

FIH Group Interim Report Q1 2014  
13 May 2014

**FIH | ERHVERVS BANK**



CVR NO. 17029312

## Summary

- The FIH Group recorded a net profit after tax of DKK 76.2 million for Q1 2014 (Q1 2013: DKK 71.0 million).
- Profit before tax from continuing operations amounted to DKK 10.2 million (Q1 2013: DKK 16.2 million).
- Profit before tax from discontinuing operations was DKK 90.8 million (Q1 2013: DKK 62.8 million).
- Equity amounted to DKK 5,753 million (year-end 2013: DKK 5,677 million).
- The solvency ratio came to 26.4 per cent (year-end 2013: 25.9 per cent) and the capital buffer was 12.2 percentage points (year-end 2013: 11.6 percentage points).
- Liquidity is strong, reflected in excess liquidity of 210 per cent relative to the regulatory requirements (year-end 2013: 221 per cent).
- All the benchmarks of the Supervisory Diamond have been complied with.

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The FIH Group (FIH) consists of FIH Erhvervsbank A/S and the wholly owned subsidiaries FIH PARTNERS A/S and FIH Leasing and Finans A/S.

*The interim report has been translated from Danish. The Danish text shall govern for all purposes and prevail in case of any discrepancy with the English version.*

## Management's review

### Financial highlights – FIH group

(DKK million)	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Full year 2013
<b>Continuing operations:</b>						
Net interest income from lending activities	58.7	61.4	61.6	75.9	72.1	271.0
Net fee income etc.	31.8	83.2	62.6	36.3	36.9	219.0
Net trading income	-2.1	-0.4	20.4	6.7	4.8	31.4
Income from the liquidity portfolio	21.4	16.0	10.8	25.2	34.3	86.3
Other operating income	-0.8	-68.8	18.8	26.1	18.7	300.8
<b>Total income</b>	<b>109.0</b>	<b>91.4</b>	<b>174.1</b>	<b>170.2</b>	<b>166.8</b>	<b>908.5</b>
Ordinary expenses	103.8	133.1	125.9	107.1	116.0	482.2
<b>Ordinary profit/loss</b>	<b>5.2</b>	<b>-41.7</b>	<b>48.2</b>	<b>63.1</b>	<b>50.8</b>	<b>426.3</b>
Profit from buy back of subordinated debt	-	306.1	-	-	-	-
Other expenses	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net profit/loss for the year before loan impairment charges etc. and tax</b>	<b>5.2</b>	<b>264.4</b>	<b>48.2</b>	<b>63.1</b>	<b>50.8</b>	<b>426.3</b>
Loan impairment charges etc.	-5.0	15.5	25.0	30.7	34.6	105.6
<b>Net profit before tax</b>	<b>10.2</b>	<b>248.9</b>	<b>23.2</b>	<b>32.4</b>	<b>16.2</b>	<b>320.7</b>
<b>Discontinuing operations:</b>						
<b>Net profit before tax</b>	<b>90.8</b>	<b>-47.1</b>	<b>-61.7</b>	<b>21.8</b>	<b>62.8</b>	<b>-24.2</b>
<b>Net profit before tax, total</b>	<b>101.0</b>	<b>201.8</b>	<b>-38.5</b>	<b>54.2</b>	<b>79.0</b>	<b>296.5</b>
Tax	24.8	79.3	-18.4	-0.3	8.0	68.6
<b>Net profit after tax, total</b>	<b>76.2</b>	<b>122.5</b>	<b>-20.1</b>	<b>54.5</b>	<b>71.0</b>	<b>227.9</b>
<b>RATIOS*</b>	<b>Q1 2014**</b>	<b>Q4 2013**</b>	<b>Q3 2013**</b>	<b>Q2 2013**</b>	<b>Q1 2013**</b>	<b>Full year 2013**</b>
Total capital, per cent	26.4	25.9	24.1	22.7	22.5	25.9
Tier 1 capital ratio, per cent	26.4	25.9	21.8	20.7	20.2	25.9
Individual solvency requirement, per cent	14.3	14.3	15.8	13.9	14.5	14.3
Return on equity before tax p.a.	7.1	5.3	2.3	4.8	5.7	5.3
Return on equity after tax p.a.	5.3	4.1	2.5	4.5	5.1	4.1
Total amount of large exposures	51.3	64.3	61.7	66.4	104.5	64.3
Gearing of loans	1.8	2.0	2.2	2.5	2.8	2.0

\* Calculated in accordance with the guidelines of the Danish Financial Supervisory Authority, set out on page 63 in the annual report 2013. Financial ratios are calculated based on total results, i. e. both continuing and discontinuing operations.

\*\* The financial ratios are calculated pro anno, year-to-date.

## Performance in Q1 2014 (continuing operations)

Profit before tax from continuing operations amounted to DKK 10.2 million in Q1 2014 (Q1 2013: DKK 16.2 million).

In the past few years, FIH has downsized its business activities and costs significantly, most recently by way of a considerable reduction of the risk mandate in FIH's Trading unit at the beginning of 2014. Despite the reduction, income and expenses in FIH do not have the right balance and as a consequence the effort to simplify and adjust FIH will continue.

On 6 March 2014, FIH released an announcement stating that a process had been initiated to explore the possibilities of a sale of part of the bank's activities. This process has not yet been completed.

### INCOME

Income totalled DKK 109.0 million (Q1 2013: DKK 166.8 million) and was composed of the following elements:

- Net interest income from lending activities was DKK 58.7 million (Q1 2013: DKK 72.1 million). The lower net interest income reflects the reduced loan balance.
- Net fee income etc. comprises fee income from the Corporate Finance and Banking business segments. Total net fee income was DKK 31.8 million (Q1 2013: DKK 36.9 million). The decline in fee income is mainly attributable to Banking whose smaller loan balance and reduced level of new loans resulted in lower fee income. The fee income in Corporate Finance is in line with the year-earlier period.

(DKK million)	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Full year 2013
<b>Net fee income</b>						
Banking	13.7	20.1	19.0	20.0	17.9	77.1
Corporate Finance	18.1	63.1	43.6	16.3	19.0	141.9
<b>Total net fee income</b>	<b>31.8</b>	<b>83.2</b>	<b>62.6</b>	<b>36.3</b>	<b>36.9</b>	<b>219.0</b>

- Trading income totalled DKK -2.1 million (Q1 2013: DKK 4.8 million). Trading income was negatively impacted by FIH's decision to reduce its risk mandate in Markets.
- Income from the liquidity portfolio amounted to DKK 21.4 million (Q1 2013: DKK 34.3 million).
- Other income comprises FIH's other segments, including fees for the administration of the loan portfolio sold to the Financial Stability Company and FIH's money market activities. Other income was DKK -0.8 million (Q1 2013: DKK 18.7 million). The drop in other income mainly reflects a significantly higher administration fee from FS Property Finance in Q1 2013.

### EXPENSES

Total expenses amounted to DKK 103.8 million (Q1 2013: DKK 116.0 million), corresponding to a fall of DKK 12.2 million.

Excluding Corporate Finance, expenses were down by DKK 9.6 million to DKK 87.1 million, continuing the downward trend since Q2 2012. The cost reduction reflects a decline in the number of employees from 220 at end-Q1 2013 to 171 (exclusive of Corporate Finance, stated as full-time employees) at end-Q1 2014. However, non-recurring expenses attributable to FIH's decision to convert to BEC's IT platform pull in the opposite direction. The decision is in line with FIH's focus on costs, and the conversion is expected to generate significant administrative cost savings from H2 2014.

Corporate Finance expenses were reduced by DKK 2.6 million compared to Q1 2013 due to slightly lower revenue in the business segment, which translates into a correspondingly lower cost level.

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(DKK million)	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Full year 2013
Expenses (excluding Corporate Finance)	87.4	88.0	93.4	93.2	96.7	371.4
Expenses Corporate Finance	16.4	45.1	32.5	13.9	19.3	110.8
<b>Total expenses</b>	<b>103.8</b>	<b>133.1</b>	<b>125.9</b>	<b>107.1</b>	<b>116.0</b>	<b>482.2</b>
<i>Of which costs relating to the Guarantee Depositors and Investors</i>	<i>7.1</i>	<i>7.6</i>	<i>7.1</i>	<i>8.6</i>	<i>9.1</i>	<i>32.9</i>

## IMPAIRMENT CHARGES ETC.

Total impairment charges etc. constituted income of DKK 5.0 million (Q1 2013: DKK -34.6 million).

In 2014, individual impairment charges have totalled DKK 18.0 million while collective impairment charges of DKK 19.7 million have been reversed. Thus, the level of individual impairment charges is significantly lower than in the preceding quarters.

(DKK million)	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Full year 2013
<b>Breakdown of loan impairment charges etc.</b>						
Individual loan impairment charges	18.0	78.5	90.1	120.6	155.5	444.7
Collective loan impairment charges	-19.7	-65.9	-44.7	-91.4	-92.3	-294.3
MVA, interest rates, etc.*	-3.3	2.9	-20.4	1.5	-28.6	-44.8
<b>Total loan impairment charges etc.</b>	<b>-5.0</b>	<b>15.5</b>	<b>25.0</b>	<b>30.7</b>	<b>34.6</b>	<b>105.6</b>

\* Loan impairment charges on customer derivatives accounting for DKK -1.7 million in Q1 2014 (Q1 2013: DKK -16.1 million). These are included as market value adjustments in the income statement on page 21, stated according to the Executive Order on Financial on Financial Reports for Credit Institutions and Investment Firms etc. (Bekendtgørelse om finansielle rapporter for kreditinstitutter og fondsmæglerselskaber m.fl.).

## Performance in Q1 2014 (discontinuing operations)

Discontinuing operations comprise FIH's share portfolio and arrangements relating to the sale of loans to FS Property Finance, including the deficit-absorbing loan.

Profit before tax from discontinuing operations totalled DKK 90.8 million (Q1 2013: DKK 62.8 million). Profit for the period was positively impacted by a contribution from the share portfolio of DKK 117.4 million. FIH's largest exposure – through Axcel III – is to Pandora.

In Q1 2014, FIH received dividend from the share portfolio of DKK 333.4 million, DKK 297.7 million of which stemmed from Axcel III's sale of Pandora shares. With the sale of Pandora shares, FIH's sensitivity to changes in Pandora's share price has been reduced to DKK 1.2 million per price point (year-end 2013: DKK 1.9 million per price point).

Profit was negatively affected by market value adjustments of the deficit-absorbing loan of DKK 16.4 million. Overall, FIH has reduced the value of this loan from DKK 1,650 million to DKK 813 million. The balance sheet of FS Property Finance has been reduced from DKK 17.0 billion at the beginning of 2012 to DKK 8.3 billion at the end of 2013, and the decline continued in Q1 2014.

## Overall performance in Q1 2014

Total profit before tax amounted to DKK 101.0 million, and with a tax rate of 24.5 per cent net profit from both continuing and discontinuing operations totalled DKK 76.2 million (Q1 2013: DKK 71.0 million).

## Balance sheet

The balance sheet total amounted to DKK 25,863 million (year-end 2013: DKK 27,500 million).

Loans amounted to DKK 10,561 million and mainly comprised loans to Danish enterprises.

The bond portfolio amounted to DKK 9,830 million and is essentially invested in AAA-rated Danish short-term mortgage credit bonds.

(DKK million)	31.3.2014	31.12.2013	30.9.2013	30.6.2013	31.3.2013
<b>Balance sheet – Assets</b>					
Cash in hand	964	919	1,419	1,697	3,096
Loans	10,561	10,907	12,507	13,898	15,567
Bonds	9,830	10,929	9,409	10,049	10,748
Other assets	3,095	3,108	3,762	5,434	7,462
Discontinuing operations	1,413	1,637	1,721	1,889	7,694
<b>Total assets</b>	<b>25,863</b>	<b>27,500</b>	<b>28,818</b>	<b>32,967</b>	<b>44,567</b>

(DKK million)	31.3.2014	31.12.2013	30.9.2013	30.6.2013	31.3.2013
<b>Balance sheet – Liabilities</b>					
Debt to credit institutions	1,901	3,273	2,486	3,560	3,693
Deposits and other debt	13,977	13,783	14,090	14,437	14,470
Bonds issued	1,051	1,048	1,790	1,910	12,351
Other liabilities	2,946	3,507	3,888	6,577	7,529
Provisions	150	125	136	130	141
Subordinated debt	0	0	741	751	835
Total equity	5,753	5,677	5,582	5,602	5,548
Discontinuing operations	85	87	105	0	0
<b>Total equity and liabilities</b>	<b>25,863</b>	<b>27,500</b>	<b>28,818</b>	<b>32,967</b>	<b>44,567</b>

Debt to credit institutions amounted to DKK 1,901 million, down by DKK 1,372 million during the quarter due to a lower level of repo financing.

Deposits totalled DKK 13,977 million (year-end 2013: DKK 13,783 million) and thus remained at the year-end 2013 level. The deposit portfolio primarily consists of deposits with FIH Direct Bank (DKK 11,412 million). In addition, FIH holds deposits from enterprises and institutional investors as well as deposits held on bond-like terms with a long maturity.

Equity amounted to DKK 5,753 million (year-end 2013: DKK 5,677 million), up DKK 76 million as a result of the positive results for the period. FIH's gearing is limited, with a loan-to-equity ratio of 1.8 times (year-end 2013: 2.0 times).

## Significant risks and uncertainties for the remainder of 2014

As far as continuing operations are concerned, loan impairment charges on FIH's loans will continue to represent the most significant factor of uncertainty. Through discontinuing operations, FIH may indirectly incur loan impairment charges on loans to investment properties through the deficit-absorbing loan granted to FS Property Finance A/S. Moreover, FIH's share exposure represents an element of uncertainty.

## Events after the balance sheet date

No special events have occurred after the balance sheet date that would affect FIH's financial performance.

## Outlook for the remainder of 2014

In Q1 2014, FIH significantly reduced its risk mandate in the Trading unit and in consequence expects both 'Total income' and 'Ordinary expenses' to be lower than announced at the beginning of the year.

However, profit from ordinary activities from continuing operations is still expected to be in line with 2013, and an overall positive result from continuing operations is expected for 2014 as a whole.



## Banking

(DKK million)	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Full year 2013
Income*	73.4	81.5	80.6	96.4	89.6	348.1
Operating expenses	44.6	41.0	42.5	40.4	35.1	158.9
Loan impairment charges etc.	-5.0	15.5	24.9	30.7	34.6	105.7
<b>Profit/loss for the period before tax</b>	<b>33.8</b>	<b>25.0</b>	<b>13.2</b>	<b>25.3</b>	<b>19.9</b>	<b>83.5</b>

\*Income consists of net interest and fee income, market value adjustment and other operating income, including FS Property Finance fee.

### BUSINESS SEGMENT

Banking provides financial solutions and financial advisory services primarily to medium-sized Danish enterprises. Customers are served from the three regional offices in Copenhagen, Fredericia and Aarhus. Financial advisory services are provided in close cooperation with other FIH business units.

### MARKET DEVELOPMENT AND ACTIVITIES

Enterprises whose primary markets are Denmark and the euro area continue to have fairly low investment levels and, hence, a subdued demand for financing. In consequence, FIH granted only a limited number of new loans in Q1 2014.

The loan balance has been declining for a long period due partly to the planned reduction of existing loans to private-equity owned enterprises and partly to ordinary repayments.

### PERFORMANCE IN Q1 2014

Profit before tax was DKK 33.8 million (Q1 2013: DKK 19.9 million). Profit was impacted by higher costs related to the conversion to BEC's IT platform.

## Markets

(DKK million)	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Full year 2013
Trading income*	-2.1	-0.4	20.4	6.7	4.7	31.4
Income from liquidity portfolio	21.4	16.0	10.8	25.2	34.3	86.3
Operating expenses	25.5	27.9	26.4	25.1	24.6	104.0
<b>Profit/loss for the period before tax</b>	<b>-6.2</b>	<b>-12.3</b>	<b>4.8</b>	<b>6.8</b>	<b>14.4</b>	<b>13.7</b>

\*Trading income consists of net interest and fee income, market value adjustment and other operating income.

### BUSINESS SEGMENT

Markets is divided into the Financial Advisory, Trading and Portfolio segments.

Financial Advisory is responsible for customer-oriented advisory and trading activities. The advisory and trading activities are centred on hedging the customers' credit, liquidity, interest rate and foreign exchange risks.

Trading is responsible for all pricing of trading in interest rate and foreign exchange products mainly targeting Financial Advisory and is authorised to undertake trading in FIH's own short-term holdings.

Portfolio is responsible for managing FIH's own portfolio.

### MARKET DEVELOPMENT AND ACTIVITIES

Europe came off to a good start in 2014 and European economic indicators suggest broad-based weak growth. Inflation is low and the European Central Bank is expected to keep interest rates low for a long period.

The Danish manufacturing industry outlook is positive for 2014. Denmark is seeing growing export market activity, while domestic demand continues to be weak due, among other factors, to sluggish employment growth.

Financial Advisory was impacted by low revenue following the reduction in FIH's customer base and the effects of the continued low interest rate level. This has decreased the demand for interest rate liability management and foreign exchange hedging.

In response to the lower business volumes and a wish to simplify FIH, it was decided in Q1 2014 to reduce Trading's risk mandate. The efforts to reduce the risk positions had a negative impact on earnings in Q1 2014.

Portfolio generated a satisfactory return on the investment of FIH's own portfolio.

### PERFORMANCE IN Q1 2014

A loss before tax of DKK -6.2 million was recorded in Q1 (Q4 2013: DKK 14.4 million).

## Corporate Finance

(DKK million)	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Full year 2013
Income*	18.1	63.1	43.6	16.3	19.0	141.9
Operating expenses	16.4	45.1	32.5	13.9	19.3	110.8
<b>Profit/loss for the period before tax</b>	<b>1.7</b>	<b>18.0</b>	<b>11.1</b>	<b>2.4</b>	<b>-0.3</b>	<b>31.1</b>

\*Income consists of net interest and fee income and other operating income.

### BUSINESS SEGMENT

Corporate Finance provides financial advisory services on mergers and acquisitions, IPOs, privatisations, capital injections etc. The subsidiary FIH PARTNERS A/S is in charge of FIH's corporate finance activities.

### MARKET DEVELOPMENT AND ACTIVITIES

In the period, FIH PARTNERS has provided advisory services relating to the following transactions, among others:

- Royal Greenland in connection with the divestment of activities in Wilhelmshaven to Sahara Investment Group Limited and Meridian Investment Group Pte. Ltd.
- Tryghedsgruppen in connection with the merger of Health & Fitness Nordic and Elixia.
- Nordic Capital in connection with the sale of KOMPAN to Christian Dyvig, PFA and the executive management of KOMPAN.
- EAC in connection with the sale of Plumrose in Venezuela to Latam Foods Holding.
- Copenhagen Infrastructure Partners in connection with the investment in a new transmission network for wind power in the German part of the North Sea.
- EQT VI in connection with the acquisition of the shares in Færch Plast.
- IC Companys in connection with the sale of The Original Group to DK Company.
- OW Bunker and Altor Fund II in connection with the IPO of OW Bunker on NASDAQ OMX Copenhagen.

FIH PARTNERS is the leading player on the market for corporate finance services in Denmark. In 2014, FIH PARTNERS has been engaged in a number of ongoing projects that are expected to generate significant revenue. In addition, FIH PARTNERS has won a satisfactory number of new mandates. The pipeline is assessed to be strong and the activities of the period have reinforced the market-leading position of FIH PARTNERS in the Danish market.

### PERFORMANCE IN Q1 2014

Profit before tax was DKK 1.7 million (Q1 2013: DKK -0.3 million).

## Other activities

(DKK million)	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Full year 2013
Income*	-1.7	-68.7	18.8	26.0	18.6	-5.3
Gain from the repurchase of subordinated debt	-	306.1	-	-	-	306.1
Operating expenses	17.4	19.1	24.5	27.9	36.9	108.4
<b>Profit/loss for the period before tax</b>	<b>-19.1</b>	<b>218.3</b>	<b>-5.7</b>	<b>-1.9</b>	<b>-18.3</b>	<b>192.4</b>

\*Income consists of net interest and fee income, market value adjustments, other operating income and FS Property Finance administration fee (2013).

### BUSINESS SEGMENT

The 'Other activities' business segment comprises all of FIH's other activities, including Treasury, which manages FIH's money market activities.

Among other things, Treasury comprises FIH's funding costs, including interest expenses in FIH Direct Bank. Treasury is responsible for optimising FIH's interest rate, cash and foreign exchange flows and for the pricing of funding to FIH's other business segments.

### PERFORMANCE IN Q1 2014

A loss before tax of DKK -19.1 million was recorded in Q1 (Q1 2013: DKK -18.3 million).

## Liquidity and funding

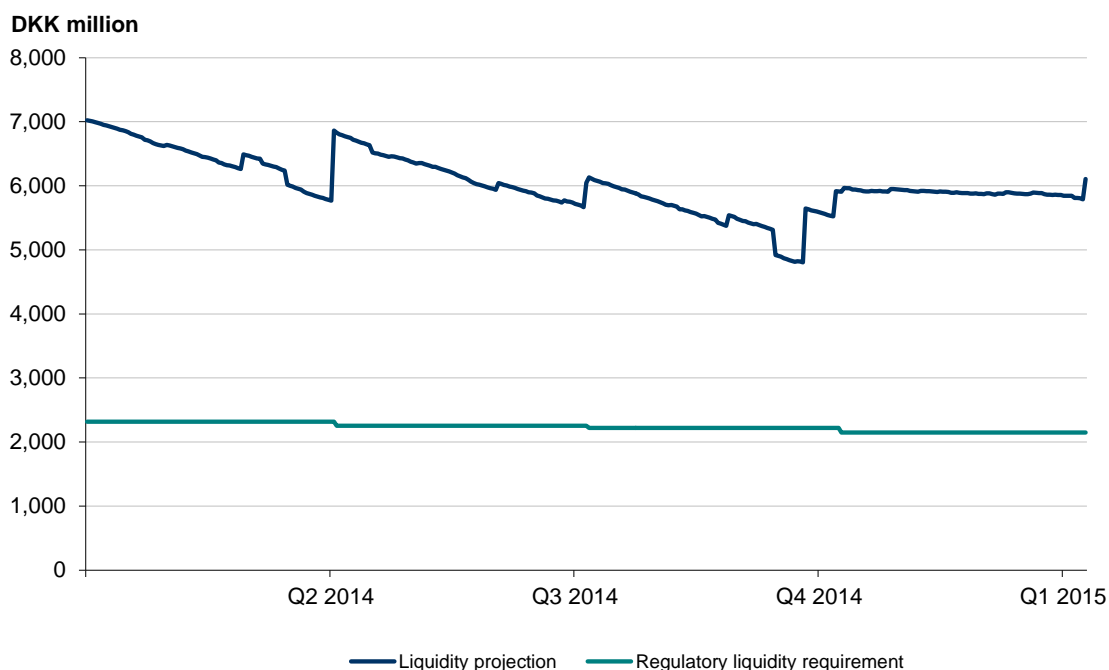
### LIQUIDITY

At end-Q1 2014, FIH's liquidity, calculated in accordance with the Danish Financial Business Act (*Lov om finansiel virksomhed*), totalled DKK 7.0 billion, equivalent to a liquidity buffer of 210 per cent relative to the regulatory requirements (year-end 2013: 221 per cent). In Q4 2013, FIH repaid the remaining loan under Danmarks Nationalbank's 3-year lending facility, and at the beginning of 2014 FIH no longer includes Danmarks Nationalbank's lending facility in its liquidity, which triggered the decline in liquidity in Q1 2014.

The liquidity buffer is larger than required at FIH's current level of activity. FIH's liquidity is mainly invested in highly liquid Danish mortgage bonds.

### Liquidity projection

FIH's liquidity projection, detailed below, illustrates the expected liquidity development in step with the implementation of FIH's business strategy. The regulatory liquidity requirement (Section 152 requirement) is estimated on the basis of the expected reduction of the bank's balance sheet total. FIH's liquidity was strong at the end of Q1 and will continue to be strong going forward.



### FUNDING

FIH's main source of funding is deposits from retail customers and small business customers. Therefore, FIH has a keen focus on ensuring that the deposits with FIH Direct Bank provide a stable source of funding. However, in the past quarter FIH started to gradually reduce its deposits to ensure a better balance between deposit and lending volumes. The strategy of FIH Direct Bank is based on the following elements:

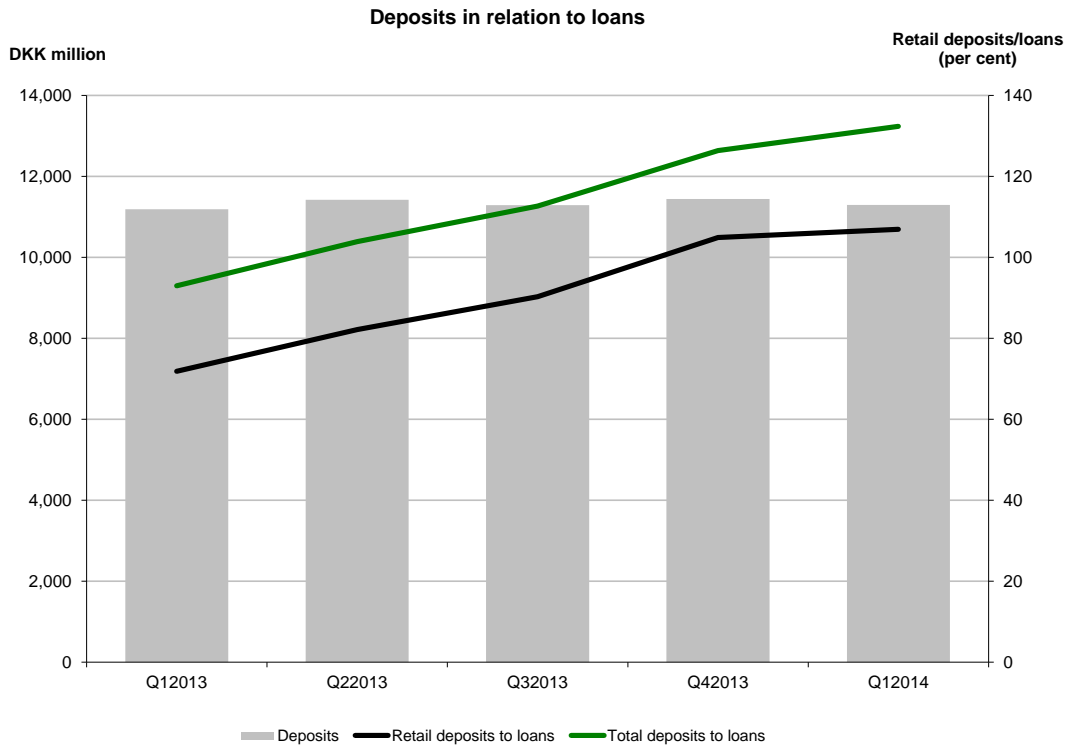
- The aim is to spread deposits over a large number of small customers.
- A longer-than-normal average maturity for deposits in the industry is desired.
- An active interest rate policy is pursued where interest rates are continuously adjusted to ensure the desired deposit volume. Furthermore, the aim of the interest rate policy is to make FIH an attractive bank for depositors.

Deposits from retail customers and small enterprises with FIH Direct Bank totalled DKK 11,412 million at the end of Q1 2014, representing a decline of DKK 30 million since the beginning of the year. FIH continuously lowers the interest rate on deposits for the purpose of reducing the deposit balance in FIH Direct Bank.

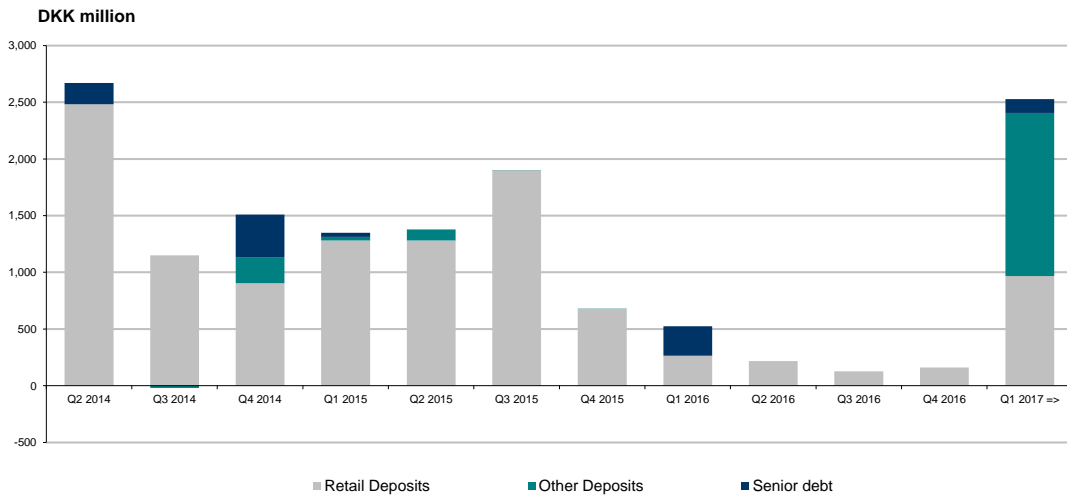
In addition to deposits with FIH Direct Bank, FIH holds other deposits of DKK 2,565 million, comprising deposits from enterprises and institutional investors and deposits held on bond-like terms with a long maturity. Deposits with FIH totalled DKK 13,977 million, equivalent to an increase of DKK 193 million on year-end 2013. As a result,

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132 per cent (year-end 2013: 126 per cent) of FIH's loans are funded by deposits, of which 108 per cent (year-end 2013: 105 per cent) are through deposits with FIH Direct Bank.



## Maturity profile of deposits and senior debt



Apart from deposits, FIH has historically issued bonds of which an amount of DKK 1,051 million was outstanding at end-Q1 2014, with DKK 613 million maturing in 2014. FIH has not issued bonds or other securities on the financial markets in 2014.

FIH estimates that with the bank's current business model a rating of the bank is not needed at present. In consequence, FIH terminated its collaboration agreement with Moody's Investors Service at the end of Q1 2014.

## Credit risks and other risks

### THE QUALITY OF FIH'S CREDIT EXPOSURES

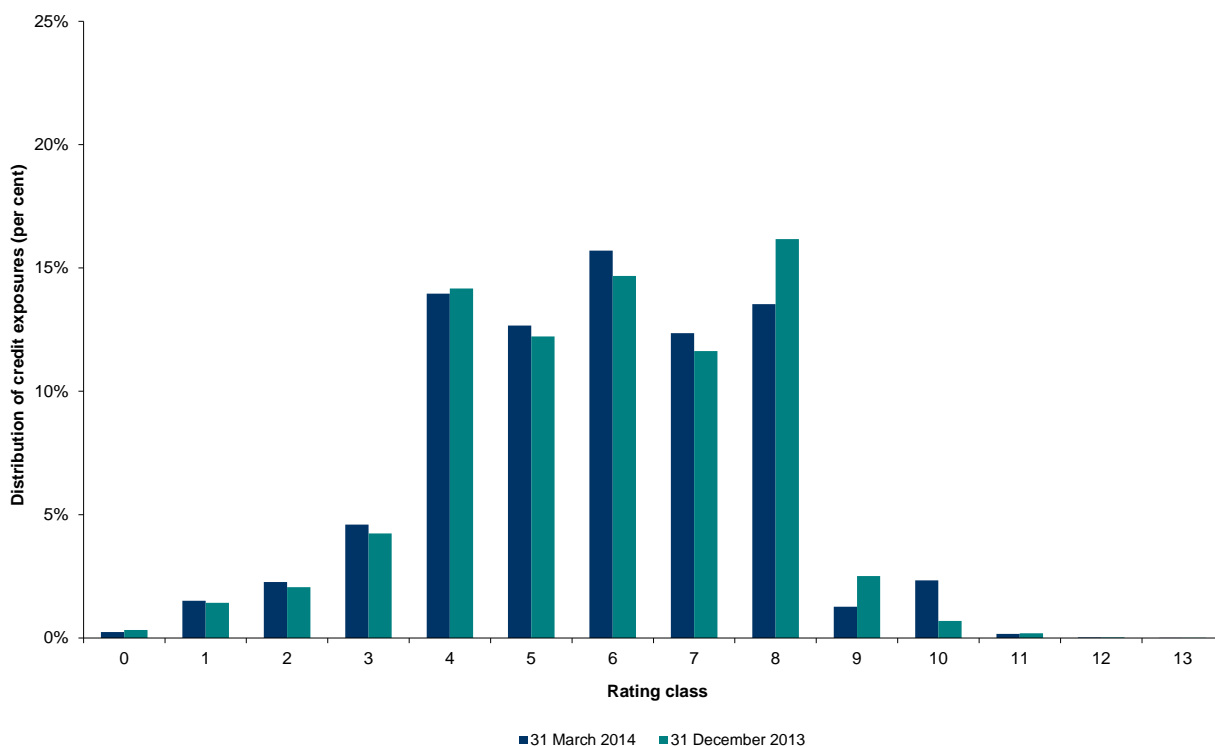
FIH's loans after loan impairment charges totalled DKK 10,561 million (year-end 2013: DKK 10,907 million), while loans before individual loan impairment charges totalled DKK 12,027 million (year-end 2013: DKK 12,424 million). For credit purposes, FIH's loan balance can be broken down as follows:

- Loans with active ratings (rating classes 0-13) totalled DKK 8,510 million after loan impairment charges.
- Default-registered loans (rating class D) amounted to DKK 2,051 million after loan impairment charges.

Loans registered with an objective indication of impairment (OII) accounted for DKK 2,270 million of total loans after loan impairment charges.

For further details on the rating scale, see the FIH Annual Report 2013, page 34 ff. Default-registered loans and loans registered with an objective indication of impairment are described in more detail under 'Loans registered with an objective indication of impairment' below.

A breakdown of FIH's credit exposures by active rating classes is shown below:



Note: Credit exposures comprise outstanding debt on individual commitments, including repayments outstanding, the market value of OTC transactions and guarantees for mortgage credit loans.

The average probability of default on FIH's credit exposures with active ratings was 2.29 at the end of March 2014 (year-end 2013: 2.27).

## LOANS REGISTERED WITH AN OBJECTIVE INDICATION OF IMPAIRMENT

Of the total loan balance of DKK 10,561 million, loans registered with an objective indication of impairment (OII) accounted for DKK 2,270 million (year-end 2013: DKK 2,156 million).

(DKK million)	31.3. 2014	31.12. 2013
<b>OII loans:</b>		
OII: Non-default-registered loans, gross	218	39
OII: Default-registered loans, gross	3,443	3,543
<b>Total OII loans, gross</b>	<b>3,661</b>	<b>3,582</b>
<b>OII loans after individual impairments charges</b>	<b>2,270</b>	<b>2,156</b>
OII rating class D+, gross	2,552	2,596
OII rating class D+ after individual impairment charges	1,693	1,705
OII rating class D-, gross	891	947
<i>of which non-performing loans, gross</i>	<i>891</i>	<i>947</i>
OII rating class D- after individual impairment charges	359	411
<b>Collective impairment charges</b>	<b>74</b>	<b>91</b>

## MARKET RISKS

Market risk is the risk of loss of market value arising from movements in financial markets (interest rate and foreign exchange risks etc.). Through its business activities, FIH is naturally exposed to a number of market risks.

### Approach to market risk

In Q1 2014, FIH significantly reduced its market risk framework in connection with a reduction of the bank's proprietary activities.

FIH's policy is to have a low market risk for the group as a whole as well as no commodity risks.

The table below shows the most significant market risk types and values:

(DKK million)	31.3. 2014	31.12. 2013
VaR of interest rate, foreign exchange and equity risks <i>Calculated on the basis of historical simulation at a one-day horizon and 99-per-cent probability</i>	7	12
Interest rate risk <i>Calculated using the method of accounting of the Danish Financial Supervisory Authority, i.e. the risk arising from a one percentage point parallel rise in the interest rate level of all currencies</i>	-24	-124
Foreign exchange risk <i>Calculated parametrically at a one-day horizon and 99-per-cent probability</i>	0	0

### Further information on credit and market risks

For further information about FIH's credit and market risks and risk management, see the FIH Annual Report 2013 and the Risk Management 2013 report at [www.fih.dk/Top/Om+FIH/Risk+Management/Risikorapporter](http://www.fih.dk/Top/Om+FIH/Risk+Management/Risikorapporter).

## EQUITY RISKS

Equity risk is the risk of loss arising from fluctuations in equity prices. FIH has previously invested in private equities in the Private Equity business segment, which according to the bank's business strategy is being wound up. FIH does not want to assume any equity risk in listed equities.

At the end of Q1 2014, FIH was subject to equity risk from a private equity portfolio of DKK 599.7 million, with FIH's indirect exposure to Pandora A/S through the investment in the Axcel III fund accounting for approx. DKK



431.8 million. In Q1 2014, the Axcel III fund completed a partial sale of the equity portfolio, reducing FIH's sensitivity to changes in Pandora's share price to currently around DKK 1.2 million per price point (year-end 2013: DKK 1.9 million).

The remaining equity portfolio is classified as discontinuing operations as the shareholdings have been put up for sale and are expected to be disposed of during 2014.

## LIQUIDITY RISKS

Liquidity risk is the risk of loss arising from excessive increases in FIH's funding costs or the risk that FIH does not have sufficient financial resources to meet its payment obligations as they fall due. Based on statutory requirements, the Board of Directors has formulated a liquidity policy, establishing the framework for FIH's short-term net liquidity needs.

At end-Q1 2014, FIH's liquidity totalled DKK 7.0 billion, equivalent to a liquidity buffer of 210 per cent relative to the regulatory requirements; in other words, FIH's liquidity meets both the statutory requirements and FIH's own liquidity requirements.

Most of FIH's future cash flows can be determined with reasonable certainty as the volume of FIH's irrevocable credit commitments is limited, as is the volume of on-demand deposits received. Instead, FIH has an ongoing refinancing requirement from a large number of fixed-term deposits. This is reflected in FIH's choice of methods and limits for liquidity risks. FIH performs liquidity stress tests and defines scenarios for liquidity under various assumptions for developments in assets and liabilities on a daily basis.

## THE SUPERVISORY DIAMOND

At end-Q1 2014, FIH was in compliance with the Danish Financial Supervisory Authority's Supervisory Diamond for banks.

At FIH, the benchmarks of the Supervisory Diamond have been calculated based on FIH's overall operations, i.e. both continuing and discontinuing operations.

	Limit	31.3. 2014	31.12. 2013
	< 125 % of capital		
Total amount of large exposures*	base	51 %	64 %
Growth in loans	< 20 %	-49 %	-61 %
Property exposure	< 25 %	20 %	19 %
Liquidity cover	> 50 %	210 %	221 %
Funding ratio	< 100 %	57 %	53 %

\* The total amount of large exposures is calculated according to the Danish Financial Supervisory Authority's guidelines (available in Danish only).

Most of the property exposure is caused by the fact that the deficit-absorbing loan granted to FS Property Finance has been included with a principal amount of DKK 1,650 million. Not including the principal, the property exposure is 8 per cent.

## Solvency requirement and capital position

At end-Q1 2014, FIH's solvency ratio was 26.4 per cent. Since FIH no longer has any subordinated debt, the solvency ratio and the tier 1 capital ratio are now identical. The tier 1 capital after deduction of DKK 5,544 million (year-end 2013: DKK 5,531 million) is thus made up of equity.

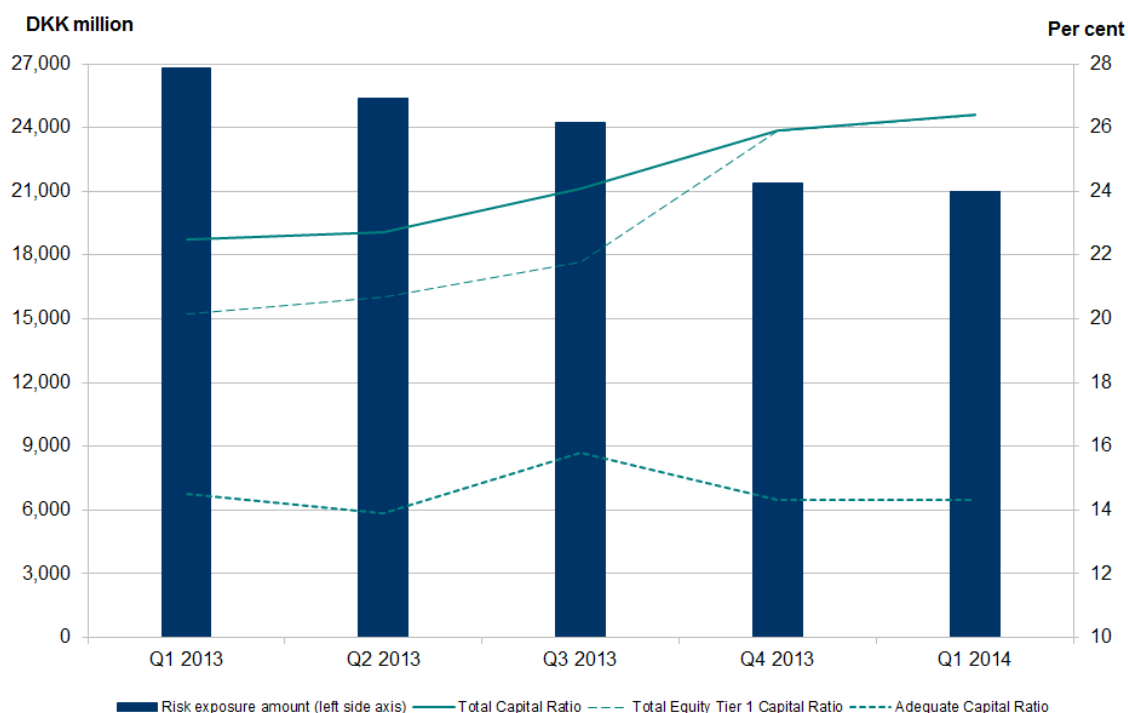
The solvency ratio is calculated after the implementation of the CRD IV rules. The implementation of the rules has resulted in an increase in FIH's risk exposure amount estimated to around DKK 1.4 billion. However, overall the risk exposure amount declined in Q1 2014 due to a substantial reduction in especially the risk exposure amount that are related to market risk.

FIH aims to maintain a solvency ratio that is considerably higher than the regulatory requirements to ensure that FIH is able to resist any significant unexpected losses. This target has more than been achieved as the capital buffer stood at 12.2 percentage points at end-Q1 2014.

FIH's individual solvency requirement is 14.3 per cent (year-end 2013: 14.3 per cent).

FIH's capital planning is adjusted to the current economic situation. FIH has thus focused successfully on reducing the risk exposure amount to DKK 21.0 billion (year-end 2013: DKK 21.4 billion).

FIH's solvency and capital position has been determined for the overall operations, i.e. both continuing and discontinuing operations. For further specification, see note 15.



## Other information

Estimates are used in the recognition and measurement of certain assets and liabilities and, accordingly, the valuation may be uncertain. Such estimates are performed by FIH's management in accordance with the bank's accounting policies and based on generally accepted valuation models, historical experience and assumptions considered to be realistic and reasonable by the management. The most significant estimates relate to FIH's need for loan impairment charges, market value adjustment of OTC products and provisions for losses on guarantees, valuation of the deficit-absorbing loan, valuation of private equities, valuation of FIH's deferred tax asset and determination of fair values for financial instruments. The need for loan impairment charges, including provisions for losses on guarantees, will continue to be significantly affected by economic trends in the time to come. Otherwise, no special uncertainties have affected recognition and measurement in the interim report.

Copenhagen, 13 May 2014

On behalf of the Board of Directors

Christian Dyvig  
Chairman

For further information, please contact Bjarne Graven Larsen, CEO, telephone +45 7222 5003, or Henrik Sjøgreen, CEO, telephone +45 7222 5250.

FIH Erhvervsbank will host a conference call regarding the interim report on Tuesday 13 May 2013 at 14:00 CET where it will be possible to ask questions. The presentation will be given in English. Please call shortly before 14:00 to register name and organisation. The presentation will be available at [www.fih.com](http://www.fih.com) after the release of the interim report.

Conference dial-in details:

Danish local dial-in number:	+45 3544 5579
Swedish participants will dial:	+46 851999364
UK participants will dial:	+44 2033645373
US participants will dial:	+1 8557532237

## Statement by the Executive Board and the Board of Directors

The Board of Directors and the Executive Board have today considered and presented the interim report of FIH Erhvervsbank A/S for the period 1 January to 31 March 2014.

The consolidated interim report is presented in accordance with IAS 34, Interim Financial Reporting, and the parent company interim financial statements are presented in accordance with Executive Order on Financial Reports of Credit Institutions, Investment Firms, etc. Furthermore, the interim report is presented in accordance with additional Danish disclosure requirements for interim reports for financial institutions with listed bonds.

The interim report has not been subject to audit or review.

In our opinion, the consolidated interim financial statements and parent company interim financial statements give a true and fair view of the group's and the parent company's financial position as at 31 March 2014 and of their financial performance and cash flows for the financial period 1 January to 31 March 2014.

Furthermore, in our opinion, the management's review gives a true and fair account of developments in the group's and the parent company's operations and financial position, results for the period and the group's and the parent company's financial position as a whole, as well as a description of significant risks and uncertainties facing the group and the parent company.

Copenhagen, 13 May 2014

### EXECUTIVE BOARD

Bjarne Graven Larsen  
Managing Director and Co-CEO

Henrik Sjøgreen  
Managing Director and Co-CEO

### BOARD OF DIRECTORS

Christian Dyvig  
Chairman

Henrik Heideby  
Deputy Chairman

Daniel Eriksson

Henrik Gade Jepsen

Fredrik Martinsson

Jacob Baggers Willemoes  
Elected by the employees  
board member

Lene Foged Nothlevsen  
Elected by the employees  
board member

Toke Heding  
Elected by the employees  
board member

## Quarterly financial statements for Q1 2014

### Income statement and statement of comprehensive income Q1 2014

(DKK million)	Note	FIH Group			FIH Erhvervsbank A/S		
		Q1 2014	Q1 2013	Full year 2013	Q1 2014	Q1 2013	Full year 2013
<b>INCOME STATEMENT</b>							
Interest income	3	91.2	209.8	545.1	91.2	206.6	537.5
Interest expense	4	82.9	163.8	470.3	82.9	162.0	466.3
<b>Net interest income</b>		<b>8.3</b>	<b>46.0</b>	<b>74.8</b>	<b>8.3</b>	<b>44.6</b>	<b>71.2</b>
Fee and commission income		32.5	37.8	222.4	14.4	18.9	80.5
Fees and commissions paid		1.1	25.9	37.2	1.1	27.0	40.2
<b>Net interest and fee income</b>		<b>39.7</b>	<b>57.9</b>	<b>260.0</b>	<b>21.6</b>	<b>36.5</b>	<b>111.5</b>
Market value adjustments	5	53.4	85.2	638.6	53.4	85.6	639.9
Other operating income		17.7	39.8	43.6	20.0	42.1	53.8
Staff costs and administrative expenses	6	96.3	105.5	442.6	82.3	87.3	339.0
Depreciation, amortisation and impairment charges; property, plant and equipment as well as intangible assets		0.8	1.4	6.7	0.7	1.4	6.1
Other operating costs		6.8	9.1	32.9	6.8	9.1	32.9
Impairment charges on loans and receivables etc.	7	-3.3	50.7	139.3	-3.3	50.7	139.3
Profit from investments in associates and group enterprises		0.0	0.0	0.0	1.3	0.4	24.7
<b>Profit before tax</b>		<b>10.2</b>	<b>16.2</b>	<b>320.7</b>	<b>9.8</b>	<b>16.1</b>	<b>312.6</b>
Tax		24.8	8.0	68.6	24.4	7.9	60.5
<b>Net profit after tax, continuing operations</b>		<b>-14.6</b>	<b>8.2</b>	<b>252.1</b>	<b>-14.6</b>	<b>8.2</b>	<b>252.1</b>
<b>Net profit after tax, discontinuing operations</b>	11	<b>90.8</b>	<b>62.8</b>	<b>-24.2</b>	<b>90.8</b>	<b>62.8</b>	<b>-24.2</b>
<b>Total:</b>							
<b>Net profit after tax</b>		<b>76.2</b>	<b>71.0</b>	<b>227.9</b>	<b>76.2</b>	<b>71.0</b>	<b>227.9</b>
<b>COMPREHENSIVE INCOME</b>							
<b>Net profit for the period</b>		<b>76.2</b>	<b>71.0</b>	<b>227.9</b>	<b>76.2</b>	<b>70.9</b>	<b>227.9</b>
<b>Other comprehensive income:</b>							
Items which cannot be transferred to the income statement		0.0	0.0	0.0	0.0	0.0	0.0
Tax thereon		0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Items which can subsequently be transferred to the income statement		0.0	0.0	0.0	0.0	0.0	0.0
Tax thereon		0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total comprehensive income</b>		<b>76.2</b>	<b>71.0</b>	<b>227.9</b>	<b>76.2</b>	<b>70.9</b>	<b>227.9</b>

Note 1: Accounting policies

Note 2: Segment information

Note 12: Offsetting in the FIH Group

Note 13: Fair value of financial instruments

Note 14: Financial assets and liabilities at fair value

Note 15: Capital position in the FIH Group

## Balance sheet 31 March 2014

(DKK million)	Note	FIH Group			FIH Erhvervsbank A/S		
		31.3. 2014	31.12. 2013	31.3. 2013	31.3. 2014	31.12. 2013	31.3. 2013
<b>ASSETS</b>							
Cash in hand and demand deposits with central banks		266.1	12.6	572.7	266.1	12.6	572.7
Due from credit institutions and central banks		697.9	906.6	2,523.0	697.9	906.6	2,487.1
Loans and other receivables at fair value		0.0	0.0	148.5	0.0	0.0	0.0
Loans and other receivables at amortised cost	7	10,561.3	10,906.5	15,418.3	10,561.3	10,906.5	16,269.9
Bonds at fair value		9,830.5	10,928.6	10,747.6	9,830.5	10,928.5	10,653.5
Investments in group enterprises		-	-	-	550.2	571.9	860.8
Intangible assets		3.6	4.0	6.0	196.7	197.1	6.0
Land and buildings:							
- Investment properties		673.1	682.8	737.3	673.1	682.8	737.3
- Domicile properties		2.2	2.2	2.2	2.2	2.2	2.2
Other tangible assets		1.2	1.4	2.0	1.1	1.4	2.0
Current tax assets		0.0	0.0	0.0	2.2	0.0	21.6
Deferred tax assets		112.7	112.4	148.6	115.1	114.4	148.3
Assets held temporarily		54.8	45.1	0.0	54.8	45.1	30.3
Other assets		2,229.6	2,243.3	6,543.6	2,212.0	2,222.0	6,573.4
Prepayments		18.0	17.6	23.0	17.3	16.6	21.8
Discontinuing operations	11	1,412.7	1,637.2	7,693.7	1,412.7	1,637.2	7,693.5
<b>Total assets</b>		<b>25,863.7</b>	<b>27,500.3</b>	<b>44,566.5</b>	<b>26,593.2</b>	<b>28,244.9</b>	<b>46,080.4</b>
<b>LIABILITIES</b>							
<b>Debt</b>							
Due to credit institutions and central banks		1,901.4	3,273.1	3,693.0	1,901.4	3,273.1	3,691.9
Deposits and other debt		13,976.6	13,783.2	14,470.2	14,494.7	14,374.1	15,004.5
Bonds issued at amortised cost	8	1,051.4	1,048.5	12,206.1	1,051.4	1,048.5	12,206.1
Bonds issued at fair value	8	0.0	0.0	144.5	0.0	0.0	0.0
Current tax liabilities		71.0	29.3	0.0	67.0	23.1	31.7
Other liabilities		2,907.5	3,474.9	7,525.9	2,900.6	3,412.4	8,397.2
Accruals and deferred income		2.6	2.4	3.4	2.6	2.4	3.4
Discontinuing operations		85.1	86.9	0.0	85.1	86.9	0.0
<b>Total debt</b>		<b>19,995.6</b>	<b>21,698.3</b>	<b>38,043.1</b>	<b>20,502.8</b>	<b>22,220.5</b>	<b>39,334.8</b>
<b>Provisions for liabilities</b>							
Provisions for pensions and similar commitments		3.7	3.7	4.1	3.7	3.7	4.1
Provisions for losses on guarantees	7	101.7	111.8	126.9	101.7	111.8	136.4
Other provisions for commitments		9.6	9.6	9.6	9.6	9.6	0.0
<b>Total provisions for liabilities</b>		<b>115.0</b>	<b>125.1</b>	<b>140.6</b>	<b>115.0</b>	<b>125.1</b>	<b>140.5</b>
<b>Subordinated debt</b>	9	<b>0.0</b>	<b>0.0</b>	<b>835.0</b>	<b>0.0</b>	<b>0.0</b>	<b>835.0</b>
<b>Total equity</b>		<b>5,753.1</b>	<b>5,676.9</b>	<b>5,547.8</b>	<b>5,975.4</b>	<b>5,899.3</b>	<b>5,770.1</b>
<b>Total liabilities</b>		<b>25,863.7</b>	<b>27,500.3</b>	<b>44,565.5</b>	<b>26,593.2</b>	<b>28,244.9</b>	<b>46,080.4</b>
<b>Off-balance-sheet items</b>							
Guarantees, etc.	10	1,148.0	1,204.3	1,249.0	1,148.0	1,204.3	1,259.3
Other contingent liabilities		1,423.2	1,210.8	1,276.1	1,423.2	1,210.8	2,552.8
Discontinuing operations, other contingent liabilities		63.3	65.5	226.8	63.3	65.5	226.8
<b>Off-balance-sheet items</b>		<b>2,634.5</b>	<b>2,480.6</b>	<b>2,751.9</b>	<b>2,634.4</b>	<b>2,480.6</b>	<b>4,038.9</b>

## Statement of changes in equity 31 March 2014 – FIH Group

Specification of changes in equity (DKK million)	Share capital	Revaluation	Retained	Total equity
		reserve, property	earnings	
<b>Total equity 1.1.2013</b>	<b>513.6</b>	<b>1.4</b>	<b>4,961.8</b>	<b>5,476.8</b>
Net profit and comprehensive income for the period	-	-	71.0	71.0
Proposed dividend for the period	-	-	-	-
Distributed dividend for the period	-	-	-	-
<b>Total equity 31.3.2013</b>	<b>513.6</b>	<b>1.4</b>	<b>5,032.8</b>	<b>5,547.8</b>
Net profit and comprehensive income for the period	-	-	156.9	156.9
Reversal in respect of previous years	-	-	-27.8	-27.8
Proposed dividend for the period	-	-	-	-
Distributed dividend for the period	-	-	-	-
<b>Total equity 31.12.2013</b>	<b>513.6</b>	<b>1.4</b>	<b>5,161.9</b>	<b>5,676.9</b>
Net profit and comprehensive income for the period	-	-	76.2	76.2
Proposed dividend for the period	-	-	-	-
Distributed dividend for the period	-	-	-	-
<b>Total equity 31.3.2014</b>	<b>513.6</b>	<b>1.4</b>	<b>5,238.1</b>	<b>5,753.1</b>

## Statement of changes in equity 31 March 2014 – FIH Erhvervsbank A/S

Specification of changes in equity (DKK million)	Share capital	Revaluation	Net revaluation	Retained	Total equity
		reserve, property	according to the equity method	earnings	
<b>Total equity 1.1.2013</b>	<b>513.6</b>	<b>1.4</b>	<b>327.4</b>	<b>4,856.8</b>	<b>5,699.2</b>
Net profit and comprehensive income for the period	-	-	-36.5	107.4	70.9
Proposed dividend for the period	-	-	-	-	-
Distributed dividend for the period	-	-	-	-	-
<b>Total equity 31.3.2013</b>	<b>513.6</b>	<b>1.4</b>	<b>290.9</b>	<b>4,964.2</b>	<b>5,770.1</b>
Net profit and comprehensive income for the period	-	-	16.2	140.8	157.0
Reversal in respect of previous years	-	-	-	-27.8	-27.8
Proposed dividend for the period	-	-	-	-	-
Distributed dividend for the period	-	-	-	-	-
<b>Total equity 31.12.2013</b>	<b>513.6</b>	<b>1.4</b>	<b>307.1</b>	<b>5,077.2</b>	<b>5,899.3</b>
Net profit and comprehensive income for the period	-	-	1.4	74.7	76.1
Proposed dividend for the period	-	-	-	-	-
Distributed dividend for the period	-	-	-	-	-
<b>Total equity 31.3.2014</b>	<b>513.6</b>	<b>1.4</b>	<b>308.5</b>	<b>5,151.9</b>	<b>5,975.4</b>

## Cash flow statement Q1 2014

(DKK million)	FIH Group		
	Q1 2014	Q1 2013	Full year 2013
<b>Net profit for the period</b>	101.0	78.9	296.4
Taxes paid	16.7	0.0	-15.0
Regulations for non-cash operations	177.7	-136.7	-347.7
Loans and guarantees	336.0	509.0	4,823.9
Loans to FS Property Finance A/S	0.0	7,616.7	13,428.9
Bonds	1,103.3	6,220.6	5786.8
Deposits	184.1	424.0	-314.6
Bank debt	-1,377.5	-453.9	-733.1
Other assets/liabilities	-493.5	-1,198.9	-1,063.3
Other	-0.5	-67.4	62.4
<b>Cash flow from operating activities</b>	<b>47.3</b>	<b>12,992.3</b>	<b>21,924.7</b>
Net investments, shares	-2.5	3.4	62.2
Net investments, treasury shares	0.0	0.0	0.0
Net investments, tangible and intangible assets	0.0	-0.8	-0.9
<b>Cash flow from investing activities</b>	<b>-2.5</b>	<b>2.6</b>	<b>61.3</b>
Change in subordinated debt	0.0	-991.4	-1,300.0
Change in bonds issued	0.0	-11,184.5	-22,043.5
<b>Cash flow from financing activities</b>	<b>0.0</b>	<b>-12,175.9</b>	<b>-23,343.5</b>
Change during the period	44.8	819.0	-1,357.5
Cash and equivalents, beginning of period	919.2	2,276.7	2,276.7
<b>Cash and equivalents, end of period</b>	<b>964.0</b>	<b>3,095.7</b>	<b>919.2</b>
<b>Cash and equivalents according to the balance sheet</b>	<b>964.0</b>	<b>3,095.7</b>	<b>919.2</b>

Loans to FS Property Finance A/S comprise a deficit-absorbing loan of DKK 1.65 million. The bridge loan was repaid end-H1 2013. The cash flow effect of discontinuing operations is specified in note 11.



## Income statement and statement of comprehensive income, broken down in quarters

(DKK million)	FIH Group					
	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
<b>INCOME STATEMENT</b>						
Interest income	91.2	97.8	89.4	148.1	209.8	278.4
Interest expense	82.9	91.9	96.6	118.0	163.8	215.6
<b>Net interest income</b>	<b>8.3</b>	<b>5.9</b>	<b>-7.2</b>	<b>30.1</b>	<b>46.0</b>	<b>62.8</b>
Fee and commission income	32.5	84.0	63.3	37.2	37.8	67.2
Fees and commissions paid	1.1	2.2	1.5	7.5	25.9	35.3
<b>Net interest and fee income</b>	<b>39.7</b>	<b>87.7</b>	<b>54.6</b>	<b>59.8</b>	<b>57.9</b>	<b>94.7</b>
Market value adjustments	53.4	348.4	117.8	87.3	85.2	9.2
Other operating income	17.7	-39.4	20.8	22.4	39.8	36.5
Staff costs and administrative expenses	96.3	123.8	116.4	96.9	105.5	127.7
Depreciation, amortisation and impairment charges; property, plant and equipment as well as intangible assets	0.8	1.2	2.4	1.7	1.4	3.5
Other operating costs	6.8	8.1	7.1	8.6	9.1	2.6
Impairment charges on loans and receivables etc.	-3.3	14.7	44.1	29.8	50.7	510.0
<b>Profit before tax</b>	<b>10.2</b>	<b>248.9</b>	<b>23.2</b>	<b>32.5</b>	<b>16.2</b>	<b>-503.4</b>
Tax	24.8	79.3	-18.4	-0.3	8.0	10.1
<b>Net profit after tax, continuing operations</b>	<b>-14.6</b>	<b>169.6</b>	<b>41.6</b>	<b>32.8</b>	<b>8.2</b>	<b>-513.5</b>
<b>Discontinuing operations:</b>						
<b>Net profit after tax, discontinuing operations</b>	<b>90.8</b>	<b>-47.1</b>	<b>-61.7</b>	<b>21.8</b>	<b>62.8</b>	<b>-128.3</b>
<b>Total:</b>						
<b>Net profit after tax</b>	<b>76.2</b>	<b>122.5</b>	<b>-20.1</b>	<b>54.6</b>	<b>71.0</b>	<b>-641.8</b>
<b>COMPREHENSIVE INCOME</b>						
<b>Net profit for the period</b>	76.2	122.5	-20.1	54.6	71.0	-641.8
<b>Other comprehensive income:</b>						
Items which cannot be transferred to the income statement	0.0	0.0	0.0	0.0	0.0	0.0
Tax thereon	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Items which can subsequently be transferred to the income statement	0.0	0.0	0.0	0.0	0.0	0.0
Tax thereon	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total comprehensive income</b>	<b>76.2</b>	<b>122.5</b>	<b>-20.1</b>	<b>54.6</b>	<b>71.0</b>	<b>-641.8</b>

## Notes

### **Note 1 - Accounting policies**

The consolidated interim financial statements are presented in accordance with IAS 34, Presentation of interim reports, as adopted by the EU. The consolidated interim financial statements are also presented in accordance with additional Danish disclosure requirements formulated by Nasdaq OMX Copenhagen for interim financial statements of issuers of listed bonds and Executive Order on the use of international financial reporting standards for undertakings subject to the Danish Financial Business Act. The interim financial statements of the Parent Company are presented in accordance with the Danish Financial Business Act, including Executive Order on the Presentation of Financial Statements by Credit Institutions and Investment Firms, etc. (Executive Order on the Presentation of Financial Statements). The rules on recognition and measurement in the Parent Company comply with IFRS – except for measurement of group enterprises and associates, which are recognised at equity value in compliance with the Danish Financial Supervisory Authority's Executive Order on the Presentation of Financial Statements, where IFRS prescribes measurement at cost or fair value. The interim financial statements of the Parent Company are also presented in accordance with additional Danish disclosure requirements formulated by Nasdaq OMX Copenhagen for interim financial statements of financial institutions with listed debt instruments and the Danish Financial Business Act.

### **Change in accounting policies**

Effective from 1 January 2014, FIH Erhvervsbank has implemented the standards and interpretations, including amendments, taking effect in Q1 2014.

The accounting policies applied are consistent with those of the FIH Annual Report 2013; see the FIH Annual Report 2013 for a description of the accounting policies applied.

### **Change of accounting estimates**

For a description of accounting estimates, see page 19.

### **Discontinuing operations**

The Private Equity business segment complies with the definitions of discontinuing operations and, accordingly, has been reclassified to separate accounting lines. In addition, the loans on FIH Erhvervsbank's balance sheet relating to the transaction with the Financial Stability Company comply with the definitions of discontinuing operations. Both the cash flow statement and ratios have been calculated inclusive of discontinuing operations.

### **Related parties:**

All transactions with related parties are settled on an arm's length basis (market terms) or on a cost recovery basis.

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## Note 2 – Segment information

Segment financial statement based on the primary activities of the FIH Group is presented below.

31 March 2014 (DKK million)	Banking	Markets	Corporate Finance	Other activities	Total continuing operations	Discontinuing operations	Total
<b>Income statement</b>							
Net interest and fee income	70.0	-38.8	18.1	-9.6	39.7	-10.2	29.5
Market value adjustments	1.7	58.1	0.0	-6.4	53.4	-209.1	-155.7
Other operating income	3.4	0.0	0.0	14.3	17.7	333.4	351.1
Operating costs	44.6	25.5	16.4	17.4	103.9	0.0	103.9
Impairment charges and losses on loans and other receivables etc.	-3.3	0.0	0.0	0.0	-3.3	0.0	-3.3
Profit/loss on equity investments	0.0	0.0	0.0	0.0	0.0	-23.3	-23.3
<b>Profit before tax</b>	<b>33.8</b>	<b>-6.2</b>	<b>1.7</b>	<b>-19.1</b>	<b>10.2</b>	<b>90.8</b>	<b>101.0</b>
<b>Balance sheet</b>							
Loans	10,561.3	0.0	0.0	964.0	11,525.3	0.0	11,525.3
Bonds	0.0	9,830.5	0.0	0.0	9,830.5	0.0	9,830.5
Other assets, etc.	673.1	1,124.9	0.0	1,297.2	3,095.2	0.0	3,095.2
Discontinuing operations	0.0	0.0	0.0	0.0	0.0	1,412.7	1,412.7
<b>Total assets</b>	<b>11,234.4</b>	<b>10,955.4</b>	<b>0.0</b>	<b>2,261.2</b>	<b>24,451.0</b>	<b>1,412.7</b>	<b>25,863.7</b>

Segmental financial statement is prepared on the basis of the margins, etc., recognised for individual business segments. Accordingly, no inter-company interest rates are allocated between segments and no liabilities are allocated. No tax is calculated for the individual business areas.

31 March 2013 (DKK million)	Banking	Markets	Corporate Finance	Other activities	Total continuing operations	Discontinuing operations	Total
<b>Income statement</b>							
Net interest and fee income	87.8	-29.7	19.0	-19.0	58.1	-47.8	10.3
Market value adjustments	16.1	68.8	0.0	0.3	85.2	126.2	211.4
Other operating income	1.8	0.0	0.0	37.9	39.7	0.0	39.7
Operating costs	35.1	24.6	19.3	37.1	116.1	0.0	116.1
Impairment charges and losses on loans and other	50.7	0.0	0.0	0.0	50.7	0.0	50.7
Profit/loss on equity investments	0.0	0.0	0.0	0.0	0.0	-15.6	-15.6
<b>Profit before tax</b>	<b>19.9</b>	<b>14.5</b>	<b>-0.3</b>	<b>-17.9</b>	<b>16.2</b>	<b>62.8</b>	<b>79.0</b>
<b>Balance sheet</b>							
Loans	15,566.8	0.0	0.0	0.0	15,566.8	0.0	15,566.8
Bonds	0.0	10,747.6	0.0	0.0	10,747.6	0.0	10,747.6
Other assets, etc.	737.3	5,363.2	0.0	4,457.9	10,558.4	0.0	10,558.4
Discontinuing operations	0.0	0.0	0.0	0.0	0.0	7,693.7	7,693.7
<b>Total assets</b>	<b>16,304.1</b>	<b>16,110.8</b>	<b>0.0</b>	<b>4,457.9</b>	<b>36,872.8</b>	<b>7,693.7</b>	<b>44,566.5</b>

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(DKK million)	FIH Group			FIH Erhvervsbank A/S		
	Q1 2014	Q1 2013	Full year 2013	Q1 2014	Q1 2013	Full year 2013
<b>Note 3 – Interest income:</b>						
<b>Amortised cost</b>						
Due from credit institutions and central banks	1.5	0.9	4.9	1.5	0.9	4.9
Loans and other receivables	128.5	168.4	619.6	128.5	167.9	619.7
Other interest income	0.0	0.0	0.2	0.0	0.0	0.2
<b>Total</b>	<b>130.0</b>	<b>169.3</b>	<b>624.7</b>	<b>130.0</b>	<b>168.8</b>	<b>624.8</b>
<b>Fair value</b>						
Loan and other receivables	0.0	2.7	6.1	0.0	0.0	0.0
Bonds	54.8	76.6	227.8	54.8	76.6	226.2
Currency contracts	6.4	28.3	49.9	6.4	28.3	49.9
Interest rate contracts	-100.0	-67.1	-363.4	-100.0	-67.1	-363.4
<b>Total</b>	<b>-38.8</b>	<b>40.5</b>	<b>-79.6</b>	<b>-38.8</b>	<b>37.8</b>	<b>-87.3</b>
<b>Total interest income</b>	<b>91.2</b>	<b>209.8</b>	<b>545.1</b>	<b>91.2</b>	<b>206.6</b>	<b>537.5</b>
<b>Note 4 – Interest expenses:</b>						
<b>Amortised cost</b>						
Debt to credit institutions and central banks	1.1	2.4	8.7	1.1	2.0	8.7
Repurchase transactions related to credit institutions and central banks	0.0	0.1	0.1	0.0	0.1	0.1
Other repurchase transactions	0.4	0.4	0.4	0.4	0.4	0.4
Deposits and other debt	75.2	96.2	385.9	75.2	96.6	385.9
Bonds issued	1.6	1.8	10.8	1.6	0.0	10.9
Other interest expenses	0.1	0.0	0.3	0.1	0.0	0.3
<b>Total</b>	<b>78.4</b>	<b>100.9</b>	<b>406.2</b>	<b>78.4</b>	<b>99.1</b>	<b>406.3</b>
<b>Fair value</b>						
Bonds issued	4.0	52.1	36.2	4.0	52.1	32.1
Subordinated debt	0.5	10.8	27.9	0.5	10.8	27.9
<b>Total</b>	<b>4.5</b>	<b>62.9</b>	<b>64.1</b>	<b>4.5</b>	<b>62.9</b>	<b>60.0</b>
<b>Total interest expenses</b>	<b>82.9</b>	<b>163.8</b>	<b>470.3</b>	<b>82.9</b>	<b>162.0</b>	<b>466.3</b>
<b>Note 5 – Market value adjustments:</b>						
Other loans and receivables at amortised cost, hedging	-0.1	-26.5	-77.7	-0.1	-27.2	-77.7
Bonds	5.1	-61.9	-314.6	5.1	-61.6	-313.3
Investment properties	-9.8	-13.0	-38.9	-9.8	-13.0	-38.9
Foreign currency	-2.0	-10.9	-35.2	-2.0	-10.9	-35.2
Derivative financial instruments*	76.7	109.7	425.2	76.7	109.9	425.2
Bonds issued – mortgage credit bonds	-16.2	89.3	682.3	-16.2	89.1	682.3
Other assets	-0.3	-1.5	-2.5	-0.3	-0.7	-2.5
<b>Total market value adjustments</b>	<b>53.4</b>	<b>85.2</b>	<b>638.6</b>	<b>53.4</b>	<b>85.6</b>	<b>639.9</b>

\* Loan impairment charges on customer derivatives accounting for DKK -1.7 million for Q1 2014 (Q1 2013: DKK -16.1 million).

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(DKK million)	FIH Group			FIH Erhvervsbank A/S		
	Q1 2014	Q1 2013	Full year 2013	Q1 2014	Q1 2013	Full year 2013
<b>Note 6 – Staff costs and administrative expenses:</b>						
Salaries and remuneration of Board of Directors, Executive Board and Other employees with significant influence on the company's risk profile (Risk Takers)	9.1	9.0	39.1	9.1	8.8	38.8
Staff costs:						
Salaries	37.6	55.2	221.4	27.2	40.4	136.8
Pensions	3.1	3.3	13.4	3.1	3.3	13.2
Social security costs	6.4	6.8	28.9	4.6	5.0	20.1
Share-based payments	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>47.1</b>	<b>65.3</b>	<b>263.7</b>	<b>34.9</b>	<b>48.7</b>	<b>170.1</b>
Other administrative expenses	40.1	31.2	139.8	38.3	29.8	130.1
<b>Total staff costs and administrative expenses</b>	<b>96.3</b>	<b>105.5</b>	<b>442.6</b>	<b>82.3</b>	<b>87.3</b>	<b>339.0</b>

Under the Danish Act on State-Funded Capital Injections into Credit Institutions, it is a condition that, while receiving the capital contribution, the credit institution may deduct only 50 per cent of the remuneration of the individual executive director in the tax accounts. From and including 2013, the FIH Group will no longer be subject to this provision.

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(DKK million)	FIH Group			FIH Erhvervsbank A/S		
	31.3.2014	31.12.2013	31.3.2013	31.3.2014	31.12.2013	31.3.2013
<b>Note 7 – Impairment charges on loans and other receivables</b>						
<b>Impairment charges on loans and other receivables etc.</b>						
Impairment charges, beginning of year	1,427.3	1,538.0	1,538.0	1,427.3	1,538.0	1,538.0
Reversal of previous impairment charges	35.2	196.9	106.2	35.2	196.9	106.2
Impairment charges during the period	54.5	609.0	229.7	54.5	609.0	229.7
Losses recorded	54.9	522.8	47.3	54.9	522.8	47.3
Market value adjustment reclassified to other assets	0.0	0.0	32.5	0.0	0.0	32.5
<b>Individual impairment charges, end of period</b>	<b>1,391.7</b>	<b>1,427.3</b>	<b>1,646.7</b>	<b>1,391.7</b>	<b>1,427.3</b>	<b>1,646.7</b>
<b>Loans, collective impairment charges</b>						
Impairment charges, beginning of year	90.5	377.6	377.6	90.5	377.6	377.6
Impairment charges during the period	-16.5	-287.1	-82.8	-16.5	-287.1	-82.8
<b>Collective impairment charges, end of period</b>	<b>74.0</b>	<b>90.5</b>	<b>294.8</b>	<b>74.0</b>	<b>90.5</b>	<b>294.8</b>
<b>Loans, total impairment charges</b>						
Impairment charges, beginning of year	1,517.8	1,915.6	1,915.6	1,517.8	1,915.6	1,915.6
Reversal of previous impairment charges	51.7	196.9	189.0	51.7	196.9	189.0
Impairment charges during the period	54.5	321.9	229.7	54.5	321.9	229.7
Losses recorded	54.9	522.8	47.3	54.9	522.8	47.3
Market value adjustments reclassified to other assets	0.0	0.0	32.5	0.0	0.0	32.5
<b>Total impairment charges, end of period</b>	<b>1,465.7</b>	<b>1,517.8</b>	<b>1,941.5</b>	<b>1,465.7</b>	<b>1,517.8</b>	<b>1,941.5</b>
Total loans for which an objective indication for impairment has occurred before impairment charges	3,661.3	3,582.0	4,596.2	3,661.3	3,582.0	4,596.2
Total loans for which an objective indication for impairment has occurred after impairment charges	2,269.6	2,154.7	2,949.5	2,269.6	2,154.7	2,949.5
Accumulated impairment charges on loans, has a percentage of loans, end of period	12.2 %	12.2 %	11.1%	12.2 %	12.2 %	11.2%
Losses and impairment charges on loans as a percentage of loans, end of period	0.0 %	1.1 %	0.3 %	0.0 %	1.1 %	0.3 %
Net losses recorded, as a percentage of the impairment balance, beginning of year	3.6 %	27.3 %	2.5 %	3.6 %	27.3 %	2.5 %
<b>Provisions for losses on guarantees</b>						
Provisions for losses on guarantees, beginning of year	111.8	121.4	121.4	111.8	121.4	121.4
Provisions for the period	12.8	63.6	21.2	12.8	63.6	21.2
Provisions applied for the period	8.5	65.9	6.1	8.5	65.9	6.1
Unused provisions, written-back	14.4	7.3	9.6	14.4	7.3	9.6
<b>Provisions for losses on guarantees, end of period</b>	<b>101.7</b>	<b>111.8</b>	<b>126.9</b>	<b>101.7</b>	<b>111.8</b>	<b>126.9</b>

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(DKK million)	FIH Group			FIH Erhvervsbank A/S		
	31.3.2014	31.12.2013	31.3.2013	31.3.2014	31.12.2013	31.3.2013
<b>Note 8 – Bonds issued:</b>						
<b>Bonds issued at amortised cost</b>						
Bonds issued at amort. cost beg. of period	1,048.5	23,158.2	23,158.2	1,048.5	23,158.2	23,158.2
New issues	0.0	0.0	0.0	0.0	0.0	0.0
Buy-backs	0.0	694.9	0.0	0.0	694.9	0.0
Redemptions	0.0	21,195.2	11,189.6	0.0	21,195.2	11,189.6
Market value adjustments	2.9	-219.6	237.5	2.9	-219.6	237.5
<b>Bonds issued at amortised costs, end of period</b>	<b>1,051.4</b>	<b>1,048.5</b>	<b>12,206.1</b>	<b>1,051.4</b>	<b>1,048.5</b>	<b>12,206.1</b>
<b>Bonds issued at fair value</b>						
Bonds issued at fair value. beg. of period	0.0	156.0	156.0	0.0	0.0	0.0
Redemptions	0.0	145.4	10.6	0.0	0.0	0.0
Market value adjustments	0.0	-10.6	-0.9	0.0	0.0	0.0
<b>Bonds issued at fair value, end of period</b>	<b>0.0</b>	<b>0.0</b>	<b>144.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

FIH has not repurchased own issues in Q1 2014. (Q1 2013: DKK 0 million).

<b>Note 9 – Subordinated debt</b>						
Subordinated debt. beginning of period	0.0	1,830.4	1,830.4	0.0	1,830.4	1,830.4
Buy-backs	0.0	308.6	0.0	0.0	308.6	0.0
Redemptions	0.0	991.4	991.4	0.0	991.4	991.4
Market value adjustments	0.0	530.4	-4.0	0.0	530.4	-4.0
<b>Subordinated debt. end of period</b>	<b>0.0</b>	<b>0.0</b>	<b>835.0</b>	<b>0.0</b>	<b>0.0</b>	<b>835.0</b>
<b>Subordinated debt – maturity profile</b>						
Tier 2						
4.80 % JPY 10-bn 31.03.2032	0.0	0.0	835.0	0.0	0.0	835.0
<b>Total subordinated debt, end of period</b>	<b>0.0</b>	<b>0.0</b>	<b>835.0</b>	<b>0.0</b>	<b>0.0</b>	<b>835.0</b>
Subordinated debt that may be included in the calculation of the base capital	0.0	0.0	620.9	0.0	0.0	620.9

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(DKK million)	FIH Group			FIH Erhvervsbank A/S		
	31.3.2014	31.12.2013	31.3.2013	31.3.2014	31.12.2013	31.3.2013
<b>Note 10 – Off-balance-sheet items</b>						
<b>Guarantees etc.</b>						
Financial guarantees	115.4	121.4	97.1	115.4	121.4	97.1
Other contingent liabilities	986.5	1,028.8	1,149.9	986.5	1,028.8	1,160.3
Discontinuing operations	46.1	54.1	2.0	46.1	54.1	1.9
<b>Total guarantees etc.</b>	<b>1,148.0</b>	<b>1,204.3</b>	<b>1,249.0</b>	<b>1,148.0</b>	<b>1,204.3</b>	<b>1,259.3</b>
<b>Other contingent liabilities</b>						
Irrevocable loan commitments	1,333.2	1,097.5	1,255.1	1,333.2	1,097.5	2,148.9
Other liabilities	89.9	113.3	21.0	89.9	113.3	403.9
Discontinuing operations	63.3	65.5	226.8	63.3	65.5	226.8
<b>Total other contingent liabilities</b>	<b>1,486.4</b>	<b>1,276.3</b>	<b>1,502.9</b>	<b>1,486.4</b>	<b>1,276.3</b>	<b>2,779.6</b>

#### *Other contingent liabilities*

Other contingent liabilities comprise, among other things, a number of leases and outsourcing agreements – including the lease on Langelinie Allé, which cannot be terminated until mid-2015. Total future minimum payments on FIH's leases and outsourcing agreements are DKK 35.8 million.

The business volume of the FIH Group implies that the Group is a party to various lawsuits. The pending lawsuits are not expected to have a material impact on the financial position of the Group.

#### **Assets pledged as collateral**

At the end of March 2014, FIH Erhvervsbank A/S had deposited bonds with Danmarks Nationalbank and VP Securities totalling DKK 3,015.0 million in connection with clearing and settlement (year-end 2013: DKK 1,474.0 million).

As far as repurchase transactions are concerned, i.e. sale of securities for which an agreement is simultaneously entered into for repurchase at a later date, the securities will remain on the balance sheet and the amount received will be recognised as amounts due to credit institutions. Securities in the form of repurchase transactions are treated as assets pledged as collateral for liabilities. At the end of March 2014, these securities totalled DKK 1,375.0 million (year-end 2013: DKK 2,709.0 million). In addition, FIH has pledged cash and bonds as collateral for exposures totalling DKK 2,239.3 million (year-end 2013: DKK 2,261.5 million) in connection with the CSA agreement. Other than that, the institution has no pledges, mortgages, collateral etc.



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## Note 11 - Discontinuing operations:

Discontinuing operations comprise two components. Matters relating to the demerger and the divestment of the Property Finance segment to the Financial Stability Company and the Private Equity business segment. Loans granted to finance the divestment of the Property Finance business segment, sold to the Financial Stability Company on 2 July 2012, are recognised in the balance sheet.

The two loans consist of a short-term bridge loan with a nominal value of DKK 13,365.3 million and a deficit-absorbing loan with a nominal value of DKK 1,683.8 million. The bridge loan was fully repaid at the end of H1 2013. The loan was repaid as government-guaranteed bonds matured, given that the bridge loan was held in trust for this very purpose. The deficit-absorbing loan will be repaid after deduction of losses in the demerged company, the earliest maturity being in 2017.

Total discontinuing operations are specified below.

(DKK million)	FIH Group			FIH Erhvervsbank A/S		
	Q1 2014	Q1 2013	Full year 2013	Q1 2014	Q1 2013	Full year 2013
<b>INCOME STATEMENT</b>						
Interest income	5.3	81.0	49.3	5.3	81.0	49.3
Interest expense	15.5	178.0	96.9	15.5	178.0	96.9
<b>Net interest income</b>	<b>-10.2</b>	<b>-97.0</b>	<b>-47.6</b>	<b>-10.2</b>	<b>-97.0</b>	<b>-47.6</b>
Dividends from shares etc.	333.4	594.9	0.0	333.4	594.9	0.0
<b>Net interest and fee income</b>	<b>323.2</b>	<b>497.9</b>	<b>-47.6</b>	<b>323.2</b>	<b>497.9</b>	<b>-47.6</b>
Market value adjustments	-209.1	-80.5	126.2	-209.1	-80.5	126.2
Impairment charges on loans and receivables etc.	0.0	35.0	0.0	0.0	35.0	0.0
Other operating costs	0.0	368.8	0.0	0.0	368.8	0.0
Profit from investments in group enterprises and associates	-23.3	-37.8	-15.8	-23.3	-37.8	-15.8
<b>Profit before tax</b>	<b>90.8</b>	<b>-24.2</b>	<b>62.8</b>	<b>90.8</b>	<b>-24.2</b>	<b>62.8</b>
Tax	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net profit for the period, discontinuing operations</b>	<b>90.8</b>	<b>-24.2</b>	<b>62.8</b>	<b>90.8</b>	<b>-24.2</b>	<b>62.8</b>
<b>ASSETS</b>						
Loans and other receivables at amortised cost	0.0	0.0	5,784.6	0.0	0.0	5,784.6
Loans at fair value	813.0	824.0	851.6	813.0	824.0	851.6
Shares, etc.	561.9	752.1	1,029.3	561.9	752.1	1,029.3
Investments in associates	37.8	61.1	28.2	37.8	61.1	28.0
<b>Total assets</b>	<b>1,412.7</b>	<b>1,637.2</b>	<b>7,693.7</b>	<b>1,412.7</b>	<b>1,637.2</b>	<b>7,693.5</b>
<b>LIABILITIES</b>						
Other liabilities	50.1	51.9	0.0	50.1	51.9	0.0
Other provisions	35.0	35.0	0.0	35.0	35.0	0.0
<b>Total liabilities</b>	<b>85.1</b>	<b>86.9</b>	<b>0.0</b>	<b>85.1</b>	<b>86.9</b>	<b>0.0</b>
<b>CASH FLOWS</b>						
Cash flow from operating activities	333.4	13,908.3	7,616.7	-	-	-
Cash flow from investing activities	0.0	0.0	0.0	-	-	-
Cash flow from financing activities	0.0	0.0	0.0	-	-	-
<b>Total cash flow</b>	<b>333.4</b>	<b>13,908.3</b>	<b>7,616.7</b>	<b>-</b>	<b>-</b>	<b>-</b>

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(DKK million)

Note 12 – Offsetting at the FIH Group	31 March 2014		31 December 2013	
	Other assets	Other liabilities	Other assets	Other liabilities
Recognised gross assets and liabilities subject to the offsetting	5,221.1	5,892.0	4,871.5	5,524.4
Balance sheet offsetting	3,364.5	3,364.5	2,954.4	2,954.4
<b>Recognised net assets and liabilities on the balance sheet</b>	<b>1,856.6</b>	<b>2,527.5</b>	<b>1,917.1</b>	<b>2,570.0</b>
Related amounts that are not offset on the balance sheet	382.6	1,565.2	227.5	1,564.6
<b>Net amount</b>	<b>1,474.0</b>	<b>962.3</b>	<b>1,689.6</b>	<b>1,005.4</b>

The FIH Group has entered into master netting agreements with all financial counterparties on the Group's derivatives transactions. Four of these agreements meet the offsetting provisions of IAS 32. The other agreements do not meet the offsetting provisions, since the netting right is conditional on future conditions such as default, bankruptcy or similar.

Note 13 – Fair value of financial instruments	31 March 2014		31 December 2013	
	Booked value	Fair value	Booked value	Fair value
<b>Financial assets</b>				
Cash in hand and demand deposits with central banks	266.1	266.1	12.6	12.6
Due from credit institutions and central banks	697.9	650.6	906.6	907.0
Loans and other receivables at amortised cost	10,550.3	10,550.9	10,906.5	11,004.0
Bonds at fair value	9,830.5	9,830.5	10,928.6	10,928.6
Other assets	1,856.6	1,856.6	1,917.1	1,917.1
<b>Total financial assets</b>	<b>23,201.4</b>	<b>23,154.7</b>	<b>24,671.4</b>	<b>24,769.3</b>
<b>Financial liabilities</b>				
Due to credit institutions and central banks	1,901.4	1,901.8	3,273.1	3,273.4
Deposits and other debt	13,976.6	13,978.5	13,783.2	13,784.5
Bonds issued at amortised cost	1,051.4	1,053.1	1,048.5	1,050.4
Other liabilities	2,527.5	2,527.5	2,570.0	2,570.0
<b>Total financial liabilities</b>	<b>19,456.9</b>	<b>19,460.9</b>	<b>20,674.8</b>	<b>20,678.3</b>
Other assets, cf. Balance sheet	2,229.7	-	2,243.3	-
Of which financial assets	1,856.6	-	1,917.1	-
Other liabilities, cf. Balance sheet	2,907.5	-	3,474.9	-
Of which financial liabilities	2,527.5	-	2,570.0	-

Note: In addition, the following methods and assumptions have been applied in the determination of the fair value of the financial assets and liabilities specified in the table above.

The fair value of short-term financial assets and liabilities corresponds to the carrying amount.

In the determination of the fair value of loans and other receivables at amortised cost or fair value, adjustments has been made for the credit risk based on the need for impairment charges.

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(DKK million)

Note 14 – Financial assets and liabilities at fair value	FIH Group			
	Balance sheet total	Level 1 Quoted prices	Level 2 Observable inputs	Level 3 Non-observable inputs
<b>31 March 2014</b>				
<b>Assets</b>				
Bonds at fair value	9,830.5	9,830.5	0.0	0.0
Investment properties	673.0	0.0	0.0	673.0
Owner-occupied properties	2.2	0.0	0.0	2.2
Other assets	1,856.6	0.0	1,856.6	0.0
<b>Total assets at fair value</b>	<b>12,362.3</b>	<b>9,830.5</b>	<b>1,856.6</b>	<b>675.2</b>
<b>Financial liabilities</b>				
Other liabilities	2,527.5	0.0	2,527.5	0.0
<b>Total financial liabilities</b>	<b>2,527.5</b>	<b>0.0</b>	<b>2,527.5</b>	<b>0.0</b>

There have been no transferrals to and from levels 1 and 2.

## 31 December 2014

### Assets

Bonds at fair value	10,928.6	10,928.6	0.0	0.0
Investment properties	682.8	0.0	0.0	682.8
Owner-occupied properties	2.2	0.0	0.0	2.2
Other assets	1,917.1	0.0	1,917.1	0.0
<b>Total assets at fair value</b>	<b>13,530.7</b>	<b>10,928.6</b>	<b>1,917.1</b>	<b>685.0</b>
<b>Financial liabilities</b>				
Other liabilities	2,570.0	0.0	2,570.0	0.0
<b>Total financial liabilities</b>	<b>2,570.0</b>	<b>0.0</b>	<b>2,570.0</b>	<b>0.0</b>

There have been no transferrals to and from levels 1 and 2.

## Methods and assumptions applied in the determination of fair values

### Loans and other receivables

For loans measured at fair value, the value is determined on the basis of generally accepted valuation models where observable input variables such as yield curves are used to discount future cash flows.

### Bonds at fair value

The portfolio of listed liquid mortgage credit bonds is valued based on observed prices published by active market places at the balance sheet date.

### Investment properties

The fair value of investment properties is determined based on discounted expected contractual future cash flows with addition of the expected fair value of the property at the termination of the relevant cash flows.

The credit quality of the tenants is assessed on an ongoing basis and if the tenants' ability to pay deteriorates, the fair value is adjusted accordingly. In order to assess the expected fair value of the property at the termination of the relevant cash flows, the group's valuers make a specific assessment of the property value at least once a year based on the property's location, type and application, as well as leasehold improvements and state of maintenance.

### Owner-occupied properties

Owner-occupied properties are recognised at cost, including improvement expenses, and are subsequently measured at the revalued amount.

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## Other assets/other liabilities

Other assets and other liabilities measured at fair value comprise fair values of financial instruments. For financial instruments that are not traded on an active market place, the fair value is determined based on generally accepted valuation models and input variables in the form of yield curves, volatility curves, spreads etc. The valuation models discount future fixed and estimated cash flows and measure option elements, if any.

## Bonds issued at fair value

Bonds issued at fair value comprise listed liquid mortgage credit bonds valued based on observed prices published by active market places at the balance sheet date.

	FIH Group	
	31 March 2014	31 December 2013
<b>Financial assets and liabilities measured at fair value at level 3</b>		
Financial assets measured at fair value at level 3, beginning of year	685.0	753.2
Additions	0.0	0.0
Disposals	0.0	29.1
Transferred to/from level 1 or 2	0.0	0.0
Change in fair value	-9.8	-39.1
<b>Financial assets measured at fair value at level 3, end of period</b>	<b>675.2</b>	<b>743.2</b>

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(DKK million)	FIH Group		
	31 March 2014	31 December 2013	31 March 2013
<b>Note 15 – Capital base statement</b>			
<b>Capital base</b>			
Share capital	513.6	513.6	513.6
Reserves	0.0	0.0	0.0
Revaluation reserve	1.3	0.0	0.0
Retained earnings	5,161.9	5,161.9	4,961.8
<b>Actual tier 1 capital</b>	<b>5,676.8</b>	<b>5,675.6</b>	<b>5,475.4</b>
<b>Deduction in tier 1 capital:</b>			
Deduction due to deficit for the period	0.0	0.0	0.0
Deferred tax assets	-112.7	-112.4	-148.6
Intangible assets	-3.6	-4.0	-6.0
Other deductions	-16.3	0.0	0.0
<b>Actual tier 1 capital after primary deductions</b>	<b>5,544.2</b>	<b>5,559.2</b>	<b>5,320.8</b>
Hybrid tier 1 capital	0.0	0.0	0.0
Other deductions in tier 1 capital	0.0	-28.1	84.3
<b>Tier 1 capital including hybrid tier 1 capital after deductions</b>	<b>5,544.2</b>	<b>5,531.1</b>	<b>5,405.1</b>
Subordinated loan capital and evaluation reserves	0	1.3	620.9
Other deductions	0	-1.3	0
<b>Capital after deductions</b>	<b>5,544.2</b>	<b>5,531.1</b>	<b>6,026.0</b>
<b>Minimum requirement</b>			
Risk exposure amount for credit risk	15,852.8	15,351.8	20,606.1
Risk exposure amount for market risk	3,600.2	4,502.5	4,154.5
Risk exposure amount for operational risk	1,538.2	1,538.2	2,050.7
<b>Total risk exposure amount</b>	<b>20,991.2</b>	<b>21,392.5</b>	<b>26,811.3</b>
<b>Capital requirement under pillar I</b>	<b>1,679.3</b>	<b>1,711.4</b>	<b>2,144.9</b>
<b>Adequate capital (pillar II)</b>			
Capital requirement for credit risk	2,450.0	<b>2,528.0</b>	3,246.0
Capital requirement for market risk	356.0	360.0	392.0
Capital requirement for operational risk	173.0	173.0	164.0
Capital requirement for other risks	13.0	3.0	86.0
<b>Capital requirement under pillar II</b>	<b>2,992.0</b>	<b>3,064.0</b>	<b>3,888.0</b>
Adequate capital, per cent	14.3	14.3	14.5
Tier 1 capital ratio, per cent	26.4	25.9	20.2
Solvency ratio, per cent	26.4	25.9	22.5

## Financial ratios

Financial ratios (per cent or DKK million)	FIH Group			FIH Erhvervsbank A/S		
	31.03. 2014	31.12.2013	31.3.2013	31.03. 2014	31.12.2013	31.3.2013
Total capital ratio, per cent	26.4	25.9	22.5	25.9	25.3	22.7
Tier 1 capital ratio, per cent	26.4	25.9	20.2	25.9	25.3	20.4
Return on equity before tax p.a.	7.1	5.3	5.7	6.8	5.0	5.5
Return on equity after tax p.a.	5.3	4.1	5.1	5.2	3.9	5.0
Income/cost ratio	1.10	1.52	1.10	1.11	1.60	1.92
Interest rate risk	0.4	2.2	2.1	0.4	2.2	2.0
Foreign currency position	0.1	0.7	0.4	0.1	0.7	0.3
Foreign exchange risk	0.0	0.0	0.0	0.0	0.0	0.0
Loans and impairment charges as a percentage of deposits	0.9	0.9	1.2	0.8	0.9	1.1
Loans as a percentage of equity	1.8	2.0	3.3	1.8	2.0	3.1
Growth in loans for the period, per cent	-3.2	-61.0	-30.5	-3.2	-61.0	-30.7
Capital buffer relative to statutory liquidity requirement	209.9	220.5	104.5	201.6	214.2	102.0
Sum of large commitments	51.3	64.3	104.5	51.1	64.0	101.3
Impairment ratio for the period, per cent	0.0	1.7	0.3	0.0	1.7	0.0

Financial ratios are calculated based on total results, i.e. both continuing and discontinuing operations. For a definition of ratios, reference is made to page 63 of the FIH Annual Report 2013.

## Information on parent company and subsidiaries

FIH Holding A/S, Langelinie Allé 43, DK-2100 Copenhagen O, is the parent company for FIH Erhvervsbank A/S, Langelinie Allé 43, DK-2100 Copenhagen O, who owns the following subsidiaries:

(DKK million)	Activity	Holdings	Assets	Equity	Liabilities	Turnover	Results
<b>Consolidated subsidiaries:</b>							
FIH Leasing og Finans A/S,							
Copenhagen	Leasing and financing	100 %	438.1	438.0	0.1	0.0	-0.1
FIH PARTNERS A/S,							
Copenhagen	Corporate Finance	100 %	116.9	101.3	15.6	18.1	1.0

\* There is no difference between holding and voting share.