

Finansiel Stabilitet

Annual Report 2022

CONTENTS

Management's review

Introduction	3
Highlights	4
Review and results	5
Corporate governance	25
Corporate social responsibility	28

Financial statements

Income statement and comprehensive income statement	31
Balance sheet	32
Statement of changes in equity	34
Cash flow statement	35
Notes to the financial statements	36
Statement by Management	69
Independent auditor's report	70
Board of Directors	73
Management Board	74
Company detail	75

Introduction

Anne Louise Eberhard



Contingency planning for efficient crisis management

Finansiel Stabilitet is required to contribute to ensuring financial stability in Denmark, including through the restructuring and resolution of certain failing financial companies which are unable to continue operations on their own. Furthermore, in such situations we need to ensure that customers still have access to accounts and financial services.

Contingency planning for crisis management requires considerable preparation and practice – also when the crisis pendulum is neutral. We continuously plan and practice contingency exercises to gauge the crisis preparedness of financial companies, for example by drawing up resolution and restructuring plans and by conducting tests in collaboration with the financial companies, the Danish Financial Supervisory Authority and Danmarks Nationalbank.

Crisis management of financial companies in Denmark is based on the fundamental principle that it must be carried out based on a fair approach and must be in the interest of the general public. It is also essential that losses inflicted on taxpayers etc. are mitigated. Therefore, the sector is saving up contingency funds in the form of the Resolution Fund, which, like the Guarantee Fund for Depositors and Investors, is managed by Finansiel Stabilitet.

In a European context, the Danish crisis management of financial companies has attracted much interest. Large parts of the EU's crisis management initiatives for banks (the BRRD) are similar to the approach adopted in Denmark several years ago.

In 2022 and the beginning of 2023, the last liability claims arising from the financial crisis were finally settled as the courts rendered their decisions in the cases involving ebh Bank, Løkken Sparekasse, Roskilde Bank and Eik Banki. The legal aftermath of the financial crisis was certainly a long and costly affair – both financially and in terms of the human cost. Based on this and other experience from the financial crisis, legislation was gradually adapted.

"Contingency planning for crisis management requires considerable preparation and practice..."

One area attracting increased interest these years is IT security management. We are acutely aware that this task requires new skills and contingency initiatives. Here, the risk is not a shortage of capital or liquidity, but rather that IT and payment systems, among others, are put out of action or that data are not correct or not available. This will be a key focus area for the coming years as well, requiring close collaboration between authorities and financial companies.

Finansiel Stabilitet is ready to take on other relevant government tasks in addition to its core tasks and to contribute to value creation in society. We are already solving several tasks for the government, including the issue of government guarantees for loans to buy property in rural districts.

The European Commission has submitted a proposal for the recovery and resolution of non-life and life insurance undertakings, which is currently being negotiated in the EU. When the directive is adopted, Finansiel Stabilitet will make preparations to take over the task. Although the directive covers a different part of the financial sector than the financial companies with which Finansiel Stabilitet is already working, many of the issues involved are the same and the contemplated tools and solutions will generally be familiar to us.

In order for Finansiel Stabilitet to be able to perform its core tasks such as ensuring financial contingency planning, we need to make sure that we maintain the skills and preparedness required. We must be able to continue to attract, develop and retain talent to solve the often complex tasks involved in our activities. We must be able to quickly scale up contingency plans and address the complexity of the next crisis, which nobody knows the scope of in advance. On behalf of the Board of Directors, I would like to extend my sincere thanks to our skilled employees, owners, business partners and the financial companies for competent and good collaboration in 2022.

Highlights

Finansiel Stabilitet Group:

- Surplus of DKK 0.4 billion, mainly attributable to contributions to the Resolution Fund of DKK 1.1 billion and a negative return on the securities portfolio of DKK 0.7 billion. All funds in the Group included, the negative return totalled 3.7%.
- Equity increased to DKK 23.2 billion.
- Total assets increased by DKK 0.4 billion to DKK 23.9 billion.

Bank Package activities:

- Surplus of DKK 12 million, reflecting the result of the continuing resolution of the remaining activities, mainly attributable to the financial crisis.
- Equity was unchanged at DKK 5.3 billion.
- Total assets were unchanged at DKK 6.5 billion.
- As at 31 December 2022, gross loans and guarantees amounted to DKK 1.0 billion, valued at DKK 131 million, financial assets amounted to DKK 13 million and properties amounted to DKK 12 million.

Deposit Guarantee Fund:

- Deficit of DKK 516 million, mainly attributable to a negative return of DKK 546 million on the securities portfolio. All funds in the Deposit Guarantee Fund included, the negative return totalled 6.9%.
- Total assets and liabilities of the fund decreased to DKK 11.9 billion. Of this amount, DKK 8.4 billion was attributable to the Banking Department. Ordinary collection of contributions to the Deposit Guarantee Fund was not required in 2022 as the fund assets exceeded the statutory requirement.

Resolution Fund:

- Surplus of DKK 907 million, mainly attributable to contributions to the Resolution Fund of DKK 1,124 million in 2022 and a negative return on the securities portfolio of DKK 203 million. All funds in the Resolution Fund included, the negative return totalled 3.4%.
- Total assets and liabilities of the fund thus increased to DKK 6 billion.

SEGMENT RESULT 2022

FINANSIEL STABILITET

RESULT	TOTAL ASSETS	EQUITY
0,4 DKK/billion	23,9 DKK/billion	23,2 DKK/billion

BANK PACKAGE ACTIVITIES

RESULT	EQUITY
12 DKK/million	5,3 DKK/billion

DEPOSIT GUARANTEE FUND

RESULT	EQUITY
-516 DKK/million	11,9 DKK/billion

DEPOSIT GUARANTEE FUND

RESULT	EQUITY
907 DKK/million	6,0 DKK/billion

Review and results

Finansiel Stabilitet at a glance

Finansiel Stabilitet was established during the financial crisis with the objective of contributing to ensuring financial stability in Denmark. Although the financial situation in Denmark is markedly different today than it was some 15 years ago, the objective remains to ensure that customers have access to the critical financial infrastructure even if their bank or mortgage credit institution is taken over for crisis management by Finansiel Stabilitet due to incurring financial problems.

This entails that the customers must be able to make payments and have access to a significant part of their liquid assets. In this connection, Finansiel Stabilitet also handles the task under the deposit guarantee scheme of ensuring access to deposits, which are covered up to approximately DKK 745 thousand.

As opposed to other EU countries, where small banks often enter into bankruptcy proceedings when they become distressed, the approach taken in Denmark is that banks are taken over by Finansiel Stabilitet for crisis management rather than being left to enter into bankruptcy proceedings.

In order to be able to handle Finansiel Stabilitet's primary objective of ensuring efficient crisis management, the institutions that have an obligation to pay contributions have made payments to two funds: the Resolution Fund and the Deposit Guarantee Fund. These funds are to contribute to supporting financial stability in a crisis situation. Finansiel Stabilitet manages these funds by investing in low-risk securities and by holding cash deposits with Danmarks Nationalbank.

Finansiel Stabilitet also has as its objective to initiate resolution of the remaining activities taken over from previously failing institutions. A substantial part thereof has previously been divested, but a small portfolio of exposures remains in the form of claims from estates in bankruptcy, small loans and guarantees and unsold plots of land and securities. These activities are mainly related to banks taken over during the financial crisis. The results of these resolution activities are included in the surplus generated by the government from Bank Package activities.

In recent years, Finansiel Stabilitet has taken on a number of new tasks on behalf of the government. These tasks include the issue of guarantees for loans to buy property in rural districts and maintenance of a debt counselling scheme for former milk farmers who remain insolvent after having received compensation from the government.

The objectives of Finansiel Stabilitet may be summarised as follows:

- within the scope of the Resolution Fund to contribute to ensuring financial stability in Denmark and ensuring access to critical financial infrastructure;
- within the scope of the Deposit Guarantee Fund to manage a deposit guarantee scheme and thus ensure access to covered deposits;
- within the scope of Bank Package activities to handle any other responsibilities and powers assigned to Finansiel Stabilitet pursuant to legislation or by the Minister for Industry, Business and Financial Affairs.

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

Group results 2022

Finansiel Stabilitet posted a surplus of DKK 403 million in 2022 (2021: DKK 1,051 million).

The sharp increases in the global fixed income markets in 2022 led to a negative return on the managed portfolios linked to the Deposit Guarantee Fund and Resolution Fund in a total amount of DKK 749 million, comprising interest income of DKK 114 million and unrealised capital losses of DKK 863 million. Interest rates have remained highly volatile in 2023. Until 28 February 2023, Finansiel Stabilitet generated a small positive return on assets under management.

In general, Finansiel Stabilitet's financial results can be broken down into the three funds handled by Finansiel Stabilitet, i.e. the Resolution Fund, the Deposit Guarantee Fund and government funds held under the Bank Package activities.

The Resolution Fund generated a surplus of DKK 907 million in 2022. The surplus was predominantly attributable to payment of DKK 1,124 million in contributions to the Resolution Fund. The negative return on the securities portfolio amounted to DKK 203 million for this fund. As a result of the sharp increase in interest rates in 2022, the surplus fell approximately DKK 100 million short of the expected level.

The Deposit Guarantee Fund reported a negative return of DKK 516 million as a result of a negative return on securities management activities of DKK 546 million in 2022. As a result of the sharp increase in interest rates in 2022, the surplus fell approximately DKK 500 million short of the expected level.

Bank Package activities generated a surplus of DKK 12 million for the period, which was slightly better than expected. The surplus was attributable to payments from settled lawsuits and reversed impairment losses.

The Group's total assets at 31 December 2022 amounted to DKK 23.9 billion (2021: DKK 23.5 billion). Of this amount, the

Resolution Fund accounted for DKK 6.0 billion, the Deposit Guarantee Fund accounted for DKK 11.9 billion and the government funds under the Bank Package activities accounted for DKK 6.5 billion, while a negative amount of DKK 0.5 billion related to an intra-group balance.

Total equity stood at DKK 23.2 billion, of which DKK 6.0 billion was attributable to the Resolution Fund, DKK 11.9 billion to the Deposit Guarantee Fund, and DKK 5.3 billion to the Bank Package activities. For a specification of the three funds' income statement items, see the following sections and notes 2 and 3 to the financial statements for a more detailed account.

At 31 December 2022, the remaining net loans and guarantees amounted to DKK 0.1 billion (2021: DKK 0.2 billion), while the portfolio of financial assets amounted to DKK 10.3 billion (2021: DKK 11.6 billion) and properties amounted to DKK 12 million (2021: DKK 10 million).

The rest of the assets mainly consisted of DKK 9.9 billion held on deposit with Danmarks Nationalbank (2021: DKK 8.1 billion) and commitments made by banks, etc. in relation to the Deposit Guarantee Fund amounting to DKK 3.2 billion, which was unchanged from 2021.

Amounts held on deposit with Danmarks Nationalbank grew by DKK 1.8 billion in 2022, attributable in part to a DKK 0.7 billion reduction of the portfolio of financial assets and in part to contributions for the year to the Resolution Fund of DKK 1.1 billion.

The majority of the remaining loans and guarantees related to the segment Bank Package activities, while a minor portion of loans related to FS Finans V A/S (formerly Andelskassen J.A.K. Slagelse) and FS Finans VI A/S (formerly Københavns Andelskasse), which are wound up under the Resolution Fund. DKK 18 million of total loans and guarantees related to FS Finans V A/S and FS Finans VI A/S.

Other remaining exposures mainly consisted of receivables from estates in bankruptcy and guarantees. How fast the remaining loans will be wound up depends largely on external factors such as the progress of trustees' estate administration and the debt recovery process. Guarantees will be gradually phased out as they mature. Finansiell Stabilitet furthermore has the ongoing task of recovering previously written-off claims, which amounted to approximately DKK 9.7 billion at 31 December 2022. In 2022, this resulted in the recognition of income of approximately DKK 31 million.

Portfolio management of the Resolution Fund and the Deposit Guarantee Fund

In 2018, Finansielt Stabilitet introduced an active investment management approach for the Resolution Fund and the Deposit Guarantee Fund. The reason for choosing a more active strategy was that Finansielt Stabilitet was no longer able to place cash deposits with Danmarks Nationalbank at 0% interest. This option ceased in 2017, and against this background, explorations were conducted with the Danish Ministry of Industry, Business and Financial Affairs as owner of Finansielt Stabilitet and with the institutions that have an obligation to pay contributions to discuss potential investment strategies, risk profiles and scenarios. In addition, the institutions that have an obligation to pay contributions were informed that a more active strategy could potentially produce a better return, but would also involve a higher risk of loss. As a result, in the event of a realisation of losses on the portfolio invested, the institutions could be required to make additional contributions to the Resolution Fund and the Deposit Guarantee Fund.

The investment strategy was based on a choice of risk profile including a fixed liquidity, interest rate and credit risk profile. The purpose was for the assets held in the funds over time to generate a return above Danmarks Nationalbank's CD rate, but at the same time to maintain a strict focus on liquidity to ensure that the funds could be made available in the event of financial crises. In this connection, it is emphasised that the Resolution Fund and the Deposit Guarantee Fund are bound by a requirement that investments must be made in low-risk securities.^[1]

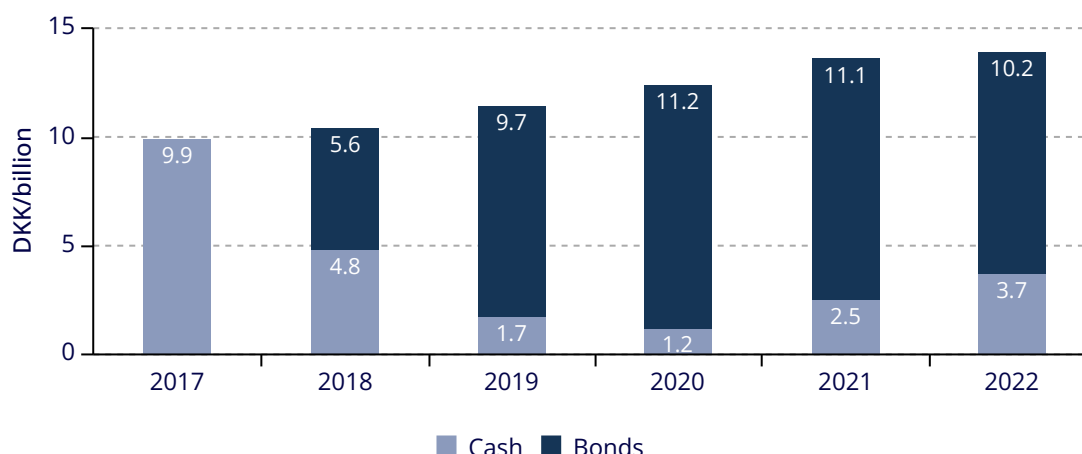
Against this background, in the period from start-2018 to mid-2020, investments were made in short-term fixed-rate mortgage bonds without a conversion option and with an interest rate risk measured at a duration of 2.5 years. Investments were generally made in tranches of DKK 1.6 billion on average. Against this background, the total liquid funds held in the Deposit Guarantee Fund were invested, and the funds held in the Resolution Fund were invested on an ongoing basis as and when contributions were claimed from the sector.

The more active investment strategy was characterised by not being tied to certain interest rate expectations, but rather based on the possibility of achieving an excess return further out the yield curve. At the same time, the intention was for the investment strategy to have a long-term perspective, meaning that short-term fluctuations would not lead to any significant adjustments to the strategy.

However, when contributions to the Resolution Fund were collected in 2020, the excess return on an investment in short-term mortgage bonds compared with the extra interest rate risk assumed was so low (the interest rate difference between the CD rate and a 2.5-year mortgage bond was very small) that it was no longer considered advantageous to make additional investments in the low-interest rate scenario. Against this background, additional contributions made to the Resolution Fund were placed as cash deposits in the following years.

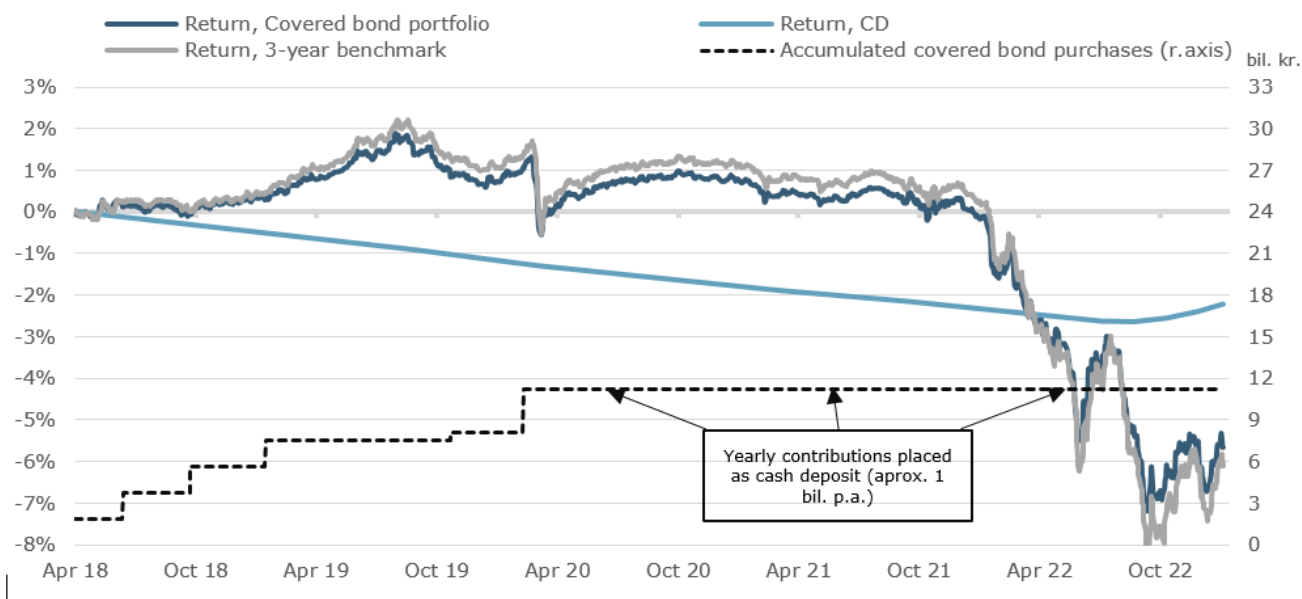
Accordingly, at 31 December 2022, the amount invested by the Resolution Fund and the Deposit Guarantee Fund in short-term mortgage bonds totalled DKK 10.2 billion. Furthermore, the two funds had placed DKK 3.7 billion as cash deposits with Danmarks Nationalbank, see figure 1.

Figure 1: Investments in cash and bonds, 2017-2022



1. Low-risk assets are defined as securities considered by the Danish Financial Supervisory Authority to be safe and liquid as well, including government bonds issued in the EU, Danish mortgage bonds, covered bonds issued by mortgage credit institutions, covered bonds, covered bonds issued outside Denmark, senior debt in credit institutions with a rating of at least BBB/baa, other issues with a rating of at least BBB/baa, etc.

Figure 2: Portfolio return for invested funds compared with alternative placement at Danmarks Nationalbank's CD rate, 2018-2022



Note: Compared with a 3-year benchmark from Nykredit, the mortgage bond portfolio of the Deposit Guarantee Fund and the Resolution Fund generated a comparable risk-adjusted return.

As mentioned above, the more active strategy was not driven by short-term interest rate expectations. Regardless of the fact that the investment strategy is based on a long-term perspective, the assessment in retrospect is that, until the end of 2021, the active investment strategy in short-term mortgage bonds was an attractive alternative to placing cash at Danmarks Nationalbank's CD rate, see figure 2. Even during the major fluctuations in fixed-income markets after the COVID-19 crisis in March 2020, the investment in short-term mortgage bonds continued to generate a positive return.

In 2022, the surge in interest rates contributed to changing the scenario as it stands today. In particular in Q1-Q3 2022, the

unrealised capital losses in managed mortgage credit mandates were adversely affected by a surge in government and mortgage bond yields. This development was driven by a significant increase in European and US inflation numbers, which prompted central banks to hike monetary policy rates considerably. As a consequence of interest rate increases in 2022, the return was negative at 6.8% from 1 January to 31 December 2022 compared with a return achievable by placing cash at Danmarks Nationalbank's CD rate, which would have been negative by about 2.3%. Taking into account cash placements of DKK 3.7 billion, the Deposit Guarantee Fund and the Resolution Fund posted negative returns of 6.9% and 3.4%, respectively, in 2022.

Lawsuits

The financial crisis had a major impact on society, financial enterprises and, not least, the customers of the financial enterprises subject to resolution. The comprehensive financial problems experienced by certain institutions, which led to Finansiel Stabilitet having to assume control and wind up several institutions, were caused by general market developments, but also by decisions made by the managements of the individual banks wound up.

After the financial crisis, Finansiel Stabilitet assumed control of two more institutions: Andelskassen J.A.K. Slagelse and Københavns Andelskasse.

Out of consideration for the conception of justice, and to assess and decide whether the former managements could be held liable for the losses incurred on exposures etc., Finansiel Stabilitet instituted liability lawsuits in nine out of the total of fourteen institutions taken over. The assessment of whether a liability lawsuit was to be instituted was made on the basis of an external legal enquiry. It was assessed whether the institutions had acted in such a way as to give rise to liability. The results of the legal enquiries led to the institution of liability lawsuits against the former managements of Roskilde Bank, ebh bank, Løkken Sparekasse, Capinordic Bank, Amagerbanken, Eik Bank Danmark, Eik Bank Færøerne, Andelskassen J.A.K. Slagelse and Københavns Andelskasse. In the case of Sparekassen Østjylland, Max Bank, Fjordbank Mors, Fionia Bank and Gudme Raaschou Bank, which had also been taken over by Finansiel Stabilitet, Finansiel Stabilitet did not institute any liability lawsuits.

Decisions have now been delivered in the liability lawsuits instituted in the wake of the financial crisis, and these decisions will be accounted for below. As the legal aftermath of the financial crisis is therefore considered finalised, the coming annual reports will not include such a review.

The lawsuit against the former management of **Capinordic Bank** was the first liability lawsuit to be tried in court. In October 2015, the High Court of Eastern Denmark 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 decision. Final damages were established at DKK 89 million, plus statutory interest accrued from December 2010. At the time of the Supreme Court decision, the total amount of damages including statutory interest was calculated at DKK 141 million.

In the case, Finansiel Stabilitet had served notice on additional management members, and in June 2019 an action was brought against four of these executives with respect to their liability for participating in the granting of facilities. The Supreme Court established liability in damages in this case.

The court delivered a judgment by default against one of the defendants, who was ordered to pay Finansiel Stabilitet DKK 19 million plus statutory interest. Furthermore, agreements were entered into with two of the defendants to withdraw the action against them while they acknowledged their liability and paid an amount of damages. At the trial hearing in August 2021, a decision was delivered against the fourth defendant in Finansiel Stabilitet's favour.

In June 2017, a decision was delivered in the liability lawsuit against the former management of **Amagerbanken**. The court found in favour of the defendants. Finansiel Stabilitet subsequently appealed part of the district court's decision. In June 2019, the High Court of Eastern Denmark delivered its decision in the case.

The High Court of Eastern Denmark reversed the district court's decision to the extent that eight of the former members of management were to pay damages of DKK 225.5 million plus statutory interest. Finansiel Stabilitet was ordered to pay legal costs for the district and high court in the total amount of DKK 40 million.

The executives found liable applied to the Danish Appeals Permission Board for permission to appeal the case to the Supreme Court, and further thereto Finansiel Stabilitet also sent an application to the Appeals Permission Board. In October 2019, Finansiel Stabilitet and the eight executives found liable entered into an agreement to settle the liability lawsuit. As part of the agreement, the eight management members found liable were to pay DKK 255.5 million, and both parties were to withdraw their application to the Appeals Permission Board. The agreement was made in full and final settlement of any claims, and the executives found liable distributed the amount to be paid among themselves.

In October 2018, the High Court of Eastern Denmark delivered a decision in the lawsuit against the former management and auditors of **Eik Bank Danmark**, by which the four management members were ordered to pay damages in the amount of DKK 28.6 million plus statutory interest, for a total amount of DKK 42.6 million. The court found in favour of the two other members of management and the auditors. Finansiel Stabilitet was ordered to pay legal costs in the amount of DKK 39 million. The four management members, and subsequently Finansiel Stabilitet, appealed the decision. The scope of the appeal was limited to two exposures. The Supreme Court delivered its decision on 22 June 2020, finding in favour of the members of management previously found liable, and Finansiel Stabilitet was ordered to repay the damages received and to pay DKK 17.7 million in legal costs.

The external auditors had been granted permission to appeal the High Court's decision on legal costs separately. The Danish Supreme Court in October 2020 delivered its decision in this case, upholding the High Court's judgment on legal costs.

In the lawsuit against the former management of **Andelskassen J.A.K. Slagelse**, the Court of Glostrup delivered its decision on 15 November 2019, by which the former CEO was ordered to pay DKK 1 million, DKK 200,000 of which was to be paid jointly and severally with the former Chairman of the Board of Directors. The CEO appealed the decision to the High Court of Eastern Denmark. The High Court of Eastern Denmark delivered its decision in the case on 6 July 2021, upholding the district court's decision.

On 31 January 2020, a decision was delivered by the High Court of Western Denmark in the case against the former management and auditors of **ebh bank**. One former management member – the CEO – was ordered to pay a little more than DKK 2 million plus statutory interest. The court found in favour of the other management members and the auditors, and Finansiel Stabilitet was ordered to pay legal costs of DKK 121 million.

On 26 February 2020, Finansiel Stabilitet appealed parts of the decision against the management member found liable with a claim for DKK 100 million. The Danish Supreme Court on 8 April 2022 delivered its decision in the appeal, upholding the High Court's judgment. Finansiel Stabilitet was ordered to pay DKK 3 million in legal costs.

On 28 February 2020, a decision was delivered by the High Court of Western Denmark in the case against the former management and external auditors of **Løkken Sparekasse**. The decision was given in favour of the defendants, and Finansiel Stabilitet was ordered to pay legal costs of DKK 34 million. Finansiel Stabilitet appealed parts of the decision with respect to the former CEO to the Supreme Court, the claim being limited to DKK 50 million. The Danish Supreme Court on 2 June 2022 delivered its decision in the case, upholding the High Court's judgment. Finansiel Stabilitet was ordered to pay DKK 1.75 million in legal costs.

In the lawsuit against the former management and auditors of **Roskilde Bank**, the High Court of Eastern Denmark 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 DKK 72.5 million. Finansiel Stabilitet appealed the decision with respect to the CEO and the Board of Directors. The Danish Supreme Court on 1 December 2022 delivered its decision in the case, by which the CEO was ordered to pay DKK 232 million. The claim against the Board of Directors was dismissed. Finansiel Stabilitet was awarded an amount of DKK 2 million in legal costs from the management member found liable and was ordered to pay legal costs of DKK 23 million to the board members against whom the claim was dismissed.

The external auditors had been granted permission to appeal the High Court's decision on legal costs separately. This appeal was processed by way of written proceedings. In April 2019, the Supreme Court delivered a decision in the appeal regarding legal costs. The external auditors were awarded an additional amount of DKK 11 million in legal costs.

In November 2019, a decision was delivered by the district court of the Faroe Islands in the lawsuit against the former management of **Eik Banki Færøerne**, by which three management members were ordered to pay damages in the total amount of DKK 150 million plus statutory interest. The court found in favour of one management member, and Finansiel Stabilitet was ordered to pay DKK 8.9 million in legal costs. The management members found liable appealed the decision. On 10 January 2023, a decision was delivered by the High Court of Eastern Denmark in the appeal, by which a former management member – the CEO – was ordered to pay DKK 86 million. Finansiel Stabilitet was ordered to pay DKK 17 million in legal costs to the board members against whom the claim was dismissed.

In the trial hearing before the district court of the Faroe Islands, Finansiel Stabilitet had withdrawn the case in respect of the external auditors. In connection with the decision, the district court also decided on the issue of legal costs in relation to the withdrawn lawsuit. Finansiel Stabilitet was ordered to pay DKK 12 million in legal costs. Finansiel Stabilitet appealed the issue of legal costs, it being noted that Finansiel Stabilitet paid DKK 3.6 million, which was the amount Finansiel Stabilitet believed would have to be paid with certainty.

In a decision delivered on 17 January 2022, the High Court of Eastern Denmark decided on the issue of legal costs, quashing the decision by the district court of the Faroe Islands and ordering legal costs of DKK 3.6 million to be paid, which was the amount already paid by Finansiel Stabilitet.

In May 2019, Finansiel Stabilitet filed two liability lawsuits against the former management of **Københavns Andelskasse**.

In the case concerning Københavns Andelskasse's acquisition of the company OTC-listen, the District Court of Copenhagen on 25 May 2022 delivered a decision, by which the claims against all management members were dismissed. Finansiel Stabilitet was ordered to pay legal costs in the amount of DKK 5.7 million. Finansiel Stabilitet has appealed the decision to the High Court of Eastern Denmark.

In the other case, which concerned management's liability in connection with losses on two loan exposures, the District Court of Copenhagen on 16 August 2022 delivered a decision, by which two management members were ordered to pay damages of DKK 2.5 million in respect of one of the loan exposures. Finansiel Stabilitet was ordered to pay legal costs of DKK 700,000 to the management members against whom the claim was dismissed. The two management members found liable were ordered to pay legal costs of approximately DKK 400,000 to Finansiel Stabilitet. The two management members found liable have appealed the decision to the High Court of Eastern Denmark. Finansiel Stabilitet has subsequently appealed the decision, claiming that the decision of the District Court be upheld, and appealed the dismissal of the claim

related to the other loan exposure, but only for one of the management members.

Expenses related to liability lawsuits brought against the former managements of banks taken over amounted to DKK 52 million in 2022. Accumulated expenses related to liability lawsuits brought against former bank managements have run into DKK 589 million to date, including costs of preparing legal enquiries. To this amount should be added legal costs that Finansiel Stabilitet has been ordered to pay amounting to DKK 389 million, of which DKK 304 million represents legal costs to the public funds. Accumulated legal costs thus amount to DKK 978 million.

In the liability lawsuits, Finansiel Stabilitet has so far been awarded damages, which with the addition of statutory interest as of mid-February 2023 amount to a total of approximately DKK 847 million. In eight of the lawsuits now settled, Finansiel Stabilitet has been able to book approximately DKK 385 million.

In November 2019, the Danish government set up a committee on assessment of stricter liability for management members, etc. in financial enterprises. Finansiel Stabilitet had a seat on the committee, allowing it to draw attention to matters based on experience from the liability lawsuits.

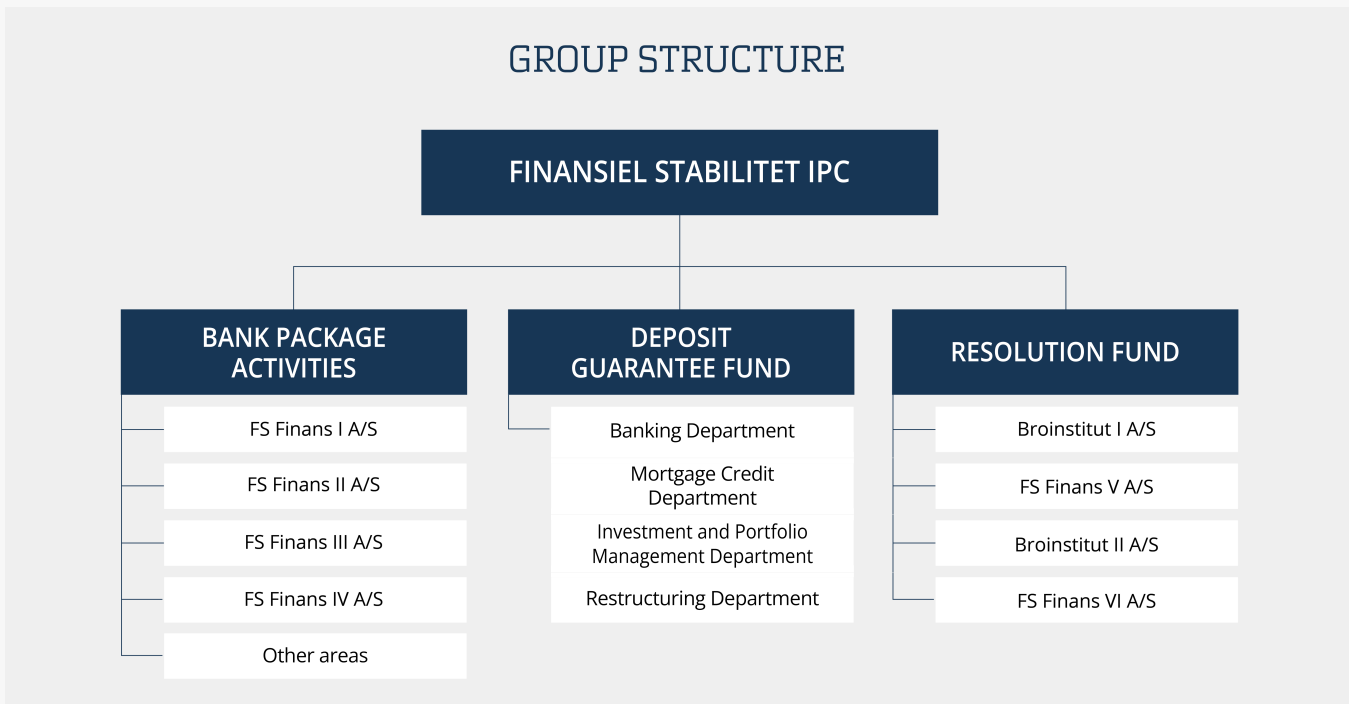
In February 2023, a bill was tabled to implement the proposals submitted by the liability committee in its report.

Overview of liability lawsuits

Liability lawsuits filed	Time of filing	Court and time of decision	Damages awarded*	Status
Capinordic Bank	December 2010	High Court of Eastern Denmark: October 2015 Supreme Court (appeal): January 2019	DKK 89 million	Completed
Capinordic Bank II	June 2019	Court of Lyngby		
Amagerbanken	March 2013	Court of Lyngby: June 2017 High Court of Eastern Denmark (appeal): June 2019	DKK 225.5 million	Completed
Roskilde Bank	February 2010	High Court of Eastern Denmark: November 2017 Supreme Court (appeal): December 2022	DKK 232 million	Completed
Eik Bank Danmark	December 2011	High Court of Eastern Denmark: October 2018 Supreme Court (appeal): June 2020	DKK 28.6 million Decision in favour of defendants	Completed
Eik Banki	September 2012	Court of the Faroe Islands: November 2019 High Court of Eastern Denmark (appeal): January 2023	DKK 86 million	Completed
ebh bank	December 2010	The High Court of Western Denmark: January 2020 Supreme Court (appeal): April 2022	DKK 2 million (CEO found liable, claims against other defendants dismissed)	Completed
Løkken Sparekasse	December 2010	High Court of Western Denmark: February 2020 Supreme Court (appeal): July 2022	Decision in favour of defendants	Completed
J.A.K Slagelse	December 2016	Court of Glostrup: November 2019 High Court of Eastern Denmark (appeal): July 2021	DKK 1 million	Completed
Københavns Andelskasse I (OTC-listen)	May 2019	District Court of Copenhagen: May 2022	Decision in favour of defendants	Appeal pending
Københavns Andelskasse II	May 2019	District Court of Copenhagen: August 2022	DKK 2.5 million	Appeal pending

*Plus statutory interest

GROUP STRUCTURE



Companies and activities

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 III (Exit Package): Guarantee was again only provided for up to EUR 100,000 for depositors. Failing banks could elect to be resolved by Finansiell 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): Finansiell 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.

Other areas:

Debt counselling for former milk farmers: On 1 June 2021, the Danish parliament passed an Act to amend the Act on Restructuring and Resolution of Certain Financial Enterprises, under which Finansiell Stabilitet is required to set up an entity to provide debt counselling free of charge to former milk farmers.

Government-guaranteed mortgage credit agreements in rural districts: On 7 June 2022, the Danish parliament passed an act

on the establishment of a government guarantee on a part of the mortgage credit agreements in rural districts. Finansiell Stabilitet manages the government guarantee scheme on behalf of the Danish State.

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.

Deposit 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 under the new Deposit Guarantee Fund, managed by Finansiell Stabilitet. The Deposit Guarantee Fund consists of four funds: the Banking Department, the Mortgage Credit Department, the Investment

and Portfolio Management Department and the Restructuring Department.

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 Finansielt Stabilitet. The Resolution Fund may be used in connection with Finansielt 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 A/S.

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 shares in FS Finans VI A/S.

FS Finans VI A/S: Financing company established on 28 June 2019 based on Københavns Andelskasse after the company had deposited its banking licence with the Danish FSA.

Bank Package activities

Results in 2022

Bank Package activities generated a surplus of DKK 12 million in 2022 (2021: DKK 23 million). The result reflects the continued resolution of the remaining activities. Reversal of impairment losses on loans, advances and receivables amounted to DKK 59 million in 2022. Furthermore, the decisions given in the completed management liability lawsuits regarding Roskilde Bank and Eik Banki Færøya have resulted in Finansiel Stabilitet recognising income in the total amount of DKK 45 million. Operating expenses for the year amounting to DKK 99 million (2021: DKK 58 million) were particularly affected by legal fees in the lawsuits now completed.

Income statement for the Bank Package activities

(DKKm)	2022	2021
Result before costs etc.	47	10
Operating expenses*	-99	-58
Reversed impairment losses	59	72
Income from investments in associates	5	0
Tax	0	-1
Comprehensive income for the year	12	23

*The segment's actual operating expenses for 2022 amounted to DKK 99 million (2021: DKK 58 million), DKK 30 million (2021: DKK 34 million) being covered by other segments. See note 2.

The individual Bank Packages impact the result in different ways. Bank Package I is fully recognised in segment results. Bank Packages III and IV (FS Finans I-IV A/S) are only recognised in part, however, as other creditors also have financial interests in the resolution results, including the Deposit Guarantee Fund. In relation to Bank Package III (FS Finans III and IV A/S) and Bank Package IV (FS Finans I and II A/S), only a share of changes

in the purchase price adjustment affects the result. This share is determined as the part of total unsecured claims taken over by Finansiel Stabilitet.

In connection with the financial statements for 2022, the trustee of the estate in bankruptcy of Amagerbanken (FS Finans III A/S) stated that the processing of claims lodged against the estate in bankruptcy is close to completion. The approved claims have resulted in a minor change in the relative distribution between Bank Package activities and other creditors, with the effect that the segment's share of the future dividend payment from the estate will be reduced. Based on the calculated purchase price allocation at 31 December 2021, the reduction amounts to DKK 9 million.

In 2022, the subsidiaries FS Finans I-III A/S reported a total financial result of DKK 5 million before purchase price and dowry adjustment.

There was no purchase price adjustment in FS Finans IV A/S, as the dividend was originally fixed at a higher amount than what was warranted. The resulting loss was covered by the Restructuring Department of the Guarantee Scheme. FS Finans IV posted a surplus of DKK 5 million for 2022, reducing its total deficit to DKK 501 million.

Total assets of the Bank Package activities at the end of 2022 were unchanged at DKK 6.5 billion. At 31 December 2022, the segment had loans and guarantees totalling DKK 131 million (2021: DKK 206 million), financial assets totalling DKK 13 million (2021: DKK 578 million) and properties totalling DKK 12 million (2021: DKK 10 million). In 2021, financial assets included treasury bills for an amount of DKK 561 million, which at 31 December 2022 were held as a cash deposit with Danmarks Nationalbank.

Financial highlights FS Finans I-IV

(DKKm)	FS Finans I A/S		FS Finans II A/S		FS Finans III A/S		FS Finans IV A/S*	
	2022	2021	2022	2021	2022	2021	2022	2021
INCOME STATEMENT								
Result for the year	0	0	0	0	0	0	5	21
Result for the year before purchase price adjustment**	0	-11	3	15	2	30	-	-
BALANCE SHEET AT 31 DECEMBER								
Loans and advances	0	0	1	0	2	51	0	0
Other assets	29	30	39	42	1,870	1,824	87	86
Total assets	29	30	40	42	1,872	1,875	87	86
Purchase price adjustment	20	20	23	20	1,852	1,850	-	-
Other provisions	8	9	16	21	1	8	0	35
Other payables	0	0	0	0	18	16	43	12
Equity	1	1	1	1	1	1	44	39
Total equity and liabilities	29	30	40	42	1,872	1,875	87	86

* There is no purchase price adjustment in FS Finans IV

** A significant part of the result of FS Finans I-IV is included in the results of the Finansiel Stabilitet Group's segments (Bank Package activities and the Deposit Guarantee Fund)

Other areas under Bank Package activities:

Debt counselling for former mink farmers

On behalf of the government, Finansielt Stabilitet in June 2021 set up an entity to provide debt counselling free of charge to former mink farmers who are, or are presumed to be, insolvent after having received damages and compensation pursuant to the Act on the culling of mink and temporary ban on mink farming.

The scheme involves debt counselling of natural persons. Individuals with a personally owned business are not eligible to receive debt counselling under the scheme, unless the personally owned business has been discontinued and no business activities are consequently carried on in the business.

At 31 December 2022, the scheme had not been utilised.

Government-guaranteed mortgage credit agreements in rural districts

Effective from July 2022, a scheme was set up on behalf of the government for the establishment of government guarantees for a part of the mortgage credit agreements in rural districts. The purpose of the act is to improve the possibilities for financing residential property, particularly in rural districts, through a government guarantee for the more riskier parts of home loans for certain residential properties. Mortgage providers have subsequently been able to submit applications for government guarantees for specific loan agreements. At 31

December 2022, 40 agreements on terms and conditions had been concluded with mortgage providers.

The target group for the government guarantee scheme is consumers who are considered creditworthy, but have difficulty obtaining a home loan due to matters related to the location or marketability of the property. With a guarantee scheme, some of the risk of home financing is shifted from the mortgage providers to the government, giving mortgage providers an improved incentive to provide financing for such residential properties.

Finansielt Stabilitet manages the government guarantee scheme on behalf of the Danish State. The scheme is established for the account and risk of the government, but Finansielt Stabilitet includes in its financial statements information on the application of the scheme, including information about guarantee commission received and payments made under the guarantees.

At 31 December 2022, guarantees in a total amount of DKK 242 thousand had been provided.

In the second half of 2022, Finansielt Stabilitet incurred internal costs of about DKK 1 million in connection with the conclusion of the above-mentioned agreements on terms and conditions with mortgage providers etc., which costs were covered through payments from the government.

Deposit Guarantee Fund

Departments

In 2022, the Deposit Guarantee Fund covered 134 companies: 66 banks (6 foreign banks having applied for topping up in Denmark and 5 banks in the Faroe Islands and Greenland), 6 mortgage credit institutions, 47 investment companies, 4 investment management companies and 11 managers of alternative investment funds. The companies are distributed on the 4 departments:

- the Banking Department (66 banks)
- the Mortgage Credit Department (6 institutions)
- the Investment and Portfolio Management Department (investment companies and certain investment management companies and managers of alternative investment funds (62 companies and investment funds)
- the Restructuring Department (60 institutions)

Results in 2022

The Deposit Guarantee Fund generated a deficit of DKK 516 million in 2022 (2021: a surplus of DKK 6 million). The deficit was mainly due to a negative return on the bond portfolio. In addition, the Deposit Guarantee Fund received DKK 22 million by way of transferred contributions from the Swedish deposit guarantee scheme.

At 31 December 2022, the Deposit Guarantee Fund had total assets of DKK 11.9 billion. Of these assets, the Banking Department accounted for DKK 8.4 billion and the Restructuring Department accounted for DKK 3.5 billion, DKK 3.2 billion of which consisted of guarantees. In addition, the Mortgage Credit Department had assets of DKK 11 million and the Investment and Portfolio Management Department had assets of DKK 12 million.

Loss guarantees provided

The Restructuring Department issued loss guarantees to Finansiel Stabilitet in connection with the resolution of

Amagerbanken af 2011 (FS Finans III A/S), Fjordbank Mors af 2011 (FS Finans IV A/S), Max Bank af 2011 (FS Finans II A/S) and Sparebank Østjylland af 2012 (FS Finans I A/S). Of these, only the loss guarantee regarding FS Finans IV A/S was activated.

Financing of the Deposit 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 ratio-based contribution model.

At 31 December 2022, the assets of the Banking Department amounted to DKK 8.4 billion, against a determined target level of DKK 6.5 billion. As the assets exceeded the target level by an excess coverage of DKK 1.9 billion, no contributions were collected for the Banking Department in 2022. Based on applicable rules in the area, the calculation of the target level of total assets currently does not take into account deposits serving certain social purposes.

Previous studies have shown that deposits serving certain social purposes in Denmark amount to some DKK 150-200 billion. When these are added to the calculation of the Banking Department's target level, the level grows to approximately DKK 8 billion, substantially reducing the excess coverage. It should also be mentioned that covered deposits have seen significant growth in recent years, which also reduces the excess coverage over time.

The Investment and Portfolio Management Department is required to have total assets of at least DKK 10 million, consisting entirely of commitments. No cash contributions are collected, but adjustments are made to the commitments.

Income statement for the Deposit Guarantee Fund

(DKKm)	2022	2021
Contributions to the Deposit Guarantee Fund	22	0
Yields of listed bonds	84	83
Value adjustment of bond portfolio	-630	-143
Purchase price adjustment from resolution of banks	0	7
Result of loss guarantee	5	21
Adjustment of expected dividend etc. from the estates in bankruptcy re. Fjordbank Mors and CapiNordic.	8	44
Administrative expenses	-5	-6
Result for the year	-516	6

Balance sheet for the Deposit Guarantee Fund

(DKKm)	2022	2021
ASSETS		
Deposits with banks and Danmarks Nationalbank	478	400
Bonds	7,467	8,074
Commitments made by banks, mortgage credit institutions and investment companies	3,218	3,217
Purchase price / dowry adjustment receivable	508	508
Other receivables	248	236
Total assets	11,919	12,435
EQUITY AND LIABILITIES		
Deposit Guarantee Fund	11,919	12,435
Total equity and liabilities	11,919	12,435

The Restructuring Department is required to have total assets of DKK 3.2 billion in commitments for resolution purposes. As the Department incurred no losses in 2022, it was not necessary to collect cash contributions. Instead, commitments were redistributed among the banks in the Department.

The Mortgage Credit Department is required to have total assets of at least DKK 10 million. However, the part of the assets collected on the basis of the covered funds must total at least DKK 2.5 million of the total assets. As the assets have reached the target level and Danish mortgage credit institutions no longer have covered cash funds, no cash contributions are collected. Finansiel Stabilitet only carries out an adjustment of commitments totalling DKK 7.5 million.

Area of coverage

The Deposit Guarantee Fund provides financial coverage to depositors and investors of Danish banks, mortgage credit institutions and investment companies as well as certain investment management companies and managers of alternative investment funds. 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.

Scope of coverage

The Deposit Guarantee Fund covers deposits and cash funds up to an amount of EUR 100,000 (approximately DKK 745,000).

In addition, certain special deposits with increased coverage are covered for a limited period, e.g. deposits which pursuant to legislation 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.

Pension funds, e.g. cash deposits into annuity pension and retirement pension schemes, are fully covered.

Securities

The Deposit Guarantee Fund also manages the investor guarantee scheme. For investors, this means that coverage is provided up to EUR 20,000 (approximately DKK 150,000) per investor, if the institution fails to return financial instruments which belong to the investor and which are held or managed by the institution.

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 to 12 months after the amount was deposited with the bank.

Branches in Denmark of Nordea Bank Abp, Swedbank AB, Nordnet Bank AB, Skandinaviska Enskilda Banken AB, Ikano Bank AB and Carnegie Investment Bank AB have applied for coverage under the Deposit Guarantee Fund as a supplement to the coverage provided by the national guarantee schemes.

It is the guarantee scheme of the host country 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. In certain situations, the Deposit Guarantee Fund may be required to make disbursements on behalf of deposit guarantee schemes of other countries.

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 legislative framework governing the Deposit Guarantee Fund's coverage is provided on www.fs.dk.

Income statement by department for 2022

(DKK'000)	Deposit Guarantee Fund, total	Banking Department	Mortgage Credit Department	Investment and Portfolio Management Department	Restructuring Department
General distribution					
Interest and value adjustment	-546,446				
Costs of asset management	-1,160				
Net financials	-547,606	-529,372	-224	-162	-17,848
Costs:					
Management fee, Finansielt Stabilitet	-4,188				
Total shared costs	-4,188	-3,001	-4	-4	-1,179
Total general distribution	-551,794	-532,373	-228	-166	-19,027
Specific distribution					
Contributions	22,187	22,187			
Adjustment of expected dividend etc. from estate in bankruptcy	8,297	8,297			
Surplus from the resolution of banks etc.	-87	-87			
Provision for losses on loss guarantees	5,239				5,239
Various directly attributable costs/income	4	-6		10	
Total specific distribution	35,640	30,391	-	10	5,239
Result for the year	-516,154	-501,982	-228	-156	-13,788

Assets by department for 2022

(DKK'000)	Deposit Guarantee Fund, total	Banking Department	Mortgage Credit Department	Investment and Portfolio Management Department	Restructuring Department
Contributions at 31 December 2022	0	0	0	0	0
Commitments made					
Balance at 1 January 2022	3,217,500		7,500	10,000	3,200,000
Balance at 31 December 2022	3,217,500		7,500	10,000	3,200,000
Retained earnings					
Balance at 1 January 2022	9,217,777	8,911,024	3,772	2,547	300,434
Result for the year	-516,154	-501,982	-228	-156	-13,788
Balance at 31 December 2022	8,701,623	8,409,042	3,544	2,391	286,646
Assets at 31 December 2022	11,919,123	8,409,042	11,044	12,391	3,486,646

Resolution Fund

Results in 2022

The Resolution Fund generated a surplus of DKK 907 million in 2022 (2021: DKK 1,022 million). The surplus was mainly attributable to payment of contributions to the Resolution Fund of DKK 1,124 million.

In 2022, the Resolution Fund's administrative expenses amounted to DKK 17 million, roughly offset by income allotted through the Finance and Appropriation Act. The administrative tasks relate to, among other things, legal work, work involved in preparing resolution plans, participation in resolution colleges for cross-border SIFs and building up of the Resolution Fund.

Including the contribution collected in 2022 of DKK 1,124 million, DKK 6.3 billion has been collected in total. In 2022, banks contributed DKK 764 million, mortgage credit institutions contributed DKK 360 million and investment companies contributed DKK 92 thousand. Of the total contribution, DKK 1,123 million was related to ratio-based collection of contributions from the 31 largest institutions. The remaining approximately DKK 1 million was paid by the remaining 44 institutions.

Activities

In 2022, significant progress was made in several areas of the work to develop resolution plans for Danish, Faroese and Greenland banks, mortgage credit institutions and the investment companies covered by the Act on Restructuring and Resolution of Certain Financial Enterprises. This work forms part of a common European effort to ensure the credibility of

the way member states handle failing banks and mortgage credit institutions etc., so that the institutions' crisis management bears 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. The resolution plans will be further developed over the next couple of years. This entails greater focus on establishing actual scripts in collaboration with the institutions to ensure that the resolution plan is operational.

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 measures 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.

Income statement for the Resolution Fund

(DKKm)	2022	2021
Premium income	1,124	1,061
Other income and expenses	-200	-19
Result of net financials and coverage activities	924	1,042
Administrative expenses etc.	-17	-20
Result for the year	907	1,022

Resolution of FS Finans V A/S' activities

In 2015, Finansielt Stabilitet assumed control of Andelskassen J.A.K. Slagelse, as the institution was failing and needed crisis management. As part of the takeover, all shareholders and a relevant part of the creditors were written down, as a valuation carried out by an independent valuation expert had shown that there were insufficient funds to cover these liabilities. 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 has taken place.

At 31 December 2022, FS Finans V A/S had loans and guarantees representing a total carrying amount of DKK 10 million and total assets of DKK 29 million.

At the end of 2022, the Resolution Fund had a total deficit of DKK 1 million in relation to the resolution of Andelskassen J.A.K. Slagelse.

Resolution of FS Finans VI A/S' activities

In 2018, Finansielt Stabilitet assumed control of Københavns Andelskasse, as the institution was failing and needed crisis management. As part of the takeover, shareholders and a part of the creditors were written down, as a valuation carried out by an independent valuation expert had shown that there were insufficient funds to cover all creditors. On 28 June 2019, Københavns Andelskasse under control deposited its licence to carry on banking and securities trading activities. The bank was at the same date converted into a financing company with the name of FS Finans VI A/S, from which the winding up of remaining loans will take place.

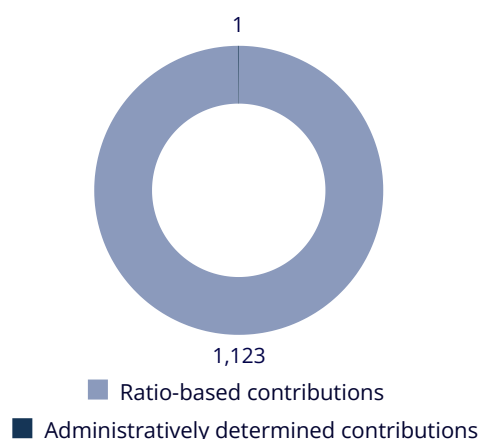
At 31 December 2022, FS Finans VI A/S had net loans and guarantees with a total carrying amount of DKK 8 million and total assets of DKK 52 million.

At the end of 2022, the Resolution Fund had a total gain of DKK 3 million in relation to the resolution of Københavns Andelskasse.

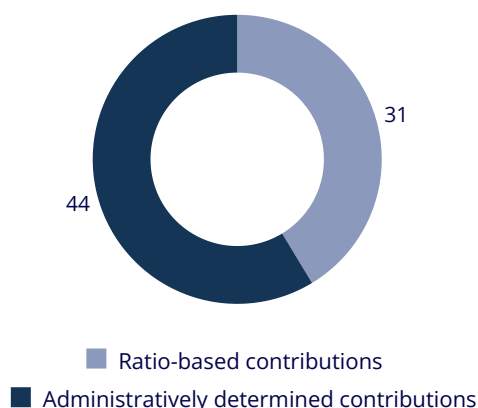
Balance sheet for the Resolution Fund

(DKKm)	2022	2021
ASSETS		
Demand deposits with central banks	3,204	2,099
Securities	2,778	2,975
Investments in associates etc.	78	86
Other assets	21	23
Total assets	6,081	5,183
EQUITY AND LIABILITIES		
Other liabilities	69	77
Provisions	6	7
Total liabilities	75	84
Resolution Fund	6,006	5,099
Total equity and liabilities	6,081	5,183

Contributions collected 2022 (DKKm)



No. of institutions



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.

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 an administratively determined contribution, while a ratio-based 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 2022, the assets of the Resolution Fund amounted to DKK 6 billion, against a determined target level of DKK 8.3 billion. In recent years, Finansiel Stabilitet has observed annual increases in the covered deposits in Danish banks.

In 2021, like in previous years, Finansiel Stabilitet therefore decided to determine the target level on the basis of an estimated projection of covered deposits to 2024, which meant that the target level of the Resolution Fund was raised.

This practice is expected to be used in 2023 as well. Accordingly, a small increase in contributions from the comprised institutions is to be expected.

Financial position

The Resolution Fund's liquid assets totalled DKK 6 billion at 31 December 2022. 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. As is the case for the Deposit Guarantee Fund, an overall investment profile has been adopted that is based on investments being made in low-risk cash funds.

Scope

Finansiel Stabilitet may take resolution measures in accordance with the Act on Restructuring and Resolution of Certain Financial Enterprises if the following conditions are met: (1) the Danish FSA has informed Finansiel Stabilitet that the bank is failing or is likely to fail, (2) the Danish FSA has informed Finansiel Stabilitet that there is no prospect that other measures, including measures taken by the private sector or the Danish FSA, within an appropriate time frame would prevent a resolution of the enterprise, (3) Finansiel Stabilitet assesses that a resolution is necessary in the public interest.

When these conditions are met, Finansiel Stabilitet may e.g. assume control over the enterprise, effect a full or partial sale of the enterprise, transfer all or parts 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, the principle applies that no creditor may be placed at a financial disadvantage relative 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 Deposit 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 Resolution Fund may also in special circumstances be used to directly cover a company's losses generally when at least 8% of the company's liabilities and total capital have been written down or converted. In such situation, the Resolution Fund may contribute assets equivalent to up to 5% of the enterprise's liabilities and total capital. However, in the preparation of resolution plans, this option is not assumed to be used.

Legislative framework

The legislative framework of the Resolution Fund and Finansiell Stabilitet's restructuring and resolution activities 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, see Executive Order no. 2018 of 26 October 2021, and on Finansiell Stabilitet's use of resolution measures, see Executive Order no. 822 of 3 July 2015.

The Act on Restructuring and Resolution of Certain Financial Enterprises entered into force on 1 June 2015. The Act became effective for the Faroe Islands and Greenland on 1 January 2018 and 1 January 2020, respectively.

The rules implement Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 (BRRD) as amended by, among others, Directive 2019/879/EU of the European Parliament and of the Council of 20 May 2019 (BRRD II). With a view to achieving a uniform application of the rules, the European Commission issues delegated acts and implementing acts in this area.

On 11 August 2021, the Danish FSA decided that the Resolution Fund constitutes a public sector entity under Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (CRR) and that exposures to the Resolution Fund are assigned a 0 risk weighting pursuant to Article 116(4) of the Regulation.

Significant risks

The principal risks affecting Finansiell Stabilitet concern the uncertainty related to the resolution of activities taken over by Finansiell Stabilitet under Bank Packages I-IV and the risk of losses on contributed capital from the Resolution Fund in connection with the restructuring and resolution of failing banks etc.

To reflect the financial distribution between Bank Package activities, the Deposit Guarantee Fund and the Resolution Fund, Finansiell 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 23 to the financial statements.

Bank Package activities

Risks under Bank Package activities are to a considerable extent influenced by the special tasks involved in taking over and resolving failing banks under the Bank Packages. As the customer exposures and lawsuits have been significantly reduced, the risk of losses is considered to be relatively low.

Deposit Guarantee Fund

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

Resolution Fund

Significant risks under 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 FS Finans VI A/S, as any impairment of the remaining assets and lack of profitability will have an adverse effect on the Resolution Fund. Following recent developments, the result is close to 0.

Moreover, going forward, the investment of the Resolution Fund's investable funds will be subject to the same risk factors as those of the Deposit Guarantee Fund, as the investment strategies are identical.

Events after the balance sheet date

No events have occurred after the year end that have a significant effect on the Group's financial position.

Outlook for 2023

The outlook for 2023 is determined for each of the three funds of the Finansiell Stabilitet Group. For the Resolution Fund, a surplus of approx. DKK 1 billion is expected, corresponding to the expected payments from the institutions that have an obligation to pay contributions to the Resolution Fund. The Bank Package activities and the Deposit Guarantee Fund are expected to post a small surplus.

The outlook is subject to considerable uncertainty.

Any changes in interest rates could affect the results of all three funds, but for the Resolution Fund and the Deposit Guarantee Fund in particular, the interest risk implies a risk of significant fluctuations in results.

Furthermore, the result of the Bank Package activities for 2023 remains subject to uncertainty. Accordingly, the guidance provided above does not include any potential effect on operations of value adjustments of assets, should the resolution results prove either higher or lower than the carrying amounts.

Furthermore, the continuing war in Ukraine and the geopolitical uncertainty may impact economic developments and, consequently, the Company's result for 2023. In light of the recent financial market performance, Finansiell Stabilitet closely monitors developments and regularly discusses the situation with the Ministry of Industry, Business and Financial Affairs, Danmarks Nationalbank and the Danish FSA.

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 recommendations of the Committee on Corporate Governance to the widest extent possible, even though Finansiel Stabilitet is not directly comprised by the recommendations. This annual report includes reporting on compliance with the Corporate Governance Recommendations, which were updated in December 2020 and are effective for financial years beginning on or after 1 January 2021.

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. In light of the special tasks to be performed in accordance with the legislative framework, certain parts of the decisions on acceptance of risk are not left to the Board of Directors as would normally be the case. Against this background, Finansiel Stabilitet has assessed that it is not relevant to comply with the Committee's corporate governance recommendations in relation to risk management. Within the given framework, the Board of Directors of Finansiel Stabilitet has sought to enhance the risk management efficiency of the assets taken over.

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.

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 Document for Finansiel Stabilitet, which also contains guidelines for exchange of information.

Finansiel Stabilitet publishes interim financial statements and releases quarterly 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 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. 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.

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.

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 in part consist of Finansiel Stabilitet's general management. 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. 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 12 board meetings were held in 2022, including 5 extraordinary board meetings. A total of 11 board meetings were held in 2021.

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 semi-annual reporting, including information about economic developments 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 evaluates 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 2022, the Board of Directors of Finansiel Stabilitet consisted of seven members.

The 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. At the annual general meeting held on 29 April 2022, Peter Engberg Jensen, Anne Louise Eberhard, Ulrik Rammeskov Bang-Pedersen Ole Selch Bak, Morten Sommerfeldt and Jesper Rangvid were re-elected to the Board of Directors.

Peter Engberg Jensen was re-elected as Chairman, and Anne Louise Eberhard was re-elected as Deputy Chairman. At the extraordinary general meeting held on 30 June 2022, Anne Louise Eberhard was elected as Chairman of the Board of Directors and Ole Selch Bak as Deputy Chairman. Both were appointed for a period of one year from the annual general meeting held on 29 April 2022. Pernille Vastrup was re-elected to the Board of Directors, and Ulrikke Ekelund was elected to the Board of Directors. Peter Engberg Jensen resigned from the Board of Directors.

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.

Management Board

The Management Board is composed of Karsten Bilstoft, CEO. Until 31 December 2022, the Management Board along with Marianne Simonsen, EVP Legal and Credit, and Jens Verner Andersen, EVP Finance and IT were in charge of the day-to-day management of Finansiel Stabilitet.

As part of an organisational change, the day-to-day

management of Finansielt Stabilitet has been expanded to five members, as at 1 January 2023 consisting of Karsten Billoft (CEO), Jens Verner Andersen (EVP Credit, Finance and IT), Attorney Carsten Oppermann (Deputy Director, Legal), Jeanette Bjørnlund Jensen (Head of Division, Credit, Research and Investment) and Karin Lykke Rasmussen (Head of the Management Secretariat, Communication and Projects).

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 2022, remuneration paid to the Board of Directors amounted to DKK 1,362 thousand. The remuneration of the Board of Directors is disclosed on www.fs.dk.

The remuneration of the Management Board is determined by the Board of Directors, and in 2022 the remuneration of the Management Board consisted of a basic salary.

Finansielt 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 remuneration of the Management Board is disclosed on www.fs.dk.

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.

Finansielt 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.

Finansielt Stabilitet abides by legally binding agreements 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. Finansielt 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, Finansielt Stabilitet assesses and adjusts its internal control and risk management systems on an ongoing basis.

Finansielt Stabilitet has established a whistleblower scheme for the Group, which is accessible via Finansielt Stabilitet's website, www.fs.dk. 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 Finansielt Stabilitet stakeholders can report, anonymously or not, on any serious misconduct.

Auditors

The activities of Finansielt 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. EY was appointed auditors of the Finansielt Stabilitet Group's activities in 2022.

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 specifically by restructuring and resolving failing banks. In periods of financial turmoil, a sense of security for the continuation of significant critical infrastructure is ensured when it is in the interest of the general public.

In crisis management, focus is on minimising losses on assets taken over, minimising costs payable out of public funds and contributing to ensuring stability in a broader context. Stability in a broader context is ensured in terms of winding up by Finansiel Stabilitet adapting the disposal of activities to prevailing market conditions.

Moreover, Finansiel Stabilitet aims for business with the Group's customers taken over from failing banks to continue under the auspices of other banks to the extent possible or under the auspices of purchasers who are obliged to manage the customers in accordance with the Executive Order on good business practice for financial undertakings.

Finansiel Stabilitet furthermore has a tax policy that sets out the framework for its conduct in relation to the sale of tax assets of subsidiaries. Finansiel Stabilitet is required, in the interests of any creditors or other stakeholders, to consider the value of any tax assets in connection with the resolution of failing institutions. At the same time, focus is on ensuring expedient handling from a social perspective.

Finansiel Stabilitet and its subsidiaries live up to their responsibility as employers, business partners and consumers of natural resources. The approach is based on activities being conducted in a manner that will minimise any negative environmental, social, human rights and anti-corruption impacts.

Finansiel Stabilitet has defined its principles in a CSR policy. As part of its CSR efforts, Finansiel Stabilitet will sign up to relevant recognised standards, including the principles and guidelines defined by the UN.

Employees

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

employment. 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.

Finansiel Stabilitet has combined the guidelines in a code of conduct, which is available on Finansiel Stabilitet's website. These guidelines provide clarity as to Finansiel Stabilitet's position on independence, conflicts of interest, etc.

The staff is adjusted on an ongoing basis in relation to the scope of work. In 2022, Finansiel Stabilitet had 41 employees on average, which is unchanged from the level in 2021.

Gender composition of Management

Finansiel Stabilitet strives to achieve relevant diversity in terms of e.g. age and gender at the Group's management levels. Against this background, 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, FS Finans V A/S, FS Finans VI A/S and FS Ejendomsselskab A/S, one is female and two are male. Accordingly, Finansiel Stabilitet meets its target for boards of directors.

The Company also aims to ensure an appropriate 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. The gender composition of Finansiel Stabilitet's general management is two female and three male members. Finansiel Stabilitet thus meets its gender composition target for the general management.

Finansiel Stabilitet is focused on gender composition in connection with its employment and recruitment procedures.

Business partners and suppliers

The Company is focused on using suppliers who comply with applicable and relevant standards in the specific area. This applies e.g. 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.

Environmental and climate impact

Regardless of the relatively limited effect, Finansiel Stabilitet continually seeks to limit environmental and climate effects in the performance of its activities. Finansiel Stabilitet furthermore makes efforts to measure environmental impacts and define targets for reducing any negative consequences.

Data ethics

In performing its activities, Finansiel Stabilitet seeks to support a high level of data ethics. Finansiel Stabilitet does not actively process data or use algorithms for data analyses in excess of what is to be expected in the conduct of the Company's central tasks. In order to ensure transparency and reliability in terms of data processing, Finansiel Stabilitet is in the process of drawing up a data ethics policy which reflects the relatively simple use of data in the Company.



FINANCIAL
STATEMENTS 2022

Income statement and comprehensive income statement

(DKKm)	Note	Group		Parent company	
		2022	2021	2022	2021
Interest and fees					
Interest income calculated according to the effective interest method	4	3	7	2	17
Other interest income	4	114	113	114	113
Interest expense	5	0	34	0	34
Net interest income		117	86	116	96
Share dividends, etc.		0	1	0	0
Contributions to the Deposit Guarantee Fund		22	0	22	0
Contributions to the Resolution Fund		1,124	1,061	1,124	1,061
Fees and commissions received	6	2	2	1	1
Net interest and fee income		1,265	1,150	1,263	1,158
Market value adjustments	7	-859	-182	-861	-190
Other operating income	8	109	90	127	96
Staff costs and administrative expenses	9	136	98	127	88
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		3	2	3	2
Other operating expenses	10	29	-21	41	5
Impairment losses on loans, advances and receivables, etc.	11	-62	-78	-49	-31
Income from investments in associates and subsidiaries	12	5	0	2	22
Purchase price and dowry adjustment	20	-12	-4	-7	30
Result for the year before tax		402	1,053	402	1,052
Tax	13	0	1	0	0
Result for the year		402	1,052	402	1,052
Other comprehensive income					
Items that cannot be reclassified to the income statement					
Actuarial gains/losses		1	-1	1	-1
Tax on other comprehensive income		0	0	0	0
Total other comprehensive income		1	-1	1	-1
Total comprehensive income		403	1,051	403	1,051
Appropriation of surplus					
Deposit Guarantee Fund				-516	6
Resolution Fund				907	1,022
Retained earnings				12	23
Total amount appropriated				403	1,051

Balance sheet

(DKKm)	Note	Group		Parent company	
		2022	2021	2022	2021
ASSETS					
Cash in hand and demand deposits with central banks		9,911	8,149	9,911	8,149
Due from credit institutions and central banks	14	5	13	3	7
Loans, advances and other receivables at amortised cost	11,15	33	91	12	20
Bonds at fair value etc.	16	10,248	11,615	10,248	11,615
Shares, etc.	17	10	12	1	5
Investments in associates etc.	18	8	35	8	35
Investments in subsidiaries		0	0	166	169
Investment properties	19	12	10	12	10
Lease assets		9	5	9	5
Commitments made by banks, mortgage credit institutions and investment companies		3,218	3,217	3,218	3,217
Purchase price and dowry adjustment receivable		0	0	1,624	1,631
Current tax assets		0	2	0	0
Other assets		436	336	455	355
Prepayments		2	2	2	2
Total assets		23,892	23,487	25,669	25,220

Balance

(DKKm)	Note	Group		Parent company	
		2022	2021	2022	2021
EQUITY AND LIABILITIES					
Liabilities					
Lease liability		9	5	9	5
Current tax liabilities		0	1	0	0
Other liabilities		360	316	2,442	2,368
Total liabilities other than provisions		369	322	2,451	2,373
Provisions					
Provision for pensions and similar liabilities	9	27	29	6	7
Provision for losses on guarantees		8	13	3	6
Purchase price adjustment (earn-out)	20	271	259	0	0
Other provisions	21	22	42	14	12
Total provisions		328	343	23	25
Total liabilities		697	665	2,474	2,398
Equity					
Finansiel Stabilitet		5,270	5,258	5,270	5,258
Deposit Guarantee Fund		11,919	12,435	11,919	12,435
Resolution Fund		6,006	5,099	6,006	5,099
Proposed dividend		0	30	0	30
Total equity		23,195	22,822	23,195	22,822
Total equity and liabilities		23,892	23,487	25,669	25,220

Other notes

Note 1	Accounting policies
Note 2	Segment information for the Group
Note 3	Segment information for the parent company
Note 22	Contingent assets and liabilities
Note 23	Financial risk management
Note 24	Related parties
Note 25	Group overview
Note 26	Break-down of balance sheet items by contractual and expected terms to maturity
Note 27	Fair value disclosure
Note 28	Fair value of balance sheet items at amortised cost
Note 29	Return on financial instruments
Note 30	Finansiel Stabilitet 2018-2022 (financial highlights)

Statement of changes in equity

Group (DKKm)	2022						2021
	Finansiel Stabilitet			Deposit Guarantee Fund	Resolution Fund	Total equity	
	Subordinated assets	Retained earnings	Proposed dividend				
Equity as at 1 January	1	5,257	30	12,435	5,099	22,822	21,771
Comprehensive income for the year		12		-516	907	403	1,051
Dividend paid		0	-30	0	0	-30	0
Equity as at 31 December	1	5,269	0	11,919	6,006	23,195	22,822

Parent company (DKKm)	2022						2021
	Finansiel Stabilitet			Deposit Guarantee Fund	Resolution Fund	Total equity	
	Subordinated assets	Retained earnings	Proposed dividend				
Equity as at 1 January	1	5,257	30	12,435	5,099	22,822	21,771
Comprehensive income for the year		12		-516	907	403	1,051
Dividend paid		0	-30	0	0	-30	0
Equity as at 31 December	1	5,269	0	11,919	6,006	23,195	22,822

Cash flow statement

(DKKm)	Group	
	2022	2021
Cash flows from operating activities		
Comprehensive income for the year	403	1,051
Impairment of loans, etc., net (income)	-62	-78
Depreciation/amortisation	3	2
Unrealised market value adjustments of securities	810	164
Other	-5	1
Total operating activities	1,149	1,140
Working capital		
Changes in loans, advances and other receivables	120	234
Changes in securities	567	2,697
Changes in other assets and liabilities	-35	-136
Total working capital	652	2,795
Total cash flows from operating activities	1,801	3,935
Cash flows from investing activities		
Investment portfolio	-8	-78
Purchase/sale of property, plant and equipment	-9	-1
Total	-17	-79
Cash flows from financing activities		
Dividend	-30	0
Total	-30	0
Total cash flows for operating, investing and financing activities	1,754	3,856
Change in cash and cash equivalents		
Cash and cash equivalents, beginning of year	8,162	4,306
Change during the year	1,754	3,856
Cash and cash equivalents, end of year	9,916	8,162
Cash and cash equivalents comprise:		
Cash in hand and demand deposits with central banks	9,911	8,149
Due from credit institutions and central banks within less than three months	5	13
Cash and cash equivalents, end of year	9,916	8,162

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.

Certain disclosures have been omitted in order to provide a better overview and reduce the number of note disclosures. This has been the case where the amounts and qualitative information are regarded as insignificant.

As of 1 January 2022, the Finansiel Stabilitet Group has implemented the IFRS standards and interpretations that are effective in the EU for 2022. The implementation of the adopted amendments and new standards has not affected recognition or measurement for 2022.

Apart from the above, the accounting policies are consistent with those applied in 2021.

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. Finansiel Stabilitet does not expect to implement the new accounting standards and interpretations until they become mandatory. None of the new standards or interpretations are expected to significantly affect the financial reporting of the Group.

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 company has a legal or constructive obligation as a result of past events and it is probable that future economic benefits will flow from the business and the value of the liability can be reliably measured.

Financial instruments – general

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

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, commitments made by banks, mortgage credit institutions and investment companies and related interest.

Bonds are measured at fair value through the income statement 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 the income statement, as contractual cash flows from these instruments are not solely payments of principal and interest on the principal amount outstanding. Finansiel 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.

Consolidated financial statements

The consolidated financial statements comprise the parent company, Finansiel Stabilitet IPC, and subsidiaries which the parent company controls. Control is achieved by directly or indirectly owning or having disposal of more than 50% of the voting rights or otherwise having control of the company in question.

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.

Balance sheet

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 Finansiel 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.

Finansiel Stabilitet is charged with resolving loans taken over in the best way possible. Accordingly, the business model regarding loans and advances is solely to collect outstanding amounts 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 credit 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 the income statement 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 the income statement as these occur.

As Finansiel 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, Finansiel 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, Finansiel 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.

After a long resolution process, the remaining loans and guarantees taken over by the Group from failing banks under Bank Packages I-IV and from Andelskassen J.A.K. Slagelse and Københavns Andelskasse are considered to be stage 3 exposures, which are either credit-impaired or in default. The remaining portfolio of loans is either in bankruptcy, reconstruction or debt restructuring, or their creditworthiness is so poor that no other banks have been willing to take over the exposures.

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. Expected future cash flows are calculated with due consideration being given to the exposure's repayment ability, dividends and any enforcement of collateral.

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.

Finansiel 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 similar approaches.

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 similar approaches.

Investments in associates etc.

Associates are recognised at the lower of the proportionate share of net asset value and recoverable amount.

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.

Leases

All leases entered into (other than leases of short duration) in

which the Group is the lessee 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.

Commitments made by banks, mortgage credit institutions and investment companies

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

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 taxable income for the year, adjusted for tax on prior years' taxable income and for tax paid under the on-account tax scheme.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and tax base of assets and liabilities.

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.

Other assets

The item comprises assets not classified under any other asset item, including 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 interest payable etc.

Provisions

The item Provisions comprises provisions made in connection with legal disputes, guarantees, employee benefits, etc.

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 Deposit 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.

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 Deposit Guarantee Fund

The item comprises the banks' premium payments to the Deposit 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 of banks taken over, 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 through the income statement/other comprehensive income.

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

Investments in subsidiaries

Investments in subsidiaries are recognised and measured at net asset value in the parent company financial statements in accordance with the Executive Order on Financial Reporting.

Purchase price and dowry adjustment receivable

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

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 from operating, investing and financing activities, changes for the year in cash and cash equivalents and 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, i.e. 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 follow-up on results. 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 activities, the Deposit Guarantee Fund under the Depositor and Investor Guarantee Scheme and the Resolution Fund.

Accordingly, the Group's reporting segments are:

Bank Package activities

- *Bank Package I*
This segment comprises the original Bank Package I activities.
- *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 A/S (Max Bank af 2011), FS Finans III A/S (Amagerbanken af 2011) and FS Finans IV A/S (Fjordbank Mors af 2011).
- Counselling for mink farmers and administration of the government guarantee scheme for home loans in rural districts.

Deposit Guarantee Fund

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

Resolution Fund

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

Segment information for the parent company

Finansiel Stabilitet comprises three principal reporting segments: Bank Package activities, the Deposit Guarantee Fund and the Resolution Fund, see above.

2. Segment information for the Group

Activities for the financial year ended 31 December 2022

Group (DKKm)	Bank Package activities	Deposit Guarantee Fund	Resolution Fund	Eliminations	Total
Net interest income	0	84	33		117
Contributions to Deposit Guarantee Fund & Resolution Fund	-	22	1,124		1,146
Other net fee income and market value adjustments, etc.	13	-625	-240	-5	-857
Purchase price and dowry adjustment	-12	0	-		-12
Other operating income/expenses, net	76	8	18	-25	77
Operating expenses	129	5	31	-30	135
Impairment losses on loans and guarantees etc.	-59	0	-3		-62
Income from investments in associates	5	0	0		5
Comprehensive income for the year before tax	12	-516	907		403
Tax	0	0	0		0
Comprehensive income for the year	12	-516	907		403
Total assets as at 31 December 2022	6,471	11,919	6,023	-521	23,892
Investments in associates 31 Dec. 2022 at net asset value	8				8
Total liabilities as at 31 December 2022	1,201	0	17	-521	697

Activities for the financial year ended 31 December 2021

Bank Package activities (DKKm)	Bank Package I	Bank Packages III and IV	Eliminations	Total
Net interest income	0	0		0
Other net fee income and market value adjustments, etc.	10	3		13
Purchase price and dowry adjustment	-7	-5		-12
Other operating income/expenses, net	73	13	-11	75
Operating expenses	124	16	-11	129
Income re. government-guaranteed mortgages in rural districts	1	0		1
Impairment losses on loans and guarantees etc.	-49	-10		-59
Income from investments in associates	10	0	-5	5
Comprehensive income for the year before tax	12	5	-5	12
Tax	0	0		0
Comprehensive income for the year	12	5	-5	12
Total assets as at 31 December 2022	7,626	2,028	-3,183	6,471
Investments in associates 31 Dec. 2022 at net asset value	8			8
Total liabilities as at 31 December 2022	2,356	1,983	-3,138	1,201

2. Segment information for the Group - continued

Activities for the financial year ended 31 December 2021

Group (DKKm)	Bank Package activities	Deposit Guarantee Fund	Resolution Fund	Eliminations	Total
Net interest income	-22	83	25		86
Contributions to Deposit Guarantee Fund & Resolution Fund	-	0	1,061		1,061
Other net fee income and market value adjustments, etc.	27	-122	-63	-21	-179
Purchase price and dowry adjustment	-11	7	-		-4
Other operating income/expenses, net	50	44	28	-13	109
Operating expenses	92	6	35	-34	99
Impairment losses on loans and guarantees etc.	-72	0	-6		-78
Income from investments in associates	0	0	0		0
Comprehensive income for the year before tax	24	6	1,022		1,052
Tax	1	0	0		1
Comprehensive income for the year	23	6	1,022		1,051
Total assets as at 31 December 2021	6,457	12,435	5,118	-523	23,487
Investments in associates 31 Dec. 2021 at net asset value	35				35
Total liabilities as at 31 December 2021	1,169	0	19	-523	665

Activities for the financial year ended 31 December 2021

Bank Package activities (DKKm)	Bank Package I	Bank Packages III and IV	Eliminations	Total
Net interest income	-11	-11		-22
Other net fee income and market value adjustments, etc.	17	10		27
Purchase price and dowry adjustment	23	-34		-11
Other operating income/expenses, net	30	24	-4	50
Operating expenses	85	8	-4	89
Expenses re. debt counselling for mink farmers	3	-		3
Impairment losses on loans and guarantees etc.	-31	-41		-72
Income from investments in associates	21	0	-21	0
Comprehensive income for the year before tax	23	22	-21	24
Tax	0	1		1
Comprehensive income for the year	23	21	-21	23
Total assets as at 31 December 2021	7,560	2,033	-3,136	6,457
Investments in associates 31 Dec. 2021 at net asset value	35			35
Total liabilities as at 31 December 2021	2,272	1,992	-3,095	1,169

3. Segment information for the parent company

Activities 2022 (DKKm)	Bank Package activities	Deposit Guarantee Fund	Resolution Fund	Elimina- tions	Total
Net interest income	0	84	32		116
Contributions to Deposit Guarantee Fund & Resolution Fund	-	22	1,124		1,146
Other net fee income and market value adjustments, etc.	10	-625	-240	-5	-860
Purchase price and dowry adjustment	-7	0	-		-7
Other operating income/expenses, net	74	8	16	-15	83
Operating expenses	124	5	17	-20	126
Impairment losses on loans and guarantees etc.	-49	0	0		-49
Income from investments in associates and subsidiaries	10	0	-8		2
Comprehensive income for the year	12	-516	907		403
Total assets as at 31 December 2022	7,669	11,919	6,081		25,669
Total liabilities as at 31 December 2022	2,399	0	75		2,474

Activities 2021 (DKKm)	Bank Package activities	Deposit Guarantee Fund	Resolution Fund	Elimina- tions	Total
Net interest income	-10	83	23		96
Contributions to Deposit Guarantee Fund & Resolution Fund	-	0	1,061		1,061
Other net fee income and market value adjustments, etc.	17	-122	-63	-21	-189
Purchase price and dowry adjustment	23	7	-		30
Other operating income/expenses, net	27	44	20	-2	89
Operating expenses	86	6	20	-23	89
Impairment losses on loans and guarantees etc.	-31	0	0		-31
Income from investments in associates and subsidiaries	21	0	1		22
Comprehensive income for the year	23	6	1,022		1,051
Total assets as at 31 December 2021	7,602	12,435	5,183		25,220
Total liabilities as at 31 December 2021	2,314	0	84		2,398

(DKKm)	Group		Parent company	
	2022	2021	2022	2021
4. Interest income				
Due from credit institutions and central banks	2	0	2	0
Loans, advances and other receivables at amortised cost	1	5	0	1
Bonds	114	113	114	113
Other interest income	0	2	0	16
Total	117	120	116	130
Interest income relates to:				
Liabilities at amortised cost	0	0	0	14
Assets at amortised cost	3	7	2	3
Assets at fair value	114	113	114	113
Total	117	120	116	130
5. Interest expense				
Due from credit institutions and central banks	0	34	0	34
Total	0	34	0	34
6. Fees and commissions				
Fees and commissions received				
Guarantees	2	2	1	1
Total	2	2	1	1
7. Market value adjustments				
Bonds	-864	-207	-864	-207
Shares, etc.	3	25	1	17
Investment properties	2	2	2	2
Other assets and liabilities	0	-2	0	-2
Total	-859	-182	-861	-190
Of this, market value adjustments of assets and liabilities at fair value	-859	-182	-861	-190
8. Other operating income				
Expected dividend	15	45	15	45
Sale of administrative services	4	0	4	0
Damages awarded through litigation and settlement	71	12	71	12
Income from group companies	0	0	21	15
Gain from disposal of exposures	1	5	0	0
Income from the Danish FSA	16	20	16	20
Other items	2	8	0	4
Total	109	90	127	96

(DKKm)	Group		Parent company	
	2022	2021	2022	2021
9. Staff costs and administrative expenses				
Board of Directors' remuneration and salary	1	1	1	1
Staff costs:				
Salaries*	38	36	38	36
Pensions	4	2	4	2
Total	42	38	42	38
Other administrative expenses	93	59	84	49
Total	136	98	127	88
Average number of employees converted into full-time equivalent	41	41	41	41

*) Including salaries to the Management Board and severance pay.

Information about the remuneration of individual members of the Board of Directors and Management Board is available at Finansielt Stabilitet's website, www.fs.dk.

Other material risk takers

The Finansielt Stabilitet Group has identified 2 other material risk takers in 2022 and 2021. Salaries include fixed remuneration to these in the total amount of DKK 4.2 million (2021: DKK 4.1 million). For disclosure requirements in accordance with the Danish executive order on remuneration policy and public disclosure of salaries in financial institutions, etc. (not comprised by audits) see www.fs.dk.

Provisions for defined benefit plans

Pension provisions are calculated on the basis of the Danish FSA's yield curve and benchmark mortality rate. The defined benefit plans are unfunded, and Finansielt Stabilitet thus does not own any pension assets.

Present value of pension obligations	27	29	6	7
Total	27	29	6	7
Movements in provisions for defined benefit plans				
Provision, beginning of year	29	29	7	7
Calculated interest expenses	1	1	0	0
Actuarial gains/losses	-1	1	0	0
Pensions paid	-2	-2	-1	-1
Provision, end of year*	27	29	6	7
Defined benefit costs recognised in the income statement/ other comprehensive income				
Calculated interest expenses	1	1	0	0
Actuarial gains/losses	-1	1	0	1
Defined benefit costs	0	2	0	1
Actuarial assumptions:				
Discount rate	4.0%	3.0%	4.0%	3.0%
Pension adjustment rate	3.5%	2.0%	3.5%	2.0%
Fees to auditors appointed in general meeting				
Total fees to the auditors appointed in general meeting (EY) can be specified as follows:				
Statutory audit	0.3	0.3	0.3	0.3
Non-audit services	0.2	0.1	0.2	0.1
Total audit fees	0.5	0.4	0.5	0.4

* The figures include rounding differences.

Group

Parent company

(DKK)	2022	2021	2022	2021
10. Other operating expenses				
Provision for litigation and settlement	25	-31	37	-4
Other operating expenses	4	10	4	9
Total	29	-21	41	5

(DKKm)	Group	
11. Impairment losses on loans, advances and receivables, etc.		
2022		
		Loans, etc. Stage 3 credit-impaired
		Impact on operations
Loans, advances and other receivables at amortised cost		
Impairment losses and provisions, beginning of year		1,295
Amount lost on previously written-down debt		-420
Impairment losses and provisions during the year		13
Reversed impairment losses and provisions		-42
Impairment losses and provisions, end of year		846
Amounts received on previously written-off claims etc.		-33
Impairment losses charged to income statement		-62

Impairment losses/adjustment for credit risk, end of year	Impairment losses beginning of year	Finally lost	Impairment losses during 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	1,282	-420	13	-37	838
Guarantees	13	0	0	-5	8
Total	1,295	-420	13	-42	846

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, 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. The measures depend on the individual situation. Over time, Finansiel Stabilitet has on an interim basis written off financial assets amounting to DKK 9.7 billion, which it continues to attempt to collect, including by suspension of the limitation period.

(DKKm)

Parent
company

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

2022

	Loans, etc. Stage 3 credit- impaired	Impact on operations
Loans, advances and other receivables at amortised cost		
Impairment losses and provisions, beginning of year	918	
Amount lost on previously written-down debt	-322	
Impairment losses and provisions during the year	7	7
Reversed impairment losses and provisions	-29	-29
Impairment losses and provisions, end of year	574	-22
Amounts received on previously written-off claims etc.		-27
Impairment losses charged to income statement		-49

Impairment losses/adjustment for credit risk, end of year	Impairment losses, beginning of year	Finally lost	Impairment losses during 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	912	-322	7	-26	571
Guarantees	6	0	0	-3	3
Total	918	-322	7	-29	574

(DKKm)

Group

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

2021

	Loans, etc. Stage 3 credit- impaired	Impact on operations
Loans, advances and other receivables at amortised cost		
Impairment losses and provisions, beginning of year	2,214	
Amount lost on previously written-down debt	-854	
Impairment losses and provisions during the year	19	19
Reversed impairment losses and provisions	-84	-84
Impairment losses and provisions, end of year	1,295	-65
Amounts received on previously written-off claims etc.		-13
Impairment losses charged to income statement		-78

Impairment losses/adjustment for credit risk, end of year	Impairment losses, beginning of year	Finally lost	Impairment losses during 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	2,180	-854	19	-63	1,282
Guarantees	34	0	0	-21	13
Total	2,214	-854	19	-84	1,295

(DKKm)

Parent
company

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

2021

	Loans, etc. Stage 3 credit- impaired	Impact on operations
Loans, advances and other receivables at amortised cost		
Impairment losses and provisions, beginning of year	1,140	
Amount lost on previously written-down debt	-211	
Impairment losses and provisions during the year	16	16
Reversed impairment losses and provisions	-27	-27
Impairment losses and provisions, end of year	918	-11
Amounts received on previously written-off claims etc.		-20
Impairment losses charged to income statement		-31

Impairment losses/adjustment for credit risk, end of year	Impairment losses, beginning of year	Finally lost	Impairment losses during 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	1,127	-211	16	-20	912
Guarantees	13	0	0	-7	6
Total	1,140	-211	16	-27	918

(DKKm)	Group		Parent company	
	2022	2021	2022	2021
12. Income from investments in associates and subsidiaries				
Income from investments in associates	5	0	5	0
Income from investments in subsidiaries	0	0	-3	22
Total	5	0	2	22
13. Tax				
Estimated tax on income for the year	0	1		
Total	0	1		
Effective tax rate				
Corporate tax rate in Denmark	22%	22,0%		
Tax-exempt activities and unrecognised deferred tax assets	-22%	-21,9%		
Effective tax rate	0%	0,1%		
Finansiel Stabilitet A/S is exempt from taxation				
14. Due from credit institutions and central banks				
Due from credit institutions – on demand	5	13	3	7
Total balances due from credit institutions and central banks	5	13	3	7

(DKKm)	Group		Parent company	
	2022	2021	2022	2021
15. Loans, advances and other receivables				
Loans, advances and other receivables at amortised cost	33	91	12	20
Impairment losses	838	1,282	571	912
Total loans, advances and other receivables before impairment losses	871	1,373	583	932
Break-down:				
Loans, advances and other receivables at amortised cost	369	571	199	318
Claims against estates in bankruptcy etc.	502	802	384	614
Total loans and advances, gross	871	1,373	583	932
Broken down by term to maturity				
On demand	838	1,336	579	926
3 months or less	1	1	0	0
Between 3 months and 1 year	3	4	1	1
Between 1 and 5 years	13	15	3	4
More than 5 years	16	17	0	1
Total	871	1,373	583	932

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 23.

Credit exposure				
Balance sheet items:				
Cash in hand and demand deposits with central banks	9,911	8,149	9,911	8,149
Due from credit institutions and central banks	5	13	3	7
Loans, advances and other receivables at amortised cost	33	91	12	20
Total credit exposure recognised in balance sheet	9,949	8,253	9,926	8,176
Off-balance sheet items:				
Loss guarantees for mortgage loans	108	118	57	63
Other guarantees and commitments	8	17	2	6
Total credit exposure	10,065	8,388	9,985	8,245

Related collateral is set out further below in note 15.

15. Loans, advances and other receivables – continued

Credit institutions and central banks

Of the remaining credit exposure, DKK 9.9 billion relates to amounts due from central banks. No impairment losses have been recognised on amounts due from central banks. In respect of the DKK 5 million due from credit institutions, the estimated impairment loss is less than DKK 1 million.

Loans and advances at amortised cost and guarantees

The remaining part of the credit exposure relates to the Group's lending activities. In the following table, loans and guarantees, excluding claims against estates in bankruptcy, are broken down by line of business.

(DKKm)	Group				Parent company			
	2022		2021		2022		2021	
Loans and guarantees (gross)								
2. Commercial sector								
2.1 Agriculture, hunting, forestry and fishing	10	2%	13	2%	4	1%	5	1%
2.3 Energy supply	30	6%	58	8%	31	12%	58	15%
2.4 Construction	2	0%	3	0%	0	0%	0	0%
2.5 Trade	1	0%	2	0%	1	0%	2	0%
2.8 Finance and insurance	80	16%	236	33%	69	26%	149	38%
2.9 Property	81	16%	89	12%	49	19%	53	13%
2.10 Other commercial sector	4	1%	5	1%	2	1%	2	1%
Total commercial sector	208	43%	406	56%	156	59%	269	68%
3. Retail sector	282	57%	313	44%	106	41%	124	32%
Total	490	100%	719	100%	262	100%	393	100%

The distributional percentages in the totals may include rounding differences.

Loans and advances at amortised cost are initially recognised at fair value. On takeover of existing loans and advances, any difference between amortised cost and fair value will be amortised over time. Consequently, loans and advances before impairment losses for exposures not resolved will increase.

Lending is concentrated around lending to the retail 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.

(DKKm)	Group		Parent company	
	2022	2021	2022	2021
15. Loans, advances and other receivables – continued				
Loans with suspended interest accrual				
Loans with suspended interest accrual	848	1,342	579	930
Amount hereof impaired	832	1,269	567	910
Loans with suspended interest accrual, recognised in balance sheet	16	73	12	20
Collateral security for loans and guarantees at fair value has been recognised at DKK 0.1 billion. The table below shows a breakdown on main categories.				
Collateral security				
Mortgages on real property	135	122	57	52
Total	135	122	57	52

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.

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.

Properties thus taken over will either be sold quickly or be considered investment properties if the Group sees a potential increase in value. The Group has not had any properties temporarily taken over in recent years.

(DKKm)	Group				Parent company			
	2022		2021		2022		2021	
Loans and guarantees (gross)								
2. Commercial sector								
.1 Agriculture, hunting, forestry and fishing	0	0%	0	0%	0	0%	0	0%
2.3 Energy supply	18	6%	58	10%	18	9%	58	18%
2.4 Construction	1	0%	1	0%	0	0%	0	0%
2.5 Trade	1	0%	2	0%	1	1%	1	0%
2.8 Finance and insurance	79	23%	233	42%	69	36%	147	46%
2.9 Property	25	7%	27	5%	17	9%	18	6%
2.10 Other commercial sector	0	0%	0	0%	0	0%	0	0%
Total commercial sector	124	35%	321	57%	105	55%	224	70%
3. Retail sector	223	64%	239	43%	87	45%	97	30%
Total	347	100%	560	100%	192	100%	321	100%

Excluding claims against estates in bankruptcy.

For a more detailed description of the Group's credit risk management goals and policies, see note 23.

(DKKm)	Group		Parent company	
	2022	2021	2022	2021
16. Bonds at fair value etc.				
Listed	10,245	11,610	10,245	11,610
Unlisted	3	5	3	5
Total	10,248	11,615	10,248	11,615
17. Shares, etc.				
Unlisted shares at fair value	10	12	1	5
Total	10	12	1	5
18. Investments in associates				
Cost, beginning of year	58	58	58	58
Disposals	-45	0	-45	0
Cost, end of year	13	58	13	58
Revaluations and impairment, beginning of year	-23	-23	-23	-23
Revaluations and impairment for the year	5	0	5	0
Disposals	13	0	13	0
Revaluations and impairment, end of year	-5	-23	-5	-23
Total	8	35	8	35

Investments in associates	Ownership	Domicile	Total assets	Total liabilities	Revenue	Result
Landbrugets Finansieringsinstitut A/S, dissolved following voluntary liquidation	33%	Copenhagen	-	-	-	-
EBH Tyskland 1 A/S, in voluntary liquidation	45%	Horsens	16	0	0	0

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

(DKKm)	Group		Parent company	
	2022	2021	2022	2021
19. Investment properties				
Investment properties				
Fair value, beginning of year	10	10	10	10
Additions	0	0	0	0
Disposals	0	-2	0	-2
Value adjustment	2	2	2	2
Fair value, end of year	12	10	12	10

Net income from investment properties amounted to an operating surplus of DKK 0 million (2021: DKK 0 million).

Properties are valued by the Group's own as well as external expert valuers. The value is calculated on the basis of the net return expected and on the basis of the determined rate of return and expected selling price.

(DKKm)	Group		Parent company	
	2022	2021	2022	2021
20. Purchase price adjustment (earn-out)				
Beginning of year	259	255		
Additions during the year	12	4		
Disposals during the year	0	0		
End of year	271	259		
21. Other provisions				
Lawsuits	3	18	3	0
Other provisions	19	24	11	12
Total	22	42	14	12
Provisions for litigation are determined based on an assessment of the risk in each individual case. Other provisions comprise pensions, onerous contracts, etc.				
Lawsuits				
Beginning of year	18	49	0	4
Additions during the year	3	0	3	0
Reversed	-18	-31	0	-4
Used	0	0	0	0
End of year	3	18	3	0
Other provisions				
Beginning of year	24	24	12	11
Additions during the year	1	5	0	5
Reversed	-3	-1	0	0
Used	-3	-4	-1	-4
End of year	19	24	11	12
22. Contingent assets and liabilities				
Loss guarantees for mortgage loans	108	118	57	63
Other guarantees and commitments	8	17	2	6
Total	116	135	59	69

Tax

The Group has a deferred tax asset of DKK 0.5 billion (2021: 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.

Lawsuits

Finansiel Stabilitet is a party to several lawsuits instituted by the company, including two cases against the former managements, etc. of banks that have been 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.

23. Financial risk management

The risk factors impacting Finansiell Stabilitet and the management thereof are influenced by special circumstances resulting from having taken over failing banks. Risk is managed separately for each segment: Bank Package activities; the Deposit Guarantee Fund and the Resolution Fund.

Bank Package activities

Finansiell Stabilitet is exposed to a number of financial risks, including 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 2022, Finansiell 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 page 9 of the management's review.

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

Finansiell Stabilitet has no liquidity risk, as the Company has access to state-funded re-lending. As Finansiell Stabilitet's Bank Package activities are in the course of being wound up, the absolute amount of risk is expected to be gradually reduced, all other things being equal.

Credit risk

Credit risk management is based on the legislative framework governing Finansiell Stabilitet's business activities. Pursuant to this, Finansiell Stabilitet is not allowed to assume new exposures or, in general, extend existing ones. Credit risk is thus in all material respects limited to existing loans and guarantees and the development of these. The remaining credit risk is managed with due consideration for and in the context of Finansiell 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

Finansiell 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 Bank Package activities' total exposure to market risk (interest rate risk, equity risk and currency risk). Market risk is monitored on an ongoing basis, and the Board of Directors is kept informed of the Group's overall exposure.

Interest rate risk

For Bank Package activities, the majority of the group companies' loans and advances carry floating rates of interest and are not exposed to changes in interest rates. The interest rate risk as at 31 December 2022 amounted to DKK 0 million (2021: DKK 0 million).

At 31 December 2022, no cash funds were invested in treasury bills (31 December 2021: DKK 561 million).

Equity risk

Finansiell Stabilitet also has a few shareholdings. While the listed equities have been sold, the Group still has a few sector equities and minor unlisted shareholdings on 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 Finansiell Stabilitet's portfolio of cooperative share certificates, which the Company has received as part of the payment under Bank Package I, and to a few sector equities.

The overall portfolio of shares etc. amounted to DKK 10 million as at 31 December 2022 (DKK 12 million as at 31 December 2021). Excluding the subsidiaries under Bank Packages III-IV, the portfolio of equities etc. amounted to DKK 1 million (2021: DKK 5 million). A 10% drop in share prices would result in a DKK 0 million deterioration of Finansiell Stabilitet's result (2021: DKK 0 million).

See note 17, Shares, etc. for a specification of share positions. Associates, see note 18, 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 8 million (2021: DKK 35 million).

Currency risk

In connection with Finansiell Stabilitet's activities related to the resolution of failing banks, the Company is exposed to currency risk.

The currency risk is to the necessary extent 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. Finansiell Stabilitet does not hedge EUR.

As at 31 December 2022, exchange rate indicator 1, calculated excluding EUR, was 0.0% (31 December 2021: 0.0%) of Finansiel Stabilitet's equity.

The overall currency position calculated in terms of exchange rate indicator 1 amounted to DKK 11 million as at 31 December 2022 (DKK 17 million as at 31 December 2021). Excluding the subsidiaries under Bank Packages III-IV, the currency position amounted to DKK 11 million (DKK 10 million as at 31 December 2021). See also the calculation of currency risk at the end of note 23.

A 2.25% change in the DKK/EUR exchange rate and a 10% change in all other exchange rates would affect Finansiel Stabilitet's result by DKK 0 million (2021: DKK 0 million).

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.

Deposit Guarantee Fund

The principal risks under the Deposit Guarantee Fund 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 A/S.

Moreover, the future investment of the Deposit 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 Deposit Guarantee Fund must be invested in low-risk assets. Each year, Finansiel Stabilitet's Board of Directors defines the investment strategy for the Resolution Fund.

The investment strategy must be determined so as to ensure that the available financial means of the Deposit Guarantee

Fund are from time to time proportionate with the Deposit 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 2018-2021, the Deposit Guarantee Fund invested its cash funds under bond mandates in 0-5-year mortgage bonds. As at 31 December 2022, the Fund had invested DKK 7,467 million. The average duration of bonds at the end of 2022 was 2.53 years, and interest rate risk in the event of a 1% change in the level of interest rates was calculated at DKK 190 million (2021: DKK 241 million).

In January 2022, the Deposit Guarantee Fund invited tenders for a new portfolio mandate to replace the previous mandates. Jyske Bank once again won the tender and continued to undertake the portfolio management.

The Deposit Guarantee Fund is mainly funded by the Deposit 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 assets 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 Resolution 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 2018-2021, the Resolution Fund invested its cash funds under a bond mandate in 0-5-year mortgage bonds. As at 31 December 2022, the Fund had invested DKK 2,778 million. The average duration of bonds at the end of 2022 was 2.54 years, and interest rate risk in the event of a 1% change in the level of interest rates was calculated at DKK 71 million (2021: DKK 87 million).

In January 2022, the Resolution Fund invited tenders for a new portfolio mandate to replace the previous mandates. Jyske Bank once again won the tender and continued to undertake the portfolio management.

As at 31 December 2022, the Resolution Fund had no investments in treasury bills.

The Resolution Fund has limited exposure to equity, interest rate and currency risk from institutions taken over. As at 31 December 2022, equity risk in the event of a 10% price fall was DKK 0 million (2021: DKK 0 million), interest rate risk in the

event of a 1% interest rate change was DKK 0 million (2021: DKK 0 million) and currency risk on a change of 2.25% in EUR and 10% in other currencies was DKK 0 million (2021: DKK 0 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 activities.

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

(DKKm)	Group	
	2022	2021
Currency risk		
Total assets in foreign currency	11	17
Total liabilities in foreign currency	0	0
Exchange rate indicator 1	11	17
Exchange rate indicator 1 in per cent of equity	0%	0%
Interest rate risk		
Bank Packages I-IV	0	1
Deposit Guarantee Fund	190	241
Resolution Fund	71	87
All positions	261	329

(DKKm)

Parent
company

24. 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 2022	Balance sheet 31/12/2022	Income/ expense 2021	Balance sheet 31/12/2021
Parties exercising significant influence						
The Danish State	100% ownership of Finansiel Stabilitet IPC	Administrative reimbursement, mink and home loans in rural districts	4	4	0	
		Income from Finance and Appropriation Act	16		16	
Subsidiaries						
FS Finans I A/S, Copenhagen	Subsidiary of Finansiel Stabilitet IPC	Deposits on market terms	-	-28	2	-32
		Management agreement	-		1	
		Dowry adjustment	-	20	11	20
FS Finans II A/S, Copenhagen	Subsidiary of Finansiel Stabilitet IPC	Deposits on market terms	-	-36	1	-32
		Management agreement	3		1	
		Dowry adjustment	2	23	15	-21
FS Finans III A/S, Copenhagen	Subsidiary of Finansiel Stabilitet IPC	Deposits on market terms	-	-1,864	10	-1,819
		Management agreement	4		2	
		Purchase price adjustment	1	1,581	6	-1,571
FS Finans IV A/S, Copenhagen	Subsidiary of Finansiel Stabilitet IPC	Deposits on market terms	-	-84	-	-82
		Management agreement	2		1	
FS Finans V A/S, Copenhagen	Subsidiary of Broinstitut I	Deposits on market terms	-	-19	-	-18
		Management agreement	4		4	
FS Finans VI A/S, Copenhagen	Subsidiary of Broinstitut II	Deposits on market terms	-	-42	-	-51
		Management agreement	5		6	
FS Ejendomsselskab A/S, Copenhagen	Subsidiary of Finansiel Stabilitet IPC	Deposits on market terms	-	-43	1	-43
		Management agreement	-		-	
Other government entities						
Danmarks Nationalbank	Controlled by the Danish State	Deposit	-2	9,911	-34	8,149
		Treasury bills	0	0	-12	561

25. Group overview

	Share capital	Result	Equity	Ownership
Finansiel Stabilitet IPC, Copenhagen	1	403	23,195	
Broinstitut I A/S, Copenhagen	38	1	37	100%
Broinstitut II A/S, Copenhagen	10	-9	41	100%
Significant subsidiaries:				
FS Ejendomsselskab A/S, Copenhagen	2	0	43	100%
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	5	44	100%
FS Finans V A/S, Copenhagen	38	1	29	100%
FS Finans VI A/S, Copenhagen	38	-8	41	100%

(DKKm)

Group

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

2022	On demand 0-3 months	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years	Total
Assets					
Cash in hand and demand deposits with central banks	9,911	-	-	-	9,911
Due from credit institutions and central banks	5	-	-	-	5
Loans, advances and other receivables at amortised cost	16	1	7	9	33
Bonds at fair value	-	191	9,850	207	10,248
Shares, etc.	-	-	10	-	10
Investments in subsidiaries and associates, etc.	-	-	8	-	8
Investment properties	-	12	-	-	12
Lease assets	1	2	6	-	9
Commitments made by banks, mortgage credit institutions and investment companies	-	-	-	3,218	3,218
Other assets etc.	166	2	268	-	436
Prepayments	2	-	-	-	2
Total assets	10,101	208	10,149	3,434	23,892
Equity and liabilities					
Lease liability	1	2	6	-	9
Other liabilities etc.	48	39	273	-	360
Provisions	-	271	57	-	328
Total liabilities	49	312	336	-	697

(DKKm)

Group

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

2021	On demand 0-3 months	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years	Total
Assets					
Cash in hand and demand deposits with central banks	8,149	-	-	-	8,149
Due from credit institutions and central banks	13	-	-	-	13
Loans, advances and other receivables at amortised cost	73	2	6	10	91
Bonds at fair value	-	746	10,245	624	11,615
Shares, etc.	-	3	9	-	12
Investments in subsidiaries and associates, etc.	-	32	3	-	35
Investment properties	-	10	-	-	10
Lease assets	-	3	2	-	5
Commitments made by banks, mortgage credit institutions and investment companies	-	-	-	3,217	3,217
Other assets etc.	77	7	254	-	338
Prepayments	2	-	-	-	2
Total assets	8,314	803	10,519	3,851	23,487
Equity and liabilities					
Lease liability	-	3	2	-	5
Current tax liabilities	-	1	-	-	1
Other liabilities etc.	16	4	296	-	316
Provisions	-	4	339	-	343
Total liabilities	16	12	637	-	665

27. 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	2022			2021		
	Amortis cost	Fair value	Total	Amortis cost	Fair value	Total
Financial assets						
Cash in hand and demand deposits with central banks	9,911	0	9,911	8,149	0	8,149
Due from credit institutions and central banks	5	0	5	13	0	13
Loans, advances and other receivables at amortised cost	33	0	33	91	0	91
Bonds	0	10,248	10,248	0	11,615	11,615
Shares, etc.	0	10	10	0	12	12
Investment properties	0	12	12	0	10	10
Commitments made by banks, mortgage credit institutions and investment companies	3,218	0	3,218	3,217	0	3,217
Total financial assets	13,167	10,270	23,437	11,470	11,637	23,107

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 and bonds are valued using either DCF models or markets multiples models. Finansiel Stabilitet considers it less than likely that using an alternative pricing method to fair value measurement of unlisted shares would result in a significantly different fair value.

(DKKm)

Group

27. Fair value disclosure – continued

2022	Listed prices	Observable input	Non-observable input	Total
Fair value, Group				
Financial assets at fair value broken down into:				
Bonds	9,333	912	3	10,248
Shares, etc.	0	0	10	10
Investment properties	0	12	0	12
Total	9,333	924	13	10,270

2021	Listed prices	Observable input	Non-observable input	Total
Fair value, Group				
Financial assets at fair value broken down into:				
Bonds	11,610	0	5	11,615
Shares, etc.	0	3	9	12
Investment properties	0	10	0	10
Total	11,610	13	14	11,637

Fair value based on non-observable input	2022	2021
Beginning of year	14	24
Value adjustment through the income statement (note 7)	-1	10
Disposals during the year (including reclassification)	0	-20
Fair value, end of year	13	14

28. 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.

	2022		2021	
	Amortised cost	Fair value	Amortised cost	Fair value
Financial assets				
Cash in hand and demand deposits with central banks	9,911	9,911	8,149	8,149
Due from credit institutions and central banks	5	5	13	13
Loans, advances and other receivables*	33	33	91	91
Commitments made by banks, mortgage credit institutions and investment companies	3,218	3,218	3,217	3,217
Total financial assets	13,167	13,167	11,470	11,470

*) Loans, advances and other receivables are considered to be stage 3 exposures, see note 11, and thus to be credit-impaired. Against this background, amortised cost and fair value are considered to be identical.

29. Return on financial instruments

	2022			2021		
	Assets/ liabilities at amortised cost	Assets/ liabilities at fair value	Total	Assets/ liabilities at amortised cost	Assets/ liabilities at fair value	Total
Interest income	3	114	117	7	113	120
Interest expense	0	0	0	34	0	34
Net interest income	3	114	117	-27	113	86
Share dividends, etc.	0	0	0	0	1	1
Fees and commissions received	2	0	2	2	0	2
Net interest and fee income	5	114	119	-25	114	89
Market value adjustments	0	-859	-859	0	-182	-182
Total	5	-745	-740	-25	-68	-93

(DKKm)

Parent
company**30. Finansiell Stabilitet 2018-2022**

	2022	2021	2020	2019	2018
Summary income statement					
Net interest and fee income	1,263	1,158	1,045	776	589
Market value adjustments	-861	-190	-51	-34	25
Other operating income	127	96	142	224	143
Staff costs and administrative expenses, etc.	129	91	103	108	126
Other operating expenses	41	5	52	175	60
Impairment losses on loans, advances and receivables, etc.	-49	-31	-54	-90	-75
Income from investments in associates and subsidiaries	2	22	-27	74	31
Purchase price and dowry adjustment	-7	30	81	221	79
Comprehensive income for the year	403	1,051	1,089	1,068	756
Balance sheet as at 31 December					
Assets					
Cash in hand and demand deposits with central banks and credit institutions	9,914	8,156	4,275	8,243	10,879
Loans and advances	12	20	81	86	134
Securities	10,249	11,620	14,403	9,745	5,808
Investments in associates and subsidiaries	174	204	632	728	694
Commitments made by banks, mortgage credit institutions and investment companies	3,218	3,217	3,218	3,218	4,215
Purchase price and dowry adjustment	1,624	1,631	2,101	2,020	1,799
Other asset items	478	372	325	232	249
Total assets	25,669	25,220	25,035	24,272	23,778
Equity and liabilities					
Other payables	2,451	2,373	3,230	3,548	3,104
Total payables	2,451	2,373	3,230	3,548	3,104
Provisions	23	25	34	42	60
Equity	23,195	22,822	21,771	20,682	20,614
Total equity and liabilities	25,669	25,220	25,035	24,272	23,778
Off-balance sheet items					
Contingent liabilities	59	69	126	198	298
Financial ratios					
Return on equity before tax	1.8%	4.7%	5.1%	5.2%	3.5%
Return on equity after tax	1.8%	4.7%	5.1%	5.2%	3.5%

(DKKm)

Parent
company

30. Finansiell Stabilitet 2018-2022 – continued

2022	Bank Package activities	Deposit Guarantee Fund	Resolution Fund	Elimina- tions	Total
Summary income statement					
Net interest and fee income	8	111	1,149	-5	1,263
Market value adjustments	2	-630	-233	0	-861
Other operating income	123	8	16	-20	127
Staff costs, administrative expenses, depreciation and amortisation	127	5	17	-20	129
Other operating expenses	46	0	0	-5	41
Impairment losses on loans, advances and receivables, etc.	-49	0	0	0	-49
Income from investment in subsidiaries and associates	10	0	-8	0	2
Purchase price and dowry adjustment	-7	0	0	0	-7
Comprehensive income for the year	12	-516	907	0	403
Balance sheet as at 31 December					
Assets					
Cash in hand and demand deposits with central banks and credit institutions	6,232	478	3,204	0	9,914
Loans and advances	12	0	0	0	12
Securities	4	7,467	2,778	0	10,249
Investments in subsidiaries	96	0	78	0	174
Investment properties and lease assets	21	0	0	0	21
Commitments made by banks, mortgage credit institutions and investment companies	0	3,218	0	0	3,218
Purchase price and dowry adjustment receivable	1,116	508	0	0	1,624
Other assets	188	248	21	0	457
Total assets	7,669	11,919	6,081	0	25,669
Equity and liabilities					
Other liabilities	2,382	0	69	0	2,451
Total payables	2,382	0	69	0	2,451
Provision for losses on guarantees	3	0	0	0	3
Other provisions	14	0	6	0	20
Total provisions	17	0	6	0	23
Total liabilities	2,399	0	75	0	2,474
Equity as at 1 January 2022	5,288	12,435	5,099	0	22,822
Comprehensive income for the year	12	-516	907	0	403
Dividend paid	-30	0	0	0	-30
Equity as at 31 December 2022	5,270	11,919	6,006	0	23,195
Total equity and liabilities	7,669	11,919	6,081	0	25,669

Statement by Management

The Board of Directors and the Management Board have today considered and adopted the annual report of Finansiell Stabilitet for the financial year 1 January – 31 December 2022.

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 as at 31 December 2022 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 2022.

We also believe 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. Finally, we believe that due

financial consideration has been taken in the management of the funds and the operation of the enterprises comprised by the financial statements and that, as part of this, we have established systems and processes that support economy, productivity and efficiency.

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, 17 March 2023

Management Board

Karsten Bilstoft
CEO

Board of Directors

Anne Louise Eberhard
Chairman

Ole Selch Bak
Deputy Chairman

Ulrik Rammeskov Bang-Pedersen

Morten Sommerfeldt

Jesper Rangvid

Pernille Vastrup

Ulrikke Ekelund

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 2022, 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 as at 31 December 2022 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 2022 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 Act on Restructuring and Resolution of Certain Financial Enterprises and 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 ethical 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 company financial statements unless Management intends either 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, as the audit is conducted on the basis of the provisions of the Danish Act on Restructuring and Resolution of Certain Financial Enterprises and the Danish Auditor General's Act, 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, as the audit is conducted on the basis of the provisions of the Danish Act on Restructuring and Resolution of Certain Financial Enterprises and the Danish Auditor General's Act, 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 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 conclusion is 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.

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.

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. Management is also responsible for ensuring that due financial consideration has been taken of the management of the funds and the operation of the enterprises 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 perform a compliance audit and a performance audit, respectively, of selected subject matters.

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, 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.

Copenhagen, 17 March 2023

EY

Godkendt Revisionspartnerselskab
Business reg. no. (CVR) 30 70 02 28

Lars Rhod Søndergaard
State-Authorised Public Accountant
mne28632

Bjørn Würtz Rosendal
State-Authorised Public Accountant
mne40039

The National Audit Office of Denmark

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

Yvan Pedersen
Assistant Auditor General

Marie Katrine Bisgaard Lindeløv
Head of Department

Board of Directors



Anne Louise Eberhard

- Chairman of the Board of Directors
- 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:

- Moneyflow Group A/S (formand)
- Moneyflow 1 A/S (formand)
- FLSmidth A/S
- FLSmidth & Co A/S (formand for revisionskomité)
- Bavarian Nordic A/S (formand for revisionskomité)
- Knud Højgaards Fond
- VL52 ApS
- Spring TopCo DK Aps og fire datterselskaber (Oterra A/S)
- Den Danske Unicef Fond

Other duties:

- CEO of EA Advice ApS
- Faculty member, Copenhagen Business School, Board programs



Ole Selch Bak

- Deputy Chairman of the Board of Directors
- Joined the Board of Directors in 2020
- Born in 1955

Competencies:

Considerable financial sector experience, including as CEO of Djurslands Bank. Extensive experience in board work.

Member of the boards of directors of:

- Eldrupgård Fonden (Chairman)
- Investerinsforeningen BankInvest
- Kapitalforeningen BankInvest Select
- Investeringsforeningen BI
- Kapitalforeningen BankInvest Vælger
- Investeringsforeningen BankInvest Engros



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 and considerable insight into civil procedure, including litigation. Extensive experience in board work.

Other duties:

- Professor, doctor of laws, Faculty of Law
- Chairman, Danish Bankruptcy Law Council
- Editor, Erhvervsjuridisk Tidsskrift
- Arbitrator, Danish Institute of Arbitration



Morten Sommerfeldt

- Joined the Board of Directors in 2020
- Born in 1975

Competencies:

Considerable insight into the financial sector, digital transformation, fintech operations, consumer affairs and political decision-making processes. Extensive experience in board work.

Member of the boards of directors of:

- Blaagaard Teater

Other duties:

- Communications Manager, Industriens Pension

Board of Directors – continued

Management Board



Jesper Rangvid

- Joined the Board of Directors in 2020
- Born in 1970

Competencies:

Considerable financial sector insight, including as professor of finance and as former chairman of the Danish Committee on the Causes of the Financial Crisis Extensive experience in board work.

Member of the boards of directors of:

- Grandhood ApS (Chairman)
- Advantage Investment Partners
- Copenhagen Business School
- Danish Finance Institute

Other duties:

- Professor, Department of Finance, Copenhagen Business School (CBS)
- Chairman of the Danish Council for Return Expectations
- Member of the Advisory Board of Forenet Kredit



Pernille Vastrup

- Joined the Board of Directors in 2021
- Born in 1974

Competencies:

Considerable financial sector experience, including risk management and capital structure in banks, mortgage credit and pension companies Extensive experience in board work.

Other duties:

- Will take up the position of Group CFO of ATP on 1 April 2023



Ulrikke Ekelund

- Joined the Board of Directors in 2022
- Born in 1969

Competencies:

Considerable financial sector experience, including as Director of Communications and Press at PensionDanmark, Chief Economist at BRFkredit and as member of the boards of directors of Sampension and Alka forsikring. Extensive experience in board work.

Member of the boards of directors of:

- Floating Power Plant A/S
- Network for the Suicide Struck, NEFOS (Deputy Chairman)

Other duties:

- Member of the Board of Representatives of Realdania
- Advisory Board Communication, Floating Power Plant (Chairman)



Karsten Bilstoft

- Chief Executive Officer
- Appointed in 2021
- Born in 1961

Chairman of the boards of directors of:

- 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 Finans VI A/S
- FS Ejendomsselskab A/S
- Broinstitut I A/S
- Broinstitut II A/S

Company details

Finansiel Stabilitet

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E-mail: mail@fs.dk

CVR-nr.: 30 51 51 45

Established: 13. oktober 2008

Municipality of registered office:
København

Board of Directors

Anne Louise Eberhard (Chairmann)
Ole Selch Bak (Deputy Chairmann)
Ulrik Rammeskov Bang-Pedersen
Morten Sommerfeldt
Jesper Rangvid
Pernille Vastrup
Ulrikke Ekelund

Management Board
Karsten Bilstoft

Auditors

Rigsrevisionen
Landgreven 4
DK-1301 Copenhagen K

EY

Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
DK-2000 Frederiksberg
Company reg. (CVR) no. 30 70 02 28

General meeting
Annual General Meeting to be held on
28. april 2023