24 April 2008

Forstædernes Bank
The Executive Board
Kalvebod Brygge 47
DK-1560 København V

Contact person:
Steffen Torvits
Tel.: (+45) 22 22 20 36

Forstædernes Bank A/S
Q1 Report – 2008

Core earnings are being upheld and yield a 20 % return on equity

In Q1 of 2008 core earnings come to DKK 111m and are thus upheld at the 2007 level.
Results before tax come to DKK 87m in Q1 of 2008 compared to DKK 117m in the same period of 2007. This decline is solely due to a drop in earnings from investment portfolios. These results yield a return on the average equity of 15.6 % per annum before tax.

- Net interest income in core earnings increased by 15 %.
- Trading income dropped by 6 % due inter alia to lower activities in the securities markets.
- The cost rate improved from 56 % to 54 %.
- Impairment losses came to DKK 22m and remain at a very low level.
- The business scope increased by 2 % to a level of DKK 72bn (excl. of deposits managed for investment funds).
- Earnings from investment portfolios dropped by DKK 31m primarily due to falling share markets.

The Bank is in a solid and comfortable liquidity and funding situation which is underlined by our excess cover being in the range of DKK 5.7bn, corresponding to an excess cover of 149 % compared to the statutory 10 % requirement, see Section 152 of the Danish Financial Business Act.

The Bank upholds its expectations of core earnings for all 2008 at the level of DKK 400m to 450m.

forstædernes bank
Enriching advice

Contents

Management's review

Financial statements

Financial highlights

Earnings, Q1 (DKK m)	**2008**	**2007**
Net interest income from banking activities	193	168
Other core income	94	96
Core income	**287**	**264**
Operating expenses and depreciation (core)	154	147
Impairment losses relating to loans/advances etc.	22	7
Core earnings	**111**	**110**
Earnings from investment portfolios	-24	7
Profit before tax	**87**	**117**
Tax	23	28
Net profit for the period	**64**	**89**

Balance sheet items, end of March (DKK m)	**2008**	**2007**
Deposits	16,786	14,692
Loans and advances	24,293	21,491
Securities	6,297	5,048
Subordinated debt	1,408	1,505
Equity capital (EC)	2,230	1,796
Balance sheet total	35,066	31,066
Volume of securities in account (excl. of deposits managed for investment funds)	24,201	26,048
Guarantees, etc.	6,527	8,454

Financial ratios, Q1	**2008**	**2007**
Core earnings in % of EC (average) per annum	19.9%	25.1%
Core earnings in % of EC (year begin.) per annum	20.0%	25.7%
Profit before tax in % of EC (average) per annum	15.6%	26.7%
Profit before tax in % of EC (year begin.) per annum	15.7%	27.3%
Profit after tax in % of EC (average) per annum	11.5%	20.3%
Profit after tax in % of EC (year begin.) per annum	11.6%	20.7%
Cost rate (core)	53.9%	55.8%
Solvency ratio	11.6%	11.6%
Excess cover relative to the statutory liquidity requirements (10%)	149%	125%
Market price end of period	126	228
Full-time staff (average)	574	551

Quarterly figures

See page 19.

Declining results due to earnings from investment portfolios
Core earnings for Q1 of 2008 show results of DKK 111m, which is level with those of 2007. Results before tax came to DKK 87m compared to DKK 117m in the same period of 2007. After tax the 2008 results were DKK 64m compared to DKK 89m in 2007. This corresponds to a decline in results before tax of 26 % and 28 % after tax.

The declining results solely relate to the earnings from investment portfolios, which inter alia were affected by price drops in the share markets.

The pre-tax results yield a return on the average equity in 2008 of 15.6 % per annum. Following taxation the yield comes to 11.5 % per annum. The Board finds these results satisfactory.

Increase in business scope
At the end of March 2008, the total business scope of Forstædernes Bank, i.e. loans/advances, deposits, guarantees and securities in account, amounted to DKK 72bn compared to DKK 71bn at the same time the year before. This corresponds to a 2 % increase. In addition to this, the Bank manages securities in account for investment funds in the region of DKK 39bn.

Due to the changed basis of contract with Totalkredit, loss guarantees in the region of DKK 2.0bn in relation to Totalkredit have lapsed and been replaced by a right of set-off.

Subdued growth in loans and advances
In the recent year, total loans/advances increased by DKK 2.8bn to DKK 24.3bn as at 31 March 2008, corresponding to a 13 % increase.

Progress in loans/advances that mainly relates to the business area is characterised by a good credit standing.

The increase in loans/advances is distributed as follows:

- DKK 1.8bn for fully let housing and commercial properties (33 % and 67 %, respectively) with considerable solvency among the owners.
- DKK 0.5bn for investment credits primarily secured in the form of excess cover with a stop-loss agreement.
- Minus 0.2bn for housing construction.
- DKK 0.7bn distributed over a wide number of different trades.

For Q1 2008 in isolation, we have experienced a drop in the volume of loans/advances of DKK 0.9bn. This is mainly a result of the generally subdued growth of the Danish economy. Moreover, a few large-scale accounts have been reduced. At 31 March 2008, the share of large-scale accounts comes to 211 % compared to 239 % at the same time in 2007.

In the course of the recent year, the volume of guarantees has dropped by DKK 1.9bn to DKK 6.6bn. With effect from 30 September 2007, we began to work with Totalkredit under a new cooperation model; this meant that loss guarantees in relation to Totalkredit in the region of DKK 2bn were revoked. In actual fact this means a small-scale increase in the volume of guarantees.

At 31 March 2008, loans/advances on which the Bank has ceased the calculation of interest came to DKK 194m, corresponding to 0.6 % of total loans/advances and guarantees compared to 0.5 % at the same time in 2007.

Continued growth in deposits
The Bank continues to focus on the pensions and investment areas. In the course of the recent 12 months, deposits increased by DKK 2.8bn to DKK 16.8bn, which corresponds to a 14 % increase.

Due to the decline in the share markets, the volume of clients' securities in account has dropped by 7 % in the recent year to DKK 24.2bn as at 31 March 2008.

Marginal increase in core earnings
Core earnings in Q1 of 2008 ended at DKK 111m compared to DKK 110m in the same period of 2007, corresponding to an almost unchanged level.

Core income increase of 9 %
The Bank increased its total core income in Q1 of 2008 by DKK 23m relative to the same period of 2007, which is an increase of 9 %.

Net interest income in core earnings increased by DKK 25m, corresponding to 15 %. The main cause of this increase is to be found in the growth in volume of the loans/advances and deposits, as there has been a minor narrowing of the interest margin.

The Bank's total trading income, including income from securities trading, asset management and clients' currency trading, has developed adversely during Q1 of 2008 due to the adverse financial markets, as the income has dropped by 6 % relative to the same period of 2007. The reason for this is primarily the falling share markets and lower activities in the securities market.

Income from guarantee commission (minus the housing area) has contributed favourably towards the pick-up in core income with a growth of 14 % compared to the same period of 2007, whereas we have experienced an unchanged level in earnings from the Bank's housing consultancy services and other core income.

Improved cost rate

Core costs in Q1 increased by DKK 7m relative to the same period the year before, corresponding to an increase of 5 %.

On average we had a staff of 574 in Q1, 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 Q1 of 2008 is unchanged relative to Q4 of 2007.

Other costs increased by 7 % compared to 2007. This increase is primarily due to increased system and IT costs.

The increase in core income has more than made up for the increased costs. Consequently, the Bank's cost rate dropped from 55.8 % in Q1 of 2007 to 53.9 % in Q1 of 2008, and thus fulfils the Bank's strategy as to strengthening and the goal of improving the cost rate.

Impairment losses at a low level

Impairment losses relating to loans/advances and provisions for guarantees came to DKK 22m in Q1, translated to per annum figures this corresponds to 0.3 % of total loans/advances and guarantees.

Similarly to the same period of 2007, impairment losses are at a low level. The background is a continued and solid credit rating.

Drop in earnings from investment portfolios

In Q1 of 2008, the earnings from investment portfolios came to DKK -24m compared to DKK +7m in the same period of 2007.

The results from bonds, derivative financial interest rate instruments and liquidity, comprising price adjustment and net interest, were DKK -20m in Q1 of 2008 against DKK +10m in the same period of 2007. The adverse results in 2008 are primarily due to increasing interest, which both led to rising interest expenses on the Bank's money market funding and falling bond prices.

In Q1 of 2008, the Bank's average interest rate risk made up DKK 100m or 4.1 % of the core capital.

Results from the Bank's share portfolio, consisting of price adjustment, dividend and funding expenses, were DKK -37m in Q1 of 2008 as against DKK +6m in the same period of 2007. The adverse results in 2008 are a consequence of the drastic price drops in both the national and international share markets.

The Bank's average share exposure, exclusive of investment securities and treasury shares amounted to DKK 191m in Q1 of 2008.

The Bank has entered into a revised agreement with Nykredit concerning a final determination of the price of shares in Totalkredit. As part of the original agreement concerning the purchase price for the Totalkredit shares, the purchase price was to be adjusted subsequently depending on the size of Totalkredit's market share as of 1 April 2010; but the financial institutions involved have now entered into an agreement with Nykredit on a final determination, corresponding to a market share of 35 % in 2010.

This is a fixed offer, so the profit of DKK 28m before tax is being recognised as income in Q1 of 2008 under earnings from investment portfolios. This amount corresponds to the present value of the coming payment.

In Q1 of 2008 the price adjustment of currency and derivative financial currency instruments came to DKK +7m as against DKK -6m in the same period of 2007.

The remaining items under earnings from investment portfolios mainly consist of fees and costs, and in Q1 of 2008 they came to DKK -2m compared to DKK -3m 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 socalled 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 mediumsized 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. As previously, the market risk is calculated according to the standard approach.

Seen in isolation at the time of making this report 31 March 2008, the transition to the new rules in 2008 has meant a slight drop in the riskweighted assets. Down weighting may still occur, as there may be assets which the system has not empowered us to make up. This means that there is still a potential for a further solvency relaxation.

The necessary, underlying computer systems have not yet been fully implemented, and therefore the calculation according to the new rules involves a number of manual processes. However, it is the management's opinion that the rules of the Executive Order on Capital Adequacy have been followed, and that the uncertainty as a consequence of the transition is not significant for the calculation of solvency.

We still find that at present there is no need to apply more advanced methods for making up our solvency, but we will continually seek to ensure that more advanced models are gradually being introduced in risk management; and the need to apply more advanced methods in the coming capital adequacy rules will continually be assessed.

Solvency ratio of 11.6 %
The Bank recognises the current profit for the year in the core capital.

The statutory minimum is 8 %. In order to be hedged against cyclical fluctuations and at the same time be armed for continued growth, the Bank endeavours to have solvency and core capital ratios that are 3 % higher than the statutory minimum requirement.

At 31 March 2008, the Bank's solvency ratio, incl. recognised profits, came to 11.6 % against 11.6 % at the same time the year before.

At 31 March 2008, the core capital ratio, incl. recognised profits, came to 7.9 % against 7.2 % at 31 March 2007.

As can be seen, the Bank meets its own targets for core capital and solvency ratios of 7 % and 11 %, respectively.

Solid 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.

It is our goal to continually have excess cover of 100 % on the 10 % liquidity requirement provided for in Section 152 of the Danish Fi-nancial Business Act. At 31 March 2008, the excess cover came to 149 %, corresponding to DKK 5.7bn, which means that we meet our own goals.

The Bank's policy of having a marked cash buffer is inter alia intended to secure the Bank a comfortable liquidity and funding situation also in case of "unrest" in the financial markets.

At the same time we aim at retaining a sound and well-diversified portfolio of market funding in relation to the time to maturity of the loans, arrangers, the geographical spread of the arrangers, funding sources and instruments.

The Bank's market funding is due for payment fairly evenly distributed over the coming eight years, meaning that no more than 22 % of our total funding will fall due in any one year (year 2011). Funding has been provided using different instruments, bilateral agreements, international syndications and bond issues. The funding sources are distributed on 48 different financial instruments from 17 different - mainly European - countries.

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 circumstances which have any impact on recognitions and measurements.

Expectations of 2008
In the 2007 Annual Report our expectations of 2008 were DKK 400 to 450m.

Market conditions have changed, however. As described above, we have experienced falling income from trading in Q1 of 2008, inter alia due to declining trading activities in a falling share market. In addition to this, the interest margin is under pressure, inter alia due to competition in deposit rates. If these market conditions continue throughout 2008, additional pressure may occur on the income side.

In spite of the pressure on the income side, resulting from the changed market conditions, we are upholding our expectations of the core earnings.

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

Annexes
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 www.forbank.dk.

Q1 / End of March (DKK m)		**2008**	**2007**	**2006**	**2005**	**2004**
Net interest and fee income		253	249	235	196	168
Securities and foreign exchange income		14	26	22	7	7
Other operating income		2	0	0	0	0
Staff costs and administrative expenses		149	140	133	106	96
Depreciation		11	11	8	7	6
Impairments on loans/advances etc.		22	7	15	7	23
Tax		23	28	27	25	15
Result		64	89	74	57	36
Loans and advances		24,293	21,491	17,809	16,874	9,204
Deposits		16,786	14,692	13,035	9,218	7,369
Equity capital (EC)		2,230	1,796	1,433	1,412	887
Total assets		35,066	31,066	26,025	23,792	11,881
Financial ratios, Q1		**2008**	**2007**	**2006**	**2005**	**2004**
Solvency and capital						
Solvency ratio	%	11.6	11.6	11.5	12.0	11.1
Core capital ratio	%	7.9	7.2	7.1	7.5	6.9
Profit						
Return on EC for the first three months before tax	%	3.9	6.7	7.1	8.0	6.0
Return on EC for the first three months after tax	%	2.9	5.1	5.2	5.5	4.2
Income/cost ratio (I/C) [1]	DKK	1.48	1.75	1.65	1.69	1.42
Market risk						
Interest rate risk(/core capital, less statuory deductions)	%	4.3	3.3	2.7	2.8	2.2
Currency position (Exchange rate indicator 1/core capital, less statuory deductions)	%	14.9	16.6	19.4	14.0	10.5
Foreign exchange risk (Exchange rate indicator 2/core capital, less statuory deductions)	%	0.0	0.0	0.1	0.0	0.2
Liquidity						
Loans and advances (and impairment losses) in relation to deposits	%	146.4	147.8	138.4	137.5	128.8
Excess cover relative to the statutory liquidity requirements (10% requirements S28)	%	149.2	125.0	131.8	91.8	48.9
Credit risk						
Total amount of large exposures (/capital base)	%	210.8	239.2	249.5	221.8	217.3
Impairment ratio for the first three months	%	0.1	0.0	0.1	0.0	0.2
Increase in loans and advances for the first three months	%	-4.3	5.9	5.5	6.0	13.0
Gearing of loans and advances		10.9	12.0	12.4	11.8	10.4
Share return [2, 3]						
Earnings per share before tax for the first three months	DKK	19.5	29.0	24.6	21.2	13.8
Earnings per share after tax for the first three months	DKK	14.4	22.0	18.0	14.7	9.7
Equity value per share	DKK	504	442	352	257	237
Share price at end of March/earnings per share		34.9	41.4	47.3	33.0	34.8
Share price at end of March/equity value per share		1.00	2.06	2.42	1.88	1.42

Notes
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) Share return has been calculated on an unitsize of DKK 100.
3) Treasury shares are not included in the calculation of the financial ratios.

The financial ratios and key figures for 2004 has been made up in accordance with the old accounting rules.

Management's statement

The Board of Directors and the Executive Board have today discussed and approved the Quarterly Report 1 January up to and including 31 March 2008 of Forstædernes Bank A/S.

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. Further, the Quarterly 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 Quarterly Report thus gives a true and fair view of the Bank's assets and liabilities, financial position and results.

Copenhagen, 24 April 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 Plannthin

Income statement

Q1 (DKK 1,000)	**Note**	**2008**	**2007**
Interest income	1	500,243	406,676
Interest expenses	2	328,273	243,148
Net interest income		**171,970**	**163,528**
Dividend from shares etc.		928	481
Fees and commission income	3	82,313	86,572
Fees and commission paid		2,708	2,035
Net interest and fee income		**252,503**	**248,546**
Securities and foreign exchange income	4	14,049	26,079
Other operating income		2,460	-29
Staff costs and administrative expenses	5	149,468	139,904
Depreciation, amortisation and impairment losses for property, plant and equipment plus intangible assets		10,915	10,882
Impairment losses relating to loans/advances etc.		21,970	6,523
Income/loss from associates and group enterprises		18	59
Profit before tax		**86,677**	**117,346**
Tax	6	22,637	28,259
Net profit for the period		**64,040**	**89,087**

Balance sheet

(DKK 1,000)	Note	31/3 2008	31/12 2007
Assets:			
Cash balance and demand deposits with central banks		2,446,985	362,720
Due from credit institutions and central banks	7	837,242	1,097,535
Loans/advances and other receivables at amortised cost	8	24,293,208	25,386,490
Bonds at fair value		5,814,426	5,847,058
Shares		482,266	415,744
Holdings in subsidiary undertakings		4,425	4,408
Intangible assets		25,846	26,050
Land and buildings, owner-occupied property		1,400	1,700
Other tangible assets		94,236	99,745
Current tax assets		51,389	35,184
Deferred tax assets		0	3,400
Other assets		996,596	540,336
Prepayments		17,649	11,474
Total assets		**35,065,668**	**33,831,844**
Equity and liabilities:			
Debt			
Due to credit institutions and central banks		12,099,174	11,192,513
Deposits and other debt	9	16,786,114	16,901,560
Issued bonds at amortised cost		1,428,766	1,441,338
Other liabilities		1,073,739	648,369
Deferred income		14,603	8,266
Debt, total		31,402,396	30,192,046
Provisions			
Provisions for pensions etc.		4,942	4,856
Provisions for deferred tax		3,696	0
Provisions for loss on guarantees		12,068	11,428
Other provisions		4,072	11,887
Provisions, total		24,778	28,171
Subordinated debt	10	1,408,414	1,403,970
Equity capital			
Share capital	11	466,750	466,750
Share premium at issue		386,785	386,785
Revaluation reserves		1,082	1,377
Statutory reserves		926	908
Profit brought forward		1,374,537	1,351,837
Equity capital, total		2,230,080	2,207,657
Total equity and liabilities		**35,065,668**	**33,831,844**
Contingent liabilities:			
Security provided	12	1,953,916	853,532
Guarantees, etc.	13	6,526,962	6,585,531
Other contingent liabilities	14	546,903	557,200
Total contingent liabilities		**9,027,781**	**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
31/3 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	18	64,022	0	64,040
Income and cost recognised directly on equity:							
Changes in revalued value of owner-occupied property	0	0	-295	0	69	0	-226
Acquisition and disposal of own securities	0	0	0	0	-7,957	0	-7,957
Share-based incentive scheme	0	0	0	0	1,790	0	1,790
Income and cost recognised directly on equity total:	0	0	-295	0	-6,098	0	-6,393
Dividend paid	0	0	0	0	2,116	-37,340	-35,224
Equity at the end of the year	466,750	386,785	1,082	926	1,374,537	0	2,230,080

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 (DKK 1,000)	**2008**	**2007**
1 Interest income		
Receivables from credit institutions and central banks	20,726	37,562
Loans/advances and other receivables	403,020	297,462
Bonds	47,036	43,735
Total derivative financial instruments	29,461	27,917
Of which:		
Currency contracts	26,084	25,216
Interest rate contracts	3,377	2,701
Total interest income	500,243	406,676
2 Interest expenses		
Credit institutions and central banks	122,950	104,697
Deposits and other payables	162,904	103,416
Issued bonds	21,119	14,872
Subordinated debt	21,300	20,163
Total interest expenses	328,273	243,148
3 Fee and commision income		
Securities trade and securities in account	45,572	51,152
Payment handling	4,967	4,904
Loan business, fees and charges	5,454	5,986
Guarantee commission	21,193	18,574
Other charges, fees and commission income	5,127	5,956
Total fee and commision income	82,313	86,572
4 Securities and foreign exchange income		
Other loans/advances and receivables at fair value	1,000	472
Bonds	-30,926	17,585
Shares etc.	16,050	16,772
Foreign currencies	270	-5,663
Total derivative financial instruments	34,293	-11,186
Of which:		
Currency contracts	16,351	5,795
Interest rate contracts	618	-11,232
Equity contracts	17,324	-5,749
Other liabilities	-6,638	8,099
Total securities and foreign exchange income	14,049	26,079
5 Staff costs and administrative expenses		
Salaries and remuneration of Board of Directors and Executive Board and Shareholders' Committee		
Executive Board	3,028	2,243
Board of Directors	389	378
Shareholders' Committee	146	148
Total	3,563	2,769

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 favourable price shares.

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 (DKK 1,000)	**2008**	**2007**
5 Staff costs (continued)		
Wages and salaries	75,174	72,084
Pension costs	7,659	6,883
Expenses towards social security	7,427	7,628
Total	90,260	86,595
Average number of full-time employees	574	551
Other administrative expenses	55,645	50,540
Total staff costs and administrative expenses	149,468	139,904

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	Exerci-sed	End	Expiry/ lapse	Exercise price	Adjustment principle
Ececutive Board													
- Allocated in 2006	21/02/06	451	2009	2012	a,b,c,d	36,700	0	0	0	36,700	0	174	a,b
- Allocated in 2007	02/03/07	296	2010	2013	a,b,c,d	28,582	0	0	0	28,582	0	219	a,b
- Allocated in 2008	29/02/08	1,617	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	1,444	2009	2012	a,b,c,d	117,424	0	0	0	117,424	0	174	a,b
- Allocated in 2007	02/03/07	1,272	2010	2013	a,b,c,d	122,662	0	0	0	122,662	0	219	a,b
- Allocated in 2008	29/02/08	8,293	2011	2014	a,b,c,d	0	203,500	0	0	203,500	0	123	a,b
Total		13,373				305,368	243,185	0	0	548,553			

Assumptions – calculation of fair value

Share price	126
Volatility	29.77%
Non-risk interest	4.28%-4.36%
Time to maturity	Middle window

Principle – exercise potentials

a) First exercise window: from publication of preliminary announce of financial statements in the calendar year mentioned under “First year” and four wqeeks ahead.
b) Last exercise window from publication of preliminary announce of financial statements in the calendar year mentioned under “Last year” and four weeks ahead.
c) 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.
d) 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

a) Dividend payments are deducted on an ongoing basis
b) Capital changes will lead to changes

Comments:
- The market capitalisation is based on Black & Scholes formula for The measurement of European Call options.
- The costs to option incentive scheme are included in salaries to the Executive Board and staff.
- The objective of the allotted options is to create added value growth in Forstædernes Bank and to retain key employees.
- Final vesting is acquired via employment with Forstædernes Bank A/S at the time of exercise; or if the termination of employment is due to the employee’s own resignation, then upon transition to approved pension; or the Bank’s dismissal of the employee is not due to breach of contract on the part of the employee.

6 Tax		
Profit/loss before tax	86,677	117,346
Deduction of finansiel fixed assets exchange income	2,907	-17,184
Addition of non-deductible expenses and deduction of non-taxable income, net	-27,695	790
Profit/loss before tax after addition and deduction	61,889	100,952
Tax: 25 % (2006 = 28 %)	15,472	28,267
Deferred tax	7,165	-8
Total tax	22,637	28,259
Effective tax rate	26.1%	24.1%
Effective tax rate (less finansiel fixed assets)	25.3%	28.2%

	Q1 (DKK 1,000)	**31/3 2008**	**31/12 2007**
7	**Due from credit institutions and central banks**		
	Receivables from central banks	0	599,504
	Receivables from credit institutions	837,242	498,031
	Total receivables from credit institutions and central banks	837,242	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	29,389	108,139
	Reversal of impairment losses recognised in previous financial year(s)	6,031	44,967
	Other movements	0	-6,945
	Definitively lost, formerly impaired	1,341	26,653
	Impairment losses, at end of period	273,777	251,760
	Group impairment		
	Impairment losses, at beginning of period	2,359	2,445
	Impairment losses and value adjustments, respectively, for the period	125	2,018
	Reversal of impairment losses recognised in previous financial year(s)	0	2,104
	Impairment losses, at end of period	2,484	2,359
	Total		
	Impairment losses, at beginning of period	254,119	224,631
	Impairment losses and value adjustments, respectively, for the period	29,514	110,157
	Reversal of impairment losses recognised in previous financial year(s)	6,031	47,071
	Other movements	0	-6,945
	Definitively lost, formerly impaired	1,341	26,653
	Impairment losses, at end of period	276,261	254,119
	Definitively lost, not previously impaired	327	1,980
	Interest income on impaired receivables	1,468	6,557
	Paid in against receivables formerly impaired	1,012	9,967
9	**Deposits and other debt**		
	On demand	12,899,009	13,075,757
	At notice	1,172,271	963,588
	Time deposits	1,585,807	1,693,785
	Special deposits	1,129,027	1,168,430
	Total deposits and other debt	16,786,114	16,901,560

Q1 (DKK 1,000)			**31/3 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.

			31/3 2008	31/12 2007
Subordinated loan capital				
Nominal value	Applicable interest rate	Maturity date [1)]		
DKK 100,000,000	7.41 % p.a.	24.09.2013	100,000	100,000
DKK 75,000,000	7.39 % p.a.	29.03.2014	75,000	75,000
DKK 100,000,000	4,88 % p.a.	07.04.2012	98,691	98,193
DKK 150,000,000	6.12 % p.a.	29.10.2012	150,000	150,000
DKK 150,000,000	4,11 % p.a.	06.05.2013	145,989	144,400
DKK 200,000,000	5.63 % 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	5.60 % p.a.	31.10.2015	74,568	74,566
NOK 125,000,000	7.00 % p.a.	29.09.2014	114,942	115,981
Portfolio of treasury bonds			0	0
Total subordinated loan capital			1,159,190	1,158,140
Hybrid core capital				
Nominal value	Applicable interest rate	Maturity date		
DKK 150,000,000	6,32 % p.a.	Indefinite life	149,224	145,830
DKK 100,000,000	6.33 % p.a.	Indefinite life	100,000	100,000
Total hybrid core capital			249,224	245,830
Total subordinated debt			1,408,414	1,403,970
Subordinated debt that can be recognised in the core capital			1,407,704	1,402,980
			2008	**2007**
Interest expenses for subordinated debt			21,300	20,163
Initial expenses related to borrowings and payable on redemption of borrowings on subordinated debt			0	28

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 (DKK 1,000)	**31/3 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	972,003	854,182
- Nominal value	24,300	21,355
- Percentage of share capital	5.2%	4.6%
12 Security provided		
The following has been provided as security for "Sum clearing" and settlement etc. with Danmarks Nationalbank and the Danish VP Securities Services:		
Bonds at fair value	1,953,916	853,532
Total security provided	1,953,916	853,532
13 Guarantees, etc.		
Financial guarantees	4,322,766	4,434,355
Loss guarantees for mortgage loans	1,227,394	1,082,708
Land registration and conversion guarantees	5,161	0
Other guarantees	971,641	1,068,468
Total guarantees, etc.	6,526,962	6,585,531
14 Other contingent liabilities		
Other commitments	546,903	557,200
Total other contingent liabilities	546,903	557,200

The item 'Other liabilities' comprises rental obligations in connection with the formation of irrevocable lease contracts of a total of DKK 501m. The non-cancellation terms are from 6 months up to 18 years and the amount can be distributed as follows: <1 year: DKK 43m, 1-5 years: DKK 133m and >5 years: DKK 325m. (If the amount of DKK 501m is discounted, it will have a present value of DKK 313m) 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)	2,437,174	2,385,320
Capital base, less statutory deductions	3,581,534	3,543,847
Weighted assets subject to credit, counterparty, dilution and delivery risks	25,098,978	27,585,896
Weighted assets subject to settlement and market risks	3,856,725	3,971,648
Weighted assets subject to operational risks	1,878,725	0
Total weighted assets	30,834,472	31,557,544
Core capital (incl. hybrid capital)	7.9%	7.6%
Core capital (incl. hybrid capital) (excl. current profit)	7.7%	6.8%
Solvency ratio acc. to Section 124(1) of the Danish Act on Financial Services	11.6%	11.2%
Solvency ratio acc. to Section 124(1) of the Danish Act on Financial Services (excl. curr. profit)	11.4%	10.5%

16 Core earnings and earnings from investment portfolios

Q1 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	193,243	-21,273	171,970
Dividend from shares etc.	0	928	928
Fee and commission income and expenses	77,405	2,200	79,605
Net interest and fee income	270,648	-18,145	252,503
Securities and foreign exchange income	16,184	-2,135	14,049
Other oprerating income	631	1,829	2,460
Staff costs and administrative expenses	144,525	4,943	149,468
Depreciation, amortisation and impairment losses for property, plant and equipment plus intangible assets	10,432	483	10,915
Impairment losses relating to loans/advances etc.	21,970	0	21,970
Income/loss from associates and group enterprises	0	18	18
Profit before tax	110,536	-23,859	86,677

Q1 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	167,905	-4,377	163,528
Dividend from shares etc.	0	481	481
Fee and commission income and expenses	84,189	348	84,537
Net interest and fee income	252,094	-3,548	248,546
Securities and foreign exchange income	12,177	13,902	26,079
Other oprerating income	-29	0	-29
Staff costs and administrative expenses	136,653	3,251	139,904
Depreciation, amortisation and impairment losses for property, plant and equipment plus intangible assets	10,730	152	10,882
Impairment losses relating to loans/advances etc.	6,523	0	6,523
Income/loss from associates and group enterprises	0	59	59
Profit before tax and gain on sale of Totalkredit	110,336	7,010	117,346

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.

Key figures, quarterly

(DKK m)	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Full year 2007
Earnings						
Net interest income from banking activities	193	204	187	178	168	737
Other core income	94	114	93	96	96	399
Core income	287	318	280	274	264	1,136
Operating costs and depreciation (core)	154	185	145	167	147	644
Impairment losses relating to loans/advan. etc.	22	33	7	3	7	50
Core earnings	111	100	128	104	110	442
Earnings from investment portfolios	-24	-42	-50	2	7	-83
Gain on sale of Totalkredit	0	0	0	0	0	0
Profit before tax	87	58	78	106	117	359
Tax	23	13	20	23	28	84
Net profit for the period	64	45	58	83	89	275
Selected balance sheet items						
Deposits	16,786	16,902	14,913	15,773	14,692	16,902
Loans and advances	24,293	25,386	25,177	24,048	21,491	25,386
Securities	6,297	6,263	4,961	4,791	5,048	6,263
Subordinated debt	1,408	1,404	1,407	1,499	1,505	1,404
Equity capital (EC)	2,230	2,208	2,160	2,157	1,796	2,208
Balance sheet total	35,066	33,832	32,795	32,025	31,066	33,832
Volume of securities in account (ex. investment funds)	24,201	27,636	28,533	28,289	26,048	27,636
Guarantees, etc.	6,527	6,586	7,139	8,370	8,454	6,586
Financial ratios						
Core earnings in % of EC (year begin.) p.a.	20.0%	23.2%	29.8%	24.2%	25.7%	20.0%
Profit before tax in % of EC (year begin.) p.a.	15.7%	13.4%	18.1%	24.7%	27.3%	16.3%
Profit after tax in % of EC (year begin.) p.a.	11.6%	10.4%	13.5%	19.4%	20.7%	12.5%
Cost rate (core)	53.9%	58.1%	51.6%	61.1%	55.8%	56.7%
Solvency ratio (incl. current profit)	11.6%	11.2%	11.1%	11.8%	11.6%	11.2%
Solvency ratio (excl. current profit)	11.4%	11.2%	10.3%	11.2%	11.3%	11.2%
Excess cover rel. to he statutory liquidity requirements (10%)	149.0%	114.8%	170.5%	79.9%	147.8%	114.8%
Market price end of period 1)	126	170	224	232	228	170
Full-time staff (aver.)	574	574	557	549	551	558

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

Accounting policies

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.