

**THE ARAB INVESTMENT FUND
(AIF)**

ANNUAL REPORT 2017

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Statement by the management on the annual report

The executive management and the board of directors have today considered and approved the annual report of the Arab Investment Fund (AIF) for the financial year 1 January – 31 December 2017.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual report gives a true and fair view of AIF's financial position as per 31 December 2017 and of the results of AIF's operations and cash flows for 2017.

Further, it is our opinion that business procedures and internal controls have been set up to ensure that the transactions covered by the financial statements comply with the appropriations granted, legislation and other regulations and with agreements entered into and usual practice; and that due financial consideration has been taken of the management of funds and operations covered by the financial statements.

It is further our opinion that the management's review includes a true and fair account of the development in the operations and financial circumstances of the fund of the results for the year and the financial position of AIF.

Copenhagen, 5 April 2018

Executive management:



Tommy Thomsen, CEO



Torben Huss, Executive Vice President

Board of directors:



Michael Rasmussen, Chairman



Lars Andersen, Deputy Chairman



Jens Jørgen Kollerup



Bjarne H. Sørensen



Dorrit Vanglo



Mads Kjær



Charlotte Jepsen

Independent auditors' report

To the board of directors of the Arab Investment Fund (AIF)

Opinion

We have audited the financial statements of AIF for the financial year 1 January – 31 December 2017, which comprise an income statement, balance sheet, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of AIF's financial position at 31 December 2017 and of the results of its operations and cash flows for the financial year 1 January – 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. In addition, the audit was performed in accordance with generally accepted public auditing standards and the agreement regarding the audit of AIF between the Ministry of Foreign Affairs and the Auditor General. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of AIF in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from

fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark as well as generally accepted public auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of AIF's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on AIF's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause AIF to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management's review

Management is responsible for the Management's review.

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

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

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

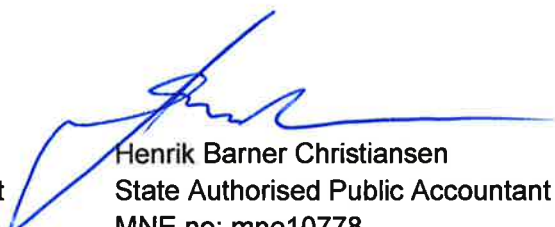
Based on our procedures, we conclude that the management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the management's review.

Copenhagen, 5 April 2018

Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Lars Rhod Søndergaard
State Authorised Public Accountant
MNE no: mne28632



Henrik Barner Christiansen
State Authorised Public Accountant
MNE no: mne10778

Financial highlights

	2017	2016	2015	2014	2013
	<u>DKKm</u>	<u>DKKm</u>	<u>DKKm</u>	<u>DKKm</u>	<u>DKKm</u>
Financial highlights 2013 - 2017					
<u>INCOME STATEMENT</u>					
Gross contribution from projects ¹	7	(4)	9	17	(13)
Operating income ²	4	(7)	5	12	(17)
Net income for the year	3	(7)	5	13	(17)
<u>BALANCE SHEET AT 31 DECEMBER</u>					
Share capital investment in projects at cost	7	7	7	7	4
Project loans at cost	40	72	65	26	38
Total investment in projects at cost	47	79	72	33	42
Accumulated value adjustments	3	(1)	8	1	(15)
Investments in projects, net ¹	49	78	81	34	27
Cash	93	64	68	107	102
Total equity capital	143	140	147	142	129
Total balance	143	143	149	142	129
<u>CASH FLOW STATEMENT</u>					
Investments disbursed	7	22	41	0	39
Paid-in capital during the year	0	0	0	0	0
<u>ADDITIONAL DATA</u>					
New projects contracted (no.)	1	0	0	1	1
Portfolio of projects (no.)	3	3	4	4	3
Investments contracted	52	30	0	37	37
Undisbursed contracted investments incl. guarantees	52	7	51	84	41
Binding commitments not yet contracted	0	0	0	0	0
<u>KEY RATIOS</u>					
Gross yield from share capital investments ³	44,7%	-62,4%	59,5%	132,1%	-192,3%
Gross yield from project loans and guarantees ³	5,9%	4,8%	5,5%	38,6%	-81,6%
Gross yield from projects (total) ³	10,7%	(4,6%)	16,5%	54,3%	(89,4%)
Net income for the year/Average total equity capital	2,2%	(4,8%)	3,5%	9,3%	(12,0%)
Solidity ratio	100,0%	98,2%	98,7%	100,0%	100,0%

¹ Information about composition of the contribution from projects including value adjustments can be found in "Financial review 2017" on page 10.
Investments are valued at fair market value in accordance with the Danish Financial Statements Act.

² Operating income = gross contribution from projects less operating expenses

³ Gross contribution from projects/Average investment in projects - value adjusted
Gross contribution from share capital investments/Average share capital in projects - value adjusted
Gross contribution from project loans and guarantees/Average project loans - value adjusted

Management's review

Legal mandate

The Arab Investment Fund (AIF) was established by the Danish State in 2011 with the purpose of supporting the freedom and reform efforts in the Middle East and North Africa by promoting growth and employment in the region through private sector investments.

The following seven countries are presently eligible for financing under AIF: Morocco, Algeria, Tunisia, Libya, Jordan, Egypt and Iraq.

Danida and IFU have committed DKK 50m and DKK 100m, respectively, to AIF.

Investments in 2017

In 2017, AIF made one new investment at a total of DKK 52.1m.

Project name	Country	Shares*	Loans**	Total	Expected direct employment (people)
AIF investments contracted 2017					
AfricInvest	Tunisia	52.1		52.1	
Grand total AIF		52.1		52.1	

Totals may not add up due to rounded figures.
*) including overrun commitments
**) including guarantees

Since the establishment in 2011, AIF has entered six investments with a total contracted amount of DKK 202m.

Managed by IFU

AIF is managed by IFU, and as it applies for IFU, all investments made by AIF are made on commercial terms. The partners will be Danish companies wishing to engage in business in one of the region's eligible countries.

Sustainability reporting

AIF is applying IFU's sustainability policy and offering advice to project companies on how to implement it.

IFU's Sustainability Policy, provides the framework for the environmental, social and governance (ESG) requirements in the companies in which IFU invests. IFU is committed to ensuring that the project companies reduce sustainability risks, contribute to sustainable development and in general achieve high sustainability standards, which IFU believes adds value to the project company and enhances business opportunities.

IFU is a signatory to the UN Global Compact and promotes the Global Compact principles through its investments, thereby striving to create shared value by:

- respecting and promoting all basic human rights, including labour rights and occupational health and safety, and addressing adverse human rights impacts that the investment may cause or contribute to as outlined in e.g. the UN Guiding Principles on Business and Human Rights;
- enhancing positive development effects, including the creation of jobs and income, payment of taxes, contribution to government revenue, transfer of know-how and cleaner technologies, training and education, gender equality, community health and food security and other corporate social responsibility-related activities;
- securing corporate governance and business ethics, including anti-corruption, anti-fraud, transparency and stakeholder engagement;
- improving environmental performance through a preventative and precautionary approach that addresses environmental challenges, including climate change, loss of biodiversity and land use changes; and
- ensuring good animal welfare, including proper treatment of animals used for food production and for other commercial purposes and testing.

The investees must continuously work towards achieving satisfactory long-term results within sustainability, and such activities must be anchored in their business plan.

Sustainability throughout the investment process

Identifying and handling sustainability impacts is an integral part of IFU's investment process. During the due diligence phase, risks are identified and projects are categorised in terms of environmental and social risk. This includes labour rights and working condition issues, anti-corruption, prevention of pollution, management systems, biodiversity, etc.

During active ownership, project companies are required to prepare an annual sustainability status report to be submitted to their own board of directors for internal review and approval. For all investee companies, IFU also receives a copy, even if IFU is not a board member.

If a project has negative impacts, the project promoter must introduce and implement mitigation measures that can reduce the adverse effects. These are normally based on the IFC Performance Standards or on other international standards applicable to the sector and include development and implementation of an environmental and social management system.

Further specification of IFU's sustainability requirements can be found in IFU's sustainability policy and sustainability handbook.

Assessment of sustainability performance

Each year IFU carries out an internal assessment of its managed portfolio on compliance with its CSR policy. Each project is classified into one of five categories as follows: Excellent, Good, Fair, Poor and Critical. In 2017, internal assessments were carried out for two AIF projects. The exercise

did not include one project, which was not yet disbursed. For further information, see IFU's annual report 2017.

Development impact

To internally rate the development effects created by different project companies, IFU has developed a Development Impact Model (DIM). The model consists of 38 indicators like for example on employment, training, technology, tax, climate change mitigation, renewable energy, agribusiness and microfinance. The contracted investment in 2017 is rated and included in IFU's annual report 2017.

Operational framework

AIF is legally a part of IFU, but is accounted for separately, and AIF's capital must be kept separate from IFU's capital. AIF cannot commit itself in excess of its capital.

IFU's board of directors and executive management act as board of directors and executive management for AIF.

AIF will participate with share capital, loans and guarantees on commercial terms in investments in cooperation with private investors.

AIF's revenues will consist of interest, dividends and profit from sale of shares.

Financial review

AIF recorded net income of DKK 3m in 2017 compared to net income of DKK (7)m in 2016. The reversal especially reflects upon the contribution from share capital investments now being positive against the negative 2016 result. The latter was strongly influenced by the large depreciation of EGP against DKK. EGP also depreciated in 2017, but at a much lower pace.

Total contributions from AIF's project-related activities, including loans, were DKK 7m against DKK (4)m in 2016.

Share capital investments contributed DKK 3m and project loans contributed DKK 3m. In 2016 the figures were DKK (7)m and DKK 3m respectively.

Operating expenses (management fee) was DKK 3.0m in 2017 against DKK 3.3m in 2016.

Financial income, net of financial expenses, was DKK (1)m in 2017 compared to DKK 0 in 2016.

In preparing the financial statements, management makes a number of estimates and assumptions of future events that will affect the carrying amount of assets and liabilities. The areas where estimates and assumptions are most critical to the financial statements are the fair value measurement of share capital investments and the fair value measurement of project loans. The note on accounting policies provides more details.

Cash flow and balance sheet items

AIF ended 2017 with cash totalling DKK 93m compared to DKK 64m in 2016.

Undisbursed commitments were DKK 52m at year-end 2017 compared to DKK 7m in 2016.

AIF's equity capital at the end of 2017 was DKK 143m compared to DKK 140m in 2016.

Risk management

Details on equity, credit, currency, interest rate risk and liquidity risk are provided in notes 15 to 19 to the financial statement.

Events after the balance sheet date

No events have occurred after the balance sheet date, which have materially affected the financial position of AIF.

Outlook for 2018

In 2018, AIF expects to enter into agreements for DKK 10-20m in 1-2 new investments. AIF expects to record a positive result for 2018.

INCOME STATEMENT

	2017 <u>DKK 1,000</u>	2016 <u>DKK 1,000</u>
NOTE		
2/ Contribution from share capital investments	3.478	(6.631)
3/ Contribution from project loans and guarantees	3.289	3.274
4/ Other contributions from projects	<u>(2)</u>	<u>(323)</u>
GROSS CONTRIBUTION FROM PROJECTS	<u>6.765</u>	<u>(3.680)</u>
Operating expenses, net	<u>(3.000)</u>	<u>(3.250)</u>
OPERATING INCOME	<u>3.765</u>	<u>(6.930)</u>
5/ Financial income, net	<u>(644)</u>	<u>15</u>
NET INCOME FOR THE YEAR	<u><u>3.121</u></u>	<u><u>(6.915)</u></u>

The net income for the year has been transferred to the equity.

BALANCE SHEET AT 31 DECEMBER

ASSETS

NOTE		2017	2016
		<u>DKK 1,000</u>	<u>DKK 1,000</u>
	LONG TERM ASSETS		
	Share capital investment in projects at cost	6.928	6.928
	Value adjustments	<u>2.585</u>	<u>(893)</u>
6/	Share capital investment in projects	9.513	6.035
	Project loans at cost	39.606	71.822
	Value adjustments	<u>-</u>	<u>-</u>
7/	Project loans, net	<u>39.606</u>	<u>71.822</u>
	Total long term assets	<u>49.119</u>	<u>77.857</u>
	CURRENT ASSETS		
8/	Interest receivable related to projects	999	-
9/	Other receivables	-	524
	Cash	<u>93.095</u>	<u>64.190</u>
	Total current assets	<u>94.094</u>	<u>64.714</u>
	TOTAL ASSETS	<u>143.213</u>	<u>142.571</u>

BALANCE SHEET AT 31 DECEMBER

LIABILITIES AND EQUITY CAPITAL

NOTE		2017	2016
		<u>DKK 1,000</u>	<u>DKK 1,000</u>
	EQUITY		
	Paid-in capital	150.000	150.000
	Retained earnings	<u>(6.852)</u>	<u>(9.973)</u>
10/	Total equity	<u>143.148</u>	<u>140.027</u>
11/	CURRENT LIABILITIES	<u>65</u>	<u>2.544</u>
	Total liabilities	<u>65</u>	<u>2.544</u>
	TOTAL EQUITY, PROVISION FOR LOSSES AND LIABILITIES	<u>143.213</u>	<u>142.571</u>

- 1/ ACCOUNTING POLICIES
- 12/ UNDISBURSED COMMITMENTS TO PROJECTS
- 13/ AVAILABLE CAPITAL FOR NEW INVESTMENTS
- 14/ FINANCIAL HIGHLIGHTS
- 15/ FINANCIAL RISK MANAGEMENT
- 16/ EQUITY AND CREDIT RISK
- 17/ CURRENCY RISK
- 18/ INTEREST RATE RISK
- 19/ LIQUIDITY RISK
- 20/ CLASSIFICATION OF FINANCIAL INSTRUMENTS
- 21/ FAIR VALUE MEASUREMENT BASIS

CASH FLOW STATEMENT

	2017 <u>DKK 1,000</u>	2016 <u>DKK 1,000</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Dividends from projects received	-	2.223
Interest from projects received	2.563	4.072
Other project related payments	30	295
Operating expenses, net	(2.502)	(3.752)
Net payments related to financial income and expenses	<u>(577)</u>	<u>17</u>
Net cash from operating activities	<u>(486)</u>	<u>2.855</u>
CASH FLOW FROM (TO) INVESTING ACTIVITIES		
Received from project loans	36.425	16.894
Received from derivatives, loans	399	(1.000)
Disbursement of project loans	<u>(7.433)</u>	<u>(22.318)</u>
Net cash from (to) investing activities	<u>29.391</u>	<u>(6.424)</u>
CASH FLOW FROM (TO) FINANCING ACTIVITIES		
Net cash from (to) financing activities	<u>-</u>	<u>-</u>
NET CHANGE IN CASH	28.905	(3.569)
CASH BEGINNING OF YEAR	<u>64.190</u>	<u>67.759</u>
CASH END OF YEAR	<u><u>93.095</u></u>	<u><u>64.190</u></u>

Note 1

Accounting policies

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting principles applied remain unchanged from previous year.

Implementation of new accounting legislation in 2018

From January 2018, IFRS 9, a new accounting standard, is introduced, replacing IAS 39. The change primarily relates to the requirement of provisions on AIF's loan and guarantee portfolio to reflect expected losses. Consequently, AIF will now have to make a provision already from a commitment has been granted. It is estimated that the provisions on AIF's loan portfolio at the end of 2017 will be around DKK 0.1m. The change will be fully implemented from 2018 and is expected to be implemented as a correction to the retained earnings at the beginning of the year.

Below, the accounting principles for each class of financial asset and liability are outlined.

Presentation and classification

To better reflect AIF's activities the presentation of the income statement and balance sheet as well as the order of the line items in the income statement deviate from the standard tables in the Danish Financial Statements Act. By presenting the primary statements on the basis of AIF's special character as an investment fund (long-term investments) the financial statements hereby provides the reader with the best possible clarity of AIF's activities. The deviation is in concurrence with Section 23 (4) of the Danish Financial Statements Act.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to AIF, and provided that the value of the assets can be measured reliably.

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

On initial recognition assets and liabilities are measured at cost. Adjustment subsequent to initial recognition is effected as described below for each item.

AIF applies the accounting principles described in the Danish Financial Statements Act section 37 art. 5, on measurement of financial assets and liabilities in accordance with the International Reporting Standards 'IFRS' as adopted by the EU.

Information brought to AIF's attention before the time of finalising the presentation of the annual report, and which confirms or invalidates affairs and conditions existing at the balance sheet date, is considered at recognition and measurement.

Income other than value adjustments is recognised in the income statement when earned, just as costs are recognised by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recognised in the income statement as value adjustments.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price, without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances.

For assets and liabilities that are measured at fair value on a recurring basis, AIF identifies transfers to and from the three levels of the fair value hierarchy by re-assessing the categorisation, and deems transfers to have occurred at the beginning of each reporting period.

Foreign currency adjustment

Foreign currency transactions are initially recognised in DKK using the exchange rate at the transaction date. Loans, receivables, payables and other monetary items denominated in foreign currencies, which have not been settled at the balance sheet date, are converted into DKK using the exchange rate at the balance sheet date. All exchange rate adjustments, including those that arise at the payment date, are recognised in the income statement as contribution from projects or financial income and expenses, depending on their nature.

Non-monetary items

Monetary balance sheet items are translated to the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates.

Derivative financial instruments

On initial recognition in the balance sheet and subsequently, derivative financial instruments are measured at cost and subsequently adjusted to fair value. Positive and negative fair values of derivative financial instruments are recognised under other receivables or other payables, respectively, and are only offset when AIF has the legal right and the intention to settle several financial instruments net.

Changes in the fair value of derivative financial instruments are recognised in the income statement as either "Contribution from project loans and guarantees", if related to economical hedging of project loans, or "Other contributions from projects", if related to economical hedging of receivables from sale of shares.

Income statement

Contribution from share capital investments

Contribution from share capital investments includes declared dividends (after tax), contributions from divested share capital investments and value adjustments in relation to the outstanding portfolio at year-end. Dividends are included in the income statement at the declaration date.

Contribution from project loans and guarantees

Contribution from project loans and guarantees includes interest, value adjustments, including exchange rate adjustments in relation to the portfolio, the effect of derivatives and other value adjustments, principally of interest receivables.

Other contributions from projects

Other contributions from projects include value adjustments, including exchange rate adjustments in relation to receivables, the effect of derivatives and interest from receivables.

Operating expenses, net

The Investment Fund for Developing Countries (IFU) manages the administration and accounting of the fund.

Operating expenses comprise expenses for management, administrative staff, office expenses, depreciation of fixed assets and leasehold improvements, etc. Income related to operating activities includes board member fees, etc.

Income from investments in associates and subsidiaries

Dividends from associates and subsidiaries are included in the income statement at the declaration date.

Financial income, net

Financial income, net comprises interest income on cash and bonds, realised and unrealised capital gains and losses on bonds, interest expenses, exchange rate adjustments on cash and bank charges.

Balance sheet

Share capital investment in projects

Share capital investments in projects are recognised when they are disbursed. Share capital investments in projects are measured both at initial recognition and throughout the investment period at fair value with changes recognised through profit or loss as contribution from share capital investments.

Share capital investments in projects where AIF has significant influence are associates and are accounted for as share capital investments.

Project loans

Project loans are designated as loans and receivables and are recognised when they are disbursed. Project loans are initially recognised at cost, which is fair value and are subsequently measured at amortised cost less any allowance for impairment.

Investments in subsidiaries and associates

Investments in subsidiaries are included in the balance at cost less accumulated impairment losses. Subsidiaries are insignificant in size and consolidated accounts have not been made. Associates that are not share capital investments in projects are disclosed as associates.

Interest receivable related to projects and other receivables

Interest receivables related to projects and other receivables are designated as receivables and are recognised over the period when they are earned.

Interest receivables related to projects and other receivables are recognised at nominal value less any allowance for impairment

Interest receivable related to projects includes accrued interests on project loans. Other receivables includes receivables from sale of shares and loans, dividends receivables, administrative and other project-related receivables.

Cash and cash equivalents

Bonds are stated at the official prices quoted on the balance sheet date except for drawn bonds, which are stated at par value. Realised and unrealised gains or losses on bonds are recognised in the income statement under financial income, net.

Impairment of financial assets

AIF assesses at a continuing basis whether a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset, and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that it will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. The carrying amount of the asset is reduced through individual impairment on separate allowance accounts, and the amount of the loss is recognised in profit or loss as either "Contribution from project loans and guarantees" or "Other contributions from projects".

Impaired loans, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to AIF. If a previous write-off is later recovered, the recovery is credited to either "Contribution from project loans and guarantees" or "Other contributions from projects", respectively.

Current liabilities

Current liabilities are initially recognised at cost, which is fair value, and are subsequently measured at amortised cost.

Cash flow statement

The cash flow statement has been prepared in accordance with the direct method and shows AIF's cash flow from operating, investing and financing activities as well as AIF's cash position at the beginning and end of the year.

Cash comprises cash at hand less short-term bank debt.

Commitments

Undisbursed commitments to projects are comprised of undisbursed contractual commitments and binding commitments not yet contracted. The existence of such liabilities will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within AIF's control.

NOTES

	2017 <u>DKK 1,000</u>	2016 <u>DKK 1,000</u>
2 <u>Contribution from share capital investments</u>		
Dividends from projects	-	2,544
Value adjustments, portfolio	<u>3,478</u>	<u>(9,175)</u>
Contribution from share capital investments	<u>3,478</u>	<u>(6,631)</u>
3 <u>Contribution from project loans and guarantees</u>		
Interest income and fees related to project loans and guarantees	3,627	3,762
Exchange rate adjustments, project loans	(3,224)	1,068
Value adjustments, derivatives	2,943	(1,573)
Value adjustments, interest and fees	<u>(57)</u>	<u>17</u>
Contribution from project loans and guarantees	<u>3,289</u>	<u>3,274</u>
4 <u>Other contributions from projects</u>		
Exchange rate adjustments, receivables	-	(321)
Other income and expenses	<u>(2)</u>	<u>(2)</u>
Other contributions from projects	<u>(2)</u>	<u>(323)</u>
5 <u>Financial income, net</u>		
<u>Financial income</u>		
Interest income, cash and bonds	<u>10</u>	<u>24</u>
Financial income	<u>10</u>	<u>24</u>
<u>Financial expenses</u>		
Interest expenses, bank charges and exchange rate adjustments	<u>(654)</u>	<u>(9)</u>
Financial expenses	<u>(654)</u>	<u>(9)</u>
Financial income, net	<u>(644)</u>	<u>15</u>

	2017 DKK 1,000	2016 DKK 1,000
6 <u>Share capital investment in projects</u>		
Share capital investment in projects beginning of year at cost	<u>6,928</u>	<u>6,928</u>
Share capital investment in projects end of year at cost	<u>6,928</u>	<u>6,928</u>
Accumulated value adjustments beginning of year	(893)	8,282
Value adjustments, portfolio during the year	<u>3,478</u>	<u>(9,175)</u>
Accumulated value adjustments end of year	<u>2,585</u>	<u>(893)</u>
Share capital investment in projects end of year	<u>9,513</u>	<u>6,035</u>
Herof associated companies:		
Share capital investment in projects end of year at cost	4,078	4,078
Accumulated value adjustments end of year	<u>4,894</u>	<u>1,957</u>
	<u>8,972</u>	<u>6,035</u>
Accumulated value adjustments end of year are comprised of:		
Positive value adjustments	4,894	1,957
Negative value adjustments	<u>(2,309)</u>	<u>(2,850)</u>
	<u>2,585</u>	<u>(893)</u>
Name / Domicile:	Form of company:	AIF's ownership interest: (%)
		According to the latest approved annual report
		Result
Aller Aqua Egypt Ltd	Ltd.	20%
Egypt		7,596
		Equity
		17,995

	2017 <u>DKK 1,000</u>	2016 <u>DKK 1,000</u>
7 <u>Project loans, net</u>		
Project loans beginning of year at cost	71,822	65,330
Disbursements during the year	7,433	22,318
Repayments during the year	(36,425)	(16,894)
Exchange rate adjustments, project loans	<u>(3,224)</u>	<u>1,068</u>
Project loans end of year at cost *	<u>39,606</u>	<u>71,822</u>
Accumulated value adjustments beginning of year	-	-
Value adjustments	<u>-</u>	<u>-</u>
Accumulated value adjustments end of year	<u>-</u>	<u>-</u>
Project loans, net end of year	<u>39,606</u>	<u>71,822</u>
*) Project loans end of year at cost are comprised of:		
Senior project loans	<u>39,606</u>	<u>71,822</u>
	<u>39,606</u>	<u>71,822</u>
*) Project loans end of year at cost in DKK distributed according to currency denomination:		
	<u>2017</u>	<u>2016</u>
	Currency	Currency
USD ¹	-	5,166
EUR	5,320	4,760
	<u>39,606</u>	<u>36,434</u>
	<u>39,606</u>	<u>35,388</u>
		<u>71,822</u>
¹⁾ USD 0 m is hedged against DKK (USD 4.6 m in 2016)		

	2017 DKK 1,000	2016 DKK 1,000
8 <u>Interest receivable related to projects</u>		
Interest receivable related to projects before value adjustments	999	-
Interest receivable related to projects	999	-
9 <u>Other receivables</u>		
Receivable front-end fees	-	24
Current accounts	-	500
	-	524
10 <u>Total equity capital</u>		
Paid-in capital beginning of year	150,000	150,000
Paid-in capital during the year	-	-
Paid-in capital end of year	150,000	150,000
Retained earnings beginning of year	(9,973)	(3,058)
Net income for the year	3,121	(6,915)
Retained earnings end of year	(6,852)	(9,973)
Total equity capital end of year	143,148	140,027
11 <u>Current liabilities</u>		
Derivatives	-	2,544
Administrative debt	65	-
	65	2,544
12 <u>Undisbursed commitments to projects</u>		
Undisbursed commitments to projects are comprised of undisbursed contractual commitments and binding commitments not yet contracted. The stated amount of guarantees is net of provision for losses, if any.		
Amounts payable on share capital and loan agreements	52,114	7,434
Undisbursed commitments to projects	52,114	7,434
13 <u>Available capital for new investments</u>		

Total equity	143,148	140,027
Investments in projects, net		
Share capital investments in projects, net	(9,513)	(6,035)
Project loans, net	(39,606)	(71,822)
Undisbursed commitments to projects	(52,114)	(7,434)
Available capital for new investments	<u>41,915</u>	<u>54,736</u>

14 Related party disclosures

AIF project investments - shares and loans

For a list of project investments where AIF has significant influence, see note 6.

15 Financial highlights

Financial highlights (table) - see page 7

16 Financial risk management

Introduction

Through investments, AIF is exposed to financial risks such as equity and credit risk on investments, currency risk, interest rate risk and liquidity risk.

The board of directors has established limits to avoid excessive concentrations of risk, and AIF through its investment policy and due diligence procedures further seeks to identify and mitigate the equity and credit risk.

17 Equity and credit risk

Equity risk

Equity risk arises from changes in the fair values of share capital investments in projects.

Credit risk

Credit risk is the risk that AIF will incur a financial loss due to a counterparty not fulfilling their obligation. These credit exposures occur from project loans, derivatives and other transactions.

Managing equity and credit risk

At the portfolio level, AIF mitigates equity risk and credit risk by investing in a variety of countries and by limiting the concentration of risks per partner. AIF assesses concentrations of risk on the basis of total commitments, which include acquisition cost of both share capital investments and project loans, binding commitments and amounts payable on share capital and loan agreements. Further AIF through the due diligence process assesses the specific risks for each share capital investment and project loan and seeks to mitigate associated equity and credit risks. For some of AIF's share capital investments, AIF has the opportunity to sell the shares through pre-agreed exit agreements. In this way, AIF mitigates the risk of not being able to exit the investments. See note 22 for fair value measurement basis.

On an ongoing basis, the credit quality of the projects is assessed based on among other things:

- Specific terms as agreed
- Current and expected operational results of the company
- Expected sales value and pledges
- Historical records of debt service

The table below shows the distribution of the cost of AIF's investments by the OECD country risk classification.

This classification takes into account the political and economic environment of each country, including risk of force majeure such as war, etc. The classification of each country is updated twice a year.

2017	Share capital investments		Project loans		Total		Commitments (off balance)	
	DKK 1,000	%	DKK 1,000	%	DKK 1,000	%	DKK 1,000	%
OECD	-	0%	-	0%	-	0%	-	0%
2	-	0%	-	0%	-	0%	-	0%
3	-	0%	-	0%	-	0%	-	0%
4	-	0%	-	0%	-	0%	-	0%
5	-	0%	-	0%	-	0%	52,114	100%
6	4,078	59%	39,606	100%	43,684	94%	-	0%
7	-	0%	-	0%	-	0%	-	0%
Africa regional	2,850	41%	-	0%	2,850	6%	-	0%
Total	6,928	100%	39,606	100%	46,534	100%	52,114	100%

2016	Share capital investments		Project loans		Total		Commitments (off balance)	
	DKK 1,000	%	DKK 1,000	%	DKK 1,000	%	DKK 1,000	%
OECD	-	0%	-	0%	-	0%	-	0%
2	-	0%	-	0%	-	0%	-	0%
3	-	0%	-	0%	-	0%	-	0%
4	-	0%	-	0%	-	0%	-	0%
5	-	0%	36,434	51%	36,434	46%	-	0%
6	4,078	59%	35,388	49%	39,466	50%	7,434	100%
7	-	0%	-	0%	-	0%	-	0%
Africa regional	2,850	41%	-	0%	2,850	4%	-	0%
Total	6,928	100%	71,822	100%	78,750	100%	7,434	100%

Credit quality/impairment

The table below shows the project loans at cost that are either past due or value adjusted.

DKK 1,000	2017	2016
Project loans, neither past due nor value adjusted	39,606	71,822
Project loans, past due but not value adjusted	-	-
Project loans, value adjusted	-	-
Total	39,606	71,822

The table below illustrates the credit quality by OECD Country risk for project loans that are neither past due nor value adjusted.

DKK 1,000	2017	2016
OECD 5	-	36,434
OECD 6	39,606	35,388
Total	39,606	71,822

The table below shows the distribution according to due date.

2017	Not value adjusted	Value adjusted	Project loans at cost	Value adjustments	Project loans, net
DKK 1,000					
Project loans, not past due	39,606	-	39,606	-	39,606
Project loans, past due up to 12 months	-	-	-	-	-
Project loans, past due more than 12 months	-	-	-	-	-
Total	39,606	-	39,606	-	39,606
2016	Not value adjusted	Value adjusted	Project loans at cost	Value adjustments	Project loans, net
DKK 1,000					
Project loans, not past due	71,822	-	71,822	-	71,822
Project loans, past due up to 12 months	-	-	-	-	-
Project loans, past due more than 12 months	-	-	-	-	-
Total	71,822	-	71,822	-	71,822

Maximum exposure to credit risk

The following table shows the maximum exposure to credit risk for AIF. The table only includes derivatives with positive market value.

	2017		2016	
	Carrying amount	Maximum credit exposure (contractual cash flow)	Carrying amount	Maximum credit exposure (contractual cash flow)
DKK 1,000				
Project loans	39,606	39,606	71,822	71,822
Interest receivable related to projects	999	999	-	-
Other receivables	-	-	524	524
Derivatives	-	-	-	-
Cash	93,030	93,030	64,190	64,190
Commitments	-	52,114	-	-
Total	133,635	185,749	136,536	136,536

Description of collateral held and fair value hereof (accessibility of pledged assets for project loans)

In a number of cases AIF has received securities to minimise credit exposure. AIF has received the following types of securities

- Pledges
- Indemnities and counter-guarantees

The fair value of the pledges is DKK 0m (2016: DKK 0m) and for indemnity and guarantee commitments DKK 20m (2016: DKK 18m).

18 Currency risk

Currency risk is the risk that the value of a financial instrument fluctuates due to changes in foreign exchange rates.

AIF is exposed to currency risk through its investments that are denominated in currencies other than the functional currency (DKK). It is AIF's general policy to hedge foreign exchange exposures originated from project loans in other currencies than EUR, when the principal of the loan is greater than the equivalent of USD 1m, and internal credit rating is above a certain threshold.

AIF does not hedge local currency exposure in share capital investments, as costs are typically very high and investments may by way of operation have a natural built-in hedge, e.g. export-oriented businesses. AIF does not hedge commitments to disburse either, as timing and amounts are often difficult to foresee.

AIF primarily uses cross currency swaps to hedge the exposure towards changes in foreign exchange rates on project loans. As exchange rate adjustments of the hedged item and fair value adjustments of the derivative financial instruments are recognised in the income statement, hedge accounting in accordance with IAS 39 is not applied.

Currency exposure and sensitivity

The following table indicates the currencies to which AIF had significant exposure as of 31 December on its financial assets and liabilities excluding share capital investments. The analysis calculates the effect of a reasonably likely movement of the currency rate against DKK on profit or loss with all other variables held constant. There is no sensitivity effect on equity as AIF has no assets classified as available-for-sale or designated hedging instruments.

2017							
	Project loans	Interest receivables	Other project related receivables	Hedged	Net exposure	Increase in foreign exchange rates	Effect on profit or loss
DKK 1,000							
USD	-	-	-	-	-	10%	-
EUR	39,606	999	-	-	40,605	1%	406
DKK	-	-	-	-	-	N/A	-
Total	39,606	999	-	-	40,605		

2016							
	Project	Interest	Other project related	Hedged	Net	Increase in	Effect on
DKK 1,000	loans	receivables	receivables		exposure	foreign exchange rates	profit or loss
USD	36,434	-	-	(32,791)	3,643	10%	364
EUR	35,388	-	24	-	35,412	1%	354
DKK	-	-	500	32,791	33,291	N/A	-
Total	71,822	-	524	-	72,346		

19 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

AIF's investments in project loans carry variable interbank interest rates, thus changes in interest rates will mainly affect future cash flows and income.

20 Liquidity risk

Liquidity risk is defined as the risk that AIF will encounter difficulty in meeting financial obligations.

AIF has no external funding and is equity financed except for current liabilities comprised of administrative debt and negative fair value of derivative financial instruments.

AIF's primary exposure to liquidity risk arises from commitments to disburse share capital investments and project loans.

To meet these and other obligations, AIF, apart from capital contributions net of dividends, relies on a continuous positive cash flow from interest and repayments on project loans as well as dividends and sales of share capital investments to meet its obligations. It is AIF's policy to maintain a positive cash position.

Contractual maturities

The contractual maturities based on undiscounted contractual cash flows are shown below for financial assets, liabilities, guarantees and commitments.

2017

DKK 1,000	Carrying amount	Contractual cash flows	On demand	0-1 year	1-5 years	Over 5 years	No fixed maturity
Assets							
Project loans	39,606	39,606	-	20,994	18,612	-	-
Interest receivable related to projects	999	999	999	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Cash and cash equivalents	93,030	93,030	27,530	65,500	-	-	-
Total assets	133,635	133,635	28,529	86,494	18,612	-	-
Liabilities							
Derivatives	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-
Off-balance							
Amounts payable on share capital and loan agreements	-	52,114	52,114	-	-	-	-
Total off-balance	-	52,114	52,114	-	-	-	-

2016

DKK 1,000	Carrying amount	Contractual cash flows	On demand	0-1 year	1-5 years	Over 5 years	No fixed maturity
Assets							
Project loans	71,822	71,822	-	17,552	54,270	-	-
Interest receivable related to projects	-	-	-	-	-	-	-
Other receivables	524	524	-	524	-	-	-
Cash and cash equivalents	64,190	64,190	16,190	48,000	-	-	-
Total assets	136,536	136,536	16,190	66,076	54,270	-	-
Liabilities							
Derivatives	2,544	2,342	-	469	1,873	-	-
Total liabilities	2,544	2,342	-	469	1,873	-	-
Off-balance							
Amounts payable on share capital and loan agreements	-	7,434	7,434	-	-	-	-
Total off-balance	-	7,434	7,434	-	-	-	-

21 Classification of financial instruments

The following table provides a reconciliation between line items in the balance sheet and categories of financial instruments.

2017	Designated at fair value through profit and loss	Loans and receivables at amortised cost	Other liabilities at amortised cost	Total
DKK 1,000				
Financial assets				
Share capital investment in projects	9,513	-		9,513
Project loans	-	39,606		39,606
Interest receivable related to projects		999		999
Other receivables	-	-		-
Cash and cash equivalents		93,030		93,030
Total financial assets	9,513	133,635	-	143,148
Financial liabilities				
Current liabilities:				
Derivatives	-	-	-	-
Total financial liabilities	-	-	-	-
2016	Designated at fair value through profit and loss	Loans and receivables at amortised cost	Other liabilities at amortised cost	Total
DKK 1,000				
Financial assets				
Share capital investment in projects	6,035	-		6,035
Project loans	-	71,822		71,822
Interest receivable related to projects		-		-
Other receivables	-	524		524
Cash and cash equivalents		64,190		64,190
Total financial assets	6,035	136,536	-	142,571
Financial liabilities				
Current liabilities:				
Derivatives	2,544	-	-	2,544
Total financial liabilities	2,544	-	-	2,544

AIF has no project loans with fixed interest terms.

The inputs used to measure the fair value for project loans are all level 2 inputs in the fair value hierarchy, for more information see disclosure on fair value measurement, note 22. For other loans and receivables and other liabilities the carrying amount is measured at amortised cost a reasonable approximation of fair value.

The calculation of fair value is based on a fair value hierarchy that reflects the level of judgement associated with the inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly or indirectly; and
- Level 3 inputs are unobservable inputs that have been applied in valuing the respective assets or liabilities.
- In the following sections a short description of the overall principle for AIF's calculation of fair value is provided. For all investments the value determined by using the methods described below will be adjusted, if considered necessary and appropriate, by taking the following factors into account:

- 1) Current and expected operational results of the project company
- 2) Risk of remittance, if any
- 3) Specific circumstances relating to the partners, project, country, region and/or sector
- 4) Current market conditions
- 5) Tax issues

Share capital investments

AIF's fair value estimates are based on unobservable market data (level 3).

Indirect investments through financial intermediaries (funds) where the underlying investments are valued according to a fair value principle will be valued at net assets value according to the most recent financial statement received by AIF. Financial intermediaries include externally managed funds. There were no outstanding indirect investments in 2017 or 2016.

Direct investments are valued as follows:

- In the initial phase all investments are valued at cost price less any impairment adjustment, as this is deemed to provide a good indication of fair value. Hereafter investments will be valued at either the Discounted Cash Flow method (DCF), by an earnings multiple if appropriate and reliable transaction/earnings multiples are available, or by the net assets methodology, if appropriate. For smaller investments, see below.
- If AIF during the 12-month period prior to the reporting date has received a binding offer in writing from a third party or a significant transaction has taken place, the shares will normally be valued based on the offer or the recent transaction.

The following general assumptions are applied when performing DCF or earnings multiple calculations:

- For DCF calculations, budgets and forecasts for the investments form the basis for the valuation.
- a weighted average cost of capital based on the cost of equity and the cost of debt weighted by the targeted financial leverage from the industry. Growth in terminal period is based on the estimated long-term inflation rate of the country.
- An illiquidity discount is applied and other specific adjustments may be applied where relevant for both DCF and earnings multiple calculations.

Valuing private investments in developing countries at fair values involves a large inherent uncertainty. Due to these uncertainties, a degree of caution is applied when exercising judgements and making the necessary estimates. For smaller investments (cost price or intrinsic value below DKK 25m) uncertainties are deemed to be even higher and therefore these will be valued at intrinsic value to reflect AIF's share of earnings in the companies.

Some share capital investments include a pre-agreed exit agreement. In these cases the value of the exit agreements is taken into consideration as part of the fair value calculation. Investments valued according to exit agreements are in the table below disclosed together with investments valued based on a recent binding offer or transaction.

Fair value measurements and reconciliation

The following table shows financial instruments recognised at fair value by level in the fair value hierarchy and a reconciliation of all movements in the fair value of items categorised within level 3.

2017				
DKK 1,000	Level 1	Level 2	Level 3	Total
Share capital investments				
Opening balance	-	-	6,035	6,035
Transfers into the level	-	-	-	-
Transfers out of the level	-	-	-	-
Total gains/ losses for the period included in profit or loss ¹	-	-	3,478	3,478
Paid-in share capital in projects	-	-	-	-
Proceeds from divestment of shares	-	-	-	-
Closing balance	-	-	9,513	9,513
Other receivables				
Opening balance	-	24	-	24
Closing balance	-	-	-	-
Derivative financial instruments (Assets)				
Opening balance	-	-	-	-
Closing balance	-	-	-	-
Derivative financial instruments (Liabilities)				
Opening balance	-	2,544	-	2,544
Closing balance	-	-	-	-
Total recurring fair value measurements	-	-	9,513	9,513
2016				
DKK 1,000	Level 1	Level 2	Level 3	Total
Share capital investments				
Opening balance	-	-	15,210	15,210
Transfers into the level	-	-	-	-
Transfers out of the level	-	-	-	-
Total gains/ losses for the period included in profit or loss ¹	-	-	(9,175)	(9,175)
Paid-in share capital in projects	-	-	-	-
Proceeds from divestment of shares	-	-	-	-
Closing balance	-	-	6,035	6,035
Other receivables				
Opening balance	-	-	-	-
Closing balance	-	24	-	24
Derivative financial instruments (Assets)				
Opening balance	-	-	-	-
Closing balance	-	-	-	-
Derivative financial instruments (Liabilities)				
Opening balance	-	1,971	-	1,971
Closing balance	-	2,544	-	2,544
Total recurring fair value measurements	-	2,568	6,035	8,603

1) Recognised in Contribution from share capital investments.

Hereof DKK 3m (2016: DKK (9)m) is attributable to assets held at 31 December for level 3.

Valuation techniques and unobservable inputs used measuring fair value of Level 3 fair value measurements.

2017

DKK 1,000

Type of investment	Fair value at 31/12/2017	Valuation technique	Unobservable inputs	Reasonable possible shift in %	Change in fair value
Direct investments	8,972	Intrinsic value (small investments)			
	542	Binding offer, transaction, exit terms			
Share capital investments	9,513				

2016

DKK 1,000

Type of investment	Fair value at 31/12/2016	Valuation technique	Unobservable inputs	Reasonable possible shift in %	Change in fair value
Direct investments	6,035	Intrinsic value (small investments)			
Share capital investments	6,035				

Management

Board of directors

The Danish Minister for Development Cooperation appoints the chairman, the deputy chairman and the other members of the board of directors for three-year terms. Each appointment is personal.

According to Section 9 of the Danish Act on International Development Cooperation, IFU's board is appointed for a three-year period. The current three-year term ends on 31 July 2018.

Since 1 January 2013, an observer from the Ministry of Foreign Affairs has been appointed to IFU's board of directors.

The board of directors usually convenes six to eight times a year. On the recommendation of the executive management, it makes decisions about investments and key issues.

It is noted that the chairman and deputy chairman have both been members of the board for more than 12 years and as such cannot be considered independent in accordance with the recommendations by the Danish Committee on Corporate Governance.

Further it is noted that IFU in 2017 had business transactions with Nykredit Bank A/S (part of the Nykredit group, in which the chairman is CEO), with Kjaer Group A/S, which is majority owned by board member Mads Kjær, and with Royal Danish Fish Group A/S, in which board member Jens Jørgen Kollerup is a board member.

The rules of procedure for the board contain detailed rules regarding conflicts of interest – as well as a reference to the conflict of interest rules in the Danish Public Administrations Act, which the board is subject to – and the above-mentioned circumstances are not considered to be of a nature as to impair the independence of the board members.

Michael Rasmussen, Chairman, board member since 2000

MSc (Economics). CEO, Nykredit.

Other board memberships: Nykredit Bank A/S (chairman), Totalkredit A/S (chairman), Finance Denmark (chairman), Copenhagen Business School.

Lars Andersen, Deputy Chairman, board member since 1994

MSc (Economics). Managing Director, The Economic Council of the Labour Movement.

Other board memberships: Industripension Holding A/S, Industriens Pensionsforsikring A/S, Arbejdernes Landsbank A/S.

Jens Jørgen Kollerup, board member since 2009

MSc (Dairy Science). Managing Director, Ormholt A/S.

Other board memberships: Arctic Group A/S, Vermund Larsen A/S (chairman), Royal Danish Fish Group A/S.

Bjarne H. Sørensen, board member since 2012

MSc (Civil Engineering). Ambassador (retired).

Other board memberships: Care Danmark.

Dorrit Vanglo, board member since 2012

MSc (Economics). CEO, Lønmodtagernes Dyrtidsfond.

Other board memberships: Kapitalforeningen LD (chairman), EKF - Danmarks Eksportkredit (vice chairman), Eksportkreditfinansiering A/S, Investeringsforeningen Lægernes Invest, Kapitalforeningen Lægernes Invest, Det Danske Hedeselskab, Dalgas Group A/S, Komiteen for god Fondsledelse.

Mads Kjær, board member since 2015

Managing Director, Kjaer Group A/S

Other board memberships: Kjaer Group A/S, Udsyn A/S, Ejendomsselskabet Svendborg ApS

Charlotte Jepsen, board member since 2017

MSc (Social Sciences). Managing Director, FSR – Danish Auditors

Other board memberships: Plan Danmark, Pantebrevselskabet Boligkredit A/S.

Ole Thonke, board observer since 2017

Ambassador, Head of Department, Ministry of Foreign Affairs

Executive management

The Danish Minister for Development Cooperation appoints the CEO.

Tommy Thomsen, CEO

Management/shipping trainee education, A.P. Moller – Maersk Group.

Harvard Business School, International Senior Management Program.

Board memberships: Port of Singapore International, Panama Canal Advisory Board, Danish Maritime Fund (chairman), Lauritzen Foundation, C.W. Obel, SDG Accelerator Advisory Board.

Torben Huss, Executive Vice President

MSc (Political Science and Public Administration), Copenhagen University, PhD (Business Economics), Copenhagen Business School.

Board memberships: JØP.