



FIH Annual Report 2014

CVR-NO. 17029312

FIH ERHVERVS BANK

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

The Annual 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.

Summary

- The profit before tax amounted to DKK 145.3 million, which is in line with the most recently announced expectations of a profit before tax in 2014
- Impairment charges were DKK 211.7 million (2013: DKK 105.6 million)
- Equity was DKK 5,739 million (2013: DKK 5,677 million)
- FIH had a liquidity surplus of 345 per cent relative to the regulatory requirements (2013: 221 per cent)
- The capital and core capital ratio came to 40.3 per cent (2013: 25.9 per cent). The capital buffer was 22.2 percentage points (2013: 11.5 percentage points)
- In 2014, FIH sold its lending business to Spar Nord and Nykredit, respectively, in which connection FIH revised its business strategy:
 - Banking: FIH has ceased acquiring new customers and providing new loans
 - Markets: FIH has phased out its customer-oriented activities and the activities in Trading
 - Corporate Finance: FIH will continue offering corporate finance advisory services
- In 2014, FIH converted to BEC's banking platform
- FIH's remaining listed bonds will mature in Q1 2015, after which time FIH will only publish half-year and full-year reports
- FIH expects a profit before tax for 2015.

Financial highlights

(DKK million)	FIH Group				
	2014	2013	2012	2011	2010
Net interest income from lending activities	185.9	271.0	374.9	507.9	696.2
Net fee income etc.	156.4	219.0	203.8	174.7	235.1
Trading income and income from liquidity portfolio	21.7	117.7	312.0	235.3	400.4
Other income	78.5	300.8	-27.4	-79.3	253.4
Total income	442.5	908.5	863.3	838.6	1,585.1
Ordinary expenses	378.8	482.2	500.3	514.6	633.1
Profit/loss from ordinary activities	63.7	426.3	363.0	324.0	952.0
Net gain from equity portfolio	184.9	534.6	224.9	-771.4	1315.1
Profit/loss from matters concerning the Property Finance portfolio	149.4	-558.8	-755.4	-413.8	-253.6
Other expenses	41.0	0.0	55.8	48.2	244.2
Net profit/loss for the year before loan impairment charges etc. and tax	357.0	402.1	-223.3	-909.4	1,769.3
Loan impairment charges etc.	211.7	105.6	1337.2	266.5	1,423.0
Profit/loss for the year before tax	145.3	296.5	-1,560.5	-1,175.9	346.3
Tax	83.3	68.6	-23.1	2.2	-178.3
Net profit/loss for the year	62.0	227.9	-1,537.4	-1,178.1	524.6
Allocation of net profit/loss for the year					
FIH's shareholders	62.0	227.9	-1,537.4	-1,178.1	524.6
Minority interests	0.0	0.0	0.0	0.0	0.0
Selected balance sheet items					
Loans	5,090	10,907	16,166	42,833	57,994
Equity	5,739	5,677	5,477	7,166	8,334
Total assets	23,354	27,500	60,757	84,157	109,338
Capital base	5,557	5,531	6,332	10,132	11,778
Financial ratios*					
Capital base relative to minimum capital adequacy requirement	144.7	148.3	169.8	272.6	316.0
Solvency ratio	40.3	25.9	21.2	17.8	15.4
Tier 1 capital ratio	40.3	25.9	18.2	15.6	13.3
Return on equity before tax	2.5	5.3	-24.7	-16.3	3.9
Return on equity after tax	1.1	4.1	-24.3	-15.2	6.5
Income/cost ratio	1.2	1.52	0.28	0.19	1.11
Interest rate risk	0.9	2.2	0.8	0.7	1.6
Foreign exchange position	0.7	0.7	1.2	0.7	1.4
Foreign exchange risk	0.0	0.0	0.0	0.0	0.0
Loans before loan impairment charges as a percentage of deposits	0.8	0.9	2.3	7.4	8.1
Loans as a percentage of equity	1.1	2.0	5.6	6.0	7.0
Annual loan growth	-44.0	-61.0	-29.0	-26.1	-9.6
Excess cover relative to statutory liquidity requirements	345.0	220.5	106.7	109.8	71.4
Sum of large exposures	57.0	64.3	74.2	36.0	66.1
Loan impairment ratio for the year	13.2	1.7	4.7	2.1	3.1
Return on capital employed	0.3	0.8	-2.5	-1.4	0.5

*Financial ratios are calculated in accordance with the definitions of the Danish Financial Supervisory Authority. Financial ratios are calculated per year, year to date.

Preface

In 2014, FIH sold its lending business. After having made the necessary preparations in 2011, 2012 and 2013 to be able to repay all government-guaranteed bonds in Q2 2013, it became apparent that FIH would not be able to generate a satisfactory profit with its current business model and business volume. A low demand for loans from business customers, increased competition on the business lending market and high funding costs in FIH Direct Bank meant that satisfactory long-term profitability was impossible to achieve.

For this reason, FIH decided to sell its lending business to Spar Nord and Nykredit, respectively, thereby selling DKK 4.3 billion in loans, DKK 2.5 billion in guarantees and loan commitments and DKK 0.7 billion in financial instruments.

The agreements with Spar Nord and Nykredit ensured that the transferred customers have new and solid bankrelationships and ensured a goodwill payment to FIH. At the same time, the transactions contribute to the necessary consolidation of the Danish banking sector. We find this very satisfactory.

When the agreements with Spar Nord and Nykredit were concluded, it was decided that FIH was to cease acquiring new customers and providing new loans and that the remaining loan customers were to be phased out over a number of years.

As a natural consequence of the considerably lower business volume, which will continue to fall in the future, FIH lowered its cost level in 2014. The organisation was trimmed by the transfer of 30 employees to Spar Nord, active adaptation of the organisation and natural attrition. In addition, FIH focused on simplifying and optimising procedures; for example by changing to BEC's standard banking platform in 2014.

In the management, CEO Bjarne Graven Larsen left FIH and CFO Palle Nordahl was appointed to the Executive Board at the end of the year, which means that FIH's Executive Board now comprises CEO Henrik Sjøgreen and CFO Palle Nordahl.

2014 in figures

FIH achieved a profit before tax of DKK 145.3 million. The profit was achieved due to gains on the repurchase of loans on bond-like terms with a long maturity and of own bonds, a positive return on the share portfolio, goodwill related to the transactions with Spar Nord and Nykredit and impairment charges.

In 2014, the balance sheet was reduced by DKK 4.1 billion to DKK 23.4 billion. The reduction of the balance sheet was primarily due to trimming of the loan portfolio achieved through the sale to Spar Nord and Nykredit and the new business strategy.

The share portfolio was also significantly reduced in the course of 2014, not least when Axcel III sold its shares in Pandora. With Axcel III's sale of Pandora shares, FIH is no longer exposed to Pandora. The share portfolio at year-end 2014 totalled DKK 91 million against DKK 813 million at year-end 2013.

The discontinuation of lending in FS Property Finance is progressing satisfactorily, which means that FIH's risk on the value of the deficit-absorbing loan is continuously being reduced, and that it has been possible to reverse a part of the previous impairment charges in 2014.

It is satisfactory that FIH managed to produce a profit while at the same time achieving a significant balance sheet and risk reduction in 2014. FIH had very high liquidity and solvency. Its liquidity exceeded the regulatory requirements by 345 per cent. The capital ratio was up 14.4 percentage points to 40.3 percentage points, and the capital buffer has been increased to 22.2 per cent.

FIH in 2015

In 2015, FIH will continue working on its strategy and thus expects to be able to reduce the balance sheet and risk even further.

Simplifying and optimising the remaining business will also be in focus in 2015, and in that connection, FIH expects to change to BEC's market platform in the course of 2015. Also, FIH will be moving to new and smaller premises at Nordhavn in Copenhagen in the first half of 2015.



Christian Dyvig
Chairman of the Board of Directors



Net profit/loss for the year

(DKK million)	FIH Group					
	2014	2013	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Net interest income from lending activities	185.9	271.0	33.2	39.0	55.0	58.7
Net fee income etc.	156.4	219.0	20.3	40.0	64.3	31.8
Trading income and income from liquidity portfolio	21.7	117.7	-17.9	10.1	10.2	19.3
Other income	78.5	300.8	60.3	31.9	107.7	-0.8
Total income	442.5	908.5	-24.7	121.0	237.2	109.0
Ordinary expenses	378.8	482.2	72.7	86.2	116.1	103.8
Profit/loss from ordinary activities	63.7	426.3	-97.4	34.8	121.1	5.2
Net gain from equity portfolio	184.9	534.6	35.8	7.9	29.0	112.2
Profit/loss from matters concerning the Property Finance portfolio	149.4	-558.8	96.3	81.8	-7.3	-21.4
Other expenses	41	0.0	25.2	0.0	15.8	0.0
Net profit/loss for the year before loan impairment charges etc. and tax	357.0	402.1	9.5	124.5	127.0	96.0
Loan impairment charges etc.	211.7	105.6	67.9	38.1	110.7	-5.0
Profit/loss for the year before tax	145.3	296.5	-58.4	86.4	16.3	101.0
Tax	83.3	68.6	32.2	22.6	3.7	24.8
Net profit/loss for the year	62.0	227.9	-90.6	63.8	12.6	76.2
Financial ratios*						
Solvency ratio	40.3	25.9	40.3	42.0	30.3	26.4
Tier 1 capital ratio	40.3	25.9	40.3	42.0	30.3	26.4
Individual solvency requirement, per cent	18.1	14.3	18.1	17.8	14.5	14.3
Return on equity before tax	2.5	5.3	2.5	4.7	4.1	7.1
Return on equity after tax	1.1	4.1	1.1	3.5	3.1	5.3
Sum of large exposures	57.0	64.3	57.0	41.9	40.3	51.3

*Financial ratios are calculated in accordance with the definitions of the Danish Financial Supervisory Authority. Financial ratios are calculated per year, year to date.

FINANCIAL DEVELOPMENT IN 2014

Based on the business strategy revised in Q2 2014, FIH has changed the presentation of figures in the management commentary and no longer divides the bank's activities into continuing and discontinued operations. It is believed that the new format gives a better overview of FIH's activities.

FIH's total profit before tax for 2014 was DKK 145.3 million (2013: DKK 296.5 million), which is in line with the most recently announced expectations from Q3 2014 of a profit before tax. The results are deemed to be satisfactory.

NET INTEREST INCOME FROM LENDING ACTIVITIES

Net interest income from lending activities totalled DKK 185.9 million in 2014 (2013: DKK 271.0 million). The reduction in interest income was the result of the lower loan balance. Since 2013, the loan balance has declined by DKK 5,817 million to DKK 5,090 million, primarily due to the sale of the lending business to Spar Nord and Nykredit, which is in line with the business strategy.

NET FEE INCOME ETC.

Net fee income etc. comprises fee income from Corporate Finance and Banking and amounted to DKK 156.4 million in 2014 (2013: DKK 219.0 million).

In, Corporate Finance, fee income fell by DKK 41.9 million relative to 2013, primarily because 2013 was a particularly good year. In Banking, fees dropped by DKK 20.7 million in the same period, partly due to the declining loan balance, and partly because no new loans are provided.

TRADING INCOME AND INCOME FROM LIQUIDITY PORTFOLIO

In 2014, trading income and income from the liquidity portfolio amounted to DKK 21.7 million (2013: DKK 117.7 million). The primary reasons for the income reduction are the phasing-out of most of the activities in Markets and a significantly lower risk mandate in 2014.

OTHER INCOME

Other income comprises FIH's 'Other activities', including FIH's Treasury activities.

In 2014, other income amounted to DKK 78.5 million (2013: DKK 300.8 million). In 2014, income comprised, among other things, goodwill in connection with the sale of the lending business to Spar Nord and Nykredit, gains on the repayment of loans on bond-like terms with a long maturity and gains on the repurchase of own bonds. Subtracting from this is FIH's significant surplus liquidity in FIH Direct Bank, which are funded more expensively than it can be invested, as well as a negative value adjustment in the order of DKK 50 million due to FIH's decision to start measuring the derivatives portfolio based on credit-adjusted discounting curves, as it is believed that this has been adopted as the standard practice in the market.

EXPENSES

Total expenses amounted to DKK 419.8 million (2013: DKK 482.2 million), corresponding to a fall of DKK 62.4 million. Ordinary expenses, excluding Corporate Finance, were DKK 292.3 million (DKK 371.4 million), down DKK 79.1 million, which can primarily be ascribed to an appreciable reduction in the number of employees from an average of 207 in 2013 to an average of 142 employees in 2014. At the start of 2015, FIH had 82 employees excluding Corporate Finance (stated as full-time equivalents).

In 2014, ordinary expenses were negatively impacted by conversion expenses related to FIH's transfer to BEC's banking platform.

Ordinary expenses in Corporate Finance came to DKK 86.5 million, a decline of DKK 24.3 million. The decline must be seen mainly in the context of the lower income in Corporate Finance, resulting in, among other things, declining variable remuneration. Corporate Finance had 25 employees at year-end 2014 (stated as full-time equivalents).

Other expenses totalled DKK 41.0 million in 2014 (2013: DKK 0.0 million). Other expenses primarily comprise restructuring costs.

(DKK million)	2014	2013
Ordinary expenses		
Expenses excluding Corporate Finance	292.3	371.4
<i>Of which costs relating to the Guarantee Fund for Depositors and Investors</i>	29.8	32.4
Expenses Corporate Finance	86.5	110.8
Total ordinary expenses	378.8	482.2
Other expenses	41.0	0.0
Total expenses	419.8	482.2

NET GAIN ON THE SHARE PORTFOLIO

The net gain on the share portfolio was DKK 184.9 million (2013: DKK 534.6 million), primarily from Pandora a part of FIH's investment in Axcel III. In Q4, Axcel III sold its remaining shares in Pandora, which means that FIH is no longer exposed to Pandora.

PROFIT/LOSS FROM MATTERS CONCERNING THE PROPERTY FINANCE PORTFOLIO

Matters relating to the Property Finance portfolio impacted results by DKK 149.4 million (2013: -558.8 million). This item includes income and expenses relating to the previous business segment 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 upwards by DKK 193.0 million in 2014 and now amounts to DKK 1,017 million (2013: DKK 824 million). The balance sheet in FS Property Finance and thus the risk on the deficit-absorbing loan were significantly reduced in 2014.

IMPAIRMENT CHARGES ETC.

Total impairment charges etc. amounted to DKK 211.7 million (2013: DKK 105.6 million).

In 2014, there were individual impairment charges of DKK 301.2 million, of which approx. 90 per cent originates from three individual commitments. Collective impairment charges totalling DKK 64.7 million were reversed in 2014, primarily as a result of the reduction in the lending volume.

The total impairment balance (including provisions for losses on guarantees) of DKK 1,706 million amounted to 33.3 per cent of total loans before impairment charges.

Impairment charges etc. can be broken down as follows:

(DKK million)	2014	2013
Individual loan impairment charges	301.2	444.7
Collective loan impairment charges	-64.7	-294.3
MVA, interest rates, etc.*	-24.8	-44.8
Total loan impairment charges etc.	211.7	105.6

* Of which impairment charges on customer derivatives amounted to a profit of DKK 0.6 million in 2014 (2013: profit of DKK 33.7 million). These are included as market value adjustments in the income statement on page 23, 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.*).

TAX

In 2014, tax amounted to DKK 83.3 million (2013: DKK 68.6 million). The effective tax rate for 2014 was 57.4 per cent based on a profit before tax as well as a relatively smaller capitalisation of unutilised tax losses relative to last year.

PROFIT/LOSS FOR Q4 2014

The profit/loss before tax was DKK -58.4 million in Q4 2014 (Q3 2014: DKK 86.4 million).

This was positively affected by the value adjustment of the deficit-absorbing loan provided to FS Property Finance and by a positive return on the share portfolio.

Adjustments relating to credit-adjusted discounting curves, restructuring costs and impairment charges detracted from this.

BALANCE SHEET

The balance sheet total amounted to DKK 23,354 million (year-end 2013: DKK 27,500 million). The declining balance sheet was primarily due to the sale of the lending business and a fall in the deposit balance.

Balance sheet

Assets

(DKK million)	2014	2013
Cash in hand	1,109	919
Loans	5,090	10,907
Loans FS Property Finance (deficit-absorbing loan)	1,017	824
Bonds	14,004	10,929
Shares and investments in associates	91	813
Other assets	2,043	3,108
Total assets	23,354	27,500
Liabilities		
Due to credit institutions and central banks	3,662	3,273
Deposits and other payables	10,252	13,783
Bonds issued	38	1,048
Other liabilities	3,594	3,594
Provision for liabilities	69	125
Total equity	5,739	5,677
Total liabilities	23,354	27,500

Loans amounted to DKK 5,090 million, down DKK 5,817 million in 2014, primarily due to the sale of the lending business to Spar Nord and Nykredit, but also as a consequence of FIH having ceased to provide new loans.

The bond portfolio amounted to DKK 14,004 million at year-end 2014 (year-end 2013: DKK 10,929 million) and is essentially invested in AAA rated Danish short-term mortgage credit bonds.

FIH's deposits amounted to DKK 10,252 million (year-end 2013: DKK 13,783 million), corresponding to a fall of DKK 3,531 million in 2014. The decrease is due to several elements: FIH has repurchased deposits on bond-like terms with a long maturity for DKK 1,465 million, and deposits with FIH Direct Bank have decreased by DKK 2,066 million. It is a deliberate strategy to reduce deposits to ensure that it better matches FIH's future funding needs. The deposit portfolio primarily consists of deposits with FIH Direct Bank (DKK 9,367 million). FIH Direct Bank had around 26,000 customers at year-end 2014 (2013: 33,000 customers).

Following recognition of the net profit for the year, equity amounted to DKK 5,739 million at year-end 2014 (year-end 2013: DKK 5,677 million), which is DKK 62 million higher than at year-end 2013 as a result of the positive results for the year.

No dividend is paid for 2014.

PROSPECTS FOR 2015

FIH expects a profit before tax for 2015.

OTHER INFORMATION

In Q2 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 Property Finance portfolio transaction.

In Q1 2015, FIH's last listed bonds will mature. After this time, FIH will not be covered by IFRS or by the reporting requirements of Nasdaq OMX Copenhagen, for which reason it will only issue half-year and full-year reports.

EVENTS AFTER THE BALANCE SHEET DATE

On 28 January 2015, FIH concluded an agreement for the repurchase of a large commitment from FS Property Finance. The original agreement concerning FS Property Finance provided scope for repurchasing on certain conditions, which were all met in this case.

Other than that no special events have occurred after the balance sheet date that would affect FIH or its financial performance for 2014.

In January 2015, the exchange rate on Swiss Franc has shown considerable volatility. As FIH and FIH's customers have a very limited exposure to Swiss Franc, this development has no impact on FIH.

UNUSUAL EVENTS

The management finds that no unusual events have occurred that have affected the net profit for the year other than the matters already described in the annual report.

UNCERTAINTY RELATING TO RECOGNITION AND MEASUREMENT

Estimates are used in the recognition and measurement of certain assets and liabilities in the balance sheet, and, accordingly, the valuation may contain elements of uncertainty. Such estimates are performed by FIH's management in accordance with its 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:

- Impairment charges on loans and other receivables
- Provisions for losses on guarantees etc.
- Valuation of the deficit-absorbing loan
- Determination of fair values of financial instruments
- Deferred tax assets.

Significant estimates are involved in the determination of impairment charges on loans and other receivables in connection with the quantification of the risk that the customer/debtor will not be able to meet his future obligations in full or in part. The determination of provisions for losses on guarantees is subject to uncertainty in the assessment of the risk that the guarantee will be exercised in full or in part.

In addition to customer earnings, the measurement of commitments depends on the valuation of security, among other things. The valuation of FIH's security depends widely on the management's estimate of the required rates of return on the property market. The management's estimate of property fair values is based on the property's use, location, lease level, lease terms, condition, special features and local development plans etc.

If FIH has provided funding or otherwise participates in lending with other funding sources, renegotiation, restructuring etc. will have to be conducted in consultation with these other funding sources, and this affects the measurement of commitments. This could result in some uncertainty in renegotiation situations – especially if the customer is facing financial difficulties.

The determination of the fair value of the deficit-absorbing loan to FS Property Finance is based on expectations of developments in the company's performance, and, accordingly, involves significant estimates, including estimates of impairment charges.

The determination of the fair value of financial instruments that are not traded in active markets involves estimates. Fair values are determined based on generally accepted valuation models as well as input variables in the form of yield curves, volatility curves, spreads etc. The valuation models discount future cash flows and measure option elements, if any. These models are subject to a certain amount of model risk.

Tax loss carryforwards are recognised if it is probable that such losses can be used in the offsetting against future profits. Recognition of a deferred tax asset therefore requires the management's assessment of the probability and size of future profits in the companies subject to joint taxation.

The accounting estimates used are described in detail in 'Accounting policies' (note 1) and 'Significant accounting estimates, assumptions and uncertainties' (note 2). Otherwise, no significant uncertainties have affected recognition and measurement in the annual report.

ACCOUNTING POLICIES

FIH's accounting policies are consistent with those applied in 2013.

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 discontinuing operations.



Liquidity and funding

LIQUIDITY

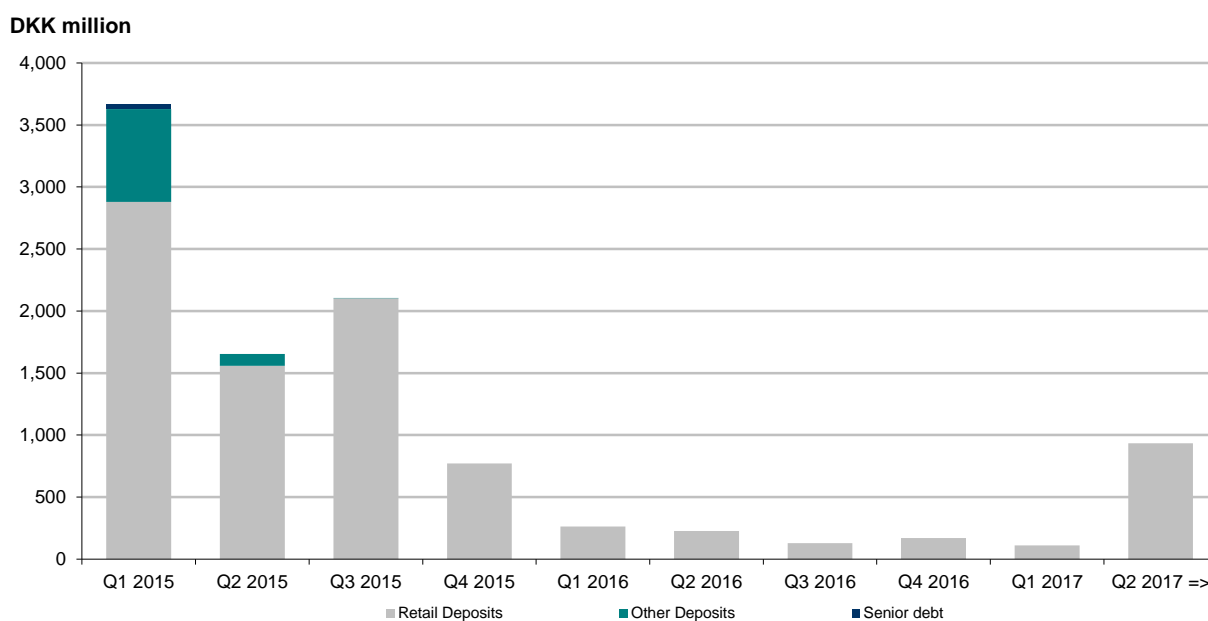
At the end of 2014, FIH's liquidity, calculated in accordance with the Danish Financial Business Act (*Lov om finansiel virksomhed*), totalled DKK 8.2 billion, equivalent to a liquidity surplus of 345 per cent relative to the regulatory requirements (year-end 2013: 221 per cent). The increase in the liquidity surplus is mainly due to the sale of the lending business to Spar Nord and Nykredit, which was completed in Q3 2014. FIH's liquidity is mainly invested in AAA-rated Danish short-term mortgage credit bonds. Most of the bonds in the liquidity portfolio can be used as collateral for loans with Danmarks Nationalbank.

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 FIH's future funding requirements within the terms given. This has resulted in a deliberate reduction in deposits with FIH Direct Bank in recent quarters.

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

Maturity profile of funding



Credit risk and other types of risk

CREDIT RISK

FIH's loans after impairment charges totalled DKK 5,090 million (year-end 2013: DKK 10,907 million), while loans before individual impairment charges totalled DKK 6,728 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 totalled DKK 2,835 million after impairment charges (2013: DKK 8,791 million)
- Default-registered loans amounted to DKK 2,209 million after impairment charges (2013: DKK 2.116 million)

LOANS REGISTERED WITH AN OBJECTIVE INDICATION OF IMPAIRMENT

Of the total loan balance of DKK 5,090 million, loans registered with an objective indication of impairment (OII) accounted for DKK 2,461 million after individual impairment charges (year-end 2013: DKK 2,156 million).

(DKK million)	2014	2013
OII loans:		
OII non-default-registered loans	206	39
OII default-registered loans	3,893	3,543
OII – total	4,099	3,582
- of which non-performing loans	760	947
OII after individual impairment charges	2,461	2,156
Collective loan impairment charges	29	91

Non-performing loans

FIH defines non-performing loans as commitments meeting all the criteria below:

- The commitment has a default rating
- Accrual of interest has been suspended
- Collection of loan payments has stopped.

Non-performing loans will always be in default; however, not all commitments in default will be included in the category non-performing loans.

MARKET RISK

Market risk is the risk of loss of market value arising from movements in financial markets (interest rate and currency 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.

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

(DKK million)	2014	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>	-51	-124
Foreign exchange risk		
<i>Calculated parametrically at a one-day horizon and 99 per cent probability</i>	0	0

EQUITY RISK

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. FIH does not want to assume any equity risk in listed or unlisted equities either, for which reason the portfolio of equities is continuously being reduced.

The equity portfolio has been significantly reduced in the course of 2014, not least when Axcel III sold its shares in Pandora.

At the end of 2014, FIH was subject to an equity risk from a private equity portfolio of DKK 91 million.

Further information on credit, market and equity risk

For further information about FIH's credit, market and equity risk and risk management, see the report 'Risk Management 2014' at www.fih.com/Financials/Risk+Reports

LIQUIDITY RISK

Liquidity risk is the risk of loss arising from excessive increases in FIH's funding costs or, ultimately, 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, among other things.

At end-Q4 2014, FIH's liquidity totalled DKK 8.2 billion, equivalent to a liquidity surplus of 345 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 the end of 2014, FIH was in compliance with the Danish Financial Supervisory Authority's Supervisory Diamond for banks, with the exception of the property exposure benchmark, which stood at 25.4 per cent. Already in the autumn of 2014, FIH informed the Danish Financial Supervisory Authority that it expected to not comply with this benchmark at 31 December 2014, as FIH's reduction of loans will give relatively more weight to loans classified as property exposure. The most significant of these loans is the deficit-absorbing loan granted to FS Property Finance, which is included in the basis for calculation of the property exposure with a principal amount before impairment charges of DKK 1,650 million in total. Excluding the deficit-absorbing loan, the property exposure is 8.2 per cent.

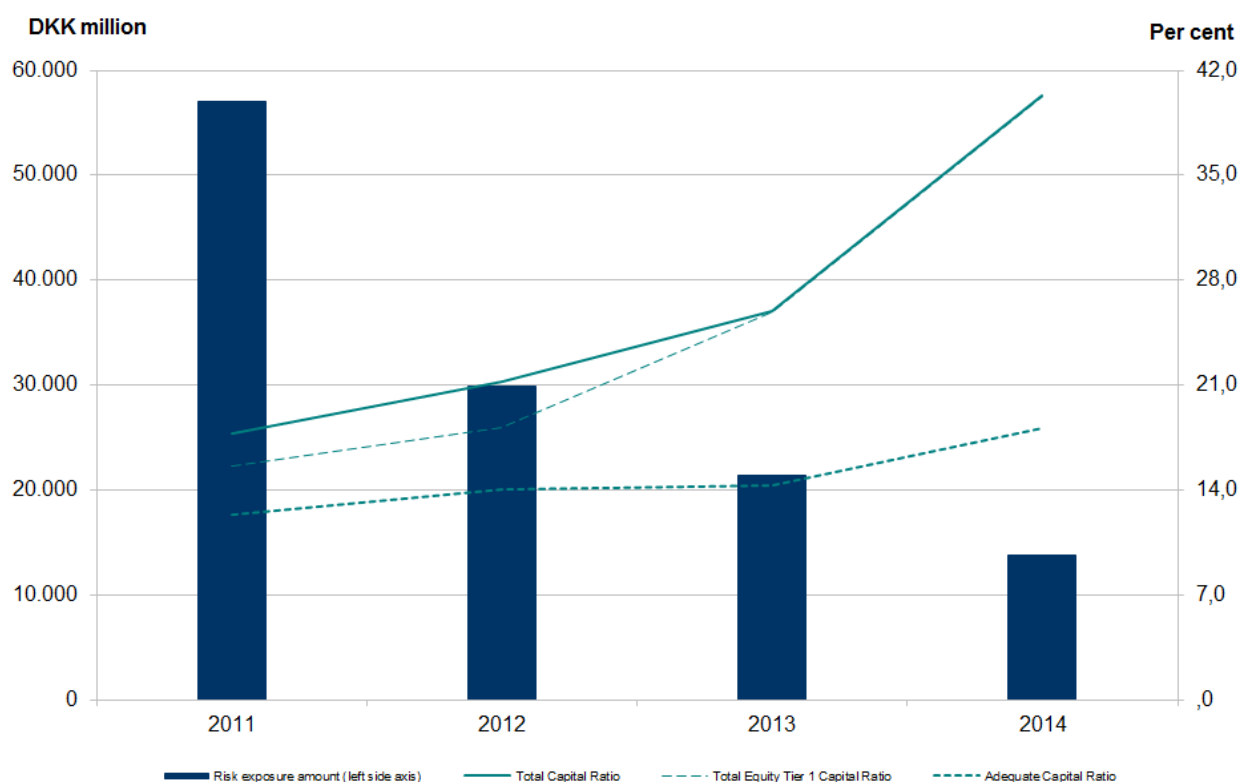
(DKK million)	Limit	2014	2013
Total amount of large exposures*	< 125 % of capital base	57 %	64 %
Growth in loans	< 20 %	-48 %	-61 %
Property exposure	< 25 %	25 %	19 %
Liquidity surplus	> 50 %	345 %	221 %
Funding ratio	< 100 %	38 %	53 %

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

Solvency requirement and capital position

FIH's capital base consists solely of tier 1 capital (CET1 capital) and amounted to DKK 5.557 million (year-end 2013: DKK 5,531 million). The capital and core capital ratio came to 40.3 per cent (year-end 2013: 25.9 per cent) following a fall in risk exposures from DKK 21.4 billion to DKK 13.8 billion mainly after the sale of the lending business to Spar Nord and Nykredit.

Capital position in FIH



FIH aims to maintain a capital 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 in 2014 increased by 10.7 percentage points to 22.2 percentage points. The capital buffer is calculated as the difference between the solvency ratio and the individual solvency requirement set by the management.

FIH's capital planning has been adjusted to the revised business strategy. FIH continued to focus on reducing risk exposure in 2015.

FIH's individual solvency requirement is 18.1 per cent (year-end 2013: 14.3 per cent). The increase is explained by a percentage higher decline in the risk exposures than in the corresponding decline in the capital requirements.

For a detailed description of the calculation of the solvency requirement, see the 'Risk Management FIH 2014' report. The report is available at www.fih.com/FinancialsRisk+Reports.

The EU has adopted new capital requirements rules, the so-called CRD IV Regulation and Directive, which came into force in 2014. Among other things, the new rules stipulate that a larger share of the capital base must consist of actual equity. Since FIH's capital base consists solely of tier 1 capital, the new rules have only had a marginal impact on capital.

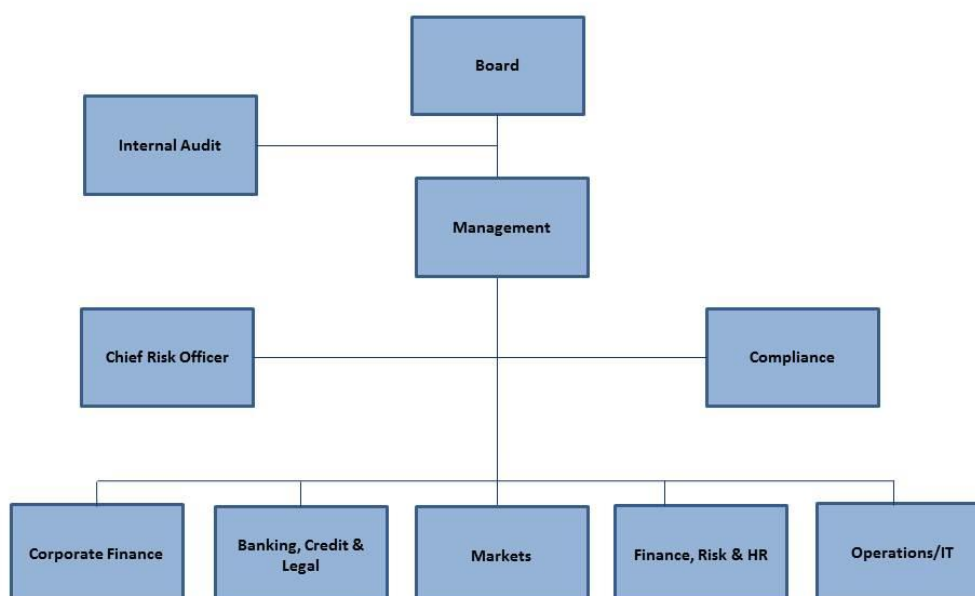


Organisation and corporate governance

FIH was founded in 1958 as Finansieringsinstituttet for Industri og Håndværk (Finance for Danish Industry). For many years, FIH has focused on providing financial solutions to the Danish corporate sector. As a consequence of the financial crisis, FIH spent the years from 2011 to 2013 making the necessary arrangements to be able to repay the remaining government-guaranteed bonds in 2013. After this, it was apparent that FIH's business model would only generate a limited profit. For this reason, FIH revised its business strategy in 2014, see page 4.

ORGANISATION

FIH's organisation is shown below.



Banking, Credit & Legal

In accordance with this changed business strategy, FIH has ceased acquiring new customers and providing new loans. At the same time it has been decided that FIH's remaining customers will be discontinued over a number of years.

Markets

The activities in Markets were reduced in 2014. Advisory services and trading in financial instruments vis-à-vis business customers have been phased out and the activities in Trading have been discontinued. FIH's own portfolio is still managed by Markets.

Corporate Finance

Corporate Finance is not affected by the revised business strategy. The Corporate Finance activities are undertaken in the subsidiary FIH Partners which provides financial advisory services on mergers and acquisitions, privatisations, capital injections etc.

In addition, reporting comprises the business segment 'Other activities', which includes Treasury (handling of money market activities) and FIH's other activities.

The business segments are served by several staff functions, including Finance, Risk & HR and Operations/IT.

CORPORATE GOVERNANCE

FIH's top management comprises the Board of Directors and the Executive Board.

Composition of the Board of Directors

FIH's Board of Directors has eight members, three of whom have been elected by FIH's employees.

Christian Dyvig has served as chairman of the Board of Directors since 1 July 2012. Henrik Heideby is Deputy Chairman. Other board members elected by the general meeting are Daniel Eriksson, Henrik Gade Jepsen and Fredrik Martinsson.

Board members elected by the employees are Lene Foged Nothlevsen, Toke Heding and Trine Qwist Pedersen. Trine Qwist Pedersen replaced Jacob Bagggers Willemoes as employee-elected board member on 1 November 2014.

For information on the Board of Directors' competencies and other directorships, please see note 49.

Composition of the Executive Board

FIH's Executive Board consists of CEO Henrik Sjøgreen and CFO Palle Nordahl.

Board of Directors' responsibilities

The Board of Directors determines FIH's business model, assesses its risk profile and policies, budget, capital, liquidity, solvency requirement etc. and ensures that the reporting of the Executive Board provides an adequate basis for the work of the Board of Directors. The Board of Directors provides the guidelines for the Executive Board's day-to-day management of FIH, including the determination of credit policy and overall guidelines for lending and handling of customer relations. The Board of Directors is also responsible for ensuring and checking that FIH operates in accordance with the Danish Companies Act (*Selskabsloven*), the Danish Financial Statements Act (*Årsregnskabsloven*), the Danish Financial Business Act and other relevant legislation and regulation.

A total of six physical board meetings were held in 2014, with seven board meetings being planned for 2015.

In 2014, the Board of Directors carried out its annual self-assessment of its performance, which also includes an assessment of each board member's competencies and experience. The conclusion is that the existing Board of Directors has all of the competencies and experience needed to run an enterprise with FIH's business model. In addition, the Board of Directors evaluated its own and the Executive Board's work in 2014.

The management structure reflects general Danish company requirements, financial legislation in the area and recommendations of the Committee on Corporate Governance and the Corporate Governance Code of the Danish Bankers Association. FIH publishes a separate Corporate Governance Report on compliance with the Committee on Corporate Governance's recommendations and all the recommendations in the Corporate Governance Code of the Danish Bankers Association. FIH's Corporate Governance Report is available at www.fih.com/About/Corporate+Governance.

Board of Directors' competency profiles

Christian Dyvig (Chairman)

Christian Dyvig is a lawyer and holds an MBA. He has held executive positions with the international investment bank Morgan Stanley in London and Frankfurt and with Nordic Capital, a leading Nordic private equity fund, and the Lundbeck Foundation, a major active industrial foundation in Denmark. He is especially well versed in current legislation, risk management, capital markets and corporate finance, lending, business development, strategy planning, the Danish corporate sector in general, review of large commitments and understanding of financial statements.

Henrik Heideby (Deputy Chairman)

Henrik Heideby holds a Graduate Diploma in Business Administration (Accounting) and is the former CEO of PFA Pension. He has also held positions as CEO of Alfred Berg Bank and CEO of FIH Erhvervsbank. With long experience from various segments of the financial sector, he has in-depth knowledge of financial regulation, capital markets, risk management, business development, strategy planning, IT security and stability, review of large commitments,

understanding of financial statements, the Danish corporate sector in general and experience from the day-to-day management of several financial enterprises.

Daniel Eriksson

Daniel Eriksson is a trained lawyer and economist and is Head of Products of Folksam. After nine years in consultancy, with particular focus on financial enterprises, he changed careers to the financial sector and has held management responsibility since 2003. Here, he has gained broad knowledge of insurance and capital markets and of Swedish and European financial sector regulation. He is especially well versed in organisational restructuring, product development, business development, strategy planning and understanding of financial statements. Furthermore, he has experience from the day-to-day management of a financial enterprise.

Henrik Gade Jepsen

Henrik Gade Jepsen has an MA (Economics) and is CIO of the Danish Labour Market Supplementary Pension Scheme (ATP). His previous positions include positions at Danmarks Nationalbank, The International Monetary Fund (IMF) and Realkredit Danmark. With long experience from various segments of the financial sector, he has in-depth knowledge of and experience in risk management and capital markets, knowledge of financial regulation, business development, strategy planning, understanding of financial statements and experience from the day-to-day management of a financial enterprise.

Fredrik Martinsson

Fredrik Martinsson is a Bachelor of Business Administration and is currently Chief Investment Officer at ATP. He has previously worked as Equity Analyst in Hagströmer & Qviberg and Goldman Sachs and as Chief Equity Analyst in Danske Bank. Since 2001, he has held different positions with ATP, including CEO of ATP Alpha fondsmæglerselskab A/S. He has held executive positions with ATP and has, in particular, acquired in-depth knowledge of and experience in the investment area, including integration of IT systems to support the investment department. In addition, he has knowledge of and experience with risk management, capital markets, financial regulation and understanding of financial statements. Finally, he has experience from the management of a financial enterprise.

Lene Foged Nothlevsen

Lene Foged Nothlevsen is a trained banker and Assistant Relationship Manager. She has since her employment in 1994 worked in various departments of Banking, acquiring in-depth knowledge of and experience with the financing of small and medium-sized enterprises. In addition to close customer contact, she has experience with complex commitments and has understanding of financial statements. Finally, she focuses on employee satisfaction and on preserving the special values that make FIH an attractive place to work.

Toke Heding

Toke Heding holds an MA in Political Science and has worked as Senior Risk Analyst at FIH since 2006. He has taught financing and microeconomics at Copenhagen Business School and managed IT projects at Nordea Bank Denmark. Toke Heding's current and previous positions have given him extensive knowledge and experience in large exposures and risk management, including market risks and interest rate risks, understanding of financial statements and insight into the bank's balance sheet. Toke Heding focuses on making sure that FIH remains an attractive place to work.

Trine Qwist Pedersen

Trine Qwist Pedersen holds an MSc in Business Administration and Auditing and a Graduate Diploma in Organisation and Management. After graduation, Trine worked as an auditor with Arthur Andersen. She has since her employment in FIH in 2002 worked in various functions in Finance, including as Deputy Head of Accounting and Head of Risk & Reporting Banking. This gave her a broad knowledge and in-depth understanding of financial reporting, credit, banking and solvency reporting. Trine focuses on employee satisfaction and on ensuring that FIH continues to be an attractive and educational place to work.

Audit Committee

Members of the Board of Directors' Audit Committee are Henrik Heideby (Chairman), Henrik Gade Jepsen and Christian Dyvig. Board members elected by the employees take turns as members of the Audit Committee for one year at a time. Until the annual general meeting in March 2015, employees will be represented by Toke Heding. After this time, Trine

Qwist Pedersen will take over. Henrik Heideby has been appointed chairman of FIH's Audit Committee and has the required professional qualifications as stated in Section 5 of Executive Order on auditing financial undertakings etc. as well as financial groups subject to the supervision of the Danish Financial Supervisory Authority (*Bekendtgørelse om revisionsudvalg i virksomheder samt koncerner, der er underlagt tilsyn af Finanstilsynet*). The reasons for appointing Henrik Heideby as an independent member with accounting qualifications include the fact that Henrik Heideby holds a Graduate Diploma in Business Administration (Accounting) and has served as chairman of IC Group A/S' Audit Committee since April 2009. For further information on the members of the Audit Committee, see the competency profiles above, note 49 and www.fih.com/About/Board/Audit+Committee.

The purpose of the Audit Committee is to assist the Board of Directors in monitoring the financial reporting procedure, monitoring the effectiveness of the company's internal control systems, internal audit and risk management systems, monitoring the statutory audit of the financial statements etc. as well as monitoring and checking the auditor's independence, including, in particular, the delivery of additional services to the company.

Credit and Risk Committee

Members of the Board of Directors' Credit and Risk Committee are Henrik Heideby (Chairman), Christian Dyvig and Henrik Gade Jepsen. The purpose of the Committee is to assist the Board of Directors with issues relating to credit and risk. The Committee is primarily engaged in the preparation of credit decisions, preparation of new credit lines and limits or changes to existing ones and preparation of policies and changes to existing credit and risk policies. The Committee's recommendations and drafts are to be discussed and approved by the Board of Directors.

REMUNERATION POLICY

In accordance with financial legislation and the recommendations of the Committee on Corporate Governance, FIH's Board of Directors has adopted a remuneration policy for FIH. Among other things, the purpose of the remuneration policy is to:

- Be in accordance with and support healthy and efficient risk management
- Be in accordance with FIH's business strategy, values and long-term objectives
- Ensure that the total variable remuneration which FIH is obliged to pay does not erode the company's possibility of strengthening its capital base
- Ensure market-conform and competitive remuneration.

The remuneration policy puts a cap on the variable pay elements of members of the Board of Directors, the Executive Board and employees whose activities have a significant impact on FIH's risk profile. At FIH, this involves 18 employees in addition to the members of the Board of Directors and the Executive Board. For detailed information on remuneration at FIH, please see note 11 and note 49 as well as FIH's remuneration policy at www.fih.dk/Top/Om+FIH/Vores+profil/Bestyrelse/Loenpolitik (available in Danish only).

CORPORATE SOCIAL RESPONSIBILITY

FIH has prepared a corporate social responsibility statement, which also contains a statement on diversity in management. The statement is available at <http://www.fih.com/About/Corporate+Social+Responsibility>.

IMPORTANT INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS IN CONNECTION WITH FINANCIAL REPORTING

The Board of Directors and the Executive Board have overall responsibility for FIH's control and risk management in connection with financial reporting, including compliance with relevant legislation and other regulation in relation to financial reporting. FIH's internal controls and risk management systems are mainly designed to ensure efficient management of FIH's business and activities and the associated risks.

Control environment

The Board of Directors and the Executive Board determine and approve overall policies, procedures and controls in important areas in connection with the financial reporting process.

The Executive Board continually monitors compliance with relevant legislation and other rules and provisions in relation to financial reporting and regularly reports on this to the Board of Directors. The internal control system comprises clearly defined organisational roles and responsibilities, reporting requirements and approval procedures.

FIH's Audit Committee continually monitors the financial reporting process, the effectiveness of the FIH's internal control systems, internal audit and risk systems. The Committee meets according to a fixed meeting schedule and makes active decisions relating to the group's accounting policies, including methods for loan impairment charges.

Risk assessment

The Board of Directors and the Executive Board regularly assess the risks of FIH, including risks affecting the financial reporting process.

Control activities

The planning of FIH's control activities is based on the risk assessment. The objective is partly to ensure compliance with the objectives, policies and procedures etc. approved by the Board of Directors and the Executive Board and partly to ensure that any errors and inconsistencies are prevented, detected and corrected in due time. The control activities include both manual and physical controls, such as general IT controls and automatic application controls.

The Board of Directors and the Executive Board have established formal reporting procedures, which comprise monthly reporting of actual financial performance and regular budget follow-up. Reporting is done on the basis of established procedures for reconciliations and analyses of data to ensure reliable and effective reporting of accounting data on an ongoing basis.

Additional analyses and control activities are conducted in connection with the preparation of financial statements to ensure that the financial statements are presented in accordance with applicable accounting rules as described in the accounting policies in the annual report.

FIH COMPANIES

The FIH Group comprises FIH Erhvervsbank A/S and four wholly owned subsidiaries.

FIH PARTNERS A/S

The company is in charge of the activities of FIH Corporate Finance.

FIH Leasing og Finans A/S

The company issues guarantees to FIH Erhvervsbank A/S in connection with loans.

SHAREHOLDER INFORMATION

FIH Holding A/S owns 99.99 per cent of the shares in FIH Erhvervsbank A/S. The remaining shares are owned by FIH Erhvervsbank A/S itself. FIH Holding A/S is the holding company behind the owners of FIH Erhvervsbank A/S.

Ownership and voting rights in FIH Holding A/S as at 31 December 2014

Name	Ownership in %	Voting rights in %
The Danish Labour Market Supplementary Pension Fund (ATP)	48.8	50.0
PF I A/S*	48.8	50.0
Executive Board and executive employees at FIH Erhvervsbank A/S	2.2	0.0
FIH Holding A/S	0.2	0.0
Total	100.0	100.0

* PF I A/S is the holding company for PFA Pension's, Folksam ömsesidig livsförsäkring/Folksam ömsesidig sakförsäkring's and C.P. Dyvig's ownership of FIH Holding A/S. There are other holding companies above PF I A/S, but generally speaking the shares and voting rights are distributed with 40 per cent to PFA Pension, 40 per cent to Folksam ömsesidig livsförsäkring/Folksam ömsesidig sakförsäkring and 20 per cent to Cruise I A/S, which is C.P. Dyvig's holding company for its stake in FIH Holding A/S.

In FIH Holding A/S, 50 per cent of the share capital is preference shares with a preferential right to receive an annual return of 8 per cent. Any excess return is subsequently distributed on a pro rata basis to the remaining ordinary shares.

Income statement and statement of comprehensive income 2014

(DKK million)	Note	FIH Group		FIH Erhvervsbank A/S	
		2014	2013	2014	2013
INCOME STATEMENT					
Interest income	4	294.6	565.6	294.6	557.9
Interest expenses	5	326.7	538.8	326.6	534.8
Net interest income		-32.1	26.8	-32.0	23.2
Dividends from shares etc.	6	905.7	594.9	905.7	594.9
Fees and commissions	7	160.0	222.4	60.0	80.5
Fees and commissions paid	8	3.9	37.2	3.9	40.2
Net interest and fee income		1,029.7	806.8	929.8	658.4
Market value adjustments	9	-315.9	558.1	-315.9	559.4
Other operating income	10	112.8	43.6	122.0	53.8
Staff costs and administrative expenses	11	392.3	442.6	322.6	339.0
Depreciation, amortisation and impairment charges for intangible assets as well as property, plant and equipment		2.1	6.7	101.8	6.1
Other operating costs		25.4	32.9	25.4	32.9
Impairment charges on loans and receivables etc.	12/17	212.3	174.3	212.3	174.3
Profit from investment in associates and group enterprises	13	-49.2	-37.8	-33.4	-13.1
Profit/loss before tax		145.3	714.2	40.4	706.1
Tax	14	83.3	68.6	78.4	60.5
Net profit/loss for the year, continuing operations		62.0	645.6	-38.0	645.6
Net profit/loss for the year, discontinuing operations		-	-417.7	-	-417.7
Total:					
Net profit/loss for the year		62.0	227.9	-38.0	227.9
COMPREHENSIVE INCOME					
Net profit/loss for the year		62.0	227.9	-38.0	227.9
Other comprehensive income:					
Items which cannot be transferred to the income statement		0.0	0.0	0.0	0.0
Tax thereon		0.0	0.0	0.0	0.0
Total		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
Tax thereon		0.0	0.0	0.0	0.0
Total		0.0	0.0	0.0	0.0
Total comprehensive income for the year		62.0	227.9	-38.0	227.9
Allocation of total comprehensive income					
Reserve according to the equity method		-	-	-295.0	-20.3
Dividend for the year		0.0	0.0	0.0	0.0
Retained earnings		62.0	227.9	257.0	248.2
Comprehensive income allocated		62.0	227.9	-38.0	227.9

Balance sheet as at 31 december 2014

(DKK million)	Note	FIH Group		FIH Erhvervsbank A/S	
		2014	2013	2014	2013
ASSETS					
Cash in hand and demand deposits with central banks		302.0	12.6	302.0	12.6
Receivables from credit institutions and central banks	15	806.5	906.6	806.5	906.6
Loans and other receivables	16	1,017.0	0.0	1,017.0	0.0
Loans and other receivables at amortised cost	16/17	5,089.8	10,906.5	5,089.8	10,906.5
Bonds at fair value	18	14,004.5	10,928.6	14,004.5	10,928.6
Shares etc.	19	78.1	0.0	78.1	0.0
Investments in associates		13.3	0.0	13.3	0.0
Investments in group enterprises	20	-	-	127.7	571.9
Intangible assets	21	0.0	4.0	93.1	197.1
Land and buildings:					
- Investment properties	22	650.2	682.8	650.2	682.8
- Owner-occupied properties	23	2.2	2.2	2.2	2.2
Other property, plant and equipment	24	0.7	1.4	0.6	1.4
Deferred tax assets	25	101.4	112.4	105.4	114.4
Assets held temporarily		29.4	45.1	29.4	45.1
Discontinuing operations		0.0	1,637.2	0.0	1,637.2
Other assets	26	1,244.8	2,243.4	1,241.6	2,221.9
Prepayments		14.6	17.7	13.6	16.6
Total assets		23,354.5	27,500.5	23,575.0	28,244.9
EQUITY AND LIABILITIES					
Debt					
Debt to credit institutions and central banks	27	3,662.2	3,273.1	3,662.2	3,273.1
Deposits and other debt	28	10,251.8	13,783.2	10,396.3	14,374.1
Bonds issued	29	37.5	1,048.5	37.5	1,048.5
Current tax liabilities		38.7	29.3	35.8	23.1
Other liabilities	30	3,553.8	3,474.8	3,510.3	3,412.3
Discontinuing operations		0.0	86.9	0.0	86.9
Deferred income		2.9	2.7	2.9	2.6
Total debt		17,546.9	21,698.4	17,645.0	22,220.6
Provisions					
Pension provisions and similar obligations		0.0	3.7	0.0	3.7
Provisions for losses on guarantees	31	38.7	111.8	38.7	111.8
Other provisions		30.0	9.6	30.0	9.6
Total provisions		68.7	125.1	68.7	125.1
Equity					
Share capital		513.6	513.6	513.6	513.6
Revaluation reserve, property		1.4	1.4	1.4	1.4
Reserve for net revaluation according to the equity method		-	-	12.1	307.1
Retained earnings		5,223.9	5,161.9	5,334.2	5,077.2
Shareholders' equity interest		5,738.9	5,676.9	5,861.3	5,899.3
Total equity	32	5,738.9	5,676.9	5,861.3	5,899.3
Total equity and liabilities		23,354.5	27,500.5	23,575.0	28,244.9
OFF-BALANCE SHEET ITEMS					
Contingent liabilities	33	749.8	1,204.3	749.8	1,204.3
Other commitments	34	195.5	1,276.3	195.5	1,276.3
Total off-balance sheet items		945.3	2,480.6	945.3	2,480.6

Statement of changes in equity 2014 – FIH group

Specification of changes in equity (DKK million)	Share capital	Revaluation reserve, property	Retained earnings	Total equity
Equity as at 1 January 2013	513.6	1.4	4,961.8	5,476.8
Net profit/loss and comprehensive income for the year	-	-	227.9	227.9
Reversal in respect of previous years	-	-	-27.8	-27.8
Proposed dividend for the year	-	-	-	-
Distributed dividend for the year	-	-	-	-
Equity as at 31 December 2013	513.6	1.4	5,161.9	5,676.9
Net profit/loss and comprehensive income for the year	-	-	62.0	62.0
Proposed dividend for the year	-	-	-	-
Distributed dividend for the year	-	-	-	-
Equity as at 31 December 2014	513.6	1.4	5,223.9	5,738.9

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

Specification of changes in equity (DKK million)	Share capital	Revaluation reserve, property	Reserve for net revaluation according to the equity method	Retained earnings	Total equity
Equity as at 1 January 2013	513.6	1.4	327.4	4,856.8	5,699.2
Net profit/loss and comprehensive income for the year	-	-	-20.3	248.2	227.9
Reversal in respect of previous years	-	-	-	-27.8	-27.8
Proposed dividend for the year	-	-	-	-	-
Distributed dividend for the year	-	-	-	-	-
Equity as at 31 December 2013	513.6	1.4	307.1	5,077.2	5,899.3
Net profit/loss and comprehensive income for the year	-	-	-295.0	257.0	-38.0
Proposed dividend for the year	-	-	-	-	-
Distributed dividend for the year	-	-	-	-	-
Equity as at 31 December 2014	513.6	1.4	12.1	5,334.2	5,861.3

Cash flow statement 2014

(DKK million)	FIH Group	
	2014	2013
Profit/loss before tax	145.3	296.5
Taxes paid	-62.9	-15.0
Adjustment for non-cash operating items	588.8	-347.7
Loans and guarantees	5,442.5	18,252.8
Bonds	-3,190.3	5,786.8
Deposits	-3,557.4	-314.6
Bank debt	488.6	-733.1
Other assets/liabilities	1,326.7	-1,063.3
Other	-11.4	62.4
Cash flow from operating activities	1,169.9	21,924.8
Purchase/sale of shares	21.3	62.2
Purchase/sale of treasury shares	0.0	0.0
Purchase/sale of intangible assets and property, plant and equipment	4.3	-0.9
Cash flow from investing activities	25.6	61.3
Changes in subordinated debt	0.0	-1,300.0
Changes in bonds issued	-1,006.2	-22,043.5
Cash flow from financing activities	-1,006.2	-23,343.5
Change during the period	189.3	-1,357.4
Cash and equivalents, beginning of year	919.3	2,276.7
Cash and equivalents, end of year	1,108.6	919.3
Cash and equivalents according to the balance sheet	1,108.5	919.2

*Cash and cash equivalents comprise the items 'Cash in hand and demand deposits with central banks' and 'Receivables from credit institutions and central banks'.

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Notes

Note 1 – Accounting policies

Contents

General information

The consolidated financial statements are presented in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The consolidated financial statements are also presented in accordance with additional Danish disclosure requirements of Nasdaq OMX Copenhagen for annual reports of issuers of listed bonds and the IFRS Executive Order on financial institutions issued under the Danish Financial Business Act (Lov om finansiel virksomhed).

The financial statements of the parent company – FIH Erhvervsbank A/S – 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 annual report is also presented in accordance with additional Danish disclosure requirements of Nasdaq OMX Copenhagen for annual reports of issuers of listed bonds and the Danish Financial Business Act.

The accounting policies applied are consistent with those of the annual report for 2013 as regards recognition and measurement, while the implementation of the standards and amendments to standards described below have led to changes in the presentation and disclosure.

Discontinued operations

In 2013, discontinued operations consisted of the Property Finance activities, which were demerged and divested to the Financial Stability Company, including the bridge loan and the deficit-absorbing loan in FIH Erhvervsbank's balance sheet relating to the transaction, and of the Private Equity segment. Private Equity and the deficit-absorbing loan no longer fulfil the requirements for being classified as discontinued operations under IFRS 5, for which reason the activities have been moved, and the historical comparative figures in the income statement have been restated.

New and amended standards and interpretations

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

IFRS 10 'Consolidation/Consolidated Financial Statements' (new standard). The standard replaces the section on consolidation and consolidated financial statements in the existing IAS 27. The standard lays down the principles for preparation and presentation of consolidated financial statements for an entity that controls one or more entities. With this standard, the guidelines for assessing when an entity is regarded as having control of another entity are clarified.

IFRS 11 'Joint Arrangements (Joint Ventures)' (new standard). The standard replaces IAS 31 and has led to amendments of the rules on accounting treatment of investments in joint arrangements.

IFRS 12 'Disclosure of Interests in Other Entities' (new standard). IFRS 12 now sets out all the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard also contains new disclosure requirements, relating to entities which are consolidated and entities which are not, but in which the reporting entity is involved.

IAS 27 'Separate Financial Statements' (amended standard). Parts of the standard have been replaced by IFRS 10.

IAS 28 'Investments in Associates' (amended standard). The standard has been adjusted as a consequence of the publication of IFRS 10-12.

IFRS 10-12 'Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities. Transitional Provisions' (amended standard). With the amended standard, the transitional provisions for the new standards are clarified and relaxed.

IFRS 10-12 'Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Accounts: Investment Entities' (amended standard). As a result of this amendment, entities covered by the definition of an investment entity are exempted from the requirement of consolidation of subsidiaries.

IAS 32 'Financial Instruments: Presentation (Offsetting Financial Instruments and Financial Liabilities)' (clarification of standard). With this amendment, the provisions on offsetting are clarified.

IFRIC 21 'Levies' (new interpretation). This interpretation changes the provisions on how an entity should recognise levies charged by public authorities.

IAS 36 'Impairment of Assets' (amended standard). This amendment clarifies the requirements for disclosure of the recoverable amount for assets and cash-generating units.

IAS 39 'Financial Instruments: Recognition and Measurement (Novation of Derivatives and Continuation of Hedge Accounting)' (amended standard). As a result of this amendment, replacement of a counterparty in relation to a hedging instrument is, subject to certain conditions, not to be considered as maturity or expiry of the instrument, which would mean that they would cease to qualify for hedge accounting in the financial statements.

Implementation of the above does not affect the profit/loss for the year, other comprehensive income, balance sheet or equity, and has only changed the presentation and increased the amount of information required in notes.

Consolidated financial statements

The consolidated financial statements comprise FIH Erhvervsbank A/S and the subsidiaries controlled by FIH Erhvervsbank A/S. FIH Erhvervsbank A/S is considered to control a subsidiary when, directly or indirectly, it holds more than 50 per cent of the voting rights or it otherwise controls or actually exercises significant influence over the subsidiary.

The consolidated financial statements are prepared by combining items of a uniform nature and subsequently eliminating intercompany income and expense items, gains and losses, internal shareholdings and intercompany balances as well as off-balance sheet liabilities and guarantees. The subsidiary financial statements used for consolidation have been revised in accordance with the FIH group's accounting policies.

Foreign currency translation

The consolidated financial statements are presented in Danish kroner, the functional currency of FIH Erhvervsbank A/S. On initial recognition, transactions in currencies other than the group's functional currency are translated at the exchange rates at the transaction date. Monetary assets and liabilities in foreign currencies as well as non-monetary assets and liabilities that are revalued at fair value are translated at the exchange rates at the balance sheet date. All foreign currency translation adjustments are recognised in the income statement. Non-monetary assets and liabilities in foreign currencies that are not revalued at fair value are translated at the exchange rates at the transaction date.

Balance sheet

Recognition and measurement

Recognition and measurement Assets are recognised in the balance sheet when, as a result of a previous event, it is probable that future economic benefits will flow to FIH; that the value of the assets can be measured reliably; and that the assets are under FIH's control. Liabilities are recognised in the balance sheet when, as a result of a previous event, FIH has a legal or constructive obligation and it is probable that future economic benefits will flow from FIH and the value of such liability can be measured reliably. When assets and liabilities are recognised and measured, allowance is made for predictable risks and losses materialising before the annual report is presented and proving or disproving conditions existing at the balance sheet date.

FIH has decided to start measuring the derivatives portfolio based on credit-adjusted discounting curves.

Financial instruments are recognised at the time of trading.

Recognition of financial assets and liabilities is initially recorded on the trading date and ceases when the right to receive/surrender cash flows from the financial asset or liability has expired, or if it has been transferred, and the group has also essentially transferred all risks and returns relating to the ownership.

Financial instruments

On initial recognition, financial assets and liabilities are classified in one of the following categories: trading portfolio, financial assets/liabilities at fair value or loans and receivables.

Trading portfolio

Financial assets/liabilities are classified as 'trading portfolio' if they were acquired with a view to creating a short-term gain through short-term fluctuations in exchange rates or through earnings from trading margins, or if they form part of portfolios with this pattern. Unless they are used for hedge accounting, derivative financial instruments are always classified as 'trading portfolio'.

Fair value option– Financial assets and liabilities designated at fair value with value adjustment through profit and loss.

Financial assets/liabilities at fair value are products which cannot be classified as 'trading portfolio', but which are initially recognised at fair value and subsequently at fair value using the fair value option of IAS 39.

Other assets designated at fair value comprise derivatives that form part of hedge accounting, securities that are not included in the trading portfolio, but are managed at fair value basis, as well as the deficit-absorbing loan to FS Property Finance A/S, as expected future cash flows fluctuate with changes in the fair value of the built-in loss guarantee.

Determination of fair values

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing and mutually independent parties in an arm's length transaction.

The determination of fair values is divided into three levels:

Level 1 (quoted market prices)

The fair value of financial instruments for which there is an active market is determined at the closing price at the balance sheet date, or – if this price is not available – at another published price which must be assumed to correspond to this price.

Level 2 (valuation based on observable inputs)

For financial instruments that are valued at level 2, fair value is determined using generally accepted valuation techniques, which in all essentials are based on observable, current interest rates and volatilities obtained from price providers such as Bloomberg and Reuters.

Level 3 (valuation based on unobservable inputs)

Level 3 comprises partly financial instruments that are valued based on observable market data as at level 2, but where inputs are also used that are not directly observable and which have a significant effect on the valuation.

In addition, level 3 comprises financial instruments whose fair value is determined either based on price indications from external qualified sources or based on accepted valuation methods using accounting data, expectations for the future (budgets) and multiples.

Hedge accounting

The FIH Group applies the rules for hedge accounting of fair values of funding (IAS 39). The interest rate risk determined using the basic rate on funding is hedged by means of derivatives. The hedged interest rate risk determined based on the basic rate is restated at fair value, and the change in value is recognised in the balance sheet as part of the loan value and in the income statement under Market value adjustments.

Like all other derivatives, derivatives used for hedging interest rate risks are measured at fair value. The changes in value are recognised in the income statement under Market value adjustments.

This year, FIH has ceased to use hedge accounting of lending and deposit transactions. However, FIH will continue to perform commercial hedging of the interest rate risk using derivatives.

Cash in hand and demand deposits

On initial recognition, cash in hand and demand deposits with central banks are measured at fair value and subsequently at amortised cost.

Debt instruments eligible for refinancing with central banks

On initial recognition, debt instruments eligible for refinancing with central banks are measured at fair value and subsequently at amortised cost.

Receivables from credit institutions and central banks

Receivables from credit institutions and central banks include receivables from other credit institutions, time deposits in central banks and reverse trans-actions, i.e. purchase of securities where an agreement is made to sell them back at a later time and where the counterparty is a credit institution or a central bank. On initial recognition, receivables from credit institutions and central banks are measured at fair value and subsequently at amortised cost.

Loans and other receivables at amortised cost

Loans comprise bank loans and assets held under finance leases. On initial recognition, loans are measured at fair value less establishment fee etc. They are subsequently measured at amortised cost applying the effective interest method less impairment charges to cover losses incurred but not yet realised. The change between the recognised value and the amortised value is recognised under interest income.

Impairment is recorded for individually assessed and collectively assessed loans.

Individually assessed loans:

FIH performs individual reviews of all significant loans and a larger, qualified sample of other loans with a view to assessing whether one or more events have occurred which reduce the value of such loan, meaning that FIH no longer expects the full carrying amount of the loan to be repaid. In case of objective indication of impairment of the loan, impairment is recorded equivalent to the difference between the carrying amount of the loan and the present value of expected future payments, proceeds from collateral and dividends, if any. Expected future payments on loans subject to individual impairment are prepared based on a specific assessment of the financial position of the individual enterprise and the collateral etc. provided for the loan.

For individually assessed loans, objective indication of impairment is deemed to exist if one or more of the following events have occurred:

1. The borrower is facing significant financial difficulties.
2. The borrower is in breach of contract, e.g. by failing to meet his payment obligations in terms of interest and capital repayments.
3. FIH has given the borrower more lenient terms that would not have been considered, had it not been for the borrower's financial difficulties.
4. The borrower is likely to go bankrupt or be subject to other types of financial reconstruction.

Collectively assessed loans:

Collectively assessed loans comprise all loans, with the exception of loans with objective indication of impairment that have been written down based on an individual assessment and loans that are monitored and price-adjusted on an ongoing basis in accordance with risks and developments.

Groups of loans that share similar characteristics in terms of credit risk must be assessed collectively. FIH records collective impairment of loans using the rating model and based on the bank's rating system.

Under the rating model, collective impairment can be attributed to the migration of loans to lower rating classes – and thus to cash flow deterioration. Therefore, each rating category from 1 to 11 represents a rating class.

The model for collective impairment is based on a change in PD (probability of default) and LGD (loss given default), the current carrying amount of the group of loans being compared with expected discounted cash flows. If the value of expected discounted cash flows is lower than the carrying amount, the difference is written down. FIH applies the gross concept for collective impairment. Expected future payments on loans subject to collective impairment are prepared based on the historical loss factor.

Where the model for collective impairment applies concepts and numbers from the Basel II complex, these concepts and numbers have been adjusted to comply with IFRS. Thus 'expected loss' has been adjusted to 'incurred loss'. The determination of collective impairment has no IBNR element (incurred but not recorded); this is believed to be in compliance with the guidelines issued by the Danish Financial Supervisory Authority.

Impairment charges on loans are entered in a separate impairment account, which is offset against loans. In the income statement, impairment charges for the period are recognised in Impairment charges on loans and receivables etc. Loans are written off when the usual collection procedures have been completed and, based on an individual assessment, the value of the loss can be reliably determined. For loans that are inevitably uncollectible, but where the final loss has yet to be determined, an interim write-off is made equivalent to the loss that can be reliably determined.

Loans at fair

A deficit-absorbing loan to FS Property Finance A/S has been recognised in connection with the transaction with the Financial Stability Company. The expected future cash flows from this loan will fluctuate with changes in the fair value of the built-in loss guarantee. As a result, the loan is measured at fair value using the fair value option. The measurement at fair value is based on the discounted expected financial development of FS Property Finance A/S. The deficit-absorbing loan is included in discontinuing operations.

Bonds and shares

Bonds and shares are divided into a trading portfolio and an investment portfolio. The objective of the trading portfolio is purchase and sale with a short-term investment horizon. The investment portfolio comprises holdings, the purpose of which is investment of funds and long-term investment.

On initial recognition, the trading portfolio is measured at fair value, which is cost less transaction costs. The trading portfolios are subsequently measured at fair value.

On initial recognition, the investment portfolio is measured at fair value, which is cost less transaction costs. The investment portfolios are subsequently measured at fair value using the fair value option of IAS 39, as the investment portfolios are managed and assessed on an ongoing basis based on fair values in accordance with a documented investment strategy.

Bonds and shares traded in active markets are subsequently measured at fair value. The fair value is stated at the closing price of the relevant market at the balance sheet date or – if this price is not available – at another published price which must be assumed to correspond to this price.

The fair value of securities for which there is no active market is subsequently measured at fair value using generally accepted valuation models.

As far as interest rate instruments are concerned, these valuation models comprise discounting of future cash flows, allowance being made for factors that may impact the value, such as credit risks. Embedded option elements, if any, are measured using generally accepted option models, including market parameters of significance to the valuation.

Private equities are primarily measured based on two methods. One method uses price indications provided by external sources believed to be knowledgeable about the value of the private equities. The other method is generally accepted valuation models, based on financial data, future expectations (budgets) and multiples.

Investments in associates

Investments in associates comprise shares and other equity holdings in enterprises in which the group holds a minimum of 20 per cent and a maximum of 50 per cent of the voting rights and at the same time exercises significant influence over the enterprise's operational and financial decisions. For investments planned through holding structures, the significant influence is assessed in relation to the enterprise ultimately acquired.

On initial recognition, investments in associates are measured at cost. Subsequently, investments in associates are measured under the equity method. The proportionate share of the enterprises' profits or losses, adjusted for goodwill impairment, if any, and unrealised intercompany gains and losses, is included under Profit/loss from investments in associates and group enterprises.

Investments in group enterprises

Investments in group enterprises comprise shares or other equity holdings in enterprises in which the group holds more than 50 per cent of the voting rights or otherwise controls the enterprise.

On initial recognition, investments in group enterprises are measured at cost. Subsequently, they are measured under the equity method. The proportionate share of the enterprises' profits or losses, adjusted for goodwill impairment, if any, and unrealised intercompany gains and losses, is included under Profit/loss on investments in associates and group enterprises.

Intangible assets*Goodwill*

On initial recognition, goodwill arising on acquisitions is recognised and measured as the difference in value between cost and the fair value of the acquired net assets at the date of acquisition. Goodwill is not amortised, but is tested for impairment annually. If there is any indication of impairment, goodwill is written down to the recoverable amount through profit and loss.

Investment properties

Investment properties consist of properties owned by FIH which are leased under operating leases. On initial recognition, investment properties are measured at cost. Subsequently they are measured at fair value. The fair value of investment properties is determined based on discounted expected contractual cash flows with the 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, valuations from external appraisers will regularly be obtained, based on the property's location, type and application, as well as leasehold improvements and state of maintenance.

Changes to fair value are recognised under Market value adjustments, whereas lease payments received are recognised under Other operating income.

Other property, plant and equipment, including owner-occupied properties

Other property, plant and equipment comprise operating equipment, owner-occupied properties and vehicles and are recognised at cost, including costs directly related to the acquisition and costs related to the preparation of the asset until the time at which it is ready for use.

Other property, plant and equipment are subsequently measured at cost less depreciation. Depreciation is provided on a straight-line basis over the estimated useful economic lives of the assets, not exceeding 4 years, however. Individual assets of insignificant value, as well as computer software, are fully depreciated in the year of acquisition.

Owner-occupied properties are properties used by the group. Owner-occupied properties are recognised at cost, including improvement expenses, and are subsequently measured at the revalued amount, equivalent to the fair value at the balance sheet date.

Assets held temporarily

Assets held temporarily mainly comprise properties taken over by FIH in connection with enforcement of lending commitments, which are expected to be disposed of within 12 months. Assets held temporarily are measured at fair value less expected selling costs. Assets held temporarily are not depreciated. Value adjustments of assets held temporarily are recognised under Impairment charges on loans and receivables etc. in the income statement.

Other assets

Other assets include e.g. interest and commission receivable, unsettled transactions and the positive fair value of derivative financial instruments.

Derivative financial instruments

On initial recognition, derivative financial instruments are measured at fair value, usually equivalent to the contribution paid or received. Subsequent to initial recognition, derivative financial instruments are measured at fair value at the balance sheet date.

Changes in the fair value of derivative financial instruments are recognised in the income statement under Market value adjustments.

For derivative financial instruments that are traded in active markets, the fair value is stated at the closing price of the relevant market at the balance sheet date or – if this price is not available – at another published price which must be assumed to correspond to this price.

For derivative financial instruments for which there is no active market, fair value is determined using generally accepted valuation models and techniques.

Prepayments

Prepayments are recognised and measured at cost. Prepayments comprise mainly prepaid salaries, staff-related items and prepaid fees.

Debt to credit institutions and central banks

Debt to credit institutions comprise debt to other credit institutions and central banks as well as repurchase agreements. On initial recognition, debt to credit institutions and central banks are measured at fair value and subsequently at amortised cost.

Deposits and other debt

Deposits and other debt comprise debt to private individuals and enterprises that are not credit institutions. On initial recognition, deposits and other debt are measured at fair value and subsequently at amortised cost.

Bonds issued at amortised cost

Bonds issued at amortised cost comprise the group's bonds issued except for mortgage bonds issued. At issuance, bonds are recognised at fair value less transaction costs; subsequently, they are measured at amortised cost.

Holdings of own bonds issued are set off against the liability item in question; similarly, interest income on own holdings is set off against interest expenses. The capital gain realised on the repurchase is recognised under Market value adjustments of bonds issued.

Other liabilities

Other liabilities include interest, fee and commission payable, unsettled transactions and the negative fair value of derivative financial instruments.

Deferred income

Deferred income is recognised and measured at cost. Deferred income comprises mainly prepaid interest.

Provisions

Provisions are recognised when – as a result of an event occurred before or on the balance sheet date – the group has a legal or constructive obligation, and it is probable that FIH will have to forego economic benefits to pay the liability. Provisions are recognised at the management's best estimate of the amount at which the liability is expected to be payable.

In the measurement of provisions, expenses incurred in the settlement of the liability are discounted. A discount rate is used which reflects the general level of interest rates in the market, with the addition of the specific risks estimated to be attached to the provision in question.

Current and deferred tax

Current tax payable and current tax receivable are recognised in the balance sheet at an amount stated as calculated tax on the taxable income for the year adjusted for tax paid on account.

Deferred tax is measured under the balance sheet liability method as all temporary differences between the carrying amount and the tax base of assets and liabilities. Where the calculation of the tax base can be made according to different taxation rules, deferred tax is measured based on the management's intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are recognised in the balance sheet at the expected realisable value of the assets, either by a set-off against deferred tax liabilities or as net assets.

Deferred tax is measured on the basis of the tax rules that will be effective when the deferred tax is expected to crystallise as current tax based on the legislation at the balance sheet date. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement.

Provisions for losses on guarantees

Provisions are made for losses on guarantees in case of objective indication that the customer is unable to meet his financial obligations under the guarantee. However, provisions for losses on guarantees are not recognised at an amount below the commission received under the guarantee and accrued over the guarantee period.

Equity*Share capital*

Share capital is classified as equity when there is no obligation to transfer cash or other assets.

Revaluation reserve

The revaluation reserve relates to revaluation of property, plant and equipment less deferred tax on the revaluation. The revaluation reserve is dissolved when the assets are sold or retired.

Reserve for net revaluation according to the equity method

Reserve for net revaluation according to the equity method includes value adjustments of investments in associates and group enterprises. The reserve is reduced by dividend distributions to the parent company and adjusted by other changes in equity in associates and group enterprises.

Off-balance sheet items

This item comprises guarantees and warranties issued, irrevocable loan commitments and similar liabilities that are not recognised in the balance sheet. Guarantees are measured at nominal value less provisions for losses. Provisions for losses are recognised under Impairment charges on loans and receivables etc. in the income statement and under Provisions for losses on guarantees in the balance sheet.

Income statement**Segment information**

Segment information is reported for business segments, representing the group's operating segment format. The segment information reflects the group's risks and the group's internal financial management and is calculated using the same principles as the consolidated financial statements.

The segment results and assets comprise items that may be directly attributed to the individual segment or allocated to the individual segment on a reliable basis. Other activities primarily comprise the group's administrative functions, investing activities etc.

Overhead costs, including costs related to staff functions, administrative and back-office functions, are allocated to business segments based on an assessment of the business-generating capacity of the individual segments. Segment assets comprise assets directly related to the operations of the segment, including loans, bonds etc. In FIH's internal financial management, liabilities are not allocated to individual segments, but are instead managed collectively. Individual business segments are managed based on margin earnings on assets. Accordingly, liabilities are not allocated between business segments and, similarly, net interest is calculated only per business segment. All transactions between segments are conducted at arm's length or on a cost-recovery basis.

Interest

Interest income and interest expenses relating to interest-bearing financial instruments at amortised cost are recognised in the income statement using the effective interest method based on the cost of the financial instrument. Interest includes amortisation of fees and commissions – which is an integral part of the effective yield of a financial instrument – and amortisation of any additional difference between cost and redemption price.

Interest income and interest expenses also include interest on financial instruments measured at fair value. Interest income on loans that are fully or partly written down is recognised as income at an amount equivalent to the effective interest rate of the loan written down.

Dividends on shares etc.

Dividends on investments are recognised when the right to dividends has been finally acquired. This is typically at the time of the annual general meeting's approval of the distribution from the company in question. This does not, however, apply to investments in associates, which are measured under the equity method, where dividend received is set off against the value adjustment.

Fees paid and received

Fees and commissions that are part of current interest and capital repayments are recognised over the life of the loan. Other fees are recognised in the income statement at the date of the transaction.

Market value adjustments

Market value adjustments comprise unrealised and realised market value adjustments from fair value adjustments of bonds, shares, financial instruments and hedged loans and funding, as well as foreign currency translation adjustments of these and other financial instruments.

Other operating income

Other operating income comprises income of a secondary nature to the group's main activities, including lease payments under operating leases as well as gains and losses on the sale of property, plant and equipment and intangible assets, as well as gains on the sale of operations.

Other operating costs

Other operating costs comprise guarantee commission to the Private Contingency Association and contributions to the Guarantee Fund for Depositors and Investors.

Staff costs and administrative expenses

Staff costs comprise wages and salaries as well as social security costs, pensions etc. to FIH's staff. Anniversary bonuses and severance pay are recognised on an ongoing basis, allowance being made for the expected probability that the employees will retire from their positions before the time of payment.

Tax

Tax for the year, comprising current tax for the year and changes in deferred tax, is recognised in the income statement at the portion attributable to the net profit/loss for the year and directly in equity at the portion attributable to items recognised directly in equity.

Moreover, tax relating to prior years is recognised in the income statement at the portion attributable to income statement items and in equity at the portion attributable to items recognised directly in equity.

FIH Erhvervsbank A/S is jointly taxed with its Danish consolidated companies. The tax effect of the joint taxation with subsidiaries is allocated to profit and loss-making enterprises in proportion to their taxable income. The jointly-taxed companies form part of the tax prepayment scheme.

Cash flow statement

The cash flow statement shows the group's cash flows, broken down on cash flows from operating activities, investing activities and financing activities for the year, changes in cash and cash equivalents for the year and cash and cash equivalents at the beginning and end of the year. Cash flows are presented according to the indirect method.

Cash flows from operating activities

Cash flows from operating activities are stated as profit/loss before tax adjusted for non-cash operating items, changes in working capital, interest paid and income tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments related to the purchase and sale of activities, the purchase and sale of intangible assets, prop-erty, plant and equipment and other long-term assets, as well as the purchase and sale of securities not included in cash and cash equivalents.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the share capital and expenses related thereto, as well as the raising of loans, payments on interest-bearing debt, the purchase and sale of treasury shares and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits with central banks, debt instruments eligible for refinancing with central banks, receivables from credit institutions and central banks, and liquid bonds with a maturity of less than three months.

The Danish Financial Supervisory Authority's definitions of financial ratios

The following definitions are used for calculating financial ratios:

Solvency ratio	Capital base divided by risk-weighted assets
Tier 1 capital ratio	Tier 1 capital after deductions divided by risk-weighted assets
Return on equity before tax	Profit/loss before tax divided by average equity
Return on equity after tax	Net profit/loss divided by average equity
Income/cost ratio	Income divided by costs
Interest rate risk	Interest rate risk divided by tier 1 capital after deductions
Foreign currency position	Exchange rate indicator 1 divided by tier 1 capital after deductions
Foreign exchange risk	Exchange rate indicator 2 divided by tier 1 capital after deductions
Loans as a percentage of deposits	Loans plus impairment charges divided by deposits
Loans as a percentage of equity	Loans plus impairment charges divided by equity
Growth in loans for the year	Growth in loans from beginning of year to end of year
Capital buffer relative to statutory liquidity requirement	Capital buffer relative to the 10 per cent requirement, cf. section 152 of the Danish Financial Business Act
Sum of large commitments	Sum of large commitments divided by capital base
Impairment ratio for the year	Impairment charges for the year divided by loans plus guarantees plus impairment charges
Capital base relative to minimum capital requirement	Capital base divided by minimum capital requirement
Return on capital employed	Net profit/loss for the year divided by total assets

Standards and interpretations that have not yet become effective

All standards and interpretations issued and approved by the EU on the date of approval of the annual report have been implemented. The International Accounting Standards Board (IASB) has issued a number of amendments to International Accounting Standards, and the International Financial Reporting Interpretations Committee (IFRIC) has issued a number of interpretations which have not yet become effective. The standards and interpretations that are expected to have an impact on the group's financial reporting are listed

below. Other standards and interpretations that are not yet effective are not expected to have a material impact on the group's financial reporting.

At the time of publication of the annual report, the following new or amended standards have not yet entered into force:

IAS 19 'Employee Benefits' (clarification of standard) (not approved for use in the EU, expected to enter into force on 1 July 2014).

Annual improvements to IFRS 2010-2012 (minor changes to various standards following from IASB's annual improvements) (not approved for use in the EU, expected to enter into force on 1 July 2014).

Annual improvements to IFRS 2011-2013 (minor changes to various standards following from IASB's annual improvements) (not approved for use in the EU, expected to enter into force on 1 July 2014).

IFRS 14 'Regulatory Deferral Accounts' (new standard) (not approved for use in the EU, expected to enter into force on 1 January 2016).

IFRS 11 'Clarification of Accounting for Acquisitions of Interests in Joint Operations' (amended standard) (not approved for use in the EU, expected to enter into force on 1 January 2016).

IAS 16 and IAS 38 'Clarification of Acceptable Methods of Depreciation and Amortisation' (amended standards) (not approved for use in the EU, expected to enter into force on 1 January 2016).

IAS 16 and IAS 41 'Bearer Plants' (amended standards) (not approved for use in the EU, expected to enter into force on 1 January 2016).

IAS 27 'The Equity Method in Separate Financial Statements' (amended standard) (not approved for use in the EU, expected to enter into force on 1 January 2016).

Annual improvements to IFRS 2012-2014 (minor changes to various standards following from IASB's annual improvements) (not approved for use in the EU, expected to enter into force on 1 January 2016).

IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' (amended standards) (not approved for use in the EU, expected to enter into force on 1 January 2016).

IFRS 15 'Revenue from Contracts with Customers' (new standard) (not approved for use in the EU). Expected to enter into force for financial years beginning on or after 1 January 2017.

IFRS 9 'Financial Instruments: Classification and Measurement' (Financial Assets (November 2009) and Liabilities (October 2010)) (new standard) (not approved for use in the EU). Expected to enter into force for financial years beginning on or after 1 January 2018.

Note 2 – Significant accounting estimates, assumptions and uncertainties

Calculation of the carrying amount of certain assets and liabilities involves an estimate of how future events will affect the value of these assets and liabilities. The most significant estimates relate to impairment charges on loans, value adjustments of the deficit-absorbing loan provisions for losses on guarantees and the calculation of fair values of financial instruments.

Estimates made are based on assumptions believed by the management to be reasonable, but which are uncertain. In addition, FIH is subject to risks and uncertainties that may cause actual results to deviate from original estimates. The accounting estimates made are assessed on an ongoing basis and are adjusted to reflect new information. Where possible, the accounting estimates in the financial statements are verified against the estimates of others, e.g. by comparing market values, spreads etc. received from counterparties and other external parties.

Impairment charges on loans and receivables etc.

Significant estimates are involved in the determination of objective indication of impairment as well as of individual and collective impairment charges on loans and receivables in connection with the quantification of the risk that the debtor will not be able to meet his future obligations in full or in part. In the event that it is assessed that the debtor will not be able to meet his future obligations, the calculation of future actual payments, including the realisable value of collateral, dividends etc., is subject to uncertainty and is, to a significant extent, based on estimates.

Valuation of the deficit-absorbing loan

The determination of the fair value of the deficit-absorbing loan to FS Property Finance A/S is based on expectations of developments in the company's performance, and, accordingly, involves significant estimates, including estimates of impairment charges on loans.

Provisions for losses on guarantees

The determination of provisions for losses on guarantees is subject to uncertainty in the assessment of the risk that the guarantee will be exercised and the financial impact thereof.

Determination of fair value of financial instruments

The determination of the fair value of financial instruments that are not traded in active markets involves estimates. Fair values are determined based on generally accepted valuation models as well as input variables in the form of yield curves, volatility curves, spreads etc. The valuation models discount future cash flows and measure option elements, if any. These models are subject to a certain amount of model risk.

Private equities

Private equities are primarily measured based on two methods. One method uses price indications provided by external sources believed to be knowledgeable about the value of the private equities. The other method is generally accepted valuation models, based on financial data, future expectations (budgets) and multiples.

Deferred tax assets

Unutilised tax losses in the group will be utilised as the companies subject to joint taxation generate taxable income. The capitalised losses are expected to be utilised within a foreseeable number of years. Recognition of a deferred tax asset requires the management's assessment of the probability and size of future profits in the companies subject to joint taxation.

Note 3 - Segment information

The FIH group's segmental financial statements are divided into Banking, Markets, Corporate Finance and Other activities. This follows the structure of FIH group's internal reporting.

Banking: Loans to Danish business customers.

Markets: Managing FIH's own portfolio and customer-oriented advisory (being phased out).

Corporate Finance: Financial advisory services on mergers and acquisitions, divestments, IPOs, privatisations, capital injections etc.

Other activities: The group's other activities, including Treasury, which handles money market activities and administrative fees relating to the administration of FS Property Finance.

Segmental financial statements are prepared on the basis of the net income generated from the activities in the individual business segments. Liabilities are not segmented.

2014

(DKK million)	Banking	Markets	Corpo- rate Finance	Other activities	Total
Income statement					
Net interest and fee income	230.4	-109.8	100.0	809.1	1,029.7
Market value adjustments	0.6	131.5	0.0	-448.0	-315.9
Other operating income	14.9	0.0	0.0	97.8	112.7
Wages and salaries*	30.6	38.6	69.4	63.8	202.4
Operating expenses	117.5	40.5	17.1	42.3	217.4
Impairment charges on loans and receivables etc.	212.3	0.0	0.0	0.0	212.3
Profit/loss from investments in associates	0.0	0.0	0.0	-49.2	-49.2
Profit/loss before tax	-114.5	-57.4	13.5	303.6	145.3
Balance sheet					
Loans	5,089.8	0.0	0.0	1,017.0	5,089.8
Bonds	0.0	14,004.5	0.0	0.0	14,004.5
Other assets	650.2	511.5	0.0	2,081.7	1,161.7
Total assets	5,740.0	14,516.0	0.0	3,098.7	23,354.5

*Only mentions staff costs in the above-mentioned segments.

'Other activities' comprise, among other things, FIH's money market activities, administrative fees from FS Property Finance and goodwill related to the transactions with Spar Nord and Nykredit.

Geographical distribution based on the FIH Group's loan and bond portfolio.

Geographical distribution	Denmark	Sweden	Green- land	Other	Total
Interest income (per cent)	93.6	2.8	1.6	2.0	100.0

2013	Banking	Markets	Corpo- rate Finance	Other activities	Total continu- ing activities	Disconti- nuing activities	Total
Note 3 - continued							
Income statement							
Net interest and fee income	339.7	-176.7	141.9	-92.9	212.0	-49.0	163.0
Market value adjustments	33.6	294.4	0.0	-76.0	252.0	0.0	252.0
Profit from buyback of subordinated debt	0.0	0.0	0.0	306.1	306.1	0.0	306.1
Other operating income	8.1	0.0	0.0	630.4	638.5	0.0	638.5
Wages and salaries*	52.0	73.8	91.1	84.0	300.9	0.0	300.9
Operating expenses	107.0	30.2	19.7	24.4	181.3	368.8	550.1
Impairment charges on loans and receivables etc.	139.3	0.0	0.0	35.0	174.3	0.0	174.3
Profit/loss from investments in associates	0.0	0.0	0.0	-37.8	-37.8	0.0	-37.8
Profit/loss before tax	83.1	13.7	31.1	586.4	714.3	-417.8	296.5
Balance sheet							
Loans	10,906.5	0.0	0.0	919.2	11,825.7	0.0	11,825.7
Bonds	0.0	10,928.6	0.0	0.0	10,928.6	0.0	10,928.6
Other assets	682.8	1,272.9	0.0	2,790.3	4,746.0	0.0	4,746.0
Total assets	11,589.3	12,201.5	0.0	3,709.4	27,500.2	0.0	27,500.4

*Only mentions staff costs in the above-mentioned segments.

Discontinuing operations comprise interest income and expenses relating to the bridge loan raised in connection with the demerger of the previous business segment Property Finance. The bridge loan had been repaid by the end of H1 2013. Discontinuing activities also comprise costs relating to the European Commission's approval of the transaction with the Financial Stability Company.

Geographical distribution	Denmark	Sweden	land	Other	Total
Interest income (per cent)	94.8	2.1	1.1	2.0	100.0

Note 4 - Interest income (DKK million)	FIH Group		FIH Erhvervsbank A/S	
	2014	2013	2014	2013
Amortised cost				
Receivables from credit institutions and central banks	1.4	4.9	1.4	4.9
Loans and other receivables	399.4	625.7	399.4	619.6
Other interest income	0.5	0.2	0.5	0.2
Total	401.3	630.8	401.3	624.7
Fair value				
Loans and other receivables	21.8	20.5	21.8	20.5
Bonds	215.5	227.8	215.5	226.2
Currency contracts	13.3	49.9	13.3	49.9
Interest rate contracts	-357.3	-363.4	-357.3	-363.4
Total	-106.7	-65.2	-106.7	-66.8
Total interest income	294.6	565.6	294.6	557.9
Note 5 - Interest expenses				
Amortised cost				
Debt to credit institutions and central banks	2.5	8.7	2.5	8.7
Repurchase transactions relating to credit institutions and central banks	1.1	0.1	1.1	0.1
Other repurchase transactions	0.0	0.4	0.0	0.4
Deposits and other debt	309.0	385.9	309.0	385.9
Bonds issued	12.0	111.4	12.0	111.4
Subordinated debt	0.5	27.9	0.5	27.9
Other interest expenses	1.6	0.3	1.5	0.3
Total	326.7	534.7	326.6	534.8
Fair value				
Bonds issued	0.0	4.1	0.0	0.0
Total	0.0	4.1	0.0	0.0
Total interest expenses	326.7	538.8	326.6	534.8
Note 6 - Dividends from shares etc.				
Private equities	905.7	594.9	905.7	594.9
Total dividends from shares etc.	905.7	594.9	905.7	594.9

Note 7 - Fees and commissions (DKK million)	FIH Group		FIH Erhvervsbank A/S	
	2014	2013	2014	2013
Amortised cost				
Securities trading and safe custody accounts	0.1	2.9	0.1	2.9
Loan application fees	28.3	15.4	28.3	15.4
Guarantee commission	29.1	2.8	29.1	2.8
Other fees and commissions	102.5	198.4	2.5	56.5
Total	160.0	219.5	60.0	77.6
Fair value				
Other fees and commissions	0.0	2.9	0.0	2.9
Total	0.0	2.9	0.0	2.9
Total fee and commission income	160.0	222.4	60.0	80.5
Note 8 - Fees and commissions paid				
Amortised cost				
Guarantee commission	0.4	0.0	0.4	2.9
Other fees and commissions	3.5	37.3	3.5	37.3
Total fees and commissions paid	3.9	37.3	3.9	40.2
Note 9 - Market value adjustments				
Other loans and receivables at amortised cost, hedging	-0.2	-88.3	-0.2	-77.7
Bonds	-114.5	-314.6	-114.5	-313.3
Investment properties	-36.2	-38.9	-36.2	-38.9
Shares*	-651.1	5.0	-651.1	5.0
Deficit-absorbing loan	171.2	-85.5	171.2	-85.5
Foreign currency	-6.0	-35.2	-6.0	-35.2
Derivative financial instruments	277.3	672.6	277.3	672.6
Derivative financial instruments used for hedging	-28.9	-247.4	-28.9	-247.4
Bonds issued	5.6	347.0	5.6	336.4
Bonds issued - hedged	71.6	345.9	71.6	345.9
Other assets	-4.7	-2.5	-4.7	-2.5
Total market value adjustments	-315.9	558.1	-315.9	559.4
Derivative financial instruments				
Currency contracts	19.4	-100.7	19.4	-100.7
Interest rate contracts	229.0	525.9	229.0	525.9
Total	248.4	425.2	248.4	425.2
* Adjustments of shares is linked to dividends of shares etc. which amounts to DKK 905.7 in 2014.				
Note 10 - Other operating income				
Lease payments	63.6	62.8	63.6	62.8
Administrative fees	4.0	-22.6	13.2	-12.4
Other	45.2	3.4	45.2	3.4
Total other operating income	112.8	43.6	122.0	53.8

Note 11 - Staff costs and administrative expenses	FIH Group		FIH Erhvervsbank A/S	
	2014	2013	2014	2013
Salaries and remuneration for the Board of Directors and the Executive Board				
(DKK million)				
Board of Directors	2.6	2.8	2.6	2.8
Executive Board	19.5	10.3	19.3	10.0
Total salaries and remuneration for the Board of Directors and the Executive Board	22.1	13.1	21.9	12.8
Staff costs				
Wages and salaries	196.7	244.3	134.5	159.7
Defined benefit plans	0.3	0.7	0.3	0.7
Defined contribution plans	6.2	14.3	6.2	14.0
Social security costs	22.5	28.9	15.2	20.1
Total staff costs	225.7	288.2	156.2	194.5
Other administrative expenses	144.5	141.3	144.5	131.7
Total staff costs and administrative expenses	392.3	442.6	322.6	339.0
Average number of employees converted into full-time employment	170.3	233.1	142.3	206.8

Remuneration for the Board of Directors, the Executive Board and employees with significant influence on the company's risk profile

Board of Directors				
Remuneration	2.6	2.8	2.6	2.8
Total fixed remuneration	2.6	2.8	2.6	2.8
Number of board members	8	8	8	8

The Board of Directors of FIH Erhvervsbank A/S only receives fixed remuneration and, therefore, bonus paid, bonus provided for and share-based remuneration total DKK 0 in the same way as the total variable totals DKK 0. The remuneration for members of the Executive Board of the FIH Group includes directors' remuneration from subsidiaries.

Remuneration for existing board members can be seen in note 49. Remuneration for the resigning board members is included in the above amount.

Executive Board				
Salaries*	17.3	8.8	17.1	8.5
Pensions	1.7	1.2	1.7	1.2
Total fixed remuneration	19.0	10.0	18.8	9.7
Bonus provision	0.0	0.0	0.0	0.0
Share-based payment	0.0	0.0	0.0	0.0
Total variable remuneration	0.0	0.0	0.0	0.0
Other pay**	0.5	0.3	0.5	0.3
Total remuneration	19.5	10.3	19.3	10.0
Number of members of the Executive Board	2	2	2	2

*Including provision made for severance pay covering fee in 2014 and 2015, total DKK 8.6 million.

**Other pay consists of costs relating to cars, multimedia, newspapers etc.

Note 11 - continued (DKK million)	FIH Group		FIH Erhvervsbank A/S	
	2014	2013	2014	2013
Other employees with significant influence on the company's risk profile				
Salaries*	25.4	16.6	25.4	16.6
Pensions	1.9	1.5	1.9	1.5
Total fixed remuneration	27.3	18.1	27.3	18.1
Bonus	3.6	5.7	3.6	5.7
Bonus provisions	-1.8	0.9	-1.8	0.9
Share-based payment	0.0	0.0	0.0	0.0
Total variable remuneration	1.8	6.6	1.8	6.6
Other pay**	2.2	1.3	2.2	1.3
Total remuneration	31.3	26.0	31.3	26.0
Number of employees with significant influence on the company's risk profile	18	12	18	12

*Including provision made for severance pay earned during the year.

**Other pay consists of costs relating to cars, multimedia, newspapers etc.

Sign-on bonuses and severance pay

No sign-on bonuses have been paid and no provisions have been made in this respect in 2014. Provisions have been made for severance pay earned in 2014 for the Executive Board and employees with significant influence on FIH's risk profile of a total of DKK 8.6 million.

Severance terms for the Executive Board

The members of the Executive Board have different severance terms. Generally, the terms stipulate a reciprocal notice period of up to 12 months. In the event of severance initiated by FIH, the member of the Executive Board is entitled to receive severance pay of up to 24 months' salary.

Loans to the Board of Directors and the Executive Board

A loan of DKK 0.1 million has been granted on employee terms to a member of the Board of Directors, and a loan of DKK 0.4 million has been granted to a member of the Executive Board. Both loans were paid before the members joined the Executive Board and the Board of Directors.

Audit fee				
Statutory audit of the financial statements	1.0	1.3	1.0	1.2
Other services than audit	0.1	0.4	0.1	0.4
Assurance engagements	0.4	0.4	0.4	0.4
Tax advisory services	0.2	0.2	0.2	0.2
Total fee to the auditors appointed by the general meeting to perform the statutory audit	1.7	2.3	1.7	2.2

Note 12 - Impairment charges on loans and receivables etc.

Loans	265.4	118.0	265.4	118.0
Guarantees and loan commitments	-53.1	56.3	-53.1	56.3
Total impairment charges on loans and receivables etc.	212.3	174.3	212.3	174.3

Note 13 - Profit/loss from investments in associates and group enterprises

(DKK million)	FIH Group		FIH Erhvervsbank A/S	
	2014	2013	2014	2013
Profit from investments in associates	-49.2	-37.8	-49.2	-37.8
Profit from investments in group enterprises	-	-	15.8	24.7
Total profit from investments in associates and group enterprises	-49.2	-37.8	-33.4	-13.1

Note 14 - Tax

Calculated tax on the taxable income for the year	75.9	110.3	72.9	103.9
Deferred tax (note 25)	-40.9	-36.5	-43.0	-38.2
Tax in respect of previous years	49.8	-15.5	49.8	-15.5
Effect of change in tax rate	-1.5	10.3	-1.3	10.3
Total tax	83.3	68.6	78.4	60.5
Effective tax rate:				
Tax rate in Denmark (%)	24.5	25.0	24.5	25.0
Non-taxable income and non-deductible costs etc. (%)	-1.4	3.4	49.5	-2.2
Effect of change in tax rate (%)	1.8	0.0	-3.2	3.6
Tax on profit for the year (%)	24.9	28.4	70.8	26.4
Readjustment of tax in respect of previous years (%)	32.5	-5.2	123.3	-5.4
Effective tax rate	57.4	23.2	194.1	21.0

Note 15 - Receivables from credit institutions and central banks

Receivables from credit institutions	806.5	906.6	806.5	906.6
Total receivables from credit institutions and central bank	806.5	906.6	806.5	906.6
Specified by time to maturity				
Demand deposits	797.5	812.9	797.5	812.9
Over 3 months and up to and including 1 year	0.0	74.6	0.0	74.6
Over 1 year and up to and including 5 years	0.0	10.1	0.0	10.1
Over 5 years	9.0	9.0	9.0	9.0
Total	806.5	906.6	806.5	906.6

Note 16 - Loans and other receivables (DKK million)	FIH Group		FIH Erhvervsbank A/S	
	2014	2013	2014	2013
Loans and other receivables at fair value	1,017.0	0.0	1,017.0	0.0
Loans and other receivables at amortised cost	5,089.8	10,906.5	5,089.8	10,906.5
Total loans and other receivables	6,106.8	10,906.5	6,106.8	10,906.5
FIH loans	6,208.4	11,470.7	6,265.4	11,470.7
Production loans	0.0	0.5	0.0	0.5
Deficit-absorbing loan	1,017.0	0.0	1,017.0	0.0
Subordinated loan capital	486.9	575.2	486.9	575.2
Leases, properties	37.2	307.2	37.2	307.2
Leases, machinery and equipment	24.9	71.1	24.9	71.1
Mortgage loans	0.0	0.0	0.0	0.0
Total	7,774.4	12,424.7	7,831.4	12,424.7
Impairment charges on loans, end of year	1,667.6	1,518.2	1,724.6	1,518.2
Total loans	6,106.8	10,906.5	6,106.8	10,906.5
Specified by time to maturity				
Demand deposits	25.4	16.5	25.4	16.5
Up to and including 3 months	356.0	982.4	356.0	982.4
Over 3 months and up to and including 1 year	951.3	1,756.5	951.3	1,756.5
Over 1 year and up to and including 5 years	2,513.1	2,977.8	2,513.1	2,977.8
Over 5 years	2,261.0	5,173.3	2,261.0	5,173.3
Total	6,106.8	10,906.5	6,106.8	10,906.5
Gross investment in finance leases				
Finance leases under loans comprise property leases and operating equipment leases with terms of between 1 and 40 years.				
Up to and including 1 year	7.0	130.6	7.0	130.6
Over 1 year and up to and including 5 years	25.5	108.9	25.5	108.9
Over 5 years	38.5	315.2	38.5	315.2
Total	71.0	554.7	71.0	554.7
Unearned interest income	12.8	152.2	12.8	152.2
Total present value	58.2	402.5	58.2	402.5
The present value matures as follows:				
Up to and including 1 year	3.8	108.8	3.8	108.8
Over 1 year and up to and including 5 years	17.2	40.9	17.2	40.9
Over 5 years	37.2	252.8	37.2	252.8
Total	58.2	402.5	58.2	402.5
Recognised interest income from assets held under finance leases	10.8	23.2	10.8	23.2
Impairment charges on assets held under finance leases	4.0	3.3	4.0	3.3

Note 17 - Impairment charges on loans and receivables etc. (DKK million)	FIH Group		FIH Erhvervsbank A/S	
	2014	2013	2014	2013
Loans, individual impairment charges				
Impairment charges, beginning of year	1,427.3	1,538.0	1,427.3	1,538.0
Reversal of previous impairment charges	96.6	196.9	96.6	196.9
Impairment charges during the period	508.6	609.0	508.6	609.0
Loss recorded	200.9	522.8	200.9	522.8
Individual impairment charges, end of year	1,638.4	1,427.3	1,638.4	1,427.3
Loans, collective impairment charges				
Impairment charges, beginning of year	90.5	377.6	90.5	377.6
Impairment charges during the period	-61.3	-287.1	-61.3	-287.1
Collective impairment charges, end of year	29.2	90.5	29.2	90.5
Loans, total impairment charges				
Impairment charges, beginning of year	1,517.8	1,915.6	1,517.8	1,915.6
Reversal of previous impairment charges	96.6	196.9	96.6	196.9
Impairment charges during the period	447.3	321.9	447.3	321.9
Loss recorded	200.9	522.8	200.9	522.8
Total impairment charges, end of year	1,667.6	1,517.8	1,667.6	1,517.8
Total loans for which an objective indication for impairment has occurred before impairment charges	4,099.0	3,582.0	4,099.0	3,582.0
Total loans for which an objective indication for impairment has occurred after impairment charges	2,460.6	2,154.7	2,460.6	2,154.7
Accumulated impairment charges on loans, as a percentage of loans, end of year	19.7%	12.2%	19.7%	12.2%
Losses and impairment charges on debtors as a percentage of loans, end of year	2.5%	1.1%	2.5%	1.1%
Net losses recorded, as a percentage of the impairment balance, beginning of year	13.4%	27.3%	13.4%	27.3%
Outstanding debt on loans that have been individually impaired	2,900.9	4,201.8	2,900.9	4,201.8
Note 18 - Bonds at fair value				
Mortgage bonds	14,004.5	10,928.6	14,004.5	10,928.6
Total bonds at fair value	14,004.5	10,928.6	14,004.5	10,928.6
Bonds mature as follows:				
Up to 1 year	6,693.6	6,593.9	6,693.6	6,593.9
Over 1 year	7,310.9	4,334.7	7,310.9	4,334.7
Total	14,004.5	10,928.6	14,004.5	10,928.6
Note 19 - Shares etc.				
Private equities	78.1	0.0	78.1	0.0
Total shares etc.	78.1	0.0	78.1	0.0

Note 20 - Investments in group enterprises (DKK million)	FIH Group		FIH Erhvervsbank A/S	
	2014	2013	2014	2013
Cost, beginning of year	-	-	384.2	484.2
Additions	-	-	0.0	0.0
Disposals	-	-	65.7	100.0
Cost, end of year	-	-	318.5	384.2
Revaluation and impairments charges, beginning of year	-	-	187.7	208.0
Net profit	-	-	14.4	24.2
Dividend	-	-	-386.0	-25.0
Other additions/disposals	-	-	-6.9	-19.5
Revaluation and impairments charges, end of year	-	-	-190.8	187.7
Total investment in group enterprises, end of year	-	-	127.7	571.9

The group's investments in group enterprises and associates appear from the group structure in note 47.

Note 21 - Intangible assets				
Development costs				
Cost, beginning of year	54.2	107.1	54.2	107.1
Additions	0.0	0.0	0.0	0.0
Disposals	17.4	52.9	17.4	52.9
Cost, end of year	36.8	54.2	36.8	54.2
Amortisation and impairment charges, beginning of year	50.2	100.4	50.2	100.4
Impairment charges for the year	0.0	0.0	0.0	0.0
Amortisation for the year	0.7	2.7	0.7	2.7
Disposals	14.1	52.9	14.1	52.9
Amortisation and impairment charges, end of year	36.8	50.2	36.8	50.2
Carrying amount, end of year	0.0	4.0	0.0	4.0
Of which development projects in progress	0.0	0.0	0.0	0.0
No impairment charges has been made for development projects in 2014.				
Goodwill				
Cost, beginning of year	0.0	0.0	193.1	193.1
Additions	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0
Cost, end of year	0.0	0.0	193.1	193.1
Amortisation and impairment charges, beginning of year	0.0	0.0	0.0	0.0
Impairment charges for the year	0.0	0.0	100.0	0.0
Amortisation for the year	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0
Amortisation and impairment charges, end of year	0.0	0.0	100.0	0.0
Carrying amount, end of year	0.0	0.0	93.1	193.1
Total intangible assets	0.0	4.0	93.1	197.1

Impairment has been made for goodwill in FIH Erhvervsbank A/S in 2014 in connection with the annual impairment test.

Note 22 - Investment properties (DKK million)	FIH Group		FIH Erhvervsbank A/S	
	2014	2013	2014	2013
Fair value, beginning of year	682.8	751.0	682.8	751.0
Foreign currency translation adjustment	-0.3	0.1	-0.3	0.1
Additions	0.0	0.0	0.0	0.0
Disposals	25.4	29.1	25.4	29.1
Adjustment to fair value for the year	-6.9	-39.2	-6.9	-39.2
Fair value, end of year	650.2	682.8	650.2	682.8
Leases income for the year	59.5	59.7	59.5	59.7
Specified by time to maturity for the minimum payment:				
Up to and including 1 year	35.2	32.3	35.2	32.3
Over 1 year and up to and including 5 years	186.8	180.5	186.8	180.5
Over 5 years	129.9	195.7	129.9	195.7
Total	351.9	408.5	351.9	408.5

Investment properties consist of properties owned by FIH Erhvervsbank A/S which are leased under operating leases.

Investment properties are measured at fair value. Property appraisers have been involved in the fair value determination of investment properties. All current operating costs are paid by the lessee. The maturity distribution illustrates the minimum payment until expiry of the leasing contracts.

Note 23 - Owner-occupied properties				
Cost, beginning of year	0.9	0.9	0.9	0.9
Additions	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0
Cost, end of year	0.9	0.9	0.9	0.9
Revaluation, beginning of year	1.3	1.3	1.3	1.3
Revaluation, for the year	0.0	0.0	0.0	0.0
Revaluation, end of year	1.3	1.3	1.3	1.3
Depreciation and impairment charges, beginning of year	0.0	0.0	0.0	0.0
Depreciation for the year	0.0	0.0	0.0	0.0
Reversal of depreciation and impairment charges	0.0	0.0	0.0	0.0
Depreciation and impairment charges, end of year	0.0	0.0	0.0	0.0
Carrying amount, end of year	2.2	2.2	2.2	2.2
Write-off on Owner-occupied properties for the year	0.0	0.0	0.0	0.0

Note 24 - Other property, plant and equipment (DKK million)	FIH Group		FIH Erhvervsbank A/S	
	2014	2013	2014	2013
Cost, beginning of year	43.1	43.1	42.9	42.8
Additions	0.3	1.0	0.1	0.9
Disposals	3.1	1.0	3.1	0.8
Cost, end of year	40.3	43.1	39.9	42.9
Revaluation, beginning of year	0.0	0.0	0.0	0.0
Revaluation, for the year	0.0	0.0	0.0	0.0
Revaluation, end of year	0.0	0.0	0.0	0.0
Depreciation and impairment charges, beginning of year	41.7	41.7	41.6	41.4
Depreciation for the year	0.9	1.0	0.7	1.0
Reversal of depreciation and impairment charges	3.0	1.0	3.0	0.8
Depreciation and impairment charges, end of year	39.6	41.7	39.3	41.6
Carrying amount, end of year	0.7	1.4	0.6	1.3
Write-off on equipment for the year	0.5	0.5	0.3	0.3

Note 25 - Deferred tax assets				
Provision for deferred tax				
Deferred tax, beginning of year	112.4	136.8	114.4	136.5
Deferred tax on net profit for the year	40.9	36.5	43.0	38.2
Readjustment of calculated tax in respect of previous years	-53.4	-50.6	-53.3	-50.0
Effect of change in tax rate	1.5	-10.3	1.3	-10.3
Deferred tax, end of year	101.4	112.4	105.4	114.4
Deferred tax is included in the balance sheet as follows:				
Deferred tax assets	101.4	112.4	105.4	114.4
Deferred tax covers				
Loans	-46.0	-96.5	-46.0	-96.5
Shares and investments	-0.3	-0.2	-0.3	-0.2
Intangible assets	-4.1	-3.1	0.0	-1.0
Property, plant and equipment	2.7	3.8	2.6	3.7
Bonds issued	0.0	-0.5	0.0	-0.5
Other liabilities	12.4	14.7	12.4	14.7
Tax loss carryforwards	136.7	194.2	136.7	194.2
Total deferred tax	101.4	112.4	105.4	114.4

Deferred tax will be offset as the underlying assets and liabilities are realised.

Unutilised tax losses in the group will be utilised as the companies subject to joint taxation generate taxable income. The tax base amounts to DKK 2.8 billion.

Note 26 - Other assets (DKK million)	FIH Group		FIH Erhvervsbank A/S	
	2014	2013	2014	2013
Interest and commissions receivable	153.2	220.8	151.7	220.8
Positive market value of derivative financial instruments etc.	986.4	1,917.1	986.4	1,917.1
Unsettled transactions	93.1	72.7	93.1	72.7
Other assets	12.1	32.8	10.4	11.3
Total other assets	1,244.8	2,243.4	1,241.6	2,221.9
Specified by time to maturity				
Up to 1 year	691.8	583.3	688.6	1,667.0
Over 1 year	553.0	1,660.1	553.0	554.9
Total	1,244.8	2,243.4	1,241.6	2,221.9
Note 27 - Debt to credit institutions and central banks				
Debt to credit institutions	966.6	564.1	966.6	564.1
Repurchase transactions	2,695.6	2,709.0	2,695.6	2,709.0
Total debt to credit institutions and central banks	3,662.2	3,273.1	3,662.2	3,273.1
Specified by time to maturity				
Demand deposits	966.6	339.1	966.6	339.1
Up to and including 3 months	2,695.6	2,709.0	2,695.6	2,709.0
Over 1 year and up to and including 5 years	0.0	225.0	0.0	225.0
Total	3,662.2	3,273.1	3,662.2	3,273.1
Note 28 - Deposits and other debt				
On demand	1,803.8	1,382.2	1,948.3	1,973.3
Time deposits	8,448.0	12,401.0	8,448.0	12,400.8
Total deposits and other debt	10,251.8	13,783.2	10,396.3	14,374.1
Specified by time to maturity				
Demand deposits	1,803.8	1,382.2	1,948.3	1,973.3
Up to and including 3 months	1,957.9	1,681.1	1,957.9	1,681.1
Over 3 months and up to and including 1 year	4,601.1	2,884.3	4,601.1	2,884.3
Over 1 year and up to and including 5 years	1,889.0	6,370.3	1,889.0	6,370.1
Over 5 years	0.0	1,465.3	0.0	1,465.3
Total	10,251.8	13,783.2	10,396.3	14,374.1

Note 29 - Bonds issued (DKK million)	FIH Group		FIH Erhvervsbank A/S	
	2014	2013	2014	2013
Mortgage bonds at amortised cost				
Bonds issued at amortised cost, beginning of year	1,048.5	23,158.2	1,048.5	23,158.2
Repurchases	394.0	694.9	394.0	694.9
Redemptions	609.2	21,195.2	609.2	21,195.2
Market value adjustments	-7.8	-219.6	-7.8	-219.6
Bonds issued at amortised cost, end of year	37.5	1,048.5	37.5	1,048.5
Specified by time to maturity				
Over 3 months and up to and including 1 year	37.5	613.2	37.5	613.2
Over 1 year and up to and including 5 years	0.0	300.8	0.0	300.8
Over 5 years	0.0	134.5	0.0	134.5
Total	37.5	1,048.5	37.5	1,048.5

FIH repurchased own issues totalling DKK 394.0 million in 2014 (2013 DKK 694.9 million). The repurchases generated income under Market value adjustments of DKK 101.5 million (2013: DKK 13.7 million).

Note 30 - Other liabilities				
Interest and commissions payable	145.9	332.7	145.9	332.7
Negative market value of derivatives financial instruments etc.	2,141.4	2,570.0	2,141.4	2,570.0
Unsettled transactions	1,094.5	443.5	1,094.5	443.5
Other liabilities	172.0	128.6	128.5	66.1
Total other liabilities	3,553.8	3,474.8	3,510.3	3,412.3
Specified by time to maturity				
Up to 1 year	1,476.2	1,146.3	1,432.7	2,409.6
Over 1 year	2,077.6	2,328.5	2,077.6	1,002.7
Total	3,553.8	3,474.8	3,510.3	3,412.3

Note 31 - Provisions for losses on guarantees				
Provisions for losses on guarantees, beginning of year	111.8	121.4	111.8	121.4
Provisions during the year	26.9	63.6	26.9	63.6
Provisions used during the year	20.0	65.9	20.0	65.9
Reversal of unused provisions	80.0	7.3	80.0	7.3
Provisions for losses on guarantees, end of year	38.7	111.8	38.7	111.8

Of total provisions for losses on guarantees of DKK 38.7 million for 2014, individual provisions amounted to DKK 36.7 million while collective provisions amounted to DKK 2.0 million.

Note 32 - Equity				
Share capital				
Number of shares of DKK 20 each	-	-	25,678,625	25,678,625
Share capital, beginning of year	-	-	513.6	513.6
Share capital, end of year	-	-	513.6	513.6

No shares have special rights attached, and there have been no movements in share capital in the past five years. The holding of treasury shares amounts to 2,476 shares (2013: 2,476 shares).

Note 33 - Contingent liabilities (mio. kr.)	FIH Group		FIH Erhvervsbank A/S	
	2014	2013	2014	2013
Contingent liabilities	102.9	121.4	102.9	121.4
Guarantees against losses for mortgage loans	560.1	1,028.8	560.1	1,028.8
Other contingent liabilities	86.8	54.1	86.8	54.1
Total contingent liabilities	749.8	1,204.3	749.8	1,204.3
Specified by time to maturity				
Up to and including 3 months	0.0	6.1	0.0	6.1
Over 3 months and up to and including 1 year	91.7	54.1	91.7	54.1
Over 1 year and up to and including 5 years	28.0	45.3	28.0	45.3
Over 5 years	630.1	1,098.8	630.1	1,098.8
Total	749.8	1,204.3	749.8	1,204.3

Note 34 - Other commitments				
Irrevocable loan commitments	126.3	1,097.5	126.3	1,097.5
Other liabilities	69.2	113.3	69.2	113.3
Discontinuing operations	0.0	65.5	0.0	65.5
Total other commitments	195.5	1,276.3	195.5	1,276.3
Specified by time to maturity				
Over 3 months and up to and including 1 year	139.2	262.4	139.2	262.4
Over 1 year and up to and including 5 years	15.4	374.8	15.4	374.8
Over 5 years	40.9	639.1	40.9	639.1
Total	195.5	1,276.3	195.5	1,276.3

Total future minimum payments during the non-cancellable period can be broken down as follows:

Up to 1 year	48.1	30.1	48.1	30.1
Over 1 year and up to and including 5 years	28.0	13.6	28.0	13.6
Total	76.1	43.7	76.1	43.7

Other contingent liabilities

FIH Erhvervsbank A/S is jointly taxed with its subsidiaries and parent company FIH Holding A/S. In accordance with the relevant provisions of the Danish Corporation Tax Act (Selskabsskatteloven), the company is thus liable for income taxes etc. in the jointly taxed companies and for any obligation to withhold tax at source on interest and dividends for such companies.

FIH Erhvervsbank A/S and the company's subsidiaries and parent company FIH Holding A/S are jointly registered for VAT. The companies subject to joint VAT registration are jointly and severally liable for the tax liability for the respective tax years in which they have been subject to joint registration.

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

Note 35 - Assets pledged as collateral

At the end of 2014, FIH Erhvervsbank A/S had deposited bonds with Danmarks Nationalbank and VP Securities totalling DKK 5,930 million in connection with clearing and settlement (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 in the balance sheet and the amount received will be recognised as debt to credit institutions. Securities in the form of repurchase transactions are treated as assets pledged as collateral for liabilities. At year-end 2014, such securities totalled DKK 2,700 million (2013: DKK 2,709 million). In addition, FIH has pledged cash and bonds as collateral for commitments totalling DKK 1,745 million (2013: DKK 2,262 million) in connection with the CSA agreement and CCP clearing.

In connection with central clearing and clearing of listed derivatives, collateral of a total of DKK 8.1 million has been pledged.

Other than that, FIH has no pledges, mortgages, collateral etc.

Note 36 - 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 million and a deficit-absorbing loan with a nominal value of DKK 1,650 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 IFRS 5 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	
	2014	2013	2014	2013
INCOME STATEMENT				
Interest income	-	60.5	-	60.5
Interest expense	-	109.5	-	109.5
Net interest income	-	-49.0	-	-49.0
Net interest and fee income	-	-49.0	-	-49.0
Other operating costs	-	368.7	-	368.7
Profit before tax	-	-417.7	-	-417.7
Net profit for the year, discontinuing operations	-	-417.7	-	-417.7
ASSETS				
Loans at fair value	-	824.0	-	824.0
Shares etc.	-	752.1	-	752.1
Investments in associates	-	61.1	-	61.1
Total assets	-	1,637.2	-	1,637.2
LIABILITIES				
Other liabilities	-	51.9	-	51.9
Other provisions	-	35.0	-	35.0
Total liabilities	-	86.9	-	86.9
CASH FLOWS				
Cashflow from operating activities	-	13,313.4	-	-
Total Cash flow	-	13,313.4	-	-

Note 37 - Offsetting in the FIH Group (DKK million)	2014		2013	
	Other assets	Other liabilities	Other assets	Other liabilities
Recognised gross assets and liabilities subject to the offsetting rules	2,762.6	3,917.6	4,871.5	5,524.4
Offsetting in the balance sheet	1,776.2	1,776.2	2,954.4	2,954.4
Recognised net assets and liabilities in the balance sheet	986.4	2,141.4	1,917.1	2,570.0
Related amounts that are not offset in the balance sheet	225.5	1,918.5	227.5	1,564.6
Net amounts	760.9	222.9	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. Five 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 38 - Financial assets and liabilities (DKK million)	FIH Group			
	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash in hand and demand deposits with central banks	302.0	302.0	12.6	12.6
Receivables from credit institutions and central banks	806.5	806.5	906.6	907.0
Loans and other receivables at fair value	1,017.0	1,017.0	0.0	0.0
Loans and other receivables at amortised cost	5,089.8	5,234.0	10,906.5	11,004.0
Bonds at fair value	14,004.5	14,004.5	10,928.6	10,928.6
Shares and investments in associates	91.4	91.4	0.0	0.0
Other assets	986.4	986.4	1,917.1	1,917.1
Total financial assets	22,297.6	22,441.8	24,671.4	24,769.3
Financial liabilities				
Debt to credit institutions and central banks	3,662.2	3,666.6	3,273.1	3,273.4
Deposits and other debt	10,251.8	10,252.0	13,783.2	13,784.5
Bonds issued at amortised cost	37.5	37.5	1,048.5	1,050.4
Other liabilities	2,141.4	2,141.4	2,570.0	2,570.0
Total financial liabilities	16,092.9	16,097.5	20,674.8	20,678.3
Other assets, cf. balance sheet	2.2	-	2,243.3	-
Of which financial assets	91.4	-	1,917.1	-
Other liabilities, cf. balance sheet	0.0	-	3,474.8	-
Of which financial liabilities	2,141.4	-	2,570.0	-

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.

Reference is also made to the 'Determination of fair values' section under accounting policies.

Note 38 - continued

FIH Group

Financial assets and liabilities broken down by category

2014	Carrying amount	Net market value adjust- ments	Interest	Fees and commis- sions
Financial assets				
Trading portfolio	14,989.1	937.2	156.9	0.0
Shares etc.	78.1	-651.1	0.0	0.0
Loans at fair value (fair value option)	1,017.0	171.2	21.8	0.0
Hedge accounting derivatives	1.8	-32.4	41.6	0.0
Total financial assets at fair value via the income statement	16,086.0	424.9	220.3	0.0
Loans and other receivables	6,211.6	-49.1	400.7	15.9
Total financial assets	22,297.6	375.8	621.0	15.9
Financial liabilities				
Trading portfolio	2,141.4	737.1	295.3	0.0
Hedge accounting derivatives	0.0	-3.5	31.6	0.0
Total financial liabilities at fair value via the income statement	2,141.4	733.6	326.9	0.0
Liabilities at amortised cost	13,951.5	-78.3	324.9	0.0
Total financial liabilities	16,092.9	655.3	651.8	0.0
Other	-	-36.4	-1.3	140.2
Total	-	-315.9	-32.1	156.1
2013				
Financial assets				
Trading portfolio	12,650.7	-89.4	157.1	0.0
Mortgage loans recognised at fair value (fair value option)	0.0	-10.6	6.1	0.0
Hedge accounting derivatives	195.0	-256.8	128.9	0.0
Total financial assets at fair value via the income statement	12,845.7	-356.8	292.1	0.0
Loans and other receivables	11,825.7	-143.4	624.5	15.4
Total financial assets	24,671.4	-500.2	916.6	15.4
Financial liabilities				
Trading portfolio	2,285.9	-290.0	310.9	0.0
Mortgage bonds issued at fair value (fair value option)	0.0	-10.6	4.1	0.0
Hedge accounting derivatives	284.1	-9.5	60.8	0.0
Total financial liabilities at fair value via the income statement	2,570.0	-310.1	375.8	0.0
Liabilities at amortised cost	18,104.7	-867.5	465.9	0.0
Total financial liabilities	20,674.7	-1,177.6	841.7	0.0
Other	-	-38.8	-0.1	169.8
Total	-	638.6	74.8	185.2

The breakdown of financial assets and liabilities set out above has been prepared in compliance with IAS 39. Interest on claims written down amounted to DKK 14.5 million (2013: DKK 25.4 million).

Note 39 - Assets and liabilities at fair value

(DKK million)

FIH Group

		Level 1	Level 2	Level 3
	Balance	Quoted	Obser-	Non-observ-
	sheet total	prices	vable	able
2014			inputs	inputs
Assets				
Loans and receivables at fair value	1,017.0	0.0	0.0	1,017.0
Bonds at fair value	14,004.5	14,004.5	0.0	0.0
Shares etc.	78.1	0.0	0.0	78.1
Investment properties	650.2	0.0	0.0	650.2
Owner-occupied properties	2.2	0.0	0.0	2.2
Other assets	986.4	0.0	986.4	0.0
Total assets at fair value	16,738.4	14,004.5	986.4	1,747.5
Liabilities				
Other liabilities	2,141.4	0.0	2,141.4	0.0
Total liabilities at fair value	2,141.4	0.0	2,141.4	0.0

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

2013

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
Total assets at fair value	13,530.7	10,928.6	1,917.1	685.0
Liabilities				
Other liabilities	2,570.0	0.0	2,570.0	0.0
Total liabilities at fair value	2,570.0	0.0	2,570.0	0.0

There have been no transferrals to and from level 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.

Shares etc.

The holding of shares comprises private equities for which there are no immediately observable input variables in the market. The fair value is determined based on observations of the operation and activities of the underlying company and on any concrete offers to sell the share in question.

Note 39 - continued

Investment properties

The fair value of investment properties is determined based on discounted expected contractual future cash flows with the 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 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.

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.

	FIH Group	
	2014	2013
Financial assets and liabilities measured at fair value at level 3		
Financial assets measured at fair value at level 3, beginning of year	685.0	753.2
Transferred from discontinuing operations	1,576.1	0.0
Additions	26.2	0.0
Disposals	60.0	29.1
Transferred to/from level 1 or 2	0.0	0.0
Change in fair value	-479.9	-39.1
Financial assets measured at fair value at level 3, end of year	1,747.5	685.0

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

Note 40 - Hedge accounting

The FIH Group applies the rules for hedge accounting of fair values. The hedging instruments used are typically interest rate swaps or interest rate and currency swaps used to hedge against changes in the fair values of fixed-rate funding and fixed-rate loans, respectively, as a result of changes in the swap rate. Only the swap rate is hedged – not credit margins etc.

Changes in the fair value of hedged instruments attributable to the interest rate risk hedged are adjusted in the carrying amount of the hedged item and recognised in the income statement. Changes in the fair value of the hedging instruments are adjusted in the positive or negative value of the derivatives in the balance sheet, and the hedging instruments are also recognised in the income statement.

In 2014, the FIH group ceased to use hedge accounting for deposits and loans. The fair value adjustment at the time of transition has been recognised as part of amortised cost.

FIH Group				
2014		Carrying amount/fair value	Interest rate risk	Recognised market value adjustments for the year
(DKK million)	Nominal value			
Liabilities				
Bonds issued	-	37.5	0.1	0.0
Total	-	37.5	0.1	0.0
Financial instruments designed to hedge interest risk				
Swaps	37.1	1.8	0.0	0.0

FIH Erhvervsbank A/S				
2014		Carrying amount/fair value	Interest rate risk	Recognised market value adjustments for the year
(DKK million)	Nominal value			
Liabilities				
Bonds issued	-	37.5	0.1	0.0
Total	-	37.5	0.1	0.0
Financial instruments designed to hedge interest risk				
Swaps	37.1	1.8	0.0	0.0

("-" denotes a liability)

Note 40 - continued

					FIH Group			
2013					Recognised			
(DKK million)	Nominal value	Carrying amount/fair value	Interest rate risk	market value adjustments for the year				
Assets								
Loans	-	2,504.2	-48.5	-77.7				
Total	-	2,504.2	-48.5	-77.7				
Financial instruments designed to hedge interest rate risk								
Swaps	2,530.4	-210.5	46.6	90.0				
Liabilities								
Deposits	-	11,972.9	375.6	140.4				
Bonds issued	-	414.4	6.4	125.6				
Sudordinated debt	-	0.0	0.0	79.9				
Total	-	12,387.3	382.0	345.9				
Financial instruments designed to hedge interest rate risk								
Swaps	31,248.9	121.5	-347.7	-337.4				
					FIH Erhvervsbank A/S			
2013					Recognised			
(DKK million)	Nominal value	Carrying amount/fair value	Interest rate risk	market value adjustments for the year				
Assets								
Loans	-	2,504.2	-48.5	-77.7				
Total	-	2,504.2	-48.5	-77.7				
Financial instruments designed to hedge interest rate risk								
Swaps	2,530.4	-210.5	46.6	90.0				
Liabilities								
Deposits	-	11,972.9	375.6	140.4				
Bonds issued	-	414.4	6.4	125.6				
Sudordinated debt	-	0.0	0.0	79.9				
Total	-	12,387.3	382.0	345.9				
Financial instruments designed to hedge interest rate risk								
Swaps	31,248.9	121.5	-347.7	-337.4				

("-" denotes a liability)

Note 41 - Credit risk
Maximum credit exposure

The group's credit exposure comprises on- and off-balance sheet items subject to credit risk.

(DKK million)	FIH Group	
	2014	2013
Assets subject to credit risk	20,918.0	23,753.0
+ Irrevocable loan commitments not disbursed	239.0	1,098.0
+ Bank/financial guarantees	103.0	1,150.0
- Investments	0.0	0.0
Maximal expose to credit risk	21,260.0	26,001.0
Collateral received		
Credit expose	21,260.0	26,001.0
Value of collateral	7,211.0	11,727.0
Total unsecured loans	14,049.0	14,274.0
Proportion of unsecured loans (%)	66.1	54.9

The maximum credit risk at the end of 2014 includes Danish government bonds and Danish mortgage bonds rated 'AA' or above of DKK 14,004 million.

Credit exposures related to loans

Credit exposure is the risk of loss arising from the exposure inherent in ordinary banking activities. Any credit exposure in FIH is based on a careful analysis of risk and profitability made on the basis of thorough knowledge of the customer concerned. FIH is thus familiar with the background and purpose of any financing task. Where possible, loans are, as a main rule, secured by adequate first priority mortgages and pledges of financed assets. The financing generally has no credit commitment and otherwise has financial or management covenants that must be met to ensure that the financing does not fall due for payment.

FIH's credit policies are laid down by the Board of Directors and are updated and approved annually. All major credit exposures are granted centrally in the credit organisation or in FIH's Credit Committee. As an aid in determining loan terms, FIH uses price support tools which calculate the risk-adjusted return corresponding to the earnings after the expected risk of loss and return requirement. Monitoring and follow-up are partly portfolio-based, using FIH's credit system, and partly individual and exposure-specific, based on one or more annual credit follow-ups, depending on the size, complexity, quality and risk of the loan commitments. Monitoring is conducted by the credit organisation, reporting its findings to the Executive Board and the Board of Directors on an ongoing basis.

The credit information is updated at least once a year and at least twice a year for commitments rated in the range 7-10, both included. Commitments subject to objective indication for impairment are updated every three months. Credit follow-ups are approved in accordance with FIH's hierarchy of powers, which means that more than 85 per cent of the grant amount (in terms of commitment) is approved/granted centrally in the Credit Committee. At least twice a year, FIH also performs a structured review of all significant commitments.

FIH hedges its credit risk by charging a number of assets as collateral. The most important types of collateral are charges on real property and/or machinery and other assets related to the group's day-to-day operations. Collateral is also provided in the form of leased assets, securities and operating cash.

Note 41 - continued (in %, end of year)	FIH Group		FIH Erhvervsbank A/S	
	2014	2013	2014	2013
Loan and guarantees debtors, broken down by sector and industry				
Loans comprise:				
Public sector	0	1	0	1
Business sector:				
Agriculture, hunting, forestry and fisheries	0	0	0	0
Manufacturing industries and extraction of raw materials	29	33	29	33
Energy supply	0	3	0	3
Building and construction	2	3	2	3
Trade	15	18	15	18
Transport, hotels and restaurants	19	17	19	17
Information and communication	0	2	0	2
Finance and insurance	26	12	26	12
Real property	6	7	6	7
Other	2	3	2	3
Total business sector	99	98	99	98
Retail customers	1	1	1	1
Total	100	100	100	100

Quality of FIH's credit exposure

Loans that have not been written down for impairment and for which no outstanding interest and capital repayments are registered may be broken down as follows in accordance with the FIH rating model:

Loans without impairment charges and with no arrears	FIH Group	
	2014	2013
11	1,382.5	1,583.4
7-10	454.7	834.2
4-6	2,233.0	3,616.2
3	106.6	3,415.9
1-2	3.7	120.8
Total	4,180.5	9,570.5

Rating models are integral elements of FIH's credit processing. For all customers, the rating models calculate the midpoint probability that, within the next 12 months, the customer will not be able to meet his financial obligations towards FIH (the probability of default) in accordance with the capital requirement rules (the Basel II rules). The midpoint probability is calculated based on the ratings determined by the Credit Department. A rating of 10 indicates a high probability of default, while a rating of 1 indicates a very low probability of default. Customers rated 7-10 are weak commitments, whereas customers rated 1-6 are healthy commitments. Rating 11 represents exposures in default.

In general, FIH Erhvervsbank A/S demands as mentioned above that collateral be provided in full or in part to cover credit risks undertaken. Collateral is usually provided through a direct charge on the borrower's assets, typically secured on real estate, machinery and/or other movable property. FIH also attaches importance to securing commitments using other types of collateral, such as company charges, guarantees, life insurance policies etc., where considered relevant. Moreover, it is possible to reduce credit risks by set-offs under the general provisions of Danish law and ISDA's set of agreements, where applicable.

Commitments are established without provision of collateral only to customers with a high credit rating or through structures where the contractual basis ensures close ongoing monitoring and enables intervention – and ultimately acquisition – in case the customer's performance deviates significantly from the assumptions provided.

Note 41 - continued

(DKK million)

	FIH Group	
	2014	2013
Loans in arrears for which no impairment has been made	345.7	790.5
Loans mature as follows:		
Up to and including 3 months	165.1	56.0
Over 3 months and up to and including 1 year	180.6	3.1
Over 1 year and up to and including 5 years	0.0	175.5
Over 5 years	0.0	555.9
Total	345.7	790.5
Outstanding amounts for which no impairment has been made	32.3	22.6
Of which relating to the public sector	0.0	0.0
Age distribution of outstanding amounts:		
Up to and including 3 months	21.1	9.4
Over 3 months and up to and including 1 year	11.2	1.6
Over 1 year and up to and including 2 years	0.0	3.4
Over 2 years	0.0	8.2
Total	32.3	22.6

Loans with an objective indication of impairment

Of the total loan balance of DKK 6,728 million before impairment charges, loans with an objective indication of impairment amount to DKK 4,099 million. Objective indication of impairment is used to describe loans that are objectively impaired according to the definition of the Danish Executive Order on the Presentation of Financial Statements by Credit Institutions and Investment Firms, etc. (Bekendtgørelse om finansielle rapporter for kreditinstitutter og fondsmæglerselskaber m.fl.)

For all loans registered with an objective indication of impairment, FIH calculates the need for impairment for the individual customer commitments. The calculation is based on a conservative market valuation of the collateral, from which selling and lay-day costs are deducted. In these cases, the market valuation takes into account whether the asset in question is expected to be realised on the open market or subject to a compulsory sale scenario. Furthermore, a conservative estimate is made of possible dividends. The outcome of an assessment of the need for impairment of a loan may also be that no basis is found for impairment, in which case the loan will retain its active rating.

If there is a need for individual impairment, the loan will be default-registered and transferred to rating class 11 (corresponding to the group's non-performing loans, cf. the definition in the Danish Executive Order on Capital Adequacy (Bekendtgørelse om kapitaldækning)).

Note 41 - continued

	FIH Group			
	2014		2013	
(DKK million)	Outstanding debt	Impairment charges	Outstanding debt	Impairment charges
Loans individually written down for impairment	2,900.9	1,638.4	4,201.8	1,427.3
Loans comprise:				
Public sector	19.4	14.1	49.3	18.5
Business sector:				
agriculture, hunting, forestry and fisheries	0.0	0.0	0.0	0.0
Manufacturing industries and extraction of raw materials	1,533.7	813.8	2,446.0	716.8
Energy supply	8.6	0.4	0.0	0.0
Building and construction	18.7	5.7	84.7	22.5
Trade	568.8	345.8	603.7	221.2
Transport, hotels and restaurants	34.9	10.2	99.5	12.8
Information and communication	6.5	0.3	0.0	0.0
Finance and insurance	336.4	298.3	379.2	280.6
Real property	318.1	123.3	378.0	106.1
Other	55.7	26.4	141.9	44.9
Total business sector	2,881.4	1,624.2	4,133.0	1,404.9
Retail customers	0.1	0.1	19.5	3.9
Total	2,900.9	1,638.4	4,201.8	1,427.3

Note 42 - Market risk

Market risk is the risk of loss of market value arising from movements in financial markets (interest rate, foreign exchange, share and commodity risks etc.). Overall, the size of limits for various types of market risk is determined by FIH's rules of procedure for the Board of Directors, the Board of Directors' instructions to the Executive Board and also through instructions sanctioned by the Executive Board, and activities are managed by and reported on in accordance with these instructions on an ongoing basis.

The interest rate risk is calculated, in part, by setting a target for FIH's gains or losses in case of a one percentage point interest rate increase for all maturities and, in part, by a Value-at-Risk (VaR) target. Foreign exchange risk is the risk of loss arising from adverse changes in foreign exchange rates. Most of FIH's funding is raised in foreign currency, which is subsequently swapped into the currency in which the loan is granted. Accordingly, the foreign exchange risk is modest. FIH generally wishes to assume only limited foreign exchange risk, with the exception of EUR. Foreign exchange risk is managed on the basis of VaR targets and limits on open positions in individual currencies and a limit on the total foreign currency position. Share risk is the risk of loss arising from fluctuations in share prices.

Interest rate risk (DKK million)	FIH Group	
	2014	2013
Total interest rate risk on debt instruments etc.	-51.0	-123.8
Interest rate risk (according to size) broken down by currency:		
DKK	-68.1	-109.8
EUR	18.6	-34.3
SEK	-0.8	3.5
NOK	-0.4	1.6
GBP	-0.3	-0.5
USD	0.0	18.4
JPY	0.0	-2.1
Other	0.0	-0.7
Total	-51.0	-123.9

Interest rate risk shows FIH's gains or losses, broken down by currency, in case of a one per cent parallel upward shift in the yield curve. At the end of 2014, results and equity would be negatively affected by DKK 51 million.

Note 42 - continued**Interest rate risk distributed on balance sheet items**

In the following distribution of term to maturity of assets and liabilities, the outstanding debt has been distributed by maturity in accordance with interest rate adjustment or expiry, whichever occurs first. For a number of financial instruments, early redemption is possible subject to specified terms and conditions. Early redemption will affect the maturity distribution specified below. Moreover, general default on a loan usually entails that the outstanding debt falls due for payment.

Specified by time to maturity

(DKK million)	Demand deposits	Up to and including 3 months	Over 3 months and up to and including 1 year	Over 1 year and up to and including 5 years	Over 5 years	Non-interest bearing	Total	Interest rate risk total
2014								
Assets								
Cash in hand and demand deposits with central banks	302.0	0.0	0.0	0.0	0.0	0.0	302.0	0.0
Receivables from credit institutions and central banks	797.5	0.0	0.0	0.0	9.0	0.0	806.5	0.0
Loans and other receivables	0.0	2,481.9	1,695.9	1,127.7	801.3	0.0	6,106.8	-35.4
Bonds etc.	0.0	40.2	5,690.9	7,310.5	962.9	0.0	14,004.5	-189.6
Other assets	0.0	118.4	714.2	239.8	657.3	405.0	2,134.7	-813.1
Total assets	1,099.5	2,640.5	8,101.0	8,678.0	2,430.5	405.0	23,354.5	-1,038.1
Debt								
Debt to credit institutions and central banks	966.6	2,695.6	0.0	0.0	0.0	0.0	3,662.2	0.0
Deposits and other debt	1,803.8	1,957.9	4,601.1	1,889.0	0.0	0.0	10,251.8	75.1
Bonds issued etc.	0.0	37.5	0.0	0.0	0.0	0.0	37.5	0.9
Other liabilities	0.0	1,097.8	60.2	402.3	1,678.8	425.0	3,664.1	911.1
Total debt	2,770.4	5,788.8	4,661.3	2,291.3	1,678.8	425.0	17,615.6	987.1
2013								
Assets								
Cash in hand and demand deposits with central banks	12.6	0.0	0.0	0.0	0.0	0.0	12.6	0.0
Receivables from credit institutions and central banks	812.9	0.0	74.6	10.1	9.0	0.0	906.6	0.0
Loans and other receivables	0.0	1,782.8	4,750.1	2,298.2	2,075.4	0.0	10,906.5	-95.1
Bonds etc.	0.0	6,578.8	15.1	4,077.3	257.4	0.0	10,928.6	-155.2
Other assets	0.0	274.4	2,322.1	1,632.1	84.2	436.3	4,749.1	-601.3
Total assets	825.5	8,636.0	7,161.9	8,017.7	2,426.0	436.3	27,503.4	-851.6
Debt								
Debt to credit institutions and central banks	339.0	2,709.0	0.0	225.0	0.0	0.0	3,273.0	243.7
Deposits and other debt	1,385.9	1,755.9	2,846.4	6,537.6	1,257.4	0.0	13,783.2	149.7
Bonds issued etc.	0.0	39.7	0.0	949.9	58.8	618.4	1,666.8	7.3
Other liabilities	0.0	1,082.1	122.7	1,895.2	0.3	0.0	3,100.3	327.1
Total debt	1,724.9	5,586.7	2,969.1	9,607.7	1,316.5	618.4	21,823.3	727.8

Note 42 - continued
 (DKK million)

	FIH Group	
	2014	2013
Foreign exchange risk		
Foreign exchange risk broken down by currency	38.4	-32.8
Foreign exchange risk broken down by the bank's currencies subject to the highest foreign exchange risk:		
EUR	32.9	-22.9
GBP	0.9	0.5
NOK	-0.1	3.9
SEK	5.0	1.5
USD	-1.6	-15.5
JPY	0.0	-0.1
Other	1.3	-0.2
Total	38.4	-32.8
Exchange rate indicator 1	40.1	39.9
Exchange rate indicator 1 as a percentage of tier 1 capital after deductions	0.7	0.7
Exchange rate indicator 2	0.1	0.1
Exchange rate indicator 2 as a percentage of tier 1 capital after deductions	0.0	0.0
Indicator 1 represents the highest numerical value of foreign currencies in which FIH has net receivables or net payables, respectively. Indicator 2, which is calculated according to a statistical model, represents with 99 per cent probability the maximum amount that FIH risks losing on foreign currency activities during a period of 10 days.		
Share risk		
Private equities	78.1	752.1
Investments in associates	13.3	61.1
Total	91.4	813.2

Note 43 - Liquidity risk

Liquidity risk is the risk of loss if FIH's funding costs increase disproportionately or if the bank fails to fulfil 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.

The group's liabilities mature as follows

(DKK million)	FIH Group					
	Carrying amount	Contractual cash flows	Up to and including 3 months	Over 3 months and up to and including 1 year	Over 1 year and up to and including 5 years	Over 5 years
2014						
Non-derivate financial instruments						
Debt to credit institutions and central banks	3,662.0	3,662.0	3,662.0	0.0	0.0	0.0
Deposits and other debt	10,252.0	10,550.0	3,945.0	4,584.0	2,021.0	0.0
Bonds issued etc.	38.0	38.0	38.0	0.0	0.0	0.0
Other liabilities	1,412.0	1,412.0	1,412.0	0.0	0.0	0.0
Total	15,364.0	15,662.0	9,057.0	4,584.0	2,021.0	0.0
2013						
Non-derivate financial instruments						
Debt to credit institutions and central banks	3,273.1	3,273.1	3,048.1	0.0	225.0	0.0
Deposits and other debt	13,783.2	15,776.2	3,065.7	2,987.3	7,018.0	2,703.3
Bonds issued etc.	1,048.5	1,160.1	5.4	624.0	328.7	202.0
Other liabilities	907.3	907.3	907.3	0.0	0.0	0.0
Total	19,012.1	21,116.7	7,026.5	3,611.3	7,571.7	2,905.3

Note 44 - Capital position

The aim is to have a solvency ratio high enough to secure lending activities even during periods of weak market conditions. The regulatory requirements regarding size of capital must be complied with and furthermore FIH must be able to withstand significant and unexpected losses. This objective is achieved by maintaining a solvency ratio that is significantly higher than the regulatory requirements.

(DKK million)	FIH Group		FIH Erhvervsbank A/S	
	2014	2013	2014	2013
Capital base statement				
Share capital	513.6	513.6	513.6	513.6
Reserves	0.0	0.0	13.4	0.0
Revaluation reserve	1.3	0.0	0.0	0.0
Retained earnings, end of year	5,224.0	5,161.9	5,372.2	5,077.2
Actual tier 1 (CET 1*) capital	5,738.9	5,675.5	5,899.2	5,590.8
Deductions in tier 1 capital:				
Deductions due to deficit for the year	-62.0	0.0	-38.0	0.0
Deferred tax assets	-101.4	-112.4	-105.4	-114.4
Intangible assets	0.0	-4.0	-93.1	-197.1
Other deductions in tier 1 capital	-19.0	0.0	-18.6	0.0
Actual tier 1 capital (CET 1) after primary deductions	5,556.5	5,559.1	5,644.1	5,279.3
Hybrid tier 1 capital	0.0	0.0	0.0	0.0
Other deductions in tier 1 capital	0.0	-28.1	0.0	-28.1
Tier 1 capital including hybrid tier 1 capital after deductions	5,556.5	5,531.0	5,644.1	5,251.2
Subordinated loan capital and revaluation reserve	0.0	1.3	0.0	1.3
Other deductions	0.0	-1.3	0.0	-1.3
Capital base after deductions	5,556.5	5,531.0	5,644.1	5,251.2
Minimum requirement:				
Risk-weighted assets for credit risk	8,807.1	15,351.8	8,930.5	15,900.0
Risk-weighted assets for market risk	2,846.9	4,502.5	2,846.9	4,502.5
Risk-weighted assets for operational risk	1,976.0	1,538.2	1,976.0	1,538.2
Total risk-weighted assets	13,630.0	21,392.5	13,753.4	21,940.7
Capital requirement under pillar I	1,102.6	1,711.4	1,112.5	1,755.3
Tier 1 capital ratio	40.3	25.9	40.6	25.3
Solvency ratio	40.3	25.9	40.6	25.3

*Common Equity Tier 1 capital

Note 45 - Related parties

All transactions with related parties are settled on market terms or on a cost recovery basis. In 2014, no losses on receivables from related parties were realised.

The following transactions have taken place with related parties with a significant influence during the financial year:

ATP

Fees and commission paid	0.0	29.4	0.0	29.4
Recognised in the income statement	0.0	29.4	0.0	29.4
Prepayments	0.0	0.0	0.0	0.0
Total asset items	0.0	0.0	0.0	0.0
Total liabilities	0.0	0.0	0.0	0.0

Fees and commissions paid concern FIH Erhvervsbank A/S' liquidity facility with ATP, which was canceled in 2013.

Note 45 - continued

FIH Holding A/S became a related party to FIH Erhvervsbank A/S in connection with the acquisition of the bank on 6 January 2011. The following transactions have taken place with related parties with a controlling influence during the financial year:

(DKK million)	FIH Group		FIH Erhvervsbank A/S	
	2014	2013	2014	2013
FIH Holding A/S				
Interest expenses	0.2	0.2	0.2	0.2
Staff costs and administrative expenses	0.4	0.4	0.4	0.4
Recognised in the income statement	0.6	0.6	0.6	0.6
Loans	22.0	21.6	22.0	21.6
Total assets items	22.0	21.6	22.0	21.6
Total liability items	0.0	0.0	0.0	0.0

FIH Erhvervsbank A/S and FIH Holding A/S have received the Danish Financial Supervisory Authority's approval of the intercompany transaction.

In the ownership structure of FIH Holding A/S, total deposits of DKK 3.6 million have been received from Cruise I A/S, FCPD A/S and PF I A/S at year-end 2014. Total interest expenses in 2014 to these companies amounted to DKK 0 million.

In 2014, C. P. Dyvig & Co. A/S concluded an office lease agreement with FIH Erhvervsbank A/S. The value of the agreement is DKK 0.1 million a year, and the agreement was concluded on an arm's length basis.

The following transactions have taken place with associates and group enterprises during the financial year:

Group enterprises

Interest expenses	-	-	0.0	0.1
Fee and commission income	-	-	0.0	0.1
Fees and commission paid	-	-	0.0	3.0
Staff costs and administrative expenses	-	-	7.5	0.0
Other operating income	-	-	9.2	10.1
Recognised in the income statement	-	-	9.2	7.1
Total asset items	-	-	0.0	0.0
Deposits and other debt	-	-	144.5	590.9
Total liability items	-	-	144.5	590.9
Off-balance sheet items	-	-	0.0	18.1

The item 'Other operating income' comprises income from administrative services rendered to FIH Erhvervsbank's subsidiaries. The item 'Staff costs and administrative expenses' comprises assistance from FIH Erhvervsbank's subsidiaries in connection with the sales transactions with Spar Nord and Nykredit.

Associates

Interest income	3.2	10.7	3.2	10.7
Interest expenses	0.0	0.0	0.0	0.0
Market value adjustments	1.9	-9.6	1.9	-9.6
Recognised in the income statement	5.1	1.1	5.1	1.1

See note 49 for information on remuneration for the group's Board of Directors and Executive Board.

Note 46 - Financial ratios	FIH Group				
	2014	2013	2012	2011	2010
Income statement					
Net interest and fee income	1,029.7	806.8	578.6	889.9	1,393.1
Market value adjustments	-315.9	558.1	-263.0	-670.6	1,639.0
Other operating income	112.8	43.6	101.2	69.4	84.2
Profit from net financials	826.6	1,408.5	416.8	288.7	3,116.3
Costs and depreciation/amortisation	394.4	449.3	540.8	552.9	633.1
Other costs	25.4	32.9	15.3	9.9	244.2
Impairment charges on loans and receivables etc.	212.3	174.3	1,621.0	992.3	1,922.6
Profit from investments in associates and group enterprises	-49.2	-37.8	0.0	0.3	-0.1
Profit/loss before tax	145.3	714.2	-1,760.3	-1,266.1	316.3
Tax	83.3	68.6	-23.1	-88.0	-208.3
Net profit/loss for the year, continuing operations	62.0	645.6	-1,737.2	-1,178.1	524.6
Net profit/loss for the year, discontinuing operations	-	-417.7	199.8	-	-
Total					
Net profit/loss for the year	62.0	227.9	-1,537.4	-1,178.1	524.6
Balance sheet					
Loans	6,107	10,907	16,166	42,833	67,994
Equity	5,739	5,677	5,477	7,165	8,334
Total assets	23,355	27,501	60,757	84,157	109,338
Capital base	5,557	5,531	6,332	10,132	11,778
Ratios*					
Solvency ratio	40.3	25.9	21.2	17.8	15.4
Tier 1 capital ratio	40.3	25.9	18.2	15.6	13.3
Return on equity before tax	2.5	5.3	-24.7	-16.3	3.9
Return on equity after tax	1.1	4.1	-24.3	-15.2	6.5
Income/cost ratio	1.2	1.52	0.28	0.19	1.11
Interest rate risk	0.9	2.2	0.8	0.7	1.6
Foreign currency position	0.7	0.7	1.2	0.7	1.4
Foreign exchange risk	0.0	0.0	0.0	0.0	0.0
Loans before impairment charges as a percentage of deposits	0.8	0.9	2.3	7.4	8.1
Loans as a percentage of equity	1.1	2.0	5.6	6.0	7.0
Growth in loans for the year	-44.0	-61.0	-29.0	-26.1	-9.6
Capital buffer relative to statutory liquidity requirement	345.0	220.5	106.7	109.8	71.4
Sum of large commitments	57.0	64.3	74.2	36.0	66.1
Impairment ratio for the year	13.2	1.7	4.7	2.1	3.1
Return on capital employed	0.3	0.8	-2.5	-1.4	0.5

Financial ratios are calculated based on total results, i.e. both continuing and discontinuing operations. The ratios are calculated in accordance with the guidelines of the Danish Financial Supervisory Authority, cf. the accounting policies.

	FIH Erhvervsbank A/S				
Note 46 - continued	2014	2013	2012	2011	2010
Income statement					
Net interest and fee income	929.8	658.4	383.2	608.9	1,018.6
Market value adjustments	-315.9	559.4	-275.1	-656.7	272.0
Other operating income	122.0	53.8	141.3	128.5	153.4
Profit from net financials	735.9	1,271.5	249.4	80.7	1,444.0
Costs and depreciation/amortisation	424.4	345.1	453.8	497.7	546.8
Other costs	25.4	33.0	15.3	9.7	204.7
Impairment charges on loans and receivables etc.	212.3	174.3	1,475.9	1,021.2	1,746.7
Profit from investments in associates and group enterprises	-33.4	-13.1	-48.3	137.5	1,325.9
Profit/loss before tax	40.4	706.0	-1,743.9	-1,310.4	271.7
Tax	78.4	60.5	-6.7	-133.2	-268.4
Net profit/loss for the year, continuing operations	-38.0	645.5	-1,737.2	-1,177.2	540.1
Net profit/loss for the year, discontinuing operations	-	-417.7	199.8	-	-
Total					
Net profit/loss for the year	-38.0	227.7	-1,537.4	-1,177.2	540.1
Balance sheet					
Loans	5,090	10,907	16,005	33,828	47,249
Equity	5,861	5,899	5,699	7,389	8,550
Total assets	23,575	28,245	61,311	85,118	110,671
Capital base	5,644	5,558	6,368	11,195	13,016
Ratios*					
Solvency ratio	40.6	25.3	21.1	20.2	17.0
Tier 1 capital ratio	40.6	25.3	18.1	17.8	14.7
Return on equity before tax	0.7	5.0	-24.0	-16.4	3.3
Return on equity after tax	-0.6	3.9	-23.5	-14.8	6.5
Income/cost ratio	1.5	1.6	0.3	0.1	1.1
Interest rate risk	0.9	2.2	0.8	0.5	1.5
Foreign currency position	0.7	0.7	1.2	0.6	1.3
Foreign exchange risk	0.0	0.0	0.0	0.0	0.0
Loans before impairment charges as a percentage of deposits	0.8	0.9	2.2	5.4	5.7
Loans as a percentage of equity	1.0	2.0	5.3	4.6	5.5
Growth in loans for the year	-44.0	-61.0	-29.0	-28.4	-10.8
Capital buffer relative to statutory liquidity requirement	341.0	214.2	104.0	94.5	49.6
Sum of large commitments	56.2	64.0	71.7	35.4	67.1
Impairment ratio for the year	13.2	1.7	6.5	2.7	3.4
Return on capital employed	-0.2	0.8	-2.5	-1.4	0.5

Financial ratios are calculated based on total results, i.e. both continuing and discontinuing operations. The ratios are calculated in accordance with the guidelines of the Danish Financial Supervisory Authority, cf. the accounting policies. With retrospective effect from 1 January 2013 and in accordance with the uniting-of-interests method, FIH Erhvervsbank A/S has merged with its subsidiary FIH Kapitalbank A/S, with FIH Erhvervsbank A/S as the surviving company. As a result of the merger, the comparative figures for FIH Erhvervsbank A/S have been restated.

Note 47 - Group structure

(DKK million)	Aktivitet	Owner- ship interest*	Assets	Liabili- ties	Equity	Reve- nue	Net profit/ loss
FIH Leasing og Finans A/S, Copenhagen	Leasing and financing	100%	0.9	0.0	0.9	0.0	-0.2
FIH Partners A/S, Copenhagen	Investment banking	100%	165.2	50.3	114.9	107.5	14.6

*There is no difference between ownership interest and voting share.

Associates*

Axcel Industrilinvestor Invest A/S, Copenhagen	Holds shares in Axcel Industrilinvestor A/S and other business related hereto.	50%	2.1	2.1	0.0	0.0	-0.5
Interbuild ApS, Ikast-Brande	The group is primarily engaged in timber industry activities	49%	116.8	23.3	93.5	2.5	-26.2
Ejendomsselskabet Borgergade parkering ApS, Vejle	Operation and development of parking facilities	30%	311.5	210.4	101.1	-	-12.0
Stema Holding A/S, Helsingør	Production and sale of coil and bar iron machines	28.3%	24.5	15.2	9.3	0.0	-87.5
LFM Invest A/S, København	Holds shares in DSVM Group AB	50%	17.2	0.1	17.1	0.0	0.0
Sjælsø Management ApS, Allerød	Construction management	49%	19.7	12.9	6.8	36.1	6.7

*Information from the financial statements, cf. the most recent annual reports.

Note 48 - Events after the balance sheet date

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

On 28 January 2015, FIH concluded an agreement for the repurchase of a large commitment from FS Property Finance. The original agreement regarding FS Property Finance provides scope for repurchasing on certain conditions, which have all been met.

Note 49 – Board of Directors and Executive Board

Board of Directors

CHRISTIAN DYVIG

Chairman

CEO
C.P. Dyvig & Co. A/S

Education

Master of Laws, University of Copenhagen (1987)
MBA (Hon) fra IMD International (1992)

Previous positions

2011 – 2014 The Lundbeck Foundation
2009 – 2011 C. P. Dyvig & Co.
2003 – 2009 Nordic Capital
1993 – 2003 Morgan Stanley
1987 – 1992 Reumert & Partnere

Chairman of the Board of Directors

Kompan Holding A/S
FCPD A/S

Deputy Chairman of the Board of Directors

Kwintet AB
ALK-Abelló A/S
H. Lundbeck A/S

Board member

C. P. Dyvig & Co. A/S
Cruise I A/S
FIH Holding A/S
PF I A/S

Joined the Board of Directors

6 January 2011
Re-elected at the annual general meeting in 2013
Term of office expires on 5 March 2015

Committees

Audit Committee
Credit and Risk Committee

Shareholdings in FIH Erhvervsbank A/S

Christian Dyvig owns C.P. Dyvig & Co. A/S, which is the parent company of Cruise I A/S, which indirectly owns approx. 10% of the shares in FIH Erhvervsbank A/S

Fee in 2014:DKK 0.6 million (2013: DKK 0.6 million)

HENRIK HEIDEBY

Deputy Chairman

Education

Trained as a banker
Graduate Diploma in Business Administration (Accounting)

Previous positions

2001 – 2014 CEO, PFA Pension
1998 – 2001 CEO, Alfred Berg Bank A/S
1992 – 1998 CEO, Finansieringsinstituttet for Industri og Håndværk
1992 – 1998 Member of the Executive Board, Dansk Eksportfinansierings-fond og Dagspressens Finansieringsinstitut
1988 – 1992 CEO, Finansieringsinstituttet for Industri og Håndværk
1984 - 1988 CEO, Dansk Kapitalanlæg A/S
1982 – 1984 Deputy CEO, Finansieringsinstituttet for Industri og Håndværk

Henrik Heideby – continued

Chairman of the Board of Directors

FIH Holding A/S
PF I A/S
IC Group A/S
Kirk og Thorsen Invest A/S

Board member

C.P. Dyvig & Co. A/S
Blue Equity Management A/S

Joined the Board of Directors

6 January 2011
Re-elected at the annual general meeting in 2013
Term of office expires on 5 March 2015

Committees

Audit Committee
Credit and Risk Committee (Chairman)

Shareholdings in FIH Erhvervsbank A/S

None

Fee in 2014:DKK 0.6 million (2013: DKK 0.6 million)

DANIEL ERIKSSON

Head of Products, Folksam

Education

Master of Science fra Stockholm School of Economics (1993)
Master of Laws fra Stockholm University (1993)
MBA fra INSEAD(1998)

Previous positions

2003 – 2006 Senior vice president, Securities Operations, NasdaqOMX
2001 – 2002 Programme manager, Folksam
2000 – 2001 Senior Manager, Adcore Strategy UK
1993 – 2000 Senior Manager, Accenture, Strategic Service

Member of the Executive Board

Folksam Ömsesidig Liv
Folksam Ömsesidig Sak

Chairman of the Board of Directors

Folksam Fondförsäkring

Board member

KPA Pension

Joined the Board of Directors

6 January 2011
Re-elected at the annual general meeting in 2013
Term of office expires on 5 March 2015

Shareholdings in FIH Erhvervsbank A/S

None

Fee in 2014:DKK 0.2 million (2013: DKK 0.2 million)

HENRIK GADE JEPSEN

CIO, Pensions & Investments, ATP

Education

MA (Economics), Aarhus University (1989)

Previous positions

1999 – 2011 Various executive positions, ATP
 1998 – 1999 Office Manager, Realkredit Danmark
 1997 – 1998 Assistant Manager, Danmarks Nationalbank
 1994 – 1997 Economist, IMF
 1989 – 1994 Assistant Manager, Danmarks Nationalbank

Chairman of the Board of Directors

ATP Fondsmæglerselskab A/S
 ATP Alternative Investments K/S
 ATP Ejendomme A/S
 ATP Real Estate Partners I-II K/S
 ATP Private Equity K/S
 ATP Private Equity Partners I-V K/S
 ATP Timberland Invest K/S
 NOW: Pensions Investment A/S Fondsmæglerselskab
 Via Venture Partners Fund I-II K/S
 Strandgade 7 A/S
 Ejendomsselskabet Vangede A/S

Board member

FIH Holding A/S

Joined the Board of Directors

6 January 2011
 Re-elected at the annual general meeting in 2013
 Term of office expires on 5 March 2015

Committees

Audit Committee
 Credit and Risk Committee

Shareholdings in FIH Erhvervsbank A/S

None

Fee in 2014: DKK 0.4 million (2013: DKK 0.4 million)

FREDRIK MARTINSSON

Chief Investment Officer i Investments, ATP

Education

Bachelor of Business Administration, Lunds University, 1992

Previous positions

2006 – 2011 ATP, Chief Investment Officer (dual employment)
 2006 – 2011 ATP Alpha Fondsmæglerselskab A/S, CEO
 2004 – 2005 ATP, Head of Equity
 2001 – 2004 ATP, Equity Portfolio Manager
 1998 – 2001 Danske Bank A/S, Chief Equity Analyst
 1995 – 1998 Goldman Sachs, Equity Analyst
 1992 – 1995 Hagströmer & Qviberg, Equity Analyst

Board member

ATP Fondsmæglerselskab A/S
 ATP Alternative Investments K/S
 ATP Ejendomme A/S
 ATP Real Estate Partners I-II K/S
 ATP Private Equity K/S
 ATP Private Equity Partners I-V K/S
 ATP Timberland Invest K/S
 FIH Holding A/S
 NOW: Pensions Investment A/S Fondsmæglerselskab
 Via Venture Partners Fund I-II K/S
 Strandgade 7 A/S
 Ejendomsselskabet Vangede A/S

Fredrik Martinsson – continued

Joined the Board of Directors

30 January 2013

Re-elected at the annual general meeting in 2013
 Term of office expires on 5 March 2015

Shareholdings in FIH Erhvervsbank A/S

None

Fee in 2014: DKK 0.2 million (2013: DKK 0.2 million)

LENE FOGED NOTHLEVSEN

Assistant Relationship Manager, FIH Erhvervsbank A/S
 Elected by the employees

Education

Trained as a banker

Previous positions

1997 – 1999 Customer assistant HMI-Gruppen, FIH Erhvervsbank
 1996 – 1997 Project worker, FIH Erhvervsbank
 1994 – 1996 Bank trainee FIH Erhvervsbank

Chairman of the Board of Directors

Christian Møller Invest II ApS

Joined the Board of Directors

15 March 2011

Employee-elected board members are elected for a term of four years at a time, with the next election to be held at the beginning of 2015.

The term expires at the general meeting 2015.

Shareholdings in FIH Erhvervsbank A/S

None

Fee in 2014: DKK 0.2 million (2013: DKK 0.2 million)

TOKE HEDING

Senior Risk Analyst, FIH Erhvervsbank A/S
 Elected by the employees

Education

MA in Political Science, University of Copenhagen, 2001

Previous positions

2002-2006 Lecturer, microeconomics and financing, CBS
 2001-2002 Business Controller, Nordea IT

Committees

Audit Committee

Joined the Board of Directors

1 October 2013

Has served as alternate since the lastest election of employee representatives in early 2011. Employee-elected board members are elected for a term of four years at a time, with the next election to be held at the beginning of 2015.

The term expires at the general meeting 2015.

Shareholdings in FIH Erhvervsbank A/S

None

Fee in 2014: DKK 0.2 million (2013: DKK 0.1 million)

TRINE QWIST PEDERSEN

Senior Analyst, FIH Erhvervsbank A/S
Elected by the employees

Education

MSc in Business Economics and Auditing, Aarhus University (2000)
Graduate Diploma in Business Administration, Copenhagen Business School (2005)

Previous positions

2000 – 2001 Accountant, Arthur Andersen

Other essential duties

Member of Safety in FIH Erhvervsbank A/S

Joined the Board of Directors

1 November 2014

Has served as alternate since the lastest election of employee representatives in early 2011. Employee-elected board members are elected for a term of four years at a time, with the next election to be held at the beginning of 2015.

The term expires at the general meeting 2015.

Trine Qwist Pedersen, continued

Shareholdings in FIH Erhvervsbank A/S

None

Fee in 2014:DKK 0.0 million (2013: DKK 0.0 million)

JACOB BAGGERS WILLEMOES

Webmaster, FIH Erhvervsbank A/S
Elected by the employees

Joined the Board of Directors

15 March 2011

Resigned from the Board of Directors
30 October 2014

Fee in 2014:DKK 0.2 million (2013: DKK 0.2 million)

Direktion

HENRIK SJØGREEN

CEO, FIH Erhvervsbank A/S

Under Section 80(8) of the Danish Financial Business Act

Member of the Executive Board

FIH Holding A/S

Chairman of the Board of Directors

Axcel IndustrilInvestor Invest A/S
FIH Leasing og Finans A/S
FIH PARTNERS A/S

Board member

FS Property Finance A/S
Simon Fougner Hartmanns Familiefond

Fee i 2014, FIH Erhvervsbank: DKK 5.1 million

Fee in 2014, subsidiaries: DKK 0.1 million

PALLE NORDAHL

CFO, FIH Erhvervsbank A/S

Under Section 80(8) of the Danish Financial Business Act

Joined the Executive Board

10 December 2014

Member of the Executive Board

FIH Leasing og finans A/S
FCPD A/S
Axcel IndustrilInvestor Invest A/S
Emil III ApS

Board member

FCDP A/S
Axcel IndustrilInvestor Invest A/S
FIH Partners A/S

Fee i 2014, FIH Erhvervsbank: DKK 0.2 million

Fee in 2014, subsidiaries: DKK 0.0 million

BJARNE GRAVEN LARSEN

Joined the Executive Board

6 January 2011

Resigned from the Executive Board

1 October 2014

Fee i 2014, FIH Erhvervsbank: DKK 13.6 million, including provisions costs related to resignation covering fee in 2014 and 2015, total DKK 8.6 million.

Fee in 2014, subsidiaries: DKK 0.1 million

The general meeting will be held on Thursday 5 March 2014 at 12.00 at FIH's premises, Langelinie Allé 43, DK-2100 København Ø.

Statement by the Executive Board and the Board of Directors

On this day, the Board of Directors and the Executive Board have considered and approved the annual report of FIH Erhvervsbank A/S for the financial year 1 January to 31 December 2014.

The consolidated financial statements are presented in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for issuers of listed bonds. The parent company financial statements are presented in accordance with the Danish Financial Business Act. The management commentary is prepared in accordance with the Danish Financial Business Act.

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

We believe that the management commentary contains a fair review of the development in the bank's operations and financial affairs, as well as a description of the most material risks and elements of uncertainty that may affect the group and the parent company.

We recommend the annual report for adoption at the annual general meeting.

Copenhagen, 4 February 2015

EXECUTIVE BOARD

Henrik Sjøgreen
CEO

Palle Nordahl
CFO

BOARD OF DIRECTORS

Christian Dyvig
Chairman

Henrik Heideby
Deputy chairman

Daniel Eriksson

Henrik Gade Jepsen

Fredrik Martinsson

Lene Foged Nothlevsen
Elected by the employees

Toke Heding
Elected by the employees

Trine Qwist Pedersen
Elected by the employees

Internal Auditor's report

To the shareholders of FIH Erhvervsbank A/S

Report on the consolidated financial statements and parent bank financial statements

We have audited the consolidated financial statements and parent bank financial statements of FIH Erhvervsbank A/S for the financial year 1 January to 31 December 2014, comprising the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the parent bank as well as the cash flow statement for the Group. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for issuers of listed bonds. The financial statements of the parent bank are prepared in accordance with the Danish Financial Business Act.

Management's responsibility for the consolidated financial statements and parent bank financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for issuers of listed bonds and for the preparation of the financial statements of the parent bank that give a true and fair view in accordance with the Danish Financial Business Act and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent bank financial statements that are free from material misstatement, whether due to fraud or error.

Internal auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the financial statements of the parent bank based on our audit. We have conducted our audit in accordance with the International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the consolidated financial statements and the financial statements of the parent bank are free from material misstatement. The audit has been performed in accordance with the division of work agreed with the external auditor and has included an assessment of established business procedures and internal controls, including the risk management implemented by the Management, aimed at reporting processes and significant business risks. Based on an evaluation of materiality and risk, we have examined the basis of amounts and other disclosures in the consolidated financial statements and the financial statements of the parent bank. Furthermore, the audit has included evaluating the appropriateness of the accounting policies applied by the Management and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements and the financial statements of the parent bank.

We have participated in the audit of material and risky areas and we believe that the audit evidence is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the established business procedures and internal controls, including the risk management implemented by the Management, aimed at the Group's and the parent bank's reporting processes and significant business risks are satisfactory.

In addition, in our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2014 and of its financial performance and cash flows for the financial year 1 January to 31 December 2014 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for issuers of listed bonds.

Further, in our opinion, the financial statements of the parent bank give a true and fair view of the parent bank's financial position at 31 December 2013 and of its financial performance for the financial year 1 January to 31 December 2013 in accordance with the Danish Financial Business Act.

Statement on the management commentary

Pursuant to the Danish Financial Business Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the financial statements of the parent bank.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the consolidated financial statements and the financial statements of the parent bank.

Copenhagen, 4 February 2015

Brian Hansen
Head of Internal Audit

Independent Auditor's report

To the shareholders of FIH Erhvervsbank A/S

Report on the consolidated financial statements and parent bank financial statements

We have audited the consolidated financial statements and parent bank financial statements of FIH Erhvervsbank A/S for the financial year 1 January to 31 December 2014, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as the Parent Bank, and the consolidated cash flow statement. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for issuers of listed bonds. The parent bank financial statements are prepared in accordance with the Danish Financial Business Act.

Management's responsibility for the consolidated financial statements and parent bank financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for issuers of listed bonds and for the preparation of parent bank financial statements that give a true and fair view in accordance with the Danish Financial Business Act and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent bank financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements and parent bank financial statements based on our audit. We have conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and parent bank financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent bank financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent bank financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent bank financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the consolidated financial statements and parent bank financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2014, and of the results of its operations and cash flows for the financial year 1 January to 31 December 2014 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for issuers of listed bonds.

In our opinion, the parent bank financial statements give a true and fair view of the Bank's financial position at 31 December 2014 and of the results of its operations for the financial year 1 January to 31 December 2013 in accordance with the Danish Financial Business Act.

Statement on the management commentary

Pursuant to the Danish Financial Business Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent bank financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the consolidated financial statements and parent bank financial statements.

Copenhagen, 4 February 2014

Deloitte

Statsautoriseret Revisionspartnerselskab

Erik Holst Jørgensen
State Authorised
Public Accountant

Thomas Hjortkjær Petersen
State Authorised
Public Accountant

FIH Erhvervsbank

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