

Announcement of annual financial statements for 2007 – Fionia Bank A/S Group

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Odense, 26th of february 2008

The bank has returned a very satisfactory core income result before provisions of DKK 411 million. This is an increase of 34 percent on the previous year (without the sale of Totalkredit).

The before-tax profit was DKK 315 million, in line with the forecast figure of DKK 330 million that remained unchanged throughout the year. This represents an average return on equity of 16 percent.

- 34 percent growth in core income, broken down as follows: core income excluding trading income of DKK 648 million, 13 percent up on the previous year, and trading income of DKK 328 million, representing an increase of 34 percent
- Growth of 23 percent in loans, and 24 percent in deposits
- Costs of DKK 569 million, 11 percent up on the previous year
- Provisions on loans of DKK 71 million, as against provisions of DKK 39 million posted to income in the previous year
- Negative result on holdings, of DKK 25 million, following last year's positive result of DKK 19 million

Provisions on loans were up on the previous year, and the profit on holdings was lower than expected. The before-tax profit was kept in line with the bank's forecasts thanks to the excellent growth in core earnings.

The return on shares for 2007 was 11 percent.

Fionia Bank received the following highly satisfactory ratings from Moody's: financial strength C, long-term deposit A1 and short-term deposit P-1.

The bank's investment in strengthening customer advisory services, building up the overall skill base and recruiting more staff with specialist skills contributed to the excellent core result. The recruitment of new staff resulted in a net increase of 48 employees, and at year end, the bank employed a total of 633 staff (in full-time equivalents).

We have recently decided to carry out major changes to the bank's organisational structure. The focus on our skill base will be further reinforced, and a segment-based structure will be implemented. The bank's competitive position will be enhanced by establishing new competence centres, to deliver better services for customers, and to generate growth and higher profitability for the bank.

The focus in 2008 will therefore be not only on consolidation and optimisation, but also on deriving tangible benefits from our investments in staff and skills development.

Lower growth is expected for the Danish economy as a whole in 2008, which will impact on the level of growth in the bank's business volume and activity levels.

Core earnings, excluding trading earnings, is therefore likely to be affected by lower growth in both loans and deposits. We expect to be able to maintain trading earnings at the current high level, on the basis of significantly increased efforts in this area. Earnings will however be dependent on performance trends on the financial markets.

The forecasted core result before provisions for 2008 is DKK 370–400 million.

Provisions are expected to be on a par with the 2007 figure.

The profit on holdings will depend on the performance of the financial markets, but the bank expects a positive return in 2008.

Summary of core and holdings results					
(DKK million)	2007	2006	2005	2004	2003
Core income excluding trading income	648.2	572.7	533.3	513.0	493.6
Trading income	328.1	245.5	215.7	169.4	145.9
Advance on sale of Totalkredit	3.5	57.3	3.8	14.8	25.9
Total core income	979.8	875.5	752.8	697.2	665.4
Expenses and depreciation	568.6	514.0	457.7	438.5	417.6
Core result before provisions	411.2	361.6	295.1	258.7	247.8
Provisions on lendings, etc.	71.3	-39.0	19.3	81.5	86.7
Core result	339.9	400.5	275.8	177.2	161.1
Result on holdings	-24.7	19.2	44.9	27.2	26.4
Before-tax profit	315.2	419.8	320.7	204.4	187.5
Tax	71.4	96.0	89.4	55.7	47.8
After-tax profit	243.8	323.7	231.3	148.7	139.7
<i>of which minority interests</i>	<i>0.8</i>	<i>0.1</i>			

The annual general meeting will be held on 11 March. The Board of Directors recommends payment of a dividend of DKK 35 per share, and a reduction of the par value of the bank's shares to DKK 10.

Any questions should be addressed to the bank's General Manager, Finn B. Sørensen, phone +45 65 20 40 60.

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<i>All amounts in DKK.</i>	

Fionia Bank group highlights and key indicators

Income statement summary

(DKK million)	2007	2006	2005	2004	2003
Net interest income	567.8	447.7	473.0	498.8	483.6
Shares dividends ect	11.1	13.2	10.1	15.8	15.4
Fees and commissions income (net)	231.3	193.9	187.3	142.6	133.8
Net interest and fees income	810.2	654.8	670.3	657.2	632.8
Value adjustments	120.4	221.3	113.8	40.8	39.8
Value adjustments	28.7	21.3	20.1	25.8	19.2
Result before costs	959.3	897.5	804.2	723.8	691.8
Staff and administration expenses and depreciation	572.8	519.7	464.9	438.5	417.6
Provisions on lendings and receivables, etc.	71.3	-39.0	19.3	81.5	86.7
Value adjustment for affiliated undertakings	0.0	0.0	-0.1	-0.3	0.0
Profit on discontinued activities	0.0	3.0	0.8	0.8	0.0
Before-tax profit on ordinary activities	315.2	419.8	320.7	204.3	187.5
Tax	71.4	96.0	89.4	55.7	47.8
After tax profit	243.8	323.7	231.3	148.6	139.7

Balance sheet highlights (DKK million)

Total assets	31,519	29,276	24,224	19,471	17,925
Deposits	13,538	10,879	9,302	7,817	7,276
Deposits in investment pool schemes	0	1,565	1,100	663	539
Lendings	20,204	16,471	12,744	10,289	8,984
Subordinated debt	881	810	681	390	283
Equity	2,018	1,845	1,538	1,375	1,177

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

Key indicators share (DKK per share of DKK 100)

Profit of the year	134.6	189.4	128.1	82.3	77.0
Dividend	35	40	35	35	35
Share price at end of year	1,742	1,600	1,320	1,031	714
NAV per share	1,117	1,022	852	762	649
Share price/NAV per share	1.56	1.57	1.55	1.35	1.10

Other key indicators

Total capital adequacy ratio	10.5	11.4	11.2	11.2	10.1
Tier 1 capital adequacy ratio	8.0	8.9	8.8	8.5	8.4
Before-tax return on equity *	16.3	24.8	22.0	15.7	16.5
After-tax return on equity *	12.6	19.1	15.9	11.4	12.3
Earnings per DKK of expenses	1.49	1.87	1.67	1.39	1.37
Interest rate risk	1.5	2.9	3.3	5.3	5.7
Foreign currency position	6.5	7.1	3.8	6.4	8.5
Foreign currency risk	0.1	0.1	0.0	0.2	0.2
Surplus cover above statutory liquidity requirement	73.1	90.2	143.9	182.9	193.6
Total major exposures	40.3	12.0	90.9	61.2	149.1
Provision percentage for the year	0.3	-0.2	0.1	0.6	0.7
Lendings growth for the year	22.7	29.2	23.9	14.5	5.1
Lendings as a ratio of equity	10.0	8.9	8.3	7.5	7.6
Lendings as a ratio of deposits	149.3	134.6	126.0	125.8	122.1
Av. number of full-time employees	622	574	530	515	519

*) Calculated on average equity.

Comparison figures for 2003 have not been adjusted for the new accounting policies. The 2004 figures are adjusted in part as per the transitional provisions.

Core and holdings results		
(DKK million)	2007	2006
Core income excluding trading income	648,2	572,7
Trading income	328,1	245,5
Advance on sale of Totalkredit	3,5	57,3
Total core income	979,8	875,5
Expenses and depreciation	568,6	514,0
Core result before provisions	411,2	361,5
Provisions on lendings, etc.	71,3	-39,0
Core result	339,9	400,5
Result on holdings	-24,7	19,2
Before-tax profit	315,2	419,7
Tax	71,4	96,0
After-tax profit	243,8	323,7
<i>of which minority interests</i>	<i>0,8</i>	<i>0,1</i>

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 earnings is DKK 648.2 million, as compared with DKK 572.7 million in the previous year.

(DKK million)	2007	2006
Interest income, net	510.4	450.2
Fees and commissions, net	109.1	98.1
Other income	28.7	24.4
Total	648.2	572.7

Interest margin income etc. was DKK 510 million, an increase of 13.4 percent. This positive trend was driven by increases in loan brokering volumes. Total loans rose by 22.7 percent, to DKK 20.2 billion. Total guarantees were DKK 5.2 billion, up from DKK 4.7 billion in the previous year. Deposits rose by 24.4 percent to DKK 13.5 billion.

The pool investment schemes were terminated in the first half of 2007, with 95 percent of our pool members

transferring their investments to the newly established Fionia Invest I to IV. Total investments since the start of the new investment funds have risen from DKK 1.5 billion to DKK 2.1 billion.

Fees and commission earnings is 11.2 percent up on the previous year, at DKK 109.1 million.

This increase has been driven mainly by home loans and payment handling services.

Trading earnings, excluding Totalkredit, comprising trading and portfolio management, was DKK 328.1 million, as compared with DKK 245.5 million in the previous year, excluding the profit on the sale of Totalkredit. This is an increase of 33.1 percent.

(DKK million)	2007	2006
Trading	258,2	191,6
Portfolio management	69,9	53,9
Advance on sale of Totalkredit	3,5	57,3
Total	331,6	302,8

This increase is based on higher returns on the bank's equity and increased activity volumes for all customer categories. For the trading component, the increase refers to the results in the first half of 2007.

Activity volumes fell off in the second half of the year, owing to the difficult conditions on the financial markets.

Trading earnings excluding Totalkredit also includes the bank's portfolio of unlisted shares recognised at fair value on the basis of model calculations. These delivered a capital gain of DKK 27.6 million in comparison with the previous year, including dividends and after funding costs.

Total trading income was DKK 331.6 million, as compared with DKK 302.8 million in 2006.

Core costs and write-downs on tangible assets were DKK 568.6 million, as compared with DKK 514.0 million in the previous year.

(DKK million)	2007	2006
Personnel expenses	336.2	305.3
Other administration and operating expenses	219.8	202.0
Writedowns on tangibles assets	12.6	6.7
Total	568.6	514.0

This represents a 10.6 percent increase in costs, depreciations and write-downs. The increase is mainly attributable to the higher staff establishment, with a net increase of 48 employees in 2007 (in average terms).

Provisions on loans were DKK 71.3 million, including provisions on loan and receivables of DKK 42.9 million (net). The loss without prior individual provisions was DKK 37 million, mainly attributable to one particular exposure. Income from previously written-off loans was DKK 8.6 million.

Total provisions on individual exposures were DKK 153.3 million, as compared with DKK 169.8 million in 2006. Total portfolio provisions were DKK 133.1 million, up from DKK 108.8 million in 2006.

Profit on holdings

The profit on holdings was DKK -24.7 million, as compared with DKK 19.2 million in 2006. The earnings on holdings is the total return from the bank's own holdings of securities, less funding and operating costs.

(DKK million)	2007	2006
Income on holdings	-20,5	25,0
Costs	4,2	5,8
Total	-24,7	19,2

The result was affected by rising interest rates and the crisis on the financial market in the second half of 2007, and also by a downward price adjustment of our holding of structured credit products, with a high external rating. The negative impact from our bonds holdings was partly offset by a positive result on the equities market, with returns significantly outperforming an equivalent passive investment strategy.

After-tax profit

The after-tax profit was DKK 243.8 million, resulting in a net asset value per share of DKK 1,117.

Tax provisions for the period were DKK 71.4 million, equivalent to an actual tax rate of 22.7 percent. DKK 62.2 million of this amount is the tax calculated on income for the year, with DKK 8.0 million for deferred tax adjustments.

Subsidiaries

Fionia Bank comprises the parent entity Fionia Bank A/S, Ejendomsselskabet Vestre Stationsvej 7, Odense 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. The result for the year was a surplus of DKK 2.3 million, with equity of DKK 105.3 million.

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 3.4 full-time equivalents. The profit for the year was DKK 1.7 million, and equity was DKK 1.9 million.

Capital and solvency

During 2007, Fionia Bank A/S raised subordinated debt capital in the form of tier 2 capital for a nominal value of EUR 10 million.

Capital adequacy		
(DKK million)	2007	2006
Tier 1 capital (including hybrid tier 1 capital) after deductions	2.144,1	1.898,4
Tier 2 capital after deductions	681,2	542,4
Capital base after deductions	2.825,3	2.440,8
Total weighted items	26.827,1	21.424,5
Total capital adequacy ratio	10,5	11,4
Tier 1 capital adequacy ratio (including hybrid tier 1 capital)	8,0	8,9

Risk-weighted items increased by DKK 5.4 billion to DKK 26.8 billion. DKK 3.6 billion of this amount relates to items outside the trading holdings, mainly related to loans growth during the year, and DKK 1.3 billion refers to an increase in market risk.

The total capital adequacy ratio at the end of 2007 was 10.5 percent, with a tier 1 ratio of 8.0 percent. The corresponding figures for 2006 were 11.4 percent and 8.9 percent respectively.

Subordinated debt at 31 December 2007 was DKK 880.6 million. The capital base after deductions at 31 December 2007 was DKK 2,825.2 million.

Fionia Bank's equity at 31 December 2007 was DKK 2,017.6 million.

Accounting policies

The presentation of value adjustments for Treasury bills and zero-coupon bonds with an original term of more than one year has been changed from revenue recognition under interest income from bonds to revenue recognition under bond value adjustments. In addition, the presentation of income from work carried out for the bank's computing centre has been changed from revenue recognition under other administration expenses to recognition under other operating income. The previous year's comparison figures have been adjusted accordingly.

These changes have no impact on the profit for the year or equity.

The accounting policies applied are otherwise unchanged from the 2006 annual report.

Financial calendar for 2008

Publication of annual report	26 February
Quarterly report for 1st quarter of 2008	29 April
Half-year report for 2008	5 August
Quarterly report for quarters 1-3 of 2008	28 October

The bank's annual general meeting will be held on 11 March 2008.

Income statement		
(DKK million)	2007	2006
Interest income	1,448.2	1,004.9
Interest expenses	880.4	557.2
Net interest income	567.8	447.7
Share dividends etc.	11.1	13.2
Fees and commissions income	251.4	212.6
Fees and commissions expenses	20.1	18.7
Net interest and fees income	810.2	654.8
Value adjustments	120.4	221.3
Other operating income	28.7	21.3
Staff and administration expenses	560.2	512.7
Amortisation, depreciation and write-downs on intangible and tangible assets	12.6	6.7
Other operating expenses	0.0	0.3
Provisions on lendings and receivables, etc.	71.3	-39.0
Value adjustments for affiliated undertakings	0.0	0.0
Result from activities being wound up	0.0	3.0
Before-tax profit	315.2	419.8
Tax	71.4	96.0
Profit for the year	243.8	323.7
Portion attributable to		
Shareholders of the Parent Company	242.9	323.6
Minority interests	0.8	0.1
Profit for the year	243.8	323.7

Balance		
(DKK million)	2007	2006
Assets		
Cash in hand and demand credit balances at central banks	257.7	513.6
Credit balances at credit institutions and central banks	3,865.7	4,382.8
Lendings and other receivables at fair value	31.2	121.3
Lendings and other receivables at amortised historical cost	20,173.2	16,350.0
Bonds at fair value	5,613.4	5,192.8
Shares etc.	603.5	572.0
Investments in affiliated undertakings	0.0	0.0
Assets relating to investment pool schemes	0.0	1,440.0
Intangible assets	3.3	0.0
Land and buildings, total	245.4	233.5
Investment property	0.2	0.2
Domiciliary property	245.1	233.2
Other tangible assets	22.8	19.5
Current tax assets	19.0	0.0
Deferred tax assets	4.4	15.7
Temporarily acquired assets	2.5	0.0
Other assets	661.4	420.2
Prepayments	15.6	14.5
Total assets	31,519.2	29,275.9
Liabilities and shareholders' funds		
Liabilities		
Debts to credit institutions and central banks	10,841.0	9,855.8
Deposits and other liabilities	13,538.2	10,879.3
Deposits in investment pool schemes	0.0	1,565.2
Bonds issued at fair value	1,120.1	632.2
Current tax liabilities	0.0	22.3
Other liabilities	3,089.4	3,599.6
Deferred income	6.4	10.1
Total liabilities	28,594.9	26,564.5
Allocations for liabilities		
Allocations for pensions and similar liabilities	20.9	20.2
Allocations for losses on guarantees	4.0	7.4
Allocations for other liabilities	1.0	28.6
Total allocations for liabilities	25.9	56.2
Subordinated debt		
	880.6	810.2
Equity		
Share capital	181.4	181.4
Accumulated changes in value	84.3	84.3
Revaluation reserves	84.3	84.3
Other reserves	707.3	704.8
Statutory reserves	53.2	50.7
Other reserves	654.1	654.1
Profits or losses brought forward	1,043.7	874.4
Minority interests	0.9	0.1
Total equity *	2,017.6	1,845.0
Total liabilities and shareholders' equity	31,519.2	29,275.9
* of which proposed dividend	63.5	72.6

Capital structure							
Changes in capital	Share capital	Proposed dividend	Other reserves	Retained earnings	Total	Minority interests	Total
Equity at the start of 2006	181.4	63.5	654.1	639.3	1,538.4	0.0	1,538.4
Value adjustment for domiciliary property				47.6	47.6		47.6
Income posted directly to equity				47.6	47.6		47.6
Profit for the year				323.6	323.6	0.1	323.7
Total income				371.2	371.2	0.1	371.3
Dividends paid		-63.5		0.3	-63.2	0.0	-63.2
Proposed dividend		72.6		-72.6	0.0	0.0	0.0
Purchase of own shares				-242.2	-242.2	0.0	-242.2
Sale of own shares				240.7	240.7	0.0	240.7
Equity at the end of 2006	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	243.8
Total income				242.9	242.9	0.8	243.8
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
Equity at the end of 2007	181.4	63.5	654.1	1,117.6	2,016.7	0.9	2,017.6
<i>The AGM on 11 March 2008 will be asked to approve a dividend for 2007 of DKK 35.00 per share.</i>							
The share capital comprises 1.814.052 shares of DKK 100.							
The shares are issued in one serie.							
				Total			
Fionia Bank A/S holdings of own shares			Number	Face value	purchase/	Percent	
				sale price			
Holding of own shares at the start of 2006			8,953	895,300		0.5	
Shares acquired during the year			160,226	16,022,600	242,2	8.8	
Shares disposed of during the year			159,746	15,974,600	240,7	8.8	
Holding of own shares at the end of 2006			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	
Holding of own shares at the end of 2007			8,658	865,800		0.5	
<i>Acquisitions and disposals of own shares are carried out as part of the bank's general trading operations with securities and its customers.</i>							

Income by business segments						
(DKK million)						
Income statement	Core income, incl. trading income	Income from holdings	2007		Income from holdings	2006
			Total *	Core income, incl. trading income		Total *
Net interest income	577.5	-9.8	567.8	446.8	0.9	447.7
Dividends on shares	4.9	6.2	11.1	7.1	6.1	13.2
Fees and commissions income (net)	233.1	-1.8	231.3	195.5	-1.6	193.9
Net interest and fees income	815.5	-5.3	810.2	649.4	5.4	654.8
Value adjustments	135.6	-15.2	120.4	201.8	19.5	221.3
Other operating income	28.7		28.7	21.3		21.3
Operating expenses and depreciation	556.0	4.2	560.2	507.3	5.7	513.0
Provisions on lendings etc.	71.3		71.3	-39.0		-39.0
Profit on discontinued activities	0.0		0.0	3.0		3.0
Before-tax profit on ordinary activities	339.9	-24.7	315.2	400.6	19.2	419.8
<i>* Danish Financial Supervisory Authority official summary accounts format</i>						
<i>Trading income comprises primary transactions in securities, foreign exchange and the money market, including returns from associated holdings and after funding costs.</i>						
<i>Income from holdings comprises the return on the bank's own holdings, including associated holdings, after funding and operating costs.</i>						

Balance by business segments						
(DKK million)						
Balance sheet as at 31.12	Core, including trading	Hold- ings	2007		Hold- ings	2006
			Total *	Core, including trading		Total *
Assets:						
Cash in hand, lendings and credit balances at credit institutions and central banks	24,327.8		24,327.8	21,367.5		21,367.5
Bonds at fair value	3,459.9	2,153.5	5,613.4	3,339.6	1,853.2	5,192.8
Shares and investments in affiliated undertakings, etc.	469.7	133.8	603.5	351.8	220.2	572.0
Other assets	588.0	73.4	661.4	368.6	51.6	420.2
Other assets, total	313.0		313.0	1,723.4		1,723.4
Total	29,158.5	2,360.7	31,519.2	27,150.9	2,125.0	29,275.9
Liabilities and shareholders' funds:						
Debts to credit institutions, central banks and deposits, total *	24,379.1		24,379.1	22,300.3		22,300.3
Other liabilities	3,088.0	1.4	3,089.4	3,182.4	417.3	3,599.7
Other liabilities, total	2,033.0		2,033.0	1,531.0		1,531.0
Minority interests	0.9		0.9	0.1		0.1
Equity **	2,016.7		2,016.7	1,844.8		1,844.8
Total	31,517.8	1.4	31,519.2	28,858.6	417.3	29,275.9
<i>* Including both core and holdings</i>						

Cash flow statement		
(DKK million)	2007	2006
Operating activities		
Profit for the period	243.8	323.7
Adjustment for non-cash items:		
Provisions on lendings etc. net	71.3	-39.0
Amortisation and depreciation on intangible and tangible assets	12.6	6.1
Prepayments and deferred income items. net	-4.9	-5.6
Allocations for expenses	-30.3	15.5
Tax	71.4	96.0
Adjustments for cash items:		
Tax paid	-101.5	-97.8
	262.4	298.9
Working capital		
Credit institutions (net)	988.9	1,634.3
Lendings adjusted for provisions during the period	-3,804.5	-3,687.9
Financial current assets	-469.3	502.2
Temporarily acquired assets	-2.5	3.2
Other assets and other liabilities (net)	-751.4	1,265.5
Deposits	2,659.0	1,577.5
Deposits in investment pools. net	-125.1	2.7
Cash flows from operating activities	-1,242.5	1,596.4
Investment activities		
Intangible assets	-3.7	0.0
Purchase/sale of tangible fixed assets	-27.4	-14.9
Cash flows from investing activities	-31.1	-14.9
Financing activities		
Subordinated debt. inflow	74.4	250.0
Subordinated debt. outflow	-4.0	-120.5
Bonds issued	487.9	632.2
Purchase/sale of own shares	1.2	-1.5
Purchase/sale of own shares	-72.3	-63.2
Cash flows from financing activities	487.2	696.9
Change in cash and cash equivalents	-786.4	2,278.4
Cash and cash equivalents at start of period	4,867.7	2,589.3
*Cash and cash equivalents at end of period	4,081.3	4,867.7
<i>Changes in holdings items other than shares include unrealised capital gains.</i>		
*Cash and cash equivalents are stated according to Financial Services Law Section 152		
Cash in hand and demand credit balances at central banks	257.7	513.6
Deposits with credit institutions and central banks with terms shorter than 3 months	3,808.1	4,321.3
Bonds with terms shorter than 3 months	15.5	32.7
Cash and cash equivalents at end of period	4,081.3	4,867.7