

# Finansiel Stabilitet



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

# Highlights

- Finansiel Stabilitet reported a loss of DKK 193 million in H1 2013, against a profit of DKK 421 million in the same period of last year. The loss was primarily caused by market value adjustments of financial assets and provisions for lawsuits and disputes.
- Finansiel Stabilitet reduced the Group's total assets by DKK 10.2 billion in H1 to DKK 39.9 billion at 30 June 2013.
- Finansiel Stabilitet wound up loans and guarantees of DKK 4.7 billion and financial assets of DKK 1.7 billion and divested balance sheet properties of DKK 0.2 billion in H1 2013.
- During the first six months of 2013, Finansiel Stabilitet reduced the number of individual customers by about 1,350 and principal customers by about 670. At 30 June 2013, Finansiel Stabilitet had approximately 3,700 individual customers and approximately 2,200 principal customers with exposures of DKK 15.9 billion.
- Finansiel Stabilitet took over Cantobank in March 2013 as part of the winding up of a customer exposure, because the shares in Cantobank had been pledged to Finansiel Stabilitet. In June 2013, Cantobank was sold to PFA exclusive of customer exposures.
- All individual government guarantees provided under the Credit Package in an original amount of DKK 194 billion had expired by the end of July 2013. In H1, Finansiel Stabilitet provided new individual government guarantees for a total of DKK 5.2 billion to Vestjysk Bank and Den Jyske Sparekasse. These guarantees were issued as extensions of guarantees provided under the Credit Package and they will all expire in the period until 2016.
- The 2013 financial performance will rely primarily on developments in the activities being wound up under the Bank Package. Finansiel Stabilitet expects to incur a small loss in H2 2013 and hence to report a loss for the full year 2013.

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

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

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

The objects of Finansiel Stabilitet are:

- to wind up banks taken over under the Bank Package;
- to wind up banks taken over under the Exit and Consolidation Packages;
- to manage individual government guarantees under the Credit Package; 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).

## Results of winding-up activities in H1 2013

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

During the first six months of 2013, Finansiel Stabilitet reduced the number of individual customers by about 1,350 and principal customers by about 670. At 30 June 2013, Finansiel Stabilitet had approximately 3,700 individual customers and approximately 2,200 principal customers with exposures of DKK 15.9 billion.

Finansiel Stabilitet reduced the Group's total assets by an aggregate of DKK 10.2 billion in H1. Total assets stood at DKK 39.9 billion at 30 June 2013. This reduction was mainly achieved by winding up loans and guarantees of DKK 4.7 billion. In addition, the portfolio of financial assets was reduced by DKK 1.7 billion and balance sheet properties of DKK 0.2 billion were sold.

## Winding up of activities in H1 2013

	Status, 31 Dec 2012*	Winding up H1 2013**	Status, 30 June 2013
No. of principal customers	2,908	671	2,237
No. of individual customers	5,054	1,351	3,703
Net loans and guarantees (DKKm)	20,642	4,710	15,932
Properties (DKKm) (***)	3,481	220	3,261
Financial assets (DKKm)	4,328	1,656	2,672
No. of employees in continuing employment	284	73	211

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

(\*\*) Including value adjustments.

(\*\*\*) In addition, Finansiel Stabilitet saw an inflow of properties from the winding up of exposures of DKK 668 million in H1 2013.

Refinancing of the Group's funding also contributed to the reduction of total assets.

Finansiel Stabilitet reduced the number of employees in step with the winding up of activities. At 31 December 2012, Finansiel Stabilitet had 420 full-time equivalent employees. The number of employees in continuing employment was 284 at that time. At 30 June 2013, Finansiel Stabilitet had 297 full-time equivalent employees, 211 of whom were in continuing employment.

In March 2013, Finansiel Stabilitet took over Cantobank and its total assets of DKK 117 million and 10 individual customers. However, this was not a case of a takeover of a distressed bank under the Exit and Consolidation Packages. Finansiel Stabilitet already held all shares in Cantobank as collateral security for a customer exposure. The takeover hence took place in connection with the winding up of a specific customer exposure.

At 30 June 2013, Finansiel Stabilitet had a total exposures and activities of DKK 21.9 billion for winding up, distributed on customer exposures of DKK 15.9 billion, properties of DKK 3.3 billion and financial assets of DKK 2.7 billion.

#### **Centralised winding up**

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. Similar management agreements have been made with FS Bank with respect to activities requiring a banking licence. This ensures that independent financial statements are maintained vis-à-vis the creditors of the original subsidiary banks.

Accordingly, Finansiel Stabilitet is at an advanced stage of the winding up. The last takeover of a distressed bank was in the spring of 2012, and the banks taken over in 2011 and 2012 have all been transferred from local to centralised winding up.

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 the ones with FS Property Finance. The only remaining activities will thereafter comprise only financial assets, properties and obligations, such as lawsuits and disputes, as well as individual government guarantees issued.

#### **Winding-up strategy**

Finansiel Stabilitet disposes of exposures and activities taken over by way of "segmented winding up", "individual winding up" and "liquidation".

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, depending on the speed of the winding-up process, 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. 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 which are not financially viable. Before exposures are transferred for liquidation, the customer's assets, e.g. properties, will be sold to a third party or alternatively be 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 H1, Finansiel Stabilitet primarily carried out winding-up processes with balance sheet impact by way of individual winding up and liquidation. The only segmented winding-up process with balance sheet impact in H1 2013 was attributable to the conclusion of an agreement with Sparekassen Sjælland in December 2012 on the transfer of a portfolio of exposures below DKK 5 million, representing a total exposure volume of approximately DKK 0.3 billion.

In addition, efforts were made to prepare and offer portfolios for sale in segmented winding-up processes. Immediately before and after the end of the reporting period, Finansiel Stabilitet therefore announced a number of agreements on segmented winding-up processes without any balance sheet impact on the current half year:

- In June 2013, Finansiel Stabilitet concluded an agreement with Arbejdernes Landsbank, which will take over about 300 customers with safe custody and collateral security deposits from FS Bank. The transfers will take place gradually over the course of a couple of months. The agreement implies that FS Bank will be able to deposit its securities trading licence with the Danish FSA when the process has been finalised.
- 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 631 million.
- In July 2013, Finansiel Stabilitet concluded a concession agreement with AL Finans, a subsidiary of Arbejdernes Landsbank, on the operation of the remaining customer agreements in the former AB Finans. By means of the concession agreement, Finansiel Stabilitet will transfer the operation of a customer portfolio comprising 145 corporate customers and 570 retail customers with lease and financing agreements of DKK 691 million 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.
- On 26 August 2013, Finansiel Stabilitet concluded an agreement on the sale of the Group's mortgage deed activities to a newly established company with investor-backing from Pensam Liv og Forsikringsaktieselskab. The company will be managed by Halkin Credit Management A/S. The divested activities comprise about 6,000 mortgage deeds with aggregate residual debt of approximately 2,150 million and 20 employees. Finansiel Stabilitet expects to complete the agreement in the coming months. The sale is not expected to have any significant earnings impact for Finansiel Stabilitet in H2 2013.

### 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 a party to lawsuits and disputes representing a total amount of approximately DKK 7 billion. An aggregate provision of DKK 1.2 billion has been made on the portfolio of cases.

### Lawsuits against managements of banks taken over

The majority of Finansiel Stabilitet's approximately 120 lawsuits involve matters in which action has been brought against distressed banks taken over by Finansiel Stabilitet. A minor part involves matters in which Finansiel Stabilitet has sued former managements and other officers of distressed banks taken over, because Finansiel Stabilitet assesses that these persons have been involved in actionable conduct. 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.

The lawsuits have been filed on the basis of the legal enquiries which are conducted when a distressed bank is taken over. 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 58 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 90 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.

The first case is expected to be tried in the court of first instance in the autumn of 2013, and it is difficult to estimate precisely when the final case will be concluded.

### Writ served upon Finansiel Stabilitet

On 28 August 2013, a writ was served upon Finansiel Stabilitet by Foreningen Amagerinvestor, which is based on the condition that the court allows the case to be heard as a class action. The writ claims that Finansiel Stabilitet should be ordered to pay damages due to losses on shares in Amagerbanken A/S subscribed for pursuant to the prospectus dated 17 August 2010 and supplementary prospectuses dated 3 September and 12 September 2010.

# Financial review

## Performance

Finansiel Stabilitet reported a loss of DKK 193 million in H1 2013, against a profit of DKK 421 million in the same period of last year. The loss was primarily caused by market value adjustments of financial assets and provisions for lawsuits and disputes.

## 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 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 incurred a loss of DKK 193 million after tax in H1, equivalent to the overall loss reported by the Group. FS Bank contributed DKK 10 million to earnings, while income from the funding of FS Property Finance amounted to DKK 8 million. The remaining part of the H1 2013 results was attributable to the parent company.

## Placing of financial risk for Financial Stabilitet's areas of activity in 2013

Area of activity	Bank Package (Bank Package I)	Exit and Consolidation Packages (Bank Packages III and IV)	Individual government guarantees (Bank Package II)	Development Package (Bank Package V)**
Placing of financial risk	Finansiel Stabilitet	Winding-up Department of the Guarantee Fund*	Danish State	FIH Holding and FIH Erhvervsbank
Upside entitlement	Finansiel Stabilitet	Unsecured creditors*	Danish State	Finansiel Stabilitet and FIH Holding
Description	Comprises the activities of the parent company Finansiel Stabilitet and FS Bank	Comprises the activities of FS Finans I, FS Finans II, FS Finans III and FS Finans IV	Comprises the activities in connection with the handling of individual government guarantees	Comprises the activities of FS Property Finance
<p>* 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.</p> <p>** 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.</p>				



The most significant income statement items in H1 were net interest income of DKK 92 million, other net fee income and market value adjustments of DKK (322) million, operating expenses of DKK 164 million and reversed impairment charges of DKK 218 million.

The DKK 92 million net interest income recognised in H1 marked a fall of DKK 29 million relative to the year-earlier period. The fall was attributable to the winding up of loans and advances. Market value adjustments represented DKK (221) million of the total net fee income and market value adjustments of DKK (322) million.

Other operating income and expenses (net) amounted to DKK (20) million in H1, a DKK (98) million change compared with the same period of last year. Net losses on lawsuits affected the items by a total of DKK 88 million.

Operating expenses of DKK 164 million marked a decline of DKK 109 million relative to H1 2012, expressing a general decline in the level of expenses due to the gradual winding up of activities, employees and other overheads.

Finally, the H1 results were favourably affected by reversed impairment charges of DKK 218 million due to substantial reversals in H1 2013 of impairment losses recognised in previous years. The reversals were due to a better-than-expected performance of the winding up of exposures.

At 30 June 2013, the Bank Package segment had total assets of DKK 18.9 billion.

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 the financing companies.

FS Bank has presented financial statements and a management's review for the six months ended 30 June 2013. The interim report is available at [www.fsbank.dk](http://www.fsbank.dk).

### Income statement, Bank Package

(DKKm)	H1 2013	H1 2012
Net interest income	92	121
Guarantee commission, government guarantees	(8)	(4)
Other net fee income and market value adjustments	(322)	(65)
Other operating income/(expenses), net	(20)	78
Operating expenses	164	273
Impairment losses on loans, advances, guarantees etc.	(218)	(564)
Profit/(loss) from investments in associates	11	0
Tax	0	0
<b>Profit/(loss) for the period</b>	<b>(193)</b>	<b>421</b>

### The Exit and Consolidation Packages

In 2011, Finansiel Stabilitet took over the activities of Amagerbanken and Fjordbank Mors under the Exit Package, whereas Max Bank was taken over under the Consolidation Package. In 2012, Finansiel Stabilitet took over the activities of Sparekassen Østjylland under the Consolidation Package. These are the companies which are included in the Exit and Consolidation Package segment. As stated earlier, Finansiel Stabilitet assumes no direct risk in connection with the winding up of these companies, 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.

An initial dividend is fixed when Finansiel Stabilitet takes over a distressed bank under either the Exit Package or the Consolidation Package. The dividend is fixed on the basis of a conservative valuation principle (assets on initial transfer). Dividend is only distributed based on full certainty that the winding up will not generate a loss compared with the initial dividend.

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

Except for the Guarantee Fund and the Danish State, no unsecured creditors incurred any losses as a result of the transfer of Max Bank and Sparekassen Østjylland 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, as sufficient

### Dividend and purchase price adjustment for takeovers under the Exit and Consolidation Packages at 30 June 2013

	Initial dividend (*)	Unsecured creditors	Finansiel Stabilitet and Banking Department of the Guarantee Fund	Remaining purchase price adjustment (***) (DKKm)	Purchase price adjustment on takeover (DKKm)
FS Finans I (Sparekassen Østjylland af 2012)	73.40%	100.00%	73.40%	727	1,162
FS Finans II (Max Bank af 2011)	75.20%	100.00%	75.20%	191	732
FS Finans III (Amagerbanken af 2011)	84.40%	84.40%	84.40%	1,023	1,085
FS Finans IV Fjordbank Mors af 2011)**	86.00%	86.00%	86.00%	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 746 million.

(\*\*\*) Including dowry previously distributed.

assets were not available to fully reimburse all creditors, including the Danish State and the Guarantee Fund.

The dowry may be reduced if the winding up of the company produces a better result than expected when the dowry was fixed. The dowry was calculated at DKK 1.7 billion in Max Bank and DKK 1.2 billion in Sparekassen Østjylland. In subsidiaries in which a further purchase price adjustment exists, there is a possibility of distribution of additional dividend to the unsecured creditors. However, the final dividend, which is not fixed until the winding-up process has been concluded, is subject to substantial uncertainty.

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

of the Guarantee Fund have repaid dowry amounts paid on a pro rata basis.

In the event that the companies are unable to pay the statutory return after tax on the contributed capital, any remaining purchase price adjustment will be used to cover this. The return on the contributed capital has been determined as the EU base rate plus 10%. The return is currently about 11%. Finansiell Stabilitet pays the return to the Guarantee Fund less financing costs. The Guarantee Fund receives the return as compensation for assuming the financial risk that the winding up produces a loss compared with the dividend rate initially fixed.

At 30 June 2013, the remaining purchase price adjustment (including previously distributed dowry) in FS Finans III was largely unchanged relative to the status on takeover. In FS Finans I and II, the purchase price adjustment was reduced, whereas it was used up in FS Finans IV and, as a result, a receivable relating to FS Finans IV was recognised with the Winding-up Department of the Guarantee Fund. The adverse developments in these companies were due to new impairment charges which had not been recognised on takeover.

## FS Finans I (formerly Sparebank Østjylland af 2012)

FS Finans I reported a profit for H1 2013 of DKK 19 million after tax, equal to the statutory return requirement to Finansiell Stabilitet on contributed equity.

In H1, FS Finans I realised a profit before purchase price adjustment and tax of DKK 122 million driven by improved credit quality among customer exposures and capital gains on the sale of financial assets. As a result, the purchase price adjustment was increased by DKK 74 million at 30 June 2013 compared with 31 December 2012. Moreover, a receivable of DKK 23 million concerning dowry previously distributed was reversed.

FS Finans I had total assets of DKK 0.6 billion at 30 June 2013. By comparison, total assets stood at DKK 1.7 billion at 30 June 2012 and DKK 0.8 billion at 31 December 2012. Total assets were reduced by DKK 168 million in H1 2012 due to the gradual winding up of activities and distribution of dividend in the amount of DKK 28 million. Total assets were further reduced at the beginning of July 2013 in connection with a reduction of the share capital by DKK 349.5 million.

Loans and advances after impairment losses declined by DKK 7 million in H1 2013 to stand at DKK 257 million at 31 December 2012. This covers a real cash reduction of loans and advances of DKK 48 million.

### Highlights, FS Finans I

(DKKm)	H1 2013	21.04-30.06 2012
<b>Income statement</b>		
Profit/(loss) before purchase price adjustment and tax	122	(29)
Movements in purchase price adjustment	(97)	37
Tax	(6)	(2)
<b>Profit/(loss) for the period</b>	<b>19</b>	<b>6</b>
<b>Balance sheet</b>		
	<b>30.06.2013</b>	<b>30.06.2012</b>
Due from credit institutions and central banks	67	1,112
Loans and advances	257	481
Other assets	266	105
<b>Total assets</b>	<b>590</b>	<b>1,698</b>
Deposits	0	15
Other debt	32	788
Purchase price adjustment	74	237
Other provisions	115	102
Subordinated capital	0	200
Equity	369	356
<b>Total equity and liabilities</b>	<b>590</b>	<b>1,698</b>

## FS Finans II (formerly Max Bank af 2011)

FS Finans II reported a profit for H1 2013 of DKK 39 million after tax, equal to the statutory return requirement to Finansielt Stabilitet on contributed equity.

The profit was achieved through recognition of a receivable of DKK 85 million attributable to dowry of DKK 322 million previously distributed. Utilisation of the purchase price adjustment reflects a loss of DKK 33 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 1.6 billion at 30 June 2013. By comparison, total assets stood at DKK 2.1 billion at 30 June 2012 and DKK 1.8 billion at 31 December 2012. Total assets were reduced by DKK 232 million in H1 2012 due to the gradual winding up of activities and distribution of dividend in the amount of DKK 105 million. Total assets were further reduced in July 2013 in connection with a reduction of the share capital by DKK 660 million.

Loans and advances after impairment losses declined by DKK 357 million in H1 2013 to stand at DKK 577 million at 31 December 2012. This covers a real cash reduction of loans and advances of DKK 253 million.

### Highlights FS Finans II

(DKKm)	H1 2013	08.10.2011 30.06.2012
<b>Income statement</b>		
Profit/(loss) before purchase price adjustment and tax	(33)	20
Movements in purchase price adjustment	85	66
Tax	(13)	(21)
<b>Profit/(loss) for the period</b>	<b>39</b>	<b>64</b>
<b>Balance sheet</b>		
	<b>30.06.2013</b>	<b>30.06.2012</b>
Due from credit institutions and central banks	260	344
Loans and advances	577	1,268
Other assets	779	479
<b>Total assets</b>	<b>1,616</b>	<b>2,091</b>
Deposits	142	636
Other debt	478	379
Purchase price adjustment	0	239
Other provisions	227	43
Subordinated capital	0	0
Equity	769	794
<b>Total equity and liabilities</b>	<b>1,616</b>	<b>2,091</b>

## FS Finans III (formerly Amagerbanken af 2011)

FS Finans III reported a profit for H1 2013 of DKK 17 million after tax, equal to the statutory return requirement to Finansielt Stabilitet on contributed equity.

In H1, FS Finans III realised a profit before purchase price adjustment and tax of DKK 180 million, among other things driven by improved credit quality among customer exposures and reversed provisions for lawsuits and disputes. As a result, the purchase price adjustment was increased by DKK 158 million at 30 June 2013 compared with 31 December 2012.

FS Finans III had total assets of DKK 3.5 billion at 30 June 2013. By comparison, total assets stood at DKK 7.1 billion at 30 June 2012 and DKK 5.2 billion at 31 December 2012. In H1, total assets were reduced due to a reduction of the share capital by DKK 340 million, distribution of dividend of DKK 115 million and ongoing winding up.

Loans and advances after impairment losses declined by DKK 668 million in H1 to stand at DKK 2,235 million at 30 June 2013. This covers a real cash reduction of loans and advances of DKK 848 million.

FS Finans III has presented financial statements and a management's review for the six months ended 30 June 2013. The interim report is available at [www.finansieltstabilitet.dk](http://www.finansieltstabilitet.dk).

### Highlights FS Finans III

(DKKm)	H1 2013	H1 2012
<b>Income statement</b>		
Profit/(loss) before purchase price adjustment and tax	180	178
Movements in purchase price adjustment	(158)	(87)
Tax	(5)	(23)
<b>Profit/(loss) for the period</b>	<b>17</b>	<b>68</b>
<b>Balance sheet</b>		
	<b>30.06.2013</b>	<b>30.06.2012</b>
Due from credit institutions and central banks	377	704
Loans and advances	2,235	4,183
Other assets	866	2,251
<b>Total assets</b>	<b>3,478</b>	<b>7,138</b>
Deposits	0	443
Purchase price adjustment	1,023	943
Other liabilities	2,338	4,584
Subordinated capital	0	0
Equity	117	1,168
<b>Total equity and liabilities</b>	<b>3,478</b>	<b>7,138</b>

## FS Finans IV (formerly Max Bank af 2011)

FS Finans IV posted a loss of DKK 68 million after tax in H1 2013. The loss was substantially attributable to higher impairment charges on loans, advances and guarantees.

The loss increased the overall loss, causing it to exceed the original purchase price adjustment of DKK 100 million. The overall loss of DKK 746 million is covered by the loss guarantee provided by the Winding-up Department of the Guarantee Fund.

FS Finans IV had total assets of DKK 1.8 billion at 30 June 2013. By comparison, total assets stood at DKK 4.7 billion at 30 June 2012 and DKK 3.0 billion at 31 December 2012. In H1, total assets were reduced due to 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. On the same occasion, the share capital was increased by DKK 10 million at a price of DKK 110, equivalent to equity of DKK 10 million and a premium of DKK 100 million.

Loans and advances after impairment losses declined by DKK 395 million in H1 to stand at DKK 925 million at 30 June 2013. This covers a real cash reduction of loans and advances of DKK 345 million.

### Highlights FS Finans IV

(DKKm)	H1 2013	H1 2012
<b>Income statement</b>		
Profit/(loss) before purchase price adjustment and tax	(63)	(209)
Movements in purchase price adjustment	0	0
Tax	(5)	(1)
<b>Profit/(loss) for the period</b>	<b>(68)</b>	<b>(210)</b>
<b>Balance sheet</b>		
	<b>30.06.2013</b>	<b>30.06.2012</b>
Due from credit institutions and central banks	287	1,890
Loans and advances	925	1,868
Other assets	543	948
<b>Total assets</b>	<b>1,755</b>	<b>4,706</b>
Deposits	0	1,470
Other debt	1,337	2,585
Purchase price adjustment	0	0
Other provisions	151	146
Subordinated capital	0	280
Equity	267	225
<b>Total equity and liabilities</b>	<b>1,755</b>	<b>4,706</b>

## FS Property Finance (Development Package)

In March 2012, Finansiel Stabilitet concluded an agreement with FIH Erhvervsbank A/S and FIH Holding A/S for the takeover of 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 it is calculated. The

loss guarantee will become effective if the loss-absorbing loan of DKK 1,650 million provided by FIH Erhvervsbank on takeover proves insufficient to cover a possible loss in FS Property Finance.

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

In H1, FS Property Finance reported a breakeven performance as a result of a negative adjustment of the loss guarantee of DKK 126 million.

### Selected balance sheet data, FS Property Finance

(DKKm)

Balance sheet	30.06.2013	02.07.2012
Due from credit institutions and central banks	471	4,541
Loans and advances	6,399	9,800
Receivable from FIH Holding	770	829
Other assets	1,459	1,471
<b>Total assets</b>	<b>9,099</b>	<b>16,641</b>
Due to credit institutions and central banks	62	13,375
Due to Finansiel Stabilitet	6,977	0
Other debt	0	1,266
Equity	2,000	2,000
<b>Total equity and liabilities</b>	<b>9,099</b>	<b>16,641</b>



FS Property Finance was consolidated with Finansielt 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. I H1 2013, the receivable from FIH Holding was reduced by DKK 126 million to a total of DKK 0.8 billion.

During the period from the takeover to 30 June 2013, FS Property Finance has reduced loans and advances by DKK 3.4 billion. As a result, loans and advances totalled DKK 6.4 billion at 30 June 2013.

## Individual government guarantees

During the period from February 2009 to 31 December 2010, Finansielt Stabilitet was commissioned by the Danish State to issue individual government guarantees to credit institutions under the Credit Package. The scheme entailed that Finansielt 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 on 22 March 2012, the Finance Committee of the Danish parliament extended the individual guarantee

scheme to the effect that, on certain conditions, Danish banks may extend or issue debt based on individual government guarantees until 31 December 2013 to expire on or before 31 December 2016.

At 30 June 2013, individual government guarantees had been issued to 12 credit institutions for a total amount of DKK 15.7 billion, of which DKK 5.2 billion was related to issues under the new scheme.

The new guarantees issued, all of which were issued in H1 2013, were provided to Den Jyske Sparekasse as part of the merger with Sparekassen Farsø and to Vestjysk Bank as part of the merger with Aarhus Lokalbank.

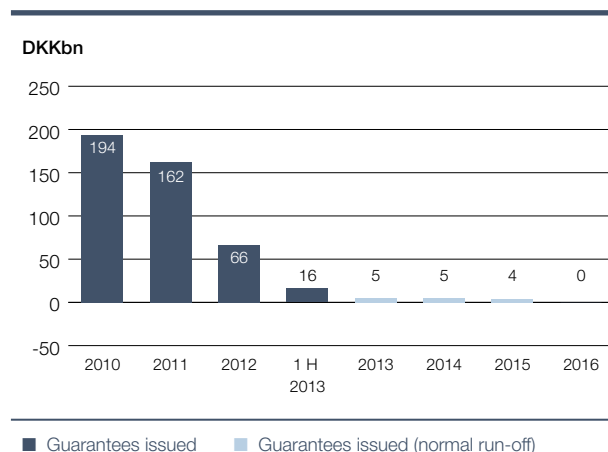
At 31 July 2013, all individual government guarantees provided under the Credit Package, equivalent to DKK 10.5 billion, had expired. After these expiries, outstanding guarantees represented a total of DKK 5.2 billion.

In H1 2013, the Danish State received guarantee commission on guarantees issued in a total amount of DKK 212 million and paid DKK 2 million to Finansielt Stabilitet by way of reimbursement of costs.

### Loss on individual government guarantees

Under the Credit Package, Finansielt Stabilitet provided guarantee commitments of DKK 366 billion in aggregate to 64 banks and mortgage credit institutions. Finansielt Stabilitet issued individual government guarantees for a total of DKK 194 billion to 57 banks and mortgage credit institutions. Of the DKK 194 billion provided in individual government guarantees, the Danish State has incurred losses under the Credit Package on four institutions with individual government guarantees of DKK 22 billion in aggregate. At 30 June 2013, this loss was provisionally calculated at DKK 3.5 billion. The loss may be reduced if the ultimate winding up of the individual subsidiaries results in a positive purchase price adjustment, which can be distributed to unsecured creditors.

A provisional calculation of the Danish State's net income in the form of guarantee commission less expenses and losses relating to individual government guarantees issued under the Credit Package shows an overall result close to nil.



## Contingent liabilities etc.

Finansiel Stabilitet has assessed the overall risks facing the Group in connection with legal disputes, complaints and claims for damages. Finansiel Stabilitet has performed a financial risk assessment based on the legal assessments of the outcomes of the cases. The balance sheet as at 30 June 2013 included total provisions of DKK 1.2 billion.

## Other significant activities

Landbrugets FinansieringsBank (LFB) was established in 2012. In connection with the establishment, Finansiel Stabilitet subscribed for shares of DKK 75 million, equivalent to an ownership interest of 33%. In addition, Finansiel Stabilitet made a commitment to provide a subordinated loan of up to DKK 70 million.

Finansiel Stabilitet initiated the transfer of exposures to LFB in the first half of 2013, and most of the remaining agricultural exposures that satisfy the conditions are expected to be transferred in the second half of 2013. In connection with the transfer, Finansiel Stabilitet receives payment in the form of bonds issued by LFB and an opportunity to share in a potential upside.

In late 2010, Finansiel Stabilitet took over the banking activities of Eik Banki and subsequently initiated a selling process. At the beginning of January 2011, a transfer agreement was entered into between Finansiel Stabilitet and TF Holding, whereby TF Holding acquired 70% of the shares in Eik Banki. As part of the agreement, Finansiel Stabilitet obtained an ownership interest of 30% conferring a preferential dividend right. In return, TF Holding was granted a right of first refusal to Finansiel Stabilitet's stake. In early 2013, Finansiel Stabilitet received the agreed dividend, which means that Finansiel Stabilitet's preferential dividend right has lapsed.

## Significant risks

Most of Finansiel Stabilitet's risks are related to the risk of losses on non-performing exposures and lawsuits and disputes. A typical characteristic of many of these exposures is that they are related to the property market. In addition, there has been a high concentration on single

debtors. Credit risk management forms an integral part of the winding-up process, and the risk will be reduced gradually in step with the winding-up process. Finansiel Stabilitet has a minor exposure to market risks.

Finansiel Stabilitet has received a re-guarantee from the Danish State in connection with the issuance of the individual government guarantees, which implies that Finansiel Stabilitet is not liable for losses concerning individual government guarantees and that net income from the scheme mainly in the form of guarantee commission is transferred on an ongoing basis to the Danish State through the Ministry of Business and Growth.

Due to the loss guarantee provided by the Winding-up Department of the Guarantee Fund, Finansiel Stabilitet and hence also the Danish State bear no risk in connection with the winding up of subsidiaries taken over as part of the Exit and Consolidation Packages. Moreover, the re-guarantee from the Danish State concerning individual government guarantees contributes to ensuring that Finansiel Stabilitet has no risk in relation to subsidiaries taken over under the Consolidation Package. The risk on the part of the Danish State is also limited, as the Winding-up Department of the Guarantee Fund guarantees the dividend initially calculated.

## Outlook for 2013

The 2013 financial performance will be determined primarily by developments in the activities being wound up under the Bank Package. Finansiel Stabilitet expects to incur a small loss in H2 2013 and hence to report a loss for the full year 2013. However, the performance will rely primarily on changes in the value of loan exposures and the outcomes of lawsuits and disputes. Seen in isolation, the other areas of activity do not impose any significant risk on Finansiel Stabilitet.

# Financial statements

# Income and comprehensive income statement

(DKKm)	Note	Group		Parent	
		H1 2013	H1 2012	H1 2013	H1 2012
<b>Interest and fees</b>					
Interest income	4	667	563	198	262
Interest expense	5	243	277	139	168
<b>Net interest income</b>					
Share dividends etc.		1	10	0	2
Fees and commissions received		215	665	221	667
Fees and commissions paid		291	777	287	765
<b>Net interest and fee income</b>					
Market value adjustments	6	(322)	(202)	(208)	(105)
Other operating income		821	941	229	251
Staff costs and administrative expenses	7	353	505	233	252
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		2	8	0	1
Other operating expenses		572	50	318	14
Impairment losses on loans, advances and receivables, etc.	8	145	(115)	(188)	(613)
Profit/(loss) from investments in associates and subsidiaries		(4)	0	119	(32)
Loss guarantee from the Danish State relating to individual government guarantees		37	(54)	37	(54)
<b>Profit/(loss) for the period before tax</b>					
Tax		2	0	0	0
<b>Profit/(loss) for the period</b>					
<b>Comprehensive income statement</b>					
Profit/(loss) for the period		(193)	421	(193)	421
Other comprehensive income after tax		0	0	0	0
<b>Total comprehensive income</b>					
<b>(193) 421 (193) 421</b>					

# Balance sheet

(DKKm)	Note	Group			Parent		
		30.06. 2013	31.12. 2012	30.06. 2012	30.06. 2013	31.12. 2012	30.06. 2012
<b>ASSETS</b>							
Cash in hand and demand deposits							
with central banks		7,146	11,191	4,739	6,960	10,391	3,920
Due from credit institutions and central banks		1,522	2,013	3,874	251	852	884
Loans, advances and other receivables							
at fair value		878	1,080	1,077	807	1,010	1,010
Loans, advances and other receivables							
at amortised cost		14,049	18,130	13,395	10,569	4,512	5,922
Bonds at fair value		23	1,056	1,419	13	13	226
Shares, etc.		1,156	1,218	1,514	822	856	991
Investments in associates		323	458	400	301	423	351
Investments in subsidiaries		0	0	0	3,678	4,305	3,753
Intangible assets		0	0	1	0	0	1
Total land and buildings		2,524	2,192	1,758	93	79	112
Investment properties		2,522	2,190	1,744	93	79	112
Domicile properties		2	2	14	0	0	0
Other property, plant and equipment		9	14	49	3	3	7
Assets held temporarily		853	770	1,035	0	0	0
Receivable re. loss guarantee from the Danish State relating to Roskilde Bank		4,331	4,331	4,331	4,331	4,331	4,331
Receivable re. loss guarantee from the Danish State relating to individual government guarantees		3,547	3,516	3,494	3,547	3,516	3,494
Other assets		3,481	4,053	1,847	3,313	3,037	1,289
Prepayments		16	8	22	14	2	4
<b>Total assets</b>		<b>39,858</b>	<b>50,030</b>	<b>38,955</b>	<b>34,702</b>	<b>33,330</b>	<b>26,295</b>

# Balance sheet

(DKKm)	Note	Group			Parent		
		30.06. 2013	31.12. 2012	30.06. 2012	30.06. 2013	31.12. 2012	30.06. 2012
<b>EQUITY AND LIABILITIES</b>							
<b>Liabilities</b>							
Due to credit institutions and central banks		884	13,782	616	659	1,561	1,316
Deposits and other payables		710	3,744	3,585	775	5,540	13
Loans through the state-funded re-lending scheme		20,666	13,991	12,557	20,666	13,991	12,557
Issued bonds at amortised cost		2,060	3,146	6,236	2	2	2
Liabilities relating to assets held temporarily		236	294	0	0	0	0
Due to mortgage credit institutions		285	47	188	0	0	0
Other liabilities		2,063	2,203	2,183	1,509	986	1,263
Deferred income		5	6	8	0	0	0
<b>Total liabilities</b>		<b>26,909</b>	<b>37,213</b>	<b>25,373</b>	<b>23,611</b>	<b>22,080</b>	<b>15,151</b>
<b>Provisions</b>							
Provision for losses on guarantees		615	542	751	293	368	443
Purchase price adjustment (Earn-out)		1,097	865	1,419	0	0	0
Other provisions	9	1,840	1,820	2,012	1,401	1,292	1,301
<b>Total provisions</b>		<b>3,552</b>	<b>3,227</b>	<b>4,182</b>	<b>1,694</b>	<b>1,660</b>	<b>1,744</b>
<b>Total liabilities</b>		<b>30,461</b>	<b>40,440</b>	<b>29,555</b>	<b>25,305</b>	<b>23,740</b>	<b>16,895</b>
<b>Equity</b>							
Share capital		1	1	1	1	1	1
Retained earnings		9,589	9,589	8,978	9,589	9,589	8,978
Profit/(loss) for the period		(193)	-	421	(193)	-	421
<b>Total equity</b>		<b>9,397</b>	<b>9,590</b>	<b>9,400</b>	<b>9,397</b>	<b>9,590</b>	<b>9,400</b>
<b>Total equity and liabilities</b>		<b>39,858</b>	<b>50,030</b>	<b>38,955</b>	<b>34,702</b>	<b>33,330</b>	<b>26,295</b>

# Statement of changes in equity

Group (DKKm)	H1 2013			2012
	Share capital	Retained earnings	Total equity	
<b>Equity as at 1 January</b>	1	9,589	9,590	13,579
<b>Changes in equity during the period</b>				
Dividend paid	-	0	0	(4,600)
Comprehensive income for the period	-	(193)	(193)	421
<b>Equity as at 30 June</b>	<b>1</b>	<b>9,396</b>	<b>9,397</b>	<b>9,400</b>

Group (DKKm)	H1 2013			2012
	Share capital	Retained earnings	Total equity	
<b>Equity as at 1 January</b>	1	9,589	9,590	13,579
<b>Changes in equity during the period</b>				
Dividend paid	-	0	0	(4,600)
Comprehensive income for the period	-	(193)	(193)	421
<b>Equity as at 30 June</b>	<b>1</b>	<b>9,396</b>	<b>9,397</b>	<b>9,400</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)	Group	
	H1 2013	H1 2012
<b>Cash flows from operating activities</b>		
Profit/(loss) for the period after tax	(193)	421
Adjustment for non-cash operating items	359	3,942
Loss guarantee from the Private Contingency Association/the Danish State	(37)	54
Cash flows from operating capital	(10,504)	(1,937)
<b>Cash flows from operating activities</b>	<b>(10,375)</b>	<b>(2,480)</b>
<b>Cash flows from investing activities</b>		
Net investment in subsidiaries	-	1,084
Purchase/sale of property, plant and equipment	(329)	44
<b>Cash flows from investing activities</b>	<b>(329)</b>	<b>1,128</b>
<b>Cash flows from financing activities</b>		
Loans through the state-funded re-lending scheme	6,284	(1,861)
Dividend	-	(4,600)
<b>Cash flows from financing activities</b>	<b>6,284</b>	<b>(6,461)</b>
<b>Change in cash and cash equivalents</b>		
Cash and cash equivalents at the beginning of the period	12,730	10,910
Change during the period	(4,420)	(2,853)
<b>Cash and cash equivalents at the end of the period</b>	<b>8,310</b>	<b>8,057</b>



# Notes

## 1 Accounting policies

The interim report is presented in accordance with IAS 34, Interim Financial Reporting as adopted by the EU in respect of the Group and the Danish Financial Business Act in respect of the parent company and in accordance with additional Danish disclosure requirements for interim reports of financial enterprises. Apart from the below changes, the accounting policies are consistent with those of the consolidated and parent company financial statements for 2012, which give a comprehensive description of the accounting policies applied.

### **Accounting policy changes**

Finansiel Stabilitet A/S has implemented the IFRS interpretations that have taken effect for 2013. None of these have affected recognition and measurement in the first half of 2013 or are expected to affect Finansiel Stabilitet.

### **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.

### **Accounting estimates and judgments**

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

The estimates and assumptions applied are based on historical experience and other factors that Management considers reasonable under the circumstances, but which are inherently uncertain and unpredictable. Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may occur. In addition, the Group and the parent company are subject to risks and uncertainties that may cause actual outcomes to deviate from these estimates. It may be necessary to change previous estimates as a result of changes to the assumptions on which the estimates were based or of new information or subsequent events.

The accounting estimates and the related uncertainty concern the same issues as those prevailing at the preparation of the consolidated and parent company financial statements for 2012.

# Notes

## 2 Segment information for the Group

Activities for the six months ended 30 June 2013 (DKKm)	Bank package	Credit package	Exit and Consolidation packages	Development package	Eliminations	Total
Net interest income	92	(2)	98	236		424
Guarantee commission on government guarantees	(8)	212	(18)			186
Other net fee income/(expenses) and market value adjustments	(322)	(212)	(40)	(9)		(583)
Movements in purchase price adjustment			(232)			(232)
Other operating income/(expenses), net	(57)	4	521	(41)		427
Operating expenses	164	2	147	42		355
Impairment losses on loans, advances, guarantees etc.	(255)	37	219	144		145
Profit/(loss) from investments in subsidiaries and associates	11	0	(4)		(11)	(4)
Loss guarantee from the Danish State relating to individual government guarantees		37				37
Loss guarantee from the Guarantee Fund for Depositors and Investors			54			54
<b>Profit/(loss) for the period before tax</b>	<b>(193)</b>	<b>0</b>	<b>13</b>	<b>0</b>	<b>(11)</b>	<b>(191)</b>
Tax	0	0	13	0	(11)	2
<b>Profit/(loss) for the period</b>	<b>(193)</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>(193)</b>
<b>Total segment assets at 30 June 2013</b>	<b>18,946</b>	<b>3,587</b>	<b>8,226</b>	<b>9,099</b>		<b>39,858</b>
<b>Total segment assets at 31 December 2012</b>	<b>20,416</b>	<b>3,516</b>	<b>10,547</b>	<b>15,551</b>		<b>50,030</b>

The Bank Package comprises interest income from the funding of the Development Package segment in the amount of DKK 8 million.

# Notes

## 2 Segment information for the Group – continued

Activities for the six months ended 30 June 2012 (DKKm)	Bank package	Credit package	Exit and Consolidation packages	Development package	Eliminations	Total
Net interest income	121	(7)	172	-		286
Guarantee commission on government guarantees	(4)	662	(39)	-		619
Other net fee income/(expenses) and market value adjustments	(65)	(689)	(169)	-		(923)
Movements in purchase price adjustment			106	-		106
Other operating income/expenses, net	78	30	517	-	(26)	625
Operating expenses	273	7	233	-		513
Impairment losses on loans, advances, guarantees etc.	(564)	(65)	514	-	(26)	(115)
Profit/(loss) from investments in subsidiaries and associates	0	-	0	-	(31)	0
Loss guarantee from the Danish State relating to individual government guarantees		(54)		-		(54)
Loss guarantee from the Guarantee Fund for Depositors and Investors			160	-		160
<b>Profit/(loss) for the period before tax</b>	<b>421</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>(31)</b>	<b>421</b>
Tax	0	0	0	-	(31)	0
<b>Profit/(loss) for the period</b>	<b>421</b>	<b>0</b>	<b>0</b>	<b>-</b>		<b>421</b>
<b>Total segment assets</b>	<b>20,642</b>	<b>3,495</b>	<b>14,818</b>	<b>-</b>		<b>38,955</b>

# Notes

## 3 Takeover of enterprises

In performing its objects under the Act on Financial Stability, Finansiel Stabilitet A/S has taken over all assets and liabilities of distressed banks pursuant to the Exit and Consolidation Packages and the Development 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. 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 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. In that connection, Cantobank A/S was taken over in 2013.

On 28 February 2013, Finansiel Stabilitet entered into an agreement with Porteføljeinvest A/S (in bankruptcy) 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. Eik Bank was transferred for winding up by Finansiel Stabilitet in September 2010. Bankruptcy proceedings commenced against Porteføljeinvest in January 2012. The estate in bankruptcy tried to sell the shares in Cantobank, but a satisfactory solution could not be found.

The 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 the first half of 2012

(DKKm)	Take-over date	Fair value of net assets	Dowry	Acquisition costs	Loss at the takeover date	Profit/loss from takeover to 30 June 2012
<b>Sparebank Østjylland af 2012 A/S</b>	22. 04. 12	(1,162)	1,162	9	0	6

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

# Notes

(DKKm)	Group		Parent	
	H1 2013	H1 2012	H1 2013	H1 2012
<b>4 Interest income</b>				
Due from credit institutions and central banks	19	41	6	30
Loans, advances and other receivables at amortised cost	515	435	130	168
Loans, advances and other receivables at fair value	53	59	51	54
Bonds	1	23	0	5
Total derivative financial instruments	75	(11)	(2)	(3)
Foreign exchange contracts	(3)	(11)	(2)	(3)
Interest rate contracts	78	0	0	0
Other interest income	4	16	13	8
<b>Total</b>	<b>667</b>	<b>563</b>	<b>198</b>	<b>262</b>
<b>5 Interest expense</b>				
Credit institutions and central banks	96	9	6	18
Deposits and other payables	6	21	1	4
Issued bonds	8	97	0	0
Loans through the state-funded re-lending scheme	130	145	130	145
Other interest expense	3	5	2	1
<b>Total</b>	<b>243</b>	<b>277</b>	<b>139</b>	<b>168</b>
<b>6 Market value adjustments</b>				
Adjustment for credit risk for loans and advances at fair value	(248)	(11)	(244)	(11)
Other adjustment for loans and advances at fair value	(3)	0	-	0
Bonds	(3)	(46)	2	0
Shares, etc.	61	(80)	21	(37)
Investment properties	(76)	44	16	28
Currency	(33)	23	(5)	17
Foreign exchange, interest, share, commodity and other contracts and derivative financial instruments	(19)	(16)	2	(7)
Other assets and liabilities	(1)	(116)	-	(95)
<b>Total</b>	<b>(332)</b>	<b>(202)</b>	<b>(208)</b>	<b>(105)</b>

# Notes

(DKKm)	Group		Parent	
	H1 2013	H1 2012	H1 2013	H1 2012
<b>7 Staff costs and administrative expenses</b>				
Salaries and remuneration to Board of Directors and Management Board:				
Management Board	4	1	4	1
Board of Directors	1	1	1	1
<b>Total</b>	<b>5</b>	<b>2</b>	<b>5</b>	<b>2</b>
Staff costs				
Salaries	106	183	94	106
Pensions	9	22	8	11
Social security costs	12	16	10	7
<b>Total</b>	<b>127</b>	<b>221</b>	<b>112</b>	<b>124</b>
Other administrative expenses	221	282	116	126
<b>Total</b>	<b>353</b>	<b>505</b>	<b>233</b>	<b>252</b>

(DKKm)	Impairment losses at 1 Jan.	Change in impairment losses	Impairment losses at 30 June	Impact on income statement
<b>8 Impairment losses on loans, advances and receivables, etc.</b>				
Loans and advances at amortised cost	15,069	901	15,970	
Guarantees	542	(36)	506	
<b>Impairment for H1 2013</b>	<b>15,611</b>	<b>865</b>	<b>16,476</b>	<b>145</b>
<b>Impairment for H1 2012</b>	<b>15,977</b>	<b>(1,127)</b>	<b>14,850</b>	<b>(115)</b>

(DKKm)	Group		Parent	
	H1 2013	H1 2012	H1 2013	H1 2012
<b>9 Other provisions</b>				
Litigation	1,233	1,357	1,090	1,132
Other provisions	607	655	311	169
<b>Total</b>	<b>1,840</b>	<b>2,012</b>	<b>1,401</b>	<b>1,301</b>

# Notes

(DKKm)

## 10 Contingent assets and liabilities

### Taxation

The Group has a significant deferred tax asset. Due to the uncertainty as to whether this can be utilised, the tax asset has not been recognised in the balance sheet.

### Individual government guarantees

During the period from February 2009 to 31 December 2010, Finansiel Stabilitet was commissioned by the Danish State to issue individual government guarantees to credit institutions under the Credit Package. 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 on 22 March 2012, the Finance Committee of the Danish parliament extended the individual guarantee scheme to the effect that, on certain conditions, Danish banks may extend or issue debt based on individual government guarantees until 31 December 2013 to expire on or before 31 December 2016.

At 30 June 2013, individual government guarantees had been issued to 12 credit institutions for a total amount of DKK 15.7 billion, of which DKK 2.3 billion related to subsidiaries of Finansiel Stabilitet.

At 30 June 2013, guarantees issued under the Credit Package had been reduced to DKK 10.5 billion from the original guarantees of DKK 194 billion. Under the new extension of the guarantee scheme, total guarantees issued amounted to DKK 5.2 billion at 30 June 2013.

The Danish State guarantees the Company's guarantee commitments under the scheme.

### Other contingent liabilities

The subsidiaries are parties to legal disputes in relation to ordinary operations. In recent years, a considerable number of complaints have been brought before the Danish Financial Institutions' Complaints Board by customers of banks acquired by Finansiel Stabilitet.

## 11. 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.



# Notes

## Financial highlights and financial ratios for Finansiel Stabilitet A/S

(DKKm)	H1 2013	H1 2012
<b>Financial highlights</b>		
Other interest and fee income, net	(7)	15
Market value adjustments	(208)	(105)
Other operating income	229	251
Costs	233	253
Other operating expenses	318	14
Impairment losses on loans and advances	(188)	(613)
Profit/(loss) from investments in subsidiaries and associates	119	(32)
Loss guarantee from the Danish State relating to individual government guarantees	37	(54)
Profit/(loss) for the period	(193)	421
Equity	9,397	9,400
Total assets	34,702	26,295
<b>Financial ratios</b>		
Return on equity before tax p.a.	(4%)	7%
Return on equity after tax p.a.	(4%)	7%
Income/cost ratio	0,47	(0,21)

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

The financial ratios relevant to Finansiel Stabilitet are included.

# Statement by Management

The Board of Directors and the Management Board have today considered and adopted the interim report of Finansielt Stabilitet A/S for the six months ended 30 June 2013.

The interim report is presented in accordance with IAS 34, Interim Financial Reporting as adopted by the EU in respect of the Group and the Danish Financial Business Act in respect of the parent company and in accordance with additional Danish disclosure requirements for interim reports of financial enterprises.

The interim report has been neither audited nor reviewed.

In our opinion, the interim report gives a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 30 June 2013 and of the results of the Group's and the parent company's operations and the Group's cash flows for the six months ended 30 June 2013.

Moreover, in our opinion, 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, the results for the period and of the financial position of the Group as a whole, together with a description of the principal risks and uncertainties that the Group and the parent company face.

Copenhagen, 30 August 2013

## Management Board

Henrik Bjerre-Nielsen  
CEO

Lars Jensen  
CCO

Niels Olsen  
COO

## Board of Directors

Jakob Brogaard  
Chairman

Bent Naur  
Deputy Chairman

Anette Eberhard

Flemming Hansen

Birgitte Nielsen

Cecilia L. Andersson

Else Strandgaard

Per F. Laursen

# Company details

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CVR no.: +45 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  
Cecilia L. Andersson  
Else Strandgaard  
Per F. Laursen

## Management Board

Henrik Bjerre-Nielsen  
Lars Jensen  
Niels Olsen (resigning at 30 September 2013)

## Auditors

KPMG  
Statsautoriseret Revisionspartnerselskab  
Osvold Helmuhs Vej 4  
DK-2000 Frederiksberg

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