

Roskilde Bank

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

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

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

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

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

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

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

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

Performance of Roskilde Bank

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

Balance sheet for Roskilde Bank

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

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

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

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

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