

Aarhus Lokalbanc

BYENS BANK 



Annual Report 2008

The concept of Aarhus Lokalbanc



The concept is to stand out as an independent, serious and reliable bank with a credible reputation towards shareholders as well as customers and employees.

This is realized in regards to:

The shareholders:

The bank shall be able to offer the shareholders an acceptable return on the invested capital.

The customers:

The bank shall provide competitive product offering and prices, competent and individual customer service, and be able to identify and support the customers need for financial services.

The employees:

The employees of the bank are the most important resource and the bank will secure the best possible working environment for each individual employee through practical as well as theoretical education and personal development.

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2008 an eventful financial year:

a year of financial crisis, the bank's 100 years' jubilee and relocation of headoffice

In the past year, the bank celebrated its 100 years' jubilee, which was marked by two celebrations in Hadsten and Aarhus as well as the publication of an elegant jubilee book.

At the end of April 2008, the bank moved to its new headoffice in Aarhus. The location of the new headoffice in the customs house has proved to be good, as a large number of new customers have found their way to our bank during 2008 – providing a breeding ground for the bank's prosperity in the years to come.

However, performance-wise 2008 was not a good year. A striking turn of the market resulted in tough market conditions for the financial institutions in Denmark and for the global financial sector. We were overwhelmed by a financial tsunami from abroad, which had initially devastated the USA and other parts of Europe. Major international finance houses which we believed to be rocket solid were washed away by the waves of the tsunami. In Denmark, several financial institutions succumbed; the most prominent ones being BankTrelleborg, Roskilde Bank and EBH-Bank.

The result for the year amounted to a loss before tax of DKK 3.5 million, which is obviously not satisfactorily. However, looking behind the figures, it should be noted that the bank's core earnings grew by 21.2% corresponding to DKK 9.2 million, which we find highly satisfactorily. The financial statements are affected by market value adjustments and foreign exchange losses at a total amount of DKK 11.7 million. One-off expenses for the jubilee and relocation of the headoffice etc, amounted to DKK 8.0 million, and payments for the government guarantee scheme and for distressed banks totalled a little more than DKK 9 million. DKK 30.9 million was recognised as provisions for bad debts, of which approx. DKK 6.4 million is considered lost.

The bank's total business volume (deposits, loans and guarantees) have seen a modest increase of 3.8% and now amounts to DKK 8.0 billion.

In May 2008, the bank strengthened its capital base once again by raising additional subordinated loan capital of DKK 135 million, and subsequently a previous subordinated loan of DKK 25 million was repaid. The bank's equity, with the addition of subordinated loan capital injections, has now passed DKK 761 million corresponding to 15% of its risk-weighted items.

With the new law recently adopted by the Danish Parliament (Folketinget), Danish banks can raise hybrid core capital to strengthen their capital base. Assuming the adoption by our shareholders at the coming general meeting, we expect to strengthen the bank's capital base by DKK 240 million, which will bring the bank's solvency ratio to 19–21%. The minimum requirement is 8%; consequently, the bank will be well prepared to withstand possible losses generated from the coming recession.

The bank is highly focused on human resources, and significant measures have been taken during the past few years aimed at maintaining and recruiting skilled employees. Also in 2008, the bank recruited new staff – resulting in a total workforce of 105 employees. Converted into full-time employees, this is an increase from 84 to 96 employees. No employee bonus has been granted for 2008, as the bank recorded negative results. Based on the tough market conditions, the bank has agreed with its

employees that the existing employee bonus scheme will be suspended for the time being. The bank's management hereby thanks its employees for the responsibility that they have demonstrated in this respect.

The bank's shareholders have faced a quite unsatisfactory return for 2008. The bank's share price suffered a fall from 180 to 48 during the year. The major decline reflects the uncertainty and tough market conditions prevailing in the financial sector.

The bank's premises are soon ready. In Langaa, the construction of a new bank building was initiated during the fall, and the building is expected to be ready for use by mid-2009. A long-felt desire has now been fulfilled benefitting our staff and customers in Langaa.

The bank's old headoffice in Hadsten have now been refurbished and are up-to-date. The necessary investments have now been made in the bank's premises providing a satisfactory work environment for the bank's employees and pleasant surroundings for the bank's many customers.

The bank has now operated for more than 100 years, and the strategic decisions of establishing Aarhus Lokalbanc and relocating the bank's headoffice to Aarhus offer the potential for future growth. The bank's location in the heart of the Eastern Jutland growth area allows for continued development of the bank in the years to come. The difficult financial conditions affecting everybody will probably result in the bank not being able to deliver a performance fully in line with previous years. Supported by its employees, customers and shareholders, the bank is well prepared to take on the challenges to come.

We would like to thank our shareholders, customers, employees and the bank's other cooperation partners for good cooperation during 2008.

We look forward to working with you in 2009.

Per Hermansen



Chief Executive Officer



Five years in figures

DKK 1,000	2008	2007	2006	2005	2004
Summery result					
Interest income	305,837	208,072	105,726	66,929	56,549
Interest expenses	204,670	128,179	46,222	21,096	14,893
Net interest income etc.	101,167	79,893	59,504	45,833	41,656
Divedend on shares etc.	3,669	2,227	1,719	1,029	711
Income from fees and commission (net)	38,378	38,645	31,876	24,872	19,072
Net income from interest and fees	143,214	120,765	93,099	71,734	61,439
Other operating income	0	63	177	196	1,776
Staff costs and administrative expenses	87,779	75,280	62,360	50,089	43,895
Other operating expences	65	0	49	0	0
Depreciation and write-downs on intangible and tangible assets	2,753	2,136	3,855	1,628	1,217
Core earings before adjustments and write-downs	52,617	43,412	27,012	20,213	18,103
Cost of special character*	8,006	0	0	0	0
Payment to the State guarantee scheme	5,487	0	0	0	0
Market value adjustments	-11,746	3,841	20,348	21,574	16,481
Impairment of loans and advances and accounts receivable etc.	30,866	-1,397	-5,036	-6,416	4,344
Profit/loss on equity investment in associates and group interprises	8	0	-182	-36	-57
Profit before tax	-3,480	48,650	52,214	48,167	30,183
Tax	-1,173	11,838	11,563	12,775	7,144
Profit for the year	-2,307	36,812	40,651	35,392	23,039
Summary balance sheet					
ASSETS					
Cash holding, amount owed by other finas. inst.	722,962	477,243	237,040	238,804	121,547
Loans and advances	3,712,604	3,571,376	2,048,600	1,086,951	782,599
Bonds, shares etc.	261,413	344,603	409,898	297,938	250,532
Intagible and tangible assets	59,034	50,814	42,219	36,078	36,136
Other assets	32,312	34,673	22,279	13,436	14,063
Total assets	4,788,325	4,478,709	2,760,036	1,673,207	1,204,877
LIABILITES					
Debt to finansial institutions	1,527,917	1,591,623	1,033,725	309,204	167,964
Deposits and other debt	1,981,886	1,802,899	1,143,774	893,969	776,175
Issued bonds at current rate	435,771	360,981	100,000	100,000	0
Other liabilities etc.	82,017	55,099	41,895	46,398	42,505
Subordinated debt	451,661	340,000	190,000	115,000	44,893
Equity	309,073	328,107	250,642	208,636	173,340
Total liabilities	4,788,325	4,478,709	2,760,036	1,673,207	1,204,877
CONTINGENT LIABILITIES					
Guarantees	2,259,648	2,287,518	1,436,709	1,207,839	800,824
Other liabilities	3,881	3,793	2,738	2,353	2,254
Total contingent liabilities	2,263,529	2,291,311	1,439,447	1,210,192	803,078

With reference to s. 150 (7) of the Danish Executive Order on the Presentation of Financial Statements, the comparative figures for 2004 have not been adjusted to the changed accounting policies as regards financial assets and financial liabilities.

* One-off expenses for the jubilee and relocation of headoffice etc.

Financial ratios

Percent	2008	2007	2006	2005	2004
Solvency ratio and capital					
Solvency ratio	13.0	12.1	10.9	12.5	11.3
Individual solvency ratio	7.9	7.8	8.2	7.6	-
Core capital ratio	6.5	6.7	7.9	10.9	11.0
Earnings					
Return on equity before tax	-1.1	16.8	22.7	25.0	19.5
Return on equity after tax	-0.7	12.7	17.7	18.3	14.9
Earnings/cost ratio A) DKK	0.97	1.64	1.85	2.01	1.61
Market risk					
Interest rate risk	-3.7	-0.8	1.2	0.1	4.0
Foreign exchange position	9.1	20.5	31.5	9.9	15.2
Foreign exchange risk	0.2	0.2	0.1	0.1	0.2
Liquidity					
Lending plus write-downs of loans relative to deposits	189.6	199.2	181.0	124.4	103.1
Excess solvency relative to statutory requirement for liquidity	130.3	30.5	49.5	64.1	57.5
Credit risk					
Total large commitments relative to capital base	199.5	188.0	213.9	168.7	198.0
Share of debtors with reduced interest rate	0.1	0.0	0.0	0.0	0.1
Accumulated impairment percentage	0.8	0.3	0.6	1.1	2.1
Impairment percentage for the year	0.5	0.0	-0.1	-0.2	0.3
Growth in lending for the year	4.0	74.3	88.5	38.8	34.7
Lending/equity ratio	12.0	10.9	8.2	5.2	4.4
Dividend yields					
Profit/loss for the year per share * DKK	-7.7	133.9	162.6	141.6	102.4
Net asset value per share * DKK	1.121	1.138	1.019	835	709
Earnings per share * DKK	0	12	12	12	12
Listed price / profit/loss for the year per share *	-62.4	13.7	10.2	9.8	8.4
Listed price / net asset value per share *	0.43	1.61	1.62	1.66	1.21

Comments:

A) Earnings include net income from interest and charges, value adjustments, other ordinary income and profit/loss on shares in associates. Costs include expenses for staff and administration, other ordinary expenses and loss on/impairment of debtors.

The financial ratios have been prepared in accordance with the financial ratios model of the Danish Financial Supervisory Authority.

The comparative figures for the year 2004 have not been adjusted to the changed accounting policies.

*) per 100 DKK share

Board of Management

Board of Directors and Committee og Representatives:



Rasmus Juhl Rasmussen
Chairman



Jørn Sørensen
Deputy Chairman



Jørgen Balle
Board of Directors
and Committee of
Representatives



Esben Hammer
Board of Directors
and Committee of
Representatives



Gert Lopdrup Pedersen
Board of Directors
and Committee of
Representatives



Knud Erik Rasmussen
Board of Directors
and Committee of
Representatives



Per Enevoldsen
Board of Directors
(electet by the
employees)



Kirsten Majgaard
Board of Directors
(electet by the
employees)



Hanne Pedersen
Board of Directors
(electet by the
employees)



Anders Balle
Committee of
Representatives



Erik Bredholt
Committee of
Representatives



Hans Jørgen Broge
Committee of
Representatives



Morten Christensen
Committee of
Representatives



Sten Ejsing
Committee of
Representatives



Gert Elgaard
Committee of
Representatives



Poul Fisker
Committee of
Representatives



Carsten Gadeberg
Committee of
Representatives



Ejvind Jørgensen
Committee of
Representatives



John Kragh
Committee of
Representatives



Carsten Laursen
Committee of
Representatives



Haakon Lyngaae
Committee of
Representatives



Hans Petersen
Committee of
Representatives



Jan Rasmussen
Committee of
Representatives



Gitte Rørbæk-Løcke
Committee of
Representatives



Anne Qvist Nielsen Sagild
Committee of
Representatives

Board of Management:



Per Hermansen
Chief Executive Officer



Henning Bertelsen
Branch Director



Dagmar Bæk
Branch Manager



Bjarne Fries
Head of credit Dept



Svend Erik Hansen
Head of Agriculture
Dept.



Henning Jensen
Head of
Administration



Claus Kjær
Branch Director



Claus Lauenborg
Head of Market Dept.



Ole Lønsmann
Deputive Executive
officer



Carsten Stenulm
Deputive Executive
Officer

Management's review

In 2008, Aarhus Lokalbanc realised a loss before tax of DKK 3.5 million (2007: a profit of DKK 48.6 million). It has been an unusual year characterised by the international financial crisis and difficult market conditions affecting the results of the bank, which are considered unsatisfactory.

In general, the crisis resulted in difficult business conditions, plummeting share prices and accelerating decline in economic growth rates. The crisis led to bankruptcies and collapses in the financial sector both nationally and internationally. This naturally had an impact on the global as well as the national financial system leading to increasing lack of confidence and frozen money markets.

As a consequence, gigantic rescue packages were adopted to restore financial stability. In Denmark, a state guarantee scheme was adopted and new borrowing facilities were established in the Central Bank of Denmark. Because of the state guarantee all deposits and simple claims in Danish banks are covered up to September 30, 2010. Aarhus Lokalbanc joined the scheme together with 132 other Danish banks.

Over this period, the bank's payment will amount to approx. DKK 40 million; to this should be added any additional payments in the event that banks become financially distressed during this period of time. The maximum payment potentially payable by the bank will be around DKK 100 million. The total expense charged to the bank for 2008 amounts to approx. DKK 9 million.

Background for the results

Loans, advances and debtors increase by 4.0% to DKK 3,712 million. Guarantees decrease by 1.2% to DKK 2,260 million. Deposits increase by 9.9% to DKK 1,982 million. The growth, computed as a total increase of 3.8%, is attributable to a considerable increase in the number of customers, corresponding to approx. 13%. At the end of the year, loans, advances and guarantees were affected by extraordinary large refinancing of loans among the customers of the bank.

Market value adjustments of DKK 11.7 million were realised on the bank's portfolio of securities and foreign exchange reserves compared to a profit of DKK 3.8 million in 2007. Market value and exchange rate adjustments include an extra payment from the bank's sale of shares in Totalkredit of DKK 6 million.

Due to the turbulent financial markets and the drastic shift in market conditions, total impairment on loans, advances and guarantees amount to DKK 30.9 million. Final losses realised during the year represent DKK 6.4 million hereof. Due to the financial recession, the calculation of charges on the exposures involves a higher degree of uncertainty in 2008 than in previous years. Costs increased by 28.9% due to an increasing number of employees and increased administrative expenses. Furthermore, costs incurred during the year regarding the relocation of the bank's head office and its 100-year anniversary celebrations amount to approx. DKK 8 million.

Profit and loss account

The bank's net income from interest and charges amount to DKK 143.2 million – an increase of 18.6% – quite a satisfactory trend in the light of the very difficult situation prevailing in the financial markets.

Staff costs and administrative expenses increase by DKK 20.5 million corresponding to 27.2%. During the year, 13 new employees (net) have been employed meaning that the bank has a total staff of 105 people (equal to 96 full-time employees). DKK 8 million of the total cost increase for the year of DKK 20.5 million can be classified as extraordinary costs. Depreciation/amortisation and write-downs on intangible and tangible assets amount to DKK 2.8 million against DKK 2.1 million in 2007. Payment to the state guarantee scheme is recognised at DKK 5.5 million;

to which should be added payment to financially distressed banks of DKK 3.7 which is recognised in the item impairment on loans, etc.

Balance sheet

The balance sheet totals DKK 4.8 billion (2007: DKK 4.5 billion). The total business volume is now DKK 8.0 billion; corresponding to an increase of 3.8%.

During the year, the bank's loans for financing of properties, purchased by various bank customers, were reduced through refinancing. A development which is expected to continue in 2009.

Equity

The equity of the bank was reduced by DKK 19.0 million based on paid dividends of DKK 3.6 million, net acquisition of treasury shares of DKK 13.1 million and loss for the year of DKK 2.3 million. Equity now amounts to DKK 309.1 million.

Subordinated debt increased by DKK 111 million to DKK 451.6 million. The total capital base then amounts to DKK 761 million (2007: DKK 668 million) representing 15% of the risk-weighted items.

Dividends

In accordance with the principles of the state guarantee scheme, the bank does not pay dividends during the guarantee period and therefore no dividends will be distributed for 2008.

The Aarhus Lokalbanc share

Movements in the market price of the bank's shares throughout 2008 lead to a negative return of 72.2%. Over the year, the share price fell from 180 to 48. Today, the bank has 6,904 shareholders and none of the shareholders hold more than 5% of the share capital. The net asset value of an Aarhus Lokalbanc share may, based on equity at year end 2008, be calculated at 112. The large decline in the share price in 2008 is similar to the general decline in share prices among banks listed on the stock exchange and reflects the uncertain and difficult market conditions prevailing in the financial sector. The total market value of the bank at year end 2008 is DKK 144 million. The market value/net asset value ratio is computed at 0.4 at year end 2008.

The solvency of the bank

The solvency ratio is calculated at 13.0% (2007:12.1%) compared to the statutory requirement of 8%.

The core capital ratio is calculated at 6.5% (2007: 6.7%)

The bank's management has set a minimum solvency ratio at 10%.

The liquidity of the bank

The statutory liquidity requirement has been exceeded by 130%.

The bank's management has set a minimum liquidity ratio at twice the statutory requirement with respect to both the 15%-requirement and the 10%-requirement stated in Section 152 of the Danish Financial Business Act.

The 15%-requirement is met by surplus liquidity of 408% and the 10%-requirement is met by surplus liquidity of 130%, corresponding to DKK 828 million.

The bank has been granted a loan facility in the Central Bank of Denmark amounting to DKK 193 million based on statutory capital adequacy. So far it has not been necessary to draw on this facility.

State-funded capital injections

On February 3 2009, the Danish Parliament, Folketinget, passed a new act according to which Danish banks that comply with the statutory solvency requirement can apply to the state for a subordinated loan. Although the bank has a satisfactory solvency ratio of 13.0%, expectations are that by participating the bank will be able to obtain a subordinated loan of approx.

DKK 240 million. As a basis, the subordinated loan will carry an individually determined interest of 9-11.25 pct p.a. Obtaining the subordinated loan will further strengthen the bank's capital base to counter the potential losses that may be incurred as a result of the coming recession period. The solvency ratio of the bank will then range between 19-21%. At the coming general meeting, a motion will be proposed for authorisation to obtain state-funded capital injection and the changes required in the articles of association in relation hereto. As the state-funded capital injection is expected to represent more than 35% of the bank's core capital, changes in the articles of association will be proposed according to which the existing limitations on voting rights and ownership will conditionally cease to apply in the event that the state-funded capital injection is later converted into share capital.

Employee shares – bonus schemes – incentive schemes

As announced in the annual reports 2005, 2006 and 2007, a bonus scheme was introduced for the employees of the bank for the financial years 2005-2007 based on Section 7a (1) no. 2 of the Danish Tax Assessment Act. As stated in the annual report for 2007, the bonus scheme was prolonged by a new three-year period based on the bank's budget for 2008 laying down the new objectives. The maximum amount of shares that can be granted to each employee per year in the event that all objectives are fulfilled now amounts to DKK 22,000. However, if the bank does not realise a total profit, the bonus amounts will not be allotted.

To strengthen and retain the management team of the bank and safeguard the competencies and values of this team, an executive incentive scheme was introduced with effect from the financial year 2006 through which they could purchase shares in the bank at market terms. As part of the agreement, mutual agreements were concluded regarding extended notices of termination. The management team acquired shares for a market price of approx. DKK 18 million in 2006 and 2007. As previously mentioned in the annual reports of the bank, whether the participants in the incentive scheme receive any return will depend on the future development in the market price of the bank's share. As the value of the bank's shares has decreased in recent years, the total current market value is now less than the total loan amount in the bank in relation to the scheme. Therefore, the bank has made an impairment charge. In the event of future increases in the market value of the bank's share, the charge made can be recognised as income, whereas an additional decline in the share price may lead to additional charges.

Related party transactions

There have been no transactions in 2008 between Aarhus Lokalbanc and the bank's related parties other than ordinary payments and usual bank transactions.

Outlook for 2009

The budget for 2009 is based on expectations of limited growth in the business volume due to the weak market trends and recession period by which we are likely to be influenced. A continued positive trend is expected in the bank's core earnings, a combination of increasing income from interest and charges and a minor decrease in costs. The bank budgets for moderate positive market value adjustments of the bank's securities and foreign exchange reserves.

Impairment on loans and advances are budgeted at the same level as the one realised in 2008, but due to the financial crisis and recession the bank's future impairment on commitments involves a higher degree of uncertainty. The total business volume is expected to be realised at an unchanged level with slightly decreasing lending, guarantees and increasing deposits. The bank's payments to the state guarantee scheme is recognised at DKK 20 million. The budget does not include any further payments to the state guarantee scheme in consequence of additional financially distressed banks.

All in all, a profit is expected before tax subject to considerable uncertainty as to the strength and duration of the financial recession and the turbulent financial markets.

Group relations

The bank holds the entire share capital of Center Finansiering A/S. Consolidated financial statements have not been prepared as the balance sheet and profit/loss of the subsidiary is insignificant in relative to the bank.

List of stock exchange announcements in 2008/2009.

January 23 2008	Change in the bank's portfolio of treasury shares
January 31 2008	Financial calendar for 2008
February 14 2008	Invitation to Annual General Meeting
February 19 2008	Preliminary announcement of financial statements 2007
March 5 2008	Proceedings of the general meeting
March 6 2008	Changed cooperation agreement with Totalkredit
March 7 2008	Invitation to Extraordinary General Meeting
March 27 2008	Proceedings of the extraordinary general meeting
April 17 2008	Changes in the bank's portfolio of treasury shares
May 6 2008	Repayment of subordinate capital
May 16 2008	Quarterly announcement
May 19 2008	Additional members of the Supervisory Board
May 19 2008	Full subscription of subordinated notes
July 14 2008	Profit forecast for interim financial statements.
August 12 2008	Interim report
August 15 2008	Share transactions of board members and executive employees
September 11 2008	Share transactions of board members and executive employees
October 6 2008	Aarhus Lokalbanc joins the new guarantee scheme
November 11 2008	Quarterly announcement
December 11 2008	New board members elected by the employees
December 11 2008	Financial calendar for 2009
December 23 2008	Downward adjustment of anticipated profit for the year
February 9 2009	Issue of new bonds

Accounting policies

In compliance with the changed executive order on presentation of financial statements, the bank has reclassified certain bonds from held-for-sale to held-to-maturity investments as of July 1 2008.

The reclassification has improved the profit for the year by DKK 4.2 million before tax.

The accounting policies are otherwise unchanged compared to last year.

General meetings

The general meeting of the bank will be held in Scandinavian Congress Center, Aarhus, on March 14 2009 at 4 p.m.

Financial calendar 2009

February 24 2009	Publication of annual report for 2008
March 14 2009	Annual general meeting
May 15 2009	Quarterly announcement for Q1 2009
August 11 2009	Interim Report 2009
November 10 2009	Quarterly announcement for Q1-Q3 2009

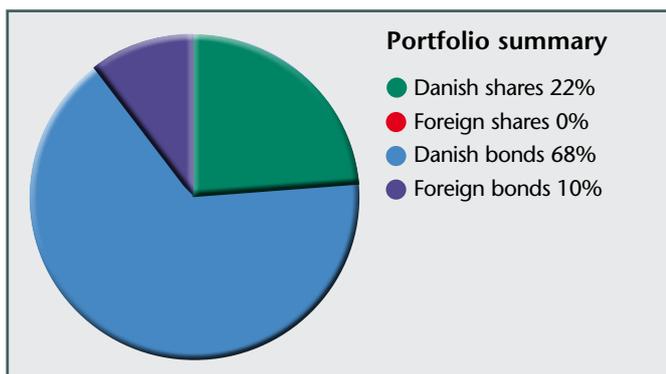
Policies and risk frameworks

For all of the bank's business areas, the business risk is thoroughly assessed and analysed before such a risk is entered into. The bank's board of directors has in writing determined the framework of e.g. market risks. The board of directors has determined the overall policies and risk frameworks that are acceptable for the different risk areas. Market risks are followed closely by continuous monitoring and reporting to the board of directors and the executive management, and in recent years the bank has invested considerable resources in this area.

Market risk

Market risk is defined as the risk of the value of the bank's assets and liabilities being affected by the market conditions. This could e.g. be changes in economic trends, in the share market and changes in exchange rate and interest conditions.

The bank's participation in customer businesses in the securities market and currency exchange market as well as the bank's allocation of its own cash flow involves daily changes in portfolios and thus in the consequent market risks of the bond and interest rate market, as well as changes in share prices and exchange rates.



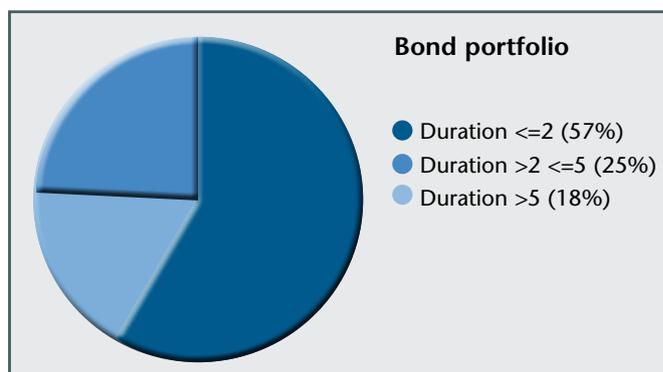
The portfolio distribution on security types for commercial portfolios as of December 31 2008.

Interest rate risk

The bank's positions on the bond and interest rate market, determined in consideration of the guidelines and deduction factors of the Danish Financial Supervisory Authority, means that the bank bears an interest rate risk. This risk is an expression of how large a loss the bank suffers on a general interest rate increase of one percentage point. The interest rate risk depends on the duration of the position; a longer duration implies a greater risk.

The bank's total interest rate risk, including items outside of the trading portfolio, e.g. mortgages, is as of December 31 2008 DKK -12.0 million, equivalent to -3.7% of the bank's core capital at the end of 2008.

The portfolio distribution on duration groups for commercial portfolios as of December 31 2008.



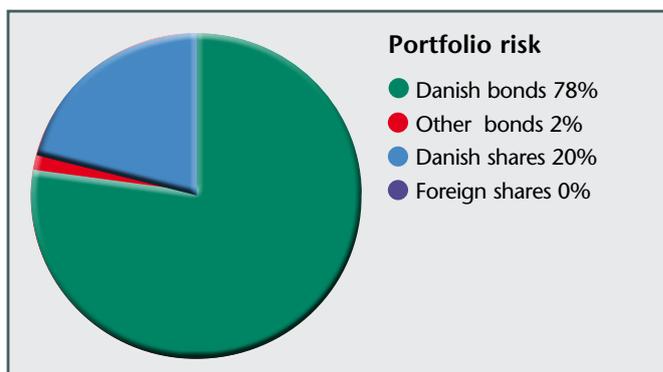
The bank's portfolio of items outside of the trading portfolio consists e.g. of a mortgage portfolio of DKK 10.4 million, which affects the total interest rate risk by DKK 1.2 million.

Other important items outside of the trading portfolio are the bank's liabilities on fixed-rate loans, which affects negatively to the bank's interest rate risk by DKK 8.0 million as well as the bank's issued hybrid core capital contributing negatively to the bank's interest rate risk by DKK 3.4 million.

If adjustments are made for items outside of the trading portfolio, the bank's total interest rate risk on commercial bonds is DKK 3.3 million as of December 31 2008, equivalent to 1.0% of the bank's core capital at the end of 2008.

Share price exposure

The bank uses 10% as risk parameters on Danish commercial shareholdings. The amount is included in the bank's internal assessments of the total market risk. In the case of foreign commercial shareholdings, 20% is used as risk parameter. The bank's total share price exposure on commercial portfolios as of December 31 2008 amounts to DKK 3.3 million, equivalent to 1.0% of the bank's core capital at the end of 2008. The amount is included in the bank's internal assessments of the total market risk.



Currency risk

The bank uses 5% as risk parameters on currency positions calculated according to a theoretical "foreign exchange indicator 1". EUR

positions are however adjusted to 1% due to the modest historical fluctuation band. As of December 31 2008, the amount comes to DKK 0.8 million, equivalent to 0.2% of the bank's core capital at the end of 2008. The amount is included in the bank's internal assessments of the total market risk.

Derivative financial instruments

The bank uses 10% as a risk parameter on derivative financial instruments such as swaps, forward exchange transactions, futures and options. In connection with the bank's own positions in forward exchange transactions in OECD currencies, 5% is used as risk parameter. The bank's total risk on derivative financial instruments as of December 31 2008 amounts to DKK 0.0 million.

Risk assessment

The framework of the bank's total market risk on commercial items was in 2008 fixed at 7% of the bank's core capital, equivalent of DKK 22.6 million at the end of 2008. Added to this was the exchange rate adjustment of commercial positions within the trading portfolio. Bonds with a maturity of up to 2 years are in terms of risk not included in the above named framework, which is why DKK 0.4 million may be deducted from the interest rate risk within the trading portfolio.

Assessed according the above named guidelines; the total market risk is as of December 31, 2008 calculated as DKK 7.0 million, equivalent to 2.2% of the bank's core capital at the end of 2008.

Liquidity risk

The liquidity risk is the risk of loss as a result of a disproportionate increase in the bank's finance costs or a lack of financing, which causes stagnation or a reduction of the business volume, or that the bank's payment obligations cannot be honoured by the bank's cash resources.

The bank has adopted a three-tier cash policy with an objective for the bank's cash flow both in the long and short run to ensure that the bank's cash flow is sufficient; not just from a legal point of view, but also based on the bank's internal risk assessments.

The bank's objective is to have an excess solvency on its cash flow, which is 100% above the minimum statutory requirements.

The bank's objective is that the free cash flow will be sufficient to cover the coming month's known cash flow requirements.

The bank's objective is that the bank's loans should be hedged with the total equity, supplementary capital, deposits and long term loans and advance commitments with a term of 12 month or more.

Assessment and monitoring of cash flow takes place on a daily basis and the executive board and the board of directors receive continuous reports in accordance with the guidelines in place.

Counterparty risk – Derivative financial instruments

The bank makes use of the market value method for counterparty risk to calculate the size of the exposure for derivative financial instruments, which are covered by the definition in the capital adequacy notification appendix 17.

The exposure value fixing under the market value method for counterparty risk follows from the method below:

- Contracts are calculated at market value to attain the actual replacement costs for all contracts with a positive value.
- To find a figure for the potential future credit exposure, the nominal value of the contract's principal amount or the underlying values are multiplied by percentage rates fixed by the Danish Financial Supervisory Authority. Swaps based on the two variable rates in the same currency are excepted from this, in so far as only the actual replacement costs must be calculated.
- The total of the actual replacement costs and the potential future credit exposure form the exposure value.

In connection with the institute's fixing of sufficient capital base, capital equivalent to 8 % of the positive market value of the derivatives is held.

Credit risk

The credit risk is defined as the risk of customers' payment obligations to the bank being estimated as unrecoverable due to certain customers' inability or unwillingness to pay in accordance within the agreed timeframe.

Aarhus Lokalbanc's credit policy uses the bank's mission as its starting point. This i.e. highlights that we should be able to identify and meet our customers' financial services requirements.

Credit risk management is carried out by means of the stipulated policies and procedures, where the board of directors of the bank have put frameworks in place to thereby ensure that the bank's lending is to customers, with a good income and equity which may generate a satisfactory profitability for the bank.

As a natural part of the credit policy, the bank makes available venture capital for projects, which we assess as sustainable and where the customers possess the necessary competence and which furthermore can help ensure a healthy and positive development in our market areas.

In general, we wish for a diversified credit granting, which ensures that we do not become vulnerable in connection with individual industries or customers. At the same time, we also assess the credit opportunities in credit granting to financially strong customers in all customer segments.

The credit policy is managed in accordance with socio-economic trends as well as the bank's operational development in both the short and long term.

Policies and risk frameworks

Following up and monitoring of all types of commitments are continuously carried out by the executive board and the credit department. Within the corporate customer area, the bank's primary target group is small and medium-sized companies within selected business segments such as manufacturing, the professions, trades, property financing, agriculture and retail.

Competent advice and confidence-inspiring cooperation are also a natural part of our credit policy, where we want:

- to provide credit granting to healthy companies and personal customers, where loans and credit grants are, as far as possible, fully collateralized.
- complete insight in customers' financial affairs with a starting point in a total customer relationship, so that the necessary and qualified basis for decision making can be obtained.
- delegation of loan-granting authority to the customer advisor who has knowledge of and cooperates with the customer.

Larger commitments are approved by the bank's executive board and board of directors.

The bank carries out a quarterly assessment of the need for individual impairment charges on all commitments in excess of DKK 100,000. The impairment charges are carried out after reporting from the customer advisor, subsequent to an assessment of the risk of loss arising from changes in the customer's ability to pay and/or willingness to pay.

Grouped impairment charges are carried out via a statistical model developed by the Association of Local Banks in Denmark, Savings Banks and Cooperative Banks in Denmark. The subsequent approval process is carried out by the bank in accordance with an assessment of own conditions.

All impairment charges support the bank's overall objective, which is that credit risks are hedged in a reassuring manner and that the total impairment charges are adequate.

At the same time that a commitment is written off wholly or partially, the equivalent impairment charges is also removed wholly or partially from the impairment charges account.

Commitments have their interest accrual discontinued when it is assessed that further accrual of interest will entail further losses.

For commitments where interest accrual has been discontinued, an amount corresponding to the full risk is written down.

The bank carries out ongoing following up of the written off receivables.

Operational risk

The operational risk is the risk that the bank may wholly or partially be forced to accept financial losses as a consequence of inadequate or inexpedient procedures, human errors, IT application errors or external effects.

Efforts are made to manage operational risk through policies, business practices and control measures, which are drawn up with a view to attaining a both secure and well-run environment. The operational risk is minimised by e.g. ensuring that the execution of activities is organisationally separated from the control of these same activities.

The bank has drawn up a policy and contingency plan for physical catastrophes and IT downtime. As a main rule, IT downtime leads to a breakdown of operations. If it is a case of a solitary breakdown at a branch, the business can be continued at the other branches. IT operation takes place at Bankdata. The bank carefully monitors the instructions and recommendations received from this source, just as the bank does not conduct its own development of IT applications.

According to the capital requirement rules, the bank is required to measure and recognise an amount for operational risks in the bank's solvency ratio calculation.

The bank employs the so-called basis indicator method, in which an amount is measured based upon a calculation of the average of the core income from the last three financial statements, which is then added to the risk-weighted assets. The core income is the total of the net interest income and non-related net income.

Corporate Governance

Danish listed companies must disclose in the annual report how they comply with the Committee on Corporate Governance's "Recommendations for Corporate Governance".

The management in Aarhus Lokalbanc has followed the preparation of the Recommendations for Corporate Governance with interest, and, since the first set of recommendations was published in December 2001, we have acted on the recommendations to the relevant extent.

We generally have a positive attitude to the recommendations, as the interaction between Aarhus Lokalbanc and our stakeholders (employees, customers, suppliers and local community) is a prerequisite for Aarhus Lokalbanc's continued positive development. As a local bank, we give particularly high priority to personal customer contact. Seeing that our business is based on meeting our customers' expectations for and confidence in the bank and as we aim to ensure that our customers feel secure in doing business with us, it is important that we take into consideration not only our shareholders, but also the wishes and requirements of our other stakeholders.

At the bank's website – www.aarhuslokalbank.dk – the bank's shareholders and other stakeholders may read more about Aarhus Lokalbanc's position to the recommendations. We comply with by far the majority of the recommendations, and, for the recommendations with which Aarhus Lokalbanc does not comply, we have given a detailed account of the reasons for this in accordance with the "follow or explain" principle stipulated in the recommendations. The Stock Exchange stresses in relation to the "follow or explain" principle that transparency about the companies' affairs is the essential element and that it is up to the individual company to evaluate the extent to which it intends to comply with the recommendations or whether the company in question finds that this is not expedient or desirable in relation to its business activities.

The recommendations are divided into the following 8 principal sections:

- The shareholders' role and interaction with the management
- The stakeholders' role and significance to the company
- Openness and transparency
- The Board of Directors' duties and responsibilities
- The composition of the Board of Directors
- Remuneration to the Board of Directors and the Executive Management
- Risk management
- Auditing

The recommendations supplement the rules that apply to listed companies, the rules on the management of companies that are found in company legislation and the legislation on financial activities that applies to banks – the Danish Financial Business Act.



Investor relations

Kursudvikling Aarhus Lokalbank:

OMX C20 aktieindeks

Aarhus Lokalbank



Kilde: Reuters.

The above graph shows the actual development of the Aarhus Lokalbank share from the end of 2004, compared with the development of the OMX C20 share index (the 20 biggest companies quoted in Copenhagen) for the same period.

Yield per year including dividend, the Aarhus Lokalbank share:

2004	2005	2006	2007	2008
27.9%	62.1%	20.4%	20.3%	-72.2%

The yield is calculated including the dividend distributed. Figures are historical and past returns can not be used as a reliable indicator of future returns.

The composition of Aarhus Lokalbank shareholders.

Shareholder groups:	Number of shareholders:	Number of shares*
	2008	2008
1 – 100 shares	3,624	119,040
101 – 500 shares	2,050	465,170
501 – 1,000 shares	605	427,646
1.001 – 5,000 shares	578	1,016,646
5.001 – 10,000 shares	26	168,956
Over 10,000 shares	21	783,024
	6,904	2,980,482

* 19,518 shares are ultimo 2008 not registered and consequently not included in the above statement.

Signatures and Statements

Statement by the Board of Directors and the Executive Management on the Annual Report

The Board of Directors and the Executive Management have today reviewed and approved the Annual Report of Aarhus Lokalbank Aktieselskab for the 2008 financial year.

The Annual Report has been prepared in accordance with the Danish Financial Business Act (Lov om finansiel virksomhed) and additional Danish disclosure requirements for the annual reports of listed financial institutions. In our opinion, the accounting policies applied are expedient, and the accounting estimates made are reasonable and fair.

Furthermore, in our opinion, the overall presentation of the annual report gives a true and fair view of the bank. We therefore believe that the annual report gives a true and fair view of the bank's assets, liabilities and financial position and of the results of its operations and cash flows.

Furthermore, we believe that the Management's review gives a true and fair view of the development in the bank's operations and financial affairs as well as the most significant risks and elements of uncertainty which may affect the bank.

The Annual Report is presented to the general meeting for approval.

Aarhus, February 24 2009

Executive Management:

Per Hermansen - Chief Executive Officer

Board of Directors:

Rasmus Juhl Rasmussen - Chairman

Jørn Sørensen - Vice-Chairman

Per Enevoldsen

Esben Hammer

Gert L. Pedersen

Knud Erik Rasmussen

Jørgen Balle

Kirsten Majgaard Basse

Hanne Pedersen

Independent auditors' report:

the shareholders of Aarhus Lokalbank Aktieselskab

We have audited the Annual Report of Aarhus Lokalbank Aktieselskab for the financial year January 1 - December 31 2008, comprising the statement by the Board of Directors and Management Board, Management's review, accounting policies, profit and loss account, balance sheet, cash flow statement and notes. The Annual Report is presented in accordance with the Danish Financial Business Act and in accordance with additional disclosure requirements for annual reports of listed financial institutions.

Management's responsibility for the Annual Report

Management is responsible for the preparation and fair presentation of the annual report in accordance with the Danish Financial Business Act and in accordance with additional Danish disclosure requirements for the annual reports of listed financial institutions. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error; selecting and using appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility and basis of opinion

Our responsibility is to express an opinion on the Annual Report based on our audit. We have performed our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit with a view to obtain reasonable assurance whether the Annual Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Report. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Annual Report, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the bank's preparation and fair presentation of the Annual Report 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 bank'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 evaluating the overall presentation of the Annual Report.

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

Our audit did not result in any qualification.

Opinion

In our opinion, the Annual Report gives a true and fair view of the bank's financial position at 31 December 2008 as well as of the results of its operations for the financial year January 1 - December 31 2008 in accordance with the Danish Financial Business Act and in accordance with additional Danish disclosure requirements for annual reports of listed financial institutions.

Aarhus, February 24 2009

KPMG

Statsautoriseret Revisionspartnerselskab

Jakob Nyborg
State Authorised Public Accountant

Henrik Pungvig Jensen
State Authorised Public Accountant

Accounting policies

The annual report for 2008 has been prepared in accordance with the Danish Financial Business Act and the executive order on the financial reports of credit institutions issued by the Danish Financial Supervisory Authority. Furthermore, the annual report has been prepared in accordance with further Danish disclosure requirements for annual reports presented by listed financial companies. The rules for preparing the financial statements were altered markedly in 2005. In accordance with the transitional provisions in the Danish executive order on the Presentation of Financial Statements, the comparative figures for 2004 in "Five years in figures" and "Financial ratios" have not been adjusted to the altered accounting policies.

The annual report has been prepared in accordance with the same accounting policies as last year, except the following modification.

The Bank has reclassified a portfolio of bonds from the trading portfolio to hold to maturity investments. Hold to maturity investments include bonds that are purchased in order to earn a return over the period to maturity. Hold to maturity investments are measured at amortized cost. Reclassification means that the bonds fair value as of July 1 2008 at 95,878 tDKK is used at amortized cost. The result effect before tax of reclassifications represents an improvement of 4,229 tDKK. As of 31.12.2008 provides the amortized cost of bonds 96,310 tDKK, of which 41,100 tDKK is recognized in the balance sheet as loans and other receivables.

Recognition and measurement in general

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the bank and the value of the asset can be reliably measured. Liabilities are recognised in the balance sheet when they are likely and can be reliably measured. On first recognition, assets and liabilities are measured at fair value. Subsequently, assets and liabilities are measured as described for each individual item.

The purchase and sale of financial instruments are recognised on the trade date.

Accounting estimates

In connection with the calculation of the accounting value of certain assets and liabilities, an estimate of how future events will affect the value of these assets and liabilities on the balance sheet day is required.

The estimates made are based on assumptions which the management considers reasonable, but which are of course uncertain. For impairment on loans and receivables, there are significant estimates linked to the quantification of the risk of not all future payments being met.

If we are able to establish that not all future payments will be met, significant estimates are also associated with determining the size of the estimated payments, including realisation values of securities and expected dividend payments from estates.

The estimates made are based on assumptions which the management considers reasonable. The assumptions are however in this case uncertain and are characterised by their unpredictability. Furthermore, the bank is affected by risks and uncertainties that may lead to actual results deviating from the estimates.

Foreign currency translation

Foreign currency transactions are converted upon initial recognition at the transaction date currency rate. Balances in foreign currencies, which have not been settled on the balance sheet day, are converted at the closing price at the end of the financial year.

The profit and loss account

Interests, fees and commissions etc.

Total interest income and expenses together with current commissions are accrued within the financial year. Fee and commission income, which forms an

integrated part of a loan's effective return, is accrued over the expected term of the loan and is recognised as interest income. Other fees and commissions etc. are recognised on the date of maturity and are itemised under fee and commission income.

Dividends

Dividends are recognised at the time of distribution.

Other operating income

Other ordinary income is comprised of results arising from the operation of the bank's property together with profit from the sale of assets.

Staff and administration costs

Staff and administration costs consist of payroll costs, operation of the bank's IT systems, office supplies and marketing etc. Bonus programme costs are recognised in the profit and loss account in the financial year, to which the cost can be attributed. Provisions for staff liabilities connected with anniversary bonuses are made based upon previous experience and are recognised in the profit and loss account in accordance with employees' performance that provide these entitlements.

Pension plans

The bank has entered into defined contribution plans with all employees. The bank pays fixed contributions to an independent pension fund and the bank is not obligated to make further contributions.

Result of equity investments in affiliated companies

The result of equity investments amounts to the accounting result after tax in the bank's subsidiaries.

Tax

Tax for the year, which consists of the year's current tax and the change in deferred tax, is recognised in the profit and loss account for the share attributable to the profit and loss for the year, and directly in equity for the share attributable to items relating directly to equity.

Current tax liabilities and current tax receivable are recognised in the balance sheet as calculated tax on taxable income for the year, adjusted for tax paid on account. Deferred tax is recognised with all temporary differences between the carrying values and tax values of assets and liabilities. The bank is taxed jointly with its subsidiary Centerfinansiering A/S. Current tax is apportioned between the jointly taxed companies relative to their taxable incomes.

The balance sheet

Loans and other receivables

Loans are initially recognised at fair value and are subsequently measured at amortised cost, including fees and commissions, which are an integrated part of the effective interest rate and which are recognised as interest income during the term of the loan.

Should there be an objective indication of impairment of a loan/receivable, and should the event or events in question have an affect on the size of the estimated payments arising from the loan, and can these be reliably measured, then an individual impairment will be carried out. The impairment is carried out on the difference between the carrying amount prior to the impairment and the present value of the estimated payments arising from the loan. The bank reviews all commitments in excess of DKK 100.000. For loans and other receivables, which are not individually impaired, a group assessment is carried out as to whether an objective indication of impairment has taken place for the group.

The group assessment is carried out on loan and receivable groups carrying uniform credit risk characteristics. The bank operates with 11 groups consisting of 1 group of public authorities, 1 group of personal customers and 9 groups of corporate customers, as corporate customers are subdivided into groups according to industry.

The group assessment is carried out using a segmentation model developed by the Association of Local Banks in Denmark, Savings Banks and Cooperative Banks in Denmark, who also conduct ongoing maintenance and development. The segmentation model establishes the correlation in the individual groups between recognised losses and a number of significant explanatory macroeconomic variables using a linear regression analysis. Included in the explanatory macroeconomic variables are unemployment, housing prices, interest rates, number of bankruptcies/foreclosures etc.

The macroeconomic segmentation model employs a starting point calculated on information on losses for the whole of the financial institute sector. The bank's assessment is that the estimates produced by the model correspond to its own conditions.

The model's estimate forms the background for the calculation of the grouped impairment. Impairment on loans are carried in an allowance account, which is offset under loans. Mortgages are recognised at cost. Write-down to market value is carried out in cases where this is lower.

Securities

Bonds, shares and financial instruments listed on the NASDAQ OMX Copenhagen A/S Exchange or foreign exchanges, are measured at fair value in accordance with the closing price on the balance sheet day.

For bonds acquired in order to earn a return over the period to maturity (hold to maturity), are measured at amortized cost. Subsequent appreciation / depreciation of the amortized cost is recognized in income as interest income and interest expense. If there is objective identifications that the bond can not be redeemed to the redemption price at maturity, the securities will be assessed according to the rules of lending. Any impairment is recognized under impairment on loans and receivables, etc.

Aarhus Lokalbanc has in cooperation with other financial institutions acquired shares in a number of sector companies. The objective of these sector companies is to support financial institutes' business in areas such as mortgage finance, payment services, IT, investment schemes etc. Aarhus Lokalbanc has no plans to sell these shares as it views partaking in these sector companies as being a necessary element in the operation of a local financial institute. The shares are therefore viewed as falling outside of the trading portfolio.

In a number of the sector companies, shares are distributed such that financial institutes' ownership share mirrors the individual financial institute's business volume with the sector company. Distribution is typically conducted based upon the sector company's equity value. Based upon this, Aarhus Lokalbanc adjusts the book value of these shares either quarterly, semi-annually or annually, depending on the frequency of new information from the individual sector company. Adjustments are booked on an ongoing basis in accordance with the rules governing the profit and loss account.

Other unlisted securities are recognised at fair value.

Equity investments in affiliated companies

Shares in the bank's subsidiary are recognised under the equity method, which means that the equity investment is recognised under the company's equity value. As the activities carried out by subsidiary are insignificant in relation to the bank, consolidated accounts are not prepared.

Tangible fixed assets

Upon initial recognition, owner-occupied properties are measured at revalued amount. Revaluation is conducted so often, that significant discrepancies with regard to the fair value do not arise. Increases in the revaluation of owner-occupied properties are recognised as revaluation reserves under equity. Decreases in value are recognised in the profit and loss account, unless these concern retransfers of previously performed revaluations. Straight line depreciation of owner-occupied properties is carried out, based upon

the expected residual value of properties over an anticipated service life in excess of 50 years. Operating equipment covers IT equipment, inventory and vehicles, which are recognised at cost with depreciation deductions. Straight line depreciation is calculated over the service life of the assets. The following depreciation profiles have been employed:

- IT equipment 3 years
- Inventory 3-5 years
- Vehicles 5 years

A straight line depreciation of leasehold improvement expenses is carried out over 5 years.

Other assets

Other assets include interest receivable and commissions as well as positive market value of derivative financial instruments.

Treasury shares

Acquisition and disposal fees on the purchase and sale of treasury shares are recognized directly in equity.

Provisions

Provisions comprise mainly of guarantees and provisions for losses on irrevocable credit commitments and legal proceedings, etc.. A provision for a guarantee or an irrevocable credit is included, if it is probable that the guarantee or credit will be effected and the amount of the obligation can be measured reliably. Provisions are based on management's best estimate of this liability.

Other liabilities

Other liabilities include interest due, a negative market value of financial instruments and outstanding employee benefits.

Guarantees

Bank guarantees are stated in the note "contingent liabilities". The guarantees will be continuously reviewed and evaluated to identify whether there are objective indication that there has been impairment.

Balances in foreign currencies

Foreign currency receivables and debts are converted according to the Danish National Bank's official currency rates at the end of the year. Income and expenses in foreign currencies are converted according to the exchange rate on the transaction time.

Derivative financial instruments

Forward transactions and other financial instruments are measured at fair value. Derivative financial instruments are recognised as other assets or liabilities. Changes to the fair value of derivative financial instruments are recognised in the profit and loss account together with changes to the value of the hedged asset or the hedged liability. Other changes are recognised in the profit and loss account as financial items.

State guarantee

The Bank participates in state guarantee scheme, which runs to September 30 2010. Guarantee commission is recognized in the profit-loss account over the guarantee period and is booked under other operating expenses. The Bank's commitment to cover any losses under the scheme is recognized as a provision when it is probable and can be measured reliably. Such amounts are recognized in the profit and loss account under impairment on loans and receivables, etc.

Cash Flow Statement

The cash flow statement for the bank established under the indirect method based on net profit before tax and show the bank's cash flows from operating, investing and financing activities and net change in cash.

Cash and cash equivalents consist of cash and demand deposits with central banks and receivables from credit institutions and central banks with an origi-

Profit and loss account

<i>DKK 1,000</i>		2008	2007
Interest income	1	305,837	208,072
Interest expense	2	204,670	128,179
Net interest income		101,167	79,893
Dividends from shares, etc.		3,669	2,227
Fees and commission income	3	42,637	41,033
Fees and commission expenses		4,259	2,388
Net interest and fee income		143,214	120,765
Market value adjustments	4	-11,746	3,841
Other operating income		0	63
Staff costs and administrative expenses	5	95,785	75,280
Amortisation, depreciation and write-downs		2,753	2,136
Other operating expenses	6	5,552	0
Impairment of loans and advances etc.	7	30,866	-1,397
Income from associated and subsidiary undertakings		8	0
Profit before tax		-3,480	48,650
Tax	8	-1,173	11,838
Net profit for the year		-2,307	36,812
Proposed distribution of profit			
Dividend		0	3,600
Transferred to equity		-2,307	33,212
Total amount available for distribution		-2,307	36,812

Balance sheet

DKK 1,000		2008	2007
ASSETS			
Cash at hand and demand deposits with central banks		19,723	202,811
Due from credit institutions and central banks	9	703,239	274,432
Loans and other amounts due at amortised cost	10	3,712,604	3,571,376
Bonds at fair value	11	69,545	226,183
Bonds at amortised cost	11	52,580	0
Shares, etc.	12	138,047	117,187
Holdings in subsidiary undertakings	13	1,241	1,233
Total land and buildings	14	51,022	46,961
Other tangible assets	14	8,012	3,853
Actual tax assets		4,203	0
Deferred tax assets	8	11,621	4,956
Other assets		16,488	29,717
Total assets		4,788,325	4,478,709
LIABILITIES AND EQUITY			
Debt:			
Due to credit institutions and central banks	15	1,527,917	1,591,623
Deposits and other debts	16	1,981,886	1,802,899
Issued bonds at amortised cost prices	17	435,771	360,981
Current tax liabilities		0	2,249
Other liabilities		78,646	52,314
Deferred income		447	536
Total Debt		4,024,667	3,810,602
Provisions for liabilities:			
Provisions for losses on guarantees	18	2,924	0
Total provisions for liabilities		2,924	0
Subordinated debt:			
Subordinated debt	19	451,661	340,000
Shareholders' equity:			
Share capital	20	30,000	30,000
Share premium account		67,370	67,370
Accumulated value changes:			
Revaluation reserve		6,750	6,750
Other reserves:			
Other reserves:		230	222
Profit brought forward		204,723	220,165
Proposed dividend		0	3,600
Total shareholders' equity		309,073	328,107
Total liabilities and equity		4,788,325	4,478,709

Statement of capital, liquidity and own shares

DKK 1,000	2008	2007
Change in shareholders' equity		
Share capital as of January 1	30,000	25,000
New paid-in capital	0	2,500
Bonus shares	0	2,500
Share capital as of December 31	30,000	30,000
Premium on issuance of share capital as of January 1	67,370	19,329
Increase in premium	0	48,041
Premium on issuance of share capital as of December 31	67,370	67,370
Revaluation reserves as of January 1	6,750	0
Increase in the year	0	6,750
Revaluation reserves as of December 31	6,750	6,750
Other reserves as of January 1	222	221
Decrease in the year	8	0
Other reserves as of December 31	230	221
Retained earnings as of January 1	223,765	206,091
Profit for the year	-2,307	36,813
Sale of own shares	18,740	59,386
Purchase of own shares	-36,195	-75,833
Dividends paid	-3,600	-3,000
Other addition	4,320	309
Retained earnings as of December 31	204,723	223,766
Shareholders equity as of December 31	309,073	328,107
Proposed dividends	0	3,600
Capital base		
Shareholders' equity	309,073	328,107
- Revaluation reserves	-6,750	-6,750
Core capital	302,323	321,357
- Proposed dividends	0	-3,600
- Deferred tax assets	-11,621	-4,956
Core (tier 1) capital, excluding hybrid core capital	290,702	312,801
Hybrid core capital	50,000	50,000
Core (tier1) capital after deductions	340,702	362,801
- Sum of statutory deductions - under Section 131 (2,2) of the Danish Financial Business Act	-17,227	-6,785
Core (tier 1) capital incl. Hybrid capital after deductions	323,475	356,016
Subordinated debt	400,000	290,000
Subordinated debt less exceeding Core capital incl. Hybrid capital after deductions	-66,049	0
Revaluation reserves	6,750	6,750
- Sum of statutory deductions - under Section 139 (1,3) of the Danish Financial Business Act	-17,227	-6,785
Capital base	646,949	645,981

DKK 1,000

2008

2007

Capital Adequacy Statement:

The statement complies with the capital requirements of the Danish Financial Business Act.

The Bank has used the following methods in the statement as of December 31 2008

Credit risk excl. the trading portfolio	Standard method
Counterpart risk	Market value method
Credit risk reducing method	
- financial securities	Extended method
Market risk	Standard method
Operational risk	Basic indicator method

Risk adjusted items:

Adjusted items with credit and counterpart risk	4,406,113	4,722,733
Adjusted items with market risk	357,402	422,211
Adjusted items with operational risk	208,623	179,265
- group adjustments impairments	-3,824	-2,064

Total risk adjusted items	4,968,314	5,322,145
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Capital base	646,949	645,981
Core capital incl. hybrid capital	323,475	356,016
Solvency ratio (FIL § 124): capital base/risk adjusted items, %	13.0	12.1
Core capital incl. hybrid capital/risk adjusted items, %	6.5	6.7
Statutory capital requirement (FIL§ 124)	37,253	37,283

Liquidity

Total liabilities	4,788,325	4,478,708
Guarantees	2,259,648	2,287,519
- shareholders' equity	-309,073	-328,108
- subordinated capital, included in the base capital	-383,952	-340,000

Risk adjusted debt and guarantee liabilities	6,354,948	6,098,119
-----------------------------------------------------	------------------	------------------

10% of risk adjusted debt and guarantee liabilities	635,495	609,812
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In compliance with the statutory requirement:

Cash	7,865	8,719
Deposits with Central Banks	11,857	194,092
Deposits with Credit Institutions	188,951	17,213
Certificates of deposit with Central Banks	499,842	249,794
Tradable bonds and shares	196,237	284,568
Other tradable assets	558,105	41,174

Total liquid assets	1,462,857	795,560
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Excess liquidity coverage, %	130	30
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The Bank's portfolio of own shares:

Number of own shares	243,286	117,608
Face value	2,433	1,176
Own shares of total share capital, %	8.11	3.92

Purchase and sale of own shares during the fiscal year:
During normal trading with the Bank's customers:

Number of shares bought	260,757	362,935
Number of shares sold	135,079	286,167
Face value of total purchase	2,608	3,629
Face value of total sale	1,351	2,862
Total value of purchase	36,195	75,833
Total value of sale	18,740	59,386
Total purchase to share capital at yearend, %	8.7	12.1
Total sale to share capital at yearend, %	4.5	9.5

Cash flow statement

<i>DKK 1,000</i>	2008	2007
Profit for the year before tax	-3,480	48,650
Amortisation and impairment on loans and debtors, etc.	30,866	-1,397
Depreciation of tangible and intangible assets	2,753	2,136
Unrealised market value adjustments of equity investments	-8	0
Unrealised market value adjustments of securities	16,310	9,581
Other items with no effect on cash flows	1,981	745
Net tax paid	-7,539	-4,846
Adjusted profit from operating activities	40,883	54,869
Changes in amounts owed by credit institutions and central banks	-7,256	872
Changes in loans and advances	-169,567	-1,522,940
Changes in securities	66,888	74,876
Changes in deposits	178,987	659,125
Changes in debt to credit institutions and central banks	-63,706	557,898
Changes in issued bonds	74,790	260,981
Changes in other assets and liabilities	39,472	-26,451
Total cash flows relating to operating activities	160,491	59,230
Acquisition of property, plant and equipment	-10,973	-1,749
Total cash flows relating to investing activities	-10,973	-1,749
Cash flows relating to financing activities:		
Dividends paid	-3,600	-3,000
Acquisition of treasury shares	-36,195	-75,833
Sale of treasury shares	18,740	59,386
Increase in share capital	0	5,000
Share premium	0	48,041
Repayment of subordinated debt	-25,000	0
Increase in subordinated debt	135,000	150,000
Total cash flows relating to financing activities	88,945	183,594
Changes in cash and cash equivalents	238,463	241,075
Cash and cash equivalents at January 1	469,818	228,743
Cash and cash equivalents at December 31	708,281	469,818
Specification of cash and cash equivalents at December 31		
Cash balance and demand deposits with central banks	19,723	202,811
Amounts owed by credit institutions and central banks with less than three months to maturity	688,558	267,007
Total cash and cash equivalents at December 31	708,281	469,818

The cash flow statement can not be directly inferred from this report and the statement is modified the special accounting for financial institution.

Notes

<i>DKK 1,000</i>	<i>2008</i>	<i>2007</i>
NOTE 1		
Interest income/forward premium:		
Due from credit institutions and central banks	19,968	9,478
Loans and other amounts due to the bank	270,009	188,908
Bonds	7,589	8,668
Other interest income	8,271	1,018
Total	305,837	208,072
The bank has no interest income from genuine sale transactions and repurchase transactions		
NOTE 2		
Interest expense for:		
Credit institutions and central banks	81,147	54,589
Deposits and other liabilities	76,822	47,000
Issued bonds	20,117	10,195
Subordinated debt	26,232	16,120
Other interest expenses	352	275
Total	204,670	128,179
The bank has no interest expense to genuine sale transactions and repurchase transactions		
NOTE 3		
Income from charges and commission:		
Trading in securities and deposit	14,339	14,735
Funds transfer	1,169	5,693
Loan charges	1,356	1,754
Guarantee comission	20,765	15,353
Other charges and commissions	5,008	3,498
Total	42,637	41,033
NOTE 4		
Value adjustment of:		
Bonds	-1,635	3,568
Shares etc.	-8,155	-1,252
Foreign currency	-2,640	1,546
Currency, interest, share, commodity and other contracts as well as derivative financial instruments	708	94
Other assets	-24	-115
Total	-11,746	3,841
NOTE 5		
Staff costs and administrative expenses:		
Remuneration for the Board of Directors, Executive Management and Executive Management		
Executive Management	1,880	1,802
Board of Directors	565	480
Committee of Representatives	28	25
Total	2,473	2,307
Staff costs:		
Wages and salaries	42,529	36,587
Pensions	4,501	3,696
Social security contributions	4,302	3,768
Total	51,332	44,051
Other administrative expenses	41,980	28,922
Total staff costs and administrative expenses	95,785	75,280

Notes

<i>DKK 1,000</i>	2008	2007
Number of employees:		
Average number of employees during the financial year converted into full-time employees	96	84
Audit fee:		
Total fee payable to the auditing companies appointed by the general meeting to carry out the statutory audit, including VAT	1,318	599
Of which, other services than audit	843	243
The bank has no internal audit		
NOTE 6		
Other operating expenses:		
Guarantee commission to the State guarantee scheme	5,487	0
Other operating expenses	65	0
Total	5,552	0
NOTE 7		
Impairment charges on loans and other debts, etc.:		
Loans	25,313	-1,397
Bonds with "hold to maturity investments"	2,629	0
The Private contingency association	2,924	0
Total	30,866	-1,397
Impairment during the year	37,664	9,959
Reversal of Impairment charges carried out in previous financial years	-6,402	-9,795
Finally lost, not previously written down individually	878	37
Received, debtors previously written off	-107	-289
Income interest on provision debts	-1,167	-1,309
Total	30,866	-1,397
NOTE 8		
Tax:		
Tax on profit for the year	-1,173	11,838
Tax on equity movements	4,364	-559
Total	3,191	11,279
Tax on profit for the year:		
Current tax	2,353	11,900
Deferred tax	-3,512	-50
Subsequent adjustments of tax from previous year	-14	-12
Total	-1,173	11,838
Effective tax rate (%):		
Corporate tax rate	25.0%	25.0%
Effect of changed tax rate	0.0%	0.3%
Non-taxable income / expenditure etc.	-59.6%	-3.3%
Adjustments of tax calculated for previous years	-0.4%	2.3%
Total	-35.0%	24.3%
Deferred tax assets and liabilities are as follows:		
Intangible and tangible assets	1,499	1,407
Securities	-14,082	-5,308
Other assets and liabilities	962	-1,055
Total	-11,621	-4,956

Notes

<i>DKK 1,000</i>	<i>2008</i>	<i>2007</i>
NOTE 9		
Due from credit institutions and central banks:		
Credit balances on terms in with central banks	499,842	249,794
Credit balances with credit institutions	203,397	24,638
Total	703,239	274,432
Breakdown by residual maturity:		
Demand deposits	13,717	17,213
Up to and including 3 months	674,841	249,794
Over 5 years	14,681	7,425
Total	703,239	274,432
NOTE 10		
Loans and other debtors at amortized cost price:		
Loans and other debtors at amortized cost price before depreciation	3,757,149	3,590,884
- Write-downs at year-end excl. guarantee provisions - see note 18 and 23	-44,545	-19,508
Total	3,712,604	3,571,376
Loans (distributed according to term to maturity):		
Demand deposits	2,146,036	1,840,239
Up to and including 3 months	289,771	177,171
More then 3 months and up to and including 1 year	443,783	476,039
More one year and up to and including 5 years	561,549	722,657
More 5 years	271,465	355,270
Total	3,712,604	3,571,376
NOTE 11		
Bonds:		
Bonds at fair value	69,545	226,183
Bonds at amortized cost (Hold to maturity)	52,580	0
The difference between bonds measured at amortized cost and fair value	-4,304	0
Total	117,821	226,183
Mortgage bonds	90,580	119,744
Government bonds	53	64,960
Other bonds	27,188	41,479
Total	117,821	226,183
NOTE 12		
Shares, etc.:		
Shares/investment unit certificates listed on the NASDAQ OMX Copenhagen A/S	30,577	45,581
Shares/investment unit certificates listed on other stock exchanges	0	40
Unlisted shares stated at fair value	107,470	71,566
Total	138,047	117,187
NOTE 13		
Investments in group companies (subsidiaries):		
Total cost	1,011	1,011
Revaluations and depreciation beginning of year	222	222
Result	8	0
Revaluations and depreciation end of year	230	222
Total	1,241	1,233

Notes

DKK 1,000	2008	2007
NOTE 14		
Tangible assets:		
Domicile properties:		
Revalued amount beginning of year	46,961	38,263
Acquisitions during the year, including improvements	4,344	0
Depreciation	283	283
Value change, which is recognized in the income	0	0
Value change, which is recognized directly in equity	0	9,000
Other changes	0	-19
Revaluation end of year	51,022	46,961
The measurement of occupied property are made without the help of external experts.		
Operating equipment:		
Cost price beginning of year	11,970	11,303
Acquisitions during the year	6,629	1,799
Disposals during the year	1,222	1,132
Cost price end of year	17,377	11,970
Write-downs and depreciations beginning of year	8,117	7,347
Write-downs for the year	2,470	1,852
Reverse write-downs and depreciation during the year	1,222	1,082
Write-downs and depreciations end of year	9,365	8,117
Total	8,012	3,853
NOTE 15		
Debt to credit institutions and central banks:		
Debt to credit institutions	1,527,917	1,591,623
Distributed according to term to maturity:		
Debt payable on demand	64,223	47,694
Up to and including 3 months	1,404,089	930,954
More than 3 months and up to and including 1 year	59,605	110,896
More than 1 year and up to and including 5 years	0	502,079
Total	1,527,917	1,591,623
NOTE 16		
Deposits and other debts:		
On demand	1,262,755	1,339,137
At notice	900	920
Time deposits	472,459	280,860
Special categories of deposit	245,772	181,982
Total	1,981,886	1,802,899
Distributed according to term to maturity:		
Debt payable on demand	1,491,917	1,348,025
Up to and including 3 months	194,025	276,593
More than 3 months and up to and including 1 year	76,390	5,853
More than 1 year and up to and including 5 years	42,991	46,748
More than 5 years	176,563	125,680
Total	1,981,886	1,802,899

Notes

DKK 1,000	2008	2007
NOTE 17		
Issued bonds at amortised cost price:		
Distributed according to term to maturity:		
More than 3 months and up to and including 1 year	0	100,000
More than 1 year and up to and including 5 years	435,771	260,981
Total	435,771	360,981
NOTE 18		
Provisions for losses on guarantees:		
Concerning act on financial stability	2,924	0
Total	2,924	0
NOTE 19		
Subordinated debt:		
Nominal DKK 40 million. Supplementary capital raised May 13, 2005.		
Interest rates until May 12, 2010: CIBOR 3 + 1.20% p.a.		
Interest rates from May 13, 2010: CIBOR 3 + 2.70% p.a.		
Expiry date: May 13, 2013		
DKK 40 million is included in the calculation of the bank's capital base after deductions.		
Nominal DKK75 million. Supplementary capital raised June 23, 2006.		
Interest rates until November 1, 2011: CIBOR 3 + 1.10% p.a.		
Interest rates from November 2, 2011: CIBOR 3 + 2.60% p.a.		
Expiry date: November 1, 2014		
DKK 75 million is included in the calculation of the bank's capital base after deductions.		
Nominal DKK 75 million. Supplementary capital raised May 1, 2007.		
Interest rates until May 1, 2012: CIBOR 3 + 1.10% p.a.		
Interest rates from May 2, 2012: CIBOR 3 + 2.60% p.a.		
Expiry date: May 1, 2015		
DKK 75 million is included in the calculation of the bank's capital base after deductions.		
Nominal DKK 75 million. Supplementary capital raised June 19, 2007.		
Interest rates until December 3, 2012: CIBOR 6 + 1.10% p.a.		
Interest rates from December 4, 2012: CIBOR 6 + 2.60% p.a.		
Expiry date: December 3, 2015		
DKK 75 million is included in the calculation of the bank's capital base after deductions.		
Nominal DKK 150 million. Supplementary capital raised May 15, 2008 to rate 90.		
Interest rates until May 22, 2013: 4.00% p.a.		
Interest rates from May 23, 2013: CIBOR 3 + 3.00% p.a.		
Expiry date: May 22, 2016		
DKK 135 million is included in the calculation of the bank's capital base after deductions.		
Hybrid core capital:		
Nominal DKK 50 million. Supplementary capital raised December 2005.		
Interest rates: 5.44%		
Interest rates from May 1, 2016: CIBOR 3 + 2.82%.		
Expiry date: infinite		
DKK 50 million is included in the calculation of the bank's capital base after deductions.		
Cost paid during the financial year:		
Establishment costs	245	0
Interest expenses	26,232	16,120
Total	26,477	16,120
NOTE 20		
Share capital:		
The share capital consists of 3,000,000 shares of DKK 10 each		
No shareholder has stated that he/she owns more than 5% of the share capital		

Notes

DKK 1,000	2008	2007
NOTE 21		
Contingent liabilities:		
Guarantees etc.:		
Financial guarantees	1,489,998	1,228,298
Guarantees against losses for mortgage loans	287,297	512,295
Land registration and conversion guarantees	391,731	508,406
Other guarantees	90,622	38,519
Total guarantees tec.	2,259,648	2,287,518
Other liabilities:		
Other liabilities	3,881	3,793
Total other liabilities	3,881	3,793
As security for clearing etc. the bank has to the Danish National Bank pledged bonds from the total bond portfolio at a total market value of	0	67,382

DKK 1,000	2008		2007	
	Nominal value	Net market value	Nominal value	Net market value
NOTE 22				
Derivative financial instruments:				
Foreign-exchange contracts:				
Forward business, purchase	869,725	37,316	405,540	-895
Forward business, sale	917,737	-45,351	722,530	1,465
Unsettled spot transactions, purchase	7,473	272	121	0
Unsettled spot transactions, sale	7,820	274	57	0
Foreign exc. swaps	61,806	-1	61,627	0
Options purchased	208,303	1,543	65,554	462
Options sold	208,303	-5,542	73,010	-536
Interest-rate contracts:				
Forward business, purchase	542	120	10,483	126
Forward business, sale	542	-111	10,483	-107
Unsettled spot transactions, purchase	2,268	28	10,231	15
Unsettled spot transactions, sale	1,988	-27	10,252	-9
Interest swaps	61,806	-1	365,260	135
Share contracts:				
Unsettled spot transactions, purchase	407	13	3,506	-12
Unsettled spot transactions, sale	406	-11	3,770	21
Udstedte aktieoptioner	0	0	0	0
Total derivative financial instruments:		-11,478		665

Notes

DKK 1,000	2008	2007
NOTE 23		
Credit risks:		
Impairment on loans and other debts, etc.:		
Individual impairment on loans:		
Individual impairment on loans beginning of year	17,444	21,287
Impairment during the year	30,351	7,895
Reversal of impairment carried out in previous financial years	-6,402	-9,795
Finally lost earlier individually depreciated	-672	-1,943
Individual impairment on loans end of year	40,721	17,444
The amount of loan loss provisions made on individual loans and advances as of December 31 2008: DKK 302 million.		
Group impairment on loans:		
Group impairment beginning of year	2,064	0
Impairment during the year	1,760	2,064
Group impairment on loans end of year	3,824	2,064
The sum of loans and advances on which loan loss provisions by group has been made by December 31 2008: DKK 3,449 million.		
Total impairment on loans:		
Impairment during the year on hold to maturity investments	2,629	0
Provisions of the year on the guarantees (The Private Contingency)	2,924	0
Impairment on loans and other debts, etc. end of year	50,098	19,508
Accumulated loan impairment in percent of loans and guarantees at year-end	0.8%	0.3%
No loan impairment have been made on Credit Institutions at year-end		
Loans with suspended interest calculation at year-end	5,186	1,408
Loan and guarantee debtors by sector (before impairment):		
Public authorities	0.4	0.4
Sector:		
Agriculture, hunting and forestry	18.9	10.5
Fishery	0.0	0.0
Manufacturing, raw material extraction, electricity, gas, water and heating plants	2.6	3.0
Construction and civil engineering works	3.7	2.5
Trade, restaurant and hotel business	5.9	3.8
Transport, post and telephone	0.4	0.5
Financial institutions and insurance	11.0	11.3
Real estate	34.0	40.9
Other sectors	2.7	2.8
Total sectors	79.2	75.3
Private customers	20.4	24.3
Total	100.0	100.0
NOTE 24		
Market risks:		
Foreign exchange risk:		
Foreign exchange indicator 1	29,574	72,917
Foreign exchange indicator 1 in % of core capital after deductions	9.1	20.5
Foreign exchange indicator 2	774	602
Foreign exchange indicator 2 in % of core capital after deductions	0.2	0.2
Interest rate risk:		
Total interest rate risk	-12,091	-2,718
Interest rate risk by the foreign currencies with the largest interest rate risk		
DKK	-8,970	-852
EUR	-2,204	-1,826
CHF	-862	-4
Other currencies	-55	4

Notes

DKK 1,000	2008	2007
NOTE 25		
Related parties:		
Related parties include the bank's Executive management, board of directors and associates.		
There were no unusual transactions with related parties in 2008 and transactions with related parties have been carried out at arm's length. Remuneration for the Management Executive and Board of Directors are stated in note 5.		
Executive management and board of directors:		
The size of loans, pledges, surety or guaranties established for the following: stiftet for nedennævnte:		
Loans etc.:		
Management Executive	1,450	1,000
Board of Directors	111,108	153,851
Security:		
Management Board	750	750
Executive Board of Directors	72,547	60,726
All exposures are made at market conditions with the exception of the employee elected members of the Board, following the prescribed conditions for employees of Aarhus Lokalbanc		
NOTE 26		
Group Structure:		
The bank is the parent company of Center Finansiering A/S in which the bank owns the entire share capital of DKK 500,000.		
Due to the modest size of the subsidiary compared with the bank, no consolidated accounts have been prepared.		
In the bank's financial statement, the shares in Center Finansiering A/S are valued at equity value. The equity of Center Finansiering A/S is T.DKK 1,241. The parent company's debt to Center Finansiering amounts to T.DKK 1,264.		
On a group basis the capital adequacy ratio has been calculated at 13%.		
Accounts with associates:		
Items under equity and liabilities		
Deposits	1,264	892
Total items under equity and liabilities	1,264	892

Board of Representatives, Board of Directors and Management Board

Board of Directors

Rasmus Juhl Rasmussen, Landowner, Skaarupgaard – Chairman.
Born in 1946.

Elected to the Board in 1992.

Directorships in other Danish limited companies: Sia Gaizeni A/S, Biofiber-Damino A/S, Livlande Holding A/S, Biodan A/S and Organic Fuel Technology A/S.

Jørn Sørensen, Master Bricklayer, Hadsten – Deputy Chairman.

Born in 1945.

Elected to the Board in 2000.

Directorships in other Danish limited companies:

Mågevejens murer- og tømrerforretning A/S, MMT Holding A/S, JS

Ejendomme Hadsten A/S and Mågevejens murer- og tømrerforretning af 1982 A/S.

Esben Hammer, Bookstore Owner, Hadsten

Born in 1950.

Elected to the Supervisory Board in 2004.

Gert Lopdrup Pedersen, Landowner, Hadsten

Born in 1959.

Elected to the Board in 2006.

Jørgen Balle, Chief Executive Officer, Aarhus

Born in 1964

Elected to the Board in 2008.

Directorships in other Danish limited companies:

Aarhuskarlshamn Denmark A/S and four subsidiaries,

Bach Salicath Danmark A/S and four subsidiaries.

Knud Erik Rasmussen, Certified Public Accountant, Højbjerg

Born in 1953

Elected to the Board 2008.

Directorships in other Danish limited companies:

Hamimmo A/S, Kenobi Invest A/S, Sifekon Invest A/S and Hamimmo

Boliginvest A/S.

Per Enevoldsen, Deputy Manager, Mårslet

Born in 1952.

Elected to the Board in 2005 by the employees.

Kirsten Majgaard Basse, LLM, Aarhus

Born in 1961.

Elected to the Board in 2008 by the employees.

Hanne Pedersen, Customer advisor - Farming and Agricultural, Hinnerup

Born in 1969

Elected to the Board in 2008 by the employees.

Management's portfolio of Aarhus Lokalbank shares

	Dec. 31 2008	Dec. 31 2007
Board of Directors	shares	shares
Per Enevoldsen	3,021	2,904
Esben Hammer	4,152	4,152
Gert L. Pedersen	9,384	9,384
Rasmus Juhl Rasmussen	149,276	149,276
Jørn Sørensen	43,307	43,307
Jørgen Balle	643	243
Knud Erik Rasmussen	30,498	30,198
Kirsten Majgaard Basse	20	0
Hanne Pedersen	359	242
Executive Management		
Per Hermansen	23,195	23,080
Total	263,855	262,786

Board of Representatives

Rasmus Juhl Rasmussen, Landowner, Skaarupgaard – Chairman

Jørn Sørensen, Master Builder, Hadsten - Vice Chairman

Anders Balle, CFO, Hadsten

Jørgen Balle, President, Aarhus

Erik Bredholt, Large Farmer, Skødstrup

Hans Jørgen Broge, Forest Owner, Laurbjerg

Morten Christensen, CEO, Viby

Sten Ejsing, MSc, Engineering, Højbjerg

Gert Elgaard, Master builder, Hadsten

Poul Fisker, Site Foreman, Selling

Carsten Gadeberg, CEO, Hadsten

Esben Hammer, Bookseller, Hadsten

Ejvind Jørgensen, Financial Consultant, Hadsten

John Kragh, Haulage Contractor, Langaa

Carsten Laursen, Contractor, Langaa

Hakon Lyngaae, Manufacturer, Hadsten

Gitte Rørbaek-Løcke, Chemist, Hadsten

Anne Qvist Nielsen Sagild, Architect, Aarhus

Gert L. Pedersen, Farm Owner, Hadsten

Hans Petersen, Chief sub-editor, Mårslet

Knud Erik Rasmussen, State Authorised Public Accountant, Højbjerg

Jan Rasmussen, Farm Owner, Hadsten

Executive Management

Per Hermansen, Chief Executive Officer, Hadsten

Born in 1955.

Appointed bank manager in 2005.

Remuneration

Board of Directors

Aarhus Lokalbank has nine board members.

The Board is elected by the Board of Representatives for one year of service.

Board remuneration:

Chairman	DKK 150,000 a year.
Deputy Chairman	DKK 90,000 a year.
Other members	DKK 60,000 a year.

Executive Management

Current terms

Salary DKK 1,650,000 a year.

Supplementary pension 11% of salary.

Other terms Company car, home office, life insurance, accident and health insurance, telephone and newspaper.

Term of notice 18 months.

Retirement benefit plan No agreements were made in connection with ordinary retirement.

Bonus scheme No bonus scheme has been agreed.

Partners

Owner interests:

DLR Kredit A/S (with regional and local financial institutions).

Unit trusts:

BankInvest

Spar Invest

Garanti Invest

ValueInvest Asset Management S.A. Luxembourg

Other owner interests:

PBS (The Financial Institutions Service of fee-paying)

Dankort A/S

Letpension A/S

Værdipapircentralen A/S

PRAS A/S

Union-Bank AG Flensburg

Other partners:

PFA

Privatsikring

Forvaltningsinstituttet for lokale pengeinstitutter (a trust company representing local financial institutions)

MasterCard

Bankpension

Danske Invest

Gudme Raaschou Invest

Sydinvest

Partners:

Totalkredit:

With more than 100 local- and regional financial institutions we can, in alliance with Nykredit, provide mortgages to private customers through Totalkredit. Measured in new lending for private owner-occupied dwellings, Totalkredit is today among the largest in the market. Totalkredit-loans are offered in more than 1,000 subdivisions throughout Denmark.

The Danish Bankers Association:

We work closely with this organisation, comprised of approx. 134 financial institutions representing the financial sector.

Local financial institutions:

Along with approx. 106 other local financial institutions, we work together on projects etc., of mutual interest, within the sector.

Education centre for the financial sector:

We support this organisation, which promotes and improves education standards among the 120 – primarily financial institutions - in the country.

Marketing alliances

Together with 20 local financial institutions we work to achieve a common product development and marketing strategy.

Bankdata

We are one of 15 financial institutions, working together for a common IT-development and data processing system.



Staff

Toldkammeret



Per Hermansen
Chief Executive Officer



Bjarne Fries
Head of credit Dept



Henning Jensen
Head of
Administration



Claus Lauenborg
Head of Market Dept.



Ole Lønsmann
Deputive Executive
officer



Carsten Stenulm
Deputive Executive
Officer



Liz Abildgaard
Finance Assistant



Dorte Andersen
Finance Assistant



Gitte Kjær Andersen
Chief Secretary



Torben Bach
Account Manager,
Leasing



Jonas Krogh Balslev
Chief Accountant



Jette Bjerglund
Account Manager



Helle Bjerrehus
Finance Assistant



Anne-Marie Bomholt
Account Manager



Ellinor Carstensen
Assistant Account
Manager



Connie Christensen
Assistant Vice
President



Else O. Christensen
Account Manager



Christian Dyrbye
Currency Advisor



Claus F. Christiansen
Currency advisor



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