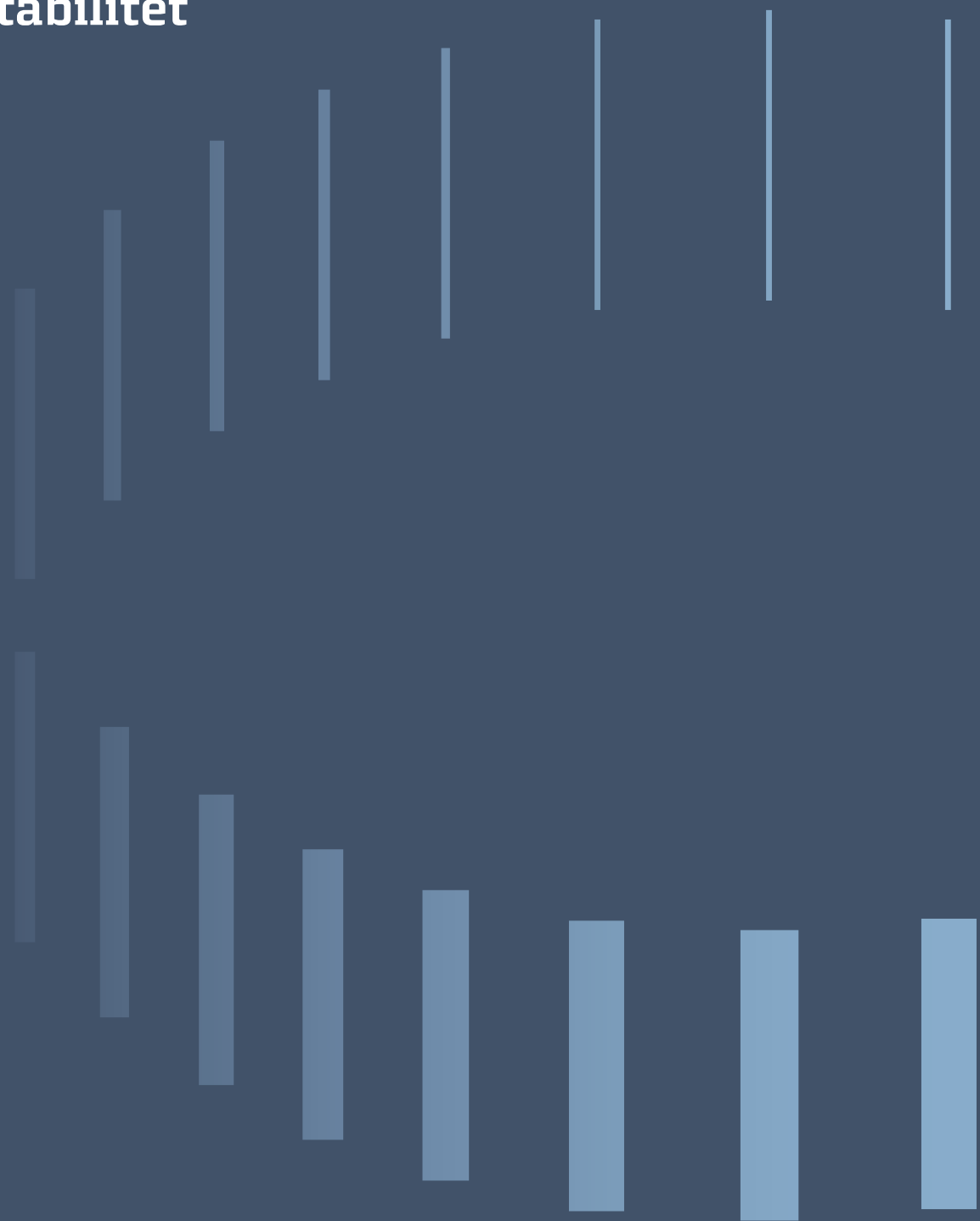


Finansiel Stabilitet



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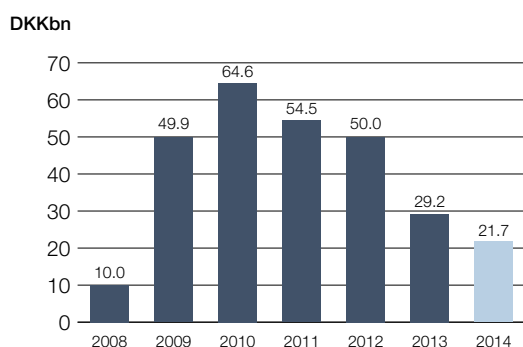
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The Annual Report has been translated from Danish. The Danish text shall govern for all purposes and prevail in case of any discrepancy with the English version.

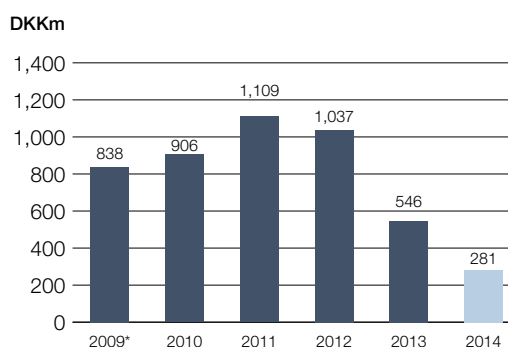
Highlights

- Finansiel Stabilitet posted a profit of DKK 966 million in 2014, compared with a profit of DKK 161 million in 2013.
- The performance was to a significant extent driven by better-than-expected winding-up results, lower interest expenses, reduced staff costs and administrative expenses and a reversal of payroll tax for the period 2008-2014 in a total amount of DKK 138 million due to a ruling by the Danish tax authorities (SKAT).
- The Group's total assets were reduced by DKK 7 billion and stood at DKK 22 billion at 31 December 2014. Total assets include loans sold to Promontoria Holding 111 B.V. in December 2014. The sale will not feed through to the balance sheet until in the first half of 2015 in connection with the closing and conversion of the portfolio.
- Finansiel Stabilitet has delivered on the strategy and target defined in 2012, "From defaulting exposures to cash". As a result, by end-2014 the winding-up process, excluding the portfolio in FS Property Finance, had progressed to a stage where there were in fact no remaining customer-related exposures handled by Finansiel Stabilitet, only guarantees and dividend claims regarding estates in bankruptcy etc. in a total amount of about DKK 2.4 billion. In addition, there was a remaining portfolio of financial assets and properties of approximately DKK 2.4 billion.
- Loans and guarantees of DKK 4.1 billion and financial assets and properties of DKK 1.4 billion, net were wound up in 2014.
- At 31 December 2014, individual government guarantees had been issued to credit institutions for a total amount of DKK 0.8 billion. These guarantees have subsequently been redeemed. As a result, the scheme was settled in the 2014 financial statements as per agreement with the Danish State. The settlement has been preliminarily calculated at a profit of DKK 0.1 billion to the Danish State.
- Finansiel Stabilitet recommends to the annual general meeting that DKK 5.3 billion be distributed, equivalent to the amount of Finansiel Stabilitet's receivable regarding losses on individual government guarantees of DKK 3.5 billion and a reduction of the loss guarantee relating to Roskilde Bank of DKK 1.8 billion.

Balance sheet



Staff costs and admin. expenses

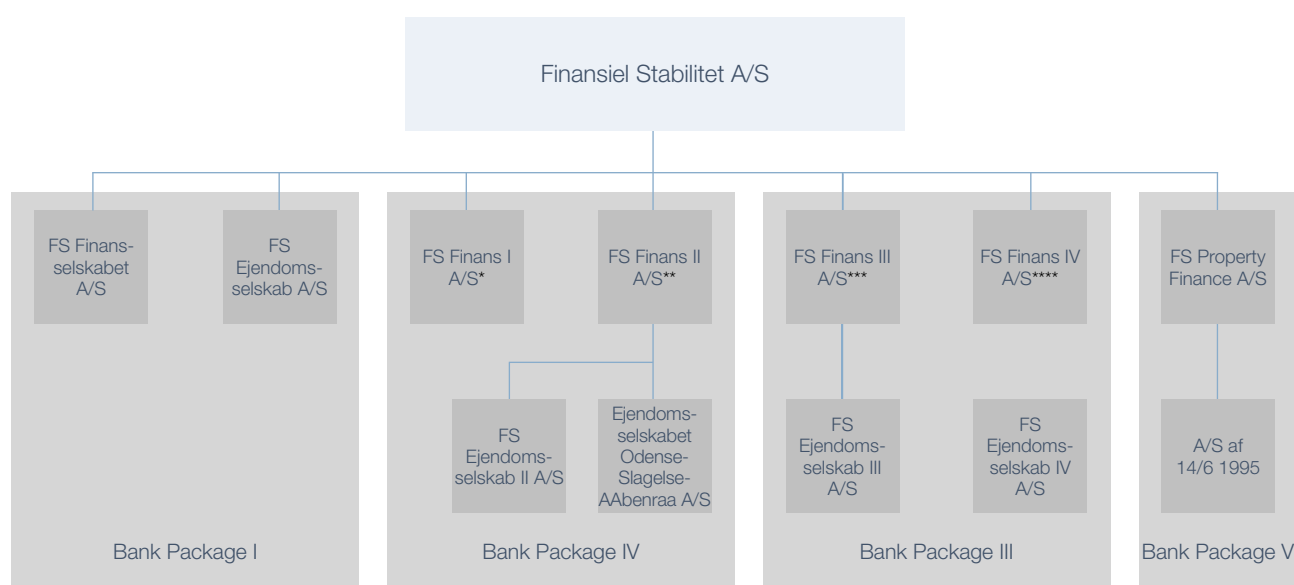


* 2009 comprises the period 13 October 2008 to 31 December 2009

- As planned, FS Bank deposited its banking licence on 30 June 2014 and was converted into FS Finans-selskabet.
- Finansiell Stabilitet is expected to be converted from a state-owned public limited company into an independent public company on 1 June 2015. The conversion is part of the adoption of the Act on the restructuring and winding up of certain financial enterprises, which implements the EU directive on the recovery and resolution of credit institutions and investment firms (BRRD). In connection with the conversion, Finansiell Stabilitet will be given new tasks in relation to the Resolution Department and the Depositor and Investor Guarantee Scheme.
- The financial results for 2015 are subject to considerable uncertainty. The uncertainty is related in particular to the outcomes of lawsuits and disputes in the existing Finansiell Stabilitet Group and the effect of the expected two new departments, the Resolution Department and the Depositor and Investor Guarantee Scheme.

Group structure (significant companies)

The companies were taken over as part of Finansielt Stabilitet's takeover of distressed banks under the various bank packages. Several of the remaining companies, including FS Finansselskabet, are a result of ongoing adjustments to the group structure, which have given rise to a number of company demergers, mergers and closures.



* 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.

Strategy and result of the winding-up process

Since its establishment in 2008, Finansielt Stabilitet's objects have been 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.

Against this background, the Management of Finansielt Stabilitet in 2012 defined a strategy for the winding up of the Group's remaining customer relationships. The ambition was for the winding up to be so progressed by 2015 that there would be no remaining customer-related exposures in the Group, except for FS Property Finance, only financial assets, properties, guarantees and obligations, such as lawsuits and disputes, as well as individual government guarantees issued.

The results of the winding-up activities in 2014 have brought Finansielt Stabilitet to such an advanced stage that the ambition has in effect been accomplished.

Results of winding-up activities

Since its establishment in 2008, Finansielt Stabilitet has taken over approximately 460,000 individual customers from 12 distressed banks and a portfolio of property exposures from FIH. In total, these customers represent loans and guarantees of DKK 99 billion and deposits of DKK 65 billion. In the process, some 2,600 employees have been taken over from the distressed banks.

For the period 2008 until end-2014, the winding-up activities reduced the amount of the original loans and guarantees by DKK 90 billion from DKK 99 billion to DKK 9 billion. The deposits of DKK 65 billion taken over were eliminated, including by transferring the deposits to other banks or by other ordinary means of reduction. In the same period, the staff was 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 2014
Net loans and guarantees (DKKbn)	99	90
Deposits (DKKbn)	65	65
Number of employees	Approx. 2,600	Approx. 2,500

Supported by the results for 2014, Finansielt Stabilitet reduced the Group's total assets to DKK 22 billion, equivalent to an overall reduction for the year of DKK 7 billion.

Finansielt Stabilitet recommends to the annual general meeting that DKK 5.3 billion be distributed. If the proposal is approved, total assets will be reduced by a corresponding amount. The settlement will be accounted for as a set-off against the receivable loss guarantee from the Danish State.

Winding up of activities in 2014

	Status 31 Dec 2013	Winding up 2014	Status 31 Dec 2014
Net loans and guarantees (DKKbn)	12,754	4,068	8,686
Properties (DKKbn)	1,919	1,331	588
Financial assets (DKKbn)	1,838	30	1,808
No. of employees in continuing employment	146	112	34

Loans, advances and guarantees

The reduction of total assets was mainly achieved by winding up loans and guarantees of DKK 4.1 billion. In May 2014, Finansiel Stabilitet completed a segmented sale to LMN Finance Ltd comprising exposures with 75 property companies with loans and credit agreements in an amount of approximately DKK 909 million.

In addition, Finansiel Stabilitet in May 2014 concluded an agreement with Sparekassen Sjælland on the transfer of 21 agricultural exposures. After the transfer of these 21 agricultural exposures to Sparekassen Sjælland and the arrangement of a number of exposures to Landbrugets FinansieringsBank, Finansiel Stabilitet's agricultural portfolio is largely eliminated.

In December 2014, an agreement was made on the sale of a loan portfolio to the Dutch company Promontoria Holding 111 B.V., an associate of US company Cerberus Capital Management L.P. Closing of the agreement is scheduled for the first half of 2015, and the transaction thus did not have any effect on the balance sheet as at 31 December 2014.

As a result, by end-2014 the winding-up process, excluding the portfolio in FS Property Finance, had progressed to a stage where there were in fact no remaining customer-related exposures handled by Finansiel Stabilitet. The most important remaining activities are the management

of guarantees and the winding up of estates in bankruptcy etc. for a total amount of approximately DKK 2.4 billion.

Financial assets

Finansiel Stabilitet's portfolio of financial assets comprises bonds, shares, mortgage deeds, guarantee certificates and subordinated capital.

The value of financial assets was reduced by a net amount of DKK 30 million in 2014. The winding up of assets was completed by way of divestment, agreed redemption and ordinary run-off. The Group's portfolio of shares in Nets Holding was sold for DKK 135 million, and guarantee certificates of DKK 143 million were redeemed.

At 31 December 2014, the total carrying amount of financial assets was DKK 1.8 billion. A significant part of the remaining portfolio consists of shares in DLR Kredit. In May 2013, DLR Kredit issued a declaration of intent to Finansiel Stabilitet that the company would buy back the shares in 2017 at the latest. The share buyback was commenced in the first quarter of 2015.

Properties

The property portfolio consists mainly of commercial and residential properties. In 2014, Finansiel Stabilitet sold properties for a total amount of DKK 1.3 billion. A large part of this amount was related to the October 2014 sale of three properties comprising some 285 residential rental

Banks taken over under the bank packages

Bank Package I (Bank Package)

- 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

Bank Package III (Exit Package)

- Amagerbanken 6 February 2011
- Fjordbank Mors 24 June 2011

Bank Package IV (Consolidation Package)

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

Bank Package V (Development Package)

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.

units located at Østbrovej in Glostrup, Pilehøj in Birkerød and Holmegaard close to Næstved. The properties were sold to Niam, a Swedish private equity fund focused on property investments in the Nordic region.

The winding up of properties in a total amount of DKK 1.3 billion is a net amount, comprising a limited inflow of properties of DKK 0.2 billion acquired as part of the winding up of exposures as well as market-value adjustments of DKK 0.4 billion.

At 31 December 2014, Finansiel Stabilitet had a remaining portfolio of 102 properties representing a total value of DKK 0.6 billion.

Other winding-up activities

Another significant element in the reduction of total assets in 2014 was the reduction of cash resources by approximately DKK 1.5 billion. Cash funds were reduced in connection with redemption of re-lending.

As part of its other winding-up activities, Finansiel Stabilitet sold a portfolio of approximately 11,000 non-performing exposures with a total residual debt of about DKK 2.5 billion to Lindorff Danmark A/S. The exposures were originally transferred to Finansiel Stabilitet under Bank Packages I, III and IV.

In addition, FS Bank terminated a number of products and services in spring 2014, enabling the bank to deposit its banking licence with the Danish FSA at end-June 2014 as planned. On that occasion, FS Bank was converted into FS Finansselskabet A/S. FS Finansselskabet maintained a payment institution licence for a short period of time before depositing it with the Danish FSA on 30 September 2014.

In connection with the closing of the bank, it was important to ensure that no customer is left without a banker.

The closing of the bank resulted in administrative cost savings from IT infrastructure adjustments and easing of regulatory requirements concerning the operation of financial enterprises, reporting requirements, etc.

Adjustment of administrative expenses and staff resources

In step with the reduction of activities and as part of Finansiel Stabilitet's winding-up strategy, reducing administrative expenses and gradually aligning staff resources to match the remaining tasks continued to be focus areas in 2014.

As a result, the total administrative expenses were reduced to DKK 272 million for the Group in 2014, compared with DKK 310 million in 2013. Staff costs were reduced to DKK 9 million in 2014, against DKK 236 million in 2013. The exceptionally large decline in staff costs was primarily due to a reversal of payroll tax for the period 2008-2014 of DKK 138 million in total. The reversal of payroll tax was due to a ruling by the Danish tax authorities (SKAT) which had the effect that Finansiel Stabilitet's subsidiaries from the takeover were not subject to payroll tax. Adjusting for this exceptional circumstance, total staff costs amounted to DKK 147 million in 2014, compared with DKK 236 million in 2013. The change equals a reduction of expenses of 38% attributable to staff reductions.

A number of the savings on administrative expenses were achieved by terminated leases and reduced IT expenses. Legal fees accounted for a significant part of the total administrative expenses due to a sustained high number of lawsuits, disputes, etc. Expenses related to actions for damages brought against the former managements of banks taken over amounted to about DKK 43 million. Finansiel Stabilitet expects to continue to incur considerable expenses on such cases in the years ahead. Expenses related to actions for damages brought against former bank managements have run into DKK 148 million to date.

At 31 December 2014, Finansiel Stabilitet had 113 employees, 34 of whom were in continuing employment, when converted into FTEs. This marked a reduction of 112 FTEs relative to the 146 FTEs in continuing employment at 31 December 2013. The reduction was achieved by way of severance agreements and ordinary employee turnover. The 2014 financial statements include a provision for severance pay, etc.

Lawsuits and disputes

Finansiel Stabilitet is processing a substantial portfolio of lawsuits and other disputes, which have arisen in connection with the takeover of distressed banks.

Finansiel Stabilitet has instituted a number of compensation proceedings against the former managements, among others, of seven of the distressed banks taken over. As the first of these, the lawsuit against the former management of Capinordic commenced in 2014. The court of first instance is expected to deliver a ruling in 2015.

The legal enquiry into Sparekassen Østjylland was completed in May 2014. The enquiry concluded that there were no grounds for bringing an action for damages. Finansiel Stabilitet concurs with this assessment.

Individual government guarantees

By adopting appropriation of funds no. 51 in March 2012, the Finance Committee of the Danish parliament extended the original scheme for individual guarantees under the Credit Package to the effect that, on certain conditions, Danish banks could extend or issue debt based on indi-

vidual government guarantees until 31 December 2013 to expire on or before 31 December 2016.

Guarantees in a total amount of DKK 5.9 billion were issued under the extended scheme. The guarantees were provided to Vestjysk Bank and Den Jyske Sparekasse in the amount of DKK 4.5 billion and DKK 1.4 billion, respectively. At 31 December 2014, the guarantees were reduced to a total amount of DKK 0.8 billion due to early redemption.

The remaining guarantees were subsequently redeemed at the beginning of 2015 and, as a result, the scheme was settled in the 2014 financial statements according to agreement with the Danish State. The settlement has been preliminarily calculated at a profit of DKK 0.1 billion to the Danish State, resulting from commissions received in a net amount of DKK 3.6 billion and losses recognised at DKK 3.5 billion based on current valuations. As a result of the settlement, Finansiel Stabilitet will take over the Danish State's share of the purchase price adjustments in relation to the distressed banks taken over under Bank Packages III and IV.

Results for 2014

Performance

Finansiel Stabilitet posted a profit of DKK 966 million in 2014, compared with a profit of DKK 161 million in 2013.

The profit was to a significant extent driven by better-than-expected winding-up results, lower interest expenses, reduced staff costs and administrative expenses, including in particular a reversal of payroll tax for the period 2008-2014 in a total amount of DKK 138 million. The reversal was due to a ruling by the Danish tax authorities (SKAT) which had the effect that Finansiel Stabilitet's subsidiaries from the takeover were not subject to payroll tax. This affects the parent company, which has taken over the majority of the subsidiaries, and companies taken over under Bank Packages III and IV (FS Finans I-IV).

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 frameworks and mechanisms applicable.

Only activities taken over under Bank Package I 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 net profit of Finansiel Stabilitet.

Income statement Bank Package I

(DKKm)	2014	2013
Net interest income	161	95
Guarantee commission, government guarantees	0	(5)
Other net fee income and market value adjustments	(39)	(252)
Other operating income/(expenses), net	220	33
Operating expenses	145	322
Impairment losses on loans, advances, guarantees etc.	(750)	(606)
Profit/(loss) from investments in associates	41	26
Tax	22	20
Profit/(loss) for the year	966	161

Balance sheet Bank Package I

(DKKm)	2014	2013
ASSETS		
Loans, advances and other receivables	1,566	2,361
Securities	1,078	1,042
Properties	278	1,188
Receivable re. loss guarantee from the Danish State relating to Roskilde Bank	4,331	4,331
Other assets	1,191	4,244
TOTAL ASSETS	8,484	13,166
EQUITY AND LIABILITIES		
Liabilities	3,071	3,415
Equity	5,413	9,751
TOTAL EQUITY AND LIABILITIES	8,484	13,166

Dividend and purchase price adjustment for takeover under Bank Packages III and IV at 31 December 2014

	Initial dividend*	Un-secured creditors	Finansiel Stabilitet and the Banking Department of the Guarantee Fund	Remaining purchase price adjustment*** (DKKm)	Purchase price adjustment on takeover (DKKm)
FS Finans I (Sparebank Østjylland af 2012)	73.4%	100.0%	73.4%	869	1,162
FS Finans II (Max Bank af 2011)	75.2%	100.0%	75.2%	302	732
FS Finans III (Amagerbanken af 2011)	84.4%	84.4%	84.4%	1,498	1,085
FS Finans IV (Fjordbank Mors af 2011)**	86.0%	86.0%	86.0%	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 587 million.

*** Including dowry previously paid for FS Finans I (DKK 653 million) and FS Finans II (DKK 322 million).

Bank Package I

The Bank Package segment posted a profit of DKK 966 million after tax in 2014, equivalent to the overall profit reported by the Group. FS Finansselskabet contributed a profit of DKK 111 million to the net profit, and income from the funding of FS Property Finance contributed a profit of DKK 36 million. The remaining part of the results was attributable to the parent company.

The most significant income statement items in 2014 were net interest income of DKK 161 million, staff costs and administrative expenses of DKK 145 million, other operating income and expenses of DKK 220 million and reversed impairment charges of DKK 750 million.

Net interest income increased from DKK 95 million in 2013 to DKK 161 million in 2014 due to lower interest expenses as a result of refinancing of re-lending at a lower rate of interest.

The net profit of DKK 220 million from other operating income and expenses also marked an increase from a net profit of DKK 33 million in 2013. The item was affected by a reversal of provisions for lawsuits and disputes of DKK 175 million in 2014.

Operating expenses of DKK 145 million marked a decline of DKK 177 million relative to 2013, expressing a general decline in the level of expenses due to the gradual winding up of activities, employees and other overheads. How-

ever, the expense level decline was to a significant degree affected by a reversal of payroll tax for the period 2008-2014, amounting to approximately DKK 100 million for the Bank Package.

Total assets for the Bank Package segment amounted to DKK 8.5 billion at 31 December 2014, which was DKK 4.7 billion less than at the year-earlier date. In 2014, re-lending in a nominal amount of DKK 7.5 billion, net was redeemed.

Bank Packages III and IV

Finansiel Stabilitet assumes no direct risk in connection with the winding up of companies under Bank Packages III and IV, 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. Consequently, the results for the year for Bank Packages III and IV had no impact on the net profit of Finansiel Stabilitet.

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

Bank Package III – 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 Bank Package III. Under this model,

Financial highlights for FS Finans III and IV (group)

(DKKm)	FS Finans III		FS Finans IV	
	2014	2013	2014	2013
Income statement				
Net interest and fee income	56	66	28	20
Market value adjustments	13	(19)	73	(7)
Other operating income/(expenses)	10	763	29	58
Staff costs and administrative expenses	46	114	30	69
Impairment losses on loans, advances, guarantees etc.	(230)	534	(163)	156
Profit/(loss) from investments in associates	(2)	(7)	0	0
Profit/(loss) before purchase price adjustment and tax	534	155	263	(154)
Movements in purchase price adjustment	455	141	0	0
Tax	79	(7)	(85)	(42)
Profit/(loss) for the year	0	21	348	(112)
Balance sheet				
Cash in hand and demand deposits with credit institutions and central banks	69	64	199	176
Loans and advances	700	1,725	140	479
Other assets	948	432	322	379
Total assets	1,717	2,221	661	1,034
Deposits	0	0	0	30
Other liabilities	125	909	46	540
Purchase price adjustment	1,498	1,043	0	0
Other provisions	93	247	141	242
Equity	1	22	474	222
Total equity and liabilities	1,717	2,221	661	1,034

unsecured creditors are not fully reimbursed, except for the cover for 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 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 2014 of DKK 54 thousand after tax, equal to the statutory return requirement to Finansielt Stabilitet on contributed equity.

This equals a profit of DKK 261 million before purchase price adjustment, among other things driven by a better-than-expected winding-up performance, a reversal of payroll tax and generally lower operating expenses.

Against this background, the purchase price adjustment was adjusted by DKK 455 million in 2014 to DKK 1,498 million at year end. Based on the current purchase price, the original dividend paid of 84.4% can be increased to the level of 90%.

Financial highlights for FS Finans I and II (group)

(DKKm)	FS Finans I		FS Finans II	
	2014	2013	2014	2013
Income statement				
Net interest and fee income	7	14	26	50
Market value adjustments	1	47	10	(16)
Other operating income/(expenses)	28	235	70	88
Staff costs and administrative expenses	17	26	29	53
Impairment losses on loans, advances, guarantees etc.	(62)	81	(73)	92
Profit/(loss) from investments in associates	0	0	0	0
Profit/(loss) before purchase price adjustment and tax	81	189	150	(23)
Movements in purchase price adjustment	77	162	182	(91)
Tax	4	7	(37)	22
Profit/(loss) for the year	0	20	5	46
Balance sheet				
Cash in hand and demand deposits with credit institutions and central banks	76	61	75	73
Loans and advances	41	209	166	313
Other assets	225	59	541	937
Total assets	338	329	782	1,323
Deposits	0	0	0	62
Other liabilities	5	50	656	922
Purchase price adjustment	216	140	0	0
Other provisions	116	118	106	223
Equity	1	21	20	116
Total equity and liabilities	338	329	782	1,323

FS Finans III had total assets of DKK 1.7 billion at 31 December 2014. By comparison, at 31 December 2013, total assets amounted to DKK 2.2 billion.

Loans and advances after impairment losses declined by DKK 1,025 million in 2014 to stand at DKK 700 million at 31 December 2014.

FS Finans IV

FS Finans IV posted a profit of DKK 348 million after tax in 2014. The performance was substantially attributable to a better-than-expected winding-up performance, positive market value adjustments of DKK 73 million relating to the sale of shares in Nets and market value adjustments

of bonds in Landic Property Bonds I as well as generally lower operating expenses.

The performance reduced the accumulated loss to DKK 587 million, which is covered by a loss guarantee from the Winding-up Department of the Guarantee Fund.

FS Finans IV had total assets of DKK 0.7 billion at 31 December 2014. By comparison, at 31 December 2013, total assets amounted to DKK 1.0 billion.

Loans and advances after impairment losses declined by DKK 339 million in 2014 to stand at DKK 140 million at 31 December 2014.

Bank Package IV – 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 Bank Package IV. 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 for Max Bank and DKK 1.2 billion for 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. in proportion 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 posted a profit of DKK 54 thousand after tax in 2014, equal to the statutory return requirement to Finansiel Stabilitet on contributed equity.

This performance equals a profit of DKK 81 million before purchase price adjustment, among other things driven by a better-than-expected winding-up performance, a reversal of payroll tax and reduced operating expenses. Against this background, the purchase price adjustment was adjusted by DKK 77 million in 2014 to DKK 869 million at year end. DKK 653 million of this amount was dowry previously paid.

FS Finans I had total assets of DKK 0.3 billion at 31 December 2014. In spite of the winding up of activities during the year, the amount of total assets was unchanged from 1 January 2014, because the reduction of loans led to a corresponding increase in the company's guarantee with the parent company Finansiel Stabilitet.

Loans and advances after impairment losses declined by DKK 168 million in 2014 to stand at DKK 41 million at 31 December 2014.

FS Finans II

FS Finans II posted a profit for 2014 of DKK 5 million after tax, equal to the statutory return requirement to Finansiel Stabilitet on contributed equity.

This performance equals a profit of DKK 150 million before purchase price adjustment, among other things driven by a better-than-expected winding-up performance, a reversal of payroll tax and reduced operating expenses. Against this background, the purchase price adjustment was adjusted by DKK 182 million in 2014 to DKK 302 million at year end. Due to a previously paid dowry amount of DKK 322 million, the company has a receivable of DKK 20 million from Finansiel Stabilitet and the Guarantee Fund.

FS Finans II had total assets of DKK 0.8 billion at 31 December 2014. By comparison, at 31 December 2013, total assets amounted to DKK 1.3 billion.

Loans and advances after impairment losses declined by DKK 147 million in 2014 to stand at DKK 166 million at 31 December 2014.

Bank Package V – FS Property Finance

In July 2012, Finansiel Stabilitet took over a portfolio of property exposures from FIH Erhvervsbank A/S with a view to winding up. The portfolio was placed in the company FS Property Finance, whose sole shareholder is Finansiel Stabilitet.

In 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 loans 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 at the request of FIH Holding and for another 12 months subject to mutual agreement (i.e. 31 December 2019 at the latest). The calculation date may also be moved forward upon mutual agreement.

In December 2013, the European Commission approved the transaction subject to modification of certain elements

Financial highlights for FS Property Finance (group)

(DKKm)	2014	2013
Net interest and fee income	226	414
Market value adjustments	(116)	(64)
Other operating income/(expenses)	635	744
Staff costs and administrative expenses	14	(37)
Impairment losses on loans, advances, guarantees	(208)	259
Profit/(loss) before loss guarantee from FIH	939	872
Loss-absorbing loans FIH/loss guarantee from FIH*	(939)	(872)
Profit/(loss) for the period	0	0
Balance sheet		
Cash in hand and demand deposits with credit institutions and central banks	404	94
Loans and advances	4,617	6,112
Receivable from FIH Holding	33	24
Other assets	631	881
Total assets	5,685	7,111
Other debt	3,685	5,111
Equity	2,000	2,000
Total equity and liabilities	5,685	7,111

* In 2014, the item concerned loss-absorbing loans FIH and in 2013 the loss guarantee from FIH.

of the transaction structure, including FIH's additional payment of DKK 310 million to Finansielt Stabilitet. The amount plus interest of DKK 16 million has been provisionally deposited with Finansielt Stabilitet as FIH has decided to appeal the European Commission's ruling. In light of the uncertainty as to the outcome of the case, the amount has not yet been recognised.

In 2014, FS Property Finance reported a breakeven performance as a result of a DKK 939 million reduction of the loss-absorbing loan.

The performance was a profit of DKK 939 million before adjustment of the loss-absorbing loan and was primarily derived from a reversal of fair value adjustment of DKK 569 million, net interest and fee income of DKK 226 million and reversed impairment charges of DKK 208 million.

Finansielt Stabilitet's funding of FS Property Finance contributed total revenue of DKK 36 million to Finansielt

Stabilitet's profit (recognised under the Bank Package segment).

During the period from the takeover to 31 December 2014, FS Property Finance has reduced loans and advances by DKK 6.8 billion. As a result, loans and advances totalled DKK 4.6 billion at 31 December 2014.

Significant risks

Finansielt Stabilitet's most significant operational risks are to a considerable extent influenced by the special tasks involved in taking over and winding up distressed banks. The most significant risks to date have been related to losses on non-performing exposures and the risk of losses in connection with lawsuits and disputes. As the exposures have been significantly reduced, the most significant risks impacting the existing Finansielt Stabilitet Group in future will be related to the outcomes of lawsuits and disputes.

For further information on risks and risk management, see note 32 to the financial statements.

Events after 2014

No significant events have occurred after the end of the reporting period.

New structure and outlook for 2015

To date, the objects of Finansielt Stabilitet have been:

- to wind up banking activities taken over under the Bank Package;
- to wind up banking activities taken over under Bank Packages III and IV;
- to manage individual government guarantees under Bank Package II; and
- to wind up property exposures taken over from FIH and to participate in Landbrugets FinansieringsBank (LFB) under Bank Package V.

In addition, Finansielt Stabilitet has acted as secretariat for the Depositor and Investor Guarantee Scheme.

Concurrently with the continued winding up of remaining activities in 2015, Finansielt Stabilitet is expected to be converted from a state-owned public limited company into an independent public company with effect from 1 June 2015. The conversion is part of Finansielt Stabilitet's new tasks under the Depositor and Investor Guarantee Scheme and the Resolution Department, respectively, which are expected to be assigned to Finansielt Stabilitet in pursuance of Bill L 100 on the restructuring and winding up of certain financial enterprises and Bill L 105 to amend the Financial Business Act, the Financial Stability Act, the Act on a guarantee fund for depositors and investors, the Securities Trading, etc. Act and the Tax Assessment Act.

As a result of the expected restructurings in 2015, Finansielt Stabilitet will be composed of three segments going forward:

- 1 The existing Finansielt Stabilitet Group
- 2 The Depositor and Investor Guarantee Scheme (the new Guarantee Fund)
- 3 The Resolution Department

The practical consequences of these changes are that, in future, Finansielt Stabilitet will perform a number of new tasks as a result of its management and disposal of the two funds in relation to deposits and disbursements, investment and use of funds, among other things.

The new Guarantee Fund and the Resolution Department will have to be managed as separate business areas with individual segment reporting under Finansielt Stabilitet. This means that their assets and liabilities are to be accounted for separately from Finansielt Stabilitet's other activities. On the other hand, Finansielt Stabilitet's consolidated financial statements will be affected among other things by payments made to build up the assets of the Resolution Department and payment for management thereof settled with the Danish FSA.

Outlook for 2015

The financial results for 2015 are subject to considerable uncertainty. The uncertainty is related in particular to the outcomes of lawsuits and disputes in the existing Finansielt Stabilitet and the effect of the expected two new departments, the Resolution Department and the Depositor and Investor Guarantee Scheme.



Corporate governance

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.

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. Finansiel Stabilitet complies with the recommendations for exercising ownership and practising corporate governance 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 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

The Danish Ministry of Business and Growth on behalf of the Danish State is the Company's sole shareholder. Finansiel Stabilitet maintains an ongoing dialogue with its shareholder to ensure that the Minister for Business and Growth receives relevant information on matters related to the Company's activities. The Board of Directors has not to date found it necessary to adopt a policy for exchange of information with the shareholder, as such exchange is already governed by the Company's articles of association and the rules of procedure of the Board of Directors. Finansiel Stabilitet thereby deviates from the recommendations of the Committee on Corporate Governance.

Finansiel Stabilitet publishes interim financial statements and releases quarterly profit announcements. The Compa-

ny does not publish full interim financial statements for the first and third quarters. Finansiel Stabilitet thereby deviates from the recommendations of the Committee on Corporate Governance. 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 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. 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 has 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 general guidelines for the work of the Board of Directors have been defined in the rules of procedure (read more at www.finansielstabilitet.dk), which are revised 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 nine board meetings were held in 2014, including three extraordinary board meetings. A total of 21 board meetings were held in 2013.

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 an internal audit department, which covers the entire Group. The internal audit department will be closed down with effect from 31 March 2015 as a consequence of Finansiel Stabilitet's reduced level of activity.

Composition of the Board of Directors

At 31 December 2014, the Board of Directors of Finansiel Stabilitet consisted of five members elected by the shareholder and one member 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.

At an extraordinary general meeting held on 6 January 2014, Erik Sevaldsen was elected to the Board of Directors. Flemming Hansen resigned from the Board of Directors on 9 April 2014. In addition, the employee-elected board members Else Strandgaard and Cecilia Lysemose both resigned in 2014 in connection with their resignation from Finansiel Stabilitet.

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 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 annually identifies the areas which it deems the Management Board and the Board of Directors of Finansiel Stabilitet should have knowledge of and experience with. The circumstances 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 about the individual board members is provided in this Annual Report and on Finansiel Stabilitet's website, www.finansielstabilitet.dk.

Management Board

The Management Board is composed of Henrik Bjerre-Nielsen, CEO. Lars Jensen, COO, resigned from the Management Board effective 31 March 2014.

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.

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.

In the financial year 2014, the remuneration paid to the Board of Directors amounted to DKK 1,372,000 (2013: DKK 1,324,000), including DKK 525,000 (2013: DKK 525,000) to the Chairman and the Deputy Chairman.

The remuneration of the Management Board is determined by the Board of Directors, and in 2014 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 held in subsidiaries.

The total remuneration paid to the members of the Management Board amounted to DKK 3.4 million in 2014 (2013: DKK 7.1 million). The total remuneration to CEO Henrik Bjerre-Nielsen amounted to DKK 2.8 million. COO Lars Jensen resigned from the Management Board effective 31 March 2014, and his remuneration for the three months ended 31 March 2014 amounted to DKK 0.6 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.

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 an 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.

Ernst & Young was appointed auditors of the Finansiel Stabilitet Group's activities in 2014.

Finansiel Stabilitet is expected to be converted into an independent public company with accounting effect from 1 January 2015 pursuant to Bill L100 on the restructuring and winding up of certain financial enterprises. It follows from the Bill that the activities of Finansiel Stabilitet will be audited by the Auditor General of Denmark and a state-authorised public accountant as co-auditor. The state-authorised public accountant will be appointed by the Minister for Business and Growth for terms of one year at a company meeting and must be certified by the Danish FSA.



Corporate social responsibility

Finansiel Stabilitet 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.

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. The Company aims for business with the Group's customers to continue under the auspices of other banks to the extent possible or under the auspices of purchasers who are obliged to manage the customer portfolio in accordance with the Executive Order on good business practice for financial undertakings.

In addition, the Company is focused on organising an adequate and expense-focused process for examining complaints and lawsuits and claims from creditors and ensuring 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.

The Company has not defined any corporate responsibility policy or any policies regarding the protection of human rights or climate impact reduction.

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.

Gender composition of Management

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

The ambition is for women to hold at least one third of the seats on the Company's Board of Directors. Two of the five shareholder-elected members of the Board of Directors of Finansiel Stabilitet are women, while one of three members of the boards of directors of the subsidiaries FS Finansselskabet, FS Finans I, FS Finans II, FS Finans III and FS Finans IV are women. Accordingly, Finansiel Stabilitet meets its target.

The Company also aims to ensure an adequate gender composition 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. 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. Finansiel Stabilitet is focused on gender composition in connection with its employment and recruitment procedures. Achievement of the policy target is further supported by internal controls.

The proportion of women at the Group's other management levels was 32% at 31 December 2014, compared with 30% at the year-earlier date.

Business partners and suppliers

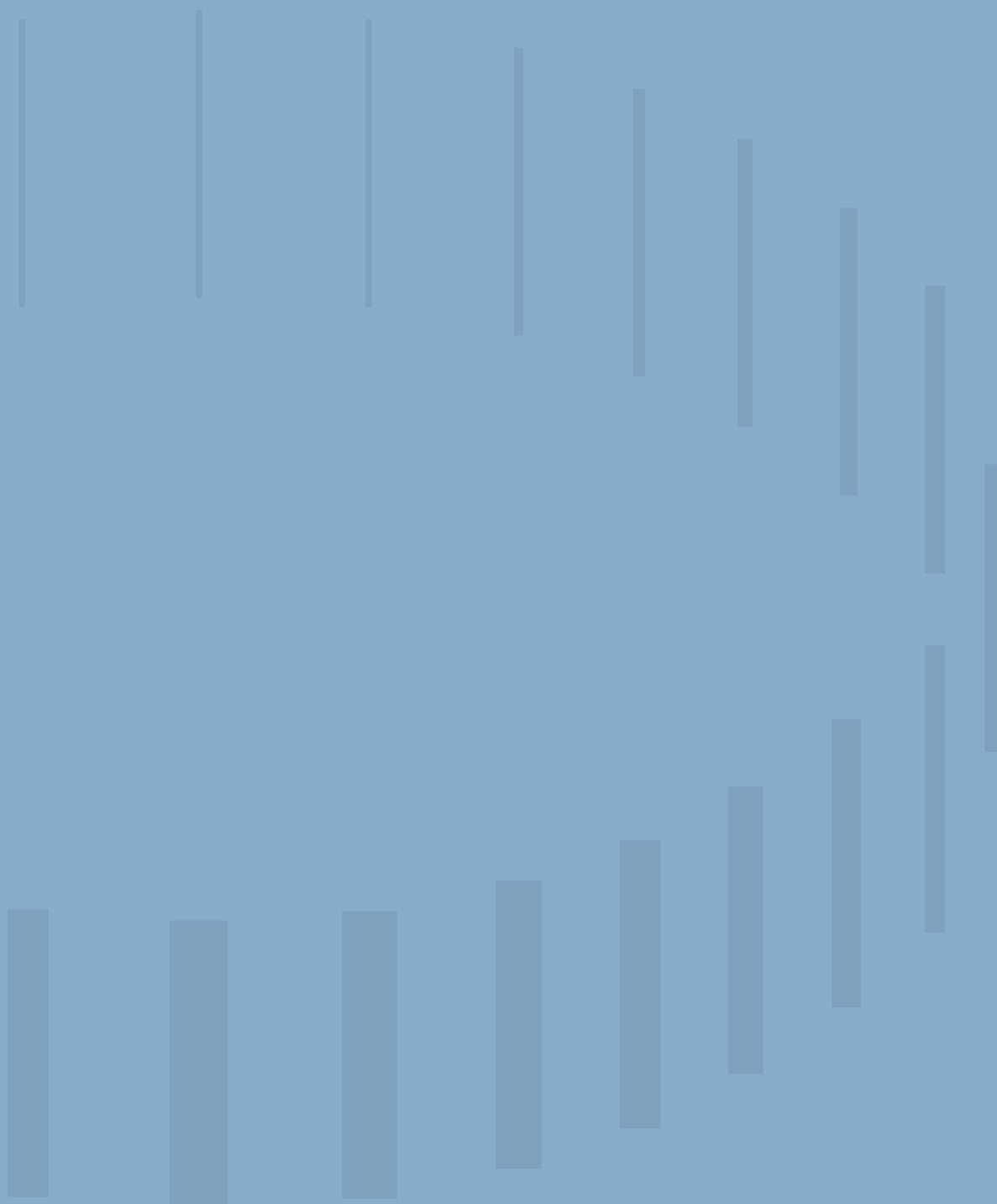
The Company is focused on using suppliers who comply with applicable and relevant standards in the specific area. This applies to the property area in connection with completion of properties and projects taken over by Finansiel Stabilitet from distressed banks or on realisation of collateral. Finansiel Stabilitet will use labour clauses in new 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 Kommunernes 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	
		2014	2013	2014	2013
Interest and fees					
Interest income	3	556	963	208	347
Interest expense	4	80	369	55	251
Net interest income		476	594	153	96
Share dividends, etc.		6	4	2	1
Fees and commissions received	5	89	282	80	290
Fees and commissions paid	5	63	378	61	376
Net interest and fee income		508	502	174	11
Market value adjustments	6	(85)	(308)	(26)	(109)
Value adjustment, loss-absorbing loans FIH		(939)	-	-	-
Other operating income	7	1,422	2,486	380	449
Staff costs and administrative expenses	8	281	546	259	437
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		2	6	0	3
Other operating expenses	9	1,077	1,466	284	1,099
Impairment losses on loans, advances and receivables, etc.	10	(1,471)	559	(650)	(544)
Profit/(loss) from investments in associates and subsidiaries	11	39	19	391	766
Loss guarantee from the Danish State relating to individual government guarantees		(60)	39	(60)	39
Profit/(loss) for the year before tax		996	161	966	161
Tax	12	30	0	0	0
Profit/(loss) for the year		966	161	966	161
Statement of comprehensive income					
Profit/(loss) for the year		966	161	966	161
Other comprehensive income after tax		0	0	0	0
Total comprehensive income		966	161	966	161
Appropriation of profit/(loss)					
Proposed dividend		5,304	0	5,304	0
Retained earnings		(4,338)	161	(4,338)	161
Total amount appropriated		966	161	966	161

Balance sheet

(DKKm)	Note	Group		Parent	
		2014	2013	2014	2013
ASSETS					
Cash in hand and demand deposits with central banks		1,162	2,845	1,162	2,555
Due from credit institutions and central banks	13	1,373	1,170	161	178
Loans, advances and other receivables at fair value	14	41	55	40	53
Loans, advances and other receivables at amortised cost	14	7,229	11,144	4,334	9,036
Bonds at fair value	15	397	374	135	148
Shares, etc.	16	1,026	1,070	609	718
Investments in associates, etc.	17	344	339	334	327
Investments in subsidiaries		0	0	3,253	3,191
Intangible assets	18	0	0	0	0
Total land and buildings	19	588	1,439	19	37
Investment properties		588	1,439	19	37
Domicile properties		0	0	0	0
Other property, plant and equipment	20	2	5	0	0
Assets held temporarily	21	0	480	0	9
Receivable re. loss guarantee from the Danish State relating to individual government guarantees		3,489	3,549	3,489	3,549
Receivable re. loss guarantee from the Danish State relating to Roskilde Bank		4,331	4,331	4,331	4,331
Other assets	22	1,682	2,439	1,112	2,176
Total assets		21,664	29,240	18,979	26,308

(DKKm)	Note	Group		Parent	
		2014	2013	2014	2013
EQUITY AND LIABILITIES					
Liabilities					
Due to credit institutions and central banks	23	1,171	318	0	370
Deposits and other payables	24	0	868	0	420
Loans through the state-funded re-lending scheme	25	5,628	13,572	5,628	13,572
Issued bonds at amortised cost	26	0	2	0	0
Due to mortgage credit institutions		0	288	0	0
Other liabilities	27	1,108	1,157	1,813	806
Total liabilities		7,907	16,205	7,441	15,168
Provisions					
Provision for losses on guarantees		452	494	164	223
Purchase price adjustment (earn-out)	28	1,714	1,183	-	-
Other provisions	29	874	1,607	657	1,166
Total provisions		3,040	3,284	821	1,389
Total liabilities		10,947	19,489	8,262	16,557
Equity					
Share capital		1	1	1	1
Retained earnings		5,412	9,750	5,412	9,750
Proposed dividend		5,304	0	5,304	0
Total equity		10,717	9,751	10,717	9,751
Total equity and liabilities		21,664	29,240	18,979	26,308

Note 30: Contingent assets and liabilities

Note 31: Derivative financial instruments

Note 32: Financial risk management

Note 33: Related parties

Note 34: Group overview

Note 35: Break-down of balance sheet items by contractual and expected terms to maturity

Note 36: Fair value disclosure

Note 37: Fair value of balance sheet items at amortised cost

Note 38: Return on financial instruments

Note 39: Leases

Note 40: Finansiell Stabilitet A/S 2010-2014

Statement of changes in equity

Group (DKKm)	2014				2013
	Share capital	Retained earnings	Proposed dividend	Total equity	
Equity at 1 January 2014	1	9,750	-	9,751	9,590
Changes in equity during the year					
Comprehensive income for the year	-	966	-	966	161
Proposed dividend	-	(5,304)	5,304	-	-
Equity at 31 December 2014	1	5,412	5,304	10,717	9,751

Parent company (DKKm)	2014				2013
	Share capital	Retained earnings	Proposed dividend	Total equity	
Equity at 1 January 2014	1	9,750	-	9,751	9,590
Changes in equity during the year					
Comprehensive income for the year	-	966	-	966	161
Dividend paid	-	(5,304)	5,304	-	-
Equity at 31 December 2014	1	5,412	5,304	10,717	9,751

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	
	2014	2013
Cash flows from operating activities		
Profit/(loss) for the year after tax	966	161
Impairment of loans, etc., net	(1,471)	559
Depreciation/amortisation	2	6
Loss guarantee from the Private Contingency Association/the Danish State	60	(39)
Other	(334)	(537)
Total operating activities	(777)	150
Working capital		
Changes in credit institutions, net	764	(13,274)
Change in loans, advances and other receivables	5,400	7,519
Changes in securities	108	755
Change in deposits and other payables	(868)	(2,876)
Changes in other assets and liabilities	688	(2,013)
Total working capital	6,092	(9,889)
Total cash flows from operating activities	5,315	(9,739)
Cash flows from investing activities		
Net investment in subsidiaries	-	44
Purchase/sale of property, plant and equipment	852	762
Total	852	806
Cash flows from financing activities		
Re-lending	(7,736)	(4)
Total	(7,736)	(4)
Change in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	3,793	12,730
Change during the year	(1,569)	(8,937)
Cash and cash equivalents at the end of the year	2,224	3,793
Cash and cash equivalents comprise:		
Cash in hand, etc.	1,162	2,845
Due from credit institutions and central banks within less than three months	1,062	948
Cash and cash equivalents at the end of the year	2,224	3,793

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).

Unlike in previous years, the parent company, Finansiel Stabilitet A/S, has prepared its financial statements in accordance with the Danish Financial Statements Act, which is due to the fact that Finansiel Stabilitet A/S is no longer governed by the Danish Financial Business Act. However, the Danish Business Authority has granted Finansiel Stabilitet A/S permission to disregard the format requirements under the Financial Statements Act and maintain the same layout as in previous years.

Finansiel Stabilitet A/S has implemented the IFRS standards and interpretations taking effect for 2014. The implementation of these did not affect recognition or measurement in 2014.

Apart from a few note requirements from the Danish Financial Statements Act, the accounting policies are thus unchanged from the policies applied 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 currently expected to materially affect the future financial reporting of Finansiel Stabilitet.

In July 2014, IASB issued IFRS 9, Financial Instruments, which will replace the existing IAS 39. The standard has not yet been adopted by the EU, but is expected to be

effective for financial years beginning on or after 1 January 2018.

In May 2014, IASB issued IFRS 15, Revenue from Contracts with Customers, which will replace the existing IAS 18. The standard has not yet been adopted by the EU, but is expected to be effective for financial years beginning on or after 1 January 2017.

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:

- impairment losses on loans and advances
- 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 values of derivative financial instruments are determined on the basis of current market data and generally accepted valuation methods.

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

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

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

Certain contracts 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

Notes

1. Accounting policies (continued)

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

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

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.

1. Accounting policies (continued)

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 Finansiell 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.

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

Property comprises investment properties.

Investment properties are properties owned for the purpose of receiving rent and/or obtaining capital gains.

Notes

1. Accounting policies (continued)

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

1. Accounting policies (continued)

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.

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.

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.

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.

Notes

1. Accounting policies (continued)

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 Finansiell 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.

Value adjustment, loss-absorbing loans FIH

The item comprises the value adjustment of the loss-absorbing loans issued by FIH in connection with the establishment of FS Property Finance and should be seen in conjunction with adjustments of impairment losses and provisions for the underlying loan portfolio.

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

1. Accounting policies (continued)

FSA and benchmark mortality rates and other factors, and amounts are fully set off against the income statement.

Depreciation and impairment of tangible assets

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

Finansiel Stabilitet A/S is exempt from taxation.

Other fees and commissions received

This item comprises commissions for individual guarantees, according to which Finansiel Stabilitet A/S is authorised on behalf of the Danish State to enter into agreements to provide individual government guarantees to existing and new unsubordinated secured debt, etc. (the Credit Package).

Consolidated cash flow statement

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

The cash flow effect of 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.

Notes

1. Accounting policies (continued)

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:

- *Bank Package I*
The Bank Package I (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.

- *Bank Package II*
The Bank Package II (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.
- *Bank Package III*
Under Bank Package III (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

1. Accounting policies (continued)

2011 and Fjordbank Mors af 2011 were taken over under the Exit Package.

- *Bank Package IV*

Under Bank Package IV (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.

- *Bank Package V*

The Bank Package V (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

2014 (DKKm)	Bank Package I	Bank Package II	Bank Packages III & IV	Bank Package V	Elimi- nations	Total
Net interest income	161	0	90	225	-	476
Guarantee commission on government guarantees	0	71	0	-	-	71
Other net fee income, market value adjustments, etc.	(39)	(71)	101	(1,054)	-	(1,063)
Movements in purchase price adjustment	-	-	(720)	-	-	(720)
Other operating income/expenses, net	220	0	418	635	60	1,333
Operating expenses	145	0	124	14	-	283
Impairment losses on loans, advances, guarantees etc.	(750)	(60)	(513)	(208)	60	(1,471)
Profit/(loss) from investments in subsidiaries and associates	41	0	(2)	0	-	39
Loss guarantee from the Danish State re. individual government guarantees	-	(60)	-	-	-	(60)
Loss guarantee from the Guarantee Fund	-	-	(268)	-	-	(268)
Profit/(loss) for the year before tax	988	0	8	0	0	996
Tax	22	0	8	0	-	30
Profit/(loss) for the period	966	0	0	0		966
Total segment assets	8,484	3,489	4,006	5,685		21,664

2013 (DKKm)	Bank Package I	Bank Package II	Bank Packages III & IV	Bank Package V	Elimi- nations	Total
Net interest income	95	(3)	142	360	-	594
Guarantee commission on government guarantees	(5)	274	(18)	-	-	251
Other net fee income, market value adjustments, etc.	(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, guarantees etc.	(606)	43	863	259	(43)	559
Profit/(loss) from investments in subsidiaries and associates	26	0	(7)	0	-	19
Loss guarantee from the Danish State re. individual government guarantees	-	39	-	-	-	39
Loss guarantee from the Guarantee Fund	-	-	122	-	-	122
Profit/(loss) for the year before tax	181	0	(20)	0	0	161
Tax	20	0	(20)	0	-	0
Profit/(loss) for the year	161	0	0	0	0	161
Total segment assets	13,166	3,549	5,414	7,111		29,240

(DKKm)	Group		Parent	
	2014	2013	2014	2013
3. Interest income				
Due from credit institutions and central banks	46	42	15	14
Loans, advances and other receivables at amortised cost	400	738	161	271
Loans, advances and other receivables at fair value	3	21	3	21
Bonds	20	9	12	6
Total derivative financial instruments	85	138	0	(3)
Foreign exchange contracts	7	4	0	(3)
Interest rate contracts	78	134	0	0
Other interest income	2	15	17	38
Total	556	963	208	347
Interest income relates to:				
Assets at amortised cost	424	797	193	323
Assets at fair value	132	166	15	24
Total	556	963	208	347
Interest on financial assets written down individually amounted to	171	248	106	125
4. Interest expense				
Credit institutions and central banks	26	98	0	6
Deposits and other payables	1	12	1	2
Issued bonds	0	12	0	0
Loans through the state-funded re-lending scheme	54	240	54	240
Other interest expense	(1)	7	0	3
Total	80	369	55	251
5. Fees and commissions received				
Fees and commissions received				
Payment transfers	0	1	0	0
Guarantees	87	271	79	284
Other fees and commissions	2	10	1	6
Total	89	282	80	290
Fees and commissions paid				
Guarantees	72	271	71	275
Commissions paid on loss guarantees provided by the Guarantee Fund	(25)	75	(25)	75
Other fees and commissions paid	16	32	15	26
Total	63	378	61	376

Notes

(DKKm)	Group		Parent	
	2014	2013	2014	2013
6. Value adjustments				
Adjustment for credit risk for loans and advances at fair value	(31)	(196)	(31)	(176)
Bonds	36	3	(7)	7
Shares, etc.	75	82	25	20
Investment properties	(55)	(119)	(1)	13
Currency	(5)	(55)	(5)	(19)
Foreign exchange, interest, share, commodity and other contracts and derivative financial instruments	(95)	(11)	(3)	13
Other assets and liabilities	(10)	(12)	(4)	33
Total	(85)	(308)	(26)	(109)
Market value adjustments relate to:				
Assets and liabilities at fair value	(36)	(306)	(23)	(142)
Other assets and liabilities	(49)	(2)	(3)	33
Total	(85)	(308)	(26)	(109)
7. Other operating income				
Sale of activities	24	12	4	(4)
Rental income, property	86	208	0	1
Sale of management services (for external companies)	4	14	4	0
Gain from disposal of exposures	738	1,750	0	31
Income from group companies	-	-	115	196
Reversed provisions for litigation/settlement	193	172	175	88
Loss guarantee re. the Guarantee Fund	0	122	0	122
Movements in outstanding purchase price adjustment for the year	0	56	0	-
Other items	377	152	82	15
Total	1,422	2,486	380	449
8. Staff costs and administrative expenses				
Salaries and remuneration to Board of Directors and Management Board:				
Management Board	4	7	4	7
Board of Directors	1	1	1	1
Total	5	8	5	8
Staff costs:				
Salaries	110	144	108	132
Severance pay	14	21	14	21
Provisions for salaries during release period	5	25	5	25
Pensions	11	17	11	16
Social security costs	(136)	21	(78)	19
Total	4	228	60	213
Other administrative expenses	272	310	194	216
Total	281	546	259	437
Average number of employees during the financial year converted into full-time equivalent	167	303	166	290

8. Staff costs and administrative expenses - continued

(DKK '000)	Group		Parent	
	2014	2013	2014	2013
Board emoluments paid				
Jakob Brogaard (Chairman)	300	300	300	300
Bent Naur (Deputy Chairman)	225	225	225	225
Anette Eberhard	150	150	150	150
Erik Sevaldsen	150	-	150	-
Birgitte Nielsen	150	150	150	150
Michael Mikkelsen	150	27	150	27
Flemming Hansen - resigned 2014	41	150	41	150
Flemming Hansen - resigned 2014	138	103	138	103
Else Strandgaard - resigned 2014	75	103	75	103
Christian Th. Kjølbye – resigned in 2013	-	47	-	47
Per F. Laursen – resigned in 2013	3	69	3	69
Total emoluments	1,382	1,324	1,382	1,324
Management Board remuneration paid				
Henrik Bjerre-Nielsen (November 2008 -)	2,832	2,743	2,832	2,743
Lars Jensen (July 2012 - March 2014)	629	2,536	629	2,536
Niels Olsen (July 2012 - September 2013)	-	1.803	-	1.803
Total	3,461	7,082	3,461	7,082

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

Notes

8. Staff costs and administrative expenses - continued

(DKKm)	Group		Parent	
	2014	2013	2014	2013
Provisions for defined benefit plans				
Present value of pension obligations	39	42	17	20
Fair value of pension assets	0	0	0	0
Total	39	42	17	20
Movements in provisions for defined benefit plans				
Provision, beginning of year	42	46	20	11
Additions on takeover of subsidiaries	0	0	0	11
Standard costs	0	0	0	0
Calculated interest expenses	1	1	1	1
Actuarial gains/losses	0	0	0	0
Pensions paid	(5)	(5)	(3)	(3)
Provisions, end of year*	39	42	17	20
Defined benefit costs recognised in the income statement / other comprehensive income				
Standard costs	0	0	0	0
Calculated interest expenses	2	1	1	1
Actuarial gains/losses	0	0	0	0
Defined benefit costs	2	1	1	1
Actuarial assumptions:				
Discount rate	3.5%	3.5%	3.5%	3.5%
Pension adjustment rate	1.0%	1.0%	1.0%	1.0%
Fees to auditors appointed in general meeting				
Total fees to the auditors appointed in general meeting can be specified as follows:				
Statutory audit	2	7	1	2
Assurance engagements	0	0	0	0
Tax advice	0	0	0	0
Non-audit services	5	14	2	12
Total audit fees	7	21	3	14

* The figures include rounding differences.

(DKKm)	Group		Parent	
	2014	2013	2014	2013
9. Other operating expenses				
Loss guarantee, FIH Holding	0	872	0	872
Loss guarantee from the Private Contingency Association	268	-	268	-
Movement in purchase price adjustment	461	303	-	-
Movement in dowry adjustment	259	0	-	-
Provision for litigation	2	177	2	175
Property management costs	52	81	0	7
Other operating expenses	35	33	14	45
Total	1,077	1,466	284	1,099

(DKKm)	Group			
10. Impairment losses on loans, advances and receivables etc.				
2014				
Loans, advances and other receivables at amortised cost				
	Loans, etc., individual write-down	Loans, etc., collective write-down	Total	Impact on operations
Impairment losses and provisions, beginning of year	15,617	638	16,255	
Impairment losses and provisions during the period	3,434	84	3,518	3,518
Reversed impairment losses and provisions	(4,937)	(466)	(5,403)	(5,403)
Impairment losses and provisions, end of year	14,114	256	14,370	(1,885)
Losses recorded, etc.				414
Impairment losses charged to income statement				(1,471)

Impairment losses/adjustment for credit risk, end of year				
	Impairment losses beginning of year	Impairment losses during the period	Reversed impair- ment losses	Impairment losses end of year
Due from credit institutions	0	0	0	0
Loans and advances at amortised cost	15,761	3,283	(5,126)	13,918
Loans and advances at fair value	27	6	0	33
Guarantees	494	235	(277)	452
Total	16,282	3,524	(5,403)	14,403

Notes

(DKKm)

Parent

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

2014

Loans, advances and other receivables at amortised cost

	Loans, etc., individual write-down	Loans, etc., collective write-down	Total	Impact on operations
Impairment losses and provisions, beginning of year	8,489	234	8,723	
Impairment losses and provisions during the period	500	26	526	526
Reversed impairment losses and provisions	(2,335)	(162)	(2,497)	(2,497)
Impairment losses and provisions, end of year	6,654	98	6,752	(1,971)
Losses recorded, etc.				1,321
Impairment losses charged to income statement				(650)

Impairment losses/adjustment for credit risk, end of year

	Impairment losses beginning of year	Impairment losses during the period	Reversed impair- ment losses	Impairment losses end of year
Due from credit institutions	0	0	0	0
Loans and advances at amortised cost	8,500	483	(2,395)	6,588
Loans and advances at fair value	27	6	0	33
Guarantees	223	43	(102)	164
Total	8,750	532	(2,497)	6,785

(DKKm)

Group

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

2013

Loans, advances and other receivables at amortised cost

	Loans, etc., individual write-down	Loans, etc., collective write-down	Total	Impact on 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)
Impairment losses and provisions, end of year	15,617	638	16,255	644
Losses recorded, etc.				(85)
Impairment losses charged to income statement				559

Impairment losses/adjustment for credit risk, end of year

	Impairment losses beginning of year	Impairment losses during the period	Reversed impair- ment losses	Impairment losses end of 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
Total	16,232	5,655	(5,605)	16,282

Notes

(DKKm)

Parent

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

2013

Loans, advances and other receivables at amortised cost

	Loans, etc., individual write-down	Loans, etc., collective write-down	Total	Impact on 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)
Impairment losses and provisions, end of year	8,489	234	8,723	(2,622)
Losses recorded, etc.				2,078
Impairment losses charged to income statement				(544)

Impairment losses/adjustment for credit risk, end of year

	Impairment losses beginning of year	Impairment losses during the period	Reversed impair- ment losses	Impairment losses end of 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
Total	11,935	785	(3,970)	8,750

(DKKm)	Group		Parent	
	2014	2013	2014	2013
11. Profit/(loss) from investments in associates and subsidiaries				
Profit/(loss) from investments in associates	39	26	41	26
Profit/(loss) from investments in subsidiaries	0	(7)	350	740
Total	39	19	391	766
12. Tax				
Estimated tax on the profit for the year	16	95		
Adjustment of deferred tax	33	(91)		
Prior-year tax adjustments	(19)	(4)		
Total	30	0	-	-
Effective tax rate				
Corporate tax rate in Denmark	24.5%	25.0%		
Tax-exempt activities and unrecognised deferred tax assets	(21.0%)	(25.0%)		
Effective tax rate	3.5%	0.0%		

Finansiel Stabilitet is exempt from taxation and consequently is not in a position to act as an administrative company in respect of the computation and settlement of the subsidiaries' income under the joint taxation. Instead, FS Ejendomsselskab A/S has been appointed as administrative company for the jointly taxed Group. The Group's subsidiaries have 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.

13. Due from credit institutions and central banks

Term deposits with central banks	0	0	0	0
Due from credit institutions	1,373	1,170	161	178
Total balances due from credit institutions and central banks	1,373	1,170	161	178
Broken down by term to maturity				
Demand deposits	657	536	161	138
3 months or less	405	412	0	40
Between 3 months and 1 year	42	4	0	0
Between 1 and 5 years	72	1	0	0
More than 5 years	197	217	0	0
Total	1,373	1,170	161	178

Notes

(DKKm)	Group		Parent	
	2014	2013	2014	2013
14. Loans, advances and other receivables				
Loans, advances and other receivables at fair value	41	55	40	53
Loans, advances and other receivables at amortised cost	7,229	11,144	4,334	9,036
Impairment losses	13,918	15,761	6,588	8,500
Fair value adjustment	66	27	33	27
Total loans, advances and other receivables before impairment losses	21,254	26,987	10,995	17,616
Broken down by term to maturity				
On demand	7,006	13,963	6,088	14,341
3 months or less	7,256	899	3,884	462
Between 3 months and 1 year	1,780	2,809	93	501
Between 1 and 5 years	1,843	6,258	764	1,824
More than 5 years	3,369	3,058	166	488
Total	21,254	26,987	10,995	17,616
Loans and advances at fair value				
Nominal value	107	82	73	80
Fair value adjustment	(66)	(27)	(33)	(27)
Adjustment for credit risk	-	-	0	-
Total	41	55	40	53
Credit risk				
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 Finansiell Stabilitet's objective of winding up or restructuring distressed banks, the Company has taken over a considerable credit risk exposure. During the period after Finansiell 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 32.				
Credit exposure (gross)				
Balance sheet items:				
Cash in hand and demand deposits with central banks	1,162	2,845	1,162	2,555
Due from credit institutions and central banks	1,373	1,170	161	178
Loans, advances and other receivables at fair value	41	55	40	53
Loans, advances and other receivables at amortised cost	21,149	26,905	10,922	17,536
Total credit exposure recognised in balance sheet:	23,725	30,975	12,285	20,322
Off-balance sheet items:				
Guarantees	1,834	1,994	628	793
Individual government guarantees	826	5,146	826	5,146
Credit exposure re. lending activity	26,385	38,115	13,739	26,245

14. Loans, advances and other receivables – continued

Individual government guarantee

In pursuance of the Credit Package, Finansiel Stabilitet provided individual government guarantees of DKK 0.8 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 3,489 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 2014. The remaining guarantees of DKK 0.8 billion at year end 2014 have been redeemed in early 2015.

Credit institutions and central banks

Of the remaining credit exposure, DKK 1.4 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 41 million) relate to mortgage deeds which have been adjusted for credit risk in the total amount of DKK 33 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			
	2014		2013		2014		2013	
Loans and guarantees (gross)								
1. Public authorities	0	0%	-	0%	0	0%	-	0%
2. Commercial sector								
2.1 Agriculture, hunting, forestry and fishing	1,169	5%	1,249	4%	46	0%	59	0%
2.2 Industry and raw materials extraction	82	0%	206	1%	46	0%	68	0%
2.3 Energy supply	642	3%	738	3%	591	5%	664	4%
2.4 Construction	1,302	6%	1,726	6%	94	1%	146	1%
2.5 Trade	230	1%	524	2%	60	1%	81	0%
2.6 Transport, hotel and restaurant business	172	1%	331	1%	97	1%	231	1%
2.7 Information and communication	94	0%	109	0%	27	0%	46	0%
2.8 Finance and insurance	2,457	11%	2,203	8%	3,904	34%	7,599	41%
2.9 Property	13,854	60%	18,749	65%	5,261	45%	7,674	42%
2.10 Other commercial sector	1,184	8%	1,930	7%	920	8%	1,131	6%
Total commercial sector	21,799	95%	27,765	96%	11,046	96%	17,699	97%
3. Retail sector	1,184	5%	1,134	4%	504	4%	630	3%
Total	22,983	100%	28,899	100%	11,550	100%	18,329	100%

The distributional percentages in the totals may include rounding differences.

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

14. Loans, advances and other receivables – continued

(DKKm)	Group		Parent	
	2014	2013	2014	2013
Break-down of loans by degree of security (partially based on estimates)				
Commercial sector				
Loans, completely unsecured	8,235	11,549	6,841	7,156
Loans secured on charges or other security:				
– secured in full	2,966	2,148	202	5,783
– secured in part	8,323	12,219	2,772	4,000
Total	19,524	25,916	9,815	16,939
Retail sector				
Loans, completely unsecured	1,300	621	928	356
Loans secured on charges or other security:				
– secured in full	11	24	0	9
– secured in part	314	344	179	232
Total	1,625	989	1,107	597
Total	21,149	26,905	10,922	17,536
The loan value of the collateral security received relates largely to properties. The table below shows a break-down on main categories.				
Collateral security				
Mortgages on real property	5,596	8,448	679	1,490
Mortgages on vehicles, ships, etc.	334	548	4	27
Security in deposits	0	28	0	3
Guarantees	1	19	1	5,304
Other	534	870	295	332
Total	6,465	9,913	979	7,156

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 year end 2014, the Group had no remaining properties temporarily taken over. In 2013, the Group had 78 such properties at a total value of DKK 480 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.

14. Loans, advances and other receivables – continued

(DKKm)	Group				Parent			
	2014		2013		2014		2013	
Impairment losses and provisions by line of business								
1. Public authorities	0	0%	0	0%	0	0%	0	0%
2. Commercial sector								
2.1 Agriculture, hunting, forestry and fishing	907	6%	923	6%	23	0%	27	0%
2.2 Industry and raw materials extraction	55	0%	92	1%	33	0%	50	1%
2.3 Energy supply	359	2%	485	3%	309	5%	430	5%
2.4 Construction	775	5%	820	5%	86	1%	130	1%
2.5 Trade	150	1%	168	1%	44	1%	55	1%
2.6 Transport, hotel and restaurant business	44	0%	83	1%	23	0%	56	1%
2.7 Information and communication	92	1%	73	0%	26	0%	27	0%
2.8 Finance and insurance	1,875	13%	1,405	9%	574	9%	736	8%
2.9 Property	7,506	52%	8,855	54%	4,229	63%	5,393	62%
2.10 Other commercial sector	1,500	10%	1,822	11%	867	13%	1,048	12%
Total commercial sector	13,263		14,726		6,214		7,952	
3. Retail sector	851	6%	891	5%	440	7%	537	6%
Total	14,114	98%	15,617	96%	6,654	99%	8,489	97%
Collective impairment write-downs	256	2%	638	4%	98	1%	234	3%
Total impairment write-downs	14,370	100%	16,255	100%	6,752	100%	8,723	100%

For a more detailed description of the Group's credit risk management goals and policies, see note 32.

(DKKm)	Group		Parent	
	2014	2013	2014	2013
15. Bonds at fair value				
Other bonds	397	374	135	148
Total	397	374	135	148
16. Shares, etc.				
Shares/unit trust certificates listed on Nasdaq OMX Copenhagen A/S	18	6	12	0
Unlisted shares at fair value	1,008	1,064	597	718
Total	1,026	1,070	609	718

Notes

(DKKm)	Group		Parent	
	2014	2013	2014	2013
17. Investments in associates				
Cost, beginning of year	351	512	316	477
Additions	0	0	0	0
Disposals	17	161	17	161
Cost, end of year	334	351	299	316
Revaluations and impairment, beginning of year	(12)	(54)	11	(54)
Revaluations and impairment	39	42	41	65
Disposals	17	0	17	0
Revaluations and impairment, end of year	10	(12)	35	11
Total	344	339	334	327

Investments in associates	Owner-ship (%)	Domicile	Total assets	Total liabilities	Revenue	Profit/(loss)
Mols-Linien A/S	27.3	Ebeltoft	941	901	621	34
Landbrugets FinansieringsBank A/S	32.6	Copenhagen	423	221	6	(19)
EIK Banki P/F	30	Torshavn	7,614	6,278	268	101
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.

18. Intangible assets

Cost, beginning of year	0	5	0	5
Disposals during the year	0	5	0	5
Cost, end of year	0	0	0	0
Amortisation and impairment, beginning of year	0	5	0	5
Amortisation during the year	0	0	0	0
Disposals during the year	0	5	0	5
Amortisation and impairment, end of year	0	0	0	0
Carrying amount, end of year	0	0	0	0

(DKKm)	Group		Parent	
	2014	2013	2014	2013
19. Land and buildings				
Investment properties				
Fair value, beginning of year	1,439	2,190	37	79
Additions	199	577	2	21
Disposals	700	1,204	19	76
Value adjustments	(369)	(119)	(1)	13
Other changes	19	(5)	0	0
Fair value, end of year	588	1,439	19	37

Rental income from investment properties amounted to DKK 91 million. (2013: DKK 207 million). Direct costs in relation to investment properties generating revenue amounted to DKK 43 million, and in relation to investment properties not generating revenue amounted to DKK 9 million. The corresponding costs for 2013 were DKK 30 million and DKK 2 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				
Fair value, beginning of year	0	2	0	0
Disposals	0	2	0	0
Fair value, end of year	0	0	0	0

20. Other property, plant and equipment				
Cost, beginning of year	46	47	12	15
Other additions	0	1	0	0
Disposals	28	2	0	3
Cost, end of year	18	46	12	12
Depreciation and impairment, beginning of year	41	33	12	12
Depreciation	2	10	0	3
Disposals during the year	27	2	0	3
Depreciation and impairment, end of year	16	41	12	12
Carrying amount, end of year	2	5	0	0

Notes

(DKKm)	Group		Parent	
	2014	2013	2014	2013
21. Assets held temporarily				
Balance, beginning of year	480	770	9	0
Additions on takeover of subsidiary	0	137	-	-
Additions during the year	1	111	0	9
Disposals during the year	447	551	9	0
Value adjustment during the year	(34)	13	0	0
Carrying amount, end of year	0	480	0	9
Hereof:				
Residential properties	0	70	0	2
Single-family houses	0	2	0	-
Commercial properties	0	398	0	-
Land	0	10	0	7
Other	0	-	0	-
Total	0	480	0	9
22. Other assets				
The Guarantee Fund for Depositors and Investors	587	855	587	855
Positive market values of derivative financial instruments	473	583	10	18
Other assets	617	1,001	515	1,303
Total	1,677	2,439	1,112	2,176
23. Due to credit institutions and central banks				
Due to central banks	-	-	0	0
Due to credit institutions	1,171	318	0	370
Due to credit institutions and central banks	1,171	318	0	370
Broken down by term to maturity				
Due on demand	0	22	0	370
3 months or less	0	0	0	0
Between 3 months and 1 year	17	0	0	0
Between 1 and 5 years	988	296	0	0
More than 5 years	166	0	0	0
Total	1,171	318	0	370

(DKKm)	Group		Parent	
	2014	2013	2014	2013
24. Deposits and other payables				
On demand	0	868	0	420
Subject to term of notice	0	0	0	0
Time deposits	0	0	0	0
Special types of deposits	0	0	0	0
Total deposits	0	868	0	420
Broken down by term to maturity				
Due on demand	0	868	0	420
3 months or less	0	0	0	0
Between 3 months and 1 year	0	0	0	0
Total	0	868	0	420

25. 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 2014	Principal	Interest rate	Maturity	Carrying amount
Danish State	3,278	2.5%	2016	3,367
Danish State	2,050	4.0%	2017	2,261
Total	5,328			5,628

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
Total	12,862			13,572

Notes

(DKKm)	Group		Parent	
	2014	2013	2014	2013
26. Issued bonds at amortised cost				
Employee bonds				
DKK 2 million nominal amount, floating interest, expiry 2014	0	2	0	0
Total ssued bonds at amortised cost	0	2	0	0
27. Other liabilities				
Deposit re. EU case FIH	327	316	327	316
Negative market values of derivative financial instruments	223	131	11	17
Interest and commissions payable	55	96	36	71
Other liabilities	503	614	1,472	402
Total	1,108	1,157	1,813	806
28. Purchase price adjustment (earn-out)				
Beginning of year	1,183	865		
Additions during the year	531	318		
End of year	1,714	1,183	-	-

(DKKm)	Group		Parent	
	2014	2013	2014	2013
29. Other provisions				
Litigation	777	1,118	630	1,001
Other provisions	97	489	27	165
Total	874	1,607	657	1,166

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.

Litigation

Beginning of year	1,118	1,287	1,001	1,058
Additions during the year	62	212	0	175
Reversed	193	171	175	88
Used	210	210	196	144
End of year	777	1,118	630	1,001

Other provisions

Beginning of year	489	533	165	234
Additions during the year	19	135	0	10
Reversed	199	0	0	0
Used	212	179	138	79
End of year	97	489	27	165

30. Contingent assets and liabilities

Financial guarantees	76	80	0	5
Loss guarantees for mortgage loans	967	1,131	460	534
Registration and conversion guarantees	50	63	0	0
Loss guarantee for loans in group companies	0	-	0	31
Government guarantee pursuant to the Credit Package	826	5,146	826	5,146
Other	289	226	4	0
Total	2,208	6,646	1,290	5,716

Other contingent liabilities

Irrevocable credit commitments	18	148	-	-
Other commitments	0	0	-	-
Total	18	148	0	0

Notes

30. Contingent assets and liabilities – continued

Tax

Finansiel Stabilitet A/S 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 tax asset relating to tax loss carryforwards totalling DKK 2.5 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 327 million with Finansiel Stabilitet. Against that background, the DKK 327 million has not impacted Finansiel Stabilitet's profit for 2014. In the spring of 2014, FIH decided to appeal the European Commission's ruling.

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 unsecured, unsecured debt with a maturity of up to three years. At year end 2014, guarantees have been issued in the amount of DKK 0.8 billion (2013: DKK 5 billion). The Danish State guarantees the Company's guarantee commitments under the scheme. At 31 December 2014, the Company had receivables from the Danish State of DKK 3,489 million.

In the first quarter of 2015, the remaining guarantees of DKK 0.8 billion were redeemed. It has therefore been resolved that the Company's receivable of DKK 3.5 billion from the Danish State will be settled in spring 2015.

HSH Nordbank AG

In January 2015, the High Court of Eastern Denmark ruled in favour of Finansiel Stabilitet in a lawsuit against HSH Nordbank AG regarding the lack of a right of set-off. In February 2015, HSH Nordbank AG deposited an amount of DKK 156 million, including statutory interest, with Finansiel Stabilitet, while also appealing the judgment. Due to the uncertainty as to the final judgment, the amount is treated as a contingent asset.

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

31. Derivative financial instruments

Group	2014			2013		
	Nominal value	Positive market value	Negative market value	Nominal value	Positive market value	Negative market value
Foreign exchange contracts						
Forward contracts, purchase	523	11	-	-	-	-
Forward/futures, sale	486	-	10	6,720	6	7
Swaps	285	2	2	828	32	3
	1,294	13	12	7,548	38	10
Interest rate contracts						
Swaps	7,235	459	210	12,420	540	118
Options, purchase	82	1	-	211	3	-
Options, sale	82	-	1	211	-	3
	7,399	460	211	12,842	543	121
Total	8,693	473	223	20,390	581	131

Notes

32. Financial risk management

Significant risks

The risk factors impacting Finansiell Stabilitet and the management thereof are to a significant extent influenced by the special circumstances resulting from having taken over distressed banks.

Finansiell Stabilitet is exposed to a number of financial risks, including in particular credit, property and market risk. The overall risk management policy is determined centrally for the Group's companies and is aimed at minimising the losses that may arise as a consequence of unpredictable developments in the financial markets and other factors.

Most of Finansiell Stabilitet's risks have so far related to the risk of losses on non-performing exposures and the risk of losses in connection with lawsuits and disputes. As, at the end of 2014, Finansiell Stabilitet had wound up the majority of the exposures taken over, future risks will mainly be linked to the remaining lawsuits and disputes. For further information on risks related to lawsuits and disputes, see p. 9 of the management's review.

In addition to this, Finansiell Stabilitet is to a minor extent exposed to property and market risk. Property risk arises directly from ownership as well as indirectly through credit exposures to the property market.

Finansiell Stabilitet has no liquidity risk, as the Company has access to state-funded re-lending.

Due to Finansiell 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

Finansiell Stabilitet's credit risk management builds on the legislative framework governing Finansiell Stabilitet's business activities. Pursuant to this, Finansiell Stabilitet is not allowed to assume new exposures or, in general, extend existing ones. Credit risk is thus in all material respects limited to existing exposures and the development of these. The remaining credit risk is managed with due consideration for and in the context of Finansiell Stabilitet's winding-up activities, including the principles of ensuring that the winding up is conducted in a financially responsible, proper and fair manner.

As Finansiell Stabilitet's exposures were assumed in connection with the takeover of distressed banks, these are generally of poor financial standing. Also, they are characterised by significant industry concentration within the property market. The debtors' individual payment ability is often impaired, thereby making the collateral security, including the properties provided as security, important to Finansiell Stabilitet's credit risk assessment. A total of 86% of the collateral security is related to real property. See note 14.

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 Finansiell Stabilitet is 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 Company monitors credit exposures on an ongoing basis by classifying customers based on their creditworthiness.

Market risk

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

Finansiell 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.

The Board of Directors has defined limits for the Group's total exposure to market risk (interest rate risk, equity risk and currency risk). Market risk is monitored on an ongoing basis, and the Board of Directors is kept informed of the Group's overall exposure.

Interest rate risk

The market risks faced by Finansiell 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 Finansiell Stabilitet through the state-funded re-lending scheme. Accordingly, the duration of assets and liabilities is not perfectly matched, and Finansiell Stabilitet is thus exposed to interest rate changes.

At 31 December 2014, the Group's total interest rate risk was calculated at DKK (34) million (2013: DKK (90) million). Of this amount, Finansiel Stabilitet had an interest rate risk of DKK 4 million at 31 December 2014 (2013: DKK (6) million), meaning that a 1 percentage point increase in interest rates would result in a DKK 4 million drop in Finansiel Stabilitet's operating profit (2013: an increase of DKK 6 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 1,171 million at 31 December 2014 (DKK 1,082 million at 31 December 2013). Excluding the subsidiaries under the Exit, Consolidation and Development Packages, the portfolio of shares etc. amounted to DKK 744 million (2013: DKK 729 million). A 10% drop in share prices would result in a DKK 41 million deterioration of Finansiel Stabilitet's profit/(loss) (2013: DKK 41 million).

See note 16, Shares, etc. for a specification of share positions. Guarantee certificates are not included in the specification of the exposure. These amounted to DKK 198 million (2013: DKK 322 million). Associates, see note 17, 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 344 million (2013: DKK 339 million).

Currency risk

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. Finansiel Stabilitet does not hedge EUR.

At 31 December 2014, exchange rate indicator 1 was 0.2%, calculated excluding EUR (2013: 0.1%) of Finansiel Stabilitet's equity. Excluding banks taken over under the Exit, Consolidation and Development Packages, exchange rate indicator 1, calculated excluding EUR, was 0.01% of equity (2013: 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 6 million (2013: DKK 3 million).

The overall currency position calculated in terms of exchange rate indicator 1 amounted to DKK 2,337 million at 31 December 2014 (DKK 73 million at 31 December 2013). Excluding the subsidiaries under the Exit, Consolidation and Development Packages, the currency position amounted to DKK 265 million (DKK 110 million at 31 December 2013). See also the calculation of currency risk at the end of note 32.

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 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.

Notes

(DKKm)	Group	
	2014	2013
32. Financial risk management – continued		
Currency risk		
Total assets in foreign currency	1,727	1,585
Total liabilities in foreign currency	1	126
Exchange rate indicator 1	2,337	73
Exchange rate indicator 1 in per cent of equity	21.8%	0.8%
Interest rate risk		
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	4	14
Positions with limited or hedged interest rate	-	-
All positions	4	9
Interest rate risk by modified duration		
0 - 3 mths.	1	4
3 - 6 mths.	-	(2)
6 - 9 mths.	-	-
9 - 12 mths.	-	-
1 - 2 years	-	13
2 - 3.6 years	-	(3)
More than 3.6 years	3	(3)
Total	4	9
Interest rate risk by banks' currencies subject to the greatest interest rate risk		
Currency		
DKK	4	8
EUR	-	3
SEK	-	(2)
Total	4	9

(DKKm)

Group

33. 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/ expense 2014	Balance sheet 31.12.2014	Income/ expense 2013	Balance sheet 31.12.2013
Parties exercising significant influence						
The Danish State	100% ownership of Finansiel Stabilitet A/S	Loans through the state-funded re-lending scheme. Market rate of interest plus 0.15% commission	(67)	5,628	(263)	(13,572)
Subsidiaries						
FS Finansselskabet A/S, Copenhagen	Subsidiary of Finansiel Stabilitet A/S	Loans on market terms	0	0	0	76
		Deposits on market terms	0	(169)	0	(370)
		Individual government guarantees	0	0	5	0
		Loss guarantees for selected exposures	1	24	3	102
		Management agreement	18	-	49	-
FS Finans I A/S, Copenhagen	Subsidiary of Finansiel Stabilitet A/S	Loans, statutory rate of interest	0	0	0	1
		Deposits on market terms	0	(153)	0	0
		Management agreement	6	-	11	-
FS Finans II A/S, Copenhagen	Subsidiary of Finansiel Stabilitet A/S	Loans on market terms	9	386	7	589
		Management agreement	30	-	42	-
FS Finans III A/S, Copenhagen	Subsidiary of Finansiel Stabilitet A/S	Loans on market terms	2	0	7	494
		Deposits on market terms	0	(583)	0	0
		Individual government guarantees	0	0	11	0
		Management agreement	30	-	41	-
FS Finans IV A/S, Copenhagen	Subsidiary of Finansiel Stabilitet A/S	Subordinated loan, statutory rate of interest	0	0	9	0
		Loans on market terms	4	0	6	433
		Deposits on market terms	0	(8)	0	0
		Individual government guarantees	0	0	8	0
		Management agreement	23	-	30	-

Notes

(DKKm)

Group

33. Related parties – continued

Related party	Relation	Transaction	Income/ expense 2014	Balance sheet 31.12.2014	Income/ expense 2013	Balance sheet 31.12.2013
Subsidiaries – continued						
FS Property Finance A/S, Copenhagen	Subsidiary of Finansiel Stabilitet A/S	Loans on market terms	64	2,420	71	5,303
		Deposits on market terms	0	(189)	0	(410)
Other government entities						
Danmarks Nationalbank	Controlled by the Danish State	Deposit	0	1,162	0	2,555

34. Group overview

	Share capital	Profit/(loss)	Equity	Ownership
Finansiel Stabilitet A/S, Copenhagen	1	876	10,627	
Financing companies:				
FS Finansselskabet A/S, Copenhagen	100	111	279	100%
FS Finans I A/S, Copenhagen	1	0	1	100%
FS Finans II A/S, Copenhagen	1	5	20	100%
FS Finans III A/S, Copenhagen	1	0	1	100%
FS Finans IV A/S, Copenhagen	80	349	475	100%
FS Property Finance A/S, Copenhagen	100	0	2,000	100%
Investment and property companies, etc.				
FS Ejendomsselskab A/S, Copenhagen	2	13	495	100%
Stabilitet Retail Finland 4 OY, Helsinki*	1	(16)	(57)	100%
Ejendomsselskabet Vestio A/S, Horsens*	1	(116)	(97)	50%

* Companies sold in 2015. The acquirer is responsible for preparing the annual report for 2014. Financial information is derived from the annual report 2013.

(DKKm)

Group

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

2014	On demand 0-3 mths.	Between 3 mths. and 1 year	Between 1 and 5 years	More than 5 years	Total
Assets					
Cash in hand and demand deposits with central banks	1,162	-	-	-	1,162
Due from credit institutions and central banks	1,062	42	72	197	1,373
Loans, advances and other receivables at fair value	-	41	-	-	-
Loans, advances and other receivables at amortised cost	2,572	1,293	707	2,657	7,229
Bonds at fair value	-	161	7	229	397
Shares, etc.	-	16	904	106	1,026
Investments in subsidiaries and associates, etc.	-	-	344	-	344
Total land and buildings	24	432	-	132	588
Other property, plant and equipment	2	-	-	-	2
Assets held temporarily	-	-	-	-	-
Receivable re. loss guarantee from the Danish State relating to individual government guarantees	3,489	-	-	-	3,489
Receivable re. loss guarantee from the Danish State relating to Roskilde Bank	-	1,811	2,520	-	4,331
Other assets, etc.	246	320	781	335	1,682
Total assets	8,557	4,116	5,335	3,656	21,664

2014	On demand 0-3 mths.	Between 3 mths. and 1 year	Between 1 and 5 years	More than 5 years	Total
Equity and liabilities					
Due to credit institutions and central banks	-	17	988	166	1,171
Loans through the state-funded re-lending scheme	-	-	5,628	-	5,628
Issued bonds at amortised cost	-	-	-	-	-
Liabilities relating to assets held temporarily	-	-	-	-	-
Due to mortgage credit institutions	-	-	-	-	-
Other liabilities, etc.	169	101	609	154	1,033
Provisions	32	295	2,626	162	3,115
Equity	-	5,304	4,413	1,000	10,717
Total equity and liabilities	201	5,717	14,264	1,482	21,664

Notes

(DKKm)

Group

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

2013	On demand 0-3 mths.	Between 3 mths. and 1 year	Between 1 and 5 years	More than 5 years	Total
Assets					
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
Total assets	9,932	1,804	13,441	4,663	29,240
Equity and liabilities					
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	69	1,017	9	62	1,157
Provisions	34	831	2,378	41	3,284
Equity	0	0	9,751	0	9,751
Total equity and liabilities	993	6,960	21,176	111	29,240

(DKKm)

Group

36. 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	2014			2013		
	Amor- tised cost	Fair value	Total	Amor- tised cost	Fair value	Total
Financial assets						
Cash in hand and demand deposits with central banks	1,162	0	1,162	2,845	0	2,845
Due from credit institutions and central banks	1,373	0	1,373	1,170	0	1,170
Loans, advances and other receivables at amortised cost	7,229	0	7,229	11,144	0	11,144
Loans, advances and other receivables at fair value	0	41	41	0	55	55
Bonds	0	397	397	0	374	374
Shares, etc.	0	1,026	1,026	0	1,070	1,070
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	3,489	0	3,489	3,549	0	3,549
Derivative financial instruments	0	473	473	0	583	583
Total financial assets	17,584	1,937	19,521	23,039	2,082	25,121
Financial liabilities						
Due to credit institutions and central banks	1,171	0	1,171	318	0	318
Deposits and other payables	0	0	0	868	0	868
Loans through the state-funded re-lending scheme	5,628	0	5,628	13,572	0	13,572
Issued bonds	0	0	0	2	0	2
Due to mortgage credit institutions	0	0	0	12	0	12
Derivative financial instruments	0	223	223	0	131	131
Total financial liabilities	6,799	223	7,022	14,772	131	14,903

Notes

(DKKm)

Group

36. 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. Finansiell 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

36. Fair value disclosure – continued

2014	Listed prices	Observable input	Non-observable input	Total
Fair value, Group				
Financial assets at fair value broken down into:				
Loans, advances and other receivables at fair value	0	0	41	41
Bonds	0	397	0	397
Shares, etc.	18	0	1,008	1,026
Derivative financial instruments	0	473	0	473
Total	18	870	1,049	1,937

Financial liabilities

Derivative financial instruments	0	223	0	223
Total	0	223	0	223

2013

Fair value, Group

Financial assets at fair value broken down into:

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
Total	8	955	1,119	2,082

Financial liabilities

Derivative financial instruments	0	131	0	131
Total	0	131	0	131

Fair value based on non-observable input

	2014	2013
Beginning of year	1,119	2,263
Additions during the year	0	91
Value adjustment through profit or loss (note 6)	44	(196)
Disposals during the year	(252)	(1,039)
Fair value, end of year	911	1,119

Notes

(DKKm)

Group

37. 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.

	Amorti- sed cost	Fair value	Amorti- sed cost	Fair value
	2014	2014	2013	2013
Financial assets				
Cash in hand and demand deposits with central banks	1,162	1,162	2,845	2,845
Due from credit institutions and central banks	1,344	1,344	1,170	1,170
Loans, advances and other receivables	7,229	7,229	11,144	11,144
Receivable re. loss guarantee from the Danish State relating to individual government guarantees	3,489	3,489	3,549	3,549
Receivable re. loss guarantee from the Danish State relating to Roskilde Bank	4,331	4,331	4,331	4,331
Total financial assets	17,555	17,555	23,039	23,039
Financial liabilities				
Due to credit institutions and central banks	1,171	1,171	318	318
Deposits and other payables	0	0	868	868
Loans through the state-funded re-lending scheme	5,628	5,713	13,572	13,645
Issued bonds	0	0	2	2
Due to mortgage credit institutions	0	0	12	12
Total financial assets	6,799	6,884	14,772	14,845

38. Return on financial instruments

	2014			2013		
	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	424	132	556	851	166	1,017
Interest expense	80	0	80	369	0	369
Net interest income	344	132	476	482	166	648
Share dividends etc.	0	6	6	0	4	4
Fees and commissions received	8	0	8	19	6	25
Fees and commissions paid	14	0	14	20	1	21
Net interest and fee income	338	138	476	481	175	656
Market value adjustments	(988)	(36)	(1,024)	(2)	(306)	(308)
Other operating income	758	117	875	1,807	230	2,037
Total	108	219	327	2,286	99	2,385

(DKKm)	Group	
	31.12.2014	31.12.2013
39. Leases		
The item Loans and advances at amortised cost comprises finance leases	320	447
Net investments in financial items		
Terms up to 1 year	102	61
Terms between 1 and 5 years	218	386
Terms of 5 years or more	0	0
Total	320	447
Gross investments in finance leases		
Terms up to 1 year	102	68
Terms between 1 and 5 years	250	413
Terms of 5 years or more	0	0
Total	352	481
Write-down of finance leases	32	34

Notes

(DKKm)

Parent

40. Finansiell Stabilitet A/S 2010-2014

	2014	2013	2012	2011	2010
Summary income statement					
Net interest and fee income	174	11	56	314	5,534
Market value adjustments	(26)	(109)	(133)	(419)	(68)
Other operating income	380	449	735	590	19
Staff costs and administrative expenses	259	437	525	528	74
Other operating expenses, depreciation and amortisation	284	1,102	42	459	2
Impairment losses on loans, advances and receivables, etc.	(650)	(544)	(731)	3,368	85
Losses on takeover of subsidiaries	-	-	0	0	2,921
Profit/(loss) from investments in associates and subsidiaries	391	766	(191)	(689)	(3,855)
Loss guarantee from the Danish State	(60)	39	(20)	3,549	6,536
Profit/(loss) for the year	966	161	611	(1,010)	5,084
Balance sheet at 31 December					
Assets					
Cash in hand and demand deposits with central banks and credit institutions	1,323	2,733	11,243	5,887	14,634
Loans, advances and other receivables at fair value	40	53	1,010	1,022	0
Loans, advances and other receivables at amortised cost	4,334	9,036	4,512	6,504	1,683
Bonds at fair value and shares	744	866	869	1,260	918
Investments in associates and subsidiaries	3,587	3,518	4,728	5,228	6,661
Loss guarantee from the Private Contingency Association	0	0	0	0	10,000
Loss guarantee from the Danish State	7,820	7,880	7,847	12,480	8,931
Other assets	1,131	2,222	3,121	2,179	52
Total assets	18,979	26,308	33,330	34,560	42,879
Equity and liabilities					
Due to credit institutions and central banks	0	370	1,561	1,971	0
Deposits and other payables	0	420	5,540	1,423	2,061
Loans through the state-funded re-lending scheme	5,628	13,572	13,991	14,567	25,981
Other debt	1,813	806	988	1,115	248
Total debt	7,441	15,168	22,080	19,076	28,290
Provisions	821	1,389	1,660	1,905	0
Equity	10,717	9,751	9,590	13,579	14,589
Total equity and liabilities	18,979	26,308	33,330	34,560	42,879
Off-balance sheet items					
Contingent liabilities	1,290	5,716	67,048	163,133	193,628
Other commitments	0	0	0	0	0
Financial ratios					
Return on equity before tax	9.4%	1.7%	5.3%	(7.2)%	42.0%
Return on equity after tax	9.4%	1.7%	5.3%	(7.2)%	42.0%

Statement by Management

The Board of Directors and the Management Board have today considered and adopted the annual report of Finansielt Stabilitet A/S for the financial year 1 January – 31 December 2014.

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 Danish Financial Statements 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 2014 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 2014.

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 2015

Management Board

Henrik Bjerre-Nielsen
CEO

Board of Directors:

Jakob Brogaard
Chairman

Bent Naur
Deputy Chairman

Anette Eberhard

Birgitte Nielsen

Erik Sevaldsen

Michael Mikkelsen
(employee representative)

Independent auditor's report

To the shareholders of Finansiel Stabilitet A/S

Report on the consolidated financial statements and the Parent Company's financial statements

We have audited the consolidated financial statements and the Parent Company's financial statements of Finansiel Stabilitet A/S, pp. 25 - 74, for the financial year 2014. 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 Statements 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's 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 Statements 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's 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 2014 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 2014 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 Statements 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 Statements Act, we have read the Management's review. 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 review is consistent with the consolidated financial statements and the Parent Company's financial statements.

Copenhagen, 20 March 2015

Ernst & Young

Godkendt Revisionspartnerselskab

Lars Rhod Søndergaard
State-Authorised Public Accountant

Thomas Bruun Kofoed
State-Authorised Public Accountant

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:

- The Danish FSA



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:

- Investeringsfonden for Udviklingslande, IFU
- Investeringsfonden for Østlande, IØ
- The Guarantee Fund for Depositors and Investors

- Pensionskassen for Sundhedsfaglige
- Sundhedsfagliges Ejendomsaktieselskab



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:

- Arkil A/S
- Arkil Holding A/S
- Danske forsikring
- De Forenede Ejendomselskaber A/S
- Kirk Kapital A/S

- Matas A/S
- Topdanmark Forsikring A/S
- Topdanmark A/S
- Buy Aid Holding A/S



Michael Mikkelsen

- Employee representative
- Born in 1975

Member of the board of directors of:

- K/S Svenske Retailejendomme

Management Board



Henrik Bjerre-Nielsen

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

Chairman of the boards of directors of:

- FS Finanssselskabet 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.

FS Finanselskabet: Financing company established on 30 June 2014 based on the former FS Bank after the deposit of the company's banking licence to the FSA.

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

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DK-1560 Copenhagen V

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Fax: +45 33 93 13 33
Website: www.finansielstabilitet.dk
E-mail: 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
Birgitte Nielsen
Erik Sevaldsen
Michael Mikkelsen (employee representative)

Management Board

Henrik Bjerre-Nielsen

Auditors

Ernst & Young
Godkendt
Revisionspartnerselskab
Osvald Helmuths Vej 4
DK-2000 Frederiksberg

General meetings

Annual General Meeting to be held on 7 April 2015



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