

Annual Report 2009



forstædernes bank
Enriching advice

Contents

Basic Information	2	Management Statement and Audit Reports	25
Management's Review	3	Statement by the Board of Directors and the Executive Board on the Annual Report	25
Forstædernes Bank A/S 2005-2009	3	Auditors' Report	26
Summary 2009	5	Financial Statements	28
Review	6	Income statement	28
- Forstædernes Bank, results	6	Balance sheet	29
- Business volume	6	Statement of changes in equity and capital adequacy	30
- Core earnings from business operations	7	Cash flow statement	31
- Core income from securities	8	Core earnings and investment portfolio income	32
- Investment portfolio income	8	Notes	33
- Balance sheet, capital structure and capital adequacy	8	Forstædernes Bank – Eight Quarters	68
- Liquidity	9	Other Information	
- Events occurred after the end of the financial period and unusual circumstances	9	Advisory Centres	69
- Outlook for 2010	9		
- Other	9		
Risk and capital management	11		
- Organisation and delineation of responsibilities	11		
- Capital adequacy	12		
- Credit risk	12		
- Market risk	16		
- Liquidity risk	18		
- Operational risk	20		
- Uncertainty as to recognition and measurement	20		
Audit Committee	21		
External Financial Reporting Process	22		
Management, Directorships and Executive Positions	24		

Basic Information

Board of Directors

Peter Engberg Jensen (Chairman)
Karsten Knudsen (Deputy Chairman)
Søren Holm
Per Ladegaard
Jesper Andreasen
Olav Brusen Barsøe *)
Mette Viskum Kretzschmer *)
Henrik Planthin *)
*) *Staff-elected member*

Executive Board

Niels Fessel
Bjørn Damgaard Mortensen

Company information

Forstædernes Bank A/S
Kalvebod Brygge 47
DK-1560 Copenhagen V

Website: forbank.dk

Tel +45 44 55 44 55

Fax +45 44 55 55 64

CVR no 52 96 98 16

Financial period:

1 January-31 December

Municipality of registered office:

Copenhagen

External auditors

Deloitte Statsautoriseret
Revisionsaktieselskab
Weidekampsgade 6
DK-2300 Copenhagen S

Owner

Nykredit Realkredit A/S

Financial calendar 2010

11 February

Annual Report (FY 2009)

25 February

Annual General Meeting of
Forstædernes Bank A/S

Published stock exchange
announcements etc are available at
forbank.dk.

The Annual Report is available in
Danish and English at forbank.dk and
nykredit.com.

Management's Review – Forstædernes Bank A/S 2005-2009

DKK million/EUR million	2009 EUR	2009	2008	2007	2006	2005
SUMMARY INCOME STATEMENT						
Net interest and fee income	137	1,023	1,065	1,012	867	848
Value adjustments	(6)	(41)	(393)	67	235	39
Other operating income	1	5	5	1	2	1
Staff and administrative expenses	80	598	664	627	537	486
Other operating costs, depreciation and amortisation	27	200	88	43	37	28
Impairment losses on loans, advances and receivables	718	5,346	1,534	50	41	24
Profit from investments in associates and group enterprises	0	0	0	0	0	30
Profit (loss) before tax	(693)	(5,156)	(1,609)	359	491	380
Tax	(174)	(1,295)	(382)	84	86	106
Profit (loss) for the year	(519)	(3,861)	(1,227)	275	405	274
BALANCE SHEET, YEAR-END						
Assets						
Cash balance and receivables from central banks and credit institutions	531	3,954	4,357	1,460	2,879	2,207
Loans, advances and other receivables at fair value	11	80	54	0	0	165
Loans, advances and other receivables at amortised cost	2,082	15,493	22,260	25,386	20,288	16,710
Bonds and equities at fair value	1,537	11,436	3,443	6,263	6,519	4,266
Investments in associates and group enterprises	1	4	4	4	24	24
Other asset items	278	2,071	2,180	719	499	421
Total assets	4,440	33,038	32,298	33,832	30,209	23,793
Liabilities and equity						
Payables to credit institutions and central banks	1,111	8,270	7,221	11,193	10,803	8,624
Deposits and other payables	2,439	18,152	14,704	16,902	14,294	11,928
Other payables	395	2,940	5,512	2,097	1,881	775
Total payables	3,946	29,362	27,437	30,192	26,978	21,327
Provisions	48	361	61	28	7	5
Subordinate loan capital	157	1,169	1,745	1,404	1,505	1,049
Equity	289	2,147	3,055	2,208	1,719	1,412
Total liabilities and equity	4,440	33,038	32,298	33,832	30,209	23,793
OFF-BALANCE SHEET ITEMS, YEAR-END						
Contingent liabilities	505	3,760	6,020	7,143	9,001	7,473

1 EUR = DKK 7.4415 at end-2009.

Management's Review – Forstædernes Bank A/S 2005-2009

	2009	2008	2007	2006	2005
FINANCIAL RATIOS					
Capital adequacy ratio, %	15.7	15.5	11.2	12.1	11.2
Core capital ratio, %	11.2	10.5	7.6	7.3	7.5
Return on equity before tax (pa), %	(198.2)	(61.1)	18.3	31.4	31.4
Return on equity after tax (pa), %	(148.5)	(46.6)	14.0	25.9	22.6
Income:cost ratio, DKK ¹	0.16	0.30	1.50	1.80	1.71
Interest rate exposure, %	2.9	1.9	3.3	2.9	2.9
Foreign exchange position, %	0.9	5.5	9.0	6.1	10.7
Foreign exchange exposure, %	0.0	0.0	0.1	0.1	0.1
Loans and advances with impairments:deposits, %	120.1	163.1	151.7	143.5	143.3
Loans and advances:equity, %	7.3	7.3	11.5	11.8	12.0
Growth in loans and advances for the year, %	(30.2)	(12.1)	25.1	20.2	43.6
Excess cover:statutory liquidity requirements, %	223.9	77.7	114.8	133.7	109.4
Total large exposures, %	198.1	84.7	227.8	273.9	226.8
Impairment losses for the year, %	25.4	5.1	0.2	0.1	0.1
Average number of staff (full-time equivalents)	499	570	558	544	502

The financial ratios have been calculated in accordance with the definitions of the Danish Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc.

¹ Income includes net interest and fee income, value adjustments, other operating income and profit from investments in associates and group enterprises. Costs include staff and administrative expenses, other costs, depreciation and amortisation as well as impairment losses.

Management's Review – Summary 2009

The Bank recorded a loss before tax of DKK 5,156m in 2009, which was highly unsatisfactory.

Core earnings from business operations before costs relating to the government guarantee scheme and impairment losses came to DKK 183m in 2009 against DKK 225m in 2008.

Impairment losses for 2009 were DKK 5,346m against DKK 1,534m in 2008.

The investment portfolio generated an income of DKK 163m compared with a loss of DKK 500m in 2008, whereas core income from securities was negative in the amount of DKK 8m against a profit of DKK 232m in 2008.

- Net interest income from business operations were up 11%.
- Other core income from business operations decreased by 41%, primarily due to lower trading income.
- Total costs increased by DKK 45m due to costs relating to the government guarantee scheme. Excluding the government guarantee scheme, costs decreased by 10%.
- Deposits increased and loans and advances decreased, resulting in a deposit surplus of DKK 2.6bn at 31 December 2009.
- The Bank is in a solid and comfortable liquidity and funding situation, which is accentuated by an excess cover to the tune of DKK 7.5bn at 31 December 2009, or 224%, relative to the 10% requirement prescribed by section 152 of the Danish Financial Business Act.
- Equity stood at DKK 2.1bn, and the core capital ratio was 11.2% against 10.5% in 2008.
- The individual capital need was 14.1% at end-2009, and the capital

adequacy ratio was 15.7% against 15.5% at end-2008.

Impairment losses

The higher impairment losses resulted from a markedly deteriorated economic environment, impairment of security received and a provisioning need regarding a few large exposures.

In H1/2009 impairment losses of DKK 1,390m were mainly characterised by the financial crisis after the Lehman Brothers' collapse in autumn 2008 when declining equity prices, falling property prices and rising exchange rates of CHF and other loan currencies prompted impairment losses on a number of large exposures.

By contrast, the impairment losses of DKK 3,956m in H2/2009 were primarily influenced by a very sharp drop in the Danish GDP in Q2/2009 which implied significant decreases in commercial property prices. The price decrease was particularly noticeable within rental properties with vacancies. A critical review and revaluation of the provisioning need relating to all exposures of the Bank were made in Q3 and Q4/2009, prompted by the deterioration of the business climate.

The impairment losses chiefly derived from property exposures in respect of which the Bank's security was weak based on second or third mortgages.

Merger with Nykredit Bank A/S

Nykredit Bank A/S and Forstædernes Bank A/S are expected to merge at 1 April 2010 – effective 1 January 2010 for accounting purposes.

Management's Review – Review

Forstædernes Bank, results

Forstædernes Bank's core earnings from business operations before impairment losses totalled DKK 34m in 2009 against DKK 193m in 2008. This decline is primarily attributable to costs relating to the government guarantee scheme. Over the same period, impairment losses rose from DKK 1,534m in 2008 to DKK 5,346m in 2009, and caused core earnings from business operations after impairment losses to decline from a loss of DKK 1,341m in 2008 to a loss of DKK 5,311m in 2009.

In 2009 core income from securities was negative in the amount of DKK 8m against a profit of DKK 232m in 2008, whereas investment portfolio income came to DKK 163m in 2009 against a loss of DKK 500m the year before.

Consequently, the Bank recorded a loss before tax of DKK 5,156m and a loss after tax of DKK 3,861m against

losses of DKK 1,609m and DKK 1,227m respectively in 2008, which is considered highly unsatisfactory.

Business volume

Forstædernes Bank's total business activities (lending, deposits, guarantees and custody accounts) amounted to DKK 53.5bn at 31 December 2009 against DKK 59.4bn at the same time the year before.

This is equivalent to a decline of DKK 5.9bn or 10% and is primarily attributable to the decline in lending.

Loans and guarantees

The consequences of the general deterioration of the Danish economy were a decline in lending as well as substantial impairment losses on the loan portfolio.

Over the past year, total lending fell by DKK 6.7bn to DKK 15.6bn at 31 December 2009, corresponding to a

downturn of 30%. The decline is mainly an effect of provisions for loan impairment.

The Bank's credit portfolio spans numerous business sectors and retail customers. Retail customers represented 27% of the portfolio at 31 December 2009. With 24%, property-related lending accounted for the largest proportion of the portfolio.

The Bank is not exposed to the mortgage market.

Guarantee volumes decreased by DKK 2.3bn to DKK 3.8bn in the year under review. This decline primarily relates to conversions of financial guarantees for foreign loans to own lending.

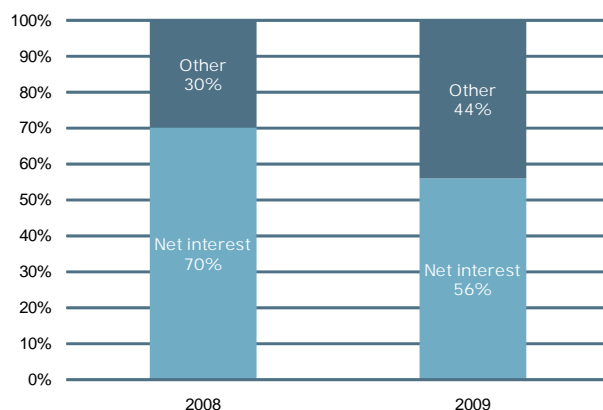
Please refer to "Risk and capital management" in the Management's Review for further information on the Bank's credit risk.

2009 and 2008 pre-tax results after investment portfolio income and core earnings (DKK m)

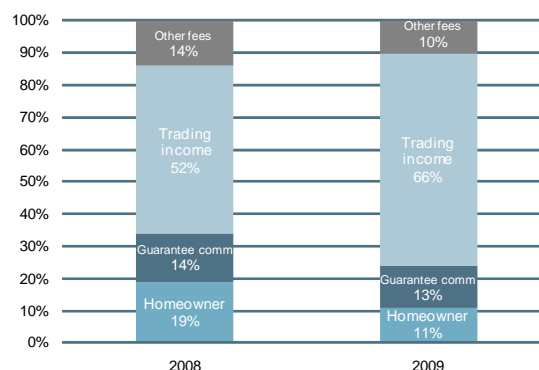
	2009	2008
Net interest income from business operations	585	529
Other core income	246	416
Core income from business operations	831	945
Government guarantee scheme	149	32
Operating costs, depreciation and amortisation	648	720
Core earnings before impairment losses	34	193
Impairment losses on loans and advances	5,346	1,534
Core earnings from business operations	(5,311)	(1,341)
Core income from securities	(8)	232
Core earnings	(5,319)	(1,109)
Investment portfolio income	163	(500)
Loss before tax	(5,156)	(1,609)

Management's Review – Review

Specification of core income from business operations



Specification of other core income



The Figure specifies fee and commission income recognised in core earnings. See also note 5, specifying the Bank's total fee and commission income.

Deposits

Following Nykredit's acquisition of the Bank and the introduction of the government guarantee scheme, the development in deposits has taken a positive turn.

Deposits increased by DKK 3.4bn over the past year and totalled DKK 18.2bn at 31 December 2009.

Custody accounts

At end-2009 customer assets held in custody came to DKK 16.0bn, which is at level with custody volumes at the same time the year before.

Core earnings from business operations

In 2009 core earnings from business operations were negative in the amount of DKK 5,311m against a loss of DKK 1,341m the year before. Results were chiefly affected by significant impairment losses on loans and advances.

Core income from business operations

In 2009 the Bank saw a decrease in total core income from business

operations by DKK 114m, or 12%, compared with 2008. This decline is the result of two opposing factors – an increase in net interest income and a decrease in other core earnings.

The decrease in lending volumes from 2008 to 2009 is partly set off by lower loan rates on the Bank's funding from other credit institutions. As a result, net interest income from business operations rose by DKK 56m, equal to an increase of 11%.

The Bank's total trading income in 2009, including income from securities trading, asset management and customers' foreign exchange trading, was affected by lower activity in the foreign exchange and securities markets as well as stagnation in customer assets held in custody compared with the previous year.

Guarantee commission (excluding the housing market) decreased in 2009 relative to 2008, primarily as a result of conversions of financial guarantees for foreign loans to own lending. Income

from the Bank's housing advisory services are slightly above 2008 levels.

Finally, the level of the Bank's other fees in 2009 was slightly below that of 2008.

Overall, the Bank's other core income from business operations fell by DKK 170m in 2009 compared with the previous year.

Against this backdrop, the proportion of net interest income as a percentage of total core income picked up on the year before.

Costs

In 2009 costs excluding expenditure relating to the government guarantee scheme fell by DKK 72m, a 10% reduction relative to 2008. Guarantee commission under the government guarantee scheme came to DKK 149m in 2009 against DKK 32m in 2008.

Forstædernes Bank had 499 staff on average in 2009, 12% fewer than in 2008. The decrease in staff numbers was prompted by Forstædernes Bank's

Management's Review – Review

adjustment of resources to the generally more moderate activity level and the incipient amalgamation of core functions with Nykredit Bank as the surviving company.

Total payroll costs were down by 13% compared with 2008.

Other costs including depreciation and amortisation fell by 7% on 2008.

Impairment losses

The higher impairment losses resulted from a markedly deteriorated economic environment, impairment of security received and a provisioning need regarding a few large exposures.

In H1/2009 impairment losses of DKK 1,390m were mainly characterised by the financial crisis after the Lehman Brothers' collapse in autumn 2008 when declining equity prices, falling property prices and rising exchange rates of CHF and other loan currencies prompted impairment losses on a number of large exposures.

By contrast, the impairment losses of DKK 3,956m in H2/2009 were primarily influenced by a very sharp drop in the Danish GDP in Q2/2009 which implied significant decreases in commercial property prices. The price decrease was particularly noticeable within rental properties with vacancies. A critical review and revaluation of the provisioning need relating to all exposures of the Bank were made in Q3 and Q4/2009, prompted by the deterioration of the business climate.

The impairment losses chiefly derived from property exposures in respect of which the Bank's security was weak based on second or third mortgages.

Core income from securities

Core income from securities reflects the return which the Bank would have obtained by placing its investment portfolios at risk-free rates. In addition, core income from securities includes interest expenses relating to subordinate loan capital.

Core income from securities was strongly and negatively affected by lower average risk-free rates of 1.83% in 2009 compared with 4.48% in 2008. This generated a loss of DKK 8m in 2009 against a positive amount of DKK 232m the year before.

Investment portfolio income

Investment portfolio income amounted to DKK 163m against a loss of DKK 500m in 2008. Investment portfolio income includes the part of the financial income exceeding risk-free interest.

In 2009, investment portfolio income was affected by capital losses on the Bank's portfolio of corporate bonds, whereas other bonds and equities yielded a positive return.

The Bank's corporate bond portfolio was sold in late 2009, and no significant exposure existed in this segment at the end of the year.

The Bank's bond portfolio mainly consists of government bonds and high-rated mortgage bonds. In 2009 the Bank's interest rate exposure, average as well as at year-end, was DKK 61m or 2.9% of core capital at 31 December 2009. In 2008 interest rate exposure averaged 3.0% of core capital.

The Bank's equity portfolio primarily consists of a banking book of sector equities. The Bank's equity exposure excluding sector equities averaged

DKK 18m in 2009 against DKK 132m the year before.

Balance sheet, capital structure and capital adequacy

Balance sheet

The Bank's balance sheet totalled DKK 33.0bn at end-2009 against DKK 32.3bn at end-2008, up DKK 0.7bn.

The asset side was in particular affected by declines in lending as well as by a sizeable rise in the bond portfolio. The latter must be viewed in light of the Bank's considerable cash resources.

The liability side was primarily affected by the rise in deposits, while subordinate loan capital and equity declined. Subordinate loan capital was affected by a number of repayments throughout 2009, while equity fell due to the loss for the year.

Capital structure

Forstædernes Bank's capital base supports its risk profile and business strategy.

In the Nykredit Group, reserves are to the widest extent possible concentrated in the Parent Company, Nykredit Realkredit A/S.

Forstædernes Bank's capital base before statutory deductions totalled DKK 3,316m at end-2009, of which DKK 2,147m was equity and DKK 1,169m subordinate loan capital. Of the latter, hybrid capital amounted to DKK 258m, which was fully included in core capital.

In 2009 the Parent Company contributed new core capital of DKK 2,954m to the Bank, and subordinate loan capital in the nominal amount of DKK 600m was repaid.

Management's Review – Review

Capital adequacy

Forstædernes Bank applies the standardised approach when determining credit risk and the basic indicator approach for operational risk. Market risk is determined in accordance with the standardised approach, as previously.

The Bank's capital adequacy ratio was 15.7% at 31 December 2009 against 15.5% at the same time the year before.

The core capital ratio was 11.2% at 31 December 2009 against 10.5% at the same time the year before.

Two factors significantly affected the capital adequacy and core capital ratios in 2009. First, core capital and capital base after statutory deductions both decreased, as the loss posted for 2009 exceeds other changes to core capital and the capital base. Second, risk-weighted assets fell, chiefly as a result of a decline in loans, advances and guarantees.

Liquidity

The Bank pursues a policy of always maintaining a solid and robust excess liquidity cover relative to statutory requirements.

At 31 December 2009, the excess liquidity cover amounted to 224% corresponding to DKK 7.5bn.

Reference is made to "Risk and capital management" in the Management's Review, which deals with the Bank's liquidity risk in detail.

Events occurred after the end of the financial period and unusual circumstances

From the balance sheet date to the presentation of the Annual Report, no

events have occurred which affect the assessment of the Annual Report. No unusual circumstances have affected the recognition or measurement.

Outlook for 2010

The slow economic trend in Denmark implies high uncertainty about the results for 2010. This uncertainty applies in particular to loan impairments as they depend on the business climate and the development in security received.

Other

Management changes

Gunnar Kobberup, Managing Director, retired at 1 March 2009, and the Bank's CEO, Kjeld Mosebo Christensen, retired at the end of June 2009. The Executive Board is now composed of Niels Fessel and Bjørn Damgaard Mortensen, Managing Directors.

Merger with Nykredit Bank A/S

Nykredit Bank A/S and Forstædernes Bank A/S are expected to merge at 1 April 2010 – effective 1 January 2010 for accounting purposes.

Dividends proposed

No dividend will be distributed for the financial year.

Related parties

The subsidiary FB Ejendomme A/S has not been consolidated, as the company does not have any commercial activities and its business is of no importance to the Bank.

As a wholly-owned subsidiary, Forstædernes Bank has been included in the Consolidated Financial Statements of Nykredit Realkredit A/S.

For further information on related parties, please refer to note 35.

Bank rescue package I (government guarantee scheme)

Through bank rescue package I, the Danish government issued a two-year guarantee covering all deposits and unsecured claims. Forstædernes Bank has joined the government guarantee scheme, which is effective until 30 September 2010 and may be extended if deemed necessary for the sake of financial stability.

The government guarantee scheme is administered by the Private Contingency Association, and the Bank expects its participation in the scheme in 2010 to imply commission expenses of approximately DKK 110m. In 2008 and 2009, the expenses totalled DKK 181m. In addition to this payment obligation, the Bank is liable for its share of the Private Contingency Association's obligation to cover up to an additional DKK 10bn in favour of Finansiel Stabilitet A/S (the Winding-Up Company). At end-2009 the Bank has made a provision of DKK 112m for the guarantee, of which DKK 95m relates to 2009. The scheme is described in further detail in Note 34 of the Financial Statements.

The government guarantee scheme guarantees all deposits with Danish banks made by depositors and other unsecured creditors until the end of Q3/2010, as the Danish government guarantees deposits with banks participating in the scheme.

Bank rescue package II

In January 2009, the Danish parliament adopted a number of measures extending the government guarantee scheme.

The extended scheme offers the possibility of opting for a government guarantee for up to three years for

Management's Review – Review

senior debt and junior covered bonds issued by commercial or mortgage banks. The guarantee scheme may remain in force until end-2013.

The Bank has not applied for support in the form of capital and guarantee relating to bank rescue package II.

Non-financial reporting

Forstædernes Bank's account of employment matters, social responsibility, etc has been integrated into the Nykredit Group's report About Nykredit 2009 – Financial Sustainability, to which reference is made.

Corporate governance

As a wholly-owned subsidiary of the Nykredit Group, Forstædernes Bank complies with the corporate governance policy of the Group.

More information about corporate governance is available at nykredit.com.

Management's Review – Risk and Capital Management

Risk management is a key element of the Nykredit Group's business operations. Through risk management, Nykredit – including Forstædernes Bank – seeks to ensure financially sustainable solutions in the short as well as the long term.

Nykredit's advanced models for the quantification of group risk are key to risk and capital management. In the market area, Forstædernes Bank has implemented and adjusted its risk management to the Group's models.

The Nykredit Group annually publishes a detailed Risk and Capital Management report. The report contains a wide selection of risk key figures in accordance with the disclosure requirements of the Danish Executive Order on Capital Adequacy. The report is available at nykredit.com/reports.

Organisation and delineation of responsibilities

The Board of Directors of Forstædernes Bank is responsible for defining limits to and monitoring the risk incurred by the Bank as well as for delegating responsibilities and approving overall instructions. The Board of Directors has laid down guidelines and specific limits as to the types of risk the Bank may assume. These limits have been delegated to the organisation. The Bank's risk is monitored centrally to ensure tight management. Risk management and controlling tasks are performed by Risk Management, which is responsible for monitoring the Bank's risks. In addition, Group Credits performs credit-related controlling and risk management.

Furthermore, Nykredit has an independent compliance function. The purpose of the compliance function is

to secure the Bank's integrity as a professional advisory bank and to ensure that the Bank always complies with current legislation and displays ethically sound behaviour. The compliance function continuously assesses the need to take measures to counter any compliance risk.

The Executive Board is briefed about the Bank's market risk on a daily basis and the Board of Directors is briefed monthly.

Independent day-to-day monitoring of market risk, hedging strategies and counterparty risk is performed by Risk Management, which is also in charge of current reporting to the Executive Board and the Board of Directors.

Regular credit risk review relating to customer exposures is the responsibility of the Credits department, while Risk Management monitors investment and foreign exchange exposures with stop-loss clauses on a day-to-day basis.

In Nykredit, risk management is coordinated on an intercompany basis, which includes Forstædernes Bank. Risk management at group level has been delegated to a number of committees monitoring and assessing the Group's business development and risk.

The principal Nykredit committees are the Risk Committee, the Asset/Liability Committee, the Credits Committee and the Treasury Committee.

The Credits Committee and the Treasury Committee are responsible for managing group credit risk and market risk, respectively. Both committees approve or endorse the overall risk exposures in accordance with group policy. The Asset/Liability

Committee is responsible for overall asset/liability and liquidity management.

For the purpose of overall group risk management, Forstædernes Bank's market, liquidity and credit risk is subject to approval by the Treasury, Asset/Liability and Credits Committees within the limits laid down.

The Risk Committee has been commissioned to assess the Group's overall risk and capital need and implement the capital policy. In addition, the Risk Committee approves methods of measurement for all types of risk and reports risk to the boards of directors of the group companies.

In 2009 a group audit committee was set up. The Committee consists of the Board of Directors of Nykredit Realkredit A/S. See also "Audit Committee" in the Management's Review.

Day-to-day management of Forstædernes Bank's securities portfolio is performed by Nykredit Realkredit A/S's Group Treasury according to an intercompany agreement.

Exposures over DKK 50m must be approved by the Group's Credits Committee, while exposures over DKK 200m must be approved by the Board of Directors of Nykredit Realkredit A/S.

Management's Review – Risk and Capital Management

Risk types

Forstædernes Bank distinguishes between the following overall types of risk:

- Credit risk reflects the risk of loss following the non-performance of counterparties.
- Market risk reflects the risk of loss of market value as a result of movements in financial markets (interest rate, foreign exchange, equity price, volatility risk, etc).
- Liquidity risk reflects the risk of loss as a result of rising financing costs or insufficient liquidity to cover current payment obligations.
- Operational risk reflects the risk of loss resulting from inadequate/failed internal processes, people and systems or from external events.

Capital adequacy

The capital base and capital adequacy are determined according to the capital adequacy rules of Basel II.

Forstædernes Bank uses the standardised approach to determine the capital charges for credit and market risk.

The capital requirement for operational risk is determined using the basic indicator approach.

At end-2009 Forstædernes Bank's capital base and risk-weighted items amounted to DKK 3.0bn and DKK 19.1bn, respectively.

Capital adequacy in the form of a required capital base is defined as the capital necessary to cover (at a given probability) the statistically maximum unexpected losses within a time horizon of one year.

To obtain consistent and comparable determinations of the capital needs of the Nykredit Group companies, Management's assessment of capital adequacy and the capital need is based on Nykredit's internal credit and market risk models.

The required capital base of Forstædernes Bank consists of two components – Pillar I and Pillar II. Pillar I capital covers credit, market and operational risk, while Pillar II comprises capital to cover other risks and stress tests.

At end-2009 Forstædernes Bank's required capital base was DKK 2.7bn equal to an individual capital need of 14.1%.

In the Nykredit Group, excess capital is consolidated in the Parent Company, Nykredit Realkredit A/S. Forstædernes Bank A/S aims to maintain a capital adequacy ratio that is at least 1 percentage point higher than the capital adequacy requirement set by the Board of Directors.

The report Risk and Capital Management 2009 available at nykredit.com/reports contains a detailed description of the calculation of the required capital base and the capital need of the Nykredit Group as well as all group companies.

Credit risk

The Bank's most significant risk is credit risk. The Bank's credit policy was formulated to ensure that transactions

with customers, credit institutions and other stakeholders comply with the limits laid down by the Board of Directors at all times.

Credit policy

The Bank's target group comprises financially sound commercial and retail full-service customers.

In the Commercial Customers area, the primary target group includes SMEs in production, commerce, trades, professions, building and construction, etc. In the Retail Customers area, the target group includes investment, pension and homeowner customers.

The Bank wants to distinguish itself from other banks by the quality of its advisory services.

This necessitates ongoing qualified dialogue and sparring between the Bank and its customers. The Bank therefore requires full disclosure of customers' finances, regular financial reporting by the customers and transparent finances and group structures. This applies irrespective of any security provided.

The Bank's credit assessment and lending decisions are based on a decentralised decision-making process according to which the customer is in direct contact with the final decision maker where possible. The Bank classifies customers according to creditworthiness, and their classification consequently determines when customers are considered financially sound for risk management purposes.

Commercial customers are classified according to earnings, solvency/equity and the security behind the Bank's

Management's Review – Risk and Capital Management

exposures to the customers. Retail customers are classified according to disposable income, net assets and position in life cycle.

Credit review

The Bank closely monitors all exposures, especially exposures of more than DKK 2m. Based on agreements between customers and advisers, the advisory centres monitor operations and other relevant factors for all commercial exposures. The reports are submitted to the Credits department five times a year and keep the Bank up to date on exposures of more than DKK 2m. In relation to commercial exposures of more than DKK 10m, the Bank also receives quarterly updates at a minimum.

The Credits department submits quarterly reports on the development in credits in a number of areas to the Bank's Executive Board. This applies to both large individual exposures and at sector and portfolio levels.

Bank exposures

2009 saw a considerable provisioning need, for instance in relation to the Bank's large exposures.

To improve risk diversification, the Bank strives to reduce its largest exposures as well as exposures to property-related businesses.

Impaired exposures

The Bank has intensified its monitoring of all customer relationships that develop more adversely than expected.

Action plans are prepared for all impaired exposures according to which the Bank cooperates with the customer to obtain an acceptable level of credit risk, thereby normalising the exposure.

If the Bank finds that such positive development is not possible or likely, the action plan must include the steps necessary to settle the exposure. Such exposures without business prospects for the Bank are settled in cooperation with the Bank's Credits department.

Impairment provisions

Since 2005 the Bank has complied with the international IAS/IFRS guidelines and the related Executive Order of the Danish Financial Supervisory Authority. If any objective evidence of impairment is present in relation to any individual credit exposure or on a collective basis that prompt clear expectations of losses, the Bank will make the necessary impairment provisions.

Management's Review – Risk and Capital Management

Following many years of a favourable economic climate involving very limited impairment losses and provisions, the market situation changed drastically in 2008. The economic climate deteriorated, causing impairment of the security provided by customers. This change in the economic climate continued in 2009, causing further impairment of the security provided by customers.

In 2009 the Bank's provisioning need relating to loan exposures increased markedly as a result of the continued economic crisis and the strong deterioration of the economic climate.

The Bank's overall provisions increased significantly from 2008 to 2009.

Security

Loans, advances and security provided are subject to ongoing review and, where relevant, the Bank employs the options available to reduce the risk relating to its lending activities. Security is mainly obtained in the form of charges on securities and/or real assets such as real property and equipment, but also moveable property and guarantees are included.

Impairment provisions (DKK million)

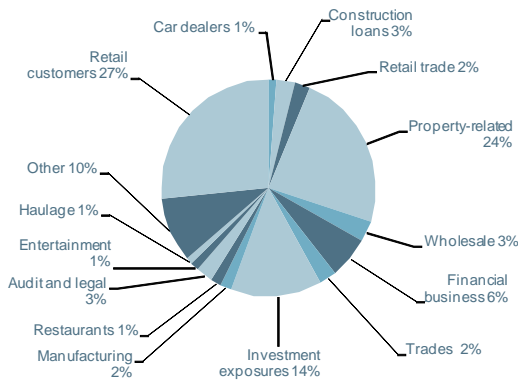
	2009	2008
Impairment provisions, beginning of year	1,721.6	265.6
Impairment provisions and reversals for the year	5,336.9	1,544.9
Claims previously provided for, now lost	(489.3)	(88.9)
Other additions and disposals	-	-
Impairment provisions, year-end	6,569.2	1,721.6
Of which individual	6,421.9	1,657.3
Of which collective	147.2	64.3
Earnings impact		
New impairment provisions for the year, net	5,336.9	1,544.9
Received on loans and advances previously written off	(3.4)	(7.6)
Losses incurred without prior provisions	12.1	6.4
Interest income from claims written down for impairment	-	(9.4)
Total earnings impact	5,345.6	1,534.3
Of which individual	5,262.6	1,472.5
Of which collective	83.0	61.9
Impairment provisions as % of loans, advances and contingent liabilities, year-end	34.0	6.1
Operating expenses for the year as % of loans, advances and contingent liabilities, year-end	27.7	5.4

Non-accrual receivables (DKK million)

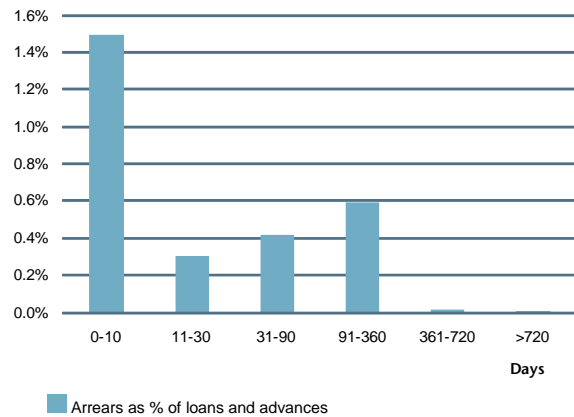
	2009	2008
Non-accrual receivables	4,444.0	1,087.8
As % of loans, advances and contingent liabilities, year-end	23.0	3.8

Management's Review – Risk and Capital Management

Industry breakdown at 31 December 2009



Accounts overdrawn/in arrears at 31 December 2009



Non-accrual credits

Forstædernes Bank's non-accrual credits were DKK 4.4bn at end-2009, which was significantly above the level of DKK 1.1bn at end-2008. The reason was the general economic downturn.

Accounts overdrawn/in arrears

Accounts overdrawn/in arrears for which no impairment provisions have been made were limited at end-2009. For the majority, overdrafts were be-

tween 0 and 10 days, reflecting that most of them involved ongoing transactions.

The level of accounts overdrawn/in arrears was unchanged compared with end-2008.

Guarantees

The Bank issues a number of guarantees on a current basis, including guarantees to mortgage

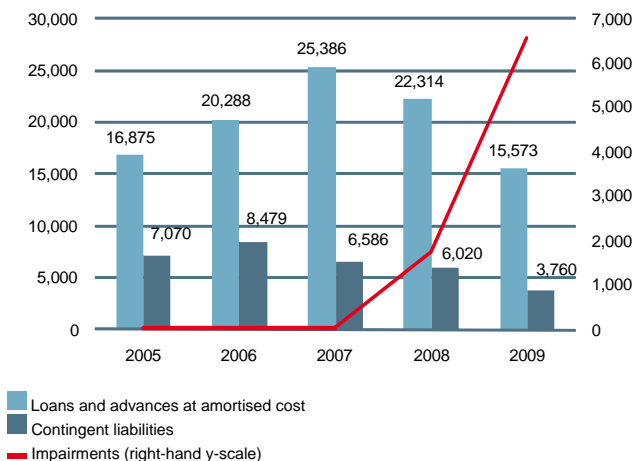
banks. According to the accounting rules, guarantees must be reviewed and losses under guarantees provided for if deemed necessary.

The Bank's provisions for guarantees amounted to DKK 336.6m at end-2009.

Credit risk models

The Bank does not apply credit risk models, but following the merger with Nykredit Bank, it will apply the Nykredit Group's internal models of credit risk management.

Loans, advances, guarantees and impairments (DKK million)



Management's Review – Risk and Capital Management

Market risk (DKK million)

Market risk	Risk measures	Level at end-2009	Level at end-2008
Value-at-Risk	VaR	6	18
Interest rate risk	Total interest rate exposure	61	58
Equity price risk	Equities (excluding banking book)	8	89
	Equity-based bonds	0	139
	Equity-related derivative financial instruments	0	(112)
	Equity exposure	8	116
	- plus banking book (sector equities)	479	412
Foreign exchange risk	Indicator 1	20	170
	Indicator 2	0.4	0.8

Market risk

Forstædernes Bank assumes market risk in connection with customer trading activities and optimisation of the return on the Bank's equity. The most significant market risk relates to the Bank's activities within foreign exchange and securities trading as well as swap and money market transactions.

Forstædernes Bank's Board of Directors approves the limits to market risk – including Value-at-Risk, interest rate, equity price, foreign exchange and volatility risk. The Executive Board delegates the limits to market risk to the functional managers of the individual areas. Risk Management currently monitors market risk and reports to the Executive Board on a daily basis, while the Board of Directors is informed on the minimum, maximum and average values of the individual risk measures on a monthly basis. Acting and reporting entities have been segregated.

Market risk management is based on Value-at-Risk and more traditional risk measures such as Exchange Rate Indicators 1 and 2 and BPV (interest rate risk) and interest rate vega.

From early 2009 day-to-day management of Forstædernes Bank's securities portfolio has been the responsibility of Group Treasury in Nykredit Realkredit A/S according to an intercompany agreement.

Value-at-Risk

For the determination of market risk, Value-at-Risk (VaR) is calculated using the Nykredit Group's VaR model. The values are reported on a weekly basis and are included in the market risk limits. Risk calculations relating to the option embedded in callable bonds and capped floating-rate bonds form part of the overall analytical model for the calculation of VaR. In general, the Bank calculates risk factors related to equity, foreign exchange and interest rate risk, OAS (option-adjusted spread) risk, vega risk (risk of fluctuations in interest rate volatility) and risk on index-linked bonds.

The calculation of VaR includes yield curves based on closing market prices as well as historical correlations and volatilities. These are calculated using an EWMA (Exponentially Weighted Moving Average) model and a decay factor of 0.94. Hence, the latest market observations will have the highest weighting.

At end-2009 VaR was DKK 6m, which meant that Forstædernes Bank would, at a probability of 99%, lose less than DKK 6m in one day as a result of market fluctuations.

Management's Review – Risk and Capital Management

Interest rate risk

The Bank's interest rate exposure as measured in terms of a general rise in interest rates of 1 percentage point ranged between DKK 44m and DKK 74m in 2009 against DKK 33m and DKK 134m in 2008 and amounted to DKK 61m at end-2009 against DKK 58m the year before.

The Bank daily measures interest rate risk, which is subject to limits.

The Bank's interest rate exposures are concentrated in DKK and EUR. Long-term fixed-rate loans are substantially hedged against interest rate movements using interest rate swaps.

Equity price risk

Overall equity price risk is determined as the market value of the total equity portfolio but excluding the banking book.

At end-2009 the Bank's equity price exposure was DKK 8m against DKK 116m in 2008. In addition, the Bank had a banking book (sector equities) of

DKK 479m at end-2009. The average equity price exposure was approximately DKK 18m in 2009 against DKK 132m in 2008

Foreign exchange risk

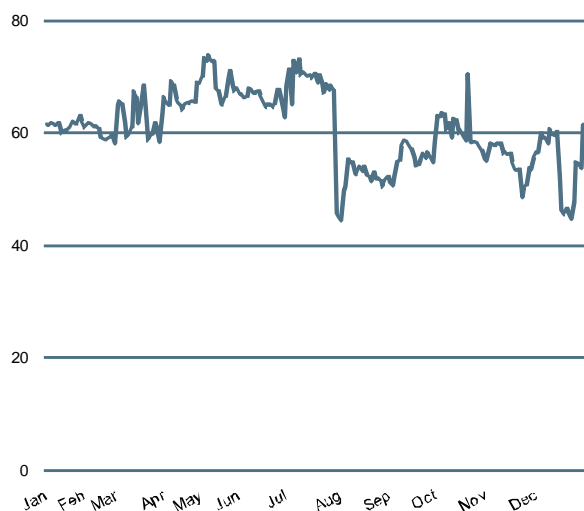
At end-2009 the most significant foreign exchange position was in EUR. The Bank's foreign exchange exposure in terms of the largest numeric sum of positive and negative foreign exchange positions (Exchange Rate Indicator 1) ranged between DKK 3m and DKK 146m in 2009 against DKK 15m and DKK 1,143m in 2008 and amounted to DKK 20m at end-2009 against DKK 170m in 2008.

Volatility risk

The Bank's most significant volatility risk derives from the option embedded in Danish mortgage bonds.

The Bank's interest rate volatility risk measured as the change in market value following a change in volatility of 1 percentage point represented a loss of DKK 0.4m at end-2009.

Interest rate risk 2009 (DKK million)



Management's Review – Risk and Capital Management

Liquidity risk

Overall group liquidity risk is monitored by the Asset/Liability Committee, while the Board of Directors of the Bank formulates the liquidity policy, liquidity ratio principles and requirements as well as targets for liquidity risk included in the day-to-day liquidity management of the Bank.

Liquidity risk, defined as the risk of losses incurred by Forstædernes Bank resulting from a disproportionate increase in the Bank's funding costs or the Bank becoming unable to meet its payment obligations out of its ordinary liquidity reserves, is a natural part of Forstædernes Bank's deposit and lending activities. The Bank's complex liquidity scenario may be summed up in key figures which form part of the Bank's internal risk management and liquidity monitoring.

Short-term liquidity risk

The main purpose of the Bank's short-term or operational risk management is to ensure that the Bank always maintains a liquidity buffer to cover, in the short term, net outflows from current transactions and the expected development. The Bank's internal liquidity target is a minimum liquidity of 15% of reduced debt and guarantee obligations compared with the statutory 10% requirement, cf section 152 of the Danish Financial Business Act.

The purpose of the Bank's day-to-day liquidity management is to ensure that there is sufficient security and/or deposits (in the form of current account deposits or certificates of deposit) to settle the Bank's daily sum clearing withdrawals, VP trades and other banking and customer transactions. The Bank's liquidity buffer averaged DKK 7.0bn in 2009. At end-2009 the liquidity buffer stood at DKK 7.5bn.

Forstædernes Bank's liquidity as a percentage of reduced debt and guarantee obligations after statutory deductions, cf section 152 of the Danish Financial Business Act, was 223.9% at end-2009 equal to excess cover of 32.4%.

Overall objectives of Forstædernes Bank's liquidity management

The overall objectives of Forstædernes Bank's liquidity management are to

- monitor and manage the development in the Bank's short-term and long-term liquidity
- ensure that the Bank always has sufficient liquidity in both DKK and foreign exchange.

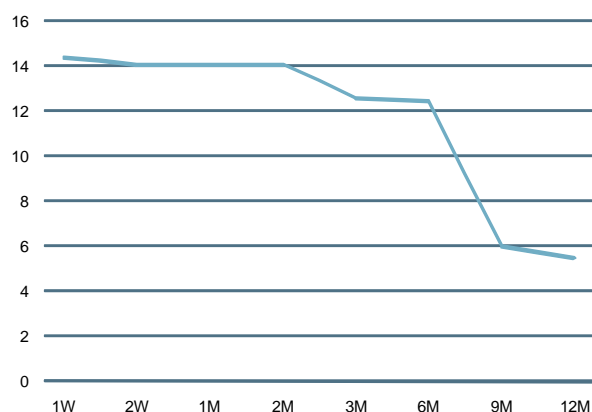
Structure of Forstædernes Bank's liquidity management

Forstædernes Bank's liquidity management is structured around the following general parameters:

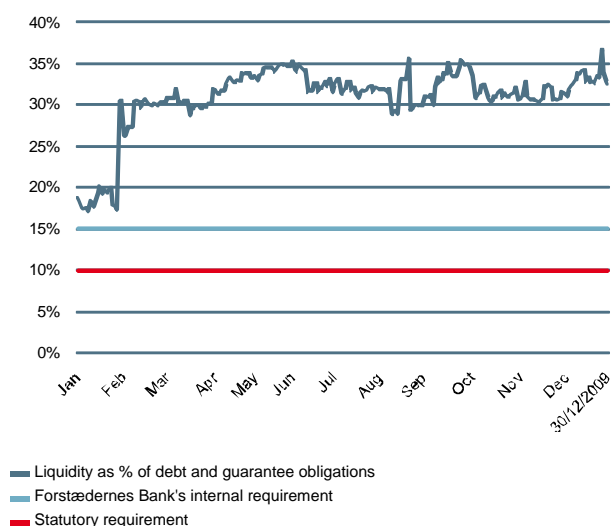
- Operational liquidity risk: Ensuring a positive liquidity position in the short term
- Liquidity targets: Ensuring that the Bank complies with current legislation and the limits fixed by the Executive Board
- Structural liquidity risk: Monitoring the liquidity position over 12 months subject to a lack of access to the funding market, planning the Bank's long-term liquidity position and ensuring funding diversification
- Market liquidity risk: Calculation of potential liquidity gaps in different scenarios and identification of means to close the gaps.

Management's Review – Risk and Capital Management

Moody's 12-month liquidity curve (DKK billion)



Liquidity as % of debt and guarantee obligations



Note: The figure shows Forstædernes Bank's liquidity as a percentage of reduced debt and guarantee obligations, cf section 152 of the Danish Financial Business Act.

Targets set by the Board of Directors for the Bank's maximum liquidity deficit (long-term liquidity risk) (DKK million)

2009	Target for maximum liquidity deficit
0 – 20 days	0
21 days – 3 months	3,000
3 months – 5 years	4,500
5 years – 10 years	1,000
More than 10 years	0

Long-term liquidity risk

The management of long-term liquidity risk is based on the targets for the Bank's long-term liquidity mismatch. The purpose is to ensure that the Bank does not build up an excessive future funding need or the opposite.

The management is based on an internal liquidity model. The model shows Forstædernes Bank's expected liquidity position at any future point in time, in other words, the most likely development in liquidity if no steps are taken to raise new liquidity. The liquidity model is a management tool which serves to determine the level of liquidity Forstædernes Bank needs to raise or place.

The long-term liquidity risk limits appear from the table below. For example, the Bank may not have a negative liquidity position within the next 20 banking days.

Treasury also monitors the distribution of funding source products, currencies, maturities and counterparties in order to ensure that the Bank's funding base offers maximum protection in a situation when markets are under pressure.

In isolation, a large part of the Bank's funding will be due for repayment in 2010, which Nykredit Bank Treasury has incorporated into its funding management in connection with the bank merger in 2010.

Stress tests according to the principles of Moody's Investors Service's "Bank Financial Strength Ratings: Global Methodology" show that the Bank can withstand a 12-month lack of access to the funding market.

Management's Review – Risk and Capital Management

Funding sources of Forstædernes Bank (DKK million)

	2009	2008	2007	2006
Deposits from customers	18,152	14,704	16,902	14,294
Issued bonds	2,520	3,198	1,441	1,399
Equity and subordinate loan capital	3,316	4,798	3,611	3,223
Unutilised backup facilities	0	200	500	0
Total funding sources	23,988	22,900	22,454	18,916
Loans and advances to customers	15,573	22,313	25,386	20,123
Funding sources relative to loans and advances	154%	103%	88%	94%

Market liquidity risk

Forstædernes Bank's day-to-day monitoring of market liquidity risk is based on the liquidity stress test model of the Association of Local Banks, Savings Banks and Co-operative Savings Banks in Denmark. The liquidity stress test model includes probability-weighted impacts/simulations based on the combination of adverse market conditions (affecting the entire financial sector) and idiosyncratic shocks to the Bank (isolated events affecting only the Bank). The liquidity stress test model provides for adjustment of parameters if another stress scenario is required for the forecast.

Operational risk

In the Nykredit Group – including Forstædernes Bank – efforts are constantly made to create a risk culture in which operational risk awareness is a natural part of everyday business activities.

The business areas are responsible for the day-to-day management of operational risk. Operational risk management activities are coordinated centrally to ensure consistency and optimisation across the Group. The Group strives always to limit

operational risk taking into consideration the related costs.

The Nykredit Group systematically records and classifies loss-making operational events to create an overview of loss sources and to accumulate experience from which the organisation as a whole may benefit.

Business contingency plans ensure constant and secure operations in case of a shutdown of the IT supply or other emergencies.

Uncertainty as to recognition and measurement

The day-to-day operations of the Bank imply a number of rights and obligations in respect of which the recognition and subsequent measurement lead to the use of qualified estimates and may be uncertain. In accordance with the Danish Executive Order on the Presentation of Financial Statements, the Annual Report has been prepared on the basis of assumptions that require the use of accounting estimates in some respects. These estimates are made by Management in accordance with the accounting policies and based on past experience and, in Management's opinion, reasonable and realistic assumptions.

The accounting estimates and underlying assumptions are tested and assessed regularly.

Areas in which assumptions and estimates are material to the financial statements are in particular:

- Provisions for loan and receivable impairment involving significant estimates in connection with the quantification of all future payments and determination of dates of receipt of payments.
- Listed financial instruments, which have been priced in low-turnover markets due to the financial turmoil in 2008 and 2009, may to a higher degree than previously involve some uncertainty in connection with the measurement of fair values. For further information on the methods applied, including risks related to the measurement, see note 36.
- Unlisted financial instruments involving significant estimates in connection with the measurement of fair values. For further information, see note 36.
- Provisions involving certain estimates at the balance sheet date. A large part of the provisions is attributable to the government guarantee scheme, for which reason estimates and uncertainty are primarily based on a general expectation of losses inflicted on the scheme by the distressed banks, of financial information from the Financial Stability Company. It is in the nature of things that this process cannot be predicted with high certainty.

Management's Review – Audit Committee

Nykredit Realkredit A/S has set up an Audit Committee, which acts as a joint audit committee for all the companies within the Nykredit Group which are obliged to set up such a committee in accordance with section 2(4) of the Danish executive order on audit committees. These companies are Nykredit Realkredit A/S, Totalkredit A/S, Nykredit Bank A/S, Forstædernes Bank A/S and Nykredit Forsikring A/S.

The Audit Committee consists of the entire Board of Directors of Nykredit Realkredit A/S.

The Board of Directors of Nykredit Realkredit A/S has appointed Steffen Kragh, CEO, as the independent member of the Audit Committee skilled in accounts. Steffen Kragh is CEO of Egmont and has previously been CFO and later managing director of a number of companies within the Egmont Group. Steffen Kragh holds a master's degree (Strategic Planning and Finance) from CBS and an Executive MBA from SIMI.

The principal tasks of the Audit Committee are to monitor that the external financial reporting process as well as the Group's internal control systems, internal audit and risk management are effective; to monitor the statutory audit of the financial statements etc; and finally to monitor and verify the independence of the auditors.

The Audit Committee holds four annual meetings. Additional meetings are held, if necessary.

Management's Review – External Financial Reporting Process

Internal control and risk management systems for the external financial reporting process

Forstædernes Bank is a wholly-owned subsidiary of Nykredit Realkredit A/S and a number of functions have been incorporated into the Nykredit Group. This applies to eg Risk Management and Credits and has the effect that a number of controls and risk management mechanisms in connection with the external financial reporting process are not directly handled by Forstædernes Bank functions but by group functions.

The Board of Directors and the Executive Board of Forstædernes Bank are responsible for the Bank's control and risk management systems. The rules of procedure for the Board of Directors and the Executive Board delineate their responsibilities.

The Bank's internal controls and risk management relating to external financial reporting are designed to efficiently manage rather than eliminate the risk of omissions and errors in connection with the external financial reporting.

The Board of Directors and the Executive Board assess material risk and internal controls on an ongoing basis in connection with the Bank's activities and their potential effect on the external financial reporting process.

Over the past few years, the Nykredit Group has expanded and improved its current monitoring and management of risk in areas where internal models are the core of the Group's day-to-day risk management. Risk is reported on a continuous basis in material areas such as credit risk, market risk and liquidity risk.

External financial reporting process

The financial reporting process is based on internal control and risk management systems which together ensure that all relevant financial transactions are correctly reflected for accounting purposes and in financial statements.

The Finance department of Forstædernes Bank is responsible for the Bank's overall financial control and reporting, including presentation of the financial statements. The Finance department is also responsible for ensuring that the Bank's financial reporting complies with principles laid down, current legislation and the Group's accounting policies.

A number of committees with representatives from Forstædernes Bank and relevant areas across the Nykredit Group have been appointed to help ensure compliance with current legislation. One of these committees reviews and comments on new and amended accounting rules for the purpose of continuous adaptation of the internal and external financial reporting process. A committee with special focus on the preparation of the annual report has been established. This committee considers issues specific to the Group which are of importance to the correct presentation of the Group's annual report.

The Bank's Finance department prepares monthly internal reports such as budget control and is responsible for the Bank's annual and interim financial reporting. The Finance department is tasked with controlling material financial items, and it also reports to public authorities etc.

Financial data and Management's comments on financial and business

developments in Forstædernes Bank are reported monthly to Nykredit's Group Finance.

Control environment

The Board of Directors and the Executive Board are responsible for the Bank's organisation and for laying down business procedures and implementing controls for all material risk areas, including areas of significance to the external financial reporting process.

The Executive Board is responsible for risk delineation, management and monitoring. This responsibility has been reassigned through a number of instructions in the credit, market risk, capital and liquidity areas.

Other important participants in connection with the external financial reporting are Group Treasury, Risk Management and Group Credits, which are responsible for the current risk and capital management, including reporting and monitoring of group activities.

Risk assessment

The Board of Directors' and the Executive Board's risk management relating to the external financial reporting process may generally be summarised as follows:

- Periodical review of risk and financial reporting, including IT systems, general procedures and business procedures
- Review of the areas which include assumptions and estimates material to the financial statements
- Review of business and financial developments
- Review and approval of budgets and forecasts

Management's Review – External Financial Reporting Process

- Review of interim and annual reports and other accounting data
- Annual assessment of the risk of fraud.

Controls

The purpose of the Bank's controls is to ensure that policies, manuals and procedures etc laid down by the Executive Board are observed and to ensure timely prevention, detection and correction of any errors, deviations or omissions.

The controls comprise manual and physical controls as well as general IT controls and automatic application controls in IT systems etc applied.

The control level of the Nykredit Group – and thereby Forstædernes Bank – is based on three functional levels:

- Business units – the management of each unit is responsible for identifying, assessing and handling the risks arising in connection with the performance of their duties and for implementing permanent satisfactory internal controls for the handling of business operations
- Risk management functions – consist of a number of intercompany areas in the Nykredit Group such as Group Credits, Group Finance, decentralised finance areas, Risk Management, Compliance and IT Security. These areas are in charge of providing procedures and policies on behalf of Management. Further, they are responsible for testing whether procedures and policies are observed and whether internal controls performed by the business units are satisfactory.

- Audit – comprises internal and external audit. On the basis of an audit plan approved by the Board of Directors, internal audit is responsible for carrying out an independent audit of internal controls in the Nykredit Group, including Forstædernes Bank, and to perform the statutory audit of the annual report in cooperation with the external auditors. The internal and external auditors endorse the annual report and in this connection issue a long-form audit report to the Board of Directors on any matters of which the Board of Directors should be informed.

The Executive Board's reassignment of its daily duties to the other management levels in the organisation and the structure of the three functional levels shall ensure:

- Efficient and profitable business conduct
- Reliable internal and external reporting
- Compliance with legislation, other external rules and internal guidelines
- The value of the Group's assets, including efficient management of related risks.

In connection with the preparation of financial statements, a number of fixed procedures and internal controls are performed to ensure a fair presentation of the financial statements and a presentation in accordance with current legislation.

Information and communication

The Board of Directors of Nykredit Realkredit has adopted an information

and communications policy, which lays down the general requirements for external financial reporting in accordance with legislation and relevant rules and regulations. The Nykredit Group aims to appear open and reliable – in compliance with legislation and the Stock Exchange Code of Ethics.

Internal and external financial reporting is submitted to the Bank's Board of Directors and the Executive Board and a total report is submitted to the Group's Board of Directors and Executive Board through the Nykredit Realkredit Group's reporting. Group reporting takes place at business area, company and group levels. Internal reporting contains analyses describing matters material to financial reporting.

Risk reporting is submitted to the Board of Directors, the Executive Board, relevant management levels and the individual business areas. It forms the basis for Management's accounting estimates. For further details of the Group's risk and capital management, reference is made to a separate publication, Risk and Capital Management 2009, of the Nykredit Realkredit Group.

Monitoring

In 2009 the Board of Directors of Nykredit Realkredit set up an Audit Committee, which monitors the external financial reporting process and ensures that the Company's internal control system, internal audit and risk management system are effective.

Management, Directorships and Executive Positions

EXECUTIVE BOARD

Niels Fessel, Managing Director
Bjørn Damgaard Mortensen, Managing Director

BOARD OF DIRECTORS (year of joining)

Peter Engberg Jensen, Group Chief Executive, Chairman (2008)
Karsten Knudsen, Group Managing Director, Deputy Chairman (2008)
Per Ladegaard, Group Managing Director (2008)
Søren Holm, Group Managing Director (2008)
Jesper Andreasen, Managing Director (1993)
Mette Viskum Kretschmer, Corporate Account Manager (2002)***
Henrik Planthoin, Account Manager (2002)***
Olav Brusen Barsøe, Pensions Manager (2006)***

DIRECTORSHIPS AND EXECUTIVE POSITIONS OF THE EXECUTIVE BOARD

Niels Fessel

Managing Director and Director of FB Ejendomme A/S

Director of:
Sparinvest Holding A/S
Letpension Holding A/S (Deputy Chairman)**
Letpension IT A/S (Deputy Chairman)**
Letpension Drift A/S (Deputy Chairman)**

Bjørn Damgaard Mortensen

Managing Director of Nykredit Bank A/S

Director of:
Nykredit Leasing A/S

FB Ejendomme A/S (Chairman)*
Komplementarselskabet Advizer ApS
Finansrådet*
Erhvervsinvest Management A/S**

Member of the Committee of Representatives, Det Private Beredskab af Afvikling og Nødlidende Banker, Sparekasser og Andelskasser*

DIRECTORSHIPS AND EXECUTIVE POSITIONS OF THE BOARD OF DIRECTORS

Peter Engberg Jensen

Group Chief Executive of Nykredit, Nykredit Holding A/S and Nykredit Realkredit A/S

Director of:
Nykredit Administration V A/S (Chairman)

Karsten Knudsen

Group Managing Director of Nykredit Realkredit A/S and Managing Director of Nykredit Holding A/S

Director of:
Nykredit Bank A/S (Chairman)
Nykredit Leasing A/S (Chairman)
Ejendomsselskabet Kalvebod A/S (Chairman)*
Nykredit Forsikring A/S**
Dansk Pantebrevsbørs A/S**
Dampskibsselskabet Norden A/S

Per Ladegaard

Group Managing Director of Nykredit Realkredit A/S and Managing Director of Nykredit Holding A/S

Director of:
Nykredit Bank A/S
Nykredit Mægler A/S (Chairman)
Nykredit Forsikring A/S (Chairman)
e-nettet Holding A/S (Chairman)
e-nettet A/S (Chairman)
JN Data A/S (Chairman)

BEC (Bankernes EDB Central),
Observer
Finanssektorens Uddannelsescenter
IT-Universitetet
Owner of Bræmkærgård

Søren Holm

Group Managing Director of Nykredit Realkredit A/S and Managing Director of Nykredit Holding A/S

Director of:
Nykredit Ejendomme A/S (Chairman)**
Nykredit Bank A/S (Deputy Chairman)
Nykredit Administration V A/S
Ejendomsselskabet Kalvebod*
Nykredit Forsikring A/S
Nykredit Mægler A/S
Totalkredit A/S (Chairman)
JN Data A/S

Jesper Andreasen

Managing Director and Director of Aktieselskabet Rødovre Centrum
Managing Director of R.C. Familie Holding A/S
Managing Director of RC Holding II ApS
Managing Director of RC Holding III ApS
Managing Director of RC 2004 ApS
Managing Director of JA Holding 4 ApS
Managing Director of JA Holding 1 ApS
Managing Director of JA Holding 7 ApS (Chairman)*
Managing Director of Rødovre Centerservice ApS
Managing Director of JA-Pecunia ApS

Director of:
JA Holding 2 ApS (Chairman)
JA Holding 6 ApS (Chairman)*
Rødovre Lokal Nyt ApS

* Joined in 2009

** Resigned in 2009

*** Staff-elected member

Management Statement and Audit Reports

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

The Board of Directors and the Executive Board have today reviewed and approved the Annual Report for 2009 of Forstædernes Bank A/S.

The Annual Report has been prepared in accordance with the Danish Financial Business Act and the Executive Order on the presentation of financial reports of credit institutions and investment companies, etc. Fur-

ther, the Annual Report has been prepared in accordance with additional Danish disclosure requirements for annual reports of issuers of listed bonds.

In our opinion, the Annual Report gives a fair presentation of the Bank's assets, liabilities, equity and financial position at 31 December 2009 and of the results of the Bank's activities and cash flows for the financial year 2009.

We are furthermore of the opinion that the Management's Review gives a fair review of the development in the activities and financial circumstances

of the Bank as well as a satisfactory description of the material risk and uncertainty factors affecting the Bank.

The Annual Report is recommended for approval by the General Meeting.

Copenhagen, 11 February 2010

Executive Board

Niels Fessel,
Managing Director

Bjørn Damgaard Mortensen,
Managing Director

Board of Directors

Peter Engberg Jensen,
Chairman

Karsten Knudsen,
Deputy Chairman

Søren Holm

Per Ladegaard

Jesper Andreasen

Olav Brusén Barsøe

Mette Viskum Kretzschmer

Henrik Planthoin

Management Statement and Audit Reports

Internal Auditors' Report

We have audited the Financial Statements and the Management's Review of Forstædernes Bank A/S for the financial year 1 January – 31 December 2009. The Financial Statements and the Management's Review have been prepared in accordance with the Danish statutory requirements for external financial reporting.

Basis of opinion

We conducted our audit in accordance with the Executive Order of the Danish Financial Supervisory Authority on Auditing Financial Undertakings etc. as well as Financial Groups and the Danish and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the Annual Report and the Management's Review are free from material misstatement.

The audit has been performed in accordance with the division of work agreed with the external auditors and has included an assessment of business procedures and internal controls established, including the risk management organised by Management relevant to the entity's reporting processes and significant business risks. Based on materiality and risk, we have examined, on a test basis, the basis of amounts and other disclosures in the Financial Statements and the Management's Review, including evidence supporting amounts and disclosures. Furthermore, the audit has included evaluating the appropriateness of the accounting policies applied by Management, the reasonableness of the accounting estimates made by Management, and the overall presentation of the

Financial Statements and the Management's Review.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the business procedures and internal controls established, including the risk management organised by Management aimed at company reporting processes and significant business risks, are working satisfactorily.

Furthermore, in our opinion, the Financial Statements give a fair presentation of the Company's assets, liabilities, equity and financial position at 31 December 2009 and of the results of the Company's activities and cash flows for the financial year 1 January – 31 December 2009 in accordance with Danish statutory requirements for external financial reporting, and the Management's Review gives a fair review in accordance with Danish statutory requirements for external financial reporting.

Copenhagen, 11 February 2010

Claus Okholm
Chief Audit Executive

Kim Stormly Hansen
Deputy Chief Audit Executive

Management Statement and Audit Reports

Independent Auditors' Report

To the shareholder of Forstædernes Bank A/S

We have audited the Financial Statements and the Management's Review of Forstædernes Bank A/S for the financial year 1 January – 31 December 2009. The Financial Statements comprise the accounting policies, the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and the notes. The Financial Statements and the Management's Review have been prepared in accordance with the Danish statutory requirements for external financial reporting.

Management's responsibility for the Financial Statements and the Management's Review

Management is responsible for the preparation and fair presentation of Financial Statements in accordance with the Danish statutory requirements for external financial reporting and for designing a Management's Review that gives a fair review in accordance with Danish statutory requirements for external financial reporting. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements and management's reviews that are free from material misstatement, whether due to fraud or error, selecting and applying 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 Financial Statements and the Management's Review based

on our audit. We conducted our audit in accordance with Danish and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the Financial Statements and the Management's Review are free from material misstatement.

An audit involves performing procedures to obtain audit evidence for the amounts and disclosures in the Financial Statements and the Management's Review. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the Financial Statements and the Management's Review, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of Financial Statements as well as to the preparation of a Management's Review that gives a fair review, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of the accounting policies applied by Management and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements and the Management's Review.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Financial Statements give a fair presentation of the Company's assets, liabilities, equity and financial position at 31 December 2009 and of the results of the Company's activities and cash flows for the financial year 1 January – 31 December 2009 in accordance with Danish statutory requirements for external financial reporting, and the Management's Review gives a fair review in accordance with Danish statutory requirements for external financial reporting.

Copenhagen, 11 February 2010

Deloitte Statsautoriseret Revisionsaktieselskab

Erik Holst Jørgensen
State-Authorised Public Accountant

Henrik Wellejus
State-Authorised Public Accountant

Income statement for 1 January – 31 December

(DKK 1,000)	Note	2009	2008
Interest income	2	1,550,269	2,133,085
Interest expenses	3	757,728	1,409,300
Net interest income		792,541	723,785
Dividend on equities	4	12,688	3,370
Fee and commission income	5	244,989	370,603
Fee and commission expenses	6	27,272	32,813
Net interest and fee income		1,022,946	1,064,945
Value adjustments	7	(41,108)	(393,292)
Other operating income		5,094	5,684
Staff and administrative expenses	8	597,583	663,632
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	9	49,908	56,474
Other operating expenses		149,873	31,783
Impairment losses on loans, advances and receivables	10	5,345,530	1,534,413
Profit from investments in group enterprises	11	3	67
Loss before tax		(5,155,959)	(1,608,898)
Tax	12	(1,294,724)	(382,341)
Loss for the year		(3,861,235)	(1,226,557)
Distribution of profit (loss) for the year			
Loss for the year		(3,861,235)	(1,226,557)
Total		(3,861,235)	(1,226,557)
Proposal for the distribution of profit (loss)			
Retained earnings		0	0
Transferred to statutory reserves		3	67
Carried forward to next financial year		(3,861,238)	(1,226,624)
Total		(3,861,235)	(1,226,557)

Balance sheet

(DKK 1,000)	Note	2009	2008
Assets			
Cash balance and demand deposits with central banks	13	65,491	71,968
Receivables from credit institutions and central banks	14	3,888,480	4,285,014
Loans, advances and other receivables at fair value	15	79,823	54,465
Loans, advances and other receivables at amortised cost	16	15,492,759	22,259,608
Bonds at fair value	17	10,948,590	2,941,513
Equities	18,19	487,621	501,144
Investments in group enterprises	20	4,478	4,475
Intangible assets	21	1,189	17,418
Land and buildings, owner-occupied properties	22	0	1,300
Other property, plant and equipment	23	51,836	84,373
Current tax assets	30	1,286,238	204,617
Deferred tax assets	30	205,379	199,529
Assets in temporary possession	24	8,374	0
Other assets	25	491,765	1,660,401
Prepayments		26,213	12,309
Total assets		33,038,236	32,298,134
Liabilities and equity			
Payables to credit institutions and central banks	26	8,269,920	7,220,833
Deposits and other payables	27	18,152,011	14,703,704
Issued bonds at amortised cost	28	2,519,743	3,197,884
Other liabilities	29	413,958	2,304,548
Deferred income		6,164	9,665
Total payables		29,361,796	27,436,634
Provisions for pensions and similar obligations	31	0	5,972
Provisions for losses under guarantees	31	336,572	50,332
Other provisions	31	24,007	5,158
Total provisions		360,579	61,462
Subordinate loan capital	32	1,168,986	1,744,934
Share capital	33	1,370,000	943,750
Share premium account		4,054,150	1,526,400
Revaluation reserves		0	997
Other reserves:			
Statutory reserves		978	975
Retained earnings		(3,278,253)	582,982
Total equity		2,146,875	3,055,104
Total liabilities and equity		33,038,236	32,298,134
Off-balance sheet items			
Contingent liabilities	34	3,760,439	6,020,285
Total off-balance sheet items		3,760,439	6,020,285
Related party transactions and balances	35		
Market value of financial instruments	36		
Derivative financial instruments	37		
Unsettled spot transactions	38		
Credit, foreign exchange, equity price and interest rate exposures	39		
Hedging interest rate risk	40		
Hedge accounting	40		
Genuine sale and repurchase transactions and genuine purchase and resale transactions	41		
Capital requirement	42		
Financial highlights	43		

Statement of changes in equity

(DKK 1,000)	Share capital	Share premium account	Revaluation reserves	Statutory reserves	Retained earnings	Proposed dividend for the financial year	Total
Equity 2009							
Equity, beginning of year	943,750	1,526,400	997	975	582,982	0	3,055,104
Profit (loss) for the year	0	0	0	3	(3,861,238)	0	(3,861,235)
Income and costs recognised directly in equity:							
Change in revaluation of an owner-occupied property	0	0	(997)	0	187	0	(810)
Total income and costs recognised directly in equity:	0	0	(997)	0	187	0	(810)
Other disposals	0	0	0	0	(187)	0	(187)
Capital increases or decreases	426,250	2,527,750	0	0	0	0	2,954,000
Equity, year-end	1,370,000	4,054,150	0	978	(3,278,256)	0	2,146,875

Equity 2008							
Equity, beginning of year	466,750	386,785	1,377	908	1,314,497	37,340	2,207,657
Profit (loss) for the year	0	0	0	67	(1,226,624)		0
Income and costs recognised directly in equity:							0
Change in revaluation of an owner-occupied property	0	0	(380)	0	101		(279)
Purchase and sales price of own securities	0	0	0	0	90,907		90,907
Equity-based consideration	0	0	0	0	15,200		15,200
Total income and costs recognised directly in equity:	0	0	(380)	0	106,208	0	105,828
Corrections over the year	0	(386,785)	0	0	386,785	0	0
Paid dividend	0	0	0	0	2,116	(37,340)	(35,224)
Capital increases or decreases	477,000	1,526,400	0	0	0	0	2,003,400
Equity, year-end	943,750	1,526,400	997	975	582,982	0	3,055,104

Comprehensive income		2009	2008
Loss for the year		(3,861,238)	(1,226,557)
Other comprehensive income		(997)	(380)
Total comprehensive income		(3,862,235)	(1,226,937)

CAPITAL ADEQUACY			2009	2008
Core capital after statutory deductions			2,138,018	3,091,509
Capital base after statutory deductions			2,989,212	4,581,264
Weighted assets with credit, counterparty, dilution and delivery risk			15,696,496	25,466,780
Weighted assets with market risk			3,370,374	4,018,526
Total weighted items			19,066,870	29,485,306
Core capital after statutory deductions as % of total weighted items			11.2	10.5
Capital adequacy ratio, cf section 124(1) of the Danish Financial Business Act, %			15.7	15.5

For a specification of core capital and capital base after statutory deductions, please refer to note 42

Cash flow statement 1 January – 31 December

(DKK 1,000)	2009	2008
Loss after tax for the year	(3,861,235)	(1,226,557)
Adjustment for non-cash operating items		
Amortisation and impairment losses on intangible assets	19,869	19,144
Depreciation and impairment losses for property, plant and equipment	30,039	37,330
Value adjustment of equity investments	(3)	(67)
Impairment losses on loans, advances and receivables	5,050,650	1,506,015
Prepayments and deferred income, net	(17,405)	564
Net tax paid	0	33,586
Other adjustments	(1,291,968)	176,522
Total	3,791,182	1,773,094
Profit (loss) for the year adjusted for non-cash operating items	(70,053)	546,537
Change in working capital		
Loans, advances and other receivables	1,690,841	1,566,402
Deposits and payables to credit institutions	4,497,394	(6,169,536)
Issued bonds	(880,800)	1,756,546
Other working capital	(7,966,373)	3,060,649
Total	(2,658,938)	214,061
Cash flows from operating activities	(2,728,991)	760,598
Cash flows from investing activities		
Investments	(27,181)	(149,597)
Intangible assets	(3,640)	(10,512)
Property, plant and equipment	2,801	(21,938)
Total	(28,020)	(182,047)
Cash flows from financing activities		
Subordinate loan capital	(600,000)	350,000
Capital increase	2,954,000	2,003,400
Dividend paid	0	(35,224)
Total	2,354,000	2,318,176
Total cash flows	(403,011)	2,896,727
Cash and cash equivalents, beginning of year		
Cash balance and demand deposits with central banks	71,968	362,720
Receivables from credit institutions and central banks	4,285,014	1,097,535
Cash and cash equivalents, beginning of year	4,356,982	1,460,255
Cash and cash equivalents, year-end		
Cash balance and demand deposits with central banks	65,491	71,968
Receivables from credit institutions and central banks	3,888,480	4,285,014
Cash and cash equivalents, year-end	3,953,971	4,356,982

Core earnings and investment portfolio income

1 January – 31 December (DKK 1,000)	2009			2008		
	Core earnings	Investment portfolio income	Total	Core earnings	Investment portfolio income	Total
Net interest income	578,126	214,415	792,541	761,867	(38,082)	723,785
Dividend on equities	0	12,688	12,688	0	3,370	3,370
Fee and commission income	244,989	0	244,989	370,603	0	370,603
Fee and commission expenses	27,272	0	27,272	32,813	0	32,813
Net fee and commission income	217,717	0	217,717	337,790	0	337,790
Net interest and fee income	795,843	227,103	1,022,946	1,099,657	(34,712)	1,064,945
Value adjustments	22,973	(64,081)	(41,108)	72,272	(465,564)	(393,292)
Other operating income	5,097	0	5,097	5,751	0	5,751
Staff and administrative expenses	597,583	0	597,583	663,632	0	663,632
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	49,908	0	49,908	56,474	0	56,474
Other operating expenses	149,873	0	149,873	31,783	0	31,783
Impairment losses on loans and advances	5,345,530	0	5,345,530	1,534,413	0	1,534,413
Profit (loss) before tax	(5,318,981)	163,022	(5,155,959)	(1,108,622)	(500,276)	(1,608,898)

Core earnings: means earnings from customer-oriented business activities and core earnings from securities. Core earnings from securities include the risk-free return on the securities portfolio.

Investment portfolio income: means the part of the return which exceeds the risk-free interest.

The risk-free interest rate used to calculate investment portfolio income has been changed and is for 2009 based on the repo rate. Comparative figures have been restated.

1 ACCOUNTING POLICIES

The Annual Report has been prepared in accordance with the Danish Financial Business Act and the Executive Order on the Presentation of Financial Reports of Credit Institutions and Investment Companies, etc. Further, the Annual Report has been prepared in accordance with Danish disclosure requirements for annual reports of issuers of listed bonds, of the disclosure requirements of NASDAQ OMX Copenhagen A/S.

The totals stated in tables etc have been calculated on the basis of actual figures. Due to rounding-off, the sum of individual figures and the stated totals may differ slightly.

The risk-free interest rate used to calculate investment portfolio income has been changed and is for 2009 based on the repo rate. The change does not affect the Bank's profit (loss) or equity, but only the relationship between core earnings and investment portfolio income in the segment financial statements. Comparative figures have been restated.

In all other respects, the accounting policies are unchanged compared with the Annual Report for 2008.

Accounting estimates, recognition and measurement in general

Accounting estimates

In accordance with the Executive Order, the Annual Report has been prepared on the basis of special assumptions that require the use of accounting estimates. These estimates have been made by Forstædernes Bank's Management in accordance with the accounting policies and are based on past experience and, in Management's opinion, reasonable and realistic assumptions.

The accounting estimates and their underlying assumptions are tested and assessed regularly.

Areas implying a higher degree of assessment or complexity or areas in which assumptions and estimates are material to the financial statements are:

- Provisions for loan and receivable impairment involving significant estimates in connection with the quantification of all future payments and determination of dates of receipt of payments.
- Listed financial instruments, which have been priced in low-turnover markets due to the financial turmoil, may involve a high degree of uncertainty in connection with the measurement of fair values.
- Unlisted financial instruments involving significant estimates in connection with the measurement of fair values.
- Provisions involving certain estimates.

Recognition

Assets have been recognised in the balance sheet if it has been probable that future economic benefits will flow to the Company, and if the value of the asset can be measured reliably.

Liabilities have been recognised in the balance sheet if it has been probable that future economic benefits will flow from the Company, and if the value of the liability can be measured reliably.

Financial instruments have been recognised on the settlement date, and changes in the fair value of instruments purchased or sold in the period between the trade date and the settlement date have been recognised as financial assets or liabilities.

Assets and liabilities, which following initial recognition have been recognised at amortised cost, have not been value adjusted in the period between the trade date and the settlement date.

Financial assets or liabilities have been derecognised when the right to receive/pay related cash flows has lapsed or been transferred, and the Bank in all material respects has transferred all risks and returns related to ownership.

Income has been recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost have been recognised in the income statement in the period in which they arose.

Also, all costs incurred in connection with this year's earnings have been recognised in the income statement, including depreciation and amortisation, impairment losses and provisions as well as reversals as a result of changed accounting estimates of amounts previously recognised in the income statement.

Measurement

On initial recognition, financial assets and liabilities have been measured at fair value. Subsequently, financial assets and liabilities have been measured at either fair value or amortised cost, according to their classification.

The categories "Loans, advances and receivables" and "Other financial liabilities" have in general been measured at amortised cost, including a constant effective interest rate over the maturity. Amortised cost has been determined as the original cost less principal payments and plus/less the accumulated amortisation of the difference between the cost and the nominal value less impairment provisions. Capital losses and gains have been distributed over the maturity accordingly.

Realised and unrealised gains and losses arising from changes in the fair value of "Financial assets at fair value through profit or loss" have been recognised in the

income statement in the period in which they arose.

If the market for a financial asset is illiquid, or if there is no publicly recognised price, Forstædernes Bank has determined the fair value using recognised measurement techniques. These techniques include corresponding recent transactions between independent parties, reference to other corresponding instruments and an analysis of discounted cash flows as well as option and other models based on observable market data.

In Management's opinion, the methods and estimates applied as part of the measurement techniques give a reliable view of the fair value of the instruments.

Derivative financial instruments

On initial recognition, derivative financial instruments have been recognised in the balance sheet at fair value and have subsequently been measured at fair value. Value adjustments have been recognised in the income statement under "Value adjustments" in the period in which they arose. Positive and negative fair values of derivative financial instruments have been recognised under "Other assets" and "Other liabilities" respectively. Fair values of derivative financial instruments have been determined on the basis of available market information and recognised measurement methods.

Hedge accounting

Changes in the fair values of derivative financial instruments classified as and meeting the criteria of fair value hedges of a recognised asset or liability have been recognised in the income statement, including changes in the value of the hedged asset or the hedged liability to the extent of the hedged part.

Forstædernes Bank uses derivatives (swaps) to hedge the interest rate risk of certain fixed-rate financial assets and liabilities.

The hedges have been established for individual assets and liabilities and at portfolio level. The hedge accounting effectiveness has been measured and assessed on a current basis.

Segment information

Information has been provided on the Bank's investment portfolio income and core earnings.

The presentation of the business segments has been based on the current reporting made to Management and, consequently, also the principles applied in connection with management control. The business segments reflect the Bank's main business areas.

Core earnings include the Bank's earnings on customer-oriented business and core income from securities. Core income from securities includes the risk-free return on investment portfolios.

Investment portfolio income includes the part of the financial income exceeding risk-free interest.

Currency

The Financial Statements have been presented in Danish kroner (DKK), which is the functional as well as the presentation currency of the Company. All other currencies have been regarded as foreign currencies.

Transactions in foreign currencies have been translated into the functional currency at the exchange rates prevailing on the transaction date. Exchange rate gains and losses arising on the settlement of these transactions have been recognised in the income statement.

At the balance sheet date, monetary assets and liabilities in foreign currencies were translated at the rates prevailing on the balance sheet date. Foreign currency translation adjustment has been recognised in the income statement.

Currency translation differences arisen on translation of non-monetary items such as equities at fair value recognised in the income statement have been recognised as part of the fair value gain or loss.

Impairment

The carrying amounts of intangible assets, property, plant and equipment are reviewed annually to determine whether there is any evidence of impairment apart from what has been recognised as depreciation and amortisation. If this is the case, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset concerned will be written down to the lower recoverable amount.

The recoverable amount of an asset has been determined as the higher value of the net sales price and the value in use. Where no recoverable amount can be determined for the individual asset, the assets have been measured in the lowest aggregation of assets where overall measurement may provide a reliable recoverable amount.

Repo/reverse

Securities sold as part of sale and repurchase transactions have been retained in the balance sheet under the appropriate principal item, eg "Bonds". The amount received has been recognised as payables to the counterparty. The liability has been fair value adjusted over the maturity of the agreement through profit or loss.

Securities acquired as part of sale and repurchase transactions have been stated as receivables from the counterparty. The receivables have been fair value adjusted over the maturity of the agreement through profit or loss.

INCOME STATEMENT

Interest income and expenses

Interest includes interest due and accrued up to the balance sheet date.

Interest income includes interest and interest-like income, including interest-like commission received and other income that forms an integral part of the effective interest of the underlying instruments. The item also includes the index premium on assets, forward premium of securities and foreign exchange trades as well as adjustments over the maturity of financial assets measured at amortised cost and where cost varies from the redemption price.

Interest income from impaired bank loans and advances has been included under "Interest income" at an amount reflecting the effective interest of the impaired value of loans and advances. Any interest income from the underlying loans and advances exceeding this amount has been included under the item "Impairment losses on loans, advances and receivables".

Interest expenses include all interest-like expenses including adjustment over the maturity of financial liabilities measured at amortised cost and where the cost differs from the redemption price.

Dividend

Dividend from equity investments has been recognised as income in the income statement in the financial year in which the dividend was declared.

Fees and commissions

Fees and commissions include income and expenses relating to services, including management fees. Fee income relating to services rendered on a current basis has been accrued over their terms.

For accounting purposes, fees, commissions and transaction costs have been treated as interest if they form part of

the effective interest of a financial instrument.

Other fees have been recognised in the income statement at the date of transaction.

Commission concerning the referral of mortgage loans for Totalkredit have been recognised in accordance with the set-off model. Under the set-off model, referral commission is recognised at the time when the loan is granted. Fees connected with the ongoing customer service in connection with the loan are recognised as the Bank performs these services and earns the fees. Totalkredit may only set off recognised losses against the future commission payments for the first 8 years of the mortgage loan. The amount set off is recognised at the time of the loss-incurring event.

Value adjustments

Value adjustments include foreign currency translation adjustment and value adjustment of assets and liabilities measured at fair value, including fair value adjustment under hedge accounting.

Staff and administrative expenses

Staff expenses include wages and salaries as well as social expenses and pensions.

Administrative expenses comprise all other types of expenses and the Bank's commission payable under the government guarantee scheme.

Impairment losses on loans, advances and receivables

Recognised losses and changes for the year in impairment losses on and provisions for loans, receivables and guarantees have been charged to the income statement under the item "Impairment losses on loans, advances and receivables".

Tax

Tax on taxable income for the year calculated at the current tax rate, adjustment of tax assessed for prior years and adjustment of the proportion of deferred tax relating to tax assets and tax liabilities attributable to the profit (loss) for the year have been charged to the income statement. The adjustments relating to deferred tax attributable to direct equity entries have been recognised directly in equity.

Forstædernes Bank has been jointly taxed with Foreningen Nykredit (the Parent Company). The Parent Company settles the total tax payable by the Group on the taxable income assessed for the year. Current Danish corporation tax payable has been distributed between the jointly taxed Danish companies relative to their taxable income (full distribution subject to refund for tax losses).

Domestic corporation tax payable by the jointly taxed companies is payable in accordance with the scheme for payment of tax on account. Interest payable or receivable relating to the voluntary payment of tax on account and interest payable or receivable on the over-/underpayment of tax have been recognised under "Other interest income" or "Other interest expenses", as appropriate.

ASSETS

Receivables from credit institutions and central banks

Receivables from credit institutions and central banks include receivables from other credit institutions and time deposits with central banks. Initial recognition is based on fair value, while subsequent measurement is made at amortised cost.

This item includes receivables acquired as part of purchase and resale transactions (repo/reverse) which have subsequently been measured at fair value, as these instruments are part of the trading book. Fair value adjustments have been

recognised continuously through profit or loss.

Loans, advances and other receivables at amortised cost

On initial recognition, other loans, advances and other receivables at amortised cost have been measured at fair value less/plus the costs and income relating to the acquisition. Subsequent measurement takes place at the lower of amortised cost and net realisable value less loan loss provisions.

Loans, advances and other receivables at fair value

This item includes receivables acquired as part of purchase and resale transactions (repo/reverse), which have been measured at fair value.

Provisions for loan and receivable impairment

Forstædernes Bank performs continuous individual reviews and risk assessments of all significant loans, advances and receivables with a view to uncovering objective evidence of impairment. In case of objective evidence of impairment where the event(s) concerned is(are) believed to have a reliably measurable effect on the size of expected future payments from the loan, provisions have been made for the loan for impairment at the difference between the carrying amount before impairment and the present value of expected future payments from the loan.

Objective evidence is deemed present where for example borrowers have serious financial difficulties, where they do not fulfil the payment obligations under their contracts, and where it is probable that they will go into bankruptcy or become subject to other financial restructuring.

Similarly, individual provisions have been made for non-significant loans, advances and receivables in case of objective evidence of impairment where the event(s) concerned is(are) believed to have a reliably measurable effect on the size of

expected future payments from the exposure/loan.

The Bank's loans and advances are generally always placed in groups of uniform credit risks. Where impairment or a provisioning need is identified relating to individual loans and advances, they will be removed from their respective groups and treated separately. The Bank has a total of 13 credit risk groups of which six apply to retail customers and seven to commercial customers. The credit risk groups are based on a rating model, and impairment is recognised in gross terms on migration to poorer creditworthiness.

Individual impairment provisions are made on the basis of a discounting of the most probable cash flows from the individual loan or exposure. For all loans subject to individual impairment provisioning, a strategy and action plan is prepared, and the loans/exposures are reviewed on a quarterly basis.

If the present value of the loss flow calculations exceeds the loss calculated on the granting of the loan, impairment is calculated as the difference between the present value of the loss flow calculation and the expected loss on the granting of the loan.

Where events occur showing a partial or complete reduction of an impairment loss following individual or collective provisioning, impairment provisions have been reversed accordingly.

Impairments have been deducted from the asset items concerned.

Equities and bonds

Equities and bonds have been recognised and subsequently measured at fair value equal to fair value determined on the basis of market data and recognised measurement methods. If no objective prices from recent trades in unlisted equities are available, these equities are

measured at fair value using EVCA's measurement rules for unlisted equities.

Changes in fair value have been recognised on a current basis in the income statement under value adjustments.

The Bank's own portfolio of own issued bonds has been offset against issued bonds (the liability), and interest receivable relating to own bonds has been offset against interest payable.

Investments in group enterprises

The wholly-owned subsidiary FB Ejendomme A/S has been recognised and measured according to the equity method. Accordingly, investments have been recognised at the equity value of the companies.

Net revaluation of the investment has been transferred to the net revaluation reserve according to the equity method under statutory reserves to the extent that the carrying amount exceeds cost. Impairment losses have been recognised and offset against any positive statutory reserves.

As the activities of the subsidiary are not material to the Bank, and as it does not have any commercial activities, no group consolidation is made.

Intangible assets (software)

Acquired software is measured at cost on initial recognition. Software is subsequently measured at cost less accumulated amortisation. Acquired software is expected to have a useful life of up to five years.

Land and buildings, owner-occupied properties

Owner-occupied properties exclusively consist of a summer house for staff purposes. Owner-occupied properties have been revalued in the balance sheet equal to the fair value at the revaluation date less subsequent accumulated

depreciation and impairment losses. Revaluations are made on a continuous basis to prevent the carrying amount from differing significantly from the fair value determined at the balance sheet date.

Fair value is based on open market prices of traded properties of similar locations and state of repair or similar valuations.

Straight-line depreciation has been made based on the annually revalued scrap values and estimated useful lives of 50 years of the properties.

Increases in the carrying amounts arising on revaluation of owner-occupied properties have been added to the revaluation reserves under equity. Impairment losses offsetting former revaluations of the same asset have been deducted from revaluation reserves directly in equity, while other impairment losses have been recognised in the income statement.

Subsequent costs have been recognised in the carrying amount of the asset concerned or recognised as a separate asset where it has been probable that costs incurred will lead to future economic benefits for the Bank, and the costs can be measured reliably. The costs of ordinary repair and maintenance have been recognised in the income statement as incurred.

Gains and losses on divested assets have been determined by comparing the sales proceeds with the carrying amounts. Gains and losses have been recognised in the income statement. On divestment of revalued assets, revaluations contained in the revaluation reserves have been transferred to the income statement.

Other property, plant and equipment

Equipment has been measured at historical cost less accumulated depreciation and impairment losses. Cost includes the purchase price and costs

directly related to the acquisition up to the time when the assets are ready for entry into service.

Depreciation has been made on a straight-line basis over the expected useful lives of:

- Computer equipment and machinery up to 5 years
- Equipment and motor vehicles up to 5 years
- Leasehold improvements up to 5 years

The residual value and useful lives of the assets have been assessed and adjusted, if necessary, at each balance sheet date. The carrying amount of an asset has been written down to the recoverable amount immediately if the carrying amount of the asset exceeded the estimated recoverable amount.

Gains and losses on the current replacement of property, plant and equipment have been charged to the income statement under "Other operating income" and "Other operating expenses".

Prepayments

Prepayments recognised under assets include prepaid costs.

LIABILITIES AND EQUITY

Payables

Payables to credit institutions and central banks, deposits and other payables have been recognised at the proceeds received less transaction costs incurred. In subsequent periods, payables have been measured at amortised cost equal to the capitalised value using the effective interest rate so that the difference between the proceeds and the nominal value has been recognised in the income statement as interest expenses over the term of the loan. Other payables have been measured at amortised cost, which in all material respects equals the nominal value.

Payables to credit institutions and central banks and deposits and other payables

include purchase and resale transactions (repo/reverse), which have been measured at fair value. Fair value adjustments have been recognised continuously through profit or loss.

Issued bonds at amortised cost

Issued corporate bonds have been recognised at cost equal to consideration received less costs incurred. Issued bonds have subsequently been measured at amortised cost. Where the bonds have embedded derivative financial hedge instruments measured at fair value, the bonds will be value adjusted on a current basis to ensure accounting symmetry of the value adjustment of the hedged instrument and the hedging derivative financial instrument.

Provisions

Provisions have been recognised where, as a result of an event occurred on or before the balance sheet date, the Bank has a legal or constructive obligation, and where it has been probable that economic benefits must be provided to settle the obligation.

In connection with the measurement of provisions, the costs incidental to the settlement of the obligation have been discounted where this has a significant effect on the measurement of the obligation.

Provisions have been measured at Management's best estimate based on the amounts considered to be necessary to redeem the obligation.

Corporation and deferred tax

Current tax liabilities and current tax receivables have been recognised in the balance sheet as tax calculated on taxable income adjusted for tax paid on account.

Deferred tax has been measured in accordance with the balance sheet liability method based on all temporary differences between the carrying amounts and tax values of assets and liabilities. No

recognition has been made of deferred tax on temporary differences relating to the amortisation of goodwill disallowed for tax purposes and owner-occupied properties as well as other items where temporary differences have arisen at the time of acquisition without having any effect on the profit (loss) or the taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, have been recognised at the value at which they are expected to be utilised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax has been measured on the basis of the tax rules and tax rates effective under current legislation on the balance sheet date when deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates have been recognised in the income statement.

Deferred income

Deferred income recognised under liabilities includes payments received concerning income recorded in subsequent years.

Subordinate loan capital

Subordinate loan capital has initially been recognised at fair value less transaction

costs incurred. Subordinate loan capital has subsequently been carried at amortised cost, and any differences between the proceeds (less transaction costs) and the redemption value have been recognised in the income statement over the loan term using the effective interest method.

Equity

Share capital

Equities have been classified as equity where no obligation exists to transfer cash or other assets.

Revaluation reserves

Revaluation reserves include positive value adjustments of owner-occupied properties. Increases in the reassessed value of properties have been recognised directly under this item unless the increase cancels out a decrease previously recognised in the income statement. The item is adjusted for any impairment fully or partially cancelling out previously recognised value increases. The item is also reduced on divestment of properties.

Statutory reserves

The reserves include value adjustment of an investment in a subsidiary (net revaluation according to the equity method). The reserves have been adjusted for the distribution of dividend to

the Parent Company and for other changes in the equity of the subsidiary.

Retained earnings/other reserves

Comprise distributable reserves which may be distributed to the Company's shareholders without limitation.

Cash flow statement

The cash flow statement has been prepared according to the indirect method based on profit (loss) for the year. The cash flow statement shows cash flows from the operating, investing and financing activities for the year, the changes in cash and cash equivalents for the year and the Bank's cash and cash equivalents at the beginning and end of the year.

Cash and cash equivalents consist of the items "Cash in hand and demand deposits with central banks" and "Receivables from credit institutions and central banks".

Financial highlights

Financial highlights have been presented in accordance with the FSA Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc.

Notes

(DKK 1,000)	2009	2008
2 INTEREST INCOME		
Receivables from credit institutions and central banks	56,934	96,652
Loans, advances and other receivables	1,093,559	1,680,822
Bonds	352,171	196,891
Total derivative financial instruments	41,757	158,720
Of which		
- Foreign exchange contracts	52,971	161,176
- Interest rate contracts	(10,743)	(2,456)
- Equity contracts	(471)	
Other interest income	5,848	0
Total	1,550,269	2,133,085
Of which interest income from genuine purchase and resale transactions entered as		
Loans, advances and other receivables at fair value	511	231
Of total interest income:		
Interest income accrued on financial assets measured at amortised cost	1,149,982	1,777,243
Interest income accrued on loans and advances for which individual impairment provisions have been made amounts to DKK 58.4m (2008: DKK 9.4m). The Bank generally suspends addition of interest on individually impaired loans and advances. Interest income attributable to impaired loans is offset against subsequent impairments.		
Interest income accrued on fixed-rate loans	6,998	8,014
3 INTEREST EXPENSES		
Credit institutions and central banks	190,759	537,610
Deposits and other payables	377,401	666,819
Issued bonds	102,814	112,770
Subordinate loan capital	86,730	92,070
Other interest expenses	24	31
Total	757,728	1,409,300
Of which interest expenses from genuine sale and repurchase transactions entered as		
Payables to credit institutions and central banks	437	2,191
Offset interest from the Bank's own portfolio of subordinate loan capital	2	10
Of total interest expenses:		
Interest expenses accrued on financial liabilities measured at amortised cost	757,291	1,407,109
4 DIVIDEND ON EQUITIES		
Dividend on equities	12,688	3,370
Total	12,688	3,370
5 FEE AND COMMISSION INCOME		
Securities trading and custody accounts	110,347	207,608
Payment services	23,790	31,105
Loan fees	16,743	20,924
Guarantee commission	71,178	84,639
Other fee and commission income	22,931	26,327
Total	244,989	370,603
Of which		
Fees relating to financial instruments not measured at fair value	2,521	4,181

Certain fees that form part of the effective interest rate of underlying loans and advances measured at amortised cost are stated under "Interest income".

Notes

(DKK 1,000)	2009	2008
6 FEE AND COMMISSION EXPENSES		
Fee and commission expenses	27,272	32,813
Total	27,272	32,813
Of which		
Fees relating to financial instruments not measured at fair value	466	2,149
7 VALUE ADJUSTMENTS		
Bonds	(106,065)	(421,004)
Equities	44,091	(94,109)
Foreign exchange	9,882	4,800
Total derivative financial instruments	17,207	145,996
Of which		
Foreign exchange contracts	(1,106)	78,712
Interest rate contracts	7,666	(9,004)
Equity contracts	10,647	76,288
Other assets	1,419	3,317
Other liabilities	(7,642)	(32,292)
Total	(41,108)	(393,292)
Of which fair value adjustment related to hedge accounting	425	(412)
8 STAFF AND ADMINISTRATIVE EXPENSES		
Remuneration of Board of Directors/Executive Board	27,288	17,902
Committee of Representatives	0	614
Staff expenses	329,636	390,190
Administrative expenses	240,659	254,926
Total	597,583	663,632
Remuneration of Board of Directors and Executive Board:		
Board of Directors		
Remuneration	681	1,588
Each staff-elected board representative receives annual remuneration of DKK 170,000		
Executive Board		
Salaries	7,230	16,314
Severance pay to former members of the Executive Board	19,377	0
Total	27,288	17,902

Remuneration of Executive Board:

As Forstædernes Bank A/S is wholly owned by Nykredit Realkredit A/S, Management finds the stating of individual salaries of the Executive Board members immaterial to the assessment of the Annual Report. Consequently, the Company has elected to derogate from the recommendation to disclose individual salaries.

Members of the Executive Board receive a fixed salary. No special bonus plans are established. Previously, members of the Executive Board received a performance-related bonus, which was discontinued in connection with the sale of the Bank to Nykredit Realkredit A/S. The bonus plan represented DKK 0m (2008: DKK 2.6m) of the above remuneration.

The options plan applying to the Executive Board was discontinued following the acquisition by Nykredit Realkredit A/S. Members of the Executive Board do not receive remuneration as directors of group enterprises. Retirement compensation for members of the Executive Board does not deviate significantly from sector standards and includes a term of notice of 12 months.

The pensionable age for members of the Executive Board is 70 years.

No special agreements have been made on pension benefits for present or past members of Management.

Notes

(DKK 1,000)

2009

2008

8 STAFF AND ADMINISTRATIVE EXPENSES (continued)

Loans, charges or guarantees granted to the members of Board of Directors	11,786	12,020
Balances with the Board of Directors have carried an average interest rate of 3.6% in 2009 (2008: 5.6%). Undrawn credit card facilities have been granted to the Executive Board and the Board of Directors to a negligible extent. The average interest rate applying to these facilities is 11.9% (2008: 12.75%).		
Deposits from the members of Executive Board	545	5,245
Board of Directors	8,013	1,468
Balances with the above members of the Bank's Management and their related parties carry interest at standard market rates.		
Staff expenses		
Wages and salaries	273,527	324,272
Pensions (defined contribution plans)	29,933	32,449
Social security expenses	26,176	33,469
Total	329,636	390,190
Average number of staff, full-time equivalents	499	570
Aggregate fees to the auditors appointed by the Annual General Meeting that perform the statutory audit		
Statutory audit	819	723
Other services	20	349
Total	839	1,072

9 DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES FOR PROPERTY, PLANT AND EQUIPMENT AS WELL AS INTANGIBLE ASSETS

Property, plant and equipment	30,039	37,330
Intangible assets	19,869	19,144
Total	49,908	56,474

Notes

(DKK 1,000)

2009

2008

10 IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES

Specification of impairment provisions		
Total individual impairment provisions	6,085,345	1,606,983
Total collective impairment provisions	147,236	64,264
Total impairment provisions, year-end	6,232,581	1,671,247
Individual impairment provisions		
Impairment provisions, beginning of year	1,606,983	251,760
Impairment provisions and value adjustments for the year	4,939,049	1,502,182
Reversal of impairment relating to previous years	14,743	58,072
Other changes	43,371	0
Impairment provisions recognised as lost	489,315	88,887
Impairment provisions, year-end	6,085,345	1,606,983
Of which in respect of credit institutions		
Impairment provisions, beginning of year	9,209	0
Impairment provisions and value adjustment for the year	0	9,209
Impairment provisions recognised as lost	9,209	0
Impairment provisions, year-end	0	9,209
Collective impairment provisions		
Impairment provisions, beginning of year	64,264	2,359
Impairment provisions and value adjustments for the year	115,007	61,905
Reversal of impairment provisions relating to previous years	32,035	0
Impairment provisions, year-end	147,236	64,264
Effect on profit (loss)		
Change in provisions for loan and receivable impairment	5,050,650	1,506,015
Offset interest income from impaired loans and advances	0	9,372
Losses recognised for the year, net	12,067	6,430
Received on claims previously written off as impairment losses	3,427	7,564
Provisions for guarantees, cf note 31	286,240	38,904
Total	5,345,530	1,534,413
Specification of partially impaired loans and advances		
Specification of loans and advances subject to objective evidence of impairment		
Loans and advances subject to individual impairment	6,517,524	1,138,641
Impairment provisions	4,042,379	519,213
Carrying amount of non-performing loans	2,475,145	619,428
Loans and advances subject to collective impairment	12,808,103	20,700,326
Impairment provisions	147,236	64,264
Loans and advances after impairment	12,660,867	20,636,062
11 PROFIT FROM INVESTMENTS IN GROUP ENTERPRISES		
Profit from investments in group enterprises	3	67
Total	3	67

Notes

(DKK 1,000)

2009

2008

12 TAX

Tax for the year can be specified as follows:

Tax on loss for the year	(1,294,724)	(382,341)
Total	(1,294,724)	(382,341)

Tax on loss for the year has been calculated as follows:

Current tax	(1,284,168)	(204,213)
Deferred tax	(16,887)	(181,490)
Adjustment of current tax relating to previous years	6,331	1,194
Adjustment of deferred tax relating to previous years	0	2,168
Total	(1,294,724)	(382,341)

Tax on loss for the year can be specified as follows:

Calculated 25% tax on loss before tax	(1,288,990)	(402,225)
Tax effect of		
Non-taxable income	(2,865)	(467)
Non-deductible costs and other adjustments	(9,200)	19,157
Adjustment of tax relating to previous years	6,331	1,194
Total	(1,294,724)	(382,341)

Effective tax rate, %

25.1

23.8

13 CASH BALANCE AND DEMAND DEPOSITS WITH CENTRAL BANKS

Cash balance	65,491	71,968
Total	65,491	71,968

14 RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS

Receivables at call from central banks	0	1,878,152
Receivables from credit institutions	3,888,480	2,406,862
Total	3,888,480	4,285,014

By time-to-maturity

Demand deposits	328,497	1,636,090
Up to 3 months	3,059,983	2,578,153
Over 3 months and up to 1 year	0	5,552
Over 1 year and up to 5 years	500,000	51,944
Over 5 years	0	13,275
Total	3,888,480	4,285,014

15 LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE

Loans and advances at fair value	79,823	54,465
Total	79,823	54,465

Of which genuine purchase and resale transactions

79,823

54,465

By time-to-maturity

Up to 3 months	79,823	54,465
Total	79,823	54,465

Notes

(DKK 1,000)

2009

2008

16 LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST

Loans and advances	15,492,759	22,259,608
Total	15,492,759	22,259,608
By time-to-maturity		
On demand	6,800,866	11,525,184
Up to 3 months	1,200,107	1,458,758
Over 3 months and up to 1 year	1,515,938	1,774,095
Over 1 year and up to 5 years	4,058,822	5,240,768
Over 5 years	1,917,026	2,260,803
Total	15,492,759	22,259,608
Non-accrual loans	4,444,010	1,087,770
Impairment provisions made, year-end, cf note 10		
Individual impairment provisions	6,085,345	1,597,774
Collective impairment provisions	147,236	64,264
Fixed-rate loans and advances		
Of total loans and advances fixed-rate loans represent	73,462	104,419

The Bank's portfolio of loans and advances is distributed by the above time-to-maturity and is evenly distributed by loans and advances. Most of the Bank's lending carries a floating interest rate and is denominated in DKK. Loan terms etc are standard terms and conditions in the credit market.

Loans, advances and guarantee debtors by sector and industry as %, year-end

Public sector	2	0
Corporate customers		
Agriculture, hunting and forestry	1	1
Fisheries	0	0
Manufacturing industries, extraction of raw materials, utilities	3	3
Building and construction	5	4
Trade, restaurants and hotels	7	7
Transport, mail and telephone	1	1
Credit, finance and insurance	8	9
Property management and trade, business services	32	35
Other trade and industry	17	19
Total corporate customers	74	79
Retail customers	24	21
Total	100	100

The sector distribution is based on the official Danish activity codes.

As the Bank's internal sector definitions differ from the above, it is not possible to compare the above distribution directly with the determination in the section Risk and capital management on page 15.

Notes

(DKK 1,000)

2009

2008

17 BONDS AT FAIR VALUE

Mortgage bonds	10,377,270	2,282,568
Government bonds	567,158	27,813
Other bonds	4,162	631,132
Total	10,948,590	2,941,513

The Bank has no own bonds.

The effect of fair value adjustment has been recognised through profit or loss.

Of which drawn bonds	1,746,809	53,298
Assets sold as part of genuine sale and repurchase transactions	79,823	0

As collateral for the Danish central bank, Danmarks Nationalbank, and foreign clearing centres bonds have been deposited of a total market value of

2,922,854 1,908,405

The collateral was provided on an arm's length basis.

18 EQUITIES

Equities measured at fair value through profit or loss	487,621	501,144
Total	487,621	501,144

Specification of equity portfolios

Listed on NASDAQ OMX Copenhagen A/S	8,051	44,817
Listed on other stock exchanges	83	41,306
Unlisted equities carried at fair value	479,487	415,021
Total equities	487,621	501,144

19 BANKING BOOK (EQUITIES)

Cost, beginning of year	329,422	179,825
Additions	27,245	149,636
Disposals	64	39
Cost, year-end	356,603	329,422

Revaluations and impairment losses, beginning of year

82,968 129,566

Revaluations and impairment losses for the year

40,209 (46,424)

Reversal of revaluations and impairment losses

339 174

Revaluations and impairment losses, year-end

122,838 82,968

Balance, year-end

479,441 412,390

Notes

(DKK 1,000)	2009	2008
20 INVESTMENTS IN GROUP ENTERPRISES		
Investments in group enterprises, FB Ejendomme A/S (wholly-owned)		
Cost, beginning of year	3,500	3,500
Cost, year-end	3,500	3,500
Revaluations and impairment losses, beginning of year	975	908
Profit (loss) before tax	(15)	89
Tax	(18)	22
Other changes in capital	0	0
Total revaluations and impairment losses, year-end	978	975
Balance, year-end (equity of FB Ejendomme A/S)	4,478	4,475
Balance sheet total of FB Ejendomme A/S	4,993	5,066
Balances with group enterprises		
Liability items		
Deposits and other payables	2,685	2,845
Total	2,685	2,845
21 INTANGIBLE ASSETS		
Other intangible assets		
Cost, beginning of year	49,590	39,103
Additions for the year	3,640	10,487
Disposals for the year	92	0
Cost, year-end	53,138	49,590
Impairment losses, beginning of year	32,172	13,053
Amortisation and impairment losses for the year	19,869	19,119
Reversal of amortisation and impairment losses for previous years	92	0
Amortisation and impairment losses, year-end	51,949	32,172
Total other intangible assets, year-end	1,189	17,418
22 LAND AND BUILDINGS		
Owner-occupied properties, revalued		
Total	0	1,300
Owner-occupied properties		
Cost, beginning of year	1,300	360
Disposals for the year	(1,300)	0
Cost, year-end	0	360
Revaluations, beginning of year	997	1,377
Revaluations for the year	(997)	(380)
Revaluations, year-end	0	997
Depreciation and impairment losses, beginning of year	57	37
Depreciation for the year	(57)	20
Depreciation and impairment losses, year-end	0	57
Balance, year-end	0	1,300

Notes

(DKK 1,000)

2009

2008

23 OTHER PROPERTY, PLANT AND EQUIPMENT

Equipment	51,836	84,373
Total	51,836	84,373
Equipment can be specified as follows:		
Cost, beginning of year	212,009	217,717
Additions for the year	6,592	25,315
Disposals for the year	20,854	31,023
Cost, year-end	197,747	212,009
Depreciation and impairment losses, beginning of year	127,636	117,972
Depreciation for the year	30,039	37,310
Reversal of depreciation and impairment losses for previous years	11,764	27,646
Depreciation and impairment losses, year-end	145,911	127,636
Balance, year-end	51,836	84,373

Equipment is depreciated over three to five years. As of 31 December 2009, the remaining equipment depreciation period averages three years.

24 ASSETS IN TEMPORARY POSSESSION

Other assets	8,374	0
Total	8,374	0

25 OTHER ASSETS

Outstanding interest and commission	295,282	185,884
Positive market value of derivative financial instruments	171,004	1,444,125
Other assets	25,479	30,392
Total	491,765	1,660,401

26 PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS

Payables to credit institutions	8,269,920	7,220,833
Total	8,269,920	7,220,833
By time-to-maturity		
On demand	877,238	1,401,217
Up to 3 months	1,800,611	2,659,110
Over 3 months and up to 1 year	5,291,033	2,417,096
Over 1 year and up to 5 years	189,415	631,651
Over 5 years	111,623	111,759
Total	8,269,920	7,220,833
Of which genuine sale and repurchase transactions	79,823	0

Notes

(DKK 1,000)

2009

2008

27 DEPOSITS AND OTHER PAYABLES

On demand	15,729,204	10,802,114
At notice	746,150	950,945
Time deposits	62,028	1,483,149
Special deposits	1,614,629	1,467,496
Total	18,152,011	14,703,704
By time-to-maturity		
On demand	16,008,895	11,044,732
Up to 3 months	809,254	2,427,992
Over 3 months and up to 1 year	60,044	147,672
Over 1 year and up to 5 years	322,157	288,846
Over 5 years	951,661	794,462
Total	18,152,011	14,703,704

28 ISSUED BONDS AT AMORTISED COST

Value of issues	2,520,876	3,200,756
Amortisation	(1,133)	(2,872)
Total	2,519,743	3,197,884
By time-to-maturity		
Over 3 months and up to 1 year	1,459,459	0
Over 1 year and up to 5 years	1,053,376	3,183,350
Over 5 years	6,908	14,534
Total	2,519,743	3,197,884
Corporate bonds	2,490,790	3,175,838
Employee bonds	28,953	22,046
Total	2,519,743	3,197,884

29 OTHER LIABILITIES

Interest and commission payable	70,920	146,723
Negative market value of derivative financial instruments	212,425	1,904,917
Other payables	130,613	252,908
Total	413,958	2,304,548

Notes

(DKK 1,000)

2009

2008

30 CURRENT AND DEFERRED TAX

Deferred tax		
Deferred tax, beginning of year	199,529	3,400
Adjustment, beginning of year	(11,037)	0
Deferred tax for the year recognised in loss for the year	16,887	179,322
Deferred tax for the year recognised directly in equity	0	16,807
Deferred tax, year-end	205,379	199,529
Deferred tax recognised in the balance sheet:		
Deferred tax asset	66,238	199,529
Deferred tax relates to		
Loans and advances	788	2,106
Equities and bonds	(11)	(1,001)
Intangible assets	865	(3,250)
Property, plant and equipment, including buildings	10,087	3,501
Other assets and prepayments	51,102	(9,390)
Other liabilities and deferred income	3,316	1,241
Provisions	100	2,783
Taxable loss for future set-off	139,132	203,539
Total	205,379	199,529
Recognised in profit (loss) for the year		
Loans and advances	(1,318)	(2,667)
Equities	990	(93)
Intangible assets	3,824	1,817
Property, plant and equipment, including buildings	779	2,132
Other assets and prepayments	(125,442)	177,439
Other liabilities	1,605	2,097
Provisions	(2,683)	(1,403)
Total	(122,245)	179,322
Current tax assets/liabilities		
Corporation tax receivable, 1 January	204,617	35,184
Adjustment, beginning of year	9,527	0
Current tax for the year	1,284,168	204,213
Corporation tax paid for the year, net	2,070	(33,586)
Adjustment relating to previous years	(214,144)	(1,194)
Current tax asset/liability, year-end	1,286,238	204,617
Amount in parenthesis = current tax liabilities		

Notes

(DKK 1,000)

2009

2008

31 PROVISIONS

	2009	2008
Provisions for pensions and similar obligations		
Balance, beginning of year	5,972	4,856
Adjustment for the year	(5,847)	1,604
Utilised for the year	(125)	(488)
Balance, year-end	0	5,972
Provisions for losses under guarantees		
Balance, beginning of year	50,332	11,428
Additions for the year	286,240	38,904
Balance, year-end	336,572	50,332
Other provisions		
Balance, beginning of year	5,158	11,887
Additions for the year	28,531	(706)
Adjustment for the year	(1,738)	0
Utilised for the year	(7,944)	(6,023)
Balance, year-end	24,007	5,158
Total provisions for losses under guarantees and other provisions		
Balance, beginning of year	61,462	28,171
Additions for the year	314,771	39,802
Adjustment for the year	(7,585)	0
Utilised for the year	(8,069)	(6,511)
Balance, year-end	360,579	61,462

As a result of its operations, the Bank continuously enters into contracts where it is probable that the settlement of the liability will lead to an outflow of the Bank's financial resources and where a reliable estimate may be made of the size of the liability.

The balance sheet items in the Financial Statements represent the Bank's best estimate of the expected costs relating to provisions.

Amounts provided for liabilities, which are not estimated to be settled within one year, are discounted.

Provisions generally concern contractual obligations in connection with customer-oriented lending and other bank operations. The item also includes the provisions deemed necessary in connection with the Bank's participation in the government guarantee scheme. The major part of the provisions are expected to be settled within 1 to 3 years.

(DKK 1,000)

2009

2008

32 SUBORDINATE LOAN CAPITAL

Subordinate loan capital consists of financial liabilities which, in case of voluntary or compulsory liquidation, will not be repaid until the claims of ordinary creditors have been met.

The subordinate loan capital is in the form of bullet loans, which are generally redeemed three years before the maturity date. The loans are redeemed at par (100).

Subordinate loan capital is included in the capital base, cf ss 124, 132 and 136 of the Danish Financial Business Act.

Subordinate loan capital:		
DKK 100,000,000 / 4.26% pa / 24.09.2013	100,000	100,000
DKK 75,000,000 / 4.23% pa / 29.03.2014	75,000	75,000
DKK 100,000,000 / 0% pa / 07.04.2012	0	99,511
DKK 150,000,000 / 0% pa / 29.10.2012	0	150,000
DKK 150,000,000 / 4.11% pa / 06.05.2013	150,702	148,022
DKK 200,000,000 / 2.56% pa / 01.11.2014	200,000	200,000
DKK 200,000,000 / 2.70% pa / 30.09.2014	200,000	200,000
DKK 350,000,000 / 0% pa / 28.11.2019	0	350,000
EUR 10,000,000 / 2.01% pa / 31.10.2015	74,415	74,506
NOK 125,000,000 / 2.87% pa / 29.09.2014	111,268	93,546
Hybrid core capital:		
DKK 150,000,000 / 6.32% pa / perpetual	157,601	154,349
DKK 100,000,000 / 3.26% pa / perpetual	100,000	100,000
Total	1,168,986	1,744,934
Subordinate loan capital which may be included in the capital base	1,168,685	1,743,107

No costs were incurred when the loans were raised or redeemed.

Interest on subordinate loan capital appears from note 3.

Notes

(DKK 1,000)

2009

2008

33 SHARE CAPITAL

	2009	2008
Share capital		
Number of shares, beginning of year	37,750,000	18,670,000
Change in denomination from DKK 100 to DKK 25		
Additions and disposals for the year	17,050,000	19,080,000
Number of shares, year-end	54,800,000	37,750,000
Denomination (DKK)	25	25
Share capital	1,370,000	943,750
Own shares		
Purchases and sales of own equity investments for the year:		
Number purchased	0	18,457,397
Number sold	0	19,311,579
Nominal value of total purchases	0	461,435
Nominal value of total sales	0	482,789
Total purchase price	0	1,923,724
Total sales price	0	1,997,925
Total purchases as % of share capital, year-end	0	48.9
Total sales as % of share capital, year-end	0	51.2
Market value, year-end	0	0

The Bank's shares were delisted from NASDAQ OMX Copenhagen A/S on 31 October 2008 in connection with Nykredit Realkredit A/S's acquisition of the Bank. Until this date, the Bank purchased and sold own shares as a market maker in respect of these shares.

Notes

(DKK 1,000)

2009

2008

34 CONTINGENT LIABILITIES

Financial guarantees	1,867,843	3,540,163
Other guarantees	1,265,667	1,616,246
Other contingent liabilities	626,929	863,876
Total	3,760,439	6,020,285
By time-to-maturity		
Up to 3 months	617,434	
Over 3 months and up to 1 year	599,908	
Over 1 year and up to 5 years	589,196	
Over 5 years	1,953,901	
Total	3,760,439	

Time-to-maturity

Time to maturity is partly based on estimates, as not all guarantees have fixed expiry dates and the expiry dates may depend on pending registration etc. No calculation was made for 2008, but it is assumed that the time-to-maturity was largely consistent with the 2009 calculation.

Rent obligations

Other contingent liabilities include rent obligations in connection with the entering into of non-terminable leases of DKK 304m.

The period of non-terminability ranges from six months to 16 years, and the amount can be distributed as follows:

<1 year: DKK 31m, 1-5 years: DKK 94m, and >5 years: DKK 179m.

(If the amount of DKK 304m is discounted, the present value will be DKK 213m).

Furthermore, other liabilities of DKK 46m in respect of VP Securities A/S have been entered under "Other contingent liabilities".

Legal proceedings and litigation

The Bank's operations involve the Bank in legal proceedings and litigation. The Bank is of the opinion that the outcome thereof will have no material effect on its financial position.

"Government guarantee scheme"

The Bank participates in the "Government Guarantee Scheme", under which the Danish government has issued a 2-year guarantee that covers the Danish banks enrolled in the scheme. Forstædernes Bank's share of the total guarantee commission has been calculated at some DKK 12m per month up to 30 September 2010. For the financial year 2009, the Bank has expensed DKK 149m (entered under "Other operating expenses").

Furthermore, Forstædernes Bank participates in a sector guarantee totalling DKK 20bn. The implication of the guarantee obligation is that Forstædernes Bank is liable for up to DKK 389m if one or more Danish banks become(s) distressed for reasons covered by the scheme. At end-2009 a total of DKK 112m had been provided for this guarantee, of which DKK 95m pertain to 2009. After provisions, Forstædernes Bank's guarantee obligation is calculated at DKK 277m, entered under "Other contingent liabilities".

The company is jointly taxed with the Nykredit Group and is jointly and severally liable for payment of any corporation tax.

35 RELATED PARTY TRANSACTIONS AND BALANCES

Forstædernes Bank A/S is wholly-owned by Nykredit Realkredit A/S, Kalvebod Brygge 1-3, DK-1780 Copenhagen V. Forstædernes Bank A/S has been included in the Consolidated Financial Statements of Nykredit Realkredit A/S.

Nykredit Realkredit A/S and its parent company, group enterprises and associates are regarded as related parties as well as the Bank's own subsidiary FB Ejendomme A/S.

The Bank's Board of Directors, Executive Board and their related parties are also regarded as related parties. Transactions with the Board of Directors, the Executive Board and their related parties are stated in note 8.

No unusual related party transactions occurred in 2009.

The companies have entered into various agreements as a natural part of the Group's day-to-day operations. These agreements concern finance, guarantees, referral commission, tasks relating to IT support and IT development projects, payroll and staff administration as well as other administrative tasks.

Intercompany trade and services took place on an arm's length basis.

Significant related party transactions in existence/entered into in 2009:
 Agreements between Nykredit Realkredit A/S and Forstædernes Bank A/S
 Financial transactions concerning lending and deposits on the securities and money market areas etc
 Nykredit Realkredit A/S has contributed subordinate loan capital to Forstædernes Bank A/S.

Transactions with the Parent Company, Nykredit Realkredit A/S, and its group enterprises and associates

Income statement		
Interest income	55,871	16,625
Interest expenses	89,329	42,018
Fee and commission income	42,844	37,703
Value adjustments	232,253	(196,340)
Asset items		
Receivables from credit institutions and central banks	3,561,031	1,205,225
Bonds at fair value	8,603,838	1,170,914
Other assets	66,469	213,452
Liability items		
Payables to credit institutions and central banks	6,764,249	2,700,000
Other liabilities	262,432	767,221
Subordinate loan capital	0	350,000
Transactions with group enterprises (FB Ejendomme A/S)		
Income statement		
Interest expenses	35	102
Liability items		
Deposits and other payables	2,685	2,845

36 FAIR VALUE OF FINANCIAL INSTRUMENTS

Measurement principles for financial instruments:

Financial instruments have been measured at fair value or amortised cost in the balance sheet. The table overleaf shows the fair values of financial instruments compared with the carrying amounts at which the instruments have been recognised in the balance sheet.

The fair value is the amount at which financial assets may be traded, or the amount at which financial liabilities may be settled, between independent parties.

The majority of the Bank's fair value assets and liabilities have been measured on the basis of publicly listed prices or market prices at the balance sheet date. If the market for a financial asset or liability is illiquid, or if there is no publicly recognised price, Forstædernes Bank determines the fair value using recognised measurement techniques.

These techniques include using corresponding recent transactions between independent parties, reference to other corresponding instruments, analyses of discounted cash flows as well as option and other models based on observable market data.

Measurement techniques have been generally applied to OTC derivatives, unlisted assets and liabilities.

Unlisted equities are recognised at fair value using in part the EVCA (European Private Equity & Venture Capital Association) measurement guidelines to determine the fair value of unlisted equities, according to which the fair value is estimated as the price of an asset traded between independent parties.

In connection with the determination of the fair value of financial instruments measured at amortised cost in the financial statements, the following methods and significant assumptions have been applied:

The interest rate risk of certain financial instruments recognised at amortised cost has been hedged by means of derivatives, cf note 40.

These financial instruments have been measured at fair value in the financial statements, cf the provisions on hedge accounting of interest rate risk.

For loans, advances and receivables as well as other financial liabilities measured at amortised cost carrying a floating interest rate and entered into on standard credit terms, carrying amounts have been estimated to correspond to fair value.

The fair value of fixed-rate assets and financial liabilities measured at amortised cost has been determined based on recognised measurement methods.

The credit risk of fixed-rate financial assets (loans and advances) has been assessed in relation to other loans, advances and receivables.

The fair value of deposits and other payables without a fixed term has been assumed to be the value disburseable at the balance sheet date.

The table overleaf also shows the balance between carrying amounts and fair values not recognised in the income statement and attributable to the balance between amortised cost and the calculated fair value.

Notes

(DKK 1,000)

36 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

2009	IAS 39 category	Carrying amount	Fair value	Balance	Fair value calculated on the basis of	
					Method 1	Method 2
Assets						
Cash balance and demand deposits with central banks	a)	65,491	65,491	0	65,491	0
Receivables at call from central banks	a)	0	0	0	0	0
Receivables from credit institutions	a+c)	3,888,480	3,888,480	0	3,888,480	0
Loans, advances and other receivables at fair value	b)	79,823	79,823	0	79,823	0
Loans, advances and other receivables at amortised cost	a)	15,492,759	15,500,108	(7,349)	0	15,500,108
Bonds at fair value	c)	10,948,590	10,948,590	0	10,948,590	0
Equities	c)	487,621	487,621	0	8,134	479,487
Interest and commission receivable	a)	295,282	295,282	0	0	295,282
Derivative financial instruments	c)	171,004	171,004	0	0	171,004
Total		31,429,050	31,436,399	(7,349)	14,990,518	16,445,881
Liabilities and equity						
Payables to credit institutions and central banks	d)	8,269,920	8,290,836	(20,916)	8,290,836	0
Deposits and other payables	d)	18,152,011	18,137,246	14,765	18,137,246	0
Issued bonds at amortised cost	d)	2,519,743	2,520,928	(1,185)	2,520,928	0
Interest and commission payable	d)	70,920	70,920	0	0	70,920
Derivative financial instruments	c)	212,425	212,425	0	0	212,425
Subordinate loan capital	d)	1,168,986	1,169,135	(149)	1,169,135	0
Total		30,394,005	30,401,490	(7,485)	30,118,145	283,345

Measurement methods

Method 1: Recognised measurement methods based on market data

Method 2: Other recognised measurement methods

IAS 39 category

- a) Loans, advances and receivables
- b) Assets/liabilities recognised at fair value on initial recognition (fair value option)
- c) Financial assets/liabilities available for sale
- d) Other financial liabilities

Notes

(DKK 1,000)

36 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

2008	IAS 39 category	Carrying amount	Fair value	Fair value calculated on the basis of		
				Balance	Method 1	Method 2
Assets						
Cash balance and demand deposits with central banks	a)	71,968	71,968	0	71,968	0
Receivables at call from central banks	a)	1,878,152	1,878,152	0	1,878,152	0
Receivables from credit institutions	a+c)	2,406,862	2,406,862	0	2,406,862	0
Loans, advances and other receivables at fair value	b)	54,465	54,465	0	54,465	0
Loans, advances and other receivables at amortised cost	a)	22,259,608	22,270,779	(11,171)	0	22,270,779
Bonds at fair value	c)	2,941,513	2,941,513	0	2,941,513	0
Equities	c)	501,144	501,144	0	86,123	415,021
Interest and commission receivable	a)	185,884	185,884	0	0	185,884
Derivative financial instruments	c)	1,444,125	1,444,125	0	0	1,444,125
Total		31,743,721	31,754,892	(11,171)	7,439,083	24,315,809
Liabilities and equity						
Payables to credit institutions and central banks	d)	7,220,833	7,228,849	(8,016)	7,228,849	0
Deposits and other payables	d)	14,703,704	14,716,984	(13,280)	14,716,984	0
Issued bonds at amortised cost	d)	3,197,884	3,200,808	(2,924)	3,200,808	0
Interest and commission payable	d)	146,723	146,723	0	0	146,723
Derivative financial instruments	c)	1,904,917	1,904,917	0	0	1,904,917
Subordinate loan capital	d)	1,744,934	1,749,400	(4,466)	1,749,400	0
Total		28,918,995	28,947,681	(28,686)	26,896,041	2,051,640

Measurement methods

Method 1: Recognised measurement methods based on market data

Method 2: Other recognised measurement methods

IAS 39 category

- a) Loans, advances and receivables
- b) Assets/liabilities recognised at fair value on initial recognition (fair value option)
- c) Financial assets/liabilities available for sale
- d) Other financial liabilities

Notes

(DKK 1,000)

36 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets and liabilities at fair value by measurement categories (the IFRS hierarchy)	Fair value			
	Listed prices	Observable inputs	Unobservable inputs	Total (book value)
2009				
Financial instruments in the form of assets:				
Trading book:				
Loans and advances at fair value (note 15)	0	79,823	0	79,823
Bonds at fair value	10,948,590	0	0	10,948,590
Equities at fair value	8,134	0	479,487	487,621
Positive fair value of derivative financial instruments	0	171,004	0	171,004
Total	10,956,724	250,827	479,487	11,687,038
Financial instruments in the form of liabilities:				
Trading book:				
Payables to credit institutions and central banks (repo transactions measured at fair value, cf note 26)	0	79,823	0	79,823
Negative fair value of derivative financial instruments	0	212,425	0	212,425
Total	0	292,248	0	292,248

Comparative figures for 2008 are not disclosed, cf the commencement provisions of IFRS 7.

Listed prices

The Bank's assets and liabilities at fair value are to the widest extent possible recognised at listed prices or prices quoted in an active market or authorised market place.

Observable inputs

When an instrument is not traded in an active market, measurement is based on observable inputs and using generally accepted calculation methods, valuation and estimation techniques such as discounted cash flows and option models.

Observable inputs are typically yield curves, volatility and market prices of similar instruments which are usually obtained through ordinary providers such as Reuters, Bloomberg, market makers, etc. If the fair value is based on transactions in similar instruments, measurement is exclusively based on transactions at arm's length. Reverse transactions and repo loans as well as unlisted derivatives generally belong in this category.

Measurement techniques are generally applied to measure derivatives and unlisted assets and liabilities.

In some cases, the markets, eg the bond market, have gradually become inactive and illiquid during 2008 and 2009. As a result when assessing market transactions, it may be difficult to conclude whether the transactions were executed at arm's length or if they were compulsory. If measurement is based on recent transactions, the transaction price is compared with a price based on relevant yield curves and discount techniques.

Unobservable inputs

When it is not possible to measure financial instruments at fair value, through active market prices or observable inputs, measurement is made on the basis of internal assumptions and extrapolation, etc. Where possible and appropriate, measurement is based on actual transactions adjusted for differences in eg liquidity, credit spreads and maturity of the instruments. The Bank's unlisted equities are generally categorised under this heading although measurement is based on the EVCA measurement guidelines.

Measurement, notably of instruments categorised as "unobservable inputs", is inherently subject to some uncertainty. Of the total assets and liabilities, DKK 479m can be ascribed to this category. Assuming that an actual market price will deviate by +/- 10% relative to the calculated fair value, the effect will be approximately DKK 48m.

Notes

(DKK 1,000)

37 DERIVATIVE FINANCIAL INSTRUMENTS

By time-to-maturity	Net market value				Gross market value			
	Up to 3 months	3 months and up to 1 year	1 year and up to 5 years	Over 5 years	Positive market value	Negative market value	Net market value	Nominal value
2009								
Foreign exchange contracts								
Forwards/futures, purchased	20,473	378	0	0	27,005	6,153	20,852	2,075,097
Forwards/futures, sold	(20,390)	(408)	0	0	5,473	26,271	(20,798)	2,777,782
Swaps	0	0	(45,941)	0	103,379	149,320	(45,941)	3,201,869
Options, purchased	419	0	0	0	419	0	419	45,355
Options, written	(419)	0	0	0	0	419	(419)	45,355
Interest rate contracts								
Forwards/futures, purchased	(506)	0	0	0	0	506	(506)	610,257
Forwards/futures, sold	32	0	0	0	32	0	32	13,334
Swaps	16,801	(18,404)	6,333	(301)	27,615	23,185	4,429	4,207,151
Equity contracts								
Forwards/futures, purchased	148	0	0	0	148	0	148	12
Forwards/futures, sold	(148)	0	0	0	0	148	(148)	12
Swaps	0	0	509	0	5,308	4,799	509	42,886
Options, purchased	251	0	0	0	251	0	251	229
Options, written	(251)	0	0	0	0	251	(251)	229
Total	16,404	(18,434)	(39,100)	(301)	169,629	211,053	(41,424)	
2008								
Foreign exchange contracts								
Forwards/futures, purchased	(484,425)	3,045	0	0	166,503	647,884	(481,381)	25,038,342
Forwards/futures, sold	422,933	(1,936)	219	0	687,885	266,669	421,216	24,924,164
Swaps	0	0	(290,362)	0	208,071	498,432	(290,361)	4,659,272
Options, purchased	288,698	1,802	0	0	290,500	0	290,500	15,811,147
Options, written	(288,698)	(1,802)	0	0	0	290,500	(290,500)	15,811,147
Interest rate contracts								
Forwards/futures, purchased	5,265	0	0	0	5,265	0	5,265	816,542
Forwards/futures, sold	(1,700)	0	0	0	0	1,700	(1,700)	65,841
Forward Rate Agreements, purchased	(218)	0	0	0	0	218	(218)	29,876
Forward Rate Agreements, sold	81	164	0	0	244	0	244	31,370
Swaps	2	(410)	(18,377)	3,928	33,152	48,010	(14,858)	2,473,064
Equity contracts								
Forwards/futures, purchased	(894)	(202)	0	0	140	1,236	(1,096)	54
Forwards/futures, sold	3,845	202	0	0	4,187	140	4,047	660
Options, purchased	1,321	141	0	0	1,462	0	1,462	124
Options, written	(1,321)	(141)	0	0	0	1,462	(1,462)	124
Total	(55,111)	863	(308,520)	3,928	1,397,409	1,756,251	(358,842)	

Notes

(DKK 1,000)

38 UNSETTLED SPOT TRANSACTIONS

	2009		2008	
	Nominal value	Market value Positive	Negative	Net market value
Foreign exchange contracts, purchased	123,938	92	80	13
Foreign exchange contracts, sold	50,903	5	73	(68)
Interest rate contracts, purchased	298,670	9	76	(67)
Interest rate contracts, sold	48,718	57	5	51
Equity contracts, purchased	139,404	740	396	344
Equity contracts, sold	143,678	447	725	(277)
Total	805,311	1,350	1,355	(4)
Total for the previous year	9,782,874	46,701	148,650	(101,949)

39 CREDIT, FOREIGN EXCHANGE, EQUITY PRICE AND INTEREST RATE EXPOSURES

Credit risk

The Group's maximum credit exposure is composed of selected balance sheet and off-balance sheet items.

	2009	2008
Total credit exposure		
Balance sheet items		
Cash balance and demand deposits with central banks	65,491	71,968
Receivables from credit institutions and central banks	3,888,480	4,285,014
Loans, advances and other receivables at fair value	79,823	54,465
Loans, advances and other receivables at amortised cost	15,492,759	22,259,608
Bonds	10,948,590	2,941,513
Equities	487,621	501,144
Other assets	755,834	1,660,401
Off-balance sheet items		
Contingent liabilities	3,760,439	6,020,285

Concentration risk

After deduction of particularly secure claims, the exposure to any one customer or group of interconnected customers must not exceed 25% of the capital base pursuant to the Danish Financial Business Act. Furthermore, the sum of exposures which represent 10% or more of the capital base after deduction of particularly secure claims must not exceed 800% of the capital base.

None of Forstædernes Bank's exposures exceeded these limits in 2009 or the year before. Distribution of loans, sector guarantees etc appear from note 16, later in this note and from page 15 of the Management's Review.

Collateral received

Loans, advances and collateral security provided are subject to ongoing review and, where relevant, Forstædernes Bank employs the options available to reduce the risk relating to its lending activities. Collateral security is mainly obtained in the form of charges on securities and/or real assets such as real property and equipment, but also moveable property and guarantees are included.

The establishment of lines for trading in financial products often requires a contractual basis giving Forstædernes Bank access to netting. The contractual framework is typically based on current market standards such as ISDA or ISMA agreements. No set-off has been made for collateral security or netting agreements in the accounting figures presented.

Notes

(DKK 1,000)

39 CREDIT, FOREIGN EXCHANGE, EQUITY PRICE AND INTEREST RATE EXPOSURES (CONTINUED)

Loans, advances and guarantees with provisions by sector and industry
2009

	Carrying amount			Loans, advances and guarantees with individual provisions	Of which	
	Loans and advances	Guarantees	Total		Individual impairment provisions	Collective impairment provisions
Public sector	48,155	277,174	325,329	389,955	112,781	14
Corporate customers:						
Agriculture, hunting and forestry	146,390	16,076	162,466	105,982	58,905	2,245
Manufacturing industries, extraction of raw materials, utilities	449,949	47,785	497,734	84,838	84,838	3,130
Building and construction	624,216	320,854	945,070	375,381	197,711	12,105
Trade, restaurants and hotels	1,189,805	207,334	1,397,139	264,562	215,433	7,631
Transport, mail and telephone	219,728	28,557	248,285	7,103	7,103	607
Credit, finance and insurance	1,545,340	82,102	1,627,442	945,219	939,394	16,457
Property management and trade, business services	4,779,498	1,372,367	6,151,864	3,640,279	2,841,869	38,993
Other trade and industry	2,693,195	540,368	3,233,563	1,880,890	1,336,743	27,910
Total corporate customers	11,696,276	2,892,616	14,588,892	7,304,254	5,681,996	109,078
Retail customers	3,876,306	867,823	4,744,130	983,331	627,140	38,144
Total	15,572,582	3,760,440	19,333,022	8,677,540	6,421,917	147,236
Of which reverse lending	79,823	-	79,823	-	-	-
Of which guarantees		3,760,440	3,760,440	1,243,723	336,572	-
Of which loans, advances and other receivables at amortised cost	15,492,759		15,492,759	7,433,817	6,085,345	147,236

2008

	Carrying amount			Loans, advances and guarantees with individual provisions	Of which	
	Loans and advances	Guarantees	Total		Individual impairment provisions	Collective impairment provisions
Public sector	1,479	399	1,878	325	325	1
Corporate customers:						
Agriculture, hunting and forestry	238,403	64,321	302,724	11,104	7,645	183
Manufacturing industries, extraction of raw materials, utilities	533,215	143,860	677,075	17,965	9,463	1,475
Building and construction	883,685	238,416	1,122,102	66,520	43,462	4,477
Trade, restaurants and hotels	1,404,898	379,038	1,783,937	89,687	42,642	3,471
Transport, mail and telephone	245,372	66,201	311,573	11,835	5,143	304
Credit, finance and insurance	2,052,932	553,876	2,606,808	483,405	141,078	9,081
Property management and trade, business services	8,317,221	2,243,967	10,561,187	1,350,035	1,055,733	17,432
Other trade and industry	4,156,767	1,121,486	5,278,253	343,979	209,018	21,709
Total corporate customers	17,833,971	4,811,564	22,645,535	2,374,530	1,514,184	58,132
Retail customers	4,480,102	1,208,721	5,688,823	259,647	133,597	6,131
Total	22,314,073	6,020,285	28,334,358	2,634,502	1,648,106	64,264
Of which reverse lending	54,465	-	54,465	-	-	-
Of which guarantees		6,020,285	6,020,285	408,091	50,332	-
Of which loans, advances and other receivables at amortised cost	22,259,608		22,259,608	2,226,411	1,597,774	64,264

Notes

(DKK 1,000)

39 CREDIT, FOREIGN EXCHANGE, EQUITY PRICE AND INTEREST RATE EXPOSURES (CONTINUED)

Loans, advances and receivables before impairment losses

2009	Public	Commercial	Retail	Total
Lending, unsecured	4,909	4,421,871	1,707,377	6,134,157
Lending, fully secured	374,718	10,344,634	2,394,859	13,114,211
Lending, partly secured	54,828	2,007,927	494,040	2,556,795
Total	434,455	16,774,432	4,596,276	21,805,163

2008	Public	Commercial	Retail	Total
Lending, unsecured	1,399	7,154,838	1,979,522	9,135,759
Lending, fully secured	230	1,029,286	300,317	1,329,833
Lending, partly secured	332	11,680,334	1,829,856	13,510,522
Total	1,961	19,864,458	4,109,695	23,976,114

Non-accrual loans or loans carrying a reduced interest rate

	2009	2008
Gross lending	7,489,831	2,052,600
Impairment losses	3,046,220	964,830
Carrying amount	4,443,611	1,087,770
Of which non-accrual	4,443,611	1,087,770
Of which at reduced interest rate	0	0

(DKK 1,000)

2009

2008

39 CREDIT, FOREIGN EXCHANGE, EQUITY PRICE AND INTEREST RATE EXPOSURES (CONTINUED)**Foreign exchange risk**

Total assets in foreign currency	8,662,635	7,879,278
Total liabilities in foreign currency	9,088,727	4,119,891
Exchange Rate Indicator 1	19,714	170,291
Exchange Rate Indicator 1 as % of core capital after statutory deductions	1	5.5
Exchange Rate Indicator 2	167	806
Exchange Rate Indicator 2 as % of core capital after statutory deductions	0	0.0

Interest rate risk by the currency involving the highest interest rate exposure

DKK	57,130	49,393
EUR	4,494	10,246
CHF	(616)	(1,806)
USD	165	48
JPY	81	0
SEK	69	(66)
GBP	56	463
NOK	39	0
Other currencies	12	26
Total interest rate exposure relating to debt instruments	61,429	58,304

Value-at-Risk

5,957 17,686

Value-at-Risk is a statistical measure of the maximum loss the Bank may risk at a given probability within a given time horizon. The Bank calculates Value-at-Risk subject to an one-tailed confidence level of 99% and a time horizon of one day.

Option risk

(353) (1,242)

The interest rate volatility risk is measured as the change in market value following a change in volatility of one percentage point.

Equity price risk

487,624 501,144

The equity price risk has been disclosed as the carrying amount of the Bank's investments in equities, etc.

Liquidity risk

The day-to-day operations of Forstædernes Bank are affected by certain liquidity fluctuations, including the risk that the Bank is not able to meet its expected and unexpected payment obligations when they fall due.

Furthermore, a risk of losses may arise as a result of the Bank's difficulty in disposing of or realising certain assets within a limited time horizon and without any significant impairment of the market value due to inadequate market liquidity or other market interruptions.

Forstædernes Bank's credit risk, market risk and risk management policies are described in detail under Risk and capital management in the Management's Review.

Notes

(DKK 1,000)

2009

2008

40 HEDGING INTEREST RATE EXPOSURE

According to the accounting provisions, loans, advances and deposits must generally be measured at amortised cost, while derivative financial instruments are measured at fair value. To obtain accounting symmetry between hedging and hedged transactions, adjustment of the carrying amounts of the financial assets and liabilities that form part of the effective hedge accounting has been allowed. The fair value adjustment exclusively concerns the hedged part (the interest rate exposure). The hedging efficiency is measured on a current basis. Changes in fair value include changes in currency as well as interest rates. Interest rate risk is measured on a 1% change in interest rates.

HEDGED FIXED-RATE ASSETS AND LIABILITIES

Loans, advances and other receivables at amortised cost	74,607	105,668
Total nominal value	74,607	105,668
Subordinate loan capital	410,850	510,850
Issued bonds	1,078,480	1,452,080
Total nominal value	1,489,330	1,962,930
Market value of hedged fixed-rate assets and liabilities		
Loans, advances and other receivables at amortised cost	78,805	108,447
Total carrying value, year-end	78,805	108,447
Subordinate loan capital	411,775	494,650
Issued bonds	1,028,330	1,173,660
Total carrying value, year-end	1,440,105	1,668,310
Fair value adjustment		
Loans, advances and other receivables at amortised cost	1,419	3,328
Total carrying fair value adjustment	1,419	3,328
Subordinate loan capital	(23,541)	9,089
Issued bonds	(155,899)	256,602
Total carrying fair value adjustment	(179,440)	265,691
HEDGING DERIVATIVE FINANCIAL INSTRUMENTS		
Nominal value (synthetic principal)	1,574,934	2,090,831
Market value adjustment (negative market value)	178,445	(269,401)
DIFFERENCE IN FAIR VALUE ADJUSTMENT		
Total	425	(383)
Fair value adjustment of the hedged and the hedging financial instruments is recognised in the income statement.		
Amounts carried in the period		
Hedged transactions	(178,021)	269,018
Hedging transactions	178,445	(269,401)

Notes

(DKK 1,000)

2009

2008

41 GENUINE SALE AND REPURCHASE TRANSACTIONS AND GENUINE PURCHASE AND RESALE TRANSACTIONS

Of the asset items below, genuine purchase and resale transactions represent:

Loans, advances and other receivables at fair value	79,823	54,465
---	--------	--------

Of the liability items below, genuine purchase and resale transactions represent:

Payables to credit institutions and central banks	79,823	0
---	--------	---

The Bank's activities are solely conducted through exchange of listed bonds on an arm's length basis.

42 CAPITAL REQUIREMENT

The capital base must be the higher amount of EUR 5m, 8% of risk-weighted items or the capital requirement corresponding to:

	2,688,429	3,036,987
--	-----------	-----------

Equity	2,146,875	3,055,104
--------	-----------	-----------

Revaluation reserves	0	(997)
----------------------	---	-------

Intangible assets	(1,189)	(17,418)
-------------------	---------	----------

Tax assets	(205,379)	(199,529)
------------	-----------	-----------

Reduced core capital	1,940,307	2,837,160
----------------------	-----------	-----------

Hybrid core capital	257,601	254,349
---------------------	---------	---------

Statutory deductions for equity investments	(59,890)	0
---	----------	---

Core capital after statutory deductions	2,138,018	3,091,509
---	-----------	-----------

Subordinate loan capital	911,084	1,488,758
--------------------------	---------	-----------

Revaluation reserves	0	997
----------------------	---	-----

Supplementary capital	911,084	1,489,755
-----------------------	---------	-----------

Statutory deductions for equity investments	(59,890)	0
---	----------	---

Capital base after statutory deductions	2,989,212	4,581,264
---	-----------	-----------

43 FINANCIAL HIGHLIGHTS

	DKK million				
	2009	2008	2007	2006	2005
SUMMARY INCOME STATEMENT					
Net interest and fee income	1,023	1,065	1,012	867	848
Value adjustments	(41)	(393)	67	235	39
Other operating income	5	5	1	2	1
Staff and administrative expenses	598	664	627	537	486
Other operating costs, depreciation and amortisation	200	88	43	37	28
Impairment losses on loans, advances and receivables	5,346	1,534	50	41	24
Profit from investments in associates and group enterprises	0	0	0	0	30
Profit (loss) before tax	(5,156)	(1,609)	359	491	380
Tax	(1,295)	(382)	84	86	106
Profit (loss) for the year	(3,861)	(1,227)	275	405	274
BALANCE, year-end					
Assets					
Cash balance and receivables from central banks and credit institutions	3,954	4,357	1,460	2,879	2,207
Loans, advances and other receivables at fair value	80	54	0	0	165
Loans, advances and other receivables at amortised cost	15,493	22,260	25,386	20,288	16,710
Bonds and equities at fair value	11,436	3,443	6,263	6,519	4,266
Investments in associates and group enterprises	4	4	4	24	24
Other asset items	2,071	2,180	719	499	421
Total assets	33,038	32,298	33,832	30,209	23,793
Liabilities and equity					
Payables to credit institutions and central banks	8,270	7,221	11,193	10,803	8,624
Deposits and other payables	18,152	14,704	16,902	14,294	11,928
Other payables	2,940	5,512	2,097	1,881	775
Total payables	29,362	27,437	30,192	26,978	21,327
Provisions	361	61	28	7	5
Subordinate loan capital	1,169	1,745	1,404	1,505	1,049
Equity	2,147	3,055	2,208	1,719	1,412
Total liabilities and equity	33,038	32,298	33,832	30,209	23,793
OFF-BALANCE SHEET ITEMS, YEAR-END					
Contingent liabilities	3,760	6,020	7,143	9,001	7,473

43 FINANCIAL HIGHLIGHTS (CONTINUED)

	2009	2008	2007	2006	2005
Capital adequacy ratio, %	15.7	15.5	11.2	12.1	11.2
Core capital ratio, %	11.2	10.5	7.6	7.3	7.5
Return on equity before tax, % (pa)	(198.2)	(61.1)	18.3	31.4	31.4
Return on equity after tax, % (pa)	(148.5)	(46.6)	14.0	25.9	22.6
Income:cost ratio, DKK ¹	0.16	0.30	1.50	1.80	1.71
Interest rate exposure, %	2.9	1.9	3.3	2.9	2.9
Foreign exchange position, %	0.9	5.5	9.0	6.1	10.7
Foreign exchange exposure, %	0.0	0.0	0.1	0.1	0.1
Loans and advances with impairments:deposits, %	120.1	163.1	151.7	143.5	143.3
Loans and advances:equity, %	7.3	7.3	11.5	11.8	12.0
Growth in loans and advances for the year, %	(30.2)	(12.1)	25.1	20.2	43.6
Excess cover:statutory liquidity requirements, %	223.9	77.7	114.8	133.7	109.4
Sum of large exposures, %	198.1	84.7	227.8	273.9	226.8
Impairment losses for the year, %	25.4	5.1	0.2	0.1	0.1
Average number of staff (full-time equivalents)	499	570	558	544	502

The financial ratios have been calculated in accordance with the definitions of the Danish Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc.

¹ Income includes net interest and fee income, value adjustments, other operating income and profit from investments in associates and group enterprises. Costs include staff and administrative expenses, other costs, depreciation and amortisation as well as impairment losses.

Forstædernes Bank – Eight Quarters

(DKK million)	Q4/ 2009	Q3/ 2009	Q2/ 2009	Q1/ 2009	Q4/ 2008	Q3/ 2008	Q2/ 2008	Q1/ 2008
Summary income statement								
Net interest income	187	207	188	211	200	174	178	172
Dividends, fee and commission income (net)	61	50	61	59	97	58	106	81
Net interest and fee income	247	257	249	270	297	232	284	253
Value adjustments	19	19	(40)	(39)	(254)	(73)	(80)	14
Net interest and fee income and value adjustments	266	276	209	231	43	159	204	267
Other operating income	0	1	1	3	1	0	1	3
Staff and administrative expenses	137	139	166	156	185	166	163	150
Depreciation, amortisation and other operating expenses	49	45	52	54	55	11	11	11
Impairment losses on loans and advances	1,089	2,867	584	806	1,359	80	73	22
Profit (loss) before tax	(1,008)	(2,774)	(592)	(782)	(1,555)	(98)	(42)	87
Tax	(267)	(694)	(141)	(193)	(370)	(25)	(10)	23
Profit (loss)	(741)	(2,080)	(451)	(589)	(1,185)	(73)	(32)	64
Summary balance sheet								
Assets								
Cash balance and receivables from central banks and credit institutions	3,953	890	1,754	4,517	4,357	2,549	3,567	3,284
Loans, advances and other receivables at fair value	80	81	76	70	55	0	0	0
Loans, advances and other receivables at amortised cost	15,493	17,077	20,032	20,476	22,260	23,843	24,013	24,293
Bonds at fair value	10,949	11,890	9,278	6,277	2,942	3,900	7,082	5,814
Equities	488	437	420	414	501	520	539	482
Land and buildings	0	0	0	0	1	1	1	1
Other asset items	2,075	2,065	1,243	1,169	2,182	1,390	967	1,191
Total assets	33,038	32,440	32,803	32,923	32,298	32,203	36,169	35,065
Liabilities and equity								
Payables to credit institutions and central banks	8,270	8,788	8,459	9,294	7,221	11,547	13,591	12,099
Deposits and other payables	18,152	17,404	16,549	15,063	14,704	13,543	16,621	16,786
Issued bonds	2,520	2,502	2,772	3,023	3,198	2,036	1,437	1,429
Other liabilities	420	629	730	742	2,314	1,562	937	1,088
Total liabilities	29,362	29,323	28,510	28,122	27,437	28,688	32,586	31,402
Provisions	360	211	117	71	62	23	25	25
Subordinate loan capital	1,169	1,318	1,658	1,761	1,745	1,399	1,398	1,408
Equity	2,147	1,588	2,518	2,969	3,055	2,093	2,160	2,230
Total liabilities and equity	33,038	32,440	32,803	32,923	32,298	32,203	36,169	35,065
Off-balance sheet items								
Contingent liabilities	3,760	4,114	4,679	5,780	6,020	6,217	7,163	7,074
Financial ratios								
Capital adequacy ratio, %	15.7	12.5	17.0	17.5	15.5	10.7	11.4	11.6
Core capital ratio, %	11.2	7.8	11.2	11.6	10.5	7.1	7.7	7.9
ROE before tax (pa), %	(38.7)	(99.6)	(49.4)	(26.0)	(61.1)	(2.5)	2.0	3.9
ROE after tax (pa), %	(28.5)	(74.6)	(37.3)	(19.6)	(46.6)	(1.9)	1.4	2.9
Income:cost ratio, DKK	0.16	0.10	0.24	0.23	0.30	0.92	1.10	1.48
Interest rate risk, %	2.9	3.4	2.5	2.1	1.9	2.7	4.2	4.3
Custody accounts	16,034	16,516	15,476	15,048	16,346	21,159	23,806	24,201

Advisory Centres

Headquarters

Kalvebod Brygge 47
DK-1560 Copenhagen V
Tel +45 33 52 52 52

Amager Corporate Banking and

Investment Centre
Amagerbrogade 38
DK-2300 Copenhagen S
Tel +45 33 52 52 00

Ballerup Corporate Banking and

Investment Centre
Centrumgaden 15
DK-2750 Ballerup
Tel+45 33 52 52 02

Birkerød Corporate Banking and

Investment Centre
Hovedgaden 2-4
DK-3460 Birkerød
Tel+45 33 52 52 04

Bryggen Corporate Banking and

Investment Centre
Kalvebod Brygge 47
DK-1560 Copenhagen V
Tel +45 33 52 52 52

Charlottenlund Corporate Banking and

Investment Centre
Charlottenlund Stationsplads 7
DK-2920 Charlottenlund
Tel +45 33 52 52 06

City Corporate Banking and

Investment Centre
Ny Østergade 25
DK-1101 Copenhagen K
Tel +45 33 52 52 08

Frederiksberg Corporate Banking and

Investment Centre
Gl. Kongevej 159
DK-1850 Frederiksberg C
Tel +45 33 52 52 12

Glostrup Corporate Banking and

Investment Centre
Hovedvejen 108
DK-2600 Glostrup
Tel +45 33 52 52 14

Greve Corporate Banking and

Investment Centre
Jerimosevej 3
DK-2670 Greve
Tel +45 33 52 52 16

Hellerup Corporate Banking and

Investment Centre
Hellerupvej 8
DK-2900 Hellerup
Tel +45 33 52 52 18

Helsingør Corporate Banking and

Investment Centre
Stengade 63
DK-3000 Helsingør
Tel +45 33 52 52 20

Herlev Corporate Banking and

Investment Centre
Herlev Hovedgade 119
DK-2730 Herlev
Tel +45 33 52 52 34

Hillerød Corporate Banking and

Investment Centre
Markedsstræde 12
DK-3400 Hillerød
Tel +45 33 52 52 22

Hørsholm Corporate Banking and

Investment Centre
Hovedgaden 55A
DK-2970 Hørsholm
Tel +45 33 52 52 26

Lyngby Corporate Banking and

Investment Centre
Nørngaardsvej 1
DK-2800 Lyngby
Tel +45 33 52 52 28

Rødovre Corporate Banking and

Investment Centre
Rødovre Centrum 108
DK-2610 Rødovre
Tel +45 33 52 52 30

Taastrup Corporate Banking and

Investment Centre
Taastrup Hovedgade 50
DK-2630 Taastrup
Tel +45 33 52 52 36

Værløse Corporate Banking and

Investment Centre
Bymidten 82
DK-3500 Værløse
Tel +45 33 52 52 38

Østerbro Corporate Banking and

Investment Centre
Kristianiagade 1
DK-2100 Copenhagen Ø
Tel +45 33 52 52 40

Århus Corporate Banking and

Investment Centre
Nørreport 26
DK-8000 Århus
Tel +45 33 52 52 42

This document is an English translation of the original Danish text. In the event of discrepancies between the original Danish text and the English translation, the Danish text shall prevail.