



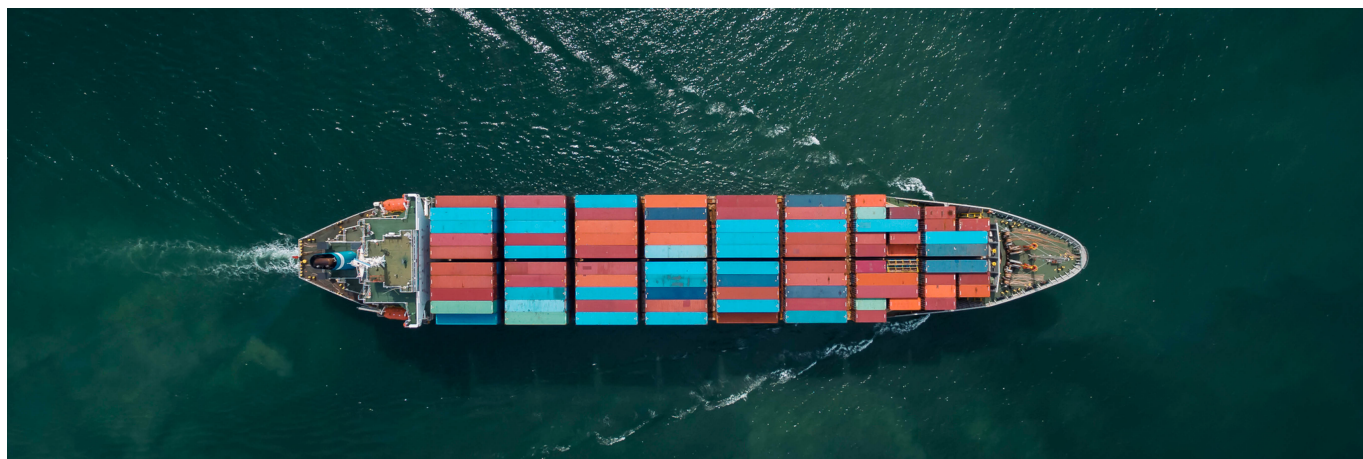
EKF

EKF

Half-Year Report

2020

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Financial highlights and ratios for the first half of 2020

DKK million	1st half of 2020	1st half of 2019	Year 2019
Net profit/loss for the period	486	369	743
Equity	8,305	8,085	8,459
Balance sheet total	29,226	27,855	26,634
Guarantee exposure and loans, before reinsurance *	101,323	86,472	92,219
Reinsured guarantee exposure and loans	38,835	23,552	32,985
Guarantee exposure and loans, after reinsurance	62,488	62,920	59,234
Conditional offers exposure	9,812	2,983	6,964
Total portfolio before reinsurance (incl. offers)	111,135	89,455	99,183
New export credits, working capital guarantees and loans	16,578	8,327	17,839
Return on equity, per cent	5.9	4.5	9.1
Capital ratio, per cent	8.8	8.4	8.7

* Loans include granted loans and equity investments undertaken. For definitions of financial highlights and ratios, see note 5.



Management's review

Unforeseeable six months, with lifelines for exporters impacted by coronavirus (COVID-19)

EKF's raison d'être is to secure financing for Danish exports and to contribute to the internationalisation of the Danish business sector. This mission has been more vital than ever during a six-month period in which the global spread of COVID-19 created an extraordinary situation for Danish exporters. Despite the crisis, EKF maintained a high level of activity regarding new guarantees.

At EKF we can look back over a six-month period that nobody could have predicted. The year began with a lot of activity and a thriving Danish economy, while reports of a novel coronavirus in China gradually began to fill the news. Before we knew it, the first case had occurred in Denmark, after which this period took a completely unexpected turn.

During times of crisis, it is important that export credit agencies such as EKF quickly adapt in order to fulfil our purpose of supporting Danish business exports and internationalisation. EKF experienced rising demand during the financial crisis, a trend that was repeated during the COVID-19 crisis. During the first half of the year, we also mobilised quickly to get the schemes that EKF administers on behalf of the state as part of the Danish Parliament's rescue schemes for trade and industry up and running.

Significant activities: New government guarantee schemes and a lifeline for the private credit insurance market

The COVID-19 crisis threw Danish exporters into a new, very serious situation, with liquidity becoming a watchword. A good financial cushion is required when demand drops while expenses continue to accrue each month. The Danish Parliament quickly arranged rescue

schemes for trade and industry, and with a couple of new initiatives, EKF became part of a safety net for businesses that was unprecedented in its size.

First of all, in the first half of this year we were able to launch new government Liquidity Guarantees for small, medium-sized and large Danish enterprises. Liquidity Guarantees can be issued to businesses that have suffered or expect to suffer a major loss of revenue as a result of the crisis. The Liquidity Guarantees, which are currently set to run for the rest of 2020, could pave the way for new SME loans totalling DKK 1.25 billion and loans to large Danish exporters totalling DKK 7.1 billion.

Another helping hand to trade and industry was a sovereign guarantee fund of DKK 30 billion, which acts as a lifeline for the private credit insurance market in 2020. Credit insurance is a key element in facilitating sound, friction-free B2B trade, which suddenly was at risk at the outbreak of the COVID-19 crisis. Worth DKK 30 billion, the sovereign guarantee fund ensures that credit insurers in Denmark are in a position to maintain their customary insurance capacity during the COVID-19 crisis and for the rest of 2020. The scheme is open to businesses offering short credit periods of up to 180 days, and can be used for both domestic and export B2B trade. EKF administers the sovereign guarantee fund, which is used by the four private credit insurers in Denmark: Atradius, Coface, Euler Hermes and Tryg Garanti.

In the first half of 2020, EKF also established a partnership with the fintech company Tradeshift, aimed at encouraging big businesses to pay their suppliers immediately. This move will help to ease the liquidity challenges faced by suppliers.

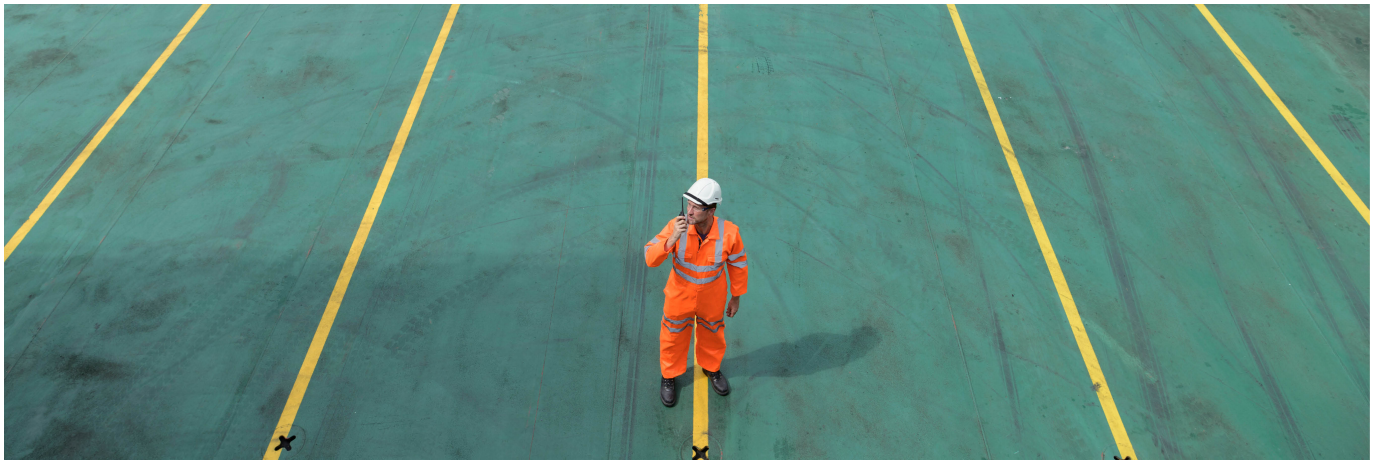
Accounts: High level of new guarantees

Despite an unforeseeable six months and an unexpected crisis, EKF has been able to maintain a high level of activity with new guarantees totalling DKK 16.6 billion – due in no small part to a major infrastructure project in Africa.

We have also maintained our commitment to wind energy, other renewable energy sources and energy efficiency. EKF's accounting books are filled with wind farms, and the first half of 2020 was no exception. With a large guarantee for Changfang & Xidao Wind Power Co. Ltd. in Taiwan, EKF helped to finance the fourth offshore wind farm in Taiwan in just three years. The project is expected to go into operation from the start of 2024, supplying power for over 600,000 Taiwanese households.

Similarly, EKF issued a large guarantee to Seagreen, a new offshore wind farm off the east coast of Scotland. By 2022, when it is fully built, its capacity of 1.14 GW could cover the power consumption of around one million British households with green electricity. The North Sea is very important to EKF, because this is where we helped to establish the Danish wind industry's position of strength during the first decade of this century.

EKF's portfolio is less exposed compared with those industries that have been hardest hit by the COVID-19 crisis. A profit of DKK 486 million at the mid-year point bears witness to this. We have stepped up the dialogue with our customers during the crisis. Not least because eight in ten of EKF's customers are small and medium-sized enterprises, who are particularly vulnerable. Losses thus far are limited, but the risk is high, and we are monitoring our portfolio of guarantees and loans closely.

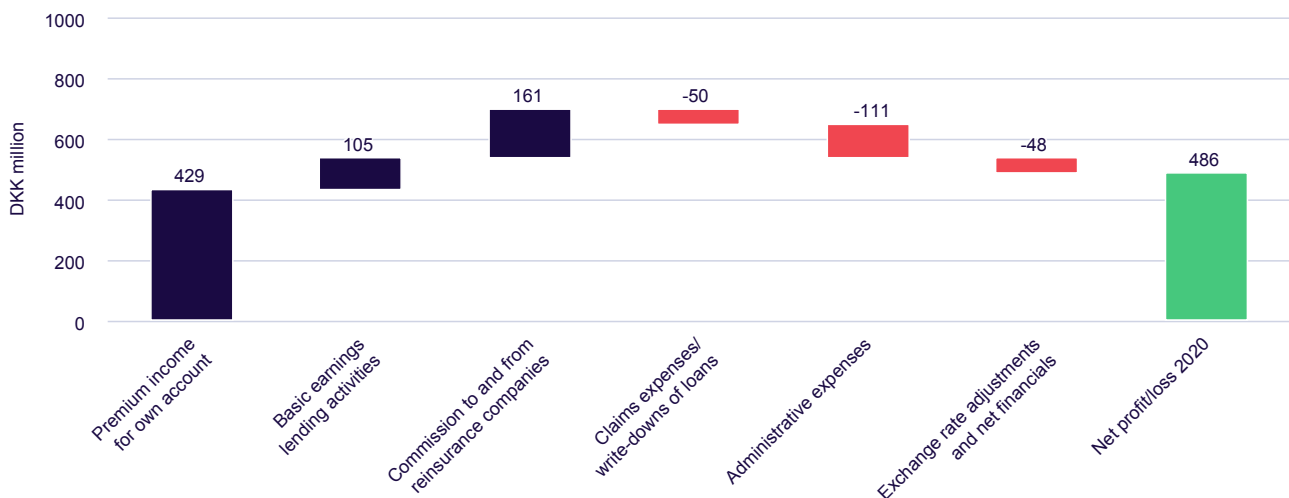


Management's comments on the first half of 2020

New guarantees in the first half of 2020 totalled DKK 16.6 billion. Despite the COVID-19 crisis, damage was limited, but EKF has made provision for SME transactions. The net profit/loss was better than in the first half of 2019.

Net profit/loss for the first half of 2020

The net profit/loss for the first half of 2020 was a surplus of DKK 486 million, compared with a surplus of DKK 369 million in the first half of 2019.



The net profit/loss for the first half of 2020 is due in no small part to new guarantees bringing in a lot of revenue, and to the fact that the level of damage has been moderate.

New guarantees in the first half of 2020 totalled DKK 16.6 billion, compared with DKK 8.3 billion in 2019. A major infrastructure project in Africa and two large offshore wind projects in Taiwan and the UK were strongly represented in the new guarantees, but transactions to alleviate the liquidity challenges of Danish enterprises due to the crisis also played a part.

Premium income for own account

Premium income for own account totalled DKK 429 million. In the same period last year, this number was DKK 334 million. The high premium income for own account can partly be attributed to earnings on new guarantees during the first six months of the year.

Earnings on new guarantees amounted to DKK 227 million after guarantee provisions and reinsurance premiums paid in the first half of 2020. This was an improvement of DKK 70 million compared with the first half of 2019. EKF recognises part of the gross premium as revenue along with fees for issuing the transaction. The increase in income is thus due to the fact that the proportion of guarantees issued in the first half of 2020 was higher than in the corresponding period of the previous year.

In the first half of 2020, EKF was able to recognise DKK 195 million as income in the run-off result on previous years' guarantee provisions. The run-off result consists of reversed provisions as a result of scheduled repayments of the underlying loans for the guarantees. The run-off result for the first half of 2019 totalled DKK 206 million. This fall is due to the fact that EKF substantially increased its reinsurance activities, meaning that a larger proportion of run-off income accrues to reinsurance companies.

Prepayments and refinancing represented an expense of DKK 8 million in the first half of 2020, in line with the corresponding period last year.

Other changes to guarantees includes various fees for guarantees issued previously and changes in write-downs of premiums receivable.

Total premium income for own account for the first half of 2020

Amounts in DKK	New guarantees during the year	Run-off result	Prepayments etc.	Reclassification of countries and debtors	Other changes to guarantees	Total
1st half of 2020						
Gross premium income	1,689	-	-44	-	29	1,674
Reinsurance premiums paid	-1,042	-	12	-	10	-1,020
Change in guarantee provisions	-1,206	294	35	4	-11	-884
Change in the reinsurance share of guarantee provisions	786	-99	-11	-3	-14	659
Premium income for own account for the first half of 2020	227	195	-8	1	14	429
1st half of 2019						
Premium income for own account for the first half of 2019	157	206	-7	-50	28	334

Claims expenses for own account

Claims expenses for own account amounted to DKK 77 million in the first half of 2020, up from DKK 92 million in the first half of 2019. The claims expenses for the first half of 2020 were impacted by EKF making a managerial estimate regarding a provision of DKK 50 million for working capital guarantees for small and medium-sized enterprises on the basis of the economic consequences of the COVID-19 crisis. The provision will cover losses anticipated by EKF in the working capital guarantee portfolio on the basis of the crisis, but which have not yet been established in individual commitments.

The individual provisions for losses in the first half of 2020 were low. EKF thus did not see the need to make provisions for losses for any large distressed transactions in the first half of 2020.

Basic earnings from lending activities

Basic earnings from lending activities in the first half of 2020 amounted to earnings of DKK 105 million, 29 million lower than in the first half of 2019. The decline in basic earnings is due to two loans being prepaid at the end of 2019, and to a large loan with high revenue being reduced in 2019.

Write-downs of loans

Write-downs of loans amounted to an income of DKK 27 million in the first half of 2020, compared with an income of DKK 41 million in the corresponding period for 2019. EKF's portfolio still contains only one non-performing loan.

EKF thus did not have any major loans in the first half of 2020 for which objective indications of impairment were registered, or for which it was necessary to make further write-downs for expected losses.

Administrative expenses

Administrative expenses represented an expense of DKK 111 million in the first half of 2020, compared with DKK 98 million in the first half of 2019. This increase primarily relates to a rise in salary expenses. In recent years, EKF has raised the staffing level, adding several new positions as a result of increasing activity and complexity.

Net financials

Net financials represented an expense of DKK 48 million in the first half of 2020, compared with an expense of DKK 151 million in the same period last year.

Declining interest rates in USD and EUR mean that EKF's premiums receivable, which are recognised at the present value of the future premium payments, can be revalued. This has a positive impact on financial income. Conversely, unrealised value adjustments have a negative effect. EKF hedges the majority of exchange rate and interest rate risks in the portfolio of loans by means of derivative financial instruments. Since EKF recognises loans at amortised cost and the hedging at fair value, any change in the value of the financial instruments will not correspond to a change in the value of the loans that are hedged. In the first half of 2020, the fall in US interest rates in particular reduced the value of EKF's currency swaps, while the value of the loans hedged by these was unaffected. This resulted in a deficit for the net financials – a deficit that will be equalised over the term of the loan.

Outlook

The COVID-19 crisis has worsened the macroeconomic outlook for the second half of 2020,

and negative global growth is expected in 2020. This will weaken exports, including industrial exports, which are expected to be impacted negatively. On the other hand, the crisis creates an increasing need for financing from EKF. EKF is making great efforts to meet the needs that are arising. Overall, EKF expects new guarantees to be higher in 2020 than in 2019, when they totalled just under DKK 19 billion. However, we also expect them to be lower than our record year of 2018, in which EKF issued new guarantees for just under DKK 34 billion.

EKF's portfolio is not significantly exposed compared with the sectors and industries that were initially the worst affected during the COVID-19 crisis, and provisions for losses in the first half of 2020 were low. EKF's provisions for losses are expected to rise in the second half of the year, as rescue schemes run out and the impact of the COVID-19 crisis on the global economy becomes more pronounced.

EKF expects a positive result of between DKK 500 million and DKK 700 million in 2020, but due to the crisis, expectations are associated with substantial uncertainty.

Corporate information

EKF Denmark's Export Credit Agency

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Founded: 19 November 1999 Registered
office: Copenhagen

Accounting period: 1 January – 30 June

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Rigsrevisionen

Landgreven 4
DK-1301 Copenhagen

Board of Directors

Christian Frigast, Chairman
Dorrit Vanglo, Deputy Chairwoman
Janne Bram Hemphrey
Jørgen Høholt
Niels Jacobsen
Poul Due Jensen
Emilie Turunen
Anna Marie Owie
elected by the employees
Morten Wernberg
elected by the employees

Management

Kirstine Damkjær, CEO
Tine Lundegaard, Deputy CEO
Jan Vassard, Deputy CEO



Management statement

Today the Board of Directors and Management considered and approved the Half-Year Report of EKF Denmark's Export Credit Agency for the period 1 January – 30 June 2020.

The Half-Year Report was prepared in accordance with the Danish Financial Statements Act, subject to the necessary exemptions and adjustments required as a consequence of EKF Denmark's Export Credit Agency's special position as an independent public company, cf. the Act on EKF Denmark's Export Credit Agency.

In our opinion, the Half-Year Report gives a true and fair view of EKF Denmark's Export Credit Agency's assets, liabilities and financial position at 30 June 2020 and of the results of EKF Denmark's Export Credit Agency's operations and cash flows for the period 1 January – 30 June 2020.

Furthermore, we are of the opinion that Management's review gives a true and fair account of the development of EKF Denmark's Export Credit Agency's operations and financial circumstances and a description of the significant risks and uncertainty factors that could impact EKF Denmark's Export Credit Agency.

Management

Kirstine Damkjær
CEO

Tine Lundegaard
Deputy CEO

Jan Vassard
Deputy CEO

Board of Directors

Christian Frigast
Chairman

Dorrit Vanglo
Deputy Chairwoman

Janne Bram Hemphrey*

Jørgen Høholt

Niels Jacobsen*

Poul Due Jensen

Emilie Turunen*

Anna Marie Owie
Elected by the employees

Morten Wernberg*
Elected by the employees

**Elected to the Board on 1 July 2020.*



Income statement for the period 1 January – 30 June 2020

Amounts in DKK million	Note	1st half of 2020	1st half of 2019	Year 2019
Gross premium income		1,674	772	772
Reinsurance premiums paid		-1,020	-918	-918
Change in guarantee provisions	1	-884	139	-80
Change in the reinsurance share of guarantee provisions		659	-601	-601
Total premium income for own account		429	334	375
Claims expenses	2	-77	116	184
Change in the reinsurance share of provisions for claims expenses		0	-24	-24
Total claims expenses for own account		-77	92	160
Commission to and from reinsurance companies		161	17	177
Technical result before administrative expenses		513	443	712
Financial income related to loans		307	410	778
Financial expenses related to loans		-202	-276	-520
Basic earnings from lending activities		105	134	258
Write-downs of loans		27	41	11
Result of lending activities before administrative expenses		132	175	269
Total operating income before administrative expenses		645	618	981
Administrative expenses, net		-111	-98	-209
Total operating income before net financials		534	520	772
Exchange rate adjustments		16	-18	-31
Financial income		127	34	198
Financial expenses		-9	-9	-17
Value adjustments, unrealised		-182	-158	-179
Net financials		-48	-151	-29
Net profit/loss for the year		486	369	743

Balance sheet

Amounts in DKK million	Note	30 June 2020	30 June 2019	Year 2019
Assets				
Cash and demand deposits		6,801	7,692	7,205
Loans		11,546	10,448	9,439
Securities		1,452	1,767	1,765
Fixed assets		16	17	18
Receivables		7,020	6,724	6,460
Reinsurance shares		2,391	1,207	1,748
Total current assets		9,411	7,931	8,207
Assets				
		29,226	27,855	26,634
Liabilities				
Equity		8,305	8,085	8,459
Other payables		15,050	15,033	13,125
Technical provisions		5,871	4,737	5,050
Liabilities		29,226	27,855	26,634
Amounts in DKK million				
Guarantee exposure after reinsurance		51,887	52,016	49,193
Conditional offers exposure		9,812	2,984	7,454

Statement of changes in equity

Amounts in DKK million	Retained earnings (non-restricted)	Proposed dividend	Restricted equity (tied up)	Exchange rate adjustment reserve	Total
Equity at 1 January 2019	5,071	140	2,616	29	7,856
Dividend distributed	-	-140	-	-	-140
Transferred to restricted equity	-	-	88	-	88
Proposed dividend	-	140	-	-	140
Additional distribution to the Danish state	-500	500	-	-	-
Transferred to non-restricted equity	694	-	-	-	694
Change in exchange rate adjustment reserve for the year *	-	-	-	-179	-179
Equity at 31 December 2019	5,265	640	2,704	-150	8,459
Dividend distributed	-	-640	-	-	-640
Transferred to restricted equity	-	-	130	-	130
Transferred to non-restricted equity	538	-	-	-	538
Change in exchange rate adjustment reserve for the period *	-	-	-	-182	-182
Equity at 30 June 2020	5,803	-	2,834	-332	8,305

* The change in exchange rate adjustment reserve for the period consists of the unrealised value adjustments from lending activities for the period.

EKF has the status of an independent public company guaranteed by the Danish State. Losses exceeding technical provisions, restricted equity and non-restricted equity are therefore covered by the Danish State.

In 2019, EKF distributed the maximum amount of DKK 140 million of the year's net profit together with an extraordinary distribution of DKK 500 million to the Danish State. In 2020, EKF will continue to distribute half of its net profit, up to a maximum of DKK 100 million.

As at 30 June 2020, the capital ratio was 8.8 per cent.

Notes

Note 1: Change in guarantee provisions

Amounts in DKK million	30 June 2020	30 June 2019	Year 2019
Addition of new guarantees	-1,206	-357	-742
Changes in guarantees	-15	4	10
Change in country and debtor ratings	4	-66	-157
Reductions in guarantee provisions	294	245	499
Reversal of guarantee provisions as a result of potential losses	4	-	4
Reversal of guarantee provisions as a result of prepayments, etc.	35	313	305
Total change in guarantee provisions	-884	139	-80

Note 2: Claims expenses

Amounts in DKK million	30 June 2020	30 June 2019	Year 2019
Change in provisions	-5	135	127
Provision for working capital guarantees	-50	-	-
Change in claims write-down	-18	-16	242
Indemnification payments to short-term reinsurance	-3	-2	-6
Transaction expenses	-1	-1	-13
Write-off of claims	-	-	-165
Total claims expenses	-77	116	184

Note 3: Capital ratio in per cent

Amounts in DKK million	30 June 2020	30 June 2019	Year 2019
Guarantee exposure before reinsurance	88,150	72,864	79,929
Loans	12,145	11,033	10,069
Loans granted, but not yet paid and equity investments	1,028	2,575	2,220
Reinsurance exposure for guarantees and loans	-38,835	-23,552	-32,985
Conditional offers exposure (2019: 60%, 2018: 55%)	5,887	1,790	4,179
Technical provisions	-5,871	-4,737	-5,050
Reinsurance shares of technical provisions	2,391	1,207	1,748
Write-downs of loans	-598	-584	-630
Claims	1,328	1,246	1,385
Adjusted guarantee and loan exposure	65,625	61,842	60,866
Non-restricted equity	5,803	5,203	5,265
Capital ratio, per cent *	8.8	8.4	8.7

* Capital ratio = (Non-restricted equity/Adjusted guarantee and loan exposure) x 100

Equity comprises restricted equity, the exchange rate adjustment reserve, proposed dividend and non-restricted equity.

Restricted equity is strengthened by 75 per cent, or another share recommended by the Board of Directors, of any positive result less value adjustments, unrealised under the lending result and provision for dividend distribution. The restricted equity is strengthened only when below the calculated maximum size of the restricted equity.

The exchange rate adjustment reserve corresponds to the accumulated unrealised fair value and exchange rate adjustments related to loans, re-lending and interest rate and currency swaps.

Proposed dividend to the Danish state is shown as a separate item under equity. Proposed dividend is recognised as a liability on the date the Minister for Industry, Business and Financial Affairs approves the proposed dividend.

Non-restricted equity comprises the remaining reserve after calculation of the restricted equity, the exchange rate adjustment reserve and proposed dividend.

Management of activities through equity means that the non-restricted equity must at any time meet a minimum requirement calculated as the non-restricted equity relative to the sum of guarantee exposure, offers, loans and outstanding claims. Offers are weighted pro rata with a share determined by the Board of Directors. The pro rata share is determined prior to each financial year. Guarantee exposure, loans and claims are calculated less any provisions and write-downs. If the non-restricted equity fails to meet the minimum requirement, EKF may not undertake any new guarantee or loan commitments. According to EKF's articles of association, the minimum requirement for non-restricted equity is 4 per cent.

Note 4: Significant accounting policies

The significant accounting policies from the 2019 annual report are unchanged.

The financial statements present all amounts in whole DKK millions. Each figure is rounded separately, possibly leading to minor differences between the totals stated and the sum of the underlying figures.

The Half-Year Report is not audited.

Note 5: Definitions of financial highlights and ratios

Adjusted guarantee and loan exposure is defined as the sum of EKF's guarantee exposure, offers, loans and outstanding claims. Offers are weighted pro rata with a share of 60 per cent in 2020 (60 per cent in 2019), as determined by the Board of Directors on the basis of the historical success rates of offers. The pro rata share is determined prior to each financial year. Guarantee exposure, loans and claims are calculated less reinsurance as well as any provisions and write-downs.

$$\begin{array}{cc} \text{Return on equity} & \text{Capital ratio} \\ \left(\frac{\text{Net profit/loss for the year}}{\text{Average equity}} \right) \times 100 & \left(\frac{\text{Non-restricted equity}}{\text{Adjusted guarantee and loan exposure}} \right) \times 100 \end{array}$$