



Tender Appendix 1: Translation of an unauthorised consolidated version of the Act on Financial Stability with all subsequent changes hereto including the changes which will enter into force on 1 October 2010

THIS IS AN UNOFFICIAL TRANSLATION OF AN UNAUTHORISED CONSOLIDATED VERSION OF THE ACT ON FINANCIAL STABILITY PREPARED BY FINANSIEL STABILITET A/S WHICH WILL ENTER INTO FORCE ON 1 OCTOBER 2010 FOR THE INFORMATION OF THE TENDERERS. ONLY THE OFFICIAL VERSION IN DANISH PUBLISHED IN THE DANISH LAW GAZETTE ("Lovtidende") IS VALID. FINANSIEL STABILITET A/S DOES NOT ASSUME ANY LIABILITY FOR ANY FAULTS IN THE UNAUTHORIZED CONSOLIDATED VERSION OR INCONSISTENCIES BETWEEN THIS VERSION AND A FUTURE OFFICIAL CONSOLIDATED VERSION.

Act on Financial Stability

Act No. 1003 of 10 October 2008 with the amendments following from Act No. 68 of 3 February 2009, section 2 of Act No. 338 of 1 May 2009, section 14 of Act No. 516 of 12 June 2009 and section 7 of Act No. 1273 of 16 December 2009 and section 1 of Act No. 721 of 25 June 2010.

Part 1

Scope of the Act, etc.

1.-(1) A winding-up scheme is set up via the Financial Stability Company for companies with a licence to operate as a bank, cf. section 7 of the Danish Financial Business Act. A scheme is furthermore set up where the Financial Stability Company upon application may agree on provision of an individual state guarantee.

(2) The Financial Stability Company may provide assistance to the Guarantee Fund for Depositors and Investors pursuant to an administration agreement. Expenses related thereto are paid by the Guarantee Fund for Depositors and Investors.

Part 2

The Financial Stability Company

2. Repealed.

3.-(1) The Minister for Economic and Business Affairs shall establish a limited liability company (the Financial Stability Company), the capital of which is contributed by the Danish State. The Danish State is the sole owner of the company.

(2) On formation, the share capital amounts to DKK 500,000. The company may raise loans to cover its financing requirements.

(3) State relending may be granted to the Financial Stability Company.

4. Repealed.

5.-(1) The Danish Financial Business Act, the Danish Financial Statements Act and the Danish Public Companies Act, including the rules on state-owned limited liability companies, apply to the Financial Stability Company with the deviations following from this Act.

(2) The provisions in section 61(8) and sections 170, 171 and 175 a of the Danish Financial Business Act shall not apply in relation the Financial Stability Company.

6.-(1) The Financial Stability Company shall be managed by a Board of Directors consisting of seven members to be elected by the shareholders in general meeting.

(2) The members of the Board of Directors and their alternates are elected for terms of three years with an option for extension for one additional term. If a member of the Board of Directors resigns before expiry of his term of office, his alternate may be appointed for a term of less than three years.



Part 2 a

Winding-up of distressed banks, etc.

7.-(1) If a bank comprised by the guarantee scheme fails to meet the capital adequacy requirements of the Danish Financial Business Act, and if the Danish Financial Supervisory Authority has determined a deadline in pursuance of section 225(1) of the Danish Financial Business Act, such bank shall declare to the Financial Stability Company that it wishes to transfer its activities to a buyer designated by the Financial Stability Company if the capital has not been restored before the expiry of the deadline determined by the Danish Financial Supervisory Authority.

(2) If the bank's capital has not been restored before the expiry of the deadline referred to in (1) hereof, the bank and the Financial Stability Company shall not later than on the date of expiry of the Danish Financial Supervisory Authority's deadline sign a conditional agreement providing that the bank shall transfer its activities in total or in part to a buyer designated by the Financial Stability Company, cf. section 246(2) of the Danish Financial Business Act. The Financial Stability Company shall determine which parts of the bank's activities not to be transferred. The share capital and other subordinated capital is not transferred, cf. sections 132 and 136 of the Danish Financial Business Act.

(3) If the bank and the Financial Stability Company fail to agree on the transfer amount, such amount shall be determined by the bank's external accountant. The bank's shareholders or cooperative members or members of the board of representatives shall, in accordance with section 246(4) of the Danish Financial Business Act, have access to the conditional agreement and any valuation by the bank's accountant.

(4) The transfer agreement shall become final when it has been presented to the bank's shareholders in general meeting or the board of representatives pursuant to the procedure outlined in section 246 of the Danish Financial Business Act and when the Minister for Economic and Business Affairs has approved the agreement in accordance with section 204(1) of the Danish Financial Business Act.

(5) If the bank or the Financial Stability Company fails to agree on the transfer amount determined in accordance with (3) hereof, both the Financial Stability Company and the bank may subsequently request that the transfer amount be determined jointly by two expert valuers appointed by the Institute of State-Authorised Public Accountants. The decision of the expert valuers shall be available not later than 12 weeks after their appointment. The Danish Financial Supervisory Authority may decide to extend the 12-week deadline. The Financial Stability Company and the bank may bring the decision of the expert valuers before the courts not later than two weeks after receipt of the decision.

(6) The costs of the accountant's valuation in accordance with (3) hereof shall be paid by the bank. The fees to the expert valuers in accordance with (5) hereof shall be paid by the buyer designated by the Financial Stability Company. For use in the expert valuers' valuation in accordance with (5) hereof, the Danish Financial Supervisory Authority may pass on information about the bank which would otherwise be comprised by the Danish Financial Supervisory Authority's duty of confidentiality pursuant to section 354 of the Danish Financial Business Act, if such information is required to perform the valuation.

(7) The Financial Stability Company shall safeguard the continuing operations of the bank from the date of the conditional agreement signed in accordance with (2) hereof and until the agreement has become final, cf. (4) hereof.

8.-(1) Instead of signing an agreement with a distressed bank pursuant to section 7 above, the Financial Stability Company may choose to pay expenses or contribute capital to a bank which takes over, in total or in part, activities from the distressed bank or otherwise contribute to the winding-up of the relevant bank in accordance with the objects of the Act.

(2) If a bank is declared bankrupt, the bankruptcy estate and the Financial Stability Company are obliged to enter into an agreement to sell the assets and liabilities to a buyer designated by the Financial Stability Company. Section 7(2), third sentence, shall furthermore apply. The agreement shall become effective immediately to the effect that the designated buyer will take over only such claims against the bank which are not covered by the Guarantee Fund for Depositors and Investors, to the effect that the unsecured creditors are safeguarded against losses. The transfer amount shall be determined jointly by two expert valuers appointed by the Institute of State-Authorised Public Accountants. Section 7(5), second to fourth sentence, shall furthermore apply.

Part 3

Agreement with the Private Contingency Association



9.-(1) Pursuant to the agreement of 5 October 2008 between the State and the Private Contingency Association, the Private Contingency Association shall guarantee the payment of DKK 10 billion to cover any losses in the Financial Stability Company.

(2) The Private Contingency Association shall pay an annual guarantee commission to the Financial Stability Company in the amount of DKK 7.5 billion. Such guarantee commission shall be payable in monthly instalments and may at the request of the individual bank be paid in shares, guarantee certificates or cooperative certificates issued by the bank.

(3) If the estimated losses, including interest on capital contributed to the Financial Stability Company, exceed the guaranteed amount set out in (1) hereof and the guarantee commission paid under (2) hereof, the Private Contingency Association shall cover any additional losses in the Financial Stability Company of up to DKK 10 billion.

(4) At the date of termination of the guarantee scheme, the accountants appointed by the Financial Stability Company shall prepare financial statements to be used in the assessment under (3) hereof. The financial statements shall be prepared according to the following principles:

1) Profits/losses shall be calculated as equity at the end of the period less capital contributions in subsidiaries plus a market return.

2) The guarantee commission paid in pursuance of (2) hereof shall not be recognised in the financial statements.

(5) If such financial statements show a loss, the Private Contingency Association shall pay such part of the guaranteed amount referred to in (1) hereof as is necessary to cover such loss. If such amount is not sufficient to cover the loss, any remaining part thereof shall be covered by the guarantee commission paid in pursuance of (2) hereof. If a loss remains, the Private Contingency Association shall pay an amount of up to DKK 10 billion in the form of additional guarantee commission, cf. (3) hereof.

10. The total liabilities of the Private Contingency Association towards the Financial Stability Company under section 9 above shall not exceed DKK 35 billion.

11. Any losses in the Financial Stability Company and its subsidiaries exceeding the liabilities of the Private Contingency Association as set out in section 9 above shall be covered by the State. Any profits in the Financial Stability Company at the date of termination of the guarantee scheme shall accrue to the State.

12. Subject to agreement with the Financial Stability Company, the Private Contingency Association may defray expenses or make investments with a view to safeguarding unsecured creditors against losses. In the event of such defrayal of expenses or investments as set out in the first sentence hereof, the guarantees referred to in section 9(1) and (3) above shall be reduced.

Part 4

Orders and exclusion from the guarantee scheme

13.-(1) Subject to discussions with the Private Contingency Association, the Minister for Economic and Business Affairs may lay down detailed rules specifying the scope of the exposure to be assumed by banks comprised by the guarantee scheme.

(2) In the event that the Danish Financial Supervisory Authority ascertains that a bank fails to comply with the rules laid down pursuant to (1) hereof, the Danish Financial Supervisory Authority shall request that such bank prepare a statement to be submitted to the Danish Financial Supervisory Authority within eight days. If the Danish Financial Supervisory Authority assesses that the bank's overall risk profile entails an increased risk of loss on the part of the Financial Stability Company relative to the time when the bank joined the scheme, the Danish Financial Supervisory Authority shall decide whether or not the bank must reduce its overall exposure within a specified period of time.

(3) If the bank fails to reduce its overall exposure as stipulated in the decision referred to in (2) hereof, the bank shall be excluded from the scheme upon expiry of a period of notice of eight days. In the event that a bank is excluded from the guarantee scheme, the scheme still covers the claims of unsecured creditors as made up at the date of exclusion.

(4) For use in its assessment pursuant to (2) hereof, the Danish Financial Supervisory Authority may order the bank to submit management and audit reports to document the bank's overall exposure.



(5) If a bank comprised by the guarantee scheme fails to comply with the terms following from the agreement of 5 October 2008 between the State and the Private Contingency Association, the Danish Financial Supervisory Authority may exclude the bank from the scheme giving eight days' notice. In the event that a bank is excluded from the guarantee scheme, the scheme still covers the claims of unsecured creditors as made up at the date of exclusion. However, regardless of the terms of the agreement of 5 October 2008 between the State and the Private Contingency Association, dividend payments may be made within foreign groups. Foreign parent companies may distribute dividends, always provided that such distribution is not subject to the payment of dividends from the Danish subsidiary.

(6) Instead of excluding a bank from the scheme under (3) or (5) hereof, the Danish Financial Supervisory Authority may issue a warning to or dismiss members of the Board of Directors of the bank in question or order the bank to dismiss a member of its management board.

(7) Decisions made pursuant to (2), (3), (5) or (6) hereof shall be published by the Danish Financial Supervisory Authority.

14. In very special cases, the Danish Financial Supervisory Authority may exclude a bank from the guarantee scheme giving eight days' notice regardless of whether the bank complies with the rules for exposure provided in section 13(1) above. Such decision shall be published by the Danish Financial Supervisory Authority. In the event that a bank is excluded from the guarantee scheme, the scheme still covers the claims of unsecured creditors as made up at the date of exclusion.

15.-(1) Banks which are part of group may within the framework of their ordinary business freely organise their business with respect to capital and liquidity as well as exposure.

(2) When the Danish Financial Supervisory Authority makes a decision in respect of banks which are part of a group within the European Union, or countries with which the Community has made agreements in the financial area, the Danish Financial Supervisory Authority shall make such decision in consultation with the authority responsible for the supervision of the parent company.

16. The party addressed by a decision may bring decisions made by the Danish Financial Supervisory Authority pursuant to sections 13 and 14 above before the Commercial Complaints Board within 24 hours of the decision having been communicated to such party.

Part 4 a

Scheme with an individual state-guarantee for unsecured loans

§ 16 a.-(1) A scheme is introduced whereby the Financial Stability Company upon application may agree on provision of an individual state guarantee for existing and new, unsubordinated, unsecured loans and for supplemental security provided by a bank issuing covered bonds or mortgage credit bonds or supplemental security provided by Danske Skibskredit A/S (junior covered bonds) with a duration of up to three years.

(2) The scheme shall be administered by the Financial Stability Company in accordance with the provisions of this Act.

(3) The scheme referred to in (1) hereof comprises loans issued on 31 December 2010 at the latest. Applications may be filed for individual state-guarantee on loans until 31 December 2010. The Minister for Economic and Business Affairs may lay down rules to extend the deadline set out in the second sentence hereof.

16 b.-(1) Applications pursuant to section 16 a may be submitted by Danish banks, subsidiaries in Denmark of foreign banks and mortgage banks which comply with the capital adequacy requirement of 8 percent, the bank's individual capital requirement and any possible higher, individual capital adequacy requirement determined by the Danish Financial Supervisory Authority, cf. section 124 of the Danish Financial Business Act.

(2) The application for a state-guarantee shall be submitted to the Financial Stability Company with the enclosed documents:

- 1) A statement of the calculation of the individual capital requirement.
- 2) A statement from the bank concerning the bank's financial position and future prospects and a statement from the bank's approved accountant on this matter.



3) The most recent annual report and the most recent quarterly accounts.

(3) The Minister for Economic and Business Affairs may lay down detailed rules on the application requirements, the accountant's statement, the evaluation of the applications and on the publication of information on the guarantees issued, etc.

16 c.-(1) For individual state guarantees provided pursuant to section 16 a, the following terms shall apply during the state guarantee period:

1) Dividend cannot be paid. However, dividend may be paid from 1 October 2010, provided that it may be contained within the current surplus. Furthermore, regardless of the first sentence hereof, Danmarks Skibskredit A/S may pay out 15 percentage of its annual surplus to the Danish Maritime Fund, provided that such payout may be financed within the current surplus.

2) Capital reductions where an amount is paid to shareholders, guarantors or cooperative members, new repurchase programs concerning repurchase of own shares or issuance of bonus shares at a favourable price, or other use of similar, profitable schemes, is not allowed. This however, shall not apply for total or partial repurchase of the State's shares as part of a settlement of a state capital contribution to banks where the State has a right of conversion.

3) New share option programs or other similar schemes cannot be set up for the management board and existing programs or other similar schemes cannot be extended or renewed.

4) The bank shall pay a guarantee commission for the state guarantee, determined individually for each bank.

(2) The guarantee commission, cf. subsection (1), no. 4, shall accrue to the State.

(3) The rules specified in section 13(1)-(7) and section 15 shall similarly apply to agreements concerning provision of individual state guarantee.

(4) The Minister for Economic and Business Affairs may set more detailed regulations on the fixing and calculation of the guarantee commission to be paid to the State pursuant to subsection (1), no. 4.

(5) If a bank or a mortgage institute, which has entered into an agreement for an individual state guarantee on loans, violates the terms specified in subsection (1), nos. 1-4, the Danish Financial Supervisory Authority may issue a warning to the bank in question, dismiss members of the Board of Directors of the bank in question or order the bank in question to dismiss a member of its management board.

(6) The Minister for Economic and Business Affairs may set more detailed regulations on and terms of the Financial Stability Company's conclusion of agreements concerning provision of state guarantee pursuant to section 16 a.

16 d. Pursuant to section 16 a, the Danish Public Administration Act shall apply for the Financial Stability Company's consideration of applications for state guarantee.

Part 4 b

Handling of distressed banks

16 e.-(1) The Financial Stability Company shall participate in the winding-up of a distressed bank which holds a licence to operate as a bank pursuant to section 7 of the Danish Financial Business Act if so requested by the bank and if the Danish Financial Supervisory Authority after 30 September 2010 has fixed a deadline for the bank to comply with the capital requirements pursuant to section 225(1) of the Danish Financial Business Act, cf. sections 16 f-16 i.

(2) The Financial Stability Company shall participate in the winding-up of a distressed bank by setting up and capitalising a new subsidiary of the Financial Stability Company that takes over the assets of the distressed bank, cf. section 16 g(1) and parts of the liabilities of the distressed bank, cf. section 16 g(4), (6) and (8). The subsidiary shall take over all employees of the bank and may take over other bilateral contracts pursuant to agreement with the distressed bank. Share capital and additional capital is infused from the Financial Stability Company to ensure that the subsidiary complies with the capital requirements stipulated in the Danish Financial Business Act.

(3) The Financial Stability Company may grant a subsidiary a liquidity framework, cf. subsection (2), to ensure that the subsidiary can finance the takeover of the assets from the distressed bank and complies with the liquidity requirements stipulated in the Danish Financial Business Act.

(4) The Minister for Economic and Business Affairs may lay down specific rules on the Financial Stability Company's tasks in relation to its subsidiaries and their winding-up of distressed banks pursuant to the scheme.



16 f.-(1) If the Danish Financial Supervisory Authority fix a deadline to comply with the capital requirements pursuant to section 225(1) of the Danish Financial Business Act, the Board of Directors of the distressed bank must, as soon as possible, and within 6 hours after the bank has been made aware of the deadline, decide whether the bank, if it cannot raise the required capital within the deadline specified by the Danish Financial Supervisory Authority, requests to be wound up by the Financial Stability Company pursuant to the winding-up scheme of this Act or the rules of cessation in Part 15 of the Danish Financial Business Act, and inform the Danish Financial Supervisory Authority thereof.

(2) If the Board of Directors of the distressed bank has decided to be wound up pursuant to the winding-up scheme, cf. subsection (1), the bank must immediately after the decision deliver the required statements and information that follows from section 245 a of the Danish Financial Business Act.

(3) Banks which hold a licence to operate as a bank pursuant to section 7 of the Danish Financial Business Act shall, at the first general meeting after 30 September 2010, submit to the general meeting whether the general meeting requests that the bank makes use of the winding-up scheme in this Act in those situations comprised by subsection (1) hereof. The general meeting's decision in this regard shall be notified to the Financial Stability Company immediately after the general meeting. The Financial Stability Company shall publish the information received from the banks on the Company's website.

16 g.-(1) If a distressed bank cannot raise the required capital within the deadline specified by the Danish Financial Supervisory Authority pursuant to section 225(1) of the Danish Financial Business Act and if the bank decides to be wound up pursuant to the winding-up scheme of this Act, the bank must immediately enter into a conditional agreement with the Financial Stability Company on transfer of the bank's assets etc.

(2) The Financial Stability Company and the Board of Directors of the distressed bank must agree on a preliminary takeover sum for the transferred assets etc.

(3) The preliminary takeover sum is calculated as the sum of the expected selling price of the assets as per the transfer date regardless of goodwill and other intangible assets and with a deduction of costs of disposal.

(4) The subsidiary of the Financial Stability Company settles the preliminary takeover sum towards the distressed bank by taking over unsubordinated liabilities as per the transfer date for an amount equivalent to the value of the assets calculated pursuant to subsection (3). Part of the amount shall be withheld in the form of a balance, cf. subsections (6) and (7).

(5) The subsidiary of the Financial Stability Company shall take over each individual unsecured creditor's claim against the bank to the extent that this claim may be included in a possible claim by the bank against the depositor. Furthermore, the subsidiary of the Financial Stability Company shall take over a proportional share of the remaining part of the claims against the distressed bank. Employee obligations taken over by the subsidiary of the Financial Stability Company will be taken over in full.

(6) The balance is used to re-adjust the purchase price when finally determined by the accountants.

(7) The balance amount, cf. subsection (4), is determined by the measurement committee in the winding-up department under the Guarantee Fund for Depositors and Investors, cf. section 5(7) of the Danish Guarantee Fund for Depositors and Investors Act.

(8) Share capital, guarantee capital and other subordinated capital is not acquired, cf. sections 132 and 136 of the Danish Financial Business Act.

(9) The value of the assets shall be finally determined based on the principles of subsection (3) by two accountants appointed by the Institute of State-Authorised Public Accountants. The accountants' measurement must be made as soon as possible after appointment of the accountants.

(10) The accountants' measurement, cf. subsection (9), may be brought before the courts by the distressed bank, the Financial Stability Company or by the Guarantee Fund for Depositors and Investors at the latest two weeks after receipt of the measurement.

(11) Costs for the accountants' fees for measurement pursuant to subsection (9) shall be paid by the subsidiary of the Financial Stability Company.

(12) The transfer agreement, cf. subsection (1), must include a provision that the final takeover sum shall be adjusted by any net surplus of the subsidiary after re-transfer or winding-up of the subsidiary.



16 h.-(1) Immediately after the transfer, the subsidiary shall submit a notification to the Financial Stability Company for publication in the Danish Commerce and Companies Agency's computer system including a request to anyone with a claim against the distressed bank to file any such claim to the subsidiary within three months after the publication, provided that the claim has not already been filed or refused by the distressed bank. In special circumstances, the subsidiary shall ensure that the notification is furthermore published in the media which the customers of the distressed bank may be expected to use.

(2) The notification must include information on:

- 1) the name or any former names of the distressed bank, address and Central Business Registration Number;
- 2) the name of the person to which the claim must be filed, and
- 3) the legal effects of late filing, cf. subsection (3).

(3) If a claim is not filed in due time, cf. subsection (1), the right to coverage by the subsidiary shall lapse.

(4) Claims which are filed as part of a class action pursuant to the rules in Part 23 a of the Danish Administration of Justice Act are not precluded even if the application to be part of the class action is filed after expiry of the deadline stipulated in subsection (1), provided that the group representative on behalf of the group has complied with the deadline.

16 i.-(1) At the time of transfer, the subsidiary shall calculate each depositor's coverage of the distressed bank pursuant to the Danish Guarantee Fund for Depositors and Investors Act.

(2) Any amount to be paid on account shall be paid by the subsidiary to the relevant customers' accounts, which amount is calculated equivalent to the coverage pursuant to section 15 a of the Danish Guarantee Fund for Depositors and Investors Act. The amount paid on account may subsequently be adjusted.

(3) The subsidiary is subrogated to the claims of said customers against the Guarantee Fund for Depositors and Investors.

16 j. If a bank is declared bankrupt, the bankruptcy estate may take over the assets to a subsidiary of the Financial Stability Company on the same terms as for winding-up pursuant to sections 16 e-16 i.

Part 5

Commencement provisions, etc.

17.-(1) This Act shall come into force on 11 October 2008 at 00:00.

(2) The Act may be affirmed immediately upon being passed.

(3) The Act is effective as from 5 October 2008.

(4) The general state guarantee scheme, cf. section (1), terminates on 30 September 2010. If, on or before 30 September 2010, the Danish Financial Supervisory Authority has determined a deadline by which a bank must meet the capital adequacy requirements pursuant to section 225(1) of the Danish Financial Business Act, and if the bank's capital has not been restored before the expiry of such deadline, the Financial Stability Company shall be under an obligation to carry out the procedure referred to in section 7 above in order to safeguard the unsecured creditors referred to in section 1 against losses. If a bank becomes subject to bankruptcy proceedings, the unsecured creditors of such bank will be comprised by the guarantee scheme if a bankruptcy order is made on or before 30 September 2010.

18. (Omitted).

19. (Omitted).