

FIH Group Interim Report Q1-Q3 2014
5 November 2014

FIH | ERHVERVS BANK



CVR NO 17029312

Summary

- Profit from ordinary activities was DKK 161.2 million and is in line with last year as a consequence of lower income as well as lower expenses.
- Impairment charges were DKK 143.8 million (Q1-Q3 2013: DKK 90.1 million).
- Profit before tax was DKK 203.9 million in Q1-Q3 2013 (Q1-Q3 2013: DKK 94.7 million).
- Equity was DKK 5,830 million (year-end 2013: DKK 5,677 million).
- The solvency and core capital ratio came to 42.0 per cent (year-end 2013: 25.9 per cent), and the capital buffer was 24.2 percentage points (year-end 2013: 11.5 percentage points).
- FIH has a liquidity surplus of 467 per cent relative to the regulatory requirements (year-end 2013: 221 per cent).
- The transactions with Spar Nord and Nykredit were carried out in the third quarter of 2014.
- FIH continues to expect a total profit before tax for the entire year.

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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 og 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

Highlights – FIH Group

(DKK million)	Q1-Q3 2014	Q1-Q3 2013	Q3 2014	Q2 2014	Q1 2014	Full year 2013
Net interest income from lending activities	152.7	209.6	39.0	55.0	58.7	271.0
Net fee income etc.	136.1	135.8	40.0	64.3	31.8	219.0
Net trading income and income from the liquidity portfolio	39.6	102.1	10.1	10.2	19.3	117.7
Other operating income	138.9	63.5	32.0	107.7	-0.8	-5.3
Total income	467.3	511.0	121.1	237.2	109.0	602.4
Ordinary expenses	306.1	349.1	86.2	116.1	103.8	482.2
Ordinary profit/loss	161.2	161.9	34.9	121.1	5.2	120.2
Gain from the repurchase of subordinated debt	-	-	-	-	-	306.1
Net gain from equity portfolio	149.1	367.6	7.9	29.0	112.2	534.6
Profit/loss from matters concerning the Property Finance portfolio	53.2	-344.7	81.9	-7.3	-21.4	-558.8
Other expenses	15.8	0.0	0.0	15.8	0.0	0.0
Profit/loss before impairment charges etc. and tax	347.6	184.8	124.7	127.0	96.0	402.1
Loan impairment charges etc.	143.8	90.1	38.1	110.7	-5.0	105.6
Profit/loss before tax	203.9	94.7	86.6	16.3	101.0	296.5
Tax	51.2	-10.7	22.7	3.7	24.8	68.6
Net profit/loss for the year	152.7	105.4	63.9	12.6	76.2	227.9

Ratios*	Q1-Q3 2014	Q1-Q3 2013	Q3 2014	Q2 2014	Q1 2014	Full year 2013
Solvency ratio	42.0	24.1	42.0	30.3	26.4	25.9
Tier 1 capital ratio	42.0	21.8	42.0	30.3	26.4	25.9
Individual solvency requirement, per cent	17.8	15.8	17.8	14.5	14.3	14.3
Return on equity before tax p.a.	4.7	2.3	4.7	4.1	7.1	5.3
Return on equity after tax p.a.	3.5	2.5	3.5	3.1	5.3	4.1
Sum of large commitments	41.9	61.7	41.9	40.3	51.3	64.3
Loan as a performance of equity	1.1	2.2	1.1	1.1	1.8	2.0

*Financial ratios are calculated in accordance with the definitions of the Danish Financial Supervisory Authority.

**Financial ratios are calculated per year, year to date.

Performance in Q1-Q3 2014

In the interim financial statements for H1 2014, FIH announced that agreements had been concluded with Spar Nord and Nykredit on the sale of the lending business. The transactions with Spar Nord and Nykredit were carried out in the third quarter of 2014.

In the third quarter, FIH completed the conversion of the banking platform to BEC's platform, following which FIH's own banking platform has been phased out. Within the next quarters, FIH also expects to start using BEC's market platform.

Profit before tax for the first nine months was DKK 203.9 million (Q1-Q3 2013: DKK 94.7 million).

INCOME

Income was DKK 467.3 million (Q1-Q3 2013: DKK 511.0 million) and was comprised of the following elements:

- Net interest income from lending activities was DKK 152.7 million (Q1-Q3 2013: DKK 209.6 million). The lower net interest income reflects the reduced loan balance. Since the beginning of the year, the loan balance has decreased by DKK 5,413 million to DKK 5,494 million, primarily due to the sale to Spar Nord and Nykredit, which was effected in Q3.
- Net fee income etc. was DKK 136.1 million (Q1-Q3 2013: DKK 135.8 million). Corporate Finance has seen an increase in fee income whereas Banking has seen a decrease due to the declining loan balance.
- Trading income and income from the liquidity portfolio amounted to DKK 39.6 million (Q1-Q3 2013: DKK 102.1 million). Trading income was negatively impacted by FIH's decision to reduce its risk mandate in Markets.
- Other income comprises FIH's other activities, including FIH's money market activities, and amounted to DKK 138.9 million (Q1-Q3 2013: DKK 63.5 million). Other income comprises gain from the repayment of loans on bond-like terms with a long maturity, the gain from the repurchase of own bonds issued and goodwill in connection with the sale to Spar Nord and Nykredit.

EXPENSES

Total ordinary expenses amounted to DKK 306.1 million (Q1-Q3 2013: DKK 349.1 million), corresponding to a fall of DKK 43.0 million.

Excluding Corporate Finance, ordinary expenses were down by DKK 53.9 million to DKK 229.5 million, continuing the downward trend from Q2 2012. The cost reduction primarily reflects a decline in the number of employees from 201 at end-Q3 2013 to 100 at end-Q3 2014 (both exclusive of Corporate Finance, stated as full-time employees). The significant decline in the number of employees is a result, among other things, of the sale to Spar Nord, which took over a number of FIH's employees in connection with the transaction. Furthermore, FIH has adapted its organisation to the lower activity level.

In Q3 2014, FIH converted the IT platform to BEC's banking platform. In Q1-Q3 2014, costs were affected by one-off expenses in connection with the conversion. In the coming quarters, the administrative cost reductions from the conversion are expected to be reflected in the cost level. Minor conversion costs are expected in connection with FIH's conversion to BEC's market platform in H1 2015.

The costs in Corporate Finance increased by DKK 10.9 million compared to Q1-Q3 2013. The increased costs are due to higher revenue in the business area, which translates into a correspondingly higher cost level.

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(DKK million)	Q1-Q3 2014	Q1-Q3 2013	Q3 2014	Q2 2014	Q1 2014	Full year 2013
Ordinary expenses						
Expenses excluding Corporate Finance	229.5	283.4	60.6	81.5	87.4	371.4
<i>Of which costs relating to the Guarantee Fund for Depositors and Investors</i>	22.8	24.8	7.0	8.7	7.1	32.9
Expenses Corporate Finance	76.6	65.7	25.6	34.6	16.4	110.8
Total ordinary expenses	306.1	349.1	86.2	116.1	103.8	482.2
Other expenses	15.8	0.0	0.0	15.8	0.0	0.0

Other costs include restructuring costs in connection with the adaptation of the organisation during Q2.

EQUITIES

Net gains from the equity portfolio were DKK 149.1 million (Q1-Q3 2013: DKK 367.6 million) and are mainly attributable to an increase in the value of Pandora A/S. At the end of September 2014, the equity portfolio totalled DKK 314.9 million and consisted solely of private equities. The largest exposure is to Pandora through Axcel III. FIH's indirect exposure to Pandora is around DKK 0.4 million per price point.

MATTERS RELATING TO THE PROPERTY FINANCE PORTFOLIO

Matters relating to the Property Finance portfolio impacted results by DKK 53.2 million (Q1-Q3 2013: -344.7 million). This item includes income and expenses relating to the previous business area Property Finance, including the deficit-absorbing loan and expenses in connection with the European Commission's approval of the transaction with the Financial Stability Company. The value of the deficit-absorbing loan was adjusted by DKK 86 million in 2014 and now amounts to DKK 910 million (year-end 2013: DKK 824 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-Q3 2014.

FIH filed a writ of summons with the General Court of the European Union for an annulment of the European Commission's decision on state aid in connection with the transaction with Financial Stability Company. This case has not yet been decided.

LOAN IMPAIRMENT CHARGES ETC.

Total impairment charges etc. are DKK 143.8 million (Q1-Q3 2013: DKK 90.1 million).

In Q1-Q3, individual impairment charges totalled DKK 221.9 million, and collective impairment charges of DKK 64.7 million were reversed.

(DKK million)	Q1-Q3 2014	Q1-Q3 2013	Q3 2014	Q2 2014	Q1 2014	Full year 2013
Breakdown of loan impairment charges etc.						
Individual loan impairment charges	221.9	366.2	55.6	148.3	18.0	444.7
Collective loan impairment charges	-64.7	-228.4	-13.7	-31.3	-19.7	-294.3
MVA, interest rates, etc.*	-13.4	-47.7	-3.8	-6.3	-3.3	-44.8
Total loan impairment charges etc.	143.8	90.1	38.1	110.7	-5.0	105.6

* Loan impairment charges on customer derivatives accounting for DKK 0.4 million in Q1-Q3 2014 (Q1-Q3 2013: DKK -34.4 million). These are included as market value adjustments in the income statement on page 15, stated according to the executive Order on Financial Reports for Credit Institutions and Investment Firms etc. (Bekendtgørelse om finansielle rapporter for kreditinstitutter og fondsmæglerselskaber m.fl.)

Balance sheet

The balance sheet total was DKK 21,034 million (year-end 2013: DKK 27,500 million).

The balance sheet total has decreased by DKK 6,466 million since the beginning of the year. This decrease is primarily due to the sale of loans and derivatives to Spar Nord and Nykredit. Both transactions were completed in Q3 2014.

Following the transactions with Spar Nord og Nykredit, loans amounted to DKK 5,494 million (year-end 2013: DKK 10,907 million). Loans primarily consist of loans to Danish business customers.

The bond portfolio was DKK 11,128 million. FIH's liquidity is essentially invested in AAA rated Danish short-term mortgage credit bonds.

(DKK million)	30.9.2014	30.6.2014	31.3.2014	31.12.2013	30.9.2013
Balance sheet – Assets					
Cash in hand	761	901	964	919	1,419
Loans	5,494	5,608	10,561	10,907	12,507
Loans FSPF	910	817	813	824	730
Bonds	11,128	11,313	9,830	10,929	9,409
Shares and investments in associates	315	302	600	813	991
Other assets	2,426	2,083	3,095	3,108	3,762
Assets held for sale	-	4,993	-	-	-
Total assets	21,034	26,017	25,863	27,500	28,818

(DKK million)	30.9.2014	30.6.2014	31.3.2014	31.12.2013	30.9.2013
Balance sheet – Liabilities					
Due to credit institutions and central banks	1,160	1,980	1,901	3,273	2,486
Deposits and other payables	11,187	12,017	13,977	13,783	14,090
Bond debt and due to credit institutions	38	431	1,051	1,048	1,790
Liabilities held for sale	-	749	-	-	-
Other liabilities	2,756	4,929	3,031	3,594	3,993
Provision for liabilities	63	145	150	125	136
Subordinated debt	0	0	0	0	741
Total equity	5,830	5,766	5,753	5,677	5,582
Total liabilities	21,034	26,017	25,863	27,500	28,818

Deposits amounted to DKK 11,187 million (year-end 2013: DKK 13,783 million), corresponding to a fall of DKK 2,596 million since the beginning of the year. It is a deliberate strategy to reduce the level of deposits in order to adjust it to the volume of lending. The deposit portfolio primarily consists of deposits with FIH Direct Bank (DKK 10,310 million). In addition, FIH holds deposits from enterprises and institutional investors. The decrease since the beginning of the year comprises several elements. FIH has repurchased loans on bond-like terms with a long maturity for DKK 1,465 million, and deposits with FIH Direct Bank has decreased by DKK 1,131 million.

In 2014, FIH repurchased a number of bonds issued. Bonds issued have now decreased to DKK 38 million (year-end 2013: DKK 1,048 million). The latest issue expires in March 2015, and FIH will no longer have any issued listed securities.

Equity amounted to DKK 5,830 million (year-end 2013: DKK 5,677 million), up DKK 153 million as a result of the positive results for the period. FIH's gearing is very limited, with a loan-to-equity ratio of 1.1 times (year-end 2013: 2.0 times).

Performance in Q3 2014

Profit before tax was DKK 86.6 million (Q2 2014: DKK 16.3 million).

The performance in Q3 was positively affected by goodwill in connection with the transactions with Spar Nord and Nykredit, positive value adjustment of the deficit-absorbing loan and a positive result in the subsidiary FIH Partners. However, loan impairment charges and lower interest and fee income in Banking due to the reduced loan balance pull in the opposite direction.

Significant risks and uncertainties for the remainder of 2014

Loan impairment charges continue to represent the most significant uncertainty factor. In addition, FIH may indirectly incur impairment charges on loans to investment properties through the deficit-absorbing loan granted to FS Property Finance. Finally, FIH's equity 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.

On 1 November 2014 Senior Analyst Trine Qvist Pedersen will take up the position as employee-elected member of the Board of Directors in FIH Erhvervsbank A/S. Trine Qvist Pedersen will replace Jacob Baggers Willemoes, who resigns from the Board of Directors when also resigning from his position in FIH for taking up a new position outside the FIH Group.

Trine Qvist Pedersen has been a substitute since the election of employee-representatives for the Board of Directors in 2011.

Outlook for the remainder of 2014

FIH has previously announced its outlook for 'continuing operations', but as the presentation of FIH's financial development will no longer be divided into continuing/discontinuing operations, FIH will provide its outlook for the bank as a whole for the rest of 2014.

FIH continues to expect a total profit before tax for the entire year.

Liquidity and Funding

LIQUIDITY

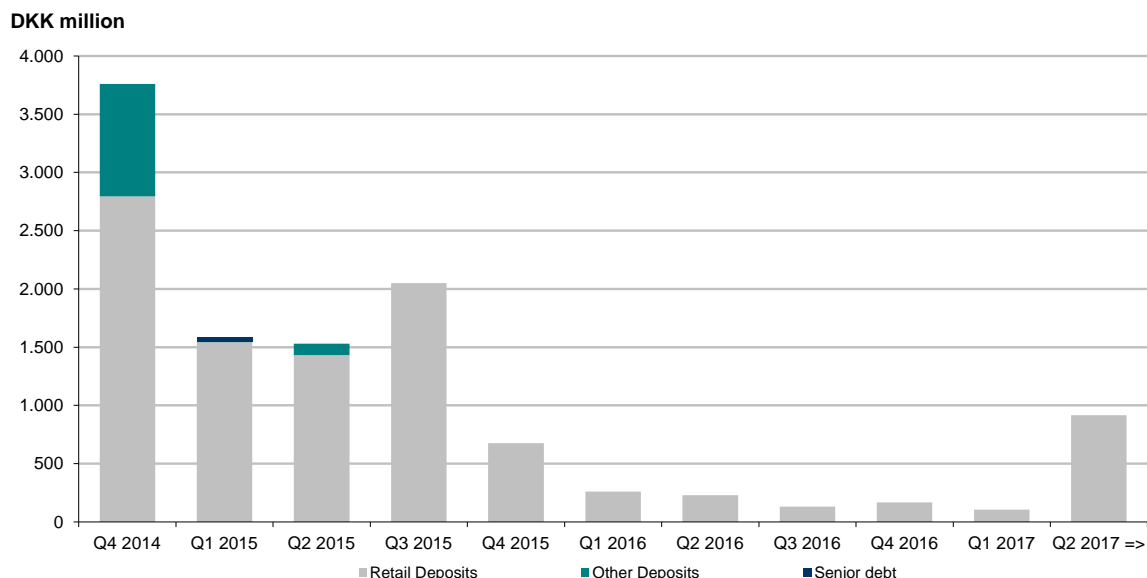
At the end of Q3 2014, FIH's liquidity, calculated in accordance with the Danish Financial Business Act (*Lov om finansiel virksomhed*), totalled DKK 9.1 billion, equivalent to a liquidity surplus of 467 per cent relative to the regulatory requirements (year-end 2013: 221 per cent). The increase in the liquidity surplus is due to the sale of loans to Spar Nord and Nykredit, which was completed in Q3. FIH's liquidity is mainly invested in AAA-rated Danish short-term mortgage credit bonds.

FUNDING

FIH's main source of funding is deposits from retail customers and small business customers. FIH thus focuses both on ensuring that deposits with FIH Direct Bank provide a stable source of funding and that the level of deposits matches the bank's business volume. This has resulted in a deliberate reduction in deposits with FIH Direct Bank in recent quarters.

In addition to loans, FIH has one minor bond issue which expires in March 2015.

Maturity profile of funding



Credit risks and other risks

QUALITY OF FIH'S CREDIT EXPOSURES

FIH's loans after impairment charges totalled DKK 5,494 million (year-end 2013: DKK 10,907 million) and DKK 7,112 million before individual impairment charges (year-end 2013: DKK 12,424 million). For credit purposes, FIH's loan balance can be broken down as follows:

- Loans with active ratings totalled DKK 3,060 million after impairment charges.
- Default-registered loans amounted to DKK 2,434 million after impairment charges.

LOANS REGISTERED WITH AN OBJECTIVE INDICATION OF IMPAIRMENT

Of the total loan balance of DKK 5,494 million, loans registered with an objective indication of impairment (OII) accounted for DKK 2,579 million after individual impairment charges (year-end 2013: DKK 2,156 million).

(DKK million)	30.9.2014	31.12.2013
OII loans		
OII non-default-registered loans	146	39
OII default-registered loans	4,052	3,543
OII – total	4,198	3,582
- of which non-performing loans	789	947
OII after individual loan impairment charges	2,579	2,156
Collective loan impairment charges	29	91

MARKET RISK

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

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)	30.9.2014	31.12.2013
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>	-18	-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.

EQUITY RISK

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

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At the end of Q3 2014, FIH was subject to share risk from a private equity portfolio of DKK 314.9 million, with FIH's indirect exposure to Pandora A/S through the investment in the Axcel III fund accounting for approx. DKK 206.6 million.

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-Q3 2014, FIH's liquidity totalled DKK 9.1 billion, equivalent to a liquidity surplus of 467 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. 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-Q3 2014, FIH was in compliance with the Danish Financial Supervisory Authority's Supervisory Diamond for banks.

	Limit	30.9.2014	31.12.2013
Total amount of large exposures*	< 125 % of capital base	42 %	64 %
Growth in loans	< 20 %	-52 %	-61 %
Property exposure	< 25 %	25 %	19 %
Liquidity surplus	> 50 %	467 %	221 %
Funding ratio	< 100 %	32 %	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 of 24.8 per cent is due to the deficit-absorbing loan granted to FS Property Finance being included with a principal amount of DKK 1,650 million. Not including the principal, the property exposure is 9.5 per cent.

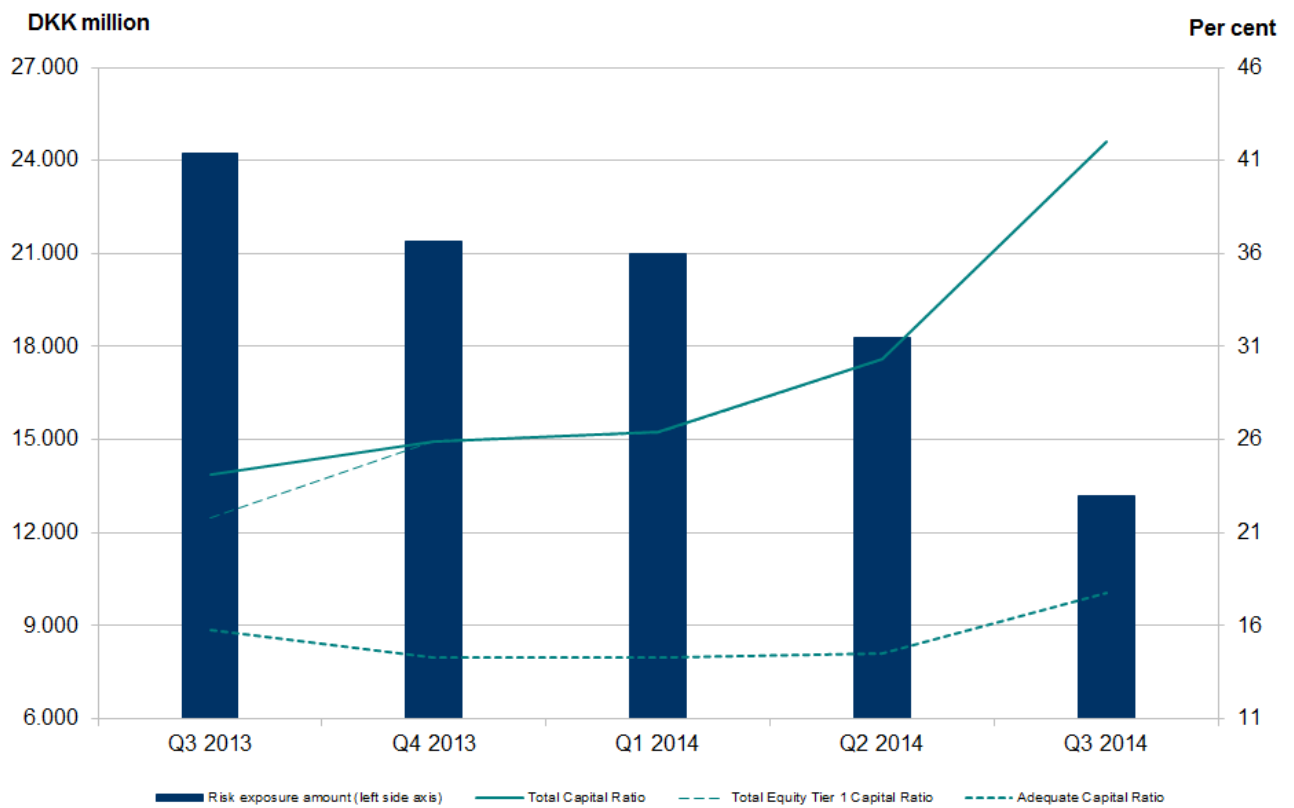
Solvency requirement and capital position

FIH's capital base consists solely of tier 1 capital (CET1 capital) and amounted to DKK 5,529 million (year-end 2013: DKK 5,531 million). The solvency and core capital ratio came to 42.0 per cent (year-end 2013: 25.9 per cent) following a fall in risk exposures after the sale of the lending business to Spar Nord and Nykredit to DKK 13.2 billion from DKK 21.4 billion at the end of 2013.

The capital buffer was 24.2 percentage points after Q3 2014 (year-end 2013: 11.5 percentage points), based on FIH's individual solvency requirement of 17.8 per cent (year-end 2013: 14.3 per cent).

For further specification, see note 16.

Capital position in FIH



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 affected by economic trends in the time to come. Otherwise, no special uncertainties have affected recognition and measurement in the interim report.

Copenhagen, 5 November 2014.

On behalf of the Board of Directors

Christian Dyvig
Chairman

For further information, please contact Henrik Sjøgreen, CEO, telephone +45 7222 5250.

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 30 September 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 30 September 2014 and of their financial performance and cash flows for the financial period 1 January to 30 September 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, 5 November 2014.

EXECUTIVE BOARD

Henrik Sjøgreen
Managing director and CEO



Palle Nordahl
CFO

BOARD OF DIRECTORS

Christian Dyvig
Chairman

Henrik Heideby
Deputy chairman

Daniel Eriksson

Henrik Gade Jepsen

Fredrik Martinsson

Lene Foged Nothlevsen
Board member elected by
the employees

Toke Heding
Board member elected by
the employees

Trine Qwist Pedersen
Board member elected by
the employees

Quarterly financial statements for Q1-Q3 2014

Income statement and statement of comprehensive income Q1-Q3 2014

(DKK million)	Note	FIH Group			FIH Erhvervsbank A/S		
		Q1-Q3 2014	Q1-Q3 2013	Full year 2013	Q1-Q3 2014	Q1-Q3 2013	Full year 2013
Income statement							
Interest income	3	234.3	462.6	565.6	234.3	455.2	557.9
Interest expenses	4	260.3	430.6	538.8	260.3	426.5	534.8
Net interest income		-26.0	32.0	26.8	-26.0	28.7	23.1
Dividends from shares etc.		658.1	292.1	594.8	658.1	292.1	594.9
Fee and commission income		145.7	138.4	222.4	54.2	59.6	80.5
Fee and commissions paid		3.2	35.0	37.2	3.2	37.9	40.2
Net interest and fee income		774.6	427.5	806.8	683.1	342.5	658.3
Market value adjustments	5	-161.5	228.7	558.1	-161.5	229.8	559.4
Other operating income		93.4	83.0	43.6	100.3	90.5	53.8
Staff costs and administrative expenses	6	297.8	318.8	442.6	235.6	257.5	339.0
Depreciation, amortisation and impairment charges; property, plant and equipment as well as intangible assets		1.6	5.5	6.7	1.5	4.9	6.1
Other operating costs		22.5	24.8	32.9	22.5	24.8	32.9
Impairment charges on loans and receivables etc.	7	144.2	229.6	174.3	144.2	229.6	174.3
Profit from investments in associates and group enterprises		-36.5	-16.8	-37.8	-19.6	-5.8	-13.1
Profit before tax		203.9	143.7	714.2	198.5	140.2	706.1
Tax		51.2	-10.7	68.6	45.8	-14.2	60.5
Net profit after tax, continuing operations		152.7	154.4	645.6	152.7	154.4	645.6
Net profit after tax, discontinuing operations	12	0.0	-49.0	-417.7	0.0	-49.0	-417.7
Total:							
Net profit after tax		152.7	105.4	227.9	152.7	105.4	227.9
Comprehensive income							
Net profit for the period		152.7	105.4	227.9	152.7	105.4	227.9
Other comprehensive income:							
		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
Total		0.0	0.0	0.0	0.0	0.0	0.0
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
Total		0.0	0.0	0.0	0.0	0.0	0.0
Total comprehensive income		152.7	105.4	227.9	152.7	105.4	227.9

Note 1: Accounting policies

Note 2: Segment information

Note 13: Offsetting in the FIH Group

Note 14: Fair value of financial instruments

Note 15: Financial assets and liabilities at fair value

Note 16: Capital position in the FIH Group

Balance sheet 30 September 2014

(DKK million)	Note	FIH Group			FIH Erhvervsbank A/S		
		30.9. 2014	31.12. 2013	30.09. 2013	30.9. 2014	31.12. 2013	30.09. 2013
Assets							
Cash in hand and demand deposits with central banks		75.4	12.6	122.7	75.4	12.6	122.7
Receivables from credit institutions and central banks		685.5	906.6	1,296.3	685.5	906.6	1,227.2
Loan and other receivables at fair value		910.0	824.0	730.0	910.0	824.0	730.0
Loan and other receivables at amortised cost	7	5,493.9	10,906.5	12,507.1	5,493.9	10,906.5	12,507.1
Bonds at fair value		11,128.2	10,928.6	9,408.9	11,128.2	10,928.6	9,313.4
Shares etc.	8	288.8	752.1	963.6	288.8	752.1	963.6
Investments in associates		26.1	61.1	27.0	26.1	61.1	27.0
Investments in group enterprises		-	-	-	128.8	571.9	871.4
Intangible assests		0.0	4.0	4.5	193.1	197.1	4.5
Land and buildings:							
- Investment properties		665.0	682.8	746.0	665.0	682.8	746.0
- Domicile properties		2.2	2.2	2.2	2.2	2.2	2.2
Other tangible assets		0.8	1.4	1.6	0.8	1.4	1.6
Current tax assets		0.0	0.0	22.6	0.0	0.0	31.7
Deferred tax assets		131.5	112.4	174.0	135.1	114.4	176.9
Assets held temporarily		35.7	45.1	0.0	35.7	45.1	0.0
Other assets		1,580.0	2,243.3	2,793.1	1,542.4	2,221.7	2,783.1
Prepayments		10.9	17.6	17.9	10.4	16.8	17.0
Total assets		21,034.0	27,500.3	28,817.6	21,321.4	28,244.9	29,525.3
Equity and liabilities							
Debt							
Debt to credit intitutions and central banks		1,160.5	3,273.1	2,486.4	1,160.5	3,273.1	2,486.4
Deposits and other debt		11,187.2	13,783.2	14,090.3	11,308.9	14,374.1	14,653.9
Bonds issued at amortised cost	9	38.3	1,048.5	1,790.4	38.3	1,048.5	1,790.4
Bonds issued at fair value	9	0.0	0.0	0.0	0.0	0.0	0.0
Current tax liabilities		81.2	29.3	30.7	71.2	23.1	29.7
Other liabilities		2,658.9	3,526.6	3,853.2	2,612.3	3,464.1	3,775.9
Accruals and deferred income		2.8	2.6	2.6	2.8	2.6	2.6
Total debt		15,128.9	21,663.3	22,253.5	15,194.0	22,185.5	22,738.8
Provisions							
Provisions for pensions and similar commitments		0.0	3.7	4.2	0.0	3.7	4.2
Provisions for losses on guarantees	7	35.8	111.8	121.7	35.8	111.8	121.7
Other provisions		39.6	44.6	114.6	39.6	44.6	114.6
Total provisions		75.4	160.1	240.5	75.4	160.1	240.6
Subordinated debt	10	0.0	0.0	741.3	0.0	0.0	741.3
Total equity		5,829.7	5,676.9	5,582.3	6,052.0	5,899.3	5,804.6
Total liabilities		21,034.0	27,500.3	28,817.6	21,321.4	28,244.9	29,525.3
Off-balance-sheet items							
Guarantees, etc.	11	752.7	1,204.3	1,248.9	752.7	1,204.3	1,248.9
Other contingent liabilities	11	206.4	1,276.3	1,373.3	206.4	1,276.3	1,373.3
Off-balance-sheet items		959.1	2,480.6	2,622.2	959.1	2,480.6	2,622.2

Statement of changes in equity 30 September 2014 - FIH Group

Specification of changes in equity (DKK million)	Share capital	Revaluation reserve, property	Retained earnings	Total equity
Total equity 1.1.2013	513.6	1.4	4,961.9	5,476.9
Net profit and comprehensive income for the period	-	-	105.4	105.4
Distributed dividend for the period	-	-	-	-
Total equity 30.9.2013	513.6	1.4	5,067.3	5,582.3
Net profit and comprehensive income for the period	-	-	122.4	122.4
Reversal in respect of previous years	-	-	-27.8	-27.8
Distributed dividend for the period	-	-	-	-
Total equity 31.12.2013	513.6	1.4	5,161.9	5,676.9
Net profit and comprehensive income for the period	-	-	152.7	152.7
Distributed dividend for the period	-	-	-	-
Total equity 30.9.2014	513.6	1.4	5,314.7	5,829.7

Statement of changes in equity 30 September 2014 - FIH Erhvervsbank A/S

Specification of changes in equity (DKK million)	Share capital	Revaluation reserve, property	Net revaluation according to the equity method	Retained earnings	Total equity
Total equity 1.1.2013	513.6	1.4	327.4	4,856.8	5,699.2
Net profit and comprehensive income for the period	-	-	11.0	94.4	105.4
Distributed dividend for the period	-	-	-	-	-
Total equity 30.9.2013	513.6	1.4	338.4	4,951.2	5,804.6
Net profit and comprehensive income for the period	-	-	-31.3	153.8	122.5
Reversal in respect of previous years	-	-	-	-27.8	-27.8
Distributed dividend for the period	-	-	-	-	-
Total equity 31.12.2013	513.6	1.4	307.1	5,077.2	5,899.3
Net profit and comprehensive income for the period	-	-	-	152.7	152.7
Distributed dividend for the period	-	-	-	-	-
Total equity 30.9.2014	513.6	1.4	307.1	5,229.9	6,052.0

Cash flow statement Q1-Q3 2014

(DKK million)	FIH Group		
	Q1-Q3 2014	Q1-Q3 2013	Full year 2013
Net profit for the period	203.9	94.7	296.4
Taxes paid	-18.4	-18.8	-15.0
Regulations for non-cash operations	352.9	-49.6	-347.7
Loans and guarantees	5,155.9	3,402.7	4,823.9
Loans to FS Property Finance A/S	0.0	13,328.9	13,428.9
Bonds	-242.2	7,376.2	5,786.8
Deposits	-2,625.2	38.7	-314.6
Bank debt	-2,013.2	-1,550.7	-733.1
Other assets/liabilities	42.0	-1,173.0	-1,063.3
Other	-16.6	-45.1	62.4
Cash flow from operating activities	839.1	21,404.0	21,924.7
Net investments, shares	4.5	14.0	62.2
Net investments, treasury shares	0.0	0.0	0.0
Net investments, tangible and intangible assets	4.3	-0.8	-0.9
Cash flow from investment activities	8.8	13.2	61.3
Change in subordinated debt	0.0	-991.4	-1,300.0
Change in bonds issued	-1,006.2	-21,283.5	-22,043.5
Cash flow from financing activities	-1,006.2	-22,274.9	-23,343.5
Change during the period	-158.3	-857.7	-1,357.5
Cash and equivalents, beginning of period	919.2	2,276.7	2,276.7
Cash and equivalents, end of period	760.9	1,419.0	919.2
Cash and equivalents according to the balance sheet	760.9	1,419.0	919.2

Loans to FS Property Finance A/S comprise a deficit-absorbing loan of DKK 1,71 million. The bridge loan was repaid end-H1 2013. The cash flow effect of discontinuing operations is specified in note 12.

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

(DKK million)	FIH Group					
	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
INCOME STATEMENT						
Interest income	55.9	81.9	96.5	102.9	94.7	153.1
Interest expenses	71.7	90.1	98.5	108.2	114.3	135.5
Net interest income	-15.8	-8.2	-2.0	-5.3	-19.6	17.6
Dividends from shares etc.	0.0	324.7	333.4	302.8	291.7	0.4
Fee and commission income	48.5	64.7	32.5	84.0	63.3	37.2
Fee and commissions paid	1.8	0.3	1.1	2.3	1.5	7.6
Net interest and fee income	30.9	380.8	362.8	379.2	333.9	47.6
Market value adjustments	123.1	-128.9	-155.7	329.4	-118.1	135.6
Other operating income	57.6	18.1	17.7	-39.4	20.8	22.4
Staff costs and administrative expenses	78.9	122.6	96.3	123.8	116.4	96.9
Depreciation, amortisation and impairment charges; property, plant and equipment as well as intangible assets	0.2	0.6	0.8	1.2	2.4	1.7
Other operating costs	7.0	8.7	6.8	8.1	7.2	8.4
Impairment charges on loans and receivables etc.	38.7	108.8	-3.3	-55.3	149.1	29.8
Profit from investments in associates and group enterprises	0.0	-13.3	-23.2	-21.0	0.0	-1.2
Profit before tax	86.8	16.1	101.0	570.4	-38.5	67.7
Tax	22.9	3.5	24.8	79.3	-18.4	-0.3
Net profit after tax, continuing operations	63.9	12.6	76.2	491.1	-20.1	67.9
Net profit after tax, discontinuing operations	0.0	0.0	0.0	-368.7	0.0	79.3
Total:						
Net profit after tax	63.9	12.6	76.2	122.4	-20.1	147.2
Comprehensive income						
Net profit for the period	63.9	12.6	76.2	122.4	-20.1	147.2
Other comprehensive income:						
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
Total	0.0	0.0	0.0	0.0	0.0	0.0
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
Total	0.0	0.0	0.0	0.0	0.0	0.0
Total comprehensive income	63.9	12.6	76.2	122.4	-20.1	147.2

Notes

Note 1 – Accounting policies

The consolidated interim financial statements are presented in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the EU

The consolidated interim financial statements are also presented in accordance with additional Danish disclosure requirements of Nasdaq OMX Copenhagen for the interim financial statements of issuers of listed bonds and the Executive Order on the application of international financial reporting standards for undertakings subject to the Danish Financial Business Act (*Lov om finansiel virksomhed*). The interim financial statements of the parent company are presented in accordance with the Danish Financial Business Act, including the Danish Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc. (*Bekendtgørelse om finansielle rapporter for kreditinstitutter og fondsmæglerselskaber m.fl.*). The rules on recognition and measurement applied by 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 of Nasdaq OMX Copenhagen for the interim reports 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-Q3 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 13.

Discontinuing operations

Discontinuing operations consist of the Property Finance activities, which were demerged and divested to the Financial Stability Company, including the bridge loan on FIH Erhvervsbank's balance sheet relating to the transaction. Due to the FIH group's changed strategy, the Private Equity activities and the deficit-absorbing loan also related to the transaction with the Financial Stability Company, which were previously classified as discontinuing operations, no longer meet the requirements for classification as discontinuing operations. The historical comparative figures have been restated. The cash flow statement and ratios have been calculated on the basis of both continuing and discontinuing operations.

Related parties

All transactions with related parties are settled on an arm's length basis 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.

30 September 2014

(DKK million)	Banking	Markets	Corporate Finance	Other activities	Total
Income statement					
Net interest and fee income	190.6	-103.6	91.5	596.1	774.6
Market value adjustments	0.4	143.2	0.0	-341.6	-198.0
Other operating income	9.3	0.0	0.0	84.0	93.4
Operating costs	119.5	65.6	76.6	60.1	321.9
Impairment charges and losses on loans and other receivables etc.	144.2	0.0	0.0	0.0	144.2
Profit before tax	-63.4	-26.0	14.9	278.4	203.9
Balance sheet					
Loans	5,493.9	0.0	0.0	910.0	6,403.9
Bonds	0.0	11,128.2	0.0	0.0	11,128.2
Other assets, etc.	665.0	623.8	0.0	2,213.1	3,501.8
Total assets	6,158.9	11,752.0	0.0	3,123.1	21,034.0

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

30 September 2013

(DKK million)	Banking	Markets	Corporate Finance	Other activities	Total continuing operations	Discontinuing operations	Total
Income statement							
Net interest and fee income	260.2	-138.2	78.8	-65.4	135.4	-49.0	86.4
Market value adjustments	34.4	240.4	0.0	-46.1	228.7	0.0	228.7
Other operating income	6.4	0.0	0.0	351.9	358.3	0.0	358.3
Operating costs	118.0	76.1	65.7	89.3	349.1	0.0	349.1
Impairment charges and losses on loans and other receivables etc.	124.6	0.0	0.0	105.0	229.6	0.0	229.6
Profit before tax	58.4	26.1	13.1	46.1	143.7	-49.0	94.7
Balance sheet							
Loans	12,507.1	0.0	0.0	730.0	13,237.1	0.0	13,237.1
Bonds	0.0	9,408.9	0.0	0.0	9,408.9	0.0	9,408.9
Other assets, etc.	746.0	1,633.4	0.0	3,792.2	6,171.6	0.0	6,171.6
Total assets	13,253.1	11,042.3	0.0	4,522.2	28,817.6	0.0	28,817.6

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(DKK million)	FIH Group			FIH Erhvervsbank A/S		
	Q1-Q3 2014	Q1-Q3 2013	Full year 2013	Q1-Q3 2014	Q1-Q3 2013	Full year 2013
Note 3 – Interest income:						
Amortised cost						
Due from credit institutions and central banks	1.6	4.7	4.9	1.6	4.7	4.9
Loans and other receivables	333.3	490.9	625.7	333.3	484.8	619.6
Other interest income	0.4	0.0	0.2	0.4	0.0	0.2
Total	335.3	495.6	630.8	335.3	489.5	624.7
Fair value						
Loan and other receivables	16.3	15.3	20.5	16.3	15.3	20.5
Bonds	154.7	181.1	227.8	154.7	179.8	226.2
Currency contracts	1.9	50.0	49.9	1.9	50.0	49.9
Interest rate contracts	-273.9	-279.4	-363.4	-273.9	-279.4	-363.4
Total	-101.0	-33.0	-65.2	-101.0	-34.3	-66.8
Total interest income	234.3	462.6	565.6	234.3	455.2	557.9
Note 4 – Interest expenses:						
Amortised cost						
Debt to credit institutions and central banks	2.3	7.6	8.7	2.3	7.6	8.7
Repurchase transactions related to credit institutions and central banks	0.5	0.1	0.1	0.5	0.1	0.1
Other repurchase transactions	0.0	0.0	0.4	0.0	0.0	0.4
Deposits and other debt	245.6	292.4	385.9	245.6	292.4	385.9
Bonds issued	1.7	9.6	10.8	1.7	9.6	10.8
Other interest expenses	0.0	0.2	0.3	0.0	0.1	0.3
Total	250.1	309.9	406.2	250.1	309.8	406.2
Fair value						
Bonds issued	9.7	98.4	104.7	9.7	94.4	100.7
Subordinated debt	0.5	22.3	27.9	0.5	22.3	27.9
Total	10.2	120.7	132.6	10.2	116.7	128.6
Total interest expenses	260.3	430.6	538.8	260.3	426.5	534.8
Note 5 – Market value adjustments:						
Other loans and receivables at amortised cost, hedging	1.8	-71.0	-88.3	1.8	-71.0	-77.7
Bonds	-42.7	-244.9	-314.6	-42.7	-243.8	-313.3
Investment properties	-26.7	-28.3	-38.9	-26.7	-28.3	-38.9
Shares etc.*	-456.8	112.9	5.0	-456.8	112.9	5.0
Deficit absorbing loan	69.7	-174.4	-85.5	69.7	-174.4	-85.5
Foreign currency	-10.0	-13.6	-35.2	-10.0	-13.6	-35.2
Derivative financial instruments**	233.9	363.3	425.2	233.9	363.3	425.2
Bonds issued – mortgage credit bonds	74.0	10.6	692.9	74.0	0.0	682.3
Other assets	-4.7	274.1	-2.5	-4.7	284.7	-2.5
Total market value adjustments	-161.5	228.7	558.1	-161.5	229.8	559.4

* Adjustments of shares is linked to dividends of shares etc. which amounts to DKK 658.1 million in Q1-Q3 2014 (Q1-Q3 2013: DKK 292.1 million).

**Loan impairment charges on customer derivatives accounting for DKK 0.4 million for Q1-Q3 2014 (Q1-Q3 2013: DKK -34.4 million).

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(DKK million)	FIH Group			FIH Erhvervsbank A/S		
	Q1-Q3 2014	Q1-Q3 2013	Full year 2013	Q1-Q3 2014	Q1-Q3 2013	Full year 2013
Note 6 – Staff costs and administrative expenses:						
Salaries and remuneration of Board of Directors and Executive Board						
Board of Directors	1.9	2.4	2.8	1.9	2.4	2.8
Executive Board	7.8	7.8	10.3	7.7	7.4	10.0
Total Board og Directors and Executive Board	9.7	10.2	13.1	9.6	9.8	12.8
Staff costs:						
Salaries	153.8	169.8	244.3	95.7	121.4	159.7
Pensions	5.1	11.7	15.0	5.1	11.5	14.7
Social security costs	18.8	20.7	28.9	12.0	15.5	20.1
Share-based payments	0.0	0.0	0.0	0.0	0.0	0.0
Total	177.7	202.2	288.2	112.8	148.4	194.5
Other administrative expenses	110.4	106.4	141.3	113.2	99.3	131.7
Total staff costs and administrative expenses	297.8	318.8	442.6	235.6	257.5	339.0
Note 7 – Impairment charges on loans and other receivables etc.						
Impairment charges on loans and other receivables etc.						
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	153.4	207.8	196.9	153.4	207.8	196.9
Impairment charges during the period	498.8	492.7	609.0	498.8	492.7	609.0
Losses recorded	154.7	390.7	522.8	154.7	390.7	522.8
Market value adjustment reclassified to other assets	0.0	32.5	0.0	0.0	32.5	0.0
Individual impairment charges, end of period	1,618.0	1,464.7	1,427.3	1,618.0	1,464.7	1,427.3
Loans, collective impairment charges						
Impairment charges, beginning of year	90.5	377.6	377.6	90.5	377.6	377.6
Impairment charges during the period	-61.3	-221.1	-287.1	-61.3	-221.1	-287.1
Collective impairment charges, end of period	29.2	156.5	90.5	29.2	156.5	90.5
Loans, total impairment charges						
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	153.4	428.9	196.9	153.4	428.9	196.9
Impairment charges during the period	437.5	492.7	321.9	437.5	492.7	321.9
Losses recorded	154.7	390.7	522.8	154.7	390.7	522.8
Market value adjustments reclassified to other assets	0.0	32.5	0.0	0.0	32.5	0.0
Total impairment charges, end of period	1,647.2	1,621.2	1,517.8	1,647.2	1,621.2	1,517.8
Total loans for which an objective indication for impairment has occurred before impairment charges	4,197.8	3,925.0	3,582.0	4,197.8	3,925.0	3,582.0
Total loans for which an objective indication for impairment has occurred after impairment charges	2,579.7	2,464.7	2,154.7	2,579.7	2,464.7	2,154.7
Accumulated impairment charges on loans, has a percentage of loans, end of period	18.6%	11.5%	10.7%	18.6%	11.5%	10.7%
Losses and impairment charges on loans as a percentage of loans, end of period	1.6%	0.9%	1.2%	1.6%	0.9%	1.2%
Net losses recorded, as a percentage of the impairment balance, beginning of year	10.2%	18.3%	27.3%	10.2%	18.3%	27.3%
Provisions for losses on guarantees						
Provisions for losses on guarantees, beginning of year	111.8	121.4	121.4	111.8	121.4	121.4
Provisions for the period	21.4	70.3	63.6	21.4	70.3	63.6
Provisions applied for the period	20.0	62.8	65.9	20.0	62.8	65.9
Unused provisions, written-back	77.4	7.2	7.3	77.4	7.2	7.3
Provisions for losses on guarantees, end of period	35.8	121.7	111.8	35.8	121.7	111.8

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(DKK million)	FIH Group			FIH Erhvervsbank A/S		
	Q1-Q3 2014	Q1-Q3 2013	Full year 2013	Q1-Q3 2014	Q1-Q3 2013	Full year 2013
Note 8 – Shares etc.						
Unlisted shares	288.8	752.1	963.6	288.8	752.1	963.6
Total shares etc.	288.8	752.1	963.6	288.8	752.1	963.6
Note 9 – Bonds issued:						
Bonds issued at amortised cost						
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
Buy-backs	766.7	694.9	0.0	766.7	694.9	0.0
Redemptions	236.5	21,195.2	21,165.6	236.5	21,195.2	21,165.6
Market value adjustments	-7.0	-219.6	-202.2	-7.0	-219.6	-202.2
Bonds issued at amortised costs, end of period	38.3	1,048.5	1,790.4	38.3	1,048.5	1,790.4
Bonds issued at fair value						
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	145.4	0.0	0.0	0.0
Market value adjustments	0.0	-10.6	-10.6	0.0	0.0	0.0
Bonds issued at fair value, end of period	0.0	0.0	0.0	0.0	0.0	0.0
Note 10 – Subordinated debt						
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	-97.7	0.0	-530.4	-97.7
Subordinated debt. end of period	0.0	0.0	741.3	0.0	0.0	741.3
Subordinated debt – maturity profile						
Tier 2						
4.80 % JPY 10-bn 31.03.2032	0.0	0.0	741.3	0.0	0.0	741.3
Total subordinated debt, end of period	0.0	0.0	741.3	0.0	0.0	741.3
Subordinated debt that may be included in the calculation of the base capital	0.0	0.0	555.9	0.0	0.0	555.9

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(DKK million)	FIH Group			FIH Erhvervsbank A/S		
	Q1-Q3 2014	Q1-Q3 2013	Full year 2013	Q1-Q3 2014	Q1-Q3 2013	Full year 2013
Note 11 – Off-balance-sheet items						
Guarantees etc.	158.9	121.4	127.0	158.9	121.4	127.0
Financial guarantees	564.6	1,028.8	1,061.5	564.6	1,028.8	1,061.5
Other contingent liabilities	29.2	54.1	60.4	29.2	54.1	60.4
Total guarantees etc.	752.7	1,204.3	1,248.9	752.7	1,204.3	1,248.9
Other contingent liabilities						
Irrevocable loan commitments	113.9	1,097.5	1,135.8	113.9	1,097.5	1,135.8
Other liabilities	92.5	113.3	56.1	92.5	113.3	56.1
Discontinuing operations	0.0	65.5	181.3	0.0	65.5	181.3
Total other contingent liabilities	206.4	1,276.3	1,373.3	206.4	1,276.3	1,373.3

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 18.8 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

FIH Erhvervsbank A/S had deposited bonds with Danmarks Nationalbank and VP Securities totalling DKK 3,680 million in connection with clearing and settlement (year-end 2013: DKK 1,474 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. These securities totalled DKK 850 million (year-end 2013: DKK 2,709 million). In addition, FIH has pledged cash and bonds as collateral for exposures totalling DKK 2,208 million (year-end 2013: DKK 2,262 million) in connection with the CSA agreement and CCP clearing. Other than that, the institution has no pledges, mortgages, collateral etc.

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Note 12 – Discontinuing operations:

Discontinuing operations comprise activities relating to the demerger, including financing, and divestment of the Property Finance segment to the Financial Stability Company on 2 July 2012.

The financing comprises 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 1,650.0 million. The bridge loan was fully repaid at the end of H1 2013. The loan was repaid as FIH's 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.

Following the FIH Erhvervsbank group's changed strategy, the Private Equity segment and the deficit-absorbing loan no longer live up to the definitions of IFRS5 and are therefore no longer classified as discontinuing operations. The historical comparative figures have been restated to reflect the changed conditions.

Total discontinuing operations are specified below.

(DKK million)	FIH Group			FIH Erhvervsbank A/S		
	Q1-Q3 2014	Q1-Q3 2013	Full year 2013	Q1-Q3 2014	Q1-Q3 2013	Full year 2013
INCOME STATEMENT						
Interest income	0.0	60.5	60.5	0.0	60.5	60.5
Interest expense	0.0	109.5	109.5	0.0	109.5	109.5
Net interest income	0.0	-49.0	-49.0	0.0	-49.0	-49.0
Net interest and fee income	0.0	-49.0	-49.0	0.0	-49.0	-49.0
Other operating costs	0.0	368.7	0.0	0.0	368.7	0.0
Profit before tax	0.0	-417.7	-49.0	0.0	-417.7	-49.0
Tax	0.0	0.0	0.0	0.0	0.0	0.0
Net profit for the period, discontinuing operations	0.0	-417.7	-49.0	0.0	-417.7	-49.0
CASH FLOWS						
Cash flow from operating activities	0.0	13,466.9	13,466.9	-	-	-
Cash flow from investing activities	0.0	0.0	0.0	-	-	-
Cash flow from financing activities	0.0	0.0	0.0	-	-	-
Total cash flow	0.0	13,466.9	13,466.9	-	-	-

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FIH Group

(DKK million)

Note 13 – Offsetting at the FIH Group	30 September 2014		31 December 2013	
	Other assets	Other liabilities	Other assets	Other liabilities
Recognised gross assets and liabilities subject to the offsetting	3,434.1	4,560.4	4,871.5	5,524.4
Balance sheet offsetting	2,490.3	2,490.3	2,954.4	2,954.4
Recognised net assets and liabilities on the balance sheet	943.8	2,070.1	1,917.1	2,570.0
Related amounts that are not offset on the balance sheet	107.5	689.9	227.5	1,564.6
Net amount	836.3	1,380.2	1,689.6	1,005.4

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 14 – Fair value of financial instruments	30 September 2014		31 December 2013	
	Booked value	Fair value	Booked value	Fair value
Financial assets				
Cash in hand and demand deposits with central banks	75.4	75.4	12.6	12.6
Due from credit institutions and central banks	685.5	685.3	906.6	907.0
Loans and other receivables at amortised cost	6,403.9	6,569.2	10,906.5	11,004.0
Bonds at fair value	11,128.2	11,128.2	10,928.6	10,928.6
Other assets	943.8	943.8	1,917.1	1,917.1
Total financial assets	19,236.8	19,401.9	24,671.4	24,769.3
Financial liabilities				
Due to credit institutions and central banks	1,160.5	1,153.3	3,273.1	3,273.4
Deposits and other debt	11,187.2	11,187.5	13,783.2	13,784.5
Bonds issued at amortised cost	38.3	38.3	1,048.5	1,050.4
Other liabilities	2,070.1	2,070.1	2,570.0	2,570.0
Total financial liabilities	14,456.1	14,449.2	20,674.8	20,678.3
Other assets, cf. Balance sheet	1,580.0	-	2,243.3	-
Of which financial assets	943.8	-	1,917.1	-
Other liabilities, cf. Balance sheet	2,658.9	-	3,474.9	-
Of which financial liabilities	2,070.1	-	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 15 - 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
30 September 2014				
Assets				
Loans at fair value	910.0	0.0	0.0	910.0
Bonds at fair value	11,128.2	11,128.2	0.0	0.0
Shares	288.7	0.0	0.0	288.7
Investment properties	665.0	0.0	0.0	665.0
Owner-occupied properties	2.2	0.0	0.0	2.2
Other assets	943.8	0.0	943.8	0.0
Total assets at fair value	13,937.9	11,128.2	943.8	1,865.9
Financial liabilities				
Other liabilities	2,070.1	0.0	2,070.1	0.0
Total financial liabilities	2,070.1	0.0	2,070.1	0.0

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

31 December 2013	FIH Group			
	Balance sheet total	Level 1 Quoted prices	Level 2 Observable inputs	Level 3 Non-observable inputs
Assets				
Loans at fair value	824.0	0.0	0.0	824.0
Bonds at fair value	10,928.6	10,928.6	0.0	0.0
Shares	752.1	0.0	0.0	752.1
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
Total assets at fair value	15,106.8	10,928.6	1,917.1	2,261.1
Financial liabilities				
Other liabilities	2,570.0	0.0	2,570.0	0.0
Total financial liabilities	2,570.0	0.0	2,570.0	0.0

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, 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.

Note 15 - continued

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.

Financial assets and liabilities measured at fair value at level 3	FIH Group	
	30 September 2014	31 December 2013
Financial assets measured at fair value at level 3, beginning of year	2,261.1	2,435.8
Additions	2.9	0.0
Disposals	26.7	72.0
Transferred to/from level 1 or 2	0.0	0.0
Change in fair value	-371.4	-102.7
Financial assets measured at fair value at level 3, end of period	1865.9	2,261.1

The change in fair value is recognised under Market value adjustments in the income statement.

(DKK million)	FIH Group		
	30 September 2014	31 December 2013	30 september 2013
Note 16 – Capital base statement			
Capital base			
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	5,162.0	5,161.9	4,961.8
Actual tier 1 capital	5,676.9	5,675.5	5,475.4
Deduction in tier 1 capital:			
Deduction due to deficit for the period	0.0	0.0	0.0
Deferred tax assets	-131.5	-112.4	-174.0
Intangible assets	0.0	-4.0	-4.5
Other deductions	-16.0	0.0	0.0
Actual tier 1 capital after primary deductions	5,529.4	5,559.1	5,296.9
Hybrid tier 1 capital	0.0	0.0	0.0
Other deductions in tier 1 capital	0.0	-28.1	-20.8
Tier 1 capital including hybrid tier 1 capital after deductions	5,529.4	5,531.0	5,276.1
Subordinated loan capital and evaluation reserves	0.0	1.3	567.3
Other deductions	0.0	-1.3	-20.8
Capital after deductions	5,529.4	5,531.0	5,822.6
Minimum requirement			
Risk exposure amount for credit risk	9,272.4	15,351.8	17,901.3
Risk exposure amount for market risk	2,340.3	4,502.5	4,200.3
Risk exposure amount for operational risk	1,538.2	1,538.2	2,050.7
Total risk exposure amount	13,150.9	21,392.5	24,152.3
Capital requirement under pillar I	1,052.1	1,711.4	1,932.2
Adequate capital (pillar II)			
Capital requirement for credit risk	1,980.0	2,528.0	2,938.0
Capital requirement for market risk	187.0	360.0	386.0
Capital requirement for operational risk	173.0	173.0	164.0
Capital requirement for other risks	1.0	3.0	323.0
Capital requirement under pillar II	2,341.0	3,064.0	3,811.0
Adequate capital, per cent	17.8	14.3	15.8
Tier 1 capital ratio, per cent	42.0	25.9	21.8
Solvency ratio, per cent	42.0	25.9	24.1

Financial ratios

Financial ratios (per cent or DKK million)	FIH Group			FIH Erhvervsbank A/S		
	30.9. 2014	31.12.20 13	30.9. 2013	30.9. 2014	31.12.20 13	30.9. 2013
Total capital ratio, per cent	42.0	25.9	24.1	41.9	25.3	24.1
Tier 1 capital ratio, per cent	42.0	25.9	21.8	41.9	25.3	21.9
Return on equity before tax p.a.	4.7	5.3	2.3	4.4	5.0	2.3
Return on equity after tax p.a.	3.5	4.1	2.5	3.4	3.9	2.4
Income/cost ratio	1.44	1.52	1.35	1.49	1.60	1.39
Interest rate risk	0.3	2.2	1.1	0.3	2.2	1.1
Foreign currency position	0.2	0.7	0.2	0.2	0.7	0.2
Foreign exchange risk	0.0	0.0	0.0	0.0	0.0	0.0
Loans and impairment charges as a percentage of deposits	0.8	0.9	1.0	0.8	0.9	1.0
Loans as a percentage of equity	1.1	2.0	2.2	1.1	2.0	2.2
Growth in loans for the period, per cent	-41.3	-61.0	-58.9	-41.3	-61.0	-56.3
Capital buffer relative to statutory liquidity requirement	467.2	220.5	230.6	465.0	214.2	220.5
Sum of large commitments	41.9	64.3	61.7	42.1	64.0	49.8
Impairment ratio for the period, per cent	1.3	1.7	0.8	1.3	1.7	0.8

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	Holding*	Assets	Equity	Liabili- ties	Turn- over	Results
Consolidated subsidiaries:							
FIH Leasing og Finans A/S, Copenhagen	Leasing- and financing	100%	1.0	1.0	0.0	0.0	-0.1
FIH PARTNERS A/S, Copenhagen	Corporate Finance	100%	188.2	126.7	60.4	99.0	15.9

*There is no difference between holding and voting share.