 2 – 3.6 years   | (3)          | 2           |
| More than 3.6 years   | (3)          | 30          |
| <b>Total</b>  | <b>9</b>     | <b>(49)</b> |
| <b>Interest rate risk by banks' currencies subject to the greatest interest rate risk</b> |              |             |
| Currency  |              |             |
| DKK   | 8            | (48)        |
| EUR   | 3            | (1)         |
| SEK   | (2)          | -           |
| <b>Total</b>  | <b>9</b>     | <b>(49)</b> |

| (DKKm) | Group |
|--------|-------|
|--------|-------|

## 35. Related parties

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

The table below shows the most significant related party transactions.

| Related party                                   | Relation                                    | Transaction   | Income/<br>expense | Balance<br>sheet | Income/<br>expense | Balance<br>sheet |
|---|---|---|--------------------|------------------|--------------------|------------------|
|   |   |   | 2013               | 31.12.2013       | 2012               | 31.12.2012       |
| <b>Parties exercising significant influence</b> |   |   |                    |                  |                    |                  |
| The Danish State                                | 100 % ownership of Finansiel Stabilitet A/S | Loans through the state-funded re-lending scheme. Market rate of interest plus 0.15% commission | (263)              | (13,572)         | (310)              | (13,991)         |
| <b>Subsidiaries</b>                             |   |   |                    |                  |                    |                  |
| FS Bank A/S,<br>Copenhagen                      | Subsidiary of Finansiel Stabilitet A/S      | Loans on market terms   | 0                  | 76               | 0                  | 0                |
|   |   | Deposits on market terms  | 0                  | (370)            | (1)                | (988)            |
|   |   | Individual government guarantees  | 5                  | 0                | 8                  | 1,306            |
|   |   | Loss guarantees for selected exposures  | 3                  | 102              | 5                  | 213              |
|   |   | Management agreement  | 49                 | -                | 46                 | -                |
| FS Finans I A/S,<br>Copenhagen                  | Subsidiary of Finansiel Stabilitet A/S      | Loans, statutory rate of interest   | 0                  | 1                | 14                 | 197              |
|   |   | Individual government guarantees  | 0                  | 0                | 1                  | -                |
|   |   | Management agreement  | 11                 | -                | 4                  | -                |
| FS Finans II A/S,<br>Copenhagen                 | Subsidiary of Finansiel Stabilitet A/S      | Subordinated loan, statutory rate of interest   | 0                  | 0                | 7                  | -                |
|   |   | Loans on market terms   | 7                  | 589              | 0                  | 0                |
|   |   | Deposits on market terms  | 0                  | 0                | -                  | (306)            |
|   |   | Individual government guarantees  | 0                  | 0                | 4                  | -                |
|   |   | Management agreement  | 42                 | -                | 11                 | -                |
| FS Finans III A/S,<br>Copenhagen                | Subsidiary of Finansiel Stabilitet A/S      | Loans on market terms   | 7                  | 494              | 0                  | 0                |
|   |   | Deposits on market terms  | 0                  | 0                | (7)                | (299)            |
|   |   | Individual government guarantees  | 11                 | 0                | 35                 | 2,531            |
|   |   | Liquidity commitment  | 0                  | 0                | 1                  | -                |
|   |   | Management agreement  | 41                 | -                | 32                 | -                |
| FS Finans IV A/S,<br>Copenhagen                 | Subsidiary of Finansiel Stabilitet A/S      | Subordinated loan, statutory rate of interest   | 9                  | 0                | 32                 | 280              |
|   |   | Loans on market terms   | 6                  | 433              | 0                  | 0                |
|   |   | Deposits on market terms  | 0                  | 0                | (5)                | (274)            |
|   |   | Individual government guarantees  | 8                  | 0                | 26                 | 1,959            |
|   |   | Liquidity commitment  | 0                  | -                | 2                  | -                |
|   |   | Management agreement  | 30                 | -                | 2                  | -                |

# Notes

|                                     |  |   | (DKKm)             | Group          |                  |              |                    |                  |
|-------------------------------------|--|---|--------------------|----------------|------------------|--------------|--------------------|------------------|
| Related party                       | Relation                               | Transaction                                       | Income/<br>expense |                | Balance<br>sheet |              | Income/<br>expense | Balance<br>sheet |
|                                     |  |   | 2013               | 31.12.2013     | 2012             | 31.12.2012   |                    |                  |
| <b>Subsidiaries – continued</b>     |  |   |                    |                |                  |              |                    |                  |
| FS Property Finance A/S, Copenhagen | Subsidiary of Finansiel Stabilitet A/S | Loans on market terms<br>Deposits on market terms | 71<br>0            | 5,303<br>(410) | 0<br>0           | 0<br>(5,250) |                    |                  |
| <b>Other government entities</b>    |  |   |                    |                |                  |              |                    |                  |
| Danmarks Nationalbank               | Controlled by the Danish State         | Deposit   | 0                  | 2,555          | 5                | 10,391       |                    |                  |

## 36. Group overview

|  | Share capital | Profit/(loss) | Equity | Ownership (%) |
|--|---------------|---------------|--------|---------------|
| Finansiel Stabilitet A/S, Copenhagen           | 1             | 161           | 9,751  |               |
| <b>Credit institutions:</b>                    |               |               |        |               |
| FS Bank A/S, Copenhagen                        | 100           | (24)          | 256    | 100%          |
| <b>Financing companies:</b>                    |               |               |        |               |
| FS Finans I A/S, Copenhagen                    | 1             | 20            | 21     | 100%          |
| FS Finans II A/S, Copenhagen                   | 10            | 46            | 115    | 100%          |
| FS Finans III A/S, Copenhagen                  | 1             | 21            | 22     | 100%          |
| FS Finans IV A/S, Copenhagen                   | 120           | (158)         | 176    | 100%          |
| FS Property Finance A/S, Copenhagen            | 100           | 0             | 2,000  | 100%          |
| <b>Investment and property companies, etc.</b> |               |               |        |               |
| FS Ejendomsselskab A/S, Copenhagen             | 2             | (69)          | 482    | 100%          |
| Stabilitet Retail Finland 4 OY, Helsinki       | 1             | (16)          | (57)   | 100%          |
| Ejendomsselskabet Vestio A/S, Horsens          | 1             | (116)         | (97)   | 50%           |

| (DKKm) | Group |
|--------|-------|
|--------|-------|

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

| 2013   | On demand<br>0-3 mths. | Between<br>3 mths.<br>and 1 year | Between<br>1 and 5<br>years | More<br>than<br>5 years | Total         |
|--|------------------------|----------------------------------|-----------------------------|-------------------------|---------------|
| <b>Assets</b>  |                        |                                  |                             |                         |               |
| Cash in hand and demand deposits with central banks  | 2,845                  | -                                | -                           | -                       | 2,845         |
| Due from credit institutions and central banks   | 948                    | 4                                | 1                           | 217                     | 1,170         |
| Loans, advances and other receivables at fair value  | 0                      | 53                               | 0                           | 2                       | 55            |
| Loans, advances and other receivables at amortised cost  | 4,820                  | 389                              | 2,312                       | 3,623                   | 11,144        |
| Bonds at fair value  | 0                      | 152                              | 7                           | 215                     | 374           |
| Shares, etc.   | 0                      | 155                              | 804                         | 111                     | 1,070         |
| Investments in subsidiaries and associates, etc.   | 0                      | 0                                | 339                         | 0                       | 339           |
| Total land and buildings   | 0                      | 400                              | 892                         | 147                     | 1,439         |
| Other property, plant and equipment  | 0                      | 5                                | 0                           | 0                       | 5             |
| Assets held temporarily  | 148                    | 332                              | -                           | -                       | 480           |
| Receivable re. loss guarantee from the Danish State relating to individual government guarantees | 0                      | 0                                | 3,549                       | 0                       | 3,549         |
| Receivable re. loss guarantee from the Danish State relating to Roskilde Bank                    | 0                      | 0                                | 4,331                       | 0                       | 4,331         |
| Other assets, etc.   | 571                    | 314                              | 1,206                       | 348                     | 2,439         |
| <b>Total assets</b>  | <b>9,932</b>           | <b>1,804</b>                     | <b>13,441</b>               | <b>4,663</b>            | <b>29,240</b> |
|  |                        |                                  |                             |                         |               |
| 2013   | On demand<br>0-3 mths. | Between<br>3 mths.<br>and 1 year | Between<br>1 and 5<br>years | More<br>than<br>5 years | Total         |
| <b>Equity and liabilities</b>  |                        |                                  |                             |                         |               |
| Due to credit institutions and central banks   | 22                     | 0                                | 296                         | 0                       | 318           |
| Deposits and other payables  | 868                    | 0                                | 0                           | 0                       | 868           |
| Loans through the state-funded re-lending scheme   | 0                      | 4,834                            | 8,738                       | 0                       | 13,572        |
| Issued bonds at amortised cost   | 0                      | 2                                | 0                           | 0                       | 2             |
| Liabilities relating to assets held temporarily  | 0                      | 276                              | -                           | -                       | 276           |
| Due to mortgage credit institutions  | 0                      | 0                                | 4                           | 8                       | 12            |
| Other liabilities  | 68                     | 1,017                            | 9                           | 62                      | 1,156         |
| Deferred income  | 1                      | 0                                | -                           | -                       | 1             |
| Provisions   | 34                     | 831                              | 2,378                       | 41                      | 3,284         |
| Equity   | 0                      | 0                                | 9,751                       | 0                       | 9,751         |
| <b>Total equity and liabilities</b>  | <b>993</b>             | <b>6,960</b>                     | <b>21,176</b>               | <b>111</b>              | <b>29,240</b> |

# Notes

| (DKKm)   | Group                  |                                  |                             |                         |               |
|--|------------------------|----------------------------------|-----------------------------|-------------------------|---------------|
| 2012   | On demand<br>0-3 mths. | Between<br>3 mths.<br>and 1 year | Between<br>1 and 5<br>years | More<br>than<br>5 years | Total         |
| <b>Assets</b>  |                        |                                  |                             |                         |               |
| Cash in hand and demand deposits with central banks  | 11,191                 | -                                | -                           | -                       | 11,191        |
| Due from credit institutions and central banks   | 1,539                  | 8                                | 266                         | 200                     | 2,013         |
| Loans, advances and other receivables at fair value  | 14                     | 8                                | 176                         | 882                     | 1,080         |
| Loans, advances and other receivables at amortised cost  | 5,672                  | 2,035                            | 4,554                       | 5,869                   | 18,130        |
| Bonds at fair value  | 1,033                  | 13                               | 10                          | -                       | 1,056         |
| Shares, etc.   | 145                    | 988                              | 85                          | -                       | 1,218         |
| Investments in subsidiaries and associates, etc.   | 35                     | 423                              | -                           | -                       | 458           |
| Intangible assets  | -                      | -                                | -                           | -                       | -             |
| Land and buildings   | 33                     | 1,243                            | 730                         | 186                     | 2,192         |
| Other property, plant and equipment  | 11                     | 3                                | 0                           | 0                       | 14            |
| Assets held temporarily  | 530                    | 240                              | -                           | -                       | 770           |
| Receivable re. loss guarantee from the Danish State relating to individual government guarantees | 0                      | 0                                | 3,516                       | 0                       | 3,516         |
| Receivable re. loss guarantee from the Private Contingency Association                           | -                      | -                                | -                           | -                       | -             |
| Receivable re. loss guarantee from the Danish State relating to Roskilde Bank                    | 0                      | 0                                | 4,331                       | 0                       | 4,331         |
| Other assets, etc.   | 1,071                  | 2,099                            | 215                         | 668                     | 4,053         |
| Prepayments  | 6                      | 2                                | -                           | -                       | 8             |
| <b>Total assets</b>  | <b>21,280</b>          | <b>7,062</b>                     | <b>13,883</b>               | <b>7,805</b>            | <b>50,030</b> |
| 2013   | On demand<br>0-3 mths. | Between<br>3 mths.<br>and 1 year | Between<br>1 and 5<br>years | More<br>than<br>5 years | Total         |
| <b>Equity and liabilities</b>  |                        |                                  |                             |                         |               |
| Due to credit institutions and central banks   | 297                    | 13,389                           | 23                          | 73                      | 13,782        |
| Deposits and other payables  | 1,638                  | 2,106                            | 0                           | 0                       | 3,744         |
| Loans through the state-funded re-lending scheme   | 0                      | 9,549                            | 4,442                       | 0                       | 13,991        |
| Issued bonds at amortised cost   | 2                      | 3,140                            | 4                           | 0                       | 3,146         |
| Liabilities relating to assets held temporarily  | 196                    | 98                               | -                           | -                       | 294           |
| Due to mortgage credit institutions  | 47                     | 0                                | 0                           | 0                       | 47            |
| Other liabilities  | 1,026                  | 1,028                            | 31                          | 118                     | 2,203         |
| Deferred income  | 6                      | 0                                | -                           | -                       | 6             |
| Provisions   | 1,207                  | 1,736                            | 183                         | 101                     | 3,227         |
| Equity   | 0                      | 0                                | 9,590                       | -                       | 9,590         |
| <b>Total equity and liabilities</b>  | <b>4,419</b>           | <b>31,046</b>                    | <b>14,273</b>               | <b>292</b>              | <b>50,030</b> |

The break-down of liabilities on maturities is made on the basis of the earliest contractual maturity date.

Loans, bonds and amounts due from credit institutions are similarly listed on the basis of contractual terms.

Other assets and provisions are stated based on expected maturities.

| (DKKm) | Group |
|--------|-------|
|--------|-------|

### 38. Fair value disclosure

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

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

#### Break-down of financial instruments by valuation method

| Group   | 2013            |              |               | 2012            |              |               |
|---|-----------------|--------------|---------------|-----------------|--------------|---------------|
|   | Amor-tised cost | Fair value   | Total         | Amor-tised cost | Fair value   | Total         |
| <b>Financial assets</b>   |                 |              |               |                 |              |               |
| Cash in hand and demand deposits with central banks   | 2,845           | 0            | 2,845         | 11,191          | 0            | 11,191        |
| Due from credit institutions and central banks  | 1,170           | 0            | 1,170         | 2,013           | 0            | 2,013         |
| Loans, advances and other receivables at amortised cost   | 11,144          | 0            | 11,144        | 18,130          | 0            | 18,130        |
| Loans, advances and other receivables at fair value   | 0               | 55           | 55            | 0               | 1,080        | 1,080         |
| Bonds   | 0               | 374          | 374           | 0               | 1,056        | 1,056         |
| Shares, etc.  | 0               | 1,070        | 1,070         | 0               | 1,218        | 1,218         |
| Receivable re. loss guarantee from the Danish State relating to Roskilde Bank                     | 4,331           | 0            | 4,331         | 4,331           | 0            | 4,331         |
| Receivables re. loss guarantee from the Danish State relating to individual government guarantees | 3,549           | 0            | 3,549         | 3,516           | 0            | 3,516         |
| Derivative financial instruments  | 0               | 583          | 583           | 0               | 1,026        | 1,026         |
| <b>Total financial assets</b>   | <b>23,039</b>   | <b>2,082</b> | <b>25,121</b> | <b>39,181</b>   | <b>4,380</b> | <b>43,561</b> |
| <b>Financial liabilities</b>  |                 |              |               |                 |              |               |
| Due to credit institutions and central banks  | 318             | 0            | 318           | 13,782          | 0            | 13,782        |
| Deposits and other payables   | 868             | 0            | 868           | 3,744           | 0            | 3,744         |
| Loans through the state-funded re-lending scheme  | 13,572          | 0            | 13,572        | 13,991          | 0            | 13,991        |
| Issued bonds  | 2               | 0            | 2             | 3,146           | 0            | 3,146         |
| Due to mortgage credit institutions   | 12              | 0            | 12            | 47              | 0            | 47            |
| Derivative financial instruments  | 0               | 131          | 131           | 0               | 248          | 248           |
| <b>Total financial liabilities</b>  | <b>14,772</b>   | <b>131</b>   | <b>14,903</b> | <b>34,710</b>   | <b>248</b>   | <b>34,958</b> |

# Notes

| (DKKm) | Group |
|--------|-------|
|--------|-------|

## 38. Fair value disclosure - continued

### Instruments recognised at fair value

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

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

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

For a number of financial assets and liabilities, no market exists. In such situations, an estimated value is used

instead, taking account of recent transactions in similar instruments, and discounted cash flows or other recognised estimation and assessment techniques based on the market terms existing at the balance sheet date.

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

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

| (DKKm) | Group |
|--------|-------|
|--------|-------|

### 38. Fair value disclosure - continued

| 2013  | Listed<br>prices | Observ-<br>able<br>input | Non-<br>observ-<br>able<br>input |                                  | Total |  |  |  |
|---|------------------|--------------------------|----------------------------------|----------------------------------|-------|--|--|--|
|   |                  |                          | Observ-<br>able<br>input         | Non-<br>observ-<br>able<br>input |       |  |  |  |
| <b>Fair value, Group</b>                                |                  |                          |                                  |                                  |       |  |  |  |
| <b>Financial assets at fair value broken down into:</b> |                  |                          |                                  |                                  |       |  |  |  |
| Loans, advances and other receivables at fair value     | 0                | 0                        | 55                               | 55                               |       |  |  |  |
| Bonds   | 2                | 372                      | 0                                | 374                              |       |  |  |  |
| Shares, etc.  | 6                | 0                        | 1,064                            | 1,070                            |       |  |  |  |
| Derivative financial instruments                        | 0                | 583                      | 0                                | 583                              |       |  |  |  |
| <b>Total</b>  | <b>8</b>         | <b>955</b>               | <b>1,119</b>                     | <b>2,082</b>                     |       |  |  |  |
| <b>Financial liabilities</b>                            |                  |                          |                                  |                                  |       |  |  |  |
| Derivative financial instruments                        | 0                | 131                      | 0                                | 131                              |       |  |  |  |
| <b>Total</b>  | <b>0</b>         | <b>131</b>               | <b>0</b>                         | <b>131</b>                       |       |  |  |  |
| <hr/> <b>2012</b>                                       |                  |                          |                                  |                                  |       |  |  |  |
| <b>Fair value, Group</b>                                |                  |                          |                                  |                                  |       |  |  |  |
| <b>Financial assets at fair value broken down into:</b> |                  |                          |                                  |                                  |       |  |  |  |
| Loans, advances and other receivables at fair value     | 0                | 0                        | 1,080                            | 1,080                            |       |  |  |  |
| Bonds   | 1,031            | 23                       | 2                                | 1,056                            |       |  |  |  |
| Shares, etc.  | 2                | 0                        | 1,181                            | 1,183                            |       |  |  |  |
| Derivative financial instruments                        | 0                | 1,026                    | 0                                | 1,026                            |       |  |  |  |
| <b>Total</b>  | <b>1,033</b>     | <b>1,049</b>             | <b>2,263</b>                     | <b>4,345</b>                     |       |  |  |  |
| <b>Financial liabilities</b>                            |                  |                          |                                  |                                  |       |  |  |  |
| Derivative financial instruments                        | 0                | 248                      | 0                                | 248                              |       |  |  |  |
| <b>Total</b>  | <b>0</b>         | <b>248</b>               | <b>0</b>                         | <b>248</b>                       |       |  |  |  |
| <hr/> <b>Fair value based on non-observable input</b>   |                  |                          |                                  |                                  |       |  |  |  |
| Beginning of year                                       |                  |                          | 2,263                            | 2,517                            |       |  |  |  |
| Additions on takeover of subsidiaries                   |                  |                          | 0                                | 94                               |       |  |  |  |
| Additions during the year                               |                  |                          | 91                               | 2                                |       |  |  |  |
| Value adjustment through profit or loss (note 7)        |                  |                          | (196)                            | (81)                             |       |  |  |  |
| Completed cases   |                  |                          | (1,039)                          | (269)                            |       |  |  |  |
| <b>Fair value, end of year</b>                          |                  |                          | <b>1,119</b>                     | <b>2,263</b>                     |       |  |  |  |

# Notes

| (DKKm) | Group |
|--------|-------|
|--------|-------|

## 39. Fair value of balance sheet items at amortised cost

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

|  | Amortised cost | Fair value    | Amortised cost | Fair value    |
|--|----------------|---------------|----------------|---------------|
|  | 2013           | 2013          | 2012           | 2012          |
| <b>Financial assets</b>  |                |               |                |               |
| Cash in hand and demand deposits with central banks  | 2,845          | 2,845         | 11,191         | 11,191        |
| Due from credit institutions and central banks   | 1,170          | 1,170         | 2,013          | 2,013         |
| Loans, advances and other receivables  | 11,144         | 11,144        | 18,130         | 18,130        |
| Receivable re. loss guarantee from the Danish State relating to individual government guarantees | 3,549          | 3,549         | 3,516          | 3,516         |
| Receivable re. loss guarantee from the Danish State relating to Roskilde Bank                    | 4,331          | 4,331         | 4,331          | 4,331         |
| <b>Total financial assets</b>  | <b>23,039</b>  | <b>23,039</b> | <b>39,181</b>  | <b>39,181</b> |
| <b>Financial liabilities</b>   |                |               |                |               |
| Due to credit institutions and central banks   | 318            | 318           | 13,782         | 13,782        |
| Deposits and other payables  | 868            | 868           | 3,744          | 3,744         |
| Loans through the state-funded re-lending scheme   | 13,572         | 13,645        | 13,991         | 14,350        |
| Issued bonds   | 2              | 2             | 3,146          | 3,146         |
| Due to mortgage credit institutions  | 12             | 12            | 47             | 47            |
| <b>Total financial assets</b>  | <b>14,772</b>  | <b>14,845</b> | <b>34,710</b>  | <b>35,069</b> |

## 40. Return on financial instruments

|                               | 2013                           |                                      |              | 2012                           |                                      |              |
|-------------------------------|--------------------------------|--------------------------------------|--------------|--------------------------------|--------------------------------------|--------------|
|                               | Assets and liabilities at cost | Assets and liabilities at fair value | Total        | Assets and liabilities at cost | Assets and liabilities at fair value | Total        |
| Interest income               | 851                            | 166                                  | 1,017        | 1,200                          | 132                                  | 1,332        |
| Interest expense              | 369                            | 0                                    | 369          | 564                            | 0                                    | 564          |
| Net interest income           | 482                            | 166                                  | 648          | 636                            | 132                                  | 768          |
| Share dividends etc.          | 0                              | 4                                    | 4            | 0                              | 7                                    | 7            |
| Fees and commissions received | 19                             | 6                                    | 25           | 36                             | 21                                   | 57           |
| Fees and commissions paid     | 20                             | 1                                    | 21           | 22                             | 1                                    | 23           |
| Net interest and fee income   | 481                            | 175                                  | 656          | 650                            | 159                                  | 809          |
| Market value adjustments      | (2)                            | (306)                                | (308)        | (156)                          | (439)                                | (595)        |
| Other operating income        | 1,807                          | 230                                  | 2,037        | 954                            | 108                                  | 1,062        |
| <b>Total</b>                  | <b>2,286</b>                   | <b>99</b>                            | <b>2,385</b> | <b>1,448</b>                   | <b>(172)</b>                         | <b>1,276</b> |

| (DKKm)   | <b>Group</b>      |                   |
|--|-------------------|-------------------|
|  | <b>31.12.2013</b> | <b>31.12.2012</b> |
| <b>41. Leases</b>  |                   |                   |
| The item Loans and advances at amortised cost comprises finance leases | 447               | 664               |
| <b>Net investments in financial items</b>                              |                   |                   |
| Terms up to 1 year   | 61                | 196               |
| Terms between 1 and 5 years  | 386               | 463               |
| Terms of 5 years or more   | 0                 | 5                 |
| <b>Total</b>   | <b>447</b>        | <b>664</b>        |
| <b>Gross investments in finance leases</b>                             |                   |                   |
| Terms up to 1 year   | 68                | 261               |
| Terms between 1 and 5 years  | 413               | 587               |
| Terms of 5 years or more   | 0                 | 6                 |
| <b>Total</b>   | <b>481</b>        | <b>854</b>        |
| Write-down of finance leases   | 34                | 191               |

# Notes

| (DKKm)  | Parent        |               |                |               |               |
|---|---------------|---------------|----------------|---------------|---------------|
|   | 2013          | 2012          | 2011           | 2010          | 2009          |
| <b>Summary income statement</b>   |               |               |                |               |               |
| Net interest and fee income   | 11            | 56            | 314            | 5,534         | 9,497         |
| Market value adjustments  | (109)         | (133)         | (419)          | (68)          | (5)           |
| Other operating income  | 449           | 735           | 590            | 19            | 17            |
| Staff costs and administrative expenses                                     | 437           | 525           | 528            | 74            | 35            |
| Other operating expenses, depreciation and amortisation                     | 1,102         | 42            | 459            | 2             | 1             |
| Impairment losses on loans, advances and receivables, etc.                  | (554)         | (731)         | 3,368          | 85            | 0             |
| Losses on takeover of subsidiaries  | -             | 0             | 0              | 2,921         | 9,775         |
| Profit/(loss) from investments in associates and subsidiaries               | 766           | (191)         | (689)          | (3,855)       | (2,589)       |
| Loss guarantee from the Danish State  | 39            | (20)          | 3,549          | 6,536         | 12,395        |
| <b>Profit/(loss) for the year</b>   | <b>161</b>    | <b>611</b>    | <b>(1,010)</b> | <b>5,084</b>  | <b>9,504</b>  |
| <b>Balance sheet at 31 December</b>   |               |               |                |               |               |
| <b>Assets</b>   |               |               |                |               |               |
| Cash in hand and demand deposits with central banks and credit institutions | 2,733         | 11,243        | 5,887          | 14,634        | 19,277        |
| Loans, advances and other receivables at fair value                         | 53            | 1,010         | 1,022          | 0             | 0             |
| Loans, advances and other receivables at amortised cost                     | 9,036         | 4,512         | 6,504          | 1,683         | 1,929         |
| Bonds at fair value and shares  | 866           | 869           | 1,260          | 918           | 751           |
| Investments in associates and subsidiaries                                  | 3,518         | 4,728         | 5,228          | 6,661         | 5,277         |
| Loss guarantee from the Private Contingency Association                     | 0             | 0             | 0              | 10,000        | 5,791         |
| Loss guarantee from the Danish State  | 7,880         | 7,847         | 12,480         | 8,931         | 6,604         |
| Other assets  | 2,222         | 3,121         | 2,179          | 52            | 4             |
| <b>Total assets</b>   | <b>26,308</b> | <b>33,330</b> | <b>34,560</b>  | <b>42,879</b> | <b>39,633</b> |
| <b>Equity and liabilities</b>   |               |               |                |               |               |
| Due to credit institutions and central banks                                | 370           | 1,561         | 1,971          | 0             | 0             |
| Deposits and other payables   | 420           | 5,540         | 1,423          | 2,061         | 0             |
| Loans through the state-funded re-lending scheme                            | 13,572        | 13,991        | 14,567         | 25,981        | 29,920        |
| Other debt  | 806           | 988           | 1,115          | 248           | 208           |
| <b>Total debt</b>   | <b>15,168</b> | <b>22,080</b> | <b>19,076</b>  | <b>28,290</b> | <b>30,128</b> |
| Provisions  | 1,389         | 1,660         | 1,905          | 0             | 0             |
| Equity  | 9,751         | 9,590         | 13,579         | 14,589        | 9,505         |
| <b>Total equity and liabilities</b>   | <b>26,308</b> | <b>33,330</b> | <b>34,560</b>  | <b>42,879</b> | <b>39,633</b> |
| <b>Off-balance sheet items</b>  |               |               |                |               |               |
| Contingent liabilities  | 5,716         | 67,048        | 163,133        | 193,628       | 53,350        |
| Other commitments   | 0             | 0             | 0              | 0             | 142,000       |
| <b>Financial ratios</b>   |               |               |                |               |               |
| Return on equity before tax   | 1.7%          | 5.3%          | (7.2)%         | 42.0%         | 200.0%        |
| Return on equity after tax  | 1.7%          | 5.3%          | (7.2)%         | 42.0%         | 200.0%        |

# Statement by Management

The Board of Directors and the Management Board have today considered and adopted the annual report of Finansiel Stabilitet A/S for the financial year 1 January – 31 December 2013.

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

The consolidated and parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 31 December 2013 and of the results of the Group's and the parent company's operations and of consolidated cash flows for the financial year 1 January – 31 December 2013.

The management's review includes a fair review of the development and performance of the business and the financial position of the Group and the parent company, together with a description of the principal risks and uncertainties that the Group and the parent company face.

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

Copenhagen, 20 March 2014

## Management Board

Henrik Bjerre-Nielsen  
CEO

Lars Jensen  
CCO

## Board of Directors:

Jakob Brogaard  
Chairman

Bent Naur  
Deputy Chairman

Anette Eberhard

Birgitte Nielsen

Flemming Hansen

Erik Sevaldsen

Cecilia L. Andersson  
(employee representative)

Else Strandgaard  
(employee representative)

Michael Mikkelsen  
(employee representative)

# Independent auditors' report

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

We have audited the consolidated financial statements and the Parent Company financial statements of Finansiel Stabilitet A/S, pp. 31 - 82, for the financial year 2013. The consolidated financial statements and the Parent Company's financial statements comprise the income statement, statement of comprehensive income, balance sheet, statement of capital and notes for the Group as well as for the Parent Company and the consolidated cash flow statement for the Group. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU, and the Parent Company's financial statements have been prepared in accordance with the Danish Financial Business Act. Furthermore, the consolidated financial statements and the Parent Company's financial statements have been prepared in accordance with Danish disclosure requirements for state-owned public companies.

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

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

## Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial

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

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

Our audit did not result in any qualification.

## Opinion

In our opinion, the consolidated financial statements and the Parent Company's financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities, shareholders' equity and financial position at 31 December 2013 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 2013 in accordance with the International Financial Reporting Standards as adopted by the EU in respect of the consolidated financial statements, in accordance with the Danish Financial Business Act in respect of the Parent Company's financial statements, and in accordance with Danish disclosure requirements for state-owned public companies for the consolidated financial statements and the Parent Company's financial statements.

## Statement on the Management's review

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

Copenhagen, 20 March 2014

**KPMG**

Statsautoriseret Revisionspartnerselskab

Lars Rhod Søndergaard  
State Authorised  
Public Accountant

Henrik Barner Christiansen  
State Authorised  
Public Accountant

# Board of Directors and Management Board

## Board of Directors



**Jakob Brogaard**

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

**Member of the board of directors of:**

- OW Bunker A/S



**Bent Naur**

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

**Member of the boards of directors of:**

- Fonden Nørre Vosborg (Chairman)
- Nykredit Holding A/S
- Nykredit Realkredit A/S



**Anette Eberhard**

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

**Member of the boards of directors of:**

- Industrialiseringsfonden for Udviklingslandene, IFU
- Industrialiseringsfonden for Østlandene, IO
- The Guarantee Fund for Depositors and Investors



**Erik Sevaldsen**

- Joined the Board of Directors in 2014
- Born in 1948



**Birgitte Nielsen**

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

**Member of the boards of directors of:**

- Kirk Kapital A/S
- Matas A/S
- DFE Holding ApS
- Topdanmark Forsikring A/S
- Topdanmark A/S



**Flemming Hansen**

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

**Member of the board of directors of:**

- Professionel Forening Corporate Bonds Portfolios

## Board of Directors – continued



**Else Strandgaard**

- Employee representative



**Cecilia L. Andersson**

- Employee representative



**Michael Mikkelsen**

- Employee representative

**Member of the  
board of directors of:**

- K/S Svenske Retail-  
ejendomme

## Management Board



**Henrik Bjerre-Nielsen**

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

**Chairman of the  
boards of directors of:**

- FS Bank A/S
- FS Finans I A/S
- FS Finans II A/S
- FS Finans III A/S
- FS Finans IV A/S
- FS Property Finance A/S

**Member of the  
boards of directors of:**

- Pensiondanmark Holding A/S
- Pensiondanmark  
Pensionsforsikringsaktieselskab



**Lars Jensen**

- CCO
- Appointed in 2012
- Born in 1950

**Chairman of the  
boards of directors of:**

- Ejendomsaktieselskabet  
Østamager Nord
- Ejendomsselskabet Odense-  
Slagelse-Aabenraa A/S
- FS Ejendomsselskab II A/S
- FS Ejendomsselskab III A/S
- FS Ejendomsselskab IV A/S
- Nor Fjor Finans 2012 ApS

**Member of the  
boards of directors of:**

- FS Bank A/S
- FS Finans I A/S
- FS Finans II A/S
- FS Finans III A/S
- FS Finans IV A/S
- FS Property Finance A/S

# Bank Packages and companies

## Bank Package I

*The Bank Package:* For the period from October 2008 to 30 September 2010, the Danish State guaranteed the full amount of unsecured creditors' claims against Danish banks.

## Bank Package II

*The Credit Package:* From February 2009 until 31 December 2010, Danish banks and mortgage credit institutions may apply for individual government guarantees with maturities of up to three years and for state-funded capital injections.

## Bank Package III

*The Exit Package:* Guarantee is only provided for up to EUR 100,000 for unsecured creditors. Distressed banks may elect to be wound up by Finansiel Stabilitet, and in such case the Guarantee Fund will provide a loss guarantee to prevent the Danish State from incurring losses in connection with the winding up.

## Bank Package IV

*The Consolidation Package:* Finansiel Stabilitet and the Guarantee Fund may contribute a dowry if a viable bank takes over all (model 1) or parts (model 2) of a distressed bank. This is done without any loss being incurred by uncovered, unsecured creditors. Individual government guarantees may be extended after the expiry in 2013 in case of merger/takeover between two banks.

## Bank Package V

*The Development Package:* From March 2012, efforts were made to strengthen the access of small and medium-sized enterprises to funding through initiatives such as the establishment of Landbrugets FinansieringsBank and by Finansiel Stabilitet taking over FIH's portfolio of property exposures.

**FS:** Finansiel Stabilitet A/S. Read more at [www.finansielstabilitet.dk](http://www.finansielstabilitet.dk).

**FS Bank:** Finansiel Stabilitet's bank. Read more at [www.fsbank.dk](http://www.fsbank.dk).

**FS Finans I:** Financing company established on 28 September 2012 based on Sparebank Østjylland af 2012 A/S after submission of the company's banking licence to the FSA.

**FS Finans II:** Financing company established on 1 November 2012 based on Max Bank af 2011 A/S after submission of the company's banking licence to the FSA.

**FS Finans III:** Financing company established on 15 March 2013 based on Amagerbanken af 2011 A/S after submission of the company's banking licence to the FSA.

**FS Finans IV:** Financing company established on 27 March 2013 based on Fjordbank Mors af 2011 A/S after submission of the company's banking licence to the FSA.

**FS Property Finance:** Financing company handling property exposures taken over from FIH.

# Company details

**Finansiel Stabilitet A/S**  
Kalvebod Brygge 43  
DK-1560 Copenhagen V

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

**Board of Directors**  
Jakob Brogaard (Chairman)  
Bent Naur (Deputy Chairman)  
Anette Eberhard  
Flemming Hansen  
Birgitte Nielsen  
Erik Sevaldsen  
Cecilia L. Andersson  
(employee representative)  
Else Strandgaard  
(employee representative)  
Michael Mikkelsen  
(employee representative)

**Management Board**  
Henrik Bjerre-Nielsen  
Lars Jensen

**Auditors**  
KPMG  
Statsautoriseret Revisions-  
partnerselskab  
Osvald Helmuths Vej 4  
DK-2000 Frederiksberg

**General meetings**  
Annual General Meeting to  
be held on 9 April 2014

## **Finansiel Stabilitet A/S**

Kalvebod Brygge 43  
DK-1560 Copenhagen V

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