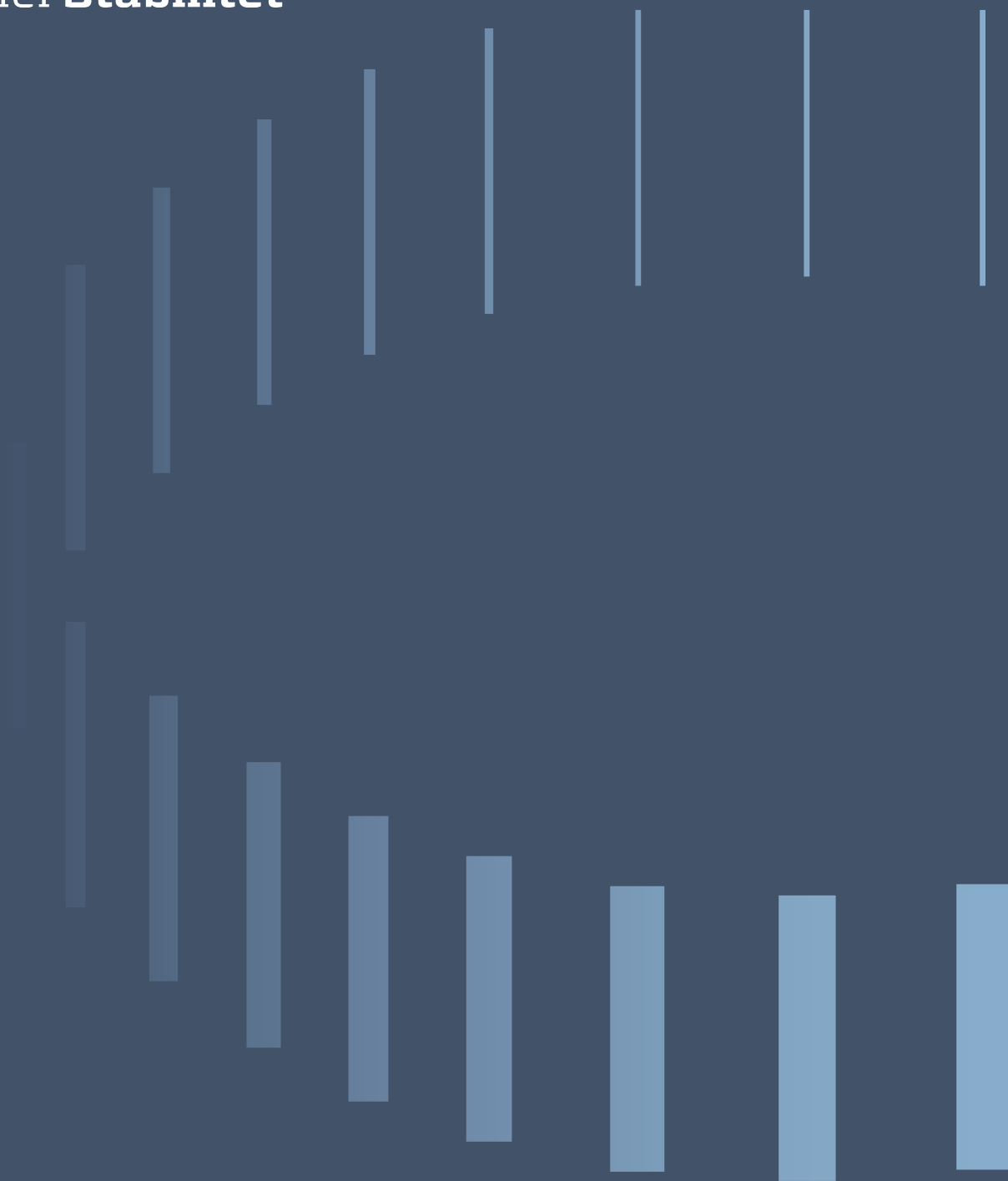


# Finansiel Stabilitet



Interim report **H1 2018**

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# Results for H1 2018

## Financial result for the Group

Finansiel Stabilitet generated a financial result of DKK 449 million in H1 2018, which was largely attributable to payment of contributions to the Resolution Fund in the amount of DKK 617 million, of which DKK 308 million was accrued and included in the result for the period. Overall, the Resolution Fund contributed DKK 315 million.

For the period, the Bank Package I-V activities and the Guarantee Fund contributed DKK 131 million and DKK 3 million, respectively.

At 30 June 2018, the Group had total assets of DKK 23.6 billion, unchanged from 31 December 2017.

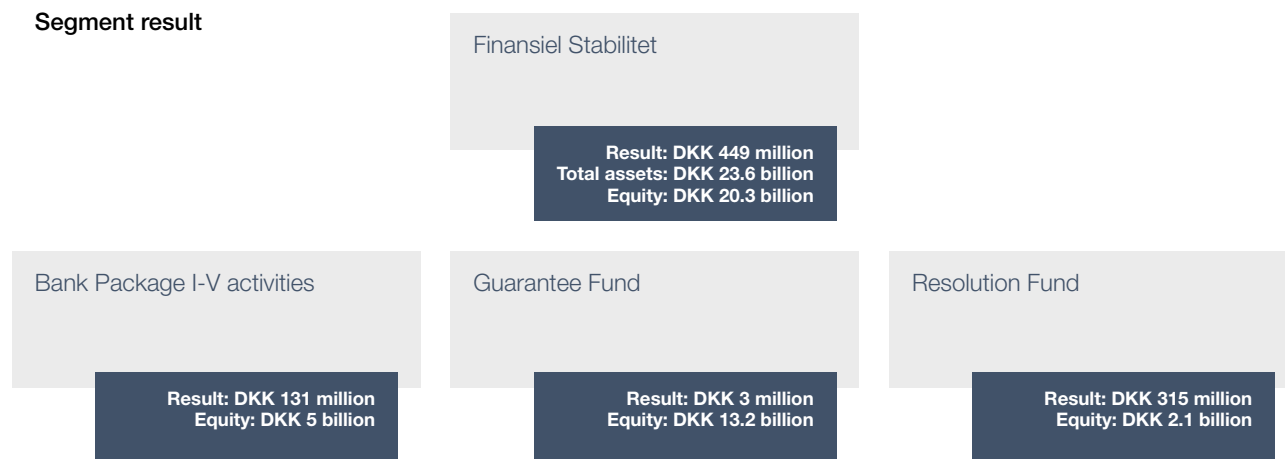
Of the total assets of DKK 23.6 billion, the Bank Package I-V activities accounted for DKK 6.8 billion, the Guarantee Fund accounted for DKK 14.7 billion, and the Resolution Fund accounted for DKK 2.9 billion, while a negative amount of DKK 0.8 billion related to an intra-group balance.

Total equity amounted to DKK 20.3 billion, against DKK 22.4 billion at 31 December 2017, of which DKK 13.2 billion was attributable to the Guarantee Fund, DKK 5 billion to the Bank Package I-V activities and DKK 2.1 billion to the Resolution Fund. The Group's equity was reduced by DKK 2.5 billion in H1 2018 as a result of dividend distribution.

Finansiel Stabilitet's consolidated income statement and balance sheet thus comprise the former Bank Package I-V activities, the Guarantee Fund and the Resolution Fund. The funds of these three segments are kept separate. Finansiel Stabilitet is not liable for the Guarantee Fund or the Resolution Fund, and these are only liable for their own obligations and liabilities.

For a further specification of the individual segment income statement items, see the following sections and notes 2 and 3 to the financial statements for a more detailed account.

## Segment result



## Bank Package I-V activities

### Result

Finansiel Stabilitet's activities in relation to Bank Packages I-V produced a financial result of DKK 131 million in H1 2018, against a negative result of DKK 51 million in H1 2017. The result reflects the continued winding up of the remaining activities. In the reporting period, impairment losses on loans, advances and receivables totalling DKK 87 million and value adjustments of shares totalling DKK 58 million were reversed.

The improved result was also to a significant extent attributable to the decision of the Court of Justice of the European Union of 6 March 2018 in the FIH case. Based on an appeal by the Commission, the Court of Justice of the European Union reversed the decision of the General Court. This means that the case is again pending before

the General Court, which is to consider FIH's alternative claims concerning the calculation of the state aid received. Based on the decision, it is estimated that a part of the deposited amount from FIH of DKK 351 million will be recognised as income. Based on a preliminary assessment of the matter, Finansiel Stabilitet provisionally recognised an amount of DKK 100 million in H1 2018.

The individual bank packages impact the segment's result in different ways. Bank Packages I and II impact the segment's result in full. Bank Packages III-V are only recognised in part, as other creditors also have financial interests in the resolution results, including the Guarantee Fund. In relation to Bank Package III (FS Finans III and IV) and Bank Package IV (FS Finans I and II), only a share of changes in the purchase price adjustment affects the segment's result. This share is determined as the part of total unsecured claims not taken over by Finansiel Stabilitet.

### Financial highlights, Bank Package III – FS Finans III and IV

(DKKm)	FS Finans III		FS Finans IV	
	H1 2018	H1 2017	H1 2018	H1 2017
<b>Income statement</b>				
<b>Result for the period</b>	<b>0</b>	<b>0</b>	<b>23</b>	<b>9</b>
Result for the period before purchase price adjustment	12	(38)	-	-
<b>Balance sheet at</b>				
	<b>30.06.2018</b>	<b>31.12.2017*</b>	<b>30.06.2018</b>	<b>31.12.2017*</b>
Loans and advances	59	86	68	80
Other assets	1,506	1,497	85	82
<b>Total assets</b>	<b>1,565</b>	<b>1,583</b>	<b>153</b>	<b>162</b>
Purchase price adjustment	1,502	1,490	-	-
Other provisions	47	52	68	71
Other liabilities	15	40	22	19
Equity	1	1	63	72
<b>Total equity and liabilities</b>	<b>1,565</b>	<b>1,583</b>	<b>153</b>	<b>162</b>

\* Developments in balance sheet items are measured relative to the most recent full year.

## Financial highlights, Bank Package IV – FS Finans I and II

(DKK m)	FS Finans I		FS Finans II	
	H1 2018	H1 2017	H1 2018	H1 2017
<b>Income statement</b>				
<b>Result for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Result for the period before purchase price adjustment	2	(3)	4	5
<b>Balance sheet at</b>				
	<b>30.06.2018</b>	<b>31.12.2017*</b>	<b>30.06.2018</b>	<b>31.12.2017*</b>
Loans and advances	31	43	40	43
Other assets	285	292	228	149
<b>Total assets</b>	<b>316</b>	<b>335</b>	<b>268</b>	<b>192</b>
Purchase price adjustment	298	296	147	143
Other provisions	18	38	33	37
Other liabilities	0	0	87	11
Equity	0	1	1	1
<b>Total equity and liabilities</b>	<b>316</b>	<b>335</b>	<b>268</b>	<b>192</b>

\* Developments in balance sheet items are measured relative to the most recent full year.

In H1 2018, the subsidiaries FS Finans I-III reported an overall financial result of DKK 18 million before purchase price and dowry adjustment.

There was no purchase price adjustment in FS Finans IV, as the dividend was originally fixed at a higher amount than what is currently warranted. The loss was covered by the restructuring department of the Guarantee Scheme. FS Finans IV posted a financial result of DKK 23 million for H1 2018, reducing its total deficit to DKK 590 million.

The segment's total assets were reduced by DKK 2.5 billion in H1 to DKK 6.8 billion by way of dividend distribution. At 30 June 2018, there were remaining loans and guarantees of DKK 862 million, financial assets of DKK 231 million and properties of DKK 3 million.

## Guarantee Fund

The Guarantee Fund generated a total financial result of DKK 3 million in H1 2018, against a negative result of DKK 31 million in H1 2017. The improvement over

H1 2017 was mainly due to the DKK 23 million positive result posted by FS Finans IV, which will be credited to the Guarantee Fund's Restructuring Department, which in the past covered losses in FS Finans IV. Moreover, the recently initiated investment activity not only reduced the negative deposit rates, but generated a modest positive return. For more information, see page 6.

In 2018, it was not necessary to collect contributions for the Banking Department, as the assets of the Fund exceed its target level. The total assets of the banking department amounted to DKK 8.8 billion, whereas the target level was approximately DKK 4.9 billion. The target level for 2018 has been calculated excluding the former company Nordea Bank Danmark A/S, which was converted into a branch effective at 1 January 2017. This has lowered the 2018 target level relative to that of 2017. On the other hand, the target level has been raised as a result of Danske Bank A/S's conversion of Danske Bank Plc., Finland to a branch. Against this background, the target level for 2019 is expected to increase to DKK 5.2 billion.

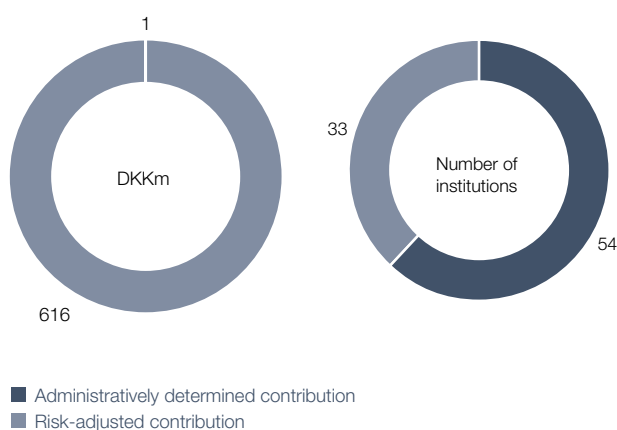
For the other three departments under the Guarantee Fund, it also applies that there has been no need to charge any further contributions in 2018. In 2018, contributions and guarantees will hence only be redistributed among the Mortgage Credit Department, the Investment Company Department and the Restructuring Department.

## Resolution Fund

The Resolution Fund generated a total financial result of DKK 315 million in H1 2018, against DKK 370 million in H1 2017. This was mainly attributable to payment of contributions to the Resolution Fund, of which DKK 308 million is included in the financial result for H1 2018. The result was also affected by the recently initiated investment activity, which not only reduced the negative deposit rates, but generated a modest positive return, see below.

Of the contributions for the year, DKK 616 million was contributed by the 33 largest institutions, which pay risk-based contributions. The remaining 1 million was contributed by 54 other institutions, whose contributions are determined administratively. Banks contributed DKK 402 million, mortgage credit institutions contributed DKK 215 million and investment companies contributed DKK 27 thousand.

### Collection of contributions 2018



Including the payment of contributions to the Resolution Fund for 2018, a total of DKK 2.4 billion of the Fund's target level of approximately DKK 6.2 billion has been collected. The target level for 2018 has been calculated excluding the former company Nordea Bank Danmark A/S, which was converted into a branch effective at 1 January 2017. This has lowered the 2018 target level relative to that of 2017. On the other hand, the target level has been increased as a result of Danske Bank A/S's conversion of Danske Bank Plc., Finland to a branch. As a result, the target level for 2019 will be affected in the same way as is the case for the Guarantee Fund and is expected to be approximately DKK 6.5 billion for 2019.

### Resolution of FS Finans V A/S' activities

In 2015, Finansielt Stabilitet implemented resolution measures in relation to Andelskassen J.A.K. Slagelse.

On 31 May 2017, Andelskassen J.A.K. Slagelse under control deposited its licence to carry on banking and securities trading activities. The bank was at the same date converted into a financing company with the name of FS Finans V A/S, from which the winding up of remaining loans will take place.

For H1 2018, FS Finans V A/S posted a financial result of DKK 3 million and at 30 June 2018 had loans and advances representing a total carrying amount of DKK 41 million and total assets of DKK 43 million.

## Portfolio management of the Resolution and Guarantee Funds

As part of its other activities, Finansielt Stabilitet manages the Guarantee Fund and the Resolution Fund. Previously their cash funds of approximately DKK 8 billion and approximately DKK 2 billion, respectively, were placed in a current account with Danmarks Nationalbank. Having decided to pursue a more active management strategy, Finansielt Stabilitet has set out a strategy of investing the funds in relatively liquid government bonds and short-term mortgage bonds. The investment choice was based on considerations of return relative to the risk involved. Finansielt Stabilitet has initially chosen to pursue a conservative strategy, mainly taking risk in relation to future interest rate movements and, to a lesser degree, credit conditions.

The investment strategy, which is identical for the Guarantee Fund and the Resolution Fund, is thus focused on risk management through the choice of interest rate risk and investment instruments, and this choice is limited to covered bonds and covered mortgage bonds with a maximum five-year maturity and Danish government bonds. The chosen investment strategy has limited risk exposure. It thus involves interest rate exposure where an increase in the effective interest rate results in a capital loss. Such capital loss will be eliminated if the bonds are held to maturity. Accordingly, the risk may be interpreted as liquidity risk. To counter this liquidity risk, repo facilities have been added to the portfolios.

Finansiel Stabilitet has chosen to outsource the management of its investment portfolios. For this purpose, Finansiel Stabilitet completed an EU tender for an investment mandate regarding short-term covered mortgage bonds and covered bonds on behalf of the Guarantee Fund and the Resolution Fund. The completed tender involved two identical investment mandates. Jyske Bank came out on top in the tender and was appointed holder of both mandates.

The two investment mandates held by Jyske Bank comprise a total investment volume of DKK 7.5 billion, and the portfolios will be phased in gradually. Jyske Bank invested the first tranche on 17 April 2018. The return at 30 June 2018 was 0.20% (corresponding to an investment gain of approximately DKK 4 million), meaning that the invested tranche has improved the return by 0.33% (or approximately DKK 6 million) compared with placing the funds at Danmarks Nationalbank's interest rate on certificates of deposit.

Since the active investment management was launched, the general level of interest rates has declined and the spread between government and mortgage bonds has widened. The lower interest rate level has had a positive effect on the portfolio. The aggregate effect of this development is a marginally positive return on the portfolio.

The second tranche was phased in during the second quarter of 2018. The EU tender for the DKK 2.5 billion government bond portfolio is under way and is expected to be announced at the end of August with a deadline of 1 October.

## Lawsuits

Finansiel Stabilitet is processing a substantial portfolio of lawsuits which have arisen in connection with the takeover of failing banks.

Finansiel Stabilitet has instituted a number of liability lawsuits against the former managements, among others, of eight of the failing banks taken over.

The lawsuit against the former management of Capinordic Bank was the first liability lawsuit to be heard in court. In October, 2015, a decision was delivered against the three defendant management members, who were ordered to pay damages in a total amount of DKK 90.5 million. The decision was appealed by the defendants and subsequently by Finansiel Stabilitet. The appeal will be considered by the Danish Supreme Court in November 2018, and a decision is expected to be delivered by the end of the year.

In June 2017, a decision was delivered in the liability lawsuit against the former management of Amagerbanken. The decision was given in favour of the defendants, and Finansiel Stabilitet was ordered to pay legal fees of approximately DKK 77 million. Finansiel Stabilitet has appealed a part of the district court's decision. The appeal will be considered by the Eastern High Court during the period from January to March 2019.

In the lawsuit against the former management and auditors of Roskilde Bank, the Eastern High Court delivered a decision in November 2017. The decision was given in favour of all the defendants, and Finansiel Stabilitet was ordered to pay legal fees of approximately DKK 72.5 million. Finansiel Stabilitet has appealed the decision with respect to the CEO and the Board of Directors. The auditors have appealed the High Court's decision concerning legal costs with respect to Finansiel Stabilitet.

In September 2017, the trial hearing commenced in the ebh bank lawsuit and in the Eik Bank Danmark lawsuit.

The trial hearing in the liability lawsuit against ebh is expected to be finalised at the end of 2018. The trial hearing in the Eik Bank Danmark lawsuit was finalised in June 2018, and a decision is expected to be delivered on 26 October 2018.

The trial hearing in the Eik Bank Færøerne lawsuit commenced in January 2018 and is expected to be finalised in mid-2019.

On 29 June 2018, a decision was delivered in the lawsuits of Foreningen Amagerinvestor and Amagerbanken in bankruptcy against Finansielt Stabilitet and the Danish FSA. The Eastern High Court found in favour of Finansielt Stabilitet and the Danish FSA in respect of the claims brought by Foreningen Amagerinvestor and the estate in bankruptcy of Amagerbanken. The decisions were not appealed.

## Significant risks

The principal risks affecting Finansielt Stabilitet concern the uncertainty related to the winding up of activities taken over by Finansielt Stabilitet under Bank Packages I-V and the risk of future losses as a result of the restructuring and resolution of failing banks etc. resulting in losses on covered deposits.

To reflect the financial distribution between Bank Package I-V activities, the Guarantee Fund and the Resolution Fund, Finansielt Stabilitet's risks are similarly distributed among the three segments.

The significant risks in each segment are described in detail in Finansielt Stabilitet's Annual Report 2017 to which

reference is made for further information about risks and risk management.

## Events after the balance sheet date

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

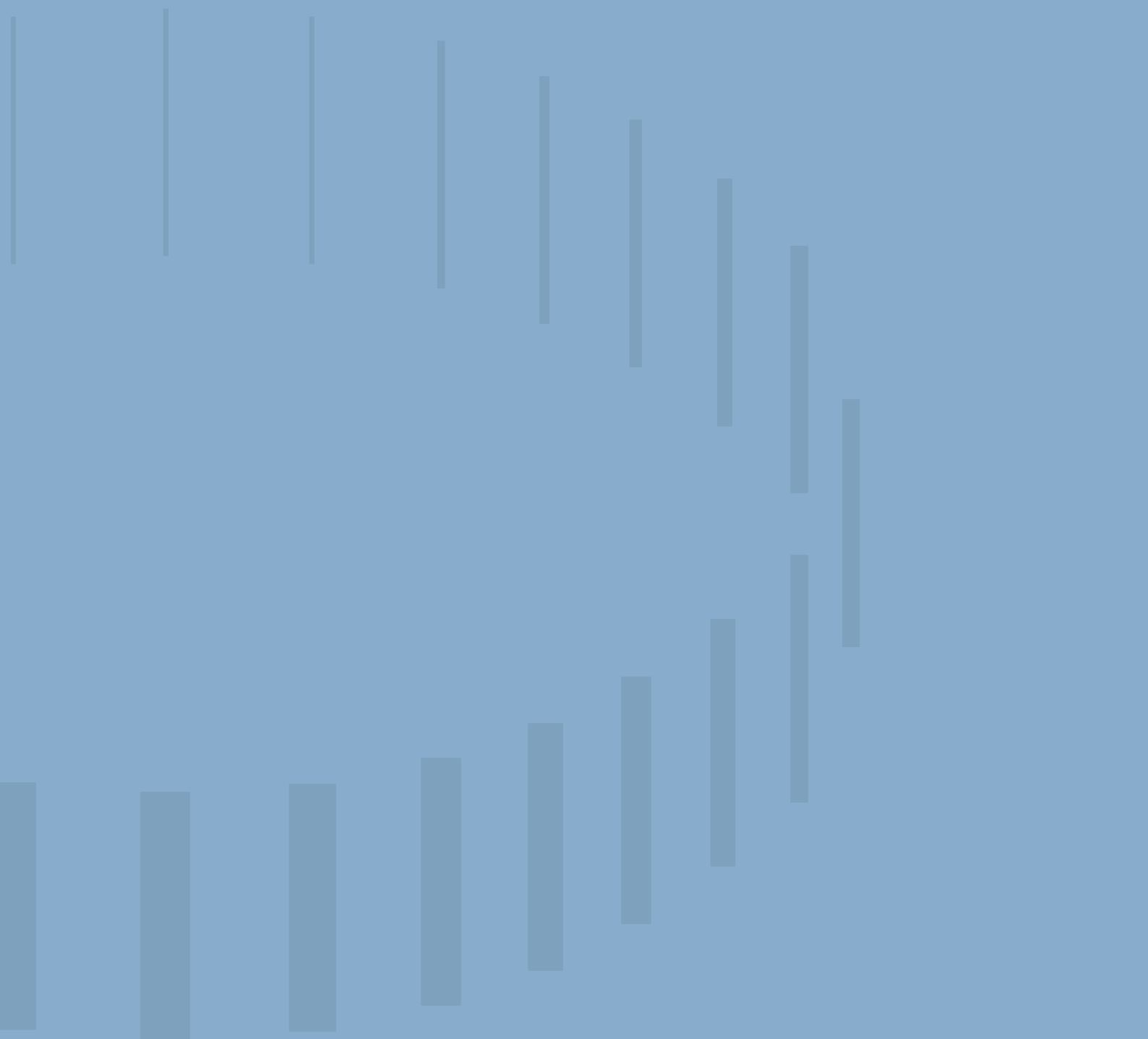
## Outlook for 2018

The outlook for 2018 is determined for each of the three segments of the Finansielt Stabilitet Group. For the Resolution Fund, a financial result of approximately DKK 600 million is forecast, corresponding to the expected payments from the institutions required to pay contributions to the Resolution Fund. The full-year result of the Bank Package I-V activities is expected remain largely unchanged. The Guarantee Fund is expected to post a deficit for the year.

The outlook is subject to some uncertainty due to the continued substantial uncertainty about the 2018 results of the activities relating to the Bank Package I-V activities. Moreover, any interest rate changes could significantly influence the result, which in turn would impact the results of the Guarantee Fund and the Resolution Fund.



# Financial statements



# Income and comprehensive income statement

(DKKm)	Note	Group		Parent	
		H1 2018	H1 2017	H1 2018	H1 2017
<b>Interest and fees</b>					
Interest income	4	11	11	14	10
Interest expense	5	49	50	49	50
<b>Net interest income</b>		<b>(38)</b>	<b>(39)</b>	<b>(35)</b>	<b>(40)</b>
Share dividends, etc.		3	0	3	0
Contributions to the Resolution Fund		308	374	308	374
Fees and commissions received		3	4	2	2
<b>Net interest and fee income</b>		<b>276</b>	<b>339</b>	<b>278</b>	<b>337</b>
Market value adjustments	6	58	(1)	43	1
Other operating income		124	42	116	25
Staff costs and administrative expenses	7	56	76	51	61
Other operating expenses		31	74	20	2
Impairment losses on loans, advances and receivables etc.	8	(89)	(52)	(42)	(12)
Income from investments in associates and subsidiaries		(6)	0	24	6
Purchase price and dowry adjustment		(1)	6	17	(30)
<b>Result for the period before tax</b>		<b>453</b>	<b>288</b>	<b>449</b>	<b>288</b>
Tax		4	0	0	0
<b>Result for the period</b>		<b>449</b>	<b>288</b>	<b>449</b>	<b>288</b>
<b>Statement of comprehensive income</b>					
Result for the period		449	288	449	288
Other comprehensive income after tax		0	0	0	0
<b>Total comprehensive income</b>		<b>449</b>	<b>288</b>	<b>449</b>	<b>288</b>
<b>Distributed on:</b>					
Finansiel Stabilitet		131	(51)	131	(51)
Resolution Fund		315	370	315	370
Guarantee Fund		3	(31)	3	(31)
<b>Total comprehensive income</b>		<b>449</b>	<b>288</b>	<b>449</b>	<b>288</b>

# Balance sheet

(DKKm)	Note	Group			Parent		
		30.06. 2018	31.12. 2017	30.06. 2017	30.06. 2018	31.12. 2017	30.06. 2017
<b>ASSETS</b>							
Cash in hand and demand deposits with central banks		14,665	15,796	15,703	14,665	15,796	15,703
Due from credit institutions and central banks		192	76	304	124	24	89
Loans, advances and other receivables at amortised cost		359	442	320	120	139	97
Bonds at fair value		3,723	10	39	3,722	6	35
Shares etc.		186	212	152	147	149	103
Investments in associates		38	44	43	38	44	43
Investments in subsidiaries		-	-	-	611	613	613
Investment properties		3	3	35	3	3	1
Guarantees provided by banks, mortgage credit institutions and investment companies		4,215	4,215	4,215	4,215	4,215	4,215
Receivable re. loss guarantee from the Danish State relating to Roskilde Bank		0	2,550	2,550	0	2,550	2,550
Purchase price and dowry adjustment receivable		0	0	0	1,737	1,720	1,699
Other assets		166	226	243	208	281	282
Prepayments		2	1	1	2	1	1
<b>Total assets</b>		<b>23,549</b>	<b>23,575</b>	<b>23,605</b>	<b>25,592</b>	<b>25,541</b>	<b>25,431</b>

# Balance sheet

(DKKm)	Note	30.06. 2018	Group 31.12. 2017	30.06. 2017	30.06. 2018	Parent 31.12. 2017	30.06. 2017
<b>EQUITY AND LIABILITIES</b>							
<b>Liabilities</b>							
Due to credit institutions and central banks		1,860	0	4	1,860	0	0
Other liabilities		657	699	698	3,057	3,048	2,915
Deferred income		309	1	374	309	0	374
<b>Total liabilities other than provisions</b>		<b>2,826</b>	<b>700</b>	<b>1,076</b>	<b>5,226</b>	<b>3,048</b>	<b>3,289</b>
<b>Provisions</b>							
Provision for losses on guarantees		76	137	167	31	59	77
Purchase price adjustment (earn-out)		210	209	207	0	0	0
Other provisions	9	130	121	128	28	26	38
<b>Total provisions</b>		<b>416</b>	<b>467</b>	<b>502</b>	<b>59</b>	<b>85</b>	<b>115</b>
<b>Total liabilities</b>		<b>3,242</b>	<b>1,167</b>	<b>1,578</b>	<b>5,285</b>	<b>3,133</b>	<b>3,404</b>
<b>Equity</b>							
Finansiel Stabilitet		4,956	7,375	7,393	4,956	7,375	7,393
Guarantee Fund		13,232	13,229	13,183	13,232	13,229	13,183
Resolution Fund		2,119	1,804	1,451	2,119	1,804	1,451
<b>Total equity</b>		<b>20,307</b>	<b>22,408</b>	<b>22,027</b>	<b>20,307</b>	<b>22,408</b>	<b>22,027</b>
<b>Total equity and liabilities</b>		<b>23,549</b>	<b>23,575</b>	<b>23,605</b>	<b>25,592</b>	<b>25,541</b>	<b>25,431</b>

# Statement of changes in equity

Group (DKKm)	H1 2018						2017
	Finansiel Stabilitet					Total equity	
	Sub-ordinated assets	Retained earnings	Proposed dividend	Guarantee Fund	Resolution Fund		
<b>Equity at 1 January</b>	<b>1</b>	<b>4,824</b>	<b>2,550</b>	<b>13,229</b>	<b>1,804</b>	<b>22,408</b>	<b>21,739</b>
Comprehensive income for the period	-	131		3	315	449	669
<b>Transactions with owners</b>							
Dividend paid			(2,550)			(2,550)	
<b>Equity as at 30 June</b>	<b>1</b>	<b>4,955</b>	<b>0</b>	<b>13,232</b>	<b>2,119</b>	<b>20,307</b>	<b>22,408</b>

Parent (DKKm)	H1 2018						2017
	Finansiel Stabilitet					Total equity	
	Sub-ordinated assets	Retained earnings	Proposed dividend	Guarantee Fund	Resolution Fund		
<b>Equity at 1 January</b>	<b>1</b>	<b>4,824</b>	<b>2,550</b>	<b>13,229</b>	<b>1,804</b>	<b>22,408</b>	<b>21,739</b>
Comprehensive income for the period	-	131		3	315	449	669
<b>Transactions with owners</b>							
Dividend paid			(2,550)			(2,550)	
<b>Equity as at 30 June</b>	<b>1</b>	<b>4,955</b>	<b>0</b>	<b>13,232</b>	<b>2,119</b>	<b>20,307</b>	<b>22,408</b>

# Cash flow statement

(DKKm)	Group	
	H1 2018	H1 2017
<b>Cash flows from operating activities</b>		
Result for the period after tax	449	288
Adjustment for non-cash operating items	(121)	(53)
Cash flows from operating capital*	4,882	391
<b>Cash flows from operating activities</b>	<b>5,210</b>	<b>626</b>
<b>Cash flows from investing activities</b>		
Purchase/sale of property, plant and equipment	(3,713)	-
<b>Cash flows from investing activities</b>	<b>(3,713)</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Dividend	(2,550)	-
<b>Cash flows from financing activities</b>	<b>(2,550)</b>	<b>-</b>
<b>Change in cash and cash equivalents</b>		
Cash and cash equivalents at the beginning of the period	15,847	15,227
Change during the period	(1,053)	626
<b>Cash and cash equivalents at the end of the period</b>	<b>14,794</b>	<b>15,853</b>

\* Includes redemption of loss guarantee from the Danish State and temporary transactions re. purchases of financial assets.

# Notes

## 1. Accounting policies

The interim report is presented in accordance with IAS 34, Interim Financial Reporting as adopted by the EU in respect of the Group and in accordance with the Danish Financial Business Act in respect of the parent company. Apart from the implementation of IFRS 9, Financial Instruments, the accounting policies are consistent with those applied in the annual report for 2017, which comprises a comprehensive description of the accounting policies applied.

IFRS 9, Financial instruments provides new rules on classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting. Replacing IAS 39, the standard entered into force on 1 January 2018. The annual report for 2017 contains a full description of IFRS 9. Below, the contents of IFRS 9 and their effects are described in brief.

### IFRS 9 - Classification and measurement:

Under IFRS 9, classification and measurement of financial assets is based on the business model applied to and contractual cash flow characteristics of financial assets.

Finansiel Stabilitet is charged with resolving loans taken over in the best way possible. Accordingly, the business model regarding loans and advances is solely to collect outstanding amounts. Other financial assets are resolved through sales or managed on a fair value basis and measured at fair value through profit or loss.

The measurement categories under IFRS 9 have not prompted any changes to measurement principles from those applied in the annual report for 2017.

### IFRS - Impairment:

Under the new rules, financial assets are categorised in one of three stages, depending on the level of deterioration of the debtor's creditworthiness since initial recognition. Exposures that are not significantly credit impaired are categorised as stage 1, while stage 2 comprises assets that are significantly credit impaired and stage 3 comprises exposures in default. How an asset is categorised determines the calculation method used. The definition of default is the same as that applied by the Group in 2017.

After a long resolution process, the remaining loans and guarantees taken over by the Group from failing banks are considered to be stage 3 facilities.

The change to the expected loss model under IFRS 9 has thus not affected the Group's financial reporting for 2018.

### IFRS – Hedge accounting:

As Finansiel Stabilitet does not apply hedge accounting, the changed rules on hedge accounting have not affected the Group's financial reporting.

### Standards and interpretations not yet in force

The International Accounting Standards Board (IASB) has issued a number of international financial reporting standards and the International Financial Reporting Interpretations Committee (IFRIC) has issued a number of interpretations that have not yet come into force. None of these are expected to materially affect the future financial reporting of Finansiel Stabilitet.

### Accounting estimates and judgments

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

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

The accounting estimates and the related uncertainty concern the same issues as those prevailing at the preparation of the consolidated and parent company financial statements for 2017.

# Notes

## 2. Segment information for the Group

Activities 1 January – 30 June (DKKm)	Bank Packages I-V		Guarantee Fund		Resolution Fund		Eliminations		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Net interest income	(14)	(13)	(21)	(27)	(3)	1			(38)	(39)
Contributions to Guarantee Fund & Resolution Fund	-	-	0	0	308	374			308	374
Other net fee income and market value adjustments, etc.	68	3	23	9	(4)	0	(23)	(9)	64	3
Purchase price and dowry adjustment	(8)	15	7	(9)	-	-			(1)	6
Other operating income/expenses, net	59	(38)	(3)	0	23	8	14	(2)	93	(32)
Operating expenses	51	66	3	4	11	17	(9)	(11)	56	76
Impairment losses on loans, advances and receivables, etc.	(87)	(48)	0	0	(2)	(4)			(89)	(52)
Income from investments in associates and subsidiaries	(6)	0	0	0	0	0			(6)	0
<b>Result for the period before tax</b>	<b>135</b>	<b>(51)</b>	<b>3</b>	<b>(31)</b>	<b>315</b>	<b>370</b>			<b>453</b>	<b>288</b>
Tax	4	0	0	0	0	0			4	0
<b>Result for the period</b>	<b>131</b>	<b>(51)</b>	<b>3</b>	<b>(31)</b>	<b>315</b>	<b>370</b>			<b>449</b>	<b>228</b>
<b>Total assets at 30 June</b>	<b>6,829</b>	<b>9,278</b>	<b>14,664</b>	<b>13,183</b>	<b>2,864</b>	<b>1,848</b>	<b>(808)</b>	<b>(704)</b>	<b>23,549</b>	<b>23,605</b>
<b>Total assets at 31 December</b>		<b>9,298</b>		<b>13,229</b>		<b>1,840</b>		<b>(792)</b>		<b>23,575</b>
<b>Total liabilities at 30 June</b>	<b>1,873</b>	<b>1,885</b>	<b>1,432</b>	<b>0</b>	<b>745</b>	<b>397</b>	<b>(808)</b>	<b>(704)</b>	<b>3,242</b>	<b>1,578</b>
<b>Total liabilities at 31 December</b>		<b>1,923</b>		<b>0</b>		<b>36</b>		<b>(792)</b>		<b>1,167</b>
<b>Investments in associates at 30 June</b>	<b>38</b>	<b>43</b>							<b>38</b>	<b>43</b>
<b>Investments in associates at 31 December</b>		<b>44</b>								<b>44</b>



# Notes

## 2. Segment information for the Group (continued)

Activities 1 January – 30 June (DKKm)	Bank Packages I and II		Bank Packages III and IV		Eliminations		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Net interest income	(11)	(11)	(4)	(2)			(14)	(13)
Other net fee income and market value adjustments, etc.	52	4	16	(1)			68	3
Purchase price and dowry adjustment	10	(21)	(18)	36			(8)	15
Other operating income/expenses, net	72	24	(3)	(56)	(10)	(6)	59	(38)
Operating expenses	51	59	10	13	(10)	(6)	51	66
Impairment losses on loans, advances and receivables, etc.	(42)	(12)	(45)	(36)			(87)	(48)
Income from investments in associates and subsidiaries	17	0	0	0	(23)		(6)	0
<b>Result for the period before tax</b>	<b>131</b>	<b>(51)</b>	<b>27</b>	<b>0</b>	<b>(23)</b>		<b>135</b>	<b>(51)</b>
Tax	0	0	4	0			4	0
<b>Result for the period</b>	<b>131</b>	<b>(51)</b>	<b>23</b>	<b>0</b>	<b>(23)</b>		<b>131</b>	<b>(51)</b>
<b>Total assets at 30 June</b>	<b>7,645</b>	<b>9,867</b>	<b>2,302</b>	<b>2,248</b>	<b>(3,118)</b>	<b>(2,867)</b>	<b>6,829</b>	<b>9,278</b>
<b>Total assets at 31 December</b>		<b>10,035</b>		<b>2,272</b>		<b>(3,009)</b>		<b>9,298</b>
<b>Total liabilities at 30 June</b>	<b>2,622</b>	<b>2,504</b>	<b>2,237</b>	<b>2,194</b>	<b>(2,986)</b>	<b>(2,813)</b>	<b>1,873</b>	<b>1,885</b>
<b>Total liabilities at 31 December</b>		<b>2,660</b>		<b>2,198</b>		<b>(2,935)</b>		<b>1,923</b>
<b>Investments in associates at 30 June</b>	<b>38</b>	<b>43</b>					<b>38</b>	<b>43</b>
<b>Investments in associates at 31 December</b>		<b>44</b>						<b>44</b>

# Notes

## 2. Segment information for the Group (continued)

### Segment information for the parent company

In connection with the conversion of Finansiell Stabilitet into an independent public company and the takeover of the Guarantee Fund for Depositors and Investors, the former segmentation was changed to the effect that there are now three principal segments: Bank Package activities, the Guarantee Fund and the Resolution Fund.

### Bank Package activities

This principal segment comprises the former entity Finansiell Stabilitet A/S and consists of the sub-segments: Bank Packages I and II, Bank Packages III and IV and Bank Package V.

### Bank Packages I and II

This segment now consists of the activities under the original Bank Package I and the activities under Bank Package II. These two areas of activity were combined as from 2015 in connection with Finansiell Stabilitet's assumption of the risk associated with individual government guarantees according to agreement with the Danish State.

### Bank Packages III and IV

As previously, this segment comprises the activities related to banks taken over under the exit and consolidation packages, i.e. FS Finans I (Sparebank Østjylland af 2012), FS Finans II (Max Bank af 2011), FS Finans III (Amagerbanken af 2011) and FS Finans IV (Fjordbank Mors af 2011).

### Guarantee Fund

This segment comprises Finansiell Stabilitet's activities relating to the Guarantee Fund, which can be divided into four sub-departments: The Banking, Mortgage Credit, Investment Company and Restructuring Departments.

### Resolution Fund

This segment comprises Finansiell Stabilitet's activities relating to the Resolution Fund.

# Notes

## 3. Segment information for the parent company

Activities 1 January – 30 June (DKKm)	Bank Package activities		Guarantee Fund		Resolution Fund		Eliminations		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Net interest income	(9)	(10)	(21)	(27)	(5)	(3)			(35)	(40)
Contributions to Guarantee Fund and the Resolution Fund	-	-	0	0	308	374			308	374
Other net fee income and market value adjustments, etc.	52	4	23	9	(4)	0	(30)	(9)	41	4
Purchase price and dowry adjustment	10	(21)	7	(9)	-	-			17	(30)
Other operating income/expenses, net	79	17	(3)	0	7	8	9	(2)	92	23
Operating expenses	51	60	3	4	7	8	(21)	(11)	40	61
Impairment losses on loans, advances and receivables, etc.	(42)	(12)	0	0	0	0			(42)	(12)
Income from investments in associates and subsidiaries	8	7	0	0	16	(1)			24	6
<b>Result for the period</b>	<b>131</b>	<b>(51)</b>	<b>3</b>	<b>(31)</b>	<b>315</b>	<b>370</b>			<b>449</b>	<b>288</b>
<b>Total assets at 30 June</b>	<b>8,125</b>	<b>10,416</b>	<b>14,664</b>	<b>13,183</b>	<b>2,864</b>	<b>1,840</b>	<b>(61)</b>	<b>(8)</b>	<b>25,592</b>	<b>25,431</b>
<b>Total assets at 31 December</b>		<b>10,524</b>		<b>13,229</b>		<b>1,817</b>		<b>(29)</b>		<b>25,541</b>
<b>Total liabilities at 30 June</b>	<b>3,169</b>	<b>3,023</b>	<b>1,432</b>	<b>0</b>	<b>745</b>	<b>389</b>	<b>(61)</b>	<b>(8)</b>	<b>5,285</b>	<b>3,404</b>
<b>Total liabilities at 31 December</b>		<b>3,149</b>		<b>0</b>		<b>13</b>		<b>(29)</b>		<b>3,133</b>

# Notes

(DKKm)	Group		Parent	
	H1 2018	H1 2017	H1 2018	H1 2017
<b>4. Interest income</b>				
Loans, advances and other receivables at amortised cost	7	9	3	2
Bonds	4	0	4	0
Other interest income	0	2	7	8
<b>Total</b>	<b>11</b>	<b>11</b>	<b>14</b>	<b>10</b>
<b>5. Interest expense</b>				
Due from credit institutions and central banks	49	50	49	50
<b>Total</b>	<b>49</b>	<b>50</b>	<b>49</b>	<b>50</b>
<b>6. Market value adjustments</b>				
Bonds	0	7	0	7
Shares, etc.	58	(5)	43	(6)
Currency	0	(18)	0	0
Foreign exchange, interest rate, share, commodity and other contracts and derivative financial instruments	0	15	0	0
<b>Total</b>	<b>58</b>	<b>(1)</b>	<b>43</b>	<b>1</b>

# Notes

(DKKm)	Group		Parent	
	H1 2018	H1 2017	H1 2018	H1 2017
<b>7. Staff costs and administrative expenses</b>				
Salaries and remuneration to Board of Directors and Management Board:				
Management Board	1	1	1	1
Board of Directors	1	1	1	1
<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Staff costs				
Salaries	15	20	15	14
Pensions	3	2	3	2
<b>Total</b>	<b>18</b>	<b>22</b>	<b>18</b>	<b>16</b>
Other administrative expenses	36	52	31	43
<b>Total</b>	<b>56</b>	<b>76</b>	<b>51</b>	<b>61</b>

(DKKm)	Impairm. 1 Jan.	Move- ment in impairm.	Impairm. 30 June	Impact on operations
<b>8. Impairment losses on loans, advances and receivables, etc.</b>				
Loans and advances at amortised cost	4,310	(243)	4,067	
Guarantees	137	(61)	76	
<b>Impairment for H1 2018</b>	<b>4,447</b>	<b>(304)</b>	<b>4,143</b>	<b>(89)</b>
Impairment for H1 2017	5,530	(768)	4,762	(52)

(DKKm)	Group		Parent	
	H1 2018	H1 2017	H1 2018	H1 2017
<b>9. Other provisions</b>				
Litigation	77	65	12	4
Other provisions	53	63	16	34
<b>Total</b>	<b>130</b>	<b>128</b>	<b>28</b>	<b>38</b>

# Notes

(DKKm)

## 10. Contingent assets and liabilities

### Tax

The Group has a tax asset of DKK 0.4 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 351 million with Finansiel Stabilitet. In 2014, FIH decided to appeal the decision. In its judgment of 2016, the General Court found that there was no basis for the decision and remitted the case for reconsideration by the European Commission. The European Commission decided to appeal the judgment to the Court of Justice of the European Union. Due to the uncertainty about the outcome of the case, the DKK 351 million has not impacted Finansiel Stabilitet's financial result.

On 6 March 2018, the Court of Justice of the European Union gave its final decision in the FIH case. The Court determined that the case must be referred back to the General Court for renewed consideration. Based on the decision, it is estimated that a part of the deposited amount from FIH is to be recognised as income. Based on an overall assessment of the matter, Finansiel Stabilitet provisionally recognised DKK 100 million in H1 2018.

### Other contingent liabilities

The Group is party 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.

## 11. Related parties

Related parties comprise the Danish State, including companies/institutions over which the Danish State exercises control.

As a general rule, transactions with related parties are entered into and settled on market terms or on a cost-recovery basis. The settlement prices for individual types of transaction are set out by law.

# Statement by Management

The Board of Directors and the Management Board have today considered and adopted the interim report of Finansielt Stabilitet for the six months ended 30 June 2018.

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

The interim report has been neither audited nor reviewed.

In our opinion, the interim financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 30 June 2018 and of the results of the Group's and the parent company's operations and the Group's cash flows for the six months ended 30 June 2018.

Moreover, in our opinion, the management's review includes a fair review of the development and performance of the business and the financial position of the Group and the parent company, the result for the period and of the financial position of the Group as a whole, together with a description of the principal risks and uncertainties that the Group and the parent company face.

Copenhagen, 24 August 2018

## Management Board

Henrik Bjerre-Nielsen  
CEO

## Board of Directors

Peter Engberg Jensen  
Chairman

Bent Naur  
Deputy Chairman

Nina Dietz Legind

Bente Overgaard

Bendt Wedell

Anne Louise Eberhard

Ulrik Rammeskov Bang-Pedersen

# Company details

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CVR no.: 30 51 51 45

Established: 13 October 2008  
Municipality of  
registered office: Copenhagen

## Board of Directors

Peter Engberg Jensen (Chairman)  
Bent Naur (Deputy Chairman)  
Nina Dietz Legind  
Bente Overgaard  
Bendt Wedell  
Anne Louise Eberhard  
Ulrik Rammeskov Bang-Pedersen

## Management Board

Henrik Bjerre-Nielsen

## Auditors

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Landgreven 4  
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Deloitte  
Statsautoriseret Revisionspartnerselskab  
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