

22 August 2007

Forstædernes Bank
The Executive Board
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Forstædernes Bank A/S

Half-Year Report – 2007

Results increased by 51 % before and by 58 % after tax – Upward adjustment for core earnings by DKK 50-60m for all 2007

Results before tax came to DKK 223m in the first half-year of 2007 against DKK 148m in 2006. These results yield a return on the average capital and reserves of 23.1 % per an-num.

- Increase in core earnings of DKK 58m, corresponding to 37 %.
- Net interest income in core earnings increased by 23 %.
- Trading income increased by 7 %.
- Cost rate improvement from 60 % to 58 %.
- Impairment losses at a very low level.
- Growth in business scope – deposits, loans/advances, guarantees and securities in account – of 22 % to a level of DKK 76bn.
- Increase in earnings from investment portfolios of DKK 17m.

Following the capital increase in Q2 of 2007 the Bank is armed for continued growth.

Based on the satisfactory results for the first half-year, expectations of the core earnings for all 2007 are being adjusted from DKK 360m to a level of DKK 410 to 420m.

Due to a change of the contractual basis with Totalkredit, Forstædernes Bank expects loss guarantees relative to Totalkredit in the order of DKK 2.3m to lapse, which means an improvement of the solvency ratio of approx. 0.5 percentage point.

The English-language Half-Year Report is a translation of the Danish-language one, in case of doubt, please refer to the Danish original.



forstædernes bank
Enriching advice

Earnings, Q1-Q2 (DKK m)	2007	2006
Net interest income from banking activities	347	281
Other core income	192	182
Core income	539	463
Operating expenses and depreciation (core)	316	277
Impairment losses relating to loans/advances etc.	9	30
Core earnings	214	156
Earnings from investment portfolios	9	-8
Profit before tax	223	148
Tax	51	39
Net profit for the period	172	109
Balance sheet items, end of June (DKK m)	2007	2006
Deposits	15,773	14,144
Loans and advances	24,048	19,242
Securities	4,791	5,619
Subordinated debt	1,499	1,449
Equity capital (EC)	2,157	1,439
Balance sheet total	32,025	29,515
Volume of securities in account	28,229	21,460
Guarantees, etc.	8,370	7,968
Financial ratios, Q1-Q2	2007	2006
Core earnings in % of EC (average) per annum	22.1%	21.9%
Core earnings in % of EC (year begin.) per annum	24.9%	22.1%
Profit before tax in % of EC (average) per annum	23.1%	20.8%
Profit before tax in % of EC (year begin.) per annum	26.0%	21.0%
Profit after tax in % of EC (average) per annum	17.8%	15.3%
Profit after tax in % of EC (year begin.) per annum	20.1%	15.4%
Cost rate (core)	58.5%	59.8%
Solvency ratio	11.8%	10.9%
Market price end of period	232	182
Full-time staff (average)	550	534

Quarterly figures

See page 19.

Results after tax increased by 58 %

The pre-tax results of Forstædernes Bank for the first half-year of 2007 came to DKK 223m against DKK 148m in the same period of 2006. The posttax results came to DKK 172m, corresponding to a 58 % increase relative to 2006.

The background for this progress is an increase partly of core earnings of DKK 58m and partly of earnings from investment portfolios of DKK 17m. The increase in core earnings is primarily due to a positive development of the net interest.

The pre-tax results yield a return on the average capital and reserves in 2007 of 23.1 % per annum. Following taxation the yield comes to 17.8 % per annum. The Board finds these results most satisfactory.

Business scope increase of 22 %

At the end of June 2007, the total business scope of Forstædernes Bank, i.e. loans/advances, deposits, guarantees and securities in account, amounted to DKK 76bn as against DKK 63bn at the same time the year before. This corresponds to a 22 % increase.

In Q2 of 2007 alone, the increase of the business scope was DKK 5.8bn.

Solid growth in loans and advances

In the recent year, total loans/advances increased by DKK 4.8bn to DKK 24.0bn as at 30 June 2007, corresponding to a 25 % increase.

The progress in loans/advances, which primarily relates to the

business client area, is broadly founded and characterised by a good credit standing.

The increase in loans/advances is distributed as follows:

- DKK 2.2bn towards investment credits primarily collateralised in the form of excess cover with a stop loss agreement.
- DKK 0.9bn towards housing construction, of which minimum 75 % have been sold in advance.
- DKK 0.3bn towards fully let housing and commercial properties (33 % and 67 %, respectively) with considerable solvency among the owners.
- DKK 1.4bn distributed over a wide number of different trades.

In the course of the last year the guarantee volume has increased by DKK 0.4bn to DKK 8.4bn. This growth is a result inter alia of the mortgage finance co-operation with Totalkredit and DLR Kredit. For Q2 in isolation there was a minor decrease in the volume of guarantees.

At 30 June 2007, loans/advances on which the Bank has ceased the calculation of interest came to DKK 135m, corresponding to 0.4 % of total loans/advances and guarantees.

Minimum funding of project apartments

Forstædernes Bank monitors special funding areas on an ongoing basis, including the so-called project apartments. As of the beginning of 2007, FB had financed a total of 80 apartments distributed on Havnefronten,

Ørestaden, Frederiksberg and the Bridge Quarters. These 80 apartments were distributed on 21 clients. As of mid-2007 we can ascertain that half of these loans have been repaid.

As of mid-2007 FB had four building finance schemes involving providers of project apartments. The buildings meet our general requirements of building loans, including:

- that 75 % of the project offered must have been sold in advance
- that the owner must have a solid credit standing
- that the contractor must have a satisfactory capital base.

Continued growth in deposits and securities in account

Continued intensive focus on pensions and investments business has paved the way for the Bank's gaining market shares. The volume of clients' securities in account has increased by 32 % to DKK 28.2bn during the recent year.

Deposits have increased by DKK 1.6bn to DKK 15.8bn in the last twelve months, corresponding to a 12 % increase.

Core earnings increase of 37 %

Core earnings in the first half-year of 2007 ended at DKK 214m against DKK 156m in the same period of 2006, corresponding to a 37 % increase.

Core income increase of 16 %

The Bank increased its total core income in the first half-year of 2007 by DKK 76m relative to the same period of 2006, which is an increase of 16 %.

Net interest income from core earnings increased by DKK 66m, corresponding to 23 %. The primary cause of this increase is to be found in the progress of the loans/advances and deposits volumes as the interest margin remains almost unchanged.

The Bank's total trading income, including income from securities trading, asset management and clients' currency trading, developed favourably in the first half-year of 2007 as it rose by 7 % relative to the same period in 2006.

Income from the Bank's housing consultancy services also contributed favourably to the development in core income with a growth of 11 % relative to the same period in 2006, while there was a minor drop in guarantee commissions (excl. of the housing area).

Price competition with limited impact

A number of banks have intensified their mutual competition, i.a. relative to the level of interest on deposits. Forstædernes Bank is an advisory bank focussing on quality advice in preference to prices. Therefore it is not reasonable to partake in competition solely based on price. However, we adapt our prices in each individual client relationship.

Forstædernes Bank has thus experienced continued growth in deposits as well as loans and advances in Q2 of 2007, and as already mentioned the interest margin has remained unchanged by and large.

Improved cost rate

Core costs in the first half-year of 2007 increased by DKK 39m relative to the same period of 2006, corresponding to a 14 % increase.

In connection with the implementation of the strategy of decentralised anchoring of our consultancy competencies, we have particularly recruited new consultants within pensions and investments. The addition of new staff in the course of 2006 has meant that on average the Bank employed 550 persons in the first half-year of 2007, which is 3 % up on the same period of 2006.

The number of employees has, however, been kept in check both in Q1 and Q2 of 2007 as part of a more subdued cost development compared to recent years. This should be viewed in the light of our objective of optimising the useful effect of recent years' investments in several resources.

In Q2 of 2007 the Bank had extraordinary expenditure in connection with the capital increase, as we issued employee shares at a favourable price. Compared to the first half-year of 2006 this means a charge to staff expenses to the tune of DKK 6m out of the total expenses of DKK 8.9m for employee shares. Viewed in isolation for Q2 of 2007, this together with the annual expense towards particularly holiday supplement is the primary cause of the increased cost rate.

The other costs of the Bank increased by 10 % relative to the same period in 2006. This increase

is primarily due to the opening of a new Business and Investment Centre in Århus and increased IT-costs.

The increase in core income has, however, more than made up for the increase in costs, and the Bank's cost rate has thus dropped from 59.8 % in the first half-year of 2006 to 58.5 % in that of 2007 and thus fulfils the Bank's strategy of consolidation and a subdued cost development in 2007. If we disregard the extraordinary expense towards employee shares in connection with the capital increase and the opening of the Århus Business and Investment Centre, the cost rate for the first half-year of 2007 would have been at the level of 57 %.

Impairment losses at a low level

Impairment losses relating to loans/advances and provisions for losses on guarantees came to DKK 9m in the first half-year of 2007, corresponding in per annum terms to 0.06 % of total loans/advances and guarantees.

The background for this is a solid credit rating. A great deal of the growth in loans/advances continues to be characterised by being secured business.

Increase in earnings from investment portfolios

In the first half-year of 2007 the earnings from investment portfolios came to DKK +9m against DKK -8m in the same period of 2006.

The results from bonds, financial interest rate instruments and liquidity, comprising price adjust-

ment and net interest, were DKK +12m in the first half-year of 2007 against DKK -24m in the same period of 2006.

In the first half-year of 2007, the Bank's average interest-rate risk amounted to 3.1 % of the core capital.

Results on the Bank's share portfolio, consisting of price adjustment, dividend and funding expenses, were DKK +5m in the first half-year of 2007 as against DKK +8m in that of 2006.

The Bank's average share portfolio, excl. of investment securities, own shares and derived financial instruments, amounted to DKK 156m in the first half-year of 2007. Add to this DKK 269m that were invested in share-related bonds.

In the first half-year of 2007 the price adjustment of currency and financial currency instruments came to DKK -4m against DKK +9m in the same period of 2006.

The remaining items under earnings from investment portfolios, which primarily consist of fees and distributed costs, came to DKK -4m in the first half-year of 2007 against DKK -1m in that of 2006. This change is primarily due to low commission income on our own portfolio.

The unrest in the financial markets has caused the earnings from investment portfolios to decline to between DKK -15 and -20m by mid August.

Solvency ratio of 11.8

In Q2 of 2007 the Bank realized a capital increase yielding proceeds of about DKK 330m.

In addition to this, the year's current profit is recognised in the core capital.

At 30 June 2007, the Bank's solvency ratio amounted to 11.8 % against 11.4 % at the same time the year before.

The statutory minimum is 8 %, but 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 30 June 2007, the core capital ratio, incl. recognised profits, came to 7.7 % against 6.5 % at 30 June 2006.

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

Uncertainty as to recognition and measurement

In 2005 a number of new Danish accounting provisions were adopted. These changes have particularly meant significant changes to the measurement of loans/advances, including impairments and they make heavy demands on our data and supportive IT systems. We endeavour to establish a data foundation, which is intended to ensure the compliance of the new accounting requirements. As the necessary

supportive IT systems have not been fully implemented yet, we have established alternative systems in order to comply with the rules.

We are continuously working on the improvement of the foundation applicable to particularly grouped impairments

Management finds that the rules of the Danish Executive Order on the Presentation of Financial Statements have been complied with and that the uncertainty, which is a consequence of their implementation, is of no significance to this half-year report.

Related parties

The Bank's subsidiary, FB Ejendomme A/S, does not carry on any commercial activities, and the company is negligible in relation to the Bank. In the first half-year of 2007 capital in the subsidiary was reduced by DKK 20m to DKK 4m via the distribution of dividend.

In addition to this there were no large-scale transactions with related parties in the first half-year of 2007.

Opening of the Business and Investment Centre in Århus

On 9 May 2007 the Bank officially opened the new Århus Business and Investment Centre. From the outset the staffing needs of the branch have been determined as 11 persons who provide consultancy services within the Bank's main areas: business and asset consultancy, incl. investments, pensions and housing. The branch in Århus has made a good start as

the first FB branch established outside the Copenhagen Region.

The potentials for establishing new consultancy centres outside the Copenhagen Region will depend on our experience from the Århus centre.

New co-operation model with Totalkredit

The basis for our contract with Totalkredit has been changed, meaning that in the course of Q3 of 2007 we expect to skip the guarantee model in favour of the set-off model.

This means that loss guarantees in relation to Totalkredit to the tune of DKK 2.3bn will lapse. Based on figures as of 30 June 2007 this means that the solvency ratio improved by about 0.5 percentage point and the core capital ratio by about 0.3 percentage point.

The Bank's current earnings from the cooperation with Totalkredit are only affected marginally.

EU directives present challenges

The Danish Ministry of Economic and Business Affairs has implemented statute in relation to an EU directive on the so-called Covered Bonds. In addition to the existing residential mortgages (mortgage bonds) this will increase the number of offerings as well as competition.

The capital requirements in connection with Covered Bonds, however, make it attractive for banks to establish shared funding. Forstædernes Bank is party to a co-operation model where banks

have the possibility of establishing a common issue of bonds. The co-operation model has been established with Totalkredit, where the so-called SDO loans will be provided as from Q4 in 2007.

Another new EU Directive, MiFID, is an obvious occasion to systematise the ethics of the Bank's investment consultancy services. In this context the compliance function will advise and assist the Bank's staff in upholding good ethics in the investment consultancy services. Forstædernes Bank will have fully implemented MiFID when it comes into force on 1 November 2007.

Furthermore, Basel II is one of the most far-reaching financial EU directives to be implemented in 2007/2008. It is a sound principle that less risky portfolios must not strain the banks' capital to the same degree as the more risky ones. This principle matches the Bank's competitive power, where prices are fixed individually.

The challenge presented by Basel II will arise in relation to the systems, which are to control the various internal models that are used to ascertain the risks. Forstædernes Bank has decided to apply the standardised model, which means that the capital burden from the different commitments will continue almost without any change – however, with certain easing.

Events after the closing of the financial period and exceptional circumstances

Apart from the above-mentioned reduced earnings from investment portfolios due to the unrest in the

financial markets, no circumstances have occurred that upset the assessment of the half-year report as from the balance sheet date and up to today. Moreover, there have not been any exceptional circumstances which have any impact on recognitions and measurements.

Adjustment of expectations of 2007

In our Annual Report 2006 our expectations of core earnings were DKK 360m.

Based on the highly satisfactory results for the first half-year, expectations of the core earnings for all 2007 are being adjusted by DKK 50 to 60m to a level of DKK 410 to 420m.

This upward adjustment is primarily a result of our expecting a continued positive development of the net interest.

Earnings from investment portfolios for all 2007 will depend on the trends in the financial markets, including the year-end price level.

Financial calendar 2007

25 October: Q1-Q3 report 2007

Schedules

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

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

Q1-Q2 / End of June (DKK m)	2007	2006	2005	2004	2003
Net interest and fee income	502	446	395	358	294
Securities and foreign exchange income	52	15	18	-26	16
Staff costs and administrative expenses	300	266	223	193	166
Depreciation	22	17	13	12	11
Impairments on loans/advances etc.	9	30	21	44	49
Income/loss from associated and subsidiary undertakings	0	0	-1	0	0
Tax	51	39	44	24	25
Result	172	109	111	59	59
Loans and advances	24,048	19,242	13,195	10,459	6,722
Deposits	15,773	14,144	10,308	8,274	6,829
Equity capital (EC)	2,157	1,439	1,250	909	831
Total assets	32,025	29,515	19,301	15,553	11,271
Financial ratios, Q1-Q2	2007	2006	2005	2004	2003
Solvency and capital					
Solvency ratio ⁴⁾ %	11.8	11.4	12.6	11.2	14.8
Core capital ratio ⁴⁾ %	7.7	6.5	8.3	6.3	8.5
Profit					
Return on EC for the first six months before tax %	11.5	10.4	13.7	9.3	10.5
Return on EC for the first six months after tax %	8.9	7.6	9.9	6.7	7.4
Income/cost ratio (I/C) ¹⁾ DKK	1.67	1.47	1.60	1.33	1.37
Market risk					
Interest rate risk(/core capital, less statutory deductions) ⁴⁾ %	2.6	2.1	3.6	3.2	5.3
Currency position (Exchange rate indicator 1/core capital, less statutory deductions) ⁴⁾ %	8.3	19.4	17.9	12.0	14.3
Foreign exchange risk (Exchange rate indicator 2/core capital, less statutory deductions) ⁴⁾ %	0.0	0.3	0.2	0.2	0.1
Liquidity					
Loans and advances (and impairment losses) in relation to deposits %	153.9	137.8	130.2	130.0	102.3
Excess cover relative to the statutory liquidity requirements %	79.9	168.8	132.6	162.6	231.0
Credit risk					
Total amount of large exposures (/capital base) ⁴⁾ %	240.8	231.7	201.3	209.1	65.5
Accumulated impairment ratio %	0.7	0.9	1.2	2.1	2.9
Impairment ratio for the first six months %	0.0	0.1	0.2	0.3	0.5
Increase in loans and advances for the first six months %	18.5	14.0	12.3	28.4	1.0
Gearing of loans and advances	11.1	13.4	10.6	11.5	8.1
Share return ^{2) 3)}					
Earnings per share before tax for the first six months DKK	52.2	36.3	39.7	21.9	22.5
Earnings per share after tax for the first six months DKK	40.2	26.6	28.5	15.6	15.8
Equity value per share DKK	462	348	302	243	222
Share price at end of March/earnings per share	23.1	28.2	21.0	22.2	15.1
Share price at end of March/equity value per share	2.01	2.16	1.99	1.43	1.08

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) 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 2005-2007 has been prepared in conformity with the changed rules, whereas the comparative figures for 2003-2004 have not been adjusted.

The Board of Directors and the Executive Board have today discussed and approved of Half-Year Report 2007 for Forstædernes Bank A/S.

This 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 Half-Year reports of listed financial companies. 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, liabilities and capital reserves, financial position and results.

Copenhagen, 22 August 2007

The Executive Board

Kjeld Mosebo Christensen
(man. dir.)

Niels Fessel

Gunnar Kobberup

The Board of Directors

Helmer Olsen
(chairman)

Jesper Andreasen
(deputy chairman)

Olav Brusen Barsøe

Lars Frederiksen

Mette Viskum Kretzschmer

Steen Moesgaard

Henrik Planntin

Arne Stubbe

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. and the rules of the Copenhagen Stock Exchange for issuers of listed securities.

The accounting policies remain unchanged relative to the Annual Report for 2006. In this Half-Year Report the comparative figures at 31 Dec. 2006 for the balance sheet item "loans/advances and other receivables at fair value" (DKK 165,104,000) have been moved to the item "loans/advances and other receivables at amortised cost". The presentation of

these loans/advances has been changed because they are loans/advances at amortised cost which have been supplemented by the fair value adjustment due to the rules on accounting hedging. So the recognition and measuring have not been changed, solely the presentation of them. The change does affect operations, nor does it have any impact on any of the key figures.

The Bank applies the transition rules of the new executive order on capital adequacy which has alone led to a change in the determination of the market risk when calculating the Bank's solvency at 30 June 2007.

Relative to the 2006 half-year report and earlier part-year reports the Bank has chosen to recognise the current profits in the core capital in pursuance of Section 129 of the Danish Financial Business Act. Comparative figures have been adjusted.

The Half-Year Report has not been audited, 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.

Q1-Q2 (DKK 1,000)	Note	2007	2006
Interest income	1	827,123	558,815
Interest expenses	2	498,496	288,582
Net interest income		328,627	270,233
Dividend from shares etc.		2,656	9,822
Fees and commission income	3	175,627	169,912
Fees and commission paid		4,765	3,477
Net interest and fee income		502,145	446,490
Securities and foreign exchange income	4	52,551	14,891
Other operating income		-39	-52
Staff costs and administrative expenses	5	300,026	265,876
Depreciation, amortisation and impairment losses for property, plant and equipment plus intangible assets		21,764	16,888
Impairment losses relating to loans/advances etc.		9,410	30,220
Income/loss from associates and group enterprises		38	-19
Profit before tax		223,495	148,326
Tax	6	51,145	39,581
Net profit for the period		172,350	108,745

(DKK 1,000)	Note	30/6 2007	31/12 2006
Assets:			
Cash balance and demand deposits with central banks		618,870	194,584
Receivables from credit institutions and central banks	7	2,040,128	2,684,784
Loans/advances and other receivables at amortised cost	8	24,047,540	20,287,963
Bonds at fair value		4,323,741	6,115,421
Shares		467,007	403,929
Holdings in subsidiary undertakings		4,344	24,306
Intangible assets		24,780	19,484
Land and buildings			
Owner-occupied property		1,700	1,983
Land and buildings, total		1,700	1,983
Other tangible assets		97,656	96,624
Deferred tax assets		1,575	1,388
Other assets		382,771	366,800
Prepayments		15,018	11,442
Total assets		32,025,130	30,208,708
Equity and liabilities:			
Debt			
Due to credit institutions and central banks		10,472,445	10,803,301
Deposits and other debt	9	15,773,465	14,294,345
Issued bonds at amortised cost		1,427,270	1,399,143
Current tax liabilities		42,260	6,163
Other liabilities		638,967	468,081
Deferred income		7,759	6,967
Debt, total		28,362,166	26,978,000
Provisions			
Provisions for pensions etc.		4,621	4,332
Provisions for loss on guarantees		2,003	2,526
Provisions, total		6,624	6,858
Subordinated debt	10	1,499,275	1,505,228
Equity capital			
Share capital	11	466,750	414,000
Share premium at issue		386,785	110,174
Revaluation reserves		1,367	1,640
Statutory reserves		844	20,806
Profit brought forward		1,301,319	1,172,002
Equity capital, total		2,157,065	1,718,622
Total equity and liabilities		32,025,130	30,208,708
Contingent liabilities:			
Security provided	12	654,106	449,953
Guarantees, etc.	13	8,369,616	8,478,741
Other contingent liabilities	14	567,994	522,050
Total contingent liabilities		9,591,716	9,450,744

Statement of changes in equity

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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
30/6 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
	0	0	0	0	0	0	0
Profit of the period	0	0	0	38	172,312	0	172,350
Income and cost recognised directly on equity:	0	0	0	0	0	0	0
Changes in revalued value of owner-occupied property	0	0	-273	0	105	0	-168
Acquisition and disposal of own securities	0	0	0	0	-33,600	0	-33,600
Share-based incentive scheme	0	0	0	0	2,200	0	2,200
Income and cost recognised directly on equity total:	0	0	-273	0	-31,295	0	-31,568
Changes during the year	0	0	0	0	0	0	0
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	1,367	844	1,301,319	0	2,157,065
31/12 2006							
Shareholders equity at the beginning of the year	414,000	110,174	500	0	854,217	33,120	1,412,011
Profit of the period	0	0	0	103	363,856	41,400	405,359
Income and cost recognised directly on equity:	0	0	0	0	0	0	0
Changes in revalued value of owner-occupied property	0	0	1,140	0	-388	0	752
Acquisition and disposal of own securities	0	0	0	0	-68,766	0	-68,766
Share-based incentive scheme	0	0	0	0	1,975	0	1,975
Income and cost recognised directly on equity total:	0	0	1,140	0	-67,179	0	-66,039
Changes during the year	0	0	0	20,703	-20,703	0	0
Dividend paid	0	0	0	0	411	-33,120	-32,709
Capital injections or reductions	0	0	0	0	0	0	0
Equity at the end of the year	414,000	110,174	1,640	20,806	1,130,602	41,400	1,718,622

Notes

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

Q1-Q2 (DKK 1,000)	2007	2006
1 Interest income		
Receivables from credit institutions and central banks	62,135	30,942
Loans/advances and other receivables	667,307	462,564
Bonds	82,657	61,005
Total derivative financial instruments	14,376	4,304
Of which:		
Currency contracts	8,299	2,932
Interest rate contracts	6,077	1,372
Other interest income	648	0
Total interest income	827,123	558,815
2 Interest expenses		
Credit institutions and central banks	205,789	127,114
Deposits and other payables	220,186	122,870
Issued bonds	31,388	9,248
Subordinated debt	41,133	29,348
Other interest expenses	0	2
Total interest expenses	498,496	288,582
3 Fee and commission income		
Securities trade and securities in account	106,231	100,129
Payment handling	9,793	3,358
Loan business, fees and charges	11,767	3,096
Guarantee commission	37,308	34,801
Other charges, fees and commission income	10,528	28,528
Total fee and commission income	175,627	169,912
4 Securities and foreign exchange income		
Other loans/advances and receivables at fair value	-1,793	-5,694
Bonds	34,048	-29,039
Shares etc.	27,212	7,176
Foreign currencies	1,079	21,303
Total derivative financial instruments	-35,229	18,211
Of which:		
Currency contracts	-10,392	4,125
Interest rate contracts	-12,404	12,085
Equity contracts	-12,433	2,001
Other liabilities	27,234	2,934
Total securities and foreign exchange income	52,551	14,891
5 Staff costs and administrative expenses		
Salaries and remuneration of Board of Directors and Executive Board and Shareholders' Committee		
Executive Board	4,979	4,444
Bonus	3,232	4,459
Board of Directors	756	735
Shareholders' Committee	294	288
Total	9,261	9,926

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 full service 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.

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-Q2 (DKK 1,000)	2007	2006
5 Staff costs (continued)		
Wages and salaries	155,451	130,590
Pension costs	13,817	12,854
Expenses towards social security	16,220	13,622
Total	185,488	157,066
Average number of full-time employees	550	534
Other administrative expenses	105,277	98,884
Total staff costs and administrative expenses	300,026	265,876

Share-based incentive scheme

Share options

Share options	Date of allocation	Fair value	Exercise potential			Number (pcs.)						Exercise price (DKK)		
			First year	Last year	Adjustment principle	Beginning of period (before share split and capital increase)	Beginning of period (after share split and capital increase)	Allotted (after share split and capital increase)	Expiry/ lapse	Exercised	End	Expiry/ lapse	Current exercise price	Adjustment principle
Executive Board														
- Allocated in 2006	21/02/06	3,132	2009	2012	a,b,c,d	8,920	36,700	0	0	0	36,700	0	176	a,b
- Allocated in 2007	02/03/07	1,860	2010	2013	a,b,c,d	0	0	28,582	0	0	28,582	0	221	a,b
Executive Staff														
- Allocated in 2006	21/02/06	10,022	2009	2012	a,b,c,d	29,515	121,427	0	4,003	0	117,424	176	176	a,b
- Allocated in 2007	02/03/07	7,984	2010	2013	a,b,c,d	0	0	122,662	0	0	122,662	0	221	a,b
Total		22,998				38,435	158,127	151,244	4,003	0	305,368			

Assumptions – calculation of fair value

Share price	232
Volatility	20.50%
Non-risk interest	4.96%-4.97%
Time to maturity	Middle window

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 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	223,495	148,326
Deduction of financial fixed assets exchange income	-19,486	-7,268
Addition of non-deductible expenses and deduction of non-taxable income, net	899	3,151
Profit/loss before tax after addition and deduction	204,908	144,209
Tax: 25 % (2006 = 28 %)	51,227	40,378
Deferred tax	-82	-797
Total tax	51,145	39,581
Effective tax rate	22.9%	26.7%
Effective tax rate (less financial fixed assets)	25.1%	28.1%

The change of the corporate tax rate from 28 % to 25 % has led to a reversal of corporate taxes from Q1 of 2007 of DKK 3,029,000 and an adjustment of deferred tax as at the beginning of the year of DKK -190,000.

Q1-Q2 (DKK 1,000)	30/6 2007	31/12 2006
7 Receivables from credit institutions and central banks		
Receivables from central banks	1,498,761	2,096,942
Receivables from credit institutions	541,367	587,842
Total receivables from credit institutions and central banks	2,040,128	2,684,784
8 Loans/advances and other receivables		
Individual impairment losses		
Impairment losses, at beginning of period	222,186	213,926
Impairment losses and value adjustments, respectively, for the period	42,792	123,037
Reversal of impairment losses recognised in previous financial year(s)	28,206	77,994
Other movements	0	6,078
Definitively lost, formerly impaired	7,329	42,861
Impairment losses, at end of period	229,443	222,186
Group impairment		
Impairment losses, at beginning of period	2,445	2,677
Impairment losses and value adjustments, respectively, for the period	501	2,911
Reversal of impairment losses recognised in previous financial year(s)	0	3,143
Impairment losses, at end of period	2,946	2,445
Total		
Impairment losses, at beginning of period	224,631	216,603
Impairment losses and value adjustments, respectively, for the period	43,293	125,948
Reversal of impairment losses recognised in previous financial year(s)	28,206	81,137
Other movements	0	6,078
Definitively lost, formerly impaired	7,329	42,861
Impairment losses, at end of period	232,389	224,631
Definitively lost, not previously impaired	706	1,956
Interest income on impaired receivables	3,514	8,100
Paid in against receivables formerly impaired	2,346	6,759
9 Deposits and other debt		
On demand	12,453,908	11,592,022
At notice	942,623	703,459
Time deposits	1,446,710	1,082,239
Special deposits	930,224	916,625
Total deposits and other debt	15,773,465	14,294,345

Q1-Q2 (DKK 1,000)

30/6 2007 31/12 2006

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	6.97 % p.a.	24.09.2013	100,000	100,000
DKK 100,000,000	6.89 % p.a.	12.09.2010	100,012	100,175
DKK 75,000,000	6.97 % p.a.	29.03.2014	75,000	75,000
DKK 100,000,000	4.88 % p.a.	07.04.2012	97,561	98,136
DKK 150,000,000	5.60 % p.a.	29.10.2012	150,000	150,000
DKK 150,000,000	4.11 % p.a.	06.05.2013	142,764	144,506
DKK 200,000,000	5.21 % p.a.	01.11.2014	200,000	200,000
DKK 200,000,000	5.36 % p.a.	30.09.2014	200,000	200,000
EUR 10,000,000	5.12 % p.a.	31.10.2015	74,422	74,560
NOK 125,000,000	5.52 % p.a.	29.09.2014	115,645	112,599
Portfolio of treasury bonds			-188	-52
Total subordinated loan capital			1,255,216	1,254,924
Hybrid core capital				
Nominal value	Applicable interest rate	Maturity date		
DKK 150,000,000	6.32 % p.a.	Indefinite life	144,059	150,304
DKK 100,000,000	5.91 % p.a.	Indefinite life	100,000	100,000
Total hybrid core capital			244,059	250,304
Total subordinated debt			1,499,275	1,505,228
Subordinated debt that can be recognized in the core capital			1,499,275	1,505,228
			2007	2006
Interest expenses for subordinated debt			41,133	29,348
Initial expenses related to borrowings and payable on redemption of borrowings on subordinated debt			57	7

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-Q2 (DKK 1,000)	30/6 2007	31/12 2006
11 Share capital		
Share capital	466,750	414,000
Number of units	18,670,000	4,140,000
Unit size	25	100
FB's holding of treasury shares, number of units	553,269	105,003
- Nominal value	13,832	10,500
- Percentage of share capital	3.0%	2.5%
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	654,106	449,953
Total security provided	654,106	449,953
13 Guarantees, etc.		
Financial guarantees	4,352,268	4,374,100
Loss guarantees for mortgage loans	2,878,084	2,655,593
Land registration and conversion guarantees	0	32,838
Other guarantees	1,139,264	1,416,210
Total guarantees, etc.	8,369,616	8,478,741
14 Other contingent liabilities		
Other commitments	567,994	522,050
Total other contingent liabilities	567,994	522,050

The item 'Other commitments' comprises rental obligations in connection with the formation of irrevocable lease contracts of a total of DKK 523m. The non-cancellation terms are from 6 months up to 19 years and the amount can be distributed as follows: <1 year: DKK 42m, 1-5 years: DKK 138m and >5 years: DKK 343m. Furthermore the item comprises the VP Securities Services liability of DKK 45m.

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)	2,367,556	1,905,014
Capital base, less statutory deductions	3,616,203	3,159,443
Weighted assets subject to credit, counterparty, dilution and delivery risks ¹⁾	27,028,958	23,303,468
Weighted items subject to settlement and market risks ²⁾	3,591,379	2,855,277
Total weighted assets	30,620,337	26,158,745
Core capital (incl. hybrid capital)	7.7%	7.3%
Core capital (incl. hybrid capital) (excl. current profit)	7.2%	5.9%
Solvency ratio acc. to Section 124(1) of the Danish Act on Financial Services	11.8%	12.1%
Solvency ratio acc. to Section 124(1) of the Danish Act on Financial Services (excl. curr. profit)	11.2%	10.7%

Notes

1) As at 31/12 2006 the item was termed "weighted assets not included in the trading portfolio".

2) As at 31/12 2006 the item was termed "weighted assets with market risk etc."

16 Core earnings and earnings from investment portfolios

Q1-Q2 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	346,042	-17,415	328,627
Dividend from shares etc.	0	2,656	2,656
Fee and commission income and expenses	169,193	1,669	170,862
Net interest and fee income	515,235	-13,090	502,145
Securities and foreign exchange income	23,318	29,233	52,551
Other operating income	-39	0	-39
Staff costs and administrative expenses	293,421	6,605	300,026
Depreciation, amortisation and impairment losses for property, plant and equipment plus intangible assets	21,459	305	21,764
Impairment losses relating to loans/advances etc.	9,410	0	9,410
Income/loss from associates and group enterprises	0	38	38
Profit before tax	214,224	9,271	223,495

Q1-Q2 2006 (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	281,103	-10,870	270,233
Dividend from shares etc.	0	9,822	9,822
Fee and commission income and expenses	161,145	5,290	166,435
Net interest and fee income	442,248	4,242	446,490
Securities and foreign exchange income	21,116	-6,225	14,891
Other operating income	-52	0	-52
Staff costs and administrative expenses	260,343	5,533	265,876
Depreciation, amortisation and impairment losses for property, plant and equipment plus intangible assets	16,652	236	16,888
Impairment losses relating to loans/advances etc.	30,220	0	30,220
Income/loss from associates and group enterprises	0	-19	-19
Profit before tax	156,098	-7,772	148,326

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)	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Full year 2006
Earnings							
Net interest income from banking activities	178	168	153	150	144	137	584
Other core income	96	96	91	74	80	102	347
Core income	274	264	244	224	224	239	931
Operating costs and depreciation (core)	167	147	157	127	139	139	561
Impairment losses relating to loans/advan. etc.	3	7	-2	13	15	15	41
Core earnings	104	110	89	84	71	85	329
Earnings from investment portfolios	2	7	86	-12	-24	16	66
Gain on sale of Totalkredit	0	0	0	96	0	0	96
Profit before tax	106	117	175	168	47	101	491
Tax	23	28	30	17	12	27	86
Net profit for the period	83	89	145	151	35	74	405
Selected balance sheet items							
Deposits	15,773	14,692	14,294	13,916	14,144	13,035	14,294
Loans and advances	24,048	21,491	20,288	19,007	19,242	17,809	20,288
Securities	4,791	5,048	6,519	5,731	5,619	4,422	6,519
Subordinated debt	1,499	1,505	1,505	1,562	1,449	1,250	1,505
Equity capital (EC)	2,157	1,796	1,719	1,551	1,439	1,433	1,719
Balance sheet total	32,025	31,066	30,202	29,741	29,515	26,025	30,209
Volume of securities in account	28,289	26,048	24,945	22,147	21,460	21,180	24,945
Guarantees, etc.	8,370	8,454	8,479	8,170	7,968	7,626	8,479
Financial ratios							
Core earnings in % of EC (year begin.) p.a.	24.2%	25.7%	25.2%	23.8%	20.0%	24.2%	23.3%
Profit before tax in % of EC (year begin.) p.a.	24.7%	27.3%	49.6%	47.6%	13.4%	28.6%	34.8%
Profit after tax in % of EC (year begin.) p.a.	19.4%	20.7%	41.1%	42.8%	10.0%	20.9%	28.7%
Cost rate (core)	61.1%	55.8%	64.3%	56.7%	61.9%	57.8%	60.3%
Solvency ratio (incl. current profit)	11.8%	11.6%	12.1%	12.6%	11.4%	11.5%	12.1%
Solvency ratio (excl. current profit)	11.2%	11.3%	10.7%	11.5%	10.9%	11.2%	10.7%
Market price end of period ¹⁾	232	228	209	182	182	203	209
Full-time staff (aver.)	549	551	557	551	539	529	544

Notes

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