

Annual Report 2016



Contents



Foreword >

EKF in high demand 3 Corporate information 4

Management's review >

Financial highlights and ratios 5
About EKF 9 Record year for wind 12
Demand for EKF from SMEs remains high 15
CSR at EKF 19 EKF's risk management 21
EKF employees 26 Strategy 2016 29
Financial review 30 Management statement 34

Auditors' report >

The independent auditors' report 35

Financial statements >

Significant accounting policies 39
Income statement 46 Distribution of profit 48
Balance sheet 49 Statement of changes in equity 53
Cash flow statement 54 Notes 56 Organisation 89

EKF in high demand

In 2016, EKF financed the same number of customers as in the record year 2015. The guarantees issued totalled almost DKK 14 billion, and profit for the year amounted to DKK 467 million.

Demand for EKF from Danish companies, their customers abroad and the banks remains high. In 2016, EKF helped finance export transactions for just over 700 Danish companies. That is the same number as in the record year 2015. We issued new export credits, working capital guarantees and loans worth a total of DKK 13.9 billion. This helped Danish exporters and their sub-suppliers to secure contracts worth DKK 29 billion and to create or retain 13,000 Danish jobs.

As Denmark's Export Credit Agency, EKF is tasked with financing Danish export transactions in markets with commercial and political risks that others are unwilling to accept, including when business opportunities arise in new export markets. As a result, some of the transactions we are involved in will inevitably create problems and require us to make provisions or pay compensation. This

was also the case with a number of transactions in 2016, but to a slightly lower extent than in the previous years.

The net profit for the year was satisfactory at DKK 467 million. After several years of good results at EKF, the Danish government wants EKF to distribute part of its annual profit as dividend to the Danish state in future. We think this is quite natural. Hence, over the next five years, EKF will transfer more than DKK 1 billion to the Danish state. The amount will subsequently be reduced to maximum DKK 100 million per year. EKF already contributes to Danish society with both export revenue and jobs. Now we will also make a cash contribution to welfare in Denmark. This highlights the important role EKF plays for Denmark. What matters to us is that the agreement will not affect our ability to assist Danish companies, and we at EKF and the Danish Ministry of Industry, Business and Financial Affairs alike take special care to prevent this.

A new Act on EKF was passed on 1 July 2016. It future-proofs EKF's role as a customer-oriented financial partner for Danish export companies and their sub-suppliers. It is important to me that Danish business and industry

have good opportunities to make money for Denmark, and EKF is one of the most important and stable tools for Denmark and for Danish companies. When companies face challenges in terms of financing and security in connection with exports and internationalisation, EKF is ready.

Everyone at EKF has been working hard in the years since the financial crisis. On behalf of the new Board of Directors, I would like to thank Bent Pedersen, our retiring Chairman of the Board, who has held the baton since 1999. We are taking over a strong EKF, and we look forward to continuing our efforts to develop EKF together with EKF's Management and many talented staff members.

CHRISTIAN FRIGAST

Chairman of the Board of Directors at EKF



Corporate information



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CVR no. (company registration no.): 30 76 37 77
Founded: 19 November 1999
Registered office: Copenhagen
Financial year: 1 January to 31 December

BOARD OF DIRECTORS

Christian Frigast (Chairman)
Dorrit Vanglo (Deputy Chairwoman)
Flemming Aaskov Jørgensen
Karen Nielsen
Jørgen Skeel
Søren Østergaard Sørensen
Anna Marie Owie (elected by the employees)
Charlotte Hagen Simonsen (elected by the employees)

MANAGEMENT

Anette Eberhard (CEO)
Jan Vassard (Deputy CEO)
Christian Ølgaard (Deputy CEO)

AUDITORS

Ernst & Young
Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4
Postboks 250
2000 Frederiksberg
Denmark

RIGSREVISIONEN

Landgreven 4
1301 Copenhagen
Denmark

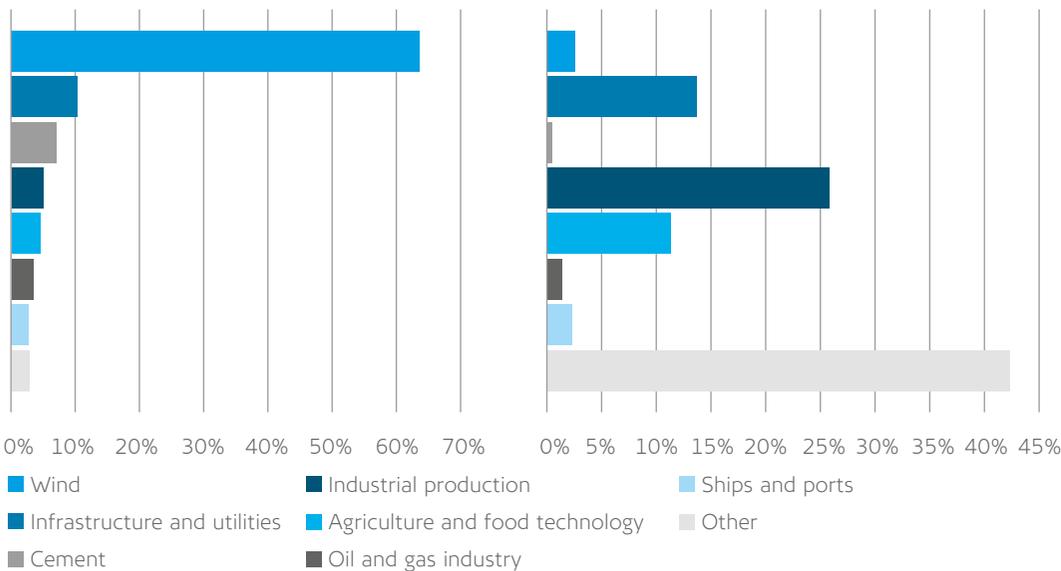
Financial highlights and ratios for 2016



Number of customers by sector

A look at the breakdown of EKF's export credits, working capital guarantees and loans shows that wind energy projects account for more than 60 per cent of EKF's business. However, in terms of EKF's customers (Danish exporters), the sectors are more evenly distributed.

Export credits, working capital guarantees and loans by sector



15 bn

Conditional offers (DKK)

42 bn

Guarantee exposure after reinsurance (DKK)

6.9%

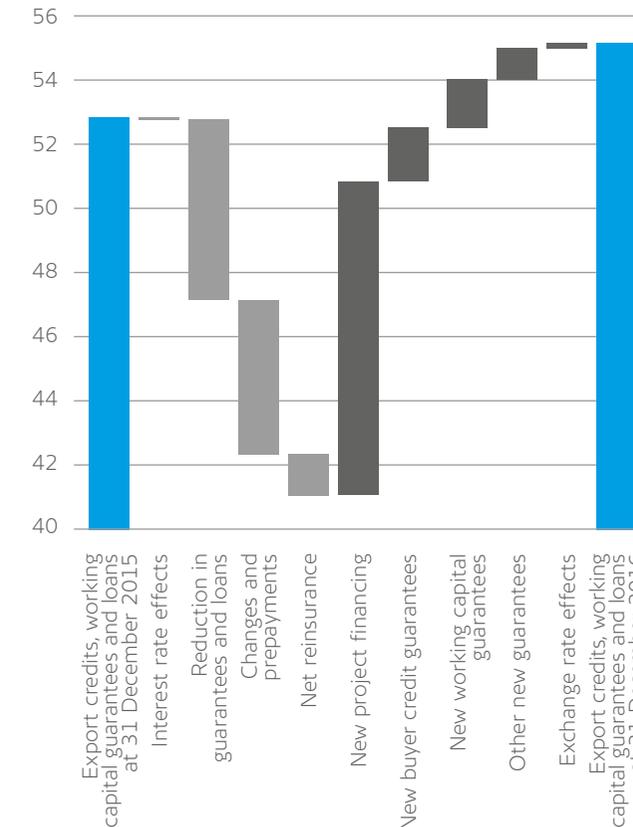
Capital ratio

14 bn

Loans (DKK)

Development in export credits, working capital guarantees and loans less reinsurance

DKK billion



Number of export credits, working capital guarantees and loans issued

493

2016

535

2015

533

2014

483

2013

372

2012

Financial highlights and ratios for 2016

DKK MILLION	2016*	2015*	2014	2013	2012	
Gross premium income	1,145	874	1,613	1,650	1,330	* The merger of the Export Lending Scheme and EKF was implemented with effect from 1 January 2016. The overview is adjusted to the merger for 2015 and 2016, but not for previous years.
Technical result before administrative expenses	269	375	153	568	330	
Result of lending activities before administrative expenses	331	-154	-	-	-	** Net profit for the year is calculated including unrealised value adjustments. They are the result of the fact that EKF's loans are measured at amortised cost, while hedging of market risks is measured at fair value. EKF provides full financial hedging of all market risks in the lending area, so that unrealised values will reach breakeven in the longer term. Accordingly, they are collected in a special reserve under equity. Net profit for the year excluding unrealised value adjustments related to lending is calculated in the same way.
Administrative expenses, net	174	170	154	141	132	
Investment income	41	111	225	-116	143	*** The capital transfer to the Danish state is made in the financial year following the approval by the Danish Minister for Industry, Business and Financial Affairs.
Net profit/loss for the year**	467	162	378	453	473	
Net profit/loss for the year excluding unrealised value adjustments related to lending activities**	348	578	-	-	-	**** Administered exposures are EKF's exposures on export credits, working capital guarantees, loans and conditional offers. The calculation includes exposures under the Mixed Credit Programme and investment guarantees issued by the Danish Ministry of Foreign Affairs before 2007 plus exposures which EKF has reinsured with other export credit agencies or private credit insurers.
New export credits, working capital guarantees and loans	13,885	14,098	15,222	16,795	16,438	
Technical provisions	4,991	4,820	5,937	4,136	3,220	
Equity	7,140	6,674	6,453	6,075	5,622	
Capital transfer to the Danish state***	125	-	-	-	-	
Balance sheet total	30,099	30,318	12,755	10,384	8,898	
Guarantee exposure after reinsurance	41,515	38,591	56,359	52,675	47,035	
Reinsurance exposure and loans	16,008	14,231	9,379	6,888	4,276	
Loans	13,782	14,549	-	-	-	
Conditional offers exposure	14,952	9,313	16,078	10,439	21,243	
Average number of employees	124	119	109	96	87	
Ratios, per cent						
Equity ratio	24	22	51	59	63	
Provisioning ratio	12	12	11	8	7	
Proportion of non-performing guarantees and loans	6	8	-	-	-	
Provisioning/impairment ratio of non-performing guarantees and loans	47	42	-	-	-	
Provisioning/impairment ratio	3	3	-	-	-	
Return on equity	6	2	6	8	9	
Capital ratio	6.9	8.0	7.0	7.3	7.2	
Administrative expenses in proportion to administered exposures****	0.196	0.213	0.188	0.202	0.186	
Number of customers in proportion to the number of employees	5.65	5.84	5.87	5.72	5.30	

EQUITY RATIO

$$\left(\frac{\text{Equity}}{\text{Balance sheet total at year-end}} \right) \times 100$$

PROVISIONING RATIO

$$\left(\frac{\text{Technical provisions}}{\text{Guarantee exposure for EKF}} \right) \times 100$$

PROVISIONING/IMPAIRMENT RATIO OF NON-PERFORMING GUARANTEES AND LOANS

$$\left(\frac{\text{Provisions for claims expenses + write-downs of loans}}{\text{Guarantee exposure to potential losses/claims + impaired loans}} \right)$$

PROVISIONING/WRITE-DOWN RATIO

$$\left(\frac{\text{Provisions for claims expenses + write-downs of loans}}{\text{Guarantee exposure + loans before write-downs}} \right)$$

RETURN ON EQUITY

$$\left(\frac{\text{Net profit/loss for the year}}{\text{Average equity}} \right) \times 100$$

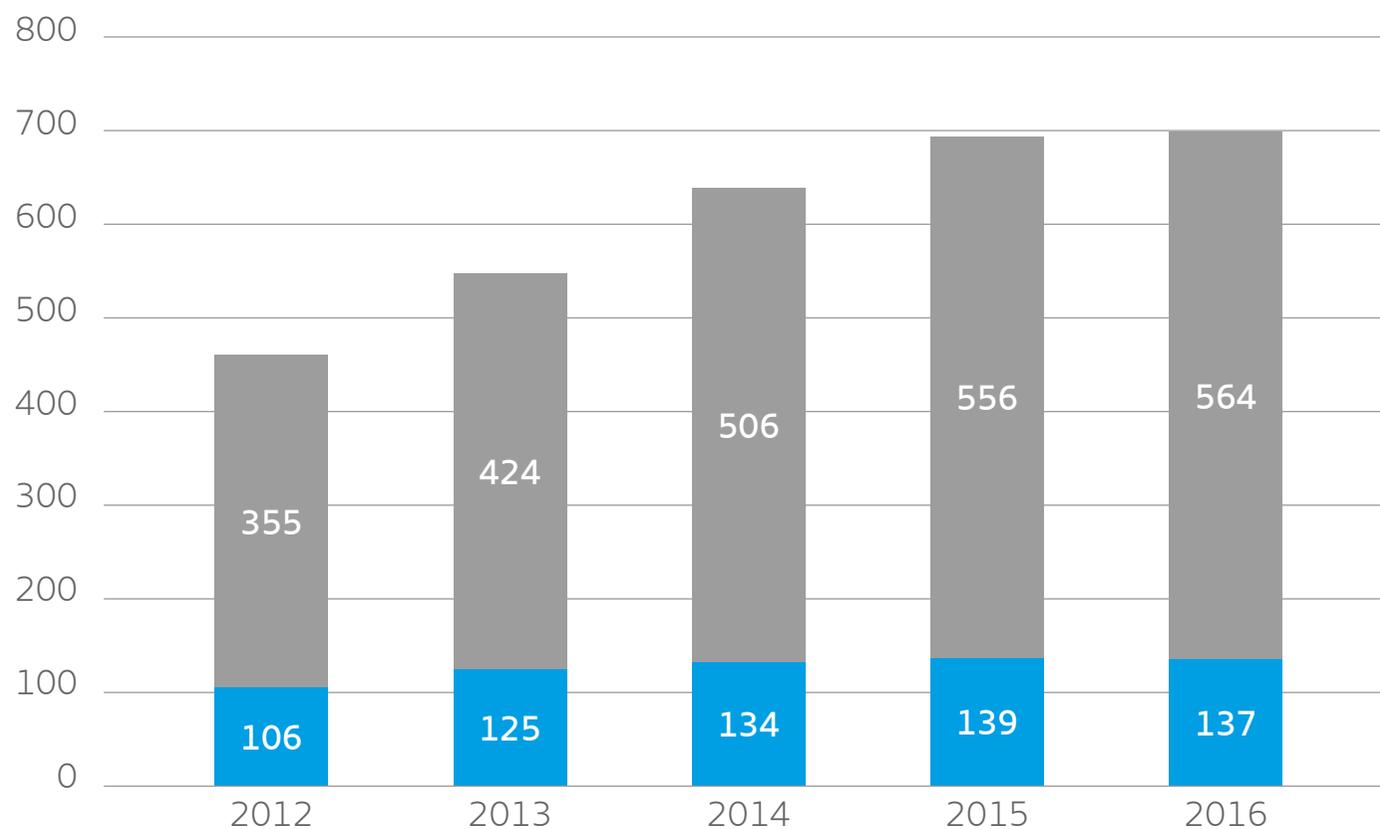
CAPITAL RATIO

$$\left(\frac{\text{Non-restricted equity}}{\text{Adjusted guarantee and loan exposure}} \right) \times 100$$

Development in number of customers



Number of customers



■ Large corporates ■ Small and medium-sized enterprises

Assistance provided to a growing number of exporters

In the past five years, EKF has seen a pronounced increase in its customer base. The increase is driven, in particular, by small and medium-sized enterprises.



EKF issued guarantees for wind turbines totalling DKK 11 billion in 2016. At DKK 6.5 billion worth of new guarantees, offshore wind farms accounted for a much larger share than in previous years.



EKF is Denmark's Export Credit Agency

Ever since 1922, the purpose of EKF has been to create growth and jobs in Denmark. We help Danish companies move forward by providing export credits, working capital guarantees and loans to enable them to finance their activities and cover commercial and political risks in the export markets.

When EKF covers the risk, it is easier for exporters to obtain bank financing for their activities on competitive terms and to extend credit to their customers. These are often crucial factors in international trading. Export credits, working capital guarantees or loans can therefore be decisive for exporters in winning or retaining orders. In 2016, we helped Danish exporters and their sub-suppliers secure contracts worth DKK 29 billion.

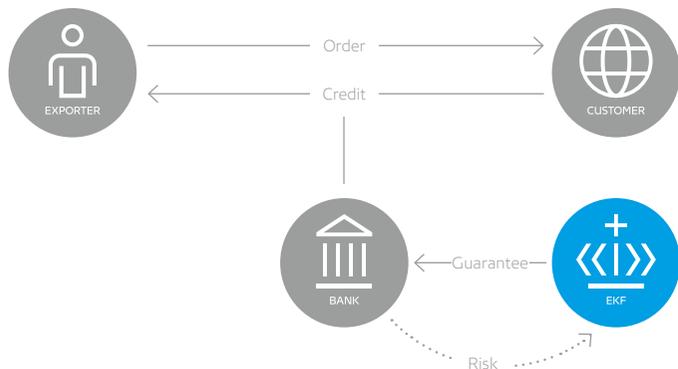
We are the only organisation in Denmark to provide cover for extraordinary export risks that the private market is unable or unwilling to cover. We operate with a long-term perspective and the risk exposure

necessary in countries and markets where the political and commercial situation may be uncertain.

EKF helps Danish companies to:

- › *sell more*: EKF helps foreign customers of Danish exporters secure finance for their purchases in Denmark. This strengthens the international competitiveness of Danish exporters. In practice, EKF provides a guarantee for the transaction to a bank, thereby assuming the risk related to the financing for the exporter's customer. EKF can also provide export loans directly to a foreign buyer or a project. This is typically done in cases involving major projects.
- › *finance their business*: EKF helps exporters and their sub-suppliers strengthen their cash flow, expanding the scope for more customers and larger orders. To this end, EKF provides security to banks for exporters' working capital and capital expenditure credits.
- › *protect their exports*: EKF assumes the risk when Danish exporters engage in transactions abroad and ensures that they are paid. If something goes wrong, EKF will pay compensation.





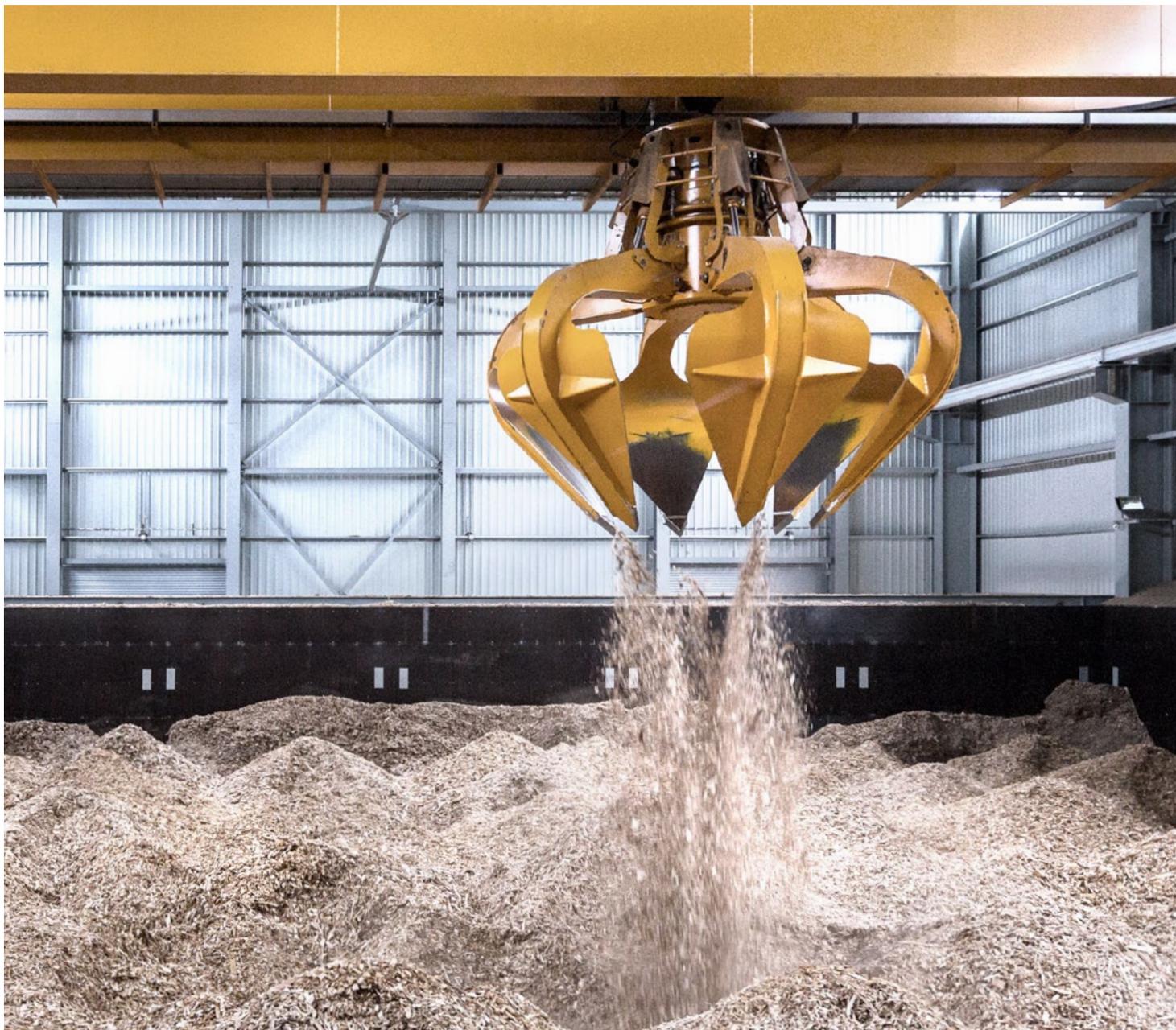
EKF helps Danish exporters to sell more by providing a guarantee for financing of their customers abroad.

EKF's business model

EKF is an independent public company. We are owned by the Danish Ministry of Industry, Business and Financial Affairs and managed by a Board of Directors based on the Act on EKF Denmark's Export Credit Agency.

On 1 January 2016, the Export Lending Scheme and EKF merged. The Export Lending Scheme was a state scheme providing loans to Danish export transactions, while EKF provided a guarantee covering the actual credit risk. Following the merger, EKF now also offers loans to export transactions.

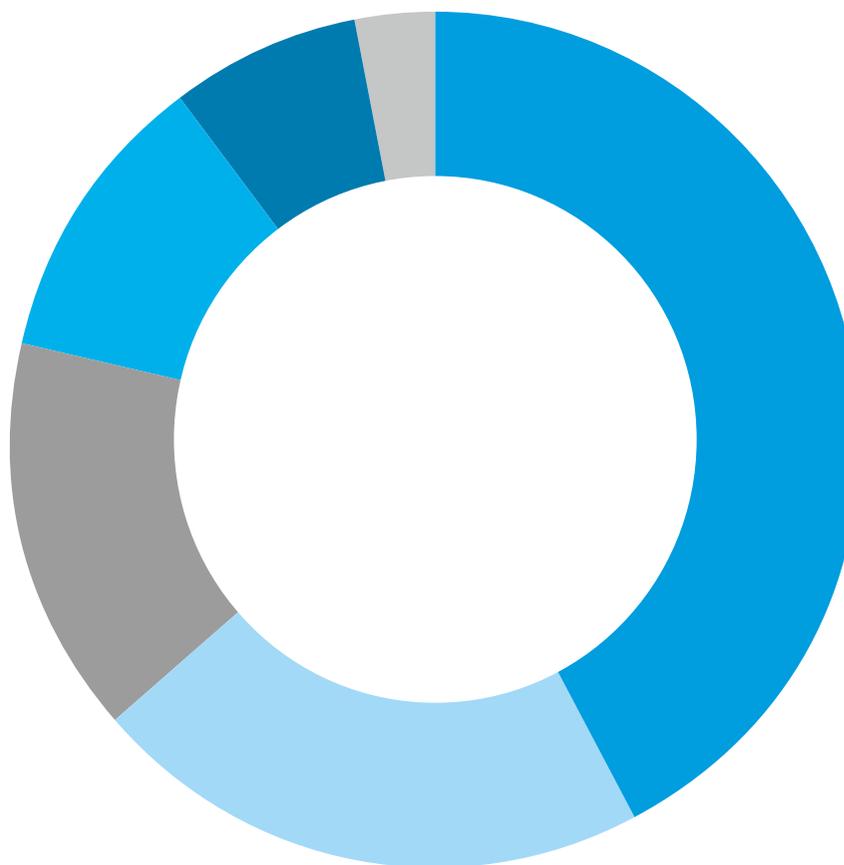
EKF's equity and provisions must provide a reasonable basis for our liabilities and future activities. EKF's equity defines the framework of EKF's activity level, since, under the current rules, EKF's non-restricted equity must constitute five to nine per cent of our guarantee exposure and loans.



EKF's export credits, working capital guarantees and loans by region



- Western Europe
- Asia/Pacific
- The Americas
- Near and Middle East, including Turkey
- Eastern Europe and CIS
- Africa



Western Europe remains EKF's largest region

EKF's export credits, working capital guarantees and loans to Western Europe are 42 per cent, up from 34 per cent at end-2015 whereas to North and South America, the Near and Middle East, including Turkey, and to Eastern Europe and CIS they have decreased relative to the preceding year. EKF's export credits, working capital guarantees and loans to Asia/Pacific and Africa are in line with 2015.

Record year for wind

In 2016, guarantees for the wind turbine industry were once again EKF's largest business area. A total of DKK 11 billion or 79 per cent of new guarantees went to wind projects. For a number of years, wind has constituted more than half of EKF's commercial commitments and in 2016, the proportion was exceptionally large.

In 2016, wind projects constituted an exceptionally large proportion of EKF's commercial commitments. The reason is that a number of large offshore and onshore wind farms were realised in 2016 with EKF's assistance. Under the Rentel and Norther projects in Belgium and Beatrice in Scotland, we issued new guarantees for offshore wind turbines worth DKK 6.5 billion in 2016. As a result, Siemens Wind Power and MHI Vestas secured large orders.

EKF helped finance eight onshore wind farms in Norway, Australia, Turkey and Bosnia-Herzegovina. At 1,000 megawatts, one of the wind farms, Fosen in Norway, will be the largest wind farm in Europe.

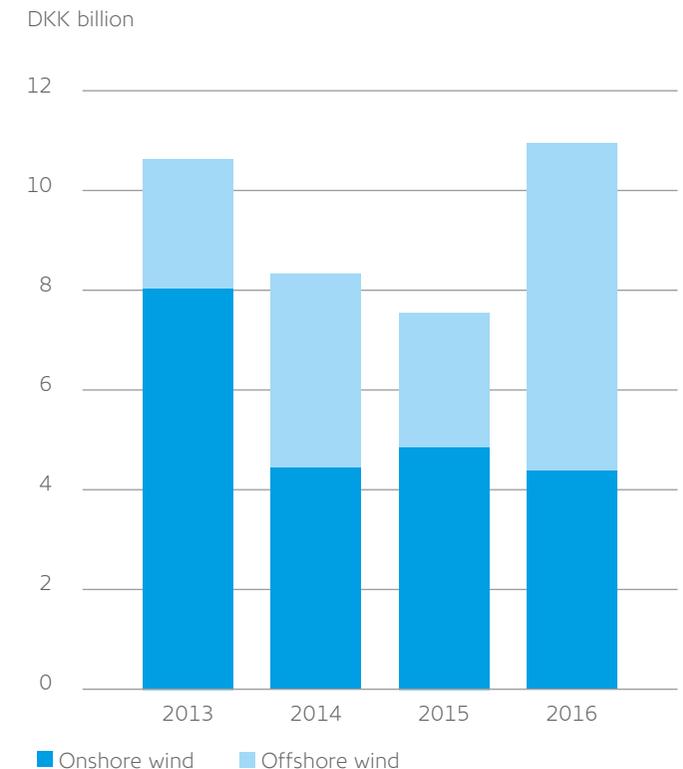
Another wind farm, Sapphire in Australia, is interesting, because it operates with a greater market risk in connection with the project's sale of electricity than EKF is used to. However, we managed to set up a financing model addressing that risk, so we were able to help Vestas win the order for 270 megawatts.

The Danish wind industry numbers more than 250 companies and is spearheaded by Vestas and Siemens Wind Power. Altogether, the companies have more than 30,000 employees and an annual turnover of almost DKK 90 billion. Wind energy projects make up a large part of EKF's business, because wind turbines are an important Danish export commodity, and especially because export credit is often a necessary component of loans to finance wind farms running into DKK billions requiring tenors of up to 18 years.

Intensified effort to assist sub-suppliers for the wind industry

Many sub-suppliers for the Danish wind industry benefit from the large orders for Vestas, MHI Vestas and Siemens Wind Power. But the sub-suppliers also have other, independent needs. For example, when

Development in wind guarantees 2013–2016



Wind guarantees include export credits, working capital guarantees and loans.

they supply their own customers on credit or go one step further and set up their own production company abroad.

We have been involved in business transactions with, among others, Bladt Industries, which supply foundations for offshore wind turbines, with operating systems experts DEIF and with LORC, which is an internationally leading wind turbine test centre in Munkebo on Funen. In the past year, EKF intensified its efforts to reach even more sub-suppliers in the wind industry, including an export drive in China.

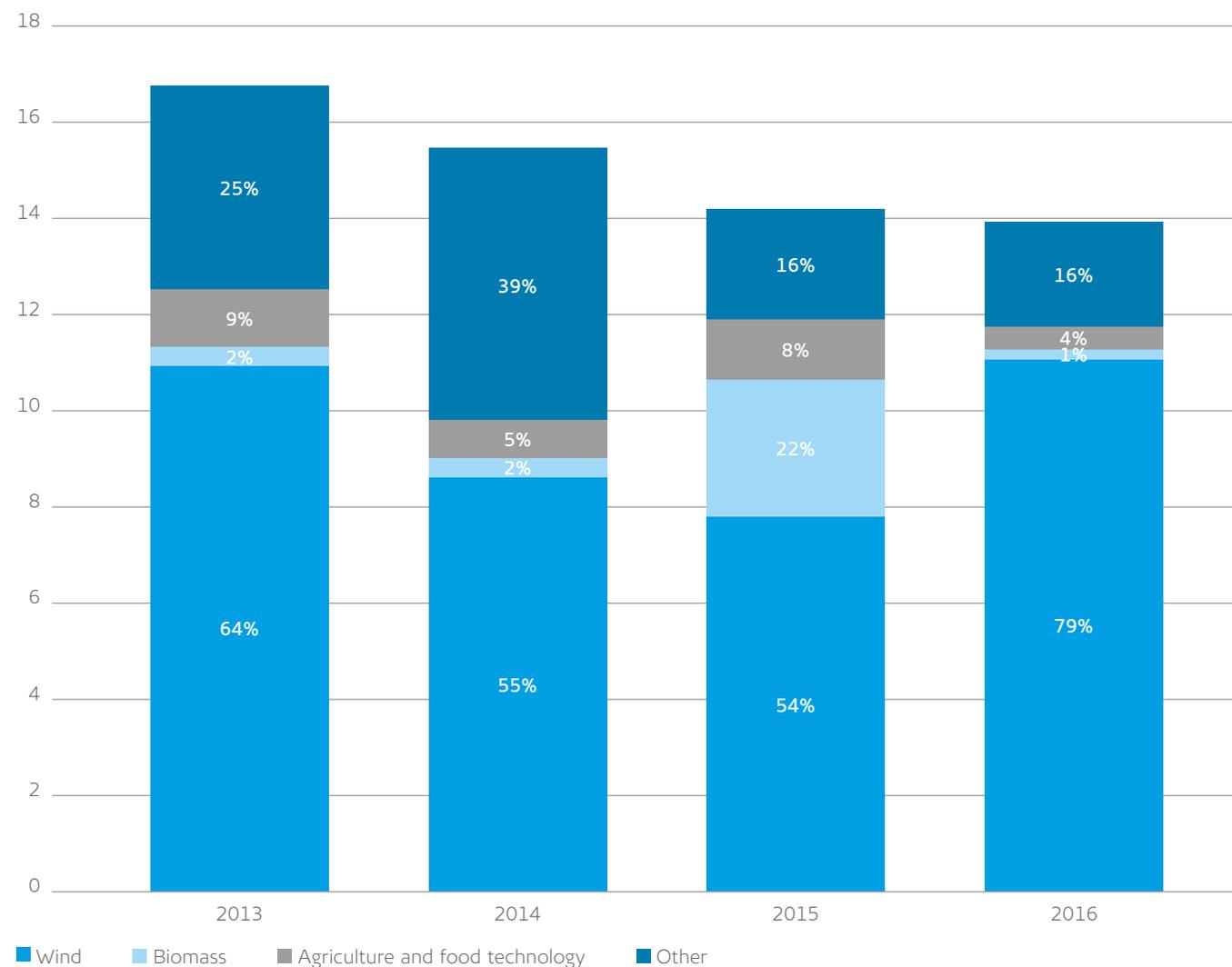
The wind industry is one of Denmark's important export sectors, and at EKF we are very happy to be able to contribute to the sector's success. We focus our efforts on retaining our position as a relevant partner for Danish manufacturers and sub-suppliers, foreign customers and international banks.

Reaching out to customers - to a still higher degree

Direct sales and relation-creating activities were top priorities in 2016, and this will also be the case in 2017. For many years, EKF has had a close working relationship with a large group of Denmark's largest export companies such as BWSC, Per Aarsleff, FLSmidth and Haldor Topsøe, but it is our ambition to reach out to even more in 2017. As a case in point, the district heating and water sectors will meet EKF more often than in previous years.

Development in new guarantees 2013-2016

DKK billion



New guarantees include export credits, working capital guarantees and loans.

Only few guarantees issued in traditionally heavy sectors

2016 was a record year for EKF's participation in wind projects, but the exceptionally high proportion of new guarantees for wind projects during the year can also be attributed to a relatively low volume of new guarantees in some of the other sectors that traditionally make up a large share of EKF's portfolio in money terms.

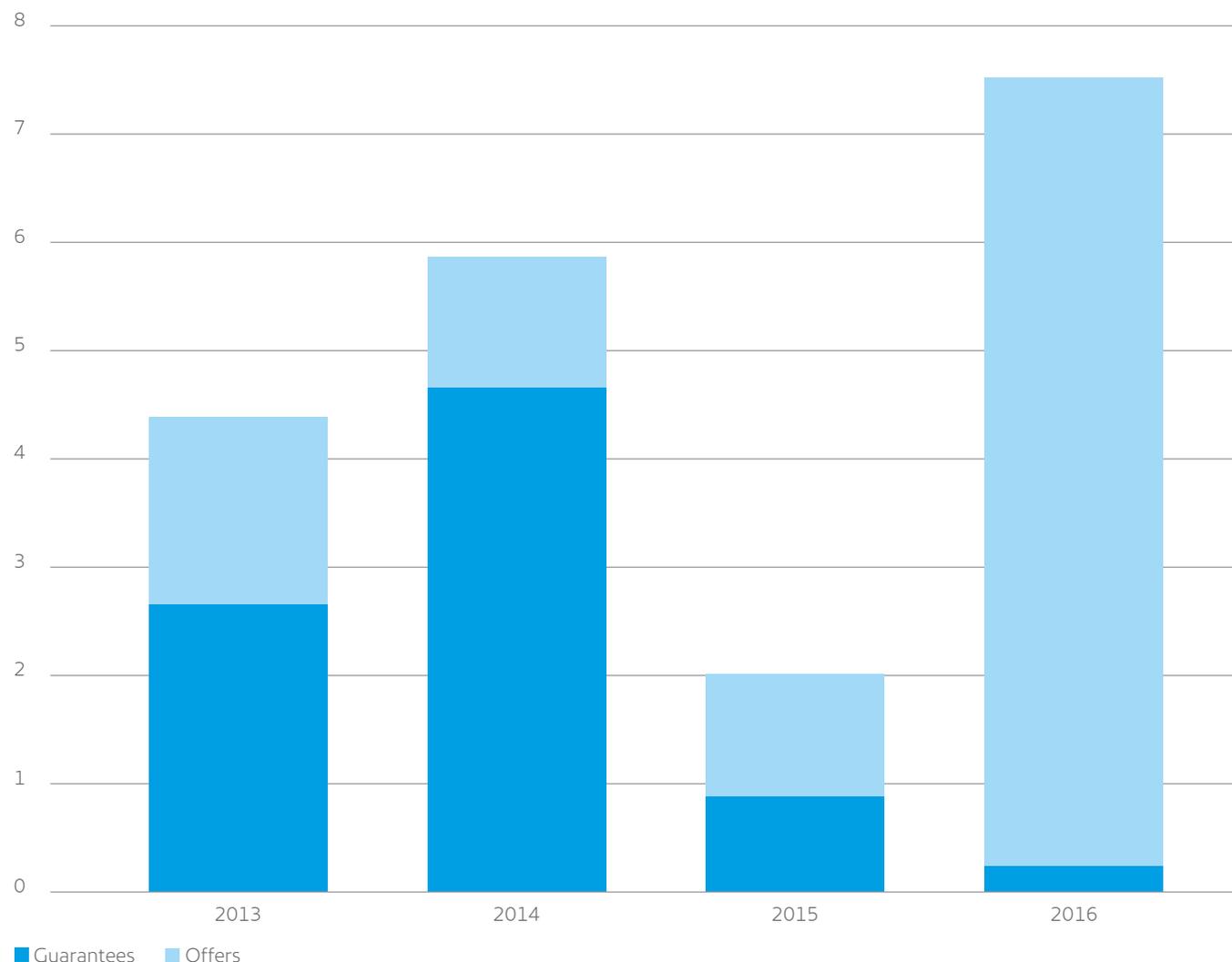
These sectors include biomass, cement, infrastructure and utilities, traditional energy and others. Projects within those sectors are typically large-scale projects that develop slowly, and only a relatively small number of the large projects EKF is involved in were completed in 2016. On the other hand, we made a large number of offers, and we hope that several of the major transactions will be realised in 2017.

Increasing activity in difficult countries

Many of the major transactions for which we made offers in 2016 clearly tend to be located in countries with a challenging business climate such as Iran and a number of African countries. This means that we are obliged to exercise even greater care when credit rating new projects in order to address the risk of losses.

Increasing activity in difficult countries⁺

DKK billion



■ Guarantees ■ Offers

⁺ Countries of the world are divided into risk categories from 0-7. Difficult countries are defined as countries in risk categories 6 and 7. The activity includes export credits, working capital guarantees and loans.

Demand for EKF from SMEs remains high

In 2016, EKF assisted the same number of companies as in the record year of 2015. The majority of the companies belong in the segment of small and medium-sized enterprises (SME) in which EKF's services continue to be in very high demand.

In 2016, approximately 300 companies received an export credit, a working capital guarantee or a loan from EKF, while 400 other companies still had an active export credit, working capital guarantee or loan from a previous year. All in all, EKF assisted 701 companies in 2016 compared to 695 companies in 2015. 80 per cent of the companies were SMEs. This means that EKF served 560 SMEs in 2016 compared to 556 in 2015. New guarantees to SMEs totalled DKK 1.9 billion.

Working capital guarantees, L/C guarantees and SME guarantees are popular

Working capital guarantees are still the EKF solution that is most in demand from SMEs. Working capital guarantees accounted for 233 or almost two thirds

of the 361 export credits, working capital guarantees and loans issued last year. The explanation is that the most pronounced need of SMEs is the need for liquidity and financing for their current operations and equipment. When EKF provides a working capital guarantee, banks have the necessary security to offer SMEs credits. Contrary to export credits, which are typically foreign exposures, EKF's exposure in relation to working capital guarantees is to the Danish SMEs.

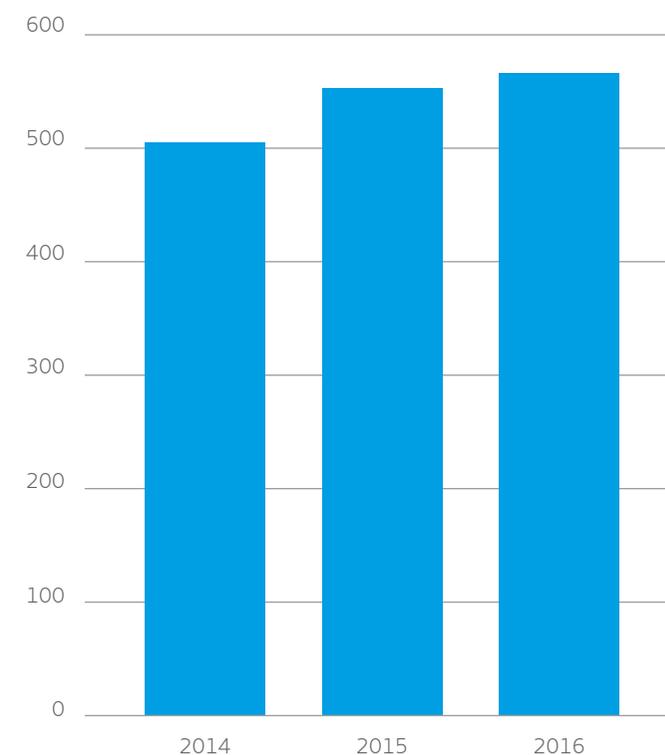
L/C guarantees are the second-most-in-demand EKF solution from SMEs. With an L/C guarantee, exporters will be able to arrange for their bank to participate in payments by letter of credit in countries and in markets where the bank would otherwise be unwilling to accept risk. In 44 instances in 2016, an EKF L/C guarantee was the decisive factor in enabling Danish exporters to accept orders from uncertain markets. Financing to foreign customers through SME guarantees was the third-most-in-demand EKF solution from SMEs in 2016, with 32 guarantees issued.

Status quo on the number of customers

At largely the same number of customers in 2016 as

Development in the number of SME customers 2014-2016

Number of customers

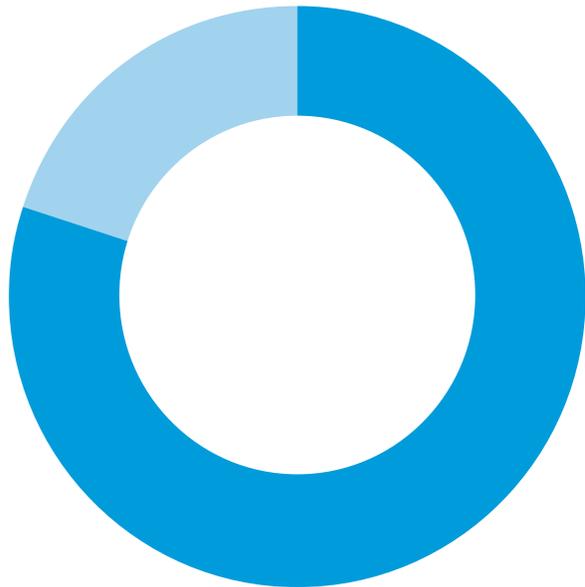


563

1.9 bn

SME customers in 2016 new guarantees to SMEs (DKK)

Breakdown of customers in 2016



- Small and medium-sized enterprises
- Large corporates

SMEs accounted for 80 per cent of EKF's 701 customers at the end of 2016.

in the record year 2015, demand for EKF's services has reached a temporary peak.

"In 2016, the private loan market clearly showed a stronger appetite for providing loans to companies. Bank competition for customers is higher than we have seen for many years. This means that relatively more projects are accepted without banks needing an EKF export credit or working capital guarantee, and that is a positive trend," says Kim Richter, Senior Director, SME and Cleantech at EKF.

"Nevertheless, we hope and believe that we will, as a minimum, be able to retain our current customer numbers and perhaps even assist more companies in 2017 than in the previous years. Our primary objective is to ensure that Danish SME exporters have detailed knowledge of EKF's services and our ability to support them in their business development. We have a close partnership with banks, company incubators and the Danish Trade Council, which helps ensure increased awareness of EKF. In the banking sector, knowledge of EKF is driven by our well-functioning ambassador programme, which resulted

in many business transactions in 2016 and will continue in 2017. Moreover, in the autumn of 2016, we launched a marketing campaign, which brought us in closer contact with several hundred companies, including many companies that we have not previously been in contact with. We expect these initiatives to help us secure new customers in 2017."

Extra assistance to selected sectors in important markets

In 2016, EKF initiated a focused export promotion campaign for a number of Danish key sectors. The campaign is conducted in cooperation with relevant interest groups and the Danish Trade Council and will continue in 2017 and 2018. The objective is to build a bridge between Danish exporters and strategically important buyers in carefully selected markets. This is done by launching export drives aimed at buyers, underpinned by offers of framework financing from EKF, to enable buyers to purchase from a range of suppliers in Denmark, using the same financing.

In the autumn of 2016, we rolled out the agriculture and food sector initiative in the Chinese market in

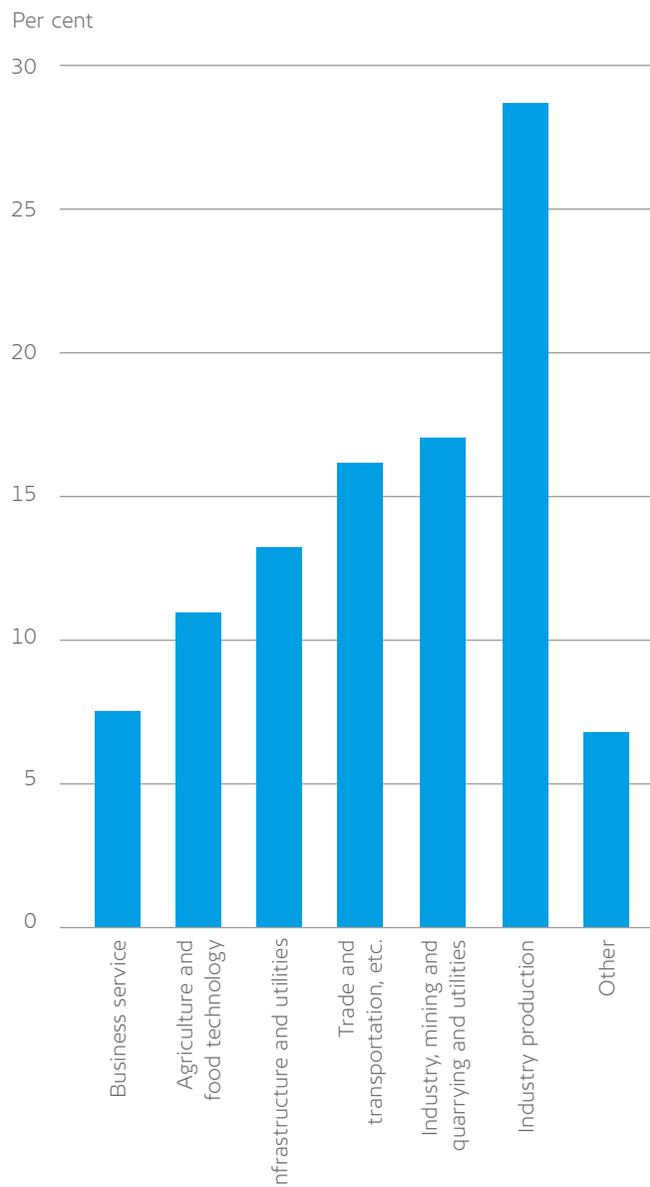
cooperation with the Danish Agriculture & Food Council and the Danish Trade Council. We conducted a dialogue with strategically important buyers in the sector and introduced them to a range of Danish suppliers. The dialogue was followed up by a financing seminar in Beijing with the participation of suppliers, potential buyers and banks. This initiative helped Danish companies to establish important contacts in China, and specific transactions are in the pipeline, including a number of transactions with EKF as financing partner.

The objective of another export drive in China in 2016 was to pair Chinese buyers with Danish sub-suppliers in the wind sector. Here, specific transactions are also in the pipeline.

In the spring of 2017, we are planning to launch another agriculture and food sector export drive in cooperation with the Danish Agriculture & Food Council and the Danish Trade Council – this time aimed at strategically important buyers in Brazil. Later in 2017, we will launch initiatives to increase exports from the Danish water and district heating sectors.

The strength of the new initiative is that it combines interest groups' knowledge of the export sector with the global presence of the Danish Trade Council at Danish embassies and their knowledge of strategic export customers and with EKF's network of contacts to Danish and international banks. The initiative covers both SMEs and large companies, but for SMEs in particular, the initiative will provide new opportunities in important export markets.

SME customers by sector



EXPORT SCORING CAMPAIGN

In September 2016, EKF launched an online test, EksportScoren, to help Danish companies strengthen their exports. By answering 20 questions about financing, export experience and productivity, companies will get an export score and a report. The report will give them an idea of their readiness to succeed in the export markets, and advice on how to strengthen their business and sell more with the right financing.

EksportScoren was marketed widely, and more than 500 people had taken the test by the end of 2016 and subscribed to receiving regular information and facts on exports from EKF. The campaign has brought EKF into closer contact with several hundred companies.



Working capital guarantees accounted for almost two thirds of the 361 export credits, working capital guarantees and loans issued in 2016 to SMEs, so working capital guarantees were once again the EKF product most in demand from SMEs.

2016 was characterised by a majority of transactions within renewable energy – also in EKF’s CSR activities. EKF works with CSR to ensure that all transactions are in compliance with international standards on social and environmental sustainability. In connection with EKF’s project assessments and follow-up, social impacts require ever more resources.

Risk management is an essential part of EKF’s business. Hence, CSR is an important cornerstone in our assessment of the transactions we are asked to participate in. Our task is to ensure that the projects show the necessary consideration for people, the environment and climate, and we always make an environmental and social impact assessment as part of our risk assessment. EKF requires that the business transactions in which we participate are in compliance with international standards, including the UN Global Compact, UN’s Guiding Principles on Human and Business Rights and the IFC Performance Standards.

In accordance with OECD Common Approaches 17 of our new transactions in 2016 required a more thorough assessment of social and environmental impacts. The projects are distributed on 11 wind projects, three projects within biomass-based energy production and three projects within traditional industry.

Moreover, eight of the projects required an assessment pursuant to the Equator Principles, – a voluntary, but binding set of principles for the assessment of environmental and social sustainability. 12 out of 17 projects have potentially moderate environmental and social impacts – so-called category B projects. The remaining five projects, which are in the wind energy sector, are in category A.

As a result of our majority of renewable energy projects, EKF once again contributed positively to reducing greenhouse gas emissions in 2016 compared with conventional electricity production. EKF’s share of wind and biomass projects helps reduce the CO_{2eq} contribution by 800,000 tons, corresponding to the annual energy consumption of just under 77,000 homes. This is in line with 2014 and 2015.

CSR INTEGRATED INTO EKF’S ANNUAL REPORT

2016 is the first year in which CSR is integrated into EKF’s annual report. The integration is in line with EKF wanting broader dissemination of our CSR efforts.

You can find more information on EKF’s CSR activities at EKF.dk and contact us if you have any questions.

Regular follow-up on transactions

Follow-up on existing transactions accounts for a large proportion of EKF’s CSR activities. We prioritise resources to follow projects through to the end in order to ensure their compliance with international standards throughout EKF’s exposure. For example, we check whether due account is taken of the nature



and people in the areas affected. In 2016, we followed up on:

- › [Lake Turkana – wind project in Kenya](#)
- › [Awash-Weldia – railway project in Ethiopia](#)
- › [Teghout – copper mine in Armenia](#)

In connection with the Lake Turkana project, we have focused on whether due account is taken of the residents in the area and whether they get the compensation they are entitled to. Legal action regarding this matter is currently pending and being closely monitored by EKF. We support that legal action has been taken to ensure that the rights of all weak groups are catered for.

We also follow up on progress in connection with the establishment of a 400 km railway track in Ethiopia. The project is part of the overall modernisation and development of the Ethiopian rail network. In this case helping the locals to reestablish themselves so that they, as a minimum, are able to retain the same standard of living and income as before is also a priority for us.

Socially related factors require greater focus

In terms of our assessment and follow-up on environmental and social impacts on transactions, it can be concluded that we are increasingly allocating resources to socially related factors. This is in line with the trend

experienced by our colleagues in the rest of the financial sector. As a consequence, EKF has taken steps to look into methods of applying uniform requirements and principles for the assessment and handling of social factors on projects using international financing.

EKF's risk management

Risk-taking is a cornerstone of EKF's activities, so risk management is a key element of EKF's business model. In 2016, the Export Lending Scheme became part of EKF. Consequently, as of 2016 export loans form part of EKF's overall risk exposure on the same terms as our guarantees.

At EKF, we balance our objective of ensuring that Danish exporters have access to internationally competitive financing by minimising the risk of unnecessary losses through adequate and transparent risk management. EKF's greatest risk is that Danish and international debtors do not have the possibility, ability or willingness to pay the guarantee holder, which is usually a bank. To this should be added the risk of non-settlement of EKF's export loans.

EKF is exposed to various types of risk, and risk management is a significant focus area for our Board of Directors and Management alike. The Board of Directors defines the risk policy and other policies

Risk management



to ensure risk management at EKF. Management is responsible for the implementation of the risk exposure framework in the business and for ongoing risk management and follow-up, including mapping and assessment of the individual risks associated with our business activities. Using internal regulations at EKF, we ensure compliance with the policies adopted by the Board of Directors.

EKF's overall risk management is vested in the Compliance & Operational Risk department, which,

jointly with the risk function of the Finance department, is responsible for the practical implementation of the decisions made by the Board of Directors and Management in relation to risk management at EKF.

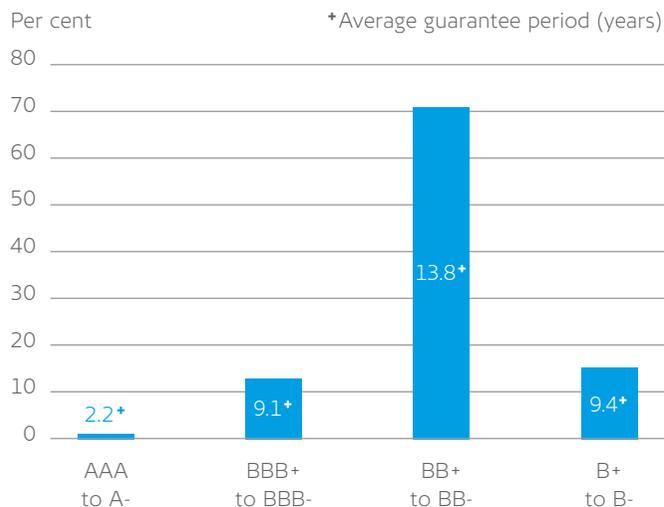
We cooperate with credit rating agencies and national and international credit insurers with regard to international credit and risk management standards.

Credit risk

Credit risk, which is EKF's greatest risk, occurs when counterparties on EKF-guaranteed loans, credits and direct lending default on their debts. EKF manages credit risk via the framework for its credit rating process defined in the credit policy and product-specific guidelines. We apply a number of credit risk pointers in connection with export credits, working capital guarantees, loans and conditional offers with a view to evaluating individual new transactions and regularly reassessing the overall portfolio risk.

For risk classification of commercial risks, we use internationally recognised tools from Standard & Poor's to assess foreign debtors and projects. For

RATING DISTRIBUTION OF EKF'S NEW EXPORT CREDITS, WORKING CAPITAL GUARANTEES AND LOANS ISSUED IN 2016

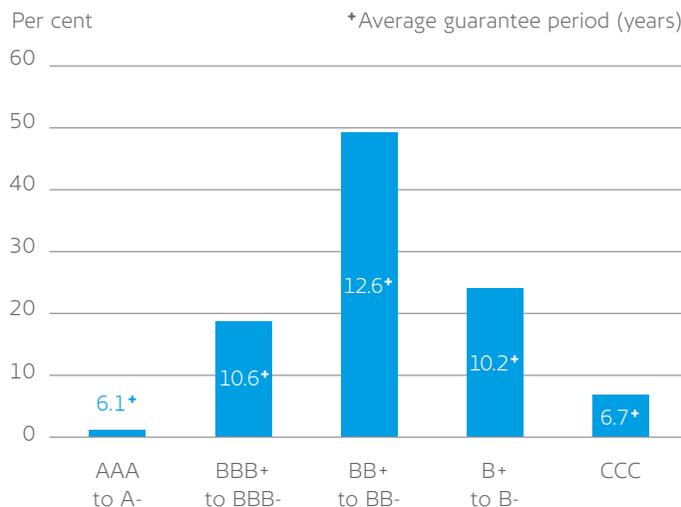


risk classification of Danish risks, we use a model developed by Moody's. In our assessment of commercial risks and sector risks, we perform stress tests of debtors' payment ability. Moreover, relevant collateral is included in the overall risk exposure.

Large projects in the construction phase involve supplier risk in case the Danish exporter is unable to deliver the project as agreed. The exporter may issue a counter-guarantee, thereby guaranteeing a form of compensation for foreign buyers. Risks in projects in the construction phase are included in EKF's overall credit assessment.

For our assessment of political risks, we use the OECD's minimum country risk classification, which

RATING DISTRIBUTION OF EKF'S PORTFOLIO OF EXPORT CREDITS, WORKING CAPITAL GUARANTEES AND LOANS AT 31 DECEMBER 2016



comprises the factors that may impact debtors' possibilities, ability and willingness to meet their payment obligations. Developments in the credit rating of relevant banks and countries are continuously monitored.

EKF's credit risk on swap counterparties in connection with lending is restricted by a number of guidelines, since EKF complies with standards determined by Denmark's Nationalbank concerning ratings and amount sizes and stipulation of requirements for Euroclear under CSA agreements.

The figures above show our guarantee exposure broken down by the Standard & Poor credit rating categories applied by EKF. One figure shows that the average rating for new export credits, working

capital guarantees and loans was BB-, and the average maturity was 12.4 years.

EKF undertakes high and long-term credit risks. At 31 December 2016, the average maturity of the entire portfolio was 11.2 years, and the average credit rating was B-.

Insurance risk

Insurance risk is the risk that realised losses on EKF's portfolio of export credits, working capital guarantees and export loans exceed total provisions and write-downs. Thus, insurance risk expresses a portfolio consideration under which the provisions made do not measure up to potential losses.

The insurance risk is significant because of major concentrations on individual debtors, sectors and regions, but is reduced by a number of initiatives. In accordance with EKF's articles of association, we have established a concentration reserve, the 'restricted equity', which increases in case of a rise in portfolio concentration in order to absorb major potential losses. At the end of 2016, our restricted equity totalled DKK 2.8 billion.

One of our risk management tools is monitoring portfolio risk. EKF runs credit rating checks of approximately 60 per cent of our existing portfolio based on principles concerning exposure, estimated probability of loss and customer characteristics. Continuous monitoring helps to ensure that we know the portfolio and the overall risk profile and its development. Moreover,

it enables us to implement loss prevention measures and calibration of provisions when required.

EKF's treaty reinsurance agreement of 2015, under which EKF reinsures several projects at the same time, adds great value in terms of risk management by addressing concentrations on debtors and countries in the portfolio. For a number of years, EKF has worked intensively on reinsurance and in 2016 we renewed the treaty reinsurance agreement and extended its boundaries and scope. Under the renewed agreement, EKF retains a reinsurance level of 21 per cent of EKF's total exposure.

Hence, reinsurance reduces insurance risk and also lessens our capital requirement and frees up capacity to issue new guarantees and loans.

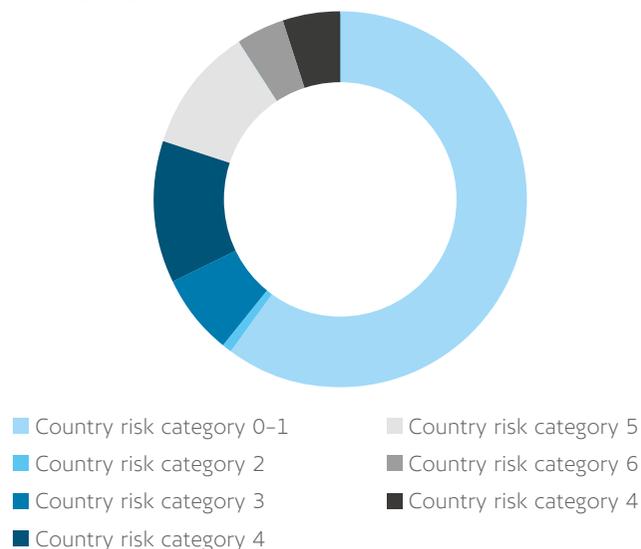
Market risk

Market risk is the risk of loss or additional expenses due to adverse changes in the financial markets. In terms of market risk, EKF is exposed to interest rate, exchange rate and liquidity risks.

For guarantees, we only hedge exchange rate and interest rate risks in relation to business commitments. Our exchange rate risk is related to the difference, at

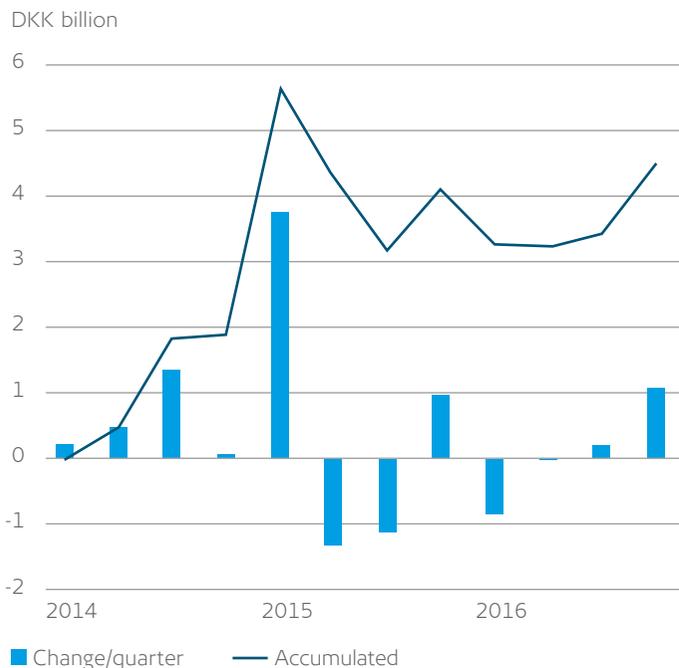
portfolio level, between our total liabilities (provisions) and assets (premium receivables and claims) in each of the currencies to which we are exposed. The overall accounting effect is reduced, as far as possible, through financial contracts such as forward exchange contracts. Based on an assessment of the overall exchange rate risks of our portfolio, the US dollar, the Mexican peso and the pound sterling are currently the only currencies we hedge. The US dollar is the currency, in which our accounting exposure is the highest apart from the euro. In conjunction with the fixed exchange rate policy against the euro, our hedging ensures that our net profit is not significantly affected by exchange

Export credits, working capital guarantees and loans, excluding reinsurance, by country risk category 2016



Effects on guarantee exposure from exchange and interest rate changes from 2014 to 2016

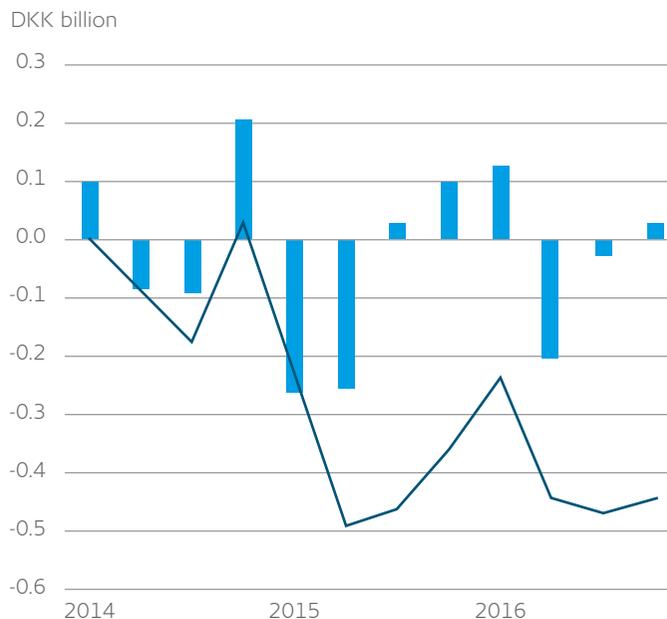
EXCHANGE RATE EFFECTS



rate risk. We continuously monitor our exposures to assess whether to enter into, extend or change hedging. If we have indemnification exposure, we will hedge the interest rate risk.

We do not hedge market impacts on the guarantee exposure as the size of provisions reflects EKF's overall expected loss on the portfolio. In general, the actual credit risk of individual transactions is not affected by changes in exchange rates and interest rates, and where such changes actually affect the credit risk of

INTEREST RATE EFFECTS



a transaction, this impact has been stress tested and the risk has been factored into the rating – and thus into the recalculated premium on which our provisions are based.

For export loans, we actively hedge the interest rate and exchange rate risks that occur when raising loans in Danish kroner at a fixed interest rate and providing loans at a fixed or floating reference rate, typically LIBOR or EURIBOR, in foreign exchange. Using derivative financial instruments, EKF ensures a link between

the raising of loans in Danmarks Nationalbank and lending to customers where interest rate and exchange rate risks are hedged. The liquidity risk associated with export loans is due to placement risk, since re-lending is obtained prior to the long payment period of export loans. EKF hedges placement risk by using the repo market, which reflects the drawing profile of export loans through a number of repos.

Our capital requirements are affected by exchange rate and interest rate fluctuations through the size of our guarantee exposure and loans. If our export credit and working capital guarantee exposure and loans increase, so does the capital requirement in terms of the size of our non-restricted equity. Consequently, our scope for issuing new guarantees and loans changes when exchange rates appreciate or depreciate.

The figure on the left shows how changes in exchange rates have affected our overall portfolio exposure per quarter during the period from the beginning of 2014 to 2016 and accumulated over the period. Overall, the guarantee exposure and loans, including reinsurance, increased by DKK 11.6 billion over the period from the beginning of 2014 to 2016, total exchange rate effects accounting for an increase of DKK 4.4 billion and interest rate effects accounting for a decrease of DKK 0.3 billion.

Finally, we have liquidity-related interest rate risk associated, up to and including 2016, with the annual interest rate change for our balance with the Danish

state, which constitutes a significant portion of our cash portfolio. EKF's liquidity reserve management is now based on a number of basic principles in an investment policy setting the limits for operating, demand and investment liquidity.

Operational risks

Operational risks, including compliance and reputation risks, are the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risks. Operational risk is managed through internal regulations drawn up in order to ensure the best possible control environment at EKF. We seek to minimise operational risks by, for instance, separation of duties between performance and control of activities and by an authorisation structure.

Compliance risks are managed by Compliance & Operational Risk that holds overall responsibility for continuous implementation and maintenance of efficient processes to ensure that EKF meets its obligations in accordance with relevant national and international regulations and relevant standards. Compliance & Operational Risk is independent of EKF's three business pillars, reporting directly to the CEO at EKF.



EKF employees

EKF is a knowledge-intensive institution and the vast majority of our employees have a long-cycle higher education. Skills development is key in ensuring that we are able to meet the standards demanded by customers.

At EKF, we want to be known as a financial institution that creates results and is customer-oriented, an institution based on commitment, professionalism and reliability. To that end, we focus on employees to provide the basis for continued successful development of EKF. Each year we allocate a large amount for staff development. In 2016, our special focus was on targeted courses on specialised subjects.

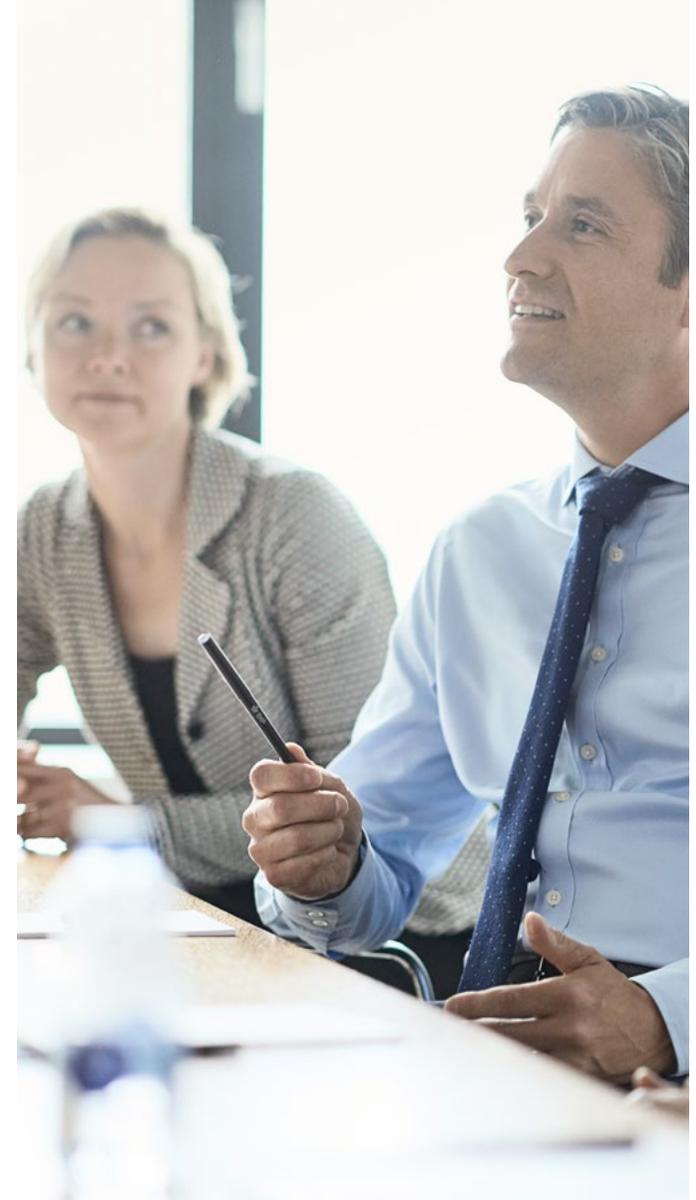
We seek to develop a culture that promotes staff well-being and development and contributes to financially efficient and quality-driven operation of EKF. We want to provide attractive conditions for our employees and believe that a positive working environment and employee well-being counteracts absenteeism and ensures dedicated and happy

employees. EKF's employee satisfaction survey in 2016 showed a 2-point increase in job satisfaction since 2015 to a total of 74 points on a scale from 1 to 100. This result exceeds the industry benchmark and is the highest score since we started measuring job satisfaction in 2012.

We wish to attract and retain the best employees, and in our experience, interest in working at EKF is high. In 2016, we received approximately 800 job applications and hired 17 new employees. The average number of staff in 2016 was 124. This is the highest number ever and attributable to the fact that our business has grown substantially in recent years, that the complexity has increased, and that we are currently assisting more companies than ever before.

Diversity in EKF's management

At EKF, we support the principle of equal gender representation in EKF's Board of Directors. We recognise the need for diversity in management, because we believe this creates the best business results. As an independent public company we are subject to the provisions of the Danish Gender



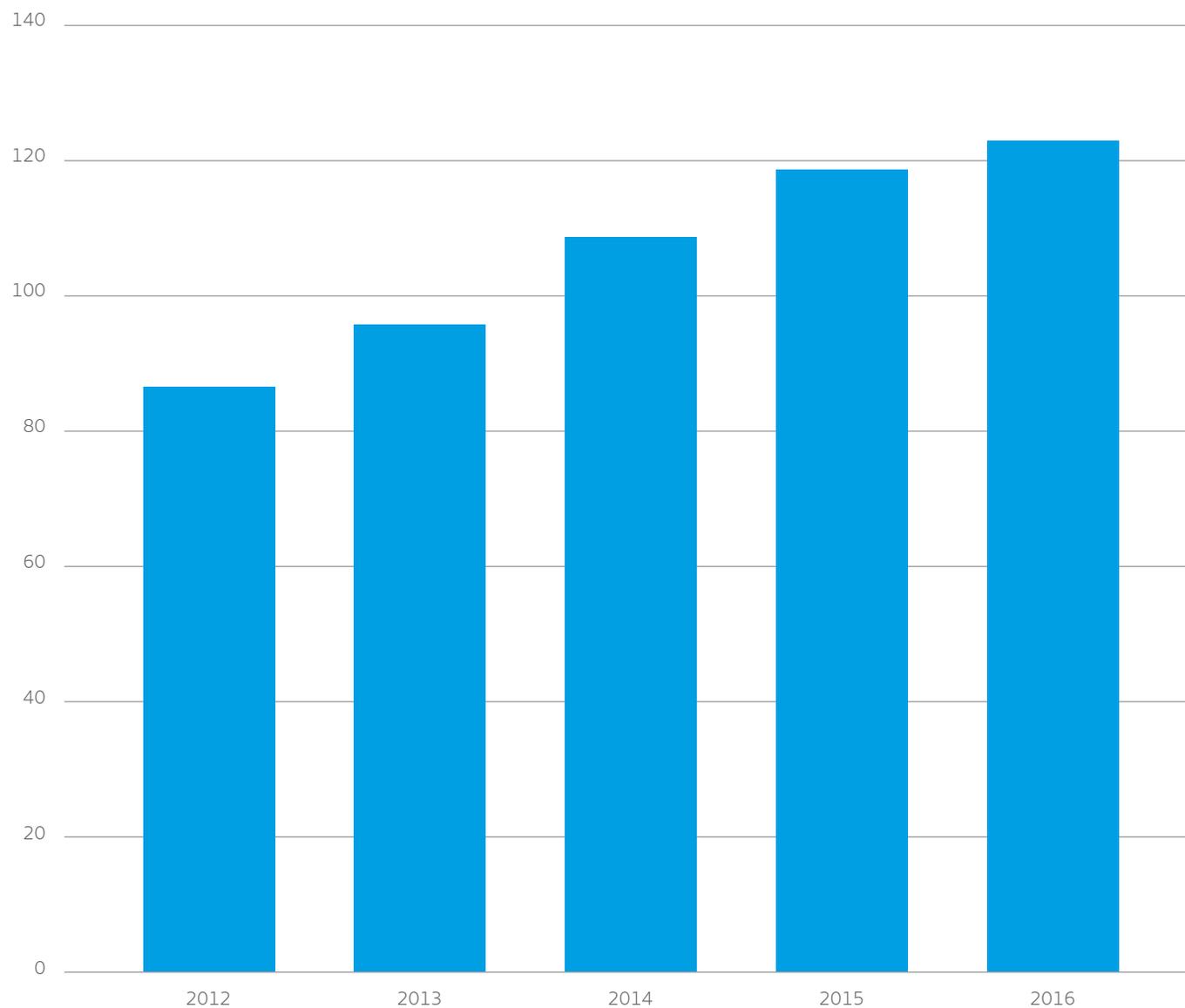
Equality Act stating that boards, assemblies of representatives or similar collective management bodies should have an equal gender balance.

Since the proportion of women on EKF's Board of Directors constitutes 50 per cent (33 per cent

excluding members of the Board of Directors elected by the employees) and thus meets the requirement for an equal gender balance, EKF has not set any targets for this.

EKF has a policy on equal gender representation in management. The policy covers all layers of management in the organisation. Women managers at EKF account for 30 per cent of the overall management group. We want to increase the proportion of women managers in our management group, so we encourage women to go for management positions. We do this by striving to achieve a representation of women in the recruitment process for management positions, provided that the candidate meets the relevant qualification requirements. Furthermore, we ensure internally that management positions are discussed with potential women managers as part of the discussion of their career development during performance reviews.

Total number of EKF employees (average)





EKF will focus on potential growth sectors in Denmark in the coming strategy period. Water and district heating are among the sectors that EKF will target in order to increase Danish exports.



Strategy 2016

– towards a bigger footprint

In 2016, the main focus of EKF's strategic work was to implement the new legal framework, and a sub-strategy for wind and other sector focus areas was also introduced. Internally, efforts to optimise our processes continued.

EKF is established by law. The previous Act on EKF was from 1999. EKF's owner, the Danish Ministry of Industry, Business and Financial Affairs, wanted to convert EKF into an independent public company, while EKF's new legal basis should also aim to future-proof EKF and our business. The new Act on EKF Denmark's Export Credit Agency was adopted by the Danish Parliament in January 2016. The Act entered into force on 1 July 2016. Under the new Act, we have the same possibilities of helping Danish companies as before, and the governance structure in relation to EKF's owner is now formalised.

With regard to our wind strategy, our focus in 2016 was to establish a more proactive and structured customer approach towards the wind segment. As

a result, we have built our relations with key players in the wind market, including Danish wind sub-suppliers, much further than before.

The focus of our sector strategy is on new growth sectors in Denmark where targeted action by EKF may contribute to a substantial increase in exports. We have identified a handful of competence clusters assumed to hold significant sales potential for EKF. Against that backdrop, we will focus particularly on the water and district heating/cooling sectors in 2017.

EKF continued working on its internal processes in 2016. Our focus was especially on supporting our customers in the offer phase, allowing them to find out early in the process whether or not EKF is able to provide the required risk cover.

An updated business strategy, Strategy 2018, was adopted by EKF's Board of Directors in December 2016. Strategy 2018 constitutes a continuation of the previous strategy rather than a brand new strategy. The previous Strategy 2016 was launched on 1 January 2013 and ran until the end of 2016.

EKF APPLIES THE DANISH STATE OWNERSHIP POLICY

As an independent public company, EKF applies the Danish state ownership policy as its corporate governance code. The ownership policy contains a large number of specific recommendations for and expectations of the Danish state's exercise of ownership and the conduct of state-owned companies.

EKF aims to comply with all recommendations of the state ownership policy. We managed to do so in 2016, except in a single area where EKF is not yet in compliance with the policy. According to the state ownership policy, the company must have a procedure for handling disagreements about board members' qualifications. EKF has no such procedure in place yet, but plans to implement one in 2017.

EKF's Board of Directors holds eight meetings a year in accordance with the state ownership policy.

The state ownership policy is available at the Ministry of Finance website in Danish.

Financial review



The Export Lending Scheme and EKF merged as of 1 January 2016. In the annual report, EKF has adjusted the comparative figures for 2015 so as to present the financial statements as if the Export Lending Scheme and EKF had also been merged in 2015.

Income statement

EKF's total net profit was DKK 467 million. This is a significant improvement on 2015 when the net profit, including the Export Lending Scheme, was DKK 162 million. However, net profit for 2015 was affected by a relatively large negative value adjustment under lending activities due to an accounting mismatch between EKF's loans and hedging thereof (cf page 31). Excluding unrealised value adjustments under lending activities, the net profit in 2016 was DKK 348 million compared to DKK 578 million in 2015.

The result is satisfactory considering that 2016 saw a credit quality deterioration in a number of transactions, which caused us to increase our guarantee provisions. The credit quality deterioration phenomenon was also

registered by the international credit rating agencies. Moreover, in 2016, as in recent years, provisions were made for claims expenses and write-downs regarding guarantees and loans subject to potential losses, claims or objective indications of impairment.

The net profit enables EKF to distribute DKK 125 million to the Danish state. Moreover, we allocate part of the profit to our restricted equity, which may be used in case of major claims that cannot be covered by the technical result and the result of the lending activities.

Insurance

The technical result before administrative expenses amounted to DKK 269 million in 2016 and so was much lower than in 2015 when it was DKK 375 million. The technical result consists of premium income for own account of DKK 595 million, claims expenses for own account of DKK 361 million and commission to and from reinsurance companies of DKK 34 million. The lower technical result before administrative expenses is attributable to an increase in guarantee provisions in 2016 by DKK 138 million after reinsurance following the monitoring of our guarantee portfolio.

Demand for EKF products remained high in 2016. New issues of export credits and working capital guarantees were on a par with 2015, but they remain slightly lower than the very high levels in 2012–2014.

Gross premiums amounted to DKK 1,145 million, which is an increase of DKK 271 million compared to 2015. The low gross premiums in 2015 are attributable mainly to prepayments where premium was repaid by EKF. Gross premiums excluding prepayments for 2016 and 2015 are thus on the same level. In 2016, reinsurance premiums paid represented an expense of DKK 257 million. EKF once again entered into a treaty reinsurance agreement with the private market in 2016. Our reinsurance leads to a reduction in EKF's exposure and thus a fall in related guarantee provisions.

Changes in guarantee provisions represented an expense of DKK 471 million. Due to new issues of export credits and working capital guarantees, EKF made provisions of DKK 880 million. In connection with its monitoring of the guarantee portfolio, EKF established that a number of major transactions had to be downgraded. Furthermore, EKF adjusted its

country risk classifications on an ongoing basis to reflect the OECD risk picture. Overall, this means that we increased our guarantee provisions by DKK 207 million before reinsurance. In 2016, as underlying loans guaranteed by EKF were gradually repaid, we were able to recognise as income DKK 400 million in reductions in previous years' provisions for guarantees. Provisions corresponding to DKK 26 million were reversed in relation to projects that had run into difficulties. In 2015, we reversed guarantee provisions corresponding to DKK 529 million in relation to projects that had run into difficulties. Instead, specific provisions were made for these projects under claims expenses. Finally, guarantee provisions were discounted to net present value to take into account that they mature over time.

Claims for 2016 were somewhat lower than in 2014 and 2015. Claims expenses for own account amounted to DKK 362 million, which is DKK 421 million less than in 2015. In 2016, we made provisions for transactions that had run into difficulties over the year, and we adjusted provisions for claims expenses on a few transactions from previous years. Indemnification payments are related primarily to a few major transactions and minor losses on working capital guarantees and other products issued to Danish SMEs.

Commission to and from reinsurance companies represented a net income of DKK 34 million. The income is ascribable to the administration commission we charge on reinsured transactions.

Lending activities

The result of lending activities before administrative expenses was DKK 331 million. This was a significant improvement on the 2015 result, which was a loss of DKK 154 million. The fluctuations were mainly due to unrealised value adjustments.

Under EKF's business model for lending activities, EKF raises re-lending at Danmarks Nationalbank, on-lending it for export transactions. This involves considerable market risks, since re-lending is raised in Danish kroner at a fixed rate, while loans for export transactions are raised in different currencies at fixed or floating rates. EKF hedges the market risks occurring in this connection by interest rate and currency swaps. This means that EKF will receive the full margin concerning loans expressed in the line Financial income related to loans, which is then converted into interest rate and currency swaps and repaid to Danmarks Nationalbank as a fixed interest rate in the line Financial expenses related to loans. So to assess the income related to EKF's lending activities, financial income and financial expenses should be taken as one.

In 2016, financial income related to loans amounted to DKK 1,039 million, while financial expenses related to loans amounted to DKK 723 million. Realised income related to EKF's export loans thus amounted to DKK 316 million.

Write-down on loans represented an expense of DKK 86 million in 2016. No objective indications of impairment of new loans were registered in 2016

compared to the previous year. Thus, the expense is attributable to further impairment of already impaired loans in 2016.

Unrealised value adjustments constitute an income of DKK 118 million compared to an expense of DKK 416 million in 2015. Unrealised value adjustments concern adjustments to the fair value of EKF's portfolio of derivative financial instruments and re-lending as well as value adjustments of EKF's loans. EKF provides full financial hedging of all market risks. However, there is an accounting effect on the result of lending activities, as EKF's loans are measured at amortised cost, while hedging of market risks is measured at fair value.

Income in 2016 is mainly attributable to value adjustments of currency swaps as a development in the yield curves (OIS curves) for the US and Australian dollar affected the market value of EKF's currency swaps. The value of EKF's loans is not similarly affected, as they are not measured at fair value (accounting mismatch).

Major fluctuations in unrealised value adjustments are collected in a reserve under equity. Over time, this reserve will be reduced to zero in step with loans, re-lending and derivative financial instruments approaching maturity.

Administration

Net administrative expenses totalled DKK 174 million, an increase of DKK 4 million relative to 2015. The rise

is mainly attributable to higher personnel expenses such as salaries and pension as the number of staff at EKF has increased in 2016.

Investment income

Investment income was DKK 41 million, representing a reduction of DKK 70 million compared to 2015.

Total financial income was DKK 192 million in 2016. EKF's premium receivables are discounted. Due to the fact that the time for repayment of our premiums receivable is approaching, combined with falling interest rates, we were able to recognise as income DKK 163 million.

Interest on the deposit in EKF's account with the Danish state amounted to DKK 25 million in 2016, down from DKK 92 million in 2015, because as of 1 July we no longer receive interest on the deposit in our account with the Danish state. Moreover, the rate of interest in the first six months of 2016 was lower than in 2015.

Financial expenses were DKK 91 million in 2016, attributable to discount effects of EKF's liabilities.

In 2016, exchange rate adjustments represented an expense of DKK 59 million. This expense is mainly attributable to a fall in pound sterling due to Brexit and a fall in the value of Mexican claims, where EKF has a claim in relation to a project financing transaction. EKF hedged these positions in the autumn of 2016 as part of its risk management policy.

Balance sheet

At 31 December 2016, our assets totalled DKK 30.1 billion compared to DKK 30.3 billion at 31 December 2015.

Assets

Cash and demand deposits fell to DKK 9.0 billion from DKK 9.2 at the end of 2015. The main reason for the fall was indemnification payments on our claims in 2016.

Loans amounted to DKK 13.8 billion at 31 December 2016. Compared to the end of 2015, this is a fall of DKK 0.7 billion. The fall is mainly due to general repayments of EKF's loan portfolio.

Reinsurance shares of guarantee provisions and provisions for claims expenses amounted to DKK 1.2 billion at the end of 2016, which is in line with 2015.

Receivables amounted to DKK 6.2 billion in 2016, up from DKK 5.4 billion at the end of 2015, reflecting, in part, a DKK 0.6 billion rise in premiums receivable on guarantees to DKK 3.3 billion and, in part, an increase in our claims of DKK 0.2 billion compared to the end of 2015.

Equity and liabilities

Total equity amounted to DKK 7.1 billion compared to DKK 6.7 billion at the end of 2015. Restricted equity amounted to DKK 2.8 billion relative to DKK 2.5 billion at 31 December 2015. At the end of 2016, DKK 0.1 billion was reserved for capital transfer to the Danish

state. Non-restricted equity amounted to DKK 4.1 billion, which is DKK 0.1 billion lower than at the end of 2015. The exchange rate adjustment reserve was DKK 0.1 billion at 31 December 2016, whereas it was negative by DKK 0.04 billion at the end of 2015.

Technical provisions grew by DKK 0.2 billion to DKK 5.0 billion at 31 December 2016. Guarantee provisions increased by DKK 0.5 billion to DKK 3.4 billion. Provisions for claims expenses decreased to DKK 1.5 billion from DKK 1.9 billion at the end of 2015 due to indemnification payments.

Payables amounted to DKK 18.0 billion at the end of 2016, down by DKK 0.8 billion from the level at 31 December 2015. The main reason is that EKF reduced its debt to the state under the re-lending scheme.

Claims and potential losses

Claims expenses for own account amounted to DKK 362 million in 2016 compared to DKK 783 million in 2015. This means that the level in 2016 was somewhat lower than in 2015. At the end of 2016, EKF's total provisions for claims expenses amounted to DKK 1.5 billion, down by DKK 0.4 billion from the level at end-2015. The reason for the decrease is that EKF paid indemnification on claims for which provisions were made for potential losses. When we pay indemnification, we also take over a claim on the debtor concerned.

Some of the provisions for claims expenses relate to cases assessed by EKF to involve potential losses.

Provisions for claims expenses are made based on an individual assessment of the single transaction. When a provision for claims expenses is made, the guarantee provision is transferred to Premium income for own account. Obviously, the provisions are subject to uncertainty due to the complexity of the cases.

Indemnification payments totalled DKK 793 million gross in 2016, representing a pronounced increase relative to previous years. We paid indemnification of DKK 753 on claims subject to foreign risk and DKK 39 million on claims subject to Danish risk.

Net claims increased from DKK 270 million in 2015 to DKK 450 million in 2016, reflecting that EKF takes over a claim when indemnification has been paid.

Post balance sheet events

No events have occurred after 31 December 2016 that would have a material impact on the assessment of the Annual Report.

Outlook for 2017

EKF expects a weak recovery of the global economy and less sluggish credit markets. However, the growth forecasts are subject to considerable uncertainty, for instance, because emerging markets are vulnerable to capital outflow and debt crises due to high levels of debt.

EKF expects high demand for export credits, working capital guarantees and loans to continue in 2017. Wind projects are expected to make up two thirds of new

Key figures for EKF's total claims and potential losses 2012–2016

DKK MILLION	2016	2015	2014*	2013*	2012*
Provisions for claims expenses, end of year	1,542	1,900	1,616	182	161
Indemnification payments	793	312	220	179	65
Net claims	450	270	150	72	20
Recovered amounts – repayments including interest	66	3	4	7	16

*Comparative figures have not been restated in connection with the merger of the Export Lending Scheme and EKF.

issues of export credits, working capital guarantees and loans. At the same time, EKF expects increased issues of guarantees and loans in high-risk markets.

In comparison to 2015 and 2016, EKF expects to issue a relatively larger proportion of loans in 2017, since the export loan product is now fully phased in.

At the end of 2016, the administered portfolio of export credits, working capital guarantees and loans was at a very high level, and combined with sustained uncertainty about the international economy this may result in claims on guarantees and impaired loans in the coming years.

In March 2017, an agreement on distribution of profit was concluded with the Danish Ministry of Industry, Business and Financial Affairs. According to this agreement, EKF is required to distribute half of its profit as

from the financial year 2016. For each of the financial years 2017, 2018 og 2019, the distribution will constitute a maximum of DKK 140 million. For the financial year 2019, EKF is required to distribute an additional lump sum of DKK 500 million. From 2020, EKF must continue to distribute half of its net profit, but not exceeding DKK 100 million per year.

Overall, EKF expects a positive result in 2017.

Management statement

Today the Board of Directors and the Management considered and approved the Annual Report of EKF Denmark's Export Credit Agency for the financial year 1 January to 31 December 2016.

The Annual 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 financial statements give a true and fair view of EKF Denmark's Export Credit Agency's assets, liabilities and financial position at 31 December 2016 and of the results of EKF Denmark's Export Credit Agency's operations and cash flows for the financial year 1 January to 31 December 2016.

Furthermore, we are of the opinion that the management's review gives a true and fair account of the development of EKF Denmark's Export Credit Agency's operations and financial circumstances, the net profit/loss for the year and of EKF Denmark's Export Credit Agency's financial position.

The Annual Report is recommended for approval by the Danish Minister for Industry, Business and Financial Affairs.

Copenhagen, 27 March 2017

Management

Anette Eberhard
CEO

Jan Vassard
DEPUTY CEO

Christian Ølgaard
DEPUTY CEO

Board of Directors

Christian Frigast
CHAIRMAN

Dorrit Vanglo
DEPUTY CHAIRWOMAN

Flemming Aaskov
Jørgensen

Karen Nielsen

Jørgen Skeel

Søren Østergaard
Sørensen

Anna Marie Owie
ELECTED BY THE EMPLOYEES

Charlotte Hagen Simonsen
ELECTED BY THE EMPLOYEES

The independent auditors' report

TO THE MINISTER FOR INDUSTRY, BUSINESS AND FINANCIAL AFFAIRS

Auditors' report on the financial statements

Opinion

We have audited the financial statements of EKF Denmark's Export Credit Agency for the financial year 1 January to 31 December 2016, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including significant accounting policies. The Annual Report is 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 financial statements give a true and fair view of EKF Denmark's Export Credit Agency's assets, liabilities and financial position at 31 December 2016 and of the results of EKF Denmark's Export Credit Agency's operations and cash flows for the financial year 1 January to 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis of opinion

We have conducted our audit in accordance with International Standards on Auditing and additional requirements applying in Denmark and in accordance with good public auditing practice, cf. the Act on Audit of the State Accounts. Our responsibility according to these standards and requirements is described in more detail in the section "Auditors' responsibility for audit of the financial statements" in this auditors' report.

The Auditor General is independent of EKF Denmark's Export Credit Agency, cf. section 1(6) of the Act on Audit of the State Accounts, and the approved auditor is independent of EKF Denmark's Export Credit Agency in accordance with the IESBA's Code of Ethics for Professional Accountants and the additional requirements applying in Denmark. We have both complied with our other ethical obligations under such code and requirements.

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

Management's Responsibility

Management is responsible for the preparation and fair presentation of financial statements in accordance with the Danish Financial Statements Act. This responsibility includes implementing such internal controls that Management determines are necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the financial statements, Management is responsible for assessing EKF Denmark's Export Credit Agency's ability to continue as a going concern, for providing information about going concern issues where this is relevant and for preparing the financial statements on the basis of the going concern accounting principle, unless Management plans either to liquidate EKF Denmark's Export Credit Agency or to discontinue operations or has no other realistic alternative than to do so.

Auditors' responsibility for audit of the financial statements

Our objective is to obtain a high degree of certainty that the overall financial statements are free from

material misstatement, whether due to fraud or error, and to present an auditors' report with an opinion. A high degree of certainty is a high level of certainty, but is not a guarantee that an audit performed in accordance with International Standards on Auditing and the additional requirements applying in Denmark and in accordance with good public auditing practice will always disclose material misstatements, if any. Misstatements may occur as a result of fraud or error and can be deemed to be material if it can reasonably be expected that they will, individually or jointly, have an impact on the financial decisions made by users on the basis of the financial statements.

As part of an audit performed in accordance with International Standards on Auditing and the additional requirements applying in Denmark and in accordance with good public auditing practice, we perform professional assessments and exercise professional scepticism during the audit. In addition:

- › We identify and assess the risk of material misstatement in the financial statements, whether due to fraud or error, plan and perform audit activities in response to such risk and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not discovering material misstatements is higher for material misstatements resulting from fraud than for material misstatements resulting from error as fraud may include conspiracy, forgery, wilful omissions, misrepresentation or non-observance of internal controls.
- › We gain insight into the internal controls of relevance to the audit in order to design audit activities that are appropriate in the circumstances, but not to express an opinion on the effectiveness of EKF Denmark's Export Credit Agency's internal controls.
- › We consider whether the significant accounting policies applied by Management are appropriate and whether the accounting estimates made and related information prepared by Management are reasonable.
- › We express an opinion as to whether the preparation of the financial statements by Management on the basis of the going concern accounting principle is appropriate and whether, on the basis of the audit evidence obtained, there is material uncertainty linked to events or circumstances that may cause substantial doubt as to EKF Denmark's Export Credit Agency's ability to continue as a going concern. If we reach the conclusion that there is material uncertainty, we must in our auditors' report draw attention to information about this in the financial statements or, if such information is not sufficient, qualify our opinion. Our opinions are based on the audit evidence obtained until the date of our auditors' report. However, future events or circumstances could mean that EKF Denmark's Export Credit Agency is no longer able to continue as a going concern.
- › We consider the overall presentation, structure and content of the financial statements, including

information in the notes, and whether the financial statements reflect the underlying transactions and events in such a way that they provide a true and fair view thereof.

We communicate with the top management on, inter alia, the planned scope and timing of the audit, as well as material audit observations, including any material shortcomings in the internal controls identified by us during our audit

Statement on the management's review

Management is responsible for the management's review.

Our opinion on the financial statements does not include the management's review, and we do not express any opinion with certainty about the management's review.

In connection with our audit of the financial statements, it is our responsibility to read the management's review and in that connection to consider whether the management's review is materially inconsistent with the financial statements or with the knowledge we have gained during the audit or otherwise seems to contain any material misstatement.

In addition, it is our responsibility to consider whether the management's review includes the information required under the provisions of the Danish Financial Statements Act.

In our opinion and based on the work performed, the management's review is in accordance with the

financial statements and has been prepared in accordance with the requirements in the Danish Financial Statements Act. We have not found any material misstatements in the management's review.

Statement according to other legislation and regulation

Statement on compliance audit and performance audit

Management is responsible for ensuring that the transactions that are covered by the financial statements are in compliance with the funding granted, legislation and other regulations, as well as with agreements made and customary practice, and that the necessary financial considerations have been made in the administration of the funds and operation of the enterprises comprised by the financial statements.

In connection with our audit of the financial statements, it is our responsibility, in accordance with good public auditing practice, to select relevant issues for both compliance audit and performance audit. During our compliance audit, we control with a high degree of certainty in terms of the issues selected whether the transactions that are covered by the financial statements are in compliance with the funding granted, legislation and other regulations, as well as with agreements made and customary practice. During our performance audit, we assess with a high degree of certainty whether the systems, processes or transactions examined support the necessary financial considerations in the administration of the funds and operation of the enterprises comprised by the financial statements.

If, based on the work performed, we reach the conclusion that there is cause for material critical remarks, we must report this.

We have no material critical remarks to report in this connection.

Copenhagen, 27 March 2017

Ernst & Young
Godkendt Revisionspartnerselskab
CVR NO. (COMPANY REGISTRATION NO.) 30 70 02 28

Henrik Barner Christiansen
STATE-AUTHORISED PUBLIC ACCOUNTANT

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Lone Lærke Strøm
AUDITOR GENERAL

Morten Henrichsen
DIRECTOR

Financial statements 2016



Significant accounting policies

General

The Annual Report of EKF Denmark's Export Credit Agency (EKF) was prepared in accordance with the provisions of the Danish Financial Statements Act for reporting class D, subject to the necessary exemptions and adjustments required as a consequence of EKF's special position as an independent public company, cf. the Act on EKF Denmark's Export Credit Agency. In addition, policies applied to private non-life insurance companies and banks are taken into consideration.

The policies applied from the requirements for non-life insurance companies as established by the Danish Executive Order on Financial Reporting for Insurance Companies and Multi-Employer Occupational Pension Funds (Danish Executive Order on the Presentation of Financial Statements for Insurance Companies) relate to recognition and measurement of EKF's insurance-like activities. These requirements comprise premiums, guarantee exposures, indemnification payments and provisions for claims expenses as well as the reinsurance share of these items.

The policies applied from the requirements for banks as established by the Danish Executive Order on Financial Reporting for Credit Institutions etc. (Danish Executive Order on the Presentation of Financial Statements for Credit Institutions etc.) relate to recognition and measurement of EKF's bank-like activities. This includes lending and state re-lending.

Effective from 1 January 2016, the Export Lending Scheme and EKF merged according to the merger method. The financial statements present assets, liabilities and financial position as if the enterprises had been merged starting from the earliest accounting period forming part of the financial statements (1 January 2015), cf. section 123(1) of the Danish Financial Statements Act.

The presentation of the income statement and balance sheet chosen is believed to provide the fairest presentation of EKF's activities. Against that backdrop, the format requirements of the Danish Financial Statements Act have been departed from.

Change in accounting policies and correction of errors

Our accounting policies were changed in 2016, allowing the option in section 37(5) of the Danish Financial Statements Act on recognising and measuring financial assets and liabilities in accordance with international financial reporting standards. As a result, re-lending (payables to the Danish state) is recognised and measured at fair value. The change was made to reduce the measurement inconsistency (accounting mismatch) occurring when market risks on re-lending are hedged by derivative financial instruments, given that such hedging is measured at fair value, and given that re-lending is measured at amortised cost. The change increased the debt by DKK 979 million. The fair value adjustment reduced the Exchange rate adjustment reserve under equity by a corresponding amount.

An error was found in the measurement of the fair value of derivative financial instruments in the annual report for 2015 of the Export Lending Scheme. As a result, the positive fair value of derivative financial instruments at the end of 2015 was reduced by DKK 149 million. Due to the error, the result for 2015 and total assets and equity at the end of 2015 were

DKK 149 million too high. Adjustment was made for this in the comparative figures. The error concerned unrealised value adjustments under EKF's lending activities. Unrealised value adjustments are collected in a reserve under equity that will be reduced to zero when loans, re-lending and associated derivative financial instruments approach maturity.

Furthermore, derivative financial instruments were recognised in the balance sheet gross against net in the financial statements presented for 2015. The adjustment, which led to an increase in the balance sheet total of DKK 731 million at the end of 2015, did not affect the result for 2015 or the size of equity at the end of 2015.

Apart from the above and the consequences of the merger of the Export Lending Scheme and EKF, the accounting policies are unchanged from the previous year.

The policies for recognition and measurement are described in more detail below.

Recognition and measurement in general

The Annual Report is presented in accordance with a number of concepts and definitions as described below.

Premium income and related income are recognised in the *income statement* as earned. The income date for premium income is the date on which the cover under the guarantee commences, and in the case of related income the time from which the income

can be considered to be sufficiently certain. Interest income is recognised as earned, and interest expenses are reported as accruals correspondingly. Other income and value adjustments of financial assets and liabilities are recognised in the income statement as earned. Similarly, all expenses, including depreciation, amortisation and write-downs, are recognised in the income statement in the period in which the activity has taken place.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to EKF and the asset can be reliably measured. *Liabilities* are recognised in the balance sheet when it is probable that future economic benefits will flow from EKF and the value of the liability can be reliably measured. Assets and liabilities are measured at cost on initial recognition. Subsequently, assets and liabilities are measured as described for each accounting item.

Certain *financial assets and liabilities* are measured at amortised cost, recognising a constant effective interest rate over the maturity period. Amortised cost is determined as the original cost less any repayments plus addition/deduction of the accumulated amortisation of the difference between the cost and nominal amount.

On initial recognition, *transactions in foreign exchange* are measured at the exchange rate on the transaction date. Exchange differences occurring between the exchange rate on the transaction date and the exchange rate on the payment date are recognised

in the income statement as an item under financial income and expenses.

On the balance sheet date, monetary assets and liabilities in foreign exchange are recognised at the exchange rate on that date. The difference between the exchange rate on the balance sheet date and the exchange rate on the date the receivables or payables were incurred or recognised in the financial statements of the previous year, are recognised in the income statement under financial income and expenses and under result of lending activities to the extent that it is attributable to EKF's loans or hedging thereof.

INCOME STATEMENT

Premium income for own account

Gross premium income comprises premiums on export credit and working capital guarantees issued for the year, including any returns of premiums. Upfront and commitment fees are also included. Premiums paid over more than one year are discounted and recognised at present value. Premiums are recognised when cover under the guarantee commences or when the policy is issued. The share of premiums received on current contracts that concern future risks is reported as accruals via provisions for guarantees on the balance sheet date.

Reinsurance premiums paid are the share of the gross premium income for the year ceded to other insurance companies due to reinsurance cover.

Change in guarantee provisions describes the change in provisions for guarantees and is included under Premium income for own account as EKF's recognition of premium accruals. Change in guarantee provisions includes reductions in guarantee provisions that express provisions for guarantees recognised as income as underlying loans are repaid. In addition, the item includes additions due to new guarantees, change in country and debtor ratings, etc.

Change in the reinsurance share of guarantee provisions states the shift in the share of provisions for guarantees which EKF has reinsured with foreign export credit agencies or private reinsurance companies.

Claims expenses for own account

Claims expenses comprise the loss assessment of indemnification payments and changes in commercial and political claims as a result of additions and disposals of provisions for claims expenses and potential losses. Claims expenses also include depreciation and value adjustment of claims.

Change in the reinsurance share of provisions for claims expenses comprises additions and disposals related to the reinsurance share of EKF's provisions for claims expenses and potential losses.

Commission to and from reinsurance companies

Commission to and from reinsurance companies is the administration fee that EKF receives or pays in connection with reinsurance agreements.

Result of lending activities

before administrative expenses

Financial income related to loans comprises interest income for the year from loans, derivative financial instruments, repos as well as upfront and commitment fees received.

Financial expenses related to loans comprise interest expenses for the year for re-lending and derivative financial instruments. The item also includes fees to Danmarks Nationalbank calculated on the basis of the nominal value of re-lending.

Write-downs on loans comprise write-downs for the year and changes in write-downs on loans where objective indications of impairment were registered.

Exchange rate adjustments and value adjustments, realised comprise positive and negative realised exchange rate adjustments of loans, derivative financial instruments and exchange rate accounts for the year. The item also includes positive and negative value adjustments of loans, re-lending and derivative financial instruments for the year.

Value adjustments, unrealised comprise unrealised fair value adjustments of re-lending, derivative financial instruments, repos and unrealised exchange rate adjustments of loans.

Administration

Administrative expenses, net comprise expenses related to the administration of EKF and the Danish

Trade Fund, the Mixed Credit Programme, Eksport Kredit Finansiering A/S (EKF A/S), the CIRR scheme and investment guarantees issued by the Danish Ministry of Foreign Affairs.

Administrative expenses have been reduced by income received by EKF in connection with the administration of various schemes (see above), as well as the sale of consulting services. These schemes are normally invoiced at agreed hourly rates for the actual number of hours spent by EKF. In addition, large direct expense items related to the individual scheme are invoiced.

Investment income

Investment income comprises interest received in connection with claims, interest on and exchange rate adjustment of bank deposits, guarantee provisions and claims. The item also includes adjustment of discounting of premiums receivable and guarantee provisions as well as reinsurance premiums payable. Due to the general uncertainty surrounding claims, the related interest is recognised only when payment is made, apart from any recognised capitalised interest. Prepaid interest is, however, recognised in the year in which it falls due. This item also includes exchange rate adjustment of receivables and payables, maturity reduction of insurance obligations and interest on the balance with the Danish state. The item furthermore includes gains/losses on hedging of the exposure in foreign exchange.

BALANCE SHEET

Cash and demand deposits

The balance with the Danish state comprises EKF's liquidity placed in an intermediate account with the Danish state. Up to and including 30 June 2016, the rate of interest applied to the balance is equivalent to the average yield to maturity of three calendar years on government securities with a remaining maturity of five years. The interest factor for 2016 is calculated as the average yield to maturity on five-year government securities for 2012, 2013 and 2014. As from 1 July 2016, interest is no longer applied to EKF's balance with the Danish state.

Cash comprises cash at bank and repo/reverse transactions.

Loans

Loans are measured at fair value on initial recognition with the addition of transaction costs and less front-end fees etc. This normally corresponds to the amount paid to the customer. Loans are subsequently measured at amortised cost using the effective interest method. The difference between the value on first recognition and the redemption value is amortised over the remaining time to maturity and recognised under financial interest income.

Loans are written down individually, if they are deemed to show objective indications of impairment. Loans are written down to the present value of expected payments from the loans. When calculating

the individual write-down, any reinsurance cover is taken into account.

Fixed assets

Intangible fixed assets relate to software acquisitions and are recognised at cost less accumulated amortisation and write-downs. Cost includes expenses directly linked to acquisition and implementation, up to the date when the asset can be commissioned. Intangible fixed assets are amortised on a straight-line basis over the expected useful lives of the assets of three to five years from the date of commissioning.

Development projects in progress relate to software acquisitions that are clearly defined and identifiable. Development expenses are determined as direct expenses incurred.

An impairment test is carried out for acquired intangible fixed assets if there are indications of impairment. Additionally, every year an impairment test is carried out on development projects in progress. The impairment test is carried out for each asset. The assets are written down to the higher of the asset's value in use and net selling price (recoverable amount), if this is lower than the carrying amount.

Tangible fixed assets relate to hardware, fixtures and fittings and refurbishing of leased premises are measured at cost less accumulated depreciation and write-downs. Cost includes the purchase price and expenses directly related to the acquisition.

Cost is depreciated on a straight-line basis over the expected useful lives of the assets at a residual value of DKK 0. The expected useful lives of the assets are deemed to be as follows:

› IT hardware	3–5 years
› Other plant and operating equipment	3–5 years
› Refurbishing of leased premises	5 years

An impairment test is carried out for tangible fixed assets if there are indications of impairment. The impairment test is carried out for each asset. The assets are written down to the higher of the asset's value in use and net selling price (recoverable amount), if this is lower than the carrying amount.

Reinsurance share

Reinsurance share of guarantee provisions comprises the reinsurers' share of EKF's guarantee provisions. The share is adjusted for EKF's counterparty risk on the reinsurers.

Reinsurance share of provisions for claims expenses comprises the reinsurers' share of EKF's provisions for claims expenses. The share is adjusted for EKF's counterparty risk on the reinsurers.

Receivables

Claims consist of commercial claims and claims on countries.

Where an agreement exists with the counterparty, commercial claims are recognised at cost and subsequently assessed so that the value of the claim corresponds to the expected repayment. Where

no agreement exists with the counterparty, which is the general rule, the value of claims is assessed taking into account the debtors' ability and willingness to pay. Gross claims comprise indemnification payments with addition of the recognised capitalised interest less recovered amounts, adjusted at the exchange rate on the balance sheet date. Net claims are reduced by actual write-downs to offset losses.

Claims on countries relate to receivables from countries resulting from indemnification payments, capitalised interest and purchase of the uninsured part of the political risks, or purchase of claims by EKF. Claims on countries are recognised at cost and subsequently assessed at fair value, so that the value of the claim corresponds to the expected repayment and the exchange rate on the balance sheet date, taking into account the countries' ability and willingness to pay.

Claims on countries are recognised at the value of the indemnification paid, with addition of the recognised capitalised interest. Recognised capitalised interest is interest accrued on the claim prior to the conclusion of the rescheduling agreement and recognised by the debtor country. The capitalised interest thus becomes part of the new principal of the rescheduling agreement. A rescheduling agreement is an agreement between an individual creditor country and debtor country. The rescheduling agreement is negotiated under the auspices of the Paris Club.

Premiums receivable are measured at the present value of receivables at the date of recognition. Subsequently,

current recalculation of present values is performed on the balance sheet date. Premiums receivable with a maturity of more than one year are discounted by the interest rate of either zero or the yield on the current five-year bullet mortgage bond, whichever is higher.

Derivative financial instruments are recognised from the trading date and measured in the balance sheet at fair value. Positive and negative fair values of derivative financial instruments are included on separate lines in the balance sheet, and positive and negative values are set off only when the enterprise is entitled and intends to settle several derivative financial instruments, net. Fair values of derivative financial instruments are determined on the basis of current market data and recognised valuation methods.

Prepaid interest expenses comprise prepayments to reinsurers. The prepayments cover contracts with reinsurance of the credit risk on loans. The prepayments are charged to the income statement as a financial expense under result for lending activities in line with the repayment profile of the loan.

Other receivables comprise interest related to export loans and other receivables and are measured at amortised cost, usually equivalent to nominal value. The value is reduced by write-downs to offset expected losses.

Equity and capital ratio

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

The size of the *restricted equity* is built on 75 per cent, or another share recommended by the Board of Directors, of any positive technical result and result of lending activities until the restricted equity has reached a maximum. The maximum size of the restricted equity is calculated on the basis of the risk-weighted exposure and the concentration of the portfolio. The restricted equity is utilised in years when the total technical result and result of lending activities is negative at the end of the financial year. The technical result and the result of lending activities are both calculated before administrative expenses and other net financials.

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.

Recommended capital transfer to the Danish state (distribution of profit) is included under equity. The capital transfer will only be recognised as a liability when the Minister for Industry, Business and Financial Affairs approves the Annual Report and the distribution of profit.

Non-restricted equity comprises the remaining reserve after calculation of the restricted equity, exchange rate adjustment reserve and recommended capital transfer to the Danish state.

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. The Minister for Industry, Business and Financial Affairs may decide whether to recycle capital. If the non-restricted equity exceeds the upper limit on the presentation of the financial statements, the Board of Directors may recommend that EKF should repay, in part or in full, the part exceeding the upper limit to the Danish state when the Minister for Industry, Business and Financial Affairs has finally approved the financial statements for the year. According to EKF's articles of association, the minimum requirement of and the maximum limit on the non-restricted equity are 5 and 9 per cent, respectively, until the end of 2018. The capital ratio will subsequently be increased by 0.5 per cent per year. As from 2024, the minimum requirement of the non-restricted equity will be 8 per cent and the upper limit will be 12 per cent.

Reserved repayment of capital to the Danish state (distribution of capital) is shown as a separate item under equity. The distribution of capital is recognised as a liability on the date the Minister for Industry, Business and Financial Affairs approves the proposed distribution of capital.

Payables

Payables to the Danish state (re-lending) via Danmarks Nationalbank are recognised initially at the proceeds received. In subsequent periods, re-lending is measured at fair value. The fair value is calculated as the exchange rate on discounting to net present value of future cash flows at the relevant discount rates determined on the basis of current market data.

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently measured at fair value. The fair value is calculated as the exchange rate on discounting to net present value of future cash flows at the relevant discount rates determined on the basis of current market data.

Prepaid interest income comprises prepayments received from borrowers. The prepayments cover future interest income on loans. The prepayments are recognised as income in line with the repayment profile of the loan.

Payables to reinsurers are recognised at the present value at the date of recognition. Subsequently, current recalculation of present values is performed on the balance sheet date. Payables with a maturity of more than one year are discounted by the interest rate of either zero or the yield on the current five-year bullet mortgage bond, whichever is higher.

Other payables are measured at amortised cost, essentially equivalent to nominal value.

Technical provisions

Guarantee provisions are measured on the basis of the risk assessment carried out when the premium is set. Provisions for guarantees are made when cover under the guarantee commences. The individual guarantee provisions are calculated continuously based on the classification of the buyer country and the guaranteed buyer or bank into eight risk categories. Based on these country (political risk) and buyer (commercial risk) classifications, the risk of loss on the guarantee exposure is calculated.

The tenor of the guarantees is also included in the risk calculation. The guarantee exposure and guarantee provisions for individual transactions are regularly written down on the basis of a repayment profile that is defined when the guarantee is established and matches the payment plan provided by the lender to the borrower.

The individual rate applied to the guarantee provision expresses the risk of loss on the individual guarantee.

On initial recognition, provisions of 80 per cent of the premium are usually made. The remaining 20 per cent of the premium is considered as coverage for administrative expenses, cf. international procedures agreed within the OECD. Provisions for upfront and commitment fees are not made.

Subsequent provisions are measured based on the current recalculated present value of the premium. Provisions are recognised on an ongoing basis,

taking into account the individual risk profile and the remaining tenor of the guarantee.

For some of EKF's products, provisions of a different percentage of the premium are made.

- › Working capital transactions 100 per cent of the premium.
- › Transactions in Belarus 150 per cent of the premium.
- › Transactions in Iraq and Afghanistan 200 per cent of the premium.

In case of significantly increased risk on a guarantee, a specific assessment of the guarantee provision will be made.

Provisions for claims expenses are amounts allocated to cover payments on commercial claims and political claims received or potential commercial and political claims. Provisions for claims expenses also include expenses related to the prevention and assessment of claims. In the event of a potential loss on a guarantee, a specific assessment and measurement of the expected loss on the guarantee will be made.

When provisions are made for claims expenses, the provision for the guarantee will be reversed.

Cash flow statement

The cash flow statement based on the indirect method shows the cash flows from the operating, investment and financing activities during the year. The impact of these cash flows on liquidity at the end of the year is also shown. Liquidity at the end

of the year comprises the items *Balance with the Danish state* and *Cash and cash equivalents*.

Assessment of guarantee exposure and conditional offers

Guarantee exposure comprises the largest possible exposure less reinsurance in cases that include both commercial and political exposure. The guarantee exposure is regularly written down during the guarantee period on the basis of the repayment profile defined when the guarantee is issued.

Conditional offers comprise the largest possible exposure in cases that include both commercial and political exposure. Conditional offers are either converted to a guarantee, or the transaction is completed on the expiry date.

Adjusted guarantee and loan exposure is defined as the sum of EKF's guarantee exposure, loans and 50 per cent of EKF's exposure on conditional offers, as well as net claims less technical provisions after reinsurance. The adjusted guarantee and loan exposure is applied to the calculation of capital requirements.

Income Statement for 1 January – 31 December

AMOUNTS IN DKK 1,000	NOTE	2016	2015
Gross premium income	1	1,145,444	873,655
Reinsurance premiums paid	2	-257,499	-564,589
Change in guarantee provisions	3	-470,726	378,125
Change in the reinsurance share of guarantee provisions	2	178,633	388,175
Total premium income for own account		595,852	1,075,366
Claims expenses	4	-173,419	-783,534
Change in the reinsurance share of provisions for claims expenses		-188,146	133
Total claims expenses for own account		-361,565	-783,401
Commission to and from reinsurance companies	2	34,342	83,373
Technical result before administrative expenses		268,629	375,338
Financial income related to loans	5	1,039,443	1,137,473
Financial expenses related to loans	5	-723,287	-806,332
Write-downs of loans	5	-86,262	-50,702
Exchange rate adjustments and value adjustments, realised	5	-17,704	-18,773
Value adjustments, unrealised	5	118,448	-416,045
Result of lending activities before administrative expenses		330,638	-154,379
Total operating income before administrative expenses		599,267	220,959

Income Statement for 1 January – 31 December continued

AMOUNTS IN DKK 1,000	NOTE	2016	2015
Administrative expenses, net	6	-174,133	-170,023
Total operating income before net financials		425,134	50,936
Exchange rate adjustments	7	-58,775	43,161
Financial income	7	191,524	151,802
Financial expenses	7	-91,360	-83,583
Investment income		41,389	111,380
Net profit/loss for the year		466,523	162,316

Distribution of profit

AMOUNTS IN DKK 1,000

	2016	2015
Distributable amount:		
Net profit/loss for the year	466,523	162,316
For distribution	466,523	162,316
The Board of Directors proposes the following distribution:		
Transferred to restricted equity	334,858	415,223
Transferred to exchange rate adjustment reserve	118,448	-416,045
Recommended capital transfer to the Danish state	125,000	-
Transferred to non-restricted equity	-111,783	163,138
Distributed	466,523	162,316

Balance sheet at 31 December – assets

AMOUNTS IN DKK 1,000	NOTE	2016	2015
Cash and demand deposits			
Balance with the Danish state		8,266,244	9,052,308
Cash		701,383	112,201
Total cash and demand deposits		8,967,627	9,164,509
Loans			
Loans	8	13,782,088	14,548,979
Total loans		13,782,088	14,548,979
Fixed assets			
Licences, software, etc.	9	8,710	9,177
Development projects in progress	9	1,050	1,371
Intangible fixed assets		9,760	10,548
Other plant and operating equipment	10	1,306	2,150
Refurbishing of leased premises	10	0	0
Tangible fixed assets		1,306	2,150
Deposit	11	3,814	3,712
Fixed asset investments		3,814	3,712
Total fixed assets		14,880	16,410

Balance sheet at 31 December – assets continued

AMOUNTS IN DKK 1,000	NOTE	2016	2015
Receivables			
Claims	12	449,758	270,220
Premiums receivable	13	3,308,419	2,732,316
Derivative financial instruments	14	2,215,439	2,221,103
Prepaid interest expenses	15	73,810	94,205
Other receivables		120,934	102,323
Total receivables		6,168,360	5,420,167
Reinsurance shares			
Reinsurance share of guarantee provisions	16	832,371	653,987
Reinsurance share of provisions for claims expenses	17	333,628	514,306
Total reinsurance shares		1,165,999	1,168,293
Total current assets		7,334,359	6,588,460
Total assets		30,098,954	30,318,358

Balance sheet at 31 December – equity and liabilities

AMOUNTS IN DKK 1,000	NOTE	2016	2015
Equity			
Restricted equity		2,814,886	2,480,028
Exchange rate adjustment reserve		75,967	-42,481
Recommended capital transfer to the Danish state		125,000	-
Non-restricted equity		4,124,502	4,236,285
Total equity		7,140,355	6,673,832
Payables			
Payables to the Danish state (re-lending)	18	16,266,410	17,004,674
Derivative financial instruments	14	728,468	787,370
Prepaid interest income	15	310,975	380,644
Payables to reinsurers	19	610,407	517,260
Bank debt		0	8,825
Other payables		51,485	125,651
Total payables		17,967,745	18,824,424
Technical provisions			
Guarantee provisions	16	3,448,924	2,919,606
Provisions for claims expenses	17	1,541,930	1,900,496
Total technical provisions		4,990,854	4,820,102
Total equity and liabilities		30,098,954	30,318,358

Risk and off-balance sheet notes

	NOTE
Overview of financial instruments	20
Information about credit risks	21
Information about market risks	22
Information about liquidity risks	23
Fair values by the fair value hierarchy	24
Fair value of financial assets measured at amortised cost	25
Contingent assets and liabilities	26
Related parties	27
EKF's auditors' fee	28

Statement of changes in equity

AMOUNTS IN DKK 1,000	Retained earnings (Non-restricted)	Capital transfer to the Danish state	Restricted equity (Tied up)	Exchange rate adjustment reserve	Total
EKF's equity at 1 January 2015	4,170,571	-	2,282,493	0	6,453,064
Injection as a result of merger with the Export Lending Scheme	261,917	-	0	1,063,257	1,325,174
Total equity at 1 January 2015	4,432,488	-	2,282,493	1,063,257	7,778,238
Correction due to change in accounting policies in connection with merger	-359,341	-	-217,688	-689,693	-1,266,722
Equity at 1 January 2015	4,073,147	-	2,064,805	373,564	6,511,516
Correction of financial statements 2015 for the Export Lending Scheme	-	-	-	-149,081	-149,081
Transferred to restricted equity	-	-	415,223	-	415,223
Transferred to non-restricted equity	163,138	-	-	-	163,138
Change in exchange rate adjustment reserve for the year	-	-	-	-266,964	-266,964
Equity at 1 January 2016	4,236,285	-	2,480,028	-42,481	6,673,832
Transferred to restricted equity	-	-	334,858	-	334,858
Recommended capital transfer to the Danish state	-	125,000	-	-	125,000
Transferred to non-restricted equity	-111,783	-	-	-	-111,783
Change in exchange rate adjustment reserve for the year	-	-	-	118,448	118,448
Equity at 31 December 2016	4,124,502	125,000	2,814,886	75,967	7,140,355

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.

The capital requirements for 2016 are a capital ratio of 5-9 per cent. At the end of 2016, the capital ratio was 6.9 per cent.

Cash flow statement

AMOUNTS IN DKK 1,000	2016	2015
Net profit/loss for the year	466,523	162,316
Adjustment of gross premium income, discounting	-162,943	-25,019
Adjustment of guarantee provisions, discounting	79,668	82,964
Change in provisions for claims expenses	-358,566	864,158
Change in reinsurance share of provisions for claims expenses	180,678	-147
Change in guarantee provisions	550,396	-302,121
Change in reinsurance share of guarantee provisions	-178,863	-388,175
Change in claims valuation	540,285	170,599
Recovered claims amounts	66,318	3,299
Indemnification payments	-792,707	-312,422
Change in operating capital	-530,147	24,922
Exchange rate adjustments	58,775	-43,161
Depreciation and amortisation of fixed assets	4,523	4,686
Change in loan receivable	766,892	1,544,858
Change in re-lending	-738,264	-1,139,472
Unrealised exchange rate adjustments	-118,448	416,045
Change in derivative financial instruments (assets)	5,664	227,750 ⁺
Change in derivative financial instruments (liabilities)	-58,902	⁺
Change in prepaid interest income	-69,669	-72,325
Change in prepaid interest expenses	20,396	22,488
Write-down on loans	86,262	50,702

Cash flow statement – continued

AMOUNTS IN DKK 1,000	2016	2015
Bank debt	-8,825	8,825
Other adjustments	-2,917	2,323
Cash flows from operating activity	-193,641	1,303,003
Purchase of intangible fixed assets	-2,924	-1,933
Purchase of tangible fixed assets	0	-2,084
Purchase of investments	-102	-99
Loss from sale of fixed assets	-35	0
Gain from sale of fixed assets	0	182
Cash flow from investments	-3,061	-3,934
Cash flow for the year	-196,702	1,299,069
Cash and cash equivalents	112,021	240,128
Balance with the Danish state	9,052,308	7,625,132
Cash and cash equivalents, beginning of year	9,164,329	7,865,260
Cash flow for the year	-196,702	1,299,069
Cash and cash equivalents, end of year	8,967,627	9,164,329
<i>Distributed as follows:</i>		
Cash and cash equivalents	701,383	112,021
Balance with the Danish state	8,266,244	9,052,308
	8,967,627	9,164,329

+ for 2015 change in derivative financial instruments is recognised net instead of gross.

Notes

NOTE 1: GROSS PREMIUM INCOME AFTER RETURNS OF PREMIUMS AND OTHER ADJUSTMENTS

AMOUNTS IN DKK 1,000

	2016	2015
Gross premium income before returns of premiums and other adjustments	1,202,438	1,162,462
Returns of premiums and other adjustments	-56,994	-288,807
	1,145,444	873,655

Gross premium income after returns of premiums and other adjustments is as follows:

Buyer credit	113,496	303,999
Project financing	814,676	333,563
Financing guarantee	971	5,410
Bonds	1,092	793
Project delivery guarantee	2,055	5,901
Reinsurance premiums received, short term reinsurance	5,048	3,707
Working capital guarantees	43,757	33,113
Guarantee commission	145,171	159,465
Other	19,178	27,704
	1,145,444	873,655

Notes

NOTE 2: REINSURANCE PREMIUMS AND GUARANTEE COMMISSION PAID

AMOUNTS IN DKK 1,000	2016	2015
Reinsurance premiums paid	-257,499	-564,589
Change in the reinsurance share of guarantee provisions	178,633	388,175
Effect of reinsurance on premiums for own account	78,866	-176,414
Reinsurance commission	35,604	84,300
Reinsurance commission, short-term reinsurance	-1,262	-927
Commission to and from reinsurance companies	34,342	83,373

NOTE 3: CHANGE IN GUARANTEE PROVISIONS

AMOUNTS IN DKK 1,000	2016	2015
Addition of new guarantees	-879,832	-912,487
Changes in guarantees	111,031	305,198
Change in country and debtor ratings	-207,022	-76,833
Reductions in guarantee provisions	399,678	457,585
Reversal of guarantee provisions as a result of potential losses	25,749	528,658
Other, including discount effect of provisions	79,670	76,004
	-470,726	378,125

Notes

NOTE 4: CLAIMS EXPENSES

AMOUNTS IN DKK 1,000	2016	2015
Change in provisions	358,325	-565,136
Change in claims write-down	-567,184	-215,054
Indemnification payments to short-term reinsurance	-7,318	-339
Transaction expenses	-3,593	-3,005
Value adjustment of commercial claims	46,351	0
	-173,419	-783,534

NOTE 5: INFORMATION ABOUT INCOME, LOSSES AND COSTS RELATED TO FINANCIAL INSTRUMENTS LINKED TO LENDING ACTIVITIES

AMOUNTS IN DKK 1,000	2016	2015
Financial income related to loans		
Financial income loans and financial instruments	1,002,627	1,120,580
Financial income (commitment fee, upfront fee, etc.)	36,816	16,893
Total financial income related to loans	1,039,443	1,137,473
Financial expenses related to loans		
Interest expenses re-lending and financial instruments	648,507	747,119
Interest expenses reinsurance	44,946	28,451
Other financial expenses	29,834	30,762
Total financial expenses related to loans	723,287	806,332

Notes

NOTE 5: INFORMATION ABOUT INCOME, LOSSES AND COSTS RELATED TO FINANCIAL INSTRUMENTS LINKED TO LENDING ACTIVITIES – CONTINUED

AMOUNTS IN DKK 1,000

	2016	2015
Write-down loans		
Write-down, beginning of year	291,224	214,666
New write-downs	86,262	50,702
Exchange rate adjustment of write-down	7,953	25,856
Total write-down of loans	385,439	291,224
Realised exchange rate adjustments		
Exchange rate adjustment loans	-71,489	178,316
Value adjustment re-lending	-23,842	0
Exchange rate adjustment derivative financial instruments	77,627	-197,089
Total realised exchange rate adjustments	-17,704	-18,773
Value adjustments, unrealised		
Exchange rate adjustment of export loans	277,849	130,090
Value adjustment re-lending	-60,327	-236,282
Other adjustments	-13,047	3,920
Fair value adjustment of derivative financial instruments	-86,027	-313,773
Value adjustments, operational effect	118,448	-416,045

Notes

NOTE 6: ADMINISTRATIVE EXPENSES

AMOUNTS IN DKK 1,000	2016	2015
Wages and salaries, excluding bonuses	77,396	74,797
Bonuses	3,836	3,894
	81,232	78,691
Pensions	11,516	10,371
Other social security expenses	667	649
Payroll tax	6,608	10,811
Education/training and personnel expenses	7,740	6,789
Cost of premises	10,616	10,970
Travel and transportation expenses	5,593	5,663
Remuneration and fees	11,169	9,995
Marketing	5,341	3,552
Entertainment expenses	705	234
IT expenses	17,574	18,578
VAT adjustment	10,852	10,543
Other expenses	6,846	5,906
Administrative expenses before reimbursement related to administered schemes	176,459	172,752

NOTE 6: ADMINISTRATIVE EXPENSES – CONTINUED

AMOUNTS IN DKK 1,000

	2016	2015
Reimbursement of administrative expenses related to administered schemes		
Danish Trade Fund	982	1,271
CIRR scheme	1,000	1,000
Mixed Credit Programme	114	228
EKF A/S	49	57
Investment guarantees	100	100
Other income	81	73
	2,326	2,729
Total administrative expenses, net	174,133	170,023

NOTE 6: ADMINISTRATIVE EXPENSES – CONTINUED

AMOUNTS IN DKK 1,000

	2016	2015
Remuneration of Management		
Anette Eberhard, CEO		
Fixed remuneration, including pension	2,162	1,736
Variable salary	220	300
Total remuneration, Anette Eberhard	2,382	2,036
Jan Vassard, Deputy CEO		
Fixed remuneration, including pension	1,119	1,113
Variable salary	223	110
Total remuneration, Jan Vassard	1,342	1,223
Lars B. Caspersen, former Deputy CEO		
Fixed remuneration, including pension	1,377	1,368
Variable salary	75	150
Total remuneration, Lars B. Caspersen	1,452	1,518
Christian Ølgaard, Deputy CEO		
Fixed remuneration, including pension	1,329	797
Variable salary	100	33
Total remuneration, Christian Ølgaard	1,429	830
Total remuneration of Management	6,605	5,607

NOTE 6: ADMINISTRATIVE EXPENSES – CONTINUED

AMOUNTS IN DKK 1,000

	2016	2015
Remuneration of the Board of Directors		
Christian Frigast, Chairman	175	-
Dorrit Vanglo, Deputy Chairwoman	182	133
Flemming Aaskov Jørgensen	75	-
Karen Nielsen	142	133
Jørgen Skeel	75	-
Søren Østergaard Sørensen	142	133
Anna Marie Owie, elected by the employees	75	-
Charlotte Hagen Simonsen, elected by the employees	75	-
Bent Pedersen, former Chairman	133	266
Steen Lohmann Poulsen, former Deputy Chairman	89	118
Morten Rahbek Hansen, former member of the Board of Directors	67	133
Susanne Hylde Lund, former member of the Board of Directors	67	133
Christian Ølgaard, former member of the Board of Directors	-	15
Peder Lundquist, former member of the Board of Directors	67	89
Total fixed remuneration of the Board of Directors	1,364	1,153
Average number of employees	124	119

The chairman and some members of the Board started on 1 July 2016, so their remuneration does not cover a full year. Christian Ølgaard started in 2015, so his remuneration in 2015 does not cover a full year.

The bonuses of Management and employees are based on the degree of fulfilment of EKF's business plan. The bonus of employees is DKK 15,000 per employee relative to the degree of fulfilment of EKF's business plan. In years of particularly high activity, Management may increase the bonus, typically by one

quarter of a monthly salary. The bonuses of the Deputy CEOs and Heads of Department amount to DKK 50,000 relative to the period of employment.

The CEO's bonus is determined by the Board of Directors and constitutes 10 per cent of her salary.

Notes

NOTE 7: INVESTMENT INCOME

AMOUNTS IN DKK 1,000

	2016	2015
Exchange rate adjustments		
Exchange rate adjustment guarantee provisions	20,825	-137,707
Exchange rate adjustment provisions for claims expenses	25,260	0
Exchange rate adjustment claims	-35,079	28,658
Exchange rate adjustment receivables, payables, banks, etc.	-89,448	116,376
Hedging of premiums receivable, provisions, claims, etc.	19,667	35,834
Total exchange rate adjustments	-58,775	43,161
Financial income		
Interest, bank	493	1,008
Interest, claims	2,794	23
Interest, balance with the Danish state	25,293	91,817
Adjustment of premium discounting	162,944	36,125
Adjustment of discounting of reinsurance premiums	0	22,829
Total financial income	191,524	151,802
Financial expenses		
Adjustment of discounting of guarantee provisions	79,668	82,964
Interest and fees	1,022	547
Interest, other	71	72
Adjustment of discounting of reinsurance premiums	10,599	0
Total financial expenses	91,360	83,583

Notes

NOTE 8: LOANS

AMOUNTS IN DKK 1,000

	2016	2015
Beginning of year	14,840,203	0
Additions relating to merger with the Export Lending Scheme	0	16,308,503
Additions during the year	567,918	531,569
Repayments during the year	-1,497,143	-1,487,226
Prepayments	-21,300	-642,733
Exchange rate adjustments for the year	277,849	130,090
Loans before write-down etc. at 31 December	14,167,527	14,840,203
Write-down on loans	-385,439	-291,224
Carrying amount loans at 31 December	13,782,088	14,548,979
Expected remaining time to maturity of the loans is distributed as follows:		
0-1 years	1,749,008	1,517,511
1-5 years	5,468,227	5,695,091
> 5 years	6,564,853	7,336,377
Total	13,782,088	14,548,979

NOTE 9: INTANGIBLE FIXED ASSETS

AMOUNTS IN DKK 1,000	Licences, software, etc.	Development projects in progress	Total
Balance at 1 January 2016	41,678	1,371	43,049
Capitalised development projects, prior years	1,371	-	1,371
Additions during the year	1,874	1,050	2,924
Disposals during the year	-138	-1,371	-1,509
Cost at 31 December 2016	44,785	1,050	45,835
Depreciation and write-downs			
Balance at 1 January 2016	32,500	0	32,500
Depreciation for the year	3,678	0	3,678
Accumulated depreciation and write-downs of assets disposed of	-103	0	-103
Depreciation and write-downs at 31 December 2016	36,075	0	36,075
Carrying amount at 31 December 2016	8,710	1,050	9,760

Notes

NOTE 10: TANGIBLE FIXED ASSETS

AMOUNTS IN DKK 1,000	Other plant and operating equipment	Refurbishing of leased premises	Total
Balance at 1 January 2016	3,005	325	3,330
Additions during the year	0	0	0
Disposals during the year	0	0	0
Cost at 31 December 2016	3,005	325	3,330
Depreciation and write-downs			
Balance at 1 January 2016	855	325	1,180
Depreciation for the year	844	0	844
Accumulated depreciation and write-downs of assets disposed of	0	0	0
Depreciation and write-downs at 31 December 2016	1,699	325	2,024
Carrying amount at 31 December 2016	1,306	0	1,306

NOTE 11: FIXED ASSET INVESTMENTS

AMOUNTS IN DKK 1,000	2016	2015
Deposit	3,814	3,712
Carrying amount at 31 December 2016	3,814	3,712

Notes

NOTE 12: CLAIMS

AMOUNTS IN DKK 1,000

	2016	2015
Claims on countries		
Beginning of year	38,861	35,255
Indemnification payments	147	4,491
Repayments	-5,715	-788
Exchange rate adjustment	1,401	4,704
Change in claims valuation	754	-4,801
Claims on countries at 31 December	35,448	38,861
Commercial claims		
Beginning of year	231,359	114,944
Indemnification payments	785,241	307,592
Repayments	-60,603	-2,511
Amortisation	0	-13,363
Exchange rate adjustment	-37,649	21,587
Change in claims valuation	-504,038	-196,890
Commercial claims at 31 December	414,310	231,359
Total claims at 31 December	449,758	270,220

Notes

NOTE 13: PREMIUMS RECEIVABLE

AMOUNTS IN DKK 1,000

	2016	2015
Premiums receivable	3,705,035	3,226,864
Discounting	-387,006	-432,593
Provisions for bad debts	-9,610	-61,955
Total premiums receivable at 31 December	3,308,419	2,732,316
Fall due:		
< 1 year	316,801	249,508
1-5 years	1,461,134	1,325,686
> 5 years	1,530,484	1,158,122
Total premiums receivable at 31 December	3,308,419	2,732,316

NOTE 14: DERIVATIVE FINANCIAL INSTRUMENTS

AMOUNTS IN DKK 1,000

	2016			2015		
	Principal	Positive fair value	Negative fair value	Principal	Positive fair value	Negative fair value
Interest rate swaps on re-lending	14,932,769	1,360,471	-271	16,320,153	1,228,416	-21,647
Currency swaps	14,593,342	849,723	-728,197	15,029,035	992,687	-765,492
Forward contracts	676,569	5,245	-	358,124	-	-231
Total derivative financial instruments	30,202,680	2,215,439	-728,468	31,707,312	2,221,103	-787,370

NOTE 15: PREPAID INTEREST EXPENSES AND INCOME

AMOUNTS IN DKK 1,000

	2016	2015
Prepaid interest income, beginning of year	380,644	0
Additions relating to merger with the Export Lending Scheme	0	452,969
Additions during the year	0	0
Earned during the year	-69,669	-72,325
Prepaid interest income at 31 December	310,975	380,644
Prepaid interest expenses, beginning of year	94,205	0
Additions relating to merger with the Export Lending Scheme	0	116,693
Additions during the year	0	0
Charged to the income statement during the year	-20,395	-22,488
Prepaid interest expenses at 31 December	73,810	94,205

Prepaid interest income concerns a number of loans where EKF receives the part of the interest margin related to the loan risk as an upfront payment. As interest income is earned over the term of the loan, EKF has accrued interest paid, but not yet earned. A number of these loans are reinsured. In these cases, prepaid interest income was paid to the reinsurer despite the risk margin not having been earned. Interest is recognised as income in line with the repayment profile of the loans.

Prepaid interest expenses cover future reinsurance of the credit risk on loans. The prepayments are recognised at the time of payment and charged to the income statement in line with the repayment profile of the loans.

Notes

NOTE 16: GUARANTEE PROVISIONS

AMOUNTS IN DKK 1,000

	2016	2015
Guarantee provisions, beginning of year	2,265,619	3,921,252
Disposals relating to merger with the Export Lending Scheme	-	-1,174,427
Changes in guarantee provisions	849,577	79,460
Reductions in guarantee provisions	-399,678	-457,585
Change in the reinsurance share of guarantee provisions	-178,633	-388,175
Adjustment of discounting of provisions, cf. note 7	79,668	82,964
Disposals of reinsurance share of guarantee provisions relating to merger with the Export Lending Scheme	0	202,130
Guarantee provisions at 31 December	2,616,553	2,265,619
Guarantee provisions, gross	3,675,060	4,302,889
Discounting	-226,136	-241,476
	3,448,924	4,061,413
Reinsurance share of guarantee provisions	-832,371	-856,117
Disposals of guarantee provisions relating to merger with the Export Lending Scheme	0	-1,141,807
Disposals of reinsurance share of guarantee provisions relating to merger with the Export Lending Scheme	0	202,130
	2,616,553	2,265,619

NOTE 17: PROVISIONS FOR CLAIMS EXPENSES

AMOUNTS IN DKK 1,000

	2016	2015
Provisions for claims expenses, beginning of year	1,900,496	1,615,920
Disposals of provisions for claims expenses relating to merger with the Export Lending Scheme	0	-349,852
Provisions for the year	228,946	798,001
Incoming reinsurance	-5,904	-2,622
Indemnification payments, short-term incoming reinsurance	7,319	339
	230,361	445,866
Reversed provisions for claims expenses, short-term incoming reinsurance	-7,319	-339
Other provisions reversed	49,706	127,913
Reversed in connection with indemnification payments	-631,314	-288,864
	-588,927	-161,290
Change in provisions for claims expenses	-358,566	284,576
Provisions for claims expenses at 31 December	1,541,930	1,900,496
Reinsurance share of provisions for claims expenses	-333,628	-602,804
Disposals of provisions for claims expenses relating to merger with the Export Lending Scheme	0	-349,852
Disposals of reinsurance share of provisions for claims expenses relating to merger with the Export Lending Scheme	0	88,498
	1,208,302	1,036,338

Notes

NOTE 18: PAYABLES TO THE DANISH STATE (RE-LENDING)

AMOUNTS IN DKK 1,000	2016	2015
Re-lending, beginning of year	15,810,153	0
Addition re-lending relating to merger with the Export Lending Scheme	0	16,735,312
Additions during the year	1,270,000	830,000
Repayments during the year	-1,657,296	-1,755,159
Nominal principal of re-lending	15,422,857	15,810,153
Fair value adjustments and premium	1,277,099	1,128,801
Interest payable	56,542	65,720
Prepayments and other adjustments	-490,088	0
Re-lending at 31 December	16,266,410	17,004,674

NOTE 19: PAYABLES TO REINSURERS

AMOUNTS IN DKK 1,000	2016	2015
Payables to reinsurers	619,223	535,343
Adjustment of reinsurance premium payable	-8,816	-18,083
Payables to reinsurers at 31 December 2016	610,407	517,260
Fall due:		
< 1 year	37,720	71,589
1–5 years	294,699	259,675
> 5 years	277,988	185,996
	610,407	517,260

Notes

NOTE 20: OVERVIEW OF FINANCIAL INSTRUMENTS

EKF uses only the accounting categories financial assets at fair value, financial liabilities measured at fair value and loans and receivables measured at amortised cost. Financial instruments are specified as follows:

AMOUNTS IN DKK 1,000	Fair value	Amortised cost price
Financial assets		
Balance with the Danish state	-	8,266,244
Cash	-	701,383
Loans	-	13,782,087
Deposit	-	3,814
Reinsurance share of provisions for claims expenses	-	333,628
Claims	-	449,758
Premiums receivable	-	3,308,419
Derivative financial instruments	2,215,439	-
Prepaid interest expenses	-	73,809
Other receivables	-	120,934
Total financial assets 2016	2,215,439	27,040,076
Total financial assets 2015	2,221,103	27,430,570

NOTE 20: OVERVIEW OF FINANCIAL INSTRUMENTS – CONTINUED

AMOUNTS IN DKK 1,000	Fair value	Amortised cost price
Equity and liabilities		
Payables to the Danish state (re-lending)	16,266,410	-
Derivative financial instruments	728,468	-
Payables to reinsurers	-	610,407
Prepaid interest income	-	310,975
Other payables	-	51,485
Provisions for claims expenses	-	1,541,930
Total financial liabilities 2016	16,994,878	2,514,797
Total financial liabilities 2015	17,792,044	2,924,051

NOTE 21: INFORMATION ABOUT CREDIT RISKS

Credit risk is the risk that EKF will incur a financial loss due to non-payment by a counterparty of debt covered by EKF via a guarantee. Furthermore, credit risk is EKF's direct counterparty risk on its loans (export loans). Default can be both the ability and the willingness to pay.

EKF may only provide financing and risk cover where risks of the relevant nature or extent are not normally assumed by the private, commercial insurance and capital market. EKF therefore assumes extraordinary risks compared to the risks taken on by ordinary financial institutions and banks, meaning that EKF's risk appetite is high.

EKF's credit risk also includes financial counterparties. The risk comprises default on the financial contracts used by EKF in connection with interest rate and currency swaps and conclusion of repo transactions.

EKF has drawn up a number of policies, guidelines and procedures, describing EKF's business objectives and risk management thereof. Risk management policy and Risk management policy for export loans describe the overall framework, while the Credit policy lays down the framework for EKF's guarantee and credit facilities. The policies are decided and reassessed by the Board of Directors regularly. EKF works on credit quality limits and procedures in terms

of amount sizes and territorial limits. Guarantees and loans are subject to the same criteria as credit facilities with each transaction being given an internal rating. If the counterparty has a rating from external credit rating agencies, that rating is used.

The table below shows EKF's maximum credit risk broken down by guarantee and loan exposure and financial credit risk, respectively. The table takes into account both EKF's on-balance sheet credit risk and off-balance sheet items.

AMOUNTS IN DKK MILLION

	2016	2015
<i>Credit exposure loans and guarantees</i>		
<i>On-balance sheet items</i>		
Loans	13,782	14,549
Prepaid interest expenses	74	94
Claims	450	270
Premiums receivable	3,308	2,732
Other receivables	121	108
<i>Off-balance sheet items</i>		
Export credit and working capital guarantees after reinsurance	41,515	38,591
Reinsured export credit and working capital guarantees	12,588	10,397
Conditional loan offers	4,680	1,122
Payments on concluded loans	888	773
Total credit exposure guarantees and loans	77,406	68,636

NOTE 21: INFORMATION ABOUT CREDIT RISKS – CONTINUED

AMOUNTS IN DKK MILLION

	2016	2015
Financial credit risk		
<i>On-balance sheet items</i>		
Balance with the Danish state	8,266	9,046
Cash	701	112
Deposit	4	4
Positive fair value of derivative financial instruments	2,215	2,221
Total credit exposure financial credit risk	11,186	11,383
Total maximum credit risk	88,592	80,019

EKF's most significant credit risks are attributable to guarantees and loans.

As a state-owned export credit agency, EKF is subject to a number of international rules where OECD premium adjustments determine the framework for the premium rate. The OECD determines minimum rates that all EKF's transactions and projects must comply with. EKF also uses the market price

as a benchmark for transactions in country risk category 0, comprising mainly the OECD countries in which the financial and political risks are low, and for project financing transactions.

EKF's risk management also entails exposure limits in risk categories for all countries and relevant banks. EKF uses and actively participates in the OECD's country risk classification that is based on member countries' credit assessments and

overall payment experience. EKF's internal risk assessment is equivalent to the OECD's commercial risk categories. Exposures and limits on both countries and banks are defined in EKF's guidelines for countries and banks.

Notes

NOTE 21: INFORMATION ABOUT CREDIT RISKS – CONTINUED

AMOUNTS IN DKK MILLION

	Guarantees		Loans	
	2016	2015	2016	2015
<i>Breakdown of EKF's export credits, working capital guarantees and loans by country risk category</i>				
Country risk category 0-1	33,340	25,852	9,181	9,293
Country risk category 2	2,527	2,047	255	287
Country risk category 3	2,987	4,131	1,098	1,175
Country risk category 4	5,621	6,913	1,559	1,559
Country risk category 5	5,473	5,798	237	338
Country risk category 6	1,835	1,949	328	393
Country risk category 7	2,321	2,249	1,124	1,504
Total	54,104	48,939	13,782	14,549
<i>Breakdown of EKF's export credits, working capital guarantees and loans by buyer rating</i>				
AAA – A	11,525	9,634	130	144
BBB+ – BBB-	5,622	6,330	6,813	7,098
BB+ – BB-	22,644	22,218	3,805	3,623
B+ – B-	4,802	5,659	2,706	3,291
CCC or weaker	4,175	3,644	-	-
Not rated	5,336	1,454	-	-
Impaired	-	-	328	393
Total	54,104	48,939	13,782	14,549

NOTE 21: INFORMATION ABOUT CREDIT RISKS – CONTINUED

Guarantee exposure includes future interest payments on the guaranteed loan. Loan exposure includes the current carrying amount, i.e. principal less any write-downs.

EKF's credit risks are also affected by high exposure on international counterparties. International counterparties are often stronger guarantors than the financial sector of the country concerned and have access to collective bargaining through international institutions in the event of payment default.

EKF is highly exposed to the financial challenges facing Danish exporters. Consequently, EKF's portfolio is affected by the exporters' access to financing, the financial structures and the risk appetite of the banks and exporters themselves. This specific role in Danish exports also makes EKF an accustomed player in new sectors and markets and a strength for Danish exporters. EKF's exposure is concentrated on project financing and transactions in the wind sector. However, EKF's large share of transactions involving sales in the wind sector is highly diversified in terms of wind park types, geography and counterparties.

EKF's Board of Directors decides on the framework for credit risk management. Day-to-day credit management is conducted in EKF's customer-oriented departments and in our credit and customer administration. The approval structure for guarantees and loans is in accordance with EKF's authorisations under which transactions of a

specific nature and amount size are approved by Management acting as a credit committee. Overall monitoring of EKF's credit risks is anchored in the annual commitment follow-up, checking the credit quality of commitments selected on the basis of a number of financial parameters. In the commitment follow-up for 2016, commitments covered approximately 60 per cent of EKF's total exposure. Continuous assessment of the portfolio credit quality and a corresponding capital ratio are important elements of EKF's credit risk management. EKF's existing portfolio is continuously monitored based on a number of focus areas such as sector, market, country, buyer and exporter. This includes disclosure of relevant material from the guarantor and exporter as part of the guarantee and loan agreement.

The risk of the maximum loss at a 95 per cent probability is calculated annually to match reserves by the expected loss as well as a stress scenario over a full reduction of the existing portfolio.

EKF's assessment of objective impairment or provisions for claims expenses follow firm principles including relevant risk conditions with a view to assessing the ability to service the debt. Claims management is based on a classification of claims as political or commercial according to EKF's internal principles.

Credit risks on counterparties are managed by requirements with regard to ratings from external credit rating agencies, limits to

counterparty concentration and conclusion of the international ISDA/CSA netting and framework agreements for financial contracts and GMRA/RSA agreements for repo transactions, which minimise the risk of loss by collateral requirements.

EKF has concluded financial instruments with a number of financial counterparties. These are major international banks. All financial counterparties all have a rating ranging from BBB- to AA-. EKF has entered into master netting agreements (ISDA Master Agreement) with related unilateral agreements on collateral for derivative financial instruments. The collateral received under these agreements comprises only high credit quality bonds.

Positive and negative fair values of derivative financial instruments are included in separate items in the determination of our financial position, and positive and negative values are set off only when EKF is entitled and intends to settle several derivative financial instruments, net. This would be the case only in a bankruptcy scenario or in connection with a substantial downgrading of the counterparty.

Derivative financial instruments subject to ISDA/CSA agreements (DKK million)

	Gross carrying amount	Set-off	Net carrying amount	Right of set-off	Collateral	Net value
2016						
Assets	2,215	0	2,215	-670	-1,325	220
Liabilities	728	0	728	-670	0	58
Net	1,487	0	1,487	0	-1,325	162

NOTE 21: INFORMATION ABOUT CREDIT RISKS – CONTINUED

2015						
Assets	2,221	0	2,221	-723	-1,332	166
Liabilities	787	0	787	-723	0	64
Net	1,434	0	1,434	0	-1,332	102

Collateral

Collateral plays an active part in EKF's risk management and loss-reducing processes. The existence of collateral entails that the bank and thereby EKF rank pari passu with the asset provided as collateral. Collateral is usually relevant if and when a loan accelerates and may also in certain circumstances be used as a tool to aid the negotiation process in a default situation. Collateral is included in EKF's risk management together with loss-reducing tools such as covenants, waivers and conditions precedent.

Reinsurance is included as a significant factor in mitigating EKF's risk concentration. Furthermore, EKF's position in the order of priority, fixed assets and intellectual property rights charged as security and subject to retention of title serve as proactive safeguards. In the event of objective indications of impairment or claims, EKF will launch a number of loss-reducing processes, including participation in restructuring agreements and other legal insolvency processes.

In connection with its issuance of export loans, EKF hedges market risks by entering into framework agreements with

swap counterparties and using the repo market. In these instances, counterparty and liquidity risks are minimised by requirements for collateral.

Provisions for claims expenses on guarantees

Where the probability that EKF could incur a loss on a transaction exceeding the usual guarantee provisions is deemed to be high, provisions for claims expenses are made.

The risk of loss is assessed on the basis of objective evidence and determined on a case-by-case basis.

Write-down of export loans

Where there is objective indication of impairment of a loan, the risk of EKF incurring a loss is assessed. To the extent necessary, the loan is written down based on a careful and realistic assessment of the loss risk. The current impairment is assessed as an write-down ratio and determined on the basis of available information, thus constituting a specific assessment of the loss risk. The write-down ratio is fixed until new significant changes are reported

and a reassessment is made. Furthermore, the write-down ratio of large loans will be reassessed at the end of the year.

The process to assess the impaired asset starts with a screening of the loan based on a report received. It is important for EKF to spot and act effectively on information about loss risk as early as possible.

Hence, the impaired financial assets are assessed on the basis of a specific assessment of the current loss risk. The assessment emphasises the status of on-going negotiations, macroeconomic conditions and the evolution of market indicators.

NOTE 21: INFORMATION ABOUT CREDIT RISKS – CONTINUED

AMOUNTS IN DKK MILLION

	2016	2015
Impaired assets, potential losses and claims		
Exposure in potential losses	3,715	4,193
Reinsurance share	-839	-1,207
Provisions for claims expenses	-1,542	-1,900
Reinsurance share of provisions for claims expenses	334	514
Exposure after provisions/write-down	1,668	1,600
Impaired loans		
Principal of individually impaired loans	713	684
Reinsurance shares	-200	-198
Individual write-down	-385	-292
Exposure after provisions/write-down	128	194
Carrying amount of impaired loans	328	392
Insurance share	-200	-198
Carrying amount of impaired loans after reinsurance	128	194

NOTE 22: INFORMATION ABOUT MARKET RISKS

At EKF, market risks are defined as the risk of financial losses due to changes in market variables such as interest rates and exchange rates. EKF's risk appetite and tolerance of market risks is low and hedged insofar as possible.

EKF defines the market risk framework through its Risk management policy and Export loan risk management policy. These describe the principles of hedging, day-to-day management of financial instruments and separation of duties.

Exposure to interest rate fluctuations and exchange rate changes when issuing export loans is hedged through interest rate and currency swaps securing the full cash flow in terms of currency and interest in relation to the underlying re-lending. The risk of spreads between re-lending over a 10-year period and the export loan over a period of more than 10 years is mitigated by a weighted addition matching the term of the export loan.

It is EKF's policy to provide foreign currency hedging based on a balance sheet principle. This is done by calculating EKF's net

position for each currency and hedging positions exceeding DKK 50 million. Hence, in case of changes in exchange rates, the result of such hedging and EKF's net position will be balanced.

With respect to exchange rate increases, the only significant currency for which to simulate changes is deemed to be USD. 10 per cent has been added to the current guarantee exposure in USD. The effect on the profit/loss for the year is calculated by taking the net positions of all balance sheet items including hedging in order to simulate an increase in the US rate. The effect on the guarantee exposure of an equivalent increase in the dollar rate has also been calculated in order to calculate the effect on the capital requirement.

Interest rate changes will have an effect on discounted values of premium income receivable and payables to reinsurers. The effect was calculated by raising the discount rate by 1 per cent.

Interest rate changes will also have an effect on provisions for claims expenses on guarantees with underlying variable interest

rates. The effect was calculated by raising the variable interest rate by 1 per cent.

There may also be an effect on the result of lending activities due to a simulated increase in interest rates. This effect is attributable to the fact that, despite full financial hedging of interest rate risk, EKF may experience fluctuations in the result due to an accounting mismatch between loans, which are measured at amortised cost, and interest-rate hedging, which is measured at fair value. These fluctuations are collected in the exchange rate adjustment reserve under equity. They will be eliminated over the period until maturity and ultimately reach zero. These effects are consequently not included in the sensitivity analysis.

	Capital ratio in per cent		Effect on the profit in DKK million	
	2016	2015	2016	2015
Increase in interest rates of 1 percentage point	-0.3	-0.3	-154	-127
Increase in exchange rate change of 10 per cent (USD)	-0.2	-0.2	0	0

The affect on equity corresponds to the affect on the profit/loss for the year and is not stated separately.

Notes

NOTE 23: INFORMATION ABOUT LIQUIDITY RISKS

Liquidity risk is the risk that EKF will not have the necessary means or access to the necessary liquidity to cover expected costs and losses. Liquidity risk may occur in case of a mismatch between cash flow and debts between both EKF and the borrower and EKF and Danmarks Nationalbank.

EKF manages its liquidity reserve by sub-dividing it on the basis of needs analyses. Operating and demand liquidity are fixed and based on operating and demand needs over a 1-year period. Investment liquidity is the excess liquidity managed through EKF's investment policy. EKF's liquidity management is based on a high level of access to liquidity through acquisition of flexibility. In addition, EKF handles day-to-day liquidity by applying amount limits to custody accounts and other accounts.

EKF's funding of export loans via Danmarks Nationalbank does not match the cash flow of its export loans. Placement risk is hedged through the repo market and the collateral for such risk. The diversification of loans with different terms and exposure aims at mitigated hedging.

AMOUNTS IN DKK MILLION	Carrying amount	Sum of maturity	< 1 year	1-5 years	> 5 years
Financial liabilities by maturity					
<i>2016</i>					
Payables to the Danish state (re-lending)	16,266	14,933	1,812	7,039	6,082
Derivative financial instruments with negative market value	728	728	74	260	394
Prepaid interest income	311	311	64	182	65
Payables to reinsurers	610	620	39	297	284
Provisions for claims expenses	1,542	1,542	1,542	0	0
Payments on concluded loans	0	888	888	0	0
Loan commitments	0	4,680	4,680	0	0
Total	19,457	23,702	9,099	7,778	6,825

NOTE 23: INFORMATION ABOUT LIQUIDITY RISKS – CONTINUED

AMOUNTS IN DKK MILLION	Carrying amount	Sum of maturity	< 1 year	1–5 years	> 5 years
Financial liabilities by maturity					
<i>2015</i>					
Payables to the Danish state (re-lending)	17,005	15,810	1,721	7,448	6,641
Derivative financial instruments with negative market value	787	787	107	340	340
Prepaid interest income	381	381	70	219	92
Payables to reinsurers	517	535	74	269	192
Provisions for claims expenses	1,900	1,900	1,900	0	0
Payments on concluded loans	0	773	773	0	0
Loan commitments	0	1,122	1,122	0	0
Total	20,590	21,308	5,767	8,276	7,265

In addition to this, EKF has outstanding guarantee exposure of DKK 54.1 billion. The guarantee exposure is treated as a contingent liability until the recognition criteria are met and EKF makes provisions for claims expenses corresponding to the expected loss. The guarantees provided typically have long maturities.

EKF's restructuring and recovery process may extend over several years and it is not possible to estimate the cash flow for these transactions. Therefore, it is not possible to present a fair maturity analysis. For this reason, the maturity of provisions for claims expenses is entered as a short-term liability.

When assessing the liquidity risk it must also be taken into consideration that EKF is guaranteed by the Danish state.

Notes

NOTE 24: FAIR VALUE BY FAIR VALUE HIERARCHY

AMOUNTS IN DKK MILLION

	Level 1	Level 2	Level 3	Total
2016				
Financial assets				
Derivative financial instruments	-	2,195	20	2,215
Total financial assets	-	2,195	20	2,215
Financial liabilities				
Derivative financial instruments	-	728	-	728
Re-lending	-	16,266	-	16,266
Total financial liabilities	-	16,994	-	16,994
2015				
Financial assets				
Derivative financial instruments	-	2,112	109	2,221
Total financial assets	-	2,112	109	2,221
Financial liabilities				
Derivative financial instruments	-	787	-	787
Re-lending	-	17,005	-	17,005
Total financial liabilities	-	17,792	-	17,792

NOTE 24: FAIR VALUE BY FAIR VALUE HIERARCHY – CONTINUED**Fair value hierarchy**

Level 1: Fair values measured on the basis of unadjusted quoted prices in an active market

Level 2: Fair values measured using valuation methods and observable market data

Level 3: Fair values measured using valuation methods and observable and significant non-observable market data

Level 2 – Derivative financial instruments

Derivative financial instruments at level 2 are used to hedge interest rate and exchange rate risks related to export loans and to hedge both assets and liabilities.

The fair value is calculated by discounting future cash flows based on observable market data. The fair value is determined as a settlement price, so the value is not adjusted for credit risks.

The valuation methods for interest rate and exchange rate instruments are identical. A fair value is calculated for both legs of the instrument. For financial instruments with floating rates, an expected yield curve is used on the current index based on observable market data. The expected yield curve is used to estimate the future cash flows. The future cash flows are subsequently discounted by a discount rate. The discount curve on the interest rate instruments is generated on the basis

of the zero-coupon rates. The discount curve on the exchange rate instrument is based on the EUR CSA curve as defined in the ISDA/CSA agreement.

Level 2 – Payables to the Danish state (re-lending)

Payables to the Danish state comprise loans concluded under the Danish state's re-lending scheme (Statens Genudlånsordning) and match EKF's total loan receivables. The re-lending portfolio comprises serial loans raised at par and bullet loans raised at the current rate.

The fair value is calculated by discounting future cash flows based on observable market data. The fair value is determined as a settlement price, so the value is not adjusted for credit risks.

The re-lending structure of interest rates is fixed, so the future interest rates are already known. The fair value is calculated by discounting the future cash flows using a discount curve generated on the basis of the zero-coupon rates.

No change is made to the fair value of EKF's payables to the Danish state resulting from changes in EKF's credit risk. The reason is that EKF has a guarantee from the Danish state, cf. section 10 of the Act on EKF Denmark's Export Credit Agency.

Level 3 – Derivative financial instruments

Derivative financial instruments at level 3 comprise hedging of exchange rate risk related to export loans and are used to hedge assets. For hedging in currencies subject to restrictions so they cannot be traded freely, an offshore market is used to determine fair values.

The fair value is calculated by discounting the future cash flows based on non-observable market data and using our own valuation model.

The fair value calculation method is identical with level 2, as it calculates a discounted value based on the future cash flows. Financial instruments at level 3 differ in that the underlying conventions, index and discount curve are not observable market data. EKF's internal model converts the cash flows of the instrument to USD in order to estimate the future cash flows using a USD forward curve. The fair value is then calculated by discounting the financial instrument using an estimated discount curve in USD.

Fair value calculations at level 3 are checked against market valuations from the counterparties.

NOTE 25: FAIR VALUE OF FINANCIAL ASSETS MEASURED AT AMORTISED COST

AMOUNTS IN DKK MILLION

Loans at 31 December 2016

Carrying amount

Fair value

13,782

14,773

The fair value of EKF's loans is estimated based on an assessment of the development in the credit spreads of the individual loans and in the value due to market risks. The fair value calculation is made at level 3 of the fair value hierarchy.

The credit spread may have changed because EKF has registered a change in the risk related to the borrower or because of a change in the market's risk assessment of a given rating category. On the

calculation of fair value, the loan is converted by issue to a bullet bond structure that is used as a benchmark when recalculating the value of the loan using the credit curves and the weighted maturity applying on the balance sheet date.

Changes in the market value due to market risks are estimated based on the development in the market value of the currency swaps hedging the individual loans.

With respect to impaired loans, amortised cost is deemed to be an approximation of the fair value. With respect to other financial instruments measured at amortised cost, cf. note 20, amortised cost is deemed to be an approximation of the fair value.

NOTE 26: CONTINGENT ASSETS AND LIABILITIES

AMOUNTS IN DKK MILLION

	2016	2015
Contingent liabilities		
Guarantee exposure before reinsurance	54,104	48,939
Provisions for claims expenses related to potential losses and claims	1,542	1,900
Contingent liabilities related to the provision of guarantees	52,562	47,039
Contingent assets		
Reinsured guarantee exposure ⁺	12,587	10,397
Reinsurance share of provisions for claims expenses related to potential losses and claims	334	615
Contingent assets related to the provision of guarantees	12,253	9,782
Tenancy commitment		
EKF has entered into a lease that is non-terminable until 31 May 2019	24	33

EKF provides guarantees in connection with export transactions. To the extent that the guarantee becomes a potential loss or claim, provisions are made for claims expenses. Part of the guarantee exposure may be regarded as a contingent liability if net provisions for claims expenses were not made for own account and thus not recognised in the balance sheet.

⁺ Reinsurance is related solely to guarantee exposure; in addition, EKF has reinsured a share of the portfolio of loans.

Notes

NOTE 27: RELATED PARTIES

In 2016, EKF had transactions with the Danish state as well as other related parties. The balance with the Danish state is determined by agreement with the Danish Ministry of Industry, Business and Financial Affairs. Transactions with other related parties are administration fees for administered schemes. These schemes and administration fees are set out in note 5. Settlement is on market terms.

The administration of the Danish Trade Fund and the CIRR scheme is vested in EKF by the Ministry of Industry, Business and Financial Affairs. EKF administers EKF A/S CVR no. 20895470 (Lautrupsgade 11, DK-2100 Copenhagen) on behalf of the Danish state in accordance with Finance Committee Document no. 30 of 27 October 1999. Administration of EKF A/S is charged at an hourly rate.

EKF has entered into a cooperation agreement with Danida Business Finance (DBF) on the administration of the Mixed Credit Programme. The basis of the agreement is Finance Committee Document no. 106 of 24 May 2016 concerning the distribution basis for Danida Business Finance. The arrangement with DBF entails that DBF bears all losses and costs in connection with the provision of guarantees, so that EKF is exempt from paying costs. EKF receives a standard amount from DBF for each guarantee transaction. The total amount for 2016 is set out in note 6.

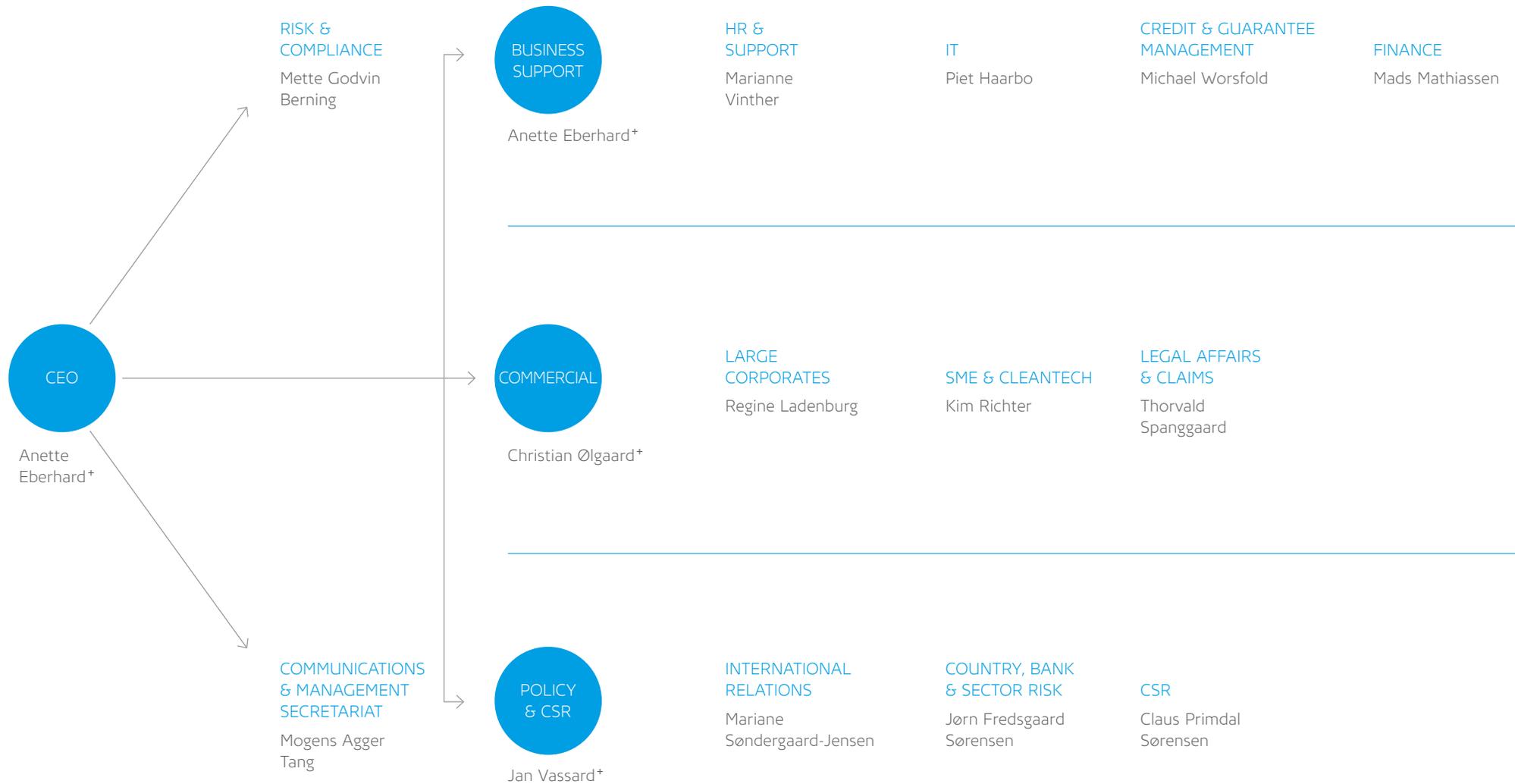
EKF also administers the Danish Ministry of Foreign Affairs' investment guarantees for developing countries.

NOTE 28: EKF'S AUDITORS' FEE

AMOUNTS IN DKK 1,000

	2016	2015
Statutory audit:		
Ernst & Young	817	891
Rigsrevisionen	334	358
	1,151	1,249
Other assurance tasks	0	0
Other services	125	182
	125	182
Total auditing services	1,276	1,431

Organisation



+ member of Management and Credit Committee

Management



CEO
Anette Eberhard
EKF Denmark's Export Credit Agency



DEPUTY CEO
Jan Vassard
EKF Denmark's Export Credit Agency



DEPUTY CEO
Christian Ølgaard
EKF Denmark's Export Credit Agency

Management positions:
Eksport Kredit Finansiering A/S

Board positions:
PKA Sundhed
PKA Sundhed, Member of the Audit Committee
Sundhedsfagliges Ejendomsaktieselskab
Alm. Brand A/S
Alm. Brand A/S, Chairwoman of the Audit Committee
Alm. Brand Forsikring
Alm. Brand Forsikring, Chairwoman of the Audit Committee
Alm. Brand Bank
Alm. Brand Bank, Chairwoman of the Audit Committee
Alm. Brand Liv og Pension
Alm. Brand Liv og Pension, Chairwoman of the Audit Committee

Board positions:
P/F Fønix, Tórshavn

Board of directors



CHAIRMAN
Christian Frigast

Management positions:
Frigast ApS – AXII Holding ApS

Board positions:
Chairman: Eksport Kredit Finansiering A/S – Axcels Management – Axcelfuture – Axcels II A/S – KIFU-AX II A/S – AXIII MP Holding ApS – Axcels II Management A/S – AXII Holding ApS – AX IV HoldCo P/S – MNGT2 ApS – Danmarks Skibskredit Holding
Deputy Chairman: Pandora – Kapitalfondenes brancheforening DVCA – Axcels Advisory Board
Member: Nordic Waterproofing – Danmarks Skibskredit – Denmark-America Foundation – Board Leadership Society – Frigast ApS



DEPUTY CHAIRWOMAN
Dorrit Vanglo

Management positions:
Lønmodtagernes Dyrtidsfond

Board positions:
Eksport Kredit Finansiering A/S

Chairwoman: Kapitalforeningen LD – Dalgasgroup A/S – Det Danske Hedeselskab – Investment Fund for Developing Countries (IFU) – Investment Fund for Central and Eastern Europe (IØ) – Investeringsforeningen Lægernes Invest – Kapitalforeningen Lægernes Invest



Flemming Aaskov Jørgensen

Management positions:
D&F Invest ApS – 88 Invest ApS

Board positions:
Eksport Kredit Finansiering A/S – Alsie Express



Karen Nielsen

Management positions:
J.K.N Holding ApS

Board positions:
Eksport Kredit Finansiering A/S – Erik Sørensen Vin A/S – LB Forsikring A/S



Jørgen Skeel
Board positions:
Eksport Kredit Finansiering A/S

Chairman: AKV-Langholt AmbA – Cargill-AKV I/S – Donau Agro ApS – Slåbakkegaard Fonden

Deputy Chairman: Det danske Hedeselskab – Dalgas Group A/S

Member: Den Schimmelmanske Fond



Søren Østergaard Sørensen
Board Chairman and Director

Management positions:
Crossroads ApS

Board positions:
Chairman: Monark GmbH, Germany – AVK Kina – AVK Hong Kong – Duba-B8

Deputy Chairman: Eksport Kredit Finansiering A/S – Frese Holding A/S, Denmark – Frese Metal- Og Stålstøberi A/S – Frese A/S – Ib Andresen Industri A/S, Denmark – IAI Holding A/S

Member: Frese Ejendomme ApS – DUBA-B8 A/S – AVK Holding A/S, Denmark – H+H International A/S, Denmark – Sanistål A/S – Exodraft A/S – Shimizu Valves, Japan – AVK Korea – Hoyer Group A/S



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