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Forstædernes Bank A/S

Q1-Q3 Report – 2008

Core earnings before impairment losses come to DKK 401m in the first nine months of 2008, which is 12% up on last year. Core earnings after impairment losses come to DKK 226m in the first nine months of 2008 compared to DKK 342m in 2007. The core earnings after impairment losses give a return of 14% on equity as of the beginning of the year.

In the same period, earnings from investment portfolios are minus DKK 279m which is not satisfactory and a consequence of the development in the securities markets.

In the first nine months, pre-tax results then come to minus DKK 53m against plus DKK 301m in the same period of 2007.

- The combination of rising funding interest and the adverse development in both the bond and share markets has contributed to negative earnings on our investment portfolios.
- Net interest income in core earnings increased by 12%.
- Trading income as part of core earnings increased by 6%, among other things due to increased activity in clients' trading in currencies.
- The cost rate improved from 56.1% to 55.2%.
- Impairment losses amount to DKK 175m corresponding to 0.8% of total loans/advances and guarantees; this should be seen in the light of the economic slowdown.

As announced on 6 October 2008, the Bank's participation in the Danish government guarantee scheme means a downward adjustment of our expectations of core earnings for all 2008 of about DKK 30m. In addition to this the continuously deteriorating economic development resulting in impaired collateral and securities assets means that the Bank is expecting rising impairment losses in Q4 2008. Core earnings after impairment losses for all 2008 are thus expected to come to the level of minus DKK 50 to minus DKK 100m compared to the plus DKK 220m to 270m previously announced.

Since 30 September 2008 the Bank's earnings from investment portfolios has been hit by the continuously adverse development in the financial markets with price drops in both shares and bonds.

As announced on 14 October 2008 Nykredit Realkredit has decided to realize its purchase of Forstædernes Bank.

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Earnings, Q1-Q3 (DKK m)	2008	2007
Net interest income from banking activities	598	533
Other core income	296	285
Core income	894	818
Operating expenses and depreciation (core)	493	459
Impairment losses relating to loans/advances etc.	175	17
Core earnings	226	342
Earnings from investment portfolios	-279	-41
Profit before tax	-53	301
Tax	-12	71
Net profit for the period	-41	230
Balance sheet items, end of September (DKK m)		
	2008	2007
Deposits	13,543	14,913
Loans and advances	23,843	25,177
Securities	4,420	4,961
Subordinated debt	1,399	1,407
Equity capital (EC)	2,093	2,160
Balance sheet total	32,203	32,795
Volume of securities in account (ex. deposits managed for investments funds)	21,159	28,533
Guarantees, etc.	5,691	7,139
Financial ratios, Q1-Q3		
	2008	2007
Core earnings in % of EC (average) per annum	14.0%	23.5%
Core earnings in % of EC (year begin.) per annum	13.6%	26.6%
Profit before tax in % of EC (average) per annum	-3.3%	20.7%
Profit before tax in % of EC (year begin.) per annum	-3.2%	23.4%
Profit after tax in % of EC (average) per annum	-2.6%	15.8%
Profit after tax in % of EC (year begin.) per annum	-2.5%	17.9%
Cost rate (core)	55.2%	56.1%
Solvency ratio	10.7%	11.1%
Excess cover relative to the statutory liquidity requirements (10%)	73%	99%
Market price end of period	101	224
Full-time staff (average)	573	552

Quarterly figures

See page 19.

Declining results due to impairment losses and earnings from investment portfolios.

Core earnings before impairment losses for the first nine months of 2008 show results of DKK 401m, which is 12% up on 2007. However, in the same period impairment losses increased from DKK 17m in 2007 to DKK 175m in 2008, which has resulted in a decline in core earnings from DKK 342m in the first nine months of 2007 to DKK 226m in the same period of 2008.

In the first nine months of 2008, pretax results come to minus DKK 53m against plus DKK 301m in the same period of 2007. After tax the results were minus DKK 41m compared to plus DKK 230m the year before.

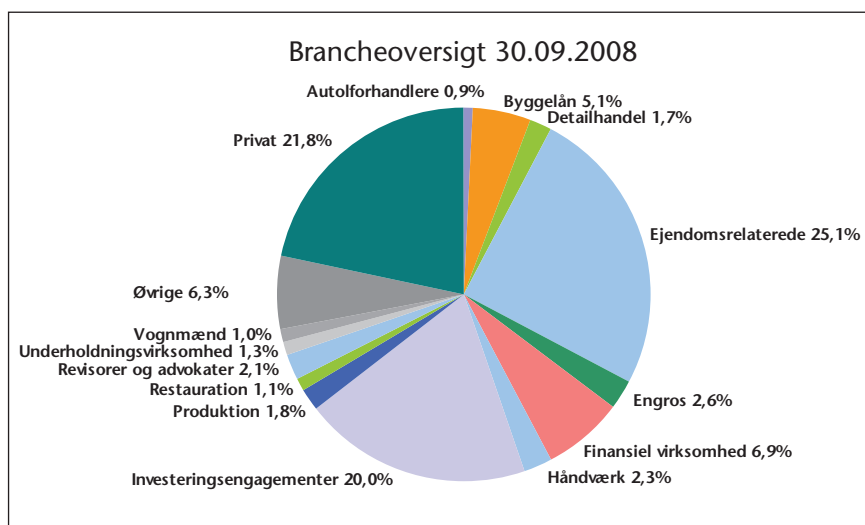
The declining results can thus be related to increased impairment losses and the core earnings which, due to results in the first nine months of 2008 of minus DKK 279m, have seriously been impacted by the adverse financial markets.

Decline in business scope

At the end of September 2008, the total business scope of Forstæderne Bank, i.e. loans/advances, deposits, guarantees and clients' securities in account, amounted to DKK 64bn compared to DKK 76bn at the same time the year before. This corresponds to a 15 % decline. The decline in clients' securities in account comes to DKK 7.4bn of this amount.

Loans/advances and guarantees

The generally worsened development in the Danish economy has



led to a stagnation in the development of loans and advances. Furthermore, the Bank has calculatedly had a strategy to reduce the volume of large-scale exposures, including real estate exposures.

At the end of September 2008, the total of loans/advances is DKK 23.8bn compared to DKK 25.2bn at the same time last year; this corresponds to a 5% decline.

The Bank's credit portfolio is spread over a wide range of trades and private business. The share of private-client exposures makes up 22% of the portfolio at 30 September 2008.

The exposure to property-related loans/advances has been reduced from about 30% at 31 December 2007 to 25% at 30 September 2008.

The property-related exposures are distributed as follows:

- 11 percentage points business leases (predominantly office leases)
- 11 percentage points housing

leases

- 2 percentage points hotels
- 1 percentage point others

The Bank is not exposed to the mortgage market which only makes up 0.4% of total loans, advances and guarantees.

The Bank has no real estate of its own; both our branches and our domicile reside in rented premises.

In the course of the recent year, the volume of guarantees has dropped by DKK 1.4bn to DKK 5.7bn. With effect from 30 September 2007, we embarked on a new cooperation model with Totalkredit; this meant that loss guarantees in relation to Totalkredit in the region of DKK 2.1bn were revoked. In addition to this a further DKK 0.5bn or so in loss guarantees have been changed to the new offsetting scheme in Q3 of 2008. The change in Q3 is thus the main explanation to why the share of private client exposures in the trade overview dropped from 24% in mid 2008 to the current 22%.

At 30 September 2008, the share of large-scale accounts comes to 203% of the Bank's core capital compared to 292% at the same time in 2007. The statutory maximum is 800%.

The Bank's risk management is described in detail, most recently in the Annual Report 2007 (pp 28-35). Here it should be noted:

- That during the first six months all exposures over DKK 25m have been scrutinized in terms of credit quality by the Bank's central credit function ;
- That all exposures over DKK 2m are followed on a continuing basis by the Credit Function which also scrutinizes new funding/increases over DKK 250,000.

Further information about the approach of the Bank to risk management and the distribution of responsibilities in relation to the Bank's risk management is available on the Bank's website: (www.forbank.dk/risikostyring (duty to disclose according to the third pillar of Basel II).

Deposits and securities in account hit by market conditions

The Bank continues to focus on the pensions and investments areas; but both deposits and securities in account have been hit by the extraordinary market conditions. Clients' assets in the form of securities in account have been hit by the adverse development in the financial markets and -due to the uncertainty around small and medium-sized banks clients have moved their deposits.

At the end of September 2008

total deposits come to DKK 13.5bn compared to DKK 14.9bn at the same time last year; this corresponds to a 9% decline.

The adverse development in the financial markets has meant that in the course of the last year the volume of clients' securities in account has dropped by DKK 7.4bn to DKK 21.2bn at 30 September 2008. This corresponds to a 26% decline.

Economic slowdown leads to decline in core earnings

In the first nine months of 2008, core earnings came to DKK 226m compared to DKK 342m in the same period of 2007. This decline is primarily due to rising impairment losses compared to 2007.

Core income increase of 9%

The Bank increased its total core income in the first nine months of the year by DKK 76m relative to the same period of 2007, which is an increase of 9%.

We have experienced progress in the average volume of loans/advances and deposits from the first nine months of 2007 to the same period of 2008; but at the same time there has been an average small-scale narrowing of the interest margin. However, the volume increase has more than cancelled the interest margin narrowing as net interest income in core earnings increased by DKK 65m corresponding to a 12% increase.

The Bank's total trading income, including income from securities trading, asset management and clients' currency trading, has

developed favourably during the first nine months of 2008 in spite of the negative financial markets, as it has increased by 6% relative to the same period of the year before. The reason for this is primarily the increase in clients' currency trading which has more than cancelled the effect of lower activity in the securities market.

Income from guarantee commission (minus the housing area) and the Bank's housing consultancy function has contributed favourably towards the pick-up in core income with growths of 8% and 2%, respectively, compared to the same period of 2007, whereas we have experienced a minor decline in other core income.

Improved cost rate

Core costs in the first nine months of 2008 increased by DKK 34m compared to the same period of 2007, corresponding to a 7% increase.

On average the Bank has had a staff of 573 in the first nine months, which is 4% more than the year before. Among other things this has contributed to a total increase of 4% on our payroll costs relative to the same period of 2007. However, the number of staff employed in Q3 of 2008 is slightly declining relative to earlier quarter-years.

The Bank's other core costs have increased by DKK 22m corresponding to 12% compared to the year before. Of this amount DKK 15m constitute non-recurring costs related to the sales process with Nykredit.

The increase in core income has more than made up for the increased costs. The Bank's cost rate has thus dropped from 56.1% in the first nine months of 2007 to 55.2% in those of 2008, and it thus meets the Bank's consolidation strategy and goal of improving the cost rate.

Impairment losses at a higher level

Impairment losses relating to loans/advances and provisions for guarantees came to DKK 175m in the first nine months of 2008, corresponding to 0.8% of total loans/advances and guarantees.

Impairment losses thus lie at a higher level compared to the recent years' very low level. The background for this is the general economic slowdown.

Negative earnings on investment portfolios

The combination of rising funding interest and the adverse development in both the bond and share markets has contributed to negative earnings on our investment portfolios.

In the first nine months of 2008, the earnings from investment portfolios came to minus DKK 279m compared to minus DKK 41m in the same period of 2007.

In 2008 the Bank's portfolio of bonds had an overweight of mortgage credit bonds, which were particularly hard hit by rising interest and the financial crisis in Q2 and Q3 of 2008. The results from bonds, derivative financial interest rate instruments and liquidity, constituted by price

adjustment and net interest, were minus DKK 259m in the first nine months of 2008 compared to minus DKK 35m in the same period of 2007.

In the first nine months of the year, the Bank's average interest rate risk made up DKK 112m or 5% of the core capital at 30 September 2008. In the same period last year, the interest rate risk made up 3.2% of the core capital. At the end of September 2008, the interest rate risk amounted to DKK 61m corresponding to 2.7% of the core capital

The return on the Bank's share portfolio in the first nine months of 2008 has been influenced by immense price drops in both the Danish and foreign share markets. Results from the Bank's share portfolio, consisting of price adjustment, dividend and funding expenses, were minus DKK 69m in the first nine months of 2008 as compared to minus DKK 6m in the same period the year before.

The Bank's average share exposure, exclusive of investment securities and treasury shares, amounted to DKK 201m compared to DKK 341m in the same period of 2007.

The currency area is one of the Bank's action areas, both in relation to our own portfolio and clients' transactions. In the first nine months of 2008, the price adjustment of currency and derivative financial currency instruments came to plus DKK 62m compared to plus DKK 8m in the same period of 2007. This development is highly satisfactory.

The remaining items under earnings from investment portfolios mainly consist of fees and costs, and in the first nine months of 2008 they came to minus DKK 13m compared to minus DKK 8m in 2007.

Transition to Basel II

The new capital adequacy rules, Basel II, entered into force on 1 January 2007, but Forstædernes Bank has applied the transitional scheme for the so-called pillar 1 (the minimum capital requirement) of Basel II which means that the new methods and principles for making up the solvency did not come into use until from 1 January 2008.

In common with most other medium-sized Danish banks, Forstædernes Bank has chosen to make up its credit risk according to the standard method and the operational risk according to the basic indicator method. The market risk has been made up as earlier according to the standard method.

The required supporting computer systems have not been implemented as yet, so a number of manual processes are included in the making up according to the new rules. However, management finds that the rules of the capital adequacy order have been complied with and that the uncertainty, which is a consequence of their implementation, is of no significance to the calculation of our solvency.

Solvency ratio of 10.7%

The Bank recognises the current profit for the year in the core capital.

The statement of the solvency and core capital ratios at 30 September 2008 has been adversely influenced by the Q3 2008 results. In addition to this the negative financial markets mean that the value of clients' financial security is reduced, which indirectly increases the Bank's risk-weighted assets. At 30 September 2008, the Bank's solvency ratio, including recognized profits amounted to 10.7% against 11.1% at the same time the year before.

At 30 September 2008, the core capital ratio, incl. recognised profits, came to 7.1% against 7.4% at 30 September 2007.

Excess liquidity cover

The Bank's policy is that there should always be a solid and robust excess cover on the Bank's liquidity compared to the statutory requirements.

At 30 September 2008 the excess cover came to 73% corresponding to DKK 2.5bn.

Expectations of 2008

As announced on 6 October 2008, the Bank's participation in the Danish government guarantee scheme means a downward adjustment of our expectations of core earnings for all 2008 of about DKK 30m.

For all 2008, the Bank expects to

realize core earnings before impairment losses of DKK 500m to 550m, which is above the record level in 2007.

Core earnings after impairment losses are expected to amount to minus DKK 50m to minus DKK 100. compared to the DKK 220m to DKK 270m previously announced.

The downward adjustment is due to our expectation of increased impairment losses as a consequence of the continuously deteriorating economic development resulting in impaired collateral and securities assets.

The increased impairment losses are partly due to our fixing an earlier date for the impairment losses underlying the expectations previously announced of zero results in 2009 and 2010.

Earnings from investment portfolios for all 2008 will depend on the development in the financial markets, including the year-end price levels.

Events after the closing of the financial period and exceptional circumstances

As from the balance sheet date and up to today, no circumstances have occurred that upset the assessment of this Quarterly Report. Moreover, there have not been any exceptional circum-

stances which have any impact on recognitions and measurements.

Since 30 September 2008 the Bank's earnings from investment portfolios has been hit by the continuously adverse development in the financial markets with price drops in both shares and bonds.

Nykredit Realkredit has decided to complete its purchase offer and acquire the shares which the shareholders of Forstædernes Bank have accepted in connection with the purchase offer. Nykredit Realkredit will also take steps to a compulsory redemption of all the remaining shares in Forstædernes Bank as soon as possible. After this Forstædernes Bank A/S will be a wholly owned subsidiary of Nykredit Realkredit.

Related parties

There have not been any major transactions with related parties in the first nine months of 2008.

Schedules

The income statement, balance sheet, selected notes, financial and operating data plus accounting policies are annexed.

Immediately following its publication, the Quarterly Report of Forstædernes Bank is available in its entirety in Danish and English at the website <http://www.forbank.dk>.

Q1-Q3 / End of September (DKK m)	2008	2007	2006	2005	2004	
Net interest and fee income	768	732	648	604	512	
Securities and foreign exchange income	-139	56	123	36	-3	
Other operating income	4	0	0	0	0	
Staff costs and administrative expenses	478	437	387	331	285	
Depreciation	33	33	25	21	18	
Impairments on loans/advances etc.	175	17	43	29	62	
Income/loss from associated and subsidiary undertakings	0	0	0	-1	0	
Tax	-12	72	56	73	43	
Result	-41	230	260	185	101	
Loans and advances	23,843	25,177	19,007	14,588	10,794	
Deposits	13,543	14,913	13,916	10,720	8,201	
Equity capital (EC)	2,093	2,160	1,551	1,270	951	
Total assets	32,203	32,795	29,741	19,572	15,631	
Financial Ratios, Q1-Q3	2008	2007	2006	2005	2004	
Solvency and capital ⁴⁾						
Solvency ratio	%	10.7	11.1	12.6	11.5	12.1
Core capital ratio	%	7.1	7.4	7.2	7.6	7.4
Profit						
Return on EC for the first nine months before tax	%	-2.5	15.5	21.3	22.7	15.9
Return on EC for the first nine months after tax	%	-1.9	11.9	17.6	16.3	11.2
Income/cost ratio (I/C) ¹⁾	DKK	0.92	1.62	1.69	1.68	1.39
Market risk ⁴⁾						
Interest rate risk(/core capital, less statutory deductions)	%	2.7	3.6	2.9	2.8	2.2
Currency position (Exchange rate indicator 1/core capital, less statutory deductions)	%	18.7	17.3	6.2	23.6	31.5
Foreign exchange risk (Exchange rate indicator 2/core capital, less statutory deductions)	%	0.1	0.2	0.1	0.4	0.3
Liquidity						
Loans and advances (and impairment losses) in relation to deposits	%	178.6	170.5	138.2	138.3	135.3
Excess cover relative to the statutory liquidity requirements (10% requirements S28)	%	72.8	98.9	178.3	78.2	134.2
Credit risk						
Total amount of large exposures (/capital base) ⁴⁾	%	203.4	302.2	188.9	265.0	142.7
Accumulated impairment ratio	%	1.2	0.8	0.8	1.1	2.0
Impairment ratio for the first nine months	%	0.6	0.1	0.2	0.1	0.4
Increase in loans and advances for the first nine months	%	-6.1	24.1	12.6	24.1	32.5
Gearing of loans and advances		11.4	11.7	12.3	11.5	11.3
Share return ^{2) 3)}						
Earnings per share before tax for the first nine months	DKK	-12.1	70.9	77.8	66.9	38.3
Earnings per share after tax for the first nine months	DKK	-9.4	54.2	64.1	48.0	26.9
Equity value per share	DKK	482	484	387	315	254
Share price at end of September/earnings per share		-42.9	16.5	11.4	13.0	13.7
Share price at end of September/equity value per share		0.84	1.85	1.88	1.98	1.45

1) The income includes net interest and fee income, securities and foreign exchange income, other operating income, and income from subsidiary undertakings.

Costs include staff costs and administrative expenses, depreciations, other operating expenses and impairments on loans/advances etc.

2) Unitsize has in 2007, been changed from DKK 100 to DKK 25. Share return has been calculated on an unitsize of DKK 100.

3) Treasury shares are not included in the calculation of the financial ratios.

4) Key figures have been corrected for recognition of the year's current profit in the core capital and capital base in all the comparative years.

The rules governing the preparation of financial statements were changed markedly in 2005. The overview of the financial and operating data for 2005-2008 has been prepared in conformity with the changed rules, whereas the comparative figures for 2004 have not been adjusted.

The Board of Directors and the Executive Board have today discussed and approved the Quarterly Report 1 January up to and including 30 September 2008 of Forstædernes Bank A/S.

The Half-year Report has been prepared in accordance with the Danish Financial Business Act, including the Executive Order on financial reports of credit institutions and investment companies, etc. Further, the Half-year Report has been prepared in accordance with additional Danish disclosure requirements for interim financial reports of listed financial companies.

This Management's Review gives a true and fair presentation of movements in the Bank's activities and financial circumstances as well as a true and fair description of the most significant risks and uncertainty factors which may affect the Bank.

In our opinion the accounting policies applied are appropriate and the Half-year Report thus gives a true and fair view of the Bank's assets and liabilities, financial position and results.

Copenhagen, 6 November 2008

The Executive Board

Kjeld Mosebo Christensen
(man. dir.)

Niels Fessel

Gunnar Kobberup

The Board of Directors

Jesper Andreasen
(chairman)

Lars Frederiksen
(deputy chairman)

Olav Brusen Barsøe

Jan Frederiksen

Anker Meyer Jensen

Mette Viskum Kretzschmer

Steen Moesgaard

Henrik Planthin

Q1-Q3 (DKK 1,000)	Note	2008	2007
Interest income	1	1,562,660	1,264,286
Interest expenses	2	1,038,414	786,051
Net interest income		524,246	478,235
Dividend from shares etc.		3,258	3,159
Fees and commission income	3	257,558	259,762
Fees and commission paid		16,652	9,132
Net interest and fee income		768,410	732,024
Securities and foreign exchange income	4	-138,887	56,050
Other operating income		3,869	-61
Staff costs and administrative expenses	5	478,531	437,201
Depreciation, amortisation and impairment losses for property, plant and equipment plus intangible assets		33,131	32,646
Impairment losses relating to loans/advances etc.		175,128	16,752
Income/loss from associates and group enterprises		52	52
Profit before tax		-53,346	301,466
Tax	6	-11,928	71,261
Net profit for the period		-41,418	230,205

(DKK 1,000)	Note	30/9 2008	31/12 2007
Assets:			
Cash balance and demand deposits with central banks		1,405,804	362,720
Due from credit institutions and central banks	7	1,143,569	1,097,535
Loans/advances and other receivables at amortised cost	8	23,842,687	25,386,490
Bonds at fair value		3,899,764	5,847,058
Shares		520,008	415,744
Holdings in subsidiary undertakings		4,460	4,408
Intangible assets		25,869	26,050
Land and buildings, company domiciles		1,400	1,700
Other tangible assets		88,602	99,745
Current tax assets		56,813	35,184
Deferred tax assets		34,589	3,400
Other assets		1,163,380	540,336
Prepayments		16,356	11,474
Total assets		32,203,301	33,831,844
Equity and liabilities:			
Debt			
Due to credit institutions and central banks		11,546,923	11,192,513
Deposits and other debt	9	13,542,937	16,901,560
Issued bonds at amortised cost		2,035,507	1,441,338
Other liabilities		1,549,415	648,369
Deferred income		13,503	8,266
Debt, total		28,688,285	30,192,046
Provisions			
Provisions for pensions etc.		4,831	4,856
Provisions for loss on guarantees		13,924	11,428
Other provisions		3,898	11,887
Provisions, total		22,653	28,171
Subordinated debt	10	1,399,144	1,403,970
Equity capital			
Share capital	11	466,750	466,750
Share premium at issue		386,785	386,785
Revaluation reserves		1,092	1,377
Statutory reserves		960	908
Profit brought forward		1,237,632	1,351,837
Equity capital, total		2,093,219	2,207,657
Total equity and liabilities		32,203,301	33,831,844
Contingent liabilities:			
Security provided	12	700,000	853,532
Guarantees, etc.	13	5,691,200	6,585,531
Other contingent liabilities	14	526,132	557,200
Total contingent liabilities		6,917,332	7,996,263

Statement of changes in equity (DKK 1,000)	Share capital	Share premium	Revaluation provisions	Statutory reserves	Profit brought forward	Proposed dividend for the financial year ¹⁾	Total
30/9 2008							
Shareholders equity at the beginning of the year	466,750	386,785	1,377	908	1,314,497	37,340	2,207,657
Profit of the period	0	0	0	52	-41,470	0	-41,418
Income and cost recognised directly on equity:							
Changes in revalued value of owner-occupied property	0	0	-285	0	69	0	-216
Acquisition and disposal of own securities	0	0	0	0	-42,949	0	-42,949
Share-based incentive scheme	0	0	0	0	5,369	0	5,369
Income and cost recognised directly on equity total:	0	0	-285	0	-37,511	0	-37,796
Dividend paid	0	0	0	0	2,116	-37,340	-35,224
Equity at the end of the year	466,750	386,785	1,092	960	1,237,632	0	2,093,219

Statement of changes in equity (DKK 1,000)	Share capital	Share premium	Revaluation provisions	Statutory reserves	Profit brought forward	Proposed dividend for the financial year ¹⁾	Total
31/12 2007							
Shareholders equity at the beginning of the year	414,000	110,174	1,640	20,806	1,130,602	41,400	1,718,622
Profit of the period	0	0	0	102	237,962	37,340	275,404
Income and cost recognised directly on equity:							
Changes in revalued value of owner-occupied property	0	0	-263	0	106	0	-157
Acquisition and disposal of own securities	0	0	0	0	-88,173	0	-88,173
Share-based incentive scheme	0	0	0	0	4,300	0	4,300
Income and cost recognised directly on equity total:	0	0	-263	0	-83,767	0	-84,030
Dividend paid	0	0	0	-20,000	20,861	-41,400	-40,539
Capital injections or reductions	52,750	276,611	0	0	8,839	0	338,200
Equity at the end of the year	466,750	386,785	1,377	908	1,314,497	37,340	2,207,657

Notes

1) Suggested dividend for the comparative year has been included in the balance sheet on page 11 under "profit brought forward".

Q1-Q3 (DKK 1,000)	2008	2007
1 Interest income		
Receivables from credit institutions and central banks	59,190	78,233
Loans/advances and other receivables	1,225,787	1,008,295
Bonds	170,562	104,884
Total derivative financial instruments	107,121	72,226
Of which:		
Currency contracts	89,177	62,479
Interest rate contracts	17,944	9,747
Other interest income	0	648
Total interest income	1,562,660	1,264,286
Of this amount interest income on genuine purchase and buy-back transactions carried under loans/advances and other receivables comes to	60	0
2 Interest expenses		
Credit institutions and central banks	408,113	319,431
Deposits and other payables	499,536	353,824
Issued bonds	65,733	50,333
Subordinated debt	64,998	62,463
Other interest expenses	34	0
Total interest expenses	1,038,414	786,051
Of this amount interest expenses on genuine sales and buy-back transactions carried under credit institutions and central banks come to	623	0
3 Fee and commission income		
Securities trade and securities in account	147,806	154,246
Payment handling	16,814	15,210
Loan business, fees and charges	16,108	17,437
Guarantee commission	63,926	57,403
Other charges, fees and commission income	12,904	15,466
Total fee and commission income	257,558	259,762
4 Securities and foreign exchange income		
Other loans/advances and receivables at fair value	-434	-1,300
Bonds	-263,114	17,554
Shares etc.	-19,525	23,157
Foreign currencies	30,482	15,269
Total derivative financial instruments	113,678	-19,494
Of which:		
Currency contracts	63,286	3,006
Interest rate contracts	1,316	-9,533
Equity contracts	49,076	-12,967
Other liabilities	26	20,864
Total securities and foreign exchange income	-138,887	56,050
5 Staff costs and administrative expenses		
Salaries and remuneration of Board of Directors and Executive Board and Shareholders' Committee		
Executive Board	9,370	7,892
Bonus	2,583	3,232
Board of Directors	1,183	1,146
Shareholders' Committee	456	446
Total	13,592	12,716

For the members of the Executive Board we have a share-of-profit scheme based on the Bank's annual pre-tax return on capital and reserves compared with the corresponding return rates among the 20 biggest institutions categorised by the Financial Supervisory Authority as Group 2 and 3 institutions. If the annual return on the Bank's capital and reserves is better than the average of those mentioned above, a share of the profit is paid out on such additional earnings. Furthermore there is an opportunity to buy shares at a favourable price based on the return on equity and the Bank's income per cost krone rate, compared to the above institutions. If the Bank lies in the top third, this will generate an offer to buy favorable price shares. In 2008, costs towards preference shares for the Executive Board come to DKK 100,000.

The Bank has drawn up a set of general guidelines for incentive remuneration of the Executive Board. These guidelines have been discussed and approved at the Bank's general assembly, and they have been published on the Bank's website.

Retirement compensation for members of the Executive Board do not deviate from sectorial standards and includes notice of termination of 18 month.

There is no special commitment to pay pensions to previous or current members of management.

Q1-Q3 (DKK 1,000)	2008	2007
5 Staff costs (continued)		
Wages and salaries	236,383	224,719
Pension costs	23,983	21,016
Expenses towards social security	23,808	23,165
Total	284,174	268,900
Average number of full-time employees	573	552
Other administrative expenses	180,765	155,585
Total staff costs and administrative expenses	478,531	437,201

Share-based incentive scheme

Share options

	Date of allocation	Fair value	Exercise potential			Number (pcs.)					Exercise price (DKK)		
			First year	Last year	Principle	Beginning of period	Alotted	Expiry/lapse	Exercised	End	Expiry/lapse	Exercise price	Adjustment principle
Executive Board													
- Allocated in 2006	21/02/06	0	2009	2012	a,b,c,d	36,700	0	0	0	36,700	0	174	a,b
- Allocated in 2007	02/03/07	0	2010	2013	a,b,c,d	28,582	0	0	0	28,582	0	219	a,b
- Allocated in 2008	29/02/08	0	2011	2014	a,b,c,d	0	39,685	0	0	39,685	0	123	a,b
Executive staff													
- Allocated in 2006	21/02/06	0	2009	2012	a,b,c,d	117,424	0	0	0	117,424	0	174	a,b
- Allocated in 2007	02/03/07	0	2010	2013	a,b,c,d	122,662	0	0	0	122,662	0	219	a,b
- Allocated in 2008	29/02/08	0	2011	2014	a,b,c,d	0	203,500	0	0	203,500	0	123	a,b
Total		0				305,368	243,185	0	0	548,553			

Assumptions – calculation of fair value

See under comments

Principle – exercise potentials

- First exercise window: from publication of preliminary announce of financial statements in the calendar year mentioned under "First year" and four weeks ahead.
- Last exercise window from publication of preliminary announce of financial statements in the calendar year mentioned under "Last year" and four weeks ahead.
- May be exercised for four weeks from publication of preliminary announce of financial statements in the period between the first and the last exercise windows.
- May be exercised for four weeks from the publication of the quarterly reports in the period between the first and the last exercise windows.

Principle – adjust of exercise prices

- Dividend payments are deducted on an ongoing basis
- Capital changes will lead to changes

Comments:

- The market/fair value has formerly been based on Black and Schole's model for measurement of European call options, but in view of Nykredit Realkredit's offer to take over all the shares at a price of 105 and in view of the fact that the market value of the Forstædernes Bank share at 30 September 2008 is 101, it lies in the market's expectations that the offer will be accepted by the shareholders. This means that all options are out-of-the-money, and as there is no time-value this gives a fair value of DKK 0.
- As published on 14 October 2008 Nykredit Realkredit's offer to purchase the Forstædernes Bank shares has been accepted, and all options are therefore out-of-the-money.
- The costs to option incentive scheme are included in salaries to the Executive Board and staff.

6 Tax

Profit/loss before tax	-53,346	301,466
Deduction of financial fixed assets exchange income	-2,992	-20,678
Addition of non-deductible expenses and deduction of non-taxable income, net	-23,516	5,824
Profit/loss before tax after addition and deduction	-79,854	286,612
Tax: 25 % (2006 = 28 %)	0	71,653
Deferred tax	-13,122	-392
Readjustment of tax estimated for the previous year	1,194	0
Total tax	-11,928	71,261
Effective tax rate	22.4%	23.6%
Effective tax rate (less financial fixed assets)	21.2%	25.4%

Q1-Q3 (DKK 1,000)	30/9 2008	31/12 2007
7 Due from credit institutions and central banks		
Receivables from central banks	0	599,504
Receivables from credit institutions	1,143,569	498,031
Total receivables from credit institutions and central banks	1,143,569	1,097,535
8 Impairments on loans/advances and other receivables		
Individual impairment losses		
Impairment losses, at beginning of period	251,760	222,186
Impairment losses and value adjustments, respectively, for the period	237,224	108,139
Reversal of impairment losses recognised in previous financial year(s)	56,293	44,967
Other movements	0	-6,945
Definitively lost, formerly impaired	84,359	26,653
Impairment losses, at end of period	348,332	251,760
Group impairment		
Impairment losses, at beginning of period	2,359	2,445
Impairment losses and value adjustments, respectively, for the period	580	2,018
Reversal of impairment losses recognised in previous financial year(s)	0	2,104
Impairment losses, at end of period	2,939	2,359
Total		
Impairment losses, at beginning of period	254,119	224,631
Impairment losses and value adjustments, respectively, for the period	237,804	110,157
Reversal of impairment losses recognised in previous financial year(s)	56,293	47,071
Other movements	0	-6,945
Definitively lost, formerly impaired	84,359	26,653
Impairment losses, at end of period	351,271	254,119
Definitively lost, not previously impaired	3,434	1,980
Interest income on impaired receivables	5,818	6,557
Paid in against receivables formerly impaired	6,495	9,967
9 Deposits and other debt		
On demand	10,588,381	13,075,757
At notice	1,019,120	963,588
Time deposits	829,327	1,693,785
Special deposits	1,106,109	1,168,430
Total deposits and other debt	13,542,937	16,901,560

Q1-Q3 (DKK 1,000)

30/9 2008 31/12 2007

10 Subordinated debt

Subordinated debt represents payables in the form of subordinated loan capital and hybrid core capital, the repayment of which is postponed to the payment of other creditors if the bank is liquidated or goes bankrupt. Subordinated capital investments are included in the core capital, etc. in pursuance of Sections 124, 132 and 136 of the Danish Act on Financial Services.

Subordinated loan capital

Nominal value	Applicable interest rate	Maturity date ¹⁾		
DKK 100,000,000	7.82 % p.a.	24.09.2013	100,000	100,000
DKK 75,000,000	7.82 % p.a.	29.03.2014	75,000	75,000
DKK 100,000,000	4.88 % p.a.	07.04.2012	98,743	98,193
DKK 150,000,000	6.41 % p.a.	29.10.2012	150,000	150,000
DKK 150,000,000	4.11 % p.a.	06.05.2013	145,111	144,400
DKK 200,000,000	6.38 % p.a.	22.10.2014	200,000	200,000
DKK 200,000,000	6.12 % p.a.	30.09.2014	200,000	200,000
EUR 10,000,000	5.88 % p.a.	31.10.2015	74,611	74,566
NOK 125,000,000	8.06 % p.a.	29.09.2014	111,003	115,981
Portfolio of treasury bonds			-82	0
Total subordinated loan capital			1,154,386	1,158,140
Hybrid core capital				
Nominal value	Applicable interest rate	Maturity date		
DKK 150,000,000	6.32 % p.a.	Indefinite life	144,758	145,830
DKK 100,000,000	7.08 % p.a.	Indefinite life	100,000	100,000
Total hybrid core capital			244,758	245,830
Total subordinated debt			1,399,144	1,403,970
Subordinated debt that can be recognised in the core capital			1,397,511	1,402,980
			2008	2007
Interest expenses for subordinated debt			64,998	62,463
Initial expenses related to borrowings and payable on redemption of borrowings on subordinated debt			0	85

All the Bank's subordinated debt is in the form of bullet loans

Notes

1) According to general practice the Bank redeems subordinate loan capital three years before maturity date.

Q1-Q3 (DKK 1,000)	30/9 2008	31/12 2007
11 Share capital		
Share capital	466,750	466,750
Number of units	18,670,000	18,670,000
Unit size	25	25
FB's holding of treasury shares, number of units	1,286,879	854,182
- Nominal value	32,172	21,355
- Percentage of share capital	6.9%	4.6%
12 Security provided		
The following has been provided as security for debt, "Sum clearing" and settlement etc. with Danmarks Nationalbank and the Danish VP Securities Services:		
Bonds at fair value	700,000	853,532
Total security provided	700,000	853,532
13 Guarantees, etc.		
Financial guarantees	3,759,146	4,434,355
Loss guarantees for mortgage loans	859,245	1,082,708
Land registration and conversion guarantees	71,143	0
Other guarantees	1,001,666	1,068,468
Total guarantees, etc.	5,691,200	6,585,531
14 Other contingent liabilities		
Other commitments	526,132	557,200
Total other contingent liabilities	526,132	557,200

The item 'Other liabilities' comprises rental obligations in connection with the formation of irrevocable lease contracts of a total of DKK 480m. The non-cancellation terms are from 6 months up to 18 years and the amount can be distributed as follows: <1 year: DKK 41m, 1-5 years: DKK 130m and >5 years: DKK 309m. (If the amount of DKK 480m is discounted, it will have a present value of DKK 303m). Furthermore the item comprises the VP Securities Services liability of DKK 46m.

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

15 Solvency

Core capital, less statutory deductions (incl. hybrid core capital)	2,248,629	2,385,320
Capital base, less statutory deductions	3,374,674	3,543,847
Weighted assets subject to credit, counterparty, dilution and delivery risks	26,466,192	27,585,896
Weighted assets subject to settlement and market risks	3,120,077	3,971,648
Weighted assets subject to operational risk	1,878,769	0
Total weighted assets	31,465,038	31,557,544
Core capital (incl. hybrid capital)	7.1%	7.6%
Solvency ratio acc. to Section 124(1) of the Danish Act on Financial Services	10.7%	11.2%

16 Core earnings and earnings from investment portfolios**Q1-Q3 2008** (DKK 1,000)

	Core earnings ¹⁾	Portfolio earnings ²⁾	Total
Core earnings and earnings from investment portfolios made up according to the official format			
Net interest income	598,274	-74,028	524,246
Dividend from shares etc.	0	3,258	3,258
Fee and commission income and expenses	237,246	3,660	240,906
Net interest and fee income	835,520	-67,110	768,410
Securities and foreign exchange income	56,699	-195,586	-138,887
Other operating income	1,909	1,960	3,869
Staff costs and administrative expenses	461,465	17,066	478,531
Depreciation, amortisation and impairment losses for property, plant and equipment plus intangible assets	31,706	1,425	33,131
Impairment losses relating to loans/advances etc.	175,128	0	175,128
Income/loss from associates and group enterprises	0	52	52
Profit before tax	225,829	-279,175	53,346

Q1-Q3 2007 (DKK 1,000)

	Core earnings ¹⁾	Portfolio earnings ²⁾	Total
Core earnings and earnings from investment portfolios made up according to the official format			
Net interest income	533,428	-55,193	478,235
Dividend from shares etc.	0	3,159	3,159
Fee and commission income and expenses	248,262	2,368	250,630
Net interest and fee income	781,690	-49,666	732,024
Securities and foreign exchange income	36,860	19,190	56,050
Other operating income	-61	0	-61
Staff costs and administrative expenses	427,239	9,962	437,201
Depreciation, amortisation and impairment losses for property, plant and equipment plus intangible assets	32,189	457	32,646
Impairment losses relating to loans/advances etc.	16,752	0	16,752
Income/loss from associates and group enterprises	0	52	52
Profit before tax	342,309	-40,843	301,466

Notes

1) Core earnings express the Bank's net result from ongoing business with the client.

2) Earnings from investment portfolios express the net result of the Bank's own investment portfolio and foreign-exchange reserves.

(DKK m)	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Full year 2007
Earnings								
Net interest income from banking activities	201	204	193	204	187	178	168	737
Other core income	83	118	94	114	93	96	96	399
Core income	284	323	287	318	280	274	264	1,136
Operating costs and depreciation (core)	170	168	155	185	145	167	147	644
Impairment losses relating to loans/advan. etc.	80	73	22	33	7	3	7	50
Core earnings	34	81	111	100	128	104	110	442
Earnings from investment portfolios	-132	-124	-24	-42	-50	2	7	-83
Profit before tax	-98	-42	87	58	78	106	117	359
Tax	-25	-10	23	13	20	23	28	84
Net profit for the period	-73	-33	64	45	58	83	89	275
Selected balance sheet items								
Deposits	13,543	16,621	16,786	16,902	14,913	15,773	14,692	16,902
Loans and advances	23,843	24,013	24,293	25,386	25,177	24,048	21,491	25,386
Securities	4,420	7,621	6,297	6,263	4,961	4,791	5,048	6,263
Subordinated debt	1,399	1,398	1,408	1,404	1,407	1,499	1,505	1,404
Equity capital (EC)	2,093	2,161	2,230	2,208	2,160	2,157	1,796	2,208
Balance sheet total	32,203	36,169	35,066	33,832	32,795	32,025	31,066	33,832
Volume of securities in account (ex. investment funds)	21,159	23,806	24,201	27,636	28,533	28,289	26,048	27,636
Guarantees, etc.	5,691	6,626	6,527	6,586	7,139	8,370	8,454	6,586
Financial ratios								
Core earnings in % of EC (year begin.) p.a.	6.1%	14.8%	20.0%	23.2%	29.8%	24.2%	25.7%	20.0%
Profit before tax in % of EC (year begin.) p.a.	-17.7%	-7.7%	15.7%	13.4%	18.1%	24.7%	27.3%	16.3%
Profit after tax in % of EC (year begin.) p.a.	-13.2%	-5.9%	11.6%	10.4%	13.5%	19.4%	20.7%	12.5%
Cost rate (core)	59.9%	52.1%	53.9%	58.1%	51.6%	61.1%	55.8%	56.7%
Solvency ratio (incl. current profit)	10.7%	11.4%	11.6%	11.2%	11.1%	11.8%	11.6%	11.2%
Solvency ratio (excl. current profit)	10.9%	11.3%	11.4%	11.2%	10.3%	11.2%	11.3%	11.2%
Excess cover rel. to the statutory liquidity requirements (10%)	73%	158%	149%	115%	171%	80%	148%	115%
Market price end of period ¹⁾	101	108	126	170	224	232	228	170
Full-time staff (aver.)	572	574	574	574	557	549	551	558

Notes

1) The market prices at end of period have been adjusted in connection with capital changes etc.

The Quarterly Report has been prepared in accordance with the Danish Financial Business Act, including the Executive Order on financial reports of credit institutions and investment companies, etc. and the rules of Copenhagen Stock Exchange for issuers of listed securities.

The accounting policies remain unchanged relative to the Annual Report for 2007.

The Bank has chosen to recognise the current profits for the year in the core capital in pursuance of Section 129 of the Danish Financial Business Act. Comparative figures for previous years have been adjusted.

The Quarterly Report has not been audited and no review has been performed, but as the current profit for the year has been recognised in the core capital, the Bank's external

auditors have performed a number of work processes to verify the size of the profit.