

Announcement

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ROSKILDE BANK A/S COMPANY ANNOUNCEMENT AS PER 10 JULY 2008

In connection with the regular review of loans and guarantees in preparation of the semi annual report, the management of the bank has found that write-downs have to be made on a significantly larger scale than what has previously been assumed. The amount and scope of the write-downs are not known at this point but will be made public once the full amount is known.

It is the management's assessment that the bank complies with the statutory requirements regarding capital adequacy ratio as well as the calculated solvency requirements following the necessary write-downs.

The recent downgrade from the credit rating agency Moody's and the extensive media attention could, however, in conjunction with the increased need for write-downs potentially lead to concerns about the bank's liquidity, regardless of the fact that the bank has a liquidity ratio of 42% above the minimum requirement, cf. Article 152 in the Financial Business Act.

With the support of the Danish financial sector the bank has been granted the necessary liquidity from the Danish central bank (Nationalbanken) in order to allow the bank sufficient time to pursue a lasting solution to the current situation through a full or partial sale of the bank.

Roskilde Bank has requested that the bank's shares be transferred to the Stock Exchange's watch list.

Background

For a considerable number of years Roskilde Bank has seen significant growth in earnings as well as in lending activities. A considerable part of the growth has been related to a growing exposure towards the real estate segment. The exposure towards the building and construction sector and the real estate segment has until now contributed significantly to the core earnings of the bank but has also considerably increased the risk profile of the loan portfolio.

Strategy 2010

In connection with the appointment of Søren Kaare-Andersen as new managing director as per 1 July 2007 a new strategy plan - Strategy 2010 - was launched in November 2007.

The main elements of Strategy 2010 include among others:

- Reduction of the bank's exposure towards the real estate market and property developers
- Focus on risk management
- Competency building
- Alignment of business procedures and production processes
- Management development and a common understanding of management and leadership

So far the implementation of Strategy 2010 has progressed satisfactorily and as scheduled. Accordingly a Risk Management Section was set up at the end of 2007 to secure a comprehensive overview of the bank's risks and to continuously develop the necessary risk management tools. Furthermore, a department has been set up to continuously track and secure the bank's liquidity preparedness.

A reduction in the bank's exposure towards the real estate sector has also been initiated but as a consequence of the fact that several client relationships, which were established several years ago contain significant loan commitments, it has only been possible to slowly reduce the exposure.

Considerable Losses

The recent turmoil in the global financial markets and, not least, the crisis in the Danish real estate market have led to a severe adverse development in a number of larger client relationships. Unfortunately, it has become clear that this development has overtaken the commenced process of a controlled reduction of the exposure in the real estate segment.

Liquidity guarantee

In light of this it is the management's assessment that with the current conditions in the banking market it will soon become more difficult to attract the necessary liquidity. The management of the bank has investigated the possibility of raising additional share capital but has reached the conclusion that it will not be possible to carry out such a capital

increase. Accordingly, negotiations with a range of potential buyers of the bank's operations have been initiated. However, these negotiations have not yet led to an actual bid.

The bank has been granted a liquidity guarantee from the Danish central bank. The guarantee is contingent on a number of terms of which the most substantial are: that the bank in connection with the liquidity guarantee has accepted an obligation not to carry out important operations which may influence the liquidity guarantee without the consent of the Danish central bank, that a targeted effort be made for a full or partial sale of the bank and that the bank does not make use of the liquidity guarantee for commercial benefits.

The bank will publish a statement about the cause, development and circumstances concerning the bank's situation within a few days.

Peter Müller
Chairman of the Board

Søren Kaare-Andersen
Managing Director

