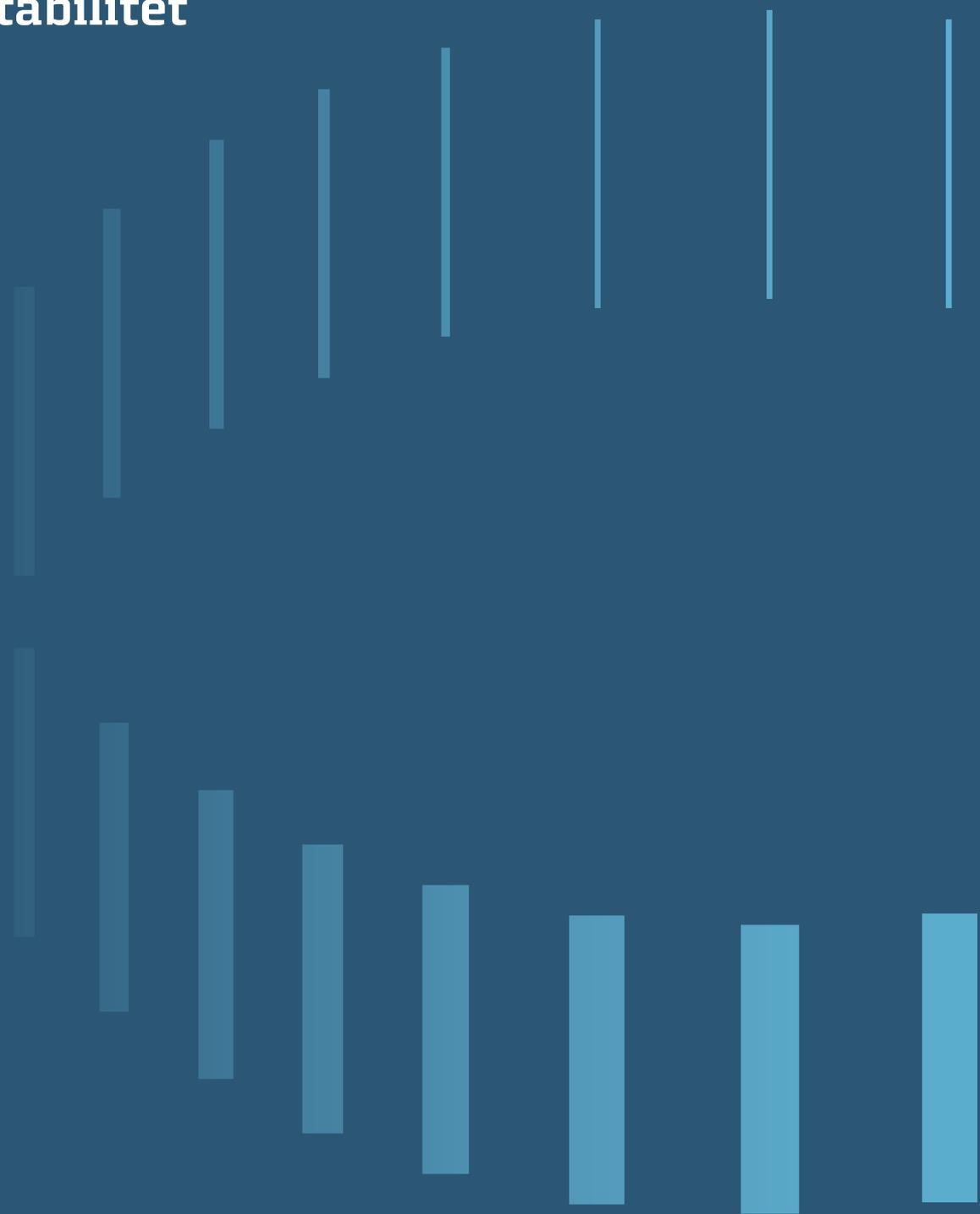


# Finansiel Stabilitet



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# Highlights

## Finansiel Stabilitet Group:

- Surplus of DKK 756 million, mainly attributable to contributions to the Resolution Fund of DKK 618 million
- Total assets of DKK 21.9 billion
- Loans and guarantees of DKK 1.0 billion
- Equity of DKK 20.6 billion.

## Bank Package I-V activities:

- Surplus of DKK 103 million in 2018. The result reflects the continued resolution of the remaining activities. Reversal of impairment losses on loans, advances and receivables for the period amounted to DKK 153 million.
- Total assets of DKK 6.8 billion
- At 31 December 2018, loans and guarantees amounted to DKK 816 million, financial assets amounted to DKK 145 million and properties amounted to DKK 3 million.
- Equity amounted to DKK 4.9 billion.

## Guarantee Fund:

- Surplus of DKK 36 million. The surplus for 2018 was mainly attributable to the overall surplus of FS Finans I-IV, in which the Guarantee Fund has financial interests.
- Total assets of DKK 13.3 billion
- The assets of the Guarantee Fund amounted to DKK 13.3 billion, of which DKK 8.8 billion was attributable to the Banking Department.

## Resolution Fund:

- Surplus of DKK 617 million. The positive result was mainly attributable to contributions to the Resolution Fund.
- Total assets of DKK 2.7 billion
- The assets of the Resolution Fund amounted to DKK 2.4 billion
- On 13 September 2018, Finansiel Stabilitet assumed control of Københavns Andelskasse, which at that date was designated as failing by the Danish FSA.
- FS Finans V (formerly Andelskassen J.A.K. Slagelse), which is also included in the segment, generated a surplus of DKK 4 million.

# Review and results

## Finansiel Stabilitet at a glance

Finansiel Stabilitet is an independent public company owned by the Danish State through the Danish Ministry of Industry, Business and Financial Affairs.

The objects of Finansiel Stabilitet are to:

- contribute to ensuring financial stability in Denmark;
- handle the responsibilities and powers assigned to it pursuant to the Act on Restructuring and Resolution of Certain Financial Enterprises;
- handle its responsibilities and powers assigned to it pursuant to the Act on a Depositor and Investor Guarantee Scheme; and
- handle any other responsibilities and powers assigned to it pursuant to legislation or by the Minister for Industry, Business and Financial Affairs.

Finansiel Stabilitet's business areas comprise the remaining Bank Package I-V activities, the Guarantee Fund and the Resolution Fund, but with a statutory requirement for the separate management of the assets of the individual segments. Finansiel Stabilitet is not liable for the Guarantee Fund or the Resolution Fund, and these are only liable for their own obligations and liabilities.

## Group performance 2018

Finansiel Stabilitet posted a surplus of DKK 756 million for 2018 (2017: DKK 669 million). This was primarily attributable to payment of DKK 618 million in contributions to the Resolution Fund. Overall, the Resolution Fund contributed DKK 617 million to the surplus. For the year, the Bank Package I-V activities and the Guarantee Fund contributed DKK 103 million and DKK 36 million, respectively.

The Group's total assets at 31 December 2018 amounted to DKK 21.9 billion (2017: DKK 23.6 billion). Of this amount, the Bank Package I-V activities accounted for DKK 6.8 billion, the Guarantee Fund accounted for DKK 13.3 billion, the Resolution Fund accounted for DKK 2.7 billion, while a negative amount of DKK 0.9 billion related to an intra-group balance. Total assets were reduced by DKK 1.7 million in 2018.

Total equity stood at DKK 20.6 billion, of which DKK 13.3 billion was attributable to the Guarantee Fund, DKK 4.9 billion to the Bank Package I-V activities and DKK 2.4 billion to the Resolution Fund. Seen in isolation, equity was reduced by DKK 2.55 billion relative to 2017 as a result of dividend distribution to the Danish State.

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

### Resolution of activities

At 31 December 2018, the remaining loans and guarantees, net amounted to DKK 1.0 billion (2017: DKK 1.0 billion), while the portfolio of financial assets amounted to DKK 5.9 billion (2017: DKK 266 million) and properties amounted to DKK 3 million (2017: DKK 3 million).

The significant increase in the portfolio of financial assets was due to the new investment strategy applied to the assets of the Guarantee Fund and the Resolution Fund, under which funds are invested in relatively liquid short-term mortgage bonds. The portfolio of related financial assets at 31 December 2018 amounted to DKK 5.7 billion.

Other than that, financial assets consisted of sector shares and guarantee certificates acquired as partial consideration for Bank Package I.

The majority of the remaining loans and guarantees related to the segment Bank Package I-V activities, while a minor portion of loans related to FS Finans V A/S (formerly Andelskassen J.A.K. Slagelse) and Københavns Andelskasse under kontrol, which is wound up under the Resolution Fund. DKK 178 million of total loans and guarantees related to FS Finans V A/S and Københavns Andelskasse under kontrol.

The rest of the remaining loans mainly consist of receivables from estates in bankruptcy, other non-viable loans and guarantees. How fast the remaining loans will be resolved depends largely on external factors such as the progress of trustees' estate administration and debt recovery process. Guarantees will be gradually phased out as they mature. Finansiel Stabilitet furthermore has the ongoing task of recovering debts previously written off. In 2018, this resulted in the recognition of approximately

DKK 37 million in recovered amounts previously written off.

### Lawsuits

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

The lawsuits include management liability lawsuits, see the paragraph below, and cases brought by Finansiel Stabilitet when a debtor is not willing to sign a declaration in connection with suspension of the limitation period.

Finansiel Stabilitet has instituted a number of liability lawsuits against, among others, the former managements of eight of the failing banks taken over. They are Roskilde Bank, ebh bank A/S, Løkken Sparekasse, Capinordic Bank, Amagerbanken, Eik Bank Danmark, Eik Bank Færøerne and Andelskassen J.A.K. Slagelse. Finansiel Stabilitet institutes liability lawsuits when it is believed to be more likely than not that a court of law will give a decision in favour of Finansiel Stabilitet. Bank managements hold fiduciary positions. When management fails to live up to its responsibility and causes the bank to incur a loss, Finansiel Stabilitet has a social responsibility to claim damages for the losses caused by the management.

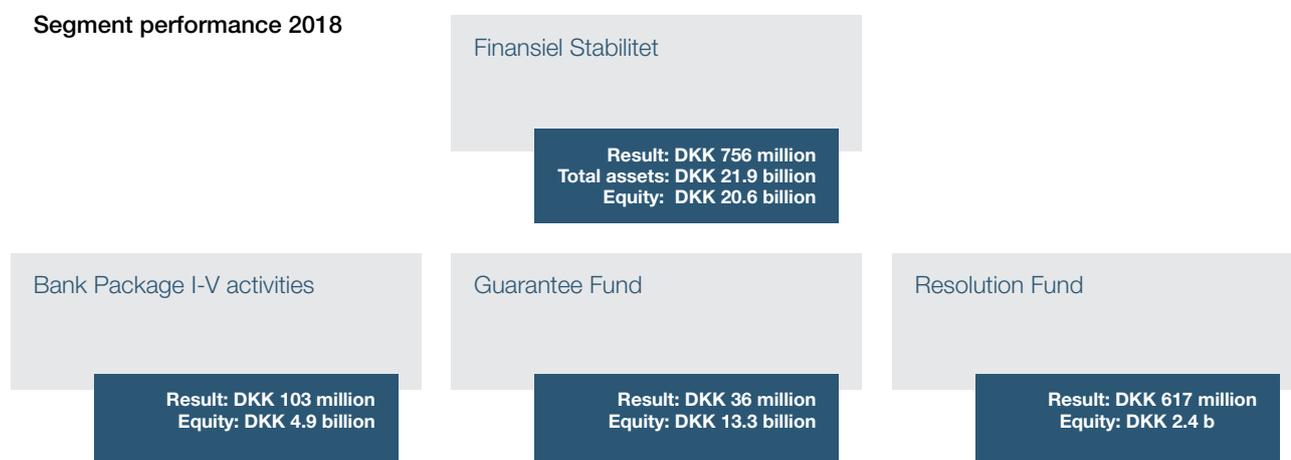
The lawsuit against the former management of Capinordic Bank was the first liability lawsuit to be tried in court. In

October 2015, the Eastern High Court delivered a decision 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 Danish Supreme Court in January 2019 delivered its decision, which was in reality an affirmation of the High Court's judgment. Final damages were established at approximately DKK 89 million, plus statutory interest accrued from December 2010. At the time of the Supreme Court decision, total damages including statutory interest amounted to approximately DKK 141 million.

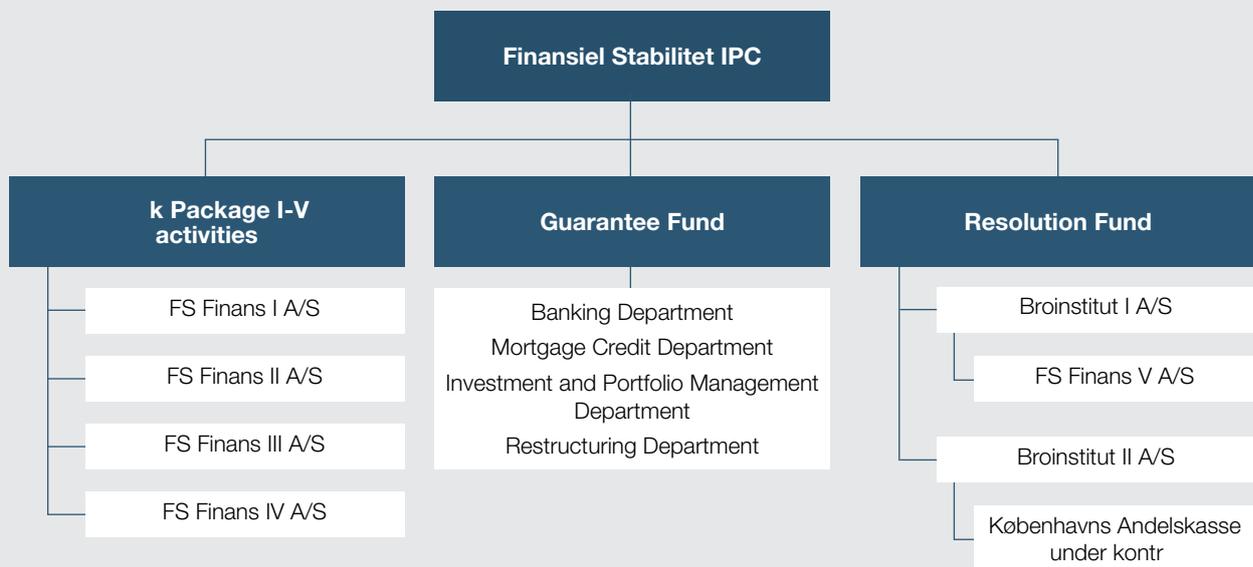
In June 2017, the Court of Lyngby delivered a decision in the liability lawsuit against the former management of Amagerbanken. The decision was given in favour of the defendants, and Finansiel Stabilitet was ordered to pay legal costs of approximately DKK 77 million. Finansiel Stabilitet has appealed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

In the lawsuit against the former management and auditors of Roskilde Bank, the Eastern High Court delivered its decision in November 2017. The decision was given in favour of all the defendants, and Finansiel Stabilitet was ordered to pay legal costs of approximately DKK 72.5 million. Finansiel Stabilitet appealed the decision with respect

### Segment performance 2018



## Business units



**Bank Package I (Bank Package):** For the period from October 2008 to 30 September 2010, the Danish State guaranteed timely payment of unsecured creditors' claims against Danish banks paying guarantee commission.

**Bank Package II (Credit Package):** From February 2009 until 31 December 2010, Danish banks and mortgage credit institutions could apply for individual government guarantees with maturities of up to three years and for state-funded capital injections.

**Bank Package III (Exit Package):** Guarantee was again only provided for up to EUR 100,000 for depositors. Failing banks could elect to be resolved by Finansiel Stabilitet, and in such case the former Guarantee Fund would provide a loss guarantee to prevent the Danish State from incurring losses in connection with the resolution.

**Bank Package IV (Consolidation Package):** Finansiel Stabilitet and the former Guarantee Fund could contribute a dowry if a viable bank took over all (model 1) or parts (model 2) of a failing bank. This was done without any loss being incurred by uncovered, unsecured creditors. Individual government guarantees could be extended after the expiry in 2013 in case of merger/takeover between two banks.

**Bank Package V (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 A/S taking over FIH's portfolio of property exposures.

**FS Finans I A/S:** Financing company established on 28 September 2012 based on Sparebank Østjylland af 2012 A/S after the company had deposited its banking licence with the Danish FSA.

**FS Finans II A/S:** Financing company established on 1 November 2012 based on Max Bank af 2011 A/S after the company had deposited its banking licence with the Danish FSA.

**FS Finans III A/S:** Financing company established on 15 March 2013 based on Amagerbanken af 2011 A/S after the company had deposited its banking licence with the Danish FSA.

**FS Finans IV A/S:** Financing company established on 27 March 2013 based on Fjordbank Mors af 2011 A/S after the company had deposited its banking licence with the Danish FSA.

**Guarantee Fund:** By Act no. 334 of 31 March 2015, the Guarantee Fund for Depositors and Investors was dissolved effective from 1 June 2015. The rights and obligations of the former Guarantee Fund were continued as the new Guarantee Fund, managed by Finansiel Stabilitet.

**Resolution Fund:** By adoption of the Act on Restructuring and Resolution of Certain Financial Enterprises, a resolution financing scheme (the Resolution Fund) was established, which is managed by Finansiel Stabilitet. The Resolution Fund may be used in connection with Finansiel Stabilitet's powers to implement resolution measures against businesses that are failing or are expected to fail and where it is in the public interest to do so.

**Broinstitut I A/S:** Subsidiary under the Resolution Fund whose objects are to own shares in FS Finans V.

**FS Finans V A/S:** Financing company established on 31 May 2017 based on Andelskassen J.A.K. Slagelse after the company had deposited its banking licence with the Danish FSA.

**Broinstitut II A/S:** Subsidiary under the Resolution Fund whose objects are to own the share capital of Københavns Andelskasse under kontrol.

**Københavns Andelskasse under kontrol:** The Co-operative Bank was taken over on 13 September 2018 after having been identified as failing.

to the CEO and the Board of Directors. The auditors have appealed the High Court's decision concerning legal costs with respect to Finansielt Stabilitet. The Supreme Court is expected to deliver a decision on the appeal concerning legal costs in 2019.

In October 2018, the Eastern High Court delivered a decision in the case against the former management and auditors of Eik Bank Danmark, by which the four management members were ordered to pay damages in the total amount of DKK 28.6 million plus statutory interest. At the time of the Supreme Court decision, total damages including statutory interest amounted to approximately DKK 43 million. The court found in favour of the two other members of management and the auditors. Finansielt Stabilitet was ordered to pay legal costs in the amount of DKK 39 million. The four members of management found liable have appealed the decision to the Supreme Court, and Finansielt Stabilitet has subsequently appealed the decision in respect of all six members of management. The auditors have applied for permission to appeal the High Court's decision concerning legal costs.

The trial hearing in the liability lawsuit against ebh is expected to be completed mid-2019, and a decision is expected to be delivered before the end of the year.

The trial hearing in the Eik Bank Færøerne lawsuit commenced in January 2018 and is expected to be completed mid-2019. A decision in this case is also expected to be delivered before the end of the year.

In January 2019, the trial hearing in the proceedings against the former management and auditors of Løkken Sparekasse commenced.

In the case against the former management of Andelskassen J.A.K. Slagelse, the trial hearing will commence in August 2019.

Expenses related to actions for damages brought against the former managements of banks taken over amounted to DKK 63 million in 2018. Finansielt Stabilitet expects to continue to incur considerable expenses on such cases in the years ahead. Accumulated expenses related to

### Financial highlights FS Finans I-IV (Group)

(DKKm)	FS Finans I A/S		FS Finans II A/S		FS Finans III A/S		FS Finans IV A/S*	
	2018	2017	2018	2017	2018	2017	2018	2017
<b>INCOME STATEMENT</b>								
<b>Result for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>39</b>	<b>30</b>
Result for the year before purchase price adjustment	2	3	8	15	80	-31	-	-
<b>BALANCE SHEET AT 31 DECEMBER</b>								
Loans and advances	28	43	39	43	62	86	56	32
Other assets	284	292	226	149	1,578	1,497	109	130
<b>Total assets</b>	<b>312</b>	<b>335</b>	<b>265</b>	<b>192</b>	<b>1,640</b>	<b>1,583</b>	<b>165</b>	<b>162</b>
Purchase price adjustment	298	296	151	143	1,570	1,490	-	-
Other provisions	14	38	28	37	46	52	68	71
Other payables	0	0	85	11	23	40	18	19
Equity	0	1	1	1	1	1	79	72
<b>Total equity and liabilities</b>	<b>312</b>	<b>335</b>	<b>265</b>	<b>192</b>	<b>1,640</b>	<b>1,583</b>	<b>165</b>	<b>162</b>

\*There is no purchase price adjustment in FS Finans IV

actions for damages brought against former bank managements have run into DKK 386 million to date, to which should be added legal costs that Finansiel Stabilitet is ordered to pay.

It should also be mentioned that on 29 June 2018, a decision was delivered in the lawsuits of Foreningen Amagerinvestor and Amagerbanken in bankruptcy against Finansiel Stabilitet and the Danish FSA. The Eastern High Court found in favour of Finansiel Stabilitet and the Danish FSA in respect of the claims brought by Foreningen Amagerinvestor and the estate in bankruptcy of Amagerbanken. The decision was not appealed.

In February 2019, the Supreme Court delivered a decision in a case of BEC against Finansiel Stabilitet and Amagerbanken in bankruptcy regarding adjustment pursuant to the Danish Bankruptcy Act of withdrawal compensation. BEC did not succeed in its claim for approximately DKK 50 million, nor did Finansiel Stabilitet succeed in its claim for DKK 137 million. As Finansiel Stabilitet has complied with the judgment in the case, pursuant to the Supreme Court decision BEC is to repay approximately DKK 74 million to Finansiel Stabilitet.

## Bank Package I-V activities

### Results in 2018

Finansiel Stabilitet's activities in relation to Bank Package I-V activities generated a surplus of DKK 103 million in 2018 (2017: a loss of DKK 69 million). The performance

reflects the continued resolution of the remaining activities. In 2018, impairment losses on loans, advances and receivables totalling DKK 153 million and value adjustments of shares totalling DKK 42 million were reversed.

Moreover, the improvement was in large part attributable to the decision of the Court of Justice of the European Union of 6 March 2018 in the case between the European Commission and FIH, in which the Court found that it was not compatible with the rules on state aid for a state, while granting state aid, to safeguard creditor interest in relation to previously granted state aid. The Court remitted the case for re-examination by the General Court, which is to consider FIH's other claims concerning the calculation of the state aid that, according to the Commission, FIH received when transferring a portfolio of property exposures to Finansiel Stabilitet. Based on the decision by the Court of Justice of the European Union, 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 2018.

The individual bank packages impact the segment's result in different ways. Bank Packages I and II impact the segment results in full. Bank Packages III and IV are only recognised in part, however, 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 results. This share is determined as the

### Income statement for the Guarantee Fund

(DKKm)	2018	2017
Interest on deposits with Danmarks Nationalbank	-39	-53
Yields of listed bonds	21	0
Value adjustment of bond portfolio	-9	0
Premium income from banks	5	42
Purchase price adjustment from resolution of banks	27	2
Result of loss guarantee	39	30
Administrative expenses	8	6
<b>Result for the year</b>	<b>36</b>	<b>15</b>

part of total unsecured claims not taken over by Finansiell Stabilitet.

In 2018, the subsidiaries FS Finans I-III reported a total financial result of DKK 90 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 resulting loss was covered by the Restructuring Department of the Guarantee Scheme. FS Finans IV posted a financial result of DKK 39 million for 2018, reducing its total deficit to DKK 574 million.

In 2018, the segment's total assets were reduced by DKK 2.5 billion to DKK 6.8 billion as a result of payment of dividend to the Danish State and the ongoing resolution of the remaining activities. At 31 December 2018, the segment had loans and guarantees totalling DKK 816 million (2017: DKK 973 million), financial assets totalling DKK 145 million (2017: DKK 266 million) and properties totalling DKK 3 million (2017: DKK 3 million).

## Guarantee Fund

### Departments

In 2018, the Guarantee Fund covered 150 companies: 87 banks (7 foreign banks having applied for topping up in Denmark and five banks in the Faroe Islands and Greenland), 7 mortgage credit institutions, 44 investment companies, 5 investment management companies and 7 managers of alternative investment funds. The companies are distributed on the four departments:

- the Banking Department
- the Mortgage Credit Department
- the Investment and Portfolio Management Department (investment companies and certain investment management companies and managers of alternative investment funds. The department's name was changed from the Investment Company Department at 1 January 2019.)
- the Restructuring Department

### Results in 2018

The Guarantee Fund generated a surplus of DKK 36 million in 2018 (2017: DKK 15 million). The improvement

### Balance sheet for the Guarantee Fund

(DKKm)	2018	2017
<b>ASSETS</b>		
Deposits with banks and Danmarks Nationalbank	3,753	8,100
Bonds	4,391	0
Guarantees provided by banks, mortgage credit institutions and investment companies	4,215	4,215
Purchase price and dowry adjustment receivable	734	707
Other receivables	174	207
<b>Total assets</b>	<b>13,267</b>	<b>13,229</b>
<b>EQUITY AND LIABILITIES</b>		
Assets of the Guarantee Fund	13,265	13,229
Provision for losses on loss guarantee	-	-
Other payables	2	0
<b>Total equity and liabilities</b>	<b>13,267</b>	<b>13,229</b>

over 2017 was due in part to the DKK 39 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. Also, the result for 2018 was favourably affected in the amount of DKK 27 million by the purchase price adjustment in FS Finans I-III.

As in previous years, the result for 2018 was adversely affected by the negative deposit rates paid by the Guarantee Fund relating to its funds deposited in an account with Danmarks Nationalbank. Contrary to 2017, however, the recently initiated investment activity not only reduced the negative deposit rates paid to Danmarks Nationalbank, it even generated a positive return. For more information, see pages 17-18.

At 31 December 2018, the Guarantee Fund had total assets of DKK 13.3 billion. Of these assets, the Banking Department accounted for DKK 8.8 billion and the Restructuring Department accounted for DKK 4.4 billion, DKK 4.2 billion of which consisted of guarantees.

#### Activities

In 2018, it was not necessary to collect contributions to the Banking Department, as the assets of the Fund exceed its target level. As usual, however, an annual redistribution of contributions and guarantees was made among the Mortgage Credit Department, the Investment and Portfolio Management Department and the Restructuring Department.

#### Income statement by department for 2018

DKK'000	Total	Banking Department	Mortgage Credit Department	Investment and Portfolio Management Department	Restruc- turing Department
<b>General distribution</b>					
Interest and value adjustment	-27,319				
Securities handling costs	-1,794				
<b>Net financials</b>	<b>-29,113</b>	<b>-28,435</b>	<b>-12</b>	<b>-16</b>	<b>-650</b>
<b>Costs:</b>					
Management fee, Finansielt Stabilitet	-5,458				
Other management costs	-86				
<b>Total shared costs</b>	<b>-5,544</b>	<b>-3,690</b>	<b>-5</b>	<b>-5</b>	<b>-1,844</b>
<b>Total general distribution</b>	<b>-34,657</b>	<b>-32,125</b>	<b>-17</b>	<b>-21</b>	<b>-2,494</b>
<b>Specific distribution</b>					
Premium income from banks	5,223	5,223			
Surplus from the resolution of banks	27,000	27,000			
Provision for losses on loss guarantees	38,974				38,974
Costs directly attributable to legal and auditing assistance	-58	-58			
<b>Total specific distribution</b>	<b>71,139</b>	<b>32,165</b>			<b>38,974</b>
<b>Result for the year</b>	<b>36,482</b>	<b>40</b>	<b>-17</b>	<b>-21</b>	<b>36,480</b>

As a result of the conversion of Ekspress Bank's Swedish subsidiary SevenDay Finans AB to a branch, the Swedish deposit guarantee scheme transferred DKK 5 million to the Guarantee Fund, which equals SevenDay Finans AB's 2018 contribution to the Swedish deposit guarantee scheme.

### Loss guarantees provided

The Restructuring Department has issued loss guarantees to Finansiell Stabilitet in connection with the resolution of Amagerbanken af 2011 (FS Finans III), Fjordbank Mors af 2011 (FS Finans IV), Max Bank af 2011 (FS Finans II) and Sparebank Østjylland af 2012 (FS Finans I). Of these, only the loss guarantee regarding FS Finans IV was capitalised.

### Financing of the Guarantee Fund

The assets of the Banking Department must equal 0.8% of the banks' covered deposits. The annual contribution is determined as the amount required to meet the target level within a period of up to six years. If the assets exceed the determined target level, the obligation to contribute will cease. The obligation to contribute will resume if the assets fall below the determined target level. The individual contributions of the comprised banks is determined on the basis of a risk-based contribution model.

At 31 December 2018, the assets of the Banking Department amounted to DKK 8.8 billion, against a determined target level of 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 target level for the year relative to that of last year. 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 has increased to DKK 5.4 billion.

The Mortgage Credit Department and the Investment and Portfolio Management Department, respectively, are required to have total assets of at least DKK 10 million.

The Restructuring Department is required to have assets of at least DKK 3.2 billion by way of guarantees from banks that have an obligation to pay contributions. In addition, the department is required to have assets of DKK 1 billion earmarked for restructuring. This part of the assets must consist of guarantees or cash payments from the banks required to pay contributions.

### Area of coverage

The Guarantee Fund provides financial coverage to depositors and investors of all Danish banks, mortgage credit institutions and investment companies as well as certain investment management companies and managers of alternative investment funds for certain losses in connection with reconstruction or bankruptcy. It also provides coverage to depositors in Danish branches of foreign banks that have applied for supplementary coverage to the guarantee scheme in their country of residence.

The Act on a Depositor and Investor Guarantee Scheme furthermore provides an option for the Restructuring Department to contribute to a reconstruction, among other things by covering costs associated with withdrawal from a data centre in connection with the merger of a failing bank or the takeover of assets under the Act on Restructuring and Resolution of Certain Financial Enterprises. However, this option was not approved by the European Commission in accordance with the rules on state aid, which is a prerequisite for applying this scheme, and it is expected to be abolished in 2019.

### Scope of coverage

The Guarantee Fund covers deposits and cash funds up to EUR 100,000 (approximately DKK 745,000) for each depositor with each bank.

Pension funds, e.g. cash deposits into annuity pension and capital pension schemes, are fully covered. Also, certain special deposits with increased coverage are covered for a limited period, e.g. amounts held in escrow in connection with a real estate transaction. Deposits which serve social purposes and are linked to particular life events are covered by EUR 150,000 for a period of six months and deposits resulting from real estate transactions relating to non-traders are covered by up to EUR 10 million for a period of 12 months from the date on which the deposit was made.

Coverage is calculated net of the depositor's liabilities due to the relevant institution.

### Securities

The Guarantee Fund also manages the investor guarantee scheme. This means that investors may receive coverage of up to EUR 20,000 (approximately DKK 150,000) in the event of difficulties in having securities delivered from an

institution in reconstruction or bankruptcy, provided that the failing institution is comprised by the investor guarantee scheme.

### Branches

Danish branches of foreign banks that are resident in another EU or EEA country are generally covered by the deposit guarantee scheme applicable in the foreign bank's country of residence. It is possible for such branches to apply for supplementary coverage under the Danish scheme. The supplementary coverage is triggered in cases where the Danish scheme provides better coverage than that of the country of residence, e.g. pension accounts and the special deposits subject to increased coverage for a period of 6-12 months after the amount was deposited with the bank.

Branches in Denmark of Nordea Bank Abp, Svenska Handelsbanken AB, Swedbank AB, Nordnet Bank AB, Skandinaviska Enskilda Banken AB, Ikano Bank AB, Carnegie Investment Bank AB and Banque Internationale à Luxembourg S.A. have applied for coverage under the

Guarantee Fund as a supplement to the coverage provided by the national guarantee schemes.

It is the guarantee scheme of the host country, in Denmark the Guarantee Fund, which is to make disbursements to depositors on behalf of the guarantee scheme of the country of residence in connection with the resolution of a branch.

For branches of credit institutions that are residents in non-EU or EEA member states, the branch must be a member of the Danish deposit guarantee scheme if the coverage of depositors and investors in the country in which the branch is resident does not equal the coverage of depositors and investors in Denmark.

Additional information on the Guarantee Fund's coverage is provided on [www.fs.dk](http://www.fs.dk).

### Legislative framework

The legislative framework governing the Guarantee Fund is Consolidation Act no. 1155 of 19 September 2018 on a Depositor and Investor Guarantee Scheme, as amended.

### Assets by department for 2018

DKK'000	Guarantee Fund, total	Banking Department	Mortgage Credit Department	Investment and Portfolio Management Department	Restructuring Department
<b>Contributions</b>					
Contributions received	2,471	-	-	2,471	-
<b>Balance at 31 Dec. 2018</b>	<b>2,471</b>	<b>-</b>	<b>-</b>	<b>2,471</b>	<b>-</b>
<b>Guarantees provided (unchanged in 2017)</b>					
	<b>4,214,912</b>	<b>-</b>	<b>7,500</b>	<b>7,412</b>	<b>4,200,000</b>
<b>Retained earnings</b>					
Balance at 1 Jan. 2018	9,011,142	8,803,685	3,821	2,590	201,046
Result for the year	36,482	40	-17	-21	36,480
<b>Balance at 31 Dec. 2018</b>	<b>9,047,624</b>	<b>8,803,725</b>	<b>3,804</b>	<b>2,569</b>	<b>237,526</b>
<b>Assets at 31 Dec. 2018</b>	<b>13,265,007</b>	<b>8,803,725</b>	<b>11,304</b>	<b>12,452</b>	<b>4,437,526</b>

The Deposit Guarantee Schemes Directive (Directive 2014/49/EU of 16 April 2014) (DGSD) was implemented by Act no. 334 of 31 March 2015.

An amendment of the Act, which became effective at 1 January 2019, changed the name of the Investment Company Department to the Investment and Portfolio Management Department and provided a legal basis for changing the basis of apportionment of the contributions to the department made by the comprised institutions. This amendment has been inserted in the Executive Order on a Depositor and Investor Guarantee Scheme, cf. Executive Order no. 1483 of 2 December 2016 as amended by Executive Order no. 1657 of 18 December 2018.

In addition, the Guarantee Fund is governed by Executive Order no. 820 of 3 July 2015 on the Guarantee Fund's coverage of depositors and investors. This executive order was amended in 2018 by Executive Order no. 518 of 17 May 2018, which specified the definition of eligible deposits and revised the Guarantee Fund's distribution procedure.

The Act on a Depositor and Investor Guarantee Scheme has been put into force for the Faroe Islands by Order no. 1584 of 19 December 2017.

The Act has not yet been put into force for Greenland. As a result, institutions registered in Greenland are covered in accordance with the previous coverage rules which were put into force by Order no. 685 of 28 June 2012 on the coming into force in Greenland of the Act on a Guarantee Fund for Depositors and Investors.

## Resolution Fund

### Results in 2018

The Resolution Fund generated a surplus of DKK 617 million in 2018 (2017: DKK 723 million). The surplus was mainly attributable to payment of contributions to the Resolution Fund of DKK 618 million.

In 2018, the Resolution Fund's administrative expenses amounted to DKK 18 million, offset by corresponding income allotted through the Finance and Appropriation Act. The administrative tasks relate to, among other things, legal work, work involved in preparing resolution plans, participating in resolution colleges for cross-border SIFs and building up of the Resolution Fund.

Including the contribution collected for 2018 of DKK 618 million, a total of DKK 2.4 billion has been collected. In 2018, banks contributed DKK 402 million, mortgage credit institutions contributed DKK 215 million and investment companies contributed DKK 27 thousand. Of the total contribution, DKK 615 million was related to risk-adjusted collection of contributions from 33 institutions. The remaining part of approximately DKK 3 million was paid by the remaining 54 institutions.

### Activities

In 2018, resolution plans were prepared for all Danish banks, mortgage credit institutions and the investment companies covered by the Act on Restructuring and Resolution of Certain Financial Enterprises. The resolution plans are intended to facilitate the resolution of a company in the best way possible, with the least possible damage

### Income statement for the Resolution Fund

(DKKm)	2018	2017
Premium income	618	748
Other income and expenses	17	-7
<b>Result of net financials and coverage activities</b>	<b>635</b>	<b>741</b>
Administrative expenses etc.	18	18
<b>Result for the year</b>	<b>617</b>	<b>723</b>

to tax-payers and creditors and with a view to avoiding reliance on public financial support.

This work forms part of a common European effort to ensure the credibility of the way member states handle failing banks, so that the institutions' owners and creditors bear the full responsibility for the operation and capital position of the institutions. A central part of the resolution plans is setting out a preferred resolution strategy, which is taken into account when the Danish FSA determines the requirement for eligible liabilities in order to facilitate the continuity of a failing institution's critical functions. These resolution plans will be developed further in 2019 and the period to 2021.

Finansiel Stabilitet also participates in international resolution colleges for the purpose of preparing resolution plans for cross-border SIFs, where these have significant branches or subsidiaries in Denmark. For cross-border SIFs domiciled in Denmark, the group resolution authority is Danish, and Denmark is in charge of the resolution college.

In addition to these activities, Finansiel Stabilitet continually focuses on testing the contingency resolution meas-

ures of the institutions. In order to achieve the resolution objectives it is from a practical perspective vital that Finansiel Stabilitet quickly gets access to all relevant data. The testing evaluates whether the institutions have procedures and data access that will enable them to supply data to Finansiel Stabilitet in a time-critical resolution situation. Finansiel Stabilitet and the Danish FSA together perform the testing of contingency resolution measures.

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

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

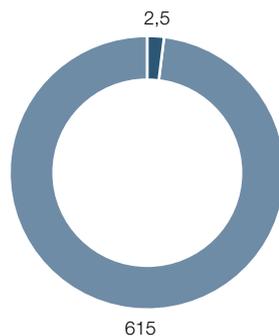
On 31 May 2017, Andelskassen J.A.K. Slagelse under control deposited its licence to carry on banking and securities trading activities. The bank was at the same time converted into a financing company with the name of FS Finans V A/S, from which the resolution of remaining loans will take place.

At 31 December 2018, FS Finans V A/S had loans and guarantees representing a total carrying amount of DKK 38 million and total assets of DKK 40 million.

#### **Balance sheet for the Resolution Fund**

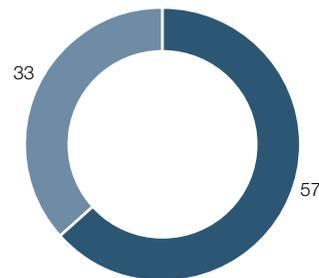
(DKKm)	2018	2017
<b>ASSETS</b>		
Demand deposits with central banks	1,006	1,762
Securities	1,311	0
Investments in associates etc.	76	24
Other assets	40	31
<b>Total assets</b>	<b>2,433</b>	<b>1,817</b>
<b>EQUITY AND LIABILITIES</b>		
Other liabilities	1	0
Provisions	11	13
<b>Total liabilities</b>	<b>12</b>	<b>13</b>
Resolution Fund	2,421	1,804
<b>Total equity and liabilities</b>	<b>2,433</b>	<b>1,817</b>

### Contributions collected 2018 (DKKm)



■ Administratively determined contributions  
 ■ Risk-adjusted contributions

### No. of institutions



■ Administratively determined contributions  
 ■ Risk-adjusted contributions

### Københavns Andelskasse under kontrol

On 13 September 2018, the Danish FSA notified Finansiell Stabilitet that Københavns Andelskasse was expected to be failing and that there was no prospect of finding a private resolution to the co-operative bank's difficulties. Finansiell Stabilitet assumed control of the co-operative bank and implemented the required resolution measures. In relation to this, Finansiell Stabilitet formed a new subsidiary, Broinstitut II A/S, which assumed ownership of Københavns Andelskasse under kontrol.

On assumption of control, the banking activities of Københavns Andelskasse under kontrol (the "Co-operative Bank") were initially continued, but with a view to resolution of the activities. On 25 September 2018, the Co-operative Bank terminated a portfolio of foreign customers. All other customers with activities requiring a banking licence were terminated at the end of February 2019. It is expected that the Co-operative Bank will be able to deposit its banking licence by the end of the first half of 2019.

Finansiell Stabilitet has made a temporary valuation of the Co-operative Bank in order to identify and determine the amount of losses based on information received from the Co-operative Bank before the takeover. On the basis of this valuation, shareholders, subordinated creditors and

simple, unsecured creditors and contributors whose contributions are not covered by the Guarantee Fund should expect their claims against the Co-operative Bank to be provisionally written off and for the time being lost.

A final valuation of total assets, which will be made by independent valuer H.C. Krogh, auditor with PwC, is expected to be announced mid-2019.

As part of the takeover of the Co-operative Bank, a legal enquiry was initiated to investigate whether there are grounds for bringing an action for damages against the former management and auditors of the Co-operative Bank.

At the end of 2018, the Co-operative Bank had 1,940 deposit account customers with 2,758 deposit accounts and deposits in the amount of DKK 133 million. It had loans and guarantees in the net amount of DKK 141 million.

### Financing of the Resolution Fund

In the period from 2016 to 2024, the Resolution Fund is to build up assets to a level ensuring that it has financial means equivalent to 1% of the covered deposits of all institutions comprised by the Resolution Fund.

Over this period, the build-up must be distributed as evenly as possible until the target level has been reached, always with due consideration for the economic climate and the potential effects of pro-cyclical contributions on the financial position of contributing enterprises.

Pursuant to Commission Delegated Regulation (EU) 2015/63 of 21 October 2014 supplementing Directive 2014/59/EU of the European Parliament and of the Council with regard to ex ante contributions to resolution financing arrangements, the Resolution Fund is funded through an annual contribution. For small institutions, the contribution is generally determined as a fixed amount, while a risk-adjusted contribution is determined for large institutions.

If the assets of the Resolution Fund exceed 1% of the covered deposits, the obligation to contribute will cease. Conversely, if the assets of the Fund are not sufficient to cover losses, costs or other expenses in connection with the resolution of an institution or entity, Finansiel Stabilitet may request payment of extraordinary contributions. Such extraordinary contributions may not exceed three times the most recent annual contribution paid. In addition, in case of insufficient funds, the Resolution Fund may raise loans in the market or from the corresponding resolution financing schemes of other countries. Moreover, Finansiel Stabilitet may raise state-funded re-lending to be used as loan financing of the Resolution Fund.

At 31 December 2018, the assets of the Resolution Fund amounted to DKK 2.4 billion, against a determined target level of DKK 6.1 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 target level for the year relative to that of last year. 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 has increased to DKK 6.7 billion.

### Financial position

The Resolution Fund's liquid assets totalled DKK 2.3 billion at 31 December 2018. Finansiel Stabilitet is responsible for ensuring that the available financial means of the Resolution Fund are from time to time proportionate with the Resolution Fund's potential liabilities. Like for the Guarante

tee Fund, an overall investment profile has been adopted that is based on investments being made in liquid, low-risk assets. Like those of the Guarantee Fund, the cash and cash equivalents of the Resolution fund have until now been placed with Danmarks Nationalbank. Having decided to pursue a more active management strategy, Finansiel Stabilitet has set out a strategy of investing the funds in relatively liquid government bonds and short-term mortgage bonds. See pages 17-18.

To ensure that the available financial means of the Resolution Fund are proportionate with the Resolution Fund's potential liabilities, in 2017 Finansiel Stabilitet entered into an agreement on loan facilities which ensures that the Resolution Fund has access to financial means equivalent to its target level.

Finansiel Stabilitet may initiate a restructuring or resolution process if the Danish FSA identifies that (i) a company fails or is expected to fail, and (ii) there is no prospect of other solutions from e.g. the private sector or the Danish FSA within a reasonable time frame, and Finansiel Stabilitet assesses that (iii) a resolution is necessary in the public interest.

In the case of restructuring and resolution, Finansiel Stabilitet may e.g. assume control over the enterprise, effect a full or partial sale of the enterprise to a subsidiary of Finansiel Stabilitet (bridge institution or portfolio management company) or write down or convert the enterprise's liabilities.

In connection with restructuring and resolution, losses are generally to be borne in accordance with the order of priority of creditors. Moreover, no creditor may be placed at a financial disadvantage to a bankruptcy process. This is to be assessed in a subsequent independent valuation. If it is assessed that there are creditors who have been placed at a disadvantage, they will be entitled to compensation from the Resolution Fund. See below. Depositors may also be affected by restructuring and resolution measures, but the value of their deposits will never be less than the amount of coverage provided under the Guarantee Fund.

The Resolution Fund may be used to provide guarantees and loans etc. in connection with the use of restructuring or resolution measures. The Fund may also be used in special circumstances directly to cover losses in an

enterprise, provided liabilities have first been written down or converted in an amount equivalent to at least 8% of the enterprise's liabilities. In such situation, the Fund may contribute assets equivalent to up to 5% of the enterprise's liabilities. In the preparation of resolution plans this option is not assumed to be used, however.

### Legislative framework

The legislative framework of the Resolution Department and the Resolution Fund is the Act on Restructuring and Resolution of Certain Financial Enterprises, see Consolidation Act no. 24 of 4 January 2019 and Executive Order no. 823 of 3 July 2015 on the Resolution Fund. In addition, executive orders have been issued on resolution planning and contingency resolution measures as well as on Finansiell Stabilitet's use of resolution measures.

The Act became effective on 1 June 2015, and the executive orders were issued shortly thereafter. The Act was put into effect for the Faroe Islands at 1 January 2018. The Act has not yet been put into effect for Greenland.

On 1 July 2018, an amendment entered into effect on the order of priority of unsecured instruments of debt in the event of bankruptcy. The amendment provides banks with the possibility of issuing a new type of senior debt instruments which in the order of priority ranks immediately after claims in pursuance of section 97 of the Bankruptcy Act.

The rules implement Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 (BRRD). With a view to achieving a uniform application of the rules, the European Commission is to issue a number of delegated acts and implementing acts in this area.

On 15 February 2019, the Council of the European Union announced that the EU ambassadors have adopted a proposal to amend the BRRD, among other things. The proposal included a number of amendments, including of the rules on MREL requirements and the introduction of an option of imposing a temporary moratorium (suspension of payments) in connection with the initiation of a resolution process.

Finansiell Stabilitet participates e.g. in the work of the European Banking Authority (EBA) to prepare the acts for the European Commission.

## Portfolio management of the Resolution and Guarantee Funds

In 2018, Finansiell Stabilitet decided to change the investment strategy of both the Guarantee Fund and the Resolution Fund to a more active management strategy. Finansiell Stabilitet has chosen to pursue a conservative investment strategy, mainly assuming risk in relation to

### Returns – portfolio management of the Guarantee Fund and the Resolution Fund

(DKK m)	Volume	Total return	Guarantee Fund	Resolution Fund
Portion managed in 2018	5,702	-4	-3	-1
Of which:				
– Return on securities		15	12	3
– Return until initiation of management		-19	-15	-4
Amounts held in deposit in account with Danmarks Nationalbank	4,798	-30	-24	-6
<b>Total</b>	<b>10,500</b>	<b>-34</b>	<b>-27</b>	<b>-7</b>

Note: The portion managed may be divided into return after investment and return before investment, when the funds were held in deposit in an account with Danmarks Nationalbank. The statement excludes expenses.

future interest rate movements and, to a lesser degree, credit conditions.

Under the investment strategy, which is identical for the Guarantee Fund and the Resolution Fund, the funds are invested in Danish covered bonds and covered mortgage bonds with a maximum five-year maturity and Danish government bonds. Risk exposure on the investment strategy is limited. 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 considered as liquidity risk.

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.

As part of the portfolio agreement, Finansiel Stabilitet has the option of using a repo facility, which may reduce the above-mentioned liquidity risk.

The two investment mandates comprise an initial total investment volume of DKK 7.5 billion, and the portfolios are being phased in gradually.

The return at 31 December 2018 was 0.27% (corresponding to an investment gain of approximately DKK 15 million), corresponding to a 0.58% improvement of the return (or approximately DKK 33 million) compared with placing the funds at Danmarks Nationalbank's interest rate on certificates of deposit. In addition to the positive return, this was due to the fact that the invested funds would alternatively have been subject to negative interest of approximately DKK 18 million.

The effective yields on mortgage bonds have been relatively stable, while the effective yields on government bonds have declined since the investments were initiated in Q2 2018. This had a marginal positive effect on the portfolio, as the lower government bond yields contributed to keeping short-term mortgage bond yields low.

In connection with the EU tender for the initially DKK 2.5 billion government bond portfolio, Jyske Bank came out on top and was appointed holder of the mandate.

The total realised return in 2018 on all cash and cash equivalents of the Resolution Fund and the Guarantee Fund was negative in the amount of DKK 34 million.

The assets of the Guarantee Fund amounted to DKK 13.2 billion. The funds available for investment amount to DKK 8.2 billion. In 2018, the return on invested funds was DKK 12 million, whereas the funds placed in account with Danmarks Nationalbank produced a negative return of DKK 39 million.

The assets of the Resolution Fund amounted to DKK 2.4 billion. The funds available for investment amount to DKK 2.3 billion. In 2018, the return on invested funds was DKK 3 million. The funds placed in an account with Danmarks Nationalbank produced a negative return of DKK 10 million.

## Significant risks

The principal risks affecting Finansiel Stabilitet concern the uncertainty related to the resolution of activities taken over by Finansiel 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 contributed equity.

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

The principal risks affecting the different segments are described below. For further information on risks and risk management, see note 29 to the financial statements.

### Bank Package I-V activities

Risks under Bank Package I-V activities are to a considerable extent influenced by the special tasks involved in taking over and resolving failing banks under Bank Packages I-V. As the customer exposures have been significantly reduced, the most significant risks in this segment relate to the outcomes of lawsuits and disputes. Risks also remain

in respect of the resolution of the remaining loans and guarantees.

### Guarantee Fund

The principal risks under the Guarantee Fund relate to the resolution of activities that Finansielt Stabilitet has taken over under Bank Packages III-IV and the risk of future losses as a result of the restructuring and resolution of failing banks resulting in losses on covered deposits.

If the resolution of activities of FS Finans I-IV produces a loss which had not been anticipated at the takeover date, such loss will have to be covered by the Depositor and Investor Guarantee Scheme. Based on the preliminary resolution, the only additional losses recorded under Bank Package III relate to the resolution of FS Finans IV A/S.

Moreover, the investment of the Guarantee Fund's cash funds will be subject to risk, depending on the chosen investment profile. The Act on a Depositor and Investor Guarantee Scheme stipulates that the assets of the Guarantee Fund must be invested in low-risk assets. Each year, Finansielt Stabilitet's Board of Directors defines the investment strategy for the Fund. The investment strategy must be determined so as to ensure that the available financial means of the Guarantee Fund are from time to time proportionate with the Guarantee Fund's potential liabilities.

Notwithstanding a continued low risk profile, the future investment strategy will be subject to higher risk, because the yield on bonds will depend on the general development of interest rates and the timing of any purchases and sales.

### Resolution Fund

The principal risks of the Resolution Fund relate to losses in connection with the restructuring or resolution of failing institutions in which the Resolution Fund has injected capital. Currently, this risk is reflected in the ownership of FS Finans V A/S and Københavns Andelskasse under kontrol, as any impairment of the remaining assets and lack of profitability will have an adverse effect on the Resolution Fund.

Moreover, the future investment of the means of the Resolution Fund will be subject to risk, depending on the chosen investment profile. The Act on Restructuring and Resolution of Certain Financial Enterprises stipulates that the means of the Resolution Fund must be invested in

low-risk assets. Each year, Finansielt Stabilitet's Board of Directors defines the investment strategy for the Fund. The investment strategy must be determined so as to ensure that the available financial means of the Resolution Fund are from time to time proportionate with the Resolution Fund's potential liabilities.

Notwithstanding a continued low risk profile, the future investment strategy will be subject to higher risk, because the yield on bonds will depend on the general development of interest rates and the timing of any purchases and sales.

## Events after 2018

In February 2019, the Supreme Court delivered a decision in a case of BEC against Finansielt Stabilitet and Amagerbanken in bankruptcy, pursuant to which BEC is to repay approximately DKK 74 million to Finansielt Stabilitet, see the mention in the section Lawsuits on pages 4-8. The amount was taken to income in 2018.

## Outlook for 2019

The outlook for 2019 is determined for each of the three segments of the Finansielt Stabilitet Group. For the Resolution Fund, a surplus of approximately DKK 700 million is expected, corresponding to the expected payments from the institutions that have an obligation to pay contributions to the Resolution Fund. For the Bank Package I-V activities, without consideration to any recognition of parts of the deposited funds from FIH, Finansielt Stabilitet forecasts a loss. The Guarantee Fund is also expected to report a minor loss for 2019.

The outlook is subject to some uncertainty due to the continued substantial uncertainty about the 2019 results of the activities relating to the Bank Package I-V activities. Accordingly, the guidance provided above does not include any potential effect on operations of value adjustments of assets, should the resolution results prove either better or worse than the carrying amounts. Moreover, the outcome of contingent liabilities, including lawsuits and disputes, is subject to substantial uncertainty. Finally, any interest rate changes could significantly influence the result, which in turn would impact the results of the Guarantee Fund and the Resolution Fund.

# 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.

Finansiel Stabilitet complies with the recommendations for exercising ownership and practising corporate governance in state-owned public companies, as described in the ownership policy of the Danish State published in 2015. In addition, Finansiel Stabilitet has chosen to comply with the corporate governance recommendations to the widest extent possible, even though Finansiel Stabilitet is not directly comprised by the recommendations. Finansiel Stabilitet also on an ongoing basis considers developments in the corporate governance recommendations applicable to listed companies. This annual report includes reporting on compliance with the Corporate Governance Recommendations, which were updated in 2018 and are effective for financial years beginning on or after 1 January 2018.

At least once a year, the Board of Directors and the Management Board review the principles defined for the management of Finansiel Stabilitet and make ongoing adjustments as and when needed to ensure that the Company complies with good practice in the area.

The overall objectives are defined by the Ministry of Industry, Business and Financial Affairs 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. Moreover, the Committee's recommendations on the handling of takeover bids have no relevance for Finansiel Stabilitet due to the Company's status as an independent public company. Likewise, the Company has chosen not to comply with a few other recommendations as described below. 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 owner and stakeholders of the Company

The Ministry of Industry, Business and Financial Affairs on behalf of the Danish State is the Company's sole owner. Finansiel Stabilitet maintains an ongoing dialogue with its owner to ensure that the Minister for Industry, Business and Financial Affairs receives relevant information on matters related to Finansiel Stabilitet. The relationship between

Finansiel Stabilitet and the Ministry of Industry, Business and Financial Affairs is furthermore governed by a strategic Governance Concept for Finansiel Stabilitet, which also contains guidelines for exchange of information.

Finansiel Stabilitet publishes interim financial statements and releases quarterly profit announcements. The Company 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 is 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 applying to state-owned companies, which implies, 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.fs.dk](http://www.fs.dk). The website also provides information about the Company's structure, activities, etc.

## General meeting

The general meeting is the Company's supreme decision-making body. The Ministry of Industry, Business and Financial Affairs has same powers at general meetings as those awarded to shareholders pursuant to the Companies Act. Representatives of the Ministry of Industry, Business and Financial Affairs, the Board of Directors, the Management Board, the National Audit Office and the Company's auditors attend the annual general meeting. General meetings are open to the press. However, the Board of Directors of Finansiel Stabilitet may decide that a general meeting should be closed or partially closed to the press if motivated by considerations for the discharge of Finansiel Stabilitet's objects, powers and responsibilities.

Notices convening general meetings are published and distributed to the Minister for Industry, Business and Financial Affairs or his proxy 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 for the Board of Directors, which are revised on an ongoing basis and as required. The rules of procedure in force from time to time are available at Finansiel Stabilitet's website ([www.fs.dk](http://www.fs.dk)). 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 10 board meetings were held in 2018, including 3 extraordinary board meetings. A total of 18 board meetings were held in 2017.

The Board of Directors is continuously updated on the Company's situation. These updates take place through meetings as well as through written and oral reporting. The Board of Directors receives a regular semi-annual report, including information about the Company's financial performance and the most important activities and transactions. The Board of Directors furthermore maintains a continuous dialogue with the general Management on the cases against the former managements, etc. of the banks taken over.

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 or a risk committee and, due to the close affiliation with the Minister for Industry, Business and Financial Affairs, 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.

### Composition of the Board of Directors

At 31 December 2018, the Board of Directors of Finansiel Stabilitet consisted of seven members.

The e Minister for Industry, Business and Financial Affairs appoints the members of the Board of Directors, including the Chairman and the Deputy Chairman. Neither the employees of Finansiel Stabilitet nor the employees of Finansiel Stabilitet's subsidiaries are entitled to elect members to the Board of Directors of Finansiel Stabilitet.

The members of the Board of Directors are elected for a term of one year, but are eligible for re-election. There were no changes to the Board of Directors in 2018, and all members of the Board of Directors were re-elected at the annual general meeting on 19 April 2018.

The Chairman of the Board of Directors may not undertake any offices on behalf of Finansiel Stabilitet which do not form a natural 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.

Candidates for 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.

Prior to election of members to the Board of Directors at the general meeting, information must be provided on the experience and professional background of the individual candidates. As the candidates are nominated by the Company's sole owner, the Ministry of Industry, Business and Financial Affairs, it is assessed that there is no need to distribute information about the competences of the candidates together with the notice convening the general meeting. Finansiel Stabilitet thereby deviates from the recommendations of the Committee on Corporate Governance.

Information about the individual board members is provided in this Annual Report and on Finansiel Stabilitet's website, [www.fs.dk](http://www.fs.dk).

### Management Board

The Management Board is composed of Henrik Bjerre-Nielsen, CEO. The Management Board along with Executive Vice Presidents Marianne Simonsen and Jens Verner Andersen are in charge of the day-to-day management of Finansiel Stabilitet. The guidelines for the Management Board's reporting and submission of decisions 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 2018, the remuneration paid to the Board of Directors amounted to DKK 1,275,000, including DKK 525,000 to the Chairman and the Deputy Chairman. The remuneration paid to the Chairman and the Deputy Chairman was unchanged from 2017.

The remuneration of the Management Board is determined by the Board of Directors, and in 2018 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 are not covered by bonus schemes and do not receive a separate fee for directorships held in subsidiaries.

The total remuneration paid to the Management Board amounted to DKK 3.1 million in 2018 (2017: DKK 3.1 million), comprising DKK 3.0 million in fixed salaries and DKK 0.1 million in tax on company-paid vehicles, etc.

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 complies with the remuneration recommendations of the Danish State's ownership policy, and the Company's remuneration policy reflects these rules. This includes paying competitive – but not top-bracket – salaries compared with peer companies in the public and private sectors. Finansiel Stabilitet abides by legally binding agree-

ments with employees entered into in connection with the takeover of failing banks.

### 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.

Finansiel Stabilitet has established a whistleblower scheme for the Group, which is accessible via Finansiel Stabilitet's website. The objective of the whistleblower scheme is to ensure expedient and confidential reporting of offences – or suspicion of offences – to an independent and autonomous unit, which can evaluate what measures should be taken. Under the whistleblower scheme, employees and other Finansiel Stabilitet stakeholders can report, anonymously or not, on any serious misconduct.

### Auditors

The activities of Finansiel Stabilitet are audited by the Auditor General of Denmark and a state-authorized public accountant. The state-authorized public accountant is appointed for a term of one year at the general meeting and must be certified by the Danish FSA.

Before nominating a candidate for appointment at the general meeting, the Board of Directors makes an assessment of the state-authorized public accountant's independence, qualifications, etc.

The framework for the auditors' duties, including their remuneration, audit and non-audit assignments are written into a service contract.

Deloitte was appointed auditors of the Finansiel Stabilitet Group's activities in 2018.



# Corporate social responsibility

## Corporate social responsibility

Finansiel Stabilitet is required to contribute to ensuring financial stability in Denmark. This objective is achieved in part by preventive measures, including the establishment of a resolution fund, preparation of resolution plans and identification of any obstacles, and in part by restructuring and winding up failing 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, and it invests only in Danish government bonds and short-term Danish mortgage bonds. For this reason, the Company has not found it relevant to sign up to any specific CSR standards.

The Company has not defined any policies regarding the protection of human rights and the environment or regarding climate impact reduction.

## Employees

Finansiel Stabilitet wants to contribute to a good and challenging working life for the employees during their employ-

ment with the Company. Finansiel Stabilitet's corporate culture is based on open, proper and equal dialogue with emphasis on measures of individual freedom under accountability and common sense.

At the same time, Finansiel Stabilitet focuses on continuous skills enhancement for its employees in the form of courses and other relevant supplementary training.

The staff is adjusted on an ongoing basis in relation to the scope of work. In 2018, the number of Finansiel Stabilitet's employees increased slightly. The number of employees is also expected to increase in 2019.

## Gender composition of Management

Finansiel Stabilitet strives to achieve relevant diversity in terms of age, international experience and gender at the Group's management levels. Finansiel Stabilitet has adopted a policy on diversity and balanced gender composition on the Group's boards of directors and other management levels. This policy is available on Finansiel Stabilitet's website.

In terms of gender composition, the ambition is for either gender to hold at least one third of the seats on the boards of directors. Of Finansiel Stabilitet's seven board members, three are women and four are men. Of the three board members of the subsidiaries Broinstitut I A/S, Broinstitut II A/S, FS Finans I A/S, FS Finans II A/S, FS Finans III A/S, FS Finans IV A/S and FS Finans V A/S, two are women and one is a man. Accordingly, Finansiel Stabilitet meets its target.

The Company also aims to ensure an adequate gender composition at the Group's other management levels. The Group's employees should feel that they have the same career opportunities and opportunities to be considered for management positions, regardless of gender. In addition, Finansiel Stabilitet aims to have an open and unbiased corporate culture allowing employees, regardless of gender, to optimise their skills and talents in the best possible way. 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 gender composition of Finansiel Stabilitet's general management (CEO and executive vice presidents) in 2018 was 33% women and 66% men.

### **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 failing banks or on enforcement 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. Such contracts are outside the scope of Finansiel Stabilitet's present objects, however.

### **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 statement and comprehensive income statement

(DKKm)	Note	Group		Parent	
		2018	2017	2018	2017
<b>Interest and fees</b>					
Interest income calculated according to the effective interest method	5	17	19	21	22
Other interest income	5	28	0	27	0
Interest expense	6	68	101	88	101
<b>Net interest income</b>		<b>-23</b>	<b>-82</b>	<b>-40</b>	<b>-79</b>
Share dividends, etc.		2	0	2	0
Contributions to the Guarantee Fund		5	42	5	42
Contributions to the Resolution Fund		618	748	618	748
Fees and commissions received	7	7	9	4	6
Fees and commissions paid	7	1	1	0	1
<b>Net interest and fee income</b>		<b>608</b>	<b>716</b>	<b>589</b>	<b>716</b>
Market value adjustments	8	42	49	25	37
Other operating income	9	141	35	143	44
Staff costs and administrative expenses	10	149	141	126	121
Other operating expenses	11	20	135	60	77
Impairment losses on loans, advances and receivables etc.	12	-158	-139	-75	-69
Income from investments in associates and subsidiaries	13	-9	1	31	10
Purchase price and dowry adjustment		-11	4	79	-9
<b>Result for the year before tax</b>		<b>760</b>	<b>668</b>	<b>756</b>	<b>669</b>
Tax	14	3	-1	0	0
<b>Result for the year</b>		<b>757</b>	<b>669</b>	<b>756</b>	<b>669</b>
<b>Other comprehensive income</b>					
Actuarial losses		-1	0	0	0
Tax on other comprehensive income		0	0	0	0
<b>Total other comprehensive income</b>		<b>-1</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>		<b>756</b>	<b>669</b>	<b>756</b>	<b>669</b>
<b>Appropriation of surplus</b>					
Guarantee Fund				36	15
Resolution Fund				617	723
Proposed dividend				0	2,550
Retained earnings				103	-2,619
<b>Total amount appropriated</b>				<b>756</b>	<b>669</b>

# Balance sheet

(DKKm)	Note	Group		Parent	
		2018	2017	2018	2017
<b>ASSETS</b>					
Cash in hand and demand deposits with central banks		10,895	15,796	10,849	15,796
Due from credit institutions and central banks	15	102	76	30	24
Loans, advances and other receivables at amortised cost	12, 16	488	442	134	139
Bonds at fair value etc.	17	5,782	10	5,708	6
Shares etc.	18	114	207	100	149
Investments in associates etc.	19	35	44	35	44
Investments in subsidiaries		0	0	659	613
Investment properties	20	3	3	3	3
Guarantees provided by banks, mortgage credit institutions and investment companies		4,215	4,215	4,215	4,215
Current tax assets		0	1	0	0
Receivable re. loss guarantee from the Danish State relating to Roskilde Bank		0	2,550	0	2,550
Purchase price and dowry adjustment receivable		0	0	1,799	1,720
Other assets	21	283	230	244	281
Prepayments		2	1	2	1
<b>Total assets</b>		<b>21,919</b>	<b>23,575</b>	<b>23,778</b>	<b>25,541</b>

(DKKm)	Note	Group		Parent	
		2018	2017	2018	2017
<b>EQUITY AND LIABILITIES</b>					
<b>Liabilities</b>					
Deposits and other payables	22	133	0	0	0
Other liabilities	23	663	699	3,104	3,048
Deferred income		1	1	0	0
<b>Total liabilities</b>		<b>797</b>	<b>700</b>	<b>3,104</b>	<b>3,048</b>
<b>Provisions</b>					
Provision for losses on guarantees		62	137	28	59
Purchase price adjustment (earn-out)	24	220	209	0	0
Other provisions	25	226	121	32	26
<b>Total provisions</b>		<b>508</b>	<b>467</b>	<b>60</b>	<b>85</b>
<b>Total liabilities</b>		<b>1,305</b>	<b>1,167</b>	<b>3,164</b>	<b>3,133</b>
<b>Equity</b>					
Finansiel Stabilitet		4,928	7,375	4,928	7,375
Guarantee Fund		13,265	13,229	13,265	13,229
Resolution Fund		2,421	1,804	2,421	1,804
<b>Total equity</b>		<b>20,614</b>	<b>22,408</b>	<b>20,614</b>	<b>22,408</b>
<b>Total equity and liabilities</b>		<b>21,919</b>	<b>23,575</b>	<b>23,778</b>	<b>25,541</b>

## Other notes

- Note 1 : Accounting policies
- Note 2 : Segment information for the Group
- Note 3 : Segment information for the parent company
- Note 4 : Takeover of enterprises
- Note 26 : Contingent assets and liabilities
- Note 27 : Derivative financial instruments
- Note 28 : Financial risk management
- Note 29 : Related parties
- Note 30 : Group overview
- Note 31 : Break-down of balance sheet items by contractual and expected terms to maturity
- Note 32 : Fair value disclosure
- Note 33 : Fair value of balance sheet items at amortised cost
- Note 34 : Return on financial instruments
- Note 35 : Leases
- Note 36 : Finansiel Stabilitet 2014-2018 (financial highlights)

# Statement of changes in equity

Group (DKKm)	2018						2017
	Finansiel Stabilitet					Total equity	
	Subor- dinated assets	Retained earnings	Proposed dividend	Guaran- tee Fund	Resolution Fund		
<b>Equity at 1 January</b>	1	4,824	2,550	13,229	1,804	22,408	21,739
Comprehensive income for the year	-	103		36	617	756	669
<b>Dividends paid</b>	-	-	-2,550	-	-	-2,550	-
<b>Equity as at 31 December</b>	1	4,927	-	13,265	2,421	20,614	22,408

Parent company (DKKm)	2018						2017
	Finansiel Stabilitet					Total equity	
	Subor- dinated assets	Retained earnings	Proposed dividend	Guaran- tee Fund	Resolution Fund		
<b>Equity at 1 January</b>	1	4,824	2,550	13,229	1,804	22,408	21,739
Comprehensive income for the year	-	103		36	617	756	699
<b>Dividend paid</b>	-	-	-2,550	-	-	-2,550	-
<b>Equity as at 31 December</b>	1	4,928	-	13,265	2,421	20,614	22,408

# Cash flow statement

(DKKm)	Group	
	2018	2017
<b>Cash flows from operating activities</b>		
Result for the year after tax	756	669
Impairment of loans, etc., net (income)	-158	-139
Depreciation and amortisation	0	0
Other	-17	-63
<b>Total operating activities</b>	<b>581</b>	<b>467</b>
<b>Working capital</b>		
Changes in credit institutions, net	18	167
Changes in loans, advances and other receivables	267	179
Changes in securities	157	73
Changes in deposits and other payables	-59	-97
Changes in other assets and liabilities	2,407	-201
<b>Total working capital</b>	<b>2,790</b>	<b>121</b>
<b>Total cash flows from operating activities</b>	<b>3,371</b>	<b>588</b>
<b>Cash flows from investing activities</b>		
Net investment in subsidiaries	19	0
Investment portfolio	-5,691	0
Purchase/sale of property, plant and equipment	1	32
<b>Total</b>	<b>-5,671</b>	<b>32</b>
<b>Cash flows from financing activities</b>		
Dividend	-2,550	-
<b>Total</b>	<b>-2,550</b>	<b>-</b>
<b>Total cash flows for operating, investing and financing activities</b>	<b>-4,850</b>	<b>620</b>
<b>Change in cash and cash equivalents</b>		
Cash and cash equivalents at the beginning of the year	15,847	15,227
Change during the year	-4,850	620
<b>Cash and cash equivalents at the end of the year</b>	<b>10,997</b>	<b>15,847</b>
Cash and cash equivalents comprise:		
Cash in hand and demand deposits with central banks	10,895	15,796
Due from credit institutions and central banks within less than three months	102	51
<b>Cash and cash equivalents at the end of the year</b>	<b>10,997</b>	<b>15,847</b>

# Notes

## 1. Accounting policies

Finansiel Stabilitet presents its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and with related interpretations issued by the Interpretations Committee (IFRIC).

The parent company, Finansiel Stabilitet IPC, presents its financial statements in accordance with the Danish Financial Business Act.

In order to provide a better overview and to reduce the number of note disclosures, the amounts and qualitative information of which are insignificant, certain disclosures have been omitted.

Effective as from 1 January 2018, the Finansiel Stabilitet Group has implemented the IFRS standards and interpretations taking effect in the EU for 2018. IFRS 9, Financial Instruments, which supersedes IAS 39, introduces new rules on classification and measurement of financial assets based on the business model applied to, and contractual cash flow characteristics of, financial assets. The standard also introduces a new impairment model under which impairment losses on financial assets, including loans, advances and provisions for guarantees, are determined according to an expected loss model, rather than a model based on incurred losses. The new provisions on the classification and measurement of financial assets have not led to an accounting policy change, i.e. all financial assets are still measured at amortised cost, except for bonds and shares, which are measured at fair value through profit or loss. Nor has the new impairment model had any effect on the financial statements, as Finansiel Stabilitet's loan portfolio at 1 January 2018 consisted entirely of loans that were considered to be impaired. For a description of the new impairment model, see the description of the accounting policy on loans and advances at amortised cost. IFRS 9 has, however affected disclosure about financial instruments in notes 12 and 16.

The implementation of other adopted amendments and new standards has not affected recognition or measurement in 2018.

Finansiel Stabilitet implemented a new investment strategy in 2018 under which, when fully implemented, some DKK 10 billion will be invested in short-term Danish bonds. The investment strategy is based on management of the portfolio of bonds at fair value through profit or loss. In connection with the new investment strategy, the recognition criterion for 2018 was changed from settlement date to trading date. As a result of the change, the value of the bond portfolio was increased by DKK 114 million and demand deposits with central banks were reduced by DKK 114 million at 31 December 2018. The accounting policy change had no effect for 2017.

Apart from the above, the accounting policies are consistent with those applied in 2017.

### Standards and interpretations not yet in force

At the end of the financial year, a number of new or amended standards and interpretations had been issued that have not yet come into force or been adopted by the EU.

On 13 January 2016, the IASB introduced a new standard on accounting for leases, IFRS 16 Leases, which supersedes IAS 17. The standard is effective for financial years beginning on or after 1 January 2019.

On the whole, IFRS 16 does not change the IAS 17's provisions on accounting treatment by the lessor.

For lessees, leases entered into (other than short-term leases and leases concerning assets of low value) are recognised in the balance sheet as a right-of-use asset and as a lease liability, measured at the present value of minimum lease payments over the term of the lease. The right-of-use asset is subsequently depreciated in the same way as other fixed assets, typically on a straight-line basis over the term of the lease, and interest is calculated on the lease liability, as was the case for finance leases in accordance with IAS 17.

## 1 Accounting Policies (continued)

Based on the Group's current business volume, the changes to IFRS 16 and other, amended standards are not expected to affect the financial reporting of Finansiell 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, 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 as a result 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 value of securities
- Contingent assets

### 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.

#### *Recognition and measurement*

Assets are recognised in the balance sheet when it is probable that, as a result of past events, future economic benefits will flow to the business and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when the business has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow from the business, and the value of the liability can be measured reliably.

#### *Financial instruments – general*

Financial assets are classified and measured on the basis of Finansiell Stabilitet's business model and the underlying

# Notes

## 1 Accounting Policies (continued)

contractual cash flows related to the characteristics of the financial assets, and comprise the following categories:

- Amortised cost
- Fair value through other comprehensive income
- Fair value through profit or loss

Subsequent to initial recognition, financial assets held with the objective of collecting contractual cash flows, and where the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, are measured at amortised cost. This category comprises loans, receivables from credit institutions, guarantees provided by banks, mortgage credit institutions and investment companies and related interest.

Bonds are measured at fair value through profit or loss because they are part of an investment strategy based on fair values, and information about the liabilities is provided on that basis in the internal management reporting. Shares and derivative financial instruments are also measured at fair value through profit or loss, as contractual cash flows from these instruments are not solely payments of principal and interest on the principal amount outstanding. Finansiell Stabilitet has no financial instruments measured at fair value through other comprehensive income, as this requires that the instruments are held in a mixed business model and that contractual cash flows are solely payments of interest and principal on the principal amount outstanding.

Financial liabilities are classified and measured at amortised cost, with the exception of derivative financial instruments, which are measured at fair value and recognised in liabilities if their fair value is negative.

### **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.

### **Consolidated financial statements**

The consolidated financial statements comprise the parent company, Finansiell Stabilitet IPC, and subsidiaries which the parent company controls. Control is achieved by directly or indirectly holding or having the disposal of more than 50% of the voting rights or otherwise exercising a controlling influence over the relevant 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 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.

## 1 Accounting Policies (continued)

### Balance sheet

#### **Due from credit institutions and central banks**

The item Due from credit institutions and central banks comprises 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.

Amounts due from credit institutions and central banks are on initial recognition measured at fair value with the addition of directly attributable transaction costs and subsequently at fair value according to the effective interest method less impairment losses. As Finansiell Stabilitet uses credit institutions with high credit ratings only, credit risk is considered low, and consequently the need for impairment write-down is considered insignificant.

#### **Loans, advances and receivables at amortised cost**

The item consists of loans taken over from distressed banks.

#### *Classification and measurement:*

Subsequent to initial recognition, loans and advances held with the objective of collecting contractual cash flows, and where the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, are measured at amortised cost.

Finansiell 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 and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

Loans, advances and receivables are initially measured at fair value plus transaction costs and less fees and commissions received that are directly related to the establishment. As a result of the above-mentioned classification, loans, advances and receivables are subsequently 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 the expected repayment price and fair value at the date of recognition will be amortised over the expected term to maturity as part of the effective rate of interest.

#### *Impairment:*

The rules on impairment of loans and provisions for financial guarantees and loan commitments are based on an expected loss model which implies earlier recognition of a loss allowance than the previous impairment model, under which there had to be objective evidence of impairment before an impairment loss could and had to be recognised.

Under the new expected credit loss rules, on initial recognition of a financial asset etc., a loss allowance will be recognised in an amount equivalent to the 12-month expected credit losses (stage 1). In the event of a subsequent significant increase in credit risk after initial recognition, a loss allowance will be recognised in an amount equivalent to the lifetime expected credit losses of the financial asset (stage 2). Where it is established that the instrument is credit-impaired (stage 3), a loss allowance is recognised at an amount equal to the lifetime expected credit losses of the asset, and interest income is recognised in profit or loss according to the effective interest method in proportion to the impaired amount.

For assets and guarantees that are credit-impaired (stage 3) on acquisition, the lifetime expected credit loss of the asset or the guarantee is considered to be factored into the determined acquisition price. Such assets and guarantees will remain in stage 3 throughout their remaining life, and the effects of positive and negative changes in credit risk are recognised in profit or loss as these occur.

As Finansiell Stabilitet is charged with resolving loans taken over in the best way possible, within a relatively short period after the takeover remaining loans and advances will be designated as credit-impaired on acquisition, as all other loans and advances will have been repaid and replaced by the counterparty by new loans taken out with other credit institutions. Accordingly, Finansiell

# Notes

## 1 Accounting Policies (continued)

Stabilitet's portfolio of loans at the balance sheet date is generally considered to consist entirely of loans that were credit-impaired on acquisition. Consequently, Finansiell Stabilitet has not set out principles for the measurement of significant increases in credit risk or definitions of default and credit impairment, other than the above-mentioned assessment when loan portfolios are taken over.

Pursuant to its objects under the Act on Financial Stability, Finansiell Stabilitet assumed control of Københavns Andelskasse in September 2018. The preliminary valuation in connection with the takeover indicated that all loans and guarantees that had not been resolved at 31 December 2018 are more or less credit-impaired. The final valuation is under way and is expected to be announced in Q2 2019. For the time being, these loans and guarantees are considered to be credit-impaired on acquisition.

After a long resolution process, the remaining loans and guarantees taken over by the Group from failing banks under Bank Packages I-V and from Andelskassen J.A.K. Slagelse are considered to be stage 3 exposures. The remaining portfolio of loans are either in bankruptcy or their creditworthiness is so poor that no other banks have been willing to take over their exposures, and they are therefore also considered to be in stage 3 on acquisition.

Accordingly, loss allowances and provisions relating to the Group's loans and guarantees are treated in accordance with the IFRS 9 rules on assets and guarantees that are credit-impaired on acquisition.

The loss allowance is calculated on an individual basis for each exposure as the difference between the carrying amount of the loan and the present value of expected future cash flows from the loan. The expected future cash flows are determined based on the most probable outcome.

For fixed-rate loans, the original effective interest rate at the date of acquisition is used as discount rate. For floating-rate loans, the current effective interest rate on the loan is used.

### *Write-off:*

Loans and advances are written off when it is assessed that there is no longer a reasonable expectation of full or partial recovery of the outstanding amount. At such time, the final loss is considered to have been incurred, and the loan is removed from the carrying amount of gross loans and accumulated impairment.

Finansiell Stabilitet continues its collection efforts after the loans have been written off, based on an individual assessment, including an assessment of the possibility of entering into a voluntary agreement with the customer, a renegotiation of terms or reconstruction of a business, so that debt collection or petition for bankruptcy is the ultimate measure of debt collection.

### **Bonds, shares, etc.**

Listed securities are recognised at fair value at the trading 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 shares are stated at fair value. Fair values of unlisted securities are measured on the basis of models, agreed trading prices according to articles of association, or the like.

### **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.

Amounts receivable from lessees in finance leases are recognised as loans in an amount corresponding to the net investment in the leases and loss allowances are recognised according to the same model as that applicable to loans. 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

## 1 Accounting Policies (continued)

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**

Properties comprise investment properties.

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

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. Fair value adjustments are recognised in Market value adjustments.

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**

Finansiel Stabilitet IPC is exempt from taxation and the subsidiaries of the Group are not subject to joint taxation. Current tax liabilities and current tax receivables are recognised in the balance sheet as estimated tax on the tax-

able 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.

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 gains 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.

### **Guarantees provided by banks, mortgage credit institutions and investment companies**

The item comprises guarantees provided to the Guarantee Fund and measured at amortised cost, equivalent to nominal value, as the date when a guarantee may be invoked cannot be reliably predicted or estimated.

### **Receivable re. 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.

### **Other assets**

The item comprises assets not classified under any other asset item, including positive market values of spot

# Notes

## 1 Accounting Policies (continued)

transactions and derivative financial instruments measured at fair value, interest and commissions receivable.

### **Financial liabilities**

At the date of borrowing, deposits, issued bonds and amounts due 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.

### **Other liabilities**

The item comprises liabilities not classified under any other liability item, including negative market values of derivative financial instruments measured at fair value, interest due, etc. and is measured at amortised cost.

### **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.

Provision for losses on guarantees is measured by applying the expected loss model described under the accounting policy for loans and advances.

Other 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.

A provision for onerous contracts is recognised when the unavoidable costs under a contract exceed the expected benefits to the Group from the contract.

### **Purchase price adjustment**

Purchase price adjustment comprises the potential additional dividend payable to creditors and providers of dowry in the banks taken over under Bank Packages III-IV. Purchase price adjustment is included in provisions.

### **Equity**

Finansiel Stabilitet’s assets, the Guarantee Fund and the Resolution Fund are shown as three separate items. Danish legislation provides that Finansiel Stabilitet’s assets and the two funds are only liable for their own obligations.

### **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.

Interim dividend is recognised as a liability at the date of decision.

### **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 Finansiel Stabilitet Group.

Contingent assets are disclosed when an inflow of economic benefits is probable.

## 1 Accounting Policies (continued)

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.

Interest expense includes all interest-like expenses, including statutory interest arising from lawsuits.

#### **Contributions to the Guarantee Fund**

The item comprises the banks' premium payments to the Guarantee Fund.

#### **Contributions to the Resolution Fund**

The item comprises the banks', mortgage credit institutions' and investment companies' premium payments to the Resolution Fund.

#### **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.

#### **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 Danish FSA and benchmark mortality rates, etc. Any changes other than pension payments for the period are adjusted in through profit or loss/other comprehensive income.

# Notes

## 1 Accounting Policies (continued)

### ***Depreciation, amortisation and impairment of intangible assets and property, plant and equipment***

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. See the description under impairment of loans.

### ***Income from investments in associates***

Income from investments in associates comprises the proportionate share of the net results of the individual enterprises, adjusted for any impairment.

### ***Tax***

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the result 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**

### ***Purchase price and dowry adjustment receivable***

The parent company's expected receivables in FS Finans I-IV.

### ***Tax payable and deferred tax***

Finansiel Stabilitet IPC is exempt from taxation.

## **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 result for the year adjusted for non-cash operating items and changes in working capital.

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. 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.

There are three principal reporting segments: Bank Package I-V activities, the Guarantee Fund under the Depositor and Investor Guarantee Scheme and the Resolution Fund.

Accordingly, the Group's reporting segments are:

#### **Bank Package I-V activities**

- *Bank Packages I and II*

This segment comprises 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 Finansiel Stabilitet's assumption of the risk associated with individual government guarantees according to agreement with the Danish State.

- *Bank Packages III and IV*

This segment comprises the former activities related to banks taken over under Bank Packages III and IV, 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).

- *Bank Package V*

This segment comprised resolution activities relating to FS Property Finance. As this company has been wound up, there are no longer any effects thereof.

#### **Guarantee Fund**

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

#### **Resolution Fund**

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

## **Segment information for the parent company**

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

Accordingly, the parent company's reporting segments are:

- **Bank Package I-V activities**  
This segment comprises the original Bank Package I-V activities.
- **The Guarantee Fund**  
This segment comprises Finansiel Stabilitet's activities relating to the Guarantee Fund, which can be divided into four sub-departments: The Banking, Mortgage Credit, Investment and Portfolio Management and Restructuring departments.
- **The Resolution Fund**  
This segment comprises Finansiel Stabilitet's activities relating to the Resolution Fund.

# Notes

## 2. Segment information for the Group

### Activities for the financial year ended 31 December 2018

Group (DKKm)	Bank Package I-V	Guarantee Fund	Resolution Fund	Elimina- tions	Total
Net interest income	-8	-18	3		-23
Contributions to Guarantee Fund & Resolution Fund	-	5	618		623
Other net fee income and market value adjustments, etc.	69	30	-10	-39	50
Purchase price and dowry adjustment	-38	27	-		-11
Other operating income/expenses, net	76	0	34	11	121
Operating expenses	137	8	33	-28	150
Impairment losses on loans, advances, guarantees etc.	-153	0	-5		-158
Income from investments in associates	-9	0	0		-9
<b>Result for the year before tax</b>	<b>106</b>	<b>36</b>	<b>617</b>		<b>759</b>
Tax	3	0	0		3
<b>Result for the year</b>	<b>103</b>	<b>36</b>	<b>617</b>		<b>756</b>
Total assets at 31 December 2018	6,774	13,267	2,670	-792	21,919
Investments in associates 31 Dec. 2018 at net asset value	35				35
Total liabilities at 31 December 2018	1,846	2	249	-792	1,305

### Activities for the financial year ended 31 December 2018

Bank Packages I-V (DKKm)	Bank Package I and II	Bank Package III and IV	Bank Package V	Elimina- tions	Total
Net interest income	-21	13	0		-8
Contributions to Guarantee Fund & Resolution Fund	-	-	-		-
Other net fee income and market value adjustments, etc.	50	19	0		69
Purchase price and dowry adjustment	52	-90	0		-38
Other operating income/expenses, net	40	51	0	-15	76
Operating expenses	123	29	0	-15	137
Impairment losses on loans, advances, guarantees etc.	-75	-78	0		-153
Income from investments in associates	30	0	0	-39	-9
<b>Result for the year before tax</b>	<b>103</b>	<b>42</b>	<b>0</b>	<b>-39</b>	<b>106</b>
Tax	0	3	0		3
<b>Result for the year</b>	<b>103</b>	<b>39</b>	<b>0</b>	<b>-39</b>	<b>103</b>
Total assets at 31 December 2018	7,610	2,305	0	-3,216	6,669
Investments in associates 31 Dec. 2018 at net asset value	35				35
Total liabilities at 31 December 2018	2,682	2,226	0	-3,137	1,771

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

### Activities for the financial year ended 31 December 2017

Group (DKK m)	Bank Package I-V	Guarantee Fund	Resolution Fund	Elimina- tions	Total
Net interest income	-25	-53	-4		-82
Contributions to Guarantee Fund & Resolution Fund	-	42	748		790
Other net fee income and market value adjustments, etc.	59	30	-2	-30	57
Purchase price and dowry adjustment	2	2	0		4
Other operating income/expenses, net	-123	0	17	6	-100
Operating expenses	130	6	29	-24	141
Impairment losses on loans, advances, guarantees etc.	-146	0	7		-139
Income from investments in associates	1	0	0		1
<b>Result for the year before tax</b>	<b>-70</b>	<b>15</b>	<b>723</b>	<b>0</b>	<b>668</b>
Tax	-1	0	0		-1
<b>Result for the year</b>	<b>-69</b>	<b>15</b>	<b>723</b>	<b>0</b>	<b>669</b>
Total assets at 31 December 2017	9,298	13,229	1,840	-792	23,575
Investments in associates 31 Dec. 2017 at net asset value	44				44
Total liabilities at 31 December 2017	1,923	0	36	-792	1,167

### Activities for the financial year ended 31 December 2017

Bank Packages I-V (DKK m)	Bank Package I and II	Bank Package III and IV	Bank Package V	Elimina- tions	Total
Net interest income	-20	-5	0		-25
Contributions to Guarantee Fund & Resolution Fund	-	-	-		-
Other net fee income and market value adjustments, etc.	44	15	0		59
Purchase price and dowry adjustment	-11	13	0		2
Other operating income/expenses, net	-64	-49	0	-10	-123
Operating expenses	121	19	0	-10	130
Impairment losses on loans, advances, guarantees etc.	-69	-77	0		-146
Income from investments in associates	31	0	0	-30	1
<b>Result for the period before tax</b>	<b>-72</b>	<b>32</b>	<b>0</b>	<b>-30</b>	<b>-70</b>
Tax	-3	2	0		-1
<b>Result for the year</b>	<b>-69</b>	<b>30</b>	<b>0</b>	<b>-30</b>	<b>-69</b>
Total assets at 31 December 2017	10,035	2,272	0	-3,009	9,298
Investments in associates 31 Dec. 2017 at net asset value	44				44
Total liabilities at 31 December 2017	2,660	2,198	0	-2,935	1,923

# Notes

## 3. Segment information for the parent company

<b>Activities 2018</b> <b>(DKKm)</b>	<b>Bank Package activities</b>	<b>Guarantee Fund</b>	<b>Resolution Fund</b>	<b>Elimina- tions</b>	<b>Total</b>
Net interest income	-18	-18	-4		-40
Contributions to Guarantee Fund & Resolution Fund	-	5	618		623
Other net fee income and market value adjustments, etc.	50	30	-10	-39	31
Purchase price and dowry adjustment	52	27	0		79
Other operating income/expenses, net	49	0	17	17	83
Operating expenses	122	8	18	-22	126
Impairment losses on loans, advances, guarantees etc.	-75	0	0		-75
Income from investments in associates and subsidiaries	17	0	14		31
<b>Result for the year</b>	<b>103</b>	<b>36</b>	<b>617</b>		<b>756</b>
Total assets at 31 December 2018	8,107	13,267	2,433	-29	23,778
Total liabilities at 31 December 2018	3,179	2	12	-29	3,164

<b>Activities 2017</b> <b>(DKKm)</b>	<b>Bank Package activities</b>	<b>Guarantee Fund</b>	<b>Resolution Fund</b>	<b>Elimina- tions</b>	<b>Total</b>
Net interest income	-17	-53	-9		-79
Contributions to Guarantee Fund & Resolution Fund	-	42	748		790
Other net fee income and market value adjustments, etc.	45	30	-3	-30	42
Purchase price and dowry adjustment	-11	2	0		-9
Other operating income/expenses, net	-59	0	17	9	-33
Operating expenses	120	6	16	-21	121
Impairment losses on loans, advances, guarantees etc.	-69	0	0		-69
Income from investments in associates and subsidiaries	24	0	-14		10
<b>Result for the year</b>	<b>-69</b>	<b>15</b>	<b>723</b>		<b>669</b>
Total assets at 31 December 2017	10,524	13,229	1,817	-29	25,541
Total liabilities at 31 December 2017	3,149	0	13	-29	3,133

## 4. Takeover of enterprises

Pursuant to its objects under the Act on Financial Stability, Finansiell Stabilitet has taken over all assets and liabilities of Københavns Andelskasse. The takeover took place in accordance with the Act on Restructuring and Resolution of Certain Financial Enterprises.

On 13 September 2018, the Danish FSA notified Finansiell Stabilitet that Københavns Andelskasse was expected to be failing and that there was no prospect of finding a private resolution to the co-operative bank's difficulties. Finansiell Stabilitet assumed control of the co-operative bank and implemented the required resolution measures.

In connection with the resolution measures, Finansiell Stabilitet formed a new subsidiary, Broinstitut II A/S, which assumed ownership of Københavns Andelskasse under kontrol (the "Co-operative Bank"). Via Broinstitut II A/S, the Resolution Fund has injected new share capital in the amount of DKK 38 million.

The activities and liabilities taken over mainly comprised loans, advances and guarantees, deposits, balances with credit institutions and central banks and certain contractual obligations.

Finansiell Stabilitet has made a temporary valuation of the Co-operative Bank in order to identify and determine the

amount of losses based on information received from the Co-operative Bank before the takeover. On the basis of this valuation, shareholders, subordinated creditors and simple, unsecured creditors and contributors whose contributions are not covered by the Guarantee Fund should expect their claims against the Co-operative Bank to be provisionally written off and for the time being lost.

The final valuation, which will be made by independent valuer H.C. Krogh, auditor with PwC, is under way and is expected to be announced in the first half of 2019. As part of the takeover of the co-operative bank, a legal enquiry was initiated to investigate whether there are grounds for bringing an action for damages against the former management and auditors of the co-operative bank.

On assumption of control, the banking activities of the Co-operative Bank were initially continued, but with a view to resolution of the activities. On 25 September 2018, the Co-operative Bank terminated a portfolio of foreign customers. All other customers with activities requiring a banking licence were terminated at the end of February 2019. It is expected that the Co-operative Bank will be able to deposit its banking licence by the end of the first half of 2019.

(DKKm)	Group		Parent	
	2018	2017	2018	2017
<b>5. Interest income</b>				
Due from credit institutions and central banks	0	3	0	0
Loans, advances and other receivables at amortised cost	16	13	4	3
Bonds	28	0	27	0
Other interest income	1	3	17	19
<b>Total</b>	<b>45</b>	<b>19</b>	<b>48</b>	<b>22</b>
Interest income relates to:				
Liabilities at amortised cost	0	1	16	17
Assets at amortised cost	17	18	5	5
Assets at fair value	28	0	27	0
<b>Total</b>	<b>45</b>	<b>19</b>	<b>48</b>	<b>22</b>

# Notes

(DKKm)	Group		Parent	
	2018	2017	2018	2017
<b>6. Interest expense</b>				
Due from credit institutions and central banks	88	101	88	101
Deposits and other payables	1	0	0	0
Other interest expense (statutory interest)	-21	0	0	0
<b>Total</b>	<b>68</b>	<b>101</b>	<b>88</b>	<b>101</b>
<b>7. Fees and commissions</b>				
<b>Fees and commissions received</b>				
Guarantees	6	9	4	6
Other fees, charges and commissions	1	0	0	0
<b>Total</b>	<b>7</b>	<b>9</b>	<b>4</b>	<b>6</b>
<b>Fees and commissions paid</b>				
Other fees and commissions paid	1	1	0	1
<b>Total</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>
<b>8. Market value adjustments</b>				
Bonds	-11	-2	-11	-2
Shares etc.	52	56	35	41
Investment properties	0	-1	0	0
Foreign exchange, interest rate, share, commodity and other contracts and derivative financial instruments	1	-5	1	-2
Other assets and liabilities	0	1	0	0
<b>Total</b>	<b>42</b>	<b>49</b>	<b>25</b>	<b>37</b>
Market value adjustments relate to				
Assets and liabilities at fair value	42	49	25	37
<b>Total</b>	<b>42</b>	<b>49</b>	<b>25</b>	<b>37</b>
<b>9. Other operating income</b>				
The FIH case	100	0	100	0
Damages awarded through litigation and settlement	16	2	0	2
Income from group companies	-	-	21	14
Sale of management services (to external companies)	2	0	2	0
Income from the Danish FSA	18	18	18	18
Other items	5	15	2	10
<b>Total</b>	<b>141</b>	<b>35</b>	<b>143</b>	<b>44</b>

(DKKm)	Group		Parent	
	2018	2017	2018	2017
<b>10. Staff costs and administrative expenses</b>				
<b>Salaries and remuneration to Board of Directors and Management Board:</b>				
Management Board	3	3	3	3
Board of Directors	1	1	1	1
<b>Total</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>Staff costs:</b>				
Salaries	32	30	30	26
Pensions	3	4	2	2
<b>Total</b>	<b>36</b>	<b>34</b>	<b>32</b>	<b>28</b>
Other administrative expenses	109	103	90	89
<b>Total</b>	<b>149</b>	<b>141</b>	<b>126</b>	<b>121</b>
Average number of employees during the financial year converted into full-time equivalent	44	42	40	35
<b>Board emoluments paid (DKK'000)</b>				
Peter Engberg Jensen (Chairman) - appointed 2015	300	300	300	300
Bent Naur (Deputy Chairman) - appointed 2012	225	225	225	225
Nina Dietz Legind - appointed 2015	150	150	150	150
Bente Overgaard – appointed 2016	150	150	150	150
Bendt Wedell – appointed 2016	150	150	150	150
Anne Louise Eberhard – appointed 2016	150	150	150	150
Ulrik Rammeskov Bang-Pedersen – appointed 2016	150	150	150	150
<b>Total emoluments</b>	<b>1,275</b>	<b>1,275</b>	<b>1,275</b>	<b>1,275</b>
<b>Management Board remuneration paid (DKK'000)</b>				
Henrik Bjerre-Nielsen (November 2008 - )				
Fixed salary	2,968	2,926	2,968	2,926
Tax on company-paid vehicles, etc.	123	133	123	133
<b>Total</b>	<b>3,091</b>	<b>3,059</b>	<b>3,091</b>	<b>3,059</b>

The Management Board is not covered by bonus plans.

#### Other material risk takers

The Finansiel Stabilitet Group has identified 2 other material risk takers. Salaries include fixed remuneration to these in the total amount of DKK 3.7 million (2017: DKK 3.6 million). For disclosure requirements in accordance with the Danish executive order on remuneration policy and public disclosure of salaries in financial institutions and financial holding companies (not comprised by audits) see [www.fs.dk](http://www.fs.dk).

# Notes

(DKKm)	Group		Parent	
	2018	2017	2018	2017
<b>10. Staff costs and administrative expenses – continued</b>				
<b>Provisions for defined benefit plans</b>				
Present value of pension obligations	29	31	7	9
Fair value of pension assets	0	0	0	0
<b>Total</b>	<b>29</b>	<b>31</b>	<b>7</b>	<b>9</b>
<b>Movements in provisions for defined benefit plans</b>				
Provision, beginning of year	31	33	9	11
Calculated interest expenses	1	1	0	0
Actuarial gains/losses	1	0	0	0
Pensions paid	-4	-4	-2	-2
<b>Provision, end of year*</b>	<b>29</b>	<b>31</b>	<b>7</b>	<b>9</b>
<b>Defined benefit costs recognised in the income statement/other comprehensive income</b>				
Standard costs	0	0	0	0
Calculated interest expenses	1	1	0	0
Actuarial gains/losses	1	0	0	0
<b>Defined benefit costs</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>0</b>
Actuarial assumptions:				
Discount rate	3.0%	3.0%	3.0%	3.0%
Pension adjustment rate	1.5%	1.5%	1.5%	1.5%
Pension provisions are calculated on the basis of the Danish FSA's yield curve and benchmark mortality.				
<b>Fees to auditors appointed in general meeting</b>				
Total fees to the auditors appointed in general meeting can be specified as follows:				
Statutory audit	1	1	1	1
<b>Total audit fees</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>

\* The figures include rounding differences.

(DKKm)	Group		Parent	
	2018	2017	2018	2017
<b>11. Other operating expenses</b>				
Provision for litigation and settlement	1	129	50	73
Other operating expenses	19	6	10	4
<b>Total</b>	<b>20</b>	<b>135</b>	<b>60</b>	<b>77</b>

(DKKm)	Group			
<b>12. Impairment losses on loans, advances and receivables etc.</b>				
<b>2018</b>				
<b>Loans, advances and other receivables at amortised cost</b>				
	Loans etc., individual impairment	Loans etc., collective impairment	Total	Impact on operations
Impairment losses and provisions, beginning of year	4,377	70	4,447	
Amount lost on previously written-down debt	-322	0	-322	
Impairment losses and provisions during the year	62	0	62	62
Reversed impairment losses and provisions	-111	-70	-181	-181
<b>Impairment losses and provisions, end of year</b>	<b>4,006</b>	<b>0</b>	<b>4,006</b>	<b>-119</b>
Amounts received on previously written-off claims etc.				-39
<b>Impairment losses charged to income statement</b>				<b>-158</b>

<b>Impairment losses/adjustment for credit risk, end of year</b>					
	Impairment losses begin- ning of year	Finally lost	Impairment losses dur- ing the year	Reversed impairment losses	Impairment losses end of year
Due from credit institutions	0	0	0	0	0
Loans and advances at amortised cost	4,310	-322	46	-90	3,944
Guarantees	137	0	16	-91	62
<b>Total</b>	<b>4,447</b>	<b>-322</b>	<b>62</b>	<b>-181</b>	<b>4,006</b>

All loans and guarantees have been taken over from distressed banks. As mentioned in the accounting policies, the remaining loans and guarantees are considered to be credit-impaired on acquisition and consequently to be stage 3 customers/facilities.

Financial assets measured at amortised cost are removed wholly or partly from the balance sheet if Finansiel Stabilitet no longer has expectations of full or partial recovery of outstanding amounts. Inclusion ceases on the basis of an individual assessment.

When a financial asset is removed in full or in part from the Balance sheet sheet, any impairment loss on the financial asset is also removed from the calculation of accumulated impairment losses.

Finansiel Stabilitet continues its collection efforts after the assets have been removed from the Balance sheet sheet. The measures depend on the individual situation. Over time, Finansiel Stabilitet has on an interim basis written off financial assets in the amount of DKK 13.6 billion, which it continues to attempt to collect.

# Notes

(DKKm)

Parent

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

2018

Loans, advances and other receivables at amortised cost

	Loans, etc., individual impairment	Loans, etc., collective impairment	Total	Impact on operations
Impairment losses and provisions, beginning of year	2,033	34	2,067	
Amount lost on previously written-down debt	-83	0	-83	
Impairment losses and provisions during the year	21	0	21	21
Reversed impairment losses and provisions	-41	-34	-75	-75
<b>Impairment losses and provisions, end of year</b>	<b>1,930</b>	<b>0</b>	<b>1,930</b>	<b>-54</b>
Amounts received on previously written-off claims etc.				-21
<b>Impairment losses charged to income statement</b>				<b>-75</b>

Impairment losses/adjustment for credit risk, end of year

	Impairment losses begin- ning of year	Finally lost	Impairment losses dur- ing the year	Reversed impairment losses	Impairment losses end of year
Due from credit institutions	0	0	0	0	0
Loans and advances at amortised cost	2,008	-83	11	-34	1,902
Guarantees	59	0	10	-41	28
<b>Total</b>	<b>2,067</b>	<b>-83</b>	<b>21</b>	<b>-75</b>	<b>1,930</b>

(DKKm)

Group

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

2017

### Loans, advances and other receivables at amortised cost

	Loans, etc., individual impairment	Loans, etc., collective impairment	Total	Impact on operations
Impairment losses and provisions, beginning of year	5,415	115	5,530	
Amount lost on previously written-down debt	-969	0	-969	
Impairment losses and provisions during the year	21	4	25	25
Reversed impairment losses and provisions	-90	-49	-139	-139
<b>Impairment losses and provisions, end of year</b>	<b>4,377</b>	<b>70</b>	<b>4,447</b>	<b>-114</b>
Amounts received on previously written-off claims etc.				-25
<b>Impairment losses charged to income statement</b>				<b>-139</b>

### Impairment losses/adjustment for credit risk, end of year

	Impairment losses begin- ning of year	Finally lost	Impairment losses dur- ing the year	Reversed impairment losses	Impairment losses end of year
Due from credit institutions	0	0	0	0	0
Loans and advances at amortised cost	5,347	-969	11	-79	4,310
Guarantees	183	0	14	-60	137
<b>Total</b>	<b>5,530</b>	<b>-969</b>	<b>25</b>	<b>-139</b>	<b>4,447</b>

# Notes

(DKKm)

Parent

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

2017

### Loans, advances and other receivables at amortised cost

	Loans, etc., individual impairment	Loans, etc., collective impairment	Total	Impact on operations
Impairment losses and provisions, beginning of year	2,629	59	2,688	
Amount lost on previously written-down debt	-566	0	-566	
Impairment losses and provisions during the year	7	0	7	7
Reversed impairment losses and provisions	-37	-25	-37	-62
<b>Impairment losses and provisions, end of year</b>	<b>2,033</b>	<b>34</b>	<b>2,067</b>	<b>-55</b>
Losses recorded, etc.				-14
<b>Impairment losses charged to income statement</b>				<b>-69</b>

### Impairment losses/adjustment for credit risk, end of year

	Impairment losses begin- ning of year	Finally lost	Impairment losses dur- ing the year	Reversed impairment losses	Impairment losses end of year
Due from credit institutions	0	0	0	0	0
Loans and advances at amortised cost	2,605	-566	7	-34	2,008
Guarantees	83	0	0	-28	59
<b>Total</b>	<b>2,688</b>	<b>-566</b>	<b>7</b>	<b>-62</b>	<b>2,067</b>

(DKKm)	Group		Parent	
	2018	2017	2018	2017
<b>13. Income from investments in associates and subsidiaries</b>				
Income from investments in associates	-9	1	-9	1
Income from investments in subsidiaries	0	0	40	9
<b>Total</b>	<b>-9</b>	<b>1</b>	<b>31</b>	<b>10</b>
<b>14. Tax</b>				
Estimated tax on income for the year	3	2		
Prior-year tax adjustments	0	-3		
<b>Total</b>	<b>3</b>	<b>-1</b>		
<b>Effective tax rate</b>				
Corporate tax rate in Denmark	22.0%	22.0%		
Tax-exempt activities and unrecognised deferred tax assets	-21.6%	-22.0%		
<b>Effective tax rate</b>	<b>0.4%</b>	<b>0.0</b>		
Finansiel Stabilitet A/S is exempt from taxation.				
<b>15. Due from credit institutions and central banks</b>				
Due from credit institutions	102	76	30	24
<b>Total balances due from credit institutions and central banks</b>	<b>102</b>	<b>76</b>	<b>30</b>	<b>24</b>
<b>Broken down by term to maturity</b>				
Demand deposits	102	51	30	24
3 months or less	0	0	0	0
Between 3 months and 1 year	0	25	0	0
Between 1 and 5 years	0	0	0	0
More than 5 years	0	0	0	0
<b>Total</b>	<b>102</b>	<b>76</b>	<b>30</b>	<b>24</b>

# Notes

(DKKm)	Group		Parent	
	2018	2017	2018	2017
<b>16. Loans, advances and other receivables</b>				
Loans, advances and other receivables at amortised cost	488	442	134	139
Impairment losses	3,944	4,310	1,902	2,008
<b>Total loans, advances and other receivables before impairment losses</b>	<b>4,432</b>	<b>4,752</b>	<b>2,036</b>	<b>2,147</b>
<b>Broken down by term to maturity</b>				
On demand	3,977	4,285	1,897	1,962
3 months or less	24	21	13	4
Between 3 months and 1 year	53	46	19	15
Between 1 and 5 years	211	232	79	131
More than 5 years	167	168	28	35
<b>Total</b>	<b>4,432</b>	<b>4,752</b>	<b>2,036</b>	<b>2,147</b>

## 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 objects of resolving or restructuring failing 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 28.

## Credit exposure

Balance sheet items:

Cash in hand and demand deposits with central banks	10,895	15,796	10,849	15,796
Due from credit institutions and central banks	102	76	30	24
Loans, advances and other receivables at amortised cost	488	442	134	139
<b>Total credit exposure recognised in balance sheet:</b>	<b>11,485</b>	<b>16,314</b>	<b>11,013</b>	<b>15,959</b>

Off-balance sheet items:

Guarantees	506	582	298	327
<b>Credit exposure re. lending activity</b>	<b>11,991</b>	<b>16,896</b>	<b>11,311</b>	<b>16,286</b>

Related collateral is set out later in note 16.

On Finansiell Stabilitet's takeover of Københavns Andelskasse on 13 September 2018, the fair value of the Co-operative Bank's loans were in the preliminary valuation assessed to be DKK 133 million (DKK 188 million nominal value). The final valuation of these loans will be made by independent valuer H.C. Krogh, auditor with PwC.

## 16. Loans, advances and other receivables – continued

### *Credit institutions and central banks*

Of the remaining credit exposure, DKK 11 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 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 and guarantees are broken down by line of business.

(DKKm)	Group				Parent			
	2018		2017		2018		2017	
<b>Loans and guarantees (gross)</b>								
<b>1. Public authorities</b>	5	0%	8	0%	2	0%	2	0%
<b>2. Commercial sector</b>								
2.1 Agriculture, hunting, forestry and fishing	555	11%	710	13%	104	4%	151	5%
2.2 Industry and raw materials extraction	16	0%	37	1%	7	0%	0	0%
2.3 Energy supply	307	6%	290	5%	180	8%	191	8%
2.4 Construction	99	2%	122	2%	6	0%	13	1%
2.5 Trade	35	1%	37	1%	21	1%	12	0%
2.6 Transport, hotel and restaurant business	42	1%	98	2%	26	1%	54	2%
7.2 Information and communication	29	1%	0	0%	26	1%	0	0%
2.8 Finance and insurance	890	18%	917	17%	289	12%	303	12%
2.9 Property	2,613	52%	2,734	50%	1,527	65%	1,598	64%
2.10 Other commercial sector	99	2%	196	4%	72	3%	86	3%
<b>Total commercial sector</b>	<b>4,685</b>	<b>94%</b>	<b>5,141</b>	<b>94%</b>	<b>2,258</b>	<b>96%</b>	<b>2,408</b>	<b>95%</b>
<b>3. Retail sector</b>	310	6%	322	6%	102	4%	123	5%
<b>Total</b>	<b>5,000</b>	<b>100%</b>	<b>5,471</b>	<b>100%</b>	<b>2,362</b>	<b>100%</b>	<b>2,533</b>	<b>100%</b>

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 resolved will increase.

Lending is concentrated around lending to the commercial sector, particularly the property sector. The lending activity is largely limited to Danish customers.

As mentioned in the accounting policies, the remaining loans and guarantees are considered to be credit-impaired on acquisition and consequently to be stage 3 customers/facilities. The customers are thus considered either to be in financial difficulty or to be subject to debt collection or bankruptcy proceedings.

On the vast majority of the Group's loans, interest accrual has been suspended, see overleaf.

# Notes

(DKKm)	Group		Parent	
	2018	2017	2018	2017
<b>16. Loans, advances and other receivables – continued</b>				
<b>Loans with suspended interest accrual</b>				
Loans with suspended interest accrual	4,022	4,357	1,930	2,028
Amount hereof impaired	3,882	4,190	1,865	1,947
<b>Loans with suspended interest accrual, recognised in balance sheet</b>	<b>140</b>	<b>167</b>	<b>65</b>	<b>81</b>

Collateral security has been provided at a fair value of DKK 0.7 billion. The table below shows a break-down on main categories.

<b>Collateral security</b>				
Mortgages on real property	155	70	28	24
Mortgages on vehicles, ships, etc.	8	33	0	0
Miscellaneous	494	164	270	84
<b>Total</b>	<b>657</b>	<b>267</b>	<b>298</b>	<b>108</b>

The increase in collateral security received in 2018 related to Københavns Andelskasse under kontrol.

sees a potential increase in value. The Group has not had any properties temporarily taken over in recent years.

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

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.

(DKKm)	Group				Parent			
	2018		2017		2018		2017	
<b>Impairment losses and provisions by line of business</b>								
<b>1. Public authorities</b>	2	0%	2	0%	0	0%	0	0%
<b>2. Commercial sector</b>								
2.1 Agriculture, hunting, forestry and fishing	348	9%	466	10%	43	2%	77	4%
2.2 Industry and raw materials extraction	9	0%	0	0%	5	0%	0	0%
2.3 Energy supply	305	8%	321	7%	178	9%	188	9%
2.4 Construction	76	2%	107	2%	3	0%	8	0%
2.5 Trade	15	0%	21	0%	7	0%	5	0%
2.6 Transport, hotel and restaurant business	7	0%	49	1%	2	0%	27	1%
7.2 Information and communication	27	1%	0	0%	26	1%	0	0%
2.8 Finance and insurance	817	20%	835	19%	287	15%	288	14%
2.9 Property	2,143	53%	2,212	50%	1,242	64%	1,288	62%
2.10 Other commercial sector	69	2%	155	3%	51	3%	52	3%
<b>Total commercial sector</b>	<b>3,816</b>	<b>95%</b>	<b>4,166</b>	<b>93%</b>	<b>1,844</b>	<b>96%</b>	<b>1,933</b>	<b>93%</b>
<b>3. Retail sector</b>	188	5%	209	5%	86	4%	100	5%
<b>Total</b>	<b>4,006</b>	<b>100%</b>	<b>4,377</b>	<b>98%</b>	<b>1,930</b>	<b>100%</b>	<b>2,033</b>	<b>98%</b>
Collective impairment write-downs	0	0%	70	2%	0	0%	34	2%
<b>Total</b>	<b>4,006</b>	<b>100%</b>	<b>4,447</b>	<b>100%</b>	<b>1,930</b>	<b>100%</b>	<b>2,067</b>	<b>100%</b>

For a more detailed description of the Group's credit risk management goals and policies, see note 28.

(DKKm)	Group		Parent	
	2018	2017	2018	2017
<b>17. Bonds at fair value, etc.</b>				
Listed	5,775	0	5,702	0
Unlisted	7	10	6	6
<b>Total</b>	<b>5,782</b>	<b>10</b>	<b>5,708</b>	<b>6</b>

## 18. Shares, etc.

Shares/unit trust certificates listed on Nasdaq OMX Copenhagen A/S	87	0	87	0
Unlisted shares at fair value	27	207	13	149
<b>Total</b>	<b>114</b>	<b>207</b>	<b>100</b>	<b>149</b>

## 19. Investments in associates

Cost at beginning of year	58	58	58	58
Cost, end of year	58	58	58	58
Revaluations and impairment, beginning of year	-14	-15	-14	-15
Revaluations and impairment	-9	1	-9	1
Revaluations and impairment, end of year	-23	-14	-23	-14
<b>Total</b>	<b>35</b>	<b>44</b>	<b>35</b>	<b>44</b>

Investments in associates	Owner ship	Domicile	Total assets	Total liabilities	Revenue	Result
Landbrugets Finansieringsinstitut A/S	33%	Copenhagen	351	246	17	-25
EBH Tyskland 1 A/S	45%	Horsens	11	0	4	4

Financial information is provided in accordance with the companies' most recent annual report.

## 20. Investment properties

### Investment properties

Fair value, beginning of period	3	35	3	1
Additions	0	0	0	2
Disposals	0	31	0	0
Value adjustments	0	-1	0	0
<b>Fair value, end of year</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>

Rental income from investment properties amounted to DKK 0 million (2017: DKK 1 million). Direct costs in relation to investment properties generating revenue amounted to DKK 0 million, and in relation to investment properties not generating revenue amounted to DKK 1 million. The corresponding costs for 2017 were DKK 1 million and DKK 1 million, respectively.

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.

# Notes

(DKKm)	Group		Parent	
	2018	2017	2018	2017
<b>21. Other assets</b>				
Positive market values of derivative financial instruments	0	1	0	0
Other assets	283	229	244	281
<b>Total</b>	<b>283</b>	<b>230</b>	<b>244</b>	<b>281</b>
<b>22. Deposits and other payables</b>				
On demand	86	0	0	0
Subject to term of notice	20	0	0	0
Term deposits	13	0	0	0
Special types of deposits	14	0	0	0
<b>Total deposits</b>	<b>133</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Broken down by term to maturity</b>				
Due on demand	86	0	0	0
3 months or less	27	0	0	0
Between 3 months and 1 year	6	0	0	0
Between 1 and 5 years	4	0	0	0
More than 5 years	10	0	0	0
<b>Total</b>	<b>133</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>23. Other liabilities</b>				
Deposit re. EU case FIH	251	351	251	351
Other liabilities	412	348	2,853	2,697
<b>Total</b>	<b>663</b>	<b>699</b>	<b>3,104</b>	<b>3,048</b>
<b>24. Purchase price adjustment (earn-out)</b>				
Beginning of year	209	213		
Additions during the year	11	0		
Disposals during the year	0	4		
<b>End of year</b>	<b>220</b>	<b>209</b>	<b>-</b>	<b>-</b>

Provisions for purchase price adjustment are determined based on an assessment of the potential additional dividend, which at present relates solely to external creditors of Amagerbanken.

(DKKm)	Group		Parent	
	2018	2017	2018	2017
<b>25. Other provisions</b>				
Litigation	73	59	12	1
Other provisions	153	62	20	25
<b>Total</b>	<b>226</b>	<b>121</b>	<b>32</b>	<b>26</b>

Provisions for litigation are determined based on an assessment of the risk in each individual case. Other provisions comprise pensions, onerous contracts, etc.

#### Litigation

Beginning of year	59	82	1	4
Additions during the year	19	2	11	0
Reversed	5	23	0	2
Used	0	2	0	1
<b>End of year</b>	<b>73</b>	<b>59</b>	<b>12</b>	<b>1</b>

#### Other provisions

Beginning of year	62	68	25	34
Additions during the year	97	3	0	0
Reversed	6	3	5	3
Used	0	6	0	6
<b>End of year</b>	<b>153</b>	<b>62</b>	<b>20</b>	<b>25</b>

## 26. Contingent assets and liabilities

Financial guarantees	0	0	0	0
Loss guarantees for mortgage loans	483	546	297	323
Other	23	36	1	4
<b>Total</b>	<b>506</b>	<b>582</b>	<b>298</b>	<b>327</b>

#### Tax

The Group has a tax asset of DKK 0.4 billion (2017: 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 resolution. 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 2018.

#### Lawsuits

Finansiel Stabilitet is a party to several lawsuits instituted by the company, including eight cases against the former managements, etc. of banks taken over. Finansiel Stabilitet on an ongoing basis recognises legal costs and other expenses in relation to litigation, e.g. expenses for valuation experts. Action is brought only in instances where it is believed to be more likely than not that the ruling will be in the company's favour.

# Notes

(DKKm)

Group

## 27. Derivative financial instruments

Group	2018			2017		
	Nominal value	Positive market value	Negative market value	Nominal value	Positive market value	Negative market value
<b>Foreign exchange contracts</b>						
Forward contracts/futures, purchase	0	0	0	0	0	0
Forward contracts/futures, sale	5	0	0	44	1	0
Swaps	0	0	0	0	0	0
	<b>5</b>	<b>0</b>	<b>0</b>	<b>44</b>	<b>1</b>	<b>0</b>

## 28. Financial risk management

The risk factors impacting Finansiel Stabilitet and the management thereof are to a significant extent influenced by special circumstances resulting from having taken over failing banks. Risk is managed separately for each segment: Bank Packages I-V activities; the Guarantee Fund and the Resolution Fund.

### Bank Package I-V activities

Finansiel 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.

As, at the end of 2018, Finansiel Stabilitet had resolved the majority of the loans and guarantees 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. 5 of the management's review.

In addition to this, Finansiel 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.

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

As Finansiel Stabilitet's Bank Package I-V activities are in the course of being resolved, the absolute amount of risk is expected to be gradually reduced, all other things being equal.

### Credit risk

Finansiel Stabilitet's credit risk management builds on the legislative framework governing Finansiel Stabilitet's business activities. Pursuant to this, Finansiel 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 loans and guarantees and the development of these. The remaining credit risk is managed with due consideration for and in the context of Finansiel Stabilitet's resolution of activities, including the principles of ensuring that the resolution is conducted in a financially responsible, proper and fair manner. The remaining loans are of poor credit quality.

As a result of the resolution of a considerable portion of exposures, the remaining risk has been significantly reduced relative to previous years. Moreover, a large part of the value of loans and guarantees net of impairment is covered by way of mortgages, dividends from estates in bankruptcy, etc. Against this background, the remaining risk relating to loans and guarantees is assessed to be relatively limited.

### Market risk

Finansiel Stabilitet pursues a general policy of minimising its exposure to market risks. To the extent that there is exposure to market risks, the intention is for the group companies to resolve activities that expose the Group to market risks or, alternatively, to hedge such exposures.

The Board of Directors has defined limits for the Bank Package I-V segment'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.

## 28. Financial risk management – continued

### *Interest rate risk*

The Bank Package I-V segment is not exposed to interest rate changes, as the majority of the group companies' loans and advances carry floating rates of interest. The interest rate risk at 31 December 2018 amounted to DKK 0 million (2017: DKK 0 million).

### *Equity risk*

Finansiel Stabilitet also has a number of shareholdings. The listed shares are being resolved, but the Group still has a few sector equities and minor, listed and unlisted, shareholdings in its balance sheet. Efforts are made on an ongoing basis to sell these shareholdings 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. The portfolio of listed bank shares is being sold on an ongoing basis, thereby reducing the exposure.

The overall portfolio of shares etc. amounted to DKK 114 million at 31 December 2018 (DKK 207 million at 31 December 2017). Excluding the subsidiaries under Bank Packages III-V, the portfolio of shares etc. amounted to DKK 100 million (2017: DKK 149 million). A 10% drop in share prices would result in a DKK 10 million deterioration of Finansiel Stabilitet's result (2017: DKK 15 million).

See note 18, Shares, etc. for a specification of share positions. Associates, see note 19, 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 35 million (2017: DKK 44 million).

### *Currency risk*

In connection with Finansiel Stabilitet's activities related to the resolution of failing banks, the Company is 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 2018, exchange rate indicator 1 was 0.4 %, calculated excluding EUR (2017: 0.2 %) of Finansiel Stabilitet's equity. Excluding banks taken over under Bank Packages III-V, exchange rate indicator 1, calculated excluding EUR, was 0.0 % of equity (2017: 0.08 %). A 2.25% change

in the DKK/EUR exchange rate and a 10% change in all other exchange rates would affect Finansiel Stabilitet's surplus/ (loss) by DKK 3 million (2017: DKK 2 million).

The overall currency position calculated in terms of exchange rate indicator 1 amounted to DKK 47 million at 31 December 2018 (DKK 67 million at 31 December 2017). Excluding the subsidiaries under Bank Packages III-V, the currency position amounted to DKK 18 million (DKK 50 million at 31 December 2017). See also the calculation of currency risk at the end of note 29.

### *Liquidity risk*

Finansiel Stabilitet has access to funding itself via the state-funded re-lending scheme and, among other things, contributes liquidity to 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.

### **Guarantee Fund**

The principal risks under the Depositor and Investor Guarantee Scheme relate to the resolution of activities that Finansiel Stabilitet has taken over under Bank Packages III-IV and the risk of future losses as a result of the restructuring and resolution of failing banks resulting in losses on covered deposits. If the resolution of activities under Bank Packages III and IV produces a loss which had not been anticipated at the time of fixing of the initial dividend at the takeover date, such loss will have to be covered by the Depositor and Investor Guarantee Scheme. Based on the preliminary resolution, the only additional losses recorded under Bank Package III relate to the resolution of FS Finans IV.

Moreover, the future investment of the Guarantee Fund will be subject to risk, depending on the chosen investment profile. The Act on a Depositor and Investor Guarantee Scheme stipulates that the assets of the Guarantee Fund must be invested in low-risk assets. Each year, Finansiel Stabilitet's Board of Directors defines the investment strategy for the Fund. The investment strategy must be determined so as to

# Notes

## 28. Financial risk management – continued

ensure that the available financial means of the Guarantee Fund are from time to time proportionate with the Guarantee Fund's potential liabilities.

Investment of cash funds must involve hedging of all currency risk (euro positions are not included in this calculation), and interest rate exposure must be within the limits set out in the investment strategy approved by the Board of Directors. The strategy currently applies a target duration of 2-3 years for the invested part of the funds.

During 2018, the Guarantee Fund started investing cash funds under a bond mandate in 0-5-year mortgage bonds. At 31 December 2018, the Fund had invested DKK 4,391 million. The average duration of the bonds at the end of 2018 was 2.8 years, and interest rate risk in the event of a 1% change in the level of interest rates was determined to be DKK 122 million (2017: DKK 0 million).

The Guarantee Fund is mainly funded by the Guarantee Fund's own assets. Additional funding is available by means of Finansiel Stabilitet's access to state-funded re-lending.

### Resolution Fund

The principal risks relate to losses in connection with the restructuring or resolution of institutions in which the Resolution Fund has injected capital. Moreover, the investment of the Resolution Fund will be subject to risk, depending on the chosen investment profile. The Act on Restructuring and Resolution of Certain Financial Enterprises stipulates that the means of the Resolution Fund must be invested in low-risk assets. Each year, Finansiel Stabilitet's Board of Directors defines the investment strategy for the Fund. The investment strategy must be determined so as to ensure that the

available financial means of the Resolution Fund are from time to time proportionate with the Resolution Fund's potential liabilities.

Investment of cash funds must involve hedging of all currency risk (euro positions are not included in this calculation), and interest rate exposure must be within the limits set out in the investment strategy approved by the Board of Directors. The strategy currently applies a target duration of 2-3 years for the invested part of the funds.

During 2018, the Resolution Fund started investing its cash funds under a bond mandate in 0-5-year mortgage bonds. At 31 December 2018, the Fund had invested DKK 1,311 million. The average duration of bonds at the end of 2018 was 2.8 years, and interest rate risk in the event of a 1% change in the level of interest rates was determined to be DKK 37 million (2017: DKK 0 million).

The Resolution Fund has limited exposure to equity, interest rate and currency risk from institutions taken over. At 31 December 2018, equity risk in the event of a 10% price fall was DKK 0.1 million, interest rate risk in the event of a 1% interest rate change was DKK 0.2 million and currency risk on a change of 2.25% in EUR and 10% in other currencies was DKK 2.1 million.

Moreover, the Fund is exposed to credit risk on exposures not yet resolved from institutions taken over. For a description hereof, see the section under Bank Package I-V activities.

The Resolution Fund is mainly funded by the Resolution Fund's own assets. Additional funding is available by means of Finansiel Stabilitet's access to state-funded re-lending.

(DKKm)	Group	
	2018	2017
<b>Currency risk</b>		
Total assets in foreign currency	53	110
Total liabilities in foreign currency	0	0
Exchange rate indicator 1	47	67
Exchange rate indicator 1 in per cent of equity	0%	0%
<b>Interest rate risk</b>		
Bank Packages I-V	0	0
Guarantee Fund	122	0
Resolution Fund	37	0
<b>All positions</b>	<b>159</b>	<b>0</b>

(DKKm)

Parent

## 29. Related parties

Related parties comprise the Danish State, including companies/institutions over which the Danish State exercises control. Related parties also comprise the Board of Directors, the Management Board and senior employees, see note 9 to the financial statements. 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 2018	Balance sheet 31 Dec. 2018	Income/ expense 2017	Balance sheet 31 Dec. 2017
<b>Parties exercising significant influence</b>						
The Danish State	100% ownership of Finansiel Stabilitet IPC	Reimbursement, adm. expenses through Finance and Appropriation Act	18	-11	18	-13
<b>Subsidiaries</b>						
FS Finans I A/S, Copenhagen	Subsidiary of Finansiel Stabilitet IPC	Deposits on market terms Management agreement	2 2	-276 -	2 1	-282 -
FS Finans II A/S, Copenhagen	Subsidiary of Finansiel Stabilitet IPC	Deposits on market terms Management agreement	1 4	-217 -	1 3	-139 -
FS Finans III A/S, Copenhagen	Subsidiary of Finansiel Stabilitet IPC	Deposits on market terms Management agreement	10 4	-1,493 -	9 3	-1,449 -
FS Finans IV A/S, Copenhagen	Subsidiary of Finansiel Stabilitet IPC	Deposits on market terms Management agreement	0 5	-80 -	0 3	-54 -
FS Finans V A/S, Copenhagen	Subsidiary of Finansiel Stabilitet IPC	Loans on market terms Management agreement	0 5	11 -	1 3	31 -
<b>Other government entities</b>						
Danmarks Nationalbank	Controlled by the Danish State	Deposit	-88	10,895	-98	15,796

# Notes

(DKKm)

Group

## 30. Group overview

	Share capital	Result	Equity	Ownership
Finansiel Stabilitet IPC, Copenhagen	1	756	20,614	
Broinstitut I A/S, Copenhagen	38	14	38	100%
Broinstitut II A/S, Copenhagen	38	0	38	100%
<b>Credit institution:</b>				
Københavns Andelskasse under kontrol, Copenhagen	38	0	38	100%
<b>Significant subsidiaries:</b>				
FS Finans I A/S, Copenhagen	1	0	1	100%
FS Finans II A/S, Copenhagen	1	0	1	100%
FS Finans III A/S, Copenhagen	1	0	1	100%
FS Finans IV A/S, Copenhagen	40	39	79	100%
FS Finans V A/S, Copenhagen	38	4	29	100%

(DKKm)

Group

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

2018	On demand 0-3 months	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years	Total
<b>Assets</b>					
Cash in hand and demand deposits with central banks	10,895	-	-	-	10,895
Due from credit institutions and central banks	102	-	-	-	102
Loans, advances and other receivables at amortised cost	231	30	116	111	488
Bonds at fair value	100	577	5,048	57	5,782
Shares etc.	-	-	114	-	114
Investments in subsidiaries and associates etc.	-	-	35	-	35
Guarantees provided by banks, mortgage credit institutions and investment companies	-	-	-	4,215	4,215
Investment properties	-	3	-	-	3
Other assets etc.	127	-	156	-	283
Prepayments	2	-	-	-	2
<b>Total assets</b>	<b>11,457</b>	<b>5,147</b>	<b>932</b>	<b>4,383</b>	<b>21,919</b>

2018	On demand 0-3 months	Between 3 mths. and 1 year	Between 1 and 5 years	More than 5 years	Total
<b>Equity and liabilities</b>					
Deposits and other payables	113	6	4	10	133
Other liabilities, etc.	38	41	585	-	664
Provisions	-	-	508	-	508
<b>Total liabilities</b>	<b>151</b>	<b>47</b>	<b>1,097</b>	<b>10</b>	<b>1,305</b>

# Notes

(DKKm)

Group

## 31. Break-down of balance sheet items by contractual and expected terms to maturity – continued

2017	On demand 0-3 months	Between 3 mths. and 1 year	Between 1 and 5 years	More than 5 years	Total
<b>Assets</b>					
Cash in hand and demand deposits with central banks	15,796	-	-	-	15,796
Due from credit institutions and central banks	51	25	-	-	76
Loans, advances and other receivables at amortised cost	189	29	111	113	442
Bonds at fair value	-	-	10	-	10
Shares, etc.	-	-	207	-	207
Investments in subsidiaries and associates, etc.	-	-	44	-	44
Guarantees provided by banks, mortgage credit institutions and investment companies	-	-	-	4,215	4,215
Investment properties	-	3	-	-	3
Receivable re. loss guarantee from the Danish State relating to Roskilde Bank	2,550	-	-	-	2,550
Other assets, etc.	60	10	161	-	231
Prepayments	1	-	-	-	1
<b>Total assets</b>	<b>18,647</b>	<b>67</b>	<b>533</b>	<b>4,328</b>	<b>23,575</b>
<b>Equity and liabilities</b>					
Due to credit institutions and central banks	-	-	-	-	-
Deposits and other payables	-	-	-	-	-
Other liabilities, etc.	47	8	645	-	700
Provisions	-	-	467	-	467
<b>Total liabilities</b>	<b>47</b>	<b>8</b>	<b>1,112</b>	<b>-</b>	<b>1,167</b>

(DKKm)

Group

## 32. 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	2018			2017		
	Amor- tised cost	Fair value	Total	Amor- tised cost	Fair value	Total
<b>Financial assets</b>						
Cash in hand and demand deposits with central banks	10,895	0	10,895	15,796	0	15,796
Due from credit institutions and central banks	102	0	102	76	0	76
Loans, advances and other receivables at amortised cost	488	0	488	442	0	442
Bonds	0	5,782	5,782	0	10	10
Shares etc.	0	114	114	0	207	207
Investment properties	0	3	3	0	3	3
Guarantees provided by banks, mortgage credit institutions and investment companies	4,215	0	4,215	4,215	0	4,215
Receivable re. loss guarantee from the Danish State relating to Roskilde Bank	0	0	0	2,550	0	2,550
Derivative financial instruments	0	0	0	0	1	1
<b>Total financial assets</b>	<b>15,700</b>	<b>5,899</b>	<b>21,599</b>	<b>23,079</b>	<b>221</b>	<b>23,300</b>
<b>Financial liabilities</b>						
Deposits and other payables	133	0	133	0	0	0
<b>Total financial liabilities</b>	<b>133</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# Notes

(DKKm)

Group

## 32. 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. The Group has based the valuation of unlisted shares in banking enterprises on 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.

Investment properties measured at fair value at 31 December 2018 amounted to DKK 3 million (2017: DKK 3 million). The fair value of investment properties is based on a required rate of return of 8% (2017: 8%)

2018	Listed prices	Observable input	Non-observable input	Total
<b>Fair value, Group</b>				
<b>Financial assets at fair value broken down into:</b>				
Bonds	5,775	0	7	5,782
Shares, etc.	87	0	27	114
Investment properties	0	3	0	3
<b>Total</b>	<b>5,862</b>	<b>3</b>	<b>34</b>	<b>5,899</b>

(DKKm)

Group

## 32. Fair value disclosure - continued

2017	Listed prices	Observable input	Non-observable input	Total
<b>Fair value, Group</b>				
<b>Financial assets at fair value broken down into:</b>				
Bonds	0	0	10	10
Shares, etc.	0	0	207	207
Investment properties	0	3	0	3
Derivative financial instruments	0	1	0	1
<b>Total</b>	<b>0</b>	<b>4</b>	<b>217</b>	<b>221</b>

Fair value based on non-observable input	2018	2017
Beginning of year	217	171
Additions during the year	11	10
Value adjustment through profit or loss (note 7)	36	56
Disposals during the year (including reclassification)	-230	-20
<b>Fair value, end of year</b>	<b>34</b>	<b>217</b>

# Notes

(DKKm)

Group

## 33. 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.

	2018		2017	
	Amor- tised cost	Fair value	Amor- tised cost	Fair value
<b>Financial assets</b>				
Cash in hand and demand deposits with central banks	10,895	10,895	15,796	15,796
Due from credit institutions and central banks	102	102	76	76
Loans, advances and other receivables	488	488	442	442
Guarantees provided by banks, mortgage credit institutions and investment companies	4,215	4,215	4,215	4,215
Receivable re. loss guarantee from the Danish State relating to Roskilde Bank	0	0	2,550	2,550
<b>Total financial assets</b>	<b>15,700</b>	<b>15,700</b>	<b>23,079</b>	<b>23,079</b>
<b>Financial liabilities</b>				
Deposits and other payables	133	133	0	0
<b>Total financial liabilities</b>	<b>133</b>	<b>133</b>	<b>0</b>	<b>0</b>

(DKKm)

Group

### 34. Return on financial instruments

	2018			2017		
	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	17	28	45	19	0	19
Interest expense	68	0	68	101	0	101
<b>Net interest income</b>	<b>-51</b>	<b>28</b>	<b>-23</b>	<b>-82</b>	<b>0</b>	<b>-82</b>
Share dividends, etc.	0	2	2	0	0	0
Fees and commissions received	7	0	7	9	0	9
Fees and commissions paid	1	0	1	1	0	1
<b>Net interest and fee income</b>	<b>-45</b>	<b>30</b>	<b>-15</b>	<b>-74</b>	<b>0</b>	<b>-74</b>
Market value adjustments	0	42	42	0	49	49
<b>Total</b>	<b>-45</b>	<b>72</b>	<b>27</b>	<b>-74</b>	<b>49</b>	<b>-25</b>

### 35. Leases

	2018	2017
The item Loans and advances at amortised cost comprises finance leases	18	45
<b>Net investments in finance leases</b>		
Terms up to 1 year	7	27
Terms between 1 and 5 years	11	18
Terms of 5 years or more	0	0
<b>Total</b>	<b>18</b>	<b>45</b>
<b>Gross investments in finance leases</b>		
Terms up to 1 year	14	27
Terms between 1 and 5 years	16	30
Term of 5 years or more	0	0
<b>Total</b>	<b>30</b>	<b>57</b>
Write-down of finance leases	12	12

Leases in which the Group is the lessor comprise leases of operating equipment and commercial properties.

# Notes

(DKKm)

Parent

## 36. Finansiell Stabilitet 2014-2018

	2018	2017	2016	2015	2014
<b>Summary income statement</b>					
Net interest and fee income	589	716	735	2,535	188
Market value adjustments	25	37	-21	134	-26
Other operating income	143	44	497	330	363
Staff costs and administrative expenses	126	121	101	208	232
Other operating expenses etc.	60	77	31	180	263
Impairment losses on loans, advances and receivables etc.	-75	-69	-216	-199	-716
Income from investments in associates and subsidiaries	31	10	-42	1	280
Purchase price and dowry adjustment	79	-9	-111	362	-
Loss guarantee from the Danish State	0	0	0	0	-60
<b>Result for the year</b>	<b>756</b>	<b>669</b>	<b>1,142</b>	<b>3,173</b>	<b>966</b>
<b>Balance sheet at 31 December</b>					
<b>Assets</b>					
Cash in hand and demand deposits with central banks and credit institutions	10,879	15,820	15,167	15,011	1,421
Loans, advances and other receivables at fair value	0	0	0	8	40
Loans, advances and other receivables at amortised cost	134	139	135	309	4,408
Bonds at fair value and shares	5,808	155	178	820	744
Investments in associates and subsidiaries	694	657	649	726	3,308
Guarantees provided by banks, mortgage credit institutions and investment companies	4,215	4,215	4,215	4,215	-
Loss guarantee from the Danish State, Roskilde Bank	0	2,550	2,550	2,550	7,820
Purchase price and dowry adjustment	1,799	1,720	1,729	1,840	-
Other asset items	249	285	252	385	1,164
<b>Total assets</b>	<b>23,778</b>	<b>25,541</b>	<b>24,875</b>	<b>25,864</b>	<b>18,905</b>
<b>Equity and liabilities</b>					
Loans through the state-funded re-lending scheme	0	0	0	801	5,628
Other payables	3,104	3,048	3,015	3,599	1,711
<b>Total payables</b>	<b>3,104</b>	<b>3,048</b>	<b>3,015</b>	<b>4,400</b>	<b>7,339</b>
Provisions	60	85	121	867	849
Equity	20,614	22,408	21,739	20,597	10,717
<b>Total equity and liabilities</b>	<b>23,778</b>	<b>25,541</b>	<b>24,875</b>	<b>25,864</b>	<b>18,905</b>
<b>Off-balance sheet items</b>					
Contingent liabilities	298	327	353	457	1,410
<b>Financial ratios</b>					
Return on equity before tax	3.5%	3.0%	5.4%	16.7%	9.4%
Return on equity after tax	3.5%	3.0%	5.4%	16.7%	9.4%

(DKKm)

Parent

## 36. Finansiell Stabilitet 2014-2018 – continued

### Finansiell Stabilitet 2018

(DKKm)	Bank Package activities	Guarantee Fund	Resolu- tion Fund	Elimina- tions	Total
<b>Summary income statement</b>					
Net interest and fee income	-4	26	606	-39	589
Market value adjustments	36	-9	-2		25
Other operating income	145	0	20	-22	143
Staff costs and administrative expenses	122	8	18	-22	126
Other operating expenses, depreciation and amortisation	96	0	3	-39	60
Impairment losses on loans, advances and receivables etc.	-75	0	0		-75
Income from investment in subsidiaries and associates	17	0	14	-78	31
Purchase price and dowry adjustment	52	27	0		79
<b>Result for the year</b>	<b>103</b>	<b>36</b>	<b>617</b>		<b>756</b>
<b>Balance sheet at 31 December</b>					
<b>Assets</b>					
Cash in hand and demand deposits with central banks	6,092	3,753	1,004		10,849
Due from credit institutions and central banks	28	0	2		30
Loans and advances	134	0	0		134
Securities	106	4,391	1,311		5,808
Investments in subsidiaries	618	0	76		694
Investment properties	3	0	0		3
Guarantees provided by banks, mortgage credit institutions and investment companies	0	4,215	0		4,215
Purchase price and dowry adjustment receivable	1,065	734	0		1,799
Other assets	61	174	40	-29	246
<b>Total assets</b>	<b>8,107</b>	<b>13,267</b>	<b>2,433</b>	<b>-29</b>	<b>23,778</b>
<b>Equity and liabilities</b>					
Other liabilities	3,130	2	1	-29	3,104
Total payables	3,130	2	1	-29	3,104
Provision for losses on guarantees	28	0	0		28
Other provisions	21	0	11		32
Total provisions	49	0	11		60
Total liabilities	3,179	2	12	-29	3,164
Equity at 1 January 2018	7,375	13,229	1,804		22,408
Dividend paid	-2,550				-2,550
Comprehensive income for the period	103	36	617		756
Equity at 31 December 2018	4,928	13,265	2,421		20,614
<b>Total equity and liabilities</b>	<b>8,107</b>	<b>13,267</b>	<b>2,433</b>	<b>-29</b>	<b>23,778</b>

# Statement by Management

The Board of Directors and the Management Board have today considered and adopted the annual report of Finansielt Stabilitet for the financial year 1 January – 31 December 2018.

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 Financial Business Act in respect of the parent company.

The consolidated and parent company financial statements give a true and fair view of the Group's and the

Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Group's and the Company's operations and of consolidated cash flows for the financial year 1 January – 31 December 2018.

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 Company, together with a description of the principal risks and uncertainties that the Group and the Company face.

We recommend that the annual report be approved by the annual general meeting.

Copenhagen, 15 March 2019

## 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

# Independent auditors' report

To the Ministry of Industry, Business and Financial Affairs

## Auditors' report on the consolidated and Parent Company financial statements

### Opinion

We have audited the consolidated and parent financial statements of the independent public company Finansiel Stabilitet for the financial year 1 January to 31 December 2018, comprising the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Company and the cash flow statement for the Group. The consolidated financial statements are presented in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, while the parent financial statements are presented in accordance with the Danish Financial Business Act.

In our opinion, the consolidated and parent financial statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2018 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January to 31 December 2018 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU in respect of the consolidated financial statements and in accordance with the Danish Financial Business Act in respect of the parent financial statements.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing and the additional requirements applicable in Denmark, and in accordance with standards on public auditing as the audit is conducted on the basis of the provisions of the Danish Auditor General's Act. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated and parent financial statements" section of our report.

The Auditor General is independent of Finansiel Stabilitet in accordance with section 1(6) of the Danish Auditor General's Act and the approved auditor is independent of Finansiel Stabilitet in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark. We have both fulfilled our other ethical responsibilities in accordance with these rules and requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibilities for the consolidated and parent financial statements

Management is responsible for the preparation and fair presentation of the consolidated and parent financial statements in accordance with International Financial Reporting Standards as adopted by the EU with respect to the consolidated financial

statements and in accordance with the Danish Financial Business Act with respect to the parent financial statements.

Management is also responsible for such internal control as Management determines is necessary to enable the preparation of consolidated and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting in the preparation of the consolidated and parent financial statements unless Management either intends to liquidate the Group and the Parent Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the consolidated and parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing and additional requirements applicable in Denmark as well as the standards on public auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and parent financial statements.

As part of an audit in accordance with International Standards on Auditing and additional requirements applicable in Denmark as well as the standards on public auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in the preparation of the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and parent financial statements, including the disclosures in the notes, and whether the consolidated and parent financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Statement on the Management's review**

Management is responsible for the Management's review.

Our opinion on the consolidated and parent financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and parent financial statements, our responsibility is to read the management's review and, in doing so, consider whether the management's review is materially inconsistent with the consolidated and parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Copenhagen, 15 March 2019

#### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Business reg. (CVR) no. 33 96 35 56

Henrik Wellejus  
State-Authorised Public Accountant Identification no. (MNE): 24807

Christian Dalmoose Pedersen  
State-Authorised Public Accountant Identification no. (MNE): 24730

Moreover, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Business Act.

Based on the work we have performed, we conclude that the management's review is in accordance with the consolidated and parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act.

We did not identify any material misstatement of the management's review.

#### **Report on other legal and regulatory requirements**

##### **Statement on compliance audit and performance audit**

Management is responsible for ensuring that the transactions comprised by the financial reporting are in accordance with appropriations granted, laws and other regulations and with agreements concluded and normal practice and that due financial considerations have been made in the administration of the funds and the operation of the entities comprised by the financial statements. As part of this, management is responsible for establishing systems and processes that support economy, productivity and efficiency.

In connection with our audit of the financial statements, our responsibility is in accordance with the standards on public auditing to select relevant subject matters for the compliance audit and the performance audit, respectively. In a compliance audit we verify with reasonable assurance in regards to the selected subject matters whether the transactions comprised by the financial reporting are in accordance with appropriations granted, laws and other regulations and with agreements concluded and normal practice. In a performance audit, we assess with reasonable assurance whether the examined systems, processes or transactions support due financial considerations in the administration of the funds and the operations of the entities comprised by the financial statements.

If, on the basis of the work performed, we conclude that this gives rise to material critical comments, we are required to report thereon.

We have no material critical comments to report in that respect.

#### **The National Audit Office of Denmark**

Business reg. no. (CVR) 77 80 61 13

Lone Lærke Strøm  
Auditor General of Denmark

Marie Katrine Bisgaard Lindeløv  
Head of Department

# Board of Directors



**Peter Engberg Jensen**

- Chairman of the Board of Directors
- Joined the Board of Directors in 2015
- Born in 1953

**Competencies:**

Considerable financial sector experience, including as Group CEO of Nykredit and EVP of Danske Bank's Finance Department. Extensive experience in board work.

**Member of the boards of directors of:**

- Investeringsforeningen PFA Invest (Chairman)
- Den Sociale Kapitalfond
- Pension Danmark Holding A/S
- Pensiondanmark Pensionsforsikringsskadeselskab
- Ordrup Gymnasium (Chairman)
- Chr. Augustinus Fabrikker Aktieselskab
- CAF Invest A/S
- Aarhus Symposium
- 15. juni Fonden
- Arborethusene A/S

**Other duties:**

- Member of the board of Business LF



**Bent Naur**

- Deputy Chairman of the Board of Directors
- Joined the Board of Directors in 2012
- Born in 1947

**Competencies:**

Considerable financial sector experience, including as CEO of Ringkjøbing Landbobank. Extensive experience in board work.



**Nina Dietz Legind**

- Joined the Board of Directors in 2015
- Born in 1967

**Competencies:**

Considerable insight into legislation in the financial area, including as professor of banking and capital markets law. Extensive experience in board work.

**Member of the boards of directors of:**

- Jurist- og Økonomforbundets Forlag A/S (Chairman)
- Jurist- og Økonomforbundets Forlagsfond (Chairman)
- Fionia Fond (Deputy Chairman)

**Other duties:**

- Acting Dean, Professor, Syddansk Universitet



**Bente Overgaard**

- Joined the Board of Directors in 2016
- Born in 1964

**Competencies:**

Considerable financial sector experience, including as Group CFO/CRO of Nykredit and EVP of Nykredit Erhverv. Extensive experience in board work.

**Member of the boards of directors of:**

- Den Danske Naturfond
- Arena CPHX Komplementar A/S
- Arena CPHX P/S
- SP Group A/S
- SP Moulding A/S
- Energinet.dk
- Johannes Fogs Fond

**Other duties:**

- CEO of Overgaard Advisory ApS
- Program Director of CBS Board Leadership Education for banking/mortgage credit and pension/insurance



**Anne Louise Eberhard**

- Joined the Board of Directors in 2016
- Born in 1963

**Competencies:**

Considerable financial sector experience, including as Senior EVP of Corporate & Institutional Banking at Danske Bank and as Chief Commercial Officer of Intrum Justitia AB. Extensive experience in board work.

**Member of the boards of directors of:**

- FLSmidth A/S
- FLSmidth & Co A/S

**Other duties:**

- Faculty member, Copenhagen Business School, Board programs
- Advisory Board Member, Moneyflow Group ApS

## Board of directors – continued



### Ulrik Rammeskov Bang-Pedersen

- Joined the Board of Directors in 2016
- Born in 1970

#### Competencies:

Considerable insight into legislation in the financial and insolvency areas, including as professor of property, insolvency and enforcement law. Extensive experience in board work.

#### Other duties:

- Professor, doctor of laws, Faculty of Law
- Editor, Erhvervsjuridisk Tidsskrift
- Arbitrator, Danish Institute of Arbitration
- Member of the Appeals Permission Board
- Chairman, Danish Bankruptcy Law Council



### Bendt Wedell

- Joined the Board of Directors in 2016
- Born in 1975

#### Competencies:

Considerable experience in company management and agricultural affairs. Extensive experience in board work.

#### Member of the boards of directors of:

- AIC A/S (Chairman)
- Lensgreve Karl Wedells og Comtesse Agnes' stiftelse (Chairman)
- Selected car leasing A/S (Chairman)
- H. W-W ApS (Chairman)
- I. W-W ApS (Chairman)
- Patriotisk Selskab (Deputy Chairman)
- A/S Det fynske landbocenter. Ejendoms-selskab
- Donau Agro ApS
- TG Brentwood A/S
- I/S Brentwood Management
- WEFRI A/S
- WEFRI HOLDING ApS
- De 5 gaarde A/S
- Stroco Agro ApS

#### Other duties:

- Executive Board member of the following companies:*
- Vicus P ApS
  - VICUS Ejendomme ApS
  - VICUS Slovakiet ApS
  - VICUS M ApS
  - VICUS Invest ApS
  - Equity ApS
  - NITRA ApS
  - VICUS Biogas ApS
  - VICUS D5G ApS
  - VICUS Green ApS
  - VICUS Der ApS
  - De 5 Gaarde A/S
  - PBTHIW ApS
- Frijsenborg & Wedellsborg Skovbrug v/Bendt Wedell

## Management Board



### Henrik Bjerre-Nielsen

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

#### Chairman of the boards of directors of:

- Københavns Andelskasse under kontrol
- FS Finans I A/S
- FS Finans II A/S
- FS Finans III A/S
- FS Finans IV A/S
- FS Finans V A/S
- FS Ejendomselskab A/S
- Broinstitut I A/S
- Broinstitut II A/S

# Company details

## Finansiel Stabilitet

Sankt Annæ Plads 13, 2nd floor left  
DK-1250 Copenhagen K

**Phone:** +45 70 27 87 47

**Website:** [www.fs.dk](http://www.fs.dk)

**E-mail:** [mail@fs.dk](mailto:mail@fs.dk)

**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

The National Audit Office

Landgreven 4

DK-1301 Copenhagen K

Deloitte

Statsautoriseret Revisions-

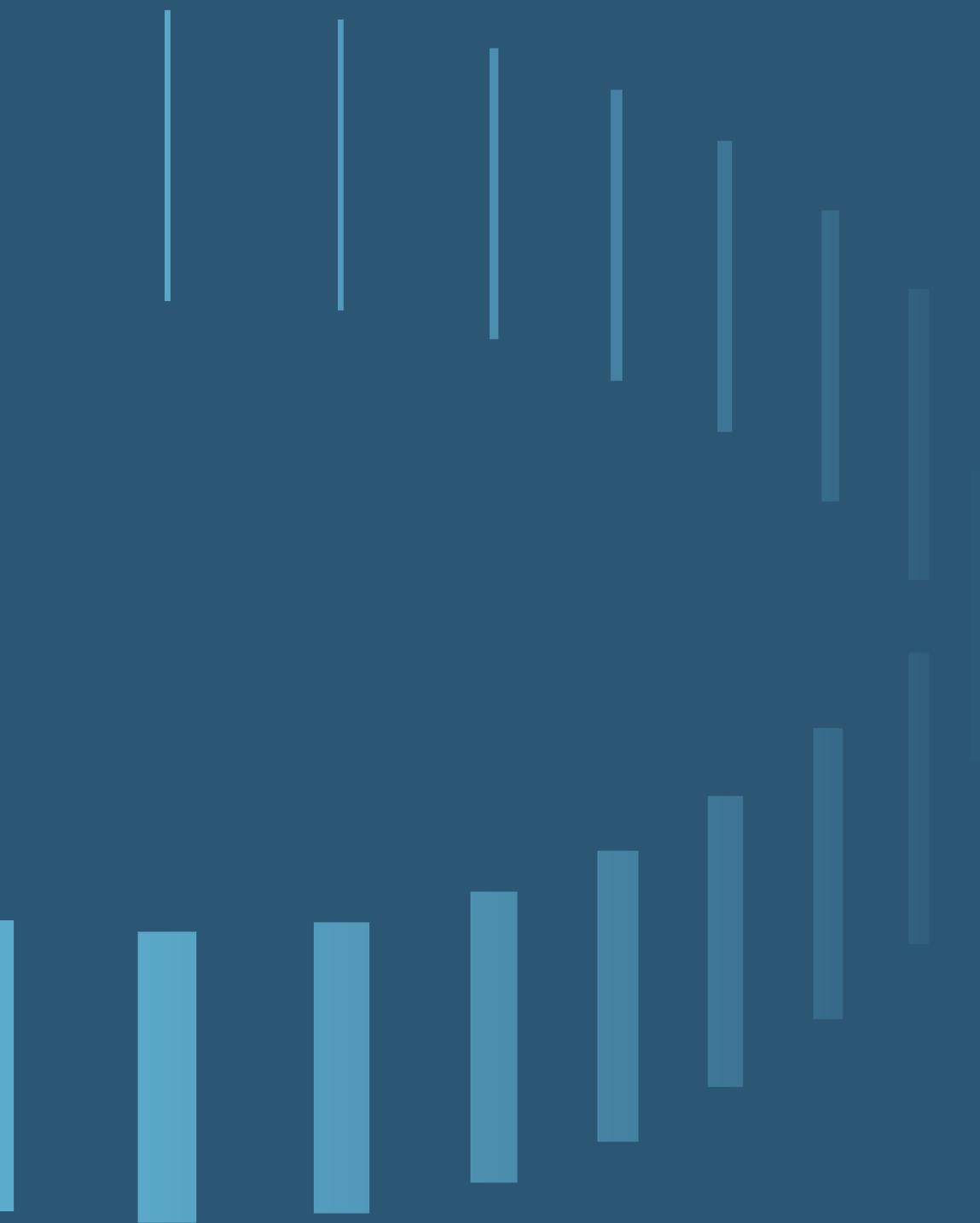
partnerselskab

Weidekampsgade 6

DK-2300 Copenhagen S

## General meeting

Annual General Meeting to  
be held on 3 April 2019



## Finansiel Stabilitet

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