

Copenhagen, 7 February 2013
Press release

FIH: Sufficient liquidity for repayment of government guaranteed debt – ready to move forward

In 2012, FIH secured sufficient liquidity to repay all remaining government guaranteed debt. This was accomplished through a significant loan balance reduction, a growth in retail deposits in FIH Direct Bank, as well as the transfer of all property related loans to Finansielt Stabilitet.

At the same time, the solvency has been considerably strengthened resulting in a solvency ratio of 21.2% and a solvency buffer of 7.2 percentage points at year-end 2012. Through the strong liquidity and solvency, FIH has created a foundation for once again being able to fully service Danish corporate clients going forward.

Net profit in 2012 was, however, negative, affected by significant loan impairment charges. The main parts of these are, however, within non-core activities or as collective reservations.

*First part of the strategy
has been solved – focus is now
on ensuring profitability*

FIH has secured sufficient liquidity to comply with the statutory liquidity requirements after the repayment of the remaining DKK 21.3 billion government guaranteed debt, without drawing on the ATP-facility. The single-most important part of the bank's strategy is therefore solved.

The positive trend in liquidity continued in the fourth quarter with a further reduction in loans with low margins, and further growth in FIH's retail deposits. Consequently, the loan balance has been reduced from DKK 58.0 billion to DKK 16.2 billion from 1 January 2011 until end of 2012. In the same period, retail deposits in FIH Direct Bank have increased from DKK 2.3 billion to DKK 11.2 billion.

Through this, FIH has moved from being a bank financed on the international capital markets to being a deposit based bank.

The work to ensure profitable operations based on the three business areas Banking, Markets and Corporate Finance has already begun, and is expected to contribute positively in 2013.

- The latest two years since the change of ownership, focus has been on repaying government guaranteed debt. Now that this task has been completed, and FIH has ensured a sizeable deposit base and a strong solvency, we have a strong foundation for further developing the business and create satisfactory returns going forward, says co-CEO Bjarne Graven Larsen.

Key items from FY2012

- FIH's continuing operations (Banking, Markets and Corporate Finance) realised a profit of DKK 307 million before loan impairment charges and taxation (2011: DKK 276 million).
- Results of continuing operations after taxation and loan impairment charges were negative by DKK 1,007 million (2011: DKK 7 million) due to loan impairment charges of DKK 1,337 million (2011: DKK 267 million).
- Results of discontinuing operations after taxation and loan impairment charges are negative by DKK 531 million.
- Equity totals DKK 5,477 million at the end of 2012 (year-end 2011: DKK 7,166 million). The Tier 1 Capital Ratio is 18.2 per cent (year-end 2011: 15.6 per cent) and the Total Capital Ratio is 21.2 per cent (year-end 2011: 17.8 per cent). The solvency buffer has increased to 7.2 percentage points.
- Liquidity totals DKK 11.8 billion, equivalent to an excess cover of 106.7 per cent relative to the regulatory requirements (year-end 2011: 109.8 per cent). During 2012, FIH has repaid/annulled debt of more than DKK 22 billion, whereof the hybrid core capital constituted DKK 2 billion..

- We are pleased that profit before loan impairment charges was at a higher level in 2012 than in 2011 despite a further reduction in the loan balance. On the other hand, loan impairment charges were unacceptably high, and significantly higher than anticipated. In 2013, we expect loan impairment charges within continuing operations to be considerably lower than in 2012, and further we expect a positive result for 2013, says co-CEO Henrik Sjøgreen.

Loan impairment charges primarily relate to two areas, Acquisition Finance and Property Finance (the deficit absorbing loan), and further FIH has increased its collective reservations at the end of 2012. There are individual loan impairments of more than DKK 1 billion, of which 70 % is within the former business area, Acquisition Finance. The remaining part of total loan impairments of DKK 1,337 million is due to significant collective impairments in response to the deteriorating customer quality resulting from events that have already occurred but have not yet been registered.

Within discontinued activities, a market value adjustment of DKK 766 million on the deficit absorbing loan has been made. This loan was granted in connection with the transaction with the Financial Stability Company. Furthermore, there have been positive market value adjustments of FIHs portfolio of shares, where Pandora A/S through the Axcel III-fund has contributed by more than DKK 300 million.

Kontaktpersoner

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Telefonkonference

FIH will host a conference call regarding results for 2012 on Thursday 7 February 2013 at 15:00 CET (2:00 pm UK). Please call shortly before to register name and organisation. A short presentation (in English) will be available at www.fih.com/financials/presentations shortly after the release of the interim report.

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After the presentation, questions will be taken.

Conference dial-in details:

Danish local dial-in number: + 45 3272 8018

UK participants will dial: + 44 1452 555 131

US participants will dial: +1 8666 828 490

International participants will dial + 44 1452 555 131

Financial highlights, press photos and logos Financial highlights on group level are enclosed below. Financial Statements, press photos and logos are available on www.fih.com

HIGHLIGHTS – FIH GROUP

FIH Group						
(DKK million)	2012	2011*	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Continued operations:						
Net interest income from lending activities	374.9	507.9	81.1	91.7	102.2	99.9
Net fee income etc.	203.8	174.7	71.5	47.4	57.5	27.4
Net trading income	312.0	235.3	87.1	31.5	45.0	148.4
Profit/loss from the liquidity portfolio	111.6	56.1	26.8	14.2	19.1	51.5
Other operating income	-139.0	-135.4	-88.4	-48.9	31.9	-33.6
Total income	863.3	838.6	178.1	135.9	255.7	293.6
Ordinary expenses	500.3	514.6	131.2	117.2	133.2	118.7
Ordinary profit/loss	363.0	324.0	46.9	18.7	122.5	174.9
Other expenses	55.8	48.2	2.6	8.1	42.0	3.1
Net profit bef. impairment charges etc. and tax	307.2	275.8	44.3	10.6	80.5	171.8
Loan impairment charges etc.	1,337.2	266.5	547.8	544.8	70.0	174.6
Net profit before tax	-1,030.0	9.3	-503.5	-534.2	10.5	-2.8
Tax	-23.1	2.2	10.1	-34.8	2.5	-0.9
Net profit, continued operations	-1,006.9	7.1	-513.6	-499.4	8.0	-1.9
Discontinued operations:						
Net profit, discontinued operations	-530.5	-1,185.2	-128.2	-193.0	-25.0	-184.3
Total:						
Net profit for the year after tax, total	-1,537.4	-1,178.1	-641.8	-692.4	-17.0	-186.2
FINANCIAL RATIOS*						
Total capital ratio, per cent	21.2	17.8	21.2	18.5	19.5	18.0
Tier 1 Capital Ratio, per cent	18.2	15.6	18.2	15.9	17.6	16.3
Capital Adequacy Ratio, per cent	14.0	12.3	14.0	14.3	12.6	12.0
Return on equity before tax p.a.	-24.7	-16.3	-24.7	-14.0	-3.8	-3.5
Return on equity after tax p.a.	-24.3	-15.2	-24.3	-13.5	-2.9	-2.6
Total amount of large exposures	74.2	36.0	74.2	87.4	46.6	35.1

* Comparative figures are adjusted to the split between continued and discontinued operations as described on page 10 in the Annual Report 2012.

** Calculated in accordance with the guidelines of the Danish Financial Supervisory Authority, set out on page 69 in the Annual Report 2012. Financial ratios are calculated based on total results, i.e. both continued and discontinued operations.