

## Company Profile



December 2009

## FIH Erhvervsbank A/S

Copenhagen, Denmark

### Analyst Contacts:

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**Janne Thomsen**  
Senior Vice President

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Managing Director

### Company Overview

FIH Erhvervsbank A/S (FIH) is the sixth largest bank in Denmark in terms of total assets. FIH is a corporate and investment bank specialising in lending to Danish corporates and is a key lender to both small and medium-sized enterprises (SMEs) and many of Denmark's largest industrial companies. FIH operates internationally under the name "Finance for Danish Industry".

The bank offers a range of financial products including corporate banking, property finance, structured finance, corporate finance, advisory services and capital market operations. As of 30 September 2009, the bank reported a consolidated asset base of DKK120.2 billion (€16.2 billion).

FIH was founded in 1958 as a limited joint-stock company at the initiative of the Danish central bank, domestic banks, insurance companies and industry confederations. In 2004, FIH became a wholly owned subsidiary of the Icelandic bank Kaupthing Bank hf. Given that Kaupthing is now in moratorium, Moody's believes that a change in FIH's ownership is likely in the short-to-medium term.

*Note: Currency converted using exchange rate of DKK-€ as of date of the event  
Source: Company Reports (annual report Dec 08 and financial report Q3 Sep 09), Company data, Moody's research, www.oanda.com*

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## FIH Erhvervsbank A/S

## Financial Highlights (as Reported)

Note: The financials presented below are those reported by the entity and are not adjusted for Moody's analytic purposes. For Moody's generated ratios on FIH Erhvervsbank A/S, please see < FIH Erhvervsbank A/S page on moodys.com >.

## Latest Full-Year Results

## FIH Erhvervsbank A/S

DKK million	31-Dec-08	31-Dec-07	31-Dec-06	% change 08/07	% change 07/06
DKK/€, Period end	0.13422	0.13411	0.13412		
Total Assets	122,125	113,357	95,998	7.7	18.1
Total Shareholders' Equity	7,809	7,777	6,736	0.4	15.4
Shareholders' Equity excluding Minority Interest	7,809	7,750	6,697	0.8	15.7
Capital Base	10,467	10,528	8,077	(0.6)	30.3
Core Capital Ratio (%)	8.8	8.4	8.3	40 bps	10 bps
Net Income	184	1,123	935	(83.6)	20.1
Net Income Attributable to Equity Holders	184	1,094	958	(83.2)	14.2

Note: 1) Consolidated financials are considered

2) Figures for FYE Dec 2006 have been restated to reflect the merger between FI-Holding A/S and FIH Erhvervsbank A/S

Source: Company Reports (annual report Dec 08 and Dec 07), www.oanda.com

## Latest Nine-Month Results

## FIH Erhvervsbank A/S

DKK million	30-Sep-09	30-Sep-08	% change 09/08
DKK/€, Period end	0.13436	0.13405	
Total Assets	120,236	109,448	9.9
Total Shareholders' Equity	7,642	8,096	(5.6)
Shareholders' Equity excluding Minority Interest	7,642	8,096	(5.6)
Capital Base	11,964	N/A	N/A
Core Capital Ratio (%)	11.5	9.1	240 bps
Net Income	(166)	471	N/M
Net Income Attributable to Equity Holders	(168)	471	N/M

Note: 1) Consolidated financials are considered

2) "Capital Base" is not available for both the quarters

Source: Company Report (financial report Q3 Sep 09)

## FIH Erhvervsbank A/S

## Business Activities

FIH is a corporate and investment bank specialising in lending to Danish corporates. The bank organises its activities through the following segments: Corporate Banking, Property Finance, Structured Finance, Private Equity, Corporate Finance, Capital Markets and Other Activities. As of 30 September 2009, the Corporate Banking segment accounted for 29% of the bank's net interest and fee income.<sup>1</sup>

**Corporate Banking:** This segment finances business corporations and their investments in Denmark and the rest of the Nordic region. FIH mainly offers capital and financial services to SMEs and many of Denmark's largest industrial companies. As of 30 September 2009, the segment reported total assets of DKK32.8 billion (€4.4 billion) and accounted for 29% of the bank's net interest and fee income.

**Property Finance:** This segment offers property financing solutions mainly to professional Danish property investors, investing in commercial and rental properties, particularly in Denmark and Germany. As of 30 September 2009, the segment reported total assets of DKK20.2 billion (€2.7 billion) and accounted for 16% of the bank's net interest and fee income.

**Structured Finance:** This segment provides structured financing solutions in the Nordic market including traditional operating and capital financing, acquisition financing and mezzanine financing. Financing solutions are provided for various types of corporate transaction including corporate acquisitions by private equity funds, refinancing of investments by investors, and management buy-ins and buy-outs. As of 30 September 2009, the segment reported total assets of DKK15.3 billion (€2.1 billion) and accounted for 25% of the bank's net interest and fee income.

**Private Equity:** This segment administers the group's investment activities related to private equities. As of 30 September 2009, the segment reported total assets of DKK1.3 billion (€0.2 billion).

**Corporate Finance:** The corporate finance business is operated by FIH Partners A/S, a wholly owned subsidiary of FIH. It provides financial advice on corporate acquisitions and divestments, mergers, privatizations and capital injections. As of 30 September 2009, the segment accounted for 4% of the bank's net interest and fee income.

**Capital Markets:** This segment provides a range of capital market products mainly including advisory services concerning strategic risk management, liability management, financial policy, capital structure analysis and corporate finance. In January 2009, the bank closed all its equity-related activities including equity trading and research, as well as its wealth management businesses. As of 30 September 2009, the segment reported total assets of DKK3.9 billion (€0.5 billion) and accounted for 6% of the bank's net interest and fee income.

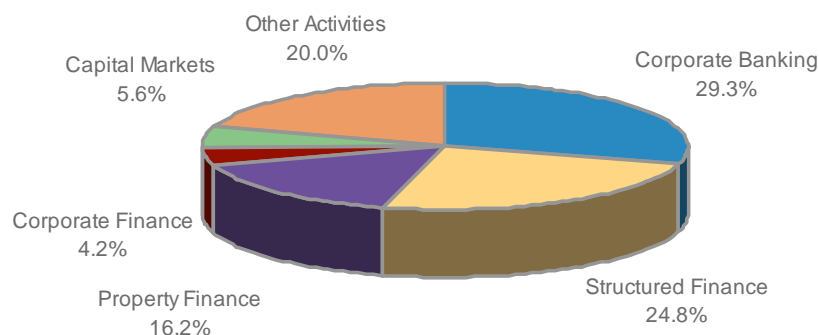
**Other Activities:** This segment mainly comprises FIH's administrative functions, investment activities and income taxes related activities. As of 30 September 2009, the segment reported total assets of DKK46.8 billion (€6.3 billion).

*Source: Company Reports (annual report Dec 08, financial report Dec 08 and Q3 Sep 09), Company data, Moody's research*

<sup>1</sup> Throughout this segment, such percentages exclude 'Private Equity' segment due to its negative contribution.

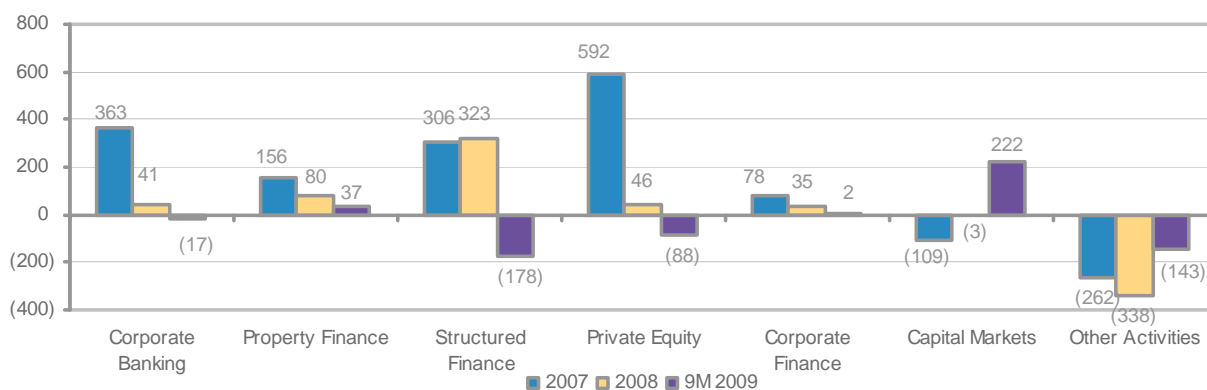
## FIH Erhvervsbank A/S

**Business Segment (% Net interest and fee income, consolidated, for nine months ended September 2009)**



Note: (1) Excluding "Private Equity" segments due to their negative contribution  
 (2) In 2009, "Corporate Banking" and "SME Banking" segments merged and are reported under "Corporate Banking"; and "Investment Banking" segment was renamed as "Corporate Finance"  
 Source: Company Report (Q3 report Nov 09, Pg 26)

**Net Profit per Business Segment (consolidated, in DKK million)**



Note: In 2009, "Corporate Banking" and "SME Banking" segments merged and are reported under "Corporate Banking"; and "Investment Banking" segment was renamed as "Corporate Finance"

Source: Company Reports (Q3 report Nov 09, Pg 26, annual report Dec 08, Pg 52 & 53; Dec 07, Pg 60)

## Distribution Capacity and Market Share

FIH provides its services through offices in Copenhagen, Fredericia, Aarhus, Herning and Aalborg. The bank also distributes its products and services using alternative distribution channels including internet banking through FIH Netbank Pro, which was established in April 2008.

The distribution of the bank's net interest and fee income by geographical segment is as follows:

### FIH Erhvervsbank A/S

Geographical segment	Net interest and fee income (%)	
	Sep-09	Dec-08
Denmark	68.8	74.3
The rest of Europe	30.6	25.1
Other	0.7	0.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

## FIH Erhvervsbank A/S

FIH is the sixth largest bank in Denmark in terms of total assets.

Source: Company Report (annual report Dec 08), Company data, Moody's research

### Ownership and Structure

FIH is wholly owned by Kaupthing Bank hf (Kaupthing), an Iceland-based banking group. However, due to adverse financial conditions in Iceland, Kaupthing's shares in FIH have been pledged as collateral with the Icelandic central bank.

Following its collapse, Kaupthing was put into administration by the Icelandic government in October 2008. Since then, the Icelandic owners have made efforts to sell FIH. Kaupthing is currently in moratorium.

### Subsidiaries and Associates

The subsidiaries (as of 30 September 2009) and associates (as of 31 December 2008) of the bank were as follows:

FIH Erhvervsbank A/S			
Company Name	Location	Business Activity	% Held
<b>Subsidiaries</b>			
FIH Realkredit A/S	Copenhagen	Mortgage loans	100
FIH Leasing og Finans	Copenhagen	Leasing and financing	100
FIH Finance A/S	Copenhagen	Financing and investment	100
FIH PARTNERS A/S	Copenhagen	Investment banking	100
FIH Kapital Bank A/S	Copenhagen	Financing and investment	100
FIH Aztec Holding ApS *	Copenhagen	Investment	100
<b>Associates</b>			
Investeringselskabet Energy Holding A/S	Copenhagen	Development and erection, ownership, servicing and management of windmills and related activities	22
LRA 1 ApS	Copenhagen	Owns shares in the company LRA 2 A/S and other related activities	17
FMS Holding af 2004	Copenhagen	Holds equity investments in companies operating in accordance with the Financial Services Act and related activities	23
DDD Holding A/S	Hørsholm	The group's key business areas are development, production and marketing of dermatological products	30
LDE Management ApS	Copenhagen	Holds equity investments in LD Equity 1 ApS and LD Equity 2 ApS and offers management and advisory services	40
Ejendomsselskabet Borgergade Parkering A/S	Copenhagen	Operation and development of parking facilities	35
Specielforeningen BL&S Invest Afdeling Globale Aktier	Copenhagen	Investment association	42

\* FIH Aztec Holding ApS is a subsidiary of FIH Finance A/S

## FIH Erhvervsbank A/S

### Government Guarantee Scheme

The Danish government announced its first support package for Danish banks in October 2008. The guarantee scheme covers deposits and the claims of senior unsecured creditors and is effective for a two-year period until 30 September 2010. Participating banks will cover the first loss under the scheme up to DKK35 billion (DKK15 billion in monthly guarantee commissions plus up to DKK20 billion under a guarantee).

The government announced a second support package for the financial sector in January 2009. The package comprises the recapitalisation of the financial sector and the extension of the guarantee scheme for the issuance of medium-term loans maturing at the latest on 31 December 2013. All solvent banks and mortgage credit institutions were eligible to participate; the deadline for applications was 30 June 2009 and capital injections are in the form of hybrid capital. FIH received a capital injection of DKK1.9 billion under the package.

*Note: Currency converted using exchange rate of DKK-€ as of date of the event*

*Source: Company Reports (annual report Dec 08, financial report Dec 08 and Q3 Sep 09), Company data, Moody's research, www.oanda.com*

### Company Management

Executive Board	Current Title	Age	Tenure	Committees
Henrik Sjøgreen	Managing Director and Chief Executive Officer; FIH Leasing og Finans A/S, FIH Finance A/S, FIH Kapital Bank A/S, FIH Aztec Holding A/S, FIH PARTNERS A/S, FIH Realkredit A/S and Axcel IndustriInvestor Invest A/S: Chairman of the Board of Directors	44	7	N/A

Board of Directors	Affiliation	Age	Tenure	Committees
Hans Skov Christensen	FIH: Chairman; Dansk Industri: Director General and CEO; Aktieselskabet Kristeligt Dagblad and Center for Kultur- og oplevelsesøkonomi: Chairman of the Board of Directors; Industriens Fond, Fonden Søren Kierkegaard Forskningscenter and PensionDanmark: Vice-chairman PFA Pension, ICC Danmark, Centre for European Policy Studies, Det Økonomiske Råd and BUSINESSEUROPE's Executive Committee: Member of the Board of Directors	N/A	5	N/A
Guðni Aðalsteinsson	FIH: Member of the Board of Directors	N/A	<1	
Ragnar Árnason	FIH: Director; University of Iceland, Department of Economics: Professor Hagrannsóknir og Ráðgjöf ehf and Institute of Economic Studies: Chairman of the Board of Directors Central Bank of Iceland: Member of the Board of Directors	N/A	<1	N/A

## FIH Erhvervsbank A/S

Hans Ejvind Hansen	FIH: Director; ATP Invest, ATP Invest I, ATP Invest II, ATP Invest III, F.M.B.A., Freja Ejendomme A/S, Investringsforeningen Nykredit Invest Almen Bolig, Investringsforeningen Nykredit Invest Engros, Investringsforeningen Nykredit Invest, Specialforeningen Nykredit Invest and TRP-Invest: Chairman of the Board of Directors; Danmarks Statistik: Vice-chairman of the Board of Directors Den Professionelle Forening LD, Lønmodtagernes Dyrtidsfond and Novo Nordisk Fonden: Member of the Board of Directors	N/A	11	N/A
Svend-Aage Nielsen	FIH: Director; Marius Pedersen/Violia Miljøservice Holding A/S, Nielsen & Nielsen Holding A/S, Terma Elektronik A/S and Thrige-Titan A/S: Chairman of the Board of Directors; Entreprenør Marius Pedersens Fond PFA Pension, forsikringsatieselskab Thomas B. Thringes Food: Member of the Board of Directors	N/A	11	N/A
Jørgen Vorsholt	FIH: Director; The Danish Employers' Confederation (DA): Chairman E. Pihl & Søn A.S.: Senior Advisor Bygteq it a/s and Brøndum Holding A/S: Chairman of the Board of Directors; Brøndum A/S, Arbejdsmarkedets Tillægspension and Lønmodtagernes Garantifond: Member of the Board of Directors	N/A	6	N/A
Per Erlandsen Brun	FIH: Director, Account Manager (Elected by the employees)	N/A	2	N/A
Jørgen Bruun-Toft	FIH: Director, Fixed Income Analyst (Elected by the employees)	N/A	2	N/A
Randi Holm Franke	FIH: Director, Executive Credit Analyst (Elected by the employees)	N/A	2	N/A

*Note: Tenure represents years in current position*

*Source: Company Reports (annual report Dec 08, financial report Q3 Sep 09), Company data*

## Company History

FIH was founded in 1958 as a limited joint-stock company at the initiative of the Danish central bank, domestic banks, insurance companies and industry confederations. It is a key lender to both SMEs and many of Denmark's largest industrial companies. In July 2003, the bank was renamed FIH. FIH operates internationally under the name "Finance for Danish Industry".

Key events for the bank are as follows:

- In 1973, FIH began administering public lending schemes on behalf of the Danish Ministry of Trade and Industry.
- In 1988, the bank held its IPO and was listed on the Copenhagen Stock Exchange.
- In 1996, FIH established FIH Leasing og Finans A/S.

## FIH Erhvervsbank A/S

- During 1999, Kapital Holding made an abortive attempt to acquire FIH. Subsequently, the bank was wholly acquired by FI Holding A/S, in which Swedbank then held a 60% stake.
- In 2000, FIH shares were de-listed from the Copenhagen Stock Exchange.
- In 2003, FIH entered into a co-operation agreement with BRFkredit, under which the bank agreed to sell BRF mortgages to its clients in return for using BRFkredit's distribution network.
- In September 2004, Iceland's Kaupthing acquired FI Holding from Swedbank and four other entities: the Danish Labour Market Supplementary Pension Fund (Arbejdsmarkedets TillaegsPension), the Employers Capital Pension Fund (LD Pension), the Danish Employers Confederation (Dansk Arbejdsgiverforening) and the Confederation of Danish Industries (DI). In the same year, FIH established LD Pension, a stockbroking company through an alliance with LD Pensions (Employees Capital Pension Fund).
- In 2006, FIH established FIH Partners A/S in co-operation with Oscar Mosgaard, Kim Bøttkjær, Jørgen Overholt Hansen, Ulrik Falk and Henrik Krüger. In 2008, FIH acquired the remaining shares of the company, making it a wholly owned subsidiary.
- In 2008, Kaupthing was placed under administration. Moody's believes that a change in FIH's ownership is likely in the short-to-medium term.

Source: Company Report (annual report Dec 08), Company data, Moody's research

## Peer Group

- Danske Bank A/S
- Nordea Bank Danmark A/S
- Jyske Bank A/S
- Sydbank A/S
- Nykredit Bank A/S
- Spar Nord Bank A/S
- Amagerbanken A/S
- Ringkjøbing Landbobank A/s
- Føroya Banki P/F

## Related Websites and Information Sources

For additional information, please see:

- the company's website: [www.fih.com](http://www.fih.com)
- the regulator's website: [www.finanstilsynet.dk](http://www.finanstilsynet.dk)
- the central bank's website: [www.nationalbanken.dk](http://www.nationalbanken.dk)
- the financial stability company's website: [www.finansielstabilitet.dk](http://www.finansielstabilitet.dk)

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## FIH Erhvervsbank A/S

**Moody's Related Research****Credit Opinion:**

- [FIH Erhvervsbank A/S](#)

**Banking Statistics:**

- [FIH Erhvervsbank A/S, July 2009](#)

**Banking System Outlook:**

- [Denmark, July 2009 \(118576\)](#)

**Banking Statistical Supplement:**

- [Denmark, May 2009 \(117615\)](#)

**Country Statistics:**

- [Denmark, May 2009](#)

*To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.*

## FIH Erhvervsbank A/S

Report Number: 121623

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