

To NASDAQ OMX Copenhagen A/S
and the press

20 August 2009

H1 Interim Report – Forstædernes Bank A/S **1 January 2009 – 30 June 2009**

Financial highlights

- Core earnings after impairment losses came to a loss of DKK 1,374m in H1/ 2009 against a profit of DKK 144m in H1/2008, mainly due to impairment losses of DKK 1,390m in H1/2009 against DKK 95m in H1/2008.
- The investment portfolio generated a loss of DKK 1m in H1/2009 compared with a loss of DKK 100m in the same period last year.
- Forstædernes Bank recorded a loss before tax of DKK 1,375m in H1/2009 against a profit before tax of DKK 44m in H1/2008. After tax, the loss totalled DKK 1,041m against a profit of DKK 31m in 2008.

H1/2009 in brief

- Rise in net interest income from business operations.
- Higher costs, mainly resulting from expenditure on the government guarantee scheme.
- Total business volume of DKK 56.8bn at end-June 2009, down by DKK 14.3bn compared with the same time last year and DKK 2.6bn below the level at end-2008. The decrease chiefly resulted from a market-driven fall in custody volumes and the reduction of loans and advances due to impairment losses.
- Deposits increased and loans and advances decreased, thereby reducing the Bank's deposit deficit.
- The Bank is in a solid and comfortable liquidity and funding situation, which is underscored by an excess cover to the tune of DKK 7.3bn, or 220%, relative to the 10% requirement prescribed by section 152 of the Danish Financial Business Act.
- Capital adequacy ratio of 17.0% and capital need set at 15.9% at 30 June 2009.
- By the end of August, the Bank's core capital will be raised by DKK 1.15bn to DKK 3.9bn through a capital contribution from Nykredit Realkredit A/S. In addition, the current subordinate loan capital of DKK 0.35bn will be prematurely redeemed.

Forstædernes Bank's H1 Interim Report is available at forbank.dk and nykredit.com.

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forstædernes bank
Få bedre råd

Management's Review – Financial Highlights

DKK million	H1/2009	FY 2008	H1/2008	H1/2007	H1/2006	H1/2005
SUMMARY INCOME STATEMENT						
Net interest and fee income	519	1,065	537	502	446	395
Value adjustments	(79)	(393)	(66)	52	15	18
Other operating income	4	5	3	0	0	0
Staff and administrative expenses	322	664	313	300	266	223
Other operating costs, depreciation and amortisation	107	88	22	22	17	13
Impairment losses on loans and receivables	1,390	1,534	95	9	30	21
Profit (loss) before tax	(1,375)	(1,609)	44	223	148	155
Tax	(334)	(382)	13	51	39	44
Profit (loss) for the period	(1,041)	(1,227)	31	172	109	111
BALANCE SHEET, END OF PERIOD						
Assets						
Cash balance and receivables from central banks and credit institutions	1,754	4,357	3,567	2,659	4,199	1,740
Loans, advances and other receivables at fair value	76	54	0	0	156	188
Loans, advances and other receivables at amortised cost	20,032	22,260	24,013	24,048	19,086	13,007
Bonds and equities at fair value	9,698	3,443	7,621	4,791	5,619	4,125
Investments in associates and group enterprises	4	4	4	4	24	2
Other asset items	1,239	2,180	962	524	431	239
Total assets	32,803	32,298	36,169	32,025	29,515	19,301
Liabilities and equity						
Payables to credit institutions and central banks	8,459	7,221	13,591	10,472	10,735	6,257
Deposits and other payables	16,549	14,704	16,621	15,773	14,144	10,308
Other payables	3,502	5,512	2,374	2,116	1,740	604
Total payables	28,510	27,437	32,585	28,362	26,619	17,168
Provisions	117	61	25	7	7	8
Subordinate loan capital	1,658	1,745	1,398	1,499	1,449	875
Equity	2,518	3,055	2,161	2,157	1,439	1,250
Total liabilities and equity	32,803	32,298	36,169	32,025	29,515	19,301
OFF-BALANCE SHEET ITEMS, END OF PERIOD						
Contingent liabilities	4,679	6,020	7,163	8,938	8,360	5,767

Management's Review – Financial Highlights

	H1/2009	FY 2008	H1/2008	H1/2007	H1/2006	H1/2005
FINANCIAL RATIOS						
Capital adequacy ratio	17.0	15.5	11.4	11.8	11.4	12.6
Core capital ratio	11.2	10.5	7.7	7.7	6.5	8.3
Return on equity before tax, %	(49.4)	(61.1)	2.0	11.5	10.4	13.7
Return on equity after tax, %	(37.3)	(46.6)	1.4	8.9	7.6	9.9
Income:cost ratio, DKK	0.24	0.30	1.10	1.67	1.47	1.60
Interest rate exposure, %	2.5	1.9	4.2	2.6	2.1	3.6
Foreign exchange position, %	0.5	5.5	12.3	8.3	19.4	17.9
Foreign exchange exposure, %	0.0	0.0	0.1	0.0	0.3	0.2
Loans and advances:deposits, %	139.4	163.1	146.3	153.9	137.8	130.2
Loans and advances:equity, %	8.0	7.3	11.1	11.1	13.4	10.6
Growth in loans and advances for the period, %	(9.9)	(12.1)	(5.4)	18.5	14.0	12.3
Excess cover:statutory liquidity requirements, %	220.1	77.7	158.4	79.9	168.8	132.6
Total large exposures, %	148.0	84.7	216.2	240.8	231.7	201.3
Impairment losses for the period, %	5.0	5.1	1.0	0.7	0.9	1.2
Average number of staff (full-time equivalents)	540	570	574	550	534	489

The financial ratios have been calculated in accordance with the definitions of the Danish Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc.

Management's Review

Lower earnings, mainly due to impairment losses

Forstædernes Bank's core earnings before impairment losses totalled DKK 16m in H1/2009 against DKK 239m in 2008. Over the same period, impairment losses rose from DKK 95m in 2008 to DKK 1,390m in 2009, resulting in a decrease in core earnings after impairment losses from DKK 144m in 2008 to a loss of DKK 1,374m in 2009.

The investment portfolio generated a loss of DKK 1m in H1/2009 compared with a loss of DKK 100m in the same period last year.

The Bank recorded a loss before tax of DKK 1,375m against a profit of DKK 44m in H1/2008, which was unsatisfactory.

Lower business volumes

Forstædernes Bank's total business activities (lending, deposits, guarantees and custody accounts) amounted to DKK 56.8bn at 30 June 2009 against DKK 71.1bn at the same time the year before. This is equivalent to a decline of DKK 14.3bn or 20%. Of this amount, the decline in custody volumes accounted for DKK 8.3bn, chiefly resulting from the negative development in financial markets over the past year.

Loans and guarantees

The Bank pursues a strategy of reducing large exposures, including investment and property exposures.

The consequences of the general deterioration of the Danish economy were a decline in loans and advances as well as substantial impairment losses on the loan portfolio.

Over the past year, total lending fell by DKK 3.9bn to DKK 20.1bn at 30 June 2009, corresponding to a downturn of 16%.

The Bank's credit portfolio spans a great number of business sectors and retail customers. Retail customers represented 20% of the portfolio at 30 June 2009. With 27%, property-related lending accounted for the largest proportion of the portfolio.

The Bank is not exposed to the mortgage market.

Large exposures constituted 148% of the Bank's capital base at 30 June 2009 compared with 216% at the same time the year before. The statutory maximum is 800%.

The Bank will continue to reduce large exposures in H2/2009.

Over the past year, guarantee volumes have decreased by DKK 1.9bn to DKK 4.7bn, partly because of conversions of financial guarantees for foreign loans to own lending and conversion of loss guarantees to a right of set-off under the partnership model with Totalkredit.

Deposits

Like other small and medium-sized banks, Forstædernes Bank saw a decline in deposits in H2/2008. Following Nykredit's acquisition of the Bank and the introduction of the government guarantee scheme, the development in deposits has taken a positive turn.

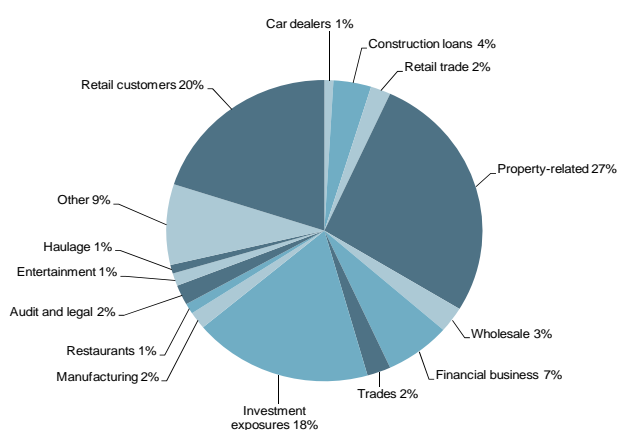
Deposits fell marginally over the past year by DKK 0.1bn and totalled DKK 16.5bn at 30 June 2009. At the same time, deposits increased by DKK 1.5bn in Q2/2009 compared with DKK 1.8bn for H1/2009 as a whole.

Custody accounts

The Bank retains its intense focus on pension and investment products, but the special market environment in H2/2008 in particular took its toll on custody volumes. Customer assets held in custody fell victim to the adverse trends in financial markets.

As a result, the market value of customer assets held in custody with the Bank has dropped by 35% over the past year to DKK 15.5bn at 30 June 2009. Viewed separately, however, Q2/2009 saw a small increase of DKK 0.5bn in the value of customer assets held in custody.

Industry breakdown at 30 June 2009



Management's Review

Core income from business operations

In H1/2009, the Bank saw a decrease in total core income from business operations by DKK 15m, or 3%, compared with the same period in 2008.

Lending and deposit volumes generally decreased from H1/2008 to H1/ 2009. The fall in average lending volumes was partly attributable to higher impairment losses. The decrease in volumes was partly set off by lower loan rates on the Bank's funding from other credit institutions. As a result, net interest income from business operations rose by DKK 75m, equal to a 31% increase.

The Bank's total trading income in H1/2009, including income from securities trading, asset management and customers' foreign exchange trading, was affected by lower activity in the foreign exchange and securities markets and the negative development in customer assets held in custody compared with the same period last year.

Guarantee commission (excluding the housing market) fell slightly in H1/ 2009 relative to the same period in 2008, while income from the Bank's

housing advisory services and other income matched the levels of the same period last year.

Core income from securities

Core income from securities reflects the return which the Bank would have obtained by placing its investment portfolios at risk-free rates. In addition, core income from securities includes interest expenses relating to subordinate loan capital.

Core income from securities was affected negatively by lower average risk-free rates in H1/2009 compared with the same period last year. This was a contributory factor to the negative income of DKK 2m in 2009 against a positive amount of DKK 113m the year before.

Costs

Costs excluding expenditure relating to the government guarantee scheme were up by DKK 17m in H1/2009 on the same period the year before, equivalent to a rise of 5%. Expenditure relating to the government guarantee scheme in H1/2009 amounted to DKK 76m.

The Bank had 540 staff on average in

H1/2009, 6% fewer than in the same period the year before. The decrease in the number of staff was a result of the Bank's adjustment of resources to the generally more moderate level of activity and the amalgamation of staff functions with Nykredit Bank as the surviving company.

Total payroll costs were up by 6% on H1/ 2008.

Other costs including depreciation and amortisation increased by 5% compared with H1/2008, mainly due to one-off costs of merging IT systems with Nykredit.

Adjusted for expenditure relating to the government guarantee scheme and the above-mentioned one-off IT costs, the Bank's costs increased by 2%.

Higher impairment losses

Impairment losses on loans and advances and provisions for guarantees amounted to DKK 1,390m in H1/2009 against DKK 95m in H1/2008.

Of total impairment losses of DKK 1,390m, DKK 1,204m relates to a few large exposures and the Private Contingency Association (the Winding-up Company), while the remainder relates to other customers of the Bank.

The increase in impairment losses was mainly attributable to a few large exposures. These exposures are primarily based on security in the form of mortgages on real property and charges on equities, the values of which have decreased substantially since October 2008.

Investment portfolio loss

Investment portfolio income in H1/2009 was affected by capital losses on the Bank's portfolio of corporate bonds,

H1 pre-tax profit (loss) after investment portfolio income and core earnings (DKKm)

	2009	2008
Net interest income from business operations	320	245
Other core income	126	217
Core income from business operations	446	461
Government guarantee scheme	76	0
Operating costs, depreciation and amortisation	352	335
Core earnings before impairment losses	18	126
Impairment losses on loans and advances	1,390	95
Core earnings from business operations	(1,372)	31
Core earnings from securities	(2)	113
Core earnings	(1,374)	144
Investment portfolio income	(1)	(100)
Profit (loss) before tax	(1,375)	44

Management's Review

whereas the rest of the portfolio yielded a positive return.

The investment portfolio generated a loss of DKK 1m in H1/2009 compared with a loss of DKK 100m in the same period last year.

The Bank's interest rate exposure averaged DKK 64m in H1/2009, or 2.2% of the core capital at 30 June 2009. In the same period last year, the interest rate exposure was 4.7% of the core capital.

The Bank's equity exposure excluding the banking book (strategic sector equities) averaged DKK 21m in H1/2009 against DKK 224m the year before.

Capital structure

Forstædernes Bank's capital base supports its risk profile and business strategy.

In the Nykredit Group, reserves are to the widest extent possible concentrated in the Parent Company, Nykredit Realkredit A/S.

Forstædernes Bank's capital base before statutory deductions totalled DKK 4,176m at end-H1/2009, broken down into equity of DKK 2,518m and subordinate loan capital in the amount of DKK 1,658m. Of the latter, hybrid capital accounted for DKK 256m, which was fully included in the core capital.

In H1/2009 the Bank received additional capital from the Parent Company in the amount of DKK 504m.

Capital increase

To strengthen the Bank's core capital and support the development in its business areas, the Board of Directors of the Parent Company, Nykredit Realkredit A/S, resolved to contribute new

share capital in the amount of DKK 1,150m in August this year.

At the same time, the current subordinate loan capital of DKK 350m will be prematurely redeemed.

All in all, the Bank's core capital will increase by DKK 1,150m to around DKK 3.9bn.

Capital adequacy

Forstædernes Bank applies the standardised approach when determining credit risk and the basic indicator approach for operational risk. Market risk is determined in accordance with the standardised approach, as previously.

The Bank's capital adequacy ratio was 17.0% at 30 June 2009 against 15.5% at end-2008 and 11.4% at the same time the year before.

The core capital ratio was 11.2% at 30 June 2009 against 10.5% at end-2008 and 7.7% at the same time the year before.

The two ratios were affected by two factors in H1/2009. Firstly, the capital base after statutory deductions decreased, as the loss posted for H1/2009 exceeds the capital contribution from the Parent Company, Nykredit Realkredit A/S. Secondly, risk-weighted assets fell, chiefly as a result of a decline in loans, advances and guarantees.

Forstædernes Bank's required capital base was determined at DKK 3bn at 30 June 2009, corresponding to a capital need of 12.4% of risk-weighted assets. Because of the rule that the Bank's required capital base may not at any time be lower than four times the amount of the Bank's largest exposure, the required capital base at 30 June 2009 was

determined finally at DKK 3.8bn, corresponding to a capital need of 15.9%.

Excess liquidity

The Bank pursues a policy of always maintaining a solid and robust excess liquidity cover relative to statutory requirements.

According to the Danish Financial Business Act, a bank's liquidity must total at least 10% of reduced debt and guarantee obligations. Forstædernes Bank has an internal liquidity requirement of 15%, ie a 50% excess cover relative to the statutory requirement.

At 30 June 2009, the excess cover was 220%, or DKK 7.3bn.

Outlook for 2009

The development in core income from business operations, cost levels and business volumes described in this Interim Report is generally expected to be reflected in the full-year figures as well.

However, national and international economic trends may have a substantial impact on earnings, especially in relation to impairment losses on loans and advances.

Moreover, considering the continued market turmoil, including potential changes in interest rate levels, investment portfolio income is subject to considerable uncertainty.

On balance, the uncertainty surrounding results for 2009 is substantial.

Management's Review

Uncertainty as to recognition and measurement

The measurement of certain assets and liabilities is based on accounting estimates made by the Bank's Management.

The main areas are provisions for loan and receivable impairment, unlisted financial instruments and listed financial instruments, which have been priced in low-turnover markets due to the financial turmoil.

In Management's opinion, the uncertainty relating to the above factors is not of material importance to the H1 Interim Report 2009.

Management changes

The Bank's CEO, Kjeld Mosebo Christensen, retired at the end of June 2009, and the Executive Board is now composed of Niels Fessel and Bjørn Damgaard Mortensen, Managing Directors.

Merger with Nykredit Bank A/S

Nykredit Bank A/S and Forstædernes Bank A/S are expected to merge at 1 April 2010 – effective 1 January 2010 for accounting purposes.

Events occurred after the end of the financial period and unusual circumstances

From the balance sheet date until today, no events have occurred which affect the assessment of the Interim Report. No unusual circumstances have affected the recognition or measurement.

Related parties

The subsidiary FB Ejendomme A/S has not been consolidated, as the company does not have any commercial activities and its business is of no importance to the Bank.

As a wholly-owned subsidiary, Forstædernes Bank has been included in the Consolidated Financial Statements of Nykredit Realkredit A/S.

For further information on related parties, please refer to note 22 .



Statement by the Board of Directors and the Executive Board on the Interim Report

The Board of Directors and the Executive Board have today reviewed and approved the Interim Report for the period 1 January – 30 June 2009 of Forstædernes Bank A/S.

The H1 Interim Report has been prepared in accordance with the Danish Financial Business Act and the Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc. Further, the H1 Interim Report has been prepared in ac-

cordance with additional Danish disclosure requirements for interim reports of issuers of listed bonds.

In our opinion, the H1 Interim Report gives a fair review of the development in the activities and financial circumstances of the Bank as well as a satisfactory description of the material risk and uncertainty factors affecting the Bank.

We are furthermore of the opinion that the H1 Interim Report gives a fair presentation of the Bank's assets, liabilities, equity and financial position at 30 June 2009 and of the results of the Bank's activities for the financial period 1 January – 30 June 2009.

Copenhagen, 20 August 2009

Executive Board

Niels Fessel
(Managing Director)

Bjørn Damgaard Mortensen
(Managing Director)

Board of Directors

Peter Engberg Jensen
(Chairman)

Karsten Knudsen
(Deputy Chairman)

Søren Holm

Per Ladegaard

Jesper Andreasen

Olav Brusén Barsøe

Mette Viskum Kretzschmer

Henrik Planthin

Income statement for 1 January – 30 June

(DKK 1,000)	Note	30.06.2009	30.06.2008
Interest income	2	865,518	1,030,940
Interest expenses	3	466,691	680,645
Net interest income		398,827	350,295
Dividend on equities		12,665	2,992
Fee and commission income	4	118,724	194,789
Fee and commission expenses		11,557	11,317
Net interest and fee income		518,659	536,759
Value adjustments	5	(79,054)	(66,153)
Other operating income		3,721	3,744
Staff and administrative expenses	6	321,591	312,733
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets		30,305	22,262
Other operating expenses		76,552	0
Impairment losses on loans, advances and receivables	7	1,389,962	95,052
Profit (loss) from investments in associates and group enterprises		8	35
Profit (loss) before tax		(1,375,076)	44,338
Tax on profit (loss) for the period	8	(334,410)	13,011
Profit (loss) for the period		(1,040,666)	31,327

Balance sheet

(DKK 1,000)

	Note	30.06.2009	31.12.2008
Assets			
Cash balance and demand deposits with central banks		76,027	71,968
Receivables from credit institutions and central banks	9	1,677,705	4,285,014
Loans, advances and other receivables at fair value	10	75,517	54,465
Loans, advances and other receivables at amortised cost	11	20,031,704	22,259,608
Bonds at fair value	12	9,278,336	2,941,513
Equities	13	420,068	501,144
Investments in group enterprises		4,483	4,475
Intangible assets		7,055	17,418
Land and buildings, owner-occupied properties		0	1,300
Other property, plant and equipment		66,902	84,373
Current tax assets		694,751	204,617
Deferred tax assets		50,879	199,529
Assets in temporary possession		1,669	0
Other assets	14	388,218	1,660,401
Prepayments		29,472	12,309
Total assets		32,802,786	32,298,134
Liabilities and equity			
Payables to credit institutions and central banks	15	8,459,356	7,220,833
Deposits and other payables	16	16,548,842	14,703,704
Issued bonds at amortised cost	17	2,771,686	3,197,884
Other liabilities	18	721,098	2,304,548
Deferred income		8,854	9,665
Total payables		28,509,836	27,436,634
Provisions for pensions and similar obligations	19	2,212	5,972
Provisions for losses under guarantees	19	93,188	50,332
Other provisions	19	21,425	5,158
Total provisions		116,825	61,462
Subordinate loan capital	20	1,658,497	1,744,934
Share capital		1,063,750	943,750
Share premium account		1,910,400	1,526,400
Revaluation reserves		0	997
Statutory reserves		983	975
Retained earnings		(457,505)	582,982
Total equity		2,517,628	3,055,104
Total liabilities and equity		32,802,786	32,298,134
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	21	4,678,896	6,020,285
Total off-balance sheet items		4,678,896	6,020,285
Accounting policies	1		
Related parties	22		
Foreign exchange and interest rate exposures	23		
Hedging interest rate risk	24		

Statement of changes in equity and capital adequacy

EQUITY

(DKK 1,000)	Share capital	Share premium account	Revaluation reserves	Statutory reserves	Retained earnings	Proposed dividend for the financial year	Total
Equity at 30.06.2009							
Equity, beginning of year	943,750	1,526,400	997	975	582,982	0	3,055,104
Profit (loss) for the period	0	0	0	8	(1,040,674)	0	(1,040,666)
Income and costs recognised directly in equity:							
Change in revaluation of an owner-occupied property	0	0	(997)	0	187	0	(810)
Total income and costs recognised directly in equity:	0	0	(997)	0	187	0	(810)
Capital increases or decreases	120,000	384,000	0	0	0	0	504,000
Equity, end of period	1,063,750	1,910,400	0	983	(457,505)	0	2,517,628
Equity at 31.12.2008							
Equity, beginning of year	466,750	386,785	1,377	908	1,314,497	37,340	2,207,657
Profit (loss) for the year	0	0	0	67	(1,226,624)	0	(1,226,557)
Income and costs recognised directly in equity:							
Change in revaluation of an owner-occupied property	0	0	(380)	0	101	0	(279)
Purchase and sales price of own securities	0	0	0	0	90,907	0	90,907
Equity-based consideration	0	0	0	0	15,200	0	15,200
Total income and costs recognised directly in equity:	0	0	(380)	0	106,208	0	105,828
Corrections for the year	0	(386,785)	0	0	386,785	0	0
Paid dividend	0	0	0	0	2,116	(37,340)	(35,224)
Capital increases or decreases	477,000	1,526,400	0	0	0	0	2,003,400
Equity, year-end	943,750	1,526,400	997	975	582,982	0	3,055,104

CAPITAL ADEQUACY

	30.06.2009	31.12.2008
Core capital after statutory deductions	2,714,305	3,091,509
Capital base after statutory deductions	4,114,982	4,581,264
Weighted assets with credit, counterparty, dilution and delivery risk	20,637,417	25,466,780
Weighted assets with settlement and market risk	1,837,012	2,289,987
Weighted assets with operational risk	1,728,539	1,728,539
Total weighted items	24,202,968	29,485,306
Core capital after statutory deductions as % of total weighted items	11.2%	10.5%
Capital adequacy ratio pursuant to section 124(1) of the Danish Financial Business Act	17.0%	15.5%

Core earnings and investment portfolio income

1 January – 30 June (DKK 1,000)	2009			2008		
	Core earnings ¹	Investment portfolio income ²	Total	Core earnings ¹	Investment portfolio income ²	Total
Net interest income	317,854	80,973	398,827	357,523	(7,227)	350,296
Dividend on equities	0	12,665	12,665	0	2,992	2,992
Fee and commission income	118,724	0	118,724	196,966	0	196,966
Fee and commission expenses	11,557	0	11,557	13,847	0	13,847
Net fee and commission income	107,167	0	107,167	183,119	0	183,119
Net interest and fee income	425,021	93,638	518,659	540,642	(4,235)	536,407
Value adjustments	15,280	(94,334)	(79,054)	29,413	(95,565)	(66,152)
Other operating income	3,721	0	3,721	3,744	0	3,744
Staff and administrative expenses	321,591	0	321,591	312,380	0	312,380
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	30,305	0	30,305	22,262	0	22,262
Other operating expenses	76,552	0	76,552	0	0	0
Impairment losses on loans and advances	1,389,962	0	1,389,962	95,052	0	95,052
Profit from equity investments	8	0	8	34	0	34
Profit (loss) before tax	(1,374,380)	(696)	(1,375,076)	144,139	(99,800)	44,339

Notes

1) Core earnings: means earnings from customer-oriented business activities and core earnings from securities. Core earnings from securities include the risk-free return on the securities portfolio.

2) Investment portfolio income: means the part of the return which exceeds the risk-free interest.

1 ACCOUNTING POLICIES

The H1 Interim Report 2009 has been prepared in accordance with the Danish Financial Business Act and the Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc. Further, the H1 Interim Report has been prepared in accordance with additional Danish disclosure requirements for interim reports of issuers of listed bonds.

Compared with the Annual Report for 2008, assets have been recognised under Assets in temporary possession. Assets in temporary possession are assets that were offered as security for facilities provided by the Bank. The assets have been recognised at the lower of the carrying amount and the fair value less the cost of sale.

In all other respects, the accounting policies are unchanged relative to the Annual Report for 2008. A description of the Bank's accounting policies can be found in the Annual Report for 2008, which is available at forbank.dk and at nykredit.com.

The Bank has adopted the Nykredit Group's model for calculation of core earnings and investment portfolio income. Comparative figures have been restated accordingly. See also the Annual Report for 2008.

The H1 Interim Report 2009 has not been audited or reviewed.

2 INTEREST INCOME

Receivables from credit institutions and central banks	42,213	43,225
Loans, advances and other receivables	636,309	807,064
Bonds	144,475	112,972
Total derivative financial instruments	37,712	67,679
Of which		
- Foreign exchange contracts	35,547	57,602
- Interest rate contracts	2,165	10,077
Other interest income	4,809	0
Total	865,518	1,030,940

Of which interest income from genuine purchase and resale transactions entered as Loans, advances and other receivables at fair value	296	0
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Interest income accrued on loans and advances for which individual impairment provisions have been made amounts to DKK 9.6m (2008: DKK 3.9m). The Bank generally suspends addition of interest on individually impaired loans and advances. Interest income attributable to impaired loans and advances has been offset against provisions.

3 INTEREST EXPENSES

Credit institutions and central banks	126,555	255,404
Deposits and other payables	214,262	339,425
Issued bonds	68,593	43,039
Subordinate loan capital	57,279	42,749
Other	2	28
Total	466,691	680,645

Of which interest expenses from genuine sale and repurchase transactions entered as Payables to credit institutions and central banks	250	0
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4 FEE AND COMMISSION INCOME

Securities trading and custody accounts	45,452	121,673
Payment services	13,620	10,063
Loan fees	8,854	11,556
Guarantee commission	40,628	42,119
Other fee and commission income	10,170	9,378
Total	118,724	194,789

5 VALUE ADJUSTMENTS

Bonds	(71,097)	(191,844)
Equities	(18,710)	18,996
Foreign exchange	3,345	8,961
Total derivative financial instruments	14,325	88,699
Of which		
Foreign exchange contracts	(3)	23,031
Interest rate contracts	4,167	33,553
Equity contracts	10,161	32,115
Other assets	2,350	(2,068)
Other liabilities	(9,267)	11,103
Total	(79,054)	(66,153)

Notes

(DKK 1,000)

30.06.2009

30.06.2008

6 STAFF AND ADMINISTRATIVE EXPENSES

Remuneration of Board of Directors/Executive Board	25,631	9,705
Committee of Representatives	0	298
Staff expenses	186,732	191,227
Administrative expenses	109,228	111,503
Total	321,591	312,733

Remuneration of Board of Directors and Executive Board:

Board of Directors		
Remuneration	383	778
Each staff-elected board representative receives annual remuneration of DKK 170,000		
Executive Board		
Salaries	5,871	6,344
Bonus payable	0	2,583
Severance pay to former members of the Executive Board	19,377	0
Total	25,631	9,705

The terms and conditions governing the remuneration and pensions of the Executive Board are unchanged relative to the mention in the Annual Report for 2008. Reference is made to the Annual Report and the Bank's stock exchange announcement of 5 February 2009 on management changes in the Executive Board.

Staff expenses		
Wages and salaries	153,650	160,453
Pensions (defined contribution plans)	16,385	15,349
Social security expenses	16,697	15,425
Total	186,732	191,227

Average number of staff, full-time equivalents	540	574
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7 IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES

Specification of impairment provisions		
Total individual impairment provisions	2,920,530	298,790
Total collective impairment provisions	38,264	2,902
Total impairment provisions, end of period	2,958,794	301,692

Individual impairment provisions		
Impairment provisions, beginning of period	1,606,983	251,760
Impairment provisions and value adjustments for the period	1,391,578	150,822
Reversal of impairment relating to previous years	22,061	48,102
Impairment provisions recognised as lost	55,970	55,690
Impairment provisions, end of period	2,920,530	298,790

Of which in respect of credit institutions		
Impairment provisions, beginning of period	9,209	0
Impairment provisions recognised as lost	9,209	0
Impairment provisions, end of period	0	0

Notes

(DKK 1,000)

30.06.2009

30.06.2008

7 IMPAIRMENT LOSSES ON LOANS, ADVANCES AND RECEIVABLES (continued)

Collective impairment provisions		
Impairment provisions, beginning of period	64,264	2,359
Impairment provisions and value adjustments for the period	0	543
Reversal of impairment provisions relating to previous years	26,000	0
Impairment provisions, end of period	38,264	2,902
Effect on profit (loss)		
Change in provisions for loan and receivable impairment	1,343,517	103,263
Offset interest income from impaired loans and advances	0	3,875
Losses recognised for the period, net	6,131	544
Received on claims previously written off as impairment losses	2,542	5,823
Provisions for guarantees	42,856	943
Total	1,389,962	95,052

8 TAX

Tax for the period can be specified as follows:		
Tax on profit (loss) for the period	(334,410)	13,011
Total	(334,410)	13,011
Effective tax rate, %	24.3	29.3

Notes

(DKK 1,000)

30.06.2009

31.12.2008

9 RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS

Receivables at call from central banks	919,741	1,878,152
Receivables from credit institutions	757,964	2,406,862
Total	1,677,705	4,285,014

10 LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE

Loans and advances at fair value	75,517	54,465
Total	75,517	54,465
Of which genuine purchase and resale transactions	75,517	54,465

11 LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST

Loans and advances	20,031,704	22,259,608
Total	20,031,704	22,259,608
Impairment provisions made, end of period		
Individual impairment provisions	2,920,530	1,606,983
Collective impairment provisions	38,264	64,264
Non-accrual loans	3,861,477	1,087,770
Fixed-rate loans and advances		
Of total loans and advances fixed-rate loans represent	108,760	126,145

12 BONDS AT FAIR VALUE

Mortgage bonds	8,949,791	2,282,568
Government bonds	85,522	27,813
Other bonds	243,023	631,132
Total	9,278,336	2,941,513

The effect of fair value adjustment has been recognised through profit or loss.

As collateral for the Danish central bank, Danmarks Nationalbank, and foreign clearing centres bonds have been deposited of a total market value of

2,760,930 1,908,405

The collateral was provided on an arm's length basis.

13 EQUITIES

Equities measured at fair value through profit or loss	420,068	501,144
Total	420,068	501,144
Specification of equity portfolios		
Listed on NASDAQ OMX Copenhagen A/S	7,953	44,817
Listed on other stock exchanges	32	41,306
Unlisted equities carried at fair value	412,083	415,021
Total equities	420,068	501,144

14 OTHER ASSETS

Interest and commission receivable	202,221	185,884
Positive market value of derivative financial instruments	157,295	1,444,125
Other	28,702	30,392
Total	388,218	1,660,401

Notes

(DKK 1,000)

30.06.2009

31.12.2008

15 PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS

Payables to credit institutions	8,459,356	7,220,833
Total	8,459,356	7,220,833
Of which genuine sale and repurchase transactions	75,517	0

16 DEPOSITS AND OTHER PAYABLES

On demand	13,885,424	10,802,114
At notice	953,032	950,945
Time deposits	212,054	1,483,149
Special deposits	1,498,332	1,467,496
Total	16,548,842	14,703,704

17 ISSUED BONDS AT AMORTISED COST

Value of issues	2,773,835	3,200,756
Amortisation and own portfolio	(2,149)	(2,872)
Total	2,771,686	3,197,884

18 OTHER LIABILITIES

Interest and commission payable	212,521	146,723
Negative market value of derivative financial instruments	312,639	1,904,917
Other payables	195,938	252,908
Total	721,098	2,304,548

19 PROVISIONS

Provisions for pensions and similar obligations		
Balance, beginning of year	5,972	4,856
Adjustment for the period	(3,760)	1,604
Utilised for the period	0	(488)
Balance, end of period	2,212	5,972
Provisions for losses under guarantees		
Balance, beginning of year	50,332	11,428
Additions for the period	42,856	38,904
Balance, end of period	93,188	50,332
Other provisions		
Balance, beginning of year	5,158	11,887
Additions for the period	20,184	(706)
Adjustment for the period	(948)	0
Utilised for the period	(2,969)	(6,023)
Balance, end of period	21,425	5,158
Total provisions for losses under guarantees and other provisions		
Balance, beginning of year	61,462	28,171
Additions for the period	63,040	39,802
Adjustment for the period	(4,708)	0
Utilised for the period	(2,969)	(6,511)
Balance, end of period	116,825	61,462

As a result of its operations, the Bank continuously enters into contracts where it is probable that the settlement of the liability will lead to an outflow of the Bank's financial resources and where a reliable estimate may be made of the size of the liability.

The balance sheet items in the Financial Statements represent the Bank's best estimate of the expected costs relating to provisions.

Amounts provided for liabilities, which are not estimated to be settled within one year, are discounted.

Notes

(DKK 1,000)

30.06.2009

31.12.2008

20 SUBORDINATE LOAN CAPITAL

Subordinate loan capital consists of financial liabilities which, in case of voluntary or compulsory liquidation, will not be repaid until the claims of ordinary creditors have been met.
The subordinate loan capital is in the form of bullet loans, which are generally redeemed three years before the maturity date. The loans are redeemed at par (100).
Subordinate loan capital is included in the capital base, cf ss 124, 132 and 136 of the Danish Financial Business Act.

Subordinate loan capital:		
DKK 100,000,000 / 5.96% pa / 24.09.2013	100,000	100,000
DKK 75,000,000 / 5.21% pa / 29.03.2014	75,000	75,000
DKK 100,000,000 / 4.88% pa / 07.04.2012	0	99,511
DKK 150,000,000 / 4.30% pa / 29.10.2012	150,000	150,000
DKK 150,000,000 / 4.11% pa / 06.05.2013	150,682	148,022
DKK 200,000,000 / 3.88% pa / 01.11.2014	200,000	200,000
DKK 200,000,000 / 3.74% pa / 30.09.2014	200,000	200,000
DKK 350,000,000 / 7.71% pa / 28.11.2019	350,000	350,000
EUR 10,000,000 / 2.58% pa / 31.10.2015	74,470	74,506
NOK 125,000,000 / 2.72% pa / 29.09.2014	102,471	93,546
Hybrid core capital:		
DKK 150,000,000 / 6.32% pa / perpetual	155,874	154,349
DKK 100,000,000 / 4.58% pa / perpetual	100,000	100,000
Total	1,658,497	1,744,934

No costs were incurred when the loans were raised or redeemed.

Interest on subordinate loan capital appears from note 3.

21 CONTINGENT LIABILITIES

Financial guarantees	2,400,801	3,540,163
Other guarantees	1,432,918	1,616,246
Other contingent liabilities	845,177	863,876
Total	4,678,896	6,020,285

Rent obligations

Other contingent liabilities include rent obligations in connection with the entering into non-terminable leases of DKK 477m.

The period of non-terminability ranges from six months to 18 years, and the amount can be distributed as follows: <1Y: DKK 41m, 1-5Y: DKK 134m and >5Y: DKK 302m.

(If the amount of DKK 477m is discounted, the present value is DKK 318m)

Furthermore, other liabilities of DKK 45m in respect of VP Securities Services have been entered under Contingent liabilities.

Legal proceedings and litigation

The Bank's operations involve the Bank in legal proceedings and litigation. The Bank is of the opinion that the outcome thereof will have no material effect on its financial position.

"Government guarantee scheme"

The Bank participates in the "government guarantee scheme", under which the Danish government has issued a 2-year guarantee for the Danish banks which are members of the scheme.

Forstædernes Bank's share of the total guarantee commission amounts to about DKK 12.2m a month up to 30 September 2010. For Q2/2009, the Bank has expensed DKK 76m under Other operating expenses.

Furthermore, Forstædernes Bank participates in a sector guarantee totalling DKK 20bn.

The implication of the guarantee obligation is that Forstædernes Bank is liable for up to DKK 390m if one or more Danish banks become(s) distressed for reasons covered by the scheme.

Forstædernes Bank has made provisions relating to this guarantee of DKK 67m, of which DKK 49m concerns the financial year 2009. The rest of the Bank's obligation, estimated at DKK 323m, has been recognised under Other contingent liabilities.

Joint taxation

The company is jointly taxed with the Nykredit Group and is jointly and severally liable for payment of corporation tax.

22 RELATED PARTY TRANSACTIONS AND BALANCES

Nykredit Realkredit A/S, Kalvebod Brygge 1-3, DK-1780 Copenhagen V, owns 100% of the shares in Forstædernes Bank A/S. Forstædernes Bank A/S has been included in Nykredit Realkredit A/S's Consolidated Financial Statements.

Nykredit Realkredit A/S and its parent company, group enterprises and associates are regarded as related parties as well as the Bank's own subsidiary FB Ejendomme A/S.

The Bank's Board of Directors, Executive Board and their related parties are also regarded as related parties.

No unusual related party transactions occurred in the financial period.

The companies have entered into various agreements as a natural part of the Group's day-to-day operations. These agreements mainly concern finance, guarantees, referral commission and ordinary administrative tasks.

Intercompany trade and services took place on an arm's length basis.

Significant related party transactions in existence/entered into in H1/2009:

Agreements between Nykredit Realkredit A/S and Forstædernes Bank A/S:

Nykredit Realkredit A/S has contributed subordinate loan capital to Forstædernes Bank A/S.

Agreements between Nykredit Bank A/S and Forstædernes Bank A/S:

The banks have entered into an agreement on fixed-term deposits.

23 FOREIGN EXCHANGE AND INTEREST RATE EXPOSURES

Exchange Rate Indicator 1	12,222	448,966
Exchange Rate Indicator 1 as % of core capital after statutory deductions	0.5	12.7
Exchange Rate Indicator 2	295	3,121
Exchange Rate Indicator 2 as % of core capital after statutory deductions	0.0	0.1
Interest rate exposure by currency involving the highest exposure		
DKK	47,805	79,004
EUR	20,374	19,033
CHF	(117)	646
USD	(39)	4,944
NOK	21	(140)
SEK	(8)	(3,674)
GBP	84	(511)
JPY	261	(131)
Other currencies	4	135
Total interest rate exposure relating to debt instruments	68,385	99,306

24 HEDGING INTEREST RATE RISK

According to the accounting provisions, loans, advances and deposits must generally be measured at amortised cost, while derivative financial instruments are measured at fair value. To obtain accounting symmetry between hedging and hedged transactions, adjustment of the carrying amounts of the financial assets and liabilities that form part of the effective hedge accounting has been allowed. The fair value adjustment exclusively concerns the hedged part (the interest rate exposure). The hedging efficiency is measured on a current basis. Changes in fair value include changes in currency as well as interest rates. Interest rate risk is measured on a 1% change in interest rates.

HEDGED FIXED-RATE ASSETS AND LIABILITIES

Loans, advances and other receivables at amortised cost	102,053	123,135
Total nominal value	102,053	123,135
Subordinate loan capital	410,850	510,850
Issued bonds	1,452,080	1,452,080
Total nominal value	1,862,930	1,962,930
Market value of hedged fixed-rate assets and liabilities		
Loans, advances and other receivables at amortised cost	107,182	124,598
Total carrying amount, end of period	107,182	124,598
Subordinate loan capital	403,225	516,400
Issued bonds	1,279,990	1,443,360
Total carrying amount, end of period	1,683,215	1,959,760
Fair value adjustment		
Loans, advances and other receivables at amortised cost	2,350	(2,087)
Total fair value adjustment	2,350	(2,087)
Subordinate loan capital	(13,054)	5,998
Issued bonds	(106,171)	11,637
Total fair value adjustment	(119,225)	17,635
HEDGING DERIVATIVE FINANCIAL INSTRUMENTS		
Nominal value (synthetic principal)	1,968,433	2,100,227
Market value adjustment (negative market value)	118,450	(15,816)
FAIR VALUE ADJUSTMENT DIFFERENCE		
Total	1,575	(267)

Hedged and hedging financial instruments have been fair value adjusted through profit or loss.

Amounts recognised through profit or loss for the financial period

Hedged transactions	(116,875)	15,549
Hedging transactions	118,450	(15,816)

Forstædernes Bank – six quarters

(DKK million)	Q2/ 2009	Q1/ 2009	Q4/ 2008	Q3/ 2008	Q2/ 2008	Q1/ 2008
SUMMARY INCOME STATEMENT						
Net interest income	188	211	200	174	178	172
Dividends, fee and commission income (net)	61	59	97	58	106	81
Net interest and fee income	249	270	297	232	284	253
Value adjustments	(40)	(39)	(254)	(73)	(80)	14
Net interest, fees and value adjustments	209	231	43	159	204	267
Other operating income	1	3	1	0	1	3
Staff and administrative expenses	166	156	185	166	163	150
Depreciation, amortisation and other operating expenses	52	54	55	11	11	11
Impairment losses on loans and advances	584	806	1,359	80	73	22
Profit (loss) before tax	(592)	(782)	(1,555)	(98)	(42)	87
Tax	(141)	(193)	(370)	(25)	(10)	23
Profit (loss) for the period	(451)	(589)	(1,185)	(73)	(32)	64
SUMMARY BALANCE SHEET, END OF PERIOD						
Assets						
Cash balance and receivables from central banks and credit institutions	1,754	4,517	4,357	2,549	3,567	3,284
Loans, advances and receivables at fair value	76	70	55	0	0	0
Loans, advances and receivables at amortised cost	20,032	20,476	22,260	23,843	24,013	24,293
Bonds at fair value	9,278	6,277	2,942	3,900	7,082	5,814
Equities	420	414	501	520	539	482
Land and buildings	0	0	1	1	1	1
Other assets	1,243	1,169	2,182	1,390	967	1,191
Total assets	32,803	32,923	32,298	32,203	36,169	35,065
Liabilities and equity						
Payables to credit institutions and central banks	8,459	9,294	7,221	11,547	13,591	12,099
Deposits and other payables	16,549	15,063	14,704	13,543	16,621	16,786
Issued bonds	2,772	3,023	3,198	2,036	1,437	1,429
Other liabilities	730	742	2,314	1,562	937	1,088
Total liabilities	28,510	28,122	27,437	28,688	32,586	31,402
Provisions	117	71	61	23	25	25
Subordinate loan capital	1,658	1,761	1,745	1,399	1,398	1,408
Equity	2,518	2,969	3,055	2,093	2,160	2,230
Total liabilities and equity	32,803	32,923	32,298	32,203	36,169	35,065
OFF-BALANCE SHEET ITEMS, END OF PERIOD						
Contingent liabilities	4,679	5,780	6,020	6,217	7,163	7,074
FINANCIAL RATIOS						
Capital adequacy ratio, %	17.0	17.5	15.5	10.7	11.4	11.6
Core capital ratio, %	11.2	11.6	10.5	7.1	7.7	7.9
ROE before tax, %	(49.4)	(26.0)	(61.1)	(2.5)	2.0	3.9
ROE after tax, %	(37.3)	(19.6)	(46.6)	(1.9)	1.4	2.9
Income:cost ratio, DKK	0.24	0.23	0.30	0.92	1.10	1.48
Interest rate risk, %	2.5	2.1	1.9	2.7	4.2	4.3
Custody accounts	15,476	15,048	16,346	21,159	23,806	24,201