

Danish economic interest



EIKE



EKF's raison d'être is to promote Danish exports and internationalisation, thereby generating value for Denmark

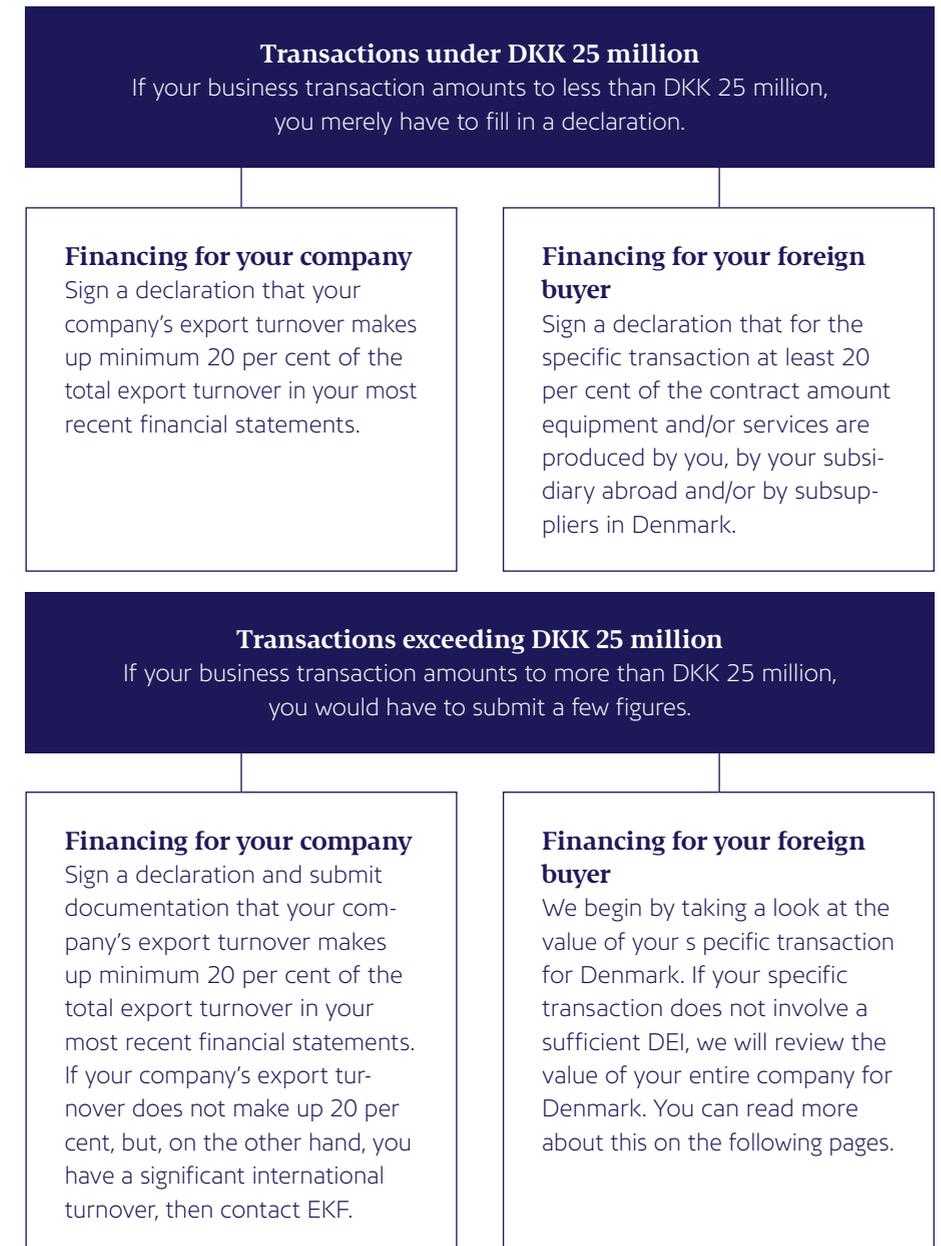
When evaluating whether we can participate in financing your business, we are committed as a government-owned company to ensure that it is of benefit to Denmark.

We call this Danish economic interest (DEI).

The extent of your DEI depends on the size of your transaction as well as your requirement from EKF.

We have tried to make the concept of DEI as easy for you as possible

Accordingly, we distinguish between transactions under DKK 25 million and transactions exceeding DKK 25 million.



How we calculate the value of your transaction for Denmark

When we are to provide a guarantee for financing for your foreign buyer in transactions exceeding DKK 25 million, we begin by taking a look at the value of the specific transaction for Denmark.

The procedure is as follows:

1 You calculate the value of your transaction for Denmark

For EKF to be able to assess the value of your transaction for Denmark, you must supply a single total amount indicating the Danish value of your transaction and any resulting transactions, if applicable. See the list of what you can include under "What we need from you" on page 7.

2 We calculate your requirement for financing from EKF

Together, we determine the extent of EKF's participation in your transaction. This includes two amounts:

- › *The credit amount:* The amount for which you or your bank asks EKF to participate in the financing.
- › *The cover ratio (guarantee ratio):* The part of the credit amount covered by EKF. Our standard ratio is 90 per cent if the guarantee covers your company and 95 per cent if the guarantee covers the bank. We apply this standard in the vast majority of transactions, but deviations may occur based on an assessment of the specific transaction.

Contact EKF if you are unsure about the rules or your financing requirement.

3 We calculate your Danish economic interest

Based on the information provided by you, we are able to calculate whether your transaction involves a sufficient DEI. We do this by looking at the ratio between the value of your transaction for Denmark and EKF's participation in the financing.

$$\frac{\text{The value of your transaction for Denmark}}{\text{Credit amount at EKF} \times \text{Cover ratio}} \times 100 = \text{XX per cent}$$

The DEI of your transaction in per cent indicates whether it meets our requirements. The required DEI of your transaction depends on the country you will be exporting to. The country risk categories are available on EKF's website.

Is your DEI ratio not as required? Go to page 7 for options.

EKF's minimum DEI requirements

Country risk category 0:	20 %
Country risk category 1:	20 %
Country risk category 2:	20 %
Country risk category 3:	20 %
Country risk category 4:	20 %
Country risk category 5:	20 %
Country risk category 6:	30 %
Country risk category 7:	30 %



What we need from you

For EKF to be able to calculate the Danish economic interest of your transaction, you must supply a single total amount to EKF. The amount indicates the Danish value of the specific transaction you want covered and the value of any resultant transactions, if applicable.

What can you include?

The transaction

- › Danish products and services: The value of equipment and services produced by your company in Denmark, at Danish subsidiaries and/or at sub-suppliers in Denmark. Contribution margins are included in the calculation.
- › Contribution margins from abroad: Contribution margins from your subsidiaries abroad for your company in Denmark in connection with the transaction.
- › Service contracts: The Danish share of future services provided by your company in connection with the transaction. Services may include operations and maintenance contracts (O&M). The service contract must be established as a direct result of the transaction covered by EKF.

Resulting contracts

Resulting contracts are transactions concluded by other Danish companies as a direct result of the transaction covered by EKF. For example:

- › Service contracts: The Danish share of future services provided by other companies in connection with the transaction. Services may include operations and maintenance contracts (O&M).

- › Danish products and services: The value of equipment and services produced by other Danish companies in connection with the transaction. Contribution margins are included in the calculation.
- › Transport contracts: Transport contracts for a Danish company in connection with the transaction.
- › Consultancy services: Contracts for a Danish consulting company in connection with the transaction.

NOTE: In some cases, we may require further information and therefore ask for access to the figures making up the total amount.

Is the DEI of your transaction insufficient?

If the DEI ratio of your transaction is insufficient, you still have three options. EKF may consider Danish ownership in foreign projects. It may also be possible to reinsure your transaction via EKF. This will reduce EKF's risk and thus increase your DEI ratio. Contact EKF for more information on both options. We may also consider the total value of your company for Denmark. Read more on page 8.

How we calculate the value of your company for Denmark

What is a DEI account?

The DEI account is not similar to a bank account. It is a statement of the total value generated every year by your company in Denmark. If you have a DEI account, we can participate in the financing of transactions equivalent to that value – even if the specific transactions do not meet EKF's DEI requirements.

We calculate the value of your company for Denmark on the basis of five elements that are all of value to Denmark.

The five elements of the account

EKF calculates the value of your account on the basis of five elements from your financial statements. To simplify the calculation, we add up the five elements with equal weight given to all elements. The sum of the five elements makes up your DEI account.

- 1 Wages for employees in Denmark**
Wages for employees in Denmark correspond to your company's personnel expenses for employees in Denmark. Personnel expenses include the following:
 - > Wages and salaries
 - > Pensions
 - > Other social security expenses.

See the exact definition in IAS 19(8).*

- 2 Purchases from sub-suppliers in Denmark**
Purchases of goods and services made by your company and its subsidiaries in Denmark from companies with a Danish CVR number.

- 3 Dividend transferred to Denmark from subsidiaries abroad**
Dividend from subsidiaries abroad comprises the total profit sent to Denmark by your subsidiaries abroad.

You can find the exact definition of dividend in IFRS 9, Appendix A.*

You can find the exact definition of subsidiaries in IFRS 10, Appendix A.*

- 4 Investments in R&D in Denmark**
Investments in R&D comprise the amount spent by your company on research and development in Denmark.

You can find exact definitions of research and development in IAS 38(8).*

- 5 Corporate tax paid in Denmark**
Here you must include the amount of tax paid by your company in Denmark. You can find this amount in your cash flow statement.

How we use the account

Once we have calculated the value of your company for Denmark and created an account, we are ready to use it.

Here is an example of how we use the account: If the value of your company for Denmark is e.g. DKK 600 million based on the five elements, then your DEI account amounts to DKK 600 million.

If you have a transaction of DKK 100 million which does not meet EKF's DEI requirements, we can use the account. The amount we withdraw from the account is equivalent to EKF's amount at risk in the transaction. This may be e.g. DKK 90 million. This means that you will have DKK 510 million left for the rest of the year for transactions that do not meet the DEI requirements.

*We apply the definitions in international accounting standards. The consolidated version of 1 January 2018 is available at eur-lex.europa.eu.

New account every year

We will renew your account every year. The annual DEI account will take effect from the beginning of the first new quarter after publication of your audited financial statements. If, for example, your financial statements are published on 17 February, your new DEI account will take effect on 1 April.

It is not possible to transfer unused capacity on the DEI account to next year's account. Nor is it possible to make withdrawals from next year's account in advance.

NOTE: Country risk categories 6 and 7

Due to the high risk of country risk categories 6 and 7, we have imposed restrictions on transactions in those two categories. We will withdraw 1.2 times the size of your transaction from your account. If, for example, you have a transaction of DKK 100 million in country risk category 6 or 7, we will use DKK 120 million from your DEI account.

Furthermore, coverage of transactions in country risk category 7 is limited to DKK 1 billion.

Who is eligible for a DEI account?

The DEI account is aimed at companies who are based in Denmark or conduct research and development activities in Denmark or have export activities out of Denmark.

A direct and material link must exist between the industry within which the company is active in Denmark and the transactions for which we use the DEI account.

If, for example, you have a company manufacturing lifts in Denmark and escalators in Germany, the DEI account can be used only for lift transactions.

Contact EKF if you have any questions regarding the rules.



EKF help both large and small companies move forward. Perhaps we can help you too.

Moving forward

EKF is Denmark's official export credit agency. We are owned by the Danish state but operate as a modern financial institution. We help Danish companies make it attractive for others to buy goods from Denmark. We do this by protecting you against the financial and political risks involved in trading with other countries.

When EKF takes on the risk, Danish companies and their customers have a much better opportunity to get financing for their mutual business transactions under competitive conditions. A guarantee from EKF can therefore determine whether Danish companies can secure or retain a contract. Find out more at ekf.dk

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