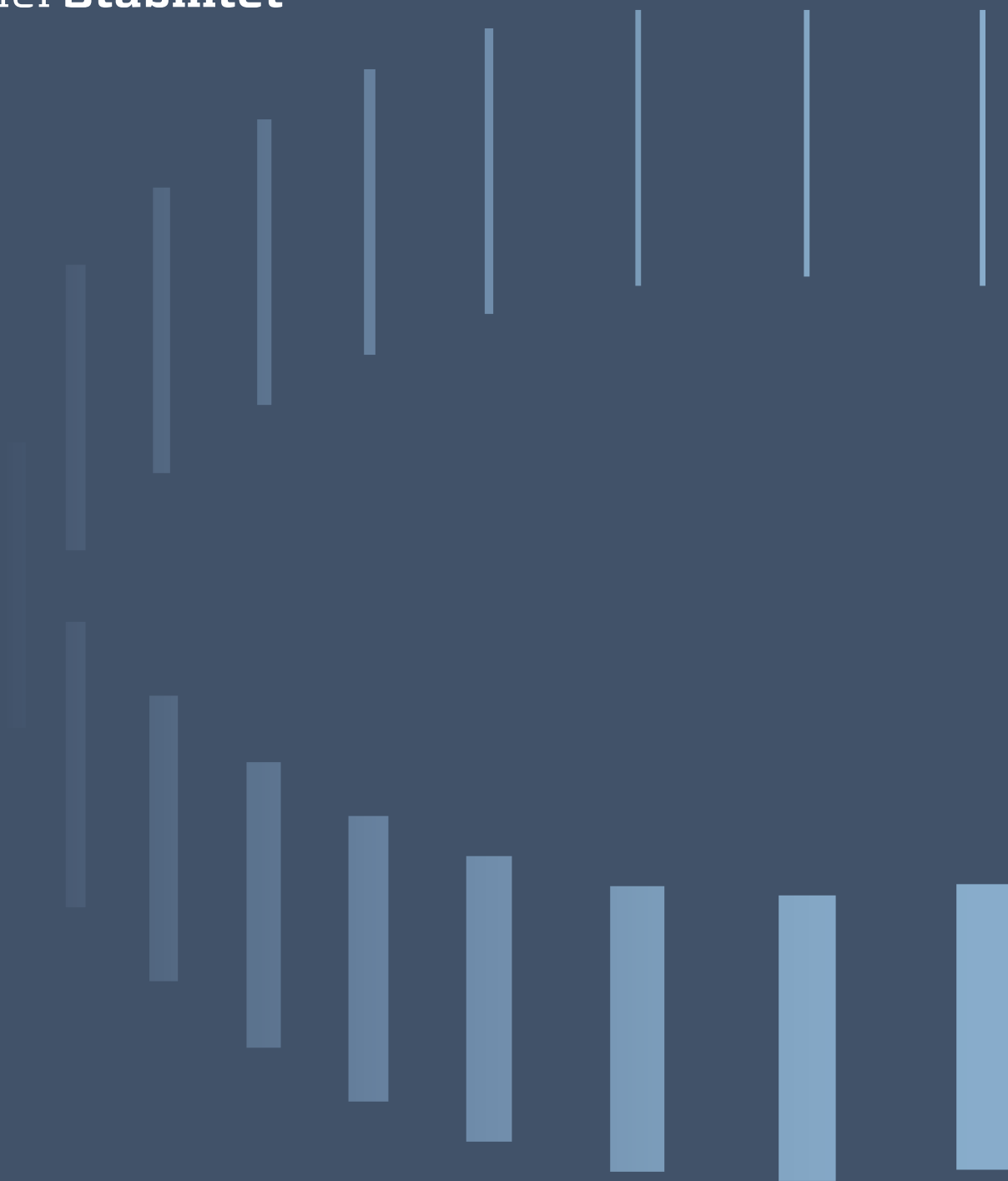


# Finansiell Stabilitet



Interim report **H1 2020**

# Contents

Results for H1 2020	3
Financial statements	11
Income statement	12
Comprehensive income statement	12
Balance sheet	13
Statement of changes in equity	15
Cash flow statement	16
Notes to the parent company and consolidated financial statements	17
Statement by Management	25
Company details	26

# Results for H1 2020

## Group results

Finansiel Stabilitet generated a surplus of DKK 508 million in H1 2020. The results were substantially driven by payments of contributions to the Resolution Fund, of which DKK 471 million was included in the financial result for the period. Payments of contributions in H1 2020 totalled DKK 942 million.

Overall, the Resolution Fund generated a surplus of DKK 464 million. The Bank Package I-V activities and the Guarantee Fund also generated surpluses of DKK 5 million and DKK 39 million, respectively, for the period.

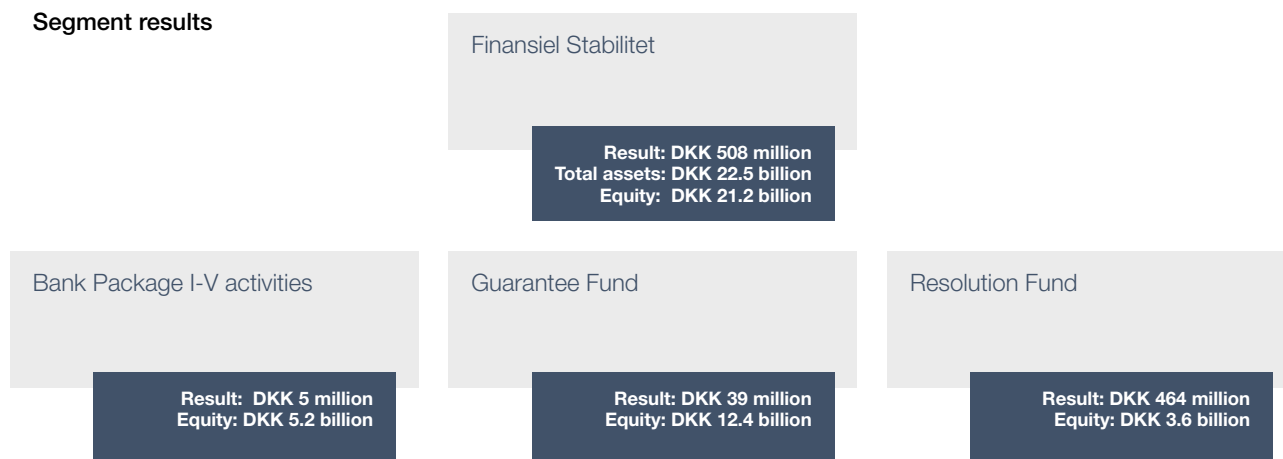
At 30 June 2020, the Group had total assets of DKK 22.5 billion, an increase of DKK 0.7 billion from 31 December 2019. Of the total assets of DKK 22.5 billion, the Bank Package I-V activities accounted for DKK 6.7 billion, the Guarantee Fund accounted for DKK 12.4 billion, and the Resolution Fund accounted for DKK 4.2 billion, while a

negative amount of DKK 0.8 billion related to an intra-group balance. Total equity amounted to DKK 21.2 billion, against DKK 20.7 billion at 31 December 2019, of which DKK 12.4 billion was attributable to the Guarantee Fund, DKK 5.2 billion to the Bank Package I-V activities and DKK 3.6 billion to the Resolution Fund.

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

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

## Segment results



## Bank Package I-V activities

### Financial results

Finansiel Stabilitet's activities in relation to Bank Packages I-V produced a financial result of DKK 5 million in H1 2020, against DKK 40 million in H1 2019. The result reflects the continued resolution of the remaining activities. Reversal of impairment losses on loans, advances and receivables amounted to DKK 100 million for the period.

The individual bank packages impact the segment's results in different ways. Bank Packages I and II are fully recognised in segment results. Bank Packages III-V are only recognised in part, as other creditors, including the Guarantee Fund, also have financial interests in the resolution results.

In H1 2020, the subsidiaries FS Finans I-III reported an overall financial result of DKK 89 million before purchase

price and dowry adjustment. Of this amount, the Bank Package I-V activities' share was DKK 41 million.

There was no purchase price adjustment in FS Finans IV, as the dividend was originally fixed at a higher amount than what is currently warranted. The loss was covered by the Restructuring Department of the Guarantee Fund. FS Finans IV posted a financial result of DKK 1 million for H1 2020, reducing its total deficit to DKK 504 million.

At 30 June 2020, the segment's total assets amounted to DKK 6.7 billion. At 30 June 2020, there were remaining loans and guarantees of DKK 472 million, financial assets of DKK 140 million and properties of DKK 2 million.

The principal asset is cash, which was previously primarily held on deposit with Danmarks Nationalbank. As an alternative to placing cash at Danmarks Nationalbank's CD rate, Finansiel Stabilitet in May and June 2020 purchased treasury bills for an amount of DKK 2.2 billion.

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

(DKKm)	FS Finans I		FS Finans II	
	H1 2020	H1 2019	H1 2020	H1 2019
<b>Income statement</b>				
<b>Result for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Result for the period before purchase price adjustment	-1	-2	93	-3
<b>Balance sheet at</b>				
	<b>30/06/2020</b>	<b>31/12/2019</b>	<b>30/06/2020</b>	<b>31/12/2019</b>
Loans and advances	18	21	18	32
Other assets	291	289	251	222
<b>Total assets</b>	<b>309</b>	<b>310</b>	<b>269</b>	<b>254</b>
Purchase price adjustment	299	300	239	146
Other provisions	9	9	26	24
Other payables	0	0	3	83
Equity	1	1	1	1
<b>Total equity and liabilities</b>	<b>309</b>	<b>310</b>	<b>269</b>	<b>254</b>

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

(DKKm)	FS Finans III		FS Finans IV	
	H1 2020	H1 2019	H1 2020	H1 2019
<b>Income statement</b>				
<b>Result for the period</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>34</b>
Result for the period before purchase price adjustment	-3	20	-	-
<b>Balance sheet at</b>				
	<b>30/06/2020</b>	<b>31/12/2019</b>	<b>30/06/2020</b>	<b>31/12/2019</b>
Loans and advances	53	56	45	48
Other assets	1,830	1,840	28	94
<b>Total assets</b>	<b>1,883</b>	<b>1,896</b>	<b>73</b>	<b>142</b>
Purchase price adjustment	1,827	1,830	-	-
Other provisions	32	43	19	20
Other payables	23	22	13	13
Equity	1	1	41	109
<b>Total equity and liabilities</b>	<b>1,883</b>	<b>1,896</b>	<b>73</b>	<b>142</b>

## Guarantee Fund

The Guarantee Fund generated a total financial result of DKK 39 million in H1 2020, against DKK 74 million in H1 2019. The lower result was attributable to investment activities, which generated a negative return of DKK 6 million in H1 2020. In H1 2019, the investment return was DKK 59 million as a result of positive market value adjustments.

In 2020, it was not necessary to collect contributions to the Banking Department, as the assets of the Fund exceeded its target level.

For the other three departments under the Guarantee Fund, there was also no need to collect any further contributions in H1 2020. Accordingly, only guarantees will be redistributed among the Mortgage Credit Department, the Investment and Portfolio Management Department and the Restructuring Department in 2020.

## Resolution Fund

The Resolution Fund posted a financial result of DKK 464 million in H1 2020, against DKK 373 million in H1 2019. This was mainly attributable to payment of contributions to the Resolution Fund, which accounted for DKK 471 million of the financial result for H1 2020. Investment activities contributed negatively to the result for H1, generating a negative return of DKK 2 million. In H1 2019, the investment return was DKK 20 million as a result of positive market value adjustments.

Contributions for the period totalled DKK 942 million, of which DKK 941 million was paid by the 34 largest credit institutions based on their key financial figures. The remaining 1 million was paid by 51 other institutions, whose contributions are determined administratively. Banks contributed DKK 629 million, mortgage credit institutions contributed DKK 313 million and investment companies contributed DKK 63 thousand.

Including contributions to the Resolution Fund for 2020, a total of DKK 4.1 billion of the Fund's target level has been collected.

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

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

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

At 30 June 2020, FS Finans V A/S had net loans and guarantees representing a total carrying amount of DKK 14 million and total assets of DKK 26 million. For H1 2020, FS Finans V A/S posted a break-even result.

**Resolution of FS Finans VI A/S' activities**

In 2018, Finansielt Stabilitet implemented resolution measures in relation to Københavns Andelskasse.

On 28 June 2019, Københavns Andelskasse under control deposited its licence to carry on banking and securities trading activities. At the same date, Københavns

Andelskasse under control was converted into a financing company with the name of FS Finans VI A/S, under which the remaining activities will be wound up.

At 30 June 2020, FS Finans VI A/S had net loans and guarantees representing a total carrying amount of DKK 32 million and total assets of DKK 147 million. FS Finans VI A/S posted a result of DKK 1 million in H1 2020.

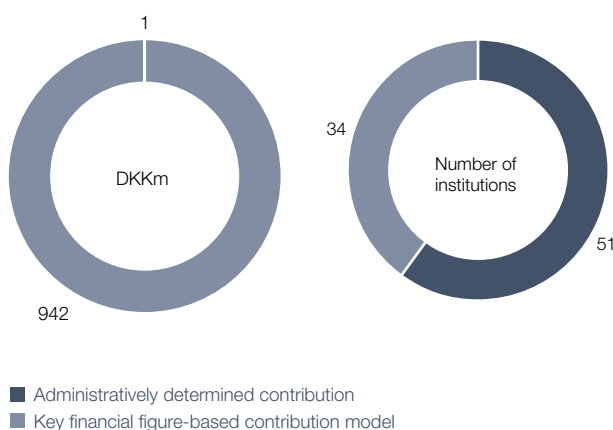
**Portfolio management of the Resolution and Guarantee Funds**

In 2018, Finansielt Stabilitet changed the investment strategies of both the Guarantee Fund and the Resolution Fund to a more active management strategy that included the option of investing in short-term mortgage and government bonds. Before then, all assets were placed with Danmark's Nationalbank at the CD rate. Generally, the strategy is still to pursue a relatively conservative investment strategy, under which the risks assumed primarily relate to future interest rate movements and, to a lesser degree, credit conditions. No changes were made to the investment strategy in 2020.

Finansielt Stabilitet has chosen to outsource the management of its investment portfolios to an external asset manager. Two tenders were completed – for two mortgage bond mandates and one flexible mandate. The flexible mandate is identical to the two mortgage bond mandates, with the exception that the manager of the flexible mandate may also choose to invest in Danish government bonds if the interest rate exposure is kept within the same fixed risk limits.

The mortgage bond mandates, which initially included a total investment volume of DKK 7.5 billion, were fully phased in in 2019. An additional investment was made in Q4 2019, and the investment volume of the mortgage bond mandates now totals approx. DKK 8.1 billion. The flexible investment mandate for mortgage bonds and government bonds included an initial investment volume of DKK 3.1 billion. The investments under this mandate were fully phased in during Q1 2020. At 30 June 2020, investments under the existing mandates (total portfolio under management) totalled DKK 11.2 billion.

**Collection of contributions 2020**



The negative result of DKK 6 million on the total portfolio under management in H1 2020 was a result of the COVID-19 outbreak and its effects on global financial markets. In response, Danmarks Nationalbank raised its CD rate to -0.60% in March 2020, causing other interest rates, including mortgage bond rates, to rise. This resulted in major price drops in Q1 2020. These price drops partially recovered during Q2 2020, bringing the overall return close to zero. Viewed on a quarterly basis, the total portfolio under management yielded a negative return of DKK 87 million in Q1, whereas the return in Q2 amounted to DKK 81 million.

The overall result for the period contributed to improving the return by approx. DKK 29 million compared with the return if the entire portfolio under management had been invested as previously. Placed with Danmarks Nationalbank at the CD rate, the portfolio would have generated negative interest of approx. DKK 35 million.

Since it was established in 2018, the portfolio management has yielded a return of DKK 46 million. Compared with an alternative placement with Danmarks Nationalbank, returns in the period 2018-2020 have improved by DKK approx. 150 million.

## Placing of cash

As an alternative to placing available cash with Danmarks Nationalbank, in May and June 2020 Finansielt Stabilitet

purchased treasury bills for an amount of DKK 3.1 billion. Compared with Danmarks Nationalbank's CD rate, which was negative at 0.6%, the treasury bills yielded a negative effective interest rate of approx. 0.5%.

DKK 2.2 billion was attributable to the bank package segment, and the remaining DKK 900 million was attributable to the Resolution Fund.

## Lawsuits

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

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

Finansielt Stabilitet has instituted a number of liability lawsuits against, among others, the former managements of nine of the failing banks taken over. They are Roskilde Bank, ebh bank, Løkken Sparekasse, Capinordic Bank, Amagerbanken, Eik Bank Danmark, Eik Bank Færøerne, Andelskassen J.A.K. Slagelse and Københavns Andelskasse.

Finansielt Stabilitet institutes liability lawsuits when it is believed to be more likely than not that a court of law will

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

(DKKm)	Total return 2020	Of which the Guar- tee Fund	Of which the Resolu- tion Fund
Portion under management:	-8	-6	-2
Of which:			
– Return on bonds	-6	-5	-1
– Return until initiation of management	-2	-1	-1
<b>Total</b>	<b>-8</b>		

Note: The portion under management comprises return after investment and return before investment, when the funds were held on deposit in an account with Danmarks Nationalbank. The statement excludes expenses.

give a decision in favour of Finansiel Stabilitet. Bank managements hold fiduciary positions. When management fails to live up to its responsibility and causes the bank to incur a loss, Finansiel Stabilitet has a responsibility to claim damages for the losses caused by culpable transactions.

The lawsuit against the former management of Capinordic Bank was the first liability lawsuit to be tried in court. In October 2015, the Eastern High Court delivered a decision against the three defendant management members, who were ordered to pay damages in a total amount of DKK 90.5 million. The decision was appealed by the defendants and subsequently by Finansiel Stabilitet. The Danish Supreme Court in January 2019 delivered its decision, which was in reality an affirmation of the High Court's judgment. Final damages were established at approximately DKK 89 million, plus statutory interest accrued from December 2010. At the time of the Supreme Court decision, the total amount of damages including statutory interest was approximately DKK 141 million. This amount will be recognised when payment is received from or other collateral provided by the management members found liable.

In June 2019, Finansiel Stabilitet filed a writ against four additional former members of Capinordic Bank's management on whom notice was served in the above-mentioned case. Finansiel Stabilitet has claimed damages for the loan exposures which, according to the Supreme Court's decision of January 2019, are subject to liability to damages, to the extent that the individuals in question were involved in the decision-making of the board of directors. The case is pending before the Court of Lyngby.

In July 2020, Finansiel Stabilitet made an agreement with one of the defendants to withdraw the action against him, as he acknowledged his liability and paid an amount of damages agreed between the parties. The Court delivered a judgment by default against another of the defendants.

In June 2017, the Court of Lyngby delivered a decision in the liability lawsuit against the former management of Amagerbanken. The decision was given in favour of the defendants, and Finansiel Stabilitet was ordered to

pay legal fees of approximately DKK 77 million. Finansiel Stabilitet appealed part of the district court's decision. The appeal was considered by the Eastern High Court in the period January – March 2019. On 26 June 2019, the Eastern High Court delivered its decision in the case. The Court reversed the district court's decision to the extent that eight of the former members of management were ordered to pay damages of approximately DKK 225.5 million plus statutory interest from March 2013. In addition to this, Finansiel Stabilitet was awarded a net amount of DKK 26 million in legal costs. 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. Finansiel Stabilitet has settled the case with the defendants. Under the settlement, the defendants agreed to pay a total amount of DKK 255.5 million.

In the lawsuit against the former management and auditors of Roskilde Bank, the Eastern High Court delivered its decision in November 2017. The decision was given in favour of all the defendants, and Finansiel Stabilitet was ordered to pay legal fees of approximately DKK 73 million. Finansiel Stabilitet appealed the decision with respect to the CEO and the Board of Directors. The case has not yet been scheduled for trial. The auditors appealed the High Court's decision concerning legal costs with respect to Finansiel Stabilitet. On 24 April 2019, the Supreme Court delivered a decision regarding legal costs, awarding the auditors an additional DKK 11 million in legal costs.

In October 2018, the Eastern High Court 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 total amount of DKK 28.6 million plus statutory interest. At the end of 2018, total damages including statutory interest amounted to approximately DKK 43 million. The court found in favour of the two other members of management and the auditors. Finansiel Stabilitet was ordered to pay legal costs in the amount of DKK 39 million. The auditors have appealed the High Court's decision with regard to legal costs. The appeal is pending before the Supreme Court.



The four members of management found liable have appealed the decision to the Supreme Court, and Finansiel Stabilitet has subsequently appealed the decision in respect of all six members of management. 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 already received from two insurance companies in the amounts of DKK 38.4 million and DKK 4.3 million, respectively, and to pay DKK 17.7 million in legal costs.

On 31 January 2020, the Western High Court delivered its decision in the liability lawsuit against ebh Bank, finding in favour of 11 former members of management and ordering the former CEO to pay DKK 2 million to Finansiel Stabilitet. Finansiel Stabilitet was ordered to pay DKK 121 million in legal costs. Finansiel Stabilitet appealed the decision to the Supreme Court on 26 February 2020, the claim being limited to DKK 100 million. The appeal solely concerns the claim against the CEO.

The court of the Faroe Islands delivered its decision in the liability lawsuit against Eik Banki Færøerne on 18 November 2019, ordering the three members of management to pay damages in the amount of DKK 150 million plus statutory interest to Finansiel Stabilitet. The Court found in favour of one former member of management, and Finansiel Stabilitet was ordered to pay DKK 8.9 million in legal fees to the public funds. The lawsuit was originally brought against Eik Banki's former auditors as well, but this part of the case was withdrawn, and Finansiel Stabilitet was ordered to pay DKK 12 million in legal fees to the auditors. Following the Eastern High Court's dismissal of Finansiel Stabilitet's appeal, Finansiel Stabilitet has applied to the Appeals Permission Board for a leave to appeal to a third instance. Consequently, Finansiel Stabilitet has paid a preliminary amount of DKK 3.6 million to the auditors.

The management members found liable have appealed the decision to the Eastern High Court.

In the lawsuit against the former management and auditors of Løkken Sparekasse, the Western High Court delivered its decision on 28 February 2020, finding in favour of all defendant management members and auditors. Finan-

siel Stabilitet was ordered to pay DKK 34 million in legal costs. Finansiel Stabilitet appealed the decision to the Supreme Court, the claim being limited to DKK 50 million. The appeal solely concerns the claim against the CEO.

In the lawsuit against the former management of Andelskassen J.A.K. Slagelse, the Court of Glostrup delivered its decision on 15 November 2019, ordering the former CEO to pay approximately DKK 1 million in damages, DKK 200,000 of which was to be paid jointly and severally with the former chairman of the board of directors. The CEO has appealed the decision to the Eastern High Court. For the district court proceedings, Finansiel Stabilitet was ordered to pay a total amount of DKK 700,000 in legal costs to the public funds. Trial hearings in the case have not yet been scheduled.

In May 2019, Finansiel Stabilitet filed two liability lawsuits against the former management of Københavns Andelskasse. Trial hearings have not yet been scheduled in these cases.

The decision in June 2020 in the lawsuit against the former management of Eik Bank was the second Supreme Court decision in management liability lawsuits brought by Finansiel Stabilitet.

The Board of Directors of Finansiel Stabilitet will assess what consequences, if any, these decisions will have on the pending management liability lawsuits.

## Significant risks

The principal risks affecting Finansiel Stabilitet concern the uncertainty related to the winding up of activities taken over by Finansiel Stabilitet under Bank Packages I-V and the risk of future losses as a result of the restructuring and resolution of failing banks etc. resulting in losses on covered deposits. Moreover, the active investment strategy involves the assumption of interest rate risk.

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

The significant risks in each segment are described in detail in Finansiell Stabilitet's Annual Report 2019 to which reference is made for further information about risks and risk management.

## Events after the balance sheet date

No events have occurred after the balance sheet date.

## Outlook for 2020

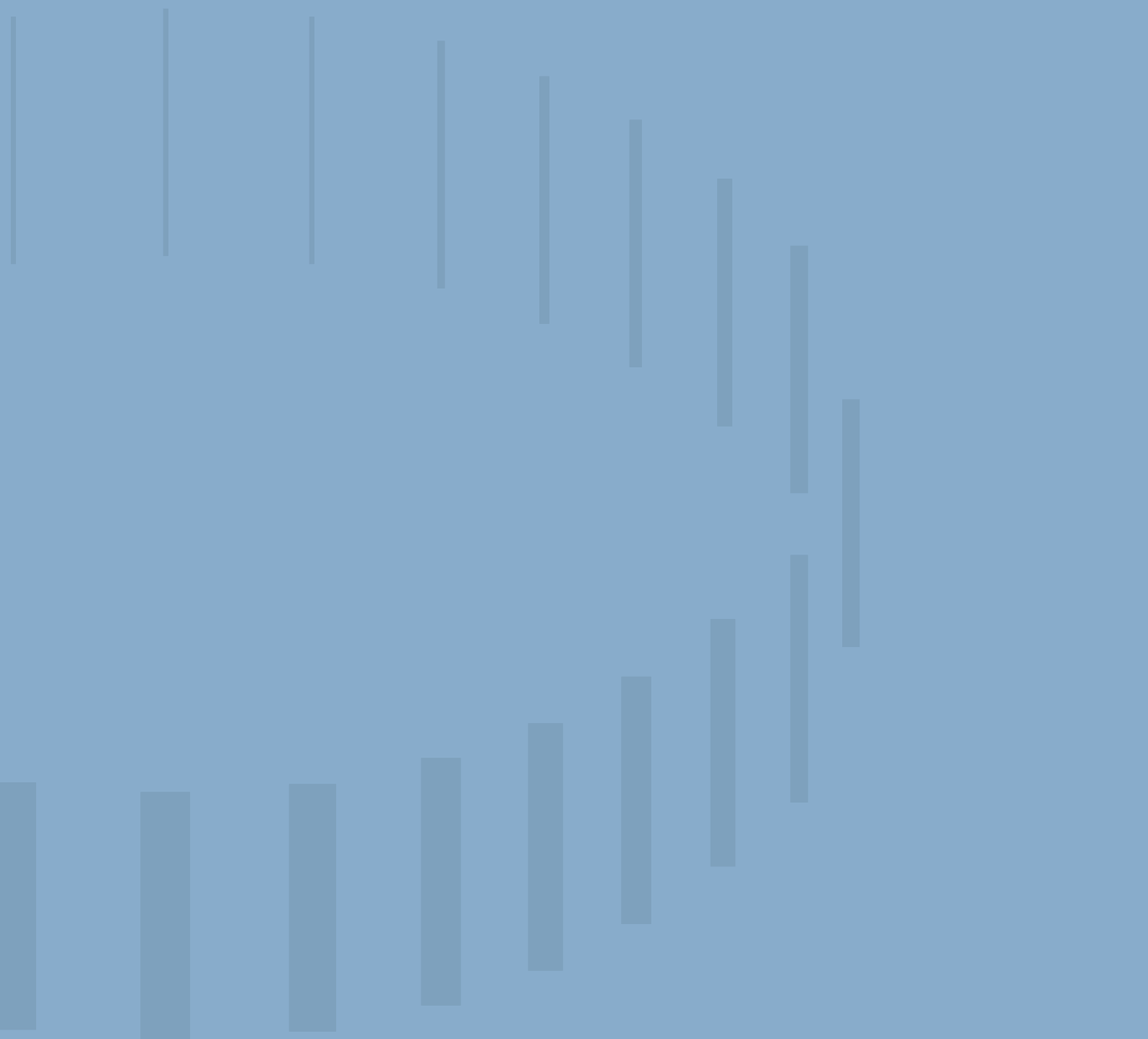
The outlook for 2020 is determined for each of the three segments of the Finansiell Stabilitet Group. For the Resolution Fund, a financial result of approx. DKK 900 million is expected, corresponding to the payments received from the institutions that have an obligation to pay contributions to the Resolution Fund. The full-year results of the Bank Package I-V activities and the Guarantee Fund are

expected to remain largely in line with the results for H1 2020.

The outlook is subject to some uncertainty due to the continued substantial uncertainty about the 2020 results of the activities relating to the Bank Package I-V activities. Accordingly, the guidance provided above does not include any potential effect on operations of value adjustments of assets, should the resolution results prove either better or worse than the carrying amounts. Moreover, the outcome of contingent liabilities, including lawsuits and disputes, is subject to substantial uncertainty.

In addition to this, the persistent low interest rate levels and the historical investment returns mean that return expectations for 2020 are negative because the portfolio management is generally based on hold-to-maturity. A significant interest rate increase such as was seen in Q1 2020 could significantly influence the result, which would particularly impact the results of the Guarantee Fund and the Resolution Fund. In addition, the outbreak of COVID-19 could affect the company's results.

# Financial statements



# Income statement and comprehensive income statement

(DKKm)	Note	Group		Parent company	
		H1 2020	H1 2019	H1 2020	H1 2019
<b>Interest and fees</b>					
Interest income calculated according to the effective interest method	4	29	13	10	14
Other interest income	4	54	36	54	36
Interest expense	5	28	30	28	30
<b>Net interest income</b>		<b>55</b>	<b>19</b>	<b>36</b>	<b>20</b>
Share dividends, etc.		0	2	0	2
Contributions to the Resolution Fund		471	362	471	362
Fees and commissions received		1	1	1	1
<b>Net interest and fee income</b>		<b>527</b>	<b>384</b>	<b>508</b>	<b>385</b>
Market value adjustments	6	-61	65	-61	58
Other operating income		18	5	26	8
Staff costs and administrative expenses	7	64	81	58	62
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		1	1	1	1
Other operating expenses		12	-47	18	1
Impairment losses on loans, advances and receivables, etc.	8	-101	-76	-24	-56
Income from investments in associates and subsidiaries		0	0	-1	32
Purchase price and dowry adjustment		0	-3	89	12
<b>Result for the period before tax</b>		<b>508</b>	<b>492</b>	<b>508</b>	<b>487</b>
Tax		0	5	0	0
<b>Result for the period</b>		<b>508</b>	<b>487</b>	<b>508</b>	<b>487</b>
<b>Comprehensive income statement</b>					
Result for the period		508	487	508	487
Other comprehensive income after tax		0	0	0	0
<b>Total comprehensive income</b>		<b>508</b>	<b>487</b>	<b>508</b>	<b>487</b>
<b>Distributed on:</b>					
Finansiel Stabilitet				5	40
Guarantee Fund				39	74
Resolution Fund				464	373
<b>Total comprehensive income</b>				<b>508</b>	<b>487</b>

# Balance sheet

(DKKm)	Note	Group			Parent company		
		30/06/ 2020	31/12/ 2019	30/06/ 2019	30/06/ 2020	31/12/ 2019	30/06/ 2019
<b>ASSETS</b>							
Cash in hand and demand deposits with central banks		4,280	8,204	9,808	4,280	8,204	9,808
Due from credit institutions and central banks		116	49	157	70	39	61
Loans, advances and other receivables at amortised cost		271	311	400	91	86	131
Bonds at fair value		14,241	9,644	7,664	14,241	9,644	7,664
Shares, etc.		102	108	114	96	101	106
Investments in associates		35	35	35	35	35	35
Investments in subsidiaries		0	0	0	625	693	651
Investment properties		2	2	2	2	2	2
Lease assets		8	9	10	8	9	10
Guarantees provided by banks, mortgage credit institutions and investment companies		3,218	3,218	4,218	3,218	3,218	4,218
Purchase price and dowry adjustment receivable		0	0	0	2,109	2,020	1,811
Other assets		217	224	231	214	219	212
Prepayments		3	2	2	2	2	2
<b>Total assets</b>		<b>22,493</b>	<b>21,806</b>	<b>22,641</b>	<b>24,991</b>	<b>24,272</b>	<b>24,711</b>

# Balance sheet

(DKKm)	Note	Group			Parent company		
		30/06/ 2020	31/12/ 2019	30/06/ 2019	30/06/ 2020	31/12/ 2019	30/06/ 2019
<b>EQUITY AND LIABILITIES</b>							
<b>Liabilities</b>							
Lease liabilities		11	14	16	8	9	10
Current tax liabilities		3	4	6	0	0	0
Other liabilities		428	619	692	3,291	3,539	3,200
Deferred income		471	0	362	471	0	362
<b>Total liabilities other than provisions</b>		<b>913</b>	<b>637</b>	<b>1,076</b>	<b>3,770</b>	<b>3,548</b>	<b>3,572</b>
<b>Provisions</b>							
Provision for losses on guarantees		34	35	44	12	14	22
Purchase price adjustment (earn-out)		256	256	223	0	0	0
Other provisions	9	100	196	197	19	28	16
<b>Total provisions</b>		<b>390</b>	<b>487</b>	<b>464</b>	<b>31</b>	<b>42</b>	<b>38</b>
<b>Total liabilities</b>		<b>1,303</b>	<b>1,124</b>	<b>1,540</b>	<b>3,801</b>	<b>3,590</b>	<b>3,610</b>
<b>Equity</b>							
Finansiel Stabilitet		5,162	5,157	4,968	5,162	5,157	4,968
Guarantee Fund		12,418	12,379	13,339	12,418	12,379	13,339
Resolution Fund		3,610	3,146	2,794	3,610	3,146	2,794
<b>Total equity</b>		<b>21,190</b>	<b>20,682</b>	<b>21,101</b>	<b>21,190</b>	<b>20,682</b>	<b>21,101</b>
<b>Total equity and liabilities</b>		<b>22,493</b>	<b>21,806</b>	<b>22,641</b>	<b>24,991</b>	<b>24,272</b>	<b>24,711</b>

# Statement of changes in equity

Group (DKK m)	H1 2020					2019
	Finansiel Stabilitet		Guarantee Fund	Resolution Fund	Total equity	
	Subordinated assets	Retained earnings				
<b>Equity at 1 January</b>	<b>1</b>	<b>5,156</b>	<b>12,379</b>	<b>3,146</b>	<b>20,682</b>	<b>20,614</b>
Comprehensive income for the period	-	5	39	464	508	1,068
Cancelled guarantees due to legislative amendment*	-	0	0	0	0	-1,000
<b>Equity at 30 June</b>	<b>1</b>	<b>5,161</b>	<b>12,418</b>	<b>3,610</b>	<b>21,190</b>	<b>20,682</b>

Parent company (DKK m)	H1 2020					2019
	Finansiel Stabilitet		Guarantee Fund	Resolution Fund	Total equity	
	Subordinated assets	Retained earnings				
<b>Equity at 1 January</b>	<b>1</b>	<b>5,156</b>	<b>12,379</b>	<b>3,146</b>	<b>20,682</b>	<b>20,614</b>
Comprehensive income for the period	-	5	39	464	508	1,068
Cancelled guarantees due to legislative amendment*	-	0	0	0	0	-1,000
<b>Equity at 30 June</b>	<b>1</b>	<b>5,161</b>	<b>12,418</b>	<b>3,610</b>	<b>21,190</b>	<b>20,682</b>

\* Pursuant to legislative amendment of 1 July 2019, the Guarantee Fund will no longer cover restructuring costs, and guarantees provided by banks in the total amount of DKK 1 billion have consequently been released. As the guarantee receivable was set up under the Guarantee Fund for Depositors and Investors and was treated as a transaction recognised directly in equity (the fund), it has been decided to reverse the receivable accordingly.

# Cash flow statement

(DKKm)	Group	
	H1 2020	H1 2019
<b>Cash flows from operating activities</b>		
Comprehensive income for the period	508	487
Adjustment for non-cash operating items	-166	-124
Cash flow from operating capital	338	436
<b>Cash flows from operating activities</b>	<b>680</b>	<b>799</b>
<b>Cash flows from investing activities</b>		
Purchase/sale of property, plant and equipment	-4,537	-1,831
<b>Cash flows from investing activities</b>	<b>-4,537</b>	<b>-1,831</b>
<b>Cash flows from financing activities</b>		
Dividend	-	-
<b>Cash flows from financing activities</b>	<b>-</b>	<b>-</b>
<b>Change in cash and cash equivalents</b>		
Cash and cash equivalents at the beginning of the period	8,253	10,997
Change during the period	-3,857	-1,032
<b>Cash and cash equivalents at the end of the period</b>	<b>4,396</b>	<b>9,965</b>



# Notes

## 1. Accounting policies

The interim report is presented in accordance with IAS 34, Interim Financial Reporting as adopted by the EU in respect of the Group and in accordance with the Danish Financial Business Act in respect of the parent company. The accounting policies are consistent with those applied in the annual report for 2019, which comprises a comprehensive description of the accounting policies applied.

### **Standards and interpretations not yet in force**

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

### **Accounting estimates and judgments**

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

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

The accounting estimates and the related uncertainty concern the same issues as those prevailing at the preparation of the consolidated and parent company financial statements for 2019.

# Notes

## 2. Segment information for the Group

Activities 1 January – 30 June (DKKm)	Bank Packages I-V		Guarantee Fund		Resolution Fund		Eliminations		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Net interest income/expense	3	-12	37	20	15	11			55	19
Contributions to Guarantee Fund & Resolution Fund	-	-	0	0	471	362			471	362
Other net fee income and market value adjustments, etc.	4	22	-43	73	-20	7	-1	-34	-60	68
Purchase price and dowry adjustment	-48	-5	48	2	-	-			0	-3
Other operating income/expenses, net	7	32	0	-15	15	13	-16	22	6	52
Operating expenses	61	68	3	6	18	20	-17	-12	65	82
Impairment losses on loans, advances and receivables, etc.	-100	-76	0	0	-1	0			-101	-76
Income from investments in associates and subsidiaries	0	0	0	0	0	0			0	0
<b>Result for the period before tax</b>	<b>5</b>	<b>45</b>	<b>39</b>	<b>74</b>	<b>464</b>	<b>373</b>			<b>508</b>	<b>492</b>
Tax	0	5	0	0	0	0			0	5
<b>Result for the period</b>	<b>5</b>	<b>40</b>	<b>39</b>	<b>74</b>	<b>464</b>	<b>373</b>			<b>508</b>	<b>487</b>
Total assets at 30 June	6,744	6,784	12,419	13,343	4,180	3,270	-850	-756	22,493	22,641
Total assets at 31 December		7,000		12,381		3,260		-835		21,806
Investments in associates at 30 June	35	35							35	35
Investments in associates at 31 December		35								35
Total liabilities at 30 June	1,582	1,816	1	4	570	476	-850	-756	1,303	1,540
Total liabilities at 31 December		1,843		2		114		-835		1,124

# Notes

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

Activities 1 January – 30 June (DKKm)	Bank Packages I and II		Bank Packages III and IV		Eliminations		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Net interest income/expense	-16	-7	19	-5			3	-12
Other net fee income and market value adjustments, etc.	4	15	0	7			4	22
Purchase price and dowry adjustment	41	10	-89	-15			-48	-5
Other operating income/expenses, net	9	-11	6	48	-8	-5	7	32
Operating expenses	58	57	11	16	-8	-5	61	68
Impairment losses on loans, advances and receivables, etc.	-24	-56	-76	-20			-100	-76
Income from investments in associates and subsidiaries	1	34	0	0	-1	-34	0	0
<b>Result for the period before tax</b>	<b>5</b>	<b>40</b>	<b>1</b>	<b>39</b>	<b>-1</b>	<b>-34</b>	<b>5</b>	<b>45</b>
Tax	0	0	0	5			0	5
<b>Result for the period</b>	<b>5</b>	<b>40</b>	<b>1</b>	<b>34</b>	<b>-1</b>	<b>-34</b>	<b>5</b>	<b>40</b>
Total assets at 30 June	7,882	7,707	2,534	2,360	-3,672	-3,283	6,744	6,784
Total assets at 31 December		8,157		2,602		-3,759		7,000
Investments in associates at 30 June	35	35					35	35
Investments in associates at 31 December		35						35
Total liabilities at 30 June	2,720	2,739	2,490	2,283	-3,628	-3,206	1,582	1,816
Total liabilities at 31 December		3,000		2,491		-3,648		1,843

# Notes

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

### Segment information for the parent company

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

### Bank Package activities

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

### Bank Packages I and II

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

### Bank Packages III and IV

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

### Bank Package V

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

### Guarantee Fund

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

### Resolution Fund

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

# Notes

## 3. Segment information for the parent company

Activities 1 January – 30 June (DKKm)	Bank Package activities		Guarantee Fund		Resolution Fund		Eliminations		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Net interest income/expense	-14	-5	37	20	13	5			36	20
Contributions to Guarantee Fund and the Resolution Fund	-	-	0	0	471	362			471	362
Other net fee income and market value adjustments, etc.	4	15	-43	73	-20	7	-1	-34	-60	61
Purchase price and dowry adjustment	41	10	48	2	-	-			89	12
Other operating income/expenses, net	9	-11	0	-15	9	5	-10	28	8	7
Operating expenses	57	57	3	6	10	6	-11	-6	59	63
Impairment losses on loans, advances and receivables, etc.	-24	-56	0	0	0	0			-24	-56
Income from investments in associates and subsidiaries	-2	32	0	0	1	0			-1	32
<b>Result for the period</b>	<b>5</b>	<b>40</b>	<b>39</b>	<b>74</b>	<b>464</b>	<b>373</b>			<b>508</b>	<b>487</b>
Total assets at 30 June	8,377	8,228	12,419	13,343	4,195	3,165		-25	24,991	24,711
Total assets at 31 December		8,655		12,381		3,270		-34		24,272
Total liabilities at 30 June	3,215	3,260	1	4	585	371		-25	3,801	3,610
Total liabilities at 31 December		3,498		2		124		-34		3,590

# Notes

(DKKm)	Group		Parent company	
	H1 2020	H1 2019	H1 2020	H1 2019
<b>4. Interest income</b>				
Loans, advances and other receivables at amortised cost	3	12	1	5
Bonds	54	36	54	36
Other interest income	26	1	9	9
<b>Total</b>	<b>83</b>	<b>49</b>	<b>64</b>	<b>50</b>
Interest income relates to:				
Liabilities at amortised cost	0	0	9	9
Assets at amortised cost	29	13	1	5
Assets at fair value:	54	36	54	36
<b>Total</b>	<b>83</b>	<b>49</b>	<b>64</b>	<b>50</b>
<b>5. Interest expense</b>				
Due from credit institutions and central banks	24	30	24	30
Other interest expense	4	0	4	0
<b>Total</b>	<b>28</b>	<b>30</b>	<b>28</b>	<b>30</b>
<b>6. Market value adjustments</b>				
Bonds	-60	50	-60	50
Shares, etc.	-1	15	-1	8
<b>Total</b>	<b>-61</b>	<b>65</b>	<b>-61</b>	<b>58</b>

# Notes

(DKKm)	Group		Parent company	
	H1 2020	H1 2019	H1 2020	H1 2019
<b>7. Staff costs and administrative expenses</b>				
Salaries and remuneration to Board of Directors and Management Board:				
Management Board	1	1	1	1
Board of Directors	1	1	1	1
<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Staff costs				
Salaries	18	21	18	18
Pensions	2	2	2	2
<b>Total</b>	<b>20</b>	<b>23</b>	<b>20</b>	<b>20</b>
Other administrative expenses	42	57	36	41
<b>Total</b>	<b>64</b>	<b>82</b>	<b>58</b>	<b>63</b>

(DKKm)	Impairm. 1 Jan.	Move- ment in impairm.	Impairm. 30 June	Impact on operations
<b>8. Impairment losses on loans, advances and receivables, etc.</b>				
Loans and advances at amortised cost	2,716	-279	2,437	
Guarantees	35	-1	34	
<b>Impairment for H1 2020</b>	<b>2,751</b>	<b>-280</b>	<b>2,471</b>	<b>-101</b>
Impairment for H1 2019	4,006	-886	3,120	-76

(DKKm)	Group		Parent company	
	H1 2020	H1 2019	H1 2020	H1 2019
<b>9. Other provisions</b>				
Lawsuits	50	62	8	1
Other provisions	50	135	11	15
<b>Total</b>	<b>100</b>	<b>197</b>	<b>19</b>	<b>16</b>

Other provisions comprise pensions, onerous contracts, etc.

# Notes

(DKKm)

## 10. Contingent assets and liabilities

### Tax

The Group has a tax asset of DKK 0.4 billion. Due to the uncertainty as to whether this can be utilised, the tax asset has not been recognised in the balance sheet.

### Lawsuits

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

## 11. Related parties

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

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



# Statement by Management

The Board of Directors and the Management Board have today considered and adopted the interim report of Finansiel Stabilitet for the six months ended 30 June 2020.

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

The interim report has been neither audited nor reviewed.

In our opinion, the interim financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 30 June 2020 and of the results of the Group's and the parent company's operations and the Group's cash flows for the six months ended 30 June 2020.

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

Copenhagen, 27 August 2020

## Management Board

Henrik Bjerre-Nielsen  
CEO

## Board of Directors

Peter Engberg Jensen  
Chairman

Anne Louise Eberhard  
Deputy Chairman

Bente Overgaard

Ole Selch Bak

Morten Sommerfeldt

Ulrik Rammeskov Bang-Pedersen

# Company details

Finansiel Stabilitet

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

Phone: +45 70 27 87 47

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

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

CVR no.: 30 51 51 45

Established: 13 October 2008

Municipality of  
registered office: Copenhagen

## Board

Peter Engberg Jensen (Chairman)

Anne Louise Eberhard (Deputy Chairman)

Bente Overgaard

Ole Selch Bak

Morten Sommerfeldt

Ulrik Rammeskow Bang-Pedersen

## Management Board

Henrik Bjerre-Nielsen

## Auditors

The National Audit Office of Denmark

Landgreven 4

DK-1301 Copenhagen K

ERNST & YOUNG

Godkendt Revisionspartnerselskab

Dirch Passers Allé 36

DK-2000 Frederiksberg

## **Finansiell Stabilitet**

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

Phone: +45 70 27 87 47  
Website: [www.fs.dk](http://www.fs.dk)  
E-mail: [mail@fs.dk](mailto:mail@fs.dk)