

Highly unsatisfactory result especially due to extremely high provisions. Satisfactory core operating result.

- Agreement with the Danish government's Financial Stability scheme to inject capital into a newly established bank, which will continue Fionia Bank's previous activities.
- After-tax loss of DKK 956.5 million.
- Provisions on loans and provisions for guarantees are DKK 1.2176 billion against DKK 71.3 million in the prior year.
- Group capital adequacy ratios calculated according to the standard method of 8.3% (total) and 4.2% (tier 1), as at 31 December 2008.
- Core result before provisions is DKK 348.4 million compared with last year's figure of DKK 411.2 million.
- Loss on holdings of DKK 66.2 million.
- "Det Private Beredskab" expenses of DKK 45.5 million.

Fionia Bank has entered into an agreement with the Danish government's Financial Stability scheme, "Finansiel Stabilitet", for a capital injection into a newly established bank, in which Fionia Bank's previous activities will be continued. The agreement, which was made on 22 February 2009, is a result of Fionia Bank recognising that its capital adequacy requirement is above its current solvency of 8.3 percent. For more information, please refer to company notification no. 3/2009.

The capital injection creates a foundation that will allow Fionia Bank to carry out its action plans and strategy adjustments for 2009, such that customers, employees and other stakeholders can maintain their confidence in the bank's continued operations and development.

The capital injection and the business structure changes are not expected to significantly affect the previously budgeted company developments for 2009.

The new bank will continue as a going concern, while the audit expresses doubt whether the operation is guaranteed in the old bank Fionia Bank A/S after the divestment of assets and liabilities.

The bank's very disappointing income result is caused by the high provisions taken, and to some extent the loss on holdings. This contrasts with the net income from interest and fees, which has developed favourably.

The substantial provisions relate mainly to exposures in the property segment, including mortgages.

Management is of the opinion that the financial sector's crisis and the resulting general recession causes greater uncertainty in measuring exposures in 2008 financial reporting than in previous years. The risk measurement of the bank's exposures depends partly on measuring collateral that depend largely on estimates of the rate of return partly in the property market.

The bank incurred a loss on holdings in 2008 of DKK 66.2 million after the reclassification of certain securities, as compared with the DKK 24.7 million loss in 2007. This reflects the negative impact of the global crisis in the financial markets. In the 2008 accounts, the reclassification has a positive effect on the earnings on holdings before tax equal to DKK 83.7 million.

Expenses for the “Det Private Beredskab” association established by the Danish Bankers’ Association totalled DKK 45.5 million. Fionia Bank has joined a guarantee scheme adopted by the Danish Parliament on 10 October 2008. The guarantee commission received for this was DKK 24.4 million, and provisions relating to Det Private Beredskab were DKK 21.1 million. DKK 7.8 million of this amount refers to Roskilde Bank.

Please refer to attached excerpts of the auditors report for reservations and supplementary details.

#### Forecasts for 2009

2009 will continue to be affected by the financial crisis and profits will depend on developments in the general economy and the capital markets. Due to the general financial situation and trend, there is considerable uncertainty associated with estimating the amount of provisions on loans. The level of provisions in 2009 is expected to remain high.

Earnings on holdings will depend on overall trends on the financial markets.

For Fionia Bank, this will be a year for cutting back and focusing on profitability. The bank expects consolidation with a slight reduction in loans. Along with the continuation of measures to reduce the number and size of major property exposures, a higher priority will be given to our business with private customers and SMEs in Fyn and the Triangle district in Denmark. There will also be an increased focus on high-wealth individuals and partnerships with local financial institutions on the basis of our specialist skills in financial planning advice, asset management and securities trading.

Deposits will remain a high priority, and growth is expected in this area.

Costs are expected to be reduced in 2009, with further reductions from 2010.

In January 2009 the bank reduced the number of employees by 70. The cost-reduction effect of these will become apparent in 2010.

Total costs will however be affected by expenditure in relation to the government guarantee scheme and the planned strengthening of the capital base.

#### Risk-reducing activities.

The capital injection from Financial Stability was necessary to strengthen the bank's solvency. However, the bank will continue the planned adjustments to its strategy and will continue to work to create a better balance between loans and deposits and a better balance between the bank's private and business sectors.

Several risk-reducing activities are being initiated, including:

- an ongoing reduction in credit lines in the context of renegotiation of customer exposures, for major commercial property exposures,
- increased focus on exposure control, including the formulation of action plans,
- establishment of a specialist group to manage the bank's high-risk exposures, to reduce the risks, and, if possible, wind up these exposures,
- increased focus on cross-function monitoring of credit quality in our lendings portfolio,
- tighter business processes and procedures.

### Summary of core and holdings results

(DKK million)	2008	2007	2006	2005	2004
Core income excl. trading income	641.6	648.2	572.7	533.3	513.0
Trading income	317.5	328.1	245.5	215.7	169.4
Advance on sale of Totalkredit	30.4	3.5	57.3	3.8	14.8
<b>Total core income</b>	<b>989.5</b>	<b>979.8</b>	<b>875.5</b>	<b>752.8</b>	<b>697.2</b>
Costs and depreciations	641.1	568.6	514.0	457.7	438.5
<b>Core profit before provisions</b>	<b>348.4</b>	<b>411.2</b>	<b>361.5</b>	<b>295.1</b>	<b>258.7</b>
Provisions on loans and receivables	1,196.5	71.3	-39.0	19.3	81.5
<b>Core profit</b>	<b>-848.1</b>	<b>339.9</b>	<b>400.5</b>	<b>275.8</b>	<b>177.2</b>
Investment portfolio profit	-66.2	-24.7	19.2	44.9	27.2
<b>Core profit before tax</b>	<b>-914.3</b>	<b>315.2</b>	<b>419.7</b>	<b>320.7</b>	<b>204.4</b>
Cost concerning "Det Private Beredskab"	45.5	0.0	0.0	0.0	0.0
<b>Profit before tax</b>	<b>-959.8</b>	<b>315.2</b>	<b>419.7</b>	<b>320.7</b>	<b>204.4</b>
Tax	-3.3	71.4	96.0	89.4	55.7
<b>Profit after tax</b>	<b>-956.5</b>	<b>243.8</b>	<b>323.7</b>	<b>231.3</b>	<b>148.6</b>
<i>Minority interests</i>	2.2	0.8	0.1		

Due to the current framework agreement for capital increase, Fionia Bank's annual report will be released on 2 March 2009.

### Proposal for the Annual General Meeting

The Board of Directors' proposals to the Annual General Meeting are announced in company notification no. 4/2009, 24 February 2009.

### Annual General Meeting (AGM)

The Annual General Meeting of Fionia Bank A/S will be held on 10 March 2009, 5:00 p.m., at Odense Congress Center, Ørbækvej 350, DK-5220 Odense SØ, Denmark.

Any questions concerning this announcement should be addressed to the bank's General Manager, Jørgen Bast, phone +45 65 20 40 60.

Contents:			
Report .....	1	Income statement .....	9
Summary of core and holdings results .....	3	Balance sheet .....	10
Group profits, key figures and financial ratios .....	4	Changes in equity .....	11
		Cash flow statement .....	12
<i>Amounts shown in DKK</i>			

## Fionia Bank Group highlights and key indicators

	2008	2007	2006	2005	2004
<b>Income statement summary (DKK m.)</b>					
Net interest income	675.6	567.8	447.7	473.0	498.8
Shares dividends ect.	21.1	11.1	13.2	10.1	15.8
Fees and commissions income (net)	198.4	231.3	193.9	187.3	142.6
<b>Net interest and fees income</b>	<b>895.0</b>	<b>810.2</b>	<b>654.8</b>	<b>670.4</b>	<b>657.2</b>
Value adjustments	-6.4	120.4	221.3	113.8	40.8
Other operating income	38.2	28.7	21.3	20.1	25.8
<b>Result before costs</b>	<b>926.8</b>	<b>959.3</b>	<b>897.4</b>	<b>804.3</b>	<b>723.8</b>
Staff and administration expenses and depreciation	669.0	572.8	519.7	464.9	438.5
Provisions on lendings and receivables, etc.	1,217.6	71.3	-39.0	19.3	81.5
Value adjustment for affiliated undertakings	0.0	0.0	0.0	-0.1	-0.3
Profit on discontinued activities	0.0	0.0	3.0	0.8	0.8
<b>Before-tax profit on ordinary activities</b>	<b>-959.8</b>	<b>315.2</b>	<b>419.7</b>	<b>320.8</b>	<b>204.3</b>
Tax	-3.3	71.4	96.0	89.4	55.7
<b>After tax profit</b>	<b>-956.5</b>	<b>243.8</b>	<b>323.7</b>	<b>231.4</b>	<b>148.6</b>

**Balance sheet highlights (DKK million)**

Lendings	21,398	20,204	16,471	12,744	10,289
Deposits	13,915	13,538	10,879	9,302	7,817
Bonds issued	2,017	1,120	632	0	128
Subordinated debt	843	881	810	681	390
Equity	991	2,018	1,845	1,538	1,375
Total assets	32,767	31,519	29,276	24,224	19,471

*Balance sheet figures at end of 2004 are adjusted for changes at beginning of 2005*

**Key indicators share (DKK per share of DKK 10)**

Profit of the year	-53.1	13.5	18.9	12.8	8.2
Profit of the year, diluted after-tax	-53.1	13.5	18.9	12.8	8.2
Dividend	0	35	40	35	35
Share price at end of period	21	174	160	132	103
NAV per share	54	112	102	85	76
Share price/NAV per share	0.39	1.56	1.57	1.55	1.35

**Other key indicators**

Total capital adequacy ratio	8.3	10.5	11.4	11.2	11.2
Tier 1 capital adequacy ratio	4.2	8.0	8.9	8.8	8.5
Before-tax return on equity, percent p.a. *)	-63.8	16.3	24.8	22.0	15.7
After-tax return on equity, percent p.a. *)	-63.6	12.6	19.1	15.9	11.4
Earnings per DKK of expenses	0.49	1.49	1.87	1.67	1.39
Interest rate risk	0.6	1.5	2.9	3.3	5.3
Foreign currency position	11.0	6.5	7.1	3.8	6.4
Foreign currency risk	0.1	0.1	0.1	0.0	0.2
Lendings plus provisions thereon as a proportion of deposits	160.7	149.3	134.6	126.0	125.8
Surplus cover above statutory liquidity requirement	111.8	73.1	90.2	143.9	182.9
Total major exposures	147.5	40.3	12.0	90.9	61.2
Cumulative provision percentage for the year	3.9	1.1	1.3	2.0	2.6
Provision percentage for the year	4.8	0.3	-0.2	0.1	0.6
Lendings growth for the year	5.9	22.7	29.2	23.9	14.5
Lendings as a ratio of equity	21.6	10.0	8.9	8.3	7.5
Av. number of full-time employees	659	622	574	530	515

*The 2004 figures are adjusted in part as per the transitional provisions.*

*Comparative figures are adjusted for share split from shares of 100 to 10.*

## Core result and profit on holdings

(DKK million)	2008	2007
Core income excl. trading income	641.6	648.2
Trading income	317.5	328.1
Advance on sale of Totalkredit	30.4	3.5
<b>Total core income</b>	<b>989.5</b>	<b>979.8</b>
Costs and depreciations	641.1	568.6
<b>Core profit before provisions</b>	<b>348.4</b>	<b>411.2</b>
Provisions on loans and receivables	1,196.5	71.3
<b>Core profit</b>	<b>-848.1</b>	<b>339.9</b>
Investment portfolio profit	-66.2	-24.7
<b>Core profit before tax</b>	<b>-914.3</b>	<b>315.2</b>
Cost concerning "Det Private Beredskab"	45.5	0.0
<b>Profit before tax</b>	<b>-959.8</b>	<b>315.2</b>
Tax	-3.3	71.4
<b>Profit after tax</b>	<b>-956.5</b>	<b>243.8</b>
Minority interests	2.2	0.8

Trading earnings comprises primary transactions in securities, foreign exchange and the money market, including returns from associated holdings, after funding costs. Profit on holdings comprises the return on the bank's own holdings, including associated holdings, after funding and operating costs.

## Core result

Core earnings excluding trading income were DKK 641.6 million, as compared with DKK 648.2 million in the prior year.

(DKK million)	2008	2007
Interest income, net	500.7	510.4
Fees and commissions, net	103.1	109.1
Other income	37.8	28.7
<b>Total</b>	<b>641.6</b>	<b>648.2</b>

Total loans increased by 5.9 percent to DKK 21.4 billion. Total guarantees were DKK 2.8 billion, as compared with DKK 5.5 billion in the prior year. Deposits rose by 2.8 percent to DKK 13.9 billion.

Fees and commission income was 5.5 percent down on the prior year, at DKK 103.1 million. This decrease is mainly attributable to less activity on the residential property market.

Trading income, not including Totalkredit, comprising trading and portfolio management, was DKK 317.5 million, as compared with DKK 328.1 million in the previous year, excluding proceeds on the sale of Totalkredit. This is a slight decrease of 3.2 percent.

(DKK million)	2008	2007
Trading	258.2	258.2
Portfolio management	59.3	69.9
Advance on sale of Totalkredit	30.4	3.5
<b>Total</b>	<b>347.9</b>	<b>331.6</b>

Trading income has been affected by the extraordinary market conditions in 2008. It has been possible to maintain income in 2008 at the high levels achieved in 2007, although this result masks some shifts in the income mix.

Portfolio management income fell in 2008, as a consequence of the sharp drop in share prices on equity markets and the resulting decreases in capital assets.

Core costs and depreciation on tangible assets were DKK 665.5 million, as compared with DKK 568.6 million in the prior year.

(DKK million)	2008	2007
Personnel expenses	385.9	336.2
Other administration and operating expenses	238.9	219.8
<u>Writedowns on tangibles assets</u>	<u>16.3</u>	<u>12.6</u>
Total before cost concerning "Det Private Beredskab"	641.1	568.6
<u>Cost concerning "Det Private Beredskab"</u>	<u>24.4</u>	<u>0.0</u>
<b>Total</b>	<b>665.5</b>	<b>568.6</b>

This represents a 12.8 percent increase in costs, depreciation and write-downs. The increase is mainly attributable to the higher staff establishment, with a net increase of 44 employees in 2008 (the average total establishment during the financial year was 659.4).

Provisions on loans, net of the provisions of DKK 21.1 million for "Det Private Beredskab", were DKK 1,196.5 million.

Total provisions on loans were made up of provisions of DKK 690.8 million (net), losses without prior individual provisioning of DKK 531.1 million and other allocations of DKK 3.4 million, less income of DKK 7.6 million received on loans previously written off. This figure comprises total individual exposure provisions of DKK 818.4 million (up from DKK 157.3 million in 2007) and total portfolio provisions of DKK 162.3 million (as compared with DKK 133.1 million in 2007).

The balance for accounts in suspense was DKK 728 million, up from DKK 172 million in the prior year.

The last two quarters of the year were characterised by marked reductions in property-related exposures in particular. Complex company structures, customers using several banks, and lower asset values, in conjunction with a weaker market because of the financial crisis, limited the bank's ability to restructure its exposures without incurring losses.

Further information on loans is provided in the Risk section of the annual report.

### Result on holdings

The loss on holdings after the reclassification of certain securities was DKK 66.2 million, as compared with a loss of DKK 24.7 million in 2007. Income on holdings comprises the total return on the bank's own holdings of securities less financing and operating costs.

(DKK million)	2008	2007
Income on holdings	-63.1	-20.5
Costs	3.1	4.2
<b>Total</b>	<b>-66.2</b>	<b>-24.7</b>

The income result for 2008 was negatively affected by the crisis in the financial market. Credit risk premiums and increasing interest rates are the primary cause of the loss incurred. Equities market positions also contributed to the situation.

The majority of the bank's credit bond holdings were reclassified with effect from 1 July 2008. Accordingly, valuation is now at amortised cost rather than the previously estimated market price, as required by the changes to IAS 39. This led to a positive effect on the earnings on holdings before tax for the 2008 financial year of DKK 83.7 million.

### Tax

Due to uncertainties in the use of the tax losses in future profits, deferred tax assets are not recognised.

### After-tax profit

There was an after-tax loss of DKK 956.5 million, resulting in a net asset value per share of DKK 54.

### Subsidiaries

The Fionia Bank Group comprises the parent entity Fionia Bank A/S, Ejendomsselskabet Vestre Stationsvej 7, Odense A/S, Ejendomsselskabet Fjordsgade 10, Odense A/S, Fionia Ejendomme Holding A/S as wholly-owned subsidiaries, and Cura Management A/S, in which the bank has a 50 percent stake.

#### *Ejendomsselskabet, Vestre Stationsvej 7, Odense A/S*

The company's purpose is to own the bank's domiciliary property. No staff are employed. A profit of DKK 2.4 million was posted for the year, with equity of DKK 107.7 million.

#### *Ejendomsselskabet Fjordsgade 10, Odense A/S*

The company's purpose is to own commercial property for lease. No staff are employed. It returned a loss for the year of DKK 0.7 million, with equity of DKK -0.2 million.

Fionia Bank has announced a declaration of support for the company until 3 February 2010.

#### *Fionia Ejendomme Holding A/S,*

The company's purpose is to own or invest in properties or companies operating in the real property sector, including the possession, purchase, sale, investment in, administration, development and leasing of real property, and any activities the Board of Directors deems related. No staff are employed. It returned a loss for the year of DKK 0.9 million, with equity of DKK -0.4 million.

Fionia Ejendomme Holding A/S is sole owner of Fionia Ejendomme I A/S, Fionia Ejendomme II A/S and Fionia Ejendomme III A/S, all of which will be consolidated. The companies have no employees.

The bank has announced a declaration of support of Fionia Ejendomme II A/S and Fionia Ejendomme III A/S until 3 February 2010.

#### **Cura Management A/S**

*(50 percent stake with controlling influence)*

The company's purpose is to provide advice on the purchase and sale of real property, company administration and other related activities. The company had an average staff of four full-time equivalents. The result for the year was a surplus of DKK 4.4 million, with equity of DKK 5.0 million.

#### **Capital and solvency situation**

The bank's solvency is calculated by the standard method.

The total capital adequacy ratio at the end of 2008 was 8.3 percent, with a tier 1 ratio of 4.2 percent (including hybrid tier 1 capital). The corresponding figures for 2007 were 10.5 percent and 8.0 respectively.

Subordinated debt at 31 December 2008 was DKK 842.9 million, including DKK 805 million in tier 2 capital. The capital base after deductions at 31 December 2008 was DKK 1,696.9 million.

Fionia Bank's equity at 31 December 2008 was DKK 990.9 million.

Following discussions with the Danish Financial Supervisory Authority (Finanstilsynet), Fionia Bank recognised that its capital adequacy is higher than its solvency at 31 December. Accordingly, an agreement has been entered into with "Finansiel Stabilitet A/S" to create a foundation to inject Fionia Bank with supplementary or hybrid capital in a new company. Following this capital injection, the new bank will have solvency of approximately 13 percent.

In connection with maintaining the newly established bank, where Fionia Bank's previous activities will be continued, the former Fionia Bank will be converted into Fionia Bank Holding.

Fionia Bank Holding's sole purpose is to own shares in the new Fionia Bank A/S.

According to this business model, the previous supplementary capital will remain in Fionia Bank Holding. Since there is not expected to be significant income from Fionia Bank Holding's business, and since dividends may not be paid from Fionia Bank A/S at the current time, the supplementary loan can default. It is the bank's expectation that there is a possibility to conclude satisfactory arrangements with these lenders.



## Income statement

(DKK million)	Fionia Bank Group		Fionia Bank A/S	
	2008	2007	2008	2007
Note				
1. Interest income	1,829.8	1,448.2	1,831.4	1,448.2
2. Interest expenses	1,154.2	880.4	1,154.7	880.6
<b>Net interest income</b>	<b>675.6</b>	<b>567.8</b>	<b>676.7</b>	<b>567.5</b>
Share dividends etc.	21.1	11.1	21.1	11.1
3. Fees and commissions income	221.0	251.4	221.0	251.4
Fees and commissions expenses	22.6	20.1	22.6	20.1
<b>Net interest and fees income</b>	<b>895.0</b>	<b>810.2</b>	<b>896.2</b>	<b>809.9</b>
4. Value adjustments	-6.4	120.4	-6.4	120.4
Other operating income	38.2	28.7	25.0	19.3
5. Staff and administration expenses	628.0	560.2	625.6	558.3
6. Amortisation, depreciation and write-downs on intangible and tangible assets	16.3	12.6	13.8	10.2
Other operating expenses	24.6	0.0	24.6	0.0
7. Provisions on lendings and receivables, etc.	1,217.6	71.3	1,217.6	71.3
Value adjustments for affiliated undertakings	0.0	0.0	3.1	3.1
<b>Before-tax profit</b>	<b>-959.8</b>	<b>315.2</b>	<b>-963.7</b>	<b>312.9</b>
Tax	-3.3	71.4	-3.3	70.0
<b>Profit for the year</b>	<b>-956.5</b>	<b>243.8</b>	<b>-960.5</b>	<b>242.9</b>
Portion attributable to Shareholders of the Parent Company	-958.7	242.9		
Minority interests	2.2	0.8		
<b>Profit for the period</b>	<b>-956.5</b>	<b>243.8</b>		
<i>Per share of DKK 10</i>				
Earnings per share			-53.1	13.5
Earnings per share (diluted)			-53.1	13.5
The calculation is based on the average number of shares adjusted for own shares			18,082.3	18,050.0
Proposed dividend per share			0	35
<b>Proposed distribution of profits:</b>				
Reserve by the equity method			2.2	2.5
Dividend for the year			0.0	63.5
Retained earnings			-962.7	177.0
<b>Total appropriation</b>			<b>-960.5</b>	<b>242.9</b>

## Balance

(DKK million)	Fionia Bank Group		Fionia Bank A/S	
	2008	2007	2008	2007
Note				
<b>Assets</b>				
Cash in hand and demand credit balances at central banks	339.4	257.7	339.4	257.7
Credit balances at credit institutions and central banks	4,685.7	3,865.7	4,685.7	3,865.7
Lendings and other receivables at fair value	7.7	31.2	7.7	31.2
Lendings and other receivables at amortised historical cost	21,390.7	20,173.2	21,561.1	20,173.2
Bonds at fair value	4,428.8	5,613.4	4,428.8	5,613.4
Bonds at amortised cost	227.7	0.0	227.7	0.0
Shares etc.	428.5	603.5	428.5	603.5
Investments in associated undertakings	0.0	0.0	0.0	0.0
Investments in affiliated undertakings	0.0	0.0	110.2	106.2
Intangible assets	12.4	3.3	12.4	3.3
Land and buildings, total	398.4	245.4	140.3	138.2
Investment property	128.7	0.2	0.2	0.2
Domiciliary property	269.7	245.1	140.1	137.9
Other tangible assets	30.8	22.8	30.4	22.3
Current tax assets	48.0	19.0	48.0	19.3
Deferred tax assets	5.0	4.4	7.1	6.6
Temporarily acquired assets	6.3	2.5	6.3	2.5
Other assets	739.3	661.4	734.8	660.6
Prepayments	18.6	15.6	18.2	15.5
<b>Total assets</b>	<b>32,767.4</b>	<b>31,519.2</b>	<b>32,786.7</b>	<b>31,519.3</b>
<b>Liabilities and shareholders' funds</b>				
<b>Liabilities</b>				
Debts to credit institutions and central banks	11,558.9	10,841.0	11,558.9	10,841.0
Deposits and other liabilities	13,915.0	13,538.2	13,945.9	13,541.1
Bonds issued at amortised cost	2,017.1	1,120.1	2,017.1	1,120.1
Other liabilities	3,375.8	3,089.4	3,368.5	3,087.5
Deferred income	7.3	6.4	7.2	6.4
Total liabilities	30,874.1	28,594.9	30,897.7	28,596.0
8. Allocations for liabilities	59.5	25.9	59.5	25.9
9. Subordinated debt	842.9	880.6	842.9	880.6
<b>Equity</b>				
Share capital	181.4	181.4	181.4	181.4
Accumulated changes in value	84.3	84.3	66.1	66.1
Revaluation reserves	84.3	84.3	66.1	66.1
Other reserves	709.5	707.3	727.6	725.5
Statutory reserves	55.3	53.2	73.5	71.3
Other reserves	654.1	654.1	654.1	654.1
Profits or losses brought forward	13.2	1,043.7	11.5	1,043.7
Minority interests	2.5	0.9	0.0	0.0
Total equity*	990.9	2,017.6	986.6	2,016.7
<b>Total liabilities and shareholders' equity</b>	<b>32,767.4</b>	<b>31,519.2</b>	<b>32,786.7</b>	<b>31,519.3</b>
* of which proposed dividend			0.0	63.5

## Capital structure - Fionia Bank A/S

Changes in capital	Share capital	Proposed dividend	Revaluation reserve	Reserve by equity method	Other reserves	Retained earnings	Total 2008	Total 2007
Equity at start of 2008	181.4	63.5	66.1	71.3	654.1	980.2	2,016.7	1,844.9
Profit for the year				2.2		-962.7	-960.5	243.0
Total income						-962.7	-962.7	243.0
Dividends paid		-63.5				0.5	-63.0	-72.3
Purchase of own shares						-171.6	-171.6	-222.8
Sale of own shares						165.1	165.1	224.0
<b>Equity at end of 2008</b>	<b>181.4</b>	<b>0.0</b>	<b>66.1</b>	<b>71.3</b>	<b>654.1</b>	<b>11.5</b>	<b>984.4</b>	<b>2,016.7</b>

The share capital comprises 18,140.520 shares of DKK 10. The shares are issued in one serie.

Fionia Bank A/S holdings of own shares	Number	Face value	Total purchase/sale price	percent
Holding of own shares at the start of 2007	9,433	943,300		0.5
Shares acquired during the year	129,994	12,999,400	222.8	7.2
Shares disposed of during the year	130,769	13,076,900	224.0	7.2
<b>Holding of own shares at the end of 2007</b>	<b>8,658</b>	<b>865,800</b>		<b>0.5</b>
<b>Share split from shares of 100 to 10</b>	<b>86,580</b>	<b>865,800</b>		<b>0.5</b>
Shares acquired during the year	1,787,516	17,875,160	-171.6	9.9
Shares disposed of during the year	1,844,223	18,442,230	165.1	10.2
<b>Holding of own shares at the end of 2008</b>	<b>29,873</b>	<b>298,730</b>		<b>0.2</b>

*Acquisitions and disposals of own shares are carried out as part of the bank's general trading operations with securities and its customers.*

## Capital structure - Fionia Bank Group

Changes in capital	Share capital	Proposed dividend	Other reserves	Retained earnings	Total	Minority interests	Total
Equity at the start of 2007	181.4	72.6	654.1	936.8	1,844.9	0.1	1,845.0
Profit for the year				242.9	242.9	0.8	243.7
Total income				242.9	242.9	0.8	243.7
Dividends paid		-72.6		0.3	-72.3	0.0	-72.3
Proposed dividend		63.5		-63.5	0.0	0.0	0.0
Purchase of own shares				-222.8	-222.8	0.0	-222.8
Sale of own shares				224.0	224.0	0.0	224.0
<b>Equity at the end of 2007</b>	<b>181.4</b>	<b>63.5</b>	<b>654.1</b>	<b>1,117.6</b>	<b>2,016.7</b>	<b>0.9</b>	<b>2,017.6</b>
Profit for the year				-958.7	-958.7	2.2	-956.5
Total income				-958.7	-958.7	2.2	-956.5
Dividends paid		-63.5		0.5	-63.0	-0.7	-63.7
Purchase of own shares				-171.6	-171.6	0.0	-171.6
Sale of own shares				165.1	165.1	0.0	165.1
<b>Equity at the end of 2008</b>	<b>181.4</b>	<b>0.0</b>	<b>654.1</b>	<b>152.9</b>	<b>988.4</b>	<b>2.5</b>	<b>990.9</b>

**Cash flow statement**

(DKK million)	Fionia Bank Group	
	2008	2007
<b>Operating activities</b>		
Profit for the period	-956.5	243.8
Adjustment for non-cash items:		
Provisions on lendings etc. net	1,217.6	71.3
Amortisation and depreciation on intangible and tangible assets	16.3	12.6
Prepayments and deferred income items, net	-2.0	-4.9
Allocations for expenses	33.5	-30.3
Tax	-3.3	71.4
Adjustments for cash items:		
Tax paid	-26.4	-101.5
	<b>279.3</b>	<b>262.4</b>
<b>Working capital</b>		
Credit institutions (net)	686.3	988.9
Lendings adjusted for provisions during the period	-2,411.6	-3,804.5
Financial current assets	1,127.6	-469.3
Temporarily acquired assets	-3.8	-2.5
Other assets and other liabilities (net)	208.5	-751.4
Deposits	376.7	2,659.0
Deposits in investment pools, net	0.0	-125.1
<b>Cash flows from operating activities</b>	<b>263.0</b>	<b>-1,242.5</b>
<b>Investment activities</b>		
Purchase/sale of intangible assets	-10.5	-3.7
Purchase/sale of tangible fixed assets	-176.0	-27.4
<b>Cash flows from investing activities</b>	<b>-186.5</b>	<b>-31.1</b>
<b>Financing activities</b>		
Subordinated debt, inflow	0.0	74.4
Subordinated debt, outflow	-37.7	-4.0
Bonds issued	897.1	487.9
Purchase/sale of own shares	-6.6	1.2
Dividend payments for previous years	-63.6	-72.3
<b>Cash flows from financing activities</b>	<b>789.1</b>	<b>487.2</b>
<b>Change in cash and cash equivalents</b>	<b>865.6</b>	<b>-786.4</b>
Cash and cash equivalents at start of period	4,081.3	4,867.7
<b>* Cash and cash equivalents at end of period</b>	<b>4,946.9</b>	<b>4,081.3</b>
<i>Changes in holdings items other than shares include unrealised capital gains.</i>		
<b>* Cash and cash equivalents:</b>		
Cash in hand and demand credit balances at central banks	339.4	257.7
Deposits with credit institutions and central banks with terms shorter than 3 months.	4,596.3	3,808.1
Bonds with terms shorter than 3 months	11.2	15.5
<b>Cash and cash equivalents at end of period</b>	<b>4,946.9</b>	<b>4,081.3</b>

Cashflow statements i Fionia Bank Group and Fionia Bank A/S are almost identical. Investments in real property will be equalized by investments in affiliated undertakings in parent company.

**Accounting policies**

The annual report for the group and parent entity is submitted according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as approved by the EU, along with interpretations provided by the International Financial Reporting Interpretation Committee (IFRIC). The report also complies with the Danish disclosure requirements for annual reports as set down in the IFRS directive for financial companies issued pursuant to the Danish Financial Services Act and the requirements set down by NASDAQ OMX Copenhagen A/S.

**New accounting rules**

In accordance with the addition to IAS39, Assets from trading holdings has been reclassified to Held to expiry. The reclassification was carried out because of the financial crisis in the second half of 2008, which resulted in the elimination of a functioning market for reclassified securities. The purpose of their acquisition is therefore of a different character.

The reclassification at 1 July 2008 resulted in the asset item Bonds at fair value being reduced by DKK 222.2 million and the asset item Bonds at amortised cost being increased by DKK 222.2 million. The result of this amendment is a positive effect of DKK 83.7 million on the year's before-tax profit. The after-tax profit and equity has been positively affected by DKK 62.8 million.

The accounting policies applied are otherwise unchanged from the 2007 annual report.

## Notes

(DKK million)	Fionia Bank Group		Fionia Bank A/S	
	2008	2007	2008	2007
Note				
<b>1. Interest income</b>				
Credit balances at credit institutions and central banks	160.8	150.1	160.8	150.1
Lendings and other receivables	1,416.3	1,197.9	1,418.0	1,197.9
Bonds	186.6	79.4	186.6	79.4
Derivatives, total	65.9	20.4	65.9	20.4
Foreign exchange contracts	42.3	23.2	42.3	23.2
Interest rate contracts	23.6	-2.9	23.6	-2.9
Other interest income	0.2	0.4	0.2	0.4
<b>Total</b>	<b>1,829.8</b>	<b>1,448.2</b>	<b>1,831.4</b>	<b>1,448.2</b>
<i>of which income from actual purchase and resale transactions recognised under credit balances at credit institutions and central banks</i>	<i>93.7</i>	<i>80.8</i>	<i>93.7</i>	<i>80.8</i>
<i>Lendings and other receivables</i>	<i>47.5</i>	<i>2.4</i>	<i>47.5</i>	<i>2.4</i>
<b>2. Interest expenses</b>				
Credit institutions and central banks	478.6	347.5	478.6	347.5
Deposits and other liabilities	531.8	433.8	532.3	434.1
Bonds issued	90.6	50.9	90.6	50.9
Subordinated debt	51.3	46.3	51.3	46.3
Other interest expenses	1.9	1.8	1.9	1.8
<b>Total</b>	<b>1,154.2</b>	<b>880.4</b>	<b>1,154.7</b>	<b>880.6</b>
<i>of which interest expenses from actual sale and repurchase contracts recognised under credit institutions and central banks</i>	<i>12.2</i>	<i>16.1</i>	<i>12.2</i>	<i>16.1</i>
<i>Deposits and other liabilities</i>	<i>0.3</i>	<i>0.7</i>	<i>0.3</i>	<i>0.7</i>
<b>3. Fees and commissions income breakdown:</b>				
Securities trading and custody accounts	109.8	136.5	109.8	136.5
Payment handling	29.5	27.6	29.5	27.6
Loan fees	14.4	22.6	14.4	22.6
Guarantee commissions	39.9	37.8	39.9	37.8
Other fees and commissions	27.5	26.9	27.5	26.9
<b>Total</b>	<b>221.0</b>	<b>251.4</b>	<b>221.0</b>	<b>251.4</b>
<b>4. Value adjustments</b>				
Other lendings and receivables at fair value	-11.1	-3.3	-11.1	-3.3
Bonds	-13.3	30.3	-13.3	30.3
Shares etc. at trading	-36.5	30.5	-36.5	30.5
Shares etc. at fair value	-18.8	43.1	-18.8	43.1
Foreign currency	500.7	-21.2	500.7	-21.2
Foreign exchange, interest rate, equities, commodities and other contracts and derivatives	-658.4	64.9	-658.4	64.9
Assets relating to investment pool schemes*	0.0	28.4	0.0	28.4
Deposits in investment pool schemes*	0.0	-28.4	0.0	-28.4
Other assets	-0.4	1.9	-0.4	1.9
Other liabilities	231.3	-25.8	231.3	-25.8
<b>Total</b>	<b>-6.4</b>	<b>120.4</b>	<b>-6.4</b>	<b>120.4</b>
<i>*During the first half year of 2007 pension pools were transferred for investment via Fionia Invest.</i>				
<b>* Profit/loss from investment pool schemes</b>				
Interest income	0.0	11.2	0.0	11.2
Dividends	0.0	3.6	0.0	3.6
Value adjustments to bonds	0.0	-2.0	0.0	-2.0
Value adjustments to shares and unit trust shares	0.0	20.2	0.0	20.2
Foreign exchange value adjustment	0.0	-0.5	0.0	-0.5
Value adjustments on financial instruments	0.0	0.5	0.0	0.5
Fees and commissions expenses	0.0	4.4	0.0	4.4
<b>Total</b>	<b>0.0</b>	<b>28.4</b>	<b>0.0</b>	<b>28.4</b>

## Notes

(DKK million)	Fionia Bank Group		Fionia Bank A/S	
	2008	2007	2008	2007
note				
<b>5. Staff and administration expenses</b>				
Wages & salaries and compensation to Board, management and Committee of Shareholders				
Management	12.6	3.4	12.6	3.4
Board of Directors	1.7	1.4	1.7	1.4
Advisory Council/Committee of Shareholders/local councils	0.7	0.7	0.7	0.7
<b>Total</b>	<b>15.0</b>	<b>5.5</b>	<b>15.0</b>	<b>5.5</b>
Personnel expenses				
Wages and salaries	308.5	274.8	303.4	270.5
Pensions	33.6	30.1	33.0	29.6
Social security expenses	31.8	30.0	31.8	30.0
<b>Total</b>	<b>374.0</b>	<b>334.9</b>	<b>368.2</b>	<b>330.1</b>
Other administration expenses	239.1	219.8	242.4	222.8
<b>Total</b>	<b>628.0</b>	<b>560.2</b>	<b>625.6</b>	<b>558.3</b>
Average staff employed during the financial year in full-time equivalents				
	659.4	622.4	655.4	619.0
Staff bonus allocation for the financial year	0.0	5.0	0.0	5.0

**Incentive programmes**

*Management Board and managers who report directly to the Management Board*

A bonus scheme has been established for the Management Board and managers who report directly to the Management Board. The bonus scheme is to run for three years, in the financial years from 2007 to 2009, and will then cease. The scheme provides for a bonus which is set in relation to DKK 4 million for each of the financial years

The scheme is based on payment in cash although the actual form of payment – salary, pension etc. – can be chosen by the recipient.

*Employees*

All Fionia Bank employees are covered by profit sharing with set criteria on which shares in Fionia Bank are paid out at a price of up to DKK 15,000.

**Remuneration of the Executive Board**

Contractual remuneration	3.9	2.6	3.9	2.6
Pension	0.5	0.3	0.5	0.3
Cash bonus	0.4	0.5	0.4	0.5
Dismissal payments	7.8	0.0	7.8	0.0
<b>Total</b>	<b>12.6</b>	<b>3.4</b>	<b>12.6</b>	<b>3.4</b>

Auditor's fees

Total fee paid to auditors elected by the general meeting,

Total fee paid to auditors elected by the general meeting conducting statutory audit

of which non-auditing services

Additional internal audit costs incurred

	2.9	3.2	2.7	2.4
	1.5	2.1	1.5	1.5

**6. Amortisation, depreciation and write-downs on intangible and tangible assets**

Intangible assets	1.4	0.4	1.4	0.4
Tangible fixed assets	9.4	7.3	9.3	7.1
Property	5.5	4.9	3.1	2.7
<b>Total</b>	<b>16.3</b>	<b>12.6</b>	<b>13.8</b>	<b>10.2</b>

## Notes

(DKK million)	Fionia Bank A/S Group		Fionia Bank A/S	
	2008	2007	2008	2007
Note				
<b>7. Provisions on lendings and receivables, etc.</b>				
Provisions for the period (net)	690.8	57.2	690.8	57.2
Losses not covered by provisions	531.1	37.0	531.1	37.0
Amount received on receivable previously written off	-7.6	-8.6	-7.6	-8.6
Provisions on other liabilities	3.4	-14.3	3.4	-14.3
<b>Recognised in the income statement</b>	<b>1,217.6</b>	<b>71.3</b>	<b>1,217.6</b>	<b>71.3</b>
Total provisions/allocations balance at start of period	290.4	286.0	290.4	286.0
Provisions for the period	690.8	57.2	690.8	57.2
Losses covered by provisions	62.0	67.0	62.0	67.0
Other adjustment	61.5	14.2	61.5	14.2
Total provisions/allocations balance at end of period	980.6	290.4	980.6	290.4
Provisions on loans	956.6	286.3	956.6	286.3
Provisions for guarantees	24.0	4.0	24.0	4.0
<b>Total provisions/allocations balance at end of period</b>	<b>980.6</b>	<b>290.4</b>	<b>980.6</b>	<b>290.4</b>
Individual provisions on loans at start of period	153.3	169.8	153.3	169.8
Provisions for the period	673.8	86.3	673.8	86.3
Reversal provisions from previous financial years	23.2	42.2	23.2	42.2
Losses covered by provisions	62.0	66.9	62.0	66.9
Other adjustment	52.5	6.3	52.5	6.3
Individual provisions on loan at end of period	794.4	153.3	794.4	153.3
Individual provisions for loss on guarantees at start of period	4.0	7.4	4.0	7.4
Provisions for the period	22.1	2.5	22.1	2.5
Reversal provisions from previous financial years	2.2	5.8	2.2	5.8
Losses covered by provisions	0.0	0.1	0.0	0.1
Individual allocations for loss on guarantees at end of period	24.0	4.0	24.0	4.0
Portofolie provisions on loans at start of period	133.1	108.8	133.1	108.8
Provisions for the period	124.9	88.0	124.9	88.0
Reversal provisions from previous financial years	104.7	71.6	104.7	71.6
Other adjustment	9.0	7.9	9.0	7.9
Portofolie provisions on loans at end of period	162.3	133.1	162.3	133.1



## Notes

(DKK million)	Fionia Bank Group		Fionia Bank A/S	
	2008	2007	2008	2007
Note				
<b>8. Tax</b>				
Tax payable on income for the year	0.0	62.2	0.0	61.5
Deferred tax	0.0	8.0	0.0	7.0
Subsequent adjustments to tax payable for previous years	-3.3	-0.3	-3.3	-0.1
Subsequent adjustments to deferred tax for previous years	0.0	1.5	0.0	1.6
<b>Total</b>	<b>-3.3</b>	<b>71.4</b>	<b>-3.3</b>	<b>70.0</b>
<b>Effective tax rate</b>				
Corporation tax rate in Denmark	25.0	25.0	25.0	25.0
Non-taxable income and non-deductible expenses, permanent differences	0.0	-2.7	0.0	-3.1
Non-recognised tax base of loss	-25.0	0.0	-25.0	0.0
Subsequent adjustments to previous years' tax	-0.3	-0.1	-0.3	0.0
Impact of tax rate change	0.0	0.5	0.0	0.5
<b>Effective tax rate</b>	<b>-0.3</b>	<b>22.7</b>	<b>-0.3</b>	<b>22.4</b>

## Appendix to Announcement of annual financial statements

### Extraction from auditors opinion (qualified)

#### Qualification regarding doubt about going concern

As at 22 February the Supervisory Board of the bank has informed the Danish Financial Supervisory Authority that the bank's individual solvency need exceeds the bank's actual made up solvency.

As a consequence, the bank has entered into a general agreement with Afviklingsselskabet til sikring af finansiel stabilitet A/S ("Finansiel Stabilitet") regarding financial support.

We refer to the management's review, section Framework agreement with the state company Financial Stability, in which the management describe the content of the entered general agreement. The essentials of the agreement are:

1. Fionia Bank A/S establishes a new bank ("Den ny Bank") with in-kind contribution of assets and liabilities, except from the postponed loan capital.
2. Finansiel Stabilitet accepts to strengthen Den ny Bank's capital base, so that the solvency percent in Den ny Bank becomes approximately 13 %.
3. Finansiel Stabilitet accepts to provide the necessary funding by market-related terms to Den ny Bank's operation, in case Fionia Bank A/S' funding cannot be undertaken by Den ny Bank.
4. Fionia Bank A/S' assets including the right to vote in Den ny Bank are pledged as security to Finansiel Stabilitet, after which Den ny Bank will no longer be a subsidiary of Fionia Bank A/S.
5. Den ny Bank cannot distribute profit to or in any other way put resources at the disposal of servicing Fionia Bank A/S' present share capital or postponed loan capital.

Hereafter, as part of the plan, Fionia Bank A/S' only activity will be to own (without controlling) the shares in Den ny Bank. The company will be financed by the current share capital and postponed loan capital. The management is planning negotiations with the responsible creditors regarding terms for settling these loans.

We have not gained a substantial conviction that Fionia Bank A/S - cut off from income from the former bank operation - will be able to pay interests of the postponed loan capital concurrently with them falling due or that the negotiations with the responsible creditors lead to a solution, which entails that the company will be able to continue the operation.

As a consequence we make certain reservations that the annual report is reported as a going concern.

Management however estimates that Den ny Bank, which in the future, according to the general agreement, is subsidised by Finansiel Stabilitet, will be able to carry on the current activity with the transferred assets and liabilities from Fionia Bank A/S as a going concern, why the adding in and the measuring of activities are made in accordance with the bank's usual accounting principles. We agree on this.

**Conclusion**

As a result of the stated qualification for going concern we find that the annual report does not give a true and fair view of the parent company's and the group's financial situation as it is our opinion that management's review and the notes under the given circumstances are not sufficiently supported with regard to the postposed capital.

Except from this, and in consideration of the entered general agreement, it is our opinion that the annual report gives a true and fair view of the group's and the parent company's assets and liabilities as of 31 December 2008 and from the result of the group's and the parent company's operations and the group's cashflow for the financial year 1 January - 31 December 2008 in accordance with International Financial Reporting Standards approved by EU and further Danish notification standards to annual reports for listed financial companies.

**Emphasis of matter paragraph regarding circumstances in the financial statements**

With no influence on our conclusion we refer to the management's review, section Particular risk and uncertainty in the measurement of exposures, regarding special risk and uncertainty in regard to measuring engagements based on security in properties. We agree in the management's description of this specific risk and insecurity."

Odense, 24th February 2009

KPMG C. Jespersen

Statsautoriseret Revisionspartnerselskab

Deloitte

Statsautoriseret Revisionsaktieselskab

Lars Koch-Pedersen  
statsautoriseret revisor

Anders O. Gjelstrup    Henning Jensen  
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