

Company Announcement 14 - 2008
The OMX Copenhagen Stock Exchange

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Forstædernes Bank is robust and strong
Decrease in earnings from investment portfolios will reduce the result - downward adjustment of expectations for 2008

According to preliminary accounting figures for the first half of 2008, the earnings from investment portfolios before impairments will amount to DKK 287m and after impairments DKK 192m. This is somewhat lower than the performance expected for the first six months.

The Bank's share of property-related commitments accounts for 23 % of the loan portfolio, which the Bank considers to be a suitable level for its particular market segment. Since New Year, the Bank has reduced this share from 30 to 23 %.

The Bank has scrutinised these commitments, and the portfolio is generally characterised by customer relationships with a strong equity ratio. The necessary impairments have been made.

However, the earnings from investment portfolios in the same period will be approx. DKK -147m, which, of course is unsatisfactory, but this is a consequence of the development on the securities markets.

The results before tax is therefore expected to be approx. DKK 45m for the first half of 2008.

The solvency is expected to be around 11.5 %.

High and comfortable liquidity affects the earnings from investment portfolios.

The negative earnings from investment portfolios are, inter alia, a consequence of the Bank's preference for a high and comfortable liquidity. The excess outside the 10% requirement as stated in Section 152 of the Danish Act on Financial Services is 158 %, which corresponds to an excess liquidity of DKK 6.2b.

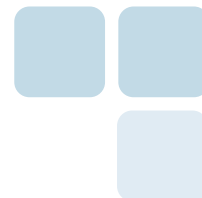
Thus, the combination of increasing funding interests and a negative development on the bonds markets will contribute to the negative earnings from investment portfolios.

The securities portfolio is characterised by a strategic overweight of short-term bonds of 1 to 3 years. The capital loss is in many cases unrealised, and the Bank will maintain its strategy and hold the present assets until maturity.

Downward adjustment of expectations - but the level is still sound.

The macroeconomic development is increasingly uncertain. For the second half of the year the Bank expects a continuously decreasing level of activity, particularly characterised by a limited demand for loans and advances among the Bank's client segments. Furthermore, a





continuously low activity level on the stocks and bonds markets will result in decreasing trading incomes. Finally, the indication of impairment is expected to increase as a consequence of the general economic slowdown.

Therefore, the Bank will adjust its expectations to the core earnings downward for 2008 as a whole to a level of DKK 300-350m compared to DKK 400-450m as estimated earlier, which corresponds to a return on equity of approx. 15 %.

The Executive Board

This announcement has been issued both in Danish and English. In case of any discrepancies, the Danish version shall prevail.

